

## News Release

**Purchasing Managers' Index™**  
**MARKET SENSITIVE INFORMATION**  
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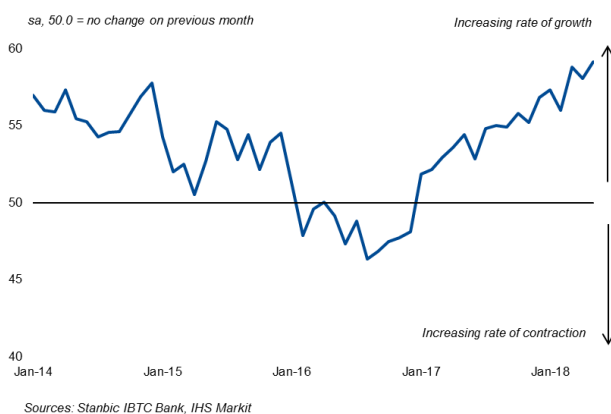
# Stanbic IBTC Bank Nigeria PMI<sup>®</sup>

## 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<sup>®</sup>). 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-

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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<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).

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