



# Stanbic Bank Uganda PMI™

## Seventh successive rise in activity

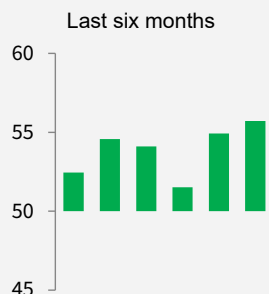
### Key findings

Further growth of output and new orders

Employment up for third time in past four months

Input costs continue to rise

### Uganda PMI



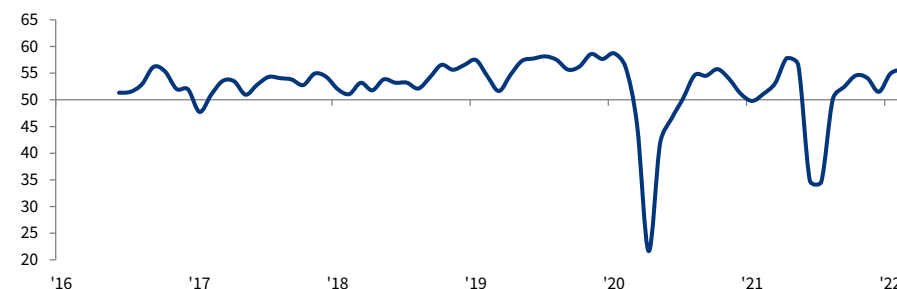
This report contains the latest analysis of data collected from the monthly survey of business conditions in the Ugandan private sector. The survey, sponsored by Stanbic Bank and produced by IHS Markit, has been conducted since June 2016 and covers the agriculture, industry, construction, wholesale &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

A return to normality in the Ugandan economy helped lead to a further improvement in business conditions in the private sector during February. Output, new orders, employment and purchasing activity were all up, while companies were optimistic for the coming year. That said, inflationary pressures remained evident.

The headline PMI rose to 55.7 in February, up from 54.9 in January and comfortably above the series average. The health of the private sector has now improved in each of the past seven months.

PMI  
sa, >50 = improvement since previous month



A more open economy after the easing of COVID-19 restrictions meant that firms were able to secure greater volumes of new orders and expand their business activity during February. In both cases, increases were seen in four of the five monitored sectors, the exception being construction.

Companies responded to greater workloads by expanding both their staffing levels and purchasing activity, with the latter also feeding through to higher inventories as shorter delivery times helped firms to secure inputs.

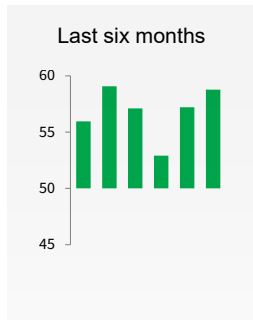
A third rise in employment in the past four months added to staff costs midway through the first quarter.

Higher purchase prices were also signalled, with a range of products reportedly up in price, most notably cement, food products, fuel, soap and stationery. Alongside increases in staff and purchase costs, higher prices related to electricity and transportation added to overall input costs which rose for the seventh month running.

The passing on of higher input prices meant that output charges increased for the sixth successive month.

There was widespread optimism that output will increase over the coming year, largely reflecting confidence in the future path of new orders. More than 86% of respondents predicted a rise in activity.

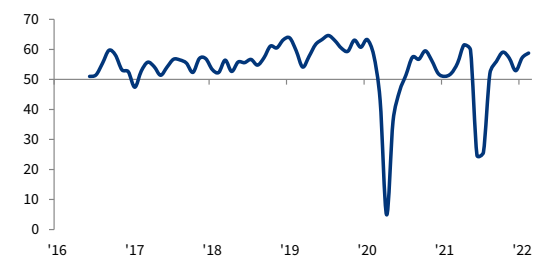
## Output



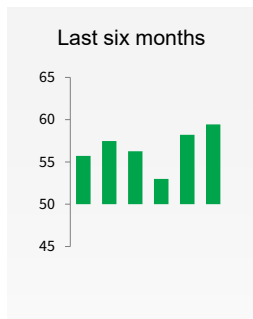
Ugandan companies recorded a further increase in business activity during February, extending the current sequence of expansion to seven months. Respondents indicated a return to normality in the economy following the easing of COVID-19 restrictions, with higher new orders also supporting output growth. Construction was the only sector to buck the wider trend and post a reduction in activity.

### Output

sa, >50 = growth since previous month



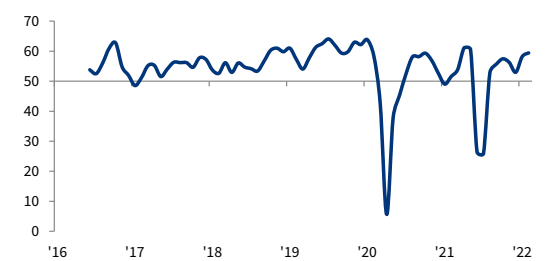
## New Orders



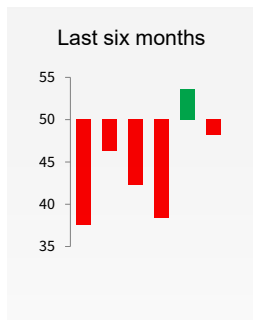
A more open economy helped private sector firms in Uganda to secure growth of new business during February. New orders have now risen in each of the past seven months. As was the case with activity, construction was the only sector to register a drop in new business.

### New Orders

sa, >50 = growth since previous month



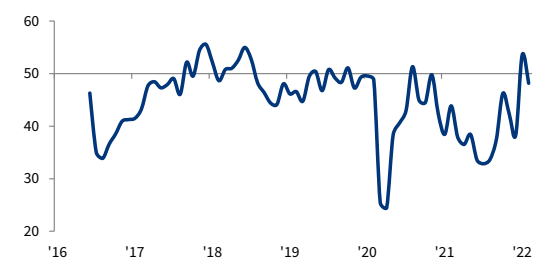
## New Export Orders



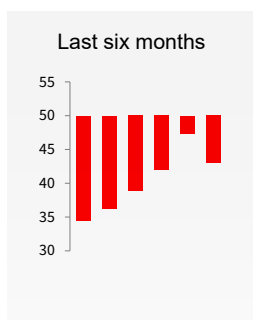
February data pointed to a reduction in new export orders at companies in Uganda, reversing the expansion seen in the previous month. New business from abroad has now decreased in 17 of the past 18 months.

### New Export Orders

sa, >50 = growth since previous month



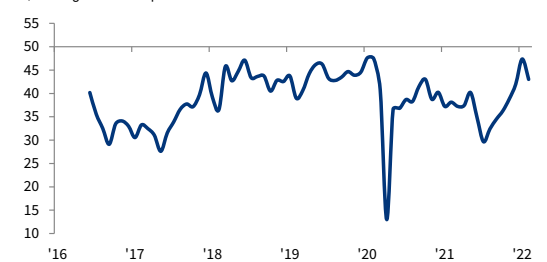
## Backlogs of Work



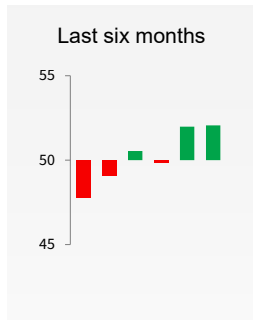
Data suggested that increases in business activity enabled companies in Uganda to keep on top of workloads during February as backlogs of work continued to decrease. Falling outstanding business has been signalled throughout the history of the survey which began in June 2016.

### Backlogs of Work

sa, >50 = growth since previous month



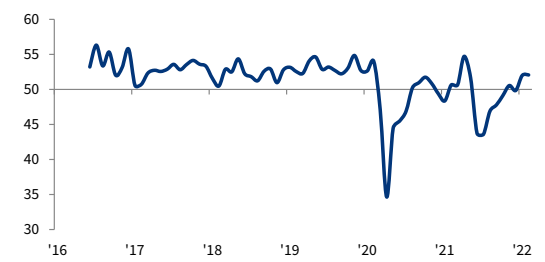
## Employment



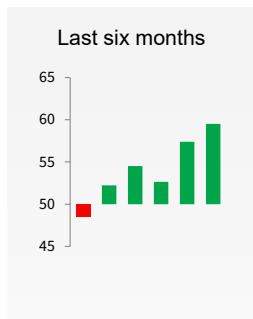
Staffing levels increased for the third time in the past four months during February as companies responded to rising new orders. Four of the five monitored sectors expanded their workforce numbers over the month, the exception being wholesale & retail.

### Employment

sa, >50 = growth since previous month



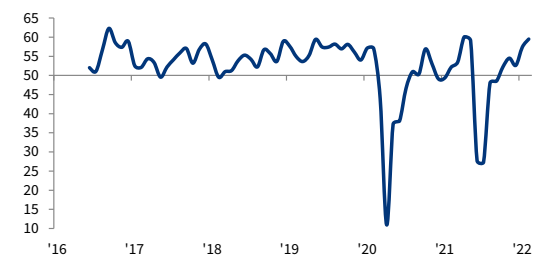
## Quantity of Purchases



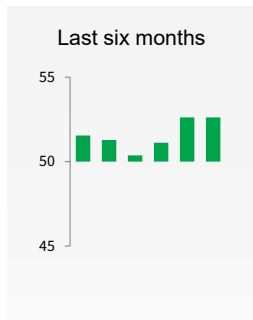
Ugandan companies responded to higher new orders by expanding their purchasing of inputs midway through the first quarter of the year. Purchasing activity has now increased in each of the past five months.

### Quantity of Purchases

sa, >50 = growth since previous month



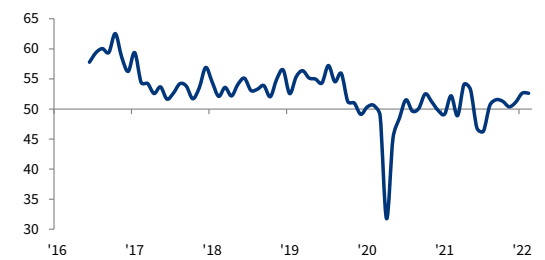
## Suppliers' Delivery Times



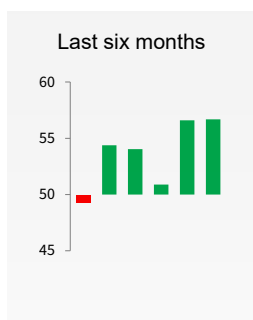
February data signalled a further improvement in vendor performance in the Ugandan private sector, the seventh in as many months. There were a number of reports of suppliers speeding up their deliveries, in some cases due to early payments.

### Suppliers' Delivery Times

sa, >50 = faster times since previous month



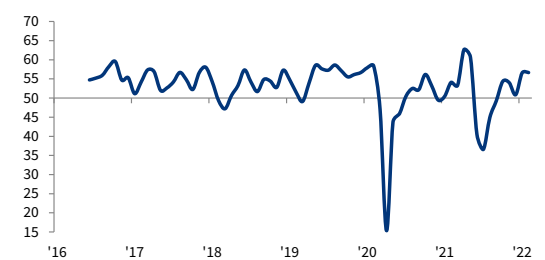
## Stocks of Purchases



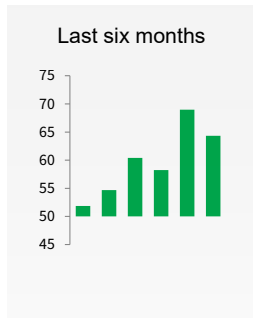
Improving demand encouraged companies to expand their inventory holdings during February. Stocks of purchases rose for the fifth month running, with more than 28% of respondents signalling an accumulation in the latest survey period.

### Stocks of Purchases

sa, >50 = growth since previous month



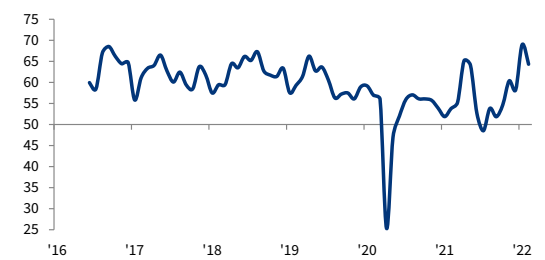
## Overall Input Prices



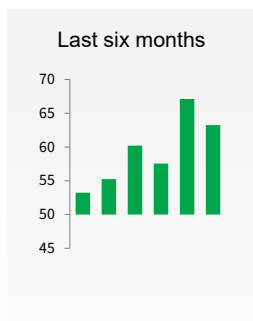
February data signalled a rise in overall input costs in the Ugandan private sector. Higher prices for electricity, fuel and transportation were reported, alongside increased costs for purchases and staff. All five broad sectors saw overall input prices rise.

Overall Input Prices

sa, >50 = inflation since previous month



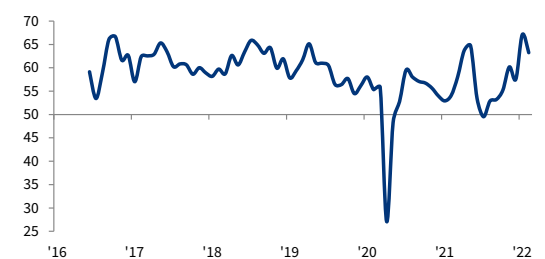
## Purchase Prices



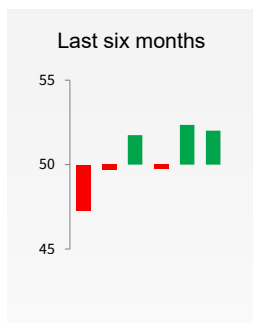
As has been the case in each of the past seven months, Ugandan companies registered a rise in purchase prices during February. Among the items most widely reported as costing more during the month were cement, food products, fuel, soap and stationery.

Purchase Prices

sa, >50 = inflation since previous month



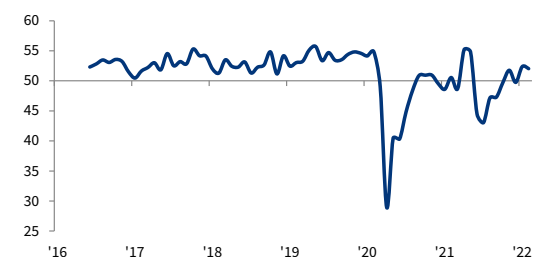
## Staff Costs



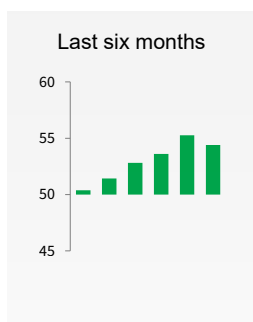
Staff costs increased for the third time in the past four months during February. According to respondents, the rise in wages was mainly the result of higher staffing levels. Wholesale & retail was the only sector to buck the wider trend and post a reduction in staff costs.

Staff Costs

sa, >50 = inflation since previous month



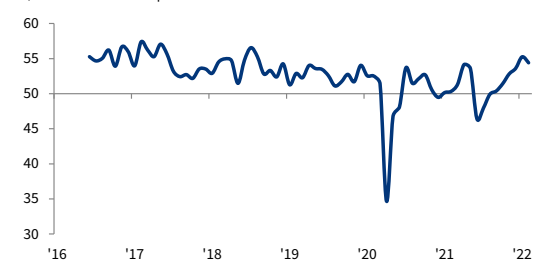
## Output Prices



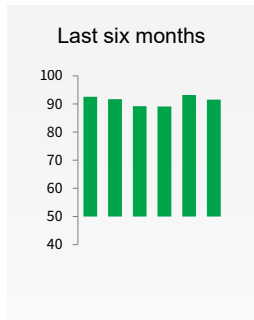
Efforts to cover the increasing costs of purchases and other inputs meant that Ugandan firms raised their selling prices again in February. Charges have now increased in each of the past six months, with around 11% of respondents signalling a rise in the latest survey period.

Output Prices

sa, >50 = inflation since previous month



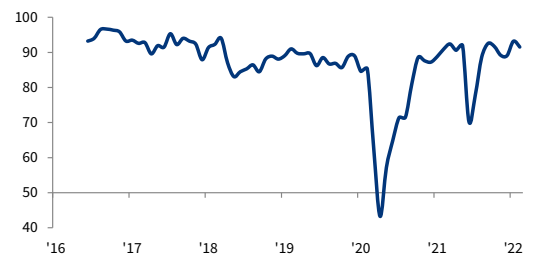
## Future Output



Ugandan companies remained optimistic that business activity will increase over the coming year, with more than 86% of respondents expressing a positive outlook in February. Confidence generally reflected expectations of ongoing increases in new orders.

### Future Output

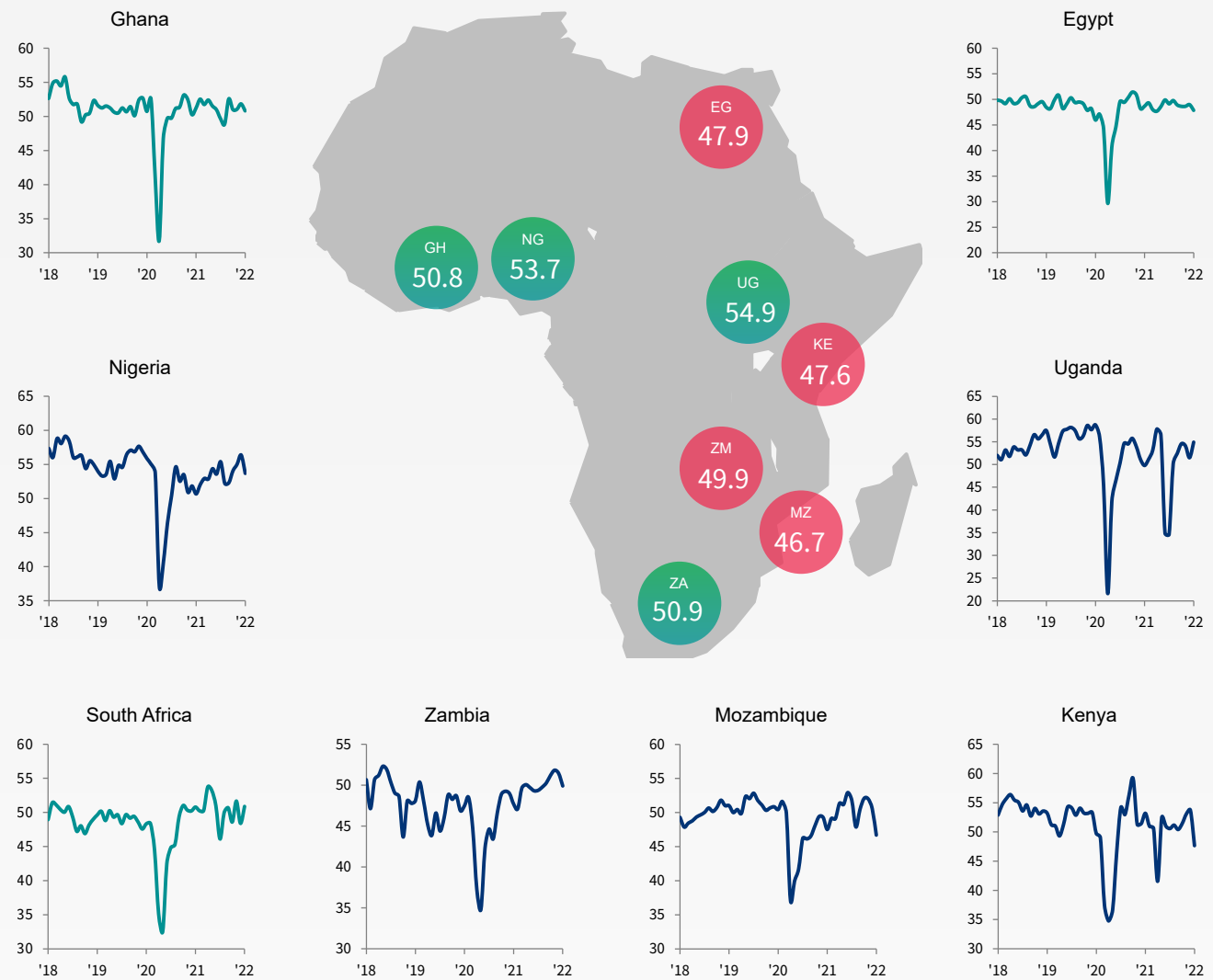
>50 = growth expected over next 12 months



## Africa PMI

### PMI, Jan '22

sa, >50 = improvement since previous month

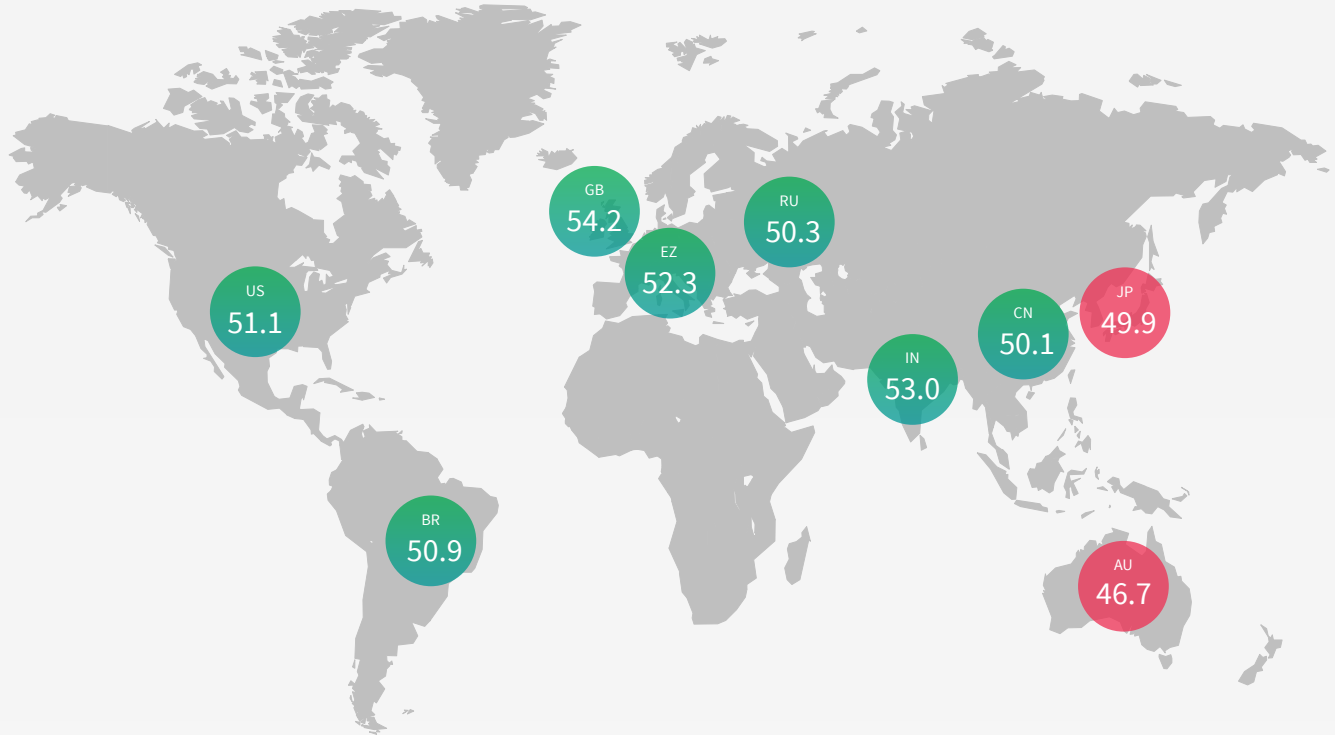


## International PMI

### Composite Output Index, Jan '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 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.

February data were collected 10-25 February 2022.

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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## 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](http://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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