



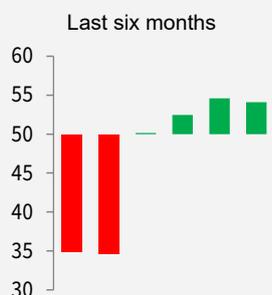
Key findings

Renewed job creation amid increasing new orders

Output and new orders up for fourth month running

Input costs continue to rise

Uganda PMI



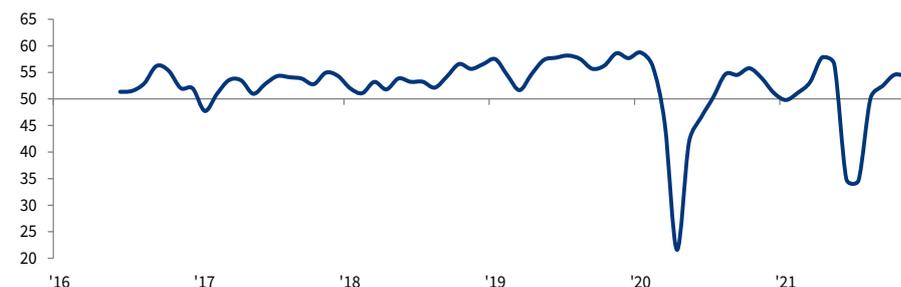
This report contains the latest analysis of data collected from the monthly survey of business conditions in the Ugandan private sector. The survey, sponsored by Stanbic Bank and produced by IHS Markit, has been conducted since June 2016 and covers the agriculture, industry, construction, wholesale &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

Job creation was signalled in Uganda's private sector for the first time in six months during November as companies responded to sustained increases in output and new orders. Meanwhile, there were continued rises in input costs and selling prices.

The headline PMI posted 54.1 in November, down slightly from 54.6 in October but still pointing to an improvement in business conditions. The health of the private sector has now strengthened in each of the past four months.

PMI
sa, >50 = improvement since previous month



In line with the headline figure, both output and new orders increased for the fourth month running in November. Anecdotal evidence pointed to stronger demand and higher customer numbers. For the third month running, all five monitored sectors saw output increase.

Sustained new order growth encouraged companies to increase their staffing levels, thereby ending a five-month sequence of decline. Agriculture was the only category to buck the wider trend and post a reduction in employment.

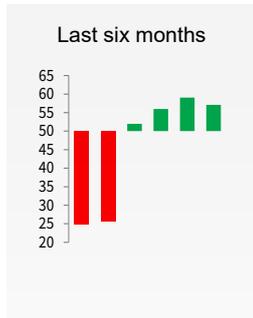
Firms also increased their purchasing activity and inventory holdings in response to rising new orders.

Overall input costs rose amid higher costs for fuel, purchases and staff. The rise in wages was the first in six months and came alongside renewed job creation. Meanwhile, higher purchase costs reflected increases in price for a range of items, including cement, cooking oil, soap and sugar.

Firms also raised their own selling prices in November in response to higher cost burdens, and for the third month in a row.

Companies remained optimistic that business activity will increase over the coming year, with sentiment supported by expectations of further improvements in new orders and customer numbers.

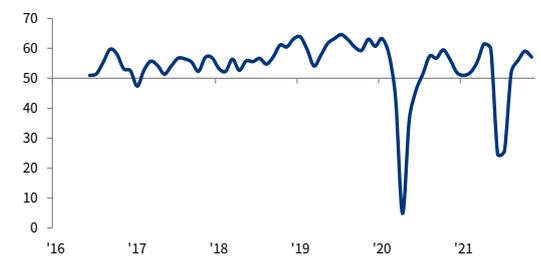
Output



Business activity continued to rise in the Ugandan private sector in November. Output has now increased in each of the past four months, with panellists linking the latest expansion to higher new orders and rising customer numbers. For the third month running, all five monitored sectors registered growth of activity.

Output

sa, >50 = growth since previous month



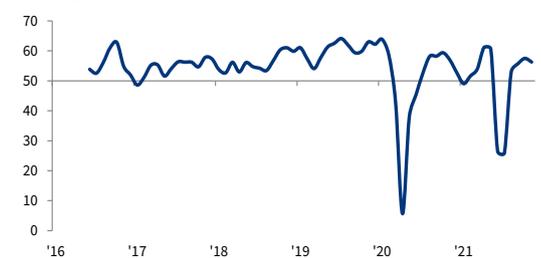
New Orders



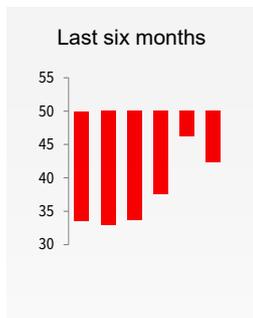
The securing of new customers and introduction of new branches contributed to a further increase in new orders in November. New business has now risen in each of the past four months. Each of the five broad sectors covered by the survey signalled an expansion in new orders.

New Orders

sa, >50 = growth since previous month



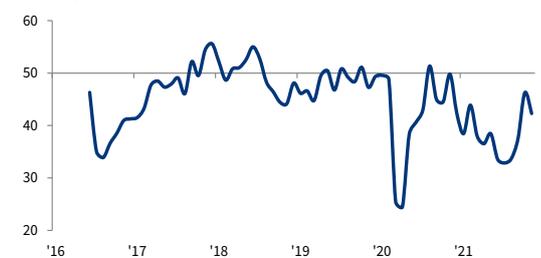
New Export Orders



While total new business continued to expand, there was a further reduction in new export orders in the penultimate month of the year. New business from abroad has now fallen in each of the past 15 months.

New Export Orders

sa, >50 = growth since previous month



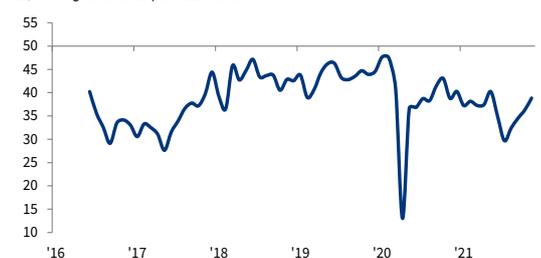
Backlogs of Work



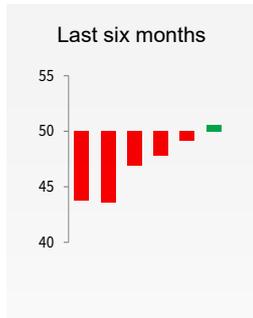
Companies in Uganda were again able to keep on top of their workloads in November and reduced their volumes of outstanding business. This was despite some reports of rising new orders starting to impart pressure on capacity. Backlogs of work have decreased in each month since the survey began in June 2016.

Backlogs of Work

sa, >50 = growth since previous month



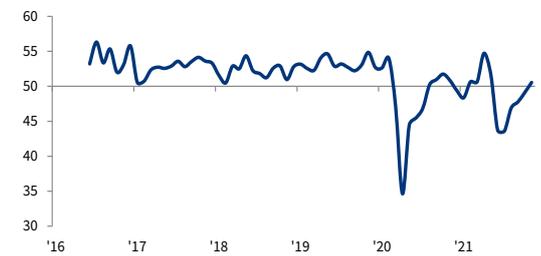
Employment



Employment returned to growth in November, thereby ending a five-month sequence of declining staffing levels. Respondents indicated that workforce numbers increased in line with higher new orders. Agriculture was the only sector to see employment decrease in the latest survey period.

Employment

sa, >50 = growth since previous month



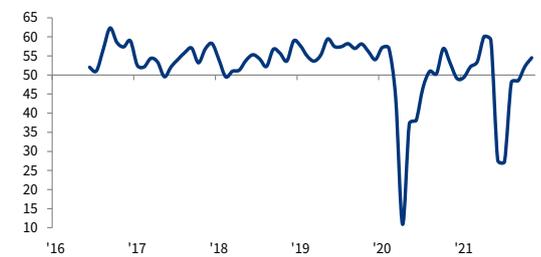
Quantity of Purchases



Firms responded to improving customer demand by expanding their purchasing activity in November. The increase was the second in as many months. Around 30% of respondents raised input buying, twice the proportion that posted a decrease.

Quantity of Purchases

sa, >50 = growth since previous month



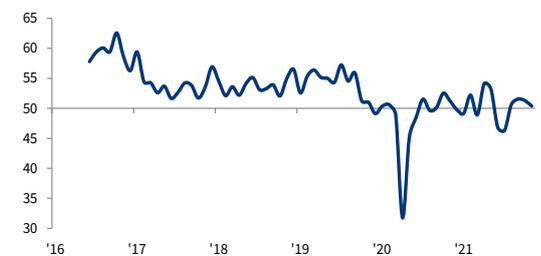
Suppliers' Delivery Times



As has been the case in each of the past four months, suppliers' delivery times shortened in November. Respondents indicated that suppliers had speeded up their deliveries, in some cases reflecting prompt ordering. On the other hand, some panellists noted that higher transportation costs had hampered deliveries.

Suppliers' Delivery Times

sa, >50 = faster times since previous month



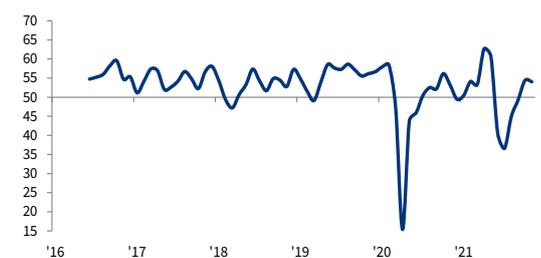
Stocks of Purchases



Stocks of purchases rose for the second consecutive month in November as companies responded to improving demand conditions. More than 26% of panellists reported an increase in inventories, against 11% that posted a decrease.

Stocks of Purchases

sa, >50 = growth since previous month



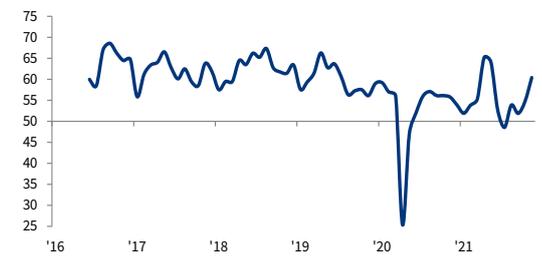
Overall Input Prices



Overall input prices increased for the fourth successive month in November, with close to 27% of firms signalling a rise over the month. Higher fuel costs were widely mentioned. Meanwhile, underlying data also pointed to rises in purchase prices and staff costs.

Overall Input Prices

sa, >50 = inflation since previous month



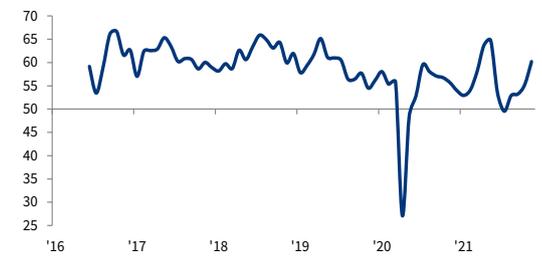
Purchase Prices



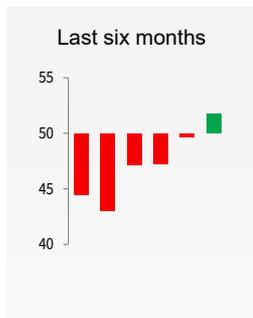
Ugandan companies recorded a rise in purchase prices, with each of the five monitored sectors registering inflation in November. Among the items most widely mentioned as costing more during the month were cement, cooking oil, food products, fuel, soap and sugar.

Purchase Prices

sa, >50 = inflation since previous month



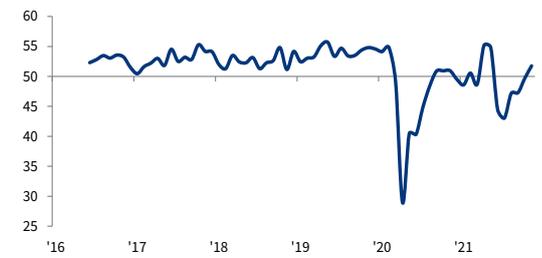
Staff Costs



November data pointed to an increase in staff costs, the first in six months. According to respondents, the rise in staff costs reflected renewed growth of employment. Wages increased in the construction and wholesale & retail categories, but decreased in agriculture, industry and services.

Staff Costs

sa, >50 = inflation since previous month



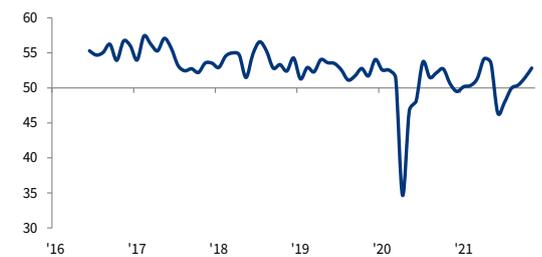
Output Prices



Ugandan companies raised their selling prices for the third successive month in November. Panellists reported that higher charges were generally reflective of the passing on of rising input costs to customers. Agriculture was the only sector to lower charges.

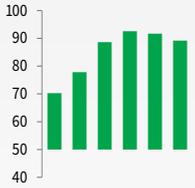
Output Prices

sa, >50 = inflation since previous month



Future Output

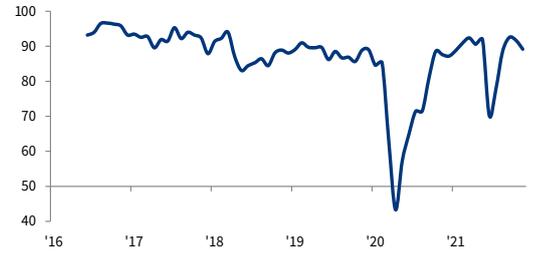
Last six months



The prospect of further improvements in new business volumes and customer numbers supported optimism among companies that output will increase over the coming year. More than 84% of respondents predicted that their activity would expand.

Future Output

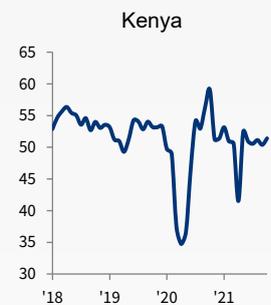
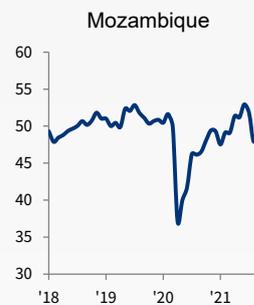
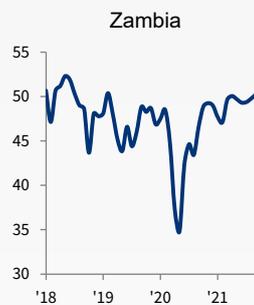
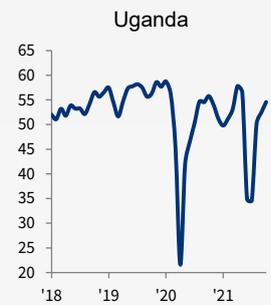
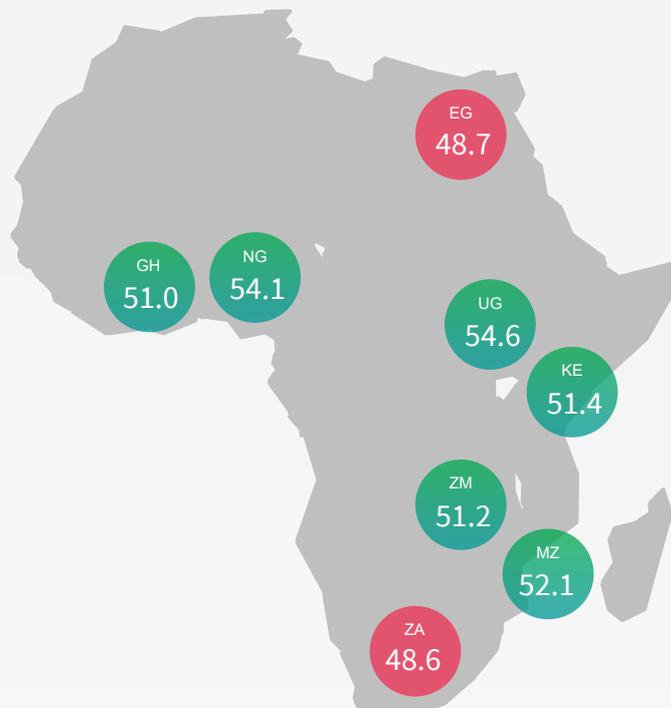
>50 = growth expected over next 12 months



Africa PMI

PMI, Oct '21

sa, >50 = improvement since previous month

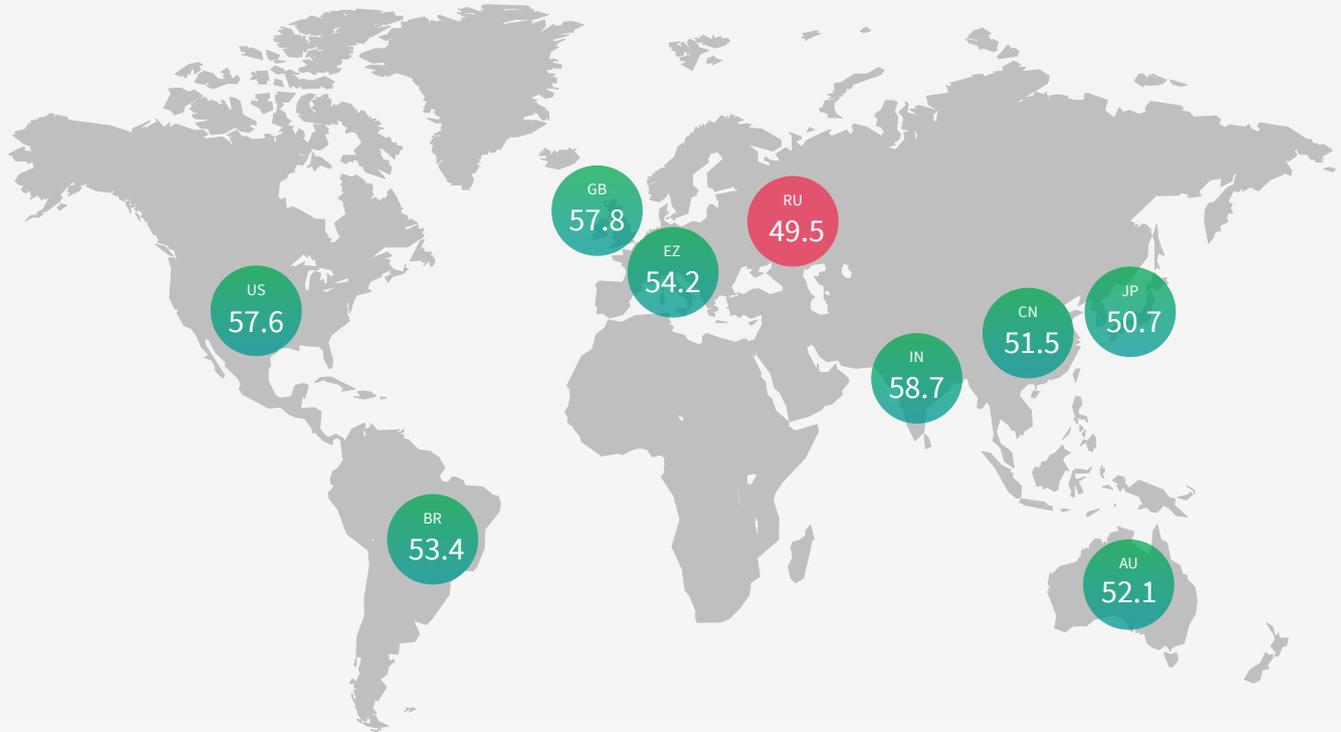


International PMI

Composite Output Index, Oct '21

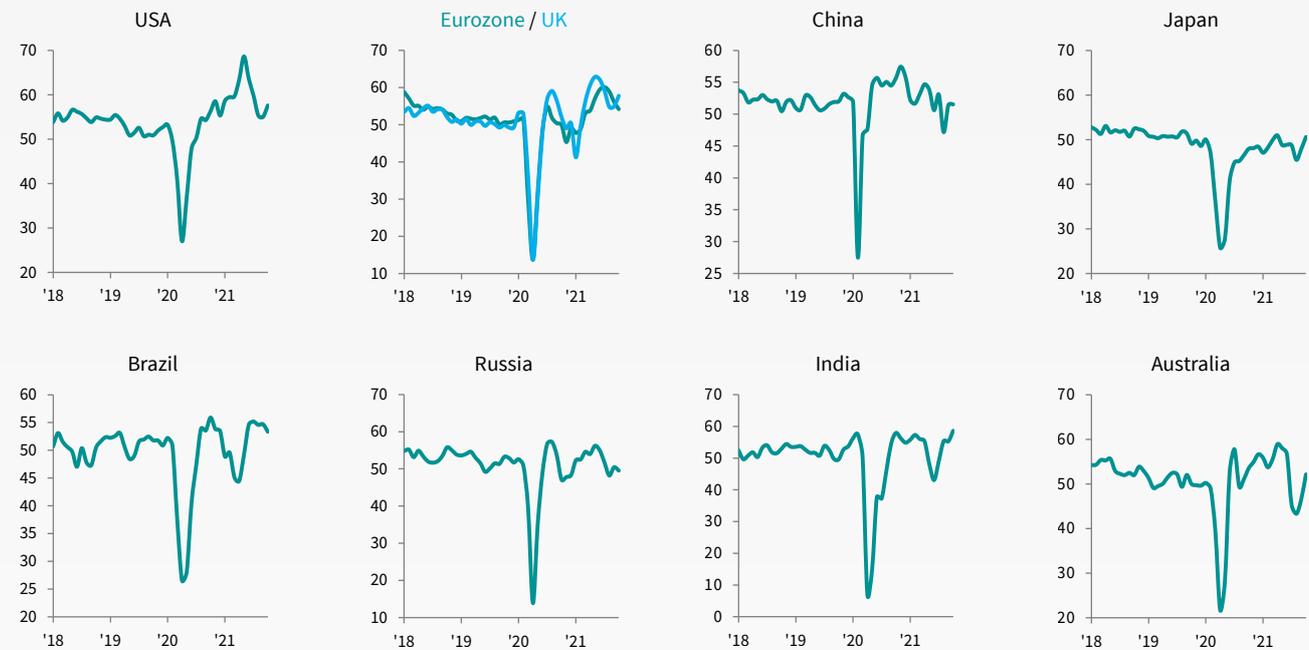
sa, >50 = growth since previous month

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.

November data were collected 12-29 November 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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IHS Markit (NYSE: INFO) is a world leader in critical information, analytics and 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 business and government customers, including 80 percent of the Fortune Global 500 and the world's leading financial institutions.

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