



# Stanbic Bank Zambia PMI™

## Output returns to growth in September

### Key findings

Currency improvements support stronger business conditions

Input costs fall for first time in a year

Renewed expansion in new orders

### Zambia PMI



Zambian companies signalled an improvement in business conditions during September as output and new orders returned to growth. An appreciation of the kwacha helped lead to a drop in input costs which was passed on to customers via lower output prices, thereby helping to support demand. Firms also expanded their employment and purchasing activity at the end of the third quarter.

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 moved back above the 50.0 no-change mark in September, posting 50.5 from 50.0 in August. The latest reading signalled a marginal improvement in business conditions for the second time in the past three months.

An appreciation of the Zambian kwacha against the US dollar in September was key to the strengthening of operating conditions over the month.

Favourable exchange rate movements helped lead to a first reduction in purchase costs for ten months, in turn feeding through to lower overall input prices. With input costs down over the month, companies also lowered their own selling prices, ending a seven-month sequence of inflation.

Price reductions helped to stimulate customer demand, leading to a renewed increase in new orders during September. The rise was the second in the past three months, albeit only marginal.

A similar picture was seen for business activity, which also increased slightly following a fall in August. Output rose in the construction and services sectors, but decreased elsewhere.

With new orders rising, firms signalled a further accumulation in backlogs of work. There were also some reports of difficulties securing sufficient funding to complete projects. Outstanding business increased for the ninth month running.

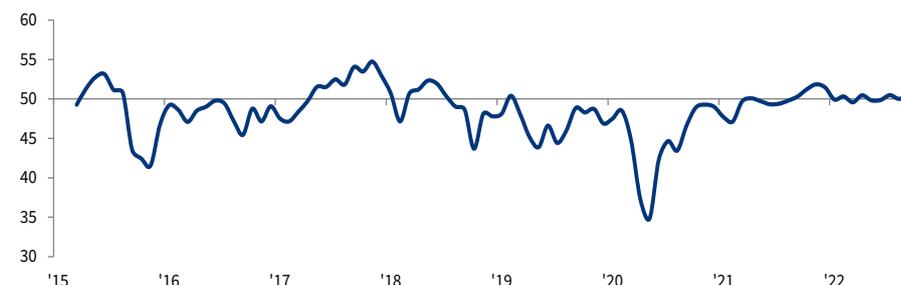
Efforts to keep on top of workloads and replace departed staff led to a sixth successive increase in employment during September. Rising workforce numbers meant that staff costs continued to increase.

As has been the case throughout the past year, purchasing activity expanded at the end of the third quarter, with companies also increasing their inventory holdings, in part due to greater affordability of inputs. Meanwhile, suppliers' delivery times continued to lengthen amid reports of shipping delays.

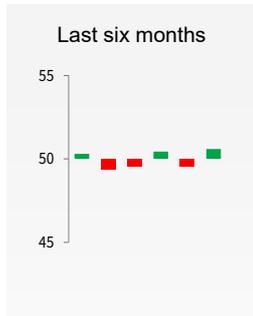
Finally, improvements in the exchange rate and wider economic conditions supported confidence among firms that output will increase over the coming year.

### PMI

sa, >50 = improvement since previous month



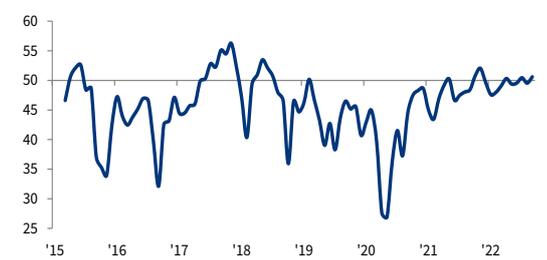
## Output Index



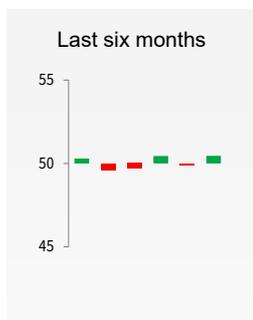
Business activity in the Zambian private sector returned to growth in September, rising for the second time in the past three months. Respondents linked higher output to rising new orders and increased customer footfall, while there were also mentions of the positive impact of currency appreciation. That said, the rate of expansion was only marginal. The construction and services sectors posted increases in activity, while falls were seen in agriculture, manufacturing and wholesale & retail.

Output Index

sa, >50 = growth since previous month



## New Orders Index



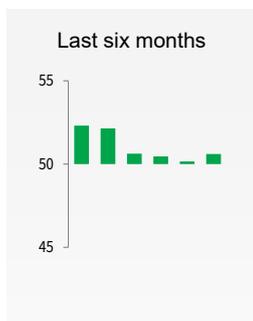
Mirroring the trend in business activity, new orders increased in September following a fractional decline in August. New business was up slightly over the month, with firms often attributing growth to a strengthening of the kwacha and price reductions. Growth was recorded across the construction and services categories.

New Orders Index

sa, >50 = growth since previous month



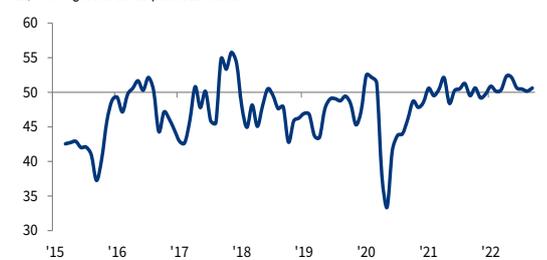
## Backlogs of Work Index



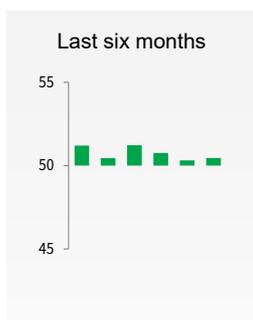
Renewed growth of new orders imparted some pressure on capacity in the Zambian private sector during September. Meanwhile, some firms reported having struggled to secure sufficient funds to be able to complete projects. As a result, backlogs of work increased for the ninth consecutive month, albeit only marginally.

Backlogs of Work Index

sa, >50 = growth since previous month



## Employment Index



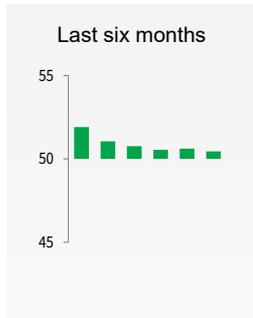
Zambian companies expanded staffing levels for the sixth month running during September. The rate of job creation remained slight, but ticked up from that seen in August. Rising employment reflected the replacement of departed staff and a response to greater workloads.

Employment Index

sa, >50 = growth since previous month



## Quantity of Purchases Index



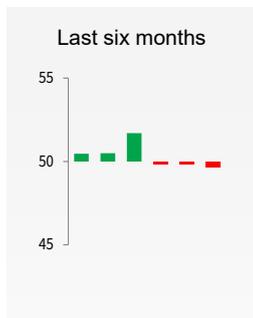
Purchasing activity increased at the end of the third quarter, thereby extending the current sequence of expansion to 12 months. That said, the latest rise was only marginal and the softest since March. Panellists often linked higher input buying to improving customer demand, with some mentioning the need to purchase additional stationery.

Quantity of Purchases Index

sa, >50 = growth since previous month



## Suppliers' Delivery Times Index



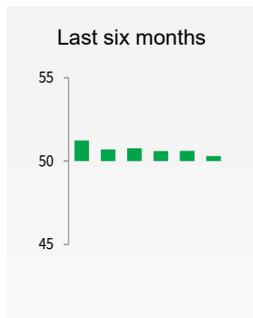
As has been the case throughout the past three months, suppliers' delivery times lengthened in September, albeit marginally. Respondents indicated that shipping delays and hold-ups at ports were behind the latest instance of lengthening lead times.

Suppliers' Delivery Times Index

sa, >50 = faster times since previous month



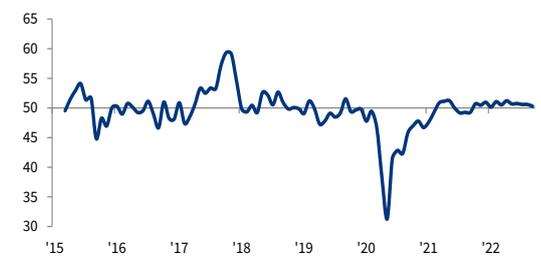
## Stocks of Purchases Index



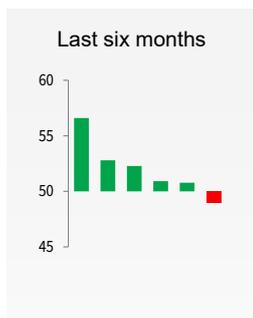
A more favourable exchange rate encouraged companies to increase their stocks of purchases during September, with some firms also building inventories in response to higher demand. The latest rise in stocks of purchases extended the current sequence of monthly accumulation to one year, but was only slight.

Stocks of Purchases Index

sa, >50 = growth since previous month



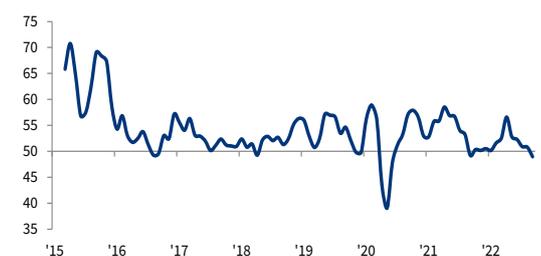
## Overall Input Prices Index



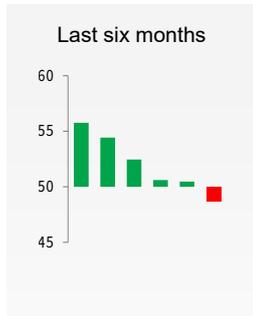
Overall input prices decreased in September, thereby ending an 11-month sequence of inflation. Underlying data suggested that the reduction in total input costs was centred on purchase prices, while staff costs continued to rise. Four of the five monitored sectors saw their overall input prices fall over the month, the exception being services.

Overall Input Prices Index

sa, >50 = inflation since previous month



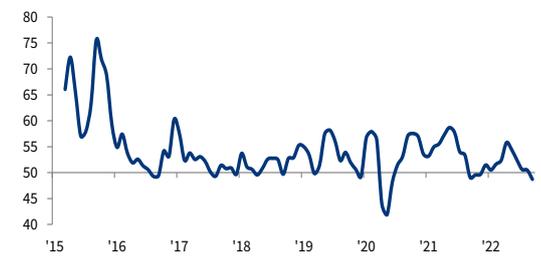
## Purchase Prices Index



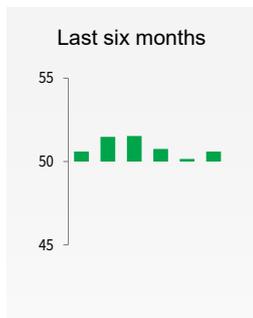
An appreciation of the kwacha against the US dollar was the principal factor leading to a drop in purchase costs in the Zambian private sector during September, the first in ten months. Although modest, the fall was the most marked since June 2020.

Purchase Prices Index

sa, >50 = inflation since previous month



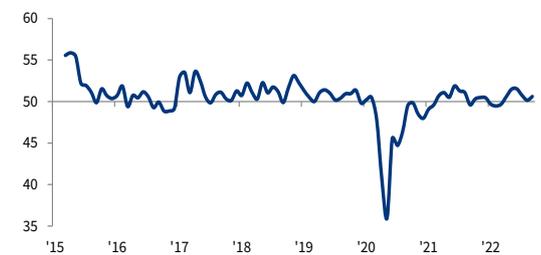
## Staff Costs Index



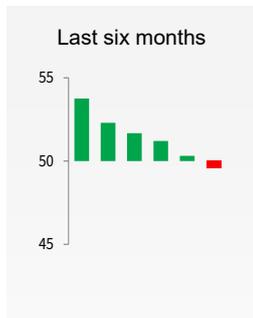
Zambian companies signalled a further rise in staff costs in September, the sixth in as many months. The rate of inflation remained muted, but quickened from that seen in August. Wage bills increased in line with sustained rises in staffing levels.

Staff Costs Index

sa, >50 = inflation since previous month



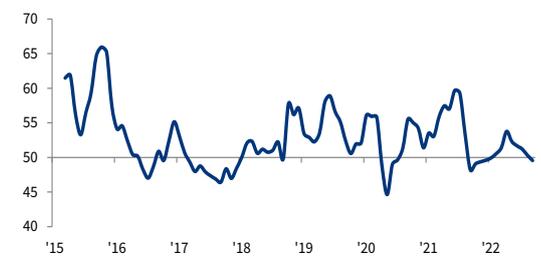
## Output Prices Index



The reduction in input costs related to currency appreciation enabled companies to lower their own selling prices at the end of the third quarter. Charges decreased slightly, thereby ending a seven-month sequence of inflation. Wholesale & retail was the only monitored sector to register a rise in selling prices.

Output Prices Index

sa, >50 = inflation since previous month



## Future Output Index



Business confidence ticked up to a three-month high in September, with 16% of respondents predicting a rise in activity over the coming year. Improving economic conditions and exchange rate stability were central to positive forecasts. The strongest optimism was signalled in the construction and services sectors.

Future Output Index

>50 = growth expected over next 12 months

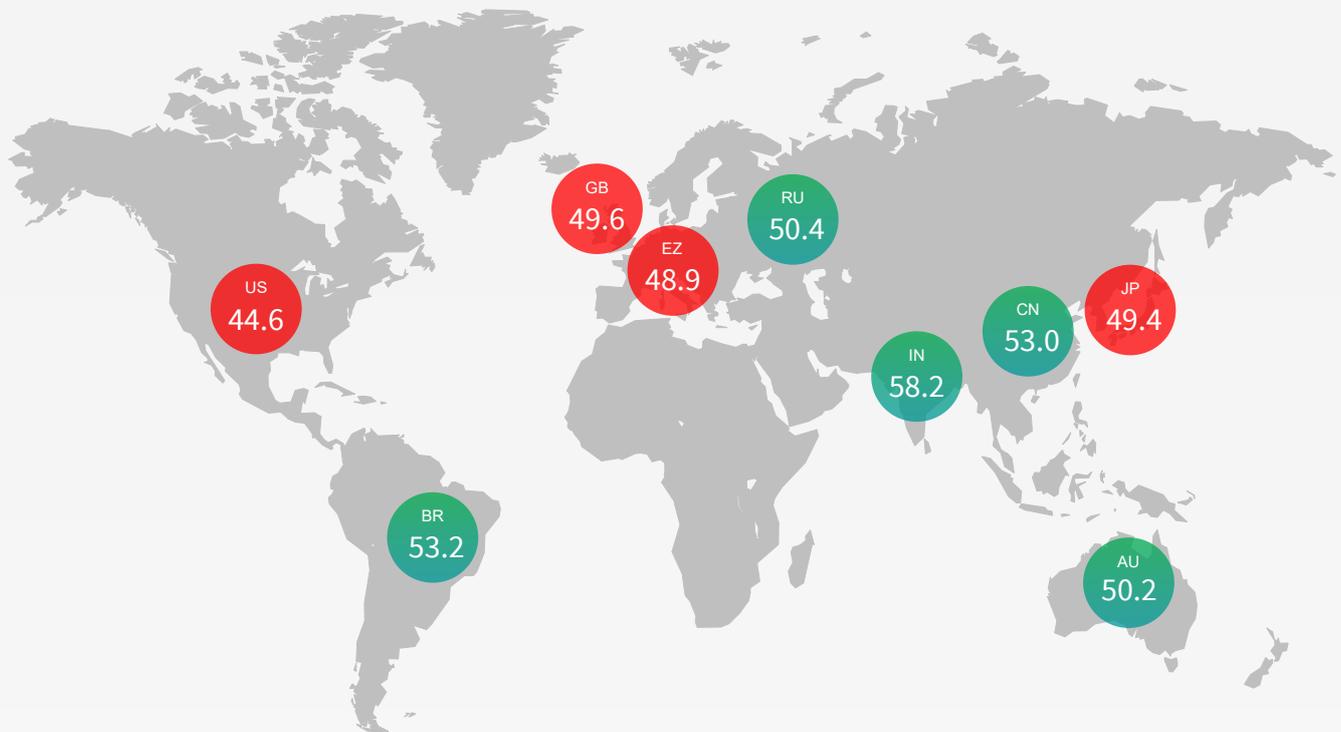


## International PMI

### Composite Output Index, Aug '22

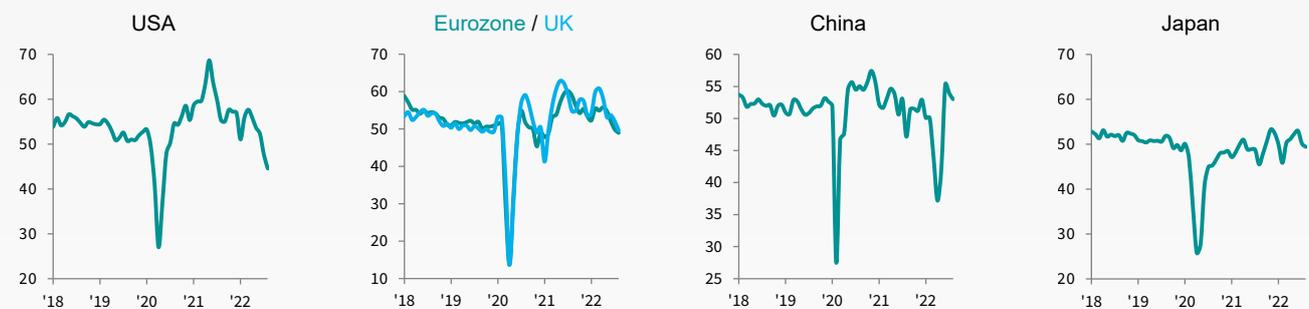
sa, >50 = growth since previous month

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



### Composite Output Index

sa, >50 = growth since previous month



## Methodology

The Stanbic Bank Zambia 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.

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.

September data were collected 12-26 September 2022.

For further information on the PMI survey methodology, please contact [economics@ihsmarkit.com](mailto: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](https://ihsmarkit.com/products/pmi.html).

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# PMI™

by **S&P Global**

## About Stanbic Bank

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>

## 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.