

News Release

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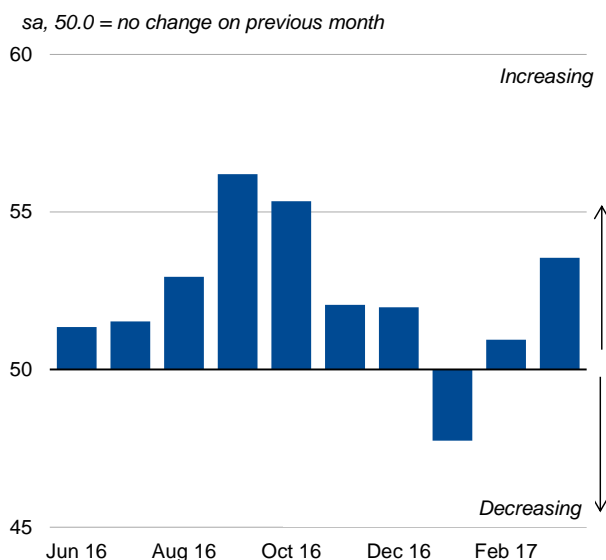
Stanbic Bank Uganda PMI™

Uganda PMI rises to 53.5 in March

Data collected 13-31 March

- Business conditions strengthen again in March
- Output and new orders increase, leading to higher employment
- Operating conditions improve across agriculture, industry, services and wholesale & retail sectors

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, industry, construction, 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.

Presenting the inaugural PMI report for March 2017, Anne Juuko Stanbic Bank's Head of Global Markets said:

"The latest figures show that Uganda's private sector is slowly recovering from the effects of the last election cycle and the global economic slowdown. At 53.5 in March up from 50.9 in February, the seasonally adjusted PMI pointed to further improvement in business conditions at Ugandan private sector firms in March."

"The employment figures show that with new orders increasing further job creation was registered in March. These higher overall employment levels indirectly led to an increase in staff costs with the larger workforce also being the primary reason behind depletion of outstanding business in March."

"On the prices front overall costs continued to increase during March. Apart from rising wages, cost increases reflected higher purchase prices, a by-product of rising input buying activity by Ugandan companies."

The main findings of the March survey were as follows:

At 53.5 in March, up from 50.9 in February, the seasonally adjusted PMI pointed to a further improvement in business conditions at Ugandan private sector firms during March. The average headline PMI reading for the opening quarter as a whole (50.7) was below that for the prior quarter (53.1).

The headline index has now signalled expansion in nine out of the ten months of data collection. Improved operating performances were signalled for the agriculture, industry, services and wholesale & retail sectors during March.

Ugandan private sector companies reported increases in both output and new orders for the second straight month in March. A number of panellists mentioned that

successful advertising campaigns had helped them to take advantage of generally stronger client demand.

The rise in total new work was hampered by falling exports, however. New business from abroad has fallen in all ten months of data collection so far, the latest decrease reflecting weaker demand from European markets.

With new orders increasing, further job creation was registered in March. Staffing levels rose in the agriculture, services and wholesale & retail sectors, whereas lower employment was seen in the industrial sector. Higher employment led to an increase in staff costs in the Ugandan private economy. Wages and salaries rose

across the agriculture, industry, services and wholesale & retail sectors.

A larger workforce was cited as a factor behind depletion of outstanding business in March. Alongside new equipment, greater staff numbers contributed to available spare capacity to divert towards completing existing contracts.

On the prices front, overall costs continued to increase during March. Apart from rising wages and salaries, cost increases reflected higher purchase prices – a by-product of increased input buying activity at Ugandan companies.

-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 formal economy, including agriculture, manufacturing, services, construction and retail. The panel is stratified by Standard Industrial Classification (SIC) group, based on industry contribution to GDP. 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 'diffusion' index. This index is 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 indexes 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 Delivery Times index inverted so that it moves in a comparable direction.

Diffusion indexes have the properties of leading indicators and are convenient summary measures showing the prevailing direction of change. An index 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

The Bank was founded in Uganda as the National Bank of India in 1906. After several name changes, it became Grindlays Bank. In 1991, Standard Bank Group (the Group) bought the Grindlays Bank network in Africa. The new owners renamed the Ugandan subsidiary, Stanbic Bank (Uganda) Limited.

In February 2002, The Group acquired 90% of the shareholding in Uganda Commercial Bank Limited, a government-owned retail banking operation with sixty-five branches. The Group merged their new acquisition with the existing Stanbic Bank (Uganda) Limited, to form Uganda's largest commercial bank by assets and branch network.

In November 2007, the Government of Uganda divested its ownership of Stanbic Bank (Uganda) by listing its shares on the Uganda Securities Exchange. The Group also floated 10% of its shareholding at the same time, reducing their ownership to 80%.

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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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