

News Release

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

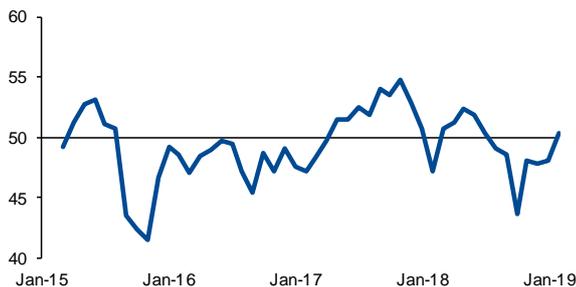
New orders return to growth, ending six-month period of decline

Data collected 12-22 February

- Output and new orders increase during February
- Staffing levels decrease fractionally again
- Slower rises in input costs and output prices

Stanbic Bank Zambia PMI

sa, 50 = no change on previous month



Sources: Stanbic Bank, IHS Markit.

The Zambian private sector showed further signs of recovery in February, with both output and new orders returning to growth during the month amid reports of improving demand. The respective rates of expansion were only modest, however, and companies left their staffing levels broadly unchanged.

Data pointed to a further softening of inflationary pressures, with both input costs and output prices rising at weaker rates for the second 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 February's survey findings, Victor Chileshe, Head of Global Markets at Stanbic Bank said:

"Improved output and new orders in February weighed in considerably on the marginal improvement in business sentiment. The recent fuel price reduction coupled with the appreciation of the Kwacha against the Rand, over the first quarter, will provide a welcome relief on input costs."

The main findings of the February survey were as follows:

At 50.4 in February, the headline PMI was above the 50.0 no-change mark for the first time in seven months, rising from 48.1 in January. The reading signalled a marginal improvement in business conditions in the Zambian private sector.

New orders returned to growth in February, ending a six-month sequence of decline. Where new business increased, panellists linked this to improving demand and higher customer numbers.

Increasing customer flows also resulted in a return to growth of business activity, although the expansion was only fractional. As was the case with new orders, the rise in February was the first in seven months.

Despite a rise in new orders in February, the reductions seen in previous months meant that companies in Zambia were able to keep on top of workloads. Backlogs of work decreased for the eighth successive month.

A lack of pressure on capacity led firms to scale back staffing levels fractionally for the second month running.

Some panellists increased employment, however, as new orders returned to growth.

Inflationary pressures continued to wane midway through the first quarter of the year. The pace at which overall input costs rose softened for the second month running and was the weakest since last October. Both purchase prices and staff costs increased at slower rates in February. A similar picture was evident for output prices, with charges up for the fifth successive month but at the

slowest pace in this sequence. Where selling prices increased, panellists mentioned the passing on of higher input costs to clients. Meanwhile, some companies lowered charges to help boost sales.

Signs of improving customer demand led companies to raise their purchasing activity for the second time in the past three months, while inventories increased following a two-month period of decline.

-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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