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## Stanbic Bank Uganda PMI®

### Renewed decline in business conditions in Uganda as 2025 begins

#### Key findings

Fresh contraction in new business

Total input prices rise again amid hikes in purchase and staff costs

Job shedding continues in January

The Ugandan private sector moved into contraction territory at the start of 2025, as business conditions deteriorated for the first time since March 2024. Output broadly stagnated, amid weak demand and a renewed drop in new business. Although companies signalled upbeat expectations regarding the outlook for activity, firms cut jobs further amid signs of spare capacity.

Meanwhile, total costs and selling prices increased again. Higher overall input prices stemmed from upticks in both purchase and staff costs, which firms in turn sought to pass through 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 at 49.5 in January, down from 53.1 in December, to signal a renewed decline in the health of the Ugandan private sector. Moreover, the downturn was the first for almost a year.

Weighing on the private sector's overall performance was a fresh decrease in new orders during January. The latest fall ended a nine-month sequence of growth, with panellists often highlighting weak client demand and reduced purchasing power at customers.

Lower new orders subsequently dampened business activity levels, which were broadly unchanged on the month in January. Unlike the fall in new business, which was largely centred on the service sector, the decline in output was broad-based by monitored segment.

Average input prices continued to increase at the start of 2025, following higher reported purchase and staff costs. Survey respondents noted that utility and raw material

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sa, >50 = improvement since previous month



Sources: Stanbic Bank, S&P Global PMI.  
Data were collected 09-29 January 2025.

#### Comment

Christopher Legilisho, Economist at Stanbic Bank commented:

*"Surprisingly, the Ugandan Purchasing Managers' Index (PMI) eased in January as new orders and output reflected subdued consumer demand. The private sector may well have lost momentum in January. Further, backlogs declined due to less consumer demand.*

*"However, quantities purchased increased, and inventories and supplier delivery times improved due to optimism about future output and efficiency gains by vendors. Therefore, the retreat in new orders and output may prove temporary.*

*"Firms reported an increase in input costs due to higher utility bills as well as a rise in purchase prices for staple products for instance, foodstuff, stationery, cement and toiletries. Staff costs rose, with a slight uptick in the manufacturing, wholesale and retail segments. Output prices too increased as firms passed on higher input and purchase prices to consumers. This implies a slight rise in inflationary pressures in January compared to the case in December, aligning with the inflation print that rose to 3.6% y/y.*

*"The private sector is upbeat about the business outlook for the next 12 months."*

**PMI®**

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costs ticked up, with some also mentioning increased overtime payments to staff.

Ugandan businesses raised their selling prices, in response, with output charges increasing for the fifth month running.

Although the uptick in total input prices was broad-based by sector, construction registered a reduction in output charges in January.

Ugandan private sector firms cut employment for the third month running in January, amid lower new orders and renewed evidence of spare capacity. Companies indicated a drop in backlogs of work, following an increase in December.

Nonetheless, private sector firms were upbeat in their expectations regarding the outlook for output over the coming year. Business confidence was positive in all sectors amid hopes of stronger demand conditions in the coming months.

Finally, despite hikes in purchase costs, Ugandan businesses signalled another monthly increase in input buying in January. A fourteenth successive monthly improvement in vendor performance helped support firms' efforts to build safety stocks, as inventories rose further.

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### 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@spglobal.com](mailto:economics@spglobal.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. [www.spglobal.com/marketintelligence/en/mi/products/pmi](http://www.spglobal.com/marketintelligence/en/mi/products/pmi)

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### About Stanbic Bank

Stanbic Bank Uganda is a member of the Standard Bank Group, Africa's largest bank by assets. As of 30th June 2023, Standard Bank Group had total assets of R3.0 trillion (about USD 146 billion), while its market capitalisation was R297.5 billion (about USD 14.5 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. <http://www.stanbicbank.co.ug>

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