

News Release

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

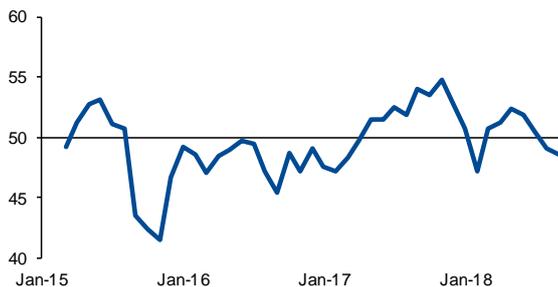
Private sector business conditions continue to deteriorate in September

Data collected 12-24 September

- Headline PMI falls to 48.6 from 49.0 in August
- Sharper drop in output
- Fastest reduction in new business since February 2017

Stanbic Bank Zambia PMI

sa, 50 = no change on previous month



Sources: Stanbic Bank, IHS Markit.

September data pointed to challenging business conditions in Zambia's private sector economy, with the latest PMI™ reading from Stanbic Bank and IHS Markit pointing to a further deterioration in overall business conditions. Business activity and new business both declined for the second month running, and at faster rates. The latest survey results also signalled weakening price pressures. Although total input costs continued to rise, average purchase prices fell slightly and wage costs were broadly flat.

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

"Weaker customer demand, higher wage bills and increasing costs of raw materials is the narrative for the worsening business conditions seen in September. With the rising costs of input, it is reasonable to expect that customers will soon be paying more for goods and services."

The main findings of the September survey were as follows:

At 48.6 in September, down from 49.0 in August, the headline PMI dropped to a seven-month low and signalled a further deterioration in business conditions. Output, new orders and suppliers' delivery times all contributed negatively to the headline figure, partly offset by positive impacts from employment and stocks of purchases.

The total volume of private sector business activity in Zambia declined for the second month running in September. Furthermore, the rate of contraction was the sharpest in seven months. Companies linked lower output to slow market conditions, a lack of money in circulation and delayed customer payments. In line with the fall in output, new business intakes also dropped for the second month in a row, and at the fastest rate since February 2017.

Private sector firms continued to add to their payrolls in September. Employment rose for the fourth month running and at a rate faster than the long-run survey average. This enabled a further reduction in backlogs of work.

Supplier performance continued to improve in September, aided by only a fractional increase in

purchasing activity by private sector companies compared with August. Input delivery times quickened at one of the fastest rates signalled by the survey to date, albeit less so than in July and August. The level of inputs held in stock rose for the fifth consecutive month, albeit at a modest pace.

Latest survey data indicated that inflationary pressures in the Zambian private sector economy remained muted in

September. Although overall input prices continued to increase, the rate of inflation was weak, reflecting lower purchase prices paid for raw materials and other production inputs, and flat labour costs. Subsequently, prices charged by Zambian firms for final goods and services declined for the first time in 2018 so far, albeit at a marginal pace.

-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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has more than 50,000 business and government customers, including 80 percent of the Fortune Global 500 and the world's leading financial institutions.

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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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