

## News Release

**Purchasing Managers' Index™**  
**MARKET SENSITIVE INFORMATION**  
Embargoed until: 09:45 (Abuja) / 08:45 (UTC) June 5<sup>th</sup> 2018

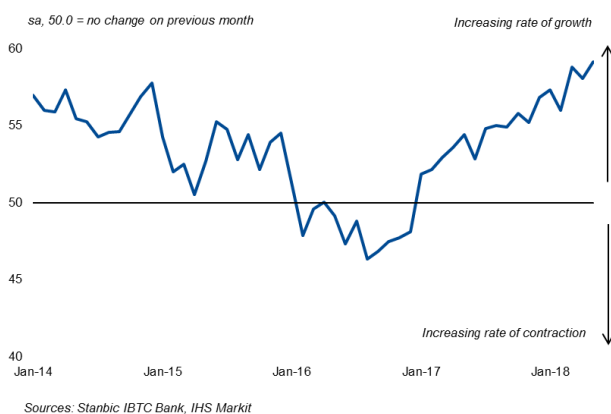
# Stanbic IBTC Bank Nigeria PMI®

## PMI rises to fresh survey high in May

### Data collected 11-29 May

- Headline PMI hits all-time high at 59.1 in May
- Record expansions in output and new business
- Inflationary pressures sharpen

### Stanbic IBTC Bank Nigeria PMI



Nigerian private sector companies reported a record pace of growth in May, driven by output and new order growth hitting an all-time high. Furthermore, job creation accelerated to the fourth-fastest pace since the survey began in January 2014. Strong demand conditions led to operational pressures, however, with backlogs of work continuing to rise at an elevated rate during May. Foreign demand contracted, with some firms noting that delays at ports led to lost international custom. On the price front, foreign exchange pressures and robust demand for inputs led suppliers to raise prices at the third-fastest rate in the survey's history, thereby placing cost pressures on private sector businesses.

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

*"The Stanbic IBTC Bank PMI has continued to indicate that the Nigerian private sector continues to recover after slowing significantly in the last two years. Reaching a survey high of 59.1 from 58.1 in April, the respondents to the PMI suggest that output levels continue to rise as new orders from their clients remain healthy as well. That being said, official GDP data released by the National Bureau of Statistics (NBS) showed that the economy didn't grow as fast as the PMI might have suggested at the time. The economy grew by 2.0% y/y in the first quarter of this year driven mainly by an acceleration in the oil sector. The manufacturing sector also contributed to the overall growth momentum, although the trade and overall services sector continued to lag. This divergence suggests that aggregate demand while improving, still hasn't risen to pre-2014 levels. The May PMI reading also shows a more gradual rise in prices as the output prices sub-index recorded a reading of 52.6 from 50.6 in April. As such, we remain convinced that the disinflation process remains intact."*

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

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 59.1 in May, up from 58.1 in April, the latest PMI reading was the strongest since the survey's inception in January 2014. May's expansion was sharp overall and extended the current phase of growth seen since the beginning of 2017.

Output and new orders increased at the fastest rates on record midway through the second quarter. Survey

respondents frequently linked the improvement to robust domestic client demand and business investment.

Corroborating with record output and new order growth, input buying activity at Nigerian private sector firms increased at a rate that was broadly in line with the all-time high registered in April.

Despite robust domestic demand for Nigerian-produced goods and services, new export orders deteriorated in the latest survey. The contraction was the first recorded since February and followed a marked improvement in April. Some firms noted that delays due to congestion at ports had led to a loss of foreign business.

In terms of inflation, overall input prices rose at the second-fastest rate since the series began. Some respondents linked higher imported raw material costs to foreign exchange pressures, whilst others noted that

strong demand for inputs led suppliers to increase charges in May.

In spite of sharp input buying growth, suppliers in the private sector improved their delivery times at an elevated rate. According to anecdotal evidence, competition among suppliers and improving road conditions led to shorter wait times.

Inventories of pre-production goods continued to build-up at a sharp pace during May's survey period. The accumulation reflected strong business confidence and an expected economic upturn, according to anecdotal evidence.

-Ends-

**For further information, please contact:**

**Stanbic IBTC Bank:**

Ayomide Mejabi, Economist, Research  
Telephone +234 1 422 8324  
Email ayomide.mejabi@stanbicibtc.com

Usman Imanah, Communications Manager  
Telephone +234 7066 3172 67  
Email usman.imanah@stanbicibtc.com

**IHS Markit:**

Sam Teague, Economist  
Telephone +44-1491-461-018  
Email sam.teague@ihsmarkit.com

Joanna Vickers, Corporate Communications  
Telephone +44-207-260-2234  
Email 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<sup>®</sup>) 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).

#### **Stanbic IBTC Bank:**

Stanbic IBTC Bank is a subsidiary of Stanbic IBTC Holdings Plc, a full service financial services group with a clear focus on three main business pillars - Corporate and Investment Banking, Personal and Business Banking and Wealth Management. Standard Bank Group, to which Stanbic IBTC Holdings belongs, is rooted in Africa with strategic representation in 20 key sub-Saharan countries and other emerging markets; Standard Bank has been in operation for over 151 years and is focused on building first-class on-the-ground banks in chosen countries in Africa and connecting other selected emerging markets to Africa and to each other.

#### **About IHS Markit ([www.ihsmarkit.com](http://www.ihsmarkit.com))**

IHS Markit (Nasdaq: INFO) is a world leader in critical information, analytics and solutions for the major industries and markets that drive economies worldwide. The company delivers next-generation information, analytics and solutions to customers in business, finance and government, improving their operational efficiency and providing deep insights that lead to well-informed, confident decisions. IHS Markit has more than 50,000 business and government customers, including 80 percent of the Fortune Global 500 and the world's leading financial institutions.

*IHS Markit is a registered trademark of IHS Markit Ltd and/or its affiliates. All other company and product names may be trademarks of their respective owners © 2018 IHS Markit Ltd. All rights reserved.*

#### **About PMI**

*Purchasing Managers' Index*<sup>™</sup> (PMI<sup>®</sup>) 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 <https://ihsmarkit.com/products/pmi.html>.

#### **Disclaimer**

Please note that the Stanbic IBTC Bank Nigeria PMI should not be taken as a substitute for official statistics, but may be used in conjunction with them.

Stanbic IBTC Bank Nigeria ("**Stanbic IBTC**") has issued and is responsible for production of this publication. This publication should be regarded as being for information only and should not be considered as an offer or solicitation to sell, buy or subscribe to any financial instruments, securities or any derivative instrument, or any other rights pertaining thereto (together, "**investments**"). Stanbic IBTC does not express any opinion as to the present or future value or price of any investments referred to in this publication. This publication may not be reproduced without the consent of Stanbic IBTC.

The information contained in this publication has been compiled from sources believed to be reliable, but, neither Stanbic IBTC, nor any of its directors, officers, or employees accepts liability for any loss arising from the use hereof or makes any representations as to its accuracy and completeness. The information contained in this publication is valid as at the date of this publication. This information is subject to change without notice, its accuracy is not guaranteed, it may be incomplete or condensed and it may not contain all material information concerning the matters discussed herein.

This publication does not constitute investment advice and has been prepared without regard to individual financial circumstances, objectives or particular needs of recipients. Readers should seek their own financial, tax, legal, regulatory and other advice regarding the appropriateness or otherwise of investing in any investments or pursuing any investment strategies. Investec operates exclusively on an execution only basis.

An investment in any of the investments discussed in this publication may result in some or all of the money invested being lost. Past performance is not a reliable guide to future performance. To the extent that this publication is deemed to contain any forecasts as to the performance of any investments, the reader is warned that forecasts are not a reliable indicator of future performance. The value of any investments can fall as well as rise. Foreign currency denominated investments are subject to fluctuations in exchange rates that may have a positive or adverse effect on the value, price or income of such investments. Certain transactions, including those involving futures, options and other derivative instruments, can give rise to substantial risk and are not suitable for all investors.

**The intellectual property rights to the Stanbic IBTC Bank Nigeria PMI<sup>®</sup> provided herein are owned by or licensed to IHS Markit. Any unauthorised use, including but not limited to copying, distributing, transmitting or otherwise of any data appearing is not permitted without IHS Markit's prior consent. IHS Markit shall not have any liability, duty or obligation for or relating to the content or information ("data") contained herein, any errors, inaccuracies, omissions or delays in the data, or for any actions taken in reliance thereon. In no event shall IHS Markit be liable for any special, incidental, or consequential damages, arising out of the use of the data. Purchasing Managers' Index<sup>™</sup> and PMI<sup>®</sup> are either registered trade marks of Markit Economics Limited or licensed to Markit Economics Limited. Stanbic IBTC Bank use the above marks under licence. IHS Markit is a registered trade mark of IHS Markit Limited and/or its affiliates.**