



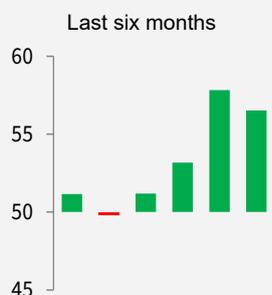
### Key findings

Output and new orders continue to grow

Extra staff hired to keep on top of workloads

Input costs and output prices rise

### Uganda PMI



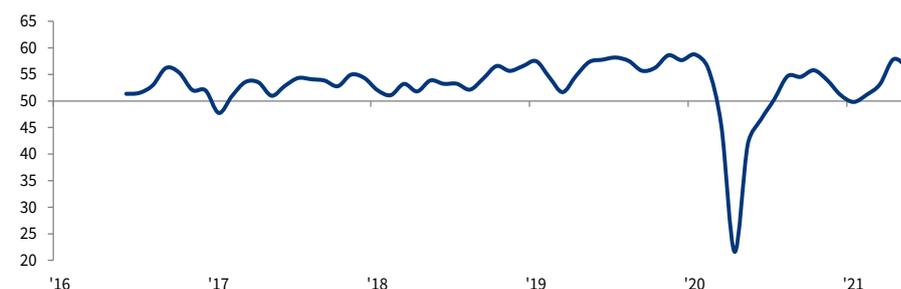
This report contains the latest analysis of data collected from the monthly survey of business conditions in the Ugandan private sector. The survey, sponsored by Stanbic Bank and produced by IHS Markit, has been conducted since June 2016 and covers the agriculture, industry, construction, wholesale &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

Growth was recorded again in the Ugandan private sector during May, with output, new orders and employment all rising over the course of the month. Firms remained confident that activity will expand further over the coming year.

The headline PMI posted 56.5 in May, down from April's reading of 57.8 but still above the 50.0 no-change mark. The latest reading was also higher than the average over the course of the five years of data collection so far.

PMI  
sa, >50 = improvement since previous month



A range of factors supported the latest rise in business activity, which was the eleventh in as many months. Panellists reported increases in sales amid higher client numbers, advertising work and good customer care.

New orders also expanded, with growth recorded across all five monitored sectors.

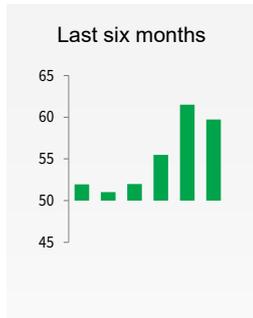
Despite ongoing increases in new orders, companies were able to keep on top of workloads and deplete backlogs. Efforts to ensure the timely completion of projects were helped by a fourth successive rise in staffing levels.

Firms also responded to improving client demand by expanding their purchasing activity and stocks of inputs. Meanwhile, supplier lead times shortened for the second month in a row as vendors speeded up deliveries to try and secure more work.

Input costs increased, with items such as cement, fuel, maize and metals reportedly up in price. Higher electricity and water charges were also recorded, alongside rising staff costs. In turn, companies raised their own selling prices, with improving customer demand enabling firms to increase their charges.

May saw continued optimism in the 12-month outlook for output as 88% of respondents predicted an expansion. Confidence was generally centred on expectations of further rises in new orders.

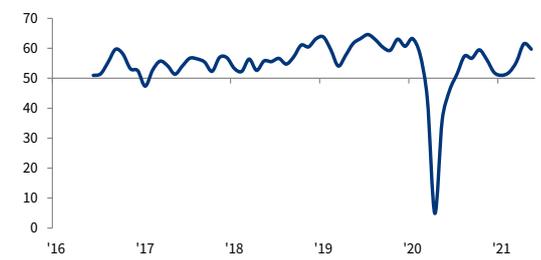
## Output



As has been the case in each of the past 11 months, private sector output rose in Uganda during May. Rising customer numbers, higher sales volumes, increased advertising activity and good customer care were all mentioned as factors supporting growth of output. All five monitored sectors saw activity rise midway through the second quarter.

### Output

sa, >50 = growth since previous month



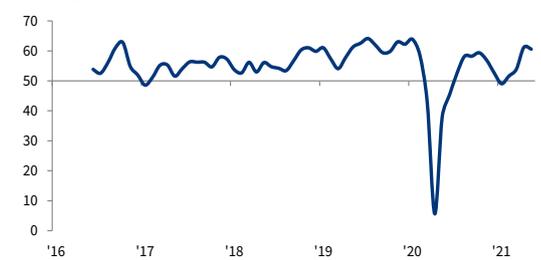
## New Orders



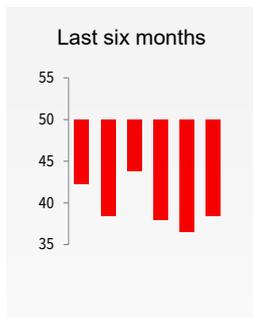
May data pointed to a fourth successive monthly rise in new orders at companies in Uganda. Greater customer numbers were widely mentioned, while stability in terms of the COVID-19 situation also helped firms to secure new orders. As was the case with output, new business increased across the agriculture, construction, industry, services and wholesale & retail categories.

### New Orders

sa, >50 = growth since previous month



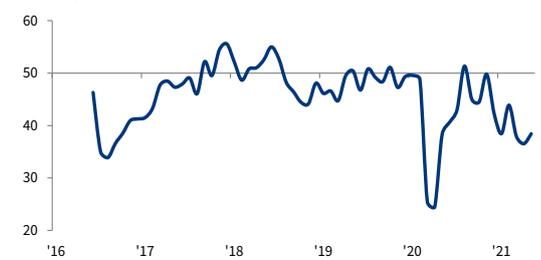
## New Export Orders



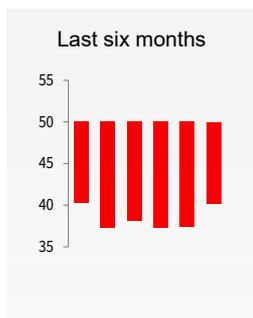
International restrictions related to the COVID-19 pandemic continued to hinder the ability of Ugandan companies to export their products during May. As a result, new export orders decreased for the ninth month running.

### New Export Orders

sa, >50 = growth since previous month



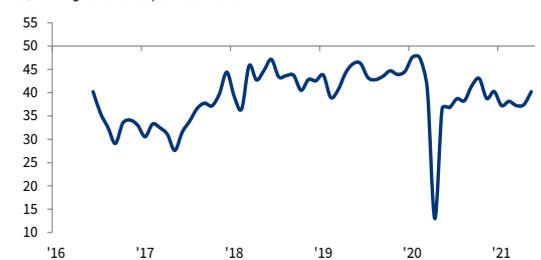
## Backlogs of Work



Despite new orders increasing again in May, companies in Uganda continued to signal sufficient capacity to keep on top of workloads. Backlogs of work have decreased throughout the five-year survey so far, with some firms indicating that they made conscious efforts to complete projects on time.

### Backlogs of Work

sa, >50 = growth since previous month



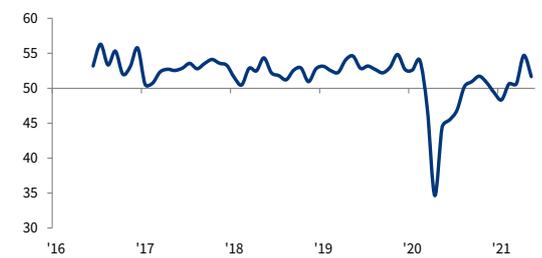
## Employment



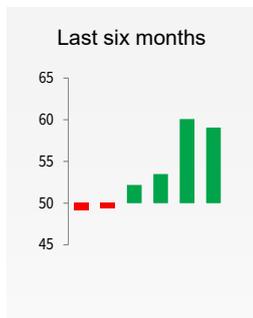
Ugandan companies increased their staffing levels in May, thereby extending the current sequence of job creation to four months. Industry was the only monitored sector to see employment drop over the month. Where workforce numbers were expanded, respondents generally linked this to higher new orders.

### Employment

sa, >50 = growth since previous month



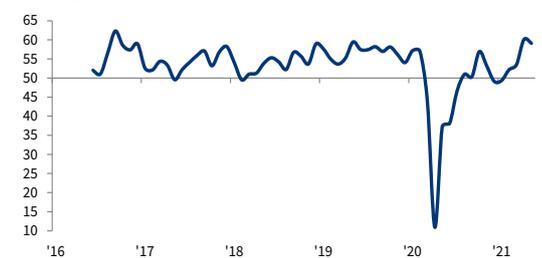
## Quantity of Purchases



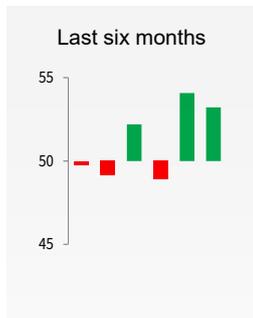
Purchasing activity continued to rise as firms responded to improving customer demand. Input buying increased for the fourth consecutive month. Sector data indicated that growth of input buying was broad-based.

### Quantity of Purchases

sa, >50 = growth since previous month



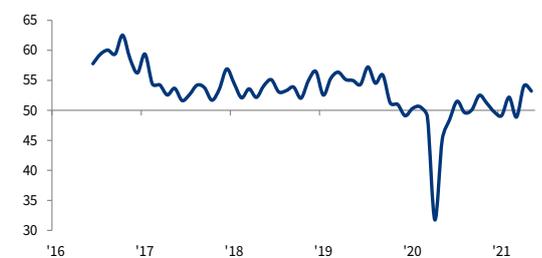
## Suppliers' Delivery Times



For the third time in the past four months, suppliers' delivery times shortened during May. Respondents indicated that a desire among suppliers to secure more business had encouraged them to speed up deliveries.

### Suppliers' Delivery Times

sa, >50 = faster times since previous month



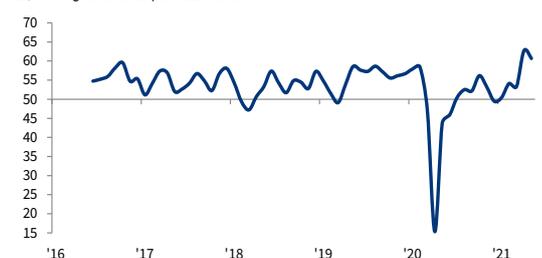
## Stocks of Purchases



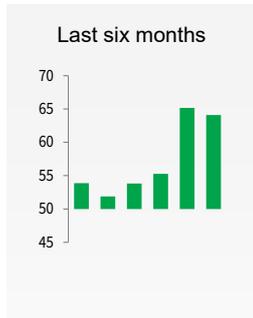
A rise in purchasing activity fed through to increased stock levels in May as companies in Uganda responded to greater demand. Inventories have now increased in five successive months.

### Stocks of Purchases

sa, >50 = growth since previous month

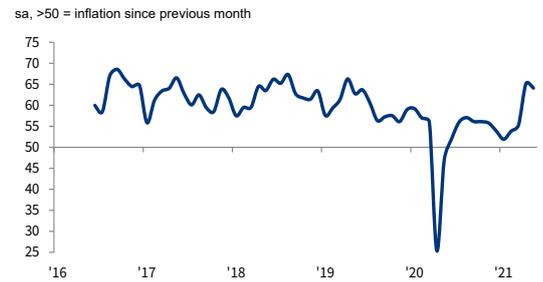


## Overall Input Prices

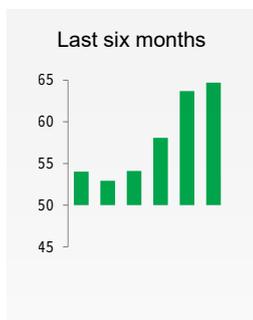


May data pointed to a further increase in overall input prices. Higher costs for purchases, staff, utilities such as electricity and water, and fuel all reportedly contributed to total cost inflation. Overall input prices rose across each of the five broad sectors covered by the survey.

Overall Input Prices

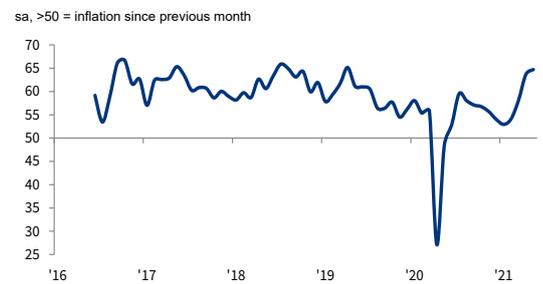


## Purchase Prices



There were widespread reports of higher purchase costs in May, with more than 30% of panellists signalling a rise over the month. A range of raw materials were reportedly up in price, including cement, metals, maize and other food products. Increased fuel costs were also mentioned.

Purchase Prices

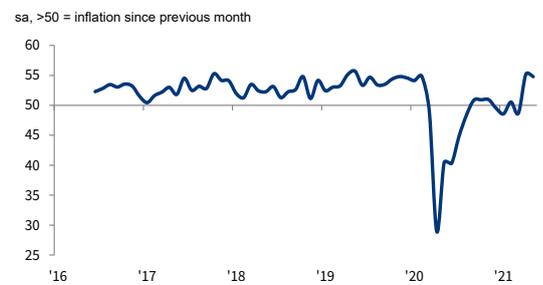


## Staff Costs

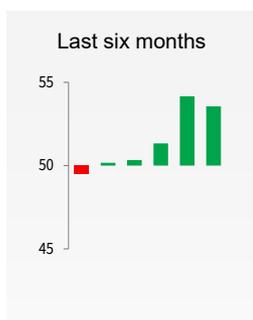


Ugandan companies recorded a rise in staff costs for the second month running in May. The hiring of additional workers was a key factor in the latest increase in employee pay, but higher wages for existing staff were also noted. Rising staff costs were seen across each of the five broad sectors.

Staff Costs

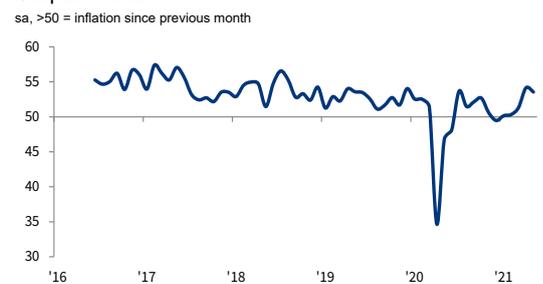


## Output Prices



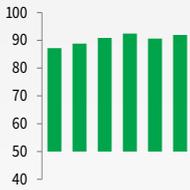
With input costs increasing, companies acted to raise their own selling prices to help protect profit margins. There were also reports that improving customer demand had granted firms a degree of pricing power. Output prices increased for the fifth month running, with only industry posting a fall.

Output Prices



## Future Output

Last six months



May data signalled continued optimism regarding the 12-month outlook for business activity. According to respondents, confidence was based on widespread expectations of increases in new orders. Some 88% of panellists predicted output to expand over the coming year, with just 4% pessimistic.

Future Output

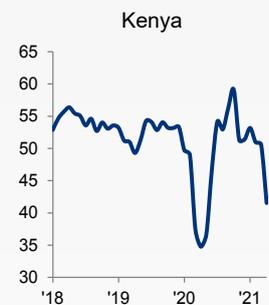
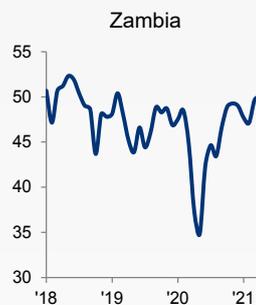
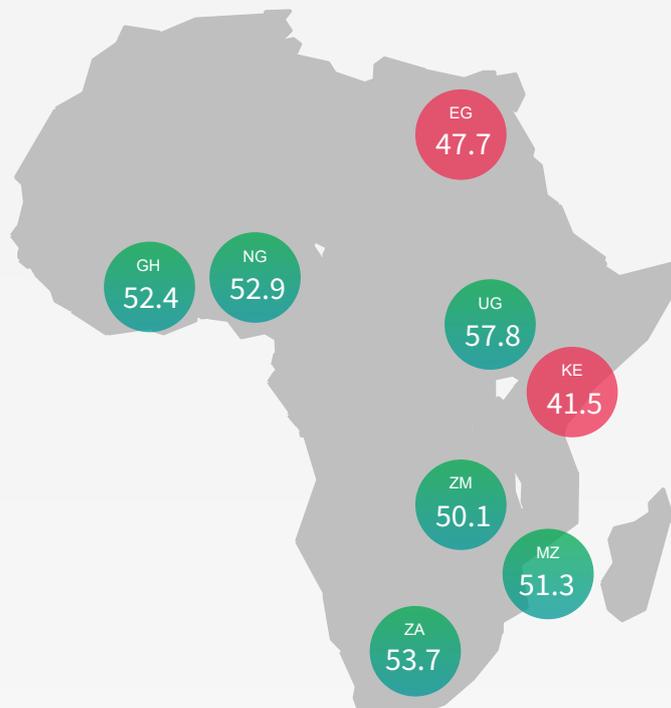
>50 = growth expected over next 12 months



## Africa PMI

PMI, Apr '21

sa, >50 = improvement since previous month

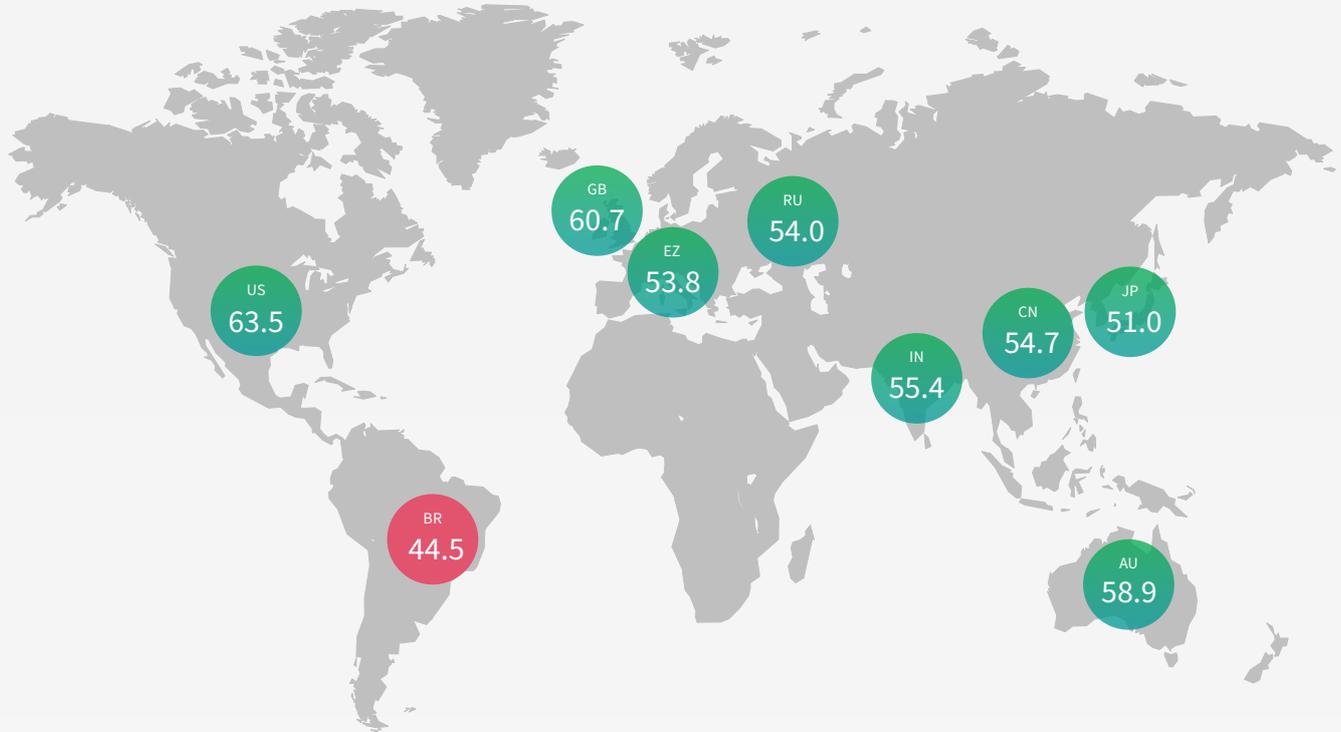


## International PMI

### Composite Output Index, Apr '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.

May data were collected 12-27 May 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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