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News Release

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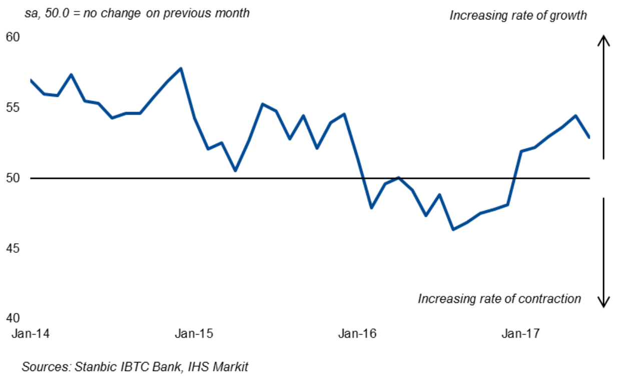
Stanbic IBTC Bank Nigeria PMI®

Solid growth in Nigerian private sector in June

Data collected 12-28 June

- Headline PMI dips to 52.9 in June, from 54.4
- Strong expansions in both new orders and output
- New export orders return to growth

Stanbic IBTC Bank Nigeria PMI



The Nigerian private sector ended the second quarter on a solid footing, despite growth easing in June. Strong expansions in output and new orders underpinned the overall improvement in business conditions, alongside a return to growth in new export orders. On the price front, cost pressures faced by Nigerian companies grew slightly but remained subdued when compared with the historical trend, while output charge inflation softened further and was only marginal overall.

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 52.9 in June, the headline PMI fell from 54.4 in May. The latest reading was the lowest in four months, but it remained above the historical average of 52.6. Furthermore, it extended the current sequence of growth in the Nigerian private sector to six months.

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

"The persistent improvement in private sector activity in Nigeria this year, as measured by the Stanbic IBTC Bank PMI, finally moderated in the month of June. That said, at 52.9, the headline PMI still signals that business conditions continue to improve solidly. Interestingly, despite the fact that output and new orders grew at more measured paces, new export orders actually returned to growth territory after contracting for the better part of the last two years. However, despite the relatively more supportive business environment, economic growth is still expected to only rebound moderately as it is becoming evident that some macro rebalancing is underway in Nigeria. This is mainly the result of policy tightness that the monetary authorities have engineered. Unfortunately, in spite of improvements to FX supply, the combination of contracting credit demand and stunted investment spending will probably limit economic growth in the near term."

The main findings of the June survey were as follows:

Despite output growth easing in June, the rate of expansion remained strong overall and above the series average. Furthermore, the latest increase extended the current sequence of growth to six months.

Following the trend seen by output, growth in new orders softened during the latest survey period, but remained sharp overall. Anecdotal evidence linked the latest expansion in new work to rising levels of client demand for goods and services from Nigerian companies.

New export orders returned to growth in June, after a slight contraction had been signalled during May. That said, the rate of expansion was only marginal overall.

In response to a rise in output, Nigerian private sector firms increased their staffing numbers during June. The latest data extended the sequence of growth to two months, although job creation remained below the average seen over the survey's three-and-a-half year history. Meanwhile, firms indicated a slight decline in work outstanding in June.

Average cost burdens faced by firms operating in the Nigerian private sector rose in the latest survey. The rate of growth was above that seen in the preceding survey, albeit moderate overall. Anecdotal evidence linked higher input prices to higher purchase cost inflation, which was above that of wages in June. Companies continued to pass on part of the burden of increased input costs by raising output charges. That said, output charge inflation was only marginal overall.

Finally, vendor performance in the Nigerian private sector improved further in June, stretching the current sequence of shortening lead times to seven 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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