

## News Release

**Purchasing Managers' Index™**  
**MARKET SENSITIVE INFORMATION**  
**Embargoed until: 09:00 (Kampala) / 06:00 (UTC) July 4<sup>th</sup> 2018**

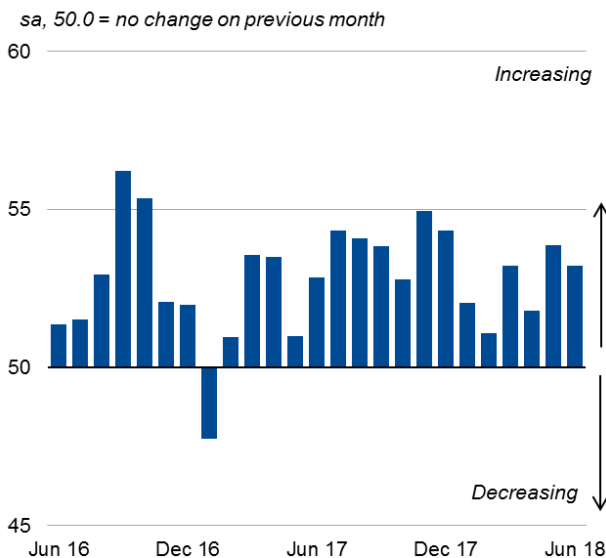
### Stanbic Bank Uganda PMI™

#### Output growth continues amid greater volumes of new business

##### Data collected 12-28 June

- Business activity and new orders continue to increase
- Headline figure signals overall improvement in Ugandan private sector
- Price pressures evident

##### Stanbic Bank Uganda PMI



This report contains the latest analysis of data collected from the monthly survey of business conditions in the Ugandan private sector. The survey, sponsored by Stanbic Bank and produced by IHS Markit, has been conducted since June 2016 and covers the agriculture, construction, industry, services and wholesale & retail sectors. The headline figure derived from the survey is the Purchasing Managers' Index™ (PMI™) which provides an early indication of operating conditions in Uganda.

The PMI is a composite index, calculated as a weighted average of five individual sub-components: New Orders (30%), Output (25%), Employment (20%), Suppliers' Delivery Times (15%) and Stocks of Purchases (10%). Readings above 50.0 signal an improvement in business conditions on the previous month, while readings below 50.0 show a deterioration.

##### Commenting on June's survey findings, Jibran Qureishi, Regional Economist E.A at Stanbic Bank said:

*"The PMI has averaged 53.0 in the second quarter this year from 52.1 in the first quarter, indicating that the underlying trend remains solid in private sector activity. Moreover, the recently announced F2018/19 budget which was expansionary in nature, suggests that the government will be looking to invest in oil related infrastructure projects over the next couple years. This should help support GDP growth, especially if local content laws are respected to ensure inclusivity. However, cost pressures for firms are likely to arise over the coming months owing to the lag impact of the weaker exchange rate in addition to higher international oil prices."*

##### The main findings of the June survey were as follows:

Business conditions in the Ugandan private sector continued to improve, according to the latest PMI data from Stanbic Bank and IHS Markit. Expansions in new orders and business activity formed the basis for overall growth, amid stronger demand. Consequently, recruitment activities continued and buying levels rose for the fourth month in succession. Price pressures meanwhile continued as overall input costs rose further. A subsequent increase in selling prices was recorded.

At 53.2 in June, down from 53.9 during May, the headline PMI signalled a further improvement in the Ugandan private sector, and at a faster pace than the survey average since June 2016.

Output growth contributed to the overall improvement, with firms citing stronger demand and promotional activities. New orders also increased in June, as the customer pool grew. Moreover, both output and new orders rose across all five sub-sectors monitored by the survey.

Furthermore, workforce numbers continued to rise in the Ugandan private sector as firms responded to greater production requirements. Staffing levels increased across four out of the five categories, the exception being agriculture.

Expansions in purchasing activity meanwhile contributed to the positive overall picture, with stock levels increasing in tandem. As was the case with employment, agriculture

was the only sub-sector not to record a rise in buying levels during June.

On the price front, widespread increases in cost burdens were recorded in the Ugandan private sector. Survey evidence suggested that expanding purchase prices contributed to the overall rise, underpinned by higher fuel costs and raw material prices. Staff costs also underpinned rising overall costs.

Firms continued to pass on higher input prices, with output charges increasing for the twenty-fifth month in succession. Moreover, survey data signalled that average selling prices rose across all sub-sectors monitored by the survey.

Elsewhere, delivery times shortened in line with the trend observed since the survey's inception amid infrastructure improvements.

-Ends-

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#### **Note to Editors:**

The Stanbic Bank Uganda Purchasing Managers' Index™ is based on data compiled from monthly replies to questionnaires sent to purchasing executives in approximately 400 private sector companies, which have been carefully selected to accurately represent the true structure of the Ugandan economy, including agriculture, construction, industry, services and wholesale & retail. The panel is stratified by GDP and company workforce size. Survey responses reflect the change, if any, in the current month compared to the previous month based on data collected mid-month. For each of the indicators the 'Report' shows the percentage reporting each response, the net difference between the number of higher/better responses and lower/worse responses, and the summary unadjusted and seasonally adjusted values. The unadjusted summary value is calculated as the sum of the positive responses plus a half of those responding 'the same'.

The Purchasing Managers' Index™ (PMI™) is a composite index based on five of the individual sub-components with the following weights: New Orders - 0.3, Output - 0.25, Employment - 0.2, Suppliers' Delivery Times - 0.15, Stock of Items Purchased - 0.1, with the Suppliers' Delivery Times sub-component inverted so that it moves in a comparable direction.

The headline PMI and individual summary values for each question have the properties of leading indicators and are convenient summary measures showing the prevailing direction of change. A reading above 50 indicates an overall increase in that variable, below 50 an overall decrease. IHS Markit do not revise underlying survey data after first publication, but seasonal adjustment factors may be revised from time to time as appropriate which will affect the seasonally adjusted data series.

Historical data relating to the underlying (unadjusted) numbers, first published seasonally adjusted series and subsequently revised data are available to subscribers from IHS Markit. Please contact [economics@ihsmarkit.com](mailto:economics@ihsmarkit.com).

### About Stanbic Bank

Stanbic Bank Uganda is a member of the Standard Bank Group, Africa's largest bank by assets. Standard Bank Group reported total assets of R1,98 trillion (about USD128 billion) at 31 December 2015, while its market capitalisation was R184 billion (about USD11,8 billion).

The group has direct, on-the-ground representation in 20 African countries. Standard Bank Group has 1 221 branches and 8 815 ATMs in Africa, making it one of the largest banking networks on the continent. It provides global connections backed by deep insights into the countries where it operates.

Stanbic Bank Uganda provides the full spectrum of financial services. Its Corporate & Investment Banking division serves a wide range of requirements for banking, finance, trading, investment, risk management and advisory services. Corporate & Investment Banking delivers this comprehensive range of products and services relating to: investment banking; global markets; and global transactional products and services.

Stanbic Bank Uganda personal & business banking unit offers banking and other financial services to individuals and small-to-medium enterprises. This unit serves the increasing need among Africa's small business and individual customers for banking products that can meet their shifting expectations and growing wealth.

For further information go to [www.stanbicbank.co.ug](http://www.stanbicbank.co.ug)

### About IHS Markit ([www.ihsmarkit.com](http://www.ihsmarkit.com))

IHS Markit (Nasdaq: INFO) is a world leader in critical information, analytics and solutions for the major industries and markets that drive economies worldwide. The company delivers next-generation information, analytics and solutions to customers in business, finance and government, improving their operational efficiency and providing deep insights that lead to well-informed, confident decisions. IHS Markit has more than 50,000 business and government customers, including 80 percent of the Fortune Global 500 and the world's leading financial institutions.

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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. To learn more go to <https://ihsmarkit.com/products/pmi.html>.

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