

## News Release

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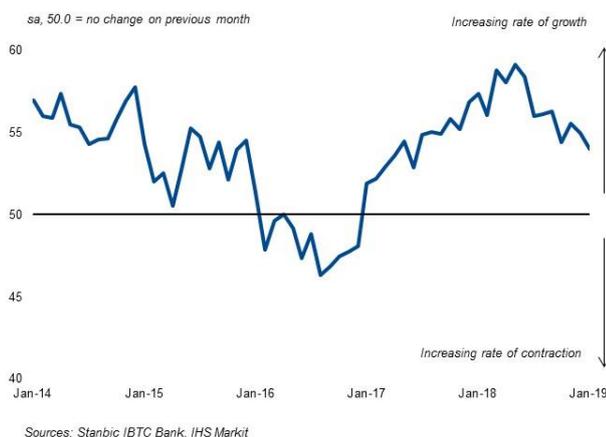
## Stanbic IBTC Bank Nigeria PMI®

### PMI at 19-month low in January

#### Data collected 11-29 January

- Output and new orders continue to rise sharply, but at reduced rates
- Rate of job creation picks up
- Muted inflationary pressures signalled

#### Stanbic IBTC Bank Nigeria PMI



The Nigerian private sector continued to expand during January, but there were signs of growth losing momentum at the start of the year as both output and new orders rose at weaker rates. The rate of job creation continued to accelerate, however, as companies responded to a further pick-up in backlogs of work. Inflationary pressures softened, with input costs and output prices each rising to lesser extents than in December.

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

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

*"The Stanbic IBTC Nigeria PMI which grew at its slowest pace in 19 months in January at 54.0 didn't come at a surprise. The slowdown in business activities or the lack of pick up thereof is not unusual few months to a new election cycle. The Nigerian general elections is scheduled to hold in just under 2 weeks and it is not infrequent to see private businesses and corporates in general take a cautious approach as regards output and production. They will like to get a clearer sense of policy in the event of a change in government. That said, the demand dynamics in terms of new orders also grew at a slower pace compared to the previous 2 months. Input price inflation continued to moderate and that is not unconnected with the relative stability in the exchange rate. We expect the slowdown in the pace of growth of the PMI to continue for most of the first quarter with scope for a moderate recovery in the second quarter after the elections."*

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

At 54.0, the headline PMI signalled a solid monthly improvement in business conditions in the Nigerian private sector. That said, the reading was down from 55.0 in December and pointed to the weakest strengthening in operating conditions since June 2017.

Rates of expansion in output and new orders softened at the start of 2019, with the latest rises the weakest in 19 and three months respectively. Growth remained sharp, however, amid reports of improving customer demand.

Higher new orders resulted in a sixth successive monthly rise in backlogs of work in January, albeit one that was the weakest since August last year. Some panellists indicated that increased staffing levels were needed to keep on top of workloads.

As part of efforts to remedy this, companies took on extra staff at a stronger pace. The rate of job creation quickened for the fourth month running and was the fastest in five months. Employment has increased continuously since May 2017.

Firms in Nigeria also responded to greater workloads by increasing their purchasing activity. The rate of expansion was substantial and little-changed from that seen in December. With input buying rising, companies noted a further marked accumulation of inventories. Despite strong demand for inputs, suppliers' delivery times continued to shorten amid reports of competition among vendors.

The rate of overall input price inflation slowed sharply in January and was below the series average. While purchase prices continued to rise at a marked pace due to higher raw material costs, the rate of inflation of wages and salaries dipped from December's near-record high and was modest.

The passing on of higher input costs to customers resulted in a further rise in output prices at the start of 2019, extending the current sequence of inflation to 37 months. The pace at which selling prices increased was slower than in the previous month, however, and weaker than the series average as some firms offered discounts to retain clients amid signs of softening demand.

-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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