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## Stanbic Bank Uganda PMI<sup>®</sup>

### Further expansion in new orders supports growth in Ugandan private sector in August

#### Key findings

Expansions in output and new orders sustained

Optimism in the outlook remains amid further job creation

Cost pressures persist but selling prices fall

The Ugandan private sector continued to grow in August, according to the latest PMI<sup>®</sup> data. The improvement in business conditions stemmed from further expansions in output, new orders and employment. Strengthening demand conditions supported increases in business activity and new sales, with firms also anticipating greater output over the coming year. Pressure on capacity, alongside confidence in the outlook contributed towards another monthly increase in headcounts.

Meanwhile, cost burdens continued to rise amid hikes in both purchase prices and wage bills. Nonetheless, selling prices fell for the first time in almost a year-and-a-half amid efforts to remain competitive.

The headline figure derived from the survey is the Purchasing Managers' Index<sup>™</sup> (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 56.3 in August, up from 53.7 at the start of the third quarter, to signal another monthly upturn in the health of the Ugandan private sector. Business conditions improved for the fifth month running.

Contributing to overall growth was a fifth successive monthly expansion in new business at Ugandan firms in August. The increase in new orders was broad-based by sector, with companies attributing growth to new client acquisitions and a more upbeat sales environment.

Subsequently, firms expanded their output levels further, with business activity increasing in successive months since April. Growth in output was recorded across all five monitored sectors.

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sa, >50 = improvement since previous month



Sources: Stanbic Bank, S&P Global PMI.  
Data were collected 12-28 August 2024.

#### Comment

Christopher Legilisho, Economist at Stanbic Bank commented:

*"The August PMI shows a resilient private sector economy. For a fifth month now, firms indicated strong output and new orders linked to new clients and strong demand conditions across all surveyed sectors. Further, firms are confident that client demand conditions will persist over the next 12 months – and have therefore increased staff hiring for a seventeenth month running as well as ramping up input buying and stocks to meet workloads.*

*"However, overall input prices, purchase prices and staff costs increased in August because of wage bill pressures, and higher prices of raw materials, utilities and certain goods. Only the agricultural sector reported a decline in input and purchase prices. Output prices declined in the agriculture, industry and wholesale and retail sectors as firms deployed strategies to attract new clients and remain competitive. Official headline inflation for August was 3.5% y/y, from 4.0% y/y in July, which implies costs are being passed on to consumers."*

**PMI<sup>®</sup>**

by **S&P Global**

Greater new order inflows encouraged businesses to take on additional staff in August. Employment rose for the seventeenth month running, with firms stating that both full- and part-time workers were hired.

Nonetheless, pressure on capacity was accumulated as backlogs of work rose for the first time in eight months.

Firms remained confident in the outlook for output in August, amid hopes of further increases in new orders and planned investment in advertising.

At the same time, operating expenses for Ugandan businesses picked up amid further rises in staffing and purchase costs. Greater input prices reportedly stemmed from higher utility, especially electricity and water, raw material and wage costs.

That said, in an effort to boost new sales, Ugandan firms cut selling prices for the first time since March 2023 in August. The decrease in output charges was led by the agriculture, industry and wholesale & retail sectors.

Finally, despite a further uptick in cost burdens, companies stepped up their input buying, as supplier delivery times were shortened again. Anticipated expansions in new orders pushed firms to build safety stocks, anecdotal evidence showed.

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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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