

# Stanbic IBTC Bank Nigeria PMI<sup>®</sup>

## Employment growth at 21-month high amid sharp expansion of new orders

### Key findings

Faster increases in output and new orders

Modest rise in staffing levels

Selling price inflation eases to weakest since May 2023

The start of the third quarter saw a pick-up in growth momentum in the Nigerian private sector. Rates of expansion in output and new orders accelerated, leading to a sharp rise in purchasing activity and the fastest increase in employment since October 2023.

Firms were helped to some degree in their efforts to secure new business by a further softening inflationary pressures. Output prices increased at the slowest pace in more than two years.

The headline figure derived from the survey is the Purchasing Managers' Index™ (PMI<sup>®</sup>). 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 rose to a three-month high of 54.0 in July, up from 51.6 in June. The reading signalled a solid monthly improvement in the health of the private sector, extending the current sequence of expansion to eight months.

Sharp and accelerated expansions in output and new orders were recorded in July. In both cases, the increases were the fastest in three months. Panellists reported improving customer demand, in some cases due to softening inflationary pressures. The launch of new products was also a factor supporting growth.

Rising new orders and efforts to speed up the completion of projects encouraged firms to take on extra staff at the fastest pace since October 2023. Extra workforce capacity meant that companies were able to keep backlogs of work broadly stable, following increases in each of the prior three months.

Companies also increased their purchasing activity sharply in response to higher new orders, feeding through to a marked accumulation of inventories. A renewed shortening of suppliers' delivery times also helped with stock building.

The pace of purchase price inflation eased for the third consecutive month in July and was the weakest since April 2020. Costs for purchases continued to rise sharply, however, linked to currency weakness and higher raw

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sa, >50 = improvement since previous month



Sources: Stanbic IBTC Bank, S&P Global PMI.  
Data were collected 10-29 July 2025.

### Comment

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

*"After two consecutive months of moderation, albeit still above the 50-points psychological threshold, Nigeria's private sector witnessed a boom in business conditions in July as the headline PMI increased to a three-month high of 54.0 points compared to 51.6 points witnessed in June. Primarily, output (56.1 points vs June: 51.1 points) rose sharply given higher new orders amid greater customers' willingness to commit to new projects. Thus, client demand strengthened partly due to softer inflationary pressures while the launch of new products also supported the boost in business activity. Accordingly, new orders have now increased for the ninth consecutive month, and the latest rise was broad-based across the four monitored sectors, with services posting the fastest expansion.*

*In response to elevated new order volumes, firms ramped up purchasing activity, which led to a notable buildup of inventories. Firms were keen to build stocks of purchases in line with improving customer demand and expected increases in new orders in the months ahead. On the price front, purchase and output price inflation moderated for a third straight month in July, with the latter being the softest price growth since May 2023. We forecast inflation at 21.71% y/y - 21.88% y/y in July, below 22.22% y/y in June. However, headline inflation m/m may increase further in July and August, peak periods for flooding in the southern parts, alongside the lean season in the north. The lean season, before the main season harvests, implies low food stocks and historically highest food prices. Overall, firms remained optimistic that output would rise over the coming year, driven by plans to raise capital to help expand businesses and new marketing strategies.*

*Interest rates are likely to be lower this year and next due to inflation as still softer than the 2024 average. We expect cumulative rate cuts of 150/200 bps in 2025, and 200/250 bps in 2026. Further, structural reforms, the removal of protectionist policies, complemented by the subsiding negative impact of the government's flagship reforms, should support medium-term economic growth. On balance, we retain our 2025 real GDP growth forecast at 3.5% y/y."*

material prices.

In contrast to the picture for purchase prices, the rate of staff cost inflation quickened and hit a five-month high. The latest rise in part reflected increased employment, but also efforts to help staff with higher costs, in particular those related to transportation fares.

In line with the picture for purchase costs, the pace of output price inflation eased for the third consecutive month and was the weakest since May 2023. Some firms reportedly took advantage of softer purchase cost pressures to offer discounts in a bid to secure new business.

Companies remained optimistic that output will rise over the coming year, but sentiment eased from the near three-year high posted in June. Those firms that predicted an increase in output linked this to plans to raise capital for business expansions and advertising.

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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](mailto: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](http://www.spglobal.com/marketintelligence/en/mi/products/pmi)

### Disclaimer

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