

News Release

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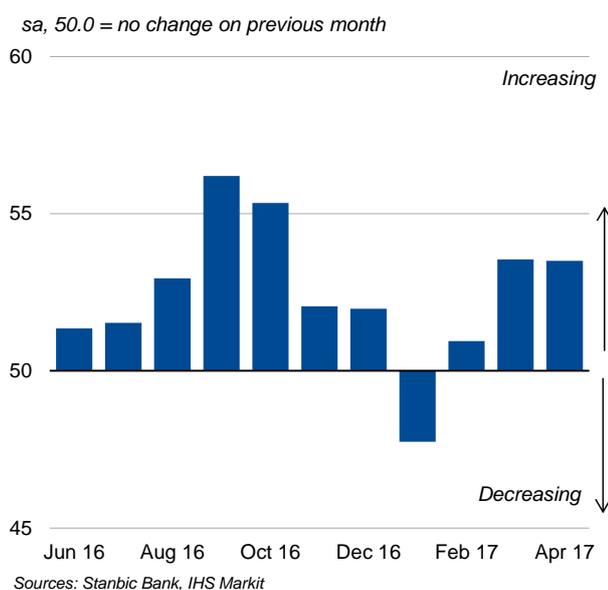
Stanbic Bank Uganda PMI™

Ugandan economic growth continues at start of second quarter

Data collected 11-27 April

- Stanbic Bank Uganda PMI posts 53.5 in April, signalling further expansion
- Output and new orders both rise, spurring job creation
- Ongoing increases in input costs and output prices

Stanbic Bank Uganda PMI



This report contains the latest analysis of data collected from the new monthly survey of business conditions in the Ugandan private sector. The survey, sponsored by Stanbic Bank and produced by Markit, has been conducted since June 2016 and covers the agriculture, construction, industry, services and wholesale & retail 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 April's survey findings, Jibran

Qureishi, Regional Economist E.A at Stanbic Bank said:

"Although still early days with survey data collection, Uganda's private sector is gradually regaining some much needed momentum. Notably, we suspect this has been driven by the accommodative monetary policy stance over the past year or so, which will begin to stimulate economic activity gradually. That said, output costs for firms rose which remains a reflection of the ongoing drought within the region, and could rise further which could potentially slowdown the recovery in domestic demand somewhat."

The main findings of the April survey were as follows:

At 53.5 in April, unchanged from March, the seasonally adjusted PMI signalled an improvement in Ugandan private sector business conditions. The latest expansion was the third in as many months. The PMI reading was above the average for the opening quarter (50.7), signalling a solid start to the second quarter for the economy.

Four of the sub-components underlying the PMI calculation (output, new orders, employment and stocks of purchases) exerted a positive influence. Only the trend in suppliers' delivery times exerted a negative impact.

Three of the categories of economic activity covered by the survey registered an improvement in business conditions during April. These were agriculture, services and wholesale & retail. Construction and industrial firms signalled deteriorations.

Ugandan private sector output and new orders both expanded for the third successive month in April. Where an increase in either was reported, companies generally

linked this to robust demand from the domestic market. In contrast, the trend in new export business contracted, continuing a trend observed in each month since the survey started in June 2016.

The ongoing expansion of the Ugandan private sector spurred further job creation at the start of the second quarter. Almost 11% of surveyed companies reported an increase in staffing levels compared to only 6% seeing a decline.

Jobs growth also led to inflation of average wages and salaries during April. Three of the sectors seeing higher

wages and salaries also reported an increase in staffing levels (agriculture, industry and services), while constructors saw decreases in both. The only category to buck that trend was wholesale & retail, where staff costs rose and employment fell.

Average purchasing costs also rose in April, reflecting increased prices for animal feed, food stuffs, raw materials and sugar. Higher cost burdens were passed on to clients, leading to a further increase in output charges.

-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:

Aashna Dodhia, Economist
Telephone +44-1491-461-003
Email aashna.dodhia@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. 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 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 30 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 www.markit.com/product/pmi.

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