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NESG-Stanbic IBTC

Business Confidence Monitor

Heightened Non-Policy Constraints Are Undermining Business Growth

August 2025

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Business Confidence Monitor

Heightened Non-Policy Constraints Are Undermining Business Growth

Executive Summary

The Business Confidence Monitor (BCM) is a survey-based report which presents qualitative information on the current business sentiment within the Nigerian economy and gauges expectations about overall economic activities in the short term. All results are anchored on business managers' assessment of current performance and optimism on key leading economic and business indicators such as investment, prices, demand conditions, employment, etc.

Key Findings

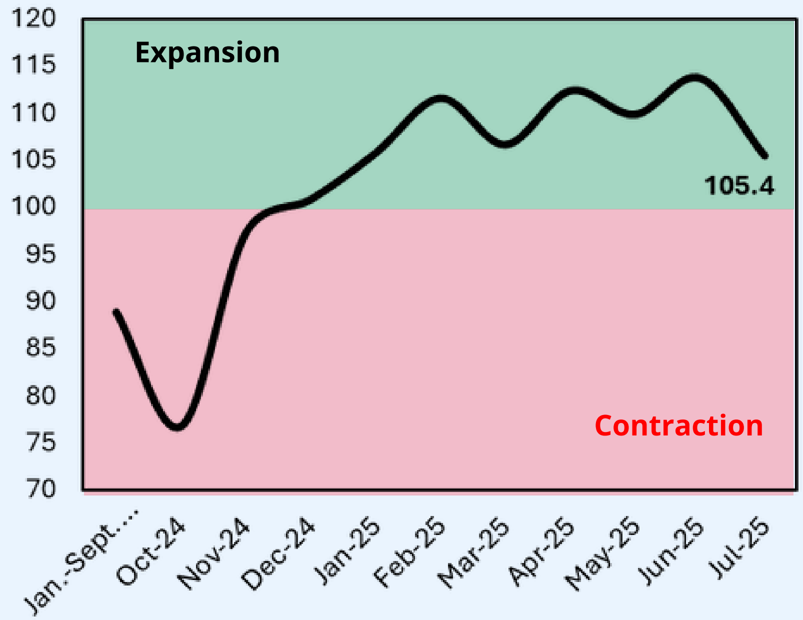
Current Business Performance (July 2025):

- In starting the third quarter of 2025, businesses in Nigeria maintained a positive performance in July 2025. This is the seventh consecutive month of business expansion in 2025.
- The Current Business Performance Index for July 2025 stands at 105.4 points, a decline from 113.6 points recorded in June 2025.
- In the month, limited access to financing was considered the most significant constraint on business growth. Other challenges in order of ranking are inadequate power supply, unclear economic policies, high commercial lease and property rental costs, and insecurity.

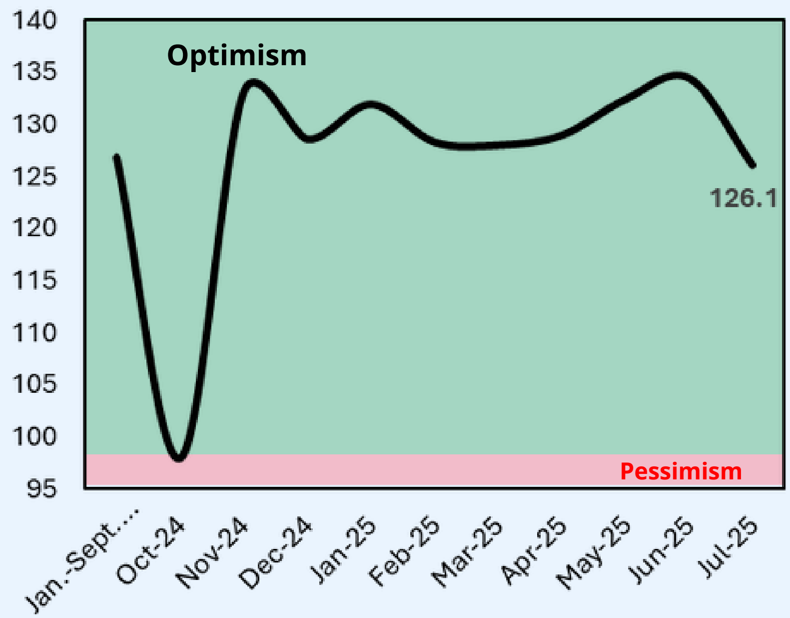
Future Expectations (Next One to Three months):

- The Future Business Expectation Index recorded a slight decline to 126.1 points in July 2025, indicating cautious optimism about future business conditions.
- The improved outlook is driven by anticipated gains in the overall business environment, including expectations for an improved business situation, higher operating profits, a rise in production levels, increased cash flow, improved supply orders, and stronger demand conditions.
- Across sectors, the Manufacturing sector reflects the highest level of optimism, while the Agriculture sector shows the lowest confidence in future performance.

NESG-Stanbic IBTC's Current Business Performance Index



NESG-Stanbic IBTC's Future Business Expectation Index



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.

The target respondents for the Business Confidence Survey (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.

Data Source

The data set for constructing NESG-Stanbic IBTC's BCM indices is generated from various qualitative responses reported in the 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.

Rescaling of Results & Interpretation

The BCM results have been revised or updated to have an origin of 100 as cut-off points for distinguishing performance. For current business performance, index points below 100 are considered "Contraction", and above 100 are "Expansion". In the same vein, index points below 100 are considered "Pessimism", and above 100 are "Optimism" for the future business expectation.

Results from previous editions have been updated to ensure accuracy in tracking historical trends.

Economic Sectors Covered in the Report

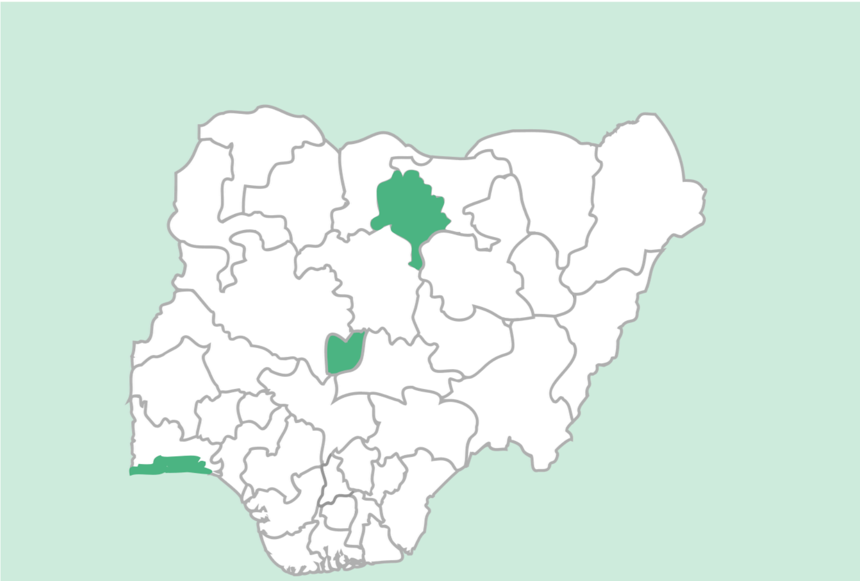
Trade: Wholesale Trade | Retail Trade

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

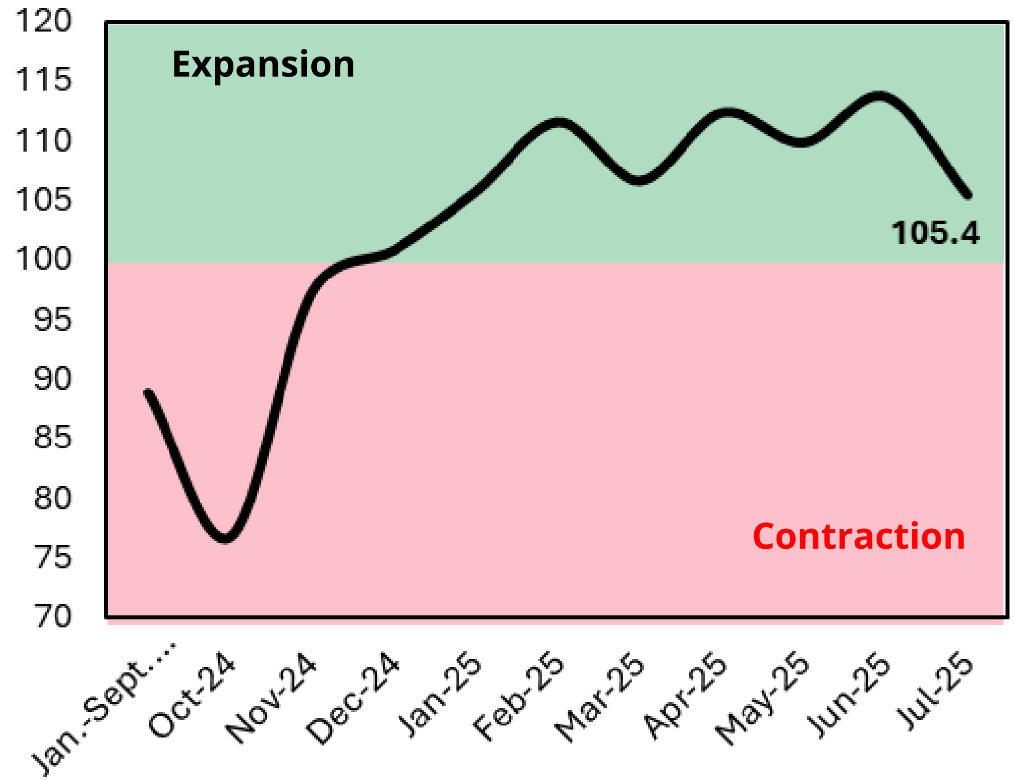
Agriculture: Crop Production | Livestock | Agro-Allied | Forestry | Fishing

Services: Telecomms & Information Services| Broadcasting | Financial Institutions | Real Estate | Professional, Scientific and Technical Services



Business Conditions in July 2025

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-Inex 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.

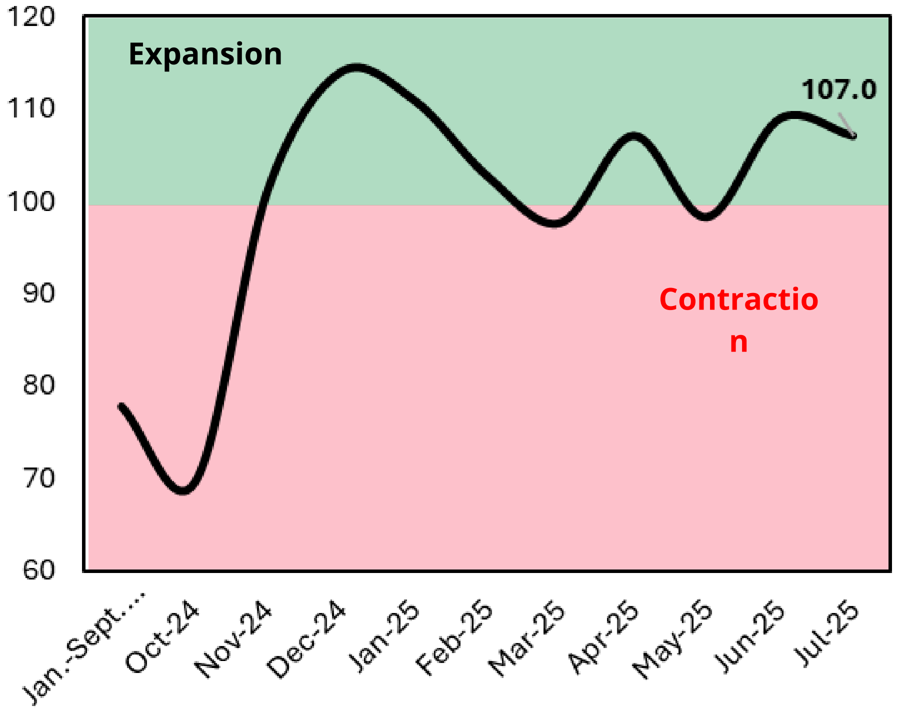
At the start of the third quarter of 2025, businesses in Nigeria sustained a positive performance, with the index remaining in the expansion region for the seventh consecutive month. According to the NESG–Stanbic IBTC Business Confidence Monitor, the Current Business Index slightly declined to 105.4 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. 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.

Agriculture

NESG-Stanbic IBTC's Agriculture Business Performance Index



Agriculture Sub-Sector Indices	Jan.-Sept. 2024	Oct. 2024	Nov. 2024	Dec. 2024	Jan. 2025	Feb. 2025	Mar. 2025	Apr. 2025	May 2025	Jun. 2025	Jul. 2025
Crop Production	66.7	65.4	108.1	130.3	117.0	101.4	97.9	107.6	95.1	109.6	109.6
Livestocks	105.2	32.5	86.9	126.0	105.7	101.6	117.4	99.6	107.8	105.2	99.6
Agro-Allied	105.2	99.0	78.7	48.0	90.8	107.9	89.7	107.2	106.3	108.2	100.5
Forestry	128.6	68.2	103.3	92.5	98.9	95.0	101.1	102.1	104.6	100.0	107.5
Fishing	90.0	57.3	109.6	120.9	103.2	106.7	98.9	110.8	100.0	99.0	97.9

0 ← Contraction 100 Expansion → 200

In July 2025, the NESG–Stanbic IBTC Business Confidence Monitor (BCM) Index for the Agriculture sector recorded a slowdown in performance, despite returning to the expansion zone in May 2025. The sector index declined to 107.0 points in July, down from 108.9 points in June. This slight drop reflects strong business performance in the Crop Production and Forestry sub-sectors, which partly offset the decline seen across four other sub-sectors.

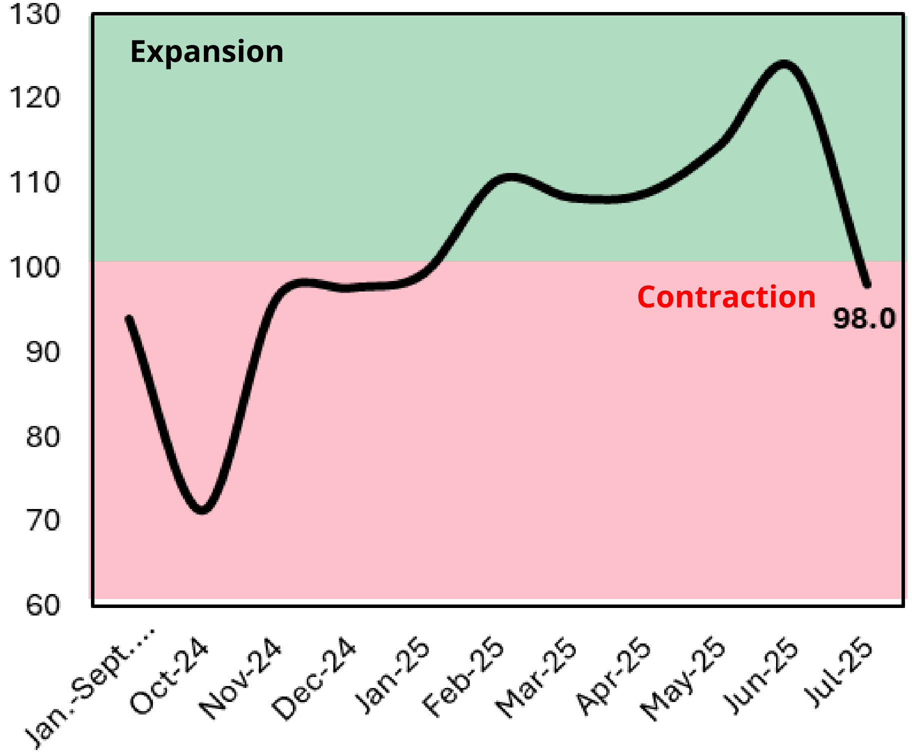
A mix of inadequate infrastructure, limited access to finance, unfavourable regulatory conditions, insecurity, inflation, and exchange rate volatility continues to undermine business operations. These challenges not only hinder agri-business growth and expansion but also threaten their long-term viability.

During the month, a breakdown of performance across the five agricultural sub-sectors showed that two—Livestock and Fishing—slipped into the contraction region. Aside from Forestry, both the Crop Production and Agro-Allied sub-sectors experienced a slight slowdown in performance compared to June 2025. Businesses in Crop Production, Livestock, and Agro-Allied remain disproportionately affected. The rising cost of poultry feed, fertilisers, and other critical agricultural inputs has made operations more difficult. Many businesses struggle to source raw materials to sustain production. Inflation has driven essential input costs beyond reach, and limited access to affordable credit prevents expansion.

At a broader sectoral level, Agriculture is grappling with multifaceted constraints. Rising production costs and falling consumer purchasing power are eroding profit margins. Price instability and volatile market demand add further uncertainty. As a result, many businesses are unable to reinvest or scale operations—leading to stagnation or, in some cases, complete closure.

Manufacturing

NESG-Stanbic IBTC's Manufacturing Business Performance Index



Manufacturing Sub-Sector Indices

	Jan.-Sept. 2024	Oct. 2024	Nov. 2024	Dec. 2024	Jan. 2025	Feb. 2025	Mar. 2025	Apr. 2025	May 2025	Jun. 2025	Jul. 2025
Food, Beverage & Tobacco	87.4	60.5	92.1	108.1	108.7	119.8	115.0	111.5	124.3	125.7	93.2
Textile, Apparel & Footwear	97.1	85.8	98.3	72.5	72.3	97.3	96.9	105.9	100.3	129.4	95.8
Cement	100.0	100.0	120.0	90.0	102.9	98.4	100.0	102.1	100.0	111.8	111.1
Chemical & Pharm. Products	114.0	82.1	91.4	89.3	98.1	104.0	113.8	120.9	137.5	126.1	130.6
Plastic & Rubber products	98.0	85.0	121.2	104.4	89.6	113.0	111.2	116.4	119.3	128.0	119.3
Wood and Wood Products	106.9	47.9	64.2	89.4	116.0	101.0	109.1	103.6	96.5	126.1	94.9
Pulp, Paper & Paper Products	109.8	63.0	35.2	99.2	100.5	99.5	100.4	101.6	97.3	103.9	98.9
Non-Metallic Products	100.0	105.8	105.8	107.5	108.8	100.8	109.4	100.0	102.2	109.0	95.2
Electrical & Electronics	80.4	32.3	75.9	54.0	101.1	100.0	100.0	100.0	100.0	100.0	100.0
Basic metals, Iron & Steel	105.8	78.1	85.7	103.6	106.4	112.1	90.7	91.7	105.6	103.6	97.9
Motor vehicles & Assembly	90.0	65.0	73.8	73.3	62.9	95.0	98.9	102.1	104.3	94.6	100.0
Other Manufacturing	120.2	97.1	97.5	110.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

0 ← Contraction 100 Expansion → 200

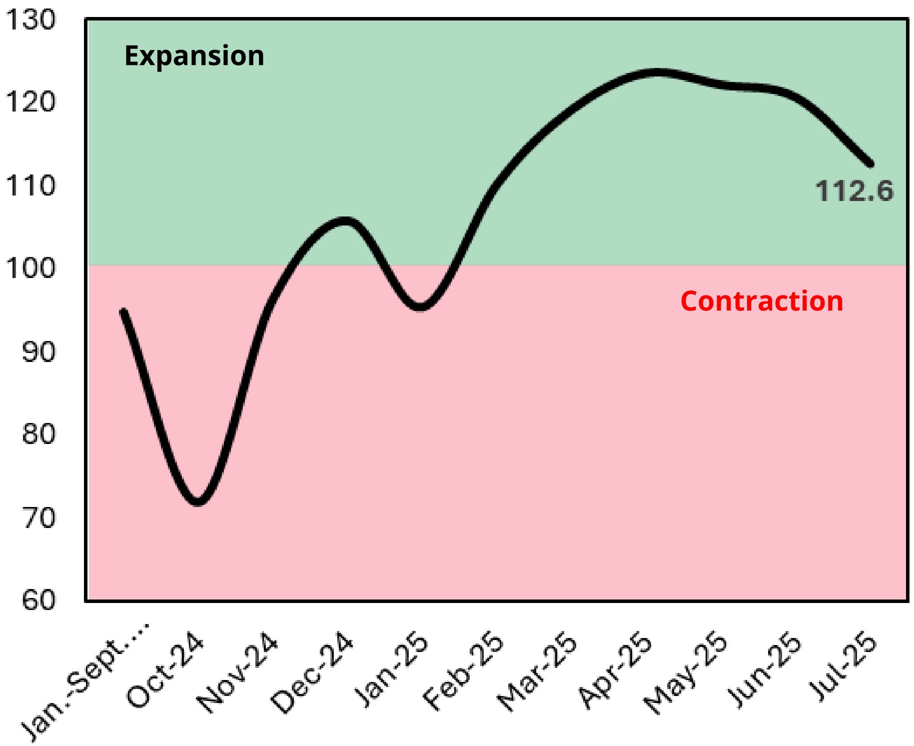
The NESG–Stanbic IBTC Business Confidence Monitor (BCM) Index for the manufacturing sector showed a contraction in business performance in July 2025. The sector's index dropped to 98.0 points in the month from 123.6 points in June 2025. Major contributors to this contraction include declines recorded in Food, Beverage and Tobacco; Textile, Apparel and Footwear; Wood and Wood Products; and Pulp, Paper and Paper Products.

Manufacturing firms highlighted struggles with a combination of interlinked challenges that significantly hinder growth, profitability, and operational efficiency. A key issue is the high cost of raw materials, mainly driven by elevated exchange rates and inflation. For example, the high exchange rate has made it more expensive to import essential inputs, limiting production volume—especially in paint manufacturing, water production, and food processing. In Lagos and other Southwest states, deforestation has caused a scarcity of wood, worsening raw material shortages. Cement- and sand-dependent industries also face continuous price hikes.

At the sub-sectoral level, Food, Beverage and Tobacco; Textile, Apparel and Footwear; Wood and Wood Products; Pulp, Paper and Paper Products; Non-Metallic Products; and Basic Metal, Iron and Steel fell into the contraction region. As these sub-sectors account for over 80 percent of Nigeria's manufacturing activities, they largely explain the sector's overall performance during the period. Cumulatively, these challenges—ranging from high production costs, erratic power supply, and rising rent, to logistics issues and limited access to finance—have severely pressured businesses operating in Nigeria's manufacturing sector.

Non-manufacturing

NESG-Stanbic IBTC's Non-manufacturing Business Performance Index



Non-manufacturing Sub-Sector Indices	Jan.-Sept. 2024	Oct. 2024	Nov. 2024	Dec. 2024	Jan. 2025	Feb. 2025	Mar. 2025	Apr. 2025	May 2025	Jun. 2025	Jul. 2025
Construction	122.9	76.0	96.8	108.3	104.8	112.2	117.3	121.7	139.1	117.1	120.0
Crude Petroleum	105.0	91.3	78.2	95.6	100.0	102.1	125.7	100.0	115.0	100.0	100.0
Natural Gas	66.4	90.7	105.8	99.2	105.7	114.8	128.2	121.4	118.2	112.9	123.6
Oil & Gas Services	95.4	33.3	102.7	120.1	75.3	113.4	107.8	128.7	125.9	133.8	99.1
Others	104.2	56.6	111.5	113.0	92.7	104.1	97.8	111.2	106.0	98.4	101.1

0 ← Contraction 100 Expansion → 200

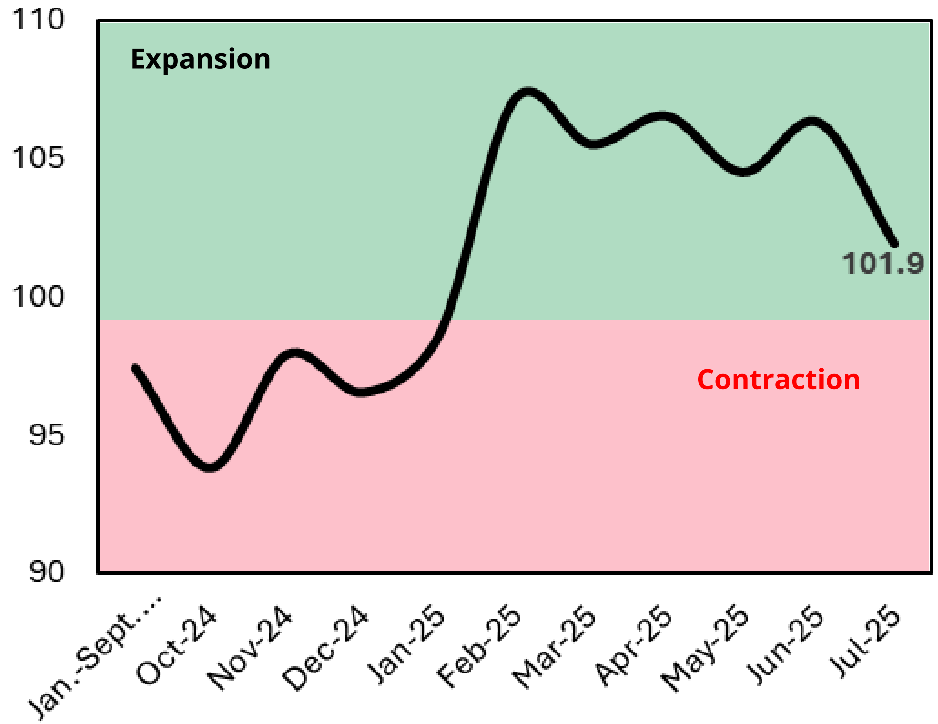
In line with the prevailing momentum of general business conditions in Nigeria, the non-manufacturing sector recorded a weaker performance, with the BCM index points declining to 112.6 from 120.7 in June 2025. Though still in expansion territory, this outcome marks the third straight month of reduced business activity in the sector. The index has continued its downward trend from 123.6 in April and 122.2 in May, signalling mounting pressure on overall sectoral business confidence.

A harsh economic climate, rising insecurity, and persistent raw material shortages have made it increasingly difficult for businesses to secure contracts or deliver projects on schedule, leading to lower returns on investment. Regulatory demands, while necessary for ensuring safety and environmental standards, often drive-up operational costs and complicate the licensing process.

Despite remaining in the expansion zone, sectoral performance varied across sub-sectors. Except for Oil and Gas Services, which experienced a decline in business activity, all other sub-sectors saw improved performance compared to June. However, widespread issues—such as limited access to credit, insecurity, policy instability, shortages of materials, unreliable power supply, excessive taxation, and rising production costs—continue to undermine business sustainability across the sector.

Services

NESG-Stanbic IBTC's Services Business Performance Index



Services Sub-Sector Indices	Jan.-Sept. 2024	Oct. 2024	Nov. 2024	Dec. 2024	Jan. 2025	Feb. 2025	Mar. 2025	Apr. 2025	May 2025	Jun. 2025	Jul. 2025
Broadcasting	60.4	65.7	90.8	80.0	69.7	127.9	124.5	123.6	109.6	126.1	103.2
Financial Institutions	149.7	93.4	97.3	104.0	137.8	129.1	120.5	121.9	139.5	121.5	120.2
Real Estate	106.7	70.1	79.7	75.1	118.7	123.6	124.5	135.8	107.6	124.4	108.6
Professional, Scientific & Technical Services	79.4	78.7	90.4	130.7	94.1	117.3	111.7	121.0	130.6	119.7	123.7
Telecomm. & Info. Services	80.9	91.3	95.9	99.1	106.1	111.5	60.5	118.8	102.8	99.3	69.5
Other Services	132.8	109.5	106.6	52.1	114.3	100.0	100.0	100.0	100.0	100.0	100.0

0 ← Contraction 100 Expansion → 200

Nigeria's services sector experienced a slowdown in business momentum in July 2025, amid persistent macroeconomic headwinds. The NESG–Stanbic IBTC Services Business Confidence Monitor (BCM) declined to 101.9 index points, down from 106.3 points in June. While still in expansion territory, the drop signals weakening business sentiment and growing operational pressures.

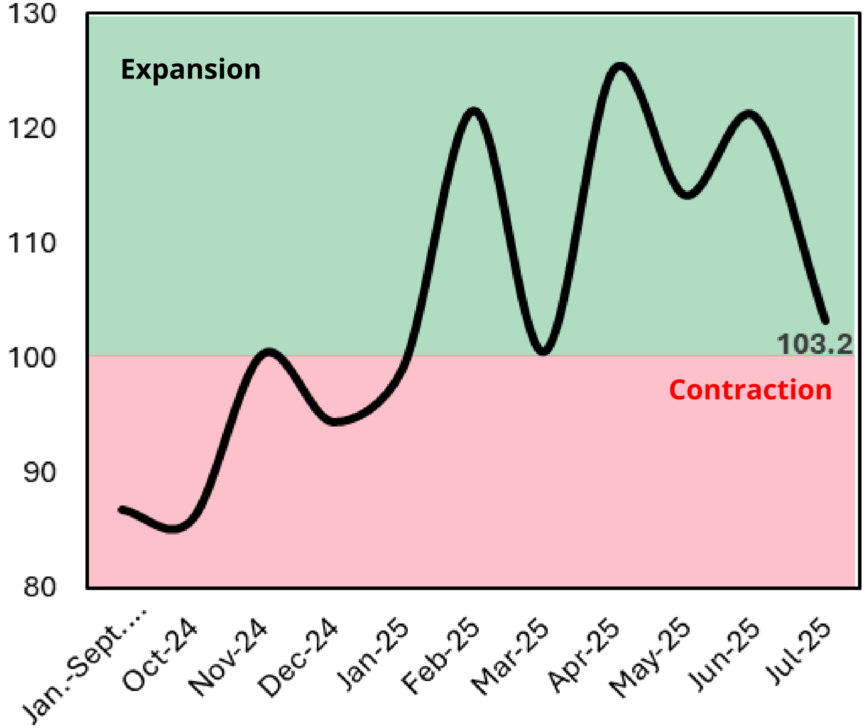
This performance was largely affected by high inflation, exchange rate volatility, and the lingering effects of fiscal and monetary policy adjustments. These challenges disrupted investment flows, distorted pricing, and eroded consumer purchasing power—resulting in reduced spending on services.

Five of the six key service sub-sectors recorded modest business expansion, including finance, hospitality, and logistics. However, the Telecommunications and Information Services sub-sector contracted due to structural challenges. A major challenge was the high operating costs, made worse by an unreliable electricity supply and the dependence on expensive alternatives such as diesel. Additionally, insecurity hindered operations and infrastructure projects, further raising costs.

These factors collectively undermined competitiveness and constrained growth across the sector. As business conditions remain fragile, there is a pressing need for policy responses that stabilise the economy, improve infrastructure, enhance security, and ease access to finance to support the sector's resilience and contribution to national growth.

Trade

NESG-Stanbic IBTC's Trade Business Performance Index



Trade Sub-Sector Indices	Jan.-Sept. 2024	Oct. 2024	Nov. 2024	Dec. 2024	Jan. 2025	Feb. 2025	Mar. 2025	Apr. 2025	May 2025	Jun. 2025	Jul. 2025
Wholesale	94.8	78.8	105.0	90.0	97.1	123.9	100.5	118.9	139.1	130.3	105.2
Retail	78.7	93.0	95.7	98.8	101.2	119.1	100.6	131.3	89.2	111.7	101.3

0 ← Contraction 100 Expansion → 200

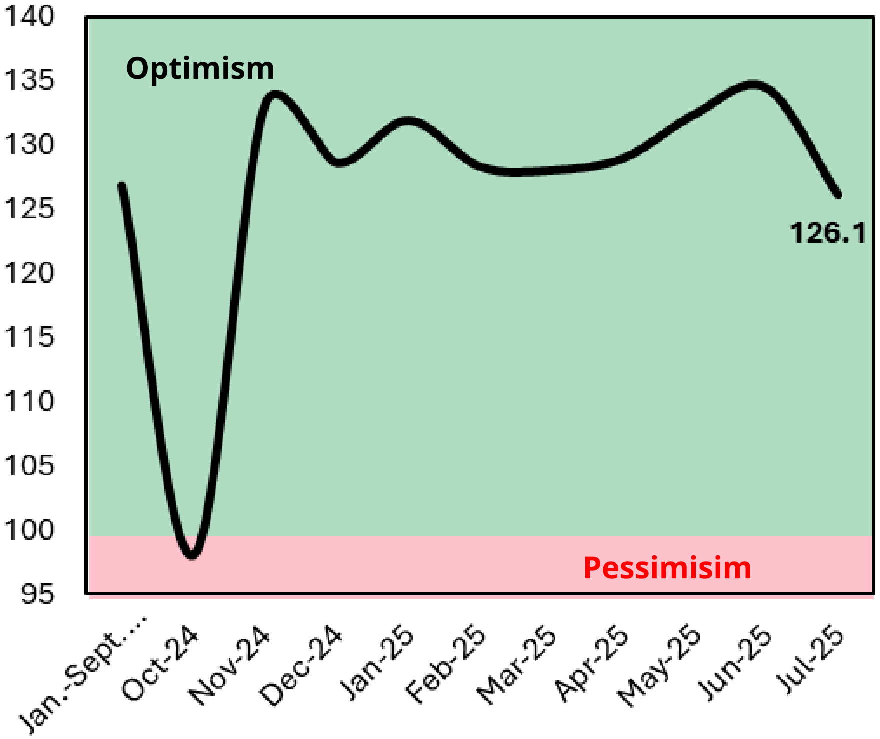
The NESG–Stanbic IBTC Trade Index signalled a continued, though weakened, expansion in July 2025, registering 103.2 index points, down sharply from 121.0 points in June. Despite remaining in the expansion zone, both wholesale and retail trade sub-sectors experienced significant slowdowns. This decline reflects persistent structural bottlenecks, including high logistics costs, inadequate infrastructure, and worsening insecurity, all of which continue to weigh heavily on Nigeria's trade ecosystem.

The decline in sectoral momentum is further compounded by a host of financial and operational constraints. Many traders face limited access to credit, hampering their ability to restock goods, scale operations, or meet day-to-day needs. Inflationary pressures and volatile exchange rates are distorting pricing, eroding consumer purchasing power, and diminishing trade volumes. Moreover, escalating rental costs, particularly in urban commercial hubs like Lagos, are squeezing profit margins and forcing businesses to pass on rising costs to consumers.

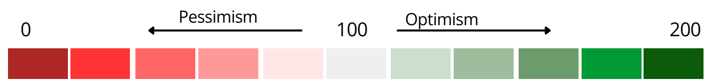
Challenges such as erratic electricity supply, poor road networks, multiple tax levies, and weak institutional support continue to undermine productivity and long-term growth. Without decisive policy interventions—especially around finance, infrastructure, and security—the sustainability of small and medium enterprises (SMEs) in Nigeria's trade sector will remain highly precarious, threatening broader economic resilience and job creation.

Future Business Expectations

NESG-Stanbic IBTC's Future Business Expectation Index



Sectoral Business Condition Indices	Jan.-Sept. 2024	Oct. 2024	Nov. 2024	Dec. 2024	Jan. 2025	Feb. 2025	Mar. 2025	Apr. 2025	May 2025	Jun. 2025	Jul. 2025
Manufacturing	121.3	117.8	138.0	123.2	157.3	154.9	155.1	137.3	156.4	160.4	155.4
Non-manufacturing	130.9	101.7	137.0	140.2	150.1	143.2	153.1	148.7	141.8	153.5	146.2
Services	102.5	99.8	102.4	102.8	114.4	121.7	120.5	119.6	118.6	122.3	122.4
Trade	124.5	86.5	111.1	108.1	134.3	165.6	121.4	169.6	163.9	158.0	130.5
Agriculture	123.9	105.5	150.3	135.6	135.9	131.3	120.6	124.3	131.4	132.2	113.3



To assess the short-term performance expectations of business owners in Nigeria, the NESG–Stanbic IBTC Future Business Expectation Index offers valuable insights into prevailing optimism and pessimism for the next one to three months. In July 2025, the index stood at 126.1 points, indicating a decline in business outlook from 134.5 points recorded in June 2025.

Among the sectors, Manufacturing showed the highest level of optimism at 155.4 points, followed by Non-manufacturing (146.2 points) and Trade (130.5 points). The Services (122.4 points) and Agriculture (113.3 points) sectors recorded the lowest levels of expected improvement in business conditions. Notably, sentiment weakened across all sectors compared to the previous month, reflecting cautious optimism amid persistent macroeconomic headwinds.

Despite the decline, the general optimism among Nigerian businesses is supported by factors such as seasonal economic activity, ongoing policy interventions, relative exchange rate stability, infrastructure investments, and a gradual rebound in consumer demand. These drivers continue to foster measured confidence across key sectors, especially Agriculture, Trade, Non-manufacturing, and Services. As these positive trends gain momentum, many businesses are strategically positioning themselves to leverage emerging opportunities and adapt to potentially more favourable market and policy environments.

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.

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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.

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