

BANK OF UGANDA



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THE REPUBLIC OF UGANDA RATED B+ STABLE OUTLOOK

KAMPALA-Wednesday July 10, 2019- On June 28, 2019 Fitch Ratings Agency maintained B+ sovereign credit rating with a stable outlook for the Republic of Uganda. Similarly, in May 2019, Standard & Poor's Rating Agency's credit assessment of Uganda was maintained at B with a stable outlook. The rating is driven by Uganda's record of relative macroeconomic stability supported by a relatively high degree of exchange rate flexibility and central bank independence that operates under an inflation targeting framework. Another driver is the country's growth prospects underpinned by the ongoing public infrastructure investments.

Fitch Rating Agency believes that real GDP growth would pick up to about 6.3 percent in 2019. On the other hand, the rating is constrained by low per capita income; some governance challenges; as well as widening current account deficits. These structural weaknesses pose challenges to policy formulation and implementation. These independent assessments are important for investors to gauge the credit worthiness of the country and therefore have a big impact on the country's borrowing costs as well as in attracting foreign direct investments.

The assessments also offer an independent evaluation of Uganda's policy consistency and prospects for the economy going forward, as well as potential future risks such as the risk of external debt distress. Bank of Uganda's monetary policy stance will continue to balance the inflation objective with supporting economic growth.

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GOVERNOR
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