

## News Release

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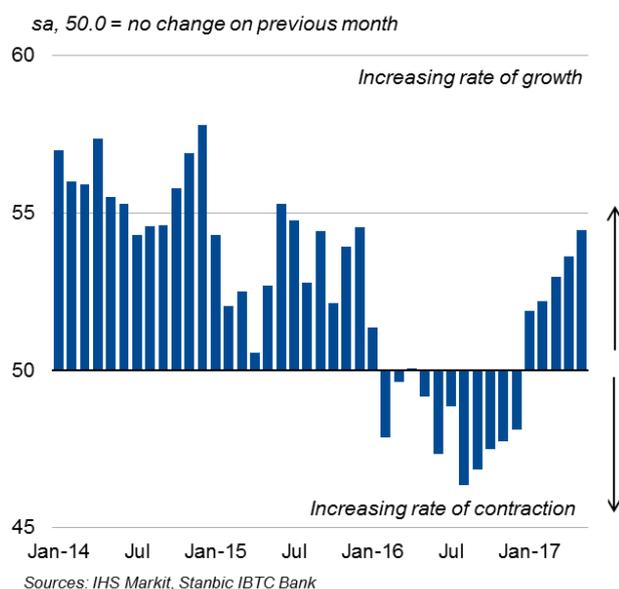
### Stanbic IBTC Bank Nigeria PMI™

#### Strong growth signalled as Nigeria PMI hits 17-month high

##### Data collected 12-26 May

- Headline PMI rises to 54.4, marking strong Nigerian private sector growth
- Output expansion at 22-month high
- Price pressures ease further

##### Stanbic IBTC Bank Nigeria PMI



The health of the Nigerian private sector economy improved further in May, according to the latest PMI™ data. The main drivers behind accelerated growth were output and new orders, which both registered steep expansions. Job creation provided further good news, as employment grew at its fastest for ten months. On the price front, inflationary pressures continued to ease.

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 54.4 in May, the headline PMI rose from 53.6 in April. The latest score continued an upturn in economic performance seen throughout 2017 so far. Furthermore,

the rate of expansion signalled in the Nigerian private sector economy was the fastest for 17 months.

##### Commenting on May's survey findings, Ayomide Mejabi, Economist at Stanbic IBTC Bank said:

*"The continued rise of the Stanbic IBTC Bank Nigeria PMI persisted well into the second quarter and has reached a 17-month high. This continues to signal an improvement in private sector business conditions as output continued to recover. Although first quarter GDP data published by the National Bureau of Statistics (NBS) showed that the economy remained in recession territory, there was a clear improvement when compared to the fourth quarter of 2016. As the PMI suggests, moderately rising employment levels, rising output and new orders levels coupled with easing price pressures bode well for improved economic growth in coming months. That said, surveyed companies continue to suggest that inventory levels remain buoyant. This may be symptomatic of a fragile private and consumption base as disposable income remains depressed. In addition, the tight stance taken by monetary authorities continues to stifle credit growth and may be impeding a faster economic recovery."*

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

Output growth in the Nigerian private sector was the fastest for 22 months in May, and sharp overall. According to some panellists, improving business conditions in the economy led to increased client demand and, therefore, a rise in output requirements.

The increase in demand was corroborated by steep growth in new orders. The rate at which new business grew was the fastest for 17 months. That said, survey evidence pointed towards demand coming primarily from domestic customers, with new export orders contracting in the latest survey.

Price pressures in the Nigerian private sector eased further in May. This was signalled by input cost inflation weakening to its slowest in 16 months. In addition, average staff costs fell for the first time since September

2016, adding to the downward pressure on overall inflation. Rising raw material costs was still cited by some panellists as a major factor behind higher overall input prices.

The softening in input price inflation was reflected in a further easing the rate of increase in output charges. Output price inflation dipped to its lowest in 17 months and showed only a slight rise in average charges in May.

Employment returned to growth in May, after no change was indicated in the preceding survey. A higher inflow of new orders enabled firms to expand their workforces, according to panel member reports.

To meet increased output requirements, purchasing activity rose in the Nigerian private sector. Despite easing marginally since April, pace of growth remained sharp. Some input goods went straight into inventories, which was signalled by a solid increase in stocks of purchases.

-Ends-

**For further information, please contact:**

**Stanbic IBTC Bank:**

Ayomide Mejabi, Economist, Research  
Telephone +234 1 422 8324  
Email [ayomide.mejabi@stanbicibtc.com](mailto:ayomide.mejabi@stanbicibtc.com)

Usman Imanah, Communications Manager  
Telephone +234 7066 3172 67  
Email [usman.imanah@stanbicibtc.com](mailto:usman.imanah@stanbicibtc.com)

**IHS Markit:**

Sam Teague, Economist  
Telephone +44-1491-461-018  
Email [sam.teague@ihsmarkit.com](mailto:sam.teague@ihsmarkit.com)

Joanna Vickers, Corporate Communications  
Telephone +44-207-260-2234  
Email [joanna.vickers@ihsmarkit.com](mailto:joanna.vickers@ihsmarkit.com)

**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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