



MONTHLY ECONOMIC REVIEW

**MARCH
2004**

Table of Contents

EXECUTIVE SUMMARY.....	iii
A MONETARY POLICY STANCE AND ACTIONS.....	1
B DOMESTIC PRICE DEVELOPMENTS.....	1
C REAL SECTOR DEVELOPMENTS	3
D DEVELOPMENTS IN THE DOMESTIC SECURITIES AND MONEY MARKET.....	5
E MONETARY AGGREGATES AND FINANCIAL SECTOR AGGREGATES	9
F GOVERNMENT BUDGETARY OPERATIONS	13
G EXCHANGE RATE AND FOREIGN EXCHANGE MARKET	14
H DEVELOPMENTS IN THE BALANCE OF PAYMENTS.....	15
I POLICY OUTLOOK.....	17

EXECUTIVE SUMMARY

Monetary Policy Stance and Actions

The primary objective of monetary policy remains to contain inflation at low and stable levels. This notwithstanding, BOU ensures that its monetary operations are cautious not to exacerbate instability in both the domestic money and foreign exchange markets. For the four-weeks period ended March 12, 2004:

- Net-issuance of Treasury bills and daily sales of foreign exchange under the sterilization strategy were used to sterilize liquidity, while the Repo instruments facilitated the short-term, normally fine-tuning operations.
- The Rediscount rate and Bank rate were reduced from 22.91 percent and 23.91 percent, respectively, to 20.25 percent and 21.25 percent, respectively.
- While Bank of Uganda maintained its presence in the market under the sterilization profile; it also intervened to curb instability and has continued to watch developments closely.

Inflation Developments

- Inflationary pressures continued to ease in February 2004.
- The annual headline inflation rate declined from 4.0 percent observed in January 2004 to 2.5 percent of February 2004.
- The annual underlying inflation rate also declined from 4.7 percent of January 2004 to 4.0 percent.

Real Sector Developments

- Purchases of electricity by UEDCL in December 2003 grew by 3.7 percent and 10.1 percent compared to November 2003 and December 2002. Consumption of electricity registered a monthly increase of 0.4 percent, mainly on account of domestic and commercial end-users.
- Trading at the Uganda Securities Exchange decreased from a turnover of Shs 21.6 million in January 2004 to Shs14.8 million in February 2004. The USE all shares index was lower closing at 384.52, compared to 397.28 of January 2004.

Domestic Securities and Money Market Developments

Securities and money market interest rates were on a gradual downward trend over the four weeks ended-March 12, 2004.

- On February 26, 2004, BOU issued the second Treasury bond with a tenor of 3 years, a coupon rate of 10.25 percent, and a face value of Shs 20.0 billion. This bond, which mopped up Shs17.56 billion, was oversubscribed by Shs24.8 billion and the resultant yield to maturity was 15.48 percent.

- In the primary auction market for Treasury bills, the respective weighted annual discount rates for the 91-day, 182-day, 273-day, and 364-day bills stood at 9.95 percent, 11.38 percent, 10.32 percent and 10.29 percent, respectively, at the auction held on March 03, 2004. This compares to levels of 15.23 percent, 16.58 percent, 16.19 percent and 15.41 percent, respectively, recorded in the auction held on February 04, 2004.
- The average bid/offer discount rates in the secondary market for Treasury bills continued to fall for all papers (maturities) when compared to the quotations made in the previous four-week period. The yield curve, based on the average yield-to-maturity quotations in the secondary market, evolved relatively in line with the developments in the primary market, with widening margins between the two curves. However, these margins narrowed at the longer end of the market as the curve derived from the secondary market dropped below that from the primary market.
- Activity in the secondary market for government securities in terms of total recorded transactions remained stable at Shs 11.41 billion over this period, compared to Shs11.59 billion in the corresponding period ended-February 13, 2004.
- Activity in the domestic inter-bank money market for the four weeks ending March 12, 2004 continued to be buoyant in the call money market (i.e. transactions of less than 30 days tenor). Participation in the market continued to encompass all commercial banks. The average of the inter-bank market rates of 9.95 percent over the four weeks to March 12, 2004, was lower than 17.64 percent recorded for the corresponding period ended February 13, 2003.
- During the four weeks to March 05, 2004 two commercial banks adjusted their prime-lending rates. Consequently, the range of these rates for the entire banking sector also adjusted accordingly from 18-22 percent to 17-22 percent.
- Movements in commercial banks' effective rates, available to January 2004, were mixed over this period. The effective lending rates on the Shilling denominated loans, increased from 21.61 percent of December 2003 to 23.38 percent recorded in January 2004, while that on the foreign denominated loans declined from 10.16 percent to 9.82 percent over the same period.

Monetary and Financial Aggregates Developments

These developments cover both the banking system and the non-bank financial institutions.

- The broad money M3 expanded by 1.7 percent in January 2004 over December 2003 compared to a contraction of 1.0 percent registered in December 2003. The annual growth rate for M3 is recorded at 20.1 percent, higher than 17.1 percent of December 2003. Broad money excluding forex deposits (M2) grew by 2.0 percent in January 2004, compared to the expansion of 1.0 percent recorded in December 2003.
- While net credit to government decreased by 0.5 percent over January 2004 to a net position of Shs 318.9 billion with the banking system, private sector credit (PSC) has maintained a steady rise, increasing by 2.1 percent. PSC grew by almost 16 percent relative to the June 2003 level while the annual growth was recorded at 23.0 percent for end-January, 2004.

- On the liabilities, the respective shares to M3 of currency in circulation, shilling term deposits, shilling demand deposits and forex denominated deposits stood at 21.9 percent, 24.0 percent, 29.9 percent and 24.2 percent, respectively, by end-January 2004, compared to respective levels of 22.7 percent, 24.1 percent, 28.8 percent and 24.4 percent in December 2003.
- Assets of Non-Bank Financial Institutions (NBFIs) fell by 1.5 percent to Shs 142.37 billion by January 2004. However, the stock of loans and advances to the private sector, mainly financing the building and construction sector, grew by almost 2.0 percent, compared to 1.4 percent of December 2003. Deposits in credit institutions declined by 6.9 percent in January 2004 mainly on account of savings deposits.
- Leasing activity – the value of assets disbursed dropped by 34 percent to Shs 1.18 billion in February 2004, from Shs 1.79 billion of January 2004.

Fiscal Developments

- In the month of January 2004, government revenue and budget support grants were estimated at Shs147.6 billion compared to the programme target for the period of Shs 173.8 billion and Shs. 398.1 billion realised in December 2003.
- Government expenditure and net lending stood at Shs 207.7 billion, measured against an anticipated level of Shs 186.6 billion.
- The overall fiscal balance (including grants) for January 2004 was a deficit of Shs 60 billion compared to a projected deficit of Shs 12.8 billion. Excluding grants, the deficit rises to Shs 75 billion.

Foreign Exchange Market

- The appreciation trend of the Uganda shilling against the US Dollar experienced during the second half of January 2004 and first half of February 2004 reversed between February 16, and March 12, 2004.
- Overall, the Shilling depreciated by 5.4 percent against the U.S. Dollar from Shs 1832.11 as of February 13, 2004 to Shs 1930.96 as at March 12, 2004 compared to an appreciation of 6.05 percent over the period between January 16 and February 13, 2004. On a period average basis, however, the Shilling appreciated by 0.69 percent from Shs 1901.96 per US \$ for the four weeks ended February 13, 2004 to Shs 1886.06 per US \$ for the period February 16, 2004 to March 12, 2004. As a result of these developments, average spreads between the weighted inter-bank buy and sell rates, increased from Shs 15.90 during the previous period to an average of Shs 29.18 for the period under review.
- BOU maintained its presence in the IFEM under the sterilization strategy, and occasionally intervened in the market to curb instability. On a net basis, BOU's transactions were a net sale of US \$6.85 million.

Balance of Payments Developments

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

- Total exports proceeds for the period January 2004 are estimated at US\$62.64 million, out of which coffee accounted for 21.4 per cent. Non-coffee exports increased by 42.2 percent in January, 2004 from US\$34.6 million realized in December, 2003 to US\$49.3 million.
- The import bill (cif) is estimated at US\$136.67 million during January 2004. This is a decrease of 8.9 per cent compared to the December 2003 import bill, which was estimated at US\$ 149.93 million.
- Official aid (excluding project aid but including resources from the HIPC Initiative) inflows amounted to about US\$7.7 million, while net private transfers were estimated at a deficit of US\$3.32 million in January 2004. Services and income outflows exceeded inflows by US\$23.41 million during January 2004.
- Official debt service (excluding IMF payments) is estimated at US\$8.58 million for the month of January 2004. IMF principal obligations that were externalised in January amounted to US\$2.71 million. Short-term inflows of US\$16.35 million exceeded outflows by US\$5.18 million.
- Official foreign reserves dropped by US\$20.78 million to US\$1054.68 million in January 2004. Subsequently, the level of import cover in months of imports of goods and services dropped from 6.44 months in December 2003 to 6.31 months in January 2004.

The policy outlook

Bank of Uganda is set to maintain the cautious monetary policy stance to ensure that inflation remains low and stable. It is also committed to manage liquidity in a manner that does not cause instability in both the domestic and foreign exchange markets.

A MONETARY POLICY STANCE AND ACTIONS

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

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

In the four weeks to March 12, 2004, the net redemption of Treasury bills of Shs20.34 billion was higher than Shs 15.65 billion in the corresponding four-week period to February 13, 2003. For short-term liquidity management, gross issues of the REPO instrument, whose maturity ranged from 2 days to 7 days, amounted to Shs394.5 billion over this period, against maturities of Shs387.03 billion. This is compared to issues and maturities of Shs76.60 billion and Shs59.69 billion, respectively over the preceding period ended February 13, 2004. BOU maintained its presence in the foreign exchange market under the sterilization profile, and stood ready to stabilize the market to avert any instability. Over the four weeks to March 12, 2004, the net effect of BOU's transactions in this market was a net sale of foreign exchange worth US\$ million, compared to a net purchase of US\$6.65 million in the preceding four weeks period ended February 13, 2004.

In line with the developments in the Treasury bill market, the Rediscount rate and Bank rate were reduced from 22.91 percent and 23.91 percent, respectively to 20.25 percent and 21.25 percent, respectively.

B DOMESTIC PRICE DEVELOPMENTS

The **Annual Headline Inflation** rate for February 2004 declined to **2.5%**, compared to 4.0 % posted in January 2004. Annual headline inflation has registered a declining trend since August 2003, with the February 2004 rate being the lowest posted since September 2002. The decline was mainly because of a 3.1% decrease in the average prices of food crops, while prices of goods and services increased at a relatively slower rate of 4.0% compared to the increase of 4.7% observed in the year ended January 2004.

The **Monthly Headline Inflation** rate decreased to **-0.6%** in February compared to the fall of 1.5% registered in January 2004. This was due to monthly price decreases of: 2.3% for food, 0.6% for clothing and footwear, and 0.8% for health, education and entertainment sub-groups. The above decreases fully offset the increases registered on the beverages and tobacco, rent, fuel and utilities, household and personal goods and transport and communications sub-groups.

Similarly, the **Annual Underlying Inflation** rate declined to **4.0%** in February 2004, compared to 4.7% in January 2004. This underlying inflation rate is the lowest level since May 2003. However it was higher than the 3.3% recorded in February 2003. The rate of increase in the average prices of goods and services for the year ended February 2004 was lower than the rate posted in the year ended January 2004. This may have been partly due to a gradual appreciation of the Uganda Shilling during the period under review.

The **Monthly Underlying Inflation** rate increased to **0.5%** in line with the January 2004 level. This was largely because of increases in the average price of imported fuel, which rose by 9.15%.

Increases were also recorded in transport fares and the average prices of charcoal, and bicycles in some centres.

The **Food Crops Annual Inflation** rate fell to **-3.1%** from 0.9% posted in January 2004. The **Monthly Food Crops Inflation rate** dropped at a slower rate to **-4.8%** in February 2004 compared to -9.4% recorded in January 2004. Decreases in prices of staple foods and fruits and vegetables were registered in most centres.

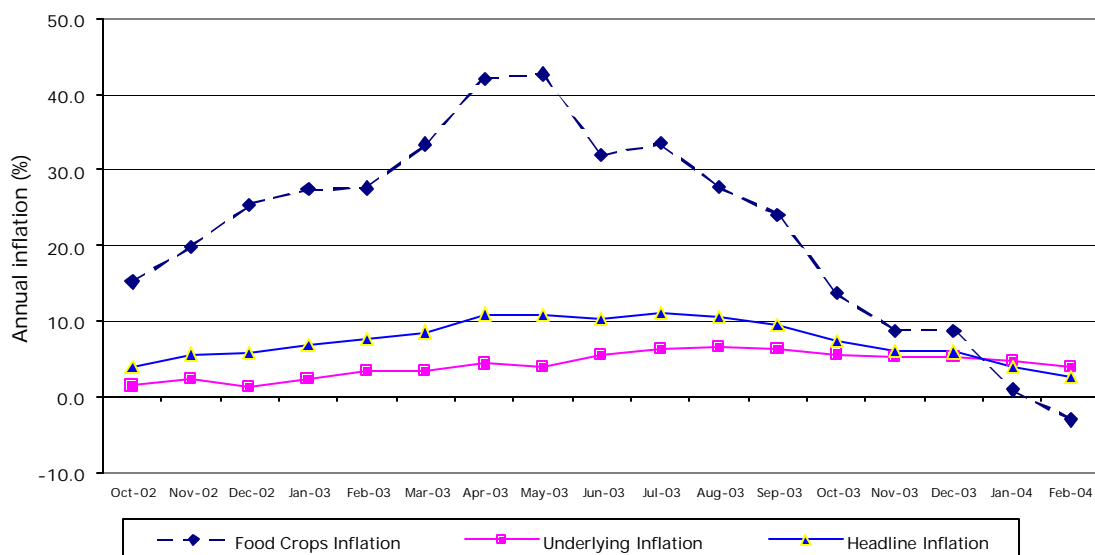
The developments in inflation are indicated in Table 1 and Figure 1 below.

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

Period	Headline Inflation (%)		Underlying Inflation (%)		Food Crops Inflation (%)	
	Monthly	Annual	Monthly	Annual	Monthly	Annual
December 2003	0.2	5.9	0.1	5.2	1.2	8.7
January 2004	-1.5	4.0	0.5	4.7	-9.4	0.9
February 2004	-0.6	2.5	0.5	4.0	-4.8	-3.1

Source: Uganda Bureau of Statistics

Chart 1: INFLATION DEVELOPMENTS: OCTOBER 2002- FEBRUARY 2004



C REAL SECTOR DEVELOPMENTS

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

Production

a) Index of Industrial Production

The Index of industrial production, which measures performance of the manufacturing Sector, is available up to December 2003. The index has not been updated since the last UBA report because the UBOS staff have been heavily engaged in the National Services Delivery Survey that is currently ongoing and is expected to be concluded at the end of March 2004.

b) Diesel Consumption

The statistics on fuel/diesel consumption are yet to be updated beyond December 2003 reported in the previous report.

c) Power/Electricity Consumption

Data on electricity statistics is available up to December 2003. The changeover to the automated meter reading system for billing was one of the reasons provided for the delay in the production of business statistics for the subsequent months (January & February 2004). The automated meter reading is expected to reduce operational losses to UEDCL. These statistics will however be availed by the end of March 2004.

As depicted by Table 2 below, electricity purchases by UEDCL in December 2003 grew by 3.7 percent and 10.08 percent compared to November 2003 and December 2002, respectively. On the consumer side, the number of electricity customers increased by 0.4 percent and 8.6 percent to 244,247 in December 2003 from the number of 243,231 and 224,871 recorded in November 2003 and December 2002 respectively. Only the customers categorized as domestic and commercial users of electricity registered growth in December 2003 relative to November 2003, while all the categories recorded positive growth rates when compared to December 2002. The monthly sales of electricity in December 2003 fell by 24.2 percent and by 8.6 percent to 84.2 GWH from 111 GWH and 92.3 GWH recorded for November 2003 and December 2002, respectively.

Table II. Electricity sold by UEDCL by category of consumer: (Dec 2002, Nov-Dec 2003)

ENERGY PURCHASED: (GWh)					
Months	Dec-02	Nov-03	Dec-03	Dec '02-Dec '03 % Change	Nov '03-Dec '03 % Change
Energy Purchased from:					
UETCL	116.00	122.19	126.78	9.3	3.8
Others:					
KCCL	1.83	2.50	2.82	54.1	12.8
Kilembe	1.46	1.72	1.66	13.7	-3.5
Electrogas (RWANDA)	0.20	0.38	0.27	35.0	-28.9
Subtotal	3.49	4.60	4.75	36.1	3.3
Total	119.49	126.79	131.53	10.1	3.7
Number of customers (by end-use)					
	Dec-02	Nov-03	Dec-03	Dec '02-Dec '03 % Change	Nov '03-Dec '03 % Change
Domestic	202,447	219,759	220,558	8.9	0.4
Commercial	21,363	22,274	22,582	5.7	1.4
Large Scale Industrial	79	119	99	25.3	-16.8
Medium Scale Industrial	658	733	677	2.9	-7.6
Street Lighting (50)	322	344	329	2.2	-4.4
Contract re Electrogaz & KCCL	2	2	2	0.0	0.0
Total	224,871	243,231	244,247	8.6	0.4
Energy Billed (GWH) To:					
	Dec-02	Nov-03	Dec-03	Dec '02-Dec '03 % Change	Nov '03-Dec '03 % Change
Domestic	40.72	36.80	30.74	-24.5	-16.5
Commercial	18.11	12.49	10.75	-40.6	-13.9
Large Scale Industrial	18.29	23.40	19.90	8.8	-15.0
Medium Scale Industrial	14.68	37.70	22.20	51.2	-41.1
Street Lighting	0.26	0.34	0.42	61.5	23.5
Exports	0.27	0.28	0.15	-44.4	-46.4
Total	92.33	111.01	84.16	-8.8	-24.2

Source: Uganda Electricity Distribution Company Limited (UEDCL)

d) Activity at the Uganda Securities Exchange (USE)

The USE listed the first government bond with a 2-year maturity and a 10 percent coupon rate on January 15th, 2004. Another government treasury bond with a 3-year maturity was listed on the Exchange on February 24th, 2004. Both of these securities were over-subscribed at the time of issue, but no bond trades have been recorded on the USE thereafter.

On the other hand, the equities market was active over February 2004 however with lower trading values compared to January 2004. Total turnover registered in February 2004, dropped by 31.7 percent to Shs 14,779,550 from Shs 21,628,910 recorded for January 2004. The number of deals traded was 26 in February 2004, higher than 4 of January 2004. Consequently, the trading volume of February 2004 exceeded that of the previous month by 18 shares. In the period under review, Uganda Clays Limited maintained the lead as the most active counter followed by Bank of Baroda as it were over January 2004. The all share index declined over February 2004 closing at the level of 384.5, from 397.28 as at end January 2004.

Table III. Trading at the Uganda Securities Exchange (May '03 – Jan '04)

	Oct '03	Nov '03	Dec '03	Jan '04	Feb '04
No. of Shares Traded	6,995	2,002	797	3,782	3,800
Turnover (Ushs)	32,253,300	4,476,365	5,980,290	21,628,910	14,779,550
No. of Deals	6	7	3	4	26
Trading Days	8	7	6	8	8
Market Capitalisation (Billion Ushs)	1,231.1	1,477	1,453	1,583.8	1,555.3
End of period All Share Index Level	307.81	369.29	341.60	397.28	384.52

Source: Uganda Securities Exchange Limited (USE)

D DEVELOPMENTS IN THE DOMESTIC SECURITIES AND MONEY MARKET

In the four weeks ended March 12, 2004, domestic money market rates continued to be stable and maintained a downward trend, indicative of better liquidity management in the market.

i) Primary market for Treasury bonds

On February 25, 2004, Bank of Uganda auctioned the second issue of the Treasury bond, this time round a 3-year tenor with a 10.25 percent coupon rate. It was over-subscribed by Shs24.83 billion, which translated into a cover-ratio of 224.1 percent. The resultant weighted price of Shs 87.82 per Shs 100 gave a yield-to-maturity of 15.48 percent. On February 26, 2004, the 3-year bond was listed on the Uganda Stock Exchange.

ii) Secondary Market for Treasury bonds

The four week-period average indicative bid/offer yields -to-maturity in the secondary market for the 2-year and 3-year bonds were quoted at 19.56/19.31 percent and 15.46/14.99 percent, respectively. No bond trades were reported on the USE in the period under review.

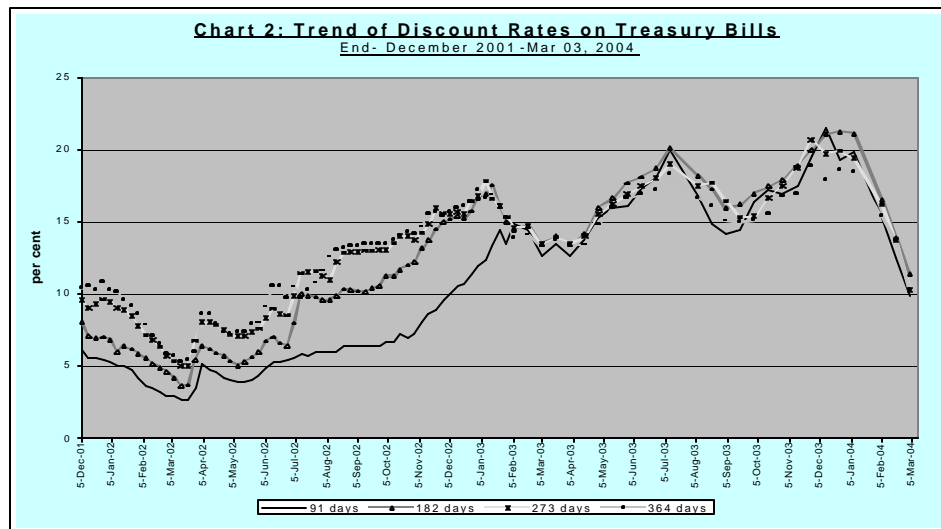
Table IV: Bid/Offer Rates and Transactions in the Secondary Market for Treasury bonds over the four week-period to March 12, 2004

	Tenor of bond			
	2-year		3-year	
	Yield-to-maturity quotation (%)			
	Bid	Offer	Bid	Offer
Min	13.36	13.10	14.02	13.77
Max	21.91	21.71	17.11	16.18
Average	19.56	19.31	15.46	14.99

Source: Compiled from Domestic Financial Markets Department records

Primary Market for Treasury bills

In the primary auction market for Treasury bills, the respective weighted annual discount rates for the 91-day, 182-day, 273-day, and 364-day bills stood at 9.95 percent, 11.38 percent, 10.32 percent and 10.29 percent, respectively, at the auction held on March 03, 2004. This compares to levels of 15.23 percent, 16.58 percent, 16.19 percent and 15.41 percent, respectively, recorded in the auction held on February 04, 2004 (see trends in Chart 4 below). The Treasury bill market was over subscribed for all the auctions held in the period under review.



Secondary Market for Treasury bills

The average bid/offer discount rates in the secondary market for Treasury bills continued to fall for all papers (maturities) when compared to the quotations made in the previous four-week period.

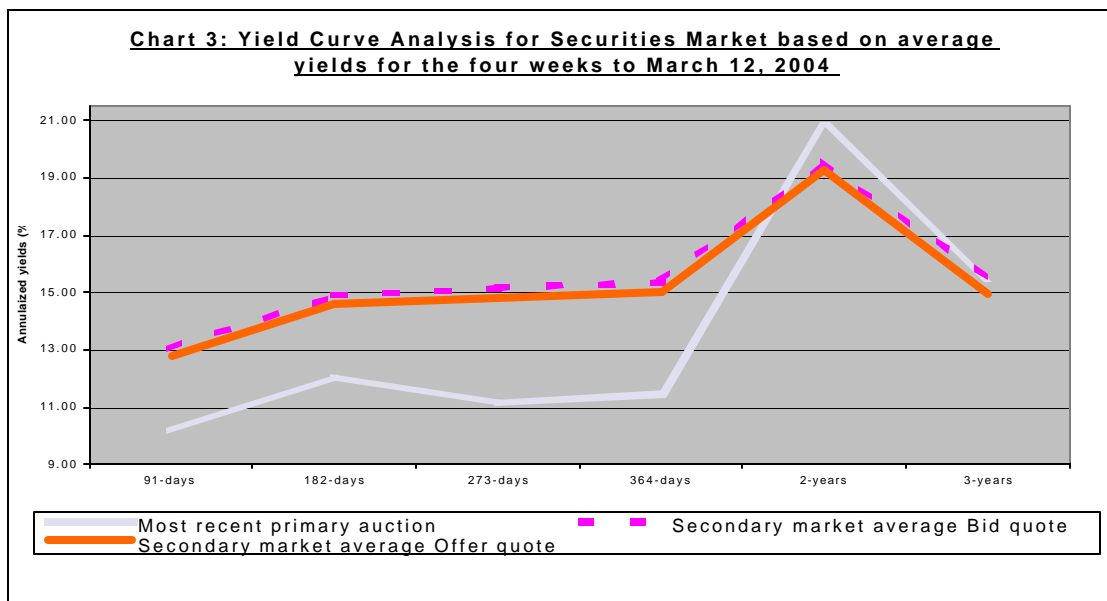
As shown in Table V, the average bid/offer rates for the four weeks to March 12, 2004 were recorded at 12.65/12.38 percent, 13.89/13.61 percent, 13.62/13.37 percent and 13.34/13.08 percent for the 91-days, 182-days, 273-days and 364-days securities, respectively. This compares to the respective 16.78/16.52 percent, 17.14/16.88 percent, 16.62/16.36 percent and 15.90/15.65 percent, respectively in the four weeks to February 13, 2004.

Table V: Bid/Offer Rates and Transactions in the Secondary Market for Treasury bills over the four week-period to March 12, 2004

	Tenor of bills							
	91-days		182-days		273-days		364-days	
	Discount rate quotation (%)							
	Bid	Offer	Bid	Offer	Bid	Offer	Bid	Offer
Min	9.25	8.00	10.00	9.75	9.50	9.25	9.25	9.00
Max	15.25	15.00	16.50	16.25	16.25	16.00	15.50	15.25
Average	12.78	12.50	13.89	13.61	13.62	13.37	13.34	13.08
	Trading Activity							
Transactions (Shs bill)	11.035		0.010		0.367		0.200	
O/w Horizontal repos	0.000		0.000		0.000		0.000	
- Av. H/Repo rate	-		-		-		-	
O/w - Outright sales	11.035		0.010		0.367		0.200	
Total trades across maturities	Shs 11.612 billion							
Rediscounts at BoU	-							
Borrowing at BoU	-							
- Av. Discount rate	28.27 percent		9.60 percent		11.25 percent		15.55 percent	
- Av. Effective Yield	29.33 percent		9.91 percent		12.10 percent		17.96 per cent	
<i>Source: Compiled from Domestic Financial Markets Department records</i>								

Total trades in the Treasury bills for the four weeks ended March 12, 2004 amounted to Shs 11.41 billion, similar to Shs 11.59 billion of the four weeks ended February 13, 2004. The average discount rates on these trades for the 91-day, the 182-day, 273-day, and the 364-day securities were 28.27 percent, 9.60 percent, 11.25 percent, and 15.55 percent, respectively. As was the case in the previous four-week period, all the trades were outright sales.

The yield curve, based on the average yield-to-maturity quotations in the secondary market, evolved relatively in line with the developments in the primary market, with widening margins between the two curves. However, as shown by Chart 5 below, these margins narrowed at the longer end of the market as the curve derived from the secondary market dropped below that from the primary market.



In the period under review, there were no borrowings or rediscounts at Bank of Uganda. This is compared to rediscounts of Shs 21.47 billion and borrowings of Shs 3.00 billion recorded in the corresponding four weeks to February 13, 2004. In the same period, in response to the developments in the primary market, the Rediscount and Bank rates were each adjusted from 22.91 percent and 23.91 percent, to 20.25 percent and 21.25 percent, respectively

Activity in the domestic inter-bank money market for the four weeks ending March 12, 2004 continued to be buoyant in the call money market (i.e. transactions of less than 30 days tenor). The most active period was the week ended February 27, 2004, when transactions worth Shs 58.21 billion were recorded, while the least activity was in the week of February 20, 2004, when Shs 37.46 billion was traded. The weighted inter-bank rate was characterized by a downward trend in the first three weeks of the period under review, from 13.16 percent to 8.17 percent. By the end of the four-week period, this rate had picked up to 9.27 percent. Participation in the market continued to encompass all commercial banks. The average of the inter-bank market rates of 9.95 percent over the four weeks to March 12, 2004, was lower than 17.64 percent recorded for the corresponding period ended February 13, 2003.

v) Commercial Banks' Retail Interest Rates

During the four weeks to March 05, 2004 two commercial banks adjusted their prime-lending rates. Consequently, the number of commercial banks charging prime-lending rates in the categories 16.0-18.0 percent and 18.1-20.0 percent moved from 1 and 3 to 3 and 2, respectively. The range of these rates for the entire banking sector also adjusted accordingly from 18-22 percent to 17-22 percent. (See Table V).

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

Prime Lending Rate (percent)	Nov 14, 03	Dec 05, 03	Jan 09, 04	Feb 06, 04	Mar 05, 04
	No. of banks charging rates within range				
0.0 – 10.9	0	0	0	0	0
11.0 – 13.9	0	0	0	0	0
14.0 – 15.9	0	0	0	0	0
16.0 – 18.0	3	2	1	1	3
18.1 – 20.0	8	5	3	3	2
20.1 – 22.0	4	8	11	11	10
22.1 - >>	0	0	0	0	0
Range (Min – Max)	16% – 22%	18%–22%	18%–22%	18%–22%	17%–22%
Source: Weekly Report of Interest rates by Commercial Banks					

Two commercial banks adjusted their indicative deposit rates in the period under review. Of the two banks, one made an upward adjustment while the other had a mix of both upward and downward adjustments, of which the downward adjustments were dominant. The range of the savings deposits was maintained at 07.5 percent while that of the time deposits shifted downwards, from 0.25-20.0 percent to 0.25-12.0 percent. The number of banks with maximum savings rates of at least 5.0 percent and those with a maximum time deposit rate of at least 8.0 percent remained nine (9) and twelve (12) respectively.

Information on the commercial banks' effective lending and deposit rates is available only up to January 2004. As portrayed in Table VI, the effective lending rate on foreign denominated loans maintained a downward trend, falling from 10.16 percent in December 2003 to 9.82 percent in January 2004. On the other hand, that on shilling denominated loans, maintaining an upward trend, increased further from 21.61 percent to 23.38 percent over the same period.

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

Weighted Average rates	Shilling Denominated				Forex Denominated			
	Oct 03	Nov 03	Dec 03	Jan 04	Oct 03	Nov 03	Dec 03	Jan 04
Lending	16.89	20.55	21.61	23.38	8.06	10.49	10.16	9.82
Demand Deposits	1.42	1.39	1.32	1.42	0.96	0.96	0.95	0.96
Savings Deposits	2.63	2.59	2.49	2.40	1.71	1.64	1.71	1.68
Time Deposits	8.21	11.11	12.11	11.46	1.47	3.08	1.66	1.51

Source: Monthly Report, BS100 Returns by Commercial Banks

The weighted rate on shilling denominated savings deposits continued with a marginal decline, decreasing further from 2.49 percent in December 2003, to 2.40 percent in January 2004. Following a similar downward trend, the weighted time deposits rate, which had risen to 12.11 percent in the previous period, fell to 11.46 percent in the period under review. On the foreign currency denominated deposits, the rate on demand deposits continued to be stable, moving back to a position of 0.96 percent from where it had fallen by end December 2003. That on savings and time deposits declined from 1.71 percent to 1.68 percent and from 1.66 percent to 1.51 percent respectively.

E MONETARY AGGREGATES AND FINANCIAL SECTOR AGGREGATES

(i) Banking Activities¹

Broad Money

Broad Money M3, which comprises currency in circulation plus all deposits held by the private sector, expanded by 1.7 percent to Shs2448.4 billion in January 2004. This represents a turn around in the growth of money supply compared to a contraction of 1.0 percent in December 2003. Relative to June 2003, M3 expanded by 3.2 percent or Shs75.0 billion, while the year-on-year growth rate for M3 was recorded at 20.1 percent, compared to 17.1 percent growth in December 2003.

M2A, comprising of M3 less foreign currency deposits of the private sector, expanded by 2.0 percent to Shs1855.6 billion at end-January 2004 from Shs1819.7 billion at end-December 2003. This compares to an expansion of 1.0 percent over the month of December 2003. Relative to June 2003, M2A rose by 6.1 percent, while on year-on-year basis M2A grew by 17.3 percent compared to 11.6 percent for end-December 2003. Developments in money supply are shown in Table VIII below.

Net Foreign Assets (NFA)

Between December 2003 and January 2004, the NFA of the banking system fell by 0.4 percent or Shs8.3 billion to Shs2247.0 billion. At BOU, NFA contracted by 2.3 percent or Shs39.1 billion, to Shs1640.7 billion. However, foreign reserves at BoU rose by an equivalent of Shs460.7 billion (or U.S \$255.9 million). At Commercial banks, NFA grew by 5.4 percent or Shs30.8 billion to Shs606.3 billion compared to an increase of 8.2 percent or Shs51.6 billion in December 2003.

¹ Based on the Preliminary Monetary Survey for January 2004

Net Claims on Government (NCG)

The government's net position with the banking system (NCG) as at end- January 2004 was a borrowing of Shs318.9 billion, down by 0.5 percent or Shs1.6 billion from Shs320.5 billion at the end of December 2003 (Table VI). At BoU, the government decreased its savings by Shs. 21.9 billion over the month, mainly on account of a decline in government deposits of Shs20.7 billion. At commercial banks, net claims on Government fell by Shs23.5 billion to Shs514.6 billion in January 2004 from Shs538.1 billion in December 2003. This was on account of a sharp decline in commercial banks' investment in government securities of Shs51.9 that offset a fall in Government deposits of Shs28.9 billion. Relative to June 2003, the claims of the banking system on government decreased by Shs71.5 billion or 45.5 percent.

Table VIII: Developments in Monetary and Credit Aggregates (June 02 – January 04)

<i>(in billion shillings unless otherwise stated)</i>	June 2002	Jan. 2003	June 2003	Sep. 2003	Dec. 2003	Jan. 2004
Net Foreign Assets (NFA)	1552.6	1663.8	2101.3	2078.3	2255.7	2247.0
Domestic Credit	1151.4	1352.7	1246.2	1431.9	1291.6	1310.6
Net Credit to Gov't (NCG)	482.0	546.8	390.4	534.9	320.5	318.9
Claims on the Private Sector	661.7	798.4	848.6	888.2	962.0	982.1
M3	1925.4	2038.1	2373.4	2365.2	2407.0	2448.4
Forex deposits	434.8	455.7	624.2	580.0	587.3	592.8
M2A	1490.6	1576.6	1749.2	1785.2	1819.7	1855.6
Demand Deposits	617.5	608.2	725.1	741.3	692.2	732.8
Term Deposits	465.9	512.0	562.7	570.4	581.3	586.7
Currency in circulation	407.2	456.5	461.4	473.4	546.2	536.2
Forex/M3 (%)	22.6	22.4	26.3	24.5	24.4	24.2
Demand Deposits/M3 (%)	32.1	29.8	30.6	31.3	28.8	29.9
Term Deposits/M3 (%)	24.2	25.4	23.7	24.1	24.1	24.0
Currency/M3 (%)	21.1	22.4	19.4	20.0	22.7	21.9

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

Private Sector Credit (PSC)

At end-January 2004, the stock of outstanding credit to the private sector by the banking sector stood at Shs982.1 billion (Table VIII), of which Shs6.1 billion was from BOU and Shs976.0 billion from commercial banks. This represents a growth of 2.1 percent (or Shs20.2 billion) over the end December 2003 position. Relative to June 2003, PSC grew by Shs133.5 billion or 15.7 percent, while the year-on-year growth rate in PSC was recorded at 23.0 percent for end-January 2004.

Credit Flows

During January 2004, the total (shilling and foreign currency) gross extensions by commercial banks amounted to Shs128.99 billion; while recoveries were Shs111.09 billion resulting in net extensions of Shs17.08 billion. After accounting for flows in capitalized interest, there was a rise in the stock of credit of approximately Shs20.1 billion (see Table 1), though net extensions to the private sector alone were recorded at Shs20.2² billion. During the month, commercial banks extended shilling loans amounting to Shs86.1 billion, and recovered Shs67.7 billion, thus net extensions were Shs18.4 billion. Net capitalized interest stood at Shs2.74 billion and therefore, the net change in the stock of shilling loans to the private sector was Shs21.13 billion (see Table 2). For foreign currency loans, gross extensions stood at Shs42.9 billion, while recoveries were higher at Shs44.2 billion, yielding net recoveries of Shs1.30 billion. After taking into account

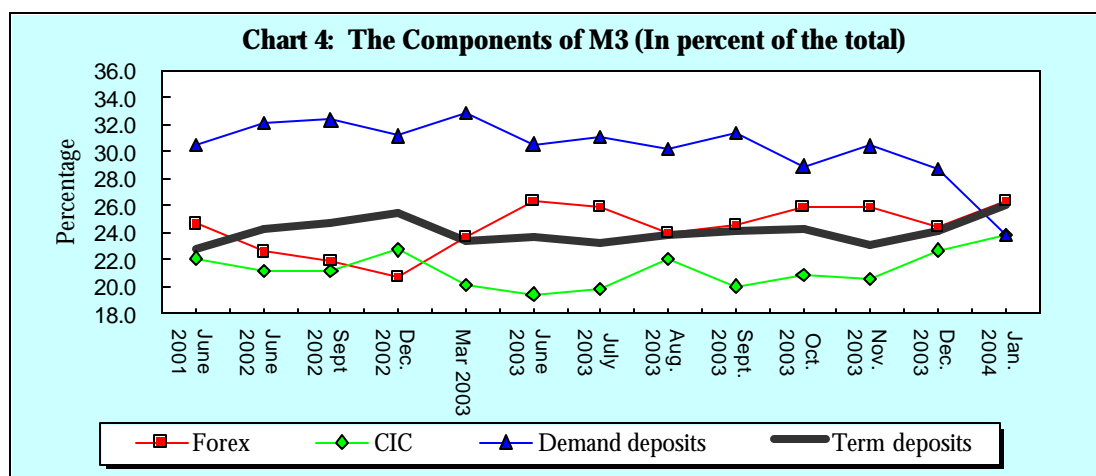
² The Gross Extensions and Recoveries include lending to Government and Parastatals. PSC as recorded by the Monetary Survey doesn't include lending to Government and parastatals.

effects of capitalized interest, the stock of foreign currency loans recorded a net decline of Shs1.03 billion (See Table 3).

Appendix Tables 1-3 Summarize the monthly change in outstanding loans and advances of commercial banks for the period July 2002 to January 2004.

Liabilities of the Banking System

On the liabilities side, foreign currency accounts rose slightly by 0.9 percent or Shs5.5 billion to Shs592.8 billion in January 2004. In US dollars, foreign currency accounts grew by US\$7.0 million to US\$310.5 million. Demand deposits increased by 5.9 percent or Shs40.6 billion to Shs732.8 billion, while term deposits (time, savings and CDs) increased by 5.4 percent to Shs586.7 billion as at end-January 2004. Currency in circulation (CIC) decreased by 1.8 percent or Shs10.1 billion to Shs536.2 billion. Partly reflecting these developments, the ratio of foreign currency deposits to M3 declined to 24.2 percent from 24.4 percent at end-December 2003. The ratio of demand deposits to M3 rose to 29.9 percent from 28.8 percent in December 2003, while that of term deposits fell to 24.0 percent from 24.1 percent in December 2003. The ratio of CIC to M3 fell to 21.9 percent from 22.7 percent in December 2003. The trends of the ratios are shown in Figure 1, and Table VI above.



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

Assets

In the month of January 2004, the total assets and liabilities of the Non-Bank Financial Institutions declined by Shs 2.09 billion (1.5 percent) from Shs 144.46 billion registered in December 2003 to Shs 142.37 billion at the end of January 2004. The decline was mainly on account of the Shs 2.74 billion (14.8 percent) draw down observed on the balances with commercial banks, both within and outside Uganda. Other assets also declined by Shs 1.05 billion (19.0 percent) between December 2003 and January 2004, while vault cash reduced by Shs 0.54 billion (18.5 percent) to Shs 2.36 billion. In contrast, the loans and advances to the private sector and other investments went up during the period.

Loans and advances

The stock of NBFIs outstanding loans and advances to the private sector grew by Shs 1.63 billion (1.96 percent) to Shs 84.55 billion as at end-January 2004, up from Shs 82.93 billion

recorded in December 2003. Mortgage loans rose by 3.1 percent, to Shs 47.18 billion, while secured and unsecured loans increased by 3.0 percent to Shs 11.82 billion. On the other hand, administered loans declined slightly by 0.4 percent to Shs 25.56 billion over the period. The building and construction sector continued to hold the largest share of loans and advances from the NBFIs at 83.5 percent of the total as at end-January 2004. The trade and commerce sector retained the second largest share of the total loans and advances at 11.0 percent at end-January 2004, up from 10.7 percent recorded in December 2003.

Deposits

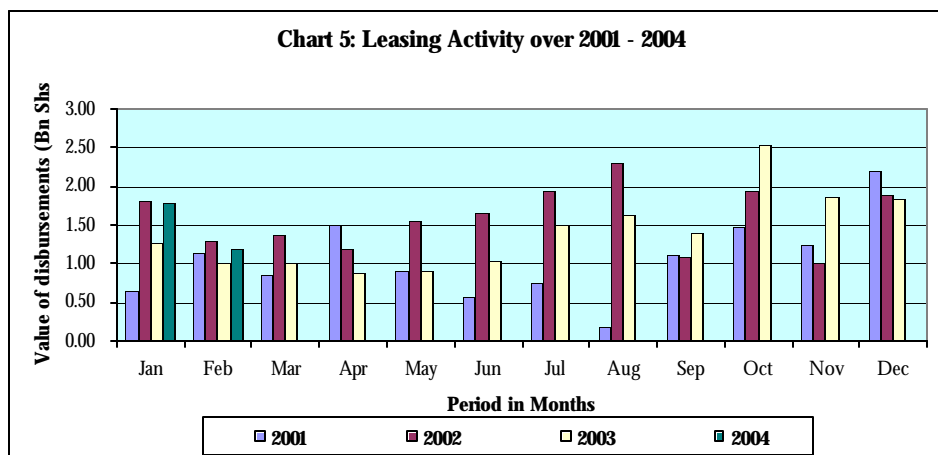
Private sector deposits in the NBFIs dropped by 3.7 percent from Shs 58.65 billion in December 2003 to Shs 56.48 billion at end -January 2004. The decline was largely on account of activities in savings deposits. The savings deposits decreased by Shs 1.92 billion (3.8 percent) to Shs 48.07 billion, while time deposits fell by Shs 0.26 billion (3.0 percent) to Shs 8.41 billion over the period. Other deposits which represent funds collected on behalf of government from the beneficiaries of the government pool house sale scheme rose slightly by 1.0 percent from Shs 24.13 billion registered at end -December 2003 to Shs 24.36 billion at the end of January 2004.

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

	Jan 2003	Sept 2003	Oct 2003	Nov 2003	Dec 2003	Jan 2004
Total Assets	123.80	136.72	138.50	139.80	144.46	142.37
O/w Loans and advances	71.64	78.34	80.07	81.82	82.93	84.55
Secured & unsecured	10.37	11.53	12.48	13.31	11.48	11.82
Mortgage	33.97	40.15	41.22	42.37	45.78	47.18
Administered	27.30	26.66	26.36	26.14	25.67	25.56
Total Deposits	71.07	76.49	77.53	78.40	82.78	80.84
Savings	42.80	45.52	45.66	45.67	49.99	48.07
Time	8.02	8.14	8.57	9.18	8.67	8.41
Agency Funds	20.25	22.84	23.30	23.55	24.13	24.37

(iii) Leasing activities

The value of assets disbursed in February 2004 dropped by 34 percent to Ushs 1.18 billion from Ushs 1.79 billion recorded for January 2004. Compared to the corresponding period last year, the value of assets disbursed increased by 15.7 percent. It was observed in the previous report that following past trends, the value of disbursements tends to fall in the first two months of the year following the large disbursements of the month of December. This expectation is confirmed by the low value of leasing disbursements recorded in January and February 2004. Chart 5 below compares the monthly disbursements between year periods.



F GOVERNMENT BUDGETARY OPERATIONS

Fiscal Developments

In the month of January 2004, government revenue and budget support grants were estimated at Shs 147.6 billion compared to Shs 173.8 billion projected for this period. Government expenditure and net lending stood at Shs 207.7 billion, as opposed to Shs 186.6 billion envisaged in the programme. The overall fiscal balance (including grants) for January 2004 was a deficit of Shs 60.0 billion compared to a deficit level of Shs 12.8 billion projected in the programme. Excluding grants, the deficit rises to Shs 75.0 billion.

i) Revenue and Grants

In January 2004, total revenue and budget support grants were estimated at Shs 147.6 billion compared with Shs 398.1 billion realised in December 2003. This outturn was also lower than the programme target by Shs 17.5 billion due to lower budget support inflows during the month.

Total domestic revenue amounted to Shs 132.7 billion compared to Shs 181.5 billion collected in December 2003. The decline in domestic revenue collections during the month was attributed to lower than anticipated yields from some revenue heads; income and international trade. URA revenue collections fell by Shs 48.8 billion (26.8 percent) to Shs 130.9 billion compared to the expected level for the month of Shs 138.1 billion. Revenue from income tax declined by Shs 47.5 billion to Shs 24.3 billion in January 2004, down from Shs 71.8 billion realised in December 2003. Over the same period, taxes from International Trade fell by Shs 6.2 billion to Shs 71.4 billion. In contrast, the Non-URA revenue collections for January 2004 remained largely unchanged at Shs 1.8 billion, although lower than the anticipated level for the period of Shs 3.3 billion.

External budget support grants amounted to Shs 14.9 billion in January 2004, which was lower than the expected amount for the month by Shs 17.5 billion. The total disbursements for the first seven months of FY 2003/2004 stood at Shs 296.1 billion, against the projected level of Shs 324.3 billion. This is partly attributed to the appreciation of the shilling against the US\$ and the fact that some donor inflows were not received during this period.

**Table VIII: Summary of Government Budgetary Operations: September – January 2004
(Billion Shs)**

	Revised Budget 2003/04	Prel. Sept 2003	Prel. Oct 2003	Prel. Nov 2003	Prel. Dec 2003	Prel. Jan 2004	Prog. Jan 2004
Total Tax & Import Support Receipts	2,228.6	143.2	152.6	156.1	398.1	147.6	173.8
Total Domestic Revenue	1,690.9	133.0	127.5	126.6	181.5	132.7	141.4
URA Excluding Refunds/Govt. Taxes	1,655.2	130.6	125.7	124.3	179.7	130.9	138.1
Non URA Revenues	35.7	2.4	1.8	2.3	1.8	1.8	3.3
Import Support Grants	537.7	10.2	25.1	29.4	216.5	14.9	32.4
Expenditure & Lending	2343.8	154.4	205.5	196.4	193.2	207.7	186.6
Current Expenditure	1,732.4	126.2	161.4	153.8	153.6	161.2	143.3
Development Expenditure	536.9	29.3	44.6	33.2	41.8	44.4	43.2
Others 1/	73.5	(1.0)	(0.5)	9.4	(2.2)	2.0	0.1
Overall Fiscal Balance (Deficit)	(114.7)	(11.2)	(52.9)	(40.3)	204.9	(60.0)	(12.8)
Excluding Grants	(652.4)	(21.4)	(78.0)	(69.7)	(11.7)	(75.0)	(45.2)

Source: Ministry of Finance, Planning and Economic Development

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

ii) Expenditure

In January 2004, government's expenditure and net lending amounted to Shs 207.7 billion, up from Shs 193.2 billion registered in December 2003. This outturn was also higher than the expected level for the period of Shs 186.6 billion. Recurrent expenditures for the month amounted to Shs 161.2 billion, up from Shs 153.6 billion recorded in the preceding month. Out of the total recurrent expenditures, a total of Shs 53.1 billion (32.9 percent) was spent on wages and salaries. Interest payments were estimated at Shs 22.6 billion, out of which Shs 2.6 billion was on account of external loans. Other recurrent expenditures rose by Shs 14.5 billion to Shs 80.7 billion from Shs 66.2 billion recorded in December 2003. Development expenditures also rose by Shs 2.6 billion (6.2 percent) to Shs 44.4 billion in January 2004.

The overall fiscal balance for January 2004 was a deficit of Shs 60.4 billion compared to a surplus of Shs 204.9 billion realised in December 2003. Excluding grants, the deficit rises to Shs 75.0 billion. During this period, the government made a net repayment of Shs 9.6 billion on external loans, compared to Shs 5.5 billion in the previous month. The government however borrowed Shs 69.7 billion from domestic sources.

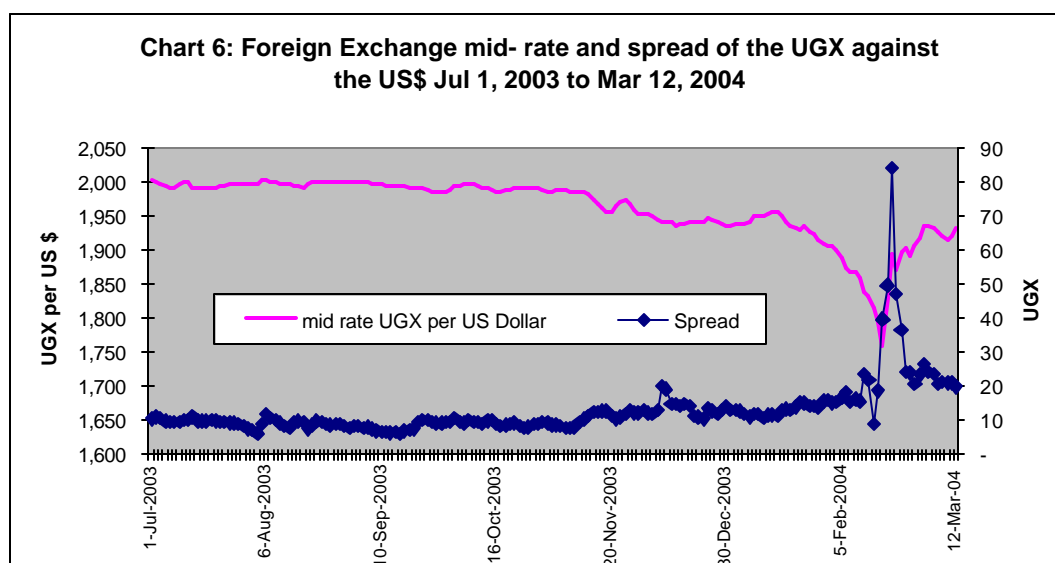
G EXCHANGE RATE AND FOREIGN EXCHANGE MARKET

The appreciation trend of the Uganda shilling against the US Dollar experienced during the second half of January 2004 and first half of February 2004 reversed between February 16, and March 12, 2004. The Uganda Shilling depreciated against the US Dollar by 4.08 percent during the second half of February 2004 compared to the appreciation of 3.87 percent posted during the first half of the month. Market instability in the earlier period prompted BOU to intervene in the IFEM to purchase US\$2.85 million, in addition to the US \$16.1 million purchased in the earlier period. This intervention impelled offshore players to purchase substantial amounts of Dollars, instigating agents to post defensive rates, thus increasing the spreads. Overall, the Shilling depreciated by 5.4 percent against the U.S. Dollar from Shs 1832.11 as of February 13, 2004 to

Shs 1930.96 as at March 12, 2004 compared to an appreciation of 6.05 percent over the period between January 16 and February 13, 2004. On a period average basis, however, the Shilling appreciated by 0.69 percent from Shs 1901.96 per US \$ for the four weeks ended February 13, 2004 to Shs 1886.06 per US \$ for the period February 16, 2004 to March 12, 2004. As a result of these developments, average spreads between the weighted inter-bank buy and sell rates, increased from Shs 15.90 during the previous period to an average of Shs 29.18 for the period under review. (See Chart 6).

The depreciation of the Shilling during this period is mainly due to the subdued inflows on account of offshore players as a number of them actually participated on the buy side. In addition to that, corporates geared up their presence in the IFEM, on the buy side, causing further depreciation pressures on the Shilling against the Dollar

BOU maintained its presence in the IFEM under the sterilization strategy geared at mopping up excess liquidity injected by poverty reduction government expenditures. Overall, BOU sold on a net basis foreign exchange amounting to US\$6.85 million during the period under review. Bank of Uganda continues to watch market developments very closely and ready to take any action that will ensure market stability.



During the period February 16, and March 12, 2004 commercial banks' daily retail sales and purchases averaged US \$ 6.90 million and US \$ 6.22 million respectively compared to an average of US \$ 6.61 million and US \$ 6.68 million during the period, January 16 and February 13, 2004.

H DEVELOPMENTS IN THE BALANCE OF PAYMENTS

In January 2004, the current account balance is estimated at a deficit of US \$59.43 million, compared to a deficit of US \$62.97 million in December 2003. The capital and financial account is estimated at a surplus of US\$45.39 million compared to a surplus of US\$35.93 million in December 2003. Thus, the overall balance is estimated at a deficit of US\$14.04 million in January 2004.

i) Exports

Total Exports (developments for the month of January 2004)

Total export proceeds in the month of January 2004 are estimated at about US\$62.64 million about US\$17.97 million higher than the export earnings worth US\$44.68 million recorded in December 2003.

Coffee Exports

Coffee exports during the month of February 2004 amounted to 235.193 (60-kilogram) thousand bags worth US\$11.22 million. This was a decrease of about 20.62 percent in volume and 16.25 per cent in value compared to the January exports (US\$13.39 million). The average realized export price in February stood at 79 cents per kilogram (US\$0.79 per kilogram), up from 75 cents per kilogram (US\$0.75 per kilogram) in January 2004.

Non-coffee Exports

The total value for non-coffee exports for the month of January 2004 is estimated at US\$49.25 million. This is an increase of about 42.2 per cent when compared to US\$34.63 million realized in December 2003 and an increase of 17.4 per cent when compared to the same month last year (US\$41.97 million).

There was a general improvement in the performance of all major non-coffee exports that were estimated in January 2004 compared to the month of December 2003. More specifically, cotton, gold and tobacco exports improved by US\$2.43 million, US\$5.15 million and US\$3.47 million respectively. The estimated values of electricity, tea, international fish, hides and skins and flower exports improved by 18.52 per cent, 27.72 per cent, 52.90 per cent, 81.33 per cent and 10.78 per cent respectively. Estimated value of exports of maize and simsim also increased by 46.18 per cent and 19.91 per cent to US\$1.51 million and US\$0.23 million, respectively in January 2004.

However, export earnings from beans and oil re-exports decreased during the month. Beans exports dropped to US\$0.34 million in the period under review from US\$0.38 million in the month of December 2003, while the oil-reports decreased by 53.67 per cent from US\$3.56 million to US\$1.65 million in the month of January 2004. (For more details see Table 1: Exports of Goods).

ii) Imports

The total import bill for the month of January 2004 was estimated at US\$136.67 million. Private sector imports were estimated at US\$123.63 million, 6.3 per cent higher than the December 2003 import bill. Oil imports were estimated at US\$13.69 million, or about 10 percent of total imports.

Government imports amounted to US\$13.03 million for the month of January 2004, 61.3 per cent lower than the December 2003 imports, which amounted to US\$33.64 million. This was mainly due to a fall in project imports from about US\$25.01 million in December 2003 to US\$7.88 million in January 2004. (See Table 2: Imports of Goods).

iii) Other Inflows and Outflows

Official aid (excluding project aid but including resources from the HIPC³ Initiative) inflows amounting to about US\$7.7 million were disbursed in January 2004. Private transfer inflows were estimated at US\$24.08 million for the month of January while private transfer outflows were estimated at US\$21.82 million. Thus net private transfers inflows were US\$2.26 million during January 2004.

Services and income outflows exceeded inflows by US\$23.41 million during January 2004.

Official debt service (excluding IMF payments) was estimated at US\$8.58 million for the month of January 2004 while IMF principal obligations externalized in January 2004 amounted to US\$2.71 million. Short-term inflows of US\$16.35 million exceeded outflows by US\$5.18 million.

The level of gross foreign reserves is estimated at US\$1071.81 million in January 2004 down from US\$1075.47 million in December 2003 to US\$1075.47 million. This decline in reserves resulted in a decrease in the reserve cover in months of imports of goods and services from 6.56 months to 6.53 months.

I POLICY OUTLOOK

Bank of Uganda is set to maintain the cautious monetary policy stance to ensure that inflation remains low and stable. It is also committed to manage liquidity in a manner that does not cause instability in both the domestic and foreign exchange markets.

³ Includes HIPC from grants only.

Appendix

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

Period	Extensions	Recoveries	Net ext.	Cap interest	Repd cap int	Net Cap int	Net change
	1	2	3=1+2	4	5	6=4+5	7= 3+6
1999/2000	404.75	(311.48)	93.27	30.58	(91.27)	(60.69)	32.58
2000/2001	852.28	(769.56)	82.71	40.98	(71.61)	(30.64)	52.08
2001/2002							
Q1	254.33	(246.12)	8.21	6.20	(15.67)	(9.47)	(1.26)
Q2	255.69	(250.61)	5.08	5.05	(14.99)	(9.94)	(4.86)
Half 1 2001/02	510.02	(496.74)	13.29	11.25	(30.66)	(19.41)	(6.12)
Q3	249.06	(219.55)	29.52	7.02	(21.24)	(14.22)	15.30
Q4	264.20	(255.30)	8.90	10.03	(15.77)	(5.74)	3.16
Half 2 2001/02	513.27	(474.85)	38.41	17.06	(37.01)	(19.95)	18.46
2001/2002	928.31	(886.08)	42.23	27.01	(64.65)	(37.64)	4.59
2002/2003							
Q1	271.05	(255.55)	15.50	13.98	(15.89)	(1.91)	13.59
October	101.57	(72.78)	28.79	6.84	(4.10)	2.74	31.53
November	109.29	(79.80)	29.49	6.91	(3.86)	3.05	32.54
December	111.40	(76.16)	35.24	7.94	(9.57)	(1.63)	33.61
Q2	322.26	(228.74)	93.51	21.69	(17.52)	4.16	97.68
Half 1 2002/03	593.31	(484.29)	109.01	35.67	(33.41)	2.25	111.27
Jan 2003	121.57	(94.59)	56.98	2.57	(2.70)	(0.13)	26.85
February	114.92	(93.76)	21.16	3.09	(3.73)	(0.64)	20.52
March	112.20	(96.31)	15.90	3.82	(2.75)	1.07	16.97
Q3	348.69	(284.65)	64.04	9.48	(9.18)	0.30	64.34
April	99.66	(116.52)	(16.86)	3.56	(1.22)	2.33	(14.52)
May	142.80	(122.79)	20.00	5.84	(2.18)	3.65	23.65
June	104.75	(112.23)	(7.48)	4.97	(3.42)	1.55	(5.93)
Q4	347.21	(351.54)	(4.33)	14.37	(6.83)	7.54	3.20
Half 2 2002/03	695.90	(636.19)	59.71	23.85	(16.01)	7.84	67.55
2002/2003	1,289.21	(1,120.48)	168.72	59.51	(49.42)	10.09	178.81
2003/2004							
July	111.51	(97.42)	14.09	5.24	(3.82)	1.41	15.50
August	105.06	(97.69)	7.37	13.10	(8.62)	4.48	11.85
September	126.64	(122.07)	4.57	6.73	(3.11)	3.62	8.19
Q1	343.22	(317.19)	26.03	25.07	(15.56)	9.51	35.54
October	140.28	(113.42)	26.86	7.50	(4.69)	2.81	29.67
November	97.20	(80.86)	16.35	8.49	(5.29)	3.20	19.54
December	130.14	(109.10)	21.03	9.64	(6.15)	3.48	24.52
Q2	367.62	(303.38)	64.24	25.63	(16.14)	9.49	73.73
Half 1 2003/04	710.84	(620.57)	90.27	50.70	(31.70)	19.00	109.27
January 2004	128.99	(111.91)	17.08	5.76	(2.75)	3.01	20.10

Source: Research Department, Bank of Uganda

**Table 2: Monthly Change in Outstanding Loans and Advances of Commercial Banks
(Shilling loans, billion Shs)**

Period	Extensions	Recoveries	Net extensions	Cap interest	Repd cap int	Net Cap int	Net change
	1	2	3=1+2	4	5	6=4+5	7= 3+6
1999/2000	309.57	(257.58)	51.99	21.91	(65.28)	(43.37)	8.62
2000/2001	602.42	(553.62)	48.80	32.75	(59.58)	(26.83)	21.97
2001/2002							
Q1	167.24	(178.30)	(11.06)	4.39	(13.47)	(9.08)	(20.14)
Q2	169.88	(173.45)	(3.57)	4.38	(11.29)	(6.91)	(10.49)
Half 1 2001/02	337.12	(351.75)	(14.63)	8.77	(24.77)	(16.00)	(30.63)
Q3	171.14	(160.07)	11.07	5.83	(18.36)	(12.52)	(1.45)
Q4	190.31	(181.50)	8.81	8.05	(11.83)	(3.79)	5.03
Half 2 2001/02	361.45	(341.56)	19.89	13.88	(30.19)	(16.31)	3.57
2001/2002	698.57	(693.31)	5.26	22.65	(54.96)	(32.31)	(27.05)
2002/2003							
Q1	196.42	(181.95)	14.47	12.56	(13.18)	(0.62)	13.85
October	68.25	(55.15)	13.10	6.49	(3.98)	2.51	15.61
November	82.69	(60.13)	22.56	6.41	(3.70)	2.71	25.27
December	78.42	(57.34)	21.08	6.45	(8.18)	(1.73)	19.36
Q2	229.36	(172.61)	56.75	19.35	(15.86)	3.49	60.24
Half 1 2002/2003	425.78	(354.56)	71.22	31.91	29.03	2.88	74.09
Jan 2003	90.24	(66.42)	23.82	2.22	(2.34)	(0.12)	23.70
February	60.77	(62.95)	(2.18)	2.28	(3.51)	(1.23)	(3.41)
March	71.01	(53.68)	17.32	3.51	(2.59)	0.92	18.24
Q3	222.02	(183.05)	38.97	8.01	(8.44)	(0.43)	38.54
April	71.88	(71.49)	0.40	3.13	(1.11)	2.02	2.42
May	86.75	(58.52)	28.23	4.63	(1.76)	2.87	31.10
June	81.21	(85.38)	(4.17)	4.19	(2.76)	1.42	(2.74)
Q4	239.84	(215.38)	24.46	11.95	(5.63)	6.31	30.78
Half 2 2002/03	461.86	(398.44)	63.43	19.96	(14.07)	5.89	69.31
2002/2003	887.64	(753.00)	134.65	51.87	(43.11)	8.76	143.41
2003/2004							
July 2003	74.54	(70.30)	4.24	4.79	(2.99)	1.79	6.03
August	71.59	(64.13)	7.46	11.74	(8.14)	3.60	11.06
September	88.15	(87.69)	0.47	6.43	(2.24)	4.20	4.66
Q1	234.28	(222.12)	12.16	22.96	(13.37)	9.59	21.75
October	111.23	(77.65)	33.58	6.85	(3.88)	2.98	36.55
November	72.59	(49.96)	22.64	7.69	(3.80)	3.89	26.53
December	87.06	(87.83)	(0.77)	8.06	(5.57)	2.49	1.72
Q2	270.88	(215.44)	55.44	22.61	(13.25)	9.36	64.80
Half 1 2003/04	505.16	(437.56)	67.61	45.57	(26.62)	18.95	86.55
January 2004	86.09	(67.71)	18.39	5.01	(2.26)	2.74	21.13

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							
Q1	87.09	(67.83)	19.26	1.81	(2.20)	(0.39)	18.88
Q2	85.81	(77.16)	8.65	0.67	(3.69)	(3.02)	5.63
Half 1							
2001/2002	172.90	(144.99)	27.92	2.48	(5.89)	(3.41)	24.51
Q3	77.92	(59.48)	18.44	1.19	(2.88)	(1.69)	16.75
Q4	73.89	(73.81)	0.08	1.99	(3.94)	(1.95)	(1.86)
Half 2							
2001/2002	151.81	(133.29)	18.53	3.18	(6.81)	(3.64)	14.89
2001/2002	229.74	(192.77)	36.97	4.36	(9.69)	(5.33)	31.64
2002/2003							
Q1	74.63	(73.60)	1.03	1.42	(2.71)	(1.29)	(0.27)
October	33.32	(17.64)	15.68	0.35	(0.12)	0.23	15.92
November	26.60	(19.67)	6.92	0.50	(0.16)	0.34	7.27
December	32.98	(18.82)	14.16	1.49	(1.39)	0.10	14.26
Q2	92.90	(56.13)	36.77	2.34	(1.67)	0.67	37.44
Half 1							
2002/2003	167.53	(129.73)	37.80	3.76	(4.38)	(0.62)	37.17
Jan 2003	31.33	(28.17)	3.16	0.35	(0.36)	(0.01)	3.15
February	54.15	(30.81)	23.34	0.82	(0.23)	0.59	23.93
March	41.20	(42.62)	(1.42)	0.31	(0.16)	0.15	(1.28)
Q3	126.67	(101.60)	25.07	1.47	(0.74)	0.73	25.80
April	27.77	(45.03)	(17.25)	0.42	(0.11)	0.31	(16.94)
May	56.05	(64.28)	(8.23)	1.21	(0.42)	0.78	(7.45)
June	23.54	(26.85)	(3.31)	0.79	(0.66)	0.13	(3.18)
Q4	107.36	(136.16)	(28.80)	2.42	(1.19)	1.22	(27.57)
Half 2 2002/03	234.03	(237.76)	(3.72)	3.89	(1.93)	1.95	(1.77)
2002/2003	401.56	(367.49)	34.07	7.65	(6.31)	1.33	35.41
2003/2004							
July	36.97	(27.12)	9.85	0.45	(0.83)	(0.38)	9.47
August	33.47	(33.56)	(0.09)	1.36	(0.48)	0.88	0.79
September	38.49	(34.39)	4.10	0.30	(0.88)	(0.58)	3.52
Q1	108.93	(95.06)	13.87	2.11	(2.19)	(0.08)	13.79
October	29.05	(35.77)	(6.71)	0.65	(0.82)	(0.17)	(6.88)
November	24.61	(30.90)	(6.29)	0.80	(1.50)	(0.69)	(6.99)
December	43.08	(21.28)	21.8	1.57	(0.58)	0.99	22.8
Q2	96.74	(87.95)	8.8	3.03	(2.90)	0.13	8.93
Half 1 2003/04	205.68	(183.01)	22.67	5.13	(5.08)	0.05	22.72
January 2004	42.90	(44.20)	(1.30)	0.75	(0.49)	0.27	(1.03)

Source: Research Department, Bank of Uganda

Table 4: Mid Exchange Rate in the IFEM, Spreads, Commercial Banks' Purchases and Sales.

Date	Mid rate UGX/US\$	Spread UGX	Purchases million US\$	Sales million US\$
02-Jan-04	1,937.16	13.14	3.89	6.28
05-Jan-04	1,937.12	12.69	6.45	7.39
06-Jan-04	1,938.52	11.96	5.52	6.44
07-Jan-04	1,941.94	11.02	6.56	5.76
08-Jan-04	1,948.87	11.86	9.02	5.90
09-Jan-04	1,949.29	12.03	8.52	5.56
12-Jan-04	1,950.29	10.69	5.11	4.35
13-Jan-04	1,953.37	11.56	5.11	5.47
14-Jan-04	1,954.57	11.60	7.20	4.93
15-Jan-04	1,954.70	11.35	5.35	5.34
16-Jan-04	1,950.07	13.13	7.19	9.79
19-Jan-04	1,940.48	13.29	4.45	5.34
20-Jan-04	1,935.34	13.15	7.71	6.96
21-Jan-04	1,933.27	13.95	8.29	4.13
22-Jan-04	1,927.88	15.38	4.53	5.40
23-Jan-04	1,935.25	15.05	5.78	8.78
27-Jan-04	1,927.54	14.38	7.90	9.51
28-Jan-04	1,923.24	14.29	9.36	4.74
29-Jan-04	1,915.00	13.48	7.22	3.99
30-Jan-04	1,909.32	15.61	7.35	6.78
02-Feb-04	1,905.94	16.03	7.71	5.50
03-Feb-04	1,905.97	15.20	7.20	9.51
04-Feb-04	1,899.46	15.39	6.92	6.41
05-Feb-04	1,889.51	16.83	5.00	7.19
06-Feb-04	1,872.26	18.45	5.85	7.04
09-Feb-04	1,868.53	15.27	6.89	4.45
10-Feb-04	1,868.19	16.26	6.77	9.32
11-Feb-04	1,860.23	15.58	5.87	6.68
12-Feb-04	1,839.72	23.47	6.28	6.40
13-Feb-04	1,832.11	22.03	5.41	4.23
16-Feb-04	1,815.09	8.90	5.25	6.17
17-Feb-04	1,794.71	18.67	5.65	11.74
18-Feb-04	1,760.16	39.67	9.73	8.23
19-Feb-04	1,828.82	49.69	7.55	6.87
20-Feb-04	1,893.10	84.17	6.78	7.41
23-Feb-04	1,871.30	46.89	6.39	5.42
24-Feb-04	1,896.02	36.69	4.42	5.49
25-Feb-04	1,903.20	24.17	6.48	8.33
26-Feb-04	1,890.14	23.97	5.00	6.84
27-Feb-04	1,906.90	20.55	7.21	5.48
01-Mar-04	1,916.32	23.34	8.04	4.19
02-Mar-04	1,934.37	26.44	5.75	7.97
03-Mar-04	1,934.99	24.04	8.61	4.34
04-Mar-04	1931.05	23.82	4.12	5.59
05-Mar-04	1925.27	20.56	4.16	6.22
09-Mar-04	1920.70	21.04	5.81	6.23
10-Mar-04	1914.74	21.02	5.08	11.23
11-Mar-04	1921.36	21.01	5.94	6.40
12-Mar-04	1930.96	19.81		

Table 4: EXPORTS OF MERCHANDISE(in millions of US\$)

	Dec2002	Jan2003	Feb2003	Dec2003	Jan2004	Feb2004
Total Exports (in US\$ million)	36.10	54.54	49.11	44.68	62.64	
1. Coffee						
Gross coffee shipment, million (60-Kg) bags	0.31	0.30	0.23	0.23	0.30	0.24
Average unit value	0.62	0.70	0.75	0.73	0.75	0.79
Value of total shipment (BOP)	11.31	12.57	10.44	10.04	13.39	11.22
2. Non-Coffee export values(in US \$ million)	24.79	41.97		34.63	49.25	
Electricity	1.24	1.48		1.00	1.19	
Gold	2.00	3.90		4.04	9.19	
Cotton	0.07	2.92		0.91	3.33	
Tea	2.93	3.45		2.66	3.40	
Tobacco	3.38	8.50		0.54	4.01	
Fish & its products (International)	5.70	8.23		5.57	8.51	
Fish & its products (Regional)	1.88	2.72		1.84	2.81	
Hides & Skins	0.43	0.44		0.38	0.68	
Simsim	0.02	0.04		0.01	0.23	
Maize	0.66	0.66		1.03	1.51	
Beans	0.58	0.50		0.38	0.34	
Flowers	0.56	1.26		1.65	1.83	
Oil re-exports	0.81	0.79		3.56	1.65	
Cobalt	0.00	0.00		0.00	0.00	
Others	4.54	7.09		11.07	10.57	

Source: Bank of Uganda

Table 5: IMPORTS OF GOODS(in millions)

	Nov02	Dec02	Jan03	Nov03	Dec03	Jan04
Total Imports (Millions)	118.9	108.6	125.9	140.1	149.9	136.6
Government	18.84	11.41	14.72	23.10	33.6	13.06
Non-	13.6	9.35	11.1	19.1	25.0	7.89
	5.22	2.06	3.56	3.97	8.62	5.15
Private Sector	100.1	97.2	111.2	117.0	116.3	123.6
Non-	13.3	11.9	14.3	12.2	14.0	13.6
Estimated	80.5	77.1	91.3	98.7	90.3	103.7
	6.30	8.18	5.56	6.07	11.9	6.24

Source: Bank of Uganda