

Stanbic IBTC Bank Nigeria PMI®

Output growth slows but business confidence rises sharply

Key findings

Slowest expansion of output in seven months

Business confidence highest since August 2022

Output prices rise at weakest rate in just over two years

The Nigerian private sector remained in growth territory as the first half of 2025 drew to a close, and business confidence improved markedly in June. That said, rates of expansion in output, new orders and purchasing eased from May. Although rates of inflation remained relatively sharp, there were further signs of cost pressures softening and companies raised their output prices at the slowest pace in just over two 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 remained above the 50.0 no-change mark for the seventh consecutive month in June. That said, at 51.6, the reading was down from 52.7 in May and the lowest in the current growth sequence. The PMI signalled a modest improvement in business conditions in the private sector.

The rate of output growth eased particularly sharply, slowing for the second month running to a seven-month low. Sector data indicated that the slowdown in the pace of expansion reflected a fall in manufacturing production as activity continued to rise elsewhere.

Where output rose, respondents linked this to higher new orders and the securing of new customers. Indeed, new business increased solidly in June, albeit here too the pace of expansion slowed and was at a five-month low.

While the pace of output growth eased in June, companies were much more optimistic about the outlook for the coming year. Sentiment improved to the highest since August 2022 and moved closer to the series average after a period of relatively weak optimism. Those respondents that predicted a rise in activity over the next 12 months linked this to planned investment in improving and expanding operations.

Staffing levels were kept broadly stable in June following a marginal reduction in May. Meanwhile, purchasing activity continued to rise, but as was the case with output the pace

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sa, >50 = improvement since previous month



Sources: Stanbic IBTC Bank, S&P Global PMI.
Data were collected 12-26 June 2025.

Comment

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

“Business conditions remain in the expansionary territory for the seventh consecutive month in June, but the pace of expansion slowed for the third consecutive month after peaking in March. Specifically, the headline PMI settled lower at 51.6 points in June from 52.7 points in May – below this year’s average PMI print of 53.1 points. Some firms noted muted demand conditions in June, while others witnessed higher activity linked to securing new customers and greater new orders. Nonetheless, Optimism in the 12-month outlook for output surged higher to 83.9 points in June from 70.9 in May – the highest level since August 2022 (85.8 points) and moving much closer to the series average (89.4 points) after a period of historically subdued expectations. Survey participants linked this confidence to hopes that sufficient funding would be available to invest in improving and expanding operations.

Elsewhere, output price inflation slowed for the second month running in June and was the weakest since May 2023. However, selling prices continued to rise sharply as firms passed on higher input costs to customers. Manufacturing posted the fastest increase in output prices of the four broad sectors covered by the report. The employment level was broadly stable in June as companies that took on extra staff often did so to try to keep on top of workloads. That said, muted demand and cost pressures discouraged other firms from hiring.

Insights from the monthly PMIs and crude oil production data from the Nigerian Upstream Petroleum Regulatory Commission (NUPRC) suggests an economy that grew by an estimated 3.7% y/y in H1:25 supported by higher crude oil production and growth improvement across Manufacturing and Services, while Agriculture continues to lag its long-term average growth rate of 3.6%. Given that inflation is expected to remain softer compared to the 2024 average, interest rates are likely to be lower this year and next – we expect 150/200 bps rate cut in 2025 and 200/250 bps rate cut in 2026. These, in addition to structural reforms, removal of previous protectionist policies, and subsiding impact of the government’s flagship reforms should help to support the medium-term economic growth path. Therefore, we still maintain our expectation that the Nigerian economy is likely to grow by 3.5% y/y in real terms in 2025, but post-GDP rebasing may amplify this growth to 4.2% y/y.”

of expansion slowed. This fed through to a weaker rise in inventories, which increased at the slowest pace in the current seven-month sequence of accumulation.

Backlogs of work increased for the third consecutive month, and at a modest pace that was broadly in line with that seen in May. Panellists linked higher outstanding business to shortages of materials, delayed payments from customers and power supply issues.

Suppliers' delivery times were broadly unchanged in June, ending a period of shorter lead times stretching back to March 2023. Some firms noted that poor road conditions had caused delays.

Purchase costs increased sharply in June, but the pace of inflation eased to a 25-month low. On the other hand, staff costs increased at a faster pace. With overall input price inflation slowing, companies also raised their output charges at a weaker rate, the softest since May 2023.

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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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