

News Release

Purchasing Managers' Index™ MARKET SENSITIVE INFORMATION

Embargoed until: 10:30 (Lusaka) / 08:30 (UTC) 5 December 2018

Stanbic Bank Zambia PMI™

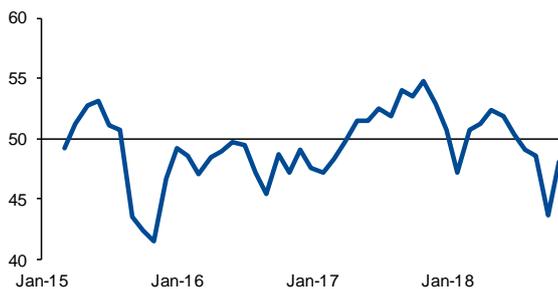
Downturn moderates during November

Data collected 12-26 November

- Weaker falls in output and new orders
- Employment continues to rise
- Sharpest increase in input prices for 20 months

Stanbic Bank Zambia PMI

sa, 50 = no change on previous month



Sources: Stanbic Bank, IHS Markit.

November saw some respite for companies in Zambia following a sharp deterioration in business conditions in October. Although the health of the private sector continued to decline, the rate of deterioration eased markedly on the back of slower contractions in output and new orders. Meanwhile, employment continued to increase.

Inflationary pressures remained elevated during the month. Overall input prices increased to the greatest extent since March 2017, with companies raising their output charges markedly in response.

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

"High fuel costs and a weaker currency are some of the reasons attributed by panellists to the increase in the prices of their goods and services. This is all against a backdrop of dampened demand. Currency stability going forward will be key in keeping input prices and in turn output prices in check. However, there is some considerable risk to this given the South African Rand's recent gains. Fuel prices are largely expected to hold given the recent pullback in prices globally."

The main findings of the November survey were as follows:

The PMI posted 48.1 in November, below the 50.0 no-change mark for the fourth month running and signalling a modest decline in the health of the Zambian private sector. That said, the reading was much higher than 43.7 seen in October as the rate of deterioration moderated.

Rates of decline in both output and new orders slowed sharply during November. Panellists reported ongoing demand weakness and a lack of money in the economy, but to a less severe degree than in the previous month. Output has now fallen in four successive months.

On a positive note, staffing levels increased for the sixth consecutive month in November, suggesting that companies see the current difficulties as being only temporary. The rate of job creation was modest, but picked up from that seen in October.

The rate of overall input price inflation quickened for the second month in a row. The marked increase was the fastest since March 2017. Both purchase prices and staff costs rose at stronger rates in November. Respondents indicated that a depreciation of the kwacha against the

US dollar and higher fuel costs were behind increases in purchase prices. Meanwhile, the recent revision to the minimum wage was central to rising staff costs.

Companies responded to higher input costs by raising their output prices again in November. The rate of inflation was sharp, having eased only slightly from the 35-month high seen in October.

Purchasing activity decreased fractionally, while inventories were broadly unchanged as companies were reluctant to hold stocks. Suppliers were again able to reduce the amount of time they took to deliver purchased items, extending the current sequence of improvement to one year.

-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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