

NESG-Stanbic IBTC Business Confidence Monitor

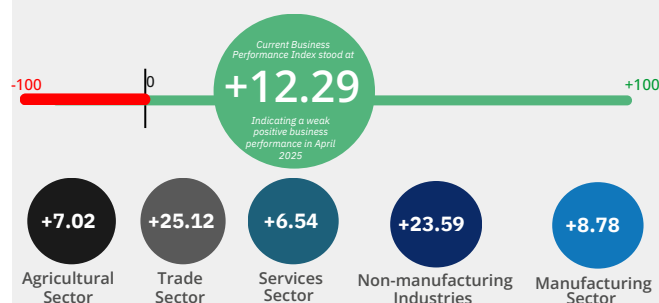
Private Sector Sustains Growth Momentum Amid Obvious Business Risks and Challenges

- 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.

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

NESG-Stanbic IBTC's Current Business Performance Index - April 2025



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.

Comment from Stanbic IBTC

The current business conditions amongst Nigerian businesses improved further to their highest level since we began coverage of the Business Confidence Monitor (BCM) over seven months ago. This is as business activity improved across all the sectors covered by the survey, with Agriculture returning to positive in April from a negative index in March. The notable recovery in Agriculture at the start of Q2:25 reflects off-season harvest in the Northern region of the country, which ensured there were strong gains in crop production and Agro-allied activities during the month. Another significant improvement indicated by the survey was in the Trade sector, coinciding with the festivities witnessed in the month, which drove higher consumer spending on household goods, food, and clothing. Overall, production level, demand condition, financial performance and employment levels improved in April relative to March, while cost pressures remained, and there was a dip in the investment index. Meanwhile, businesses remain cautiously optimistic regarding an improvement in the business environment over the next one to three months, although the Trade sector witnessed the highest level of optimism in near-term business prospects.

Nigeria's business conditions started Q2:25 on a positive note, and we expect this trend to be maintained, albeit relatively slower than witnessed in Q1:25. This is as the local currency is expected to depreciate in Q2:25 compared to Q1:25 amid the lingering global uncertainties. This could also lead to a slightly higher inflation rate than seen in Q1:25, but it is still expected to remain softer compared to the 2024 average. Nonetheless, interest rates are likely to be lower this year amid moderate inflationary pressures, thereby helping to support economic growth over the medium term. On balance, we still maintain our expectation that the Nigerian economy is likely to grow by 3.5% y/y in real terms in 2025 relative to 3.4% y/y growth in 2024.

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Survey methodology

For the NESG-Stanbic IBTC BCM 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.

The Business Confidence Survey (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.

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.

About Business Confidence Monitor

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 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.

The data set for constructing the NESG-Stanbic IBTC 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 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.

About 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.

About Stanbic IBTC Bank

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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