BANK OF UGANDA

MONTHLY ECONOMIC REVIEW

APRIL
2005

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EXECUTIVE SUMMARY

Monetary Policy Stance and Actions

The primary objective of monetary policy remains to contain inflation at low and stable levels. To achieve this, BOU monetary policy operations ensure that liquidity management does not exacerbate instability in the goods market, the domestic money market and the foreign exchange market.

A review of developments for the four-week period ended March 31, 2005 suggests that:

- Net-issuance of Treasury bills and Treasury bonds were used to sterilize liquidity, while the repurchase agreement instruments (REPOs) facilitated the short-term, normally fine-tuning operations. The net liquidity withdrawal through the sale of this instrument was Shs 41.52 billion, compared to a net withdrawal of Shs 4.70 billion in the corresponding four-week period of February 28, 2005. There was no outstanding stock of REPOs in the month of March 2005.

- There was no change in the policy margins regarding the Rediscount Rate and Bank Rate. Hence in line with developments in the Treasury bill market, the Rediscount rate and Bank rate declined from 14.73 percent and 15.73 percent, by end February 2005, to 14.20 percent and 15.20 percent, respectively by March 25, 2005.

- BOU continued to watch foreign exchange market developments very closely to ensure market stability. In light of this, there was intervention during the period under review, where US $ 4 million was sold to the market. There was also a 30-day forward (purchase) transaction of US $ 3 million that was contracted during the month of February 2005 and matured on the 31st March 2005.

Inflation Developments

The upward pressure on inflation observed since July 2004, continued in March 2005.

- The **Annual Headline Inflation**[1] for March 2005 rose to **10.6%** from 9.0% (revised) in February 2005. All the group indices registered increases. The food group index exerted the largest upward effect on the overall CPI. The Food group[2] index jumped by 20.6%. The **Monthly Headline Inflation** rose to **1.4%** in March 2005 from 0.2% in February 2005

- The **Annual Underlying Inflation** rose to **5.1%** for the year ended March 2005 from 4.7% for the year ended February 2005. Goods prices increased, while the pace of services prices were stable at 4.1% in line with their rate in February. The **Monthly Underlying Inflation** declined to **0.4%** in March 2005 from 1.0% in February 2005. The decrease resulted from a subdued monthly contribution of 0.0% from service prices in March compared to 2.0% in February.

- The **Annual Food Crops Inflation**[3] accelerated to **34.0%** in March 2005 from 26.4% in the year ended February 2005. Similarly, the **Monthly Food Crops Inflation** jumped to

[1] Inflation is the percentage change in the Consumer Price Index compared with the same month (or previous month) one year (month) previously.
[2] Food group comprises of the entire basket of food crops and other food items e.g. manufactured food goods – margarine, cooking oil, etc.
[3] Food crops refer specifically to grown food crop items that are typically sold fresh in the markets.

5.0% in March 2005 from –2.1% in February 2005. There were substantial increases in the average prices of staples, fruits and vegetables and other food items, in most of the centers, during the month under review.

Real Sector Developments

- According to the index of industrial production now available up to December 2004, the all items index rose by 13.5 percent from 158.0 in August 2004 to 179.4 in December 2004.

- Average pump prices for the major petroleum products increased in March 2005. The average prices for premium, diesel and kerosene increased by 0.6 percent, 1.5 percent and by 0.7 percent per litre respectively. The increase in prices was attributed to an increase in international prices of crude oil. Electricity consumption decreased by 17.0 percent in the quarter ending December 2004. The decline in consumption was on account of decreased consumption by both large and medium scale industries and street lighting.

- There was increased trading activity at the Uganda Securities Exchange during March 2005 with a total turnover of Shs449.92 million. A total of 1,519,852 shares were traded during the month under review. Trading was dominated by DFCU shares that accounted for 87.6 percent of the activity in the market. Market capitalisation at the USE increased by 13.6 percent while the all share index increased by 13.5 percent in March 2005.

- Leasing disbursements during February amounted to shs 0.3 billion. Most of these disbursements were directed towards the transport and commerce and trade sectors.

Domestic Securities and Money Market Developments

- In line with the monetary policy implementation and financial markets development, Bank of Uganda reopened a 2-year bond on March 23, 2005 with a face value of Shs35.00 billion. The auction realized a cover ratio of 130.99 percent.

- Total outstanding stock of Treasury bonds stood at Shs465.00 billion by end of March 31, 2005. During the month, a 5-year bond coupon payment worth Shs1.91 billion was effected.

- Three Treasury bill auctions with offers of Shs55.00 billion each were held in the month of March 2005. These auctions were over-subscribed. The respective weighted annualized yields on the 91-day, 182-day, and 364-day bills stood at 8.34, 10.64 and 12.11 percent, respectively, for the auction of March 30, 2005, respectively. This compares to rates of 8.88 percent, 11.34 percent, and 12.73 percent, for 91-day, 182-day, and 364-day bills respectively, recorded in the auction held on February 16, 2005. The average discount rates on Treasury bills in March 2005 were higher than those registered in March 2004 which ranged between 7.68 percent and 9.35 percent.

- Total Treasury bill secondary market trades in the four weeks ended March 31, 2005 amounted to Shs34.05 billion. This amount was higher than the Shs18.04 billion in secondary market trades of the four weeks ended February 28, 2005. The average discount rates on these trades for the 91-days, 182-days, and 364-days securities were 9.72, 12.37 and 12.54, respectively.

- The yield curve based on the average yield-to-maturity quotations in the secondary market maintained a close evolution with the developments in the primary market for tenors of up to 2 years. Both curves were inverted at the 3-year paper with relatively wider margins observed at the longer end of the market, as the curve derived from the primary market dropped below that of the secondary market

- Activity in the domestic inter-bank money market for the four weeks ended March 31, 2005 continued to be buoyant in the call money market (i.e. transactions of less than 30 days in tenor). The weekly weighted average rates ranged from 5.66 percent to 6.32 percent. The weighted average inter bank lending rate over the four weeks to March 31, 2005 was 5.92 percent, up from the 5.33 percent reported in the four weeks to February 25, 2005. Transactions between domestic banks and foreign entities[4] in the money market amounted to Shs18.87 billion, at an average rate of 6.06 percent compared to Shs12.45 billion at 6.53 percent

- No commercial bank adjusted its prime-lending rate over the period under review. Consequently, the range of these rates for the banking system remained at 16-21 percent as was recorded in the previous four weeks to February 28, 2005.

- The weighted rates on shilling denominated demand and saving deposits marginally declined from 1.19 percent and 1.76 percent to 1.16 percent and 1.72 percent in February 2005 respectively. Similarly the weighted rates on the time deposits fell to 6.16 percent in the period under review from 7.82 percent in the preceding period. The demand and saving deposits rates on foreign currency were reported at 1.01 percent and 1.45 percent respectively in the month of February 2005. Time deposit rates reversed the declining trend from 2.03 percent to 2.49 percent.

Developments in Monetary and Financial Aggregates Developments

These developments cover both the banking system and the non-bank financial institutions for the period ending February 2005.

- Broad Money M3, which comprises currency in circulation plus all private deposits, expanded by 1.7 percent to Shs2720.1 billion in February 2005. This is a slightly higher growth compared to January 2005, when M3 rose by 1.2 percent. M3 has risen from its end-June 2004 position by 5.1 percent.

- Over the month of February 2005, the Net Foreign Assets (NFA) of the banking system fell by 1.7 percent to Shs2487.8 billion. In particular, NFA at BoU contracted by 0.8 percent to Shs1914.3 billion, while at commercial banks NFA fell by 4.7 percent to Shs573.5 billion. Foreign reserves at BoU fell by an equivalent of Shs15.6 billion, compared to a decline of Shs38.4 billion in the previous month.

- The government's net claims on the banking system (NCG) as at end-February 2005 was a borrowing of Shs96.3 billion, up by Shs97.1 billion from a saving of Shs0.8 billion at the end of January 2005. At BoU, the government drew down its savings by Shs 100.3 billion over the month, on account of a strong decline in Government deposits which

[4] A distinction is made between the interbank market in which only domestic commercial banks participate and the money market where foreign banks also carry out transactions.

more than offset the fall in advances to Government. At commercial banks, net claims on Government dipped by Shs3.2 billion in February 2005, on account of a rise in Government deposits which more than offset a rise in commercial banks' investment in Government securities of Shs30.3 billion.

- At end-February 2005, the stock of outstanding credit to the private sector by the banking sector stood at Shs1123.6 billion of which Shs23.3 billion was from BOU and Shs1100.3 billion from commercial banks. This represents a marginal decline of Shs0.2 billion compared to the end-January 2005 position. In January 2005, PSC rose by Shs18.6 billion or 1.7 percent.

- During the month of February 2005, the total assets of the Non-Bank Financial Institutions increased by 2.0 percent to Shs184.05 billion from Shs180.39 billion at the end of January 2005. This outturn compares to an increase of 2.7 percent observed over the same period a year ago similarly the stock of the outstanding loans and advances to the private sector increased by 2.8 percent to Shs109.81 billion as at end-February 2005, from Shs106.78 billion at end-January 2005

Fiscal Developments

- Total revenue and budget support grant receipts (excluding project grants) for March 2005 are estimated at Shs227.61 billion. This is lower by Shs49.3 percent[5] or Shs75.17 billion compared to Shs152.44 billion recorded in February 2005.

- In March 2005, government expenditure and net lending decreased by 17.8 percent or Shs.33.50 billion to Shs.154.86 billion. The decrease was mainly on account of current expenditure, which declined by Shs23.42 billion, from Shs165.37 billion in February 2005 to Shs.141.95 billion in March 2005

- The overall fiscal balance for March 2005 was a surplus of Shs.72.75 billion compared to a deficit of Shs35.92 billion recorded in February 2005. Excluding grants, the surplus reduces to Shs9.45 billion.

Foreign Exchange Market March 2005

- The Uganda Shilling exhibited a very marginal depreciation during the month of March 2005. On average, the Shilling vis-à-vis the US Dollar depreciated by 0.12 percent on a daily basis within this period. Basing on the end month, the Shilling depreciated by 2.46 percent against the US Dollar. This is in contrast to the appreciation of 0.77 percent recorded for the previous period.

- BOU continued to watch foreign exchange market developments very closely to ensure market stability. In light of this, BoU intervened on the sale side in the IFEM to a tune of US $ 4.00 million. A 30-day forward (purchase) transaction of US $ 3 million concluded during the month of February 2005 matured on the 31st March 2005 resulting into a net injection of US $ 1.00 million in the period under review.

Balance of Payments Developments

- In February 2005, the current account balance was estimated at a deficit of US $84.66 million, while the capital and financial account is estimated at a surplus of US$72.74 million. Thus, the overall balance was estimated at a deficit of US$11.93 million.

[5] This amount is also lower than the programmed figure of Shs208.99 billion (see table 12).

- Total exports[6] proceeds for the month of February 2005 are estimated at US$62.38 million, of which coffee is estimated to have accounted for 19.9 percent.

- The import bill[7] (fob) is estimated at US$117.75 million during February 2005. This is 13.3 percent less than the import bill of the previous month, which was estimated at US$135.8 million.[8]

- Official aid (excluding project aid but including resources from the HIPC Initiative) inflows amounted to about US$ 6.32 million. Private sector transfer[9] outflows exceeded inflows by US$9.88 million in February 2005, and Services and income outflows exceeded inflows by about US$52.53 million.

- Official debt service (excluding IMF payments) is estimated at US$14.31 million for the month of February 2005. There were no IMF principal maturities in the same month.

- Official foreign reserves (including valuation changes) are estimated at US$1,304.89 million in February 2005, equivalent to 6.33 future months of imports of goods and services.

Policy Stance

- The rising inflation rates coupled with developments in the foreign exchange market suggest that Uganda will continue with a tight monetary policy stance to contain the inflationary pressures. Bank of Uganda is set to maintain a cautious monetary policy stance to ensure that inflation remains low and stable. It is also committed to manage liquidity in a manner that does not cause instability in both the money and foreign exchange markets.

[6] Export figures are highly provisional and will be revised in the very near future.
[7] Import figures are highly provisional and will be revised in the very near future.
[8] Effective May 2004, import figures are reported at fob value.
[9] This is subject to revision on receipt of the outturns for exports and imports of goods and services for February 2005

A MONETARY POLICY STANCE AND ACTIONS

Bank of Uganda (BOU)'s monetary policy is focused on containing inflation at low levels, however, operations of its instruments are cautiously undertaken not to exacerbate instability in the money and foreign exchange markets. Sterilization of excess liquidity is usually effected through a combination of sales of Treasury bonds, Treasury bills and foreign exchange. This notwithstanding, BOU actively uses the Repurchase Agreements (REPOs) as a fine-tuning instrument in order to manage short-term liquidity movements. This is in addition to adjustments in the pricing of the liquidity providing windows, the Rediscount Rate and Bank rate, to ensure a consistent monetary policy stance.

In line with its policy of a market-determined exchange rate, the Shilling value against other currencies continues to be determined by the supply and demand in the foreign exchange market and BOU only intervenes in the inter-bank foreign exchange market (IFEM) to curb instability.

Beginning March 2005, Bank of Uganda discontinued the issue of the 273-day paper in order to enhance the capacity of the Treasury bill to handle more and larger trades. In the four weeks to March 31, 2005, the net liquidity withdrawal through the sale of this instrument was Shs41.52 billion, compared to a net withdrawal of Shs4.70 billion in the corresponding four-week period of February 28, 2005. In a move aimed at promoting secondary market trading and creating benchmark securities alongside conducting monetary policy, Bank of Uganda reopened a 2-year bond on March 23, 2005 with a face value of Shs35.0 billion. On the short-term liquidity management front, gross issues of the REPOs instrument, whose maturity ranged from 1 to 21 days, amounted to Shs337.10 billion during this period, against maturities of Shs408.51 billion. This is compared to issues and maturities of Shs435.50 billion and Shs364.76 billion, respectively over the preceding period ended February 28, 2005. By March 31 2005, there was no outstanding stock of REPOs.

In line with developments in the Treasury bill market, the Rediscount rate and Bank rate declined from 14.73 percent and 15.73 percent, by end February 2005, to 14.20 percent and 15.20 percent, respectively by March 31, 2005.

B DOMESTIC PRICE DEVELOPMENTS

The **Annual Headline Inflation**[10] for March 2005 rose to **10.6%** from 9.0% (revised) in February 2005. All the group indices registered increases. The food group index exerted the largest upward effect on the overall CPI.

The Food group[11] index jumped by 20.6%; the Beverages and tobacco group index rose by 6.0%; the Clothing and footwear group index rose by 0.9%; the Rent, fuel and utilities group index rose by 5.3%; the Household and personal goods group index rose by 3.0%; the Transport and communication group index rose by 1.0%; and the Health, education and entertainment group index rose by 4.2% for the year ended March 2005. The above increases may have resulted from: significantly higher food crop prices largely due to the effects of the prolonged drought experienced in the second half of 2004; higher prices for oil products; higher taxes on some of the above groups' items effected in FY 2004/05; irregular distribution; and higher school fees *inter alia*. Food prices exerted the greatest inflationary pressure, while the price forces from the rest of the groups remained within plus/minus 100 basis points of their levels for the year ended February 2005.

[10] Inflation is the percentage change in the Consumer Price Index compared with the same month (or previous month) one year (month) previously.
[11] Food group comprises of the entire basket of food crops and other food items e.g. manufactured food goods – margarine, cooking oil, etc.

The **Monthly Headline Inflation** rose to **1.4%** in March 2005 from 0.2% in February 2005. This resulted from respective monthly price increases of 3.2 percent, 0.5 percent and 1.2 percent for food, clothing and footwear and household and personal goods in March 2005 compared to rates of –1.4 percent, 1.1 percent and –0.5 percent in February 2005. The upward pressures were partly mitigated by decreases in the prices of items under the: Beverages and tobacco; Rent, fuel and utilities; and Transport and communication group indices, while Health, education and entertainment prices steadied at their February 2005 levels.

The **Annual Underlying Inflation** rose to **5.1%** for the year ended March 2005 from 4.7% for the year ended February 2005. Prices of goods increased by 5.6% in March 2005 from 5.1% in February 2005, while the pace of prices of services firmed at 4.1% in line with their rate in February. The persistence of underlying inflation may be an indicator of inflationary pressures.

The **Monthly Underlying Inflation** declined to **0.4%** in March 2005 from 1.0% in February 2005. The decrease resulted from a muted monthly contribution of 0.0% from services prices in March compared to 2.0% in February, relative to a sustained pace of increase of goods prices by 0.5% in March from 0.4% in February.

The **Annual Food Crops Inflation** [12] accelerated to **34.0%** in March 2005 from 26.4% in the year ended February 2005. Similarly, the **Monthly Food Crops Inflation** jumped to **5.0%** in March 2005 from –2.1% in February 2005. There were substantial increases in the average prices of staples, fruits and vegetables and other food items, in most of the centres during the month under review.

The short-term outlook for inflation will be influenced by the developments in: food crops prices, the increased electricity tariffs (effected in April 2005), and world oil prices. Food crops prices may continue to pose the most potent upward risk for inflation, since the balance of the other risks carry considerably smaller weights in the CPI. (Food crops are weighted at 24.3, electricity at 0.5, petrol at 1.23 (and transport fares at 5.21)). The above forces, among others, are likely to exert upward pressures on the overall CPI for the coming month.

The developments in inflation rates are indicated in table 1 and charts 1 and 2 respectively.

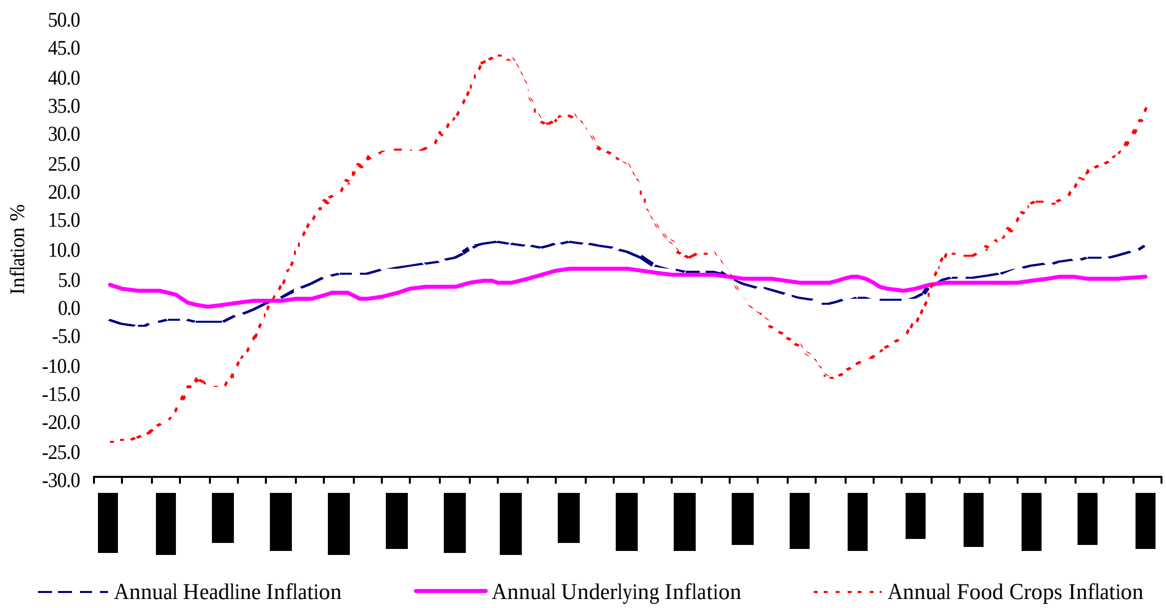
Table 1. Three Months Rolling Inflation Rates Out-turn (January – March 2005)

Period	Headline Inflation (%)		Underlying Inflation (%)		Food Crops Inflation (%)	
	Monthly	Annual	Monthly	Annual	Monthly	Annual
January 2005	-1.1	8.5	0.3	4.7	-5.8	23.1
February 2005	0.2	9.0	1.0	4.7	-2.1	26.4
March 2005	1.4	10.6	0.4	5.1	5.0	34.0

Source: Uganda Bureau of Statistics

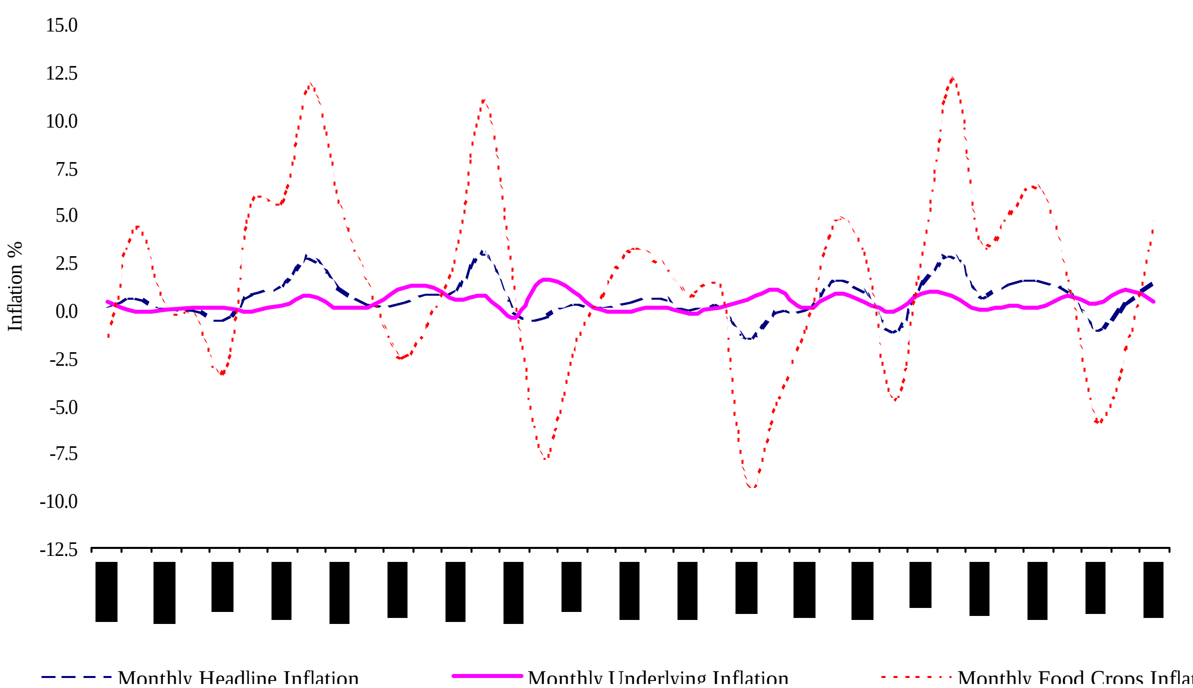
[12] Food crops refer specifically to grown food crop items that are typically sold fresh in the markets.

Chart 1:
Annual Inflation Rates 2002 -2005



Source: UBOS

Chart 2:
Monthly Inflation Rates 2002 - 2005



Source: UBOS

C REAL SECTOR DEVELOPMENTS

This section looks at the performance of the manufacturing sector between August and December 2004; fuel prices between February and March 2005; electricity consumption between October and December 2004; trading at the Uganda Securities Exchange during March 2005 and leasing activity for February 2005.

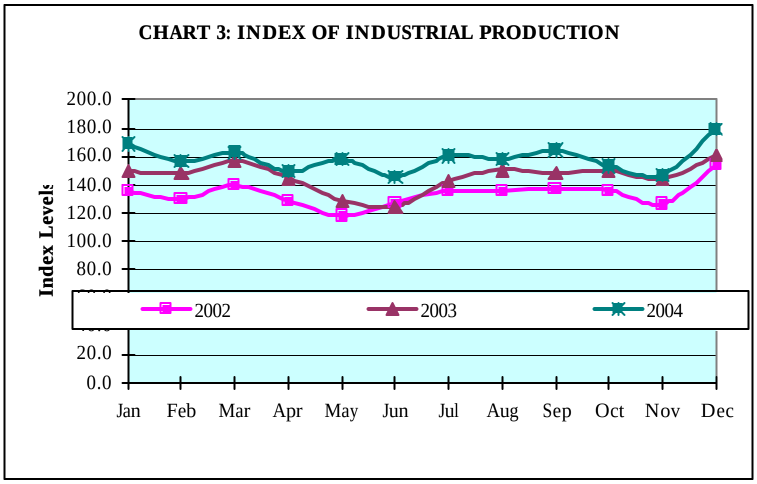
Index of Industrial Production

Data on the index of industrial production initially available up to August 2004 is now available up to December 2004. The all items index rose by 13.5 percent from 158.0 in August 2004 to 179.4 in December 2004. The index increased by 4.1 percent in September 2004 before declining by 10.6 percent in the following period to end November 2004. However this trend was reversed in the month of December 2004 when the index registered an increase of 21.9 percent. This rise in the index between November and December was due to an increase in production levels for all items in the sample apart from textiles whose production decreased by 25.8 percent. The largest increase in production of 62.5 percent was recorded for sugar, which recovered to a level of 237, slightly higher than that registered in August of 234.1, after three successive months of declines in its production. See Table2 below for details.

TABLE 2: INDEX OF INDUSTRIAL PRODUCTION FOR MAJOR MANUFACTURING COMMODITIES, AUG– DEC 2004

	Aug	% change	Sept	% change	Oct		Nov	% change	Dec
Sugar	234.1	(23.8)	178.3	(2.7)	173.5	(16.0)	145.8	62.5	237.0
Beer	90.8	35.4	122.9	(17.6)	101.3	12.7	114.2	21.6	138.8
Soft drinks	161.6	19.2	192.7	(21.1)	152.1	(8.7)	138.8	38.1	191.8
Cigarettes	60.4	3.3	62.4	(4.8)	59.4	(5.1)	56.4	5.3	59.4
Textiles	87.6	26.2	110.6	20.9	133.7	(24.1)	101.5	(25.8)	75.3
Cement	248.8	(12.6)	217.5	(2.2)	212.7	(0.3)	212.1	3.7	219.9
Laundry Soap	158.1	17.2	185.3	(9.9)	167.0	(3.4)	161.3	13.6	183.2
Edible oil	163.2	13.3	184.9	6.6	197.1	(1.0)	195.2	13.7	221.9
Metal products	179.9	15.8	208.2	(6.9)	194.0	1.7	197.2	9.2	215.3
All items	**158.0**	**4.1**	**164.6**	**(6.9)**	**153.2**	**(3.9)**	**147.2**	**21.9**	**179.4**

Source: Uganda Bureau of Statistics



Fuel consumption

Average pump prices for the major petroleum products increased between February and March 2005. The average price for premium increased by 0.6 percent to Shs1,730 per litre; diesel by 1.5 percent to Shs1,488 per litre and kerosene prices by 0.7 percent to Shs1,410 per litre. The increase in prices is attributable to the increase in international prices of crude oil. Prices of fuel products may increase even further due to the ongoing strike by workers of the Uganda Railways Corporation that started on March 31 2005. On average, a minimum of 15 fuel tanks each carrying 52,000 litres of fuel is transported into the country on a daily basis by Uganda Railways and this has not been coming since the strike started. Uganda is thus bound to face a fuel shortage if the workers do not resume work.

Electricity sector

According to the available data, electricity consumption decreased by 17.0 percent from 75.5 Gigawatt hours to 62.6 Gigawatt hours in the last two months of the quarter ending December 2004. The decline in consumption observed is attributed to decreased consumption by both large and medium scale industries and street lighting. Consumption by large-scale industries decreased by 38.7 percent from 28.1 in November 2004 to 17.2 in December 2004. Consumption by medium scale industries decreased by 37.52 percent between October and November 2004 from 25.0 to 15.6 Gigawatt hours, while that by street lighting fell by 60.1 percent between November and December from 0.15 to 0.06 Gigawatt hours. Table 3 below shows the energy billings per month and the percentage changes from one month to another.

TABLE 3: ENERGY CONSUMPTION BY TARIFF CATEGORY IN GIGAWATT HOURS FOR OCTOBER TO DECEMBER 2004.

Category	Oct 04	% change	Nov 04	% Change	Dec 04
Domestic	24.16	15.99	28.03	5.35	29.52
Large Scale Industrial	26.17	7.41	28.11	(38.68)	17.24
Medium Scale Industrial	25.00	(37.52)	15.62	1.20	15.81
Street Lighting	0.13	15.50	0.15	(60.14)	0.06
Total Average	**75.46**	**(4.71)**	**71.91**	**(12.91)**	**62.63**

Source: UEDCL

On April 1 2005, electricity tariffs were increased partly to compensate for the loss in revenue from electricity exports that has been halted since the beginning of the year due to low water levels. In the same line tariffs were increased following the importation of power from Kenya coupled with increased maintenance costs of infrastructure (transformers, cables and switches). Below is a table showing the old and new rates.

TABLE 4: TARIFF RATES BY CATEGORY OF CONSUMERS, UGANDA SHS PER KILOWATT-HOUR

Category	Peak		Shoulder		Off-peak	
	Old	**New**	**Old**	**New**	**Old**	**New**
Domestic	171.4	212.5	171.4	212.5	171.4	212.5
Commercial	196.8	259.9	162.8	200.5	104.3	100.8
Medium Industrial	180.1	323.1	148.3	175.0	94.5	80.2
Large Industrial	75.3	116.3	59.4	82.5	32.9	34.1
Street lighting	194.8	201.5	161.1	201.5	114.1	201.5

Source: UMEME Limited

The Uganda Manufacturers Association (UMA) is not happy with the increase in tariffs partly because it has not been accompanied by a reduction in load shedding and was done without full consultations.

Uganda Securities Exchange (USE)

Trading activity at the Uganda Securities Exchange was very vibrant during March 2005. Total turnover at Shs449.92 million is the second highest level of turnover since trading started at the USE. It comes second to that of August 2002 when a turnover of Shs652.59 million was recorded. A total of 1,519,852 shares were traded during the month under review. Trading was dominated by DFCU shares, which accounted for 87.6 percent of the activity in the market. This massive trading at the DFCU counter is attributable to the buying of stock by institutional investors that did not get shares during the IPO process. There was also some activity at the New vision and Uganda Clays counters. 205,491 shares with a turnover of Shs51.37 million equivalent to 11.4 percent of total activity was recorded at the New Vision counter while 551 shares worth Shs4.41 million representing 1 percent of total trading was recorded at the Uganda Clays counter.

TABLE 5: TRADING AT THE UGANDA SECURITIES EXCHANGE (NOV 2004 – MAR 2005)

	Nov ‘04	Dec ‘04	Jan ‘05	Feb ‘05	Mar ‘05
Trading Days	9	6	7	8	9
Total Turnover	48,763,695	27,436,240	10,230,610	9,591,260	449,920,770
No. Shares	153,493	92,016	29,586	30,969	1,519,852
Market Capitalization (Billion Ushs, E.O.P)	1,968.5	1,849.5	1,958.9	1,870.5	2,125.1
All Share Index	408.70	381.87	408.30	386.51	438.76

Source: Uganda Securities Exchange

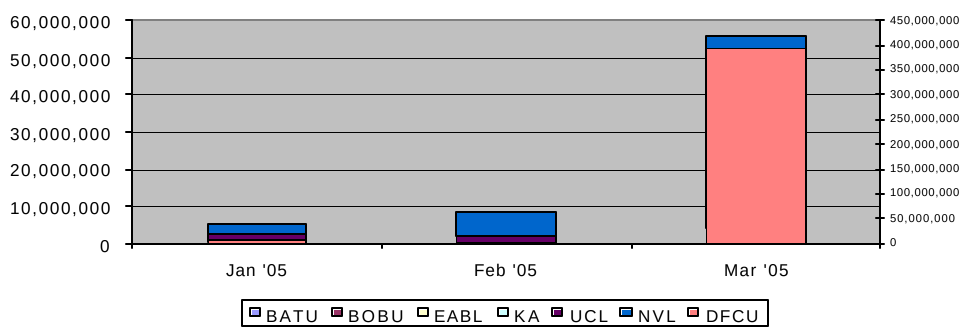


CHART 4: SHARES OF MONTHLY TURNOVER FOR LISTED COMPANIES: JAN - MAR 2005

During the course of the month, share prices of British American Tobacco, Bank of Baroda, DFCU and Uganda Clays remained unchanged at Shs1,145, Shs800, Shs300 and Shs8,000 respectively; while share prices of East African Breweries, Kenya airways and New Vision increased by 10.0 percent from Shs2,346 to Shs2,581; Kenya airways share prices by 19.0 percent from Shs473 to Shs563; and share prices of New Vision by 2.0 percent from Shs245 to Shs250.

In line with the above price movements, market capitalisation at the USE increased by 13.6 percent from Shs1,870.5 billion to Shs2,125.1 billion while the all share index increased by 13.5 percent from 386.51 to 438.76 between end-February and end-March 2005.

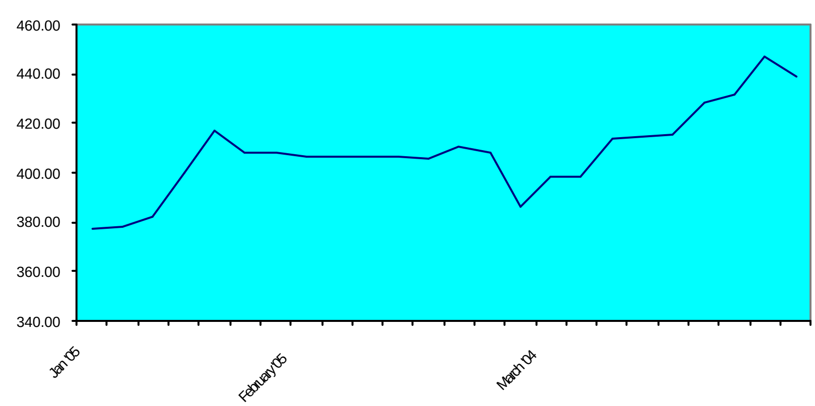


Chart 5: Trend of the All share index: Jan - Mar 2005

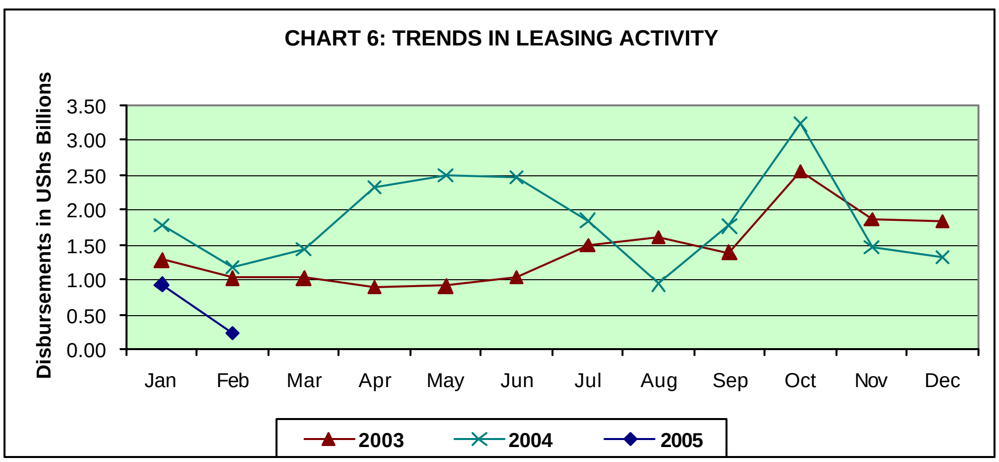
Leasing Activity

Total leasing disbursements during February amounted to shs 0.3 billion. Most of these disbursements were directed towards the transport and commerce and trade sectors. The transport sector received 43.5 percent of total disbursements while the commerce and trade sector had 27.9 percent. The other sectors that had disbursements directed towards them were the manufacturing sector with a share of 13.7 percent; education with 9.6 percent; and health with 5.1 percent.

TABLE 6: SECTORAL DISTRIBUTION OF ASSETS LEASED IN MILLION SHILLINGS DEC 2004 – FEB 2005

Sector	Dec-04	Share (%)	Jan-05	Share (%)	Feb-05	Share (%)
Transport	453.9	34.05%	375.5	40.36%	128.7	43.46%
Commerce & Trade	229.7	17.24%	424.0	45.57%	82.6	27.89%
Mining & Construction	11.8	0.89%	0.0	0.00%	0.0	0.00%
Tourism	0.0	0.0%	0.0	0.00%	0.0	0.00%
Health	411.2	30.85%	0.5	0.05%	15.0	5.06%
Agriculture	5.8	0.44%	90.1	9.68%	0.0	0.00%
Manufacturing	150.0	11.25%	0.00	0.00%	40.6	13.69%
Education	29.3	2.20%	40.3	4.33%	28.3	9.56%
Other Services	41.0	3.08%	0.0	0.00%	1.0	0.33%
TOTAL	1,332.8	100.0%	930.3	100.0%	296.19	100.0%

Source: DFCU leasing



D DEVELOPMENTS IN THE DOMESTIC SECURITIES AND MONEY MARKET

Primary Market for Treasury Bonds

In continued efforts to promote secondary market trading and create benchmark securities, Bank of Uganda reopened a 2-year bond on March 23, 2005. The Shs 35.00 billion issue was over subscribed by Shs 10.85 billion and realized a cover ratio of 130.99 percent. At a weighted average price of 94.45 per Shs 100, the resultant yield-to-maturity for the 10.00 percent coupon bond was 14.46 percent compared to 14.29 percent in the previous issue auctioned in February 2005.

The total outstanding stock of Treasury bonds stood at Shs 465.00 billion by end of March 31, 2005. During the month, a 5-year bond coupon payment worth Shs 1.91 billion was effected. Table 6 below shows details of the most recent Treasury bond issues, and Appendix 1 summarizes the full details on all issues in the market so far which are also listed on the Uganda Securities Exchange.

Table 7: Summary of Government Treasury bond Issues as at March 31, 2005

(In Billions of Uganda Shillings, unless otherwise stated)

Tenure/Issue date →	**2 Year Reopened Mar 23-05**	3 Year Re-opened Dec 01-04	5 Year Re-opened Nov 17-04	10 Year Re-opened May 19-04
Maturity Date	**Jan 25-07**	Oct 04-07	Mar 19-09	May 08-14
Offers (Billion Shs)	**35.000**	30.000	20.000	15.000
Total Bids (Billion Shs)	**45.846**	35.650	32.227	25.166
O/w Competitive	**45.834**	28.687	12.989	25.154
Over (Under) Subscription	**10.846**	5.650	12.227	10.166
Amount Sold (Face Value)	**35.000**	30.000	20.00	15.000
Amount Sold (Cost Price)	**33.059**	25.709	17.093	12.991
Cover Ratio %	**130.989**	118.833	161.135	167.773
Previous Cover Ratio %	**129.764**	111.437	210.00	…
WAP per Shs. 100	**94.454**	85.698	85.463	86.608
Previous WAP per Shs. 100	**93.707**	87.840	92.590	…
Yield to Maturity %	**14.463**	17.554	16.039	13.477
Previous Yield to Maturity %	**14.294**	15.935	12.802	…
Coupon Rate	**10.000**	10.25	10.75	11.00

Source: Research Department - Bank of Uganda

Secondary Market for Treasury bonds

The four week-period average indicative bid/offer yields-to-maturity in the secondary market were quoted at 14.77/14.52 percent and 16.20/15.95 percent for the 2-year and 3-year bonds, and at 15.75/15.48 percent and 15.10/14.85 percent for the 5-year and 10-year bonds tenors respectively. This contrasts with 14.80/14.54 percent and 16.51/16.25 percent for the 2 year and 3 year bonds and 15.80/14.46 percent and 15.24/15.01 percent for the 5 year and 10 year bond, in the previous four-week period ending February 2005, respectively (See Table 8). Shs6.24 billion worth of the 2-year bond was traded in the secondary market. There were no trades reported on the other bonds.

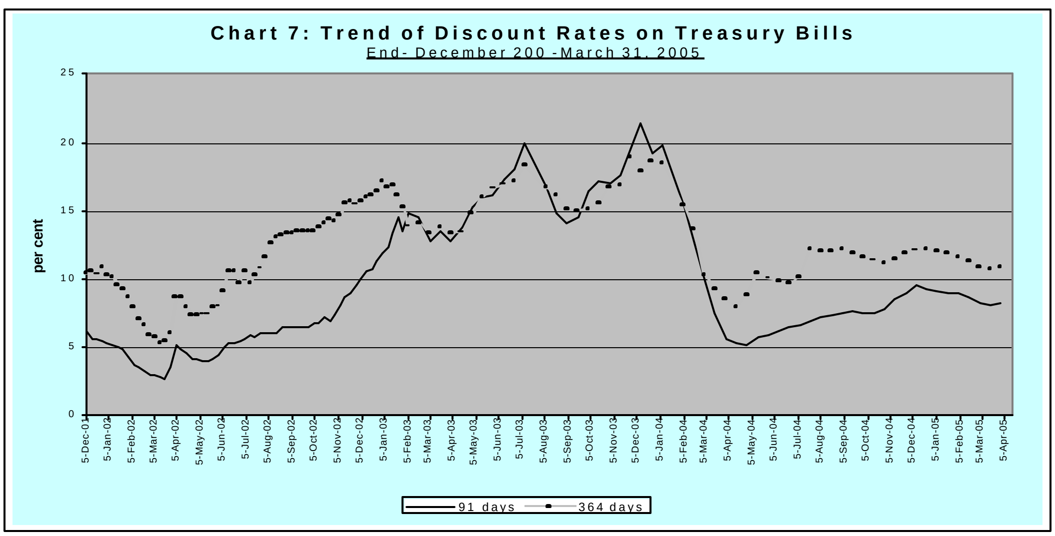
Table 8: Bid/Offer Rates and Transactions in the Secondary Market for Treasury bonds over the four week-period to March 31, 2005

	Tenor of bond							
	2-year		3-year		5-year		10-year	
	Yield-to-maturity quotation (percent)							
	Bid	Offer	Bid	Offer	Bid	Offer	Bid	Offer
Min	14.10	13.85	15.00	14.75	15.00	14.75	13.50	13.25
Max	15.00	14.75	17.25	17.00	16.50	16.25	17.00	16.75
Average	14.77	14.52	16.20	15.95	15.75	15.48	15.10	14.85
Source: Compiled from Domestic Financial Markets Department records								

Source: Research Department - Bank of Uganda

Primary Market for Treasury bills

Three Treasury bill auctions, the first ones since the 273-day paper was discontinued, with offers of Shs 55.00 billion each were held in the month of March 2005. Most of the auctions were over-subscribed. The respective weighted annualized yields on the 91-day, 182-day, and 364-day bills stood at 8.35, 11.00 and 12.20 percent for the auction of March 02, 2005, at 8.29, 10.68 and 12.02 percent for the auction of March 16, 2005 and at 8.34, 10.64 and 12.11 percent, respectively, for the auction of March 30, 2005, respectively. This compares to rates of 8.88 percent, 11.34 percent, and 12.73 percent, for 91-day, 182-day, and 364-day bills respectively, recorded in the auction held on February 16, 2005 (see Chart 7 below). The average discount rates on Treasury bills in March 2005 were higher than those registered in March 2004 which ranged between 9.35 percent and 7.68 percent.



Secondary Market for Treasury bills

The average bid/offer yields-to-maturity in the secondary market for Treasury bills fell with changes ranging from 0.52 to 0.67 percentage points for the 91-day and the 364-day papers. However, the rate for the 182-day paper increased by an average of 0.74 percentage points. The respective average percentage yields to maturity for the 91, 182, and 364-day securities were 8.50/8.24, 10.86/10.60 and 11.83/11.52 in March 2005 compared to 9.03/8.76, 11.61/11.33 and 12.48/12.19 in February 2005, respectively.

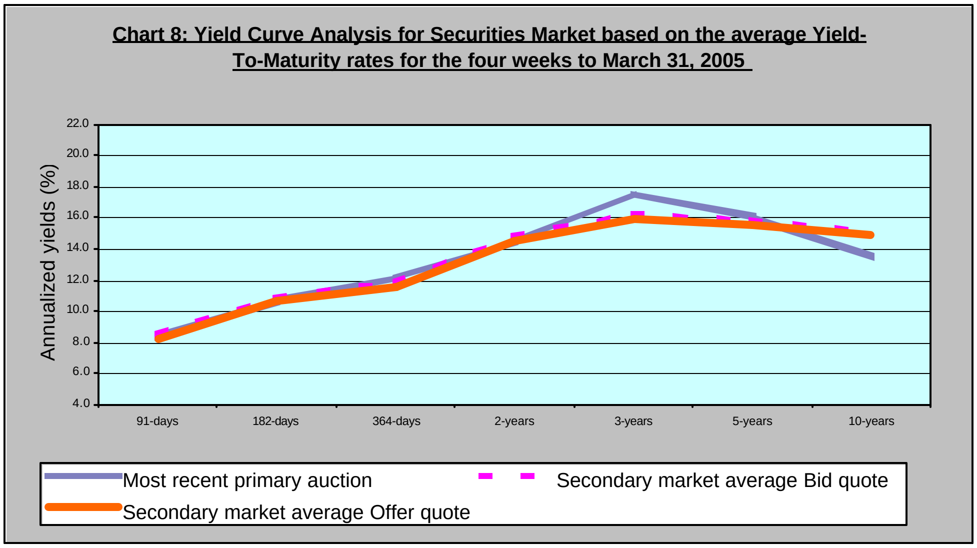
Table 9: Bid/Offer Rates and Transactions in the Secondary Market for Treasury bills over the four- week period to March 31, 2005

	Tenor of bills							
	91-days		182-days		273-days		364-days	
	Yield-to-Maturity quotation (percent)							
	Bid	Offer	Bid	Offer	Bid	Offer	Bid	Offer
Min	7.95	7.68	10.37	10.09	0.00	0.00	11.35	11.06
Max	9.06	8.75	11.49	11.75	0.00	0.00	12.44	12.14
Average	8.50	8.24	10.86	10.60	0.00	0.00	11.83	11.52
	Trading Activity							
Transactions (Shs billion)	22.617		9.840		-		1.590	
O/w Horizontal REPOs	3.000		-		-		-	
- Av. H/REPOs rate	6.00 percent		-		-		-	
O/w- Outright sales	19.617		9.840		-		1.590	
Total trades across maturities	Shs 34.047 billion							
- Av Discount rate	12.37 percent		12.54 percent		-		9.72 percent	
- Av Yield to maturity	12.96 percent		13.41 percent		-		10.44 percent	
Rediscounts at BoU	-							
Borrowing at BoU	-							

Source: Compiled from Domestic Financial Markets Department records

One horizontal REPO worth Shs3.00 billion was part of the total treasury bills secondary market trades of Shs34.05 billion in the four weeks ended March 31, 2005. This was higher than the Shs18.04 billion in secondary market trades of the four weeks ended February 28, 2005. The average discount rates on these trades for the 91-days, 182-days, and 364-days securities were 12.37, 12.54, and 9.72 percent, respectively.

The yield curve based on the average yield-to-maturity quotations in the secondary market maintained a close evolution with the developments in the primary market for tenors of up to 2 years. Both curves were inverted at the 3-year paper with relatively wider margins observed at the longer end of the market, as the curve derived from the primary market dropped below that of the secondary market (see Chart 8).



v) Domestic Inter-bank market

Activity in the domestic inter-bank money market for the four weeks ended March 31, 2005 continued to be buoyant in the call money market (i.e. transactions of less than 30 days in tenor). The most active period was the week ended March 18, 2005, when transactions worth Shs90.95 billion were recorded, while the least activity was in the week ended March 11, 2005, with volumes of transactions amounting to Shs30.45 billion. The weekly weighted average rates ranged from 5.66 percent to 6.32 percent. The weighted average inter bank lending rate over the four weeks to march 31, 2005 was 5.92 percent, up from the 5.33 percent reported in the four weeks to February 25, 2005. Transactions between domestic banks and foreign entities[13] in the money market amounted to Shs18.87 billion, at an average rate of 6.06 percent compared to Shs12.45 billion at 6.53 percent. All commercial banks participated in the inter bank market during the four weeks.

vi) Commercial Banks' Retail Interest Rates

There was no revision in the commercial banks' prime lending rate during the four weeks to March 31, 2005. Consequently there were no changes in the number of banks charging rates for the various range categorizations. The range of these rates for the entire industry also remained at 16-21 percent. Table 8 below summarizes these developments.

[13] A distinction is made between the interbank market in which only domestic commercial banks participate and the money market where foreign banks also carry out transactions.

Table 10: Trends of the Prime Lending Rates During March 2005
(Figures are end-period)

Prime Lending Rate (%)	**Mar 04, 2005**	**Mar 11, 2005**	**Mar 18, 2005**	**Mar 24, 2005**	**Mar 31, 2005**
	Number of Commercial banks charging this rate				
0.0 – 10.9	0	0	0	0	0
11.0 – 13.9	0	0	0	0	0
14.0 – 15.9	0	0	0	0	0
16.0 – 18.0	5	5	5	5	5
18.1 – 19.9	7	7	7	7	7
20.0 – 21.9	3	3	3	3	3
Range (Min – Max)	16%-21%	16%-21%	16%-21%	16%-21%	16% -21%

Source: Commercial banks weekly returns

The ranges of the savings and time deposits rates were maintained at 0-8.0 percent and 0.25-20.0 percent, respectively. The respective number of banks with savings rates of at least 5.0 percent and those with a time deposit rate of at least 8.0 percent remained unchanged at five (5) and seven (7), respectively.

Information on the commercial banks' effective lending and deposit rates is available only up to February 2005. As portrayed in Table 9, there was a rise in the effective lending rate on the shilling denominated loans from 19.36 percent to 20.36 percent in February 2005 but a decline in the foreign denominated deposits from to 9.06 percent from 9.46 percent reported in January 2005.

Table 11: Commercial Banks' Lending and Deposit Rates (Percent)

	Shilling Denominated				Foreign Denominated			
Weighted Average rates	Nov 04	Dec 04	Jan 05	Feb 05	Nov. 04	Dec 04	Jan 05	Feb 05
Lending	21.34	18.80	19.36	20.36	9.30	9.07	9.46	10.00
Demand Deposits	1.11	1.23	1.19	1.16	0.98	0.97	0.97	1.01
Savings Deposits	1.73	1.76	1.76	1.72	1.45	1.45	1.45	1.45
Time Deposits	7.84	8.49	7.82	6.16	4.44	3.98	2.03	2.49

Source: Monthly Report, BS100 Returns by Commercial Banks

The weighted rates on shilling denominated demand and saving deposits marginally declined from 1.19 percent and 1.76 percent to 1.16 percent and 1.72 percent respectively in February 2005 but the weighted rates on the time deposits fell to 6.16 percent in the period under review from 7.82 percent in the preceding period. The demand and saving deposits rates on foreign currency were reported at 1.01 percent and 1.45 percent respectively in the month of February 2005. Time deposit rates reversed the declining trend from 2.03 percent to 2.49 percent.

E MONETARY AGGREGATES AND FINANCIAL SECTOR AGGREGATES

(i) Banking Activities

Broad Money

Broad Money M3, which comprises currency in circulation plus all private deposits, expanded by 1.7 percent to Shs2720.1 billion in February 2005. This is a slightly higher growth compared to January 2005, when M3 rose by 1.2 percent. M3 has risen from its end-June 2004 position by 5.1 percent.

M2A, comprising of M3 less foreign currency deposits of the private sector, rose by 1.8 percent from Shs2054.4 billion at end-January 2005 to Shs2091.5 billion at end-February 2005. This compares to a growth of 2.7 percent over the month of January 2005. The developments in money supply are shown in Table 9 below.

Net Foreign Assets (NFA)

Over the month of February 2005, the NFA of the banking system fell by 1.7 percent or Shs43.0 billion to Shs2487.8 billion. In particular, NFA at BOU contracted by 0.8 percent or Shs15.0 billion to Shs1914.3 billion, while at commercial banks NFA fell by 4.7 percent or Shs28.0 billion to Shs573.5 billion. Foreign reserves at BOU fell by an equivalent of Shs15.6 billion, compared to a decline of Shs38.4 billion in the previous month.

Net Claims on Government (NCG)

The government's net position with the banking system (NCG) as at end-February 2005 was a borrowing of Shs96.3 billion, up by Shs97.1 billion from a saving of Shs0.8 billion at the end of January 2005 (Table 9). At BOU, the government drew down its savings by Shs100.3 billion over the month, on account of a strong decline in Government deposits of Shs293.7 billion, which more than offset the fall in advances to Government of Shs193.3 billion. At commercial banks, net claims on Government dipped by Shs3.2 billion in February 2005, on account of a rise in Government deposits of Shs33.6 billion, which more than offset a rise in commercial banks' investment in Government securities of Shs30.3 billion.

Table 12: Developments in Monetary and Credit Aggregates (June 04 – February 05)

(in billion shillings unless otherwise stated)	Jun. 2004	Sep. 2004	Dec. 2004	Jan. 2005	Feb. 2005
Net Foreign Assets (NFA)	2,370.5	2,358.8	2,559.0	2,530.9	2,487.8
Domestic Credit	1,107.4	1,136.9	1,103.5	1,133.8	1,228.6
Net Credit to Gov't (NCG)	83.4	106.5	(12.8)	(0.8)	96.3
Claims on the Private Sector	1,010.0	1,019.0	1,105.2	1,123.8	1,123.6
M3	2,587.3	2,582.7	2,646.7	2,675.8	2,720.1
Forex deposits	662.4	654.0	646.1	621.4	628.6
M2A	1,924.9	1,928.7	2,000.5	2,054.4	2,091.5
Demand Deposits	804.0	765.1	739.4	830.8	874.5
Term Deposits	591.6	621.2	672.5	645.3	640.5
Currency	529.3	542.4	588.6	578.4	576.5
Forex/M3 (percent)	25.6	25.3	24.4	23.2	23.1
DemandDeposits/M3 (percent)	31.1	29.6	27.9	31.0	32.2
TermDeposits/M3 (percent)	22.9	24.1	25.4	24.1	23.5
Currency/M3 (percent)	20.5	21.0	22.2	21.6	21.2

Private Sector Credit (PSC)

At end-February 2005, the stock of outstanding credit to the private sector by the banking sector stood at Shs1123.6 billion (Table 9), of which Shs23.3 billion was from BOU and Shs1100.3 billion from commercial banks. This represents a marginal decline of Shs0.2 billion compared to the end-January 2005 position. In January 2005, PSC rose by Shs18.6 billion or 1.7 percent.

Credit Flows

During February 2005, the total (shilling and foreign currency) gross extensions by commercial banks amounted to Shs133.8 billion, while recoveries were Shs134.7 billion resulting in net recoveries of Shs1.0 billion. After accounting for flows in capitalised interest, there was a decrease in the stock of credit of about Shs1.3 billion (see Appendix 2)[14]. During the month, commercial banks extended shilling loans amounting to Shs71.7 billion and recovered Shs73.7 billion, thus net recoveries were Shs2.0 billion. Net capitalised interest stood at Shs-4.1 billion. Thus, there was a net decrease in the stock of shilling loans to the non-bank public of Shs6.1 billion (see Appendix 3). For foreign currency loans, gross extensions stood at Shs62.1 billion, while recoveries were lower at Shs61.1 billion, yielding net extensions of Shs1.0 billion. After taking into account effects of capitalised interest, the stock of foreign currency loans recorded a net rise of Shs4.8 billion (See Appendix 4).

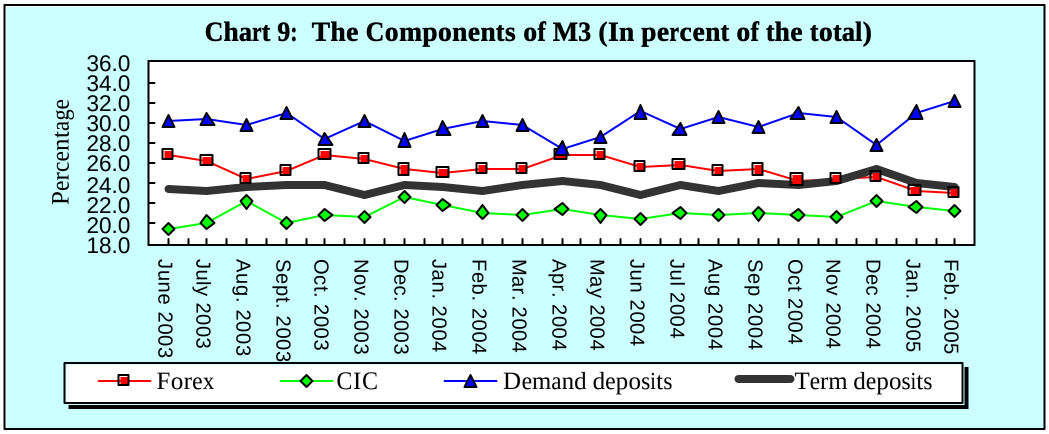
Appendix tables 1-3 summarise the evolution of the monthly change in outstanding loans and advances of commercial banks from July 2003 to February 2005.

Liabilities of the Banking System

On the liabilities side, foreign currency accounts grew by Shs7.2 billion to Shs628.6 billion in February 2005. In US dollars, foreign currency accounts rose by US$ 7.0 million to US$362.6 million[15]. Demand deposits grew by 5.3 percent or Shs43.8 billion to Shs874.5 billion, while term deposits (time, savings and CDs) fell by 0.7 percent to Shs640.5 billion as at end-February 2005. Currency in circulation (CIC) declined by 0.3 percent to Shs576.5 billion. Reflecting these

[14] The Gross Extensions and Recoveries include lending to Government and Parastatals. PSC as recorded by the Monetary Survey doesn't include lending to Government and parastatals.
[15] The end period mid exchange rate is used to value forex items.

developments, the ratio of foreign currency deposits to M3 fell to 23.1 percent from 23.2 percent at end-January 2005. The ratio of CIC to M3 also fell to 21.2 percent from 21.6 percent in January 2005, while that of term deposits fell to 23.5 percent from 24.1 percent. The ratio of demand deposits to M3 rose to 32.2 percent in February 2005 from 31.0 percent in January 2005. The trends of the ratios are shown in Chart 9 below and Table 12 above.



(ii) Non-Bank Financial Institutions (NBFIs) Activities[16]

Assets

During the month of February 2005, the total assets of the Non-Bank Financial Institutions increased by 2.0 percent to Shs184.05 billion from Shs180.39 billion at the end of January 2005. This outturn compares to an increase of 2.7 percent observed over the same period a year ago. The increase in assets in February 2005 was mainly attributed to increase in notes and coins of 33.4 percent and a 20.9 percent increase in balances with other financial institutions.

Loans and advances

The stock of the outstanding loans and advances to the private sector increased by 2.8 percent or Shs3.03 billion to Shs109.81 billion as at end-February 2005, from Shs106.78 billion at end-January 2005. Mortgage loans, which accounted for 60.5 percent of total loans, increased by 1.7 percent to Shs66.39 billion while secured and unsecured loans increased by 12.5 percent to Shs18.82 billion at the end of February 2005. Administered loans, on other hand, decreased slightly by 0.6 percent to Shs24.59 billion, down from Shs24.73 billion recorded in January 2005. The sectoral distribution of loans indicates that the building and construction sector accounted for the largest share of loans and advances extended by NBFIs at 76.4 percent as at end-February 2005. The Trade and Commerce sector contributed the second largest share of 17.0 percent.

Deposits

During February 2005, private sector deposits[17] in the NBFIs decreased by 4.3 percent to Shs81.58 billion, from Shs78.25 billion in January 2005. In particular, time deposits went up by 3.7 percent to Shs21.37 billion while savings deposits increased by 4.5 percent to Shs60.20 billion. Other deposits, which represent funds collected on behalf of government from the beneficiaries of the government's pool house sale scheme, increased by 1.8 percent to Shs29.11 billion over the same period.

[16] Only covers 7 credit institutions.
[17] This excludes Agency Funds

Table 13: Developments in the Activities of Non-Bank Financial Institutions (Shs Billion)

	Sep 2004	Oct 2004	Nov 2004	Dec 2004	Jan 2005	Feb 2005
Total Assets	164.05	168.27	176.56	181.74	180.39	184.05
O/w Loans and advances	96.37	98.56	100.44	103.71	106.78	109.81
Secured & unsecured	14.90	14.94	15.06	15.01	16.73	18.82
Mortgage	57.53	58.50	60.47	63.72	65.31	66.39
Administered	23.94	25.11	24.92	24.98	24.73	24.59
Total Deposits[18]	93.43	96.52	105.09	110.13	107.57	111.56
Savings	53.67	55.28	56.08	61.99	57.64	60.20
Time	12.73	13.93	19.84	19.30	20.61	21.37
Agency Funds	27.04	27.31	28.38	28.30	28.61	29.11
Source: Bank of Uganda						

F GOVERNMENT BUDGETARY OPERATIONS

i) Revenue and Grants

Total revenue and budget support grant receipts (excluding project grants) for March 2005 are estimated at Shs227.61 billion. This is lower by Shs49.3 percent[19] or Shs75.17 billion compared to Shs152.44 billion recorded in February 2005.

Total domestic revenue collected in March 2005 is estimated at Shs164.31 billion, of which 98.9 percent or Shs162.57 billion came from URA collections. URA revenue collections were higher than the programmed target for the month by Shs.21.24 billion as a result of increased tax collections. The preliminary outturn for non-URA revenue collections for March 2005 was estimated at Shs1.74 billion. This was Shs1.03 billion lower than the collections for February 2004, and also lower than the program target of Shs3.30 billion.

Receipts from budget support grants are estimated at Shs63.30 billion during March 2005, which was higher than the program target of Shs23.87 billion. This was also higher than Shs10.82 billion realised in February 2005.

[18] Revised to include accrued interest

[19] This amount is also lower than the programmed figure of Shs208.99 billion (see table 12).

Table 14: Government Budgetary Operations: February – March 2005 (Billion Shs)

	Revised Budget 2003/04	Prog. Budget 2004/05	Approved Budget 2004/05	Prel. Feb. 2004	Prel. Mar. 2005	Prog. Mar. 2005
Total Tax & Import Support Receipts	2,228.55	2,367.36	2,364.41	152.44	227.61	208.99
Total Domestic Revenue	1,690.90	1,866.72	1,866.72	141.62	164.31	144.63
URA Excluding Refunds/Govt. Taxes	1,655.20	1,830.02	1,830.02	138.85	162.57	141.33
Non URA Revenues	35.70	36.70	36.70	2.77	1.74	3.30
Import Support Grants	537.65	500.64	497.69	10.82	63.30	64.35 2/
Expenditure & Lending	2343.26	2,446.70	2,499.48	188.36	154.86	319.49
Current Expenditure	1,732.86	1,872.75	1,874.06	165.37	141.95	167.28
Development Expenditure	536.89	501.05	558.13	20.08	12.08	132.66
Others 1/	73.51	72.90	67.30	2.92	0.82	19.55
Overall Fiscal Balance (Deficit)	(114.71)	(79.34)	(135.08)	(35.92)	72.75	(110.51)
Excluding Grants	(652.34)	(579.98)	(632.76)	(46.74)	9.45	(174.86)

Source: Ministry of Finance, Planning and Economic Development
1/ Includes Net Lending/Repayments, Arrears Repayments and Contingency.
2/ Includes Project Support Grants Ushs 40.49 billion

ii) **Expenditure**

In March 2005, government expenditure and net lending decreased by 17.8 percent or Shs33.50 billion to Shs154.86 billion. The decrease was mainly on account of current expenditure, which declined by Shs23.42 billion, from Shs165.37 billion in February 2005 to Shs141.95 billion in March 2005. Expenditure on wages and salaries amounted to Shs.64.14 billion, which accounted for 35.9 percent of current expenditure. Interest payments went up from Shs18.42 billion to Shs21.24 billion over this period. Out of this amount, Shs6.75 billion was on account of external debt. Other recurrent expenditures for the month amounted to Shs49.77 billion, which was a decrease of 39.9 percent or Shs33.00 billion from Shs82.74 billion recorded in the month of February 2005. Development expenditure was Shs12.08 billion, a decrease of Shs7.99 billion over Shs20.08 billion recorded in February 2005. The outturn in total government expenditure was lower than the projected level for the period by Shs164.63 billion.

The overall fiscal balance for March 2005 was a surplus of Shs.72.75 billion compared to a deficit of Shs35.92 billion recorded in February 2005. Excluding grants, the surplus reduces to Shs9.45 billion.

G EXCHANGE RATE AND FOREIGN EXCHANGE MARKET

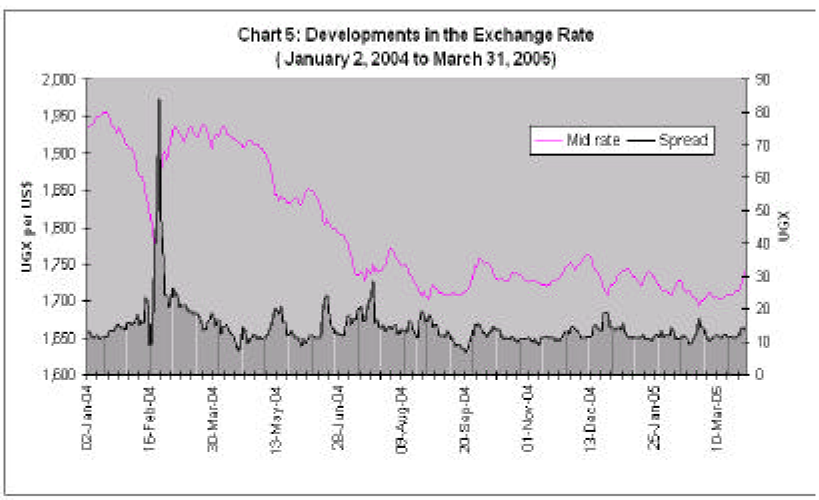
The Uganda Shilling exhibited marginal depreciation trend during the month of March 2005. On average, the Shilling vis-à-vis the US Dollar depreciated by 0.12 percent on a daily basis within this period. Basing on the end month, the Shilling depreciated by 2.46 percent against the US Dollar from Shs1700.61 per US Dollar as on the 28th February 2005 to Shs1742.46 per US Dollar on the 31st March 2005. This is in contrast to the appreciation of 0.77 percent recorded for the previous period from Shs1713.80 per US dollar as on the 31st January 2005 to Shs1700.61 per US Dollar as on 28th February 2005.

On a monthly average basis, the Shilling depreciated marginally by 0.01 percent from an average exchange rate of Shs1711.07 per US $ in February 2005 to an average exchange rate Shs1711.23 per US $ for March, 2005. The average spreads between the weighted inter-banks' buy and sell rates, reduced from Shs12.16 during the previous period to an average of Shs11.94 during the month under review. (See Chart 5)

Depreciation pressures were mainly experienced during the second half of the month of March 2005, which was on account of high corporate demand, as a number of corporations, from both manufacturing and the financial sector were paying up dividends to their parent companies during the month. Oil companies stepped up their demand for foreign exchange as the domestic petroleum products' prices responded to the increasing global oil prices. Supply of foreign exchange in the market in the month of March was mainly from diplomatic missions and international agencies, embassies, NGO's and exporters.

Commercial banks' daily retail sales and purchases averaged US $9.02 million and US $8.49 million, respectively during the month under review. When compared to the preceding month, the average sales reduced by US $0.32 million from US $9.34 million recorded for the period ended February 28, 2005 and the purchases also reduced by US $0.85 million from US $9.34 million recorded in the previous period ended February 28, 2005.

BOU continued to watch foreign exchange market developments very closely to ensure market stability. In light of this, BoU intervened in the IFEM during the period under review, by selling US $ 4 million to the market. There was also a 30-day forward (purchase) transaction of US $ 3 million that matured on the 31st March 2005. On a net basis, BOU sold US $1 million in the market during the period under review, where as in the previous period, it had nil transactions in the IFEM. Bank of Uganda continues to watch market developments very closely to ensure market stability.



H DEVELOPMENTS IN THE BALANCE OF PAYMENTS (BOP)

The overall balance is estimated at a deficit of US$11.93 million in February 2005. The Current Account balance is estimated at a deficit of US$84.66 million, from a deficit of US$20.42 million registered in the preceding month. The Capital and Financial account is estimated at a surplus of US$72.74 million; an improvement of about 75.67 percent in comparison to the surplus registered in the preceding month (US$41.41 million).

i) Exports

Total Exports (developments for the month of February 2005)

Total export proceeds in the month of February 2005 are estimated at about US$ 62.38 million; a deterioration of about 0.4 percent, compared to the export earnings of US$62.61 million recorded in the preceding month.

Coffee Exports

During the month of March 2005 coffee exports amounted to 195 thousand (60-kilogram) bags worth US$ 13.93 million. This was a slight reduction of 9.0 percent in volume but an increase of 12.4 percent in value compared to the previous month's exports. The average realized export price for coffee in March 2005 increased from 96 US cents per kilogram in February 2005 to an average unit price of 1 US dollar, 19 cents per kilogram in March 2005. This is the first time the unit price of coffee has exceeded the US $ 1 price level since March 2000, making a remarkable recovery in the coffee prices.

Non-coffee Exports

The total value for non-coffee exports for the month of February 2005 is estimated at US$49.99 million; a 2.4 percent decline, compared to US$51.21 million realized in the previous month.

There was a slight drop in the estimated earnings for a number of significant non-coffee exports in February 2005 when compared to the previous month. More specifically, export proceeds from oil re-exports, gold, hides and skins, fish (regional and international), electricity and beans dropped by 71.3%, 42.6%, 19.8%, 16.9%, 10.7 and 9.2 respectively. The decline in earnings of these exports, led to the drop in earnings of the entire non-coffee exports in February 2005 by 2.4 percent. On the other hand, exports earnings from, cobalt, maize, cotton, and tobacco, are expected to have increased by 89.6%, 62.9%, 59.8%, and 42.7% respectively.

ii) Imports

The total import bill for the month of February 2005 is estimated at US$117.75 million. Private sector imports are estimated at US$ 105.79 million, 14.6 percent lower than the January 2005 private sector import bill. Oil imports are estimated at US$15.71 million showing an increase of about 24.9 percent as compared to the oil bill of January 2005.

Government imports went up slightly in February 2005, as shown by the government's import bill of US$ 11.96 million, compared to the previous month where the government import amounted to US$ 11.79 million; February's government import bill accounted for approximately 10.2 percent of the total import bill. (See Appendix 7: Imports of Goods).

iii) Other Inflows and Outflows

Official aid (excluding project aid but including resources from the HIPC[20] Initiative) inflows amounting to about US$6.32 million were disbursed in February 2005. Net private transfer outflows for the period under review are estimated at US$ 9.88 million, compared to the previous month's net inflows of US $45.10 million.

Services and income outflows exceeded inflows by approximately US$52.53 million during the month of February 2005.

Official debt service (excluding IMF payments) was estimated at US$ 14.31 million while nil IMF principal obligations were externalized during February 2005. Provisional estimates of net trade credit amounted to inflows of US$2.72 million, consisting of inflows (buyers' credit and suppliers' credit) estimated at US$19.54 million and outflows (pre-finance shipments and suppliers' credit repayments) estimated at US$16.82 million.

In February 2005, the level of gross foreign reserves was estimated at US$1,304.89 million; US$0.99 million higher than that in the preceding month of January 2005. This reserve level is estimated to cover 6.33 months of future imports of goods and services.

I POLICY OUTLOOK

Bank of Uganda is set to maintain the cautious monetary policy stance to ensure that inflation remains low and stable. It is also committed to manage liquidity in a manner that does not cause instability in either the domestic or foreign exchange market.

[20] Includes HIPC from grants only.

Appendix 1

Tenure	2 Years	2 Year reopened	2 Years	2 Year reopened	2 Year reopened	2 Years	2 Year reopened	2 Year reopened	3 Years	3 Year reopened	3 Year reopened	3 Years	3 Years reopened	3 Years reopened	5 Years	5 Years reopened	10 Years
Issue date	Jan 14-04	Jun 03-04	Jun 30-04	Aug 11-04	Sep 08-04	Jan 27-05	Feb 23-05	Mar 23-05	Feb 25-04	Jun 16-04	Jul 14-04	Oct 06-04	Nov 03-04	Dec 01-04	Mar 24-04	Nov 17-04	May 19-04
Maturity Date	Jan 14-06	Jan 14-06	Jun 29-06	Jun 29-06	Jun 29-06	Jan 25-07	Jan 25-07	Jan 25-07	Feb 22-07	Feb 22-07	Feb 22-07	Oct 04-07	Oct 04-07	Oct 04-07	Mar 19-09	Mar 19-09	May 08-14
Offers (Billion Shs)	20.000	30.000	30.000	30.000	30.000	30.000	35.000	35.000	20.000	30.000	30.000	30.000	30.000	30.000	20.000	20.000	15.000
Total Bids (Billion Shs)	36.461	44.188	46.776	40.000	50.526	38.527	45.417	45.846	44.830	44.811	32.123	43.936	33.431	35.650	41.999	32.227	25.166
O/w Competitive	36.390	44.175	46.774	39.966	50.506	38.458	45.398	45.834	44.784	44.800	29.989	43.914	33.396	28.687	41.997	12.989	25.154
Over (Under) Subscription	16.461	14.188	16.776	10.000	20.526	8.527	10.417	10.846	24.830	14.811	2.123	13.936	3.431	5.650	21.999	12.227	10.166
Amount Sold (Face Value)	20.000	30.000	30.000	30.000	30.000	30.000	35.000	35.000	20.000	30.000	30.000	30.000	30.000	30.000	20.000	20.000	15.000
Amount Sold (Cost Price)	16.603	29.641	28.127	27.892	28.260	27.598	32.797	33.059	17.564	27.793	27.144	26.187	26.352	25.709	18.518	17.093	12.991
Cover Ratio %	182.305	147.292	155.920	133.336	168.419	128.422	129.764	130.989	224.149	149.370	107.077	146.380	111.437	111.833	210.000	161.135	167.773
Previous Cover Ratio %	…	182.305	147.292	155.920	133.336	168.419	128.422	129.764	…	224.149	149.370	107.077	146.380	111.437	…	210.000	…
WAP per Shs. 100	83.020	98.805	93.758	92.974	94.202	91.993	93.707	94.454	87.819	92.642	90.482	87.354	87.840	85.698	92.590	85.463	86.608
Previous WAP per Shs. 100	…	83.020	98.805	93.758	92.974	94.202	91.993	93.707	…	87.819	92.642	90.482	87.354	87.840	…	92.590	…
Yield to Maturity %	20.808	13.558	13.672	15.105	15.006	14.769	14.294	14.463	15.478	15.127	16.802	15.696	15.935	17.554	12.802	16.039	13.477
Previous Yield to Maturity %	…	20.808	13.558	13.672	15.105	15.006	14.769	14.294	…	15.478	15.127	16.802	15.696	15.935	…	12.802	…
Coupon Rate	10.000	10.000	10.000	10.000	10.000	10.000	10.000	10.000	10.250	10.250	10.250	10.250	10.250	10.250	10.750	10.750	11.000

Appendix 2: Monthly Change in Outstanding Loans and Advances of Commercial Banks
(Total of local and foreign Currency, billion Shs)

Period	Extensions	Recoveries	Net ext.	Cap interest	Repd cap int	Net Cap int	Net change
	1	2	3=1+2	4	5	6=4+5	7= 3+6
1999/2000	**404.75**	**(311.48)**	**93.27**	**30.58**	**(91.27)**	**(60.69)**	**32.58**
2000/2001	**852.28**	**(769.56)**	**82.71**	**40.98**	**(71.61)**	**(30.64)**	**52.08**
2001/2002	**928.31**	**(886.08)**	**42.23**	**27.01**	**(64.65)**	**(37.64)**	**4.59**
2002/2003							
Q1	**271.05**	**(255.55)**	**15.50**	**13.98**	**(15.89)**	**(1.91)**	**13.59**
Q2	**322.26**	**(228.74)**	**93.51**	**21.69**	**(17.52)**	**4.16**	**97.68**
Q3	**348.69**	**(284.65)**	**64.04**	**9.48**	**(9.18)**	**0.30**	**64.34**
Q4	**347.21**	**(351.54)**	**(4.33)**	**14.37**	**(6.83)**	**7.54**	**3.20**
2002/2003	**1,289.21**	**(1,120.48)**	**168.72**	**59.51**	**(49.42)**	**10.09**	**178.81**
2003/2004							
Q1	**343.22**	**(317.19)**	**26.03**	**25.07**	**(15.56)**	**9.51**	**35.54**
Q2	**367.62**	**(303.38)**	**64.24**	**25.63**	**(16.14)**	**9.49**	**73.73**
Half 1 2003/04	**710.84**	**(620.57)**	**90.27**	**50.70**	**(31.70)**	**19.00**	**109.27**
January 2004	128.99	(111.91)	17.08	5.76	(2.75)	3.01	20.10
February 2004	117.57	(126.30)	(8.73)	4.28	(2.09)	2.19	(6.54)
March 2004	135.08	(116.00)	19.09	5.12	(2.75)	2.37	21.45
Q3	**381.64**	**(354.20)**	**27.44**	**15.16**	**(7.59)**	**7.57**	**35.01**
April 2004	114.41	(112.39)	2.02	6.36	(3.56)	2.80	4.83
May 2004	118.06	(110.98)	7.08	7.72	(4.91)	2.81	9.90
June 2004	131.36	(150.01)	(18.65)	6.10	(4.22)	1.88	(16.78)
Q4	**363.83**	**(373.38)**	**(9.55)**	**20.19**	**(12.69)**	**7.50**	**(2.05)**
Half 2 2003/04	**951.15**	**(910.59)**	**40.56**	**40.48**	**(25.36)**	**15.11**	**55.67**
2003/2004	**1,456.31**	**(1,348.15)**	**108.17**	**86.05**	**(51.98)**	**34.06**	**142.23**
2004/2005							
July. 2004	124.95	(130.26)	(5.32)	10.16	(3.51)	6.65	1.33
August. 2004	101.95	(124.85)	(22.90)	11.22	(3.99)	7.23	(15.67)
September. 2004	142.95	(132.41)	10.55	14.42	(4.63)	9.79	20.34
Q1	**369.67**	**(387.52)**	**(17.85)**	**35.86**	**(12.23)**	**23.63**	**5.79**
October. 2004	137.94	(100.73)	37.20	11.83	(8.11)	3.72	40.92
November. 2004	129.20	(121.69)	7.50	10.06	(3.55)	6.50	14.01
December. 2004	186.12	(149.42)	36.70	13.82	(12.14)	1.67	38.38
Q1	**453.26**	**(371.85)**	**81.41**	**35.70**	**(23.80)**	**11.90**	**93.31**
Half 1 2004/05	**826.23**	**(761.82)**	**64.40**	**71.56**	**(36.03)**	**35.53**	**99.94**
January 2005	150.71	(134.33)	16.38	10.13	(8.80)	1.34	17.72
February 2005	133.78	(134.78)	(1.00)	9.21	(9.51)	(0.30)	(1.30)

Source: *Research Department, Bank of Uganda*

Appendix 3: Monthly Change in Outstanding Loans and Advances of Commercial Banks
(Shilling loans, billion Shs)

Period	Extensions	Recoveries	Net extensions	Cap interest	Repd cap int	Net Cap int	Net change
	1	2	3=1+2	4	5	6=4+5	7= 3+6
1999/2000	**309.57**	**(257.58)**	**51.99**	**21.91**	**(65.28)**	**(43.37)**	**8.62**
2000/2001	**602.42**	**(553.62)**	**48.80**	**32.75**	**(59.58)**	**(26.83)**	**21.97**
2001/2002	**698.57**	**(693.31)**	**5.26**	**22.65**	**(54.96)**	**(32.31)**	**(27.05)**
2002/2003							
Q1	**196.42**	**(181.95)**	**14.47**	**12.56**	**(13.18)**	**(0.62)**	**13.85**
Q2	**229.36**	**(172.61)**	**56.75**	**19.35**	**(15.86)**	**3.49**	**60.24**
Q3	**222.02**	**(183.05)**	**38.97**	**8.01**	**(8.44)**	**(0.43)**	**38.54**
Q4	**239.84**	**(215.38)**	**24.46**	**11.95**	**(5.63)**	**6.31**	**30.78**
2002/2003	**887.64**	**(753.00)**	**134.65**	**51.87**	**(43.11)**	**8.76**	**143.41**
2003/2004							
Q1	**234.28**	**(222.12)**	**12.16**	**22.96**	**(13.37)**	**9.59**	**21.75**
Q2	**270.88**	**(215.44)**	**55.44**	**22.61**	**(13.25)**	**9.36**	**64.80**
Half 1 2003/04	**505.16**	**(437.56)**	**67.61**	**45.57**	**(26.62)**	**18.95**	**86.55**
January 2004	86.09	(67.71)	18.39	5.01	(2.26)	2.74	21.13
February 2004	77.25	(87.94)	(10.69)	2.91	(1.67)	1.24	(9.45)
March 2004	85.48	(73.79)	11.69	4.50	(2.18)	2.32	14.01
Q3	**248.82**	**(229.44)**	**19.38**	**12.42**	**(6.11)**	**6.30**	**25.69**
April. 2004	80.28	(82.95)	(2.67)	5.32	(2.90)	2.42	(0.24)
May 2004	72.36	(65.17)	7.20	7.07	(4.39)	2.68	9.88
June 2004	78.06	(82.41)	(4.35)	5.11	(3.70)	1.41	(2.94)
Q4	**230.71**	**(230.53)**	**0.18**	**17.51**	**(10.99)**	**6.52**	**6.70**
Half 2 2003/2004	**479.53**	**(459.96)**	**19.56**	**29.92**	**(17.10)**	**12.82**	**32.38**
2003/2004	**984.69**	**(897.52)**	**87.17**	**75.49**	**(43.72)**	**31.77**	**118.94**
2004/2005							
July. 2004	91.22	(93.84)	(2.63)	8.46	(2.92)	5.53	2.91
August. 2004	75.68	(87.36)	(11.69)	8.85	(3.64)	5.20	(6.48)
September. 2004	92.67	(92.66)	0.02	12.54	(3.99)	8.55	8.57
Q1	**259.39**	**(273.87)**	**(14.47)**	**29.91**	**(10.65)**	**19.26**	**4.79**
October. 2004	89.31	(67.61)	21.70	10.55	(6.10)	4.45	26.15
November. 2004	77.37	(79.62)	(2.25)	8.62	(2.50)	6.11	3.87
December. 2004	116.94	(99.04)	17.89	8.50	(11.60)	(3.10)	14.79
Q1	**283.62**	**(246.27)**	**37.35**	**27.66**	**(20.20)**	**7.46**	**44.81**
Half 1 2004/05	**543.79**	**(520.22)**	**23.58**	**57.57**	**(30.85)**	**26.72**	**50.30**
January 2005	92.63	(76.73)	15.90	5.72	(8.15)	(2.44)	13.46
February 2005	71.72	(73.70)	(1.98)	5.00	(9.15)	(4.15)	(6.12)

Source: *Research Department, Bank of Uganda*

Appendix 4: Monthly Change in outstanding loans and advances of Commercial banks (Foreign Currency, billion Shs)

Period	Extensions	Recoveries	Net extensions	Cap interest	Repd cap int	Net Cap int	Net change
	1	2	3=1+2	4	5	6=4+5	7= 3+6
1999/2000	**95.19**	**(54.30)**	**40.89**	**8.71**	**(26.04)**	**(17.33)**	**23.55**
2000/2001	**249.86**	**(215.95)**	**33.91**	**8.23**	**(12.03)**	**(3.80)**	**30.11**
2001/2002	**229.74**	**(192.77)**	**36.97**	**4.36**	**(9.69)**	**(5.33)**	**31.64**
2002/2003							
Q1	**74.63**	**(73.60)**	**1.03**	**1.42**	**(2.71)**	**(1.29)**	**(0.27)**
Q2	**92.90**	**(56.13)**	**36.77**	**2.34**	**(1.67)**	**0.67**	**37.44**
Q3	**126.67**	**(101.60)**	**25.07**	**1.47**	**(0.74)**	**0.73**	**25.80**
Q4	**107.36**	**(136.16)**	**(28.80)**	**2.42**	**(1.19)**	**1.22**	**(27.57)**
2002/2003	**401.56**	**(367.49)**	**34.07**	**7.65**	**(6.31)**	**1.33**	**35.41**
2003/2004							
Q1	**108.93**	**(95.06)**	**13.87**	**2.11**	**(2.19)**	**(0.08)**	**13.79**
Q2	**96.74**	**(87.95)**	**8.8**	**3.03**	**(2.90)**	**0.13**	**8.93**
Half 1 2003/04	**205.68**	**(183.01)**	**22.67**	**5.13**	**(5.08)**	**0.05**	**22.72**
January 2004	42.90	(44.20)	(1.30)	0.75	(0.49)	0.27	(1.03)
Feb. 2004	40.32	(38.36)	1.96	1.37	(0.42)	0.95	2.91
Mar. 2004	49.60	(42.21)	7.40	0.62	(0.57)	0.05	7.44
Q3	**132.82**	**(124.76)**	**8.06**	**2.74**	**(1.47)**	**1.26**	**9.32**
April 2004	34.13	(29.44)	4.69	1.04	(0.67)	0.38	5.07
May 2004	45.70	(45.81)	(0.11)	0.65	(0.52)	0.13	0.02
June 2004	53.30	(67.60)	(14.30)	0.99	(0.52)	0.47	(13.83)
Q4	**133.13**	**(142.85)**	**(9.73)**	**2.68**	**(1.70)**	**0.98**	**(8.75)**
Half 2 2003/04	**265.95**	**(267.62)**	**(1.67)**	**5.42**	**(3.18)**	**2.24**	**0.57**
2003/2004	**471.62**	**(450.63)**	**21.00**	**10.55**	**(8.26)**	**2.29**	**23.29**
2004/2005							
July 2004	33.73	(36.42)	(2.69)	1.70	(0.59)	1.11	(1.58)
August 2004	26.27	(37.49)	(11.22)	2.37	(0.34)	2.03	(9.19)
September 2004	50.28	(39.75)	10.53	1.88	(0.64)	1.24	11.77
Q1	**110.28**	**(113.66)**	**(3.37)**	**5.95**	**(1.57)**	**4.37**	**1.00**
October 2004	48.63	(33.13)	15.51	1.28	(2.01)	(0.73)	14.78
November 2004	51.82	(42.08)	9.75	1.44	(1.05)	0.39	10.14
December 2004	69.19	(50.38)	18.81	5.32	(0.55)	4.77	23.58
Q1	**169.64**	**(125.58)**	**44.06**	**8.04**	**(3.60)**	**4.44**	**48.50**
Half 1 2004/05	**282.43**	**(241.61)**	**40.83**	**13.99**	**(5.18)**	**8.81**	**49.64**
January 2005	58.08	(57.60)	0.48	4.42	(0.64)	3.77	4.26
February	62.06	(61.08)	0.97	4.21	(0.36)	3.85	4.82

Source: Research Department, Bank of Uganda

Appendix 5: Mid Exchange Rate in the IFEM, Spreads, Commercial Banks' Purchases and Sales.

Date	Mid rate UGX/US$	Spread UGX	Purchases Million US$	Sales Million US$
01-Feb-05	1714.14	11.51	8.71	9.61
02-Feb-05	1713.68	12.16	11.02	6.75
03-Feb-05	1711.88	12.22	9.96	15.17
04-Feb-05	1709.50	11.96	8.96	10.46
07-Feb-05	1708.64	14.44	8.96	6.21
08-Feb-05	1715.27	13.15	9.65	8.09
09-Feb-05	1720.69	10.81	8.06	5.96
10-Feb-05	1727.51	10.67	8.26	6.81
11-Feb-05	1728.49	10.70	10.91	10.49
14-Feb-05	1718.14	12.31	8.05	8.24
15-Feb-05	1712.60	11.49	9.07	10.41
16-Feb-05	1711.35	11.06	8.81	9.18
17-Feb-05	1714.44	9.51	10.94	6.57
18-Feb-05	1710.56	9.64	7.91	10.35
21-Feb-05	1705.59	10.50	11.04	10.18
22-Feb-05	1704.17	11.87	9.32	10.40
23-Feb-05	1701.21	13.20	8.22	9.61
24-Feb-05	1693.17	17.45	6.41	5.95
25-Feb-05	1699.74	14.54	9.21	12.92
28-Feb-05	1700.61	14.09	13.39	13.38
01-Mar-05	1704.36	12.57	12.78	12.44
02-Mar-05	1709.26	10.90	9.92	8.95
03-Mar-05	1711.58	10.37	7.17	6.04
04-Mar-05	1708.24	10.61	4.95	12.76
07-Mar-05	1703.95	11.87	10.75	6.74
09-Mar-05	1705.79	11.94	6.98	10.00
10-Mar-05	1703.83	11.82	8.45	7.29
11-Mar-05	1702.64	11.60	9.61	8.84
14-Mar-05	1702.13	11.15	8.23	10.97
15-Mar-05	1704.44	12.23	8.19	6.32
16-Mar-05	1708.59	12.57	8.61	6.86
17-Mar-05	1707.74	11.47	5.71	9.74
18-Mar-05	1709.01	11.54	7.21	11.01
21-Mar-05	1710.09	10.98	7.44	9.53
22-Mar-05	1712.47	11.28	8.42	8.01
23-Mar-05	1712.85	11.91	7.85	7.56
24-Mar-05	1713.36	11.78	8.86	6.49
29-Mar-05	1720.09	13.85	10.61	11.93
30-Mar-05	1731.86	14.55	9.68	5.67
31-Mar-05	1742.46	13.71	8.43	13.29

Appendix 6:EXPORTS OF MERCHANDISE (in millions of US$)

	Sep 04	Oct 04	Nov 04	Dec 04	Jan 05	Feb 05	Mar 05
Total Exports	**50.97**	**51.38**	**56.14**	**67.18**	**62.61**	**62.38**	**13.93**
1. Coffee							
Gross coffee shipment, million (60-Kg) bags	0.16	0.19	0.18	0.24	0.21	0.21	0.20
Av. unit value	0.71	0.74	0.76	0.88	0.90	0.96	1.19
Value of total shipment (BOP)	6.94	8.25	8.30	12.37	11.40	12.39	13.93
2. Non-Coffee exports	**44.04**	**43.13**	**47.84**	**54.81**	**51.21**	**49.99**	
Electricity	0.87	1.19	0.75	0.88	1.02	0.91	
Gold	2.99	2.83	7.86	9.75	2.27	1.31	
Cotton	1.20	0.26	0.06	0.74	4.30	6.88	
Tea	2.85	3.29	3.27	4.02	2.96	3.05	
Tobacco	4.45	1.99	2.72	3.32	4.23	6.04	
Fish & its prod.(excl. regional)	9.06	9.81	9.40	9.88	10.34	8.59	
Fish & its prod.(regional exports)	2.99	3.24	3.10	3.26	3.41	2.84	
Hides & skins	0.43	0.32	0.50	0.43	0.67	0.54	
Simsim	-	-	0.02	-	0.19	0.36	
Maize	1.40	1.28	0.24	0.56	1.73	2.81	
Beans	0.45	0.26	0.03	0.26	0.63	0.57	
Flowers	2.32	2.35	2.37	2.15	2.11	2.15	
Oil re-exports	2.58	2.57	3.08	2.60	2.98	0.85	
Cobalt	1.73	1.17	0.53	1.66	1.03	1.96	
Others	10.73	12.60	13.90	15.31	13.33	11.12	

Source: Bank of Uganda

/1. February 2005 values are highly provisional

Appendix 7:IMPORTS OF MERCHANDISE (in millions of US$)

	Sep	Oct	Nov	Dec	Jan	Feb
Total	**132.0**	**129.4**	**135.5**	**140.4**	**135.8**	**117.7**
Government	**13.8**	**16.6**	**21.8**	**17.3**	**11.7**	**11.9**
	13.4	12.8	17.5	14.1	8.72	6.06
Non-	0.39	3.73	4.36	3.24	3.06	5.90
Private Sector	**118.2**	**112.8**	**113.6**	**123.1**	**124.0**	**105.7**
Oil	12.2	12.9	11.8	12.8	12.5	15.7
Non-oil	106.0	99.9	101.7	110.2	111.4	90.0

Source: Bank of Uganda

Note: All import figures are reported at f.o.b value.

/1. February 2005 values are highly