

NESG

# Business Confidence Monitor

Costs Up, Confidence Down: Stalling Growth  
Dominates Nigeria's Business Environment




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## Business Confidence Monitor

Costs Up, Confidence Down: Stalling Growth Dominates Nigeria's Business Environment

# Executive Summary

The Business Confidence Monitor (BCM) is a survey-based report that presents qualitative information on current business sentiment in the Nigerian economy and gauges expectations for short-term economic activity. All results are based on business managers' assessments of current performance and optimism regarding key leading economic and business indicators, such as investment, prices, demand conditions, and employment.

## Key Findings

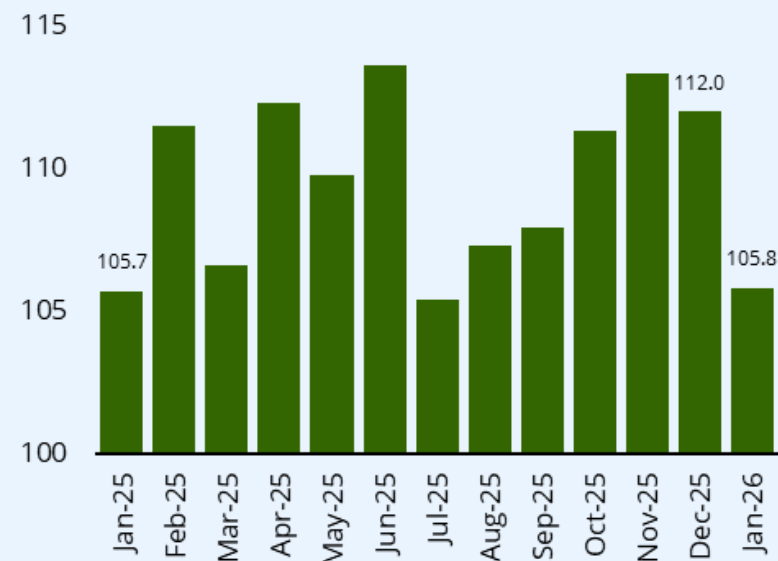
### Current Business Performance (January 2026):

- Nigeria's business environment remained in expansion territory in January 2026, though the Current Business Performance Index slowed down slightly.
- The Current Business Performance index stood at 105.8 points, down from 112.0 points in December 2025. This slowdown reflected the weakening state of business performance, as two sectors (Agriculture and Trade) fell into the contractionary region.
- Amid this tempered expansion, businesses grappled with key constraints such as limited financing, irregular electricity supply, rising rental costs, and insecurity.

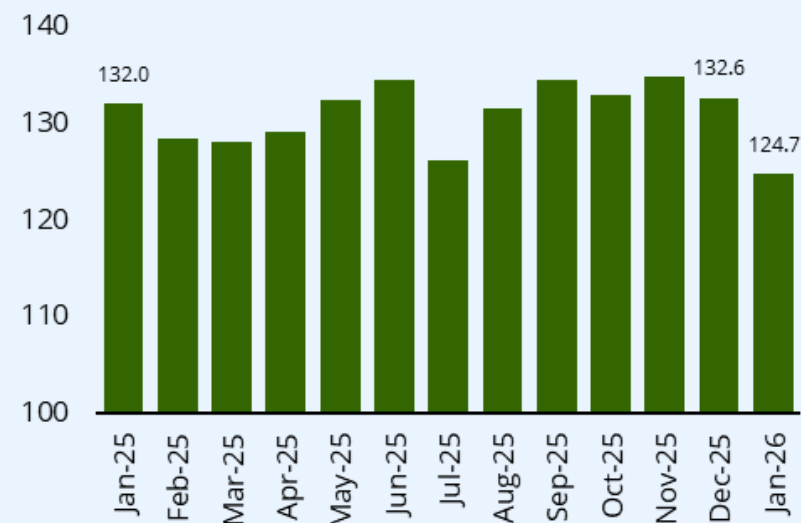
### Future Expectations (Next One to Three months):

- The Future Business Expectation Index moderated to 124.7 points in January 2026 from 132.6 points in December 2025, signalling cautious optimism about future business conditions.
- The sustained optimism, cautious, hinges on a supportive policy environment, currency stability, and stronger export demand. Key headwinds include election-related uncertainties, which could deter new investment.
- Sector-wise, Manufacturing showed the strongest optimism, while Agriculture sector exhibited the weakest business confidence in the near term.

NESG's Current Business Performance Index



NESG's Future Business Expectation Index



# BCM Framework

The NESG 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 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's 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

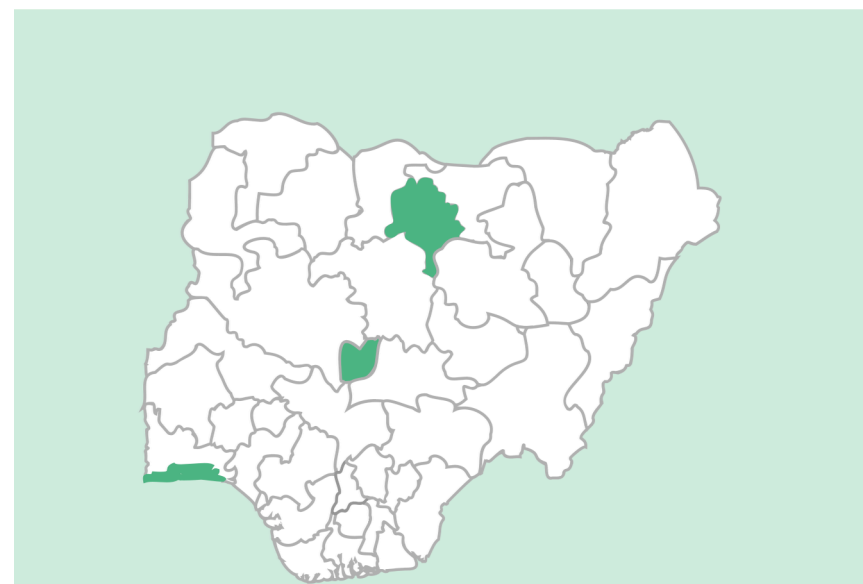
**Trade:** Wholesale Trade | Retail Trade

**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

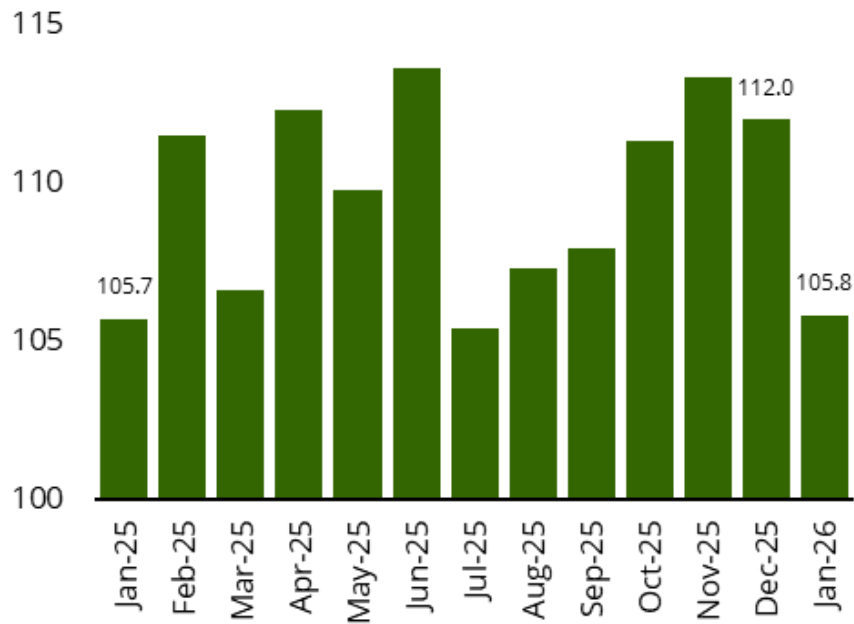
**Agriculture:** Crop Production | Livestock | Agro-Allied | Forestry | Fishing

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



# Business Conditions in January 2026

## NESG's Current Business Performance Index

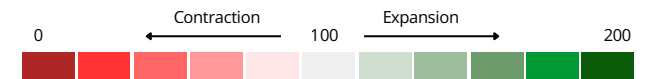


In January 2026, Nigeria's business environment stayed in the expansion territory, although the pace of business growth slowed. The NESG Business Confidence Monitor (BCM) Current Business Performance Index fell to 105.8 points – its lowest level in the last six months – from 112.0 points in December 2025. However, the index edged up slightly from 105.7 points in January 2025.

The sectoral breakdown indicates that only the Non-manufacturing sector maintained an expansionary trajectory. Business activity slowed across most sectors. Manufacturing (115.8 points from 117.9) and Services (102.1 points from 104.3) remained in expansion territory but at weaker levels, while Agriculture (99.5 points from 112.9) and Trade (92.7 points from 123.8) slipped into the contraction region

Key BCM sub-indices - including the general business situation, production, demand conditions, investment, financial conditions, supply orders, trade stockpiling, access to credit, and cash flow- all declined relative to December 2025. This reflects the typical post-festive moderation of business activities amid weak consumer demand. During the month, the cost of doing business surged to 90.5 points from 54.7 points in December 2025. Similarly, input prices rose sharply to 96.9 points in January 2026, up from 68.9 points in the previous month.

	Jan. 2025	Feb. 2025	Mar. 2025	Apr. 2025	May 2025	Jun. 2025	Jul. 2025	Aug. 2025	Sept. 2025	Oct. 2025	Nov. 2025	Dec. 2025	Jan. 2026	
Sectoral Business Condition Indices	Manufacturing	99.3	110.3	108.3	108.8	114.4	123.6	98.0	106.2	102.5	111.3	114.2	117.9	115.8
	Non-manufacturing	95.4	110.2	119.2	123.6	122.2	120.7	112.6	116.2	114.5	115.0	117.7	110.2	115.3
	Services	98.6	107.1	105.5	106.5	104.5	106.3	101.9	103.7	108.5	111.0	105.8	104.3	102.1
	Trade	99.2	121.5	100.5	125.1	114.1	121.0	103.2	114.1	107.6	115.4	136.8	123.8	92.7
	Agriculture	110.9	102.7	97.6	107.0	98.2	108.9	107.0	95.6	107.3	111.4	103.3	112.9	99.5
Business Condition Sub-Index Pillars	General Business Situation	144.8	158.3	147.7	172.5	166.6	166.7	137.4	152.4	160.3	167.1	175.8	162.7	147.5
	Production	123.7	142.1	129.2	144.6	140.1	143.1	117.9	126.6	125.8	133.8	146.5	130.8	110.6
	Demand Condition	125.4	132.1	92.5	127.3	119.1	129.4	98.6	121.8	122.9	145.3	140.6	136.0	109.8
	Investment	72.5	60.5	86.7	85.0	74.4	56.3	79.3	61.4	76.1	84.2	105.3	99.6	63.0
	Export	102.1	104.7	97.6	106.2	103.1	102.3	98.9	98.1	95.8	105.5	103.5	103.9	97.5
	Cost of Doing Business	147.6	147.2	148.3	151.8	138.5	142.8	123.2	127.0	62.6	67.5	54.3	54.7	90.5
	Operating Profit	116.1	119.0	119.2	129.4	108.3	129.0	107.3	117.7	114.7	124.2	120.9	120.0	116.0
	Financial Results	119.4	146.1	72.9	155.4	136.4	141.4	117.6	141.7	132.2	143.8	148.3	143.6	120.2
	Supply Order	101.4	133.9	116.0	154.9	135.3	134.2	111.3	116.3	99.5	116.5	154.5	130.8	83.8
	Trade Stockpiling	102.6	175.0	113.2	132.5	133.0	175.0	98.0	175.0	157.5	157.5	182.5	175.0	85.5
	Access to Credit	132.0	124.8	118.3	124.0	125.0	128.8	123.6	115.5	122.9	138.7	143.6	127.5	122.8
	Cash Flow	118.4	130.6	120.8	130.5	126.0	126.2	115.2	118.8	128.7	121.7	134.2	127.6	119.3
	Prices	73.4	76.2	94.8	83.4	81.9	70.7	93.0	84.0	76.7	82.7	70.2	68.9	96.9
	Employment	118.0	126.3	117.9	137.6	130.9	127.2	111.9	114.9	114.9	129.1	134.9	124.3	113.6

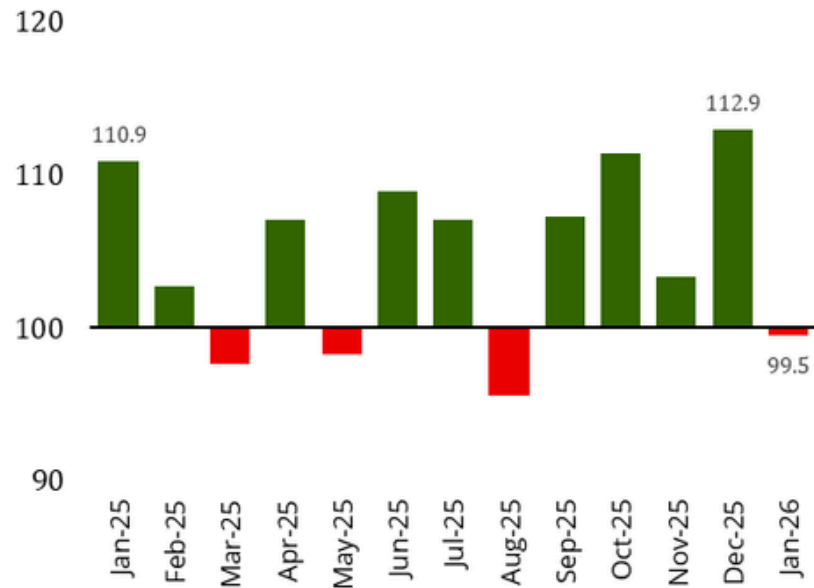


N:B Cost of doing business has an inverse interpretation to the index notations.

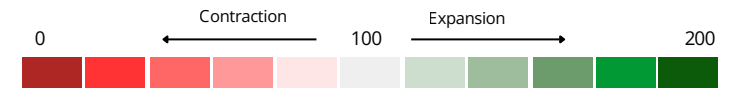
These elevated cost pressures are primarily driven by a "perfect storm" of new tax reforms, fuel price adjustments, and the lagged effect of existing inflationary pressures, which negatively affected business activities in the period under review. Moreover, key challenges faced by businesses include limited access to finance, irregular power supply, and rising commercial property costs, which dampened investment and deteriorated business performance across sectors.

# Agriculture

## NESG's Agriculture Business Performance Index



Agriculture Sub-Sector Indices	Jan. 2025	Feb. 2025	Mar. 2025	Apr. 2025	May 2025	Jun. 2025	Jul. 2025	Aug. 2025	Sept. 2025	Oct. 2025	Nov. 2025	Dec. 2025	Jan. 2026
	Crop Production	117.0	101.4	97.9	107.6	95.1	109.6	109.6	93.6	107.9	113.8	106.2	115.0
Livestocks	105.7	101.6	117.4	99.6	107.8	105.2	99.6	100.5	112.5	104.5	93.2	105.2	97.9
Agro-Allied	90.8	107.9	89.7	107.2	106.3	108.2	100.5	100.8	103.3	106.2	95.2	108.2	97.9
Forestry	98.9	95.0	101.1	102.1	104.6	100.0	107.5	98.9	101.1	100.0	111.7	100.0	100.0
Fishing	103.2	106.7	98.9	110.8	100.0	99.0	97.9	104.0	107.5	97.3	105.0	105.0	103.2



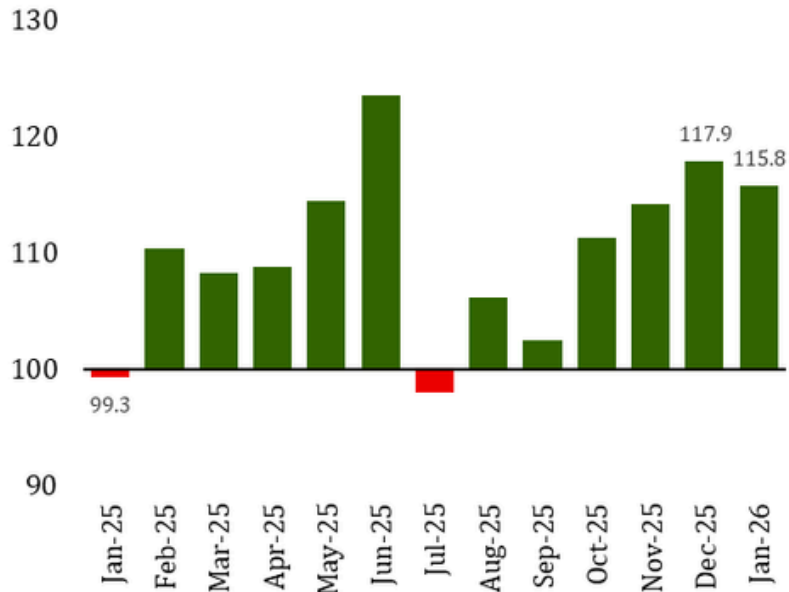
The NESG Business Confidence Monitor (BCM) Index for the Agriculture sector declined sharply to 99.5 points in January 2026 from 112.9 points in December 2025. This performance represents the weakest level since August 2025, primarily driven by a contraction in Livestock and Agro-Allied sub-sectors, as well as muted performance in Crop Production.

This subdued performance of the Agricultural sector in the month stemmed from ongoing insecurity, constrained financing, unreliable power supply, and infrastructural challenges, all of which undermined business activities across agricultural value chains.

Performance across the five Agricultural sub-sectors remained mixed. The Livestock and Agro-Allied sub-sectors dropped to 97.9 points, entering contraction territory after a brief recovery in December 2025. Forestry held steady near the neutral threshold of 100 points in January 2026, unchanged from the previous month. Similarly, Crop Production slowed relative to December 2025 levels. In contrast, only Fishing (at 103.2 points) remained in the expansion region, though it weakened compared to the previous month.

# Manufacturing

NESG's Manufacturing Business Performance Index



	Jan. 2025	Feb. 2025	Mar. 2025	Apr. 2025	May 2025	Jun. 2025	Jul. 2025	Aug. 2025	Sept. 2025	Oct. 2025	Nov. 2025	Dec. 2025	Jan. 2026
Food, Beverage & Tobacco	108.7	119.8	115.0	111.5	124.3	125.7	93.2	104.4	99.8	121.6	109.2	119.9	114.8
Textile, Apparel & Footwear	72.3	97.3	96.9	105.9	100.3	129.4	95.8	109.4	118.1	106.7	132.8	128.4	136.6
Cement	102.9	98.4	100.0	102.1	100.0	111.8	111.1	101.8	79.3	102.7	99.5	94.5	100.6
Chemical & Pharm. Products	98.1	104.0	113.8	120.9	137.5	126.1	130.6	129.2	135.1	109.8	131.8	134.9	119.2
Plastic & Rubber products	89.6	113.0	111.2	116.4	119.3	128.0	119.3	124.8	105.4	106.5	121.7	130.3	102.4
Wood and Wood Products	116.0	101.0	109.1	103.6	96.5	126.1	94.9	101.8	97.5	90.9	110.2	96.8	91.6
Pulp, Paper & Paper Products	100.5	99.5	100.4	101.6	97.3	103.9	98.9	118.6	114.5	115.0	93.4	111.8	101.1
Non-Metallic Products	108.8	100.8	109.4	100.0	102.2	109.0	95.2	98.5	94.8	80.9	100.7	99.8	98.5
Electrical & Electronics	101.1	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	105.4	100.0
Basic metals, Iron & Steel	106.4	112.1	90.7	91.7	105.6	103.6	97.9	99.1	101.1	56.4	123.6	106.1	104.3
Motor vehicles & Assembly	62.9	95.0	98.9	102.1	104.3	94.6	100.0	87.5	100.0	100.0	100.0	100.0	100.0
Other Manufacturing	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

The NESG Business Confidence Monitor (BCM) Index for the Manufacturing sector eased to 115.8 points in January 2026 from 117.9 points in December 2025, though it marked an improvement from contraction in January 2025. This moderation stemmed from slowdowns across all sub-sectors except Textile, Apparel and Footwear; Cement; Motor Vehicles and Assembly, and Other Manufacturing.

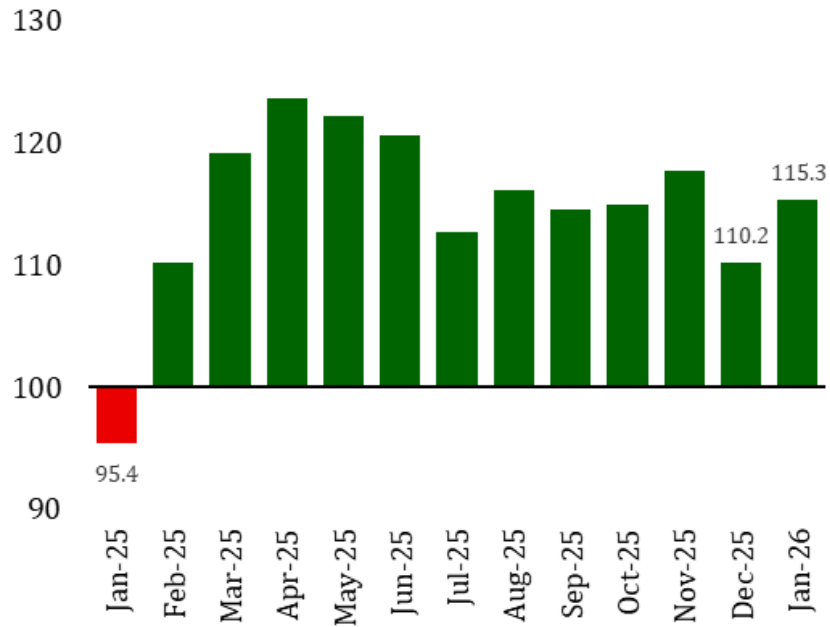
At the sub-sector level, Wood and Wood Products as well as Non-Metallic Products slipped into contraction territory with notable declines during the month. In contrast, Textile, Apparel and Footwear, and Cement registered robust growth, while Motor Vehicles and Assembly and Other Manufacturing held steady at the neutral 100-point level. Among the eight sub-sectors that slowed, Chemical and Pharmaceutical Products and Plastic and

Rubber Products recorded the steepest drops.

Key constraints that weighed heavily on manufacturing activities include limited financing, incessant power outages, infrastructural bottlenecks, persistent insecurity, raw material shortages, and soaring input costs. These factors raised the cost of doing business, squeezed profit margins, curbed new investment, and disrupted production, ultimately contributing to the slowdown in the Manufacturing sector.

# Non-manufacturing

NESG's Non-manufacturing Business Performance Index



	Jan. 2025	Feb. 2025	Mar. 2025	Apr. 2025	May 2025	Jun. 2025	Jul. 2025	Aug. 2025	Sept. 2025	Oct. 2025	Nov. 2025	Dec. 2025	Jan. 2026
Construction	104.8	112.2	117.3	121.7	139.1	117.1	120.0	119.4	121.8	129.5	136.4	130.2	119.4
Crude Petroleum	100.0	102.1	125.7	100.0	115.0	100.0	100.0	100.0	100.0	100.0	120.0	100.0	115.0
Natural Gas	105.7	114.8	128.2	121.4	118.2	112.9	123.6	115.8	111.3	115.0	113.4	111.0	102.4
Oil & Gas Services	75.3	113.4	107.8	128.7	125.9	133.8	99.1	117.4	115.0	124.2	110.5	98.7	127.5
Others	92.7	104.1	97.8	111.2	106.0	98.4	101.1	97.3	104.4	96.0	106.7	104.6	106.5

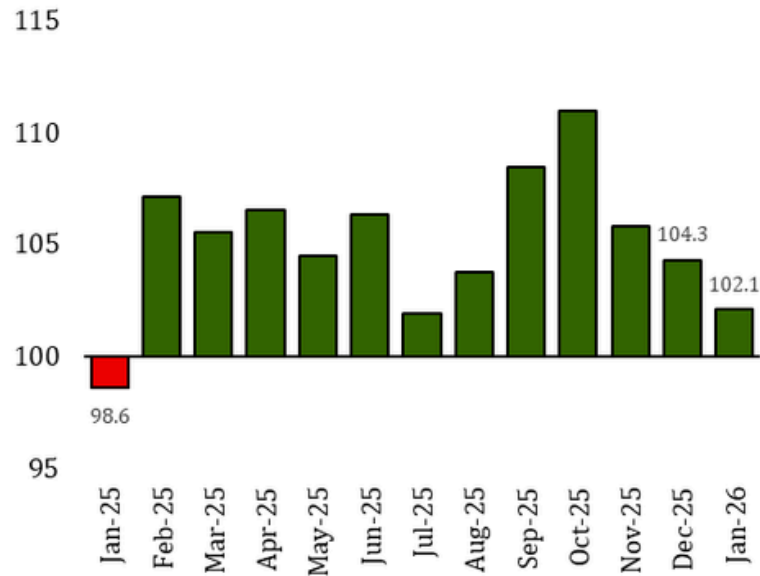
Business performance in the Non-manufacturing sector strengthened in January 2026, with the NESG BCM Index rising to 115.3 points from 110.2 points in December 2025 and rebounding sharply from a contraction in January 2025. The rapid expansion reflected robust improvements in all sub-sectors except Construction and Natural Gas.

Oil and Gas Services and Crude Petroleum moved into expansion territory in January 2026, while the remaining sub-sectors sustained their expansionary momentum. However, growth in Construction and Natural Gas, moderated relative to December 2025.

The sector benefited from improvements in general business situations, production capacities, demand conditions, strong profit margins, and improved cash flows. Nonetheless, industry players grappled with persistent challenges, including inadequate infrastructure, high rental costs, limited financing, and energy shortages, which constrained new investments across the sub-sectors.

# Services

NESG's Services Business Performance Index



Services Sub-Sector Indices	Jan. 2025	Feb. 2025	Mar. 2025	Apr. 2025	May 2025	Jun. 2025	Jul. 2025	Aug. 2025	Sep. 2025	Oct. 2025	Nov. 2025	Dec. 2025	Jan. 2026
	Broadcasting	69.7	127.9	124.5	123.6	109.6	126.1	103.2	104.3	131.1	137.9	109.3	99.3
Financial Institutions	137.8	129.1	120.5	121.9	139.5	121.5	120.2	133.5	139.8	160.5	145.4	152.8	126.1
Real Estate	118.7	123.6	124.5	135.8	107.6	124.4	108.6	118.2	130.2	124.9	138.5	127.7	106.4
Professional, Scientific & Technical Services	94.1	117.3	111.7	121.0	130.6	119.7	123.7	107.7	118.1	122.2	123.2	108.6	119.9
Telecomm. & Info. Services	106.1	111.5	60.5	118.8	102.8	99.3	69.5	130.2	106.5	131.2	112.9	111.1	106.2
Other Services	114.3	100.0	100.0	100.0	100.0	100.0	100.0	104.3	100.0	100.0	100.0	100.0	100.0

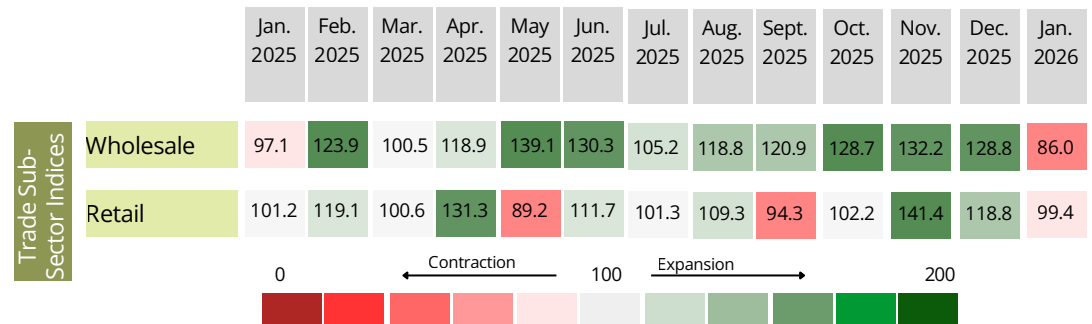
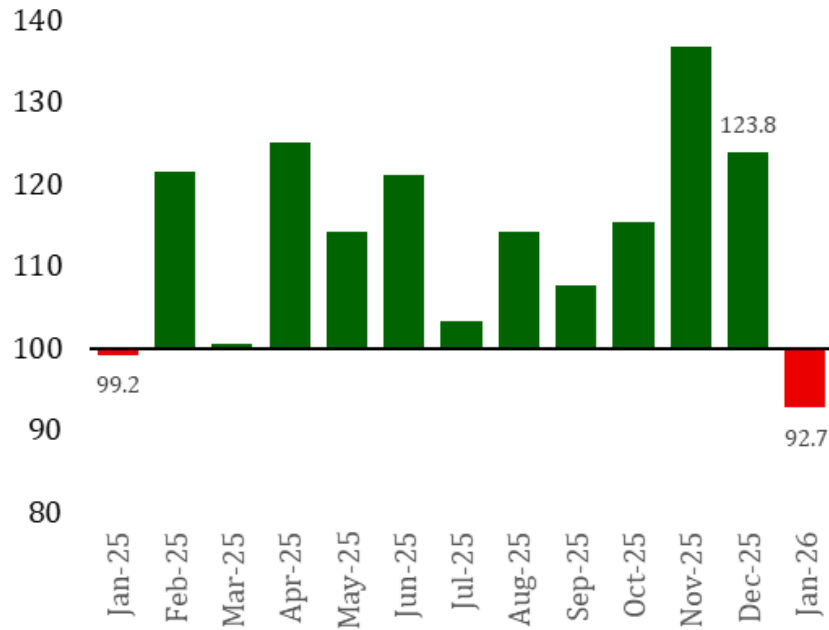
Business performance in the Services sector moderated in January 2026, with the NESG BCM Index dipping to 102.1 points from 104.3 points in December 2025 - yet recovering from a contraction in January 2025. This slowdown mirrored weaker conditions across key sub-sectors, including Financial Institutions, Real Estate, and Telecoms and Information Services.

All sub-sectors except Broadcasting and Other Services remained in the expansion territory. Among the expanding sub-sectors, only Professional, Scientific and Technical Services improved, while the rest decelerated relative to December 2025.

The moderation in Services sector activity stemmed primarily from subdued consumer demand, restricted access to financing, and economic uncertainties at the start of the year. Structural constraints, including inadequate energy supply, high operating costs, and weak digital infrastructure, also continue to limit the sector's full potential.

# Trade

## NESG's Trade Business Performance Index



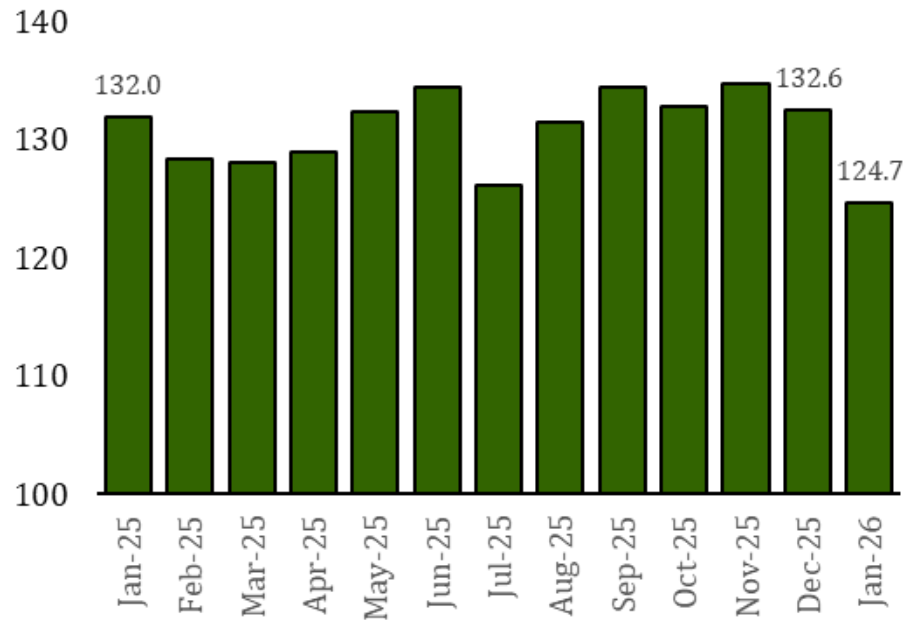
In January 2026, the Trade sector weakened, as the NESG BCM Index slipped into contraction territory, from 123.8 points in December 2025 to 92.7 points. This performance marked a deeper contraction than in January 2025, driven by negative performance across its two sub-sectors.

Both sub-sectors ended a multi-month run of expansion, with Wholesale Trade experiencing a steeper downturn than Retail Trade. The contraction in trade activity can be attributed to inventory drawdowns, persistent cost pressures on businesses, and subdued post-festive-season consumer demand.

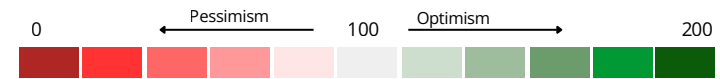
Persistent structural constraints that plagued businesses included limited financing, insecurity in key markets, incessant power outages, and frequent supply chain disruptions, all of which weakened business activities in the month.

# Future Business Expectations

## NESG's Future Business Expectation Index



Sectoral Business Condition Indices	Jan. 2025	Feb. 2025	Mar. 2025	Apr. 2025	May 2025	Jun. 2025	Jul. 2025	Aug. 2025	Sept. 2025	Oct. 2025	Nov. 2025	Dec. 2025	Jan. 2026
	Manufacturing	157.3	154.9	155.1	137.3	156.4	160.4	155.4	161.9	158.4	146.7	156.5	158.3
Non-manufacturing	150.1	143.2	153.1	148.7	141.8	153.5	146.2	151.5	157.9	146.4	140.3	141.5	140.0
Services	114.4	121.7	120.5	119.6	118.6	122.3	122.4	115.7	120.5	120.1	117.8	114.9	131.2
Trade	134.3	165.6	121.4	169.6	163.9	158.0	130.5	168.9	162.7	170.1	186.5	162.9	137.9
Agriculture	135.9	131.3	120.6	124.3	131.4	132.2	113.3	107.2	126.9	131.7	127.5	135.5	110.2



The NESG Future Business Expectation Index gauges Nigerian businesses' near-term outlook (one to three months). In January 2026, the index moderated to 124.7 points from 132.6 points in December 2025, marking the second straight month of declining confidence.

All sectors showed varying degrees of optimism. Manufacturing (155.0 points) recorded the strongest level of optimism, followed by Non-manufacturing (140.0 points) and Trade (137.9 points). Agriculture (110.2 points) and Services (131.2 points) exhibited weaker optimism about future business conditions. Meanwhile, optimism weakened across all sectors except Services compared with the previous month.

Sustained optimism hinges on a supportive policy environment, currency stability, and rising export demand. Yet, primary near-term risks include new-year and election-related uncertainties, potentially undermining ongoing reforms that have fostered macroeconomic stabilisation—easing inflation, stabilising exchange rates, and bolstering external reserves. As the government advances these efforts without reversal signals, businesses stand poised to capitalise on policy stability for growth and resilience ahead.

## 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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