

Business Confidence Monitor

Gauging the Pulse of Nigeria's
Business Environment

October 2024



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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 state of businesses' sentiment within the Nigerian economy and gauges expectations about the overall economic activities in the short-term. The report is anchored on business managers' optimism on key leading economic indicators such as investment, prices, demand conditions, employment etc.

The BCM is important for several reasons. The information about current business conditions in the Nigerian economy is vital to businesses trying to make optimal decisions about production expansion, investments, hiring, and pricing. Currently, business managers have been depending on hard data reports such as Gross Domestic Product (GDP) released by National Bureau of Statistics (NBS) to make such decisions. While such hard data on productions or investment have proved to be reasonably reliable in times of stable economic growth, they do not offer timely signals on leading, directional changes in the economy in a period characterised by low growth and uncertainties. Because such trailing indicators are often released late, they give no hint on the future direction of the economy and are less helpful in gauging present situation of the economy with short term expectations.

The BCM, therefore provides policy makers, business managers, investors, and analysts, with information about current conditions that are representative of the direction of the Nigerian economy. It does not only offers strong steer of the overall direction of the economy, it also illustrates what is driving change and highlights the key concerns of businesses for policy makers.

This inaugural edition covers the period from January to September 2024.

Key Findings

Current Business Performance (January to September 2024):

- The country's business operating environment is largely negative, as underlying business and economic challenges have amplified significantly. As a result, most businesses faced significant hurdles, limiting their growth performance.
- The current business performance index (January - September 2024) was **-11.13**, indicating a decline in business activities compared with the same period of 2023.



Indicating a mild negative business performance among businesses due to tightening state of economic activities and reduced demand conditions.

Current Business Performance:

- The weakest performance is notable in the Agriculture sector (-22.22), followed by Trade (-13.21) and Manufacturing (-6.07). Non-manufacturing (-5.21) and Services (-2.58) had the least negative business conditions.
- The main obstacles were the high prices (-26.14), limited access to credit (-21.14), constrained cash flow (-1.02), poor demand condition (-29.73), the elevated cost of business (+47.64) and reduced production activities (-14.70).
- Limited availability of foreign exchange, inadequate power supply, limited access to finance and insecurity were the major challenges in the period.

Cost of Doing Business



+47.64

The biggest contributor to negative business performance in the period under review.

Obstacles

High Prices



-26.14

Limited Access to Credit



-21.14

Reduced Production Activities



-14.70

Constrained Cash Flow



-1.09

Future Expectation

The BCM revealed a positive index of +26.86, indicating moderate optimistic expectations of business performance improvement.

Optimistic expectations are driven by the anticipated higher business activities from an uptick in investment, export performance, demand conditions, cashflows and employment.

The Services sector (+2.54) is the least optimistic, and the Non-manufacturing sector is the most optimistic (+30.54) about the future.

Sectoral Insights

The optimistic outlook, though at a cautious level, was consistent across the five (5) economic sectors covered.

Sector indices were +30.54 for Non-manufacturing, +24.46 for Trade, +23.87 for Agriculture, +21.28 for Manufacturing, and +2.54 for Services.

Majority of businesses expect improved general business conditions and production levels while financial conditions, supply orders and prices are expected to retrogress in the near term.



Introduction

BCM Framework

The 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 Business Confidence Survey

The process begins with administering the Business Confidence Survey (BCS), a prominent tool that provides a unique data set for the BCM Report. The survey gathers information on a range of variables that capture the directions of leading indicators across different economic sectors.

Target Respondents

The target respondents for the 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.

BCS Questions and Variables Sets

The BCS questions are structured to elicit qualitative responses. The focus of the qualitative information is narrowed down to specific details that gauge production levels, changes in response to policy initiatives or market sentiments, and businesses' plans and expectations for the future.

Weighting System and BCM Indices

A weighting system is applied to the BCS responses to have indices representing the Nigerian economy and signal the future direction of economic activities. The weighting system captures the differences in sectoral contribution to GDP, industry value-added, employment size, and sample representation.

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 Services | Construction | Agriculture Crop Production | Livestock | Agro-Allied | Forestry | Fishing Services

Telecomms & Information

Services | Broadcasting | Financial Institutions | Real Estate Professional, Scientific and Technical Services



BCM Methodology & Technical Notes

The Contextual Definition

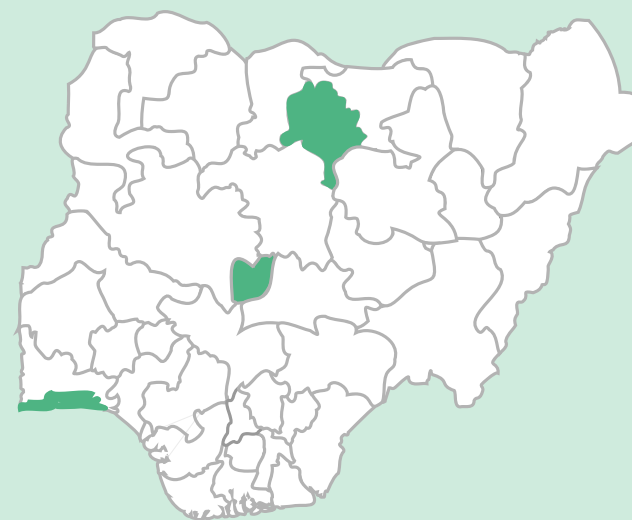
For the NESG BCM report, we define "business confidence as a pool of economic indicators which measure the current business condition and the extent of optimism or pessimism that business managers feel about the general state of the Nigerian economy as it affects key business decisions within three months.

Data Source

The data set for constructing BCM indices is generated from various qualitative responses reported in the Business Confidence Survey (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 BCM into a representative monthly measure of managers' confidence in the Nigerian business environment.

This Business Confidence Survey inaugural edition covered 540 respondents ranging from directors, senior managers, and top business executives across the Nigerian economy's Manufacturing, Non-manufacturing, Services, Agriculture, and Trade sectors.



Sectoral Distribution of Businesses

Sector	% Frequency
Manufacturing	13.9%
Non-manufacturing	13.7%
Service	22.2%
Trade	34.6%
Agriculture	15.6%
Total	100%

Business Distribution by Size of Employees

	Manufacturing	Non- manufacturing	Services	Trade	Agriculture	Total
Less than 10 Employees	20%	28%	40%	77%	54%	49%
10 to 50 Employees	55%	56%	29%	21%	40%	36%
More than 50 Employees	25%	17%	31%	2%	6%	15%
	100%	100%	100%	100%	100%	100%

How to Interpret BCM Indices

The BCM results are presented as the net values, i.e. the percentage of firms that reported an increase minus the percentage that reported a decrease. If the index is positive (+), it indicates expansion of activity; if the index is negative (-), it indicates contraction of activity. The balances are grouped to create BCM leading indicators such as Production, Investment, Export, Demand Conditions, Prices, Employment, and General Business Situation. These indicators are framed to capture the assessment of business conditions within the most recent period (monthly) and the future expectation of economic activities in one to three months.

The process is replicated for the five (5) major economic sectors covered in the BCM report: Manufacturing, Non-manufacturing, Services, Agriculture and Trade. Each indicator is weighted across three (3) stages of the weighting system. The sample and employment size weights are applied to arrive at the leading indicator categories, and each sector's value-added weights are applied to derive a weighted average, which then serves as a business confidence index.

BCM indices range from -100 to +100 percentage points. An index with a positive net balance would suggest that businesses are more confident about prospects and that economic activities will likely gather more strengths. In contrast, a negative index relates to the opposite.

I. Overall BCM & Business Optimism Index

-100	-60	-30	0	+30	+60	+100
Pessimistic			Optimistic			
Strong	Moderate	Cautious	Cautious	Moderate	Strong	

ii. Current Business Condition

-100	-60	-30	0	+30	+60	+100
Negative Performance			Positive Performance			
Severe	Significant	Mild	Weak	Moderate	Strong	

Overview of the Results

Based on the responses from firms surveyed across the Trade, Agriculture, Manufacturing, Non-manufacturing, and Services sectors, there is an indication that economic activities will continue to experience fragile recovery and constrained business momentum over the next few months.

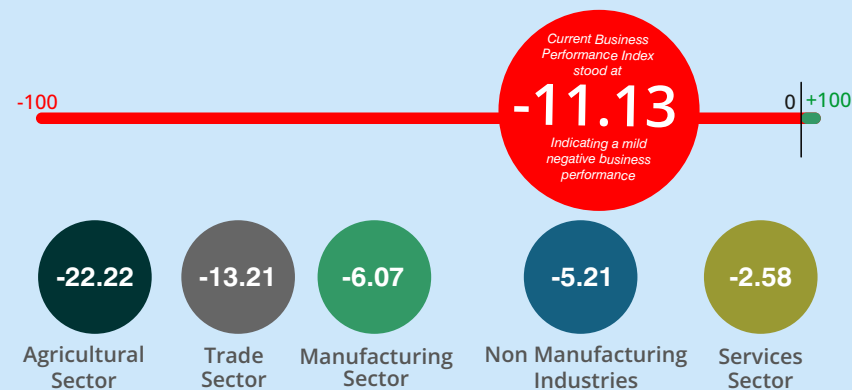
Most business activities declined in the first nine months of 2024 compared with a similar period of 2023 (-11.13 index points). This decline resulted from the inevitable consequences of poor availability of foreign exchange, inadequate power supply, limited access to financing, insecurity, infrastructure challenges and uncertainty in the economic environment. However, this current business condition does not deter managers and business executives from planning output expansion in the coming months, as expressed by 35.7% of firms surveyed.

At the sectoral level, all sectors experienced negative performance, with performance indices of -22.22 for Agriculture, -13.21 for Trade, -6.07 for Manufacturing, -5.21 for non-manufacturing and -2.58 for Services.

Despite the dominant poor state of the business environment in the current period, the optimism of business managers regarding the short-term outlook outweighs their experience in the first nine months of 2024. The future expectation index settled at +26.86, resulting from moderate optimism in only one of the five sectors – Non-manufacturing (+30.86), and a dominating cautious optimism in other sectors. This suggests that business and economic activities will witness a fragile bounce-back from the current condition motivated by higher seasonal productive activities in the fourth quarter of every year.

Regarding the leading indicators, the general business situation (+27.11), production (+37.50), investment (+44.88) and operating profit (+28.91) are expected to experience improvement in the next one to three months. In addition, high prices will hamper cash flow and employment in Trade, Agriculture and Manufacturing sectors, across the business sectors of the Nigerian economy.

Current Business Performance Index



Future Business Expectations Index





Nigeria's Business Environment in 2024

Macroeconomic Conditions

In 2024, Nigeria's business environment has been challenging terrain, resulting in a mixed performance across different sectors of the economy. The macroeconomic environment continues to adjust to recent reforms while existing structural issues keep disrupting economic activities and motivating a new pattern of hindrances to business growth.

The economy recorded a real Gross Domestic Product (GDP) growth rate of 3.1% in the first half of 2024 (see Figure 1), sustaining positive but tepid growth since its recovery from the pandemic-induced recession. All the broad sectors, except the Oil sector and the Non-manufacturing industries, experienced a suppressed growth performance in Q2-2024 (see Figure 2), which attested to the country's challenging economic and business operating environment during the period under review.

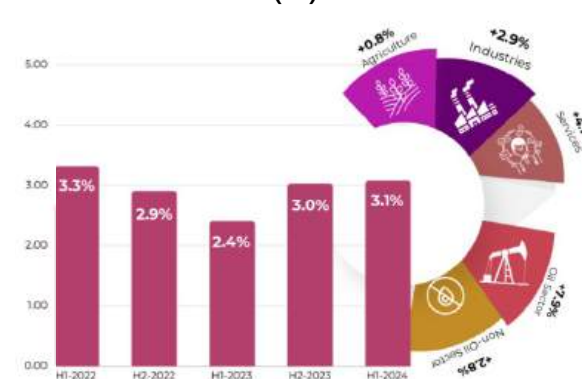
Despite declining for the second consecutive time to 32.2% in August 2024, the inflation rate remains elevated and poses a significant risk to business growth. Other key contributors to the country's high inflation pressure include low agricultural productivity, insecurity, and high energy and transport costs. These factors contributed to increasing the cost of operations for businesses in Nigeria.

In keeping up with ballooning inflationary pressure, the Central Bank of Nigeria (CBN) has increased the policy rate by 850 basis points to 27.25% in September 2024 from 18.75% at the start of 2024. Also, there is a notable improvement in the stability and coherence of reforms by the CBN, easing the liquidity problem in the Nigerian foreign markets. While the downward pressure on the exchange rate has subsided, the Naira has depreciated by 41.8% between January and September 2024.

Clarity in the FX market has incentivised increased foreign investment inflows to a 4-year high in H1-2024. However, Foreign Direct Investment (FDI) remain constrained as it only accounted for 2.5% of total inflow, and fiscal sustainability remains concerning as Nigeria's public debt stock expanded by 25% to N121.67 trillion in Q1-2024.

As of September 2024, external reserves reached a two-year high of US\$38.1 billion, up from US\$33.0 billion in January. Despite this, the Naira remains one of the world's ten worst-performing currencies, according to Bloomberg.

Real GDP Growth (%)



Sectoral Growth Performance in H1 2024 (%)



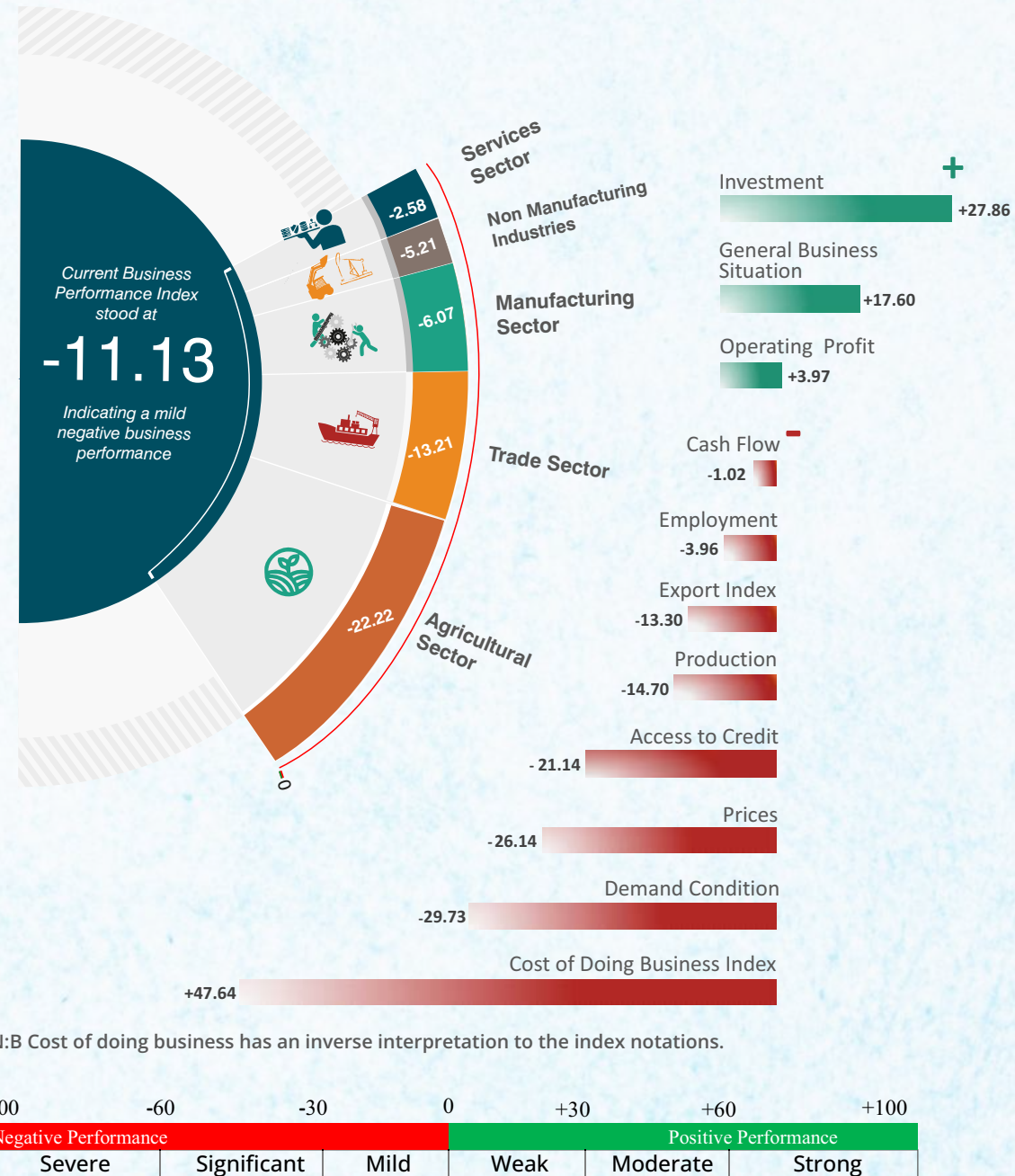
Business Conditions in 2024

On average, most businesses across sectors performed poorly in the first nine months of 2024. The BCM's Current Business Index has a net balance of -11.13. Beyond the various economic inertia that dominated the business environment in 2024, the sub-sectoral results showed an uneven degree of negative business mood performance during this period. The weakest performance is notable in the Agriculture sector (-22.22), followed by Trade (-13.21) and Manufacturing (-6.07). Non-manufacturing (-5.21) and Services (-2.58) had the least negative business conditions.

The country's business operating environment is largely negative, as underlying business and economic challenges have amplified significantly. The largest negative contributions to the current business condition were from higher prices (-26.14) and constrained access to finance (-21.14), which affected business cash flow (-1.02) and employment (-3.96). The weak production level and poor demand conditions also restrained economic activities and contributed significantly to Nigeria's business climate.

While drastic intervention and reforms by the government in the FX market have improved liquidity and stability, businesses continue to grapple with poor credit access. Consequently, this led to higher input costs of production.

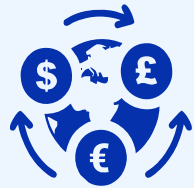
Similarly, businesses reported that their export order books were below normal levels, resulting in an export index of -13.30



Barriers to Business Environment

Immediate Challenges to Business

Among businesses surveyed, the main challenges in the period were the availability of foreign exchange (21.25%), inadequate power supply (16.58%), insecurity (15.00%), multiplicity of tax regulations (7.63), and limited access to financing (7.63%). This is approximately 59% of respondents identified these as their major constraints. Other issues included staff turnover (6.05%), infrastructure challenges (6.05%), cost of commercial lease/rental property (5.79%) and economic uncertainty (4.47%).



21.25%
Availability of
foreign exchange



16.58%
Inadequate
power supply



15.00%
Insecurity



11.80%
limited access
to financing



7.63%
Multiple
tax regulations



7.4%
Infrastructure
Changes

Most Structural Business Constraint

Among respondents, the inadequate power supply (15.23%) is the most problematic business challenge. This is followed by insecurity (12.14%), availability of foreign exchange (11.99%) and limited access to finance (10.23%).





How the Sectors Fared in 2024

Agriculture

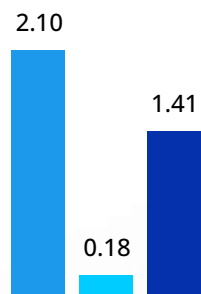
Agriculture remains a cornerstone of Nigeria's economy in 2024, driving employment, food security, and providing raw materials for industries. However, the sector continues to face significant challenges, such as poor infrastructure, climate change, insecurity, and limited access to financing.

Despite these obstacles, the agriculture sector has demonstrated resilience, showing moderate growth in 2024. It expanded by 0.81% in H1-2024, a slight improvement from 0.32% in H1-2023 but a decline compared to 1.70% in H2-2023. This growth is largely attributed to the government's push for self-sufficiency, efforts to reduce food imports, and improved rainfall, which boosted farming activities and yields.

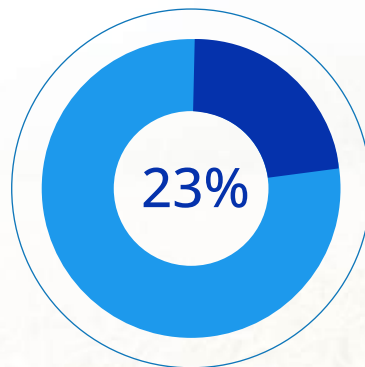
The agribusiness landscape in Nigeria has been evolving, with more companies engaging in value addition, processing, and packaging of agricultural products. This trend is helping to reduce post-harvest losses and create employment opportunities. However, scaling up these businesses remains difficult due to the lack of financing and inconsistent policies.

Agriculture & Nigerian Economy in 2024

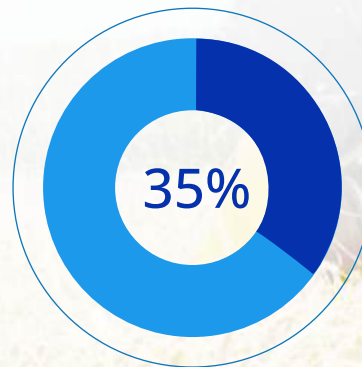
Sector's Real GDP Growth Performance (%)



Contribution to GDP



Employment (Share of Total)



Current Business Performance Index

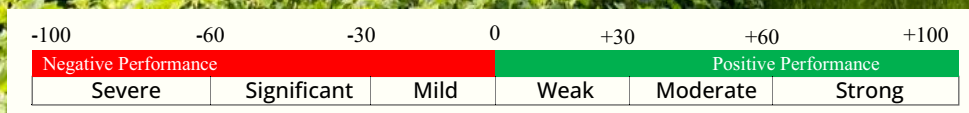
In the period covered, the BCM index for the Agriculture sector stood at -22.22 points, suggesting a mildly negative business performance. This echoes the strains on production activities in the sector as players continue to battle security challenges, infrastructural deficiencies, policy and regulatory inconsistencies, high cost of production, and high cost of finance.

Of the five (5) sub-sectors covered in the Agriculture sector, the performance index of Crop Production, which is the predominant sub-sector, and Fishing were negative. However, the performance indices of Forestry, Livestock and Agro-Allied were positive.

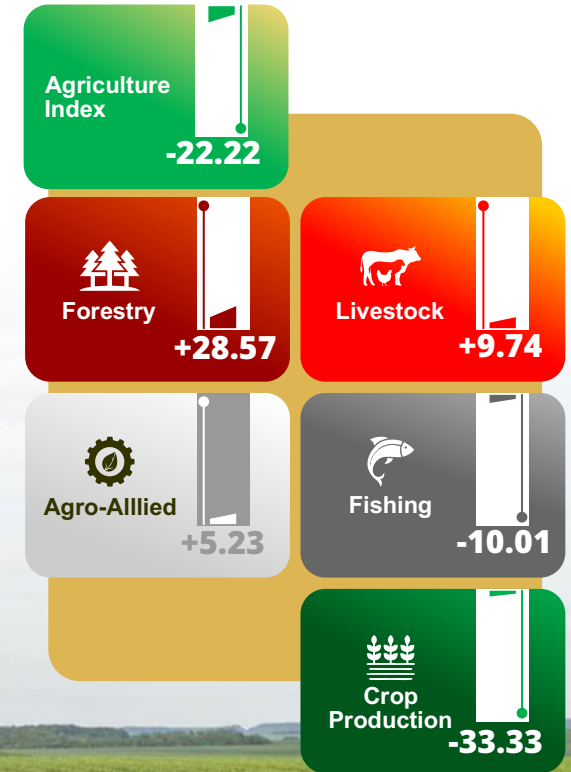
The BCM indices across key performance indicators emphasise the generally constrained operating environment for agribusinesses as indices of business confidence across all the indicators were negative. The prices, cost of doing business and operating cash flow indices suggest a significantly negative performance, while general business situation, production, demand condition, investment, export, operating profit, access to credit and employment indices reflect mildly negative performance for agribusinesses.

Current Business Activity and Indicator Indices

Agriculture Sector Sub-Index Pillars	Crop Production	Livestock	Agro - Allied	Forestry	Fishing	Overall
General Business Situation Index	-45.79	19.80	36.60	50.00	-2.81	-24.25
Production Index	-22.60	20.00	0.00	50.00	15.42	-14.12
Demand Condition Index	-16.25	23.67	0.00	50.00	-9.17	-9.83
Investment Index	-30.00	16.67	0.00	50.00	-29.17	-20.54
Export Index	-37.50	16.43	0.00	0.00	-15.63	-26.18
Cost of Doing Business Index	68.81	44.50	0.00	50.00	23.75	53.21
Operating Profit Index	-12.33	16.14	0.00	50.00	-5.00	-7.41
Other Contributory Factors/Variables						
Access to Credit	-5.33	3.40	0.00	50.00	-14.17	-3.38
Operating Cash Flow	-44.36	-9.33	0.00	0.00	-15.83	-32.75
Prices	-54.21	-22.67	0.00	-50.00	-8.75	-41.04
Employment	-5.33	10.40	0.00	50.00	-10.42	-2.86



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

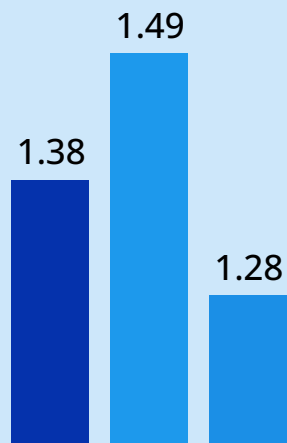


Manufacturing

Nigeria's manufacturing sector consists of 13 sub-sectors, with three—food, beverages & tobacco, cement, and textiles—making up over 70% of its size. The sector has struggled with growth, declining from 1.90% in H1-2023 to 1.4% in H1-2024. Additionally, its share of the country's GDP dropped to 9% in H1-2024.

Although the sector's employment share increased to 12.7% in 2023, key structural bottlenecks continue to stifle growth and productivity. Major challenges include infrastructural deficits, high production costs, multiple taxes, expensive financing, import dependence, foreign exchange scarcity, and low investment inflows.

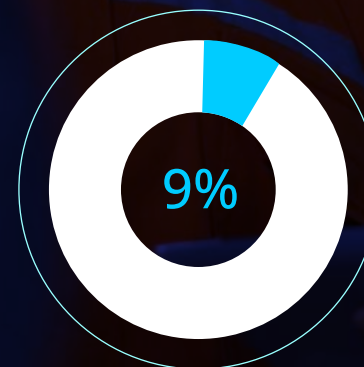
Sector (GDP) Performance (%)



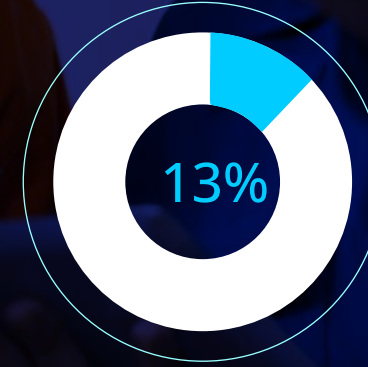
■ Q4'2023 ■ Q1'2024 ■ Q2'2024

Manufacturing & Nigerian Economy in 2024

Contribution to GDP



Employment (Share of Total)



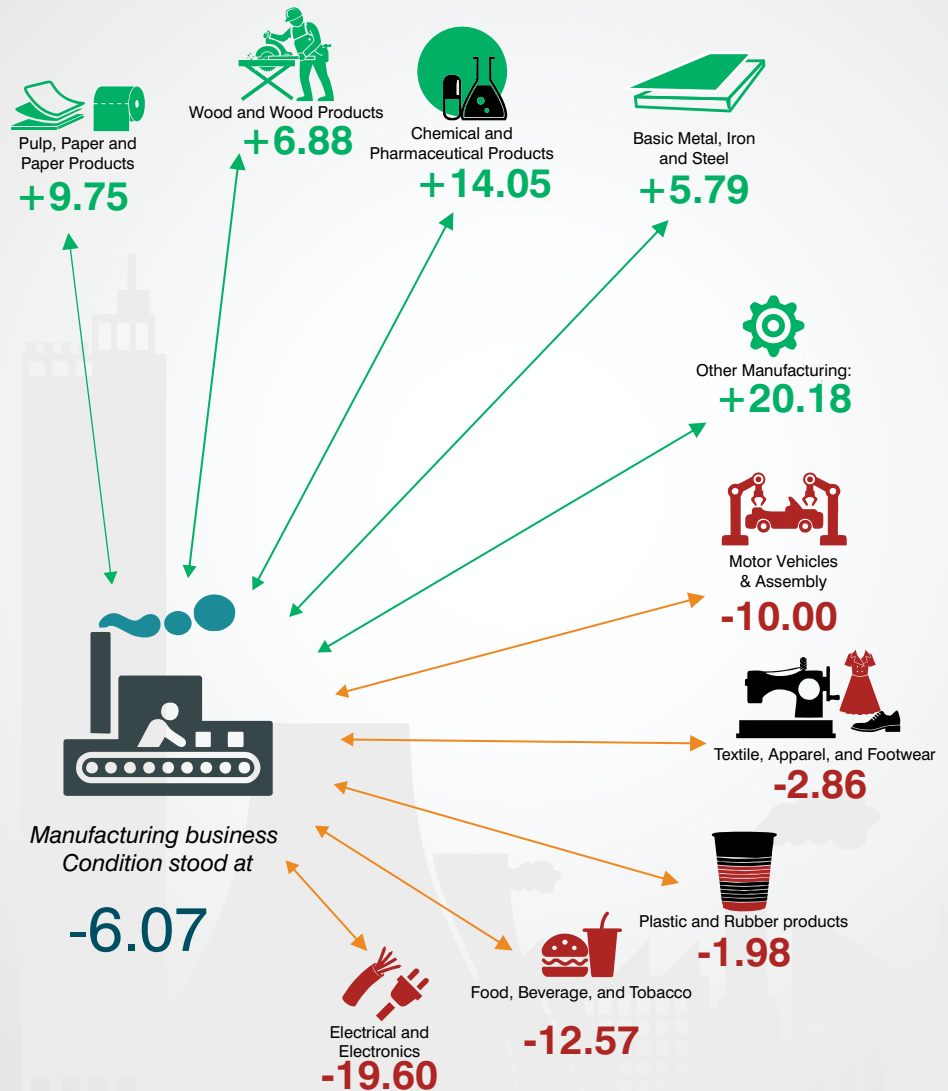
Current Business Performance Index

The Manufacturing BCM index stood at -6.07 in the first nine months of the year, indicating a mildly negative business performance. Most sub-sectors, including food, beverage & tobacco (-12.57) and textiles (-2.86), experienced a mildly negative performance over the period.

The condition of leading indicators mirrored the current business performance of the sub-sectors. Access to credit and prices of inputs at -40.88 and -79.09, respectively, adversely affected the Manufacturing sector and all its sub-sectors. The weak business performance in the Manufacturing sector is also reflected in the sector's high cost of doing business at +76.67 index points. Other key indicators, such as Export (-19.98) and Employment (-42.50), were also negative.

Also, some key business performance indicators were positive but broadly weak, except the investment index, with moderate positive performance (+38.11). The investment index suggests a degree of optimism within the sector.

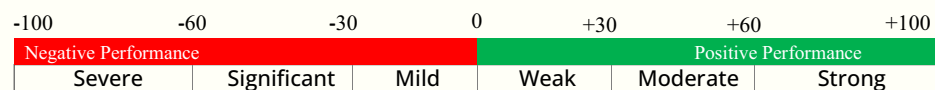
The weak but positive index of the general business environment (+1.28) during the first nine months of the year reflects broader conditions in the Nigerian economy. The Central Bank of Nigeria's efforts to address one of the key contributors to this performance, the foreign exchange scarcity, have not alleviated the persistent shortage of foreign exchange. High interest rates and inflation compound the difficulties businesses face in this sector.



-100	-60	-30	0	+30	+60	+100
Negative Performance			Positive Performance			
Severe	Significant	Mild	Weak	Moderate	Strong	

Current Business Activity and Indicator Indices

	Food, Beverage, and Tobacco.	Textile, Apparel, and Footwear.	Chemical and Pharmaceutical Products	Plastic and Rubber products	Wood and Wood Products	Pulp, Paper and Paper Products	Electrical and Electronics	Basic metal, Iron and Steel	Motor vehicles & assembly	Other Manufacturing:	
General Business Situation Index	-12.50	20.00	20.00	6.50	-4.38	55.00	-50.83	13.50	-35.00	50.00	1.28
Production Index	-6.67	75.00	-3.33	23.67	8.75	21.00	-36.67	-1.00	0.00	41.25	16.85
Demand Condition Index	-35.00	85.00	23.33	-33.33	47.50	-8.75	-52.67	7.00	0.00	8.75	1.34
Investment Index	58.33	-20.00	50.00	72.00	65.00	43.00	40.00	6.00	-35.00	50.00	38.11
Export Index	-10.50	-60.00	23.33	-40.33	-1.25	0.00	-7.00	15.00	0.00	8.75	-19.98
Cost of Doing Business Index	83.33	95.00	35.00	17.67	76.25	85.00	-60.00	43.00	-35.00	20.00	76.67
Operating Profit Index	1.67	-25.00	20.00	-24.67	8.75	43.00	-90.00	43.00	-35.00	2.50	-3.44
Other Contributory Factors/Variables											
Access to Credit	-53.33	-20.00	-50.00	-52.67	-16.25	-51.50	-30.00	-22.00	-35.00	-6.25	-40.88
Operating Cash Flow	25.00	-15.00	11.67	-24.67	31.25	33.50	-90.00	21.00	#N/A	26.25	13.31
Prices	-89.17	-90.00	-50.00	-56.00	-8.75	-64.00	-58.33	-43.00	-35.00	-26.25	-79.09
Employment	-44.17	-90.00	35.00	22.67	33.75	58.75	-85.00	13.00	-35.00	-6.25	-42.50



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

Non-Manufacturing

The Non-manufacturing sector includes four (4) key activities, with oil & gas and construction being the most prominent as segmented by the BCM methodology. These two (2) sectors contributed about 91.4% of the Non-manufacturing GDP in the first half of 2024.

Apart from oil and gas, non-manufacturing activities are primarily driven by companies in the construction and utilities sector, including electricity. Infrastructure, which represents the largest segment of the market, indicates that the government continues to be the primary financier of the sector.

Current Business Performance Index

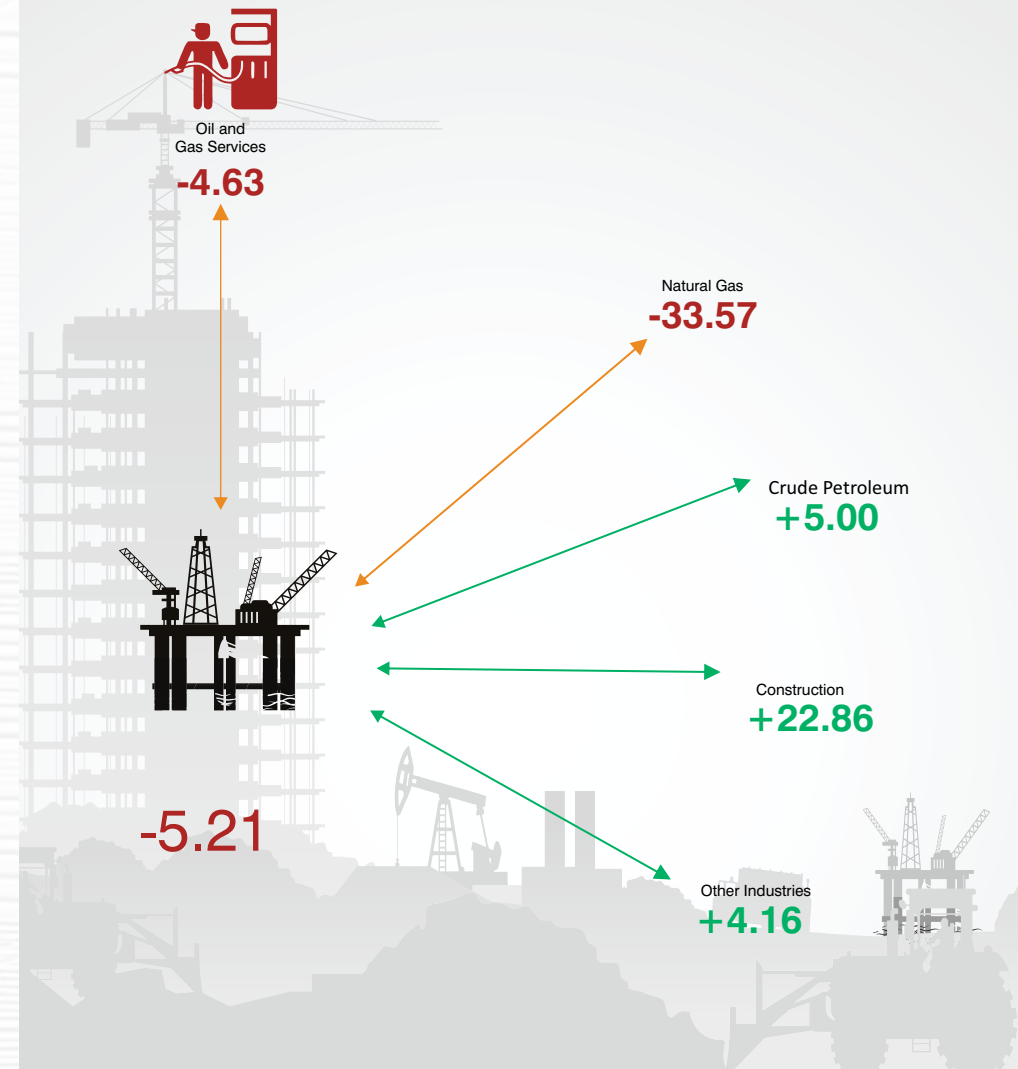
The BCM index for the Non-manufacturing sector stood at -5.21 in the first nine months of the year, indicating a mildly negative business performance.

Most sub-sectors, except for Natural gas and Oil & Gas Services, had a weak positive performance, including Construction (+22.86), Crude Petroleum (+5.00), and other industrial sub-sectors (+4.16).

Natural Gas and Oil & Gas Services sub-sectors reported a negative performance of -33.57 and -4.63 respectively, in the period under review.

Instructively, all the contributory factors and drivers of business performance indices were positive, except access to credit (-0.94). Employment (+24.22) and Cash flow (+32.14) made the largest positive contributions to the poor but positive business conditions in the Non-manufacturing sector.

Owing to this, all business performance indices were positive aside from the Demand Condition and Export performance, which stood at -55.19 and -28.23, respectively. Challenges faced by this sector include inadequate infrastructure, insecurity, exchange rate fluctuations, regulatory bottlenecks, and the rising cost of inputs and corruption. The Construction sector faces these difficulties.



Current Business Activity and Indicator Indices

	Construction	Crude Petroleum	Natural Gas	Oil and Gas Services	Others	
Non-manufacturing Sector Sub-index Pillars						
General Business Situation Index	58.75	17.50	-50.00	25.52	17.50	7.93
Production Index	65.42	17.50	-10.00	27.58	9.14	19.95
Demand Condition Index	-20.00	-35.00	-65.00	-82.50	-9.17	-52.50
Investment Index	71.67	35.00	15.00	75.48	30.00	46.01
Export Index	-8.75	17.50	-50.00	-26.67	0.00	-17.26
Cost of Doing Business Index	35.42	35.00	40.00	61.83	30.00	43.43
Operating Profit Index	28.33	17.50	-35.00	10.00	11.67	2.84
Other Contributory Factors/ Variables						
Access to Credit	-7.50	0.00	-25.00	27.08	-8.75	-0.94
CashFlow	62.50	35.00	-10.00	59.33	-5.00	32.18
Prices						
Employment	20.42	17.50	-10.00	69.56	8.75	24.22

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

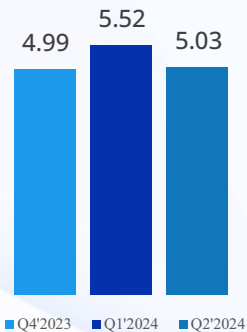
Services

In 2024, the Services sector remains Nigeria's largest contributor to GDP, driven by activities such as Telecommunications, Finance, Real Estate, and Arts & Entertainment. The sector has expanded significantly due to rapid urbanisation, a growing middle class, and technological advancements, particularly in telecommunications and financial services. However, it still faces challenges, including regulatory hurdles, infrastructure deficits, and inflationary pressures.

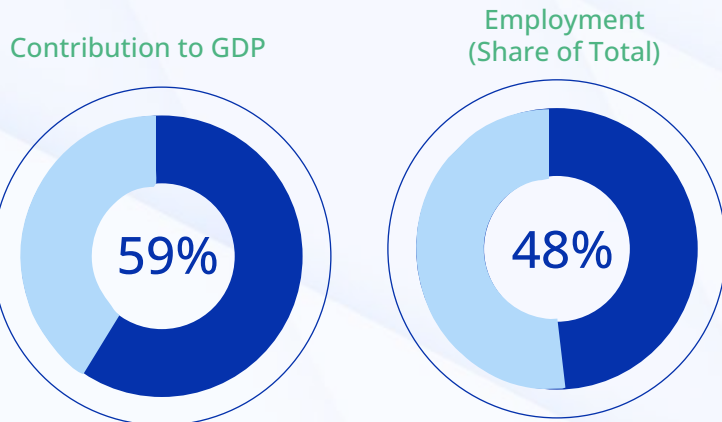
The Services sector grew by 5.3% in H1-2024, up slightly from 4.4% in H1-2023. Growth was primarily driven by telecommunications, financial services, and creative industries. The financial sector, which makes up 15.8% of the services sector, saw a remarkable 28.8% increase, while the ICT sector, accounting for 44.5%, expanded by 4.4%. However, other sub-sectors faced challenges, with growth below 2%, while the transport sector contracted by 13.5%, largely due to energy shortages and rising business costs.



Sector (GDP) Performance (%)



Services & Nigerian Economy in 2024



Current Business Performance Index

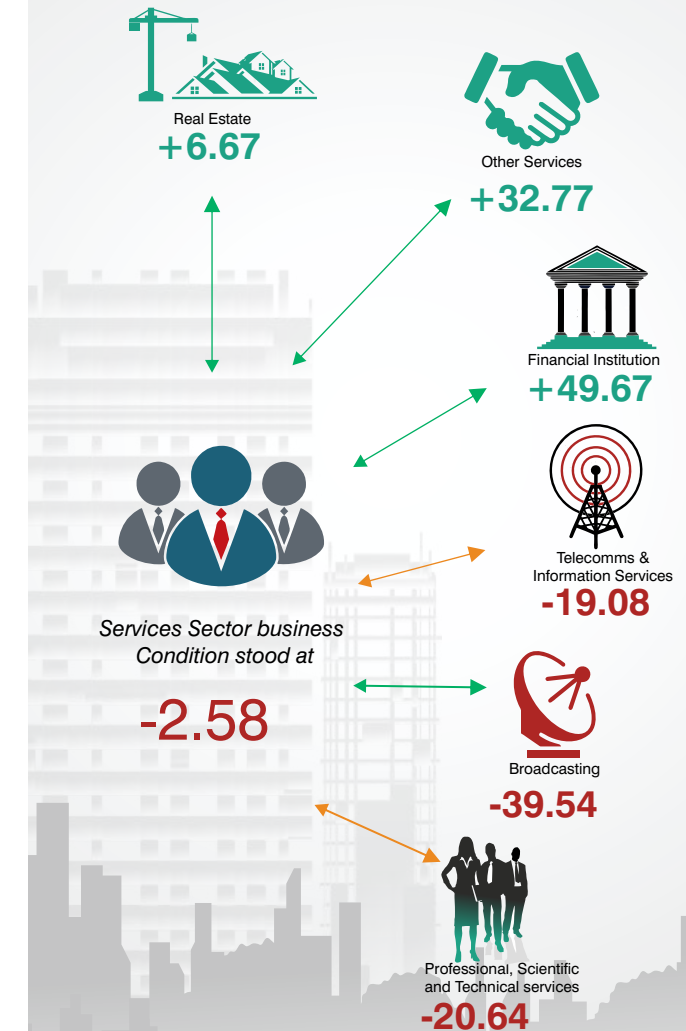
The Services BCM index stood at -2.51 points between January and September 2024. This represents a mildly negative business performance. Although the Services sector has continued to position itself as the primary driver of economic growth in recent times, its performance has remained weak reflecting the overall condition of business in the country. This is due to rising operating costs, exchange rate volatility and foreign exchange scarcity, rising cost of funds, and challenging operating environment.

There was mixed performance across Services sub-sectors. Businesses in Financial Institutions and Other Services reported moderate positive performance in the month. While the financial institutions continue to benefit from the elevated interest environment and the windfall from exchange rate depreciation, the weak performance in real estate was due to weakening purchasing power, high cost of production, high rate of building collapse, and high cost of finance, among others. However, Real Estate, Professional Services, ICT, and Broadcasting businesses reported mildly negative performance on the back of elevated costs of financing and energy as well as a challenging business environment.

Across key indicators, business performance was mixed. Businesses in the Services sector reported weak and positive performance on the general business situation, demand condition, operating cash flow and employment indices while reporting moderate and positive performance on the investment and cost of doing business indices. However, businesses in the Services sector reported mildly negative performance in production, export, and operating profit indices. These highlight the challenges of heightening operating costs, elevated interest environment, Naira depreciation, policy uncertainty, regulatory challenges, and infrastructural deficiency.

Current Business Activity and Indicator Indices

	Services	Broadcasting	Financial Institution	Real Estate	Prof, Sci & Tech serv	Telecoms & Info Serv	Others	Overall
General Business Situation Index	-19.17	46.25	16.25	5.45	-29.05	45.00	45.00	0.29
Business Activity Index	-100.00	39.04	13.75	-36.70	-48.75	67.88	67.88	-16.50
Demand Condition Index	-35.00	57.92	21.67	6.25	-9.17	52.01	52.01	11.21
Investment Index	61.67	100.00	7.50	-31.82	58.57	55.00	55.00	45.54
Financial Results Index	-15.00	54.92	16.25	-2.73	-31.19	32.00	32.00	-1.31
Cost of Doing Business Index	85.00	5.67	37.50	59.55	51.15	42.50	42.50	44.67
Operating Profit Index	-85.00	55.24	8.75	-25.42	-22.86	20.00	20.00	-6.61
Other Contributory Factors/Variables								
Cash Flow		35.00	57.92	3.75	-7.05	-10.90	52.63	10.07
Employment		0.00	37.25	-8.75	20.00	-20.00	54.00	2.00



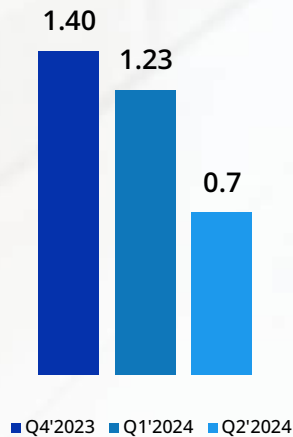
N:B Cost of doing business has an inverse interpretation to the index notations.

Trade

In 2024, Nigeria's trade sector remains a key part of the economy, contributing significantly to GDP and employment. Driven by rapid urbanisation and the expansion of e-commerce, the sector continues to play a critical role in the Nigerian economy. However, it faces several challenges, including inflation, foreign exchange shortages, insecurity, and infrastructure deficits, which have impacted its overall performance.

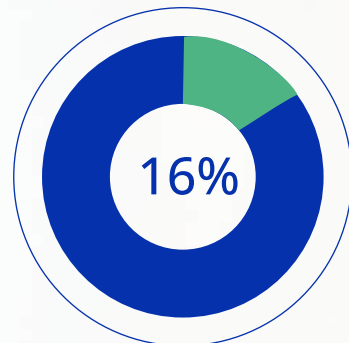
These difficulties have led to subdued growth, with the sector recording just 0.96% growth in H1-2024. Despite its large size, the sector is constrained by elevated route-to-market costs. Thus, limiting its contribution to broader economic growth.

Sector (GDP) Performance (%)

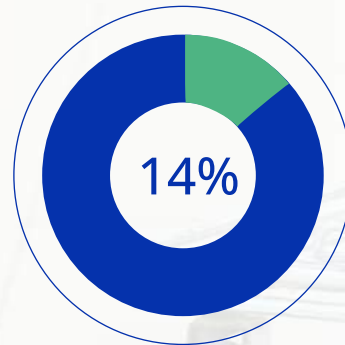


Trade & Nigerian Economy in 2024

Contribution to GDP



Employment (Share of Total)



Current Business Performance Index

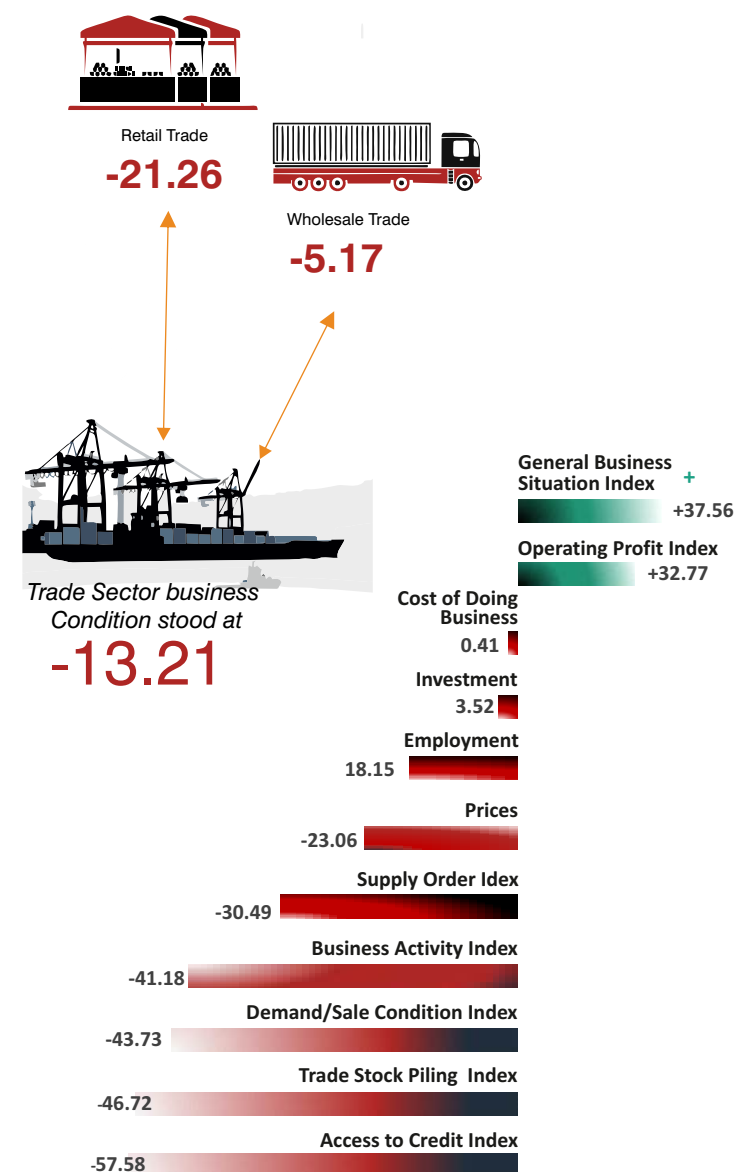
In the Trade sector, the BCM index stood at -13.21 points in the first nine months of 2024, representing a mildly negative business performance. This result highlights the challenges in the operating environment for trading businesses, especially from the persistent energy crisis, elevated transport costs, infrastructure deficiency and continuously pressured exchange rates. The two sub-economic activities of the sector, Retail (-21.26) and Wholesale (-5.17), also recorded mildly negative performance.

The performance indices across key indicators were predominantly negative except for the general business situation and operating profit indices, which were reported to be positive. Trade businesses reported a significantly negative performance on business activity, demand conditions, supply orders, stockpiling, and access to credit indices, while they reported mildly negative performance on investment, cost of doing business, and cash flow indices. The performance across sub-sectors was like that of the overall Trade sector.

Current Business Activity and Indicator Indices

Trade Sector Sub-Indices	Wholesale Trade	Retail Trade	Overall
General Business Situation Index	69.77	5.34	37.56
Business Activity Index	5.00	-87.37	-41.18
Demand/Sales Condition Index	-51.70	-35.75	-43.73
Investment Index	-17.05	10.00	-3.52
Supply Order Index	-8.56	-52.41	-30.49
Trade Stockpiling Index	-36.36	-57.08	-46.72
Cost of Doing Business Index	6.25	-5.43	0.41
Operating Profit Index	3.83	41.72	22.77
Other Contributory Factors/Variables			
Access to Credit	-22.39	-92.77	-57.58
Cash Flow	-2.05	-3.62	-2.83
Prices	-59.55	13.42	-23.06
Employment	14.70	-51.00	-18.15

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





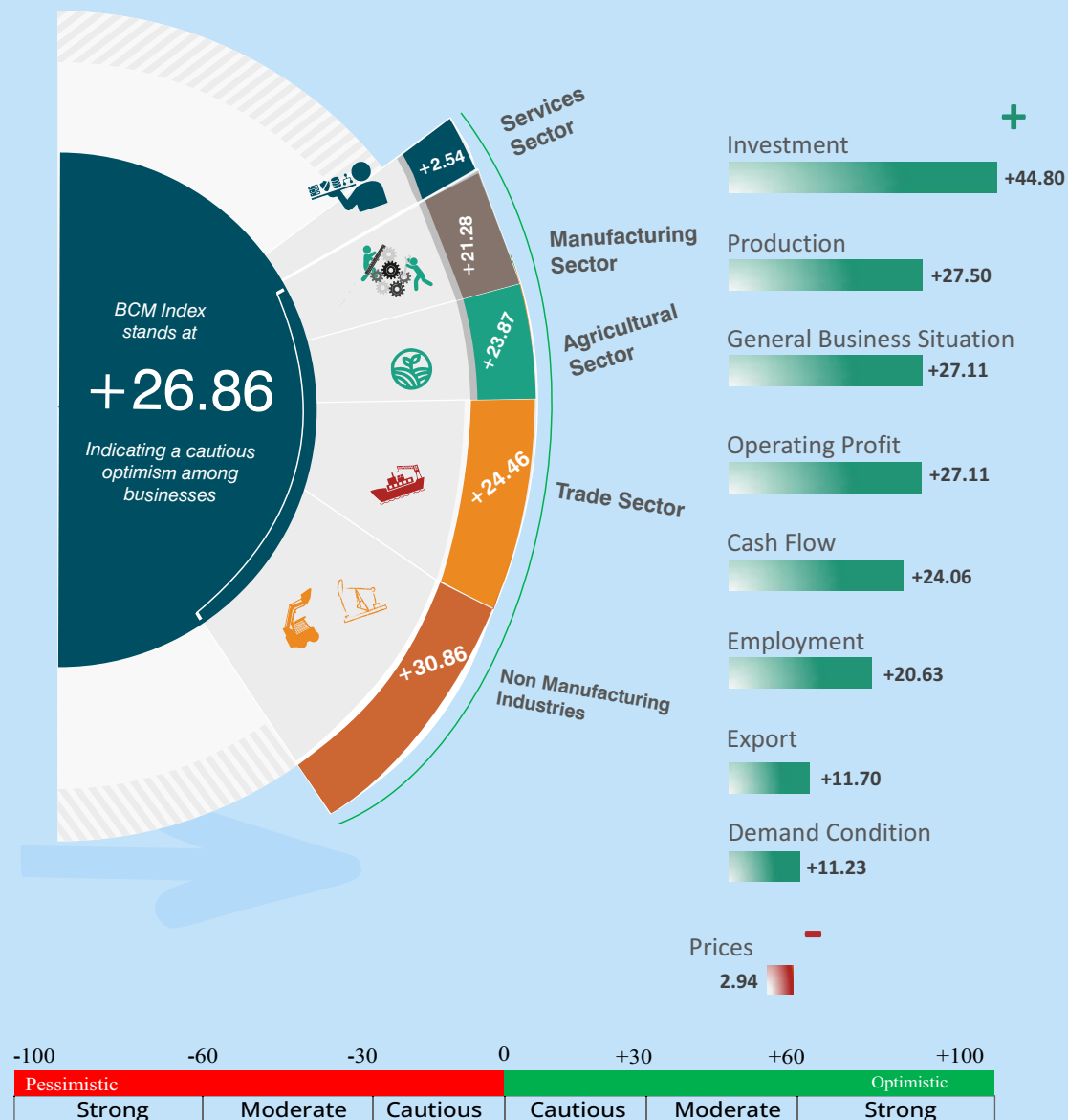
Future Business Expectations

The BCM also examines the sentiments and future expectations for the next one to three months across leading business confidence indices. Looking ahead, the Business Optimism Index stood at +26.86, indicating cautious optimism among businesses.

This sentiment was largely similar across sectors, with optimism being lowest in the Services sector at +2.54 relative to other sectors, including Manufacturing (+21.28), Trade (+24.46) and Agriculture (+23.87). The Non-manufacturing sector borders on being moderately optimistic at an index of +30.86.

The general economic environment in the country largely influences cautious optimism across sectors as challenges, including exchange rate volatility, inflation, low investment, and insecurity, are expected to remain prevalent across the economy but are currently subsiding.

Expectations for higher investment activities, production expansion, improved business situation, better operating profits, and accommodating producer prices are major drivers of the cautiously optimistic business outlook. Specifically, expectations for business improvement are cautiously optimistic across sectors. Sector-specific challenges also affect the outlook.



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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