

Stanbic IBTC Bank Nigeria PMI[®]

Output growth hits 15-month high in April

Key findings

Faster rise in output amid strong new order growth

Backlogs increase despite higher employment and purchasing

Inflationary pressures tick higher

The start of the second quarter of 2025 saw a further improvement in business conditions among Nigerian companies amid strengthening customer demand and growth of output. In response, firms ramped up their purchasing activity and took on extra staff, but this expansion of capacity was not sufficient to prevent a build-up of backlogs of work. Meanwhile, inflationary pressures ticked up from March but remained muted relative to the picture in 2024.

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 fifth consecutive month in April. At 54.2, the PMI was broadly in line with the 54.3 posted in March and pointed to a solid monthly improvement in business conditions.

Output increased at a sharp and accelerated pace in April, with the rate of expansion the most pronounced since January 2024. All four broad sectors saw business activity rise, with the sharpest growth in services.

Higher new orders and increased customer numbers were among the factors mentioned by respondents as having supported growth of output. New orders rose sharply as demand conditions strengthened, with the pace of expansion little-changed from that seen in March.

In line with the picture for output, employment increased for the fifth consecutive month in April as firms responded to greater workloads and made efforts to complete orders on time. Although modest, the pace of job creation was at an eight-month high.

A desire to keep on top of orders was also behind a rapid increase in purchasing activity, with the pace of growth quickening to the fastest since February 2022. Stocks of purchases were also accumulated during the month.

Despite efforts to complete orders in a timely manner, companies saw backlogs of work increase in April. The

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sa, >50 = improvement since previous month



Sources: Stanbic IBTC Bank, S&P Global PMI.
Data were collected 09-28 April 2025.

Comment

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

"Nigeria's private sector business activity maintained its positive momentum into the start of the second quarter of the year as the PMI settled at 54.2 in April – broadly in line with 54.3 recorded in March. This latest improvement in business activity was primarily due to improved customer demand amid softening inflationary pressures, helping to support higher new orders. Accordingly, all the four monitored sectors posted an improvement in business activity with the most significant improvement seen in the Services sector. In line with this improvement, the employment level increased for the fifth consecutive month, although the pace of increase was modest this time.

Elsewhere, inflationary pressures continue to soften relative to 2024 as factors that significantly drove prices upward last year have moderated so far this year in terms of impacts. Nonetheless, inflation increased in April compared to March, exacerbated by the impact of local currency depreciation and higher energy costs. Indeed, overall input prices increased across all the four monitored sectors with the Manufacturing sector witnessing the strongest inflationary pressures of the month. The pass through of the higher input costs to customers meant that output price inflation also quickened in April but remained among the weakest in the past two years.

Nigeria's business conditions started Q2:25 on a positive note, and we expect this trend to be maintained, albeit relatively slower than witnessed in Q1:25. This is as the local currency is expected to depreciate in Q2:25 compared to Q1:25 amid the lingering global uncertainties. This could also lead to slightly higher inflation rate than seen in Q1:25 but still expected to remain softer compared to the 2024 average. Nonetheless, interest rates are likely to be lower this year amid moderate inflationary pressures, thereby helping to support economic growth over the medium term. Overall, we still maintain our expectation that the Nigerian economy is likely to grow by 3.5% y/y in real terms in 2025 relative to 3.4% y/y growth in 2024."

accumulation was the first in 11 months, albeit modest. High costs for materials in some cases meant that firms weren't always able to secure the necessary inputs for projects, while other respondents mentioned that power outages had caused delays.

Purchase costs continued to rise sharply amid higher raw material prices and currency weakness. The pace of inflation was faster than in March, albeit still one of the slowest over the past two years. Staff costs rose at a solid pace.

The pass-through of higher input costs to customers meant that output prices also increased, with inflation here too slightly stronger than in March.

Companies remained optimistic that output will rise over the coming year, but sentiment dipped for the third consecutive month. Confidence often reflected business expansion and investment plans.

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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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