

## News Release

**Purchasing Managers' Index™**  
**MARKET SENSITIVE INFORMATION**  
**Embargoed until: 10:30 (Lusaka) / 08:30 (UTC) April 5<sup>th</sup> 2018**

### Stanbic Bank Zambia PMI™

#### Zambian private sector returns to growth

##### Data collected March 12-23

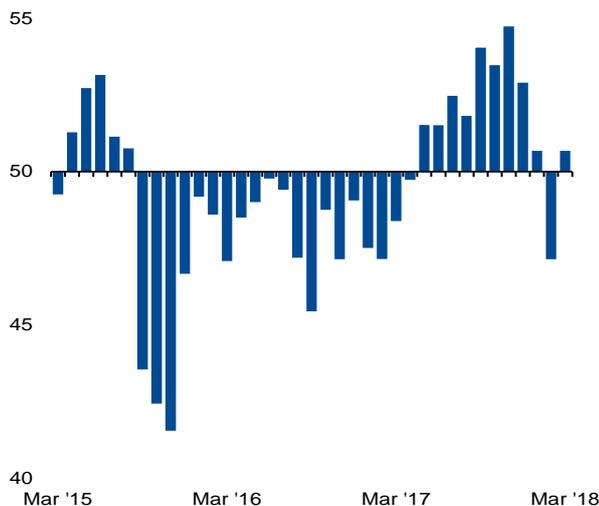
- PMI posts 50.7, indicating an improvement in business conditions
- Firms record solid rise in new business
- Output prices increase at faster pace

input costs further leading to a sustained rise in average selling 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.

##### Stanbic Bank Zambia PMI

sa, 50 = no change on previous month



Sources: Stanbic Bank, IHS Markit.

After having deteriorated in February, the latest PMI survey data from Stanbic Bank and IHS Markit signalled an improvement in the health of the Zambian private sector during March. A solid increase in volumes of total new orders underpinned growth, as client demand rebounded and the cholera outbreak eased. On a less positive note, output remained in contraction territory though the rate of decline softened markedly from the previous survey period. Meanwhile, a lack of funds contributed to reductions in workforce numbers and purchasing activity. Inflationary pressures continued and at an accelerated pace compared to February. Higher fuel prices and unfavourable exchange rates boosted

##### Commenting on March's survey findings, Victor Chileshe, Head of Global Markets at Stanbic Bank said:

*"The bounce back in the March PMI is a clear indication that the economy has weathered the Cholera Outbreak and it will be business as usual going forward. We however remain concerned with the prices of inputs, particularly after March year-on-year inflation backed up 100bps to 7.1%. Exchange rates, particularly ZAR/ZMK currency pair, continue to remain unfavourable."*

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

The latest PMI reading posted 50.7 in March, up from 47.1 in February. Supported by a solid increase in new business, the headline figure indicated a return to growth after a decline mid-quarter. That said, the rate of improvement was only marginal.

Forming the basis for overall growth was an increase in new orders during March. Anecdotal evidence largely attributed the expansion to higher underlying demand amid a larger client base.

In contrast, output decreased for the third month running at the end of the first quarter. However, the rate of

contraction eased sharply from February and was the slowest observed in the current sequence of decline.

Elsewhere, firms contracted their workforce numbers for the first time in 11 months in March. Efforts to limit costs drove the decline, as businesses struggled with a lack of funds.

Insufficient funds also led to a reduction in purchasing activity, thereby ending an 11-month sequence of expansion. That said, inventories accumulated in March due to dampened business activity.

On the price front, cost burdens were driven higher in March at an accelerated pace. Increased purchase and staff costs were behind the sustained rise as firms faced higher fuel prices and continued to motivate workers through higher pay. Consequently, output prices rose at the fastest pace observed in 14 months.

Meanwhile, improved infrastructure and efforts by vendors to attract customers led to a reduction in supplier delivery times for the fourth month in succession.

-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](mailto:economics@ihsmarkit.com).

### About Stanbic Bank Zambia Limited

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.

<http://www.stanbicbank.co.zm/>

**About IHS Markit ([www.ihsmarkit.com](http://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.

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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://ihsmarkit.com/products/pmi.html>.

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