

Embargoed until 0945 WAT (0845 UTC) 2 December 2024

Stanbic IBTC Bank Nigeria PMI[®]

Inflationary pressures remain elevated in November

Key findings

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 were also up as companies helped their workers with higher living and transportation costs.

In response to increasing input costs, output prices also

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



Sources: Stanbic IBTC Bank, S&P Global PMI.
Data were collected 12-27 November 2024.

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%).”

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.

Contact

Muyiwa Oni	Rita Akao
Head Equity Research, West Africa	Corporate Communications
Stanbic IBTC Bank	Stanbic IBTC Bank
T: +234 (1) 422 8667	T: +234 806 8127 714
muyiwa.oni@stanbicibtc.com	rita.akao@stanbicibtc.com
Andrew Harker	Sabrina Mayeen
Economics Director	Corporate Communications
S&P Global Market Intelligence	S&P Global Market Intelligence
T: +44 134 432 8196	T: +44 7967 447 030
andrew.harker@spglobal.com	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.