

## News Release

**Purchasing Managers' Index™**  
**MARKET SENSITIVE INFORMATION**  
**Embargoed until: 10:30 (Lusaka) / 08:30 (UTC) 4 January 2019**

### Stanbic Bank Zambia PMI™

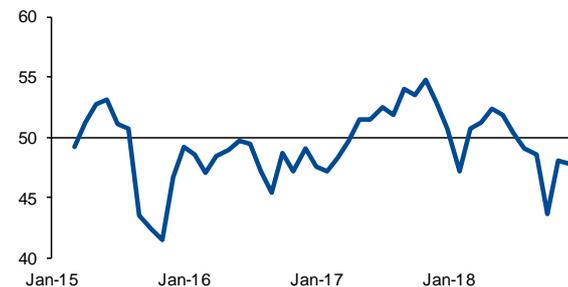
#### Output falls at faster pace, but contraction in new orders eases

##### Data collected 5-17 December

- Slowest reduction in new business for three months
- Overall input cost inflation at 21-month high
- Employment continues to rise

##### Stanbic Bank Zambia PMI

sa, 50 = no change on previous month



Sources: Stanbic Bank, IHS Markit.

Companies in Zambia experienced a further deterioration in business conditions in December, ending a challenging second half of 2018. The rate of decline in new business continued to soften amid some signs of improving client numbers, but output fell at a faster pace. On a more positive note, companies continued to take on extra staff.

Inflationary pressures continued to build at the end of the year, with overall input costs increasing at the fastest pace since March 2017. The rate of output price inflation also quickened, and was elevated for the third month running.

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 December's survey findings, Victor Chileshe, Head of Global Markets at Stanbic Bank said:**

*"While we saw input costs rising, companies tried to take advantage of the festive season as seen by the softening in the rate of decline in new business and the continued taking on of extra staff."*

##### The main findings of the December survey were as follows:

At 47.8 in December, the headline PMI dipped from 48.1 in November and signalled a solid monthly deterioration in business conditions in the Zambian private sector. Operating conditions have now decreased in five successive months.

Output fell at a sharp and accelerated pace in December, with slow business and a lack of money in the economy highlighted again by panellists. The acceleration in the rate of decline in activity was recorded in spite of a slower reduction in new business. Although new orders continued to fall at a solid pace, there were some reports that customer numbers had started to improve. Meanwhile, backlogs of work declined again at the end of 2018.

In spite of a sustained reduction in workloads, Zambian companies hired additional staff in December, the seventh month running in which this has been the case. Respondents indicated that they had increased staffing levels to work on new projects. That said, there were some reports of difficulties in paying staff. The recent

increase in the minimum wage in Zambia meant that staff costs rose for the third month running, and at a relatively solid pace.

Purchase costs, meanwhile, increased at a sharp and accelerated rate, with inflation quickening to a 23-month high. Higher fuel costs and currency weakness were the principal factors leading to rising purchase prices.

These factors were also central to the latest increase in output prices, which rose sharply for the third successive

month. Moreover, the rate of charge inflation quickened from that seen in November.

Signs of improvement in customer demand led firms to increase their purchasing activity for the first time in three months. The slight rise in input buying was insufficient to result in a rise in inventories, however, which were broadly unchanged.

-Ends-

### For further information, please contact:

#### Stanbic Bank:

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

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

#### IHS Markit:

Andrew Harker, Associate Director  
Telephone +44-1491-461-016  
Email [andrew.harker@ihsmarkit.com](mailto:andrew.harker@ihsmarkit.com)

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

### 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](mailto: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/>

### About IHS Markit ([www.ihsmarkit.com](http://www.ihsmarkit.com))

IHS Markit (Nasdaq: 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.

#### **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>.

**The intellectual property rights to the Stanbic Bank Zambia PMI™ 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. Stanbic Bank use the above marks under licence. IHS Markit is a registered trade mark of IHS Markit Limited. And/or its affiliates.**