

News Release

Purchasing Managers' Index™
MARKET SENSITIVE INFORMATION
Embargoed until: 09:00 (Kampala) / 06:00 (UTC) June 5th 2018

Stanbic Bank Uganda PMI™

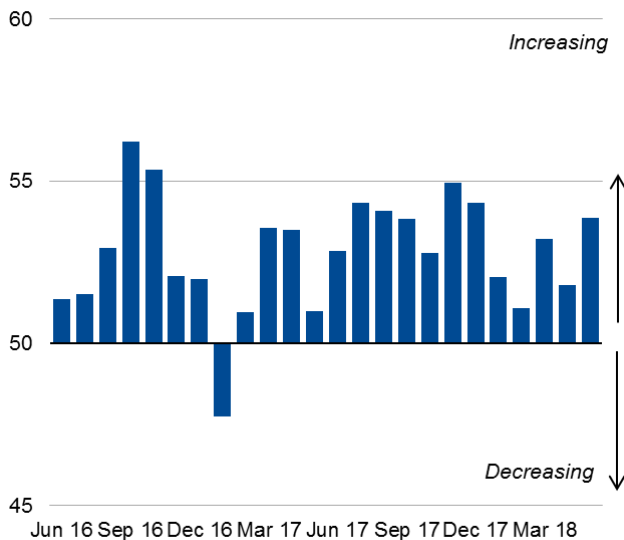
Business conditions continue to improve

Data collected 11-30 May

- At 53.9, PMI signals further improvement in Ugandan private sector
- Expansions in output, new orders and employment
- Inflationary pressures continue

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

"Business activity continued to improve in May. This trend is consistent with improving domestic demand and very impressive quarterly GDP numbers that were recently published. Of course, all eyes will now be on the FY2018/19 budget that will be read later this month. The market will be keen to assess whether the government will be factoring in any oil sector developments in revenue or expenditure plans, while the private sector will also be interested to see if the government comes up with a business friendly budget which would needless to say encourage private investment."

The main findings of the May survey were as follows:

The latest PMI data from Stanbic Bank and IHS Markit signalled a further improvement in the overall health of the Ugandan private sector during May. New orders continued to rise mid-quarter, amid stronger underlying demand. Firms reported a subsequent increase in business activity in the private sector, supported by rising employment. Price pressures meanwhile continued to build as rising fuel prices drove overall cost burdens higher.

The headline figure posted 53.9 in May, up from 51.8 in April. Latest data therefore indicated a further improvement in business conditions in the private sector. Furthermore, the PMI registered above the series average so far.

Increased business activity in the Ugandan private sector supported the overall improvement, with firms citing successful promotional activities and a subsequent strengthening of demand. Furthermore, output rose across all five monitored sub-sectors.

Ugandan private sector firms also reported larger volumes of new orders during May. An increase in client demand underpinned the expansion in new business, according to panel members. As was the case with output, new orders rose across all five categories covered by the survey.

Consequently, staffing levels and purchasing activity rose in the private sector midway through the second quarter.

Employment increased for the twenty-fourth month in succession and across four out of the five sub-sectors. Purchasing activity meanwhile expanded for the third month in a row. Supplier delivery times continued to shorten in May.

Cost inflationary pressures continued in the middle of the second quarter. Higher purchase prices and staff costs underpinned the overall increase in input prices, according to survey evidence. Rising fuel prices, higher taxes and increased living costs were all mentioned by panellists.

Accordingly, businesses reported an increase in their average selling prices during May. Output prices rose across the construction and wholesale & retail sectors, but fell in agriculture and industry and were unchanged in services.

-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

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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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