



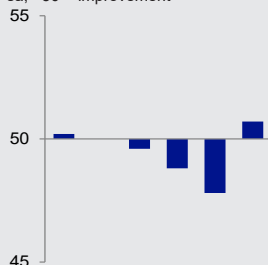
Standard Bank Mozambique PMI®

Business conditions improve for the first time in five months

50.7

MOZAMBIQUE PMI
FEB '24

PMI
Sep '23 - Feb '24
sa, >50 = improvement



Output, sales, purchasing and employment all return to growth

Strongest rise in new orders since last July

Higher wages drive uptick in costs

Mozambique's private sector economy returned to growth during February, latest PMI® survey data signalled, as business conditions strengthened for the first time since September last year. The uplift followed the sector's worst performance for two years in January, supported by renewed expansions in several areas including activity, sales, purchasing and staffing.

Rising new business volumes thereby led to a degree of capacity pressure, as backlogs of work increased for the first time in a year. Meanwhile, greater hiring efforts played a part in driving input costs higher, as companies reported having to raise staff salaries.

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 saw a near three-point surge in February, climbing from 47.8 in January – the lowest for two years – to

50.7, which was above the 50.0 neutral mark for the first time in five months. The reading signalled a slight improvement in the health of the private sector economy.

Mozambican businesses especially noted renewed uplifts in activity and new orders in February, ending respective three- and two-month runs of decline. Furthermore, rates of growth were the strongest since last July, amid reports of higher customer numbers, increased demand, stronger input purchases and greater productivity. Expansions were nearly widespread by sector, with only construction registering contractions in output and sales.

With demand growth restored, firms placed higher orders for inputs midway through the first quarter. This marked the first increase in purchases for six months, and one that was the sharpest in a year-and-a-half despite being mild overall. Nevertheless, companies experienced a fractional decline in their inventories, which extended the current sequence of depletion to five months.

After falling for the first time in two years,

Standard Bank Mozambique PMI

sa, >50 = improvement since previous month



PMI®

by S&P Global



Contents

Overview and comment

Output and demand

Business expectations

Employment and capacity

Purchasing and inventories

Prices

International PMI

Survey methodology

Further information

employment at Mozambican firms rose over February, with survey panellists signalling an increase in demand for workers to meet higher orders. Hiring growth was seen in all monitored sectors, led by agriculture.

Despite this, survey data signalled an increase in backlogs of work as business capacity was insufficient to complete new orders. The rise in backlogs was the first seen for a year, but marginal overall.

Meanwhile, firms continued to report a sharp improvement in their supply chains. Lead times shortened rapidly, albeit to a lesser extent than January's recent high, with panellists mentioning that vendors had greater flexibility.

On the price side, February data indicated a renewed increase in input

costs, which was relatively soft but still the quickest seen for seven months. Higher costs were generally associated with a rise in wages, in turn due to greater hiring activity and elevated living costs. Subsequently, selling prices increased further in February, albeit only to a mild degree.

After dropping to a four-month low at the start of 2024, business confidence ticked up slightly in February, highlighting a broad level of positivity towards output over the next 12 months. Surveyed firms generally predicted that sustained sales growth, increased productivity and expansion plans will support activity.



Comment

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

"The Standard Bank Mozambique PMI rose to 50.7 in Feb, a seven-month high, up from 47.8 in Jan, after having remained below the 50 level since Nov. Except for supplier delivery times, which shortened, and stocks of purchases, which declined, the rest of sub-indices recorded an increase and printed above the 50.0 neutral mark."

"The February PMI results signalled output growth across the sectors of economic activity, except for

construction, which recorded a contraction in both output and sales. Job creation was manifest across all sectors, led by agriculture."

"The PMI also signalled an improvement in business confidence, as captured by the future expectations sub-index, most likely reflecting the prospect of a further easing in monetary policy, following the 75 basis points (bps) policy rate cut to 16.5% by the Banco de Moçambique (BOM) in Jan, as well as expectations of the resumption of LNG investment in Cabo Delgado, despite reports of remaining security incidents in that province."

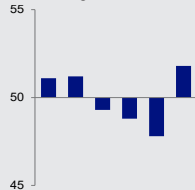
"We retain our views of prudent monetary policy easing this year, which implies financing conditions remaining tight. Unwinding favourable base effects for Coral South production ramp up, as well as persistent government domestic debt pressures and intermittent FX supply informs our forecasts of GDP growth decelerating to 4.6% y/y this year and 3.8% in 2025, from 5% in 2023."



Output and demand

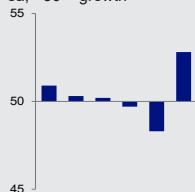
Output Index

Sep '23 - Feb '24
sa, >50 = growth



New Orders Index

Sep '23 - Feb '24
sa, >50 = growth



Output

Output across the Mozambican economy returned to growth in February. The respective seasonally adjusted index signalled a modest rise overall, thereby ending a three-month period of decline. Survey members reporting an increase in activity mainly cited higher demand, new customers, greater productivity and rising input purchases. Construction was the only sector to see output decrease.

New orders

Adjusted for seasonal factors, the New Orders Index moved above the neutral 50.0 threshold, pointing to a renewed uplift in new business intakes midway through the first quarter. Moreover, the expansion was solid and the strongest since July 2023. Several companies noted that an influx of new customers drove higher sales. Like for output, construction was the only broad category to buck the wider trend and record a decline in new orders.

Output Index

sa, >50 = growth since previous month



New Orders Index

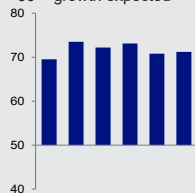
sa, >50 = growth since previous month



Business expectations

Future Output Index

Sep '23 - Feb '24
>50 = growth expected



Businesses in Mozambique retained a positive view of the upcoming 12 months in February. Around 42% of companies expect activity to increase, whereas the remaining surveyed firms were neutral. In general, firms predicted that stronger sales, expansion efforts and greater productivity will drive higher output. The degree of confidence was up slightly compared to the previous month, but remained weaker than the long-run trend.

Future Output Index

>50 = growth expected over next 12 months

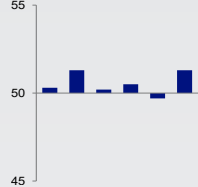




Employment and capacity

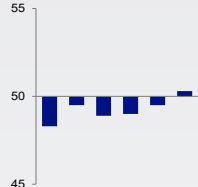
Employment Index

Sep '23 - Feb '24
sa, >50 = growth



Backlogs of Work Index

Sep '23 - Feb '24
sa, >50 = growth



Employment

February survey data pointed to a rebound in employment across Mozambique. After staffing levels fell for the first time in nearly two years in January, albeit fractionally, they increased at a moderate pace that was the joint-quickest for eight months. Greater recruitment came in line with a renewed rise in new business. Notably, all five broad sectors registered an increase in employment, with the most pronounced upturn found in agriculture.

Backlogs of work

Incomplete business levels rose for the first time in a year in February, as the uplift in sales reportedly led to capacity pressures at some companies. That said, despite reaching its joint-highest for 19 months (matching that seen in February 2023), the seasonally adjusted Backlogs of Work Index signalled only a slight accumulation of backlogs overall.

Employment Index

sa, >50 = growth since previous month



Backlogs of Work Index

sa, >50 = growth since previous month

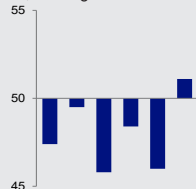




Purchasing and inventories

Quantity of Purchases Index

Sep '23 - Feb '24
sa, >50 = growth



Quantity of purchases

Purchasing activity was another metric that moved into expansion territory in the latest survey period. Adjusted for seasonal influences, the Quantity of Purchases Index posted above the neutral 50.0 mark for the first time in six months, as input demand rose in line with greater new orders. Furthermore, the rate at which input buying grew, though modest, was the strongest recorded since August 2022.

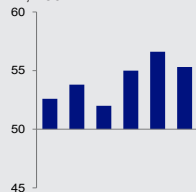
Quantity of Purchases Index

sa, >50 = growth since previous month



Suppliers' Delivery Times Index

Sep '23 - Feb '24
sa, >50 = faster times



Suppliers' delivery times

Supplier performance in the Mozambican private sector economy strengthened at a rapid pace again during February. Although the rate of improvement eased from January's 20-month high, it was still sharper than the series average and the second-quickest since last June. Where shorter lead times were recorded, this was linked to greater input supply and ample capacity at suppliers.

Suppliers' Delivery Times Index

sa, >50 = faster times since previous month



Stocks of Purchases Index

Sep '23 - Feb '24
sa, >50 = growth



Stocks of purchases

Mozambican firms continued to keep their inventories contained as the latest survey data signalled a reduction in input stocks for the fifth month running. However, the latest decrease was only fractional, as the vast majority of panellists reported no change since January.

Stocks of Purchases Index

sa, >50 = growth since previous month

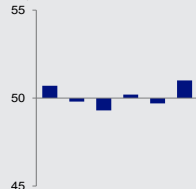




Prices

Input Prices Index

Sep '23 - Feb '24
sa, >50 = inflation



Input prices

Input price pressures across the Mozambican private sector ticked higher in February, as the latest data indicated a renewed rise in business costs. The increase was marginal, but the fastest observed for seven months, and was largely due to a stronger uplift in wage costs amid hiring momentum. Manufacturers and service providers saw costs rise, compared with falls in construction and wholesale & retail, and stability in agriculture.

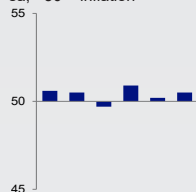
Input Prices Index

sa, >50 = inflation since previous month



Purchase Prices Index

Sep '23 - Feb '24
sa, >50 = inflation



Purchase prices

Purchasing costs faced by Mozambican businesses rose for the third consecutive month midway through the first quarter. That said, the rate of increase was relatively mild. While survey comments pointed to increased prices for items such as fuel, flour and materials, other companies reported making savings on their purchases.

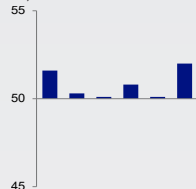
Purchase Prices Index

sa, >50 = inflation since previous month



Staff Costs Index

Sep '23 - Feb '24
sa, >50 = inflation



Staff costs

Salary inflation across Mozambique quickened to an eight-month high over February, following next to no movement at the start of the year. According to anecdotal evidence, increased demand for staff and higher living costs led a number of businesses to boost average pay. While the rate of increase accelerated, it was nonetheless moderate overall and weaker than the series average.

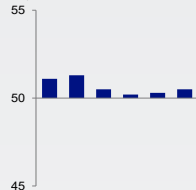
Staff Costs Index

sa, >50 = inflation since previous month



Output Prices Index

Sep '23 - Feb '24
sa, >50 = inflation



Output prices

Average prices charged by Mozambican firms increased further in February, extending the current sequence of rising prices that began last May. Price hikes were recorded in most sectors, with only manufacturing firms seeing a decline. The pace at which charges increased across the private sector was marginal, despite ticking up to a three-month high.

Output Prices Index

sa, >50 = inflation since previous month

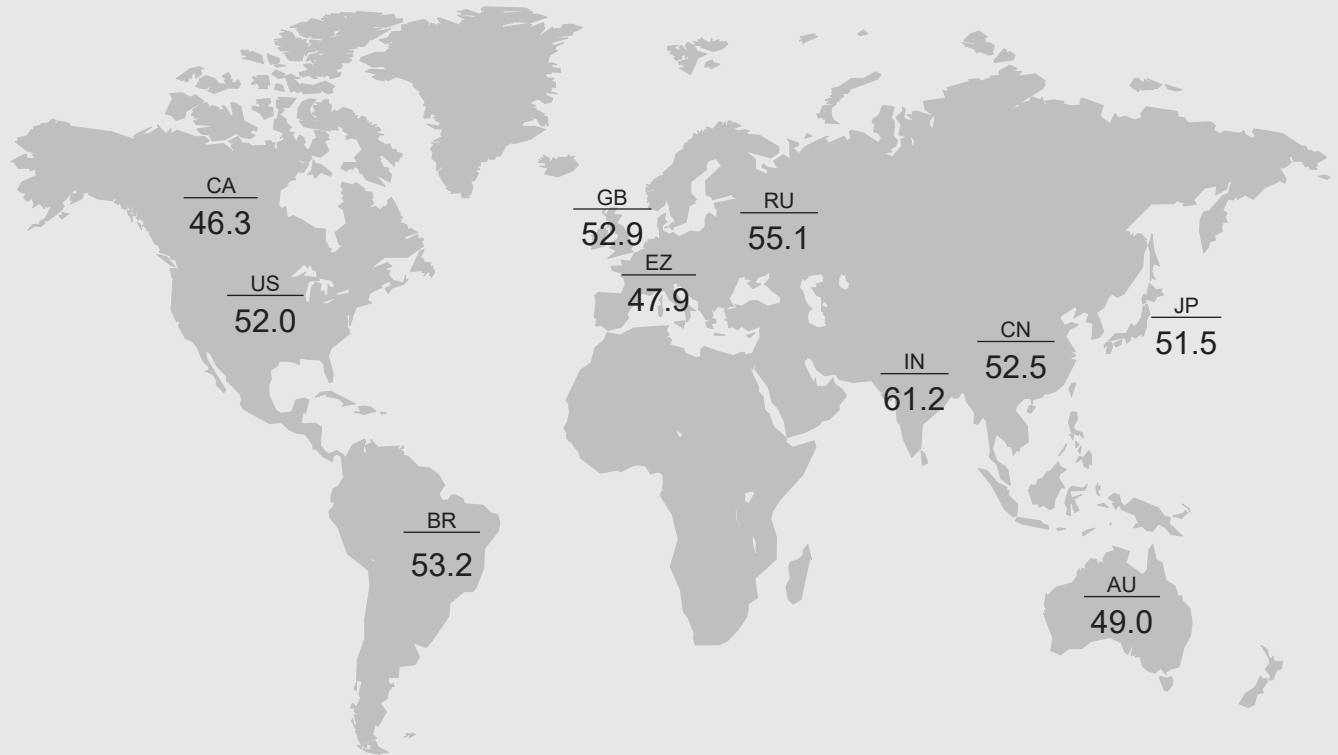




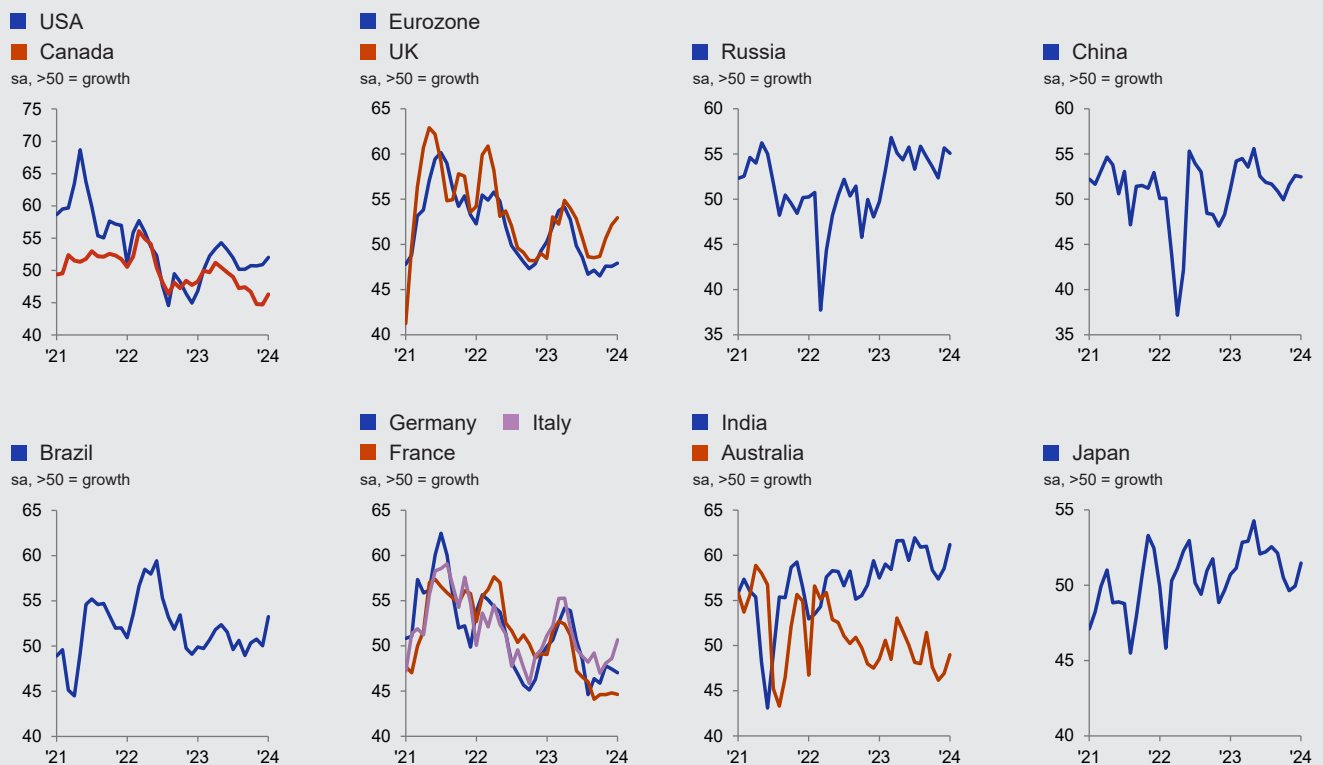
International PMI

Composite Output Index, Jan '24
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@spglobal.com.

Survey dates

Data were collected 12-26 February 2024.

Survey questions

Private sector

Output
New Orders
New Export Orders
Future Output
Employment
Backlogs Of Work
Quantity Of Purchases

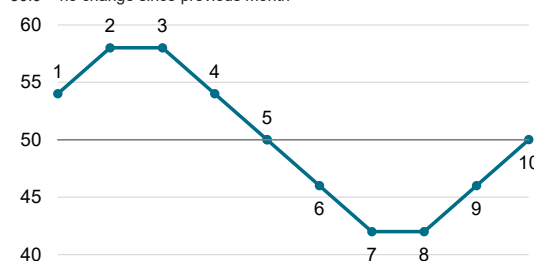
Suppliers' Delivery Times
Stocks Of Purchases
Input Prices
Purchase Prices
Staff Costs
Output Prices

Index calculation

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

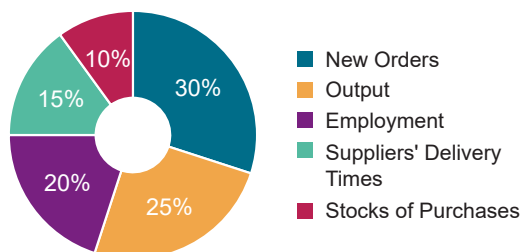
Index interpretation

50.0 = no change since previous month



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

PMI®

by S&P Global



Contact

Fáusio Mussá
Chief Economist, Mozambique
Standard Bank
T: +258 215 01 012
fausio.mussa@standardbank.co.mz

Inercio Pene
Public Relations & Communication
Standard Bank
T: +258 843 124 994
inercio.pene@standardbank.co.mz

David Owen
Senior Economist
S&P Global Market Intelligence
T: +44 1491 461 002
david.owen@spglobal.com

Sabrina Mayeen
Corporate Communications
S&P Global Market Intelligence
T: +44 7967 447 030
sabrina.mayeen@spglobal.com

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.

www.standardbank.co.mz

About S&P Global

S&P Global (NYSE: SPGI) S&P Global provides essential intelligence. We enable governments, businesses and individuals with the right data, expertise and connected technology so that they can make decisions with conviction. From helping our customers assess new investments to guiding them through ESG and energy transition across supply chains, we unlock new opportunities, solve challenges and accelerate progress for the world.

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.

www.spglobal.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.

www.spglobal.com/marketintelligence/en/mi/products/pmi

Disclaimer

The intellectual property rights to the data provided herein are owned by or licensed to S&P Global and/or its affiliates. Any unauthorised use, including but not limited to copying, distributing, transmitting or otherwise of any data appearing is not permitted without S&P Global's prior consent. S&P Global shall not have any liability, duty or obligation for or relating to the content or information ("Data") contained herein, any errors, inaccuracies, omissions or delays in the Data, or for any actions taken in reliance thereon. In no event shall S&P Global be liable for any special, incidental, or consequential damages, arising out of the use of the Data. Purchasing Managers' Index™ and PMI® are either trade marks or registered trade marks of S&P Global Inc or licensed to S&P Global Inc and/or its affiliates.

This Content was published by S&P Global Market Intelligence and not by S&P Global Ratings, which is a separately managed division of S&P Global. Reproduction of any information, data or material, including ratings ("Content") in any form is prohibited except with the prior written permission of the relevant party. Such party, its affiliates and suppliers ("Content Providers") do not guarantee the accuracy, adequacy, completeness, timeliness or availability of any Content and are not responsible for any errors or omissions (negligent or otherwise), regardless of the cause, or for the results obtained from the use of such Content. In no event shall Content Providers be liable for any damages, costs, expenses, legal fees, or losses (including lost income or lost profit and opportunity costs) in connection with any use of the Content.

PMI®

by **S&P Global**