

News Release

Purchasing Managers' Index[™]
MARKET SENSITIVE INFORMATION
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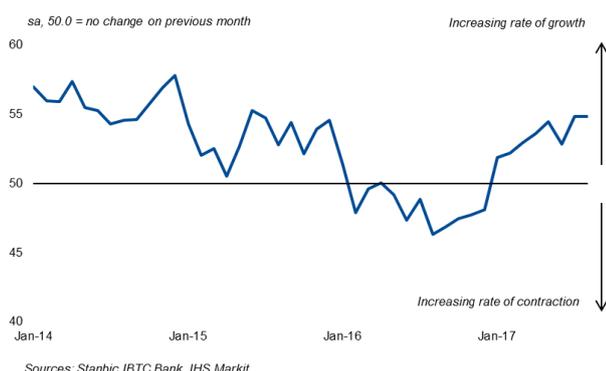
Stanbic IBTC Bank Nigeria PMI[®]

Nigerian private sector growth hits 26-month high

Data collected 11-29 August

- Headline PMI up to 55.0 in August, from 54.8
- Sharp expansions in output and new orders
- Supplier delivery times worsen for first time in over a year

Stanbic IBTC Bank Nigeria PMI



August's PMI[®] survey signalled the greatest improvement in operating conditions in Nigeria for over two years. Strong growth in output, new orders and a marginal uptick in job creation were all key components behind the most recent expansion. Meanwhile, average cost burdens faced by Nigerian businesses rose in August, albeit at a more subdued pace than recorded in July.

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 55.0 in August, the headline PMI rose above July's reading of 54.8. The latest seasonally adjusted data indicated a steep rate of growth in the Nigerian private sector, with the most recent figure being above the survey's near four-year average. Furthermore, August data extended the sequence of expansion seen throughout 2017 so far.

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

"Private sector activity in Nigeria, as measured by the Stanbic IBTC Bank Nigeria PMI, continues to gain momentum. The overall reading of 55.0 in August represents the fastest pace of increase over the past 26 months and possibly points towards real GDP growth returning in 2017. That being said, a more sustainable and robust economic growth trajectory will be dependent on implementation of structural reforms as outlined in the Economic Recovery and Growth Plan (ERGP) as well as an easing in monetary policy stance. Although the PMI suggests that input price pressures continue to moderate, albeit at a slow pace, output price inflation rose for the second consecutive month. This change in the output price path confirms our suspicion that disinflation in Nigeria should moderate over coming months."

The main findings of the August survey were as follows:

Growth of business activity in Nigeria accelerated to its fastest rate of expansion in 32 months in August. Output growth was sharp overall and well above the series' long-run average. Anecdotal evidence suggested that strong client demand led to rising output requirements in the latest survey.

Growth in new orders eased slightly in August, but the pace of expansion remained strong overall, however. According to the survey data, client demand was mostly in the domestic market, as new export orders contracted for the second month running in August.

An uptick in job creation was registered in August. Furthermore, the latest improvement of employment levels in the Nigerian private sector extended the current sequence of employment growth to four months.

On the price front, there was a marginal softening in input price inflation during August. Costs continued to rise at a modest rate. The survey's price measures signalled that cost increases were derived from non-staff costs, as wages remained relatively stagnant. Output charge inflation in the Nigerian private sector increased fractionally in August, but remained below the series' historical average.

Supplier delivery times worsened for the first time in 13 months during August, with the rate at which vendor performance deteriorated being modest overall. There were some reports of worsening road conditions.

Finally, buying activity rose markedly in August, albeit to a lesser extent than that recorded in July. Panellists

reported that they increased their purchasing activity in response to rising output requirements.

-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 30 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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