

News Release

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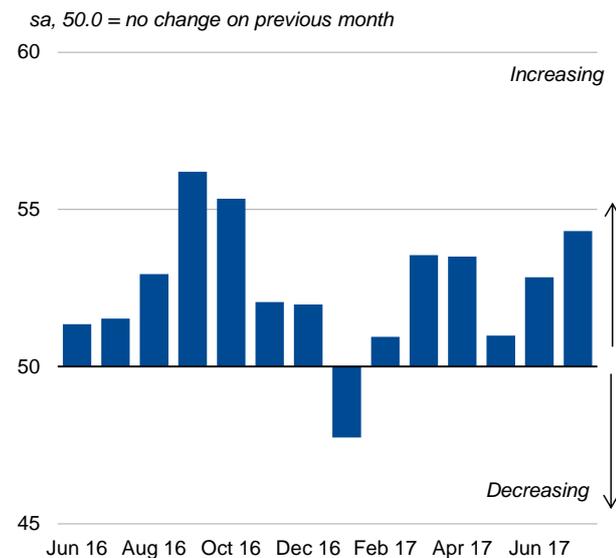
Stanbic Bank Uganda PMI™

Improved private sector business conditions in July

Data collected 12-28 July

- Headline PMI index rises to 54.3 in July
- Output and new orders increase
- Further job creation recorded

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 IHS 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.

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

"The private sector has lately experienced an upswing in fortunes as reflected by the Stanbic PMI which rose to 9-m high in July. The recent recovery is underpinned by the agriculture sector following the relatively decent long rains. That being said, the manufacturing and retail sectors are still sluggish but are likely to gradually recover as access to credit improves over the course of the year. In addition to this, government expenditure on public infrastructure projects is also likely to support economic activity over the near to medium term."

The main findings of the July survey were as follows:

The seasonally adjusted PMI rose from 52.8 in June to 54.3 in July, indicating another expansion of the Ugandan private sector. The headline PMI reading for July was above the average of 14 months of data collection so far (52.5).

The headline index posted above the neutral 50.0 threshold for the sixth consecutive month, supported by expansions in new orders, output, employment and stocks of purchases.

Offsetting the declines seen in June, the agriculture and construction sectors returned to expansion territory.

Moreover, growth in the industry and service categories was maintained in July. The wholesale & retail sector recorded no change in business conditions, following a contraction in June.

Both output and new work rose for the sixth month in succession during July. Panellists frequently attributed these increases to stronger underlying demand conditions, more projects, increased money circulation and greater customer purchasing power. Continuing the trend observed since the inception of the series, new export orders decreased during July.

The ongoing upturn in output continued to feed into the labour market, as employment growth in four of the five monitored sub-sectors more than offset a reduction in staffing levels in the wholesale & retail sector. Meanwhile,

outstanding business decreased for the fourteenth consecutive month.

With new orders increasing, purchasing activity rose for the second month in succession. As a result, inventories held by private sector firms rose in July. Survey respondents attributed the rise in stock holdings to intentional replenishment programmes and stronger demand levels.

On the price front, overall input prices rose at the start of the third quarter. Inflation was recorded across all five sub-sectors monitored by the survey. Subsequently, output charges rose during July, but firms were restricted in their ability to fully pass on higher cost burdens to clients amid reports of strong competition.

-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 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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