

## News Release

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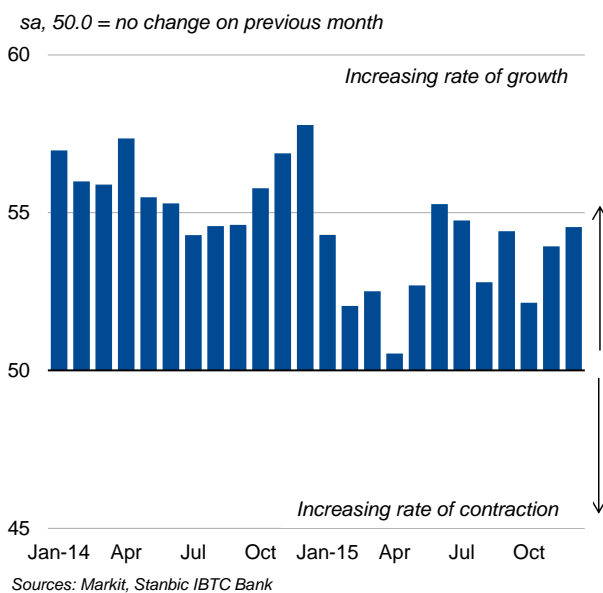
### Stanbic IBTC Bank Nigeria PMI™

#### Growth of Nigerian private sector accelerates in December

##### Data collected 4-21 December

- PMI ends 2015 at five-month high
- Sharper growth of output and new work
- Cost pressures pick up to most marked since March 2014

##### Stanbic IBTC Bank Nigeria PMI



Nigeria's private sector ended 2015 in good health, with business conditions improving to the greatest extent since July. A key factor behind growth of the sector as a whole was higher new orders – the latest rise was the fastest in six months. Output rose more quickly as a result, while employment increased at a solid pace. On the price front, cost pressures intensified in December. Higher purchase prices had little impact on charges, however, as they fell for the second time in three months.

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.

The seasonally adjusted **Stanbic IBTC Bank Nigeria**

PMI posted 54.5 in December, thereby signalling a solid improvement in operating conditions at companies in Nigeria. Up from 53.9 in November, the latest reading was the highest in five months. That said, the quarterly average in Q4 (53.5) was slightly lower than seen in Q3 (54.0).

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

*"The December Nigeria PMI reading (at 54.5) suggests that the recent recovery in private sector activity was sustained through the end of the year. The brisk pace of increased output and new orders appears to have carried on from November, after some clarity around the new government's economic team as well as its policy leanings. Certainly, as the 2016 budget proposal suggests government is looking to stimulate growth by deficit financing as well as reforming the revenue collection processes. This should facilitate some modest pickup in economic activity. However, budget execution risks, the continued weakness in commodity prices as well as the collapse in import related trade activity due to a scarcity of dollars pose risks to a quicker recovery in economic activity."*

##### The main findings of the December survey were as follows:

A sharper expansion in new work was a factor underpinning private sector growth at the end of 2015. Growth of new business picked up to a six-month high, and was broadly similar to the series average. Anecdotal evidence pointed to a general improvement in client demand, while latest data highlighted a renewed increase in exports. Foreign orders rose for the first time since February, albeit only marginally.

Reflective of higher new business, Nigerian private sector firms raised their output in December. The rate of growth was solid and in line with the 2015 average, although it

remained slower than the trend seen over 2014 as a whole.

The rise in new work was also sufficient to encourage more companies to boost their purchasing activity in December. The latest expansion was the most marked in 13 months, and it led to an acceleration in the rate of pre-production inventory building.

Job creation was a further by-product of robust new order growth at the end of the year. The pace of hiring was relatively strong, albeit slightly weaker than in the prior month. Workforce expansions were reportedly behind

backlog depletion at some panellists in December. That said, with capacity pressures evident at other firms, work-in-hand was broadly unchanged overall.

Meanwhile, total input prices rose sharply in December. Underlying data showed that the overall increase mainly reflected greater purchasing costs (the respective index was at a 22-month high). Charges fell regardless, however, as competitive pressures meant that lower tariffs were needed at some firms in order to attract new clients.

-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@markit.com](mailto:economics@markit.com).

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*Purchasing Managers' Index*<sup>®</sup> (*PMI*<sup>®</sup>) surveys are now available for over 30 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/economics](http://www.markit.com/economics).

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