



Stanbic Bank Uganda PMI™

Second successive expansion of new orders

Key findings

Rising new orders support further output growth

Firms optimistic of further increases in coming months

Higher purchase prices recorded

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.

Signs of a gradual return to normal getting underway supported further growth of the Ugandan private sector at the end of the first quarter of the year.

The headline PMI posted 53.2 in March, up from 51.2 in February and signalling an improvement in business conditions for the second month running. The latest reading was the highest since last November and just above the series average (52.9).

New orders increased for the second successive month, with a number of

respondents signalling a rise in customer numbers.

This expansion in new business, allied to signs of a return to a more normal economic environment and the reopening of schools, contributed to a ninth successive increase in output. All five broad sectors covered by the survey recorded growth of activity for the first time since last October.

Firms also remained optimistic regarding the 12-month outlook for output, with companies expecting further improvements in new business in coming months.

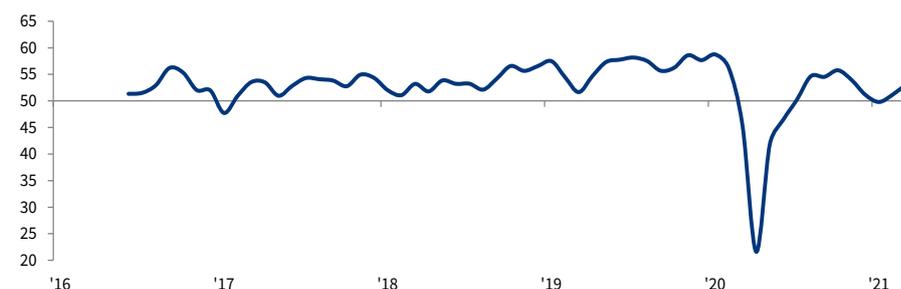
Increases in new orders led to rises in both employment and purchasing activity during March, in each case for the second month running. Although material shortages caused delays in the receipt of purchased items from suppliers, inventories increased for the third month in a row.

Higher purchase costs drove a rise in overall input prices, with increases in electricity and water charges also reported. A range of items contributed to the rise in purchase costs, including cement and various food products. In contrast to the picture for purchase prices, staff costs decreased.

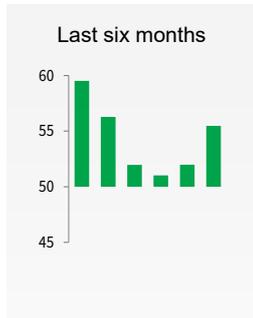
The passing on of higher input costs to customers meant that output prices were increased for the third consecutive month at the end of the first quarter.

PMI

sa, >50 = improvement since previous month



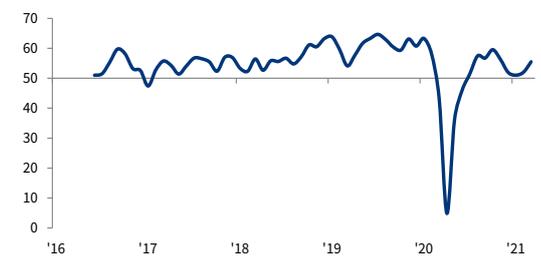
Output



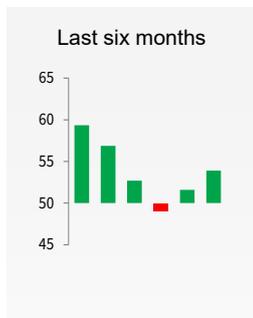
Ugandan companies posted a ninth successive rise in business activity during March. According to respondents, higher new orders, the reopening of schools and general signs of a return to more normal economic conditions supported growth. All five broad sectors posted higher output, the first time this has been the case since last October.

Output

sa, >50 = growth since previous month



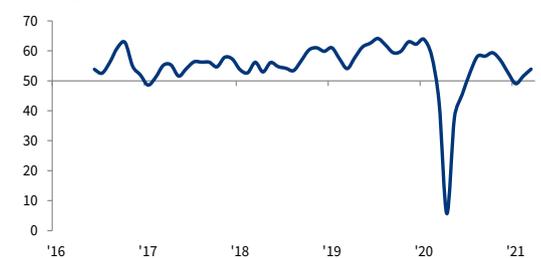
New Orders



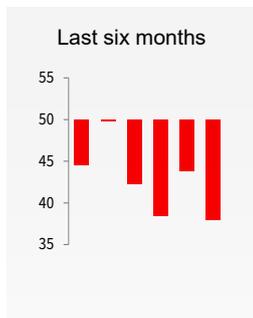
March data pointed to a second successive increase in new orders in the Ugandan private sector, with growth registered across all five of the sectors covered by the survey. A number of respondents indicated that they had secured new customers during the month.

New Orders

sa, >50 = growth since previous month



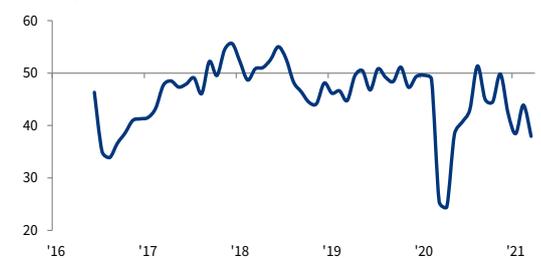
New Export Orders



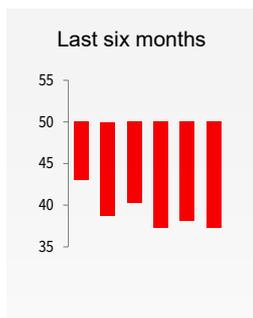
In contrast to the improving picture for total new business, international demand remained weak at the end of the first quarter of the year. New export orders have fallen in each of the past seven months.

New Export Orders

sa, >50 = growth since previous month



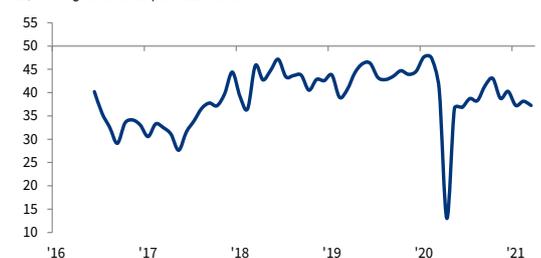
Backlogs of Work



Although new orders rose for the second month running in March, latest data suggested that spare capacity remained in the private sector. Backlogs of work have decreased in each month since the survey began in June 2016, with 38% of respondents signalling a decline in March.

Backlogs of Work

sa, >50 = growth since previous month



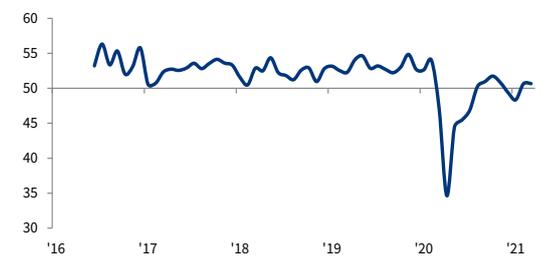
Employment



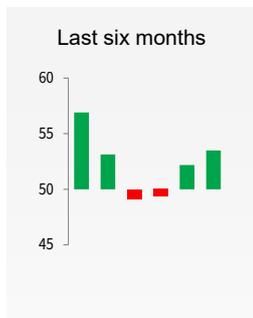
Rising workloads led to an increase in employment during March, the second in as many months following an equally long period of reduction around the turn of the year. Wholesale & retail was the only monitored sector to buck the wider trend and post a decrease in staffing levels at the end of the first quarter.

Employment

sa, >50 = growth since previous month



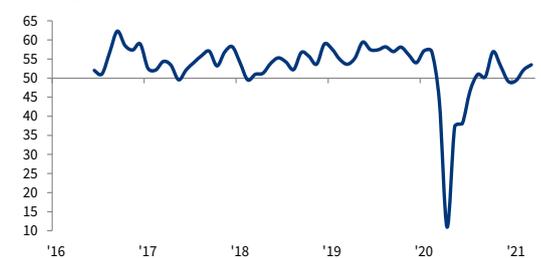
Quantity of Purchases



Ugandan companies raised their purchasing activity for the second month in a row during March, with more than 31% of panellists recording an increase. According to respondents, higher input buying was in line with an increase in new orders.

Quantity of Purchases

sa, >50 = growth since previous month



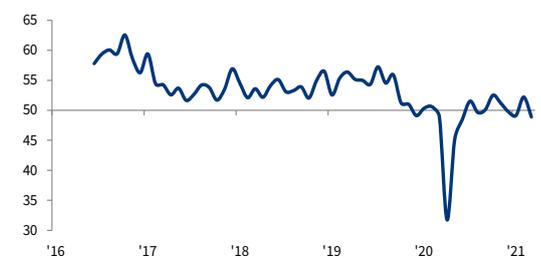
Suppliers' Delivery Times



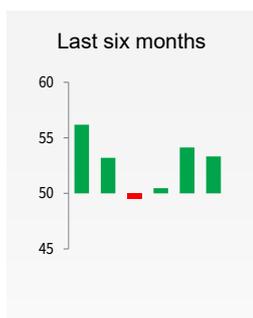
Suppliers' delivery times lengthened in March, the third time in the past four months in which this has been the case. A scarcity of raw materials was the principal cause of delivery delays. On the other hand, some firms indicated that competition among suppliers had led to an improvement in delivery times.

Suppliers' Delivery Times

sa, >50 = faster times since previous month



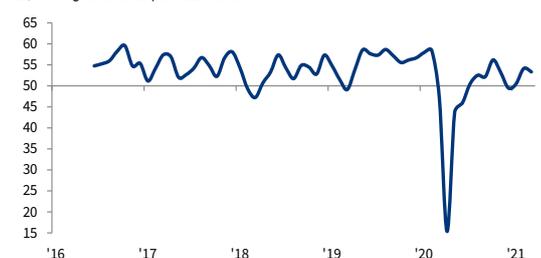
Stocks of Purchases



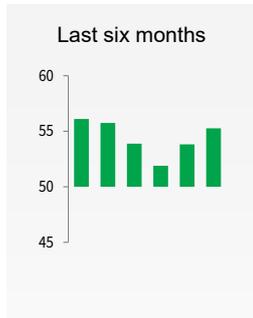
As has been the case in each of the past three months, stocks of purchases rose during March. Anecdotal evidence suggested that higher purchasing activity had driven the accumulation of inventories. Both the agriculture and wholesale & retail sectors posted increases in stocks of purchases.

Stocks of Purchases

sa, >50 = growth since previous month



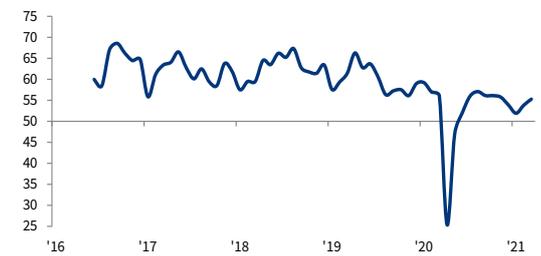
Overall Input Prices



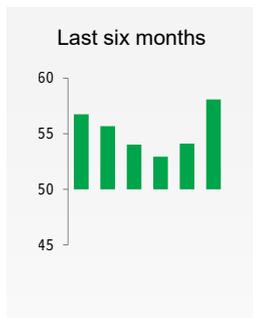
Overall input costs increased for the tenth successive month in March. Underlying data suggested that purchase price inflation had driven the overall rise as staff costs decreased. Meanwhile, there were reports of higher payments for electricity and water.

Overall Input Prices

sa, >50 = inflation since previous month



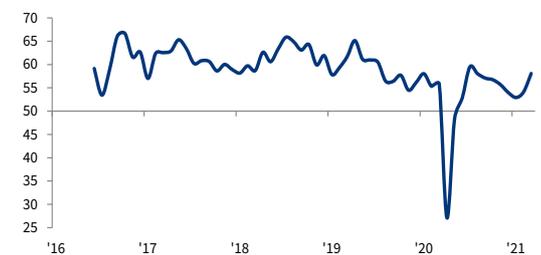
Purchase Prices



Companies again recorded a rise in purchase prices during March, extending the current sequence of inflation to ten months. Among the items reportedly up in price were a range of food products, cement and plastic bags. All five broad sectors saw purchase costs increase.

Purchase Prices

sa, >50 = inflation since previous month



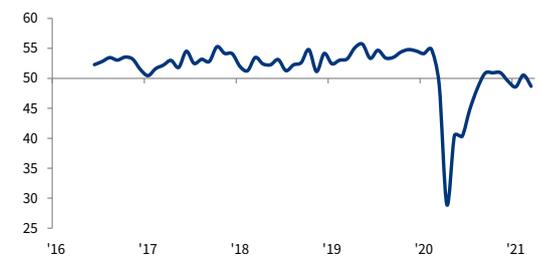
Staff Costs



Staff costs decreased for the third time in the past four months during March, with falls seen in the services and wholesale & retail sectors. That said, the vast majority of respondents (89%) kept their wages and salaries unchanged over the month.

Staff Costs

sa, >50 = inflation since previous month



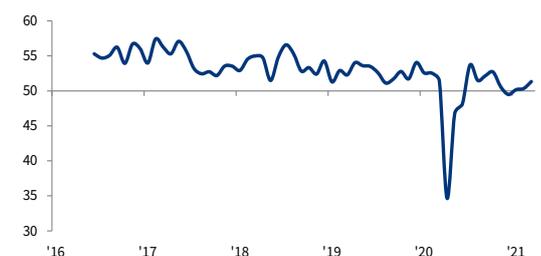
Output Prices



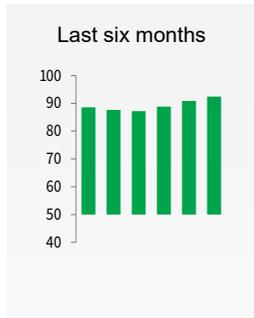
The passing on of higher input prices to customers resulted in an increase in output prices in Uganda's private sector. The rise was the third in as many months. Charges increased in the agriculture, industry, services and wholesale & retail sectors, but fell in construction.

Output Prices

sa, >50 = inflation since previous month



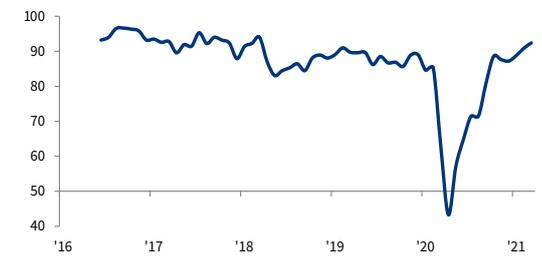
Future Output



Firms in Uganda remained optimistic that output will increase over the next 12 months. Some 88% of respondents predicted an expansion over the coming year, with just 3% expressing a pessimistic outlook. A number of respondents indicated that they expect new orders to ramp up in the coming months, leading to positive output projections. The reopening of schools was also predicted to support improvements in activity.

Future Output

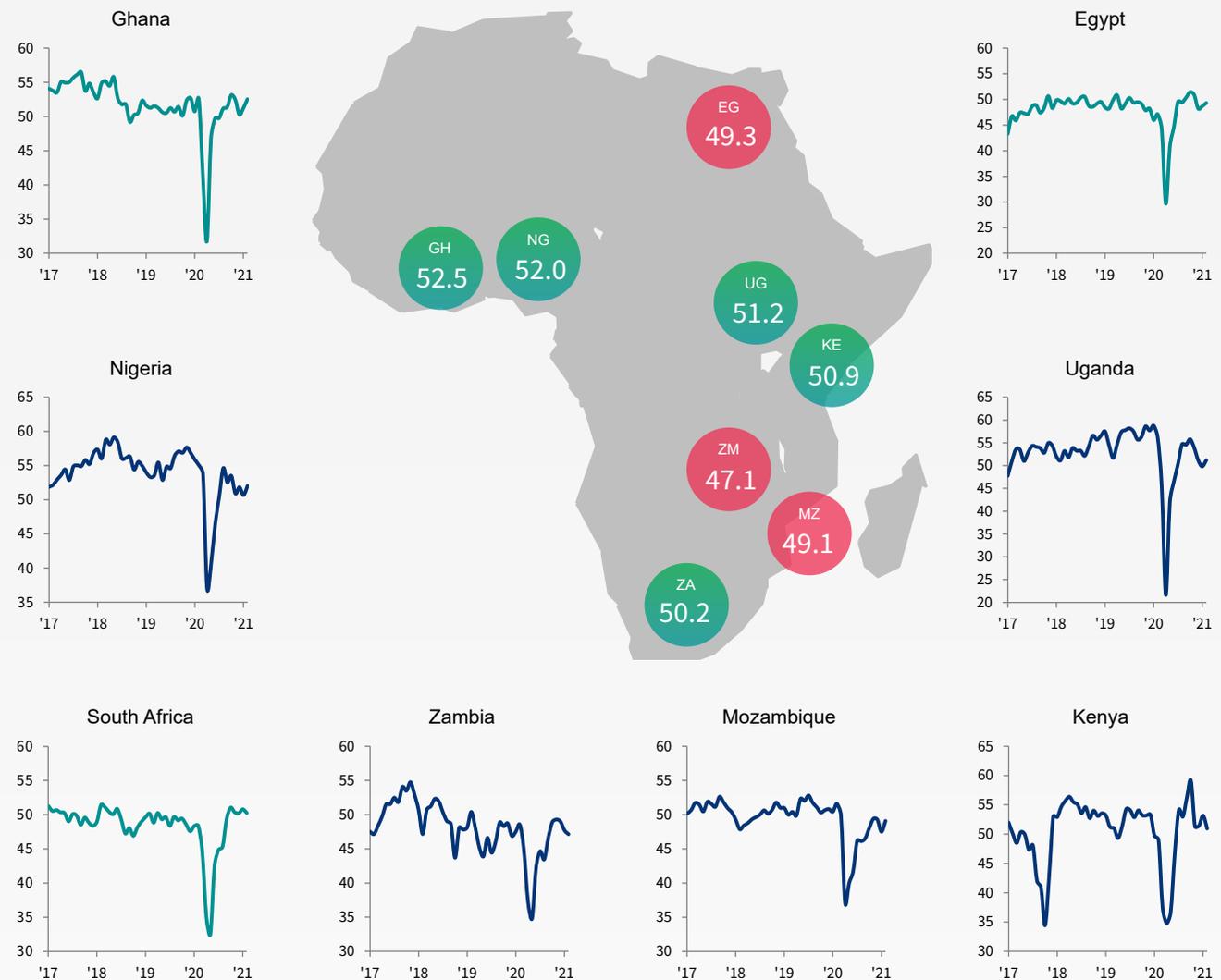
>50 = growth expected over next 12 months



Africa PMI

PMI, Feb '21

sa, >50 = improvement since previous month

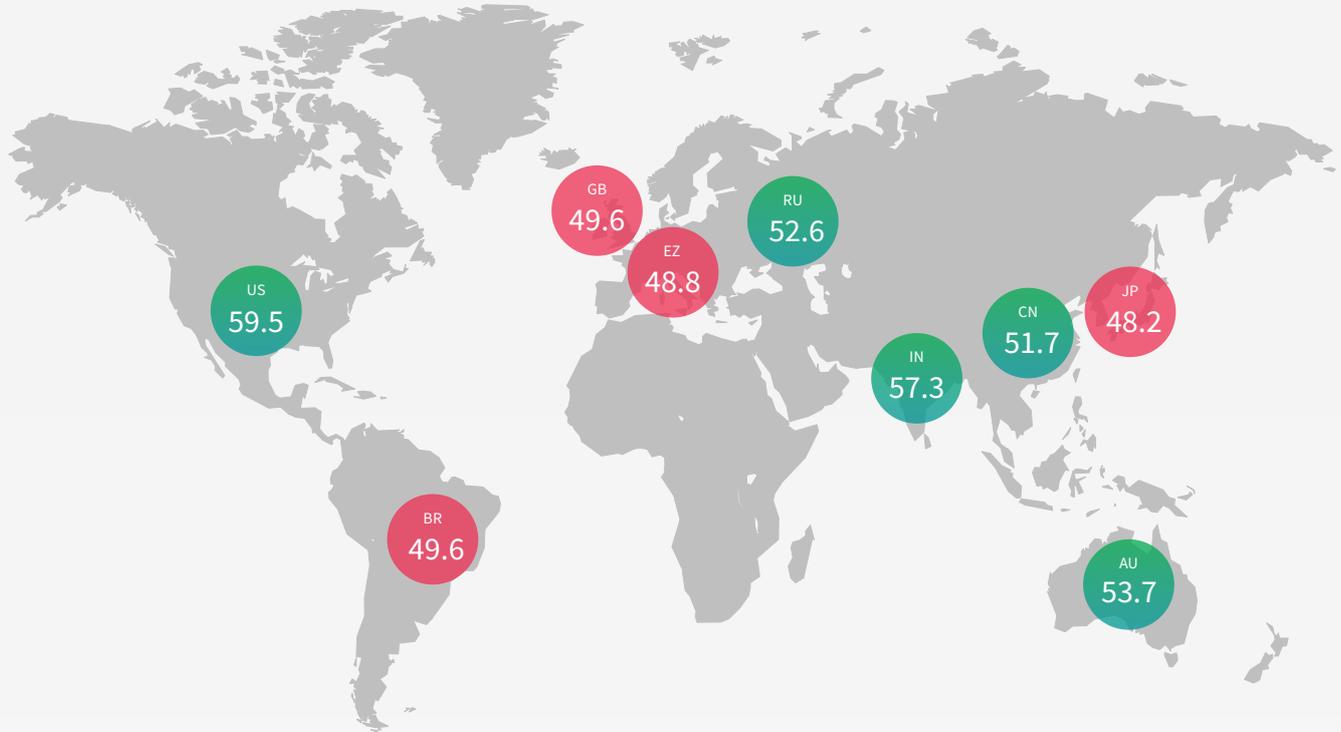


International PMI

Composite Output Index, Feb '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



Summary

sa, 50 = no change over previous month. *50 = no change over next 12 months.

	PMI	Output	New Orders	New Export Orders	Backlogs of Work	Employment	Quantity of Purchases	Suppliers' Delivery Times	Stocks of Purchases	Input Prices	Purchase Prices	Staff Costs	Output Prices	Future Output*
10 '20	55.8	59.5	59.4	44.5	43.0	51.7	56.9	52.5	56.2	56.1	56.7	50.9	52.7	88.6
11 '20	53.9	56.3	56.9	49.8	38.8	50.8	53.1	51.2	53.2	55.7	55.7	50.9	50.6	87.6
12 '20	51.2	52.0	52.7	42.3	40.2	49.4	49.1	49.8	49.5	53.9	54.0	49.5	49.5	87.2
01 '21	49.8	51.0	49.0	38.5	37.2	48.4	49.4	49.1	50.5	51.9	52.9	48.6	50.2	88.8
02 '21	51.2	52.0	51.6	43.9	38.1	50.6	52.2	52.2	54.1	53.8	54.1	50.5	50.3	90.9
03 '21	53.2	55.5	53.9	37.9	37.2	50.7	53.5	48.9	53.3	55.3	58.1	48.7	51.3	92.4

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.

March data were collected 12-30 March 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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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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