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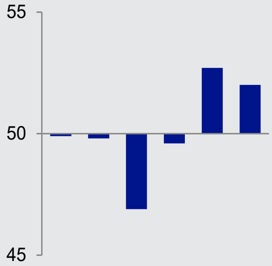
Stanbic IBTC Bank Nigeria PMI®

Business confidence jumps as growth sustained at start of 2025

52.0

NIGERIA PMI
JAN '25

PMI
Aug '24 - Jan '25
sa, >50 = improvement



Output rises for second month running

Large uplift in optimism

Much slower rise in input costs

The nascent growth in the Nigerian private sector seen at the end of 2024 was sustained into the first month of 2025, with new orders and business activity each continuing to rise. Moreover, there was a large improvement in business confidence while firms expanded employment, purchasing and inventories.

Although input costs and output prices continued to rise rapidly, respective rates of inflation were much slower than seen in 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 posted 52.0 in January, down from 52.7 in December but still above the 50.0 no-change mark and therefore signalling a second successive monthly improvement in the health of the Nigerian private sector.

Business activity rose solidly in January, after having returned to growth in December. That said, the rate of expansion eased from the previous month. Activity increased across three of the four monitored sectors, the exception being wholesale & retail.

Signs of improving customer demand and a greater willingness among clients to commit to new projects supported the rise in output and also contributed to growth of new orders. As was the case with activity, new business increased for the second month running, but at a softer pace than in December.

Companies were also much more optimistic regarding the future in January, with business expansion plans and marketing activities set to support output growth over the coming year. Although remaining relatively muted overall, the uplift in sentiment seen at the start of the year was the largest since the survey began just

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

PMI by S&P Global

NATIONAL BUREAU OF STATISTICS

The Nigeria PMI is endorsed and adopted by NBS.

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over 11 years ago.

There were signs of inflationary pressures softening in January. Although rates of increase in both input costs and output prices remained elevated, in both cases the rises were much weaker than seen in December. Overall input price inflation was the slowest since April 2024, while charges increased at the weakest pace in six months.

Efforts to satisfy customer requirements in a timely manner led companies to expand their staffing levels, purchasing activity and inventory holdings at the start of the year. In each case, the rises were the second in as many months. In particular, the accumulation of stocks of purchases was the most pronounced in just over a year-and-a-half.

The attempts to get through projects quickly meant that firms were more successful in depleting backlogs of work, which decreased at a solid pace that was the most pronounced since June 2022.

Finally, suppliers' delivery times continued to shorten amid good arrangements with vendors and prompt payments.

Comment

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

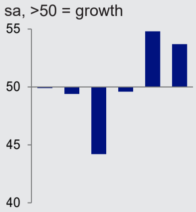
“Nigeria’s private sector activity sustained its improvement in January 2025, albeit lower than levels seen in December 2024. We note an increase in both output (53.7 vs December 2024: 54.8) and new orders (52.6 vs December 2024: 53.2) although slightly weaker than that seen at the end of 2024, on account of improving customer demand and more willingness to commit to new projects. Given the rising new orders, companies took on additional workers in January – representing the second month running in which this has been the case.

"Elsewhere, input prices increased at a slower pace while the pace of increase in output prices is the slowest since July 2024. Headline inflation averaged 33.18% y/y in 2024 from an average of 24.52% y/y in 2023 mostly driven by significant FX depreciation; renewed petrol price increases in line with full petrol price liberalization; structurally low food supplies exacerbated by high extreme weather conditions; and increased food demand, especially during the festive season. We expect a moderation in the inflation rate in 2025 although the pace of the moderation is only likely to be faster in late Q3:25. Notably, we expect headline inflation to average 30.5% y/y in 2025 and end the year at 27.1% y/y.

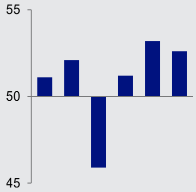
"In 2025, we project the non-oil sector to grow by 3.2% y/y from an estimated 3.0% y/y in 2024. Growth is likely to pick up across manufacturing and trade, while ICT and finance & insurance should continue to play a big role in economic performance. However, agriculture will likely still lag its long-term average amid lingering internal security challenges, high input costs, and extreme weather conditions. Within the manufacturing sector, cement, food and chemicals & pharmaceutical products are key sub-sectors that have been exceeding the manufacturing sector’s growth since Q4:22.”

Output and demand

Output
Index
Aug '24 - Jan '25
sa, >50 = growth



New Orders
Index
Aug '24 - Jan '25
sa, >50 = growth



Output

After having returned to expansion territory in December, business activity in Nigeria rose again in January. The latest increase was solid, albeit slightly weaker than that seen at the end of 2024. A greater willingness from customers to commit to new projects reportedly helped support growth of activity. Three of the four monitored sectors posted a rise, the exception being wholesale & retail.

New orders

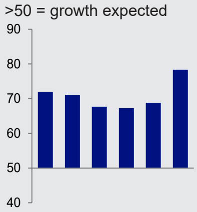
Improving customer demand contributed to a further increase in new orders in the opening month of 2025, thereby extending the current sequence of expansion to three months. As was the case with activity, however, the rise in new business was slightly slower than that seen in December.

Output Index
sa, >50 = growth since previous month

New Orders Index
sa, >50 = growth since previous month

Business expectations

Future
Output Index
Aug '24 - Jan '25
>50 = growth expected

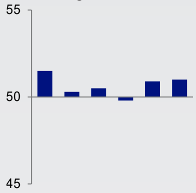


Nigerian companies were much more confident in the outlook for business activity in January. In fact, the rise in sentiment was the largest seen since the series began in January 2014. Optimism was the highest in 15 months, but still subdued relative to the series average. Marketing activities and business expansion plans were among the factors supporting confidence. Around 57% of firms were optimistic that output will increase over the coming year.

Future Output Index
>50 = growth expected over next 12 months

Employment and capacity

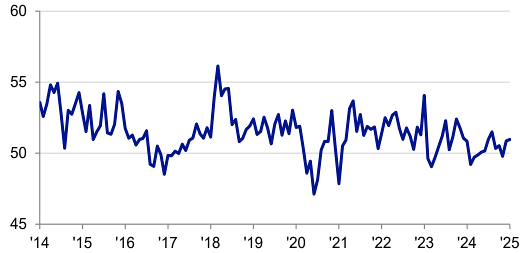
Employment Index
Aug '24 - Jan '25
sa, >50 = growth



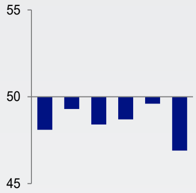
Employment

Rising new orders encouraged companies to take on additional workers in January, the second month running in which this has been the case. That said, the rate of job creation was only slight. Employment increased in agriculture and manufacturing, but fell in wholesale & retail and services.

Employment Index
sa, >50 = growth since previous month



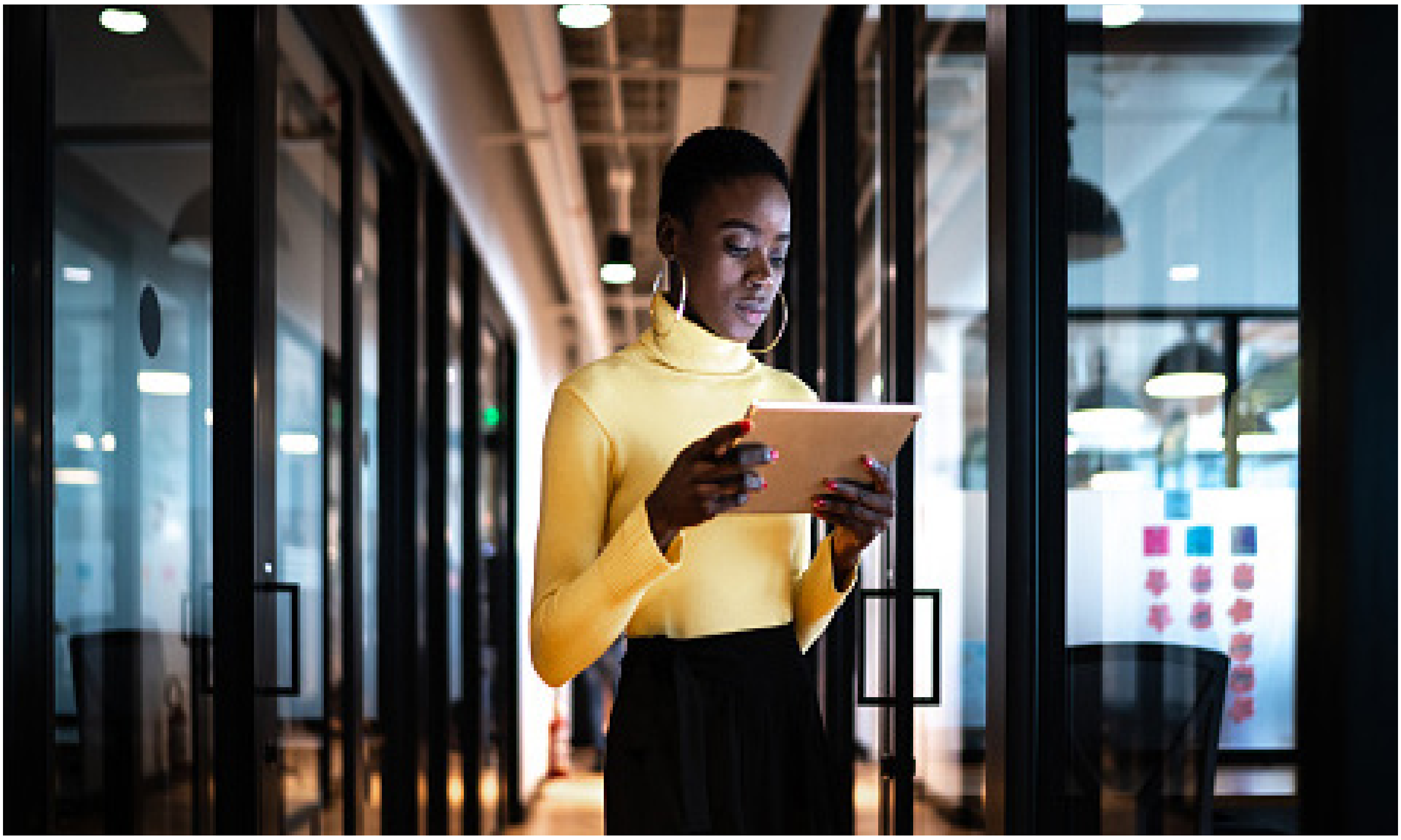
Backlogs of Work Index
Aug '24 - Jan '25
sa, >50 = growth



Backlogs of work

Nigerian companies were much better able to clear backlogs of work in January, with the rate of depletion the strongest since June 2022. A number of firms indicated that they had cleared all outstanding business during the month. Backlogs of work have now fallen in eight consecutive months.

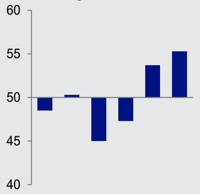
Backlogs of Work Index
sa, >50 = growth since previous month



Quantity of Purchases Index

Aug '24 - Jan '25

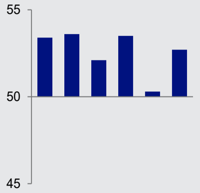
sa, >50 = growth



Suppliers' Delivery Times Index

Aug '24 - Jan '25

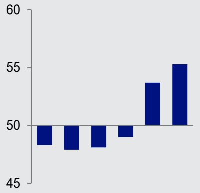
sa, >50 = faster times



Stocks of Purchases Index

Aug '24 - Jan '25

sa, >50 = growth



Purchasing and inventories

Quantity of purchases

Purchasing activity increased for the second successive month in January. Moreover, the rate of expansion was marked, and quickened from the previous survey period to the fastest for a year. According to respondents, input buying had been raised in order to help keep up with customer demand.

Quantity of Purchases Index

sa, >50 = growth since previous month

Suppliers' delivery times

As has been the case in each month since March 2023, suppliers' delivery times shortened during January. The latest improvement in vendor performance was solid and more pronounced than that seen in December. Good arrangements with suppliers and prompt payments were among the reasons for the latest shortening of lead times.

Suppliers' Delivery Times Index

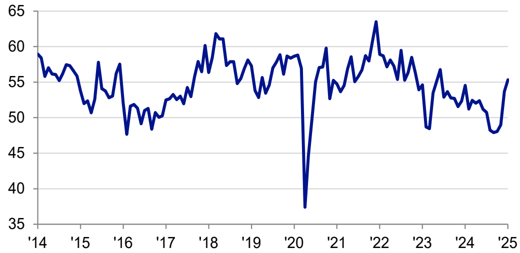
sa, >50 = faster times since previous month

Stocks of purchases

A desire to hold more goods in stock in order to be able to respond to customer requirements in a timely manner meant that inventories were accumulated again in January. Stocks of inputs rose for the second consecutive month. The rate of increase was marked and the fastest for just over a year-and-a-half.

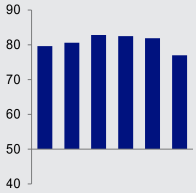
Stocks of Purchases Index

sa, >50 = growth since previous month



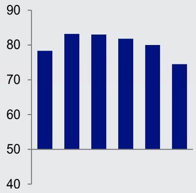
Input Prices Index

Aug '24 - Jan '25
sa, >50 = inflation



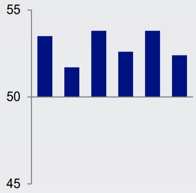
Purchase Prices Index

Aug '24 - Jan '25
sa, >50 = inflation



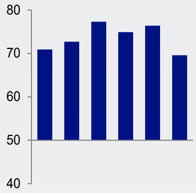
Staff Costs Index

Aug '24 - Jan '25
sa, >50 = inflation



Output Prices Index

Aug '24 - Jan '25
sa, >50 = inflation

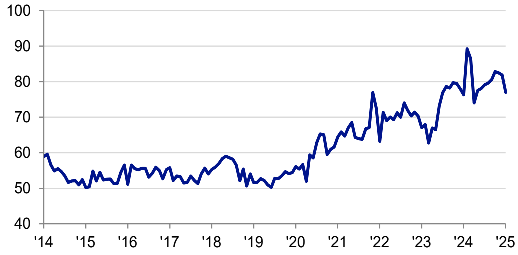


Prices

Input prices

January data pointed to a sharp slowdown in the pace of overall input cost inflation, with the latest rise the weakest since April last year. Both purchase prices and staff costs increased at slower rates during the month. That said, the pace of inflation in overall input prices remained elevated.

Input Prices Index
sa, >50 = inflation since previous month



Purchase prices

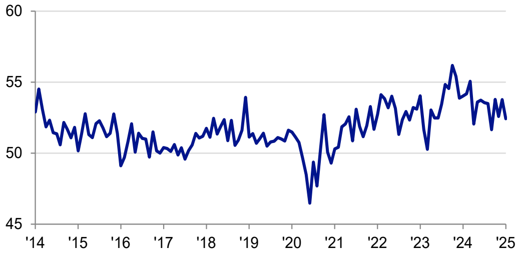
The pace of purchase cost inflation eased for the fourth month running, slowing sharply in January to the weakest since May last year. Purchase prices continued to rise rapidly, however, amid higher costs for animal feed, raw materials and transportation, plus currency weakness. The agriculture and wholesale & retail categories posted the fastest increases in purchase prices.

Purchase Prices Index
sa, >50 = inflation since previous month

Staff costs

High living costs in Nigeria meant that companies often increased their employee wages in January. As a result, staff costs continued to rise at a solid pace, and one that was faster than the series average. That said, the pace of inflation eased to a four-month low.

Staff Costs Index
sa, >50 = inflation since previous month



Output prices

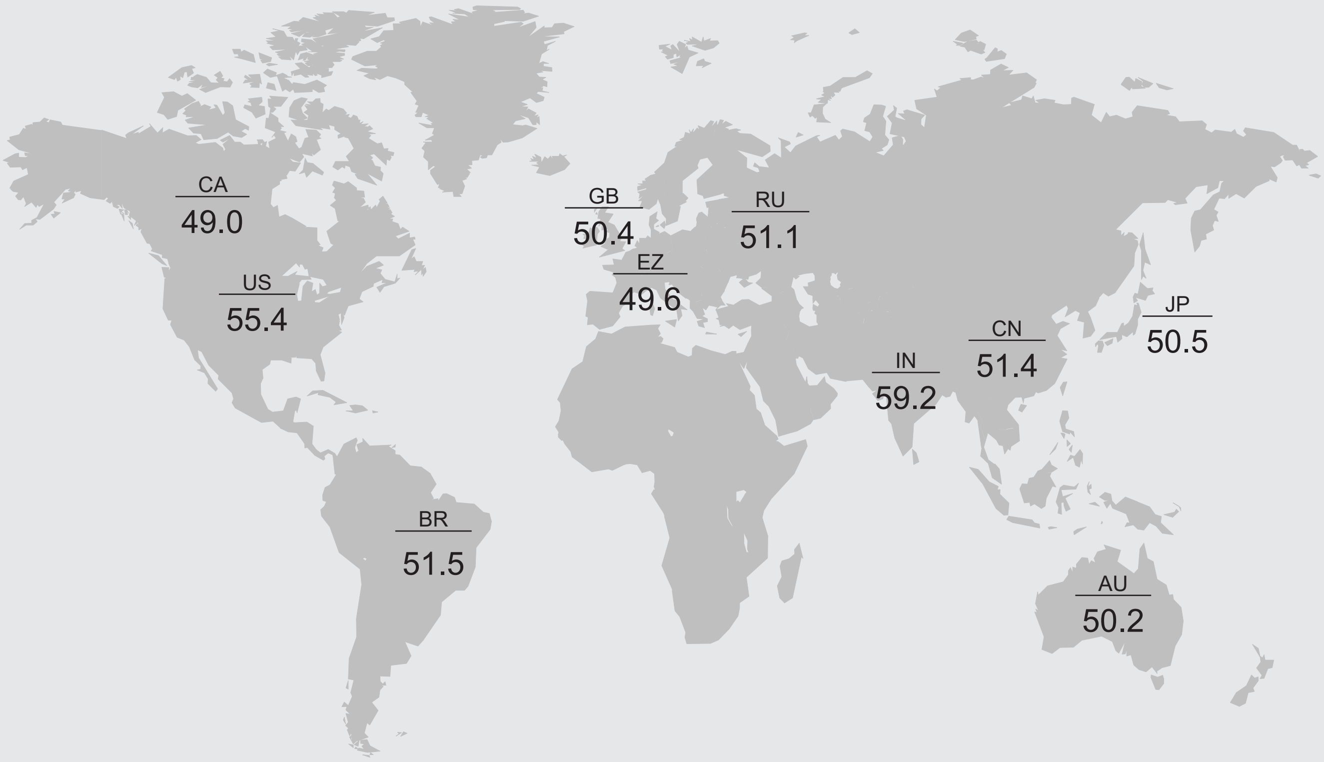
Although companies increased their selling prices in response to higher input costs during January, the slowdown in inflation of input prices was accompanied by slower hikes in charges at the start of the year. Output prices rose at the slowest pace since July 2024. The sharpest inflation was in agriculture, with the weakest in services.

Output Prices Index
sa, >50 = inflation since previous month

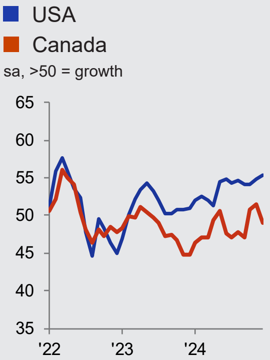
International PMI

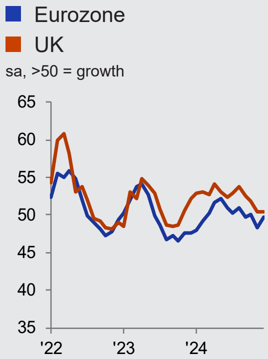
Composite Output Index, Dec '24
sa, >50 = growth since previous month

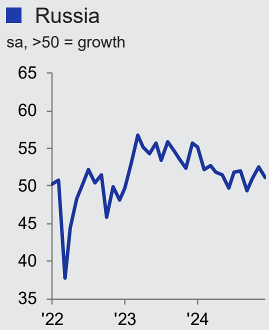
The Composite Output Index is a GDP-weighted average of the Manufacturing Output Index and the Services Business Activity Index.

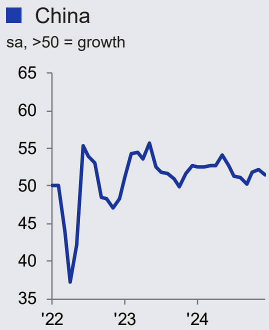


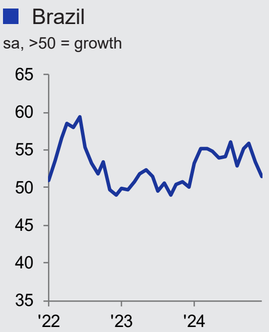
Composite Output Index

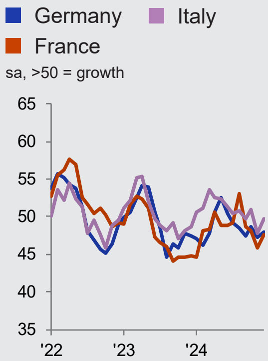


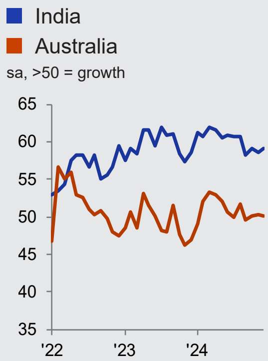


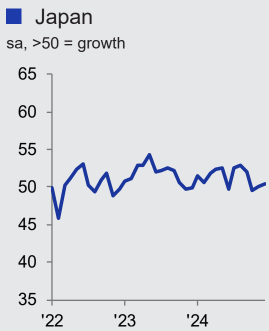












Survey methodology

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 09-29 January 2025.

Survey questions

Private sector

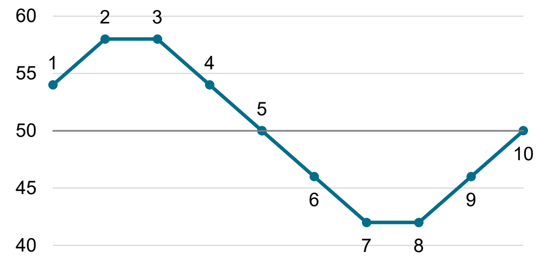
Output	Suppliers' Delivery Times
New Orders	Stocks Of Purchases
New Export Orders	Input Prices
Future Output	Purchase Prices
Employment	Staff Costs
Backlogs Of Work	Output Prices
Quantity Of Purchases	

Index calculation

% "Higher" + (% "No change")/2

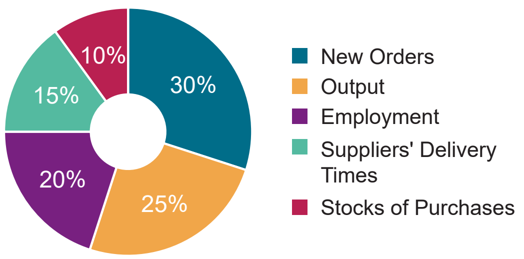
Index interpretation

50.0 = no change since previous month



1 Growth
2 Growth, faster rate
3 Growth, same rate
4 Growth, slower rate
5 No change, from growth
6 Decline, from no change
7 Decline, faster rate
8 Decline, same rate
9 Decline, slower rate
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
B	Mining and Quarrying
C	Manufacturing
F	Construction
G	Wholesale and Retail Trade; Repair of Motor Vehicles and Motorcycles
H	Transportation and Storage
I	Accommodation and Food Service Activities
J	Information and Communication
K	Financial and Insurance Activities
M	Professional, Scientific and Technical Activities
N	Administrative and Support Service Activities
P	Education*
Q	Human Health and Social Work Activities*
R	Arts, Entertainment and Recreation
S	Other Service Activities

*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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