

News Release

Purchasing Managers' Index™
MARKET SENSITIVE INFORMATION
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Stanbic Bank Uganda PMI™

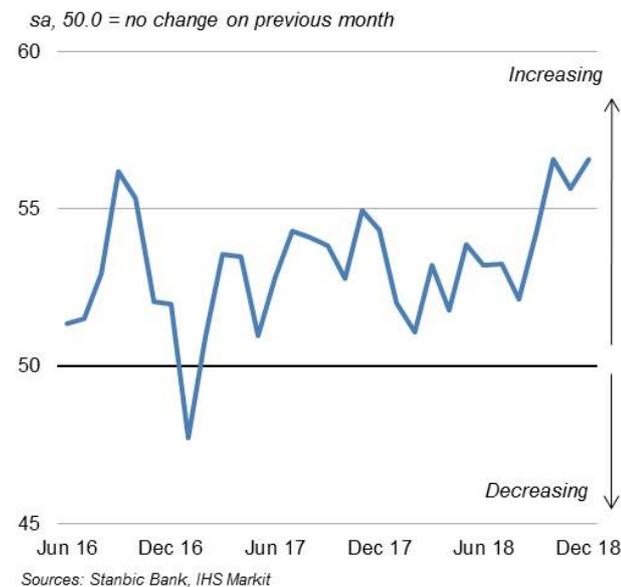
Improving demand supports further growth of new business

Data collected 5-20 December

- Continued growth of new orders and output
- Companies raise staffing levels
- Input costs increase

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.

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.

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

"It is indeed a strong finish to 2018 for the private sector. Despite rising costs, firms have easily been able to pass this on to consumers. This suggests that underlying demand has significantly improved and perhaps also justifies the MPC maintaining a hawkish bias in light of these risks that could feed through into core inflation."

The main findings of the December survey were as follows:

The headline PMI posted 56.6 in December, up from 55.7 in November and signalling an improvement in business conditions at the end of 2018. The latest reading was higher than the series average of 53.2.

Central to the latest improvement in the health of the private sector was a rise in new business, which companies linked in turn to stronger client demand and higher customer numbers.

Rising sales led firms in Uganda to raise their business activity accordingly. In order to support this expansion,

companies increased their staffing levels, purchasing activity and inventories during the month. Four of the five broad sectors covered by the survey saw employment rise, the exception being construction.

Higher staffing levels helped lead to a further reduction in backlogs of work, which was recorded in spite of continued new order growth.

Overall input prices increased again in December, with rises in both purchase prices and staff costs contributing to overall inflation. Where purchase prices rose, panellists reported higher fuel costs and increased prices for raw materials such as food items and cement.

As has been the case throughout the 31-month survey so far, output prices increased during December. Respondents indicated that they had looked to pass on higher input costs to their customers, with an improving demand environment helping in this process.

Finally, suppliers' delivery times shortened again at the end of 2018, continuing the trend seen throughout the history of the survey which began in June 2016.

-Ends-

For further information, please contact:

Stanbic Bank:

Jibran Qureishi, Regional Economist E.A, Global Markets
Telephone +254 20 363 8138
Email jibran.quireishi@stanbic.com

Benoni Okwenje, Fixed Income Manager
Telephone +256 31 222 4991
Email SimeonBenoniO@stanbic.com

IHS Markit:

Andrew Harker, Associate Director
Telephone +44-1491-461-016
Email andrew.harker@ihsmarkit.com

Joanna Vickers, Corporate Communications
Telephone +44-207-260-2234
Email joanna.vickers@ihsmarkit.com

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.

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

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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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