



# Stanbic Bank Uganda PMI™

## New order growth supports increases in employment and purchasing

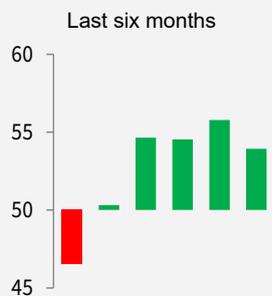
### Key findings

New business rises for fifth month running

Employment and input buying increase

Firms expect further growth in coming year

### 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.

November data signalled a further expansion of the Ugandan private sector, with output rising for the fifth month running. Meanwhile, ongoing new order growth supported job creation and higher purchasing. Confidence that new orders would continue to rise supported optimism in the 12-month outlook for output.

The headline PMI posted above the 50.0 no-change mark for the fifth consecutive month, signalling an improvement in business conditions. The reading of 53.9 in November was down from 55.8 in October, but still

above the series average.

Output increased again as workloads continued to trend upwards following the easing of coronavirus disease 2019 (COVID-19) restrictions. The latest rise was the fifth in as many months. Four of the five broad sectors posted expansions in activity, the exception being construction.

New orders grew amid a return to more normal operating conditions. Despite this, firms were again able to keep on top of workloads, as evidenced by a fall in outstanding business.

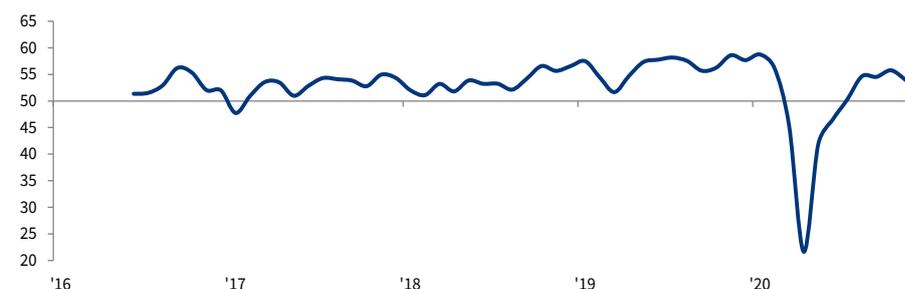
Rising new orders led to increases in both employment and purchasing activity in November. The expansion of input buying fed through to higher inventories, while suppliers worked to improve delivery times in order to keep hold of business.

Increases in prices for raw materials such as cement, food products and metal bars were reported midway through the final quarter. Higher transportation and staff costs were also signalled, leading to a rise in overall input prices.

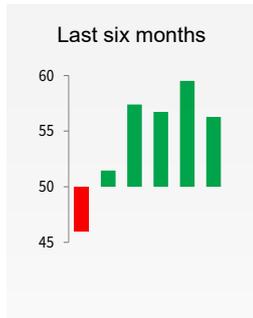
In turn, companies raised their own selling prices for the fifth month running.

Firms remained confident that business activity would increase over the coming year. Sentiment was centred on expectations that new order volumes would continue to improve.

PMI  
sa, >50 = improvement since previous month



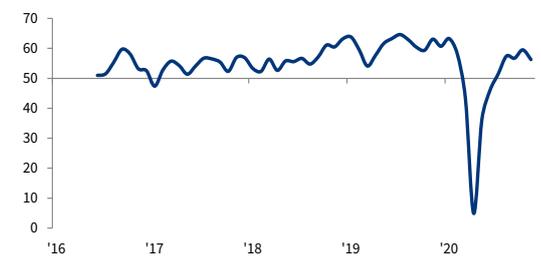
## Output



As has been the case in each of the past five months, business activity increased at companies in Uganda during November. Respondents indicated that workloads continued to trend upwards following the easing of COVID-19 restrictions. Four of the five monitored sectors posted increases in output, the only exception being construction.

### Output

sa, >50 = growth since previous month



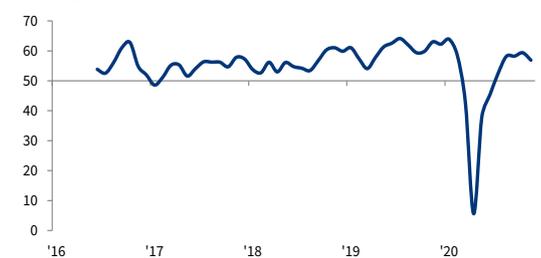
## New Orders



A return to more normal business conditions supported a further increase in new orders during November, the fifth in as many months. There were also some reports of greater new business related to the upcoming elections. As was the case with output, only the construction sector posted a fall in new orders.

### New Orders

sa, >50 = growth since previous month



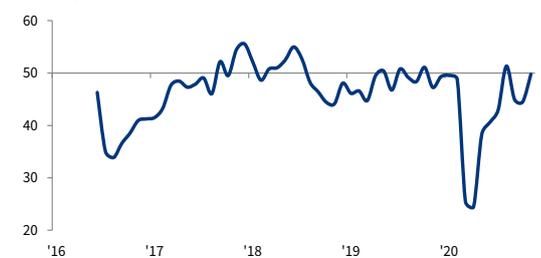
## New Export Orders



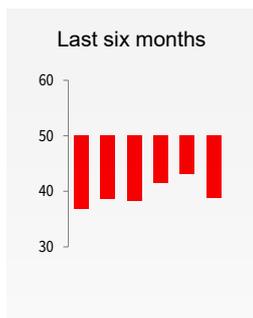
While total new business increased, new export orders in the Ugandan private sector ticked down midway through the final quarter of the year. New business from abroad has now decreased in three successive months.

### New Export Orders

sa, >50 = growth since previous month



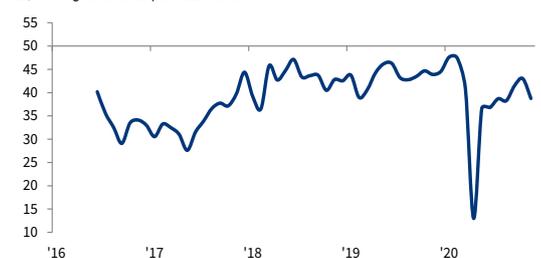
## Backlogs of Work



Despite ongoing growth of new orders, firms were again able to keep on top of workloads, as evidenced by a further reduction in outstanding business. Some respondents indicated that they had been able to complete all of their backlogs during the month.

### Backlogs of Work

sa, >50 = growth since previous month



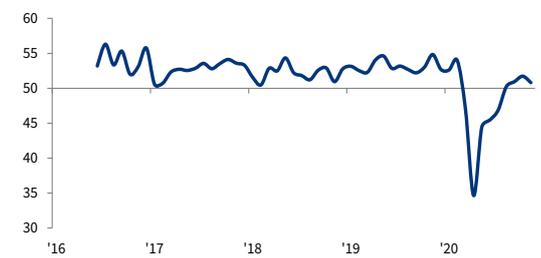
## Employment



Companies in Uganda increased their employment for the fourth month running in November. Anecdotal evidence suggested that higher new orders was the main factor leading to job creation. Staffing levels rose in the construction and services sectors, but fell in agriculture, industry and wholesale & retail.

### Employment

sa, >50 = growth since previous month



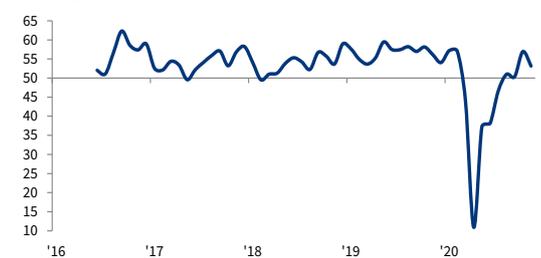
## Quantity of Purchases



November data pointed to an increase in purchasing activity in the Ugandan private sector, extending the current sequence of growth to four months. Where a rise in input buying was registered, panellists mainly linked this to higher new orders.

### Quantity of Purchases

sa, >50 = growth since previous month



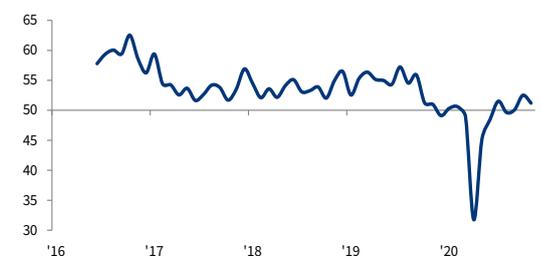
## Suppliers' Delivery Times



Suppliers' delivery times shortened for the third successive month, with companies indicating that their vendors had been keen to deliver quickly in order to keep hold of business. On the other hand, there were some reports that delays at the border and a scarcity of materials had led to longer delivery times.

### Suppliers' Delivery Times

sa, >50 = faster times since previous month



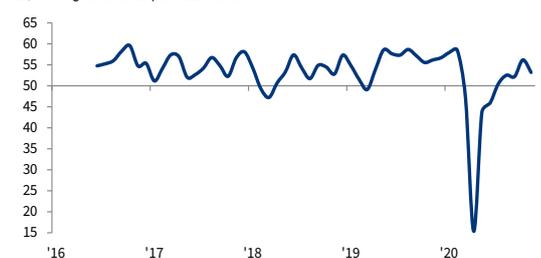
## Stocks of Purchases



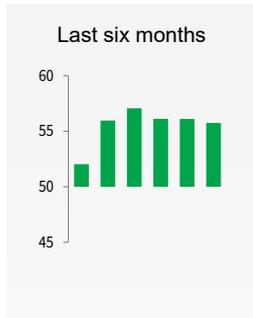
Rising purchasing activity and a desire to hold more stock due to higher demand led to a further accumulation of inventories in November. Stocks of purchases increased for the fifth consecutive month.

### Stocks of Purchases

sa, >50 = growth since previous month

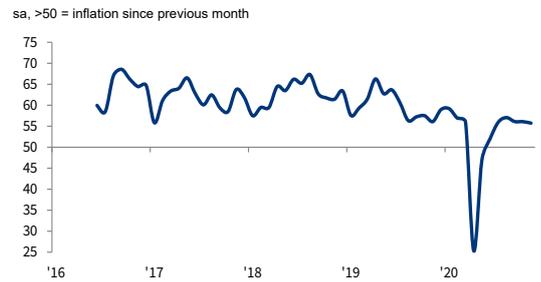


## Overall Input Prices

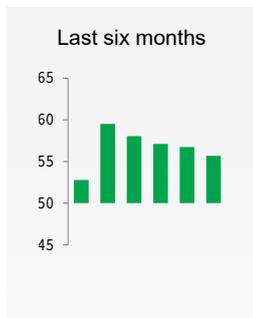


Overall input costs increased for the sixth successive month in November. Data showed that rises in purchase prices and staff costs contributed to overall inflation, while panellists also reported higher transportation and electricity costs. All five monitored sectors posted increases in overall input prices.

### Overall Input Prices

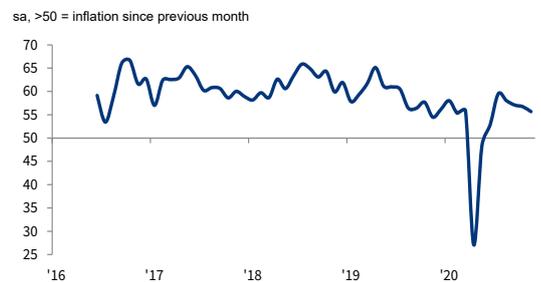


## Purchase Prices



As has been the case in each of the past six months, purchase costs increased during November. Among the items reported to have risen in price over the month were cement, food products and metal bars. Agriculture bucked the wider trend by posting a fall in purchase costs.

### Purchase Prices

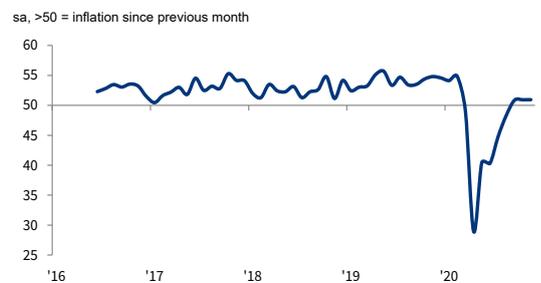


## Staff Costs



Ugandan companies recorded a rise in staff costs during November, the third in as many months. Higher wages and salaries were noted in the construction, services and wholesale & retail sectors, while falls were seen in agriculture and industry. Anecdotal evidence suggested that higher staff costs generally reflected increasing workforce numbers.

### Staff Costs

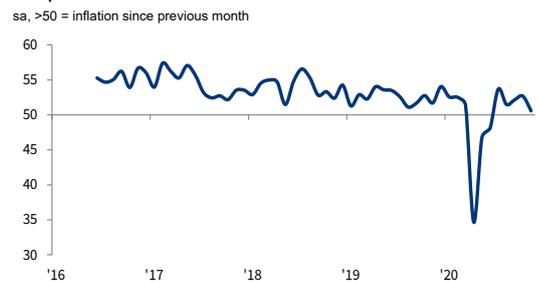


## Output Prices

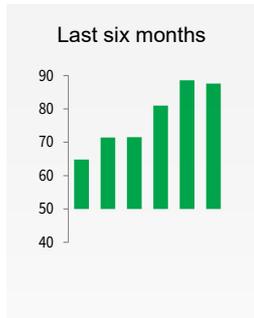


In line with the trend in input costs, Ugandan firms also reported a rise in selling prices in November. Charges have now increased in each of the past five months. Output prices were raised in the agriculture, construction and wholesale & retail sectors, but decreased in industry and services.

### Output Prices



## Future Output



Companies generally expect new business to continue to expand over the coming year, supporting optimism in the 12-month outlook for activity. Close to 81% of respondents expressed positive sentiment, against just 6% that were pessimistic.

### Future Output

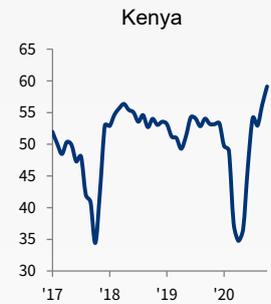
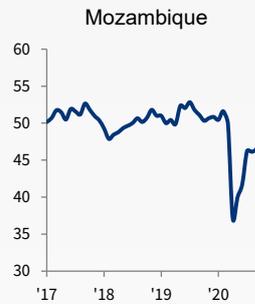
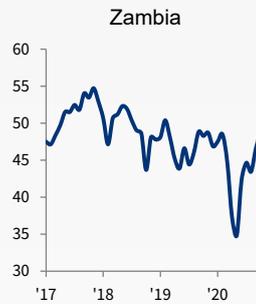
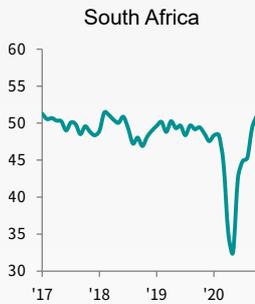
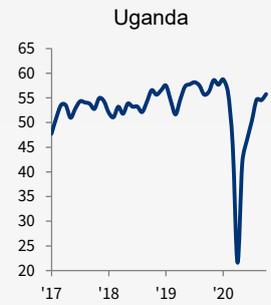
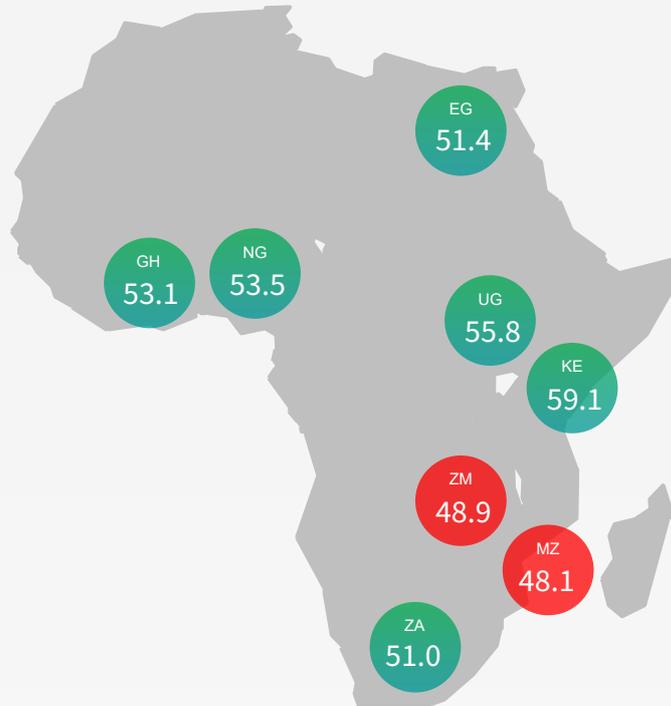
>50 = growth expected over next 12 months



## Africa PMI

### PMI, Oct '20

sa, >50 = improvement since previous month

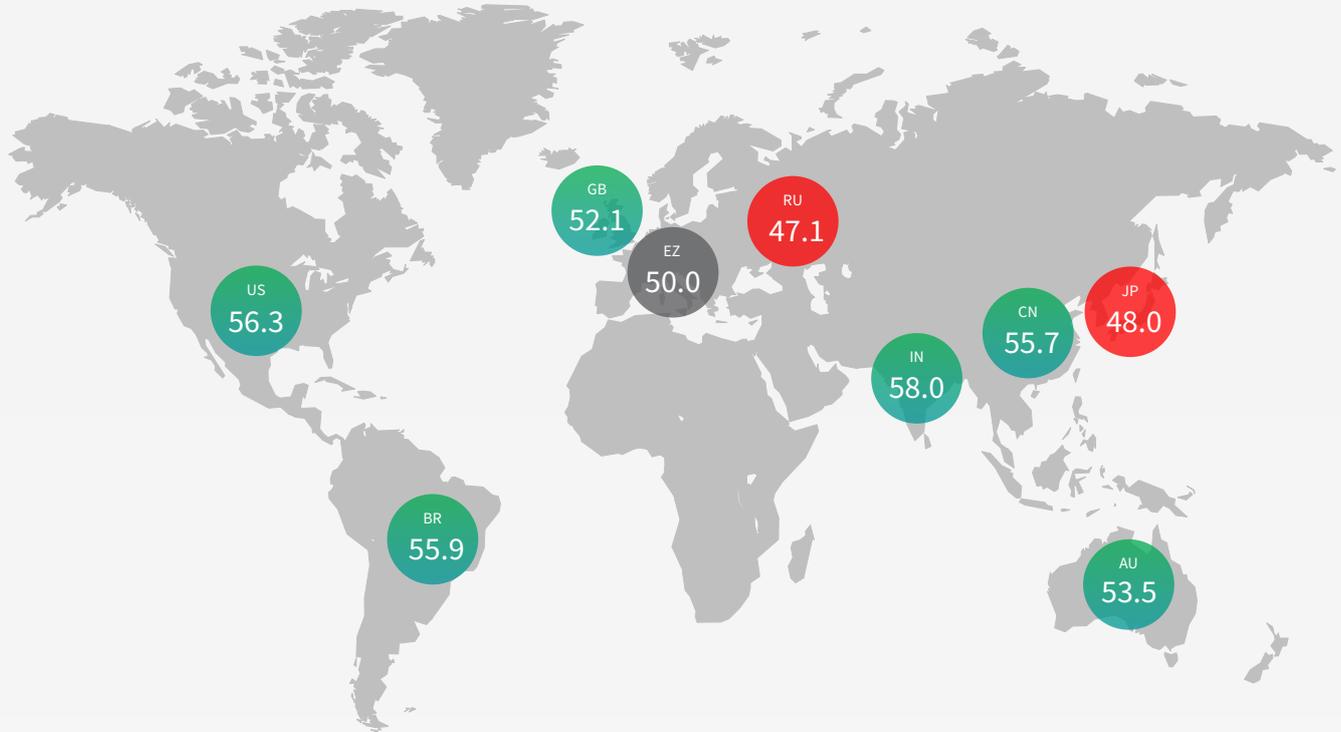


## International PMI

### Composite Output Index, Oct '20

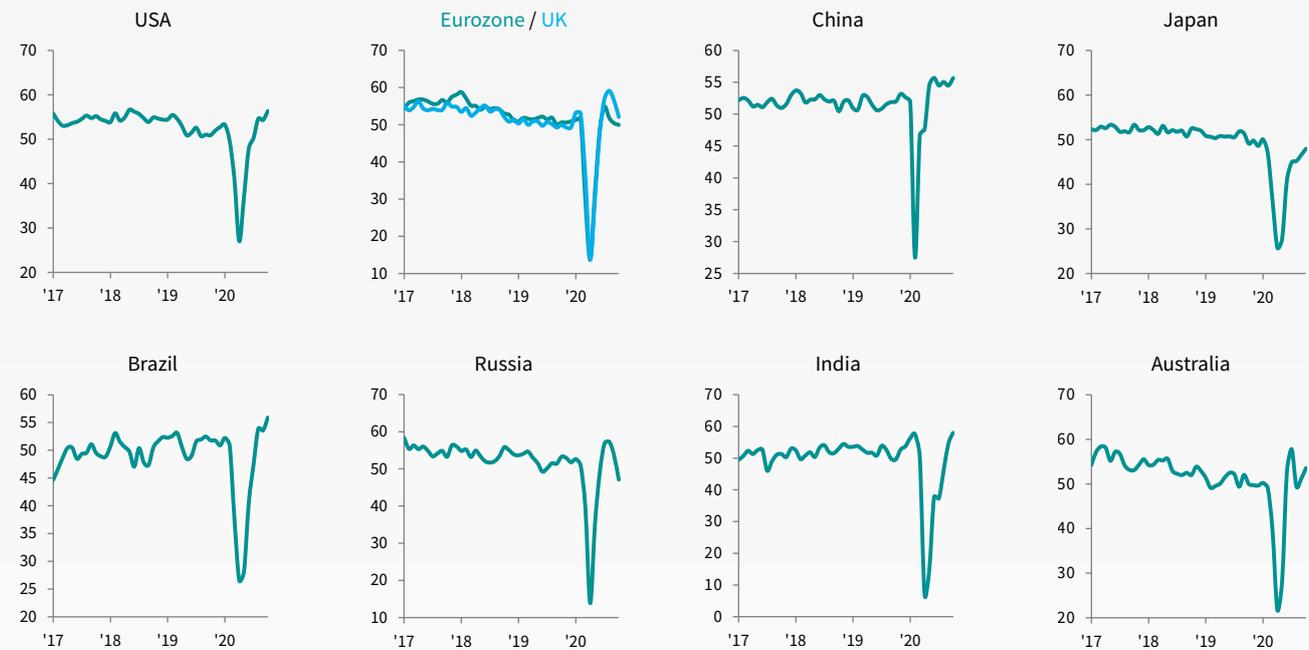
sa, >50 = growth since previous month

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 12-27 November 2020.

For further information on the PMI survey methodology, please contact [economics@ihsmarkit.com](mailto: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](https://ihsmarkit.com/products/pmi.html)

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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)

## About IHS Markit

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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