



MONTHLY ECONOMIC REVIEW

**JUNE
2006**

Table of Contents

EXECUTIVE SUMMARY	iii
A MONETARY POLICY STANCE AND ACTIONS	1
B DOMESTIC PRICE DEVELOPMENTS	1
C REAL SECTOR DEVELOPMENTS	4
D DEVELOPMENTS IN THE DOMESTIC SECURITIES AND MONEY MARKET.....	8
E MONETARY AND FINANCIAL SECTOR AGGREGATES	14
F EXCHANGE RATE AND FOREIGN EXCHANGE MARKET.....	18
G GOVERNMENT BUDGETARY OPERATIONS.....	20
H DEVELOPMENTS IN THE BALANCE OF PAYMENTS.....	21
I POLICY OUTLOOK	23

EXECUTIVE SUMMARY

Monetary Policy Stance and Actions

Monetary policy remained focused on containing inflation at low and stable levels. To achieve this, BOU's monetary policy operations ensured that liquidity management does not exacerbate instability in the goods market, the domestic money market and the foreign exchange market.

A review of developments for the four-week period ended May 31, 2006 suggests that:

- In the four weeks to May 31, 2006, total treasury bill issues of Shs93.24 billion (at cost) more than offset treasury bill maturities of Shs79.56 billion leading to a net withdrawal of liquidity of Shs13.68 billion, compared to the net withdrawal of Shs19.79 billion that was observed in the previous four-week period to April 28, 2006.
- In a continuous effort to promote the development of financial markets alongside the conduct of monetary policy, Bank of Uganda reopened a 3-year bond on May 03, 2006 and issued a new 5-year bond on May 31, 2006 with respective face values of Shs20.00 billion, each.
- On the short-term liquidity management front, gross issues of the REPO instrument, whose maturities ranged from 3 to 21 days, amounted to Shs173.10 billion during this period, against maturities of Shs197.62 billion. This is compared to issues and maturities of Shs130.00 billion and Shs142.52 billion, respectively over the preceding period ended April 28, 2006. By May 31, 2006, the outstanding stock of REPOs was Shs40.09 billion.
- In line with developments in the Treasury bill market, the Rediscount Rate and Bank Rate declined from 13.35 percent and 14.35 percent, by end April 2006, to 13.10 percent and 14.10 percent, respectively by May 31, 2006.

Inflation Developments

- During the year ended May 2006, the annual headline inflation rate as measured by the change in Consumer Price Index (CPI) edged up to 7.0 percent from 5.6 percent (*revised*) recorded for the year ended April 2006. The rise in headline inflation was mainly attributed to increases in prices of mainly food crop items during the year ended May 2006. In addition, the higher pace of increases in the clothing and footwear; and household and personal goods group indices attributed to the rise in inflation. The remaining categories of CPI experienced disinflation during the year ended May 2006.
- The annual underlying inflation, declined to 4.4 percent in the year ended May 2006, down from 4.7 percent in April 2006. The slower pace of increase in service prices during the year ended May 2006 compared to that of April 2006 led to the drop in annual underlying inflation. Service prices rose by 2.8 percent in May 2006 compared to a rise of 4.4 percent in April 2006, attributed to the drop in taxi fare (long and low distance) and cost of soccer and theatre admissions. This overwhelmed the rise in goods prices that rose by 5.3 percent in May 2006 compared to 4.9 percent in the previous period.
- The annual food crop inflation doubled to 15.2 percent in the year ended May 2006, up from 7.6 percent recorded in the year ended April 2006. Though harvesting season have started, food supplies are still not yet adequate for the market, leading to higher prices than a year ago. Conversely, the monthly food crop inflation declined to 2.0 percent from 3.2 percent in April 2006.
- The headline inflation is expected to ease in the coming months on account of the onset of harvest season, which is hoped to drive food prices downwards. In addition, the implementation of tax waiver on industrial diesel used to power generators used by large

scale manufacturers is expected to moderate the upward pressure on prices through reduction in cost of production. Despite the expectation of easing inflationary pressures, the recent hike in electricity tariffs with effect from 1st June 06 and the continued rise in oil prices poses the greatest threat on maintaining stable prices in the coming period.

Real Sector Developments

- Trading activity at the Uganda Securities Exchange (USE) increased during April 2006 compared to March 2006. Total turnover grew by Shs0.25 billion, with an increase of 453,925 shares traded in April 2006 compared to March 2006. The boost in performance at the USE is attributed to the DFCU counter, which recorded 66 percent of total turnover. Substantial trading was also recorded on the BOBU (2.4%), NVL (10.8%) and UCL (20.9%) counters.
- Market capitalisation of the USE grew by 4.7 percent from Shs3, 603.4 billion recorded in March 2006 to Shs3, 773.7 billion recorded in April 2006. The all-share index rose by 4.9 percent from an average of 721.3 in March to 756.3 in April 2006. The average price at the USE rose by 22.5 percent to Shs4, 179 in April 2006 from Shs3, 410 in March 2006. This was mainly on account of the rise in the average price at the Uganda Clays counter by 34.7 percent from an average of Shs16, 701 in March 2006 to Shs22, 500 per share in April 2006.
- The value of leased assets disbursed in April 2006 increased by 34 percent from Shs1.19 billion to Shs1.6 billion. Mining and Construction recorded the largest share of assets disbursed followed by Trade and Commerce recording 66.3 percent and 20.2 percent respectively.
- UMEME Limited's purchases of electricity from Uganda Electricity Transmission Company Limited (UETCL) rose by 9.1 percent in March 2006 from the previous month and consequently consumption in GWH rose by 7.1 percent over the same period.
- During the first quarter of the year, the number of investment projects licensed by Uganda Investment Authority dropped by 29.6 percent from 98 to 69 compared to the previous quarter ended December 2005. Total estimated investment, as well, declined by 8.2 percent to US\$ 162.1 million, from US\$ 176.5 million over the same observation period. In the same direction planned employment dropped by 42.2 percent to 5,502 positions from 9,523 recorded in the previous quarter. Most licenses were issued to the Tourism sector accounting for 58.7 percent of total planned investment.

Domestic Securities and Money Market Developments

- In a continuous effort to promote the development of financial markets alongside the conduct of monetary policy, Bank of Uganda reopened a 3-year bond on May 03, 2006 and issued a new 5-year bond on May 31, 2006 with respective face values of Shs20.00 billion, each. Both Treasury Bonds were over subscribed by Shs24.15 billion and Shs 23.50 billion respectively. The resultant yield on the 5-year bond with a coupon rate of 10.75 percent was 14.27 percent, compared to 15.12 percent for the 5-year bond that was reopened on October 19, 2005.
- These auctions brought the total outstanding stock of Treasury Bonds to Shs754.85 billion by end of May 2006. There were no bond coupon payments effected during the month.
- The four week-period average indicative bid/offer yields-to-maturity in the secondary market were quoted at 12.82/12.57, 14.06/13.81, 14.91/14.67, and 15.58/15.33 percent for the 2-year, 3-year, 5-year, and 10-year bond tenors, respectively. This is compared to the respective average yields-to-maturity of 13.02/12.77, 14.63/14.38, 15.24/15.00, and 15.50/15.25 percent, in the previous four-week period ended April 28, 2006.
- Within the month of May 2006, Shs14.18 billion, and Shs0.89 billion were traded in the 2-year, and 3-year bonds at respective average yields-to-maturity of 11.07, and 11.80 percent.

- Two Treasury bill auctions with offers of Shs50.00 billion, each were held in the month of May 2006 and both were oversubscribed. The respective weighted annualized yields on the 91-day, 182-day, and 364-day bills stood at 7.05, 8.08, and 9.52 percent for the auction of May 24, 2006. This compares to rates of 7.66, 7.56, and 9.88 percent, for the 91-day, 182-day, and 364-day bills respectively, recorded in the auction held on April 26, 2006. The average discount rates on Treasury bills in May 2006 were lower than those registered in May 2005 which ranged between 8.88, and 12.07 percent.
- The average bid/offer yields-to-maturity in the secondary market for the 91-day, 182-day, and the 364-day treasury bills decreased to 7.67/7.40, 8.58/8.31, and 9.83/9.53 percent in May 2006 compared to 7.69/7.42, 8.77/8.50, and 10.07/9.77 percent in April 2006, respectively.
- In the four weeks ended May 31, 2006, total secondary market trades of treasury bills amounted to Shs36.14 billion, of which Shs5.00 billion related to horizontal REPOs. This was lower than the Shs51.83 billion for the four weeks ended April 28, 2006. The average discount rates on these trades for the 91, 182, and 364-days securities were 9.04, 8.47, and 8.52 percent, respectively. The yield curve, based on the monthly average indicative yield-to-maturity bid and offer quotations in the secondary market, remained gently upward sloping throughout the maturity profile.
- Total volume of transactions in the domestic inter-bank money market (i.e. transactions of less than 30 days in tenor) for the four weeks ended May 31, 2006 increased to Shs225.9 billion at a weighted average rate of 5.6 percent compared to transactions worth Shs188.3 billion at a weighted average rate of 6.6 percent recorded in April 2006. The 7-day transactions were the most dominant recording 66 transactions. The over night transactions amounted to 11.8 percent of total transactions at a weighted average rate of 4.6 percent. Transactions between domestic banks and foreign entities in the money market amounted to Shs7.5 billion, at an average rate of 7.2 percent compared to Shs3.8 billion at 7.5 percent. All the commercial banks participated in the inter bank market during the four weeks.
- Information on the commercial banks' effective lending and deposit rates is available up to April 2006. There was a continued decline in the effective lending rate on the shilling denominated loans from 18.86 percent in March to 18.73 percent in April 2006. In the same period, the effective lending rate on the dollar denominated loans continued the upward trend reported from January 2006. The effective lending rate increased from 9.98 percent reported in March 2006 to 10.41 percent in the month under review.
- There was stability in the weighted rates on demand deposits which marginally increased from 1.08 percent to 1.10 percent while those on time deposits rose from 8.43 to 8.89 percent in the month under review. The shilling saving deposit rate was stable at 2.00 percent. On the other hand, the dollar denominated demand and saving deposits rates were stable 1.16 percent and 1.45 percent respectively while the time deposit rates continued the declining trend to 3.62 percent from 4.35 percent registered for the previous month.

Developments in Monetary and Financial Aggregates:

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

- During April 2006, Broad Money M3, which comprises currency in circulation plus all private deposits, expanded by 2.01 percent to Shs 3156.22 billion. This contrasts to the decline of 1.07 percent registered in March 2006. Relative to June 2005, M3 grew by 12.28 percent at end-April 2006.
- M2A, comprising of M3 less foreign currency deposits of the private sector increased by 1.15 percent in April 2006, compared to the 1.19 percent decline registered in March 2006. M2A has grown by 13.2 percent from its June 2005 levels.

- Net Foreign Assets (NFA) of the banking system rose by 1.64 percent to Shs3109.56 billion. In particular, NFA at BoU rose by 1.44 percent to Shs 2657.76 billion. At commercial banks level NFA increased by 2.83 percent to Shs 451.80 billion. Foreign reserves at BoU expanded by an equivalent of Shs 36.86 billion, compared to a growth of Shs 36.43 billion in the previous month.
- The government's net position with the banking system (NCG) as at end-April 2006 was a saving of Shs 68.42 billion, compared to a saving of Shs 99.15 billion at the end of March 2006. At BoU, net government savings increased by Shs 11.02 billion over the month on account of increased Government deposits of Shs 45.29 billion, which more than offset a rise in Advances to Government of Shs34.27 billion. At commercial banks, net claims on Government rose by Shs 41.75 billion on account of increased investment in Government securities by commercial banks of Shs 48.44 billion, which more than offset a rise in Government deposits of Shs. 6.68 billion
- The stock of outstanding credit to the private sector (PSC) by the banking sector stood at Shs 1368.63 billion, of which Shs 20.44 billion was from BOU and Shs 1348.18 billion was from commercial banks. This represents an increase of 3.8 percent during the month of April 2006. In comparison, during March 2006, PSC increased by 0.77 percent.
- The total (shilling and foreign currency) gross extensions of credit stood at Shs180.13 billion, while recoveries were lower at Shs135.77 billion, yielding net credit extensions of Shs44.35 billion. After accounting for flows in capitalised interest, there was an increase in the stock of credit of about Shs47.48 billion
- On the liabilities side, the ratio of foreign currency deposits to M3 rose to 22.6 percent at end-April 2006 from 21.9 percent at end-March 2006. The ratio of CIC to M3 fell to 22.4 percent from 22.9 percent; the ratio of demand deposits to M3 rose to 30.0 percent from 29.7 percent, while that of term deposits to M3 fell to 25.1 percent from 25.5 percent.

Developments in the Foreign Exchange Market

- The Uganda shilling depreciated against the dollar during the month of May 2006 relative to April 2006. The average mid-rate depreciated from Shs. 1827.48 in April 2006 to Shs 1836.34 in May 2006, a depreciation of 0.49 percent compared to a depreciation of 0.36 percent and 0.3 percent in April 2006 and March 2006 respectively. The shilling closed the month of May at Shs. 1851.38 per US dollar compared to the April closing position of Shs.1834.20 per US dollar.
- Bank of Uganda (BoU) maintained the daily sales of foreign exchange for sterilisation of excess liquidity and conducted intervention operations to stabilize conditions in the foreign exchange market during May 2006 to the tune of US\$ 19.3 million.

Fiscal Developments

- During the month of March 2006, total revenue and budget support grant receipts (excluding project grants) were estimated at Shs226.53 billion, which is Shs28.02 billion (14.1 percent) higher than the revenue recorded in February 2006.
- Total domestic revenue collected in March 2006 was estimated at Shs192.46 billion with URA collections contributing 99.1 percent. The URA revenue collections were higher than those of the previous month and the programmed target for the month of March by Shs38.36 billion and Shs16.53 billion, respectively. The preliminary outturn for non-URA revenue collections for March 2006 was estimated at Shs1.81 billion, lower than both the program figure of Shs4.67 billion and the February 2006 collection of Shs3.84 billion.
- Receipts from budget support grants are estimated at Shs34.07 billion during March 2006, Shs4.80 billion higher than Shs29.27 billion programmed for March 2006, but lower than Shs37.39 billion realised in February 2006.

- In March 2006, government expenditure and net lending decreased by 28.3 percent to Shs202.46 billion mainly attributed to a decrease of 65.4 percent in development expenditure. In March 2006, current expenditure decreased to Shs184.39 billion, from Shs218.88 billion in the previous month mainly on account of decreases in other recurrent expenditures. The outturn for total government expenditure was also contained below the programmed level during the month of March 2006.
- The overall fiscal balance for March 2006 was a surplus of Shs24.08 billion compared to a deficit of Shs83.99 billion recorded in February 2006. Excluding grants, the surplus deteriorates to a deficit of Shs10.00 billion, which compares with a deficit of Shs121.38 realised in February 2006. Net domestic financing (excluding net bank financing) and net external financing amounted to Shs-10.45 billion and Shs-13.62 billion, respectively.

Balance of Payments Developments

- In April 2006, the current account balance was estimated at a deficit of US\$41.3 million, while the capital and financial account was estimated at a surplus of US\$33.9 million. As a result, the overall balance was estimated at a deficit of US\$7.4 million.
- Total export earnings decreased over the last month, amounting to US\$71.3 million in April 2006 compared to US\$ 73.9 million in March 2006. Coffee exports in the month of April 2006 accounted for 19.3 percent of the total export.
- The import bill (fob) was estimated at US\$149.7 million during April 2006 compared to the US\$178.0 million¹, which was recorded for the previous month.
- Official aid (excluding project aid but including resources from the HIPC Initiative) inflows amounted to about US\$3.7 million. Private sector transfer inflows exceeded outflows by US\$54.6 million in April 2006, and services and income outflows exceeded inflows by about US\$29.5 million.
- Official debt service (excluding IMF payments) was estimated at US\$9.6 million for the month of April 2006. There were no IMF principal payments during the month under review.
- Official foreign reserves (including valuation changes) were estimated at US\$1,446.9 million in April 2006, equivalent to 6.6 future months of imports of goods and services.

¹ Effective May 2004, import values are reported f.o.b.

A MONETARY POLICY STANCE AND ACTIONS

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

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

In the four weeks to May 31, 2006, total treasury bill issues of Shs93.24 billion (at cost) more than offset treasury bill maturities of Shs79.56 billion leading to a net withdrawal of liquidity of Shs13.68 billion, compared to the net withdrawal of Shs19.79 billion that was observed in the previous four-week period to April 28, 2006. In a continuous effort to promote the development of financial markets alongside the conduct of monetary policy, Bank of Uganda reopened a 3-year bond on May 03, 2006 and issued a new 5-year bond on May 31, 2006 with respective face values of Shs20.00 billion, each. On the short-term liquidity management front, gross issues of the REPO instrument, whose maturities ranged from 3 to 21 days, amounted to Shs173.10 billion during this period, against maturities of Shs197.62 billion. This is compared to issues and maturities of Shs130.00 billion and Shs142.52 billion, respectively over the preceding period ended April 28, 2006. By May 31, 2006, the outstanding stock of REPOs was Shs40.09 billion.

B DOMESTIC PRICE DEVELOPMENTS

During the year ended May 2006, the annual headline inflation rate as measured by the change in Consumer Price Index (CPI) edged up to 7.0 percent from 5.6 percent (*revised*) recorded for the year ended April 2006. The rise in headline inflation was mainly attributed to increases in prices of mainly food crop items during the year ended May 2006. In addition, the higher pace of increases in the clothing and footwear; and household and personal goods group indices attributed to the rise in inflation. The remaining categories of CPI experienced disinflation during the year ended May 2006.

The annual food² inflation rose to 12.1 percent from 7.4 percent April 2006, mainly driven by increases in prices of matooke, onions, dry beans, and sugar. Though prices of some fresh food items have started easing, the impact of the previous drought is still being felt on prices of non-fresh food items. The clothing and footwear inflation went up to 4.7 percent from 4.1 percent, due to increases in prices of second clothes and fabric. The weakening of the shillings against the dollar witnessed since February 2006 may have contributed to the increased cost of importing second hand clothes. The household and personal goods group index surged to 7.5 percent, up from 5.4 percent registered in the year ended April 2006 following increases in prices of some household items particularly detergent powder, furniture, and plastic items. The persistent power outages have adversely affected the production of most manufactured products and driven their prices upwards.

On a monthly basis, headline inflation rose to 1.5 percent, up from 1.1 percent in the previous month. The increase in prices of local brew, second hand clothes, detergent powder, bicycle fares and telephone charges led to the rise in monthly headline inflation.

The annual underlying inflation³ declined to 4.4 percent in the year ended May 2006, down from 4.7 percent in April 2006. The slower pace of increase in services prices during the year ended May 2006

² Food group comprises of the entire basket of food crops and other food items e.g. manufactured food goods – margarine, cooking oil, etc.

³ Excludes food crops and related products such a milk, meat etc that are weather determined.

compared to that of April 2006 led to the drop in annual underlying inflation. Services prices rose by 2.8 percent in May 2006 compared to a rise of 4.4 percent in April 2006, attributed to the drop in taxi fare (long and low distance) and cost of soccer and theatre admissions. This overwhelmed the rise in goods prices that rose by 5.3 percent in May 2006 compared to 4.9 percent in the previous period.

On the contrary, the monthly underlying inflation edged up to 1.4 percent in May 2006 from 0.3 percent recorded in April 2006. Goods prices rose by 2.0 percent in May 2006 compared to 0.3 percent in April 2006, while services prices increased by 0.3 percent in May 2006 compared to 0.2 percent in the previous month.

The annual food crop inflation⁴ doubled to 15.2 percent in the year ended May 2006, up from 7.6 percent recorded in the year ended April 2006. Though harvesting season have started, food supplies are still not yet adequate for the market and their prices higher than a year ago. Conversely, the monthly food crop inflation declined to 2.0 percent from 3.2 percent in April 2006.

The headline inflation is expected to ease in the coming months on account of the onset of harvest season, which is hoped to drive food prices downwards. In addition, the implementation of tax waiver on industrial diesel used to power generators used by large scale manufacturers is expected to mitigate the upward pressure on prices through reduction in cost of production. Despite the expectation of easing inflationary pressures, the recent hike in electricity tariffs with effect from 1st June 06 and the continued rise in oil prices poses the greatest threat on maintaining stable prices in the coming period.

The above inflationary developments during the month of May 2006 are depicted in Tables 1 and 2, and Charts 1 and 2 below.

Table 1: Inflation Developments across different Groups: March 2006-May 2006

Groups	Weights	Annual Changes (%)			Monthly Changes (%)		
		Mar-06	Apr-06	May-06	Mar-06	Apr-06	May-06
Food	45.2	11.7	7.4	12.1	6.3	2.6	2.6
Beverages & Tobacco	8.6	2.9	2.2	1.8	0.0	-0.5	0.5
Clothing & Footwear	5.5	1.4	4.1	4.7	-0.6	0.4	1.1
Rent, Fuel & Utilities	14.1	5.1	1.4	0.0	-0.9	-1.1	0.0
Household & Personal goods	5.3	3.7	5.4	7.5	2.4	0.0	1.1
Transport & Communication	6.7	13.5	11.4	6.2	0.3	0.5	2.4
Health, Educ & Entertainment	14.6	3.6	3.6	2.9	-0.3	0.2	0.0

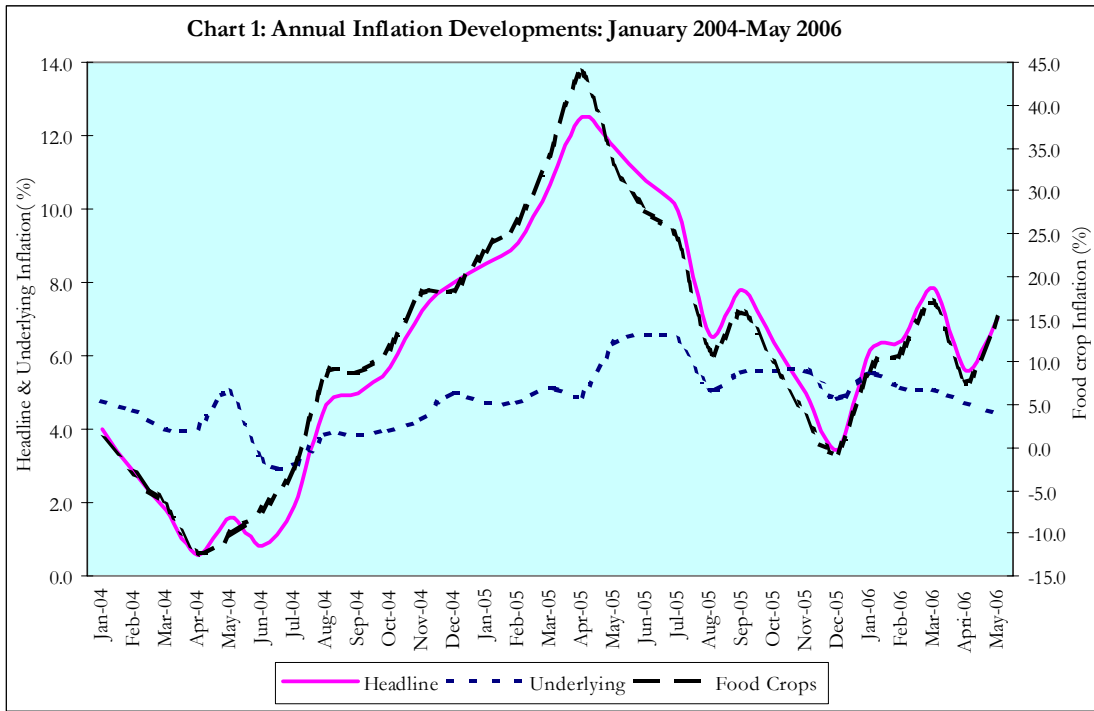
Source: Computed from Uganda Bureau of Statistics data

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

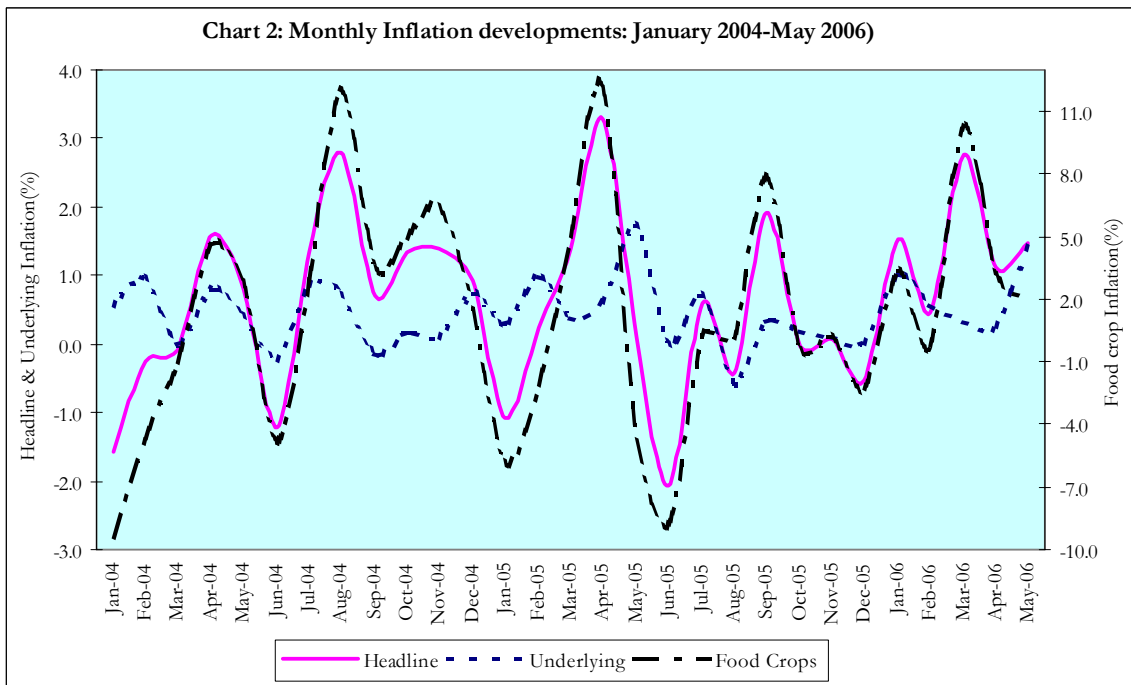
Period	Headline Inflation (%)		Underlying Inflation (%)		Food Crops Inflation (%)	
	Monthly	Annual	Monthly	Annual	Monthly	Annual
March 2006	2.8	7.9	0.3	5.1	10.5	16.8
April 2006	1.1	5.6	0.3	4.7	3.3	7.6
May 2006	1.5	7.0	1.4	4.4	2.0	15.2

Source: Uganda Bureau of Statistics

⁴ Food crops refer specifically to grown food crop items that are typically sold fresh in the markets.



Source: Uganda Bureau of Statistics



Source: Uganda Bureau of Statistics

C REAL SECTOR DEVELOPMENTS

This section highlights developments in the Finance and Energy sectors and Investment Activity, using the latest available data on: activity at the Uganda Securities Exchange (USE), leasing, consumption of electricity and investment licensing at the Uganda Investment Authority for the period March to April 2006.

1.0 Finance Sector

1.1 Uganda Securities Exchange (USE)

In April 2006, the Uganda Stock exchange (USE) had 8 equities, 2 corporate bonds and 13 government bonds. The corporate bonds listed include a Uganda Telecom Limited (UTL) Bond and East African Development Bank (EADB) Bond. 3 of the 8 equities listed are cross listings, namely: East African Breweries Limited (EABL), Kenya Airways (KA) and Jubilee Holdings Limited (JHL).

Trading activity at the Uganda Securities Exchange (USE) soared during April 2006 compared to March 2006. Total turnover grew by Shs0.25 billion, with an increase of 453,925 in the number of shares traded in April 2006 compared to March 2006. The boost in performance at the USE is attributed to the DFCU counter, which recorded 66 percent of total turnover in April 2006. Substantial trading was also recorded on the BOBU (2.4%), NVL (10.8%) and UCL (20.9%) counters.

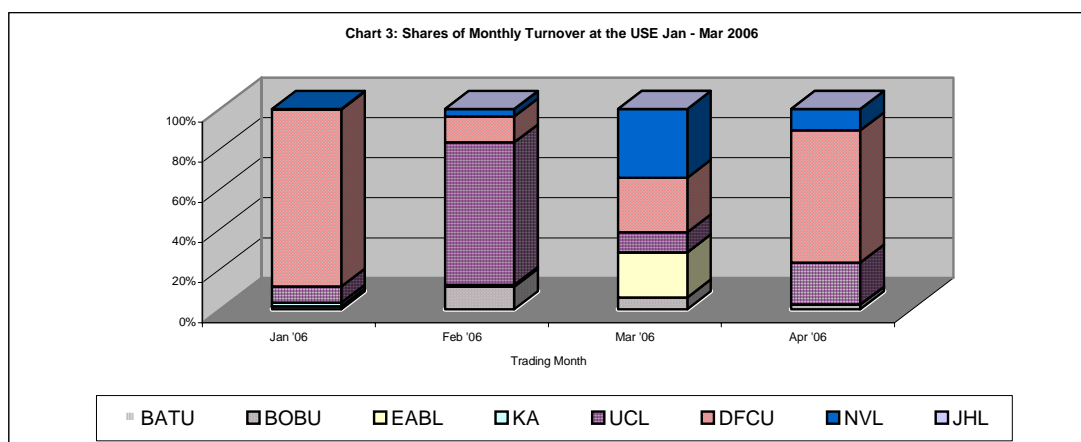
Market capitalisation of the USE grew by 4.7 percent from Shs3,603.4 billion recorded in March 2006 to Shs3,773.7 billion recorded in April 2006. The all-share index rose by 4.9 percent from an average of 721.3 in March to 756.3 in April 2006. The average price at the USE rose by 22.5 percent to Shs4,179 in May 2006 from Shs3,410 in April 2006. This was mainly on account of the rise in the average price at the Uganda Clays counter by 34.7 percent from an average Shs16,701 in March 2006 to Shs22,500 per share in April 2006.

Prices at the USE on May 09, 2006, stood at Shs735, Shs900, Shs500, Shs3,526, Shs2,743, Shs3,265, Shs310 and Shs22,500 at the BATU, BOBU, DFCU, EABL, JHL, KA, NVL and UCL counters respectively, while the All Share index stood at 832.1.

Table 3: Trading at the Uganda Securities Exchange: December 2005 – April 2006

	Dec '05	Jan '05	Feb '06	Mar '06	April '06
Trading Days	7	7	7	8	8
Total Turnover	1,642,613,880	160,738,440	3,997,014,605	111,009,465	361,093,900
No. Shares	3,900,643	345,013	2,541,654	198,212	662,138
Market Capitalization (Billion Shs, E.O.P)	3,375.00	3,510.57	3,617.15	3,603.37	3,773.68
All Share Index	693.11	691.25	724.64	721.29	756.29

Source: Uganda Securities Exchange



Source: Uganda Securities Exchange

1.2 Leasing Activities

The value of assets disbursed in April 2006 increased by 34 percent to Shs1.6 billion from Shs1.19 billion recorded for March 2006.

Mining and Construction recorded the largest share of assets disbursed (66.3%) in April 2006 followed by Trade and Commerce with a share of 20.2 percent. The Agricultural sector did not feature among the beneficiaries in April 2006. Transport sector, which is usually on top, pulled a meager share of 1 percent in April 2006 down from 16.1 percent of March 2006.

From Charts 3 and 4, it can be observed that the value of assets disbursed in April 2006 follows past trends observed. The value of assets disbursed recovers in March and further in April after dropping in January and February.

Table 4: Sectoral Distribution of Assets Leased in Million Shillings: January 2006 – April 2006

Sector	Jan '06	% Share	Feb '06	% Share	Mar '06	% Share	Apr '06	% Share
Transport	169.1	17.8	119.2	10.1	192.0	16.1	15.5	1.0
Commerce & Trade	219.8	23.1	514.4	43.5	291.5	24.5	322.2	20.2
Mining & Construction	-	-	-	-	-	-	1,058.0	66.3
Tourism	-	-	-	-	-	-	73.2	4.6
Health	21.4	2.3	3.3	0.3	34.3	2.9	18.0	1.1
Agriculture	0.0	0.000	19.6	1.7	83.0	7.0	-	-
Manufacturing	467.4	49.2	244.1	20.6	297.3	25.0	32.9	2.1
Education	21.8	2.3	153.3	13.0	208.0	17.5	-	-
Banking	3.6	0.4	1.6	0.1	-	0.0	-	-
Real Estate	-	-	-	-	-	-	58.6	3.7
Other Services	47.6	5.0	127.6	10.8	84.6	7.1	17.0	1.1
TOTAL	950.7	100.0	1,183.1	100.0	1,190.7	100.0	1,595.4	100.0

Source: DFCU leasing

Chart 4:

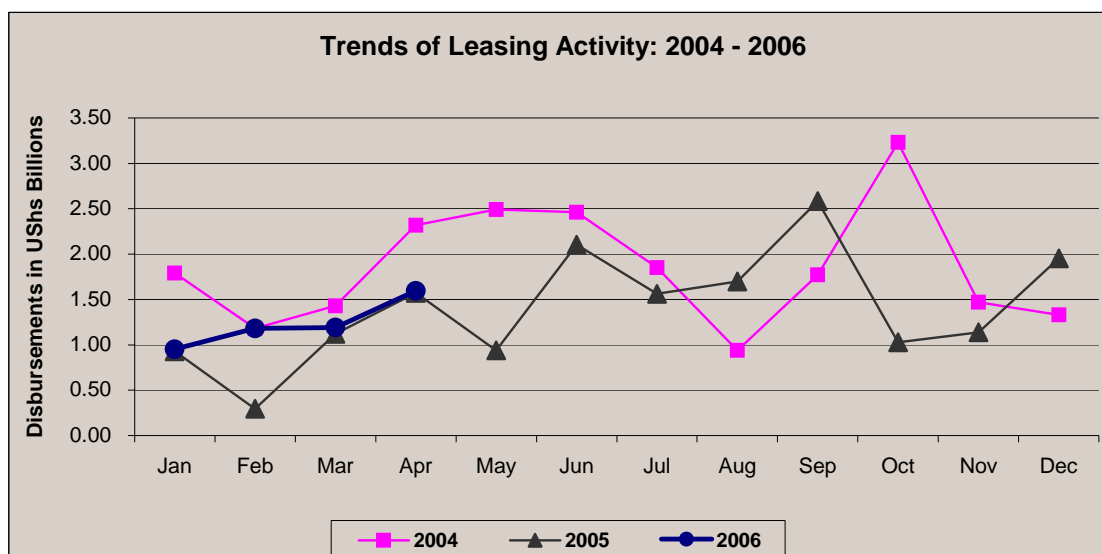
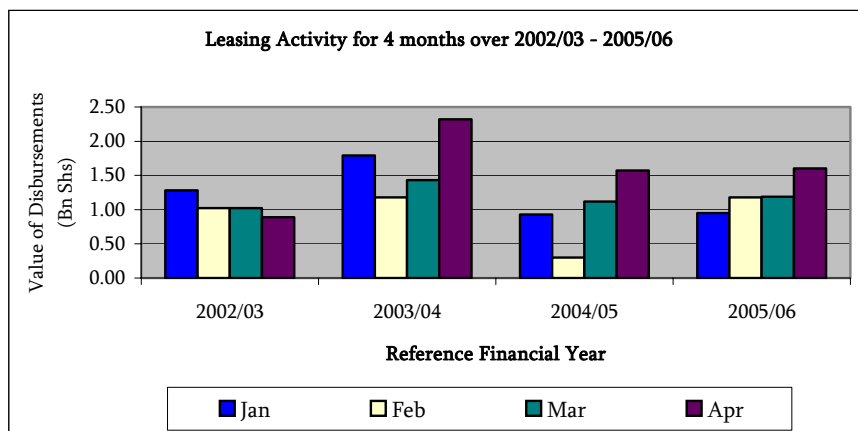


Chart 4:



Source: DFCU Leasing

2.0 Energy Sector

2.1 Electricity Consumption

This report covers electricity consumption as reported by UMEME Limited. Data available covers the period to end March 2006.

The number of live customers dropped by 0.9 percent in March 2006 from February 2006. UMEME Limited purchases of electricity from Uganda Electricity Transmission Company Limited (UETCL) rose by 9.1 percent in March 2006 from the previous month and consequently consumption in GWH rose by 7.1 percent over the same period.

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

Number of Live Customers:					
	Nov-05	Dec-05	Jan-06	Feb-06	Mar-06
Domestic	261,331	263,262	268,943	268,047	265,765
Commercial	27,665	27,838	24,511	24,435	24,109
Industrial	819	813	926	927	938
Street Lighting	322	324	341	336	328
Total	290,137	292,237	294,721	293,745	291,140
Consumption in GWH:					
	Nov-05	Dec-05	Jan-06	Feb-06	Mar-06
Domestic	33.41	53.48	31.54	24.56	22.06
Commercial	13.23	21.38	11.31	8.80	9.34
Industrial	65.37	94.61	48.28	37.59	44.42
Street Lighting	0.11	0.26	0.06	0.05	0.19
Total	112.12	169.73	91.19	71.00	76.01
Purchases in GWH:					
	Nov-05	Dec-05	Jan-06	Feb-06	Mar-06
UMEME purchases from UETCL	146.60	149.42	143.90	108.40	118.29

Source: UMEME Limited

Table 5b:

Number of Live Customers: Month-month Percentage Changes				
	Dec-05	Jan-06	Feb-06	Mar-06
Domestic	0.7	2.2	-0.3	-0.9
Commercial	0.6	-12.0	-0.3	-1.3
Industrial	-0.7	13.9	0.1	1.2
Street Lighting	0.6	5.2	-1.5	-2.4
Total	0.7	0.8	-0.3	-0.9
Consumption in GWH: Month-month Percentage Changes				
	Dec-05	Jan-06	Feb-06	Mar-06
Domestic	60.1	-41.0	-22.1	-10.2
Commercial	61.6	-47.1	-22.2	6.1
Industrial	44.7	-49.0	-22.1	18.2
Street Lighting	136.4	-76.9	-16.7	280.0
Total	51.4	-46.3	-22.1	7.1
Purchases in GWH: Month-month Percentage Changes				
	Dec-05	Jan-06	Feb-06	Mar-06
UMEME purchases from UETCL	1.9	-3.7	-24.7	9.1

Source: UMEME Limited

3.0 Investment

During the period January – March 2006, the number of projects licensed dropped by 29.6 percent to 69 from 98 recorded in the period October – December 2006. Total estimated investment, as well, declined by 8.2 percent to US\$ 162.1 million, from US\$ 176.5 million over the same observation period. Planned employment dropped by 42.2 percent to 5,502 positions from 9,523 recorded in the previous quarter.

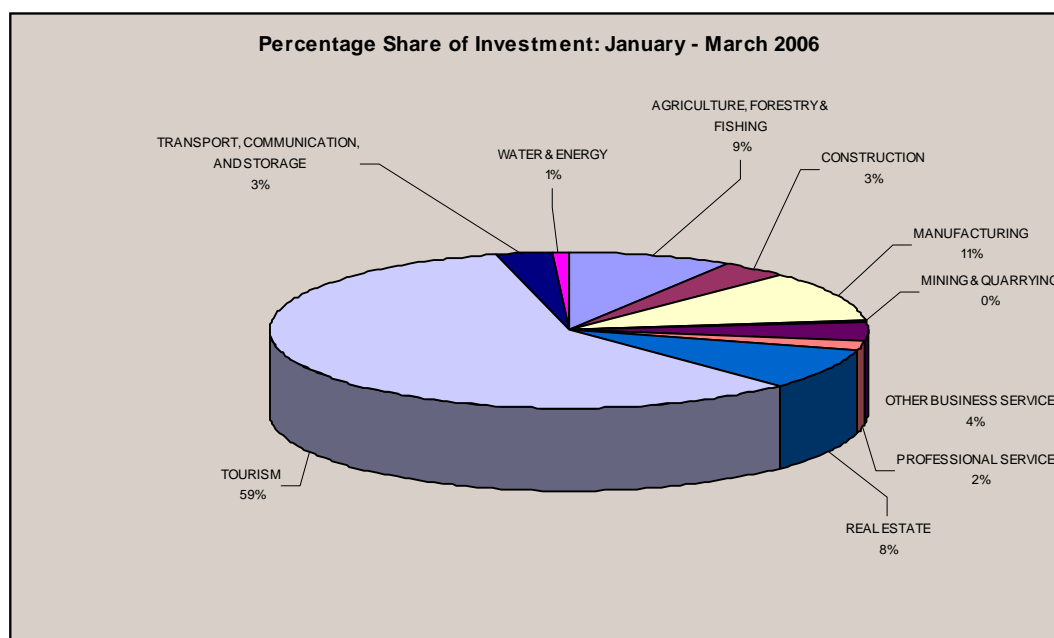
Most licenses were issued to the Tourism sector pulling 58.7 percent of total planned investment. This was followed by the manufacturing sector with 10.7 percent of total planned investment. The Agricultural sector had a share of 8.4 percent. The Transport and Communications sector, which usually dominates investment activity, with the largest share of planned investment, declined to a share of 2.9 in the period under observation. Table 6 below summarizes investment activity for the period January – March 2006.

Table 6: Sectoral Distribution of Projects Licensed by Uganda Investment Authority: Jan – Mar 2006

Sector	Number of Projects Licensed	Planned Investment (US\$)	Planned Employment	Percentage Share of Investment
Agriculture, Forestry & Fishing	14	14,428,000	2,178	8.4
Manufacturing	18	17,296,500	1,247	10.7
Mining & Quarrying	1	526,000	71	0.3
Tourism	7	95,187,000	467	58.7
Professional Services	8	3,013,000	158	1.9
Water & Energy	2	1,456,000	248	0.9
Transport, Communication & Storage	3	4,700,000	136	2.9
Real Estate	1	13,554,000	54	8.4
Construction	4	5,631,500	218	3.5
Other business services	11	6,291,000	725	3.9
TOTAL	69	162,083,000	5,502	100.00

Source: Uganda Investment Authority (UIA)

Chart 5:



Source: Uganda Investment Authority (UIA)

D DEVELOPMENTS IN THE DOMESTIC SECURITIES AND MONEY MARKET

Primary Market for Treasury Bonds

In line with the monetary policy objectives and financial markets development, Bank of Uganda was in the market with two bonds in the month of May 2006.

On May 03, 2006 a 3-year bond was reopened. The Shs20.00 billion issue was over subscribed by Shs24.15 billion and realized a cover ratio of 220.76 percent. At a weighted average price of 95.43

per Shs100, the resultant yield for the 10.25 percent coupon bond was 12.88 percent, compared to 13.49 percent for the 3-year bond that was issued on March 09, 2006.

On May 31, 2006, a new 5-year bond was issued. The Shs20.00 billion issue was over subscribed by Shs23.50 billion and realized a cover ratio of 217.52 percent. At a weighted average price of 87.71 per Shs100, the resultant yield for the 10.75 percent coupon bond was 14.27 percent, compared to 15.12 percent for the 5-year bond that was reopened on October 19, 2005.

These auctions brought the total outstanding stock of treasury bonds to Shs754.85 billion by end of May 2006. There were no bond coupon payments effected during the month. Table 7 below shows details of the most recent Treasury bond issues. All issues in the market so far are listed on the Uganda Securities Exchange.

Table 7: Summary of Government Treasury bond Issues as at May 31, 2006

(In Billions of Uganda Shillings, unless otherwise stated)

Tenure/Issue date →	2 Year New Issue Apr 07-06	3 Year New Issue Mar 09-06	3 Year Re-opened May 04-05	5 Year Re-opened Oct 19-05	5 Year New Issue May 31-06	10 Year New Issue May 19-04
Maturity Date	Apr 03-08	Mar 05-09	03-05-09	Mar 19-09	May-26-11	May 08-14
Offers	30.000	30.000	20.000	20.000	20.000	15.000
Total Bids	69.783	44.898	44.152	42.776	43.504	25.166
O/w Competitive	69.753	44.881	44.145	42.765	43.489	25.154
Over (Under) Subscription	39.783	14.898	24.153	22.776	23.504	10.166
Amount Sold (Face Value)	30.000	30.000	20.000	20.000	20.000	15.000
Amount Sold (Cost Price)	28.760	27.667	19.086	17.888	17.542	12.991
Cover Ratio %	232.610	149.660	220.763	213.880	217.159	167.773
Previous Cover Ratio %	130.940	100.000	149.660	161.135	161.135	...
WAP per Shs. 100	95.865	92.222	95.429	89.438	87.711	86.608
Previous WAP per Shs. 100	100.373	104.952	92.222	85.463	89.438	...
Yield to Maturity %	12.397	13.488	12.884	15.124	14.271	13.477
Previous Yield to Maturity %	13.000	14.000	13.488	16.039	15.124	...
Coupon Rate	10.000	10.250	10.250	10.750	10.750	11.000

Source: Research Department - Bank of Uganda

Secondary Market for Treasury bonds

The four week-period average indicative bid/offer yields-to-maturity in the secondary market were quoted at 12.82/12.57, 14.06/13.81, 14.91/14.67, and 15.58/15.33 percent for the 2-year, 3-year, 5-year, and 10-year bond tenors, respectively. This is compared to the respective average yields-to-maturity of 13.02/12.77, 14.63/14.38, 15.24/15.00, and 15.50/15.25 percent, in the previous four-week period ended April 28, 2006 (See Table 8). Within the month of May 2006, Shs14.18 billion, and Shs0.89 billion were traded in the 2-year, and 3-year bonds at respective average yields-to-maturity of 11.07, and 11.80 percent.

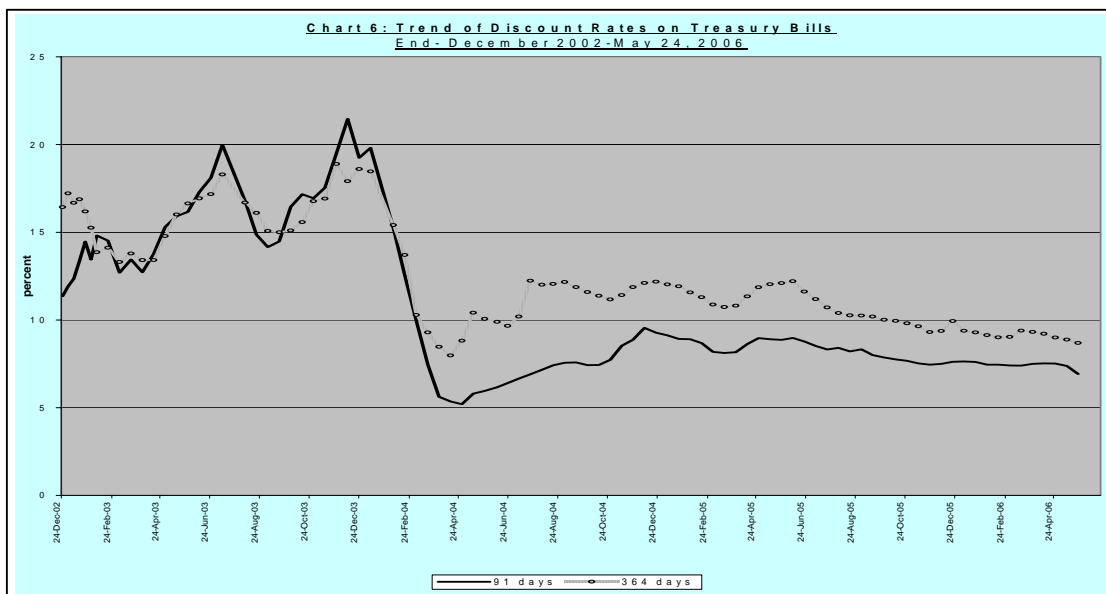
Table 8: Bid/Offer Rates and Transactions in the Secondary Market for Treasury bonds over the four week-period to May 31, 2006

	Tenor of bond							
	2-year		3-year		5-year		10-year	
	Yield-to-maturity quotation (percent)							
	Bid	Offer	Bid	Offer	Bid	Offer	Bid	Offer
Min	11.75	11.50	12.35	12.10	12.40	12.15	14.90	14.65
Max	13.90	13.65	15.30	15.05	16.00	15.75	16.50	16.25
Average	12.82	12.57	14.06	13.81	14.91	14.67	15.58	15.33

Source: Compiled from Domestic Financial Markets Department records

Source: Research Department - Bank of Uganda

Primary Market for Treasury bills



Source: Research Department-Bank of Uganda

Two Treasury bill auctions with offers of Shs50.00 billion, each were held in the month of May 2006 and both were oversubscribed. The respective weighted annualized yields on the 91-day, 182-day, and 364-day bills stood at 7.51, 8.30, and 9.74 percent for the auction of May 10, 2006, and at 7.05, 8.08, and 9.52 percent for the auction of May 24, 2006. This compares to rates of 7.66, 7.56, and 9.88 percent, for the 91-day, 182-day, and 364-day bills respectively, recorded in the auction held on April 26, 2006 (see Chart 6 above). The average discount rates on Treasury bills in May 2006 were lower than those registered in May 2005 which ranged between 8.88, and 12.07 percent.

Secondary Market for Treasury bills

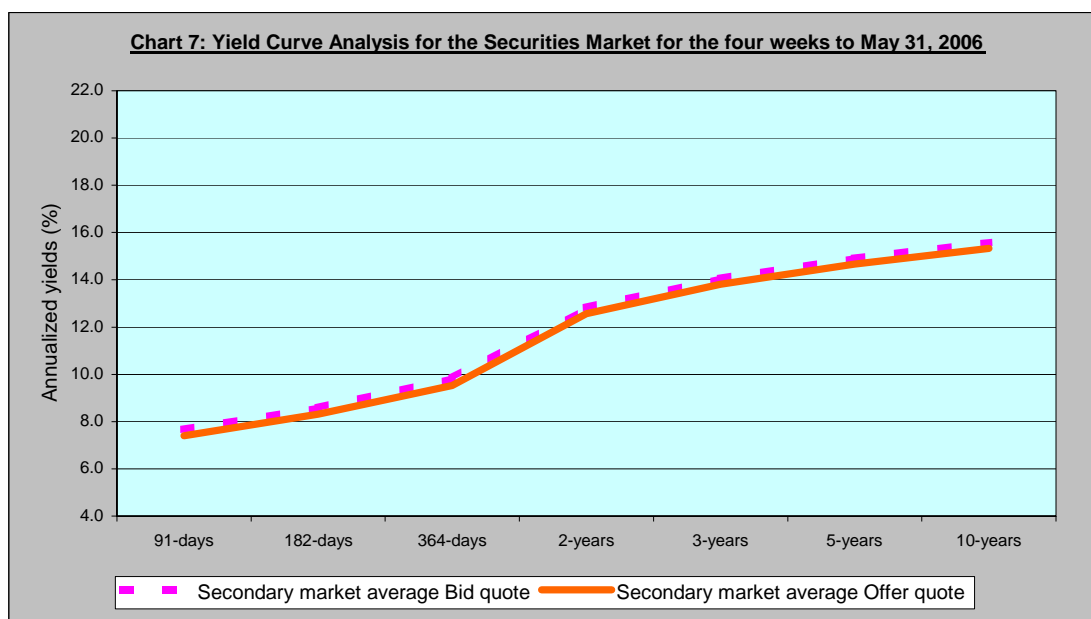
The average bid/offer yields-to-maturity in the secondary market for the 91-day, 182-day, and the 364-day treasury bills decreased to 7.67/7.40, 8.58/8.31, and 9.83/9.53 percent in May 2006 compared to 7.69/7.42, 8.77/8.50, and 10.07/9.77 percent in April 2006, respectively.

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

	Tenor of bills					
	91-days		182-days		364-days	
	Yield-to-Maturity quotation (percent)					
	Bid	Offer	Bid	Offer	Bid	Offer
Min	7.06	6.80	7.98	7.71	9.05	8.77
Max	7.95	7.69	8.85	5.58	10.78	10.49
Average	7.67	7.40	8.58	8.31	9.83	9.53
	Trading Activity					
Transactions (Shs billion)	12.306		18.603		5.229	
O/w Horizontal REPOs	5.000		-		-	
- Av. H/REPOs rate	5.58 percent		-		-	
O/w- Outright sales	7.306		18.603		5.229	
Total trades across maturities	Shs36.138 billion					
- Av Discount rate	9.04 percent		8.47 percent		8.52 percent	
- Av Yield to maturity	8.75 percent		8.75 percent		9.01 percent	
Rediscounts at BOU	-					
Borrowing at BOU	-					

Source: Research Department-Bank of Uganda

In the four weeks ended May 31, 2006, total secondary market trades of treasury bills amounted to Shs36.14 billion, of which Shs5.00 billion related to horizontal REPOs. This was lower than the Shs51.83 billion for the four weeks ended April 28, 2006. The average discount rates on these trades for the 91, 182, and 364-days securities were 9.04, 8.47, and 8.52 percent, respectively. The yield curve, based on the monthly average indicative yield-to-maturity bid and offer quotations in the secondary market, remained gently upward sloping throughout the maturity profile (See Chart 7).



Source: Research Department-Bank of Uganda

i) Domestic Inter-bank market

Total volume of transactions in the domestic inter-bank money market (i.e. transactions of less than 30 days in tenor) for the four weeks ended May 31, 2006 increased to Shs225.9 billion at a weighted average rate of 5.60 percent compared to transactions worth Shs188.3 billion at a weighted average rate of 6.60 percent recorded in April 2006. The 7-day transactions were the most dominant recording 66 transactions as shown in table 10 below. The over night transactions amounted to Shs26.6 billion or 11.8 percent of total transactions at a weighted average rate of 4.6 percent. Transactions between domestic banks and foreign entities^{5[1]} in the money market amounted to Shs7.5 billion, at an average rate of 7.2 percent compared to Shs3.8 billion at 7.5 percent. All the commercial banks participated in the inter bank market during the four weeks.

Table 10: Summary of inter bank money market activity

Tenor	Month Of April 2006			Month Of May 2006		
	No. of transactions	Amount (Shs bn)	Weighted Rate	No. of transactions	Amount (Shs bn)	Weighted Rate
Overnight	13	19.00	6.74	13	26.6	4.56
2 days	4	5.25	6.18	4	7.0	5.43
3 days	20	35.50	5.25	17	27.3	4.09
4 days	8	9.80	6.47	2	5.5	4.45
5 days	1	2.00	7.00	1	1.0	5.75
6 days	3	4.00	6.81	1	1.0	6.00
1 week	36	61.17	6.99	66	103	5.97
> 1 week	35	51.52	7.06	42	54.5	6.17
Total	120	188.2	6.6	146	225.9	5.6

vi) Commercial Bank's Prime and Retail Interest Rates

The weighted prime-lending rate for all commercial banks was stable at 18.69 percent in April as was reported in March 2006. There were no changes in the number of banks charging rates for the various range categorizations. The range of these rates for the entire industry also remained at 16-21 percent. Table 11 below summarizes these developments.

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

Prime Lending Rate (%)	Apr 28, 2006	May 05, 2006	May 12, 2006	May 19, 2006	May 26, 2006
0.0 – 10.9	0	0	0	0	0
11.0 – 13.9	0	0	0	0	0
14.0 – 15.9	0	0	0	0	0
16.0 – 18.0	5	5	5	5	5
18.1 – 19.9	7	7	7	7	7
20.0 – 21.9	3	3	3	3	3
Range (Min – Max)	16%-21%	16%-21%	16%-21%	16%-21%	16%-21%

Source: Commercial banks weekly returns

The ranges of the savings and time deposits rates were adjusted from 0-7.0 percent and 0.25-20.0 percent, to 0-12 percent and 0.25- 14 percent respectively. The respective number of banks with savings rates of at least 5.0 percent and those with a time deposit rates of at least 8.0 percent also changed from four (4) and eight (8), to twelve (12) and seven (7) respectively.

^{5[1]} A distinction is made between the inter-bank market in which only domestic commercial banks participate and the money market where foreign banks also carry out transactions.

Information on the commercial banks' effective lending and deposit rates is available up to April 2006. As portrayed in Table 12, there was a continued decline in the effective lending rate on the shilling denominated loans from 18.86 percent in March to 18.73 percent in April 2006. In the same period, the effective lending rate on the dollar denominated loans continued the upward trend reported from January 2006. The effective lending rate increased from 9.98 percent reported in March 2006 to 10.41 percent in the month under review.

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

Weighted Average rates	Shilling Denominated				Foreign Currency Denominated			
	Jan 2005	Feb 2006	Mar 2006	April 2006	Jan 2006	Feb 2006	Mar 2006	April 2006
Lending	19.74	19.18	18.86	18.73	8.73	8.91	9.98	10.41
Demand Deposits	1.13	1.11	1.08	1.10	1.20	1.10	1.16	1.15
Savings Deposits	1.94	1.95	2.00	1.99	1.45	1.45	1.45	1.45
Time Deposits	9.59	8.29	8.43	8.89	4.07	4.64	4.35	3.62

Source: Research Department-B.O.U

There was stability in the weighted rates on shilling denominated demand and time deposits marginally increasing from 1.08 percent and 8.43 percent to 1.10 percent and 8.89 percent respectively in the month under review. There was also stability in the shilling saving deposit rate reported at 2.00 percent. On the other hand, the dollar denominated demand and saving deposits rates were stable 1.16 percent and 1.45 percent respectively while the time deposit rates continued the declining trend to 3.62 percent from 4.35 percent registered for the previous month.

E MONETARY AND FINANCIAL SECTOR AGGREGATES

(i) Banking Activities

Broad Money

During April 2006, Broad Money M3, which comprises currency in circulation plus all private deposits, expanded by 2.01 percent to Shs 3156.22 billion. This is compared to a decline in M3 of 1.07 percent registered in March 2006. Relative to June 2005, M3 grew by 12.28 percent at end-April 2006.

M2A, comprising of M3 less foreign currency deposits of the private sector increased by 1.15 to Shs2442.65 billion percent in April 2006, compared to the 1.19 percent decline registered in March 2006. M2A has grown by 13.2 percent from June 2005. Developments in money supply are shown in Table 9 below.

Net Foreign Assets (NFA)

Over the month under review, the NFA of the banking system rose by 1.64 percent or Shs50.23 billion to Shs3109.56 billion. In particular, NFA at BoU rose by 1.44 percent or Shs 37.78 billion to Shs 2657.76 billion. At commercial banks NFA increased by 2.83 percent or Shs 12.45 billion to Shs 451.80 billion. Foreign reserves at BoU expanded by an equivalent of Shs 36.86 billion, compared to a growth of Shs 36.43 billion in the previous month.

Net Claims on Government (NCG)

The government's net position with the banking system (NCG) as at end-April 2006 was a saving of Shs 68.42 billion, compared to a saving of Shs 99.15 billion at the end of March (Table 13). This represents an increase in NCG of Shs 30.73 billion. At BoU, net claims on government increased by Shs 11.02 billion over the month on account of increased Government deposits of Shs 45.29 billion, which more than offset a rise in Advances to Government of Shs34.27 billion. At commercial banks, net claims on Government rose by Shs 41.75 billion in April 2006, on account of increased investment in Government securities by commercial banks of Shs 48.44 billion, which more than offset a rise in Government deposits of Shs. 6.68 billion

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

<i>(in billion shillings unless otherwise stated)</i>	Jun. 2005	Sept. 2005	Dec. 2005	Jan. 2006	Feb. 2006	Mar. 2006	Apr. 2006
Net Foreign Assets (NFA)	2648.0	2632.7	2723.9	3069.9	3043.3	3059.3	3109.6
Domestic Credit	982.0	1279.6	1257.8	1192.7	1235.0	1233.7	1315.6
Net Credit to Government(NCG)	-176.3	18.0	-47.1	-130.5	-87.9	-99.1	-68.4
Claims on the Private Sector	1150.2	1259.7	1289.3	1308.7	1308.4	1318.5	1368.6
M3	2811.1	2905.5	3101.5	3104.4	3127.4	3093.9	3156.2
Forex deposits	653.3	679.3	665.8	682.9	683.5	679.1	713.6
M2A	2157.9	2226.1	2435.7	2421.5	2444.0	2414.8	2442.6
Demand Deposits	860.1	863.9	896.3	939.7	930.6	918.7	945.7
Term Deposits	692.7	743.8	829.1	774.4	794.9	789.1	790.9
Currency	605.1	618.5	710.2	707.4	718.5	707.0	706.1
Ratio to M3 (Percent)							
Forex	23.2	23.4	21.5	22.0	21.9	21.9	22.6
Demand Deposits	30.6	29.7	28.9	30.3	29.8	29.7	30.0
Term Deposits	24.6	25.6	26.7	24.9	25.4	25.5	25.1
Currency	21.5	21.3	22.9	22.8	23.0	22.9	22.4

Private Sector Credit (PSC)

At end-April 2006, the stock of outstanding credit to the private sector by the banking sector stood at Shs 1368.63 billion (Table 13), of which Shs 20.44 billion was from BOU and Shs 1348.18 billion was from commercial banks. This represents a strong increase of 3.8 percent or Shs50.14 billion during the month of April 2006. In comparison, during March 2006, PSC increased by 0.77 percent or Shs10.04 billion.

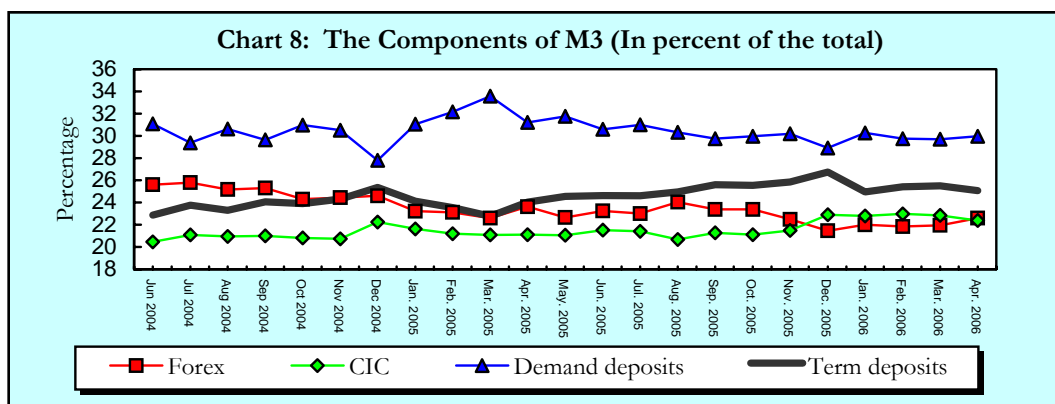
Credit Flows

During April 2006, the total (shilling and foreign currency) gross extensions stood at Shs180.13 billion, while recoveries were lower at Shs135.77 billion, yielding net extensions of Shs44.35 billion. After accounting for flows in capitalised interest, there was an increase in the stock of credit of about Shs47.48 billion (see Appendix Table 1a)⁶. During the month, commercial banks extended shilling denominated loans amounting to Shs107.10 billion and recovered Shs83.34 billion, thus net extensions were Shs23.76 billion. Net capitalised interest stood at Shs1.80 billion. Thus, there was a net increase in the stock of shilling loans to the non-bank public of Shs25.56 billion (see Appendix Table 1b). For foreign currency loans gross extensions by commercial banks amounted to Shs73.03 billion; while recoveries were Shs52.43 billion resulting in net extensions of Shs20.6 billion. After taking into account effects of capitalised interest, the stock of foreign currency loans recorded a net rise of Shs21.92 billion (See Appendix Table 1c).

Appendix tables 1a-1c summarise the evolution of the monthly change in outstanding loans and advances of commercial banks from July 2004 to April 2006.

Liabilities of the Banking System

On the liabilities side, foreign currency accounts at commercial banks grew by an equivalent of Shs 34.50 billion or 5.08 percent to Shs 713.57 billion in April 2006. In US dollars, foreign currency accounts rose by US\$16.64 million to US\$389.04 million⁷. Demand deposits increased by 2.93 percent or Shs26.95 billion to Shs945.68 billion, while term deposits (time, savings and CDs) grew by Shs1.8 billion or 0.23 percent to Shs790.87 billion as at end-April 2006. Currency in circulation (CIC) fell by 0.13 percent or Shs 0.92 billion to Shs706.10 billion. Reflecting these developments, the ratio of foreign currency deposits to M3 rose to 22.6 percent at end- April 2006 from 21.9 percent at end-March 2006. The ratio of CIC to M3 fell to 22.4 percent from 22.9 percent; the ratio of demand deposits to M3 rose to 30.0 percent from 29.7 percent, while that of term deposits to M3 fell to 25.1 percent from 25.5 percent. The trends in the ratios are shown in Chart 8 below and Table 9 above.



⁶ 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.

⁷ The end period mid exchange rate is used to value forex items.

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

(a) Credit Institutions⁸

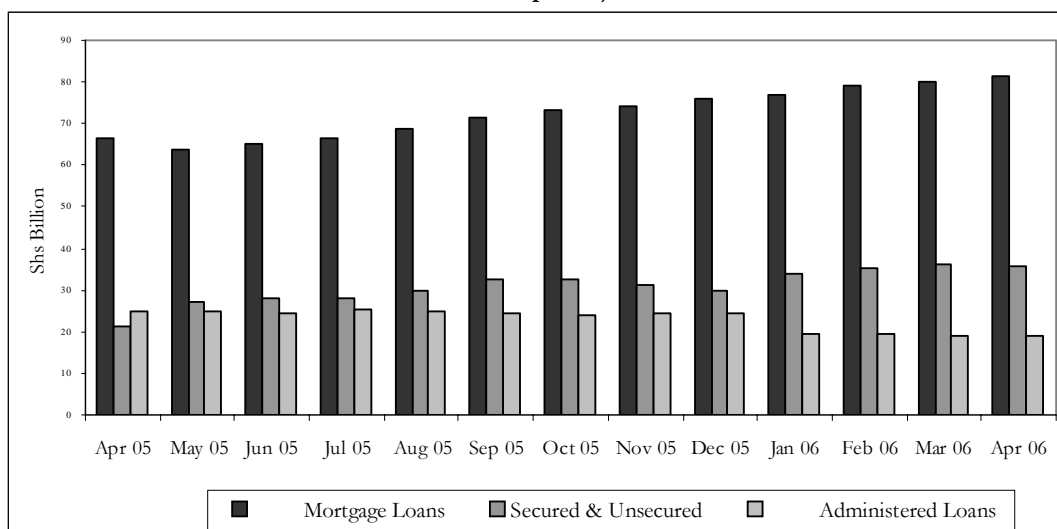
Assets

In the month of April 2006, the total assets of the Credit Institutions (CIs) increased by 0.7 percent to Shs. 217.22 billion from Shs. 215.64 billion at the end of March 2006 (Table 14). This is lower than an increase of 1.8 percent observed over the same period a year ago. The increase in assets during April 2006 was mainly on account of a 2.5 percent rise in balances with commercial banks.

Loans and advances

The stock of the outstanding loans and advances to the private sector increased marginally by 0.6 percent to Shs. 135.79 billion as at end-April 2006. Mortgage loans, which accounted for 59.9 percent of total loans, also increased by 1.8 percent to Shs. 81.3 billion while secured and unsecured loans decreased by 1.5 percent to Shs. 35.5 billion at the end of April 2006. Administered loans also decreased by 0.7 percent to Shs. 19.0 billion. The building and construction sector accounted for the largest share (74.0 percent) of the total CIs advances as at end-April 2006 while the trade and commerce sector accounted for the second largest share of 13.9 percent.

Outstanding Loans and Advances of the Credit Institutions, April 2005 - April 2006 (Billion Shs at end of period)



Deposits

In April 2006, private sector deposits⁹ in the CIs increased from Shs. 98.6 billion to Shs. 100.6 billion. Specifically, Time deposits increased by 4.9 percent to Shs. 32.4 billion, while Savings deposits increased by 0.8 percent to Shs. 68.2 billion. Agency funds (these are funds collected on behalf of government from the beneficiaries of the government's pool house sale scheme) increased by 0.4 percent, to Shs. 33.7 billion.

⁸ Covers 7 credit institutions.

⁹ This excludes Agency Funds

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

	Dec 2005	Jan 2006	Feb 2006	Mar 2006	Apr 2006
Total Assets	213.68	212.69	212.95	215.64	217.22
O/w Loans and advances	129.81	129.99	133.54	135.03	135.79
Secured & unsecured	29.77	33.76	35.30	36.08	35.53
Mortgage	75.79	76.74	78.97	79.85	81.28
Administered	24.25	19.49	19.28	19.11	18.98
Other ^c	83.87	82.70	79.41	80.61	81.43
Total Liabilities	213.83	212.69	212.95	215.64	217.22
O/w Deposits Liabilities ^a	131.28	130.82	131.21	133.37	135.74
Savings	66.39	65.70	65.54	67.66	68.20
Time	30.95	30.81	31.13	30.90	32.42
Agency Funds	32.88	33.23	33.53	33.58	33.70
Other ^b	82.55	81.87	81.74	82.27	81.48
Source: CIs monthly reports to BOU					
a/ Includes accrued interest					
b/ Includes balances due to commercial banks, administered funds, other liabilities, provisions, capital, and Profit/loss.					
c/ Includes investments, balances with banks, cash, fixed assets, net due from own offices in Uganda for items in transit and other assets					

(b) Micro finance Deposit-Taking Institutions (MDIs)¹⁰**Assets**

In the month of April 2006, the total assets held by MDIs stood at Shs104.5 billion, representing an increase of Shs2.3 billion (or 2.3 percent) from Shs102.2 billion in March 2006. This was mainly on account of an increase in net fixed assets (2.7 percent) and other assets (47.5 percent). Net loans outstanding, which accounted for the largest share at 57.6 percent of total assets increased marginally by Shs0.2 billion (or 0.3 percent) from Shs59.9 billion to Shs.60.1 billion.

Loans and advances

The stock of the outstanding loans to the private sector remained stable at Shs63.2 billion over the period under review. Allowances for loan losses (general and specific) amounted to Shs3.0 billion, representing a decrease of 8.1 percent from Shs3.3 billion in March 2006.

Liabilities**Deposits**

In April 2006, deposit liabilities in the MDIs amounted to Shs16.8 billion, of which time and savings deposits were Shs1.1 and Shs15.4 billion, respectively. This was an increase of Shs0.5 billion from Shs16.3 billion in March 2006.

Borrowings

Total borrowings of the MDIs decreased from Shs30.9 billion to Shs29.2 billion. Specifically, short-term borrowings (market rate) decreased by 5.4 percent to Shs. 12.7 billion while long-term borrowings (market rate) increased by 9.9 percent to Shs. 16.5 billion. Over the period, loan insurance funds remained stable at Shs15.0 billion.

¹⁰ Covers 4 Institutions

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

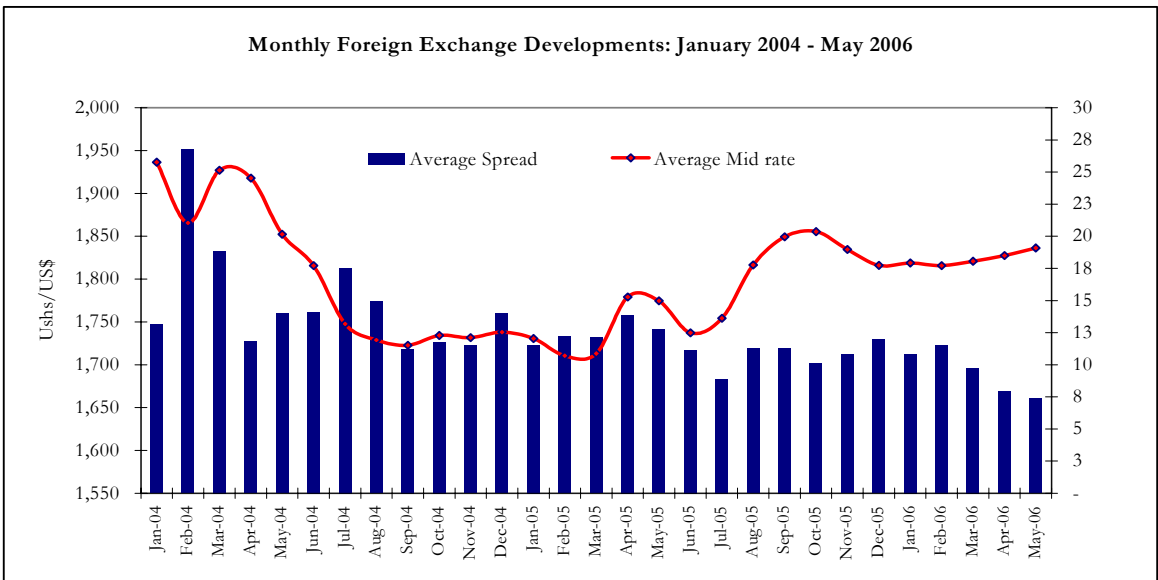
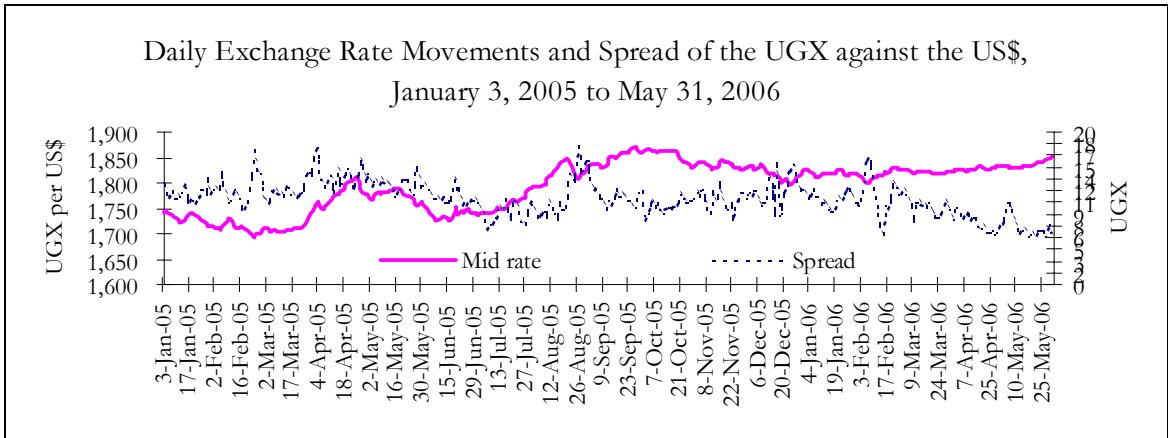
	Dec 2005	Jan 2006	Feb 2006	Mar 2006	Apr 2006
Total Assets	103.69	100.90	100.27	102.16	104.46
O/w Net Loans outstanding ^{a/}	63.16	61.54	60.54	59.93	60.13
Notes & Coins	2.29	2.49	2.86	2.52	2.49
Balances with financial institutions in Uganda	12.92	11.17	11.20	11.53	10.70
Investments in Securities	11.45	11.55	11.60	13.46	13.53
Net Fixed Assets	8.01	8.18	8.35	8.42	8.64
Other Assets	5.27	5.42	5.28	5.72	8.44
Other ^{b/}	0.58	0.54	0.43	0.59	0.52
Total Liabilities & Equity	103.69	100.90	100.27	102.16	104.46
Total Liabilities	72.43	70.01	69.33	70.97	69.40
O/w Deposit Liabilities	15.48	15.05	15.42	16.27	16.76
Savings	14.95	14.26	14.67	15.33	15.35
Time	0.32	0.56	0.46	0.58	1.06
Accrued Interest	0.21	0.23	0.29	0.36	0.34
Loans insurance funds	15.17	15.42	15.31	15.00	15.03
Borrowings	32.71	30.34	29.56	30.86	29.20
Other Liabilities	4.60	7.45	7.23	7.10	6.68
Grants/Deferred Income	1.01	0.97	0.94	0.96	1.06
Total Equity	18.57	18.20	18.25	18.51	19.28
Year to date profit/loss	1.12	(13.39)	0.10	0.36	0.76
Subordinated Debt	9.79	9.79	9.79	9.79	11.98
Preference shares	2.90	2.90	2.90	2.90	3.80
<i>Source: MDIs monthly reports to BOU</i>					
<i>a/ Excludes allowances for loan losses</i>					
<i>b/ Constitutes Interbranch due from own offices and long term investments</i>					

F EXCHANGE RATE AND FOREIGN EXCHANGE MARKET

The Uganda shilling registered a depreciation trend in May 2006. The shilling depreciated against the US dollar by 0.49 percent, up from a depreciation of 0.36 percent and 0.3 percent registered in April 2006 and March 2006 respectively. The average mid-rate was Shs.1,836.34 per US dollar in May compared to Shs. 1,827.48 per US dollar in April 2006. The end-month mid-rate was 1,851.38 on May 31, 2006 compared to Shs. 1,834.20 per US dollar on April 28, 2006. The monthly average spread declined marginally from Shs. 7.92 in April 2006 to Shs. 7.36 in May 2006. The depreciation of the shilling during this period was mainly on account of high demand relative to supply. The above developments are shown in charts 10 and 11 below and appendix 2

Commercial banks' daily retail sales averaged US\$ 11.12 million in May 2006 compared to US\$ 10.0 million in April 2006; while daily purchases averaged US\$ 9.8 million, up from US\$ 9.2 million realised in April 2006. Similarly, banks purchased a total- of US\$ 206.21 million in May compared to US\$ 166.11 purchased in April 2006; while they sold US\$ 233.42 million in May compared to US\$ 179.87 million in April 2006. Interbank trading rose to US\$ 88.46 million in May from US\$ 70.28 million in April 2006. Daily interbank trading averaged US\$ 4.2 million in May compared to an average US\$ 3.9 in April 2006.

BoU continued with daily sales of US\$ 0.3 million to the IFEM for liquidity sterilisation purposes amounting to US\$ 6.3 million. In addition, BoU also intervened in the foreign exchange market, selling US\$ 13.0 million so as to mop up excess liquidity. Consequently, BoU sold US\$ 19.3 million on a net basis in May, compared to sales of US\$ 15.4 million in April 2006. BoU will continue monitoring developments in the IFEM and stand ready to intervene to smoothen out destabilising spikes in the movement of the exchange rate.



G GOVERNMENT BUDGETARY OPERATIONS

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

i) Revenue and Grants

According to the preliminary figures from the Ministry of Finance, Planning and Economic Development, total revenue and budget support grant receipts (excluding project grants) was estimated at Shs226.53 billion during the month of March 2006. This is Shs28.02 billion (14.1 percent) higher than Shs198.51 billion recorded in February 2006.

Total domestic revenue collected in March 2006 was estimated at Shs192.46 billion with URA collections contributing 99.1 percent or Shs190.65 billion. The URA revenue collections were higher than what was realised in the previous month by Shs33.36 billion. The revenue collections were also higher than the programmed target for the month of March 2006 by Shs16.53 billion (9.5 percent). The preliminary outturn for non-URA revenue collections for March 2006 was estimated at Shs1.81 billion, lower than both the program figure of Shs4.67 billion and the February 2006 collection of Shs3.84 billion.

Receipts from budget support grants are estimated at Shs34.07 billion during March 2006, compared to Shs37.39 billion realised in February 2006. This is Shs4.80 billion (16.4 percent) higher than Shs29.27 billion programmed for March 2006.

Table 16: Government Budgetary Operations (Billion Shs)

	Outturn 2004/05	Draft Budget Est. 2005/06	Prog. Budget Est. 2005/06	Prel. Feb 2006	Prel. Mar. 2006	Prog Mar 2006
Total Tax & Import Support Receipts	3,169.9	2,894.1	2,891.7	198.51	226.53	259.06
Total Domestic Revenue	1,914.7	2,283.7	2,280.6	161.12	192.46	178.79
URA Excluding Refunds/Govt. Taxes	1,887.7	2,230.1	2,230.1	157.28	190.65	174.12
Non URA Revenues	27.0	53.6	50.5	3.84	1.81	4.67
Budget Support Grants 2/	1,255.2	610.4	611.1	37.39	34.07	80.26
Expenditure & Lending	3,067.9	2,832.8	3,832.8	282.50	202.46	324.66
Current Expenditure	1,986.8	2,148.1	2,148.1	218.89	184.39	180.43
Development Expenditure	1,232.0	541.0	541.0	57.06	20.28	138.89
Others 1/	58.7	143.6	143.64	6.56	(2.22)	5.33
Overall Fiscal Balance (Deficit)	(107.6)	61.4	59.0	(83.99)	24.08	(65.60)
Excluding Grants	(1,362.8)	(549.0)	(552.1)	(121.37)	(10.00)	(145.86)

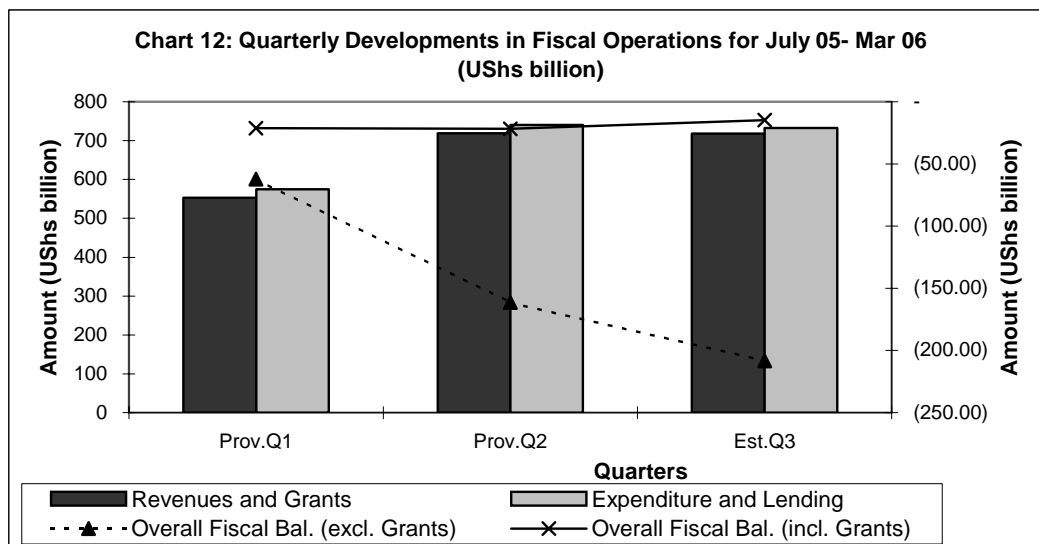
Source: Ministry of Finance, Planning and Economic Development
 1/ Includes Net Lending/Repayments, Arrears Repayments and Contingency.
 2/ 2004/05 outturn constitutes Budget support Grants of Shs823.6 billion and Project Support Grants of Shs431.6 billion. March program constitutes Budget support Grants of Shs29.27 billion and Project Support Grants of Shs51.00 billion.

i) Expenditure

In March 2006, government expenditure and net lending decreased by 28.3 percent or Shs80.04 billion to Shs202.46 billion. The decrease was mainly on account of a decrease of 64.5 percent in development expenditure. Over the same period, current expenditure decreased to Shs184.39 billion from Shs218.88 billion in the previous month, mainly on account of a decrease in other recurrent expenditures. Expenditure on wages and salaries amounted to Shs78.07 billion, which accounted for 42.3 percent of current expenditure, while other recurrent expenditures amounted to Shs76.28 billion, representing 41.4 percent of current expenditures. The outturn for total government expenditure was also contained below the programmed level of Shs324.66 billion during the month of March 2006.

iii) Overall Fiscal Balance and Financing

The overall fiscal balance for March 2006 was a surplus of Shs24.08 billion compared to a deficit of Shs83.99 billion recorded in February 2006. Excluding grants, the surplus deteriorates to a deficit of Shs10.00 billion, which compares with a deficit of Shs121.38 billion realised in February 2006. The domestic financing (excluding net bank financing) amounted to Shs-10.45 billion while net external financing amounted to Shs-3.62 billion. Chart 12 depicts quarterly developments in fiscal operations so far over the FY 2005/06.



H DEVELOPMENTS IN THE BALANCE OF PAYMENTS

The overall balance was estimated at a deficit of US\$7.4 million in April 2006. The Current Account Balance improved to a deficit of US\$41.3 million from US\$72.4 million registered in March 2006. This resulted from a reduction in the trade balance that saw imports restored to the pre-March 2006 levels. Imports fell by US\$28.3 million from US\$178.0 million in March to US\$149.7 million in April. It is important to note that the sharp deterioration in the trade balance that was observed in March resulted from imports of thermal power generation equipment. The Capital and Financial account was estimated at a surplus of US\$33.9 million, deteriorating from a surplus of US\$74.1 million recorded in March 2006. This was mainly attributed to a rundown in currency and deposits by banks abroad and reduced borrowing by general government.

i) Exports

Total Exports (developments for the month of April 2006)

Total export proceeds in the month of April 2006 were estimated at about US\$71.3 million; a slight decline of about 3.5 percent in comparison to the export earnings of US\$73.9 million recorded in the preceding month.

Coffee Exports

During the month of April 2006 coffee exports amounted to 146,642 (60-kilogram) bags worth US\$13.7 million. This was a reduction of 6.0 percent in volume and 6.3 percent in value compared to the previous month's exports.

The average realized export price for coffee in April was US\$1.56 per kg 0.3 percent (or 1 cents) less than the US\$1.57 per kg in March 2006.

Non-coffee Exports

There was a decrease in the estimated earnings for a number of non-coffee exports in April 2006 vis-à-vis the previous month. The total value (of non-coffee exports) for April 2006 was estimated at US\$57.6 million, US\$1.7 million (or 2.9 percent) less than the value realized in the previous month. Specifically, export proceeds from simsim, maize, beans, and cobalt decreased by 46.5 percent, 41.1 percent, 13.5 percent, and 74.7 percent respectively. Earnings from exports of fish and its products (regional), flowers and oil re-exports also decreased minimally (a combined total of US\$0.2 million in the review period).

Notwithstanding the above, there was an increase in earnings from the remaining export commodities namely electricity, gold, cotton, tea, tobacco, fish and its products (excluding regional) and hides and skins. The most outstanding were gold, cotton and tobacco, which increased by US\$2.2 million, US\$1.7 million and US\$1.9 million respectively.

ii) Imports

The total import bill for the month of April 2006 was estimated at US\$149.7 million, of which private sector imports accounted for US\$147.7 million. The major items imported by the private sector were machinery, chemicals & related products, vegetable products, base metals & their products and other minerals. Oil imports values amounted to US\$28.2 million, US\$1.0 million less than the oil import bill of March 2006.

Government imports were recorded at US\$2.0 million in the month under review, compared to the US\$4.9 million in the previous month. The Government import bill in April 2006 accounted for approximately 1.3 percent of the total import bill. The bulk of government imports comprised of chemicals & their related products and machinery.

iii) Other Inflows and Outflows

Official aid (excluding project aid but including resources from the HIPC Initiative) inflows amounted to about US\$3.7 million in the month under review. Net private sector transfer inflows were estimated at US\$54.6 million in April – US\$28.3 million more than the net inflows recorded in March 2006. This was to a large extent due to an increase in inflows from workers' remittances and other private transfers. Services and income outflows in the same month exceeded inflows by about US\$29.5 million.

Official debt service (excluding IMF payments) for the month of April 2006 was estimated at US\$9.6 million. There were no IMF principal payments during the same month. Estimates of net trade credit amounted to inflows of US\$2.8 million, consisting of inflows (buyers' credit and suppliers' credit) estimated at US\$19.9 million and outflows (pre-finance shipments and suppliers' credit repayments) estimated at US\$17.1million.

In April 2006, the level of gross foreign reserves amounted to US\$1,446.9 million; a build-up of US\$11.7 million compared to the preceding month. This reserve level is estimated to cover 6.6 months of future imports of goods and services.

I POLICY OUTLOOK

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

Appendix 1a: Monthly Change in Outstanding Loans and Advances of Commercial Banks
(Total of local and foreign Currency, billion Shs)

Period	Extensions	Recoveries	Net ext.	Cap interest	Repd cap int	Net Cap int	Net change
	1	2	3=1+2	4	5	6=4+5	7= 3+6
1999/2000	404.75	(311.48)	93.27	30.58	(91.27)	(60.69)	32.58
2000/2001	852.28	(769.56)	82.71	40.98	(71.61)	(30.64)	52.08
2001/2002	928.31	(886.08)	42.23	27.01	(64.65)	(37.64)	4.59
2002/2003	1,289.21	(1,120.48)	168.72	59.51	(49.42)	10.09	178.81
2003/2004	1,456.31	(1,348.15)	108.17	86.05	(51.98)	34.06	142.23
2004/2005							
Q1	369.67	(387.52)	(17.85)	35.86	(12.23)	23.63	5.79
October. 2004	137.94	(100.73)	37.20	11.83	(8.11)	3.72	40.92
November. 2004	129.20	(121.69)	7.50	10.06	(3.55)	6.50	14.01
December. 2004	186.12	(149.42)	36.70	13.82	(12.14)	1.67	38.38
Q2	453.26	(371.85)	81.41	35.70	(23.80)	11.90	93.31
Half 1 2004/05	826.23	(761.82)	64.40	71.56	(36.03)	35.53	99.94
January 2005	150.71	(134.33)	16.38	10.13	(8.80)	1.34	17.72
February 2005	133.78	(134.78)	(1.00)	9.21	(9.51)	(0.30)	(1.30)
March 2005	78.33	(64.71)	13.62	9.56	(4.87)	4.68	18.30
Q3	420.58	(386.31)	34.27	31.87	(25.86)	6.02	40.29
April 2005	151.36	(138.49)	12.86	11.08	(4.12)	6.96	19.82
May 2005	139.73	(128.71)	11.02	9.31	(8.53)	0.78	11.80
June 2005	175.30	(128.07)	47.23	28.17	(6.21)	21.97	69.20
Q4	466.38	(395.28)	71.11	48.57	(18.85)	29.72	100.82
Half 2 2004/2005	886.96	(781.58)	105.38	80.44	(44.71)	35.73	141.11
2004/2005	1,713.19	(1,533.27)	179.91	152.00	(80.74)	71.27	251.18
2005/2006							
July 2005	181.90	(136.47)	45.43	9.66	(4.79)	4.87	50.29
August 2005	149.62	(159.26)	(9.64)	10.46	(2.89)	7.57	(2.07)
Sept. 2005	172.05	(120.98)	51.07	10.82	(5.56)	5.26	56.33
Q1	503.57	(416.72)	86.85	30.94	(13.24)	17.70	104.55
October. 2005	175.16	(138.78)	36.38	13.45	(5.98)	7.47	43.85
November 2005	216.48	(187.16)	29.31	12.99	(5.09)	7.91	37.22
December 2005	206.37	(233.19)	(26.82)	13.30	(6.43)	6.87	(19.95)
Q2	598.00	(559.13)	38.87	39.75	(17.50)	22.25	61.12
HALF1 2005/2006	1,101.57	(975.85)	125.73	70.69	(30.74)	39.95	165.67
January 2006	175.29	(163.74)	11.54	7.85	(6.75)	1.10	12.65
February 2006	180.39	(181.51)	(1.12)	7.66	(7.11)	0.55	(0.57)
March 2006	179.21	(173.82)	5.39	7.82	(6.23)	1.59	6.98
Q3	534.89	(519.08)	15.81	23.33	(20.09)	3.24	19.05
April 2006	180.13	(135.77)	44.35	8.62	(5.49)	3.12	47.48

Source: Research Department, Bank of Uganda

**Appendix 1b: Monthly Change in Outstanding Loans and Advances of Commercial Banks
(Shilling loans, billion Shs)**

Period	Extensions	Recoveries	Net extensions	Cap interest	Repd cap int	Net Cap int	Net change
	1	2	3=1+2	4	5	6=4+5	7= 3+6
1999/2000	309.57	(257.58)	51.99	21.91	(65.28)	(43.37)	8.62
2000/2001	602.42	(553.62)	48.80	32.75	(59.58)	(26.83)	21.97
2001/2002	698.57	(693.31)	5.26	22.65	(54.96)	(32.31)	(27.05)
2002/2003	887.64	(753.00)	134.65	51.87	(43.11)	8.76	143.41
2003/2004	984.69	(897.52)	87.17	75.49	(43.72)	31.77	118.94
2004/2005							
Q1	259.39	(273.87)	(14.47)	29.91	(10.65)	19.26	4.79
October. 2004	89.31	(67.61)	21.70	10.55	(6.10)	4.45	26.15
November. 2004	77.37	(79.62)	(2.25)	8.62	(2.50)	6.11	3.87
December. 2004	116.94	(99.04)	17.89	8.50	(11.60)	(3.10)	14.79
Q1	283.62	(246.27)	37.35	27.66	(20.20)	7.46	44.81
Half 1 2004/05	543.79	(520.22)	23.58	57.57	(30.85)	26.72	50.30
January 2005	92.63	(76.73)	15.90	5.72	(8.15)	(2.44)	13.46
February 2005	71.72	(73.70)	(1.98)	5.00	(9.15)	(4.15)	(6.12)
March 2005	78.33	(64.71)	13.62	9.56	(4.87)	4.68	18.30
Q3	242.69	(215.14)	27.54	20.28	(22.18)	(1.90)	25.64
April 2005	85.22	(79.63)	5.59	8.34	(1.69)	6.65	12.24
May 2005	94.72	(83.27)	11.45	6.60	(6.80)	(0.20)	11.25
June 2005	106.11	(71.20)	34.91	5.85	(4.74)	1.11	36.02
Q4	286.05	(234.09)	51.96	20.78	(13.22)	7.56	59.52
Half 2 2004/05	528.73	(449.23)	79.50	41.06	(35.40)	5.66	85.16
2004/2005	1,072.53	(960.22)	112.31	98.63	(66.25)	32.38	144.69
2005/2006							
July 2005	103.08	(86.35)	16.73	6.27	(2.11)	4.16	20.89
August 2005	85.85	(99.03)	(13.18)	6.88	(2.07)	4.81	(8.38)
Sept. 2005	101.35	(77.54)	23.81	7.60	(4.82)	2.78	26.60
Q1	290.28	(262.92)	27.36	20.76	(9.00)	11.75	39.11
October 2005	111.28	(87.81)	23.47	10.32	(4.76)	5.56	29.03
November 2005	119.17	(115.67)	3.49	9.20	(2.90)	6.30	9.79
December 2005	126.50	(116.59)	9.91	9.71	(4.46)	5.25	15.16
Q2	356.95	(320.07)	36.88	29.23	(12.12)	17.10	53.98
Half 1 2005/2006	647.23	(582.99)	64.24	49.98	(21.13)	28.85	93.09
January 2006	94.96	(99.61)	(4.65)	3.72	(4.82)	(1.10)	(5.75)
February 2006	96.90	(101.09)	(4.19)	4.21	(4.50)	(0.29)	(4.48)
March 2006	102.57	(91.46)	11.11	4.45	(3.80)	0.65	11.76
Q3	294.43	(292.16)	2.27	12.38	(13.13)	(0.74)	1.53
April 2006	107.10	(83.34)	23.76	5.60	(3.80)	1.80	25.56

Source: Research Department, Bank of Uganda

**Appendix 1c: Monthly Change in outstanding loans and advances of Commercial banks
(Foreign Currency, billion Shs)**

Period	Extensions	Recoveries	Net extensions	Cap interest	Repd cap int	Net Cap int	Net change
	1	2	3=1+2	4	5	6=4+5	7= 3+6
1999/2000	95.19	(54.30)	40.89	8.71	(26.04)	(17.33)	23.55
2000/2001	249.86	(215.95)	33.91	8.23	(12.03)	(3.80)	30.11
2001/2002	229.74	(192.77)	36.97	4.36	(9.69)	(5.33)	31.64
2002/2003	401.56	(367.49)	34.07	7.65	(6.31)	1.33	35.41
2003/2004	471.62	(450.63)	21.00	10.55	(8.26)	2.29	23.29
2004/2005							
Q1	110.28	(113.66)	(3.37)	5.95	(1.57)	4.37	1.00
October 2004	48.63	(33.13)	15.51	1.28	(2.01)	(0.73)	14.78
November 2004	51.82	(42.08)	9.75	1.44	(1.05)	0.39	10.14
December 2004	69.19	(50.38)	18.81	5.32	(0.55)	4.77	23.58
Q1	169.64	(125.58)	44.06	8.04	(3.60)	4.44	48.50
Half 1 2004/05	282.43	(241.61)	40.83	13.99	(5.18)	8.81	49.64
January 2005	58.08	(57.60)	0.48	4.42	(0.64)	3.77	4.26
February 2005	62.06	(61.08)	0.97	4.21	(0.36)	3.85	4.82
March 2005	136.08	(117.19)	18.89	12.53	(7.55)	4.98	23.87
Q3	420.58	(386.31)	34.27	31.87	(25.86)	6.02	40.29
April 2005	66.14	(58.87)	7.27	2.74	(2.43)	0.31	7.58
May 2005	45.01	(45.44)	(0.44)	2.72	(1.73)	0.99	0.55
June 2005	69.19	(56.87)	12.32	22.32	(1.46)	20.86	33.18
Q4	180.34	(161.19)	19.15	27.78	(5.63)	22.16	41.31
HALF 2 2004/2005	358.23	(332.35)	25.88	39.38	(9.31)	30.07	55.95
2004/2005	640.66	(573.06)	67.60	53.37	(14.48)	38.89	106.49
2005/2006							
July 2005	78.82	(50.12)	28.70	3.38	(2.68)	0.71	29.40
August 2005	63.77	(60.23)	3.54	3.58	(0.81)	2.77	6.30
Sept. 2005	70.70	(43.44)	27.26	3.22	(0.74)	2.47	29.73
Q1	213.29	(153.80)	59.49	10.18	(4.24)	5.95	65.44
October 2005	63.87	(50.97)	12.91	3.13	(1.22)	1.92	14.82
November 2005	97.31	(71.49)	25.82	3.80	(2.19)	1.61	27.43
December 2005	79.87	(116.60)	(36.73)	3.59	(1.97)	1.62	(35.11)
Q2	241.05	(239.06)	2.00	10.52	(5.37)	5.15	7.14
HALF1 2005/2006	454.34	(392.85)	61.49	20.70	(9.61)	11.09	72.58
January 2006	80.33	(64.13)	16.19	4.13	(1.93)	2.20	18.40
February 2006	83.49	(80.42)	3.07	3.45	(2.61)	0.84	3.91
March 2006	76.64	(82.36)	(5.73)	3.37	(2.43)	0.94	(4.78)
Q3	240.46	(226.92)	13.54	10.95	(6.96)	3.99	17.52
April 2006	73.03	(52.43)	20.60	3.01	(1.69)	1.32	21.92

Source: Research Department, Bank of Uganda

Appendix 2: Mid Exchange Rate in the IFEM, Spreads, Commercial Banks' Purchases and Sales.

Date	Average Mid rate	Average Spread	Sterilisation	Intervention	Purchases	Sales	Inter-bank
3-Apr-06	1,823.23	9.32	-0.30	0.00	8.40	10.37	2.17
4-Apr-06	1,825.08	9.82	-0.30	0.00	8.02	6.35	2.55
5-Apr-06	1,825.91	8.91	-0.30	0.00	8.12	6.38	2.98
6-Apr-06	1,826.35	8.54	-0.30	0.00	7.96	6.08	0.85
7-Apr-06	1,823.97	9.02	-0.30	0.00	6.62	11.43	4.99
10-Apr-06	1,822.99	9.08	-0.30	0.00	6.99	10.55	2.42
11-Apr-06	1,824.37	8.26	-0.30	0.00	9.56	9.52	2.12
12-Apr-06	1,825.98	8.65	-0.30	0.00	13.21	9.65	4.74
13-Apr-06	1,826.71	8.69	-0.30	0.00	13.79	14.31	1.35
18-Apr-06	1,831.40	7.21	-0.30	0.00	11.07	11.64	4.37
19-Apr-06	1,831.88	7.06	-0.30	0.00	12.58	7.49	4.32
20-Apr-06	1,828.77	7.56	-0.30	0.00	5.94	10.64	4.38
21-Apr-06	1,827.18	6.81	-0.30	0.00	9.04	9.89	4.33
24-Apr-06	1,827.50	6.83	-0.30	0.00	10.56	11.07	5.27
25-Apr-06	1,827.55	6.66	-0.30	0.00	10.78	12.40	4.26
26-Apr-06	1,830.28	6.40	-0.30	0.00	11.68	11.07	2.35
27-Apr-06	1,831.34	6.46	-0.30	0.00	3.80	9.91	3.80
28-Apr-06	1,834.20	7.28	-0.30	-10.00	8.00	11.13	13.05
Apr-06	1,827.48	7.92	-5.40	-10.00	166.11	179.87	70.28
2-May-06	1,834.84	7.72	-0.30	0.00	10.70	9.49	1.95
3-May-06	1,834.77	8.03	-0.30	0.00	9.77	7.00	3.96
4-May-06	1,832.10	10.68	-0.30	0.00	9.70	10.04	2.36
5-May-06	1,829.92	10.29	-0.30	0.00	9.45	17.21	3.03
8-May-06	1,829.28	9.43	-0.30	0.00	7.84	9.28	1.61
9-May-06	1,830.86	7.68	-0.30	0.00	10.73	9.76	3.45
10-May-06	1,830.17	7.24	-0.30	0.00	8.10	7.78	2.45
11-May-06	1,828.85	6.60	-0.30	0.00	8.46	9.89	1.40
15-May-06	1,829.64	6.96	-0.30	0.00	11.97	12.88	2.16
16-May-06	1,832.43	7.08	-0.30	0.00	10.04	14.52	1.70
17-May-06	1,832.75	6.22	-0.30	0.00	10.64	10.09	2.57
18-May-06	1,833.34	6.29	-0.30	0.00	8.49	6.93	4.54
19-May-06	1,834.51	6.43	-0.30	0.00	8.83	10.28	5.12
22-May-06	1,836.23	6.16	-0.30	0.00	13.15	18.14	1.77
23-May-06	1,839.93	7.09	-0.30	-8.00	11.34	17.77	15.74
24-May-06	1,839.72	7.01	-0.30	0.00	9.24	7.11	6.02
25-May-06	1,841.95	6.96	-0.30	0.00	8.41	5.91	1.81
26-May-06	1,843.87	6.04	-0.30	0.00	9.59	17.67	8.47
29-May-06	1,847.83	7.80	-0.30	-5.00	9.32	12.15	10.56
30-May-06	1,848.85	6.56	-0.30	0.00	11.52	11.32	4.74
31-May-06	1,851.38	6.37	-0.30	0.00	8.91	8.18	3.02
May-06	1,836.34	7.36	-6.30	-13.00	206.21	233.42	88.46

Appendix 3: Exports of Goods (US\$ Million Dollars)

	Oct-05	Nov-05	Dec-05	Jan-06	Feb-06	Mar-06	Apr-06
Total Exports	69.61	72.24	73.95	83.91	72.59	73.94	71.32
1. Coffee							
Gross coffee shipment, million (60-Kg) bags	0.12	0.18	0.18	0.23	0.17	0.16	0.15
Av. unit value	1.27	1.32	1.37	1.43	1.62	1.57	1.56
Value of total shipment (BOP)	9.28	14.41	14.84	19.61	16.11	14.67	13.74
2. Non-Coffee exports	60.33	57.83	59.11	64.30	56.48	59.27	57.57
Electricity	0.28	0.40	0.40	0.38	0.34	0.38	0.55
Gold	6.65	5.39	8.68	9.26	8.14	10.30	12.54
Cotton	0.64	0.26	0.46	1.14	3.28	0.30	2.00
Tea	2.89	3.14	2.98	2.68	1.15	0.13	0.22
Tobacco	3.08	1.51	1.35	1.18	1.97	2.34	4.19
Fish & its prod.(excl. regional)	13.28	13.01	12.24	10.94	10.39	13.74	14.58
Fish & its prod.(regional exports)	4.06	4.24	3.85	3.35	3.03	3.49	3.41
Hides & skins	0.54	0.52	0.46	0.80	0.46	0.59	0.76
Simsim	0.50	0.07	0.48	0.72	0.95	0.82	0.44
Maize	2.82	2.27	2.24	1.78	1.88	2.85	1.68
Beans	0.23	1.12	0.77	0.52	0.43	0.81	0.70
Flowers	2.88	2.67	2.28	2.55	2.90	2.62	2.47
Oil re-exports	2.48	2.22	2.68	2.37	2.65	2.54	2.52
Cobalt	1.57	1.39	1.57	2.10	1.57	2.05	0.52
Others	18.43	19.63	18.67	24.52	17.33	16.30	11.00

Source: Bank of Uganda

Appendix 4: Imports Of Goods and Services(US \$ Millions Dollars)

	Oct-05	Nov-05	Dec-05	Jan-06	Feb-06	Mar-06	Apr-06
Total Imports	154.01	164.44	156.53	164.64	162.09	178.04	149.72
Government Imports	7.52	12.36	3.95	10.00	3.19	4.86	2.00
Project	2.82	3.39	1.64	1.19	2.63	2.18	1.05
Non-Project	4.70	8.98	2.30	8.81	0.56	2.67	0.95
Private Sector Imports	146.48	152.08	152.59	154.64	158.90	173.18	147.71
Oil imports	20.15	23.71	23.82	24.26	23.41	29.20	28.16
Non-oil imports	126.33	128.36	128.77	130.38	135.49	143.98	119.56

Source: Bank of Uganda

Note: All import figures are reported at f.o.b value.