

Embargoed until 0900 EAT (0600 UTC) 5 April 2023

## Stanbic Bank Uganda PMI™

### Improving customer demand supports continued output growth

#### Key findings

Output and new orders rise for eighth month running

Employment decreases

Output prices fall for first time in 19 months

Strengthening customer demand supported ongoing improvements in business conditions in the Ugandan private sector at the end of the first quarter of the year. To some extent, demand was supported by the offering of discounts to customers. Despite increases in output and new orders, companies recorded a drop in employment for the second month running.

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 rose to 53.2 in March, from 51.2 in February, and was above the series average of 52.4. Operating conditions have now improved in each of the past five months.

Central to the latest strengthening of business conditions were continued improvements in output and new orders, both of which increased for the eighth month running in March.

Panellists reported increased customer numbers amid improving demand and stable economic conditions.

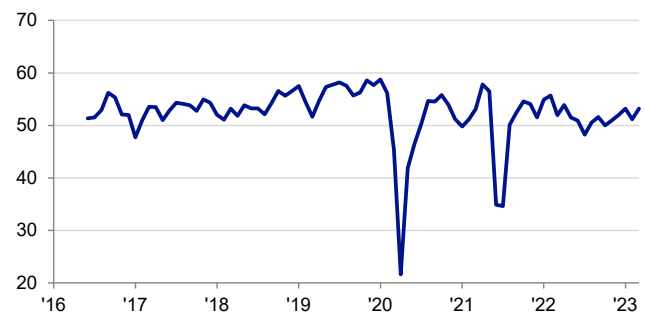
Business activity rose across each of the agriculture, construction, industry, services and wholesale & retail sectors.

A further boost to demand was provided through price discounting by companies as output charges were reduced for the first time in just over a year-and-a-half.

The drop in selling prices was recorded in spite of a further increase in input costs. Overall input prices rose for the twentieth month in a row, on the back of higher purchase costs, plus increased prices for utilities and construction materials.

Stanbic Bank Uganda PMI

sa, >50 = improvement since previous month



Sources: Stanbic Bank, S&P Global.  
Data were collected 10-30 March 2023.

#### Comment

Mulalo Madula, Economist at Standard Bank commented:

*"Uganda posted its eighth straight month of output growth as domestic demand remained strong as some firms offered competitive pricing to attract customers. In fact, a decrease in selling prices was noted despite input costs continuing to increase for the 20th consecutive month. This was met by increased purchasing activity and longer lead times due to higher costs and heavy rains affecting transportation. While increased workloads have encouraged some firms to increase employment, overall employment has declined as workers resigned to seek other opportunities elsewhere. The outlook for the year ahead is positive, supported by the potential for further growth in customer demand."*

Meanwhile, staff costs were unchanged in March, thereby ending a six-month sequence of inflation. The lack of upwards pressure on pay was consistent with a second successive monthly reduction in staffing levels in the private sector. While some companies increased employment in response to greater new orders, others noted a fall as workers resigned in search of opportunities elsewhere.

Despite some pressure on capacity as a result of the rise in new business, backlogs of work continued to fall at the end of the first quarter.

Companies increased their purchasing activity for the fifth month in a row, with higher input buying feeding through to an accumulation of stocks of purchases.

Suppliers' delivery times lengthened for the second month running, with delays linked to higher costs and heavy rains causing transportation problems.

Companies remained optimistic that output will continue to rise over the coming 12 months, with confidence supported by predictions of ongoing improvements in customer demand.

## Contact

Mulalo Madula  
 Economist  
 Stanbic Bank  
 T: +27 11 415 4552  
[mulalo.madula@standardbank.co.za](mailto:mulalo.madula@standardbank.co.za)

David Kamugisha  
 Head of Trading, Global Markets  
 Stanbic Bank  
 T: +256 31 222 4969  
[kamugishad@stanbic.com](mailto:kamugishad@stanbic.com)

Andrew Harker  
 Economics Director  
 S&P Global Market Intelligence  
 T: +44 1491 461 016  
[andrew.harker@spglobal.com](mailto:andrew.harker@spglobal.com)

Sabrina Mayeen  
 Corporate Communications  
 S&P Global Market Intelligence  
 T: +44 7967 447 030  
[sabrina.mayeen@spglobal.com](mailto:sabrina.mayeen@spglobal.com)

If you prefer not to receive news releases from S&P Global, please email [katherine.smith@spglobal.com](mailto:katherine.smith@spglobal.com). To read our privacy policy, click [here](#).

### 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](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](http://ihsmarkit.com/products/pmi.html)

### Disclaimer

The intellectual property rights to the data provided herein are owned by or licensed to S&P Global and/or its affiliates. Any unauthorised use, including but not limited to copying, distributing, transmitting or otherwise of any data appearing is not permitted without S&P Global's prior consent. S&P Global shall not have any liability, duty or obligation for or relating to the content or information ("data") contained herein, any errors, inaccuracies, omissions or delays in the data, or for any actions taken in reliance thereon. In no event shall S&P Global be liable for any special, incidental, or consequential damages, arising out of the use of the data. Purchasing Managers' Index™ and PMI™ are either registered trade marks of Markit Economics Limited or licensed to Markit Economics Limited and/or its affiliates.

This Content was published by S&P Global Market Intelligence and not by S&P Global Ratings, which is a separately managed division of S&P Global. Reproduction of any information, data or material, including ratings ("Content") in any form is prohibited except with the prior written permission of the relevant party. Such party, its affiliates and suppliers ("Content Providers") do not guarantee the accuracy, adequacy, completeness, timeliness or availability of any Content and are not responsible for any errors or omissions (negligent or otherwise), regardless of the cause, or for the results obtained from the use of such Content. In no event shall Content Providers be liable for any damages, costs, expenses, legal fees, or losses (including lost income or lost profit and opportunity costs) in connection with any use of the Content.