

## News Release

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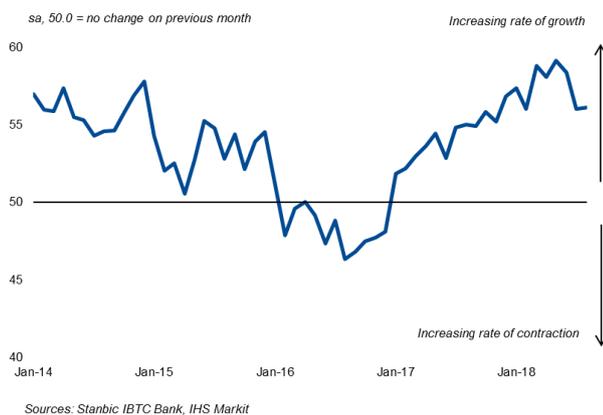
## Stanbic IBTC Bank Nigeria PMI<sup>®</sup>

### Private sector growth remains steady

#### Data collected 13-29 August

- Headline PMI broadly unchanged at 56.1
- New order and output growth remains strong despite easing in August
- Job creation accelerates

#### Stanbic IBTC Bank Nigeria PMI



Business conditions across the Nigerian private sector continued to improve at a marked pace during August, further extending the current phase of growth recorded since 2017. Rates of expansion in output, new orders and employment all remained strong and broadly unchanged from July in the latest survey period.

In terms of inflation, input cost pressures faced by firms eased to a six-month low in August. Meanwhile, firms capitalised on strong demand by increasing selling prices at a solid pace.

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

*"The August reading of the Stanbic IBTC PMI, broadly unchanged at 56.1 firmly suggests that the PMI has peaked at the 59.1 reading recorded in May. That notwithstanding, we continue to see a moderate level of growth in business conditions for the private sector. We note the improvement in the Staff costs index which showed a reading of 52.3 vs 50.9 in July. As the recently released Q2 economic growth numbers showed, overall aggregate demand remains weak evidenced by the contraction in the wholesale and retail sector. Hence, we reiterate our position that a broader wage recalibration and improved private sector credit would be key in further unlocking growth in the economy."*

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

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.

At 56.1 in August, broadly unchanged from 56.0 in July, the latest figure signalled strong overall expansion, albeit below the average seen in the year-to-date. Business conditions have improved continuously on a month-by-month basis since January 2017.

Output growth remained steep overall and well above the long-run average in August. According to anecdotal evidence, solid underlying domestic demand and ongoing projects led to higher output in the latest survey. New order growth also remained strong in the most recent survey period.

Reflecting growth in new orders and output, firms upped their hiring activity in August. The rate of growth was solid overall, with the increase extending the current phase of expansion to 16 months.

Average cost burdens increased a softer pace in August. In fact, the latest rate of input price inflation was the weakest since February. Nonetheless, higher raw material and staff costs kept inflation above the survey's long-run average.

In response to higher output requirements, Nigerian private sector businesses increased their purchasing activity at a sharp rate in August. That said, the rate of growth was the lowest since November last year,

following a string of record-breaking expansions. Pre-production inventories also built-up at a strong pace.

Following a solid decrease in backlogs of work across the Nigerian private sector in July, the level of unfinished work returned to growth during August. The latest increase was modest, albeit the fastest seen since May.

Continuing the sequence of growth registered since June, foreign demand for goods and services produced in the Nigerian private sector increased once again in August. That said, the rate of growth eased and was the softest seen in the aforementioned period.

-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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