

News Release

Purchasing Managers' Index™
MARKET SENSITIVE INFORMATION

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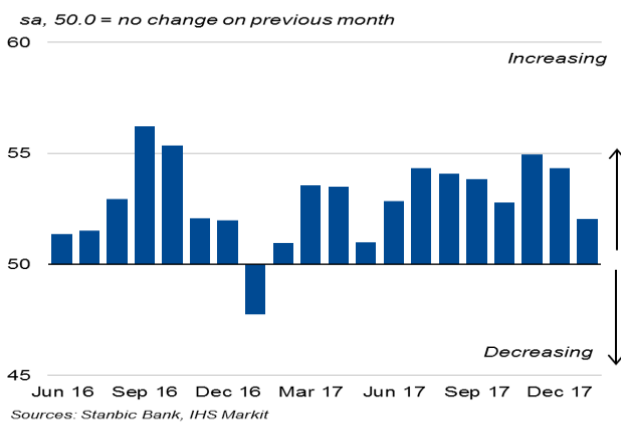
Stanbic Bank Uganda PMI™

Ugandan output growth continues at start of 2018

Data collected 12-30 January

- Stanbic Bank Uganda PMI posts 52.0, indicating further expansion
- Business activity, total new orders and employment rise
- Ongoing increases in input and output prices

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

"On an annual basis we expect the Ugandan economy to grow between 4.5%-4.8% in 2017, a view that is supported by the ongoing improvement in the Stanbic Bank PMI which has been above the 50.0 level mark since January 2017. We expect both an improvement in agricultural productivity and an increase in public investment in infrastructure to support economic activity over the coming year, which is why we see GDP growth expanding by 5.6% in 2018."

The main findings of the January survey were as follows:

The headline PMI figure posted 52.0 in January, from 54.3 in December, indicating a further improvement in business conditions in the Ugandan private sector. The latest expansion was the twelfth in as many months.

Private sector output expanded in January, led by increases in the construction sector. The latest survey data marked the twelfth month in succession of business activity growth.

New orders also continued to rise with stronger demand noted both domestically and globally. Meanwhile,

anecdotal evidence suggested that greater marketing efforts contributed to the rises in both new business and output.

Firms reacted by expanding their payroll numbers as activity requirements increased. Apart from the services sector, employment rose across all monitored sub-sectors.

Greater purchasing activity also enabled further growth in operating capacity. This allowed private sector companies to work through outstanding business.

Suppliers also coped with higher volumes of new orders, with delivery times shortening again in January.

On the price front, greater demand caused cost pressures to continue, with overall input costs increasing

further at the start of the year. A rise in costs was reported across the wholesale & retail, agriculture, construction, industry and services sub-sectors. Both purchase prices and staff costs increased in January.

As a result, private sector firms increased their average selling prices. Output prices rose across four out of the five sub-sectors, the exception being industry.

-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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