

## News Release

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

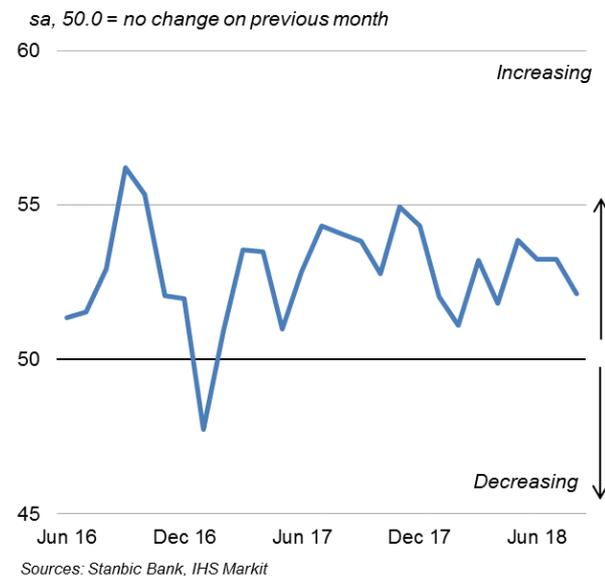
### Stanbic Bank Uganda PMI™

#### Private sector business conditions improve once again in August

##### Data collected 13-30 August

- At 52.1, PMI signals further growth in Ugandan private sector
- Expansions in output and new orders
- Input prices increase

##### 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 August's survey findings, Jibran Qureishi, Regional Economist E.A at Stanbic Bank said:**

*"While Uganda's private sector is still growing, the pace of acceleration has been slowing down over the past three months or so. Back in June and July exchange rate volatility was largely culpable for this. However, the sporadic riots in parts of the country over the last month could have disrupted trade and business in various parts of the country. Going forward a more stable political environment could help the private sector return to more solid growth, similar to the early part of the year."*

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

The latest PMI data from Stanbic Bank and IHS Markit signalled a further improvement in the health of the Ugandan private sector in August. Firms frequently linked improving business conditions to stronger underlying domestic client demand. This led to expansions in output, new orders and employment during the most recent survey period.

The headline figure posted 52.1 in August, down from 53.2 in July. Latest data therefore indicated a further improvement in business conditions across the private sector. The latest figure was slightly below its average of 52.8 (since June 2016). Of the five broad sectors surveyed, construction, industry and services all saw improving business conditions, whilst agriculture and

wholesale & retail both reported a deterioration since July.

Increasing client demand from domestic sources led to a further rise in new orders across the Ugandan private sector during August. That said, only the industry and services sectors reported improvements. Meanwhile, new orders from abroad deteriorated in the latest survey period.

Output continued to increase in August, with all sectors except agriculture reporting growth.

Despite a higher volume of incoming new work in August, private sector companies in Uganda were able to reduce the level of outstanding business. This partly reflected a

further increase in employment. Staffing in the Ugandan private sector has risen throughout the survey history.

Companies supported workloads by increasing their purchasing activity in August. This led to a rise in inventories of inputs for the fifth month running. Supplier performance continued to improve during the latest period.

The latest survey results signalled further cost inflation in the Ugandan private sector. Both staff costs and purchase prices increased since July, the latter linked to raw materials and fuel. As a result, companies increased their own prices.

-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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