News Release

Purchasing Managers' Index™
MARKET SENSITIVE INFORMATION
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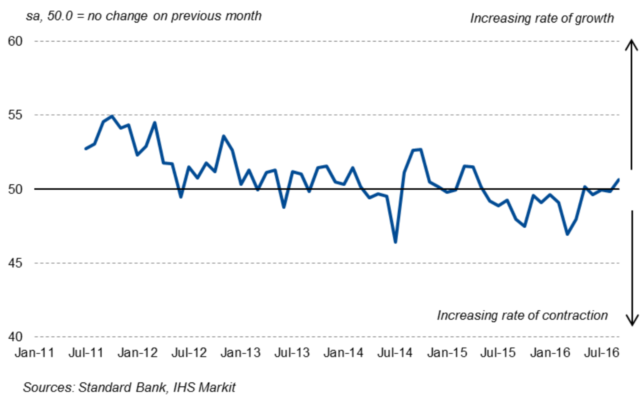
Standard Bank South Africa PMI™

Headline PMI rises to 17-month high and signals marginal growth in South Africa

Data collected 12-28 September

- Output expands for first time since April 2015
- Stronger rise in new orders encourages firms to hire additional staff
- Rate of charge inflation slows to record low

Standard Bank South Africa PMI



Latest PMI results pointed to an upturn in South Africa's private sector, with output expanding for the first time in nearly one-and-a-half years and new business and employment growing at stronger rates. On the price front, both input costs and output charges rose more slowly.

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 from August's 49.8 to 50.7 in September, thereby signalling an improvement in companies' operating conditions. Although the pace of expansion was only slight overall, the index reached a 17-month high.

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

"The improvement in September's private sector PMI is encouraging and follows three months of contraction. However, we believe that more above 50 point readings will be necessary to make a trend that instills investment confidence.

"September's data suggested a switchover to strong domestic demand which fuelled the rise in new orders. Meanwhile, export demand recorded a faster rate of contraction during the month. Output and employment expanded at faster rates.

"While the leading PMI indicator (new orders over stocks of purchases) posted above 1, stocks declined for the first time in four months, as purchasing managers grew more cautious about their inventory policies."

The main findings of the September survey were as follows:

September data signalled an increase in activity at South African private sector companies for the first time since April 2015. However, the rate of output growth was only marginal overall.

Part of the rise in activity was attributed by firms to increased new order intakes, which grew for the second month running. The pace of expansion accelerated since August, but remained relatively subdued. Survey data suggested that the increase in overall new business was driven by the domestic market, as new export orders fell at the fastest pace in ten months.

Rising demand encouraged companies to hire additional staff in September, with the rate of job creation reaching a 17-month high. Higher workforce numbers in turn helped alleviate pressure on operating capacity. Meanwhile, suppliers' delivery times lengthened slightly.

Input costs rose at a slower pace at the end of the third quarter, largely as a result of weaker inflation of purchase prices. Staff costs meanwhile grew at the fastest pace in just over a year. Output prices rose to the smallest extent in the survey's history as some firms lowered their charges amid competitive pricing.

Companies were cautious about their stock policies in September, with purchasing activity and pre-production inventories both falling slightly.

-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.

Standard Bank:

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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/product/pmi.