

## News Release

**Purchasing Managers' Index™**  
**MARKET SENSITIVE INFORMATION**  
**Embargoed until: 09:00 (Kampala) / 06:00 (UTC) April 5<sup>th</sup> 2018**

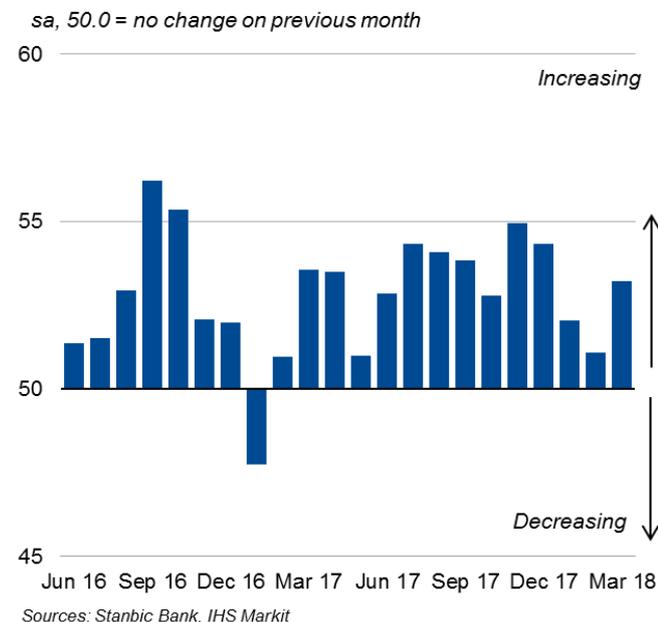
### Stanbic Bank Uganda PMI™

#### Health of Ugandan private sector improves during March

##### Data collected 12-28 March

- PMI registers 53.2 in March
- Further increases observed in output, new orders and employment
- Inflationary pressures remain amid rising cost burdens

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

*"Operating conditions in Uganda's private sector further improved, however the PMI average of 52.1 in Q1:2018 was lower than 54.0 average recorded in Q4:2017, suggesting to us that the pace of recovery is still sluggish. That being said, credit growth to the private sector should broadly recover over the course of this year courtesy of the accommodative monetary policy stance adopted by the Bank of Uganda in addition to improving domestic demand conditions."*

##### The main findings of the March survey were as follows:

The latest PMI data from Stanbic Bank and IHS Markit signalled a further improvement in the Ugandan private sector during March. Forming the basis for growth was an increase in new business. Private sector firms reacted by expanding their workforce numbers at the end of the first quarter. Consequently, business activity rose for the fourteenth month in succession. Elsewhere, output charges continued to rise, driven in part by higher cost burdens.

The latest headline figure posted 53.2 in March, up from 51.1 in February indicating a further improvement in the health of the private sector. Moreover, the rate of growth was above the series average observed so far (since June 2016).

Supporting overall growth was an increase in business activity in the private sector. Panel members often linked the expansion with targeted advertising campaigns.

Firms continued to win new business in March from both domestic and foreign sources. Moreover, the latest data marked the fourteenth successive month of growth. Both output and new orders rose across all five monitored sub-sectors for the first time in 2018.

Employment also continued to expand in the private sector at the end of the first quarter, with panellists citing efforts to improve operating capacity.

Meanwhile, higher volumes of new orders spurred businesses to increase their purchasing activity in March, following a month of contraction mid-quarter. However, due to production demands, inventories fell for the second month in succession.

On the price front, higher purchase and staff costs led to a sustained increase in overall input costs in the private sector during March. In fact, input price inflation occurred across all five monitored sub-sectors, in line with the survey trend so far. Higher raw material prices alongside fuel costs drove up purchase prices, whereas rising costs of living was the main factor influencing average wages/salaries.

As a result, output prices rose again during March. The latest survey data continued the current sequence of inflation that has been observed since the inception of the survey.

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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](mailto: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](http://www.stanbicbank.co.ug)

### About IHS Markit ([www.ihsmarkit.com](http://www.ihsmarkit.com))

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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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