

BUSINESS TENDENCY SURVEY REPORT

for

MANUFACTURING AND MINING SECTORS



1st QUARTER 2023

**MANUFACTURING AND MINING SECTORS BUSINESS TENDENCY SURVEY:
1st QUARTER 2023 REPORT**

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List of Acronyms

BTS	Business Tendency Survey
MCI	Manufacturing Confidence Index
PMI	Purchasing Managers' Index
pp	Percentage points

Executive Summary

The Business Tendency Survey is conducted with the objective of producing indicators for use in monitoring current business situation and short-term developments in the manufacturing and mining sectors.

Views on business performance during first quarter 2023 and expectations for the second quarter 2023 were obtained from respondents of 839 manufacturing companies and 125 mining companies. The response rates were 48.9 percent for manufacturing sector and 75.2 percent for mining sector giving a combined response rate of 62.4 percent.

Key indicators produced from the survey include Capacity Utilization, Purchasing Managers' Index (PMI), Manufacturing Confidence Index and Mining Confidence Index. Values of the Purchasing Managers Index (PMI) range from 0 to 100, with those above 50 reflecting an expansion in the sector and those below 50 signifying a contraction. The further away from 50 the greater the level of change.

A positive value of the confidence index reflects optimism towards the business conditions while a negative value implies pessimism and zero implies no change expected in the business situation.

Capacity Utilization

The combined capacity utilization for large, medium and small companies in manufacturing sector was 45.6 percent for first quarter 2023. Large companies had capacity utilization of 51.1 percent, down from 56.9 percent in fourth quarter 2022. For small and medium companies in the sector the utilization reduced to 44.5 percent, from 48.8 percent recorded in fourth quarter 2022.

First quarter capacity utilization for the mining sector was 48.8 percent, a decline from 52.3 percent during fourth quarter 2022.

Manufacturing Confidence Index

The Manufacturing Confidence Index went up from 2.9 in fourth quarter 2022 to 7.3 in first quarter 2023 indicating optimism about the business environment.

Mining Confidence Index

The Mining Confidence Index increased to 14.2 in first quarter 2023, from 5.7 recorded in the fourth quarter 2022.

Manufacturing Sector's Purchasing Managers' Index (PMI)

The Purchasing Managers' Index (PMI) for manufacturing sector during first quarter 2023 was 36.8, reflecting a 2.0-point decline from the fourth quarter value of 38.8.

Main Factors affecting production

Three major constraints to production in the manufacturing and mining sectors as cited by respondents were shortage of power, cash flow challenges and uncertainty towards the economic environment.

1. Introduction

This report presents results of the Business Tendency Survey (BTS) conducted for the manufacturing and mining sectors covering the period January-March 2023. The survey objective is to produce indicators for use in monitoring current business situation and short-term developments in manufacturing and mining sectors.

Views on business performance during first quarter 2023 and expectations for the second quarter 2023 were obtained from respondents of 839 manufacturing companies and 125 mining companies. The response rate was 48.9 percent for manufacturing sector and 75.2 percent for mining sector giving a combined response rate of 62.4 percent.

Confidence indices are compiled using an average of the balances of questions relating to production expectations, total order books and stocks of finished goods. A positive value of the confidence indicator reflects optimism towards the business conditions while a negative value implies pessimism and zero implies same situation expected in the next quarter compared to the previous quarter.

Balance of opinion is the difference between the proportion of positive responses and that of negative responses. Values of the indicator range from -100, when all responses are negative to +100, when all responses are positive.

Methodological guidelines used in undertaking the survey were obtained from the United Nations Handbook on Economic Tendency Surveys as well as the Organization for Economic Co-operation and Development Handbook on Business Tendency Surveys.

2. Results

2.1 Capacity Utilization for Manufacturing Sector

First quarter 2023 capacity utilization for large manufacturing companies was 51.1 percent, a decline from the fourth quarter value of 56.9 percent (Figure 2.2). For small and medium companies in the sector, capacity utilization for first quarter 2023 was 44.5 percent from 48.8 percent (Figure 2.3). Combined first quarter 2023 capacity utilization for the manufacturing sector was 45.6 percent from 48.8 percent, recorded in third quarter (Figure 2.1).

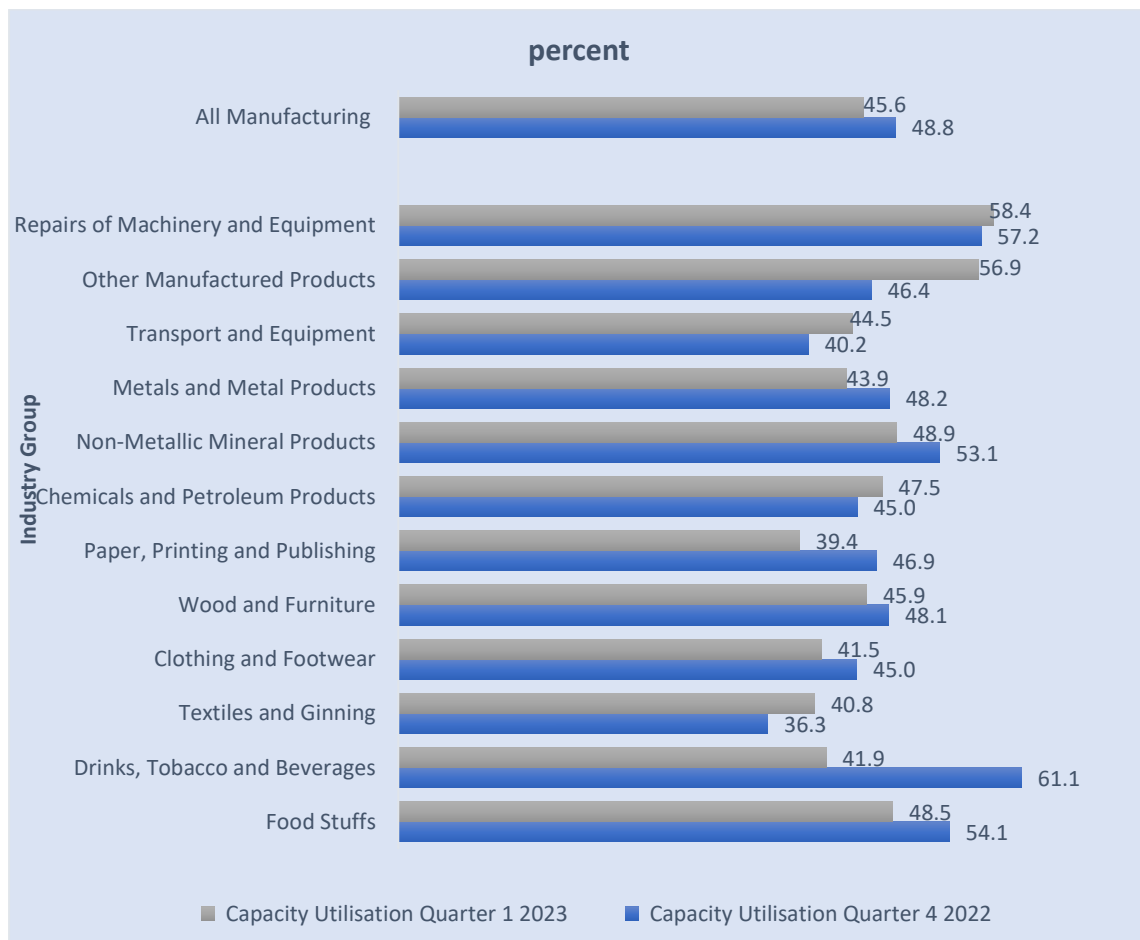


Figure 2.1: Capacity utilization in manufacturing sector, 1st quarter 2023

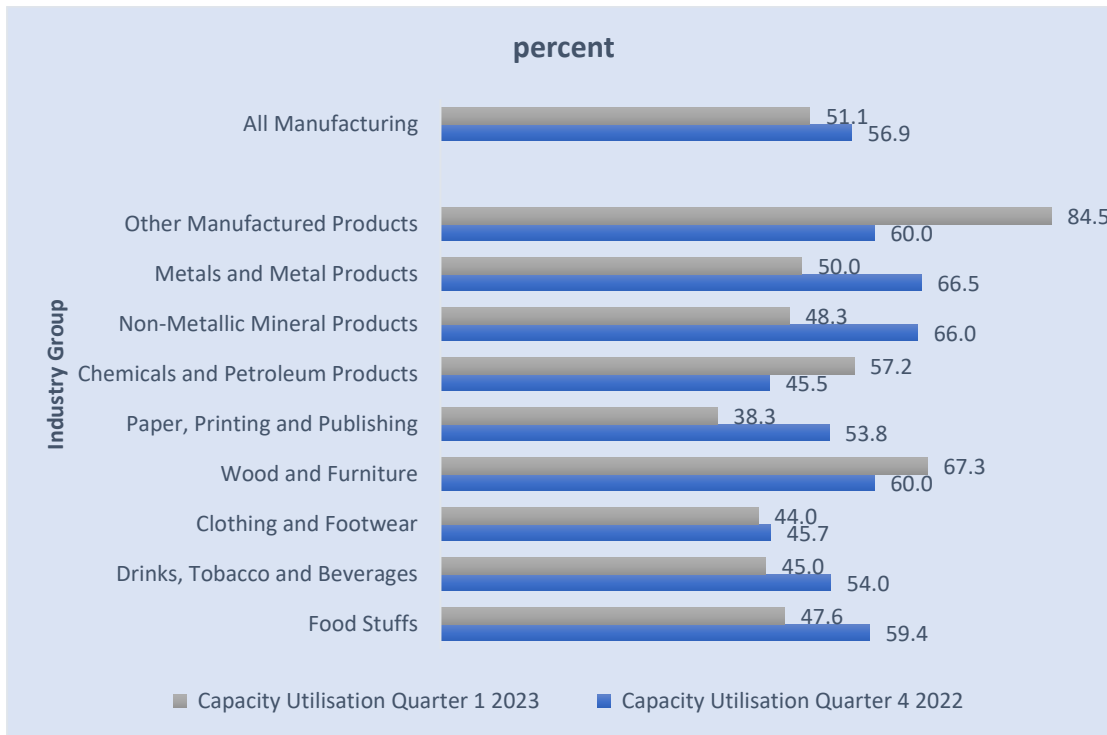


Figure 2.2: Capacity utilization for large companies in manufacturing sector, 1st quarter 2023

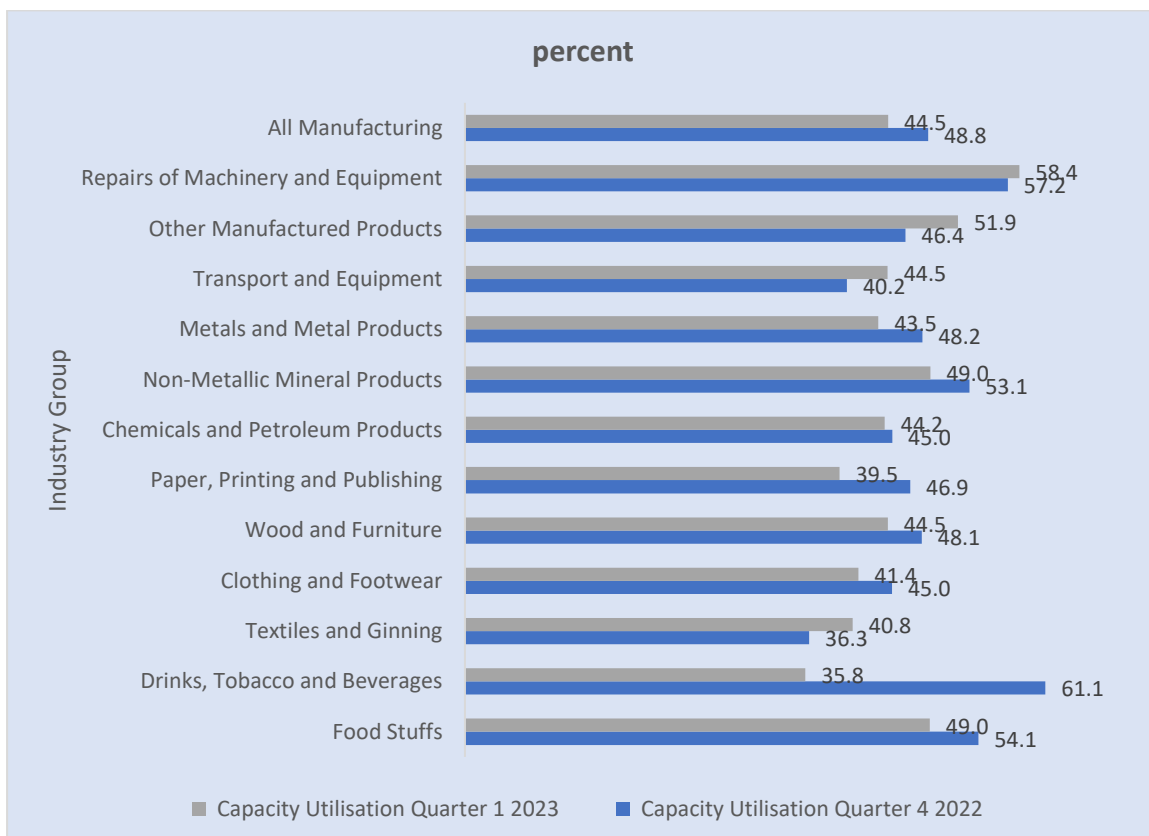


Figure 2.3: Capacity utilization for small and medium companies in manufacturing sector, 1st quarter 2023

2.2 Capacity Utilization for Mining Sector

For the mining sector, capacity utilization was 52.3 percent, from 48.8 percent in fourth quarter 2022. (Figure 2.4)

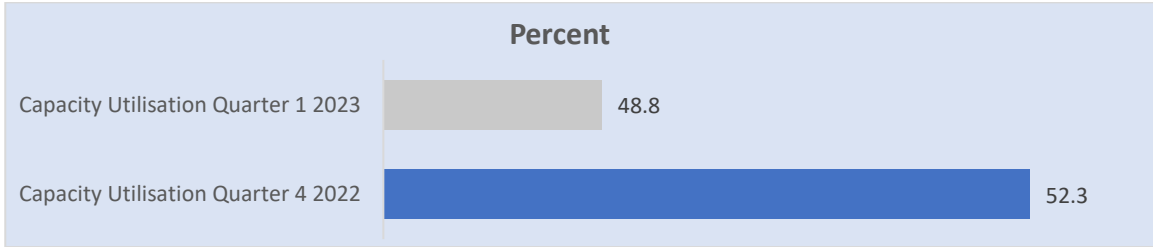


Figure 2.4: Capacity utilization for mining sector, 1st quarter 2023

2.3 General Business Climate

Twenty percent of respondents in the manufacturing sector showed more optimism towards the general business climate during second quarter 2023. (Figure 2.5)

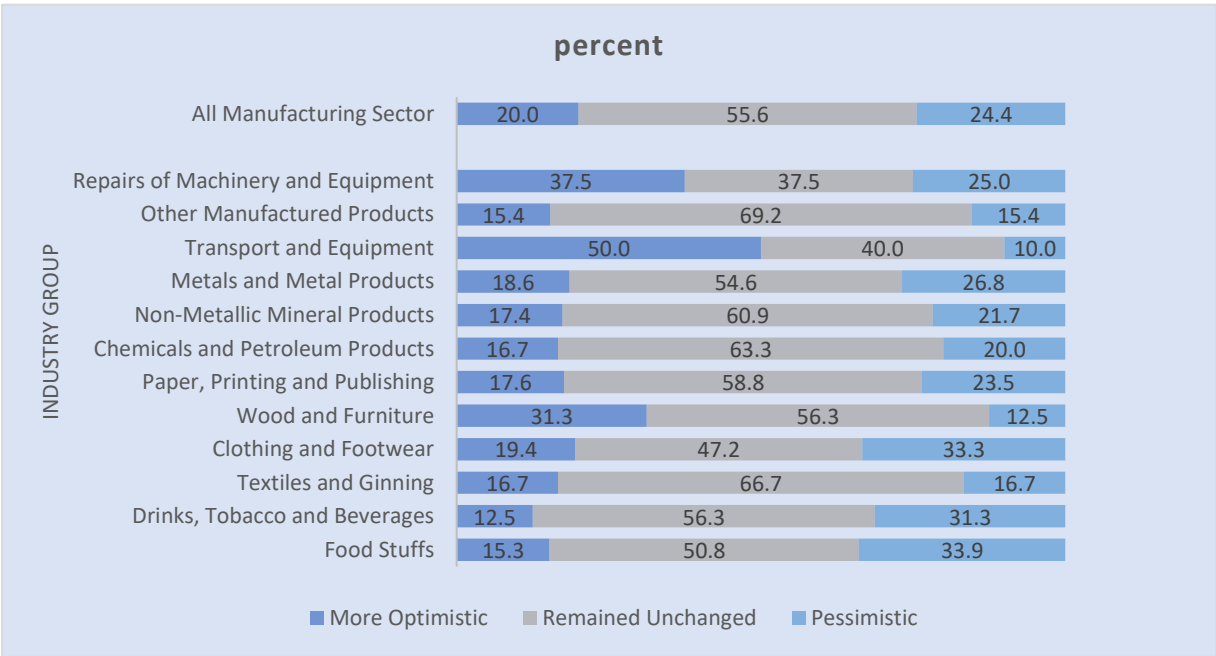


Figure 2.5: Sentiments towards general business climate in manufacturing sector, 1st quarter 2023

For the mining sector, 30.9 percent of the respondents were of the same view. (Figure 2.6)

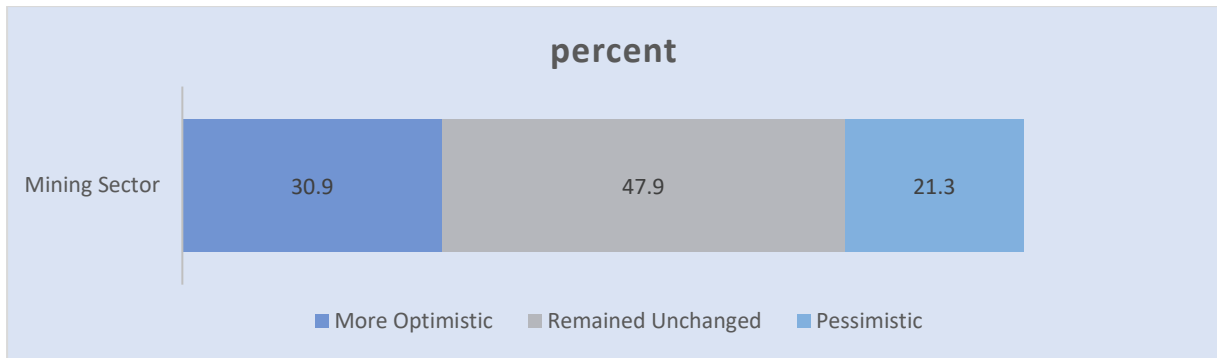


Figure 2.6: Sentiments towards general business climate in mining sector, 1st quarter 2023

Overall balance of opinion¹ for general business climate in the manufacturing sector was -4.4 percentage points (pp), from -4.5pp in fourth quarter 2022. (Table 2.1)

Table 2.1: Comparison of balance of opinion for general business climate

	4 th Quarter 2022 Balance of Opinion	1 st Quarter 2023 Balance of Opinion
Food Stuffs	15.1	-18.6
Drinks, Tobacco and Beverages	22.2	-18.8
Textiles and Ginning	-25.0	0.0
Clothing and Footwear	-13.3	-13.9
Wood and Furniture	-7.7	18.8
Paper, Printing and Publishing	3.1	-5.9
Chemicals and Petroleum Products	-8.9	-3.3
Non-Metallic Minerals Products	-21.1	-4.3
Metals and Metal Products	-5.4	-8.2
Transport and Equipment	22.2	40.0
Other Manufactured Products	-22.2	0.0
Repairs of Machinery and Equipment	-38.5	12.5
Manufacturing Sector	-4.5	-4.4
Mining Sector	2.7	9.6

¹ Balance of opinion is the difference between the proportion of positive responses and that of negative responses. Values of the indicator range from minus 100pp, when all responses are negative to plus 100pp, when all responses are positive. A net balance of zero percentage points implies proportions of positive responses were the same as proportions of negative responses.

2.4 Production Level

About 44.0 percent of respondents in the manufacturing sector viewed production levels over 1st quarter 2023 as having remained unchanged, while 17.6 percent were of the opinion that the levels had increased. (Figure 2.7)

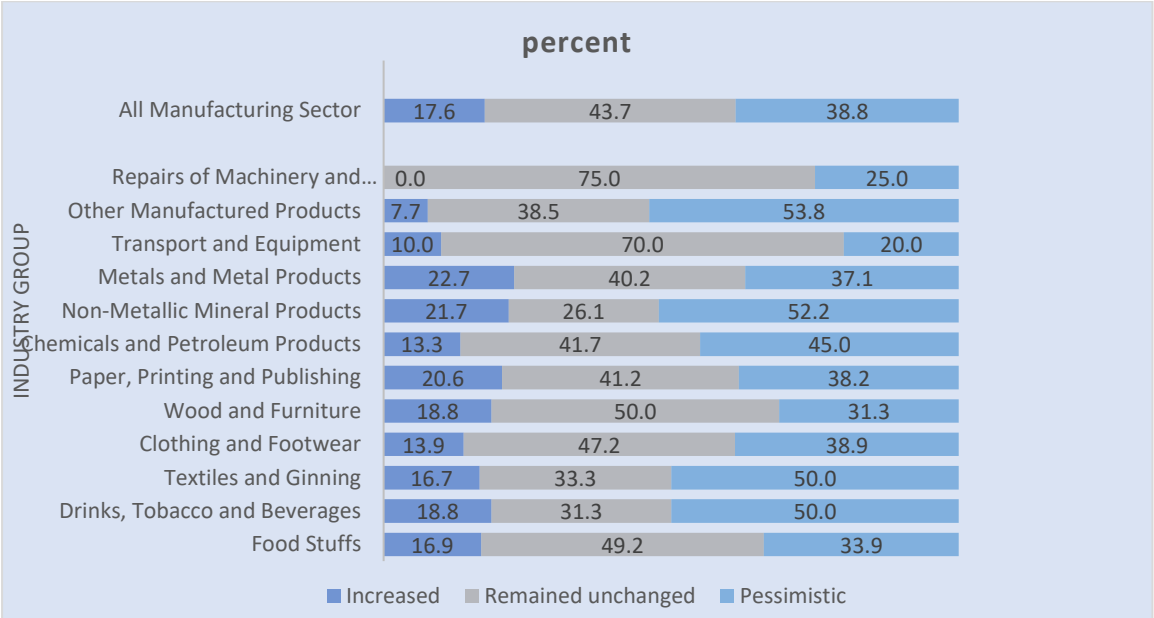


Figure 2.7: Sentiments towards production level in manufacturing sector during 1st quarter 2023

For the mining sector, 41.5 percent of the respondents had the perception that production levels had remained the same over 1st quarter 2023. (Figure 2.8)

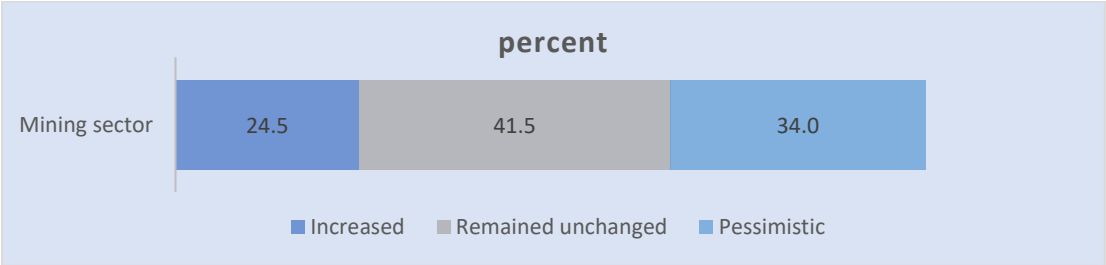


Figure 2.8: Sentiments towards production level in mining sector during 1st quarter 2023

Balance of opinion for change in production levels during first quarter 2023 was -21.2pp for the manufacturing sector and -9.6pp for the mining sector. The Paper, Printing and Publishing sub-sector balance of opinion dropped from 12.2pp in fourth quarter 2022 to -17.6pp in first quarter 2023. (Table 2.2)

Table 2.2: Balance of opinion for production level during 1st quarter 2023

	4 th Quarter 2022 Balance of Opinion	1 st Quarter 2023 Balance of Opinion
Food Stuffs	-20.8	-16.9
Drinks, Tobacco and Beverages	11.1	-31.3
Textiles and Ginning	-37.5	-33.3
Clothing and Footwear	-16.7	-25.0
Wood and Furniture	-11.5	-12.5
Paper, Printing and Publishing	12.1	-17.6
Chemicals and Petroleum Products	-17.9	-31.7
Non-Metallic Minerals Products	-42.1	-30.4
Metals and Metal Products	-21.7	-14.4
Transport and Equipment	-11.1	-10.0
Other Manufactured Products	-50.0	-46.2
Repairs of Machinery and Equipment	-23.1	-25.0
Manufacturing Sector	-17.5	-21.2
Mining Sector	-16.4	-9.6

Forty-two percent of respondents in the manufacturing sector were expecting an increase in production levels during second quarter 2023. About 39 percent of the respondents in the non-metallic mineral products sub-sector, had the perception that the production level would decrease over second quarter 2023. (Figure 2.9)

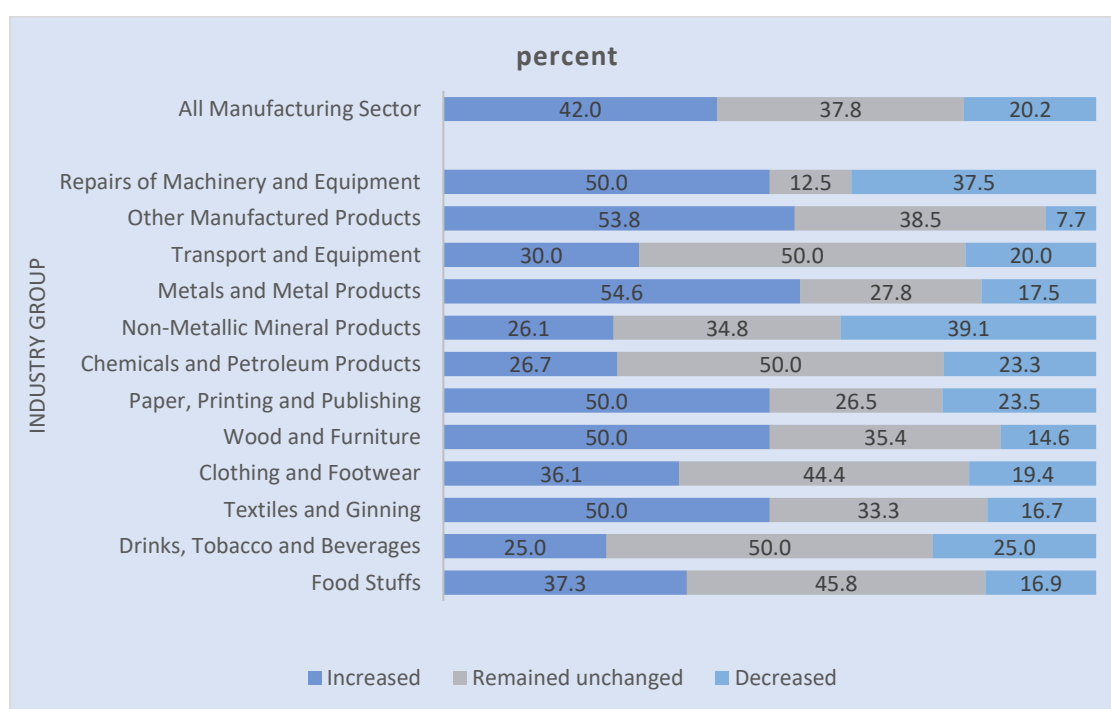


Figure 2.9: Views towards production level in manufacturing sector during 2nd Quarter 2023

In the mining sector, 56.4 percent of the respondents were expecting an increase in production levels during second quarter 2023. (Figure 2.10)

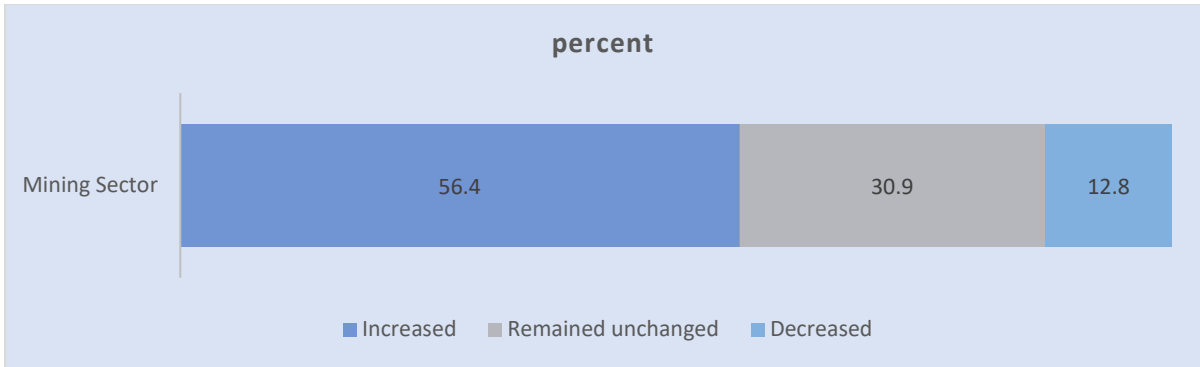


Figure 2.10: Views towards production level in mining sector during 2nd Quarter 2023

Figure 2.3 shows expectations towards change in production levels during 2nd quarter 2023 for manufacturing sector having an overall net balance of 21.7 pp, from 15.8 pp in fourth quarter 2022. The non-metallic mineral products sub-sector recorded a negative balance of opinion of -13.0 in the first quarter 2023, down from 21.1 percent in the fourth quarter 2022. A net balance of 43.6 pp was recorded for the mining sector, up from 26.0pp in the previous quarter. (Table 2.3)

Table 2.3: Balance of opinion towards production level in 2nd quarter 2023

Industry Group	4 th Quarter 2022 Balance of Opinion	1 st Quarter 2023 Balance of Opinion
Food Stuffs	9.4	20.3
Drinks, Tobacco and Beverages	33.3	0.0
Textiles and Ginning	-12.5	33.3
Clothing and Footwear	30.0	16.7
Wood and Furniture	34.6	35.4
Paper, Printing and Publishing	15.6	26.5
Chemicals and Petroleum Products	1.8	3.3
Non-Metallic Minerals Products	21.1	-13.0
Metals and Metal Products	18.5	37.1
Transport and Equipment	11.1	10.0
Other Manufactured Products	5.6	46.2
Repairs of Machinery and Equipment	-23.1	12.5
Manufacturing Sector	15.8	21.7
Mining Sector	26.0	43.6

2.5 Total Employment

Excluding seasonal variations, 65.9 percent of respondents in the manufacturing sector, reported their firms’ total employment as having remained unchanged during first quarter 2023. All manufacturing sub-sectors had more than 50 percent of the respondents anticipating the employment level to remain the same in second quarter 2023. (Figure 2.11)

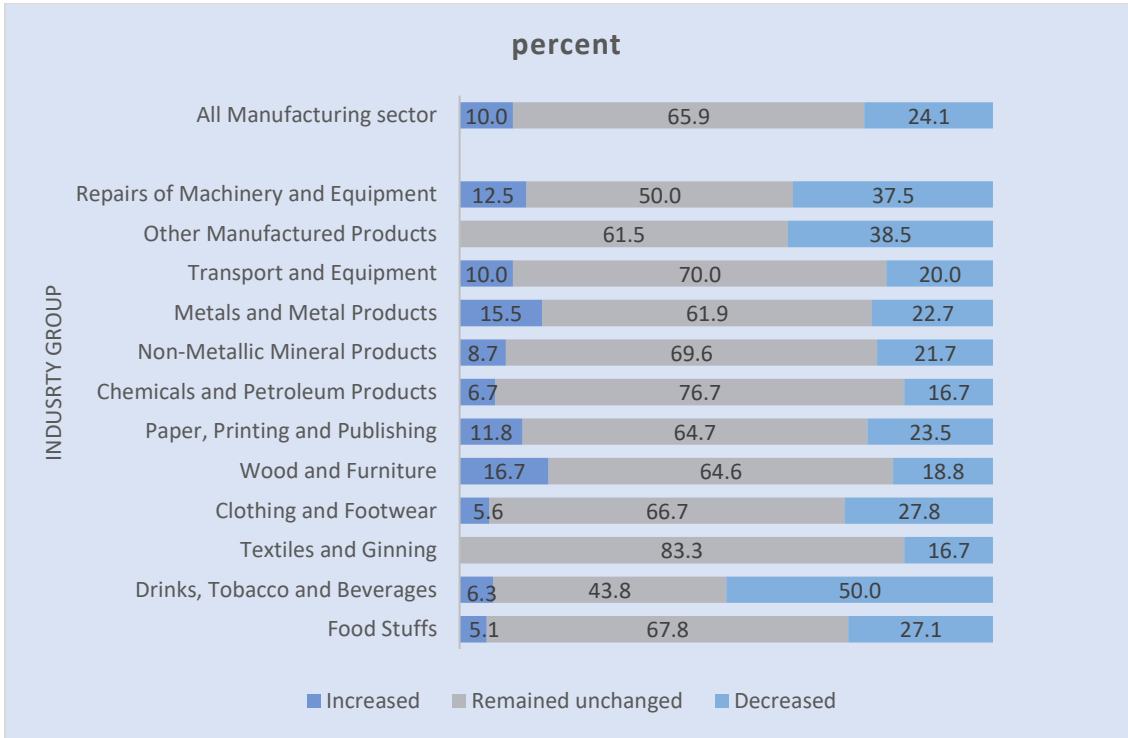


Figure 2.11: Sentiments towards employment in manufacturing sector during 1st quarter 2023

Excluding seasonal variations, 67.0 percent of respondents in the mining sector, reported their firms’ total employment as having remained unchanged during first quarter 2023. (Figure 2.12)

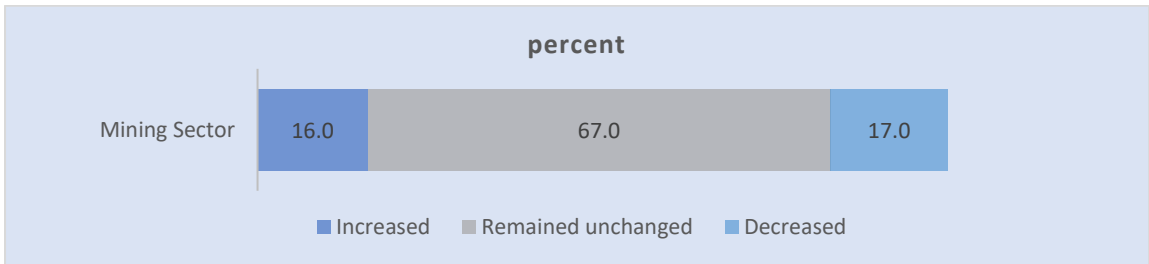


Figure 2.12: Sentiments towards employment in mining sector during 1st quarter 2023

As shown in Table 2.4, first quarter 2023 balances of opinion for total employment for manufacturing and mining sectors were -14.1pp and -1.1pp, respectively.

Table 2.4: Balance of opinion towards change in total employment during 1st quarter 2023

Industry Group	4 th Quarter 2022 Balance of Opinion	1 st Quarter 2023 Balance of Opinion
Food Stuffs	-11.3	-22.0
Drinks, Tobacco and Beverages	-16.7	-43.8
Textiles and Ginning	-37.5	-16.7
Clothing and Footwear	-33.3	-22.2
Wood and Furniture	-13.5	-2.1
Paper, Printing and Publishing	-9.4	-11.8
Chemicals and Petroleum Products	-21.4	-10.0
Non-Metallic Minerals Products	-21.1	-13.0
Metals and Metal Products	-12.0	-7.2
Transport and Equipment	0.0	-10.0
Other Manufactured Products	-27.8	-38.5
Repairs of Machinery and Equipment	-7.7	-25.0
Manufacturing Sector	-16.3	-14.1
Mining Sector	-13.7	-1.1

All manufacturing sub-sectors had more than 50 percent of the respondents reporting that they anticipated the employment level to remain the same in second quarter 2023. (Figure 2.13)

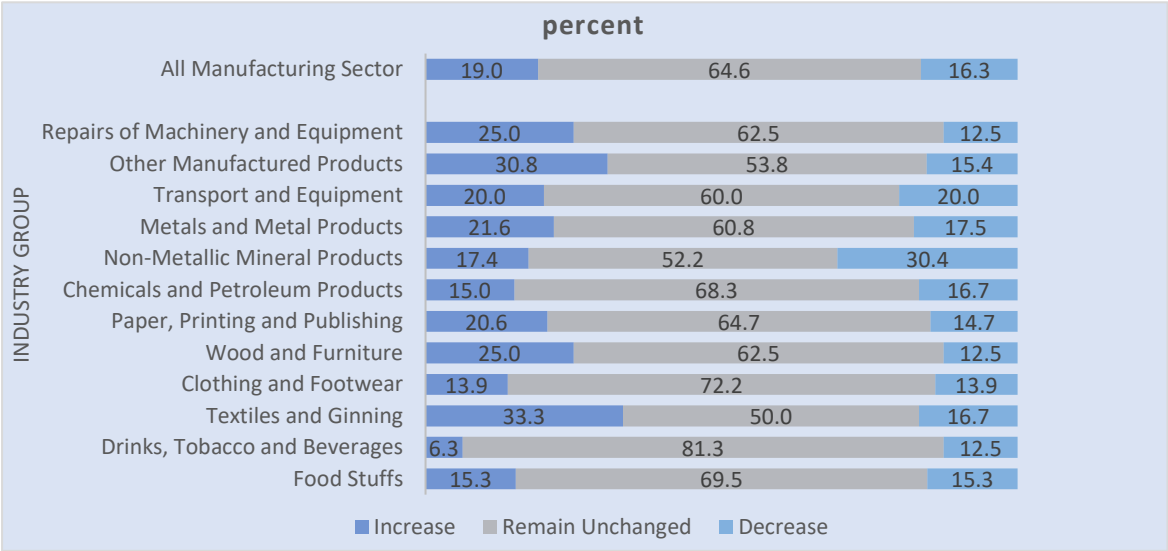


Figure 2.13: Views towards change in total employment in manufacturing sector during 2nd Quarter 2023

Respondents in the mining sector that did not anticipate any change in total employment during second quarter 2023, comprised 68.1 percent. (Figure 2.14)

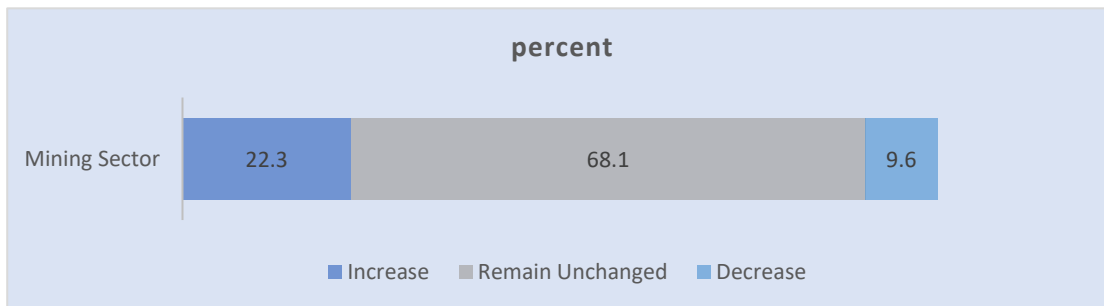


Figure 2.14: Views towards change in total employment in mining sector during 2nd Quarter 2023

Table 2.5, net balances on expectations towards total employment in the second quarter 2023, were 2.7pp and 12.8pp for the manufacturing and mining sectors, respectively. The food stuffs, clothing & footwear and transport & equipment sub-sectors, recorded balances of opinion of 0.0 percent with respect to expectations towards changes in total employment.

Table 2.5: Balance of opinion towards change in total employment in 2nd quarter 2023

Industry Group	4 th Quarter 2022 Balance of Opinion	1 st Quarter 2023 Balance of Opinion
Food Stuffs	-7.5	0.0
Drinks, Tobacco and Beverages	5.6	-6.3
Textiles and Ginning	25.0	16.7
Clothing and Footwear	20.0	0.0
Wood and Furniture	7.7	12.5
Paper, Printing and Publishing	0.0	5.9
Chemicals and Petroleum Products	-5.4	-1.7
Non-Metallic Minerals Products	-5.3	-13.0
Metals and Metal Products	7.6	4.1
Transport and Equipment	0.0	0.0
Other Manufactured Products	-16.7	15.4
Repairs of Machinery and Equipment	-15.4	12.5
Manufacturing Sector	-1.8	2.7
Mining Sector	5.5	12.8

2.6 Order Books

With reference to level of local order books during first quarter 2023, half of the respondents in manufacturing sector had the sentiment that they were normal for the season. (Figure 2.15)

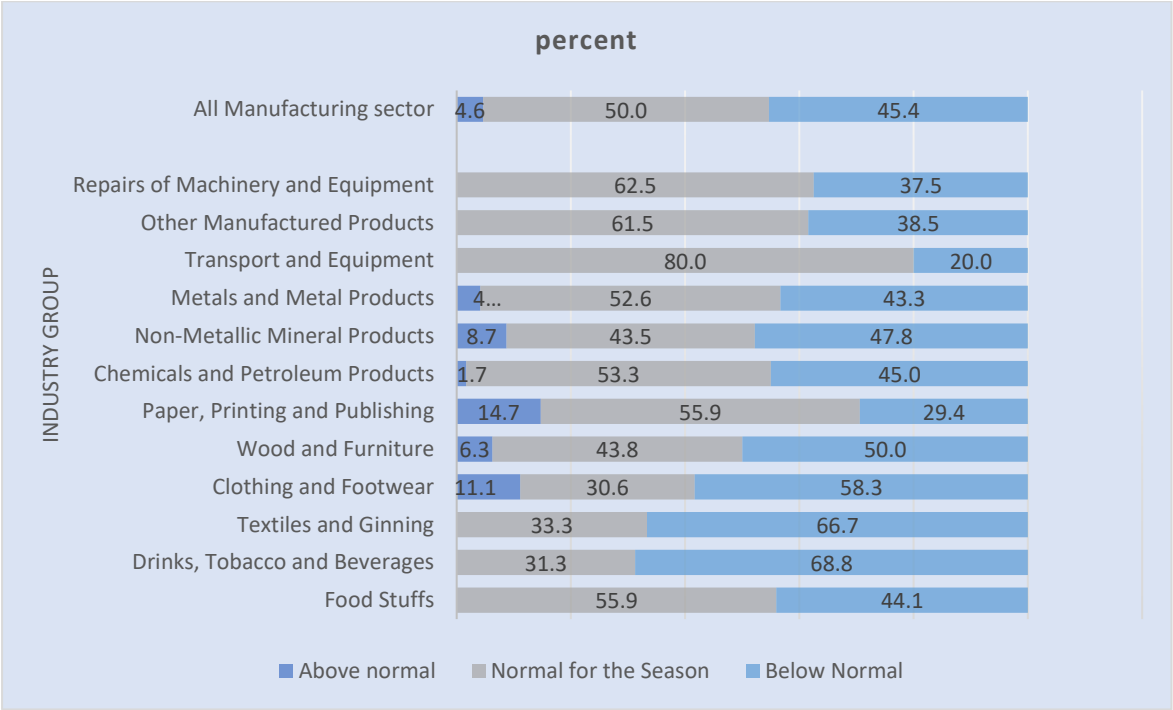


Figure 2.15: Sentiments towards level of local order books in manufacturing sector, 1st quarter 2023

Around 65 percent of respondents in the mining sector had the same view. (Figure 2.16)

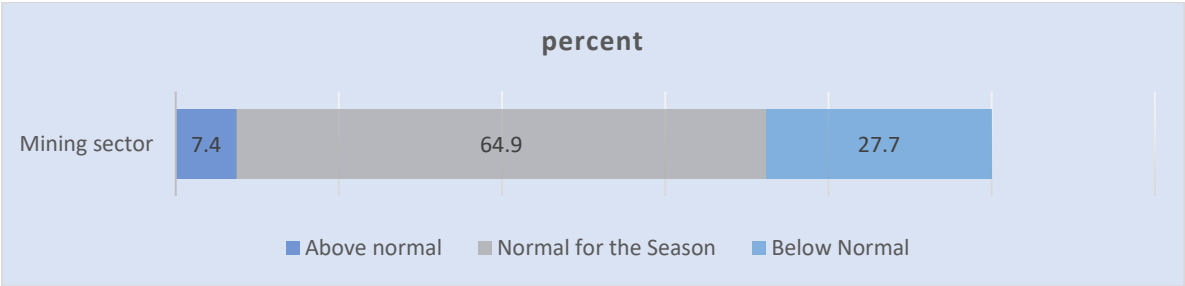


Figure 2.16: Sentiments towards level of local order books in mining sector, 1st quarter 2023

Table 2. 6 shows all industry groups recording negative net balances with respect to level of order books during first quarter 2023.

Table 2.6: Balances of opinion towards level of order books in 1st quarter 2023

Industry Group	4 th Quarter 2022 Balance of Opinion	1 st Quarter 2023 Balance of Opinion
Food Stuffs	-21.7	-44.1
Drinks, Tobacco and Beverages	-23.75	-68.8
Textiles and Ginning	-56.25	-66.7
Clothing and Footwear	-43.8	-47.2
Wood and Furniture	-43.75	-43.8
Paper, Printing and Publishing	-0.85	-14.7
Chemicals and Petroleum Products	-48.2	-43.3
Non-Metallic Minerals Products	-34.8	-39.1
Metals and Metal Products	-42	-39.2
Transport and Equipment	-33.3	-20.0
Other Manufactured Products	-46.35	-38.5
Repairs of Machinery and Equipment	-53.1	-37.5
Manufacturing Sector	-40	-40.7
Mining Sector	-28	-20.2

2.7 Stocks of Finished Goods and Raw Materials

Sentiments towards stocks of finished products with regards to first quarter 2023, were that less than 10 percent of respondents in the manufacturing (6.1%) and mining (6.4%) sectors, considered them to be above normal for the season. (Figures 2.17 and 2.18)

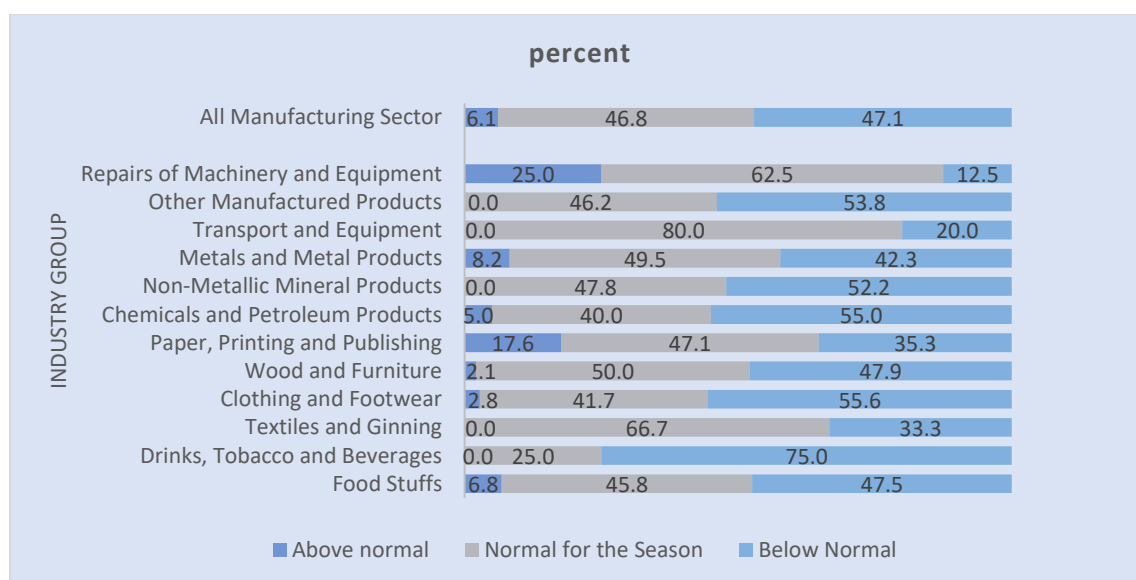


Figure 2.17: Sentiments towards stocks of finished products in manufacturing sector, 1st quarter 2023

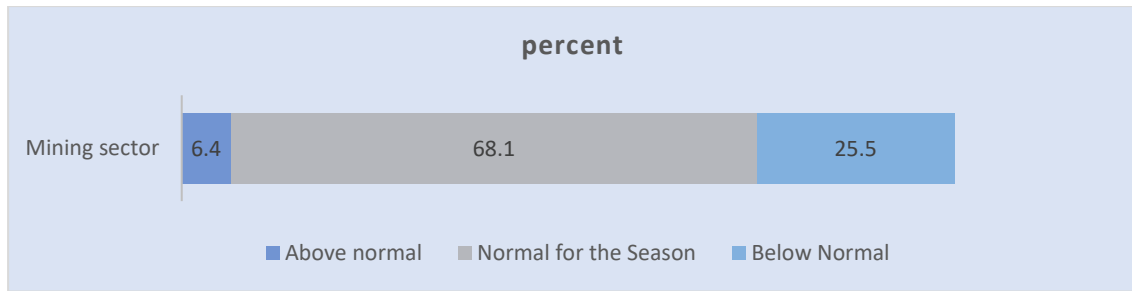


Figure 2.18: Sentiments towards stocks of finished products in mining sector, 1st quarter 2023

Balances of opinion for stocks of finished products for first quarter 2023 presented in Table 2.8, show the repairs of machinery and equipment industry group being the only one that recorded a positive net balance of 12.5pp.

Table 2.7: Balances of opinion towards stock of finished products in 1st quarter 2023

Industry Group	4 th Quarter 2022 Balance of Opinion	1 st Quarter 2023 Balance of Opinion
Food Stuffs	-37.7	-40.7
Drinks, Tobacco and Beverages	11.1	-75.0
Textiles and Ginning	-87.5	-33.3
Clothing and Footwear	-43.3	-52.8
Wood and Furniture	-36.5	-45.8
Paper, Printing and Publishing	-34.4	-17.6
Chemicals and Petroleum Products	-32.1	-50.0
Non-Metallic Minerals Products	-5.3	-52.2
Metals and Metal Products	-27.2	-34.0
Transport and Equipment	-55.6	-20.0
Other Manufactured Products	-44.4	-53.8
Repairs of Machinery and Equipment	-46.2	12.5
Manufacturing Sector	-32.8	-41.0
Mining Sector	-19.2	-19.1

Proportions of respondents who viewed their first quarter 2023 stocks of raw materials as being normal for the season were 47.3% for manufacturing (Figure 2.19) and 63.8% for mining. (Figure 2.20)

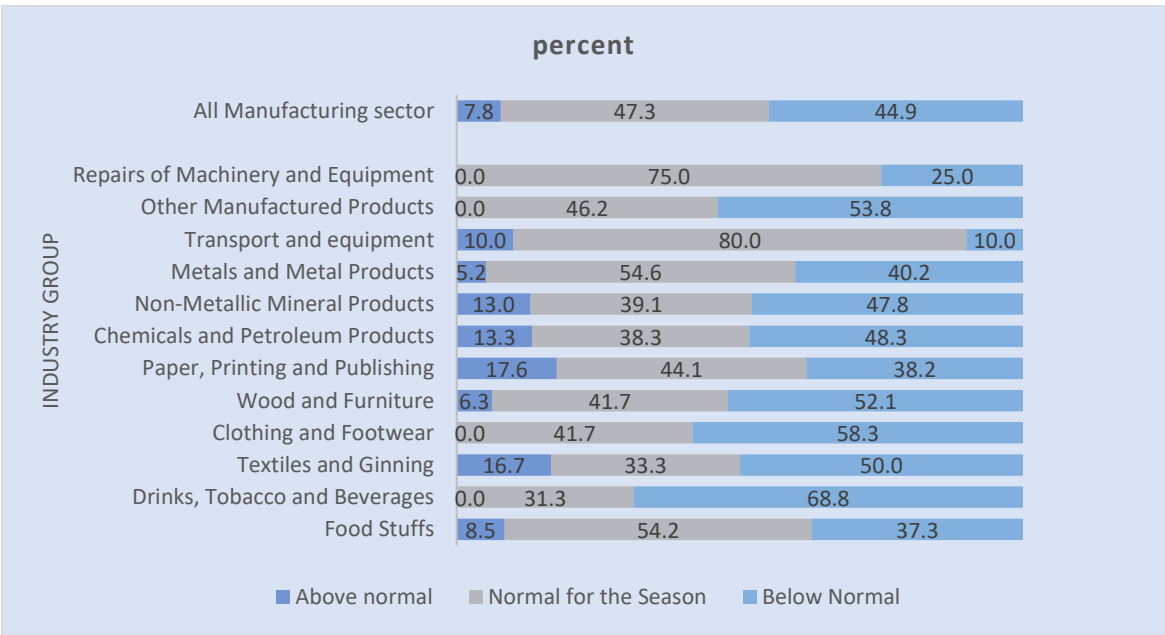


Figure 2.19: Sentiments towards stock of raw materials for manufacturing sector, 1st quarter 2023

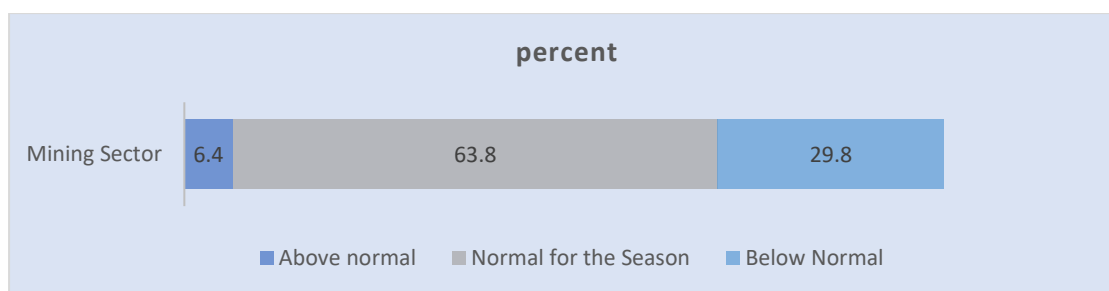


Figure 2.20: Sentiments towards stock of raw materials for mining sector, 1st quarter 2023

First quarter balances of opinion for stocks of raw materials were -37.1pp for the manufacturing sector and -23.4pp for the mining sector. (Table 2.9)

Table 2.8: Balances of opinion towards stock of raw materials in 1st quarter 2023

	4 th Quarter 2022 Balance of Opinion	1 st Quarter 2023 Balance of Opinion
Food Stuffs	-34.0	-28.8
Drinks, Tobacco and Beverages	27.8	-68.8
Textiles and Ginning	-50.0	-33.3
Clothing and Footwear	-40.0	-58.3
Wood and Furniture	-25.0	-45.8
Paper, Printing and Publishing	-40.0	-20.6
Chemicals and Petroleum Products	-28.6	-35.0
Non-Metallic Minerals Products	-15.8	-34.8
Metals and Metal Products	-32.6	-35.1
Transport and Equipment	-55.6	0.0
Other Manufactured Products	-38.9	-53.8
Repairs of Machinery and Equipment	-23.1	-25.0
Manufacturing Sector	-29.8	-37.1
Mining Sector	-9.6	-23.4

2.8 Change in Selling Prices

The outlook for changes in selling prices during first quarter 2023, was such that 45.4 percent of respondents in the manufacturing (Figure 2.21) and 46.8 percent in the mining sector (Figure 2.22), anticipated an increase of prices in the second quarter 2023.

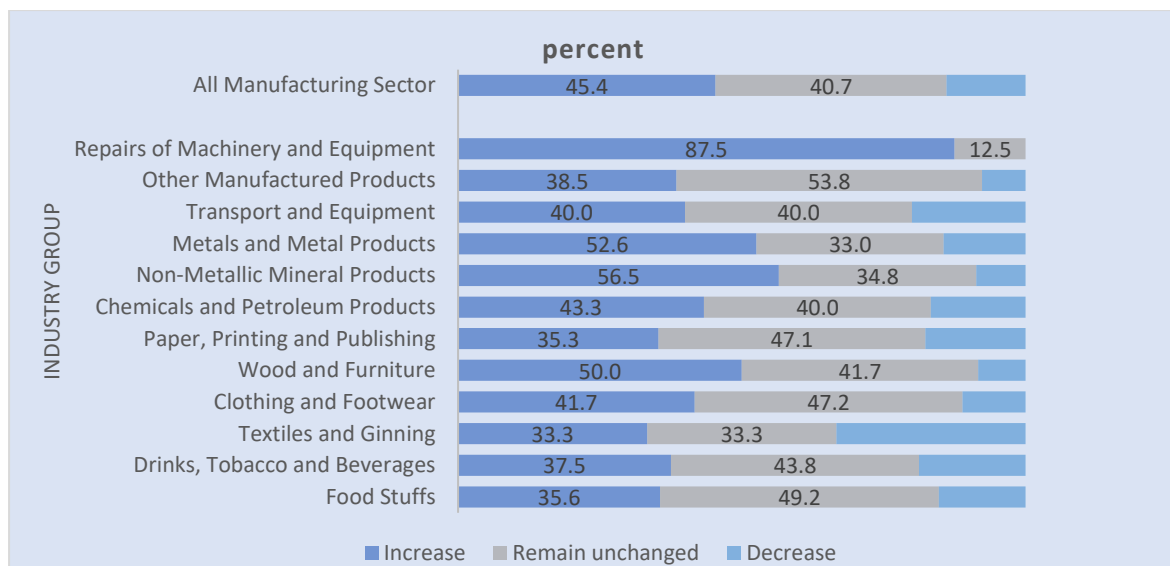


Figure 2.21: Sentiments towards change in selling prices in manufacturing sector during 2nd quarter 2023

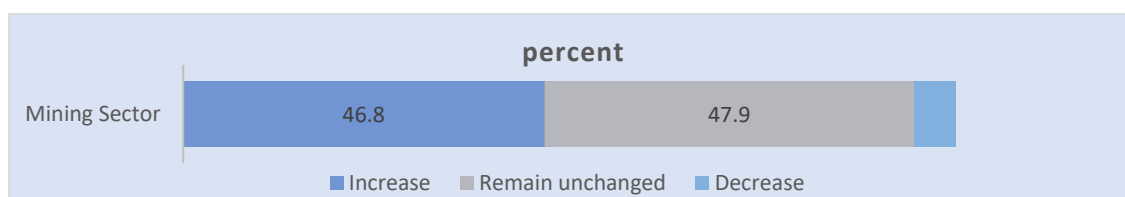


Figure 2.22: Sentiments towards change in selling prices in mining sector during 2nd quarter 2023

All industry groups recorded positive net balances in relation to expectations towards changes in selling prices, in favour of an increase. (Table 2.10)

Table 2.9: Balances of opinion towards change in selling prices during 2nd quarter 2023

Industry Group	4 th Quarter 2022 Balance of Opinion	1 st Quarter 2023 Balance of Opinion
Food Stuffs	45.3	20.3
Drinks, Tobacco and Beverages	38.9	18.8
Textiles and Ginning	37.5	0.0
Clothing and Footwear	13.3	30.6
Wood and Furniture	59.6	41.7
Paper, Printing and Publishing	43.8	17.6
Chemicals and Petroleum Products	32.1	26.7
Non-Metallic Minerals Products	42.1	47.8
Metals and Metal Products	31.5	38.1
Transport and Equipment	11.1	20.0
Other Manufactured Products	22.2	30.8
Repairs of Machinery and Equipment	15.4	87.5
Manufacturing Sector	36.3	31.5
Mining Sector	31.5	41.5

2.9 Supplier Delivery Time

In terms of supplier delivery time, 13.7 percent of respondents in the manufacturing sector (Figure 2.23) and 14.9 percent in the mining sector (Figure 2.24), viewed the turnaround time in first quarter 2023 as having been faster than was in fourth quarter 2022.

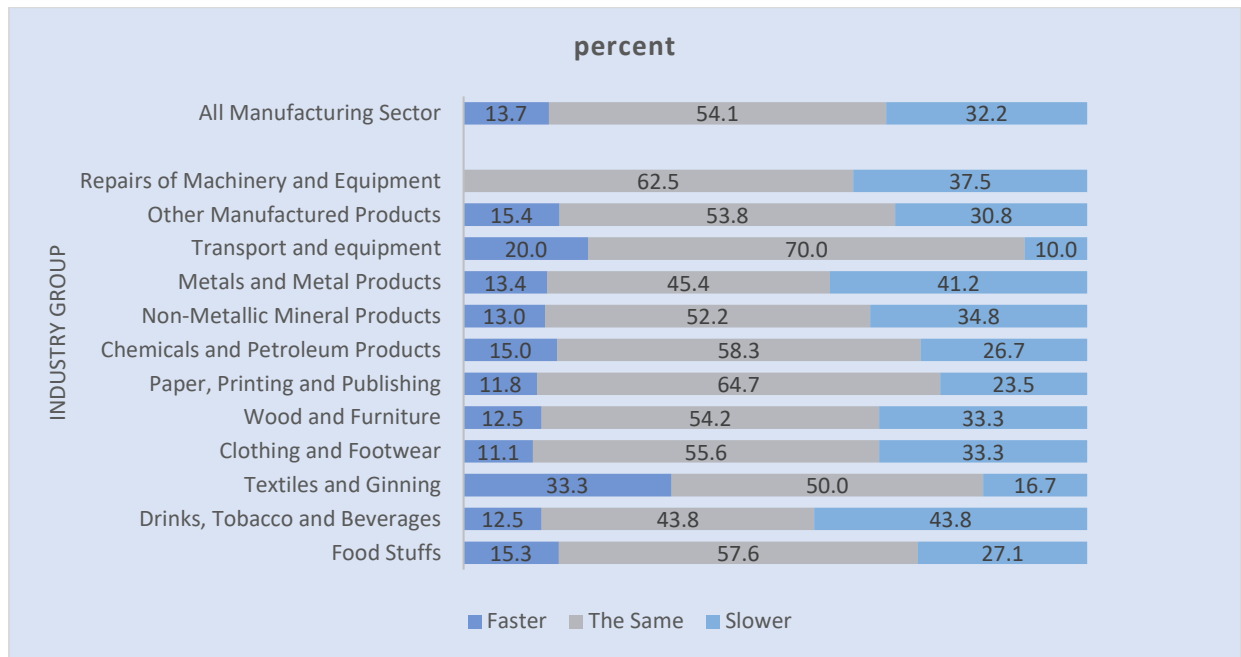


Figure 2.23: Sentiments towards supplier delivery time in manufacturing sector, 1st quarter 2023

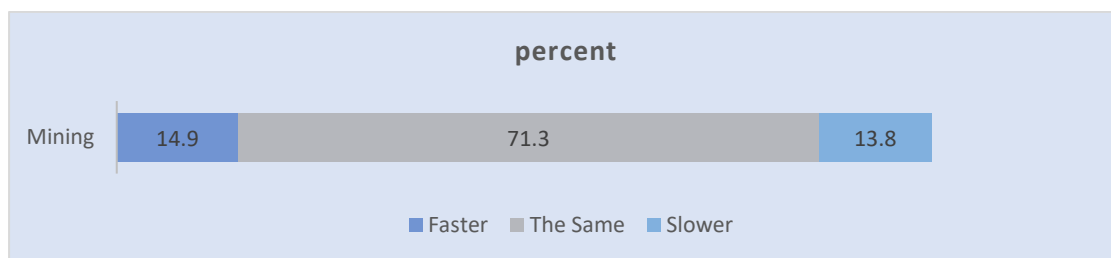


Figure 2.24: Sentiments towards supplier delivery time in mining sector, 1st quarter 2023

Positive balances of opinion in relation to supplier delivery time during first quarter 2023, were recorded in favour of reduced turnaround time in textiles & ginning (16.7 pp), and transport & equipment (10.0pp) sub-sectors of manufacturing. (Table 2.11).

Table 2.10: Balance of opinion for supplier delivery time during 1st quarter 2023

	4 th Quarter 2022 Balance of Opinion	1 st Quarter 2023 Balance of Opinion
Food Stuffs	-22.6	-11.9
Drinks, Tobacco and Beverages	22.2	-31.3
Textiles and Ginning	-87.5	16.7
Clothing and Footwear	-30.0	-22.2
Wood and Furniture	-7.7	-20.8
Paper, Printing and Publishing	0.0	-11.8
Chemicals and Petroleum Products	3.6	-11.7
Non-Metallic Minerals Products	-10.5	-21.7
Metals and Metal Products	2.2	-27.8
Transport and Equipment	-22.2	10.0
Other Manufactured Products	-16.7	-15.4
Repairs of Machinery and Equipment	-53.8	-37.5
Manufacturing Sector	-9.5	-18.5
Mining Sector	-8.2	1.1

2.10 Purchasing Managers' Index (PMI) for Manufacturing Sector

The Manufacturing sector's Purchasing Managers' Index (PMI) for first quarter 2023 was 36.8, reflecting a 2.0-point decline from the fourth quarter value of 38.8. (Figure 2.25)

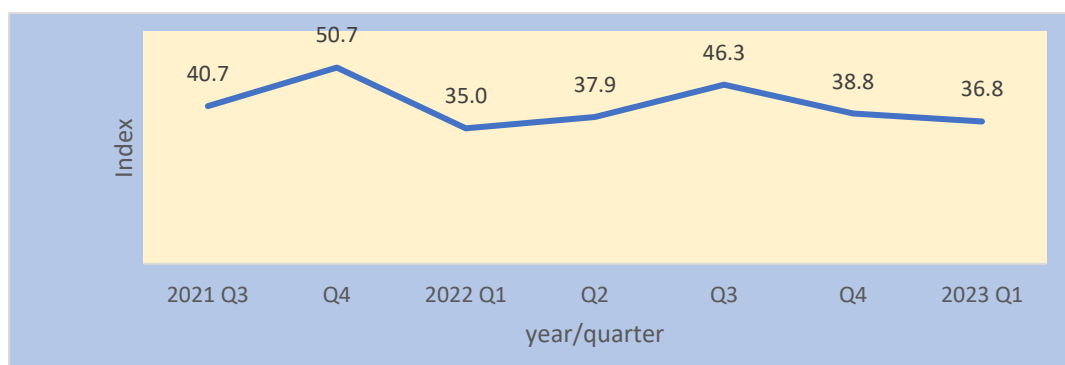


Figure 2.25: Manufacturing sector's Purchasing Manager's Index, 3rd quarter 2021 to 1st quarter 2023

2.11 Manufacturing Confidence Index

The Manufacturing Confidence Index went up from 2.9 in fourth quarter 2022 to 7.3 in first quarter 2023. (Figure 2.26)

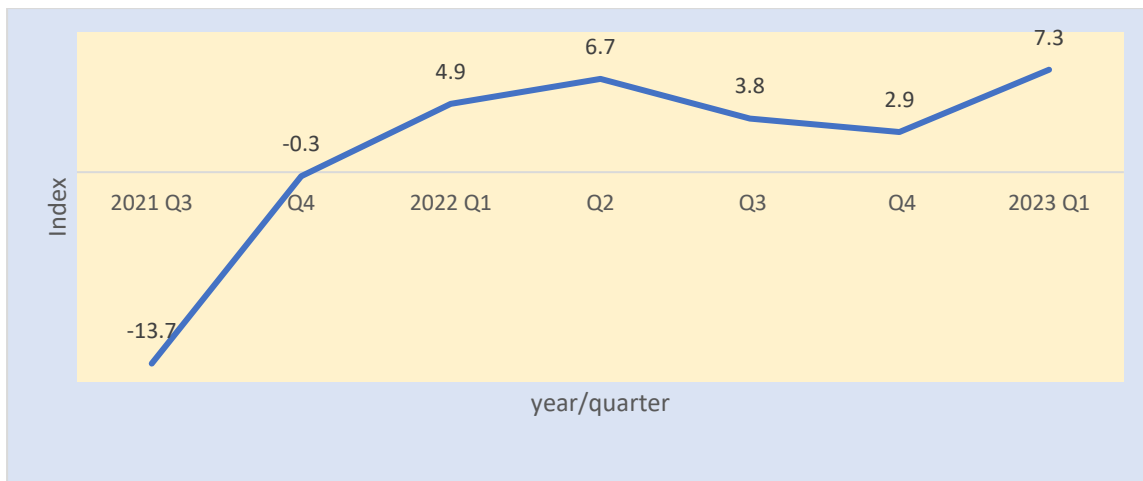


Figure 2.26: Manufacturing Confidence Index, 3rd quarter 2021 to 1st quarter 2023

2.12 Mining Confidence Index

The Mining Confidence Index increased to 14.2 in first quarter 2023, from 5.7 recorded in the fourth quarter 2022. (Figure 2.27)



Figure 2.27: Mining Confidence Index, 1st quarter 2022 to 1st quarter 2023

2.13 Factors Affecting Production

Three major constraints to production cited by respondents in both manufacturing and mining sectors were:

- shortage of power,
- cash flow challenges and
- uncertainty towards the economic environment.

