

# Standard Bank Mozambique PMI™

## New order growth ticks up but remains subdued

### Key findings

Marginal rise in new business

Renewed expansion in output

Employment grows at fastest rate in eight months

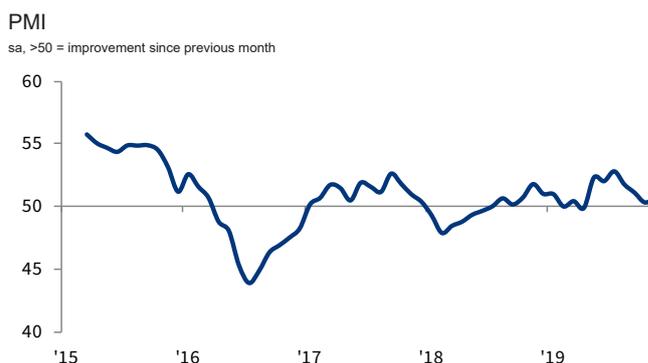
Business conditions in the Mozambican private sector economy once again improved at a marginal pace in November, with new order growth remaining subdued despite accelerating slightly from October. Companies were able to raise output slightly following the first reduction in 15 months in October, while employment growth and business expectations both strengthened to eight-month highs.

The uplift in sales came at the expense of another fall in output charges, as firms offered discounts amid efforts to improve demand. Input price inflation meanwhile softened to a 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.

At 50.7 in November, the headline PMI was up from October's reading of 50.3 but nonetheless signalled a weak improvement in business conditions in the Mozambican private sector. The overall rate of growth was the second-slowest in the current seven-month sequence of expansion.

Output increased at a marginal rate in November, which offset the slight reduction seen in October. That said, the pace of growth was weaker than the series average, in part due to subdued demand levels.



Sources: Standard Bank, IHS Markit.

In line with October, the rate of new order growth remained marginal, despite accelerating slightly. As such, Mozambican businesses raised input buying at the softest rate in six months, leading to a slower increase in stock levels.

On a positive note, workforce numbers rose strongly in November as companies prepared for expansion plans. The rate at which employment grew was the fastest since March and the second-quickest in nearly two-and-a-half years. Higher payroll numbers helped firms to reduce backlogs further, although the rate of decrease slowed from October.

Meanwhile, selling prices fell for the second month running in November, with respondents continuing to cite a lack of demand pressure. That said, the overall reduction was modest.

At the same time, overall input costs rose at a softer and moderate pace, as both purchase prices and staff costs increased at slower rates compared to October.

Finally, the outlook for business activity improved to its highest for eight months. With a number of firms hiring additional labour, forecasts for the year ahead were strongly positive, as panellists commented that they were well-positioned to expand the company. New and renovated premises were mentioned as contributing factors to the optimistic projection for growth.



## Comment

Fáusio Mussá, Regional Economist at Standard Bank commented:

*"We maintain the view of a slow economic recovery with a GDP growth forecast of 3.7% y/y for 2020, as the rump up of LNG investment is only expected towards the second half of the year. Security risks and climate change effects have the potential to limit the recovery in the agricultural sector, which accounts for more than 20% of GDP. The planned suspension of Vale's coal extraction for a 3-month period next year also clouds the outlook for the primary sector."*

*"Still, we see subdued inflation pressures and the relatively comfortable level of foreign exchange reserves, currently at USD3.8 billion and the likelihood of an acceleration in foreign direct investment inflows supporting the Metical in the medium-term. The USD/MZN continues to face upward pressure since mid-Sep, predominantly on supply/demand imbalances in the FX market, in our view, mainly attributed to a combination of poor export performance in the agriculture and coal sectors and by seasonally driven import demand."*

*"We see the USD/MZN bubbling around the 65 level for some time before it comes back to the 60 level. These developments are consistent with a view of slower decline in interest rates, which remains elevated in real terms."*

## Contact

### Standard Bank

Regional Economist  
Fáusio Mussá  
T: +258 215 01 012  
[fausio.mussa@standardbank.co.mz](mailto:fausio.mussa@standardbank.co.mz)

Public Relations & Communication  
Inercio Pene  
T: +258 843 124 994  
[inercio.pene@standardbank.co.mz](mailto:inercio.pene@standardbank.co.mz)

### IHS Markit

David Owen  
Economist  
T: +44-2070-646-237  
[david.owen@ihsmarkit.com](mailto:david.owen@ihsmarkit.com)

Katherine Smith  
Public Relations  
T: +1 781 301 9311  
[katherine.smith@ihsmarkit.com](mailto:katherine.smith@ihsmarkit.com)

### Methodology

The Standard Bank Mozambique 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.

November data were collected 12-26 November 2019.

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. To learn more go to [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 Standard Bank

Standard Bank is established in Mozambique since 1894, actively participating in the development of the country by financing the national economy and placing its vast expertise in the areas of energy, infrastructure and mineral resources available to the national business community and in attracting foreign investment.

Over the past five years, Standard Bank has invested more than US 200 million in credit lines for infrastructure projects for the transport of coal, storage of liquid fuels, expansion and construction of airports and roads, as well as projects in the areas of telecommunications and mineral resources.

Standard Bank is a solid and profitable bank with branches in all of the country's provinces and a wide range of products and services for large, small and medium-sized businesses and individuals. The bank reverts part of its profits to the communities where it is inserted, through the implementation of social projects in the areas of health, education and sports.

Member of the Standard Bank Group, the largest African bank in terms of geographic dispersion, results and assets, with presence in 20 countries on the African continent, as well as 6 global financial centres, Standard Bank Mozambique has the financial and human resources to serve and connect clients throughout world.

[www.standardbank.co.mz](http://www.standardbank.co.mz)

### 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 © 2019 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](#).