

## News Release

**Purchasing Managers' Index™**  
**MARKET SENSITIVE INFORMATION**  
**Embargoed until: 10:30 (Lusaka) / 08:30 (UTC) January 4<sup>th</sup> 2018**

### Stanbic Bank Zambia PMI™

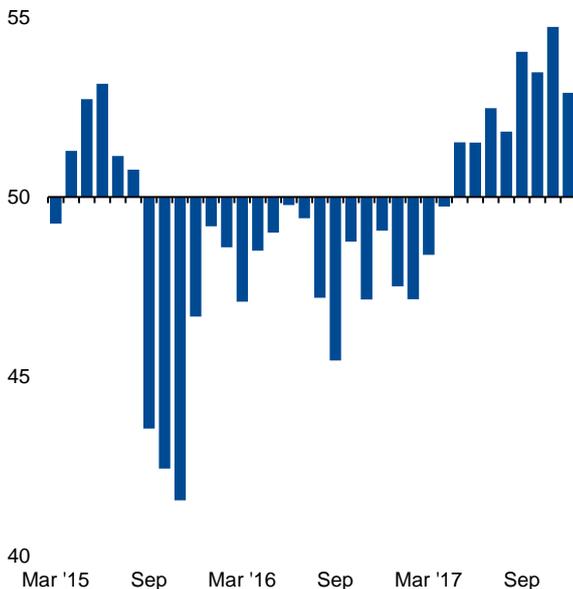
#### Growth eases slightly in Zambian private sector

##### Data collected December 5-15

- PMI posts 52.9, indicating that business conditions improved at slightly slower pace
- Employment expands at fastest rate observed in three months
- Further reduction in output prices

##### Stanbic Bank Zambia PMI

sa, 50 = no change on previous month



Sources: Stanbic Bank, IHS Markit.

The latest PMI survey data from Standard Bank and IHS Markit indicated an improvement in the health of the Zambian private sector in December, although at a slower pace than observed in November. Business activity increased, bolstered by further growth in new business. However, both rose at a lesser rate than observed in the previous month. Companies reacted by expanding their workforces, increasing their purchasing activity and inventories. Despite expanding capacity, firms continued to accumulate outstanding business.

On the price front, overall cost burdens continued to rise as staff costs increased. Nonetheless, the rate of inflation was only marginal and output prices were reduced in order to attract new customers.

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

*"Despite the slower pace of improvement in the health of the private sector, December saw the fastest growth in employment in 3 months. Businesses continue to cut prices to attract more customers. The cuts are despite a slight increase in input costs. We have also seen December become slower from a US\$ demand perspective. This is usually a trend in December as businesses begin to wind down activity towards year end."*

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

The PMI posted at 52.9 in December, down slightly from November's survey record of 54.7. Despite softening to a four-month low, the PMI remained above the survey average and signalled a further solid improvement in business conditions in the Zambian private sector.

Firms operating the Zambian private sector continued to win new business in December as client demand

expanded. This led to a further increase in business activity among private sector companies. That said, the rate of output growth eased to the slowest pace observed in six months.

Higher volumes of new orders spurred businesses to expand their workforce numbers further. In fact, the rate of job creation was the fastest observed in three months. Panel members attributed the rise to planned business expansions and a heavier workload.

Amid higher underlying demand, businesses also increased their purchasing activity in December, albeit at a slightly slower pace. Firms also continued to accumulate inventories, which rose for the ninth consecutive month.

Despite expanding capacity further in December, companies were unable to keep up with higher volumes of new orders as backlogs rose. On the other hand, suppliers were generally able to meet demand as delivery times shortened.

Elsewhere, companies continued to reduce the average price charged for their products and services in December. Anecdotal evidence suggested that this was in an attempt to attract new clients. Firms were able to offer discounts as input price inflation remained marginal. Staff costs increased, but purchase prices declined.

-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/>

**About IHS Markit ([www.ihsmarkit.com](http://www.ihsmarkit.com))**

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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 [www.markit.com/product/pmi](http://www.markit.com/product/pmi).

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