

News Release

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

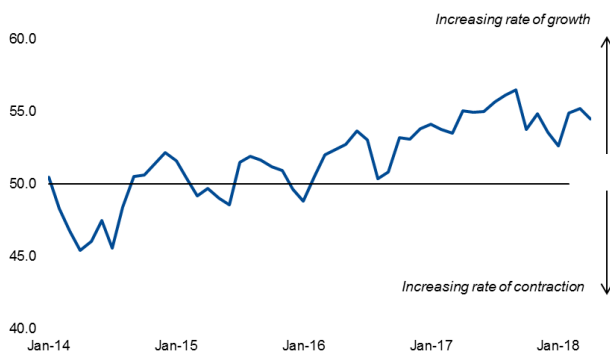
Output increases sharply in April

Data collected April 12-26

- Headline PMI eases to 54.5 in April, from 55.2 in March
- Employment growth softens
- New orders rise strongly, intensifying capacity pressures

Stanbic Bank Ghana PMI

sa, 50 = no change on previous month



Sources: Stanbic Bank, IHS Markit.

The Ghanaian private sector began the second quarter of 2018 on a healthy note. Output expanded at an accelerated pace, while new order receipts continued to grow strongly. Sustained strength in demand contributed to the sharpest rise in outstanding business since the survey's inception, encouraging firms to hire new staff to manage the increased workload, albeit at a slower rate than that seen in March. However, despite increased operating costs, output charges were left unchanged in April.

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 April's survey findings, Ayomide Mejabi, Economist at Stanbic Bank said:

"After rising to a six-month high of 55.2 in March, the Stanbic Bank Ghana PMI eased slightly to 54.5 as growth in employment softened despite continued growth in output. While many businesses received a strong level of new orders, the rate of growth slowed slightly in April as business activity normalized to more sustainable levels. Interestingly, the output price index showed that the disinflation process already underway in Ghana should continue as food inflation and exchange rate volatility remains benign. We still expect USD/GHS to trade within the forward curve throughout this year, rising gently to a maximum of 4.75 by year end. Our modest depreciation bias comes from a more constructive view of Ghana's twin deficits. The trade balance should receive a boost from increased cocoa exports. Since the beginning of the year, cocoa prices have risen by over 40% which should underpin the performance of the agriculture sector."

The main findings of the April survey were as follows:

The PMI fell to 54.5 in April, from 55.2 in March, indicating a solid, albeit slightly weaker, pace of improvement in private sector business conditions in Ghana.

Businesses continued to secure new sales during April, sustaining a trend which first began in February 2016. The strong rate of growth in new orders was supported by successful marketing initiatives and new product launches.

Robust demand conditions exerted pressure on capacities across the Ghanaian private sector, with backlogs of work increasing at the sharpest pace since data collection began in January 2014. In response, firms

expanded output to a sharp degree in April. The rate of growth in activity accelerated for a third successive survey period and was the fastest since August 2017.

To cope with greater output requirements, Ghanaian private sector firms recruited additional staff in April. Although job creation was solid overall, it eased on that seen in March to a three-month low.

To accommodate for the rise in workloads, another sharp rise in purchasing activity was recorded in April. Despite strong input demand, suppliers were able to deliver at a faster pace. Panellists mentioned that competition among vendors had contributed to quicker lead times. In turn, pre-production inventories were increased, albeit at the slowest rate since January.

Prices paid for inputs by Ghanaian companies increased during April. Higher costs were attributed to greater raw material prices and unfavourable exchange rate movements. That said, the rate of inflation eased to an all-time survey low.

Despite higher cost burdens, output prices were left unchanged in April, thereby ending a nine-month sequence of rising selling charges. While some panellists passed on part of the rise in costs, others discounted prices to attract new clients

-Ends-

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Note to Editors:

The Stanbic Bank Ghana 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 Ghanaian 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 Ghana

Stanbic Bank Ghana is part of the Standard Bank Group, Africa's largest bank by assets.

Standard Bank Group reported total assets of about USD143 billion at 31 December 2016, while its market capitalisation was about USD 18 billion.

The group has direct, on-the-ground representation in 20 African countries. Standard Bank Group has over 1 200 branches and more than 8 800 ATMs in Africa, making it one of the largest banking networks on the continent. It provides global connections backed by deep insights into the countries where it operates.

Stanbic Bank Ghana provides the full spectrum of financial services. Its Corporate & Investment Banking division serves a wide range of requirements for banking, finance, trading, investment, risk management and advisory services. Corporate & Investment Banking delivers this comprehensive range of products and services relating to: investment banking; global markets; and global transactional products and services.

Stanbic Bank Ghana's personal & business banking unit offers banking and other financial services to individuals and small-to-medium enterprises. This unit serves the increasing need among Africa's small business and individual customers for banking products that can meet their shifting expectations and growing wealth.

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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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