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NATIONAL BUREAU OF STATISTICS

News Release

Purchasing Managers' Index™
MARKET SENSITIVE INFORMATION
Embargoed until: 09:45 (Abuja) / 08:45 (UTC) November 3rd 2017

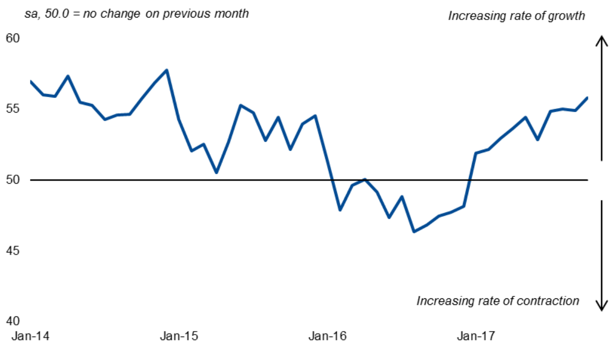
Stanbic IBTC Bank Nigeria PMI®

Growth momentum continues to build in Nigerian private sector

Data collected 12-27 October

- Headline PMI rises to 55.8, from 54.9
- Output growth reaches 34-month high
- Backlogs of work increase at record pace

Stanbic IBTC Bank Nigeria PMI



Sources: Stanbic IBTC Bank, IHS Markit

Growth in the Nigerian private sector reached a 34-month high during October, signalling a strong start to the final quarter of 2017. Sharp expansions in output and new orders contributed to the latest upturn in business conditions. Furthermore, new business from abroad expanded at the fastest pace in over three years, registering solid growth overall. On the price front, output price inflation eased in spite of sharpening price pressures.

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 55.8 in October, up from 54.9 in September, the most recent survey data signalled a sharp improvement in the health of the Nigerian private sector. Furthermore, the rate of growth was the fastest registered since December 2014 and above the historical series average. Expansions have been recorded in every month since the start of 2017. At the sector level, both manufacturing and service companies reported a steep improvement in business conditions.

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

"The Stanbic IBTC Bank Nigeria PMI continues to show signs that the economic rebalancing and return to growth which we expect may remain slow, but is firmly intact. The headline PMI reached 55.8 in October from 54.9 in September due to continued solid expansion in output. Indeed, responding companies indicated that their output rose at the fastest rate in almost three years. Clearly, the tighter monetary policy stance taken by the CBN is limiting a potential increased foreign inflow-induced rebound in the economy. The current account position continues to be bolstered by both higher oil prices as well as higher oil production levels. The C/A surplus reached 0.4% of GDP in Q2:17 compared to a deficit of the same magnitude last year, also reflecting the amount of import compression that has ensued. It is interesting to note that after three months of accelerating output price inflation, charges rose at a slower pace in October."

The main findings of the October survey were as follows:

The latest uptick in growth was partly driven by a sharp expansion in output. Private sector companies reported the fastest upturn in nearly three years during October. Output has increased in every month since January.

New business received at private sector firms rose during October. The rate of expansion was sharp overall, albeit below that recorded in September. In line with the trend seen for output, new order books have grown in every month in 2017 so far.

Private sector firms reported a solid increase in foreign demand, with the respective index reaching a 37-month high in October. In response to rising order books, backlogs of work accumulated at a record pace.

Despite easing since the preceding survey, employment growth continued in October, thereby extending the current sequence of job creation to six months. According to anecdotal evidence, firms hired additional staff to meet rising output requirements.

In terms of inflation, input prices pressures ticked up during October, reflecting the trends seen in purchase prices and staff costs. Despite a marked rise in average cost burdens, output charge inflation eased to a four-month low during the latest survey.

Nigerian private sector buying activity increased at the sharpest rate since November 2014 in October. The pace of growth was steep overall, and reflected an expected upturn in demand, according to anecdotal evidence.

-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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Purchasing Managers' Index™ (PMI®) surveys are now available for over 40 countries and also for key regions including the eurozone. They are the most closely-watched business surveys in the world, favoured by central banks, financial markets and business decision makers for their ability to provide up-to-date, accurate and often unique monthly indicators of economic trends. To learn more go to www.markit.com/product/pmi.

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