

News Release

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

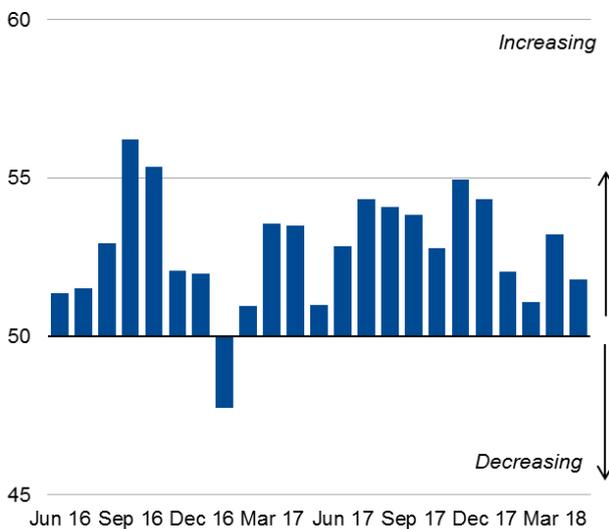
Ugandan private sector continues to grow in April

Data collected 12-27 April

- PMI posts 51.8, signalling further improvement in business conditions
- Output, new orders and employment all rise
- Cost pressures continue to fuel higher output prices

Stanbic Bank Uganda PMI

sa, 50.0 = no change on previous month



Sources: Stanbic Bank, IHS Markit

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 April's survey findings, Phumelele Mbiyo, Regional Economist E.A at Stanbic Bank said:

"Uganda recorded the 15th consecutive month of expansion in economic activity in April, albeit moderating somewhat relative to March. Despite this, it is evident that the expansion is not uniform across the economy. The agriculture and construction sectors experienced an expansion in both output and new orders while business activity contracted in the industrial, services and wholesale & retail sectors. This non-uniform nature of the economic expansion could be a reason for the absence of consumer inflation pressures."

The main findings of the April survey were as follows:

Business conditions in the Ugandan private sector continued to improve during April, according to the latest PMI data from Stanbic Bank and IHS Markit. Underpinning overall growth were further increases in output and new orders, which subsequently led to an expansion in workforce numbers. Furthermore, purchasing activity rose for the second month in succession in the private sector. Meanwhile, inflationary pressures persisted as rising cost burdens fuelled output price inflation.

At 51.8 in April, down from 53.2 in March, the latest headline figure signalled a further improvement in the health of the Ugandan private sector. However, the pace of growth fell below the average observed across the series so far (since June 2016).

April saw business activity increase for the fifteenth month in succession, amid strong underlying demand. Furthermore, Ugandan private sector firms experienced a rise in new orders at the start of the second quarter. The agriculture and construction sub-sectors led the expansion in both output and new orders, with business activity contracting across the industry, services and wholesale & retail categories.

Staffing levels also increased in the Ugandan private sector, boosted by heightened client demand and planned business expansions. Employment rose across three out of the five sub-sectors, the exceptions being industry and wholesale & retail where respective stagnation and contraction were seen.

Businesses further responded to higher demand by expanding their purchasing activity for the second

consecutive month. Subsequently, stock levels rose in the private sector following two successive months of decline.

Meanwhile, competition among suppliers led average lead times for inputs to shorten further during April.

Elsewhere, higher raw material prices underpinned an increase in cost burdens in April. In fact, overall input costs rose across all five monitored sub-sectors, continuing the trend observed since the survey's inception. Accordingly, businesses across all five monitored sub-sectors increased their average selling prices at the start of the second quarter.

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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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