

News Release

Purchasing Managers' Index™ MARKET SENSITIVE INFORMATION

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Stanbic Bank Zambia PMI™

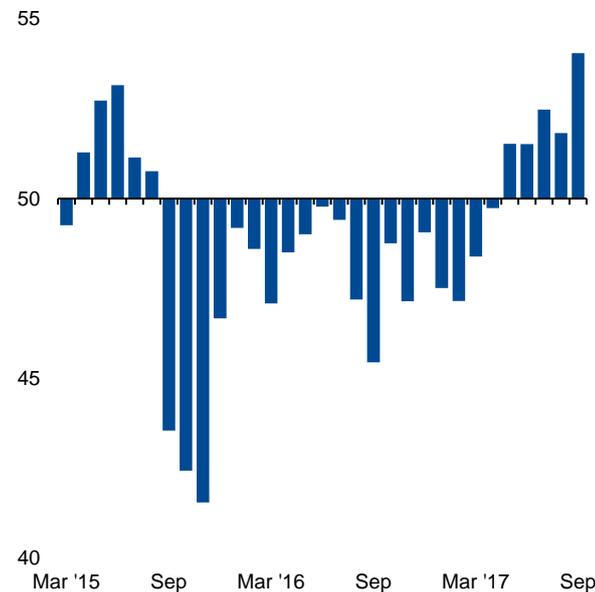
PMI highest in 31-month survey history

Data collected September 12-25

- Record rise in output amid further sharp increase in new orders
- Job creation fastest since May 2015
- Purchasing activity and inventories increase at sharpest rates in survey so far

Stanbic Bank Zambia PMI

sa, 50 = no change on previous month



Sources: Stanbic Bank, IHS Markit.

Growth in the Zambian private sector gained momentum during September, with overall business conditions improving to the greatest extent since the survey began in March 2015. Sharp increases were recorded in both output and new orders, with companies responding by taking on extra staff and purchasing additional inputs. Client demand was boosted by ongoing discounting, with a lack of inflationary pressure providing the opportunity for firms to reduce charges.

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

"September marks the 5th consecutive month The Stanbic Bank Zambia Purchasing Managers' Index™ has indicated an improvement in business conditions. September was also the fastest pace of employment rise since May 2015. The consistent theme has been the improvement in new orders and companies' ability to attract more business by offering discounts. These discounts have been strongly underpinned by a supportive inflationary backdrop. Recent monetary policy measures and efforts to contain inflation are seemingly bearing fruit. We are however wary of the likely push through effects on inflation that the last power tariff hike and the recent depreciation of the ZMW to the USD will have on cost inflation of inputs in the coming months."

The main findings of the September survey were as follows:

The PMI posted 54.0 in September, up from 51.8 in August and recording the strongest improvement in business conditions in the survey's 31-month history. Operating conditions have now strengthened in five successive months.

Success in securing new business was key to the improved performance of the private sector in September. New orders rose sharply, and at the joint-fastest pace in the survey's history.

Higher sales led to a marked increase in business activity, and the strongest since the series began. Output has now risen in four successive months.

The strength of new order growth meant that backlogs of work accumulated in spite of increased production. The rise in outstanding business was marked, and ended a two-month sequence of depletion.

Rising workloads encouraged companies to increase both their staffing levels and purchasing activity during September. Employment rose at the fastest pace since May 2015, while input buying expanded to the greatest extent in the survey's history. Increased purchasing contributed to a sharp increase in inventories, also the greatest on record.

In spite of a marked rise in demand for inputs, suppliers were able to improve their performance during September. Delivery times shortened for the second month running.

As well as improving underlying demand, panellists indicated that new business inflows were supported by the offering of discounts. Output prices decreased for the seventh month running, with the rate of decline quickening for the fourth successive month.

Companies were able to offer discounts as a result of relatively mild cost inflation. Both purchase prices and staff costs rose modestly over the month. Some panellists mentioned rewarding their staff for improving sales.

-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.

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

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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 www.markit.com/product/pmi.

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