

News Release

Purchasing Managers' Index™ MARKET SENSITIVE INFORMATION

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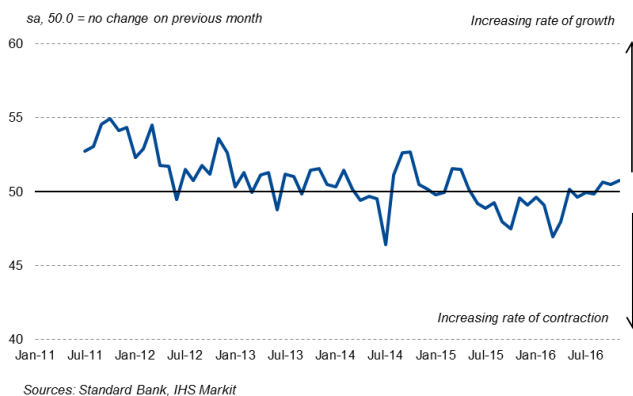
Standard Bank South Africa PMI™

South Africa PMI nudges up to 19-month high

Data collected 11-28 November

- Output expands further as new orders rebound slightly
- Backlogs of work rise for first time in two years
- Inflation remains subdued

Standard Bank South Africa PMI



November data signalled a continuation of the economic upturn in South Africa that started in September. With new business rising and backlogs of work increasing for the first time in two years, companies raised their employment and output levels again during the latest survey period. Meanwhile, inflationary pressures remained subdued with both input and output prices up only modestly.

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.

The seasonally adjusted Standard Bank South Africa PMI rose slightly from October's 50.5 to 50.8 in November and signalled a further improvement in operating conditions at South African private sector firms.

Moreover, the latest PMI reading was the best since April 2015.

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

"The private-sector PMI encouragingly remained above 50 for a third consecutive month in November with both new orders and output rising. This was primarily a reflection of stronger domestic conditions as export orders fell into contraction.

"Employment was the driver of the overall faster pace of expansion in November as companies increased their workforces at an accelerated rate.

"The rise in input prices moderated marginally in the month, while output prices rose at a slightly faster pace.

"Notably, the three month moving average of the leading PMI indicator has also been above 1 for the past three months, signalling a possible trend of expansion in the private side of the economy, especially in November as both new orders and stocks of purchases recorded expansionary prints."

The main findings of the November survey were as follows:

November survey data highlighted a slight rebound in new orders placed with private sector firms in South Africa, following a marginal decline in October. However, the rise in total new work was driven solely by the domestic market, as new export orders fell at the quickest pace in a year.

However, some companies struggled to process higher inflows of new orders. This was highlighted by the first increase in backlogs of work for two years. The rise in business outstanding was only marginal, however.

With new business and backlogs increasing, companies raised their output and employment levels in November. While the expansion in activity was only slight, the rate of job creation reached a 19-month high. Purchasing activity also increased during the month which in turn led to a build-up of inventories. Rates of expansion were modest in both cases.

Input costs rose further in November, although the rate of inflation remained subdued by historical standards. Output prices also increased only modestly, albeit at a slightly quicker pace than in October.

Finally, suppliers' delivery times improved for the first time in three months in November, albeit only fractionally.

-Ends-

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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@ihsmarkit.com.

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