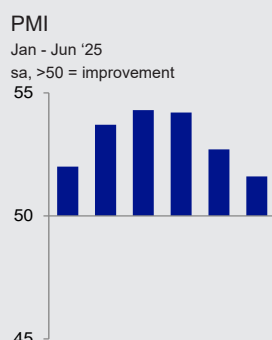


Stanbic IBTC Bank Nigeria PMI®

Output growth slows but business confidence rises sharply

51.6

NIGERIA PMI
JUN '25



Slowest expansion of output in seven months

Business confidence highest since August 2022

Output prices rise at weakest rate in just over two years

The Nigerian private sector remained in growth territory as the first half of 2025 drew to a close, and business confidence improved markedly in June. That said, rates of expansion in output, new orders and purchasing eased from May. Although rates of inflation remained relatively sharp, there were further signs of cost pressures softening and companies raised their output prices at the slowest pace in just over two years.

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 remained above the 50.0 no-change mark for the seventh consecutive month in June. That said, at 51.6, the reading was down from 52.7 in May and the lowest in the current growth sequence. The PMI signalled

a modest improvement in business conditions in the private sector.

The rate of output growth eased particularly sharply, slowing for the second month running to a seven-month low. Sector data indicated that the slowdown in the pace of expansion reflected a fall in manufacturing production as activity continued to rise elsewhere.

Where output rose, respondents linked this to higher new orders and the securing of new customers. Indeed, new business increased solidly in June, albeit here too the pace of expansion slowed and was at a five-month low.

While the pace of output growth eased in June, companies were much more optimistic about the outlook for the coming year. Sentiment improved to the highest since August 2022 and moved closer to the series average after a period of relatively weak optimism. Those respondents that predicted a rise in activity over the next 12 months

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



Contents

- Overview and comment
- Output and demand
- Business expectations
- Employment and capacity
- Purchasing and inventories
- Prices
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- Survey methodology
- Further information

linked this to planned investment in improving and expanding operations.

Staffing levels were kept broadly stable in June following a marginal reduction in May. Meanwhile, purchasing activity continued to rise, but as was the case with output the pace of expansion slowed. This fed through to a weaker rise in inventories, which increased at the slowest pace in the current seven-month sequence of accumulation.

Backlogs of work increased for the third consecutive month, and at a modest pace that was broadly in line with that seen in May. Panellists linked higher outstanding business to shortages

of materials, delayed payments from customers and power supply issues.

Suppliers' delivery times were broadly unchanged in June, ending a period of shorter lead times stretching back to March 2023. Some firms noted that poor road conditions had caused delays.

Purchase costs increased sharply in June, but the pace of inflation eased to a 25-month low. On the other hand, staff costs increased at a faster pace. With overall input price inflation slowing, companies also raised their output charges at a weaker rate, the softest since May 2023.

Comment

Muyiwa Oni, Head of Equity Research West Africa at Stanbic IBTC Bank commented:

"Business conditions remain in the expansionary territory for the seventh consecutive month in June, but the pace of expansion slowed for the third consecutive month after peaking in March. Specifically, the headline PMI settled lower at 51.6 points in June from 52.7 points in May – below this year's average PMI print of 53.1 points. Some firms noted muted demand conditions in June, while others witnessed higher activity linked to securing new customers and greater new orders. Nonetheless, Optimism in the 12-month outlook for output surged higher to 83.9 points in June from 70.9 in May – the highest level since August 2022 (85.8 points) and moving much closer to the series average (89.4 points) after a period of historically subdued expectations. Survey participants linked this confidence to hopes that sufficient funding would be available to invest in improving and expanding operations.

Elsewhere, output price inflation slowed for the second month running in June and was the weakest since May 2023. However, selling prices continued to rise sharply as firms passed on higher input costs to customers.

Manufacturing posted the fastest increase in output prices of the four broad sectors covered by the report. The employment level was broadly stable in June as companies that took on extra staff often did so to try to keep on top of workloads. That said, muted demand and cost pressures discouraged other firms from hiring.

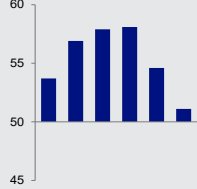
Insights from the monthly PMIs and crude oil production data from the Nigerian Upstream Petroleum Regulatory Commission (NUPRC) suggests an economy that grew by an estimated 3.7% y/y in H1:25 supported by higher crude oil production and growth improvement across Manufacturing and Services, while Agriculture continues to lag its long-term average growth rate of 3.6%. Given that inflation is expected to remain softer compared to the 2024 average, interest rates are likely to be lower this year and next – we expect 150/200 bps rate cut in 2025 and 200/250 bps rate cut in 2026. These, in addition to structural reforms, removal of previous protectionist policies, and subsidising impact of the government's flagship reforms should help to support the medium-term economic growth path. Therefore, we still maintain our expectation that the Nigerian economy is likely to grow by 3.5% y/y in real terms in 2025, but post-GDP rebasing may amplify this growth to 4.2% y/y."



Output and demand

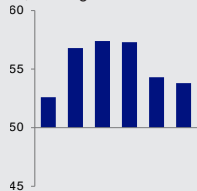
Output Index

Jan - Jun '25
sa, >50 = growth



New Orders Index

Jan - Jun '25
sa, >50 = growth



Output

Although companies in Nigeria continued to increase their output during June, the pace of growth was only slight and the weakest in the current seven-month sequence of expansion. Where activity rose, panellists linked this to greater new orders and the securing of new customers. On the other hand, some firms noted muted demand conditions. Three of the four monitored sectors posted an increase in output, the exception being manufacturing.

New orders

June data pointed to an eighth consecutive monthly increase in new orders in the Nigerian private sector. The pace of expansion was solid, but eased to the slowest since January. Those companies that posted a rise in new business linked this to improving customer demand.

Output Index

sa, >50 = growth since previous month



New Orders Index

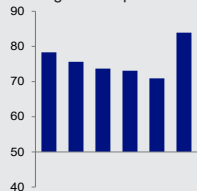
sa, >50 = growth since previous month



Business expectations

Future Output Index

Jan - Jun '25
>50 = growth expected



Optimism in the 12-month outlook for output surged higher in June, reaching the highest since August 2022 and moving much closer to the series average after a period of historically subdued expectations. Confidence was often based on hopes that sufficient funding would be available to invest in improving and expanding operations.

Future Output Index

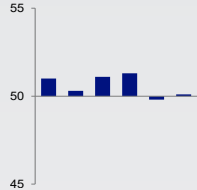
>50 = growth expected over next 12 months



Employment and capacity

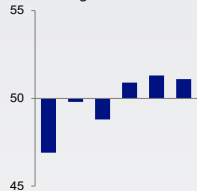
Employment Index

Jan - Jun '25
sa, >50 = growth



Backlogs of Work Index

Jan - Jun '25
sa, >50 = growth



Employment

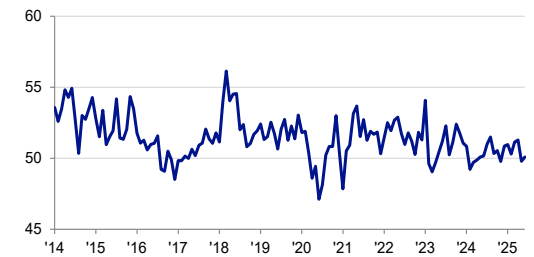
Employment was broadly stable in June, after having decreased fractionally in May. Those respondents that took on extra staff often did so in order to try to keep on top of workloads. On the other hand, muted demand and cost pressures discouraged other firms from hiring. Workforce numbers increased in manufacturing, wholesale & retail and services, but decreased in agriculture.

Backlogs of work

Despite some firms making efforts to keep on top of workloads in June, backlogs of work continued to rise. Outstanding business increased for the third successive month, and at a modest pace that was broadly in line with that seen in May. Panellists reported shortages of materials, delayed payments from customers and power supply issues.

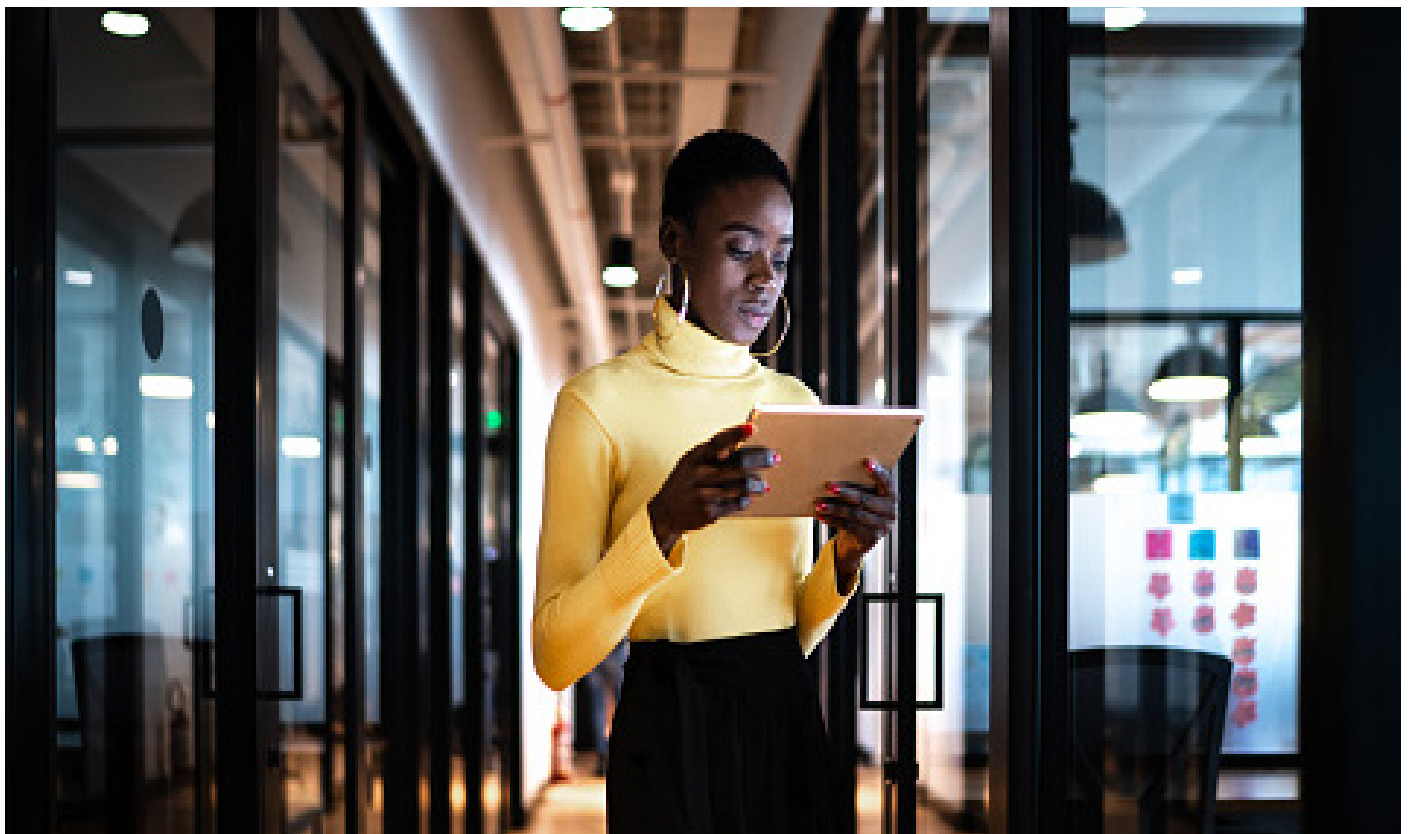
Employment Index

sa, >50 = growth since previous month



Backlogs of Work Index

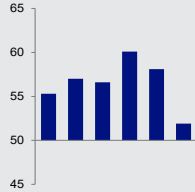
sa, >50 = growth since previous month



Purchasing and inventories

Quantity of Purchases Index

Jan - Jun '25
sa, >50 = growth



Quantity of purchases

Although companies continued to expand their purchasing activity during June, the pace of increase slowed sharply from that seen in May and was the weakest in the current seven-month growth sequence. While some firms raised input buying in response to current and future output requirements, others were reluctant to commit to spending amid uncertainty around demand.

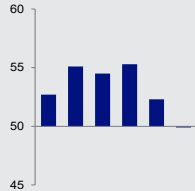
Quantity of Purchases Index

sa, >50 = growth since previous month



Suppliers' Delivery Times Index

Jan - Jun '25
sa, >50 = faster times

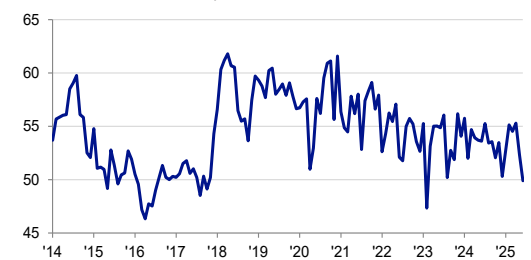


Suppliers' delivery times

Suppliers' delivery times were broadly unchanged in June, thereby ending a 27-month sequence of improving vendor performance. While some firms indicated that competitive pressures meant that their suppliers had speeded up deliveries, others reported delays linked to poor road conditions.

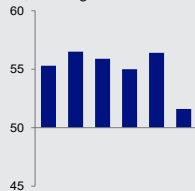
Suppliers' Delivery Times Index

sa, >50 = faster times since previous month



Stocks of Purchases Index

Jan - Jun '25
sa, >50 = growth

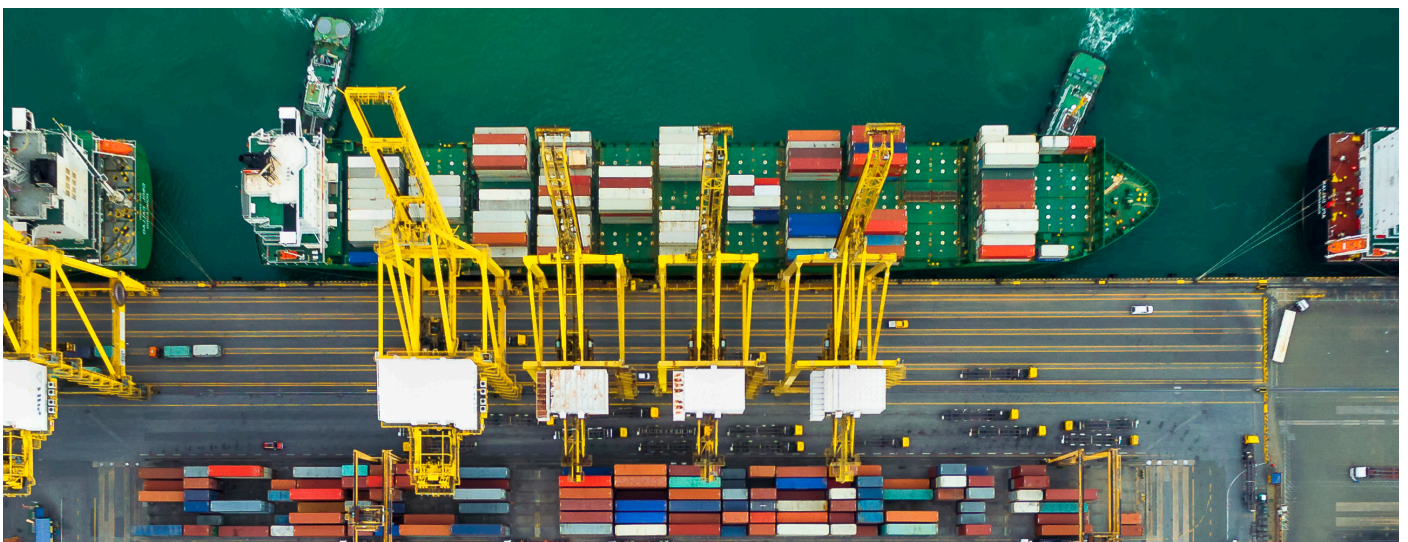


Stocks of purchases

In line with the picture for purchasing activity, inventory holdings increased at a much slower pace at the end of the second quarter. Some respondents raised stocks of purchases amid higher new orders and confidence in future output. The modest accumulation was the least marked in seven months.

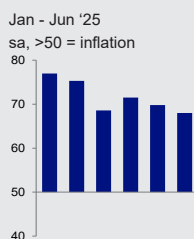
Stocks of Purchases Index

sa, >50 = growth since previous month



Prices

Input Prices Index



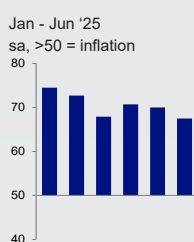
Input prices

June data pointed to a further sharp increase in overall input costs in the Nigerian private sector. That said, the pace of inflation eased to the slowest in just over two years. All four monitored sectors posted a slower rise in total input costs during the month.

Purchase prices

The softening in overall input price inflation was reflective of a weaker increase in purchase prices. Purchase prices rose at the slowest pace since May 2023, albeit one that was still above the series average. Panellists reported higher costs for fuel and raw materials, with currency weakness also having an inflationary impact on purchases.

Purchase Prices Index



Input Prices Index

sa, >50 = inflation since previous month

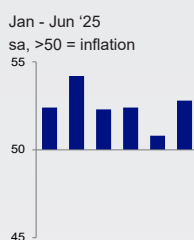


Purchase Prices Index

sa, >50 = inflation since previous month



Staff Costs Index



Staff costs

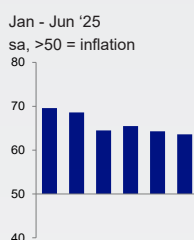
Nigerian companies registered a further increase in staff costs in June, extending the current sequence of inflation to four-and-a-half years. Moreover, the latest rise was solid and the fastest since February. Respondents linked higher pay to efforts to motivate staff and help them with higher living costs, particularly those related to transportation.

Staff Costs Index

sa, >50 = inflation since previous month



Output Prices Index



Output prices

The rate of output price inflation slowed for the second month running in June and was the weakest since May 2023. Selling prices continued to rise sharply, however, as firms passed on higher input costs to customers. Manufacturing posted the fastest increase in output prices of the four broad sectors covered by the report.

Output Prices Index

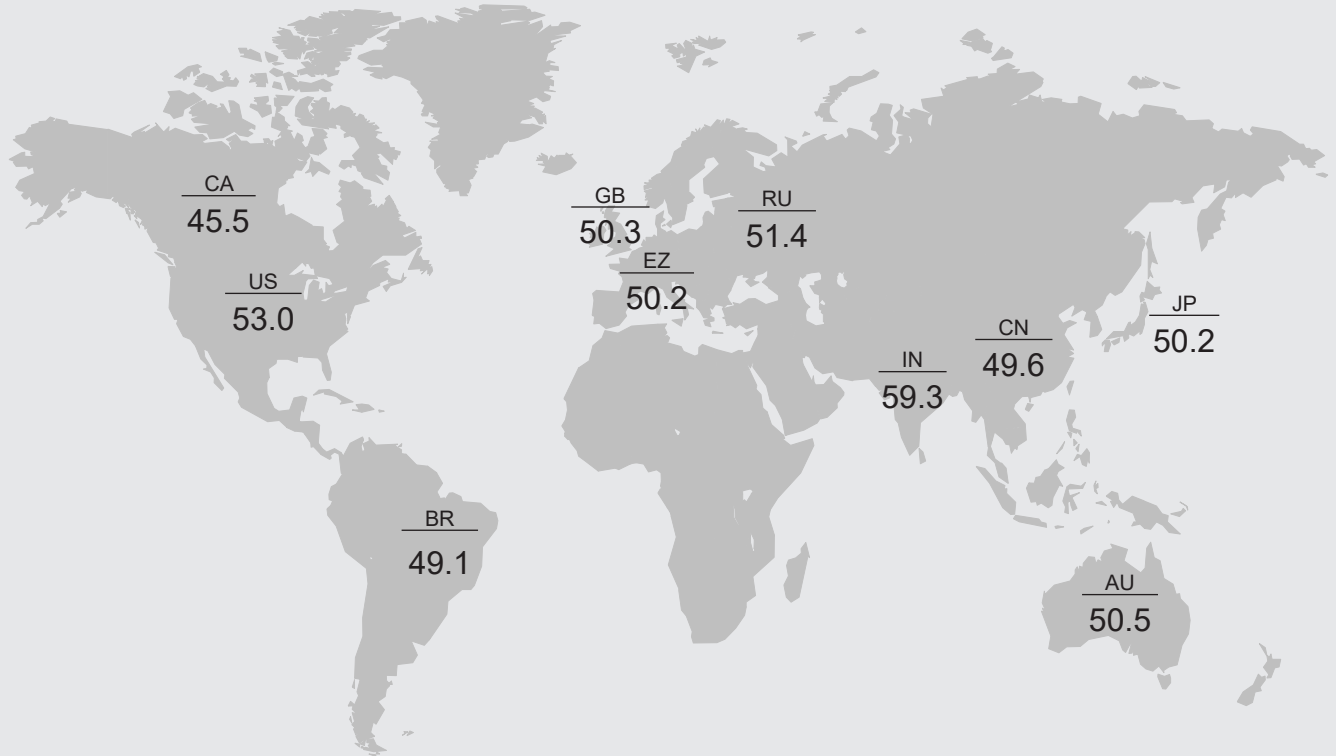
sa, >50 = inflation since previous month



International PMI

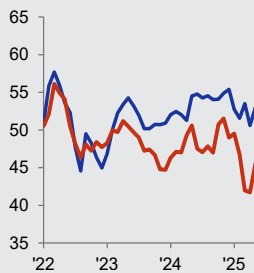
Composite Output Index, May '25
sa, >50 = growth since previous month

The Composite Output Index is a GDP-weighted average of the Manufacturing Output Index and the Services Business Activity Index.

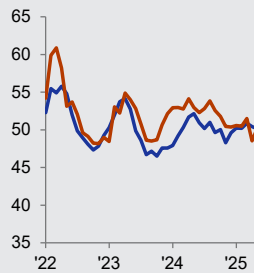


Composite Output Index

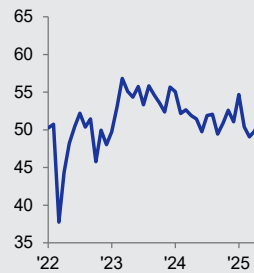
■ USA
■ Canada
sa, >50 = growth



■ Eurozone
■ UK
sa, >50 = growth



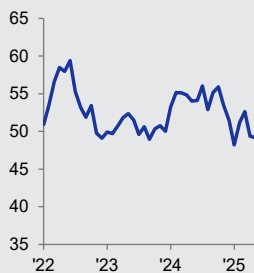
■ Russia
sa, >50 = growth



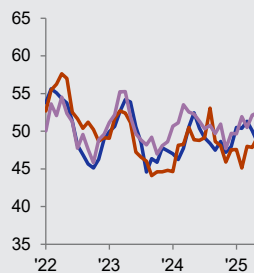
■ China
sa, >50 = growth



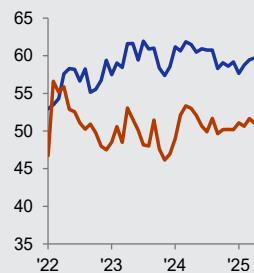
■ Brazil
sa, >50 = growth



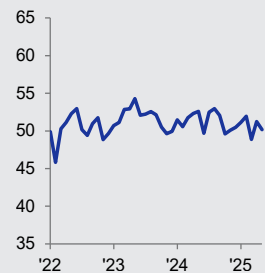
■ Germany ■ Italy
■ France
sa, >50 = growth



■ India
■ Australia
sa, >50 = growth



■ Japan
sa, >50 = growth



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.

Survey dates

Data were collected 12-26 June 2025.

Survey questions

Private sector

Output
New Orders
New Export Orders
Future Output
Employment
Backlogs Of Work
Quantity Of Purchases

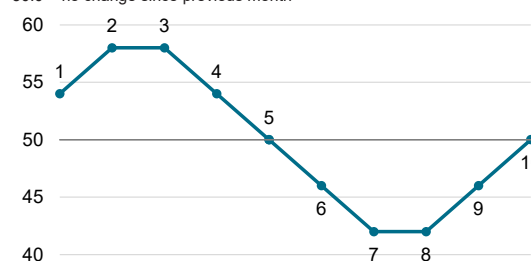
Suppliers' Delivery Times
Stocks Of Purchases
Input Prices
Purchase Prices
Staff Costs
Output Prices

Index calculation

$$\% \text{ "Higher"} + (\% \text{ "No change"})/2$$

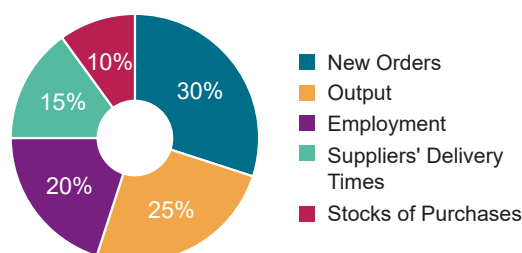
Index interpretation

50.0 = no change since previous month



- | | |
|--------------------------|----------------------------|
| 1 Growth | 6 Decline, from no change |
| 2 Growth, faster rate | 7 Decline, faster rate |
| 3 Growth, same rate | 8 Decline, same rate |
| 4 Growth, slower rate | 9 Decline, slower rate |
| 5 No change, from growth | 10 No change, from decline |

PMI component weights



Sector coverage

PMI data include responses from companies operating in sectors classified according to the following ISIC Rev.4 codes:

A	Agriculture, Forestry and Fishing	K	Financial and Insurance Activities
B	Mining and Quarrying	M	Professional, Scientific and Technical Activities
C	Manufacturing	N	Administrative and Support Service Activities
F	Construction	P	Education*
G	Wholesale and Retail Trade; Repair of Motor Vehicles and Motorcycles	Q	Human Health and Social Work Activities*
H	Transportation and Storage	R	Arts, Entertainment and Recreation
I	Accommodation and Food Service Activities	S	Other Service Activities
J	Information and Communication		

*Private sector

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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

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