

## News Release

**Purchasing Managers' Index™**  
**MARKET SENSITIVE INFORMATION**  
**Embargoed until: 10:30 (Lusaka) / 08:30 (UTC) August 3rd 2017**

### Stanbic Bank Zambia PMI™

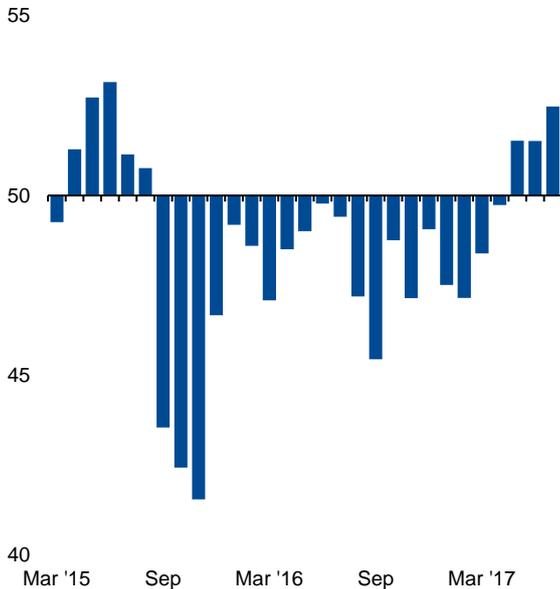
#### Output growth hits record high in July

Data collected July 12-25

- Fastest rise in output in 29-month survey history
- Sharper increase in new orders, but employment growth remains marginal
- Both purchase prices and staff costs broadly unchanged

#### Stanbic Bank Zambia PMI

sa, 50 = no change on previous month



Sources: Stanbic Bank, IHS Markit.

Output growth in the Zambian private sector quickened to the fastest in the survey's 29-month history in July. Business activity rose on the back of sustained increases in new orders, with firms upping their purchasing activity and employment accordingly. Companies were partly able to secure new orders due to competitive pricing, in turn enabled by a stabilisation of input prices.

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 July's survey findings, Samantha Singh, Africa Strategist at Stanbic Bank said:

"Private sector activity in Zambia, as measured by the Stanbic PMI, has begun to gain momentum. The composite reading of 52.5 in Jul represents the fastest pace of increase over the past 25 months. With additional easing of monetary policy conditions by the Bank of Zambia likely on the cards in the period ahead, we expect credit growth to improve in the coming months after contracting during most of 2016. This should of course continue to support business activity in Zambia. Details of the sub-indices show that new orders posted the sharpest increase since Oct 16. Both the staff cost and purchasing price indices have continued to head meaningfully lower, allowing the output price index to edge lower too."

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

The headline seasonally adjusted PMI rose to 52.5 in July from 51.5 in June, signalling an improvement in business conditions in the Zambian private sector for the third month running. Moreover, the solid strengthening of the health of the sector was the greatest since June 2015.

Companies in Zambia raised output to the greatest extent since the survey began in March 2015. Output has now increased in two successive months.

Higher sales and stronger demand were reportedly the main factors leading output to rise. New orders increased

for the fourth month running, with the rate of expansion accelerating further to the fastest since last October.

Panellists reported having lowered their output prices in order to attract clients. Charges decreased for the fifth consecutive month during July, with the latest reduction the most marked for a year.

On the cost front, both purchase prices and staff costs were little-changed in July, leading to a stabilisation in overall input prices following increases in each of the previous nine months.

Latest data suggested that companies were generally able to keep on top of workloads during July, with backlogs of work reduced to the greatest extent in five months. The relative lack of pressure on capacity meant

that firms raised their staffing levels only marginally. That said, employment has now increased in each of the past three months.

Improving demand led companies in Zambia to raise their purchasing activity, the fourth successive month in which this has been the case. This resulted in a further accumulation of stocks of purchases in July. Moreover, the pace of increase in inventories was the strongest since June 2015.

Finally, suppliers' delivery times lengthened slightly, following no change in the previous month. There were some reports that delayed payments to vendors had contributed to longer lead times.

-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 30 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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