News Release

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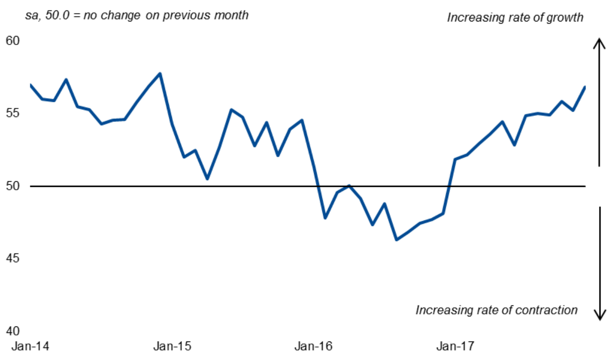
Stanbic IBTC Bank Nigeria PMI®

Private sector growth hits three-year high in December

Data collected 5-19 December

- Headline PMI rises to 56.8 in December, from 55.2
- Record high growth in new business
- Buying activity and stocks of purchases rise at fastest rates since survey began

Stanbic IBTC Bank Nigeria PMI



Sources: Stanbic IBTC Bank, IHS Markit

December data signalled a strong end to 2017 for the Nigerian private sector, with business conditions improving to the greatest extent in three years. Record growth in new business alongside a sharp improvement in output contributed to the latest upturn. On the price front, both input and output cost inflation softened since November.

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 56.8 in December, up from 55.2 in November, the latest figure signalled the sharpest improvement in Nigerian private sector business conditions for three years. The PMI registered above 50.0 in every month of 2017, and has risen 13 times in the past 16 months since hitting a low of 46.3 in August 2016.

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

"As expected, the Nigerian economy probably expanded at a decent pace in December due to activity related to the festive season. That being said, challenges with petrol supply which emerged in the later part of December likely disrupted business activity and general consumer sentiment, and may have tempered potentially stronger growth in the economy. At 56.8, the headline PMI hit a three-year high, continuing a steady sequence of growth in 2017. Certainly, the rebound in FX availability partly due to improvements in the oil sector helped buoy economic growth in 2017. Looking ahead into 2018, we expect that the Nigerian economy should continue its rebound, perhaps reaching around 2.5% driven mainly by further improvements in the oil sector and some structural adjustments, some of which were evident in 2017. Further analysis of the PMI shows that output and input prices continued to rise, albeit at a less aggressive pace. This suggests that headline inflation will probably print around 15.9% in December 2017. "

The main findings of the December survey were as follows:

The latest data signalled the fastest growth in new business received by Nigerian private sector firms since the survey began in January 2014. Many respondents commented on strong underlying domestic demand.

In line with record growth in new orders, output also increased at a sharp rate in December. Furthermore, the pace of expansion was the second-fastest in three years.

Private sector firms reported rising new export orders for the fourth month running during December. That said, the rate of increase softened since the record high expansion signalled in November.

Continuing the sequence seen since May, employers in the Nigerian private sector continued to hire additional staff in December. The rate of job creation was broadly in line with the historical average. According to anecdotal evidence, firms responded to higher output requirements by increasing payroll numbers.

Purchasing activity increased at a record pace during December. Respondents commonly linked higher levels of input buying to rising demand. Furthermore, stock of purchases also rose at the fastest rate since the survey began.

Input price inflation eased in December. Nonetheless, average cost burdens continued to rise at a marked pace overall. Firms noted that suppliers increased prices in response to higher demand. Output charges continued to increase during December, albeit at a slightly slower pace than in that registered in the preceding survey.

Vendor performance improved in December. According to anecdotal evidence, competition among suppliers led to faster delivery times. Furthermore, the extent to which wait times improved was marked overall.

-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 www.markit.com/product/pmi.

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