



THE LAGOS CHAMBER OF COMMERCE

NIGERIAN BUSINESS CONFIDENCE INDEX



Q2-2014

BUSINESS CONFIDENCE LEVEL POST MODEST IMPROVEMENT

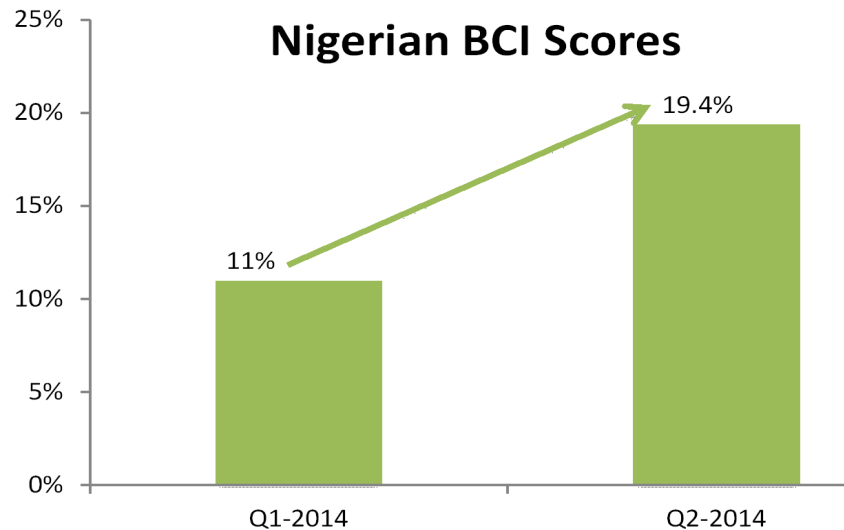
Aggregate BCI

The 2nd quarter 2014 aggregate Business Confidence Index (BCI) rise to 19.4% from 11% it posted in Q1-2014. This represents 8.4% point gain of the index over Q1-2014. The index had had dropped in Q1-2014 after maintaining a steady improvement over the first three quarters in 2013 (10.5% in Q1, 16.5% in Q2 and 24% in Q3). The improvement of the BCI score at this time suggests that business leaders will potentially expand their investments or at least sustain their current level of business activities in the country over the next few months.

BCI Thresholds	
Assessment	Index Range
Significantly Less Confident	-100 to -50
Slightly Less Confident	-50 to -1
No Change	0
Slightly More Confident	1 to 50
Significantly More Confident	50 to 100

**Q2 -2014
BCI = 19.4**

This improvement notwithstanding, BCI scores over the years continues to trail far below the 50% global confidence threshold. Investors and business leaders are still wary about the state of the economy and the challenging business environment. The key factors that mostly depressed business leaders at this time are; lagged approval of federal budget, sustained tight credit conditions, worsening public power supply and the lingering security challenges across the country.



Sectoral BCI

All the sectors reported positive business confidence levels at this time. Interestingly, the manufacturing sector posted a positive confidence level of 4% for the first time over the last six quarters. This sector has consistently remained at the bottom of BCI league table by steadily recording negative confidence levels. The BCI survey findings show that the manufactures have almost surrendered to the lingering challenges constraining productive activities in the country. In fact, the survey shows that a good number of manufacturers are steadily shrinking into trading activities. The most disturbing factor for manufacturers includes: the influx of imported and substandard products, high preference for imported goods by Nigerians, poor access to credit, high cost of doing business, infrastructure shortcoming and inhibitive activities of government regulatory/monitoring agencies.



Sector BCI Scores			
	Q2-2014	Q1-2014	Q4-2013
Hotel & Restaurant	19%	14%	19%
Telecoms / Postal	16%	NIL	27%
Oil & Gas	14%	4%	11%
Finance & Insurance	26%	23%	15%
Professional Services	15%	10%	19%
Others	18%	22%	22%
Distributive Trade	12%	17%	23%
Agriculture	24%	13%	19%
Building & Construction	15%	5%	5%
Manufacturing	4%	-10%	-2%

The financial sector (banks, e-payment operators and finance houses) continues to top the league table of business optimism with 26% BCI score in Q2-2014. How much this optimism will trickle down to real production activities remains to be seen. We noted the increasing business confidence level (24% in Q2-2014) among players in the agricultural sector. The ongoing FG transformation agenda in the sector may be yielding some early results. This survey confirmed that policy consistency, infrastructure provision and the inclusiveness of small holder farmers in the ongoing agricultural sector transformation agenda are germane.

Business/Investment Destinations

When asked to mention three cities other than Lagos where they will like to site their new investments in 2014, 90% of business executives across the country opted for cities mainly in the Nation's Capital and Southern part of the country. Abuja and Port Harcourt alone accounted for 50% of potential new business destinations. No Northern city made it to the top 10 new investment destinations in 2014. The situation is so bad that companies/ industry with original business location in the North are not strong on consolidating their business in the region.



Business/Investment Destinations in 2013			
Rank	STATE	NO OF COMPANIES	% OF TOTAL
1 st	Lagos	325	100%
2 nd	Port-Harcourt	94	29
3 rd	Abuja	81	24.9
4 th	Oyo	48	14.8
5 th	Delta	21	6.4
6 th	Cross River	18	5.5
7 th	Enugu	18	5.5
8 th	Ogun-Industrial	8	2.5

About the BCI

BCI is a leading economic indicator designed to measure the degree of optimism on the state of the economy that business leaders are expressing through their activities of investing and spending. Decreasing business confidence is often a pointer to slowing economic activities because business owners are likely to decrease their investment. The more confident entrepreneurs and managers feel about the business environment, the more likely they are to make new investments, create job and impact the economy.

Contact Us

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