

News Release

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

Renewed downturn in private sector business conditions during August

Data collected August 13-24

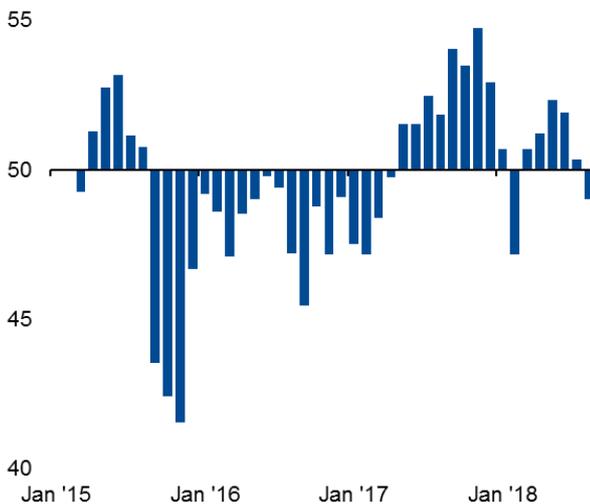
- Headline PMI drops to 49.0 in August, from 50.3 in July
- Reduced levels of business activity and new work
- Employment numbers continue to rise

efforts to boost business capacity. Moreover, input buying expanded at the fastest pace since December 2017, with a number of survey respondents citing an expected revival in customer demand in the coming months.

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.

Stanbic Bank Zambia PMI

sa, 50 = no change on previous month



Sources: Stanbic Bank, IHS Markit.

August data pointed to a difficult month for private sector firms in Zambia, with latest survey data from Stanbic Bank and IHS Markit pointing to a renewed deterioration in overall business conditions. The downturn in business performance during August largely reflected modest falls in output volumes and new business intakes.

Despite softer demand conditions, employment increased for the third consecutive month, reflecting sustained

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

"August presented some headlines for businesses. A fall in customer demand, lack of money in circulation and delays in customers selling their accounts are among the things cited for the decline in business activity. However firms continue to build capacity by employing more people in anticipation of an improvement in customer demand. Operating costs do continue to rise and it is a fair expectation that this costs will eventually be passed on to consumers."

The main findings of the August survey were as follows:

At 49.0 in August, down from 50.3 in July, the headline PMI dropped to a six-month low and signalled an overall deterioration in business conditions for the first time since February. However, the rate of decline in business performance was only marginal.

Worsening business conditions primarily reflected lower levels of output and incoming new work. Anecdotal evidence cited subdued economic conditions, delays with customer payments and a lack of money in circulation as the main factors holding back client spending in August.

Private sector firms continued to boost their operating capacity during the latest survey period, as signalled by a further modest upturn in staffing levels. Higher employment numbers contributed to the sharpest fall in backlogs of work since April.

Shorter lead-times from suppliers also helped to prevent an accumulation of unfinished work at private sector companies in August. The latest improvement in vendor performance was the second-fastest since the survey began in March 2015.

Purchasing activity rebounded in August, following a marginal reduction during the previous survey period.

Greater input buying partly reflected efforts to build up inventories of raw materials. The latest increase in stocks of purchases was the fastest since December 2017.

Meanwhile, average cost burdens continued to rise at a modest pace in August. Higher operating expenses were driven by a combination of rising raw material costs and greater staff wages. Reports from survey respondents suggested that exchange rate depreciation was a key factor leading to increased purchasing prices in August.

-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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