

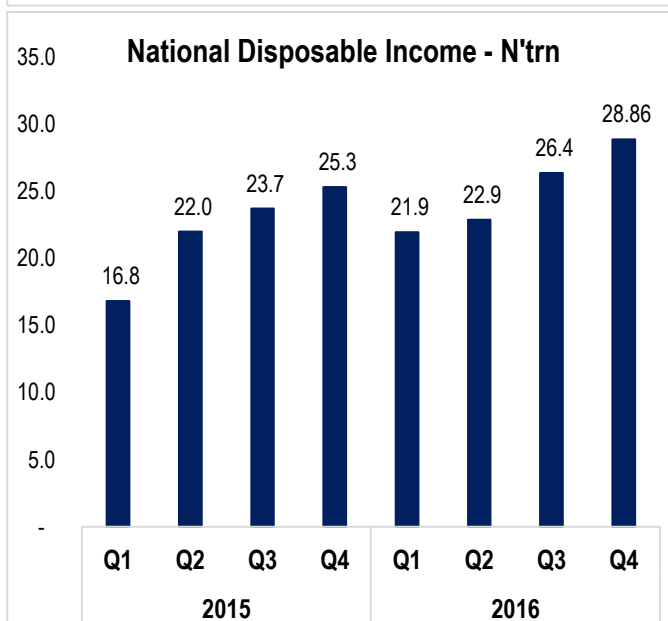
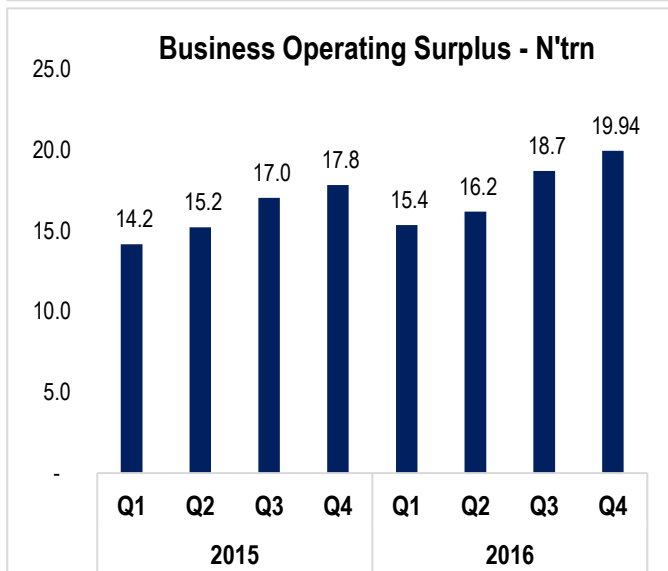
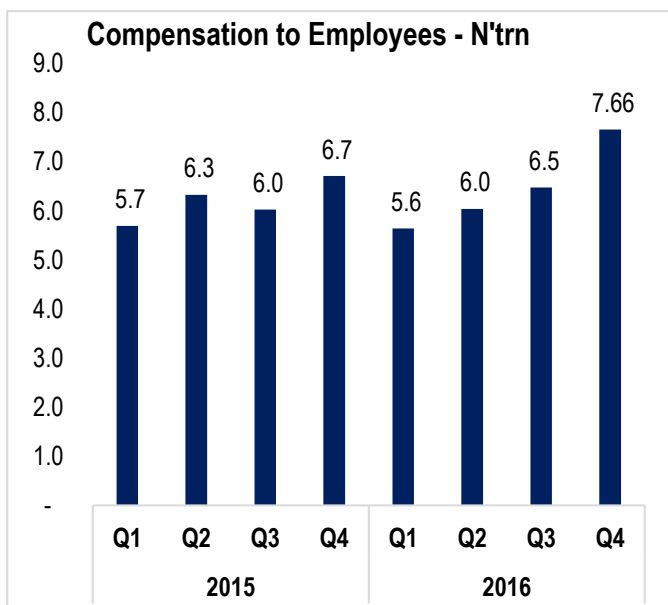
Business Profit and Consumer Income to Increase

FSDH Research expects business profit and consumer income to grow higher in 2018 than in the last three years. Our analysis of the recent data from the Central Bank of Nigeria (CBN) on the business and consumer expectations confirms this position. The surveys that the CBN conducted in December 2017 show that the expectations of firms and consumers about the next 12 months improved from previous months.

The improvement in the business expectations should drive business expansion and increase the employment of labour. This in turn will increase the consumers' purchasing power. On the other hand, the increase in consumer expectations will increase spending which will have positive impact on businesses. The interrelationship between the two economic agents (business and consumer) will drive business profit and consumer income

The latest Purchasing Managers' Index (PMI) report that the CBN published for the month of December 2017 shows improved business activities in both the manufacturing and non-manufacturing sectors. At 59.3 and 62.1 points, the Composite Manufacturing PMI and Composite Non-Manufacturing PMI respectively attained the highest levels since January 2015.

The impact of the expected growth in the business profit and consumer income is positive to the financial market. We expect it to drive equity market investments and position corporates to access long-term capital needed for expansion. Banks should also be more favourable to extend credit to both businesses and individuals, leading to a growth in the National Disposable Income.



The recent drop in the yields on the Nigerian Treasury Bills (NTBs) should also lower the borrowing cost for the business sector, boost production activities and increase profits. This will in turn boost activities in the Corporate Bond Market (CBM) in Nigeria.



Sources: Central Bank of Nigeria and National Bureau of Statistics

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