

News Release

Purchasing Managers' Index™
MARKET SENSITIVE INFORMATION
Embargoed until: 0915 (Cape Town) / 0715 (UTC) April 5th 2016

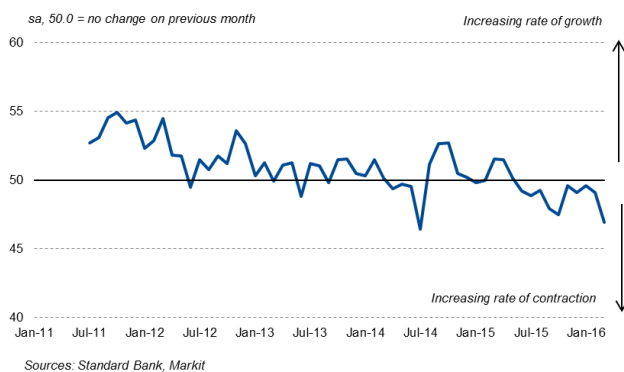
Standard Bank South Africa PMI™

South Africa PMI drops to 20-month low, signalling deepening recession

Data collected 11-29 March

- Headline PMI falls from February's 49.1 to 47.0, rounding off worst quarter on record
- Output and new orders decline at sharper rates
- Employment levels fall at record pace

Standard Bank South Africa PMI



The downturn in South Africa's private sector that started last summer intensified in March, with output and new orders falling at sharper rates and companies cutting jobs at a record pace. Meanwhile, input and output prices both rose more slowly, buying activity declined and inventories were reduced for the ninth month running.

The PMI is a composite index, calculated as a weighted average of five individual sub-components: New Orders (30%), Output (25%), Employment (20%), Suppliers' Delivery Times (15%) and Stocks of Purchases (10%). Readings above 50.0 signal an improvement in business conditions on the previous month, while readings below 50.0 show a deterioration.

Falling from February's 49.1 to 47.0 in March, the seasonally adjusted Standard Bank South Africa PMI signalled the most marked deterioration in operating conditions in over one-and-a-half years. Moreover, the average PMI reading over the first quarter as a whole was the worst since the inception of the survey in July 2011.

Commenting on March's survey findings, Kuvasha Naidoo, Economist at Standard Bank said:

"The 2.1 points fall in March's PMI to 47.0, indicates a faster pace of deterioration in private sector output in the month. Both supply and demand side PMI indicators imply continued weakness in South Africa's economy.

"Output emerged as the largest drag to the index, falling to a close to two year low. Destocking continued for a ninth consecutive month in March, and this trend is likely to be exacerbated by the acceleration in the contraction in new orders. New export orders also show that external demand is weak and declining at a faster rate.

"Overall input prices remained elevated despite the pace of inflation slowing between February and March, with both purchase costs and staff costs increasing at decelerating rates. Notably, employment fell into contractionary territory after briefly surpassing the 50 points threshold in February. Output prices also increased at a slower pace in March."

The main findings of the March survey were as follows:

South African private sector firms reported a substantial decline in activity in March, the eleventh in as many months and the most marked since July 2014. Part of the decrease was attributed by panellists to a lack of demand.

In line with the trend for output, new business fell sharply during the month. Survey participants partly linked this to commodity price developments, the drought and poor economic conditions. The fall in new work was broad-based, as new export orders also declined.

With new orders and output falling sharply, South African private sector companies scaled back their input buying and staff hiring activities. The reduction in workforce numbers the most marked in the survey history.

Input costs continued to rise during March, with unfavourable exchange rates continuing to exert upward pressure on inflation. That said, average staff costs also rose, albeit marginally overall. Some companies passed

higher costs on to their clients, resulting in a further increase in average charges.

Stocks of purchases declined at the fastest pace in 20 months and backlogs of work were reduced further. Meanwhile, average delivery times lengthened for the fifth consecutive month.

-Ends-

For further information, please contact:

Standard Bank:

Kuvasha Naidoo

Telephone +27-11-415-4183

Email Kuvasha.naidoo@standardbank.co.za

Markit:

Oliver Kolodseike, Economist

Telephone +44-1491-461-003

Email oliver.kolodseike@markit.com

Joanna Vickers, Corporate Communications

Telephone +44-207-260-2234

Email joanna.vickers@markit.com

Note to Editors:

The Standard Bank South Africa Purchasing Managers' Index™ is based on data compiled from monthly replies to questionnaires sent to purchasing executives in approximately 400 private sector companies, which have been carefully selected to accurately represent the true structure of the South African economy, including mining, manufacturing, services, construction and retail. The panel is stratified by GDP and company workforce size. Survey responses reflect the change, if any, in the current month compared to the previous month based on data collected mid-month. For each of the indicators the 'Report' shows the percentage reporting each response, the net difference between the number of higher/better responses and lower/worse responses, and the 'diffusion' index. This index is the sum of the positive responses plus a half of those responding 'the same'.

The Purchasing Managers' Index™ (PMI™) is a composite index based on five of the individual indexes with the following weights: New Orders - 0.3, Output - 0.25, Employment - 0.2, Suppliers' Delivery Times - 0.15, Stock of Items Purchased - 0.1, with the Delivery Times index inverted so that it moves in a comparable direction.

Diffusion indexes have the properties of leading indicators and are convenient summary measures showing the prevailing direction of change. An index reading above 50 indicates an overall increase in that variable, below 50 an overall decrease.

Markit do not revise underlying survey data after first publication, but seasonal adjustment factors may be revised from time to time as appropriate which will affect the seasonally adjusted data series. Historical data relating to the underlying (unadjusted) numbers, first published seasonally adjusted series and subsequently revised data are available to subscribers from Markit. Please contact economics@markit.com.

Standard Bank:

Standard Bank are a universal bank and full-service financial group offering transactional banking, saving, borrowing, lending, investment, insurance, risk management, wealth management and advisory services.

From our head office in Johannesburg, we have developed and refined our universal banking competencies while playing a central role in developing the sophisticated South African financial sector, in what is today a successful developing economy. Our deep roots in South Africa provide a strong base for our growth in Africa, and position us well to realise significant opportunities for clients doing business in these markets.

See more at: <http://www.standardbank.com/OurBusiness.aspx>

About Markit

Markit is a leading global diversified provider of financial information services. We provide products that enhance transparency, reduce risk and improve operational efficiency. Our customers include banks, hedge funds, asset managers, central banks, regulators, auditors, fund administrators and insurance companies. Founded in 2003, we employ approximately 4,000 people in 11 countries. Markit shares are listed on Nasdaq under the symbol MRKT. For more information, please see www.markit.com.

About PMI

Purchasing Managers' Index[®] (*PMI*[®]) surveys are now available for over 30 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. To learn more go to www.markit.com/economics.

The intellectual property rights to the Standard Bank South Africa PMI[™] provided herein are owned by or licensed to Markit. Any unauthorised use, including but not limited to copying, distributing, transmitting or otherwise of any data appearing is not permitted without Markit's prior consent. Markit 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 Markit 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. Standard Bank use the above marks under licence. Markit is a registered trade mark of Markit Group Limited.