

Embargoed until 1030 CAT (0830 UTC) 5 October 2021

# Stanbic Bank Zambia PMI™

## Second successive rise in new orders

### Key findings

New business increases again, while output nears stabilisation

Currency appreciation leads to drop in costs

Business confidence at 19-month high

Data were collected 13-24 September 2021

Business conditions improved for the first time in five months at the end of the third quarter of the year, helped by an appreciation of the kwacha. Growth of new orders and employment was sustained, while output neared stabilisation. On the price front, both input costs and output charges decreased. Meanwhile, business confidence reached the highest since the onset of the COVID-19 pandemic.

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.

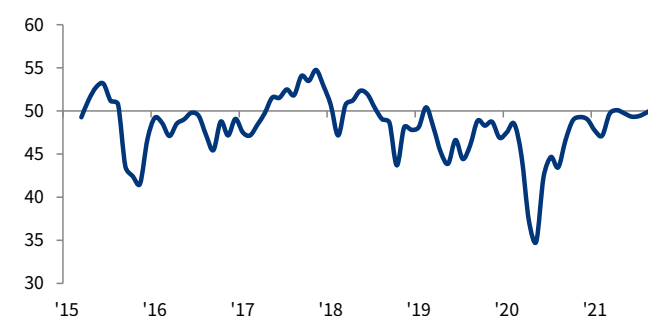
Rising to 50.3 in September from 49.8 in August, the headline PMI signalled an improvement in business conditions in the Zambian private sector for the first time since April.

Central to the strengthening of operating conditions was a second successive monthly increase in new business, the first back-to-back expansions in more than three years. Greater customer numbers and improving demand were reportedly behind the latest rise in new orders.

The improvement in new orders, and an appreciation of the kwacha, helped lead to a more moderate reduction in output, which decreased to the least extent in four months. That said, some firms reported that activity was lower due to the ongoing impact of the election period.

### PMI

sa, >50 = improvement since previous month



Sources: Stanbic Bank, IHS Markit.

Agriculture and manufacturing saw output increase, but falls were seen in services, construction and wholesale & retail.

Employment increased for the fourth month running as firms responded to higher new orders. This expanded capacity enabled companies to lower their backlogs of work for the first time in four months.

The recent appreciation of the kwacha against the US dollar meant that purchase prices decreased for the first time in 15 months during September. Staff costs were also down. In turn, companies lowered their own selling prices, ending a 13-month sequence of inflation. Charges were lowered in the services and wholesale & retail sectors, but raised elsewhere.

A strengthening currency and expectations of improvements in business conditions supported optimism that output will increase over the coming year. Moreover, sentiment jumped to the highest since the onset of the COVID-19 pandemic.

Firms continued to lower their purchasing activity amid reports that holdings of inputs were sufficient for current needs. Stocks of purchases also fell in September, while suppliers' delivery times lengthened for the second month running as COVID-19 restrictions continued to hamper transportation.

## Comment

Victor Chileshe, Head of Global Markets at Stanbic Bank commented:

*"Business conditions continued to improve in September buoyed by a significant reduction in Covid-19 cases and a Kwacha appreciation against the US Dollar which meant that purchase prices decreased for the first time in 15 months."*

## Contact

### Stanbic Bank

Victor Chileshe  
 Head of Global Markets  
 T: +260 967 214 477  
[chileshev@stanbic.com](mailto:chileshev@stanbic.com)

Chanda Katongo  
 Public Relations & Communications  
 Manager  
 T: +260 964 645 232  
 T: +260 977 875 011  
[katongoc@stanbic.com](mailto:katongoc@stanbic.com)

### IHS Markit

Andrew Harker  
 Economics Director  
 T: +44 1491 461 016  
[andrew.harker@ihsmarkit.com](mailto:andrew.harker@ihsmarkit.com)

Joanna Vickers  
 Corporate Communications  
 T: +44 207 260 2234  
[joanna.vickers@ihsmarkit.com](mailto:joanna.vickers@ihsmarkit.com)

### Methodology

The Stanbic Bank Zambia PMI™ is compiled by IHS Markit 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 13-24 September 2021.

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](http://ihsmarkit.com/products/pmi.html).

### Disclaimer

The intellectual property rights to the data provided herein are owned by or licensed to IHS Markit. Any unauthorised use, including but not limited to copying, distributing, transmitting or otherwise of any data appearing is not permitted without IHS Markit's prior consent. IHS Markit 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 IHS Markit 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. IHS Markit is a registered trademark of IHS Markit Ltd. and/or its affiliates.

### 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 IHS Markit

IHS Markit (NYSE: INFO) is a world leader in critical information, analytics and solutions for the major industries and markets that drive economies worldwide. The company delivers next-generation information, analytics and solutions to customers in business, finance and government, improving their operational efficiency and providing deep insights that lead to well-informed, confident decisions. IHS Markit has more than 50,000 business and government customers, including 80 percent of the Fortune Global 500 and the world's leading financial institutions.

IHS Markit is a registered trademark of IHS Markit Ltd. and/or its affiliates. All other company and product names may be trademarks of their respective owners © 2021 IHS Markit Ltd. All rights reserved.

If you prefer not to receive news releases from IHS Markit, please email [joanna.vickers@ihsmarkit.com](mailto:joanna.vickers@ihsmarkit.com). To read our privacy policy, click [here](#).