

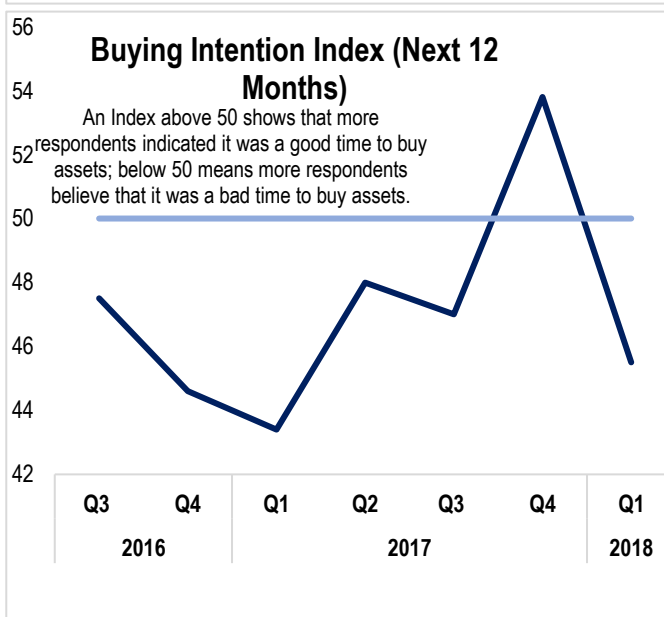
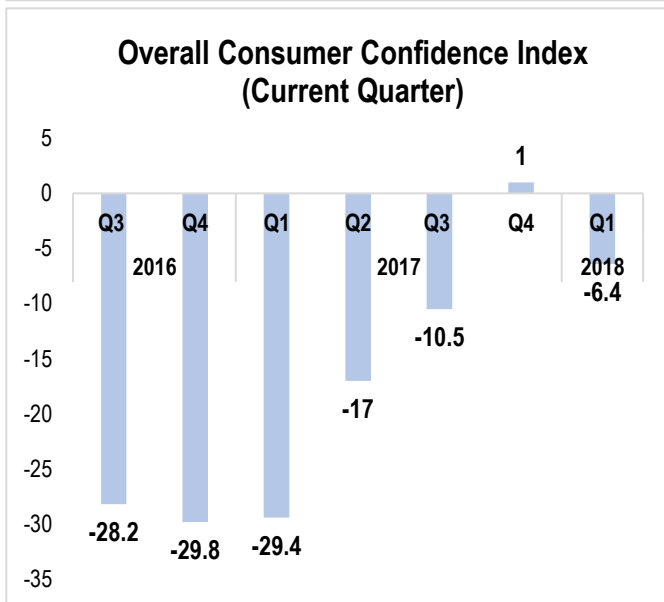
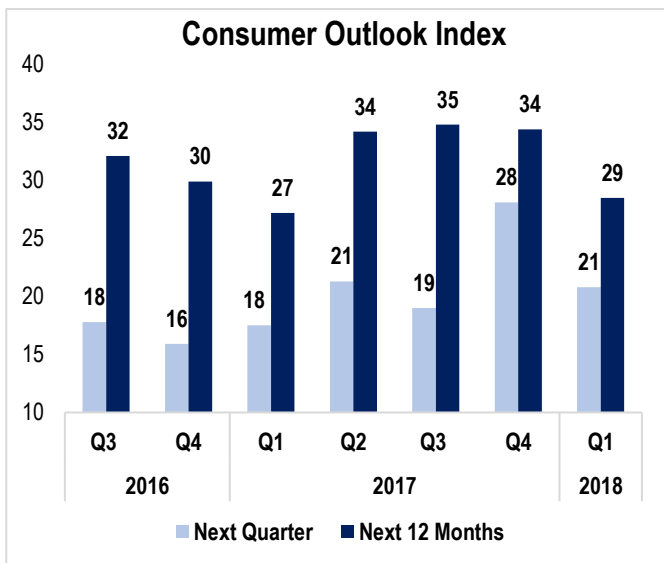
Consumers Outlook for Nigeria Moderates in Q1 2018

The Consumer Expectations Survey (CES) report for Q1 2018 published by the Central Bank of Nigeria (CBN) shows that the consumer outlook index remains positive indicating that consumers have a positive outlook for Nigeria in Q2 2018 and for the next 12 months. However, the overall outlook of consumers moderated in Q1 2018, as fewer consumers were optimistic in their outlook. Consumers attributed this moderation in outlook to worsening economic condition and family financial situation.

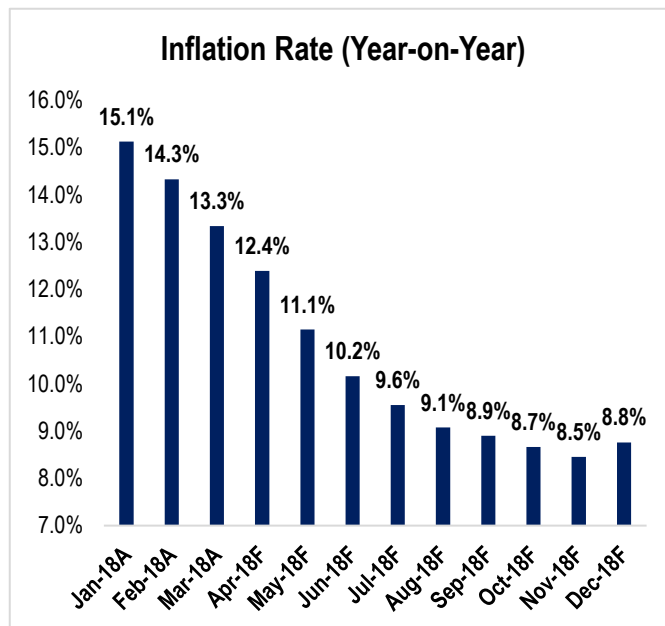
The CES also indicates that majority of consumers expect prices of goods and services to rise in the next 12 months. The major drivers will be an expected increase in the prices of education, transportation, medical care, house rent, electricity, food and other household needs. The consumer buying intention index shows that consumers do not plan to purchase items such as furniture, gas cooker, refrigerator, air conditioner, television, motor vehicles and houses in the next 12 months. Consumers expect the Naira to appreciate in the next 12 months despite the expected rise in interest rate (borrowing rate) and inflation rate.

Similarly, the Inflation Attitudes Survey (IAS) Report for Q1 2018 published by the CBN shows that the majority of respondents expect prices to increase in the next 12 months. The median expectation of price changes over the next 12 months is that prices will inch up by 2.3%. The IAS also shows that, although respondents expect interest rates to rise, they are of the view that it would be best for the Nigerian economy if interest rates went down.

FSDH Research expects that the Nigerian economy will continue its recovery in the short-to-medium term, driven by the



favourable oil price and oil production. Similarly, the inflation rate is expected to trend downwards and drop to single digit by July 2018, barring any changes to the electricity tariff and the pump price of premium motor spirit (PMS). FSDH Research also expects the exchange rate to remain stable in the short term. Therefore, the short-term outlook of the Nigerian economy favours monetary policy easing which will lower interest rates and stimulate economic growth and credit creation.



Source: Central of Bank of Nigeria (CBN), National Bureau of Statistics (NBS) and FSDH Research Analysis

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