

State of the Ugandan Economy
January – November 2005

Macroeconomic targets(in %)

	FY 2004/5			FY 2005/6		
	Prog.	Proj (Apr.05)	Outturn	Prog.	Proj (Oct. 05)	Jul-Nov '05
GDP growth (factor cost)	6.0	5.5	5.7	6.4	6.1	
Headline inflation (annual average)	6.0	8.2	8.0	4.5	6.5	7.1
Underlying inflation (annual average)	4.0	4.5	4.7	4.2	4.9	5.6

Monetary aggregates (% annual growth rates)

	FY 2004/5			FY 2005/6	
	Prog.	Proj (Apr.05)	Outturn	Prog.	Proj (Oct. 05)
Base money (June averages)	13.4	13.3	12.8	12.6	12.2
Broad money (M3)	15.2	12.4	8.7	13.5	16.5

Developments in monetary aggregates

	FY 2004/5 (% change)		Sep. 05	
	H1	H2	Prog (<i>Proj.</i>)	Outturn
Base money (monthly average changes)	11.9	0.9	3.60 (3.62)	3.2
Broad money (M3) (eop)	2.3	6.2	3.46 (4.95)	3.07

Exchange rate (UgShs/US\$)

	FY 2004/5			FY 2005/6
	Prog.	Proj (Apr.05)	Outturn	Jul-Nov '05
Exchange rate (period average)	2,008.9	1,752.6	1,737.7	1,821.2
Annual dep./app.	2.6	-9.4	-10.2	4.8

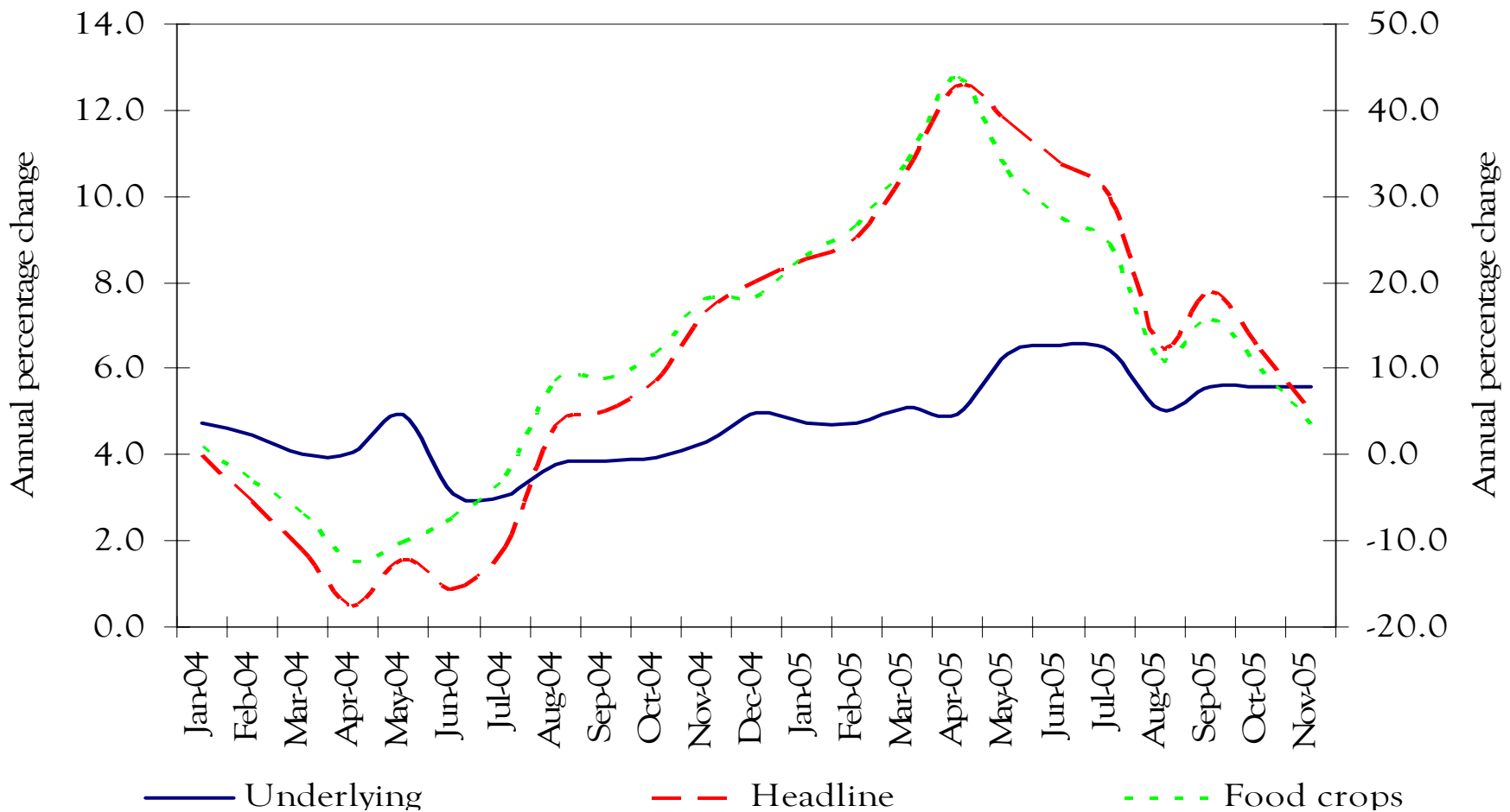
Monetary policy & Exchange rate management 2005/6

During the first five months of 2005/06, monetary policy was in line with the broad macroeconomic objectives for 2005/06.

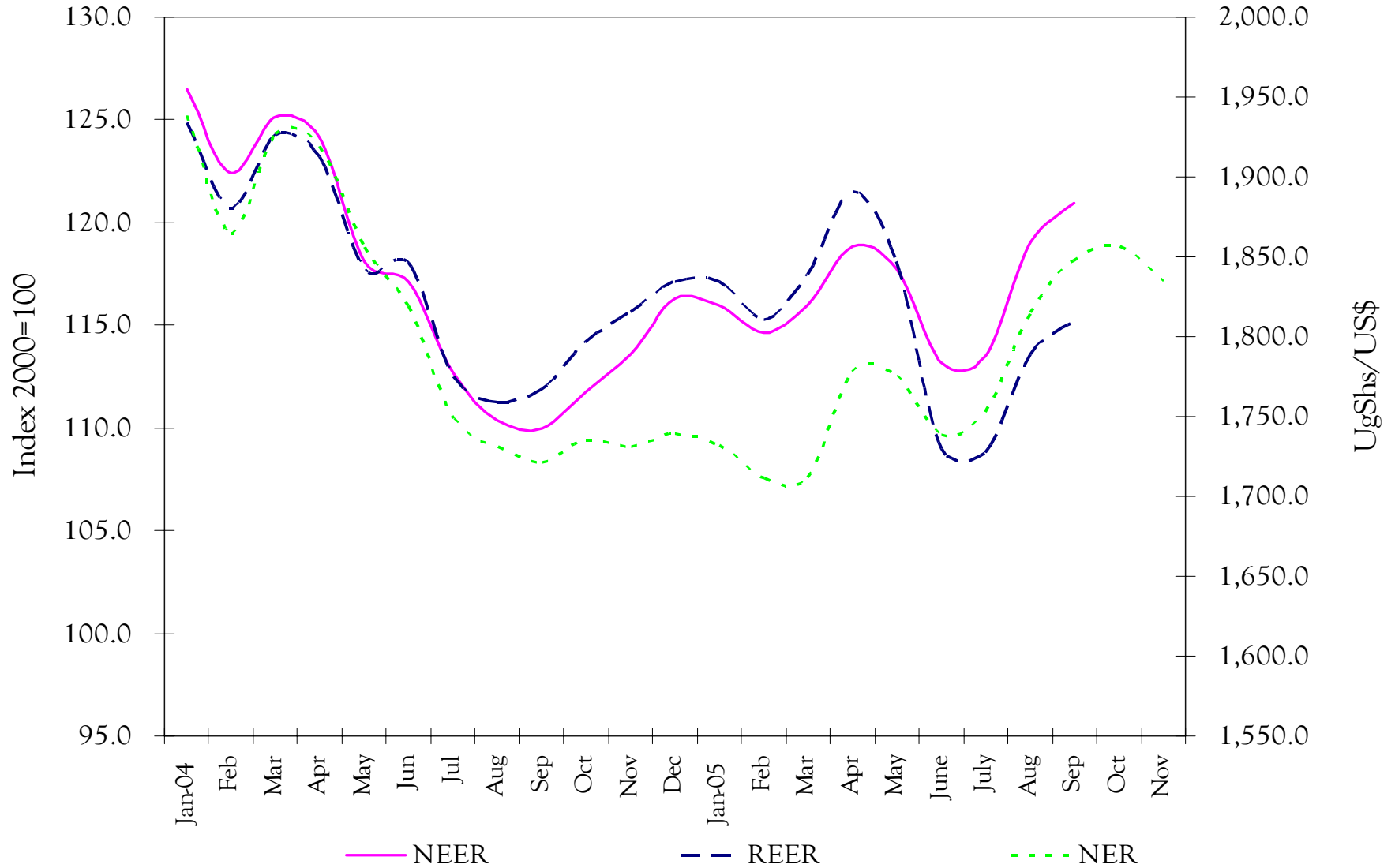
Basically;

- the conduct of monetary policy remained focused on promoting price stability.
- A cautious monetary policy stance was maintained.
- Repos and the net-issuance of Treasury bills and Treasury bonds were used for short-term intra-auction liquidity management and liquidity sterilization, respectively, in addition to daily forex sales.
- BOU's presence in the IFEM remained consistent with the objective of a market-determined exchange rate.

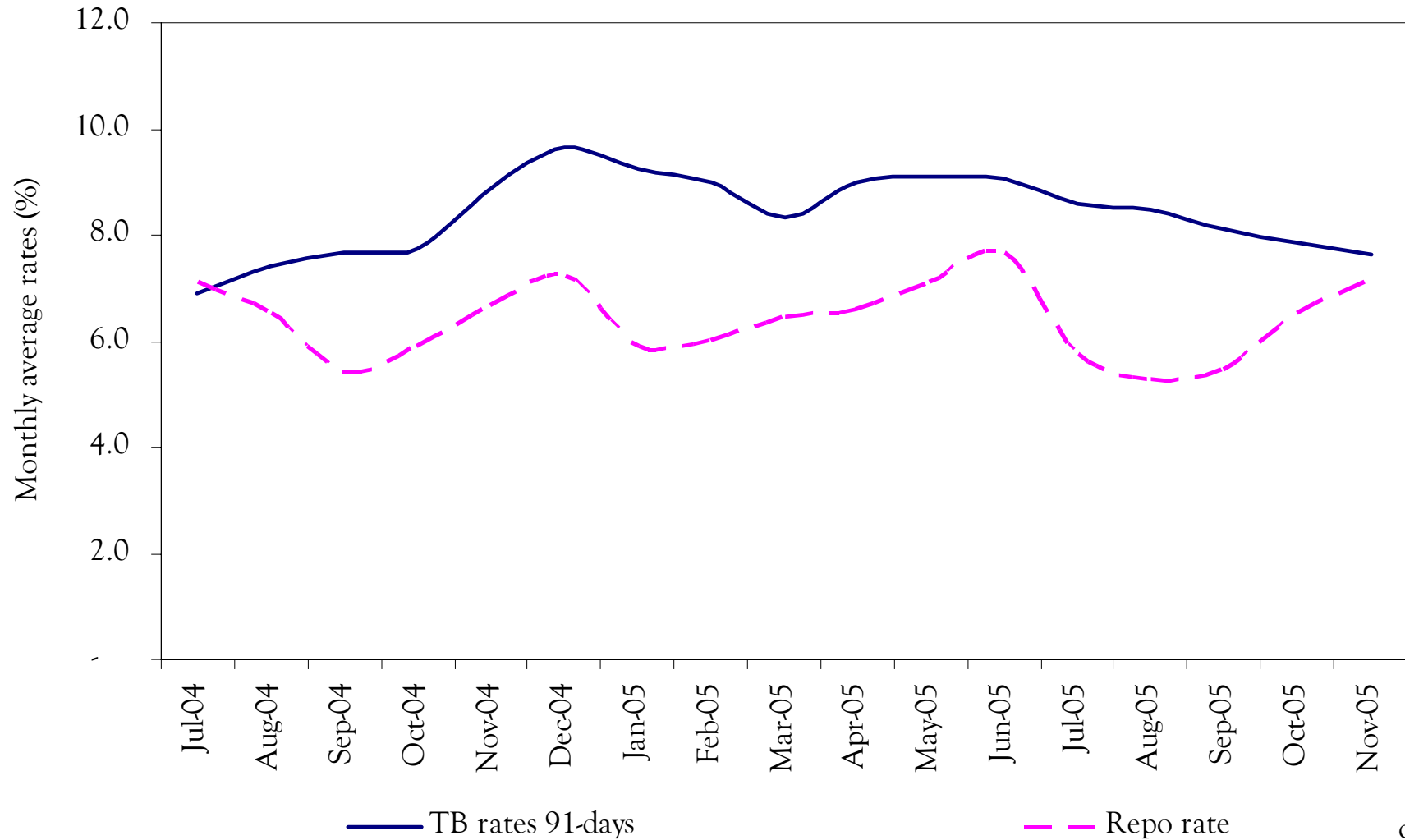
Annual Inflation Developments (%)



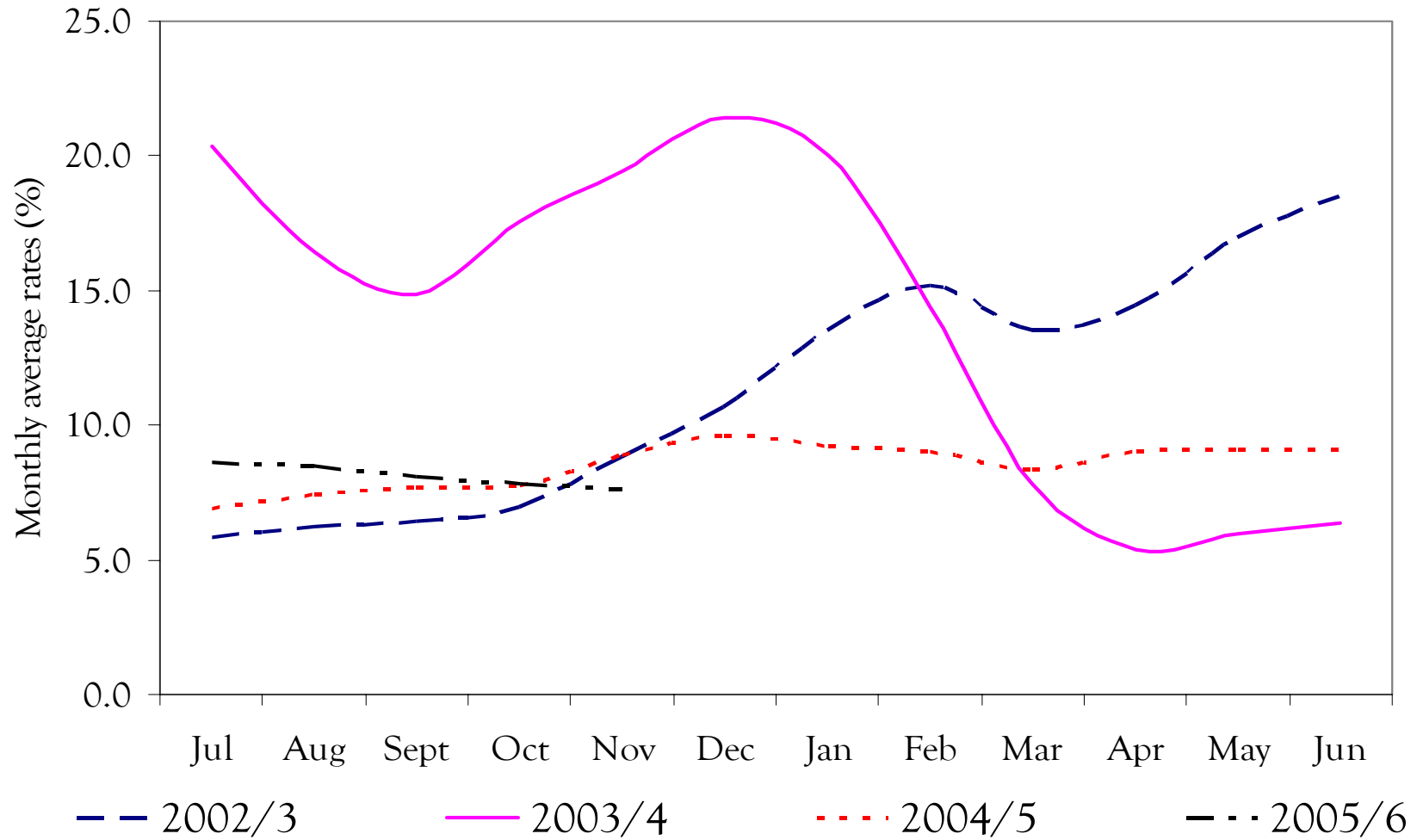
Exchange Rate Developments



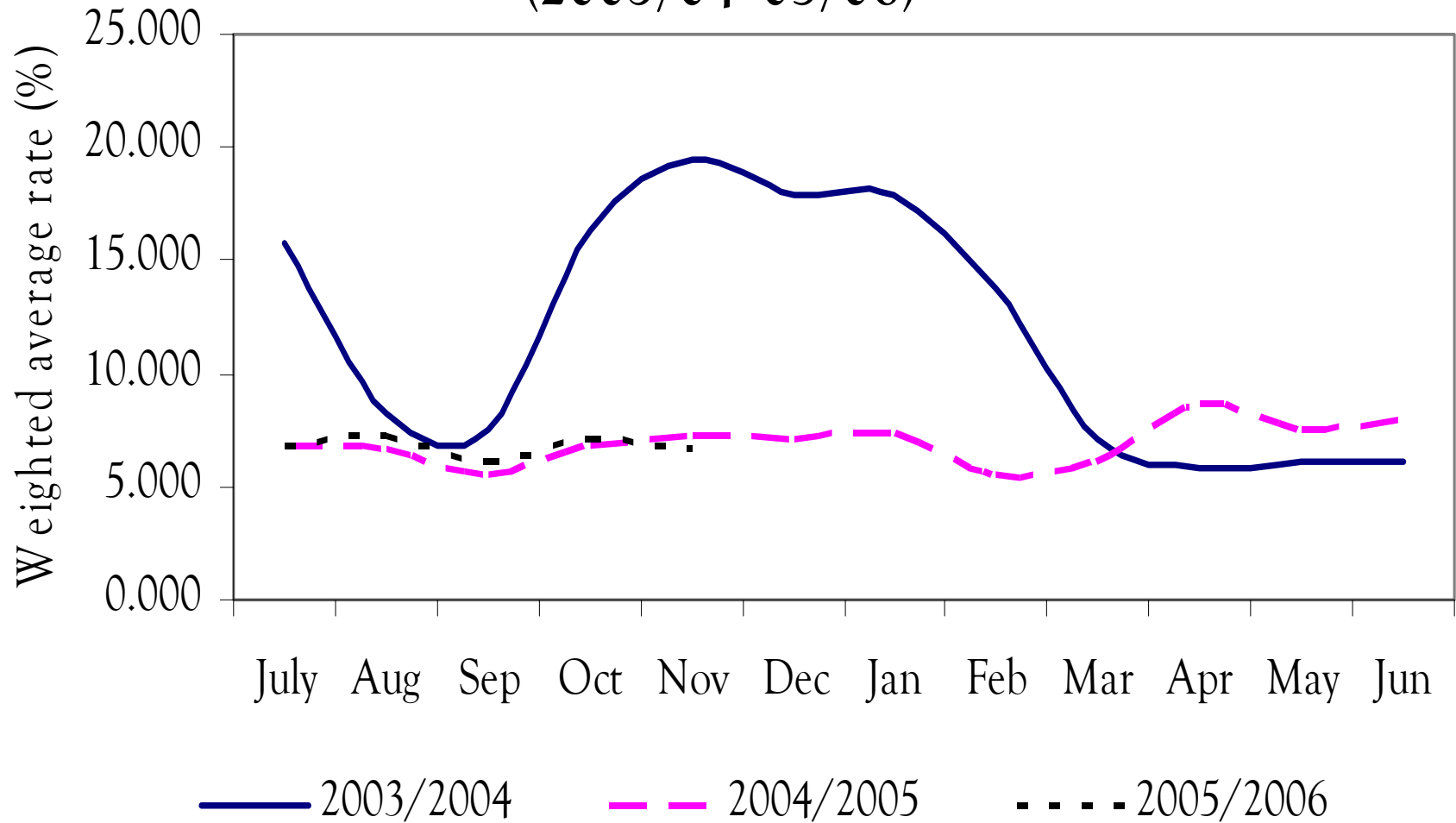
Treasury Bill & Repo Rates (July 2004 - November 2005)



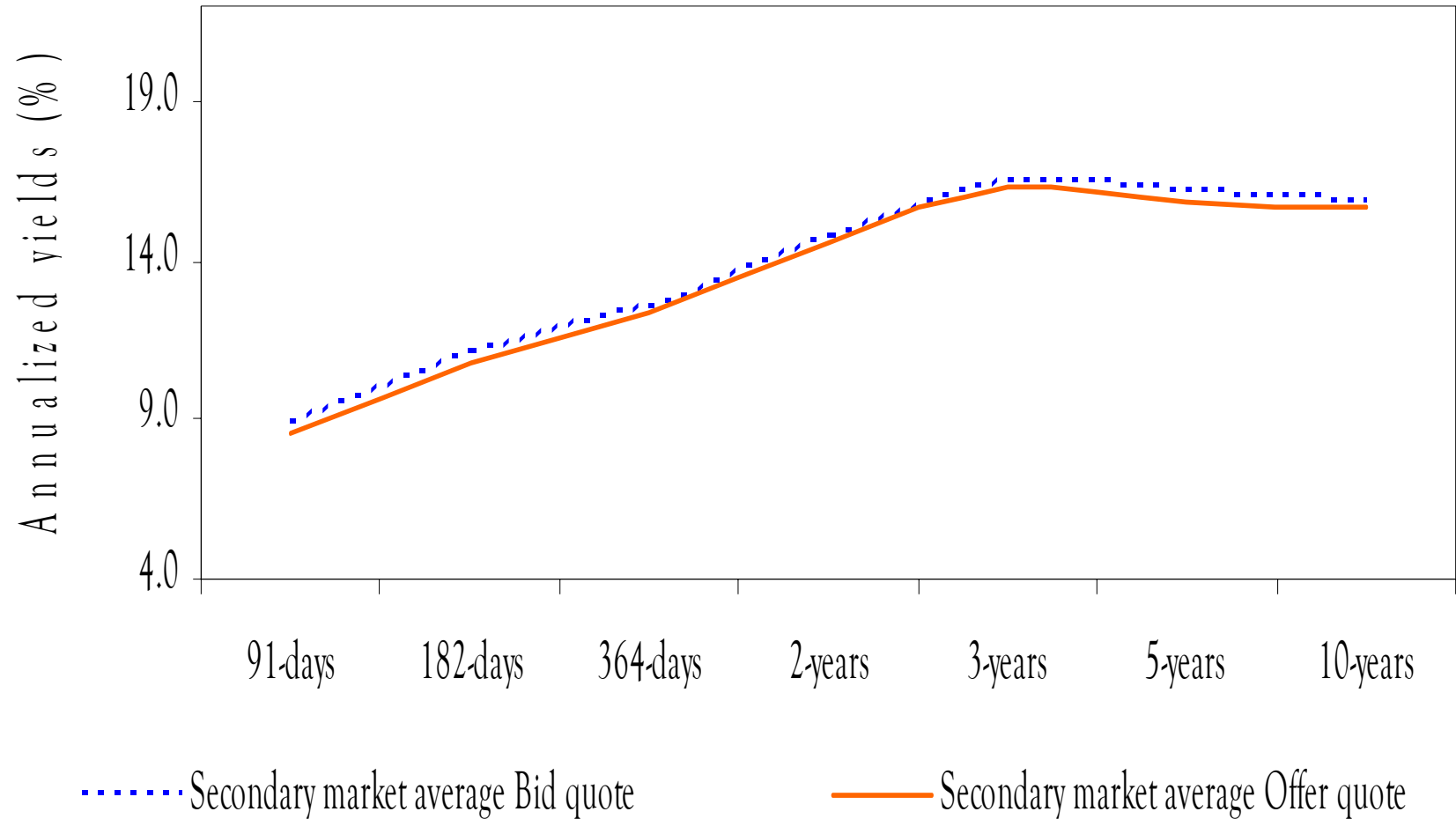
91 - day Treasury Bill Rates (FY 2002/3 - to date)



Interbank Weighted Average Rates (2003/04 -05/06)



Securities Yield Curve



Commercial Banks' Lending & Deposit Rates -Shs Credit

(Q1 FY 03/4 - Q1 FY 05/6)

Weighted average rates	Sep '03	Dec '03	Mar '04	Jun '04	Sep '04	Dec '04	Mar '05	Jun '05	Sep '05
Lending	18.4	21.4	22.1	20.9	19.6	18.8	20.6	18.1	19.2
Demand deposits	1.3	1.3	1.3	1.1	1.1	1.2	1.1	1.1	1.2
Savings deposits	2.7	2.5	2.1	2.1	1.8	1.8	1.9	1.8	2.0
Time deposits	9.2	11.1	6.9	5.3	8.6	8.5	8.2	10.2	10.0

Commercial Banks' Lending & Deposit Rates – Forex Credit

(Q1 FY 03/4 – Q1 FY 05/6)

Weighted average rates	Sep '03	Dec 03	Mar '04	Jun '04	Sep '04	Dec '04	Mar '05	Jun '05	Sep '05
Lending	8.3	10.2	9.1	8.1	9.3	9.1	9.2	7.6	7.8
Demand deposits	1.0	0.9	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Savings deposits	1.6	1.7	1.7	1.5	1.5	1.5	1.5	1.5	1.5
Time deposits	1.9	1.8	1.5	2.7	3.9	4.0	2.7	3.0	5.3

Fiscal indicators (in percentage terms)

	FY 2004/5		FY 2005/6
	Prog.	Preliminary Outturn	Prog.
Revenue & grants/GDP	19.6	21.3	20.3
Domestic revenue/GDP	12.9	12.9	13.4
Expenditure/GDP	23.8	21.6	22.7
Overall budget balance/GDP	-4.2	-0.3	-2.4
Fiscal deficit excl. grants/GDP	-10.9	-8.7	-9.2

Out-turn in fiscal deficit (excluding grants) better
in 2004/5

- Higher tax revenue collections

Budget Performance Q1 2005/6

(Shs. bn)

	Prog.	Preliminary Outturn
Revenue & grants	694.4	682.9
Domestic revenue	509.4	513.9
Expenditure	847.0	803.7
Overall budget balance	-152.6	-120.9
Fiscal deficit excl. grants	-377.6	-289.8

Balance of payments

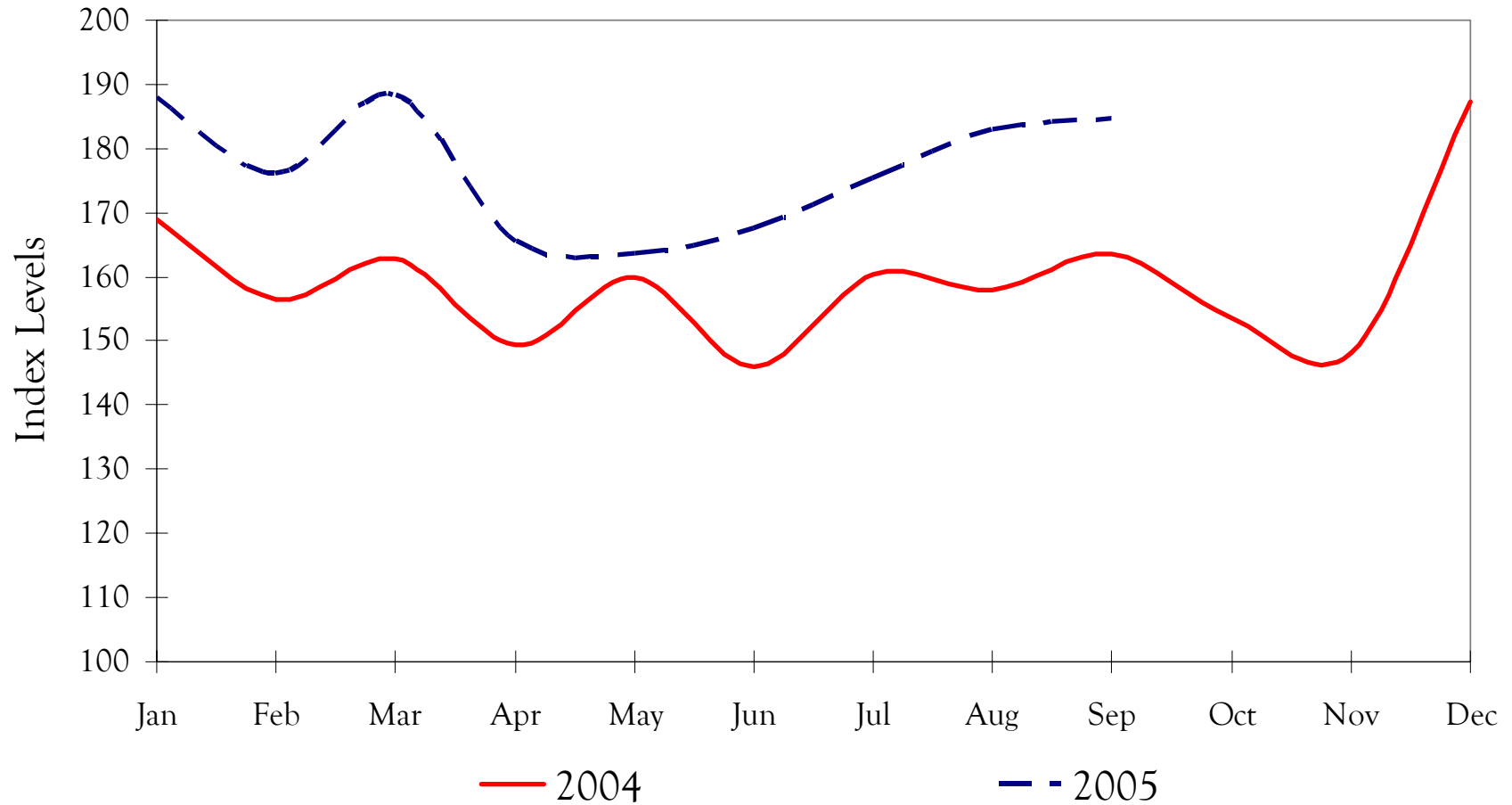
	FY 2004/5			FY 2005/6	
	Prog.	Proj. (Apr.05)	Outturn	Prog.	Proj. (Oct. 05)
Current a.c excl. grants/GDP	-12.9	-14.3	-10.6%	-13.9	-13.7
Capital & financial a.c/GDP	5.6%	5.2%	4.2%	8.2%	6.5%
Overall bop/GDP	0.35	-1.9%	2.7%	1.9%	1.6%
Reserves (months of import cover of g &nfs)	6.5	6.4	5.7	5.8	6.2

Balance of Payments Summary Table (US\$ millions)

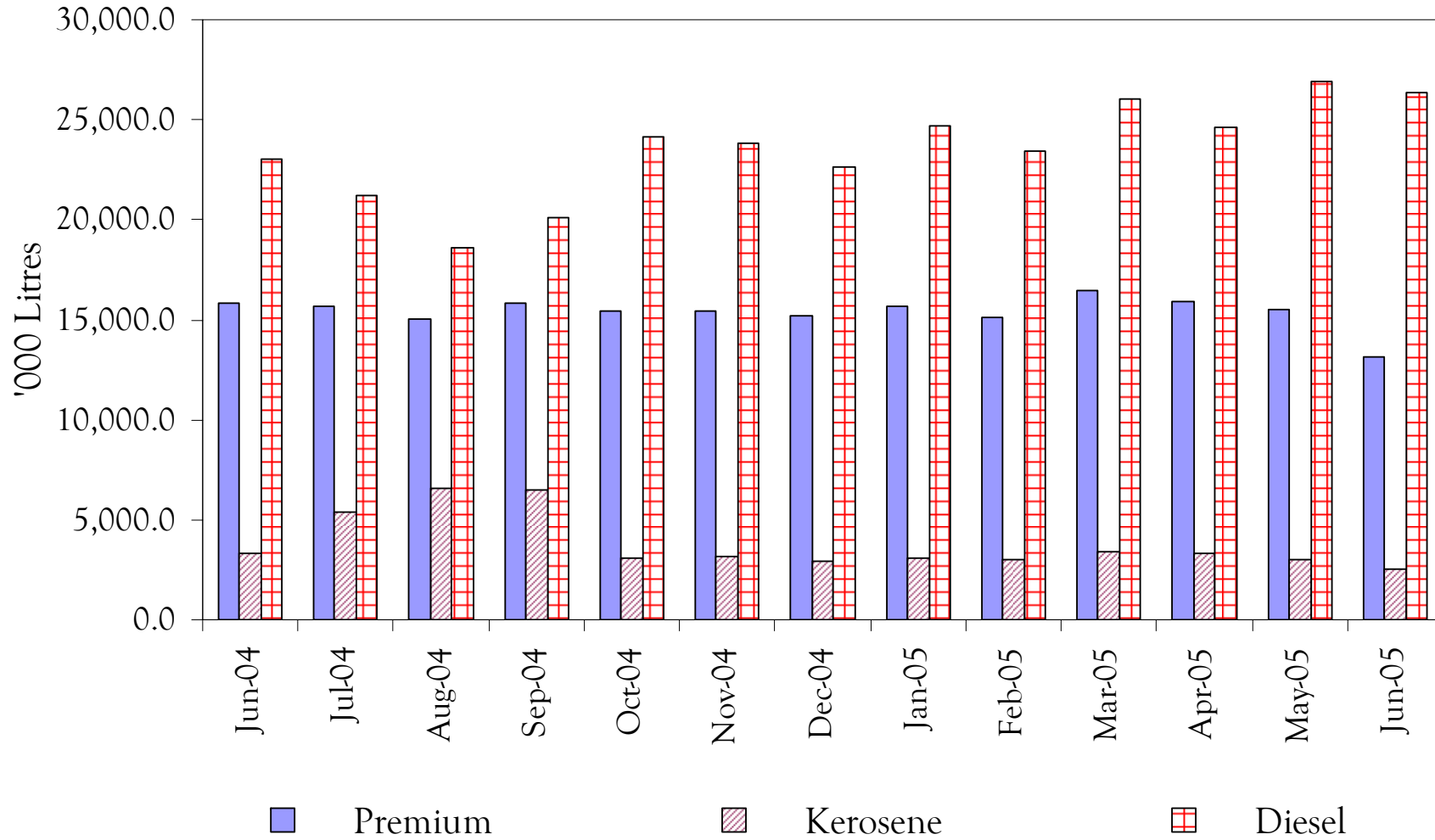
	FY	H1	H2	FY	H1	H2	Q1
	2003/4	2003/4	2003/4	2004/5	2004/5	2004/5	2005/6
Curent account balance	-81.2	-23.3	-57.9	-133.7	-66.7	-67.0	-124.6
o/w Trade balance	-663.2	-363.1	-300.0	-821.5	-448.5	-372.9	-272.6
Exports	647.2	285.2	362.0	786.3	347.0	439.4	207.5
Imports	-1310.3	-648.3	-662.0	-1607.8	-795.5	-812.3	-480.1
Capital & financial account balance	273.4	125.7	147.7	368.0	188.4	179.6	63.8
Overall balance	192.2	102.4	89.8	234.3	121.7	112.6	-60.8
Financing	-192.2	-102.4	-89.8	-234.3	-121.7	-112.6	60.8
o/w Reserve assets	-143.4	-74.7	-68.7	-182.2	-97.6	-84.6	69.7

Real Sector Indicators

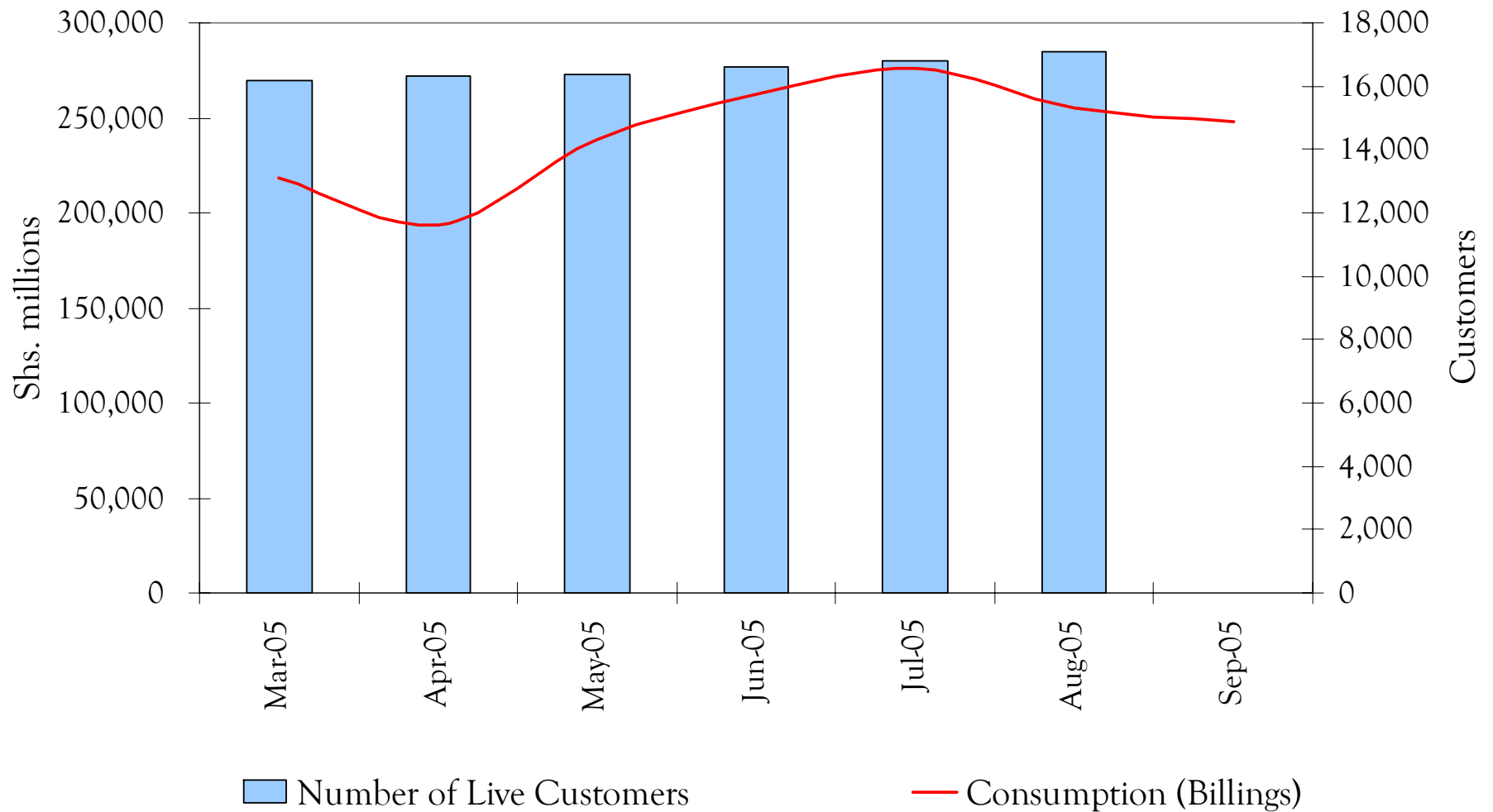
Index Industrial Production (January '04 - September '05)



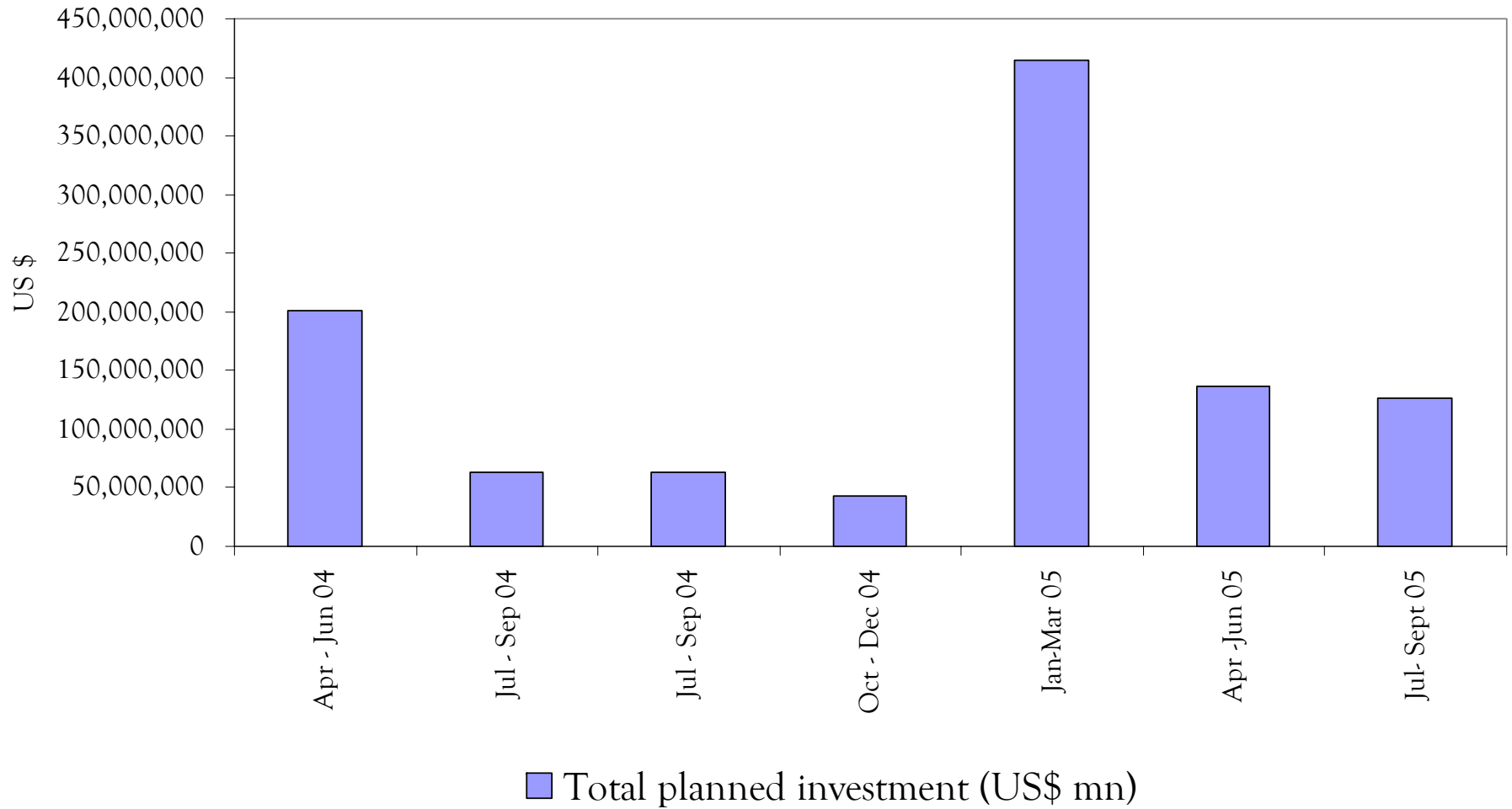
Fuel Consumption (June '04 - June '05)



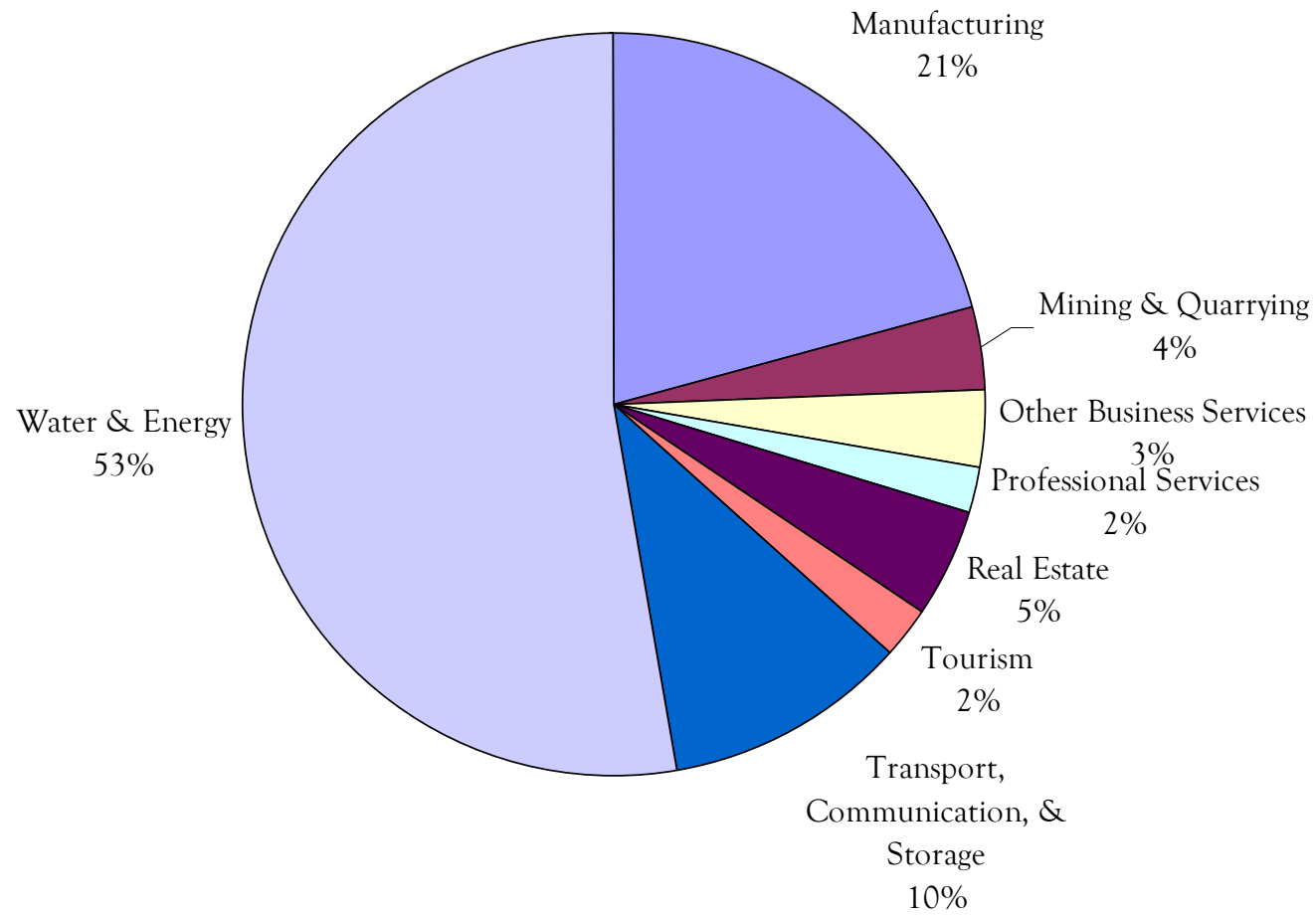
Electricity Consumption (Mar. '05 - Sep. '05)



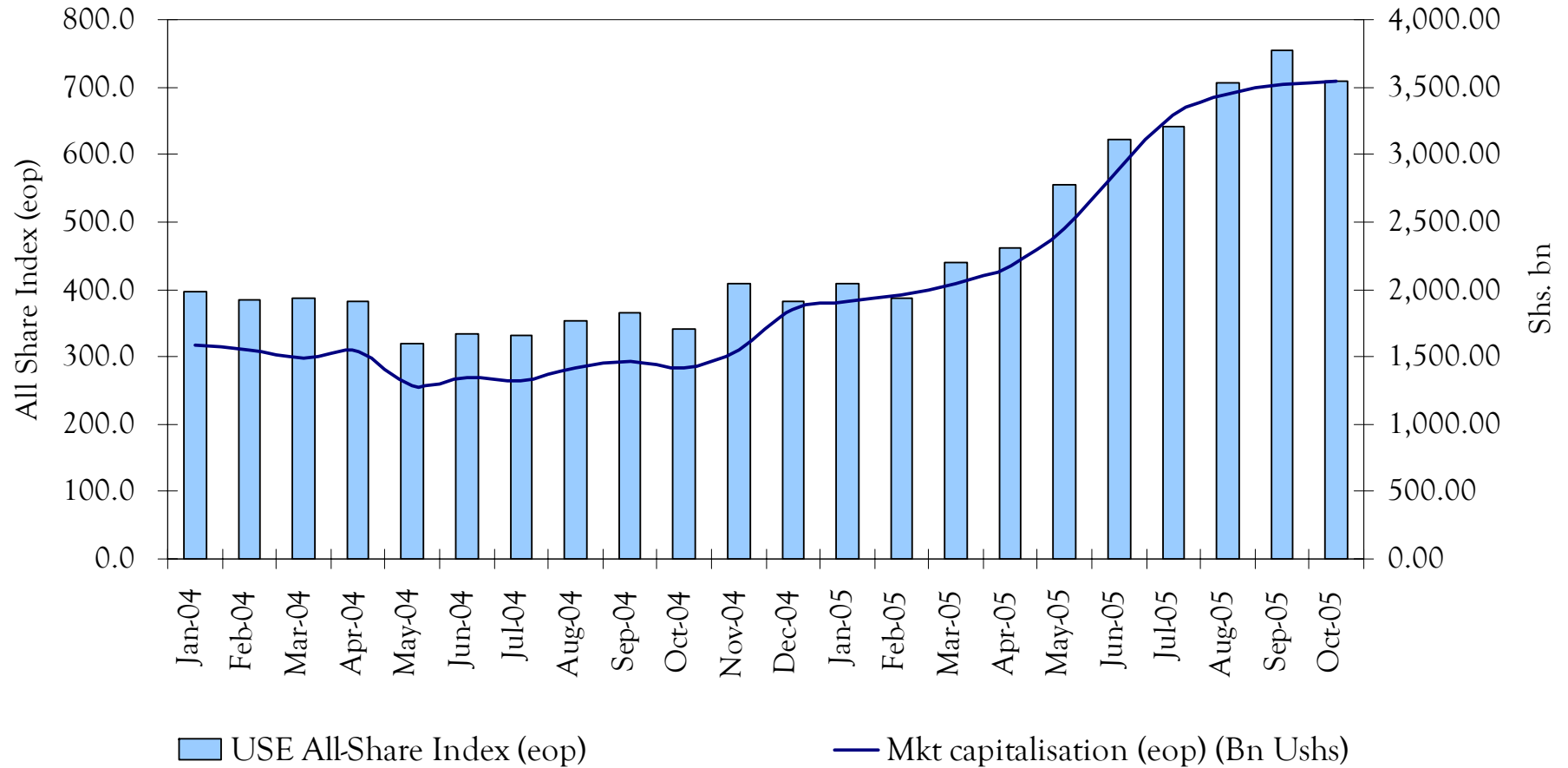
Planned Investment (US\$ mn)



Planned Investment 2004/5 (US\$ mn)



Uganda Securities Exchange (Jan.'04 - Oct. '05)



Conclusion

Bank of Uganda remains committed to conducting monetary policy that is consistent with the government's broader macroeconomic objectives.

In so doing, the Bank will be mindful of financial markets conditions in its choice of instrument mix for liquidity management.