



Stanbic Bank Uganda PMI™

Further reduction in business activity amid lockdown

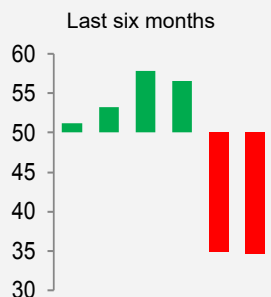
Key findings

Second successive fall in output

Input costs decrease for first time in 14 months

Companies confident of rebound following lockdown

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.

The lockdown implemented in Uganda to try and slow the spread of the COVID-19 pandemic continued to restrict activity in July. Output, new orders and employment were all down for the second successive month. Meanwhile, there was a reduction in input prices for the first time in 14 months and companies lowered their selling prices amid weak demand. On a more positive note, firms were optimistic that activity will rebound once lockdown restrictions are lifted.

The headline PMI posted 34.6 in July, down

marginally from 34.9 in June and posting a second successive decline in business conditions since the lockdown began. The PMI remained well below the series average of 52.5.

The COVID-19 lockdown resulted in further reductions in both output and new orders, with more than half of all respondents signalling declines in each case.

Output decreased across each of the agriculture, construction, industry, services and wholesale & retail categories.

In line with falling workloads, companies also scaled back their employment and purchasing activity for the second consecutive month.

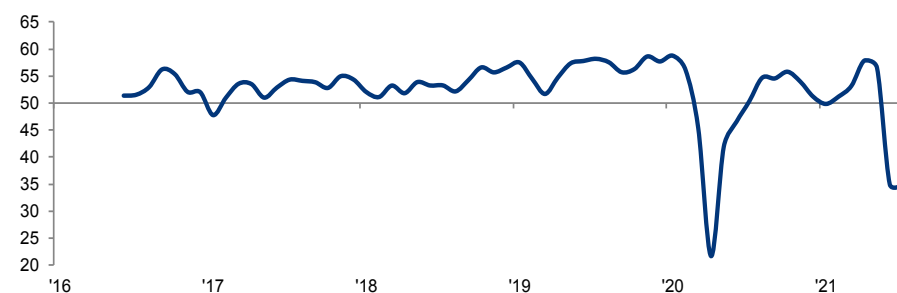
Overall input costs declined in July, ending a 13-month sequence of inflation. Although transportation costs were up, panellists indicated that this was outweighed by lower charges for utilities, falling purchase prices and a reduction in staff costs.

With input costs decreasing and demand weak, companies lowered their selling prices, the second month running in which this has been the case. Agriculture was the only sector to register a rise in charges.

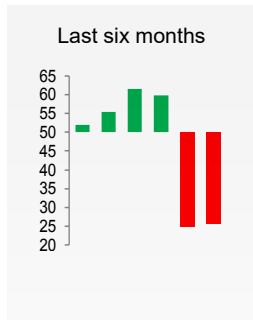
Ugandan firms remained optimistic that output will increase over the coming year, with positive sentiment based on expectations of a rebound in activity once lockdown measures are lifted.

PMI

sa, >50 = improvement since previous month



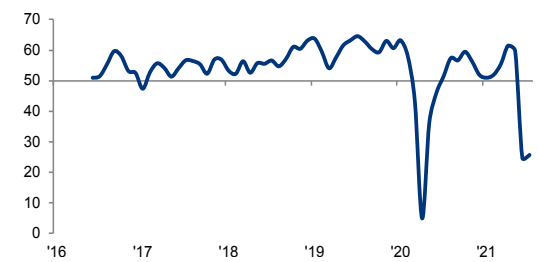
Output



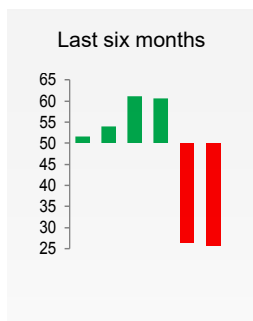
The ongoing COVID-19 lockdown in Uganda meant that business activity decreased for the second successive month in July. Around 55% of respondents signalled a reduction in output. Activity declined across each of the five broad sectors covered by the survey.

Output

sa, >50 = growth since previous month



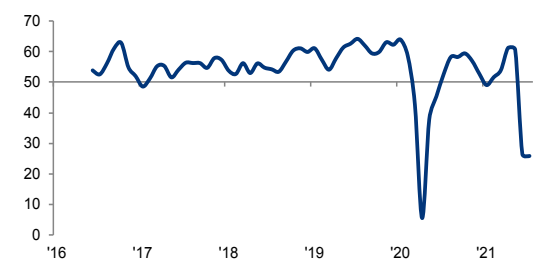
New Orders



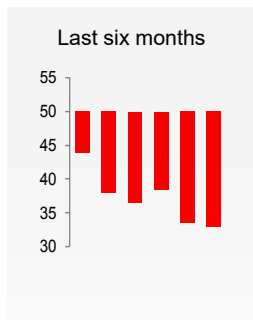
New orders decreased for the second month running at the start of the third quarter as the COVID-19 lockdown meant a lack of customers. Similar to the position for output, more than half of all panellists registered a fall in new business. New orders were down across the agriculture, construction, industry, services and wholesale & retail sectors.

New Orders

sa, >50 = growth since previous month



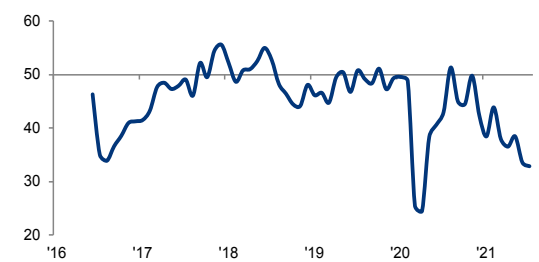
New Export Orders



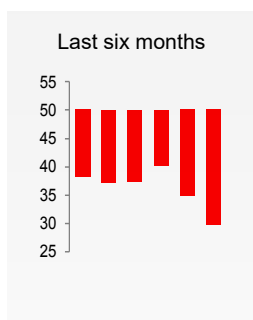
As has been the case in each of the past 11 months, new export orders decreased during July. Anecdotal evidence suggested that reductions in business activity had affected the ability of companies to export products.

New Export Orders

sa, >50 = growth since previous month



Backlogs of Work



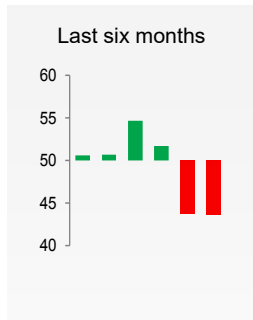
With the COVID-19 lockdown resulting in a lack of new orders across the private sector in July, companies used any available resource to work through outstanding business. Backlogs of work have declined throughout the history of the survey which began in June 2016.

Backlogs of Work

sa, >50 = growth since previous month



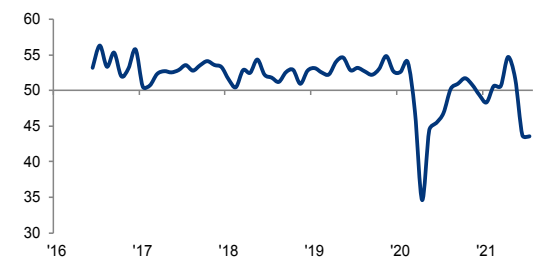
Employment



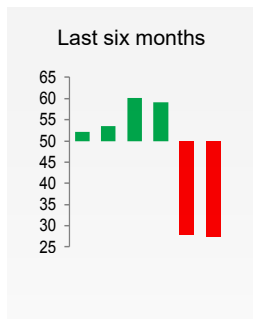
Companies in Uganda lowered their staffing levels for the second successive month in July as they responded to a lack of workloads caused by the COVID-19 pandemic. The agriculture category bucked the wider trend and posted a rise in employment, with all other sectors registering declines.

Employment

sa, >50 = growth since previous month



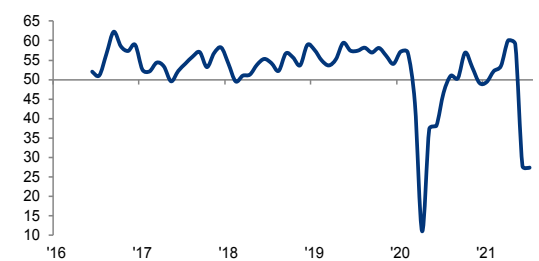
Quantity of Purchases



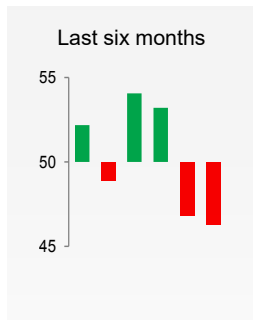
The COVID-19 lockdown in Uganda led to a reduction in purchasing activity during July, the second successive month in which this has been the case. Falls in input buying were recorded across each of the monitored sectors.

Quantity of Purchases

sa, >50 = growth since previous month



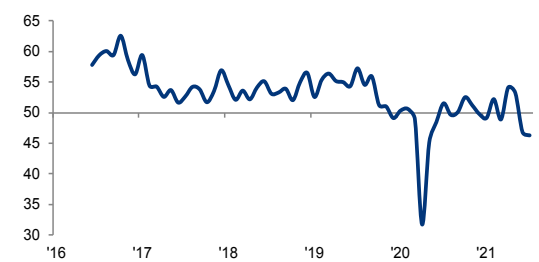
Suppliers' Delivery Times



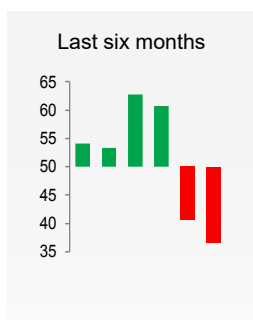
July data pointed to a second successive lengthening of suppliers' delivery times. Panellists widely linked delivery delays to the effects of the lockdown, with travel restrictions and roadblocks mentioned.

Suppliers' Delivery Times

sa, >50 = faster times since previous month



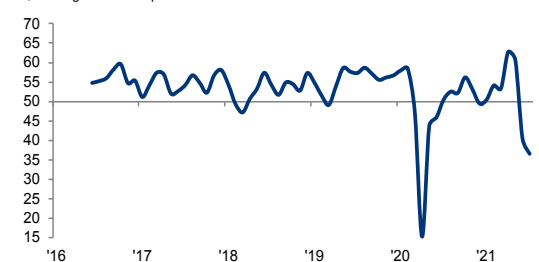
Stocks of Purchases



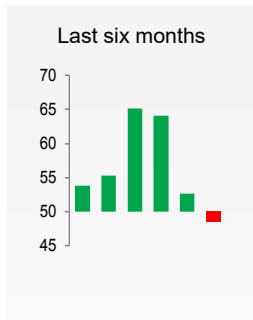
Stocks of purchases decreased for the second consecutive month in July, reflecting a reduction in purchasing activity and lack of workloads. Close to 38% of respondents signalled a reduction in inventories, compared with 11% that posted an increase.

Stocks of Purchases

sa, >50 = growth since previous month



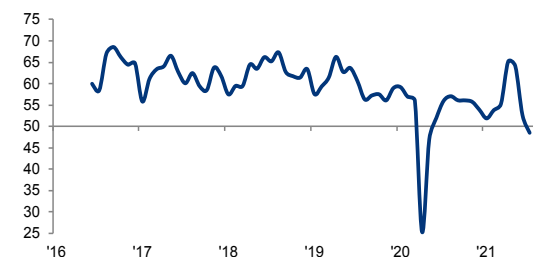
Overall Input Prices



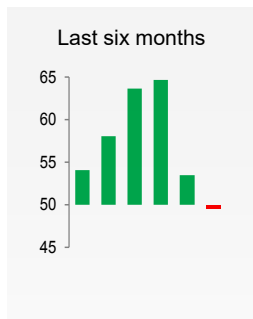
Overall input costs decreased in July, thereby ending a 13-month sequence of inflation. Although transportation costs rose, panellists reported that utility charges had fallen amid reduced consumption. Meanwhile, purchase prices and staff costs were also down.

Overall Input Prices

sa, >50 = inflation since previous month



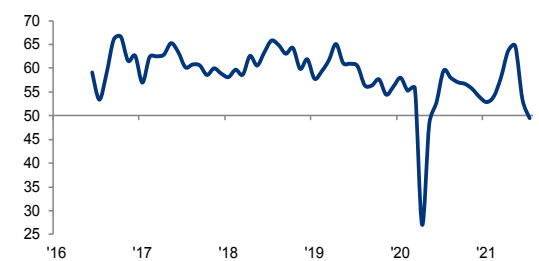
Purchase Prices



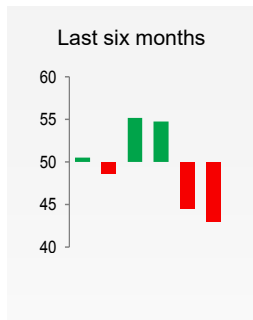
Purchase prices decreased for the first time in 14 months at the start of the third quarter. According to respondents, prices for food products had declined. On the other hand, there were some reports of higher costs for some raw materials due to supply shortages.

Purchase Prices

sa, >50 = inflation since previous month



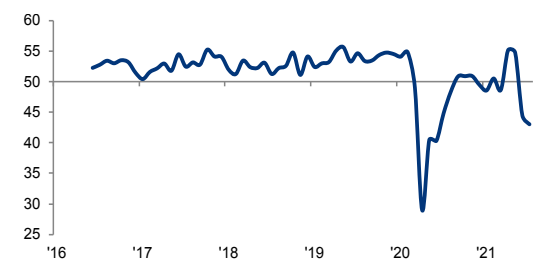
Staff Costs



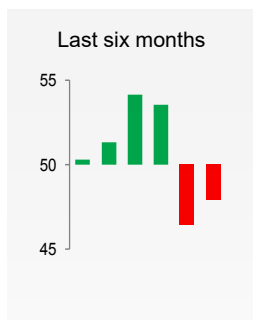
Falling workforce numbers due to the COVID-19 lockdown meant that staff costs decreased for the second month in a row during July. Wages fell in the construction, industry, services and wholesale & retail sectors, while agriculture staff costs were unchanged.

Staff Costs

sa, >50 = inflation since previous month



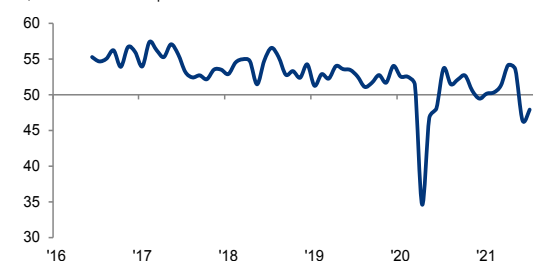
Output Prices



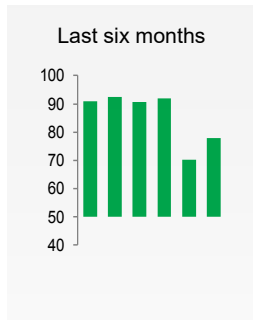
A combination of lower input costs and weak demand led companies in Uganda to lower their selling prices in July. Charges were down for the second month running. Only agriculture posted a rise in output prices, with the other categories all registering reductions.

Output Prices

sa, >50 = inflation since previous month



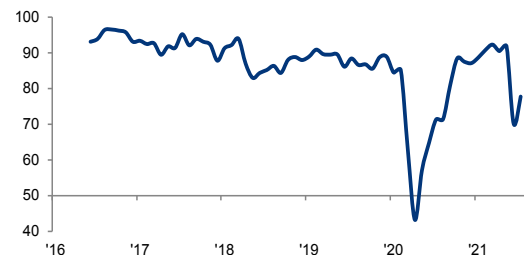
Future Output



Companies were optimistic that business activity will increase over the coming year, amid confidence of a rebound in output once the lockdown is lifted. Approximately two-thirds of respondents expressed a positive outlook in July, compared with 11% that were pessimistic.

Future Output

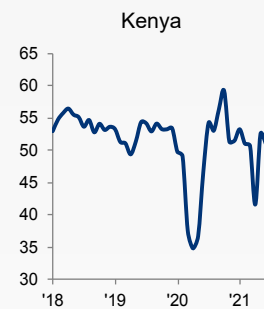
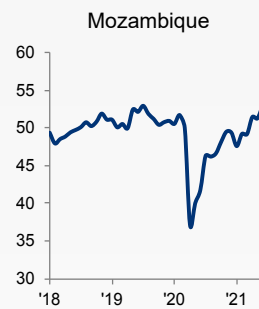
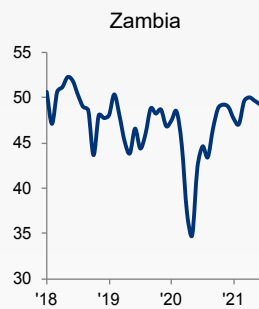
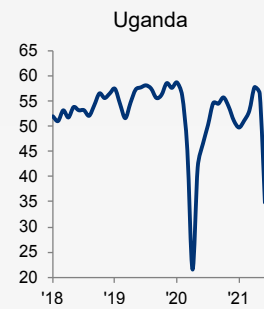
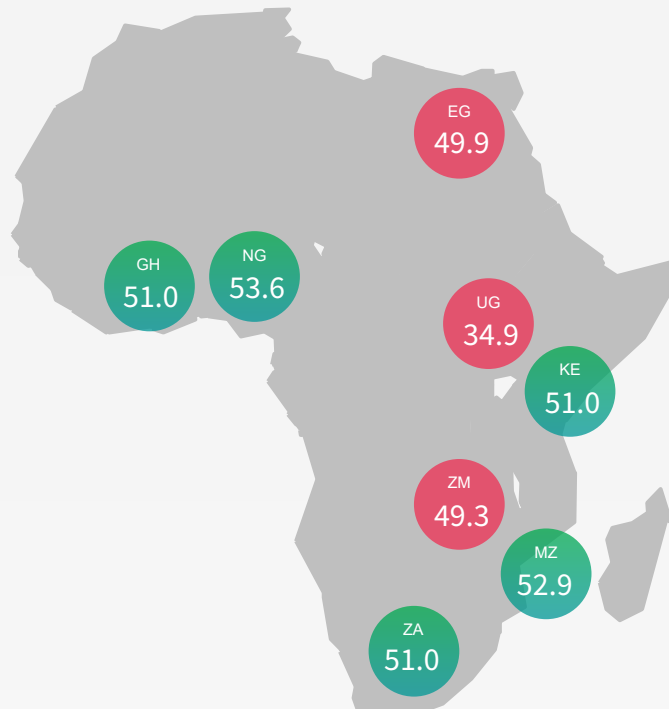
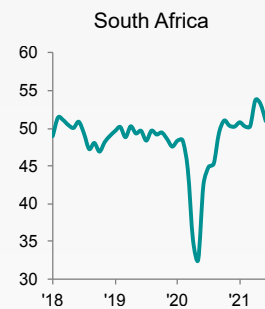
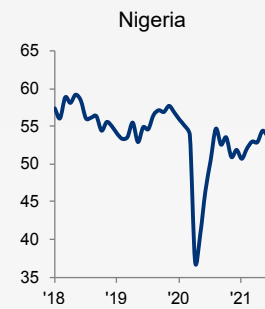
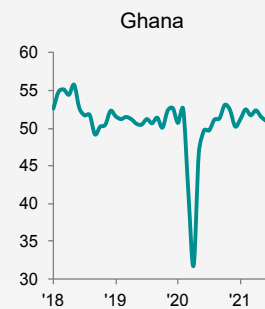
>50 = growth expected over next 12 months



Africa PMI

PMI, Jun '21

sa, >50 = improvement since previous month

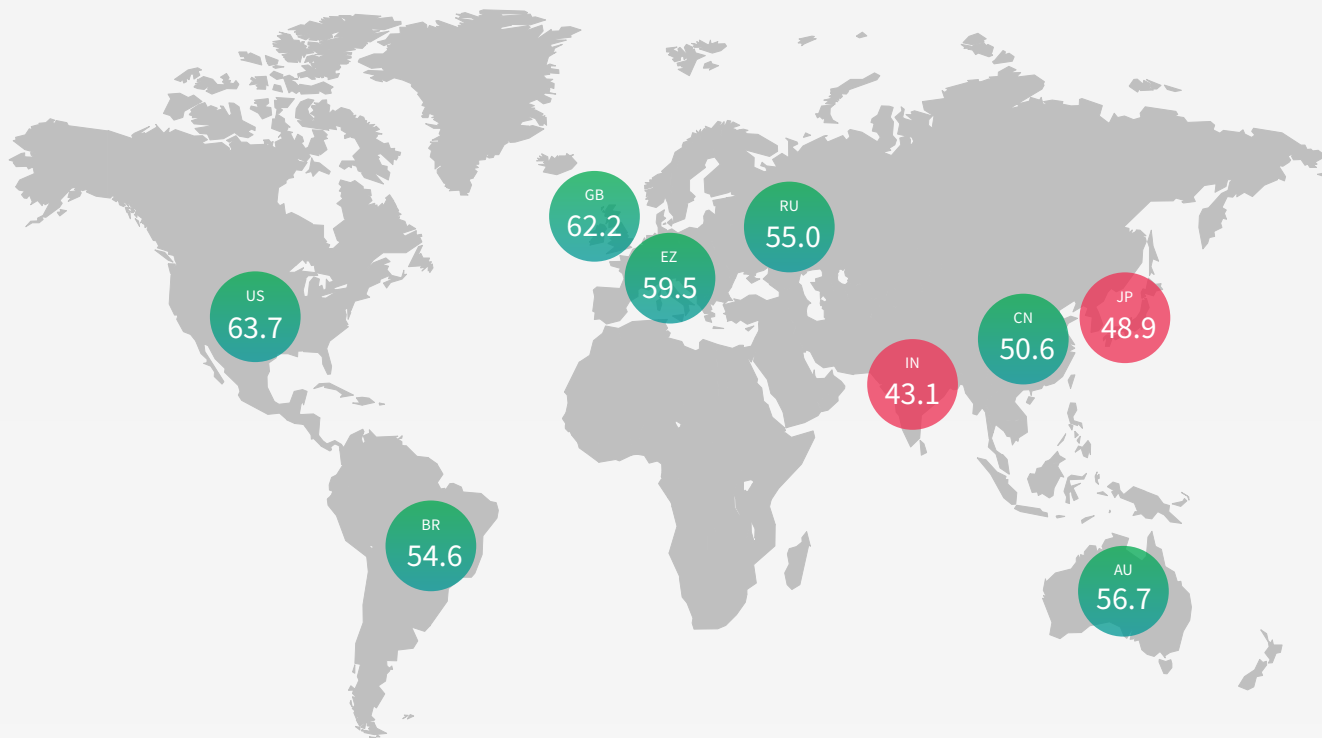


International PMI

Composite Output Index, Jun '21

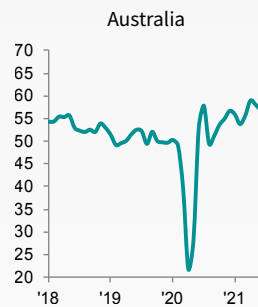
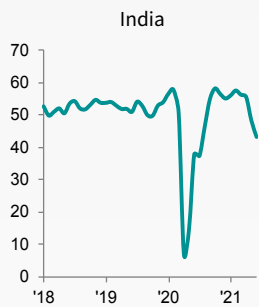
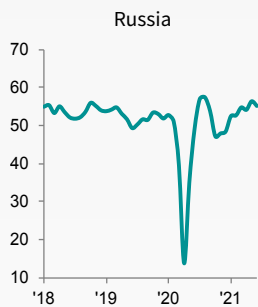
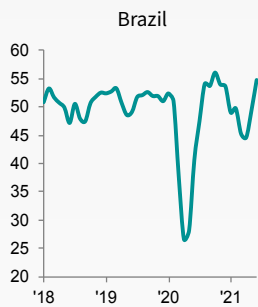
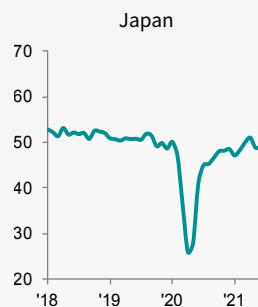
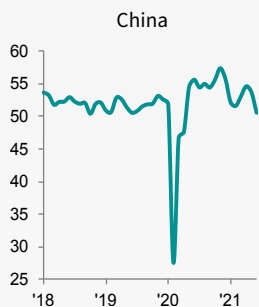
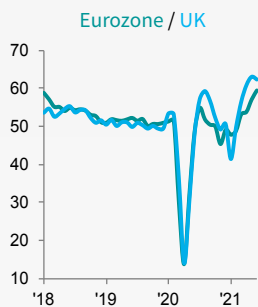
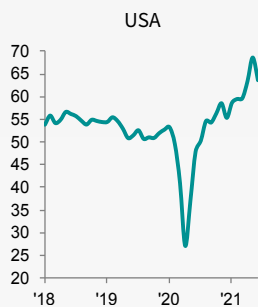
sa, >50 = growth since previous month

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*
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
04 '21	57.8	61.5	61.2	36.5	37.4	54.7	60.1	54.1	62.7	65.1	63.7	55.2	54.2	90.6
05 '21	56.5	59.7	60.6	38.4	40.2	51.7	59.1	53.2	60.7	64.1	64.7	54.8	53.6	91.9
06 '21	34.9	24.7	26.5	33.6	34.9	43.7	27.7	46.8	40.5	52.6	53.4	44.5	46.4	70.2
07 '21	34.6	25.7	25.9	32.9	29.7	43.6	27.3	46.3	36.6	48.5	49.5	43.0	47.9	77.8

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.

July data were collected 12-29 July 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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About Stanbic Bank

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

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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