Agriculture, construction boost economy

By Samuel Sanya

There is an improvement in private sector business operating conditions on the back of a recovery in agriculture and construction in Uganda. This is according to the Stanbic Bank headline purchase managers index (PMI).

The PMI is the measure of the economic health of sectors.

Offsetting the declines seen in June, the agriculture and construction sectors returned to expansion territory, pushing the PMI index from 52.8 to 54.3 in July. The index posted above the neutral 50.0 threshold for the sixth consecutive month, supported by expansions in new orders, output, employment and stocks of purchases.

Speaking about the main drivers of the PMI's continued growth, Jibran Qureishi, East African regional economist at Stanbic Bank, said: "The recent recovery is underpinned by the agriculture sector following the relatively decent long rains. That being said, the manufacturing and retail sectors are still sluggish but are likely to gradually recover as access to credit improves over the course of the year.

In addition to this, the Government's expenditure on public infrastructure projects is also likely to support economic activity over the near to medium term."

Anne Juuko, Stanbic Bank's head of global markets, said: "Growth in the industry and service categories was maintained in July. However, the wholesale and retail sector recorded no change in business conditions, following a contraction in June."

Looking at overall employment, Juuko noted: "The ongoing upturn in output continued to feed into the labour market, as employment growth in four of the five monitored sub-sectors more than offset a reduction in staffing levels in the wholesale and retail sector."

On the price front, overall input prices rose at the start of the third quarter. Inflation was recorded across all five sub-sectors monitored by the survey.

Subsequently, output charges rose during July, but firms were restricted in their ability to fully pass on higher cost burdens to clients amid reports of strong competition.

Stanbic's share price touched highs of sh28 per share at the close of business on Tuesday. Stanbic traded shares worth sh74.4m, making it the busiest counter; Baroda, Uganda Clays and Umeme were the other active counters on the day.

The Uganda Securities Exchange (USE) all share index went up to 1,755.13 from 1,740.19, with the local share index also rising to 375.51 from 371.95. Total turnover closed at sh83.6m.


According to PMI report, good food output improved the economic outlook in Uganda

August 08 USE ALSI Current: 1,755.13 Previous: 1,740.19

Security	Shares traded	Turnover (UGX)	Session Price (UGX) Low	High	Outstanding Bids	Outstanding Offers	PE Ratios	UGX bn
BATU	0	0	0	0	0	0		1,472.40
BOBU	33,300	3,661,300	110	105	8	400		275.00
DFCU	0	0	0	0	400	0		377.38
EABL	0	0	0	0	0	10,500		7,322.14
EBL	0	0	0	0	0	0		5,187.96
JHL	0	0	0	0	0	0		906.95
KA	0	0	0	0	0	0		226.60
KCB	0	0	0	0	1,000	0		4,310.94
NIC	0	0	0	0	0	0		16.99
NVL	0	0	0	0	42,305	13,600		41.23
SBU	2,659,773	74,428,869	28	27.25	1,847,293	87,500		1,433.28.41
UCL	207,400	2,903,600	14	14	581,100	0		12.60
UMEME	6,200	2,636,700	426	425	20,034	3,200		690.32
TOTALS	2,906,673	83,630,469						23,990.47