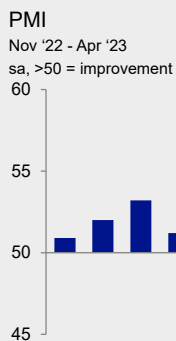


Stanbic Bank Uganda PMI™

Employment returns to growth in April

55.4

UGANDA PMI
APR '23



Staffing levels raised in response to greater new orders

Business activity also increases

Charges up in line with input costs

Uganda's private sector started the second quarter of 2023 on a positive footing, with output and new orders continuing to rise. Increasing new business inflows encouraged companies to expand purchasing activity and employment, the latter for the first time in three months. Meanwhile, a renewed rise in output prices was recorded in April, reflecting the pass through of higher input costs to customers.

The headline figure derived from the survey is the Purchasing Managers' Index™ (PMI™). Readings above 50.0 signal an improvement in business conditions on the previous month, while readings below 50.0 show a deterioration.

The headline PMI posted 55.4 in April, up from 53.2 in March and above the 50.0 no-change mark for the sixth successive month. The index was above its average since the survey began in June 2016.

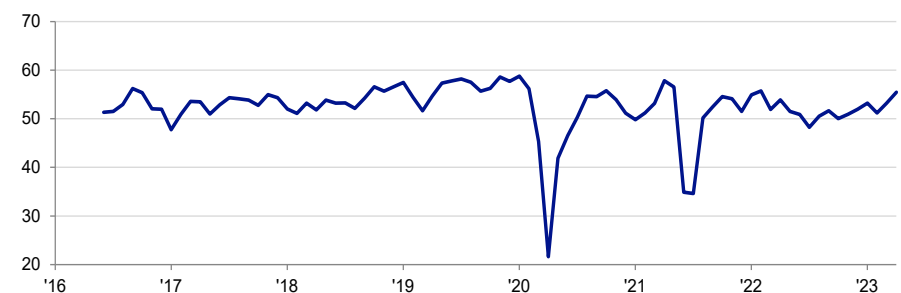
Increased customer numbers amid an improving demand environment supported the latest strengthening in the health of the country's private sector. New business expanded for the ninth month running.

A ninth consecutive monthly increase was also seen with regards to business activity as firms responded to higher new orders. Each of the agriculture, construction, industry, services and wholesale & retail categories posted output growth in April.

Amid some tentative signs of pressure coming on to capacity due to sustained growth of new orders, companies recorded a renewed increase in employment at the start of the second quarter. The rise ended a two-month sequence of decline.

Purchasing activity was also up, and for the sixth month running, while stocks of purchases continued to accumulate. Companies were helped in their efforts to secure inputs by a shortening of

Stanbic Bank Uganda PMI
sa, >50 = improvement since previous month



Contents

Overview and comment

Output and demand

Business expectations

Employment and capacity

Purchasing and inventories

Prices

Africa PMI

International PMI

Survey methodology

Further information

suppliers' delivery times for the first time in three months.

Overall input costs increased again in April amid reports of higher charges for fuel and utilities, alongside sustained purchase price inflation and a renewed rise in staff costs.

The increase in purchase prices often reflected higher cement costs, while higher employee expenses were generally attributed to rising staffing levels.

The passing on of higher input costs

to customers resulted in an increase in output prices following a fall in March. That said, some firms continued to report offering discounts to customers to try and help generate sales.

Firms in Uganda were generally optimistic that demand conditions will continue to improve over the coming year, supporting confidence in the 12-month outlook for business activity. Around 73% of firms expressed an optimistic outlook.

Comment

Mulalo Madula, Economist at Standard Bank commented:

"Uganda's private sector performance improved in April, extending the current growth cycle to nine months. Output maintained an upward track, with renewed job creation across sectors halting a two-month sequence of decline. Growth was broad-based, with agriculture, construction, industry, services, and wholesale & retail all showing output growth in April, fuelled by local demand while new export orders fell for the fourth month in a row. For the first time in three months, the supplier's delivery time dropped in April. Firms were generally upbeat about the outlook for business activity in the next 12 months. 73% of respondents anticipate an increase in output over the next 12 months which should encourage businesses to expand their planned investments."



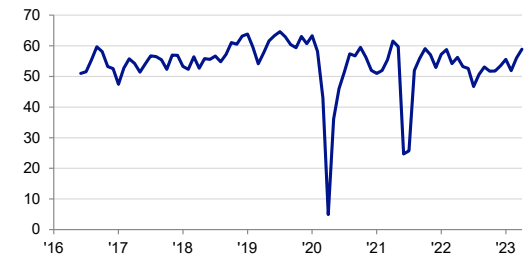
Output and demand

Output

Business activity increased for the ninth consecutive month during April. Panellists reported success in securing new orders amid improving demand conditions, thereby feeding through to growth of output. Each of the five broad sectors covered by the survey registered a rise in activity at the start of the second quarter.

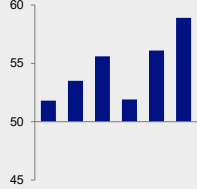
Output

sa, >50 = growth since previous month



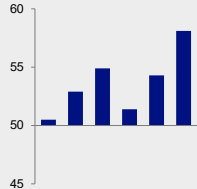
Output

Nov '22 - Apr '23
sa, >50 = growth



New Orders

Nov '22 - Apr '23
sa, >50 = growth



New orders

April data signalled a further expansion in new orders in the Ugandan private sector, extending the current sequence of growth to nine months. Higher customer numbers were often reported by companies. Exactly one-quarter of respondents signalled an increase in new business, against 15% that posted a decrease.

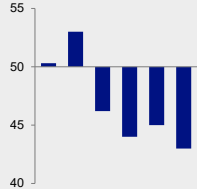
New Orders

sa, >50 = growth since previous month



New Export Orders

Nov '22 - Apr '23
sa, >50 = growth

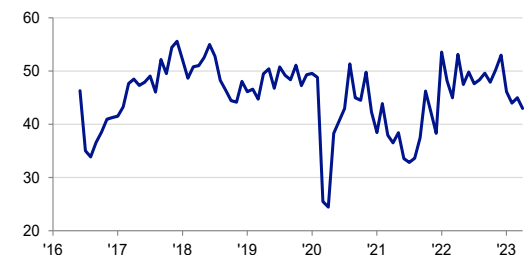


New export orders

Ugandan companies continued to struggle to generate growth of new export orders during April, with the trend in new business from abroad contrasting with that seen for total new orders. A reduction in new export orders was signalled for the fourth month running.

New Export Orders

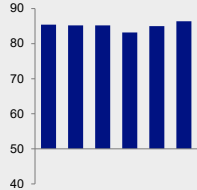
sa, >50 = growth since previous month



Business expectations

Future Output

Nov '22 - Apr '23
>50 = growth expected



Business sentiment remained positive at the start of the second quarter of the year, with companies expecting further demand improvements to support output growth over the next 12 months. More than 73% of respondents predicted a rise in activity, with less than 1% expressing a pessimistic outlook.

Future Output

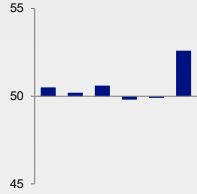
>50 = growth expected over next 12 months



Employment and capacity

Employment

Nov '22 - Apr '23
sa, >50 = growth



Employment

Staffing levels increased for the first time in three months during April as companies responded to rising new orders by expanding their operating capacity. Employment rose in the agriculture, construction, industry, services and wholesale & retail categories.

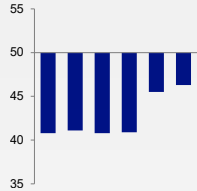
Employment

sa, >50 = growth since previous month



Backlogs of Work

Nov '22 - Apr '23
sa, >50 = growth



Backlogs of work

Outstanding business continued to fall in April, extending the sequence seen since the survey began in June 2016. Although some panellists reported that new order growth had started to put some pressure on capacity, this was outweighed by those firms that reported having been able to complete work on time.

Backlogs of Work

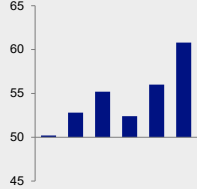
sa, >50 = growth since previous month



Purchasing and inventories

Quantity of Purchases

Nov '22 - Apr '23
sa, >50 = growth



Quantity of purchases

As has now been the case in each of the past six months, purchasing activity increased in April as companies in Uganda responded to greater customer demand by upping their input buying. More than 30% of panellists reported a rise in purchasing, against 13% that posted a fall.

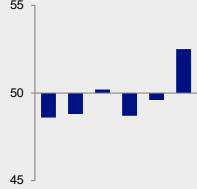
Quantity of Purchases

sa, >50 = growth since previous month



Suppliers' Delivery Times

Nov '22 - Apr '23
sa, >50 = faster times



Suppliers' delivery times

Ugandan companies reported an improvement in supplier performance during April, the first time in three months in which this has been the case. Firms operating in agriculture, construction, industry and wholesale & retail all recorded shorter lead times over the course of the month.

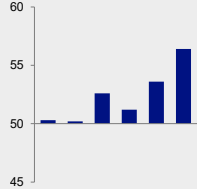
Suppliers' Delivery Times

sa, >50 = faster times since previous month



Stocks of Purchases

Nov '22 - Apr '23
sa, >50 = growth



Stocks of purchases

Rising purchasing activity in response to increasing customer demand fed through to a further accumulation of inventories in April. Stocks of purchases increased for the sixth successive month.

Stocks of Purchases

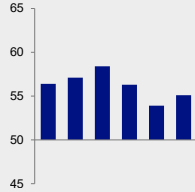
sa, >50 = growth since previous month



Prices

Input Prices

Nov '22 - Apr '23
sa, >50 = inflation



Input prices

April data pointed to a twenty-first consecutive monthly rise in overall input costs in the Ugandan private sector. All five monitored sectors saw input prices increase, with respondents often mentioning higher fuel and utility costs. Approximately 12% of panellists reported a rise in overall input costs, against 3% that posted a fall.

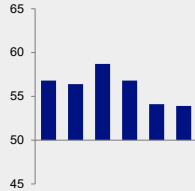
Input Prices

sa, >50 = inflation since previous month



Purchase Prices

Nov '22 - Apr '23
sa, >50 = inflation



Purchase prices

Companies in Uganda continued to record increased purchase prices at the start of the second quarter of the year. Cement was cited by a number of respondents as being up in price, with food products also reportedly costing more. Purchase prices have now risen in each of the past 21 months.

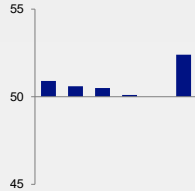
Purchase Prices

sa, >50 = inflation since previous month



Staff Costs

Nov '22 - Apr '23
sa, >50 = inflation



Staff costs

Staff costs rose in April, after having been unchanged in March. Wages and salaries have now increased in seven of the past eight months. Anecdotal evidence suggested that the rise in staff costs generally reflected renewed job creation during the month.

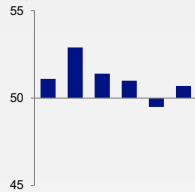
Staff Costs

sa, >50 = inflation since previous month



Output Prices

Nov '22 - Apr '23
sa, >50 = inflation



Output prices

After having fallen for the first time in just over a year-and-a-half in March, output prices increased in April as companies looked to pass on higher input costs to their customers. That said, a number of respondents continued to report the offer of discounts as part of efforts to attract clients.

Output Prices

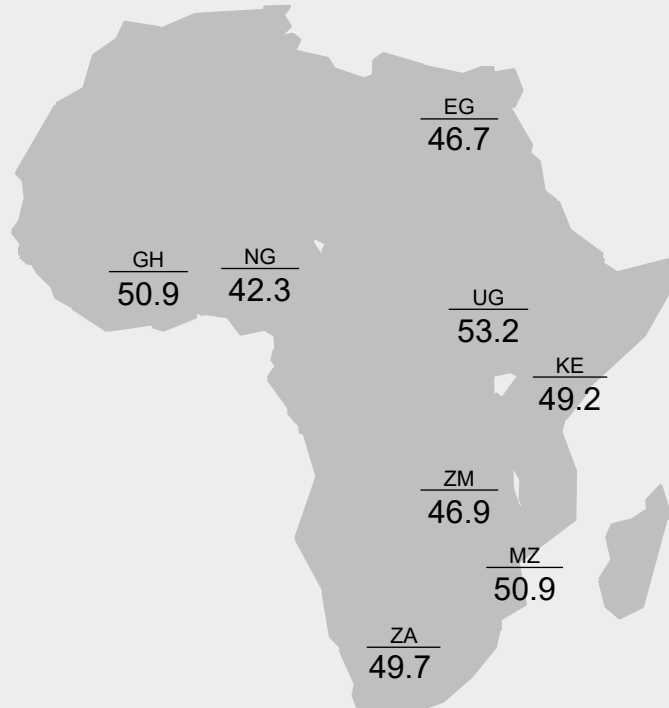
sa, >50 = inflation since previous month



Africa PMI

PMI, Mar '23

sa, >50 = improvement since previous month



PMI

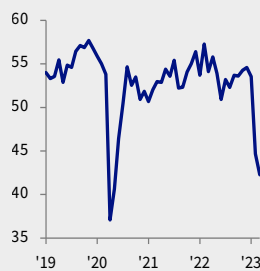
Ghana

sa, >50 = improvement



Nigeria

sa, >50 = improvement



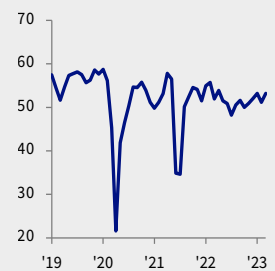
Egypt

sa, >50 = improvement



Uganda

sa, >50 = improvement



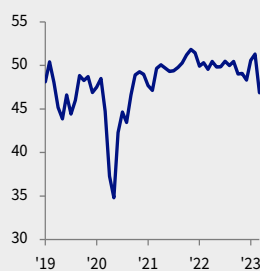
South Africa

sa, >50 = improvement



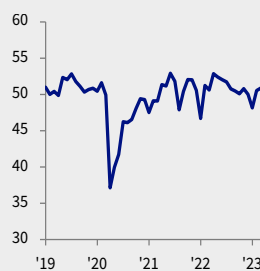
Zambia

sa, >50 = improvement



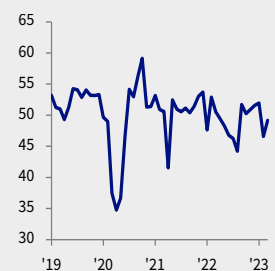
Mozambique

sa, >50 = improvement



Kenya

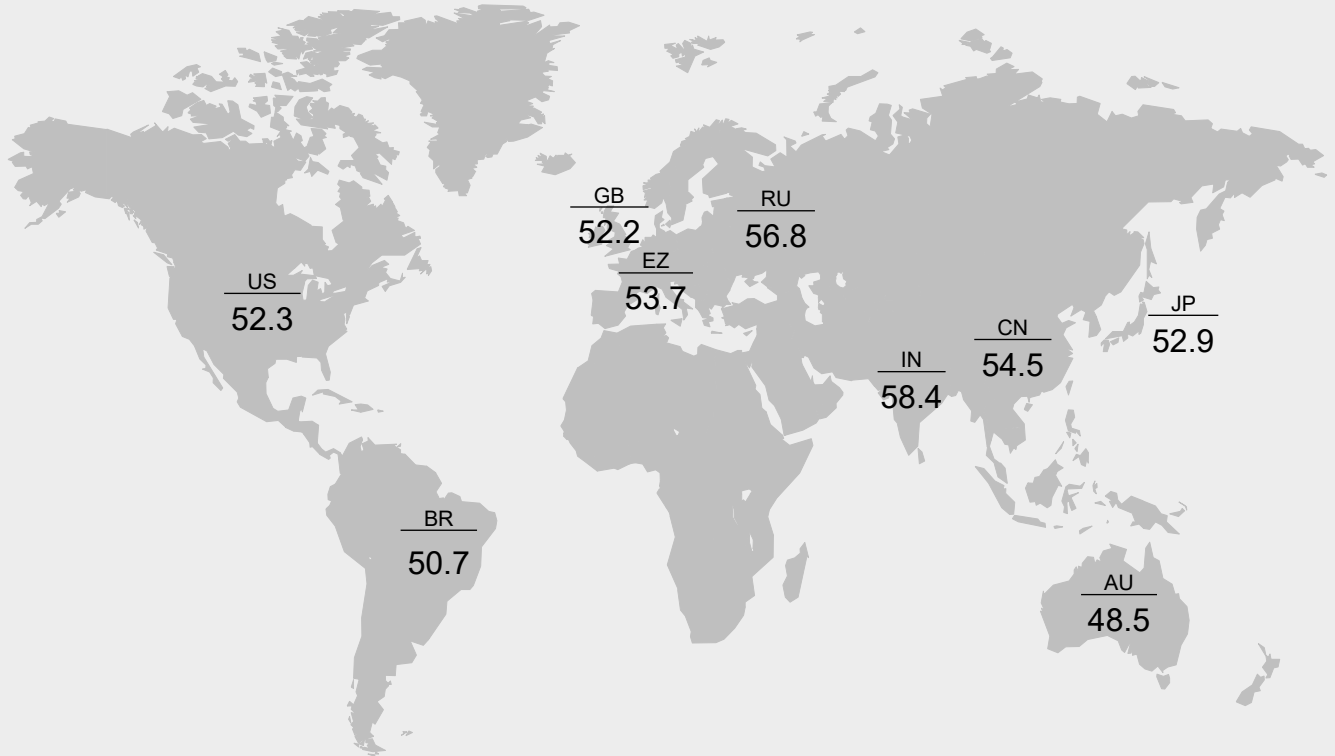
sa, >50 = improvement



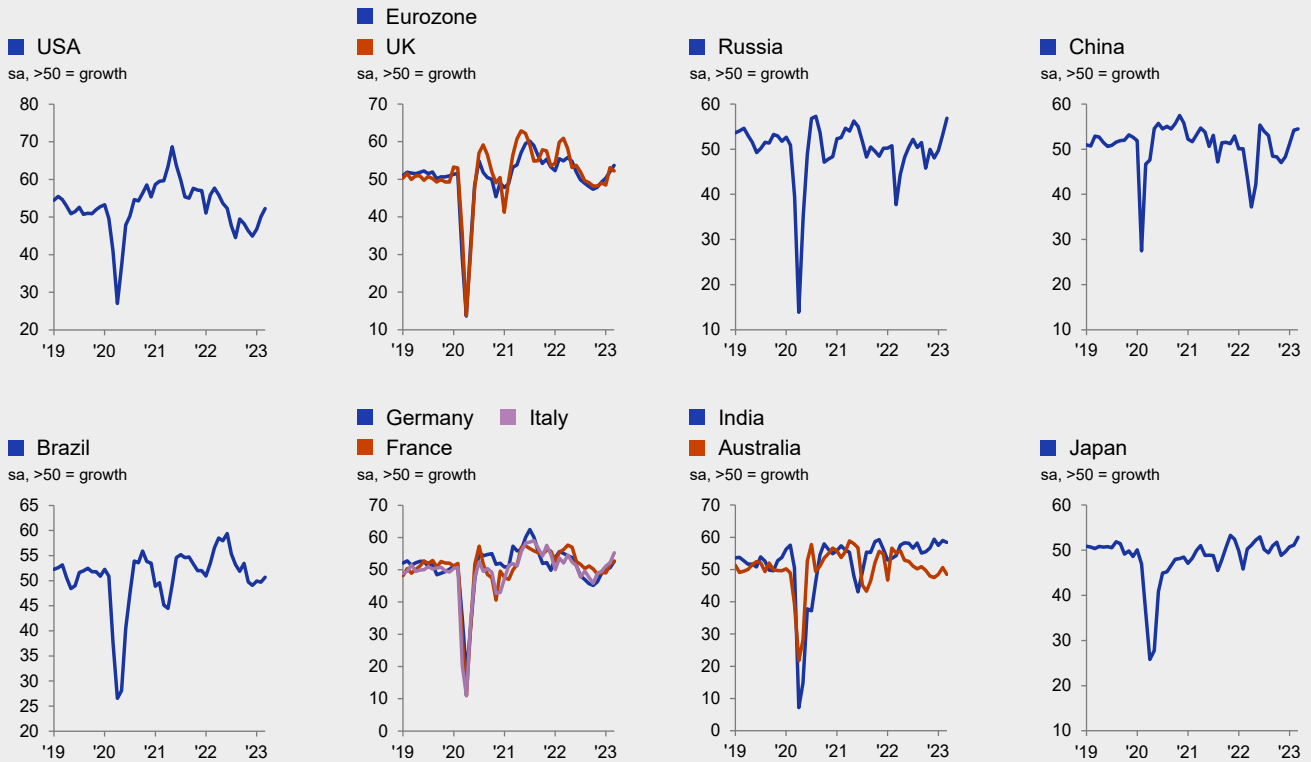
International PMI

Composite Output Index, Mar '23
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



Survey 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. Data were first collected June 2016.

Survey responses are collected in the second half of each month and indicate the direction of change compared to the previous month.

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 series is inverted so that it moves in a comparable direction to the other series.

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.

For further information on the PMI survey methodology, please contact economics@ihsmarkit.com.

Survey dates

Data were collected 12-27 April 2023.

Survey questions

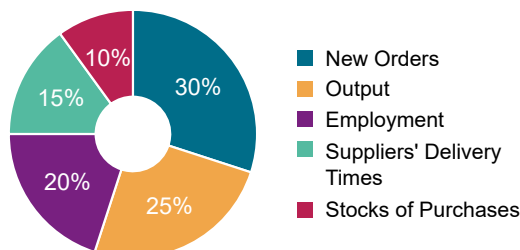
Private sector

Output	Suppliers' Delivery Times
New Orders	Stocks Of Purchases
New Export Orders	Input Prices
Future Output	Purchase Prices
Employment	Staff Costs
Backlogs Of Work	Output Prices
Quantity Of Purchases	

Data calculation

$$\% \text{ "Higher"} + (\% \text{ "No change"})/2$$

PMI component weights



Sector coverage

PMI data include responses from companies operating in sectors classified according to the following ISIC Rev.4 codes:

A	Agriculture, Forestry and Fishing	K	Financial and Insurance Activities
B	Mining and Quarrying	M	Professional, Scientific and Technical Activities
C	Manufacturing	N	Administrative and Support Service Activities
F	Construction	P	Education*
G	Wholesale and Retail Trade; Repair of Motor Vehicles and Motorcycles	Q	Human Health and Social Work Activities*
H	Transportation and Storage	R	Arts, Entertainment and Recreation
I	Accommodation and Food Service Activities	S	Other Service Activities
J	Information and Communication		

*Private sector

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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.
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