

NESG-Stanbic IBTC Business Confidence Monitor

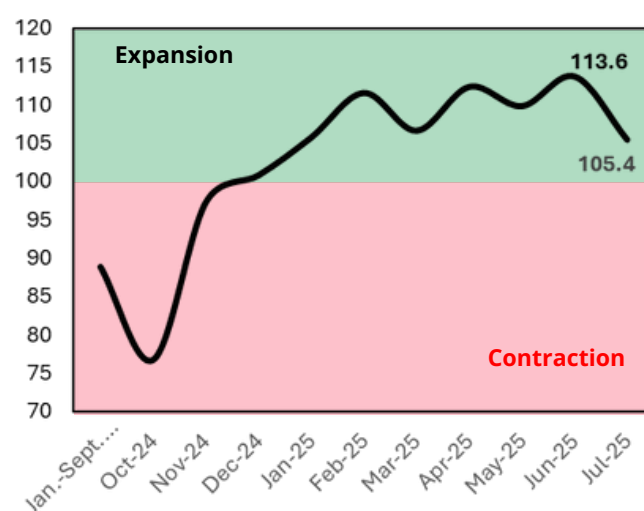
Heightened Non-Policy Constraints Are Undermining Business Growth

At the start of the third quarter of 2025, businesses in Nigeria sustained a positive performance, with the index remaining in the expansion region for the seventh consecutive month. According to the NESG–Stanbic IBTC Business Confidence Monitor, the Current Business Index slightly declined to 105.4 points in July, down from 113.6 points in June 2025. This slowdown in business performance is attributed to several headwinds, including constrained access to finance due to high interest rates, insecurity, and insufficient power supply. These factors weakened operational stability and business profitability.

A sectoral analysis revealed a general deceleration across various sectors and broader economic activities. The steepest decline was recorded in Manufacturing, which slipped into the contraction region at 98.0 index points. Meanwhile, Non-manufacturing (112.6), Agriculture (107.0), Trade (103.2), and Services (101.9) also saw a slowdown in activity compared to June 2025. Despite the overall positive business sentiment, structural challenges hindering growth were more pronounced at the sectoral level.

Key sub-indices of the BCM—export, supply order, prices, and employment—posted lower values relative to June 2025. In contrast, the cost of doing business slightly reversed the upward trend in July, as reflected in input prices during the period. In addition, input prices surged during the period. Businesses highlighted major constraints, including limited access to financing, unreliable electricity supply, inconsistent economic policies, high commercial lease and rental costs, and insecurity. These persistent issues continue to challenge business resilience and limit the potential for sustained growth in Nigeria's business environment.

NESG-Stanbic IBTC's Current Business Performance Index



		Jan.- Sept. 2024	Oct. 2024	Nov. 2024	Dec. 2024	Jan. 2025	Feb. 2025	Mar. 2025	Apr. 2025	May 2025	Jun. 2025	Jul. 2025
Sectoral Business Condition Indices	Manufacturing	93.9	71.3	96.4	97.6	99.3	110.3	108.3	108.8	114.4	123.6	98.0
	Non-manufacturing	94.8	71.8	96.4	105.8	95.4	110.2	119.2	123.6	122.2	120.7	112.6
	Services	97.4	93.8	97.9	96.5	98.6	107.1	105.5	106.5	104.5	106.3	101.9
	Trade	86.8	76.6	100.3	94.4	99.2	121.5	100.5	125.1	114.1	121.0	103.2
	Agriculture	77.8	69.5	101.2	113.9	110.9	102.7	97.6	107.0	98.2	108.9	107.0
Business Condition Sub-Index Pillars	General Business Situation	117.6	76.8	127.9	123.1	144.8	158.3	147.7	172.5	166.6	166.7	137.4
	Production	85.3	78.7	110.2	117.8	123.7	142.1	129.2	144.6	140.1	143.1	117.9
	Demand Condition	70.3	73.4	105.4	117.3	125.4	132.1	92.5	127.3	119.1	129.4	98.6
	Investment	127.9	64.6	91.0	68.5	72.5	60.5	86.7	85.0	74.4	56.3	79.3
	Export	86.7	87.4	95.5	106.7	102.1	104.7	97.6	106.2	103.1	102.3	98.9
	Cost of Doing Business	147.6	175.2	151.5	150.3	147.6	147.2	148.3	151.8	138.5	142.8	123.2
	Operating Profit	104.0	77.0	102.9	113.5	116.1	119.0	119.2	129.4	108.3	129.0	107.3
	Financial Results	98.7	86.5	90.8	99.0	119.4	146.1	72.9	155.4	136.4	141.4	117.6
	Supply Order	69.5	78.0	105.0	105.1	101.4	133.9	116.0	154.9	135.3	134.2	111.3
	Trade Stockpiling	53.3	91.1	103.0	101.7	102.6	175.0	113.2	132.5	133.0	175.0	98.0
	Access to Credit	78.9	62.0	100.8	108.2	132.0	124.8	118.3	124.0	125.0	128.8	123.6
	Cash Flow	99.0	84.4	109.0	118.9	118.4	130.6	120.8	130.5	126.0	126.2	115.2
	Prices	73.9	109.3	68.0	69.1	73.4	76.2	94.8	83.4	81.9	70.7	93.0
	Employment	96.0	82.7	117.9	120.7	118.0	126.3	117.9	137.6	130.9	127.2	111.9
		0	Contraction				100	Expansion				200

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

Comment from Stanbic IBTC

Business conditions in July remained in positive territory, albeit showing a slowdown in activity to 105.4 points compared to 113.6 points in the month of June. The factors responsible for the weakness include m/m slowdown across the key sectors, with the strongest weakness in the manufacturing sector, followed closely by trade and non-manufacturing. Most of the 14 pillars also showed m/m weakness, with trade stockpiling, general business situation, production, demand condition and financial results declining by a minimum of 18%. Trade stockpiling showed the highest contraction, declining by 44%, following a 31% expansion in June.

The manufacturing sector slipped into the contraction region at 98 points and has been in expansion territory since February 2025, when it expanded to 110.3 from 99.3 in January 2025. Prior to February 2025, the manufacturing index had been in contraction through 2024 when the survey started. The National Bureau of Statistics (NBS) has released the much-anticipated rebased national accounts, showing that Nigeria's nominal GDP has increased by 35.4%, to NGN364.62tn (USD238.0bn), from the pre-rebased 2024 nominal GDP of NGN269.29tn (USD175.8bn). Structurally, the rebased GDP shows an increase in the contribution of agriculture and services to GDP, while the share of industries to GDP decreases. As of 2024, agriculture, industries and services contributed respectively 27.8%, 16.7% and 55.5% of GDP. This shows the Nigerian economy as well diversified structurally, although this is yet to translate into fiscal and external resilience because oil remains a top driver of both FX earnings and government revenue. The declining share of industry is concerning; a developing country such as Nigeria would need high-productivity sectors to boom for such growth to lead to an improvement in the quality of life of the citizens. This is reflective of the broadly weak performance of the manufacturing sector so far through the survey. Nevertheless, we maintain our 2025 real GDP growth forecast at 3.5% y/y.

Price pressures remain a challenge for businesses according to the survey, as prices increased to 93 from 70.7, while the cost of doing business remains elevated at 123.2, albeit a decline from 142.8 in June. From a macroeconomic standpoint, we still see inflation below 20.0% by October and at 17.0% y/y to 17.9% y/y by November. However, headline inflation m/m may increase further in July and August, peak periods for flooding in the southern parts, alongside the lean season in the north. The lean season, before the main season harvests, implies low food stocks and historically highest food prices.

Contact:

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@stanbicibtc.com

DR. SHAKIRUDEEN TAIWO

Economist
shakirudeen.taiwo@nesgroup.org

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.

Disclaimer

The NESG-Stanbic IBTC BCM should not replace official statistics but can be used alongside them. NESG and Stanbic IBTC are responsible for this publication, which is for informational purposes only and not business or investment advice. Reproduction requires their consent. The information is sourced from reliable channels, but NESG, Stanbic IBTC, and their staff are not liable for any losses, inaccuracies, or incomplete data. The content is accurate as of the publication date and may change without notice.

Unauthorised use of the data is prohibited, and NESG and Stanbic IBTC are not liable for any damages from its use.