

## News Release

### Purchasing Managers' Index™ MARKET SENSITIVE INFORMATION

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## Stanbic Bank Uganda PMI™

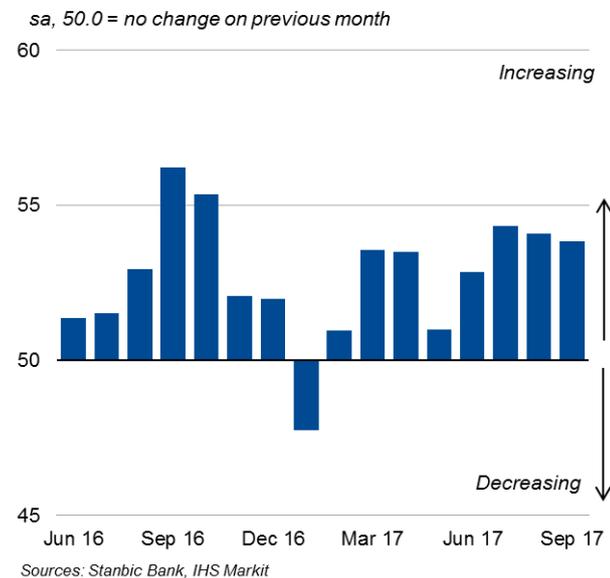
### Business conditions continue to improve in September

#### Data collected 12-28 September

- Headline PMI registers at 53.8 in September
- New export orders rise for first time in survey history
- Output, new orders and employment expand further

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.

#### 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 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.

#### Commenting on September's survey findings, Jibran Qureishi, Regional Economist E.A at Stanbic Bank said:

*"Even though the headline PMI fell to 53.8 from 54.1 in August, the average of 54.1 in the three months to September was still higher than the average of 51.6 in the first half of the year. A strong performance from the coffee sector has supported growth, however the fall armyworm infestation could still pose as a threat to food crops prices and agricultural productivity towards the back end of the year. That said, a gradual improvement in private sector credit growth should bode well for domestic demand."*

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

The seasonally adjusted PMI registered at 53.8 in September, down slightly from 54.1 in August. This figure signalled a further improvement in business conditions at Ugandan private sector firms. Moreover, the headline figure registered above the average over the 16-month survey history.

For the eighth month running, output and new orders increased in September. Anecdotal evidence pointed to improved underlying demand and inflows of new clients as being behind growth of activity and new work.

Notably, for the first time in the survey's 16-month history, new business from abroad expanded during September. This was linked to entry into new markets in some of Uganda's key trading partners amid less challenging political conditions.

The agriculture, industry, services and wholesale & retail sectors continued to register growth of output and new business inflows in September. Meanwhile, construction output decreased and the sector saw no change in new orders.

Firms increased their workforce numbers to work on new projects and help meet increasing levels of demand. Job creation across the private sector as a whole has been seen in each month since the inception of the survey.

Higher new orders also led Ugandan private sector firms to increase their quantities of purchases for the fourth month running. Inventories grew as a consequence. Meanwhile, firms were able to work through their backlogs of work, with the latest decline in outstanding business the sixteenth in as many months.

Purchase prices increased in September amid reports from panellists of higher raw material costs. Meanwhile, staff costs were also up over the month. Overall input costs rose across each monitored sector.

With cost burdens rising, companies increased their output prices accordingly. Industry was the only sector not to record selling price inflation.

-Ends-

**For further information, please contact:**

**Stanbic Bank:**

Jibran Qureishi, Regional Economist E.A, Global Markets  
Telephone +254 20 363 8138  
Email [jibran.quireishi@stanbic.com](mailto:jibran.quireishi@stanbic.com)

Benoni Okwenje, Fixed Income Manager  
Telephone +256 31 222 4991  
Email [SimeonBenoniO@stanbic.com](mailto:SimeonBenoniO@stanbic.com)

**IHS Markit:**

Gabriella Dickens, Economist  
Telephone +44-1491-461-008  
Email [gabriella.dickens@ihsmarkit.com](mailto:gabriella.dickens@ihsmarkit.com)

Joanna Vickers, Corporate Communications  
Telephone +44-207-260-2234  
Email [joanna.vickers@ihsmarkit.com](mailto:joanna.vickers@ihsmarkit.com)

**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)

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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 [www.markit.com/product/pmi](http://www.markit.com/product/pmi).

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