

Embargoed until 0945 WAT (0845 UTC) 1 April 2025

Stanbic IBTC Bank Nigeria PMI[®]

Sharpest rise in new orders in 14 months

Key findings

Marked increases in output and new orders

Weakest rise in input costs since May 2023

Business confidence eases

The recovery in the Nigerian private sector gathered strength in March, with output, new orders and employment all increasing to greater degrees than in February. Firms were helped to some extent by softening inflationary pressures, with input costs increasing at the slowest pace since May 2023.

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 54.3 in March, up from 53.7 in February and above the 50.0 no-change mark for the fourth consecutive month. Moreover, the latest improvement in business conditions in the private sector was solid and the most marked since the start of 2024.

Central to the latest strengthening in the health of the private sector was an improving demand climate. This helped lead to a fifth successive monthly expansion of new orders in March. Moreover, the pace of increase was sharp and the fastest in 14 months.

In turn, the pace of output growth also quickened at the end of the opening quarter. Here too, the latest rise was the sharpest since January 2024. Output expanded across all four sectors covered by the report.

Increases in new orders and output requirements encouraged companies to expand their staffing levels and purchasing activity accordingly. A modest rise in employment was nonetheless the most marked in seven months, while input buying was up sharply.

Higher purchasing activity fed through to rising stocks of inputs, with companies looking to build inventories in line with current and future business needs. Some firms also took advantage of softer price inflation to stockpile inputs.

Although overall input costs continued to rise sharply, the

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sa, >50 = improvement since previous month



Sources: Stanbic IBTC Bank, S&P Global PMI.
Data were collected 12-27 March 2025.

Comment

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

“Softening inflationary pressures are helping to improve domestic demand conditions, in turn, supporting an overall improvement in private sector activity in Nigeria. Consequently, private sector activity strengthened for the fourth consecutive month, with the headline PMI settling higher at 54.3 points in March from 53.7 points in February – its highest print since January 2024 (54.5 points). Central to this improvement is an increase in customer requests, which ensured the rate of growth in new orders in March quickened to their fastest pace in 14 months. In addition, the employment level increased for the fourth month running in March although some firms reported hiring staff on a contract basis.

Meanwhile, the pace of increase input costs for the Nigerian companies moderated sharply in March, with the latest rise being the slowest since May 2023, albeit still marked. In line with this, the pace of output price inflation softened further - easing for the third successive month to the weakest since May 2023. Nonetheless, staff costs continued to rise at a solid pace and companies generally linked the efforts to increase staff pay to helping workers deal with higher living costs.

Private sector activity in Q1:25 was at a much better position compared to the preceding quarter and this is consistent with a likely 3.9% y/y growth in the non-oil sector in Q1:25, signifying a further improvement in business conditions. For the full year 2025, the non-oil sector is poised to improve further compared to 2024 as the lingering FX stability and improved FX liquidity conditions bode well for the real sector activities, including manufacturing, trade and real estate. This, in addition to the anticipated reduction in borrowing costs, should further support the growth of the non-oil sector in 2025. Accordingly, we project the non-oil sector to grow by 3.4% y/y in 2025. Therefore, we still expect the Nigerian economy to grow by 3.5% y/y in real terms in 2025 with the Q1:25 growth print forecasted to settle at 3.7% y/y.”

pace of inflation eased for the fifth month running and was the slowest since May 2023. Both purchase prices and staff costs increased at slower rates at the end of the opening quarter of the year.

In turn, companies also posted a softer increase in selling prices in March. Here too the pace of inflation was the least marked since May 2023.

Meanwhile, suppliers' delivery times continued to shorten, with improved vendor performance linked to prompt payments and good road conditions. Lead times shortened solidly, albeit to a lesser extent than seen in February.

Although rates of expansion in output and new orders quickened in March, companies were less optimistic regarding the 12-month outlook for business activity. Confidence was at a three-month low and weaker than the series average. Those firms that predicted a rise in output linked this to planned advertising, as well as business investment and the opening of new branches.

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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