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## Stanbic Bank Zambia PMI™

### Sharpest rise in employment for just over a year

#### Key findings

Extra staff hired in response to continued new order growth

Third successive rise in output

Inflation of overall input costs and selling prices softens

Business conditions in the Zambian private sector continued to improve in July, with further increases in output and new orders recorded. A key highlight from the latest survey was the fastest rise in employment for just over a year.

Higher staffing levels added to staff expenses during the month, but overall input price inflation softened amid unchanged purchase costs. As a result, selling prices also rose at a weaker pace at the start of the third quarter.

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.

The headline PMI posted above the 50.0 no-change mark for the third month running in July, signalling a sustained strengthening of the health of the Zambian private sector. That said, at 51.0 in July, down from 51.2 in June, the index pointed to only a slight improvement, and one that was the softest in the current positive sequence.

Sustained but softer increases were seen in both new business and output in July. Panellists reported greater customer numbers, which fed through to higher new orders and business activity. Output increased in the services, manufacturing and construction sectors, but fell in agriculture and wholesale & retail.

With new orders increasing, companies made efforts to expand their workforce numbers. Employment rose for the second month running and the pace of job creation quickened to the fastest since June 2022. This expansion in capacity helped firms to keep on top of workloads, with outstanding business down at a solid pace.

Higher staffing levels and increases in pay for existing

Stanbic Bank Zambia PMI

sa, >50 = improvement since previous month



Sources: Stanbic Bank, S&P Global PMI.  
Data were collected 12-25 July 2023.

#### Comment

Musenge Komeki, Head of Trading at Stanbic Bank commented:

*“The headline PMI posted above the 50.0 no-change mark for the third month running in July, signalling a sustained strengthening of the health of the Zambian private sector. Companies remained optimistic that output will increase over the coming year despite overall sentiment dipping to a three-month low.”*

workers meant that staff costs rose at a faster pace in July. The rate of inflation was the sharpest in just over two years.

Purchase prices, meanwhile, were unchanged, thereby ending a six-month sequence of inflation. Overall input costs increased at the softest pace in seven months.

Matching the trend seen for overall input costs, the pace of output price inflation softened to a marginal pace that was the weakest in the current seven-month sequence of rising charges.

While companies expanded staffing levels in July, more caution was evident with regards to the purchasing of inputs. Buying activity was broadly unchanged for the second month running. Meanwhile, stocks of purchases decreased marginally as panellists reported only generally buying items for use directly to support output.

The broadly stable picture in terms of demand for inputs, and competition among suppliers, meant that vendor delivery times shortened for the third consecutive month.

Finally, companies remained optimistic that output will increase over the coming year, but sentiment dipped to a three-month low and was below the survey average. Anecdotal evidence suggested that confidence with regards to output generally flowed from expectations of new order growth.

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### Survey methodology

The Stanbic Bank Zambia PMI™ is compiled by S&P Global from responses to questionnaires sent to purchasing managers in a panel of around 400 private sector companies. The panel is stratified by detailed sector and company workforce size, based on contributions to GDP. The sectors covered by the survey include agriculture, mining, manufacturing, construction, wholesale, retail and services. Data were first collected March 2015.

Survey responses are collected in the second half of each month and indicate the direction of change compared to the previous month. A diffusion index is calculated for each survey variable. The index is the sum of the percentage of 'higher' responses and half the percentage of 'unchanged' responses. The indices vary between 0 and 100, with a reading above 50 indicating an overall increase compared to the previous month, and below 50 an overall decrease. The indices are then seasonally adjusted.

The headline figure is the Purchasing Managers' Index™ (PMI). The PMI is a weighted average of the following five indices: New Orders (30%), Output (25%), Employment (20%), Suppliers' Delivery Times (15%) and Stocks of Purchases (10%). For the PMI calculation the Suppliers' Delivery Times Index is inverted so that it moves in a comparable direction to the other indices.

Underlying survey data are not revised after publication, but seasonal adjustment factors may be revised from time to time as appropriate which will affect the seasonally adjusted data series.

For further information on the PMI survey methodology, please contact [economics@ihsmarkit.com](mailto:economics@ihsmarkit.com).

### 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. [ihsmarkit.com/products/pmi.html](http://ihsmarkit.com/products/pmi.html)

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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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