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## Stanbic Bank Zambia PMI®

### Slowest decline in Zambian private sector performance since July

#### Key findings

Renewed rise in new orders

Load shedding impact continues to hamper output

Purchase cost inflation quickens

November PMI® data signalled a further decline in the health of the Zambian private sector, albeit the slowest for four months. The impact of load shedding continued to be felt as output and employment contracted again. Firms sought to manage costs more closely amid higher energy bills and a depreciation of the kwacha against the dollar which pushed purchase prices up. Firms were able to continue raising selling prices, meanwhile.

Nonetheless, new orders returned to growth territory amid stronger demand. An improvement in sales conditions supported business confidence which ticked up to a four-month high, and enabled firms to raise selling prices.

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 49.2 in November, up from 47.9 at the start of the fourth quarter. The latest data signalled only a marginal decline in business conditions, and one that was the softest since July.

Supporting the slower downturn was a fresh expansion in new orders in November, bringing to an end a three-month sequence of decline. Growth was only marginal overall, however, and confined to the agriculture and services sectors. Nevertheless, panellists who reported an increase in new business linked this to stronger demand conditions.

Output levels were further impacted by load shedding, however, as activity fell for the twelfth month running in November. The pace of decline was the weakest since August, but capacity continued to be squeezed by mounting cost pressures and power shortages.

Stanbic Bank Zambia PMI

sa, >50 = improvement since previous month



Sources: Stanbic Bank, S&P Global PMI.

Data were collected 12-25 November 2024.

#### Comment

Musenge Komeki, Head of Sales at Stanbic Bank commented:

*"An improvement in sales conditions supported business confidence, resulting in a significant improvement in the November PMI number, driven by new orders as businesses navigate the impact of load shedding."*

At the sector level, the downturn in business activity was broad based and led by manufacturing firms.

On the price front, the strong rise in total cost burdens was driven by higher purchase prices in November. Staff costs were broadly unchanged on the month, but the depreciation of the kwacha against the dollar and hikes in energy prices drove total cost inflation, according to panellists. Moreover, the rate of purchase price inflation was the steepest for three months. Output price inflation also quickened as firms passed through higher input costs to customers.

Meanwhile, employment fell for a fourth month running amid cost-cutting initiatives and relatively subdued customer demand. The reduction in workforce numbers was only slight, but the fall came amid the first drop in backlogs of work since March.

At the same time, Zambian businesses cut their input buying again in November, albeit only fractionally. Purchasing activity declined at a slower rate with stock levels broadly unchanged on the month.

Meanwhile, firms signalled a renewed deterioration in supplier lead times.

Output expectations at Zambian companies, meanwhile, picked up midway through the fourth quarter. The degree of confidence was the strongest since July despite being below the historic series trend level. Firms were buoyed by hopes of greater energy stability and new client wins.

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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@spglobal.com](mailto:economics@spglobal.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. [www.spglobal.com/marketintelligence/en/mi/products/pmi](http://www.spglobal.com/marketintelligence/en/mi/products/pmi)

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# PMI®

by **S&P Global**

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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>

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