BANK OF UGANDA

MONTHLY ECONOMIC REVIEW

JANUARY 2004

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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. For the four-weeks period ended January 16, 2004:

- The first issue of a 2-year bond was auctioned on January 14, 2004, with the aim: (i) to increase the array of instruments available to BOU to manage liquidity; (ii) promote and stimulate the development of the capital and financial markets by providing benchmark pricing; and (iii) to develop an infrastructure for future non-inflationary fiscal financing.

- Net-issuance of both the Treasury bond and 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 maintained at 24.62 percent and 25.62 percent, respectively.

- On account of the stability observed in the foreign exchange market over the period, Bank of Uganda did not intervene in the foreign exchange market, but has continued to watch developments closely.

Inflation Developments

- While prices increased over December 2003, in line with the seasonal trend, the annual rates recorded were at the same levels as those of November 2003.

- Annual headline inflation rate maintained the level of 5.9 percent observed in November 2003.

- The annual underlying inflation rate remained stable at 5.2 percent for both November and December 2003.

Real Sector Developments

- No updates on the Index of Industrial Production are available beyond October 2003, but new indicators for construction and diesel consumption indicate that over the first three months of the year to September 2003, while there was a general decline in the cement index and the limestone index, diesel consumption was stable at 20.77 thousand litres. Diesel consumption in the months of October and November 2003 is far lower than that recorded for the three months to September 2003.

- Trading at the Uganda Securities Exchange increased to Shs 6.0 million in December 2003, amidst a lower number of deals and shares traded. The USE all shares index, closed at 341.60, compared to 375.3 of November 2003.

- Leasing activity slightly increased to Shs 1.85 billion in December 2003, from Shs 1.75 billion of November 2003.

Domestic Securities and Money Market Developments

- Securities and money market interest rates were on a gradual downward trend over the four weeks ended-January 16, 2004.

- In the primary auction for the Treasury bond value-dated January 15, 2004, the annualised yield on the 10 percent coupon 2-year paper was 20.81 percent. Shs 16.46 billion, equivalent to a cover-ratio of 182.3 percent, oversubscribed the Shs 20.0 billion issue. Bids were within a price range of Shs 80.048 – 91.627 per Shs 100.

- In the primary auction market for Treasury bills, the respective weighted annualised yields on the 91-day, 182-day, 273-day, and 364-day bills stood at 20.84 percent, 23.62 percent, 22.69 percent and 22.63 percent, respectively, at the auction value dated January 07, 2004. This is compared to respective 22.67 percent, 23.53 percent, 23.14 percent and 21.81 percent, recorded in the auction value-dated December 11, 2003.

- The average bid/offer rates in the secondary market for Treasury bills were lower on 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. Transactions worth Shs 4.82 billion were effected in the secondary market over this period, compared to Shs 5.60 billion in the corresponding period ended-December 12, 2003.

- The shilling inter-bank money market remained buoyant through the period. The weighted inter-bank rate was stable averaging 16.52 percent, compared to 20.17 percent for the four weeks ended-December 12, 2003.

- Three commercial banks adjusted their prime lending rates upward in the four weeks to January 09, 2003. While the range of these rates for the entire banking sector remained at 18-22 percent, the number of banks charging rates in the highest category of 20.1-22.0 percent increased from 8 to 11 banks.

- Commercial banks' effective rates that had been declining to October 2003, reversed trend in November 2003. The effective lending rates on the Shilling denominated loans, increased from 16.89 percent of October 2003 to 20.55 percent recorded in November 2003, while that on the foreign denominated loans rose from 8.06 percent to 10.49 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 4.5 percent in November 2003 compared to the contraction of 1.7 percent registered in October 2003. The annual growth rate for M3 is recorded at 22.1 percent, a rise from 21.4 percent of October 2003. Broad money excluding foreign exchange deposits (M2) grew by 4.5 percent in November 2003, also reversing the 3.5 percent contraction recorded in October 2003.

- While net credit to government increased by 15.8 percent over November 2003 to a net position of Shs 590 billion with the banking system, private sector credit has maintained a steady rise, increasing by 2.1 percent over November 2003. This stock of private sector credit is 25.7 percent over the November 2002 position.

- On the liabilities, the respective shares of currency in circulation, shilling term deposits, shilling demand deposits and foreign exchange denominated deposits stood at 20.6 percent, 23.1 percent, 30.4 percent and 25.9 percent in November 2003.

- Assets of Non-Bank Financial Institutions (NBFIs) grew by 0.9 percent to Shs 139.80 billion by end-November 2003. The stock of loans and advances to the private sector, mainly financing the building and construction sector, grew by 22 percent, the same magnitude of growth registered at the end of October 2003. Deposits in credit institutions rose by 1.2 percent in November 2003 mainly on account of growth of time deposits.

Fiscal Developments

- In the month of November 2003, government revenue and budget support grants were estimated at Shs 153.6 billion compared to the programme target for the period of Shs 169.4 billion.

- Government expenditure and net lending was estimated at Shs 195.5 billion, measured against an anticipated level of Shs 207.7 billion.

- The overall fiscal balance (including grants) for November 2003 marked a deficit of Shs 41.9 billion compared to a deficit level of Shs 38.3 billion projected in the programme. Excluding grants, the deficit rose to Shs 70.7 billion.

Foreign Exchange Market

- Appreciation pressures subsided and the Uganda Shilling depreciated by 0.66 percent over the four weeks ended-January 16, 2003. This partially reversed the appreciation of 1.77 percent in the corresponding period ended December 12, 2003, mainly on account of seasonal flows, and increased flows from offshore investors and NGOs.

- The spreads were also lower at an average of Shs 12.24, compared to the average of Shs 13.34 recorded over the corresponding period ended-December 12, 2003.

- 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 sale of US $ 5.40 million.

Balance of Payments Developments

- In November 2003, the current account balance is estimated at a deficit of US$36.01 million, while the capital and financial account is estimated at a surplus of US$26.85 million. Thus, the overall balance is estimated at a deficit of US$9.16 million.

- Total export proceeds over November 2003 are estimated at US $ 41.20 million, out of which coffee accounted for 14.50 percent.

- The import bill (cif) is estimated at US$140.22 million during November 2003. This is a decrease of 1.2 percent compared to the October 2003 import bill, which was US$ 142.00 million.

- Official aid (excluding project aid but including resources from the HIPC Initiative) inflows amounted to about US$12.97 million, while net private transfers were estimated at US$26.31 million in November 2003. Services and income outflows exceeded inflows by US$18.10 million during November 2003.

- Official debt service (excluding IMF payments) is estimated at US$4.48 million for the month of November 2003. IMF principal obligations that were externalised in November amounted to US$8.66 million. Short-term outflows of US$14.09 million exceeded inflows by US$2.45 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. On January 14, 2004, BOU/GOU introduced the 2-year Treasury bond, which is a longer-term instrument to improve the efficiency of conduct of monetary policy by easing pressure on the Treasury bill instrument and hence lowering interest rates. While issues of the Treasury bond, the net issues of Treasury bills and daily sales of foreign exchange are 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.

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 January 09, 2003, the net redemption of Treasury bills worth Shs 15.74 billion was higher than that worth Shs 6.14 billion in the corresponding four-week period to December 12, 2003. Further sterilization of liquidity during this period was on account of the Shs 20.0 billion Treasury bond that, at cost value, mopped up Shs 16.60 billion in the week ended January 16, 2004, against Treasury bill maturities of Shs 21.88 billion. For short-term liquidity management, gross issues of the REPO instrument, whose maturity ranged from 1 day to 7 days, amounted to Shs 276.60 billion over this period, against maturities of Shs 220.09 billion. This is compared to issues and maturities of Shs 110.90 billion and Shs 74.90 billion, respectively over the preceding period ended December 12, 2003. Over he same period, BOU's actions in the foreign exchange market were limited to transactions under the sterilization strategy to mop up structural liquidity, as the market remained stable. The net sales of foreign exchange over the four weeks to January 16, 2003 amounted to US$ 4.90 million compared to a net purchase of US$ 2.65 million in the preceding four weeks period ended December 12, 2003.

The Rediscount rate and Bank rate were maintained at 24.62 percent and 25.62 percent, respectively through the four-weeks to January 16, 2004.

B DOMESTIC PRICE DEVELOPMENTS

The **Annual Headline Inflation** rate for December 2003 remained unchanged at **5.9 percent**, compared to the level posted for November 2003. While this was still the lowest rate registered during the calendar year 2003, it was higher than 5.7 percent recorded for December 2002. This was mainly because the average prices of staple food crops, milk, sugar, alcoholic beverages, among other goods and services were higher than those observed in December 2002.

The **Monthly Headline Inflation** rate increased to **0.2 percent** in December 2003 thereby reversing the negative rate, -0.1 percent, registered in November 2003. This was due to monthly price increase in various sub-groups; for example 0.7 percent for food, 0.2 percent for beverages and tobacco, 0.3 percent for clothing and footwear, and 0.5 percent for health, education and entertainment. The above increases fully offset the decreases registered under the rent, fuel and utilities, household and personal goods and transport and communications subgroups.

The **Annual Underlying Inflation** rate steadied at **5.2 percent** in December 2003 as was recorded for November 2003. However, this underlying inflation rate was also much higher than the 1.3 percent posted in December 2002. The surge in the underlying inflation rate was mainly on account of the spill over effects of the exchange rate depreciation and oil price increases during the year.

The **Monthly Underlying Inflation** rate also reversed trend from **-0.2 percent** recorded in November 2003 to 0.1 percent. This was largely on account of increases in average prices of services, which rose by 0.3 percent, outweighing a 0.1 percent decrease in the average prices of goods.

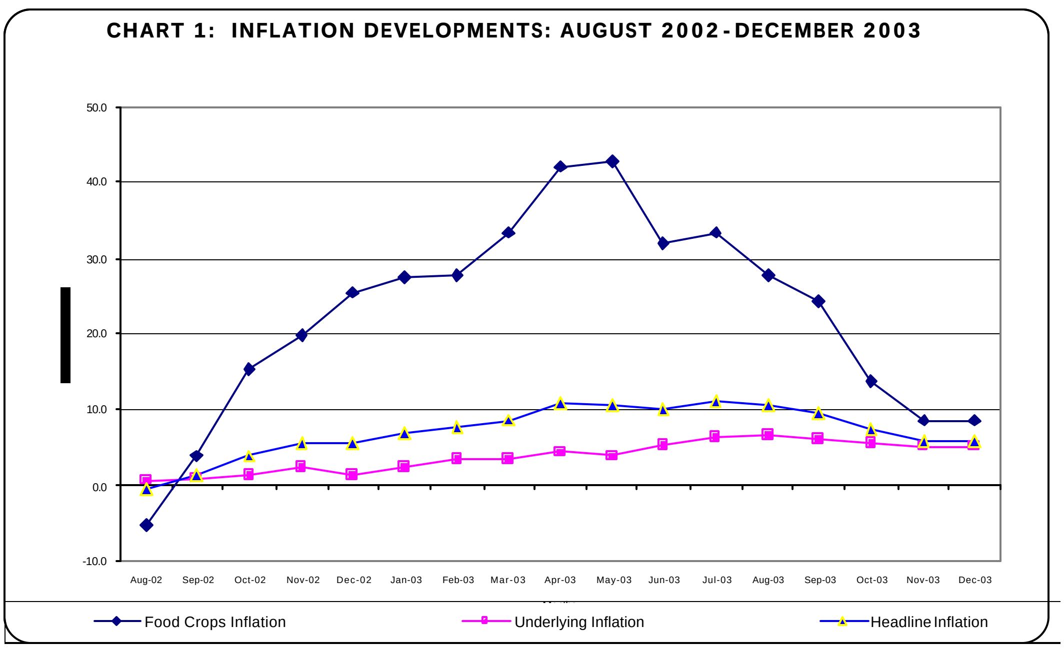
The **Food Crops Annual Inflation** rate remained steady at **8.7 percent,** similar to the rate for November 2003. However, on a monthly basis, **Food Crops Inflation** increased to **1.2 percent** in December 2003 compared to 0.7 percent recorded in November 2003. Increases in prices of staple foods and fruits and vegetables were registered in most centres.

The developments in inflation are indicated in Table 1 and Figure 1 below.

Table 1. Three Months Rolling Inflation Rates Out-turn (October –December 2003)

Period	Headline Inflation		Underlying Inflation		Food Crops Inflation	
	Monthly	Annual	Monthly	Annual	Monthly	Annual
October 2003	0.6	7.2	0.1	5.5	2.3	13.7
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

Source: Uganda Bureau of Statistics



C REAL SECTOR DEVELOPMENTS

i) Index of Industrial Production

The Index of Industrial Production compiled by Uganda Bureau of Statistics (UBOS) measures the performance of the manufacturing sector. However, updates on the index beyond October 2003, as reported in the previous report, are yet to be received from UBOS. In this report, data from the proposed Construction Index[1] under construction and trends of Diesel consumption are employed to provide additional indicators of real sector activity (both of these indices, appear for the first time and will continue to feature in the subsequent reports).

a) Construction Index

The two major sub-indices of the proposed Construction Index to be compiled by Uganda Bureau of Statistics relate to utilization of Limestone and Cement, mainly on account of the ease of getting information pertaining to them and their importance in the construction industry. Background information on these commodities indicates that 90 percent of the limestone used in the economy is imported while over 70 percent of the cement supply is locally produced. It is also revealed that the price of imported limestone is higher than that for the locally produced while the reverse holds for cement. As is depicted by Table II below, these sub-indices, running effective January 2003, show that while the weighted index for limestone (WIL) declined by 0.97 percent in July 2003, compared to the level as at end-June 2003, it rose by 8.83 percent over the month of August 2003 and further by 0.28 percent in September 2003, to close at 174.19 by the end of the first quarter. The decline in this index in October 2003 was only partially offset by the increase realized in November 2003. The weighted index of cement (WIC) was also mainly declining through the first three months of the financial year, recording a level of 121.40 by September 2003, lower than 123.65 recorded as at end-June 2003. The decline in the cement index is however mainly on account of the imported quantities that declined from 25.21 thousand tones to 10.71 thousand tones during the period. Locally produced quantities of cement have been on the rise since July 2003 and totalled 41.800 thousand tonnes in September 2003.

[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.

Table II. Sub-indices of the Construction Index (June 2000=100), Quantity in Tonnes (January – November 2003).

2003	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov
Limestone											
Local Prodn.	51	72	68	61	81	78	96	73	80	62	62
Imported	916	1,613	1,238	975	1,121	1,168	1,179	1,275	1,783	828	1,019
Total Quantity	967	1,685	1,306	1,036	1,202	1,246	1,275	1,348	1,863	890	1,081
WIL	**140.78**	**119.67**	**160.86**	**166.67**	**167.21**	**161.16**	**159.60**	**173.70**	**174.19**	**151.17**	**167.88**
% change	-10.54	-15.00	34.42	3.61	0.32	-3.62	-0.97	8.83	0.28	-13.22	11.05
Cement											
Qt Locally Produced	43,809	44,800	51,500	45,745	53,800	34,206	39,000	40,200	41,800	n.a	n.a
Quantity Imported	9,975	11,248	10,142	11,552	19,960	25,210	19,277	14,447	10,706	n.a	n.a
Total Quantity	53,784	56,048	61,642	57,297	73,760	59,416	58,277	54,647	52,506	n.a	n.a
WIC	**121.19**	**113.56**	**118.32**	**114.26**	**116.86**	**123.65**	**119.63**	**123.40**	**121.40**	**n.a**	**n.a**
% change	-0.12	-6.30	4.19	-3.43	2.28	5.81	-3.25	3.15	-1.62	n.a	n.a

Source: Uganda Bureau of Statistics
Note:
WIL = Weighted Index for Limestone
WIC = Weighted Index for Cement
Data used for the limestone and cement indices is derived from the index of Industrial production.

b) Diesel Consumption

The Energy Department compiles statistics on petroleum fuel imports and sales. In Uganda, diesel consumption in particular may be used to infer on the level of economic activity; it is used in the operations of most factories and, in heavy trucks used for transporting produce. As seen in Appendix Table 6, the volume of fuel imports usually exceeds the volume of domestic fuel sales, mainly on account of re-exports of some of these items. The monthly import volume of diesel averaged 23.26 thousand litres over the first three months of 2003/04; higher than the average of 20.46 thousand litres imported over the same period in 2002/03. The increase in imports of diesel to 24.31 thousand litres in October 2003 was reversed in November 2003, when the volume of imports declined to 17.29 thousand litres. Diesel consumption, on the other hand, recorded a monthly average of 20.77 thousand litres over the period July to September 2003 and was slightly higher than the 20.02 thousand litres in the corresponding period of 2002. The consumption (of diesel) declined by 7.8 percent and 12.6 percent in October 2003 and November 2003 respectively.

(ii) Trading at Uganda Securities Exchange

During the month of December, while fewer deals and shares were exchanged at the Uganda Securities Exchange, market turnover increased by 33.3 percent As shown in Table III, total turnover was Shs 6.0 million, compared to Shs 4.5 million recorded in the previous month. The number of shares declined to 797 from 2002 in the same period. Trading activity was observed only at the Uganda Clays Limited (UCL) counter, thus claiming 100 percent of the total turnover in December 2003. The remarkably slow activity at the Exchange was mainly attributed to fewer trading days as a result of the festive season. Total market capitalisation of the USE declined by 1.6 percent to Shs 1,453 billion at the end of December 2003 down from Shs 1,477 billion registered at the end of the previous month. The USE all share index that was launched in

October 2003 and measures changes in market capitalisation, closed at 341.60 down from the level of 375.3 observed at the end of November 2003.

Table III. Trading at Uganda Securities Exchange
(April – December 2003)

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

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

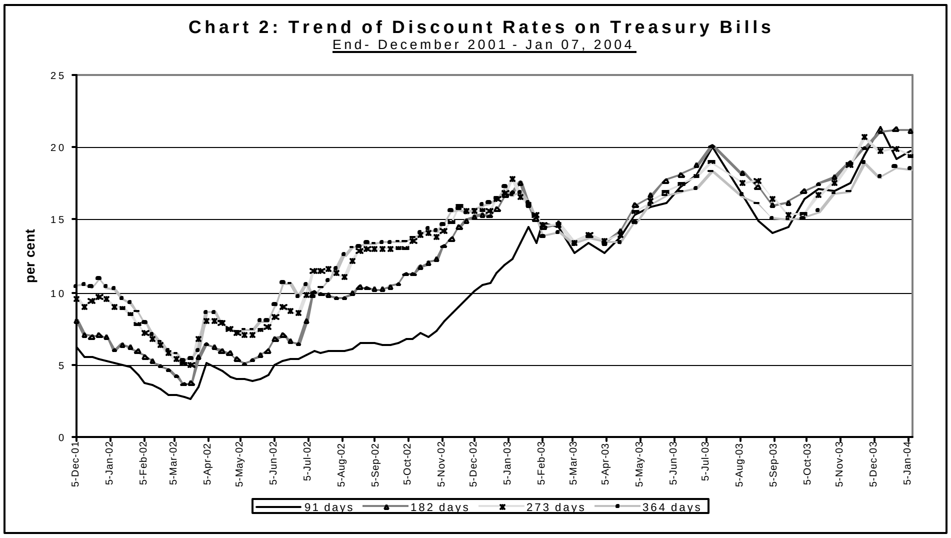
A gradual decrease in the domestic money market rates was observed in the four weeks ended January 16, 2004 as liquidity gradually shifted back into commercial banks following the end of the festive season.

i) Primary market for Treasury bonds

On January 14, 2004, Bank of Uganda introduced an additional instrument on the securities market when a 10 percent coupon 2-year bond was auctioned. The Shs 20.0 billion maiden issue was over-subscribed by Shs 16.46 billion, which translates into a cover-ratio of 182.3 percent. The resultant weighted price of Shs 83.02 per Shs 100, implies a yield-to-maturity of 20.81 percent, respectively.

ii) 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 19.81 percent, 21.13 percent, 19.39 percent and 18.47 percent, respectively, at the auction held January 07, 2004. This compares to levels of 21.46 percent, 21.06 percent, 19.73 percent and 17.91 percent, respectively, recorded in the auction held on December 10, 2003 (see trends in Chart 2 below). Nonetheless, the Treasury bill market was over subscribed for all the auctions held in the period under review.



iii) Secondary Market for Treasury bills

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 January 16, 2004 were recorded at 18.24/17.99 percent, 18.70/18.44 percent, 18.24/17.98 percent and 17.47/17.20 percent for the 91-days, 182-days, 273-days and 364-days securities, respectively. This compares to the respective 19.08/18.83 percent, 19.49/19.21 percent, 19.47/19.21 percent and 18.92/18.66 percent, respectively in the four weeks to December 12, 2003.

Table IV: Bid/Offer Rates and Transactions in the Secondary Market for Treasury bills over the four week-period up to January 16, 2004.

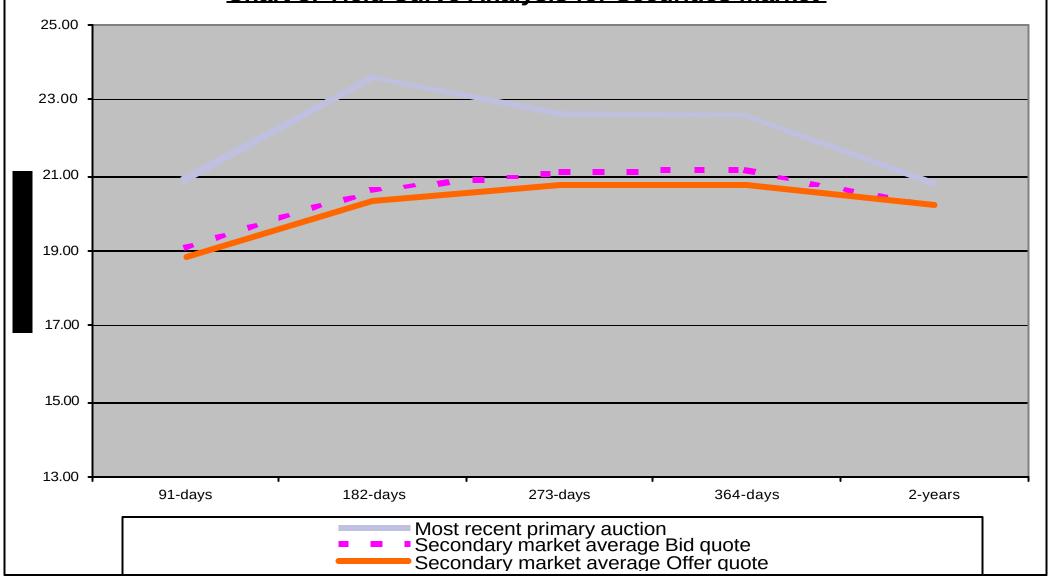
	Type of security							
	91-days		**182-days**		**273-days**		**364-days**	
Discount rates quotation (per cent)								
	Bid	Offer	Bid	Offer	Bid	Offer	Bid	Offer
Min	17.50	17.25	16.75	16.50	16.75	16.50	16.75	16.50
Max	21.21	20.96	21.25	21.00	19.85	19.60	18.90	18.65
Average	18.24	17.99	18.70	18.44	18.24	17.98	17.47	17.20
Trading Activity								
Transactions (Shs bill)	1.540		2.081		0.800		0.400	
O/w Horizontal repos	0.000		0.000		0.000		0.000	
- Av. H/Repo rate	-		-		-		-	
O/w- Outright sales	1.540		2.081		0.800		0.400	
- Av. Discount rate	19.84 percent		19.70 percent		18.50 percent		17.66 percent	
- Av. Effective Yield	20.54 percent		21.85 percent		21.71 percent		21.39 percent	

Source: Complied from Domestic Financial Markets Department records

Total trades in the four weeks ended January 16, 2004 amounted to Shs 4.82 billion compared to Shs 5.60 billion in the four weeks ended December 12, 2003. The average discount rates on these trades for the 91-day, the 182-day, the 273-day, and the 364-day securities were 19.84 percent, 19.70 percent, 18.71 percent, and 17.66 percent, respectively. As was the case in the previous four-week period, all the trades were outright sales.

The yield curve, now extending to 2-years and based on the average discount quotations in the secondary market, evolved relatively in line with the developments in the primary market and hence hunch-backed. However, as shown by Chart 3 below, the curve flattened as the annual discount rates in the longer end of the primary market generally fell faster than to move in line with the average discount rates of the secondary market. Rediscounts at Bank of Uganda amounted to Shs 9.97 billion in the period under review, compared to Shs 15.67 billion recorded in the corresponding four weeks to December 12, 2003.

Chart 3: Yield Curve Analysis for Securities market



Activity in the domestic inter-bank money market for the four weeks ending January 16, 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 09, 2004, when transactions worth Shs 42.40 billion were recorded, while the least activity was in the week of December 29, 2003, when Shs 14.75 billion was traded. During the period under review, the weighted inter-bank rate in the call market went up from 13.57 percent to 19.10 percent in the first three weeks and finally came down to 16.69 percent in the last week ended January 16, 2003. As was the case in the previous period ended December 12, 2003, all the banks participated in the inter-bank market. The average of the interbank market rates of 16.89 percent over the four weeks to January 16, 2004, was lower than 20.55 percent recorded for the corresponding period ended December 12, 2003.

iv) Commercial Banks' Retail Interest Rates

Three commercial banks adjusted their prime-lending rates upward in the four weeks to January 09, 2004. Consequently, the number of commercial banks charging prime-lending rates in the various categories 16.0-18.0 percent, 18.1-20.0 percent and 20.1-22.0 adjusted from 2, 5 and 8, to 1, 3 and 11 respectively. The range of these rates for the entire banking sector, however, was maintained at 18-22 percent. (See Table V).

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

Prime Lending Rate (percent)	Sep 03	Oct 10, 03	Nov 14, 03	Dec 05, 03	Jan 09, 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	3	2	1
18.1 – 20.0	9	9	8	5	3
20.1 – 22.0	3	3	4	8	11
22.1 - >>	0	0	0	0	0
Range (Min – Max)	17% – 22 %	17 % –22 %	16% – 22%	18%–22%	18%–22%

Source: Weekly Report of Interest rates by Commercial Banks

Three commercial banks adjusted their indicative deposit rates over the same period. Of these, two banks made downward adjustments and one bank an upward adjustment. The range of the savings deposits was maintained at 0-7.5 percent while that of the time deposits shifted back to 0.25-13.0 percent from 0.25-14.0 percent. The number of banks with maximum savings rates of at least 5.0 percent and those reporting a maximum time deposit rate of at least 8.0 percent remained nine (9) and eleven (11) respectively.

Information on the commercial banks' effective lending and deposit rates is available only up to November 2003. As portrayed in Table VI, the effective lending rate on foreign denominated loans rose from 8.06 percent in October 2003 to 10.49 percent in November 2003. That on shilling denominated loans, following a similar trend, increased from 16.89 percent to 20.55 percent over the same period.

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

	Shilling Denominated				Foreign exchange Denominated			
Weighted Average rates	**Aug 03**	**Sep 03**	**Oct 03**	**Nov 03**	**Aug 03**	**Sep 03**	**Oct 03**	**Nov 03**
Lending	22.43	18.42	16.89	20.55	8.98	8.29	8.06	10.49
Demand Deposits	1.40	1.33	1.42	1.39	0.96	0.96	0.96	0.96
Savings Deposits	2.66	2.65	2.63	2.59	1.57	1.55	1.71	1.64
Time Deposits	8.33	9.23	8.21	11.11	1.47	1.85	1.47	3.08

Source: Monthly Report, BS100 Returns by Commercial Banks

The weighted rate on shilling denominated savings declined marginally from 2.63 percent in October 2003, to 2.59 percent in November. On the other hand, the weighted time deposits rate went up from 8.21 percent to 11.11 percent in the same period. On the foreign currency denominated deposits, the rates on demand deposits continued to be stable at 0.96 percent while those on savings deposits declined marginally from 1.71 percent to 1.64 percent. The time deposit rate shot up from 1.47 percent to 3.08 percent over this 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, expanded by 4.5 percent to Shs2430.2 billion in November 2003. This represents a turn around in the growth of money supply compared to a contraction of 1.7 percent in October 2003. Relative to June 2003, M3 expanded by 2.4 percent or Shs56.7billion, while the year-on-year growth rate for M3 was recorded at 22.1 percent, compared to 21.4 percent growth in October 2003.

M2A, comprising of M3 less foreign currency deposits of the private sector, expanded by 4.5 percent to Shs1801.5 billion at end-November 2003 from Shs1723.4 billion at end-October 2003. This is compared to a contraction of 3.5 percent over the month of October 2003. Relative to June 2003, M2A rose by 3.0 percent, while on year-on-year basis M2A grew by 17.1 percent compared to 15.0 percent for end-October 2003. Developments in money supply are shown in Table VII below.

Net Foreign Assets (NFA)

Between October 2003 and November 2003, the NFA of the banking system grew by 1.7 percent or Shs34.5 billion to Shs2102.4 billion. At BOU, NFA declined by 1 percent or Shs14.5 billion, to Shs1475.2 billion. In particular, foreign reserves at BoU fell by an equivalent of Shs33.2 billion. At Commercial banks, NFA rose strongly by 8.5 percent or Shs49 billion to Shs627.1 billion compared to an increase of 2.1 percent or Shs11.8 billion in October 2003.

Net Claims on Government (NCG)

The government's net position with the banking system (NCG) as at end- November 2003 was a borrowing of Shs590 billion, up by 15.8 percent or Shs80.3 billion relative to end-October 2003 (Table VII). At BoU, the government reduced its savings by Shs. 31.8 billion over the month, mainly on account of a strong increase in advances to government and BoU investment in government securities, of Shs117.9 billion. Advances to government increased by Shs113.1 billion to Shs1337.4 billion in November 2003, while BoU investments in government securities increased by Shs4.9 billion to Shs112.1 billion. This more than offset an increase in government deposits of Shs86.1 billion to Shs1510.5 billion in November 2003. At commercial banks, net claims on Government increased by Shs48.5 to Shs651 billion in November 2003 from Shs602.5 billion in October 2003. This was on account of a rise in commercial banks investment in Government securities of Shs52.2 billion, which more than offset the increase in Government deposits of Shs3.6 billion. Relative to June 2003, the claims of the banking system on government increased by Shs199.6 billion or 51.1 percent.

Private Sector Credit (PSC)

At end-November 2003, the stock of outstanding credit to the private sector by the banking sector stood at Shs937.9 billion (Table VII), of which Shs6.1 billion was from BOU and Shs931.8 billion from commercial banks. This represents a growth of 2.1 percent (or Shs19.0 billion) over the end October 2003 position. Relative to June 2003, PSC grew by Shs89.3 billion or 10.5 percent, while the year-on-year growth rate in PSC was recorded at 25.7 percent for end-November 2003.

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

Credit Flows

During November 2003, the total (shilling and foreign currency) gross extensions by commercial banks amounted to Shs97.2 billion, while recoveries were Shs80.86 billion resulting in net extensions of Shs16.35 billion. After accounting for flows in capitalised interest, there was a rise in the stock of credit of approximately Shs19.5 billion (see Appendix Table 1), though net extensions to the private sector alone were recorded at Shs19.0[3] billion. During the month, commercial banks extended shilling loans amounting to Shs72.59 billion, and recovered Shs49.96 billion, thus net extensions were Shs22.64 billion. Net capitalised interest stood at Shs3.89 billion and therefore, the net change in the stock of shilling loans to the private sector was Shs26.53 billion (see Appendix Table 2). For foreign currency loans, gross extensions stood at Shs24.61 billion, while recoveries were Shs30.9 billion, yielding net recoveries of Shs 6.29 billion. After taking into account effects of capitalised interest, the stock of foreign currency loans recorded a net decline of Shs6.99 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)

[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.

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

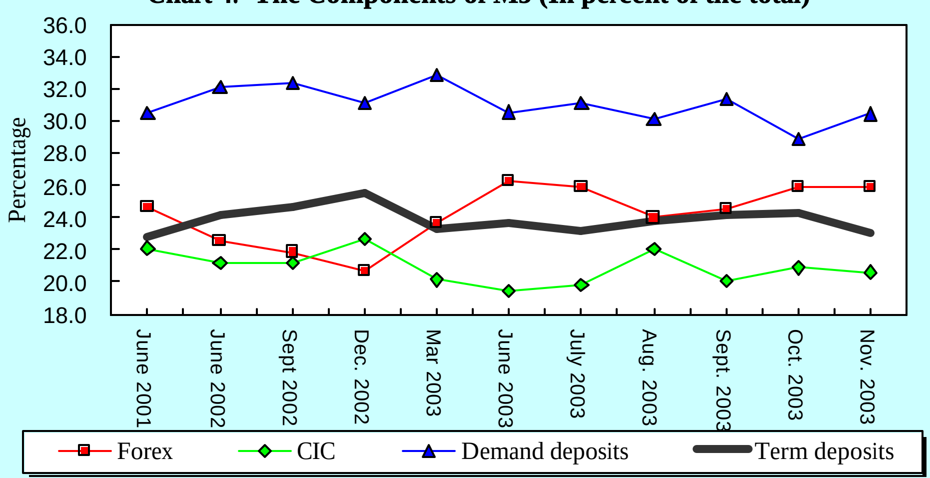
(in billion shillings unless otherwise stated)	June 2001	June 2002	Nov. 2002	June 2003	Sep. 2003	Oct. 2003	Nov. 2003
Net Foreign Assets (NFA)	1211.0	1552.6	1561.6	2101.3	2078.3	2067.9	2102.4
Domestic Credit	1106.8	1151.4	1288.1	1246.2	1431.9	1436.2	1536.6
Net Credit to Gov't (NCG)	460.6	482.0	540.3	390.4	534.9	509.7	590.0
Claims on the Private Sector	634.9	661.7	741.6	848.6	888.2	919.0	937.9
M3	1583.7	1925.4	1989.6	2373.4	2365.2	2326.1	2430.2
Foreign exchange deposits	390.2	434.8	450.7	624.2	580.0	602.7	628.7
M2A	1193.4	1490.6	1538.9	1749.2	1785.2	1723.4	1801.5
Demand Deposits	482.9	617.5	614.2	725.1	741.3	672.8	739.6
Term Deposits	360.4	465.9	495.4	562.7	570.4	564.7	561.1
Currency	350.2	407.2	429.3	461.4	473.4	486.0	500.8
Forex/M3 (percent)	24.6	22.6	22.7	26.3	24.5	25.9	25.9
Demand Deposits/M3 (percent)	30.5	32.1	30.9	30.6	31.3	28.9	30.4
Term Deposits/M3 (percent)	23.5	22.8	24.9	23.7	24.1	24.3	23.1
Currency/M3 (percent)	22.8	22.1	21.6	19.4	20.0	20.9	20.6

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

Liabilities of the Banking System

On the liabilities side, foreign currency accounts rose by 4.3 percent or Shs26.0 billion to Shs628.7 billion in November 2003 (see Table VII). In US dollars, foreign currency accounts increased by US$17.3 million to US$321.0 million. Demand deposits increased strongly by 9.9 percent or Shs66.8 billion to Shs739.6 billion, while term deposits (time, savings and CDs) declined by 0.6 percent to Shs561.1 billion from Shs564.7 billion as at end-October 2003. Currency in circulation (CIC) increased by 3.0 percent or Shs14.8 billion to Shs500.8 billion from Shs486.0 billion in October 2003. Reflecting these developments, the ratio of foreign currency deposits to M3 was unchanged at 25.9 percent in November 2003. The ratio of demand deposits to M3 rose to 30.4 percent from 28.9 percent in October 2003, while that of term deposits was at 23.1 percent from 24.3 percent in October 2003. The ratio of CIC to M3 fell slightly to 20.6 percent compared to 20.9 percent in October 2003. The trends of the ratios are shown in Chart 4 and Table VII above.

Chart 4: The Components of M3 (In percent of the total)



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

Assets

The total assets and liabilities of the Non-Bank Financial Institutions continued to grow in the month of November 2003. This is reflected in an increase of 0.9 percent in the assets of these institutions from Shs.138.5* billion recorded at end of October 2003 to Shs.139.8 billion at the end of November 2003. The growth in the activities of NBFIs during this period was mainly attributed to the growth in local currency holdings, investments in government securities and other sources, loans and advances to the private sector and increased investment in premises and other fixed assets. Local currency holdings grew by 8.2 percent from Shs.2.7 billion in October to Shs.2.9 billion in November 2003; investments in government securities grew by 29.0 percent from Shs.8.7billion to Shs.11.3 billion, and in other investment sources by 20.6 percent from Shs.3.1 billion to Shs.3.7 billion; loans and advances to the private sector by 2.2 percent from Shs.80.1 billion to Shs.81.8 billion and investment in premises and other fixed assets by 2.8 percent from Shs.10.9 billion to Shs.11.2 billion.

Loans and advances

The stock of NBFIs outstanding loans and advances to the private sector grew by 2.2 percent to Shs.81.8 billion as at end-November 2003 compared to Shs.80.1billion registered in the previous month. The secured and unsecured loans grew by 6.7 percent to Shs.13.3 billion compared to Shs.12.5 billion in October 2003. Mortgage loans went up by 2.8 percent, while administered loans dropped by 0.9 percent to Shs.26.1 billion over the same period. The building and construction sector had the largest share of loans and advances from the credit institutions at 83.8 percent of the total as at end-November 2003, though slightly lower than the 84.5 percent recorded in the preceding month. The trade and commerce sector took the second largest share of the total loans and advances at 12.2 percent from 11.5 percent recorded in October 2003.

Deposits

Private sector deposits in the credit institutions grew by 1.2 percent from Shs.54.2 billion in October to Shs.54.9 billion in November 2003. This growth resulted from the rise in the time deposits of 7.2 percent to Shs.9.2 billion. Savings deposits grew by 0.03 percent to Shs.45.7 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 1.0 percent from Shs.23.3 billion registered at end-October to Shs.23.6 billion at the end of November 2003.

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

	Nov 2002	Jul 2003	Aug 2003	Sep 2003	Oct 2003	Nov 2003
Total Assets	**122.55**	**134.33**	**134.87**	**136.72**	**138.50**	**139.80**
O/w Loans and advances	69.78	74.89	75.46	78.34	80.07	81.82
Secured & unsecured	10.19	10.56	10.72	11.53	12.48	13.31
Mortgage	31.79	37.74	38.38	40.15	41.22	42.37
Administered	27.80	26.58	26.35	26.66	26.36	26.14
Total Deposits	**68.25**	**73.72**	**74.20**	**76.49**	**77.53**	**78.40**
Savings	40.72	44.36	44.25	45.52	45.66	45.67
Time	7.52	7.24	7.41	8.14	8.57	9.18
Agency Funds	19.43	22.11	22.54	22.84	23.30	23.55

* All absolute figures reported here have been rounded off to one decimal place.

ii) Leasing activities

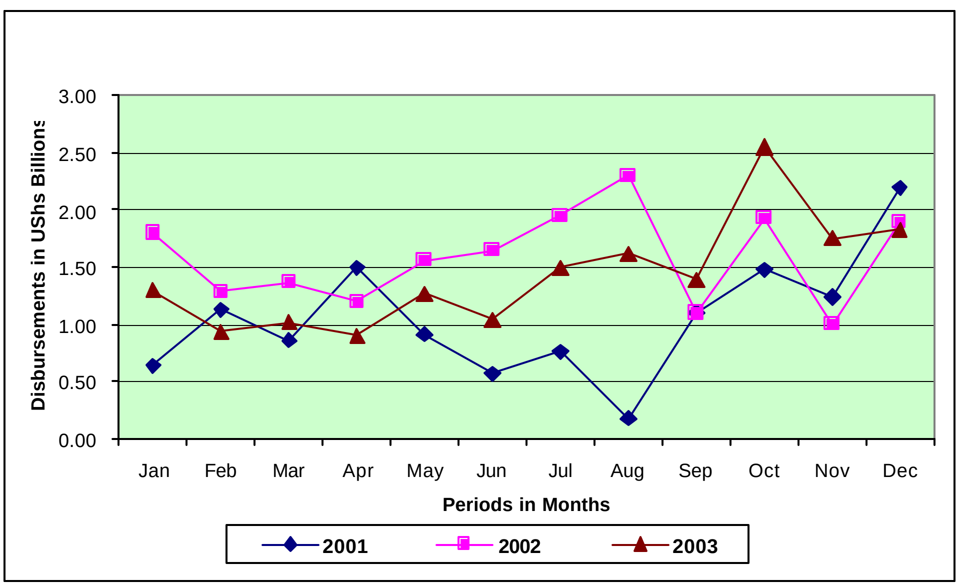
The value of assets leased in the month of December 2003 bounced back up by 4.6 percent to Shs 1.83 billion, from Shs 1.75 billion disbursed in November 2003. This however, represents a 3.8 percent drop in the value of assets leased in the same month the previous year of Shs 1.9 billion. The amount of credit extended in form of leasing still fell short of the projected amount of Shs 2 billion and this was mainly attributed to fewer operating days. Credit approvals were closed on the 20th day of December 2003 in preparation for the Christmas holidays.

Table IX. 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	1.83

Source: Compiled by Bank of Uganda

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



F GOVERNMENT BUDGETARY OPERATIONS

i) Revenue and Grants

In November 2003, total revenue and budget support grants were estimated at Shs 153.6 billion, compared with Shs 152.7 billion realised in October 2003. This outturn was lower than the programme target of Shs 169.4 billion.

Total domestic revenue declined by Shs 4.5 billion or 3.5 percent from Shs 129.3 billion collected in October 2003 to Shs 124.8 billion in November 2003. The decline in domestic revenue collections was attributed to lower than expected yields from some revenue heads. URA revenue collections dropped by Shs 5.0 billion or 3.9 percent to Shs 122.5 billion, which was below the programmed target for the month by Shs 11.1 billion. Taxes on international trade fell by Shs 4.34 billion from Shs 74.6 billion in October 2003 to Shs70.2 billion in November 2003. Non-tax revenue collections for November 2003 is estimated at Shs 2.3 billion, marking an increase from Shs 1.8 billion recorded in the previous month. This outturn was also lower than the anticipated target for the month by Shs 0.1 billion.

External budget support in form of grants amounted to Shs 28.8 billion in November2003, which was lower than the expected amount for the month by Shs 4.6 billion. Total disbursements for the first five months of FY 2003/2004 accumulated to Shs 128.5 billion, against the target of Shs 135.3 billion.

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

	Revised Budget 2003/04	Prel. Sept 2003	Prel. Oct 2003	Prel. Nov 2003	Prog. Nov 2003
Total Tax & Import Support Receipts	2,228.6	143.2	152.8	153.6	169.4
Total Domestic Revenue	1,690.9	133.1	129.3	124.8	134.0
URA Excluding Refunds/Govt. Taxes	1,655.2	130.7	127.5	122.5	133.6
Non URA Revenues	35.7	2.4	1.8	2.3	2.4
Import Support Grant s	537.7	10.2	23.5	28.8	33.5
Expenditure & Lending	2286.5	147.4	194.4	195.5	207.7
Current Expenditure	1,732.4	123.7	160.5	152.9	152.3
Development Expenditure	500.8	24.7	34.4	33.2	44.2
Others 1/	52.9	(1.0)	(0.5)	9.4	10.1
Overall Surplus (Deficit)	(58.0)	(4.1)	(41.6)	(41.9)	(38.3)
Excluding Grants	(595.6)	(14.3)	(65.1)	(70.7)	(71.7)

Source: Ministry of Finance, Planning and Economic Development

Notes:

1 Includes Net Lending/Repayments, Arrears Repayments and Contingency.

ii) Expenditure

In November 2003, government's expenditure and net lending totalled to Shs 195.5 billion compared to Shs 194.4 billion registered in October 2003. This outturn was also lower than the targeted level for the period of Shs 207.7 billion. Recurrent expenditures for the month amounted to Shs 152.9 billion compared to the projected level of Shs 152.3 billion. Out of the total recurrent expenditures, a total of Shs 52.0 billion (34.0 percent) was spent on wages and salaries. Interest payments were estimated at Shs 22.1 billion (or 15.0 percent). Out of which, Shs 3.4 billion was on account of external loans. Other recurrent expenditures decreased from Shs 76.0 billion recorded in October 2003 to Shs 74.1 billion in November 2003, while development expenditures fell by about 3.5 percent from Shs34.4 billion recorded in October 2003 to Shs33.2 billion in respect of November 2003.

iii) **Overall Balance**

The overall fiscal balance for November 2003 was a deficit of Shs 41.9 billion compared to a deficit of Shs 41.6 billion recorded in October 2003, while the deficit excluding grants amounted to Shs 70.7 billion. The deficit was financed by domestic sources to the tune of Shs 9.6 billion, compared to Shs10.2 billion in the previous month. The government also repaid principal on external loans amounting to Shs 8.3 billion.

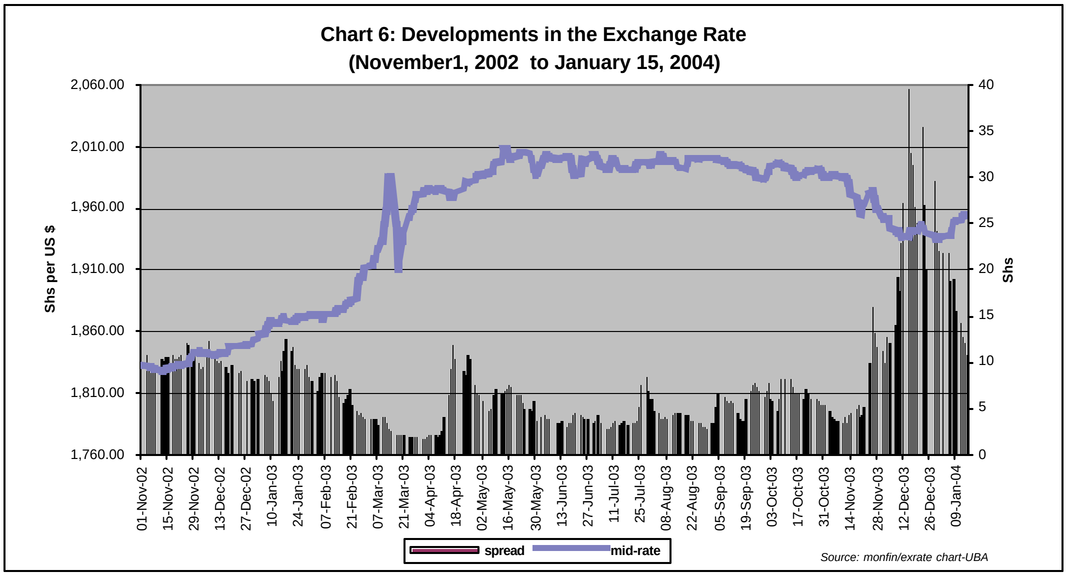
G EXCHANGE RATE AND FOREIGN EXCHANGE MARKET

The Shilling remained relatively stable during the period under review. The appreciation pressures experienced during the first half of December 2003 subsided in the second half of the month. The Uganda Shilling appreciated by 0.1 percent between December 12, 2003 and December 31, 2003 compared to an appreciation of 0.83 percent during the first twelve days of the month. The appreciation trend witnessed during December reversed during the first half of January 2004 as commercial banks moved to close their short positions and as corporate demand, mainly on account of the oil, manufacturing, and telecommunications sector, increased. Overall, the Shilling depreciated by 0.66 percent against the U.S. Dollar from Shs 1937.21 as of December 12, 2003 to Shs 1950.70 as at January 16, 2004. On a period average basis, the Shilling appreciated by 0.36 percent from an average exchange rate of Shs 1953.93 per US $ for the four weeks ended December 12, 2003 to Shs 1946.90 per US $ for the four weeks ended January 16, 2004. As a result of the increased stability in interbank forex market, average spreads between the weighted inter-bank buy and sell rates, decreased from Shs 13.34 during the previous period to an average of Shs 12.24 for the four weeks ended January 16, 2004. (See Chart 6).

The depreciation of the Shilling over the latter part of the period under review is mainly on account of increased corporate demand following the end of the festive season. The depreciation pressures were mitigated by the presence of offshore investors in our money markets.

Commercial banks' daily retail sales and purchases averaged US $ 6.63 million and US $ 6.62 million respectively during the four weeks to January 16, 2003. These averages are much lower than the sales and purchases of US $ 7.25 million and US $ 7.41 million, respectively recorded in the corresponding period ended December 12, 2003.

BOU maintained its presence in the IFEM under the sterilization strategy geared at mopping up excess liquidity injected by poverty reduction government expenditures. As the market remained stable during the period under review, BOU did not intervene in the IFEM. Total sterilization amounts for the four weeks to January 15, 2004 was a net sale of US $ 5.4 million. Bank of Uganda continues to watch market developments very closely.



H DEVELOPMENTS IN THE BALANCE OF PAYMENTS

In November 2003, the current account balance is estimated at a deficit of US $36.01 million, compared to a deficit of US $31.07 million in October 2003. The capital and financial account is estimated at a surplus of US$26.85 million compared to a surplus of US$27.83 million in October 2003. Thus, the overall balance is estimated at a deficit of US$9.16 million in November 2003.

i) Exports

Total Exports

Total export proceeds in the month of November are estimated at about US$41.20 million about 17.6 percent lower than the value of US$50.0 million realized in the month of October 2003.

Coffee Exports

Coffee exports during the month of December 2003 amounted to 228.407 (60-kilogram) thousand bags worth US$10.04 million. This was an increase of about 65.4 percent in volume and 68.2 percent in value compared to the November exports (US$5.97 million). The average realized export price in December stood at 73 cents per kilo (US$0.73 per kilogram), up by 1 cent compared to the price in November 2003.

Non-coffee Exports

The total value for non-coffee exports for the month of November 2003 is estimated at US$35.23 million. This is a decline of about 20.8 percent when compared to US$44.47 million (revised) realized in October 2003 but an increase of 19.0 percent when compared to the same month last year (US$29.61 million).

Declines in export earnings were noted in most of the non-coffee exports, more significantly in the exports of tobacco, gold and maize. Tobacco exports declined by 80.9 percent in value terms from US$4.60 million to US$0.88 million while gold and maize declined by 74.4 percent and 60.8 percent respectively. Export volumes of tobacco and maize were low due to seasonality factors while the decline in gold exports was mainly attributed to the cancellation of flights to Congo by Civil Aviation Authority. Hides and skins, electricity and flower export values declined by 34.6 percent, 20.3 percent and 4.6 percent, respectively when compared to the previous month.

However, export earnings from cotton, tea, fish and its products, simsim, beans and oil re-exports increased marginally during the month. Cotton exports rose to US$0.59 million from US$0.08 million while tea exports increased by 42.6 percent from US$2.66 million in October 2003 to US$3.79 million in November 2003. Fish and its products and oil re-exports increased by 2.2 percent and 0.1 percent respectively. (Please see Appendix Table 4 for details on exports of goods)

ii) Imports

The total import bill for the month of November 2003 was estimated at US$140.22 million. Private sector imports were estimated at US$117.13 million, 5.5 percent lower than the October 2003 import bill. Oil imports accounted for US$12.22 million, about 8.7 percent of total imports.

Government imports amounted to US$23.10 million for the month of November 2003, 27.6 percent higher than the October 2003 imports, which amounted to US$18.11 million. This was mainly due to a rise in project imports of 36.1 percent from about US$14.06 million in October 2003 to US$19.13 million in November 2003. (Please refer to Appendix Table 6 for details on 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$12.97 million were disbursed in November 2003. Private transfer inflows were estimated at US$38.61 million for the month of November, US$2.76 million lower than the estimate for the month of October 2003 while private transfer outflows were estimated at US$12.30 million. Thus net private transfers inflows were US$26.31 million during November 2003.

Services and income outflows exceeded inflows by US$18.10 million during November 2003.

Official debt service (excluding IMF payments) was estimated at US$4.48 million for the month of November 2003 while IMF principal obligations externalised in November 2003 amounted to US$8.66 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.

[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**
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
November	97.20	(80.86)	16.35	8.49	(5.29)	3.20	19.54

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
November	72.59	(49.96)	22.64	7.69	(3.80)	3.89	26.53

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**
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)
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							
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)
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)

Source: *Research Department, Bank of Uganda*

Table 4: Exports of Merchandise

	Oct-02	Nov-02	Dec-02	Oct-03	Nov-03	Dec-03
Total Exports (in US$ million)	**41.52**	**39.14**	**36.10**	**50.00**	**41.20**	
1. Coffee						
Gross coffee shipment, million (60-Kg) bags	0.22	0.26	0.31	0.13	0.14	0.23
Average unit value	0.53	0.61	0.62	0.69	0.72	0.73
Value of total shipment (BOP)	7.10	9.52	11.31	5.53	5.97	10.04
2. Non-Coffee export values(in US $ million)	**34.42**	**29.61**	**24.79**	**44.47**	**35.23**	
Electricity	1.71	1.30	1.24	1.23	0.98	
Gold	6.02	3.65	2.00	9.78	2.50	
Cotton	0.03	0.09	0.07	0.08	0.59	
Tea	2.72	2.43	2.93	2.66	3.79	
Tobacco	2.24	5.23	3.38	4.60	0.88	
Fish & its products (International)	7.68	6.72	5.70	7.23	7.39	
Fish & its products (Regional)	2.53	2.22	1.88	2.39	2.44	
Hides & Skins	0.42	0.51	0.43	0.51	0.34	
Simsim	0.01	0.03	0.02	0.00	0.16	
Maize	1.00	0.44	0.66	2.21	0.87	
Beans	0.22	0.25	0.58	0.28	0.51	
Flowers	1.22	1.10	0.56	1.86	1.77	
Oil re-exports	0.71	0.74	0.81	3.52	3.53	
Cobalt	0.00	0.00	0.00	0.00	0.00	
Others	7.93	4.92	4.54	8.12	9.50	

Source: Bank of Uganda

Table 5: Imports of Merchandise, US$ Million

	Oct-02	Nov-02	Dec-02	Oct-03	Nov-03
Total Imports (Millions US$)	**123.98**	**118.94**	**108.69**	**142.00**	**140.22**
Government Imports	**12.10**	**18.84**	**11.41**	**18.11**	**23.10**
Project	10.75	13.62	9.35	14.06	19.13
Non-Project	1.35	5.22	2.06	4.05	3.97
Private Sector Imports	**111.88**	**100.11**	**97.28**	**123.89**	**117.13**
Oil	12.75	13.30	11.91	14.00	12.22
Non-Oil	90.03	80.50	77.19	102.33	98.73
Estimated imports	9.10	6.30	8.18	7.56	6.17

Source: Bank of Uganda

Table 6: Import and Sales Volumes of Major Fuel Products (January – November 2003)

Import Volumes of Major Fuel Products: ('000 Litres)											
	Jan	**Feb**	**Mar**	**Apr**	**May**	**Jun**	**Jul**	**Aug**	**Sep**	**Oct**	**Nov**
Premium (PMS)	19,801	19,610	19,003	18,441	19,207	17,428	17,739	17,893	19,258	17,480	16,363
Diesel (AGO)	22,845	19,794	22,445	19,995	22,802	20,303	23,822	22,948	23,018	24,315	17,287
Kerosene (BIK)	4,541	3,975	4,707	3,533	4,510	3,779	5,036	4,461	4,603	5,255	4,102
Sales Volumes of Major Fuel Products : ('000 Litres)											
	Jan	**Feb**	**Mar**	**Apr**	**May**	**Jun**	**Jul**	**Aug**	**Sep**	**Oct**	**Nov**
Premium (PMS)	18,001	17,101	16,432	16,348	16,543	16,543	17,235	15,832	16,596	15,513	13,697
Diesel (AGO)	20,891	19,704	20,840	20,431	19,974	20,074	21,115	19,871	21,213	19,565	17,093
Kerosene (BIK)	4,830	3,751	4,024	3,916	3,930	4,142	4,082	3,653	3,657	3,271	2,742

Source: Energy Department, Ministry of Energy and Natural Resources