

## News Release

**Purchasing Managers' Index™**  
**MARKET SENSITIVE INFORMATION**  
**Embargoed until: 09:00 (Kampala) / 06:00 (UTC) December 5<sup>th</sup> 2018**

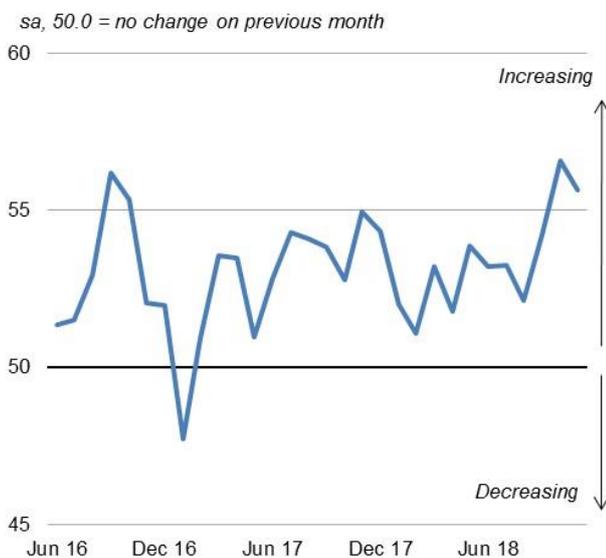
### Stanbic Bank Uganda PMI™

#### New orders increase for twenty-second successive month

Data collected 12-29 November

- Sustained growth of output and new business
- Rising staffing levels help lead to backlog depletion
- Output prices increase in line with higher input costs

#### 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, industry, construction, wholesale & retail and services 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 November's survey findings, Jibran Qureishi, Regional Economist E.A at Stanbic Bank said:

*"A combination of a more stable exchange rate and improving agricultural productivity has underpinned the private sector in November and will probably continue to do so over the coming month. Even the recent decline in international oil prices is unlikely to delay the Final Investment Decision (FID) on Uganda's commercial oil production."*

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

The headline PMI was at 55.7 in November, down from the reading of 56.6 in October but still pointing to an improvement in the health of the private sector. The latest figure was also above the two-and-a-half year survey average of 53.1.

Business activity continued to expand in November, the twenty-second successive month in which growth has been recorded. Four of the five broad sectors covered by

the survey saw output rise, the exception being construction.

In line with the picture for activity, new orders rose for the twenty-second month running in November. In both cases, panellists linked growth to improving customer demand.

Companies responded to higher new orders by increasing their staffing levels, while hiring also reflected efforts to work through outstanding business. As a result, backlogs of work decreased again. Employment growth was recorded in the agriculture, services and wholesale & retail sectors. Meanwhile, construction firms saw staffing levels decrease and industrial employment was unchanged.

Rising customer demand also encouraged companies to engage in purchasing activity midway through the fourth quarter of the year. Input buying rose for the ninth

consecutive month, with stocks of purchases accumulating as a result.

As has been the case throughout the two-and-a-half years of data collection so far, overall input costs increased during November. Data pointed to rises in both purchase prices and staff costs. Anecdotal evidence suggested that higher fuel prices and increased costs for materials such as stationery were behind the rise in purchase prices.

Companies responded to higher input costs by raising their output prices over the month. Charges have increased continuously since the survey began in June 2016. Construction was the only sector not to record a rise in output prices.

Finally, suppliers' delivery times shortened, as has been the case throughout the past two-and-a-half years.

-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))

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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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