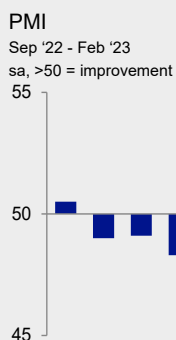


# Stanbic Bank Zambia PMI™

## Business activity rises at fastest pace since May 2018

# 51.3

ZAMBIA PMI  
FEB '23



Sharper increases in output and new orders

Employment down amid cost considerations

Purchase cost inflation steepest since December 2016

February data pointed to building growth momentum in the Zambian private sector, with output and new orders each increasing at sharper rates. In turn, companies raised their purchasing activity, but employment was scaled back slightly due to cost considerations. Indeed, purchase prices increased at the fastest pace in more than six years, largely reflecting currency weakness.

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 rose to 51.3 in February, up from 50.6 in January and signalling a second successive monthly strengthening of business conditions in the private sector. The improvement was modest but the most pronounced since December 2021.

Business activity expanded solidly in February, rising for the second month in a row and at the fastest pace since May 2018. Growth was signalled across four of the five monitored sectors, the exception being wholesale & retail.

According to respondents, improving demand and higher customer numbers contributed to the increase in output, with new order volumes also benefitting from the securing of new customers. As was the case with activity, new orders rose for the second consecutive month. The rate of expansion was at a one-year high.

Companies responded to higher new orders by increasing their purchasing activity. The rise was slight, but the sharpest in nine months. Purchased items were often used directly to support output growth, meaning that stocks of inputs decreased.

Employment was also down in February, following a slight rise in January. Where a fall in staffing levels

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



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was recorded, this was often linked to cost considerations.

There were signs of cost pressures intensifying during the month, particularly with regards to purchases. Purchase prices increased at the fastest pace since December 2016. Currency depreciation was the main factor leading purchase costs to increase, while there were also mentions of higher fuel prices.

Staff costs were also up, rising for the eleventh successive month. The rate of inflation quickened, but remained modest. Panellists often linked higher wages to increasing living costs.

With input prices increasing at a much

sharper pace, companies raised their own selling prices accordingly. The rate of output charge inflation hit a 19-month high, with prices up across each of the five broad sectors covered by the survey.

Suppliers' delivery times lengthened marginally, with respondents pointing to logistical difficulties at suppliers. This followed a slight improvement in vendor performance in January.

Business confidence was unchanged from the previous survey period. Close to 30% of respondents predicted a rise in output over the coming year, often linked to optimism around the prospects for the wider Zambian economy.



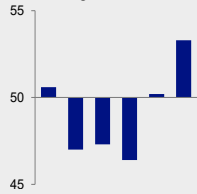
**PMI™**

by **S&P Global**

## Output and demand

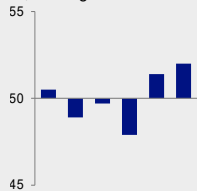
### Output Index

Sep '22 - Feb '23  
sa, >50 = growth



### New Orders Index

Sep '22 - Feb '23  
sa, >50 = growth



### Output

Zambian companies increased their business activity for the second successive month in February. Moreover, the rate of growth was solid and the sharpest since May 2018. Respondents indicated that improving demand and higher customer numbers had contributed to the expansion in output. Four of the five monitored sectors posted increases in activity, the exception being wholesale & retail.

### Output Index

sa, >50 = growth since previous month



### New orders

The securing of new customers enabled companies to record a second consecutive increase in new business during February. The rise was modest, but quickened slightly to the fastest for a year.

### New Orders Index

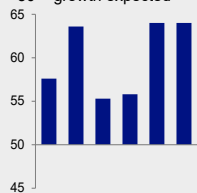
sa, >50 = growth since previous month



## Business expectations

### Future Output Index

Sep '22 - Feb '23  
>50 = growth expected



The degree of optimism regarding the year-ahead outlook for business activity was unchanged in February, with close to 30% of respondents predicting an increase. A number of firms indicated that they were optimistic about the prospects for the wider Zambian economy, thereby fuelling confidence in new order inflows and business activity.

### Future Output Index

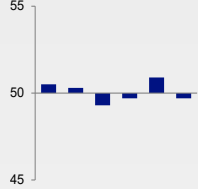
>50 = growth expected over next 12 months



## Employment and capacity

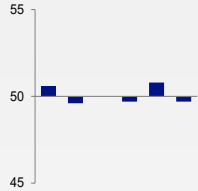
### Employment Index

Sep '22 - Feb '23  
sa, >50 = growth



### Backlogs of Work Index

Sep '22 - Feb '23  
sa, >50 = growth



### Employment

Employment ticked down in February, following a slight increase in January. Staffing levels have now fallen in three of the past four survey periods. While some companies expanded workforce numbers in line with higher workloads, this was outweighed by those firms that scaled back employment due to cost considerations.

### Backlogs of work

Although new orders increased again in February, the uplift in business activity over the month meant that firms were able to keep on top of workloads. Outstanding business decreased marginally, following a slight accumulation in January.

### Employment Index

sa, >50 = growth since previous month



### Backlogs of Work Index

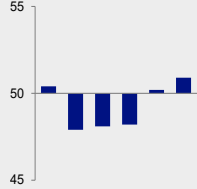
sa, >50 = growth since previous month



# Purchasing and inventories

## Quantity of Purchases Index

Sep '22 - Feb '23  
sa, >50 = growth



## Quantity of purchases

Zambian companies responded to higher new orders by expanding their purchasing activity midway through the first quarter of the year. Input buying was up for the second month running. While only slight, the rate of expansion quickened to the fastest since May last year.

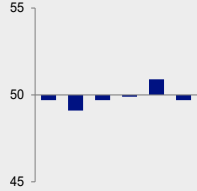
## Quantity of Purchases Index

sa, >50 = growth since previous month



## Suppliers' Delivery Times Index

Sep '22 - Feb '23  
sa, >50 = faster times



## Suppliers' delivery times

February data pointed to a slight lengthening of suppliers' delivery times, which panellists often linked to logistical difficulties at vendors. The deterioration in supplier performance followed a first improvement in seven months in the previous survey period.

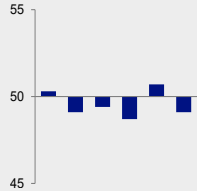
## Suppliers' Delivery Times Index

sa, >50 = faster times since previous month



## Stocks of Purchases Index

Sep '22 - Feb '23  
sa, >50 = growth



## Stocks of purchases

Stocks of purchases decreased for the fourth time in the past five months during February, with a modest decline reversing a slight expansion posted in January. The fall in inventories was recorded in spite of a rise in purchasing activity, suggesting that bought inputs were used directly to support growth of output.

## Stocks of Purchases Index

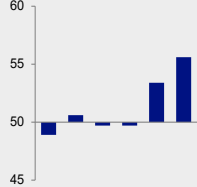
sa, >50 = growth since previous month



# Prices

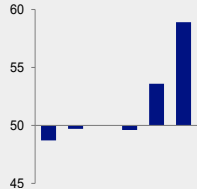
## Input Prices Index

Sep '22 - Feb '23  
sa, >50 = inflation



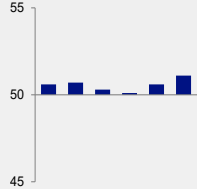
## Purchase Prices Index

Sep '22 - Feb '23  
sa, >50 = inflation



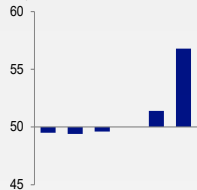
## Staff Costs Index

Sep '22 - Feb '23  
sa, >50 = inflation



## Output Prices Index

Sep '22 - Feb '23  
sa, >50 = inflation



## Input prices

Companies in Zambia registered a second successive monthly increase in input prices during February. Moreover, the rate of inflation was marked, having quickened to a ten-month high. Sector data signalled that the agriculture and construction categories saw the most pronounced inflationary pressures.

## Purchase prices

The rate of purchase price inflation accelerated sharply in February and was the strongest since December 2016. A depreciation of the kwacha against the US dollar was the main factor leading to higher purchase costs, according to respondents, while rising fuel prices were also mentioned. One-in-five panellists recorded an increase in purchase prices, while just 1% saw them decrease.

## Staff costs

Staff costs continued to increase midway through the first quarter of the year, thereby extending the current sequence of inflation to 11 months. The latest rise was slight, but the fastest since June last year and above the series average. According to respondents, increased living costs was the main factor leading firms to raise wages.

## Output prices

In line with the ramping up of input cost inflation, output prices also increased at a much sharper pace during February as companies passed higher prices through to their customers. Charges were up sharply and to the greatest extent in just over a year-and-a-half. Selling prices rose across all five monitored sectors, with agriculture posting the sharpest pace of inflation.

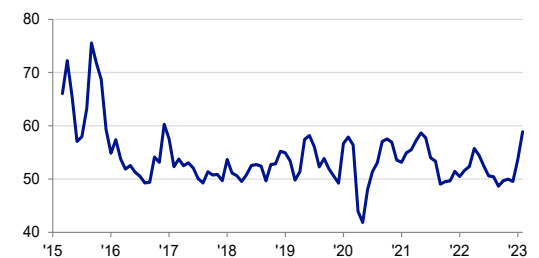
## Input Prices Index

sa, >50 = inflation since previous month



## Purchase Prices Index

sa, >50 = inflation since previous month



## Staff Costs Index

sa, >50 = inflation since previous month



## Output Prices Index

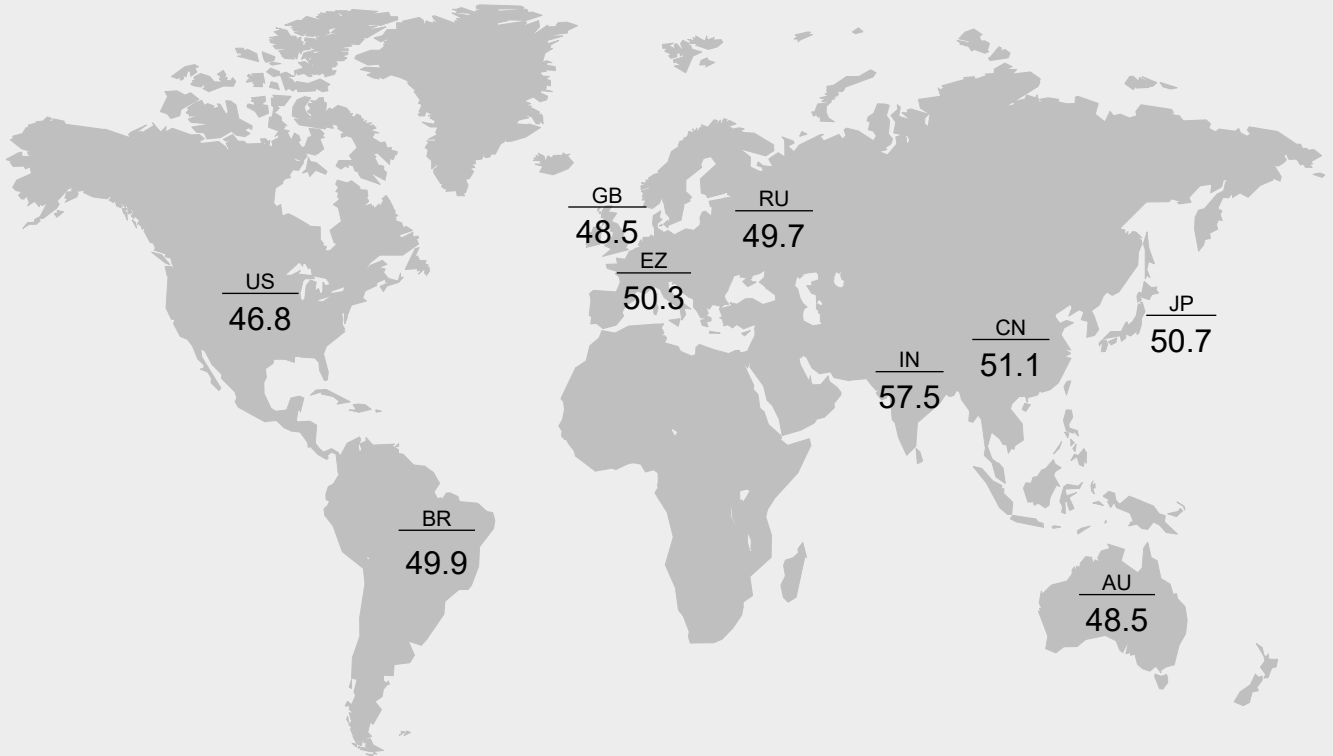
sa, >50 = inflation since previous month



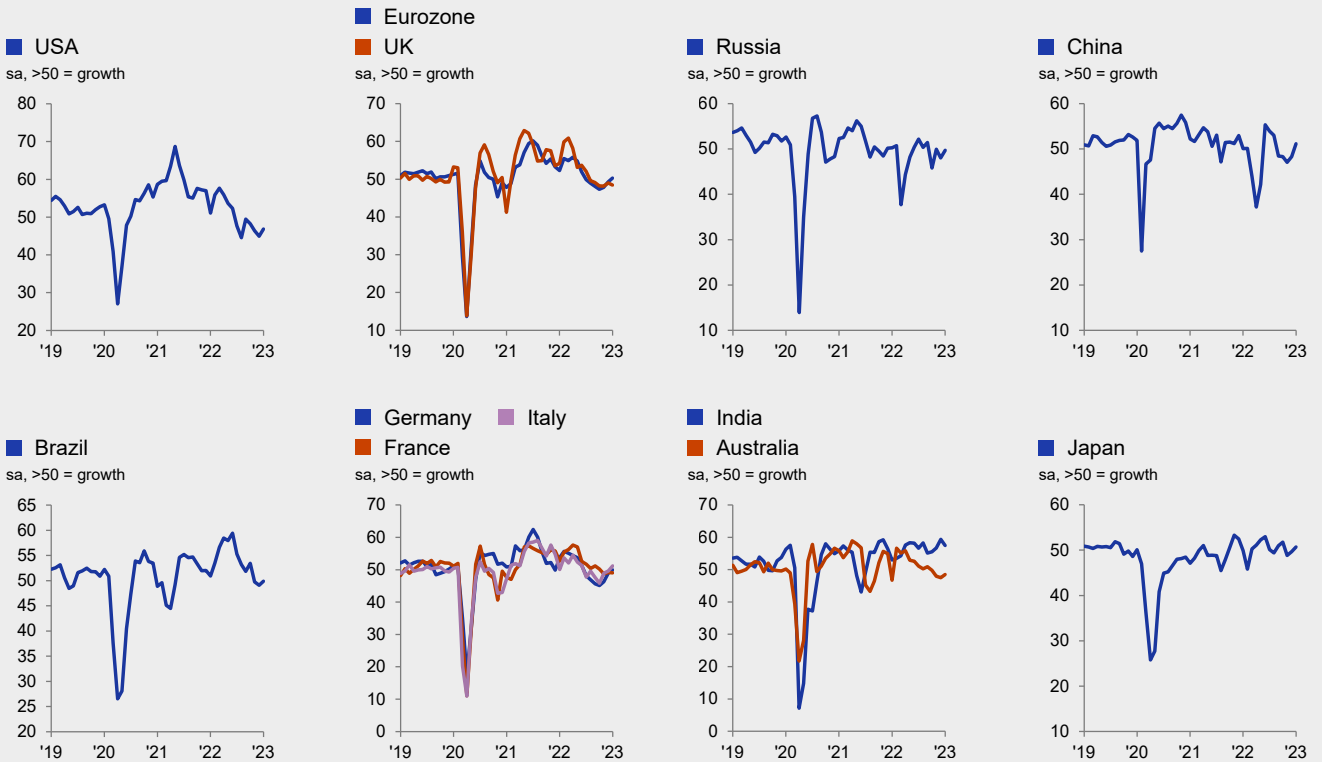
# International PMI

Composite Output Index, Jan '23  
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



# Survey 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. Data were first collected March 2015.

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](mailto:economics@ihsmarkit.com).

## Survey dates

Data were collected 10-22 February 2023.

### Survey questions

Private sector

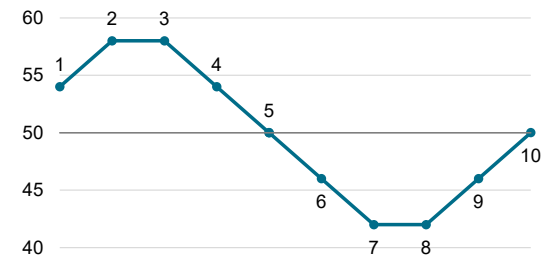
Output	Stocks Of Purchases
New Orders	Input Prices
Future Output	Purchase Prices
Employment	Staff Costs
Backlogs Of Work	Output Prices
Quantity Of Purchases	
Suppliers' Delivery Times	

### Index calculation

$$\% \text{ "Higher"} + (\% \text{ "No change"})/2$$

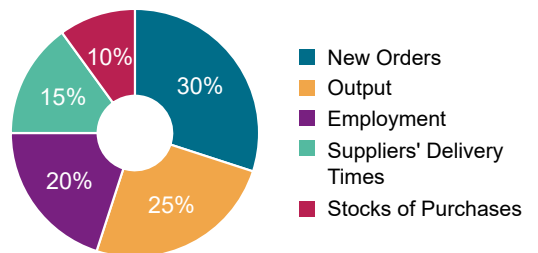
### Index interpretation

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



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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.

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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.

[ihsmarkit.com/products/pmi.html](https://ihsmarkit.com/products/pmi.html)