

News Release

Purchasing Managers' Index™ MARKET SENSITIVE INFORMATION

Embargoed until: 09:45 (Abuja) / 08:45 (UTC) December 5th 2016

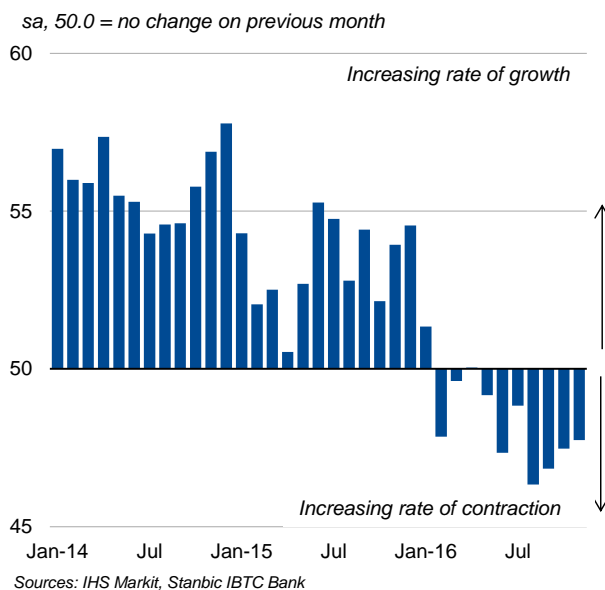
Stanbic IBTC Bank Nigeria PMI™

New business rises for first time since January

Data collected 11-28 November

- Private sector downturn eases amid renewed growth of new work
- Output continues to fall sharply, employment stagnates
- Purchasing activity remains in decline

Stanbic IBTC Bank Nigeria PMI



Nigeria's private sector downturn continued in November, but a renewed rise in new orders provided a welcome boost to business conditions. Though only slight, the expansion of new work was the first since January. Output and purchasing activity both fell regardless, with the decline in the former accelerating to a steep rate. Employment was meanwhile broadly stagnant. On the price front, cost pressures eased in the latest period, whereas charges rose at a faster pace.

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.

Business conditions in Nigeria's private sector worsened for the seventh straight month in November. This was signalled by the seasonally adjusted **Stanbic IBTC Bank Nigeria PMI** posting 47.7, up slightly from 47.5. The latest reading indicated that the pace of contraction had moderated further from August's record (46.3), but was nevertheless sharper than the 2016 average (48.4).

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

"While the private sector is still characterised by contraction, the rate of contraction eased in November. This improvement was attributable to new orders. New orders expanded modestly for the first time since January. Notably, the pace of contraction in new orders has been broadly decelerating since August. Actual output is still declining, with the pace of contraction accelerating in November. Indeed, every other facet of activity deteriorated in November. After improving in October, to record some growth, employment slumped again. The index measuring stocks fell back to 50 in November. Hence, while the overall PMI has actually improved marginally since the end of the third quarter, averaging 47.6 compared with 47.3, there is no assurance that the moderation in the pace of contraction in economic activity will be enduring. Of course, if stocks were to actually dwindle, then improving new orders could presage an eventual turnaround in production. But it is still too early to ascertain that such a turnaround is imminent."

The main findings of the November survey were as follows:

The main bright spot from November's survey was renewed growth of new work. The rise ended a nine-month sequence of either stagnant or falling new business. That said, with new orders from abroad continuing to fall sharply, the increase in total new work

was weaker than the series average and only modest overall.

Output remained a significant drag on the headline index. The latest fall in activity was the second-quickest since data collection started in January 2014, behind only that seen in August. Panellists attributed the reduction to a number of factors including subdued demand, high raw material costs and an erratic power supply.

In spite of a return to new business growth, purchasing activity dropped for the fourth month running in November. The marginal rise in new work was insufficient to motivate firms to step up their input buying. Stocks of purchases were meanwhile stable, as reports of inventory building in line with higher new orders were offset by

depletion amid relatively weak sales and costly raw materials.

Nigerian private sector employment was broadly stagnant in November, following modest job creation in the previous month. Backlogs of work fell for the third consecutive month, although the rate of depletion eased to the weakest in this period.

Finally, November data pointed to diverging price trends. Total input costs rose at the slowest rate since January. On the other hand, charges increased to the greatest extent in four months. Businesses were reportedly able to pass higher costs on to clients thanks in part to an improvement in underlying demand.

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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@ihsmarkit.com.

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