www.nesgroup.org

THE NIGERIAN ECONOMIC SUMMIT GROUP
RC:303317



TRADE SECTOR REPORT:

From High-Volume Commerce to Productive Distribution

Key Findings

- Trade is one of the largest sectors by output and employment, but its growth remains weak relative to its size.

- Sector's business momentum has faded after a strong rebound, and margins are under pressure even though traders continue to generate transactions and maintain liquidity.

- Limited access to financing is the leading constraint. Credit is available to some extent, so the binding issue is its cost, tenor and suitability for expansion.

- **Strategic opportunities:** Raising the productivity of distribution through better logistics, warehousing, digital payments and formalisation would have economy-wide effects, given the sector's scale.



Sector Overview and Structural Performance

Trade is a critical component of Nigeria's economic structure because of its scale, employment intensity and role in connecting domestic production with consumers, businesses and international markets. It accounted for 17.4 percent of GDP in 2025, the second-largest contributor to output among the strategic sectors, and its contribution to aggregate GDP growth remained substantial at 9.7 percent in H1-2026. However, the sector's output performance remains relatively weak set against its GDP share. Real trade GDP growth declined from 2.0 percent in 2024 to 1.8 percent in 2025, before recovering modestly to 2.1 percent in H1-2026. The combination of a very large GDP footprint and low growth is important for the transformation agenda: stronger trade performance can support market integration, but persistent low productivity in commerce can also constrain the transmission of economic recovery to businesses and households.

Table 1: Trade Sector Performance

Shading shows relative magnitude within each indicator's own row (darker = higher)

Indicator	2024	2025	H1 2025	H1 2026
GDP growth (%)	1.97	1.77	1.53	2.24
Contribution to GDP (%)	17.73	17.37	18.25	17.91
Contributions to GDP growth	10.45	8.11	7.73	9.82

Low High

Data Sources: NBS, CBN



Business Conditions

Business conditions in trade have improved substantially from 2024, but the pace of expansion has moderated during H1-2026. The Overall Business Conditions Index increased from 93.6 in 2024, indicating contraction, to 115.2 in 2025, before declining to 102.6 in H1-2026. The sector remains marginally expansionary, but the strength of current conditions has weakened considerably: the Production Index declined from 131.2 in H1-2025 to 108.4 in H1-2026, while the Demand Condition Index fell from 126.7 to 105.7.

Financial indicators remain relatively supportive: Access to Credit stood at 112.0 in H1-2026, while Cash Flow remained strongly expansionary at 121.9. Profitability presents a weaker picture, however: the Operating Profit Index fell to 98.1, moving marginally into contraction from 102.9 in H1-2025. This divergence between positive cash flow and marginally negative profitability suggests that traders continue to generate transactions and maintain liquidity, but margins are under greater pressure.

The contrast between current performance and expectations is particularly striking. The Future Business Expectations Index reached 156.1 in H1-2026, compared with the current Overall Index of 102.6. Yet future investment remains neutral at 100, matching the current absence of an expansionary investment signal. Traders are highly optimistic about future turnover and operating conditions, but the expectations data do not yet indicate a corresponding increase in capital formation.

Table 2: Business Sentiment in the Trade Sector

Shading centred on 100 (neutral) — green = expansion, red = contraction; scale shared across all sectors

Indicator	2024	2025	H1 2025	H1 2026
Overall Index	93.55	115.20	113.57	102.61
General Business Situation Index	97.70	142.77	138.30	136.91
Production Index	91.96	128.40	131.24	108.40
Demand Condition Index	98.78	125.25	126.74	105.72
Investment Index	84.79	84.07	79.82	83.40
Export/Supply Order Index	98.94	125.40	129.30	107.24
Cost of Doing Business Index	72.67	64.19	61.66	75.24
Operating Profit Index	103.77	103.44	102.93	98.06
Supply Order Index	98.94	125.40	129.30	107.24
Trade Stockpilling Index	99.81	148.06	138.54	105.87
Access to Credit	92.97	114.69	109.95	112.03
Cash Flow	95.16	129.86	129.06	121.88
Prices	91.58	56.59	63.32	75.01
Employment	99.78	120.05	121.26	105.93

0 100 200

Data: NESG Business Confidence Monitor

Table 3: Future Business Expectation in the Trade Sector

Shading centred on 100 (neutral) — green = expansion, red = contraction; scale shared across all sectors

Indicator	2024	2025	H1 2025	H1 2026
Overall Index	101.90	157.87	152.13	156.10
General Business Situation Index	96.78	164.67	159.79	160.25
Production Index	105.24	134.90	129.52	133.66
Demand Condition Index	105.14	150.78	145.43	154.76
Investment Index	100.00	100.75	101.50	100.00
Export/Supply Order Index	106.87	153.52	148.15	149.41
Cost of Doing Business Index	100.00	100.00	100.00	100.00
Operating Profit Index	106.14	160.63	154.91	158.12
Supply Order Index	106.87	153.52	148.15	149.41
Trade Stockpilling Index	90.10	164.26	161.06	159.19
Access to Credit	100.00	100.00	100.00	100.00
Cash Flow	107.66	160.77	157.58	158.58
Prices	100.00	102.68	105.36	100.00
Employment	87.14	154.24	155.55	156.96

0 100 200

Data: NESG Business Confidence Monitor



Top Constraints

The H1-2026 constraint rankings identify limited access to financing as the most frequently cited constraint, with a score of 12, followed by inadequate power supply, unclear economic policies, and the cost of commercial lease and rental property, each scoring 10. Financing has become increasingly important, moving from second in 2024 to the clear leading constraint in H1-2026, notable because the Access to Credit Index remains expansionary at 112.0. Traders may have access to some financing while still facing constraints around cost, scale, tenor or suitability for business expansion. The declining prominence of foreign exchange, falling from first in H1-2025 to fifth in H1-2026, is nevertheless encouraging.

Table 4: Trade sector: top business constraints

Average ranking of the top 5 constraints cited by businesses, 2024 – 2026 H1

Rank	2024	2025	2025 H1	2026 H1
#1	Inadequate Power Supply Score: 12	Limited Access to Financing Score: 10	Availability of Foreign Exchange Score: 11	Limited Access to Financing Score: 12
#2	Limited Access to Financing Score: 11	Unclear Economic Policies Score: 10	Inadequate Power Supply Score: 10	Inadequate Power Supply Score: 10
#3	Availability of Foreign Exchange Score: 10	Inadequate Power Supply Score: 10	Limited Access to Financing Score: 9	Unclear Economic Policies Score: 10
#4	Insecurity Score: 9	Cost of Commercial Lease/Rental Property Score: 9	Unclear Economic Policies Score: 9	Cost of Commercial Lease/Rental Property Score: 10
#5	Multiplicity of Tax Regulations Score: 8	Availability of Foreign Exchange Score: 9	Cost of Commercial Lease/Rental Property Score: 9	Availability of Foreign Exchange Score: 8

Constraint key

- Inadequate Power Supply
- Limited Access to Financing
- Availability of Foreign Exchange
- Insecurity
- Multiplicity of Tax Regulations
- Unclear Economic Policies
- Cost of Commercial Lease/Rental Property

Data Sources: NESG Business Confidence Monitor

Strategic Opportunities

- **Improve the productivity and efficiency of domestic distribution networks:** trade's large GDP contribution means that even modest productivity improvements can have significant economy-wide effects through better logistics, warehousing and digital payments.

- **Strengthen linkages between trade and domestic production:** trade's future Supply Order Index of 149.4 and Stockpiling Index of 159.2 indicate strong expectations of future commercial activity; greater integration between traders, manufacturers and logistics providers could improve market access for domestic products.

- **Pursue digitalisation and formalisation of commerce:** the strong outlook for demand, cash flow and employment creates an opportunity to expand digital inventory management, payments and market platforms, which could also strengthen tax administration and market transparency.

Conclusion and Sector Outlook

Trade enters the next 12 to 24 months with a cautiously positive outlook. The base case is for continued moderate expansion, but the current Overall Index of 102.6 indicates the sector is only marginally expansionary, while production, demand, employment and profitability have all weakened relative to H1-2025. The key signal to monitor is the large gap between current business conditions and future expectations. If production, demand, profitability and employment recover towards the strength implied by the future indices, trade could become a stronger transmission mechanism for economic expansion. The strategic priority should be to shift trade from a high-volume, low-productivity activity towards a more efficient, digitally enabled and better-integrated distribution system.

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.

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

Mr. Sodik Olofin
Lead, Research Innovation & Data Analytics
sodik.olofin@nesgroup.org

Dr. Joseph Ogebe
Interim Director of Research
joseph.ogebe@nesgroup.org

Dr. Faith Iyoha
Deputy Head of Research
faith.iyoha@nesgroup.org

NESG Research & Development
research@nesgroup.org

Copyright © 2026 by the Nigerian Economic Summit Group
All rights reserved. No part of this publication may be reproduced, stored in a retrieval system or transmitted in any form or by any means, electronic, mechanical, photocopying, or otherwise, without the prior permission of the Nigerian Economic Summit Group.

THE SUMMIT HOUSE
6 Oba Elegushi Close, Off Oba Adeyinka Oyekan Avenue, Ikoyi, Lagos. P.M.B 71347, Victoria Island, Lagos.

ABUJA LIAISON OFFICE:
4th Floor, ProvidusUnity Bank Tower, Plot 785, Herbert Macaulay Way, Central Business District, Abuja

www.nesgroup.org
info@nesgroup.org
0201-2952849