

News Release

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

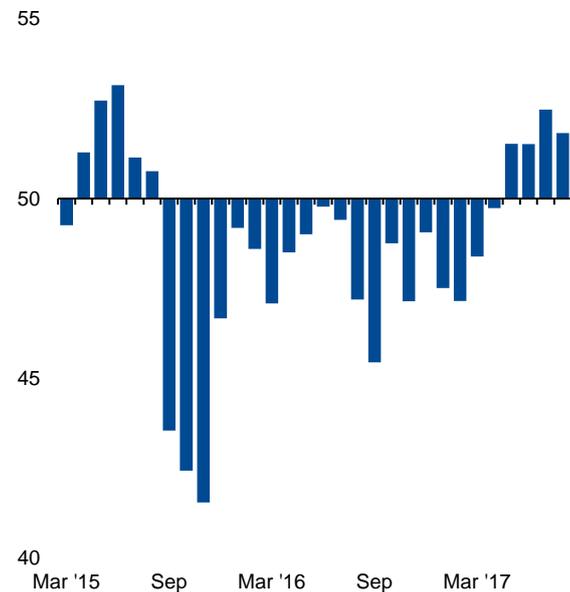
Job creation quickens amid ongoing new order growth

Data collected August 11-24

- Firms respond to higher demand by taking on staff at the fastest pace since July 2015
- Third successive monthly increase in output
- Output prices fall at fastest pace in survey's history

Stanbic Bank Zambia PMI

sa, 50 = no change on previous month



Sources: Stanbic Bank, IHS Markit.

Recent improvements in Zambian private sector business conditions were sustained in August amid further increases in output and new orders. Companies reacted to higher workloads by taking on extra staff to the greatest extent in over two years. Meanwhile, cost inflation remained historically muted. This enabled companies to lower their output prices as part of efforts to attract customers.

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

"Business responded to the growth in orders by increasing output and hiring more workers in the month of August. Benign cost inflation enabled firms to lower prices in a bid to attract more customers. The index was lower than July, 51.8 versus 52.5. However it is the fourth consecutive month that it has signalled improvements in business conditions. The index to some extent provides evidence that efforts to keep inflation in check are beginning to benefit the Zambian private sector and by extension the economy."

The main findings of the August survey were as follows:

The seasonally adjusted PMI registered above the 50.0 no-change mark for the fourth successive month in August, posting 51.8. Although this was down from 52.5 in July, the reading signalled ongoing improvements in business conditions in the Zambian private sector.

Zambian companies continued to raise output during August, the third month running in which this has been the case. Higher sales was the main factor driving growth of activity, but a positive business environment and a strengthening of the Zambian kwacha were also mentioned.

New orders rose for the fifth month running, and at a solid pace. Anecdotal evidence suggested that the rise in new work was partly reflective of price discounting as companies lowered charges for the sixth month running to help attract customers. In fact, the fall in output prices was the fastest in the two-and-a-half year survey history.

Companies were able to offer discounts due to ongoing muted inflationary pressures. While staff costs rose slightly, purchase prices decreased for the first time since September last year.

Firms responded to higher workloads by taking on extra staff for the fourth month running. Moreover, the rate of job creation quickened to the fastest in more than two years. This added capacity enabled companies to keep

on top of workloads. Backlogs of work decreased for the second month running, and to the greatest extent since February.

Purchasing activity also increased in response to higher demand, with the rate of expansion quickening from that seen in July. This resulted in a fifth successive monthly expansion of stocks of purchases, with the rate of accumulation remaining solid.

Despite the increase in demand for inputs, suppliers reportedly responded well to requests for faster deliveries during August. As a result, vendor lead times shortened for the first time in seven months.

-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.

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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.

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About PMI

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