News Release

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Stanbic Bank Uganda PMI®

Sustained growth of output at end of 2024

Key findings

Continued expansions of output and new orders

Staffing levels decrease

Output prices rise in response to higher input costs

Ugandan private sector companies ended 2024 on a positive note, maintaining growth of output and new orders and being optimistic of further growth over the course of 2025. Firms did post a reduction in employment, however, as they often opted not to replace departing staff. Meanwhile, input costs and output prices continued to rise.

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 53.1 in December, down from 55.7 in November but still above the 50.0 no-change mark and signalling an improvement in business conditions for the ninth consecutive month.

Moreover, the latest reading was slightly above the series average of 52.7.

Central to the latest strengthening in the health of the private sector were further increases in both output and new orders in December, in each case extending the current periods of expansion to nine months.

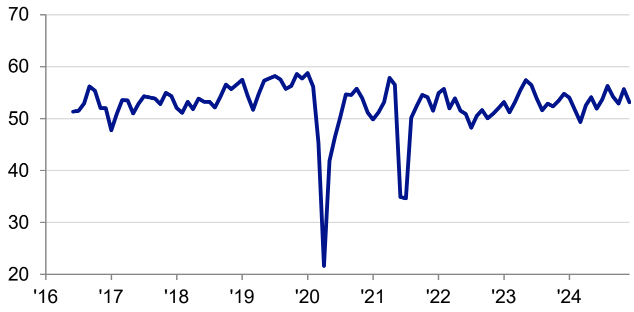
Companies were reportedly successful in securing new customers, resulting in growth of new orders and feeding through to the expansion in output.

Business activity increased across each of the five broad sectors covered by the survey.

Hopes that customer numbers will rise further over the course of 2025 contributed to confidence in the year-ahead outlook for business activity, with competitive pricing also set to support growth.

Stanbic Bank Uganda PMI

sa, >50 = improvement since previous month



Sources: Stanbic Bank, S&P Global PMI.
Data were collected 05-19 December 2024.

Comment

Christopher Legilisho, Economist at Stanbic Bank commented:

"Stanbic Bank Uganda PMI data for December reveals sustained strong private sector growth, with businesses budding in optimism about present and future economic conditions. Private sector business conditions expanded for the nineth consecutive month due to strong sustained customer demand resulting in an expansion in output and new orders despite a dip in employment for a second month in a row. The uptick in new order growth occurred across the board, reflecting the acquisition of new clients and an improvement in consumer purchasing power. Consequently, there was an increase in backlogs during the month. Firms ramped up their purchasing activity and inventories to accommodate for strong demand.

"Input and output price pressures remained due to elevated utility bills, and increased purchase prices due to hikes to materials including timber, foodstuff and paper products. Staffing costs were muted as increases in wages were largely netted off by the fall in employment. Here, pressures have moderated when compared to increases seen throughout most of the last two years, implying easing of monetary policy is plausible in the near term."

"Notwithstanding the dip in employment, Ugandan businesses maintained an upbeat view of the economic outlook due to planned investment and expectations of strong consumer demand conditions over the coming year."

PMI® by S&P Global

Despite sustained growth of output and new orders and confidence for the future, companies scaled back employment for the second month running at the end of the year. The fall in staffing levels often reflected the non-replacement of leavers. Industry bucked the wider trend and posted a rise in workforce numbers.

A fall in employment at a time of new order growth meant that backlogs of work increased for the first time in four months.

In contrast to the picture for staffing levels, purchasing activity rose and companies expanded their stocks of inputs.

Efforts to secure inputs were helped by a shortening of suppliers' delivery times as competition among vendors led them to deliver more quickly than in November.

Higher prices for materials including foodstuff, paper products and timber fed through to a rise in purchase costs in December. Meanwhile, staff costs were broadly stable.

Improvements in customer demand meant that companies felt able to pass higher input costs on to clients in December. As a result, output prices increased for the fourth consecutive month. Charges rose in agriculture, industry and services, but fell in construction and wholesale & retail.

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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

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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