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# Stanbic Bank Uganda PMI™

## Improving demand supports further rise in output

### Key findings

Activity and new orders increase

Employment up for fourth month running

Further rises in input costs and output prices

Data were collected 11-28 April 2022

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 S&P Global, has been conducted since June 2016 and covers the agriculture, industry, construction, wholesale & retail and service 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.

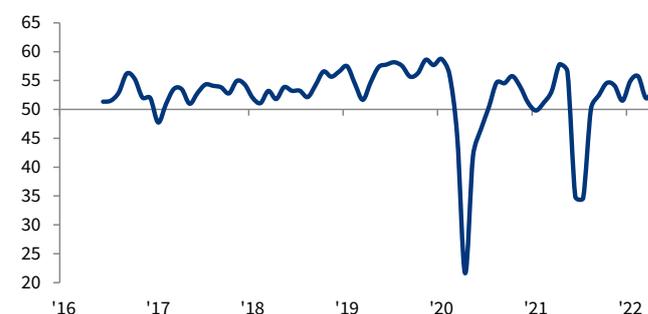
April data pointed to further improvements in output and new orders as demand strengthened, in turn feeding through to higher employment and purchasing activity. At the same time, cost pressures were highlighted, with companies often passing on rising input prices to their customers.

The headline PMI rose to 53.9 in April from 51.9 in March, signalling a ninth consecutive monthly improvement in operating conditions. The latest reading was above the average for the series which began almost six years ago.

Improving customer numbers enabled companies to

### PMI

sa, >50 = improvement since previous month



Sources: Stanbic Bank, S&P Global.

secure greater volumes of new business at the start of the second quarter, in turn feeding through to higher activity. Output rose across each of the five sectors covered by the survey.

Rises in new orders encouraged companies to expand their staffing levels and purchasing activity in April, with the latter also translating into higher inventories. The only category to buck the wider trend and post a fall in employment was agriculture.

There were widespread reports of higher fuel costs contributing to rising input prices in April. In addition, cement, iron bars, paper, soap, sugar and other foods were often mentioned as having increased in price. Meanwhile, staff costs rose, with panellists often linking this to higher workforce numbers.

The passing on of higher input costs to customers resulted in a further monthly increase in output charges, the eighth in as many months. Selling price inflation was recorded across each of the five monitored sectors.

Expectations of further improvements in customer numbers and new orders supported confidence in the 12-month outlook for business activity, though some respondents indicated that optimism was dependent on the costs of fuel and other inputs abating.

## Comment

Ferishka Bharuth, Economist - Africa Regions at Stanbic Bank commented:

*“Uganda’s headline PMI recovered to 53.9 in April from 51.9 in March, marking the ninth consecutive month of improvement in business conditions. There were further improvements in output and new orders as demand strengthened and spurred purchasing activity. Following this, companies increased staffing levels. Positively, output rose in each of the five sectors covered by the survey. However, input costs continued to rise, mainly driven by fuel prices in April. Again, businesses passed on higher input costs to customers, which resulted in a monthly increase in output charges.”*

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### Methodology

The Stanbic Bank Uganda PMI™ is compiled by S&P Global from responses to questionnaires sent to purchasing managers in a panel of around 400 private sector companies. The panel is stratified by detailed sector and company workforce size, based on contributions to GDP. The sectors covered by the survey include agriculture, mining, manufacturing, construction, wholesale, retail and services.

Survey responses are collected in the second half of each month and indicate the direction of change compared to the previous month. A diffusion index is calculated for each survey variable. The index is the sum of the percentage of 'higher' responses and half the percentage of 'unchanged' responses. The indices vary between 0 and 100, with a reading above 50 indicating an overall increase compared to the previous month, and below 50 an overall decrease. The indices are then seasonally adjusted.

The headline figure is the Purchasing Managers' Index™ (PMI). The PMI is a weighted average of the following five indices: New Orders (30%), Output (25%), Employment (20%), Suppliers' Delivery Times (15%) and Stocks of Purchases (10%). For the PMI calculation the Suppliers' Delivery Times Index is inverted so that it moves in a comparable direction to the other indices.

Underlying survey data are not revised after publication, but seasonal adjustment factors may be revised from time to time as appropriate which will affect the seasonally adjusted data series.

April data were collected 11-28 April 2022.

For further information on the PMI survey methodology, please contact [economics@ihsmarkit.com](mailto:economics@ihsmarkit.com).

### 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.

[ihsmarkit.com/products/pmi.html](https://ihsmarkit.com/products/pmi.html).

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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)

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