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## Stanbic Bank Zambia PMI™

### Employment rises for first time in five months amid further growth of new orders

#### Key findings

Marginal increase in staffing levels

Output and new orders expand again

Cost inflation softens for third successive month

The second quarter of the year ended with the Zambian private sector remaining in expansion territory. Output and new orders each rose for the second successive month amid improving economic conditions, better access to money and relatively muted inflationary pressures. In response, companies increased their staffing levels for the first time in five months, albeit marginally.

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 51.2 in June, down fractionally from 51.4 in May but remaining above the 50.0 no-change mark to signal a second successive monthly improvement in business conditions in the private sector.

Business activity was also up for the second month running in June, and at a solid pace. Growth was seen across all five broad sectors monitored by the survey. Anecdotal evidence linked higher output to increasing new orders, muted price pressures and better access to money in the economy.

Signs of economic conditions improving helped firms to secure new customers, thereby feeding through to greater new orders. New business expanded for the second month in a row.

Higher new orders encouraged some companies to expand their staffing levels in June, leading to the first net increase in employment in five months. That said, the pace of job creation was only fractional amid financial difficulties at some firms.

Cost considerations were also a factor with regards to inventory holdings, and so both purchasing activity and

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sa, >50 = improvement since previous month



Sources: Stanbic Bank, S&P Global PMI.  
Data were collected 12-26 June 2023.

#### Comment

Musenge Komeki, Head of Trading at Stanbic Bank commented:

*“Business conditions remained positive for the second successive month as output and new orders expanded again. Cost pressures were relatively muted in June as the pace of inflation eased for the third month running helped by an improving exchange rate.”*

stocks of inputs dipped fractionally despite expansions at some firms in response to new order growth.

Backlogs of work continued to be reduced despite a further rise in new business, suggesting some ongoing spare capacity in the private sector.

Overall cost pressures were relatively muted in June, with the pace of inflation easing for the third month running to the softest in the current six-month sequence of rising prices. Purchase cost inflation slowed, helped by an improving exchange rate.

On the other hand, staff costs increased for the second month running and at a faster pace than in May amid a renewed expansion in workforce numbers.

Output prices rose for the sixth consecutive month as higher costs were passed on to customers. The rate of inflation in June was modest, but slightly faster than that seen in May.

Competition among suppliers resulted in a further improvement in vendor performance. Moreover, the second successive shortening of lead times was the most marked since April 2019.

Companies were hopeful that the recent trends of improving new orders, currency appreciation and muted inflation will continue in the months ahead, supporting ongoing growth of activity. Confidence strengthened to the joint-highest in the past year-and-a-half.

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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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