This PMI is endorsed and adopted by NBS

News Release

Purchasing Managers' Index™
MARKET SENSITIVE INFORMATION
Embargoed until: 09:45 (Abuja) / 08:45 (UTC) October 5th 2016

Stanbic IBTC Bank Nigeria PMI™

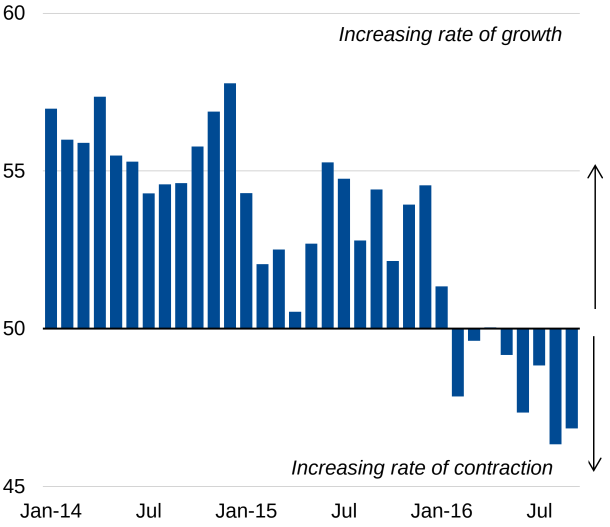
Nigerian private sector contraction eases slightly in September

Data collected 12-28 September

- PMI picks up slightly from August's low
- September sees output, new orders, employment and purchasing all in decline
- Rising material costs keep pressure on prices

Stanbic IBTC Bank Nigeria PMI

sa, 50.0 = no change on previous month



Sources: IHS Markit, Stanbic IBTC Bank

Nigeria's private sector downturn eased slightly from August's record in September, but remained the second-quickest in the series history. That rounded off the worst quarterly performance since the survey began at the start of 2014. September saw another steep decline in output, as well as further reductions in new orders, employment and purchasing. Rising costs continued to squeeze firms' margins, and charges rose sharply again as a result.

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** picked up from August's record low of 46.3 in September, but only slightly to 46.8. That still pointed to a solid deterioration in business conditions, and was lower than any other reading except August's. The average for the third quarter as a whole (47.3) was the lowest since data collection started in January 2014.

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

"In September, the Stanbic IBTC Bank Nigeria PMI indicated that while the contraction in business activities persisted, its pace eased marginally, reaching a seasonally adjusted 46.8 from 46.3 in August. However, the PMI suggests that economic activity may have worsened in the third quarter of the year, when compared to the first and second quarters where economic growth contracted by 0.4% y/y and 2.1% y/y respectively. This worsening in business conditions in the third quarter occurred despite the introduction of reforms in the foreign exchange market aimed at improving the supply of foreign exchange in order to bolster domestic investment and consequently improve economic growth. The continued downturn in private sector activity as suggested by the PMI may be due to the fact that discovering USD/NGN prices in the inter-bank market remains inefficient and may be limiting the pace and size of foreign portfolio inflows. In addition, the output prices index suggests that the underlying pressure on prices may be waning which could result in the pace of growth in headline inflation slowing."

The main findings of the September survey were as follows:

A sharp contraction of activity was again a key factor behind the overall downturn. Output fell for the eighth straight month amid further reports of weak client demand.

New business also declined in September, albeit at a much slower rate than activity. The latest reduction was weaker than in August, but still faster than the 2016 average. Lower exports continued to weigh on total new orders. New work from abroad has fallen in each of the past nine months.

Subdued demand led to a second successive reduction in purchasing activity at Nigerian private firms. Though only slight, the back-to-back decline contrasted with four straight months of growth from April to July. Input stocks also decreased, for just the third time in the series history.

Job losses were meanwhile sustained in September, amid doubts about the demand outlook for the remainder of 2016. The fall was the second in as many months, following 31 months of continuous hiring up until August. Backlogs of work were depleted regardless of a smaller workforce, with weak order books often resulting in spare capacity.

Prices data pointed to ongoing pressure on margins. The rise in input prices reflected higher purchasing costs rather than salary growth, according to latest figures. Whereas purchase costs rose at the fastest pace since February in line with higher fuel and raw material prices, salaries fell for the first time in seven months as firms sought to cut costs.

Subsequently, charges were raised at a marked pace. That said, the rate of increased eased since the prior month, continuing the softer trend seen throughout the third quarter.

-Ends-

For further information, please contact:

Stanbic IBTC Bank:

Ayomide Mejabi, Economist, Research
Telephone +234 1 422 8324
Email ayomide.mejabi@stanbicibtc.com

Usman Imanah, Communications Manager
Telephone +234 7066 3172 67
Email usman.imanah@stanbicibtc.com

IHS Markit:

Philip Leake, Economist
Telephone +44-1491-461-014
Email philip.leake@ihsmarkit.com

Joanna Vickers, Corporate Communications
Telephone +44-207-260-2234
Email joanna.vickers@ihsmarkit.com

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.

Stanbic IBTC Bank:
Stanbic IBTC Bank is a subsidiary of Stanbic IBTC Holdings Plc, a full service financial services group with a clear focus on three main business pillars - Corporate and Investment Banking, Personal and Business Banking and Wealth Management. Standard Bank Group, to which Stanbic IBTC Holdings belongs, is rooted in Africa with strategic representation in 20 key sub-Saharan countries and other emerging markets; Standard Bank has been in operation for over 151 years and is focused on building first-class on-the-ground banks in chosen countries in Africa and connecting other selected emerging markets to Africa and to each other.

About IHS Markit (www.ihsmarkit.com)
IHS Markit (Nasdaq: INFO) is a world leader in critical information, analytics and expertise to forge solutions for the major industries and markets that drive economies worldwide. The company delivers next-generation information, analytics and solutions to customers in business, finance and government, improving their operational efficiency and providing deep insights that lead to well-informed, confident

decisions. IHS Markit has more than 50,000 key business and government customers, including 85 percent of the Fortune Global 500 and the world's leading financial institutions. Headquartered in London, IHS Markit is committed to sustainable, profitable growth.

About PMI

Purchasing Managers' Index® (PMI®) 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/product/pmi.

Disclaimer

Please note that the Stanbic IBTC Bank Nigeria PMI should not be taken as a substitute for official statistics, but may be used in conjunction with them.

Stanbic IBTC Bank Nigeria ("**Stanbic IBTC** ") has issued and is responsible for production of this publication. This publication should be regarded as being for information only and should not be considered as an offer or solicitation to sell, buy or subscribe to any financial instruments, securities or any derivative instrument, or any other rights pertaining thereto (together, "**investments**"). Stanbic IBTC does not express any opinion as to the present or future value or price of any investments referred to in this publication. This publication may not be reproduced without the consent of Stanbic IBTC.

The information contained in this publication has been compiled from sources believed to be reliable, but, neither Stanbic IBTC, nor any of its directors, officers, or employees accepts liability for any loss arising from the use hereof or makes any representations as to its accuracy and completeness. The information contained in this publication is valid as at the date of this publication. This information is subject to change without notice, its accuracy is not guaranteed, it may be incomplete or condensed and it may not contain all material information concerning the matters discussed herein.

This publication does not constitute investment advice and has been prepared without regard to individual financial circumstances, objectives or particular needs of recipients. Readers should seek their own financial, tax, legal, regulatory and other advice regarding the appropriateness or otherwise of investing in any investments or pursuing any investment strategies. Investec operates exclusively on an execution only basis.

An investment in any of the investments discussed in this publication may result in some or all of the money invested being lost. Past performance is not a reliable guide to future performance. To the extent that this publication is deemed to contain any forecasts as to the performance of any investments, the reader is warned that forecasts are not a reliable indicator of future performance. The value of any investments can fall as well as rise. Foreign currency denominated investments are subject to fluctuations in exchange rates that may have a positive or adverse effect on the value, price or income of such investments. Certain transactions, including those involving futures, options and other derivative instruments, can give rise to substantial risk and are not suitable for all investors.