

News Release

Purchasing Managers' Index™ MARKET SENSITIVE INFORMATION

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Stanbic Bank Uganda PMI™

Sequence of output growth extends to two years

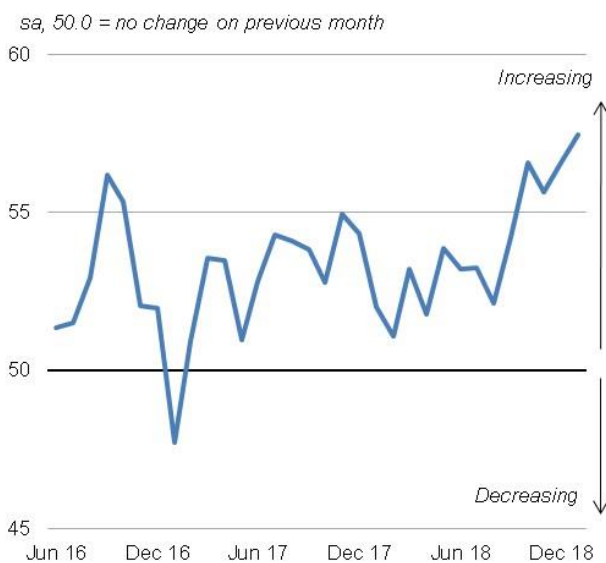
Data collected 11-30 January

- Improving customer demand leads to higher new orders and output
- Employment growth helps firms keep on top of workloads
- Output prices continue to rise

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.

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

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

"Domestic demand is clearly picking up, and we suspect this trend will carry through for the most part of this year. Of course, if a Final Investment Decision (FID) is made for the oil sector, GDP growth could possibly expand by 6.5% y/y in 2019. However, for this to manifest, weather conditions need to remain favourable to sufficiently boost the agriculture sector."

The main findings of the January survey were as follows:

Business conditions in the Ugandan private sector continued to improve during January on the back of stronger customer demand. Output, new orders and employment all increased in the latest survey period.

The headline seasonally adjusted PMI posted 57.5 in January, up from 56.6 in December and signalling a twenty-fourth successive monthly improvement in the health of the country's private sector. The latest reading

was above the average since the survey began in June 2016.

Signs of stronger customer demand resulted in a further expansion of new business during January, extending the current sequence of growth to two years. Ugandan companies raised output as a result.

With new orders increasing, firms took on extra staff accordingly. Job creation was registered across the agriculture, industry, services and wholesale & retail sectors. Increased operating capacity meant that companies were able to keep on top of workloads in spite of continued new order growth.

Overall input price inflation was recorded in January, with panellists linking the latest rise to higher prices for electricity, fuel and water. Overall input cost rises were recorded in four of the five broad sectors, the exception being agriculture where no change was signalled.

Both purchase prices and staff costs continued to rise. Those respondents that posted an increase in purchase costs mentioned higher prices for food, fuel, stationery and timber.

Companies responded to higher input costs by raising their output prices accordingly. That said, there were some reports of firms offering discounts in order to secure sales.

Increasing customer demand encouraged Ugandan companies to raise both their purchasing activity and inventory levels at the start of the year. Despite rising demand for inputs, suppliers' delivery times shortened again amid transport infrastructure improvements and timely ordering.

-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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