

News Release

KASI CONSUMER CONFIDENCE INDEX

GHANA, CAMEROON, IVORY COAST, KENYA, TANZANIA, SOUTH AFRICA & NIGERIA

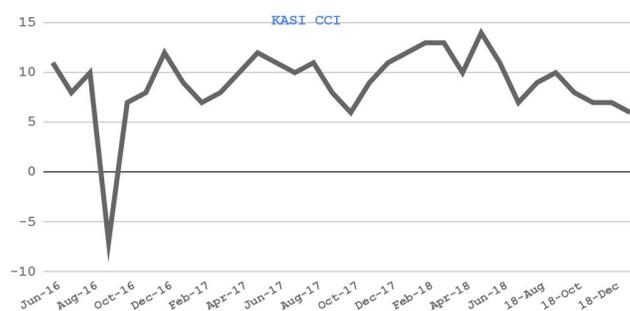
Consumer confidence in Nigeria declines ahead of elections

KEY FINDINGS

KASI CCI drops slightly by 1 percent

Short-term Outlook dampened by Negative Job Prospects and Constrained Budgets

Long-term Outlook remains positive despite month over month decline



In contrast to recent months, there were no drastic movements of individual index scores for all seven countries leading to a mild 1 percent drop to the global consumer confidence index metric. Kenya is the bright spot with an increase from +10 to +15, while the other 6 countries' confidence figures declined within a range of a maximum of 5.

Short-term Outlook dampened by Negative Job Prospects and Constrained Budgets

Consumer's evaluation of the current economic conditions moved up slightly +1 but remained negative at -11. This was strongly driven by continued challenges in the job market despite a 6 points increase of the job sub-index (-22 from -28), combined with budget constraints post holidays as reflected by a lower number of respondents looking to make large purchase.

Long-term Prospects remain positive despite month over month decline

Despite a negative sentiment in the short term, the long-run outlook remains positive despite a slight decrease from +15 to +12. This decline

was largely influenced by consumers expecting to spend less on large purchase over the next 6 months; the sub-index capturing consumers' expectation of increased spending in the upcoming 6 months in comparison to the last 6 months drastically dropped from +11 to +4.

Ghana Central Bank "Surprise" Actions Not Purely Unexpected

In general, market participants were not anticipating the decisive action taken by Ghana's central bank to cut the policy rate from 17 to 16 percent. While macro data remain strong, we had observed a rapidly dwindling consumer confidence index since November 2018 driven by decrease spending, a banking crisis and an overall high cost of living. The CCI in Ghana is down 35 point since January 2018 marking the largest drop amongst the countries we track.

Nigeria Heads to the polls

As indicated in the previous month's release, we are closely monitoring CCI movement for countries undergoing elections. With Nigeria's elections set for the 16th of February, a 3 point

decline in Nigeria's consumer confidence index for the month of January can be regarded as fairly modest given that a month prior to the election, Cameroon recorded a 7 point drop while Kenya recorded a 5 point drop in consumer confidence index levels. Reports indicate that economic activity and private consumption in Nigeria was fairly suppressed in the final quarter of 2018 by a high unemployment rate coupled with inflationary pressures. Despite the election outcome, the new government faces the responsibility of tackling social and economic ills including the urgent task of eradicating extremist-group attacks which have resulted in the loss of many lives.

Can the African Free Trade Agreement (AfCFTA) boost consumer confidence across the continent?

Achieving index levels in the regions of +30 at both the individual and global scale is a rare phenomenon which was last recorded for Ghana in September 2018. At times, while the CCI is increasing in one country, it is concurrently

regressing in other countries thus dampening the overall positive sentiment. Historically, confidence has been driven by job prospects coupled with the purchasing power for goods and services (inflation/disinflation). We've seen elections, structural crisis (power, food) and also industry crisis (banking in Ghana) negatively impacting confidence in Africa. There is hope with the expected implementation of the AfCFTA in March 2019. AfCFTA will be the largest free trade zone in the world with the opportunity to create a \$3.4 trillion market. We believe that a successful implementation of the trade zone can bring the kind of conditions that can really boost consumer confidence, not just in one country but in several countries. Under the agreement, prices are expected to drop (reduction of tariffs), companies will have access to larger markets and people will be able to move freely to find jobs and opportunities. We eagerly anticipate this ground-breaking treaty and will closely monitor consumer confidence index in the post AfCFTA era.

COMMENT

Esther Bhosha, Junior Economist at KASI Insight, which compiles the KASI CCI survey, commented: "Time and time again, we've seen the value of combining top down and bottom up data to get a holistic view of an economy. The actions taken by the Ghanaian Reserve Bank in a bid to stimulate economic activity were in line with our anticipation based on our observation of the consumer confidence. We welcome the move."

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Methodology

KASI Consumer Confidence Score (KASI CCI) is a composite index compiled from a seven-question survey that runs monthly via our consumer polls in the countries covered. The data output is based on a fresh, randomly selected representative sample of city dwellers aged 18-64.

Released the first week of every month, KASI CCI provides a focused view on consumer perceptions in seven African urban centers (Ghana, Nigeria, Kenya, South Africa, Cameroon, Ivory Coast, Tanzania) where most spending in the continent is concentrated.

For each question, the final metric will be a 'balance measure' of the percentage of positive responses minus the percentage of negative responses. The overall metric will be an average across all the questions.

January 2019 data were collected 01/18 to 02/06, 2019.

For further information on the KASI CCI survey methodology, please contact info@kasiinsight.com

About KASI Insight

KASI Insight is an award-winning consumer and market intelligence firm that provides reliable data and actionable insights on the largest economies in Africa to the global business community.

Turn the best of the African consumer into a competitive advantage. We engage, question, learn from consumers and market participants in over 10 markets in Africa to uncover what success means to them in order to help your company take a leadership position in these markets.

With our consumer indices, we provide greater visibilities into the economic realities of Africa.

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