

Stanbic IBTC Bank Nigeria PMI[®]

Marked rise in output as cost pressures cool

Key findings

Softest rise in purchase costs in five-and-a-half years

Continued growth of output and new orders

Rate of job creation at 23-month high

The Nigerian private sector remained comfortably inside growth territory as the third quarter of the year came to an end. Further marked improvements in output and new orders were recorded, while the pace of job creation quickened to the fastest in almost two years. Companies were helped by the recent alleviation of inflationary pressures, which largely continued into September. In fact, firms' purchase costs increased at the slowest pace in five-and-a-half 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 posted above the 50.0 no-change mark for the tenth month running in September to signal a sustained improvement in the health of the Nigerian private sector. Although falling to 53.4 from 54.2 in August, the PMI again pointed to a solid strengthening of business conditions.

New business increased markedly in September amid improvements in customer demand and the launch of new products. In line with the headline index, however, the rate of growth eased to a three-month low.

The rise in new orders fed through to a sharp expansion of business activity, with increases seen across each of the four broad sectors covered by the report.

Higher output requirements encouraged firms to expand their operating capacity in September, with both employment and purchasing activity raised.

Staffing levels increased modestly, but at the sharpest pace since October 2023. Meanwhile, the rate of growth in input buying remained sharp and fed through to an accumulation of inventories. Respondents indicated that stocks of purchases had been raised to cater for current and future demand, as well as to facilitate new product development.

Suppliers' delivery times shortened markedly again, and to the largest degree in five months.

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sa, >50 = improvement since previous month



Sources: Stanbic IBTC Bank, S&P Global PMI.

Data were collected 11-26 September 2025.

Comment

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

"Nigeria's business conditions ended the quarter on a strong note, although the pace of strengthening moderated relative to August. Specifically, the headline PMI settled at 53.4 points in September from 54.2 in August buoyed by improvement in output and new orders while inflationary pressures also continued to soften. Notably, the rate of expansion in output (56.1 points vs August: 56.8 points) remained strong despite easing slightly when compared to August, linked to improving customer demand and better availability of materials which enabled the firms to boost activity. Based on this, businesses were able to launch new products, thereby supporting an increase in new orders (55.4 points vs August: 58.3 points) which remained above the 50-point growth threshold for the 11th consecutive month even as the rate of growth eased to a three-month low.

The Nigerian economy grew by 4.23% y/y in Q2:25, from 3.13% y/y in Q1:25, taking H1:25 real GDP growth to 3.69% y/y, from a revised average 2.88% y/y in H1:24. Robust growth in Q2 was driven primarily by the agricultural (2.82% y/y vs Q1:25: 0.07% y/y) and oil (20.46% y/y vs Q1:25: 1.87% y/y) sectors, which jointly contributed 35.6% to the real GDP growth; they are the only two sectors whose contribution to real GDP growth rate increased from the quarter before. Other sectors which supported GDP growth in Q2:25 were ICT (6.61% y/y vs Q1:25: 7.40% y/y); finance & insurance (16.13% y/y vs Q1:25: 15.03% y/y); real estate (3.79% y/y vs Q1:25: 4.61% y/y); and trade (1.29% y/y vs Q1:25: 1.78% y/y).

Positively, the non-oil sector's growth should remain strong into 2026 amid a likely reduction in interest rates and low inflation, both of which should support aggregate demand and private investment. Further, a likely lessening in exchange rate volatility in 2025 and 2026 based on our current estimates should support growth across trade, manufacturing, real estate, and construction. The PMI over Q3:25 and crude oil production in the period suggests the oil and non-oil sectors may grow by 14.3% y/y and 4.4% y/y respectively, translating into overall GDP growth of 4.5% y/y in Q3:25. We now lift our 2025 growth forecast to 4.0% y/y, from 3.5% y/y, after fully accounting for the impact of GDP rebasing, and after surprisingly good Q2:25 GDP growth."

Companies continued to see a general easing of inflationary pressures in September. Overall input prices increased at the slowest pace in two-and-a-half years amid weaker rises in both purchase prices and staff costs. In fact, the rate of purchase price inflation was the softest since March 2020.

Input costs continued to rise at a marked pace overall, however, and companies thereby increased their own selling prices accordingly. Despite ticking up from August, the pace of output price inflation was still the second-slowest in more than five years.

Efforts to increase staffing levels and build inventories were among more general business expansion plans which are set to support growth of business activity over the coming year. Firms remained optimistic regarding the 12-month outlook, but sentiment eased slightly to a four-month low and was weaker than the series average.

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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

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