



MONTHLY ECONOMIC REVIEW

DECEMBER
2003

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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. This notwithstanding, BOU ensures that its monetary operations are cautious not to exacerbate instability in both the domestic money and foreign exchange markets.
- Net-issuance of Treasury bills and daily sales of foreign exchange under the sterilization strategy were used to manage liquidity, while the Repo instruments facilitated the short-term, normally fine-tuning operations.
- On account of the instability observed in the foreign exchange market, Bank of Uganda occasionally intervened in the foreign exchange market, and has continued to watch developments closely.
- The Rediscount rate and Bank rate were recorded at 24.62 percent and 25.62 percent, higher than 23.78 percent and 24.78 percent, respectively.

Inflation Developments

- Inflationary pressures continued to ease in November 2003, staying on the course observed since September 2003.
- Annual headline inflation rate declined from 7.2 percent to 6.0 percent between October and November 2003.
- The annual underlying inflation rate dropped from 5.5 percent to 5.2 percent over the same period.

Real Sector Developments

- Production in major manufacturing establishments increased by 17.5 percent in October 2003, an improvement from the decline of 4.8 percent of September 2003.
- Trading at the Uganda Securities Exchange slowed down to Shs 4.5 million in November 2003 from Shs 32.3 million in October 2003. Total market capitalization of USE however, continued to rise mainly on account of the East African Breweries limited counter.
- Leasing activity slowed down, with value of assets disbursed in November 2003 dropping to Shs 1.75 billion from Shs 2.55 billion in October 2003. This however, seems to be a seasonal trend, observed in 2001 and 2002.

Domestic Money Market Developments

- Money market interest rates generally trended upwards in the four weeks ended December 12, 2003.
- In the primary auction market for Treasury bills, the respective weighted annual discount rates for the 91-day, 182-day, 273-day, and 364-day bills stood at 21.46 percent, 21.06 percent, 19.73 percent and 17.91 percent, respectively, at the auction held on December 10, 2003. This is compared to respective 17.54 percent, 18.91 percent, 18.76 percent and 16.92 percent, recorded in the auction held on November 12, 2003.
- The average bid/offer rates in the secondary market for Treasury bills rose significantly for the 91-day, the 182-day, the 273-day, and the 364-day papers, when compared to the quotations made in the previous four-week period. Shs 4.35 billion was traded in the secondary market, compared to Shs 4.35 billion in the corresponding period ended-November 14, 2003.
- The shilling inter-bank money market remained buoyant through the period. The weighted inter-bank rate was stable averaging 19.22 percent, compared to 20.20 percent for the four weeks ended-November 07, 2003.
- Four commercial banks adjusted their prime lending rates upward in the four weeks to December 05, 2003. The range of these rates for the entire banking sector also adjusted accordingly from 16-22 percent to 18-22 percent.
- Commercial banks' effective rates continued to decline in October 2003. The effective lending rates on foreign denominated loans declined from 8.29 percent in September 2003 to 8.06 percent in October 2003, while that on Shilling denominated loans, decreased from 18.42 percent to 16.89 percent over the same period.

Monetary and Financial Aggregates Developments

- These developments cover both the banking system and the non-bank financial institutions.
- The broad money M3 contracted by 1.7 percent in October 2003, compared to the increase of 0.2 percent in September 2003. The annual growth rate for M3 is recorded at 21.4 percent, a slight drop from 21.5 percent of September 2003.
- Private sector credit increased by 3.5 percent over October 2003. This stock is 8.3 percent over the June 2003 position.
- Net credit to government decreased by 4.7 percent in October 2003 to a net position of Shs 509.7 billion with the banking system.
- Assets of Non-Bank Financial Institutions (NBFIs) grew by 1.3 percent to Shs 138.50 billion from Shs 136.72 billion of September 2003. Loans and advances to the private sector grew by 2.2 percent in the building and construction sector,

which for 84.5 percent of the stock. Deposits in credit institutions rose by 1.1 percent in October 2003 mainly on account growth of time deposits.

Fiscal Developments

- In October 2003, government revenue and budget support grants were estimated at Shs 152.3 billion compared to the programme target for the period of Shs 159.4 billion.
- Government expenditure and net lending was estimated at Shs 198.8 billion, measured against an anticipated level of Shs 204.4 billion.
- The overall fiscal balance (including grants) for October 2003 marked a deficit of Shs 46.5 billion compared to a deficit level of Shs 44.9 billion projected in the programme while excluding grants, the deficit rose to Shs 69.4 billion.

Foreign Exchange Market

- The Uganda Shilling appreciated by 1.77 percent over the four weeks ended-December 12, 2003. This is faster than the appreciation of 1.08 percent in the corresponding period ended November 14, 2003, mainly on account seasonal flows, and increased flows from offshore investors and NGOs.
- The spreads that average Shs 9.08 in the four-weeks to November 14, 2003, were higher at Shs 13.34 over the corresponding period ended-December 12, 2003.
- BOU maintained its presence in the IFEM under the sterilization strategy, albeit with lower daily amounts in view of the seasonal trends. Indeed, BOU occasionally intervened in the market to curb instability. On a net basis, BOU's transactions were a net purchase of US \$ 5.50 million.

Balance of Payments Developments

- In October 2003, the current account balance is estimated at a deficit of US\$44.85 million, while the capital and financial account is estimated at a surplus of US\$26.97 million. Thus, the overall balance is estimated at a deficit of US\$17.89 million.
- Total export proceeds are estimated at US \$ 50.00 million, out of which coffee accounted for US \$ 5.53 million or 11.06 percent.
- The import bill (cif) is estimated at US\$144.52 million during October 2003, which is 9.2 percent higher than US\$ 132.34 million of September 2003.
- Official aid (excluding project aid but including resources from the HIPC Initiative) inflows amounted to about US\$10.17 million, while net private transfers are estimated at US\$30.58 million in October 2003. Services and income outflows exceeded inflows by US\$29.85 million during October 2003.

- Official debt service (excluding IMF payments) is estimated at US\$8.14 million for the month of October 2003. IMF principal obligations that were externalised in October amounted to US\$5.28 million. Short-term inflows of US\$12.35 million exceeded outflows by US\$1.37 million.

The 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 both the domestic and foreign exchange markets.

A MONETARY POLICY STANCE AND ACTIONS

Bank of Uganda (BOU)'s monetary policy is focused on containing inflation, but operations of its instruments are cautious not to exacerbate instability in the markets. While the net issues of Treasury bills and daily sales of foreign exchange remained important instruments of sterilization of excess liquidity, the Repurchase Agreements (REPOs) is continuously consolidating its role of fine-tuning and short-term liquidity management. The liquidity management effort is supplemented by adjustments in the pricing of the liquidity providing windows, the Rediscount Rate and Bank rate, to ensure a consistent monetary policy stance.

Occasionally, transactions of foreign exchange through BOU's intervention are effected in the interbank foreign exchange markets (IFEM) to curb instability.

In the four weeks to December 12, 2003, there was a net redemption of Treasury bills worth Shs 6.41 billion. This is in contrast to the net issue of Shs 19.24 billion in the corresponding four-week period to November 14, 2003. Gross issues of the REPO instrument for short-term liquidity management amounted to Shs 110.90 billion over this period, against maturities of Shs 74.90 billion. This is compared to issues and maturities of Shs 35.0 billion and Shs 51.01 billion over the preceding period ended November 2003. Over the same period, BOU was in the foreign exchange market under the sterilization strategy to mop up structural liquidity, but on account of the instability that the market, BOU had to intervene on the purchase side of the market. The net purchases of foreign exchange over the four weeks to December 12, 2003 amounted to US\$ 2.65 million compared to a net sale of US\$ 8.00 million in the preceding four weeks period ended November 14, 2003.

In line with the trend of the Treasury bill rates, the Rediscount rate was on an upward trend through the four weeks, and currently stands at 24.62 percent, compared to 23.78 percent four weeks ago. Correspondingly, the Bank rate, which is statutorily set at least one percentage point above the Rediscount rate, rose from 24.78 percent to 25.62 percent.

B DOMESTIC PRICE DEVELOPMENTS

Inflationary pressures continue to ease, staying the falling course observed since September 2003.

The **Annual Headline Inflation Rate** for the year ended November 2003 fell further to 6.0 percent from the 7.2 percent reported for the year ended October 2003. However, this inflation rate is higher than the 5.6 percent reported for the year ended November 2002. This is because prices of staple foods, fish, sugar and some manufactured goods rose faster in November 2003 than they did in November 2002.

The **Monthly Headline Inflation Rate** dropped to 0.0 percent in November 2003 from to 0.6 percent recorded in October 2003. This is because increases in prices of some staple foods, fruits and vegetables, fish and clothing were counter-balanced by declines in prices of alcoholic beverages and charcoal, among others.

The **Annual Underlying Inflation Rate** for the year ended November 2003 also dropped to 5.2 percent from the 5.5 percent reported for the year ended October 2003. This annual underlying inflation rate however, is higher than the 2.3 percent reported for the year ended November 2002.

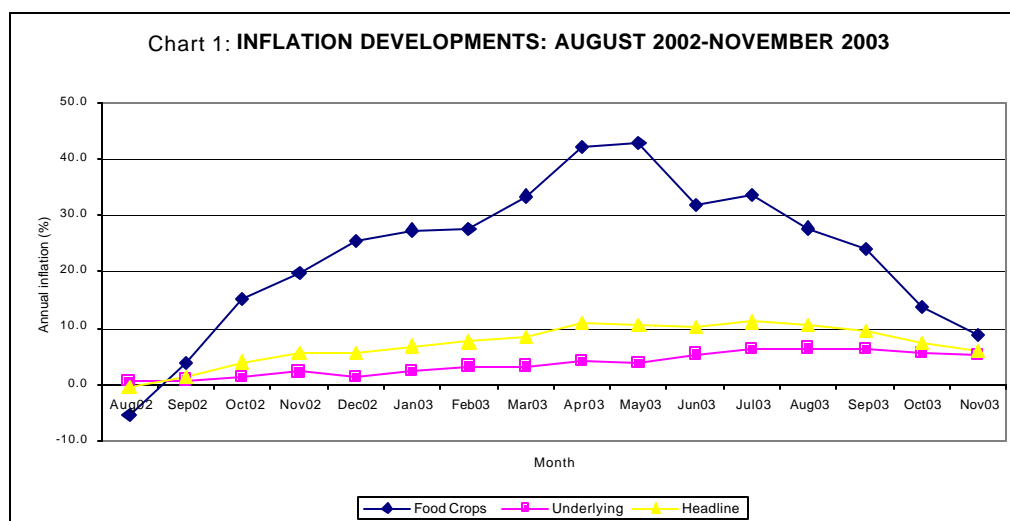
The **Monthly Underlying Inflation Rate** declined by 0.2 percent compared to the increase of 0.1 percent posted in October 2003. This is on account of decreases in prices of milk, local alcoholic beverages, charcoal and firewood in some centres. The fall in prices of milk and local alcoholic beverages was due to the ongoing rainy season, which favored milk production and good harvests of millet, maize and sorghum, respectively.

The **Annual Food Crops Inflation Rate** for the year ended November 2003 revealed a similar trend, dropping to 8.7 percent from 13.7 percent posted in the year ended October 2003. The **Monthly Food Crop Inflation Rate** for the month of November 2003 registered a lower increase of 0.7 percent compared to 2.3 percent reported in October 2003. This rise is attributed to the increase in prices of staple foods, particularly of matoke in some centers, fruits and vegetables like oranges, pineapples, passion fruits, beans, onions and groundnuts caused by seasonal factors.

Table 1. Three Months Rolling Inflation Rates Out-turn to November 2003 (percent)

Period	Headline Inflation		Underlying Inflation		Food Crops Inflation	
	Monthly	Annual	Monthly	Annual	Monthly	Annual
September 2003	0.4	9.5	-0.1	6.2	3.1	24.1
October 2003	0.6	7.2	0.1	5.5	2.3	13.7
November 2003	0.0	6.0	-0.2	5.2	0.7	8.7

Source: Uganda Bureau of Statistics



C REAL SECTOR DEVELOPMENTS

i) Index of Industrial Production

The manufacturing sector performance as measured by the Index of Industrial Production registered an increase in the month of October 2003 (see Table II). The all items' index, which has been revised for the month of September 2003 from a level of 150.1 to 143.4, increased by 17.5 percent to the level of 168.5 in October 2003. The cigarette sub-sector registered the highest growth rate of 45.9 percent followed by the textiles sub-sector, metal products and beer sub-sector. A few sectors registered negative growth rates: Edible oil, soft drinks and cement reduced by 8.7 percent, 7.9 percent and 7.1 percent respectively during the month.

Table II. Index of Industrial Production levels of Major Manufacturing activities (June -October 2003)

	Jun '03	Jul '03	Change (%)	Aug '03	Change (%)	Sep '03	Change (%)	Oct '03	Change (%)
Sugar	117.3	204.4	74.3	199.6	-2.3	201.7	1.1	215.8	7.0
Beer	108.0	90.0	-16.7	127.7	41.9	99.6	-22.0	115.5	16.0
Soft drinks	133.0	107.6	-19.1	123.3	14.6	155.3	26.0	143.1	-7.9
Cigarettes	58.1	76.4	31.5	66.3	-13.2	58.2	-12.2	84.9	45.9
Textiles	55.3	117.2	111.9	81.4	-30.5	62.7	-23.0	86.6	38.1
Cement	144.5	170.4	17.9	175.3	2.9	170.1	-3.0	158.1	-7.1
Laundry Soap	140.9	162.6	15.4	155.5	-4.4	161.4	3.8	185.0	14.6
Edible Oil	138.7	128.3	-7.5	157.2	22.5	163.8	4.2	149.5	-8.7
Metal Products	190.1	200.9	5.7	201.0	0.0	192.0	-4.5	225.5	17.4
All items	124.5	146.9	18.0	150.6	2.5	143.4	-4.8	168.5	17.5

Source: Uganda Bureau of Statistics

Note: Estimates were made for sugar, cement and soft drinks for the month of October 2003.

(ii) Trading at Uganda securities Exchange

There was a drastic decline of 83 percent in trading activities in November relative to October 2003. As shown in Table III, total turnover declined to Shs 4.5 million from Shs 32.3 million recorded in the previous month. The number of shares also declined to 2,002 from 6,995 in the same period. The Uganda Clays Limited (UCL) counter continued to dominate trading activities with 73 percent of the total turnover for the month while Bank of Baroda Uganda (BOBU) followed with 25 percent. As in the previous month, East African Breweries Limited (EABL) and Kenya Airways (KA) registered no activities. Total number of deals slightly increased to 7 from 6 reported in October. The reasons for the drop in trading activity is attributed to the end of year corporate actions such as announcement of dividend payments, resulting into a fall in demand for shares' trading. In addition, with the approaching festive season, savings are being diverted from investments. The total market capitalisation of the Uganda Securities Exchange rose further to Shs 1477 billion by the end of November 2003 from Shs 1231.1 billion attained by the end of October 2003, an increase of 20 percent. This was due to an average increase in market capitalisation across all counters but specifically at the East African Breweries Limited (EABL) counter. East African Breweries Limited (EABL) closed November 2003 with a market capitalisation of Shs 1289.30 billion, which is higher

than Shs 1050 billion recorded at the close of October 2003. This is attributed to EABL being a cross-listed company and its continued impressive performance in Kenya.

**Table III. Trading at Uganda Securities Exchange
(March –November 2003)**

	Mar. '03	Apr. '03	May '03	Jun. '03	Jul. '03	Aug. '03	Sep. '03	Oct. '03	Nov. '03
Total Turnover (Million Shs)	17.0	40.1	27.5	11.0	49.6	12.0	123.3	32.3	4.5
No. of Deals	12	17	12	13	4	7	9	6	7
No. of Shares	5,253	29,949	6,189	4,465	29,201	2,798	154,508	6995	2,002

Source: Uganda Securities Exchange

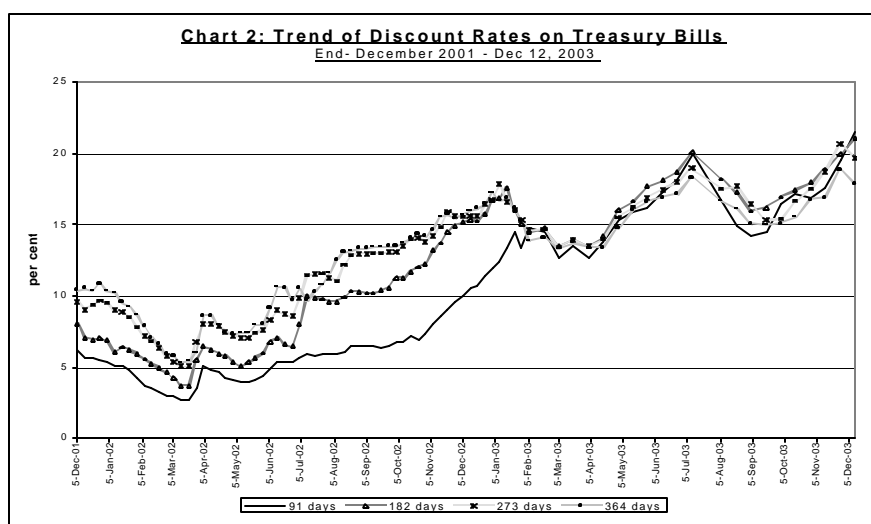
Note: The number of deals quoted here is the number of consolidated deals

D THE DOMESTIC MONEY MARKET AND INTEREST RATES

Over the four weeks ended December 12, 2003, the domestic money market interest rates maintained the upward trend observed in the previous period.

i) Primary Market for Treasury bills

In the primary auction market for Treasury bills, the respective weighted annual discount rates for the 91-day, 182-day, 273-day, and 364-day bills stood at 21.46 percent, 21.06 percent, 19.73 percent and 17.91 percent, respectively, at the auction held December 10, 2003. This compares to levels of 17.54 percent, 18.91 percent, 18.76 percent and 16.92 percent, respectively, recorded in the auction held on November 12, 2003 (see trends in Chart 2 below). Nonetheless, the Treasury bill auctions were over subscribed for all the auctions held in the period



ii) Secondary Market for Treasury bills

The average bid/offer rates in the secondary market for Treasury bills rose significantly for the 91-day, the 182-day, the 273-day, and the 364-day papers, when compared to the quotations made in the previous four-week period.

As shown in Table IV, the average bid/offer rates for the four weeks to December 12, 2003 were recorded at 19.08/18.83 percent, 19.49/19.21 percent, 19.47/19.21 percent and 18.92/18.66 percent for the 91-days, 182-days, 273-days and 364-days securities, respectively. This compares

Table IV: Bid/Offer Rates and Transactions in the Secondary Market for Treasury bills over the four week-period to December 12, 2003

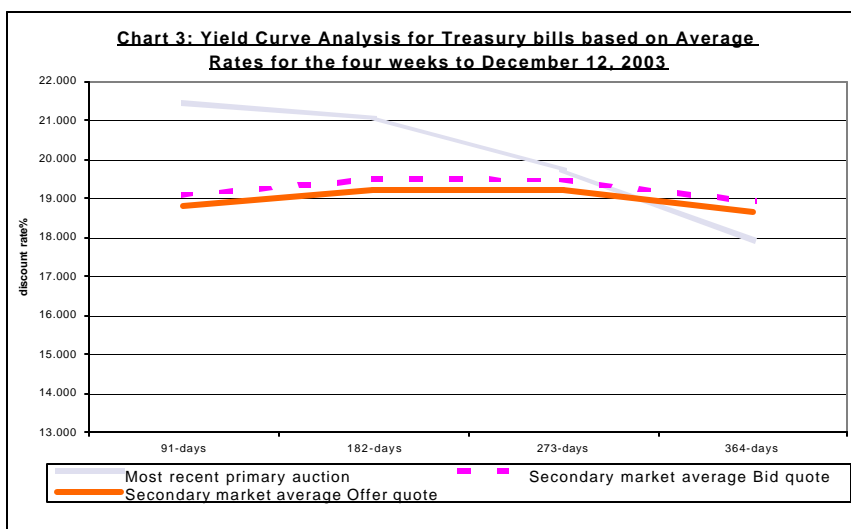
	Type of security							
	91-days		182-days		273-days		364-days	
<i>Discount rates quotation (percent)</i>								
	Bid	Offer	Bid	Offer	Bid	Offer	Bid	Offer
Min	17.45	17.25	17.75	17.50	17.35	17.10	17.00	16.75
Max	21.15	20.90	21.09	20.84	21.66	21.40	19.60	19.35
Average	19.08	18.83	19.49	19.21	19.47	19.21	18.92	18.66
<i>Trading Activity</i>								
Transactions (Shs bill)	3.953		0.250		0.400		1.000	
O/w Horizontal repos	0.000		0.000		0.000		0.000	
- Av. H/Repo rate	-		-		-		-	
O/w- Outright sales	3.953		0.250		0.400		1.000	
- Av. Discount rate	20.14 percent		18.04 percent		19.75 percent		20.00 percent	
- Av. Effective Yield	20.71 percent		19.78 percent		23.14 percent		24.17 percent	

Source: Compiled from Domestic Financial Markets Department records to the respective 17.01/16.76 percent, 17.56/17.32 percent, 16.88/16.63 percent and 16.10/15.85 percent, respectively in the four weeks to November 14, 2003.

Total trades in the four weeks ended December 12, 2003 amounted to Shs 5.60 billion compared to Shs 4.35 billion in the four weeks ended November 14, 2003. The average discount rates on these trades for the 91-day, the 182-day, the 273-day, and the 364-day securities were 20.14 percent, 18.04 percent, 19.75 percent, and 20.00 percent, respectively. As was the case in the previous four-week period, all the trades were outright sales.

The yield curve, based on the average discount quotations in the secondary market, evolved relatively in line with the developments in the primary market. However, as shown by Chart 3 below, the margins narrowed as the annual discount rates of the primary market dropped below the average discount rates of the secondary market. Rediscounts at Bank of Uganda amounted to Shs 15.67 billion in the period under review, compared to Shs 7.37 billion recorded in the corresponding four weeks to November 14, 2003.

Activity in the domestic inter-bank money market for the four weeks ending December 12, 2003 continued to be buoyant in the call money market (i.e. transactions of less than 30 days tenor). The most active period was the week ended November 21, 2003, when transactions worth Shs 41.41 billion were recorded, while the least activity was in the week of December 05, 2003, when Shs 22.40 billion was traded. During the four weeks the weighted inter-bank rate in the call market went up from 20.2 percent, recorded in the week ended November 21, 2003, to 20.57 percent, but was lower at 19.22 percent in the week-ended December 12, 2003. All the banks participated in the inter-bank market, which reflects an increase in participation as was the case in the previous period ended November 21, 2003



i) Commercial Banks’ Retail Interest Rates

Four Commercial banks adjusted their prime-lending rates upward in the four weeks to December 05 2003. Consequently, the number of commercial banks charging prime-lending rates in the highest category of 20.1-22.0 percent rose 4 to 8 banks. The range of these rates for the entire banking sector also adjusted accordingly from 16-22 percent to 18-22 percent. (See Table V).

Table V: Weekly Movements in the Prime Lending Rates (Figures are end-period)

Prime Lending Rate (percent)	Aug 03	Sep 03	Oct 10, 03	Nov 14, 03	Dec 05, 03
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	2	3	3	3	2
18.1 – 20.0	10	9	9	8	5
20.1 – 22.0	3	3	3	4	8
22.1 - >>	0	0	0	0	0
Range (Min – Max)	18 percent – 22 percent	17 percent – 22 percent	17 percent – 22 percent	16 percent – 22 percent	18 percent – 22 percent

Source: Weekly Report of Interest rates by Commercial Banks

Four commercial banks adjusted their indicative deposit rates over the same period. Of these, two banks made upward adjustments while two had a downward adjustment. There was a shift in the range of the savings and time deposit from 0-7 percent to 0-7.5 percent and 0.25-13.0 percent to 0.25-14.0 percent, respectively. The number of banks with maximum savings rates of at least 5.0 percent remained nine (9) while those reporting a maximum time deposit rate of at least 8 percent increased from ten (10) to eleven (11) as a result of the upward adjustment by one of the banks.

Information on the commercial banks' effective lending and deposit rates is available only up to October 2003. As portrayed in Table VI, the effective lending rates on foreign denominated loans, continuing what has been hitherto a slow decline, went down further from 8.29 percent in September 2003 to 8.06 percent in October 2003. That on shilling denominated loans, following a similar trend, decreased from 18.42 percent to 16.89 percent over the same period.

Table VI: Commercial Banks' Lending and Deposit Rates (percent)

Weighted Average rates	Shilling Denominated				Forex Denominated			
	Jul 03	Aug 03	Sep 03	Oct 03	Jul 03	Aug 03	Sep 03	Oct 03
Lending	19.52	22.43	18.42	16.89	8.92	8.98	8.29	8.06
Demand Deposits	1.09	1.40	1.33	1.42	0.96	0.96	0.96	0.96
Savings Deposits	2.46	2.66	2.65	2.63	1.50	1.57	1.55	1.71
Time Deposits	10.43	8.33	9.23	8.21	1.47	1.47	1.85	1.47

Source: Monthly Report, BS100 Returns by Commercial Banks

The weighted rate on shilling denominated savings continued to be stable at 2.63 percent in October 2003, having been 2.65 percent in September. The weighted time deposits rate also came down from 9.23 percent to 8.21 percent in the same period. On the foreign currency denominated deposits, the rates on demand deposits continued to be stable at 0.96 while those on savings deposits increased marginally from 1.55 percent to 1.71 percent. The time deposit rate, on the other hand, came down from 1.85 percent to 1.47 percent.

E MONETARY AGGREGATES AND FINANCIAL SECTOR AGGREGATES

(i) Banking Activities¹

Broad Money

Broad Money M3, which comprises currency in circulation plus all private deposits, contracted by 1.7 percent to Shs2326.1 billion in October 2003. This represents a slowdown in the growth of money supply compared to an increase of 0.2 percent in September 2003. In relation to June 2003, M3 fell by 2.0 percent in October 2003, while its year-on-year growth rate is recorded at 21.4 percent, compared to 21.5 percent growth in September 2003.

M2A, comprising of M3 less foreign currency deposits of the private sector, fell by 3.5 percent to Shs1723.4 billion at end-October 2003 from Shs1785.2 billion at end-September 2003. This is compared to a decline of 0.5 percent over the month of September 2003. Relative to June 2003, M2A declined by 1.5 percent, while its year-on-year growth rate was 15.0 percent. Respective growth rates in September 2003 were recorded at 2.1 percent and 17.3 percent. Developments in money supply are shown in Table VI below.

Net Foreign Assets (NFA)

Between September 2003 and October 2003, the NFA of the banking system contracted by 0.5 percent or Shs10.5 billion to Shs2067.9 billion. At BOU, NFA declined by 1.5 percent or Shs22.3 billion, to Shs1489.7 billion. In particular, foreign reserves at BoU fell by an equivalent of Shs33.1 billion or US\$ 16.7 million. At Commercial banks, NFA rose by 2.1 percent or Shs11.8 billion to Shs578.1 billion.

Net Claims on Government (NCG)

The government's net position with the banking system (NCG) as at end- October 2003 was a borrowing of Shs509.7 billion, down by 4.7 percent or Shs25.2 billion relative to Shs 534.9 billion at end-September 2003 (Table VI). At BoU, the government increased its savings by Shs 14.6 billion over the month, mainly on account of a strong increase in government deposits of Shs103.3 billion to Shs1424.4 billion in October 2003. This more than offset an increase in advances to government of Shs84.2 billion from Shs1140.1 billion in September 2003 to Shs1224.3 billion in October 2003. At commercial banks, net claims on Government decreased by Shs13.3 to Shs602.5 billion in October 2003 from Shs615.8 billion in September 2003. This was on account of a rise in Government deposits of Shs17.4 billion, which more than offset the increase in commercial bank investment in Government securities of Shs4.1 billion. Relative to June 2003, the claims of the banking system on government increased by Shs119.3 billion or 30.5 percent.

¹ Based on the Preliminary Monetary Survey for October 2003

Table VII: Developments in Monetary and Credit Aggregates (June 01 – October 03)

<i>(in billion shillings unless otherwise stated)</i>	June 2001	June 2002	Oct. 2002	June 2003	August 2003	Sep. 2003	Oct. 2003
Net Foreign Assets (NFA)	1211.0	1552.6	1566.2	2101.3	2070.2	2078.3	2067.9
Domestic Credit	1106.8	1151.4	1187.4	1246.2	1409.4	1431.9	1436.2
Net Credit to Gov't (NCG)	460.6	482.0	472.5	390.4	520.5	534.9	509.7
Claims on the Private Sector	634.9	661.7	708.6	848.6	881.0	888.2	919.0
M3	1583.7	1925.4	1916.7	2373.4	2359.9	2365.2	2326.1
Forex deposits	390.2	434.8	417.8	624.2	566.1	580.0	602.7
M2A	1193.4	1490.6	1499.0	1749.2	1793.8	1785.2	1723.4
Demand Deposits	482.9	617.5	605.1	725.1	711.6	741.3	672.8
Term Deposits	360.4	465.9	479.9	562.7	560.9	570.4	564.7
Currency	350.2	407.2	414.0	461.4	463.7	473.4	486.0
Forex/M3 (percent)	24.6	22.6	21.8	26.3	25.9	24.5	25.9
Demand Deposits/M3 (percent)	30.5	32.1	31.6	30.6	31.1	31.3	28.9
Term Deposits/M3 (percent)	23.5	22.8	25.0	23.7	23.2	24.1	24.3
Currency/M3 (percent)	22.8	22.1	21.6	19.4	19.8	20.0	20.9

Source: Monetary Survey, Research Department, Bank of Uganda.

Private Sector Credit (PSC)

At end-October 2003, the stock of outstanding credit to the private sector by the banking sector stood at Shs919.0 billion (Table VII), of which Shs6.0 billion was from BOU and Shs913.0 billion from commercial banks. This represents a growth of 3.5 percent (or Shs30.7 billion) over the end September 2003 position. Relative to June 2003, PSC grew by Shs70.4 billion or 8.3 percent, while the year-on-year growth rate in PSC is recorded at 29.7 percent for end-October 2003.

Credit Flows

During October 2003, the total (shilling and foreign currency) gross extensions by commercial banks amounted to Shs140.3 billion, while recoveries were Shs113.4 billion resulting in net extensions of Shs26.9 billion. After accounting for flows in capitalised interest there was rise in the stock of credit of approximately Shs29.7 billion (see Table 3a), though net extensions to the private sector alone were recorded at Shs30.7² billion. During the month, commercial banks extended shilling loans amounting to Shs111.2 billion, and recovered Shs77.7 billion, thus net extensions were Shs33.6 billion. Net capitalised interest stood at Shs3.0 billion and therefore, the net change in the stock of shilling loans to the private sector was Shs36.6 billion (see Table 3b). For foreign currency loans, gross extensions stood at Shs29.1 billion, while recoveries were Shs35.8 billion, yielding net

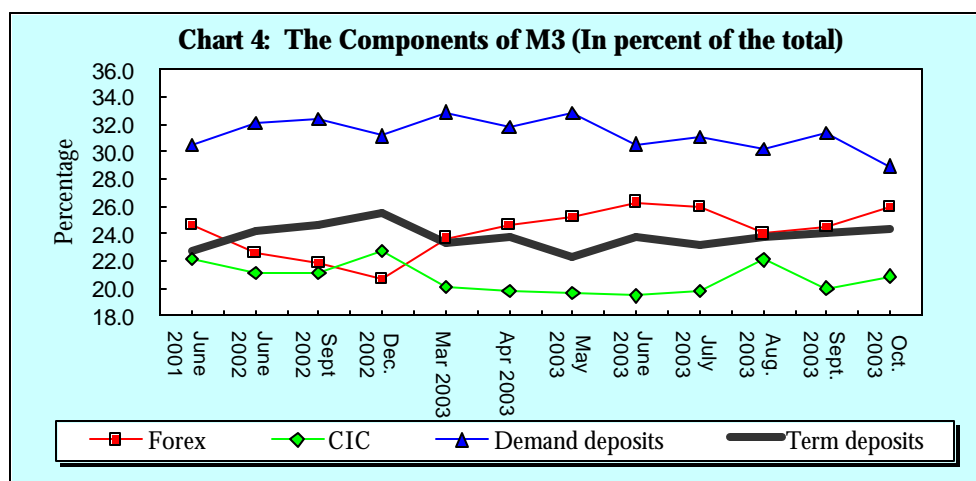
² The Gross Extensions and Recoveries include lending to Government and Parastatals. PSC as recorded by the Monetary Survey doesn't include lending to Government and parastatals.

recoveries of Shs 6.7 billion. After taking into account effects of capitalised interest, the stock foreign currency loans recorded a net decline of Shs6.9 billion (See Table 3c).

Appendix tables 3a-3c summarize the evolution of the monthly change in outstanding loans and advances of commercial banks for the period July 2002 to October 2003.

Liabilities of the Banking System

On the liabilities side, foreign currency accounts rose by 3.9 percent or Shs22.7 billion to Shs602.7 billion in October 2003 from the September 2003 level of Shs580.0 billion (see Table VI). In US\$, foreign currency accounts increased by US\$11.4 million to US\$303.7 million. Demand deposits fell strongly by 9.2 percent or Shs68.6 billion to Shs672.8 billion, while term deposits (time, savings and CDs) declined by 1.0 percent to Shs564.7 billion, from respective September levels of Shs741.3 billion and Shs560.9 billion. Currency in circulation (CIC) increased by 2.6 percent or Shs12.5 billion to Shs486.0 billion, from Shs473.5 billion in September 2003. Reflecting these developments, the ratio of foreign currency deposits to M3 rose to 25.9 percent from 24.5 percent recorded in September 2003. The ratio of demand deposits to M3 dropped to 28.9 percent from 31.3 percent in September 2003, while that of term deposits was at 24.3 percent from 24.1 percent in September 2003. However, the ratio of CIC to M3 rose to 20.9 percent compared to 20.0 percent in September 2003. The trends of the ratios are shown in Chart 4 and Table VII above.



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

Assets

In the month of October 2003, total assets and liabilities of the non-bank financial institutions continued to grow. This is reflected in an increase of Shs 1.78 billion or 1.3 percent in the assets of these institutions from Shs 136.72 billion recorded at end-September 2003 to Shs 138.50 billion at the end of October 2003. The growth in the activities of NBFIs during this period was mainly attributed to the continued growth in loans and advances to the private sector.

Loans and advances

The stock of NBFIs outstanding loans and advances to the private sector grew by Shs 1.72 billion or 2.2 percent to Shs 80.07 billion as at end-October 2003 compared with the growth rate of 3.8 percent registered in the previous month. The secured and unsecured loans grew by

8.2 percent to Shs 12.48 billion compared to an increase of 7.6 percent in September 2003. Mortgage loans went up by Shs 1.07 billion or 2.7 percent, while administered loans dropped slightly by Shs 0.30 billion or 1.1 percent to Shs 26.36 billion over the same period. The building and construction sector had the largest share of loans and advances from the credit institutions at approximately 84.5 percent of the total as at end-October 2003, though slightly lower than the 85.3 percent recorded in the preceding month. The trade and commerce sector took the second largest share of the total loans and advances at 11.5 percent from 11.3 percent recorded in September 2003.

Deposits

During the month of October 2003, private sector deposits in the credit institutions grew by Shs 0.57 billion or 1.1 percent to Shs 54.23 billion. This growth resulted from the rise in the time deposits of 5.3 percent to Shs 8.14 billion. Savings deposits grew marginally by Shs 0.14 billion to Shs 8.57 billion over the same period. Other deposits, which mainly comprise of funds collected on behalf of government from the beneficiaries of the government pool house sale scheme, also rose slightly by Shs 0.47 billion or 2.0 percent to Shs 23.30 billion at the end of October up from Shs 22.84 billion registered at end-September 2003. Table VIII below shows the developments in the activities of NBFIs.

**Table VIII: Developments in the activities of Non-Bank Financial Institutions
(Shs billion)**

	Oct 2002	Jun 2003	Jul 2003	Aug 2003	Sept 2003	Oct 2003
Total Assets	120.30	132.17	134.33	134.87	136.72	138.50
O/w Loans and advances	68.85	73.95	74.89	75.46	78.34	80.07
Secured & unsecured	10.16	9.86	10.56	10.72	11.53	12.48
Mortgage	30.81	37.35	37.74	38.38	40.15	41.22
Administered	27.88	26.74	26.58	26.35	26.66	26.36
Total Deposits	64.04	73.94	73.72	74.20	76.49	77.53
Savings	39.78	44.83	44.36	44.25	45.52	45.66
Time	7.75	7.27	7.24	7.41	8.14	8.57
Agency Funds	19.07	21.84	22.11	22.54	22.84	23.30

iii Leasing activities

The value of assets leased in the month of November 2003 fell by 31.4 percent to Shs 1.75 billion from Shs 2.55 billion disbursed in October 2003. This is lower than the earlier projection of stabilising total disbursements at Shs 2 billion to the end of the year as reported in the October report. The value however, represents 75 percent growth in the value of assets leased in the same month the previous year of Shs 1.00 billion. The drop in the value of assets leased in November 2003 is mainly attributed to seasonal factors. With the year coming to an end, potential clients are not as aggressive as they usually are during the earlier months of the year and this is indicated by the reluctance they have towards fulfilling borrowing conditions as the year comes to an end.

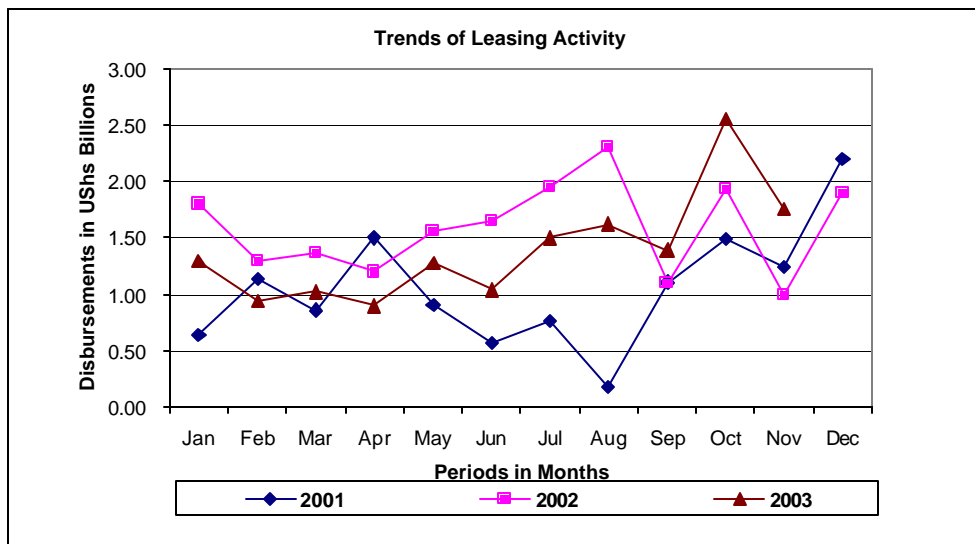
**Table VIII. Value of Assets Disbursed (Billion Shs)
January 2001-November 2003**

	2001	2002	2003
January	0.64	1.80	1.30
February	1.13	1.29	0.94
March	0.86	1.37	1.02
April	1.50	1.20	0.90
May	0.91	1.56	1.27
June	0.57	1.65	1.04
July	0.76	1.95	1.50
August	0.18	2.30	1.62
September	1.11	1.10	1.39
October	1.48	1.93	2.55
November	1.24	1.00	1.75
December	2.20	1.90	NIL

Source: Bank of Uganda

As depicted by Chart 5 below, the amount of credit extended in form of leasing seems to fall in the months of November over the last 2 years from the high amounts disbursed in the preceding month of October. Following the seasonality patterns, the value of assets leased is expected to bounce back up in December 2003 as it did in December 2001 and December 2002.

Chart 5. Trend of leasing activity over the period January –November 2003



F GOVERNMENT BUDGETARY OPERATIONS

i) Revenue and Grants

In October 2003, total revenue and budget support grants were estimated at Shs 152.3 billion compared with Shs 145.4 billion realised in September 2003. This outturn was also lower than the programme target of Shs 159.4 billion.

Total domestic revenue declined by Shs 3.7 billion or 2.8 percent from Shs 133.1 billion collected in September 2003 to Shs 129.4 billion in October 2003. The decline in domestic revenue collections was attributed to lower than expected yields from some revenue heads. URA revenue collections dropped by Shs 3.2 billion or 2.5 percent to Shs 127.5 billion, which was below the programmed target for the month by Shs 4.0 billion mainly due to lower collections from income tax and VAT. However, taxes on international trade rose by Shs 5.2 billion from Shs 69.3 billion in September 2003 to Shs 74.5 billion in October 2003. Non-tax revenue collections for October 2003 is estimated at Shs 1.9 billion, marking a dec line from Shs 2.4 billion recorded in the previous month. This out-turn was also lower than the anticipated target for the month by Shs 0.5 billion.

External budget support in form of grants amounted to Shs 22.9 billion in October 2003, which was higher than the expected amount for the month by Shs 2.7 billion due to strong support by the donor community. Total disbursements for the first four months of FY 2003/2004 accumulated to Shs 100.3 billion, against the target of Shs 101.9 billion.

Table IX: Summary of Government Budgetary Operations: July - October 2003 (Billion Shs)

	Revised Budget 2003/04	Prel. Jul 2003	Prel. Aug 2003	Prel. Sept 2003	Prel. Oct 2003	Prog. Oct 2003
Total Tax & Import Support Receipts	2,228.6	143.1	158.0	145.4	152.3	159.4
Total Domestic Revenue	1,690.9	121.4	114.8	133.1	129.4	133.9
URA Excluding Refunds/Govt. Taxes	1,655.2	119.4	113.6	130.7	127.5	131.5
Non URA Revenues	35.7	2.0	1.2	2.4	1.9	2.4
Import Support Grants	537.7	21.7	43.3	12.4	22.9	25.6
Expenditure & Lending	2,358.1	98.7	168.8	146.9	198.8	204.4
Current Expenditure	1,732.4	93.4	135.4	123.2	159.9	150.0
Development Expenditure	572.3	6.0	35.2	24.7	39.3	44.2
Others 1/	52.9	(0.7)	(1.9)	(1.0)	-0.5	10.1
Overall Surplus (Deficit)	(129.5)	44.4	(10.7)	(1.4)	(46.5)	(44.9)
Excluding Grants	(667.2)	22.7	(54.0)	(13.8)	(69.4)	(70.5)

Source: Ministry of Finance, Planning and Economic Development

1 Includes Net lending/Repayments, Arrears repayment and Contingencies

ii) **Expenditure**

In October 2003, government's expenditure and net lending totalled to Shs 198.8 billion from Shs 146.9 billion registered in September 2003. This outturn was also lower than the targeted level for the period of Shs 204.4 billion. Recurrent expenditures for the month amounted to Shs 159.9 billion compared to the projected level of Shs 150.0 billion. Out of the total recurrent expenditures, a total of Shs 59.8 billion (37.4 percent) was spent on wages and salaries. Interest payments were estimated at Shs 19.4 billion (or 12.1 percent). Out of which, Shs 5.0 billion was on account of external loans. Other recurrent expenditures increased from Shs 45.1 billion recorded in September 2003 to Shs 75.9 billion in October 2003, while development expenditures increased by about 59.1 percent over the level of September 2003.

iii) **Overall Balance**

The overall fiscal balance for October 2003 was a deficit of Shs 46.5 billion compared to a deficit of Shs 1.4 billion recorded in September 2003, while the deficit excluding grants amounted to Shs 69.4 billion. The deficit was financed by domestic sources to the tune of Shs 57.8 billion. The government also repaid principal on external loans amounting to Shs 11.2 billion.

G EXCHANGE RATE AND FOREIGN EXCHANGE MARKET

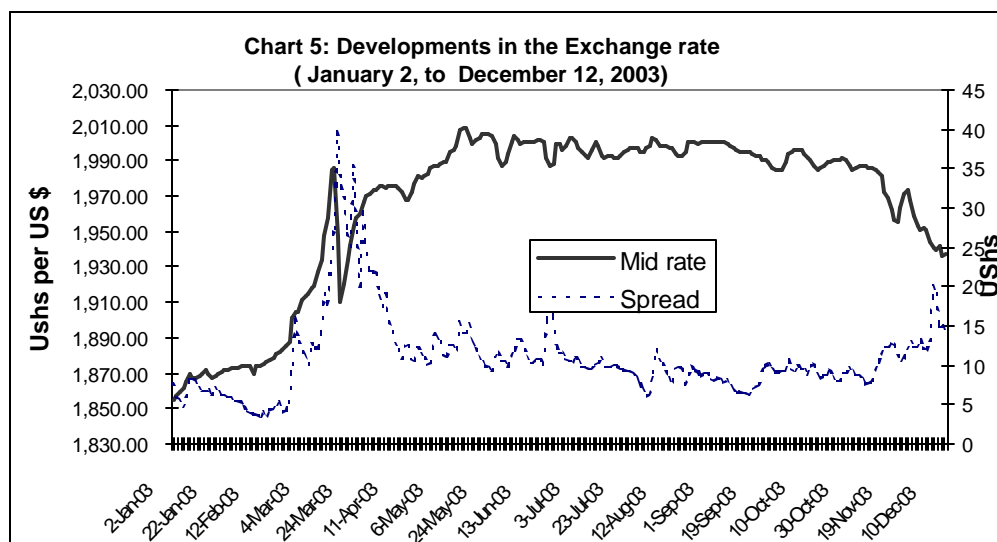
The Uganda Shilling gained substantially against the US Dollar over the four weeks to December 12, 2003. While it had appreciated by 0.67 percent to Shs 1958.77 as at end-November 2003, the rate of appreciation became more pronounced in beginning the first week of December 2003. By December 12, 2003, the Shilling standing at Shs 1937.21 per US \$, had appreciated by a further 1.10 percent in the month. Overall, the appreciation during this four-week period was 1.77 percent, compared to 1.08 percent of the corresponding period ended November 14, 2003.

On a period average basis, the Shilling appreciated by 1.64 percent from an average exchange rate of Shs 1986.59 per US \$ for the four weeks ended November 14, 2003 to Shs 1953.93 per US \$ for the same period ending December 12, 2003. The spreads between the weighted inter-banks' buy and sell rates, increased from an average of Shs 9.08 during the previous period to the current average of Shs 13.34. (See Chart 5).

Apart from the seasonal flows normally experienced around the festive season, the appreciation of the currency over the last four weeks to December 12, 2003 partly attributed to the presence of offshore participants in the market coupled with increased inflows from corporate organisations and NGO's demands were generally weak during the period. These factors notwithstanding, that the dollar has also been losing value against other major currencies, may also be responsible for some of the gains being experienced by the shilling.

Commercial banks' daily retail sales and purchases averaged US \$ 7.25 million and US \$ 7.41 million respectively during the four weeks to December 12th 2003. These averages are much higher than the sales and purchases of US \$ 5.71 million and US \$ 5.91 million respectively recorded in the corresponding period ended November 14, 2003. The cross currency trading average stood at US \$ 1.46 million during the period under review.

BOU maintained its presence in the IFEM under the sterilization strategy geared at mopping up excess liquidity injected by poverty reduction government expenditures, albeit at lower levels consistent with the expected seasonal demand for foreign currency. However, in order to stem instability in the market, BOU was also occasionally in the market under the intervention profile. The total effect of both sterilization and intervention over the four weeks to December 12, 2003 was a net purchase of US \$ 5.55 million. Bank of Uganda continues to watch market developments very closely.



H DEVELOPMENTS IN THE BALANCE OF PAYMENTS

In October 2003, the current account balance is estimated at a deficit of US \$44.85 million, compared to a deficit of US \$14.25 million in September 2003. The capital and financial account is estimated at a surplus of US\$26.97 million compared to a surplus of US\$20.21 million in September 2003. Thus, the overall balance is estimated at a deficit of US\$17.89 million in October 2003.

i) Exports

Total export proceeds in the month of October are estimated at US\$50.00 million; almost 13.0 percent lower than the value of US\$57.45 million realized in the month of September 2003.

Coffee Exports

Coffee exports during the month of November 2003 amounted to 138.12 (60-kilogram) thousand bags worth US\$5.97 million. This was an increase of about 3.25 percent in volume and 7.98 percent in value compared to the October exports (US\$5.53 million). The average realized export price in November stood at 72 cents per kilo (US\$0.72 per kilogram), up by about 3 cents compared to the price in October 2003.

Non-coffee Exports

The total value for non-coffee exports for the month of October 2003 is estimated at US\$ 44.47 million. This is a decline of about 12.0 percent when compared to US\$ 50.51 million (revised) realized in September 2003 but an increase of 29.2 percent when compared to the same month last year (US\$ 34.42 million).

Declines in value were noted in most of the non-coffee exports, more significantly in the exports of cotton, tea and flowers. Export value of cotton declined by 95.6 percent from US\$ 1.83 million to US\$ 0.08 million while those of tea and flowers declined by 40.8 percent and 36.1 percent respectively. Export volumes of cotton and tea exports were low on account of seasonality. Fish and its products, hides and skins and beans export values declined by 2.9 percent, 22.7 percent and 0.7 percent respectively, when compared to the previous month. The most significant decline among the "Others" category of non-coffee exports was on account of vanilla, which recorded a value of US\$ 0.338 million down from US\$ 3.938 million registered in September 2003. There was no simsim exported for the month of October 2003.

Some of the categories of exports that increases in the value included electricity, gold, tobacco and oil re-exports. Electricity registered a value of US\$ 1.23 million for the month of October 2003, which was an increase of 24.0 percent when compared to the previous month. Export values for gold increased by 41.4 percent from US\$ 6.92 million in September 2003 to US\$ 9.78 million in October 2003 while tobacco and oil re-exports increased by 14.5 and 5.3 percent respectively. (see Appendix Table 4: Exports of Merchandise for details).

ii) Imports

Total import bill is estimated at US\$144.52 million for the month of October 2003. Private sector import bill is estimated at US\$ 126.42 million, 7.7 percent lower than that for September 2003. Oil imports accounted for US\$14.00 million, about 9.69 percent of total imports.

Government imports are estimated at US\$ 18.11 million for the month of October 2003, 20.9 percent higher than the September 2003 imports, when they were recorded at US\$ 14.98 million. This was mainly due to the increase in non-project imports which more than doubled from about US\$0.32 million in the month of September to US\$4.05 million for the month of October 2003. (See Appendix Table 5: Imports of Merchandise).

iii) Other Inflows and Outflows

Official aid (excluding project aid but including resources from the HIPC³ Initiative) inflows amounting to about US\$10.17 million was disbursed in October 2003. Private transfer inflows are estimated at US\$48.59 million for the month of October, US\$8.11 million higher than the estimate for the month of September 2003. Private transfer outflows are estimated at US\$18.01 million, thus net private transfers amounted to US\$30.58 million during the month of October.

³ Includes all components of HIPC

Official debt service (excluding IMF payments) is estimated at US\$8.14 million for the month of October 2003 while IMF principal obligations externalized in October 2003 amounted to US\$5.28 million.

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 both the domestic and foreign exchange markets.

Appendix

Table 1: 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							
Q1	254.33	(246.12)	8.21	6.20	(15.67)	(9.47)	(1.26)
Q2	255.69	(250.61)	5.08	5.05	(14.99)	(9.94)	(4.86)
Half 1 2001/02	510.02	(496.74)	13.29	11.25	(30.66)	(19.41)	(6.12)
Q3	249.06	(219.55)	29.52	7.02	(21.24)	(14.22)	15.30
April	74.31	(85.09)	(10.79)	5.09	(4.75)	0.34	(10.44)
May	101.12	(76.32)	24.80	2.26	(6.23)	(3.97)	20.83
June	88.77	(93.89)	(5.12)	2.68	(4.79)	(2.11)	(7.23)
Q4	264.20	(255.30)	8.90	10.03	(15.77)	(5.74)	3.16
Half 2 2001/02	513.27	(474.85)	38.41	17.06	(37.01)	(19.95)	18.46
2001/2002	928.31	(886.08)	42.23	27.01	(64.65)	(37.64)	4.59
2002/2003							
July	87.65	(88.32)	(0.67)	5.35	(5.57)	(0.22)	(0.89)
August	100.43	(89.55)	10.87	4.43	(6.50)	(2.07)	8.81
Sept	56.92	(77.68)	5.29	4.21	(3.83)	0.38	5.67
Q1	271.05	(255.55)	15.50	13.98	(15.89)	(1.91)	13.59
October	101.57	(72.78)	28.79	6.84	(4.10)	2.74	31.53
November	109.29	(79.80)	29.49	6.91	(3.86)	3.05	32.54
December	111.40	(76.16)	35.24	7.94	(9.57)	(1.63)	33.61
Q2	322.26	(228.74)	93.51	21.69	(17.52)	4.16	97.68
Half 1 2002/03	593.31	(484.29)	109.01	35.67	(33.41)	2.25	111.27
Jan 2003	121.57	(94.59)	56.98	2.57	(2.70)	(0.13)	26.85
February	114.92	(93.76)	21.16	3.09	(3.73)	(0.64)	20.52
March	112.20	(96.31)	15.90	3.82	(2.75)	1.07	16.97
Q3	348.69	(284.65)	64.04	9.48	(9.18)	0.30	64.34
April	99.66	(116.52)	(16.86)	3.56	(1.22)	2.33	(14.52)
May	142.80	(122.79)	20.00	5.84	(2.18)	3.65	23.65
June	104.75	(112.23)	(7.48)	4.97	(3.42)	1.55	(5.93)
Q4	347.21	(351.54)	(4.33)	14.37	(6.83)	7.54	3.20
Half 2 2002/03	695.90	(636.19)	59.71	23.85	(16.01)	7.84	67.55
2002/2003	1,289.21	(1,120.48)	168.72	59.51	(49.42)	10.09	178.81
2003/2004							
July	111.51	(97.42)	14.09	5.24	(3.82)	1.41	15.50
August	105.06	(97.69)	7.37	13.10	(8.62)	4.48	11.85
September	126.64	(122.07)	4.57	6.73	(3.11)	3.62	8.19
Q1	343.22	(317.19)	26.03	25.07	(15.56)	9.51	35.54
October	140.28	(113.42)	26.86	7.50	(4.69)	2.81	29.67

Source: Research Department, Bank of Uganda

Table 2: 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							
Q1	167.24	(178.30)	(11.06)	4.39	(13.47)	(9.08)	(20.14)
Q2	169.88	(173.45)	(3.57)	4.38	(11.29)	(6.91)	(10.49)
Half 1 2001/02	337.12	(351.75)	(14.63)	8.77	(24.77)	(16.00)	(30.63)
Q3	171.14	(160.07)	11.07	5.83	(18.36)	(12.52)	(1.45)
Q4	190.31	(181.50)	8.81	8.05	(11.83)	(3.79)	5.03
Half 2 2001/02	361.45	(341.56)	19.89	13.88	(30.19)	(16.31)	3.57
2001/2002	698.57	(693.31)	5.26	22.65	(54.96)	(32.31)	(27.05)
2002/2003							
July	65.46	(63.74)	1.72	5.20	(5.23)	(0.02)	1.69
August	74.04	(66.72)	7.32	3.67	(5.08)	(1.41)	5.91
Sept	56.92	(51.49)	5.44	3.69	(2.87)	0.82	6.26
Q1	196.42	(181.95)	14.47	12.56	(13.18)	(0.62)	13.85
October	68.25	(55.15)	13.10	6.49	(3.98)	2.51	15.61
November	82.69	(60.13)	22.56	6.41	(3.70)	2.71	25.27
December	78.42	(57.34)	21.08	6.45	(8.18)	(1.73)	19.36
Q2	229.36	(172.61)	56.75	19.35	(15.86)	3.49	60.24
Half 1 2002/2003	425.78	(354.56)	71.22	31.91	29.03	2.88	74.09
Jan 2003	90.24	(66.42)	23.82	2.22	(2.34)	(0.12)	23.70
February	60.77	(62.95)	(2.18)	2.28	(3.51)	(1.23)	(3.41)
March	71.01	(53.68)	17.32	3.51	(2.59)	0.92	18.24
Q3	222.02	(183.05)	38.97	8.01	(8.44)	(0.43)	38.54
April	71.88	(71.49)	0.40	3.13	(1.11)	2.02	2.42
May	86.75	(58.52)	28.23	4.63	(1.76)	2.87	31.10
June	81.21	(85.38)	(4.17)	4.19	(2.76)	1.42	(2.74)
Q4	239.84	(215.38)	24.46	11.95	(5.63)	6.31	30.78
Half 2 2002/03	461.86	(398.44)	63.43	19.96	(14.07)	5.89	69.31
2002/2003	887.64	(753.00)	134.65	51.87	(43.11)	8.76	143.41
2003/2004							
July 2003	74.54	(70.30)	4.24	4.79	(2.99)	1.79	6.03
August	71.59	(64.13)	7.46	11.74	(8.14)	3.60	11.06
September	88.15	(87.69)	0.47	6.43	(2.24)	4.20	4.66
Q1	234.28	(222.12)	12.16	22.96	(13.37)	9.59	21.75
October	111.23	(77.65)	33.58	6.85	(3.88)	2.98	36.55

Source: Research Department, Bank of Uganda

**Table 3: Monthly Change in outstanding loans and advances of Commercial banks
(Foreign Currency 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	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							
Q 1	87.09	(67.83)	19.26	1.81	(2.20)	(0.39)	18.88
Q 2	85.81	(77.16)	8.65	0.67	(3.69)	(3.02)	5.63
Half 1 2001/2002	172.90	(144.99)	27.92	2.48	(5.89)	(3.41)	24.51
Q 3	77.92	(59.48)	18.44	1.19	(2.88)	(1.69)	16.75
April	24.71	(31.91)	(7.20)	1.52	(1.77)	(0.25)	(7.45)
May	28.35	(19.90)	8.45	0.22	(1.13)	(0.91)	7.54
June	20.83	(22.00)	(1.17)	0.25	(1.03)	(0.78)	(1.95)
Q 4	73.89	(73.81)	0.08	1.99	(3.94)	(1.95)	(1.86)
Half 2 2001/2002	151.81	(133.29)	18.53	3.18	(6.81)	(3.64)	14.89
2001/2002	229.74	(192.77)	36.97	4.36	(9.69)	(5.33)	31.64
2002/2003							
July	22.20	(24.58)	(2.38)	0.14	(0.34)	(0.19)	(2.58)
August	26.39	(22.83)	3.56	0.76	(1.41)	(0.66)	2.90
Sept	26.04	(26.19)	(0.15)	0.52	(0.96)	(0.44)	(0.59)
Q 1	74.63	(73.60)	1.03	1.42	(2.71)	(1.29)	(0.27)
October	33.32	(17.64)	15.68	0.35	(0.12)	0.23	15.92
November	26.60	(19.67)	6.92	0.50	(0.16)	0.34	7.27
December	32.98	(18.82)	14.16	1.49	(1.39)	0.10	14.26
Q 2	92.90	(56.13)	36.77	2.34	(1.67)	0.67	37.44
Half 1 2002/2003	167.53	(129.73)	37.80	3.76	(4.38)	(0.62)	37.17
Jan 2003	31.33	(28.17)	3.16	0.35	(0.36)	(0.01)	3.15
February	54.15	(30.81)	23.34	0.82	(0.23)	0.59	23.93
March	41.20	(42.62)	(1.42)	0.31	(0.16)	0.15	(1.28)
Q 3	126.67	(101.60)	25.07	1.47	(0.74)	0.73	25.80
April	27.77	(45.03)	(17.25)	0.42	(0.11)	0.31	(16.94)
May	56.05	(64.28)	(8.23)	1.21	(0.42)	0.78	(7.45)
June	23.54	(26.85)	(3.31)	0.79	(0.66)	0.13	(3.18)
Q 4	107.36	(136.16)	(28.80)	2.42	(1.19)	1.22	(27.57)
Half 2 2002/03	234.03	(237.76)	(3.72)	3.89	(1.93)	1.95	(1.77)
2002/2003	401.56	(367.49)	34.07	7.65	(6.31)	1.33	35.41
2003/2004							
July	36.97	(27.12)	9.85	0.45	(0.83)	(0.38)	9.47
August	33.47	(33.56)	(0.09)	1.36	(0.48)	0.88	0.79
September	38.49	(34.39)	4.10	0.30	(0.88)	(0.58)	3.52
Q 1	108.93	(95.06)	13.87	2.11	(2.19)	(0.08)	13.79
October	29.05	(35.77)	(6.71)	0.65	(0.82)	(0.17)	(6.88)

Source: Research Department, Bank of Uganda

Table 4: Exports of Merchandise

EXPORTS OF MERCHANDISE(in millions of US\$)	Sep-02	Oct-02	Nov-02	Sep-03	Oct-03	Nov-03
Total Exports (in US\$ million)	35.87	41.52	39.14	57.45	50.00	
1. Coffee						
Gross coffee shipment, million (60-Kg) bags	0.25	0.22	0.26	0.18	0.13	0.14
Average unit value	0.45	0.53	0.61	0.65	0.69	0.72
Value of total shipment (BOP)	6.82	7.10	9.52	6.93	5.53	5.97
2. Non-Coffee export values(in US \$ million)	29.05	34.42	29.61	50.51	44.47	
Electricity	1.44	1.71	1.30	0.99	1.23	
Gold	3.97	6.02	3.65	6.92	9.78	
Cotton	0.00	0.03	0.09	1.83	0.08	
Tea	2.13	2.72	2.43	4.49	2.66	
Tobacco	0.80	2.24	5.23	4.02	4.60	
Fish & its products (International)	7.14	7.68	6.72	7.45	7.23	
Fish & its products (Regional)	2.36	2.53	2.22	2.46	2.39	
Hides & Skins	0.19	0.42	0.51	0.67	0.51	
Simsim	0.08	0.01	0.03	0.02	0.00	
Maize	0.61	1.00	0.44	2.16	2.21	
Beans	0.23	0.22	0.25	0.28	0.28	
Flowers	1.31	1.22	1.10	2.91	1.86	
Oil re-exports	0.75	0.71	0.74	3.35	3.52	
Cobalt	0.12	0.00	0.00	0.00	0.00	
Others	7.91	7.93	4.92	12.99	8.12	

Table 6: Imports of Merchandise, US\$ Million

	July-02	Aug-02	Sep-02	Oct-02	July-03	Aug-03	Sep-03	Oct-03
Total Imports (Millions US\$)	112.11	96.58	110.30	123.98	131.59	125.29	132.34	144.52
Government Imports	14.23	10.24	10.41	12.10	12.88	14.34	14.98	18.11
Project	8.17	8.37	9.19	10.75	12.37	11.66	14.65	14.06
Non-Project	6.06	1.87	1.22	1.35	0.51	2.69	0.32	4.05
Private Sector Imports	97.89	86.34	99.89	111.88	118.71	110.95	117.37	126.42
Oil	13.26	13.12	13.03	12.75	13.57	13.06	13.22	14.00
Non-Oil	70.15	64.89	76.33	90.03	100.69	92.16	97.47	102.33
Estimated imports	14.48	8.33	10.53	9.10	4.45	5.73	6.68	10.08

