



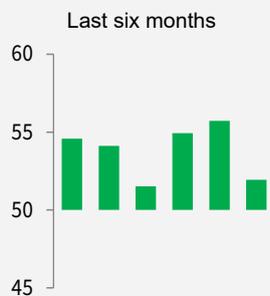
Key findings

Ongoing improvements in activity and new business

Higher fuel costs drive input prices up

Employment rises for third month running

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 S&P Global, 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.

Business conditions continued to improve at the end of the opening quarter of the year, with output, new orders and employment all rising again in March. That said, ongoing inflationary pressures were mentioned, and there were signs that this had acted to deter customers in some cases.

The headline PMI posted 51.9 in March, down from 55.7 in February but still signalling an improvement in business conditions. The health of the private sector has now strengthened in eight successive months, but the latest PMI reading was below the

series average.

The absence of restrictions related to the COVID-19 pandemic and signs of improving customer demand helped Ugandan firms to secure greater new order volumes and expand their business activity in March. That said, there were some reports that rising prices had acted to dampen demand somewhat.

Output increased across the industry, services and wholesale & retail sectors, but fell in agriculture and construction.

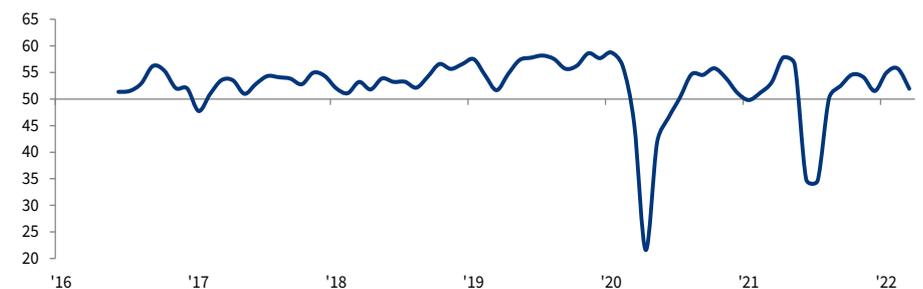
Higher prices were primarily the result of increases in purchase costs. In particular, fuel was widely reported to have risen in price, while there were also mentions of higher costs for cement, ink, paper, soap, sugar, transportation and utilities. In turn, companies raised their own selling prices for the seventh month running.

Further increases in employment, purchasing activity and inventories were recorded in response to higher new orders, helping companies to keep on top of workloads and deplete outstanding business.

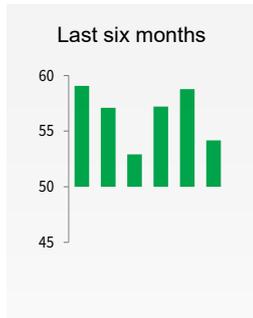
Companies remained optimistic that output will increase over the coming year, with close to 79% of firms expressing a positive outlook. According to respondents, confidence reflected expected growth of new orders and hopes of greater stability in economic conditions and commodity prices.

PMI

sa, >50 = improvement since previous month



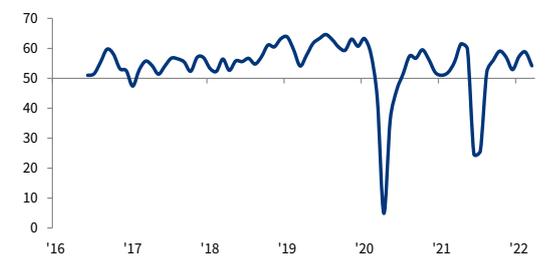
Output



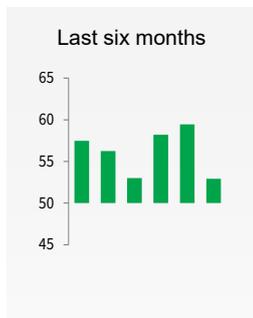
Business activity continued to rise in the Ugandan private sector during March, thereby extending the current sequence of expansion to eight months. Where output increased, panellists linked this to improving customer demand and the absence of restrictions related to the COVID-19 pandemic. That said, there were some reports of price pressures acting to dampen demand. Output rose in the industry, services and wholesale & retail sectors, but fell in agriculture and construction.

Output

sa, >50 = growth since previous month



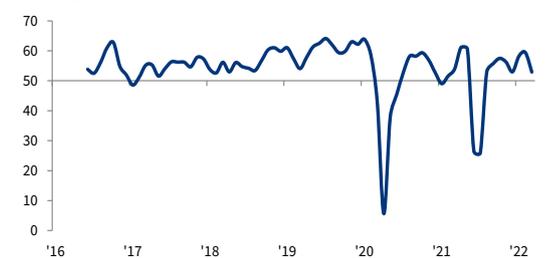
New Orders



Advertising efforts, good quality products and demand improvements all acted to support a further increase in new orders during March. New business has now risen in eight successive months. As was the case with output, however, there were some signs that customers were finding it more difficult to finance orders.

New Orders

sa, >50 = growth since previous month



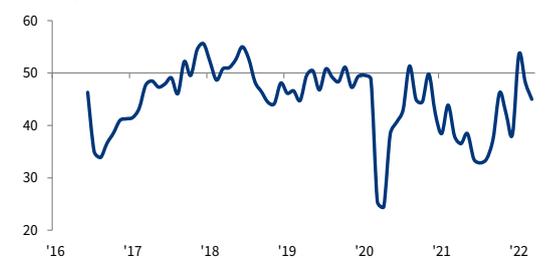
New Export Orders



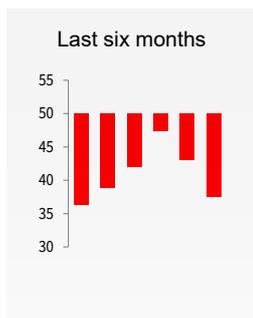
In contrast to the picture for total new business, new export orders dropped at Ugandan companies at the end of the first quarter of the year. New business from abroad has now decreased in 18 of the past 19 months.

New Export Orders

sa, >50 = growth since previous month



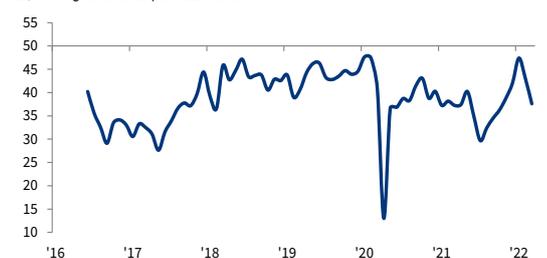
Backlogs of Work



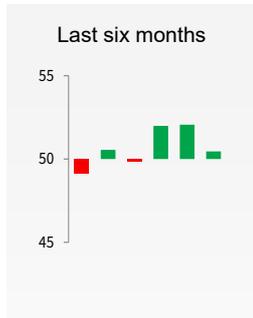
As has been the case throughout the history of the series which began in June 2016, firms reduced their backlogs of work during March. Falls in outstanding business were registered in each of the five broad sectors covered by the survey.

Backlogs of Work

sa, >50 = growth since previous month



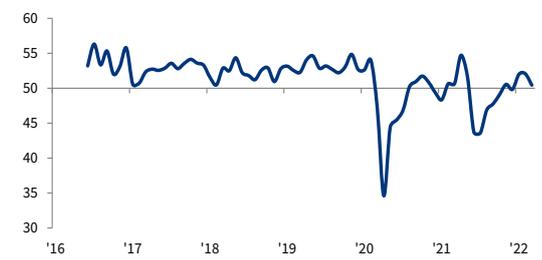
Employment



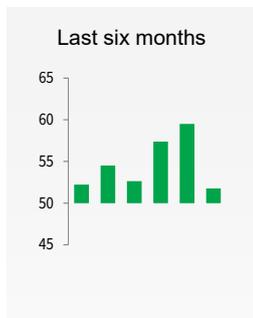
Ugandan companies responded to higher new orders by taking on additional staff during March, the fourth time in the past five months in which job creation has been recorded. Agriculture was the only sector to buck the wider trend and post a decline in employment.

Employment

sa, >50 = growth since previous month



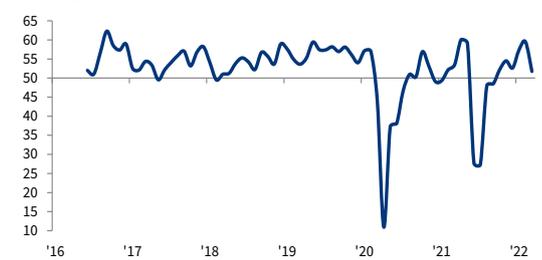
Quantity of Purchases



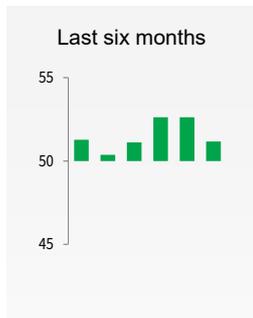
Purchasing activity continued to increase during March, extending the current sequence of growth to six months. Respondents indicated that input buying had been raised in response to higher new orders. In line with the picture for employment, agriculture was the only sector to scale back purchasing activity during the month.

Quantity of Purchases

sa, >50 = growth since previous month



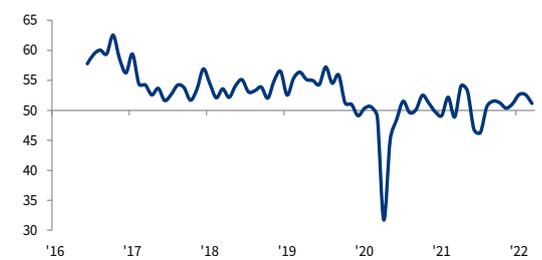
Suppliers' Delivery Times



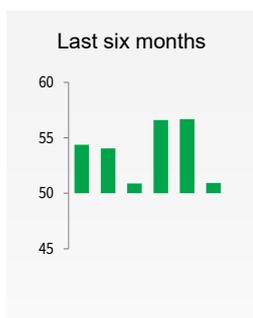
Requests for suppliers to deliver inputs on time were generally met in March, with vendor performance improving for the eighth consecutive month. Just over 8% of respondents indicated that lead times had shortened, while 5% reported longer delivery times.

Suppliers' Delivery Times

sa, >50 = faster times since previous month



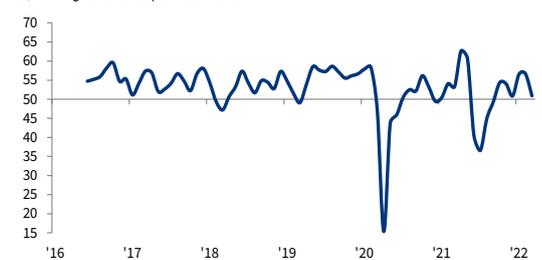
Stocks of Purchases



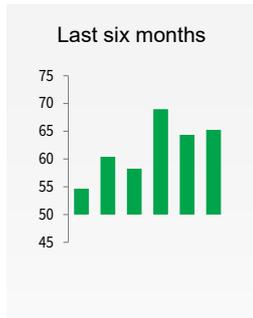
Rising new orders encouraged firms to raise inventory holdings again in March, with higher stock levels facilitated by increased input buying. Stocks of purchases have now risen in each of the past six months.

Stocks of Purchases

sa, >50 = growth since previous month



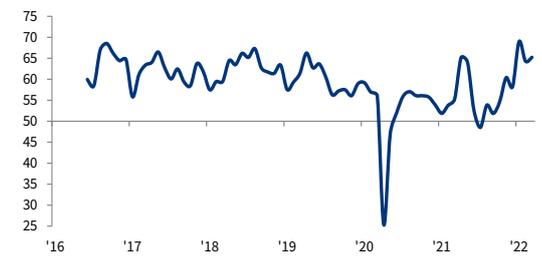
Overall Input Prices



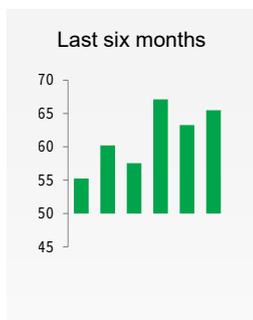
March data pointed to a further increase in overall input costs in the Ugandan private sector. Higher fuel costs were widely reported, but increases in transportation and utility charges also contributed to inflation. Total input prices have risen continuously since August 2021.

Overall Input Prices

sa, >50 = inflation since previous month



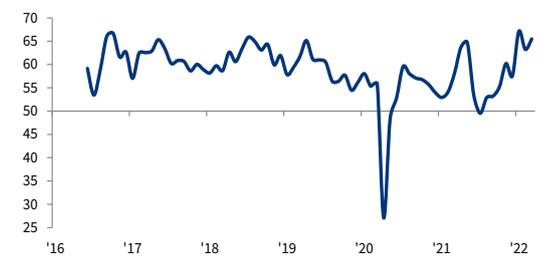
Purchase Prices



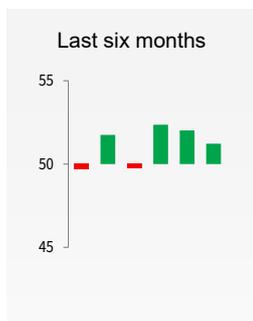
Purchase prices continued to rise in March, with more than 41% of respondents signalling an increase in their costs of purchases during the month. The items most widely mentioned as costing more were cement, fuel, ink, paper, soap and sugar. All five broad sectors saw purchase prices increase.

Purchase Prices

sa, >50 = inflation since previous month



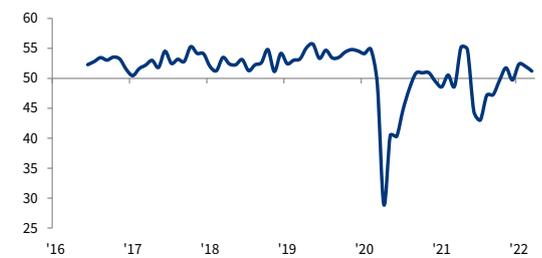
Staff Costs



Rising workforce numbers and a response to greater new order volumes led to higher staff costs in March, the third monthly increase in a row. Wages rose in the construction, industry and services sectors, but decreased in agriculture and wholesale & retail.

Staff Costs

sa, >50 = inflation since previous month



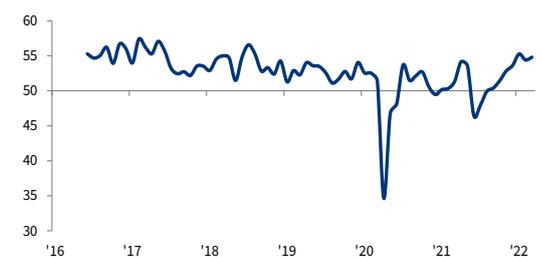
Output Prices



As has been the case in each of the past seven months, Ugandan companies raised their output prices in March. Anecdotal evidence suggested that higher charges mainly reflected increased input costs. Each of the five broad sectors registered rises in output prices in the latest survey period.

Output Prices

sa, >50 = inflation since previous month



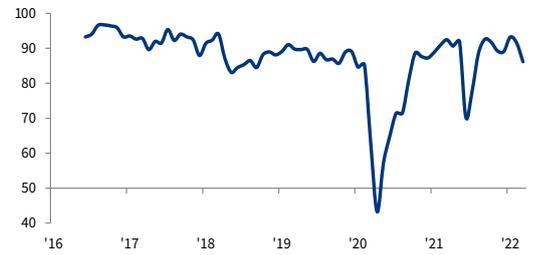
Future Output



Expected increases in sales are predicted to help business activity expand over the coming year, with some panellists hoping for greater stability in economic conditions and commodity prices. Around 79% of respondents project growth of output, while 7% were pessimistic in March.

Future Output

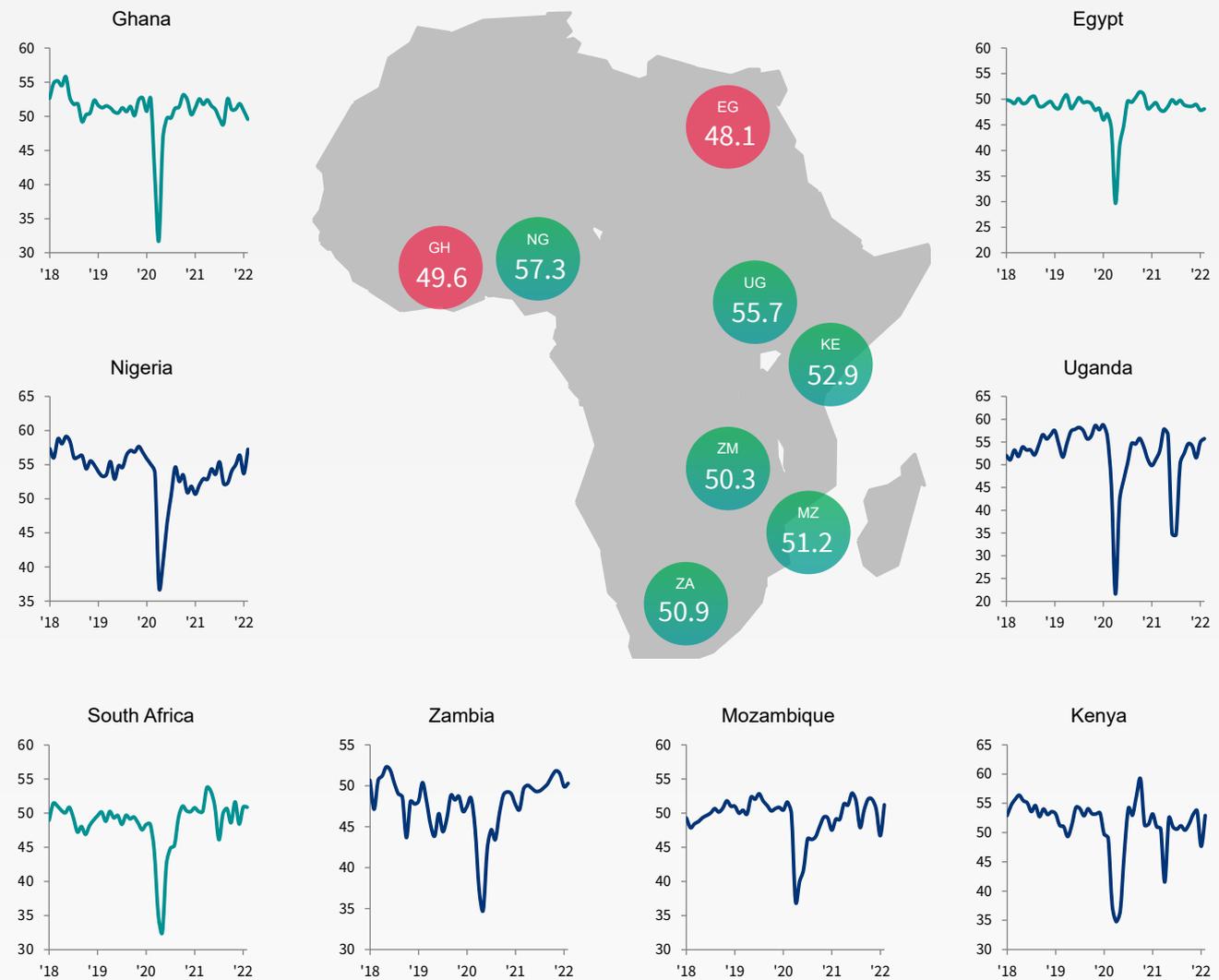
>50 = growth expected over next 12 months



Africa PMI

PMI, Feb '22

sa, >50 = improvement since previous month

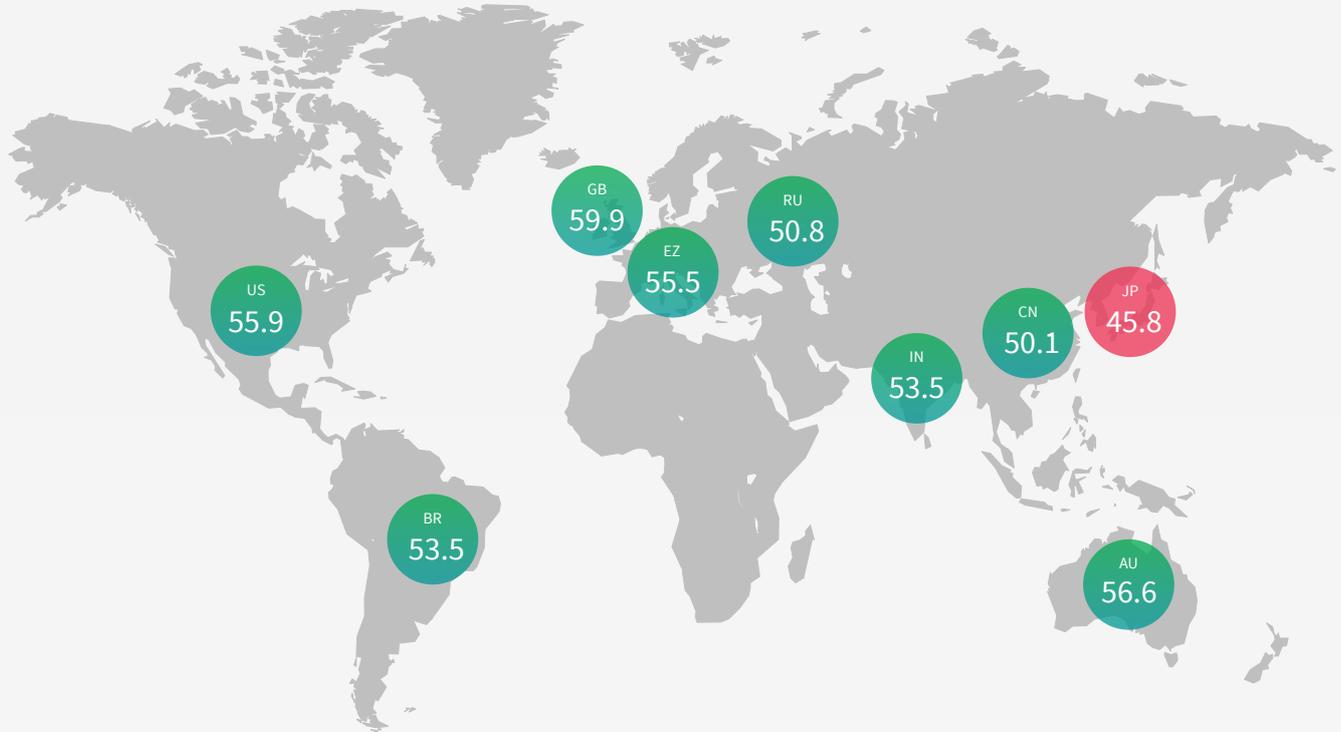


International PMI

Composite Output Index, Feb '22

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 S&P Global 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 11-30 March 2022.

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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