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## Stanbic Bank Uganda PMI™

### Increased customer numbers support growth of output and new orders

#### Key findings

Ongoing increases in workloads

Higher staffing levels recorded

Output prices raised

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 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.

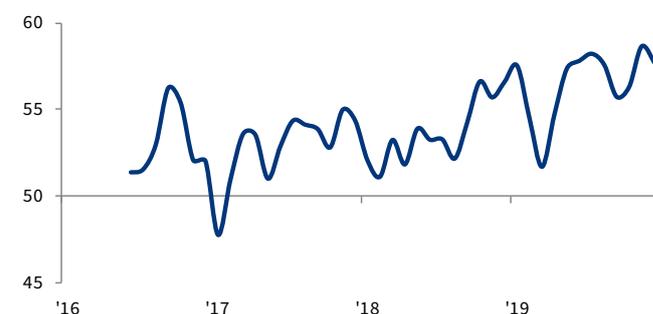
The final month of 2019 saw a further improvement in business conditions in the Ugandan private sector. Rises in output and new orders resulted in ongoing increases in both staffing levels and purchasing activity as firms made efforts to keep on top of workloads. Meanwhile, both input prices and output charges continued to rise.

The headline PMI was at 57.7 in December, down slightly from 58.6 in November but still signalling an improvement in business conditions. Moreover, the latest reading was above the average since the series began in June 2016.

Further expansions in output and new orders were

PMI

sa, >50 = improvement since previous month



Sources: Stanbic Bank, IHS Markit.

recorded in December, with each rising for the thirty-fifth successive month. Respondents largely attributed growth in both to their ability to attract new customers. Output increased in four of the five monitored sectors, the exception being agriculture.

Despite increasing new orders, companies again reported lower backlogs of work as they made efforts to complete projects on time. This was achieved through increases in both employment and purchasing activity. Stocks of purchases also rose, with some firms accumulating inventories ahead of new work in coming months.

There were some issues with the delivery of purchased items, however, with supplier lead times lengthening for the first time in the series history. Panellists largely attributed delays to heavy rains which meant that roads were difficult to navigate.

Overall input costs increased, with higher purchase prices, staff costs and utility bills all mentioned. In response to higher cost burdens, companies raised their output prices, as has been the case throughout the 43-month survey to-date.

Companies remained confident regarding the 12-month outlook for business activity, with four-fifths of respondents predicting a rise over the coming year.

## Comment

Jibran Qureishi, Regional Economist E.A., Global Markets at Stanbic Bank commented:

*“The PMI still indicates that private sector activity has remained robust towards the end of 2019. However, the agriculture sector didn’t seem to fare as well as the service sector. This is notably due to the disruption of key transport routes for produce. Furthermore, firms looked to pass on higher costs to consumers, which would perhaps suggest that they’re confident enough that consumer demand is solid enough to sustain these price increases. Looking ahead, key events such as the timing of the Final Investment Decision (FID) on oil will be key for growth in addition to how the weather outlook impacts the agrarian sector which has been relatively subdued for the most part of 2019.”*

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### Methodology

The Stanbic Bank Uganda PMI™ is compiled by IHS Markit 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.

December 2019 data were collected 05-20 December 2019.

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. To learn more go to [ihsmarkit.com/products/pmi.html](http://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)

### About IHS Markit

IHS Markit (NYSE: INFO) is a world leader in critical information, analytics and solutions for the major industries and markets that drive economies worldwide. The company delivers next-generation information, analytics and solutions to customers in business, finance and government, improving their operational efficiency and providing deep insights that lead to well-informed, confident decisions. IHS Markit has more than 50,000 business and government customers, including 80 percent of the Fortune Global 500 and the world's leading financial institutions.

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