



MONTHLY ECONOMIC REVIEW

**APRIL
2006**

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EXECUTIVE SUMMARY

Monetary Policy Stance and Actions

Monetary policy remained focused on containing inflation at low and stable levels. To achieve this, BOU's monetary policy operations ensured 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, 2006 suggests that:

- In the four weeks to March 31, 2006, total Treasury bill issues of Shs149.73 billion (at cost) nearly matched treasury bill maturities of Shs149.08 billion leading to a net withdrawal of liquidity of Shs0.65 billion, compared to the net withdrawal of Shs21.78 billion observed in the previous four-week period to February 28, 2006.
- In a continuous effort to promote the development of financial markets alongside the conduct of monetary policy, Bank of Uganda issued a new 3-year bond on March 09, 2006 with a face value of Shs30.00 billion.
- On the short-term liquidity management front, gross issues of the REPO instrument, whose maturities ranged from 2 to 62 days, amounted to Shs193.90 billion during this period, against maturities of Shs207.18 billion. This is compared to issues and maturities of Shs276.00 billion and Shs222.20 billion, respectively over the preceding period ended February 28, 2006. By March 31, 2006, the outstanding stock of REPOs was Shs76.72 billion.
- In line with developments in the Treasury bill market, the Rediscount Rate and Bank Rate declined from 13.35 percent and 14.35 percent, by end February 2006, to 13.27 percent and 14.27 percent, respectively by March 31, 2006.

Inflation Developments

- The annual headline inflation rate rose to 7.9 percent during the year ending March 2006, up from 6.4 percent (revised) recorded in February 2006. Though increases were recorded in all the different CPI groups, the rise in food prices exerted the most upward pressure on annual headline inflation during the year ended March 2006.
- The annual underlying inflation remained stable at 5.1 percent, similar to the level recorded during the year ending February 2006. The slower pace of increases in goods prices coupled with steady increase in services prices led to the stability in annual underlying inflation. Goods inflation fell marginally to 4.9 percent from 5.0 percent, while services inflation remained stable at 5.4 percent.
- The annual food crop inflation increased to 16.9 percent in March 2006, up from 11.2 percent recorded in the year ended February 2006. Similarly, the monthly food crop inflation edged up to 10.3 percent from -0.3 percent in February 2006.
- Despite the increase in inflation mainly driven by food prices, the recent rains are expected to ease inflationary pressures in the coming months.

Real Sector Developments

- Trading activity at the Uganda Securities Exchange (USE) soared during February 2006 compared to January 2006. Total turnover grew by UgShs3.8 billion, with an increase of 2.2 million in the number of shares traded in February 2006 compared to January 2006. The boost in performance at the USE in February was attributed to a new listing of Jubilee Holdings Limited (JHL) bringing the number of listed equities to eight (8) on the Uganda Stock Exchange. JHL is a Kenyan-based Insurance Company and is now the third cross-listed company on the USE. There was also a special trade worth UgShs2.8 billion that took

place on the Uganda Clays Limited (UCL) counter. A special trade is one that involves an amount exceeding 15 percent of the subject counter's market capitalisation.

- The value of assets leased usually recovers in the month of March after dropping in January and February. In March, the value of assets disbursed increased by 0.6 percent to Ushs1.19 billion from Ushs1.18 billion recorded for February 2006. Manufacturing, Trade and Commerce, Agricultural, and Transport sectors Contributed 25 percent, 24.5 percent, 7 percent and 6.1 percent respectively.
- UMEME Limited purchases of electricity from Uganda Electricity Transmission Company Limited (UETCL) dropped by 3.7 percent in January 2006 and by 24.7 percent in February 2006. Consumption of electricity similarly dropped by 46.3 percent and 22.1 percent in January and February 2006, respectively.
- The all Items' index of Industrial Production rose by 15.9 percent in December 2005. This was mainly on account of increased production of soft drinks, cement and laundry soap, which grew by 97 percent, 44.8 percent and 13.8 percent, respectively.

Domestic Securities and Money Market Developments

- In line with the monetary policy objectives and financial markets development, Bank of Uganda issued a new 3-year bond on March 09, 2006. The Shs30.00 billion issue was over subscribed by Shs14.90 billion and realized a cover ratio of 149.66 percent. At a weighted average price of 92.22 per Shs100, the resultant yield for the 10.25 percent coupon bond was 13.49 percent, compared to 14.00 percent for the 3-year bond that was reopened on conversion on February 17, 2006. This auction brought the total outstanding stock of treasury bonds to Shs685.51 billion by end of March 2006. 3-year and 5-year bond coupon payments totaling to Shs5.68 billion were effected during the month.
- All issues in the market so far are listed on the Uganda Securities Exchange.
- The four week-period average indicative bid/offer yields-to-maturity in the secondary market were quoted at 13.23/13.00, 14.83/14.58, 15.38/15.13, and 15.74/15.48 percent for the 2-year, 3-year, 5-year, and 10-year bond tenors, respectively. This is compared to the respective average yields-to-maturity of 13.30/13.07, 14.99/14.74, 15.44/15.19, and 15.83/15.56 percent, in the previous four-week period ended February 28, 2006. Within the month of March 2006, Shs0.01 billion, and Shs0.47 billion were traded in the 3-year, and 2-year bonds at respective average yields-to-maturity of 13.50 percent, and 14.28 percent.
- Three Treasury bill auctions with offers of Shs55.00 billion each were held in the month of March 2006 and all exhibited pockets of under subscriptions. The respective weighted annualized yields on the 91-day, 182-day, and 364-day bills stood at 7.64, 8.75, and 10.27 percent for the auction of March 29, 2006. This compares to rates of 7.59, 8.82, and 9.89 percent, for the 91-day, 182-day, and 364-day bills respectively, recorded in the auction held on February 15, 2006. The average discount rates on Treasury bills in March 2006 were lower than those registered in March 2005 which ranged between 8.16 percent and 10.81 percent.
- The average bid/offer yields-to-maturity in the secondary market for Treasury bills for the 91-day and the 182-day papers decreased to 7.64/7.37, and 8.79/8.52 percent in March 2006 compared to 7.67/7.41, and 8.83/8.59 percent in February 2006, respectively. On the other hand the 364-day paper rate rose to 9.95/9.67 from 9.88/9.59 percent, over the same time period.
- In the four weeks ended March 31, 2006, total secondary market trades of treasury bills amounted to Shs22.48 billion. This was higher than the Shs18.69 billion for the four weeks ended February 28, 2006. The average discount rates on these trades for the 91, 182, and 364-days securities were 9.18, 8.80, and 8.92 percent, respectively. The yield curve, based on

the monthly average indicative yield-to-maturity bid and offer quotations in the secondary market, remained gently upward sloping throughout the maturity profile.

- Total volume of transactions in the domestic inter-bank money market (i.e. transactions of less than 30 days in tenor) for the four weeks ended March 31, 2006 increased to Shs247.7 billion at a weighted average rate of 6.99 percent compared to transactions worth Shs220.1 billion at a weighted average rate of 6.92 percent recorded in February 2006. Transactions between domestic banks and foreign entities¹ in the money market amounted to Shs6.1 billion, at an average rate of 8.5 percent compared to Shs2.80 billion at 6.80 percent. All the commercial banks participated in the inter bank market during the four weeks.
- Information on the commercial banks' effective lending and deposit rates is available up to February 2006. There was a decline in the effective lending rate on the shilling denominated loans from 19.74 percent in January to 19.18 percent in February 2006. In the same period, the effective lending rate on the dollar denominated loans marginally increased from 8.73 percent to 8.91 percent.
- There was stability in the weighted rates on shilling denominated demand and saving deposits marginally declining from 1.13 percent to 1.11 percent for demand deposits and stable but rose from 1.94 percent to 1.95 percent in the month under review. The time denominated deposit rates declined from 9.59 percent to 8.29 percent in February 2006. The dollar denominated demand and time deposits rates rose from 8.73 percent and 4.07 percent to 8.91 percent and 4.64 percent respectively while the saving deposit rates were stable at 1.45 percent as reposted last month.

Developments in Monetary and Financial Aggregates

These developments cover both the banking system and the non-bank financial institutions for the period ending February 2006.

- During February 2006, Broad Money M3, which comprises currency in circulation plus all private deposits, expanded by 0.74 percent to Shs3127.43 billion. This represents accelerated growth of M3 compared to a rise of 0.09 percent registered in January 2005. Relative to June 2005, M3 grew by 11.25 percent at end-February 2005.
- M2A, comprising of M3 less foreign currency deposits of the private sector increased by 0.93 percent in February 2006, compared to a 0.58 percent decline registered in January 2005. M2A has grown by 13.26 percent from June 2005.
- Net Foreign Assets (NFA) of the banking system declined by 0.87 percent to Shs3,043.25 billion. In particular, NFA at BOU rose by 0.24 percent to Shs2,584.33 billion. At commercial banks NFA declined by 6.68 percent to Shs458.92 billion. Foreign reserves at BOU expanded by an equivalent of Shs6.04 billion, compared to a growth of Shs136.74 billion in the previous month.
- The government's net position with the banking system (NCG) as at end-February 2006 was a saving of Shs87.91 billion, compared to a saving of Shs129.36 billion at the end of January 2006. This represents an increase in NCG of Shs41.45 billion. At BOU, net claims on government rose by Shs8.03 billion over the month, on account of increased advances to Government of Shs42.89 billion, which more than offset a rise in Government deposits of Shs34.86 billion. At commercial banks, net claims on Government rose by Shs33.4 billion, on account of increased investment in Government securities by commercial banks of Shs38.96 billion, which more than offset a rise in Government deposits of Shs5.53 billion
- The stock of outstanding credit to the private sector by the banking sector stood at Shs1,308.45 billion, of which Shs20.35 billion was from BOU and Shs1,288.10 billion was

¹ A distinction is made between the inter-bank market in which only domestic commercial banks participate and the money market where foreign banks also carry out transactions.

from commercial banks. This represents a slight decrease of 0.02 percent during the month of February 2006. In comparison, during January 2006, PSC increased by 1.50 percent

- Total (shilling and foreign currency) gross extensions by commercial banks amounted to Shs180.39 billion; while recoveries were Shs155.15 billion resulting in net extensions of Shs25.24 billion. After accounting for flows in capitalized interest, there was an increase in the stock of credit of about Shs25.79 billion.
- On the liabilities side, foreign currency accounts at commercial banks grew by an equivalent of Shs0.58 billion to Shs683.46 billion in February 2006. In US dollars, foreign currency accounts fell by US\$ 0.62 million to US\$374.5 million². Demand deposits fell by 0.97 percent to Shs930.61 billion, while term deposits (time, savings and CDs) grew by 2.65 percent to Shs792.92 billion. Currency in circulation (CIC) rose by 1.56 percent to Shs718.46 billion.
- Reflecting these developments, the ratio of foreign currency deposits to M3 dipped to 21.9 percent at end-February 2006 from 22.0 percent end-January 2005. The ratio of CIC to M3 rose to 23.0 percent from 22.8 percent, and that of demand deposits to fell to 29.8 percent from 30.3 percent, while that of term deposits to M3 rose to 25.4 percent from 24.9 percent.
- In the month of February 2006, the total assets of the Credit Institutions (CIs) increased marginally by 0.1 percent to Shs212.95 billion from Shs212.69 billion at the end of January 2006. On the other hand the stock of the outstanding loans and advances to the private sector increased marginally by 2.7 percent to Shs133.54 billion as at end-February 2006.

Developments in the Foreign Exchange Market:

- The Uganda shilling depreciated during the month of March 2006 relative to the previous month of February 2006. The average mid-rate depreciated by 0.3 percent in March compared to an appreciation of 0.2 percent in February 2006. However, the currency ended the month at Shs1823.5 compared to the February close of shs.1824.8 per US Dollar.
- Bank of Uganda (BOU) continued the daily sales of foreign exchange for sterilization of excess liquidity and conducted intervention operations in the foreign exchange market during March 2006 to the tune of US Dollar 10.7 million.

Fiscal Developments:

- During the month of February 2006, total revenue and budget support grant receipts (excluding project grants) was estimated at Shs196.78 billion, Shs94.92 billion (32.5 percent) lower than the revenue recorded in January 2006.
- Total domestic revenue collected in February 2006 was estimated at Shs159.39 billion with URA collections contributing 98.3 percent. The URA revenue collections were lower than in the previous month and the programmed target for the month of February by Shs11.76 billion and Shs17.51 billion, respectively. The preliminary outturn for non-URA revenue collections for February 2006 was estimated at Shs2.78 billion, lower than the program figure of Shs4.67 billion, but higher than the January 2006 collection of Shs1.22 billion.
- Receipts from budget support grants are estimated at Shs37.39 billion during February 2006, compared to Shs8.12 billion higher than Shs29.27 billion programmed for February 2006, and to Shs22.11 billion realised in January 2006.

² The end period mid exchange rate is used to value forex items.

- In February 2006, government expenditure and net lending increased by 10.4 percent to Shs271.44 billion mainly attributed to an increase of 85.9 percent in development expenditure. In February 2006, current expenditure increased marginally to Shs212.84 billion, from Shs212.38 billion in the previous month mainly on account of increases in Non-PAF expenditures. The outturn for total government expenditure, however, was also contained below the programmed level during the month of February 2006.
- The overall fiscal balance for February 2006 was a deficit of Shs74.66 billion compared to a surplus of Shs45.90 billion recorded in January 2006. Excluding grants, the deficit worsened to Shs12.05 billion, which compares with a deficit of Shs76.21 realised in January 2006. Net domestic financing and net external financing amounted to Shs94.29 billion and Shs-19.63 billion, respectively.

Balance of Payments Developments:

- In February 2006, the current account balance was estimated at a deficit of US\$26.7 million, while the capital and financial account was estimated at a surplus of US\$25.9 million. As a result, the overall balance was estimated at a deficit of US\$0.8 million.
- Total export earnings increased over the last month, amounting to US\$72.5 million in February 2006. Coffee exports in the month of February 2006 accounted for 22.2 percent of the total export.
- The import bill (fob) was estimated at US\$166.4 million during February 2006 compared to US\$168.1million³, which was recorded for the month of January 2006.
- Official aid (excluding project aid but including resources from the HIPC Initiative) inflows amounted to about US\$21.1 million. Private sector transfer inflows exceeded outflows by US\$84.1 million in February 2006, and services and income outflows exceeded inflows by about US\$46.5 million.
- Official debt service was estimated at US\$16.8 million for the month of February 2006.
- Official foreign reserves (including valuation changes) were estimated at US\$1415.5 million in February 2006, equivalent to 6.5 future months of imports of goods and services.

³ Effective May 2004, import values are reported f.o.b.

A MONETARY POLICY STANCE AND ACTIONS

Bank of Uganda (BOU)'s monetary policy is focused on containing inflation at low and stable levels. However, operations of its instruments are cautiously undertaken in order 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 smooth out unexpected liquidity developments in the short run. This is in addition to adjustments in the pricing of the liquidity providing windows at the BOU i.e. 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. BOU only intervenes in the inter-bank foreign exchange market (IFEM) to curb instability.

In the four weeks to March 31, 2006, total treasury bill issues of Shs149.73 billion (at cost) nearly matched treasury bill maturities of Shs149.08 billion leading to a net withdrawal of liquidity of Shs0.65 billion, compared to the net withdrawal of Shs21.78 billion observed in the previous four-week period to February 28, 2006. In a continuous effort to promote the development of financial markets alongside the conduct of monetary policy, Bank of Uganda issued a new 3-year bond on March 09, 2006 with a face value of Shs30.00 billion. On the short-term liquidity management front, gross issues of the REPO instrument, whose maturities ranged from 2 to 62 days, amounted to Shs193.90 billion during this period, against maturities of Shs207.18 billion. This is compared to issues and maturities of Shs276.00 billion and Shs222.20 billion, respectively over the preceding period ended February 28, 2006. By March 31, 2006, the outstanding stock of repos was Shs76.72 billion.

B DOMESTIC PRICE DEVELOPMENTS

The annual headline inflation rate⁴ rose to 7.9 percent during the year ending March 2006, up from 6.4 percent (revised⁵) recorded in February 2006. Though increases were recorded in all the different CPI groups, the rise in food prices exerted the most upward pressure on annual headline inflation during the year ended March 06.

The annual food⁶ inflation rose to 11.7 percent from 8.3 percent in February 2006, mainly due to seasonal factors as the stock of food from the previous season continued to decline and exports to the neighboring countries rose. In this regard, prices of food items including staples, fruits, vegetables, fish, cereals and sugar were higher in March 2006 compared to their price levels a year ago. The beverages and tobacco inflation rose to 2.9 percent from 2.4 percent following an increase in the average price of local brew. The household and personal goods inflation rose to 3.7 percent (up from 2.4 percent recorded in February 2006) driven by an increase in the average price of dry cells among others. Continuous power outages have partly led to increased demand for dry cells as consumers tended to shift to dry cells as an alternative source of energy for radios and light in torches, while the transport and communication inflation rose to 13.5 percent from 12.6 percent in February 2006 as a result of an increase in the costs of lubrication service. Groups that experienced disinflation included clothing and footwear which fell to 1.4 percent in March 2006 from 2.5 percent; rent, fuel and utilities which fell from 5.9 percent to 5.1 percent; and the health, education, and entertainment inflation which eased marginally to 3.6 percent from 3.9 percent.

On a monthly basis, headline inflation increased to 2.8 percent, up from 0.5 percent in the previous month. The increases observed in the prices of food, lubrication services, and household and personal goods overwhelmed the declines registered in prices of other goods and services.

⁴ Inflation is the percentage change in the Consumer Price Index compared with the same month (or previous month) one year (month) previously.

⁵ Revised by inclusion of education charges for term 1.

⁶ Food group comprises of the entire basket of food crops and other food items e.g. manufactured food goods – margarine, cooking oil, etc.

The annual underlying inflation remained stable at 5.1 percent compared to the level recorded at end February 2006. The slower pace of increase in goods prices coupled with a steady increase in services prices induced some stability in annual underlying inflation. Goods inflation fell marginally to 4.9 percent from 5.0 percent, while services inflation remained stable at 5.4 percent.

The monthly underlying inflation fell to 0.3 percent in March 2006 from 0.6 percent (revised) as recorded in February 2006. Goods prices rose by 0.5 percent in March 2006, while services prices declined by 0.1 percent over the same period.

The annual food crop inflation⁷ increased to 16.9 percent in March 2006, up from 11.2 percent recorded in the year ended February 2006. Similarly, the monthly food crop inflation edged up to 10.3 percent from -0.3 percent in February 2006.

Despite the increase in inflation driven mainly by food prices, the recent rains are expected to help ease inflationary pressures in the coming months.

The above inflationary developments for the month of March 2006 are depicted in tables 1 and 2, and charts 1 and 2 below.

Table1: Inflation Developments across different Groups: January 2006-March 2006

Groups	Weights	Annual Changes (%)			Monthly Changes (%)		
		Jan-06	Feb-06	Mar-06	Jan-06	Feb-06	Mar-06
Food	45.2	6.6	8.3	11.7	2.4	0.1	6.3
Beverages & Tobacco	8.6	5.7	2.4	2.9	3.9	-2.3	0.0
Clothing & Footwear	5.5	4.2	2.5	1.4	1.1	-0.5	-0.6
Rent, Fuel & Utilities	14.1	6.6	5.9	5.1	-0.1	1.5	-0.9
Household & Personal goods	5.3	0.1	2.4	3.7	1.1	1.8	2.4
Transport & Communication	6.7	12.6	12.6	13.5	-0.4	0.3	0.3
Health, Educ & Entertainment	14.6	5.3	3.9	3.6	0.1	1.7	-0.3

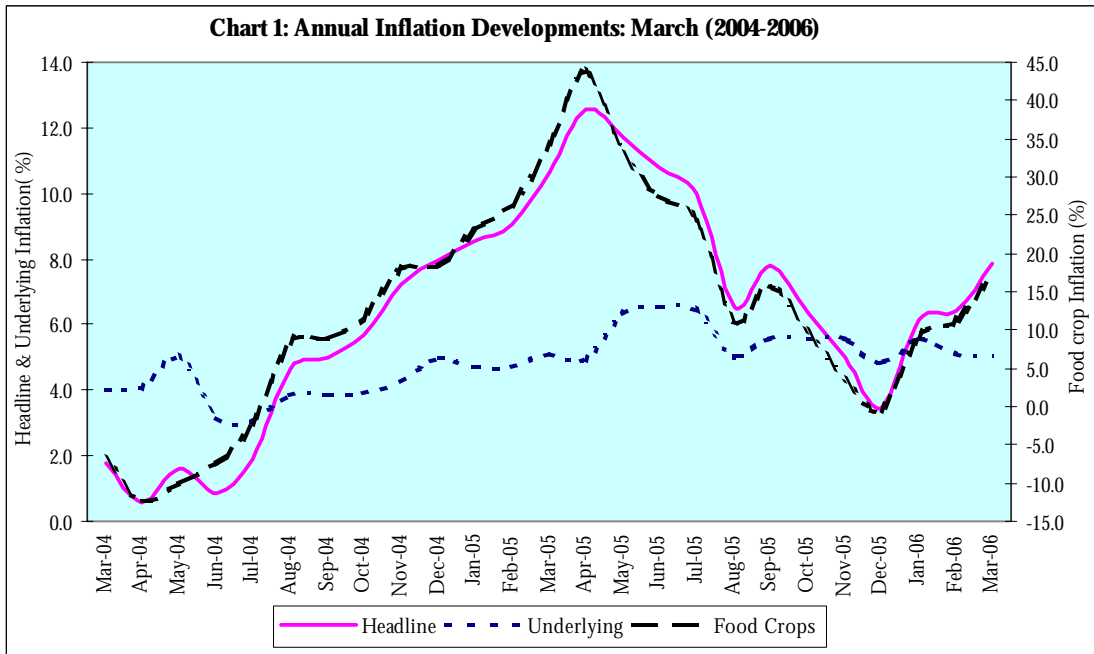
Source: Computed from Uganda Bureau of Statistics data

Table 2. Developments in Inflation by different measures: January 2006-March 2006

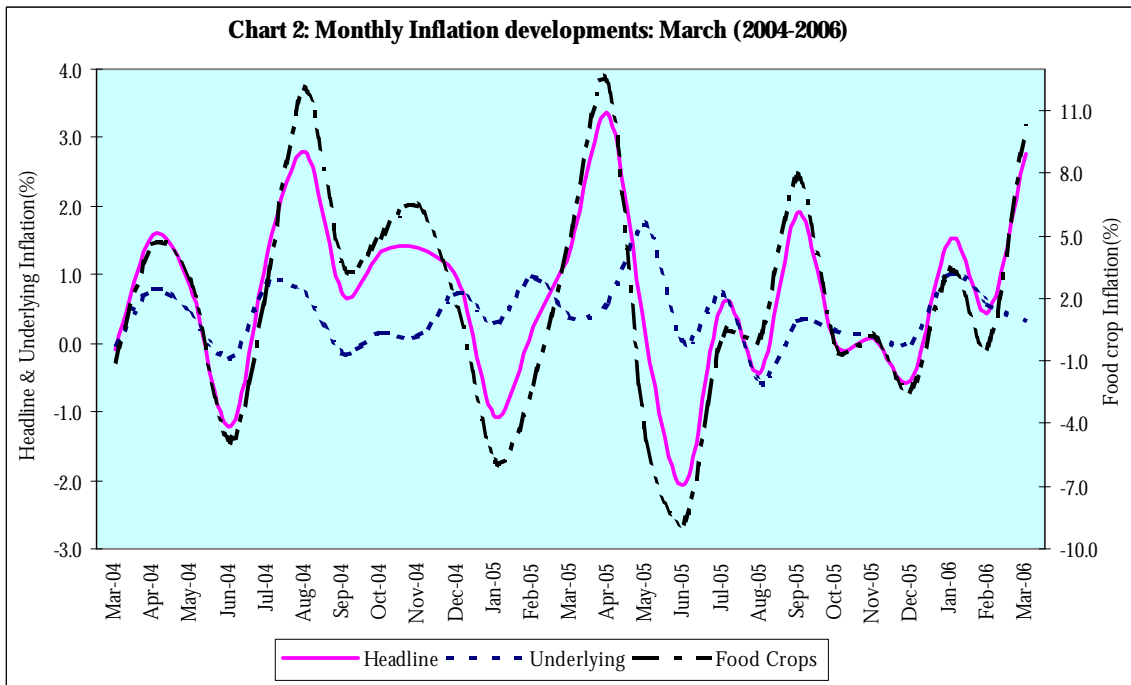
Period	Headline Inflation (%)		Underlying Inflation (%)		Food Crops Inflation (%)	
	Monthly	Annual	Monthly	Annual	Monthly	Annual
January 2006	1.5	6.2	1.0	5.6	3.3	9.1
February 2006	0.5	6.4	0.6	5.1	-0.3	11.2
March 2006	2.8	7.9	0.3	5.1	10.3	16.9

Source: Uganda Bureau of Statistics

⁷ Food crops refer specifically to grown food crop items that are typically sold fresh in the markets.



Source: Uganda Bureau of Statistics



Source: Uganda Bureau of Statistics

C REAL SECTOR DEVELOPMENTS

This section highlights developments in the Finance, Energy and Manufacturing sectors, using the latest available data on: activity at the Uganda Securities Exchange (USE), Leasing, Consumption of electricity and the index of industrial production for the period February to March 2006.

1.0 Finance Sector

1.1 Uganda Securities Exchange (USE)

In February 2006, another equity was listed on the Uganda Stock exchange bringing the number of listed equities to eight (8). Jubilee Holdings Limited (JHL) was listed on the USE on February 14th, 2006. JHL is a Kenyan-based Insurance Company and is now the third cross-listed company on the USE.

Trading activity at the Uganda Securities Exchange (USE) soared during February 2006 compared to January 2006. Total turnover grew by Ug.Shs3.8 billion, with an increase of 2.2 million in the number of shares traded in February 2006 compared to January 2006. The boost in performance at the USE in February was attributed to the listing of JHL and a special trade worth Ug.Shs2.8 billion that took place on the Uganda Clays Limited (UCL) counter on the February 9th 2006. A special trade is one that involves an amount exceeding 15 percent of the subject counter's market capitalisation.

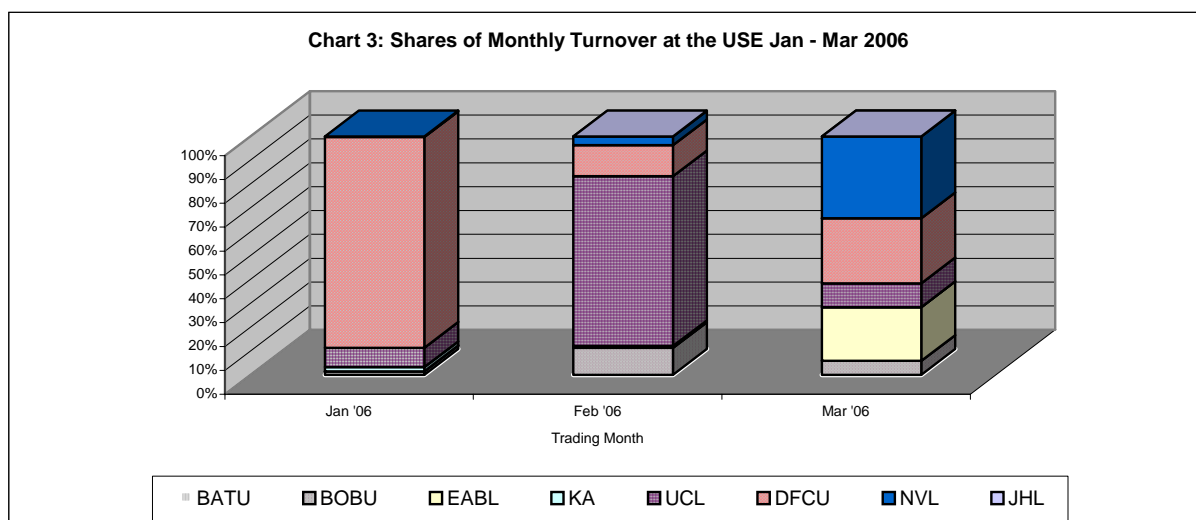
In March 2006 USE registered a turnover of Ug.Shs111 million for 0.2 million shares. The New Vision Limited (NVL) counter registered the largest share of activity in the period under review. The all share index dropped by 0.5 percent to 721.3 from a level of 724.6 recorded for February 2006. Market capitalisation dropped by 0.4 percent over the same period.

Prices at the USE on April 06, 2006, stood at Ug.Shs735, Ug.Shs855, Ug.Shs450, Ug.Shs3,430, Ug.Shs2,321, Ug.Shs2,631, Ug.Shs315 and Ug.Shs22,500 at the BATU, BOBU, DFCU, EABL, JHL, KA, NVL and UCL counters respectively, while the All Share index stood at 744.96.

Table 3: Trading at the Uganda Securities Exchange: November 2005 – March 2006

	Nov '05	Dec '05	Jan '05	Feb '06	Mar '06
Trading Days	8	7	7	7	8
Total Turnover	49,689,300	1,642,613,880	160,738,440	3,997,014,605	111,009,465
No. Shares	85,284	3,900,643	345,013	2,541,654	198,212
Market Capitalization (Billion Shs, E.O.P)	3,376.87	3,375.00	3,510.57	3,617.15	3,603.37
All Share Index	689.03	693.11	691.25	724.64	721.29

Source: Uganda Securities Exchange



1.2 Leasing Activities

The value of assets disbursed in March 2006 increased by 0.6 percent to Ushs1.19 billion from Ushs1.18 billion recorded for February 2006.

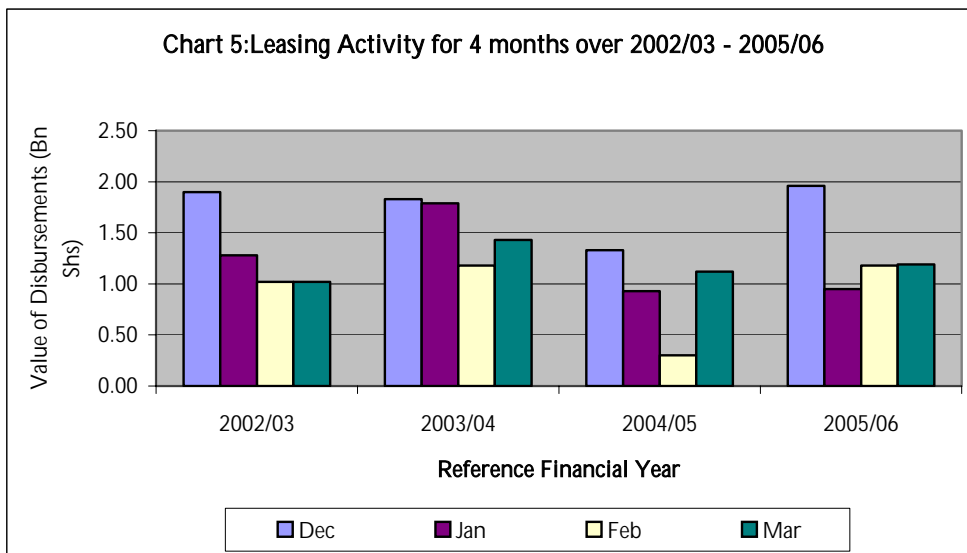
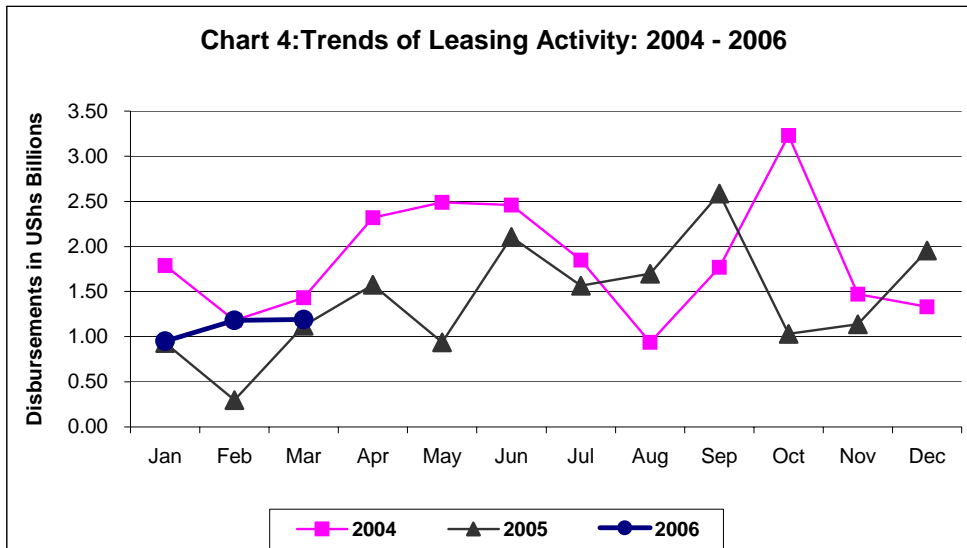
The Manufacturing sector recorded the largest share of assets disbursed (25%) in March 2006 followed closely by Trade and Commerce with a share of 24.5 percent. The Agricultural sector pulled 7 percent from a share of 1.7 percent in February 2006. The Transport sector, which is usually on top, pulled a share of 6.1 percent in March 2006.

As has often been observed in the past and as shown in Chart 5, the value of assets leased recovers in the month on March after dropping in January and February. From the same Chart 5, this trend was followed in the first three months of 2006 apart from February 2006 when the amount disbursed went against the trend observed in the past.

Table 4: Sectoral Distribution of Assets Leased in Million Shillings: December 2005 – March 2006

Sector	Dec '05	% Share	Jan '06	% Share	Feb '06	% Share	Mar '06	% Share
A. Transport	940.1	48.1	169.1	17.8	119.2	10.1	192.0	16.1
Commerce & Trade	462.2	23.6	219.8	23.1	514.4	43.5	291.5	24.5
Mining & Construction	43.0	2.2	-	-	-	-	-	-
Tourism	-	-	-	-	-	-	-	-
Health	111.7	5.7	21.4	2.3	3.3	0.3	34.3	2.9
Agriculture	25.3	1.3	0.0	0.000	19.6	1.7	83.0	7.0
Manufacturing	69.9	3.6	467.4	49.2	244.1	20.6	297.3	25.0
Education	40.3	2.1	21.8	2.3	153.3	13.0	208.0	17.5
Banking	133.1	6.8	3.6	0.4	1.6	0.1	-	0.0
Other Services	129.6	6.6	47.6	5.0	127.6	10.8	84.6	7.1
TOTAL	1,955.2	100%	950.7	100.0	1,183.1	100.0	1,190.7	100.0

Source: DFCU leasing



Source: DFCU Leasing

2.0 Energy Sector

2.1 Electricity Consumption

This report covers electricity consumption as reported by UMEME Limited. Updates are currently available to the end of February 2006.

The number of live customers rose by 0.8 percent in January 2006 but dropped by 0.3 percent in February 2006. Over the same period, net disconnections rose by 4.5 percent before dropping by 1.2 percent.

UMEME Limited purchases of electricity from Uganda Electricity Transmission Company Limited (UETCL) dropped by 3.7 percent in January 2006 and by 24.7 percent in February 2006. Consumption of electricity similarly dropped by 46.3 percent and 22.1 percent in January and February 2006, respectively.

Table 5a: Energy Consumption by Tariff Category in Giga Watt Hours (GWH): November 2005 – February 2006.

Number of Live Customers:				
	Nov-05	Dec-05	Jan-06	Feb-06
Domestic	261,331	263,262	268,943	268,047
Commercial	27,665	27,838	24,511	24,435
Industrial	819	813	926	927
Street Lighting	322	324	341	336
Total	290,137	292,237	294,721	293,745
Consumption in GWH:				
	Nov-05	Dec-05	Jan-06	Feb-06
Domestic	33.41	53.48	31.54	24.56
Commercial	13.23	21.38	11.31	8.80
Industrial	65.37	94.61	48.28	37.59
Street Lighting	0.11	0.26	0.06	0.05
Total	112.12	169.73	91.19	71.00
Purchases in GWH:				
	Nov-05	Dec-05	Jan-06	Feb-06
UMEME purchases from UETCL	146.60	149.42	143.90	108.40
Disconnection/Reconnections:				
	Nov-05	Dec-05	Jan-06	Feb-06
Disconnections	33,646	29,853	30,024	28,613
Reconnections	11,505	11,561	10,918	9,744
Net Disconnections	22,141	18,292	19,106	18,869

Source: UMEME Limited

Table 5b:

Number of Live Customers: Month-month Changes			
	Dec-05	Jan-06	Feb-06
Domestic	0.7	2.2	-0.3
Commercial	0.6	-12.0	-0.3
Industrial	-0.7	13.9	0.1
Street Lighting	0.6	5.2	-1.5
Total	0.7	0.8	-0.3
Consumption in GWH: Month-month Changes			
	Dec-05	Jan-06	Feb-06
Domestic	60.1	-41.0	-22.1
Commercial	61.6	-47.1	-22.2
Industrial	44.7	-49.0	-22.1
Street Lighting	136.4	-76.9	-16.7
Total	51.4	-46.3	-22.1
Purchases in GWH: Month-month Changes			
	Dec-05	Jan-06	Feb-06
UMEME purchases from UETCL	1.9	-3.7	-24.7
Disconnection/Reconnections: Month-month Changes			
	Dec-05	Jan-06	Feb-06
Disconnections	-11.3	0.6	-4.7
Reconnections	0.5	-5.6	-10.8
Net Disconnections	-17.4	4.5	-1.2

Source: UMEME Limited

3.0 Manufacturing Sector

3.1 Index of Industrial Production

Updated data is currently available for the period ending December 2005.

The All Items' index rose by 15.9 percent in December 2005. This was mainly on account of increased production of soft drinks, cement and laundry soap, which grew by 97 percent, 44.8 percent and 13.8 percent, respectively. The growth in production of these items, particularly soft drinks is mainly attributed to the festive season. Beer production also recorded a positive growth of 2.8 percent in December 2006.

In the preceding months, the All Items' index had dropped by 0.4 percent in October 2005 and then risen by 0.5 percent in November 2005 before the marked increase by 15.9 percent in December 2005.

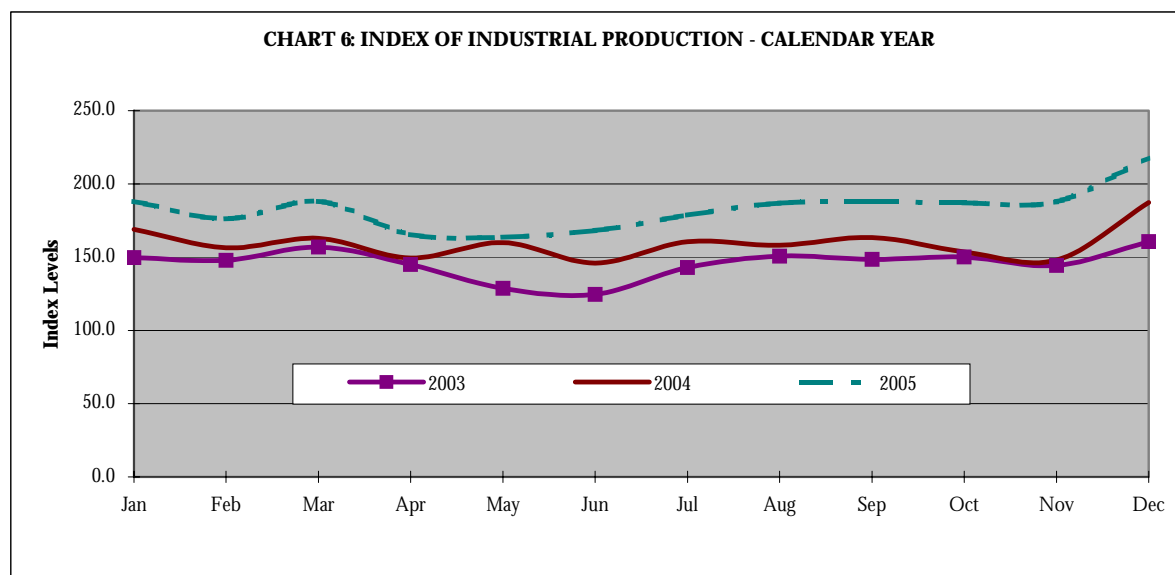
Production of metal products has recorded negative growths since September 2005 while similar trends were observed in the production of cigarettes and textiles in November and December 2005.

Table 6 below shows the monthly production and percentage changes of major manufactured Commodities for the period September – December 2005.

Table 6: Monthly Production and Percentage Changes of Major Manufactured Commodities (July – Sept 2005)

Commodity	Unit	Production Quantity				Percentage Change			
		Sept	Oct	Nov	Dec	Sept	Oct	Nov	Dec
All Items						0.8	(0.4)	0.5	15.9
Sugar	Tonnes	164	18,771	18,980	17,442	(3.2)	14.2	1.1	(8.1)
Beer	Crates (12.5 lts)	9,429	940,626	1,005,147	1,032,876	1.2	(0.2)	6.9	2.8
Soft Drinks	Crates (7.2 lts)	18,699	1,756,888	1,881,238	3,706,004	14.5	(6.0)	7.1	97.0
Cigarettes	Million Sticks	1,112	143,850	138,900	131,303	29.7	29.4	(3.4)	(5.5)
Textiles	'000 Sq Metres	12	1,113	1,079	1,071	(6.3)	(8.9)	(3.1)	(0.8)
Cement	Tonnes	652	55,635	50,341	72,652	19.2	(14.7)	(9.5)	44.3
Soap	Cartons (20 Kg)	385,337	363,556	390,144	443,819	(10.7)	(5.7)	7.3	13.8
Edible Oil	Litres	44,572	4,643,839	4,511,211	4,064,951	3.3	4.2	(2.9)	(9.9)
Metal	Tonnes	7,961	7,773	7,157	6,685	(10.7)	(2.4)	(7.9)	(6.6)

II. Source: Uganda Bureau of Statistics (UBOS)



D DEVELOPMENTS IN THE DOMESTIC SECURITIES AND MONEY MARKET

Primary Market for Treasury Bonds

In line with the monetary policy objectives and financial markets development, Bank of Uganda issued a new 3-year bond on March 09, 2006. The Shs30.00 billion issue was over subscribed by Shs14.90 billion and realized a cover ratio of 149.66 percent. At a weighted average price of 92.22 per Shs100, the resultant yield for the 10.25 percent coupon bond was 13.49 percent, compared to 14.00 percent for the 3-year bond that was reopened on conversion on February 17, 2006. This auction brought the total outstanding stock of treasury bonds to Shs685.51 billion by end of March 2006. 3-year and 5-year bond coupon payments totaling to Shs5.68 billion were effected during the month. Table 7 below shows details of the most recent Treasury bond issues (*full details on all issues in*

the market so far are available on request). All issues in the market so far are listed on the Uganda Securities Exchange.

Table 7: Summary of Government Treasury bond Issues as at March 31, 2006
(In Billions of Uganda Shillings, unless otherwise stated)

Tenure/Issue date →	2 Year Re-opened on conversion Feb 17-06	3 Year Re-opened on conversion Feb 17-06	3 Year New Issue Mar 09-06	5 Year Re-opened Oct 20-05	10 Year New Issue May 19-04
Maturity Date	Jan 10-08	Feb 05-09	Mar 05-09	Mar 19-09	May 08-14
Offers	35.000	7.900	30.000	20.000	15.000
Total Bids	45.829	7.900	44.898	42.776	25.166
O/w Competitive	-	-	44.881	42.765	25.154
Over (Under) Subscription	10.829	-	14.898	22.776	10.166
Amount Sold (Face Value)	35.129	8.281	30.000	20.000	15.000
Amount Sold (Cost Price)	33.618	7.215	27.667	17.888	12.991
Cover Ratio %	130.940	100.000	149.660	213.880	167.773
Previous Cover Ratio %	189.556	234.320	100.000	161.135	...
WAP per Shs. 100	100.373	104.952	92.222	89.438	86.608
Previous WAP per Shs. 100	95.130	91.113	104.952	85.463	...
Yield to Maturity %	13.000	14.000	13.488	15.124	13.477
Previous Yield to Maturity %	12.838	13.978	14.000	16.039	...
Coupon Rate	10.000	10.250	10.250	10.750	11.000

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 13.23/13.00, 14.83/14.58, 15.38/15.13, and 15.74/15.48 percent for the 2-year, 3-year, 5-year, and 10-year bond tenors, respectively. This is compared to the respective average yields-to-maturity of 13.30/13.07, 14.99/14.74, 15.44/15.19, and 15.83/15.56 percent, in the previous four-week period ended February 28, 2006 (See Table 8). Within the month of March 2006, Shs0.01 billion, and Shs0.47 billion were traded in the 3-year, and 2-year bonds at respective average yields-to-maturity of 13.50 percent, and 14.28 percent.

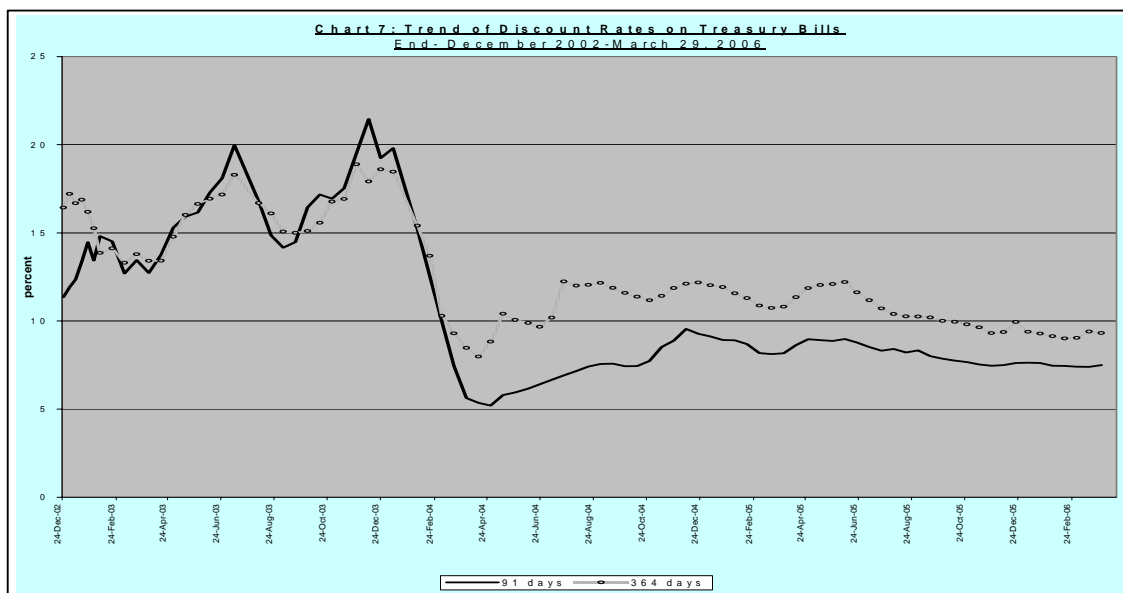
Table 8: Bid/Offer Rates and Transactions in the Secondary Market for Treasury bonds over the four week-period to March 31, 2006

	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	12.75	12.50	13.40	13.15	14.85	14.65	15.00	14.75
Max	13.90	13.65	15.30	15.05	16.00	15.75	16.50	16.25
Average	13.23	13.00	14.83	14.58	15.38	15.13	15.74	15.48

Source: Compiled from Domestic Financial Markets Department records

Source: Research Department - Bank of Uganda

Primary Market for Treasury bills



Source: Research Department-Bank of Uganda

Three Treasury bill auctions with offers of Shs55.00 billion each were held in the month of March 2006 and all exhibited pockets of under subscriptions. The respective weighted annualized yields on the 91-day, 182-day, and 364-day bills stood at 7.55, 8.78, and 9.94 percent for the auction of March 01, 2006, at 7.54, 8.75, and 10.37 percent for the auction of March 15, 2006, and at 7.64, 8.75, and 10.27 percent for the auction of March 29, 2006. This compares to rates of 7.59, 8.82, and 9.89 percent, for the 91-day, 182-day, and 364-day bills respectively, recorded in the auction held on February 15, 2006 (see Chart 7 above). The average discount rates on Treasury bills in March 2006 were lower than those registered in March 2005 which ranged between 8.16 percent and 10.81 percent.

Secondary Market for Treasury bills

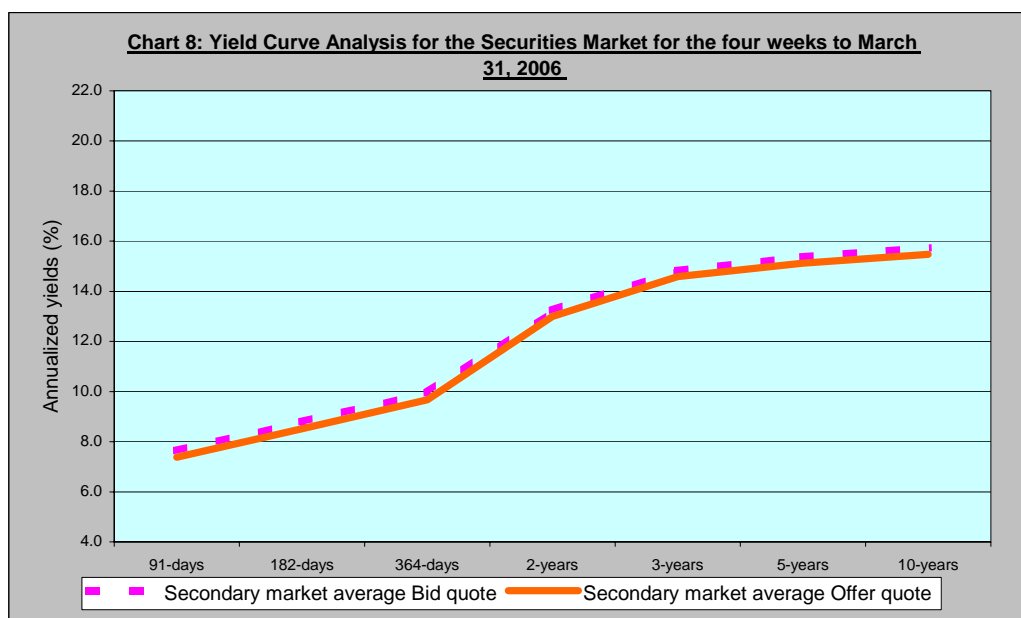
The average bid/offer yields-to-maturity in the secondary market for Treasury bills for the 91-day and the 182-day papers decreased to 7.64/7.37, and 8.79/8.52 percent in March 2006 compared to 7.67/7.41, and 8.83/8.59 percent in February 2006, respectively. On the other hand the 364-day paper rate rose to 9.95/9.67 from 9.88/9.59 percent, over the same time period.

Table 9: Bid/Offer Rates and Transactions in the Secondary Market for Treasury bills over the four-week period to March 31, 2006

	Tenor of bills					
	91-days		182-days		364-days	
	Yield-to-Maturity quotation (percent)					
	Bid	Offer	Bid	Offer	Bid	Offer
Min	7.47	7.21	8.62	8.35	9.61	9.27
Max	7.69	7.43	8.85	5.58	10.79	10.78
Average	7.64	7.37	8.79	8.52	9.95	9.67
	Trading Activity					
Transactions (Shs billion)	4.130		13.352		5.000	
O/w Horizontal REPOs	-		-		-	
- Av. H/REPOs rate	-		-		-	
O/w- Outright sales	4.130		13.352		5.000	
Total trades across maturities	Shs22.482 billion					
- Av Discount rate	9.18 percent		8.80 percent		8.92 percent	
- Av Yield to maturity	9.46 percent		9.16 percent		9.46 percent	
Rediscounts at BOU	-					
Borrowing at BOU	-					

Source: Research Department-Bank of Uganda

In the four weeks ended March 31, 2006, total secondary market trades of treasury bills amounted to Shs 22.48 billion. This was higher than the Shs 18.69 billion for the four weeks ended February 28, 2006. The average discount rates on these trades for the 91, 182, and 364-days securities were 9.18, 8.80, and 8.92 percent, respectively. The yield curve, based on the monthly average indicative yield-to-maturity bid and offer quotations in the secondary market, remained gently upward sloping throughout the maturity profile. (See Chart 8).



Source: Research Department-Bank of Uganda

i) Domestic Inter-bank market

Total volume of transactions in the domestic inter-bank money market (i.e. transactions of less than 30 days in tenor) for the four weeks ended March 31, 2006 increased to Shs247.7 billion at a weighted average rate of 6.99 percent compared to transactions worth Shs220.1 billion at a weighted average rate of 6.92 percent recorded in February 2006. The 7-day transactions were the most dominant recording 39 transactions as shown in table 10 below. The over night transactions amounted to Shs39.7 billion or 16.0 percent of total transactions at a weighted average rate of 5.75 percent. Transactions between domestic banks and foreign entities⁸ in the money market amounted to Shs6.1 billion, at an average rate of 8.5 percent compared to Shs2.80 billion at 6.80 percent. All the commercial banks participated in the inter bank market during the four weeks.

Table 10: Summary of inter bank money market activity

Tenor	Month of February 2006			Month Of March 2006		
	No. of transactions	Amount (Shs bn)	Weighted Rate	No. of transactions	Amount (Shs bn)	Weighted Rate
Overnight	27	63.0	7.03	21	39.70	5.75
2 days	14	18.0	6.54	9	13.30	7.39
3 days	17	26.3	6.51	28	45.30	6.35
4 days	21	26.8	6.71	16	21.65	6.75
5 days	5	4.5	6.83	11	14.30	8.11
6 days	13	13.7	6.54	16	21.30	6.85
1 week	29	49.6	7.14	39	70.70	7.75
> 1 week	13	18.2	7.46	15	21.40	7.47
Total	139	220.1	6.92	155	247.65	6.99

Source: Research Department-B.O.U

⁸ A distinction is made between the inter-bank market in which only domestic commercial banks participate and the money market where foreign banks also carry out transactions.

vi) **Commercial Bank's Prime and Retail Interest Rates**

The weighted industrial prime-lending rate was stable at 18.69 percent in February as was reported in January 2006. 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 11 below summarizes these developments.

Table 11: Trends of the Prime Lending Rates During March 2006
(Figures are end-period)

Prime Lending Rate (%)	Mar 03, 2006	Mar 09, 2006	Mar 17, 2006	Mar 24, 2006	Mar 31, 2006
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 0-7.0 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 four (4) and eight (8), respectively.

Information on the commercial banks' effective lending and deposit rates is available up to February 2006. As portrayed in Table 12, there was a decline in the effective lending rate on the shilling denominated loans from 19.74 percent in January to 19.18 percent in February 2006. In the same period, the effective lending rate on the dollar denominated loans increased from 8.73 percent to 8.91 percent.

Table 12: Commercial Banks' Lending and Deposit Rates (Percent)

Weighted Average rates	Shilling Denominated				Foreign Currency Denominated			
	Nov 2005	Dec 2005	Jan 2005	Feb 2006	Nov 2005	Dec 2005	Jan 2006	Feb 2006
Lending	18.79	19.37	19.74	19.18	8.13	7.15	8.73	8.91
Demand Deposits	1.17	1.18	1.13	1.11	1.03	1.03	1.20	1.10
Savings Deposits	1.88	1.92	1.94	1.95	1.45	1.45	1.45	1.45
Time Deposits	9.18	7.85	9.59	8.29	3.70	3.51	4.07	4.64

Source: Research Department-B.O.U

There was stability in the weighted rates on shilling denominated demand and saving deposits marginally declining from 1.13 percent to 1.11 percent for demand deposits and stable but rose from 1.94 percent to 1.95 percent for the saving deposits in the month under review. The shilling denominated time deposit rates declined from 9.59 percent to 8.29 percent in February 2006. The dollar denominated demand and time deposits rates rose from 8.73 percent and 4.07 percent to 8.91 percent and 4.64 percent respectively while the saving deposit rates were stable at 1.45 percent as reported last month.

E MONETARY AGGREGATES AND FINANCIAL SECTOR AGGREGATES

(i) Banking Activities

Broad Money

During February 2006, Broad Money M3, which comprises currency in circulation plus all private deposits, expanded by 0.74 percent to Shs3127.43 billion. This represents accelerated growth of M3 compared to a rise of 0.09 percent registered in January 2005. Relative to June 2005, M3 grew by 11.25 percent at end-February 2005.

M2A, comprising of M3 less foreign currency deposits of the private sector increased by 0.93 percent in February 2006, compared to the 0.58 percent decline registered in January 2005. M2A has grown by 13.26 percent from June 2005. Developments in money supply are shown in Table 13 below.

Net Foreign Assets (NFA)

Over the month under review, the NFA of the banking system declined by 0.87 percent or Shs26.64 billion to Shs3,043.25 billion. In particular, NFA at BOU rose by 0.24 percent or Shs16.2 billion to Shs2,584.33 billion. At commercial banks NFA declined by 6.68 percent or Shs32.85 billion to Shs458.92 billion. Foreign reserves at BOU expanded by an equivalent of Shs6.04 billion, compared to a growth of Shs136.74 billion in the previous month.

Net Claims on Government (NCG)

The government's net position with the banking system (NCG) as at end-February 2006 was a saving of Shs87.91 billion, compared to a saving of Shs129.36 billion at the end of January 2006 (Table 13). This represents an increase in NCG of Shs41.45 billion. At BOU, net claims on government rose by Shs8.03 billion over the month, on account of increased advances to Government of Shs42.89 billion, which more than offset a rise in Government deposits of Shs34.86 billion. At commercial banks, net claims on Government rose by Shs33.4 billion in February 2006, on account of increased investment in Government securities by commercial banks of Shs38.96 billion, which more than offset a rise in Government deposits of Shs5.53 billion

Table 13: Developments in Monetary and Credit Aggregates (June 05 – February 06)

<i>(in billion shillings unless otherwise stated)</i>	Jun 2005	Sept. 2005	Oct. 2005	Nov. 2005	Dec. 2005	Jan. 2006	Feb. 2006
Net Foreign Assets (NFA)	2,648.0	2,632.7	2,601.1	2,481.6	2,723.9	3,069.9	3043.3
Domestic Credit	982.0	1,279.6	1,277.0	1,407.1	1,257.8	1,193.8	1235.0
Net Credit to Government (NCG)	(176.3)	18.0	-9.9	79.5	(47.1)	(129.4)	-87.9
Claims on the Private Sector	1,150.2	1,259.7	1,268.7	1,302.0	1,289.3	1,308.7	1308.4
M3	2,811.1	2,905.5	2,923.9	3,018.2	3,101.5	3,104.4	3127.4
Forex deposits	653.3	679.3	684.2	679.2	665.8	682.9	683.5
M2A	2,157.9	2,226.1	2,239.8	2,339.0	2,435.7	2,421.5	2444.0
Demand Deposits	860.1	863.9	876.0	910.6	896.3	939.7	930.6
Term Deposits	692.7	743.8	746.7	780.0	829.1	774.4	794.9
Currency	605.1	618.5	617.0	648.4	710.2	707.4	718.5
Ratio to M3 (Percent)							
Forex	23.2	23.4	23.4	22.5	21.5	22.0	21.9
Demand Deposits	30.6	29.7	30.0	30.2	28.9	30.3	29.8
Term Deposits	24.6	25.6	25.5	25.8	26.7	24.9	25.4
Currency	21.5	21.3	21.1	21.5	22.9	22.8	23.0

Private Sector Credit (PSC)

At end-February 2006, the stock of outstanding credit to the private sector by the banking sector stood at Shs1,308.45 billion (Table 13), of which Shs20.35 billion was from BOU and Shs1,288.10 billion was from commercial banks. This represents a slight decrease of 0.02 percent or Shs0.23 billion during the month of February 2006. In comparison, during January 2006, PSC increased by 1.50 percent or Shs19.36 billion.

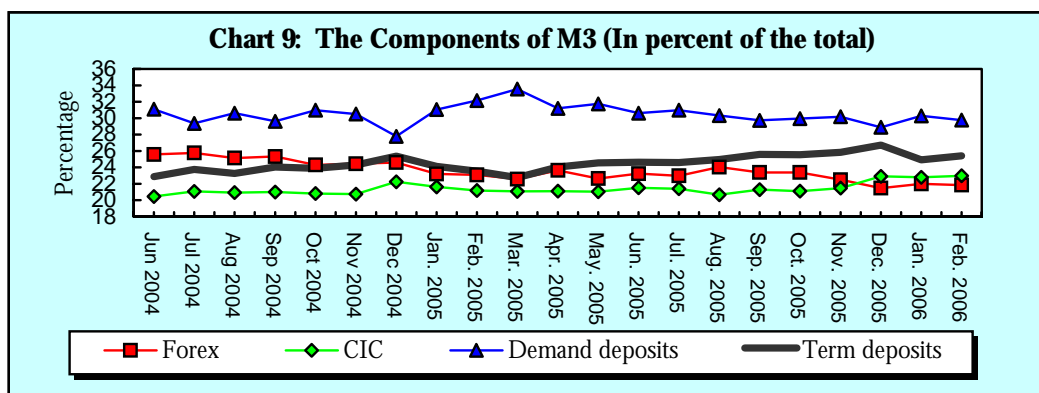
Credit Flows

During February 2006, the total (shilling and foreign currency) gross extensions by commercial banks amounted to Shs180.39 billion, while recoveries were Shs155.15 billion resulting in net extensions of Shs25.24 billion. After accounting for flows in capitalized interest, there was an increase in the stock of credit of about Shs25.79 billion (see Appendix 2a). During the month, commercial banks extended shilling denominated loans amounting to Shs96.9 billion and recovered Shs101.09 billion, thus net recoveries were Shs4.19 billion. Net re-capitalized interest stood at Shs-0.29 billion. Thus, there was a net decline in the stock of shilling loans to the non-bank public of Shs4.48 billion (see Appendix 2b). For foreign currency loans, gross extensions stood at Shs83.49 billion, while recoveries were lower at Shs54.07 billion, yielding net extensions of Shs29.43 billion. After taking into account effects of capitalized interest, the stock of foreign currency loans recorded a net rise of Shs30.27 billion (See Appendix 2c).

Appendixes 2a-2c summarize the evolution of the monthly change in outstanding loans and advances of commercial banks from July 2004 to February 2006.

Liabilities of the Banking System

On the liabilities side, foreign currency accounts at commercial banks grew by an equivalent of Shs0.58 billion to Shs683.46 billion in February 2006. In US dollars, foreign currency accounts fell by US\$0.62 million to US\$374.5 million⁹. Demand deposits fell by 0.97 percent or Shs9.07 billion to Shs930.61 billion, while term deposits (time, savings and CDs) grew by 2.65 percent to Shs792.92 billion as at end-February 2006. Currency in circulation (CIC) rose by 1.56 percent or Shs11.06 billion to Shs718.46 billion. Reflecting these developments, the ratio of foreign currency deposits to M3 dipped to 21.9 percent at end-February 2006 from 22.0 percent end-January 2005. The ratio of CIC to M3 rose to 23.0 percent from 22.8 percent and that of demand deposits fell to 29.8 percent from 30.3 percent, while that of term deposits rose to 25.4 percent from 24.9 percent. The trends of the ratios are shown in Chart 9 below and Table 13 above.



⁹ The end period mid exchange rate is used to value forex items.

(ii) Non-Bank Financial Institutions (NBFIs) Activities

(a) Credit Institutions¹⁰

Assets

In the month of February 2006, the total assets of the Credit Institutions (CIs) increased marginally by 0.1 percent to Shs212.95 billion from Shs212.69 billion at the end of January 2006 (Table 14). This is lower than an increase of 2.0 percent observed over the same period a year ago. The increase in assets during February 2006 was mainly on account of a 19.4 percent rise in cash in vaults.

Loans and advances

The stock of the outstanding loans and advances to the private sector increased marginally by 2.7 percent to Shs133.54 billion as at end-February 2006. Mortgage loans, which accounted for 59.1 percent of total loans, increased by 2.9 percent to Shs78.97 billion while secured and unsecured loans increased by 4.6 percent to Shs35.30 billion at the end of February 2006. Administered loans decreased by 1.1 percent to Shs19.28 billion. The building and construction sector accounted for the largest share (73.7 percent) of the total CIs advances as at end-February 2006 while the trade and commerce sector accounted for the second largest share of 15.7 percent.

Deposits

In February 2006, private sector deposits¹¹ in the CIs increased from Shs96.51 billion to Shs96.67 billion. Specifically, time deposits increased by 1.1 percent to Shs31.13 billion, while savings deposits decreased by 0.3 percent to Shs65.54 billion. Agency funds (funds collected on behalf of government from the beneficiaries of the government's pool house sale scheme) increased by 0.9 percent to Shs33.53 billion over the same period.

Table 14: Developments in the Activities of Credit Institutions (Shs Billion)

	Oct 2005	Nov 2005	Dec 2005	Jan 2006	Feb 2006
Total Assets	212.28	212.85	213.68	212.69	212.95
O/w Loans and advances	129.97	129.79	129.81	129.99	133.54
Secured & unsecured	32.68	31.25	29.77	33.76	35.30
Mortgage	73.26	74.25	75.79	76.74	78.97
Administered	24.02	24.32	24.25	19.49	19.28
Other ^c	82.31	83.06	83.87	82.70	79.41
Total Liabilities	212.28	212.85	213.83	212.69	212.95
O/w Deposits Liabilities ^a	132.71	132.26	131.28	130.82	131.21
Savings	63.98	64.66	66.39	65.70	65.54
Time	34.10	33.45	30.95	30.81	31.13
Agency Funds	32.50	32.54	32.88	33.23	33.53
Other ^b	79.57	80.59	82.55	81.87	81.74

Source: CIs monthly reports to BOU

a/ Includes accrued interest

b/ Includes balances due to commercial banks, administered funds, other liabilities, provisions, capital, and Profit/loss.

c/ Includes investments, balances with banks, cash, fixed assets, net due from own offices in Uganda for items in transit and other assets

¹⁰ Covers 7 credit institutions.

¹¹ This excludes Agency Funds

(b) Micro finance Deposit-Taking Institutions (MDIs)¹²

In October 2005, the number of MDIs increased from three to four licensed institutions and submission of returns to Bank of Uganda from the new institution followed effectively in the same month. The developments to February 2006 are summarized in Table 15.

Assets

In the month of February 2006, the total assets held by MDIs stood at Shs100.27 billion, representing a decrease of Shs0.63 billion (or 0.6 percent) from Shs100.90 billion in January 2006. Net loans outstanding, which accounted for the largest share at 60.4 percent of total assets, also decreased by Shs1.00 billion (or 1.6 percent) from Shs61.54 billion to Shs.60.54 billion.

Loans and advances

The stock of the outstanding loans to the private sector amounted to Shs63.69 billion down from Shs64.17 billion in January 2006. Allowances for loan losses (general and specific) amounted to Shs3.16 billion, representing an increase of 20.0 percent from Shs2.63 billion in January 2006.

Liabilities

Deposits

In February 2006, deposit liabilities in the MDIs amounted to Shs15.42 billion, of which Time and Savings deposits were Shs0.46 and Shs14.67 billion, respectively. This was an increase of Shs0.37 billion from Shs15.05 billion in January 2006.

Borrowing

Total Borrowings of the MDIs decreased further from Shs30.34 billion to Shs29.56 billion. Specifically, borrowings-short term (Market rate) decreased by 3.0 percent to Shs14.24 billion while borrowings-long term debt (Market rate) decreased by 2.2 percent to Shs15.32 billion. Loan insurance funds also decreased by 0.7 percent from Shs15.17 billion to Shs15.31 billion recorded in February 2006.

¹² Covers 4 Institutions

Table 15: Developments in the Activities of Micro finance Deposit-Taking Institutions (Shs Billion)

	Oct 2005	Nov 2005	Dec 2005	Jan 2006	Feb 2006
Total Assets	105.49	104.48	103.69	100.90	100.27
O/w Net Loans outstanding ^a	61.45	62.81	63.16	61.54	60.54
Notes & Coins	2.13	1.96	2.29	2.49	2.86
Balances with financial institutions in Uganda	13.47	11.42	12.92	11.17	11.20
Investments in Securities	13.85	13.96	11.45	11.55	11.60
Net Fixed Assets	7.90	7.97	8.01	8.18	8.35
Other Assets	5.47	5.42	5.27	5.42	5.28
Total Liabilities & Equity	105.49	104.48	103.69	100.90	100.27
Total Liabilities	81.39	80.37	72.43	70.01	69.33
O/w Deposit Liabilities	14.55	14.80	15.48	15.05	15.42
Savings	13.95	14.19	14.95	14.26	14.67
Time	0.26	0.29	0.32	0.56	0.46
Accrued Interest	0.34	0.32	0.21	0.23	0.29
Loans insurance funds	14.64	15.26	15.17	15.42	15.31
Borrowings	43.76	41.38	32.71	30.34	29.56
Other Liabilities	7.47	7.96	4.60	7.45	7.23
Grants/Deferred Income	0.76	0.75	1.01	0.97	0.94
Total Equity	17.45	18.61	18.57	18.20	18.25
Year to date profit/loss	1.15	1.16	1.12	(13.39)	0.10
Subordinated Debt	3.51	3.51	9.79	9.79	9.79
Preference shares	2.00	2.00	2.90	2.90	2.90
<i>Source: MDIs monthly reports to BOU</i>					
<i>a/ Excludes allowances for loan losses</i>					

F EXCHANGE RATE AND FOREIGN EXCHANGE MARKET

The Uganda shilling registered a depreciation trend in March 2006. The shilling depreciated by 0.3 percent, gaining Shs5.1 against the US dollar in March 2006, compared to an appreciation of 0.2 percent in February 2006. The average mid-rate was Shs1,820.9 per US dollar in March compared to Shs1,815.8 per US dollar in February 2006. The end-month mid-rate was Shs1,823.5 on March 31, 2006 compared to Shs1,824.8 per US dollar on February 28, 2006. The monthly average spread declined from Shs11.6 in February 2006 to Shs9.8 in March 2006. The depreciation of the shilling during this period was mainly due to a measured firming of corporate demand amidst stable inflows. The above developments are shown in charts 10, 11 and appendix 3

Commercial banks' daily retail sales averaged US\$10.4 million in March 2006 close to US\$10.3 million in February 2006; while daily purchases averaged US\$9.5 million in March compared to US\$9.9 in February 2006. Similarly, banks purchased a total of US\$180.4 million in March compared to US\$168.8 purchased in February 2006; while they sold US\$197.6 million in March compared to US\$175.7 million in February 2006. Inter-bank trading declined from US\$101.7 million in February to US\$65.9 million in March 2006. Daily inter-bank trading averaged US\$3.5 million in March compared to an average US\$6.0 in February 2006.

BOU continued with the daily sales of US\$0.3 million to the IFEM for liquidity sterilization purposes amounting to US\$5.7 million during the month under review. In addition, BOU intervened by selling US\$5.0 to the IFEM. Consequently, BOU sold US\$10.7 million on a net basis during the period under review, compared to sales of US\$4.2 million in February 2006. BOU will continue monitoring developments in the IFEM and stand ready to intervene to smoothen out destabilizing spikes in the movement of the exchange rate.

Chart 10: Daily Exchange Rate Movements and Spread of the UGX against the US\$, January 2, 2004 to March 31, 2006

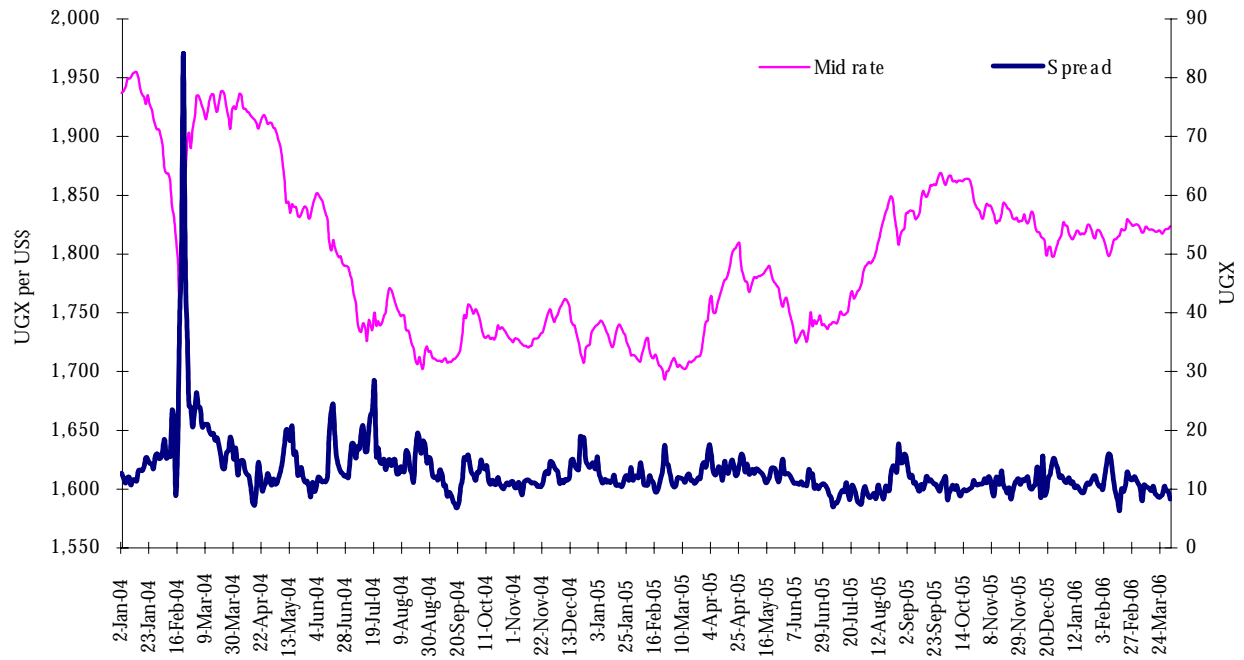
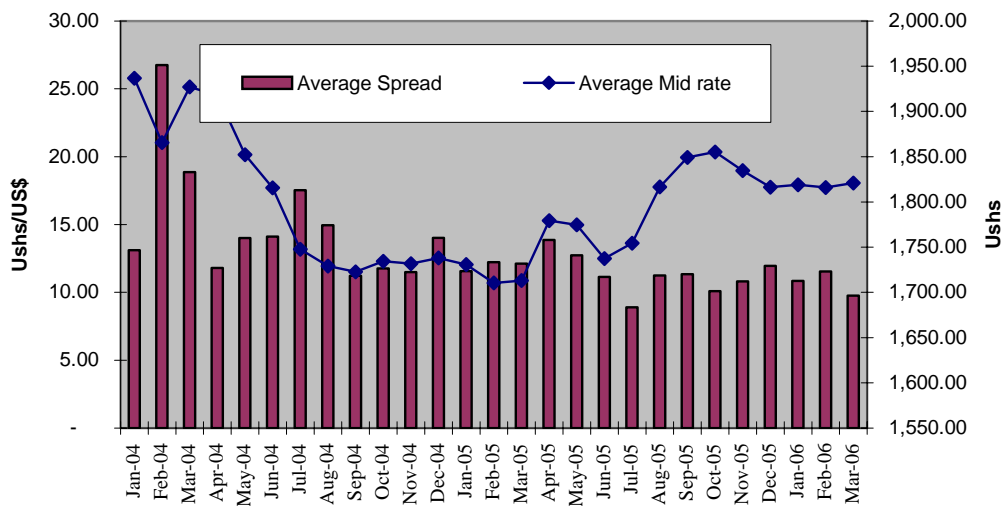


Chart 11 Monthly Exchange Rate Developments (January 2004 - March 2006)



G GOVERNMENT BUDGETARY OPERATIONS

This section reports preliminary fiscal performance for the month of February 2006.

i) Revenue and Grants

According to the preliminary figures from the Ministry of Finance, Planning and Economic Development, total revenue and budget support grant receipts (excluding project grants) was estimated at Shs196.78 billion during the month of February 2006, Shs94.92 billion (32.5 percent) lower than the revenue of Shs291.70 billion recorded in January 2006.

Total domestic revenue collected in February 2006 was estimated at Shs159.39 billion with URA collections contributing 98.3 percent or Shs156.61 billion. The URA revenue collections were lower than what was realised in the previous month by Shs11.76 billion. The revenue collections were also lower than the programmed target for the month of February 2006 by Shs17.51 billion (10.1 percent). The preliminary outturn for non-URA revenue collections for February 2006 was estimated at Shs2.78 billion, lower than the program figure of Shs4.67 billion, but higher than the January 2006 collection of Shs1.27 billion.

Receipts from budget support grants are estimated at Shs37.39 billion during February 2006, compared to Shs122.11 billion realised in January 2006. This is Shs8.12 billion (27.7 percent) higher than Shs29.27 billion programmed for February 2006.

Table 16: Government Budgetary Operations (Billion Shs)

	Prel. Outturn 2004/05	Prog. Budget 2005/06	Approved Budget 2005/06	Prel. Jan 2006	Prel. Feb. 2006	Prog Feb 2006
Total Tax & Import Support Receipts	2,763.58	3,441.67	2,894.13	291.70	196.78	259.06
Total Domestic Revenue	1,948.27	2,280.50	2,283.73	169.59	159.39	178.79
URA Excluding Refunds/Govt. Taxes	1,921.26	2,230.00	2,230.14	168.37	156.61	174.12
Non URA Revenues	27.01	50.50	-	1.22	2.78	4.69
Budget Support Grants 2/	815.31	611.11	610.40	122.11	37.39	80.26
Expenditure & Lending	2,530.11	3,849.06	2,842.77	245.80	271.44	324.66
Current Expenditure	1,978.76	2,148.13	2,148.13	212.38	212.84	180.43
Development Expenditure	487.05	1,557.28	541.00	28.16	52.36	138.89
Others 1/	64.30	143.64	68.64	5.26	6.23	5.33
Overall Fiscal Balance (Deficit)	233.47	(407.39)	61.35	45.90	(74.66)	(65.60)
Excluding Grants	(581.84)	(1,568.56)	(549.05)	(76.21)	(112.05)	(145.86)

Source: Ministry of Finance, Planning and Economic Development
1/ Includes Net Lending/Repayments, Arrears Repayments and Contingency.
2/ December program constitutes Budget support Grants of Shs. 29.27 billion and Project Support Grants of Shs. 51.00 billion.

ii) Expenditure

In February 2006, government expenditure and net lending increased by 10.4 percent or Shs25.64 billion to Shs271.44 billion. The increase was mainly on account of an increase of 85.9 percent in development expenditure. In February 2006, current expenditure increased marginally to Shs212.84 billion, from Shs212.38 billion in the previous month mainly on account of an increase in Non-PAF expenditures, specifically expenditure by Districts. Expenditure on wages and salaries amounted to Shs65.10 billion, which accounted for 30.1 percent of current expenditure, while other recurrent expenditures amounted to Shs119.88 billion, representing 56.3 percent of current expenditures. The outturn for total government expenditure was, however, contained below the programmed level of Shs324.66 billion during the month of February 2006.

iii) Overall Fiscal Balance and Financing

The overall fiscal balance for February 2006 was a deficit of Shs74.66 billion compared to a surplus of Shs45.90 billion recorded in January 2006. Excluding grants, the deficit worsens to Shs112.05 billion, which compares with a deficit of Shs76.21 billion realised in January 2006. The domestic financing (excluding net bank financing) amounted to Shs94.29 billion while net external financing amounted to Shs-19.63 billion.

H DEVELOPMENTS IN THE BALANCE OF PAYMENTS

The overall balance was estimated at a deficit of US\$0.8 million in February 2006. The current account balance was estimated at a deficit of US\$26.7 million – a deterioration from a surplus of US\$43.5 million registered in the preceding month. This was mainly on account of the reduction in current transfer inflows – in particular, general government inflows from budget support reduced by US\$51.6 million from US\$67.5 million in January 2006 while the private transfer inflows also reduced by US\$25.7 million in February 2006 from US\$98.4 million in the previous month. The Capital and Financial account was estimated at a surplus of US\$25.9 million, an improvement from a surplus of US\$15.6 million recorded in January 2005. This was attributable to the private sector increase in their assets with the rest of the world.

Exports

Total Exports (developments for the month of January 2006)

Total export proceeds in the month of February 2006 were estimated at about US\$72.5 million; an improvement of about 13.5 percent compared to the export earnings of US\$83.5 million recorded in the preceding month.

Coffee Exports

During the month of February 2006 coffee exports amounted to 165,762(60-kilogram) bags worth US\$16.11 million. This was a reduction of 27.6 percent in volume and 17.8 percent in value compared to the previous month's exports. The decrease in volume during the month of February was due to the small crop arising from bad weather that led to poor bean formation and low procurement of coffee by the traders.

The average realized export price for coffee in February was US\$1.62 per kg – 13.4 percent more than the US\$1.43 per kg in January 2006.

Non-coffee Exports

There was a decline in the estimated earnings for a number of non-coffee exports in February 2006 vis-à-vis the previous month. The total value (of non-coffee exports) for February 2006 was estimated at US\$56.4 million – US\$7.8 million (or 12.1 percent) less than the value realized in the previous month. Specifically, export proceeds from tea, hides and skins, cobalt, beans, gold and fish and its products both regional and international reduced by 57.1 percent, 42.4 percent, 25.0 percent, 17.6 percent, 12.1 percent and 5.9 percent respectively.

Nonetheless, there was an increase in earnings from cotton (by US\$2.3 million), tobacco (US\$0.8 million), simsim (US\$0.2 million), flowers (US\$0.4 million), and oil re-exports (by US\$ 0.3 million) in the same month.

Imports

The total import bill for the month of February 2006 was estimated at US\$166.4 million, of which private sector imports accounted for US\$159.1 million. Oil import value amounted to US\$23.4 million – US\$0.9 million less than the oil import bill of January 2006.

Government imports were recorded at US\$7.2 million in the month under review, compared to the US\$10.0 million in the previous month. The Government import bill in February 2006 accounted for approximately 4.4 percent of the total import bill.

Other Inflows and Outflows

Official aid (excluding project aid but including resources from the HIPC Initiative) inflows amounted to about US\$21.1 million in the month under review. Net private sector transfer inflows were estimated at US\$84.1 million in February – US\$19.3 million less than the net inflows recorded in January 2005. This was to a large extent due to a reduction in inflows from workers' remittances, which fell by US\$25.7 million as the holiday season came to an end. Services and income outflows in the same month exceeded inflows by about US\$46.5 million.

Official debt service for the month of February 2006 was estimated at US\$16.8 million. Estimates of net trade credit amounted to inflows of US\$3.1 million, consisting of (buyers' credit and suppliers' credit) estimated at US\$22.4 million and outflows (pre-finance shipments and suppliers' credit repayments) estimated at US\$19.3 million.

In February 2005, the level of gross foreign reserves amounted to US\$1,415.5 million; a run down of US\$0.2 million compared to the preceding month. This reserve level is estimated to cover 6.5 months of future imports of goods and services.

I POLICY OUTLOOK

In the coming months, Bank of Uganda's monetary policy stance will aim at ensuring that inflation remains low and stable. It will also ensure that liquidity management does not cause instability in either the domestic or foreign exchange market.

Appendix 1: Summary of the Treasury bond Auctions

Tenure	2 Years New Issue	2 Year reopened	2 Years New Issue	2 Year reopened	2 Year reopened	2 Years New Issue	2 Year reopened	2 Year reopened	2 Years New Issue	2 Year New Issue on Conversion	3 Years New Issue	3 Year reopened	3 Year reopened	3 Years New Issue	3 Years reopened	3 Years reopened	3 Years New Issue	3 Years reopened	3 Years New Issue	3 Years reopened	3 Years New Issue	3 Years reopened	5 Years New Issue	5 Years reopened	5 Years reopened	10 Years New Issue
Issue date	January 14-04	June 03-04	June 30-04	August 11-04	Sept. 08-04	January 27-05	February 23-05	March 23-05	June 15-05	November 30-05	February 25-04	June 16-04	July 14-04	October 06-04	Nov. 03-04	Dec. 01-04	April 20-05	May 18-05	July 27-05	August 24-05	Sept. 21-05	Nov. 16-05	March 24-04	Nov. 17-04	Oct 19-05	May 19-04
Maturity Date	January 14-06	January 14-06	June 29-06	June 29-06	June 29-06	January 25-07	January 25-07	January 25-07	June 14-07	November 29-07	February 22-07	February 22-07	February 22-07	October 04-07	October 04-07	October 04-07	April 17-08	April 17-08	July 24-08	July 24-08	Sept 18-08	Sept 18-08	March 19-09	March 19-09	Mar 19-09	May 08-14
Offers (Bn Shs)	20.000	30.000	30.000	30.000	30.000	30.000	35.000	35.000	20.000	40.000	20.000	30.000	30.000	30.000	30.000	30.000	25.000	20.000	25.000	25.000	20.000	20.000	20.000	20.000	20.000	15.000
Total Bids (Bn Shs)	36.461	44.188	46.776	40.000	50.526	38.527	45.417	45.846	39.452	46.90	44.830	44.811	32.123	43.936	33.431	35.650	39.225	25.566	48.302	29.626	37.320	35.295	41.999	32.227	42.776	25.166
O/W Competitive	36.390	44.175	46.774	39.966	50.506	38.458	45.398	45.834	39.431	...	44.784	44.800	29.989	43.914	33.396	28.687	39.214	25.562	48.260	29.587	37.315	35.273	41.997	12.989	42.765	25.154
Over (Under) Sub	16.461	14.188	16.776	10.000	20.526	8.527	10.417	10.846	19.452	6.900	24.830	14.811	2.123	13.936	3.431	5.650	14.225	5.566	23.302	4.626	17.320	15.295	21.999	12.227	22.776	10.166
Amt Sold (FV)	20.000	30.000	30.000	30.000	30.000	30.000	35.000	35.000	20.000	40.000	20.000	30.000	30.000	30.000	30.000	30.000	25.000	20.000	25.000	25.000	20.000	20.000	20.000	20.000	20.000	15.000
Amt Sold (Cost Price)	16.603	29.641	28.127	27.892	28.260	27.598	32.797	33.059	18.430	37.388	17.564	27.793	27.144	26.187	26.352	25.709	21.656	16.862	21.942	22.246	17.647	18.320	18.518	17.093	17.888	12.991
Cover	182.3	147.2	155.9	133.3	168.4	128.4	129.7	130.9	197.2	117.25	224.1	149.3	107.0	146.3	111.4	111.8	156.9	127.8	193.2	118.5	186.6	176.4	210.0	161.1	213.8	167.7

Ratio %	05	92	20	36	19	22	64	89	59	0	49	70	77	80	37	33	00	28	08	04	01	76	00	35	80	73	
Previous Cover Ratio %	182.305	147.292	155.920	133.336	168.419	128.422	129.764	130.989	197.259	...	224.149	149.370	107.077	146.380	111.437	118.833	156.900	127.828	193.208	118.504	186.601	...	210.000	161.135	...	
WAP/100	83.020	98.805	93.758	92.974	94.202	91.993	93.707	94.454	92.152	93.469	87.819	92.642	90.482	87.354	87.840	85.698	86.625	84.308	87.769	88.986	88.233	91.600	92.590	85.463	89.438	86.608	
Previous WAP/100	83.020	98.805	93.758	92.974	94.202	91.993	93.707	94.454	92.152	...	87.819	92.642	90.482	87.354	87.840	85.698	86.825	84.308	87.769	88.986	88.233	...	92.590	85.463	...	
YTM %	20.808	13.558	13.672	15.105	15.006	14.769	14.294	14.463	14.669	13.850	15.478	15.127	16.802	15.696	15.935	17.554	16.040	17.700	15.501	15.405	15.286	14.645	12.802	16.039	15.124	13.477	
Previous YTM %	...	20.808	13.558	13.672	15.105	15.006	14.769	14.294	14.463	14.669	...	15.478	15.127	16.802	15.696	15.935	17.554	16.040	17.700	15.501	15.405	15.286	...	12.802	16.039	...	
Coupon Rate	10.000	10.000	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	10.250	10.250	10.250	10.250	10.250	10.250	10.250	10.750	10.750	10.750	11.000

Source: Compiled from Domestic Financial Markets Department records

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

Table 4a: 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	1,289.21	(1,120.48)	168.72	59.51	(49.42)	10.09	178.81
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
Q2	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)
March 2005	78.33	(64.71)	13.62	9.56	(4.87)	4.68	18.30
Q3	420.58	(386.31)	34.27	31.87	(25.86)	6.02	40.29
April 2005	151.36	(138.49)	12.86	11.08	(4.12)	6.96	19.82
May 2005	139.73	(128.71)	11.02	9.31	(8.53)	0.78	11.80
June 2005	175.30	(128.07)	47.23	28.17	(6.21)	21.97	69.20
Q4	466.38	(395.28)	71.11	48.57	(18.85)	29.72	100.82
Half 2 2004/2005	886.96	(781.58)	105.38	80.44	(44.71)	35.73	141.11
2004/2005	1,713.19	(1,533.27)	179.91	152.00	(80.74)	71.27	251.18
2005/2006							
July 2005	181.90	(136.47)	45.43	9.66	(4.79)	4.87	50.29
August 2005	149.62	(159.26)	(9.64)	10.46	(2.89)	7.57	(2.07)
Sept. 2005	172.05	(81.29)	90.76	10.82	(5.56)	5.26	96.02
Q1	503.57	(337.34)	166.23	30.94	(13.24)	17.70	183.93
October. 2005	175.16	(99.09)	76.07	13.45	(5.98)	7.47	83.54
November 2005	216.48	(187.16)	29.31	12.99	(5.09)	7.91	37.22
December 2005	206.37	(193.50)	12.87	13.30	(6.43)	6.87	19.74
Q2	598.00	(479.75)	118.25	39.75	(17.50)	22.25	140.50
Half 1 2005/2006	1,101.57	(817.09)	284.48	70.69	(30.74)	39.95	324.43
January 2006	175.29	(131.88)	43.41	7.85	(6.75)	1.10	44.51
February 2006	180.39	(155.15)	25.24	7.66	(7.11)	0.55	25.79

Source: Research Department, Bank of Uganda

Table 2b: 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	887.64	(753.00)	134.65	51.87	(43.11)	8.76	143.41
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)
March 2005	78.33	(64.71)	13.62	9.56	(4.87)	4.68	18.30
Q3	242.69	(215.14)	27.54	20.28	(22.18)	(1.90)	25.64
April 2005	85.22	(79.63)	5.59	8.34	(1.69)	6.65	12.24
May 2005	94.72	(83.27)	11.45	6.60	(6.80)	(0.20)	11.25
June 2005	106.11	(71.20)	34.91	5.85	(4.74)	1.11	36.02
Q4	286.05	(234.09)	51.96	20.78	(13.22)	7.56	59.52
Half 2 2004/05	528.73	(449.23)	79.50	41.06	(35.40)	5.66	85.16
2004/2005	1,072.53	(960.22)	112.31	98.63	(66.25)	32.38	144.69
2005/2006							
July 2005	103.08	(86.35)	16.73	6.27	(2.11)	4.16	20.89
August 2005	85.85	(99.03)	(13.18)	6.88	(2.07)	4.81	(8.38)
Sept. 2005	101.35	(77.54)	23.81	7.60	(4.82)	2.78	26.60
Q1	290.28	(262.92)	27.36	20.76	(9.00)	11.75	39.11
October 2005	111.28	(87.81)	23.47	10.32	(4.76)	5.56	29.03
November 2005	119.17	(115.67)	3.49	9.20	(2.90)	6.30	9.79
December 2005	126.50	(116.59)	9.91	9.71	(4.46)	5.25	15.16
Q2	356.95	(320.07)	36.88	29.23	(12.12)	17.10	53.98
Half 1 2005/2006	647.23	(582.99)	64.24	49.98	(21.13)	28.85	93.09
January 2006	94.96	(99.61)	(4.65)	3.72	(4.82)	(1.10)	(5.75)
February 2006	96.90	(101.09)	(4.19)	4.21	(4.50)	(0.29)	(4.48)

Source: Research Department, Bank of Uganda

Table 2c: 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	401.56	(367.49)	34.07	7.65	(6.31)	1.33	35.41
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 2005	62.06	(61.08)	0.97	4.21	(0.36)	3.85	4.82
March 2005	136.08	(117.19)	18.89	12.53	(7.55)	4.98	23.87
Q3	420.58	(386.31)	34.27	31.87	(25.86)	6.02	40.29
April 2005	66.14	(58.87)	7.27	2.74	(2.43)	0.31	7.58
May 2005	45.01	(45.44)	(0.44)	2.72	(1.73)	0.99	0.55
June 2005	69.19	(56.87)	12.32	22.32	(1.46)	20.86	33.18
Q4	180.34	(161.19)	19.15	27.78	(5.63)	22.16	41.31
HALF 2 2004/2005	358.23	(332.35)	25.88	39.38	(9.31)	30.07	55.95
2004/2005	640.66	(573.06)	67.60	53.37	(14.48)	38.89	106.49
2005/2006							
July 2005	78.82	(50.12)	28.70	3.38	(2.68)	0.71	29.40
August 2005	63.77	(60.23)	3.54	3.58	(0.81)	2.77	6.30
September. 2005	70.70	(3.76)	66.94	3.22	(0.74)	2.47	69.42
Q1	213.29	(74.42)	138.87	10.18	(4.24)	5.95	144.81
October 2005	63.87	(11.28)	52.59	3.13	(1.22)	1.92	54.51
November 2005	97.31	(71.49)	25.82	3.80	(2.19)	1.61	27.43
December 2005	79.87	(76.91)	2.96	3.59	(1.97)	1.62	4.58
Q2	241.05	(159.68)	81.37	10.52	(5.37)	5.15	86.52
HALF1 2005/2006	454.34	(234.10)	220.24	20.70	(9.61)	11.09	231.33
January 2005	80.33	(32.27)	48.06	4.13	(1.93)	2.20	50.26
February 2005	83.49	(54.07)	29.43	3.45	(2.61)	0.84	30.27

Source: Research Department, Bank of Uganda

Appendix 3: Mid Exchange Rate in the IFEM, Spreads, Commercial Banks' Purchases and Sales.

Date	Average of Mid rate	Average of Spread	Sterilisation	Intervention	Purchases	Sales	Interbank	
1-Feb-06	1,817.77	10.55	-0.30	0.00	9.55	7.70	3.39	
2-Feb-06	1,814.02	9.96	-0.30	0.00	8.93	9.67	7.10	
3-Feb-06	1,810.51	11.81	-0.30	0.00	9.95	10.13	2.71	
6-Feb-06	1,804.36	14.01	-0.30	0.00	7.93	10.34	7.84	
7-Feb-06	1,798.49	15.98	0.00	4.95	12.94	9.99	16.69	
8-Feb-06	1,800.44	15.77	0.00	6.00	18.40	15.14	13.29	
9-Feb-06	1,805.81	13.67	-0.30	0.00	7.30	10.31	7.73	
10-Feb-06	1,812.02	11.07	-0.30	0.00	10.79	8.58	6.89	
13-Feb-06	1,812.61	9.13	-0.30	0.00	9.74	9.46	2.60	
14-Feb-06	1,814.49	7.94	-0.30	0.00	11.06	9.61	2.72	
15-Feb-06	1,815.93	6.35	-0.30	0.00	8.81	10.11	1.67	
16-Feb-06	1,820.96	10.02	-0.30	-5.00	9.31	14.97	7.45	
17-Feb-06	1,820.25	9.54	-0.30	0.00	8.11	9.94	0.81	
20-Feb-06	1,820.98	10.52	-0.30	0.00	7.04	7.50	3.05	
21-Feb-06	1,829.35	12.89	-0.30	-5.00	7.27	16.53	14.70	
22-Feb-06	1,827.99	12.24	-0.30	0.00	11.35	10.07	3.75	
24-Feb-06	1,826.15	11.63	-0.30	0.00	7.39	4.97	0.41	
27-Feb-06	1,824.16	11.64	-0.30	0.00	12.45	10.65	5.09	
28-Feb-06	1,824.75	12.12	-0.30	0.00	8.93	7.44	4.29	
Feb-06	1,815.84	11.41	-	5.10	0.95	187.22	193.10	112.18
1-Mar-06	1,825.28	11.50	-0.30	0.00	6.63	8.24	5.41	
3-Mar-06	1,824.47	10.90	-0.30	0.00	0.00	0.00	1.86	
7-Mar-06	1,822.10	10.25	-0.30	0.00	7.76	11.63	3.95	
9-Mar-06	1,818.23	7.99	-0.30	0.00	12.69	16.41	4.53	
13-Mar-06	1,819.43	10.71	-0.30	0.00	13.11	15.92	4.91	
14-Mar-06	1,823.26	10.49	-0.30	0.00	12.60	10.97	3.41	
15-Mar-06	1,822.07	10.30	-0.30	0.00	9.64	7.46	2.95	
16-Mar-06	1,820.76	10.10	-0.30	0.00	8.22	9.90	4.02	
17-Mar-06	1,821.06	9.75	-0.30	0.00	8.35	9.32	3.22	
20-Mar-06	1,820.46	10.49	-0.30	0.00	10.03	13.56	3.26	
21-Mar-06	1,819.29	9.26	-0.30	0.00	14.62	11.98	6.24	
22-Mar-06	1,818.98	8.89	-0.30	0.00	8.79	15.11	2.70	
23-Mar-06	1,820.12	8.60	-0.30	-5.00	7.50	9.73	5.86	
24-Mar-06	1,818.56	8.82	-0.30	0.00	8.21	8.08	3.35	
27-Mar-06	1,817.46	9.17	-0.30	0.00	8.24	7.05	3.27	
28-Mar-06	1,820.33	10.50	-0.30	0.00	8.56	9.42	2.70	
29-Mar-06	1,821.12	9.78	-0.30	0.00	15.97	16.79	0.83	
30-Mar-06	1,821.47	9.53	-0.30	0.00	10.37	8.08	0.94	
31-Mar-06	1,823.51	8.30	-0.30	0.00	9.14	7.94	2.48	
Mar-06	1,820.94	9.75	-5.70	-5.00	180.44	197.58	65.89	

Appendix 4: Exports of Goods (US\$ Million Dollars)

	Aug-05	Sep-05	Oct-05	Nov-05	Dec-05	Jan-06	Feb-06
Total Exports	73.16	62.48	69.48	72.11	73.82	83.79	72.51
1. Coffee							
Gross coffee shipment, million (60-Kg) bags	0.22	0.14	0.12	0.18	0.18	0.23	0.17
Av. unit value	1.26	1.18	1.27	1.32	1.37	1.43	1.62
Value of total shipment (BOP)	16.54	10.03	9.28	14.41	14.84	19.61	16.11
2. Non-Coffee exports	56.62	52.45	60.20	57.70	58.99	64.19	56.40
Electricity	0.26	0.50	0.28	0.40	0.40	0.38	0.34
Gold	9.01	5.76	6.65	5.39	8.68	9.26	8.14
Cotton	0.53	0.07	0.64	0.26	0.46	1.14	3.28
Tea	2.57	3.06	2.89	3.14	2.98	2.68	1.15
Tobacco	2.45	1.86	3.08	1.51	1.35	1.18	1.97
Fish & its prod.(excl. regional)	10.58	11.14	13.28	13.01	12.24	10.94	10.39
Fish & its prod.(regional exports)	2.62	3.12	3.93	4.10	3.73	3.26	2.98
Hides & skins	0.82	0.45	0.54	0.52	0.46	0.80	0.46
Simsim	0.41	0.42	0.50	0.07	0.48	0.72	0.95
Maize	1.34	2.54	2.82	2.27	2.24	1.78	1.88
Beans	0.87	0.36	0.23	1.12	0.77	0.52	0.43
Flowers	3.00	2.62	2.88	2.67	2.28	2.55	2.90
Oil re-exports	2.16	2.16	2.48	2.22	2.68	2.37	2.65
Cobalt	1.31	0.79	1.57	1.39	1.57	2.10	1.57
Others	18.68	17.61	18.43	19.63	18.67	24.50	17.31
Source: Bank of Uganda							

Appendix 5: Imports Of Goods and Services(US \$ Millions Dollars)

	Aug-05	Sep-05	Oct-05	Nov-05	Dec-05	Jan-06	Feb-06
Total Imports	163.02	172.11	153.84	164.28	156.83	168.06	166.35
Government Imports	15.77	18.56	7.52	12.36	3.95	10.00	7.24
Project	11.90	14.95	2.82	3.39	1.64	1.19	6.68
Non-Project	3.87	3.61	4.70	8.98	2.30	8.81	0.56
Private Sector Imports	147.26	153.55	146.32	151.92	152.89	158.06	159.11
Oil imports	19.35	21.96	20.15	23.71	23.82	24.26	23.41
Non-oil imports	127.91	131.59	126.17	128.20	129.07	133.80	135.70
Source: Bank of Uganda							
Note: All import figures are reported at f.o.b value.							