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Stanbic Bank Zambia PMI®

Renewed rise in business activity at Zambian firms amid greater new orders

Key findings

First increase in output since November 2023

Inflationary pressures strengthen

Business confidence improves, but employment growth slows

The Zambian private sector continued to register an improvement in business conditions during February, according to the latest PMI® data. Overall growth stemmed from a further increase in new orders and the first expansion in activity since November 2023. Although demand for inputs was stable and supplier lead times shortened, purchase prices rose at a steeper rate. At the same time, greater cost-of-living payments pushed up wage bills, despite the pace of job creation easing.

Nonetheless, more stable power supplies and a sustained rise in new business supported greater optimism in the outlook for output over the coming year.

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 50.9 in February, unchanged from January's 18-month high. The latest data signalled a third successive monthly improvement in the health of the private sector.

The sustained expansion in the private sector was supported by a renewed rise in output, as activity increased for the first time in 15 months in February. Panellists reported that growth in new orders supported the upturn. Some also highlighted that a more stable power supply enabled smoother business processes.

Meanwhile, new orders rose at a solid pace in February. The rate of growth was broadly in line with those seen in December and January, with the latest expansion extending the current sequence of growth to four months.

Unlike the trend seen for output, where the increase was confined to the agricultural sector, four of the five

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sa, >50 = improvement since previous month



Sources: Stanbic Bank, S&P Global PMI.
Data were collected 10-24 February 2025

Comment

Musenge Komeki, Head of Sales at Stanbic Bank commented:

"The Zambian private sector showed continued improvement in business conditions in February 2025, driven by an increase in new orders and renewed activity growth, while stable power supplies and rising new business supported optimism for future output."

monitored segments recorded an upturn in new business.

Meanwhile, total input prices increased at a fractionally faster pace, driven by sharper rises in both staff and purchase costs. The depreciation of the kwacha as well as greater cost-of-living payments reportedly drove the latest increase in cost pressures.

An accommodative demand environment reportedly enabled firms to pass-through greater costs to customers. Selling prices rose at the steepest rate since September 2024, with the increase in output charges broad based by sector.

At the same time, sufficient capacity to process incoming new work enabled Zambian companies to lower their backlogs of work during February, and at the fastest pace since March 2024.

Consequently, firms raised their staffing levels only fractionally, despite stronger expectations of activity growth over the next year. Although slightly below the series average, the level of optimism was the highest since last July amid investment in new products and greater stability in electricity supplies.

Finally, input buying stabilised in February, following a marginal contraction at the start of the year. Firms reported efforts to build stocks amid hopes of greater future output, with pre-production inventories rising at the sharpest rate since August 2018. The ability to stockpile was enhanced by the most marked improvement in lead times since April 2024.

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@spglobal.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. www.spglobal.com/marketintelligence/en/mi/products/pmi

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PMI®

by **S&P Global**

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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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