

## News Release

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

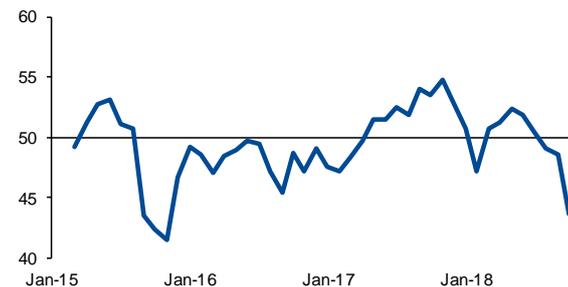
#### New orders fall at sharpest pace in nearly three years

##### Data collected 12-25 October

- Steep reductions in output and new orders
- Fastest increase in prices charged for almost three years
- Employment broadly stable

##### Stanbic Bank Zambia PMI

sa, 50 = no change on previous month



Sources: Stanbic Bank, IHS Markit.

Business conditions for companies in Zambia deteriorated sharply in October as falling customer numbers and currency depreciation contributed to decreases in output and new orders. On a more positive note, employment was broadly stable. Meanwhile, output prices increased at the fastest pace in almost three years.

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

*"As anticipated the depreciation of the kwacha and the fuel price increase weighed in on the cost of inputs for business. As anticipated this has been passed on to customers with businesses increasing their selling prices to customers. A trend worth noting, is decline for the third month in a row, of new business."*

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

The PMI fell to 43.7 in October, from 48.6 in September, to signal a marked monthly worsening of operating conditions in the Zambian private sector. Business conditions have now deteriorated in each of the past three months, with the latest decline the sharpest since November 2015.

Behind the marked deterioration in the health of the private sector were steep reductions in both output and new orders in October. New business decreased for the third month running, and to the greatest extent since November 2015. Where new orders fell, panellists reported a lack of both customers and money in circulation.

Falling new business and a depreciation of the kwacha contributed to a substantial reduction in output during October. Moreover, the rate of contraction was the fastest since September 2016.

The reduction in new orders also contributed to a sharp fall in backlogs of work, as broadly stable staffing levels enabled companies to deplete outstanding business.

Latest data signalled a pick-up in inflationary pressures, with both purchase prices and staff costs rising following fractional reductions in September. Currency weakness was the main factor leading purchase costs to increase, according to panellists.

Kwacha weakness and higher fuel costs reportedly led companies to increase their selling prices in October. Charges rose at a substantial pace, a marked turnaround from the fall seen in September. Furthermore, the rate of inflation was the sharpest since November 2015.

Companies responded to falling demand by reducing their purchasing activity for the first time in three months. Stocks of purchases also decreased.

The average time taken for suppliers to deliver inputs shortened for the eleventh successive month, albeit to a weaker extent. Panellists indicated that their suppliers were reliable and always delivered products on time.

-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](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/>

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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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