

News Release

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

Business conditions in Zambian private sector continue to improve

Data collected April 12-24

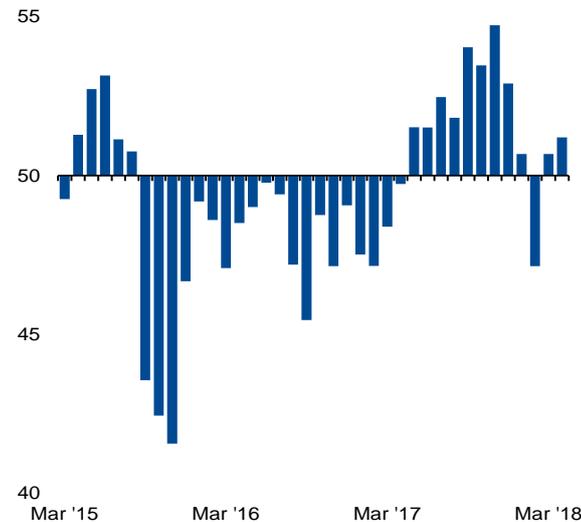
- PMI registers 51.2 in April
- Output returns to growth
- New orders increase for second month in succession

marginal and the slowest observed over the current sequence of inflation.

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.

The latest PMI survey data signalled a further improvement in the health of the Zambian private sector during April. Business activity rose for the first time in 2018, as the negative impacts of the recent cholera outbreak subsided. Moreover, firms continued to win new business at a solid pace amid stronger client demand. Subsequently, purchasing activity rose and employment stabilised.

Meanwhile, price pressures eased in the sector, with input costs falling for the first time in 19 months. Although output prices continued to rise, the rate of increase was

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

"The solid increase in new business underpinned the improvement in private sector health in April. However the local unit has been under pressure, in the latter part of the month. This is likely to cause a rise in input costs in the month of May."

The main findings of the April survey were as follows:

At 51.2 in April, up from 50.7 in March, the headline figure indicated an overall improvement in business conditions in the Zambian private sector. Moreover, the pace of growth accelerated from March and was the strongest observed in 2018 so far.

Supporting the second consecutive month of overall growth, was an increase in new orders in the sector. Despite the rate of expansion easing from March, it remained solid and above the series average so far.

Furthermore, business activity entered expansion territory for the first time in four months during April. Anecdotal

evidence linked the increase to a larger client base and stronger demand.

Having contracted in March, workforce numbers remained unchanged in April. A lack of funds offset any increases caused by the volume of new orders. On the other hand, businesses expanded their purchasing activity in line with efforts to improve operating capacity.

Meanwhile, supplier delivery times for inputs shortened again at the start of the second quarter, although to a lesser extent than observed in March. Panel members attributed the improvement in vendor performance to efforts on the part of suppliers to improve customer satisfaction.

A decrease in purchase prices underpinned a fall in overall input costs in April, as staff costs rose at a marginal pace. Though input prices fell only modestly, it was the fastest observed across the series so far.

April saw businesses increase their average selling prices for the third month in a row. Offsetting the effects of the fall in input costs were efforts to increase profits. That said, the rate of output price inflation was only marginal.

-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.

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.

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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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