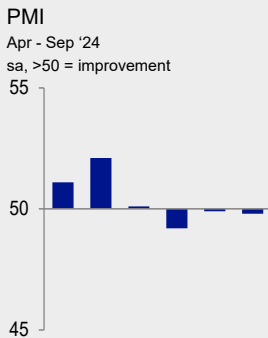


# Stanbic IBTC Bank Nigeria PMI<sup>®</sup>

## Business activity continues to fall as inflationary pressures strengthen

# 49.8

NIGERIA PMI  
SEP '24



Input costs and selling prices rise at sharpest rates in six months

Output decreases again, despite modest increase in new orders

Marginal job creation recorded

Inflationary pressures intensified in September, adding to the challenges faced by Nigerian companies as the third quarter drew to a close. Although new orders increased for a second month running, the rate of growth remained muted and insufficient to prevent a further reduction in business activity. Likewise, the rate of job creation was only marginal and eased to a three-month low.

The headline figure derived from the survey is the Purchasing Managers' Index™ (PMI<sup>®</sup>). 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 was little-changed in September, posting 49.8 following a reading of 49.9 in August. As such, the index pointed to a further fractional deterioration in business conditions, the third in as many months.

Companies continued to report

challenging demand conditions, in large part due to the inflation environment. In fact, September saw an intensification of inflationary pressures, with both input costs and output prices increasing at the sharpest rates in six months.

Purchase prices rose rapidly amid currency weakness and higher costs for fuel, logistics, materials and transportation. Some firms made efforts to help their workers with higher living costs, but the rate of wage inflation eased to an 18-month low. Higher costs were then passed through to customers, with close to 49% of respondents raising selling prices in September.

Although sharp price increases acted to limit customer demand, new orders rose for the second month running in September, and to a slightly greater extent than in August. The rate of expansion remained modest, however.

Business activity continued to fall marginally as the tentative improvement

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

International PMI

Survey methodology

Further information

in new orders was insufficient to support an expansion of output. Activity was down for the third month running. Output rose in agriculture and manufacturing, but fell in wholesale & retail and services.

Employment increased for the fifth month running, but only marginally as some firms limited hiring in an effort to reduce costs.

Companies also maintained a cautious approach to inventory levels, lowering stocks of inputs for the second month running, and to the largest extent since May 2020. Firms were also reportedly keen to eliminate backlogs of work

wherever possible given the cost of holding goods.

The fall in inventories was recorded despite a renewed increase in purchasing activity, the first in three months. Meanwhile, suppliers' delivery times continued to shorten solidly.

Business confidence fell in September and was the second-lowest on record, only just above the series nadir posted in July. Those respondents that were optimistic regarding the year-ahead outlook linked this to hopes that business conditions will improve, alongside business expansion plans.

## Comment

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

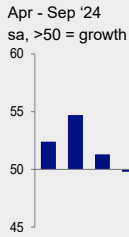
*“Nigeria’s PMI remained below the 50-point mark for the third consecutive month, settling at 49.8 points in September from 49.9 points in August. This points to a further fractional deterioration in business conditions, the third in as many months, largely due to challenging demand conditions amid the inflationary environment. Still, the pace of deterioration remained marginal as some firms were able to secure greater new business during the month. Output increased in agriculture and manufacturing, but fell in wholesale & retail and services. Meanwhile, companies remained reluctant to hold inventories in September, cutting stocks of purchases for the second month running and to the largest extent since May 2020. Inventories were reduced in line with falling output and muted customer demand. Elsewhere, input costs increased to their third steepest on record while output prices quickened to their fastest level in six months.*

*Business activity was underwhelming in Q3:24 relative to Q2:24, implying that the non-oil sector may grow slowly in Q3:24 amid the triple whammy of high inflation rate, elevated interest rates, and currency volatility all of which continue to undermine domestic demand and business investments. However, because of higher crude oil production relative to same period last year, the oil sector is likely to compensate for a lacklustre non-oil sector’s performance, thereby pushing real GDP growth to 3.10% y/y in Q3:24, based on our estimates.”*

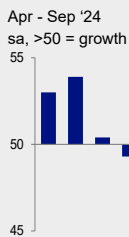


## Output and demand

### Output Index



### New Orders Index



### Output

Business activity in the Nigerian private sector continued to tick lower in September, falling for the third month running amid muted demand and strong inflationary pressures. The pace of reduction remained marginal, however, as some firms were able to secure greater new business during the month. Output increased in agriculture and manufacturing, but fell in wholesale & retail and services.

### New orders

Tentative signs of improvement in demand meant that new orders increased again in September. The second successive monthly rise in new business was slightly stronger than that seen in August, but remained only modest and much weaker than the series average.

### Output Index

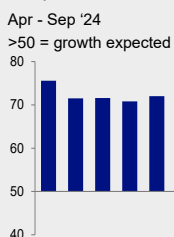


### New Orders Index



## Business expectations

### Future Output Index



Business confidence ticked lower in September and was only marginally above the series nadir posted in July. That said, around 42% of respondents predicted a rise in output over the coming year, with positive sentiment linked to hopes that business conditions will improve, helping to support expansion plans.

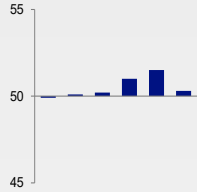
### Future Output Index



## Employment and capacity

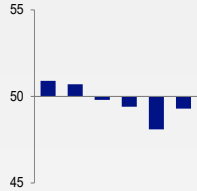
### Employment Index

Apr - Sep '24  
sa, >50 = growth



### Backlogs of Work Index

Apr - Sep '24  
sa, >50 = growth



### Employment

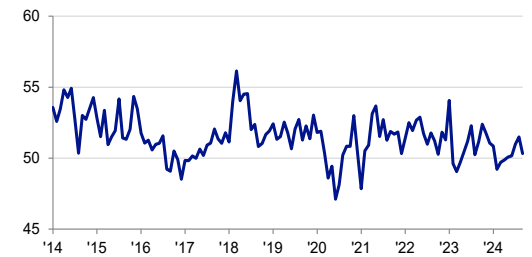
September data pointed to a fifth consecutive monthly increase in employment in the Nigerian private sector, with some firms hiring new contract staff. The rate of job creation was only marginal, however, as a number of firms reported lowering workforce numbers as part of efforts to save costs. Three of the four monitored sectors increased employment, the exception being agriculture.

### Backlogs of work

A further reduction in backlogs of work was recorded in September, the fourth in as many months. A number of firms indicated that all outstanding business had been completed, while others signalled that they had made efforts to finish work quickly due to the high cost of goods. That said, the rate of depletion was only slight.

### Employment Index

sa, >50 = growth since previous month



### Backlogs of Work Index

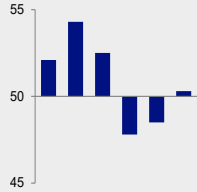
sa, >50 = growth since previous month



## Purchasing and inventories

### Quantity of Purchases Index

Apr - Sep '24  
sa, >50 = growth



### Quantity of purchases

Purchasing activity returned to growth in September, rising for the first time in three months in response to higher new orders. The rate of expansion was only marginal, however, as client demand remained muted. Some firms were also deterred from purchasing materials due to high costs.

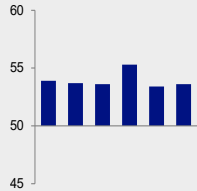
### Quantity of Purchases Index

sa, >50 = growth since previous month



### Suppliers' Delivery Times Index

Apr - Sep '24  
sa, >50 = faster times

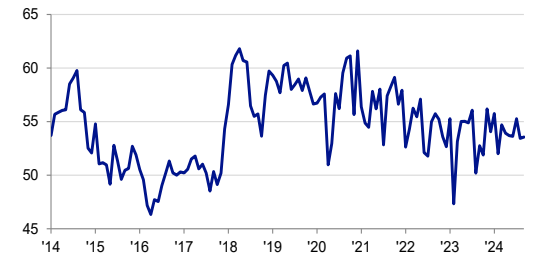


### Suppliers' delivery times

Good relationships with suppliers, prompt ordering and speedy payments all contributed to a further shortening of vendor lead times at the end of the third quarter. Supplier performance improved for the nineteenth consecutive month, and at a solid pace that was broadly in line with that seen in August.

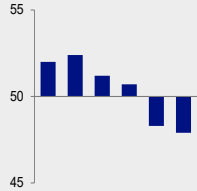
### Suppliers' Delivery Times Index

sa, >50 = faster times since previous month



### Stocks of Purchases Index

Apr - Sep '24  
sa, >50 = growth

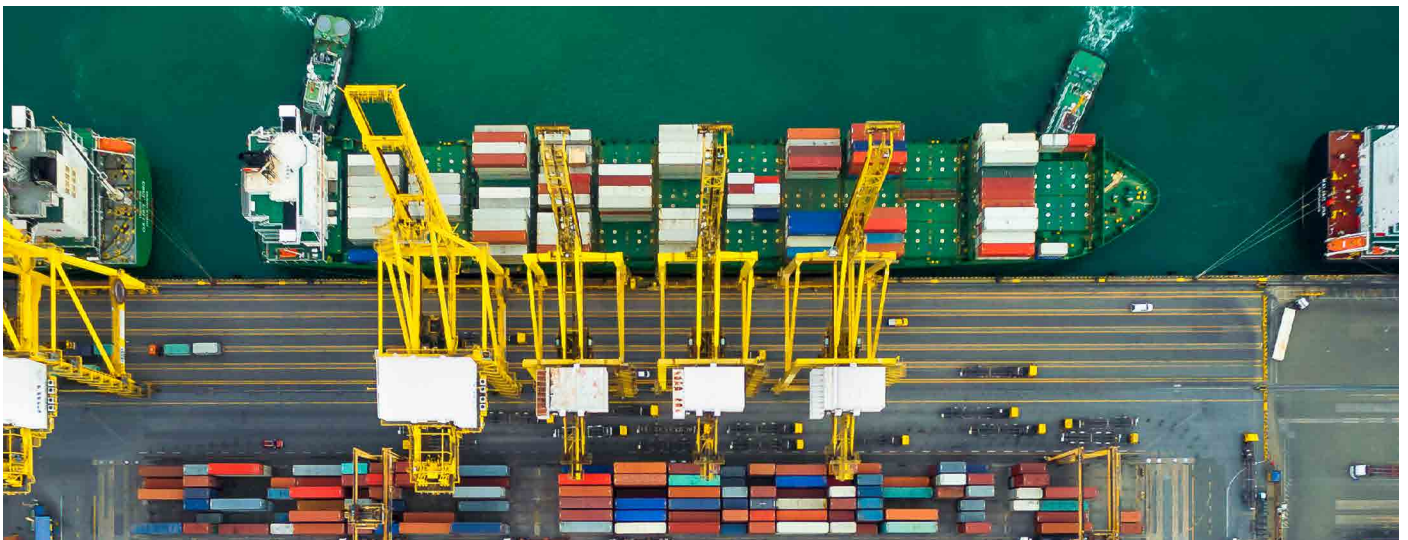


### Stocks of purchases

Nigerian companies remained reluctant to hold inventories in September, cutting stocks of purchases for the second month running and to the largest extent since May 2020. Inventories were reduced in line with falling output and muted customer demand.

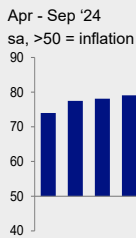
### Stocks of Purchases Index

sa, >50 = growth since previous month



# Prices

## Input Prices Index



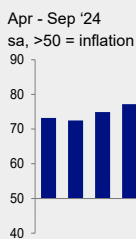
## Input prices

Overall input costs continued to rise rapidly during September, with the rate of inflation quickening for the fifth consecutive month to the fastest since March. In fact, the latest increase was the third-steepest on record. Strong inflation was seen across each of the four broad sectors.

## Input Prices Index



## Purchase Prices Index



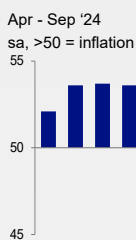
## Purchase prices

The rate of purchase cost inflation accelerated sharply in September and was the fastest since the series record in March. Close to 67% of respondents signalled a rise in purchase prices, often linked to currency weakness. There were also reports of higher costs for fuel, logistics, materials and transportation.

## Purchase Prices Index



## Staff Costs Index



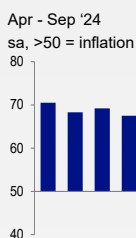
## Staff costs

Although staff costs continued to increase in September, the rate of inflation slowed sharply and was the weakest for a year-and-a-half. Where wages did rise, respondents linked this to efforts to encourage workers as well as to help them with higher costs of living and transportation.

## Staff Costs Index



## Output Prices Index



## Output prices

Sharply rising purchase costs led companies to increase their selling prices substantially again in September. Moreover, the rate of inflation quickened to the fastest in six months. Close to 49% of panellists reported a rise in selling prices, while just 1% lowered charges.

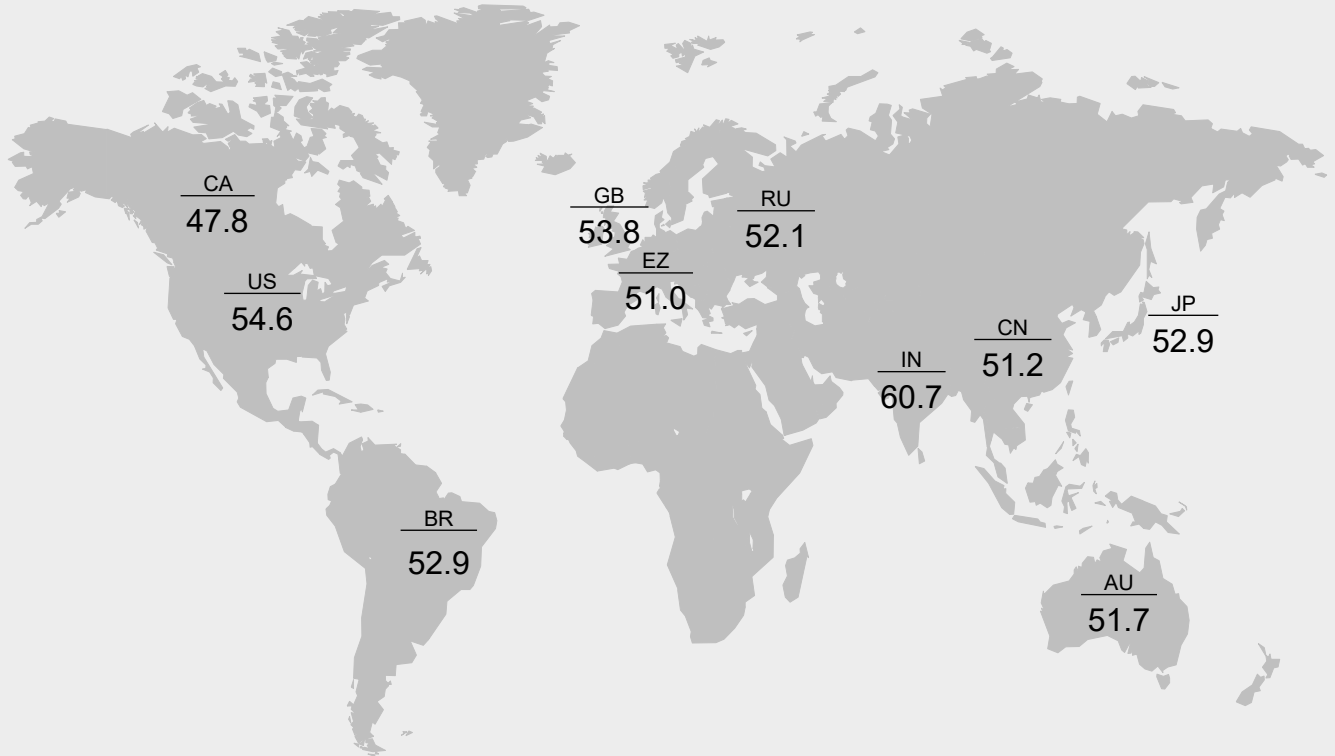
## Output Prices Index



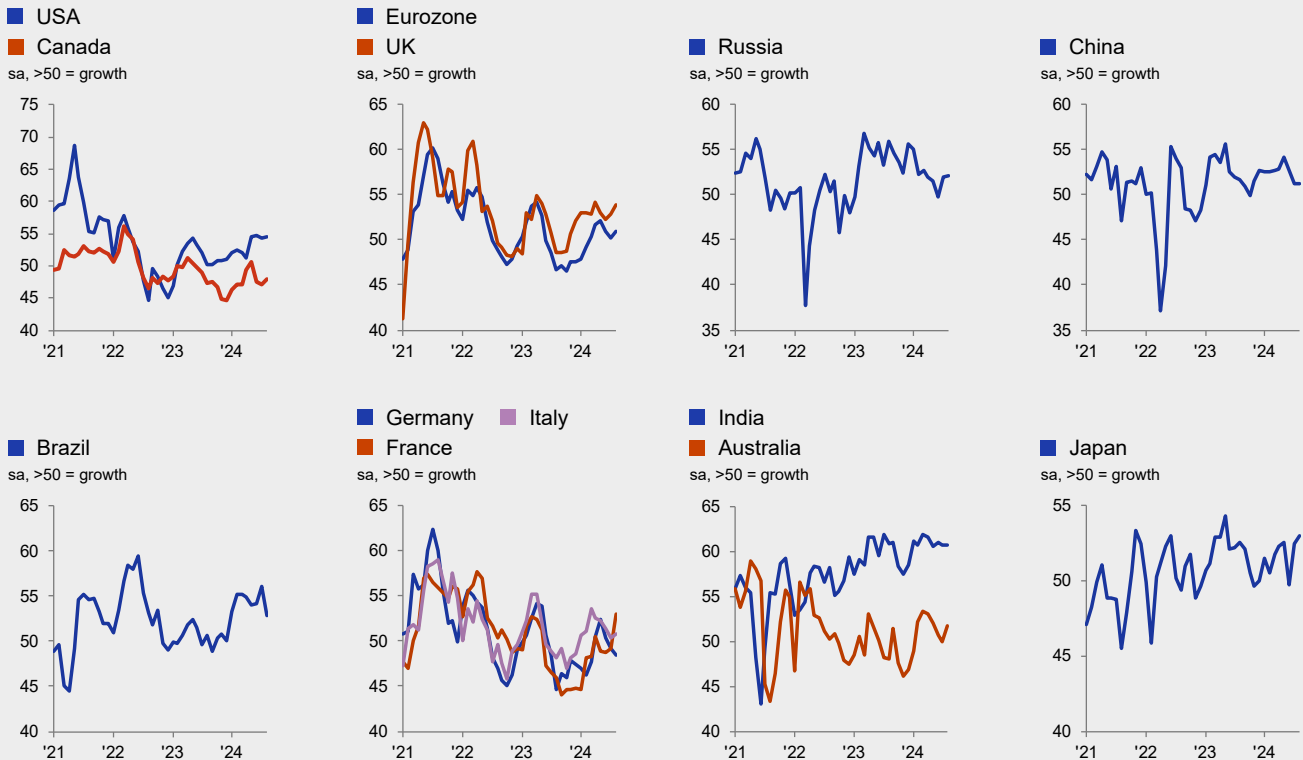
# International PMI

Composite Output Index, Aug '24  
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



## 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](mailto:economics@spglobal.com).

## Survey dates

Data were collected 12-26 September 2024.

### Survey questions

Private sector

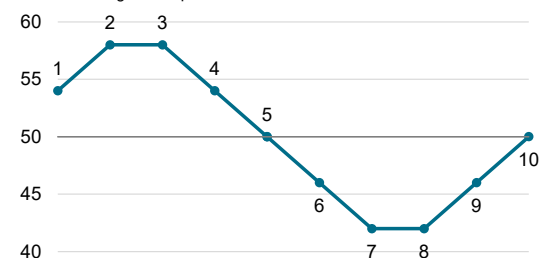
Output	Suppliers' Delivery Times
New Orders	Stocks Of Purchases
New Export Orders	Input Prices
Future Output	Purchase Prices
Employment	Staff Costs
Backlogs Of Work	Output Prices
Quantity Of Purchases	

### Index calculation

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

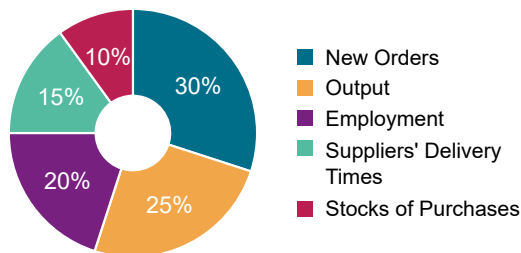
### Index interpretation

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



## Contact

Muyiwa Oni  
 Head Equity Research, West Africa  
 Stanbic IBTC Bank  
 T: +234 (1) 422 8667  
[muyiwa.oni@stanbicibtc.com](mailto:muyiwa.oni@stanbicibtc.com)

Rita Akao  
 Corporate Communications  
 Stanbic IBTC Bank  
 T: +234 806 8127 714  
[rita.akao@stanbicibtc.com](mailto:rita.akao@stanbicibtc.com)

Andrew Harker  
 Economics Director  
 S&P Global Market Intelligence  
 T: +44 1491 461 016  
[andrew.harker@spglobal.com](mailto:andrew.harker@spglobal.com)

Sabrina Mayeen  
 Corporate Communications  
 S&P Global Market Intelligence  
 T: +44 7967 447 030  
[sabrina.mayeen@spglobal.com](mailto:sabrina.mayeen@spglobal.com)

### About 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 S&P Global

S&P Global (NYSE: SPGI) S&P Global provides essential intelligence. We enable governments, businesses and individuals with the right data, expertise and connected technology so that they can make decisions with conviction. From helping our customers assess new investments to guiding them through ESG and energy transition across supply chains, we unlock new opportunities, solve challenges and accelerate progress for the world.

We are widely sought after by many of the world's leading organizations to provide credit ratings, benchmarks, analytics and workflow solutions in the global capital, commodity and automotive markets. With every one of our offerings, we help the world's leading organizations plan for tomorrow, today.  
[www.spglobal.com](http://www.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](http://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.