

## EXECUTIVE SUMMARY

### Monetary Policy Stance and Actions

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

A review of developments for the four-week period ended June 30, 2005 suggests that:

- Net-issuance of Treasury bills, Treasury bonds and forex sterilization deals were used to sterilize liquidity, while the repurchase agreement instruments (REPOs) facilitated the short-term, normally fine-tuning operations. The net injection of liquidity by government securities amounted to Shs66.11 billion<sup>1</sup> compared to an injection of Shs 23.10 billion reported last month. There was no outstanding stock of REPOs in the month of June.
- In line with developments in the Treasury bill market, the Rediscount rate and Bank rate declined from 14.82 percent and 15.82 percent, by end May 2005, to 14.77 percent and 15.77 percent, respectively by June 30, 2005.

### Inflation Developments

- The **annual headline inflation**<sup>2</sup> for June 2005 declined to **10.7%** down from 11.7% recorded in the year ended May 2005. This was attributed to slower pace of increases in food, beverages and tobacco, clothing and footwear, transport and communication, and health, education, and entertainment prices in addition to the decline in prices of household and personal goods during the year ended June 2005 compared to that of May 2005.
- The **annual underlying inflation** increased marginally to **6.5%** in June 2005, from 6.3% for the year ended May 2005. The prices of goods rose by 6.5% in June 2005 compared to a rise of 6.3% in May 2005, while that of services went up by 6.4% in June 2005, compared to 6.3% recorded in the previous month.
- The outlook for inflation in the coming months will be influenced by lower food crop prices and the impact of upward pressures that may come from increasing world prices for fuel and hence higher transport costs, the increased Value Added Tax and other taxes with effect from July 2005, among other variables.

---

<sup>1</sup> This number includes Treasury bills and Treasury Bonds.

<sup>2</sup> Inflation is the percentage change in the Consumer Price Index compared with the same month (or previous month) one year (month) previously.

## **Real Sector Developments**

- Average pump prices for the major petroleum products increased between May and June 2005. The price for premium increased by 1.1 percent while diesel and kerosene prices decreased by 2.3 percent and 6.7 percent, respectively.
- Trading at the Uganda Securities Exchange (USE) declined as compared to trading in the previous month when trading hit a record high. Total turnover amounted to Shs 467.53 million and a total of 1.17 million shares were traded. Trading during this month was mainly on account of dfcu shares that accounted for 94.6 percent of total trading. With the exception of Bank of Baroda and Uganda Clays counters that accounted for 3.9 percent and 1.1 percent of total trading, trading activity at the other counters was negligible and there was completely no activity at the East African Breweries and Kenya Airways counters.
- During the period under review, market capitalisation at the USE and the all share index each increased by 16.6 percent from Shs 2,689.2 billion to Shs 3,135 billion; and by 12.2 percent from Shs 554.82 to Shs. 622.28 respectively.

## **Domestic Securities and Money Market Developments**

- In line with the monetary policy objectives and financial markets development, Bank of Uganda issued a 2-year bond on June 15, 2005. The Shs 20.00 billion issue was over subscribed by Shs 19.45 billion realising a cover ratio of 197.26 percent. At a weighted average price of 92.15 per Shs 100, the resultant yield-to-maturity for the 10.00 percent coupon bond was 14.67 percent compared to 14.46 percent in the previous 2-year issue that was re-opened in March 2005.
- The total outstanding stock of Treasury bonds stood at Shs 530.00 billion by end of June 2005. A 2-year bond coupon payment of Shs 4.30 billion was effected during the month.
- Two Treasury bill auctions with offers of Shs 40.00 billion and Shs 35 billion each were held in the month of June 2005. Both auctions were oversubscribed. The respective weighted annualized yields on the 91-day, 182-day, and 364-day bills stood at 9.18, 10.69, and 13.90 percent, respectively, for the auction of June 08, 2005. This compares to rates of 8.98, 10.71, and 13.14 percent, for 91-day, 182-day, and 364-day bills respectively, recorded in the auction held on June 22, 2005.
- The average discount rates for Treasury bills in June 2005 were higher than those registered in June 2004 which ranged between 6.29 percent and 9.78 percent.
- In the four weeks ended June 30, 2005, total secondary market trades for treasury bills amounted to Shs 38.14 billion This was higher than the Shs 18.79 billion traded for the four weeks ended May 31, 2005. The average discount rates on these trades for the 91-days, 182-days, and 364-days securities were 8.78, 10.01, and 11.23 percent, respectively.

- The yield curve based on the average yield-to-maturity quotations in the secondary market evolved closely in line with the developments in the primary market, with widening margins beyond the 5-year paper. Both curves remained inverted at the 3-year paper
- Activity in the domestic inter-bank money market for the four weeks ended June 30, 2005 was the highest so far reported in the call money market (i.e. transactions of less than 30 days in tenor) in the FY 2004/2005. The most active period was the week ended June 17, 2005, when transactions worth Shs152.6 billion were recorded, while the lower levels of activity was in the week ended June 02, 2005, with volumes of transactions amounting to Shs43.9 billion. Of this the over night transactions amounted to Shs 102.65 billion at a weighted average rate of 6.89 percent. The weekly weighted average rates ranged from 7.02 percent to 8.91 percent. Transactions between domestic banks and foreign entities<sup>3</sup> in the money market amounted to Shs46.89 billion, at an average rate of 9.47 percent compared to Shs40.48 billion at 8.72 percent. One commercial bank did not participate in the inter bank market during the four weeks.
- No commercial bank adjusted its prime-lending rate over the period under review. Consequently, the range of these rates for the banking system as a whole remained unchanged at 16-21 percent as was recorded in the previous period.
- There was a fall in the effective lending rate on the shilling denominated loans from 20.78 percent to 19.42 percent in May 2005, but a rise in the foreign denominated deposits to 8.86 percent from 7.77 percent reported in April 2005.
- The weighted rates on shilling denominated saving and time deposits increased marginally from 1.77 and 8.59 percent to 1.78 and 8.67 percent, respectively in June 2005. However, the weighted rates on the demand deposits were relatively stable, declining marginally from 1.14 percent to 1.13 percent in the period under review. The demand and saving deposit rates on the foreign currency denominated deposits were also stable at 0.99 percent and 1.45 percent, respectively during May 2005. Time deposit rates reversed the rising trend reported in the previous review to decline from 3.39 percent to 3.00 percent.

### **Developments in Monetary and Financial Aggregates**

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

- Broad Money, M3, which comprises currency in circulation plus all private deposits, contracted by 0.6 percent to Shs2.79 billion in May 2005. This contrasts with growth of 0.1 percent registered in April 2005. M3 has risen from its end-June 2004 position by 7.8 percent.
- Net Foreign Assets (NFA) of the banking system fell by 6.3 percent or Shs180.5 billion to Shs2,674.4 billion, reflecting largely increased remittances of dividends by the corporate sector. In particular, NFA of BoU contracted by 4.9 percent or

---

<sup>3</sup> A distinction is made between the interbank market in which only domestic commercial banks participate and the money market where foreign banks also carry out transactions.

Shs109.3 billion to Shs2,143.1 billion, while at commercial banks NFA fell by 11.8 percent or Shs71.2 billion to Shs531.3 billion. Foreign reserves of BoU shrunk by an equivalent of Shs141.0 billion, compared to an increase of Shs272.3 billion in the previous month.

- Net Claims on Government (NCG) by the banking system was a saving of Shs113.4 billion as at end-May 2005, down by Shs73.7 billion from a saving of Shs187.2 billion at the end of April 2005. At BoU, government savings decreased by Shs 33.3 billion over the month, on account of a strong fall in Government deposits of Shs150.1 billion, which more than offset a reduction in government advances of Shs116.8 billion<sup>4</sup>. At commercial banks, net claims on Government fell by Shs40.5 billion in May 2005, on account of a strong decline in Government deposits of Shs 51.8 billion, which more than offset commercial banks' investment in Government securities of Shs11.3 billion.
- The stock of outstanding credit to the private sector (PSC) by the banking sector stood at Shs1180.4 billion, of which Shs23.2 billion was from BOU and Shs1157.2 billion from commercial banks. This represents a growth of 1.0 percent or Shs12.3 billion during May 2005. In April 2005, PSC rose by 1.9 percent or Shs21.5 billion.
- The total assets of the Non-Bank Financial Institutions increased by 1.6 percent to Shs191.45 billion up from Shs188.38 billion at the end of April 2005. This is similar to the outturn observed over the same period a year ago. The increase in assets in April 2005 was mainly on account of an increase of 14.4 percent in balances with commercial banks in and outside Uganda.

### **Fiscal Developments**

- Total revenue and budget support grant receipts (excluding project grants) for May 2005 were estimated at Shs218.42 billion. This is lower by Shs255.06 billion (53.9 percent) than Shs473.49 billion recorded in April 2005<sup>5</sup>.
- Total domestic revenue collected in May 2005 was estimated at Shs167.29 billion, of which 97.6 percent came from URA collections. This was lower than the programmed target by Sh5.81 billion, but slightly higher than the previous month's collections as a result of further improvement in tax collection performance. The preliminary outturn for non-URA revenue collections for May 2005 was estimated at Shs4.08 billion.
- Receipts from budget support grants were estimated at Shs51.14 billion during May 2005, which was higher than the program target of Shs38.65 billion. This was; however, lower than Shs308.58 billion realised in April 2005.
- In May 2005, government expenditure and net lending increased by 15.9 percent. The increase was mainly on account of current expenditure. Expenditure on wages and salaries accounted for 32.9 percent of recurrent expenditure, while

---

<sup>4</sup> The bulk of the government deposits was associated with import support funds disbursement of US 156 million from the World Bank

<sup>5</sup> This amount is also higher than the programmed figure of Shs252.64 (see table 12).

interest payments decreased by 6.0 percent over this period. The outturn in total government expenditure was lower than the projected level for the period by Shs23.74 billion.

- The overall fiscal balance for May 2005 was a deficit of Shs41.04 billion compared to a surplus of Shs249.63 billion recorded in April 2005. Excluding grants, the fiscal balance worsened to a deficit of Shs92.17 billion.

### **Developments in the Foreign Exchange Market in June 2005**

- On average, the Shilling vis-à-vis the US Dollar appreciated by 0.06 percent on a daily basis during June 2005. Basing on the end month points, the Shilling appreciated by 1.28 percent against the US Dollar compared to an appreciation of 0.79 percent recorded for the previous period.
- BOU continued to monitor developments in the foreign exchange market to ensure market stability. In light of this, BoU commenced sterilisation in the IFEM to a tune of US\$ 6.00 million for the month of June 2005.

### **Balance of Payments Developments**

- In May 2005, the current account balance was estimated at a deficit of US\$61.02 million, while the capital and financial account was estimated at a surplus of US\$43.48 million. As a result, the overall balance was estimated at a deficit of US\$17.53 million.
- Total export earnings have been on a steady increase since February 2005, recording US\$78.11 million in May 2005. This is the highest export proceeds since February 1997. Coffee exports in the month of May 2005 accounted for 21.48 percent of the total export.
- The import bill (fob) was estimated at US\$139.22 million during May 2005 compared to the US\$143.85 million<sup>6</sup>, which was recorded for the month of April 2005.
- Official aid (excluding project aid but including resources from the HIPC Initiative) inflows amounted to about US\$15.55 million. Private sector transfer inflows exceeded outflows by US\$7.79 million in May 2005, and services and income outflows exceeded inflows by about US\$48.15 million.
- Official debt service (excluding IMF payments) was estimated at US\$8.19 million for the month of May 2005. The IMF principal payments externalized in the same month amounted to US\$6.92 million.
- Official foreign reserves (including valuation changes) were estimated at US\$1,370.92 million in May 2005, equivalent to 6.13 future months of imports of goods and services.

---

<sup>6</sup> Effective May 2004, import values are reported f.o.b.

**Policy Stance**

- The continued concern for inflation coupled with developments in the foreign exchange market suggest that Uganda will continue with a tight monetary policy stance to contain the inflationary pressures. It is also committed to manage liquidity in a manner that will not cause instability in both the money and foreign exchange markets.

## A MONETARY POLICY STANCE AND ACTIONS

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

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

In the four weeks to June 30, 2005, the net injection of Treasury bills was Shs 46.11 billion, compared to the net injection of Shs 23.10 billion in the corresponding four-week period to May 31, 2005. In a continuous effort to promote the development of financial markets alongside the conduct of monetary policy, Bank of Uganda issued a 2-year bond on June 15, 2005 with a face value of Shs 20.00 billion. On the short-term liquidity management front, gross issues of the REPO instrument, whose maturity ranged from 2 to 6 days, amounted to Shs 106.60 billion during this period, against maturities of Shs 108.88 billion. This is compared to issues and maturities of Shs 202.40 billion and Shs 125.72 billion, respectively over the preceding period ended May 31, 2005. By June 30, 2005, there was no outstanding stock of REPOs. Total commercial bank borrowings at BOU amounted to Shs 26.03 billion during the month.

In line with developments in the Treasury bill market, the Rediscount rate and Bank rate declined from 14.82 percent and 15.82 percent, by end May 2005, to 14.77 percent and 15.77 percent, respectively by June 30, 2005.

## B DOMESTIC PRICE DEVELOPMENTS

The **annual headline inflation**<sup>7</sup> for June 2005 declined to **10.7%** down from 11.7% recorded in the year ended May 2005. This was attributed to slower pace of increases in food, beverages and tobacco, clothing and footwear, transport and communication, and health, education, and entertainment prices in addition to the decline in prices of household and personal goods during the year ended June 2005 compared to that of May 2005.

---

<sup>7</sup> Inflation is the percentage change in the Consumer Price Index compared with the same month (or previous month) one year (month) previously.

The food group<sup>8</sup> index increased by 19.1% compared to 20.2% in May 2005; the beverages and tobacco group index rose by 7.0% compared to 7.4%; the clothing and footwear group index rose by 0.7% compared to 0.8%. The rent, fuel and utilities group index rose by 5.2% compared to 8.5%; the transport and communication group index rose by 9.8% compared to 11.6%; and the health, education and entertainment group index rose by 4.3% compared to 3.9% for the year ended June 2005 from that of May 2005. The household and personal goods group index recorded the only downward effect on the overall annual CPI for year ended June 2005 by 0.4% compared to a fall 0.8% in the year ended May 2005. The continued increases in the supply of most food items led to a decline in food prices during the month of June 2005. However the general price levels in the food sub-group still remained higher than the prices in the corresponding period last year. Beverages prices were pushed up by higher beer and local brew prices (Malawi and waragi) because of increased excise duty on alcoholic drinks in the FY 2004/05 and low supplies of raw materials respectively. Higher paraffin prices and increased electricity tariffs pushed up fuel and utilities prices, while costly petroleum products led to the rise in transport fares in the year ended June 2005 compared to the previous year.

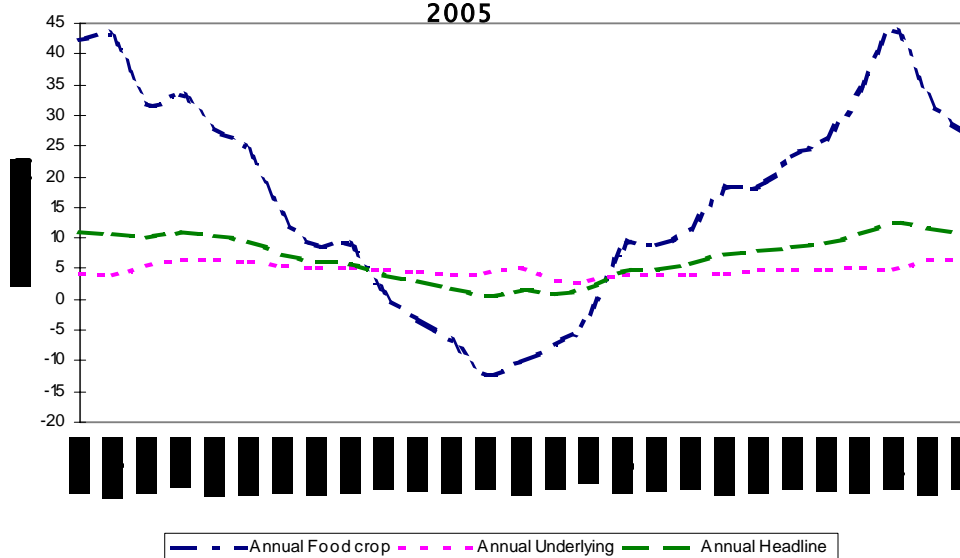
Similarly, the **monthly headline inflation** fell to **-2.1%** in June 2005 down from 0.1% in May 2005, because of decreases in all the group indices, except household and personal goods group index. The monthly inflation level of **-2.1%** resulted from decreases of: 3.9% in the food group index; 0.3% in the beverages and tobacco group index; 0.9% in the clothing and footwear group index; 2.4% in the rent, fuel and utilities group index; 0.4% in the transport and communication group index; and 0.1% in the health, education and entertainment group index. The decrease in the overall monthly CPI was partly mitigated by a 0.6% increase in the household and personal goods group index following marginal increase in average prices of washing and bathing soap and detergent powder among others.

The **annual underlying inflation** marginally increased to **6.5%** in June 2005, from 6.3% for the year ended May 2005. The prices of goods rose by 6.5% in June 2005 compared to a rise of 6.3% in May 2005, while that of services went up by 6.4% in June 2005, compared to 6.3% recorded in the previous month. The increase in annual underlying inflation resulted mainly from higher prices of petroleum products, which arose from a combination of higher world oil market prices and the excise duty raised on petrol and diesel with effect from June 2005. These translated into higher pump prices for fuel products and their related second round effects on transport fares during the year ended June 2005 compared to that of June 2004. Other upward pressures resulted from increases in prices of beer, local brew, second hand clothing, electricity, and health, education, and entertainment services.

---

<sup>8</sup> Food group comprises of the entire basket of food crops and other food items e.g. manufactured food goods - margarine, cooking oil, etc.

**Fig 1: Annual Inflation Developments: April 2003–June 2005**



Source: Uganda Bureau of Statistics

The **monthly underlying inflation** declined to **-0.1%** in June 2005 from 1.7% in May 2005. This was attributed to a 0.2% fall in the prices of services, while goods prices remained unchanged.

The **annual food crop inflation**<sup>9</sup> dropped to **27.5%** in June 2005 from 33.0% in the year ended May 2005. Similarly, the **monthly food crop inflation** fell to **-8.8%** in June 2005, from **-4.8%** in May 2005. The increase in supply of most food items especially staple foods, fruits and vegetables and fish in most centers around the country led to the decline in their respective prices, perhaps indicating their harvesting season.

The outlook for inflation in the coming months will be influenced by lower food crop prices and the impact the upward pressures that may come from fuel and hence higher transport costs, the increased Value Added Tax and other taxes with effect from July 2005, among other variables.

The developments in inflation rates are indicated in table 1, and figures 1 above and 2 below.

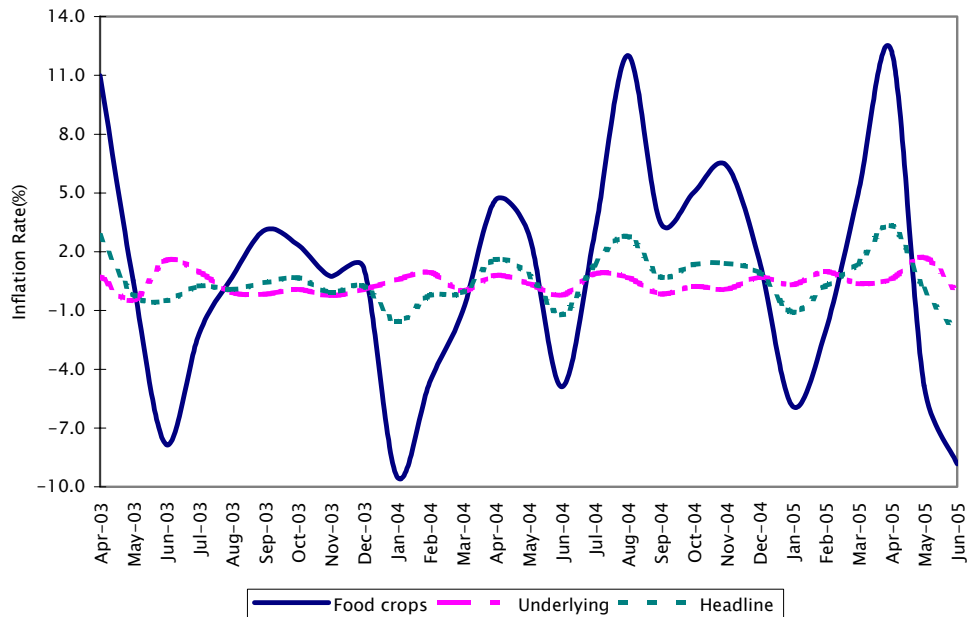
**Table 1. Inflation Rates (April 2005 – June 2005)**

Period	Headline Inflation (%)		Underlying Inflation (%)		Food Crops Inflation (%)	
	Monthly	Annual	Monthly	Annual	Monthly	Annual
April 2005	3.3	12.6	0.6	4.9	12.2	43.7
May 2005	0.1	11.7	1.7	6.3	-4.8	33.0
June 2005	-2.1	10.7	-0.1	6.5	-8.8	27.5

Source: Uganda Bureau of Statistics

<sup>9</sup> Food crops refer specifically to grown food crop items that are typically sold fresh in the markets.

**Fig 2: Monthly Inflation Developments: April 2003–June 2005**



Source: Uganda Bureau of Statistics

### C REAL SECTOR DEVELOPMENTS

This section looks at the index of industrial production from January to March 2005; fuel consumption from January to April 2005 and fuel prices between May and June 2005; trading at the Uganda Securities Exchange during June 2005; and leasing activity for June 2005.

#### Index of Industrial Production

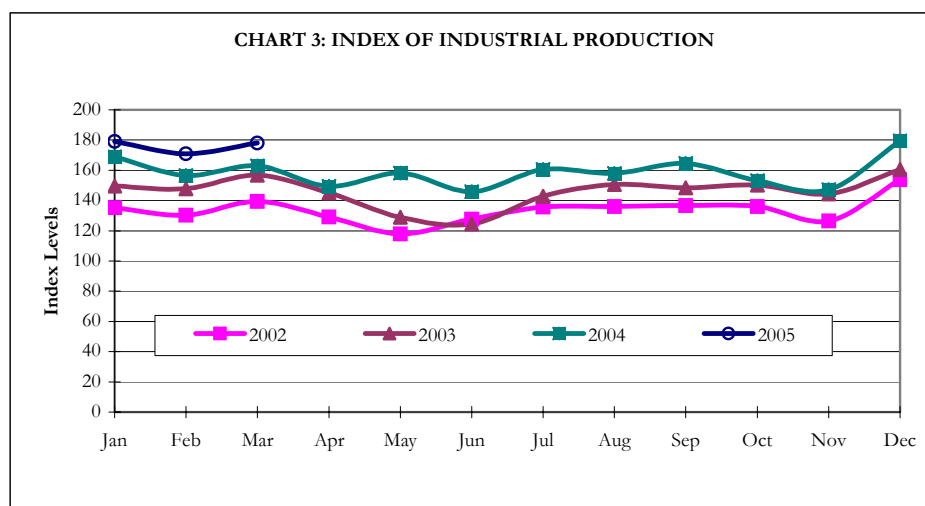
Data on the index of industrial production is available until March 2005 and this section reports the developments between December 2004 and March 2005. Between December and March, the all items index dropped by 0.8 percent from 179.4 to 178.0. A gradual decline was recorded since December with the index dropping in each of the subsequent months to March 2005. In January, the index stood at 179.1 and in February it was 170.9. As shown in chart 3 below, the index evolved in line with the seasonal pattern observed during this quarter.

**Table 2: Index Of Industrial Production for Major Manufacturing commodities,  
Nov – Dec 2004; Jan – Mar 2005**

ITEM	Nov '04	% change	Dec '04	% change	Jan '05	% change	Feb '05	% change	Mar '05
<b>Sugar</b>	145.8	62.5	237.0	8.3	256.7	-18.6	208.9	0.5	209.9
<b>Beer</b>	114.2	21.6	138.8	-21.5	108.9	7.1	116.6	14.2	133.2
<b>Soft drinks</b>	138.8	38.1	191.8	-21.7	150.1	13.3	170.1	2.2	173.8
<b>Cigarettes</b>	56.4	5.3	59.4	-33.1	39.7	41.3	56.1	43.0	80.3
<b>Textiles</b>	101.5	(25.8)	75.3	40.6	105.9	44.1	152.6	-28.0	109.9
<b>Cement</b>	212.1	3.7	219.9	3.2	226.9	-9.1	206.3	12.0	231.1
<b>Laundry Soap</b>	161.3	13.6	183.2	20.1	220.1	-13.2	191.1	14.0	217.8
<b>Edible oil</b>	195.2	13.7	221.9	-7.0	206.4	-16.2	172.9	2.5	177.2
<b>Metal products</b>	197.2	9.2	215.3	13.7	244.7	-0.3	243.9	-4.8	232.1
<b>All items</b>	<b>147.2</b>	<b>21.9</b>	<b>179.4</b>	<b>-0.2</b>	<b>179.1</b>	<b>-4.6</b>	<b>170.9</b>	<b>4.2</b>	<b>178.0</b>

Source: Uganda Bureau of Statistics

The drop in the index between December and March was mainly on account of the decrease in production of edible oil and sugar that dropped by 20.2 and 11.5 percent respectively. Other items that registered decreases in their production were soft drinks and beer that decreased by 9.4 and 4.1 percent respectively. The magnitude of the decreases in the above items was offset by substantial increases in the production of textiles and cigarettes. Textile production increased by 45.9 percent while that of cigarettes increased by 35.2 percent. Increases in production were also recorded for laundry soap (18.8%), metal products (7.8%) and cement (5.1%).



## Fuel Consumption

Firm numbers on fuel sales are now available until April 2005 and the earlier estimates for January and February have consequently changed. So this section looks at the period, January to April 2005. When compared to the previous months, the data indicates petroleum sales decreased in February; increased in March; and decreased in April.

Between January and February, fuel sales of the major petroleum products decreased by 4.9 percent mainly on account of lower diesel sales. Diesel sales decreased by 5.8 percent as a result of lower industrial production; premium and kerosene sales decreased by 3.9 and 2.7 percent, respectively. An increase of 10.9 percent was observed in fuel sales of the major petroleum products between February and March. This increase is partly on account of diesel sales that increased by 11.8 percent, and it reflects increased demand of diesel for industrial purposes. A decrease of 5.0 percent was observed in the sales of the major petroleum products between March and April. The decrease is mainly attributed to an increase in pump prices during April on account of depreciation of the shilling and fuel shortage at the time.

**Table 3: Sales volumes of major fuel products ('000 of litres), Jan – Apr 2005**

Fuel product	Jan '05	Change (%)	Feb '05	Change (%)	Mar '05	Change (%)	Apr '05
Premium (PMS)	15,507.2	(3.9)	14,904.8	9.1	16,256.6	(3.6)	15,672.6
Diesel (AGO)	24,613.8	(5.8)	23,187.5	11.8	25,917.0	(5.9)	24,386.2
Kerosene (BIK)	3,062.4	(2.7)	2,978.8	13.8	3,390.1	(5.4)	3,208.7
<b>TOTAL</b>	<b>43,183.4</b>	<b>(4.9)</b>	<b>41,071.1</b>	<b>10.9</b>	<b>59,081.0</b>	<b>(-5.0)</b>	<b>55,040.2</b>

Source: Ministry of Energy and Mineral Resources

## Pump Prices

Average pump prices of premium increased by 1.1 percent between May and June from shs 1,953 per litre to shs 1,975 per litre; while on average the prices for diesel and kerosene decreased by 2.3 percent from shs 1,710 per litre to shs 1,671 and by 6.7 percent from shs 1,632 per litre to shs 1,523 per litre, respectively.

## Uganda Securities Exchange (USE)

During June 2005, trading at the Uganda Securities Exchange (USE) declined as compared to trading during the previous month, when trading hit a record high due to the high inflow of Foreign Portfolio Investments. During the month under review, total turnover amounted to shs 467.53 million and a total of 1,174,448 shares were traded. Trading during this month was mainly on account of dfcu shares that accounted for 94.6 percent of total trading. With the exception of Bank of Baroda and Uganda Clays counters that accounted for 3.9 and 1.1 percent of total trading, trading activity at the other counters was negligible and there was completely no activity at the East African Breweries and Kenya Airways counters.

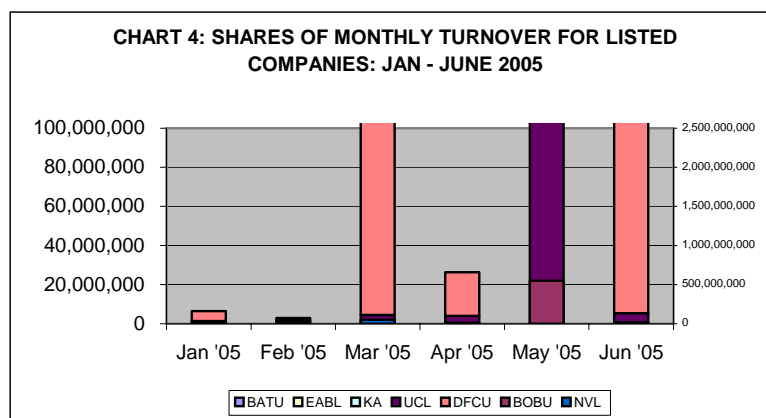
**Table 4: Trading at the Uganda Securities Exchange (Jan – June 2005)**

	Feb '05	Mar '05	Apr '05	May '05	Jun '05
Trading Days	8	9	8	9	8
Total Turnover	9,591,260	449,920,770	28,462,970	2,212,221,780	467,525,830
No. Shares	30,969	1,519,852	75,437	4,572,457	1,174,448
Market Capitalization (Billion Ushs, E.O.P)	1,870.5	2,125.1	2,238.2	2,689.2	3,135
All Share Index	386.51	438.76	462.12	554.82	622.28

*Source: Uganda Securities Exchange*

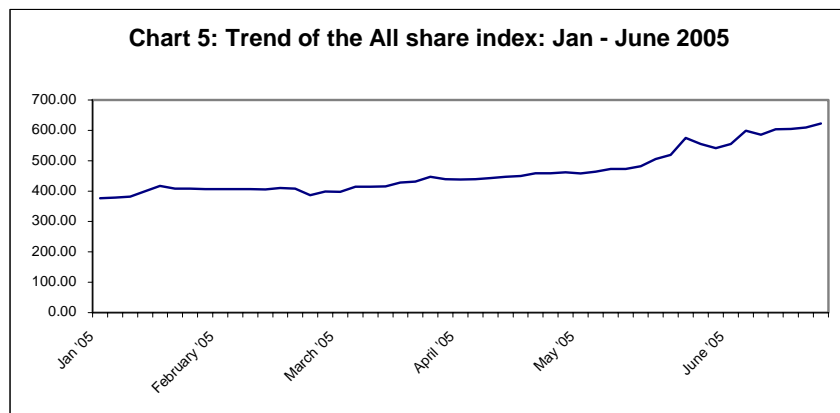
During the course of the month, share prices of British American Tobacco decreased substantially by 24.6 percent from shs 975 to shs 735. This decline is mainly as a result of the gloomy outlook for the tobacco industry. Share prices of the New Vision that had remained unchanged at shs 250 since March, also recorded a fairly large decrease of 18 percent to a closing price of shs 205. Share prices for dfcu shares declined by 4.0 percent from shs 385 to shs 370.

Kenya Airways share prices on the other hand, increased substantially by 43.6 percent from shs 872 to shs 1,252 per share. This increase in share prices was partly as a result of increased confidence in the company. Share prices of Bank of Baroda that had decreased to shs 720 from shs 800 in May, increased by 18.1 percent to shs 850. This increase in share prices was as a result of fairly vibrant trading at the Bank of Baroda counter probably reflecting an increase in confidence in the company. Share prices of East African Breweries increased by 7.6 percent from shs 3,209 to shs 3,454; and share prices of Uganda clays increased marginally by 0.3 percent from shs 12,030 to its closing price of shs 12,070 although during the course of the month, share prices increased to shs 12,080.



**Source: Uganda Securities Exchange**

In line with the above price movements, market capitalisation at the USE and the all share index each increased by 16.6 percent and 12.2 percent respectively from shs 2,689.2 billion to shs 3,135 billion; and from 554.82 to 622.28 respectively, between end-May and end-June 2005.



Source: Uganda Securities Exchange

## **D DEVELOPMENTS IN THE DOMESTIC SECURITIES AND MONEY MARKET**

### **i) Primary Market for Treasury Bonds**

In line with the monetary policy objectives and financial markets development, Bank of Uganda issued a 2-year bond on June 15, 2005. The Shs 20.00 billion issue was over subscribed by Shs 19.45 billion and realized a cover ratio of 197.26 percent. At a weighted average price of 92.15 per Shs 100, the resultant yield-to-maturity for the 10.00 percent coupon bond was 14.67 percent compared to 14.46 percent in the previous 2-year issue that was reopened in March 2005. The total outstanding stock of Treasury bonds stood at Shs 530.00 billion by end of June 2005. A 2-year bond coupon payment of Shs 4.30 billion was effected during the month.

Table 4 below shows details of the most recent Treasury bond issues, and Appendix 1 summarizes the full details on all issues in the market so far which are also listed on the Uganda Securities Exchange.

**Table 4: Summary of Government Treasury bond Issues as at June 30, 2005***(In Billions of Uganda Shillings, unless otherwise stated)*

Tenure/Issue date →	2 Year New Issue Jun 15-05	3 Year Reopened May 18-05	5 Year Re-opened Nov 17-04	10 Year Re-opened May 19-04
Maturity Date	Jun 14-07	Apr 17-08	Mar 19-09	May 08-14
Offers (Billion Shs)	20.000	20.000	20.000	15.000
Total Bids (Billion Shs)	39.452	25.566	32.227	25.166
O/w Competitive	39.431	25.562	12.989	25.154
Over (Under) Subscription	19.452	5.566	12.227	10.166
Amount Sold (Face Value)	20.000	20.000	20.00	15.000
Amount Sold (Cost Price)	18.430	16.862	17.093	12.991
Cover Ratio %	197.259	127.828	161.135	167.773
Previous Cover Ratio %	130.989	156.900	210.00	...
WAP per Shs. 100	92.152	84.308	85.463	86.608
Previous WAP per Shs. 100	94.454	86.625	92.590	...
Yield to Maturity %	14.669	17.700	16.039	13.477
Previous Yield to Maturity %	14.463	16.040	12.802	...
Coupon Rate	10.000	10.25	10.750	11.000

Source: Research Department - Bank of Uganda

**ii) Secondary Market for Treasury bonds**

The four week-period average indicative bid/offer yields-to-maturity in the secondary market were quoted at 14.79/14.57 percent and 17.34/17.09 percent for the 2-year and 3-year bonds, and at 16.38/16.11 percent and 16.00/15.75 percent for the 5-year and 10-year bonds tenors respectively. This is compared to 14.81/14.56 percent and 18.25/18.00 percent for the 2 year and 3 year bonds, and 16.33/16.06 percent and 15.95/15.70 percent for the 5 year and 10 year bond, in the previous four-week period ending May 2005, respectively (See Table 5). Within the month of June 2005 Shs 0.51 billion, Shs 0.42 billion, Shs 0.50 billion were traded in the 2-year, 3-year and 10-year bonds, respectively.

**Table 5: Bid/Offer Rates and Transactions in the Secondary Market for Treasury bonds over the four week-period to June 30, 2005**

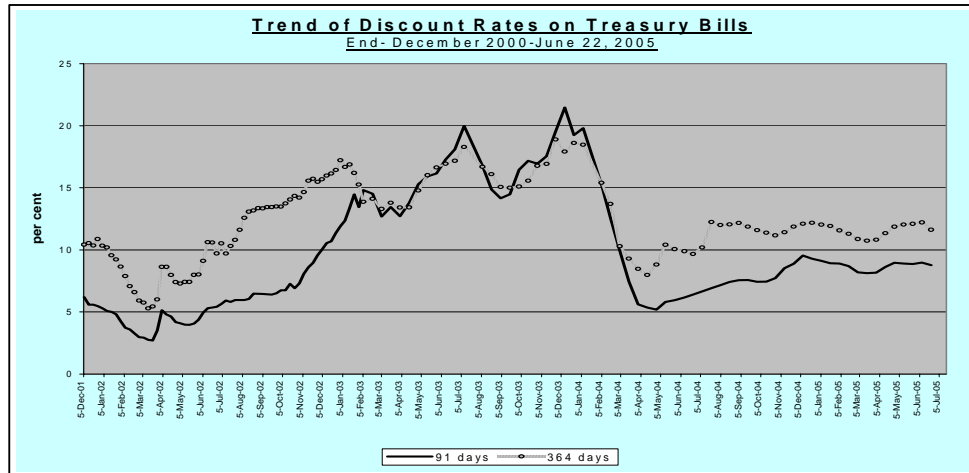
	Tenor of bond							
	2-year		3-year		5-year		10-year	
	Yield-to-maturity quotation (percent)							
	Bid	Offer	Bid	Offer	Bid	Offer	Bid	Offer
Min	14.25	14.00	16.55	16.30	16.00	15.70	15.00	14.75
Max	15.00	14.75	18.25	18.00	17.50	17.25	18.00	17.75
Average	14.79	14.57	17.34	17.09	16.38	16.11	16.00	15.75

Source: Compiled from Domestic Financial Markets Department records

Source: Research Department - Bank of Uganda

### iii) Primary Market for Treasury bills

Two Treasury bill auctions with offers of Shs 40.00 billion and Shs 35.00 billion each were held in the month of June 2005. Both auctions were oversubscribed. The respective weighted annualized yields on the 91-day, 182-day, 273-day, and 364-day bills stood at 9.18, 10.69, and 13.90 percent for the auction of June 08, 2005, and at 8.98, 10.71, and 13.14 percent, respectively, for the auction of June 22, 2005. This compares to rates of 9.07, 10.76, and 13.76 percent, for 91-day, 182-day, and 364-day bills respectively, recorded in the auction held on May 25, 2005 (see Chart 7 below). The average discount rates on Treasury bills in June 2005 were higher than those registered in June 2004 which ranged between 6.29 percent and 9.78 percent.



### iv) Secondary Market for Treasury bills

The average bid/offer yields-to-maturity in the secondary market for Treasury bills remained relatively stable for the 182-day and the 364-day papers. However, the rate for the 91-day paper increased by 0.08 percentage points. The respective average percentage yields to maturity for the 91, 182, and 364-day securities were 9.22/8.95, 10.60/10.33 and 13.02/12.75 in June 2005 compared to 9.14/8.87, 10.59/10.33 and 13.05/12.75 percent in May 2005, respectively.

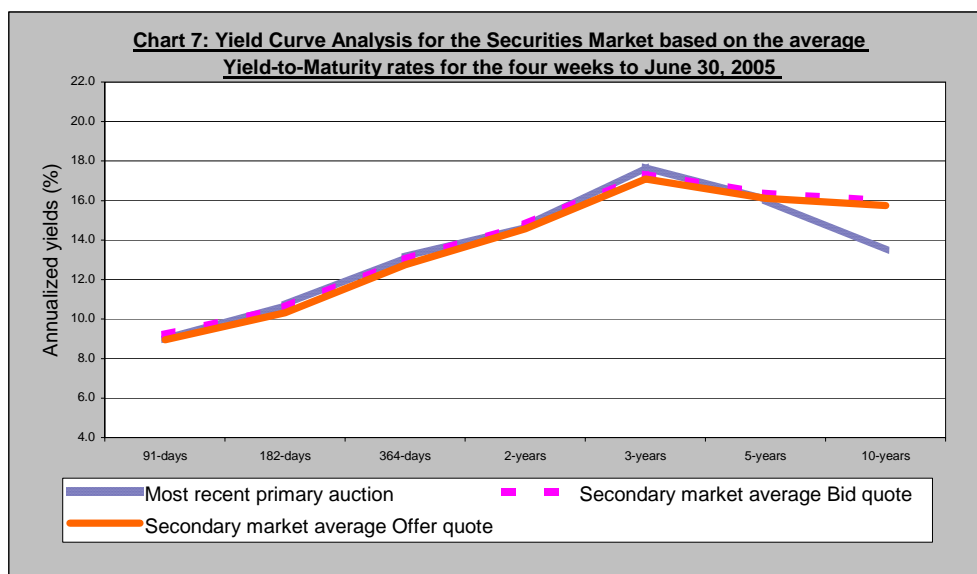
**Table 6: Bid/Offer Rates and Transactions in the Secondary Market for Treasury bills over the four- week period to June 30, 2005**

	Tenor of bills							
	91-days		182-days		273-days		364-days	
	Yield-to-Maturity quotation (percent)							
	Bid	Offer	Bid	Offer	Bid	Offer	Bid	Offer
Min	8.95	8.69	10.21	9.94	0.00	0.00	11.89	11.60
Max	9.55	9.28	10.88	10.60	0.00	0.00	13.45	13.71
Average	9.22	8.95	10.60	10.33	0.00	0.00	13.02	12.75
	Trading Activity							
Transactions (Shs billion)	30.262		5.999		-		1.874	
O/w Horizontal REPOs	22.000		-		-		-	
- Av. H/REPOs rate	8.83 percent		-		-		-	
O/w- Outright sales	8.262		5.999		-		1.874	
Total trades across maturities	Shs 38.135 billion							
- Av Discount rate	8.78 percent		10.01 percent		-		11.23 percent	
- Av Yield to maturity	9.06 percent		10.66 percent		-		12.21 percent	
Rediscounts at BoU	-							
Borrowing at BoU	Shs 26.034 billion							

*Source: Compiled from Domestic Financial Markets Department records*

In the four weeks ended June 30, 2005, total treasury bills secondary market trades amounted to Shs 38.14 billion, of which Shs 22.00 billion related to horizontal repos. This was higher than the Shs 18.79 billion in secondary market trades for the four weeks ended May 31, 2005. The average discount rates on these trades for the 91-days, 182-days, and 364-days securities were 8.78, 10.01, and 11.23 percent, respectively. There were commercial bank borrowings from BOU that amounted to Shs 26.03 billion during the month.

The yield curve based on the average yield-to-maturity quotations in the secondary market evolved closely in line with the developments in the primary market, with widening margins beyond the 5-year paper. Both curves remained gently inverted at the 3-year paper (see Chart 7).



#### v) Domestic Inter-bank market

Activity in the domestic inter-bank money market (i.e. transactions of less than 30 days in tenor) for the four weeks ended June 30, 2005 were the highest so far reported in the financial year 2004/2005 with volumes worth Shs 506.8 billion at a weighted average rate of 8.04 percent. This compares to the May 2005 when Shs 265.7 billion was transacted at a weighted average of 7.49 percent. The most active period was the week ended June 17, 2005, when transactions worth Shs152.6 billion were recorded, while the least activity was in the short week ended June 02, 2005, with volumes of transactions amounting to Shs43.9 billion. Of this the over night transactions amounted to Shs 102.65 billion at a weighted average rate of 6.89 percent. The weekly weighted average rates ranged from 7.02 percent to 8.91 percent. Transactions between domestic banks and foreign entities<sup>10</sup> in the money market amounted to Shs46.89 billion, at an average rate of 9.47 percent compared to Shs40.48 billion at 8.72 percent. One commercial bank did not participate in the inter bank market during the four weeks.

**Table 7: Summary of inter bank money market activity**

	Total amounts in Billions June 2005	Total amounts in Billions May 2005	Weighted average rate (In %)	Weighted average rate (In %)
<b>Total Transactions</b>	506.8	265.70	8.04	7.49
<b>O/w Over night</b>	102.65	53.6	6.89	6.51
<b>With Foreign entities</b>	46.89	40.48	9.47	8.72

<sup>10</sup> A distinction is made between the interbank market in which only domestic commercial banks participate and the money market where foreign banks also carry out transactions.

vi) **Commercial Banks' Retail Interest Rates**

There was no revision in the commercial banks' prime lending rate during the four weeks to June 30, 2005. Consequently there were no changes in the number of banks charging rates for the various range categorizations. The range of these rates for the entire industry also remained at 16-21 percent. Table 8 below summarizes these developments.

**Table 8: Trends of the Prime Lending Rates During June 2005**  
(Figures are end-period)

Prime Lending Rate (%)	May 27, 2005	June 02, 2005	June 10, 2005	June 17, 2005	June 24, 2005
0.0 – 10.9	0	0	0	0	0
11.0 – 13.9	0	0	0	0	0
14.0 – 15.9	0	0	0	0	0
16.0 – 18.0	5	5	5	5	5
18.1 – 19.9	7	7	7	7	7
20.0 – 21.9	3	3	3	3	3
Range (Min – Max)	16%-21%	16%-21%	16%-21%	16%-21%	16%-21%

Source: Commercial banks weekly returns

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

Information on the commercial banks' effective lending and deposit rates is currently available only up to May 2005. As portrayed in Table 9, there was a decline in the effective lending rate on the shilling denominated loans from 20.78 percent to 19.42 percent in May 2005 but a rise in the foreign denominated deposits to 8.86 percent from 7.77 percent reported in April 2005.

**Table 9: Commercial Banks' Lending and Deposit Rates (Percent)**

	Feb 05	Mar 05	April 05	May 05	Feb 05	Mar 05	April 05	May 05
Weighted Average rates								
Lending	20.36	20.63	20.78	19.42	10.00	9.17	7.77	8.86
Demand Deposits	1.16	1.12	1.14	1.13	1.01	0.98	0.98	0.99
Savings Deposits	1.72	1.94	1.77	1.78	1.45	1.45	1.45	1.45
Time Deposits	6.16	8.21	8.59	8.67	2.49	2.69	3.39	3.00

The weighted rates on shilling denominated saving and time deposits marginally increased from 1.77 percent and 8.59 to 1.78 percent and 8.67 percent respectively in May 2005 but the weighted rates on the Demand deposits were relatively stable and only

slightly declining from 1.14 percent to 1.13 percent in the period under review. The demand and saving deposit rates on the foreign currency were also stable at 0.99 percent and 1.45 percent respectively from April to May 2005. Time deposit rates reversed the rising trend reported in the previous review to decline from 3.39 percent to 3.00 percent.

## **E MONETARY AGGREGATES AND FINANCIAL SECTOR AGGREGATES**

### **(i) Banking Activities**

#### **Broad Money**

Broad Money M3, which comprises currency in circulation plus all private deposits, contracted by 0.6 percent to Shs2.79 billion in May 2005, compared to an expansion of 0.1 percent registered in April 2005. M3 has risen from its end-June 2004 position by 7.8 percent.

M2A, comprising of M3 less foreign currency deposits of the private sector, rose by 0.7 percent from Shs2142.9 billion at end-April 2005 to Shs 2.16 trillion at end May 2005. This compares to a decline of 1.2 percent recorded in April 2005. The developments in money supply are shown in Table 9 below.

#### **Net Foreign Assets (NFA)**

Over the month of May 2005, the NFA of the banking system fell by 6.3 percent or Shs180.5 billion to Shs2674.4 billion. In particular, NFA at BoU contracted by 4.9 percent or Shs109.3 billion to Shs2143.1 billion, while at commercial banks NFA declined by 11.8 percent or Shs71.2 billion to Shs531.3 billion. Foreign reserves at BoU shrunk by an equivalent of Shs141.0 billion, compared to an increase of Shs272.3 billion in the previous month.

#### **Net Claims on Government (NCG)**

The government's net position with the banking system (NCG) as at end-May 2005 was a saving of Shs113.4 billion, down by Shs73.7 billion from a saving of Shs187.2 billion at the end of April 2005 (Table 9). At BoU, government savings decreased by Shs 33.3 billion over the month, on account of a strong fall in Government deposits of Shs150.1 billion, which more than offset a growth in government advances of Shs116.8 billion. At commercial banks, net claims on Government rose by Shs40.5 billion in May 2005, on account of a strong decline in Government deposits of Shs51.8 billion, which more than offset commercial banks' investment in Government securities of Shs11.3 billion.

**Table 9: Developments in Monetary and Credit Aggregates (June 04 – May 05)**

<i>(in billion shillings unless otherwise stated)</i>	Jun. 2004	Sep. 2004	Dec. 2004	Mar. 2005	Apr. 2005	May 2005
Net Foreign Assets (NFA)	2,370.5	2,358.8	2,559.0	2,547.7	2854.9	2674.4
Domestic Credit	1,107.4	1,136.9	1,103.5	1,268.5	989.2	1075.1
Net Credit to Gov't (NCG)	83.4	106.5	-12.8	113.1	-187.2	-113.4
Claims on the Private Sector	1,010.0	1,019.0	1,105.2	1,146.7	1168.2	1180.4
M3	2,587.3	2,582.7	2,646.7	2,802.9	2806.2	2789.5
Forex deposits	662.4	654.0	646.1	633.4	663.4	631.9
M2A	1,924.9	1,928.7	2,000.5	2,169.5	2142.9	2157.6
Demand Deposits	804.0	765.1	739.4	940.6	875.4	885.4
Term Deposits	591.6	621.2	672.5	637.7	674.6	684.8
Currency	529.3	542.4	588.6	591.2	592.8	587.3
Forex/M3 (percent)	25.6	25.3	24.4	22.6	23.6	23
DemandDeposits/M3 (percent)	31.1	29.6	27.9	33.6	31.2	32
TermDeposits/M3 (percent)	22.9	24.1	25.4	22.8	24.0	25
Currency/M3 (percent)	20.5	21.0	22.2	21.1	21.1	21

**Private Sector Credit (PSC)**

At end-May 2005, the stock of outstanding credit to the private sector by the banking sector stood at Shs1180.4 billion (Table 9), of which Shs23.2 billion was from BOU and Shs1157.2 billion from commercial banks. This represents a growth of 1.0 percent or Shs12.3 billion during May 2005. In April 2005, PSC rose by 1.9 percent or Shs21.5 billion.

**Credit Flows**

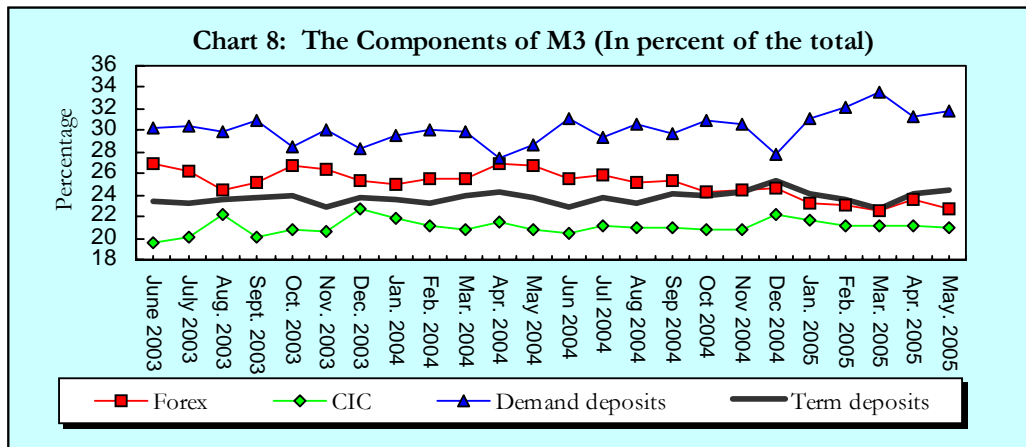
During May 2005, the total (shilling and foreign currency) gross extensions by commercial banks amounted to Shs139.7 billion, while recoveries were Shs128.7 billion resulting in net extensions of Shs11.0 billion. After accounting for flows in capitalised interest, there was an increase in the stock of credit of about Shs11.8 billion (see Appendix Table 1)<sup>11</sup>. During the month, commercial banks extended shilling loans amounting to Shs94.7 billion and recovered Shs83.3 billion, thus net extensions were Shs11.45 billion. Net capitalised interest stood at Shs0.2 billion. Thus, there was a net increase in the stock of shilling loans to the non-bank public of Shs11.3 billion (see Appendix Table 2). For foreign currency loans, gross extensions stood at Shs45.0 billion, while recoveries were slightly higher at Shs45.4 billion, yielding net recoveries of Shs0.4 billion. However, after taking into account effects of capitalised interest, the stock of foreign currency loans recorded a net rise of Shs0.6 billion (See Appendix Table 3).

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

<sup>11</sup> 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.

## Liabilities of the Banking System

On the liabilities side, foreign currency accounts fell by Shs31.5 billion to Shs631.9 billion in May 2005. In US dollars, foreign currency accounts shrunk by US\$ 14.9 million to US\$358.5 million<sup>12</sup>. Demand deposits grew by 1.1 percent or Shs10.0 billion to Shs885.4 billion, while term deposits (time, savings and CDs) grew by 1.5 percent to Shs682.8 billion as at end-May 2005. Currency in circulation (CIC) dipped by 0.9 percent to Shs587.3 billion. Reflecting these developments, the ratio of foreign currency deposits to M3 fell to 22.7 percent from 23.6 percent at end-April 2005. The ratio of CIC to M3 was steady at 21.1 percent over the month – same level as March 2005. The ratio of term deposits to M3 rose to 24.6 percent from 24.0 percent at end-April 2005, while that of demand deposits rose to 31.7 percent in May 2005 from 31.2 percent in April 2005. The trends of the ratios are shown in Chart 8 below and Table 9 above.



## (ii) Non-Bank Financial Institutions (NBFIs) Activities<sup>13</sup>

### Assets

In the month of May 2005, the total assets of the Non-Bank Financial Institutions increased by 1.6 percent to Shs191.45 billion from Shs188.38 billion at the end of April 2005. This is similar to the outturn observed over the same period a year ago. The increase in assets during May 2005 was mainly on account of an increase of 14.4 percent in balances with commercial banks in and outside Uganda.

### Loans and advances

The stock of the outstanding loans and advances to the private sector increased by Shs3.26 billion or 2.9 percent, to Shs115.44 billion as at end-May 2005, from Shs112.17 billion at end-April 2005. During May 2005, mortgage loans, which accounted for 55.1 percent of total loans, decreased by 4.2 percent to Shs63.54 billion while secured and unsecured loans increased by 28.1 percent to Shs27.08 billion at the end of May 2005. Administered loans also increased by 0.4 percent to Shs24.82 billion. The building and construction sector accounted for the largest share (74.3 percent) percent of the total NBFIs advances as at end-May 2005 while the trade and commerce sector accounted for the second largest share of 17.5 percent.

<sup>12</sup> The end period mid exchange rate is used to value forex items.

<sup>13</sup> Only covers 7 credit institutions.

## Deposits

In May 2005, private sector deposits<sup>14</sup> in the NBFIs increased by 1.9 percent to Shs86.41 billion, from Shs84.81 billion in April 2005. In particular, time deposits went up by 3.7 percent to Shs23.60 billion and savings deposits increased by 1.3 percent to Shs62.81 billion. Other deposits, which represent funds collected on behalf of government from the beneficiaries of the government's pool house sale scheme, increased by 1.3 percent to Shs30.36 billion over the same period.

**Table 11: Developments in the Activities of Non-Bank Financial Institutions (Shs Billion)**

	Jun 2004	Dec 2004	Mar 2005	Apr 2005	May 2005
Total Assets	153.76	181.74	185.04	188.38	191.45
O/w Loans and advances	91.03	103.71	110.18	112.17	115.44
Secured & unsecured	12.73	15.01	18.65	21.14	27.08
Mortgage Administered	54.06	63.72	66.98	66.32	63.54
Total Deposits <sup>15</sup>	24.23	24.98	24.55	24.71	24.82
Savings	93.28	110.13	113.74	115.97	118.16
Time	56.34	61.99	61.48	62.04	62.81
Agency Funds	10.78	19.30	21.73	22.77	23.60
	26.15	28.30	29.50	29.98	30.36
Source: Bank of Uganda					

## F GOVERNMENT BUDGETARY OPERATIONS

### i) Revenue and Grants

Total revenue and budget support grant receipts (excluding project grants) for May 2005 are estimated at Shs 218.42 billion. This is lower by Shs255.06 billion (53.9 percent) than Shs473.49 billion recorded in April 2005<sup>16</sup>.

Total domestic revenue collected in May 2005 is estimated at Shs167.29 billion, of which 97.6 percent or Shs 163.21 billion came from URA collections. URA revenue collections were lower than the programmed target for the month by Sh5.81 billion, but slightly higher than the previous month's collections of Shs163.10 billion as a result of further improvement in tax collection performance. The preliminary outturn for non-URA revenue collections for May 2005 was estimated at Shs4.08 billion. This was Shs2.26

<sup>14</sup> This excludes Agency Funds

<sup>15</sup> Includes accrued interest

<sup>16</sup> This amount is also higher than the programmed figure of Shs252.64 (see table 12).

billion higher than the collections for April 2005 and higher than the program target of Shs.3.33 billion.

Receipts from budget support grants are estimated at Shs51.14 billion during May 2005, which was higher than the program target of Shs38.65 billion. This was; however, lower than Shs308.58 billion realised in April 2005.

**Table 12: Government Budgetary Operations: April – May (2005 (Billion Shs)**

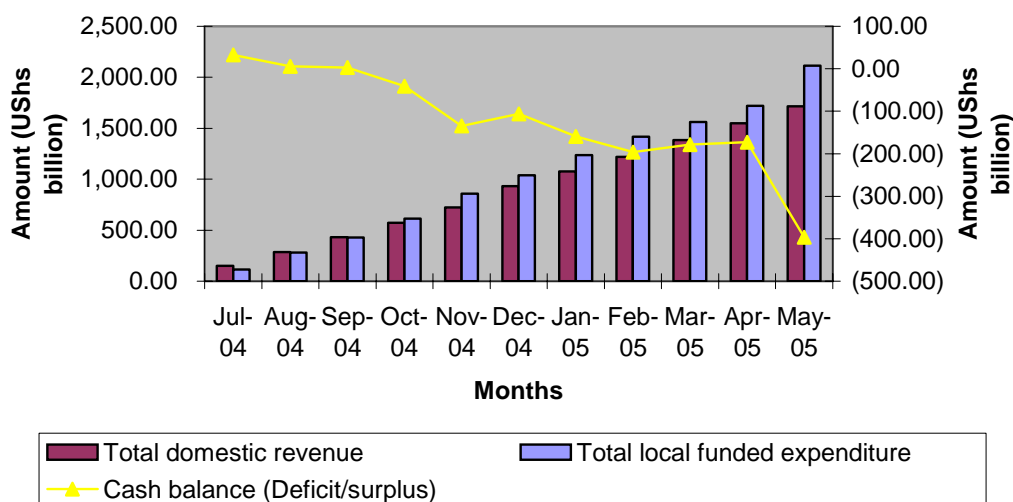
	Revised Budget 2003/04	Prog. Budget 2004/05	Approved Budget 2004/05	Prel. Apr. 2004	Prel. May. 2005	Prog. May. 2005
<b>Total Tax &amp; Import Support Receipts</b>	<b>2,228.55</b>	<b>2,367.36</b>	<b>2,364.41</b>	<b>473.49</b>	<b>218.42</b>	<b>252.64</b>
Total Domestic Revenue	1,690.90	1,866.72	1,866.72	164.91	167.29	172.36
URA Excluding Refunds/Govt. Taxes	1,655.20	1,830.02	1,830.02	163.10	163.21	169.02
Non URA Revenues	35.70	36.70	36.70	1.81	4.08	3.33
Budget Support Grants	537.65	500.64	497.69	308.58	51.14	80.29 2/
<b>Expenditure &amp; Lending</b>	<b>2343.26</b>	<b>2,446.70</b>	<b>2,499.48</b>	<b>223.85</b>	<b>259.46</b>	<b>283.20</b>
Current Expenditure	1,732.86	1,872.75	1,874.06	169.09	202.21	158.64
Development Expenditure	536.89	501.05	558.13	52.89	48.97	126.37
Others 1/	73.51	72.90	67.30	1.87	8.28	(1.80)
<b>Overall Fiscal Balance (Deficit)</b>	<b>(114.71)</b>	<b>(79.34)</b>	<b>(135.08)</b>	<b>249.63</b>	<b>(41.04)</b>	<b>(30.56)</b>
Excluding Grants	(652.34)	(579.98)	(632.76)	(58.94)	(92.17)	(110.85)
<b>Source: Ministry of Finance, Planning and Economic Development</b>						
1/ Includes Net Lending/Repayments, Arrears Repayments and Contingency.						
2/ Constitutes Project Support Grants Ushs 41.64 billion and Budget Support grants of Shs38.65 billion.						

ii) **Expenditure**

In May 2005, government expenditure and net lending increased by 15.9 percent or Shs35.60 billion to Shs259.46 billion. The increase was mainly on account of current expenditure, which increased by Shs33.12 billion, from Shs169.09 billion in April 2005 to Shs202.21 billion in May 2005. Expenditure on wages and salaries amounted to Shs66.43 billion, which accounted for 32.9 percent of current expenditure. Interest payments decreased from Shs17.12 billion to Shs16.10 billion over this period. Out of this amount, Shs3.25 billion was on account of external debt. Other recurrent expenditures during the month amounted to Shs114.87 billion, which was an increase of 42.1 percent or Shs34.04 billion from Shs80.83 billion recorded in the month of April 2005. The outturn in total government expenditure was lower than the projected level for the period by Shs23.74 billion.

The overall fiscal balance for May 2005 was a deficit of Shs41.04 billion compared to a surplus of Shs249.63 billion recorded in April 2005. Excluding grants, the deficit worsens to Shs92.17 billion.

### Developments in fiscal operations for Jul 04- May 05



## G EXCHANGE RATE AND FOREIGN EXCHANGE MARKET

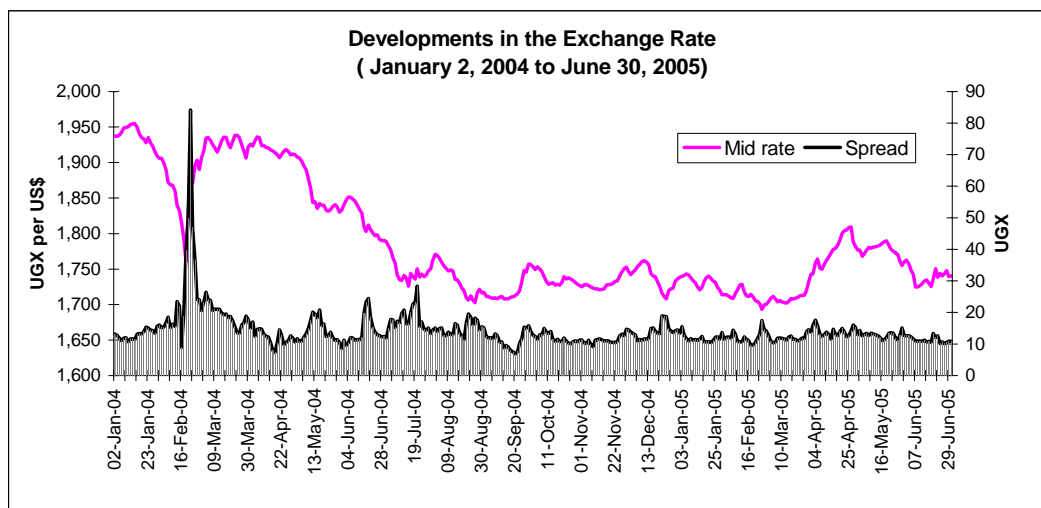
The Uganda Shilling exhibited an appreciation trend during the month of June 2005. On average, the Shilling vis-à-vis the US Dollar appreciated by 0.06 percent on a daily basis within this period. Basing on the end month, the Shilling appreciated by 1.28 percent against the US Dollar from Shs 1762.76 per US Dollar as on the 31<sup>st</sup> May 2005 to Shs 1740.25 per US Dollar on the 30<sup>th</sup> June 2005. This is in line with the appreciation of 0.79 percent recorded for the previous period from Shs 1776.82 per US dollar as on the 29<sup>th</sup> April 2005 to Shs 1762.76 per US Dollar as on 31<sup>st</sup> May 2005 (These developments are summarized in Appendix table 5).

On a monthly average basis, the Shilling appreciated by 2.13 percent from an average exchange rate of Shs 1775.62 per US \$ in May, 2005 to an average exchange rate Shs 1737.87 per US \$ for June, 2005. The average spreads between the weighted inter-banks' buy and sell rates, reduced from Shs 12.81 during the previous period to an average of Shs 11.25 during the month under review. (See Chart 5)

Appreciation pressures experienced during the month of June 2005 were mainly on account of the reduced gap between supply and demand of foreign exchange of the non-bank market participants. The gap fell from a net demand of US \$ 19.19 million in May 2005 to a net demand of US\$ 10.89 million in June 2005. This was due to increased inflows from diplomatic missions, international agencies and embassies. Other inflows were NGO's some government bodies and exporters. Oil companies dominated the demand side in the foreign exchange market, as the rise in the international oil prices increased the foreign currency demand for the same quantity. Other demand was mainly from telecommunication corporations and the manufacturing sector.

Commercial banks' daily retail sales and purchases averaged US \$9.49 million and US \$8.95 million respectively during the month under review. When compared to the preceding month, the average sales increased by US \$1.4 million from US \$8.09 million recorded for the period ended May 31, 2005 and the purchases also increased by US \$1.73 million from US \$7.22 million recorded in the previous period ended May 31, 2005. There were some forwards and swap transactions with the non-bank market participants during the month under review.

BOU maintained its presence in the IFEM under the sterilization-intervention strategy geared at mopping up excess liquidity injected by poverty reduction government expenditures. On a net basis, BOU sold US \$6 million in the market during the period under review, where as in the previous period, it sold US \$17.6 million in the IFEM. Bank of Uganda continues to watch market developments very closely to ensure market stability.



## H DEVELOPMENTS IN THE BALANCE OF PAYMENTS (BOP)

The overall balance was estimated at a deficit of US\$17.53 million in May 2005. The Current Account balance was estimated at a deficit of US\$61.02 million, deterioration from the surplus of US\$123.08 million registered in the preceding month. The Capital and Financial account was estimated at a surplus of US\$43.48 million, an improvement from a surplus of US\$31.66 million recorded in the preceding month.

### i) Exports

#### Total Exports (developments for the month of May 2005)

Total export proceeds in the month of May 2005 are estimated at about US\$78.11 million; an improvement of about 1.10 percent, compared to the export earnings of US\$77.26 million recorded in the preceding month.

#### Coffee Exports

During the month of May 2005 coffee exports amounted to 218 thousand (60-kilogram) bags worth US\$16.78 million. This was an increase of 3.35 percent in volume and an

increase of 9.33 percent in value compared to the previous month's exports. The average realized export price for coffee in May increased from 1 US dollar, 21 cents per kilogram in April 2005 to an average unit price of 1 US dollar, 28 cents per kilogram in May 2005.

### **Non-coffee Exports**

The total value for non-coffee exports for the month of May 2005 was estimated at US\$61.33 million; a 0.94 percent decrease, compared to US\$61.92 million realized in the previous month.

There was a decrease in the estimated earnings for a number of non-coffee exports in May 2005 compared to the previous month. Specifically, export proceeds from cotton, tea, tobacco, hides and skins, simsim and maize decreased by 12.68 percent, 25.12 percent, 19.59 percent, 41.71 percent, 42.02 and 11.70 percent, respectively. Nonetheless, exports earnings from, gold, beans, flowers, oil re-exports and cobalt increased by 22.89 percent, 188.57 percent, 10.73 percent, 22.61 percent, and 206.51 percent, respectively. There were no export earnings from electricity, following the halting of power exports by the Uganda Electricity Transmission Company (These developments are summarized in Appendix Table 6).

### **ii) Imports**

The total import bill for the month of May 2005 was estimated at US\$139.22 million. Private sector imports were estimated at US\$125.69 million, 4.0 percent lower than the April 2005 private sector import bill. Oil imports values amounted to US\$13.65 million, a decrease of about 9.24 percent compared to the oil import bill of April 2005.

Government imports rose in May 2005, amounting to US\$13.53 million, compared to the US\$12.92 million in the previous month. The Government import bill in May 2005 accounted for approximately 9.72percent of the total import bill (See Appendix Table 7).

### **iii) Other Inflows and Outflows**

Official aid (excluding project aid but including resources from the HIPC Initiative) inflows amounted to about US\$15.55 million. Net private sector transfer inflows were estimated at US\$7.79 million in May, compared to a net inflows of US\$6.18, which was estimated for the month April 2005. Services and income outflows exceeded inflows by about US\$42.83 million.

Official debt service (excluding IMF payments) for the month of May 2005 was estimated at US\$8.19 million. The IMF principal obligations amounting to US\$6.92 million were externalized during May 2005. Provisional estimates of net trade credit amounted to inflows of US\$1.70 million, consisting of inflows (buyers' credit and suppliers' credit) estimated at US\$18.79 million and outflows (pre-finance shipments and suppliers' credit repayments) estimated at US\$17.09 million.

In May 2005, the level of gross foreign reserves was estimated at US\$1,370.92 million; US\$68.49 million lower than that in the preceding month. This reserve level is estimated to cover 6.13 months of future imports of goods and services.

## **I POLICY OUTLOOK**

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

## Appendix 1

Tenure	2 Years	2 Year reopened	2 Years	2 Year reopened	2 Year reopened	2 Years	2 Year reopened	2 Year reopened	2 Years	3 Years	3 Year reopened	3 Year reopened	3 Years	3 Years reopened	3 Years reopened	3 Years	3 Years reopened	5 Years	5 Years reopened	10 Years
Issue date	Jan 14-04	Jun 03-04	Jun 30-04	Aug 11-04	Sep 08-04	Jan 27-05	Feb 23-05	Mar 23-05	Jun 15-05	Feb 25-04	Jun 16-04	Jul 14-04	Oct 06-04	Nov 03-04	Dec 01-04	Apr 20-05	May 18-05	Mar 24-04	Nov 17-04	May 19-04
Maturity Date	Jan 14-06	Jan 14-06	Jun 29-06	Jun 29-06	Jun 29-06	Jan 25-07	Jan 25-07	Jan 25-07	Jun 14-07	Feb 22-07	Feb 22-07	Feb 22-07	Oct 04-07	Oct 04-07	Oct 04-07	Apr 17-08	Apr 17-08	Mar 19-09	Mar 19-09	May 08-14
Offers (Billion Shs)	20.000	30.000	30.000	30.000	30.000	30.000	35.000	35.000	20.000	20.000	30.000	30.000	30.000	30.000	30.000	25.000	20.00	20.000	20.000	15.000
Total Bids (Billion Shs)	36.461	44.188	46.776	40.000	50.526	38.527	45.417	45.846	39.452	44.830	44.811	32.123	43.936	33.431	35.650	39.225	25.566	41.999	32.227	25.166
O/w Competitive	36.390	44.175	46.774	39.966	50.506	38.458	45.398	45.834	39.431	44.784	44.800	29.989	43.914	33.396	28.687	39.214	25.562	41.997	12.989	25.154
Over (Under) Subscription	16.461	14.188	16.776	10.000	20.526	8.527	10.417	10.846	19.452	24.830	14.811	2.123	13.936	3.431	5.650	14.225	5.566	21.999	12.227	10.166
Amount Sold (Face Value)	20.000	30.000	30.000	30.000	30.000	30.000	35.000	35.000	20.000	20.000	30.000	30.000	30.000	30.000	30.000	25.000	20.000	20.000	20.000	15.000
Amount Sold (Cost Price)	16.603	29.641	28.127	27.892	28.260	27.598	32.797	33.059	18.430	17.564	27.793	27.144	26.187	26.352	25.709	21.656	16.862	18.518	17.093	12.991
Cover Ratio %	182.305	147.292	155.920	133.336	168.419	128.422	129.764	130.989	197.259	224.149	149.370	107.077	146.380	111.437	111.833	156.900	127.828	210.000	161.135	167.773
Previous Cover Ratio %	....	182.305	147.292	155.920	133.336	168.419	128.422	129.764	130.989	...	224.149	149.370	107.077	146.380	111.437	118.833	156.900	...	210.000	...
WAP per Shs. 100	83.020	98.805	93.758	92.974	94.202	91.993	93.707	94.454	92.152	87.819	92.642	90.482	87.354	87.840	85.698	86.625	84.308	92.590	85.463	86.608
Previous WAP per Shs. 100	....	83.020	98.805	93.758	92.974	94.202	91.993	93.707	94.454	...	87.819	92.642	90.482	87.354	87.840	85.698	86.825	...	92.590	...
Yield to Maturity %	20.808	13.558	13.672	15.105	15.006	14.769	14.294	14.463	14.669	15.478	15.127	16.802	15.696	15.935	17.554	16.040	17.700	12.802	16.039	13.477
Previous Yield to Maturity %	...	20.808	13.558	13.672	15.105	15.006	14.769	14.294	14.463	...	15.478	15.127	16.802	15.696	15.935	17.554	16.040	...	12.802	...
Coupon Rate	10.000	10.000	10.000	10.000	10.000	10.000	10.000	10.000	10.000	10.250	10.250	10.250	10.250	10.250	10.250	10.25	10.25	10.750	10.750	11.000



## Appendix 2:

**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	928.31	(886.08)	42.23	27.01	(64.65)	(37.64)	4.59
<b>2002/2003</b>							
<b>Q1</b>	271.05	(255.55)	15.50	13.98	(15.89)	(1.91)	13.59
<b>Q2</b>	322.26	(228.74)	93.51	21.69	(17.52)	4.16	97.68
<b>Q3</b>	348.69	(284.65)	64.04	9.48	(9.18)	0.30	64.34
<b>Q4</b>	347.21	(351.54)	(4.33)	14.37	(6.83)	7.54	3.20
<b>2002/2003</b>	1,289.21	(1,120.48)	168.72	59.51	(49.42)	10.09	178.81
<b>2003/2004</b>							
<b>Q1</b>	343.22	(317.19)	26.03	25.07	(15.56)	9.51	35.54
<b>Q2</b>	367.62	(303.38)	64.24	25.63	(16.14)	9.49	73.73
<b>Half 1 2003/04</b>	710.84	(620.57)	90.27	50.70	(31.70)	19.00	109.27
<b>Q3</b>	381.64	(354.20)	27.44	15.16	(7.59)	7.57	35.01
<b>Q4</b>	363.83	(373.38)	(9.55)	20.19	(12.69)	7.50	(2.05)
<b>Half 2 2003/04</b>	951.15	(910.59)	40.56	40.48	(25.36)	15.11	55.67
<b>2003/2004</b>	1,456.31	(1,348.15)	108.17	86.05	(51.98)	34.06	142.23
<b>2004/2005</b>							
July. 2004	124.95	(130.26)	(5.32)	10.16	(3.51)	6.65	1.33
August. 2004	101.95	(124.85)	(22.90)	11.22	(3.99)	7.23	(15.67)
September. 2004	142.95	(132.41)	10.55	14.42	(4.63)	9.79	20.34
<b>Q1</b>	369.67	(387.52)	(17.85)	35.86	(12.23)	23.63	5.79
October. 2004	137.94	(100.73)	37.20	11.83	(8.11)	3.72	40.92
November. 2004	129.20	(121.69)	7.50	10.06	(3.55)	6.50	14.01
December. 2004	186.12	(149.42)	36.70	13.82	(12.14)	1.67	38.38
<b>Q2</b>	453.26	(371.85)	81.41	35.70	(23.80)	11.90	93.31
<b>Half 1 2004/05</b>	826.23	(761.82)	64.40	71.56	(36.03)	35.53	99.94
January 2005	150.71	(134.33)	16.38	10.13	(8.80)	1.34	17.72
February 2005	133.78	(134.78)	(1.00)	9.21	(9.51)	(0.30)	(1.30)
March 2005	78.33	(64.71)	13.62	9.56	(4.87)	4.68	18.30
<b>Q3</b>	420.58	(386.31)	34.27	31.87	(25.86)	6.02	40.29
April 2005	151.36	(138.49)	12.86	11.08	(4.12)	6.96	19.82
May 2005	139.73	(128.71)	11.02	9.31	(8.53)	0.78	11.80

*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	698.57	(693.31)	5.26	22.65	(54.96)	(32.31)	(27.05)
2002/2003							
Q1	196.42	(181.95)	14.47	12.56	(13.18)	(0.62)	13.85
Q2	229.36	(172.61)	56.75	19.35	(15.86)	3.49	60.24
Q3	222.02	(183.05)	38.97	8.01	(8.44)	(0.43)	38.54
Q4	239.84	(215.38)	24.46	11.95	(5.63)	6.31	30.78
2002/2003	887.64	(753.00)	134.65	51.87	(43.11)	8.76	143.41
2003/2004							
Q1	234.28	(222.12)	12.16	22.96	(13.37)	9.59	21.75
Q2	270.88	(215.44)	55.44	22.61	(13.25)	9.36	64.80
Half 1 2003/04	505.16	(437.56)	67.61	45.57	(26.62)	18.95	86.55
Q3	248.82	(229.44)	19.38	12.42	(6.11)	6.30	25.69
Q4	230.71	(230.53)	0.18	17.51	(10.99)	6.52	6.70
Half 2 2003/2004	479.53	(459.96)	19.56	29.92	(17.10)	12.82	32.38
2003/2004	984.69	(897.52)	87.17	75.49	(43.72)	31.77	118.94
2004/2005							
July. 2004	91.22	(93.84)	(2.63)	8.46	(2.92)	5.53	2.91
August. 2004	75.68	(87.36)	(11.69)	8.85	(3.64)	5.20	(6.48)
September. 2004	92.67	(92.66)	0.02	12.54	(3.99)	8.55	8.57
Q1	259.39	(273.87)	(14.47)	29.91	(10.65)	19.26	4.79
October. 2004	89.31	(67.61)	21.70	10.55	(6.10)	4.45	26.15
November. 2004	77.37	(79.62)	(2.25)	8.62	(2.50)	6.11	3.87
December. 2004	116.94	(99.04)	17.89	8.50	(11.60)	(3.10)	14.79
Q1	283.62	(246.27)	37.35	27.66	(20.20)	7.46	44.81
Half 1 2004/05	543.79	(520.22)	23.58	57.57	(30.85)	26.72	50.30
January 2005	92.63	(76.73)	15.90	5.72	(8.15)	(2.44)	13.46
February 2005	71.72	(73.70)	(1.98)	5.00	(9.15)	(4.15)	(6.12)
March 2005	78.33	(64.71)	13.62	9.56	(4.87)	4.68	18.30
Q3	242.69	(215.14)	27.54	20.28	(22.18)	(1.90)	25.64
April 2005	85.22	(79.63)	5.59	8.34	(1.69)	6.65	12.24
May 2005	94.72	(83.27)	11.45	6.60	(6.80)	(0.20)	11.25

*Source: Research Department, Bank of Uganda*

Table 3: Monthly Change in outstanding loans and advances of Commercial banks  
(Foreign Currency, billion Shs)

Period	Extensions	Recoveries	Net extensions	Cap interest	Repd cap int	Net Cap int	Net change
	1	2	3=1+2	4	5	6=4+5	7= 3+6
1999/2000	95.19	(54.30)	40.89	8.71	(26.04)	(17.33)	23.55
2000/2001	249.86	(215.95)	33.91	8.23	(12.03)	(3.80)	30.11
2001/2002	229.74	(192.77)	36.97	4.36	(9.69)	(5.33)	31.64
2002/2003							
Q1	74.63	(73.60)	1.03	1.42	(2.71)	(1.29)	(0.27)
Q2	92.90	(56.13)	36.77	2.34	(1.67)	0.67	37.44
Q3	126.67	(101.60)	25.07	1.47	(0.74)	0.73	25.80
Q4	107.36	(136.16)	(28.80)	2.42	(1.19)	1.22	(27.57)
2002/2003	401.56	(367.49)	34.07	7.65	(6.31)	1.33	35.41
2003/2004							
Q1	108.93	(95.06)	13.87	2.11	(2.19)	(0.08)	13.79
Q2	96.74	(87.95)	8.8	3.03	(2.90)	0.13	8.93
Half 1 2003/04	205.68	(183.01)	22.67	5.13	(5.08)	0.05	22.72
January 2004	42.90	(44.20)	(1.30)	0.75	(0.49)	0.27	(1.03)
Feb. 2004	40.32	(38.36)	1.96	1.37	(0.42)	0.95	2.91
Mar. 2004	49.60	(42.21)	7.40	0.62	(0.57)	0.05	7.44
Q3	132.82	(124.76)	8.06	2.74	(1.47)	1.26	9.32
April 2004	34.13	(29.44)	4.69	1.04	(0.67)	0.38	5.07
May 2004	45.70	(45.81)	(0.11)	0.65	(0.52)	0.13	0.02
June 2004	53.30	(67.60)	(14.30)	0.99	(0.52)	0.47	(13.83)
Q4	133.13	(142.85)	(9.73)	2.68	(1.70)	0.98	(8.75)
Half 2 2003/04	265.95	(267.62)	(1.67)	5.42	(3.18)	2.24	0.57
2003/2004	471.62	(450.63)	21.00	10.55	(8.26)	2.29	23.29
2004/2005							
July 2004	33.73	(36.42)	(2.69)	1.70	(0.59)	1.11	(1.58)
August 2004	26.27	(37.49)	(11.22)	2.37	(0.34)	2.03	(9.19)
September 2004	50.28	(39.75)	10.53	1.88	(0.64)	1.24	11.77
Q1	110.28	(113.66)	(3.37)	5.95	(1.57)	4.37	1.00
October 2004	48.63	(33.13)	15.51	1.28	(2.01)	(0.73)	14.78
November 2004	51.82	(42.08)	9.75	1.44	(1.05)	0.39	10.14
December 2004	69.19	(50.38)	18.81	5.32	(0.55)	4.77	23.58
Q1	169.64	(125.58)	44.06	8.04	(3.60)	4.44	48.50
Half 1 2004/05	282.43	(241.61)	40.83	13.99	(5.18)	8.81	49.64
January 2005	58.08	(57.60)	0.48	4.42	(0.64)	3.77	4.26
February 2005	62.06	(61.08)	0.97	4.21	(0.36)	3.85	4.82
March 2005	136.08	(117.19)	18.89	12.53	(7.55)	4.98	23.87
Q3	420.58	(386.31)	34.27	31.87	(25.86)	6.02	40.29
April 2005	66.14	(58.87)	7.27	2.74	(2.43)	0.31	7.58
May 2005	45.01	(45.44)	(0.44)	2.72	(1.73)	0.99	0.55

Source: Research Department, Bank of Uganda

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

**II.**

<b>Date</b>	<b>Mid rate UGX/US\$</b>	<b>Spread UGX</b>	<b>Purchases Million US\$</b>	<b>Sales Million US\$</b>
02-May-05	1776.48	14.31	5.64	6.80
03-May-05	1767.84	12.56	5.98	9.74
04-May-05	1771.23	13.03	9.28	9.89
05-May-05	1776.72	13.35	6.10	7.68
06-May-05	1780.58	12.66	6.47	10.53
09-May-05	1779.39	13.46	5.54	5.98
10-May-05	1780.97	13.27	8.28	4.67
11-May-05	1781.37	12.91	5.77	7.89
12-May-05	1782.26	12.65	4.48	6.17
13-May-05	1783.61	12.12	10.04	7.95
16-May-05	1786.27	11.06	9.81	7.76
17-May-05	1788.39	11.44	6.46	7.39
18-May-05	1789.79	12.06	7.65	8.07
19-May-05	1783.39	13.45	7.58	12.88
20-May-05	1777.66	13.60	4.76	6.65
23-May-05	1775.16	13.41	8.96	7.62
24-May-05	1772.94	11.91	5.59	6.30
25-May-05	1770.40	11.27	11.51	8.70
26-May-05	1760.99	12.83	8.73	10.26
27-May-05	1755.13	15.13	8.45	9.81
30-May-05	1760.44	12.62	6.89	7.84
31-May-05	1762.76	12.64	4.83	7.41
01-Jun-05	1756.94	12.67	11.36	8.13
02-Jun-05	1748.59	12.31	10.12	13.59
06-Jun-05	1742.06	11.61	10.18	11.57
07-Jun-05	1724.75	10.99	11.26	9.95
08-Jun-05	1724.75	10.99	12.37	16.09
10-Jun-05	1726.82	10.99	8.47	10.38
13-Jun-05	1729.32	10.80	11.28	9.91
14-Jun-05	1733.45	11.27	7.52	9.42
15-Jun-05	1734.69	10.65	6.89	9.30
16-Jun-05	1729.81	10.86	6.00	8.47
17-Jun-05	1725.49	10.58	6.96	7.86
20-Jun-05	1735.99	13.37	7.56	5.24
21-Jun-05	1750.64	12.05	9.88	7.95
22-Jun-05	1738.52	12.61	8.56	6.97
23-Jun-05	1743.69	10.12	7.26	11.71
24-Jun-05	1740.46	10.69	9.69	9.38
27-Jun-05	1743.81	10.05	10.69	8.33
28-Jun-05	1747.64	10.57	7.85	7.28
29-Jun-05	1739.73	10.82	6.89	9.62
30-Jun-05	1740.25	10.92	8.14	8.66

*Compiled by BOU*

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

	Dec 04	Jan 05	Feb 05	Mar 05	Apr 05	May 05
<b>Total Exports (in US\$ million)</b>	<b>67.19</b>	<b>62.66</b>	<b>67.12</b>	<b>73.16</b>	<b>77.26</b>	<b>78.11</b>
<b>1. Coffee - Total Value of shipment (BOP)</b>	<b>12.37</b>	<b>11.45</b>	<b>12.39</b>	<b>13.93</b>	<b>15.35</b>	<b>16.78</b>
Gross coffee shpmt (vol) ('000 60-Kg bags)	0.24	0.21	0.21	0.20	0.21	0.22
Av. unit value	0.88	0.90	0.96	1.19	1.21	1.28
<b>2. Non-Coffee exports</b>	<b>54.82</b>	<b>51.21</b>	<b>54.73</b>	<b>59.23</b>	<b>61.92</b>	<b>61.33</b>
Electricity	0.88	1.02	0.27	0.24	-	-
Gold	9.75	2.27	3.38	3.92	6.70	8.24
Cotton	0.74	4.30	7.29	6.82	6.46	5.64
Tea	4.02	2.96	1.94	1.75	3.93	2.94
Tobacco	3.32	4.23	4.25	2.58	3.40	2.73
Fish & its prod. (excl. regional)	9.88	10.34	10.07	12.65	11.67	10.95
Fish & its prod. (regional exports)	3.26	3.41	3.32	4.17	3.85	3.61
Hides & skins	0.43	0.67	0.39	0.37	0.98	0.57
Simsim	-	0.19	0.41	0.87	0.73	0.43
Maize	0.56	1.73	1.23	0.49	1.31	1.16
Beans	0.26	0.63	0.26	0.10	0.28	0.81
Flowers	2.15	2.11	3.10	2.95	3.08	3.42
Oil re-exports	2.60	2.98	3.65	3.23	2.30	2.81
Cobalt	1.66	1.03	1.04	1.12	0.54	1.65
Others	15.32	13.33	14.14	17.97	16.69	16.39

Source: Bank of Uganda

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

Appendix 7: IMPORTS OF MERCHANDISE (US\$ millions) /1

	Dec 04	Jan 05	Feb 05	Mar 05	Apr 05	May 05
Total Imports	139.62	133.82	130.55	123.68	143.85	139.22
Government Imports	16.63	11.35	11.60	12.53	12.92	13.53
Project	13.39	8.29	5.70	9.78	9.92	6.82
Non-Project	3.24	3.06	5.90	2.75	3.00	6.70
Private Sector Imports	122.99	122.47	118.96	111.15	130.93	125.69
Oil imports	13.53	12.57	12.62	14.57	15.04	13.65
Non-oil imports	109.46	109.90	106.33	96.59	115.89	112.04

Source: Bank of Uganda

1. All import values are estimated f.o.b o/w cost