

Embargoed until 1030 CAT (0830 UTC) 5 October 2022

Stanbic Bank Zambia PMI™

Output returns to growth in September

Key findings

Currency improvements support stronger business conditions

Input costs fall for first time in a year

Renewed expansion in new orders

Data were collected 12-26 September 2022

Zambian companies signalled an improvement in business conditions during September as output and new orders returned to growth. An appreciation of the kwacha helped lead to a drop in input costs which was passed on to customers via lower output prices, thereby helping to support demand. Firms also expanded their employment and purchasing activity at the end 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 moved back above the 50.0 no-change mark in September, posting 50.5 from 50.0 in August. The latest reading signalled a marginal improvement in business conditions for the second time in the past three months.

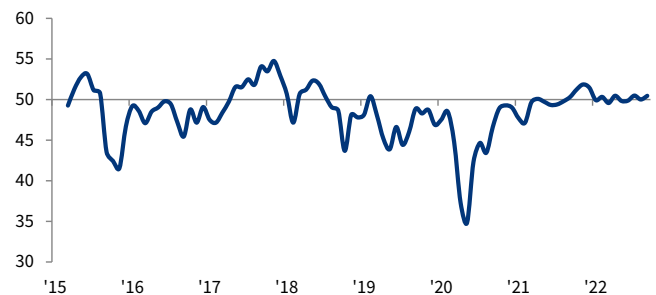
An appreciation of the Zambian kwacha against the US dollar in September was key to the strengthening of operating conditions over the month.

Favourable exchange rate movements helped lead to a first reduction in purchase costs for ten months, in turn feeding through to lower overall input prices. With input costs down over the month, companies also lowered their own selling prices, ending a seven-month sequence of inflation.

Price reductions helped to stimulate customer demand,

PMI

sa, >50 = improvement since previous month



Sources: Stanbic Bank, S&P Global.

leading to a renewed increase in new orders during September. The rise was the second in the past three months, albeit only marginal.

A similar picture was seen for business activity, which also increased slightly following a fall in August. Output rose in the construction and services sectors, but decreased elsewhere.

With new orders rising, firms signalled a further accumulation in backlogs of work. There were also some reports of difficulties securing sufficient funding to complete projects. Outstanding business increased for the ninth month running.

Efforts to keep on top of workloads and replace departed staff led to a sixth successive increase in employment during September. Rising workforce numbers meant that staff costs continued to increase.

As has been the case throughout the past year, purchasing activity expanded at the end of the third quarter, with companies also increasing their inventory holdings, in part due to greater affordability of inputs. Meanwhile, suppliers' delivery times continued to lengthen amid reports of shipping delays.

Finally, improvements in the exchange rate and wider economic conditions supported confidence among firms that output will increase over the coming year.

Comment

Victor Chileshe, Head of Global Markets at Stanbic Bank commented:

"An improvement in output and new orders in the month of September weighed in on the slight improvement in the PMI reading month on month. Favourable exchange rates lowered input costs. This benefit was passed on to consumers to stimulate demand. It will be interesting to see what the net effect will be on businesses when fuel subsidies are removed in October. Panellists remain optimistic about economic prospects and the exchange rate."

Contact

Stanbic Bank

Victor Chileshe
 Head of Global Markets
 T: +260 967 214 477
chileshev@stanbic.com

S&P Global Market Intelligence

Andrew Harker
 Economics Director
 T: +44 1491 461 016
andrew.harker@spglobal.com

Sabrina Mayeen
 Corporate Communications
 T: +44 (0) 7967 447030
sabrina.mayeen@spglobal.com

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.

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.

September data were collected 12-26 September 2022.

For further information on the PMI survey methodology, please contact 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

Disclaimer

The intellectual property rights to the data provided herein are owned by or licensed to S&P Global and/or its affiliates. Any unauthorised use, including but not limited to copying, distributing, transmitting or otherwise of any data appearing is not permitted without S&P Global's prior consent. S&P Global shall not have any liability, duty or obligation for or relating to the content or information ("data") contained herein, any errors, inaccuracies, omissions or delays in the data, or for any actions taken in reliance thereon. In no event shall S&P Global be liable for any special, incidental, or consequential damages, arising out of the use of the data. Purchasing Managers' Index™ and PMI™ are either registered trade marks of Markit Economics Limited or licensed to Markit Economics Limited and/or its affiliates.

This Content was published by S&P Global Market Intelligence and not by S&P Global Ratings, which is a separately managed division of S&P Global. Reproduction of any information, data or material, including ratings ("Content") in any form is prohibited except with the prior written permission of the relevant party. Such party, its affiliates and suppliers ("Content Providers") do not guarantee the accuracy, adequacy, completeness, timeliness or availability of any Content and are not responsible for any errors or omissions (negligent or otherwise), regardless of the cause, or for the results obtained from the use of such Content. In no event shall Content Providers be liable for any damages, costs, expenses, legal fees, or losses (including lost income or lost profit and opportunity costs) in connection with any use of the Content.

About Stanbic Bank

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>

About S&P Global

S&P Global (NYSE: SPGI) S&P Global provides essential intelligence. We enable governments, businesses and individuals with the right data, expertise and connected technology so that they can make decisions with conviction. From helping our customers assess new investments to guiding them through ESG and energy transition across supply chains, we unlock new opportunities, solve challenges and accelerate progress for the world.

We are widely sought after by many of the world's leading organizations to provide credit ratings, benchmarks, analytics and workflow solutions in the global capital, commodity and automotive markets. With every one of our offerings, we help the world's leading organizations plan for tomorrow, today.

If you prefer not to receive news releases from S&P Global, please email katherine.smith@spglobal.com. To read our privacy policy, click [here](#).