

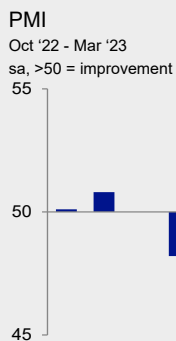


# Standard Bank Mozambique PMI™

## Growth in business conditions picks up to eight-month high

# 50.9

MOZAMBIQUE PMI  
MAR '23



Stronger expansions in output and new business

Fastest increase in jobs for almost a year

Input price inflation accelerates to solid pace

The Mozambique PMI rose to its highest level for eight months in March, pointing to a pick-up in growth momentum across the private sector. Output and new business rose at faster rates, leading to the strongest upturn in employment for nearly a year. A quicker improvement in lead times meanwhile helped firms to stockpile inputs, although greater demand for raw materials pushed the overall pace of cost inflation to a six-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.

At 50.9 in March, the headline PMI posted above the neutral 50.0 mark for a second month running, rising from 50.5 in February to the highest level since July last year. While the reading signalled only a marginal improvement

in operating conditions, it was also above its long-run average of 50.2.

The stronger expansion largely stemmed from a faster rise in new business volumes. Indeed, the rate of sales growth quickened to the sharpest since last July. Some businesses attributed the rise in sales to increased productivity, while others saw an uptick in customer numbers. By sector, new business intakes rose among wholesale & retail, manufacturing and services firms. Agriculture and construction posted declines.

Mozambican companies indicated a faster uplift in activity in March, though growth picked up only slightly from the previous month and was modest overall. At the same time, some firms noted that disruption from floods in February had been resolved, leading to a renewed (albeit slight) reduction in backlogs of work.

The stronger rise in demand also fed through to employment numbers,

Standard Bank Mozambique PMI  
sa, >50 = improvement since previous month





## Contents

Overview and comment

Output and demand

Business expectations

Employment and capacity

Purchasing and inventories

Prices

International PMI

Survey methodology

Further information

which rose solidly and to the greatest extent for nearly a year. In fact, the rise in jobs was the second-fastest since the end of 2019, contributing to a further increase in wage costs.

Mozambican businesses meanwhile saw a sharp improvement in supplier performance, the most marked since June 2022, as vendors continued with their efforts to reduce lead times. Combined with rising sales, this encouraged firms to expand purchasing activity and inventories for the second month running. Rates of growth strengthened in both cases.

However, rising demand for inputs also contributed to a steepening of inflationary pressures. Purchase prices faced by companies rose solidly and at

the fastest rate in five months, linked to higher raw material and fuel prices. Efforts to pass on part of the increase in costs to customers resulted in a modest uplift in output charges, which was nonetheless the quickest seen in the year-to-date.

After sliding to a 27-month low in February, expectations towards future activity recovered in March, with just over half of all survey respondents projecting growth over the year ahead. However, while the degree of optimism was only just short of the long-run trend, it was still one of the weakest recorded over the past two years.



## Comment

Fáusio Mussá, Chief Economist - Mozambique at Standard Bank commented:

*"The Standard Bank Mozambique PMI rose to the 50.9 level at the end of Q1:23, from 50.5 in Feb and 50.6 at the end of Q1:22. This is the highest level in eight months and reflects increases across a number of the PMI sub-indices.*

*"Having printed above the 50-benchmark level, the March PMI suggests an improvement in economic growth compared with the previous month, as the output sub-index grew to the highest level since Nov 22. We*

*also noted renewed price pressures reflected in the rise in input prices, purchase costs, staff costs and output prices, consistent with renewed inflation pressures observed recently.*

*"The PMI suggests that the economy continues to display high levels of growth resilience, despite unfavourable climate effects and monetary policy tightening.*

*"Monetary policy tightening began in Jan 21 and has seen cumulative policy rate hikes of 700 bps to the current level of 17.25%, which lifted the commercial banks' prime lending rates beyond 23%,*

*from 15.5% in Jan 21, and has subdued credit demand.*

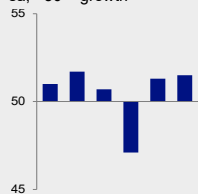
*"From a production perspective, growth has been mainly driven by primary activities, but it has been softer in manufacturing and most of services, except for tourism and transport."*



# Output and demand

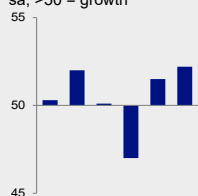
## Output Index

Oct '22 - Mar '23  
sa, >50 = growth



## New Orders Index

Oct '22 - Mar '23  
sa, >50 = growth



## Output

Mozambican private sector companies registered an increase in output in the third month of the year. The rate of growth was modest and similar to that recorded in February. Survey panellists mainly linked the increase in output to rising sales. Activity rose in the manufacturing, wholesale & retail and service sectors. There was no change in construction and a fall in agriculture.

## New orders

Supporting the expansion in output was a further improvement in sales volumes in March. New business rose for the second month in a row. Though the rate of growth was modest, it was the quickest seen since July last year. Some businesses attributed the rise in sales to increased productivity, while others reported an uptick in customer numbers. New business growth was stronger in wholesale & retail than in the manufacturing and service sectors. Declines were registered in the other two segments.

## Output Index

sa, >50 = growth since previous month



## New Orders Index

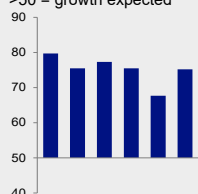
sa, >50 = growth since previous month



# Business expectations

## Future Output Index

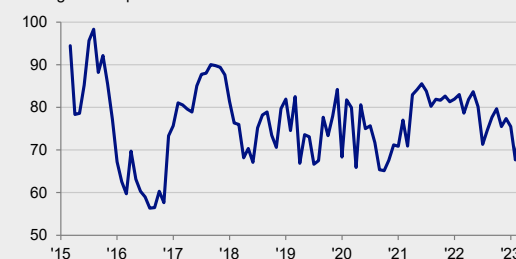
Oct '22 - Mar '23  
>50 = growth expected



Business confidence regarding future activity recovered at the end of the first quarter, after falling rapidly to a 27-month low in February. Just over half of all respondents forecast an increase in output over the next 12 months, with positivity often linked to efforts to boost sales and staffing capacity. However, despite improving markedly, the degree of optimism remained among the weakest seen in the past two years.

## Future Output Index

>50 = growth expected over next 12 months

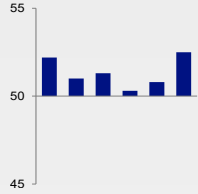




# Employment and capacity

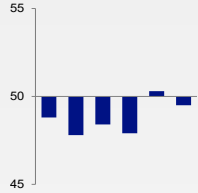
## Employment Index

Oct '22 - Mar '23  
sa, >50 = growth



## Backlogs of Work Index

Oct '22 - Mar '23  
sa, >50 = growth



## Employment

The pace of job creation in the Mozambican private sector accelerated in March. This was shown by the seasonally adjusted Employment Index rising for the second month running and to the highest since April 2022. In fact, the uptick in jobs was the second-fastest since the end of 2019, and broad-based across all monitored sectors. The strongest rise was seen at service providers.

## Employment Index

sa, >50 = growth since previous month

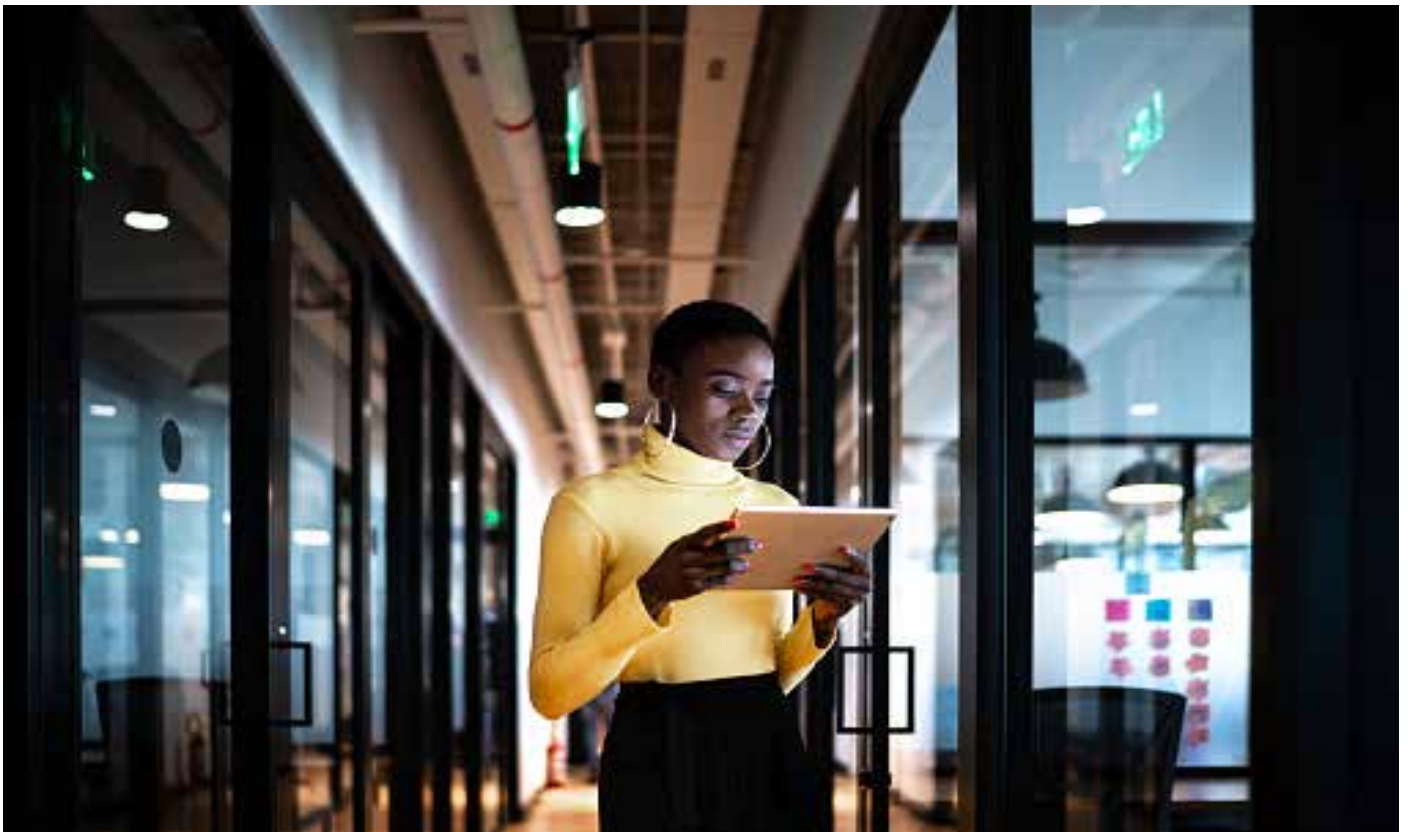


## Backlogs of work

Outstanding business at firms in Mozambique fell marginally in March, offsetting the slight increase seen in the prior survey period. Some panellists commented on having resolved capacity issues linked to floods. That said, the drop in backlogs was centred on the manufacturing and service sectors, whereas rises were seen in agriculture, construction and wholesale & retail.

## Backlogs of Work Index

sa, >50 = growth since previous month



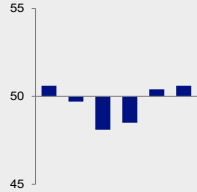




# Purchasing and inventories

## Quantity of Purchases Index

Oct '22 - Mar '23  
sa, >50 = growth



## Quantity of purchases

Input purchases at Mozambican companies increased for the second month running in March, following a three-month sequence of decline. While the upturn was only mild overall, it was nonetheless the joint-fastest since August last year. Buying activity growth was frequently linked to an increase in sales.

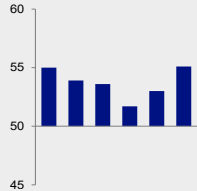
## Quantity of Purchases Index

sa, >50 = growth since previous month



## Suppliers' Delivery Times Index

Oct '22 - Mar '23  
sa, >50 = faster times



## Suppliers' delivery times

Vendor performance improved at a sharp and accelerated pace at the end of the first quarter, as the seasonally adjusted Suppliers' Delivery Times Index rose to its highest level since June last year. Around 13% of companies saw lead times shorten from February, compared to 4% that reported delays. Delivery times improved in the agriculture, manufacturing, wholesale & retail and service sectors.

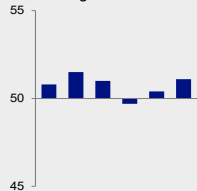
## Suppliers' Delivery Times Index

sa, >50 = faster times since previous month



## Stocks of Purchases Index

Oct '22 - Mar '23  
sa, >50 = growth



## Stocks of purchases

The volume of inputs stocked at Mozambican businesses rose at a marginal pace in March, though this still marked an acceleration from February and the quickest uplift since last November. Where a rise in inventories was recorded, firms cited increased sales, higher production requirements and mild price pressures recently.

## Stocks of Purchases Index

sa, >50 = growth since previous month

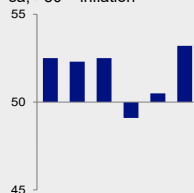




# Prices

## Input Prices Index

Oct '22 - Mar '23  
sa, >50 = inflation



## Input prices

Mozambican firms indicated a solid increase in overall input costs during March, after recording broadly stable prices on average over the first two months of 2023. Moreover, the rate of cost inflation was the quickest seen since September last year. The agriculture, manufacturing, wholesale & retail and service categories each saw an uptick in cost burdens, whereas construction was the only area to register a fall.

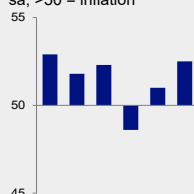
## Input Prices Index

sa, >50 = inflation since previous month



## Purchase Prices Index

Oct '22 - Mar '23  
sa, >50 = inflation



## Purchase prices

Steeper cost inflation partly reflected a quicker rise in purchase prices. The upturn in purchase prices was solid and the fastest recorded in five months. Panellists often noted that rising demand had led to higher prices for fuel and raw materials, while some firms mentioned greater tax burdens.

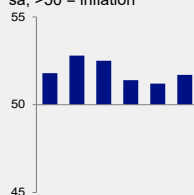
## Purchase Prices Index

sa, >50 = inflation since previous month



## Staff Costs Index

Oct '22 - Mar '23  
sa, >50 = inflation



## Staff costs

The seasonally adjusted Staff Costs Index ticked up for the first time in four months in March, but continued to signal only a modest rise in labour expenses. Where an increase was recorded, firms generally cited that higher new orders and greater demand for staff had led to an uptick in salaries. Staff costs rose in the manufacturing, construction and service sectors, but fell in agriculture and were broadly unchanged in wholesale & retail.

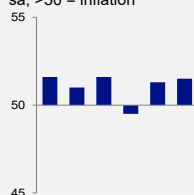
## Staff Costs Index

sa, >50 = inflation since previous month



## Output Prices Index

Oct '22 - Mar '23  
sa, >50 = inflation



## Output prices

A second consecutive monthly rise in output prices was recorded in March. The rate of inflation was modest and similar to that seen in February. Firms that raised their prices generally cited the pass-through of higher input prices to their clients. The uptick was mainly driven by the wholesale & retail and service sectors.

## Output Prices Index

sa, >50 = inflation since previous month





# Survey 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. 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@ihsmarkit.com](mailto:economics@ihsmarkit.com).

## Survey dates

Data were collected 10-28 March 2023.

### Survey questions

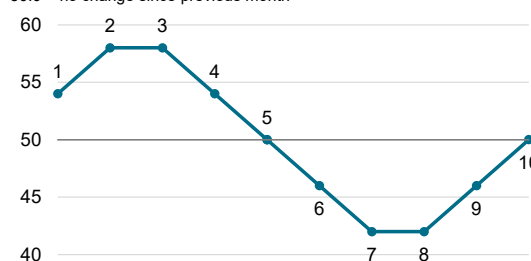
Private sector	
Output	Suppliers' Delivery Times
New Orders	Stocks Of Purchases
New Export Orders	Input Prices
Future Output	Purchase Prices
Employment	Staff Costs
Backlogs Of Work	Output Prices
Quantity Of Purchases	

### Index calculation

$$\% \text{ "Higher"} + (\% \text{ "No change"})/2$$

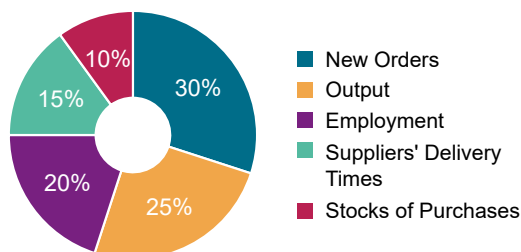
### Index interpretation

50.0 = no change since previous month



- 1 Growth
- 2 Growth, faster rate
- 3 Growth, same rate
- 4 Growth, slower rate
- 5 No change, from growth
- 6 Decline, from no change
- 7 Decline, faster rate
- 8 Decline, same rate
- 9 Decline, slower rate
- 10 No change, from decline

### PMI component weights



### Sector coverage

PMI data include responses from companies operating in sectors classified according to the following ISIC Rev.4 codes:

- |   |  |   |   |
|---|--|---|---|
| A | Agriculture, Forestry and Fishing                                    | K | Financial and Insurance Activities                |
| B | Mining and Quarrying   | M | Professional, Scientific and Technical Activities |
| C | Manufacturing  | N | Administrative and Support Service Activities     |
| F | Construction   | P | Education*  |
| G | Wholesale and Retail Trade; Repair of Motor Vehicles and Motorcycles | Q | Human Health and Social Work Activities*          |
| H | Transportation and Storage   | R | Arts, Entertainment and Recreation                |
| I | Accommodation and Food Service Activities                            | S | Other Service Activities                          |
| J | Information and Communication  |   |   |

\*Private sector



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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 more than US 200 million 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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### 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.

[ihsmarkit.com/products/pmi.html](https://ihsmarkit.com/products/pmi.html)