



**NESG-Stanbic IBTC**  
**Business**  
**Confidence**  
**Monitor**

Ongoing Business Recovery Sets the Stage  
for Improved Business Performance in 2025

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**Business  
Confidence Monitor**

*Ongoing Business Recovery Sets the Stage for Improved Business Performance in 2025*

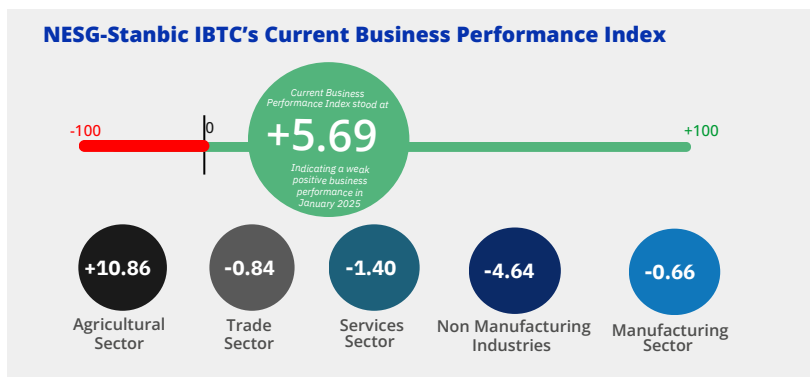
# Executive Summary

The NESG-Stanbic IBTC 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 business sentiment 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 (January 2025):

- Businesses in Nigeria recorded a modest improvement in performance during the month, signalling an uplift in the business environment and potential improved business performance in 2025.
- As a result, the current Business Performance Index for January 2025 stands at +5.69, reflecting a rise in business activities and a moderate improvement compared to +0.77 points in December 2024.
- Businesses faced significant growth challenges this month, with inadequate power supply, availability of foreign exchange, limited access to financing, and unclear economic policies topping the list.

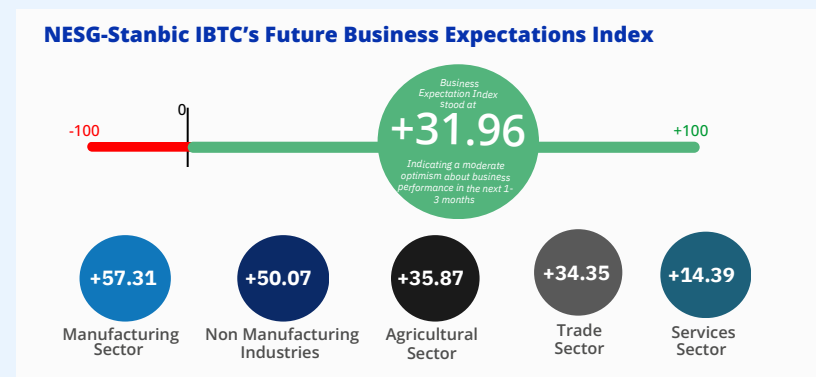


### Future Expectations (Next One to Three months):

- The Business Confidence Measure (BCM) recorded a positive index of +31.96, reflecting moderately optimistic expectations for improved business performance in the next one to three months.
- Anticipated enhancements in cash flow, overall business conditions, production levels, exports, and short-term investments are fuelling this optimism, primarily driven by the momentum of a new business year.
- Among sectors, Manufacturing exhibits the highest optimism with an index of +57.31, while Services, at +29.41, shows the least confidence in future performance.

### Sectoral Insights

- The overall outlook across the five economic sectors covered is optimistic, albeit varying degrees. While two sectors (Manufacturing and Non-manufacturing) exhibited moderate optimism, others showed stronger or weaker confidence levels.
- The sector indices revealed the following: Manufacturing (+57.31), Non-manufacturing (+50.07), Agriculture (+35.87), and Trade (+34.35) demonstrated relatively higher optimism. Conversely, the Services (+14.39) sector expressed cautious optimism regarding business improvement.
- Businesses anticipate improvements in general business situation, exports, production levels, and cash flow. Additionally, demand conditions and investment are expected to improve, spurred by new activities typically associated with the start of a new business year.



# 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

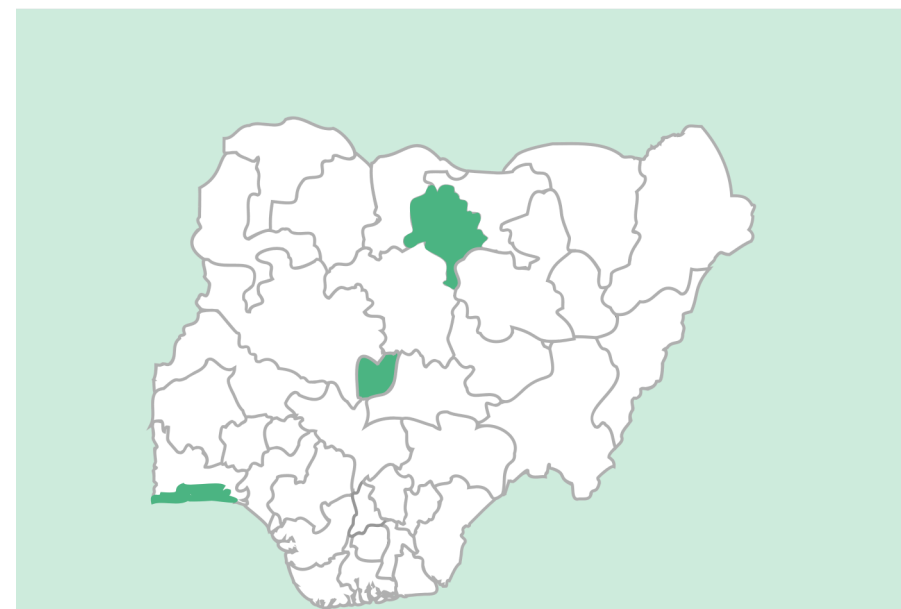
**Agriculture:** Crop Production | Livestock | Agro-Allied | Forestry | Fishing

**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 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 NESG-Stanbic IBTC BCM into a representative monthly measure of managers' confidence in the Nigerian business environment.



# Business Conditions in January 2025

Despite a weak recovery in January 2025, Nigeria's business environment began the year on a positive note. The NESG-Stanbic IBTC Business Confidence Monitor's (BCM) Current Business Index rose to +5.69 from +0.77 in December 2024, reflecting an uptick in commercial activity typical of this period.

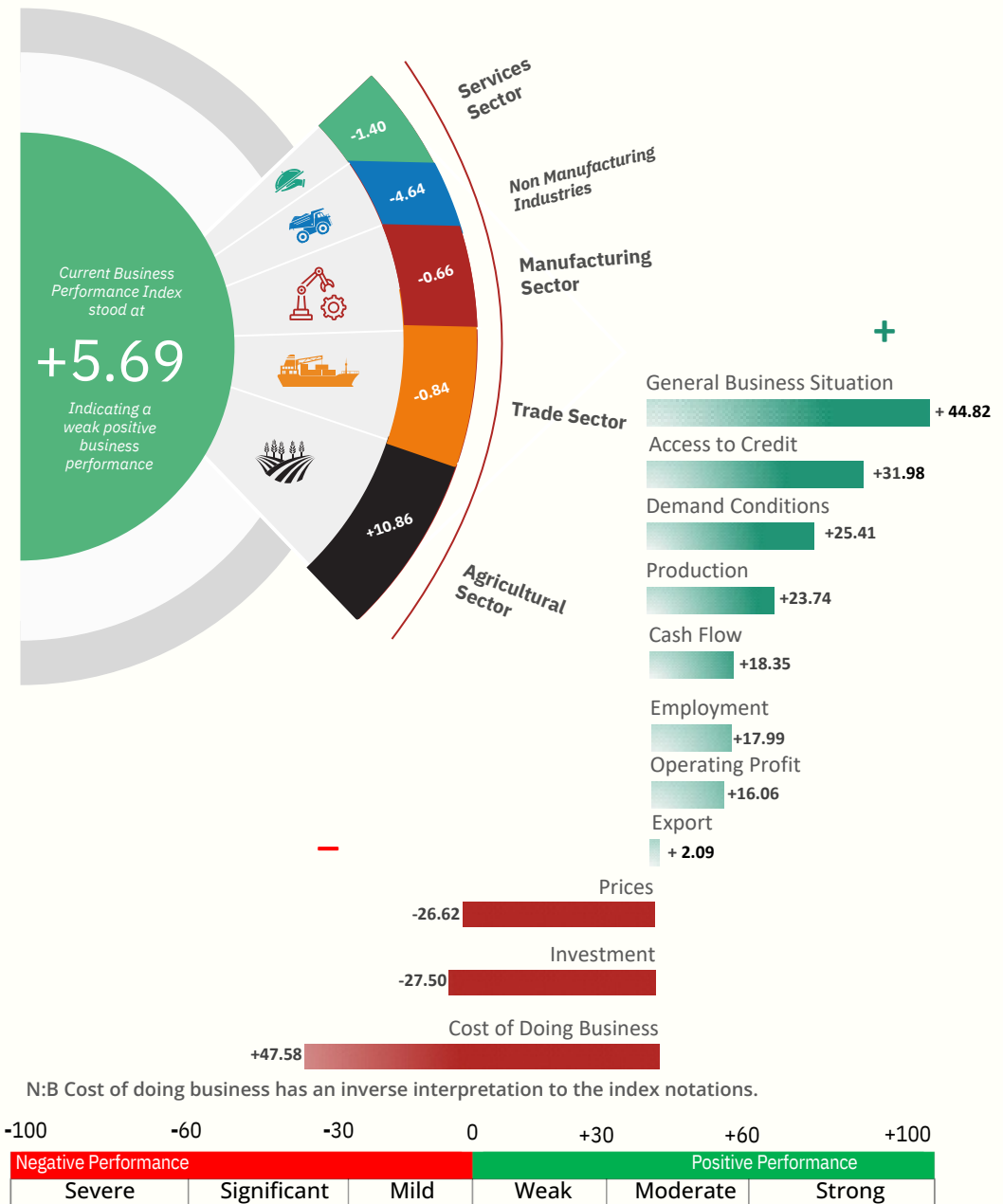
A sub-sectoral analysis revealed broadly subdued outcomes, with negative performances in Non-manufacturing (-4.64), Services (-1.40), Trade (-0.84), and Manufacturing (-0.66). However, these sectors showed relative improvement compared to December 2024. In contrast, Agriculture recorded a weakly positive performance at +10.86.

Structural challenges in Nigeria's business environment eased slightly, supporting the improved business performance observed during the month. Exchange rate stability and moderated price increases led to a slower rise in operational costs and consumer prices. The cost of doing business index declined to +47.58 from +50.32 in December, signalling reduced pressure on business growth. Access to credit improved slightly (+31.98) due to increased commercial activity at the start of the financial year. However, high financing costs remained a critical constraint on both current performance and future growth expectations.

The most significant negative impacts were reduced investment (-27.50) and declining price levels (-26.62), which severely dampened overall business activity and demand.

Frequent power shortages alongside limited foreign exchange availability, and restricted access to finance emerged as the most pressing challenges in January, constraining business expansion. These factors contributed to only weakly positive results in the general business situation (+44.82) and production levels (+23.74).

A key concern remains the high exchange rate of the local currency against major trading currencies, which, alongside rising import costs, continues to erode profitability and disrupt pricing strategies. Limited access to financing persisted as a major structural barrier, further hindering business growth throughout the month.

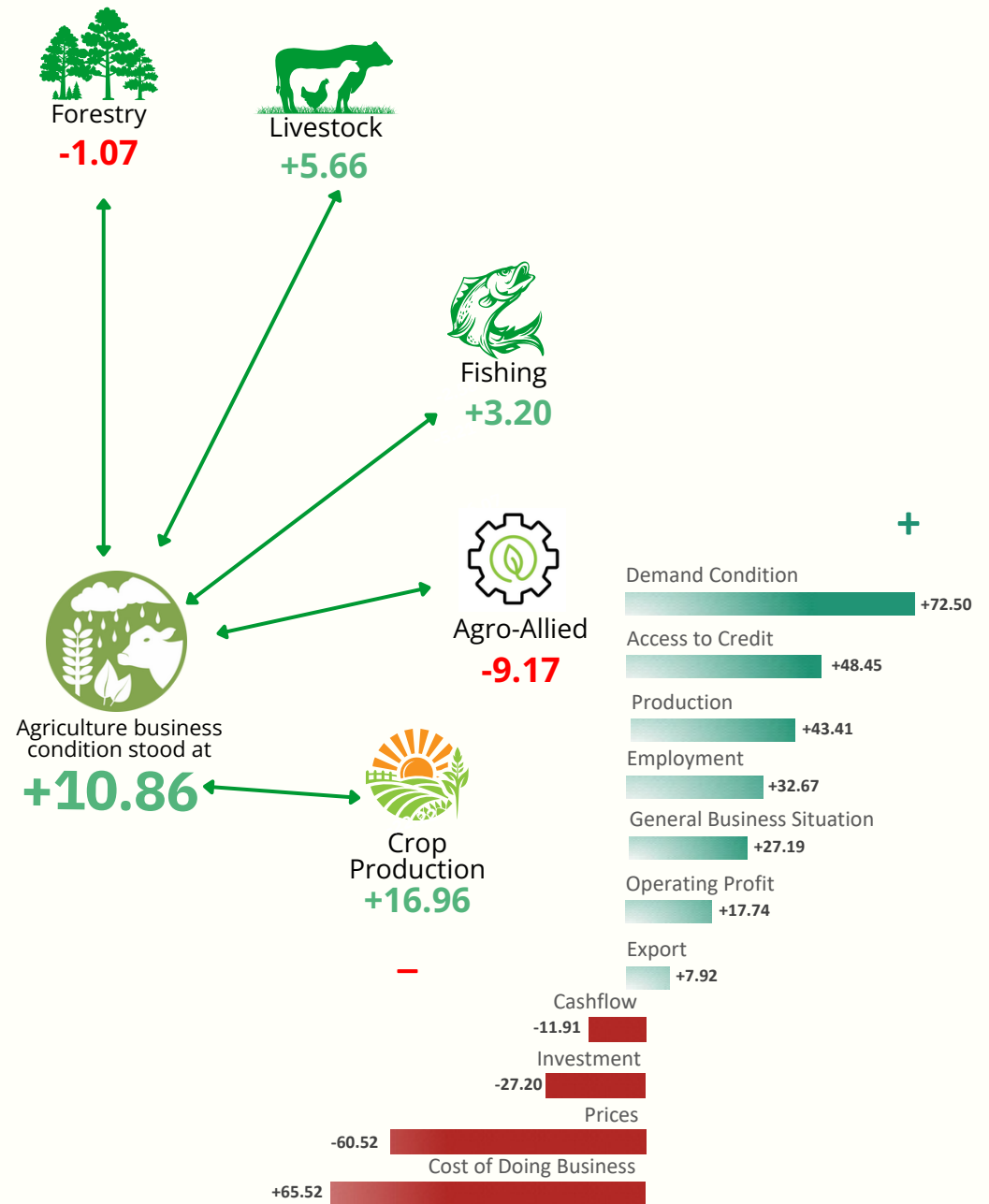


# AGRICULTURE

The Agriculture sector maintained a positive business outlook in January 2025, though growth slowed as the NESG-Stanbic IBTC BCM Index declined to +10.85 points from +13.93 points in December 2024. This moderation was driven by mixed performances across sub-sectors, with gains in crop production and livestock offset by challenges in agro-allied and forestry businesses. Nonetheless, agricultural activities remained robust, supported by the ongoing bumper harvest season and improved security in key food-producing regions. Additionally, dry-season farming contributed to sustained business activity in the sector by bolstering food production during a typically non-productive period.

Performance across the five agricultural sub-sectors varied, reflecting sector-wide opportunities and constraints. Crop Production (+16.96), Livestock (+5.66), and Fishing (+3.20) recorded modest but positive growth, benefiting from seasonal demand and improved access to inputs. In contrast, Agro-Allied (-9.17) and Forestry (-1.07) experienced declines, primarily due to rising input costs, reduced processing activity, and the typical year-end slowdown affecting these sub-sectors.

Despite the overall deceleration, key performance indicators reflected a relatively stable and improving agri-business environment. Gains were recorded in general business situation, demand conditions, access to credit, employment, and production levels, driven by stronger market demand and improved access to farmland. Additionally, a moderate increase in available financing facilitated business expansion while employment levels improved, particularly in crop farming and livestock. Other sub-indices of the Agriculture NESG-Stanbic IBTC BCM, including operating cash flow and export activities, showed slight improvements. However, persistent structural challenges continued to constrain the sector.



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

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

# MANUFACTURING

The NESG-Stanbic IBTC Manufacturing Business Confidence Monitor (BCM) Index for January 2025 stood at -0.66, reflecting a mildly negative performance but a notable recovery from -2.43 in December 2024.

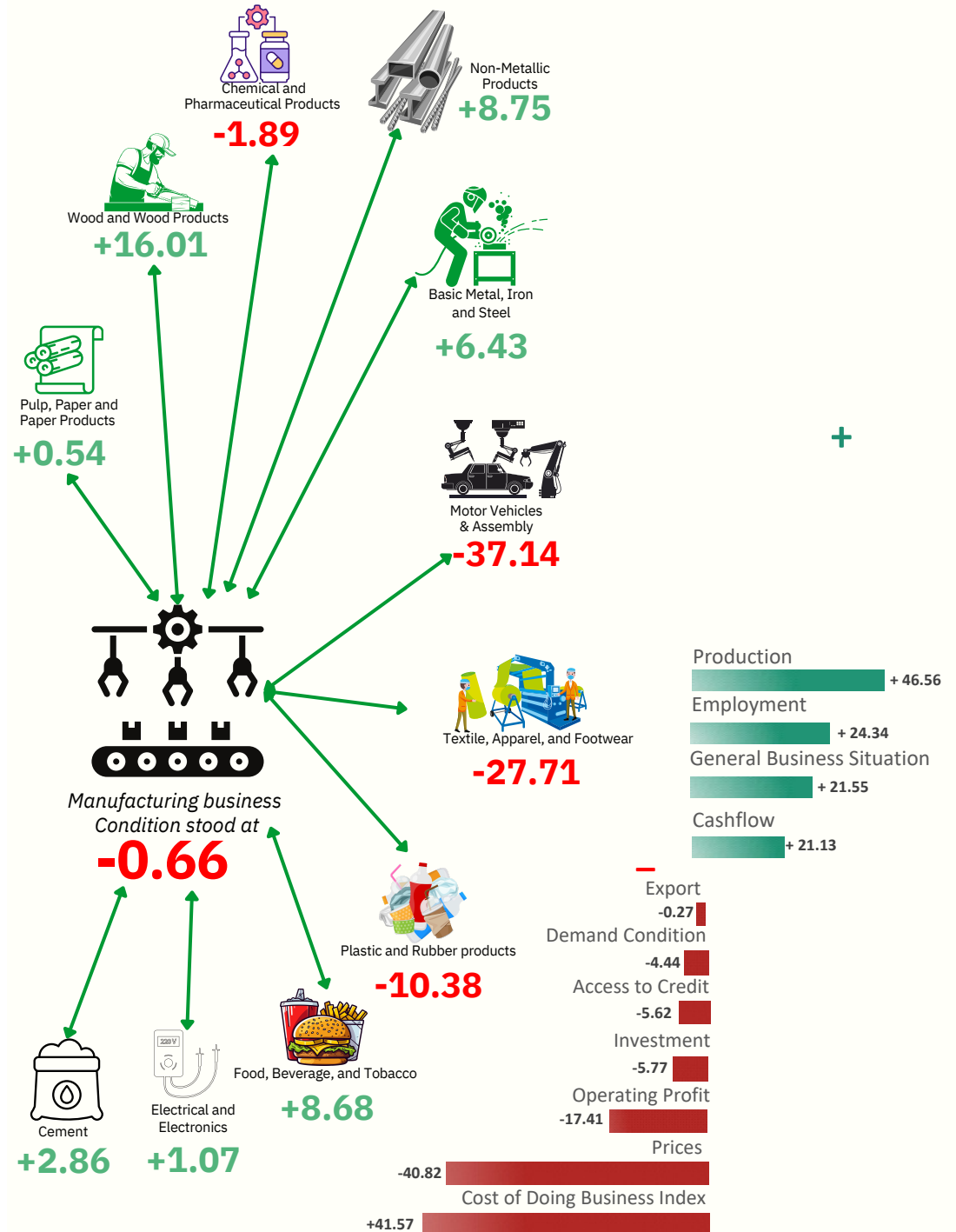
Four of the twelve (12) manufacturing sub-sectors assessed recorded mildly negative outcomes, while the Motor Vehicles and Assembly sub-sector experienced a significant downturn. Key underperforming sub-sectors—Textile, Apparel, and Footwear; Chemical and Pharmaceutical Products; and Plastic and Rubber Products—struggled with high production costs, weak demand, and supply chain disruptions.

In contrast, Food, Beverages, and Tobacco, Plastic and Rubber Products, Non-Metallic Products, and Basic Metal, Iron, and Steel recorded weak positive performances, supported by stable domestic demand and seasonal business activities.

The sector's key sub-indices showed mixed trends. The Business Situation Index declined to +21.55 from +24.44 in December, and the Investment Index dropped to -5.77 from +20.79. However, the Production Index rose significantly to +46.56 from +10.96, while the Operating Cash Flow Index improved to +21.13 from +17.49, reflecting higher output and better liquidity.

Persistent challenges continued to weigh on the sector, with the Cost of Doing Business Index at +41.57 and the Price Index at -40.82, indicating inflationary pressures and high interest rates. Additional constraints included limited credit access (-5.62), weak exports (-0.27), and declining operating profits (-17.41).

Despite signs of recovery, inflation, high financing costs, and supply chain disruptions remain key risks. To sustain business growth, manufacturers need policy support, improved credit access, and a stable exchange rate. Without strategic interventions, the sector's recovery may remain sluggish.



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

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## NON-MANUFACTURING INDUSTRIES

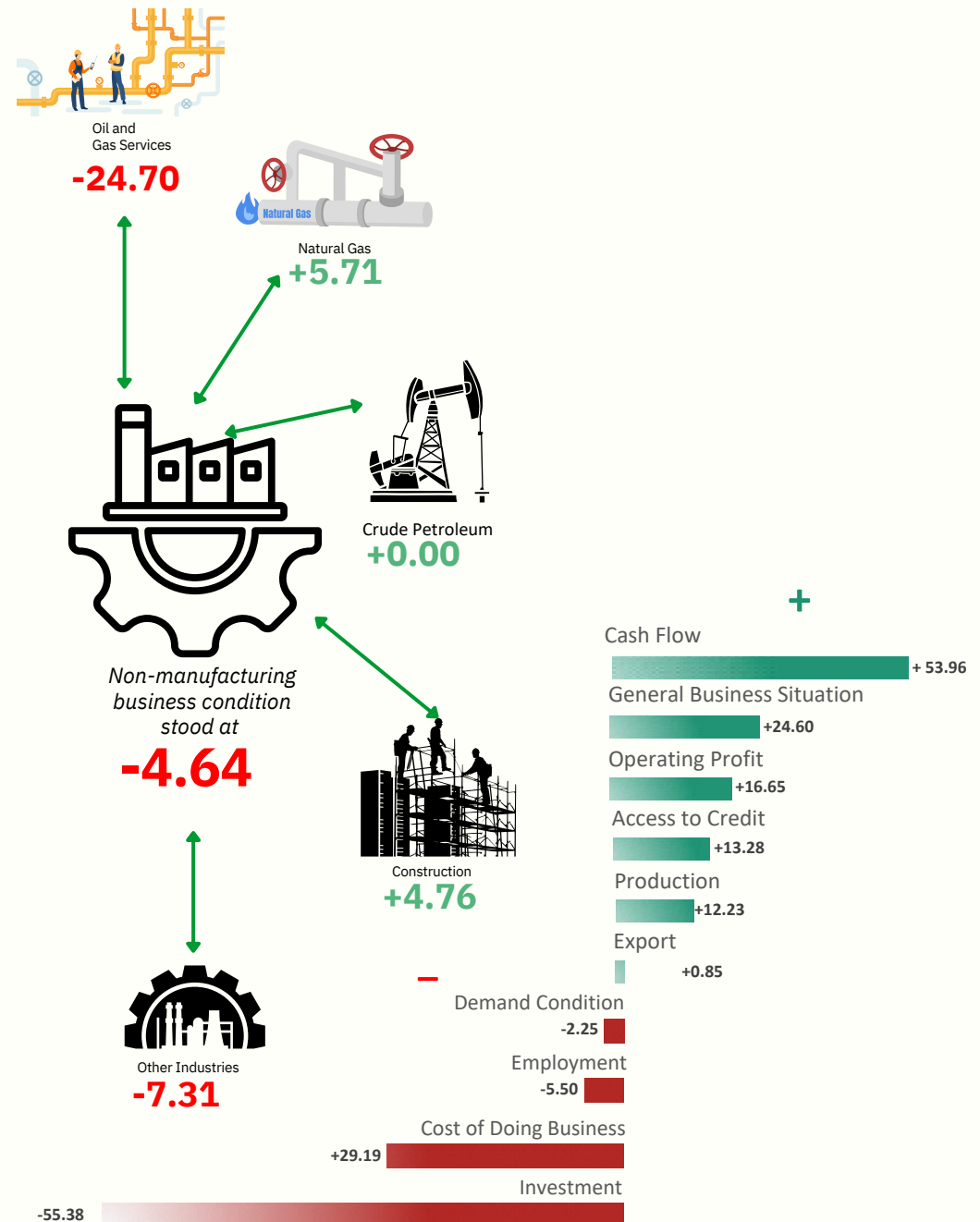
In January 2025, the NESG-Stanbic IBTC Business Confidence Monitor (BCM) index for Nigeria's non-manufacturing sector stood at -4.64, indicating a mildly negative business performance. This marks a decline from the sector's relatively better position in December 2024, when the index was recorded at +5.80.

Despite the overall downturn, the sector exhibited some resilience, particularly in the construction and natural gas sub-sectors, which posted positive indices of +4.76 and +5.71, respectively. These sub-sectors benefitted from ongoing infrastructure projects and strategic investments aimed at stabilising operations. However, the oil and gas services sub-sector led the decline, recording a sharp contraction of -24.70, reflecting the impact of reduced exploration activities and high operational costs. Similarly, the broader "other non-manufacturing" category posted a negative index of -7.31.

The sector's weak performance was largely driven by adverse investment conditions, as reflected in a steep decline in the investment index to -55.38. This suggests that businesses were hesitant to commit additional resources due to economic uncertainties, high borrowing costs, and concerns over policy direction. Subdued demand conditions (-2.25) indicated weak consumer and business spending, further dampening growth prospects. Employment also saw a decline, with an index of -5.50, reflecting job cuts and constrained hiring amid reduced business activity.

On a more positive note, several sub-indices pointed to areas of stability and growth. The cash flow index stood at +53.96, the highest in the sector, driven by improved fund deployment, strategic stockpiling of materials, and an uptick in business activity at the beginning of the year. This increase in liquidity facilitated payments for services and enhanced revenue generation, as evidenced by a positive operating profit index of +16.65.

Businesses continued to face mounting operational costs, with the cost of doing business index rising to +29.19. This increase was attributed to high exchange rates, surging energy prices, and expensive logistics, all of which contributed to higher production expenses.



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-100	-60	-30	0	+30	+60	+100
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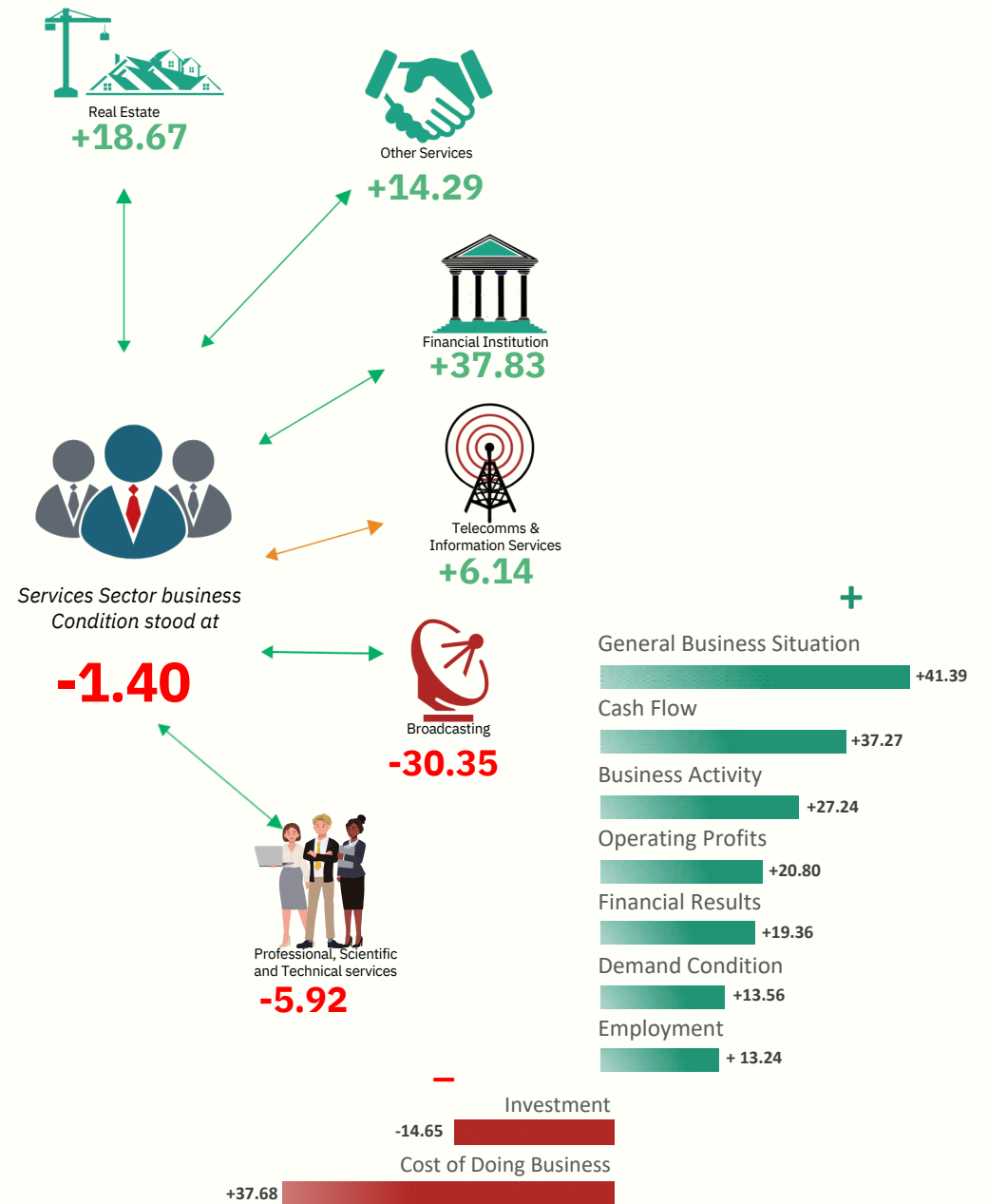
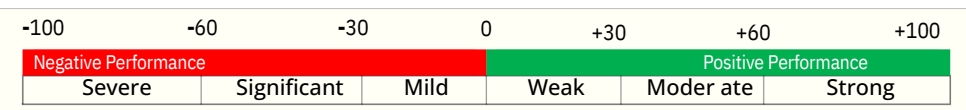
## SERVICES

Nigeria's Services sector continued to grapple with challenges in January 2025, as reflected in the NESG-Stanbic IBTC Services Business Confidence Monitor (BCM) index, which stood at -1.40 points. While this represents a slight improvement from -3.46 points in December 2024, it still signals a subdued business environment characterised by persistent operational difficulties and heightened uncertainty. The marginal recovery suggests that while some businesses managed to stabilise, overall sectoral confidence remains weak.

Several key factors contributed to this continued downturn, with escalating operational costs being a primary concern. Rising energy prices, exchange rate depreciation, and increased logistics expenses have placed immense pressure on businesses, eroding their competitiveness and reducing their ability to navigate economic shocks. These challenges have further strained firms' profitability, forcing many to adopt cost-cutting measures and reconsider expansion strategies.

Performance across the sector's six major subsectors varied significantly. Broadcasting (-30.35) and Professional Services (-5.92) recorded negative business performance, weighed down by weak demand and increasing costs. In contrast, Telecommunications and Information Services (+6.14), Real Estate (+18.67), Other Services (+14.29), and Financial Institutions (+37.83) posted positive outcomes, reflecting the usual seasonal uptick in business activities within the Services sector.

A closer analysis of key performance indicators (KPIs) provides more profound insights. Business situation (+41.39), demand conditions (+13.56), cash flow (+37.27), and employment (+13.24) all improved, indicating cautious optimism among firms. However, investment declined to -14.65, reflecting limited capital commitments. Most concerning was the cost of doing business index, which surged to +37.68, highlighting the mounting financial pressures service-oriented businesses continue to face.



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

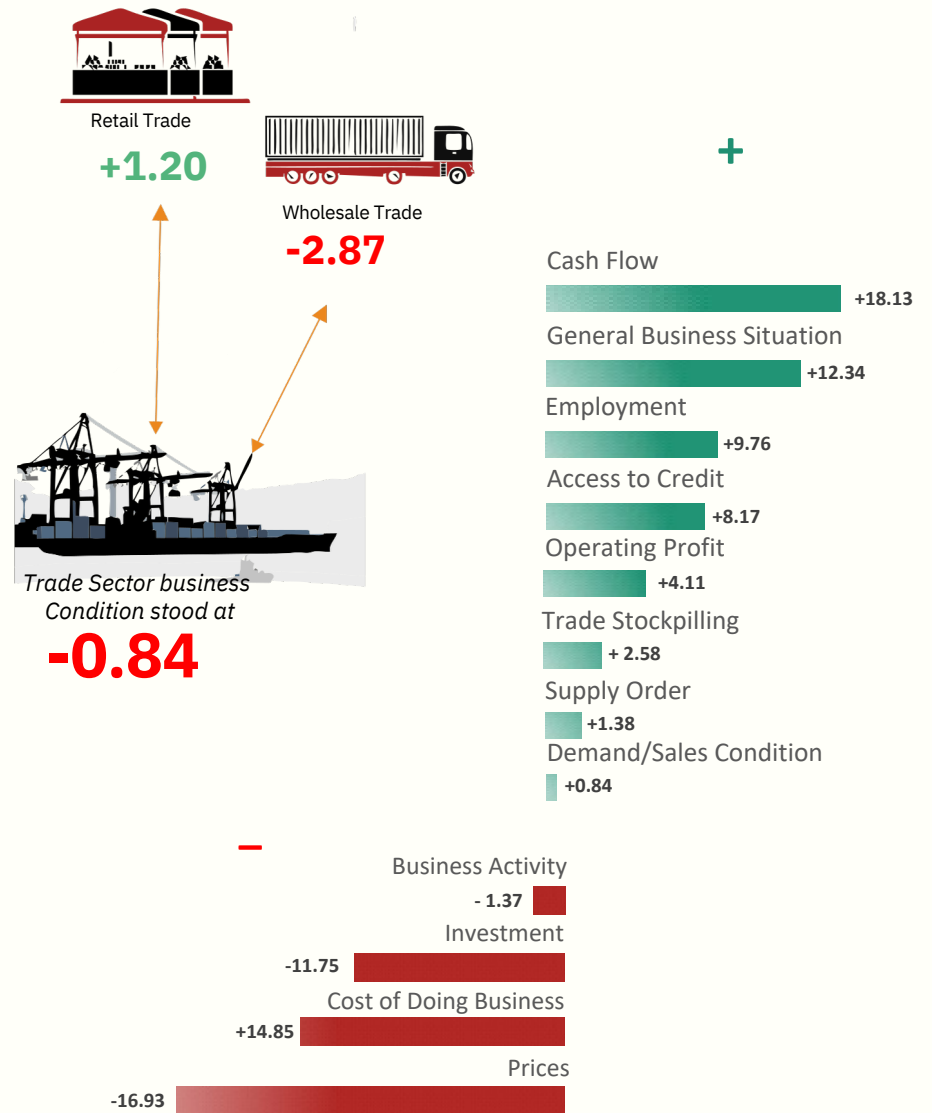
# TRADE

The NESG-Stanbic IBTC Trade Business Confidence Monitor (BCM) index improved significantly in January 2025, rising to -0.84 from -5.59 in December 2024. While the sector remained in negative territory, this shift signalled a notable recovery in business confidence and mild positive outcomes for the trade sector. The improvement was driven by better sales performance and seasonal factors that supported business activities at the start of the year.

The Wholesale sub-sector, although still experiencing a mild negative performance, showed some recovery as its index improved to -2.87 in the month from -9.99 in December 2024. In contrast, the Retail sub-sector performed better, with its index rising to +1.20 from -1.18 in December 2024. The retail segment benefited from increased consumer spending and trade restocking, helping to sustain its relatively stable outlook.

Several key performance indicators reflected encouraging trends. While investment remained negative at -16.93, indicating limited expansion and capital inflows, other indicators such as business activity, demand/sales conditions, trade stockpiling, and supply orders showed mild positive trends. The cash flow index recorded the highest positive outcome at +18.13, reflecting improved liquidity and increased demand, typical at the beginning of the year.

The sector continued to be a major employer, particularly within the informal segment, reinforcing its role as one of Nigeria's largest sources of jobs. However, challenges such as limited access to credit, high borrowing costs, strained cash flows, and elevated prices hindered more substantial growth. Wholesale businesses faced more significant hurdles, while retailers remained more resilient due to their smaller operational scale and flexible business models.



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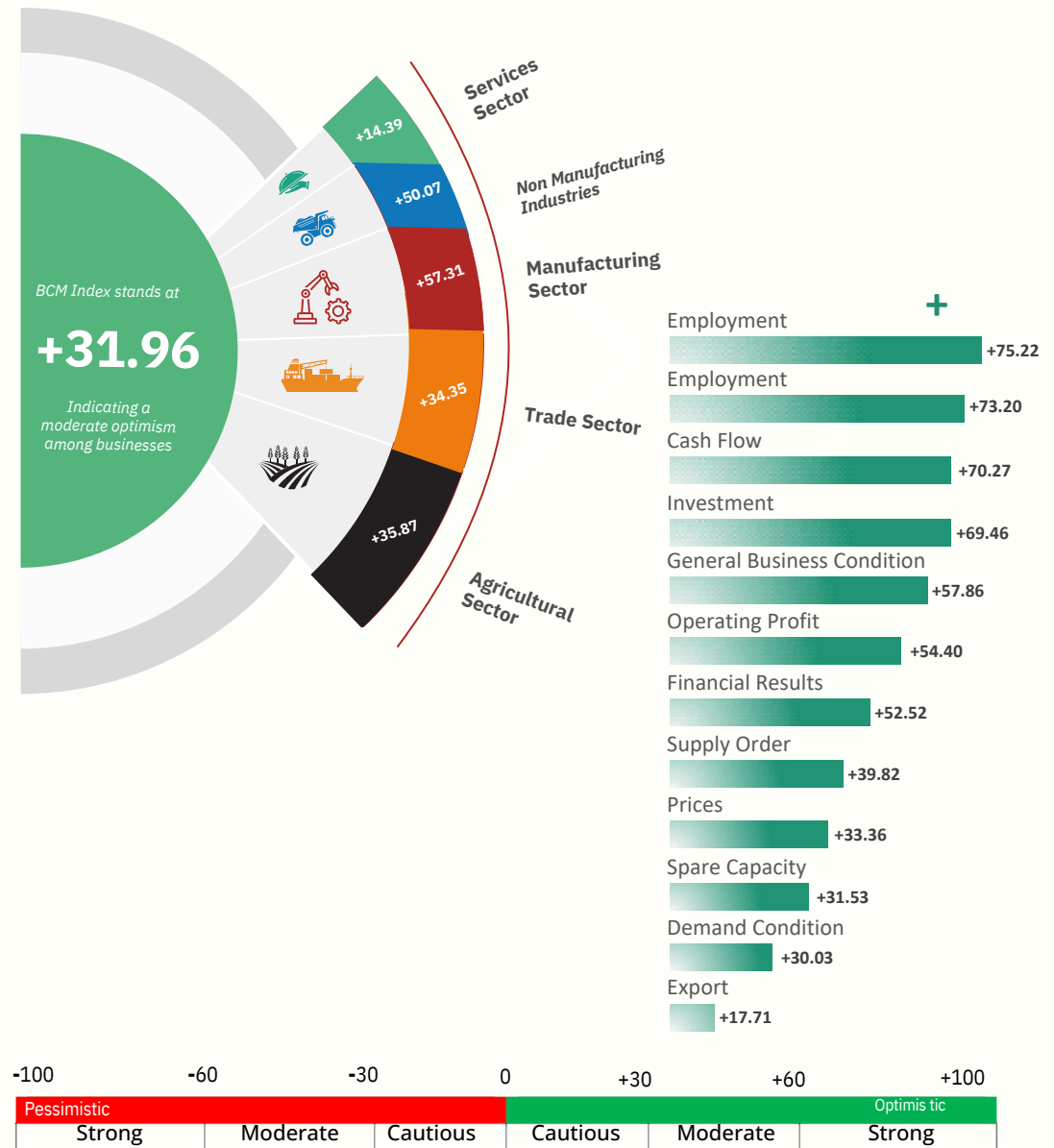
# Future Business Expectations

Looking ahead, the NESG-Stanbic IBTC Future Business Expectation Index stood at +67.20 in January 2025, reflecting moderate optimism across sectors regarding the future business environment. This marks a significant improvement in business sentiment compared to December 2024, when the index was much lower at +28.61. The notable rise in optimism suggests growing confidence in economic recovery despite persistent macroeconomic challenges.

Positive sentiment was evident across all major sectors, though the degree of confidence varied. The Services sector recorded the lowest optimism at +14.39, reflecting cautious expectations due to ongoing structural constraints and cost pressures. In contrast, the Trade (+34.35), Agriculture (+35.87), Non-Manufacturing (+50.07), and Manufacturing (+57.31) sectors demonstrated stronger, yet still moderate, confidence in near-term business performance. Encouragingly, sentiment improvements were broadly consistent across industries, mirroring trends observed in December 2024.

Several key indicators reinforced this positive outlook. The general business index climbed to +57.86, indicating an overall positive sentiment for the next one to three months, albeit with a measured tone. Other supporting indices included the demand condition index (+30.03), investment index (+69.46), spare capacity index (+31.53), financial results index (+52.52), supply order index (+39.82), and price expectations index (+33.36). The strongest drivers of optimism were the production index (+75.22), export index (+17.71), operating profit index (+54.40), cash flow index (+70.27), and employment index (+73.20), suggesting expectations of increased business activity and improved financial outcomes.

While businesses anticipate improved performance in the first quarter of 2025, concerns over rising inflation, high interest rates, and weakened consumer purchasing power remain key risks, potentially tempering the strength of the recovery of businesses in the year.



## 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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