

Embargoed until 1030 CAT (0830 UTC) 3 June 2022

Stanbic Bank Zambia PMI™

Price pressures contribute to slight fall in new orders

Key findings

Output and new business tick down

Fourth successive rise in selling prices

Job creation sustained

Data were collected 12-25 May 2022

Latest data suggested that inflationary pressures stymied growth in the Zambian private sector in May. Output and new orders both ticked down amid reports that customers had struggled to finance new projects. Input costs and output prices continued to rise, albeit at softer rates than in April. Meanwhile, firms expanded their staffing levels and purchasing activity due to anticipated improvements in demand and efforts to expand capacity.

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 49.8 in May, down from 50.5 in April and signalling a fractional deterioration in business conditions in the private sector.

Weakness in operating conditions stemmed from renewed reductions in output and new orders, which both ticked down following slight increases in the previous month. Price rises, money shortages and unfavourable exchange rate movements acted to limit the ability of firms to secure new orders and expand activity, with customers sometimes struggling to fund projects.

In terms of prices, companies increased their charges for the fourth month running in May. The rate of inflation was solid, albeit softer than that seen in April. The construction and agriculture sectors posted the sharpest increases in

PMI

sa, >50 = improvement since previous month



Sources: Stanbic Bank, S&P Global.

selling prices.

Rising output prices reflected the passing on of higher input costs, which increased for the eighth consecutive month. Purchase prices rose due to higher fuel costs and exchange rate fluctuations, while staff pay also increased amid a rising cost of living.

Despite slight reductions in activity and new orders during the month, confidence in the year-ahead outlook for activity improved in May amid hopes for exchange rate stability and improving new business. That said, optimism was below the series average, with some firms continuing to highlight a degree of uncertainty in the outlook.

Expected improvements in demand encouraged companies to increase their purchasing activity again, with inventories also rising, in part due to lower than expected sales.

Meanwhile, staffing levels increased for the second successive month, with some firms hiring in order to boost productivity. Backlogs of work continued to accumulate, however, and at a pace that was only slightly slower than April's recent peak.

Finally, suppliers' delivery times improved modestly for the second month in a row as a lack of COVID-19 restrictions enabled suppliers to speed up deliveries.

Comment

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

"The PMI dropped marginally on account of a drop in output and new orders however firms did expand their staffing levels and purchasing activity due to anticipated improvements in demand. Confidence in the year-ahead outlook for activity improved in May amid hopes for exchange rate stability and improving new business."

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

Joanna Vickers
 Corporate Communications
 T: +44 207 260 2234
joanna.vickers@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.

May data were collected 12-25 May 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](#).