

## News Release

### Purchasing Managers' Index™ MARKET SENSITIVE INFORMATION

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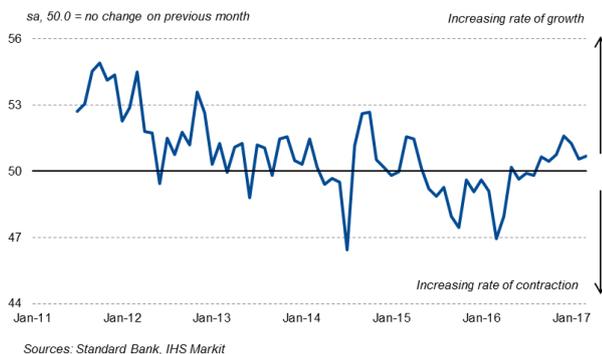
## Standard Bank South Africa PMI™

### South African business conditions improve for seventh month running

#### Data collected 13-29 March

- PMI above 50.0 for longest period in over four years...
- ...but signals only marginal improvement in private sector conditions
- Input price inflation at survey-record low

#### Standard Bank South Africa PMI



This report contains the latest release of data collected from the monthly survey of business conditions in the South African private sector. The survey, sponsored by Standard Bank and produced by Markit, has been conducted since July 2011 and provides an early indication of operating conditions in South Africa. The headline figure derived from the survey is the Purchasing Managers' Index™ (PMI™).

The PMI is a composite index, calculated as a weighted average of five individual sub-components: New Orders (30%), Output (25%), Employment (20%), Suppliers' Delivery Times (15%) and Stocks of Purchases (10%). Readings above 50.0 signal an improvement in business conditions on the previous month, while readings below 50.0 show a deterioration.

The Standard Bank South Africa PMI remained above 50.0 for the seventh month running in March, the longest sequence of positive readings in over four years and

signalling an ongoing improvement in private sector operating conditions. That said, the PMI was little-changed from February's 50.5, at 50.7, indicating only a marginal overall rate of growth. The latest figure was broadly in line with the long-run survey average of 50.8.

#### Commenting on March's survey findings, Kim Silberman, Economist at Standard Bank said:

*"The accelerated expansion in March's PMI was supported by improvements in key demand and supply sub-indices, as well as stocks of purchases which continues to support the idea that economic activity may have troughed.*

*"It is possible that the survey results are reflecting slight demand-driven inflation pressures, with output prices having risen at a slightly faster rate despite input price inflation having slowed. Additionally, backlogs of work rose above 50 indicating increased capacity utilisation, while suppliers' delivery times deteriorated in the month possibly indicating demand-driven pressures."*

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

The five components of the PMI were all mildly positive in March. Output, new orders and stocks of purchases increased at slightly faster – albeit still weak – rates than in February, while the pace of job creation slowed. Suppliers' delivery times lengthened only slightly.

Private sector activity rose for the seventh month running in March, the longest sequence of growth in nearly five years. That said, the rate of expansion remained muted despite improving slightly since February. New business also rose at a fractionally faster pace, despite a further decline in new export orders. The strength of new order growth was weak overall, however, and insufficient to

generate rising backlogs which were broadly unchanged during the month.

Growth of employment was maintained for the ninth month running in March, linked to expanded capacity and new work. That said, the rate of workforce growth slowed since February.

The rate of input price inflation slowed for the ninth time in ten months in March, to hit a new record low since the survey began in mid-2011. Staff costs rose at one of the

weakest rates to date, while purchase price inflation was the second-slowest in the series history. Input buying increased for the sixth month running, but the rate of growth remained marginal.

With relatively weak cost pressures, prices charged by South African companies rose only slightly in March. The rate of inflation was the second-slowest in the survey history.

-Ends-

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#### **Note to Editors:**

The Standard Bank South Africa 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 South African economy, including mining, manufacturing, services, construction and 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 'diffusion' index. This index is 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 indexes 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 Delivery Times index inverted so that it moves in a comparable direction.

Diffusion indexes have the properties of leading indicators and are convenient summary measures showing the prevailing direction of change. An index reading above 50 indicates an overall increase in that variable, below 50 an overall decrease.

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 Markit. Please contact [economics@ihsmarkit.com](mailto:economics@ihsmarkit.com).

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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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