



Standard Bank Mozambique PMI™

New business rises strongly in November, but jobs growth slows

Key findings

Fastest rise in new orders since June

Employment ticks up only fractionally

Two-thirds of firms optimistic for future activity

Mozambique PMI



The Mozambique PMI™ continued to signal a strong uplift in demand across the private sector in November, with the rate of new business growth picking up to the fastest since June and driving both a solid expansion in output levels and stronger business confidence. Firms continued to manage their workloads well, prompting a slowdown in both purchasing and employment growth to marginal rates.

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 dipped to 52.0 in November from 52.1 in October, but nevertheless pointed to an improvement in operating conditions across the private sector economy. The reading was also the third-highest seen since the start of the COVID-19 pandemic.

New business at Mozambican firms increased again midway through the final quarter, and at a solid rate that was the fastest in five months. Companies that saw orders rise often related this to an increase in client numbers as economic conditions stabilised following COVID-19 restrictions.

As a result, output levels were driven higher for the second month in a row, with the rate of growth accelerating from October.

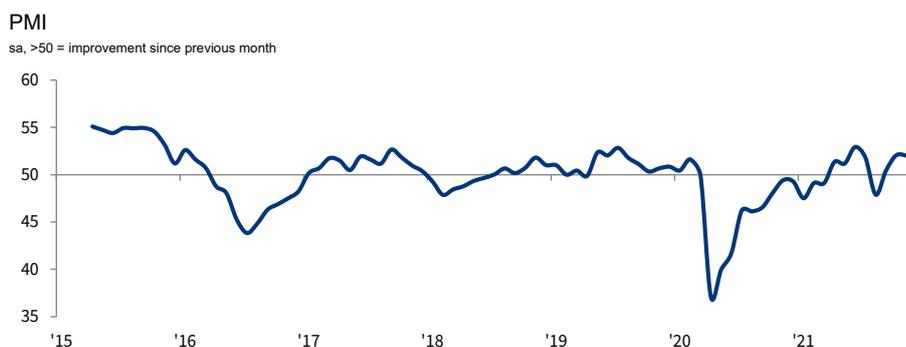
Confidence in future output meanwhile ticked up to a four-month high, as around two-thirds of survey respondents predicted an expansion over the coming year.

At the same time though, the rate of job creation softened to a seven-month low. While some firms hired new workers due to increased demand, others continued to report that capacity was sufficient to meet new orders. Backlogs of work decreased again in November, although the rate of depletion slowed to a fractional pace.

Similarly, the quantity of inputs purchased rose only slightly in November, following two months of solid growth. Some firms noted that a lack of spending power had stopped them from buying more goods, although stock levels did continue to rise.

In addition, Mozambican companies faced another solid uptick in input costs, as wages were raised in line with stronger demand, while the price of raw materials, fuel and transport were all cited as higher. The increase in costs was largely passed through to consumers, as output prices rose modestly over the month.

Lastly, November data pointed to a renewed upturn in supplier performance, after longer lead times were recorded for the first time in 14 months in October. The overall improvement was only fractional, however.





Output Index

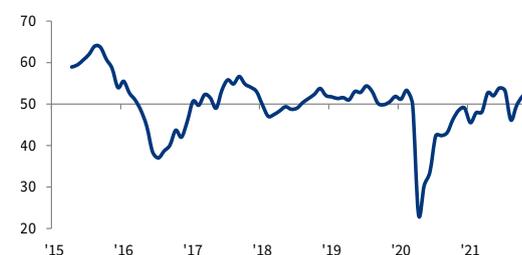


Private sector companies in Mozambique found that output levels had risen for a second straight month in November. The respective seasonally adjusted index ticked up to signal the quickest rate of activity growth since July. Where output had increased, firms generally related this to an improvement in client numbers and demand.

Of the five monitored sectors, agriculture, services and wholesale & retail each saw an overall expansion in output during November.

Output Index

sa, >50 = growth since previous month



New Orders Index



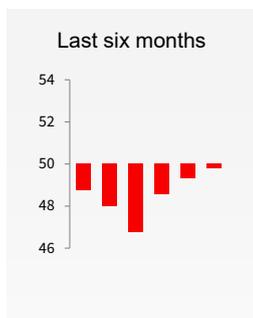
For the third month running, the seasonally adjusted New Orders Index posted above the 50.0 neutral mark in November, indicating a solid rise in new work at Mozambican companies. The latest upturn was also the sharpest seen since June, with approximately 19% of survey respondents stating a rise. Manufacturing was the only category to buck the trend and register a decline in new orders over the month.

New Orders Index

sa, >50 = growth since previous month



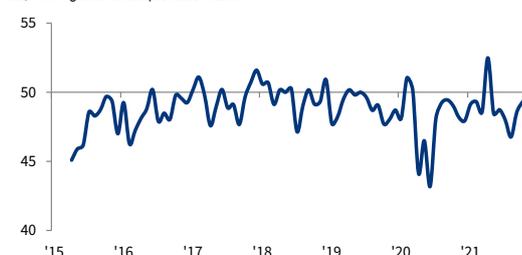
Backlogs of Work Index



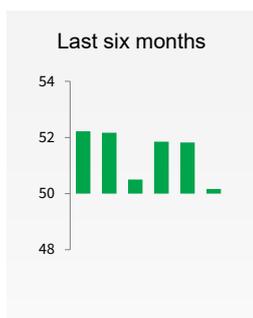
As has been the case since May, backlog volumes in the Mozambican private sector decreased midway through the final quarter. That said, the pace of depletion softened for the third straight month and was only fractional. Some firms noted that an increase in new orders had begun to put pressure on their business lines and delay the completion of work in some instances.

Backlogs of Work Index

sa, >50 = growth since previous month



Employment Index

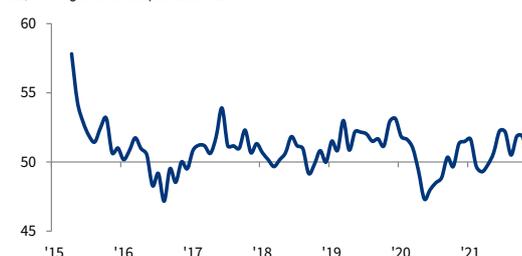


Employment numbers were almost flat during November, after recording growth in each of the previous six months. While some firms reported raising their staff capacity due to higher demand, others cited that pandemic-related concerns led to lower employment.

Hiring activity was mixed at the sector level, with construction, wholesale & retail and services each registering an increase, whereas agriculture and manufacturing posted a decline.

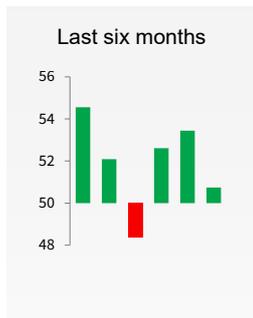
Employment Index

sa, >50 = growth since previous month





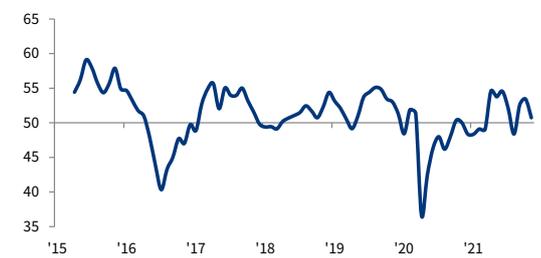
Quantity of Purchases Index



The increase in new orders during the latest survey period prompted Mozambican businesses to raise their purchasing activity for the third successive month. That said, the rate of buying growth slowed markedly from October and was only slight overall. Notably, some panellists cited that a lack of spending power kept them from procuring more inputs.

Quantity of Purchases Index

sa, >50 = growth since previous month



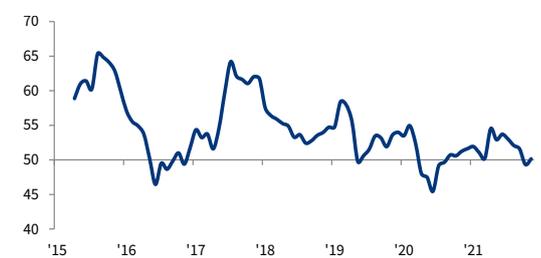
Suppliers' Delivery Times Index



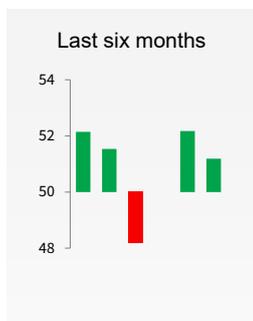
Supplier performance improved in November, as the seasonally adjusted Suppliers' Delivery Times Index ticked higher after recording its first sub-50.0 reading for 14 months in October. Businesses often cited that vendors were able to make quicker deliveries, though there were some reports of interruptions from the pandemic, global shipment issues and recent strikes in South Africa.

Suppliers' Delivery Times Index

sa, >50 = faster times since previous month



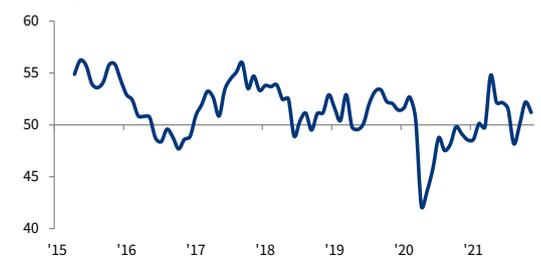
Stocks of Purchases Index



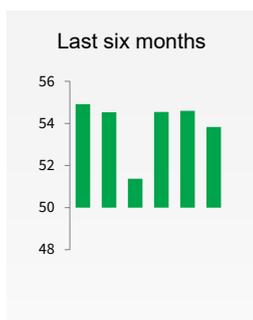
In line with purchasing trends, stock levels at Mozambican firms rose at a softer and only marginal pace during November. Firms that added to their inventories mainly cited higher demand, although some mentioned efforts to stockpile in the midst of weak freight capacity. Stocks rose in three of the five monitored sectors in November, namely agriculture, manufacturing and wholesale & retail.

Stocks of Purchases Index

sa, >50 = growth since previous month



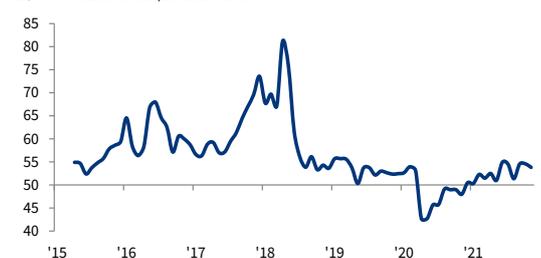
Overall Input Prices Index



Companies in Mozambique saw another solid uplift in input prices in the penultimate month of the year. The rate of cost inflation ticked down to a three-month low but remained stronger than on average over the past three years. Survey panellists reported a rise in supplier charges as well as a solid mark-up in salaries. Higher input costs were seen across all sectors, except for manufacturing.

Overall Input Prices Index

sa, >50 = inflation since previous month





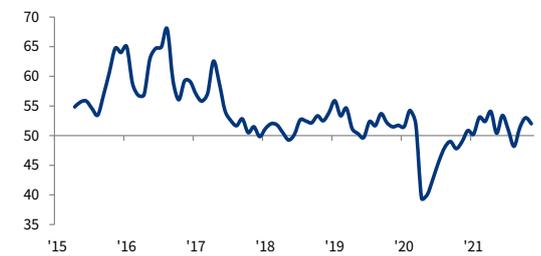
Purchase Prices Index



Adjusted for seasonality, the Purchase Prices Index posted above the 50.0 no-change mark for the third straight month in November, to signal a modest increase in purchasing costs at Mozambican firms. Firms often indicated that the price of raw materials had risen, with some also citing higher fuel, transport and import costs. That said, the pace of inflation softened from October's four-month high.

Purchase Prices Index

sa, >50 = inflation since previous month



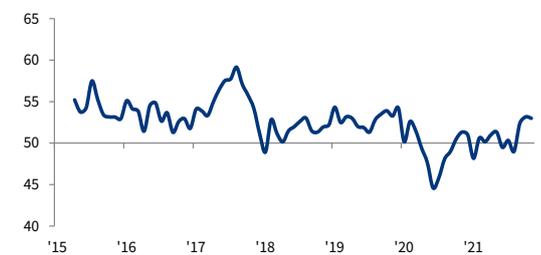
Staff Costs Index



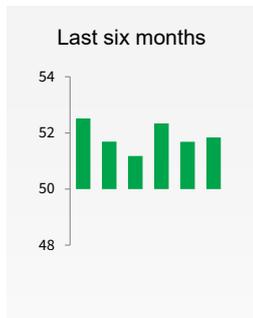
Staff costs also increased for the third month running during November, and at a solid rate that was only slightly softer than October's near two-year high. Where staff expenses had risen, panellists often reported increasing their employees' salaries to boost productivity and support higher demand.

Staff Costs Index

sa, >50 = inflation since previous month



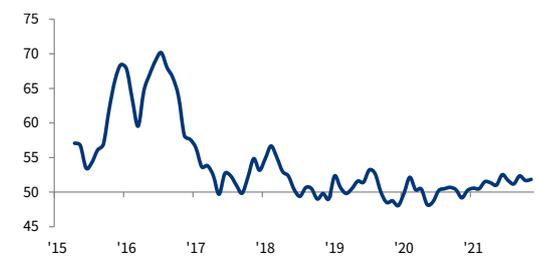
Output Prices Index



Companies continued to raise their average selling charges at a modest pace midway through the final quarter of the year, with the rate of inflation largely unchanged from October. Respondents often blamed the increase in prices on rising input costs, including for raw materials, fuel and transport. That said, there were some reports of firms lowering their prices due to promotional offers.

Output Prices Index

sa, >50 = inflation since previous month



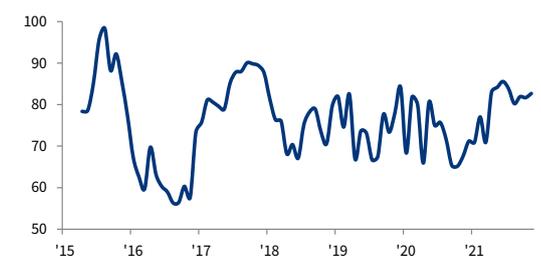
Future Output Index



The Future Output Index ticked up to its highest level for four months in November to signal a strong degree of optimism for activity over the coming year. Two-thirds of panellists expect an overall expansion in output by November 2022, which was often linked to market growth, new products and services and a return to normality following pandemic measures. Expectations were also much higher than the series long run trend.

Future Output Index

>50 = growth expected over next 12 months





Methodology

The Standard Bank Mozambique PMI™ is compiled by IHS Markit 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.

November data were collected 12-25 November 2021.

For further information on the PMI survey methodology, please contact 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.

ihsmarkit.com/products/pmi.html.

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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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