



Stanbic Bank Uganda PMI™

Output continues to rise in April

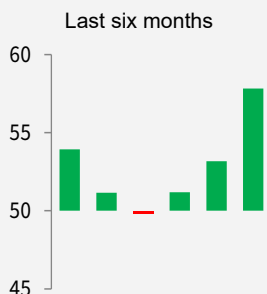
Key findings

Further expansions in new orders and activity

Employment rises for third month running

Firms increase selling prices in line with higher costs

Uganda PMI



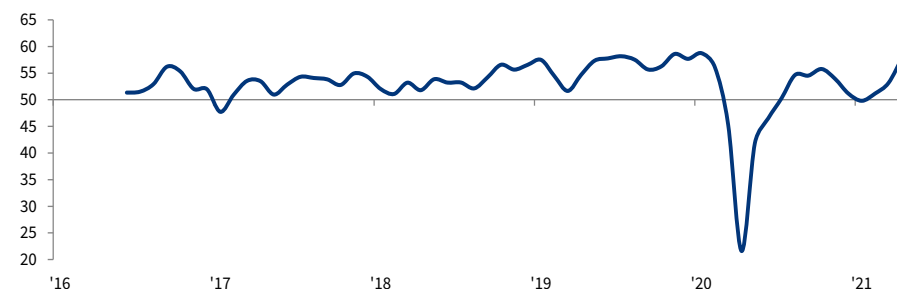
This report contains the latest analysis of data collected from the monthly survey of business conditions in the Ugandan private sector. The survey, sponsored by Stanbic Bank and produced by IHS Markit, has been conducted since June 2016 and covers the agriculture, industry, construction, wholesale & retail and service 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.

Greater customer numbers fed through to expansions in new orders and output at Ugandan companies in April, with employment and purchasing activity scaled up as a result. Meanwhile, further increases in input costs and selling prices were recorded.

The headline PMI rose to 57.8 in April from 53.2 in March. The reading signalled a third successive monthly improvement in business conditions and was well above the average since the series began in June 2016 (53.0).

PMI
sa, >50 = improvement since previous month



There were widespread reports of increasing customer numbers in April amid more normal operating conditions. As a result, companies in Uganda were able to secure greater volumes of new orders and expand their business activity.

Both new orders and output increased across each of the five broad sectors covered by the survey.

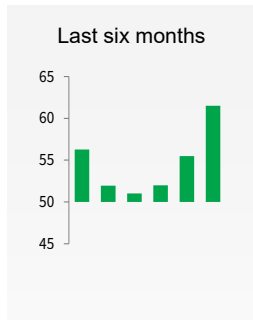
Firms responded to higher new orders by taking on extra staff, the third successive month in which this has been the case. Greater operating capacity enabled companies to keep on top of workloads and reduce backlogs again.

Purchasing activity also expanded, feeding through to a rise in stocks of inputs. Suppliers reportedly responded well to increasing demand, and speeded up their delivery times.

Higher prices for raw materials such as cement and paper, growing staff costs and rises in electricity and fuel prices all added to overall input cost increases in April. In response to higher input prices, companies raised their own selling prices accordingly, and for the fourth month running.

Expectations of further improvements in economic conditions and new order inflows supported ongoing optimism in the 12-month outlook for business activity. Some 85% of respondents predicted a rise in output over the coming year.

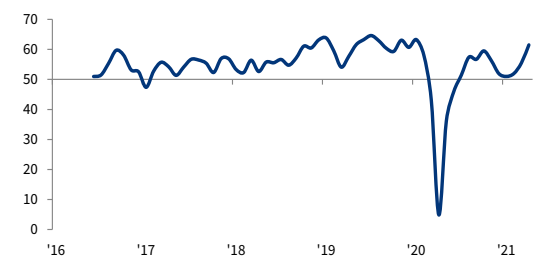
Output



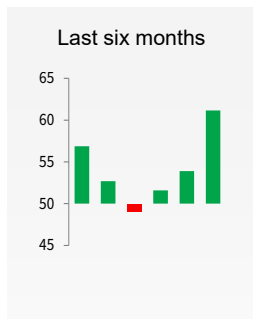
Business activity expanded in Uganda's private sector during April. Panellists linked the upturn to a range of factors, including higher sales, greater customer numbers and a return to more normal operating conditions. Output has now increased in each of the past ten months. All five broad sectors recorded growth at the start of the second quarter.

Output

sa, >50 = growth since previous month



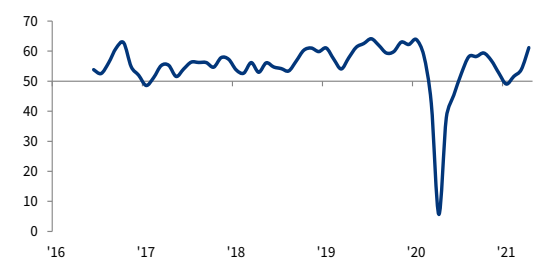
New Orders



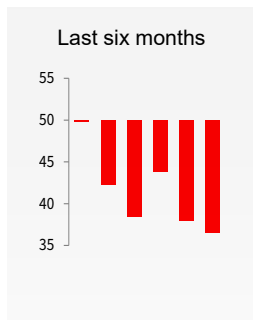
Firms in Uganda posted an increase in new orders during April, thereby extending the current sequence of expansion to three months. A number of respondents indicated that they had been able to secure new customers during the month. New order growth was widespread across the five sectors covered.

New Orders

sa, >50 = growth since previous month



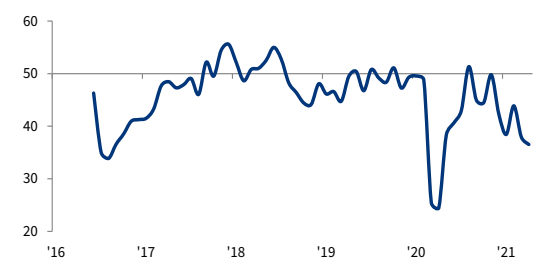
New Export Orders



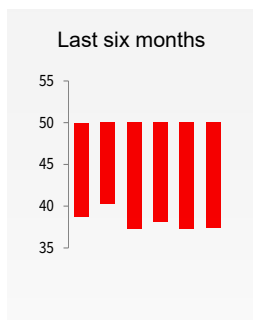
New export orders fell again at the start of the second quarter of the year as the COVID-19 pandemic continued to impact international demand. New business from abroad has now decreased in each of the past eight months.

New Export Orders

sa, >50 = growth since previous month



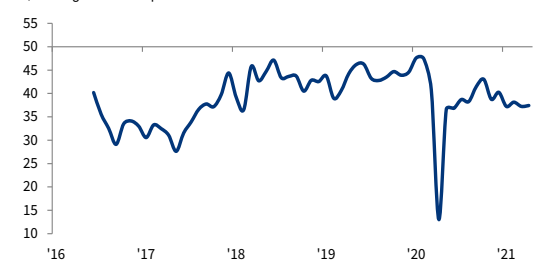
Backlogs of Work



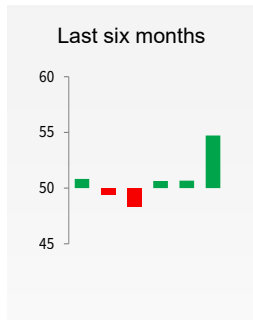
As has been the case throughout the near five-year survey history, backlogs of work decreased in April. Anecdotal evidence suggested that capacity was generally sufficient to keep on top of workloads in spite of recent gains in new business, with firms taking on extra staff where necessary.

Backlogs of Work

sa, >50 = growth since previous month



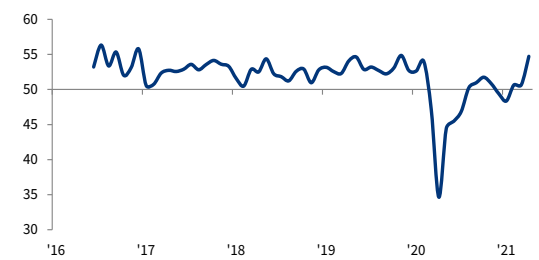
Employment



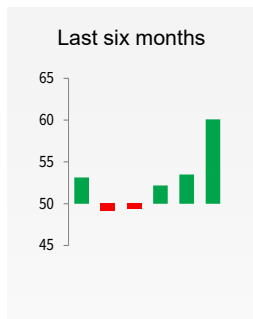
Ugandan companies responded to improving customer demand by taking on additional workers in April. Staffing levels have now risen in three successive months. Employment increased across the agriculture, construction, industry, services and wholesale & retail categories.

Employment

sa, >50 = growth since previous month



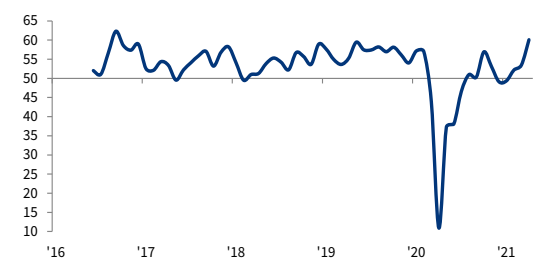
Quantity of Purchases



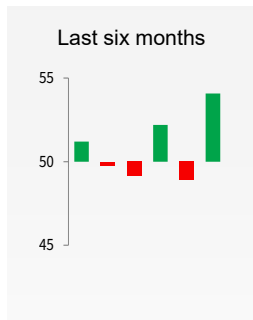
Purchasing activity rose during April, as has been the case in each month since February. Where input buying expanded, firms generally linked this to efforts to meet customer requirements amid rising workloads.

Quantity of Purchases

sa, >50 = growth since previous month



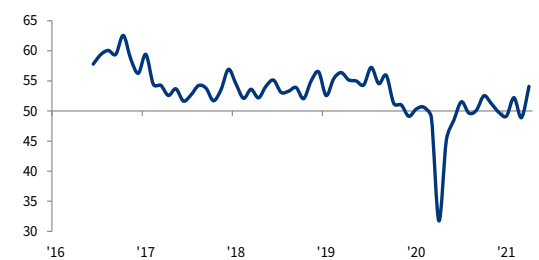
Suppliers' Delivery Times



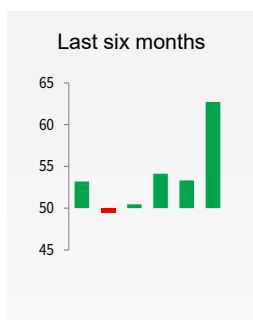
Reversing the picture from the previous month, suppliers' delivery times shortened during April. Some respondents indicated that prompt payments had helped lead to faster deliveries, while others reported that vendors had made efforts to shorten lead times in order to deal with greater order volumes.

Suppliers' Delivery Times

sa, >50 = faster times since previous month



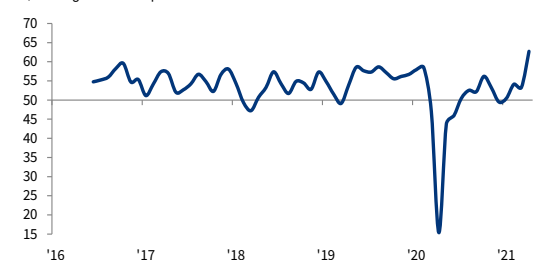
Stocks of Purchases



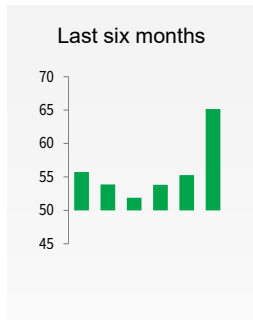
The increase in purchasing activity during April fed through to higher inventories at the start of the second quarter as companies responded to improving customer demand. Stocks of purchases have now been accumulated in four consecutive months.

Stocks of Purchases

sa, >50 = growth since previous month

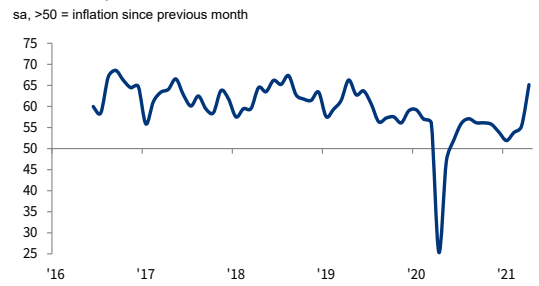


Overall Input Prices

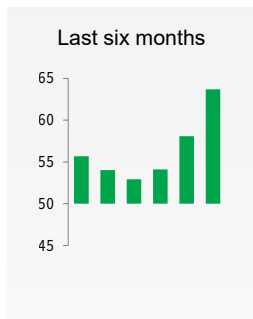


As has been the case in each month for just under a year, overall input costs increased in the Ugandan private sector during April. Purchase prices and staff costs rose over the month, while firms added that higher electricity and fuel costs were also key contributors to overall inflation.

Overall Input Prices

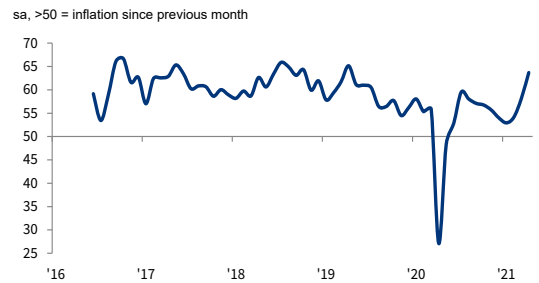


Purchase Prices

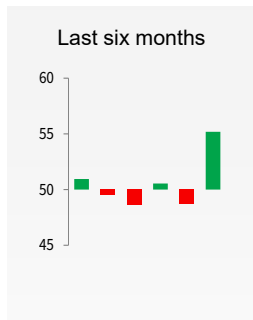


Purchase costs increased further during April, extending the current sequence of inflation to 11 months. Higher purchase prices were recorded across each of the five monitored sectors. Cement, paper and stationery were among the items reported to have risen in price over the course of the month.

Purchase Prices

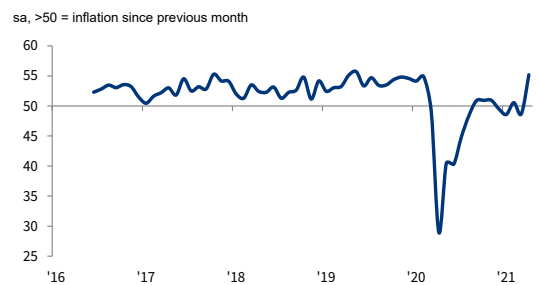


Staff Costs

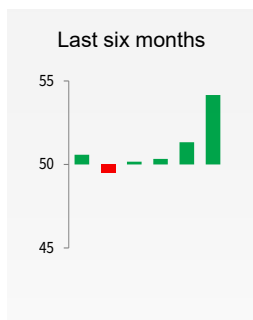


Additions to workforces were largely responsible for an increase in staff costs at the start of the second quarter. Wages and salaries rose following a fall in the previous month. All five sectors posted inflation of staff costs.

Staff Costs

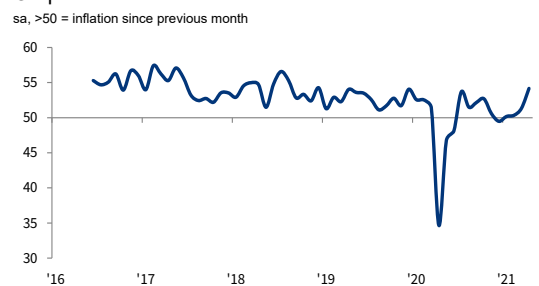


Output Prices



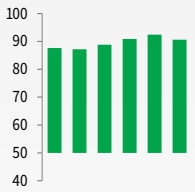
April data pointed to a fourth successive monthly increase in output prices in the Ugandan private sector. According to panellists, the rise in charges was in response to higher input costs. Around one-in-ten firms increased their selling prices, twice as many as lowered charges.

Output Prices



Future Output

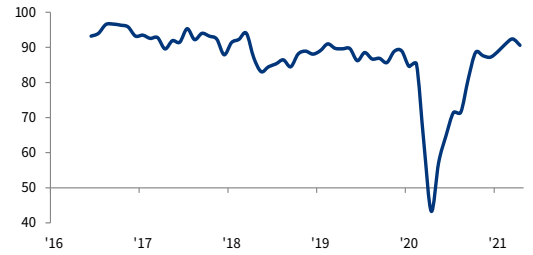
Last six months



Firms generally expect output to continue to expand over the coming year, alongside further improvements in economic conditions and new orders. Around 85% of respondents predicted that output will rise, with optimism widespread across the five monitored sectors.

Future Output

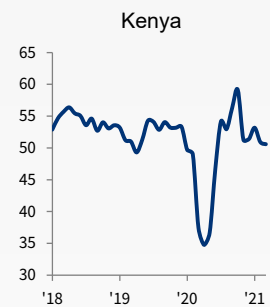
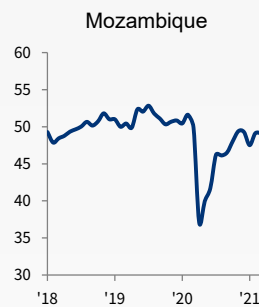
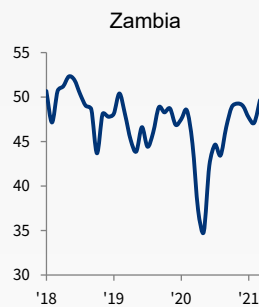
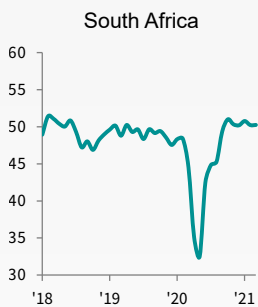
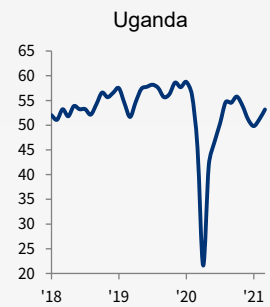
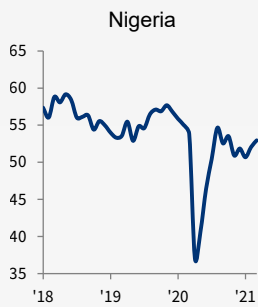
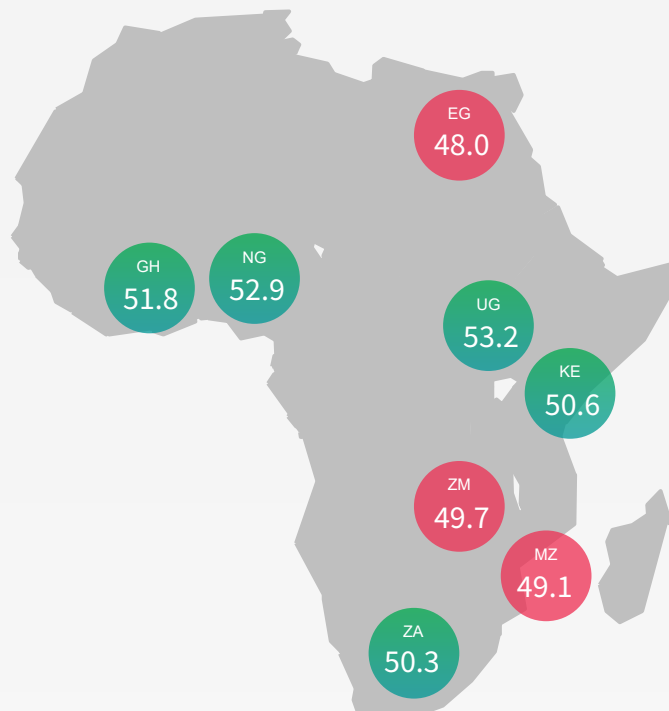
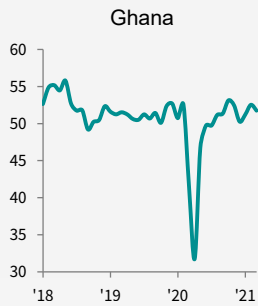
>50 = growth expected over next 12 months



Africa PMI

PMI, Mar '21

sa, >50 = improvement since previous month

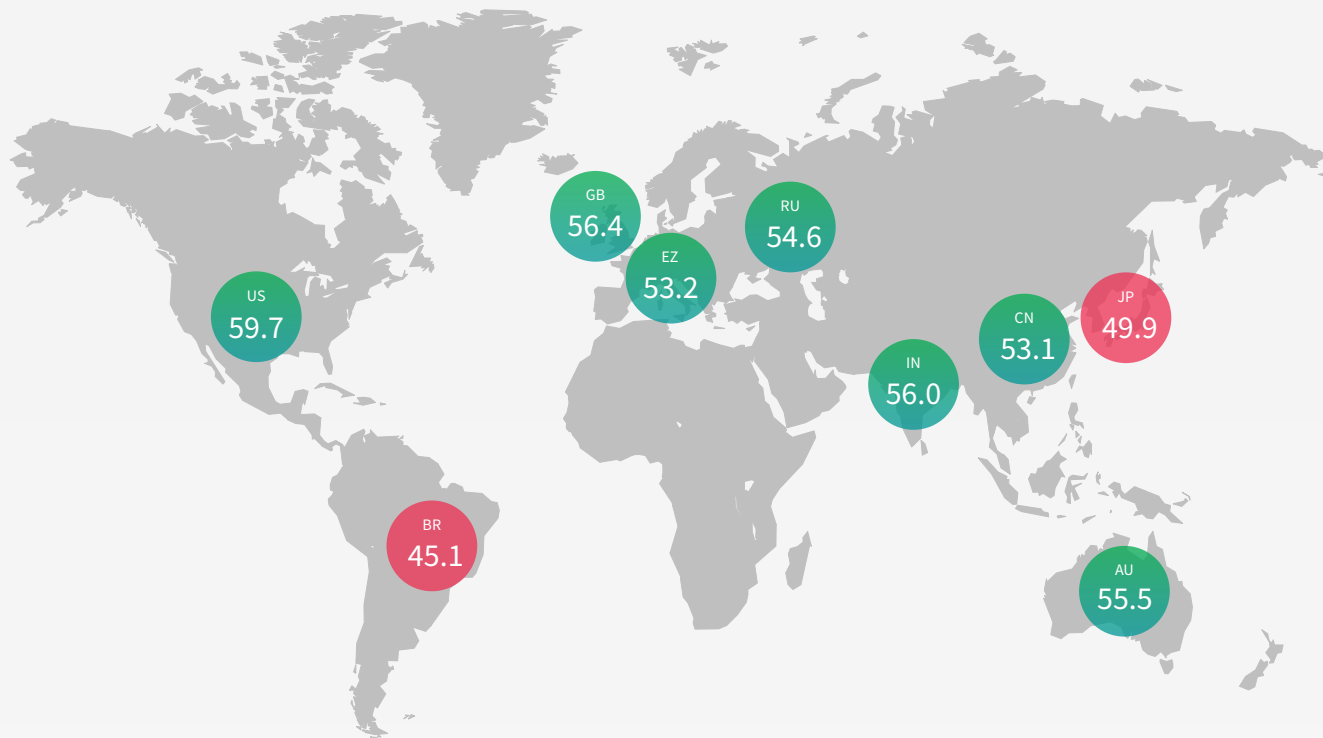


International PMI

Composite Output Index, Mar '21

sa, >50 = growth since previous month

The Composite Output Index is a GDP-weighted average of the Manufacturing Output Index and the Services Business Activity Index.



Composite Output Index

sa, >50 = growth since previous month



Methodology

The Stanbic Bank Uganda PMI™ is compiled by IHS Markit from responses to questionnaires sent to purchasing managers in a panel of around 400 private sector companies. The panel is stratified by detailed sector and company workforce size, based on contributions to GDP. The sectors covered by the survey include agriculture, mining, manufacturing, construction, wholesale, retail and services.

Survey responses are collected in the second half of each month and indicate the direction of change compared to the previous month. A diffusion index is calculated for each survey variable. The index is the sum of the percentage of 'higher' responses and half the percentage of 'unchanged' responses. The indices vary between 0 and 100, with a reading above 50 indicating an overall increase compared to the previous month, and below 50 an overall decrease. The indices are then seasonally adjusted.

The headline figure is the Purchasing Managers' Index™ (PMI). The PMI is a weighted average of the following five indices: New Orders (30%), Output (25%), Employment (20%), Suppliers' Delivery Times (15%) and Stocks of Purchases (10%). For the PMI calculation the Suppliers' Delivery Times Index is inverted so that it moves in a comparable direction to the other indices.

Underlying survey data are not revised after publication, but seasonal adjustment factors may be revised from time to time as appropriate which will affect the seasonally adjusted data series.

April data were collected 12-29 April 2021.

For further information on the PMI survey methodology, please contact economics@ihsmarkit.com.

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.

ihsmarkit.com/products/pmi.html

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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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