

News Release

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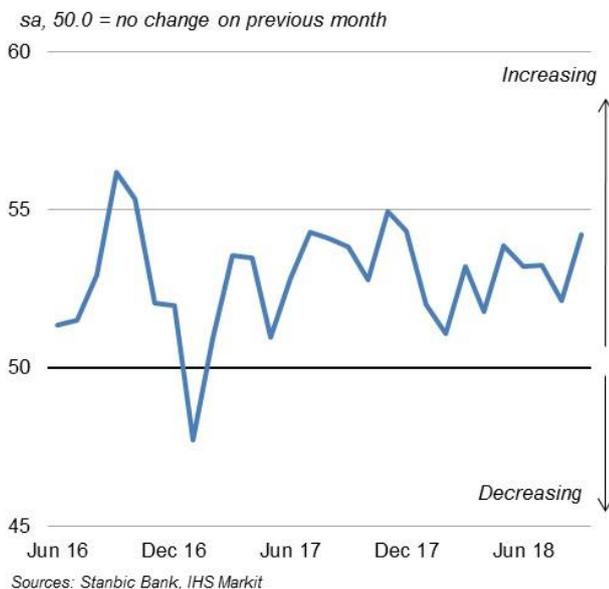
Stanbic Bank Uganda PMI™

Business activity increases for twentieth month running

Data collected 12-27 September

- Further expansions in activity and new orders
- Job creation recorded again
- Continued increases in input prices and output charges

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

"The private sector made a swift turnaround in September as the PMI rose to its highest level since December 2017. Sporadic riots in parts of the country had slowed down economic activity last month, however domestic demand is clearly looking up. In fact, firms raised output costs in September, something they wouldn't have easily decided to do if domestic demand was weak."

The main findings of the September survey were as follows:

The headline seasonally adjusted PMI signalled a further improvement in business conditions in the Ugandan private sector. The latest reading was 54.2, up from 52.1 in August and above the 50.0 no-change mark for the twentieth successive month. The PMI was above the average since the survey began in June 2016.

Operating conditions improved across all five broad sectors covered by the survey – agriculture, construction, industry, services and wholesale & retail.

Central to the latest strengthening of business conditions was a further rise in new business. New orders have increased in each month since February 2017, with panellists reporting that good quality products had helped to stimulate client demand.

Increased customer numbers contributed to a rise in output at the end of the third quarter. Activity has now increased in 20 consecutive months.

As has been the case throughout the survey so far, Ugandan companies increased their staffing levels during September. Anecdotal evidence suggested that employment had been raised in response to higher new orders.

Rising customer demand also encouraged companies to engage in input buying. Purchasing activity increased for

the seventh successive month, with stocks of purchases also expanding in September. Despite rising demand for inputs, suppliers continued to shorten the time taken to deliver purchased items.

Overall input prices rose amid higher prices for purchases and staff as well as increased electricity and water bills. Higher purchase prices were due to rising costs of raw materials such as stationary, food items and construction materials.

Ugandan companies responded to higher input costs by raising their output prices. Four of the five broad sectors posted increases in charges, the exception being agriculture where a fall was recorded.

-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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