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## Stanbic Bank Uganda PMI™

### New orders expand for seventh month running

#### Key findings

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.

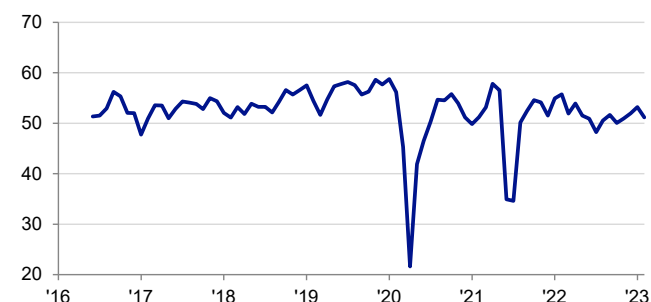
There were some reports, however, of extremely dry weather conditions limiting output growth. Hopes that rains would come to alleviate these conditions was one of the factors behind an optimistic outlook for the coming year, alongside predictions of higher customer numbers and softer inflation.

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

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sa, >50 = improvement since previous month



Sources: Stanbic Bank, S&P Global.

Data were collected 10-27 February 2023.

#### 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."

current sequence of growth to four months. In turn, stocks of purchases also increased for the fourth successive 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.

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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@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)

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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. <http://www.stanbicbank.co.ug>

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