

## News Release

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

### Stanbic Bank Ghana PMI™

#### Output growth quickens to survey-record high

##### Data collected May 11-29

- Record rise in activity amid faster new order growth
- Employment also increases at sharpest pace in survey's history
- Inflationary pressures modest in May

##### Stanbic Bank Ghana PMI

sa, 50 = no change on previous month



Sources: Stanbic Bank, IHS Markit.

Record rises in output and employment supported a further strong improvement in business conditions in Ghana's private sector during May. Rates of growth in new orders and purchasing activity also accelerated during the month. Firms were helped in securing new business by competitive pricing as output charges rose only slightly.

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 May's survey findings, Ayomide Mejabi, Economist at Stanbic Bank said:

"There are minimal risks to our core view that Ghana's economy should experience strong growth over the next few years. The Stanbic Bank PMIs certainly suggest that business conditions in the private sector remain healthy. At 55.8, the PMI has stayed above the 50 mark which demarcates expansion from contraction for over two years. Survey respondents suggest that output levels continue to rise at a rapid pace, taking the output sub-index to a survey-record high of 58.3. New orders also remained buoyant in May pointing to a healthy rise in aggregate demand. In the immediate, the depreciation of the USD/GHS may dampen business and consumer sentiment. However, we view the pressure on the currency as transient, reflecting the global risk-off sentiment towards emerging and frontier markets, rather than any domestic concerns. Output prices remain subdued in Ghana, reaching 50.5 in May from 55.0 in December 2017. As such, we expect that headline inflation should remain in single digit territory for the rest of this year."

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

The PMI rose to 55.8 in May from 54.5 in April, thereby signalling a sharp and accelerated improvement in business conditions across the private sector. Operating conditions have now strengthened in each of the past 28 months, with the latest improvement the strongest since last September.

Central to the latest improvement in business conditions was the fastest rise in output since the survey began in January 2014. Activity increased substantially, with panellists linking growth to higher new orders and expanded operations.

In turn, new order growth was reportedly reflective of improving client demand. New business increased at a substantial pace, and one that was the strongest since last November.

As well as seeing a record rise in output during May, employment also increased to the greatest extent in the survey's history as companies responded to higher new orders. The expansion of staffing levels was not sufficient to prevent a further build-up of backlogs of work, however, which increased for the fourth time in the past five months.

With client demand rising, companies expanded their purchasing activity accordingly. Input buying increased sharply, and at a slightly faster pace than in April. This fed through to a steep accumulation of stocks of purchases, and one that was the second-fastest in the series history.

The rate of overall input price inflation remained modest in May, despite accelerating marginally from the previous month. Purchase costs increased sharply, with panellists often mentioning cedi weakness against the US dollar. Meanwhile, efforts to motivate staff reportedly led to an increase in wages and salaries.

After being unchanged in April, output prices rose marginally during May. Some panellists increased charges in response to higher input costs, while others lowered output prices as part of attempts to attract customers.

Finally, suppliers' delivery times shortened to the greatest extent since April 2014 amid reports of strong competition among suppliers.

-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.

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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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