

## News Release

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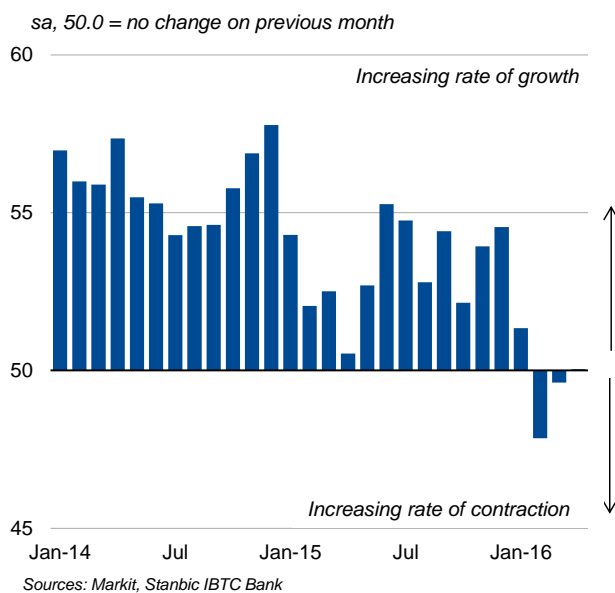
# Stanbic IBTC Bank Nigeria PMI™

## Nigerian private sector stabilises in April

### Data collected 12-27 April

- New orders stable following two successive declines...
- ...but output falls for third month running
- Survey-record rise in selling prices

### Stanbic IBTC Bank Nigeria PMI



Nigeria's private sector stabilised in April, with data pointing to no change in business conditions since March. Stable new work was central in bringing the two-month overall downturn to an end, as output fell solidly for the third straight month. Input stocks continued to rise modestly, while the rate of job creation eased to a 20-month low. On the price front, charges increased at a survey-record pace. Currency weakness and a scarcity of fuel were both cited as factors leading to inflation.

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.

Rising from 49.6 in March to 50.0, the seasonally

adjusted **Stanbic IBTC Bank Nigeria PMI** signalled a stabilisation in Nigerian private sector business conditions during April. The latest reading marked the end of a two-month contraction, but was still the third-lowest recorded since the series began in January 2014.

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

*"The April print of the Stanbic IBTC Bank PMI suggests that after two consecutive months of deterioration business conditions stabilised somewhat. That being said, the output PMI fell for the third straight month suggesting that businesses continue to struggle within a weak macroeconomic context. Furthermore, the sharp fall in international orders of Nigerian goods and services is concerning. It is plausible that the uncertainty around the foreign exchange mechanism has influenced foreign businesses to stay out of the Nigerian market for the time being. Clearly, a coherent economic plan and its delivery is key to improving business sentiment both domestically and internationally. In the meantime, price pressures persist as selling prices continue to increase at a fast pace due to petrol supply challenges and the weak exchange rate on the parallel market."*

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

New business mirrored the overall trend in April, stabilising after two successive months of decline. There were some reports of improving demand in the latest period, and data suggested that these reflected the domestic rather than international market. New export orders dropped sharply, with the pace of reduction only slightly slower than February's survey-record. According to panellists, prospective foreign clients had remained cautious due to exchange rate uncertainty.

With total new business stabilising, Nigerian private sector companies raised their input buying in April. Reflective of the trend seen for new work, the rise ended a two-month sequence of contraction. Stocks of purchases also increased, though the respective rates of expansion were muted in the context of historical data.

Output remained a drag on the headline index in April. Activity fell for the third month in a row, and at a solid rate. Firms blamed a number of factors for lower output, including subdued demand, unfavourable exchange rates and a scarcity of fuel.

With fuel shortages affecting the economy, vendor lead times lengthened to the greatest extent in the series history.

The fuel scarcity and relative weakness of the naira also had an impact on prices in April. Both contributed to a

sharp rise in purchasing costs, particularly transportation. Subsequently, average tariffs increased at the fastest rate in the survey's history, as was the case in February and in March.

Meanwhile, Nigerian private sector employment rose further in April. That said, the rate of hiring slowed to the second-weakest on record, and was only marginal overall. Backlogs of work decreased for the fourth month running, albeit only fractionally.

-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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