



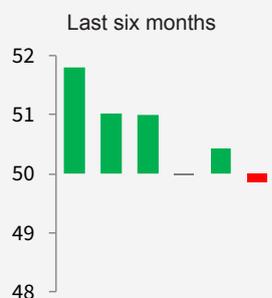
### Key findings

Output increases at softest pace in eight months

New orders rise only marginally

Outlook declines to 29-month low

### Mozambique PMI



Business conditions in Mozambique's private sector economy were subdued in April, with output, new orders and employment increasing at slower rates. Input prices rose at a relatively cool pace, while future business sentiment fell sharply to the lowest in nearly two-and-a-half years.

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 fell from 50.4 in March to 49.9 in April, signalling a very slight deterioration in business conditions at the start of the second quarter. It was the first time in ten months that the PMI had slipped below the 50.0 no-change mark.

Mozambican firms found that operating conditions were harmed by weaker output growth during April. The rate of expansion slowed to the least marked since August 2018. Anecdotal evidence reflected softer demand pressures across the private sector, while some companies cited a lack of stocks and financing problems leading to lower output.

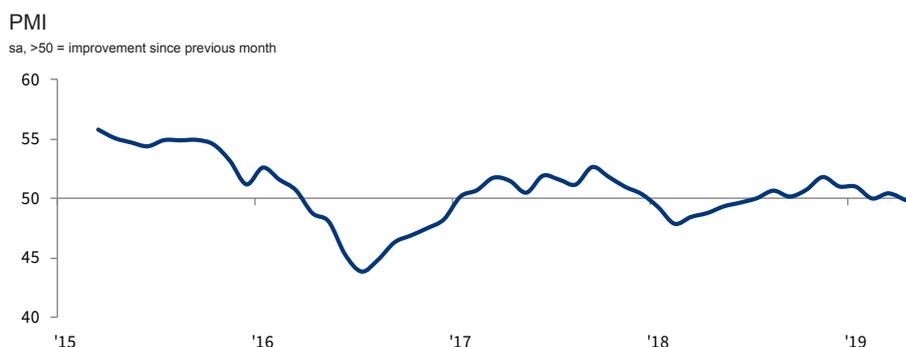
New order growth was slightly softer in April compared to March. Survey data showed only a marginal rise in new work that was the weakest for ten months. According to panel reports, demand was partly affected by the

aftershock from Cyclone Idai. Nevertheless, new orders appeared to outstrip activity, as businesses reported a slight increase in backlogs of work for the first time in 2019 to date.

Employment was another key index which had a negative directional effect on the headline PMI in April. The rate of job creation slowed markedly from March, with firms seeing only a marginal rise in employment. Panellists also reduced purchases for the first time in 13 months, attributing this to an excess supply of inventories in this period of softer demand growth. As such, stock levels dropped, albeit fractionally.

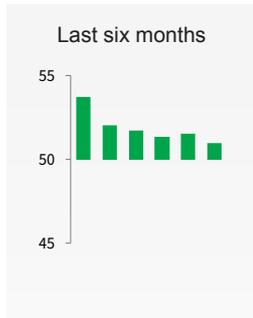
Input price inflation dipped in April, following broadly unchanged rates of inflation in the first quarter of the year. This was partly due to only a modest rise in purchasing costs, although some firms found that a fall in the value of the metical led to higher import prices. In response, some of these firms raised output charges, with overall selling prices increasing slightly from the previous month.

With demand growth sliding and the economy impacted by Cyclone Idai, future business sentiment declined sharply in April. Expectations remained positive overall but were at their weakest since November 2016. Nevertheless, many businesses still hoped that greater hiring, company development and higher sales would lead to improved activity in the future.





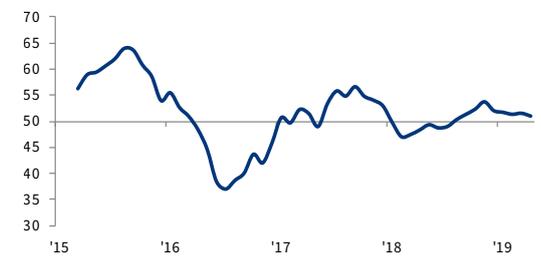
## Output Index



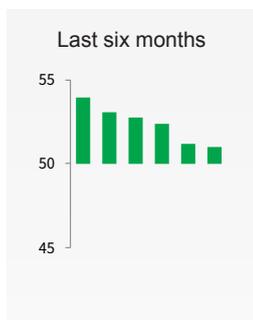
Mozambican firms raised activity only slightly at the start of the second quarter. The rate of growth was the slowest since August 2018, albeit still extending the current period of expansion to nine months. Companies that increased output noted a higher number of client requests. However, others saw activity decline due to a lack of stocks and financing issues.

Output Index

sa, >50 = growth since previous month



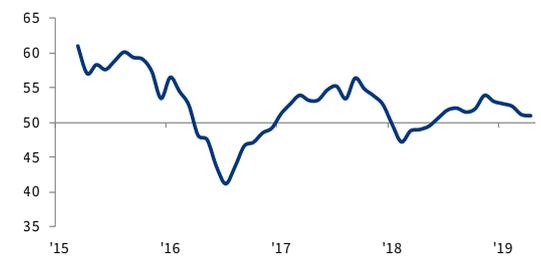
## New Orders Index



New order growth slowed for the fifth month running in April, and was marginal overall. While a number of private sector firms reported higher client demand, others noted a lack of new work, partly due to floods during March. The respective seasonally adjusted index was at its lowest in ten months.

New Orders Index

sa, >50 = growth since previous month



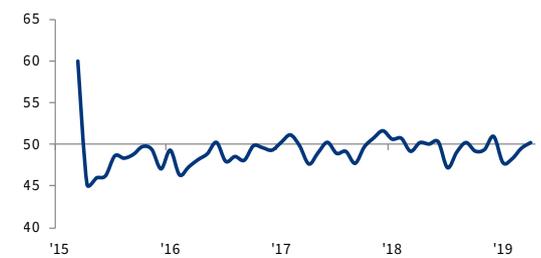
## Backlogs of Work Index



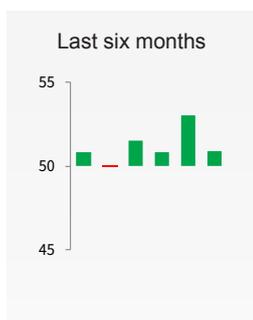
A softer increase in activity meant that firms were unable to reduce backlogs of work in April. Following three successive months of decrease, businesses reported a fractional rise in work-in-hand. This was attributed to higher new orders after promotion efforts, as well as constraints on output due to equipment failure.

Backlogs of Work Index

sa, >50 = growth since previous month



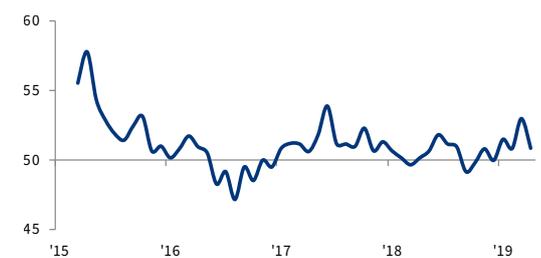
## Employment Index



Private sector employment continued to expand in April, as has been the case since the start of the year. That said, the increase was notably softer than in March, with only 6% of panellists reporting net hiring. This was generally linked to a drive to speed up business activity.

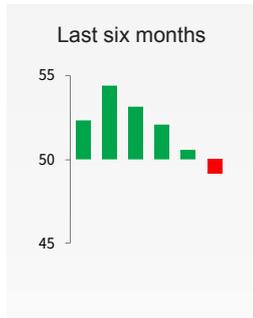
Employment Index

sa, >50 = growth since previous month





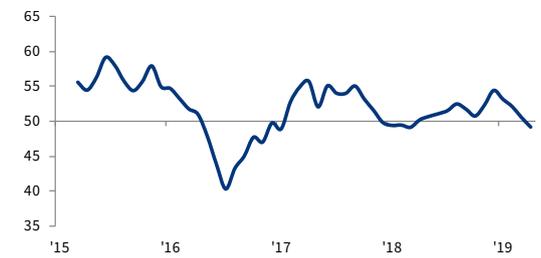
## Quantity of Purchases Index



Despite output rising in April, the latest survey showed Mozambican companies reducing input buying. This marked the first decline in purchases in over a year, as firms noted a reduced need for input goods. That said, the overall reduction was only marginal.

Quantity of Purchases Index

sa, >50 = growth since previous month



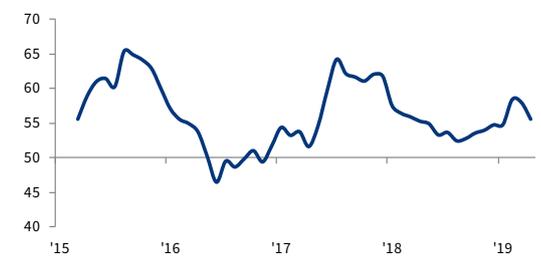
## Suppliers' Delivery Times Index



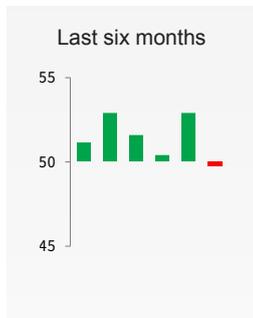
Vendor performance improved once more in April, albeit at a softer pace than in March. The drop in delivery times was sharp but less marked than the average for the series which began just over four years ago. Firms that saw lead times shorten noted the increased efficiency and flexibility of suppliers in responding to goods orders.

Suppliers' Delivery Times Index

sa, >50 = faster times since previous month



## Stocks of Purchases Index



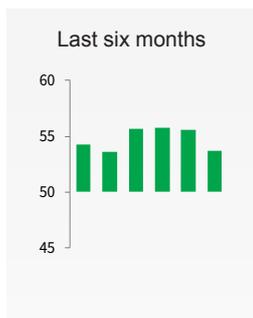
With Mozambican businesses reducing their purchasing activity in April, stocks of inputs declined for the first time in seven months. The drop was fractional though, as some firms increased stocks after having run out in the previous period. Moreover, nearly 87% of respondents saw no change in inventories.

Stocks of Purchases Index

sa, >50 = growth since previous month



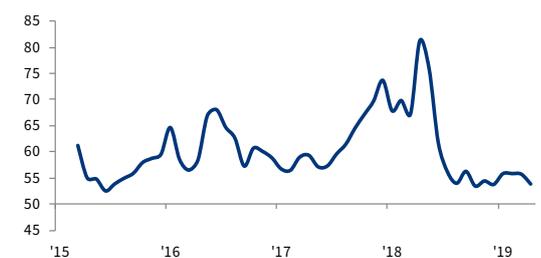
## Overall Input Prices Index



After recording little change during the first quarter of 2019, April data saw a dip in the rate of input price inflation. As such, firms saw a relatively weak rise in overall costs, due to only a modest increase in purchase prices and a softer mark-up of staff costs.

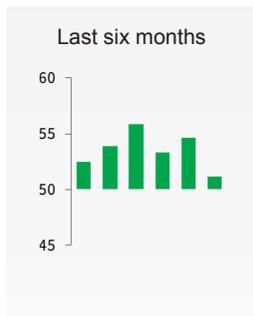
Overall Input Prices Index

sa, >50 = inflation since previous month



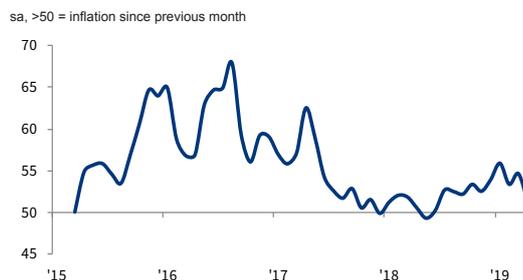


## Purchase Prices Index



Purchase price inflation softened noticeably in April, with the respective seasonally adjusted index falling to a ten-month low. Firms that saw higher prices linked this to the weakening exchange rate in the wake of floods during March. At the same time though, many companies reported falling costs due to weaker input demand.

Purchase Prices Index

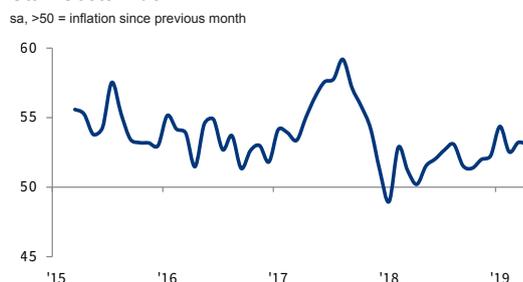


## Staff Costs Index



Mozambican private sector firms reported a solid increase in staff costs during April. While the overall rise was weaker than the first quarter average, it was sharper than seen throughout most of 2018. Companies often linked increased staff costs to new company hires and greater work incentives.

Staff Costs Index

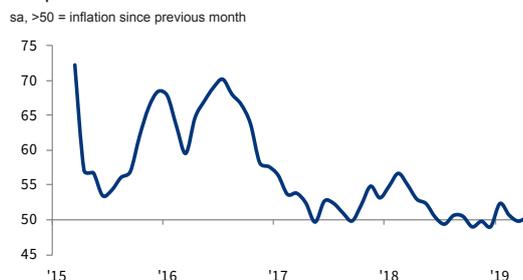


## Output Prices Index

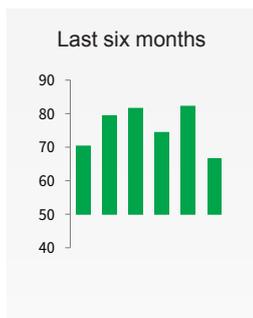


Output prices saw a slight uptick at the start of the second quarter, offsetting the decline in the previous month. Businesses found that a rise in raw material costs and a deteriorating exchange rate led them to raise charges in April. Nonetheless, the rate of inflation was subdued compared to the series average.

Output Prices Index

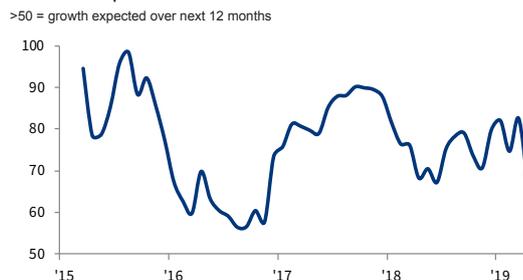


## Future Output Index



Sentiment toward the year-ahead outlook for activity registered a steep drop during April, with the index posting its lowest reading in nearly two-and-a-half years. This was due to many respondents switching from a positive to a neutral outlook. That said, many firms still expect that company development and higher sales will drive activity up in the future.

Future Output Index





### 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.

April 2019 data were collected 10-25 April 2019.

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. To learn more go to [ihsmarkit.com/products/pmi.html](http://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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