



**Stanbic IBTC**  
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**NESG-Stanbic IBTC**

# **Business Confidence Monitor**

**Strong Coping Mechanisms Fueled Businesses'  
Weak Recovery & Moderate Optimistic Outlook**



December 2024

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## Business Confidence Monitor

*Strong Coping Mechanisms Fueled Businesses' Weak Recovery &  
Moderate Optimistic Outlook*

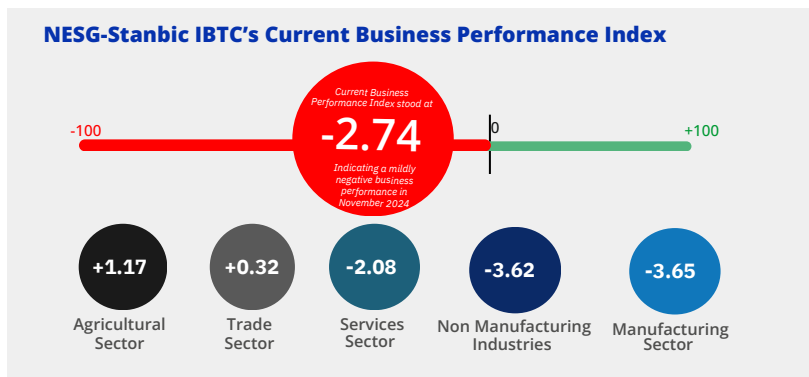
# Executive Summary

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 (November 2024):

- Many businesses in the country indicated a shift in strategy toward adapting to the current hostile business environment in the country.
- As a result, the NESG-Stanbic IBTC current business performance index for November 2024 was -2.74, indicating a decline in business activities. However, this marks an improvement compared with -23.24 in October 2024.
- Inadequate power supply, limited access to financing, and restricted access to foreign exchange top the list of growth-limiting challenges faced by businesses in the month.

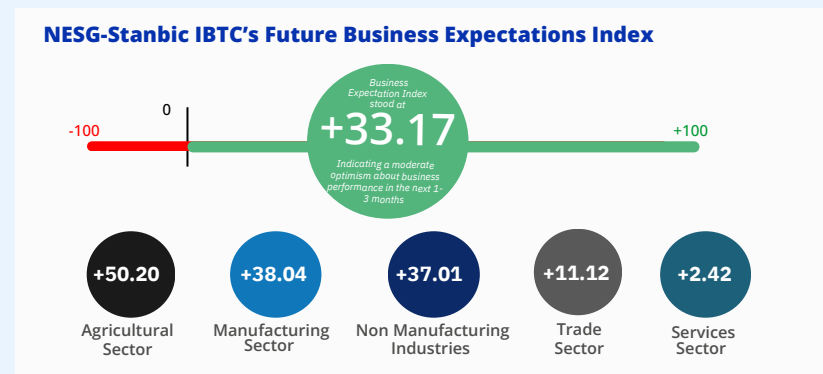


### Future Expectations (Next One to Three months):

- The NESG-Stanbic IBTC Future Business Expectations revealed a positive index of +33.17, indicating moderately optimistic expectations of business performance improvement.
- The expected improvement in the overall business situation, production, short-term investment, financial performance, supply order, and cash flow, which is not unusual for the last quarter of the year, fuels the optimistic expectations.
- The Services (+2.43) and Agriculture (+50.20) sectors are the least and most optimistic sectors, respectively, about the future.

### Sectoral Insights

- There is a generally optimistic outlook, but at a varying level, across the five (5) economic sectors covered, with three having a moderate level of optimistic posture.
- Sector indices were +50.20 for Agriculture, +38.04 for Manufacturing, +37.01, and for Non-manufacturing. The Services (+2.42) and Trade (+11.12) sectors were less optimistic about business improvement.
- Businesses expect an improvement in general business conditions and production levels. In addition, an uptick in business activities, which was notable in the last quarter of the year, will lead to an improvement in demand conditions and operating profits.



# 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.

**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.

## 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

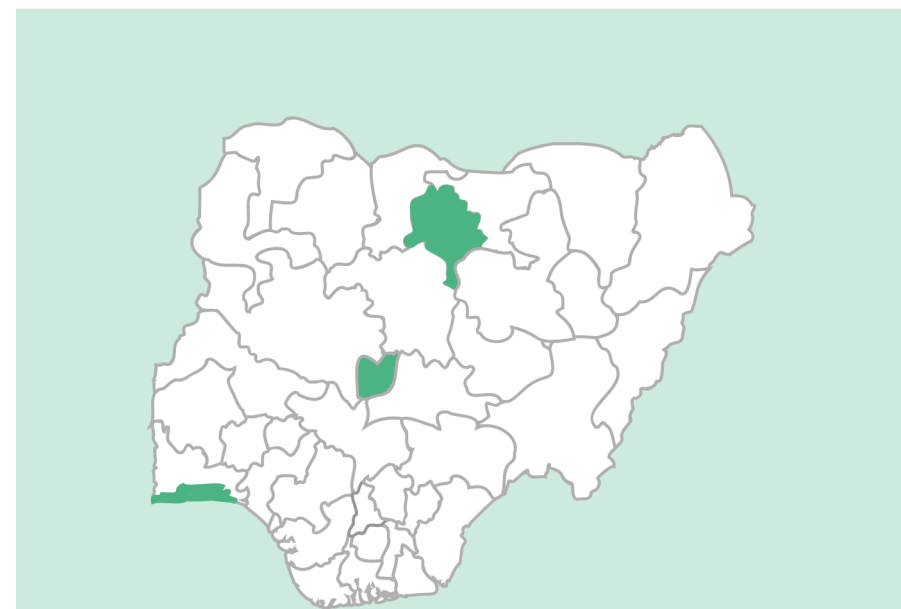
**Agriculture:** Crop Production | Livestock | Agro-Allied | Forestry | Fishing

**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 November 2024

While business activity showed some seasonal elevation, overall performance across most sectors in Nigeria remained weak in November 2024. The NESG-Stanbic IBTC Business Confidence Monitor's (BCM) Current Business Index showed a net balance of -2.74, which means that businesses are quickly adapting to the current economic situation while taking advantage of the usually busier times of the year.

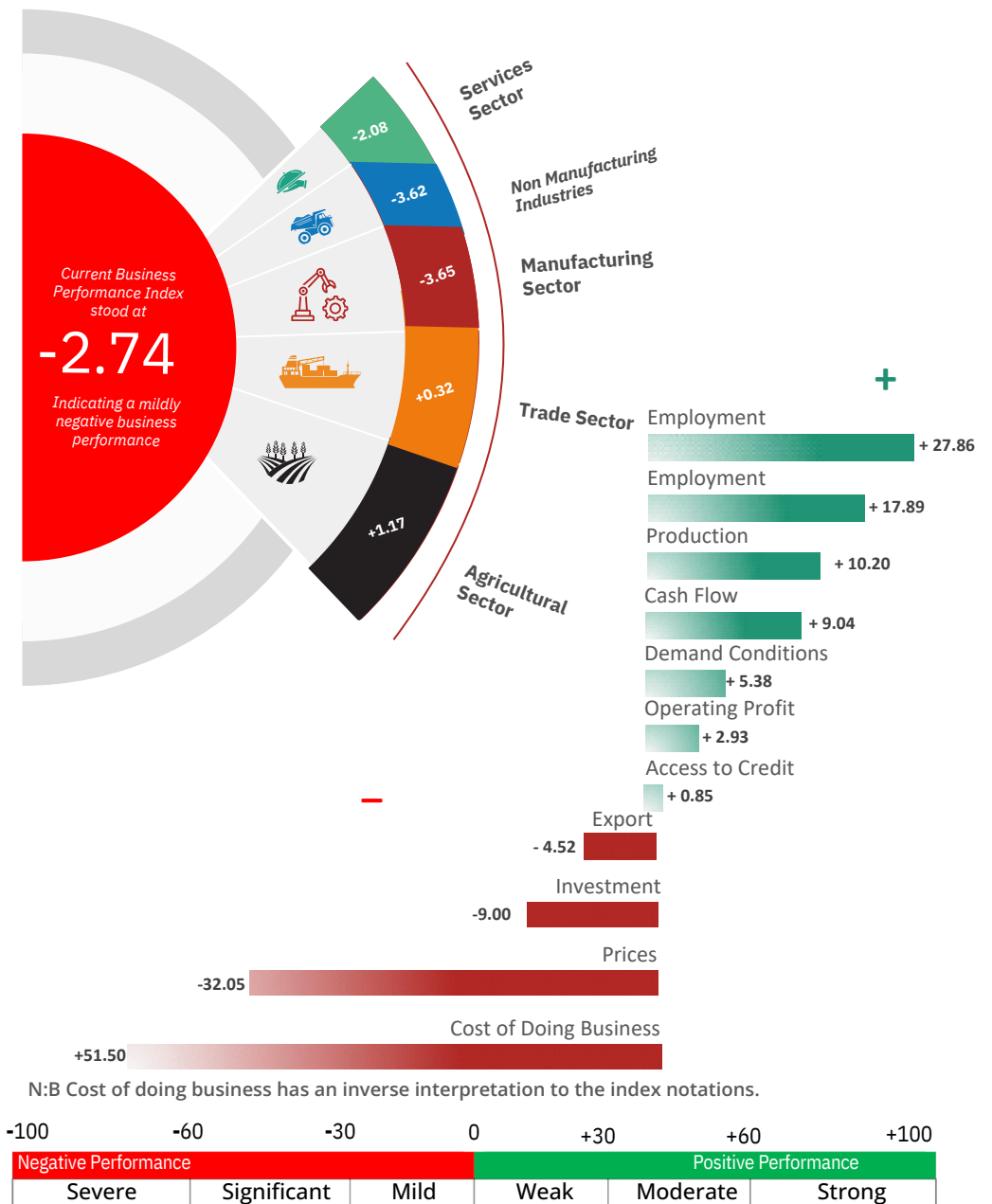
A sub-sectoral analysis highlighted broadly subdued outcomes, with negative performance noted in Manufacturing (-3.65), Non-manufacturing (-3.62), and Services (-2.08). Meanwhile, modest and weak positive business performance were observed in Agriculture (+1.17) and Trade (+0.32) sectors.

Structural challenges in Nigeria's business environment persist, driven by growth-limiting economic conditions. Elevated inflation and a depreciating local currency have kept operational costs and consumer prices significantly high. The Cost of Doing Business Index surged by +51.50, while the Prices Index fell to -32.05, reflecting mounting pressures. The Central Bank of Nigeria's (CBN) recent hike in the Monetary Policy Rate (MPR) has further exacerbated credit costs, placing additional strain on businesses. Despite opportunities for expansion this quarter, access to credit saw only marginal improvement, with fewer firms seeking funds due to prohibitive borrowing costs.

The most pronounced negative impacts were observed in reduced investment (-9.00) and exports (-4.52), both of which severely hindered overall business activity.

Businesses cited frequent power shortages as the most critical challenge in November 2024, with many firms relying on expensive alternative energy sources, compounded by already high fuel costs. Current fuel prices have failed to alleviate the burden on businesses, despite improved demand conditions (+5.38) and production growth (+10.20).

Moreover, exchange rate instability has driven up import costs, adversely affecting profitability and pricing strategies. Limited access to financing remains a significant structural barrier, further constraining business performance in November 2024.



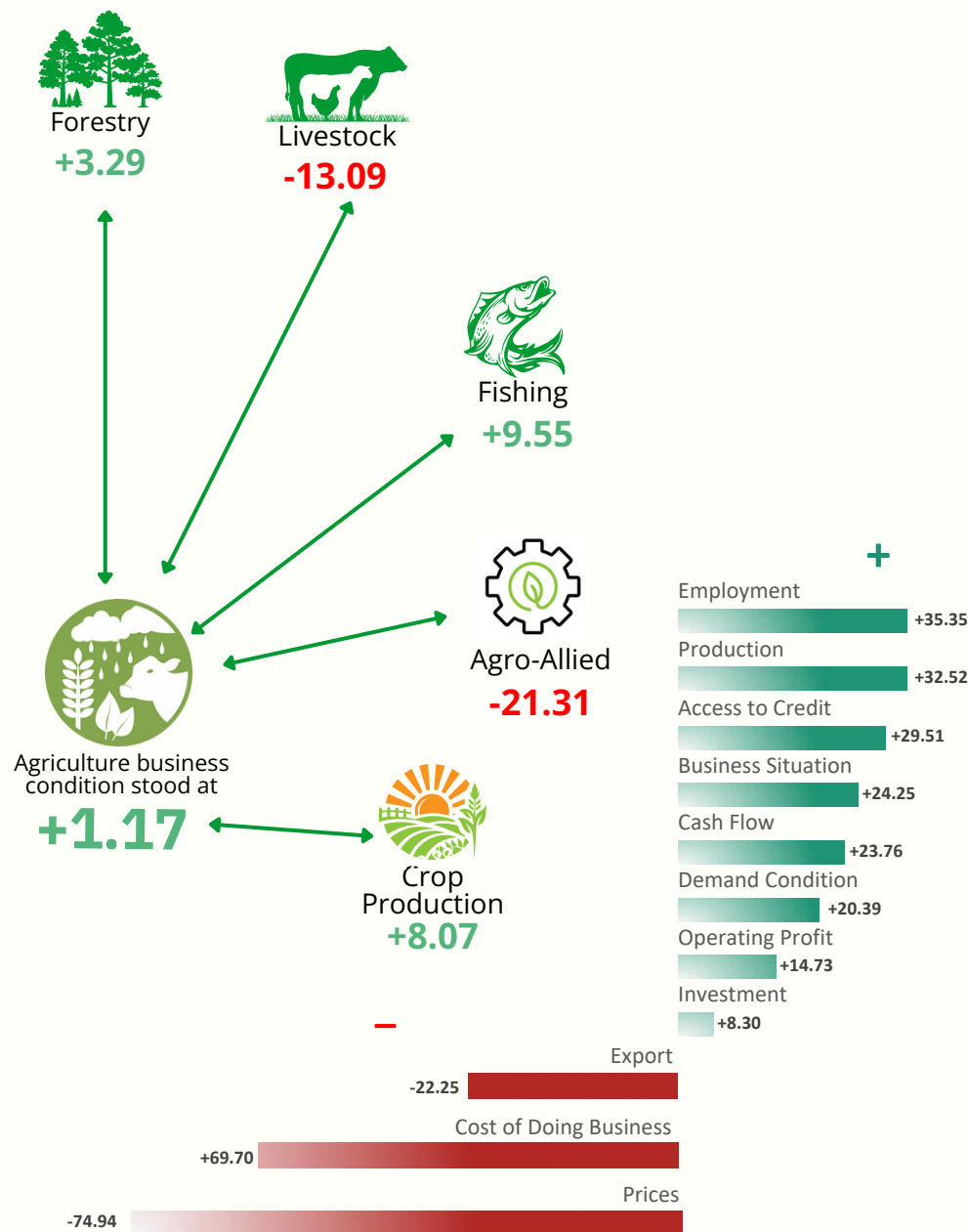
# AGRICULTURE

In November 2024, the Agriculture sector experienced a slight recovery, reflected in the NESG-Stanbic IBTC BCM index, which rose to 1.17 index points. This marks a modest rebound from the previous month's (October 2024) sharp decline of -22.22 points. Mixed outcomes across sub-sectors, along with the receding impacts of recent floods on farmlands in critical food-producing regions in Nigeria, shaped the sector's performance. Additionally, the ongoing main harvest season and off-season land preparation activities contributed to increased agricultural business activities in the month.

The NESG-Stanbic IBTC Index performance varied across the five (5) agriculture sub-sectors, with most of the activities recording positive performance. Crop Production (+8.07), Fishery (+9.55), and Forestry (+3.29) sub-sectors recorded a mild positive performance, largely attributed to steady progress in the harvest season. In contrast, Livestock (-13.09) and Agro-allied (-21.31) businesses struggled, constrained by rising feed costs, lower grain productivity, and restricted grazing areas due to earlier flooding.

Key performance indicators in November 2024 painted a picture of a mixed but improving agri-business environment. Employment and production saw moderate gains, driven by improved farmland access as floodwater receded.

Other metrics, such as access to credit, overall business conditions, operating cash flow, demand, operating profit, and investment, also showed slight improvements. Nonetheless, significant challenges affecting agribusiness persisted. The export index stayed marginally negative, while the cost of doing business and price indices deteriorated sharply, underscoring continued pressure on agri-business profitability.



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	

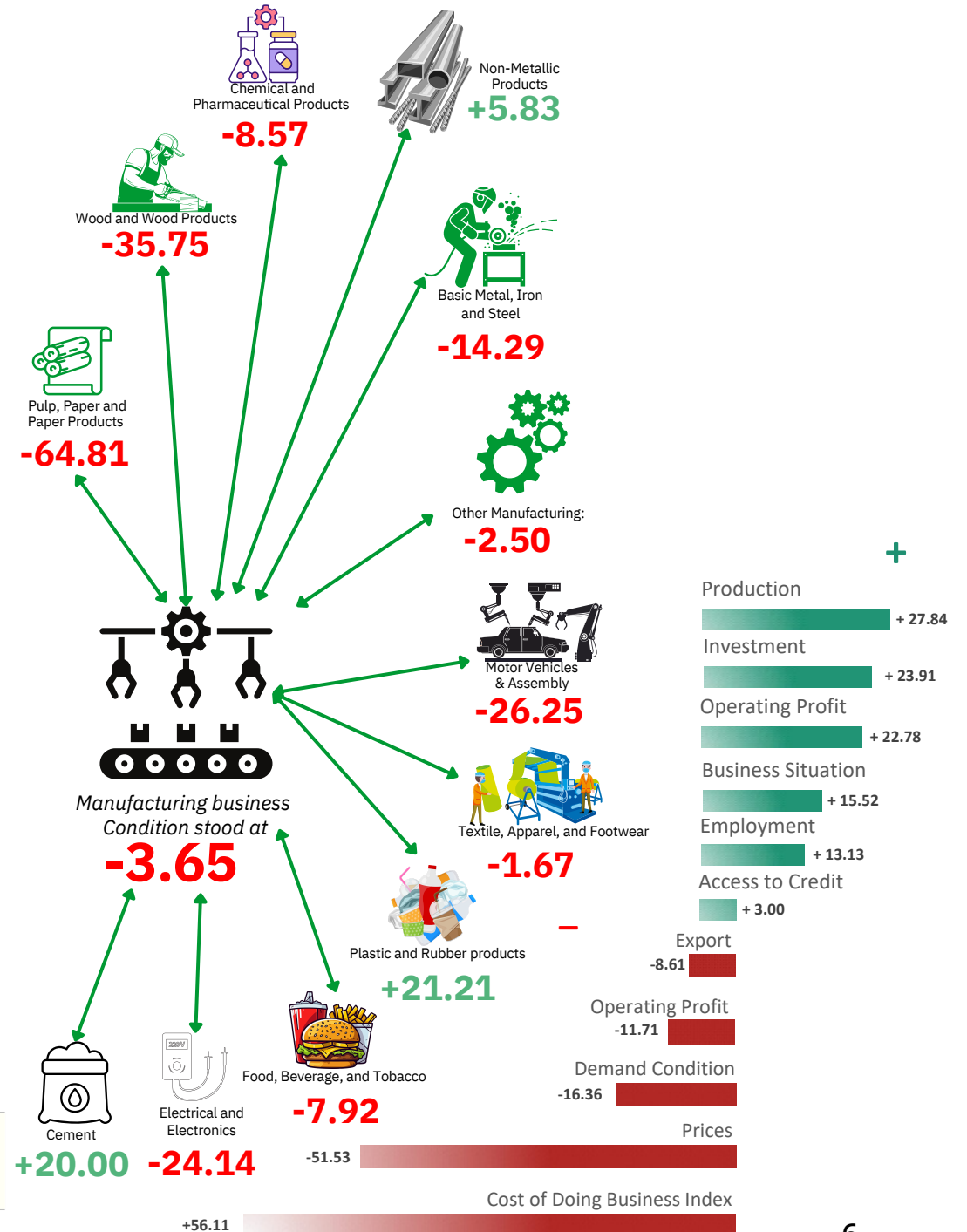
# MANUFACTURING

The NESG-Stanbic IBTC Manufacturing BCM Index for November stood at -3.65, reflecting a mildly negative business performance. However, this represents a significant recovery from -28.72 recorded in October 2024. Most sub-sectors also showed improved performance compared to the previous month, except Pulp, Paper, and Paper Products, which exhibited a severely negative performance in November 2024.

Performance across sub-sectors varied considerably. Over half of Manufacturing sub-sectors posted a mildly negative business performance, including Food, Beverage, and Tobacco; Textile, Apparel, and Footwear; Chemical and Pharmaceutical Products; Electrical and Electronics; Basic Metal, Iron and Steel; Motor Vehicles and Assembly; and Other Manufacturing. On the other hand, sub-sectors such as Non-Metallic Products, Cement, and Plastic and Rubber Products experienced a weak positive performance. The weakest performing sub-sectors - Wood and Wood Products and Pulp, Paper, and Paper Products, recorded significantly negative business performance.

Gains in key NESG-Stanbic IBTC BCM indicators drove the sector's overall performance. The business situation index rose to +15.52, the production index reached +27.84, the investment index increased to +23.91, and the operating profit improved to +22.78.

Despite these positive trends, the sector's overall performance remains subdued due to persistent challenges. The cost of doing business registered an elevated level of +56.11, while prices stood at -51.53. These figures highlight the continued burden of inflation and high interest rates, which remain significant concerns for businesses. Inflationary pressures, in particular, continue to weigh heavily on business conditions, constraining further recovery in the sector.



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

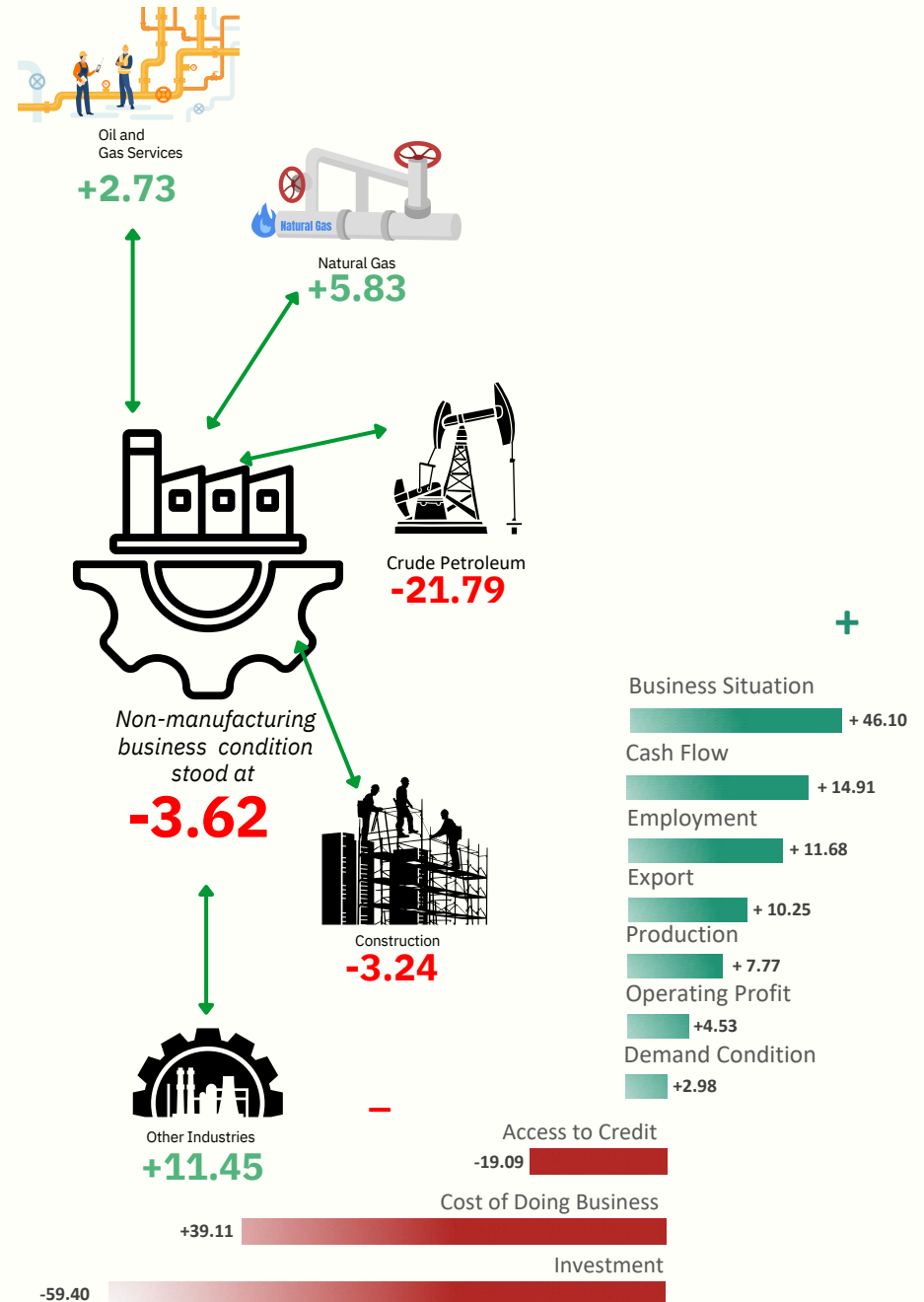
## NON-MANUFACTURING

In November 2024, the NESG-Stanbic IBTC BCM index for Nigeria's Non-manufacturing sector was -3.62, reflecting a less severe negative business performance compared to -28.16 in October 2024. This rebound was largely driven by positive outcomes across all sub-sectors, except Construction and Crude Petroleum, which recorded indices of -3.24 and -21.79, respectively. Leading the positive performers, Other Non-Manufacturing sub-sectors posted an index of +11.45, followed by Natural Gas (+5.83) and Oil and Gas Services (+2.73).

The Non-manufacturing sector's improved performance was bolstered by cash flow and employment gains, with indices of +14.91 and +11.68, respectively. However, access to credit remained a major hurdle, registering a -19.09 index, indicative of high interest rates that constrained businesses' borrowing capacities.

Other sub-indices generally showed favourable outcomes, with the general business situation achieving the highest index at +46.1. This result was attributed to improved production and demand conditions, driven by stockpiling and increased purchases ahead of year-end festivities. Anticipating price hikes, consumers engaged in panic buying, boosting businesses' revenues, as evidenced by a positive operating profit index.

Nonetheless, businesses grappled with elevated operating costs, as indicated by a +39.11 index for the cost of doing business. This increase stemmed from high borrowing costs, inflation, exchange rate volatility, and rising energy and logistics expenses, which collectively inflated production costs and discouraged additional investments. As a result, the investment index plummeted to -59.40, underscoring the lack of confidence in committing new resources to non-manufacturing ventures.



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



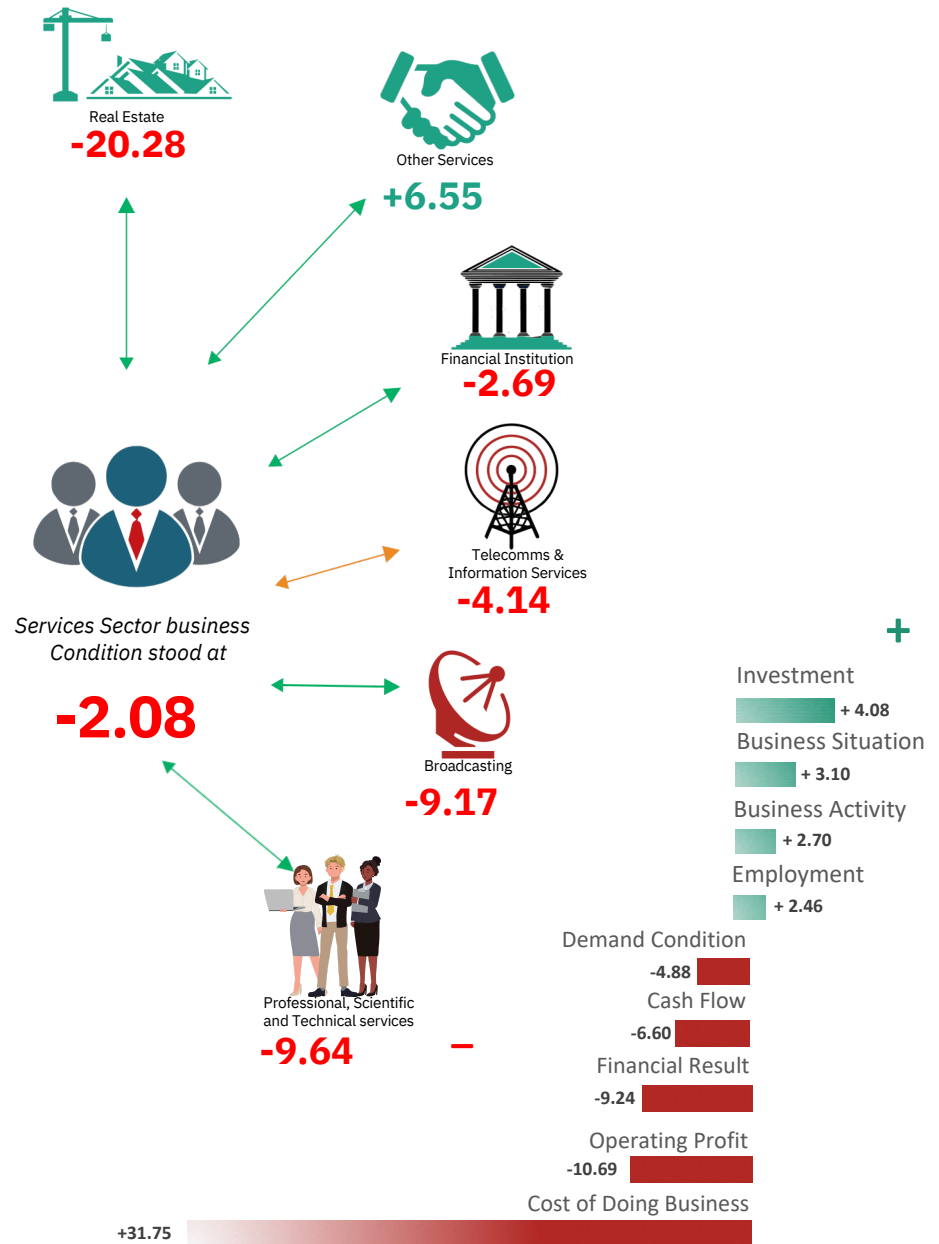
## SERVICES

In November 2024, the Services sector continued to grapple with significant challenges, as reflected by the NESG-Stanbic IBTC Services Business Confidence Monitor (BCM) index, which registered at -2.08 points. This figure, though marginally lower than the previous month (October 2024), signals a continued deterioration in business performance. The decline underscores the persistence of operational difficulties in an environment marked by heightened uncertainty.

Key drivers of these challenges include escalating energy costs and renewed volatility in the foreign exchange market, both of which have compounded operating and logistics expenses. The rising costs have eroded the competitiveness of businesses, limiting their ability to absorb shocks and maintain profitability.

Among the six major sub-sectors within the Services sector, varying degrees of performance were observed, with only Other Services (+6.55) having a positive business performance. Sectors such as Real Estate (-20.28), Financial Institutions (-2.69), Telecommunications and Information Services (-4.14), Broadcasting (-9.17), and Professional Services (-9.64) all recorded negative business performance in November 2024, reflecting the widespread nature of these difficulties. These indicated that the challenging operating environment remains a significant constraint for the sector.

A closer examination of key performance indicators (KPIs) presents a nuanced picture. Modest improvements were reported in investment levels, general business sentiment, business activity, and employment. These gains suggest that some firms are still pursuing expansion and hiring opportunities, albeit cautiously. However, other critical metrics painted a less optimistic scenario. Indicators such as demand conditions, cash flow, financial performance, and operating profit all saw mild declines. The most concerning result came from the cost of doing business index, which registered a substantial negative reading, emphasising the mounting financial pressures faced by service-oriented firms.



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

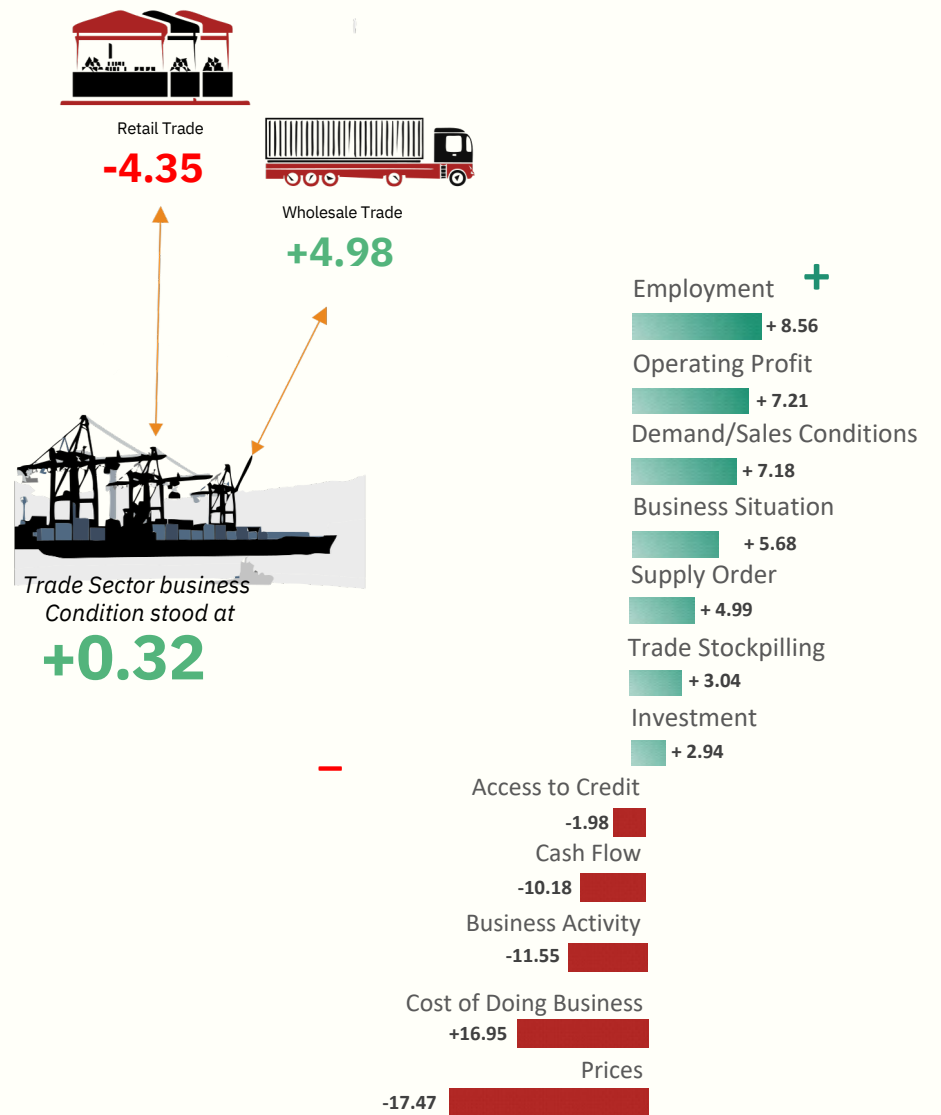
-100	-60	-30	0	+30	+60	+100
Negative Performance			Positive Performance			
Severe	Significant	Mild	Weak	Moderate	Strong	

# TRADE

The NESG-Stanbic IBTC Trade BCM index reached +0.32 In November 2024, marking a significant recovery from its October 2024 performance of -23.45 and signalling modest positive business outcomes for the sector. However, sub-sector results were mixed. The Wholesale sub-sector experienced a substantial rebound, rising to +4.98 in November from -31.90 in the previous month. Conversely, Retail recorded an index of -4.35, though this was an improvement from -14.99 in October 2024.

Key performance indicators were largely positive. While the business activity index remained negative at -11.55 and the cost of doing business index stood at +16.95, other indicators, including the general business situation, demand/sales conditions, investment, supply orders, trade stockpiling, and operating profit—showed weak positive results. Notably, the operating profit index achieved the highest positive outcome at +7.21, reflecting increased cost pass-through to consumers. Demand/sales conditions followed closely, highlighting the Trade sector's benefit from heightened sales typically observed in the final quarter of the year.

The sector's strong capacity to generate employment, particularly in the informal segment, primarily drove its improved performance, reinforcing its status as one of Nigeria's largest employers. However, the sector's positive results remain sub-optimal due to challenges such as limited access to credit, high borrowing costs, strained cash flows, and elevated prices. While Wholesale players have shown resilience in navigating these constraints, retailers remain particularly vulnerable due to their smaller operational scales.



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Negative Performance			Positive Performance			
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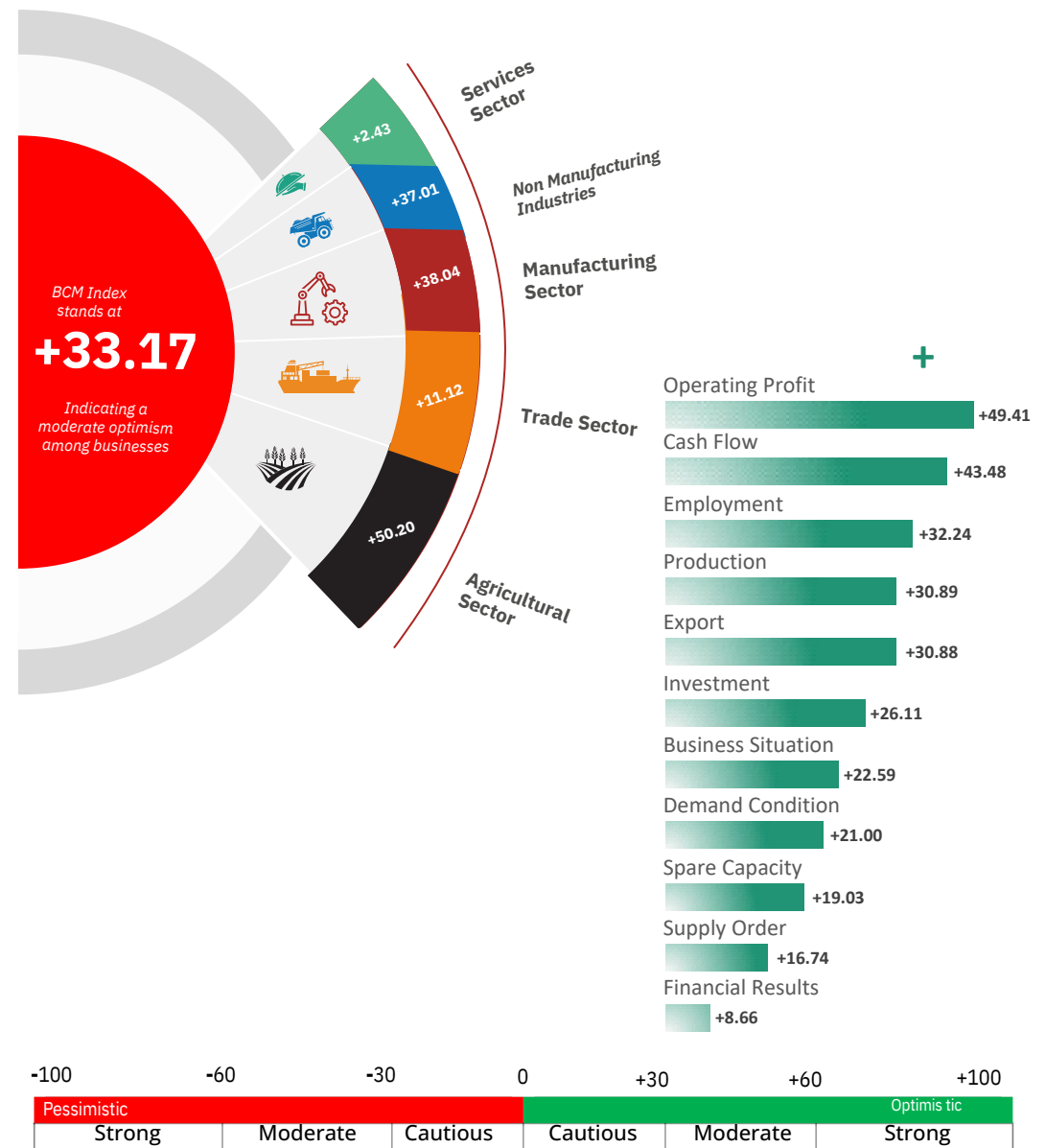
# Future Business Expectations

Looking ahead, the NESG-Stanbic IBTC Future Business Expectation Index stood at 33.17, reflecting moderate optimism across sectors regarding the future business environment. This represents a significant turnaround from the previous month's -3.14 in October 2024, signalling a notable shift in business sentiment.

While optimism was evident across all sectors, the intensity varied. The Services (2.43) and Trade (11.12) sectors exhibited cautious optimism, whereas Manufacturing (38.04), Non-manufacturing (37.01), and Agriculture (50.20) demonstrated a stronger but still moderate outlook about the short-term performances of businesses. Sentiment improvements were consistent across all sectors compared to the prior month (October 2024).

Key indicators further underscored this positive outlook. The general business index reached 22.59, indicating an overall positive sentiment about the future (one to three months), albeit with a measured tone. Supporting indicators included the demand condition index (21.00), investment index (26.11), spare capacity index (19.03), financial results index (8.66), supply order index (16.74), and price expectations (7.82). Notably, major drivers of optimism were the production index (30.89), export index (30.88), operating profit index (49.41), cash flow index (43.48), and employment index (32.24).

Expectations regarding prices, demand, investment, and financial performance remain critical drivers of the cautiously optimistic outlook. This sentiment reflects ongoing concerns about rising inflation, high interest rates, and weakened purchasing power, which continue to weigh on business confidence.



## 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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