

## News Release

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

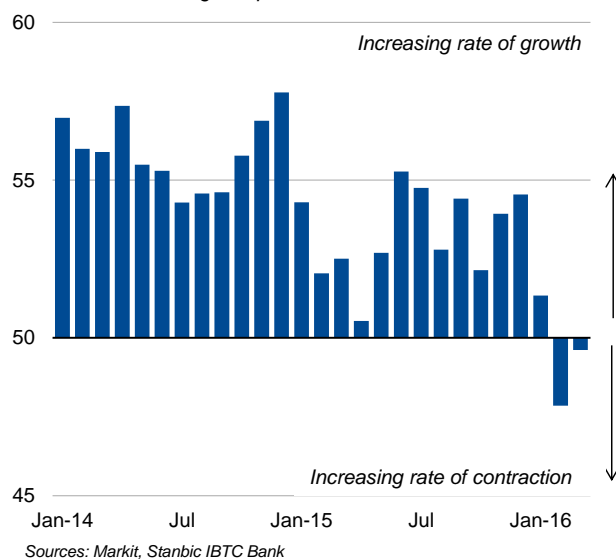
#### Downturn in Nigerian private sector eases during March

##### Data collected 11-29 March

- PMI remains in negative territory but moves closer to 50.0 mark
- Slower declines in output and new business
- Prices charged rise at record pace amid currency weakness

##### Stanbic IBTC Bank Nigeria PMI

sa, 50.0 = no change on previous month



The contraction of Nigeria's private sector persisted in March, albeit at a weaker pace. Business conditions worsened only slightly, with the speed of downturn restricted by slower declines in output and new work. Reflective of subdued client demand, input buying also decreased marginally. In contrast, both employment and pre-production inventories increased. On the price front, currency weakness continued to have an impact – driving input costs higher which subsequently led to another survey-record rise in charges.

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 49.6 in March, the seasonally adjusted **Stanbic IBTC Bank Nigeria PMI** signalled a second consecutive deterioration in business conditions at Nigerian private sector firms. That said, the rate of contraction eased somewhat, with the latest reading up from 47.9 in February. Notably, the recent downturn has bucked a growth trend which had defined the first 25 months of data collection, meaning that the first quarter average (49.6) was by far the lowest recorded since the survey began at the start of 2014.

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

*"The first quarter of 2016 was tough for the private sector, leading to an overall contraction in activity during that period. Indeed, the quarterly average of the PMI, 49.6, is the lowest on record, suggesting that overall economic growth moderated further from the growth recorded in the fourth quarter of 2015. It is possible that a combination of factors, including delays in passing the Federal Government budget, unfulfilled demand for foreign exchange to pay for imported inputs, final consumer and capital goods, all contributed to restraining economic activity in the quarter. As the price index hints, there has also been mounting price pressures in the economy that have been confirmed by official inflation statistics. Nonetheless, the pace of contraction in activity moderated in March, helped by rises in employment and inventories. The finalisation of the budget could boost activity somewhat beginning in April. In any event, new orders, new export orders and the quantity of purchases seem to have turned around, perhaps portending a recovery."*

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

Lower output and new work ensured that the headline index remained in negative territory during March. The respective declines were the second in as many months, though both were slower than in February.

New orders fell amid muted client demand both domestically and abroad, but the rate of decline in exports eased substantially from the survey-record seen in the previous month. Panellists also mentioned exchange rate volatility and unfavourable economic conditions as factors undermining output.

Meanwhile, another rise in employment was recorded in March. Job creation has been sustained throughout the survey's history, though the latest increase was much weaker than the series average. With activity and new business falling, the expansion in staffing levels was more than sufficient to clear some backlogs of work. In fact, the rate of depletion was the fastest on record.

The slight drop in incoming new orders meant that purchasing activity almost stabilised in March. The pace of reduction was negligible, and coincided with a return to growth of input stocks.

Finally, the weakness of the Nigerian naira (particularly against the US dollar) was cited as the principal factor behind a relatively sharp rise in input costs. Charges rose to an even greater extent, with the rate of inflation at a survey-record high for the second month in a row.

-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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