News Release



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Stanbic Bank Uganda PMI®

Ugandan private sector strengthens further as new orders continue to rise

Key findings

Output and new business grow further

Purchase price increases drive overall cost inflation

Renewed decline in employment

November saw a further improvement in the health of the Ugandan private sector, according to the latest PMI[®] data. Greater output and new orders supported overall growth, with demand conditions reportedly strengthening. In response to increased new business, and hopes of future expansions in client demand, firms stepped up their input buying. Despite a rise in new sales, companies were able to deplete backlogs of work further, leading to the first cut in staffing numbers since March 2023.

Meanwhile, total operating expenses increased again amid hikes in purchase and staff costs. At the same time, businesses were able to raise selling prices for the third month.

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 55.7 in November, up from 52.9 in October, to signal a further improvement in private sector business performance in Uganda.

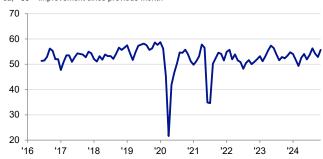
Companies recorded an eighth successive monthly expansion in new business during November. The rise in new orders was linked by panellists to a stronger sales environment and new client wins.

Subsequently, Ugandan businesses raised their output levels again midway through the fourth quarter. The latest upturn extended the current sequence of growth seen since April, with firms attributing this to a further improvement in customer demand.

At the sector level, expansions in business activity and new orders were recorded across all five monitored segments.

Stanbic Bank Uganda PMI

sa, >50 = improvement since previous month



Sources: Stanbic Bank, S&P Global PMI.

Data were collected 12-27 November 2024.

Comment

Christopher Legilisho, Economist at Stanbic Bank commented:

"Stanbic Bank Uganda PMI data for November revealed a vibrant private sector growing in optimism about both current and future economic conditions. The PMI rose to 55.7, which is an expansion in business conditions for an eighth consecutive month due to strong, sustained customer demand resulting in an expansion in output and new orders despite a dip in employment. The uptick in new orders growth was broad-based, reflecting the acquisition of new clients and an improvement in consumer purchasing power. Firms ramped up purchasing activity and inventories to accommodate strong demand.

"Employment levels fell in November across all surveyed sectors, implying firms targeted cost containment amid reduced work backlogs. Input and output price pressures increased due to high utility and energy bills. Further, purchase prices increased due to higher costs for construction materials, food, and toiletries. Notwithstanding the dip in employment, firms remain positive about the economic outlook due to planned investment as well as expectations of strong consumer demand conditions over the coming year."





On the price front, total input costs rose further, as both purchase and staff costs increased again. Higher utility and material prices were commonly highlighted as the driving factors behind overall cost inflation.

In line with greater cost burdens, Ugandan businesses raised their selling prices for the third month running in

Although all monitored sectors registered higher overall input costs, only construction companies did not raise selling prices.

At the same time, despite continued expectations of growth in output over the coming year, evidence of spare capacity via a further reduction in backlogs of work led to the first fall in employment since March 2023. Firms reportedly lost staff as workers left to seek higher wages.

Finally, input buying grew again midway through the fourth quarter. Increased purchasing activity was facilitated by another improvement in suppliers' delivery times. Consequently, Ugandan companies were able to build desired safety stocks amid hopes of further upturns in new orders in the coming months.

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 $\begin{tabular}{ll} Survey methodology \\ The Stanbic Bank Uganda PMI^0 is compiled by S&P Global from responses to questionnaires sent \\ \end{tabular}$ 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.

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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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.

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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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