News Release

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

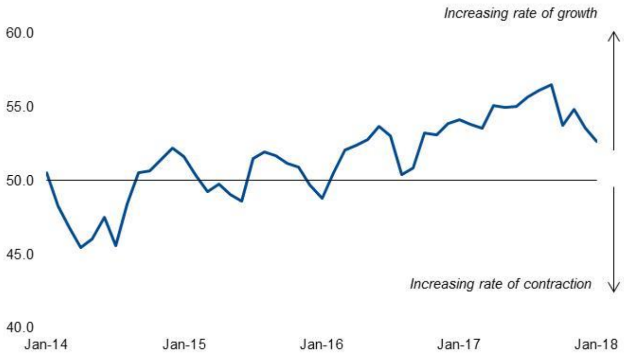
Solid improvement in business conditions in January

Data collected January 12-29

- Operating conditions strengthen for twenty-fourth month running
- New order growth picks up...
- ...but output rises at slower pace

Stanbic Bank Ghana PMI

sa, 50 = no change on previous month



Sources: Stanbic Bank, IHS Markit.

The start of 2018 saw a sustained improvement in Ghanaian private sector business conditions. A further easing in the rate of output growth meant that the latest strengthening of operating conditions was less marked than seen at the end of 2017. On the other hand, new orders expanded at a faster pace and employment rose solidly. On the price front, overall input costs increased markedly again, with firms often raising their charges in response.

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, Ayomide Mejabi, Economist at Stanbic Bank said:

"After improving at a really strong pace for most of 2017, the Ghanaian private sector's growth slowed moderately in January. However, at 52.6 the headline PMI still indicates that business conditions remain healthy in Ghana. It is our expectation that the economy should continue benefitting from expansion in oil production as well as a more favourable credit environment. As such, we expect that the economy should grow by at least 7.0% y/y over the course of the next two years. The non-oil sector should start benefitting from easier monetary conditions after the Bank of Ghana delivered over 500 bps worth of cuts to the policy rate in 2017. As such, private sector credit growth should rebound towards the 25% region from 13.7% y/y in each of the last two years. Perhaps uncertainties around the possible consolidation of the banking sector ahead of the increase in minimum capital requirements may have played a role in dampening credit appetite."

The main findings of the January survey were as follows:

The headline PMI registered 52.6 in January, thereby signalling a solid monthly improvement in the health of the Ghanaian private sector. Business conditions have now strengthened on a monthly basis throughout the past two years. That said, falling from 53.5 in December, the PMI pointed to the weakest improvement since September 2016.

A slower rise in output was the key factor leading to the drop in the PMI. Business activity increased slightly, and at the weakest pace in the current 16-month sequence of expansion. Where output rose, panellists linked this to higher new orders and preparations for new product launches.

In contrast to the picture for output, the rate of new order growth accelerated in January and was sharp. Good quality products were central to firms' ability to secure new work. With new business increasing, companies recorded the second rise in backlogs of work in the past three months.

Increasing output requirements resulted in further hiring in the Ghanaian private sector. The rate of job creation was solid, and only slightly slower than seen at the end of 2017.

Purchase prices continued to rise sharply in January, with supply shortages contributing to higher costs for raw materials. Increased fuel prices were also mentioned. Meanwhile, staff costs rose at the fastest pace since May 2017. Companies responded to greater cost burdens by raising selling prices. The latest increase was the weakest in four months, however.

The rate of expansion in purchasing activity eased for the second month running in January. That said, the latest rise in input buying was still solid amid improving client demand. Similarly, stocks of purchases continued to increase, but at a reduced pace.

Purchasing in larger quantities reportedly encouraged suppliers to improve delivery times, with requests for faster deliveries also proving effective. Lead times shortened for the first time in five months.

-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 over1 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.

About IHS Markit (www.ihsmarkit.com)

IHS Markit (Nasdaq: INFO) is a world leader in critical information, analytics and expertise to forge solutions for the major industries and markets that drive economies worldwide. The company delivers next-generation information, analytics and solutions to customers in business, finance and government, improving their operational efficiency and providing deep insights that lead to well-informed, confident decisions. IHS Markit has more than 50,000 key business and government customers, including 85 percent of the Fortune Global 500 and the world's leading financial institutions. Headquartered in London, IHS Markit is committed to sustainable, profitable growth.

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.