

News Release

Purchasing Managers' Index[™]
MARKET SENSITIVE INFORMATION
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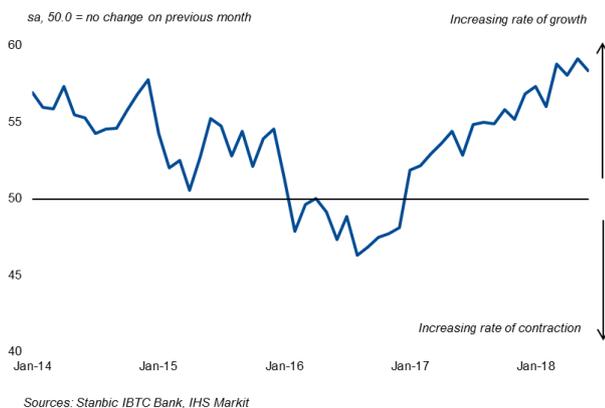
Stanbic IBTC Bank Nigeria PMI[®]

Private sector growth remains strong in June

Data collected 12-27 June

- Headline PMI moderates to 58.4 in June, from 59.1 in May
- Output increases at second-fastest rate in survey history
- Job creation remains strong

Stanbic IBTC Bank Nigeria PMI



The health of the Nigerian private sector continued to improve at a sharp pace in June, with further strong increases in output, new orders and employment. Whilst the overall rate of growth moderated slightly from May, the improvement was steep in the context of historical data.

On the price front, input cost inflation was sharp despite easing since the preceding survey. Output charge inflation remained modest amid competitive pressures in the private sector.

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.

At 58.4 in June, from 59.1 in May, the headline index moderated slightly in the latest survey. However, the rate of growth signalled by the latest figure remained strong overall and well above the historical average. Furthermore, the latest expansion concluded the strongest quarter of growth seen since the survey began in January 2014.

June data signalled the second-sharpest rate of output growth in the survey's history, second only to May's record expansion. Firms continued to link higher output to rising inflows of new business.

Nigerian private sector companies reported higher demand for goods and services in both the domestic and foreign markets. New orders from domestic clients continued to outperform those from foreign sources.

Reflecting rising output requirements in the private sector, firms continued to hire additional staff at a marked pace in June. The latest increase in payroll numbers extended the current phase of growth to 14 months.

Despite rising output and employment, strong new order growth led to higher backlogs. The volume of work outstanding has now increased continuously since September last year. That said, the rate of build-up eased to a seven-month low during June.

Input cost inflation remained sharp overall in June. According to anecdotal evidence, the exchange rate, raw material prices and staff wages were behind June's rise in average cost burdens across the private sector. Meanwhile output charge inflation remained modest.

Supplier delivery times continued to improve during June's survey period. Lead times have shortened in every month since November last year. Some firms linked improving vendor performance to competitive pressures.

Growth of input buying softened to a five-month low in June. That said, the rate of expansion remained steep overall and well above the historical average.

-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.

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