

## News Release

**Purchasing Managers' Index™**  
**MARKET SENSITIVE INFORMATION**  
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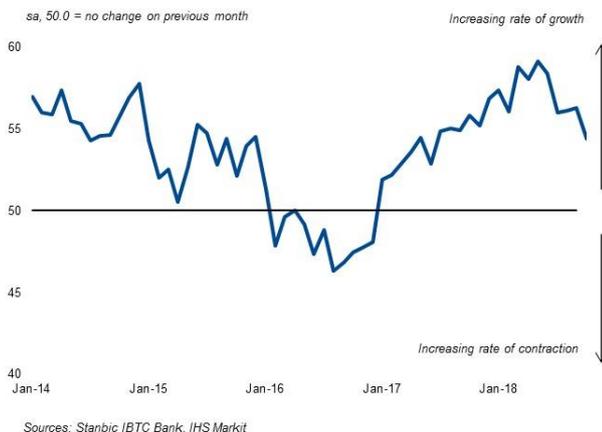
## Stanbic IBTC Bank Nigeria PMI<sup>®</sup>

### Output growth moderates to 16-month low in October

#### Data collected 12-29 October

- Weaker, but still sharp increase in output
- Slower rise in new orders also recorded
- Input costs and output prices increase at faster rates

#### Stanbic IBTC Bank Nigeria PMI



Growth moderated in the Nigerian private sector during October, with weaker increases in output and new orders recorded. That said, the economy remained well inside expansionary territory at the start of the fourth quarter of the year.

There were signs of inflationary pressures building during the month, with both input prices and output charges increasing at sharper rates.

The headline figure derived from the survey is the Purchasing Managers' Index™ (PMI<sup>®</sup>). Readings above 50.0 signal an improvement in business conditions on the previous month, while readings below 50.0 show a deterioration.

**Commenting on October's survey findings, Gbolahan Taiwo, Economist at Stanbic IBTC Bank said:**

*"The October reading of the Stanbic IBTC PMI at 54.4 from 56.3 in September is now beginning to show evidences of the weaker aggregate demand as overall output grew at its lowest pace since June 2017. Similarly, the PMI recorded slower growth in new orders as the sub index dropped to its lowest this year; further reinforcing our view of the depressed state of the consumer. The recent uptrend in the headline inflation rate was evident as the overall input prices and purchase costs sub index rose during the month. We remain cautious about our expectations for near term economic growth as we expect the consumer recovery to remain "U-shaped". An upward review of the medium wage could prove a near term catalyst."*

#### The main findings of the October survey were as follows:

The headline PMI registered 54.4 in October, to signal a further solid improvement in the health of the Nigerian private sector. Business conditions have now strengthened in each of the past 22 months. That said, down from 56.3 in September, the latest reading pointed to a more moderate improvement and the least marked since June 2017.

The picture of weaker growth was in evidence across output and new orders during October. New business continued to rise at a substantial pace amid strengthening client demand. That said, the increase was the slowest in 11 months.

The rate of expansion in output, meanwhile, was the weakest since June 2017. Improving demand and higher customer numbers still supported a marked overall rise, however.

Higher new orders fed through to another monthly accumulation of backlogs of work, the third in as many months. The pace of increase was solid, but ticked down from that seen in September.

Efforts to limit the pace of backlog accumulation as well as marked new order growth led companies to increase their staffing levels. Employment has now risen in each of the past 18 months, but the rate of job creation remained slight.

The rate of overall input cost inflation quickened in October. Data suggested that this was mainly reflective of a faster rise in purchase prices, which increased at the sharpest pace since May. Staff costs, meanwhile, continued to increase marginally.

Companies responded to higher input costs by raising their prices charged. Output prices have now increased in each of the past 34 months, with the latest rise the fastest since March.

In line with trends in output and new orders, purchasing activity increased at a sharp but reduced pace in October. The rate of accumulation in stocks of purchases picked up, however, as companies responded to improving customer demand.

The time taken for suppliers to deliver purchased items shortened again, albeit to a lesser extent. Where vendor performance improved, panellists linked this to competition among suppliers and efforts to satisfy customers.

-Ends-

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**Note to Editors:**

The Stanbic IBTC Bank Nigeria Purchasing Managers' Index™ is based on data compiled from monthly replies to questionnaires sent to purchasing executives in approximately 400 private sector companies, which have been carefully selected to accurately represent the true structure of the Nigerian formal economy, including agriculture, manufacturing, services, construction and retail. The panel is stratified by Standard Industrial Classification (SIC) group, based on industry contribution to GDP. Survey responses reflect the change, if any, in the

current month compared to the previous month based on data collected mid-month. For each of the indicators the 'Report' shows the percentage reporting each response, the net difference between the number of higher/better responses and lower/worse responses, and the 'diffusion' index. This index is the sum of the positive responses plus a half of those responding 'the same'.

The Purchasing Managers' Index (PMI®) is a composite index based on five of the individual indexes with the following weights: New Orders - 0.3, Output - 0.25, Employment - 0.2, Suppliers' Delivery Times - 0.15, Stock of Items Purchased - 0.1, with the Delivery Times index inverted so that it moves in a comparable direction.

Diffusion indexes have the properties of leading indicators and are convenient summary measures showing the prevailing direction of change. An index reading above 50 indicates an overall increase in that variable, below 50 an overall decrease.

IHS Markit do not revise underlying survey data after first publication, but seasonal adjustment factors may be revised from time to time as appropriate which will affect the seasonally adjusted data series. Historical data relating to the underlying (unadjusted) numbers, first published seasonally adjusted series and subsequently revised data are available to subscribers from IHS Markit. Please contact [economics@ihsmarkit.com](mailto:economics@ihsmarkit.com).

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