News Release

Purchasing Managers' Index™
MARKET SENSITIVE INFORMATION
Embargoed until: 09:00 (Kampala) / 06:00 (UTC) July 5th 2017

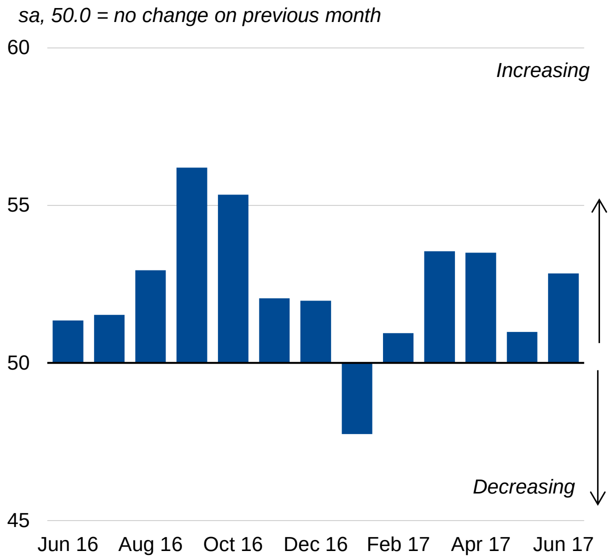
Stanbic Bank Uganda PMI™

Further improvement in operating conditions in June

Data collected 12-29 June

- Headline PMI index rises to 52.8 in June
- Output and new orders continue to rise
- Purchasing activity returns to growth

Stanbic Bank Uganda PMI



Sources: Stanbic Bank, IHS Markit

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

"The private sector continues to recover supported by the easing of the monetary policy stance for the better part of the last year or so. We suspect as inflationary pressures have subsided somewhat over the past couple of months; the MPC may still cut its key benchmark rate at its next meeting in August. However, that could possibly be the last rate cut of the year. This being said, as economic activity improves in the second half of the year, imports may rise and put pressure on the exchange rate which could subsequently raise costs for firms."

The main findings of the June survey were as follows:

The headline seasonally adjusted PMI posted up from 51.0 in May to 52.8 in June. This signalled a further improvement in private sector business conditions, the fifth in as many months. Output, new orders, employment and stocks of purchases all contributed to the above-50.0 figure. Notably, the latest reading was slightly stronger than the series average (52.4).

The upward trajectory of two of the monitored categories of private sector economic activity (industry and services) more than offset the worsening of overall operating conditions in the remaining sectors.

Both output and new work rose for the fifth successive month at the end of the second quarter. Panellists commonly associated these expansions with stronger underlying demand conditions, particularly in the domestic market. As has been the case since the inception of the series in June 2016, new export orders fell in June. There was evidence to suggest demand for Ugandan goods and services reduced from key export markets.

In response to greater output requirements, Ugandan private sector firms continued to raise their payroll numbers, with job creation seen in construction and services. Concurrently, backlogs depleted for the thirteenth consecutive month during June.

On the price front, firms faced higher cost pressures which were driven by operational costs such as utility bills, staff costs and higher purchasing prices. Sugar, raw materials and food items were all reported to be up in price. All five sub-sectors monitored by the survey raised output charges, as they passed on higher cost burdens to customers.

Responding to the upward trend in new orders, the Ugandan private sector observed a renewed rise in purchasing activity during June, following a fall in May. Subsequently, stocks of inputs held by firms rose for the thirteenth successive month.

Lastly, average lead times improved in June. Panellists commented on spare capacity at suppliers.

-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

About IHS Markit (www.ihsmarkit.com)

IHS Markit (Nasdaq: INFO) is a world leader in critical information, analytics and expertise to forge solutions for the major industries and markets that drive economies worldwide. The company delivers next-generation information, analytics and solutions to customers in business, finance and government, improving their operational efficiency and providing deep insights that lead to well-informed, confident decisions. IHS Markit has more than 50,000 key business and government customers, including 85 percent of the Fortune Global 500 and the world's leading financial institutions. Headquartered in London, IHS Markit is committed to sustainable, profitable growth.

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.