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Stanbic Bank Uganda PMI[®]

Positive customer demand supports further improvement in Ugandan business conditions in May

Key findings

Output and new orders continue to expand

Positive outlook for output drives employment growth

Selling prices increase again

Ugandan private sector firms signalled a further upturn in business conditions midway through the second quarter, as output and new orders rose again. Expansions were driven by stronger client demand, as companies also raised their staffing levels and input buying. Expectations of greater output in the coming year also encouraged firms to accumulate stocks.

Meanwhile, higher purchase and staff costs drove overall input price inflation. In line with accommodative demand conditions, companies raised selling prices again in May.

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.

At 56.4 in May, the headline PMI was up from 55.3 in April. The latest data signalled a fourth consecutive monthly improvement in operating conditions in the Ugandan private sector.

Contributing to the overall upturn was a further rise in new business placed with Ugandan firms. The expansion in new orders was underpinned by stronger client demand and new customer wins, according to panellists.

Companies recorded continued growth in output during May, thereby extending the current sequence of expansion that began in February. The rise in activity was most commonly attributed to greater new orders.

At the sector level, upturns in both output and new sales were broad-based.

The rise in sales and increased business requirements spurred another round of job creation at Ugandan firms. The latest upturn in employment was the fourth in as many

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sa, >50 = improvement since previous month



Sources: Stanbic Bank, S&P Global PMI.
Data were collected 12-28 May 2025.

Comment

Christopher Legilisho, Economist at Stanbic Bank commented:

"Stanbic Bank Uganda PMI data for May was still stronger, expanding to the highest level in 23 months, implying sustained private sector momentum. Robust new orders and output were attributed to increased sales and strong customer demand across all monitored sectors. Ugandan firms increased staffing levels for a fourth month, both part-time and full-time, due to increased output. Staffing costs ticked up as some companies paid bonuses to motivate workers.

"With greater operational capacity, firms were able to reduce outstanding work, leading to a further decline in backlogs during May. Purchasing activity expanded, and inventories rose as firms increased input buying.

"Firms raised output prices in response to strong demand conditions, while overall input and purchase costs continued to rise. This was largely due to higher operating expenses and increased costs of key goods such as cement, soap, and food - pointing to a moderate build-up in inflationary pressures. Despite the cost increases, firms remained optimistic about business conditions, expecting growth in customer demand and output over the next 12 months."

months, with companies also noting that greater staffing levels reflected more temporary and permanent hires. All five monitored sectors recorded a rise in headcounts.

Employment growth enabled firms to work through their backlogs in May. The level of outstanding work fell for the fifth month running.

Ugandan firms remained confident of a rise in business activity in the coming year. Investment in advertising and promotional materials, as well as hopes of stronger demand supported optimism, according to panellists.

Concurrently, input prices continued to rise as panellists noted greater purchase and staff costs. Increased employment, alongside higher prices for materials including foodstuff and fuel reportedly drove the upticks.

Ugandan firms sought to pass through higher costs to customers, as selling prices rose again. That said, increases were confined to the service and agriculture sectors.

Finally, despite a slight decline in vendor performance, firms expanded their input buying and inventory levels amid strong customer demand and expectations of further increases in new business.

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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.

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

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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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