

# MONTHLY ECONOMIC AND FINANCIAL INDICATORS



**NOVEMBER 2008**

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## INTRODUCTION

The indicators presented in this report summarise the major developments in the monetary and financial conditions in Uganda during the month of November 2008. The overall macroeconomic conditions remained broadly stable. Both the annual Headline and Core inflation rates rose slightly relative to the outturn reported in October 2008

largely on account of higher food prices. All measures of money supply registered modest nominal expansions and the volume and value of coffee exports rose in November 2008 relative to the corresponding period a year ago. The value of merchandise exports in October 2008 was however lower than that recorded in October 2007.

## I INFLATION

As reported by the Uganda Bureau of Statistics (UBOS), the annual Headline Inflation rate rose to 14.9 percent in November 2008, up from 14.5 percent reported in October 2008. This was mainly on account of an increase in annual food inflation particularly processed foods. The monthly Headline Inflation rate rose to 1.3 percent compared to 1.1 percent recorded in the month of October 2008, largely on account of higher transport fares.

The annual Core Inflation rate<sup>1</sup> increased slightly to 13.2 percent from 13.1 percent in the year ended October 2008, on account of higher annual increases in prices of non-fresh food items, education, and fuel. The month-on-month Core inflation, however, declined to 0.7 percent from 1.0 percent in October 2008.

The annual Energy, Fuel, and Utilities (EFU) inflation rate decreased further to 7.5 percent from 7.6 percent in the year ended October 2008, due to lower annual increases in the average price of some petroleum products. The month on month EFU inflation rate however increased to 0.4 percent, from minus 1.0 percent in October 2008 driven by the increase in domestic fuel prices on account of disruptions on the Kenyan oil pipeline and increased piracy in the Somali waters that caused a delay in

fuel deliveries. The increase in domestic fuel prices though temporary was in contrast to a decline in international oil prices. International oil prices continued to decline to below US\$ 50 per barrel due to a slowing global economy.

The annual Food Crops<sup>2</sup> Inflation slowed down to 24.9 percent compared to 26.9 percent observed in the year ended October 2008 on account of increased food supplies particularly fresh vegetables and fruits. Food crop inflation, however, remains high largely due to high transport costs and continued robust regional demand for food items particularly from Southern Sudan. The month-on-month food crops inflation also decreased to 1.7 percent from 3.2 percent in October 2008 on account of seasonal factors. Figure 1 shows the movements in the inflation rates for the period July 2006 to November 2008.

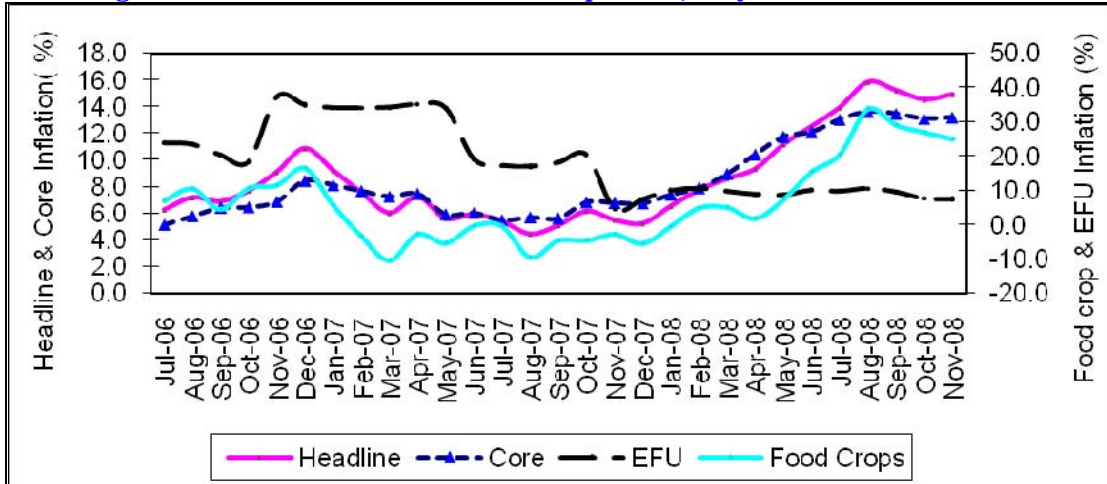
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<sup>1</sup> Excludes food crops, electricity, fuel and metered water

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<sup>2</sup> Food crops include fresh food crop items and related products such as milk and flour

**Figure I: Annual Inflation rate developments, July 2006 to November 2008**



Source: Uganda Bureau of Statistics

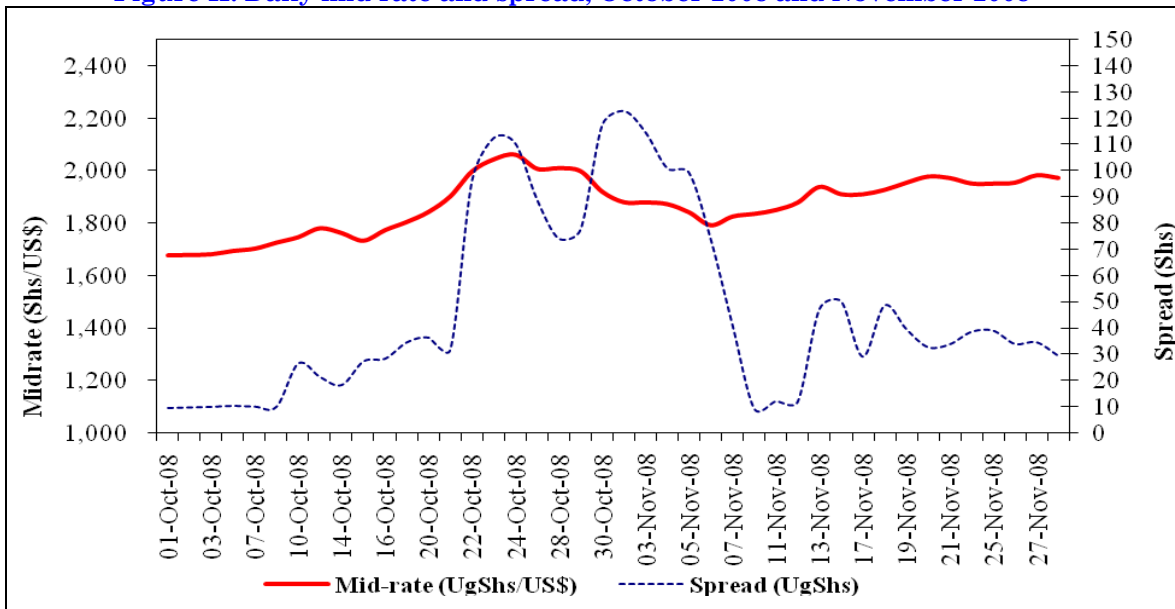
## II FOREIGN EXCHANGE MARKET

### i) Exchange rates

The foreign exchange market was largely stable during the month of November 2008. On a monthly basis, the shilling depreciated by 3.9 percent from an average of Shs. 1,838.7 per US\$ in October 2008 to an average of Shs. 1,910.1 per US\$, attributed to increased corporate and offshore players' demand for foreign currency coupled with the general strengthening of the US dollar

against major currencies in the international markets. The Bank of Uganda's sterilisation of liquidity through daily sales of foreign exchange in the IFEM amounted to US\$ 6.0 million during the month under review. Bank of Uganda's intervention to maintain stability in the IFEM amounted to a net sale of US\$ 10.0 million. Figure II shows the trend of the nominal exchange rate and the spread between buying and selling rates.

**Figure II: Daily mid rate and spread, October 2008 and November 2008**



Source: Bank of Uganda

## ***ii) Foreign exchange purchases and sales***

Both gross foreign exchange purchases and sales in the IFEM decreased by 40.5 percent and 44.7 percent from US\$ 894.0 million and US\$ 984.8 million in October 2008 to US\$ 531.6 million and US\$ 544.7 million in November 2008, respectively. The downturn reflects

reduced activity in the foreign exchange market over the review period. Cross currency trade transactions, also decreased from US\$ 441.4 million in October 2008 to US\$ 160.1 million in November 2008.

## **III DOMESTIC MONEY MARKETS AND INTEREST RATES**

### ***Interest rates***

The discount rates on all Treasury bill papers except the 364-day paper rose, when compared to those registered in October 2008. The end period weighted discount rates on the 91-day and 182-day Treasury bill papers increased from 9.7 percent and 13.4 percent in October 2008 to 10.0 percent and 13.6 percent in November 2008, respectively. The rate on the 364-day paper however declined to 13.8 percent from 14.3 percent at end October 2008.

In line with developments in the primary domestic securities market, the Rediscount rate and Bank rate increased from the end October 2008 levels of 16.0 percent and 17.0 percent to 16.8 percent and 17.8 percent at end November 2008 respectively.

The monthly average weighted lending rate on both the commercial banks' shilling denominated loans and foreign exchange denominated loans remained at the September 2008 levels of 21.2 percent and 9.4 percent, respectively. Figure III shows the pattern of selected categories of interest rates.

### ***Treasury bill holdings***

The outstanding stock of Treasury bills decreased from Shs. 1,441.5 billion at end October 2008 to Shs. 1,418.4 billion at end November 2008 on account of net maturities. Commercial banks' holdings increased by Shs. 44.7 billion to Shs. 782.7 billion while insurance companies' holdings<sup>3</sup> of Treasury bills decreased from Shs. 259.0 billion to Shs. 210.8 billion. Holdings by the 'Others' category also decreased marginally from Shs. 177.4 billion to Shs. 162.2 billion. Bank of Uganda (BOU)'s holdings of Treasury bills also decreased from Shs. 267.1 billion to Shs. 262.7 billion at end November 2008.

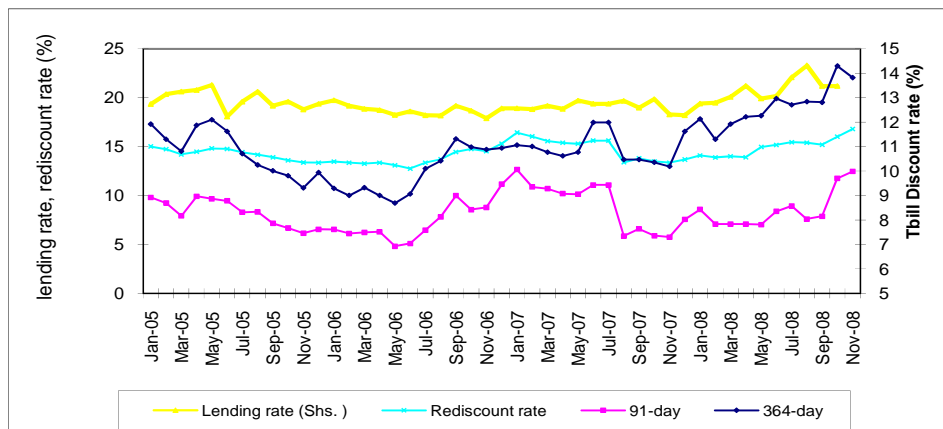
### ***Treasury bonds***

The stock of Treasury bonds increased marginally from Shs. 1,410.2 billion at end October 2008 to Shs. 1,425.2 billion at end November 2008, on account of issuance of a 3 year bond with Weighted Average Price (WAP) of 83.9 per 100 and yield to maturity (YTM) of 17.4 percent. There were no Treasury bond maturities during the month under review.

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<sup>3</sup> Includes holdings of insurance companies, non-clearing banks, trust companies and other financial institutions

**Figure III: Selected interest and policy rates, January 2005 to November 2008**



Source: Bank of Uganda

## IV MONETARY AGGREGATES

### i) Money supply

All measures of money supply aggregates expanded between September 2008 and October 2008. Narrow money **M1** increased moderately from Shs. 2,582.7 billion at end September 2008 to Shs. 2,634.4 billion at end-October 2008. Both Currency in circulation and private sector's demand deposits rose by Shs. 12.4 billion and Shs. 39.3 billion to Shs. 1,120.3 billion and Shs. 1,514.1 billion over the review period, respectively.

Private sector's time and savings deposits increased by Shs. 127.0 billion from Shs. 1,390.8 billion to Shs. 1,517.8 billion while no certificate of deposits were registered in October 2008. Money supply **M2** therefore expanded from Shs. 3,973.5 billion to Shs. 4,152.2 billion.

The private sector's foreign exchange deposits, also increased by Shs. 252.0 billion from Shs. 1,023.5 billion to Shs. 1,275.5 billion. Broad money supply **M3** therefore expanded by 8.6 percent from Shs. 4,997.0 billion to Shs. 5,427.7 billion, on account of an increase in both the banking system's Net foreign Assets (NFA) and Domestic credit.

Domestic credit increased by 11.8 percent to Shs. 2,531.9 billion between September 2008 and October 2008.

Government's net position with the banking system declined from a saving of Shs. 876.4 billion at end September 2008 to a saving position of Shs. 737.5 billion at end October 2008. Government's net savings position with the Central Bank decreased by Shs. 139.9 billion from a saving of Shs. 2,276.6 billion at end September 2008 to a saving of Shs. 2,136.7 billion at end October 2008, largely on account of decreased government deposits coupled with increased advances to government over the review period. Government's net position with the commercial banks declined marginally by Shs. 1.0 billion from a borrowing position of Shs. 1,400.2 billion as at end September 2008 to a borrowing of Shs. 1,399.2 billion at end October 2008 on account of increased government deposits coupled with decreased commercial banks' investment in government securities that was offset by increased advances to government.

The banking systems' claims on the private sector increased by 4.2 percent

from Shs. 3,114.6 billion to Shs. 3,245.2 billion at end October 2008, largely on account of increased demand for credit by importers and ahead of the festive season. The stock of loans to Parastatals by the banking system however decreased from Shs. 25.9 billion at the end of September 2008 to Shs. 23.9 billion at the end of October 2008.

Net foreign Assets (NFA) of the banking system grew by Shs. 279.2 billion from Shs. 4,519.3 billion to Shs. 4,798.5 billion between end September 2008 and end

October 2008, on account of increased foreign assets of domestic banks.

### ***ii) Base money***

Base money expanded from Shs. 1,703.6 billion at end October 2008 to Shs. 1,787.4 billion at end November 2008. Currency issued and Commercial banks' total reserves increased from Shs. 1,265.1 billion and Shs. 438.5 billion to Shs. 1,327.1 billion and Shs. 460.3 billion, respectively over the review period.

## **V COMMODITY SUB-SECTOR**

### ***i) Total exports***

Overall, export proceeds in the month of October 2008 reduced relative to the same month a year ago. Total exports

amounted to US\$ 161.9 million in October 2008 compared to US\$ 202.7 million in October 2007.

### ***ii) Coffee exports***

As reported by Uganda Coffee Development Authority (UCDA), total coffee exports for the month of November 2008 amounted to 266,722 (60Kg) bags worth US\$ 27.6 million, representing an increase of 34.1 percent and 31.4 percent in volume and value terms, respectively relative to the corresponding month in 2007. On a cumulative basis, coffee exports for the first two months (October-November) of coffee year 2008/09 amounted to 446,286 (60 Kg) bags worth US\$ 48.6 million, representing an expansion of 20.2 percent and 25.8 percent in volume and value terms, relative to a similar period in the previous

coffee year. The continued good coffee prices coupled with good weather explained the improvement in coffee exports. However, the average realised export price decreased to US\$ 1.7 per Kilo, 23 cents lower than the October 2008 level of US\$ 2.0 per kilogram.

The farm gate price for Kiboko (dry cherries of Robusta) coffee ranged between Shs. 900 and 1,150 per kilogram while Fairly Average Quality (FAQ) coffee prices averaged Shs. 2,300 per kilogram, the same as during the month of October 2008.

### ***iii) Non-coffee exports***

There was a reduction in the estimated earnings from non-coffee exports in October 2008 relative to the level of October 2007 that could be attributed to reduced demand emanating from the slowing global economy. The total value of non-coffee exports for October 2008 was estimated at US\$ 140.9 million,

23.9 percent lower than the realized value in the corresponding month in the previous year.

In particular, exports of cotton, oil re-exports, maize, hides& skins, cobalt and others, declined from US\$ 0.5 million, US\$ 4.0 million, US\$ 1.5 million, US\$

1.4 Million, US\$ 1.7 million and US\$ 142.7 million in October 2007 to US\$ 0.3 million, US\$ 0.3 million, US\$ 1.0 million, US\$ 0.9 Million, US\$ 1.4 million and US\$ 85.0 million, respectively in October 2008. However, export earnings of flowers, tobacco, beans, fish & its products (including exports to regional

markets) and base metals, increased by US\$ 1.2 million, US\$ 7.2 million, US\$ 2.1 million, US\$ 2.9 million, and US\$ 4.2 million, respectively when compared to the values realised in October 2007. Table I shows the detailed performance of Uganda's exports up to October 2008.

**Table I: Exports of merchandise (US\$ Million)**

|                                     | Oct-07 | Jun-08 | Jul-08 | Aug-08 | Sep-08 | Oct-08 |
|-------------------------------------|--------|--------|--------|--------|--------|--------|
| Total Exports (in US\$ million)     | 202.7  | 269.7  | 245.0  | 215.5  | 149.5  | 161.9  |
| 1. Value of total coffee shipment   | 17.6   | 35.6   | 42.0   | 41.6   | 26.8   | 21.0   |
| Gross coffee Vol. ('000 60-Kg bags) | 0.2    | 0.3    | 0.3    | 0.3    | 0.2    | 0.2    |
| Av. unit value                      | 1.7    | 2.1    | 2.2    | 2.1    | 2.1    | 2.1    |
| 2. Non-Coffee exports               | 185.1  | 234.1  | 202.9  | 174.0  | 122.7  | 140.9  |
| Electricity                         | 1.1    | 1.0    | 1.2    | 1.2    | 1.0    | 1.2    |
| Gold                                | 1.0    | 8.2    | 6.8    | 2.8    | 2.4    | 2.3    |
| Cotton                              | 0.5    | 3.1    | 0.9    | 0.3    | 0.8    | 0.3    |
| Tea                                 | 4.8    | 3.9    | 4.0    | 3.6    | 3.4    | 4.7    |
| Tobacco                             | 2.5    | 5.6    | 4.7    | 4.7    | 3.9    | 9.7    |
| Fish & its prod.(excl. regional)    | 9.5    | 9.6    | 10.6   | 11.1   | 9.5    | 12.3   |
| Fish & its prod.(regional exports)  | 3.6    | 2.9    | 3.0    | 2.9    | 2.6    | 3.7    |
| Hides & skins                       | 1.4    | 1.0    | 1.3    | 1.3    | 1.0    | 0.9    |
| Simsim                              | 0.8    | 0.4    | 0.5    | 0.1    | 0.6    | 0.6    |
| Maize                               | 1.5    | 1.5    | 1.8    | 2.1    | 1.8    | 1.0    |
| Beans                               | 0.1    | 2.0    | 2.0    | 1.4    | 0.4    | 2.2    |
| Flowers                             | 3.0    | 2.8    | 3.8    | 4.9    | 3.9    | 4.2    |
| Oil re-exports                      | 4.0    | 0.4    | 0.3    | 0.3    | 0.4    | 0.2    |
| Cobalt                              | 1.7    | 2.0    | 2.1    | 1.4    | 2.1    | 1.4    |
| Base Metals & Products              | 6.9    | 10.0   | 11.8   | 11.7   | 12.3   | 11.1   |
| Others <sup>4</sup>                 | 142.7  | 178.0  | 148.3  | 124.4  | 76.6   | 85.5   |

Source: Bank of Uganda

#### **iv) Imports**

Total imports amounted to US\$ 384.1 million in October 2008, compared to US\$ 296.2 million and US\$ 362.0 million in October 2007 and September 2008, respectively. The increase was on account of increased demand for raw materials to boost production ahead of festive season and other trade goods.

Private sector imports amounted to US\$ 355.8 million in October 2008, 25.6 percent higher than the total private sector import bill in October 2007. The oil import bill of the private sector

amounted to US\$ 51.1 million, US\$ 12.9 million more than the oil import bill of October 2007 on account of increased volumes. Private sector's non-oil imports, such as machinery, vehicles and accessories, chemicals and related products, vegetable products, animal fats and oils and base metals and their products amounted to US\$ 303.7 million, US\$ 59.7 million more than those recorded in October 2007. Government imports amounted to US\$ 28.2 million in October 2008 compared to US\$ 13.0 million in October 2007,

<sup>4</sup> Other exports include agricultural products like vanilla, cocoa beans, fruits & vegetables, groundnuts, rice and manufacturing products like soap, plastic products, textiles, beers, cement, sugar and cellular phones



mainly on account of an increase in project related imports. Table II

summarises developments in imports of goods.

**Table II: Imports of goods (US\$ Million)**

|                        | Sep-07       | Oct-07       | Jul-08       | Aug-08       | Sept-08      | Oct-08       |
|------------------------|--------------|--------------|--------------|--------------|--------------|--------------|
| <b>Total Imports</b>   | <b>253.6</b> | <b>296.2</b> | <b>369.7</b> | <b>393.6</b> | <b>362.0</b> | <b>384.1</b> |
| Government Imports     | 14.5         | 13.0         | 5.8          | 2.6          | 4.5          | 28.2         |
| Project                | 12.5         | 9.0          | 3.3          | 25.0         | 3.3          | 24.4         |
| Non-Project            | 2.0          | 4.0          | 2.5          | 22.5         | 1.1          | 3.9          |
| Private Sector Imports | 239.1        | 283.2        | 363.8        | 368.6        | 357.5        | 355.8        |
| Oil imports            | 38.8         | 39.2         | 64.7         | 68.6         | 62.7         | 52.1         |
| Non-oil imports        | 200.3        | 244.0        | 299.1        | 300.0        | 294.8        | 303.7        |

Source: Bank of Uganda

### *v) Other Key Developments in Balance of Payments*

The overall balance of payments was estimated to have recorded a deficit of US\$ 202.3 million in October 2008 compared to a deficit of US\$ 40.3 million in October 2007. The decline of the overall balance of payments was due to the deterioration in the current account balance.

In October 2008, the current account balance recorded a deficit of US\$ 217.5 million compared to the deficit of US\$ 182.1 million and US\$ 76.2 million registered in September 2008 and October 2007, respectively. The deterioration of the current account was partly explained by increased imports that more than surpassed the improvement in exports. The Capital and Financial account, however, recorded a surplus of US\$ 15.1 million

in October 2008 compared to the surpluses of US\$ 168.5 million in September 2008 and US\$ 35.9 million in October 2007. The lower October 2008 Capital and Financial account surplus was on account of a decrease in foreign direct investment (FDI) that could be attributed to the slow down of the global economy.

By end-September 2008, the level of gross foreign reserves amounted to US\$ 2,350.5 million, US\$ 186.1 million higher than the US\$ 2,164.5 million recorded in October 2007. The October 2008 reserve level was, however lower than the US\$ 2,541.4 million September 2008 position. The October 2008 foreign exchange reserves level was estimated to cover 5 months of future imports of goods and services.

## **VI CONCLUDING REMARKS**

In spite of the international financial crisis, Uganda's economy continued to perform relatively well. Stability was restored in the foreign exchange market and the broad economic fundamentals remain sound.

The Bank of Uganda remains committed to its price stability objective and will continue to conduct monetary policy in such a manner as to contain annual inflation rates to low single digits in the medium term and maintain stability in the financial markets.

| <b>UGANDA: CURRENT ECONOMIC AND FINANCIAL INDICATORS (in billions of Ushs: end of month unless otherwise indicated)</b> |               |               |               |               |               |               |               |               |               |
|---|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
|   | <b>Oct-07</b> | <b>Nov-07</b> | <b>Dec-07</b> | <b>Jan-08</b> | <b>Feb-08</b> | <b>Mar-08</b> | <b>Apr-08</b> | <b>May-08</b> | <b>Jun-08</b> |
| <b>Foreign Exchange Market</b>  |               |               |               |               |               |               |               |               |               |
| Bureau Rate (Cash Weighted Average)   | 1742.2        | 1703.3        | 1705.5        | 1600.0        | 1629.7        | 1619.3        | 1638.5        | 1803.0        |               |
| Bureau Purchases (Gross, US\$ M)  | 157.3         | 146.5         | 152.2         | 181.2         | 215.8         | 199.1         | 195.2         | 197.7         |               |
| Bureau Sales (Gross, US\$ M)  | 164.0         | 160.4         | 174.7         | 189.8         | 226.1         | 211.1         | 202.8         | 203.4         |               |
| Inter-Bank Purchases (US\$M)  | 850.7         | 810.1         | 735.5         | 733.7         | 767.4         | 610.7         | 629.3         | 894.0         | 531.6         |
| Inter-Bank Sales (US\$M)  | 851.2         | 817.4         | 697.3         | 735.6         | 763.1         | 609.2         | 690.5         | 984.8         | 544.7         |
| Gross currency trading (US\$ million)   | 134.5         | 121.2         | 148.9         | 542.1         | 503.5         | 829.5         | 632.7         | 441.4         | 160.1         |
| Inter-Bank Mid-Rate (UShs/US\$)   | 1747.2        | 1707.7        | 1711.6        | 1600.7        | 1633.9        | 1623.6        | 1645.0        | 1838.7        | 1910.1        |
| <b>Foreign Exchange Reserves</b>  |               |               |               |               |               |               |               |               |               |
| Gross Foreign Reserves in months of imports of goods  | 7.5           | 7.0           | 8.2           | 7.8           | 7.4           | 7.1           | 6.9           | 6.7           |               |
| Gross Foreign Reserves in months of imports of goods and Services   | 5.2           | 4.7           | 5.4           | 6.0           | 5.7           | 5.3           | 5.2           | 5.0           |               |
| Bank of Uganda Foreign Exchange Reserves (US\$ M)   | 2,164.5       | 2,184.9       | 2,559.5       | 2,684.5       | 2,662.6       | 2,561.3       | 2,541.4       | 2,350.5       |               |
| Commercial Bank Holdings of Foreign Exchange (US\$ M)   | 321.7         | 316.3         | 350.0         | 452.5         | 303.0         | 230.1         | 163.9         |               |               |
| <b>External Debt Payments (in millions of US\$) (1)</b>   |               |               |               |               |               |               |               |               |               |
| IMF   | 1.2           | 4.3           | 4.7           | 2.8           | 14.4          | 2.8           | 3.2           | 1.2           |               |
| o/w Principal   | 0.0           | 0.0           | 0.0           | 0.0           | 0.0           | 0.0           | 0.0           | 0.0           |               |
| o/w Interest  | 0.0           | 0.0           | 0.0           | 0.0           | 0.0           | 0.0           | 0.0           | 0.0           |               |
| Other creditors   | 1.2           | 4.3           | 4.7           | 2.8           | 14.4          | 2.8           | 3.2           | 1.2           |               |
| <b>Monetary and Credit Aggregates (2)</b>   |               |               |               |               |               |               |               |               |               |
| Broad Money supply M3   | 4,298.1       | 4,489.0       | 4,422.8       | 5,062.9       | 5,025.1       | 5,052.4       | 4,997.0       | 5,427.7       |               |
| Foreign Exchange Accounts Deposits  | 1,025.6       | 1,111.7       | 1,034.5       | 1,161.2       | 1,089.7       | 1,008.3       | 1,023.5       | 1,275.5       |               |
| Money supply M2   | 3,272.5       | 3,377.3       | 3,388.3       | 3,901.6       | 3,935.4       | 4,044.1       | 3,973.5       | 4,152.2       |               |
| Certificate of Deposit  | 0.1           | 0.1           | 0.1           | -             | -             | -             | -             | -             |               |
| Currency in circulation   | 907.9         | 974.6         | 1,022.3       | 1,074.0       | 1,091.2       | 1,129.3       | 1,107.9       | 1,120.3       |               |
| Demand deposits   | 1,261.9       | 1,292.4       | 1,264.7       | 1,426.9       | 1,436.3       | 1,468.8       | 1,474.8       | 1,514.1       |               |
| Time and saving deposits  | 1,102.7       | 1,110.3       | 1,101.2       | 1,400.7       | 1,407.8       | 1,446.0       | 1,390.8       | 1,517.8       |               |
| Claims on Central Government  | (773.4)       | (609.5)       | (1,094.1)     | (942.2)       | (919.7)       | (790.1)       | (876.4)       | (737.5)       |               |
| o/w Bank of Uganda.net claims on gov't.   | (2,022.9)     | (1,885.3)     | (2,325.8)     | (2,321.5)     | (2,312.5)     | (2,199.8)     | (2,276.6)     | (2,136.7)     |               |
| Private Sector Credit   | 2,112.8       | 2,144.9       | 2,219.6       | 2,830.5       | 2,982.0       | 3,018.0       | 3,114.6       | 3,245.2       |               |
| <b>Weighted Average Interest Rates on Shilling Transactions:</b>  |               |               |               |               |               |               |               |               |               |
| Savings Deposit Rate  | 2.7%          | 2.7%          | 2.7%          | 2.1%          | 2.1%          | 2.1%          | 2.1%          | 2.1%          |               |
| Time Deposit Rate   | 9.0%          | 9.8%          | 10.1%         | 10.9%         | 10.9%         | 10.9%         | 9.1%          | 9.0%          |               |
| Lending Rate  | 19.9%         | 18.3%         | 18.2%         | 20.2%         | 22.0%         | 23.3%         | 21.2%         | 21.2%         |               |
| Treasury Bills  |               |               |               |               |               |               |               |               |               |
| 91 Days (End period Weighted Discount Rate)   | 7.4%          | 7.3%          | 8.0%          | 8.3%          | 8.6%          | 8.0%          | 8.1%          | 9.7%          | 10.0%         |
| 182 Days (End period Weighted Discount Rate)  | 10.4%         | 10.3%         | 11.0%         | 13.2%         | 12.8%         | 12.3%         | 12.3%         | 13.4%         | 13.6%         |
| 273 Days (End period Weighted Discount Rate)  |               |               |               |               |               |               |               |               |               |
| 364 Days (End period Weighted Discount Rate)  | 10.6%         | 10.2%         | 11.6%         | 13.0%         | 12.7%         | 12.8%         | 12.8%         | 14.3%         | 13.8%         |
| <b>Average Interest Rates on Foreign Exchange Transactions:</b>   |               |               |               |               |               |               |               |               |               |
| Demand Deposit Rate   | 1.4%          | 1.3%          | 1.3%          | 1.0%          | 1.0%          | 1.1%          | 1.2%          | 1.1%          |               |
| Savings Deposit Rate  | 1.1%          | 1.2%          | 1.0%          | 1.5%          | 1.5%          | 1.5%          | 1.5%          | 1.5%          |               |
| Time Deposit Rate   | 3.9%          | 3.5%          | 3.7%          | 4.3%          | 4.3%          | 4.3%          | 3.8%          | 4.1%          |               |
| Average Lending Rate  | 9.8%          | 10.0%         | 10.0%         | 9.6%          | 10.8%         | 9.3%          | 9.4%          | 9.4%          |               |
| <b>Policy Rates</b>   |               |               |               |               |               |               |               |               |               |
| Rediscount Rate   | 13.5%         | 13.4%         | 13.7%         | 15.2%         | 15.5%         | 15.4%         | 15.2%         | 16.0%         | 16.8%         |
| Bank Rate   | 14.5%         | 14.4%         | 14.7%         | 16.2%         | 16.5%         | 16.4%         | 16.2%         | 17.0%         | 17.8%         |
| <b>Reserve Money</b>  |               |               |               |               |               |               |               |               |               |
| Base Money  | 1,326.5       | 1,491.8       | 1,487.4       | 1,573.0       | 1,608.9       | 1,610.0       | 1,627.3       | 1,703.6       | 1,787.4       |
| Currency Issued   | 1,015.8       | 1,077.2       | 1,166.1       | 1,199.1       | 1,228.4       | 1,261.6       | 1,247.0       | 1,265.1       | 1,327.1       |
| Commercial Banks' Total Reserves  | 310.7         | 414.7         | 321.3         | 373.9         | 380.6         | 348.4         | 380.3         | 438.5         | 460.3         |
| Statutory Required Reserves (6)   | 367.9         | 389.4         | 391.1         | 431.6         | 421.6         | 417.7         | 431.7         | 441.2         | 467.9         |
| Excess reserves <sup>(7)</sup>  | 22.7          | 100.3         | 5.7           | 19.4          | 50.8          | 27.3          | 49.1          | 98.8          | 96.2          |
| <b>Government Fiscal Operations (3)*</b>  |               |               |               |               |               |               |               |               |               |
| Total tax and import support receipts   | 992.1         | 1,245.5       | 1,757.3       | 3,750.0       | 262.1         | 838.0         | 1,125.4       |               |               |
| Total Domestic revenue  | 936.2         | 1,182.5       | 1,541.0       | 3,233.2       | 256.2         | 806.3         | 1,073.3       |               |               |
| Budget support grants   | 55.9          | 63.0          | 216.3         | 516.8         | 5.9           | 31.7          | 52.1          |               |               |
| Total local funded expenditure  | 1,169.9       | 1,471.4       | 1,526.9       | 3,418.8       | 262.7         | 611.7         | 842.9         |               |               |
| Recurrent expenditure   | 945.1         | 1,208.6       | 1,375.8       | 2,825.0       | 240.5         | 468.0         | 681.6         |               |               |
| Locally funded capital expenditure  | 224.8         | 264.9         | 281.8         | 716.3         | 22.2          | 143.7         | 161.3         |               |               |
| Actual debt amortisation (4)  | 51.4          | 64.9          | 76.4          | 119.3         | -             | -             | -             |               |               |
| Cash balance  | (233.7)       | (288.9)       | 14.1          | (185.6)       | (6.5)         | 194.6         | 230.4         |               |               |
| <b>Securities Market</b>  |               |               |               |               |               |               |               |               |               |
| <b>Treasury bill holdings</b>   |               |               |               |               |               |               |               |               |               |
| Bank of Uganda holdings   | 1473.9        | 1423.7        | 1528.5        | 1518.3        | 1531.5        | 1437.7        | 1457.5        | 1441.5        | 1418.4        |
| Commercial banks holdings   | 94.5          | 95.1          | 254.7         | 310.5         | 310.5         | 227.9         | 230.3         | 267.1         | 262.7         |
| Insurance companies' holdings (5)   | 913.9         | 809.0         | 729.5         | 700.8         | 706.7         | 700.0         | 735.1         | 738.0         | 782.7         |
| Others  | 352.4         | 372.3         | 397.9         | 354.4         | 356.6         | 354.0         | 330.9         | 259.0         | 210.8         |
| Treasury Bonds  | 113.1         | 147.3         | 146.3         | 152.6         | 157.7         | 155.9         | 161.3         | 177.4         | 162.2         |
|   | 1140.1        | 1196.7        | 1256.7        | 1484.4        | 1434.4        | 1484.4        | 1470.2        | 1410.2        | 1425.2        |
| <b>Consumer Price Index (Base 2005/06)</b>  |               |               |               |               |               |               |               |               |               |
| Composite CPI, Annual percentage change   | 6.2           | 5.5           | 5.2           | 12.5          | 13.9          | 15.8          | 15.2          | 14.5          | 14.9          |
| Core CPI, Annual percentage change  | 6.8           | 6.8           | 6.7           | 12.1          | 13.0          | 13.6          | 13.5          | 13.1          | 13.2          |
| Composite CPI, Monthly percentage change  | 1.7           | 1.0           | 1.0           | 0.5           | 1.1           | 1.3           | 0.6           | 1.1           | 1.3           |
| Food crops CPI, Annual percentage change  | -4.7          | -2.9          | -5.6          | 15.4          | 20.5          | 33.7          | 29.0          | 26.9          | 24.9          |
| Elec, Fuel & Utilities (EFU) CPI, Annual percentage change  | 20.4          | 4.6           | 7.4           | 10.1          | 9.8           | 10.6          | 9.6           | 7.6           | 7.5           |
| <b>Monthly Average Pump Prices of Petroleum Products</b>  |               |               |               |               |               |               |               |               |               |
| Motor Spirit Premium (PMS)  | 2330.0        | 2405.0        | 2431.2        | 2665.4        | 2715.1        | 2754.1        | 2738.0        | 2645.9        | 2645.9        |
| Diesel (AGO)  | 2013.3        | 2107.5        | 2130.5        | 2582.5        | 2638.0        | 2665.0        | 2503.0        | 2370.0        | 2458.0        |
| Kerosene (BIK)  | 1716.7        | 1716.7        | 1735.4        | 2254.1        | 2352.6        | 2409.2        | 2387.1        | 2330.4        | 2360.1        |

Source: Research Department, Bank of Uganda

**Notes:**

1. Includes only public and Publicly Guaranteed External Debt.
2. M3 is the Sum of M2 and Foreign Exchange Deposits.
3. Cumulative Fiscal Data for Financial Year Beginning July - Based on Government Cashflow Statement.
4. Includes External Interest, Arrears and Debt Amortisation.
5. Includes Credit Institutions' Holdings.
6. Eligible Reserves include Vault cash
7. Excess reserves is the difference between commercial banks' statutory reserves and total reserves plus a portion of vault cash.