BANK OF UGANDA

MONTHLY ECONOMIC REVIEW

FEBRUARY
2004

Table of Contents

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. For the four-weeks period ended February 13, 2004:

- Net-issuance of Treasury bills and daily sales of foreign exchange under the sterilization strategy were used to sterilize liquidity, while the Repo instruments facilitated the short-term, normally fine-tuning operations.

- The Rediscount rate and Bank rate were reduced from 24.62 percent and 25.62 percent, respectively, to 22.91 percent and 23.91 percent, respectively.

- While Bank of Uganda maintained its presence in the market under the sterilization profile, it also intervened to curb instability and has continued to watch developments closely.

Inflation Developments

Inflationary pressures eased further in January 2004.

- The annual headline inflation rate declined from 5.9 percent observed in December 2003 to 4.0 percent of January 2004.

- The annual underlying inflation rate declined from 5.2 percent of December 2003 to 4.7 percent.

Real Sector Developments

- Updates on the Index of Industrial Production to December 2003 depict a surge in activity, mainly in line with seasonal trends. The IIP rose 10.5 percent and 4.3 percent over the November 2003 and December 2002 levels, respectively. Another indicator of production, diesel consumption, also rose 23.0 percent and 0.3 percent over the November 2003 and December 2002 levels, respectively.

- In addition to the listing of the government bond for the first time, on January 15, 2004, trading at the Uganda Securities Exchange increased more than threefold to turnover of Shs 21.6 million in December 2003. The USE all shares index, was higher closing at 397.28, compared to 359.08 of December 2003.

Domestic Securities and Money Market Developments

Securities and money market interest rates were on a gradual downward trend over the four weeks ended-February 13, 2004.

- The second issue of the Treasury bond scheduled for auction on February 26, 2004 is a 3-year 10.25 percent coupon bond worth Shs 20.0 billion. These longer-term securities are expected to improve liquidity management and promote market development by extending the maturity of instruments traded and the yield curve.
- In the primary auction market for Treasury bills, the respective weighted annualized yields on the 91-day, 182-day, 273-day, and 364-day bills stood at 15.83 percent, 18.07 percent, 18.42 percent and 18.20 percent, respectively, at the auction value dated February 04, 2004. This is compared to respective 20.84 percent, 23.62 percent, 22.69 percent and 22.63 percent, recorded in the auction value-dated January 07, 2004.

- The average bid/offer rates in the secondary market for Treasury securities were lower on all the maturities, when compared to the quotations made in the previous four-week period. The yield curve derived from this market is flat in the mid-term, but positively sloped in short and at the longest end of the market (i.e. between 1 year and 2 years). The secondary market for government securities recorded transactions worth Shs 11.59 billion over this period, compared to Shs 4.82 billion in the corresponding period ended-January 16, 2004.

- The shilling inter-bank money market remained buoyant through the period. The weighted inter-bank rate was stable averaging 17.64 percent, compared to 16.89 percent for the four weeks ended-January 16, 2004.

- No adjustments in the commercial banks' prime lending rates were reported in the four weeks to February 13, 2003. The range for these rates for the entire banking sector remained at 18-22 percent, and the number of banks charging rates in the highest category of 20.1-22.0 percent remained at 11 banks.

- Movements in commercial banks' effective rates, available to December 2003, were mixed over this period. The effective lending rates on the Shilling denominated loans, increased from 20.55 percent of November 2003 to 21.61 percent recorded in December 2003, while that on the foreign denominated loans declined from 10.49 percent to 10.16 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 expanded by 1.7 percent in January 2004 compared to the contraction of 4.0 percent registered in December 2003. The annual growth rate for M3 is recorded at 20.1, higher than 17.1 percent of December 2003. Broad money excluding forex deposits (M2) grew by 2.0 percent in January 2004, compared to the expansion of 4.0 percent recorded in December 2003.

- While net credit to government decreased by 0.5 percent over January 2004 to a net position of Shs. 318.9 billion with the banking system, private sector credit (PSC) has maintained a steady rise, increasing by 2.1 percent. PSC grew almost 16 percent relative to the June 2003 level while the annual growth was recorded at 23.0 percent for end January, 2004.

- On the liabilities, the respective shares to M3 of currency in circulation, shilling term deposits, shilling demand deposits and forex denominated deposits stood at 21.9 percent, 24.0 percent, 29.9 percent and 24.2 percent, respectively, by end-January, 2004, compared to respective levels of 22.7 percent, 24.1 percent, 28.8 percent and 24.4 percent in December .2003.

- Assets of Non-Bank Financial Institutions (NBFIs) fell by 1.5 percent to Shs 142.37 billion by January 2004. However, the stock of loans and advances to the private sector, mainly financing the building and construction sector, grew by almost 2.0 percent, compared to 1.4 percent of December 2003. Deposits in credit institutions declined by 6.9 percent in January 2004 mainly on account of savings deposits.

- Leasing activity – the value of assets disbursed dropped by 3.4 percent to Shs 1.18 billion in February 2004, from Shs 1.79 billion of January 2004.

Fiscal Developments

- In the month of January 2004, government revenue and budget support grants were estimated at Shs 147.6 billion compared to the programme target for the period of Shs 173.8 billion and Shs. 398.1 billion realised in December, 2003.

- Government expenditure and net lending stood at Shs 207.7 billion, measured against an anticipated level of Shs 186.6 billion.

- The overall fiscal balance (including grants) for December 2003 was a deficit of Shs 60 billion compared to a projected deficit of Shs 12.8 billion. Excluding grants, the deficit rises to Shs 7.5 billion.

Foreign Exchange Market

- The 0.66 percent depreciation the Uganda Shilling against the dollar observed over the four weeks ended-January 16, 2003, was reversed over the four weeks ended February 13, 2004. The appreciation pressures are mainly on account of increased flows from offshore investors, exports and NGOs, while demand has remained subdued.

- The spreads were also higher at an average of Shs 15.90, compared to the average of Shs 12.24 recorded over the corresponding period ended-January 16, 2004.

- BOU maintained its presence in the IFEM under the sterilization strategy, and occasionally intervened in the market to curb instability. On a net basis, BOU's transactions were a net purchase of US $ 6.85 million.

Balance of Payments Developments

- In January 2004 the current account balance is estimated at a deficit of US$59.43 million, while the capital and financial account is estimated at a surplus of US$45.39 million. Thus, the overall balance of payments is estimated at a deficit of US$14.04 million.

- Total exports proceeds for the period December 2003 are estimated at US $ 43.71 million, out of which coffee accounted for 23.0 per cent. Non-coffee exports increased by 42.2 percent in January, 2004 from US$34.6 million realised in December 2003 to US$49.3 million.

- The import bill (cif) is estimated at US$150.10 million during December 2003. This is an increase of 7.0 per cent compared to the November 2003 import bill, which was estimated at US$ 140.31 million.

- Official aid (excluding project aid but including resources from the HIPC Initiative) inflows amounted to about US$113.07 million, while net private transfers were estimated at US$44.15 million in December 2003. Services and income outflows exceeded inflows by US$26.97 million during December 2003.

- Official debt service (excluding IMF payments) is estimated at US$4.82 million for the month of December 2003. IMF principal obligations that were externalised in December amounted to US$5.962 million. Short-term inflows of US$10.82 million exceeded outflows by US$4.93 million.

- Official foreign reserves rose by US$115.30 million to US$1075.47 million in December 2003. Subsequently, the level of import cover in months of imports of goods and services rose from 5.86 months in November 2003 to 6.61 months in December 2003.

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. The Treasury bond, the net issues of Treasury bills and daily sales of foreign exchange continue to be the main instruments of sterilization of excess liquidity, while 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.

In line with its policy of a market-determined exchange rate, BOU only intervenes in the inter-bank foreign exchange markets (IFEM) to curb instability.

In the four weeks to February 13, 2004, the net redemption of Treasury bills of Shs 15.65 billion was almost similar to that worth Shs 15.75 billion in the corresponding four-week period to January 09, 2003. For short-term liquidity management, gross issues of the REPO instrument, whose maturity ranged from 1 day to 7 days, amounted to Shs 76.60 billion over this period, against maturities of Shs 59.69 billion. This is compared to issues and maturities of Shs 174.50 billion and Shs 220.08 billion, respectively over the preceding period ended January 16, 2004. BOU maintained its presence in the foreign exchange market under the sterilization profile, but on account of the instability in the market, was also on the purchase side to stabilize the market. Over the four weeks to February 13, 2004, the net effect of BOU's transactions in this market was a net purchase of foreign exchange worth US $ 6.65 million, compared to a net sale of US$ 4.90 million in the preceding four weeks period ended January 16, 2004.

In line with the developments in the Treasury bill market, the Rediscount rate and Bank rate were reduced from 24.62 percent and 25.62 percent, respectively to 22.91 percent and 23.91 percent, respectively.

B DOMESTIC PRICE DEVELOPMENTS

The **Annual Headline Inflation** rate for the year ending January 2004 decreased to **4.0** percent, from 5.9 percent posted in the year ending December 2003. This rate is also lower than the 6.8 percent registered in January 2003. This trend is largely explained by a decrease in prices of staple food crops, fruits and vegetables, oils and fats among others.

The **Monthly Headline Inflation** rate was lower at **-1.5 percent** in January 2004, compared to an increase of 0.2 percent in December 2003. This outturn is largely on account of declines in the food, and clothing and footwear subgroup indices which more than offset increases in the beverages and tobacco, rent, fuel and utilities, household and personal goods, and health, education and entertainment. The food subgroup index declined by 4.6 percent, while the clothing and foot wear subgroup index declined by 0.2 percent. Conversely, beverages and tobacco index rose by 0.4 percent, rent, fuel and utilities by 1.6 percent; household personal goods by 0.3 percent and health, education and entertainment by 0.2 percent.

The **Annual Underlying Inflation** rate for the year ending January 2004 was also lower at **4.7 percent** compared to the 5.2 percent recorded in the year ending December 2003. However, this underlying inflation rate was much higher than the 2.4 percent posted in January 2003.

The **Monthly Underlying Inflation** rate increased to **0.5** percent in January 2004, from the 0.1 percent posted in December 2003. This was mainly due to increases in the average prices of fish, sugar, soda and fuel. While seasonal, distributional factors and increased export demand may account for the rise in the price of fish, an upward demand pressure for charcoal and firewood, arising from an increase in electricity charges may explain the increase in the fuel index.

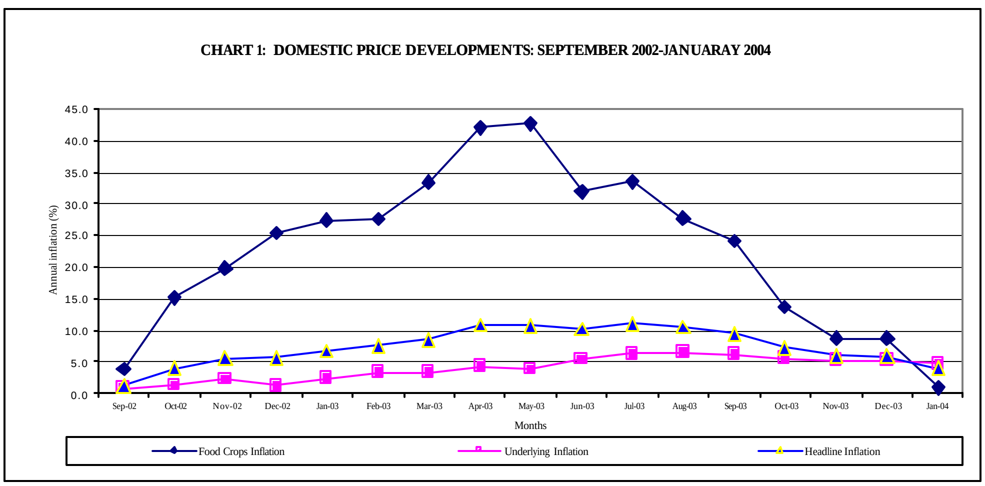
The **Food Crops Annual Inflation** rate for the year ending January 2004 decreased to **0.9** percent compared to the 8.7 percent posted in December 2003. The **Monthly Food Crops Inflation rate,** however, slumped to **-9.4 percent** in January 2004 from the 1.2 percent recorded in December 2003. Decreases in prices of staple food crops and fruits and vegetables as a result of good harvest account for the slump in the monthly food crops inflation.

The developments in inflation are indicated in Table I and Chart 1 below.

Table I. Three Months Rolling Inflation Rates Out-turn (November 2003 – January 2004)

Period	Headline Inflation		Underlying Inflation		Food Crops Inflation	
	Monthly	Annual	Monthly	Annual	Monthly	Annual
November 2003	-0.1	5.9	-0.2	5.2	0.7	8.7
December 2003	0.2	5.9	0.1	5.2	1.2	8.7
January 2004	-1.5	4.0	0.5	4.7	-9.4	0.9

Source: Uganda Bureau of Statistics



C REAL SECTOR DEVELOPMENTS

This report presents trends in Power/electricity consumption, and activity at the Uganda securities Exchange.

Production

Index of Industrial Production

Manufacturing activity was buoyant in December 2003, in line with the seasonal trend. The Index of industrial production, which grew by 10.5 percent in December 2003, was also higher than the level recorded in December 2002 by 4.3 percent (*see Table II*). This increase in production is mainly attributed to the festive season, which presents higher demand. Production levels are however expected to fall in the month of January 2004 as is usually the case following past trends in the index of industrial production. Soft drinks, Beer, Sugar and Edible oil, which grew by 79.1 percent, 23 percent, 13.4 percent and 5 percent respectively accounted for most of the growth in production observed in December 2003. Cigarettes, Metal products, and Textiles on the other hand recorded drops in production by 30 percent, 12 percent and 7.8 percent respectively over the same period.

Table II. The index of Industrial Production 200-2003

	2000	2001	2002	2003
Jan	130.8	123.0	135.3	149.7
Feb	119.5	117.6	130.3	147.9
Mar	139.1	133.8	139.4	156.8
Apr	119.4	122.2	129.0	145.0
May	115.3	117.7	118.0	128.8
Jun	106.3	121.0	127.6	124.5
Jul	122.6	124.7	135.7	142.9
Aug	128.8	125.9	136.1	150.6
Sep	136.5	127.3	136.6	148.4
Oct	119.3	122.8	136.0	150.1
Nov	118.9	126.6	126.5	145.2
Dec	131.6	140.8	153.8	160.4

Source: Uganda Bureau of Statistics (UBOS)

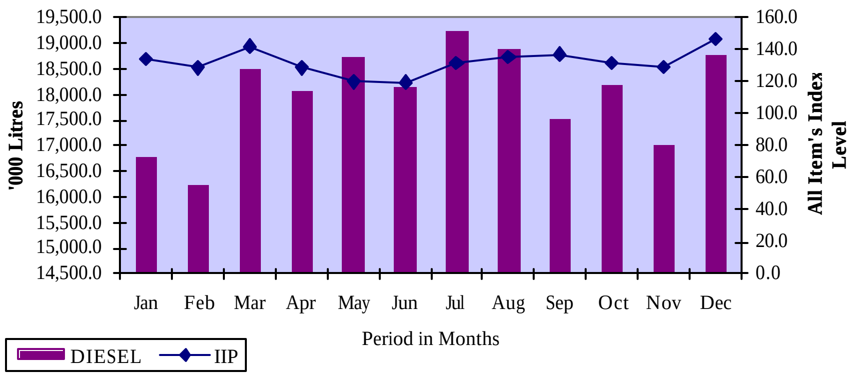
(a) Construction Index

The Construction Index[1] under construction is yet to be availed beyond November 2003 as reported in the previous report.

(b) Diesel Consumption

Diesel consumption can be used to make inferences on total production of an economy. As seen Chart 2 below, which shows the trends of both industrial production and consumption of diesel, the movements between these two indicators is indeed positive. Diesel consumption rose by 23 percent over November 2003 and by 0.3 percent compared to December 2002.

Chart 2: Trend ofIndex of Industrial Production and Diesel Consumption (Jan Dec 2003)

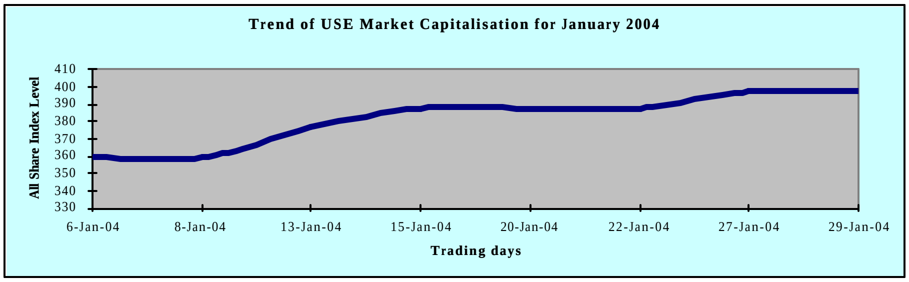


(ii) Trading at Uganda Securities Exchange

The USE recorded a remarkable development over January 2004, when it witnessed the listing of the 2-year, 10 percent coupon rate Treasury bond. This was the first listing of a Treas ury bond in the history of capital markets in Uganda. The bond interest will be payable semi-annually subject to a 15 percent withholding tax. Trading in other listings at the USE increased more than threefold to a total turnover of Shs 21,628,910 in January 2004, from Shs 5,980,290 recorded in December 2003. The number of shares traded increased to 3,782 from 797 recorded in December 2003. In this period, the Uganda Clays Limited counter dominated activity followed by Bank of Baroda and the entire activity at the Exchange was shared between these two counters. The all share index opened January 2004 at a level of 359.08 and closed at 397.28 at the end of the month. This indicates an increase in the market capitalisation of USE(see Chart 3 below).

[1] The Construction Index (CI) is a proposed new index to be constructed by Uganda Bureau of Statistics to provide additional and more contemporaneous indicators of real sector activity. Two sub-indices, the weighted index for limestone (WIL) and the weighted index for cement (WIC) are currently available. Plans are underway to introduce more building and construction materials to make the index more comprehensive.

Chart 3: Market Capitalization and Company Share Turnover



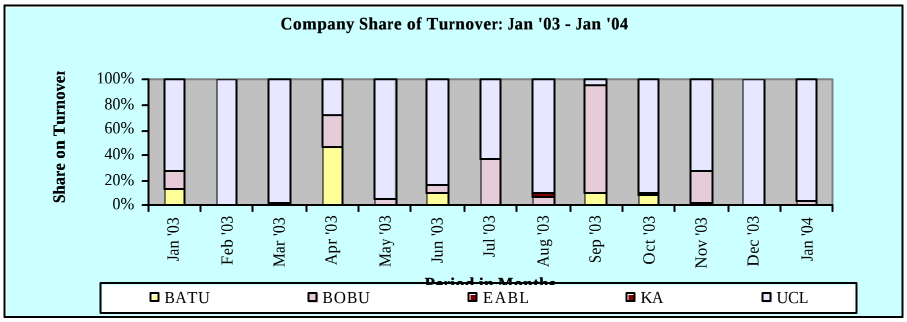


Table III. Trading at Uganda Securities Exchange

(May 2003 – January 2004)

	Apr '03	May '03	Jun. '03	Jul. '03	Aug. '03	Sep. '03	Oct. '03	Nov. '03	Dec '03	Jan '04
Total Turnover (Million Ushs)	40.1	27.5	11.0	49.6	12.0	123.3	32.3	4.5	6.0	21.6
No. Deals	17	12	13	4	7	9	6	7	3	4
No. Shares	29,949	6,189	4,465	29,201	2,798	154,508	6995	2,002	797	3,782

Source: Uganda Securities Exchange
Note: The number of deals quoted here is the number of consolidated deals

D DEVELOPMENTS IN THE DOMESTIC SECURITIES AND MONEY MARKET

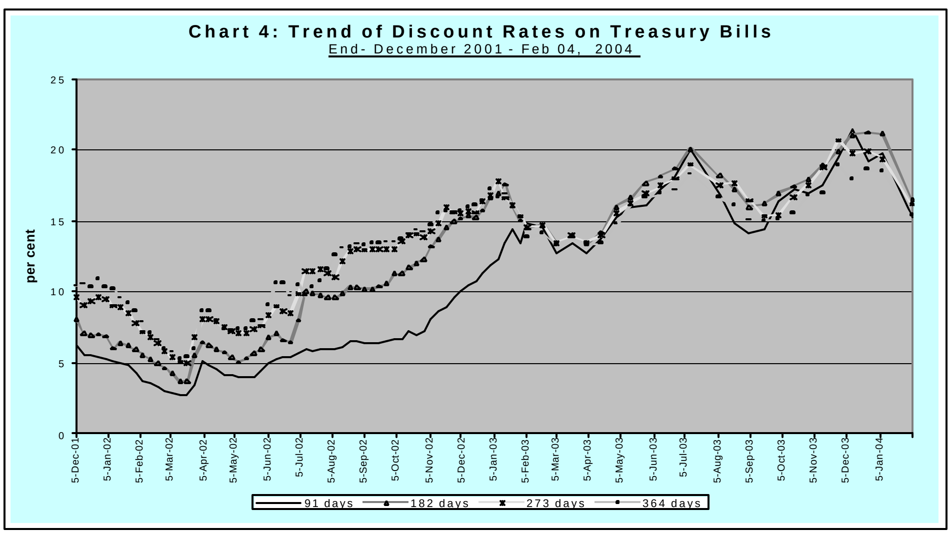
Domestic money market rates were observed to be stable in the four weeks ended February 13, 2004. This is after the gradual decrease in these rates in the previous period as liquidity conditions in commercial banks stabilized following the end of the festive season.

Primary market for Treasury bonds

Following its maiden issue on January 14, 2004, the second issue of the Treasury bond, is a 3-year 10.25 percent coupon bond worth Shs 20.0 billion scheduled for auction on February 26, 2004. These longer-term securities are expected to improve liquidity management and promote market development by extending the maturity of instruments traded and the yield curve.

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 15.23 percent, 16.58 percent, 16.19 percent and 15.41 percent, respectively, at the auction held on February 04, 2004. This compares to levels of 19.81 percent, 21.13 percent, 19.39 percent and 18.47 percent, respectively, recorded in the auction held on January 07, 2004 (see trends in Chart 4 below). The Treasury bill market was over subscribed for all the auctions held in the period under review.



Secondary Market for Treasury Securities

The average bid/offer discount rates in the secondary market for Treasury bills were lower for all papers (maturities) 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 February 13, 2004 were recorded at 16.78/16.52 percent, 17.14/16.88 percent, 16.62/16.36 percent and 15.90/15.65 percent for the 91-days, 182-days, 273-days and 364-days securities, respectively. This compares to the respective 18.24/17.99 percent, 18.70/18.44 percent, 18.24/17.98 percent and 17.47/17.20 percent, respectively in the four weeks to January 16, 2004.

The average indicative bid/offer yields-to-maturity in the secondary market for Treasury bonds were quoted at 19.40/19.16 percent, and remained constant in the period under review. A total of Shs 0.10 billion was traded in this bond at the Uganda Stock Exchange.

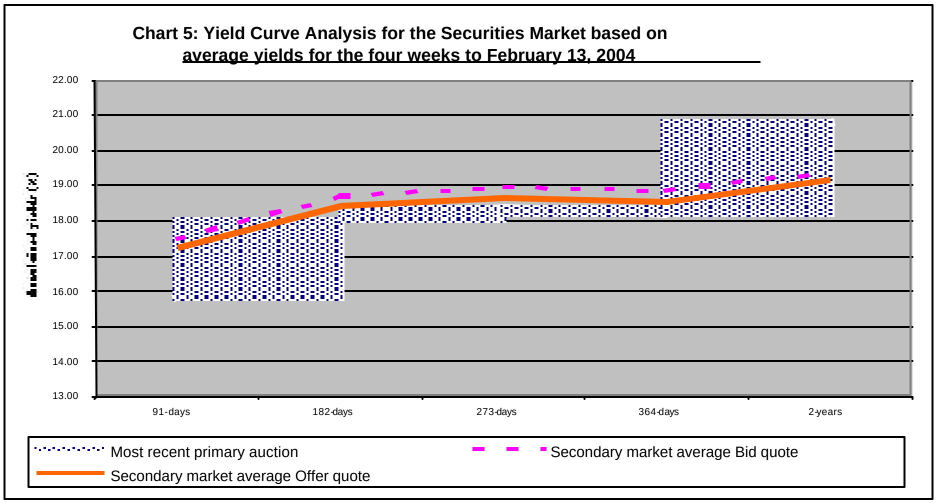
Table IV: Bid/Offer Rates and Transactions in the Secondary Market for Treasury bills and bonds over the four week-period to February 13, 2004

	Type of security									
	91-days		182-days		273-days		364-days		2-year bond	
	Discount rate quotation (%)								Yield-to-maturity quotation (%)	
	Bid	Offer	Bid	Offer	Bid	Offer	Bid	Offer	Bid	Offer
Min	14.00	13.75	14.75	14.50	15.75	15.50	15.00	14.75	13.34	13.09
Max	19.51	19.26	20.75	20.50	18.50	18.25	17.25	17.00	21.47	21.28
Average	16.78	16.52	17.14	16.88	16.62	16.36	15.90	15.65	19.40	19.16
	Trading Activity									
Transactions (Shs bill)	4.170		4.365		1.578		1.376		0.100	
O/w Horizontal repos	0.000		0.000		0.000		0.000		0.000	
- Av. H/Repo rate	-		-		-		-		-	
O/w- Outright sales	4.170		4.365		1.578		1.376		0.100	
Total trades across maturities	Shs 11.589 billion									
Rediscounts at BoU	Shs 21.469 billion									
Borrowing at BoU	Shs 3.000 billion									
- Av. Discount rate	19.46 percent		19.14 percent		17.40 percent		16.87 percent		……	
- Av. Effective Yield	19.96 percent		20.71 percent		19.69 percent		19.81 percent		……	

ıpiled from Domestic Financial Markets Department records

Total trades in the Treasury bills for the four weeks ended February 13, 2004 amounted to Shs 11.59 billion compared to Shs 4.82 billion in the four weeks ended January 16, 2004. The average discount rates on these trades for the 91-day, the 182-day, the 273-day, and the 364-day securities were 19.46 percent, 19.14 percent, 17.40 percent, and 16.87 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 yield-to-maturity quotations in the secondary market, evolved relatively in line with the developments in the primary market, with narrow margins between the two curves. However, as shown by Chart 5 below, at the longer end of the market, the curve derived from the secondary market was flatter than that from the primary market.



In the period under review, borrowings at Bank of Uganda amounted to Shs 3.00 billion and total rediscounts were Shs 21.47 billion, compared to rediscounts of Shs 9.97 billion recorded in the corresponding four weeks to January 16, 2004. In the same period, in response to the developments in the primary market, the Rediscount and Bank rates were each adjusted from 24.62 percent and 25.62 percent, to 22.91 percent and 23.91 percent, respectively

Activity in the domestic inter-bank money market for the four weeks ending February 13, 2004 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 January 23, 2004, when transactions worth Shs 73.85 billion were recorded, while the least activity was in the week of January 30, 2004, when Shs 32.10 billion was traded. The weighted inter-bank rate was fairly stable during the period under review. It was recorded at 17.56 percent at the start of the period and the highest it rose to was 18.07 percent before it came down to 17.34 percent in the last week ended February 13, 2003. As was the case in the previous period ended January 16, 2003, all the banks participated in the inter-bank market. The average of the inter-bank market rates of 17.64 percent over the four weeks to February 13, 2004, was higher than 16.89 percent recorded for the corresponding period ended January 16, 2003.

Commercial Banks' Retail Interest Rates

There were no adjustments in commercial banks' prime-lending rates in the four weeks to February 06, 2004. Consequently, the number of commercial banks charging prime-lending rates in the various categories remained unchanged from the position recorded in the previous period ended January 09, 2003. The range of these rates for the entire banking sector was also maintained at 18-22 percent (See Table V).

Two commercial banks adjusted their indicative deposit rates over the same period. Of these, one made an upward adjustment while the other bank had a mix of both upward and downward adjustments, of which the upward adjustments were dominant. The range of the savings deposits was maintained at 0-7.5 percent while that of the time deposits shifted upwards, from 0.25-13.0 percent to 0.25-20.0 percent. 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 8.0 percent increased from eleven (11) to twelve (12).

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

Prime Lending Rate (percent)	Oct 10, 03	Nov 14, 03	Dec 05, 03	Jan 09, 04	Feb 06, 04
	No. of banks charging rates within range				
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	3	3	2	1	1
18.1 – 20.0	9	8	5	3	3
20.1 – 22.0	3	4	8	11	11
22.1 - >>	0	0	0	0	0
Range (Min – Max)	17 %–22 %	16% – 22%	18%–22%	18%–22%	18%–22%
Source: Weekly Report of Interest rates by Commercial Banks					

Information on the commercial banks' effective lending and deposit rates is available only up to December 2003. As portrayed in Table VI, the effective lending rate on foreign denominated loans went down marginally from 10.49 percent in November 2003 to 10.16 percent in December 2003. That on shilling denominated loans, on the other hand, increased from 20.55 percent to 21.61 percent over the same period.

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

	Shilling Denominated				Forex Denominated			
Weighted Average rates	Sep 03	Oct 03	Nov 03	Dec 03	Sep 03	Oct 03	Nov 03	Dec 03
Lending	18.42	16.89	20.55	21.61	8.29	8.06	10.49	10.16
Demand Deposits	1.33	1.42	1.39	1.32	0.96	0.96	0.96	0.95
Savings Deposits	2.65	2.63	2.59	2.49	1.55	1.71	1.64	1.71
Time Deposits	9.23	8.21	11.11	12.11	1.85	1.47	3.08	1.66
Source: Monthly Report, BS100 Returns by Commercial Banks								

There was a marginal decline in the weighted rate on shilling denominated savings from 2.59 percent in November 2003, to 2.49 percent in December. On the other hand, the weighted time deposits rate, which had risen to 11.11 percent in the previous period, went up further to 12.11 percent in the period under review. On the foreign currency denominated deposits, the rates on demand deposits continued to be stable, declining very marginally from 0.96 percent to 0.95 percent, while those on savings deposits rose from 1.64 percent to 1.71 percent. The time deposit rate came down to 1.66 percent after a jump to 3.08 percent in the previous period.

E MONETARY AGGREGATES AND FINANCIAL SECTOR AGGREGATES

(i) Banking Activities[2]

Broad Money

Broad Money M3, which comprises currency in circulation plus all private deposits, contracted by 1.0 percent to Shs2407.0 billion in December 2003. This represents a turn around in the growth of money supply compared to an expansion of 4.5 percent in November 2003. Relative to June 2003, M3 expanded by 1.4 percent or Shs33.5 billion, while the year-on-year growth rate for M3 was recorded at 17.1 percent, compared to 22.1 percent growth in November 2003.

[2] Based on the Preliminary Monetary Survey for October 2003

M2A, comprising of M3 less foreign currency deposits of the private sector, expanded by 1.0 percent to 1819.7 billion at end-December 2003 from Shs1801.5 billion at end-November 2003. This is compared to an expansion of 4.5 percent over the month of November 2003. Relative to June 2003, M2A rose by 4.0 percent, while on year-on-year basis M2A grew by 11.6 percent compared to 17.1 percent for end-November 2003. Developments in money supply are shown in Table VII below.

Net Foreign Assets (NFA)

Between November 2003 and December 2003, the NFA of the banking system grew by 7.0 percent or Shs146.2 billion to Shs2248.6 billion. At BOU, NFA expanded by 13.4 percent or Shs197.8 billion, to Shs1673.1 billion. In particular, foreign reserves at BoU rose by an equivalent of Shs200.6 billion (or U.S $115.3 million). At Commercial banks, NFA dropped strongly by 8.2 percent or Shs51.6 billion to Shs575.5 billion compared to an increase of 8.5 percent or Shs49.0 billion in November 2003.

Net Claims on Government (NCG)

The government's net position with the banking system (NCG) as at end- December 2003 was a borrowing of Shs320.5 billion, down by 45.7 percent or Shs269.6 billion from Shs590.0 billion at the end of November 2003 (Table VI). At BoU, the government increased its savings by Shs. 156.7 billion over the month, mainly on account of a strong increase in government deposits of Shs150.3 billion, coupled with a decline in BoU investment in government securities of Shs5.7 billion. At commercial banks, net claims on Government fell by Shs112.8 billion to Shs538.1 billion in December 2003 from Shs651.0 billion in November 2003. This was on account of an increase in Government deposits of Shs86.3 billion, coupled with a decline in commercial banks' investment in Government securities of Shs26.3 billion. Relative to June 2003, the claims of the banking system on government decreased by Shs69.9 billion or 17.9 percent.

Private Sector Credit (PSC)

At end-December 2003, the stock of outstanding credit to the private sector by the banking sector stood at Shs962.0 billion (Table VII), of which Shs6.1 billion was from BOU and Shs955.9 billion from commercial banks. This represents a growth of 2.6 percent (or Shs24.1 billion) over the November 2003 position. Relative to June 2003, PSC grew by Shs113.4 billion or 13.4 percent, while the year-on-year growth rate in PSC was recorded at 24.6 percent for December 2003.

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

(in billion shillings unless otherwise stated)	June 2001	June 2002	Nov. 2002	June 2003	Sep. 2003	Nov. 2003	Dec. 2003
Net Foreign Assets (NFA)	1211.0	1552.6	1561.6	2101.3	2078.3	2102.4	2248.6
Domestic Credit	1106.8	1151.4	1288.1	1246.2	1431.9	1536.6	1291.6
Net Credit to Gov't (NCG)	460.6	482.0	540.3	390.4	534.9	590.0	320.5
Claims on the Private Sector	634.9	661.7	741.6	848.6	888.2	937.9	962.0
M3	1583.7	1925.4	1989.6	2373.4	2365.2	2430.2	2407.0
Forex deposits	390.2	434.8	450.7	624.2	580.0	628.7	587.3
M2A	1193.4	1490.6	1538.9	1749.2	1785.2	1801.5	1819.7
Demand Deposits	482.9	617.5	614.2	725.1	741.3	739.6	692.2
Term Deposits	360.4	465.9	495.4	562.7	570.4	561.1	581.3
Currency	350.2	407.2	429.3	461.4	473.4	500.8	546.2
Forex/M3 (percent)	24.6	22.6	22.7	26.3	24.5	25.9	24.4
Demand Deposits/M3 (percent)	30.5	32.1	30.9	30.6	31.3	30.4	28.8
Term Deposits/M3 (percent)	23.5	22.8	24.9	23.7	24.1	23.1	24.1
Currency/M3 (percent)	22.8	22.1	21.6	19.4	20.0	20.6	22.7

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

Credit Flows

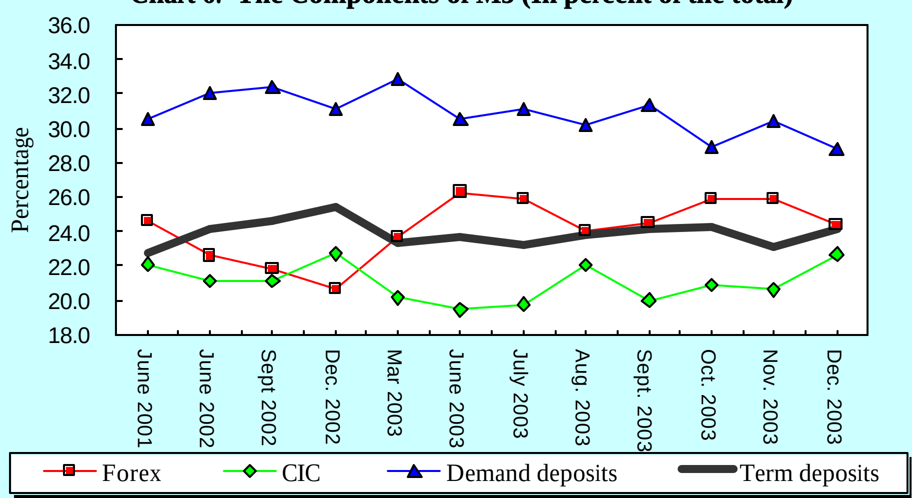
During December 2003, the total (shilling and foreign currency) gross extensions by commercial banks amounted to Shs130.1 billion, while recoveries were Shs109.1 billion resulting in net extensions of Shs21.0 billion. After accounting for flows in capitalised interest, there was a rise in the stock of credit of approximately Shs24.5 billion (see Appendix Table 1), though net extensions to the private sector alone were recorded at Shs24.1[3] billion. During the month, commercial banks extended shilling loans amounting to Shs87.0 billion, and recovered Shs87.8 billion, thus net recoveries were Shs0.8 billion. Net capitalised interest stood at Shs2.49 billion and therefore, the net change in the stock of shilling loans to the private sector was Shs1.72 billion (see Appendix Table 2). For foreign currency loans, gross extensions stood at Shs43.1 billion, while recoveries were Shs21.3 billion, yielding net extensions of Shs 21.8 billion. After taking into account effects of capitalised interest, the stock of foreign currency loans recorded a net growth of Shs22.8 billion (See Appendix Table 3).

(Appendix Tables 1-3 summarize the evolution of the monthly change in outstanding loans and advances of commercial banks for the from financial year 1999/2000 to November 2003)

Liabilities of the Banking System

On the liabilities side, foreign currency accounts fell by 6.6 percent or Shs41.4 billion to Shs587.3 billion in December 2003 (see Table VI). In US dollars, foreign currency accounts fell by US$17.5 million to US$303.5 million. Demand deposits decreased by 6.4 percent or Shs47.3 billion to Shs692.2 billion, while term deposits (time, savings and CDs) increased by 3.6 percent to Shs581.3 billion from Shs561.1 billion as at end-December 2003. Currency in circulation (CIC) increased strongly by 9.1 percent or Shs45.5 billion to Shs546.2 billion from Shs500.8 billion in November 2003. Reflecting these developments, the ratio of foreign currency deposits to M3 declined to 24.4 percent from 25.9 percent at end-November 2003. The ratio of demand deposits to M3 fell to 28.8 percent from 30.4 percent in November 2003, while that of term deposits rose to 24.1 percent from 23.1 percent in November 2003. The ratio of CIC to M3 rose to 22.7 percent compared to 20.6 percent in November 2003. The trends of the ratios are shown in Chart 6 and Table VI above.

Chart 6: The Components of M3 (In percent of the total)



[3] 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.

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

Assets

The total assets and liabilities of the Non-Bank Financial Institutions registered strong growth in the month of December 2003. This is reflected in an increase of Shs 4.66 billion or 3.3 percent in the assets of these institutions from Shs 139.80 billion recorded at end of November 2003 to Shs 144.46 billion at the end of December 2003. The growth in the activities of NBFIs during this period was mainly attributed to an increase in balances with commercial banks (both within and outside Uganda), increased investment in premises and other fixed assets and the growth in loans and advances to the private sector. NBFIs balances with commercial banks grew by 9.0 percent from Shs 16.98 billion in November to Shs 18.50 billion in December 2003 while investments in premises and other fixed assets rose by 9.8 percent from Shs 11.17 billion to Shs 12.25 billion.

Loans and advances

The stock of NBFIs outstanding loans and advances to the private sector grew by Shs 1.10 billion or 1.4 percent to Shs 82.93 billion as at end-December 2003 compared to Shs 81.82 billion registered in the preceding month. Mortgage loans went up by 8.0 percent, to Shs 45.78 billion, while the administered loans and secured and unsecured loans declined by 1.8 and 13.8 percent to Shs 25.67 billion and Shs 11.48 billion, respectively. The building and construction sector continued to hold the largest share of loans and advances from the credit institutions at 84.0 percent of the total as at end-December 2003. The trade and commerce sector took the second largest share of the total loans and advances at 10.7 percent, down from 12.2 percent recorded in November 2003.

Deposits

Private sector deposits in the credit institutions rose by 6.9 percent from Shs 54.86 billion in November 2003 to Shs 58.65 billion in December 2003. The bulk of this growth resulted from the rise in the savings deposits of 9.4 percent to Shs 49.99 billion. On the other hand, the time deposits dropped by 5.6 percent to Shs 8.67 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 by 2.5 percent from Shs 23.55 billion registered at end-November 2003 to Shs 24.13 billion at the end of December 2003.

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

	Dec 2002	Aug 2003	Sept 2003	Oct 2003	Nov 2003	Dec 2003
Total Assets	125.48	134.87	136.72	138.50	139.80	144.46
O/w Loans and advances	69.54	75.46	78.34	80.07	81.82	82.93
Secured & unsecured	8.95	10.72	11.53	12.48	13.31	11.48
Mortgage	32.97	38.38	40.15	41.22	42.37	45.78
Administered	27.62	26.35	26.66	26.36	26.14	25.67
Total Deposits	72.59	74.20	76.49	77.53	78.40	82.78
Savings	45.02	44.25	45.52	45.66	45.67	49.99
Time	7.66	7.41	8.14	8.57	9.18	8.67
Agency Funds	19.91	22.54	22.84	23.30	23.55	24.13

Leasing activities

The value of assets disbursed declined slightly by 2 percent in January 2004 to Shs 1.79 billion from Shs 1.83 billion disbursed in December 2003. Compared to the corresponding period last year, the value of assets disbursed increased by 39.8 percent. As can be noted from Chart…. below, the value of disbursements tends to fall in the first three months of the year following the large disbursements of the month of December.

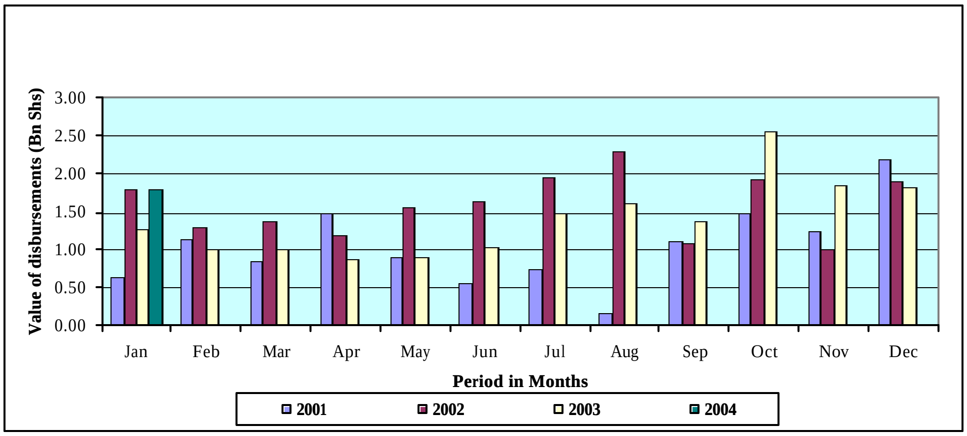


Chart 7. Trend of leasing activity over the period 2001-2004

F GOVERNMENT BUDGETARY OPERATIONS

i) Revenue and Grants

In December 2003, total revenue and budget support grants were estimated at Shs 390.9 billion compared with Shs 155.5 billion realised in November 2003. This outturn was higher than the programme target of Shs 315.5 billion on account of higher budget support inflows during the month.

Total domestic revenue rose by Shs 54.9 billion or 43.4 percent from Shs 126.6 billion collected in November 2003 to Shs 181.5 billion in December 2003. The increase in domestic revenue collections was attributed to higher than expected yields from some revenue heads. Total URA revenue collections rose by Shs 55.4 billion or 44.6 percent to Shs 179.7 billion compared to the programmed target for the month of Shs 156.6 billion. Revenue from local income tax increased by Shs 47.5 billion to Shs71.8 billion in December 2003 from Shs 24.3 billion in November 2003. Over the same period, taxes on International Trade rose by Shs 7.4 billion to Shs 77.6 billion. In contrast, the Non-URA revenue collections for December 2003 decreased by Shs 0.5 billion to Shs 1.8 billion, marking a decrease of 21.7 percent from Shs 2.3 billion recorded in the month of November 2003. The outturn for the Non-URA revenue was also lower than the anticipated target for the month by Shs 0.6 billion.

External budget support in form of grants amounted to Shs 209.3 billion in December 2003, which was higher than the expected amount for the month by Shs 52.7 billion. The total disbursements for the first half of FY 2003/2004 stood at Shs 337.9 billion, against the projected level of Shs 291.9 billion. This is attributed to earlier receipts of some donor inflows than expected during this period.

Table IX: Summary of Government Budgetary Operations (Billion Shs)
(September - December 2003)

	Revised Budget 2003/04	Prel. Sept '03	Prel. Oct '03	Prel. Nov '03	Prel. Dec '03	Prog. Dec '03
Total Tax & Import Support Receipts	**2,228.6**	**143.2**	**151.0**	**155.5**	**390.9**	**315.5**
Total Domestic Revenue	1,690.9	133.0	127.5	126.6	181.5	159.0
URA Excluding Refunds/Govt. Taxes	1,655.2	130.6	125.7	124.3	179.7	156.6
Non URA Revenues	35.7	2.4	1.8	2.3	1.8	2.4
Import Support Grants	537.7	10.2	23.5	28.8	209.3	156.6
Expenditure & Lending	**2286.5**	**147.4**	**194.3**	**195.4**	**188.4**	**204.9**
Current Expenditure	1,732.4	123.7	160.4	152.8	153.8	149.6
Development Expenditure	500.8	24.7	34.4	33.2	38.0	44.2
Others 1/	52.9	(1.0)	(0.5)	9.4	(3.3)	11.1
Overall Surplus (Deficit)	**(58.0)**	**(4.2)**	**(43.3)**	**(40.0)**	**202.5**	**110.6**
Excluding Grants	(595.6)	(14.4)	(66.8)	(68.8)	(6.9)	(46.0)

Source: Ministry of Finance, Planning and Economic Development
Notes:
1 Includes Net Lending/Repayments, Arrears Repayments and Contingency.

ii) Expenditure

In December 2003, government's expenditure and net lending totalled to Shs 188.4 billion, down from Shs 195.4 billion registered in November 2003. This outturn was also lower than the targeted level for the period of Shs 204.9 billion. Recurrent expenditures for the month amounted to Shs 153.8 billion, up from Shs 152.8 billion recorded in the preceding moth. Out of the total recurrent expenditures, a total of Shs 62.7 billion (40.8 percent) was spent on wages and salaries. Interest payments were estimated at Shs 19.0 billion (or 12.4 percent), out of which Shs 3.5 billion was on account of external loans. Other recurrent expenditures dropped from Shs 74.0 billion recorded in November 2003 to Shs 67.3 billion in December 2003, while the development expenditures rose by about 14.5 percent from Shs 33.2 billion recorded in November 2003 to Shs 38.0 billion in December 2003.

iii) Overall Balance

The overall fiscal balance for December 2003 was a surplus of Shs 202.5 billion compared to a deficit of Shs 40.0 billion recorded in November 2003, while the balance excluding grants was a deficit of Shs 6.9 billion. In the period under review, the government repaid principal on external loans amounting to Shs 6.5 billion, compared to Shs 8.3 billion in the previous month. The government also repaid loans from domestic sources amounting to Shs 299.4 billion.

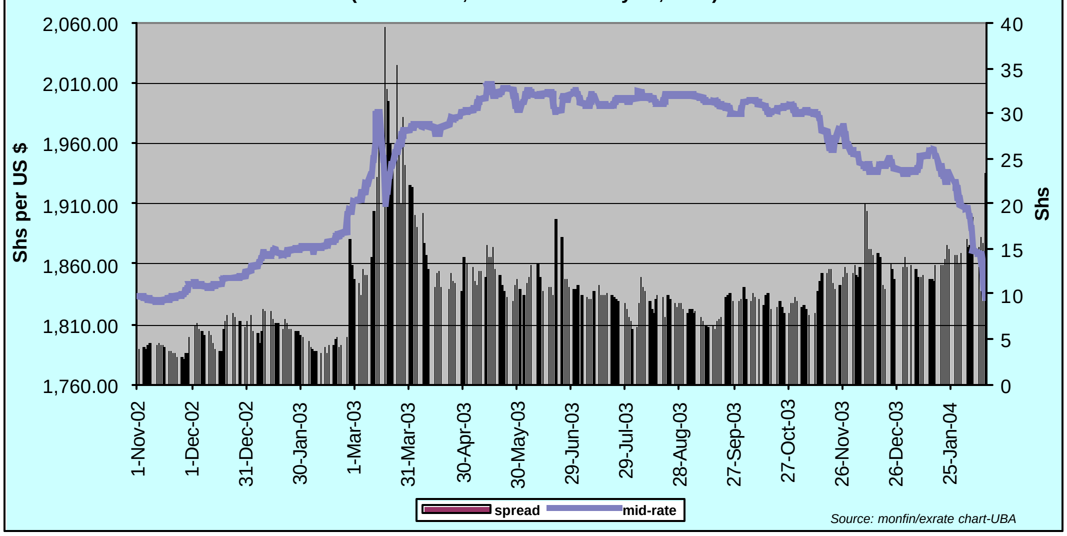
G EXCHANGE RATE AND FOREIGN EXCHANGE MARKET

The depreciation trend experienced during the first half of January 2004 reversed during the period under review. The Uganda Shilling appreciated against the US Dollar by 2.32 percent during the second half of January 2004 compared to a depreciation of 1.00 percent during the first half of the month. This appreciation trend has continued into the first half of February 2004 as corporate demand slackened. Overall, the Shilling appreciated by 6.05 percent against the U.S. Dollar from Shs 1950.07 as of January 16, 2004 to Shs 1832.11 as at February 13, 2004 compared to a depreciation of 0.66 percent over the previous period. On a period average basis, the Shilling appreciated by 2.44 percent from an average exchange rate of Shs 1946.90 per US $ for the four weeks ended January 16, 2004 to an average of Shs 1899.43 per US $ for the period January 17, 2004 to February 13, 2004. As a result of these developments, average spreads between the weighted inter-bank buy and sell rates, increased from Shs 12.24 during the previous period to an average of Shs 15.90 for the period under review. (See Chart 8).

The appreciation of the Shilling during this period is mainly due to increased inflows on account of offshore players and because of weak dollar demand as most corporates kept away in anticipation of further appreciation. During the period under review, commercial banks' daily retail sales and purchases averaged US $ 6.16 million and US $ 7.17 million respectively compared to an average of US $ 6.63 million and US $ 6.62 million during the previous period.

BOU maintained its presence in the IFEM under the sterilization strategy geared at mopping up excess liquidity injected by poverty reduction government expenditures. However, in order to stabilize the market, BOU was also on the purchase side of the market on several occasions. The net effect of BOU's presence in the market over the four weeks period to February 13, 2004 was a net purchase of US $ 6.65 million, compared to net sales of US $ 4.90 million, in the preceding period ended January 16, 2004. Bank of Uganda continues to watch market developments very closely.

Chart 8: Developments in the Exchange Rate (November1, 2002 to February 13, 2004)



Source: monfin/exrate chart-UBA

H DEVELOPMENTS IN THE BALANCE OF PAYMENTS

In December 2003, the current account balance is estimated at a surplus of US $61.88 million, compared to a deficit of US $41.00 million in November 2003. The capital and financial account is estimated at a surplus of US$36.27 million compared to a surplus of US$26.46 million in November 2003. Thus, the overall balance is estimated at a surplus of US$98.15 million in December 2003.

i) Exports

Total Exports

Total export proceeds in the month of December are estimated at about US$43.71 million about US$2.50 million higher than the export earnings worth US$41.20 million recorded in November 2003.

Coffee Exports

Coffee exports during the month of January 2003 amounted to 296.301 (60-kilogram) thousand bags worth US$13.39 million. This was an increase of about 29.73 percent in volume and 33.33 per cent in value compared to the December exports (US$10.04 million). The average realized export price in January stood at 75 cents per kilogram (US$0.75 per kilogram), from 73 cents per kilogram (US$0.73 per kilogram) in December 2003.

Non-coffee Exports

The total value for non-coffee exports for the month of December 2003 is estimated at US$33.66 million. This is a decline of about 4.5 per cent when compared to US$35.23 million realized in November 2003 but an increase of 35.8 per cent when compared to the same month last year (US$24.79 million).

There was a general decline in the performance of all major non-coffee exports in December 2003 compared to the month of November 2003. More specifically, fish exports (to international markets) declined by 24.7 per cent in value terms from US$7.39 million to US$5.57 million while the value of tobacco, tea and flower exports declined by 38.3 per cent, 29.74 per cent and 29.74 per cent, respectively. The value of exports of beans and simsim also dropped by 25.5 per cent and 93.8 per cent to US$0.38 million and US$0.01 million, respectively in December 2003.

However, export earnings from gold, cotton, electricity, hides and skins, maize and oil re-exports increased during the month. Gold exports rose to US$3.07 million from US$2.50 million while cotton exports increased by 54.4 per cent from US$0.59 million in November 2003 to US$0.91 million in December 2003. Hides and skins, electricity, and oil re-exports increased by 11.6 per cent, 2.8 per cent and 0.9 per cent, respectively. (For more details see Table 1: Exports of Goods).

ii) Imports

The total import bill for the month of December 2003 was estimated at US$150.10 million. Private sector imports were estimated at US$116.46 million, 0.6 per cent lower than the November 2003 import bill. Oil imports accounted for US$14.08 million, or 9.4 percent of total imports.

Government imports amounted to US$33.64 million for the month of December 2003, 45.6 per cent higher than the November 2003 imports, which amounted to US$23.10 million. This was due to a rise in both non-project and project imports from about US$19.13 million and US$3.97 million in November 2003 to US$25.01 million and US$8.62 million in December 2003, respectively. (See Table 2: Imports of Goods).

iii) Other Inflows and Outflows

Official aid (excluding project aid but including resources from the HIPC[4] Initiative) inflows amounting to about US$113.07 million were disbursed in December 2003. Private transfer inflows were estimated at US$75.82 million for the month of December, more than double the estimate for the month of November 2003 of US$32.25 million while private transfer outflows were estimated at US$31.68 million. Thus net private transfers inflows were US$44.15 million during December 2003.

Services and income outflows exceeded inflows by US$26.97 million during December 2003.

Official debt service (excluding IMF payments) was estimated at US$4.84 million for the month of December 2003 while IMF principal obligations externalized in December 2003 amounted to US$5.96 million. Short-term inflows of US$10.82 million exceeded outflows by US$4.93 million.

The level of gross foreign reserves rose by US$115.30 million from US$960.17 million in November 2003 to US$1075.47 million in December 2003. This rise in reserves resulted in an increase in the reserve cover in months of imports of goods and services from 5.89 months to 6.61 months.

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.

[4] Includes HIPC from grants only.

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**
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							
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
November	97.20	(80.86)	16.35	8.49	(5.29)	3.20	19.54
December	130.14	(109.10)	21.03	9.64	(6.15)	3.48	24.52
Q2	**367.62**	**(303.38)**	**64.24**	**25.63**	**(16.14)**	**9.49**	**73.73**
Half 1 2003/04	**710.84**	**(620.57)**	**90.27**	**50.70**	**(31.70)**	**19.00**	**109.27**

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							
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
Q 3	**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)
Q 4	**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
Q 1	**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
November	72.59	(49.96)	22.64	7.69	(3.80)	3.89	26.53
December	87.06	(87.83)	(0.77)	8.06	(5.57)	2.49	1.72
Q2	**270.88**	**(215.44)**	55.44	**22.61**	**(13.25)**	**9.36**	**64.80**
Half 1 2003/04	**505.16**	**(437.56)**	**67.61**	**45.57**	**(26.62)**	**18.95**	**86.55**

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							
Q1	**87.09**	**(67.83)**	**19.26**	**1.81**	**(2.20)**	**(0.39)**	**18.88**
Q2	**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**
Q3	**77.92**	**(59.48)**	**18.44**	**1.19**	**(2.88)**	**(1.69)**	**16.75**
Q4	**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							
Q1	**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
Q2	**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)
Q3	**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)
Q4	**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
Q1	**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)
November	24.61	(30.90)	(6.29)	0.80	(1.50)	(0.69)	(6.99)
December	43.08	(21.28)	21.8	1.57	(0.58)	0.99	22.8
Q2	**96.74**	**(87.95)**	**8.8**	**3.03**	**(2.90)**	**0.13**	**8.93**
Half 1 2003/04	**205.68**	**(183.01)**	**22.67**	**5.13**	**(5.08)**	**0.05**	**22.72**

Source: *Research Department, Bank of Uganda*

Table 4: Exports of Merchandise

	Nov2002	Dec2002	Jan2003	Nov2003	Dec2003	Jan2004
Total Exports (in US$ million)	**39.14**	**36.10**	**54.54**	**41.20**	**43.71**	**13.39**
1. Coffee						
Gross coffee shipment, million (60-Kg) bags	0.26	0.31	0.30	0.14	0.23	0.30
Average unit value	0.61	0.62	0.70	0.72	0.73	0.75
Value of total shipment (BOP)	9.52	11.31	12.57	5.97	10.04	13.39
2. Non-Coffee export values(in US $ million)	**29.61**	**24.79**	**41.97**	**35.23**	**33.66**	
Electricity	1.30	1.24	1.48	0.98	1.00	
Gold	3.65	2.00	3.90	2.50	3.07	
Cotton	0.09	0.07	2.92	0.59	0.91	
Tea	2.43	2.93	3.45	3.79	2.66	
Tobacco	5.23	3.38	8.50	0.88	0.54	
Fish & its products (International)	6.72	5.70	8.23	7.39	5.57	
Fish & its products (Regional)	2.22	1.88	2.72	2.44	1.84	
Hides & Skins	0.51	0.43	0.44	0.34	0.38	
Simsim	0.03	0.02	0.04	0.16	0.01	
Maize	0.44	0.66	0.66	0.87	1.03	
Beans	0.25	0.58	0.50	0.51	0.38	
Flowers	1.10	0.56	1.26	1.77	1.65	
Oil re-exports	0.74	0.81	0.79	3.53	3.56	
Cobalt	0.00	0.00	0.00	0.00	0.00	
Others	4.92	4.54	7.09	9.50	11.07	

Source: Bank of Uganda

Table 5: Imports of Merchandise, US$ Million

	Nov2002	Dec2002	Jan2003	Nov2003	Dec2003
Total Imports (Millions US$)	**118.94**	**108.69**	**125.98**	**140.31**	**150.10**
Government Imports	**18.84**	**11.41**	**14.72**	**23.10**	**33.64**
Project	13.62	9.35	11.17	19.13	25.01
Non-Project	5.22	2.06	3.56	3.97	8.62
Private Sector Imports	**100.11**	**97.28**	**111.26**	**117.22**	**116.46**
Oil	13.30	11.91	14.31	12.22	14.08
Non-Oil	80.50	77.19	91.39	98.73	90.30
Estimated imports	6.30	8.18	5.56	6.26	12.07

Source: Bank of Uganda