



Stanbic IBTC
A member of Standard Bank Group

NESG-Stanbic IBTC

Business Confidence Monitor

**Weak Performance & Uncertain Future
Define Nigeria's Business Environment**



November 2024

Table of Contents:



 Executive Summary

 BCM Framework

 Nigeria's Business Conditions
in October 2024

 How the Sectors Fared in October 2024

- Agriculture Sector
- Manufacturing Sector
- Non-Manufacturing Industries
- Services Sector
- Trade Sector

 Future Business Expectations

**Business
Confidence Monitor**

*Weak Performance & Uncertain Future Define Nigeria's Business
Environment*

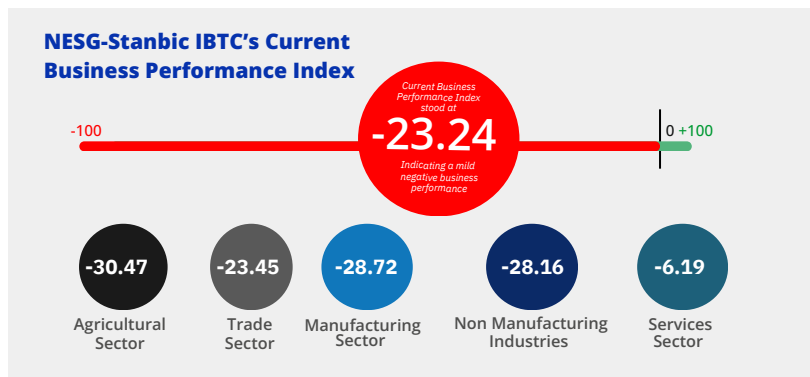
Executive Summary

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 (October 2024):

- The country's business operating environment is largely hostile, as underlying business and economic challenges have amplified significantly and showed weaker performance when compared with September 2024.
- As a result, NESG-Stanbic IBTC's current business performance index for October 2024 was -23.24, indicating a decline in business activities compared with September 2024.
- Most businesses faced significant hurdles, limiting their growth performance with inadequate power supply, insecurity and limited access to financing topping the list.

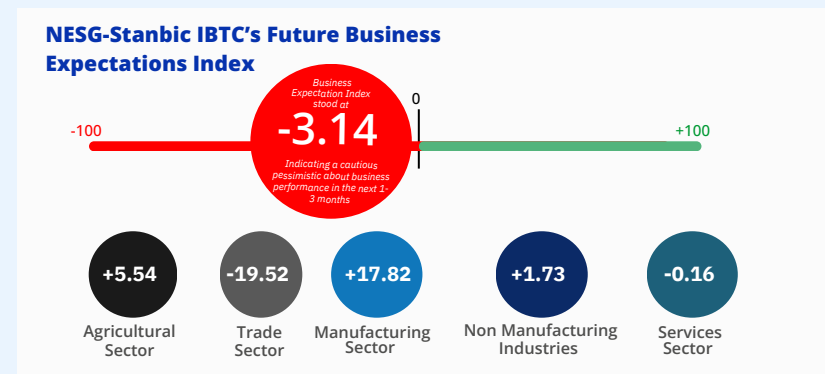


Future Expectations (Next One to Three months):

- The NESG-Stanbic IBTC BCM revealed a negative index of -3.14, indicating cautious pessimistic expectations of business performance improvement.
- Pessimistic expectations are driven by the anticipated poor state of general business situation, production, investment, export, financial performance, supply order, and cash flow.
- The Trade sector (-19.52) is the most pessimistic, and the Manufacturing sector is the most optimistic (+17.82) about the future.

Sectoral Insights

- There is a varying outlook across the five (5) economic sectors covered, with three having a cautiously optimistic posture.
- Sector indices were +17.82 for Manufacturing, +5.54 for Agriculture, and +1.73 for Non-manufacturing. In contrast, the Services and Trade sectors were pessimistic about business improvement.
- Businesses expect a decline in general business conditions and production levels. In contrast, demand conditions and operating profits will improve due to an uptick in business activities usual with the last quarter of the 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.

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

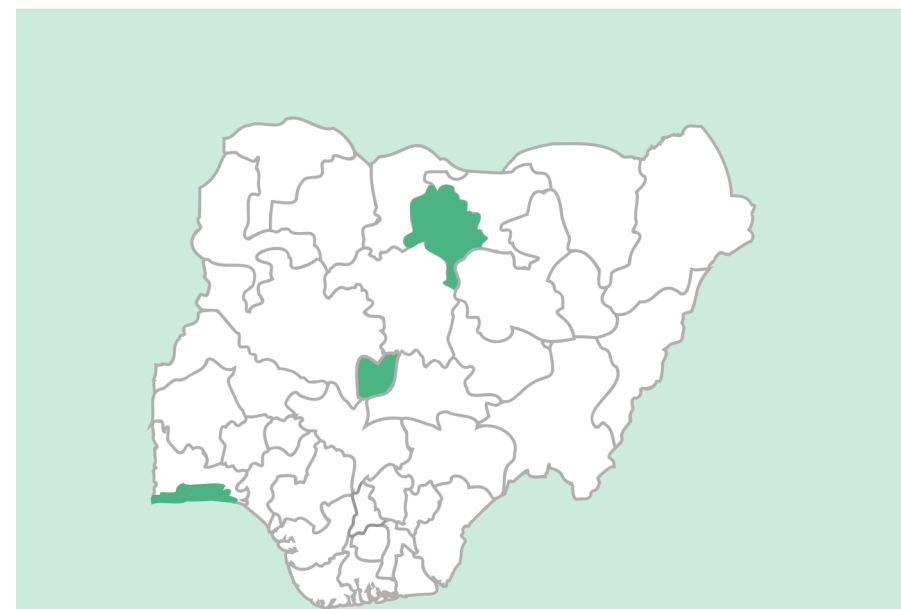
Agriculture: Crop Production | Livestock | Agro-Allied | Forestry | Fishing

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 2024

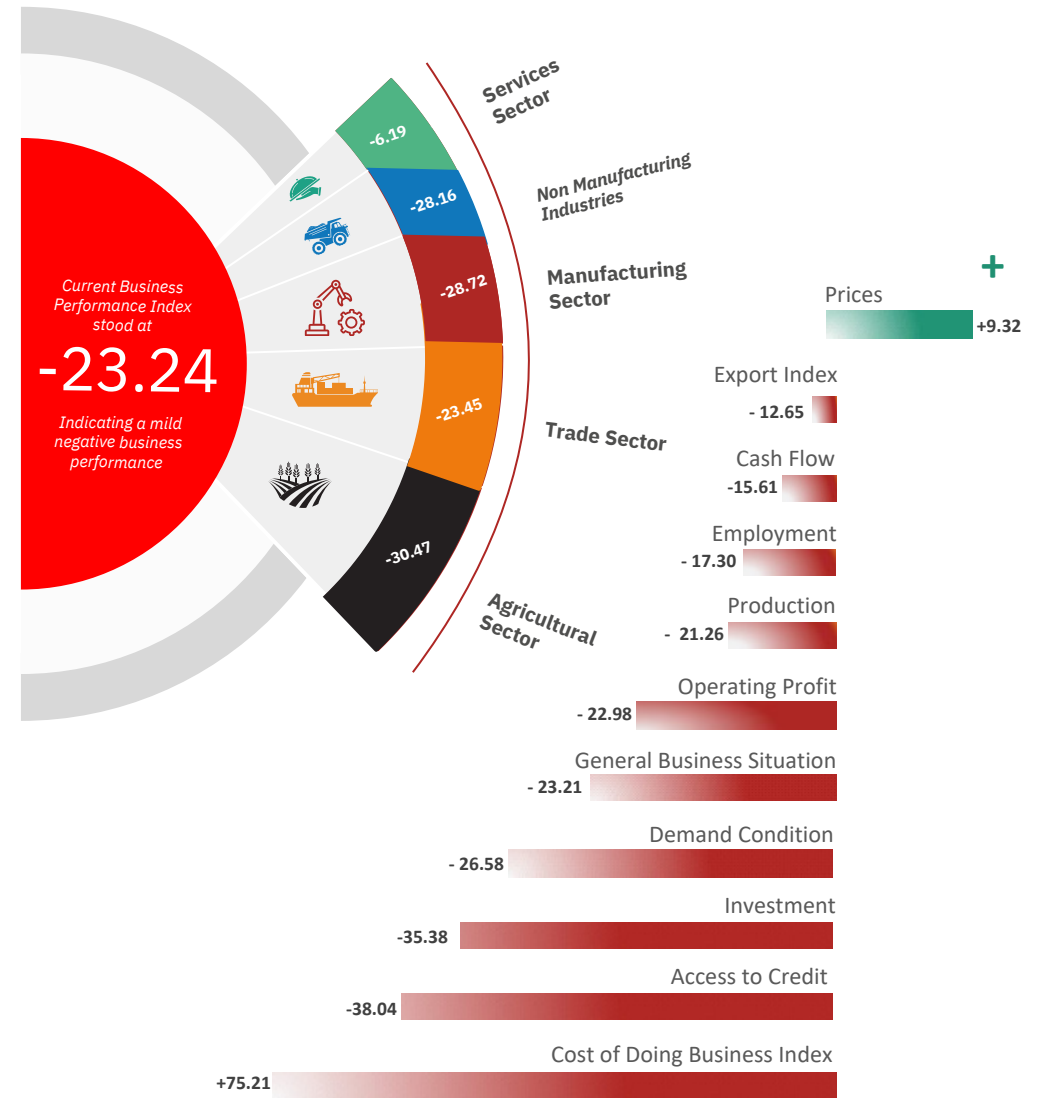
In October 2024, business performance across most sectors in Nigeria remained weak. The NESG-Stanbic IBTC's Current Business Performance Index recorded a net balance of -23.24, reflecting the overall economic inertia dominating the month. Sub-sectoral analysis revealed a broadly negative business sentiment, with significant declines in Agriculture (-30.47), Manufacturing (-28.72), Non-manufacturing (-28.16), and Trade (-23.45). The Services sector also faced a mildly negative business condition, marked by a net balance of -6.19.

The country's business operating environment continues to face severe challenges, with several underlying economic issues intensifying. Inflation remains high, eroding purchasing power and raising operational costs. Additionally, the Central Bank of Nigeria's (CBN) hike in the Monetary Policy Rate (MPR) has led to higher credit costs, further straining business operations. The most substantial negative impacts on the current business climate stem from constrained access to finance (-38.04), poor employment levels (-17.30), and limited cash flow (-15.61), all of which significantly hampered business activities.

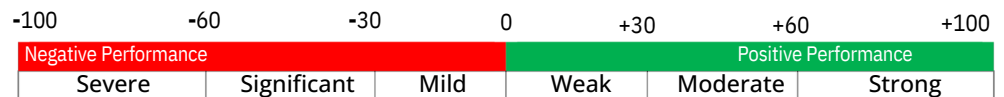
These conditions cumulatively increased the cost of doing business, discouraged investment, weakened demand, and worsened the overall business climate. The energy sector's unreliability, marked by frequent power shortages, forces many companies to rely on costly generators, further escalating fuel expenses. The recent surge in fuel prices has placed considerable pressure on operational budgets, particularly for small and medium-sized enterprises (SMEs).

Moreover, the Naira instability has raised import costs and complicated financial planning, negatively impacting profitability and pricing strategies. Export performance has also been weak, with businesses reporting below-normal export order books, resulting in an export index of -12.65.

Lastly, inadequate power supply, insecurity, limited access to financing and multiplicity of tax regulations top the list of structural business challenges limiting business performance in October 2024.



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



AGRICULTURE

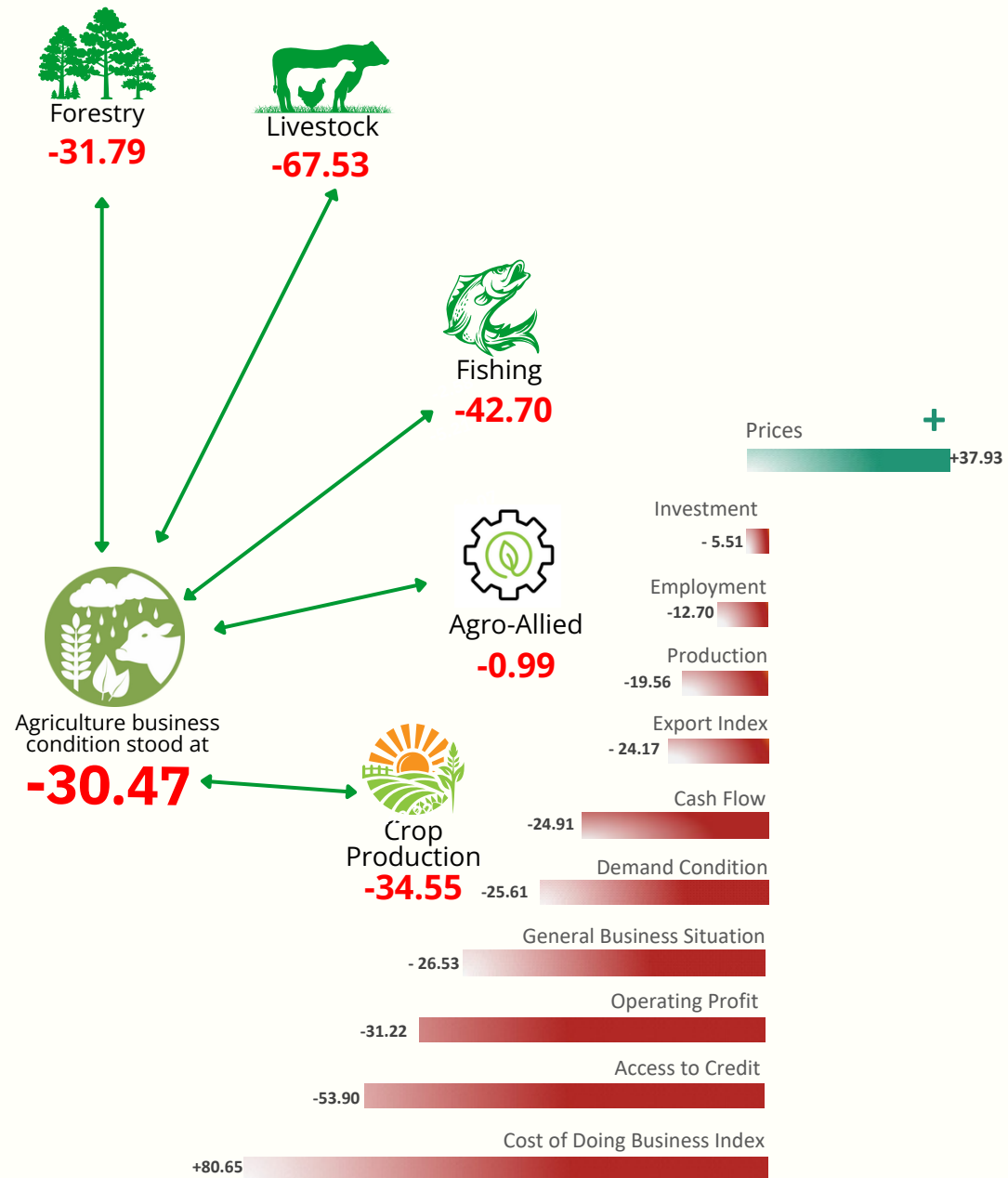
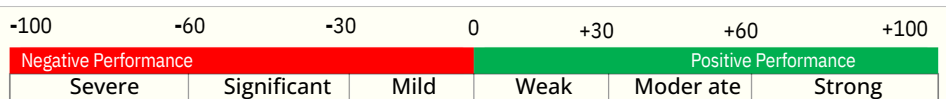
In October 2024, the NESG-Stanbic IBTC BCM index for the Agriculture sector registered at -30.47 points, signalling a mildly negative business performance. This outcome underscores the impact of ongoing structural challenges on the sector, including insecurity, infrastructure deficits, and elevated input costs driven by exchange rate depreciation.

Additionally, persistent flooding in major food-producing states, exacerbated by extended rainfall in Q4-2024, has led to significant losses in farmland, crops, yields, and grazing areas.

Performance across all five agriculture sub-sectors was markedly negative. While the Agro-Allied sub-sector recorded a mild negative performance at -0.99, the other four sub-sectors experienced substantial declines in business performance. The Livestock sub-sector was particularly affected, suffering severely negative performance due to rising feed costs, decreased grain yields, and reduced grazing areas as a result of flooding.

In the Crop Production and fishing sub-sectors, poor performance was further driven by insecurity, high input costs, and flooding, among other factors.

Key performance indicators for the agriculture sector reflect a challenging business environment for agri-businesses. All indicators for the agriculture sector, except for prices, fell into negative territory in October 2024, pointing to a hostile operating landscape. The cost of doing business rose significantly, and access to credit and operating profits dropped sharply. Other indicators showed mild negative performance.



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

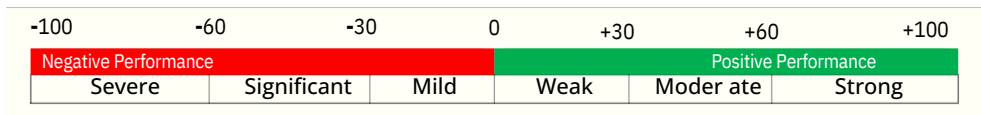
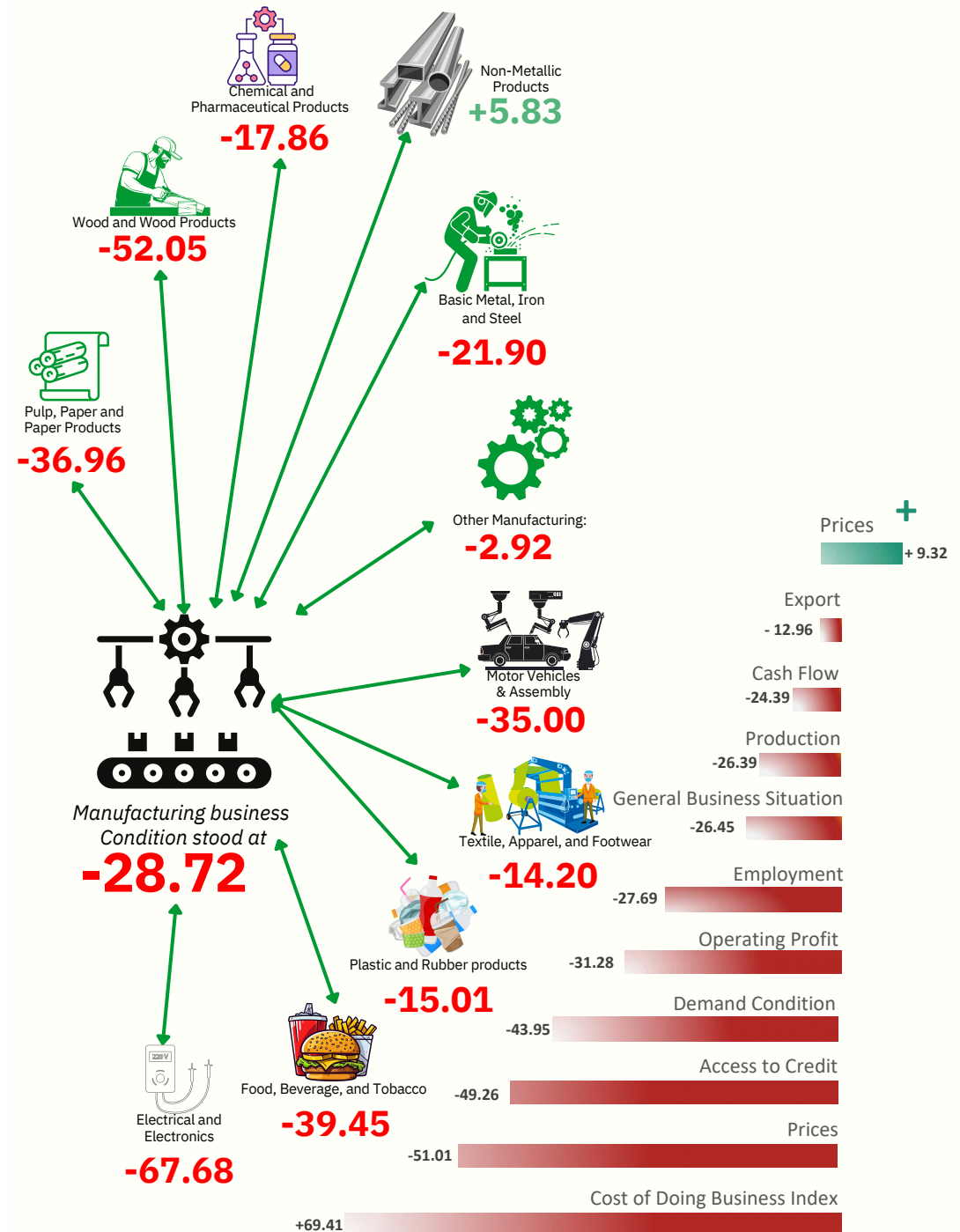
MANUFACTURING

Nigeria's Manufacturing sector faced significant challenges, with the NESG-Stanbic IBTC BCM index dropping to -28.72 in October 2024, reflecting mildly negative business performance and a notable decline from the previous month. This performance downturn was driven by high interest rates, elevated inflation, and rising production costs, which continue to pressure the sector, dampen growth prospects, and erode business performance.

This negative trend was consistent across most manufacturing sub-sectors, except for Non-Metallic Products, which recorded a modest positive index of 5.83. Among the most affected were the Food, Beverage & Tobacco (-39.45), Wood and Wood Products (-52.05), and Electrical and Electronics (-67.68), indicating particularly severe struggles in these areas. In contrast, sub-sectors such as Textiles, Apparel, and Footwear (-14.20) and Other Manufacturing (-2.92) showed less severe declines, though they remained in mildly negative territory.

Key performance indicators further underscored the Manufacturing sector's struggles amid Nigeria's challenging business climate. The general business situation index decreased with an index point of -26.45, signalling a worsening in business conditions within the sector. Nearly all leading indicators posted negative results, highlighting the extensive pressure on manufacturers. Access to credit saw a drastic drop (-49.26), and prices fell significantly (-51.01), limiting revenue generation and affecting cash flow stability. Conversely, the cost of doing business surged by +69.41, further straining the financial health of firms.

These conditions collectively reveal an increasingly hostile environment for manufacturers, limiting their ability to maintain competitiveness or invest in growth. High financing costs are impeding access to capital for many businesses, while inflationary pressures drive up raw material and input costs, directly impacting production budgets. For many manufacturers, these factors resulted in cost-cutting and operational downsizing, culminating in lower production activities (-26.39) and employment (-27.69) in October 2024.



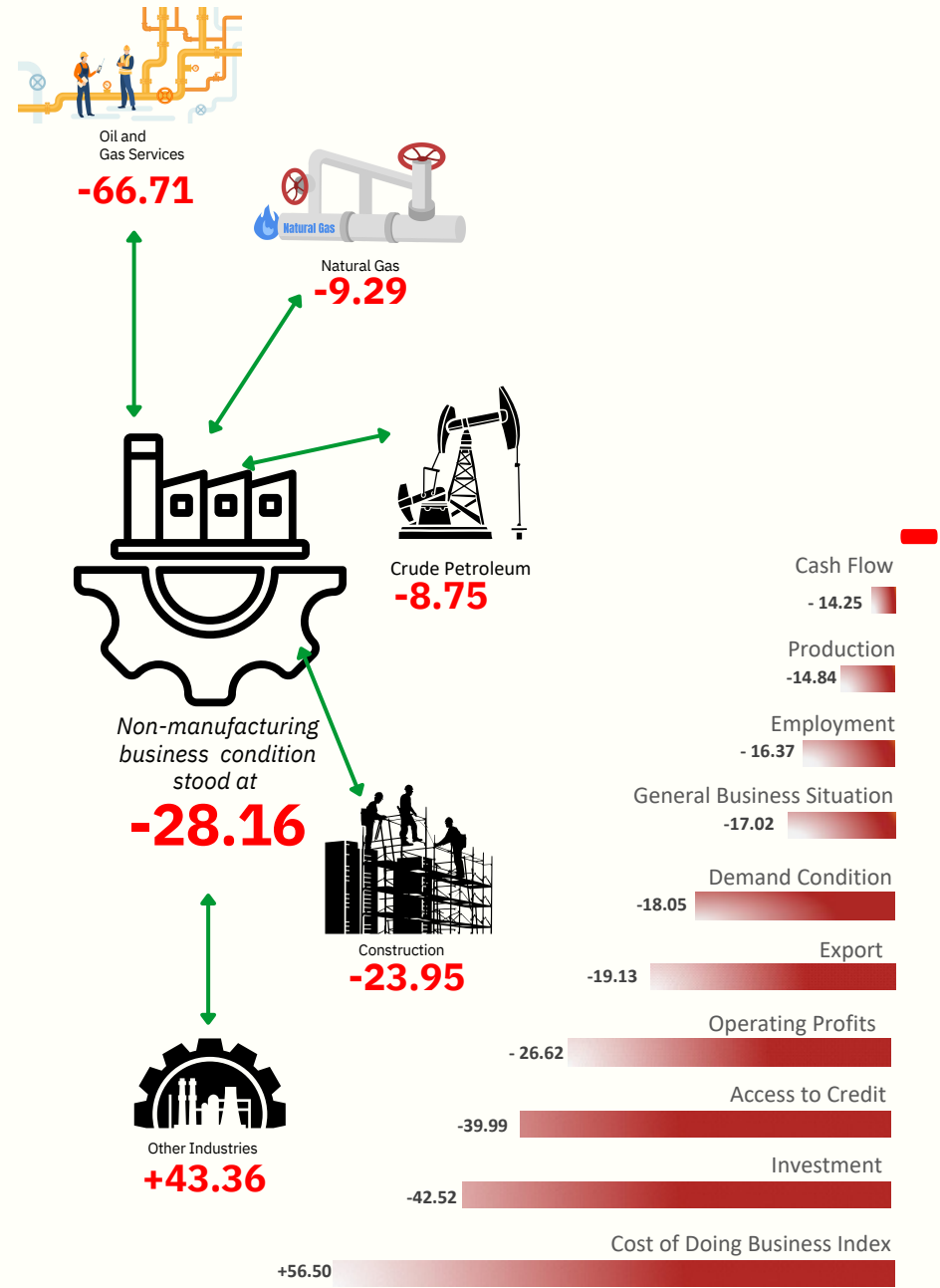
NON-MANUFACTURING

In October 2024, the NESG-Stanbic IBTC BCM index for Nigeria's Non-manufacturing sector registered at -28.16, signalling mildly negative business performance. The widespread weak performance across non-manufacturing sub-sectors aligns with persistent structural and operational difficulties exacerbated by Nigeria's challenging economic environment.

All sub-sector indices fell into negative performance territory, with Oil and Gas Services experiencing a particularly severe downturn at -66.71. Followed by Construction and Other Non-manufacturing industries, both sub-sectors experienced a mild and a significant negative performance of -23.95 and -43.36, respectively, for the review period. Crude Petroleum and Natural Gas sectors reported less pronounced negative performances at -8.75 and -9.29, respectively.

Except for prices, key drivers of business performance registered predominantly negative trends. Limited access to credit emerged as the most significant constraint, with an index of -39.99, underscoring the impact of high interest rates that restrict borrowing capacity for businesses. Employment levels and cash flow were also adversely affected, recording declines of -15.37 and -14.25, respectively, indicating reduced operational capacity and strained financial health within the sector.

Building on a broadly negative landscape, the cost of doing business registered a surge with an index point of +56.60. This upward shift reflects a substantial rise in operational costs attributed to inflationary pressures, increased import costs due to exchange rate volatility, and elevated energy expenses, all of which burdened businesses. Investment also saw a significant drop to -42.52, as rising uncertainty, high borrowing costs, and low profitability reduced business confidence and deterred new investments in non-manufacturing activities.



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	

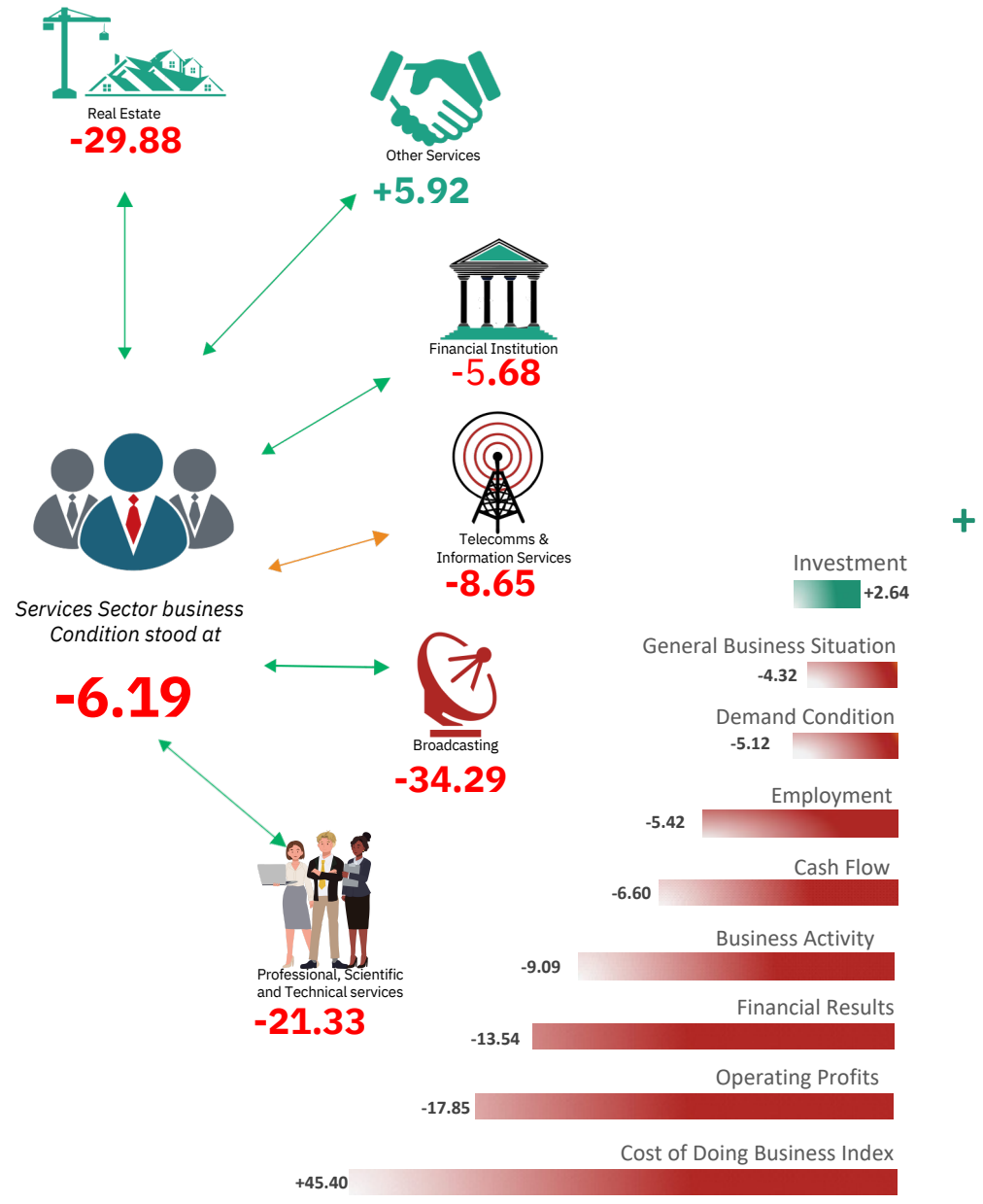
SERVICES

In October 2024, the NESG-Stanbic IBTC's Services BCM index registered at -6.19 points, indicating a mildly negative business performance. This downturn reflects growing operational challenges, particularly rising energy costs driven by repeated national grid collapses, ongoing fuel shortages, and increased petrol prices. These factors directly escalated operating expenses for power and logistics, posing substantial burdens on many Micro, Small and Medium Enterprises (MSMEs). Additionally, renewed pressures in the foreign exchange market led to an 8.1% depreciation of the Naira, further inflating costs for services businesses reliant on imported inputs.

All areas except "Other Services" reported negative performance within the Services sub-sectors, though at varying degrees. Unlike the prior month, Financial Institutions posted a mild negative performance in October 2024. Although the Q3-2024 unaudited financial statements of banks indicated strong growth, financial institutions faced persistent challenges operationally amid a generally difficult economic environment.

Other Services sub-sectors also reported largely negative outcomes, with broadcasting experiencing a notably severe negative performance. The Telecoms, Professional Services, and Real Estate sectors recorded mild negative performance in the month.

Key indicators reveal a predominantly negative trend in business performance, with the investment index as the sole measure showing a slight positive result. The cost of doing business index highlighted escalating operational costs, registering moderate negative performance, while other indicators across the services sector also displayed mild negative performance for the month.



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	

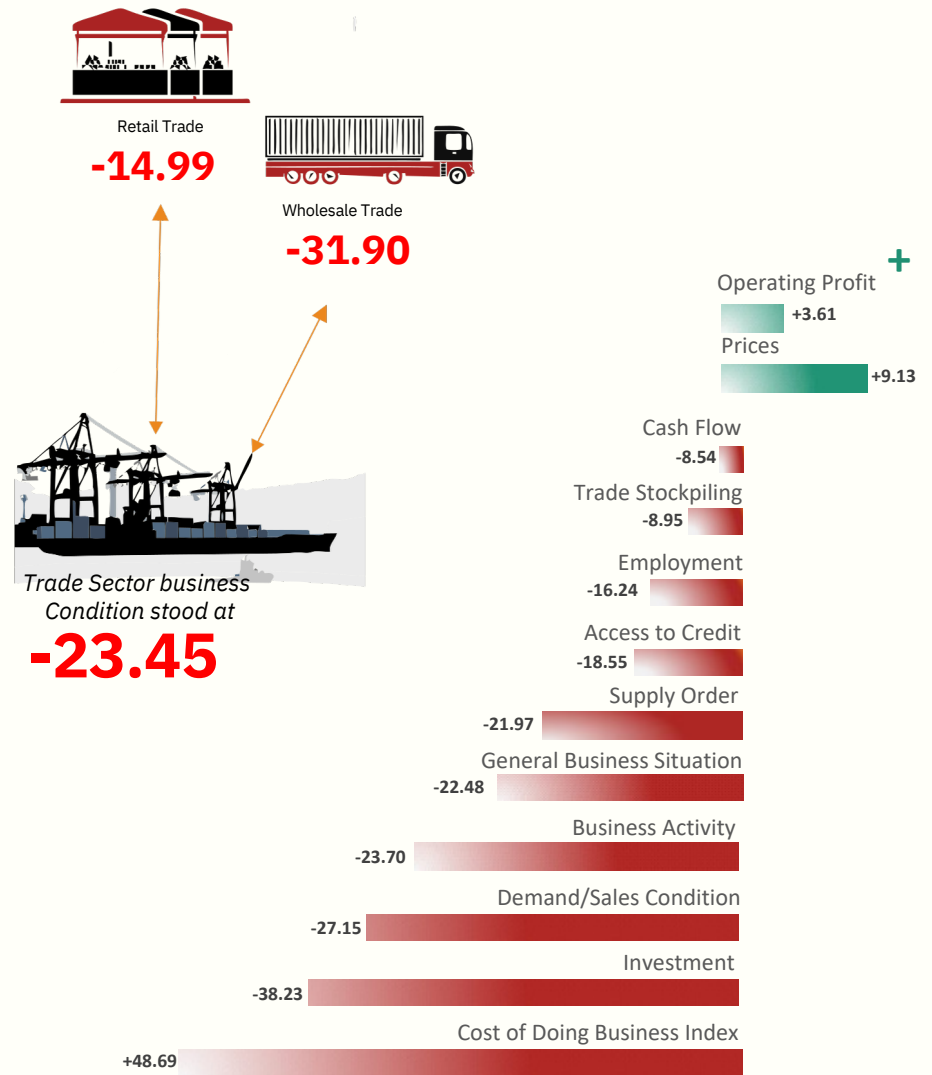
TRADE

In October 2024, the NESG-Stanbic IBTC's Trade BCM index stood at -23.45, indicating a mildly negative business performance for the sector. Within its sub-economic activities, Retail recorded a mildly negative performance at -14.99, while Wholesale faced a significantly negative performance of -31.90.

Performance indices were predominantly negative across key indicators, except for Operating Profit. The cost of doing business index (+48.69) and investment (-38.23) both showed significant deteriorating trends, while other indicators—including general business, business activity, demand condition, supply order, and trade stockpiling—exhibited weaker negative performance. The operating profit index registered a modest positive at +3.61, attributed to the sector's ability to pass high costs onto final customers and end users.

The primary driver of the negative performance in the Trade sector and its sub-sectors was limited access to credit, stemming from high borrowing costs. Additional pressures came from reduced employment and strained cash flows.

The current tax structure, marked by multiple taxation, along with exchange rate depreciation, rising energy costs, and elevated transportation expenses, contributed to inflationary pressures, further eroding the purchasing power of Nigerian consumers. These conditions drove up the cost of doing business in the sector, negatively impacting demand conditions, supply orders, and trade stockpiling.



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	

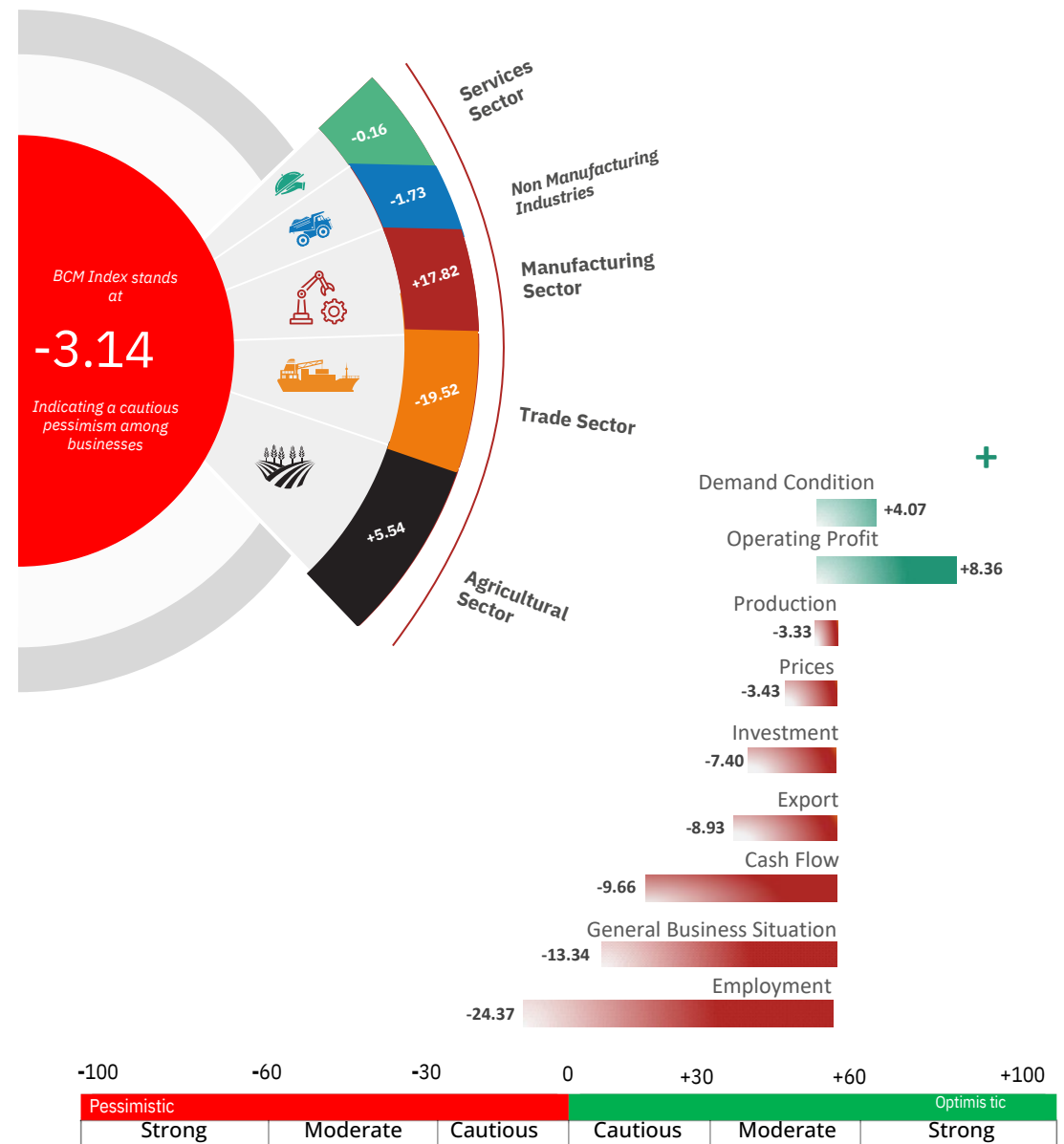
Future Business Expectations

Looking ahead, the NESG-Stanbic IBTC's Future Business Expectation Index registered at -3.14, reflecting a cautiously pessimistic outlook across sectors. This aggregate index, however, conceals notable differences in expectations among sectors. Manufacturing (+17.82), Agriculture (+5.54), and Non-manufacturing (+1.73) sectors demonstrate cautious optimism, while Trade (-19.52) and Services (-0.16) sectors maintain a more pessimistic view, aligning with the overall cautious outlook.

Despite some sectors showing resilience, the widespread negative sentiment across Nigeria's business environment highlights the critical need for policy interventions to stabilise financing costs, improve access to affordable credit, and tackle inflationary pressures that impact business activities. Absent these measures, manufacturing businesses, in particular, may face ongoing profitability challenges, potentially impeding Nigeria's broader industrial growth and economic development goals.

The general business situation index, at -13.34, underscores the cautious pessimism suggested by the aggregate index. Furthermore, expectations of contractions in supply orders, production, investment activities, and exports weigh negatively on the outlook. Conversely, anticipated improvements in demand conditions, operating profit, and spare capacity are positive contributors.

This cautious sentiment stems largely from tempered expectations for improvements in business activities anticipated in the last quarter of the year. Key challenges—including exchange rate volatility, inflation, low investment, and insecurity—are expected to persist across the economy, though with a slight moderation in their impact.



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.

📍 THE SUMMIT HOUSE

6, Oba Elegushi Street,
Off Oba Adeyinka Oyekan Avenue,
Ikoyi, Lagos.
P.M.B 71347, Victoria Island, Lagos

🌐 www.nesgroup.org
✉ info@nesgroup.org
☎ +234-01-295 2849

🐦     officialNESG

📍 ABUJA LIAISON OFFICE

4th Floor, Unity Bank Tower,
Beside Reinsurnace building
Plot 785, Herbert Macaulay Way,
Central Business District, Abuja

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.

📍 HEADQUARTERS:

Stanbic IBTC Towers, Walter Carrington Crescent, Victoria Island,
Lagos State, Nigeria

🌐 <https://www.stanbicibtcbank.com>
✉ CustomerCareNigeria@stanbicibtcbank.com
☎ 0700 909 909 909

🐦     StanbicIBTC

For a deeper conversation, collaboration and additional information with respect to this Report, please contact the following:

DR. OLUSEGUN OMISAKIN

Chief Economist & Director of Research and
Development
olusegun.omisakin@nesgroup.org

MUYIWA ONI

Regional Head of Equity Research for West Africa at
Standard Bank Group
muyiwa.oni@stanbicibtcbank.com

DR. SHAKIRUDEEN TAIWO

Economist
shakirudeen.taiwo@nesgroup.org