

Embargoed until 0945 WAT (0845 UTC) 1 February 2024

Stanbic IBTC Bank Nigeria PMI[®]

Recovery gathers pace in January

Key findings

Sharper expansions in output and new orders

Rates of inflation remain elevated but show signs of easing

Muted pace of job creation

The recovery in the Nigerian private sector gathered momentum at the start of 2024, with rates of expansion in output and new orders accelerating sharply. Purchasing activity also expanded markedly, but difficulties paying staff meant that the rate of job creation eased, contributing to a rise in backlogs of work. Meanwhile, rates of inflation remained elevated but softened from December.

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 headline PMI rose to 54.5 in January from 52.7 in December, above the 50.0 no-change mark for the second month running and signalling a solid improvement in the health of the private sector. In fact, the strengthening of business conditions was the most pronounced in just over a year.

The recovery in new orders which began in December gathered momentum in January amid reports from panellists of strengthening demand. New business increased sharply, and to the largest degree since April 2022.

Business activity also rose for the second successive month in January and at the fastest pace in 21 months. All four broad sectors covered by the survey posted improvements in output.

In turn, companies also expanded their purchasing activity at a sharp pace, with stocks of inputs up accordingly. Firms were helped in their efforts to secure inputs by quicker deliveries from suppliers. Shorter lead times reflected good relationships with vendors, prompt payments and quiet traffic conditions.

The accumulation in stocks of purchases in part reflected plans for further improvements in output in the coming months. Companies remained optimistic that output will

Stanbic IBTC Bank Nigeria PMI
sa, >50 = improvement since previous month



Sources: Stanbic IBTC Bank, S&P Global PMI.
Data were collected 11-29 January 2024.

increase over the year ahead and were more confident than in December. That said, sentiment remained relatively muted.

Bucking the wider trend of a strengthening recovery, employment increased at a softer pace in January amid some reports that firms had faced challenges paying staff. This contributed to a second successive monthly rise in outstanding business. Backlogs increased slightly, but at a faster pace than in December.

Rates of inflation remained elevated in January, but showed some signs of easing. Purchase prices rose at the softest pace in eight months, but currency weakness and higher costs for fuel and raw materials meant that inflation remained elevated.

The rate at which staff costs increased was broadly unchanged from December as firms helped workers with higher living costs, particularly those related to transportation.

Matching the trend for input prices, the rate of output charge inflation remained elevated but eased to an eight-month low at the start of 2024.

Contact

Muyiwa Oni Head Equity Research, West Africa Stanbic IBTC Bank T: +234 (1) 422 8667 muyiwa.oni@stanbicibtc.com	Fadeke Awolesi Corporate Communications Stanbic IBTC Bank T: +234 701 0179 108 fadeke.awolesi@stanbicibtc.com
--	---

Andrew Harker Economics Director S&P Global Market Intelligence T: +44 134 432 8196 andrew.harker@spglobal.com	Sabrina Mayeen Corporate Communications S&P Global Market Intelligence T: +44 7967 447 030 sabrina.mayeen@spglobal.com
--	---

If you prefer not to receive news releases from S&P Global, please email katherine.smith@spglobal.com. To read our privacy policy, click [here](#).

Survey methodology

The Stanbic IBTC Bank Nigeria PMI® is compiled by S&P Global from responses to questionnaires sent to purchasing managers in a panel of around 400 private sector companies. The panel is stratified by detailed sector and company workforce size, based on contributions to GDP. The sectors covered by the survey include agriculture, mining, manufacturing, construction, wholesale, retail and services. Data were first collected January 2014.

Survey responses are collected in the second half of each month and indicate the direction of change compared to the previous month. A diffusion index is calculated for each survey variable. The index is the sum of the percentage of 'higher' responses and half the percentage of 'unchanged' responses. The indices vary between 0 and 100, with a reading above 50 indicating an overall increase compared to the previous month, and below 50 an overall decrease. The indices are then seasonally adjusted.

The headline figure is the Purchasing Managers' Index™ (PMI). The PMI is a weighted average of the following five indices: New Orders (30%), Output (25%), Employment (20%), Suppliers' Delivery Times (15%) and Stocks of Purchases (10%). For the PMI calculation the Suppliers' Delivery Times Index is inverted so that it moves in a comparable direction to the other indices.

Underlying survey data are not revised after publication, but seasonal adjustment factors may be revised from time to time as appropriate which will affect the seasonally adjusted data series.

For further information on the PMI survey methodology, please contact economics@spglobal.com.

About PMI

Purchasing Managers' Index™ (PMI®) surveys are now available for over 40 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. www.spglobal.com/marketintelligence/en/mi/products/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.

The intellectual property rights to the data provided herein are owned by or licensed to S&P Global and/or its affiliates. Any unauthorised use, including but not limited to copying, distributing, transmitting or otherwise of any data appearing is not permitted without S&P Global's prior consent. S&P Global shall not have any liability, duty or obligation for or relating to the content or information ("Data") contained herein, any errors, inaccuracies, omissions or delays in the Data, or for any actions taken in reliance thereon. In no event shall S&P Global be liable for any special, incidental, or consequential damages, arising out of the use of the Data. Purchasing Managers' Index™ and PMI® are either trade marks or registered trade marks of S&P Global Inc or licensed to S&P Global Inc and/or its affiliates.

This Content was published by S&P Global Market Intelligence and not by S&P Global Ratings, which is a separately managed division of S&P Global. Reproduction of any information, data or material, including ratings ("Content") in any form is prohibited except with the prior written permission of the relevant party. Such party, its affiliates and suppliers ("Content Providers") do not guarantee the accuracy, adequacy, completeness, timeliness or availability of any Content and are not responsible for any errors or omissions (negligent or otherwise), regardless of the cause, or for the results obtained from the use of such Content. In no event shall Content Providers be liable for any damages, costs, expenses, legal fees, or losses (including lost income or lost profit and opportunity costs) in connection with any use of the Content.