

Uganda's Private Sector Ends 2025 on Strong Footing, Eyes Further Expansion in 2026

Uganda's private sector closed 2025 with renewed momentum and growing optimism for the year ahead, as sustained growth in output and new orders helped offset rising input costs and a pause in job creation.

The Stanbic Purchasing Managers Index rose slightly to 54.0 in December, up from 53.8 in November 2025, remaining firmly in expansion territory and marking the eleventh consecutive month of improving business conditions.

A PMI reading above 50.0 signals an improvement in business activity compared to the previous month, while readings below that level indicate deterioration.

As was the case throughout much of 2025, business conditions continued to improve in December, driven by sustained expansions in output and new orders.

New sales have now increased continuously since February 2025, with survey respondents citing stronger demand conditions and a rise in client numbers.

This robust demand enabled firms to increase selling prices, particularly during the festive season, even as inflationary pressures intensified.

Input price inflation remained elevated at the end of the year, reflecting higher purchase costs across several areas.

Firms reported that the rise in input prices was largely linked to increased water and electricity costs in December, alongside higher prices for



Christopher Legilisho, Economist at Stanbic Bank.

construction materials and sugar.

While wage bills edged down slightly, overall operating expenses rose, prompting companies to pass some of the higher costs on to customers.

After ten consecutive months of job creation, employment levels across the private sector broadly stabilised in December.

Where staffing levels increased,

this was mainly due to the hiring of temporary workers. At the same time, stronger inflows of new orders combined with little change in employment led to a renewed rise in backlogs, signalling mounting capacity pressures for businesses.

To meet rising demand, firms increased input buying and sought to build inventories during the month. Greater demand for inputs placed

pressure on suppliers, leading to longer delivery times, although companies were still able to accumulate stocks. This reflected confidence in near-term demand and efforts to prepare for higher activity levels.

According to Christopher Legilisho, an economist at Stanbic Bank, conditions in Uganda's private sector remained upbeat as the PMI stayed in expansion territory in December, indicating that

strong consumer demand continued to drive new orders and boost output. He noted that employment levels were broadly steady following a prolonged period of growth, while backlogs increased as capacity came under pressure from rising orders. This was reflected in further expansions in quantities purchased and inventories held by Ugandan firms.

Legilisho added that the rise in input prices was driven by higher utility costs and concerns around construction expenses, while wage costs were largely unchanged.

Output prices increased due to robust customer demand, suggesting that the economy continues to perform briskly, a trend that should be confirmed when official growth data is released.

Looking ahead, private sector firms remain optimistic about output growth in 2026. Businesses expect stronger demand supported by increased investment in advertising and customer outreach, which is underpinning broad-based confidence across the economy and encouraging firms to position for further expansion.

The Stanbic PMI is compiled by S&P Global from responses to questionnaires sent to around 400 purchasing managers across agriculture, mining, manufacturing, construction, wholesale, retail and services. The index is calculated as a weighted average of new orders, output, employment, suppliers' delivery times and stocks of purchases.