

Embargoed until 0945 WAT (0845 UTC) 3 April 2023

Stanbic IBTC Bank Nigeria PMI[®]

Downturn deepens in March

Key findings

Sharper falls in output and new orders

Employment down for second month running

Output price inflation at near three-year low

The cash crisis in Nigeria continued to have a severe impact on business conditions in the private sector during March. In fact, output and new orders fell more quickly than in February, while staffing levels and purchasing activity were scaled back again.

While input costs and output prices continued to rise sharply, rates of inflation softened. Output prices increased at the softest pace in almost three years. Meanwhile, suppliers' delivery times shortened after having lengthened in February.

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 42.3 in March from 44.7 in February, moving further below the 50.0 no-change mark and signalling a sharper deterioration in business conditions in the Nigerian private sector. The decline was the most pronounced since the survey began in January 2014, apart from at the time of the outbreak of the COVID-19 pandemic in 2020.

As was the case in February, there were widespread reports from companies that customers were unable to commit to spending given cash shortages. This led to a substantial decline in new business, with the pace of contraction more pronounced than in the previous survey period.

The same picture was seen with regards to business activity, which decreased at a rate only exceeded in April and May 2020. All four broad sectors posted reductions in activity at the end of the first quarter.

Companies reduced staffing levels slightly for the second month running, in part reflecting lower workloads but also due to difficulties paying wages. Lower workforce numbers limited the pace of staff cost inflation, which eased to a marginal rate that was the slowest since January 2021.

Stanbic IBTC Bank Nigeria PMI

sa, >50 = improvement since previous month



Sources: Stanbic IBTC Bank, S&P Global.
Data were collected 10-29 March 2023.

Comment

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

“”

Purchasing activity was also scaled back, falling at the fastest pace since May 2020. In turn, inventory holdings also decreased.

Inflationary pressures eased in March. The pace at which purchase costs increased was the slowest in just under three years, but remained sharp and faster than any seen prior to the pandemic. The same picture was seen with regards to output prices, which rose at the slowest pace since April 2020.

Suppliers' delivery times shortened in March, following a first lengthening in more than five years during February. Quicker deliveries reportedly reflected competition among suppliers.

The cash crisis acted to dampen confidence in the private sector in March, with sentiment the second-lowest in the series history. Where output was predicted to rise, panellists linked this to investment intentions and business expansion plans.

Contact

Muyiwa Oni	Fadeke Awolesi
Head Equity Research, West Africa	Corporate Communications
Stanbic IBTC Bank	Stanbic IBTC Bank
T: +234 (1) 422 8667	T: +234 701 0179 108
muyiwa.oni@stanbicibtc.com	fadeke.awolesi@stanbicibtc.com
Andrew Harker	Sabrina Mayeen
Economics Director	Corporate Communications
S&P Global Market Intelligence	S&P Global Market Intelligence
T: +44 134 432 8196	T: +44 7967 447 030
andrew.harker@spglobal.com	sabrina.mayeen@spglobal.com

If you prefer not to receive news releases from S&P Global, please email katherine.smith@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@ihsmarkit.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. ihsmarkit.com/products/pmi.html

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 registered trade marks of Markit Economics Limited or licensed to Markit Economics Limited 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.