

News Release

Purchasing Managers' Index[™]
MARKET SENSITIVE INFORMATION
Embargoed until: 09:45 (Abuja) / 08:45 (UTC) February 5th 2018

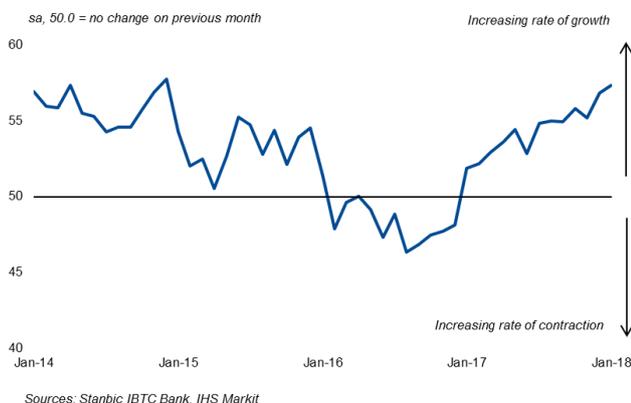
Stanbic IBTC Bank Nigeria PMI[®]

Nigerian private sector growth accelerates to fastest since December 2014

Data collected 12-29 January

- Headline PMI rises to 57.3 in January, from 56.8
- Output expands at second-strongest rate on record...
- ...driven by record new order growth

Stanbic IBTC Bank Nigeria PMI



Data for the opening month of 2018 indicated a strong start to the year for the Nigerian private sector economy. The overall rate of growth accelerated to a 37-month high, partly driven by strong expansions in both output and new orders. Furthermore, renewed growth in new export orders was reported, with a solid expansion during January. On the price front, output price inflation eased slightly, whilst input costs rose at a sharper rate than recorded in December.

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 57.3 in January, up from 56.8 in December, the most recent data signalled a steep improvement in business conditions across the Nigerian private sector. Moreover,

the rate of expansion was the strongest registered since December 2014.

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

"The strong expansion in the Nigerian private sector as indicated by the January 2018 headline PMI is in line with our expectation of more robust real GDP growth this year. At 57.3, the PMI rose from an average of 56.0 in Q4:17 and 54.9 in Q3:17, mainly driven by the substantial rise in output levels with the output PMI rising to 64.8 from 60.7 (on average) in Q4:17. New orders also rose to 62.5 from 61.2 in December and 53.9 in January 2017. Admittedly, our expectation of a 2.5% y/y growth in 2018 mainly reflects our confidence that the oil sector will remain supportive. That said, the moderate signs of macroeconomic rebalancing which were evident in 2017 suggests that there are upside risks to our base growth forecast. Starting from Q4:17, it is expected that the non-oil sector will start delivering growth after it remained in contractionary territory in H1:17. It was strange that many non-oil sectors contracted between May and September 2017 despite an improvement in FX liquidity. The effective easing in monetary policy since then should prove supportive to growth in 2018."

The main findings of the January survey were as follows:

Firms operating in Nigeria noted a sharp increase in output during the latest survey period. Furthermore, the rate of growth was the second-fastest recorded since data collection began at the start of 2014.

January data signalled record growth in new business. The rate of expansion was sharp overall, with the finding extending the current sequence of growth to 13 months. Anecdotal evidence suggested that demand for Nigerian-produced goods and services rose in both domestic and export markets.

Employment continued to increase at the start of 2018, with many firms linking job creation to rising output requirements. That said, the rate of growth was only slight overall and below that registered over the series' long-run average.

Input price inflation accelerated since the preceding survey, with January's data pointing towards a sharp increase in input costs. Both purchase prices and staff wages rose during the most recent survey, with the former increasing at the stronger rate.

Contrary to the trend seen for input prices, output charge inflation softened since December. That said, the rate of

increase remained solid overall, extending the current sequence of rising selling prices to 25 months.

The level of work outstanding continued to increase in the opening month of 2018, in line with the trend seen since September last year. That said, the rate of growth in backlogs was modest overall and below that registered in the preceding survey.

Vendor performance in the Nigerian private sector continued to improve during the latest survey. Furthermore, wait times shortened to the greatest extent in 41 months.

-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 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>.

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