

Business **Expectations Survey**

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Survey Management Unit
Statistics Department
Central Bank of Nigeria

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EXECUTIVE SUMMARY

The first quarter 2010 Business Expectations Survey (BES) conducted from 2nd to 6th February, 2010 covered a sample size of 1100 Business Enterprises nationwide, gave a response rate of about 69.7 per cent. Industry, Construction, Wholesale/Retail Trade and Services were among the sectors covered.

The highlights of the BES report are as follows:

1. Results of the survey on the overall business outlook indicate an expectation of an upbeat in business activity in Q1 2010. This could largely be attributable to the positive outlook index particularly of “exporter” (20.6 points), “neither importer nor exporter” (13.4 points), and “importer” firms (6.5 points). Similarly, respondents are more upbeat in Q2 2010 as the confidence index is expected to increase significantly to 45.0 points.
2. Respondents from the six geo-political zones exhibited mixed level of economic outlook in Q1 2010. The respondents from North Central, South South, North West and South East indicated upbeat expectations in business activity, whereas, firms from the remaining two zones showed a downbeat trend.
3. All sectors posted positive indices in Q1 2010. The construction and services sectors posted the highest indices of 17.1 and 11.9 points, respectively. The business outlook of the industrial as well as wholesale and retail trade also remained positive at 10.3 and 1.7 index points, respectively. Furthermore, by Q2 2010, the sectoral outlook would be expected to improve with all indices anticipated to be on the uptrend.
4. The average capacity utilization index (CUI) remains positive at 13.0 index points during the first quarter 2010. This was 5.2 and 1.3 points above the levels achieved in the preceding quarter and in the corresponding quarter a year ago, respectively.
5. The access to credit in Q1 2010 continued to worsen as the credit access index remained negative at -20.7 index points down from -18.0 and -9.3 points in the preceding quarter and corresponding period a year earlier, respectively. This, as perceived by respondents, could be attributable to insufficient power supply, high interest rate and financial problems.
6. The business outlook in Q1 2010 is seen as generally improving, respondents cited insufficient power supply, high interest rate, financial problems, and unfavourable economic climate as major constraints to their business operations. These factors constitute main impediments to stronger business activity of the respondent firms.
7. Respondents anticipated that the Naira would appreciate in both Q1 2010 and next quarter with diffusion index of 3.3 and 10.8 points, respectively. Inflation as anticipated by respondents would rise in the Q1 2010 and fall in the next quarter, while borrowing rate would be expected to fall in Q1 2010 and the next quarter.

Business Expectations Survey¹

First Quarter 2010

About the Survey The Q1 2010 Business Expectations Survey (BES) was conducted from 2nd to 6th February, 2010. The sample size was 1100 Business Enterprises nationwide, drawn from the updated survey frames of both the Central Bank of Nigeria (CBN) and the National Bureau of Statistics (NBS).

The map and Table 1 below show the sampled states, the sample size and response rate in percent.

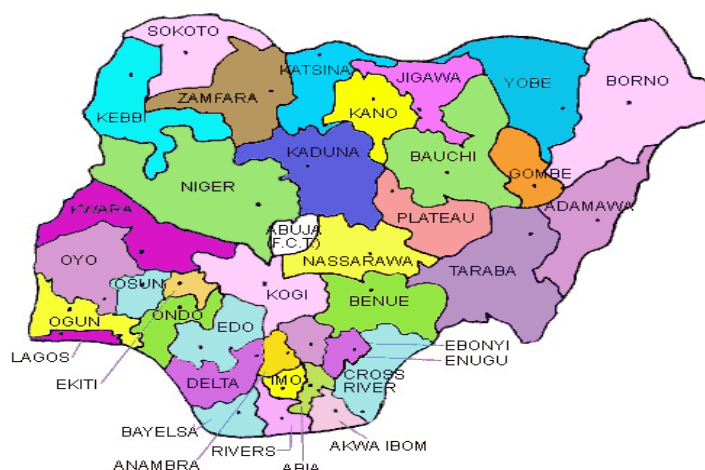


Table 1: The distribution of sample size and response rate

ZONE	SAMPLED STATE	Q1 2010 SAMPLE SIZE	Q1 2010 RESPONSES	RESPONSE RATE (%)
North Central	Plateau, Benue, Kwara, Niger	150	109	72.7
North East	Bauchi, Borno	100	40	40.0
North West	Kaduna, Kano, Katsina	200	175	87.5
South East	Imo, Enugu, Anambra, Abia	200	144	72.0
South South	Rivers, Delta, Akwa Ibom	150	87	58.0
South West	Lagos, Ondo, Oyo	300	212	70.7
Total	19	1100	767	69.7

¹ The Business Expectations Survey (BES) is a quarterly survey of leading firms drawn from Business Establishment updated frames of Central Bank of Nigeria and the National Bureau of Statistics. Result of the BES provides advance indication of change in the overall business activity in the economy and in the various measures of activity of the companies' own operations as well as selected economic indicators.

The sectors covered in the first quarter 2010 BES included Industry, Construction, Wholesale and Retail Trade, Services, Financial Intermediation, Hotels and Restaurants, Renting and Business Activities and Community and Social Services which gave overall survey response rate of 69.7 percent compared with 73.1 and 71.2 per cent response rates achieved in the preceding quarter of 2009 and the corresponding quarter a year earlier, respectively.

A breakdown of responses received by type of business showed that 22.0 per cent are importers, 13.3 per cent are those with dual roles (both importers and exporters), and 4.4 per cent are exporters. About 60.2 per cent of respondents indicated “neither importer nor exporter” category.

Overall Business Outlook

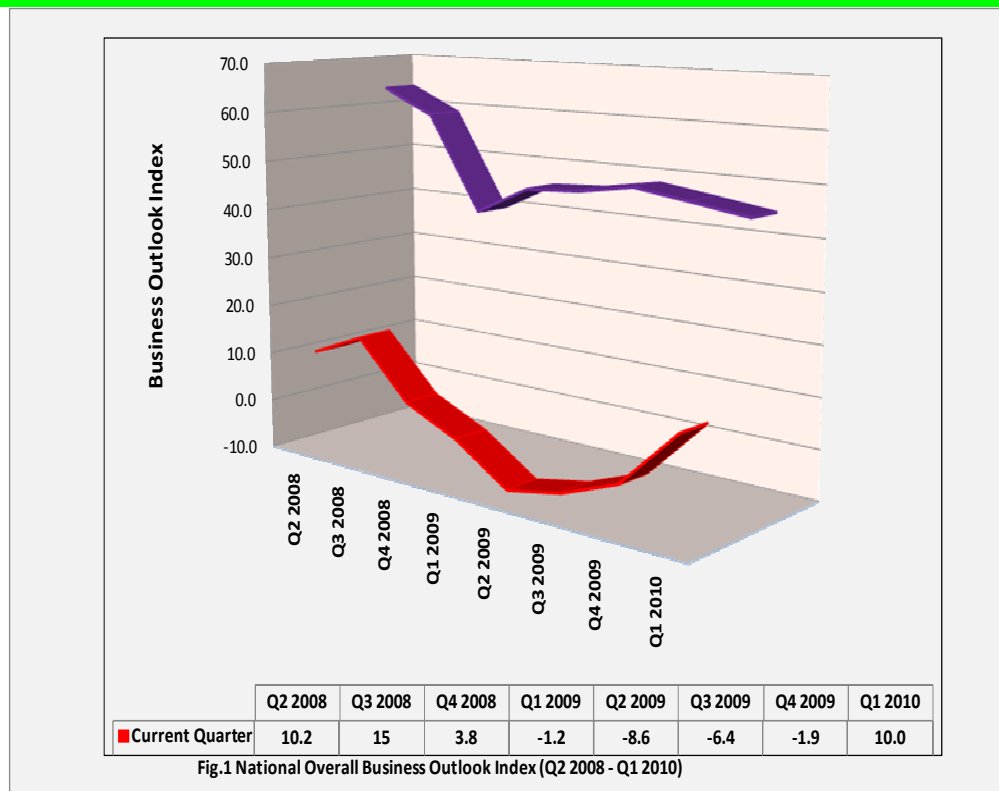


Fig.1 National Overall Business Outlook Index (Q2 2008 - Q1 2010)

Business sentiment shows upswing in Q1 2010 and is expected to be higher in Q2 2010

The survey results indicates that confidence in the performance of the economy has improved significantly as Business respondents with positive outlook in quarter one 2010 outnumbered those with negative outlook, as the overall confidence index (CI)² or diffusion index was positive at 10.0 points (Fig. 1). This index was 11.9 points higher than the level recorded in the preceding quarter, and 11.2 points above the level achieved in the corresponding quarter a year ago. The positive index, indicating expectation of an upbeat in business activity, is

² The CI is computed as the percentage of firms that answered in the affirmative less the percentage of firms that answered in the negative in a given indicator. A positive CI indicates a favourable view, except for the average inflation rate and the average naira borrowing rate, where a positive CI indicates the opposite.

attributable to the positive outlook particularly of exporter 20.6 points, neither importer nor exporter 13.4 points, and importer firms 6.5 points.

Similarly, respondents are more upbeat in Q2 2010 as the confidence index is expected to increase significantly to 45.0 points up from 10.0 points in Q1 2010, though lower than 46.6 points achieved in the preceding quarter of 2009. The higher index recorded for Q2 2010 indicating an expectation of an upbeat in business activity, could be attributed to the positive outlook exhibited particularly by respondent firms with neither exporter nor importer category, with 56.1 points and exporter firms with 47.1 points.

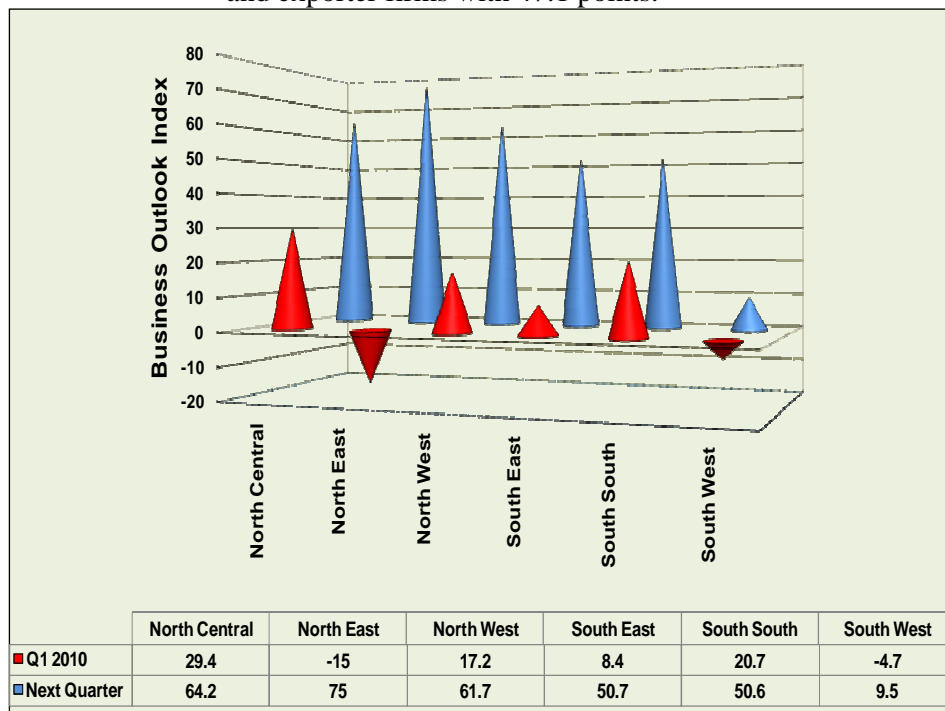


Fig.2: Overall Business Outlook Index on Zonal Basis in Q4 2009 and Q1 2010

Respondents from the North East zone are more optimistic in Q2 2010 than their counterparts in the remaining five geopolitical zones

Respondents from all the geopolitical zones are upbeat in Q2 2010 (Fig. 2). The respondents from the North East zone are more upbeat in the next quarter as its confidence index is expected to rise to 75.0 index points up from the -15.0 index points in Q1 2010. The higher index indicating an expectation of an upbeat in business activity in the North East zone, could be attributable to the positive outlook of respondents firms from the zone particularly in the construction sector, wholesale and retail trade and hotels and restaurants with 100.00 index points up from 0.0 index point, 85.7 index points up from 28.6 index points, and 80.0 index points up from -20.0 index points in Q1 2010, respectively.

Export oriented Business owners are more upbeat

The business confidence of exporter firms in Q1, 2010 improved significantly to 20.6 index points. This index was 24.6 and 10.3 points

than other three categories in Q1 2010, while “neither importer nor exporter” firms would be expected to be more upbeat in the next quarter

above the levels achieved in the preceding quarter and the corresponding period a year ago. Apart from “both importer and exporter” firms which are less pessimistic in the current quarter with a lower index of -3.9, “neither importer nor exporter” and “importer” firms are optimistic with 13.4 and 6.5 index points respectively in the current quarter. This was an improvement in the levels achieved in the preceding quarter.

‘Neither importer nor exporter’ and ‘exporter’ firms are expected to be more upbeat in Q2 2010 as their confidence index are expected to increase to 56.1 and 47.1 index points up from 13.4 and 20.6 index points, respectively in Q1 2010.

Large firms are most optimistic in Q1 2010, while small firms are most upbeat in the next quarter.

Survey results, by employment size, showed that large-sized firms (with 200 employees and above) are the most upbeat about the economy, in Q1 2010, with the index of 20.0 points. Similarly, small firms (with less than 50 employees) are the most upbeat about the economy, in the next quarter with 46.9 index points. However, medium-sized firms (with 50 and less than 200 employees) are downbeat about the economy in Q1 2010 as reflected in their diffusion index of -7.1 points. Furthermore, small, medium and large firms are all optimistic about the economy in the next quarter.

Sectoral Outlook

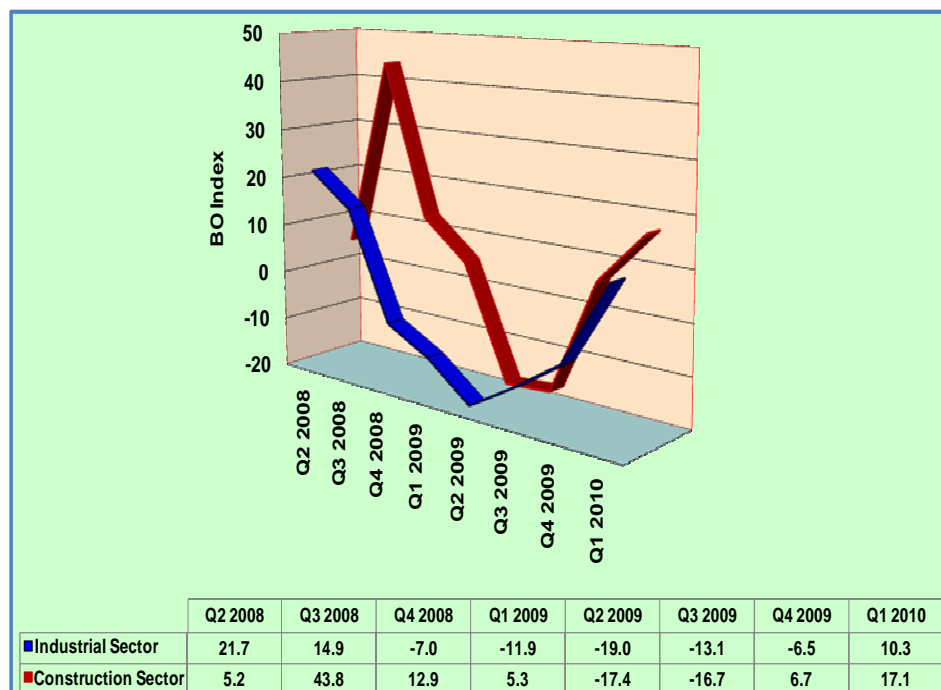


Fig.3a: Current Quarter Business Outlook Index by Sector Q2 2008 - Q1 2010

The economic outlook of all the sectors is positive in Q1 and Q2 of 2010.

All sectors posted positive indices in Q1 2010, indicating that the number of firms that were confident about business conditions in the first quarter of 2010 outnumbered those with negative views. The construction and services sectors posted the highest indices at 17.1 and 11.9 points, respectively. The business outlook of the industrial as well as wholesale and retail trade also remained positive at 10.3 and 1.7 index points, respectively.

By Q2 2010 the sectoral outlook improved with all indices on the uptrend. The industrial sector was again upbeat at 48.5 index points while the construction sector came close at 39.0 index points and the service sector 35.8 points. The 35.8 points recorded for the services sector was occasioned by the rise of 73.1, 59.5, 56.5 points in the indices of financial intermediation, hotels and restaurants and community and social services sub-sectors, respectively (Fig. 3a & 3b).

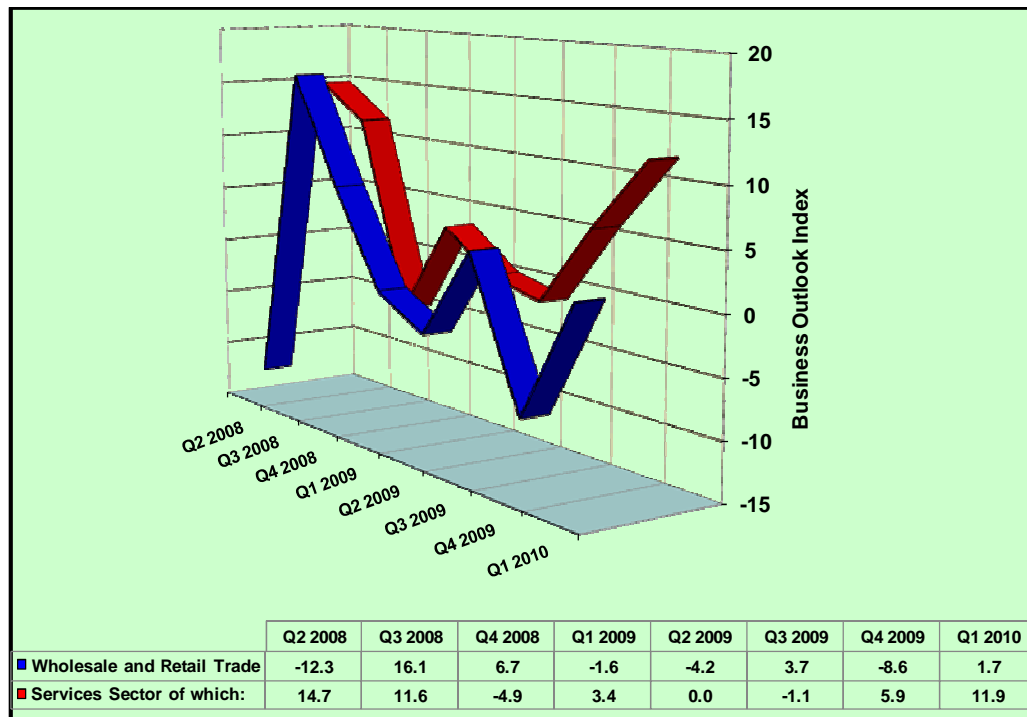


Fig. 3b: Current Quarter Business Outlook Index by Sector Q2 2008 - Q1 2010

Business Confidence on Own Operations

Respondents firms from industrial sector anticipate improvement in their operations in Q1 2010

Respondent firms from industrial sector who anticipated an improvement in Q1 2010 operations outnumbered those who indicated otherwise as they recorded a positive index at 4.2 points, indicating an increase of 14.4 and 0.1 points over the preceding quarter and the corresponding period a year ago, respectively.

Respondents firms from services, construction and

Respondent firms from services, construction and wholesale and retail trade sectors were expecting a downbeat in business operations as the

wholesale and retail trade firms anticipate a slowdown in their operations in the current quarter

indices remained negative at -12.7, -2.4 and -1.1 points, respectively. The downtrend in the current quarter could be attributable to insufficient power supply, high interest rate, the deteriorating liquidity position of the firms and unfavourable economic climate,

Average Capacity Utilization continued to be up in Q1 2010

The average capacity utilization index (CU) remained positive at 13.0 index point during the first quarter 2010. This was 5.2 and 1.3 points above the levels achieved in the preceding quarter and in the corresponding quarter a year ago, respectively (Fig.4).

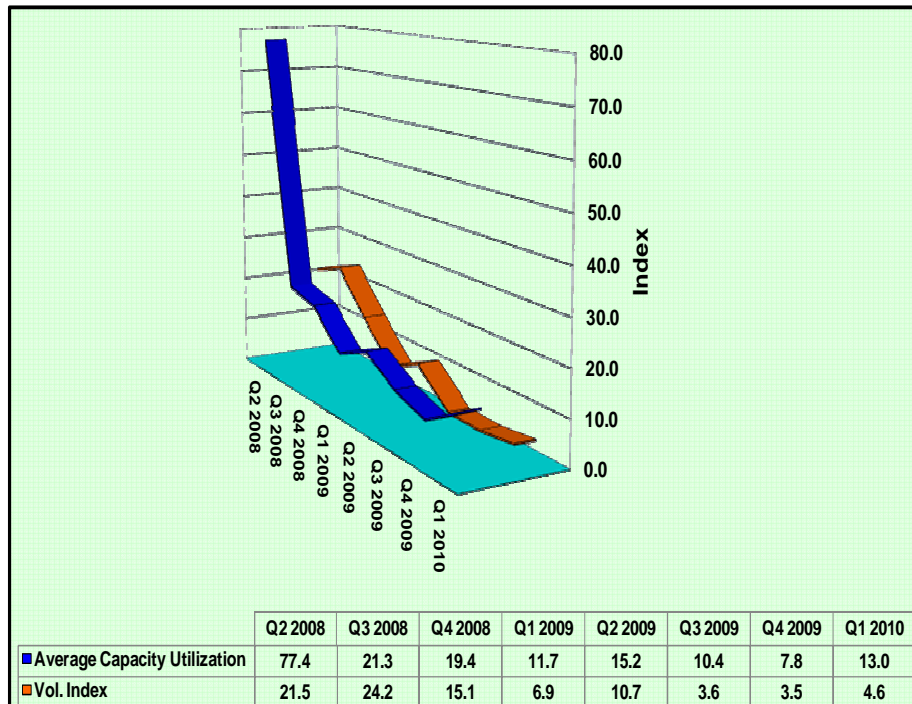


Fig. 4 Volume and CU Index (Q2 2008 - Q1 2010)

Access to Credit and Financial Condition

Both Access to Credit and Financial Condition remains unfavourable in Q1 2010.

The access to credit in Q1 2010 worsened as the credit access index remained negative at -20.7 index points down from -18.0 and -9.3 points in Q4 of 2009 and corresponding period a year ago, respectively. This, as perceived by respondents, could be attributable to insufficient power supply, high interest rate and financial problems.

The financial condition index, which is an indicator of the internal liquidity situation of respondents' enterprises in the current quarter continued to be negative at -0.3 points, from -2.1 in the last quarter of 2009 and 4.4 points recorded a year ago. This indicated that there were more respondent firms with unfavourable cash/liquidity positions in Q1 2010 (Fig. 5). This, as perceived by respondents, could be attributable to limited access to credit and the consumers' apathy to the demand of their products.

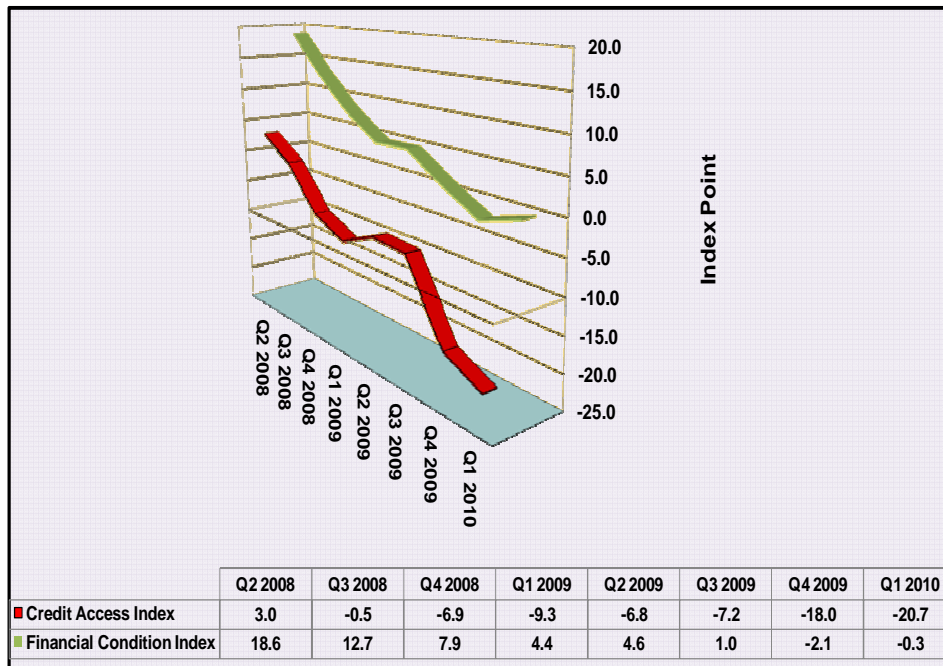


Fig. 5: Business Outlook Index on own operations: Access to Credit versus Financial Condition

The Volume of Business Activities in Q1 2010 and the next quarter continued to be positive.

The volume of the respondents’ business activities in the current quarter remained positive, posting overall positive diffusion index of 4.6 points up from the 3.5 points achieved in the preceding quarter. However, compared with the corresponding period a year ago, the index dropped by 2.3 points. This, as perceived by respondents, could be attributable to competition especially from outside the country.

By Q2 2010, the volume of business activity outlook is expected to remain positive with a diffusion index of 55.6 points indicating an uptrend (Fig. 6a).

Employment and Expansion Plans

Employment expectations remain favourable in Q2 2010

The employment outlook index was recorded at 31.3, suggesting that firms are expected to increase hiring in Q2 2010. The employment outlook would be particularly strong for the construction sector (43.9 index points), industrial sector (34.7 index points) and services sector (33.6 index points) as a result of their expansion plans in the next quarter (Fig. 6a).

More wholesale and retail trade sector firms indicate expansion plans in Q2 2010

The number of wholesale and retail trade sector firms with expansion plans for Q2 2010 is expected to rise to 67.2 per cent, up from 59.1 per cent recorded in the preceding quarter. This is followed by industrial sector firms (63.0 per cent) and construction sector (58.5 per cent), indicating that more firms would expand operations in the next quarter. This augurs well for the economy, as it points to renewed investors’ confidence in the country.

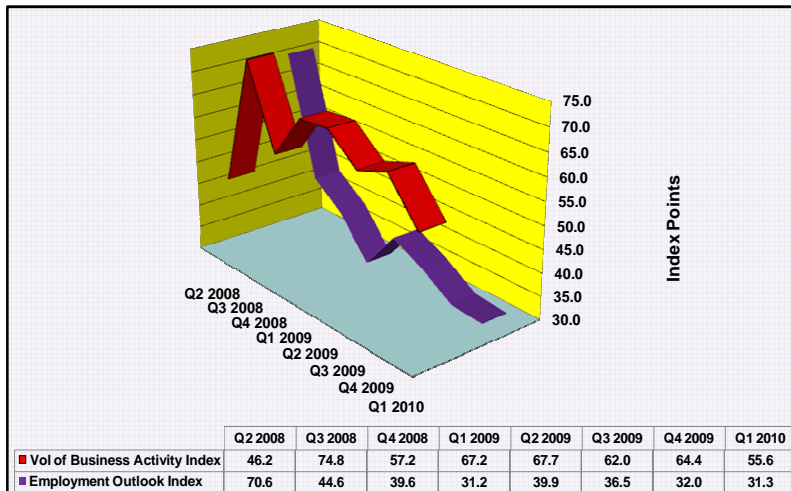


Fig. 6a: Employment Outlook and Volume of Business Activity Indices Next Quarter

Business Constraints

Insufficient power supply, high interest rate, financial problems, and unfavourable economic climate are the major impediments to stronger business activity

Although the business outlook in Q1 2010 was seen as generally improving, respondents cited insufficient power supply (77.2 index points), high interest rate (64.2 index points), financial problems (60.0 index points) and unfavourable economic climate (48.1 index points) as major constraints to their business operations.

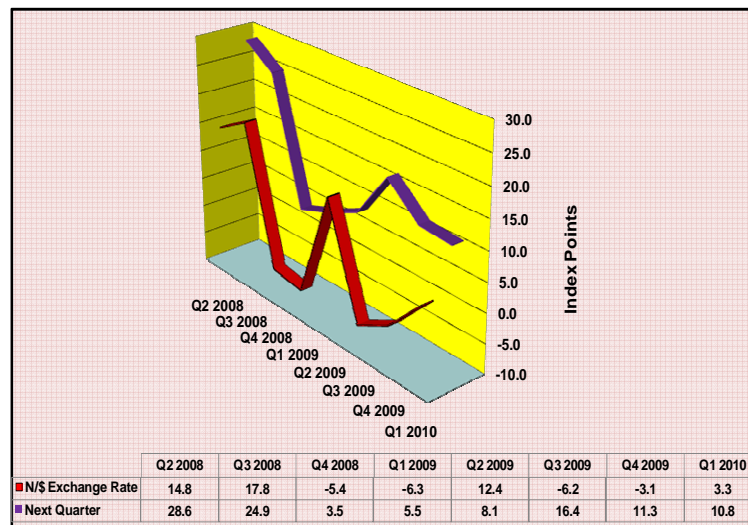


Fig. 6b: N/\$ Exchange Rate Index Q2 2008 - Q1 2010

Expectations on the Exchange Rate

Respondent firms expected that the Naira would remain strong in both Q1 and Q2 of 2010

Respondent firms anticipated that the Naira would appreciate in both Q1 2010 and next quarter with diffusion index of 3.3 and 10.8 points, respectively. (Fig. 6b).

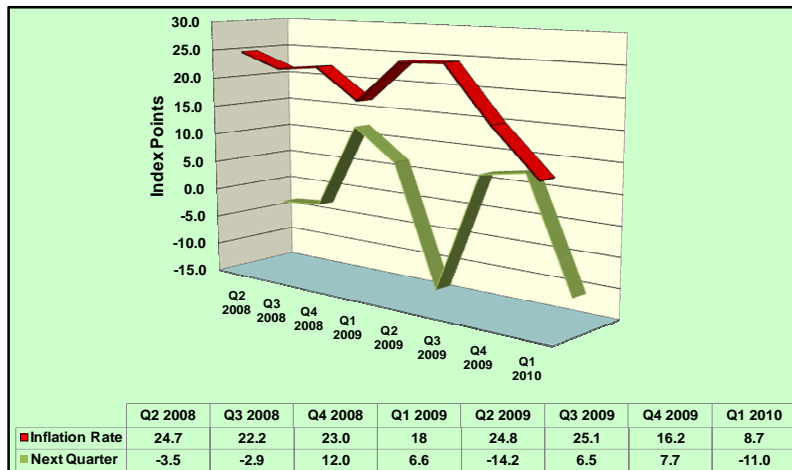


Fig.7 Inflation Rate Index (Q2 2008 - Q1 2010)

Expectations on Inflation Rate

Respondents expected inflation rate to rise in Q1 2010 and fall in the next quarter

Respondent firms anticipated that the inflation rate would rise in Q1 2010 with diffusion index of 8.7 and nose dive in the next quarter with diffusion index of -11.0 points, respectively (Fig. 7).

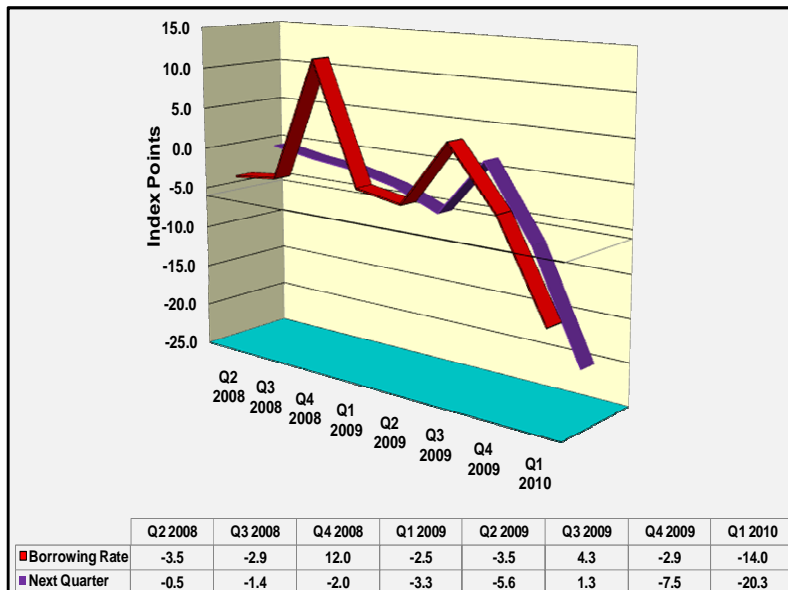


Fig.8 Borrowing Rate Index

Expectations on Borrowing Rate

Respondent firms expected borrowing rate to decline in Q1 2010 and next quarter

The respondent firms anticipated that the borrowing rate would significantly drop in Q1 2010 and the next quarter, with diffusion index of -14.0 and -20.3 points, respectively (Fig. 8).

BUSINESS EXPECTATIONS SURVEY
National

Year	2008			2009				2010
Quarter	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1

1. Overall Business Outlook on the Macroeconomy
Confidence Index: All Sectors
Current Quarter

<i>National</i>	10.2	15.0	3.8	-1.2	-8.6	-6.4	-1.9	10.0
<i>North Central</i>	25.3	30.2	60.3	30.4	0.9	-8.6	4.9	29.4
<i>North East</i>	0.0	8.7	12.0	3.3	4.6	34.4	2.4	-15.0
<i>North West</i>	25.0	38.6	-10.9	-8.8	-2.2	-14.3	-6.3	17.2
<i>South East</i>	-21.8	-8.7	-10.3	-6.3	-25.8	-17.6	-15.9	8.4
<i>South South</i>	34.1	10.4	14.5	6.1	17.0	5.7	-6.4	20.7
<i>South West</i>	8.5	9.0	-25.4	-19.7	-2.5	-14.0	8.6	-4.7

Next Quarter

<i>National</i>	63.7	58.8	39.7	45.5	46.2	48.2	46.6	45.0
<i>North Central</i>	67.4	66.9	79.4	73.8	52.8	52.9	53.0	64.2
<i>North East</i>	60.0	52.2	36.9	39.1	43.1	81.7	50.0	75.0
<i>North West</i>	76.2	62.7	18.9	32.5	42.9	43.6	52.8	61.7
<i>South East</i>	77.5	53.6	19.8	25.4	59.7	40.7	25.0	50.7
<i>South South</i>	85.4	61.2	45.2	40.3	-2.9	41.1	47.9	50.6
<i>South West</i>	46.4	55.1	31.5	30.1	42.2	44.7	53.5	9.5

2. Business Outlook Index on the Macroeconomy by Sector: Current Quarter

Industrial Sector	21.7	14.9	-7.0	-11.9	-19.0	-13.1	-6.5	10.3
Construction Sector	5.2	43.8	12.9	5.3	-17.4	-16.7	6.7	17.1
Wholesale and Retail Trade	-12.3	16.1	6.7	-1.6	-4.2	3.7	-8.6	1.7
Services Sector of which:	14.7	11.6	-4.9	3.4	0.0	-1.1	5.9	11.9
Financial Intermediation	44.4	36.4	-21.1	-15.8	-16.7	-30.8	-11.1	42.3
Hotels and Restaurants	8.5	16.3	12.3	0.0	-1.4	-6.3	17.0	11.4
Renting and Business Activities	34.0	-16.1	34.4	18.2	-25.0	-3.1	-4.5	8.0
Community and Social Services	78.6	-24.1	25.4	11.1	4.2	-9.1	-12.9	4.3

3. Business Outlook Index on the Macroeconomy by Sector: Next Quarter

Industrial Sector	68.1	58.8	37.6	42.4	45.1	45.1	50.4	48.5
Construction Sector	63.6	79.5	65.6	65.8	56.5	31.3	53.3	39.0
Wholesale and Retail Trade	77.2	57.8	40.6	48.9	50.7	46.3	34.9	34.5
Services Sector of which:	54.7	50.0	31.7	33.9	37.2	55.6	39.9	35.8
Financial Intermediation	55.6	72.7	36.8	26.3	50.0	23.1	27.8	73.1
Hotels and Restaurants	72.0	62.6	47.4	58.3	57.5	63.5	68.2	59.5
Renting and Business Activities	88.7	51.6	59.4	39.4	25.0	50.0	50.0	56.0
Community and Social Services	93.3	55.2	29.3	51.4	37.5	45.5	58.1	56.5

4. Business Confidence Index on Own Operations by Sector: Current Quarter

Industrial Sector	21.3	12.8	-2.7	4.1	1.5	-4.0	-10.2	4.2
Construction Sector	66.2	20.8	-12.5	0.0	4.3	-2.1	-20.0	-2.4
Wholesale and Retail Trade	29.7	3.8	9.4	1.6	8.5	10.6	-2.7	-1.1
Services Sector	-4.6	16.4	15.9	6.7	5.1	7.8	9.2	-12.7

BUSINESS EXPECTATIONS SURVEY
National

Year	2008			2009				2010
Quarter	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
5. Business Outlook Index on Own Operations : Current Quarter								
Volume of Business Activity Index	21.5	24.2	15.1	6.9	10.7	3.6	3.5	4.6
Volume of Total Order Book Index	-2.3	22.7	12.3	9.5	6.3	2.2	2.7	1.2
Credit Access Index	3.0	-0.5	-6.9	-9.3	-6.8	-7.2	-18.0	-20.7
Financial Condition Index	18.6	12.7	7.9	4.4	4.6	1.0	-2.1	-0.3
Average Capacity Utilization	77.4	21.3	19.4	11.7	15.2	10.4	7.8	13.0
6. Business Outlook Index on Own Operations : Next Quarter								
Volume of Business Activity Index	46.2	74.8	57.2	67.2	67.7	62.0	64.4	55.6
Employment Outlook Index	70.6	44.6	39.6	31.2	39.9	36.5	32.0	31.3
7. Employment Outlook Index on Own Operations by Sector: Next Quarter								
Industrial Sector	51.7	40.1	37.4	18.2	34.6	29.7	31.2	34.7
Construction Sector	39.8	56.2	59.4	47.4	21.7	25.0	53.3	43.9
Wholesale and Retail Trade	29.6	47.8	80.6	24.7	45.5	40.1	28.0	19.2
Services Sector	52.6	45.3	73.1	41.3	43.0	46.9	35.5	33.6
8. Business with Expansion Plans (in per cent): Next Quarter								
Industrial Sector	75.6	70.0	61.5	61.1	57.1	55.9	52.9	63.0
Construction Sector	69.7	68.5	59.4	68.4	39.1	62.5	70.0	58.5
Wholesale and Retail Trade	43.9	67.2	60.6	61.9	64.3	63.1	59.1	67.2
Services Sector of which:	75.4	72.1	67.5	66.4	71.1	68.9	63.2	58.2
Financial Intermediation	77.8	63.6	73.7	78.9	58.3	69.2	61.1	61.5
Hotels and Restaurants	82.9	69.7	63.2	66.7	54.1	66.7	62.5	67.1
Renting and Business Activities	64.2	71.0	71.9	87.9	100.0	84.4	77.3	52.0
Community and Social Services	86.7	51.7	72.9	56.9	50.0	70.5	51.6	52.2
9. Business Constraints: Current Quarter								
High Interest Rate	58.1	57.2	55.4	56.4	63.8	54.8	59.1	64.2
Unclear Economic Laws	36.1	35.2	35.4	35.2	41.7	34.9	37.1	45.6
Lack of Equipment	16.3	5.0	13.6	17.1	18.2	18.1	18.1	31.2
Insufficient Demand	9.9	2.6	13.9	19.8	22.6	19.0	23.0	23.3
Access to Credit	26.5	18.7	23.0	23.2	31.4	34.0	39.8	39.2
Financial Problems	42.1	41.6	41.2	45.4	48.8	46.7	51.1	60.0
Competition	34.2	32.7	38.1	34.4	39.8	31.1	32.3	29.1
Labor Problems	-14.3	-16.6	-8.5	-8.1	0.8	-0.2	-1.3	5.8
Lack of Materials Input	5.4	-2.9	10.2	11.2	11.6	8.7	9.3	20.6
Unfavourable Political Climate	17.6	13.9	23.7	28.7	29.3	-11.3	32.0	36.6
Unfavourable Economic Climate	43.4	37.5	42.0	45.5	49.1	42.6	48.5	48.1
Insufficient Power Supply	68.5	68.5	60.8	58.0	71.0	66.2	70.5	77.2
10. Business Expectation Index on Selected Economic Indicators: Current Quarter								
N/\$ Exchange Rate	14.8	17.8	-5.4	-6.3	12.4	-6.2	-3.1	3.3
Inflation Rate	24.7	22.2	23.0	18	24.8	25.1	16.2	8.7
Borrowing Rate	-3.5	-2.9	12.0	-2.5	-3.5	4.3	-2.9	-14.0
11. Business Expectation Index on Selected Economic Indicators: Next Quarter								
N/\$ Exchange Rate	28.6	24.9	3.5	5.5	8.1	16.4	11.3	10.8
Inflation Rate	-3.5	-2.9	12.0	6.6	-14.2	6.5	7.7	-11.0
Borrowing Rate	-0.5	-1.4	-2.0	-3.3	-5.6	1.3	-7.5	-20.3

BUSINESS EXPECTATIONS SURVEY
National

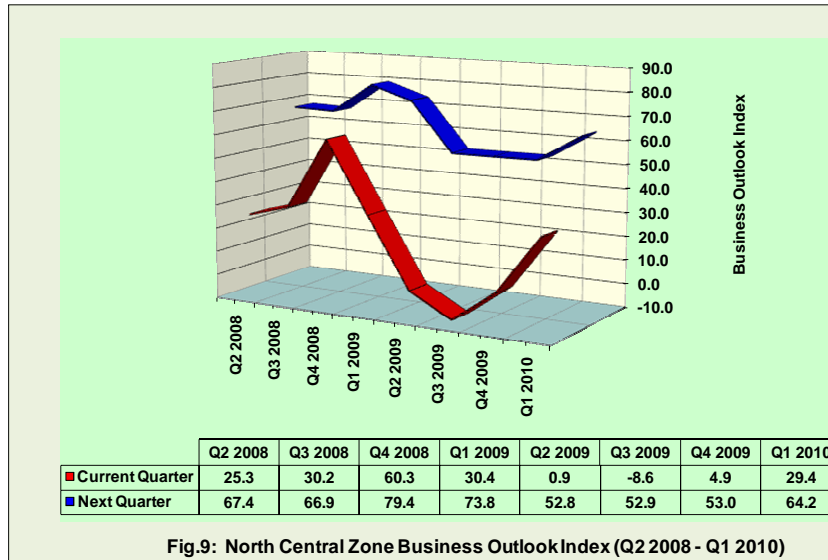
Year	2008			2009				2010
Quarter	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
12. Business Outlook index on the Macroeconomy by Type of Business: Current Quarter								
Importer	3.9	14.9	7.7	11.1	-22.0	11.5	-2.8	6.5
Exporter	42.9	43.8	-14.3	10.3	25.0	-15.2	-4.0	20.6
Both Importer and Exporter	6.8	16.1	15.1	4.5	-1.5	-22.3	-12.0	-3.9
Neither Importer nor exporter	11.1	7.7	-2.3	-10.2	-8.6	-8.3	0.4	13.4
13. Business Outlook index on the Macroeconomy by Type of Business: Next Quarter								
Importer	64.1	63.2	35.4	44.7	28.9	44.2	29.2	25.4
Exporter	85.2	61.3	35.0	57.1	78.3	51.1	72.0	47.1
Both Importer and Exporter	56.2	60.1	39.7	43.9	45.6	42.0	51.8	26.5
Neither Importer nor exporter	65.1	57.7	40.8	45.2	48.6	51.7	52.1	56.1
14. Business Outlook index on the Macroeconomy by Size of Business: Current Quarter								
Small (<50)	5.4	13.6	6.7	1.7	-8.9	-4.9	63.6	13.8
Medium (50 and <200)	17.9	19.1	-9.6	-9.7	-11.6	-2.5	58.4	-7.1
Large (200 and Up)	23.5	19.2	6.8	-8.1	0.0	-26.0	55.8	20.0
15. Business Outlook index on the Macroeconomy by Size of Business: Next Quarter								
Small (<50)	65.7	59.1	40.9	47.8	48.1	50.3	47.8	46.9
Medium (50 and <200)	64.6	59.1	40.0	42.4	40.8	46.3	50.4	38.8
Large (200 and Up)	52.4	60.3	29.3	36.1	45.8	36.5	34.7	45.6
16. Percentage Distribution of Respondent Firms by Type of Business								
Importer	17.7	18.3	28.3	29.6	15.0	23.2	26.4	22.0
Exporter	3.2	3.5	3.0	4.0	4.0	4.7	3.1	4.4
Both Importer and Exporter	17.6	16.2	10.6	9.0	11.2	14.2	10.3	13.3
Neither Importer nor exporter	61.5	62.0	58.0	57.4	69.8	57.9	60.2	60.2
17. Percentage Distribution of Respondent Firms by Employment Size								
Small (<50)	69.1	71.9	73.3	71.5	70.3	73.5	71.3	66.1
Medium (50 and <200)	18.7	19.3	18.1	19.9	20.0	16.6	16.5	22.2
Large (200 and Up)	11.9	8.7	8.6	8.5	9.7	9.8	12.2	11.7
No Response	0.3	0.1	0	0.1	0	0.1	0.0	0.0
18. Distribution of Respondent Firms by Sector								
Sample Size (N)	1075	1075	1050	1024	850	1100	1100	1100
Response Rate(%)	80.6	83.3	81.5	71.2	71.3	89.1	73.1	69.7
All Sectors	866	896	856	729	606	980	804	767
Industrial Sector	240	338	187	194	205	350	276	262
Construction Sector	77	73	32	38	23	48	30	41
Wholesale and Retail Trade	180	186	180	182	143	217	186	177
Services Sector of which:	<u>369</u>	<u>299</u>	<u>290</u>	<u>119</u>	<u>235</u>	<u>365</u>	<u>312</u>	<u>287</u>
Financial Intermediation	18	11	19	19	12	13	18	26
Hotels and Restaurants	82	99	57	72	74	96	88	79
Renting and Business Activities	53	31	32	33	4	32	22	25
Community and Social Services	15	29	59	72	24	44	31	23

Business Expectations Survey

First Quarter 2010

North Central Zone

Business Outlook



Respondent firms in the North Central Zone generally expected an improving business outlook in Q1 2010. As in the national level, firms anticipated that economic activities would be on the upbeat compared with the preceding quarter. Although the Q1 2010 confidence index is upbeat at 29.4 points, it was lower than 30.4 points achieved in the same period a year ago. Furthermore, the respondent firms are more confident that business activity would be more favourable in Q2 2010 as they registered a higher CI of 64.2 points, up by 11.2 index points from the preceding quarter, but lower than 73.8 index points recorded in the comparable quarter a year ago.

By sector, the construction sector held the most positive sentiment on the macroeconomy, where as on own operations service sector held the most positive sentiment. The CI of construction firms on the macroeconomy in Q1 2010, at 63.6 points was higher than the preceding quarter and the same period a year ago by 77.9 and 13.6 index points, respectively. At 40.0 points the services sector index on own operations indicated an upbeat in the current quarter. By type of firms, “neither importer nor exporter” posted the highest response of 76.1 per cent as against the least of 6.4 per cent recorded for “exporter”.

The access to credit in Q1 2010 continued to worsen as the credit access index remained negative at -33.1 index points down from -19.5 in the preceding quarter, as against an upbeat of 21.4 points in the same period a year ago. This, according to the respondents could be attributable to high interest rate.

Insufficient power supply, high interest rate and financial problems of the firms continued to be cited as the major reasons limiting the productivity of businesses in the zone. Despite these constraints, most of the respondent firms expect a stronger Naira, with a positive index of 19.3 and 13.7 points in Q1 and Q2 of 2010 and a lower borrowing rate in the current and next quarters. The firms further anticipated a fall in inflation rate in the current quarter and Q2 2010.

BUSINESS EXPECTATIONS SURVEY

North Central Zone

Year	2008			2009				2010
Quarter	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1

1. Overall Business Outlook on the Macroeconomy

Confidence Index: All Sectors

Current Quarter

North Central 25.3 30.2 60.3 30.4 0.9 -8.6 4.9 29.4

Next Quarter

North Central 67.4 66.9 79.4 73.8 52.8 52.9 53.0 64.2

2. Business Outlook Index on the Macroeconomy by Sector: Current Quarter

Industrial Sector	48.3	26.7	22.9	-2.5	-2.6	-25.0	-2.6	20.9
Construction Sector	3.1	27.3	100	50.0	-40.0	-55.6	-14.3	63.6
Wholesale and Retail Trade	25.0	35.6	70.6	42.2	8.8	8.5	5.6	15.4
Services Sector of which:	0.0	40.0	66.7	56.3	-12.5	7.1	25.0	53.3
Financial Intermediation	40.0	0.0	100	66.7	0.0	0.0	0.0	20.0
Hotels and Restaurants	25.0	38.5	58.3	4.5	0.0	14.3	12.5	28.6
Renting and Business Activities	20.0	-12.5	92.9	72.7	0.0	0.0	0.0	0.0
Community and Social Services	14.3	0.0	80.0	40.0	66.7	0.0	0.0	50.0

3. Business Outlook Index on the Macroeconomy by Sector: Next Quarter

Industrial Sector	80.7	71.6	68.6	69.2	43.6	49.3	51.9	55.8
Construction Sector	56.3	63.6	100	80.0	20.0	0.0	0.0	81.8
Wholesale and Retail Trade	58.3	64.4	94.1	80.0	58.8	52.2	52.8	61.5
Services Sector of which:	68.2	53.3	91.7	81.3	25.0	64.3	53.6	73.3
Financial Intermediation	80.0	100.0	0.0	0.0	0.0	0.0	0.0	80.0
Hotels and Restaurants	100.0	61.5	66.7	77.3	76.5	78.6	81.3	57.1
Renting and Business Activities	50.0	62.5	64.3	81.8	0.0	0.0	0.0	0.0
Community and Social Services	57.1	80.0	92.9	70.0	100.0	0.0	0.0	100.0

4. Business Confidence Index on Own Operations by Sector: Current Quarter

Industrial Sector	39.7	22.7	-2.9	-5.1	2.6	-5.3	-36.3	18.6
Construction Sector	-15.6	18.2	66.7	20.0	-40.0	-22.2	-0.5	18.2
Wholesale and Retail Trade	2.8	15.6	58.8	44.4	20.6	12.8	5.5	3.8
Services Sector	30.8	26.2	61.1	42.3	-7.1	0.0	21.3	40.0

5. Business Outlook Index on Own Operations : Current Quarter

Volume of Business Activity Index	33.7	40.7	47.6	32.7	9.4	0.6	11.6	16.5
Volume of Total Order Book Index	43.8	38.9	55.6	35.1	8.5	-1.7	15.2	11.0
Credit Access Index	14.0	0.6	32.6	21.4	-17.9	-20.7	-19.5	-33.1
Financial Condition Index	19.7	19.2	42.8	29.8	3.8	2.3	4.9	12.8
Average Capacity Utilization	32.6	33.1	56.4	28.6	12.3	5.2	13.4	22.9

6. Business Outlook Index on Own Operations : Next Quarter

Volume of Business Activity Index	80.3	82.6	94.4	82.7	66.0	71.3	65.9	66.1
Employment Outlook Index	50.0	46.5	66.6	57.1	34.0	30.5	37.2	47.7

BUSINESS EXPECTATIONS SURVEY

North Central Zone

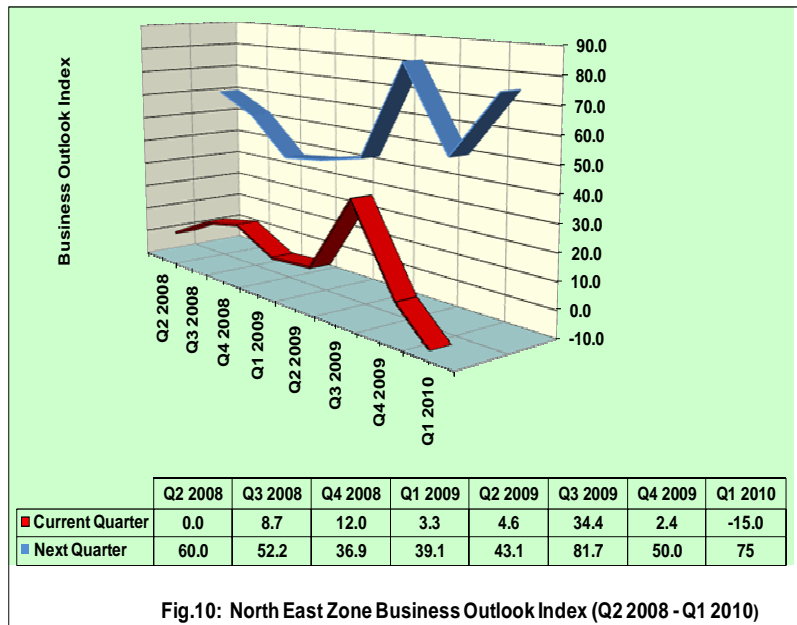
Year	2008			2009				2010
Quarter	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
7. Business with Expansion Plans (in per cent): Next Quarter								
Industrial Sector	74.1	76.0	25.0	71.8	59.0	40.8	46.8	44.2
Construction Sector	75.0	63.6	3.0	80.0	0.0	33.3	71.4	72.7
Wholesale and Retail Trade	80.6	71.1	32.0	77.8	64.7	63.8	52.8	73.1
Services Sector of which:	77.3	86.7	12.0	93.8	87.5	71.4	66.7	80.0
Financial Intermediation	60.0	0.0	1.0	100.0	0.0	0.0	0.0	20.0
Hotels and Restaurants	100.0	69.2	8.0	68.2	64.7	64.3	62.5	71.4
Renting and Business Activities	75.0	62.5	10.0	100.0	0.0	0.0	0.0	0.0
Community and Social Services	85.7	40.0	15.0	75.0	33.3	0.0	0.0	50.0
8. Business Constraints: Current Quarter								
High Interest Rate	64.0	58.1	59.5	58.2	38.7	56.0	53.0	77.0
Unclear Economic Laws	34.0	30.3	35.7	32.5	50.5	38.2	39.0	44.0
Lack of Equipment	25.8	6.7	17.5	26.7	25.0	21.8	11.0	24.5
Insufficient Demand	12.6	3.8	21.4	25.0	35.8	21.8	20.1	8.5
Access to Credit	42.7	10.5	24.6	29.6	41.0	21.0	22.9	17.5
Financial Problems	56.5	42.5	33.7	45.8	41.0	42.5	41.2	72.0
Competition	34.0	42.5	42.1	35.8	49.1	35.3	22.0	32.5
Labor Problems	0.3	-20.9	-20.6	-10.5	16.5	-1.1	0.9	-27.5
Lack of Materials Input	12.4	4.1	12.3	15.9	15.6	13.8	-7.0	-8.5
Unfavourable Political Climate	13.5	7.3	13.5	31.9	33.0	29.3	18.9	47.0
Unfavourable Economic Climate	48.3	41.3	35	48.8	51.4	47.1	39.9	62.0
Insufficient Power Supply	66.3	77.3	80.6	73.3	21.2	71.0	77.1	94.5
9. Business Expectation Index on Selected Economic Indicators: Current Quarter								
N/\$ Exchange Rate	5.6	25.6	33.3	17.9	-2.8	9.8	6.7	19.3
Inflation Rate	29.2	16.3	40.5	25.0	2.8	19.5	7.3	-6.4
Borrowing Rate	-6.2	3.5	4.8	-0.6	-33.0	-9.2	-12.8	-50.5
10. Business Expectation Index on Selected Economic Indicators: Next Quarter								
N/\$ Exchange Rate	23.0	39.6	11.9	16.1	17.0	5.7	9.1	13.7
Inflation Rate	4.5	1.2	4.8	4.8	-14.2	-8.0	0.0	-21.1
Borrowing Rate	0.6	0.0	15.9	0.0	-33.0	-12.6	-12.8	-46.8
11. Percentage Distribution of Respondent Firms by Type of Business								
Importer	9.0	14.0	34.1	40.5	20.8	16.7	12.8	10.1
Exporter	1.7	3.5	0.8	1.2	4.7	5.2	3.7	6.4
Both Importer and Exporter	12.9	12.2	7.9	7.7	11.3	12.1	8.5	7.3
Neither Importer nor exporter	75.8	70.3	48.4	47.6	63.2	66.1	75.0	76.1
12. Percentage Distribution of Respondent Firms by Employment Size								
Small (<50)	88.8	79.7	90.5	79.0	66.0	72.4	74.4	73.4
Medium (50 and <200)	7.3	15.7	7.1	13.8	26.4	19.5	14.6	21.1
Large (200 and Up)	3.9	4.7	2.4	6.6	7.5	8.0	11.0	5.5
No Response	0.0	0.0	0.0	0.6	0.0	0.0	0.0	0.0
13. Distribution of Respondent Firms by Sector								
All Sectors	178	173	126	167	106	174	164	109
Industrial Sector	58	75	35	40	39	76	77	43
Construction Sector	32	11	3	10	5	9	7	11
Wholesale and Retail Trade	36	45	34	45	34	47	36	26
Services Sector of which:	<u>52</u>	<u>42</u>	<u>54</u>	<u>72</u>	<u>28</u>	<u>42</u>	<u>44</u>	<u>29</u>
Financial Intermediation	5	1	1	3	0	0	0	5
Hotels and Restaurants	8	13	12	22	17	28	16	7
Renting and Business Activities	10	8	14	11	0	0	0	0
Community and Social Services	7	5	15	20	3	0	0	2

Business Expectations Survey

First Quarter 2010

North East Zone

Business Outlook



Business confidence in the North East Zone deteriorated as the overall confidence index (CI) dipped to -15.0 points in Q1 2010 from 2.4 points in Q4 2009 and 3.3 points in same period a year ago. Thus, unlike in the national outlook, firms in the zone anticipated that economic activities would be on the downbeat compared with the preceding quarter. However, the respondent firms are expected to be more upbeat in Q2 2010 as the result produces a high CI of 75.0 points.

By sector, the wholesale and retail trade sector held the highest positive sentiment of 28.6 index points on macroeconomy while industrial sector recorded the highest positive index of 25.0 points on own operations in the review period. The CI of services and industrial sectors on the macroeconomy in Q1 2010 stood at -100.0 and -15.0 points compared with -66.7 and 18.2 points recorded in Q4 2009. By type of firms, “neither importer nor exporter” posted the highest response of 92.5 per cent as against the zero per cent recorded for “exporter”.

On business outlook index on own operations, the volume of business activity index posted 10.0 points, this, when compared with the index points recorded in Q4 2009 showed a decline of 30.5 points. Respondent firms indicated tighter credit access condition in Q1 2010 as the index dipped to -22.5 points from 0.0 and 1.1 points achieved in the preceding quarter and same period a year ago, respectively. This, according to the respondents could be attributable to high interest rate, unclear economic laws and unfavourable economic climate.

Insufficient power supply, high interest rate, financial problems, unclear economic laws, unfavourable economic climate and were cited as the major reasons limiting the productivity of businesses in the zone. Despite these constraints, most of the respondents expect Naira to depreciate and a decline in both borrowing and inflation rates in the current quarter.

BUSINESS EXPECTATIONS SURVEY
North East Zone

Year	2008			2009				2010
Quarter	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1

1. Overall Business Outlook on the Macroeconomy
Confidence Index: All Sectors
Current Quarter

North East 0.0 8.7 12.0 3.3 4.6 34.4 2.4 -15.0

Next Quarter

North East 60.0 52.2 36.9 39.1 43.1 81.7 50.0 75.0

2. Business Outlook Index on the Macroeconomy by Sector: Current Quarter

Industrial Sector	25.9	-12.5	17.2	3.4	6.3	21.9	18.2	-15.0
Construction Sector	50.0	33.3	0.0	-50.0	0.0	40.0	-100.0	0.0
Wholesale and Retail Trade	0.0	50.0	-6.3	-14.3	-15.4	55.6	-28.6	28.6
Services Sector of which:	-52.6	-16.7	26.3	4.8	-7.7	47.6	-66.7	-100.0
Financial Intermediation	0.0	0.0	-50.0	-50.0	0.0	0.0	0.0	0.0
Hotels and Restaurants	0.0	9.1	20.0	18.2	33.3	-16.7	75.0	-20.0
Renting and Business Activities	16.7	40.0	20.0	0.0	0.0	66.7	0.0	0.0
Community and Social Services	0.0	-20.0	16.7	66.7	16.7	25.0	-25.0	-33.3

3. Business Outlook Index on the Macroeconomy by Sector: Next Quarter

Industrial Sector	70.4	29.2	31.0	32.1	31.3	78.1	59.1	70.0
Construction Sector	50.0	100.0	66.7	100.0	100.0	80.0	0.0	100.0
Wholesale and Retail Trade	71.4	75.0	31.3	28.6	53.8	100.0	14.3	85.7
Services Sector of which:	15.8	33.3	42.1	47.6	15.4	76.2	33.3	33.3
Financial Intermediation	100.0	50.0	25.0	0.0	100.0	0.0	0.0	0.0
Hotels and Restaurants	0.0	63.6	60.0	54.5	63.6	50.0	75.0	80.0
Renting and Business Activities	100.0	60.0	60.0	20.0	66.7	100.0	0.0	0.0
Community and Social Services	0.0	60.0	0.0	66.7	50.0	87.5	75.0	100.0

4. Business Confidence Index on Own Operations by Sector: Current Quarter

Industrial Sector	55.6	12.5	17.2	24.1	18.8	15.6	0.0	25.0
Construction Sector	50.0	0.0	-33.3	-100.0	0.0	60.0	-100.0	0.0
Wholesale and Retail Trade	0.0	41.7	-6.3	7.1	8.3	44.4	42.9	14.3
Services Sector	-15.4	18.3	18.2	19.1	20.0	57.1	-33.3	0.0

5. Business Outlook Index on Own Operations : Current Quarter

Volume of Business Activity Index	21.2	27.5	21.8	14.1	18.5	44.1	40.5	10.0
Volume of Total Order Book Index	27.1	23.2	22.8	15.2	16.9	44.1	28.6	7.5
Credit Access Index	2.4	5.8	3.3	1.1	10.8	32.3	0.0	-22.5
Financial Condition Index	15.3	20.3	12.0	16.3	16.9	32.3	2.4	22.5
Average Capacity Utilization	24.7	15.9	28.3	23.9	27.7	36.6	23.8	10.0

6. Business Outlook Index on Own Operations : Next Quarter

Volume of Business Activity Index	69.4	63.8	60.9	65.2	58.5	69.9	85.7	92.5
Employment Outlook Index	36.5	31.9	34.8	34.8	30.8	61.2	52.4	20.5

BUSINESS EXPECTATIONS SURVEY
North East Zone

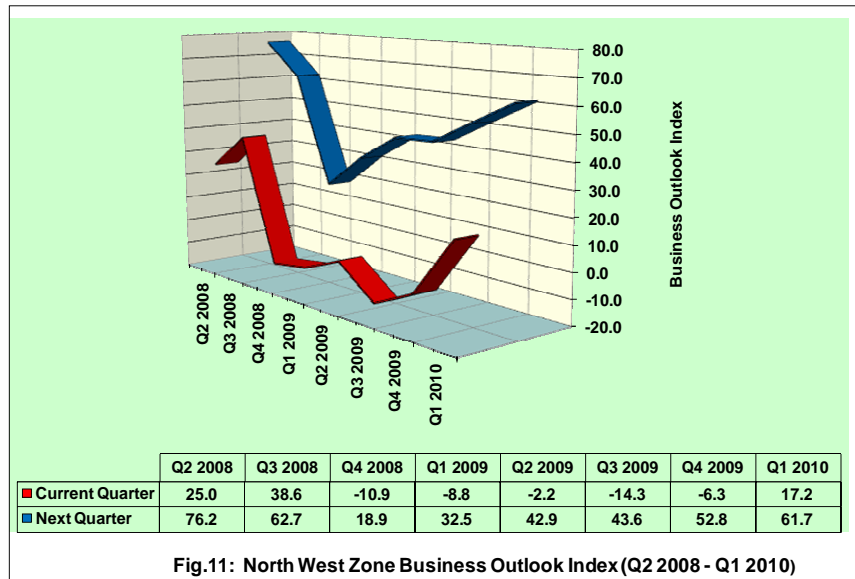
Year	2008			2009				2010
Quarter	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
7. Business with Expansion Plans (in per cent): Next Quarter								
Industrial Sector	81.5	69.6	69.0	69.0	87.5	90.6	86.4	95.0
Construction Sector	75.0	66.7	100.0	100.0	100.0	100.0	100.0	100.0
Wholesale and Retail Trade	60.7	75.0	75.0	85.7	76.9	94.4	85.7	100.0
Services Sector of which:	68.4	66.7	73.7	81.0	92.3	100.0	100.0	66.7
Financial Intermediation	100.0	50.0	75.0	100.0	100.0	0.0	0.0	0.0
Hotels and Restaurants	0.0	72.7	90.0	81.8	75.0	100.0	100.0	80.0
Renting and Business Activities	83.3	80.0	80.0	80.0	100.0	100.0	75.0	0.0
Community and Social Services	0.0	80.0	83.3	83.3	100.0	100.0	100.0	100.0
8. Business Constraints: Current Quarter								
High Interest Rate	56.5	47.9	28.8	37.9	74.1	66.1	61.9	91.3
Unclear Economic Laws	-50.0	40.7	39.1	46.7	63.8	53.2	60.7	72.5
Lack of Equipment	33.5	13.0	9.2	14.3	52.3	46.2	40.5	57.5
Insufficient Demand	21.8	15.2	2.7	-3.9	46.9	44.1	20.2	65.0
Access to Credit	25.9	7.3	24.5	21.8	53.8	45.7	52.4	16.3
Financial Problems	-37.6	44.3	38.6	39.4	66.2	74.7	81.0	91.3
Competition	-50.0	27.5	40.8	27.8	42.3	42.5	36.9	-11.3
Labor Problems	1.2	-8.8	-6.0	-7.2	31.5	23.7	25.0	-25.0
Lack of Materials Input	30.0	11.7	1.6	5.1	36.2	28.0	29.8	46.3
Unfavourable Political Climate	20.6	16.0	19.6	28.3	43.1	16.7	36.9	5.0
Unfavourable Economic Climate	49.4	33.4	29.3	33.9	59.2	57.5	67.9	56.3
Insufficient Power Supply	85.9	79.8	54.9	75.0	75.4	75.2	97.6	95.0
9. Business Expectation Index on Selected Economic Indicators: Current Quarter								
N/\$ Exchange Rate	1.2	-11.6	-50	-48.9	9.2	12.9	14.3	-67.5
Inflation Rate	50.6	30.5	4.3	13.0	21.5	28.0	23.8	-7.5
Borrowing Rate	31.8	31.9	4.3	10.9	35.4	30.1	4.8	-22.5
10. Business Expectation Index on Selected Economic Indicators: Next Quarter								
N/\$ Exchange Rate	18.8	23.2	10.9	3.3	47.7	49.4	-7.1	62.5
Inflation Rate	31.8	33.4	32.6	37.0	27.7	72.1	73.8	40.0
Borrowing Rate	30.6	18.9	17.4	13.0	41.5	63.4	26.2	45.0
11. Percentage Distribution of Respondent Firms by Type of Business								
Importer	11.8	14.5	12.0	17.4	12.3	19.8	16.7	5.0
Exporter	3.5	2.9	10.9	10.9	4.6	9.7	0.0	0.0
Both Importer and Exporter	10.6	13.0	8.7	15.2	16.9	12.5	2.4	2.5
Neither Importer nor exporter	74.1	69.6	68.5	56.5	66.2	58.0	81.0	92.5
12. Percentage Distribution of Respondent Firms by Employment Size								
Small (<50)	62.4	65.2	68.5	72.8	70.8	90.0	88.1	90.0
Medium (50 and <200)	30.6	27.5	25.0	20.7	24.6	7.5	9.5	10.0
Large (200 and Up)	7.1	7.2	6.5	6.5	4.6	2.5	2.4	0.0
No Response	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
13. Distribution of Respondent Firms by Sector								
All Sectors	85	71	92	92	65	93	42	40
Industrial Sector	27	24	29	29	16	32	22	20
Construction Sector	4	6	3	2	1	5	1	2
Wholesale and Retail Trade	28	12	16	14	13	18	7	7
Services Sector of which:	<u>19</u>	<u>29</u>	<u>44</u>	<u>47</u>	<u>35</u>	<u>38</u>	<u>12</u>	<u>11</u>
Financial Intermediation	1.0	2	4	4	1	0	0	0
Hotels and Restaurants	0.0	11	10	11	12	6	4	5
Renting and Business Activities	6.0	5	5	5	3	3	1	0
Community and Social Services	0	5	6	6	6	8	4	3

Business Expectations Survey

First Quarter 2010

North West Zone

Business Outlook



Respondent firms in the North West Zone expected an improvement in the business outlook in Q1 2010. As in the National level, firms anticipated that economic activity would be on the upbeat compared to the preceding quarter and corresponding period a year ago. This was reflected by the positive confidence index of 17.2 achieved in the current quarter as against -6.3 and -8.8 points recorded in the preceding and corresponding quarters of 2009, respectively. In addition, the firms are expected to be more upbeat in Q2 2010 as the result registered a higher CI of 61.7 points.

By sector, the wholesale and retail trade sector held the most positive sentiment on the macroeconomy while construction sector held the most positive sentiment on own operations. The CI of wholesale and retail trade firms on the macroeconomy in Q1 2010 at 20.8 points was higher than the preceding and corresponding quarters by 46.5 and 51.4 points, respectively. At 33.3 points the construction sector index on own operations indicated an upbeat in the current quarter. By type of firms, “neither importer nor exporter” posted the highest response of 52.6 per cent as against the least of 5.1 per cent recorded for “exporter”.

The access to credit in Q1 2010 improved as the credit access index was upbeat at 5.2 index points from -5.6 and -13.8 points in the preceding quarter and corresponding period a year ago. This, according to the respondents could be adduced to their improved financial condition and marginal reduction in borrowing rate.

In this zone, insufficient power supply, high interest rate and financial problems were cited as the major reasons limiting the productivity of businesses. In spite of these constraints, most of the respondents expect a weak Naira, lower borrowing rate and a rise in inflation in the current quarter. However, the respondents expect a strong Naira, a lower borrowing rate and a fall in inflation in the next quarter.

BUSINESS EXPECTATIONS SURVEY
North West Zone

Year	2008			2009				2010
Quarter	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1

1. Overall Business Outlook on the Macroeconomy
Confidence Index: All Sectors
Current Quarter

North West 25.0 38.6 -10.9 -8.8 -2.2 -14.3 -6.3 17.2

Next Quarter

North West 76.2 62.7 18.9 32.5 42.9 43.6 52.8 61.7

2. Business Outlook Index on the Macroeconomy by Sector: Current Quarter

Industrial Sector	33.3	36.5	4.3	11.1	-16.7	-13.0	-7.3	12.0
Construction Sector	-66.7	41.2	50.0	50.0	60.0	0.0	40.0	0.0
Wholesale and Retail Trade	20.0	26.1	-19.4	-30.6	-23.8	-16.1	-25.7	20.8
Services Sector of which:	29.4	38.5	-39.1	0.0	22.2	16.7	-18.8	-20.0
Financial Intermediation	0.0	0.0	-100.0	-100.0	0.0	0.0	0.0	100.0
Hotels and Restaurants	33.3	52.2	0.0	33.3	30.8	-15.0	40.0	42.9
Renting and Business Activities	25.0	0.0	0.0	0.0	0.0	-20.0	-37.5	0.0
Community and Social Services	100.0	66.7	33.3	25.0	0.0	-40.0	0.0	66.7

3. Business Outlook Index on the Macroeconomy by Sector: Next Quarter

Industrial Sector	77.8	65.4	21.7	22.2	38.9	45.3	50.9	57.3
Construction Sector	100.0	82.4	100.0	100.0	60.0	0.0	100.0	-33.3
Wholesale and Retail Trade	70.0	60.9	13.9	36.1	38.1	48.4	40.0	54.2
Services Sector of which:	70.6	61.5	-8.7	18.8	66.7	50.0	56.3	40.0
Financial Intermediation	75.0	-100.0	100.0	0.0	0.0	0.0	100.0	100.0
Hotels and Restaurants	91.7	52.2	100.0	100.0	61.5	60.0	70.0	100.0
Renting and Business Activities	62.5	0.0	0.0	0.0	0.0	30.0	37.5	100.0
Community and Social Services	100.0	66.7	41.7	25.0	0.0	40.0	50.0	100.0

4. Business Confidence Index on Own Operations by Sector: Current Quarter

Industrial Sector	5.6	-3.8	-4.3	33.3	27.8	0.0	-9.1	10.7
Construction Sector	33.3	0.0	0.0	0.0	60.0	0.0	40.0	33.3
Wholesale and Retail Trade	30.0	17.4	-5.6	-25.0	14.3	19.4	18.6	20.8
Services Sector	16.3	28.8	0.0	-8.3	4.5	0.0	6.9	0.0

5. Business Outlook Index on Own Operations : Current Quarter

Volume of Business Activity Index	76.2	31.0	13.9	3.8	13.2	-9.3	-4.2	19.4
Volume of Total Order Book Index	33.3	31.7	9.9	16.3	15.4	-5.0	2.8	19.5
Credit Access Index	-15.5	4.2	-12.9	-13.8	13.2	-2.8	-5.6	5.2
Financial Condition Index	17.9	11.8	-3.0	-6.3	18.7	-2.1	-12.0	14.3
Average Capacity Utilization	35.7	31.0	13.9	13.8	22.0	4.3	3.5	26.9

6. Business Outlook Index on Own Operations : Next Quarter

Volume of Business Activity Index	75.0	77.3	47.5	56.3	56.0	62.9	74.6	68.5
Employment Outlook Index	39.3	49.7	32.7	23.8	34.1	34.3	44.4	42.9

BUSINESS EXPECTATIONS SURVEY
North West Zone

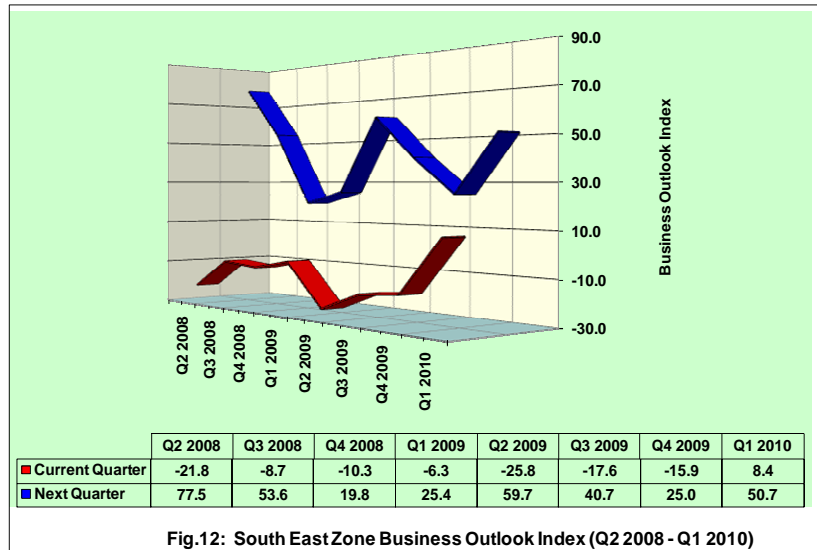
Year	2008			2009				2010
Quarter	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
7. Business with Expansion Plans (in per cent): Next Quarter								
Industrial Sector	64.7	76.9	47.8	44.4	77.8	66.7	76.4	74.7
Construction Sector	100.0	70.6	100.0	100.0	100.0	100.0	100.0	33.3
Wholesale and Retail Trade	60.0	73.9	47.2	44.4	71.4	83.9	80.0	89.6
Services Sector of which:	70.6	73.1	69.6	62.5	66.7	66.7	93.8	66.7
Financial Intermediation	75.0	0.0	0.0	0.0	100.0	50.0	100.0	100.0
Hotels and Restaurants	75.0	60.9	66.7	66.7	61.5	65.0	80.0	71.4
Renting and Business Activities	62.5	66.7	0.0	0.0	0.0	80.0	75.0	66.7
Community and Social Services	0.0	0.0	83.3	100.0	0.0	70.0	50.0	66.7
8. Business Constraints: Current Quarter								
High Interest Rate	43.5	50.1	53.5	57.8	48.8	58.6	58.8	63.2
Unclear Economic Laws	28.6	29.8	26.7	25.0	40.0	42.5	45.8	44.9
Lack of Equipment	25.6	7.7	-2.0	-0.6	24.7	29.6	24.6	33.2
Insufficient Demand	0.6	-4.8	8.5	14.4	24.1	30.7	26.4	29.8
Access to Credit	29.2	19.4	9.4	18.1	28.8	42.1	37.0	39.3
Financial Problems	47.0	39.0	39.5	39.4	43.5	54.6	52.8	52.9
Competition	38.7	18.6	32.0	28.8	34.1	23.2	23.9	46.6
Labor Problems	38.7	-7.7	-19.0	-17.5	14.7	13.2	12.0	21.5
Lack of Materials Input	17.9	1.1	-8.5	-6.3	22.9	19.6	14.4	25.4
Unfavourable Political Climate	-14.9	13.0	21.3	25.6	35.9	51.1	34.9	34.6
Unfavourable Economic Climate	38.1	33.5	44.1	45.6	48.2	52.5	49.3	44.6
Insufficient Power Supply	58.9	76.2	67.8	71.3	72.4	81.4	78.9	78.1
9. Business Expectation Index on Selected Economic Indicators: Current Quarter								
N/\$ Exchange Rate	22.6	-20.0	-6.9	-15.0	-4.4	-19.3	-14.1	-5.1
Inflation Rate	41.7	24.2	25.7	11.3	7.7	30.7	33.8	27.4
Borrowing Rate	15.5	0.7	-2.0	-15.0	-26.7	-5.7	-18.3	-1.1
10. Business Expectation Index on Selected Economic Indicators: Next Quarter								
N/\$ Exchange Rate	28.6	31.7	12.0	11.3	3.3	18.6	33.1	20.6
Inflation Rate	8.3	13.8	48.0	11.3	-8.8	7.1	8.5	-27.4
Borrowing Rate	7.1	1.4	3.0	-6.3	-31.7	-22.1	-12.7	-30.8
11. Percentage Distribution of Respondent Firms by Type of Business								
Importer	14.3	15.9	36.0	37.5	12.9	14.3	12.7	18.3
Exporter	0.0	2.1	3.0	6.3	1.2	4.3	4.2	5.1
Both Importer and Exporter	20.2	12.4	18.0	15.0	8.2	19.3	14.1	24.0
Neither Importer nor exporter	65.5	69.7	43.0	41.3	77.6	62.1	69.0	52.6
12. Percentage Distribution of Respondent Firms by Employment Size								
Small (<50)	61.9	64.8	72	72.5	67.1	67.1	68.3	60.0
Medium (50 and <200)	25.0	26.2	19	20	25.9	20.0	19.0	21.7
Large (200 and Up)	11.9	9.0	9	7.5	7.1	12.9	12.7	18.3
No Response	0.0	0.0	0	0	0.0	0.0	0.0	0.0
13. Distribution of Respondent Firms by Sector								
All Sectors	84	145	100	80	85	140	142	175
Industrial Sector	18	52	23	18	36	54	55	75
Construction Sector	3	17	2	2	5	7	5	3
Wholesale and Retail Trade	20	23	36	36	21	31	35	48
Services Sector of which:	<u>43</u>	<u>53</u>	<u>39</u>	<u>24</u>	<u>21</u>	<u>48</u>	<u>47</u>	<u>49</u>
Financial Intermediation	4	26	1	1	1	2	1	1
Hotels and Restaurants	12	1	3	3	13	20	20	21
Renting and Business Activities	8	23	0	0	0	10	8	6
Community and Social Services	2	3	12	4	0	10	2	6

Business Expectations Survey

First Quarter 2010

South East Zone

Business Outlook



Respondent firms in the South East Zone generally expected an improved business outlook in Q1 2010. Furthermore, as in the national level, firms anticipated that economic activities would remain upbeat with index of 8.4 points in the review period. Business Executives were confident that business activity would be more favourable in Q2 2010 as the results recorded a higher CI of 50.7 points, up by 25.7 index points from the preceding quarter and 25.3 points when compared with the corresponding period a year ago.

The sectoral outlook in Q1 2010 on macroeconomy was mixed. Whereas industrial and services sectors improved with all indices on the uptrend, construction as well as wholesale and retail trade sectors remained downbeat on macroeconomy. The downswing in sentiment may be largely due to the seasonal decline in consumer spending in the first quarter of the year. Similarly, on own operations, firms were more downbeat, as all sectors posted negative confidence index in Q1 2010. The firms were however more optimistic about the economy as reflected in the positive views of their operations in the next quarter. By type of firms, “neither importer nor exporter” posted the highest response of 72.2 per cent as against the zero per cent recorded for “both importer and exporter”.

The access to credit in Q1 2010 continued to worsen as the credit access index remained negative at -48.6 index points down from -38.4 and -20.6 in the preceding quarter and corresponding Q1 2009, respectively. The index indicated that there are more respondents with unfavourable cash/liquidity positions compared to last quarter and a year ago. This, according to the respondents could be attributable to high interest rate, unclear economic laws and financial problems.

Insufficient power supply, high interest rate and financial problems of the firms were consistently cited as the main reasons limiting the productivity of businesses in the South East zone. Most of the respondents expect a stronger Naira, rising inflation and a lower borrowing rate in the current quarter.

BUSINESS EXPECTATIONS SURVEY

South East Zone

Year	2008			2009				2010
Quarter	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1

1. Overall Business Outlook on the Macroeconomy

Confidence Index: All Sectors

Current Quarter

South East -21.8 -8.7 -10.3 -6.3 -25.8 -17.6 -15.9 8.4

Next Quarter

South East 77.5 53.6 19.8 25.4 59.7 40.7 25.0 50.7

2. Business Outlook Index on the Macroeconomy by Sector: Current Quarter

Industrial Sector	-77.8	5.1	0.0	0.0	-43.2	-18.9	-17.8	22.7
Construction Sector	-100.0	20.0	-20.0	-20.0	-50.0	-25.0	0.0	-28.6
Wholesale and Retail Trade	-43.8	0.0	-14.8	-7.7	-8.3	-19.5	-10.8	-23.1
Services Sector of which:	5.3	19.0	0.0	0.0	14.3	-5.0	-9.7	13.8
Financial Intermediation	0.0	80.0	-20.0	-10.0	-20.0	-37.5	-27.3	72.7
Hotels and Restaurants	10.7	33.3	-5.3	-10.5	-35.3	-23.8	-10.0	0.0
Renting and Business Activities	33.3	-75.0	-100.0	-100.0	-100.0	-50.0	0.0	-25.0
Community and Social Services	27.3	0.0	-15.4	-33.3	-18.2	0.0	-60.0	-20.0

3. Business Outlook Index on the Macroeconomy by Sector: Next Quarter

Industrial Sector	86.1	60.0	47.6	50.0	70.5	35.1	40.0	59.1
Construction Sector	83.3	100.0	30.0	40.0	75.0	50.0	40.0	57.1
Wholesale and Retail Trade	37.5	43.8	0.0	11.5	66.7	19.5	-8.1	3.8
Services Sector of which:	84.2	47.6	20.8	12.0	42.9	57.5	29.0	51.7
Financial Intermediation	100.0	100.0	40.0	40.0	50.0	37.5	37.8	90.9
Hotels and Restaurants	71.4	100.0	15.8	26.3	76.5	57.1	40.0	50.0
Renting and Business Activities	83.3	100.0	0.0	0.0	-100.0	50.0	60.0	100.0
Community and Social Services	90.9	100.0	0.0	-16.7	27.3	62.5	30.0	80.0

4. Business Confidence Index on Own Operations by Sector: Current Quarter

Industrial Sector	-16.7	10	-4.8	0.0	-2.3	-21.6	-28.9	-18.2
Construction Sector	-75.0	20	-20.0	0.0	-12.5	-12.5	-20.0	-42.9
Wholesale and Retail Trade	-37.5	-15.6	-18.5	-7.7	0.0	-26.8	-40.5	-34.6
Services Sector	0.0	2.4	11.8	10.3	6.7	-22.5	-12.9	-34.5

5. Business Outlook Index on Own Operations : Current Quarter

Volume of Business Activity Index	-12.7	-4.7	-1.6	-5.6	9.7	-14.2	-20.1	-9.1
Volume of Total Order Book Index	-5.6	-4.7	-11.9	-9.5	-8.1	-19.6	-22.0	-12.5
Credit Access Index	-21.1	-22.1	-28.6	-20.6	-8.9	-20.6	-38.4	-48.6
Financial Condition Index	-9.9	-2.7	0.0	4.0	1.6	-18.6	-21.3	-23.6
Average Capacity Utilization	0.0	0.0	-0.8	3.2	8.9	-1.5	-17.1	-5.5

6. Business Outlook Index on Own Operations : Next Quarter

Volume of Business Activity Index	85.9	76.5	50.8	61.9	85.5	56.4	42.7	50.7
Employment Outlook Index	54.9	50.3	19.8	21.4	64.5	26.5	25.8	15.2

BUSINESS EXPECTATIONS SURVEY
South East Zone

Year	2008			2009				2010
Quarter	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
7. Business with Expansion Plans (in per cent): Next Quarter								
Industrial Sector	55.6	67.5	66.7	65.0	20.5	46.6	20.0	40.9
Construction Sector	83.3	80.0	40.0	50.0	12.5	50.0	20.0	42.9
Wholesale and Retail Trade	37.5	46.9	14.8	15.4	41.7	24.4	10.8	19.2
Services Sector of which:	36.8	85.7	37.5	44.0	57.1	47.5	38.7	37.9
Financial Intermediation	0.0	80.0	70.0	70.0	50.0	62.5	54.5	63.6
Hotels and Restaurants	25.0	58.3	42.1	47.4	29.4	52.4	35.0	50.0
Renting and Business Activities	16.7	75.0	50.0	50.0	100.0	25.0	100.0	0.0
Community and Social Services	0.0	0.0	23.1	16.7	9.1	25.0	30.0	0.0
8. Business Constraints: Current Quarter								
High Interest Rate	54.9	66.9	61.5	63.5	74.6	62.5	62.2	67.4
Unclear Economic Laws	55.3	49.3	21.8	38.1	50.8	42.2	25.9	41.7
Lack of Equipment	31.7	-17.2	-13.1	10.3	19.0	12.5	11.6	19.8
Insufficient Demand	45.8	7.7	-23.0	7.5	-64.1	19.9	11.6	17.1
Access to Credit	37.3	24.8	18.3	-65.1	-46.8	40.2	54.0	36.1
Financial Problems	56.0	43.9	23.8	40.9	53.6	50.0	55.2	55.3
Competition	51.8	9.8	10.7	26.6	45.2	29.2	30.8	34.4
Labor Problems	-13.4	-38.6	-34.1	-7.5	4.0	-7.4	-15.5	-4.5
Lack of Materials Input	25.0	-26.2	-20.2	1.6	18.1	9.6	6.1	14.2
Unfavourable Political Climate	39.4	6.7	19.4	-64.3	28.2	42.2	32.3	32.4
Unfavourable Economic Climate	54.6	36.5	38.5	49.6	-36.7	53.9	38.1	41.3
Insufficient Power Supply	82.7	73.8	63.9	69.8	-7.7	74.8	82.0	85.1
9. Business Expectation Index on Selected Economic Indicators: Current Quarter								
N/\$ Exchange Rate	39.4	36.9	19.0	15.1	54.0	-18.1	9.8	18.8
Inflation Rate	-14.1	-5.3	15.1	11.9	51.6	17.6	5.5	12.5
Borrowing Rate	-33.1	-18.8	-34.1	-34.9	-8.9	-12.7	-33.5	-27.1
10. Business Expectation Index on Selected Economic Indicators: Next Quarter								
N/\$ Exchange Rate	50.0	13.4	-29.4	-27.0	-25.8	13.2	15.2	0.7
Inflation Rate	-52.1	-52.4	-21.4	-29.4	-79.8	-24.0	-20.7	-36.1
Borrowing Rate	-51.4	-26.2	-32.5	-34.9	-17.7	-24.5	-47.6	-29.9
11. Percentage Distribution of Respondent Firms by Type of Business								
Importer	33.1	20.8	31.7	29.4	8.1	28.4	31.1	20.8
Exporter	2.1	0.7	0.0	0.0	1.6	2.9	0.0	6.9
Both Importer and Exporter	3.5	11.4	4.8	5.6	4.0	10.3	5.5	0.0
Neither Importer nor exporter	61.3	67.1	63.5	65.1	86.3	57.8	63.4	72.2
12. Percentage Distribution of Respondent Firms by Employment Size								
Small (<50)	71.1	74.5	71.4	76.2	79.0	76.0	82.3	71.5
Medium (50 and <200)	20.4	17.4	17.5	12.7	11.3	14.2	14.0	19.4
Large (200 and Up)	7.7	8.1	11.1	9.5	9.7	9.8	3.7	9.0
No Response	0.0	0.0	0.0	0.0	0.0	0	0.0	0.0
13. Distribution of Respondent Firms by Sector								
All Sectors	142	122	126	126	124	204	164	144
Industrial Sector	36	40	21	20	44	74	45	44
Construction Sector	6	5	10	10	8	8	5	7
Wholesale and Retail Trade	16	32	27	26	12	41	37	26
Services Sector of which:	<u>84</u>	<u>45</u>	<u>68</u>	68	<u>60</u>	<u>81</u>	<u>77</u>	<u>67</u>
Financial Intermediation	1	5	10	10	10	8	11	11
Hotels and Restaurants	28	12	19	19	17	21	20	18
Renting and Business Activities	6	4	2	2	1	4	5	4
Community and Social Services	11	3	13	12	11	8	10	5

Business Expectations Survey

First Quarter 2010

South South Zone

Business Outlook

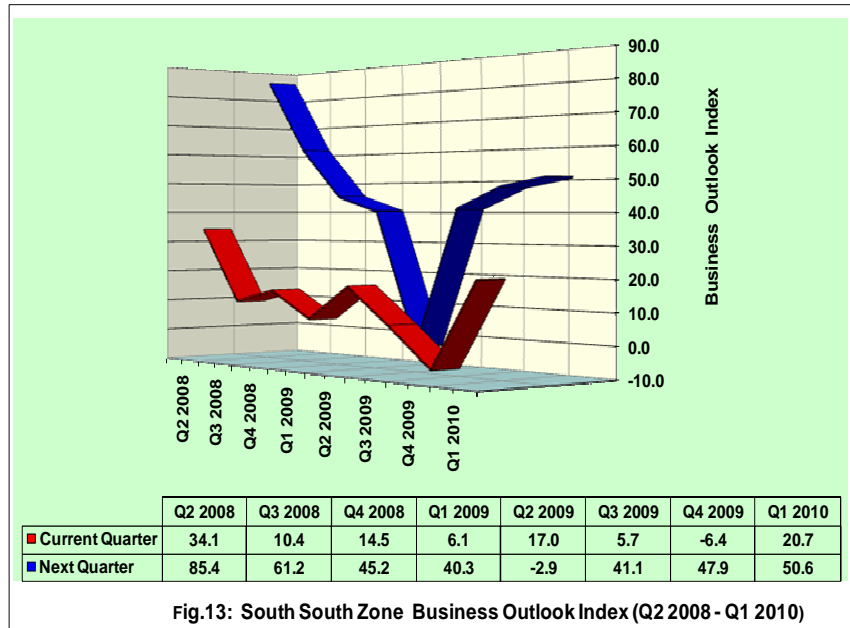


Fig.13: South South Zone Business Outlook Index (Q2 2008 - Q1 2010)

Business confidence index in South South Zone improved as the overall CI inched up to 20.7 points in Q1 2010 from -6.4 recorded in Q4 2009. Similarly, like in the national outlook, firms in the zone anticipated that economic activities would be on the upbeat in Q2 2010 with a CI of 50.6 points.

By sector, industrial sector held the highest positive sentiment on the macroeconomy whereas on own operations construction sector held the highest positive sentiment in the review period. The CI of industrial firms on the macroeconomy in Q1 2010 at 37.0 points was higher than the preceding quarter and same period a year ago by 61.0 and 37.0 points, respectively. Similarly, the construction sector index on own operations indicated an upbeat of 33.3 points in the current quarter compared with -66.7 points in Q4 2009. By type of firms, the highest response was recorded by “neither importer nor exporter” with 63.2 per cent, while “exporter” posted the least at 2.3 per cent.

Respondents anticipated worsened access to credit in Q1 2010 as in the preceding quarter with the index of -3.4 points up from -14.9 in Q4 2009. This, according to the respondents could be attributable to high interest rate. However, the financial condition index of the firms improved significantly at 13.8 points in Q1 2010, as against 5.3 and -3.7 index points recorded in Q4 2009 and the corresponding period a year earlier.

The respondents cited the major reasons limiting the productivity of businesses in the zone as insufficient power supply, unfavourable economic climate, financial problems of the firms and high interest rate. Despite these constraints, most of the respondents expect a weak Naira, a decline in borrowing rate and a rise in inflation in Q1 2010. However, the respondents would be expecting a stronger Naira, a fall in borrowing rate and a rise in inflation in Q2 2010.

BUSINESS EXPECTATIONS SURVEY
South South Zone

Year	2008			2009				2010
Quarter	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1

1. Overall Business Outlook on the Macroeconomy
Confidence Index: All Sectors
Current Quarter

South South 34.1 10.4 14.5 6.1 17.0 5.7 -6.4 20.7

Next Quarter

South South 85.4 61.2 45.2 40.3 -2.9 41.1 47.9 50.6

2. Business Outlook Index on the Macroeconomy by Sector: Current Quarter

Industrial Sector	4.2	24.1	-23.1	0.0	62.5	17.1	-24.0	37.0
Construction Sector	0.0	36.4	-23.1	60.0	0.0	-16.7	-66.7	0.0
Wholesale and Retail Trade	71.4	0.0	75.0	16.7	41.7	0.0	0.0	8.3
Services Sector of which:	33.3	15.4	23.1	0.0	50.0	-1.9	4.5	6.7
Financial Intermediation	20.0	50.0	0.0	0.0	0.0	0.0	0.0	100.0
Hotels and Restaurants	60.0	17.4	33.3	0.0	33.3	25.0	25.0	41.7
Renting and Business Activities	85.7	-25.0	0.0	50.0	0.0	100.0	0.0	0.0
Community and Social Services	100.0	0.0	33.3	-100.0	0.0	20.0	-50.0	-50.0

3. Business Outlook Index on the Macroeconomy by Sector: Next Quarter

Industrial Sector	75.0	46.7	66.7	72.7	0.0	40.0	40.0	74.1
Construction Sector	66.7	90.9	75.0	100.0	0.0	50.0	-25.3	33.3
Wholesale and Retail Trade	100.0	50.0	69.2	58.3	-8.3	21.2	64.6	37.5
Services Sector of which:	66.7	69.2	44.4	50.0	0.0	53.8	17.3	6.7
Financial Intermediation	100.0	100.0	0.0	0.0	0.0	0.0	4.0	100.0
Hotels and Restaurants	100.0	58.3	66.0	100.0	0.0	50.0	31.7	100.0
Renting and Business Activities	100.0	50.0	0.0	100.0	0.0	100.0	0.0	0.0
Community and Social Services	100.0	50.0	0.0	-50.0	0.0	30.0	12.0	-50.0

4. Business Confidence Index on Own Operations by Sector: Current Quarter

Industrial Sector	33.3	36.7	0.0	18.2	-62.5	14.3	-8.0	29.6
Construction Sector	-46.7	45.5	-50.0	0.0	0.0	0.0	-66.7	33.3
Wholesale and Retail Trade	35.7	30.0	30.8	8.3	-8.3	27.3	9.2	4.2
Services Sector	18.0	25.5	-11.1	-30.0	6.7	23.1	10.4	-20.0

5. Business Outlook Index on Own Operations : Current Quarter

Volume of Business Activity Index	34.1	29.3	30.6	6.1	-11.4	19.9	14.9	24.2
Volume of Total Order Book Index	30.5	32.8	24.2	11.0	-14.3	25.5	10.6	19.5
Credit Access Index	-9.8	3.5	-11.3	-7.3	-22.9	-3.5	-14.9	-3.4
Financial Condition Index	15.9	27.6	0.0	-3.7	-14.3	21.3	5.3	13.8
Average Capacity Utilization	23.2	32.8	14.5	9.8	-11.4	25.5	6.4	10.3

6. Business Outlook Index on Own Operations : Next Quarter

Volume of Business Activity Index	89.0	81	54.8	43.9	31.4	53.2	72.3	74.8
Employment Outlook Index	36.6	50	4.8	11.0	17.1	48.9	37.2	26.4

BUSINESS EXPECTATIONS SURVEY
South South Zone

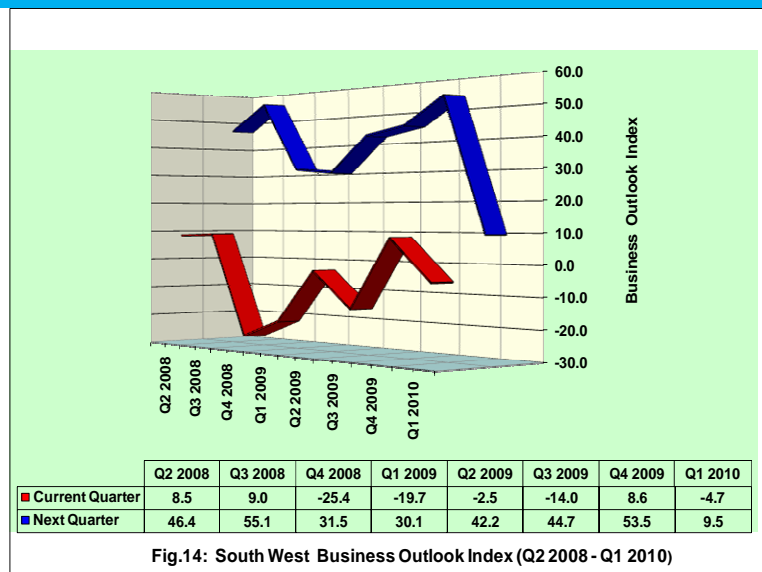
Year	2008			2009				2010
Quarter	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
7. Business with Expansion Plans (in per cent): Next Quarter								
Industrial Sector	75.0	76.7	76.9	81.8	25	65.7	48.0	77.8
Construction Sector	93.3	90.9	75.0	80.0	0.0	33.3	66.7	33.3
Wholesale and Retail Trade	35.7	90.0	53.8	83.3	33.3	72.7	70.4	58.3
Services Sector of which:	66.7	84.6	77.8	75.0	58.3	80.8	81.8	60.0
Financial Intermediation	20.0	100.0	0.0	0.0	0.0	0.0	100.0	100.0
Hotels and Restaurants	50.0	91.7	66.7	50.0	0.0	75.0	75.0	91.7
Renting and Business Activities	100.0	87.5	0.0	75.0	0.0	100.0	0.0	0.0
Community and Social Services	100.0	50.0	100.0	100.0	0.0	60.0	50.0	0.0
8. Business Constraints: Current Quarter								
High Interest Rate	69.5	53.8	49.2	36.6	37.1	34.4	45.2	51.2
Unclear Economic Laws	26.8	36.2	24.2	17.7	10.0	13.1	43.1	43.8
Lack of Equipment	11.0	28.0	19.4	10.4	-35.7	1.1	21.3	29.4
Insufficient Demand	-0.6	-1.7	9.7	7.3	27.1	-0.4	14.4	4.0
Access to Credit	14.0	39.7	27.4	14.6	-3.0	8.5	46.3	39.7
Financial Problems	47.0	46.1	-31.5	29.3	17.1	11.3	50.5	52.9
Competition	55.5	41.5	33.9	22.6	42.9	17.7	39.4	10.9
Labor Problems	-6.1	-16.1	-3.2	0.0	0.0	-8.5	-1.1	-2.3
Lack of Materials Input	-0.6	3.9	23.4	7.3	-20.0	-7.8	12.2	15.5
Unfavourable Political Climate	12.8	9.1	20.2	8.0	7.1	-20.2	32.4	44.9
Unfavourable Economic Climate	20.1	38.4	33.1	16.5	-7.1	-24.8	56.4	62.7
Insufficient Power Supply	17.1	79.4	39.5	27.4	27.4	5.7	56.9	76.0
9. Business Expectation Index on Selected Economic Indicators: Current Quarter								
N/\$ Exchange Rate	-11.0	19.0	-29.0	-4.9	-20.0	5.7	7.4	-5.1
Inflation Rate	39.0	28.0	12.9	13.4	28.6	48.2	-3.2	27.4
Borrowing Rate	30.5	-2.0	4.8	-3.7	34.3	40.4	1.1	-1.1
10. Business Expectation Index on Selected Economic Indicators: Next Quarter								
N/\$ Exchange Rate	23.2	20.7	1.6	1.2	-11.4	5.0	38.3	20.6
Inflation Rate	11.0	6.9	22.6	6.1	42.9	22.7	19.1	10.3
Borrowing Rate	22.0	-12.1	-1.6	-2.4	31.4	33.3	-12.8	-30.8
11. Percentage Distribution of Respondent Firms by Type of Business								
Importer	15.9	20.7	30.7	6.1	11.4	17.7	24.5	24.1
Exporter	9.8	1.7	3.2	46.0	0.0	9.9	2.1	2.3
Both Importer and Exporter	14.6	17.2	6.6	7.7	5.7	7.8	12.8	10.3
Neither Importer nor exporter	59.8	56.0	59.7	40.2	82.9	64.5	60.6	63.2
12. Percentage Distribution of Respondent Firms by Employment Size								
Small (<50)	70.7	85.3	59.7	43.9	77.1	76.6	74.5	81.6
Medium (50 and <200)	20.7	11.2	30.6	7.3	14.3	18.4	11.7	14.9
Large (200 and Up)	8.5	3.4	9.7	7.3	8.6	5.0	13.8	3.4
No Response	0.0	0.0	0.0	0.0	0.0	0	0.0	0.0
13. Distribution of Respondent Firms by Sector								
All Sectors	82	100	48	48	35	141	94	87
Industrial Sector	24	30	13	11	8	35	25	27
Construction Sector	15	11	4	5	0	6	3	6
Wholesale and Retail Trade	14	10	13	12	12	33	27	24
Services Sector of which:	<u>29</u>	<u>49</u>	<u>18</u>	<u>20</u>	<u>15</u>	<u>67</u>	<u>39</u>	<u>30</u>
Financial Intermediation	5	2	0	0	0	0	1	1
Hotels and Restaurants	10	24	6	6	3	4	12	12
Renting and Business Activities	7	8	0	4	0	1	0	0
Community and Social Services	4	2	3	2	0	10	4	2

Business Expectations Survey

First Quarter 2010

South West Zone

Business Outlook



Business confidence in South West Zone worsened, as the overall confidence index (CI) dipped to -4.7 points in Q1 2010 from 8.6 points achieved in the preceding quarter. However, the respondent firms are expected to be more upbeat in Q2 2010 as the result recorded a positive CI of 9.5 points, though lower than 53.5 and 30.1 index points achieved in Q4 2009 and the corresponding period a year ago, respectively.

By sectoral outlook, the construction firms held the most positive sentiment on both the macroeconomy and on own operations. The CI of construction firms on the macroeconomy in Q1 2010, at 16.7 points was however lower than 44.4 points recorded in Q4 2009, but 61.1 points higher than the level attained a year earlier. By type of firms, “neither importer nor exporter” posted the highest response of 42.9 per cent as against the least of 7.5 per cent recorded for “exporter”.

As in previous quarters’ results, access to credit in Q1 2010 continued to worsen, as the credit access index remained negative at -23.6 index points, down from -9.1 in the preceding quarter and -23.0 points in the corresponding quarter of 2009. According to the respondents this could be attributable to high interest rate and unclear economic laws. At -13.2 points the financial condition index of the firms in the current quarter was lower than the preceding quarter. More firms indicated lower volume of business activity resulting to a drop of -13.7 points in Q1 2010 from 8.6 points recorded in the previous quarter.

Insufficient power supply, high interest rates, financial problems and access to credit were cited by the firms as the major reasons limiting the productivity of businesses in the zone. Resulting from these constraints, most of the respondents in South West Zone expect a strong Naira, a rise in both borrowing rate and inflation in the current quarter. Furthermore, the respondents would be expecting a strong Naira, rise in inflation and a drop in the borrowing rate in the next quarter.

BUSINESS EXPECTATIONS SURVEY

South West Zone

Year	2008			2009				2010
Quarter	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1

1. Overall Business Outlook on the Macroeconomy

Confidence Index: All Sectors

Current Quarter

South West 8.5 9.0 -25.4 -19.7 -2.5 -14.0 8.6 -4.7

Next Quarter

South West 46.4 55.1 31.5 30.1 42.2 44.7 53.5 9.5

2. Business Outlook Index on the Macroeconomy by Sector: Current Quarter

Industrial Sector	13.9	5.1	-37.5	-32.9	-14.5	-24.1	-3.8	-15.1
Construction Sector	-7.4	56.5	-28.6	-44.4	-25.0	-15.4	44.4	16.7
Wholesale and Retail Trade	-4.8	0.0	-5.8	-18.4	8.0	14.9	-6.8	-19.6
Services Sector of which:	9.2	-8.3	-41.2	-18.2	5.2	-23.4	17.0	15.8
Financial Intermediation	100.0	0.0	-100.0	-100.0	0.0	-33.3	20.0	0.0
Hotels and Restaurants	8.3	-37.5	-40.0	-18.2	-16.7	-11.8	6.3	-37.5
Renting and Business Activities	63.6	-50.0	0.0	-18.2	0.0	0.0	25.0	20.0
Community and Social Services	12.5	-54.5	0.0	-14.3	0.0	-50.0	45.5	-20.0

3. Business Outlook Index on the Macroeconomy by Sector: Next Quarter

Industrial Sector	32.9	56.5	18.8	30.7	41.0	39.2	57.7	0.0
Construction Sector	48.1	69.6	71.4	44.4	50.0	30.8	88.9	0.0
Wholesale and Retail Trade	34.9	57.1	40.4	53.1	58.0	59.6	40.9	6.5
Services Sector of which:	47.1	40.4	32.4	21.9	46.6	44.7	41.5	24.6
Financial Intermediation	100.0	0.0	100.0	100.0	0.0	0.0	40.0	37.5
Hotels and Restaurants	83.3	56.3	20.0	45.5	8.3	58.8	81.3	-18.8
Renting and Business Activities	81.8	0.0	70.0	-9.1	0.0	50.0	62.5	26.7
Community and Social Services	75.0	27.3	-12.5	-7.1	0.0	12.5	72.7	-20.0

4. Business Confidence Index on Own Operations by Sector: Current Quarter

Industrial Sector	-37.0	8.6	-10.9	-6.6	-8.1	-5.1	5.8	-18.9
Construction Sector	3.7	31.8	0.0	0.0	25.0	-7.7	22.2	25.0
Wholesale and Retail Trade	-6.3	-10.9	0.0	-16.3	4.0	10.9	6.8	13.0
Services Sector	-4.5	8.6	-5.2	-20.2	1.4	-2.1	20.8	-17.5

5. Business Outlook Index on Own Operations : Current Quarter

Volume of Business Activity Index	23.1	22.8	-5.5	-7.1	11.6	3.1	8.6	-13.7
Volume of Total Order Book Index	22.0	17.9	-9.4	-5.2	9.5	-2.2	3.5	-18.4
Credit Access Index	1.4	5.7	-19.9	-23.0	-11.1	-6.1	-9.1	-23.6
Financial Condition Index	-12.2	9.0	-5.5	-11.2	-0.5	-5.7	10.6	-13.2
Average Capacity Utilization	11.2	16.7	7.2	-3.0	17.1	8.8	24.2	10.8

6. Business Outlook Index on Own Operations : Next Quarter

Volume of Business Activity Index	71.2	67.8	53.0	49.1	67.3	55.7	65.7	28.3
Employment Outlook Index	47.1	37.9	21.5	16.7	34.7	33.8	33.8	28.3

BUSINESS EXPECTATIONS SURVEY

South West Zone

Year	2008			2009				2010
Quarter	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
7. Business with Expansion Plans (in per cent): Next Quarter								
Industrial Sector	80.6	62.4	51.6	52.6	66.1	53.2	53.8	60.4
Construction Sector	63.0	56.5	14.3	55.6	50.0	69.2	77.8	66.7
Wholesale and Retail Trade	75.8	67.2	67.3	72.9	70.6	63.8	77.3	67.4
Services Sector of which:	77.0	58.3	67.6	60.6	72.4	59.6	56.6	59.6
Financial Intermediation	100.0	0.0	100.0	100.0	0.0	100.0	60.0	75.0
Hotels and Restaurants	83.3	56.3	80.0	90.9	58.3	76.5	56.3	56.3
Renting and Business Activities	100.0	50.0	70.0	90.9	0.0	100.0	62.5	60.0
Community and Social Services	100.0	54.5	75.0	46.4	100.0	100.0	63.6	80.0
8. Business Constraints: Current Quarter								
High Interest Rate	61.2	59.6	55.0	46.8	62.0	52.6	60.6	63.2
Unclear Economic Laws	40.2	31.7	36.5	28.6	35.4	27.2	30.8	45.3
Lack of Equipment	20.2	2.9	17.7	17.7	13.6	12.3	18.4	32.8
Insufficient Demand	19.3	1.5	23.2	29.7	18.6	10.7	37.1	23.8
Access to Credit	31.7	13.9	14.9	12.3	27.4	44.3	38.4	55.9
Financial Problems	40.0	38.4	42.3	42.0	49.5	52.6	48.7	62.9
Competition	33.6	45.5	40.9	34.2	42.5	37.9	43.9	25.8
Labour Problems	3.1	-8.0	-3.3	-4.5	-2.0	-5.7	-6.6	14.8
Lack of Materials Input	12.9	-2.9	19.1	18.0	9.8	-0.4	16.4	23.4
Unfavourable Political Climate	34.1	25.2	24.9	22.5	27.1	38.2	39.1	38.1
Unfavourable Economic Climate	49.7	38.6	46.4	40.9	44.7	58.3	56.6	42.0
Insufficient Power Supply	74.6	46.8	40.9	32.5	56.0	74.3	50.0	63.7
9. Business Expectation Index on Selected Economic Indicators: Current Quarter								
N/\$ Exchange Rate	17.3	9.0	-16.0	-12.6	8.0	-15.4	-16.7	17.0
Inflation Rate	24.4	31.1	30.4	15.6	16.1	17.1	27.8	9.9
Borrowing Rate	-3.7	17.9	6.1	11.9	8.5	3.1	11.6	3.7
10. Business Expectation Index on Selected Economic Indicators: Next Quarter								
N/\$ Exchange Rate	26.1	20.5	9.9	9.7	26.6	19.7	4.0	0.9
Inflation Rate	-2.4	-0.4	6.1	10.8	1.5	7.9	17.7	6.7
Borrowing Rate	-16.9	10.2	-3.9	5.6	6.0	4.4	21.7	-5.2
11. Percentage Distribution of Respondent Firms by Type of Business								
Importer	18.6	20.8	32.0	22.3	18.1	19.3	46.5	34.4
Exporter	3.7	7.3	2.8	3.3	7.0	3.9	5.6	7.5
Both Importer and Exporter	27.5	22.0	14.9	5.9	15.6	25.0	13.6	15.1
Neither Importer nor exporter	48.8	49.8	50.3	68.4	59.3	51.8	34.3	42.9
12. Percentage Distribution of Respondent Firms by Employment Size								
Small (<50)	59.7	64.5	64.1	60.6	64.3	66.2	56.6	52.8
Medium (50 and <200)	19.0	20.4	24.3	29.8	18.1	17.1	22.2	30.2
Large (200 and Up)	21.0	14.7	11.6	9.6	13.6	16.7	21.2	17.0
No Response	0.3	0.4	0.0	0.0	4.0	0.0	0.0	0.0
13. Distribution of Respondent Firms by Sector								
All Sectors	295	285	181	218	191	228	198	212
Industrial Sector	73	117	64	76	62	79	52	53
Construction Sector	27	23	7	9	4	13	9	12
Wholesale and Retail Trade	63	64	52	49	51	47	44	46
Services Sector of which:	<u>132</u>	<u>81</u>	<u>58</u>	<u>84</u>	<u>74</u>	<u>89</u>	<u>93</u>	<u>101</u>
Financial Intermediation	2	0	1	1	0	3	5	8
Hotels and Restaurants	24	16	5	11	12	17	16	16
Renting and Business Activities	11	6	10	11	0	14	8	15
Community and Social Services	8	11	8	28	4	8	11	5