



Stanbic Bank Uganda PMI™

Renewed increase in new orders in August

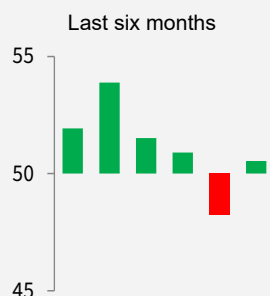
Key findings

Output and new orders return to growth

Purchasing rises, but employment falls

Firms optimistic regarding year-ahead outlook

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 S&P Global, 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.

August data pointed to a renewed improvement in business conditions in the Ugandan private sector as both output and new orders returned to growth. Purchasing activity also rose, but employment continued to fall, partly reflecting cost considerations. There were ongoing reports of rising purchase costs and subsequently higher selling prices.

The headline PMI rose to 50.5 in August, up from 48.2 in July and back above the 50.0 no-change mark to signal an improvement in the health of the private sector. That said,

the latest reading was still below the series average of 52.5.

Renewed expansions in both output and new orders were signalled in August. Some firms reported that they had been able to secure new customers over the month, thereby leading to higher new orders. This fed through to rising activity, although there were still some reports of demand remaining muted. Four of the five monitored sectors saw output increase, the exception being services.

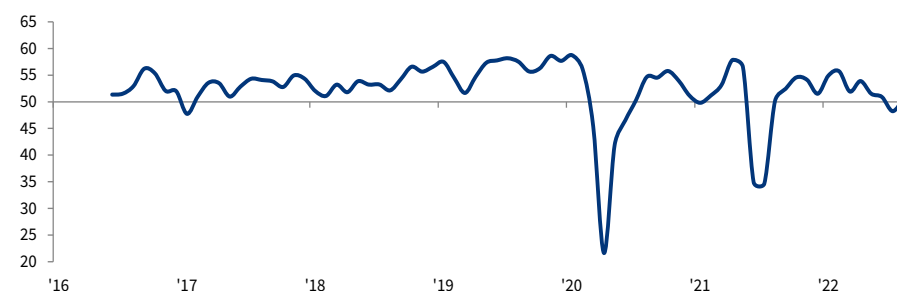
Overall input prices continued to rise, often linked to higher fuel and transportation costs, but also reflecting increases in the price for items such as cement, sand and food. In turn, output prices also rose further during the month.

On the other hand, staff costs decreased for the second month running. Some firms indicated that cost considerations led them to reduce employment for the third consecutive month.

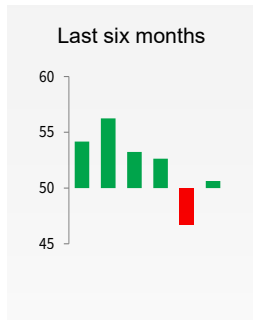
In line with the picture for output and new orders, purchasing activity rose, with stocks of purchases also higher. Suppliers' delivery times lengthened for a second successive month, with delays caused by poor road conditions, material shortages and high transportation costs.

Hopes that prices will stabilise and new orders expand supported confidence in the 12-month outlook for business activity.

PMI
sa, >50 = improvement since previous month



Output

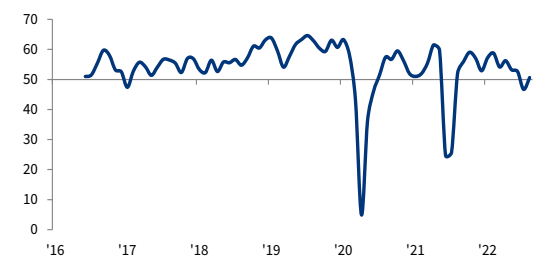


Output in the Ugandan private sector returned to growth in August, after having fallen for the first time in a year during July. Respondents indicated that activity increased in response to a similar return to growth of new orders, although there were still some reports of demand remaining muted.

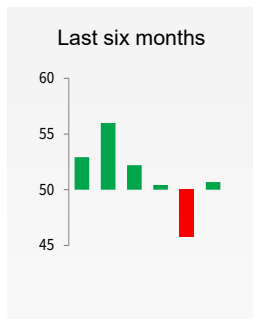
Activity rose in four of the five monitored sectors, the exception being services.

Output

sa, >50 = growth since previous month



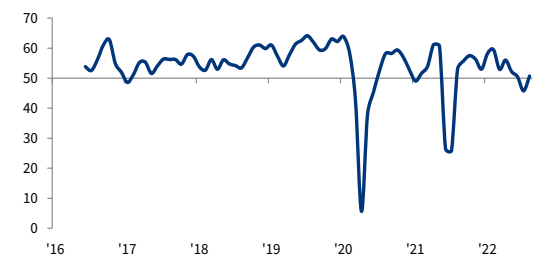
New Orders



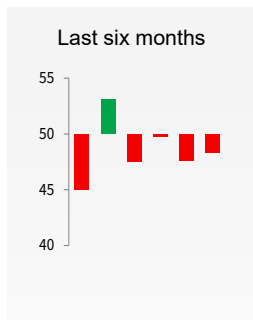
In line with the picture for business activity, Ugandan companies posted a renewed rise in new orders during August. A number of panellists indicated that they had been able to secure new customers during the month. New business increased in agriculture, industry and wholesale & retail, but decreased in construction and services.

New Orders

sa, >50 = growth since previous month



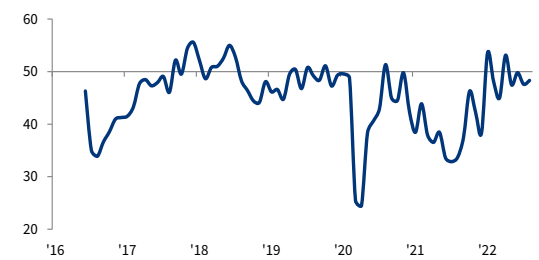
New Export Orders



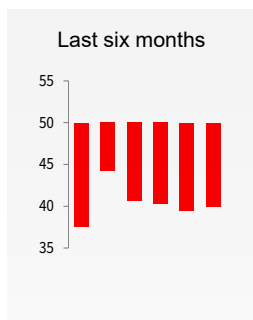
The seasonally adjusted New Export Orders Index remained below the 50.0 no-change mark during August, signalling a further reduction in new business from abroad. New export orders have now decreased in each of the past four months.

New Export Orders

sa, >50 = growth since previous month



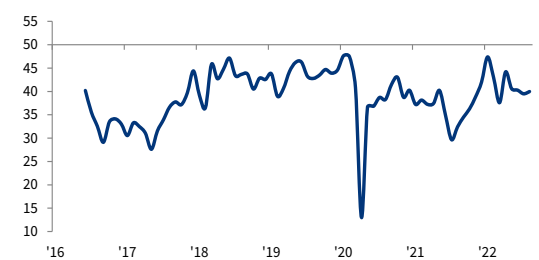
Backlogs of Work



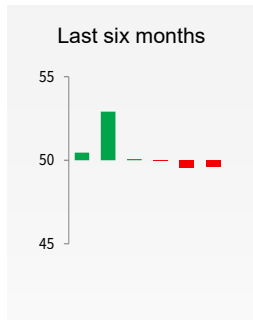
As has been the case throughout the history of the survey which began in June 2016, backlogs of work decreased in August. The drop in new orders during July meant that firms had sufficient capacity to make inroads into existing projects.

Backlogs of Work

sa, >50 = growth since previous month



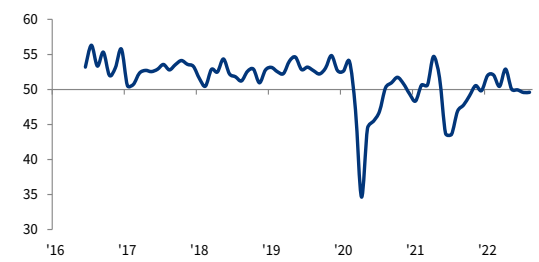
Employment



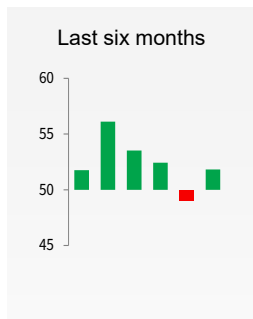
Efforts to limit costs meant that companies in Uganda continued to lower their staffing levels during August. Employment has now decreased in three consecutive months. The overall reduction in headcounts reflected falls in the agriculture, industry and wholesale & retail sectors, while construction and services posted rises.

Employment

sa, >50 = growth since previous month



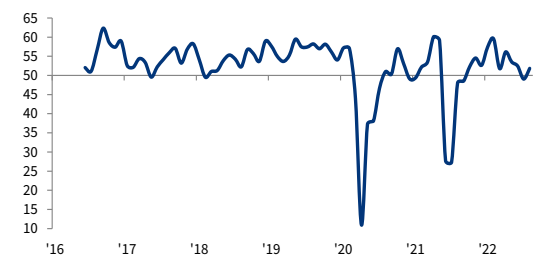
Quantity of Purchases



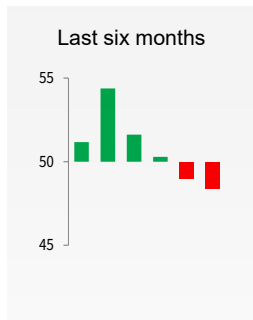
Ugandan companies increased their purchasing activity in August, following a fall in the previous month. According to respondents, the expansion in input buying reflected trends in output and new orders.

Quantity of Purchases

sa, >50 = growth since previous month



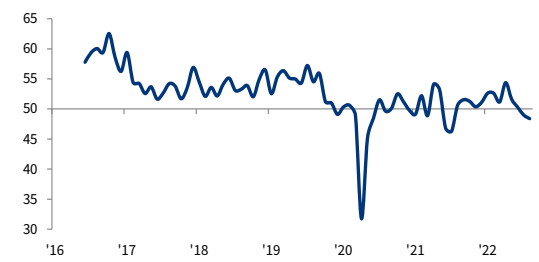
Suppliers' Delivery Times



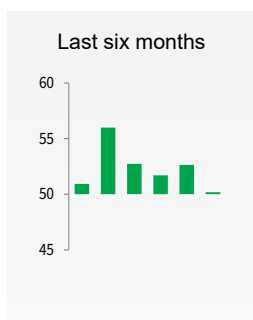
August data pointed to a second successive month of deteriorating vendor performance in the Ugandan private sector. According to respondents, longer lead times reflected poor road conditions, shortages of certain materials and high transportation costs.

Suppliers' Delivery Times

sa, >50 = faster times since previous month



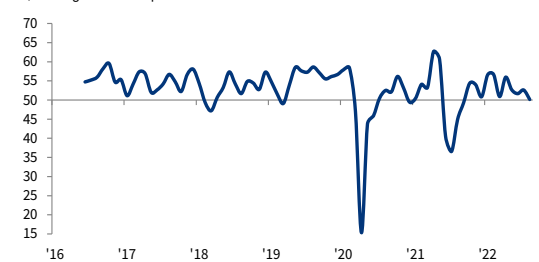
Stocks of Purchases



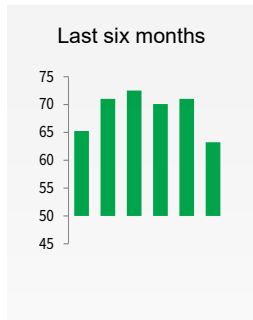
Stocks of purchases increased for the eleventh consecutive month in August, with muted sales in July meaning that firms accumulated some excess inventories. Around 16% of respondents noted a rise in stocks of purchases, against 13% that posted a fall.

Stocks of Purchases

sa, >50 = growth since previous month

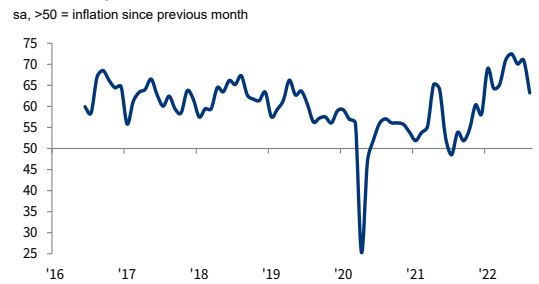


Overall Input Prices

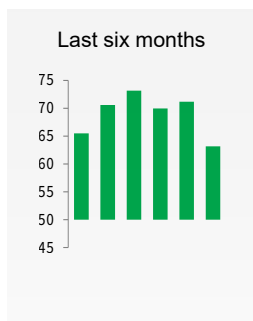


As has been the case in each of the past 13 months, overall input costs increased during August. Respondents often mentioned that higher fuel prices had led to increases in their transportation costs, while rising material and utility prices were also reported. All five monitored sectors posted an increase in overall input costs during the month.

Overall Input Prices



Purchase Prices

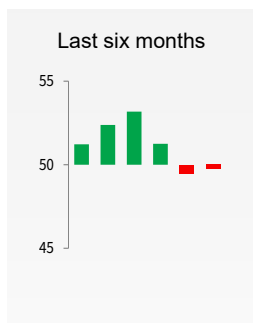


Ugandan companies reported rises in cost for a range of materials during August, with cement, sand and food products most often cited as costing more. Close to 29% of respondents signalled an increase in purchase prices, against 2% that noted a decrease.

Purchase Prices

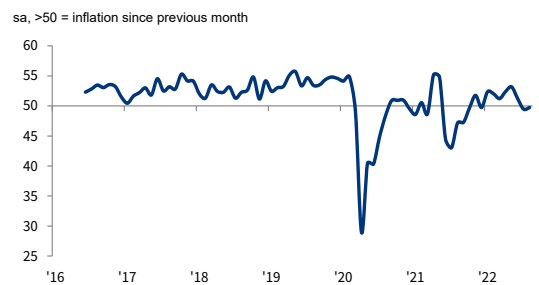


Staff Costs

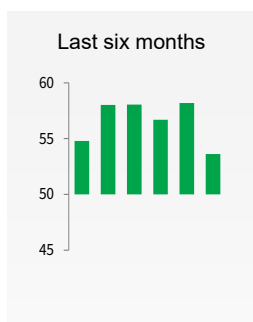


Staff costs decreased for the second month running midway through the third quarter of the year. The overall reduction in wages was centred on the industry, services and wholesale & retail sectors, while agriculture and construction firms registered increasing staff costs.

Staff Costs

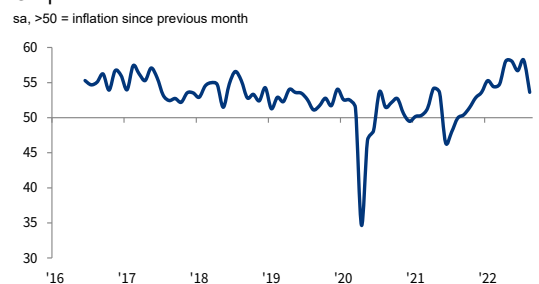


Output Prices

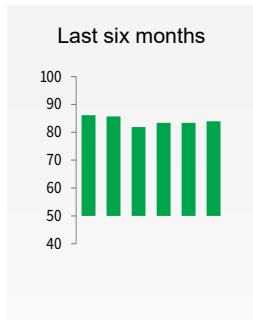


The passing on of higher input costs to customers resulted in a further increase in selling prices in the Ugandan private sector during August. Charges have now risen in each of the past 12 months. Exactly 8% of respondents increased their selling prices in the latest survey period.

Output Prices



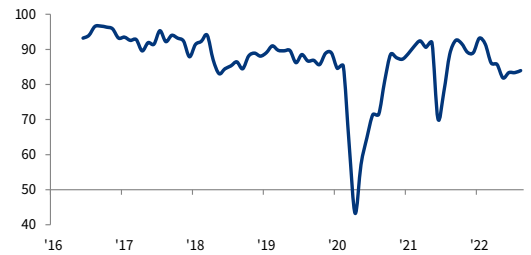
Future Output



August data pointed to ongoing confidence in the year-ahead outlook for business activity. Approximately 72% of respondents predicted an increase in output, with confidence driven by expectations of higher new orders and more stable prices. On the other hand, just 4% of panellists expressed a pessimistic outlook.

Future Output

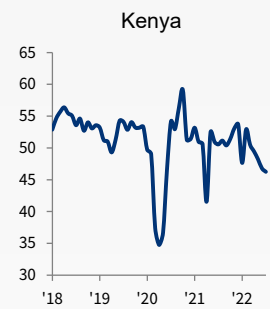
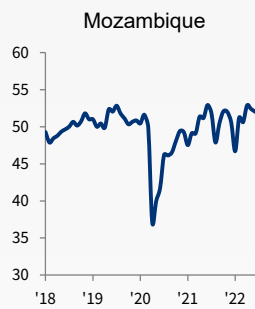
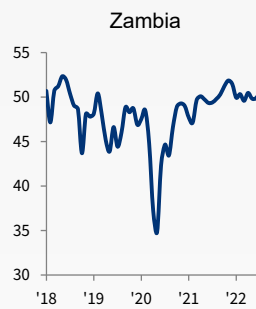
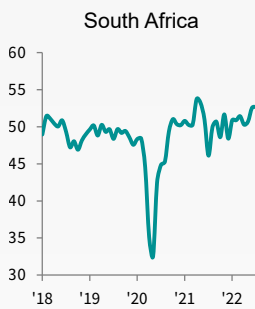
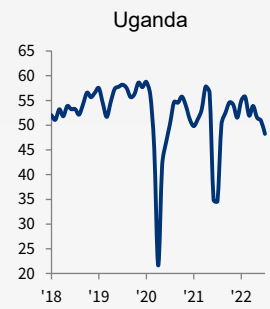
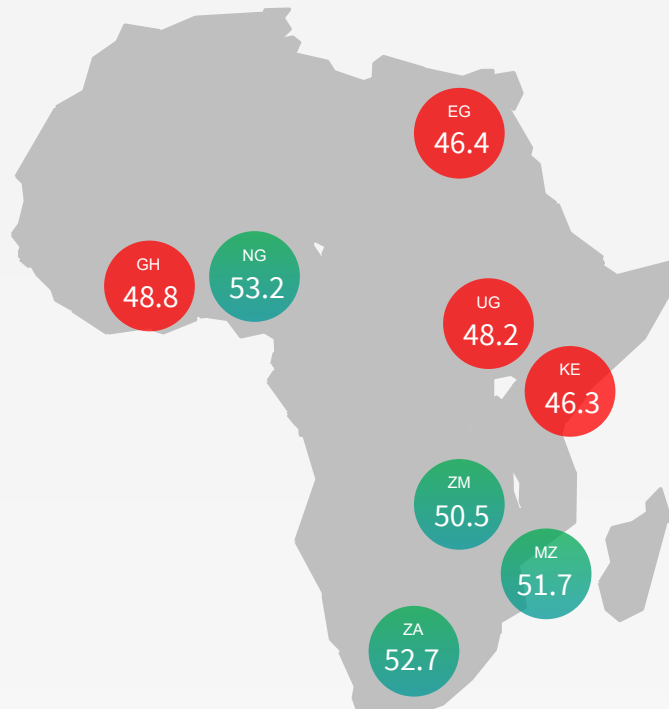
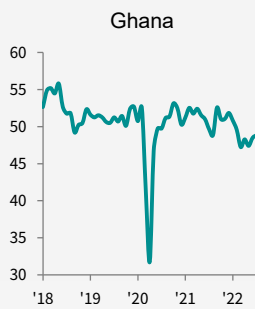
>50 = growth expected over next 12 months



Africa PMI

PMI, Jul '22

sa, >50 = improvement since previous month

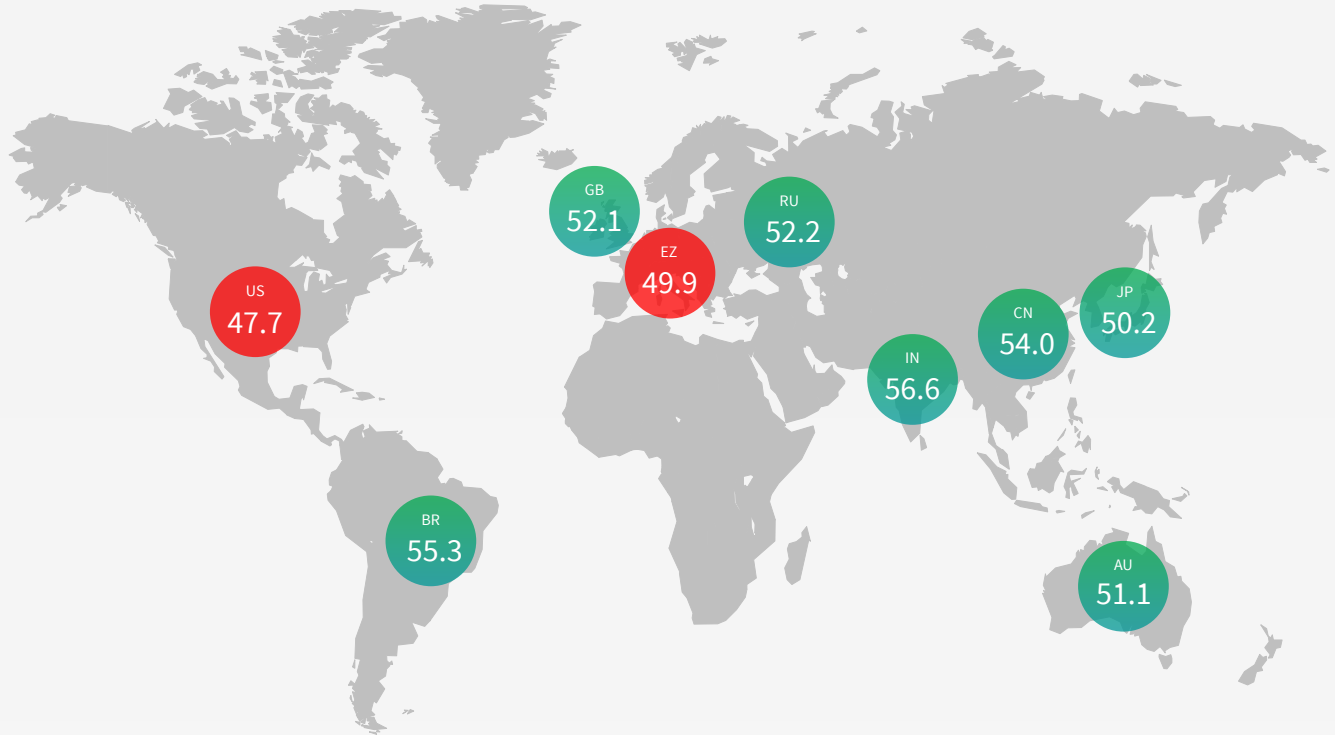


International PMI

Composite Output Index, Jul '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 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.

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.

August data were collected 12-30 August 2022.

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

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.

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 S&P Global

S&P Global (NYSE: SPGI) S&P Global provides essential intelligence. We enable governments, businesses and individuals with the right data, expertise and connected technology so that they can make decisions with conviction. From helping our customers assess new investments to guiding them through ESG and energy transition across supply chains, we unlock new opportunities, solve challenges and accelerate progress for the world.

We are widely sought after by many of the world's leading organizations to provide credit ratings, benchmarks, analytics and workflow solutions in the global capital, commodity and automotive markets. With every one of our offerings, we help the world's leading organizations plan for tomorrow, today.