

NESG-Stanbic IBTC Business Confidence Monitor

Enduring Infrastructure and Financial Conundrum Constraint Business Growth

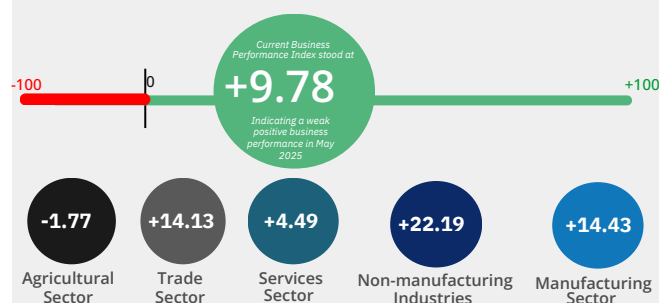
- Businesses in Nigeria maintained a positive performance streak for the fifth consecutive month in 2025, as reflected in the May 2025 results of the Business Confidence Monitor (BCM)'s Current Business Performance Index.
- The Current Business Performance Index for May 2025 stands at +9.78, signalling mildly positive business activity, though slightly lower than the +12.29 recorded in April 2025.
- Over the past three months, the key business challenges ranking has been largely unchanged. Persistent power supply shortages continue to be the most significant constraint on business growth, followed by limited access to finance, high commercial lease and rental costs, and restricted availability of foreign exchange.

Nigeria's business environment sustained its positive trajectory in May 2025, although with a slight moderation in momentum compared to previous months. According to the NESG-Stanbic IBTC Business Confidence Monitor (BCM), the Current Business Index declined to +9.78 in May, down from +12.29 in April 2025.

Sectoral analysis revealed mildly positive outcomes across most sectors, except for Agriculture, which recorded a negative performance. Strong performances were noted in Non-manufacturing (+22.19), followed by Manufacturing (+14.43), Trade (+14.13), and Services (+4.49). In contrast, Agriculture posted a negative index of -1.77, primarily driven by existing structural issues, and amplified by the intensified impacts of climate change, including prolonged droughts, erratic rainfall, extreme heat waves, and shorter wet seasons.

Compared to April 2025, all sectors experienced a slowdown in performance, except Manufacturing, which remained resilient.

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



Most BCM sub-indices showed lower values compared to the previous month. The general business situation remained positive, with reported improvements in production levels, operating profits, cash flow, and employment. However, the cost of doing business declined to +38.54 in May from +51.79 in April.

Notably, the most significant negative indicators were a sharp reduction in investment confidence (-25.61) and declining price levels (-18.15), contributing to slower business activity and growth during the month.

Key constraints to business expansion in May 2025 included persistent power supply shortages, limited access to financing, high commercial lease and rental costs, inadequate foreign exchange availability, inconsistent economic policies, and worsening insecurity. In particular, the resurgence of security challenges posed severe disruptions to business operations. Similarly, restricted access to finance has remained a structural bottleneck, further dampening business prospects.

Comment from Stanbic IBTC

In May, the Nigerian current business conditions as measured by the Business Confidence Monitor (BCM) maintained its positive momentum for the fifth consecutive month, although at a level somewhat weaker than seen in April. Notably, the nature of pressures that limited business activity in 2024 have relatively moderated in terms of impact so far in 2025. For instance, the local currency has only depreciated by a moderate 3.5% in 2025 compared to 40.1% currency depreciation in 2024. Also, energy costs and general inflationary pressures have softened compared to their respective trend in 2024. These factors have supported an improvement in business performance in 2025 compared to 2024. However, interest rates remain high amid other existing structural issues, hence limiting business potential and overall economic growth.

The sectoral breakdown shows that the current business conditions remain positive across the broad sectors covered by the BCM besides the agricultural sector which recorded its second monthly decline in 2025. Survey participants linked this to worsening unfavourable weather conditions, including shorter wet season and extreme heat waves. Nonetheless, business managers indicate moderate optimism about business performance in the next one to three months. The key drivers of this optimism include stronger client demand which is expected to incentivize higher production levels and improved business cashflows.

Nigeria's business condition is on course to end Q2:25 on a positive momentum, albeit relatively weaker than witnessed in Q1:25. This is as currency weakness, higher raw material costs, and increased transport prices have been more pronounced than seen in Q1:25. However, as inflation is expected to remain softer compared to the 2024 average, interest rates are likely to be lower this year, thereby helping to support medium-term economic growth path. Therefore, 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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