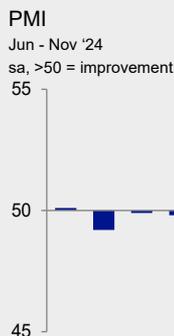


Stanbic IBTC Bank Nigeria PMI[®]

Inflationary pressures remain elevated in November

49.6

NIGERIA PMI
NOV '24



Further rapid increases in input costs and selling prices

New orders return to growth, but output falls again

Employment down for first time in seven months

Rates of inflation in the Nigerian private sector remained elevated in November, further hampering business operations. There were some signs of improvement midway through the final quarter, however, as new orders returned to growth and the decline in output softened. That said, employment was down and companies continued to lower their purchasing amid steep price pressures.

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 posted below the 50.0 no-change mark for the fifth consecutive month in November to signal a further deterioration in business conditions in the private sector. That said, at 49.6 the latest reading was up from 46.9 in October and pointed to

only a marginal decline.

The less pronounced deterioration in business conditions in part reflected a renewed expansion in new orders, which rose slightly following a solid fall in October. Although there were some tentative signs of demand improving, companies reported that customers were often deterred by high prices.

The inflationary environment and muted demand conditions meant that business activity continued to fall, the fifth month running in which that has been the case. The latest reduction was only marginal, however. Sector data pointed to increases in output in agriculture and manufacturing, but decreases in wholesale & retail and services.

Purchase costs rose rapidly again in November amid currency weakness and higher prices for fuel and raw materials. Although slowing slightly for the second month running, the pace of inflation remained elevated. Staff costs

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



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- Business expectations
- Employment and capacity
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were also up as companies helped their workers with higher living and transportation costs.

In response to increasing input costs, output prices also continued to rise at a substantial pace midway through the final quarter of the year.

The muted demand environment and high prices for inputs led companies to reduce both their purchasing activity and stocks of inputs in November.

Employment was also down, thereby ending a six-month sequence of job creation. The pace of reduction was only marginal, however, as the overall fall in staffing levels was limited to just

services firms.

Companies continued to lower their backlogs of work, while there was also a lack of pressure on capacity at suppliers. Quiet road conditions, prompt payments and competition among vendors also helped result in a further shortening of suppliers' delivery times.

Business confidence continued to wane in November and hit a fresh record low. Some firms remained optimistic in the outlook for output, however, amid business expansion and investment plans.

Comment

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

“The Nigerian private sector activities deteriorated further in November, albeit at a less pronounced rate relative to October. This less pronounced deterioration was primarily due to the return to growth of new orders in November, after having decreased solidly in October. Notably, new orders have now risen in three of the past four months, although the latest expansion was only modest. Some panellists saw signs of demand picking up, but others reported that high costs again acted to deter customers. Elsewhere, higher energy prices, increases in the cost of raw materials, and lingering currency weakness continue to lead to intensification of price pressures in November. Thus, input prices increased at a substantial rate again during November, with the pace of inflation only slightly lower than that seen in October and remaining one of the sharpest on record.

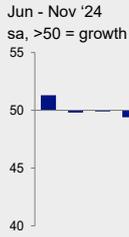
In Q3:24, the Nigerian economy grew by 3.46% y/y relative to 3.19% y/y growth in Q2:24. Notably, the non-oil sector grew by 3.37% y/y in Q3:24 from 2.80% y/y in Q2:24, albeit with uneven performance across the sub-sectors that make up the non-oil sector. ICT, finance & insurance, trade, road transport, and agriculture were the key growth drivers of the non-oil sector in the review period. Nonetheless, there appears to be a disconnect between the composite PMI and non-oil GDP growth in recent quarters, with this disconnect more pronounced in Q3:24 when the PMI for the quarter weakened to 49.6 points – a sign of deterioration in business conditions – while non-oil GDP growth was strong in the review period. Historically, the non-oil GDP growth is mildly negative whenever the composite PMI is below 50-points no-change mark.

We expect the economy to maintain the Q3:24 growth momentum in Q4:24, supported by festive-induced increase in economic activity and sustained improvement in crude oil production. Indeed, based on the November PMI survey results, companies reported some tentative signs of demand improving although some customers were deterred by high prices. On balance, we estimate the economy to grow by 3.24% y/y in real terms in Q4:24 and adjust our 2024 growth estimate upward to 3.2% (previously: 3.1%).”



Output and demand

Output Index



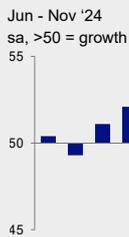
Output

Business activity in the Nigerian private sector continued to fall in November as strong inflationary pressures again weighed on customer demand. That said, some signs of improvement in new orders during the month meant that the pace of decline in output was only marginal and the slowest since August. Output rose in the agriculture and manufacturing sectors, but fell in wholesale & retail and services.

Output Index



New Orders Index



New orders

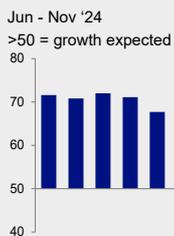
New business returned to growth in November, after having decreased solidly in October. New orders have now risen in three of the past four months, although the latest expansion was only modest. Some panellists saw signs of demand picking up, but others reported that high costs again acted to deter customers.

New Orders Index



Business expectations

Future Output Index



November data pointed to a further waning of business confidence among Nigerian companies, with sentiment down to a fresh record low. Exactly 35% of respondents expect output to rise over the coming year, often linked to business expansion and investment plans. Confidence dropped particularly sharply in the wholesale & retail category.

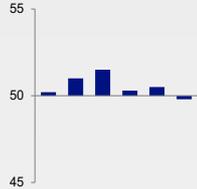
Future Output Index



Employment and capacity

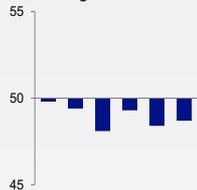
Employment Index

Jun - Nov '24
sa, >50 = growth



Backlogs of Work Index

Jun - Nov '24
sa, >50 = growth



Employment

Employment ticked down in November, thereby ending a six-month sequence of job creation. Some staff reportedly resigned due to challenging economic conditions and better offers elsewhere. The vast majority of respondents (96%) kept their workforce numbers unchanged, however. Sector data indicated that the overall reduction in employment was centred on services.

Backlogs of work

Nigerian companies reduced their backlogs of work for the sixth consecutive month in November amid subdued inflows of new orders. That said, the rate of depletion in outstanding business was only modest and slightly softer than that seen in October.

Employment Index

sa, >50 = growth since previous month



Backlogs of Work Index

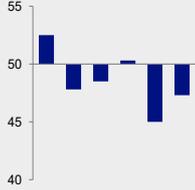
sa, >50 = growth since previous month



Purchasing and inventories

Quantity of Purchases Index

Jun - Nov '24
sa, >50 = growth



Quantity of purchases

A combination of low sales volumes and high prices for inputs led Nigerian companies to cut their purchasing activity again during November. Input buying was down for the fourth time in the past five months. The latest decline was solid and among the largest on record, despite easing from the previous survey period.

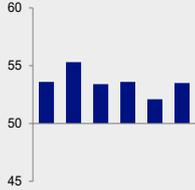
Quantity of Purchases Index

sa, >50 = growth since previous month



Suppliers' Delivery Times Index

Jun - Nov '24
sa, >50 = faster times



Suppliers' delivery times

Suppliers' delivery times shortened again in November, and to a solid degree that was greater than that seen in October. Panellists reported that shorter lead times reflected a range of factors, including reduced demand for inputs, quiet road conditions, prompt payments and competition among suppliers.

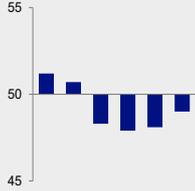
Suppliers' Delivery Times Index

sa, >50 = faster times since previous month



Stocks of Purchases Index

Jun - Nov '24
sa, >50 = growth



Stocks of purchases

November data pointed to a fourth consecutive monthly reduction in stocks of purchases, often reflecting lower demand and output requirements. Some companies were also reluctant to hold inputs given high costs. The latest fall in inventories was modest and the weakest in the current sequence of depletion.

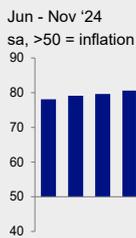
Stocks of Purchases Index

sa, >50 = growth since previous month



Prices

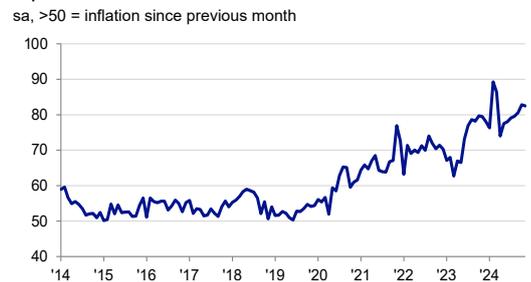
Input Prices Index



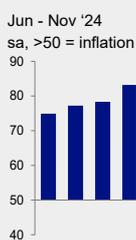
Input prices

Overall input prices increased at a substantial rate again during November, with the pace of inflation only slightly lower than that seen in October and remaining one of the sharpest on record. Manufacturing posted the fastest rise in overall input costs, closely followed by wholesale & retail.

Input Prices Index



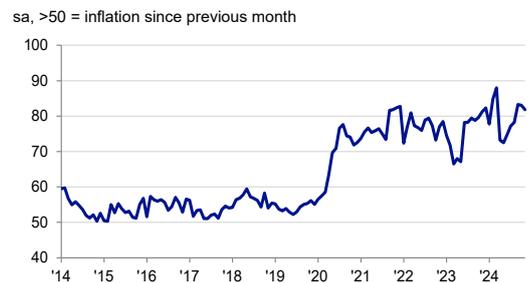
Purchase Prices Index



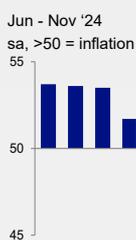
Purchase prices

The rate of purchase price inflation remained elevated in November as 64% of respondents signalled a rise over the course of the month. This was despite the pace of inflation easing slightly for the second month running. Weakness of the naira against the US dollar was a key factor pushing up purchase costs, according to respondents, while higher fuel and raw material prices were also mentioned.

Purchase Prices Index



Staff Costs Index



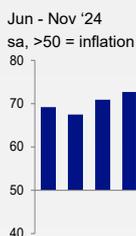
Staff costs

Efforts to help workers with higher costs of living and transportation led to pay rises and a further increase in labour expenses during November. Staff costs rose at a solid pace that was faster than the series average, albeit one that was slightly slower than that seen in the previous month.

Staff Costs Index



Output Prices Index



Output prices

Higher input costs continued to feed through to rises in output prices during November. Although ticking down from October, the pace of charge inflation remained rapid and was among the fastest in the series history. Just over half of respondents increased their selling prices during the month.

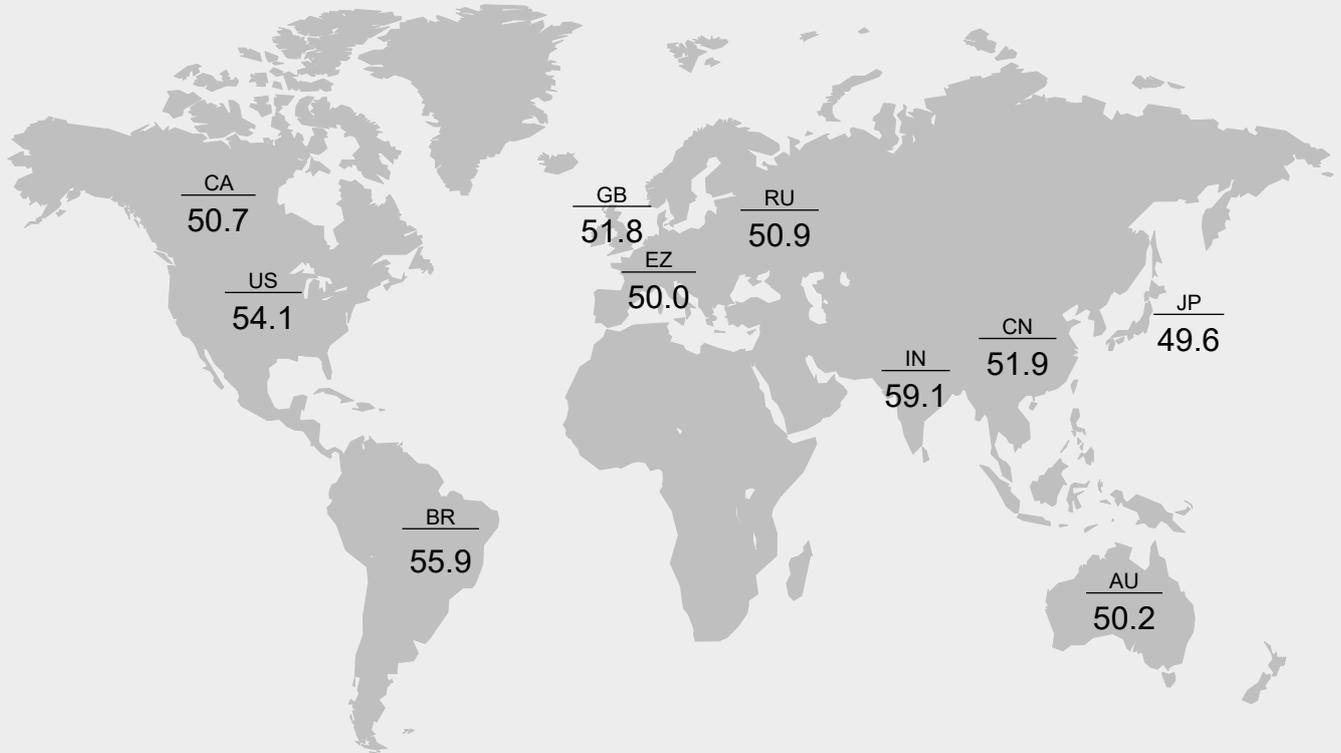
Output Prices Index



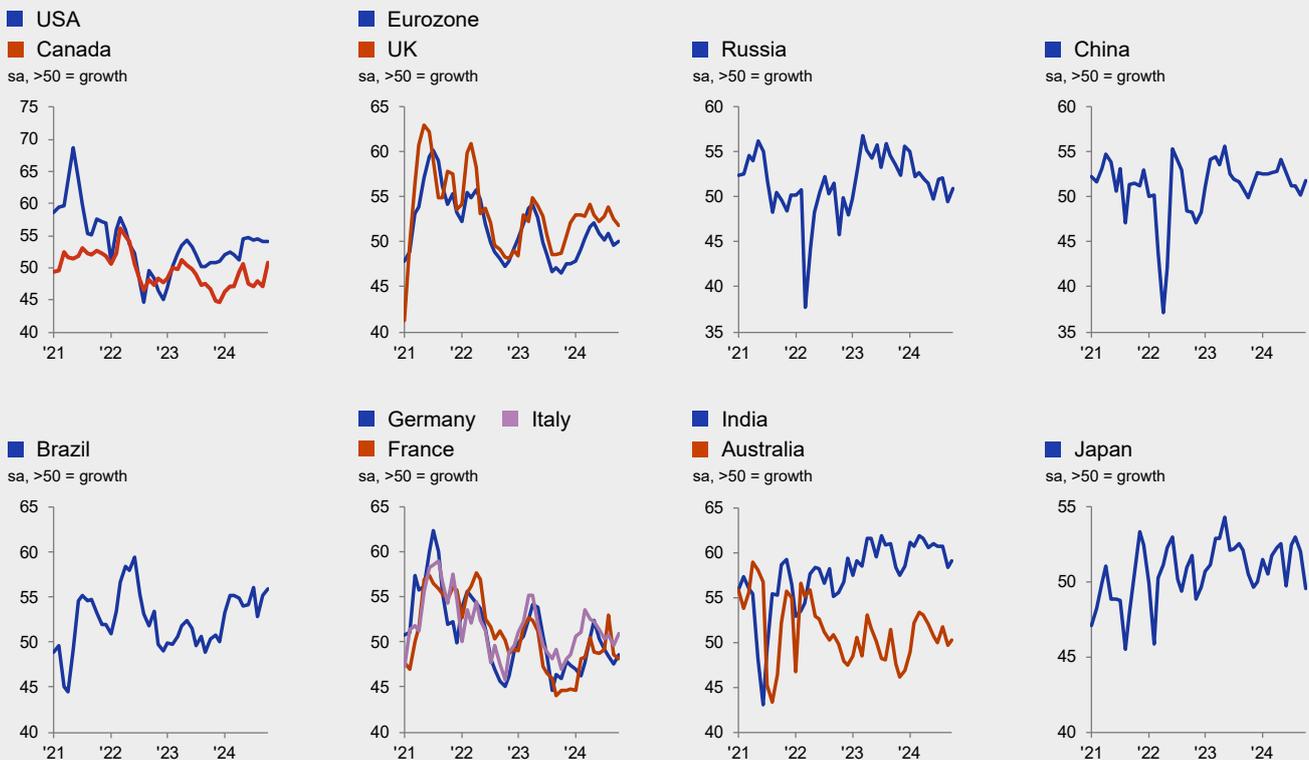
International PMI

Composite Output Index, Oct '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.

Survey dates

Data were collected 12-27 November 2024.

Survey questions

Private sector

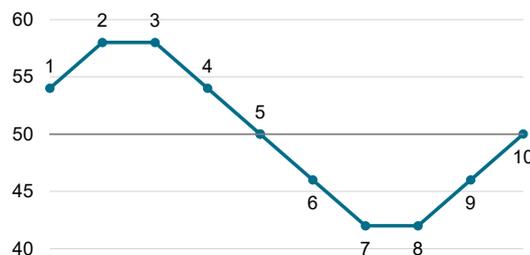
Output	Suppliers' Delivery Times
New Orders	Stocks Of Purchases
New Export Orders	Input Prices
Future Output	Purchase Prices
Employment	Staff Costs
Backlogs Of Work	Output Prices
Quantity Of Purchases	

Index calculation

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

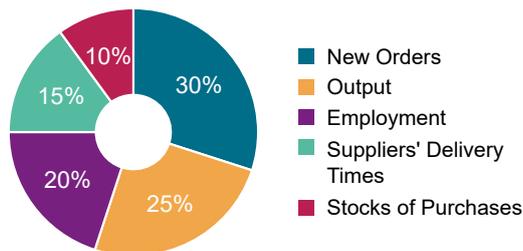
Index interpretation

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

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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.

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