

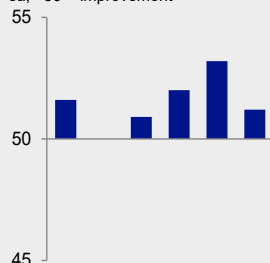
Stanbic Bank Uganda PMI™

New orders expand for seventh month running

51.2

UGANDA PMI
FEB '23

PMI
Sep '22 - Feb '23
sa, >50 = improvement



Output increases on back of ongoing new order growth

Charges up for eighteenth month running

Firms reduce employment

The Ugandan private sector remained in growth territory at the midway point of the first quarter of 2023, with output and new orders continuing to increase. Less positive were a first reduction in employment in five months and continued price pressures.

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 dipped to 51.2 in February from 53.2 in January. Despite this, the index still signalled a monthly strengthening of business conditions, extending the current sequence of improvement to four months. The latest reading was lower than the average of 52.4 since the survey began in June 2016.

Helping to support the overall strengthening in the health of the private

sector were sustained increases in both output and new orders, with successful advertising and improving demand reportedly behind growth. Activity and new orders each rose for the seventh month running in February.

There were some reports, however, of extremely dry weather conditions limiting output growth. Hopes that rains would come to alleviate these conditions was one of the factors behind an optimistic outlook for the coming year, alongside predictions of higher customer numbers and softer inflation.

Business activity increased in the services and wholesale & retail categories, but decreased in agriculture, construction and industry.

With new orders continuing to rise, companies again expanded their purchasing activity, thereby extending the current sequence of growth to four months. In turn, stocks of purchases also increased for the fourth successive

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

month in February.

Less positive was the picture around employment, with staffing levels down for the first time in five months. Although some companies raised workforce numbers in line with higher workloads, others reported that resignations and efforts to manage capacity had led employment to fall. Meanwhile, backlogs of work were depleted again.

Input costs rose further in February, with higher prices for electricity, water and purchases all widely reported.

Wages were also up overall, but a reduction in employment led to a drop in staff costs at some firms.

The pass through of higher input costs to customers resulted in an eighteenth consecutive monthly increase in selling prices. Charges rose in the agriculture, industry and wholesale & retail categories, but fell in construction and services.

Finally, suppliers' delivery times lengthened for the third time in the past four months.

Comment

Mulalo Madula, Economist at Standard Bank commented:

"PMI continues to show resilient economic performance in Uganda after seven consecutive months of rising demand. New orders continued to rise, supporting output, despite a second straight month of declines in new export orders and increases in input and output prices. Activity increased in the services, wholesale and retail sectors, but decreased in the agriculture, construction and industrial sectors. According to some reports, extremely dry weather conditions have negatively impacted output. Employment fell in February, the first drop in five months. The decrease in hiring reflects a combination of resignations and efforts to manage capacity. Businesses are optimistic that production will pick up over the next 12 months given increased demand, lower inflationary pressures and expected rainfall."



PMI™

by **S&P Global**

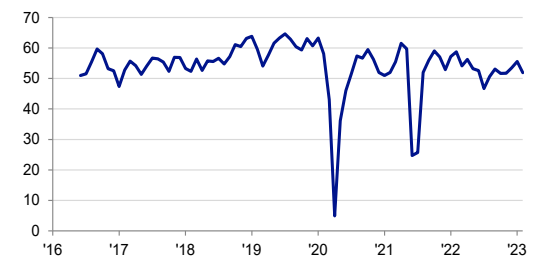
Output and demand

Output

As has been the case in each of the past seven months, business activity increased in the Ugandan private sector during February. Where output rose, panellists often linked this to successful advertising. On the other hand, there were some reports that extremely dry weather conditions had negatively impacted output. Activity increased in services and wholesale & retail, but decreased in agriculture, construction and industry.

Output

sa, >50 = growth since previous month

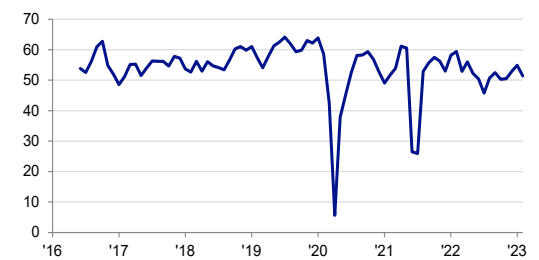


New orders

Ugandan companies registered a rise in new orders during February, thereby extending the current sequence of expansion to seven months. Advertising drives and general improvements in demand were reportedly behind the increase in new business.

New Orders

sa, >50 = growth since previous month



New export orders

February data signalled a second successive monthly reduction in new export orders, contrasting with the picture seen for total new business. The recent falls followed a two-month sequence of growth at the end of 2022.

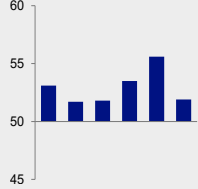
New Export Orders

sa, >50 = growth since previous month



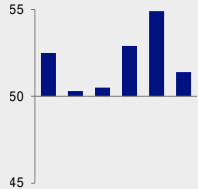
Output

Sep '22 - Feb '23
sa, >50 = growth



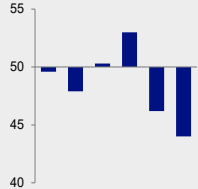
New Orders

Sep '22 - Feb '23
sa, >50 = growth



New Export Orders

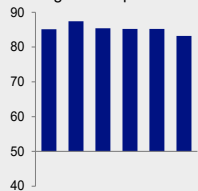
Sep '22 - Feb '23
sa, >50 = growth



Business expectations

Future Output

Sep '22 - Feb '23
>50 = growth expected



Companies remained optimistic that output will increase over the coming year, with close to 68% of respondents predicting a rise. Higher customer numbers, softer inflationary pressures and the coming rains are expected to boost activity. Positive sentiment was signalled across all five monitored sectors.

Future Output

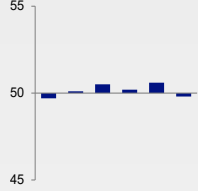
>50 = growth expected over next 12 months



Employment and capacity

Employment

Sep '22 - Feb '23
sa, >50 = growth



Employment

Staffing levels decreased in February, the first reduction in five months. Lower employment reflected a mix of resignations and efforts to manage capacity, but there were still some companies that increased workforce numbers in line with higher workloads. Employment rose in the agriculture and construction sectors, but decreased in industry, services and wholesale & retail.

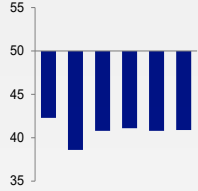
Employment

sa, >50 = growth since previous month



Backlogs of Work

Sep '22 - Feb '23
sa, >50 = growth



Backlogs of work

February data signalled continued success in depleting backlogs of work, with a number of firms reporting that they had no business outstanding over the month. Backlogs have decreased continuously since the survey began in June 2016.

Backlogs of Work

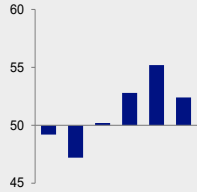
sa, >50 = growth since previous month



Purchasing and inventories

Quantity of Purchases

Sep '22 - Feb '23
sa, >50 = growth



Quantity of purchases

Growth of new orders encouraged companies to raise their purchasing activity again midway through the first quarter of the year. Input buying has now increased in each of the past four months. The agriculture and industry sectors raised purchasing.

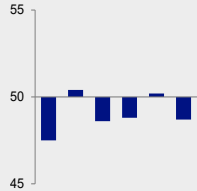
Quantity of Purchases

sa, >50 = growth since previous month



Suppliers' Delivery Times

Sep '22 - Feb '23
sa, >50 = faster times



Suppliers' delivery times

After having shortened for the first time in three months during January, suppliers' delivery times lengthened again in February. That said, the vast majority of respondents (93%) indicated that lead times had been stable over the course of the month.

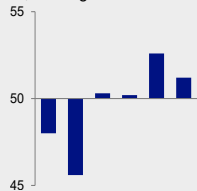
Suppliers' Delivery Times

sa, >50 = faster times since previous month



Stocks of Purchases

Sep '22 - Feb '23
sa, >50 = growth



Stocks of purchases

Higher purchasing activity fed through to an increase in inventories in February, with optimism in the outlook encouraging firms to raise stocks. Inventories have now accumulated in each of the past four months.

Stocks of Purchases

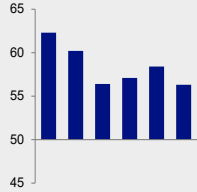
sa, >50 = growth since previous month



Prices

Input Prices

Sep '22 - Feb '23
sa, >50 = inflation



Input prices

Ugandan companies reported a rise in overall input costs for the nineteenth consecutive month during February. Respondents signalled higher prices for electricity and water in particular, with purchase costs also up. Higher input prices were seen across all five broad sectors covered by the survey.

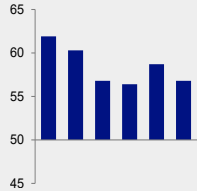
Input Prices

sa, >50 = inflation since previous month



Purchase Prices

Sep '22 - Feb '23
sa, >50 = inflation



Purchase prices

Higher costs for items such as cement, paper and stationery resulted in a further rise in purchase prices in the Ugandan private sector during February. Around 14% of respondents noted a rise in purchase costs, against 3% that signalled a fall.

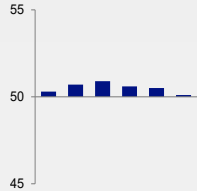
Purchase Prices

sa, >50 = inflation since previous month



Staff Costs

Sep '22 - Feb '23
sa, >50 = inflation



Staff costs

Staff costs continued to rise in February, thereby extending the current sequence of inflation to six months. Where wages increased, panellists linked this both to improved performance and efforts to help workers with higher living costs. On the other hand, reductions in employment led some firms to see a drop in staff costs.

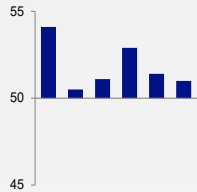
Staff Costs

sa, >50 = inflation since previous month



Output Prices

Sep '22 - Feb '23
sa, >50 = inflation



Output prices

As has been the case on a monthly basis throughout the past year-and-a-half, output prices increased in February. Those companies that raised their selling prices linked this to the pass through of higher input costs to customers. Charges rose in the agriculture, industry and wholesale & retail sectors, but fell in construction and services.

Output Prices

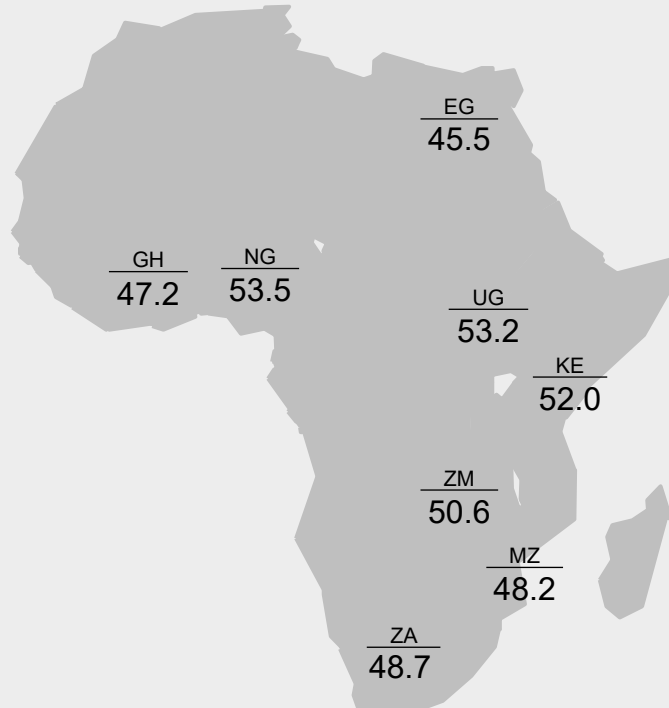
sa, >50 = inflation since previous month



Africa PMI

PMI, Jan '23

sa, >50 = improvement since previous month



PMI

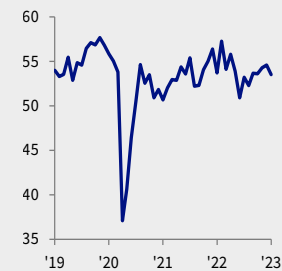
Ghana

sa, >50 = improvement



Nigeria

sa, >50 = improvement



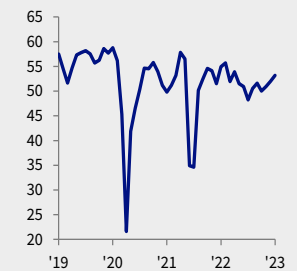
Egypt

sa, >50 = improvement



Uganda

sa, >50 = improvement



South Africa

sa, >50 = improvement



Zambia

sa, >50 = improvement



Mozambique

sa, >50 = improvement



Kenya

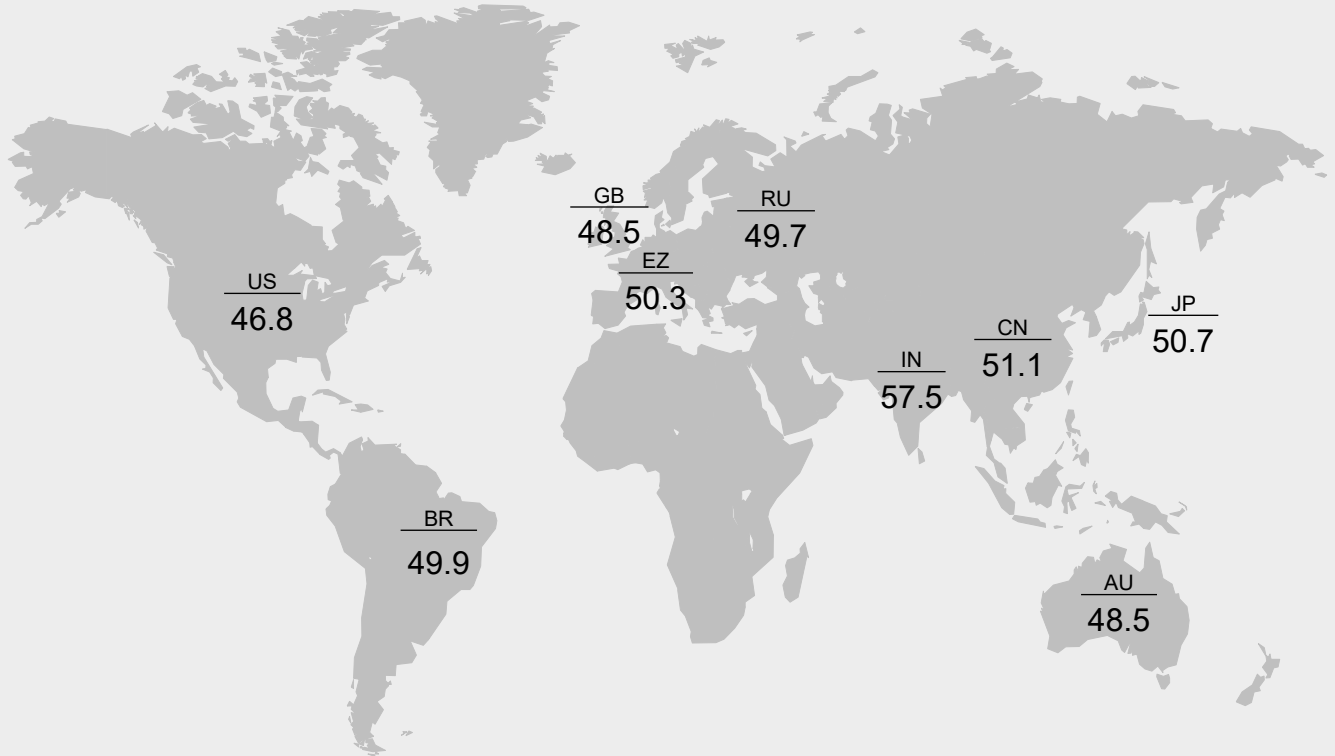
sa, >50 = improvement



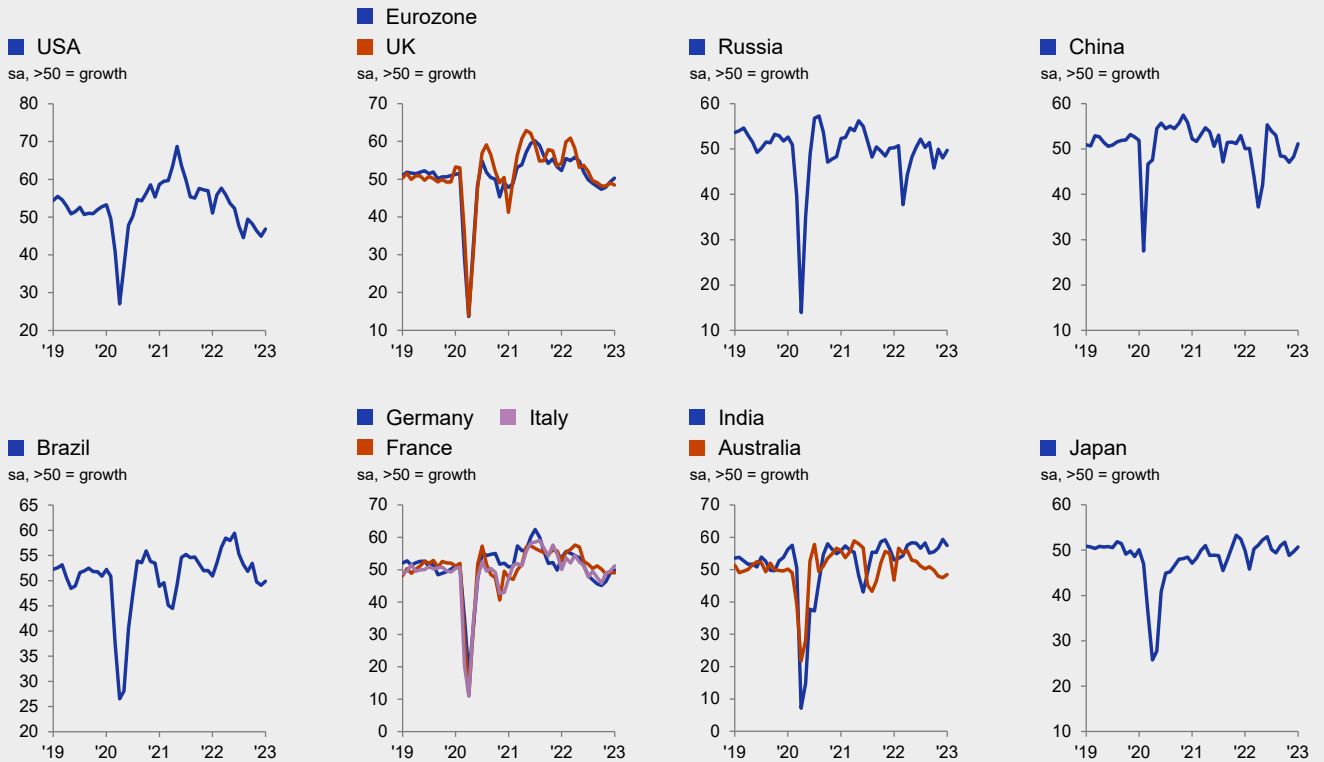
International PMI

Composite Output Index, Jan '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 10-27 February 2023.

Survey questions

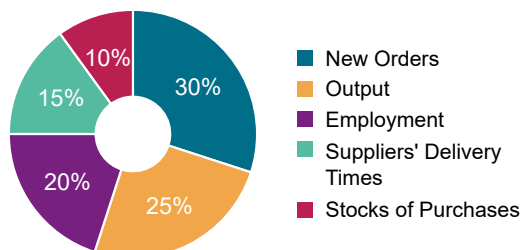
Private sector

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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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