

Business Expectations Survey

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Survey Management Unit
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EXECUTIVE SUMMARY

The third quarter 2010 Business Expectations Survey (BES) conducted from 26th to 30th July, 2010 covered a sample size of 1350 Business Enterprises nationwide, with a response rate of about 90.7 per cent. Industry, Construction, Wholesale/Retail Trade and Services were among the sectors covered.

The highlights of the BES report are as follows:

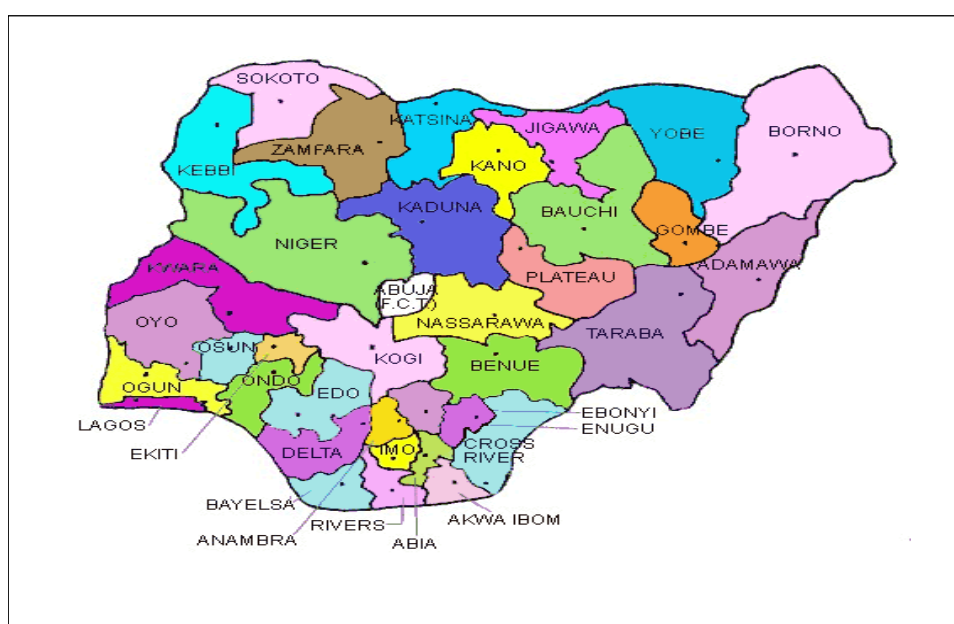
1. Results of the Q3 2010 BES survey on the overall business outlook indicate an expectation of an upbeat in business activity . This could largely be attributable to the positive outlook index particularly of “exporter” (37.8 points), “both importer nor exporter” (23.7 points), and “importer” firms (20.5 points).
2. Respondents from the geo-political zones exhibited positive level of economic outlook in Q3 2010, with the exception of respondents from the South East zone , who indicated a downbeat expectation in business activity.
3. All sectors recorded positive indices in Q3 2010, with the services and industrial sectors posting the highest indices of 27.9 and 17.4 points, respectively. The business outlook of the wholesale and retail and construction sectors also remained positive at 12.6 and 11.9 index points, respectively. Furthermore, it is expected that the sectoral outlook for the 4th quarter 2010, would improve as all indices indicated an upbeat in business activity.
4. The financial condition index (FCI) remains positive at 9.1 index points during the third quarter 2010. This represented an increase of 1.0 and 8.1 points respectively, above the levels achieved in the preceding quarter and corresponding period a year ago.
5. The access to credit in Q3 2010 improved marginally to -5.8 index points from -8.8 points and -6.8 index points recorded in the preceding quarter and the corresponding period 2009. This, as perceived by respondents, could be attributable to high interest rate, financial problems and unfavourable economic climate.
6. Respondents in Q3 2010, cited insufficient power supply, high interest rate, financial problems, and unfavourable economic climate as impediments to stronger business activity of the respondent firms.
- 7 Respondents anticipated that the inflation rate would rise in both the current and the next quarter of 2010 as index points stood at 8.9 and 9.2 respectively. Respondents anticipate an increase in exchange rate in both Q3 and Q4 2010 , while borrowing rate would be expected to fall in Q3 2010 and the next quarter of 2010.

Business Expectations Survey 3rd Quarter, 2010

The 2010 third quarter Business Expectations Survey (BES) was conducted from July 26 to 30, 2010. The nationwide sample size was 1350 Business Enterprises, 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 show the sampled states, the sample size and the percentage response rate of the survey.

About the Survey



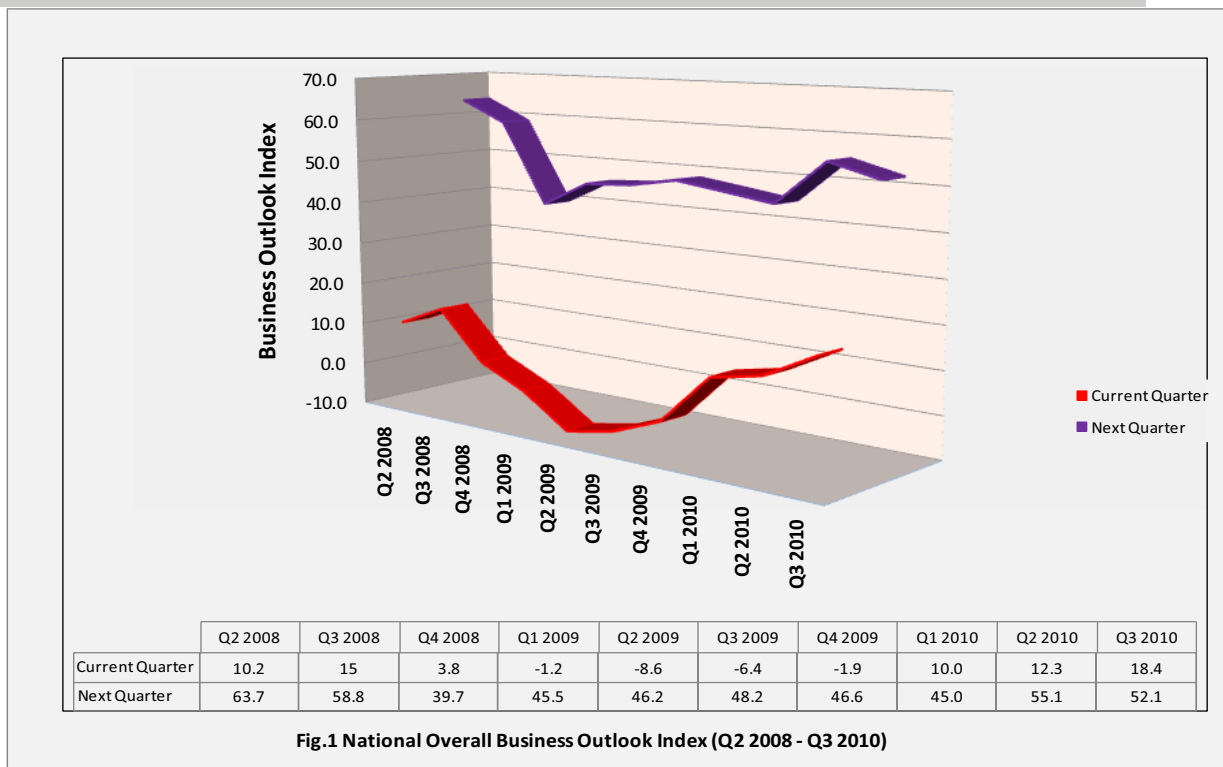
ZONE	SAMPLED STATE	Q2 2010 SAMPLE SIZE	Q2 2010 RESPONSES	RESPONSE RATE (%)
NORTH CENTRAL	Plateau, Benue, Niger, Kwara	200	181	90.5
NORTH EAST	Bauchi, Borno, Gombe, Adamawa	200	200	100
NORTH WEST	Kaduna, Kano, Sokoto, Kebbi, Katsina	250	222	88.8
SOUTH EAST	Imo, Enugu, Anambra, Abia	200	172	86
SOUTH SOUTH	Rivers, Delta, Edo, Akwa Ibom	200	161	80.5
SOUTH WEST	Lagos, Ondo, Oyo, Ogun, Ekiti	300	288	96
Total	26	1350	1224	90.7

¹The 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 2010 third quarter BES included Industry, Construction, Wholesale and Retail Trade, and Services which comprised; Financial Intermediation, Hotels and Restaurants, Renting and Business Activities and Community and Social Services. The survey gave overall response rate of 90.7 per cent compared with 67.9 and 89.1 per cent response rates achieved in the preceding quarter and the corre-

sponding period of 2009, respectively. A breakdown of the responses received by type of business revealed that about 22.3 per cent of the respondents are importers, 3.0 per cent exporters, while 12.7 per cent were those with dual roles (importers and exporters). "Neither importer nor exporter" category of the respondents accounted for about 61.9 per cent of the responses.

Overall Business Outlook



Business sentiment continued to exhibit upswing in Q3 2010 and is expected to remain positive in Q4 2010

The results of the survey indicate significant improvement of confidence in the performance of the economy, as the overall confidence index (CI)² or diffusion index at 18.4 points (Fig. 1), remained positive, indicating increases of 6.1 and 24.8 points compared to the levels attained in the preceding quarter, and the corresponding period a year earlier respectively. The positive index, showing expectation of an upbeat in business activity, could be attributable to the positive outlook particularly of neither importer nor exporter firms (9.66 percentage points), importer firms (4.57 percentage points), both importer and exporter firms (3.00 percentage points) and exporter firms (1.13 percentage points).

²The 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.

Respondents are equally upbeat in the next quarter as the confidence index stood at 52.1 points, though lower by 3.0 points than the level attained in Q2 2010, but higher than the level recorded in the current quarter by 33.7 points. The positive index recorded for next quarter 2010 which indicates expectation of an upbeat in business activity, could be attributed to the positive outlook exhibited particularly by respondent firms of “neither importer nor exporter” category, (36.52 percentage points).

Overall Business Outlook

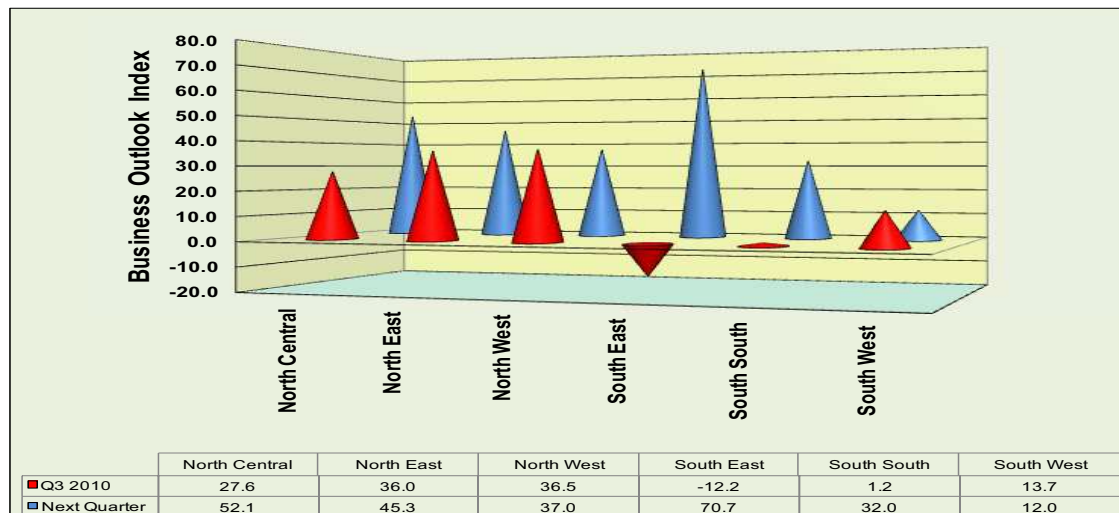


Fig.2: Overall Business Outlook Index on Zonal Basis in Q3 2010 and the next quarter

Respondents from the South East zone are less optimistic in current quarter 2010 than their counterparts in the remaining five geopolitical zones.

Respondents from the South East zone are downbeat in the current quarter with the CI at -12.2 points. Conversely, respondents in the remaining five geopolitical zones are upbeat in their outlook of the current quarter, as they all posted positive indices, with respondents from North West being more optimistic. The downbeat in business activity in the South East could be attributable to the negative outlook of respondent firms from Industrial sector (-5.24 percentage points), wholesale and retail trade (-4.66 percentage points) and Services sector (-2.85 percentage points). However, all the zones posted positive business outlook for the next quarter.

Dual Importer and Export oriented Business owners are more upbeat than the other three categories in Q3 2010, while neither importer nor exporter firms would be expected to be more upbeat in the next quarter

The business confidence of dual importer and exporter firms in Q3, 2010 showed significant improvement as it rose from -5.9 and -22.3 points attained in the preceding quarter and the corresponding period a year earlier, respectively, to 23.7 index points, in the review period. Furthermore, exporter and importer firms were upbeat in their business outlook for the current quarter, as they posted positive, indices of 37.8 points for exporter and 20.5 points for importer, while neither importer nor exporter category was less optimistic with index of 15.6 points.

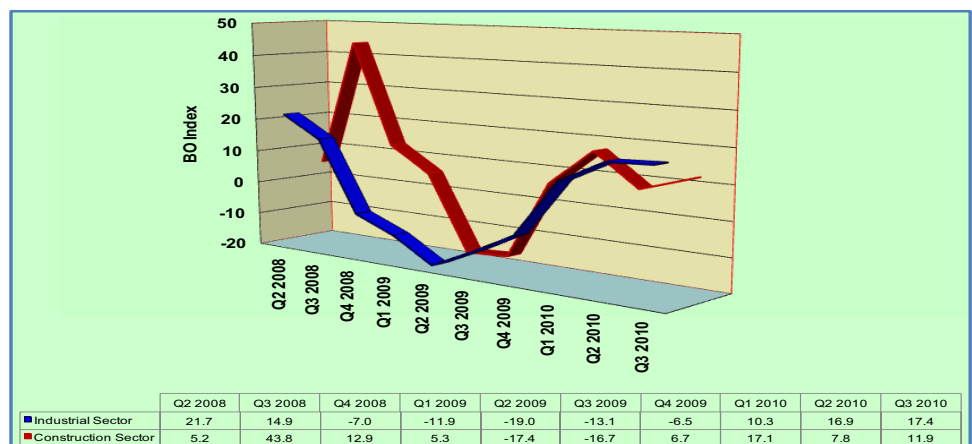
All the business categories expected the business outlook to be more upbeat in the next quarter with “neither importer nor exporter” posting the highest index of 59.0 points. Those with dual roles (importer and exporter) followed with 58.3 points,

Smaller firms are most optimistic in Q3 2010, and the next quarter.

while importer firms are less optimistic about the business outlook for the next quarter of 2010, as their confidence index, though positive at 31.5 points, was lower than the 62.3 points recorded in the preceding quarter.

By employment size, the survey results indicated that medium firms (with between 51 and 200 employees) are the most upbeat about the economy, in Q3 2010, with the index of 25.6 points, while large firms (with 200 and above employees) at 11.5 points, are the least optimistic about the economy in the review period. Similarly, the small firms (with less than 50 employees) at 53.9 index points, are more upbeat for the next quarter, as against the large sized firms (with 200 or more employees) which though remained positive are less optimistic about the economy in the next quarter as reflected in their diffusion index of 42.5 points. In terms of contribution to the overall business outlook index in the current quarter, smaller firms contribute 12.46 percentage points, medium size firms (4.89 percentage points), while large firms contributed 1.06 percentage points.

Sectoral Outlook



**Fig.3a: Current Quarter Business Outlook Index by Sector
Q2 2008 - Q3 2010**

The economic outlook of all the sectors is positive in Q3 and next quarter of 2010.

The economic outlook of all sectors in the third quarter of 2010, posted positive indices indicating that the number of firms that were confident about business conditions outnumbered those with negative views. The Services sector posted the highest indices at 27.9 points, followed by the industrial sector with 17.4 index points. The indices of wholesale and retail and construction sectors business outlook of the economic activity in the current quarter also remained positive at 12.6 and 11.9 points, respectively. The services sector were driven majorly by the activities of the financial intermediation (35.9 points) and renting and business activities (32.0 points) for the current quarter.

The sectoral outlook for the next quarter of 2010, indicated positive indices with the construction sector posting the highest indices of 73.1 points as against the services sector with the least indices of 44.9 points.

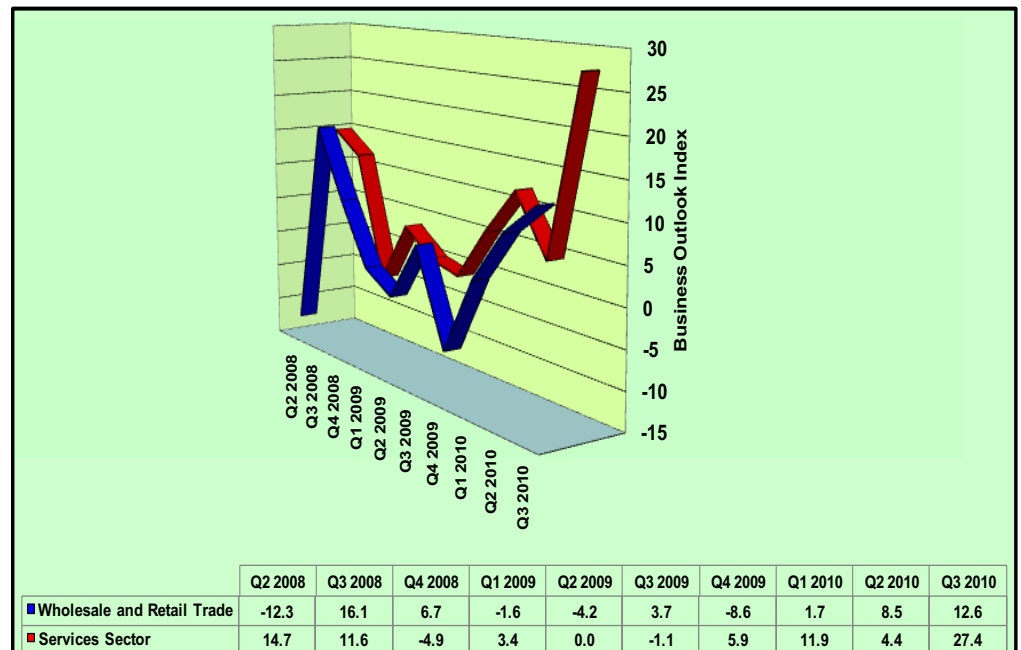


Fig. 3b: Current Quarter Business Outlook Index by Sector
Q2 2008 - Q3 2010

Business Confidence on Own Operations

Most Respondent firms anticipate improvement in their operations in Q3 2010

All respondent firms anticipated improvement in their operations in Q3 2010 as the indices of all the sectors remained positive, ranging from 4.2 points for wholesale and retail trade to 11.8 points for industrial sector.

Respondents from the services sector were most upbeat about their own operations in the review period, as reflected in their diffusion index which rose from -2.9 points in the preceding quarter to 6.5 points in the current quarter. This could be attributable to some level of improvements observed in their access to credit and financial conditions.

Average Capacity Utilization continued to improve in Q3 2010

The average capacity utilization index (CUI) continued to improve, as the index rose to 22.5 points in Q3 2010 from 17.5 index points recorded during the second quarter 2010 and 10.4 points in the corresponding period a year earlier (Fig.4). The upswing in the capacity utilization index in the current quarter is attributable to the increase in the volume of total order from 11.8 points in the preceding quarter to 14.0 points.

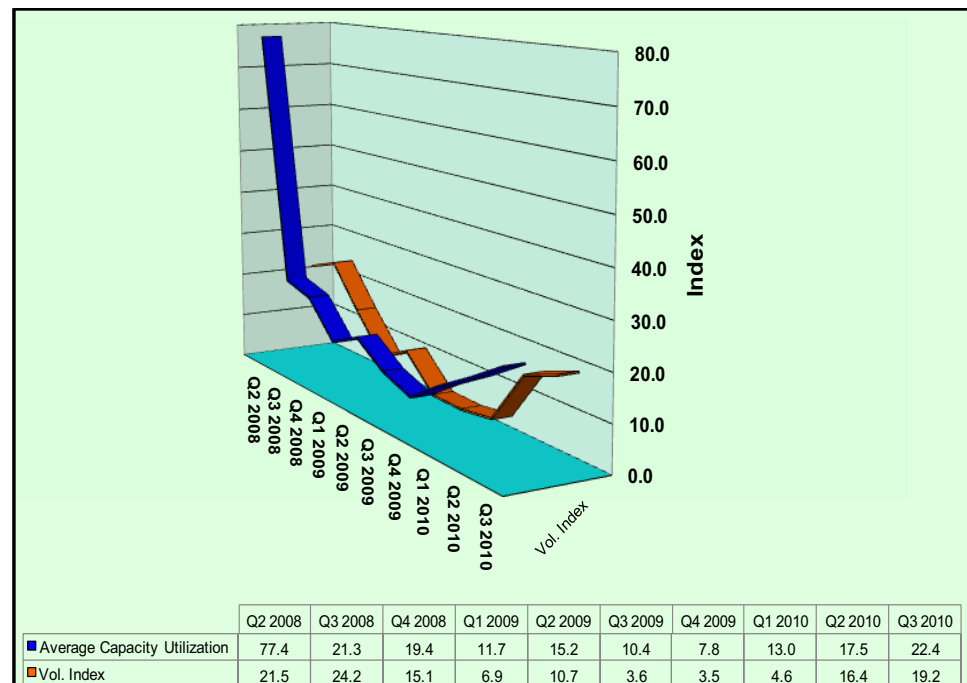


Fig. 4 Volume and CU Index (Q2 2008 - Q3 2010)

Access to Credit and Financial Condition

Access to Credit continues to improve even as Financial Condition exhibits upbeat in Q3 2010

The access to credit continues to display some signs of improvement in Q3 2010, despite the negative stance of the index which stood at -5.8 points, it improved by 3.0 points from -8.8 points recorded in Q2 2010. This level of performance by the respondent firms could be attributable to the slight drop in the borrowing rate, from 3.1 points in Q2 2010 to -5.4 points in the current quarter.

The financial condition index, which gauges the internal liquidity situation of the respondent firms was upbeat at 9.1 points in the current quarter, indicating an increase of 1.0 and 8.1 points compared with the levels recorded in Q2 2010 and the corresponding period a year earlier, respectively. This indicates that there were more respondent firms with favourable cash/liquidity positions in Q3 2010 (Fig. 5).

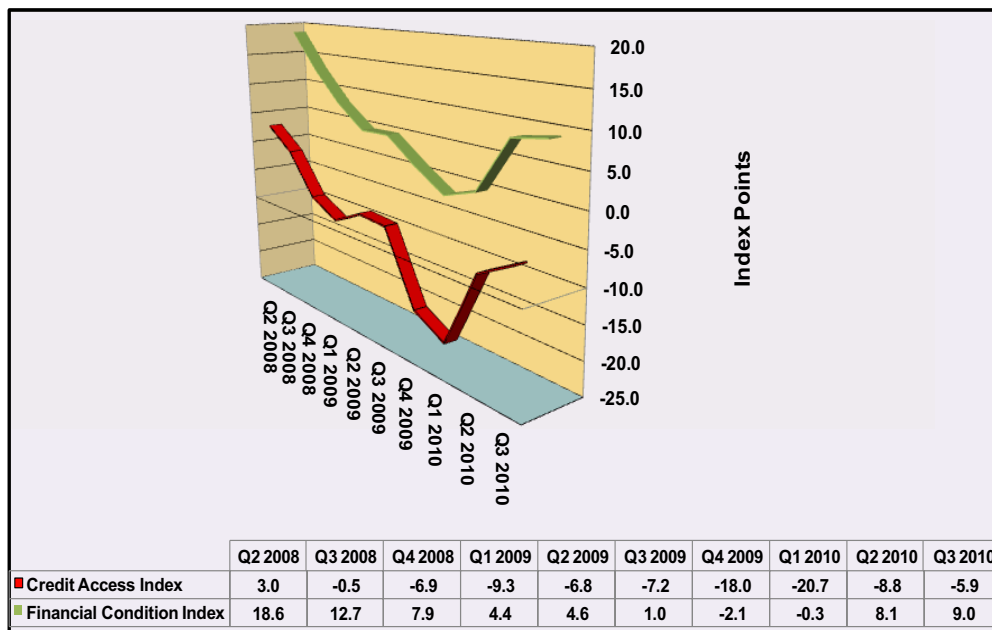


Fig. 5: Business Outlook Index on own operations: Access to Credit versus Financial Condition

The volume of business activities of the respondents firms continued to be upbeat in Q3 2010, as the index remained positive at 19.3 points, up from the 16.4 and 3.6 points achieved in the preceding quarter and the corresponding period a year ago.

However, the outlook of the volume of business activity for the next quarter 2010, though positive with a diffusion index of 65.6 points was below 71.9 points attained in Q2 2010 (Fig. 6a).

The Volume of Business Activities shows upswing in Q3 2010 and the next quarter .

Employment and Expansion Plans

Employment expectations and business expansion plans maintain positive stance for next quarter.

The employment index was upbeat at 45.7 points from 40.1 points attained in the preceding quarter, indicating that firms are expected to raise their employment level next quarter. The service sector (56.5 index points) and industrial sector (40.0 points) were particularly strong as they remained upswing, while construction sector (46.3 points) and wholesale and retail trade sector (41.0 points) dipped (Fig. 6a).

The expansion plans by the respondent firms for next quarter, though remained positive was not as robust as the preceding quarter's levels. However, of the service sector, renting and business activities firms were upswing, recording the highest expansion plans of 79.6 per cent, from 57.1 per cent attained in the preceding quarter. This points to the expected boost and investors confidence in this sub-sector of the economy .

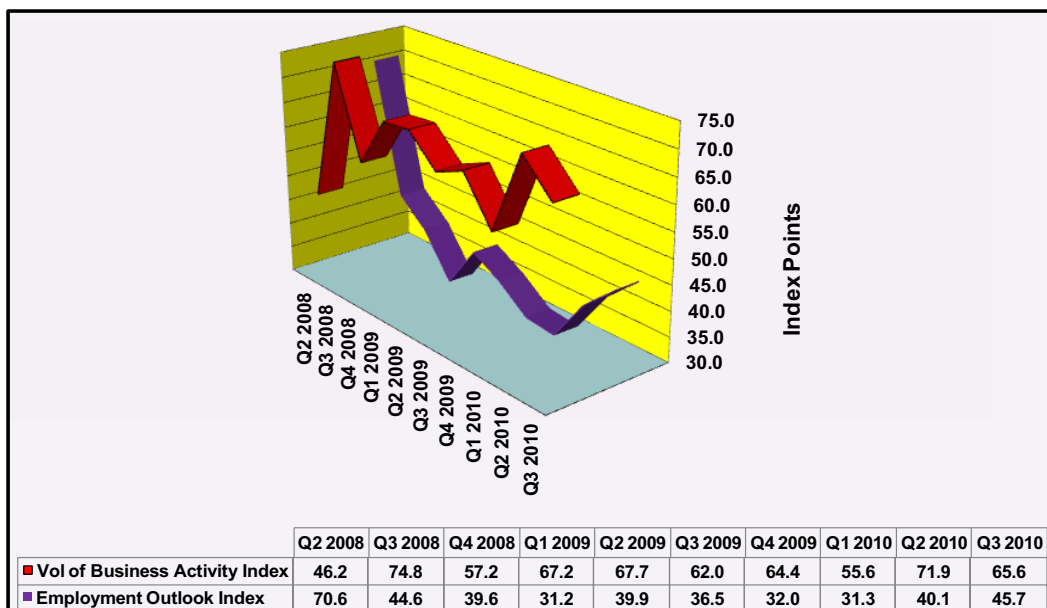


Fig. 6a: Employment Outlook and Volume of Business Activity Indices Next Quarter

Business Constraints

Insufficient power supply, high interest rate, unfavourable economic climate among others continue to pose a threat to the growth of business activities

Though the business outlook in Q3 2010 exhibited some signs of improvement, respondent firms however, cited insufficient power supply (75.7 index points), high interest rate (58.6 index points) and unfavourable economic climate (52.1 index points) as the major constraints to their business operations.

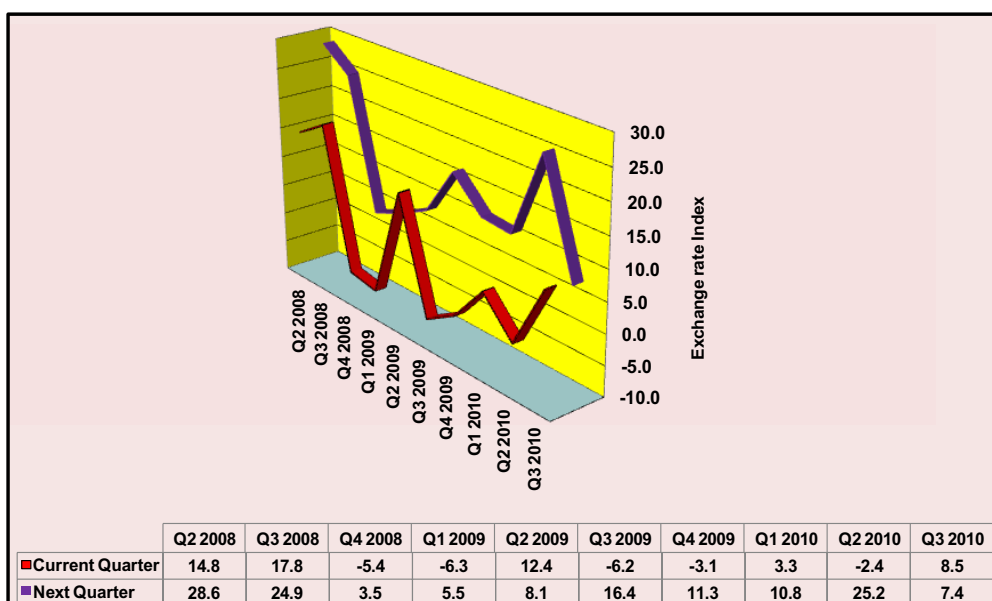


Fig. 6b: N/\$ Exchange Rate Index Q2 2008 - Q3 2010

Expectations on the Exchange Rate

Respondent firms expected that the Naira would appreciate in Q3 and Q4 2010.

Respondent firms anticipated an appreciation of the Naira in Q3 and Q4 2010 as the diffusion indices stood at 8.5 and 7.4 points, respectively (Fig. 6b).

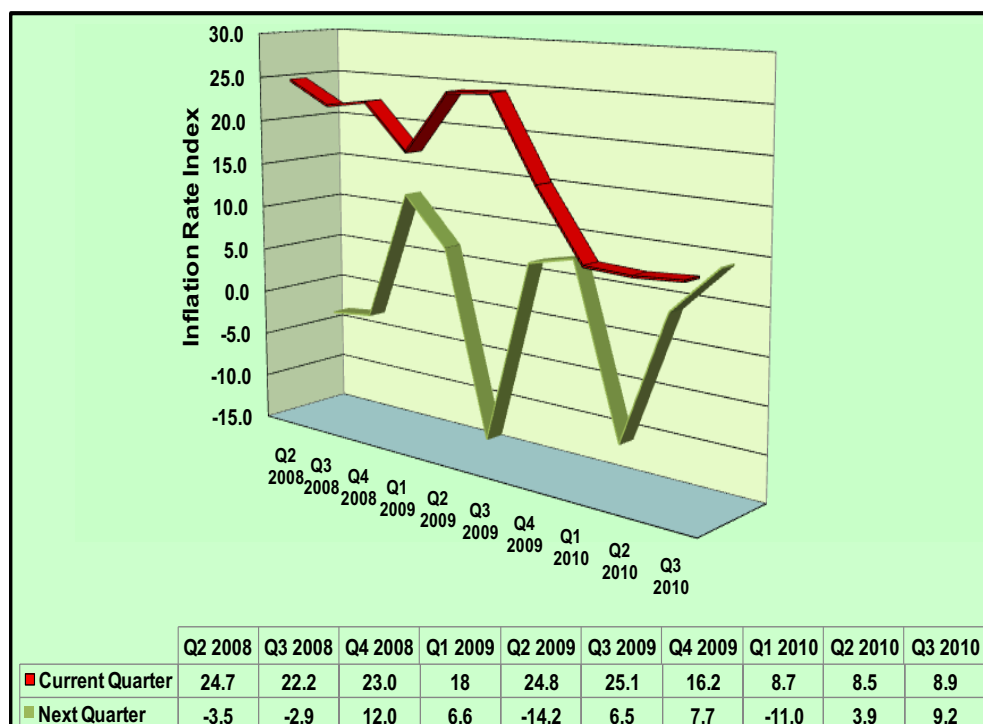


Fig.7 Inflation Rate Index (Q2 2008 - Q3 2010)

Expectations on Inflation Rate

Respondent firms anticipate a rise in inflation rate both in Q3 2010 and the next quarter

The respondent firms expected inflation to rise in the current and next quarters, as they posted positive confidence index of 8.9 and 9.2 points for Q3 2010 and the next quarter, respectively (Fig. 7).

Expectations on the Exchange Rate

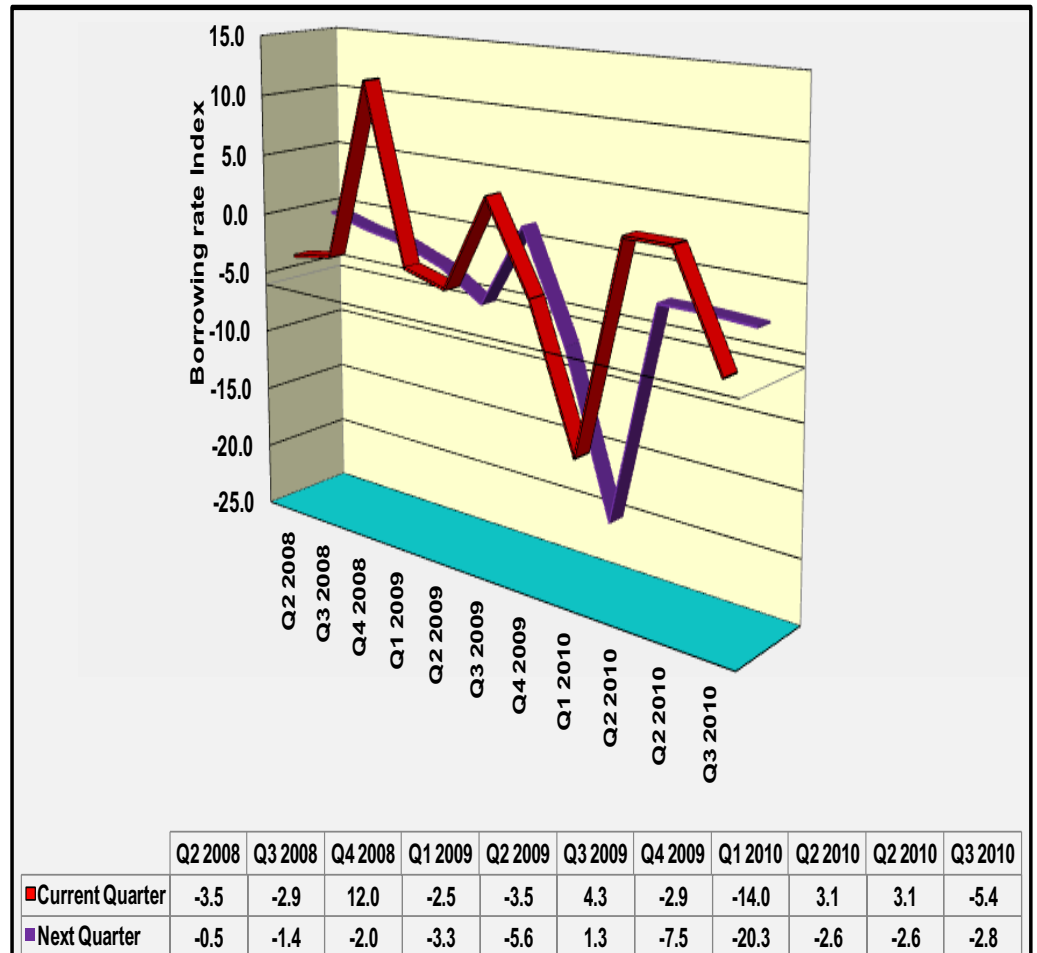


Fig.8: Borrowing Rate Index

Expectations on Borrowing Rate

Respondent firms expected a drop in borrowing rate in Q3 and Q4 2010

The respondent firms expected a decline in the borrowing rate in the current and next quarter, as the diffusion index remained favourable at -5.4 and -2.8 points respectively (Fig. 8).

BUSINESS EXPECTATIONS SURVEY

National

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

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	12.3	18.4
<i>North Central</i>	25.3	30.2	60.3	30.4	0.9	-8.6	4.9	29.4	9.5	27.6
<i>North East</i>	0.0	8.7	12.0	3.3	4.6	34.4	2.4	-15.0	15.5	36.0
<i>North West</i>	25.0	38.6	-10.9	-8.8	-2.2	-14.3	-6.3	17.2	24.1	36.5
<i>South East</i>	-21.8	-8.7	-10.3	-6.3	-25.8	-17.6	-15.9	8.4	37.1	-12.2
<i>South South</i>	34.1	10.4	14.5	6.1	17.0	5.7	-6.4	20.7	-3.5	1.2
<i>South West</i>	8.5	9.0	-25.4	-19.7	-2.5	-14.0	8.6	-4.7	-4.6	14.3

Next Quarter

<i>National</i>	63.7	58.8	39.7	45.5	46.2	48.2	46.6	45.0	55.1	52.1
<i>North Central</i>	67.4	66.9	79.4	73.8	52.8	52.9	53.0	64.2	52.4	45.3
<i>North East</i>	60.0	52.2	36.9	39.1	43.1	81.7	50.0	75.0	66.6	37.0
<i>North West</i>	76.2	62.7	18.9	32.5	42.9	43.6	52.8	61.7	62.0	70.7
<i>South East</i>	77.5	53.6	19.8	25.4	59.7	40.7	25.0	50.7	70.4	32.0
<i>South South</i>	85.4	61.2	45.2	40.3	-2.9	41.1	47.9	50.6	48.3	64.6
<i>South West</i>	46.4	55.1	31.5	30.1	42.2	44.7	53.5	9.5	40.5	57.7

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	16.9	17.4
Construction Sector	5.2	43.8	12.9	5.3	-17.4	-16.7	6.7	17.1	7.8	11.9
Wholesale and Retail Trade	-12.3	16.1	6.7	-1.6	-4.2	3.7	-8.6	1.7	8.5	12.6
Services Sector of which:	14.7	11.6	-4.9	3.4	0.0	-1.1	5.9	11.9	4.4	27.9
Financial Intermediation	44.4	36.4	-21.1	-15.8	-16.7	-30.8	-11.1	42.3	40.0	35.9
Hotels and Restaurants	8.5	16.3	12.3	0.0	-1.4	-6.3	17.0	11.4	10.9	13.0
Renting and Business Activities	34.0	-16.1	34.4	18.2	-25.0	-3.1	-4.5	8.0	25.0	32.0
Community and Social Services	78.6	-24.1	25.4	11.1	4.2	-9.1	-12.9	4.3	17.4	12.0

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	57.6	53.8
Construction Sector	63.6	79.5	65.6	65.8	56.5	31.3	53.3	39.0	45.1	73.1
Wholesale and Retail Trade	77.2	57.8	40.6	48.9	50.7	46.3	34.9	34.5	56.0	47.1
Services Sector of which:	54.7	50.0	31.7	33.9	37.2	55.6	39.9	35.8	47.1	44.9
Financial Intermediation	55.6	72.7	36.8	26.3	50.0	23.1	27.8	73.1	53.3	71.8
Hotels and Restaurants	72.0	62.6	47.4	58.3	57.5	63.5	68.2	59.5	61.8	57.0
Renting and Business Activities	88.7	51.6	59.4	39.4	25.0	50.0	50.0	56.0	57.1	61.2
Community and Social Services	93.3	55.2	29.3	51.4	37.5	45.5	58.1	56.5	60.9	52.0

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	7.0	11.8
Construction Sector	66.2	20.8	-12.5	0.0	4.3	-2.1	-20.0	-2.4	0.0	7.5
Wholesale and Retail Trade	29.7	3.8	9.4	1.6	8.5	10.6	-2.7	-1.1	7.1	4.2
Services Sector	-4.6	16.4	15.9	6.7	5.1	7.8	9.2	-12.7	-2.9	6.5

BUSINESS EXPECTATIONS SURVEY

National

Year	2008			2009				2010		
Quarter	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3
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	16.4	19.3
Volume of Total Order Book Index	-2.3	22.7	12.3	9.5	6.3	2.2	2.7	1.2	11.8	14.0
Credit Access Index	3.0	-0.5	-6.9	-9.3	-6.8	-7.2	-18.0	-20.7	-8.8	-5.8
Financial Condition Index	18.6	12.7	7.9	4.4	4.6	1.0	-2.1	-0.3	8.1	9.1
Average Capacity Utilization	77.4	21.3	19.4	11.7	15.2	10.4	7.8	13.0	17.5	22.5
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	71.9	65.6
Employment Outlook Index	70.6	44.6	39.6	31.2	39.9	36.5	32.0	31.3	40.1	45.7
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	29.6	40.0
Construction Sector	39.8	56.2	59.4	47.4	21.7	25.0	53.3	43.9	58.8	46.3
Wholesale and Retail Trade	29.6	47.8	80.6	24.7	45.5	40.1	28.0	19.2	44.7	41.0
Services Sector	52.6	45.3	73.1	41.3	43.0	46.9	35.5	33.6	44.1	56.5
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	35.8	27.6
Construction Sector	69.7	68.5	59.4	68.4	39.1	62.5	70.0	58.5	52.9	52.2
Wholesale and Retail Trade	43.9	67.2	60.6	61.9	64.3	63.1	59.1	67.2	50.4	38.1
Services Sector of which:	75.4	72.1	67.5	66.4	71.1	68.9	63.2	58.2	52.9	28.9
Financial Intermediation	77.8	63.6	73.7	78.9	58.3	69.2	61.1	61.5	73.3	28.2
Hotels and Restaurants	82.9	69.7	63.2	66.7	54.1	66.7	62.5	67.1	41.8	18.0
Renting and Business Activities	64.2	71.0	71.9	87.9	100.0	84.4	77.3	52.0	57.1	79.6
Community and Social Services	86.7	51.7	72.9	56.9	50.0	70.5	51.6	52.2	21.7	20.0
9. Business Constraints: Current Quarter										
High Interest Rate	58.1	57.2	55.4	56.4	63.8	54.8	59.1	64.2	62.8	58.6
Unclear Economic Laws	36.1	35.2	35.4	35.2	41.7	34.9	37.1	45.6	45.8	42.5
Lack of Equipment	16.3	5.0	13.6	17.1	18.2	18.1	18.1	31.2	25.2	26.9
Insufficient Demand	9.9	2.6	13.9	19.8	22.6	19.0	23.0	23.3	30.4	30.1
Access to Credit	26.5	18.7	23.0	23.2	31.4	34.0	39.8	39.2	36.7	47.9
Financial Problems	42.1	41.6	41.2	45.4	48.8	46.7	51.1	60.0	51.9	49.4
Competition	34.2	32.7	38.1	34.4	39.8	31.1	32.3	29.1	41.9	34.9
Labor Problems	-14.3	-16.6	-8.5	-8.1	0.8	-0.2	-1.3	5.8	6.2	6.8
Lack of Materials Input	5.4	-2.9	10.2	11.2	11.6	8.7	9.3	20.6	18.7	15.6
Unfavourable Political Climate	17.6	13.9	23.7	28.7	29.3	-11.3	32.0	36.6	33.2	36.6
Unfavourable Economic Climate	43.4	37.5	42.0	45.5	49.1	42.6	48.5	48.1	47.5	52.1
Insufficient Power Supply	68.5	68.5	60.8	58.0	71.0	66.2	70.5	77.2	72.7	75.7
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	-2.4	8.5
Inflation Rate	24.7	22.2	23.0	18	24.8	25.1	16.2	8.7	8.5	8.9
Borrowing Rate	-3.5	-2.9	12.0	-2.5	-3.5	4.3	-2.9	-14.0	3.1	-5.4
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	25.2	7.4
Inflation Rate	-3.5	-2.9	12.0	6.6	-14.2	6.5	7.7	-11.0	3.9	9.2
Borrowing Rate	-0.5	-1.4	-2.0	-3.3	-5.6	1.3	-7.5	-20.3	-2.6	-2.8

BUSINESS EXPECTATIONS SURVEY

National

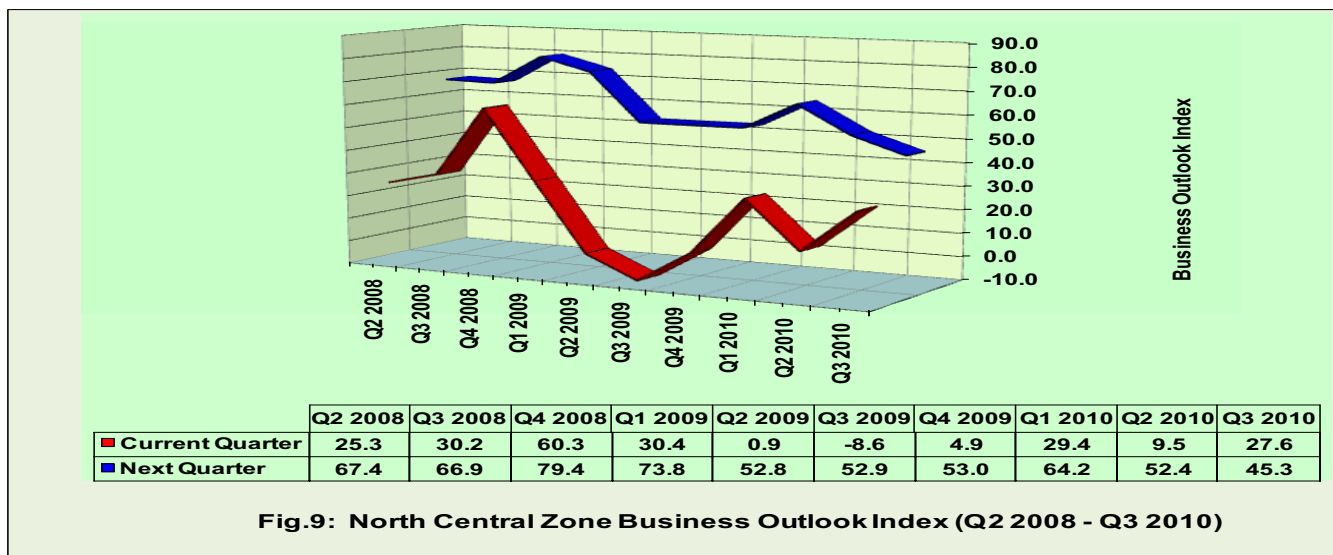
Year	2008			2009				2010		
Quarter	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3
12. Business Outlook index on the Macroeconomy by Type of Business: Current Quarter										
Importer	3.9	14.9	7.7	11.1	-22.0	11.5	-2.8	6.5	11.5	20.5
Exporter	42.9	43.8	-14.3	10.3	25.0	-15.2	-4.0	20.6	12.1	37.8
Both Importer and Exporter	6.8	16.1	15.1	4.5	-1.5	-22.3	-12.0	-3.9	-5.9	23.7
Neither Importer nor exporter	11.1	7.7	-2.3	-10.2	-8.6	-8.3	0.4	13.4	16.3	15.6
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	62.3	31.5
Exporter	85.2	61.3	35.0	57.1	78.3	51.1	72.0	47.1	60.6	37.8
Both Importer and Exporter	56.2	60.1	39.7	43.9	45.6	42.0	51.8	26.5	42.6	58.3
Neither Importer nor exporter	65.1	57.7	40.8	45.2	48.6	51.7	52.1	56.1	55.6	59.0
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	13.2	17.4
Medium (50 and <200)	17.9	19.1	-9.6	-9.7	-11.6	-2.5	58.4	-7.1	10.2	25.6
Large (200 and Up)	23.5	19.2	6.8	-8.1	0.0	-26.0	55.8	20.0	10.8	11.5
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	55.5	53.9
Medium (50 and <200)	64.6	59.1	40.0	42.4	40.8	46.3	50.4	38.8	53.9	50.0
Large (200 and Up)	52.4	60.3	29.3	36.1	45.8	36.5	34.7	45.6	54.1	42.5
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	16.3	22.3
Exporter	3.2	3.5	3.0	4.0	4.0	4.7	3.1	4.4	4.4	3.0
Both Importer and Exporter	17.6	16.2	10.6	9.0	11.2	14.2	10.3	13.3	13.5	12.7
Neither Importer nor exporter	61.5	62.0	58.0	57.4	69.8	57.9	60.2	60.2	65.7	61.9
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	72.8	71.6
Medium (50 and <200)	18.7	19.3	18.1	19.9	20.0	16.6	16.5	22.2	17.1	19.1
Large (200 and Up)	11.9	8.7	8.6	8.5	9.7	9.8	12.2	11.7	9.9	9.2
No Response	0.3	0.1	0	0.1	0	0.1	0.0	0.0	0.0	0.1
18. Distribution of Respondent Firms by Sector										
Sample Size (N)	1075	1075	1050	1024	850	1100	1100	1100	1100	1350
Response Rate(%)	80.6	83.3	81.5	71.2	71.3	89.1	73.1	69.7	67.9	90.7
All Sectors	866	896	856	729	606	980	804	767	747	1224
Industrial Sector	240	338	187	194	205	350	276	262	243	340
Construction Sector	77	73	32	38	23	48	30	41	51	67
Wholesale and Retail Trade	180	186	180	182	143	217	186	177	141	310
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>	<u>312</u>	<u>507</u>
Financial Intermediation	18	11	19	19	12	13	18	26	15	52
Hotels and Restaurants	82	99	57	72	74	96	88	79	110	87
Renting and Business Activities	53	31	32	33	4	32	22	25	28	49
Community and Social Services	15	29	59	72	24	44	31	23	23	25

Business Expectations Survey

Third Quarter 2010

North Central Zone

Business Outlook



With confidence index at 27.6 points, business activities in the North Central Zone was upbeat in Q3 2010, increasing by 18.1 index points relative to the level achieved in the preceding quarter. However, despite a positive index of 45.3 points for the next quarter, it declined by 7.1 points compared with the position in Q2 2010.

On sectoral basis, the wholesale and retail trade held the most positive sentiment on macroeconomy with a confidence index of 42.2 points in Q3 2010. This position was however lower by 41.1 points when compared with the level achieved in the previous quarter. All the firms held positive expectations for the economy in the next quarter.

The services sector was the most upbeat on own operations with an index of 8.0 points in the review period, whereas industrial and construction sectors were downbeat with -22.2 and -18.2 points, respectively.

In Q3 2010, the access to credit indicated a significant improvement as the index rose by 12.6 points when compared with the level recorded in the preceding quarter and 30.1 points relative to the corresponding period a year earlier. This development positively affected volume of business activity and average capacity utilization which recorded positive indices of 19.3 and 16.6 points, respectively.

High interest rate, insufficient power supply, and financial problems were cited by respondents as reasons limiting the growth of businesses in the zone.

The respondent firms anticipate a strong Naira, a rising inflation and borrowing rate in Q3 2010. The trend are expected to be maintained in the next quarter, except for borrowing rate which is expected to fall.

BUSINESS EXPECTATIONS SURVEY

North Central Zone

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

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	9.5	27.6
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Next Quarter

North Central	67.4	66.9	79.4	73.8	52.8	52.9	53.0	64.2	52.4	45.3
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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	4.5	-2.8
Construction Sector	3.1	27.3	100	50.0	-40.0	-55.6	-14.3	63.6	0.0	27.3
Wholesale and Retail Trade	25.0	35.6	70.6	42.2	8.8	8.5	5.6	15.4	83.3	42.2
Services Sector of which:	0.0	40.0	66.7	56.3	-12.5	7.1	25.0	53.3	10.0	38.7
Financial Intermediation	40.0	0.0	100	66.7	0.0	0.0	0.0	20.0	0.0	0.0
Hotels and Restaurants	25.0	38.5	58.3	4.5	0.0	14.3	12.5	28.6	-9.1	0.0
Renting and Business Activities	20.0	-12.5	92.9	72.7	0.0	0.0	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	0.0	0.0

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	36.4	41.7
Construction Sector	56.3	63.6	100	80.0	20.0	0.0	0.0	81.8	57.1	90.9
Wholesale and Retail Trade	58.3	64.4	94.1	80.0	58.8	52.2	52.8	61.5	66.7	46.7
Services Sector of which:	68.2	53.3	91.7	81.3	25.0	64.3	53.6	73.3	60.0	38.7
Financial Intermediation	80.0	100.0	0.0	0.0	0.0	0.0	0.0	80.0	0.0	50
Hotels and Restaurants	100.0	61.5	66.7	77.3	76.5	78.6	81.3	57.1	63.6	0.0
Renting and Business Activities	50.0	62.5	64.3	81.8	0.0	0.0	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	0.0	0.0

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	4.5	-22.2
Construction Sector	-15.6	18.2	66.7	20.0	-40.0	-22.2	-0.5	18.2	14.3	-18.2
Wholesale and Retail Trade	2.8	15.6	58.8	44.4	20.6	12.8	5.5	3.8	33.3	2.2
Services Sector	30.8	26.2	61.1	42.3	-7.1	0.0	21.3	40.0	-10.0	8.0

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	-7.9	19.3
Volume of Total Order Book Index	43.8	38.9	55.6	35.1	8.5	-1.7	15.2	11.0	-3.2	11.6
Credit Access Index	14.0	0.6	32.6	21.4	-17.9	-20.7	-19.5	-33.1	-3.2	9.4
Financial Condition Index	19.7	19.2	42.8	29.8	3.8	2.3	4.9	12.8	4.7	3.3
Average Capacity Utilization	32.6	33.1	56.4	28.6	12.3	5.2	13.4	22.9	9.5	16.6

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	55.6	56.9
Employment Outlook Index	50.0	46.5	66.6	57.1	34.0	30.5	37.2	47.7	11.2	56.9

BUSINESS EXPECTATIONS SURVEY

North Central Zone

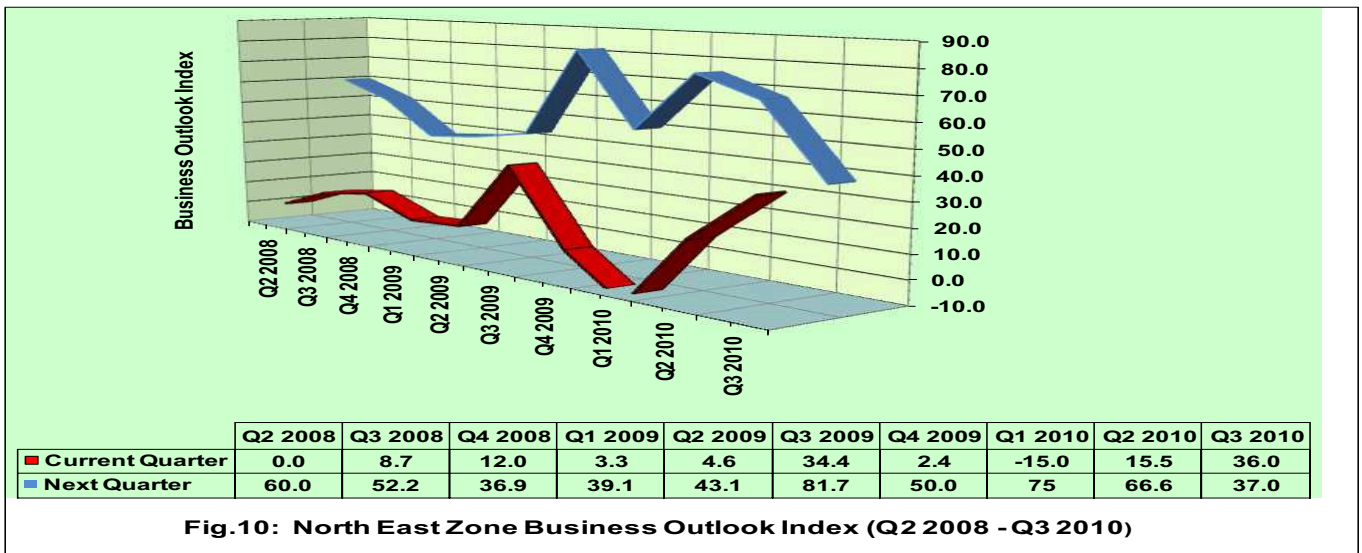
Year	2008			2009				2010		
Quarter	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3
7. Business with Expansion Plans (in per cent): Next Quarter										
Industrial Sector	74.1	76.0	25.0	71.8	59.0	40.8	46.8	44.2	-27.3	41.7
Construction Sector	75.0	63.6	3.0	80.0	0.0	33.3	71.4	72.7	42.9	81.8
Wholesale and Retail Trade	80.6	71.1	32.0	77.8	64.7	63.8	52.8	73.1	66.7	68.9
Services Sector of which:	77.3	86.7	12.0	93.8	87.5	71.4	66.7	80.0	20.0	64.0
Financial Intermediation	60.0	0.0	1.0	100.0	0.0	0.0	0.0	20.0	0.0	64.3
Hotels and Restaurants	100.0	69.2	8.0	68.2	64.7	64.3	62.5	71.4	9.1	0.0
Renting and Business Activities	75.0	62.5	10.0	100.0	0.0	0.0	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	0.0	0.0
8. Business Constraints: Current Quarter										
High Interest Rate	64.0	58.1	59.5	58.2	38.7	56.0	53.0	77.0	50.8	78.7
Unclear Economic Laws	34.0	30.3	35.7	32.5	50.5	38.2	39.0	44.0	36.6	47.3
Lack of Equipment	25.8	6.7	17.5	26.7	25.0	21.8	11.0	24.5	30.2	43.1
Insufficient Demand	12.6	3.8	21.4	25.0	35.8	21.8	20.1	8.5	22.3	36.5
Access to Credit	42.7	10.5	24.6	29.6	41.0	21.0	22.9	17.5	27.8	41.7
Financial Problems	56.5	42.5	33.7	45.8	41.0	42.5	41.2	72.0	27.0	50.0
Competition	34.0	42.5	42.1	35.8	49.1	35.3	22.0	32.5	29.4	38.2
Labor Problems	0.3	-20.9	-20.6	-10.5	16.5	-1.1	0.9	-27.5	29.3	27.9
Lack of Materials Input	12.4	4.1	12.3	15.9	15.6	13.8	-7.0	-8.5	7.2	23.2
Unfavourable Political Climate	13.5	7.3	13.5	31.9	33.0	29.3	18.9	47.0	38.1	36.5
Unfavourable Economic Climate	48.3	41.3	35	48.8	51.4	47.1	39.9	62.0	90.6	49.7
Insufficient Power Supply	66.3	77.3	80.6	73.3	21.2	71.0	77.1	94.5	73.0	62.7
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	-1.6	38.7
Inflation Rate	29.2	16.3	40.5	25.0	2.8	19.5	7.3	-6.4	9.5	0.5
Borrowing Rate	-6.2	3.5	4.8	-0.6	-33.0	-9.2	-12.8	-50.5	-4.8	10.5
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	9.5	16.1
Inflation Rate	4.5	1.2	4.8	4.8	-14.2	-8.0	0.0	-21.1	4.8	12.7
Borrowing Rate	0.6	0.0	15.9	0.0	-33.0	-12.6	-12.8	-46.8	-6.4	-9.9
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	6.3	13.8
Exporter	1.7	3.5	0.8	1.2	4.7	5.2	3.7	6.4	3.2	1.1
Both Importer and Exporter	12.9	12.2	7.9	7.7	11.3	12.1	8.5	7.3	17.5	11.6
Neither Importer nor exporter	75.8	70.3	48.4	47.6	63.2	66.1	75.0	76.1	73.0	73.5
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	65.1	68.5
Medium (50 and <200)	7.3	15.7	7.1	13.8	26.4	19.5	14.6	21.1	27.0	24.9
Large (200 and Up)	3.9	4.7	2.4	6.6	7.5	8.0	11.0	5.5	7.9	6.6
No Response	0.0	0.0	0.0	0.6	0.0	0.0	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	63	181
Industrial Sector	58	75	35	40	39	76	77	43	22	36
Construction Sector	32	11	3	10	5	9	7	11	14	11
Wholesale and Retail Trade	36	45	34	45	34	47	36	26	6	45
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>	<u>21</u>	<u>89</u>
Financial Intermediation	5	1	1	3	0	0	0	5	0	14
Hotels and Restaurants	8	13	12	22	17	28	16	7	11	0
Renting and Business Activities	10	8	14	11	0	0	0	0	0	0
Community and Social Services	7	5	15	20	3	0	0	2	0	0

Business Expectations Survey

Third Quarter 2010

North East Zone

Business Outlook



The overall confidence index (CI) for the North East zone improved significantly from 15.5 and 34.4 points achieved in Q2 2010 and the corresponding period of 2009, to 36.0 points in the current quarter. Respondents firms also expected a positive CI of 37.0 points in the next quarter.

The industrial sector held both the highest positive sentiment on macroeconomy and own operations with 44.0 and 14.0 index points respectively. However, the construction sector was downbeat in the third quarter with a negative index of -15.8 points. The decline could be attributable to the current rainy season, which must have slowed down construction activities in this sector.

The respondent firms by type of business shows that “importer” category posted the highest response rate of 44.5 per cent, compared to 6.5 per cent recorded by “both importer and exporter”.

The average capacity utilization index was upswing posting 46.5 points, in Q3 2010, thus, indicating an increase of 28.7 points relative to the level achieved in the preceding quarter. The growth in the average capacity utilization could be attributed to the positive increase in the volume of business activity index which stood at 16.0 points in Q3, 2010.

Respondents cited lack of materials input, insufficient power supply and unfavourable economic climate, as the reasons limiting the growth of business activities in the zone. Despite these limitations, the respondents expect Naira to appreciate, a decline in borrowing rate and rise in inflation rate in the review quarter.

BUSINESS EXPECTATIONS SURVEY

North East Zone

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

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	15.5	36.0
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Next Quarter

North East	60.0	52.2	36.9	39.1	43.1	81.7	50.0	75.0	66.6	37.0
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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	37.8	44.0
Construction Sector	50.0	33.3	0.0	-50.0	0.0	40.0	-100.0	0.0	37.5	-15.8
Wholesale and Retail Trade	0.0	50.0	-6.3	-14.3	-15.4	55.6	-28.6	28.6	-13.3	36.6
Services Sector of which:	-52.6	-16.7	26.3	4.8	-7.7	47.6	-66.7	-100.0	-11.8	43.0
Financial Intermediation	0.0	0.0	-50.0	-50.0	0.0	0.0	0.0	0.0	0.0	-7.7
Hotels and Restaurants	0.0	9.1	20.0	18.2	33.3	-16.7	75.0	-20.0	0.0	0.0
Renting and Business Activities	16.7	40.0	20.0	0.0	0.0	66.7	0.0	0.0	0.0	0.0
Community and Social Services	0.0	-20.0	16.7	66.7	16.7	25.0	-25.0	-33.3	0.0	0.0

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	78.4	40.0
Construction Sector	50.0	100.0	66.7	100.0	100.0	80.0	0.0	100.0	62.5	47.4
Wholesale and Retail Trade	71.4	75.0	31.3	28.6	53.8	100.0	14.3	85.7	33.3	31.7
Services Sector of which:	15.8	33.3	42.1	47.6	15.4	76.2	33.3	33.3	70.6	33.8
Financial Intermediation	100.0	50.0	25.0	0.0	100.0	0.0	0.0	0.0	71.4	46.2
Hotels and Restaurants	0.0	63.6	60.0	54.5	63.6	50.0	75.0	80.0	0.0	0.0
Renting and Business Activities	100.0	60.0	60.0	20.0	66.7	100.0	0.0	0.0	0.0	0.0
Community and Social Services	0.0	60.0	0.0	66.7	50.0	87.5	75.0	100.0	0.0	0.0

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	5.4	14.0
Construction Sector	50.0	0.0	-33.3	-100.0	0.0	60.0	-100.0	0.0	-37.5	-21.1
Wholesale and Retail Trade	0.0	41.7	-6.3	7.1	8.3	44.4	42.9	14.3	6.7	7.3
Services Sector	-15.4	18.3	18.2	19.1	20.0	57.1	-33.3	0.0	-35.3	-12.6

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	20.3	16.0
Volume of Total Order Book Index	27.1	23.2	22.8	15.2	16.9	44.1	28.6	7.5	10.7	9.5
Credit Access Index	2.4	5.8	3.3	1.1	10.8	32.3	0.0	-22.5	-10.7	-1.5
Financial Condition Index	15.3	20.3	12.0	16.3	16.9	32.3	2.4	22.5	-8.4	8.0
Average Capacity Utilization	24.7	15.9	28.3	23.9	27.7	36.6	23.8	10.0	17.8	46.5

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	88.1	52.5
Employment Outlook Index	36.5	31.9	34.8	34.8	30.8	61.2	52.4	20.5	45.3	59.5

BUSINESS EXPECTATIONS SURVEY

North East Zone

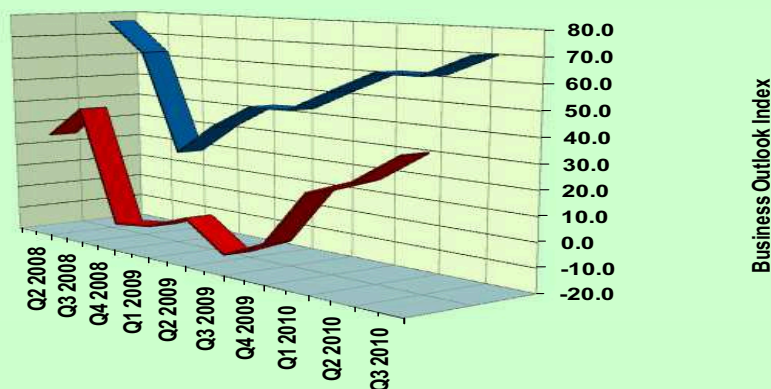
Year	2008			2009				2010		
Quarter	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3
7. Business with Expansion Plans (in per cent): Next Quarter										
Industrial Sector	81.5	69.6	69.0	69.0	87.5	90.6	86.4	95.0	45.9	36.0
Construction Sector	75.0	66.7	100.0	100.0	100.0	100.0	100.0	100.0	100.0	36.8
Wholesale and Retail Trade	60.7	75.0	75.0	85.7	76.9	94.4	85.7	100.0	33.3	46.3
Services Sector of which:	68.4	66.7	73.7	81.0	92.3	100.0	100.0	66.7	76.5	3.9
Financial Intermediation	100.0	50.0	75.0	100.0	100.0	0.0	0.0	0.0	71.4	38.5
Hotels and Restaurants	0.0	72.7	90.0	81.8	75.0	100.0	100.0	80.0	0.0	0.0
Renting and Business Activities	83.3	80.0	80.0	80.0	100.0	100.0	75.0	0.0	0.0	0.0
Community and Social Services	0.0	80.0	83.3	83.3	100.0	100.0	100.0	100.0	0.0	0.0
8. Business Constraints: Current Quarter										
High Interest Rate	56.5	47.9	28.8	37.9	74.1	66.1	61.9	91.3	57.2	28.5
Unclear Economic Laws	-50.0	40.7	39.1	46.7	63.8	53.2	60.7	72.5	50.1	28.3
Lack of Equipment	33.5	13.0	9.2	14.3	52.3	46.2	40.5	57.5	45.9	15.0
Insufficient Demand	21.8	15.2	2.7	-3.9	46.9	44.1	20.2	65.0	34.6	15.5
Access to Credit	25.9	7.3	24.5	21.8	53.8	45.7	52.4	16.3	49.4	42.8
Financial Problems	-37.6	44.3	38.6	39.4	66.2	74.7	81.0	91.3	69.6	27.5
Competition	-50.0	27.5	40.8	27.8	42.3	42.5	36.9	-11.3	39.3	5.5
Labor Problems	1.2	-8.8	-6.0	-7.2	31.5	23.7	25.0	-25.0	8.3	-1.5
Lack of Materials Input	30.0	11.7	1.6	5.1	36.2	28.0	29.8	46.3	32.8	93.0
Unfavourable Political Climate	20.6	16.0	19.6	28.3	43.1	16.7	36.9	5.0	18.4	16.3
Unfavourable Economic Climate	49.4	33.4	29.3	33.9	59.2	57.5	67.9	56.3	50.1	58.5
Insufficient Power Supply	85.9	79.8	54.9	75.0	75.4	75.2	97.6	95.0	80.4	75.3
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	16.7	13.0
Inflation Rate	50.6	30.5	4.3	13.0	21.5	28.0	23.8	-7.5	0.0	43.5
Borrowing Rate	31.8	31.9	4.3	10.9	35.4	30.1	4.8	-22.5	1.2	-17.0
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	9.5	-13.0
Inflation Rate	31.8	33.4	32.6	37.0	27.7	72.1	73.8	40.0	23.8	42.8
Borrowing Rate	30.6	18.9	17.4	13.0	41.5	63.4	26.2	45.0	4.8	13.0
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	11.9	44.5
Exporter	3.5	2.9	10.9	10.9	4.6	9.7	0.0	0.0	2.4	10.5
Both Importer and Exporter	10.6	13.0	8.7	15.2	16.9	12.5	2.4	2.5	11.9	6.5
Neither Importer nor exporter	74.1	69.6	68.5	56.5	66.2	58.0	81.0	92.5	73.8	38.5
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	89.3	63.0
Medium (50 and <200)	30.6	27.5	25.0	20.7	24.6	7.5	9.5	10.0	9.5	24.5
Large (200 and Up)	7.1	7.2	6.5	6.5	4.6	2.5	2.4	0.0	1.2	12.5
No Response	0.0	0.0	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	84	200
Industrial Sector	27	24	29	29	16	32	22	20	37	50
Construction Sector	4	6	3	2	1	5	1	2	8	19
Wholesale and Retail Trade	28	12	16	14	13	18	7	7	15	41
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>	<u>24</u>	<u>90</u>
Financial Intermediation	1.0	2	4	4	1	0	0	0	0	13
Hotels and Restaurants	0.0	11	10	11	12	6	4	5	7	0
Renting and Business Activities	6.0	5	5	5	3	3	1	0	0	0
Community and Social Services	0	5	6	6	6	8	4	3	0	0

Business Expectations Survey

Third Quarter 2010

North West Zone

Business Outlook



	Q2 2008	Q3 2008	Q4 2008	Q1 2009	Q2 2009	Q3 2009	Q4 2009	Q1 2010	Q2 2010	Q3 2010
■ Current Quarter	25.0	38.6	-10.9	-8.8	-2.2	-14.3	-6.3	17.2	24.1	36.5
■ Next Quarter	76.2	62.7	18.9	32.5	42.9	43.6	52.8	61.7	62	70.7

Fig.11: North West Zone Business Outlook Index (Q2 2008 - Q3 2010)

Activities of respondent firms in the North West Zone was upswing in Q3 2010 as the confidence index improved significantly to 36.5, from 24.1 and -14.3 points recorded in the preceding quarter and corresponding period a year earlier, respectively. Similarly, the firms are more upbeat in the next quarter having recorded higher CI of 70.7 points, relative to 62.0 points achieved in Q2 2010.

The construction sector held the most positive sentiment on the macroeconomy and on own operations with index points of 71.4 and 42.9 respectively, for the current quarter. The construction sector was also upbeat with index of 100 points, on macroeconomy in the next quarter.

In relation to respondent firms by type of business, "neither importer nor exporter" posted the highest response rate of 56.8 per cent as against the least of 2.7 per cent recorded by "exporter" category.

The credit access index in Q3 2010, continued to be positive as the CI stood at 6.3 points. Consequently, the financial condition, average capacity utilization and volume of business activity also went up significantly to 37.9, 33.7 and 38.8, respectively, in the quarter under review.

Insufficient power supply, high interest rate and financial problems continued to be alluded to, as the major limiting factors to the growth of business in this zone within the quarter under review.

The respondents expect a weaker Naira, in the current quarter but anticipate appreciation in the next quarter. Furthermore inflation and borrowing rates are expected to rise in Q3 2010, but expected to decline in the next quarter.

BUSINESS EXPECTATIONS SURVEY

North West Zone

Year	2008			2009				2010		
Quarter	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3
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	24.1	36.5
Next Quarter										
North West	76.2	62.7	18.9	32.5	42.9	43.6	52.8	61.7	62.0	70.7
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	21.1	34.1
Construction Sector	-66.7	41.2	50.0	50.0	60.0	0.0	40.0	0.0	42.9	71.4
Wholesale and Retail Trade	20.0	26.1	-19.4	-30.6	-23.8	-16.1	-25.7	20.8	22.7	42.5
Services Sector of which:	29.4	38.5	-39.1	0.0	22.2	16.7	-18.8	-20.0	15.8	33.3
Financial Intermediation	0.0	0.0	-100.0	-100.0	0.0	0.0	0.0	100.0	0.0	80.0
Hotels and Restaurants	33.3	52.2	0.0	33.3	30.8	-15.0	40.0	42.9	31.8	53.1
Renting and Business Activities	25.0	0.0	0.0	0.0	0.0	-20.0	-37.5	0.0	26.3	3.6
Community and Social Services	100.0	66.7	33.3	25.0	0.0	-40.0	0.0	66.7	42.9	30.0
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	57.9	64.8
Construction Sector	100.0	82.4	100.0	100.0	60.0	0.0	100.0	-33.3	71.4	100.0
Wholesale and Retail Trade	70.0	60.9	13.9	36.1	38.1	48.4	40.0	54.2	65.9	82.5
Services Sector of which:	70.6	61.5	-8.7	18.8	66.7	50.0	56.3	40.0	47.4	77.8
Financial Intermediation	75.0	-100.0	100.0	0.0	0.0	0.0	100.0	100.0	0.0	100.0
Hotels and Restaurants	91.7	52.2	100.0	100.0	61.5	60.0	70.0	100.0	86.4	75.0
Renting and Business Activities	62.5	0.0	0.0	0.0	0.0	30.0	37.5	100.0	57.9	60.7
Community and Social Services	100.0	66.7	41.7	25.0	0.0	40.0	50.0	100.0	57.1	50.0
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	15.8	35.2
Construction Sector	33.3	0.0	0.0	0.0	60.0	0.0	40.0	33.3	14.3	42.9
Wholesale and Retail Trade	30.0	17.4	-5.6	-25.0	14.3	19.4	18.6	20.8	9.1	37.5
Services Sector	16.3	28.8	0.0	-8.3	4.5	0.0	6.9	0.0	5.3	33.3
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	28.2	38.8
Volume of Total Order Book Index	33.3	31.7	9.9	16.3	15.4	-5.0	2.8	19.5	22.6	33.8
Credit Access Index	-15.5	4.2	-12.9	-13.8	13.2	-2.8	-5.6	5.2	3.1	6.3
Financial Condition Index	17.9	11.8	-3.0	-6.3	18.7	-2.1	-12.0	14.3	15.9	37.9
Average Capacity Utilization	35.7	31.0	13.9	13.8	22.0	4.3	3.5	26.9	21.0	33.7
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	71.3	82.9
Employment Outlook Index	39.3	49.7	32.7	23.8	34.1	34.3	44.4	42.9	33.8	56.8

BUSINESS EXPECTATIONS SURVEY

North West Zone

Year	2008			2009				2010		
Quarter	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3
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	23.7	45.1
Construction Sector	100.0	70.6	100.0	100.0	100.0	100.0	100.0	33.3	100.0	71.4
Wholesale and Retail Trade	60.0	73.9	47.2	44.4	71.4	83.9	80.0	89.6	38.6	85.0
Services Sector of which:	70.6	73.1	69.6	62.5	66.7	66.7	93.8	66.7	47.4	100.0
Financial Intermediation	75.0	0.0	0.0	0.0	100.0	50.0	100.0	100.0	0.0	60.0
Hotels and Restaurants	75.0	60.9	66.7	66.7	61.5	65.0	80.0	71.4	36.4	56.3
Renting and Business Activities	62.5	66.7	0.0	0.0	0.0	80.0	75.0	66.7	26.3	92.9
Community and Social Services	0.0	0.0	83.3	100.0	0.0	70.0	50.0	66.7	28.6	80.0
8. Business Constraints: Current Quarter										
High Interest Rate	43.5	50.1	53.5	57.8	48.8	58.6	58.8	63.2	60.0	61.7
Unclear Economic Laws	28.6	29.8	26.7	25.0	40.0	42.5	45.8	44.9	41.3	40.0
Lack of Equipment	25.6	7.7	-2.0	-0.6	24.7	29.6	24.6	33.2	18.3	29.7
Insufficient Demand	0.6	-4.8	8.5	14.4	24.1	30.7	26.4	29.8	36.9	31.1
Access to Credit	29.2	19.4	9.4	18.1	28.8	42.1	37.0	39.3	44.9	39.5
Financial Problems	47.0	39.0	39.5	39.4	43.5	54.6	52.8	52.9	56.2	54.5
Competition	38.7	18.6	32.0	28.8	34.1	23.2	23.9	46.6	47.7	48.1
Labor Problems	38.7	-7.7	-19.0	-17.5	14.7	13.2	12.0	21.5	19.0	6.3
Lack of Materials Input	17.9	1.1	-8.5	-6.3	22.9	19.6	14.4	25.4	19.8	16.5
Unfavourable Political Climate	-14.9	13.0	21.3	25.6	35.9	51.1	34.9	34.6	25.6	40.2
Unfavourable Economic Climate	38.1	33.5	44.1	45.6	48.2	52.5	49.3	44.6	50.6	47.7
Insufficient Power Supply	58.9	76.2	67.8	71.3	72.4	81.4	78.9	78.1	60.3	80.1
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	-11.8	-14.4
Inflation Rate	41.7	24.2	25.7	11.3	7.7	30.7	33.8	27.4	29.2	29.7
Borrowing Rate	15.5	0.7	-2.0	-15.0	-26.7	-5.7	-18.3	-1.1	8.7	2.2
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	29.2	20.7
Inflation Rate	8.3	13.8	48.0	11.3	-8.8	7.1	8.5	-27.4	5.6	-10.8
Borrowing Rate	7.1	1.4	3.0	-6.3	-31.7	-22.1	-12.7	-30.8	-11.2	-6.3
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	17.9	20.3
Exporter	0.0	2.1	3.0	6.3	1.2	4.3	4.2	5.1	7.2	2.7
Both Importer and Exporter	20.2	12.4	18.0	15.0	8.2	19.3	14.1	24.0	14.9	20.3
Neither Importer nor exporter	65.5	69.7	43.0	41.3	77.6	62.1	69.0	52.6	60.0	56.8
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	72.3	66.2
Medium (50 and <200)	25.0	26.2	19	20	25.9	20.0	19.0	21.7	14.9	22.5
Large (200 and Up)	11.9	9.0	9	7.5	7.1	12.9	12.7	18.3	12.3	11.3
No Response	0.0	0.0	0	0	0.0	0.0	0.0	0.0	0.5	0.0
13. Distribution of Respondent Firms by Sector										
All Sectors	84	145	100	80	85	140	142	175	195	222
Industrial Sector	18	52	23	18	36	54	55	75	76	91
Construction Sector	3	17	2	2	5	7	5	3	7	7
Wholesale and Retail Trade	20	23	36	36	21	31	35	48	44	40
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>	<u>68</u>	<u>84</u>
Financial Intermediation	4	26	1	1	1	2	1	1	1	5
Hotels and Restaurants	12	1	3	3	13	20	20	21	22	32
Renting and Business Activities	8	23	0	0	0	10	8	6	19	28
Community and Social Services	2	3	12	4	0	10	2	6	7	10

Business Expectations Survey

Third Quarter 2010

South East Zone

Business Outlook

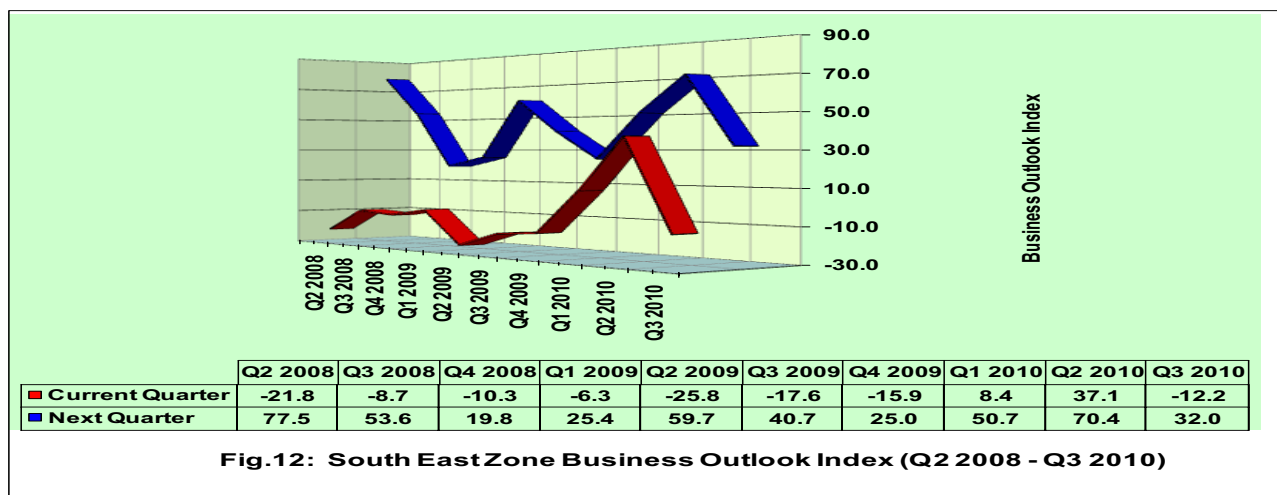


Fig.12: South East Zone Business Outlook Index (Q2 2008 - Q3 2010)

The Business Confidence in the South East zone for the third quarter, 2010 trended downwards as the overall index fell to -12.2 points from 37.1 points achieved in the preceding quarter, but an increase of 5.4 points in relation to the corresponding period a year earlier. The decline could be attributable to the downbeat in business activity in most of the sectors in the zone as depicted by industrial sector (-18.4 index points), wholesale and retail trade (-16.7 points) and services sector (-7.1 points). Respondent firms however expect a favourable business activity in next quarter as the results showed a CI of 32.0 points.

The downward trend in business outlook in the current quarter could be attributable to the prevalent insufficient power supply in the zone, high interest rate and unfavourable economic climate, which had constrained business activity in the review period.

On own operations, the respondent firms were likewise downbeat, as all sectors (except the construction sector with 16.7 index points), posted negative confidence indices in Q3 2010.

“Neither importer nor exporter” category of the firms posted the highest response rate of 75.6 per cent in contrast to the 1.7 per cent recorded by “exporter” firms

The credit access index in Q3 2010 continued to deteriorate as the index declined to -34.3 from -12.4 index points recorded in the preceding quarter. Similarly, the financial condition index exhibited downswing in their financial/liquidity positions, having posted -25.0 index points in the current quarter.

Most of the business firms anticipated a stronger Naira and a decline in both inflation and borrowing rates in Q3 2010. Respondents anticipate naira to depreciate, inflation to rise and borrowing rate to fall in the next quarter.

BUSINESS EXPECTATIONS SURVEY

South East Zone

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

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 37.1 -12.2

Next Quarter

South East 77.5 53.6 19.8 25.4 59.7 40.7 25.0 50.7 70.4 32.0

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	46.2	-18.4
Construction Sector	-100.0	20.0	-20.0	-20.0	-50.0	-25.0	0.0	-28.6	-80.0	16.7
Wholesale and Retail Trade	-43.8	0.0	-14.8	-7.7	-8.3	-19.5	-10.8	-23.1	53.8	-16.7
Services Sector of which:	5.3	19.0	0.0	0.0	14.3	-5.0	-9.7	13.8	35.7	-7.1
Financial Intermediation	0.0	80.0	-20.0	-10.0	-20.0	-37.5	-27.3	72.7	87.5	60.0
Hotels and Restaurants	10.7	33.3	-5.3	-10.5	-35.3	-23.8	-10.0	0.0	24.0	-31.6
Renting and Business Activities	33.3	-75.0	-100.0	-100.0	-100.0	-50.0	0.0	-25.0	60.0	16.7
Community and Social Services	27.3	0.0	-15.4	-33.3	-18.2	0.0	-60.0	-20.0	33.3	-9.1

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	69.2	42.9
Construction Sector	83.3	100.0	30.0	40.0	75.0	50.0	40.0	57.1	0.0	66.7
Wholesale and Retail Trade	37.5	43.8	0.0	11.5	66.7	19.5	-8.1	3.8	84.6	12.5
Services Sector of which:	84.2	47.6	20.8	12.0	42.9	57.5	29.0	51.7	71.4	21.4
Financial Intermediation	100.0	100.0	40.0	40.0	50.0	37.5	37.8	90.9	87.5	100.0
Hotels and Restaurants	71.4	100.0	15.8	26.3	76.5	57.1	40.0	50.0	60.0	36.8
Renting and Business Activities	83.3	100.0	0.0	0.0	-100.0	50.0	60.0	100.0	100.0	16.7
Community and Social Services	90.9	100.0	0.0	-16.7	27.3	62.5	30.0	80.0	88.9	45.5

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	7.7	-28.6
Construction Sector	-75.0	20	-20.0	0.0	-12.5	-12.5	-20.0	-42.9	0.0	16.7
Wholesale and Retail Trade	-37.5	-15.6	-18.5	-7.7	0.0	-26.8	-40.5	-34.6	23.1	-39.6
Services Sector	0.0	2.4	11.8	10.3	6.7	-22.5	-12.9	-34.5	21.4	-28.6

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	33.3	-13.9
Volume of Total Order Book Index	-5.6	-4.7	-11.9	-9.5	-8.1	-19.6	-22.0	-12.5	29.5	-19.2
Credit Access Index	-21.1	-22.1	-28.6	-20.6	-8.9	-20.6	-38.4	-48.6	-12.4	-34.3
Financial Condition Index	-9.9	-2.7	0.0	4.0	1.6	-18.6	-21.3	-23.6	26.7	-25.0
Average Capacity Utilization	0.0	0.0	-0.8	3.2	8.9	-1.5	-17.1	-5.5	34.3	-10.5

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	83.8	44.8
Employment Outlook Index	54.9	50.3	19.8	21.4	64.5	26.5	25.8	15.2	59.0	5.8

BUSINESS EXPECTATIONS SURVEY

South East Zone

Year	2008			2009				2010		
Quarter	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3
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	38.5	34.7
Construction Sector	83.3	80.0	40.0	50.0	12.5	50.0	20.0	42.9	-60.0	100.0
Wholesale and Retail Trade	37.5	46.9	14.8	15.4	41.7	24.4	10.8	19.2	-23.1	-29.2
Services Sector of which:	36.8	85.7	37.5	44.0	57.1	47.5	38.7	37.9	57.1	28.6
Financial Intermediation	0.0	80.0	70.0	70.0	50.0	62.5	54.5	63.6	75.0	20.0
Hotels and Restaurants	25.0	58.3	42.1	47.4	29.4	52.4	35.0	50.0	28.0	-47.4
Renting and Business Activities	16.7	75.0	50.0	50.0	100.0	25.0	100.0	0.0	60.0	33.3
Community and Social Services	0.0	0.0	23.1	16.7	9.1	25.0	30.0	0.0	-33.3	-45.5
8. Business Constraints: Current Quarter										
High Interest Rate	54.9	66.9	61.5	63.5	74.6	62.5	62.2	67.4	69.5	58.1
Unclear Economic Laws	55.3	49.3	21.8	38.1	50.8	42.2	25.9	41.7	56.6	56.1
Lack of Equipment	31.7	-17.2	-13.1	10.3	19.0	12.5	11.6	19.8	20.0	12.0
Insufficient Demand	45.8	7.7	-23.0	7.5	-64.1	19.9	11.6	17.1	27.2	29.4
Access to Credit	37.3	24.8	18.3	-65.1	-46.8	40.2	54.0	36.1	28.1	54.6
Financial Problems	56.0	43.9	23.8	40.9	53.6	50.0	55.2	55.3	45.8	56.1
Competition	51.8	9.8	10.7	26.6	45.2	29.2	30.8	34.4	48.5	40.5
Labor Problems	-13.4	-38.6	-34.1	-7.5	4.0	-7.4	-15.5	-4.5	-0.5	-0.6
Lack of Materials Input	25.0	-26.2	-20.2	1.6	18.1	9.6	6.1	14.2	18.6	20.9
Unfavourable Political Climate	39.4	6.7	19.4	-64.3	28.2	42.2	32.3	32.4	40.0	50.7
Unfavourable Economic Climate	54.6	36.5	38.5	49.6	-36.7	53.9	38.1	41.3	54.3	57.5
Insufficient Power Supply	82.7	73.8	63.9	69.8	-7.7	74.8	82.0	85.1	40.1	84.6
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	27.7	12.2
Inflation Rate	-14.1	-5.3	15.1	11.9	51.6	17.6	5.5	12.5	5.7	-24.4
Borrowing Rate	-33.1	-18.8	-34.1	-34.9	-8.9	-12.7	-33.5	-27.1	6.6	-36.6
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	56.2	-20.9
Inflation Rate	-52.1	-52.4	-21.4	-29.4	-79.8	-24.0	-20.7	-36.1	-18.1	23.8
Borrowing Rate	-51.4	-26.2	-32.5	-34.9	-17.7	-24.5	-47.6	-29.9	6.7	-30.3
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	7.6	17.4
Exporter	2.1	0.7	0.0	0.0	1.6	2.9	0.0	6.9	1.0	1.7
Both Importer and Exporter	3.5	11.4	4.8	5.6	4.0	10.3	5.5	0.0	6.7	5.2
Neither Importer nor exporter	61.3	67.1	63.5	65.1	86.3	57.8	63.4	72.2	84.8	75.6
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	76.2	76.2
Medium (50 and <200)	20.4	17.4	17.5	12.7	11.3	14.2	14.0	19.4	12.4	16.3
Large (200 and Up)	7.7	8.1	11.1	9.5	9.7	9.8	3.7	9.0	11.4	7.6
No Response	0.0	0.0	0.0	0.0	0.0	0	0.0	0.0	0.0	0.0
13. Distribution of Respondent Firms by Sector										
All Sectors	142	122	126	126	124	204	164	144	105	172
Industrial Sector	36	40	21	20	44	74	45	44	26	49
Construction Sector	6	5	10	10	8	8	5	7	5	6
Wholesale and Retail Trade	16	32	27	26	12	41	37	26	13	48
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>	<u>61</u>	<u>69</u>
Financial Intermediation	1	5	10	10	10	8	11	11	8	5
Hotels and Restaurants	28	12	19	19	17	21	20	18	25	19
Renting and Business Activities	6	4	2	2	1	4	5	4	5	6
Community and Social Services	11	3	13	12	11	8	10	5	9	11

Business Expectations Survey

Third Quarter 2010

South South Zone

Business Outlook

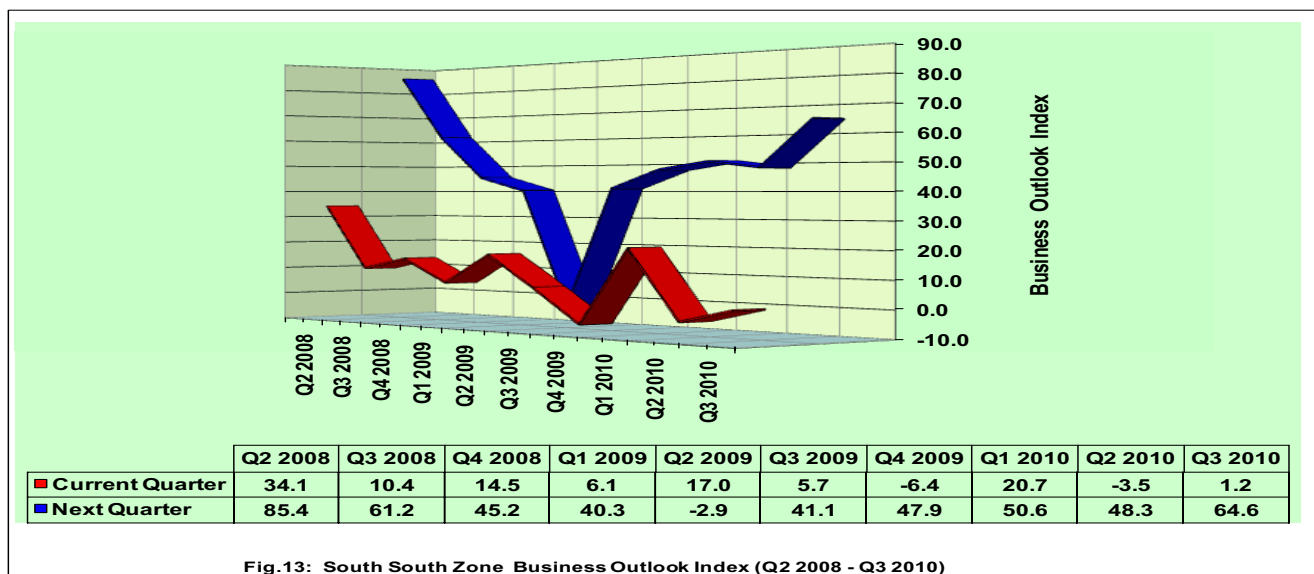


Fig.13: South South Zone Business Outlook Index (Q2 2008 - Q3 2010)

There was an upbeat in the business confidence of the respondent firms in South South Zone in the review period, as the overall CI rose to 1.2 points from -3.5 points recorded in the preceding quarter. Respondents are equally optimistic that economic activities would be much better in the next quarter with a CI of 64.6 points.

The sectoral outlook on the macroeconomy was downbeat in the quarter under review, as all sectors but services posted negative indices. The highest negative sentiment was shown by construction sector (-100.0 points), industrial sector (-11.6 points) and wholesale and retail trade sector(-1.8 points).

However, on own operations only the construction sector at -50.0 held negative sentiment in the review period, while other sectors exhibited upward trend.

The access to credit in the period under review, has continued to deteriorate as the CI dropped to -31.7 points from -10.5 points recorded in the preceding quarter. This, according to the respondents could be attributable to high interest rate. This position notwithstanding, the financial condition index, which is an indicator of the internal liquidity of firms managed to increase to 11.2 points from 9.4 points recorded in Q2 2010.

Some of the reasons cited by the respondents firms as mitigating against the productivity of business activities in the zone include; insufficient power supply, high interest rate and lack of access to credit, among others. The respondent firms also anticipate an appreciation in the value of Naira but predict a rise in inflation and borrowing rates in both the current and next quarters.

BUSINESS EXPECTATIONS SURVEY

South South Zone

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

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	-3.5	1.2
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Next Quarter

South South	85.4	61.2	45.2	40.3	-2.9	41.1	47.9	50.6	48.3	64.6
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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	10.5	-11.6
Construction Sector	0.0	36.4	-23.1	60.0	0.0	-16.7	-66.7	0.0	20.0	-100.0
Wholesale and Retail Trade	71.4	0.0	75.0	16.7	41.7	0.0	0.0	8.3	-29.2	-1.8
Services Sector of which:	33.3	15.4	23.1	0.0	50.0	-1.9	4.5	6.7	33.3	17.9
Financial Intermediation	20.0	50.0	0.0	0.0	0.0	0.0	0.0	100.0	-50.0	20.0
Hotels and Restaurants	60.0	17.4	33.3	0.0	33.3	25.0	25.0	41.7	-23.5	14.3
Renting and Business Activities	85.7	-25.0	0.0	50.0	0.0	100.0	0.0	0.0	0.0	40.0
Community and Social Services	100.0	0.0	33.3	-100.0	0.0	20.0	-50.0	-50.0	0.0	0.0

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	68.4	65.1
Construction Sector	66.7	90.9	75.0	100.0	0.0	50.0	-25.3	33.3	20.0	100.0
Wholesale and Retail Trade	100.0	50.0	69.2	58.3	-8.3	21.2	64.6	37.5	45.8	61.4
Services Sector of which:	66.7	69.2	44.4	50.0	0.0	53.8	17.3	6.7	44.4	67.9
Financial Intermediation	100.0	100.0	0.0	0.0	0.0	0.0	4.0	100.0	50.0	60.0
Hotels and Restaurants	100.0	58.3	66.0	100.0	0.0	50.0	31.7	100.0	41.2	50.0
Renting and Business Activities	100.0	50.0	0.0	100.0	0.0	100.0	0.0	0.0	0.0	80.0
Community and Social Services	100.0	50.0	0.0	-50.0	0.0	30.0	12.0	-50.0	0.0	0.0

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	5.3	4.7
Construction Sector	-46.7	45.5	-50.0	0.0	0.0	0.0	-66.7	33.3	40.0	-50.0
Wholesale and Retail Trade	35.7	30.0	30.8	8.3	-8.3	27.3	9.2	4.2	16.7	19.3
Services Sector	18.0	25.5	-11.1	-30.0	6.7	23.1	10.4	-20.0	0.0	10.7

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	23.6	19.3
Volume of Total Order Book Index	30.5	32.8	24.2	11.0	-14.3	25.5	10.6	19.5	15.3	14.3
Credit Access Index	-9.8	3.5	-11.3	-7.3	-22.9	-3.5	-14.9	-3.4	-10.5	-31.7
Financial Condition Index	15.9	27.6	0.0	-3.7	-14.3	21.3	5.3	13.8	9.4	11.2
Average Capacity Utilization	23.2	32.8	14.5	9.8	-11.4	25.5	6.4	10.3	10.5	10.5

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	84.7	72.6
Employment Outlook Index	36.6	50	4.8	11.0	17.1	48.9	37.2	26.4	56.4	41.6

BUSINESS EXPECTATIONS SURVEY

South South Zone

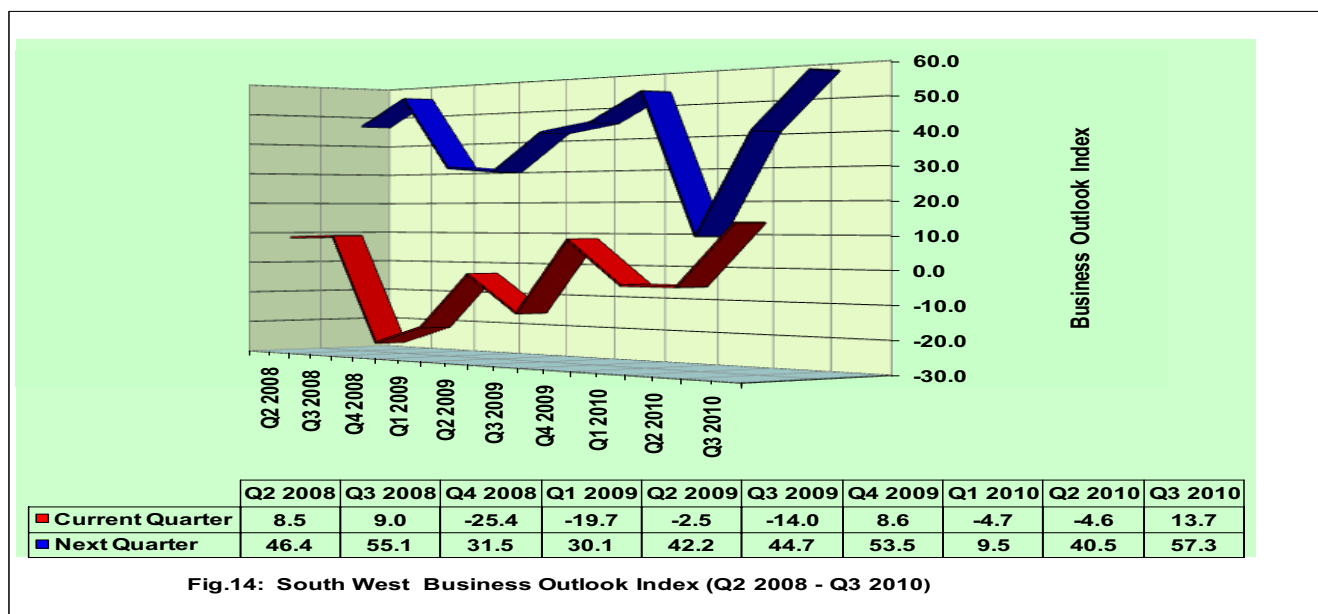
Year	2008			2009				2010		
Quarter	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3
7. Business with Expansion Plans (in per cent): Next Quarter										
Industrial Sector	75.0	76.7	76.9	81.8	25	65.7	48.0	77.8	-5.3	53.5
Construction Sector	93.3	90.9	75.0	80.0	0.0	33.3	66.7	33.3	-20.0	100.0
Wholesale and Retail Trade	35.7	90.0	53.8	83.3	33.3	72.7	70.4	58.3	-12.5	64.9
Services Sector of which:	66.7	84.6	77.8	75.0	58.3	80.8	81.8	60.0	-5.6	71.4
Financial Intermediation	20.0	100.0	0.0	0.0	0.0	0.0	100.0	100.0	0.0	100.0
Hotels and Restaurants	50.0	91.7	66.7	50.0	0.0	75.0	75.0	91.7	-17.6	14.3
Renting and Business Activities	100.0	87.5	0.0	75.0	0.0	100.0	0.0	0.0	0.0	80.0
Community and Social Services	100.0	50.0	100.0	100.0	0.0	60.0	50.0	0.0	0.0	61.5
8. Business Constraints: Current Quarter										
High Interest Rate	69.5	53.8	49.2	36.6	37.1	34.4	45.2	51.2	57.0	62.1
Unclear Economic Laws	26.8	36.2	24.2	17.7	10.0	13.1	43.1	43.8	42.4	37.3
Lack of Equipment	11.0	28.0	19.4	10.4	-35.7	1.1	21.3	29.4	27.1	38.8
Insufficient Demand	-0.6	-1.7	9.7	7.3	27.1	-0.4	14.4	4.0	25.9	44.5
Access to Credit	14.0	39.7	27.4	14.6	-3.0	8.5	46.3	39.7	27.1	61.2
Financial Problems	47.0	46.1	-31.5	29.3	17.1	11.3	50.5	52.9	50.6	59.7
Competition	55.5	41.5	33.9	22.6	42.9	17.7	39.4	10.9	39.4	42.3
Labor Problems	-6.1	-16.1	-3.2	0.0	0.0	-8.5	-1.1	-2.3	2.3	11.5
Lack of Materials Input	-0.6	3.9	23.4	7.3	-20.0	-7.8	12.2	15.5	16.0	19.0
Unfavourable Political Climate	12.8	9.1	20.2	8.0	7.1	-20.2	32.4	44.9	26.5	29.8
Unfavourable Economic Climate	20.1	38.4	33.1	16.5	-7.1	-24.8	56.4	62.7	27.7	51.9
Insufficient Power Supply	17.1	79.4	39.5	27.4	27.4	5.7	56.9	76.0	61.2	76.1
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	22.3	11.8
Inflation Rate	39.0	28.0	12.9	13.4	28.6	48.2	-3.2	27.4	29.4	11.8
Borrowing Rate	30.5	-2.0	4.8	-3.7	34.3	40.4	1.1	-1.1	2.3	6.9
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	21.2	21.7
Inflation Rate	11.0	6.9	22.6	6.1	42.9	22.7	19.1	10.3	10.5	26.7
Borrowing Rate	22.0	-12.1	-1.6	-2.4	31.4	33.3	-12.8	-30.8	-2.3	21.1
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	21.2	26.1
Exporter	9.8	1.7	3.2	46.0	0.0	9.9	2.1	2.3	2.4	0.6
Both Importer and Exporter	14.6	17.2	6.6	7.7	5.7	7.8	12.8	10.3	15.3	12.4
Neither Importer nor exporter	59.8	56.0	59.7	40.2	82.9	64.5	60.6	63.2	61.2	60.9
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	72.9	80.7
Medium (50 and <200)	20.7	11.2	30.6	7.3	14.3	18.4	11.7	14.9	20.0	12.4
Large (200 and Up)	8.5	3.4	9.7	7.3	8.6	5.0	13.8	3.4	7.1	6.8
No Response	0.0	0.0	0.0	0.0	0.0	0	0.0	0.0	0.0	0.0
13. Distribution of Respondent Firms by Sector										
All Sectors	82	100	48	48	35	141	94	87	85	161
Industrial Sector	24	30	13	11	8	35	25	27	19	43
Construction Sector	15	11	4	5	0	6	3	6	5	4
Wholesale and Retail Trade	14	10	13	12	12	33	27	24	24	57
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>	<u>37</u>	<u>57</u>
Financial Intermediation	5	2	0	0	0	0	1	1	2	5
Hotels and Restaurants	10	24	6	6	3	4	12	12	17	14
Renting and Business Activities	7	8	0	4	0	1	0	0	0	10
Community and Social Services	4	2	3	2	0	10	4	2	0	0

Business Expectations Survey

Third Quarter 2010

South West Zone

Business Outlook



There was a significant increase in the business activities in South West Zone in Q3 2010 as overall confidence index (CI) rose to 14.3 points from -4.6 points recorded in the preceding quarter. Respondent firms are optimistic that the business outlook would be more upbeat in the next quarter 2010 as the result showed CI of 57.7 points.

The sectoral outlook in Q3 2010 on macroeconomy was upbeat, with the construction sector posting the highest index of 30.0 points followed by industrial and services sectors with 29.6 and 8.0 index points, respectively. Only the wholesale and retail trade held a negative sentiment of -3.8 index points in the review period.

Similarly, on own operations, all the firms were upswing, as all sectors posted positive confidence index in Q3 2010. Consequently, the volume of total order increased significantly by 26.2 index points relative to the level in Q2 2010, and ultimately increased the volume of

Access to credit in Q3 2010 posted upbeat, as the credit access index stood at 3.8 points, up from -18.1 and -6.1 points recorded in the preceding quarter and the corresponding period a year ago. This resulted in the improvement achieved in the financial condition index of the firms which stood at 15.0 points from -1.0 index points recorded in the preceding quarter.

The respondents cited insufficient power supply, high interest rates and financial problems as some of the major factors limiting the growth of business activities in the zone.

Most of the business firms in South West Zone anticipate a strong Naira, a rise in inflation rates and a decline in borrowing rate in the current and the next quarter.

BUSINESS EXPECTATIONS SURVEY

South West Zone

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

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	-4.6	14.3
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Next Quarter

South West	46.4	55.1	31.5	30.1	42.2	44.7	53.5	9.5	40.5	57.7
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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	8.3	29.6
Construction Sector	-7.4	56.5	-28.6	-44.4	-25.0	-15.4	44.4	16.7	-2.6	30.0
Wholesale and Retail Trade	-4.8	0.0	-5.8	-18.4	8.0	14.9	-6.8	-19.6	-12.1	-3.8
Services Sector of which:	9.2	-8.3	-41.2	-18.2	5.2	-23.4	17.0	15.8	0.0	8.0
Financial Intermediation	100.0	0.0	-100.0	-100.0	0.0	-33.3	20.0	0.0	14.3	60.0
Hotels and Restaurants	8.3	-37.5	-40.0	-18.2	-16.7	-11.8	6.3	-37.5	-25.0	4.5
Renting and Business Activities	63.6	-50.0	0.0	-18.2	0.0	0.0	25.0	20.0	-28.6	20.0
Community and Social Services	12.5	-54.5	0.0	-14.3	0.0	-50.0	45.5	-20.0	-4.7	25.0

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	44.4	56.3
Construction Sector	48.1	69.6	71.4	44.4	50.0	30.8	88.9	0.0	33.3	75.0
Wholesale and Retail Trade	34.9	57.1	40.4	53.1	58.0	59.6	40.9	6.5	48.7	48.1
Services Sector of which:	47.1	40.4	32.4	21.9	46.6	44.7	41.5	24.6	32.8	57.3
Financial Intermediation	100.0	0.0	100.0	100.0	0.0	0.0	40.0	37.5	0.0	80.0
Hotels and Restaurants	83.3	56.3	20.0	45.5	8.3	58.8	81.3	-18.8	53.6	59.1
Renting and Business Activities	81.8	0.0	70.0	-9.1	0.0	50.0	62.5	26.7	0.0	80.0
Community and Social Services	75.0	27.3	-12.5	-7.1	0.0	12.5	72.7	-20.0	28.6	75.0

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	-1.6	29.6
Construction Sector	3.7	31.8	0.0	0.0	25.0	-7.7	22.2	25.0	-16.7	45.0
Wholesale and Retail Trade	-6.3	-10.9	0.0	-16.3	4.0	10.9	6.8	13.0	-10.3	2.5
Services Sector	-4.5	8.6	-5.2	-20.2	1.4	-2.1	20.8	-17.5	-1.7	1.3

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	0.4	26.4
Volume of Total Order Book Index	22.0	17.9	-9.4	-5.2	9.5	-2.2	3.5	-18.4	-3.3	22.9
Credit Access Index	1.4	5.7	-19.9	-23.0	-11.1	-6.1	-9.1	-23.6	-18.1	3.8
Financial Condition Index	-12.2	9.0	-5.5	-11.2	-0.5	-5.7	10.6	-13.2	-1	15.0
Average Capacity Utilization	11.2	16.7	7.2	-3.0	17.1	8.8	24.2	10.8	11.1	27.5

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	60	75.4
Employment Outlook Index	47.1	37.9	21.5	16.7	34.7	33.8	33.8	28.3	31.6	46.5

BUSINESS EXPECTATIONS SURVEY

South West Zone

Year	2008			2009				2010		
Quarter	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3
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	17.5	40.8
Construction Sector	63.0	56.5	14.3	55.6	50.0	69.2	77.8	66.7	66.7	30.0
Wholesale and Retail Trade	75.8	67.2	67.3	72.9	70.6	63.8	77.3	67.4	33.3	31.6
Services Sector of which:	77.0	58.3	67.6	60.6	72.4	59.6	56.6	59.6	34.5	48.1
Financial Intermediation	100.0	0.0	100.0	100.0	0.0	100.0	60.0	75.0	50.0	20.0
Hotels and Restaurants	83.3	56.3	80.0	90.9	58.3	76.5	56.3	56.3	42.9	9.1
Renting and Business Activities	100.0	50.0	70.0	90.9	0.0	100.0	62.5	60.0	0.0	60.0
Community and Social Services	100.0	54.5	75.0	46.4	100.0	100.0	63.6	80.0	42.9	50.0
8. Business Constraints: Current Quarter										
High Interest Rate	61.2	59.6	55.0	46.8	62.0	52.6	60.6	63.2	66.9	62.3
Unclear Economic Laws	40.2	31.7	36.5	28.6	35.4	27.2	30.8	45.3	40.3	44.1
Lack of Equipment	20.2	2.9	17.7	17.7	13.6	12.3	18.4	32.8	23.3	25.2
Insufficient Demand	19.3	1.5	23.2	29.7	18.6	10.7	37.1	23.8	26.3	27.8
Access to Credit	31.7	13.9	14.9	12.3	27.4	44.3	38.4	55.9	32.3	50.8
Financial Problems	40.0	38.4	42.3	42.0	49.5	52.6	48.7	62.9	50.1	50.8
Competition	33.6	45.5	40.9	34.2	42.5	37.9	43.9	25.8	37.5	35.5
Labour Problems	3.1	-8.0	-3.3	-4.5	-2.0	-5.7	-6.6	14.8	-3.4	1.4
Lack of Materials Input	12.9	-2.9	19.1	18.0	9.8	-0.4	16.4	23.4	11.0	11.3
Unfavourable Political Climate	34.1	25.2	24.9	22.5	27.1	38.2	39.1	38.1	41.2	42.8
Unfavourable Economic Climate	49.7	38.6	46.4	40.9	44.7	58.3	56.6	42.0	46.1	49.2
Insufficient Power Supply	74.6	46.8	40.9	32.5	56.0	74.3	50.0	63.7	76.6	75.3
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	-26.1	0.0
Inflation Rate	24.4	31.1	30.4	15.6	16.1	17.1	27.8	9.9	-0.5	7.2
Borrowing Rate	-3.7	17.9	6.1	11.9	8.5	3.1	11.6	3.7	-0.5	-1.3
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	18.6	14.5
Inflation Rate	-2.4	-0.4	6.1	10.8	1.5	7.9	17.7	6.7	2.3	4.8
Borrowing Rate	-16.9	10.2	-3.9	5.6	6.0	4.4	21.7	-5.2	-0.9	-3.5
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	21.9	14.6
Exporter	3.7	7.3	2.8	3.3	7.0	3.9	5.6	7.5	5.6	1.4
Both Importer and Exporter	27.5	22.0	14.9	5.9	15.6	25.0	13.6	15.1	14.4	16.7
Neither Importer nor exporter	48.8	49.8	50.3	68.4	59.3	51.8	34.3	42.9	58.1	67.4
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	67.4	75.7
Medium (50 and <200)	19.0	20.4	24.3	29.8	18.1	17.1	22.2	30.2	20.5	14.6
Large (200 and Up)	21.0	14.7	11.6	9.6	13.6	16.7	21.2	17.0	12.1	9.4
No Response	0.3	0.4	0.0	0.0	4.0	0.0	0.0	0.0	0.0	0.3
13. Distribution of Respondent Firms by Sector										
All Sectors	295	285	181	218	191	228	198	212	215	288
Industrial Sector	73	117	64	76	62	79	52	53	63	71
Construction Sector	27	23	7	9	4	13	9	12	12	20
Wholesale and Retail Trade	63	64	52	49	51	47	44	46	39	79
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>	<u>101</u>	<u>118</u>
Financial Intermediation	2	0	1	1	0	3	5	8	4	10
Hotels and Restaurants	24	16	5	11	12	17	16	16	28	22
Renting and Business Activities	11	6	10	11	0	14	8	15	4	5
Community and Social Services	8	11	8	28	4	8	11	5	7	4