

## News Release

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

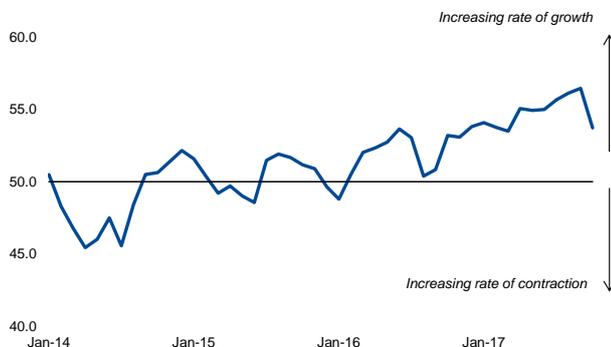
#### PMI signals further improvement in health of private sector, but dips to seven-month low

##### Data collected October 12-27

- Slower rises in output and new orders
- Solid increase in employment as firms keep on top of workloads
- Both input costs and output prices rise at sharper rates

##### Stanbic Bank Ghana PMI

sa, 50 = no change on previous month



Sources: Stanbic Bank, IHS Markit.

Business conditions continued to improve in the Ghanaian private sector during October, although there were signs of growth easing over the month. New orders increased at the weakest pace since March, leading to slower growth of output, employment and purchasing. Meanwhile, the pace at which input prices increased accelerated, with companies upping their output 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 October's survey findings, Ayomide Mejabi, Economist at Stanbic Bank said:

*"The Stanbic Bank Ghana PMI fell to 53.7 in October, its lowest level in seven months. This perhaps suggests that while economic growth should remain healthy all year, it will probably cool moderately in the second half due to an oil sector-induced high base in the first half of the year. The Stanbic PMI showed that output and new order levels rose at a slower pace despite strong increases in employment levels. Looking ahead, in addition to the boost from the oil sector on the whole economy, investors will be looking towards delivery of the authorities' fiscal consolidation targets as part of the extended IMF-funded programme. Interestingly, output prices continued to rise, corroborating our view that headline inflation has probably bottomed and as such, the Bank of Ghana possibly has limited scope to lower the policy rate once more before the end of the year."*

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

The headline PMI posted 53.7 in October, signalling a solid monthly improvement in the health of the private sector, and extending the current sequence of strengthening business conditions to 21 months. That said, down from 56.5 in September, the PMI pointed to the weakest improvement in operating conditions since March.

New orders continued to expand at a marked pace during October, despite the rate of growth easing to a seven-month low. Panellists linked rising new business to a greater willingness among clients to commit to new projects, alongside competitive pricing and good quality products.

Slower growth of new orders was matched by a weaker rise in activity. Output expanded solidly, despite the rate of growth easing for the third month running.

Backlogs continued to fall as panellists reported making efforts to complete work on time. Moreover, the rate of depletion was the fastest in nine months. Efforts to reduce outstanding business were helped by ongoing job creation. October saw a solid increase in employment that was only slightly weaker than September's record.

As was the case with output and new orders, purchasing activity increased at a weaker pace in October. The rate of expansion was marked, but the slowest for a year-and-a-half. Meanwhile, stocks of purchases rose only slightly over the month. The amount of time taken to receive

inputs from suppliers lengthened for the second month running. Panellists reported raw material shortages and poor road conditions.

The pace of overall input price inflation quickened to a seven-month high in October, with faster increases in both purchase prices and staff costs recorded. That said, the rise was still slower than the series average.

Higher input costs fed through to another increase in output prices, extending the current sequence of inflation to four months. The pace at which charges rose quickened and was the fastest since April.

-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](mailto: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. Website

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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 [www.markit.com/product/pmi](http://www.markit.com/product/pmi).

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