



# Standard Bank Mozambique PMI™

## PMI slips to eight-month low as demand growth softens

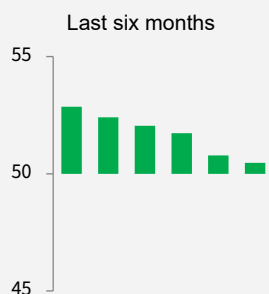
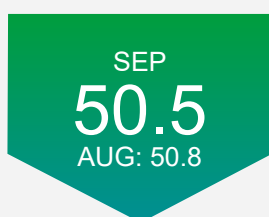
### Key findings

Marginal rise in new business

Softest uplift in employment since May

Purchasing falls amid weak demand and strong cost pressures

### Mozambique PMI



The Mozambique PMI™ pointed to a further slowdown in growth across the private sector economy in September, as firms saw new business rise at the weakest pace for eight months amid slowing client demand. The softening fed through to a weaker rise in employment, as well as a first drop in input purchases since February. Survey evidence suggested that marked input cost inflation had further eroded firms' purchasing power, whilst leading to another solid uplift in output charges. Nevertheless, business optimism picked up to a three-month high.

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.

As seen in each of the past five months, the headline PMI decreased in September, down to 50.5 from 50.8 in August. Whilst remaining just above the 50.0 neutral mark, the index signalled the weakest improvement in business conditions in the current eight-month growth sequence.

Following this trend, the New Orders Index pointed to the softest increase in new business for eight months, amid reports of a pull-back of client demand. Notably, sector data indicated that manufacturing and services firms saw a renewed drop in new orders, contrasting with upturns elsewhere.

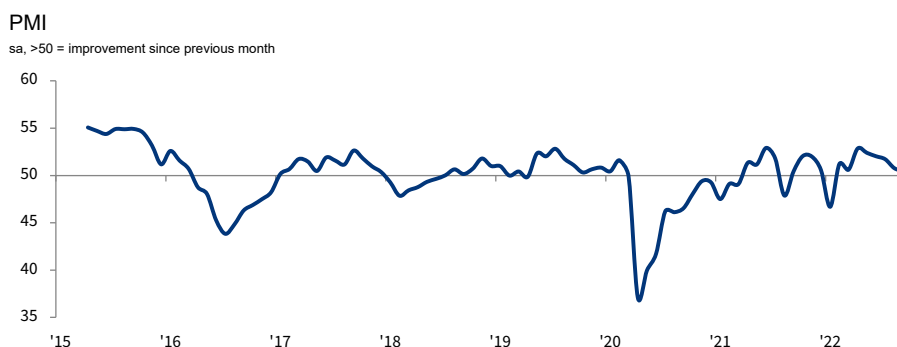
Output levels grew only modestly as a result, albeit at a stronger pace compared to that seen in August.

Spare capacity was recorded in September, leading firms to reduce outstanding work to the greatest extent since January. The rate of job creation was also tempered, as employment rose only slightly and the least for four months.

Furthermore, purchasing activity decreased for the first time in seven months as firms sought to cut stockpiles of unused inputs. Reduced demand at vendors thereby supported a solid and faster improvement in delivery times.

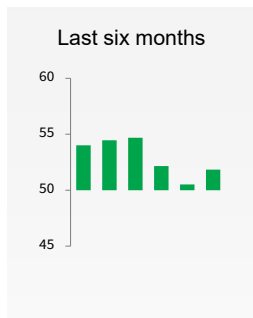
Some businesses noted that higher costs had continued to weaken their purchasing power in September. Indeed, input costs rose sharply again, with the rate of inflation edging up to a three-month high. Prices for raw materials, energy and labour were all cited as rising. The increase in business expenses fed through to a further solid uptick in selling charges.

Lastly, Mozambican businesses indicated a further recovery in output expectations, after dropping to a recent nadir in July. Panellists often linked positive forecasts to hopes of higher sales, greater hiring and a continued bounce back from the pandemic.

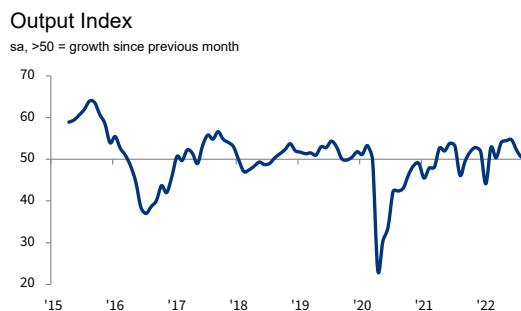




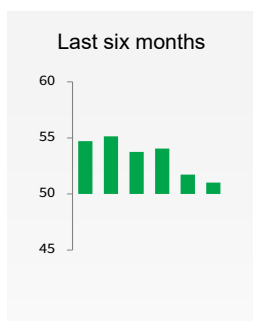
## Output Index



Mozambican private sector companies registered a modest increase in activity at the end of the third quarter of the year. The rate of growth picked up from August but was softer than those recorded in the prior four months. According to anecdotal evidence, higher sales, the completion of outstanding orders and increased productivity were key reasons for the uplift in output. Growth was centred on the agriculture, wholesale & retail and services sectors.



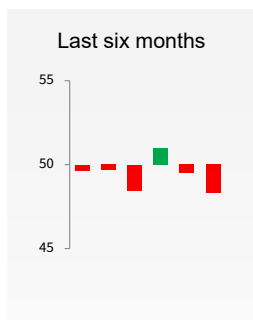
## New Orders Index



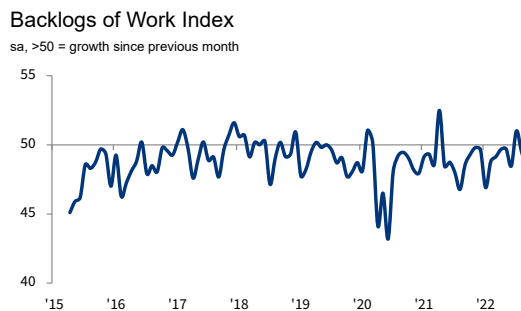
Demand at Mozambican businesses lost further momentum in September, as the seasonally adjusted New Orders Index fell to its lowest since January. Whilst remaining just inside growth territory (above 50.0), the index signalled the slowest uplift in new orders in the current eight-month expansionary sequence. Some panellists cited that a lack of customers weighed on sales.



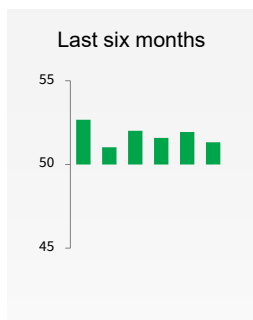
## Backlogs of Work Index



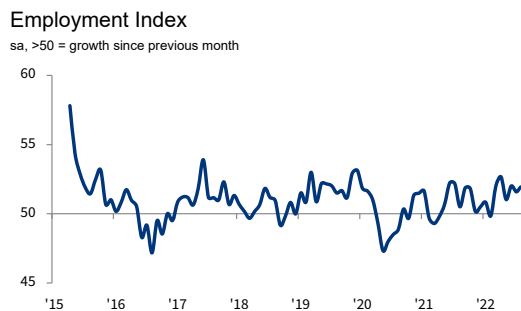
A softening of new business growth helped firms to lower their outstanding work in the latest survey period. Backlogs dropped for the second month running and at the quickest pace since the beginning of the year. Agriculture, manufacturing, wholesale & retail and services all registered a reduction in backlogs, whereas construction firms saw an increase.



## Employment Index

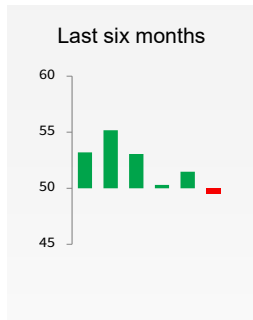


Employment levels in the Mozambican private sector rose for the seventh successive month during September. That said, the rate of growth eased slightly from the previous month and was the softest since May. While some firms reported an increase in workforces in line with higher output, others cited the non-replacement of leavers.



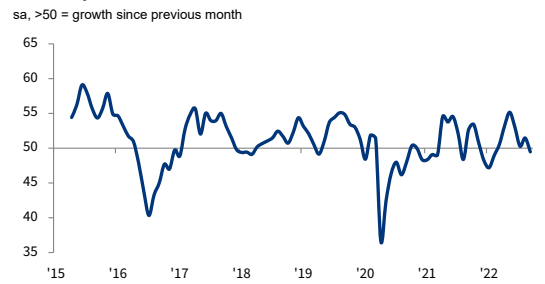


## Quantity of Purchases Index

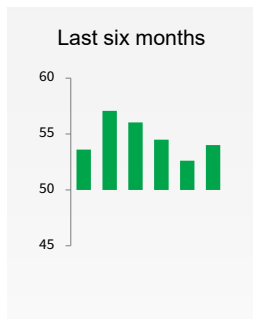


September survey data pointed to a renewed decrease in the volume of inputs purchased at Mozambican companies. Adjusted for seasonal factors, the Quantity of Purchases Index fell below the 50.0 no-change mark for the first time since February, but indicated only a slight contraction in buying. Respondents noted that weaker sales growth and higher costs had reduced procurement efforts.

Quantity of Purchases Index

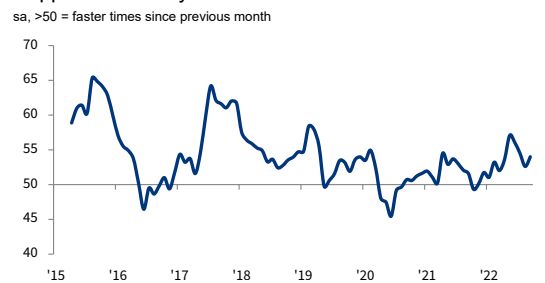


## Suppliers' Delivery Times Index

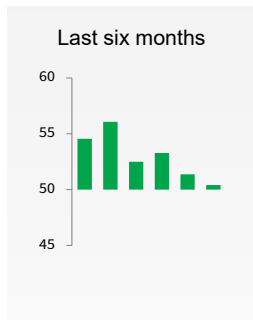


Mozambican businesses registered an improvement in supplier performance during September, as has been the case in each month since November last year. Moreover, the rate of improvement picked up for the first time since May and was robust, as some panellists cited that a lack of customers and improved transport options helped vendors to deliver items more quickly.

Suppliers' Delivery Times Index



## Stocks of Purchases Index

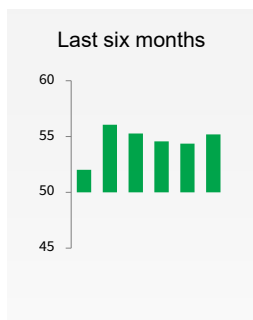


A reduction in input buying and lower sales growth undermined stockpiling of raw materials and components at the end of the third quarter. Despite rising overall, the pace of accumulation softened from August and was only marginal, shown by the seasonally adjusted index dropping to an eight-month low.

Stocks of Purchases Index

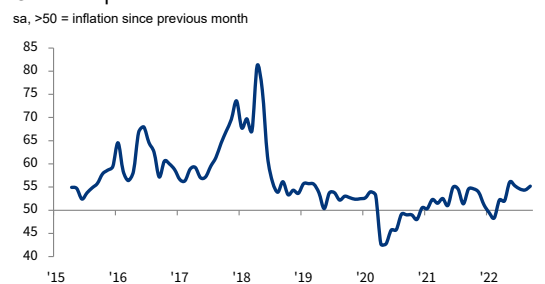


## Overall Input Prices Index



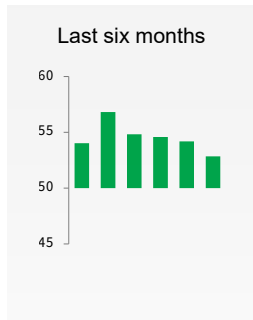
September data signalled a further slight pick-up in the rate of input price inflation across Mozambique. Businesses reported a sharp increase in total expenses, with higher prices for purchased items and staff wages registered. By sector, cost pressures were most pronounced in wholesale & retail and services.

Overall Input Prices Index





## Purchase Prices Index



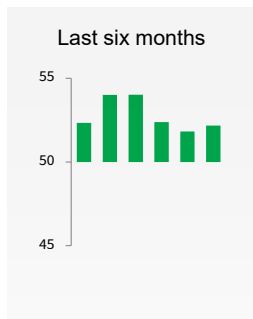
Whilst purchasing costs faced by Mozambican businesses continued to rise, they did so at the softest pace recorded for six months. Nonetheless, the overall uptick was still solid. Manufacturers bucked the wider trend and posted a decrease in purchase prices.

### Purchase Prices Index

sa, >50 = inflation since previous month



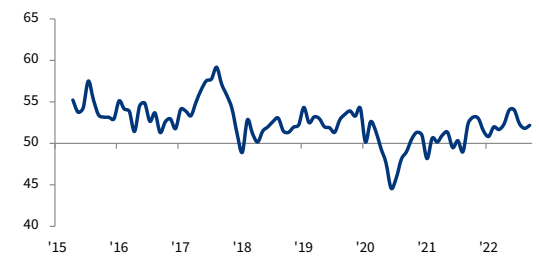
## Staff Costs Index



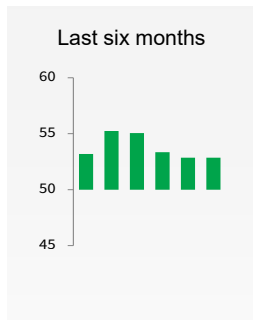
Staff costs at Mozambican businesses rose further during September, extending the current run of increase to 13 months. The uptick in pay was only modest, but nonetheless faster than August's five-month low. Where staff costs rose, this was mainly attributed to increased sales, new hires and salary adjustments.

### Staff Costs Index

sa, >50 = inflation since previous month



## Output Prices Index



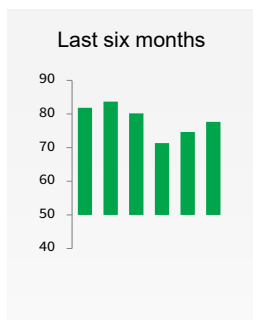
As has been the case since February, Mozambican firms marked up their output charges in September, with the rate of inflation unchanged from the previous survey period and solid overall. Average charges continued to rise in all five monitored sectors, led by wholesale & retail. According to anecdotal evidence, selling prices generally rose due to higher costs for raw materials and energy.

### Output Prices Index

sa, >50 = inflation since previous month



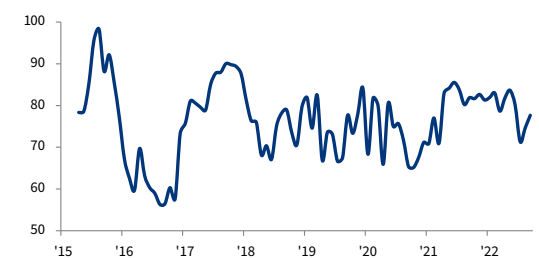
## Future Output Index



Companies in Mozambique posted stronger expectations for business activity over the coming 12 months in September, as shown by a rise in the Future Output Index for the second month running. Positive sentiment was linked to multiple factors, including new sales, increased hiring and the return to normal trading conditions following the pandemic. That said, despite rising above the long-run trend, the degree of optimism was still weaker than in the 15 months prior to July.

### 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.

September data were collected 12-27 September 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.