

Stanbic IBTC Bank Nigeria PMI[®]

Business activity continues to rise, but growth eases to four-month low

Key findings

Weaker increases in output and new orders

Inflationary pressures remain elevated

Employment falls for first time in six months

Although the Nigerian private sector remained in growth territory midway through the second quarter of the year, there were signs of a slowdown in the latest survey period as inflationary pressures remained elevated. Rates of expansion in output and new orders eased in May, while employment dipped for the first time in six 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 registered 52.7 in May, remaining above the 50.0 no-change mark for the sixth successive month and signalling a solid strengthening of business conditions over the month. That said, the latest reading was down from 54.2 in April and pointed to the least marked improvement in the health of the private sector since January.

The slowdown in overall growth was seen across both output and new orders, which each increased at the slowest rates in four months. Where expansions were recorded, panellists linked this to customer demand improvements, higher client numbers and new product launches.

Output increased across all four broad sectors covered by the report, with growth sharpest in wholesale & retail and manufacturing.

Inflationary pressures remained elevated in May, despite easing slightly from April. Purchase costs rose rapidly amid higher raw material prices, currency weakness and increased transportation costs.

Staff costs were also up, but at the slowest pace since March 2023 as a reduction in employment acted to limit the rise in wage bills. Workforce numbers decreased for the first time in six months as some firms reported that difficulties paying staff had led to resignations.

Shortages of staff contributed to a second successive rise in backlogs of work, but respondents indicated that the main factor holding up the completion of projects was delays in

Stanbic IBTC Bank Nigeria PMI

sa, >50 = improvement since previous month



Sources: Stanbic IBTC Bank, S&P Global PMI.
Data were collected 12-28 May 2025.

Comment

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

“Business conditions remain in the expansionary territory for the sixth consecutive month in May amid continued improvement in customer demand which is also ensuring businesses launch new products. However, the pace of improvement in business conditions slowed relative to April, pointing to the least marked improvement since January. While new orders have now increased in each month since November 2024, some firms implied that market conditions are softening. Hence, the pace of improvement in new orders during May eased to the weakest level in four months. Nonetheless, rising sales and higher customer numbers supported a pronounced output growth across the wholesale & retail and manufacturing sectors.

Given the rising sales and higher customer numbers, companies increased their quantity of purchases for the sixth consecutive month while the rate of inventories accumulation quickened to a three-month high. However, input costs remain high in May, albeit slightly softer than April inflation, with the pace of price increase remaining well above the series average. As a result, output prices remained sharp as companies passed on the rising purchase costs to customers. Where companies charged lower prices, they indicated that it was due to the need to attract customers. This partly supported the easing of the pace of output price inflation to a two-year low in May.

Nigeria's business condition is on course to end Q2:25 on a positive momentum, albeit relatively weaker than witnessed in Q1:25. This is as currency weakness, higher raw material costs, and increased transport prices have been more pronounced than seen in Q1:25. However, as inflation is expected to remain softer compared to the 2024 average, interest rates are likely to be lower this year, thereby helping to support 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 relative to 3.4% y/y growth in 2024.”

payments from customers. The latest rise in outstanding business was the sharpest since February 2023.

While employment decreased, companies continued to expand their purchasing activity at a rapid pace. Respondents mentioned the need to satisfy both current and future client requirements. In turn, stocks of purchases also rose, and at the fastest pace in three months.

Competition among suppliers and prompt payments resulted in a further shortening of suppliers' delivery times, albeit one that was the least marked in 2025 so far.

Business confidence waned for the fourth consecutive month and was among the lowest on record. That said, companies remained optimistic that output will expand over the coming year, with positive sentiment linked to business expansion plans, marketing and restocking.

Contact

Muyiwa Oni
Head Equity Research, West Africa
Stanbic IBTC Bank
T: +234 (1) 422 8667
muyiwa.oni@stanbicibtc.com

Rita Akao
Corporate Communications
Stanbic IBTC Bank
T: +234 806 8127 714
rita.akao@stanbicibtc.com

Andrew Harker
Economics Director
S&P Global Market Intelligence
T: +44 134 432 8196
andrew.harker@spglobal.com

Kriti Khurana
Corporate Communications
S&P Global Market Intelligence
T: +91 971 101 7186
kritikhurana@spglobal.com
press.mi@spglobal.com

If you prefer not to receive news releases from S&P Global, please email press.mi@spglobal.com. To read our privacy policy, click [here](#).

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

Disclaimer

Please note that the Stanbic IBTC Bank Nigeria PMI should not be taken as a substitute for official statistics, but may be used in conjunction with them.

Stanbic IBTC Bank Nigeria ("Stanbic IBTC") has issued and is responsible for production of this publication. This publication should be regarded as being for information only and should not be considered as an offer or solicitation to sell, buy or subscribe to any financial instruments, securities or any derivative instrument, or any other rights pertaining thereto (together, "investments"). Stanbic IBTC does not express any opinion as to the present or future value or price of any investments referred to in this publication. This publication may not be reproduced without the consent of Stanbic IBTC.

The information contained in this publication has been compiled from sources believed to be reliable, but, neither Stanbic IBTC, nor any of its directors, officers, or employees accepts liability for any loss arising from the use hereof or makes any representations as to its accuracy and completeness. The information contained in this publication is valid as at the date of this publication. This information is subject to change without notice, its accuracy is not guaranteed, it may be incomplete or condensed and it may not contain all material information concerning the matters discussed herein.

This publication does not constitute investment advice and has been prepared without regard to individual financial circumstances, objectives or particular needs of recipients. Readers should seek their own financial, tax, legal, regulatory and other advice regarding the appropriateness or otherwise of investing in any investments or pursuing any investment strategies. Investec operates exclusively on an execution only basis.

An investment in any of the investments discussed in this publication may result in some or all of the money invested being lost. Past performance is not a reliable guide to future performance. To the extent that this publication is deemed to contain any forecasts as to the performance of any investments, the reader is warned that forecasts are not a reliable indicator of future performance. The value of any investments can fall as well as rise. Foreign currency denominated investments are subject to fluctuations in exchange rates that may have a positive or adverse effect on the value, price or income of such investments. Certain transactions, including those involving futures, options and other derivative instruments, can give rise to substantial risk and are not suitable for all investors.

The intellectual property rights to the data provided herein are owned by or licensed to S&P Global and/or its affiliates. Any unauthorised use, including but not limited to copying, distributing, transmitting or otherwise of any data appearing is not permitted without S&P Global's prior consent. S&P Global shall not have any liability, duty or obligation for or relating to the content or information ("Data") contained herein, any errors, inaccuracies, omissions or delays in the Data, or for any actions taken in reliance thereon. In no event shall S&P Global be liable for any special, incidental, or consequential damages, arising out of the use of the Data. Purchasing Managers' Index[™] and PMI[®] are either trade marks or registered trade marks of S&P Global Inc or licensed to S&P Global Inc and/or its affiliates.

This Content was published by S&P Global Market Intelligence and not by S&P Global Ratings, which is a separately managed division of S&P Global. Reproduction of any information, data or material, including ratings ("Content") in any form is prohibited except with the prior written permission of the relevant party. Such party, its affiliates and suppliers ("Content Providers") do not guarantee the accuracy, adequacy, completeness, timeliness or availability of any Content and are not responsible for any errors or omissions (negligent or otherwise), regardless of the cause, or for the results obtained from the use of such Content. In no event shall Content Providers be liable for any damages, costs, expenses, legal fees, or losses (including lost income or lost profit and opportunity costs) in connection with any use of the Content.