

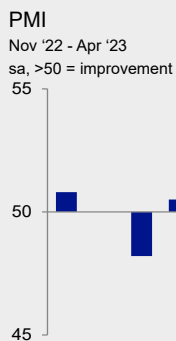


# Standard Bank Mozambique PMI™

## New orders expand at fastest rate in nine months

# 51.7

MOZAMBIQUE PMI  
APR '23



Sharper new order growth supports quicker rise in output

Job creation remains stronger than survey trend

Purchases fall for first time in three months

Mozambican firms saw an improvement in business conditions for the third month running in April, and to the greatest extent since July 2022, according to the latest PMI™ survey data. A stronger rise in new business supported a quicker expansion in output and another elevated increase in employment. On the flip side, purchasing activity fell for the first time in three months amid some reports of cashflow problems. Firms remained largely confident that activity will grow over the next year.

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 index rose for the third consecutive month to 51.7 in April, up from 50.9 in March, its highest level since July 2022. The index signalled

a moderate expansion in operating conditions across the private sector economy.

Improving operating conditions largely arose from a sharp increase in new business inflows, which expanded to the greatest degree in nine months. Companies seeing an improvement in sales on the month often related this to new clients and increased project work.

At the same time, output levels rose modestly and for the third month running, with the pace of expansion also ticking up to a nine-month high. Increased productivity, new clients and higher demand underpinned the upturn, according to surveyed companies.

Higher workloads supported a further increase in employment. Little-changed since March, the rate of job creation was the second-fastest in a year and remained quicker than the series long-run average (since March 2015). The boost to workforces helped firms to reduce their backlogs of work

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





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for the second month running.

On the other hand, Mozambican businesses noted a reduction in input purchases for the first time in three months. Some firms mentioned that this was caused by cashflow issues. As a result, businesses withdrew from their stocks to meet demand, leading to a modest contraction in inventories that was the fastest since January 2022.

Average prices paid for purchased items rose solidly at the start of the second quarter, and firms also saw a modest increase in wages. That said, weak input buying weighed on overall cost pressures, with business expenses rising only slightly. Firms subsequently cut their output prices for the first time since January, albeit to

only a mild degree.

Supporting the subdued cost environment was a further improvement in supply-chain performance. Lead times on inputs shortened solidly in April, although to a lesser extent than March's nine-month record.

Finally, businesses continued to signal a high degree of confidence in the 12-month outlook in April. Just over half of all respondents projected output to grow over this period, with the remainder posting a neutral outlook. Firms were generally confident that rising demand, increased employee numbers, new branches and contract work will lead to higher activity.



## Comment

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

“The Standard Bank Mozambique PMI rose to the 51.7 level in April, a three-month straight increase, and the highest level since July 22. This mainly reflects a sharp increase in new orders, and continued recovery in output, which kept the employment sub-index in positive territory. We also noted a softer pace of increase in input prices and a decline in output prices, which suggests an easing in inflation pressures.

“Having printed above the 50-benchmark level, the April PMI suggests that the economy continues to experience a gradual recovery in economic activity, recently impacted by cyclone Freddy.

“Despite growth resilience, the PMI suggests that firms are experiencing cash flow pressures, which would reflect ongoing tight monetary policy. There is also anecdotal evidence that part of cash flow pressures experienced by companies reflects government arrears and delays in VAT repayment. After all, the Treasury is facing pressures emanated from the wage bill reform.

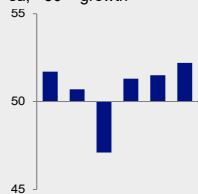
“Future expectations sub-index continued to rise, which is consistent with our views that resumption of LNG investment could help accelerate growth from H2:23 and beyond. There are also prospects of an increase in LNG investment. In a recent mining and energy conference in Maputo, ENI admitted the hypothesis of developing a second floating LNG platform.”



# Output and demand

## Output Index

Nov '22 - Apr '23  
sa, >50 = growth



## Output

The seasonally adjusted Output Index moved further above the 50.0 neutral mark in April, to signal an expansion in activity at Mozambican companies for the third month running. While modest overall, the increase in output was the fastest recorded since July 2022. Higher productivity, new clients and increased demand were all cited as factors behind growth.

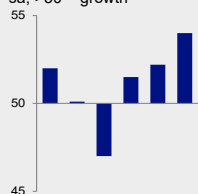
## Output Index

sa, >50 = growth since previous month



## New Orders Index

Nov '22 - Apr '23  
sa, >50 = growth



## New orders

Supporting the upturn in activity was a faster increase in new order inflows at Mozambican firms. The respective seasonally adjusted index climbed to its highest for nine months, indicating a sharp rise in total new orders during April. Panellists often commented on new clients and greater requests for work.

## New Orders Index

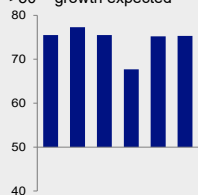
sa, >50 = growth since previous month



# Business expectations

## Future Output Index

Nov '22 - Apr '23  
>50 = growth expected



Mozambican businesses remained optimistic that output will expand over the forthcoming year in April, with the degree of positivity broadly unchanged from the previous survey period. In total, just over half (51%) of all respondents projected growth, with these firms confident that rising demand, increased headcounts, new branches and new contracts will support higher activity.

## Future Output Index

>50 = growth expected over next 12 months

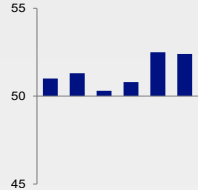




# Employment and capacity

## Employment Index

Nov '22 - Apr '23  
sa, >50 = growth



## Employment

April data signalled a further strong rise in employment numbers at Mozambican firms. Little-changed since March, the pace of job creation was the second-fastest in a year and remained above the series long-run trend. Businesses chose to hire new workers to fulfil orders and increase output, anecdotal evidence showed.

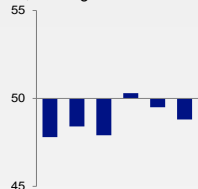
## Employment Index

sa, >50 = growth since previous month



## Backlogs of Work Index

Nov '22 - Apr '23  
sa, >50 = growth

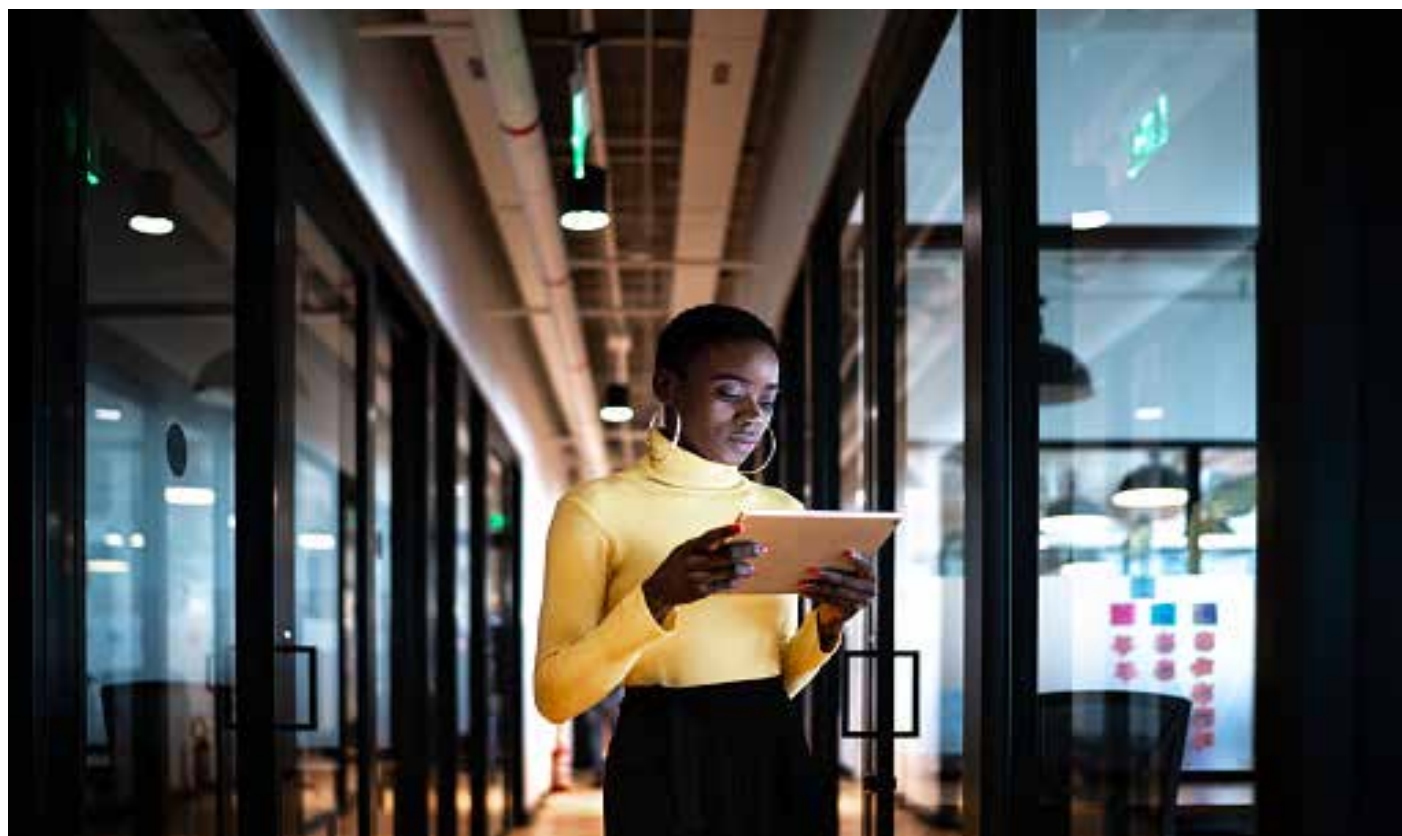


## Backlogs of work

The notable increase in headcounts helped companies make further inroads into their backlogs of work at the start of the second quarter. Work-in-hand decreased for the second consecutive month. That said, despite quickening from March, the pace of depletion was only modest overall.

## Backlogs of Work Index

sa, >50 = growth since previous month



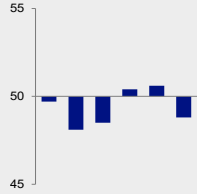




# Purchasing and inventories

Quantity of Purchases Index

Nov '22 - Apr '23  
sa, >50 = growth



## Quantity of purchases

Input purchasing in the Mozambican private sector fell for the first time in three months in April. Despite the concurrent rise in new business, some firms indicated that they were unable to purchase new inputs due to a lack of cash. However, the overall reduction in buying levels was only modest.

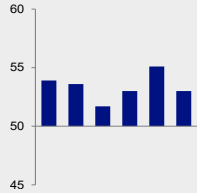
Quantity of Purchases Index

sa, >50 = growth since previous month



Suppliers' Delivery Times Index

Nov '22 - Apr '23  
sa, >50 = faster times



## Suppliers' delivery times

Supplier performance improved once again at the start of the second quarter, with the latest data signalling a solid drop in average lead times. That said, the rate at which lead times shortened was slower than in March. Some panellists stated that vendors made quicker deliveries due to increased competition.

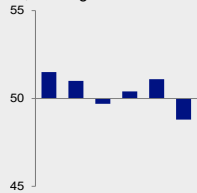
Suppliers' Delivery Times Index

sa, >50 = faster times since previous month



Stocks of Purchases Index

Nov '22 - Apr '23  
sa, >50 = growth



## Stocks of purchases

A reduction in purchasing meant that some companies had to withdraw from their stocks to fulfil new orders in April, leading to a drop in total inventories. The overall reduction was modest, yet the quickest recorded since January 2022. Some respondents blamed the reduction in stocks on supply shortages.

Stocks of Purchases Index

sa, >50 = growth since previous month

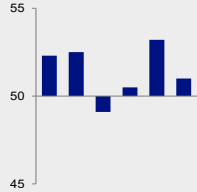




# Prices

## Input Prices Index

Nov '22 - Apr '23  
sa, >50 = inflation



## Input prices

Overall input prices faced by Mozambican companies increased for the third successive month in April, driven by further upticks in both purchase prices and staff costs. However, a reduction in purchasing weighed on total expenses in some cases. As such, the overall pace of input cost inflation softened considerably from March and was only mild.

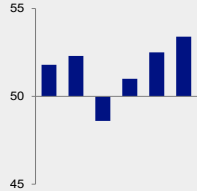
## Input Prices Index

sa, >50 = inflation since previous month



## Purchase Prices Index

Nov '22 - Apr '23  
sa, >50 = inflation



## Purchase prices

Prices paid for raw materials and components rose for the third month running in April. Moreover, the rate of inflation picked up to the fastest since last August and was solid. High demand led to an uptick in price for several raw materials, according to panellists, while there were some mentions of rising fuel prices and tax payments.

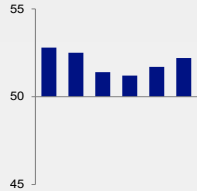
## Purchase Prices Index

sa, >50 = inflation since previous month



## Staff Costs Index

Nov '22 - Apr '23  
sa, >50 = inflation



## Staff costs

April data indicated a modest rise in staff costs at Mozambican companies. The uptick was the quickest seen in 2023 to date, but remained slower than the survey's long-run average (since March 2015). Some firms attributed wage pressures to an increase in hiring.

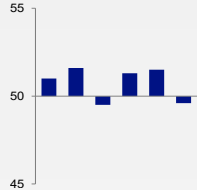
## Staff Costs Index

sa, >50 = inflation since previous month



## Output Prices Index

Nov '22 - Apr '23  
sa, >50 = inflation



## Output prices

Average prices charged by Mozambican firms decreased at the start of the second quarter. The reduction was the first recorded in three months. However, the pace of reduction was only marginal, and offset by some reports of the pass-through of rising costs to clients.

## Output Prices Index

sa, >50 = inflation since previous month

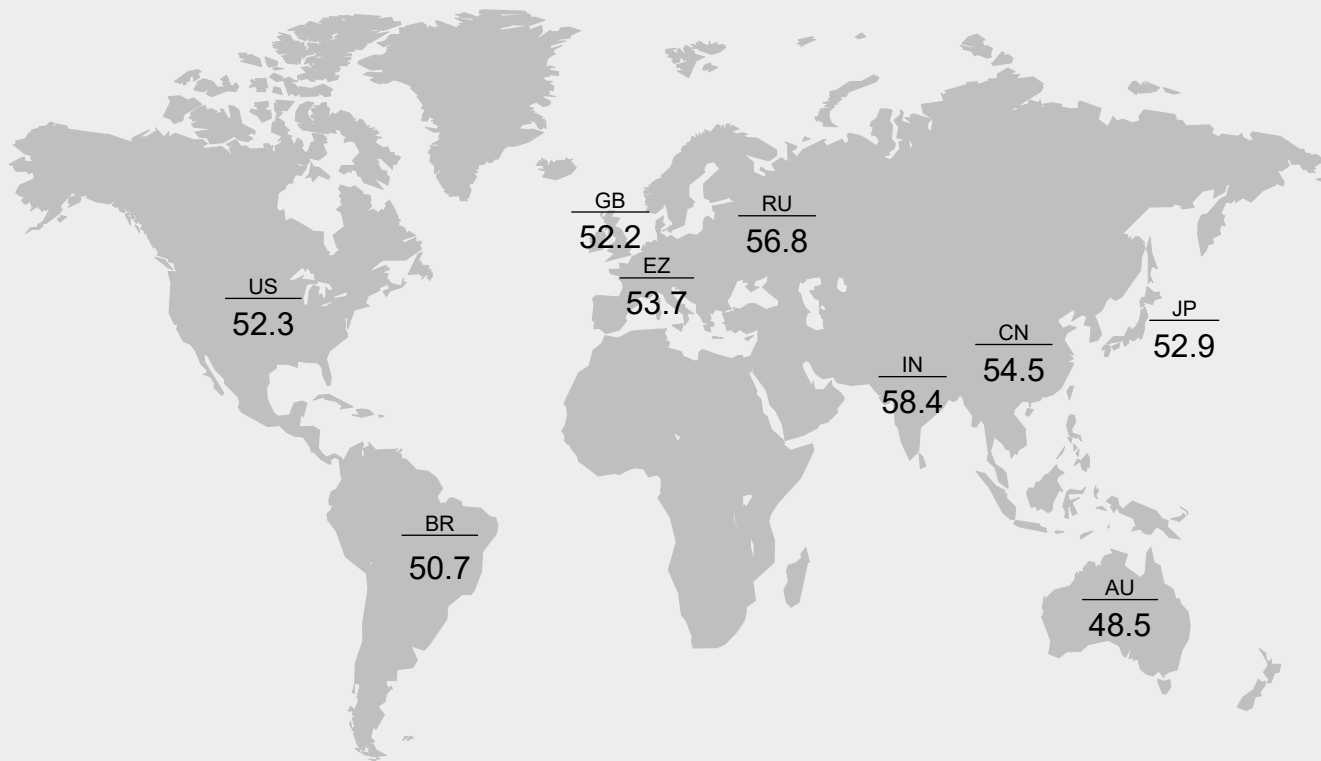




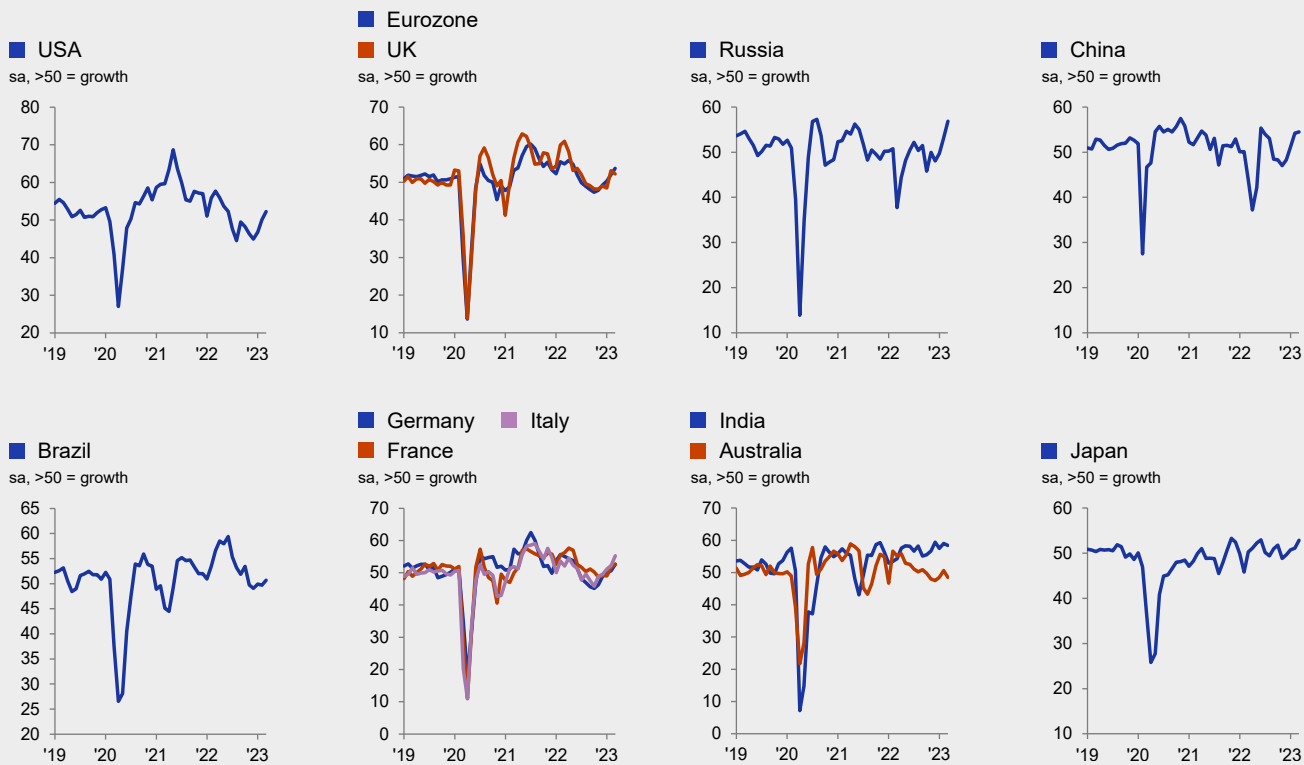
# International PMI

Composite Output Index, Mar '23  
sa, >50 = growth since previous month

The Composite Output Index is a GDP-weighted average of the Manufacturing Output Index and the Services Business Activity Index.



## Composite Output Index





# 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 12-25 April 2023.

### Survey questions

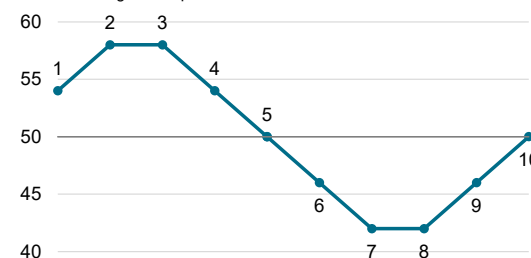
Private sector	
Output	Suppliers' Delivery Times
New Orders	Stocks Of Purchases
New Export Orders	Input Prices
Future Output	Purchase Prices
Employment	Staff Costs
Backlogs Of Work	Output Prices
Quantity Of Purchases	

### Index calculation

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

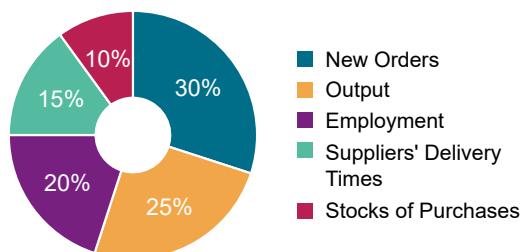
### Index interpretation

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)