

## News Release

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

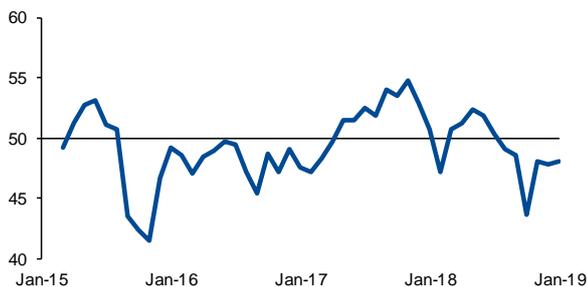
#### Decline in new orders softens to weakest in four months in January

##### Data collected 11-25 January

- Slower reductions in both new orders and output
- Employment decreases for first time in eight months
- Weaker increase in output prices

##### Stanbic Bank Zambia PMI

sa, 50 = no change on previous month



Sources: Stanbic Bank, IHS Markit.

Although business conditions in Zambia's private sector continued to deteriorate at the start of 2019, there were signs of the downturn softening as both output and new orders fell at weaker rates. Recent decreases in workloads led companies to lower their staffing levels, however. Higher fuel prices and currency weakness resulted in a sharp monthly increase in input costs, but the rate of output price inflation moderated.

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

*"Although higher fuel prices and currency weakness resulted in a sharp monthly increase in input costs, the rate of output price inflation moderated, which may be a sign that threats to a rise in consumer inflation are subsiding especially since UsdZmw remains stable."*

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

At 48.1, the PMI continued to signal deteriorating economic conditions during January, extending the current sequence of decline to six months. That said, the reading was up from 47.8 in December to indicate a slightly softer contraction.

A weaker fall in new orders was registered in January, with the rate of contraction easing for the third consecutive month to the slowest since last September. Some panellists reported a continued lack of customers, although others indicated that they had been able to secure new clients.

Slow sales and a lack of money in circulation were reportedly behind the latest reduction in business activity – the sixth in as many months. Output fell at a solid pace, albeit one that was weaker than in December, in line with a softer decline in new orders.

Companies in Zambia continued to reduce their outstanding business in January amid a further reduction

in new orders. Backlogs of work have fallen in each month since July last year.

Sustained reductions in workloads brought an end to a seven-month period of job creation in January as employment decreased fractionally during the month.

Overall input costs increased sharply again at the start of the year amid a marked rise in purchase prices and modest staff cost inflation. Where purchase prices increased, panellists mentioned higher fuel costs as well as weakness of the kwacha against the US dollar.

The rate of output price inflation eased in January. Although companies continued to pass on higher input costs to customers, the latest rise was much weaker than in December and the slowest in the current four-month inflationary sequence.

Purchasing activity decreased for the third time in the past four months, with inventories also falling as companies displayed a reluctance to hold stocks amid reducing new orders. The length of time taken for vendors to deliver items shortened again, with reports suggesting that regular suppliers remained reliable.

-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/>

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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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