

News Release

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

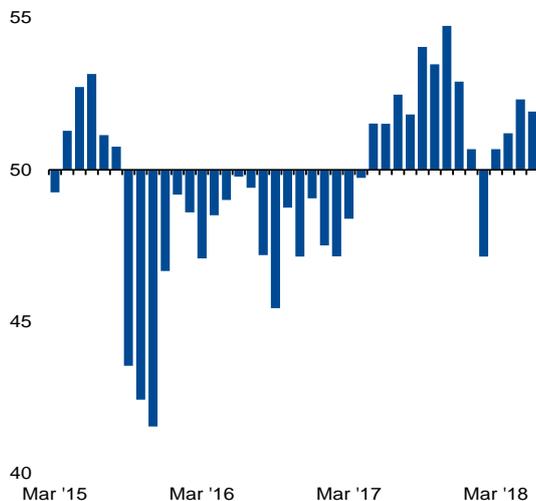
Sustained improvement in business conditions signalled at end of second quarter

Data collected June 12-25

- PMI signals further improvement in Zambian private sector
- Employment returns to growth
- Output and new orders continue to expand

Stanbic Bank Zambia PMI

sa, 50 = no change on previous month



Sources: Stanbic Bank, IHS Markit.

The Zambian private sector continued to experience improving business conditions in June, as signalled by the latest PMI reading. Business activity continued to expand amid rising customer volumes and stronger demand. Firms also managed to secure greater new business at a strong pace. Companies increased their staffing levels as a result, with June data marking the first rise in workforce numbers since February this year. Moreover, purchasing activity and inventories continued to increase.

Selling prices meanwhile continued to rise in the private sector reflecting higher cost burdens and elevated fuel prices. Moreover, rising purchase prices and staff costs contributed to input cost inflation in June.

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.

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

"June PMI continues to be buoyed by new business which we see as positive, despite input price inflation."

The main findings of the June survey were as follows:

The headline PMI posted 51.9 in June, down from 52.3 in May. Despite easing slightly from the previous survey period, the PMI signalled a further solid improvement in the health of the Zambian private sector.

Expansions in business activity were reported in the Zambian private sector, with firms often mentioning stronger underlying demand. The rate of increase was solid, despite easing from May.

New orders also continued to rise at the end of the second quarter. Again, increased numbers of customers and improved demand were key factors influencing the expansion in new order volumes, according to panellists.

Accordingly, businesses increased their workforce numbers for the first time since February amid efforts to expand operating capacity. Firms also reported greater buying levels and stocks of purchases.

Outstanding business meanwhile accumulated for the first time in 2018. Anecdotal evidence suggested that greater volumes of new business were behind the increase in work-in-hand.

On the price front, overall input costs continued to increase in June. Contributors to the overall rise were higher purchase prices and staff costs, with purchase cost inflation at a five-month high.

Output prices rose accordingly, with firms noting that higher cost burdens and fuel prices were key factors influencing their decision to increase average selling prices.

Elsewhere, delivery times shortened, with businesses reporting that competition among suppliers was partly responsible.

-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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