



BUSINESS CONFIDENCE LEVEL SHRINKS IN Q1-2014

Aggregate BCI

The 1st quarter 2014 aggregate Business Confidence Index (BCI) shrinks to 11% from 17.6% it posted in Q4-2013. This represents 6.6% point drop of the index over Q1-2013 and Q3-2013. The drop of the BCI score at this time suggests that business leaders are increasingly wary of some lingering uncertainties in the country. This is a signal that investors are likely going to be softer towards expanding their interest in Nigeria over the next few months.

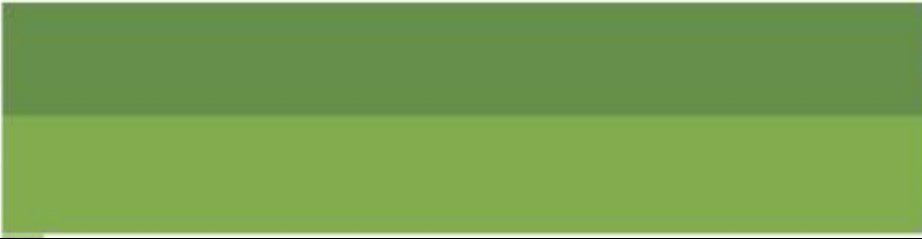
BCI Thresholds

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

Factors such as slower consumer demand, lagged approval of federal budget, political realignments, tight credit conditions, adverse public power supply and the lingering security challenges largely contributed to the depressed confidence level at this time.

Sectoral BCI

All the sectors except manufacturing reported positive but very weak business confidence levels. Over the last one year, the manufacturing sector has consistently remained at the bottom of BCI league table by steadily posting increasing negative confidence levels. The most disturbing factor for manufacturers includes: the influx of imported and substandard products, poor



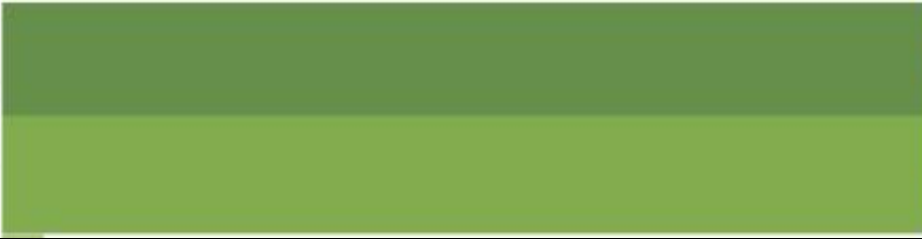
access to credit, high cost of doing business and inhibitive activities of government regulatory/monitoring agencies.

Sector BCI Scores

	Q1-2014	Q4-2013	Q1-2013
Hotel & Restaurant	14%	19%	37%
Telecoms / Postal	NIL	27%	8%
Oil & Gas	4%	11%	7%
Finance & Insurance	23%	15%	7%
Professional Services	10%	19%	3%
Others	22%	22%	4%
Distributive Trade	17%	23%	-1%
Agriculture	13%	19%	-1%
Building & Construction	5%	5%	-8%
Manufacturing	-10%	-2%	-11%

The BCI scores for Q1-2014 also show a significant drop over Q4-2013 numbers across the sectors with the exception of finance. The agricultural sector remains confident at 13% from the adverse business confidence it posted in Q1-2013. Notwithstanding, concerns over Poor access to credit, infrastructure shortcoming and inclusiveness of FG's ongoing agricultural transformation remain.

This evidence suggest that while operators in the agricultural sector are hopeful of better days ahead, expansion and new investment in the Nigerian

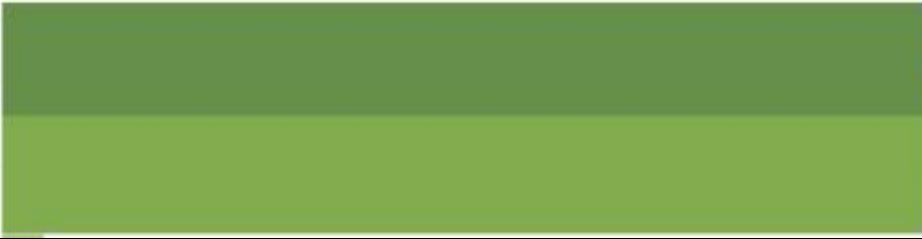


manufacturing sector will potentially remain held down by the lingering challenges confronting manufacturers especially the SMEs in the country.

SOURCES OF UNCERTAINTIES IN Q1-2014

Sectors	Key Concerns
Oil and Gas	Operators in the oil and gas industry are mostly disturbed by the uncertainty surrounding passage of the PIB and the emerging developments in the global oil and gas market.
Professional Services	The 2014 FG budget crisis and expected delays, crowding out by offshore consultants and new political realignments in the country were mostly the concern of players in the professional business services.
IT/Telecoms	Adverse public power supply and FG budget delays are on top of concerns for operators in the IT/Telecom sector.
Finance	Business leaders in the financial services sector mentioned macroeconomic fluctuations, policy uncertainty and issues concerning the Next CBN Governor as key sources of concern to them.
Agriculture	The agricultural sector is mostly troubled by poor access to credit, infrastructure shortcoming and concerns over the inclusiveness of FG's ongoing agricultural transformation
Manufacturing	Manufacturers especially the SMEs key challenges includes: Sticky access to credit, influx of fake and substandard products, preferences on foreign manufactured goods, regulatory infractions and worsening public power supply
Building and Construction	Building and construction industry eluded that FG Budget crisis, poor credit conditions, delayed payment of contractors and increasing security challenges impacted their confidence levels at this time.

About 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.

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