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## Stanbic Bank Zambia PMI™

### Slowest fall in new orders for nine months, but output down solidly again

#### Key findings

Marginal reduction in new business

Ninth successive decline in output

Inflationary pressures remain muted

November data highlighted ongoing difficulties for Zambian private sector firms, with power cuts adding to challenging economic conditions. New orders fell only slightly, but output was down at a solid pace. On a positive note, employment increased for the third month running. Meanwhile, hopes of a more stable environment over the coming year supported an improvement in business sentiment.

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.

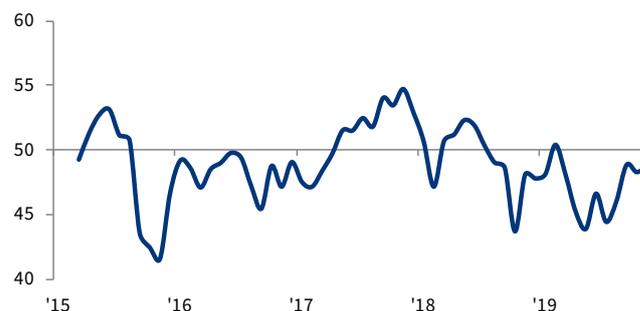
At 48.7 in November, the headline PMI was up marginally from 48.3 in October to signal a slightly weaker deterioration in business conditions across the private sector. That said, operating conditions have now worsened in each of the past nine months.

Although new business continued to fall in November, the rate of contraction slowed for the fourth month running and was the weakest in the current nine-month sequence of decline. Anecdotal evidence suggested that while customer numbers remained low, there had been some sign of improvement in the latest month.

Output continued to fall at a solid pace, however, as power cuts again hampered operations. The rate of decline softened only marginally from that seen in October.

#### PMI

sa, >50 = improvement since previous month



Sources: Stanbic Bank, IHS Markit.

The aforementioned signs of improvement in demand encouraged companies to increase their staffing levels again in November. Job creation was recorded for the third month running, but the latest rise was only marginal. Higher staffing levels helped lead to a reduction in backlogs of work, which decreased at a solid pace that was the fastest since April.

Companies reduced their purchasing activity for the eighth time in the past nine months, with stocks of inputs falling accordingly. Suppliers' delivery times remained broadly stable as a fractional shortening of lead times cancelled out the increase seen in October.

Marginal increases in purchase prices and staff costs were recorded in November, with the former rising at the slowest pace in the current eight-month sequence of inflation. Output prices were also up modestly, and at the second-weakest pace in 14 months. Respondents indicated that currency weakness was a key factor leading to higher charges.

Business confidence picked up to an eight-month high in November. Hopes of a more stable business environment, including a strengthening of the kwacha against the US dollar, were mentioned. That said, a number of panellists highlighted ongoing uncertainty regarding future output.

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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.

November 2019 data were collected 12-25 November 2019.

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. To learn more go to [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>

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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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