



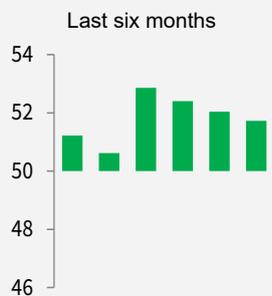
### Key findings

Rate of expansion in new orders accelerates

Backlogs of work up as output growth softens

Business confidence drops due to inflation concerns

### Mozambique PMI



Business conditions continued to improve in Mozambique's private sector during July, with firms again able to secure greater volumes of new business, feeding through to rises in activity, employment and purchasing. Rates of inflation generally remained solid at the start of the third quarter, and worries around the impact of price rises dampened business sentiment.

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 51.7 in July, above the 50.0 no-change mark for the sixth month running but down from 52.0 in June to signal a slightly softer improvement in business conditions in the private sector.

New business increased for the sixth successive month in July, with the securing of new customers helping to boost new orders. The latest expansion was solid and slightly faster than that seen in June.

Higher new orders fed through to a further rise in business activity, but in contrast to the picture seen for new work the rate of expansion in output slowed over the month. With growth of activity failing to keep pace with that of new orders, backlogs of work accumulated for the first time since April 2021.

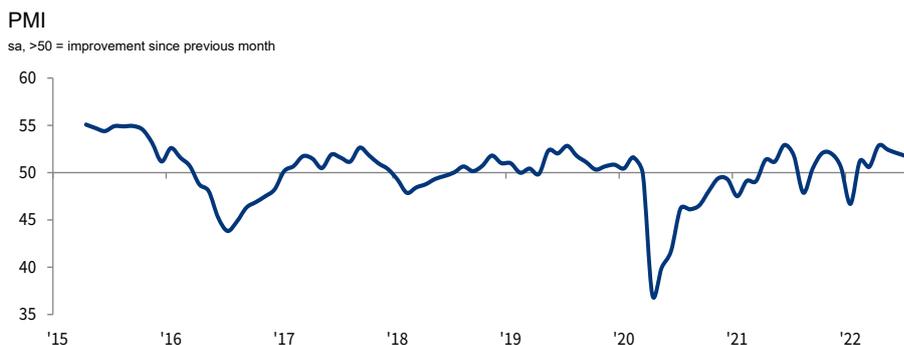
Companies responded to higher new orders by expanding their staffing levels, resulting in a fifth consecutive rise in employment. Job creation was seen across all five broad sectors covered by the survey.

Purchasing activity was also expanded, but the rate of growth slowed to the weakest in the current five-month period of rising input buying. Some respondents indicated that they had paused purchasing as inventory holdings were sufficient for current requirements. Indeed, stocks of purchases increased at a solid pace that was faster than in June. Meanwhile, suppliers' delivery times shortened again, albeit to a smaller degree.

Purchase costs increased solidly in July, with the rate of inflation only fractionally softer than in June. Higher fuel and transportation costs were widely mentioned. Rising staff costs were also registered, in part reflective of hiring activities.

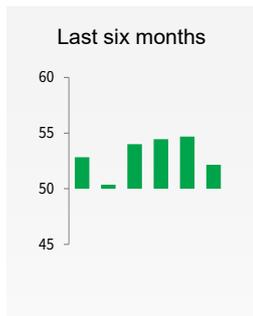
Rising fuel prices was the main factor leading to another increase in output charges. Selling price inflation was signalled for the sixth month running, although the latest upturn was the weakest since April.

Concerns about the impact of price rises led to a drop in confidence regarding the year-ahead outlook for business activity. Sentiment was at its lowest level since March 2021, but firms remained optimistic overall amid business investment and expansion plans.

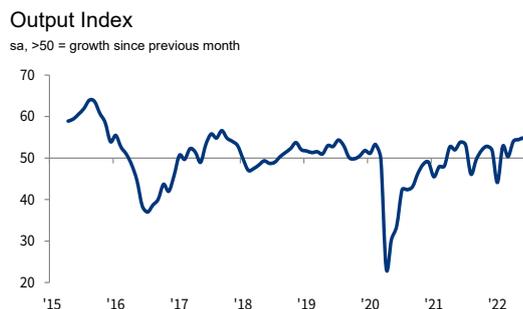




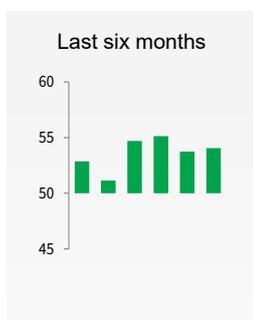
## Output Index



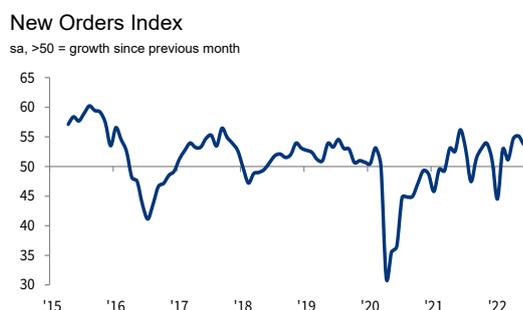
Companies in Mozambique increased output for the sixth month running during July, with growth often linked to higher new orders. That said, the rate of expansion eased to the weakest since March. Sector data suggested that the overall increase in activity was centred on the wholesale & retail and services categories.



## New Orders Index



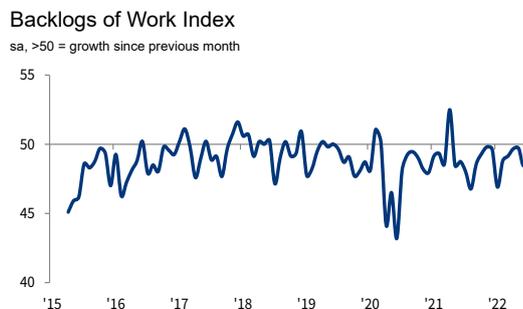
As has been the case in each of the past six months, new business expanded during July. The latest increase was solid, and slightly faster than that seen during June. A number of respondents indicated that they had been able to secure new customers, thereby helping to boost new order volumes.



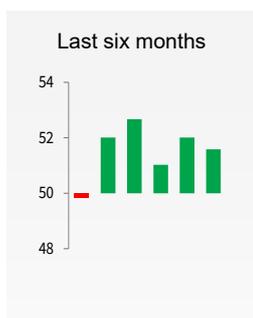
## Backlogs of Work Index



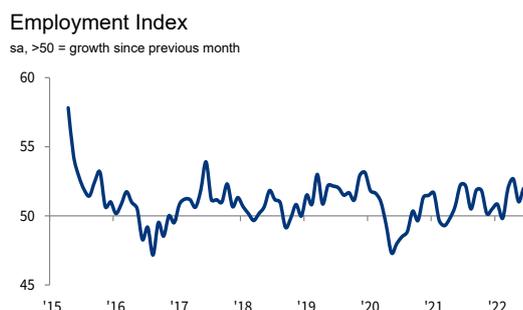
With solid new order growth sustained, and outpacing that of business activity, firms in Mozambique signalled an increase in backlogs of work during July. The accumulation was the first in 15 months, but only slight overall as the vast majority of respondents (91%) kept outstanding business unchanged.



## Employment Index

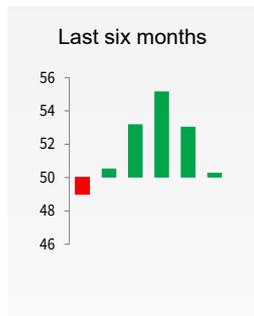


Employment continued to rise at the start of the third quarter, extending the current sequence of jobs growth to five months. That said, the rate of job creation was modest and softer than that seen in June. Higher staffing levels reflected rising new orders, with employment up across all five monitored sectors.





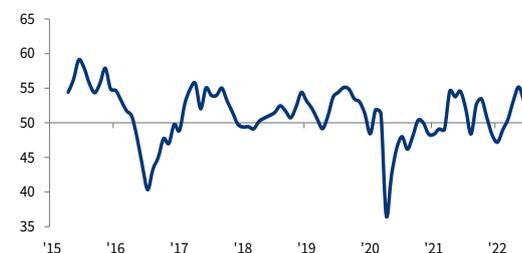
## Quantity of Purchases Index



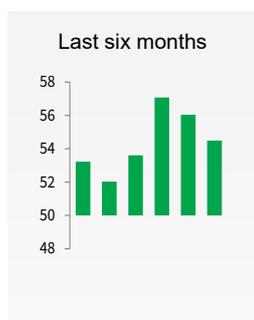
Although firms in Mozambique increased their purchasing activity for the fifth consecutive month in July, the rate of expansion slowed to the weakest in this sequence and was only marginal. While some panellists reported having raised input buying in line with higher new orders, others suggested that they had paused purchasing as inventories were sufficient for current needs.

Quantity of Purchases Index

sa, >50 = growth since previous month



## Suppliers' Delivery Times Index



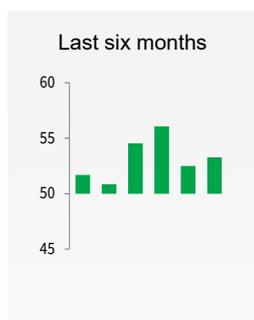
Signs of improving material availability and efforts to satisfy customers led suppliers to speed up their deliveries in July. Vendor performance improved for the ninth successive month. The rate at which lead times shortened was solid, despite easing to the weakest in three months.

Suppliers' Delivery Times Index

sa, >50 = faster times since previous month



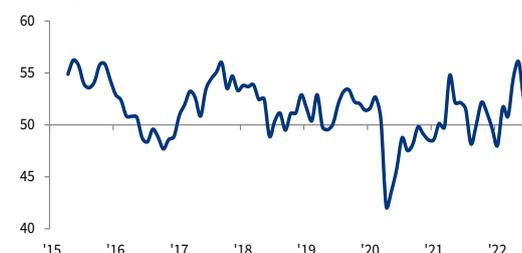
## Stocks of Purchases Index



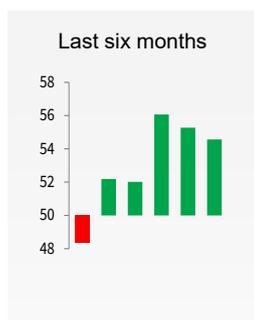
July data pointed to a solid increase in stocks of purchases in the Mozambican private sector, with the rate of accumulation quickening from the previous month. Respondents mainly linked inventory building to rising new orders. Stocks of purchases have now increased in six successive months.

Stocks of Purchases Index

sa, >50 = growth since previous month



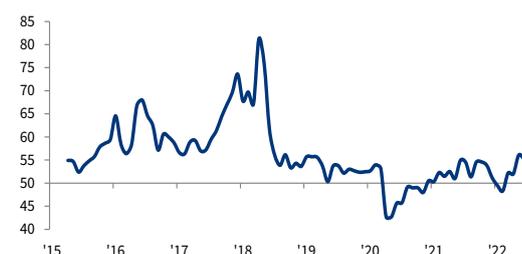
## Overall Input Prices Index



Overall input prices continued to increase at a solid pace in July, albeit one that was the softest in three months and weaker than the series average. Sector data indicated that inflationary pressures were most pronounced in the services and agriculture categories.

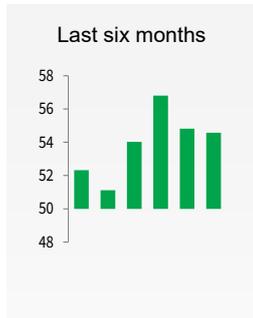
Overall Input Prices Index

sa, >50 = inflation since previous month





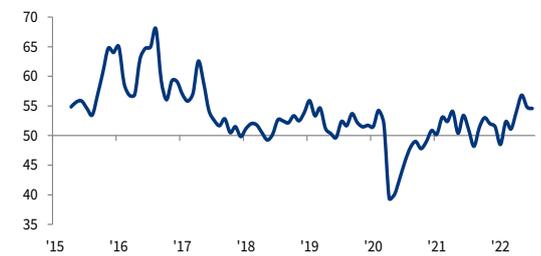
## Purchase Prices Index



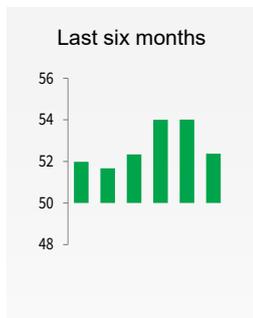
Higher costs for fuel and transportation resulted in a further increase in purchase prices at the start of the third quarter. The pace of inflation was little-changed over the month and remained one of the fastest in the past five years. More than 12% of panellists reported a rise in purchase prices, against 5% that posted a fall.

Purchase Prices Index

sa, >50 = inflation since previous month



## Staff Costs Index



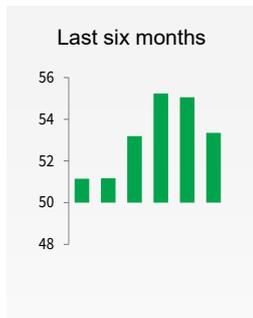
As has been the case in each of the past 11 months, staff costs increased during July. The rate of inflation remained solid, despite easing from that seen in June. Higher staff costs were in part due to the expansion of workforce numbers. Wage pressures were most pronounced in the wholesale & retail sector.

Staff Costs Index

sa, >50 = inflation since previous month



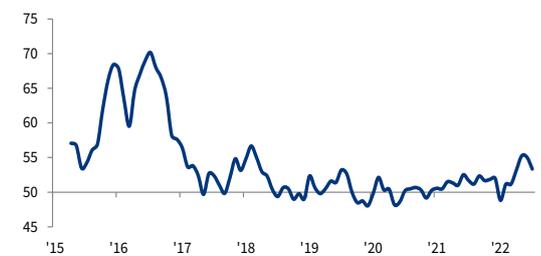
## Output Prices Index



Output prices increased for the sixth successive month during July, with anecdotal evidence suggesting that the latest rise mainly reflected higher fuel prices. Charges increased at a solid pace, albeit one that was the softest in three months. Agriculture posted the fastest pace of charge inflation of the five sectors covered by the survey.

Output Prices Index

sa, >50 = inflation since previous month



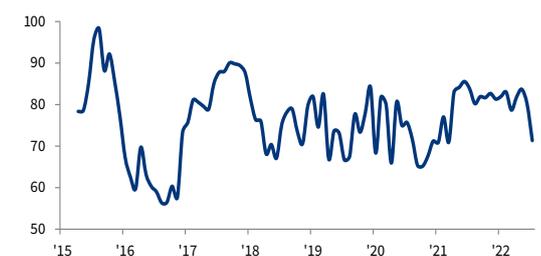
## Future Output Index



Business confidence dropped to a 16-month low in July and was below the average since the series began in March 2015. Panellists indicated that concerns around the impact of rising prices weighed on sentiment. On the other hand, business investment and expansion plans supported confidence, with firms remaining optimistic on average that output will increase over the coming year.

Future Output Index

>50 = growth expected over next 12 months





## Methodology

The Standard Bank Mozambique 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.

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.

July data were collected 12-26 July 2022.

For further information on the PMI survey methodology, please contact [economics@ihsmarkit.com](mailto:economics@ihsmarkit.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.

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## About Standard Bank

Standard Bank is established in Mozambique since 1894, actively participating in the development of the country by financing the national economy and placing its vast expertise in the areas of energy, infrastructure and mineral resources available to the national business community and in attracting foreign investment.

Over the past five years, Standard Bank has invested heavily in credit lines for infrastructure projects for the transport of coal, storage of liquid fuels, expansion and construction of airports and roads, as well as projects in the areas of telecommunications and mineral resources.

Standard Bank is a solid and profitable bank with branches in all of the country's provinces and a wide range of products and services for large, small and medium-sized businesses and individuals. The bank reverts part of its profits to the communities where it is inserted, through the implementation of social projects in the areas of health, education and sports.

Member of the Standard Bank Group, the largest African bank in terms of geographic dispersion, results and assets, with presence in 20 countries on the African continent, as well as 6 global financial centres, Standard Bank Mozambique has the financial and human resources to serve and connect clients throughout world.

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We are widely sought after by many of the world's leading organizations to provide credit ratings, benchmarks, analytics and workflow solutions in the global capital, commodity and automotive markets. With every one of our offerings, we help the world's leading organizations plan for tomorrow, today.