

Stanbic IBTC Bank Nigeria PMI®

New orders broadly stable at start of 2026

Key findings

Little change in new orders in January

Growth of output and purchasing eases

Employment continues to rise slightly

Nigerian companies faced a muted start to 2026. A broad stagnation of new orders led to much slower rises in output and purchasing activity. More positively, employment continued to increase at a broadly similar pace to that seen at the end of 2025. Meanwhile, faster rises in purchase prices and staff costs led companies to increase their selling charges at the sharpest pace in four months.

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 dipped to 49.7 in January, well down from December's reading of 53.5 and ticking below the 50.0 no-change mark. Nevertheless, by posting close to the neutral threshold, the latest figure signalled broadly stable business conditions at the start of the year.

The picture illustrated by the headline index was in line with the data for output and new orders, both of which were little changed in January.

While some companies reported increased customer numbers, this was cancelled out by other firms that mentioned demand weakness, meaning that new orders stagnated following a 14-month sequence of growth. In turn, output rose only marginally.

In both cases, however, sector data showed that weakness at the start of the year was centred on wholesale & retail companies. Meanwhile, growth was recorded in agriculture, manufacturing and services.

Purchasing activity and stocks of inputs also increased at much slower rates than in December, in line with a stagnation of new orders.

The rate of job creation was broadly in line with that seen in the previous month, meanwhile, remaining slight. Staffing levels have now increased in each of the past eight months.

A combination of rising employment and broadly stable new

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sa, >50 = improvement since previous month



Sources: Stanbic IBTC Bank, S&P Global PMI.
Data were collected 12-28 January 2026.

Comment

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

"After 13 months of consecutive reading above the 50 point no-change mark, Nigeria's private sector activity deteriorated to 49.7 points in January from 53.5 in December. This is as new orders stagnated following a 14-month sequence of growth – likely linked to the weak demand that usually occurs in the start of the year after the festive-induced spending in December of the prior year. Historical data in the past six years also confirms this, where headline PMI in January was lower than December of the prior year except for January 2024. Indeed, the weak business activity was more pronounced in the wholesale & retail which was deep below the 50-point growth threshold on a seasonally adjusted basis, while agriculture, services and manufacturing activity witnessed growth in the period as they were all above 50.0 points.

"Nonetheless, this is the first time in the history of the PMI survey (since 2014) that January headline PMI will be below the 50-point psychological threshold, thereby likely signaling deeper issue asides quiet activity that usually occurs in January after festive-induced improvements in December. Elsewhere, output prices increased markedly to a four-month high in January, with the companies linking this to higher purchase costs.

"Despite the negative surprise in the PMI numbers in January, we still see the Nigerian economy growing by 4.1% y/y in 2026 as we expect demand to pick up in subsequent months after the lull seen at the beginning of the year. Notably, the government has been visible in infrastructure, livestock development, easing trade constraints, and attracting investments in oil & gas and manufacturing. Aside from that, the Dangote refinery is expected to continue to have forward-linkage impact on other sectors of the economy. Additionally, likely lower interest rates in line with lower inflation and exchange rate stabilization should support private consumption and business investments in 2026. Because of these factors, we see more sectors contributing to real GDP growth rate in 2026 compared to 2025, likely translating to an improvement in the quality of lives of the citizens compared to the last two years when the citizens witnessed the full negative impact of the government's flagship reforms."

orders meant that companies were able to reduce their backlogs of work for the first time in three months, and to the largest degree since March 2025.

Purchase prices increased sharply in January amid widespread reports from panellists of higher raw material costs. The pace of inflation ticked up to a three-month high.

Staff costs also rose at a faster pace, and one that was the most marked since July last year. Respondents indicated that they had raised wages in order to motivate employees and help them with higher living costs.

The rate of output price inflation quickened to a four-month high amid widespread reports of higher purchase costs being passed through to customers. That said, the pace of inflation remained among the weakest since the COVID-19 pandemic.

Business sentiment dipped, but companies remained confident that output will rise over the coming year. Optimism was linked to planned expansions, greater stock holdings and hopes for higher new orders.

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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