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Stanbic Bank Zambia PMI®

Sharpest growth in new orders for seven years in May

Key findings

Renewed drop in output despite quicker rise in new orders

Fresh increase in employment

Selling price inflation weakest since August 2023

Operating conditions at Zambian firms improved to the strongest degree in two years during May, according to the latest PMI® data. Underlying data indicated that greater demand conditions drove overall growth, as energy supply issues weighed on output levels. A quicker rise in new orders also supported increased input buying and renewed job creation. Business confidence also strengthened, as the level of optimism reached the highest since December 2021.

Meanwhile, both staff and purchase costs rose at slightly faster rates but, despite a bid to pass-through higher input prices, firms moderated the pace of increase in output 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.

The headline PMI posted at 51.4 in May, up from 50.9 in April, to signal back-to-back improvements in business conditions across the Zambian private sector. Moreover, the latest upturn was the most marked since May 2023.

Supporting overall growth was a faster rise in new business at Zambian firms. New orders increased for the sixth time in the last seven months, with the latest expansion the sharpest in seven years. Panellists stated that greater purchasing power at customers boosted new order inflows.

That said, energy supply issues and electricity shortages hampered output levels during May. Business activity fell for the second time in the last three months, albeit only fractionally.

At the sector level, although the expansion in new orders was broad based, the overall decline in output was driven by lower production in the construction segment.

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sa, >50 = improvement since previous month



Sources: Stanbic Bank, S&P Global PMI.
Data were collected 12-23 May 2025

Comment

Musenge Komeki, Head of Sales at Stanbic Bank commented:

"Zambian business conditions improved the most in two years during May, with strong demand driving growth despite electricity shortages. New orders and employment increased, while firms kept selling price hikes moderate amid rising costs. Business confidence reached its highest level since December 2021."

PMI®

by **S&P Global**

Challenges related to the supply of electricity also held firms back from processing incoming new work, as backlogs returned to growth.

Increased new orders supported growth in employment, input buying and stock holdings. Rates of expansion in purchasing activity and inventories quickened on the month, with the former the fastest since October 2023. The upturn in stocks of purchases was aided by quicker supplier delivery times, as vendor quality improved for the fourth time in five months.

Meanwhile, job creation resumed following a brief pause in April. The rise in headcounts was only slight, but growth was seen in the agriculture, services and wholesale & retail sectors.

On the price front, overall operating expenses continued to increase at a solid rate in May, following slightly steeper rises in purchase and staff costs. Greater utility bills, unfavourable exchange rate movements against the dollar and increased employment drove cost inflation, according to firms.

Despite favourable demand conditions, the pace of charge inflation slowed. Zambian companies recorded the weakest rise in selling prices since August 2023. At the sector level, only agriculture and wholesale & retail firms noted higher output charges.

Finally, the level of optimism at Zambian companies regarding the outlook for output ticked up to the strongest since December 2021.

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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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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