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Annual Report

1967 - 1968

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BOARD OF DIRECTORS 1967-68

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Mr. I. D. Lewis, Deputy Governor

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Mr. B. Wandera

Mr. J. Ssebaana-Kizito

Mr. C. Mboijana

Mr. I. Oming

Mr. W. Ssentenza-Kajubi

Secretary: Mr. J. R. O. Elangot

INTRODUCTION

The Bank of Uganda has now completed its second year of operations. During this year, events abroad had serious repercussions for Uganda, but did not prevent progress being made in strengthening the Uganda shilling and developing the monetary system.

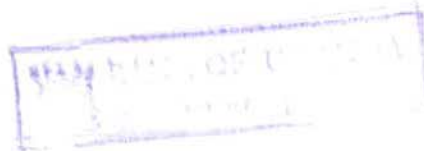
The basic weakness in the United Kingdom's balance of payments which had given rise periodically to a loss of confidence in sterling finally forced devaluation of the pound from U.S. \$2 .80 to U.S. \$2 .40 in November, 1967. This in turn led to pressure on the United States dollar which also had been undermined by consistent balance of payments deficits. Corrective measures taken by both the United Kingdom and United States Governments failed fully to restore confidence in the two reserve currencies. Speculation in gold obliged the "gold pool" countries in March, 1968 to adopt arrangements which, while maintaining the official price for gold for monetary authorities, freed the price for private transactions. At the same time steps were taken for introducing the new international reserve facilities based on special drawing rights in the International Monetary Fund which had been agreed in principle in September, 1967. As the year closed, pressure on the French franc added to international disquiet.

The year started with the country's external reserves in a rather weak position. The measures announced by the Minister of Finance in the 1967/68 Budget Speech have contributed to a notable improvement in the external reserves without adverse effect on the essential sectors of the economy, although devaluation of sterling involved an immediate loss in the purchasing power of Uganda's reserves, which at that time were held largely in London. A steady increase in the level of deposits with the commercial banks in relation to advances has enabled the banks to repay their borrowing abroad and in addition, to build up local reserves. Recoveries of East African Currency Board notes can, for all practical purposes, be regarded as complete: and recovery of coin is proceeding as planned.

On the East African scene, the Treaty for East African Co-operation which has been concluded and signed in June, 1967, came into force on 1st December, 1967. The Treaty led to the establishment of the East African Development Bank with its headquarters in Kampala. The Treaty further provides, among other things, that the Governors of the three East African Central Banks shall meet at least four times a year to consult, to review and to co-ordinate their monetary and balance of payments policies. The positive contribution of such a policy has already been manifested in the united stand taken by the three countries in the post sterling devaluation period.

Against this background I have the pleasure in offering this Annual Report 1967-68 which I hope will help the community towards a better understanding of the financial well-being of the country.

J. M. MUBIRU,
Governor



CHAPTER I

DEVELOPMENTS IN THE ECONOMY:

In line with the slowing down in the world economy, the year 1967/68 was one of relatively slow growth for Uganda. The overall economic growth in 1967 (as revealed by the changes in gross domestic product) at constant prices was only a modest 2.8% owing largely to a decline in the contribution of cotton and coffee, especially for the latter. This decline was offset, for the first time, however, by the industrial sector which contributed more than a third to the total real growth of the monetised sector of the economy.

This is significant as a shift in the sectoral balance in Uganda's economy which has largely been a bi-commodity export-orientated economy, based on cotton and coffee in the past. Since 1962, the percentage of total export earnings of cotton and coffee has tended to fluctuate around 80%. But export proceeds from these two crops, have fluctuated widely from year to year, as a result of the vicissitudes of the weather and the instability of world prices, giving rise to fluctuations in export income, seriously affecting consumer spending, the liquidity of the banking system, and Government spending. There has been a significant increase in industry as distinct from commercial agriculture which reflects the Government's determined effort towards diversifying the economy.

A. The External Position:

In the absence of detailed and published balance of payments data, the external position can be assessed in terms of data on trade. Uganda's trading position improved substantially in 1967 compared to 1966. The favourable external balance of trade increased by Shs. 62 m. from Shs. 363 m. in 1966 to Shs. 425 m. in 1967—an increase of 17.1%. The overall trade surplus in 1967 was second only to the very high overall trade surplus of Shs. 594 m. achieved in 1964. This achievement was largely due to the substantial increase in Uganda's share of inter-community trade* whereby her exports increased by 21%.

OVERSEAS AND INTER-COMMUNITY TRADE 1960-67

(Shs. million)

	1960	1961	1962	1963	1964	1965	1966	1967
EXPORTS								
TOTAL	992	962	960	1,255	1,522	1,474	1,551	1,563
Overseas	831	784	753	1,030	1,289	1,254	1,318	1,393
Re-Exports	27	41	66	60	40	25	24	18
Inter-Community	134	137	141	165	193	195	209	252
IMPORTS								
TOTAL	653	680	679	817	928	1,151	1,188	1,137
Overseas	521	532	524	618	656	817	859	826
Inter-Community	132	148	155	199	272	334	329	311
BALANCE OF TRADE								
TOTAL	339	282	281	438	594	322	363	425
Overseas	310	252	229	412	633	437	459	467
Inter-Community	2	-11	-14	-34	-79	-139	-120	-59

* Trade among the three East African countries, namely Kenya, Uganda and Tanzania.

a. Trade Outside East Africa:

Exports to countries outside East Africa declined by about 2% owing partly to a decline in world prices of cotton and coffee, and partly as a result of a sharp fall in the value of re-exports. The sharp fall of nearly 24% in the value of re-exports is accounted for by a technical reclassification of oil products, which are now exported directly from Mombasa to the Congo (Kinshasa), Rwanda and Burundi. Moreover, the importance of re-exports has been declining during the last six years. In 1962, they amounted to Shs. 66 m., compared to Shs. 18 m. last year.

As already mentioned, cotton and coffee occupy a dominant position in Uganda's overseas exports, with coffee accounting on the average for more than one half of the total. In 1967, exports of coffee decreased by Shs. 4 m. from Shs. 696 m. in 1966 to Shs. 692 m. in 1967 largely as a result of a decline in the quantity of coffee exported. Exports of coffee during the first months of 1968 showed a welcome increase over the corresponding period in 1967. This was partly due to some improvement in Uganda's quota position in the International Coffee Agreement which was renewed last year.

Export proceeds from cotton fell from Shs. 307 m. in 1966 to Shs. 303 m. in 1967 mainly as a result of falling prices. Although cotton exports have been increasing in quantity since the disastrously low cotton production in 1962, export proceeds have remained virtually stagnant at around Shs. 300 m. as a result of falling world cotton prices. Moreover, even though world prices are expected to be some 25% higher in the 1967/68 season than in the previous year, the low production forecast for 1968 is not likely to improve export earnings from cotton in 1968.

The value of copper exports fell from Shs. 115 .1m. in 1966 to Shs. 109 .3m. in 1967—a fall of 5%—mainly as a result of a decline in the quantity exported. This fall in value of copper exports occurred despite the very high world copper prices obtaining in the second half of 1967 caused by shortages of copper supplies on world markets. But Uganda's copper exports fell from 348,315 tons in 1966 to 330,138 tons in 1967—a fall of 5%. However, copper prices at the London Metal Exchange Market have fallen from £ sterling 560.6 per ton, obtaining in December, 1967 at the height of shortages caused by the United States copper strike and output and export difficulties in Zambia and Congo (Kinshasa) to £. sterling 481.2 per ton in June, 1968.

The value of exports of tea which has been increasing rapidly in the last few years may be temporarily checked as a result of lower world tea prices in 1968. The devaluation last November of the pound sterling has had a rather depressive effect on the demand for tea imports in the United Kingdom; the volume of our exports to this market might be reduced below the level which would otherwise have prevailed in 1968.

Uganda's imports from countries outside East Africa have expanded rapidly in recent years. Overseas retained imports increased from Shs. 458m. in 1962 to Shs. 835m. in 1966, an increase of about 84%. However, partly as a result of the import restriction measures announced in the Budget Speech of June 14, 1967, and credit restriction and control measures, total overseas imports declined by Shs. 27m. in 1967, a decrease of about 3%.

OVERSEAS RETAINED IMPORTS BY END USE

(Shs. million)

	1962	1963	1964	1965	1966	1967	% Change 1966-1967
Food, Drink & Tobacco	28	25	28	42	56	50	-10.3
Producer's materials	128	138	133	188	211	210	- 0.5
Producers' Capital Goods	94	129	170	222	230	284	+23.4
Spares & accessories	22	30	27	41	50	45	- 9.9
Consumer goods	167	209	223	258	239	182	-29.4
Miscellaneous	24	27	35	41	45	37	-18.0
TOTAL*	462	560	616	793	835	808	- 3.2

*Due to rounding and conversion from £U. to shillings, 'totals' may not add up to the sum of the various items.

The composition of Uganda's imports, however, demonstrates the slow but gradual shift to manufacturing within the economy. The imports of capital goods have increased dramatically from Shs. 94m. in 1962 to Shs. 284m. in 1967, an impressive increase of over 200 per cent in that period. Between 1966 and 1967 alone, imports of capital goods increased by Shs. 54m., an increase of about 23% over the year. Imports of producers' materials (intermediates and spares) also increased from Shs. 128m. in 1962 to Shs. 211m. in 1966 but fell slightly off to Shs. 210m. in 1967. On the other hand, imports of consumer goods which were rising rapidly between 1962 and 1965 though slightly falling off in 1966, sharply declined in 1967. Imports of major consumer goods declined by Shs. 57m. in 1967, a decrease of more than 29% while imports of food, drink and tobacco fell by Shs. 6m., a decrease of over 10% over the same period. This decline in imports of consumer goods can be explained partly by increased duties and reduced cotton farm income, and partly by increased domestic import substitution production.

b. Direction of Trade outside East Africa:

Uganda's principal export markets were the United Kingdom which took up 20% of all exports in 1967, the United States which took up 18% of Uganda's exports, the European Economic Community (EEC) and the People's Republic of China. Uganda's main suppliers were the United Kingdom and the E.E.C. countries.

The negotiations for a Trade Agreement between Uganda, Kenya and Tanzania with the six E.E.C. member countries, which have been going on and off for over three years have been successfully concluded (although the official signing did not take place until July, 1968). The signing of this Trade Agreement is likely to have an important impact on the direction of East African overseas trade in years to come. For one thing, the E.E.C. is probably the fastest growing single market at present. For another, East Africa's exports will now no longer be at a disadvantage in the E.E.C. markets. The Agreement, however, expires in May, 1969 but will be re-negotiable at that time along with other E.E.C. agreements with other African countries.

The E.E.C. member countries agreed on duty-free entry into the common market for most of East Africa's exports except coffee, cloves and pineapples. In the case of these commodities, the Community has granted duty-free quotas equal to the average level of East Africa's exports to the six over the past three years, increased by 3%. Not all E.E.C.

exports, however, will enter East Africa duty-free. But reduction in duty varying between 2 and 9 per cent has been agreed upon for most of E.E.C. exports to East Africa.

c. East African Trade:

The most significant development in Uganda's inter-community trade was the substantial increase in her share of this trade. Uganda's exports to Kenya and Tanzania increased by Shs. 44m. from Shs. 208m. in 1966 to Shs. 252m. in 1967, an increase of about 21 % over the previous year. On the other hand, her imports from Kenya and Tanzania declined from Shs. 330m. in 1966 to Shs. 311m. in 1967, a decrease of nearly 6%. Consequently, Uganda's trade deficit with the community partners decreased by Shs. 61m. from Shs. 120m. in 1966 to Shs. 59m. only in 1967, a decrease of nearly 51%. Uganda's highly improved trade position in the Community can, among other things, probably be explained in terms of her implementation of her import substitution programme and the increasing competitiveness of her manufactured products in the Community market.

The East African Treaty for Co-operation signed on June 6, 1967 and which formalises the common market arrangement came into force on December 1, 1967. Although this Treaty came into effect too late in 1967 to have much influence on the year's trade, it is bound to have an important impact on trade relations in the community.

d. External Reserves:

In the absence of published balance of payments figures, it is difficult to account for net changes in Uganda's foreign exchange reserves. Although Uganda has had favourable balances of trade in recent years, she also seems to have had deficits on the invisible account. Again, because of valuation practices, the trade surplus overstates the real payments position.

Capital movements have been more difficult to estimate. But capital outflow of the immediate post-independence period seems to have been considerably slowed down since the extension of exchange controls to the sterling area other than Kenya and Tanzania in June, 1965.

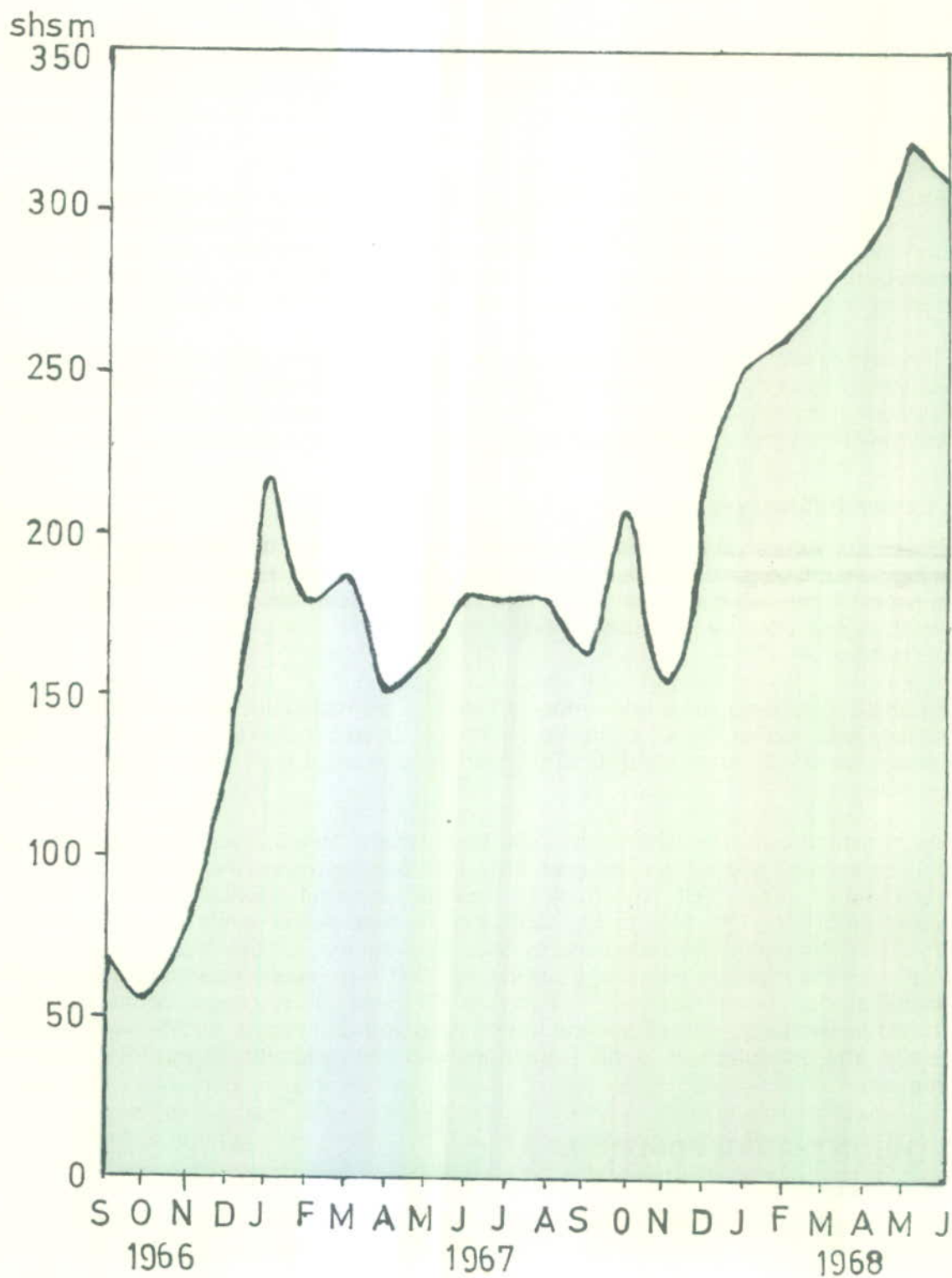
As measured by net monetary movements, shown in Table 6, it seems that there was an overall balance of payments surplus of Shs. 163.5 m. between the end of June, 1967 and the end of June, 1968. The Bank of Uganda's external reserves, shown in Graph 1 increased from Shs. 180.8 m. to Shs. 307.9 m. in that period while commercial banks reduced their foreign net indebtedness by Shs. 36.4 million. Of the total increase in the Bank of Uganda's foreign reserves, however, Shs. 40.9 m. was accounted for by the East African Currency Board currency conversion. The overall increases could be largely attributed to exchange restrictions and import licencing on imports, and foreign payments generally, the institution of credit restrictions and the reduction in outflow of foreign capital.

B. THE INTERNAL POSITION:

a. General Survey

According to provisional estimates, Uganda's Gross Domestic Product at factor cost at current prices rose by 6.3% in 1967. At constant prices the increase was 2.8%. This

GRAPH I
BANK OF UGANDA TOTAL EXTERNAL ASSETS (1966-1968)



rather modest performance was mainly the result of contributions of both agricultural and industrial sectors. At current prices, the monetary output of agriculture increased by nearly 6%, while the industrial sector as a whole showed a rate of growth of 7.2%.

Trade, however, is a crucial element in Uganda's economy. The value of exports is equivalent to about one-third of her Gross Domestic Product and the value of imports is equivalent to about one quarter of Gross Domestic Product. On account of this importance of foreign trade in Uganda's economy, these gains have to be viewed against the changes in Uganda's terms of trade.

Although in 1967, the overseas export prices increased by 1.8%, the overseas import prices increased by 6.5%. Moreover, while the inter-community prices of exports fell by 4.6%, the prices of inter-community imports increased by 6.3%. With such price developments all turning against Uganda, it meant that although Uganda's real product increased by 2.8%, Uganda's real income increased by less than 2.8%. (Refer to Graph II).

Gross Domestic Product at current prices in 1967 is estimated at Shs. 4958m. composed of Shs. 3570m. monetary economy and Shs. 1388m. of subsistence economy. This represents an increase of 6.3% over 1966 figures. In the monetary economy, the increase in Gross Domestic Product in 1967 was mainly the result of a rise in net output in agriculture which increased by nearly 6%, the industrial sector which increased by 7.2% and the construction sector which increased by 11%. Within the agricultural sector, increases in production of tea and tobacco and in the production of sugar which increased both in volume and value more than compensated for the lower production of cotton and coffee. Within the industrial sector, the output of cotton ginning, coffee curing and sugar manufacture altogether rising by 11%, the value added in the manufacture of food products rising by 14% as a result of a large increase in production, and the output of miscellaneous manufacturing rising by 9%—were the main highlights in this sector. Although its contribution to the Gross Domestic Product is still rather small, the construction sector nevertheless registered a rapid increase of 11% in 1967 after having remained constant between 1965 and 1966. The contribution of both the commercial and Government sectors to the growth of the Gross Domestic Product in 1967 was small. The commercial sector rose by only 3% partly as a result of the deflationary measures introduced in 1967 to curb imports, and partly as a result of the small rate of growth of overseas exports. The output of the Government sector rose by only 3% in 1967 partly as a result of Government restrictions on spending brought into effect during the year. (Refer to Graph III)

b. Employment, Wages and Prices:

The share of recorded wages and salaries in the monetary gross domestic product increased from 24.9% in 1964 to 27.4% in 1965 partly as a result of the extension of the minimum wage legislation to cover the small towns in the country in December, 1965. In 1966 it fell back to 26.5%, but increased again to 27.3% in 1967, partly as a result of a decline in the rate of growth of the gross domestic product and the increase in the absolute level of wages and salaries. The share of the operating surplus accruing to African agricultural and non-agricultural enterprises increased, but the operating surplus of the public services remained constant at the 1966 level.

Prices, as measured by the cost-of-living index of the African population, have remained moderately stable in recent years. In 1965, prices rose by 18% largely as a result of sharp

increase in prices of matoke, following drought conditions, but partly owing to an increase in import duties and excise taxes. With a better supply of matoke, prices declined again by 9% but rose slightly by nearly 2% in 1967.

c. Developments in Demand:

Details on Gross National Expenditure at market prices are not available, but it is estimated that Gross National Expenditure recorded an increase of about 5% at market prices in 1967. Annual rates of growth of expenditure seem to have fluctuated widely along an upward trend ranging from about 1% between 1961 and 1962 to about 16% between 1964 and 1965. However, between 1965 and 1966, this rate is estimated to have risen by about only 3.5%. These fluctuations are mainly attributable to fluctuations in earnings from overseas exports. Coffee prices which were favourable in 1963-64 declined sharply in 1965, and this, together with the continued decline in cotton prices in 1965, would explain both the sharp increase and sharp decline in the Gross National Expenditures between 1964 and 1966.

In 1967, imports of consumer goods sharply declined by more than 21%. Expenditure on food, drink and tobacco fell by 10.3%, while expenditure on other major consumer goods fell by 29.4%. Private consumption expenditure is estimated to have risen by 3.4% in 1967 as compared to a rise of about 4% in 1966 and about 24% in 1965. Public consumption which had increased by 3.3% in 1966 rose by 5.6% in 1967. Total capital formation is estimated to have increased by nearly Shs. 160m. an increase of about 25% over 1966 figures.

d. Developments in Output:

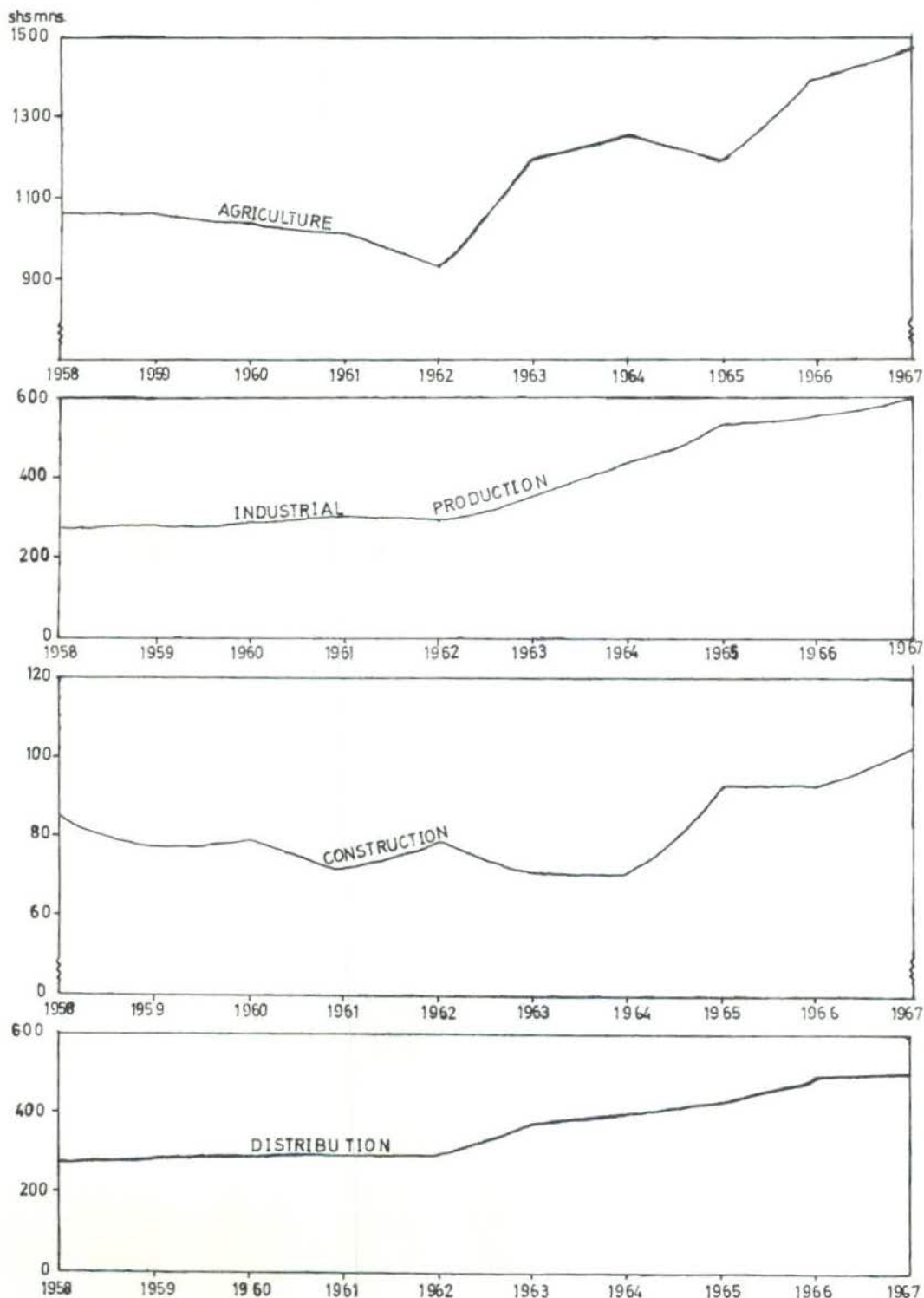
The value of primary production (taken to include agriculture, forestry, fishing and hunting, but excluding mineral production which is included in industrial production) at factor cost rose during 1967 by 6.1% to Shs. 2862m. from Shs. 2698m. achieved during 1966. An increase in primary production in the monetary sector of Shs. 80m. was more than matched by an increase of Shs. 84m. in the non-monetary sector.

In the monetary sector, increases were registered in the production of tea, tobacco and especially sugar which together more than offset the lower production of cotton and coffee. While production of coffee has remained constant at around 160,000 tons since 1962/63, and production in 1967/68 is estimated at 165,000 tons, the production of cotton has been declining since the record year 1965/66 when production was 445,000 bales, and production in 1967/68 is estimated at only 340,000 bales. The decline in the production of these two crops is by no means a deliberate shift from their cultivation. In the case of coffee, there has been no reduction in acreage under this crop, and the decline in production has been due to unfavourable weather conditions. This same factor has brought about a decline in cotton production, but in addition there has been a reduction in the planted acreage under cotton brought about by the drop in the price paid to growers as a result of the exhaustion of the Cotton Price Assistance Fund in 1965/66. Partly as a result of this, producer incomes are estimated to have declined from Shs. 520 million in 1966/67 to Shs. 514 million in 1967/8.

Since 1962, however, the annual production of tea, sugar and tobacco has been increasing every year, showing an annual rate of growth of 16% per year over the period, and registering an increase of 1,000 tons between 1966 and 1967. If the estimated production for 1968 of 13,400 tons is achieved, this will represent an increase of 2,400 tons over the year, and an increase in value from Shs. 82 m. in 1967 to Shs. 90 m. in 1968, despite a decline of 9% in world tea prices forecast for 1968. The main reasons for the rise in produc-

tion of these crops in 1967 were favourable weather conditions, and the coming into production of new planting. (please refer to Graph IV)

GRAPH IV TRENDS OF OUTPUT OF LEADING SECTORS OF THE ECONOMY



Industrial production has increased steadily and rapidly in recent years. After a virtual stagnation in 1962 industrial production at current prices has more than doubled between 1962 and 1967. It has grown at an average rate of 12.7% over the five-year period 1963-67 and its percentage share of the Gross Domestic Product has increased from about 10% in 1963 to about 12% in 1967. This encouraging rate of growth in industrial production can be explained partly in terms of successful implementation of the Government's basic strategy of import substitution and production for export to neighbouring countries.

While, within the industrial sector, the value of mining and quarrying fell by 3% in 1967, the value of agricultural processing rose by 11%. Moreover, as a result of a large increase in production, the value added in the manufacture of food products increased by 14% and the value of miscellaneous manufacturing registered a rise of 9%, despite an 8% fall in textile prices. The high rate of growth in electricity output in recent years, was maintained in 1967 when the value of output rose by 10.7% from Shs. 75 m. in 1966 to Shs. 83 m. in 1967.

The building and construction industry experienced buoyant conditions throughout 1967, output increasing by 11% from Shs. 92m. in 1966 to Shs. 102m. in 1967. This increase reflects a high level of capital formation in buildings and works in 1967.

Value added in the commercial sector increased by 3% in 1967, but output in this sector has been increasing steadily from Shs. 290m. to Shs. 498m. in 1967. The small rise in this sector in 1967 is explained partly by the deflationary measures which were introduced in the year to curb imports, and partly by the small rate of growth of exports.

e. Money Supply:

The orthodox definition of the money supply in a country is 'currency in circulation' plus private demand deposits with commercial banks. (See Graph V) 'Currency in circulation' is the actual notes and coin in the hands of the public and it is, therefore, equal to the total currency issued less till cash of the commercial banks, less cash held in the Banking Department of the Central Bank, and less any cash balances held by the Government Departments.

In Uganda's particular circumstances, several complications arise in attempting to estimate the money supply:— in the first instance, two separate currencies have been circulating from August, 1966 up to September, 1967 viz. Bank of Uganda currency and East African Currency Board currency*. Whereas the figure for Bank of Uganda currency outstanding is readily ascertainable at any particular moment of time, the same cannot be said of the East African Currency Board currency.

There have been several different estimates for East African Currency Board currency (E.A.C.B.) that would eventually be recoverable in Uganda as a result of the present conversion operations. In their latest Report, the E.A.C.B. estimate total conversion of their notes and coin in East Africa to amount to £EA.57.5m. of which Uganda's likely share will be less than one third. Looking at the present state of conversion, we reckon that in Uganda roughly Shs. 300m. notes and Shs. 40m. coin will be the final recoveries of E.A.C.B. currency. We assume that these were the figures for E.A.C.B. currency outstanding here at the end of July, 1966, and we have, therefore, deducted from them cumulative monthly E.A.C.B. currency converted to obtain month by month estimates of E.A.C.B. currency outstanding. (See Graph VI)

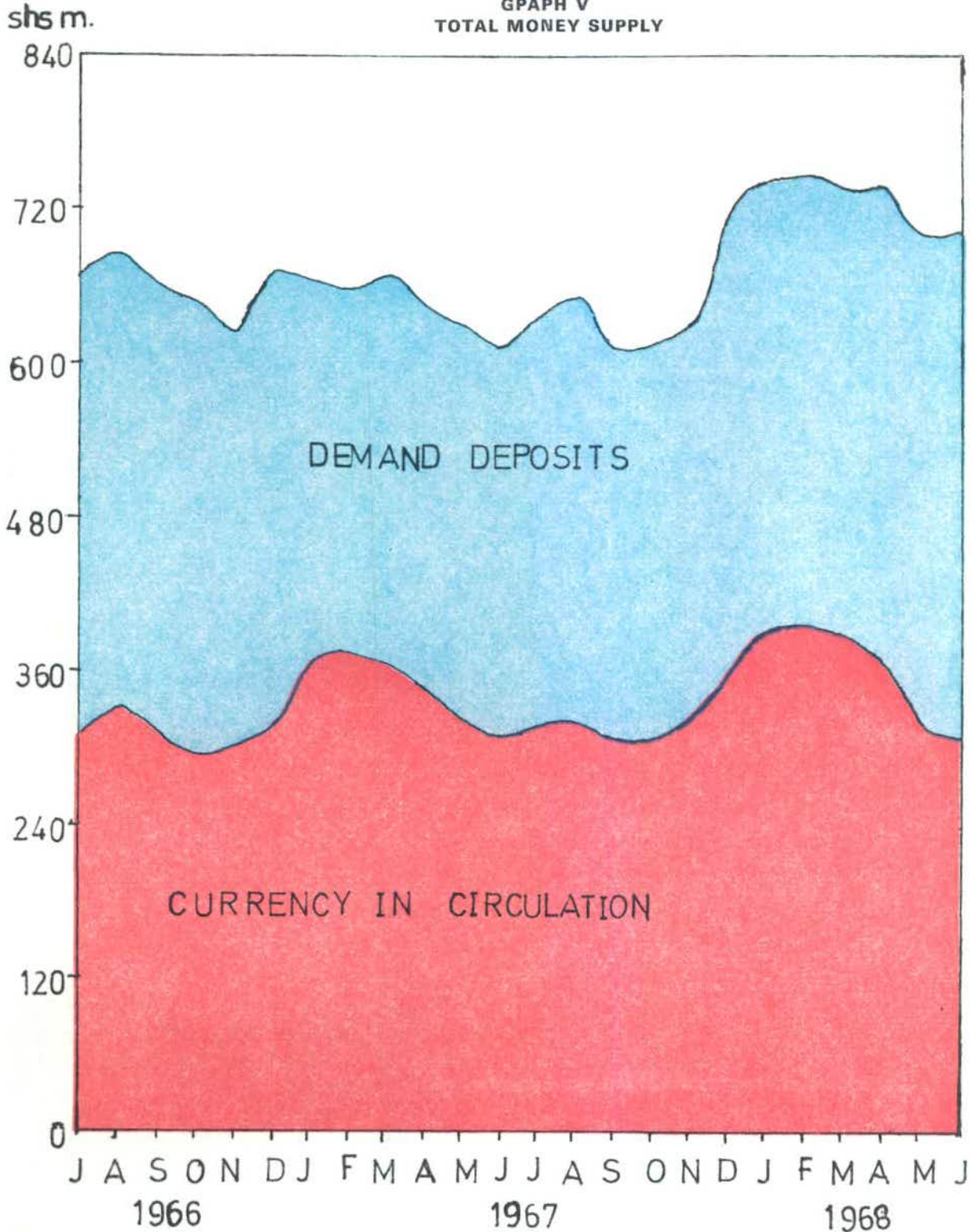
Secondly, since Kenya and Tanzania currency notes are exchangeable at par in Uganda and vice versa, there is a volume of those countries' notes circulating in Uganda all the time, but no account has been taken of inter-territorial currency movements. By implication, it is assumed that these movements between Uganda, on the one hand, and surrounding countries, on the other, completely offset each other (an oversimplification of the issue).

* E.A.C.B. coin is still legal tender until April, 1969.

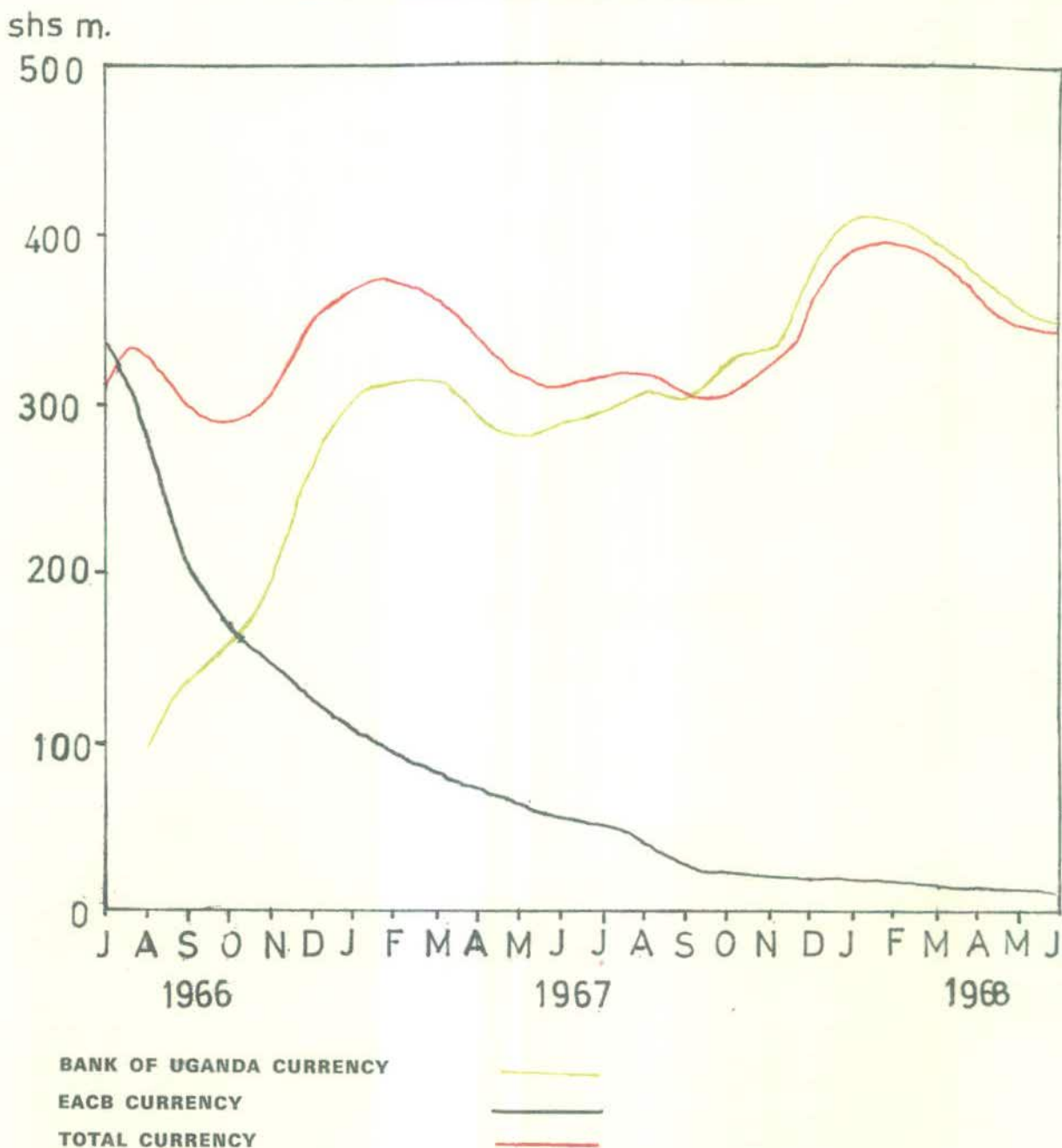
A further shortfall in the estimates is due to the non-inclusion of Government cash balances with the Treasury, District Cash Office, cash offices of Accounting Officers etc., as at the end of each month. Strictly such balances do not form part of the currency in circulation and are, ipso facto, not part of the money supply. Anyhow, these balances should not be very large.

The above complications notwithstanding, the estimates in Table 3 look quite reasonable.

GRAPH V
TOTAL MONEY SUPPLY



GRAPH VI
COMPOSITION OF CURRENCY CIRCULATING IN UGANDA
BANK OF UGANDA AND EACB CURRENCY



Total money supply increased by Shs. 61.5 m. or 9.4% during the year 1967/68 as against a decline of Shs. 57.3m. or 8.1% between July, 1966 and June, 1967. Neither the increase nor the decline fell evenly over the months in between the end periods, so that it is perhaps better to make comparisons in terms of monthly averages.

Between July, 1966 and June, 1967, the monthly average figure for money supply was Shs. 652.2m., the corresponding figure between July, 1967 and June, 1968 was Shs. 686.4m., the increase in the average being Shs. 34.2m. or 5.2%. The lower monthly average figure for money supply for 1966/67 is a direct reflection of the considerable decline in private demand deposits with commercial banks during that period (a decline of Shs. 57.6 m.), whereas, the higher monthly average during 1967/68 is the result, not so much of increased bank credit, because there was some restriction on this as noted elsewhere, but of actual growth in deposits on account of good export earnings and an absolute increase in currency with the public over the period.

Still, the increase in money supply over the period under study was modest (see Graph V) and this appears to be quite in line with the overall rate of economic growth, measured in terms of gross domestic product, during the same year.

f. Uganda's Budget for 1968-69:

In his Budget Speech, the Minister of Finance Mr. Kalule-Settala amended or introduced tax measures that are estimated to produce a net increase of Shs. 87 m. in the financial year. The Development Tax was reduced from 5% to 2% but a sales tax, which applies to locally made and imported goods (with certain exceptions) has been introduced. Increases in customs and excise duties will raise Shs. 12 m. and Shs. 4.7 m. respectively and with the revenue of Shs. 100.5 m. anticipated from sales tax, it is estimated that during the next year, there will be a surplus on revenue account of Shs. 77.6 m. for transfer to the development budget. The Government expects to receive Shs. 120 m. from external sources and to contribute Shs. 36.0 m. from Uganda's own development resources. It is intended to supplement this by borrowing Shs. 90 m. through stock issues.

C. REVIEW OF MONETARY AND FISCAL POLICIES:

As reported in last year's annual report, the level of the Bank's foreign exchange reserves has largely continued to dictate fiscal and monetary policy. The main objective has been to restrain consumer demand for imported goods in an effort to contain balance of payments difficulties.

In the sphere of fiscal policy, the Government in June, 1967 imposed higher customs duties on a wide range of imports. In addition, the Bank of Uganda was directed to undertake a number of complementary selective credit restriction measures. Accordingly, general guidelines were laid down to the commercial banks requesting them to reduce their outstanding credit by not less than 5%, except for essential purposes, and to limit advances against bonded goods to 75% of the value of goods. Commercial banks were further requested to restrict letters of credit facilities to within 80% of the value of the goods to be imported and to require that importers deposited the remaining 20% in cash before such letters of credit were issued.

The response by the banks to these requests has been satisfactory and reduction of bank credit to non-essential categories was much greater than what was envisaged at first by the Government.

Despite a book loss of nearly Shs. 20 m. consequent on the devaluation of the pound sterling, * Uganda's external assets aggregated Shs. 216.7 m. at the end of 1967 compared with only Shs. 100.9 m. at the end of June, 1967. The net external position of commercial banks, after recording net liabilities for several years, temporarily moved into surplus in November and December, 1967. Developments in the first quarter of 1968 continued to be

* *The loss has, however, been largely offset by a book profit in local currency on the servicing of the large amount of debt owed by Uganda in Sterling.*

satisfactory and at the end of March, 1968, total external reserves amounted to Shs. 249.7 m. compared with only Shs. 48 m. at the end of March, 1967.

In view of the fact that the reduction in bank credit to non-essential purposes had proved much greater than what was initially envisaged by Government, this situation suggested some relaxation of the Bank's policy of credit restraint. Accordingly, on April 18, 1968, a relaxation of control was announced by the Minister of Finance. The requirement to make cash deposits of 20% of the value of the goods before issuing of letters of credit was lifted. It was considered necessary, however, to continue to review the credit reduction of the commercial banks despite the relaxation, and commercial banks were requested not to release the cash margins which had already been obtained and to continue to take cash margins at their discretion as sound credit measure if there was doubt with regard to the credit-worthiness of any importers.

The aim of these fiscal and credit measures was, essentially, to curtail imports so as to conserve external reserves. The effectiveness of these measures can be evaluated in terms of their impact on commercial bank operations, on consumer demand and on aggregate savings.

Total commercial bank credit outstanding at the end of June, 1968, increased by Shs. 60.6 m. to Shs. 647.3 m., an increase of 10.3% over the year. Credit to essential categories increased by Shs. 88.9 m., an increase of 18.8% over the year. The share of credit to less essential groups, however, declined from Shs. 114.1 m. at the end of June, 1967, to Shs. 85.8 m. at the end of June, 1968, a decline of 24.8%. Clearly, the decline in this category was a lot more than had been originally intended—this situation calling for the corrective measures already referred to.

Another indication of the contractive effect of the monetary and fiscal measures on demand is the accelerated growth in aggregate private voluntary savings over the year. Between June, 1966 and 1967, time and savings deposits with commercial banks increased by Shs. 23.1 m. to Shs. 339.6 m., an increase of 7.3%, but in 1967/68, these deposits increased by Shs. 54.9 m. to Shs. 394.5 m., an increase of 16.1% over the year.

Total deposits with commercial banks also increased from Shs. 667.0 m. in June, 1967, to Shs. 820.6 m. in June, 1968, an increase of 23% over the year, while at the same time, the ratio of advances to demand deposits decreased from 90.2% to 78.9%. The commercial banks used this increased liquidity partly to reduce their external indebtedness which declined by 36.4% over the year.

The selective credit control measures complementing the fiscal measures adopted during the year, would seem to have accomplished their objective without unnecessary deflationary effects on essential economic development. But as long as relatively undeveloped money and capital markets in Uganda prevail, fiscal measures will remain the primary means of achieving economic stability.

Thus although the money supply with the public expanded through the effects of larger public outlays coupled with an increase in foreign exchange reserves through the operation of appropriate credit and exchange control measures, the inflationary impact both on domestic price levels and the external payments position has been softened to a considerable extent.

CHAPTER II

OPERATIONS OF THE BANKING SYSTEM

A. THE CENTRAL BANK'S OPERATIONS:

a. Main Movements in the Bank's Balance Sheet:

The main movements in the Bank's Balance Sheet over the twelve months period are outlined below:—

LIABILITIES		ASSETS		(Shs. million)
Capital	—	Foreign Exchange		+127.1
General Reserve Fund	+ 4.0	Government Securities:		
Notes and Coin in circulation	+64.7	(Treasury Bills)		— 27.5
Deposits:				
Government	+38.0	Discounts and Advances		— 1.1
Bankers	+10.7	Other Items (Net)		+ 21.1
Other	+ 2.2			

b. Foreign Exchange:

Following the adverse trends in the country's external payments position during the first year of the Bank's operations and the first few months of the following year, there has occurred an appreciable increase in the Bank's external assets over the year under review especially during the last seven months. This improvement has been achieved in spite of the natural fall in receipts of convertible currency from the E.A.C.B. as the currency conversion progressed and the book loss in the value of the Bank's holdings of sterling assets, due to devaluation of the pound sterling in November, 1967.

As shown by Table 6, Uganda's overall external position (including that of the commercial banks) improved over the twelve months from June, 1967 by approximately Shs. 164 m. The Bank of Uganda's external assets alone improved by Shs. 127.1 m. while the commercial banks considerably reduced their net liabilities abroad by a further Shs. 36.4 m. The increase in the Bank's external reserves is reflected in an increase in notes and coin in circulation, and in increased deposits of Government and banks.

During the first year of operations, the conversion operation was a major foreign exchange earner for the Bank of Uganda. During the second year, however, the Bank received foreign exchange amounting to only Shs. 40.9 m. from the E.A.C.B. on account of the redemption process as against Shs. 95.6 m. during the first year.

The Bank's external reserves as expressed in Ugandan currency, suffered a set-back in November, 1967 when the pound sterling was devalued by 14.3%, and this resulted in a net book loss to the reserves of some Shs. 20 m. To protect reserves from the hazard of excessive holding of one international currency, the Bank has made the reserves more broad-based. And to forestall any further international uncertainty, a forward foreign exchange market was instituted in December, 1967, up to a period of six months. Since its inception, this facility has been widely used, with purchases exceeding sales.

Mention was made in the first year's report of the inadequacy, during the period, of the Bank's shorter-dated securities to cover the Bank's statutory reserve requirement of 40%. Hence, the Bank had recourse to the transitional arrangement allowed under paragraph 6 of the schedule to the Bank of Uganda Act, 1966. This was due to expire on the date of withdrawal of the legal tender status of E.A.C.B. notes on 14th September, 1967, but was extended for a further year, to give the Bank time to make adequate adjustments in its investment portfolio. Consequent upon the adjustment made and an increase in the external reserves, eligible foreign exchange reserves, however, have, since the end of December, 1967, been adequate to cover the statutory requirement and have at one time (i.e. at the end of May, 1968) reached a level of 70%.

c. Par Value of the Uganda Shilling and the Other East African Currencies:

The agreement between the central banks of Uganda, Kenya and Tanzania to effect remittances between them and to purchase each other's notes, both at par, i.e. without exchange charges, has continued. These central banks, again, are still maintaining their official rates of exchange for external currencies in line with each other, and up to the time of the devaluation of the pound sterling in November, 1967, the rates were still in conformity with those quoted by the East African Currency Board. Since that period, the rates quoted are Shs. 17.1375 buying and Shs. 17.15375 selling for £1 sterling respectively.

d. Exchange Control:

During the last twelve months period since June 30 last year, there have not been major changes either in the activities of this Department or in the powers delegated to it. Nevertheless, a few minor innovations were introduced with success. With effect from 11th December, 1967, authorised banks were permitted to enter into forward contracts with their customers for purchases and sales of sterling on an outright basis, on condition that contracts for a period longer than three months, be subject to the approval of the Exchange Control. Again as from 1st January, 1968, all exporters of goods to destinations outside the Scheduled Territories of an f.o.b. value of Shs. 10,000 and above (previously Shs. 40,000) were required to fill in the relevant Exchange Control forms. And in order to assist the East African Income Tax Department in the prevention of Tax evasion by emigrants, all applications for the emigration concession, as from the same dates, are required to be supported by a Tax clearance certificate.

e. Currency:

With the withdrawal of the legal tender status of E.A.C.B. notes on the 14th September, 1967, the redemption of E.A.C.B. currency dropped to a trickle especially during the last six months of the period under review. A successful advertising campaign mounted by the Bank in July and August, 1967 concerning the removal of the legal tender status of E.A.C.B. notes, encouraged holders to exchange such notes for Uganda currency in considerable amounts.

During the twelve months period, Shs. 42.1 m. of E.A.C.B. currency was redeemed, (Shs. 31.6 m. in notes and Shs. 10.5 m. in coin) bringing the total redemption at 30th June, 1968, to Shs. 323.9 m. against Shs. 281.9 m. at 30th June, 1967. During the first six months of the period under review, conversion totalled Shs. 36.4 m. (Shs. 29.7 m. notes and Shs. 6.7 m. coin).

The Bank has continued to issue currency in the same denominations as during its first year of operation. As shown by Table 9 and Graph VI, the circulation of Bank of

Uganda currency has been highest during the months December–March (i.e. the cotton season). As regards notes, the 100/- and the 20/- denominations have proved to be the most popular—accounting for nearly 80% of the notes circulating. The other two smaller denominations, however, tended to show a proportionately bigger increase than the former during the months of peak circulation. Of the coins, the 1/- piece has been most widely accepted by the public (i.e. accounting for around 65% of the coins circulating) but the 2/- and -/20 pieces have not proved to be as popular with the public as was expected, perhaps due to their size.

It has been decided, during the year, that the Bank of Uganda will issue in 1968/69 a commemorative five-shilling coin in conjunction with the Food and Agricultural Organisation's 'coin plan 1968', the organisation's "grow-more-food" campaign.

f. Management of the Public Debt:

From the 15th January, 1968, the Bank formally took over from the Treasury, the responsibility for all Treasury Bills' operations and for the issue and management of Uganda Government Stocks. The transfer of the remainder of the Public Debt (Premium Bonds and National Lotteries) to the Bank of Uganda is still under negotiation, but it is expected that it will be effected in the near future. During the same month the Uganda Government floated its first loan, since the introduction of the Uganda national currency, amounting to Shs. 30 million and by April, 1968, it had already been fully subscribed. The stocks were:—

6 $\frac{1}{4}$ % Stock 1973

6 $\frac{3}{4}$ % Stock 1977

7% Stock 1982

The monthly average of Treasury Bills outstanding during the twelve months period to end of June, 1968 was some Shs. 10.0 million lower than in the previous comparable period. As shown in Table 11 of the appendix, during the last two years the level of holdings of Treasury Bills during the first six months has been higher than during the remaining months of the year. The higher level of Treasury Bill holdings from September, 1966 to February, 1967 would be accounted for by the willingness of commercial banks to accumulate funds locally rather than use them to reduce their indebtedness abroad during this period. The trend, however, is mainly due to the fact that the Government apparently has more recourse to short-term borrowing during the first six months since the last six months coincide with the period when Uganda's main cash crops are being exported and Government revenues are buoyant mainly as a result of receipts from export taxes.

During the year, holdings of Treasury Bills of various subscribers have also tended to be influenced partly by the above factor and partly by the seasonality of the agricultural operations. The holdings of the Bank of Uganda were highest during the months November, 1967 to March, 1968, and the reverse occurred as regards commercial banks and official funds (these include the Marketing Boards). During the months November, 1967–March, 1968 most of the commercial bank credit was being devoted to crop finance purposes and it, therefore, fell upon the Bank to supply a bigger proportion of short-term finance to the Government.

Yield rates on Treasury Bills of various maturities during the year are shown in the Table on page 22.

MONTHLY AVERAGE YIELD RATES ON TREASURY BILLS
(% p.a.)

<i>Month</i>	<i>35 day Bills*</i>	<i>63 day Bills</i>	<i>91 day Bills</i>
1967			
July	4.507	4.775	4.533
August	4.500	—	4.554
September	4.506	4.512	4.520
October	4.515	—	—
November	4.511	—	4.533
December	4.505	—	—
1968			
January	4.504	—	5.067
February	4.504	—	4.535
March	4.522	—	4.535
April	4.504	—	—
May	4.550	4.584	4.636
June	4.548	4.584	4.636

*These accounted for over 95% of the issues during the year. Treasury Bill rates tended to be lowest during the months when the Bank of Uganda was holding larger proportions of Treasury Bills since the Bank usually tenders at the lowest rate compared to all the other subscribers.

g. Relations with Commercial Banks:

The year has seen a further strengthening of the mutual relations between the Bank of Uganda and the commercial banks and the supervisory role of the Bank over these institutions, mainly through the activities of the Bank Supervision Department. Some statistical forms previously for use by the East African Statistics Department were revised during the year and some new ones introduced to make possible acquisition of information from the banks that is more specific to an economy that now centres on a national currency. And to arm the Bank of Uganda with statutory supervisory powers, the draft of Banking legislation, in its final form, has been drawn up and its enactment is expected before the end of 1968.

Much has also been achieved through the willingness of the commercial banks to consult with the Bank on various aspects of their operations and to follow the general guidelines laid down. This co-operation contributed in no small measure, to the success of the credit reduction programme which was initiated in the Minister's Budget Speech for 1967/68.

h. Role of the Bank in Crop Financing:

The improvement in Uganda's external reserves already noted above enabled the Bank to follow a more liberal policy in its re-discounting of crop paper for the commercial banks during this year's crop season. But while, as shown in the Table below, the Bank provided rather more crop finance than in the 1966/67 season, the figures were still relatively modest, taking into consideration the entire requirements of the economy for such credit. This was accounted for, partly by the marked improvement in the Coffee Marketing Board's financial position, and partly by the fact that commercial banks to a big extent generated their own funds, apparently from local sources, since their borrowings from abroad during this season were very minimal compared with the previous year. It is, however, expected, that, if the present level of reserves is maintained, the Bank may be in a position to provide the commercial banks with more extensive crop finance facilities during the coming crop season.

CROP FINANCE BORROWINGS BY COMMERCIAL BANKS FROM THE BANK OF UGANDA
(Nominal Amounts outstanding at the end of each month)
(Shs. million)

<i>End of</i>	<i>1967</i>	<i>1968</i>
January	10.0	50.0
February	15.0	46.4
March	20.0	23.4
April	15.0	26.0
May	15.0	23.0
June	25.0	24.0
July	25.0	
August	15.0	
September	5.0	
October	—	
November	—	
December	11.0	

i. Relations with Other East African Central Banks:

The close and cordial relations of the sister central Banks have continued to grow especially in line with the spirit of the Treaty for East African Co-operation which came into force on 1st December, 1967. This made possible the presentation of a common and united front by the three partner states to the situation arising from the devaluation of the pound sterling in November, 1967.

B. OPERATIONS OF THE COMMERCIAL BANKS

The country continues to be served by nine commercial banks eight of which have their head offices abroad. As noted in the first Report, the Uganda Commercial Bank is the only indigenous commercial bank operating in Uganda. Now only in its third year of operation as a full-fledged commercial bank, the bank has opened 10 branches, in various parts of the country and its deposits and advances are steadily increasing. Meanwhile, the other eight "foreign" banks with their external (international in some cases) connections continue to play an invaluable role in the economic development of the country.

Main Movements in Commercial Banks' Operations:

The main movements in commercial banks' data during the period June, 1967 to June, 1968 are set out in the table below by quarters.

<i>Main Commercial Banks' Movements</i>					<i>(Shs. million)</i>
	<i>1967</i>		<i>1968</i>		<i>Year 1967/68</i>
	<i>July./Sept.</i>	<i>Oct./Dec.</i>	<i>Jan./Mar.</i>	<i>Apr./Jun.</i>	
Cash	+ 8	+19	+ 28	— 6	+49
Advances	—48	+73	— 5	— 6	+14
Investments	+ 2	—53	— 7	+44	—14
Other*	+11	+15	— 81	+38	—17
Deposits:					
Public	—22	+35	+ 17	+11	+36
Private	+13	+26	+ 19	+15	+73
External Indebtedness	— 8	—18	+ 8	+20	+ 2
Other*	— 5	+11	—109	+24	—79

*Included Contra items until the introduction of the new Return for Commercial Banks in March, 1968.

Although the introduction of a new Return for commercial banks in March, 1968 interferes with the emergence of a perfect picture of the actual movements in the banks' balance sheets, still the most striking factors observable in this table and elsewhere (Appendix Tables 15 and 16) are a sustained growth of bank deposits, and a great improvement in the banks' liquidity position as evidenced by an almost no increase at all in their external indebtedness and a considerable rise in their cash position.

In point of fact, the most striking feature of the operations of commercial banks over this period, has been the great stride made towards reducing their dependence on overseas funds. The external liabilities of the banks fell from Shs. 80 m. in June, 1967 to Shs. 23 m. in April, 1968 and for a short period the banks enjoyed an actual net surplus of external funds. The apparent change in the trend of the external position of the banks in May and June, 1968 is, most probably, a reflection of pre-budget business speculations entailing large stock-piles of imported goods. (See Appendix Table 15)

The increase in bank deposits would appear to have been due largely to net receipts from abroad (on account of export crops) given the fall in the banks' external liabilities mentioned above. There is, further, the notably steady increase in saving deposits which, apart from being most encouraging, could suggest a growing spread among the public of the banking habit.

Advances, on the other hand, rose but only slightly during the period under review. This was to be expected given the introduction of measures for restricting credit for less-essential purposes in June, 1967. The more conspicuous effect of the credit squeeze, however, was a marked change in the distribution of advances sectorwise from the less-essential to the essential groups as seen in Table 14 of the appendix.

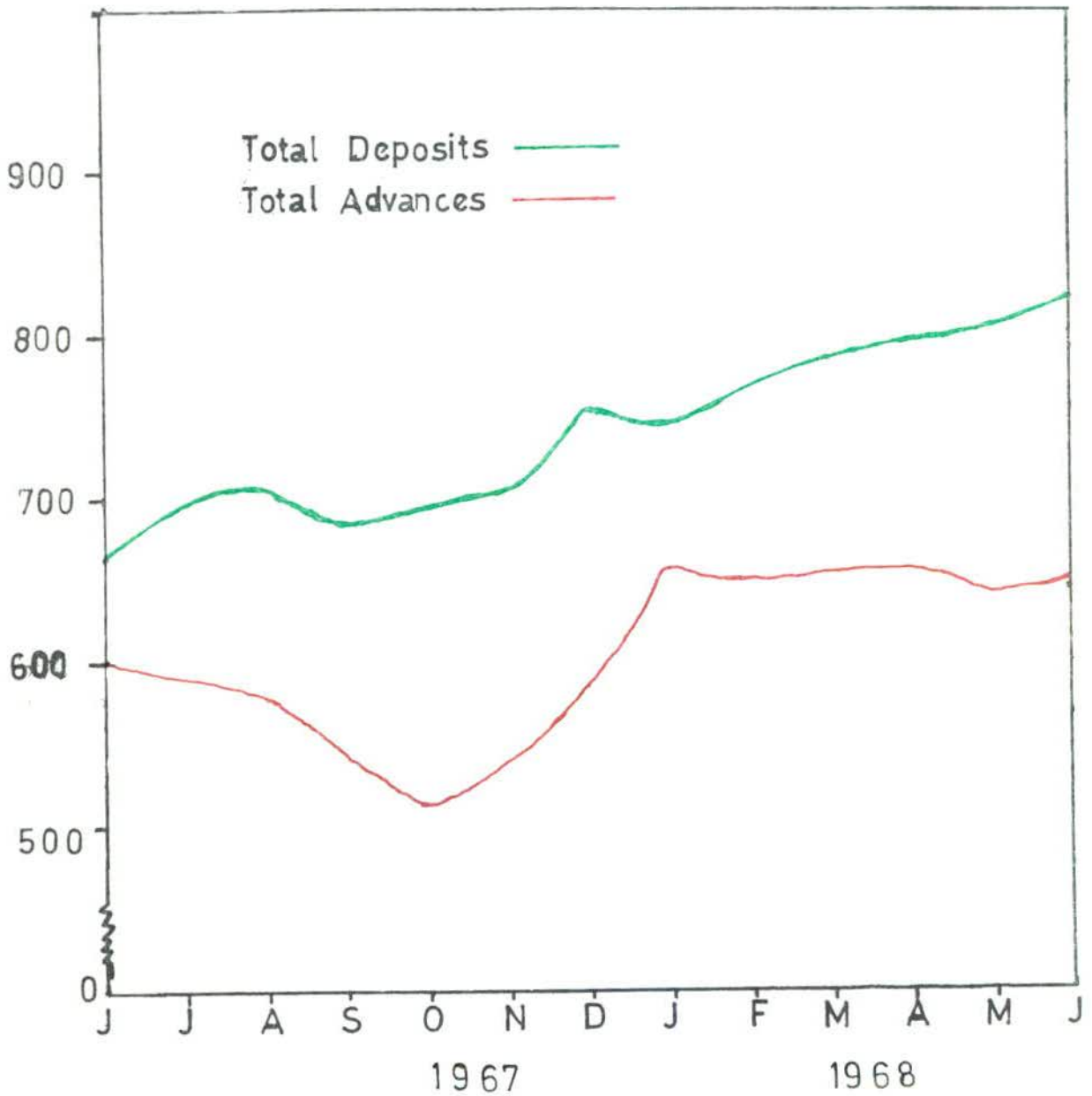
With advances rising only slightly and deposits quite strongly, (as shown in Graph VII) the ratio between the two has continued to fall, producing, necessarily, an improvement in bank liquidity. Much of the increased liquidity has been invested in Treasury Bills and the rest as already noted, has facilitated the improvement in the banks overseas indebtedness.

At the end of June, 1968, the banks were operating among them :—

53	branches
37	sub-branches
35	agencies, and
122	locations served by mobile units
—	
<u>247</u>	Total locations served.

GRAPH VII
COMMERCIAL BANKS
ADVANCES AND DEPOSITS

shs m.



CHAPTER III

ADMINISTRATION, STAFF AND TRAINING

The Bank of Uganda still consists of the Governor's Office and five other Departments namely, the Banking Department, the Secretary's Department, the Exchange Control, the Research Department and the Department of Bank Supervision. On the assumption, by the Bank of Uganda, of the responsibility for all operations of the Public Debt on the 15th January, 1968, save those in connection with the National Lottery and Premium Development Bonds which are still under the Ministry of Finance, a section known as the Public Debt Office was added to the Banking Department.

The staffing policy has remained the same, (i.e. to recruit Uganda citizens wherever possible). The total strength of the staff has increased from 70 at the end of June last year to 145, seven of whom are expatriates. The contracts of both, the Director of Research, Prof. A. A. Aerni and the Currency Officer Mr. W. H. Steel, expired during the year, and the former was replaced by Mr. V. M. Paranjpe, a senior officer of the Reserve Bank of India on secondment, while the latter's duties were taken over by Mr. E. Lule a Ugandan.

In accordance with its policy of availing of training facilities, the Bank sent members of its staff to attend various courses abroad. One officer attended a course on Balance of Payments and Methodology with the International Monetary Fund in Washington D.C. Another was attached to the Reserve Bank of Australia for three months at the end of which he proceeded to the Reserve Bank of India, Staff Training College Madras, where he joined another officer on the same course. At the same time another officer was attending a course on Personnel and Organisation at the Reserve Bank of India Bankers' Training College, Bombay, while one was attached to the Bank of England proceeding later to the Bank of Ghana.

NEW BUILDING:

Construction on the new Bank Headquarters on plots Nos. 41/43 and 37/39, Kampala Road was commenced in November, 1967 and it is expected that the building will be ready for occupation in the middle of 1969. The contract was awarded to Messrs. Dilbagh Singh Brothers (Uganda) Ltd.

APPRECIATION:

The Board of Directors would like to express their appreciation to all employees of the Bank for their loyal and invaluable services. The Board would also like to record here their appreciation to: The Bank of England, the Bank of Ghana, the Reserve Bank of Australia, the Reserve Bank of India and the International Monetary Fund, for the training facilities afforded to the officers of the Bank.

SENIOR OFFICERS

Governor's Office :	Special Duties Assistant to the Governor	Mr. E. B. Wakhweya* Mr. P. M. Jayarajan
Banking Department:	General Manager Currency Officer Accountant Principal Currency Officer Principal Banking Officer Principal Public Debt Officer	Mr. G. P. Lambie Mr. W. H. Steele** Mr. T. M. Mutagamba Mr. E. Lule*** Mr. D. K. Tamale Mr. F. J. M. Rodrigues****
Secretariat:	Secretary	Mr. J. R. O. Elangot
Exchange Control Department:	Exchange Controller Deputy Exchange Controller	Mr. J. E. Cloke Mr. C. Bangirana
Research Department:	Director of Research Director of Research Principal Research Officer	Prof. A. A. Aerni***** Mr. V. M. Paranjpe***** Mr. G. R. Bosa
Department of Bank Supervision:	Director of Bank Supervision	Mr. T. E. Ramsey

- * From March, 1968
- ** Up to March, 1968
- *** From March, 1968
- **** From January, 1968
- ***** Up to June, 1968
- ***** From June, 1968

UGANDA

30TH JUNE, 1968

ASSETS

	<i>Shs.</i>
FOREIGN EXCHANGE:	
Balances with Banks & Cash	5,077,155
Treasury Bills	238,527,226
Other Investments	64,307,707
	<hr/>
TOTAL EXTERNAL ASSETS	307,912,088
UGANDA GOVERNMENT SECURITIES (at cost)	60,609,994
OTHER SECURITIES (at cost)	83,488,931
PREMISES	4,696,680
CURRENCY REVALUATION	24,003,106
OTHER ASSETS (less depreciation where applicable)	11,906,964

Shs. 492,617,763

THE YEAR ENDED 30TH JUNE, 1968

	<i>Shs.</i>
NET PROFIT:	
After charging current expenses, providing for depreciation of fixed assets, and allowing for contingencies	3,051,301
	<hr/>
	Shs. 3,051,301
	<hr/>

Sd. J. M. MUBIRU *Governor*

Sd. G. P. LAMBIE *General Manager*

Sd. J. R. O. ELANGOT *Secretary*

STATISTICAL APPENDIX

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TABLE 1

**GROSS DOMESTIC PRODUCT AT FACTOR COST
1960 PRICES**

Shs. million

<i>INDUSTRY</i>	1962	1963	1964	1965	1966	1967 <i>Estimate</i>	1968 <i>Forecast</i>
MONETARY ECONOMY							
Agriculture	890	1,074	1,158	1,170	1,222	1,234	1,206
Cotton Ginning, Coffee Curing & Sugar Manufacture	90	128	136	136	138	140	130
Forestry, Fishing & Hunting	48	46	46	50	54	60	62
Mining & Quarrying	56	58	64	62	60	60	70
Manufacture of Food Products	22	22	26	26	28	32	38
Miscellaneous Manufacturing	92	92	94	110	126	146	176
Electricity	42	46	46	54	66	68	75
Construction	74	66	62	80	74	80	96
Commerce	302	356	376	412	434	418	434
Transport & Communications	118	128	134	144	158	166	176
Government	124	110	130	124	130	138	146
Miscellaneous Services	212	218	234	282	294	314	330
Rents	68	70	70	76	82	88	91
TOTAL	2,136	2,414	2,574	2,728	2,866	2,942	3,031
NON-MONETARY ECONOMY							
Agriculture	764	774	801	818	846	872	896
Forestry & Fishing	104	106	109	112	116	120	122
TOTAL	868	880	910	930	962	992	1,018
GROSS DOMESTIC PRODUCT	3,004	3,294	3,484	3,658	3,828	3,934	4,049

TABLE 2

GROSS DOMESTIC PRODUCT AT FACTOR COST
(at Current prices)

(Shs. million)

<i>INDUSTRY</i>	<i>1962</i>	<i>1963</i>	<i>1964</i>	<i>1965</i>	<i>1966</i>	<i>1967 Estimate</i>
MONETARY ECONOMY						
Agriculture	880	1,150	1,210	1,138	1,340	1,418
Cotton Ginning, Coffee Curing and Sugar Manufacture	72	114	114	110	112	124
Forestry, Fishing and Hunting	50	48	48	50	54	56
Mining and Quarrying	52	52	106	146	130	126
Manufacture of Food Products	26	26	34	38	42	48
Miscellaneous Manufacturing	98	110	124	170	198	216
Electricity	50	54	58	66	76	84
Construction	78	70	70	92	92	102
Commerce	290	368	392	428	484	498
Transport and Communications	116	124	124	130	146	156
Government	146	140	178	194	194	200
Miscellaneous Services	230	242	280	350	396	442
Rents	72	76	78	86	96	100
TOTAL MONETARY ECONOMY	2,159	2,572	2,816	3,002	3,360	3,570
NON-MONETARY ECONOMY						
Agriculture	852	814	946	1,276	1,102	1,210
Forestry and Fishing	122	132	142	190	201	178
TOTAL NON-MONETARY ECONOMY	975	946	1,086	1,466	1,304	1,388
TOTAL DOMESTIC PRODUCT	3,134	3,518	3,902	4,468	4,664	4,958

ESTIMATION OF MONEY SUPPLY

TABLE 3

(Shs. million)

End of Period	(1) Bank of Uganda Currency Outstanding			(2) E.A.C.B. Currency Outstanding in Uganda			(3) Uganda and E.A.C.B. Currency held by Commercial Banks	(4) Cash held by Banking Department Bank of Uganda	(5) Currency in Circulation *	(6) Private Demand Deposits with the Commercial Banks	(7) Total Money Supply **	(8) As % of the Total Money Supply	
	(a)	(b)	(c)	(a)	(b)	(c)						Currency in Circulation	Private Demand Deposits
	Notes	Coin	Total	Notes	Coin	Total						%	%
1966 July	—	—	—	300.0	40.0	340.0	29.6	—	310.4	358.7	669.1	46.4	53.6
August	87.9	—	87.9	247.0	40.0	287.0	42.0	0.4	332.5	352.5	684.9	48.5	51.5
September	134.7	—	134.7	166.5	40.0	206.5	40.6	1.5	299.1	458.2	657.3	45.5	54.5
October	154.7	—	154.7	131.2	40.0	171.2	34.9	1.6	289.4	350.1	647.5	44.7	55.3
November	193.6	—	193.6	107.9	40.0	147.9	37.9	1.5	302.1	318.5	620.6	48.7	51.3
December	266.8	—	266.8	89.4	39.0	128.4	47.8	1.9	345.5	327.5	672.8	51.4	48.6
1967 January	296.0	6.1	302.1	74.8	35.5	110.3	41.2	2.3	368.9	296.4	665.3	55.4	44.6
February	304.5	8.2	312.7	64.8	32.5	97.3	35.9	2.0	372.1	285.3	657.4	56.6	43.4
March	305.1	9.0	314.1	55.6	30.0	85.6	33.9	1.8	364.0	306.6	670.6	54.3	45.7
April	283.1	9.4	292.6	49.1	28.0	77.1	28.2	2.2	339.3	301.7	641.0	52.9	47.1
May	273.2	9.5	282.7	40.8	25.8	66.6	29.1	2.2	318.0	309.9	627.9	50.6	49.4
June	279.9	9.7	289.6	34.1	24.0	58.1	35.2	1.8	310.7	301.1	611.8	50.8	49.2
July	285.0	10.8	295.8	28.3	23.3	51.6	28.9	1.5	317.0	325.1	642.1	49.4	50.6
August	297.1	12.0	309.1	20.8	21.8	42.6	30.1	2.7	318.9	333.8	652.7	48.9	51.1
September	293.4	12.1	305.5	7.8	19.8	27.6	25.9	0.8	306.4	300.8	607.2	50.5	49.5
October	298.4	13.1	311.5	5.7	19.0	24.7	27.4	1.5	307.3	310.4	617.7	49.7	50.3
November	317.2	15.0	332.2	5.2	17.8	23.0	27.3	3.3	324.6	307.6	632.2	51.3	48.7
December	367.4	17.7	385.1	4.4	17.4	21.8	40.0	3.3	363.6	361.4	725.0	50.2	49.8
1968 January	392.6	20.5	413.1	4.0	16.7	20.7	37.9	1.9	394.0	345.5	739.5	53.3	46.7
February	391.1	20.9	412.0	3.8	15.7	19.5	31.9	2.7	396.9	350.0	746.9	53.1	46.9
March	378.8	20.6	399.4	3.3	15.0	18.3	24.9	2.6	390.2	345.7	735.9	53.0	47.0
April	362.3	19.3	381.6	2.9	14.4	17.3	27.9	1.6	369.4	368.6	738.0	50.1	49.9
May	339.9	18.8	358.7	2.7	13.7	16.4	23.9	2.9	348.3	347.7	696.0	50.0	50.0
June	335.2	18.9	354.0	2.6	13.5	16.1	25.2	1.7	343.2	360.4	703.6	48.8	51.2

* 1 (c) + 2 (c) - (3 + 4)

**5+6

TABLE 4

BANK OF UGANDA — ASSETS AND LIABILITIES

ASSETS

(Shs. million)

End of:	Foreign Exchange				Government Securities	Other Investments	Discounts and Advances	Other Assets	Total Assets	
	Balances with Banks and Cash	Treasury Bills	Other Investments	Total External Assets						
1966	September	0.9	6.4	61.4	68.7	102.1	—	—	6.5	177.3
	October	6.3	6.0	41.5	53.8	135.6	2.4	—	10.2	202.0
	November	6.8	48.2	19.4	74.4	135.6	25.6	—	12.6	248.2
	December	3.3	103.0	19.5	125.8	146.5	45.2	—	12.6	330.1
1967	January	5.6	143.9	67.3	216.8	87.0	60.0	9.9	11.4	385.1
	February	16.5	85.2	76.0	177.7	84.6	60.0	14.8	41.9	379.1
	March	14.9	105.8	66.2	186.9	131.0	60.0	19.7	13.3	410.9
	April	7.2	91.1	51.9	150.2	114.0	60.0	18.8	14.5	357.5
	May	18.9	100.5	40.6	160.0	100.9	60.0	14.8	14.8	350.5
	June	5.9	121.6	53.3	180.8	88.1	60.0	24.6	19.9	373.4
	July	11.0	129.4	38.3	178.7	108.7	60.0	24.6	16.4	388.4
	August	2.7	97.7	80.0	180.4	92.4	60.0	34.8	21.6	389.2
	September	11.2	71.6	77.8	160.6	97.7	60.0	34.9	33.9	387.1
	October	6.2	102.5	98.4	207.1	111.7	60.0	5.9	13.2	397.9
	November	5.8	80.0	67.5	153.3	133.4	60.0	24.4	36.5	407.6
	December	30.8	116.4	69.1	216.3	150.5	60.0	32.9	26.7	486.4
1968	January	30.8	151.8	69.1	251.7	103.3	60.0	56.1	29.0	500.1
	February	31.6	158.7	69.1	259.4	116.5	60.0	45.6	29.7	511.2
	March	17.4	189.6	69.1	276.1	109.3	60.0	22.9	29.7	498.0
	April	7.8	209.7	69.1	286.6	76.2	60.0	25.5	36.7	485.0
	May	23.2	227.7	69.1	320.0	14.8	60.0	35.5	36.4	466.7
	June	5.1	238.5	64.3	307.9	60.6	60.0	23.5	41.7	493.7

BANK OF UGANDA ASSETS AND LIABILITIES

TABLE 5

LIABILITIES

(Shs. million)

End of :	Paid-up Capital	General Reserve Fund	Currency Issued			Deposits				Other Liabilities	Total Liabilities
			Notes	Coin	Total	Government	Bankers	Other	Total		
1966 September	5.0	—	134.7	—	134.7	18.3	15.2	3.2	36.7	0.9	177.3
October	5.0	—	154.7	—	154.7	8.6	30.9	2.8	42.3	—	202.0
November	5.0	—	193.6	—	193.6	17.7	13.4	3.3	34.4	15.2	248.2
December	5.0	—	266.8	—	266.8	11.4	34.3	2.6	48.3	10.0	330.1
1967 January	5.0	—	296.0	6.0	302.0	41.3	23.3	3.1	67.7	10.4	385.1
February	5.0	—	304.5	8.2	312.7	6.0	11.6	33.4	51.0	10.4	379.1
March	5.0	—	305.1	9.0	314.1	34.0	12.9	33.4	80.3	11.5	410.9
April	5.0	—	283.2	9.4	292.6	0.3	16.1	30.0	46.4	13.5	357.5
May	13.3	—	273.2	9.5	282.7	5.5	15.2	30.3	51.0	3.5	350.5
June	13.3	—	279.9	9.7	289.6	0.6	23.6	29.9	54.1	16.4	373.4
July	13.3	2.0	285.0	10.8	295.8	7.0	26.5	30.5	64.0	13.3	388.4
August	13.3	2.0	297.1	12.0	309.1	0.5	23.5	29.9	53.9	10.9	389.2
September	13.3	2.0	293.4	12.1	305.5	0.5	27.1	29.2	56.8	9.5	387.1
October	13.3	2.0	298.4	13.1	311.5	0.5	29.2	30.5	60.2	10.9	397.9
November	13.3	2.0	317.2	15.0	332.2	0.2	24.3	30.8	55.2	4.8	407.6
December	13.3	2.0	367.5	17.7	385.2	0.8	46.7	33.2	80.7	5.2	486.4
1968 January	13.3	2.0	392.6	20.5	413.1	0.6	34.8	31.3	66.7	5.0	500.1
February	13.3	2.0	391.1	20.9	412.0	4.2	43.8	30.6	78.5	5.3	511.2
March	13.3	2.0	378.7	20.6	399.3	18.5	28.9	30.7	78.1	5.3	498.0
April	13.3	2.0	362.3	19.3	381.6	9.4	32.8	31.6	73.8	14.3	485.0
May	13.3	2.0	339.8	18.7	358.5	0.4	44.4	33.8	78.6	14.3	466.7
June	13.3	4.0	335.4	18.9	354.3	38.6	34.3	32.1	105.0	17.1	493.7

TABLE 6

**EXTERNAL POSITION OF BANK OF UGANDA
AND COMMERCIAL BANKS**

(Shs. million)

<i>End Of:</i>	<i>Bank of Uganda Assets (Net)</i>	<i>Commercial Banks Assets (Net)</i>	<i>Total 1+2</i>	<i>Of which Currency Conversion</i>	<i>Net 3-4</i>
1966 June	—	— 100.9	— 100.9	—	— 100.9
July	—	— 119.2	— 119.2	—	— 119.2
August	108.3	— 122.7	— 14.4	40.0	— 54.4
September	68.7	— 128.1	— 59.4	40.0	— 99.4
October	53.8	— 90.0	— 36.2	40.0	— 76.2
November	74.4	— 52.9	+ 21.5	40.0	— 18.5
December	125.8	— 78.2	+ 47.6	40.0	+ 7.6
1967 January	216.8	— 142.6	+ 74.2	43.3	+ 30.9
February	177.7	— 129.1	+ 48.6	56.4	+ 7.8
March	186.9	— 138.9	+ 48.0	68.1	— 20.1
April	150.2	— 101.4	+ 48.8	76.5	— 27.7
May	160.0	— 79.6	+ 80.4	86.8	— 6.4
June	180.8	— 79.9	+ 100.9	95.6	+ 5.3
July	178.7	— 42.7	+ 136.0	102.1	+ 33.9
August	180.4	— 30.0	+ 150.4	104.9*	+ 45.5
September	160.6	— 34.3	+ 126.3	104.9*	+ 21.4
October	207.1	— 17.6	+ 189.5	104.9*	+ 84.6
November	153.3	+ 4.3	+ 157.6	104.9*	+ 52.7
December	216.3	+ 0.4	+ 216.7	104.9*	+ 111.8
1968 January	251.7	— 18.2	+ 233.5	129.8*	+ 103.7
February	259.4	— 12.5	+ 246.9	129.8*	+ 117.1
March	276.1	— 26.4	+ 249.7	129.8*	+ 119.9
April	286.6	— 23.3	+ 263.3	135.1	+ 128.2
May	320.0	— 30.0	+ 290.0	136.2	+ 153.8
June	307.9	— 43.5	+ 264.4	136.5	+ 127.9

*Exclusive of amounts of convertible currency not yet received, from the East African Currency Board.

TABLE 7

SURRENDER OF EAST AFRICAN CURRENCY BOARD

CURRENCY "1966" CONVERSION

(Shs. million)

<i>End of:</i>	<i>Notes</i>	<i>Coin</i>	<i>Total</i>	<i>1964/65 Conversion Notes*</i>
1966 August	53.0	—	53.0	47.6
September	133.5	—	133.5	86.4
October	168.8	—	168.8	140.1
November	192.1	—	192.1	159.8
December	210.6	1.0	211.6	172.5
1967 January	225.2	4.5	229.7	183.9
February	235.2	7.5	242.7	192.6
March	244.4	10.0	254.4	199.5
April	250.9	12.0	262.9	206.0
May	259.2	14.2	273.4	209.7
June	265.9	16.0	281.9	213.5
July	271.7	16.8	288.5	217.4
August	279.2	18.2	297.4	220.1
September	292.2	20.2	312.4	222.5
October	294.3	21.0	315.3	225.3
November	294.8	22.2	317.0	227.4
December	295.6	22.6	318.2	229.5
1968 January	296.0	23.3	319.3	230.7
February	296.2	24.3	320.5	231.8
March	296.7	25.0	321.7	232.5
April	297.1	25.6	322.7	233.7
May	297.3	26.3	323.6	234.6
June	297.4	26.5	323.9	235.0

*Source: East African Currency Board reports for the year ended 30th June, 1964 and 30th June, 1967. The figures given are those from October, 1964 to August, 1966.

TABLE 8

**REDEMPTION ACCOUNT WITH THE
EAST AFRICAN CURRENCY BOARD**

	<i>30-6-1967</i>		<i>30-6-1968</i>	
	<i>Shs.</i>	<i>Shs.</i>	<i>Shs.</i>	<i>Shs.</i>
E.A.C.B. notes surrendered to the E.A.C.B.		265,877,100		297,424,000
E.A.C.B. coin surrendered to the E.A.C.B.	16,009,040		26,549,260	
<i>Less:</i> coin purchased from the E.A.C.B. to 31-12-66	5,237,500		5,237,500	
		10,771,540		21,311,760
Clearing Balances, taken over from E.A.C.B. at 15-8-66		11,166,700		11,166,700
TOTAL		287,815,340		329,902,460
Sterling received from E.A.C.B.	95,580,000		136,540,017	
<i>Less:</i> Sterling paid to E.A.C.B. for coin to 31-12-66	3,350,000		3,350,000	
		92,230,000		133,190,017
Uganda Government Treasury Bills purchased from E.A.C.B. (Nominal Shs. 138.0 million)		135,574,760		135,574,760
Uganda Electricity Board 5% guaranteed stock 1972/78 purchased from E.A.C.B.		60,000,000		60,000,000
<i>Loss</i> on devaluation:				1,119,983
Balance due		10,580		17,700
TOTAL		287,815,340		329,902,460

BANK OF UGANDA — NOTES AND COIN OUTSTANDING

TABLE 9

(Shs. '000)

End of:	NOTES					COIN							Total Notes and Coin
	5/-	10/-	20/-	100/-	Total	-/05	-/10	-/20	-/50	1/-	2/-	Total	
1966 Sept.	11,057	21,447	45,396	56,810	134,710	—	—	—	—	—	—	—	134,710
Oct.	12,392	24,802	53,086	64,398	154,678	—	—	—	—	—	—	—	154,678
Nov.	18,151	31,260	69,554	74,637	193,602	—	—	—	—	—	—	—	193,602
Dec.	27,563	48,211	103,707	87,317	266,798	—	—	—	—	—	—	—	266,798
1967 Jan.	32,374	54,320	116,457	92,815	295,966	135	416	79	782	3,471	1,197	6,080	302,046
Feb.	31,927	54,860	118,847	98,864	304,498	188	589	176	949	4,947	1,361	8,210	312,708
Mar.	29,162	51,017	114,679	110,215	305,073	217	708	194	969	5,418	1,516	9,022	314,095
April	24,405	43,903	104,778	110,100	283,186	212	673	194	1,081	5,782	1,470	9,412	292,598
May	22,202	40,196	99,203	111,600	273,201	218	707	197	1,089	5,904	1,374	9,489	282,690
June	22,197	40,234	102,599	114,844	279,874	226	765	192	1,145	6,158	1,240	9,726	289,600
July	22,530	40,091	103,218	119,494	285,333	256	851	198	1,310	6,960	1,240	10,815	296,148
Aug.	23,792	41,743	106,561	125,468	297,564	283	967	194	1,443	7,946	1,190	12,023	309,587
Sept.	22,054	39,295	102,586	129,432	293,367	278	993	192	1,482	7,992	1,130	12,067	305,434
Oct.	22,033	39,667	102,148	134,562	298,410	310	1,106	205	1,607	8,652	1,179	13,059	311,469
Nov.	24,269	44,116	107,086	141,774	317,245	374	1,241	238	1,952	9,865	1,290	14,960	332,205
Dec.	31,687	55,753	129,269	150,786	367,495	465	1,442	317	2,290	11,790	1,424	17,728	385,223
1968 Jan.	35,384	61,370	140,781	154,643	392,178	576	1,709	359	2,584	13,704	1,595	20,527	412,705
Feb.	33,664	58,691	135,704	159,118	387,177	602	1,764	370	2,655	13,654	1,712	20,757	407,934
Mar.	31,146	54,695	131,688	160,524	378,053	592	1,773	372	2,614	13,568	1,714	20,633	398,686
April	27,140	48,816	122,224	163,959	362,139	562	1,720	348	2,479	12,606	1,591	19,306	381,445
May	25,439	44,707	111,132	158,501	339,779	541	1,680	329	2,394	12,287	1,526	18,757	358,536
June	25,448	44,126	108,830	157,058	335,462	547	1,707	320	2,434	12,424	1,435	18,867	354,329

FLOW OF NOTES BETWEEN BANK OF UGANDA AND THE OTHER EAST AFRICAN CENTRAL BANKS

TABLE 10

(Shs. '000)

Month/Year	Between Uganda and Kenya			Between Uganda and Tanzania			TOTAL
	Uganda notes purchased from central bank of Kenya	Kenya notes purchased from Bank of Uganda	Net purchases by Bank of Uganda	Uganda notes purchased from Bank of Tanzania	Tanzania notes purchased from Bank of Uganda	Net purchases by Bank of Uganda	Net purchases
1966 October	2,804	—	— 2,804	—	—	—	—
November	3,735	158	— 3,577	504	1,136	632	— 5,749
December	4,375	3,489	— 886	223	929	+ 706	— 180
1967 January	5,310	2,408	— 2,902	928	1,182	+ 254	— 2,648
February	6,945	2,830	— 4,115	860	2,073	+ 1,213	— 2,902
March	7,642	1,899	— 5,743	—	101	+ 101	— 5,642
April	6,533	1,760	— 4,773	—	13	+ 13	— 4,760
May	6,831	2,260	— 4,571	—	—	—	— 4,571
June	5,139	2,730	— 2,409	—	—	—	— 2,409
1966/67 TOTAL	49,314	17,534	— 31,780	2,515	5,434	+ 2,919	— 28,861
1967 July	4,571	2,350	— 2,221	380	2,730	+ 2,350	+ 129
August	4,950	2,470	— 2,480	110	1,115	+ 1,005	— 1,475
September	6,626	5,270	— 1,356	112	1,945	+ 1,833	+ 477
October	4,631	4,130	— 501	1,620	2,275	+ 655	+ 154
November	4,746	3,255	— 1,491	—	2,630	+ 2,630	+ 1,139
December	6,068	3,970	— 2,098	553	2,575	+ 2,022	— 76
1968 January	7,335	4,410	— 2,925	1,175	2,540	+ 1,365	— 1,560
February	6,169	2,840	— 3,329	608	1,190	+ 582	— 2,747
March	7,445	4,510	— 2,935	2,581	1,855	— 726	— 3,661
April	5,909	4,350	— 1,559	331	680	+ 349	— 1,210
May	5,494	4,845	— 649	846	570	— 276	— 925
June	5,175	5,070	— 105	2,143	765	— 1,378	— 1,483
1967/68 TOTAL	69,119	47,470	— 21,649	10,459	20,870	+ 10,411	— 11,238

*Figures from July, 1967 are as at the last Friday of each month.

TABLE 11

TREASURY BILL HOLDINGS

(Shs. million)

Year		Bank of Uganda	Commercial Banks	Official Funds and Other	Total	
1966	June	—	—	178.3	178.3	
	July	—	2.0	209.6	211.6	
	August	—	—	181.2	181.2	
	September	102.0	39.0	49.2	190.2	
	October	136.0	50.0	17.6	203.6	
	November	138.0	63.0	16.4	217.4	
	December	139.0	33.0	15.8	187.8	
	1967	January	85.0	28.0	16.0	129.0
		February	74.0	18.5	25.0	117.5
		March	131.6	8.5	43.0	183.1
		April	114.6	19.0	43.5	177.1
		May	105.4	35.0	43.6	184.0
June		91.3	15.0	40.3	146.6	
July		109.1	27.6	48.3	185.0	
August		92.8	32.0	46.6	171.4	
September		98.0	33.4	37.6	169.0	
October		112.0	44.7	19.8	176.5	
November		133.8	23.0	28.2	185.0	
December		151.0	9.0	33.7	193.7	
1968	January	103.7	6.7	38.3	148.7	
	February	117.0	10.9	40.1	168.0	
	March	107.8	13.6	43.4	164.8	
	April	76.0	28.9	43.8	148.7	
	May	14.8	41.8	53.2	109.8	
	June	60.8	69.9	56.9	187.6	

Monthly Average 1966/67 — Shs. 177.4 million.

Monthly Average 1967/68 — Shs. 167.4 million.

TABLE 12

COMMERCIAL BANKS — ASSETS AND LIABILITIES

ASSETS

(Shs. '000)

End of:	Cash	Balance due by				Bills Discounted Loans and Advances	Investments	Other Assets	Total Assets
		Bank of Uganda*	Uganda Banks	E.A. Banks	Banks Abroad				
1965 June	23,300	1,480	16,880	103,560	39,700	729,880	22,740	125,300	1,062,840
1966 June	30,820	4,360	167,940	23,640	64,880	982,160	52,700	165,480	1,491,980
July	30,160	3,100	159,160	36,760	47,540	959,600	53,220	185,180	1,484,720
August	43,360	4,200	200,820	20,660	53,360	700,220	44,720	173,760	1,241,100
September	41,260	12,000	177,500	30,400	13,660	593,720	86,840	165,900	1,121,280
October	35,700	11,020	174,360	15,360	22,860	594,960	93,180	173,660	1,121,060
November	38,860	18,380	127,060	9,460	49,180	544,980	85,640	172,540	1,046,100
December	49,600	20,480	145,800	4,160	33,540	585,440	60,680	182,400	1,082,100
1967 January	42,800	5,960	172,660	15,340	26,100	643,320	63,680	189,140	1,159,000
February	36,930	11,860	150,990	9,240	23,650	641,750	59,690	192,680	1,126,790
March	34,870	12,160	162,310	3,750	22,820	657,800	60,180	184,020	1,137,910
April	29,120	11,640	162,860	7,440	34,300	620,400	69,660	177,600	1,113,020
May	30,260	12,590	159,190	7,670	17,760	597,850	91,570	170,590	1,087,480
June	32,970	12,360	208,110	11,740	20,370	601,450	76,345	172,970	1,136,310
July	30,308	18,889	184,681	6,566	19,641	592,643	91,661	176,110	1,120,499
August	31,687	26,168	175,417	15,624	16,341	581,240	93,077	172,351	1,111,905
September	27,771	19,700	183,246	14,381	7,842	544,222	94,099	175,180	1,066,441
October	29,307	29,534	141,868	16,968	19,693	510,465	113,174	169,749	1,030,758
November	28,818	12,829	177,013	24,457	33,635	538,656	85,561	170,928	1,071,897
December	42,472	38,682	193,283	29,638	43,239	583,449	59,677	169,949	1,160,389
1968 January	40,520	16,201	200,117	38,997	36,047	655,541	56,886	187,772	1,232,081
February	34,333	23,621	189,948	16,380	41,522	648,494	68,076	246,622	1,268,996
March**	27,868	30,444	28,846	1,664	37,698	650,653	49,546	143,155	969,874
April	30,784	35,621	33,285	1,646	34,512	653,387	95,908	155,060	1,040,203
May	26,433	35,593	39,040	2,185	34,822	638,857	111,665	176,794	1,065,389
June	28,053	31,682	28,894	2,437	20,010	647,264	139,790	186,154	1,084,284

*E.A.C.B. Prior to August, 1966.

**1. Figures for March and subsequent months are exclusive of Ugadev Bank.

2. Contra items eliminated from the Balance Sheets with effect from March, 1968.

TABLE 13

COMMERCIAL BANKS — ASSETS AND LIABILITIES

LIABILITIES

(Shs. '000)

End of	Deposits				Balance due to				Other Liabilities	Total Liabilities
	Demand	Time	Savings	In Foreign Exchange	Bank of Uganda*	Uganda Banks	E.A. Banks	Banks Abroad		
1965 June	483,560	92,940	124,680	660	200	23,060	49,740	183,880	104,120	1,062,840
1966 June	669,180	134,140	182,420	660	—	125,560	14,080	175,300	190,640	1,491,980
July	655,940	140,380	178,660	620	1,500	104,460	8,960	194,540	199,660	1,484,720
August	424,400	137,320	187,980	1,200	600	114,780	18,340	178,340	178,140	1,241,100
September	376,020	141,540	192,580	680	260	63,680	48,860	123,260	174,400	1,121,280
October	373,860	143,840	192,180	660	—	94,940	14,420	113,760	187,400	1,121,060
November	328,520	145,160	189,940	80	—	86,540	11,020	100,500	184,340	1,046,100
December	337,420	147,220	188,900	80	—	98,040	11,180	104,740	194,520	1,082,100
1967 January	308,200	154,760	190,440	80	—	113,080	8,960	175,100	208,380	1,159,000
February	295,260	155,670	192,540	90	5,000	101,850	17,200	144,770	214,410	1,126,790
March	316,660	142,380	194,700	80	15,110	98,990	14,640	150,830	204,520	1,137,910
April	321,680	141,820	193,430	100	9,850	114,840	11,220	131,940	188,140	1,113,020
May	336,040	143,910	192,400	90	5,000	124,200	14,220	90,760	180,860	1,087,480
June	327,290	145,410	194,160	110	10,000	167,320	28,410	83,560	180,050	1,136,310
July	353,262	148,921	195,578	105	10,000	162,721	21,931	46,949	181,032	1,120,499
August	362,107	145,932	198,146	96	5,000	152,583	11,632	50,317	186,092	1,111,905
September	329,554	147,802	206,550	88	—	149,836	19,680	36,815	176,116	1,066,441
October	338,708	148,342	206,669	—	5,000	106,865	13,849	40,389	170,936	1,030,758
November	335,901	158,722	206,743	86	8,713	127,975	10,840	42,966	179,951	1,071,897
December	389,694	155,890	208,835	106	8,463	143,178	18,022	54,410	181,791	1,160,389
1968 January	374,063	154,860	213,212	112	49,669	149,180	18,962	74,316	197,707	1,232,081
February	378,940	169,787	219,324	114	41,400	143,663	13,522	56,889	245,357	1,268,996
March**	408,099	154,156	221,926	—	23,400	13,842	10,164	55,612	82,675	969,874
April	407,114	165,375	222,123	—	26,000	17,125	10,552	48,864	143,050	1,040,203
May	410,991	166,006	224,500	—	23,000	17,837	7,041	59,980	156,034	1,065,389
June	426,049	168,947	225,646	—	25,363	5,545	6,546	59,440	166,748	1,084,284

* East African Currency Board prior to August, 1966.

** 1. Figures for March and subsequent months are exclusive of Ugadev Bank.
2. Contra items eliminated from the Balance Sheets with effect from March, 1968.

TABLE 14

COMMERCIAL BANKS — ANALYSIS OF BILLS, LOANS AND ADVANCES

(Shs. '000)

End of	June 1967	July	August	Sept.	Oct.	Nov.	Dec.	January 1968	February	March	April	May	June
Summary													
Less-Essential Groups	114,072	95,068	85,450	81,926	78,098	87,101	82,935	82,848	70,631	70,375	80,283	92,804	85,813
Essential Groups	472,631	479,491	474,324	442,846	412,735	433,737	479,594	546,066	554,258	580,278	573,104	546,053	561,451
Total-all Groups	586,703	574,559	559,774	524,772	490,833	520,838	562,529	628,914	624,889	650,653	653,387	638,857	647,264
1. Government	10,236	9,736	10,456	10,470	13,419	15,126	22,219	13,091	10,972	11,357	11,007	8,119	4,779
2. Agriculture	282,453	271,942	267,987	237,958	194,511	197,719	264,390	323,529	339,535	347,182	319,474	302,485	301,291
3. Mining & Quarrying	204	297	356	677	804	498	445	1,694	480	479	339	361	388
4. Manufacturing	138,570	135,008	138,092	132,965	135,279	131,364	120,247	124,493	120,750	124,738	139,955	144,797	141,767
5. Trade & Commerce	101,304	90,884	85,358	96,024	91,457	100,692	94,454	97,092	92,401	99,298	104,215	109,436	120,345
Essential	11,648	13,826	17,451	29,328	29,456	33,403	27,586	29,939	37,714	48,239	50,179	39,316	54,900
Non-essential	89,656	77,058	67,907	66,696	62,001	67,289	66,868	67,153	54,687	51,059	54,036	70,120	65,445
6. Electricity & Water	12	41	5,579	607	53	2,970	5,325	6	7	—	46	36	15
7. Transportation	2,108	2,591	2,539	2,462	2,360	1,842	2,527	2,841	1,938	2,010	2,094	2,118	2,187
8. Building & Construction	17,496	19,628	20,612	21,718	22,091	21,362	24,597	23,193	24,088	24,947	25,568	26,925	25,756
9. Real Estate	5,675	4,167	3,890	3,997	3,932	4,206	4,202	3,762	3,692	3,725	3,395	3,195	3,176
10. Financial & Credit Institutions	5,622	2,262	2,829	871	595	1,072	641	575	570	3,419	1,034	1,563	2,201
11. Personal Loans	7,114	6,482	6,417	6,142	6,969	7,831	6,850	7,217	7,292	7,585	12,238	8,590	9,001
12. Foreign Bills of Exchange	9,904	26,422	11,252	6,661	14,762	29,453	12,258	27,280	18,774	21,326	24,442	21,896	30,368
13. Other	6,005	5,099	4,407	4,220	4,601	6,703	4,374	4,141	4,390	4,587	9,580	9,336	5,990
TOTAL	586,703	574,559	559,774	524,772	490,833	520,838	562,529	628,914	624,889	650,653	653,387	638,857	647,264

NOTE: These figures are exclusive of Ugadev Bank.

TABLE 15

**COMMERCIAL BANKS — ADVANCES/DEPOSITS AND
CASH/DEPOSITS RATIOS PLUS EXTERNAL POSITION**

(Shs. '000)

End of:		Total Deposits	Advances/Deposits		Cash/Deposits Ratio				Net Balances Overseas and Rest of East Africa
			Total	Ratio	Notes, Coin and Balances with Bank of Uganda*	Ratio Cash/Total Deposits	Demand Deposits	Ratio Cash/Demand Deposits	
			Bills Discounted Loans and Advances	%					
1965	June	701,840	729,880	104.0	24,780	3.5	483,560	5.1	— 90,360
1966	June	986,400	982,160	99.6	35,180	3.6	669,180	5.3	— 100,860
	July	975,600	969,600	99.4	35,260	3.4	655,940	5.1	— 119,200
	August	750,900	700,220	93.5	47,560	6.3	424,400	11.2	— 122,660
	September	710,820	593,720	83.5	53,260	7.5	376,020	14.2	— 128,060
	October	710,540	594,940	83.7	46,720	6.6	373,860	12.5	— 89,960
	November	663,700	544,980	82.1	57,240	8.6	328,520	17.4	— 52,880
	December	675,620	585,440	86.9	70,080	10.4	337,420	20.8	— 78,220
1967	January	653,480	643,320	98.4	48,760	7.5	308,200	15.8	— 142,620
	February	643,560	641,750	99.7	48,790	7.6	295,260	16.6	— 129,080
	March	653,820	657,800	100.6	47,030	7.2	316,660	14.9	— 138,900
	April	657,030	620,400	94.4	40,760	6.2	321,680	12.7	— 101,420
	May	672,440	597,850	88.9	42,850	6.4	336,040	12.8	— 79,550
	June	666,970	601,450	90.2	45,330	6.8	327,290	13.9	— 79,860
	July	697,866	592,643	84.9	49,197	7.1	353,262	13.9	— 42,673
	August	706,281	581,240	82.3	57,885	8.2	362,107	16.0	— 29,984
	September	683,994	544,222	79.6	47,471	6.9	329,554	14.4	— 34,272
	October	693,719	510,465	73.6	58,841	8.5	338,708	17.4	— 17,577
	November	701,452	538,656	76.8	41,647	5.9	335,901	12.4	+ 4,286
	December	754,525	583,449	77.3	81,154	10.8	389,694	20.8	+ 445
1968	January	742,247	655,541	88.3	56,721	7.6	374,063	15.2	— 18,234
	February	768,165	648,494	84.4	57,954	7.5	378,940	15.3	— 12,509
	March**	784,181	650,653	83.0	58,312	7.4	408,099	14.3	— 26,414
	April	794,612	653,387	82.2	66,405	8.4	407,114	16.3	— 23,258
	May	801,497	638,857	79.7	62,026	7.7	410,991	15.1	— 30,014
	June	820,642	647,264	78.9	59,735	7.3	426,049	14.0	— 43,539

* E.A.C.B. prior to August, 1966.

** From March, 1968 onwards, figures are exclusive of Ugadev Bank.

TABLE 16

COMMERCIAL BANKS' LIQUIDITY RATIO

(Shs. 'million)

End of	Cash and Net Balance at Bank of Uganda*	Net Balances in E.A.	Net Balances Outside E.A.	Treasury Bills	Liquid Assets	Total Deposits	Liquidity Ratio** %
1965 December	45.1	3.2	— 128.5	2.0	— 78.2	700.6	— 11.6
1966 January	36.7	— 9.0	— 159.4	—	— 131.7	843.0	— 15.6
February	49.6	— 14.7	— 179.8	—	— 144.9	854.2	— 17.0
March	31.6	23.8	— 202.0	—	— 146.6	931.5	— 15.7
April	35.7	5.4	— 164.2	—	— 123.1	901.3	— 13.7
May	15.7	15.0	— 108.0	—	— 77.3	965.7	— 8.0
June	35.2	9.5	— 110.4	—	— 65.6	986.4	— 6.7
July	31.8	27.8	— 147.0	7.4	— 80.0	975.6	— 8.2
August	47.0	2.3	— 125.0	3.0	— 72.7	750.9	— 9.7
September	53.0	— 18.5	— 109.6	43.0	— 32.1	710.8	— 4.5
October	33.6	1.0	— 90.9	49.5	— 6.8	710.5	— 1.0
November	57.2	— 1.6	— 51.3	42.9	47.2	663.7	7.1
December	70.1	— 7.0	— 71.2	22.0	13.9	673.6	2.1
1967 January	48.8	6.4	— 149.0	25.0	— 68.8	653.4	— 10.5
February	43.8	— 8.0	— 121.1	15.0	— 70.3	643.5	— 10.8
March	31.9	— 10.9	— 128.0	8.5	— 98.5	653.8	— 15.1
April	30.9	— 3.8	— 97.6	18.9	— 51.6	656.9	— 7.9
May	37.9	— 6.6	— 73.0	37.9	— 3.8	672.4	— 0.6
June	35.3	— 16.7	— 63.1	16.6	— 27.9	666.9	— 4.2
July	39.2	— 15.4	— 27.3	24.9	21.4	697.8	3.1
August	56.6	4.0	— 34.0	24.4	51.0	706.2	7.2
September	47.5	— 5.3	— 29.0	25.4	38.6	684.0	5.6
October	53.8	3.1	— 20.7	42.5	78.7	693.7	11.3
November	32.9	13.6	— 9.3	22.9	60.1	701.4	8.6
December	72.7	11.6	— 11.2	9.0	82.1	754.4	10.9
1968 January	7.1	20.0	— 38.3	6.0	— 5.2	742.1	— 0.7
February	16.6	2.9	— 15.4	10.0	14.1	768.1	1.8
March	34.9	— 8.5	— 17.9	13.5	22.0	784.2	2.8
April	40.4	— 8.9	— 14.3	25.9	43.1	794.6	5.4
May	39.0	— 4.9	— 25.2	41.7	50.6	801.5	6.3
June	34.4	— 4.1	— 39.4	69.8	60.7	820.6	7.4

* E.A.C.B. Prior to August, 1966.

** Liquid Assets expressed as a percentage of Total Deposits.

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