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Stanbic Bank Zambia PMI[®]

Renewed improvement in Zambian business conditions to end 2024

Key findings

New orders return to growth as load shedding impact reduces

Renewed rises in employment and input buying, albeit fractional

Sharper increase in input costs

The Zambian private sector recorded an improvement in business conditions at the end of 2024, according to the latest PMI[®] data. The renewed growth in the economy stemmed from a stronger rise in new orders and fresh expansions in employment and stocks of purchases. Nonetheless, these upturns, alongside greater input buying, were only fractional as firms gradually adjusted to more stable energy supplies.

At the same time, cost pressures intensified. Overall input prices rose at a faster pace amid increases in staff and purchase costs. The rate of charge inflation eased, however, to the slowest since February.

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 50.8 in December, up from 49.2 in November, and signalled the fastest improvement in the health of the Zambian private sector since July 2023. The latest data also saw an end to a 12-month sequence of declining business conditions.

The overall upturn was supported by a stronger rise in new orders in December. New business increased for the second month running and at the fastest pace since May 2023. More stable electricity supplies and greater customer confidence were reportedly behind sharper growth.

Nonetheless, output remained weighed down by reduced working hours and lost productivity stemming from the impact of load shedding. Business activity fell for the thirteenth month running, but the pace of decline eased to the slowest in 2024 amid more upbeat demand

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sa, >50 = improvement since previous month



Sources: Stanbic Bank, S&P Global PMI.

Data were collected 05-18 December 2024.

Comment

Musenge Komeki, Head of Sales at Stanbic Bank commented:

"Business conditions finally saw an end to a 12-month sequence of declines as the PMI posted a reading above 50.0 for December 2024. More stable electricity supplies led to increased new business and greater customer confidence."

PMI[®]

by **S&P Global**

conditions.

Despite a broad-based drop in output at the sector level, all five monitored segments recorded growth in new business.

Meanwhile, greater new order inflows spurred firms to take on additional workers in December. Although the rise in employment was only fractional, it brought to an end a four-month sequence of job shedding.

Similarly, input buying returned to growth at the end of the year, albeit only slightly. Zambian businesses registered the fastest increase in backlogs of work for three months, meanwhile, which sparked greater purchasing activity and renewed efforts to build stocks.

On the price front, a sharp rise in purchase prices and a faster uptick in staff costs drove overall input prices up at the steepest pace since September. A depreciation in the kwacha, alongside higher fuel and wage costs drove inflation, according to panellists.

Firms continued to pass through greater costs to customers via a solid rise in selling prices in December. Nonetheless, the pace of charge inflation softened to the weakest in ten months.

Although still confident of an increase in output over the coming year, Zambian firms recorded a drop in the degree of optimism in the outlook in December. The level of positive sentiment was the lowest since March, but firms stated that optimism was underpinned by hopes of stronger demand conditions.

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.

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

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PMI®

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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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