

NESG-Stanbic IBTC
**Business
Confidence
Monitor**

Private Sector Sustains Growth Momentum
Amid Obvious Business Risks and Challenges



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Private Sector Sustains Growth Momentum Amid Obvious Business Risks and Challenges.

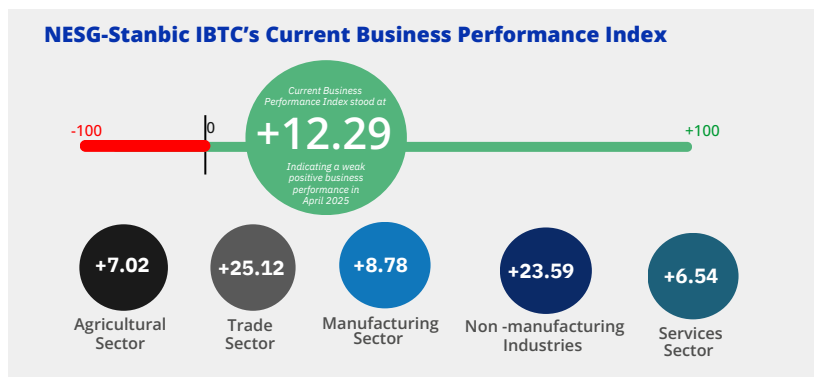
Executive Summary

The Business Confidence Monitor (BCM) is the flagship survey-based report of the Nigerian Economic Summit Group (NESG), supported by Stanbic IBTC. The report obtains qualitative information on the current business performance within the Nigerian economy and gauges expectations about overall economic activities in the short term. It is anchored on business managers' optimism on key leading economic indicators such as investment, prices, demand conditions, employment, etc.

Key Findings

Current Business Performance (April 2025):

- Businesses in Nigeria recorded their highest Business Confidence Monitor (BCM) index after maintaining positive performance for the fourth consecutive month in 2025, beginning the second quarter of the year on a positive note.
- The current Business Performance Index for April 2025 stands at +12.29, indicating a mildly positive performance and an improvement compared to +6.58 in March 2025.
- Ranking of business challenges in April remains similar to March 2025, with power supply shortages continuing to pose the biggest obstacle to business growth. This is followed by the high cost of commercial leases and rental properties, limited access to finance, unclear economic policies, and restricted availability of foreign exchange.

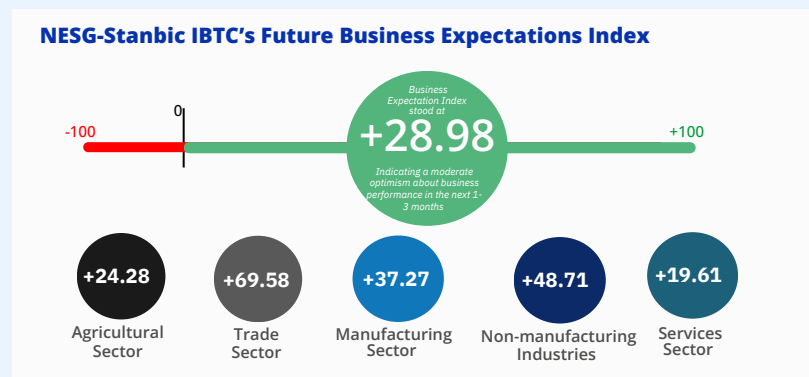


Future Expectations (Next One to Three months):

- The Business Confidence Measure (BCM) recorded a positive index of +28.98, reflecting cautious, optimistic expectations about business improvement in the next one to three months. This level is slightly higher when compared to figures for March 2025.
- Anticipated improvements in general business situation, operating profits, cash flow production levels, and demand conditions, fuelled this level of optimism.
- Among sectors, Trade exhibits the highest optimism with an index of +69.58, while Services, at +19.61, shows the least confidence in future performance.

Sectoral Insights

- Business expectations outlook across the five economic sectors is mainly moderate and cautiously optimistic. Trade, Manufacturing and Non-manufacturing sectors exhibited moderate optimism, while Services and Agriculture sectors recorded cautious optimism.
- The sector indices revealed that Trade (+69.58), Non-manufacturing (+48.71) and Manufacturing (+37.27) demonstrated higher optimism. Conversely, the Agriculture (+24.28) and Services (+19.61) sectors expressed cautious optimism regarding business improvement.
- Businesses anticipate improvements in general business situation, operating profits, cash flow production levels, and demand conditions, all of which are expected to drive enhanced business activities in 2025.



BCM Framework

The NESG-Stanbic IBTC BCM combines leading qualitative indicators on Production, Investment, Export, Demand Conditions, Prices, Employment, and the General Business Situation to gauge the overall business optimism of the Nigerian economy.

The target respondents for the Business Confidence Survey (BCS) are business establishments operating in Nigeria that have been engaged in economic activities since the beginning of 2023. The survey is administered to senior managers and business executives.

The Contextual Definition

For the report, we define business confidence as a pool of economic indicators that measure the current business condition and the extent of optimism or pessimism that business managers feel about the general state of the Nigerian economy as it affects key business decisions within three months.

Economic Sectors Covered in the Report

Trade: Wholesale Trade | Retail Trade

Manufacturing: Food, Beverage, and Tobacco | Textile, Apparel, and Footwear | Cement | Chemical and Pharmaceutical Products | Plastic and Rubber products | Wood and Wood Products | Pulp, Paper and Paper Products | Non-Metallic Products | Electrical and Electronics | Basic metal, Iron and Steel | Motor vehicles & assembly | Other Manufacturing

Non-Manufacturing Industries: Crude Petroleum | Natural Gas | Oil and Gas Services | Construction

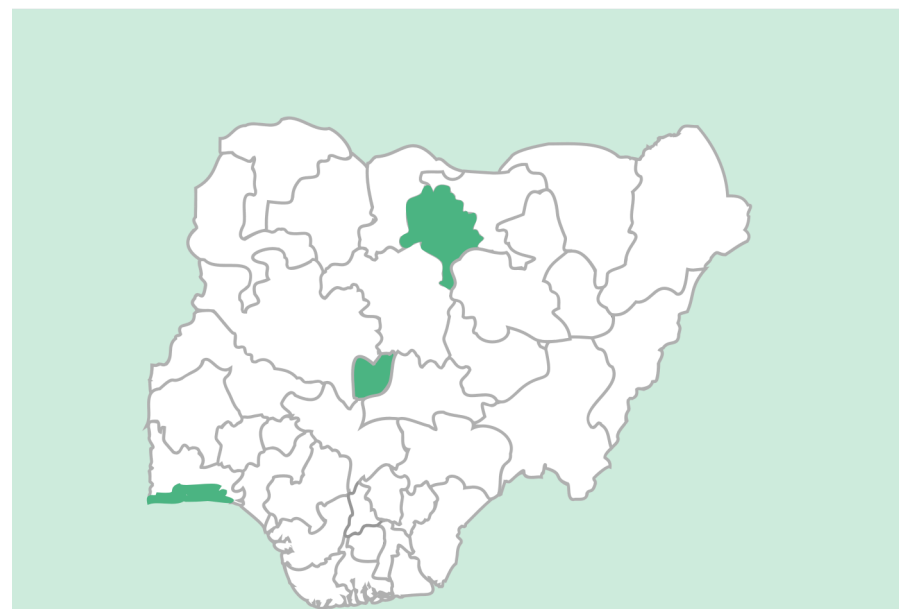
Agriculture: Crop Production | Livestock | Agro-Allied | Forestry | Fishing

Services: Telecomms & Information Services | Broadcasting | Financial Institutions | Real Estate | Professional, Scientific and Technical Services

Data Source

The data set for constructing NESG-Stanbic IBTC's BCM indices is generated from various qualitative responses reported in the BCS. The BCS, a monthly survey conducted by NESG, gathers information on various variables across different economic activities from owners and managers of businesses operating in Nigeria.

The survey was conducted in Lagos, Kano, and Abuja to provide the key information that turns the NESG-Stanbic IBTC BCM into a representative monthly measure of managers' confidence in the Nigerian business environment.



Business Conditions in April 2025

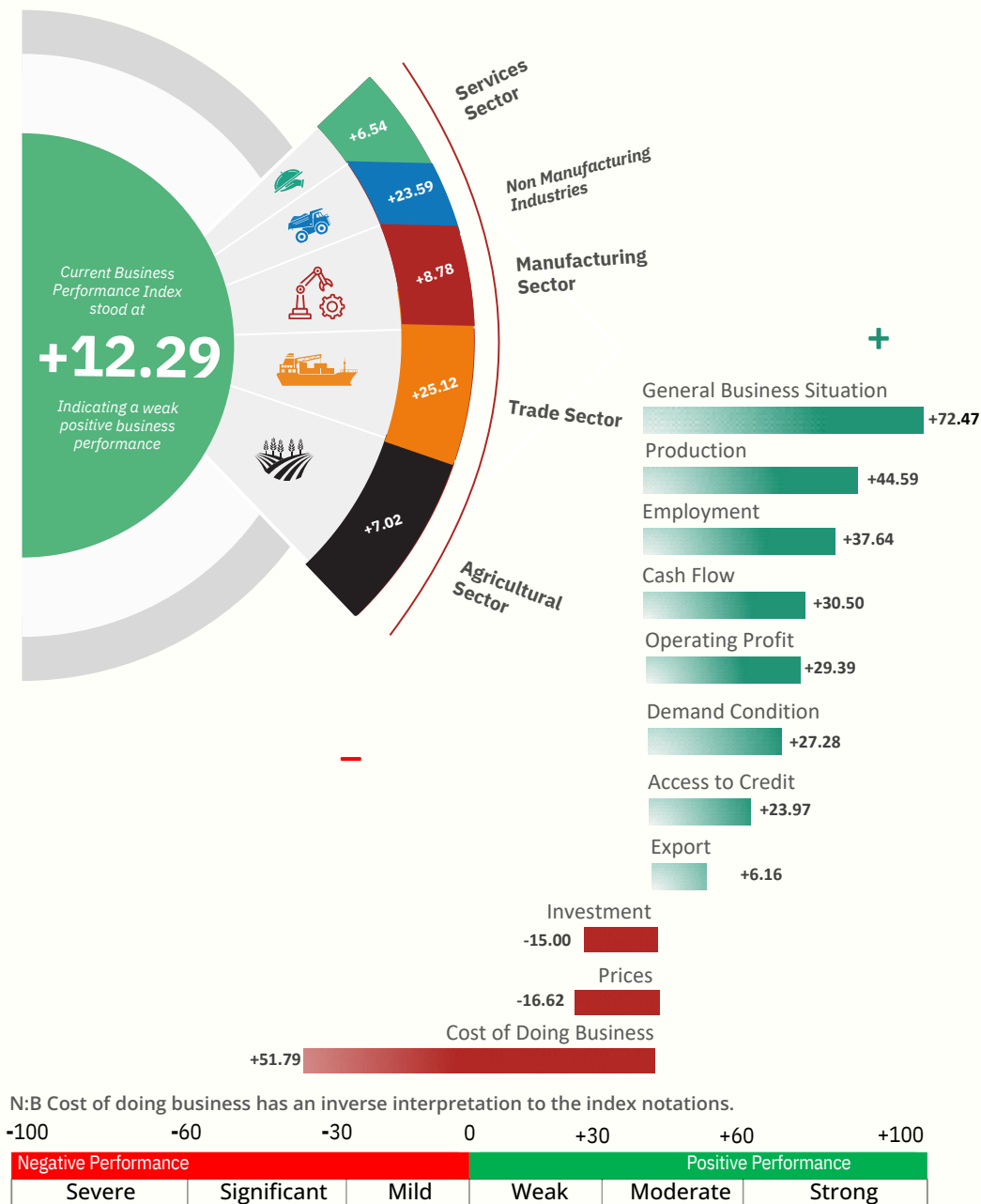
Nigeria's business environment recorded a positive performance in April 2025, sustaining the favourable momentum observed since the beginning of the year. The NESG-Stanbic IBTC Business Confidence Monitor (BCM) showed an increase in the Current Business Index to +12.29 in April 2025 from +6.58 in March 2025. This performance is driven by improvement in business conditions and the uptick in business activities.

A sub-sectoral analysis indicated weakly positive outcomes across all economic sectors included in the index. Notable strong performances were recorded in Trade (+25.12) and Non-manufacturing (+23.59), followed by Manufacturing (+8.78), Agriculture (+7.02), and Services (+6.54). While all sectors improved relative to their March 2025 performance, the Trade sector recorded the most significant leap, from +0.51 in March to +25.12 in April. The rise coincided with two major festivals that typically drive higher spending on food, clothing, and household goods

Despite the generally positive trend, structural challenges continued to dampen overall business growth. The general business situation remained positive, with improvements in production levels, operating profits, cash flow, and employment. However, the cost of doing business slightly worsened, rising to +51.79 in April from +48.44 in March 2025.

The most significant negative indicators were reduced investment (-15.00) and declining price levels (-16.62). These factors, combined with other weak business conditions, collectively slowed business activity and growth in April 2025.

Persistent power shortages, high commercial lease/rental property costs, limited access to financing, inadequate foreign exchange availability, and unclear economic policies emerged as key constraints to business expansion. High commercial lease/rental property costs remained a notable challenge for the second consecutive month, highlighting their disruptive effect on business operations. Similarly, restricted access to financing continued as a structural barrier, further limiting business growth throughout the month.



AGRICULTURE

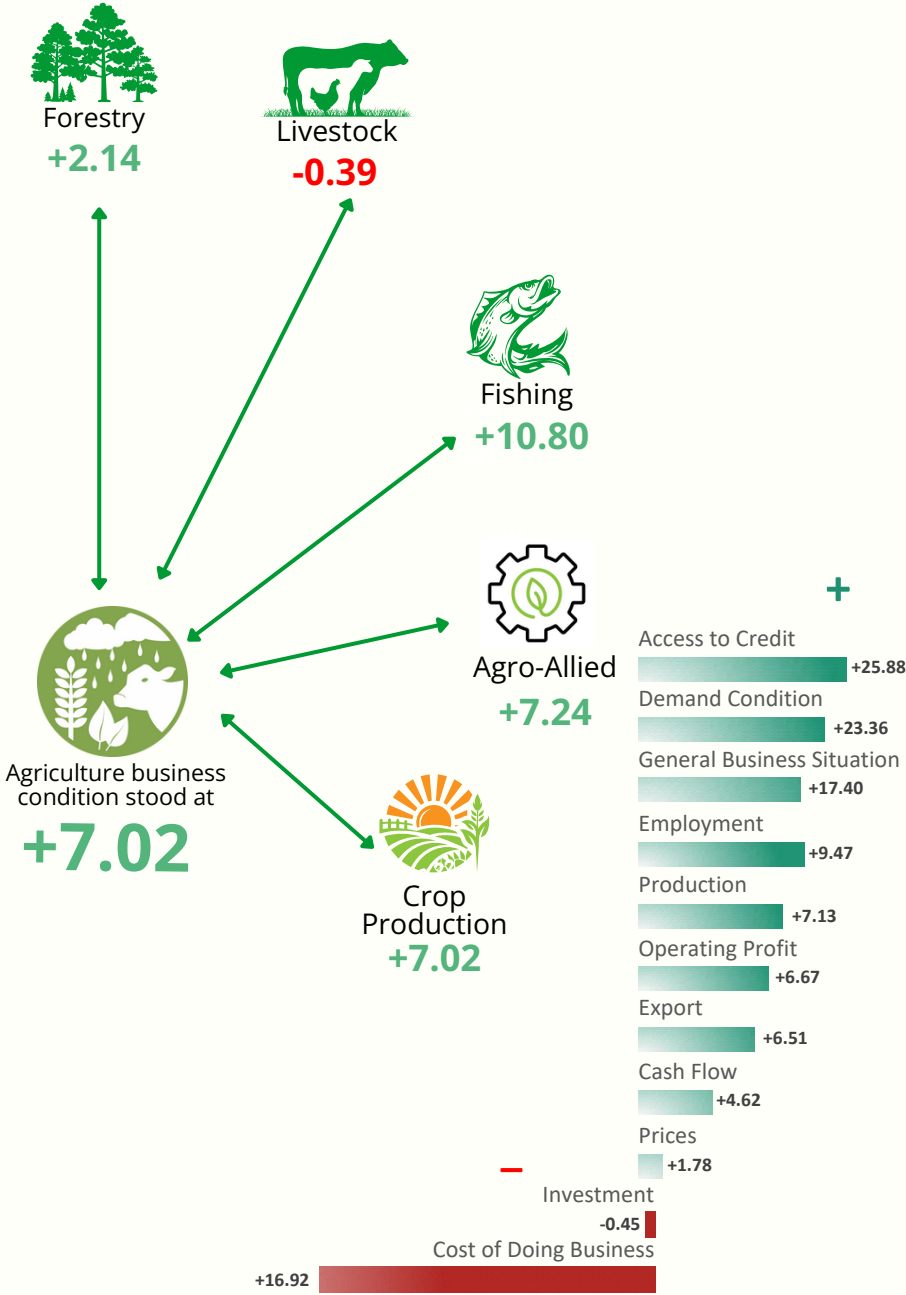
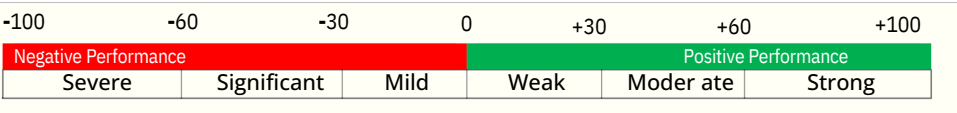
The NESG-Stanbic IBTC Business Confidence Monitor (BCM) Index for the Agriculture sector showed a notable recovery in April 2025, with a positive business performance of +7.02, up from -2.39 in March 2025. This improvement was driven by strong gains across most sub-sectors, namely Crop Production, Agro-Allied, and Fishing, which more than offset weaker performances in Livestock and Forestry.

A closer look at the five agricultural sub-sectors revealed both opportunities and constraints. Only the Livestock sub-sector recorded a negative business performance, with an index score of -0.39. In contrast, Fishing (+10.80), Crop Production (+7.58), Agro-Allied (+7.24), and Forestry (+2.14) posted positive results. Yet, business owners, particularly in Crop Production and Livestock, are grappling with a range of structural issues that threaten operational sustainability.

Chief among these is the inadequate and unstable power supply. Many businesses reported a heavy reliance on electricity to power equipment such as dryers and chick warmers. Inconsistent power supply has forced reliance on costly diesel generators, which further inflate operational expenses, contributing to a cost-of-doing-business index increase of +16.92.

Despite these challenges, several key indicators signalled a relatively stable and improving agribusiness climate. Business owners reported improvements in operating cash flow, the general business environment, production levels, and demand conditions. Operating profits remained positive, helping to sustain overall performance.

Nevertheless, escalating rental costs have become a serious concern, particularly for smallholder poultry producers, making business premises increasingly unaffordable. Inflation, high transportation costs, and rising prices of inputs remained persistent challenges. These cost pressures have significantly increased production expenses, while selling prices have either stagnated or declined due to reduced consumer purchasing power. As a result, many agribusiness owners continue to struggle to break even.



MANUFACTURING

In April 2025, the NESG-Stanbic IBTC Business Confidence Monitor (BCM) Index for the Manufacturing sector posted a positive performance at +8.78, reflecting a slight uptick from +8.25 in March 2025. This modest growth highlights the resilience of the sector despite numerous structural challenges constraining firms' growth, profitability, and long-term sustainability.

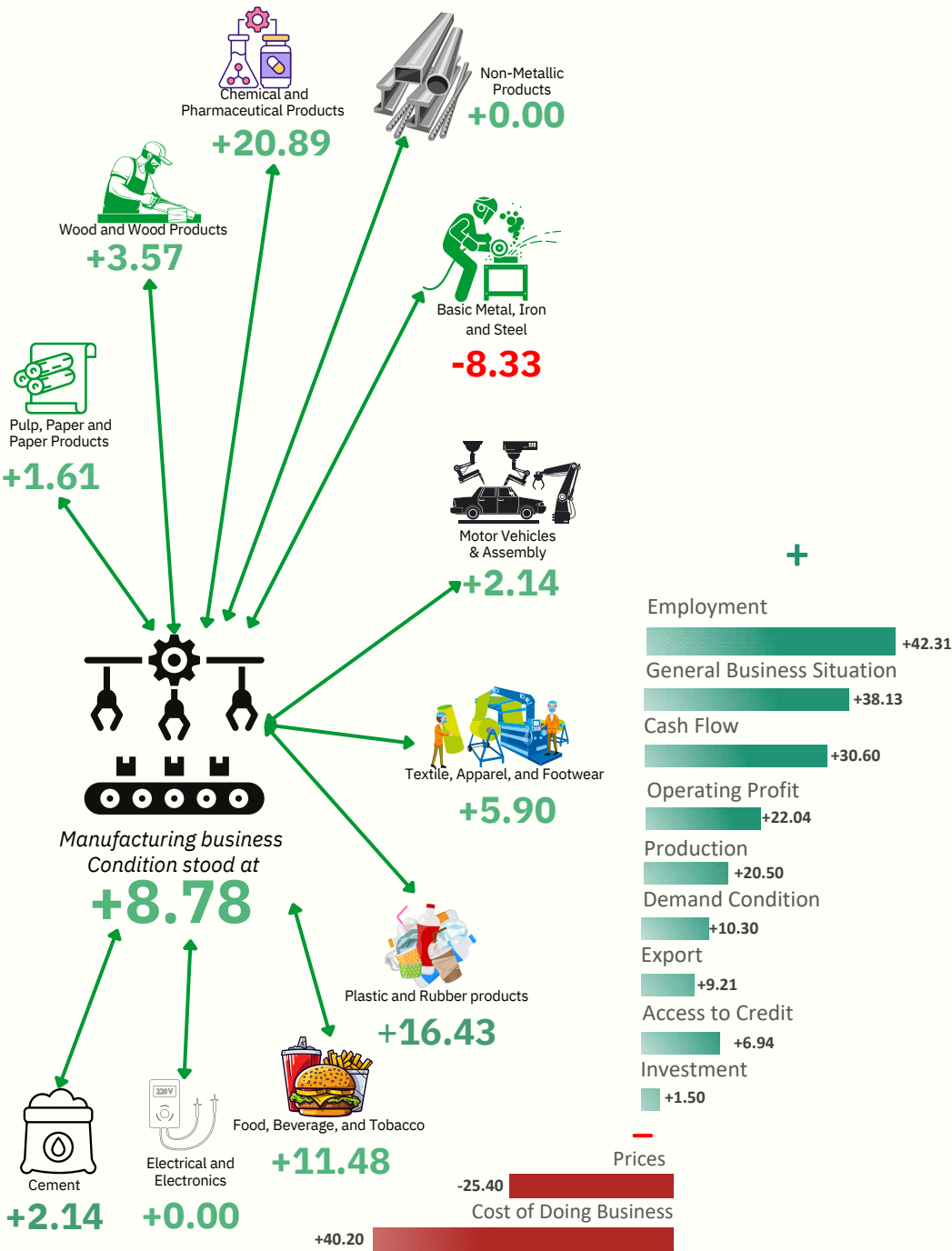
Limited production space has curtailed operational capacity, further restricting access to financing. This situation is exacerbated by widespread insecurity and an unstable macroeconomic environment. As a result, manufacturing firms adopted an extremely cautious approach to production planning in April to mitigate potential losses.

The sector's performance was primarily sustained by growth in key sub-sectors with the highest output contributions, notably: Foods, Beverages, and Tobacco, Textile, Apparel, and Footwear, Chemical and Pharmaceutical Products, and Plastic and Rubber Products, substantially improved. In addition, all manufacturing sub-sectors reported positive performance during the month, except the Basic Metal, Iron, and Steel sub-sector. The gains in the stronger-performing segments helped offset the underperformance in the lone negative sub-sector.

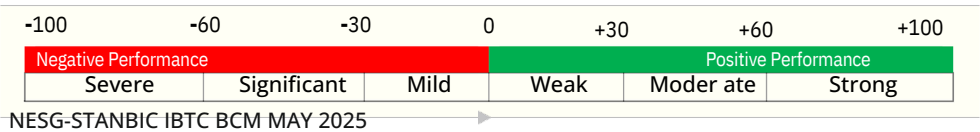
Indices for demand conditions, investments, export, operating profit, and employment improved to +10.30, +1.50, +9.21, +22.04 and +42.31, respectively, in April 2025. While indicators such as the general business situation (+38.13), production (+20.50), operating cash flow (+30.60), and access to credit (+6.94) remained positive, they showed a decline relative to March 2025 figures.

Persistent structural bottlenecks continue to weigh heavily on the sector. The Cost of Doing Business Index rose to an elevated +40.20, while the Prices Index declined to -25.40, underscoring rising inflationary pressures and high interest rates. Firms reported skyrocketing operational expenses due to inflation and chronic macroeconomic instability.

Manufacturers' heavy reliance on power-driven equipment has made them dependent on costly diesel-powered generators, given the unreliability of public electricity. Insecurity in areas with accessible raw materials further limits input sourcing, forcing firms to rely on more expensive alternatives, substantially inflating production costs.



N:B Cost of doing business has an inverse interpretation to the index notations.



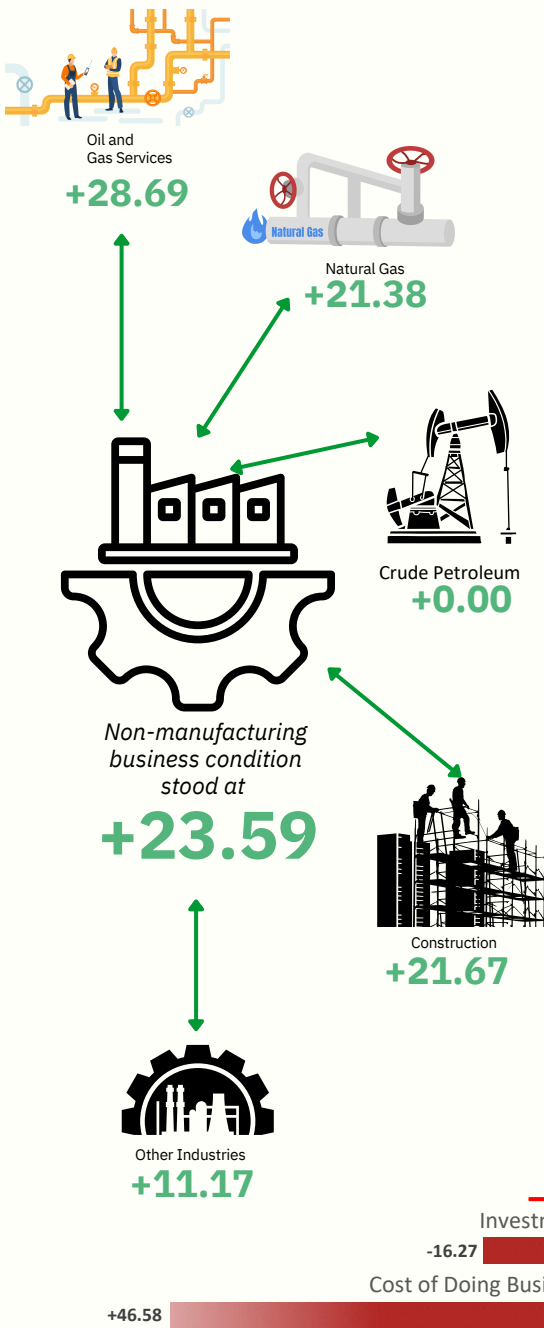
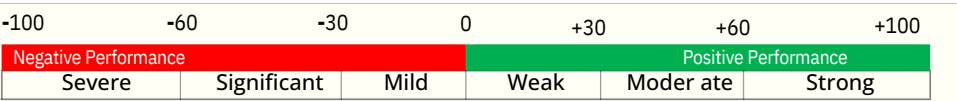
NON-MANUFACTURING INDUSTRIES

Maintaining its positive momentum for the third consecutive month in 2025, the NESG-Stanbic IBTC Business Confidence Monitor (BCM) index for Nigeria's non-manufacturing sector stood at +23.59, indicating modestly positive business performance. This performance marks sustained growth from +19.19 in March 2025. Operators attributed the improvement in the sector's performance to increased disbursement of public infrastructure funds, which boosted contract activity and improved liquidity, while the dry season enabled uninterrupted construction and production activities.

The overall positive trend in the non-manufacturing sector was reflected across various economic activities. Notably, Construction, Oil & Gas Services and Others posted improved performance with index values rising to +21.67, +28.69, and +11.17, respectively. These gains were primarily driven by stable Naira rates, supported by predictable import costs, which encouraged project scaling. Lastly, reduced pipeline vandalism in the Niger Delta also enhanced oil extraction and transport efficiency.

An improved general business environment, increased production, rising demand, stronger exports, and higher operating profits chiefly supported the sector's recovery. This situation suggests that businesses are capitalising on improved conditions within Nigeria's Oil & Gas and Construction sectors.

Nevertheless, existing business challenges persist. The high cost of doing business (+46.58) and subdued investment activity (-16.27) hindered broader growth. Operating a business in today's economic climate is extremely challenging, with unreliable power supply driving up costs due to reliance on diesel generators. Inflation, interrupted power supply, and high diesel prices continue to strain business operations. Multiple taxes and regulatory hurdles make long-term planning and investment activities difficult. In addition, poor infrastructure, rising transportation costs, and widespread insecurity disrupt supply chains and limit access to raw materials. Escalating import costs and high exchange rates have made key inputs unaffordable, while local sourcing remains difficult.



N:B Cost of doing business has an inverse interpretation to the index notations.

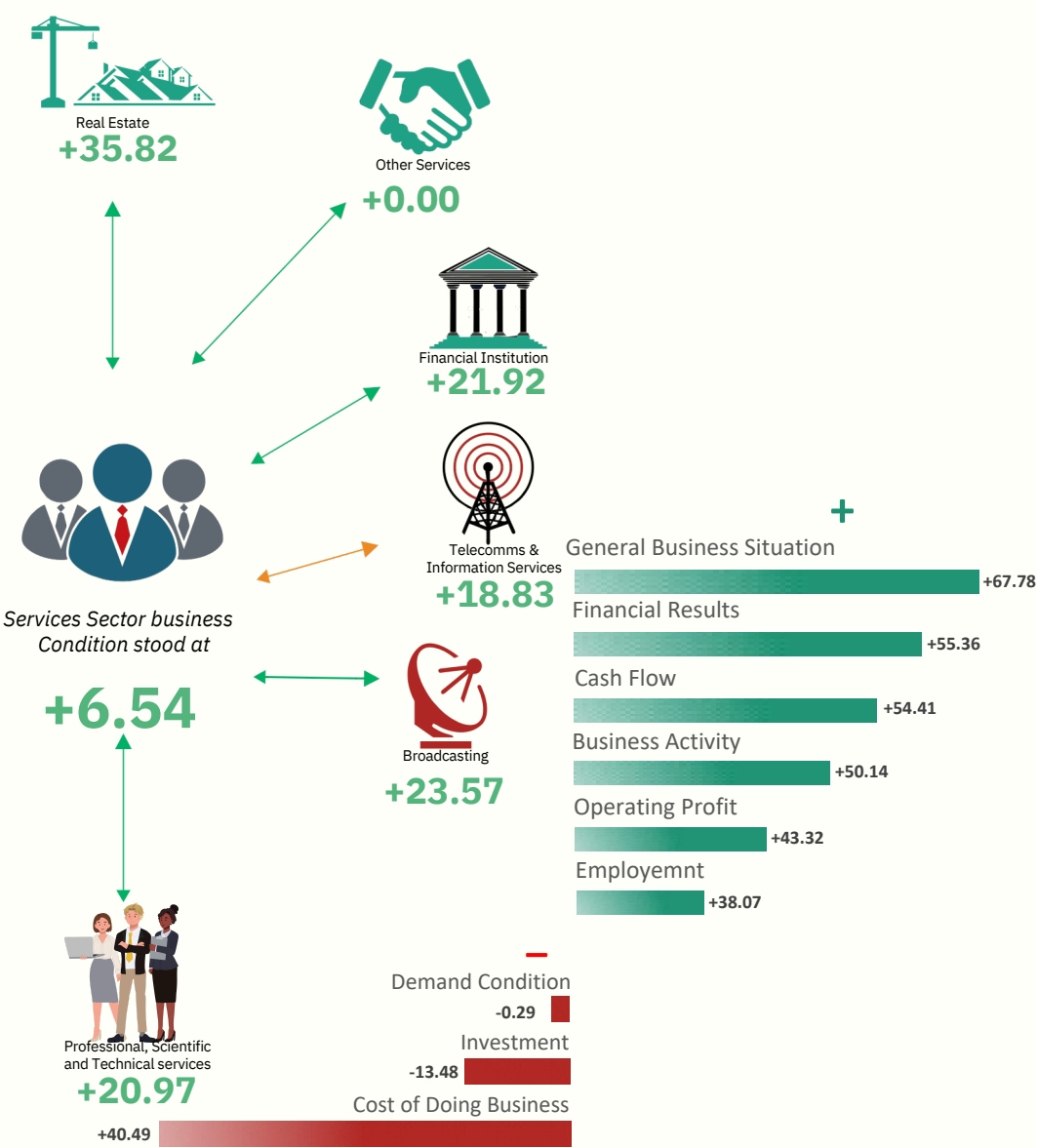
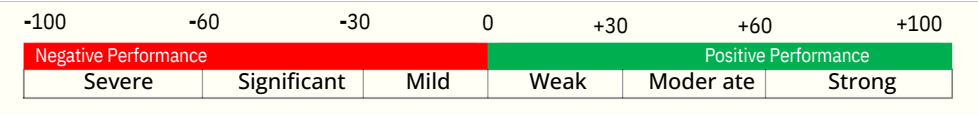
SERVICES

At the start of Q2 2025, Nigeria's Services sector sustained its positive business performance for the third consecutive month. The NESG–Stanbic IBTC Services Business Confidence Monitor (BCM) index rose slightly to +6.54 in April, up from +5.51 in March. This improvement was driven by growing customer demand and increased output. In response, firms expanded capacity and employment; however, structural challenges continued to limit the extent of this growth.

Five of the six major service sub-sectors recorded weak but positive business performance. Real Estate led with a moderate index of +35.82, followed by Broadcasting (+23.57), Financial Institutions (+21.92), Professional Services (+20.97), and Telecommunications & Information Services (+18.83). Notably, the uptick in performance in April 2025 was due to a combination of factors, including strong consumption, improved business activity and higher cash flow.

The continued recovery was supported by improvements in the general business climate, business activity, cash flow, and operating profits. However, the cost of doing business remained elevated in April due to rising energy prices, exchange rate depreciation, and high logistics costs. These factors eroded competitiveness and financial stability, weighing down investment (-13.48) and demand conditions (-0.29).

Key performance indicators showed generally positive trends: general business situation (+67.78), financial results (+55.36), cash flow (+54.41), business activity (+50.14), and operating profits (+43.32). Despite this, investment lagged, and the cost of doing business remained a major concern, easing slightly to +40.49 in April from +49.11 in March, still reflecting significant financial pressures facing service-oriented firms.



N:B Cost of doing business has an inverse interpretation to the index notations.

TRADE

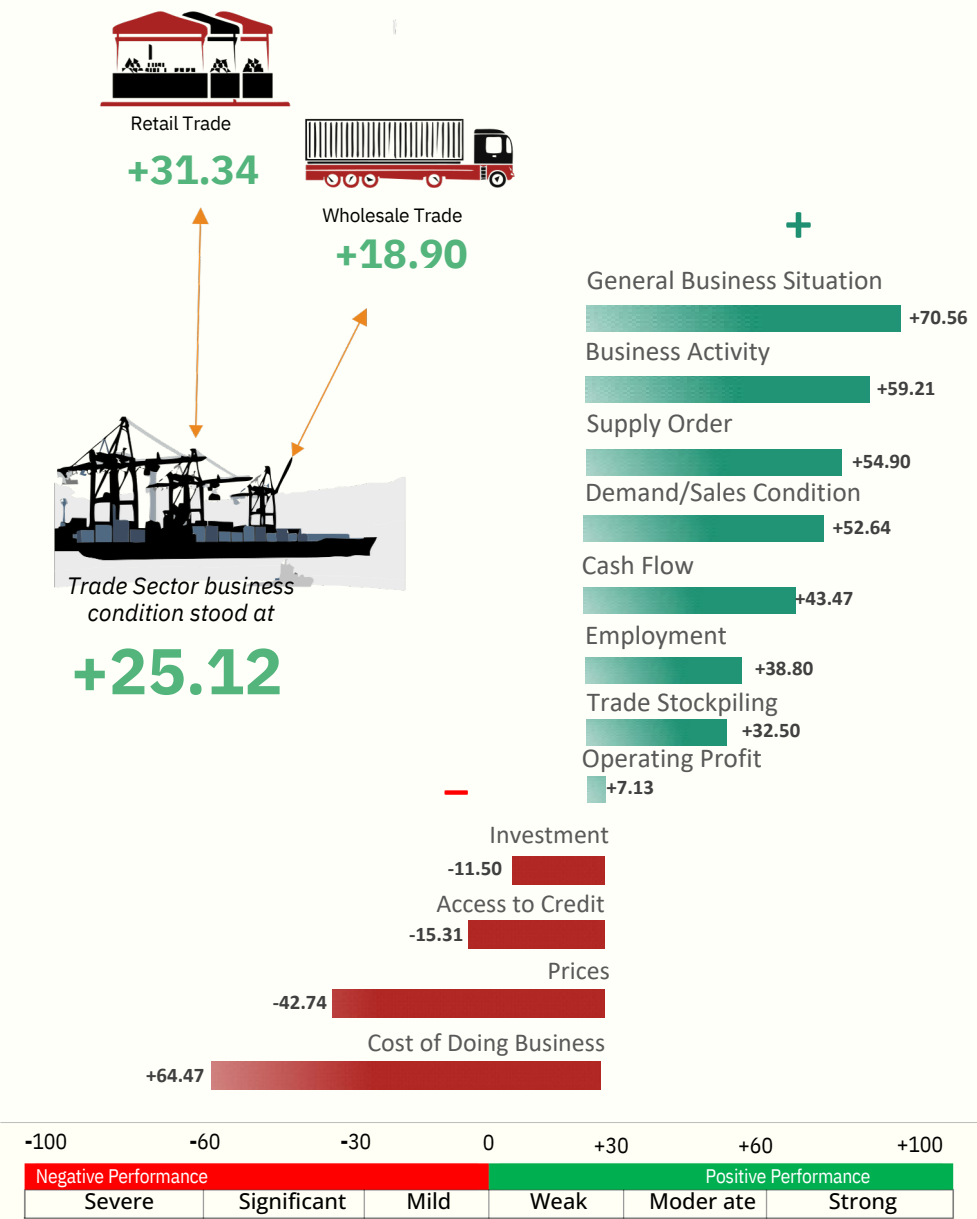
The NESG-Stanbic IBTC Trade Business Confidence Monitor (BCM) index surged to +25.12 in April 2025 from +0.51 in March, reflecting a significant improvement in business sentiment. All trade sub-sectors recorded modest but positive growth, indicating moderate increases in consumer demand and business activity. The rise coincided with two major festivals that typically drive higher spending on food, clothing, and household goods.

Improved logistics and import flows—supported by relative Naira stability and reduced port congestion—enabled more efficient inventory restocking. The Retail sub-sector saw the strongest growth, with an index of +31.34 in April (up from +0.46 in March), while the Wholesale sub-sector also rose to +18.90 (from +0.57). Urban centres like Lagos, Abuja, and Kano reported higher foot traffic and demand in both open markets and modern retail outlets, driven by seasonal spending and slight increases in disposable income. Amid economic hardship, many households turned to small-scale retail to cope, boosting informal trade volumes. Improved fuel availability further supported distribution, reducing delivery delays and expanding market reach.

Despite recent gains, key indicators such as the cost of doing business (+64.47), prices (-42.74), access to credit (-15.31), and investment (-11.50) highlight persistent constraints. Many businesses reported that growth remains hampered despite improvements in general business conditions, trade activity, stockpiling, and supply orders. A major challenge is the high exchange rate of the Naira against the dollar, which creates pricing uncertainty and disrupts inventory planning. Inflation remains elevated, driving up the cost of goods, transportation, and electricity—further squeezing profit margins and limiting expansion.

Additionally, multiple and overlapping tax regulations from different levels of government continue to burden businesses, diverting resources from core operations and eroding competitiveness. On the demand side, weak consumer purchasing power, exacerbated by school holidays and a harsh economic environment, limits sales. Insecurity in some regions compounds these difficulties, disrupting operations and requiring costly security investments.

N:B Cost of doing business has an inverse interpretation to the index notations.



Future Business Expectations

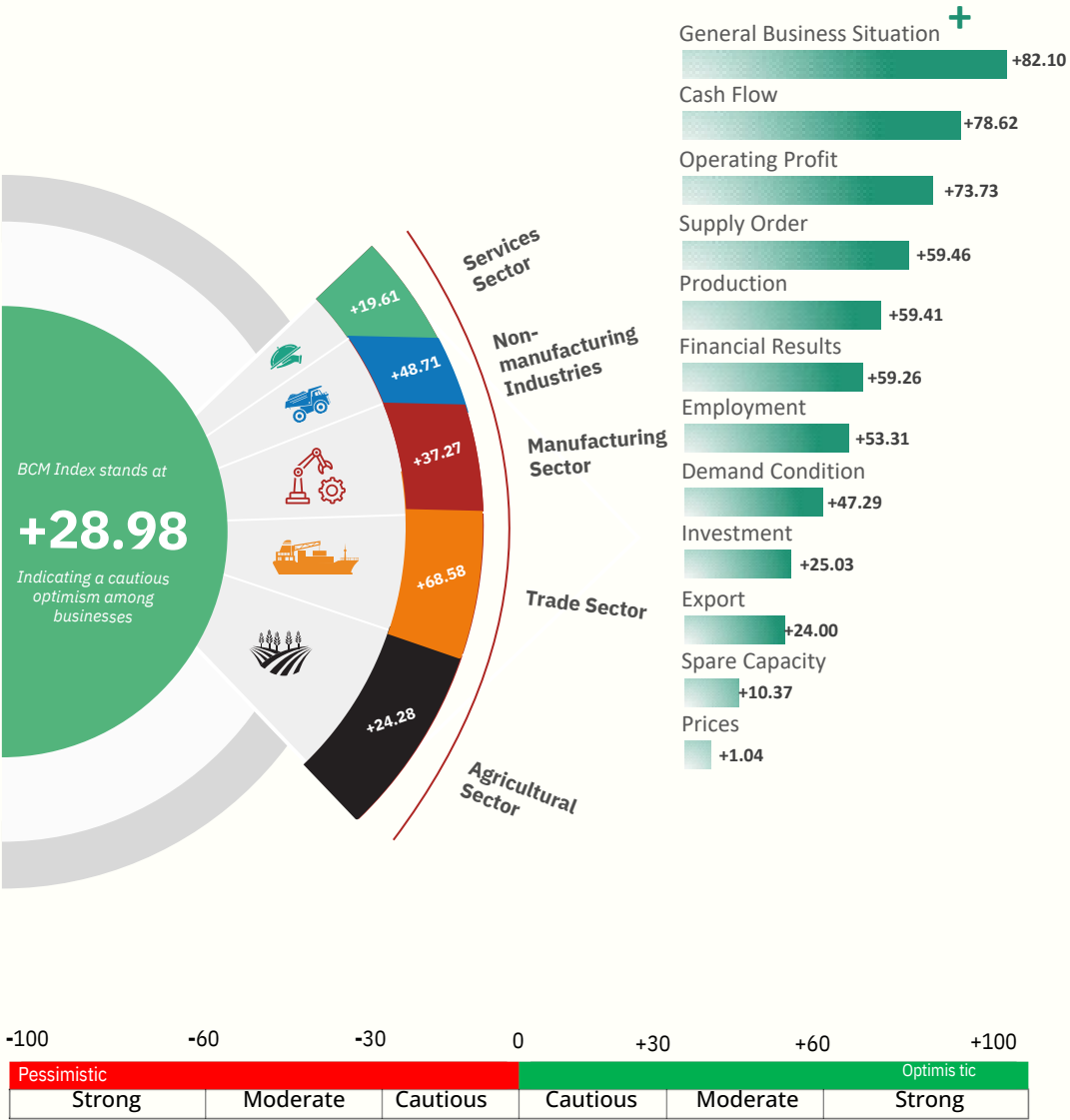
For the next one to three months, the NESG-Stanbic IBTC Future Business Expectation Index stood at +28.98 in April 2025, reflecting a slight improvement from +28.04 in March 2025. Overall, business expectations remained in the cautiously optimistic range, despite notable surges in confidence within the Trade and Non-Manufacturing sectors.

Across sectors, the Trade sector reported the strongest optimism (+69.58), followed by moderate confidence in the Non-Manufacturing and Manufacturing sectors. While Agriculture and Services sectors expressed cautious optimism about improvements in the business environment, a decline in sentiment was observed in three sectors—Manufacturing, Non-Manufacturing, and Services—compared to March. This suggests that despite higher index values, businesses are tempering their confidence in response to persistent macroeconomic challenges.

The Services sector posted the weakest future outlook at +19.61, highlighting subdued expectations amid ongoing structural bottlenecks and elevated cost pressures. Agriculture also showed a modest level of optimism at +24.28. In contrast, Manufacturing (+37.27) and Non-manufacturing (+48.71) reflected stronger confidence and moderate expectations for improved business conditions in the near term. Encouragingly, the Trade sector maintained a strong optimistic outlook for the coming months, aligning with sentiment trends observed in Q1 2025.

Key indicators reinforced this positive sentiment. The general business index rose to +82.10, signaling broad-based optimism. Supporting indices included demand conditions index (+47.29), investment index (+25.03), spare capacity index (+10.37), financial results index (+59.26), supply order index (+59.46), and price expectations index: (+1.04).

The strongest drivers of optimism were production index (+59.41), export index (+24.00), operating profit index (+73.73), cash flow index (+78.62), and employment index (+53.31). These figures suggest rising expectations for business activity, improved financial performance, and job creation. However, risks such as high inflation, elevated interest rates, and weak consumer purchasing power continue to pose significant headwinds to economic activity. These factors may slow the pace of recovery in the latter half of 2025 despite the overall optimistic sentiment.



ABOUT THE NESG

The NESG is an independent, non-partisan, non-sectarian organisation committed to fostering open and continuous dialogue on Nigeria's economic development. The NESG strives to forge a mutual understanding between leaders of thought to explore, discover and support initiatives to improve Nigeria's economic policies, institutions and management.

Our views and positions on issues are disseminated through electronic and print media, seminars, public lectures, policy dialogues, workshops, specific high-level interactive public-private sessions and special presentations to the executive and legislative arms of government.

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ABOUT STANBIC IBTC

Stanbic IBTC Bank, a member of the Standard Bank Group, is a leading financial services institution in Nigeria. Established in 1989, it provides a wide range of banking solutions including personal, business, and corporate banking services. The bank is renowned for its innovative digital banking platforms, investment options, wealth management services, and corporate financing solutions.

Stanbic IBTC is also a significant player in Nigeria's capital markets, offering asset management and pension fund administration. With a strong commitment to customer satisfaction and financial inclusion, the bank continues to support the economic development of Nigeria and West Africa.

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