

News Release

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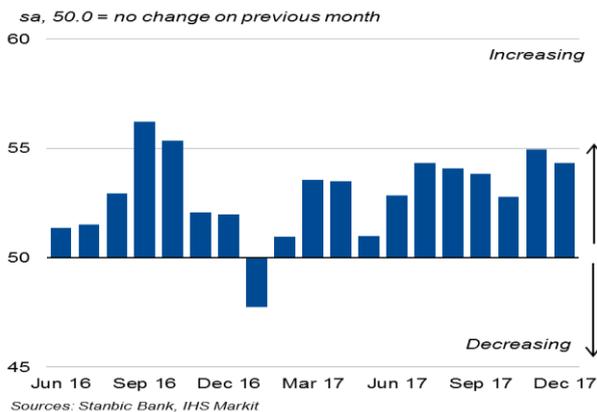
Stanbic Bank Uganda PMI™

Ugandan PMI registers at 54.3 in December

Data collected 5-20 December

- Business conditions continue to strengthen
- Output, new orders and employment expand
- Cost inflationary pressures lead to output price inflation

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

"The PMI has averaged 54.0 in the fourth quarter of 2017 up from an average of 52.4 in the nine months to September, as economic activity gradually improves. While there have been signs of a pick-up in private sector lending by commercial banks, the high NPL ratio within the banking sector will probably keep the recovery moderate. That being said, an increase in public investment expenditure keeps up optimistic that GDP growth will remain on upward trajectory over the coming year."

The main findings of the December survey were as follows:

At 54.3 in December, down slightly from 54.9 in November, the seasonally adjusted PMI pointed to a further improvement in the health of the Ugandan private sector. The headline figure remained above the series average. The output, new orders, employment and stocks of purchases components all contributed to the above 50.0 figure.

Improvements in operating conditions were broad-based, as the five monitored sub-sectors (agriculture, services, wholesale & retail, construction and industry) each registered stronger business conditions.

Growth in the volume of new orders received at Ugandan private sector companies continued in December. Amid an easing in political tensions in key trading partners,

total new business was boosted by export orders for the second successive month. This drove companies to expand their output for the eleventh month running. Higher client demand underpinned the expansions in both output and new business.

Continued expansion in workforce numbers across all five monitored sub-sectors signalled that private sector firms expanded capacity further. Anecdotal evidence suggested that this was in order to accommodate higher volumes of new business. Purchasing activity also rose, leading to a further accumulation of stocks of purchases.

By increasing productive capacity, businesses were able to continue working through their backlogs. Furthermore,

suppliers were able to keep up with client demand as their delivery times shortened.

Output prices rose for products and services in December, as price pressures continued. Charges increased across the industry, services and wholesale & retail sub-sectors but remained unchanged in the agriculture and construction categories.

As has been the case across the survey's history, overall input prices increased across all five sub-sectors in December. Rises in cost burdens reflected increases in both purchase prices and staff costs.

-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 economic@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 www.markit.com/product/pmi.

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