

# Stanbic Bank Uganda PMI™

## Output and new orders rise as demand improves

### Key findings

Continued growth of output and new orders

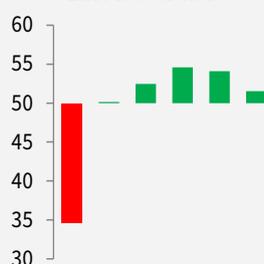
Employment decreases

Input costs and selling prices increase

### Uganda PMI



Last six months



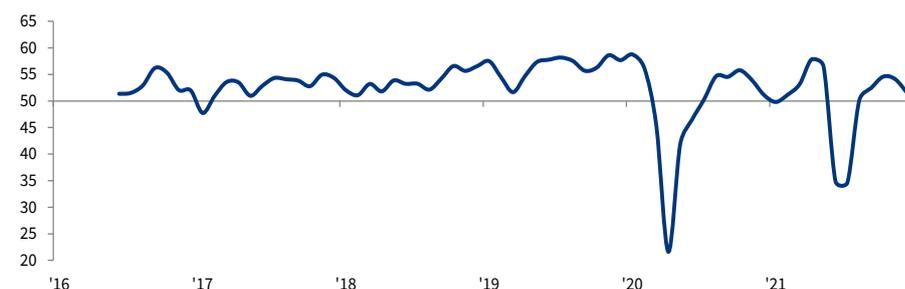
This report contains the latest analysis of data collected from the monthly survey of business conditions in the Ugandan private sector. The survey, sponsored by Stanbic Bank and produced by IHS Markit, has been conducted since June 2016 and covers the agriculture, industry, construction, wholesale &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

The final month of 2021 saw further increases in output and new orders in the Ugandan private sector as demand continued to improve. That said, employment decreased following a rise in November and price pressures were evident again.

The headline PMI fell to 51.5 in December, down from 54.1 in November. Although pointing to a fifth successive improvement in business conditions in the private sector, the latest figure was below the average since the series began in June 2016.

PMI  
sa, >50 = improvement since previous month



Rising customer numbers amid improving demand resulted in increases in both output and new orders during December, in each case for the fifth month running. Activity expanded in the agriculture, services and wholesale & retail sectors, but declined in construction and industry.

In turn, firms expanded their purchasing activity again, feeding through to another rise in stocks of inputs. Firms were aided in their efforts to build inventories by shorter delivery times from suppliers.

On a less positive note, employment dropped in December after having risen for the first time in six months during November. Some firms indicated that they had reduced staffing levels in order to limit costs. Data suggested this had the desired effect as staff costs decreased in December.

Away from labour expenses, however, costs continued to rise. Respondents linked higher input prices to a range of factors, most notably increases in costs for cement, electricity, food, fuel and stationery.

A positive demand environment enabled companies to pass on higher input costs to customers, resulting in a fifth consecutive monthly increase in selling prices.

The prospect of further improvements in new orders supported confidence among companies that business activity will expand over the course of 2022. Exactly 83% of respondents were optimistic.

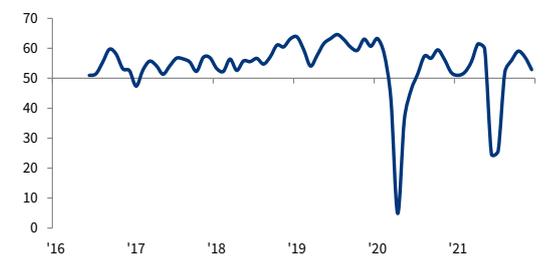
## Output



Ugandan companies posted a rise in output for the fifth successive month during December, with increases in activity generally reflecting higher customer numbers and improving demand. That said, there were some suggestions that price rises had limited growth. Activity increased in the agriculture, services and wholesale & retail sectors, but decreased in construction and industry.

### Output

sa, >50 = growth since previous month



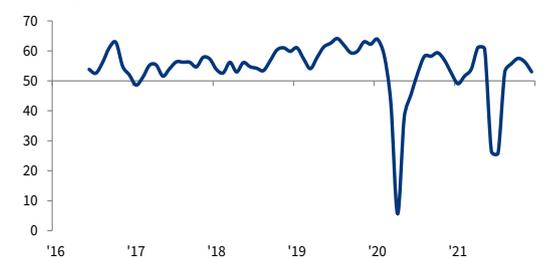
## New Orders



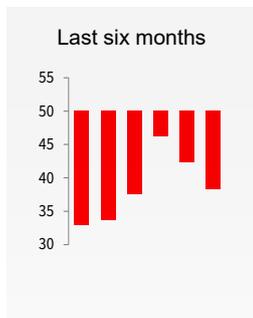
December data pointed to a further rise in new orders in the Ugandan private sector, extending the current sequence of expansion to five months. The ability of firms to secure new customers had been central to the rise in new business, according to respondents.

### New Orders

sa, >50 = growth since previous month



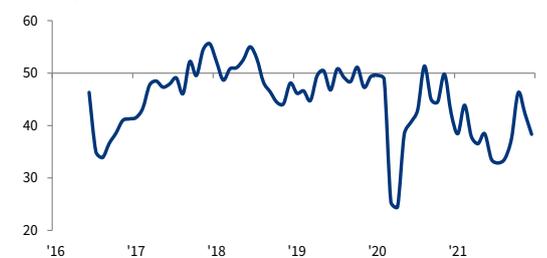
## New Export Orders



In contrast to the picture for total new business, new export orders continued to fall in the final month of 2021. New business from abroad has now decreased in 16 successive months.

### New Export Orders

sa, >50 = growth since previous month



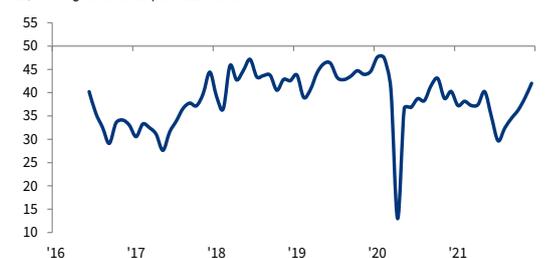
## Backlogs of Work



Although some respondents indicated that sustained new order growth had started to impart pressure on operating capacity in December, backlogs of work continued to fall during the month. All five monitored sectors posted reductions in outstanding business.

### Backlogs of Work

sa, >50 = growth since previous month



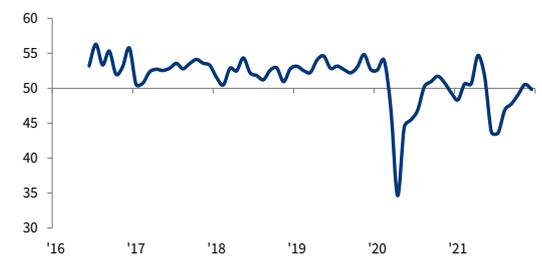
## Employment



Staffing levels dipped in the Ugandan private sector during December, after having risen for the first time in six months in November. Some panellists reduced staffing levels to limit costs, outweighing hiring at other firms in response to higher new orders. Workforce numbers decreased in the industry, services and wholesale & retail categories.

### Employment

sa, >50 = growth since previous month



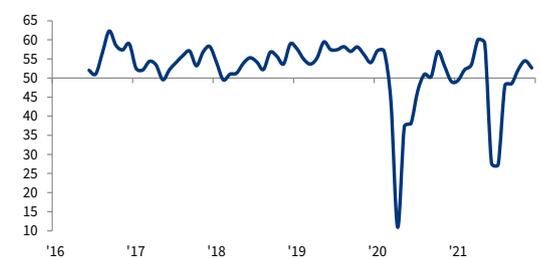
## Quantity of Purchases



Rising demand encouraged companies to expand their purchasing activity again in December. Input buying increased for the third successive month, with both the agriculture and wholesale & retail sectors signalling rises in purchasing at the end of the year.

### Quantity of Purchases

sa, >50 = growth since previous month



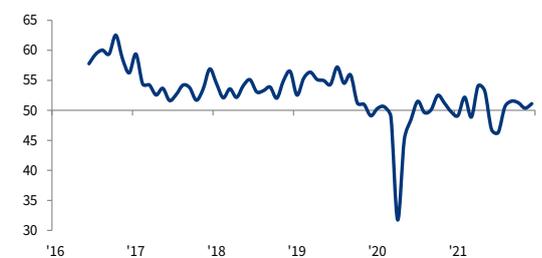
## Suppliers' Delivery Times



December data pointed to a further shortening of suppliers' delivery times, with vendor performance now having improved in five consecutive months. Around 8% of respondents noted shorter lead times, twice the proportion that saw their delivery times lengthen.

### Suppliers' Delivery Times

sa, >50 = faster times since previous month



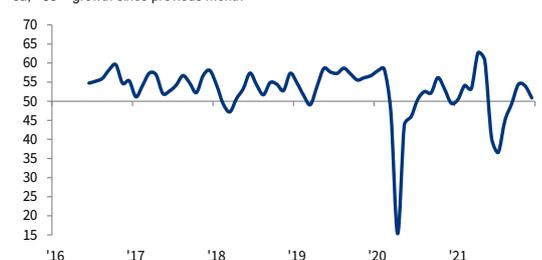
## Stocks of Purchases



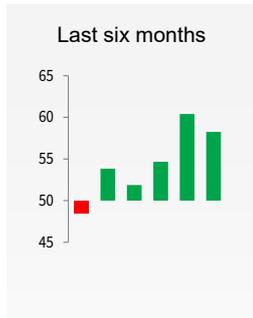
Rising purchasing activity in response to higher customer demand fed through to an accumulation of inventories during December. Stocks of purchases have now increased in each of the past three months.

### Stocks of Purchases

sa, >50 = growth since previous month



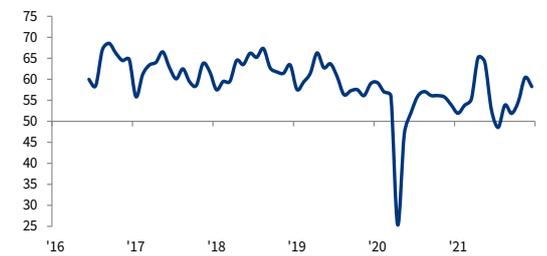
## Overall Input Prices



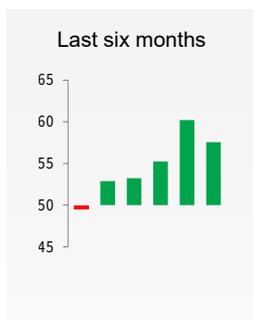
Companies in Uganda posted a fifth consecutive monthly rise in overall input costs during December. There were widespread reports of increases in electricity and fuel prices, while underlying data signalled higher purchase costs. All five monitored sectors posted rises in overall input prices.

### Overall Input Prices

sa, >50 = inflation since previous month



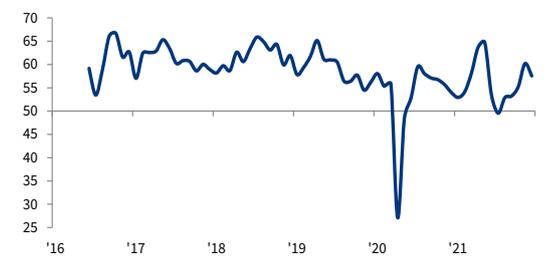
## Purchase Prices



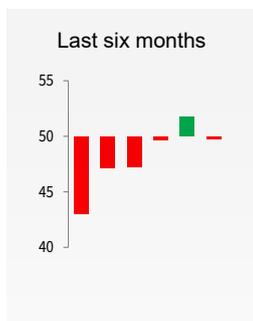
Higher prices for a range of materials including cement, food products, fuel and stationery reportedly drove ongoing purchase cost inflation at the end of 2021. Purchase prices have now increased in each of the past five months. Approximately 23% of respondents signalled a rise in purchase costs in December.

### Purchase Prices

sa, >50 = inflation since previous month



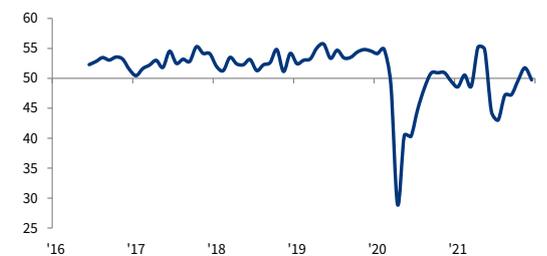
## Staff Costs



Staff costs decreased during December, after having increased for the first time in six months in November. Staff costs rose in the agriculture sector, but declines were signalled in construction, industry, services and wholesale & retail.

### Staff Costs

sa, >50 = inflation since previous month



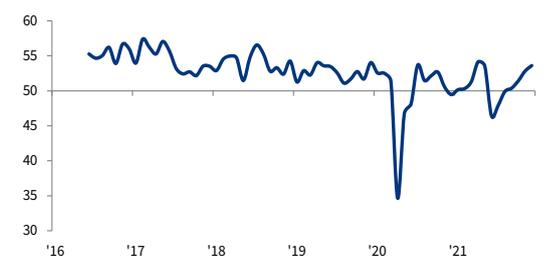
## Output Prices



Improving customer demand meant that companies had sufficient pricing power to pass on higher input costs to their clients in December. Charges have risen continuously since September. All five monitored categories registered increases in selling prices.

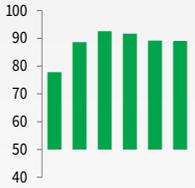
### Output Prices

sa, >50 = inflation since previous month



## Future Output

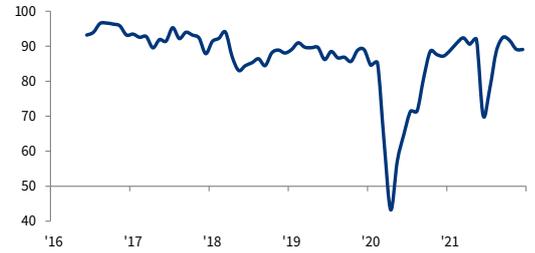
Last six months



Ugandan firms remained optimistic that output will increase over the coming year, with 83% of respondents expressing a positive outlook in December. Confidence generally reflected expectations of further improvements in new business.

Future Output

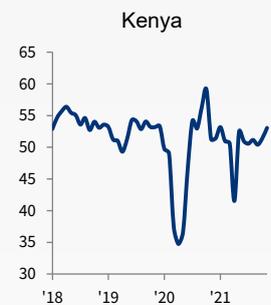
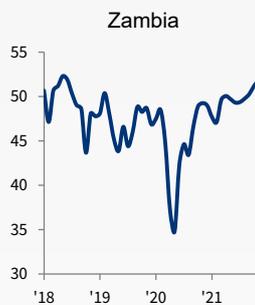
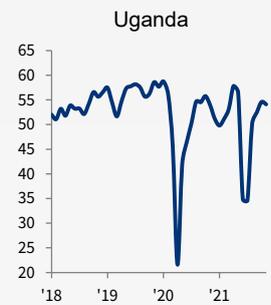
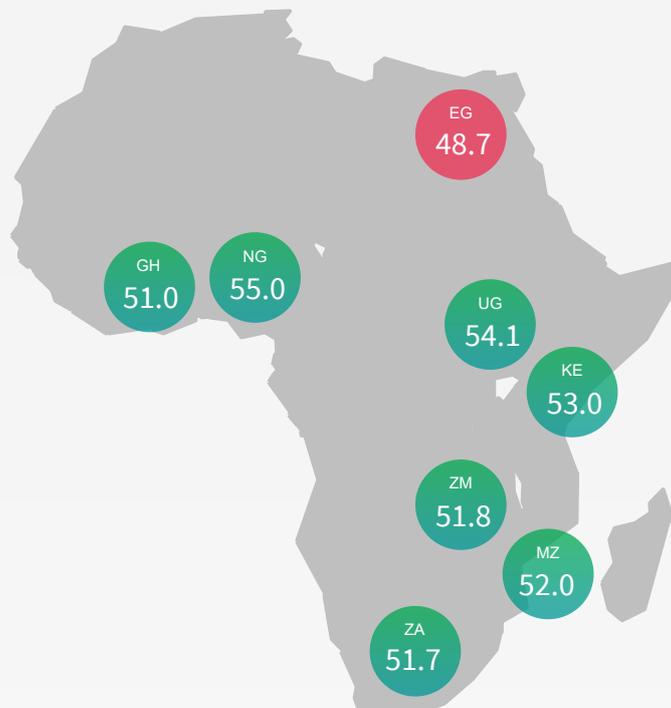
>50 = growth expected over next 12 months



## Africa PMI

PMI, Nov '21

sa, >50 = improvement since previous month

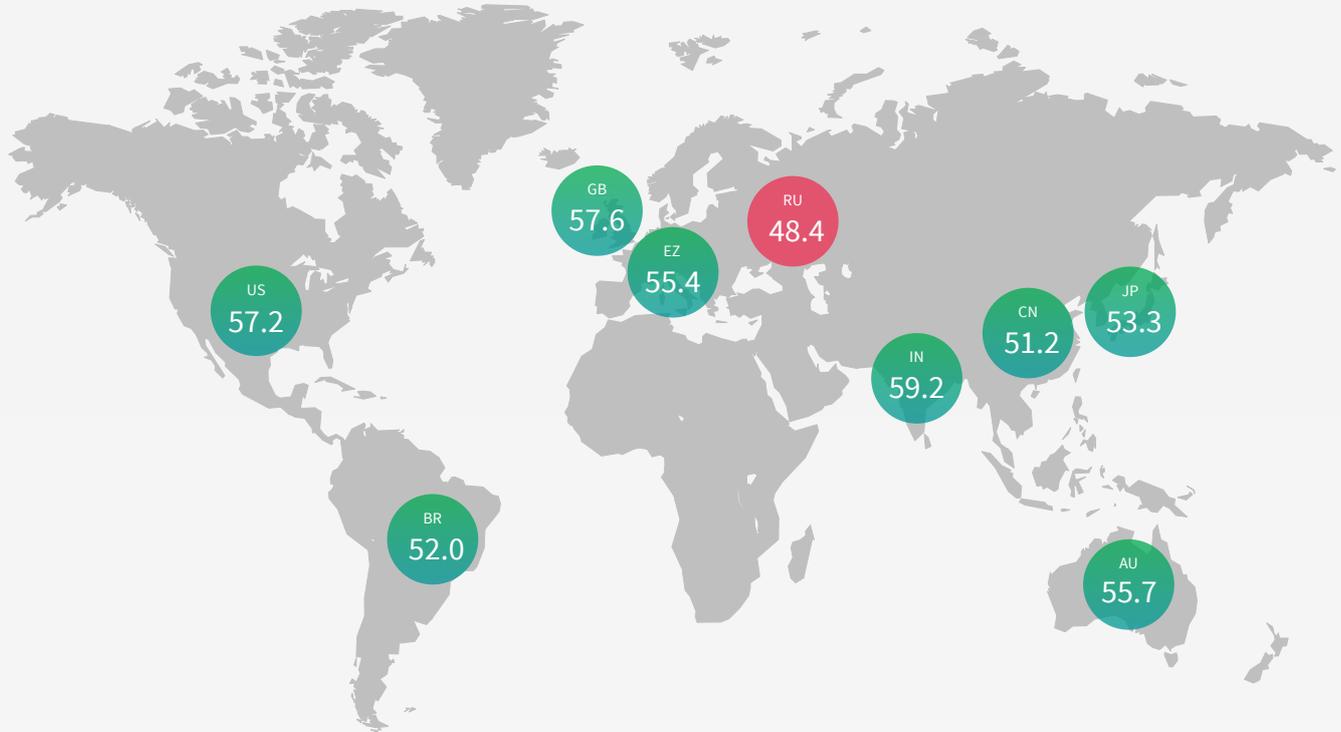


## International PMI

### Composite Output Index, Nov '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.

December data were collected 06-22 December 2021.

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)

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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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