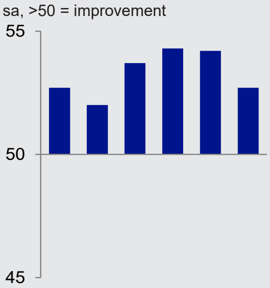
Stanbic IBTC Bank Nigeria PMI®

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

52.7

NIGERIA PMI
MAY '25

PMI
Dec '24 - May '25
sa, >50 = improvement



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

Stanbic IBTC Bank Nigeria PMI
sa, >50 = improvement since previous month

PMI by S&P Global

NATIONAL BUREAU OF STATISTICS

The Nigeria PMI is endorsed and adopted by NBS.

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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 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.

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.

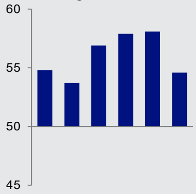
Nigeria's business condition is on course to end Q2:25 on a positive momentum, albeit relatively weaker than witnessed in Q1:25. This is as currency weakness, higher raw material costs, and increased transport prices have been more pronounced than seen in Q1:25. However, as inflation is expected to remain 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."

Output and demand

Output

Business activity increased for the sixth successive month in May on the back of rising sales and higher customer numbers. The rate of expansion was marked, but eased to the weakest since January. Output rose across the four broad sectors covered by the survey, with growth most pronounced in wholesale & retail and manufacturing.

Output Index
Dec '24 - May '25
sa, >50 = growth

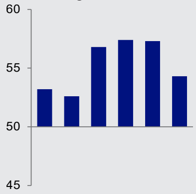


Output Index
sa, >50 = growth since previous month

New orders

In line with the picture for output, new orders increased at a solid but reduced pace in May. Those respondents that saw new business rise linked this to improving customer demand, boosted in some cases by new product launches. On the other hand, some firms signalled a softening of market conditions. New orders have now increased in each of the past seven months.

New Orders Index
Dec '24 - May '25
sa, >50 = growth

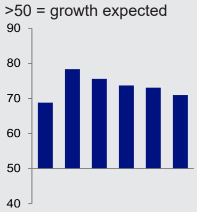


New Orders Index
sa, >50 = growth since previous month

Business expectations

Business confidence dipped for the fourth consecutive month in May and was the lowest in 2025 so far. As such, the level of sentiment was one of the weakest on record. That said, companies remained optimistic overall that output will increase over the coming 12 months, with confidence linked to business expansion plans, marketing activity and restocking. Around 42% of panellists predicted that business activity will rise over the coming year.

Future Output Index
Dec '24 - May '25
>50 = growth expected



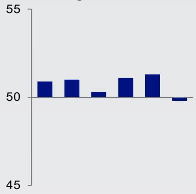
Future Output Index
>50 = growth expected over next 12 months

Employment and capacity

Employment Index

Dec '24 - May '25

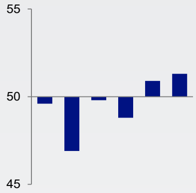
sa, >50 = growth



Backlogs of Work Index

Dec '24 - May '25

sa, >50 = growth

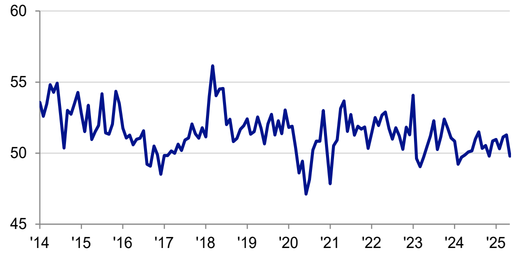


Employment

Staffing levels decreased for the first time in six months during May, albeit marginally. While some firms hired additional workers in response to greater new business, others reported that difficulties paying staff had led them to resign. Employment increased in manufacturing and services, but decreased in agriculture and wholesale & retail.

Employment Index

sa, >50 = growth since previous month

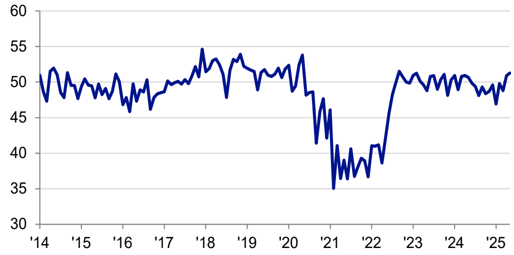


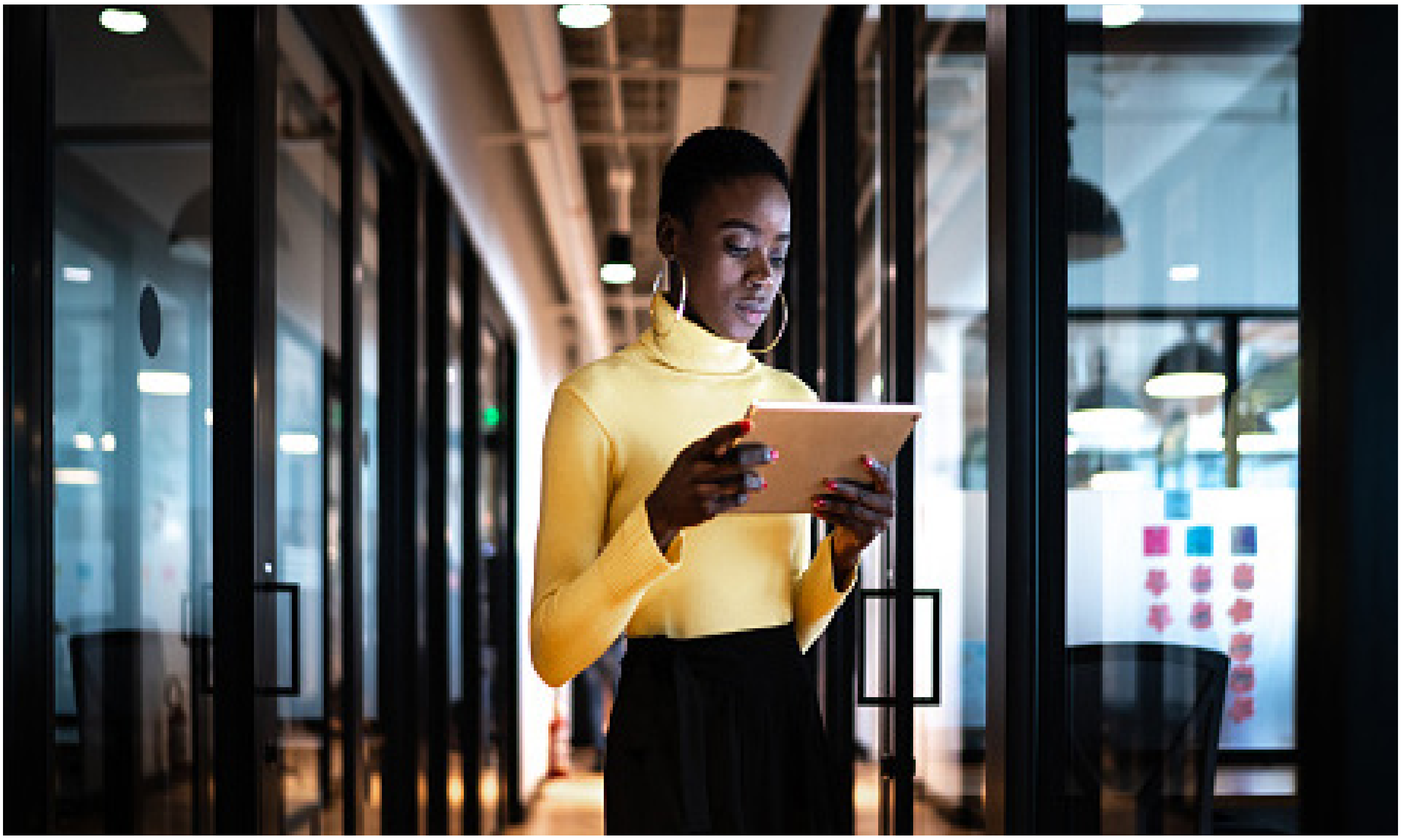
Backlogs of work

Nigerian companies recorded a second successive increase in backlogs of work during May. A number of firms indicated that projects were on hold waiting for further payments from customers. Shortages of machinery, materials and staff also reportedly contributed to the accumulation of outstanding business, which was the most pronounced since February 2023.

Backlogs of Work Index

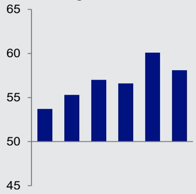
sa, >50 = growth since previous month



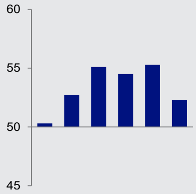


Purchasing and inventories

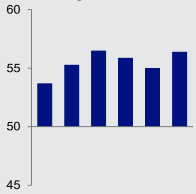
Quantity of Purchases Index
Dec '24 - May '25
sa, >50 = growth



Suppliers' Delivery Times Index
Dec '24 - May '25
sa, >50 = faster times



Stocks of Purchases Index
Dec '24 - May '25
sa, >50 = growth



Quantity of purchases

The need to respond to current and future requirements from customers meant that companies continued to expand their purchasing activity midway through the second quarter. Input buying increased for the sixth month running, and at a marked pace that was only slightly slower than that seen in April.

Quantity of Purchases Index
sa, >50 = growth since previous month

Suppliers' delivery times

Although suppliers' delivery times continued to shorten during May, the latest improvement in vendor performance was the least pronounced in 2025 so far. Where lead times shortened, panellists reported competition among suppliers and prompt payments. On the other hand, some respondents noted delays caused by poor road conditions.

Suppliers' Delivery Times Index
sa, >50 = faster times since previous month

Stocks of purchases

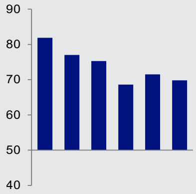
May data pointed to a further marked increase in stocks of purchases, with the rate of accumulation quickening to a three-month high. Inventories have risen in each month since December 2024. Panellists reported that stockbuilding was due both to current output requirements and to prepare for future customer requests.

Stocks of Purchases Index
sa, >50 = growth since previous month

Input Prices Index

Dec '24 - May '25

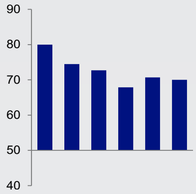
sa, >50 = inflation



Purchase Prices Index

Dec '24 - May '25

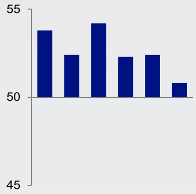
sa, >50 = inflation



Staff Costs Index

Dec '24 - May '25

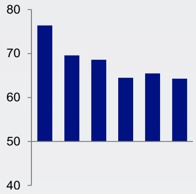
sa, >50 = inflation



Output Prices Index

Dec '24 - May '25

sa, >50 = inflation



Prices

Input prices

Overall input costs continued to increase rapidly during May, with the pace of inflation remaining well above the series average. This was despite the latest rise being slightly weaker than that seen in April. Overall input prices increased sharply across all four monitored sectors, led by wholesale & retail.

Input Prices Index

sa, >50 = inflation since previous month

Purchase prices

The rate of purchase cost inflation ticked down in May, but remained elevated. Panellists reported higher raw material prices, often exacerbated by currency weakness, plus rising transportation costs. More than 37% of respondents signalled a rise in purchase prices, against 1% that posted a fall.

Purchase Prices Index

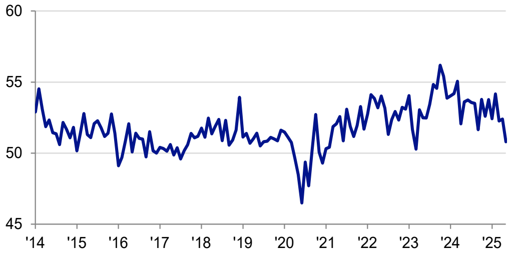
sa, >50 = inflation since previous month

Staff costs

Although staff costs continued to increase during May, the pace of inflation softened to a 26-month low and was only marginal. Where wages rose, panellists linked this to cost of living payments and efforts to motivate staff. That said, a drop in employment acted to limit the pace of staff cost inflation.

Staff Costs Index

sa, >50 = inflation since previous month



Output prices

The pace of output price inflation eased to a two-year low in May, but remained sharp and above the series average. According to respondents, higher charges reflected the pass through of rising purchase costs to customers. That said, some firms indicated that they had lowered charges in order to attract customers.

Output Prices Index

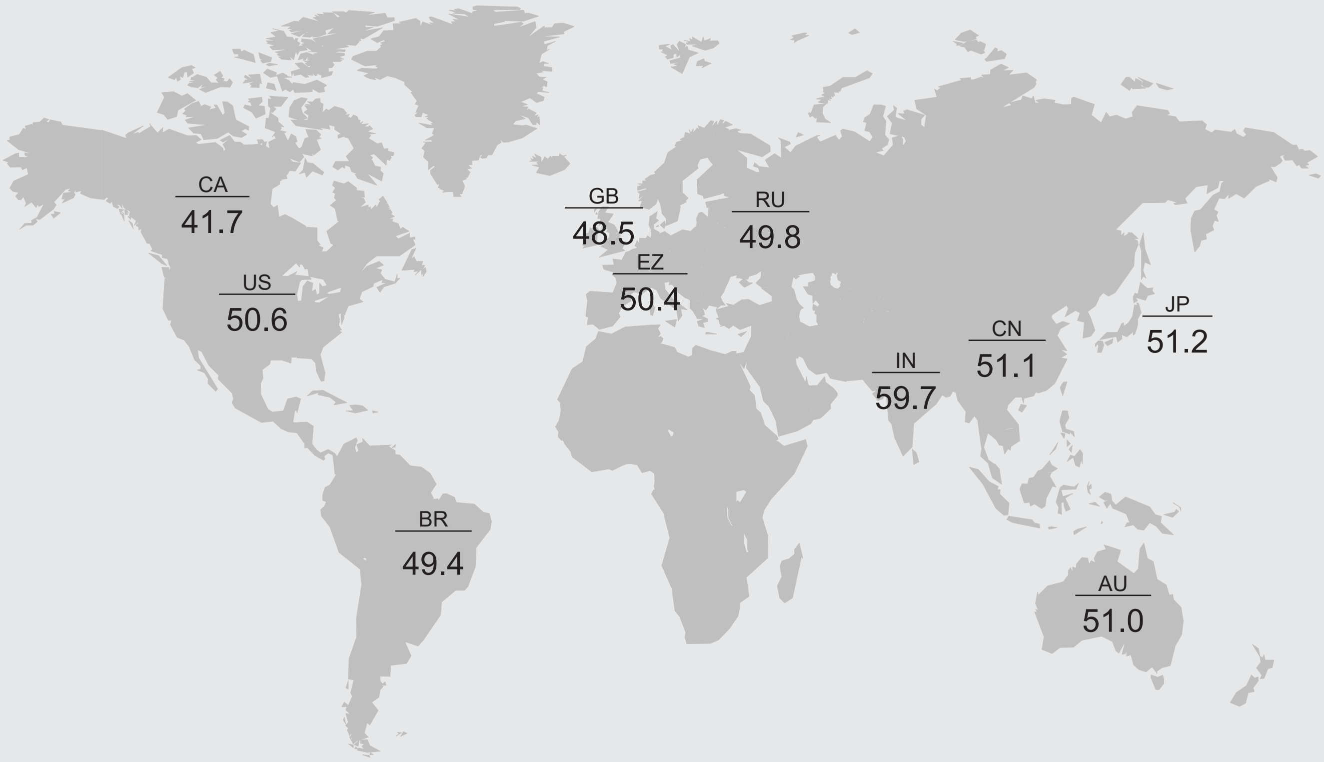
sa, >50 = inflation since previous month

International PMI

Composite Output Index, Apr '25

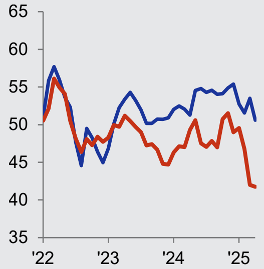
sa, >50 = growth since previous month

The Composite Output Index is a GDP-weighted average of the Manufacturing Output Index and the Services Business Activity Index.

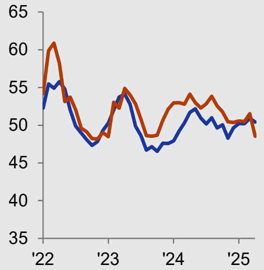


Composite Output Index

USA
Canada
sa, >50 = growth



Eurozone
UK
sa, >50 = growth

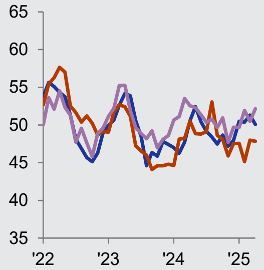


Russia
sa, >50 = growth

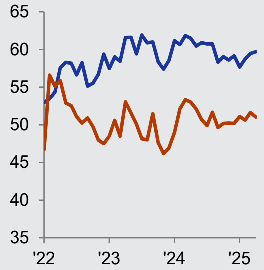
China
sa, >50 = growth

Brazil
sa, >50 = growth

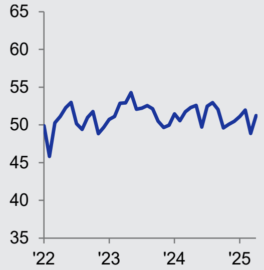
Germany
Italy
France
sa, >50 = growth



India
Australia
sa, >50 = growth



Japan
sa, >50 = growth



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.

Survey dates

Data were collected 12-28 May 2025.

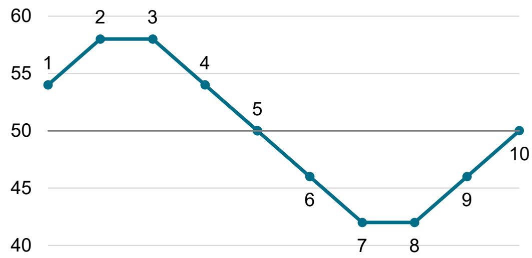
Survey questions
Private sector

Output	Suppliers' Delivery Times
New Orders	Stocks Of Purchases
New Export Orders	Input Prices
Future Output	Purchase Prices
Employment	Staff Costs
Backlogs Of Work	Output Prices
Quantity Of Purchases	

Index calculation

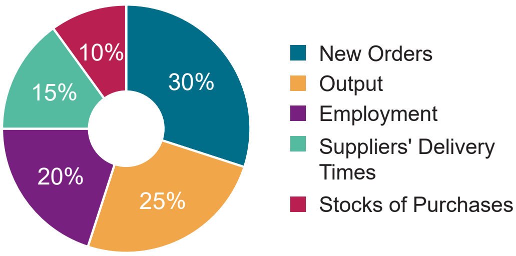
% "Higher" + (% "No change")/2

Index interpretation
50.0 = no change since previous month



1 Growth	6 Decline, from no change
2 Growth, faster rate	7 Decline, faster rate
3 Growth, same rate	8 Decline, same rate
4 Growth, slower rate	9 Decline, slower rate
5 No change, from growth	10 No change, from decline

PMI component weights



Sector coverage
PMI data include responses from companies operating in sectors classified according to the following ISIC Rev.4 codes:

A	Agriculture, Forestry and Fishing	K	Financial and Insurance Activities
B	Mining and Quarrying	M	Professional, Scientific and Technical Activities
C	Manufacturing	N	Administrative and Support Service Activities
F	Construction	P	Education*
G	Wholesale and Retail Trade; Repair of Motor Vehicles and Motorcycles	Q	Human Health and Social Work Activities*
H	Transportation and Storage	R	Arts, Entertainment and Recreation
I	Accommodation and Food Service Activities	S	Other Service Activities
J	Information and Communication	*Private sector	

The Nigeria PMI is endorsed and adopted by NBS.

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About Stanbic IBTC Bank
Stanbic IBTC Bank is a subsidiary of Stanbic IBTC Holdings Plc, a full service financial services group with a clear focus on three main business pillars - Corporate and Investment Banking, Personal and Business Banking and Wealth Management. Standard Bank Group, to which Stanbic IBTC Holdings belongs, is rooted in Africa with strategic representation in 20 key sub-Saharan countries and other emerging markets; Standard Bank has been in operation for over 151 years and is focused on building first-class on-the-ground banks in chosen countries in Africa and connecting other selected emerging markets to Africa and to each other.

About S&P Global
S&P Global (NYSE: SPGI) S&P Global provides essential intelligence. We enable governments, businesses and individuals with the right data, expertise and connected technology so that they can make decisions with conviction. From helping our customers assess new investments to guiding them through ESG and energy transition across supply chains, we unlock new opportunities, solve challenges and accelerate progress for the world.

We are widely sought after by many of the world's leading organizations to provide credit ratings, benchmarks, analytics and workflow solutions in the global capital, commodity and automotive markets. With every one of our offerings, we help the world's leading organizations plan for tomorrow, today.
www.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.
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