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NATIONAL BUREAU OF STATISTICS

News Release

Purchasing Managers' Index™
MARKET SENSITIVE INFORMATION
Embargoed until: 09:45 (Abuja) / 08:45 (UTC) October 4th 2018

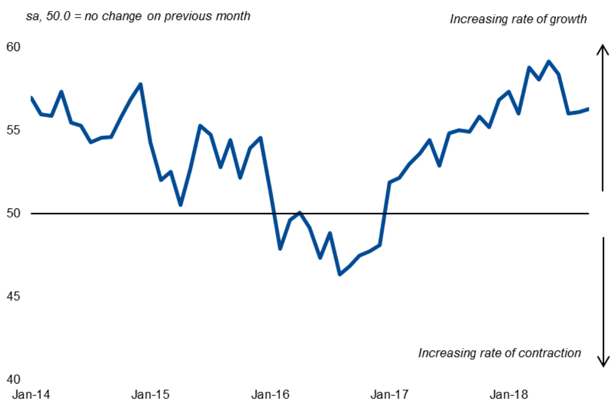
Stanbic IBTC Bank Nigeria PMI®

Private sector growth ticks up during September

Data collected 12-26 September

- Headline PMI rises to 56.3 in September, from 56.1 in August
- Stronger output and new order book expansions
- Price pressures soften markedly

Stanbic IBTC Bank Nigeria PMI



Sources: Stanbic IBTC Bank, IHS Markit

September data signalled a further strong improvement in business conditions across the Nigerian private sector. Both output and new order growth ticked up to respective three-month highs in the latest survey, with many panel members reporting solid demand from domestic and foreign sources. Partly reflecting stronger inflows of new business and rising capacity pressures, backlogs of work increased at the fastest pace in five months.

On the price front, input price pressures softened markedly during September, with the latest increase in cost burdens the weakest in a year.

Commenting on September's survey findings, Gbolahan Taiwo, Economist at Stanbic IBTC Bank said:

"The September reading of the Stanbic IBTC PMI at 56.3 vs 56.1 in August showed that business conditions in Nigerian private sector continues to improve particularly as businesses recorded increased output and new orders during the month. This depicts some level of economic recovery, however we are of the view that the pace will remain slow. Increased spending ahead of the 2019 general elections could also prove supportive for overall output demand in the coming months. Also noteworthy is the decline in overall input prices to a 1-year low reading of 52.1. The downtrend in inflation over the past 18-months and the relative stability in the FX market could have supported."

The main findings of the September survey were as follows:

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 56.3 in September, up from 56.1 in August, the headline index indicated a steep improvement in business conditions. The Nigerian private sector has now recorded growth for 21 straight months.

Amid strong inflows of new orders, output growth across the private sector increased an accelerated pace during September. The pace of expansion was the strongest recorded since June and sharp overall. The finding ended a three-month sequence of easing growth, following the recent survey-record expansion in May.

The latest data signalled an uptick in new order growth, which hit a three-month high in September. Anecdotal evidence suggested strong underlying demand from both domestic and foreign clients.

Despite rising output requirements, the rate of job creation eased to a 15-month low and was only slight overall during September. Partly reflecting higher inflows of new orders and slower hiring activity, backlogs of work expanded to a greater extent.

Average cost burdens faced by Nigerian private sector companies increased at a much slower rate in September. The pace of input price inflation hit a 12-month low and was below the long-run survey average. Output charges continued to rise at a moderate pace, with some panel members reporting raising selling prices in response to stronger demand.

Supplier delivery times improved once again in September. Some firms linked stronger vendor performance to competitive pressures.

Stocks of purchases rose during the latest survey period, although the rate of growth the slowest recorded since August 2017.

-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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About PMI
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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