

News Release

Purchasing Managers' Index™
MARKET SENSITIVE INFORMATION

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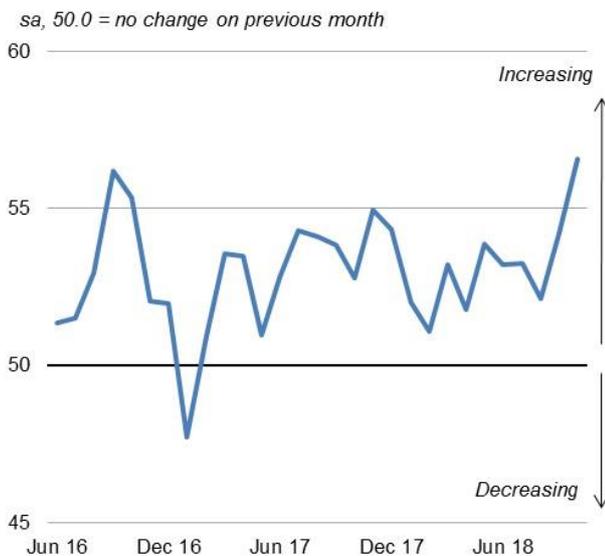
Stanbic Bank Uganda PMI™

Business conditions continue to improve

Data collected 12-30 October

- PMI signals stronger operating conditions amid higher output and new orders
- Employment continues to rise
- Further inflation of output prices recorded

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

"The Stanbic PMI rose to a survey record high of 56.6 in the month of October as the Ugandan economy remains on course to grow above 6.0% in 2018. Good rains expected in the fourth quarter could support the agrarian sector and subsequently economic activity. Despite rising output costs for firms, the strong momentum of domestic demand is counterbalancing this."

The main findings of the October survey were as follows:

The headline PMI posted 56.6 in October, up from 54.2 in September and recording above the 50.0 no-change mark for the twenty-first successive month. The latest reading was above the average since the survey began in June 2016.

Four of the five monitored sectors saw business conditions improve during October, the exception being industry.

New orders continued to expand at the start of the fourth quarter of 2018, extending the current sequence of

growth which began in February 2017. Panellists linked the latest rise to higher customer numbers and improving demand in the economy.

Rising customer numbers also supported growth of output, which increased for the twenty-first month in succession. Each of the five monitored sectors saw activity rise.

Despite increases in new orders, backlogs of work continued to decrease. Panellists indicated that this was due to the expansion of workforce numbers. Employment has risen throughout the 29-month survey history so far. Agriculture, construction and services all posted increases in staffing levels in the latest survey period.

Overall input prices rose again in October. Alongside higher purchase prices and staff costs, respondents also

noted increases in prices for fuel, water and electricity. The latest rise in purchase costs reflected higher prices for materials such as food, ink and stationery.

The passing on of higher input prices to customers resulted in a further monthly increase in output charges. Selling prices rose in the industry, services and wholesale & retail sectors, but fell in agriculture and construction.

Ugandan companies raised their purchasing activity for the eighth successive month in October, linked to rising new orders. This contributed to another monthly increase in stocks of purchases. Meanwhile, the timely placement of orders helped suppliers to speed up their deliveries, in spite of the increase in demand for inputs.

-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.

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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