

Stanbic IBTC Bank Nigeria PMI[®]

New order growth sustained in March, but higher fuel costs lead to surge in prices

Key findings

New business up markedly

Slower rise in output

Selling price inflation at 15-month high amid rising fuel costs

Growth slowed in the Nigerian private sector at the end of the first quarter of the year as higher fuel costs led to a steep intensification of inflationary pressures. Output growth was only modest, but underlying demand reportedly remained resilient, leading to a further sharp rise in new orders. In turn, firms continued to expand their employment and purchasing activity.

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 51.9 in March, down from 53.2 in February but still above the 50.0 no-change mark and therefore signalling an improvement in the health of the private sector during the month. Business conditions have strengthened in 15 of the past 16 months.

Reports of greater customer requests amid improving underlying demand, as well as the impact of new product launches, led to a further marked increase in new orders, the second in as many months. The rate of growth was only slightly softer than that seen in February.

The rate of expansion in business activity slowed more markedly, however, and was only modest overall. A number of firms continued to raise output in response to higher new orders, but others suggested that rising fuel costs had limited growth.

Activity increased in agriculture and wholesale & retail, but decreased in manufacturing and services.

The aforementioned rise in fuel costs had a stark impact on rates of inflation in the Nigerian private sector during March. Purchase costs increased at the fastest pace in 15 months, while selling prices were also raised to the largest extent since December 2024 in response. Selling price inflation accelerated sharply across all four monitored sectors.

Employment increased for the tenth month running, albeit slightly and at a slower pace than in February. Meanwhile,

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sa, >50 = improvement since previous month



Sources: Stanbic IBTC Bank, S&P Global PMI.
Data were collected 12-27 March 2026.

Comment

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

"While higher fuel costs and power supply issues contributed to a slowdown in the growth of Nigeria's private sector activity, underlying demand remains strong. This is reflected in an increase in customer demand and the associated impact of new product launches, both of which supported an improvement in new orders. Businesses also remained optimistic about increases in future output amid their plans to invest in business expansions and boost promotional efforts. Nonetheless, input prices rose markedly at the sharpest pace since January 2025, with all four monitored sectors seeing sharper rates of inflation.

The PMI numbers in Q1:26 are consistent with an estimated 3.99% y/y GDP growth for the quarter after also accounting for crude oil sector's performance. We now see the Nigerian economy growing by 4.22% y/y in 2026, from 3.87% y/y in 2025, with the oil sector growth slowing to 3.01% y/y (vs 2025: 8.50% y/y), as we now expect crude oil production (including condensates) to average 1.70m bpd, from 1.64m bpd in 2025. We estimate the non-oil sector's growth at 4.24% y/y in 2026, from 3.71% y/y in 2025, likely driven primarily by services, which we see growing by 5.64% y/y in 2026 (vs 2025: 4.14% y/y). The government's continuous investment attraction across oil & gas, solid minerals, electricity, agriculture and general manufacturing should continue to support sentiment on production activity.

The government's infrastructure drive should keep supporting the attractiveness of the construction, real estate and cement sectors. In addition, we expect electioneering activity to support improvement in media & advertising, logistics, transportation, hospitality, security services, and communications activities — as these are the direct beneficiaries of election-related spending. Nonetheless, the ongoing tensions in the Middle East pose a downside risk to the growth outlook as higher inflation emanating from sustained increase in fuel prices may lead to higher-for-longer interest rates. This may influence a slowdown in demand conditions should the tensions continue to escalate."

the rate of staff cost inflation also eased and was at a four-month low.

The need to respond to rising new orders and expected increases in workloads in the coming months encouraged companies to expand their purchasing activity and stocks of inputs in March. The rise in input buying was marked, but inventory accumulation was only modest.

Prompt payments for purchased items meant that suppliers' lead times continued to shorten, but some firms reported that higher fuel costs had impacted delivery schedules.

Meanwhile, shortages of staff and materials, price increases and power supply issues contributed to a further accumulation of outstanding business, albeit one that was only marginal.

Companies remained optimistic that output will increase over the coming year, with confidence reflecting plans to invest in business expansions and boost promotional efforts. That said, sentiment eased to a four-month low.

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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