

News Release

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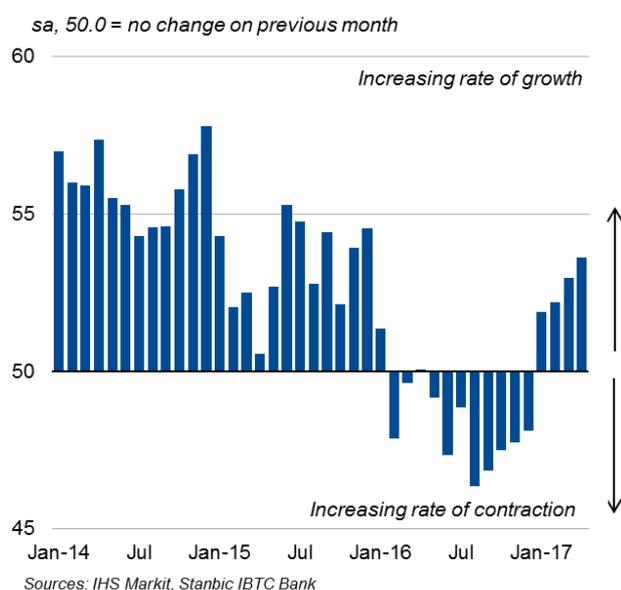
Stanbic IBTC Bank Nigeria PMI™

Nigeria PMI reaches 16-month high in April

Data collected 11-26 April

- Headline PMI rises to 16-month high of 53.6
- Steep growth in both output and new orders
- Output price pressures ease further

Stanbic IBTC Bank Nigeria PMI



The health of Nigeria's private sector continued to improve in April, as the latest survey data indicated the strongest performance for 16 months. Growth in output and new orders accelerated further, and were the key factors behind the improved headline PMI™. On the price front, input price and output price inflation both eased but remained solid.

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 53.6 in April, the headline PMI rose from 53.0 in March. This extended the current sequence of expansion in the Nigerian private sector to four months. Moreover, the rate of improvement signalled was the fastest for 16

months. In the context of historical data, the index was above the series average since January 2014 (52.6).

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

"The Stanbic IBTC Bank Nigeria PMI maintained its recent sequence of higher prints in April, reaching a seasonally adjusted 53.6 from 53.0 in the previous month and its highest level for 16 months. The sustained upward trajectory of the PMI in the first 4 months of the year certainly suggests that private sector business conditions continue to improve at a steady rate and probably resulted in a return to positive real GDP growth in the first quarter of 2017. The upward momentum in the PMI resulted from a combination of strong growth in output levels, robust new order levels, while the survey also revealed easing output and input price pressures. The economic growth outlook for the rest of the year would appear moderately more positive, especially if authorities are able to implement recent foreign exchange reforms in conjunction with other structural and fiscal reforms. An ability to substantially bolster non-oil FX inflows needed to meet import demand and boost domestic investment is key to ensuring a return to positive economic growth territory in 2017."

The main findings of the April survey were as follows:

Output expansion was a key driver behind the strong headline PMI score. Growth was steep overall and the fastest signalled for 21 months. Firm underlying demand, improving business conditions and strong new order books in the Nigerian economy were commonly noted by panellists as explanations for the latest increase in output.

A further rise in new business at Nigerian private sector companies was recorded in April. The rate of increase in new orders was sharp overall and accelerated from the preceding survey. Furthermore, the latest rise extended the current sequence of growth to four months. Despite expansion in both output and new orders, no change in

employment was signalled in April as job creation stagnated.

The level of exports sold by Nigerian private sector firms rose for the first time in 16 months in April. Growth was marginal overall but represented a marked improvement from the steep declines in the final quarter of 2016.

In line with the trend for new business, the volume of inputs purchased by private sector firms increased for the fourth month running and at the fastest pace in 16 months. Meanwhile, input stocks grew for the fifth successive month.

Vendor performance improved in April, despite rising demand for items. Panellists commonly noted that suppliers had invested in capital, in order to achieve faster delivery times.

Cost pressures eased in April, as input price inflation slowed fractionally from the preceding survey. In addition, the latest survey data signalled a further softening of output price inflation for the fifth month in a row. Anecdotal evidence suggested that input prices had influenced the output charges set by Nigerian firms.

-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.

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.

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