

News Release

Purchasing Managers' Index™
MARKET SENSITIVE INFORMATION
Embargoed until: 09:00 (Accra) / 09:00 (UTC) April 5th 2018

Stanbic Bank Ghana PMI™

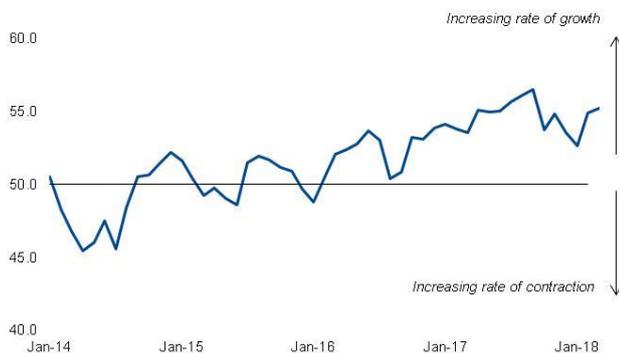
Output growth hits seven-month high in March

Data collected March 12-27

- Sharp and accelerated rise in business activity
- Record increases in purchasing activity and stocks of inputs
- Continued strong job creation recorded

Stanbic Bank Ghana PMI

sa, 50 = no change on previous month



Sources: Stanbic Bank, IHS Markit.

Growth in the Ghanaian private sector gathered momentum at the end of the first quarter of 2018. Output rose at a sharper pace amid a further marked expansion in new business. Meanwhile, confidence among companies that further improvements in demand are likely in coming months led to survey-record rises in both purchasing activity and stocks of purchases. On the price front, there were weaker increases in both input costs and output 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 March's survey findings, Ayomide Mejabi, Economist at Stanbic Bank said:

"The Stanbic Bank Ghana PMI continues to signal robust business activity amid a more stable macroeconomic environment, as the exchange rate remains supported by a declining current account deficit, and as the declining fiscal deficit and disinflation process prove positive for both business and consumer confidence. The PMI rose to 55.2 from 54.9 in Feb and 53.5 in Mar 17. This rise in the headline PMI reading was mainly driven by a sharp rise in output as new orders continued to rise at a decent pace. In line with our expectation for headline inflation, output prices continued to rise at a really slow pace. We now expect headline inflation to get to the Bank of Ghana's target range slightly ahead of its schedule - the BOG expects inflation to moderate to its 8% +/- 200 bps range by end-Q2. Due to the stronger than expected disinflation process over the course of the last 3-m, we now expect inflation to print around 8.7% y/y in Apr, while ending 2018 around 9.3% y/y."

The main findings of the March survey were as follows:

The PMI rose to 55.2 in March, from 54.9 in February, thereby signalling a sharp monthly improvement in the health of the private sector, and one that was the greatest since last September.

New orders continued to rise sharply during March amid a greater willingness among clients to spend on high quality products and services. New business has now increased in 26 successive months.

Higher new orders led to a rise in business activity over the month. Moreover, the rate of expansion quickened to the fastest since August 2017. This accelerated pace of output growth led to a reduction of backlogs of work in March, the first in three months.

Companies took on extra staff in order to support the rise in output, thereby extending the current sequence of job creation to 19 months. The latest increase was only slightly weaker than February's record.

Rising new orders and expectations of further improvements in demand in coming months led companies in Ghana to increase their purchasing activity sharply. Moreover, the rate of expansion was the fastest since the survey began in January 2014. The rate of accumulation in stocks of purchases also hit a record high in March.

Despite a sharp rise in demand for inputs, suppliers' delivery times shortened for the third month running. Panellists indicated that competition among vendors was the main factor behind shorter lead times.

Overall input prices rose at a weaker pace in March, with the rate of inflation easing to a six-month low. Both purchase prices and staff costs increased at slower rates.

Rising cost burdens resulted in a ninth consecutive monthly increase in prices charged by Ghanaian companies. That said, the rate of inflation was modest and the slowest since September last year.

-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://ihsmarket.com/products/pmi.html>.

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