

## News Release

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

## Nigeria's economy maintains upward momentum

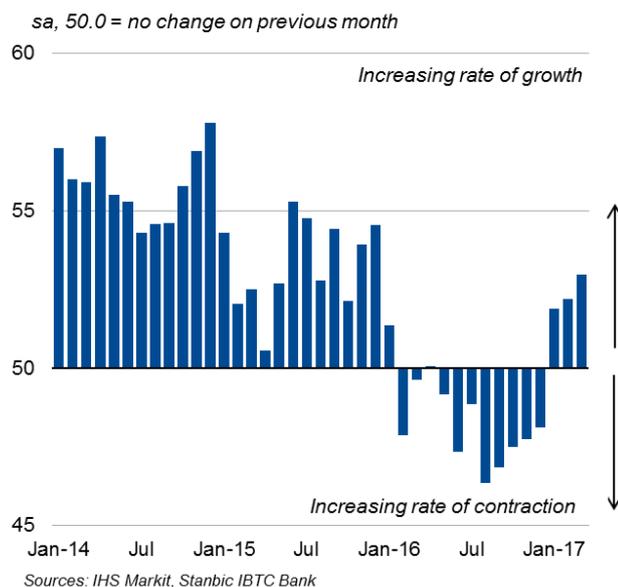
### Data collected 13-29 March

- Headline PMI at 15-month high of 53.0 in March
- Marked growth in new orders and output
- Strongest upturn in quantities of purchases since December 2015

50.0 signal an improvement in business conditions on the previous month, while readings below 50.0 show a deterioration.

At 53.0 in March, the headline PMI rose from 52.2 in February, indicating a robust improvement in the health of the Nigerian private sector. The latest reading was the highest in 15 months and above its long-run average.

### Stanbic IBTC Bank Nigeria PMI



March survey data signalled a solid end to the first quarter of 2017 as the Nigerian private sector continued to pick up growth momentum. Furthermore, business conditions improved for the third straight month indicating an ongoing recovery in the Nigerian economy. The improvement was fuelled by marked and accelerated expansions in output and new orders. In addition, employment rose for the first time since October 2016 and firms scaled up buying levels. On the price front, there were further increases in both input and output prices.

The headline figure derived from the survey is the Purchasing Managers' Index™ (PMI™). Readings above

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

*"The sustained rise of the Stanbic IBTC Bank Nigeria PMI through the first quarter of 2017, suggests that private sector business conditions continue to gradually improve and should result in a moderate improvement in the real GDP growth rate. Such an improvement will largely be reflective of some recovery in oil price/production as well as continuing strong performance in agriculture. The seasonally adjusted reading of the Stanbic Nigeria PMI for March moved higher to 53.0 from 52.2 in the prior month, as respondents suggested that new orders and output levels continued to rise, albeit from a low base. It remains clear that sustained growth of the Nigerian economy is hinged upon a rebalancing of the macro-fiscal environment, which itself is dependent upon structural and foreign exchange reform. Elsewhere, the output price sub-index continued to moderate, reaching 52.6 in March from 54.1 in February, reinforcing our view that headline inflation should continue subsiding due to unwinding base effects from 2016. Interestingly, the input price sub-index rose to 53.5 from 52.2 in February as some panellists reported increased cost burdens. Potential upside risks to the inflation trajectory continue to come from the possible further weakening of the Naira as well as further increases in food inflation."*

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

The main upward contributions to the index came from the expansions of new orders and output. Respondents reported that improving economic conditions led to higher volumes of new orders and subsequently activity.

Rates of expansion accelerated in both cases, with the rise in new business inflows being the most pronounced since December 2015 and output growth climbing to an 18-month high. The upturn in the latter was reported to be caused by increased investment and sustained demand growth. Concurrently, new export orders fell in March for the fifteenth month running. Despite accelerating since February, the downturn in new business from abroad was only slight.

Employment growth was indicated for the first time since October 2016. Anecdotal evidence suggested that an increase in workloads meant firms required more staff. That said, the expansion in payroll numbers was only fractional and below the series average.

Input prices rose again in March, with the scale of inflation accelerating since February and being solid overall. Upon analysis of the respective sub-indices, higher overall cost burdens stemmed from rising purchase prices as opposed to wages, which remained relatively unchanged. In response to greater cost burdens, firms raised their selling prices in March.

However, output price inflation softened for the fourth month running, reaching its lowest level for 14 months.

Buying activity increased in March, with the respective index indicating the strongest upturn in quantities of purchases since December 2015. As a result of increased input buying, growth of stocks of purchases reached a 15-month high.

-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.

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 Markit. Please contact [economics@ihsmarkit.com](mailto:economics@ihsmarkit.com).

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