

News Release

Purchasing Managers' Index™
MARKET SENSITIVE INFORMATION
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Stanbic Bank Zambia PMI™

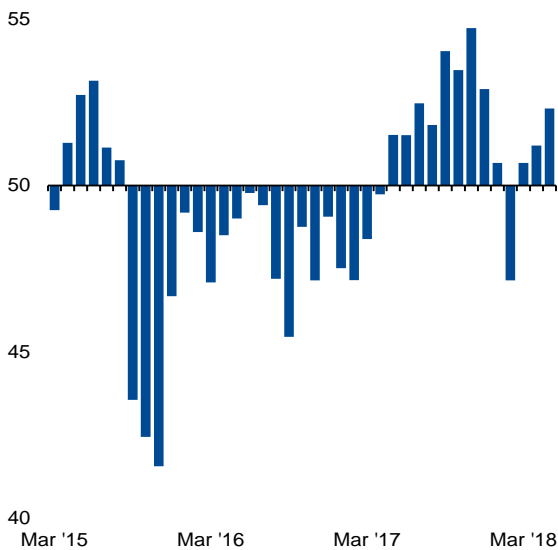
Record rise in new business

Data collected May 11-24

- Headline PMI signals further improvement in business conditions
- New orders rise at fastest pace observed since survey's inception
- Inflationary pressures evident

Stanbic Bank Zambia PMI

sa, 50 = no change on previous month



Sources: Stanbic Bank, IHS Markit.

The latest PMI reading signalled an overall improvement in the health of the Zambian private sector during May. A record increase in new orders underpinned stronger market conditions, with firms reporting a subsequent rise in business activity. Furthermore, both purchasing activity and stock levels rose. On the other hand, businesses reduced their staffing levels mid-quarter. Supplier delivery times meanwhile shortened at the fastest pace observed across the survey's 39-month history.

Elsewhere, price pressures mounted with both purchase prices and average staff costs rising. Consequently, output prices increased at an accelerated, though modest, pace.

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.

Commenting on May's survey findings, Victor Chileshe, Head of Global Markets at Stanbic Bank said:

"Improvements in business conditions in May were yet again underpinned by a record increase in new business. As we had indicated in April, there has been a rise in input prices in May. The rise was the fastest in four months. This rise has modestly influenced the modest increase in selling prices. Pressure on the local unit subsists. As such, it is reasonable to expect continued inflationary pressure on both input and output prices."

The main findings of the May survey were as follows:

At 52.3 in May, up from 51.2 in April, the headline figure signalled a sustained improvement in the health of the Zambian private sector. In fact, the extent to which business conditions strengthened was the greatest observed in 2018 so far. The PMI has now registered in expansion territory for three consecutive months.

Business activity rose for the second month in succession during May, and at an accelerated pace. Furthermore, the pace of output growth was the fastest since November. Panel members largely attributed the latest expansion to stronger demand.

Expansions in the customer base led to larger volumes of new orders during May. In fact, the rate of increase was substantial and the most marked since the survey's inception.

Purchasing activity and stock levels rose accordingly. Businesses stated that higher demand and efforts to increase output were factors influencing the respective expansions.

Despite the increase in new business, firms reduced their workforce numbers mid-quarter. May data marked the second decline in three months, although the rate of job shedding was only marginal.

Meanwhile, May saw cost pressures return in the Zambian private sector, following a reduction in the prior survey period. Both purchase prices and staff costs contributed to the overall rise in input prices. Higher fuel prices and stronger demand were behind higher costs, according to panel members.

In response to the rise in input costs, Zambian private sector firms reported an increase in average selling prices mid-quarter, though the pace of inflation was only modest.

-Ends-

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Note to Editors:

The Stanbic Bank Zambia Purchasing Managers' Index™ is based on data compiled from monthly replies to questionnaires sent to purchasing executives in approximately 400 private sector companies, which have been carefully selected to accurately represent the true structure of the Zambian economy, including agriculture, construction, industry, services and wholesale & retail. The panel is stratified by GDP and company workforce size. Survey responses reflect the change, if any, in the current month compared to the previous month based on data collected mid-month. For each of the indicators the 'Report' shows the percentage reporting each response, the net difference between the number of higher/better responses and lower/worse responses, and the summary unadjusted and seasonally adjusted values. The unadjusted summary value is calculated as the sum of the positive responses plus a half of those responding 'the same'.

The Purchasing Managers' Index™ (PMI™) is a composite index based on five of the individual sub-components with the following weights: New Orders - 0.3, Output - 0.25, Employment - 0.2, Suppliers' Delivery Times - 0.15, Stock of Items Purchased - 0.1, with the Suppliers' Delivery Times sub-component inverted so that it moves in a comparable direction.

The headline PMI and individual summary values for each question have the properties of leading indicators and are convenient summary measures showing the prevailing direction of change. A reading above 50 indicates an overall increase in that variable, below 50 an overall decrease. IHS Markit do not revise underlying survey data after first publication, but seasonal adjustment factors may be revised from time to time as appropriate which will affect the seasonally adjusted data series.

Historical data relating to the underlying (unadjusted) numbers, first published seasonally adjusted series and subsequently revised data are available to subscribers from IHS Markit. Please contact economics@ihsmarkit.com.

About Stanbic Bank Zambia Limited

Stanbic Bank Zambia Limited is part of the Standard Bank Group, Africa's largest bank by assets. The Standard Bank Group, with strong African roots and leader in emerging markets, has on-the-ground representation in 20 African countries

Stanbic Bank Zambia Limited is the largest bank in Zambia by balance sheet, offering a full range of banking and related financial services. The Bank is well capitalized and its capital position is above the regulatory minimum.

The Bank which has more than 60 years' operating experience has a huge network of branches countrywide offering full spectrum of financial services from retail to corporate and investment banking

Our strategy is to be the leading financial services organisation in, for and across Zambia, delivering exceptional client experiences and superior value. We believe we can achieve this as Zambia is our home, we drive her growth. The Bank has been an integral part of the Zambian economy and is a leading player in the country's financial services sector.

<http://www.stanbicbank.co.zm/>

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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. To learn more go to <https://ihsmarkit.com/products/pmi.html>.

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