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# Stanbic Bank Zambia PMI™

## Output rises for first time in five months

### Key findings

Sustained new order growth supports rise in output

Selling prices lowered for second month running

Confidence highest in almost two years

Data were collected 12-25 October 2021

The final quarter of 2021 started in positive fashion in the Zambian private sector. Output returned to growth, while sustained expansions in new orders and employment were recorded. Cost pressures remained muted amid favourable exchange rate movements, enabling companies to offer reductions in charges for the second month running. Meanwhile, firms were increasingly confident in the 12-month outlook.

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.

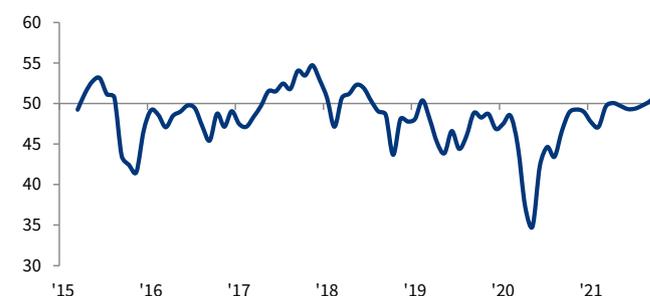
The headline PMI posted 51.2 in October, up from 50.3 in September and above the 50.0 no-change mark for the second month running. Moreover, the reading signalled a stronger improvement in business conditions, and one that was the greatest since June 2018.

Output returned to growth in October for the first time in five months. Although modest, the rate of expansion was the fastest in over three years. Anecdotal evidence suggested that a range of factors supported the increase in activity, including stable economic conditions, price reductions and growing customer confidence. Four of the five broad sectors covered by the survey saw output increase, the exception being services.

New orders also increased in October, and for the third

### PMI

sa, >50 = improvement since previous month



Sources: Stanbic Bank, IHS Markit.

month running. Higher customer numbers amid improving demand resulted in the latest expansion, which was the fastest since July 2018.

Firms were helped in their efforts to secure new business by muted cost pressures, which enabled them to lower their charges for the second month running. Purchase costs decreased slightly, largely reflecting an appreciation of the kwacha against the US dollar.

Companies responded to higher new orders by increasing both their staffing levels and purchasing activity. The rise in employment was the fifth in as many months, while input buying returned to growth following four months of decline.

Higher input buying fed through to an accumulation of stocks of purchases for the first time in five months. This was despite a third successive month of lengthening suppliers' delivery times amid ongoing COVID-19 restrictions at borders, which added to backlogs of work in some cases.

Confidence in the 12-month outlook for activity continued to build in October, strengthening for the third month running to the highest since November 2019. Expectations of ongoing improvements in economic conditions and muted price pressures were among the factors supporting optimism.

## Comment

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

*"Growing consumer confidence and stable economic conditions, and a reduction in prices underpinned the continued growth in activity. Expected price stability and improving economic conditions underpinned the confidence in the 12-month outlook of firms. Stability in the exchange rates will help keep input prices and in turn selling prices stable."*

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### 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.

October data were collected 12-25 October 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)

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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.

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