



**MONTHLY ECONOMIC  
REVIEW**

**MARCH  
2005**

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## EXECUTIVE SUMMARY

### Monetary Policy Stance and Actions

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

A review of developments for the four-week period ended February 28, 2005 suggests that:

- Net-issuance of Treasury bills and Treasury bonds were used to sterilize liquidity, while the repurchase agreement instruments (REPOs) facilitated the short-term, normally fine-tuning operations. The net withdrawal of liquidity by government securities amounted to Shs14.72 billion<sup>1</sup> compared to an injection of Shs43.78 billion, reported last month. The outstanding stock of REPOs in the month of February 2005 was Shs30.06 billion.
- There was no change in the policy margins regarding the Rediscount Rate and Bank Rate. Hence in line with developments in the Treasury bill market, the Rediscount rate and Bank rate declined from 15.02 percent and 16.02 percent, by end January 2005, to 14.73 percent and 15.73 percent, respectively by February 28, 2005.
- BOU continued to watch foreign exchange market developments very closely to ensure market stability. Due to stability in the foreign exchange market there were neither sterilization nor intervention deals by BOU in the IFEM during the period under review.

### Inflation Developments

The upward pressure on inflation observed since July 2004, reversed in February 2005.

- The **Annual Headline Inflation**<sup>2</sup> for February 2005 declined slightly to **8.4%** from 8.5%(revised) in January 2005. The decline was on account of the decreases in prices of food and household items. The **Monthly Headline Inflation** stood at **-0.4%** in February 2005 compared to -1.1% recorded in January 2005.
- The **Annual Underlying Inflation** declined to **4.1%** for the year ended February 2005 from 4.7% in January 2005. Both goods and services prices increased at a relatively slower pace in February compared to the rise in January 2005 on the other hand the **Monthly Underlying Inflation** remained unchanged at **0.3%** as recorded in January 2005.
- The **Annual Food Crops Inflation**<sup>3</sup> increased to **25.9%** in the year ending February 2005 from 23.1% registered in the year ended January 2005. The increase was largely as a result of statistical issues associated with a lower base period, as the monthly food prices actually declined by -1.7 percent. The **Monthly Food Crops Inflation** stood at **-2.5%** in February compared to -5.8% in January 2005.

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

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

<sup>3</sup> Food crops refer specifically to grown food crop items that are typically sold fresh in the markets.

## **Real Sector Developments**

- Trading activity during February 2005 was slightly less vibrant than that in the previous month. Total turnover amounted to Shs9.59 million and was 6.3 percent less than that of the previous month. However, the number of shares traded increased by 4.7 percent from 29,586 to 30,969.
- Market capitalisation at the USE decreased by 4.51 percent from Shs1,958.9 billion to Shs1,870.5 billion while the all share index fell by 5.34 percent from 408.70 to 386.51 between end-January and end-February 2005.
- Leasing disbursements during January 2005 amounted to Shs0.93 billion. These disbursements were less than that in the previous month by 30.2 percent. Most of it was directed towards the commerce and trade, and transport sectors. However other sectors that received leasing disbursements were agriculture and education. Leasing activity during the previous month was directed mainly at the transport sector

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

- In line with the monetary policy implementation and financial markets development, Bank of Uganda reopened a 2-year bond on February 23, 2005. The Shs35.00 billion issue was over subscribed by Shs10.42 billion and realized a cover ratio of 129.76 percent.
- The total outstanding stock of Treasury bonds stood at Shs430.00 billion by February 28, 2005.
- Two Treasury bill auctions with offers of Shs45.00 billion and Shs55.00 billion each were held in the month of February 2005. Both auctions were over-subscribed and yields declined for all the tenors. The respective weighted annualized yields on the 91-day, 182-day, 273-day, and 364-day bills stood at 8.88 percent, 11.34 percent, 12.00 percent and 12.73 percent, respectively, for the auction of February 16, 2005. This compares to rates of 9.12 percent, 12.18 percent, 13.14 percent and 13.53 percent, for 91-day, 182-day, 273-day, and 364-day bills respectively, recorded in the auction held on January 19, 2005. The average discount rates on Treasury bills in February 2005 were much lower than those registered in February 2004 which ranged between 13.89 percent and 15.26 percent.
- Two horizontal REPOs worth Shs2.00 billion were part of the total treasury bills secondary market trades of Shs18.04 billion in the four weeks ended February 28, 2005. This is compared to Shs22.15 billion in secondary market trades of the four weeks ended January 31, 2005. The average discount rates on these trades for the 91-days, 182-days, 273-days, and 364-days securities were 12.51 percent, 10.68 percent, 10.50 percent, and 10.70 percent, respectively.
- The yield curve based on the average yield-to-maturity quotations in the secondary market evolved closely in line with the developments in the primary market for tenors of up to 2 years. Both curves were inverted at the 3-year paper with relatively wider margins observed at the longer end of the market, as the curve derived from the primary market dropped below that of the secondary market.
- Activity in the domestic inter-bank money market for the four weeks ended February 25, 2005 continued to be buoyant in the call money market (i.e. transactions of less than 30 days in tenor). The weekly weighted average rates ranged from 5.12 percent to 5.60

percent. The weighted average inter bank lending rate over the four weeks to February 25, 2005 was 5.33 percent, which was lower than the 7.27 percent reported in the four weeks to January 31, 2005.

- No commercial bank adjusted its prime-lending rate over the period under review. Consequently, the range of these rates for the banking system remained at 16-21 percent as was recorded in the previous four weeks to January 31, 2005.
- The commercial banks' effective lending rates rose in both the foreign and shilling denominated loans from 9.07 percent and 18.80 percent in December 2004 to 9.46 and 19.36 percent in January 2005, respectively.

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

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

- Broad Money M3, which comprises currency in circulation plus all private deposits, expanded by 1.2 percent to Shs2675.8 billion in January 2005. This contrasts with December 2004, when M3 fell by 0.5 percent. M3 has risen from its end-June 2004 position by 3.4 percent. The year-on-year growth rate for M3 at end-January 2005 was 9.3 percent, compared to 20.1 percent for January 2004.
- Over the month of January 2005, the NFA of the banking system fell by 1.6 percent or Shs42.0 billion to Shs2530.9 billion. In particular, NFA at BoU contracted by 1.2 percent or Shs23.4 billion to Shs1929.3 billion, while at commercial banks NFA fell by 3.0 percent or Shs18.6 billion to Shs601.5 billion. Foreign reserves at BoU fell by an equivalent of Shs40.6 billion, compared to a rise of Shs187.4 billion in the previous month.
- The government's net position with the banking system (NCG) as at end-January 2005 was a saving of Shs21.7 billion, up by Shs14.7 billion from a saving of Shs7.1 billion at the end of December 2004. At BoU, the government stepped up its net savings by Shs49.5 billion over the month, on account of a strong increase in Government deposits of Shs131.2 billion, which offset a rise in advances to Government of Shs81.7 billion. At commercial banks, net claims on Government grew by Shs34.9 billion in January 2005, on account of a fall in Government deposits of Shs27.5 billion, coupled with a rise in commercial banks' investment in Government securities of Shs7.4 billion.
- At end-January 2005, the stock of outstanding credit to the private sector by the banking sector stood at Shs1123.8 billion, of which Shs23.5 billion was from BOU and Shs1100.2 billion from commercial banks. This represents an increase of 2.2 percent (or Shs18.4 billion) compared to the end-December 2004 position. In December 2004, PSC rose by 2.7 percent.
- In the month of January 2005, the total assets of the Non-Bank Financial Institutions came down by 0.7 percent, from Shs181.74 billion at the end of December 2005 to Shs180.39 billion. This outturn compares to a decrease of 1.4 percent observed over the same period a year ago. The decrease in assets in January 2005 was mainly attributed to a 17.1 percent decrease in investments. On the other hand, the stock of the outstanding loans and advances to the private sector increased by 3.0 percent to Shs106.78 billion as at end-January 2005, from Shs103.71 billion at end-December 2004.

### **Fiscal Developments**

- Total revenue and budget support grant receipts (excluding project grants) for January 2005 are estimated at Shs197.61 billion. This is lower than the Shs418.36 billion recorded in December 2004 by Shs220.76 billion (or 52.8 percent). This amount is also lower than the programmed figure of Shs286.98 billion.
- In January 2005, government expenditure and net lending increased by 13.6 percent. The increase was mainly reflected in current expenditure, which amounted to Shs172.82 billion, up from Shs150.28 billion recorded in December 2004.
- The overall fiscal balance for January 2005 was a deficit of Shs13.11 billion compared to a surplus of Shs232.90 billion recorded in December 2004. Excluding grants, the deficit increases to Shs64.89 billion.

### **Foreign Exchange Market February 2005**

- The Shilling remained relatively stable during the month of February. It appreciated by 0.77 percent against the US Dollar from Shs1713.80 per US Dollar as of 31<sup>st</sup> January 2005 to Shs1700.61 per US Dollar of 28<sup>th</sup> February 2005. This is slightly lower than an appreciation of 1.43 percent recorded in the previous month,
- BOU continued to watch foreign exchange market developments very closely to ensure market stability. Due to stability in the forex markets for most part of the month there were neither sterilization nor intervention deals by BOU in the IFEM during the period under review. However due to the instability in the market reported towards the end of the month a 30-day forward foreign exchange transaction worth US \$ 3.00 million was conducted on the 28<sup>th</sup> February 2005 and is to mature on the 31<sup>st</sup> of March 2005.
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### **Balance of Payments Developments**

- In January 2005, the current account balance is estimated at a deficit of US \$27.25 million, while the capital and financial account is estimated at a surplus of US\$44.26 million. Thus, the overall balance is estimated at a surplus of US\$17.01 million.
- Total exports proceeds for the month of January 2005 are estimated at US\$62.61 million, of which coffee accounted for 18.2 percent.
- The import bill (fob) is estimated at US\$135.82 million during January 2005. This is 4.1 percent less than the import bill of the previous month, which was estimated at US\$141.54 million.<sup>4</sup>
- Official aid (excluding project aid but including resources from the HPC Initiative) inflows amounted to about US\$ 6.98 million. Private sector transfer inflows exceeded outflows by US\$45.89 million in January 2005, and Services and income outflows exceeded inflows by about US\$28.75 million.
- Official debt service (excluding IMF payments) is estimated at US\$6.44 million for the month of January 2005.
- Official foreign reserves (including valuation changes) are equivalent to 6.50 future months of imports of goods and services.

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<sup>4</sup> Effective May 2004, import figures are reported at fob value.

## **Policy Stance**

- Bank of Uganda is set to maintain a 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 money and foreign exchange markets.

## A MONETARY POLICY STANCE AND ACTIONS

Bank of Uganda (BOU)'s monetary policy is focused on containing inflation to low levels, however, operations of its instruments were cautiously undertaken 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 manage short-term liquidity movements. This is in addition to 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, the Shilling value against other currencies continues to be determined by the supply and demand in the foreign exchange market and BOU only intervenes in the inter-bank foreign exchange market (IFEM) to curb instability.

In the four weeks to February 28, 2005, the net liquidity withdrawal through the sale of Treasury bills was Shs4.70 billion, compared to a net injection of Shs19.15 billion in the corresponding four-week period of January 31, 2005. In a continuous effort to promote secondary market trading and to create benchmark securities alongside conducting monetary policy, Bank of Uganda reopened a 2-year bond on February 23, 2005 with a face value of Shs35.0 billion. On the short-term liquidity management front, gross issues of the REPOs instrument, whose maturity ranged from 1 to 7 days, amounted to Shs435.50 billion during this period, against maturities of Shs364.76 billion. This is compared to issues and maturities of Shs20.00 billion and Shs16.00 billion, respectively over the preceding period ended January 31, 2005. By February 28 2005, the outstanding stock of REPOs was Shs71.06 billion.

In line with developments in the Treasury bill market, the Rediscount rate and Bank rate declined from 15.02 percent and 16.02 percent, by end January 2005, to 14.73 percent and 15.73 percent, respectively by February 28, 2005.

## B DOMESTIC PRICE DEVELOPMENTS

The **Annual Headline Inflation**<sup>5</sup> for February 2005 declined slightly to **8.4%** from 8.5%(revised) in January 2005. The bulk of the decline was on account of the decreases in prices of food and household items.

The slowdown in inflation rate was largely driven by declines in food prices. For the eight months to February 2005, the average headline inflation rate was 6.2 percent very close to the program target of 6.0 percent for 2004/2005. On a monthly basis, the headline inflation rate declined by 0.4 percent, compared to a decline of 1.1 percent recorded in January 2005. Decreases in the prices of staple foods more than offset the changes in the prices of other categories of goods and services, which remained stable at 0.3 percent as in January 2005.

The **Monthly Headline Inflation** stood at **-0.4%** in February 2005 compared to -1.1% recorded in January 2005. This resulted from monthly decreases of 1.7% in the food group index and 0.5% in the household and personal goods group index that more than offset the increases

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<sup>5</sup> Inflation is the percentage change in the Consumer Price Index compared with the same month (or previous month) one year (month) previously.

registered in the beverages and tobacco (0.9%); clothing and footwear (1.1%); and rent, fuel and utilities (2.2%) group indices. The prices of items in the transport and communication; and health, education and entertainment remained unchanged in the period under review.

The **Annual Underlying Inflation** declined to **4.1%** for the year ended February 2005 from 4.7% in January 2005. Prices of both goods and services increased at a relatively slower pace in February compared to the rise in January 2005. Goods prices went up by 5.1% in February relative to 5.4% recorded in the year ending January 2005, while those of services increased by 2.1% compared to 3.5% in January 2005. The decline in underlying inflation is mainly attributed to the fall in clothing and footwear prices.

The **Monthly Underlying Inflation** remained unchanged at **0.3%** as recorded at January 2005. There was a 0.39% rise in prices of goods resulting from increases in prices of second hand clothes and 0.07% increase in prices of other services.

The **Annual Food Crops Inflation**<sup>6</sup> increased to **25.9%** in the year ending February 2005 from 23.1% registered in the year ended January 2005. However, the **Monthly Food Crops Inflation** declined by **-2.5%** in February compared to the decline of **-5.8%** in January 2005. The recent rains in some parts of the country led to substantial decreases in the prices of some staple food items especially matooke in most of the centers during the month of February 2005.

The developments in inflation rates are indicated in Table 1 and Figures 1 and 2 respectively as shown below.

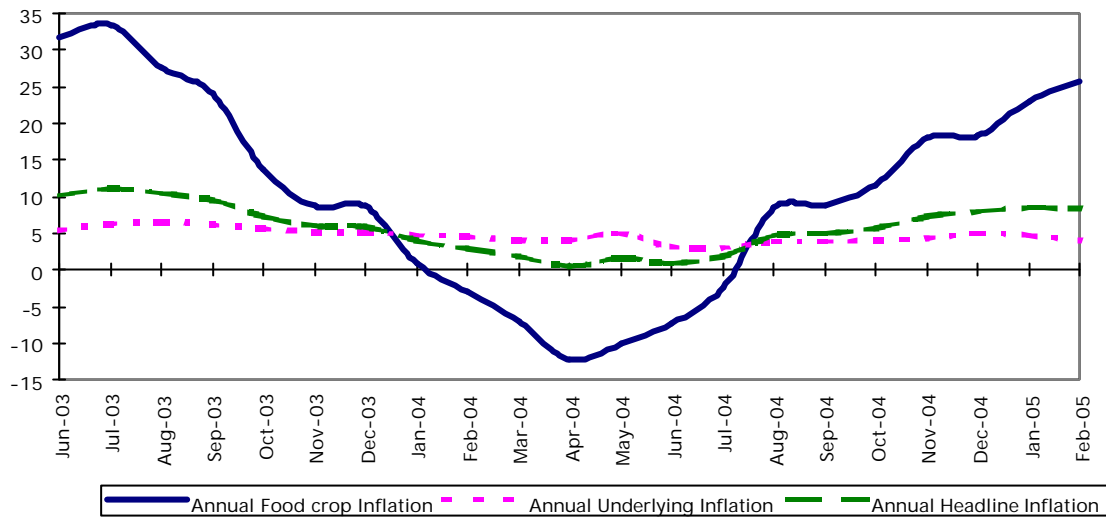
**Table 1. Three Months Rolling Inflation Rates Out-turn (December 2004- February 2005)**

Period	Headline Inflation (%)		Underlying Inflation (%)		Food Crops Inflation (%)	
	Monthly	Annual	Monthly	Annual	Monthly	Annual
December 2004	0.9	8.0	0.7	5.0	1.5	18.4
January 2005	-1.1	8.5	0.3	4.7	-5.8	23.1
February 2005	-0.4	8.4	0.3	4.1	-2.5	25.9

Source: Uganda Bureau of Statistics (UBOS)

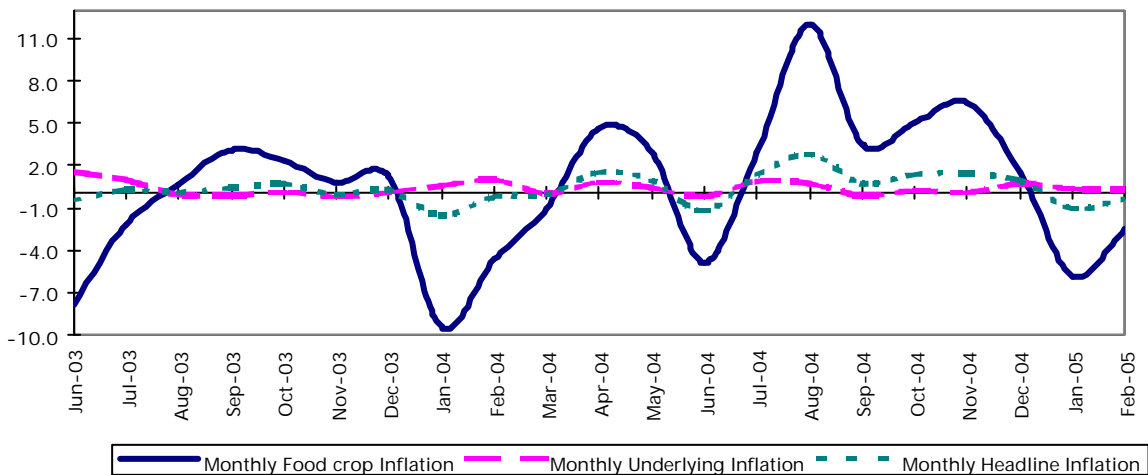
<sup>6</sup> Food crops refer specifically to grown food crop items that are typically sold fresh in the markets.

**Chart 1: Annual Inflation Rate Developments (June 2003- February 2005)**



**Source: UBOS**

**Chart 2: Monthly Inflation Rate Developments (June 2003- February 2005)**



**Source: UBOS**

## C REAL SECTOR DEVELOPMENTS

This section covers fuel imports and sales between September and December 2004, trading at the Uganda Securities Exchange during February 2005 and leasing activity for January 2005.

### Fuel imports and sales

Data on fuel sales and imports that had previously been available up to October 2004 is now available up to December 2004. Sales volumes of the major fuel products have been on a downward trend since September 2004 particularly as regards premium sales. Premium sales decreased by 3.8 percent between September and December while diesel sales increased by 20 percent in October but between then and December, sales decreased by 6.3 percent. Kerosene sales declined by half between September and December 2004.

Import volumes on the other hand have been volatile. Premium imports decreased between September and November 2004 by 10.4 percent and then increased by 23.9 percent in December 2004. On the other hand imports of diesel increased by 15.4 percent in October 2004 then decreased by 15.1 percent between October and December 2004; while imports of kerosene increased between September and November by 9.4 percent and then decreased by 5.5 percent in December 2004.

The decrease observed in imports and sales of diesel is largely attributed to a decrease in diesel demand worldwide while the trend observed in premium partly reflects seasonal fluctuations in demand. The decrease in imports and sales of kerosene is partly due to increases in the price.

**Table 2: Imports and Sales volumes of major fuel products ('000 of liters), Sept – Dec 2004**

Fuel product		Sept 04	Change (%)	Oct 04	Change (%)	Nov 04	Change (%)	Dec 04
Premium (PMS)	<b>Imports</b>	19,735	-9.4	17,871	-1.0	17,693	23.9	21,913
Diesel (AGO)		25,871	15.4	29,860	-8.0	27,462	-7.8	25,335
Kerosene (BIK)		4,730	2.4	4,845	7.0	5,183	-5.5	4,897
<b>TOTAL</b>		<b>50,335</b>	<b>4.5</b>	<b>52,576</b>	<b>-4.3</b>	<b>50,338</b>	<b>3.6</b>	<b>52,145</b>
Premium (PMS)	<b>Sales</b>	15,816	-2.3	15,448	0.0	15,447	-1.5	15,216
Diesel (AGO)		20,091	20.1	24,125	-1.3	23,810	-5.0	22,611
Kerosene (BIK)		6,470	-52.1	3,102	2.2	3,171	-8.8	2,892
<b>TOTAL</b>		<b>42,377</b>	<b>0.7</b>	<b>42,675</b>	<b>-0.6</b>	<b>42,428</b>	<b>-4.0</b>	<b>40,719</b>

Source: Ministry of Energy and Mineral Resources

Pump prices for premium and diesel decreased from Shs1,760 to Shs1,738, and from Shs1,497 to Shs1470 per litre, respectively between November and December 2004 respectively while prices per litre for kerosene increased from Shs1,367 per litre to Shs1,400.

### Uganda Securities Exchange (USE)

Trading activity during February 2005 was slightly less vibrant than that in the previous month. Total turnover amounted to Shs9.59 million or 6.3 percent lower than that of the previous month. However, the number of shares traded increased by 4.7 percent from 29,586 to 30,969. The vibrancy of the market has been steadily decreasing since November 2004 (Table 3) mainly because investors are holding onto their investments as they await the payment of dividends. The bulk of the shares traded during the month under review were from New Vision, which constituted 68.7 percent of the total trading. The other companies that had their shares traded in were DFCU, Uganda Clays Limited and Bank of Baroda, which constituted 12.2 percent, 18.4 percent, and 0.8 percent of the total trading respectively.

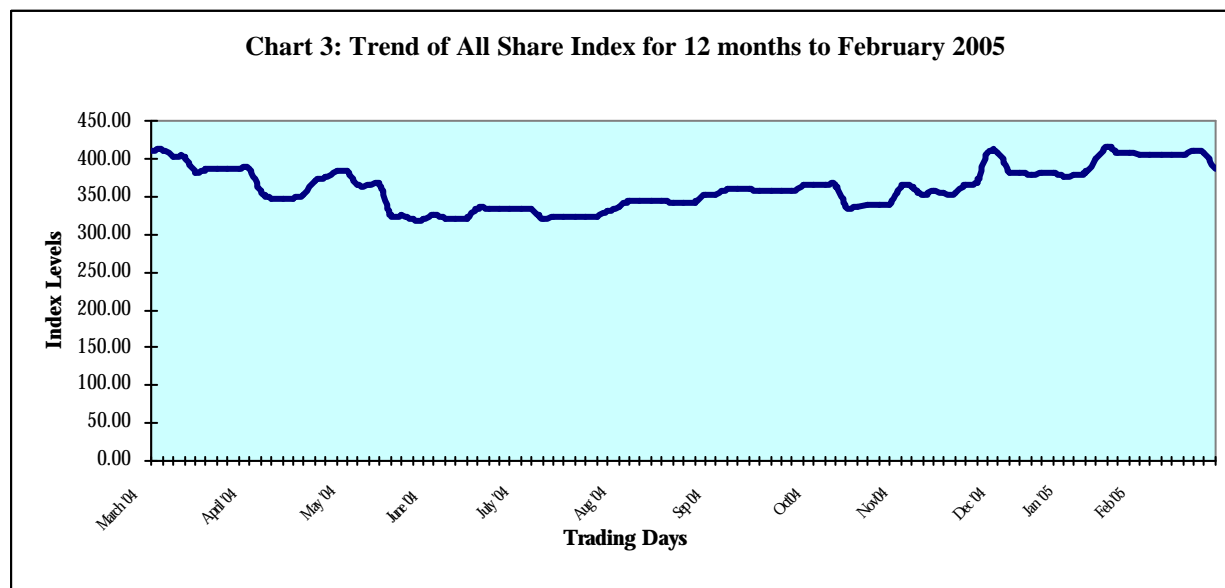
**Table 3: Trading at the Uganda Securities Exchange (Oct – Feb 2004)**

	Oct '04	Nov '04	Dec '04	Jan '05	Feb '05
Trading Days	8	9	6	7	8
Total Turnover	24,977,960	48,763,695	27,436,240	10,230,610	9,591,260
No. Shares	32,520	153,493	92,016	29,586	30,969
Market Capitalization (Billion Ushs, E.O.P)	1,461.7	1,968.5	1,849.5	1,958.9	1,870.5
All Share Index	340.56	408.70	381.87	408.30	386.51

**Source: Uganda Securities Exchange**

During the course of the month, share prices of British American Tobacco, Bank of Baroda, Uganda Clays and New Vision remained unchanged at Shs1145, Shs800, Shs8,000 and Shs245 respectively. However share prices of Kenya airways increased by 6.8 percent from Shs439 to Shs469 while and share prices of East African Breweries decreased by 7.2 percent from Shs2,431 to Shs2,257. Share prices of DFCU fluctuated between Shs300 and Shs310.

In line with the above price movements, market capitalisation at the USE decreased by 4.51 percent from Shs1,958.9 billion to Shs1,870.5 billion while the all share index fell by 5.34 percent from 408.70 to 386.51 between end-January and end-February 2005.



## Leasing Activity

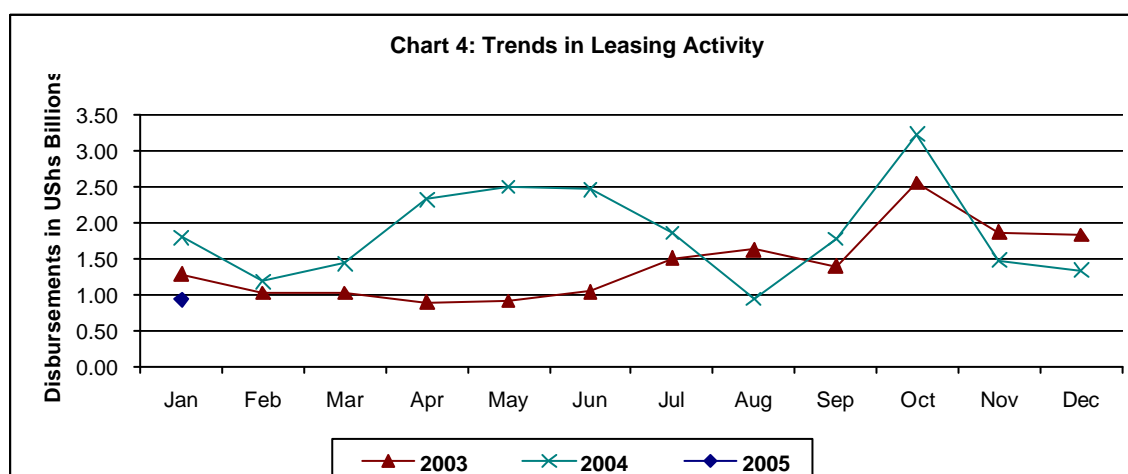
Leasing disbursements during January 2005 amounted to Shs0.93 billion or 30.2 percent lower than the December 2004 levels. Most of this was directed towards the commerce and trade, and transport sectors that took up 45.6 and 40.4 percent of total disbursements respectively. The other sectors that received leasing disbursements were agriculture (9.7 percent) and education (4.3 percent). Leasing activity during the previous month was directed mainly at the transport sector (34 percent) and the commerce and trade sector only had a share of 17.2 percent (Table 4 below). The level of activity in the leasing market depends on the level of demand from the market hence month on month changes reflect the needs of the market.

Table 4 and Chart 4 below show the breakdown of the leasing disbursements by sector between November and January 2004 and the trend of leasing activity from 2003 – 2005, respectively.

**Table 4: Sectoral Distribution of Assets Leased in Million Shillings Nov 2004 – Jan 2005**

Sector	Nov-04	Share (%)	Dec-04	Share (%)	Jan-05	Share (%)
Transport	297.5	20.18%	453.9	34.05%	375.5	40.36%
Commerce & Trade	213.5	14.48%	229.7	17.24%	424.0	45.57%
Mining & Construction	0.0	0.00%	11.8	0.89%	0.0	0.00%
Tourism	20.0	1.36%	0.0	0.0%	0.0	0.00%
Health	276.4	18.75%	411.2	30.85%	0.5	0.05%
Agriculture	149.5	10.14%	5.8	0.44%	90.1	9.68%
Manufacturing	400.0	27.13%	150.0	11.25%	0.00	0.00%
Education	70.0	4.75%	29.3	2.20%	40.3	4.33%
Other Services	47.5	3.22%	41.0	3.08%	0.0	0.00%
<b>TOTAL</b>	<b>1,474.5</b>	<b>100.0%</b>	<b>1,332.8</b>	<b>100.0%</b>	<b>930.3</b>	<b>100.0%</b>

Source: DFCU leasing



## D DEVELOPMENTS IN THE DOMESTIC SECURITIES AND MONEY MARKET

### Primary Market for Treasury Bonds

For purposes of promoting secondary market trading and creating benchmark securities, Bank of Uganda reopened a 2-year bond on February 23, 2005. The Shs35.00 billion issue was over subscribed by Shs10.42 billion and realized a cover ratio of 129.76 percent. At a weighted average price of 93.71 per Shs100, the resultant yield-to-maturity for the 10.00 percent coupon bond was 14.29 percent compared to 14.77 percent in the previous issue auctioned in January 2005.

The total outstanding stock of Treasury bonds stood at Shs430.00 billion by end of February 28, 2005. Table 5 below shows details of the most recent Treasury bond issues, and Appendix 1 summarizes the full details on all issues in the market so far which are also listed on the Uganda Securities Exchange.

**Table 5: Summary of Government Treasury bond Issues as at February 28, 2005**

*(In Billions of Uganda Shillings, unless otherwise stated)*

Tenure/Issue date →	2 Year Reopened Jan 27-05	3 Year Re-opened Dec 01-04	5 Year Re-opened Nov 17-04	10 Year Re-opened May 19-04
Maturity Date	Jan 25-07	Oct 04-07	Mar 19-09	May 08-14
Offers (Billion Shs)	35.000	30.000	20.000	15.000
Total Bids (Billion Shs)	45.417	35.650	32.227	25.166
O/w Competitive	45.398	28.687	12.989	25.154
Over (Under) Subscription	10.417	5.650	12.227	10.166
Amount Sold (Face Value)	35.000	30.000	20.00	15.000
Amount Sold (Cost Price)	32.797	25.709	17.093	12.991
Cover Ratio %	129.764	118.833	161.135	167.773
Previous Cover Ratio %	128.422	111.437	210.00	...
WAP per Shs. 100	93.707	85.698	85.463	86.608
Previous WAP per Shs. 100	91.993	87.840	92.590	...
Yield to Maturity %	14.294	17.554	16.039	13.477
Previous Yield to Maturity %	14.769	15.935	12.802	...
Coupon Rate	10.000	10.25	10.75	11.00

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 14.80/14.54 percent and 16.51/16.25 percent for the 2-year and 3-year bonds, and at 15.80/14.46 percent and 15.24/15.01 percent for the 5-year and 10-year bonds tenors respectively. This contrasts with 14.53/14.26 percent and 15.97/15.71 percent for the 2 year and 3 year bonds and 17.02/16.67 percent and 17.70/17.46 percent for the 5 year and 10 year bond, in the previous four-week period ending January 2005, respectively (See Table 6). Shs0.10 billion worth of the 2-year bond was traded in the secondary market. There were no trades reported in the other bonds.

**Table 6: Bid/Offer Rates and Transactions in the Secondary Market for Treasury bonds over the four week-period to February 28, 2005**

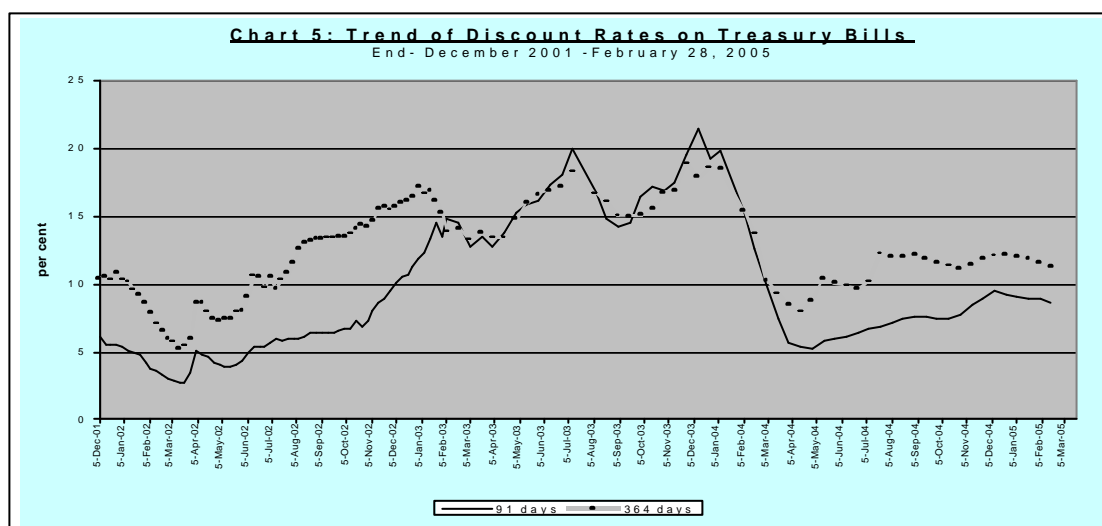
	Tenor of bond							
	2-year		3-year		5-year		10-year	
	Yield-to-maturity quotation (percent)							
	Bid	Offer	Bid	Offer	Bid	Offer	Bid	Offer
Min	14.02	13.85	15.00	14.75	14.50	14.25	13.50	13.25
Max	15.00	14.75	17.90	17.00	16.75	16.25	17.75	17.75
Average	14.80	14.54	16.51	16.25	15.80	14.46	15.24	15.01

Source: Compiled from Domestic Financial Markets Department records

Source: Research Department - Bank of Uganda

### Primary Market for Treasury bills

Two Treasury bill auctions with offers of Shs 45.00 billion and Shs 55.00 billion each were held in the month of February 2005. Both auctions were over-subscribed. The respective weighted annualized yields on the 91-day, 182-day, 273-day, and 364-day bills stood at 9.10, 11.79, 12.50 and 13.08 percent for the auction of February 02, 2005, and at 8.88, 11.34, 12.00 and 12.73 percent, respectively, for the auction of February 16, 2005 respectively. This compares to rates of 9.12 percent, 12.18 percent, 13.14 percent and 13.53 percent, for 91-day, 182-day, 273-day, and 364-day bills respectively, recorded in the auction held on January 19, 2005 (see Chart 5 below). The average discount rates on Treasury bills in February 2005 were much lower than those registered in February 2004 which ranged between 13.89 percent and 15.26 percent.



### Secondary Market for Treasury bills

The average bid/offer yields-to-maturity in the secondary market for Treasury bills fell with changes ranging from 0.93 to 0.52 percentage points on all maturities. However, the rate for the 91-day paper increased by 0.08 percentage points. The respective average percentage yields to maturity for the 91, 182, 273 and 364-day securities were 9.03/8.76, 11.61/11.33, 12.15/11.86 and 12.48/12.19 in February 2005 compared to 8.93/8.68, 12.13/11.85, 13.08/12.79 and 13.13/12.83 in January 2005, respectively.

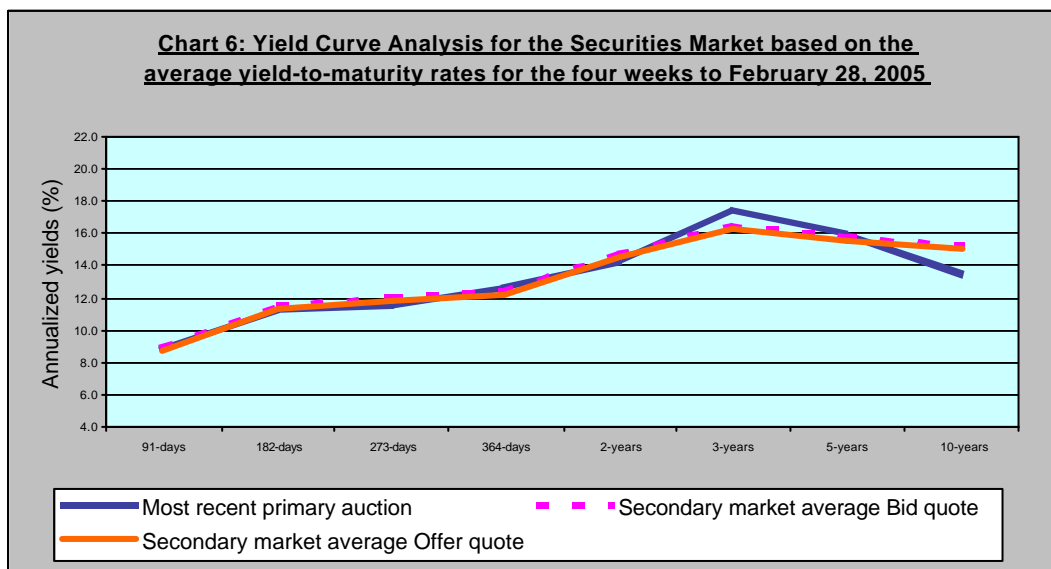
**Table 7: Bid/Offer Rates and Transactions in the Secondary Market for Treasury bills over the four-week period to February 28, 2005**

	91-days		182-days		273-days		364-days	
	Yield-to-Maturity quotation (percent)							
	Bid	Offer	Bid	Offer	Bid	Offer	Bid	Offer
Min	8.53	8.26	11.08	10.70	11.53	11.24	12.06	11.76
Max	9.45	9.18	12.70	12.42	13.96	13.67	13.73	13.43
Average	9.03	8.76	11.61	11.33	12.15	11.86	12.48	12.19
	Trading Activity							
Transactions (Shs billion)	9.831		6.585		0.132		1.492	
O/w Horizontal REPOs	2.000		-		-		-	
- Av. H/REPOs rate	5.50 percent		-		-		-	
O/w- Outright sales	7.831		6.585		0.132		1.492	
Total trades across maturities	Shs 18.040 billion							
- Av Discount rate	12.51 percent		10.68 percent		10.50 percent		10.70 percent	
- Av Yield to maturity	13.46 percent		11.23 percent		11.16 percent		11.58 percent	
Rediscounts at BoU	-							
Borrowing at BoU	-							

Source: Compiled from Domestic Financial Markets Department records

Two horizontal REPOs worth Shs2.00 billion were part of the total treasury bills secondary market trades of Shs18.04 billion in the four weeks ended February 28, 2005. This was lower than the Shs22.15 billion in secondary market trades of the four weeks ended January 31, 2005. The average discount rates on these trades for the 91-days, 182-days, 273-days, and 364-days securities were 12.51, 10.68, 10.50, and 10.70 percent, respectively.

The yield curve based on the average yield-to-maturity quotations in the secondary market evolved closely in line with the developments in the primary market for tenors of up to 2 years. Both curves were inverted at the 3-year paper with relatively wider margins observed at the longer end of the market, as the curve derived from the primary market dropped below that of the secondary market (see Chart 6).



**v) Domestic Inter-bank market**

Activity in the domestic inter-bank money market for the four weeks ended February 25, 2005 continued to be buoyant in the call money market (i.e. transactions of less than 30 days in tenor). The most active period was the week ended February 18, 2005, when transactions worth Shs49.30 billion were recorded, while the least activity was in the week ended February 10, 2005, with volumes of transactions amounting to Shs27.50 billion. The weekly weighted average rates ranged from 5.12 percent to 5.60 percent. The weighted average inter bank lending rate over the four weeks to February 25, 2004 was 5.33 percent, down from the 7.27 percent reported in the four weeks to January 31, 2005. Transactions between domestic banks and foreign entities<sup>7</sup> in the money market amounted to Shs12.45 billion, at an average rate of 6.53 percent compared to Shs5.83 billion at 7.13 percent. All commercial banks participated in the inter bank market during the four weeks.

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

There was no revision in the commercial banks' prime lending rate during the four weeks to February 28, 2005. Consequently there were no changes in the number of banks charging rates for the various range categorizations. The range of these rates for the entire industry also remained at 16-21 percent. Table 8 below summarizes these developments.

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

Prime Lending Rate (%)	Jan 28, 2004	Feb 04, 2004	Feb 11, 2005	Feb 18, 2005	Feb 25, 2005
	Number of Commercial banks charging this rate				
0.0 – 10.9	0	0	0	0	0
11.0 – 13.9	0	0	0	0	0
14.0 – 15.9	0	0	0	0	0
16.0 – 18.0	5	5	5	5	5
18.1 – 19.9	7	7	7	7	7
20.0 – 21.9	3	3	3	3	3
Range (Min – Max)	16%-21%	16%-21%	16%-21%	16%-21%	16%-21%

Source: Commercial banks weekly returns

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

Information on the commercial banks' effective lending and deposit rates is available only up to January 2005. As portrayed in Table 9, there was a rise in the effective lending rate on both the foreign and shilling denominated loans from 9.07 percent and 18.80 percent in December 2004 to 9.46 percent and 19.36 percent in January 2005, respectively.

<sup>7</sup> A distinction is made between the interbank market in which only domestic commercial banks participate and the money market where foreign banks also carry out transactions.

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

	Shilling Denominated				Foreign Denominated			
	Oct 04	Nov 04	Dec 04	Jan 05	Oct 04	Nov. 04	Dec 04	Jan 05
Weighted Average rates								
Lending	19.73	21.34	18.80	19.36	8.45	9.30	9.07	9.46
Demand Deposits	1.10	1.11	1.23	1.19	0.98	0.98	0.97	0.97
Savings Deposits	1.79	1.73	1.76	1.76	1.45	1.45	1.45	1.45
Time Deposits	7.60	7.84	8.49	7.82	2.60	4.44	3.98	2.03
<i>Source: Monthly Report, BS100 Returns by Commercial Banks</i>								

The weighted rates on shilling denominated demand deposits declined from 1.23 percent to 1.19 percent in January 2005 while the savings deposits were stable at 1.76 percent in the month of January 2005. The weighted rates on the time deposits also declined to 7.82 percent in the period under review from 8.49 percent in the preceding period. The demand and saving deposits rates on foreign currency were stable at 0.97 percent and 1.45 percent respectively in the month of January 2005 posting no change from what was reported in December 2004. Time deposit rates declined from 3.98 percent to 2.03 percent.

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

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

#### **Broad Money**

Broad Money M3, which comprises currency in circulation plus all private deposits, expanded by 1.2 percent to Shs2675.8 billion in January 2005. This is a contrast with December 2004, when M3 fell by 0.5 percent. M3 has risen from its end-June 2004 position by 3.4 percent. The year-on-year growth rate for M3 at end-January 2005 is recorded at 9.3 percent, compared to 20.1 percent for January 2004.

M2A, comprising of M3 less foreign currency deposits of the private sector, rose by 3.0 percent from Shs1994.8 billion at end-December 2004 to Shs2054.4 billion at end-January 2005. This contrasts with a decline of 0.7 percent over the month of December 2004. The developments in money supply are shown in Table 10 below. Year-on-year M2A grew by 10.8 percent at end-January 2005 compared to 17.3 percent for January 2004.

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

Over the month of January 2005, the NFA of the banking system declined by 1.6 percent or Shs42.0 billion to Shs2530.9 billion. In particular, NFA at BOU contracted by 1.2 percent or Shs23.4 billion to Shs1929.3 billion, while at commercial banks NFA declined by 3.0 percent or Shs18.6 billion to Shs601.5 billion. Foreign reserves at BOU fell by an equivalent of Shs40.6 billion, compared to a rise of Shs187.4 billion in the previous month.

## Net Claims on Government (NCG)

The government's net position with the banking system (NCG) as at end-January 2005 was a saving of Shs21.7 billion, up by Shs14.7 billion from a saving of Shs7.1 billion at the end of December 2004 (Table 10). At BOU, the government stepped up its net savings by Shs49.5 billion over the month, on account of a strong increase in Government deposits of Shs131.2 billion, which offset a rise in advances to Government of Shs81.7 billion. At commercial banks, net claims on Government grew by Shs34.9 billion in January 2005, on account of a fall in Government deposits of Shs27.5 billion, coupled with a rise in commercial banks' investment in Government securities of Shs7.4 billion.

**Table 10: Developments in Monetary and Credit Aggregates (June 04 – January 05)**

<i>(in billion shillings unless otherwise stated)</i>	Jun. 2004	Sep. 2004	Dec. 2004	January 2005
Net Foreign Assets (NFA)	2,368.4	2,358.8	2,572.9	2,530.9
Domestic Credit	1,107.4	1,136.9	1,109.2	1,112.8
Net Credit to Gov't (NCG)	83.4	106.5	(7.1)	(21.7)
Claims on the Private Sector	1,010.0	1,019.0	1,105.1	1,123.8
M3	2,587.3	2,582.7	2,645.4	2,675.8
Forex deposits	662.4	654.0	650.5	621.4
M2A	1,924.9	1,928.7	1,994.8	2,054.4
Demand Deposits	804.0	765.1	735.1	830.8
Term Deposits	591.6	621.2	671.1	645.3
Currency	529.3	542.4	588.6	578.4
Forex/M3 (percent)	25.6	25.3	24.6	23.2
Demand Deposits/M3 (percent)	31.1	29.6	27.8	31.0
Term Deposits/M3 (percent)	22.9	24.1	25.4	24.1
Currency/M3 (percent)	20.5	21.0	22.3	21.6

## Private Sector Credit (PSC)

At end-January 2005, the stock of outstanding credit to the private sector by the banking sector stood at Shs1123.8 billion (Table 10), of which Shs23.5 billion was from BOU and Shs1100.2 billion from commercial banks. This represents an increase of 2.2 percent (or Shs18.4 billion) over the end-December 2004 position. In December 2004, PSC rose by 2.7 percent. Year on Year, grew by 15.1 percent in January 2005 compared to 15.6 percent in December 2004.

## Credit Flows

During January 2005, the total (shilling and foreign currency) gross extensions by commercial banks amounted to Shs150.7 billion while recoveries were Shs134.3 billion resulting in net extensions of Shs16.3 billion. After accounting for flows in capitalized interest, there was an increase in the stock of credit of about Shs17.7 billion (see Appendix 2)<sup>8</sup>. During the month, commercial banks extended shilling loans amounting to Shs92.6 billion and recovered Shs76.7 billion, thus net extensions were Shs15.9 billion. Net capitalized interest stood at Shs-2.4 billion. Thus, there was a net increase in the stock of shilling loans to the non-bank public of Shs13.5 billion (see Appendix 3). For foreign currency loans, gross extensions stood at Shs58.1 billion,

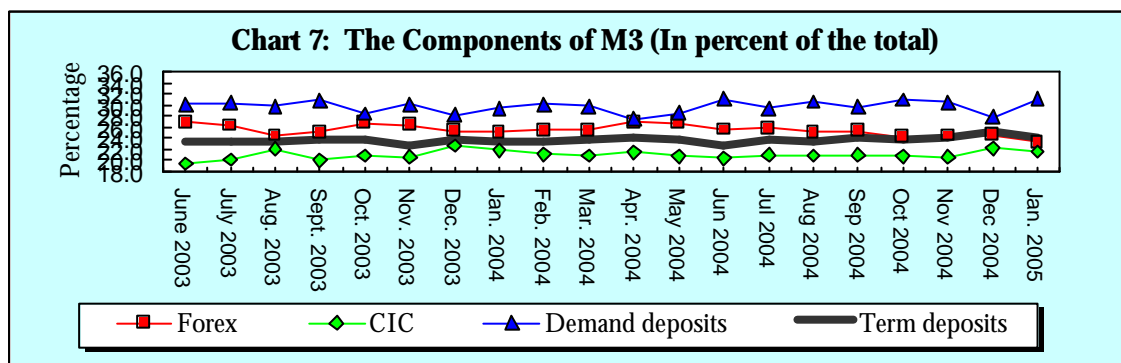
<sup>8</sup> The Gross Extensions and Recoveries include lending to Government and Parastatals. PSC as recorded by the Monetary Survey doesn't include lending to Government and parastatals.

while recoveries were lower at Shs57.6 billion, yielding net extensions of Shs0.5 billion. After taking into account effects of capitalized interest, the stock of foreign currency loans recorded a net rise of Shs4.3 billion (See Appendix 4).

**Appendix 2-5 summarizes the evolution of the monthly change in outstanding loans and advances of commercial banks from July 2003 to January 2005.**

### Liabilities of the Banking System

On the liabilities side, foreign currency accounts declined by Shs29.1 billion to Shs621.4 billion in January 2005. In US dollars, foreign currency accounts fell by US\$11.6 million to US\$362.6 million<sup>9</sup>. Demand deposits grew strongly by 13 percent or Shs95.6 billion to Shs830.8 billion, while term deposits (time, savings and CDs) fell by 3.9 percent to Shs645.3 billion as at end-January 2005. Currency in circulation (CIC) declined by 1.7 percent to Shs578.4 billion. Reflecting these developments, the ratio of foreign currency deposits to M3 fell to 23.2 percent from 24.6 percent at end-December 2004. The ratio of demand deposits to M3 rose to 31.0 percent in January 2005 from 27.8 percent in December 2004, while that of term deposits fell to 24.1 percent from 25.4 percent. The ratio of CIC to M3 also fell to 21.6 percent from 22.3 percent in December 2004. The trends of the ratios are shown in Chart 8 below and Table 10 above.



### (ii) Non-Bank Financial Institutions (NBFIs) Activities<sup>10</sup>

#### Assets

In the month of January 2005, the total assets of the Non-Bank Financial Institutions declined by 0.7 percent to Shs180.39 billion from Shs181.74 billion at the end of December 2005. This outturn compares to a decrease of 1.4 percent observed over the same period a year ago. The decrease in assets in January 2005 was mainly attributed to a 17.1 percent decrease in investments.

#### Loans and advances

The stock of the outstanding loans and advances to the private sector increased by Shs3.07 billion or 3.0 percent, to Shs106.78 billion as at end-January 2005, from Shs103.71 billion at end-December 2004. Mortgage loans, which accounted for 61.2 percent of total loans, increased by 2.5 percent to Shs65.31 billion while secured and unsecured loans increased by 11.5 percent to Shs16.73 billion at the end of January 2005. Administered loans, on other hand, decreased by 1.0 percent to Shs24.73 billion, down from Shs24.98 billion recorded in December 2004. The building and construction sector accounted for the largest share of loans and advances, 77.6 percent of the total NBFIs advances as at end-January 2005. The Trade and Commerce sector contributed the second largest share of 15.4 percent.

<sup>9</sup> The end period mid exchange rate is used to value forex items.

<sup>10</sup> Only covers 7 credit institutions.

## Deposits

In January 2005, private sector deposits<sup>11</sup> in the NBFIs decreased by 3.7 percent to Shs78.25 billion, from Shs81.29 billion in December 2004. However, time deposits went up by 6.8 percent to Shs20.61 billion while savings deposits decreased by 7.0 percent to Shs57.64 billion. Other deposits, which represent funds collected on behalf of government from the beneficiaries of the government's pool house sale scheme, increased by 1.1 percent to Shs28.61 billion over the same period.

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

	Aug 2004	Sep 2004	Oct 2004	Nov 2004	Dec 2004	Jan 2005
Total Assets	163.08	164.05	168.27	176.56	181.74	180.39
O/w Loans and advances	92.95	96.37	98.56	100.44	103.71	106.78
Secured & unsecured	13.88	14.90	14.94	15.06	15.01	16.73
Mortgage	55.28	57.53	58.50	60.47	63.72	65.31
Administered	23.79	23.94	25.11	24.92	24.98	24.73
Total Deposits <sup>12</sup>	92.88	93.43	96.52	105.09	110.13	107.57
Savings	54.48	53.67	55.28	56.08	61.99	57.64
Time	11.69	12.73	13.93	19.84	19.30	20.61
Agency Funds	26.71	27.04	27.31	28.38	28.30	28.61

Source: Bank of Uganda

## F GOVERNMENT BUDGETARY OPERATIONS

### i) Revenue and Grants

Total revenue and budget support grant receipts (excluding project grants) for January 2005 are estimated at Shs197.61 billion. This is lower than the Shs418.36 billion recorded in December 2004 by Shs220.76 billion (or 52.8 percent)<sup>13</sup>.

Total domestic revenue collected in January 2005 is estimated at Shs145.82 billion, of which Shs144.46 billion or 99.1 percent came from URA collections. URA revenue collections were lower than the programmed target for the month by Shs15.34 billion as a result of decreased tax collections. Taxes on international trade also declined from Shs116.21 billion in December 2004 to Shs75.75 billion in January 2005. The preliminary outturn for non-URA revenue collections for January 2005 was estimated at Shs1.36 billion. This was Shs0.83 billion lower than the collections for December 2004, and lower than the program target of Shs2.19 billion.

Receipts from budget support grants are estimated at Shs51.798 billion during January 2005, which was lower than the program target of Shs84.94 billion. This was also lower than Shs209.88 billion realised in December 2004.

<sup>11</sup> This excludes Agency Funds

<sup>12</sup> Revised to include accrued interest

<sup>13</sup> This amount is also lower than the programmed figure of Shs286.98 billion (see table 12).

**Table 12: Government Budgetary Operations: October – December 2004 (Billion Shs)**

	Revised Budget 2003/04	Draft Budget 2004/05	Prog. Budget 2004/05	Prel. Dec. 2004	Prel. Jan. 2005	Prog. Jan. 2005
Total Tax & Import Support Receipts	2,228.55	<b>2,364.41</b>	<b>2,367.36</b>	<b>418.36</b>	<b>197.61</b>	<b>286.98</b>
Total Domestic Revenue	1,690.90	1,866.72	1,866.72	208.48	145.82	162.93
URA Excluding Refunds/Govt. Taxes	1,655.20	1,830.02	1,830.02	206.29	144.46	160.00
Non URA Revenues	35.70	36.70	36.70	2.19	1.36	2.93
Import Support Grants	537.65	497.69	500.64	209.88	51.79	124.05 2/
Expenditure & Lending	2343.26	<b>2,497.79</b>	<b>2,446.70</b>	<b>185.46</b>	<b>210.71</b>	<b>302.70</b>
Current Expenditure	1,732.86	1,872.36	1,872.75	150.28	172.82	172.25
Development Expenditure	536.89	558.13	501.05	33.71	31.06	122.54
Others 1/	73.51	67.30	72.90	1.47	6.84	7.92
Overall Fiscal Balance (Deficit)	(114.71)	<b>(133.38)</b>	<b>(79.34)</b>	<b>232.90</b>	<b>(13.11)</b>	<b>(15.72)</b>
Excluding Grants	(652.34)	(631.07)	(579.98)	23.02	(64.89)	(139.77)

Source: Ministry of Finance, Planning and Economic Development  
1/ Includes Net Lending/Repayments, Arrears Repayments and Contingency.  
2/ Includes Project Support Grants Ushs 39.11 billion

## ii) Expenditure

In January 2005, government expenditure and net lending increased by Shs25.25 billion or 13.6 percent to Shs210.71 billion. The increase was mainly reflected in current expenditure, which amounted to Shs172.82 billion, up from Shs150.28 billion recorded in December 2004. Expenditure on wages and salaries amounted to Shs80.97 billion, which accounted for 46.9 percent of total recurrent expenditures. Interest payments came down from Shs19.64 billion to Shs13.59 billion over this period. Out of this amount, Shs2.46 billion was on account of external debt. Other recurrent expenditures for the month amounted to Shs73.45 billion, which was an increase of Shs10.19 billion or 16.1 percent from Shs63.26 billion recorded in the month of December. Development expenditure was Shs31.06 billion, a decrease of Shs2.65 billion over Shs33.71 billion recorded in December. The outturn in total government expenditure was lower than the projected level for the period by Shs91.99 billion.

The overall fiscal balance for January 2005 was a deficit of Shs13.11 billion compared to a surplus of Shs232.90 billion recorded in December 2004. Excluding grants, the deficit increases to Shs64.89 billion.

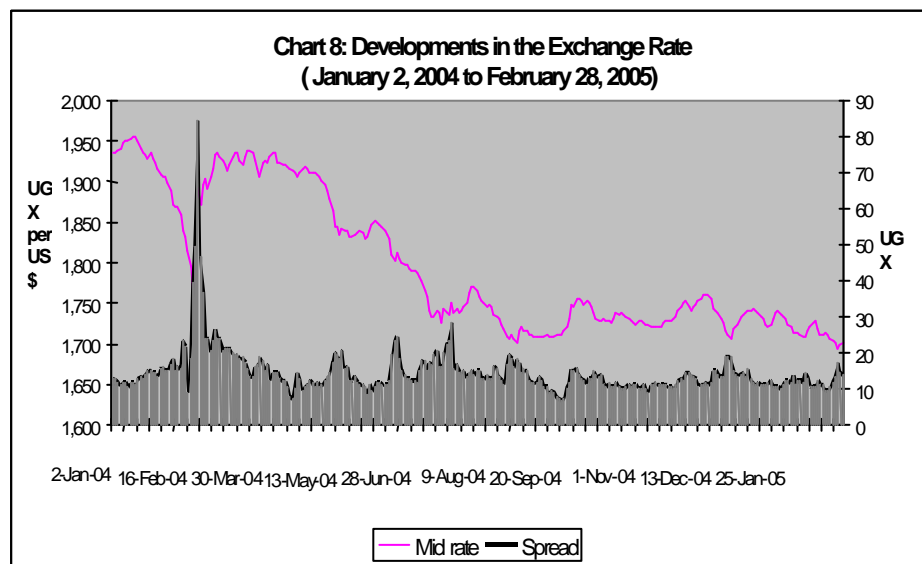
## G EXCHANGE RATE AND FOREIGN EXCHANGE MARKET

The Shilling remained relatively stable during the month of February. It appreciated by 0.77 percent against the US Dollar from Shs1713.80 per US Dollar as of 31<sup>st</sup> January 2005 to Shs1700.61 per US Dollar of 28<sup>th</sup> February 2005. This is slightly lower than an appreciation of 1.43 percent recorded in the previous month, when the shilling appreciated from Shs1738.59 per US dollar on the 31<sup>st</sup> December 2005 to Shs1713.80 per US Dollar as at the close of the month. Appreciation pressures were mainly experienced during the first and last weeks of the month of February 2005, which was mainly due to increased dollar inflows on account of non-government organizations and government projects.

On a period average basis, the Shilling appreciated by 1.21 percent from an average exchange rate of Shs1732.01 per US\$ for the four weeks ended January 31, 2005 to Shs1711.07 per US\$ for the four weeks ended February 28, 2005. The average spreads between the weighted inter-banks' buy and sell rates, increased from Shs11.77 during the previous period to an average of Shs12.16 for the four weeks ended February 28, 2005 (See Chart 8).

Commercial banks' daily retail sales and purchases averaged US\$9.34 million and US \$9.35 million respectively during the four weeks to February 28, 2005. When compared to the previous four-week period average, the sales increased by US\$1.27 million from US\$8.06 million recorded for the period ended January 31, 2005 and the purchases increased by US\$1.06 million from US\$8.29 million recorded in the previous period ended January 31, 2005.

BOU continued to watch foreign exchange market developments very closely to ensure market stability. Due to stability in the forex markets there were neither sterilization nor intervention deals by BOU in the IFEM during the period under review. However a 30-day forward foreign exchange transaction worth US \$ 3.00 million was conducted on the 28<sup>th</sup> February 2005 and is to mature on the 31<sup>st</sup> of March 2005.



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

The overall balance of payments position is estimated at a surplus of US\$17.01 million in January 2005. The Current Account balance is estimated at a deficit of US\$27.25 million, from a surplus of US\$67.42 million registered in the preceding month. The Capital and Financial account is estimated at a surplus of US\$44.26 million; an improvement of about 30.9 percent in comparison to the surplus registered in the preceding month (US\$33.81 million).

### **Exports**

Total Exports (developments for the month of January 2005) – Appendix 6

Total export proceeds in the month of January 2005 are estimated at about US\$62.61 million; a deterioration of about 6.8 percent, compared to the export earnings of US\$67.18 million recorded in the preceding month.

### **Coffee Exports**

During the month of January 2005 coffee exports amounted to 212 thousand (60-kilogram) bags worth US\$ 11.4 million. This was a slight reduction of 10.1 percent in volume and 7.8 percent in value compared to the previous month's exports. The average realized export price for coffee in January 2005 increased slightly from 88 US cents per kilogram in December 2004 to an average unit price of 90 US cents per kilogram in January 2005.

### **Non-coffee Exports**

The total value for non-coffee exports for the month of January 2005 is estimated at US\$51.21 million; a 6.6 percent decline, compared to US\$54.82 million realized in the previous month.

There was a drop in earnings for a number of significant non-coffee exports in January 2005 when compared to the previous month. More specifically, export proceeds from gold, cobalt, tea and flowers dropped by 76.7%, 37.7%, 26.2% and 1.9% respectively. The decline in earnings of these exports, led to the drop in earnings of the entire non-coffee exports in Jan 2005. On the other hand, exports earnings from, cotton, maize, beans, hides and skins, tobacco, electricity and fish (regional and international), increased by 484.6%, 206.7%, 139.5%, 56.6%, 27.7%, 15.2% and 4.7% respectively.

### **i) Imports**

The total import bill for the month of January 2005 is estimated at US\$135.80 million at fob value. Private sector imports are estimated at US\$ 124.01 million, 0.2 percent lower than the December 2004 private sector import bill. Oil imports are estimated at US\$12.57 million showing a reduction of about 7.1 percent as compared to the oil bill of December 2004.

Government imports went down substantially in January 2005, as shown by the government's import bill of US\$ 11.79 million, compared to the previous month where the government import amounted to US\$ 17.34 million; January's government import bill accounted for approximately 8.7 percent of the total import bill. (See appendix 7: Imports of Goods).

**ii) Other Inflows and Outflows**

Official aid (excluding project aid but including resources from the HIPC<sup>14</sup> Initiative) inflows amounting to about US\$6.98 million were disbursed in January 2005. Net private transfer inflows for the period under review are estimated at US\$45.89 million, an increase of about 6.8 percent compared to the previous months' inflows.

Services and income outflows exceeded inflows by approximately US\$28.75 million during the month of November 2004.

Official debt service (excluding IMF payments) was estimated at US\$6.44 million while no IMF principal obligations were externalized during January 2005. Net trade credit amounted to inflows of US\$5.16 million, consisting of inflows (buyers' credit and suppliers' credit) estimated at US\$21.91 million and outflows (pre-finance shipments and suppliers' credit repayments) estimated at US\$16.75million.

In January 2005, the level of gross foreign reserves was estimated at US\$1,303.90 million; were US\$4.84 million lower than that in the preceding month of December 2004. This reserve level is estimated to cover 6.46 months of future imports of goods and services.

## **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.

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<sup>14</sup> Includes HIPC from grants only.

## Appendix 1

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

**Appendix 2: Monthly Change in Outstanding Loans and Advances of Commercial Banks**  
(Total of local and foreign Currency, billion Shs)

<b>Period</b>	<b>Extensions</b>	<b>Recoveries</b>	<b>Net ext.</b>	<b>Cap interest</b>	<b>Repd cap int</b>	<b>Net Cap int</b>	<b>Net change</b>
	1	2	3=1+2	4	5	6=4+5	7= 3+6
<b>1999/2000</b>	<b>404.75</b>	<b>(311.48)</b>	<b>93.27</b>	<b>30.58</b>	<b>(91.27)</b>	<b>(60.69)</b>	<b>32.58</b>
<b>2000/2001</b>	<b>852.28</b>	<b>(769.56)</b>	<b>82.71</b>	<b>40.98</b>	<b>(71.61)</b>	<b>(30.64)</b>	<b>52.08</b>
<b>2001/2002</b>	<b>928.31</b>	<b>(886.08)</b>	<b>42.23</b>	<b>27.01</b>	<b>(64.65)</b>	<b>(37.64)</b>	<b>4.59</b>
<b>2002/2003</b>							
<b>Q1</b>	<b>271.05</b>	<b>(255.55)</b>	<b>15.50</b>	<b>13.98</b>	<b>(15.89)</b>	<b>(1.91)</b>	<b>13.59</b>
<b>Q2</b>	<b>322.26</b>	<b>(228.74)</b>	<b>93.51</b>	<b>21.69</b>	<b>(17.52)</b>	<b>4.16</b>	<b>97.68</b>
<b>Q3</b>	<b>348.69</b>	<b>(284.65)</b>	<b>64.04</b>	<b>9.48</b>	<b>(9.18)</b>	<b>0.30</b>	<b>64.34</b>
<b>Q4</b>	<b>347.21</b>	<b>(351.54)</b>	<b>(4.33)</b>	<b>14.37</b>	<b>(6.83)</b>	<b>7.54</b>	<b>3.20</b>
<b>2002/2003</b>	<b>1,289.21</b>	<b>(1,120.48)</b>	<b>168.72</b>	<b>59.51</b>	<b>(49.42)</b>	<b>10.09</b>	<b>178.81</b>
<b>2003/2004</b>							
<b>Q1</b>	<b>343.22</b>	<b>(317.19)</b>	<b>26.03</b>	<b>25.07</b>	<b>(15.56)</b>	<b>9.51</b>	<b>35.54</b>
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
<b>Q2</b>	<b>367.62</b>	<b>(303.38)</b>	<b>64.24</b>	<b>25.63</b>	<b>(16.14)</b>	<b>9.49</b>	<b>73.73</b>
<b>Half 1 2003/04</b>	<b>710.84</b>	<b>(620.57)</b>	<b>90.27</b>	<b>50.70</b>	<b>(31.70)</b>	<b>19.00</b>	<b>109.27</b>
January 2004	128.99	(111.91)	17.08	5.76	(2.75)	3.01	20.10
February 2004	117.57	(126.30)	(8.73)	4.28	(2.09)	2.19	(6.54)
March 2004	135.08	(116.00)	19.09	5.12	(2.75)	2.37	21.45
<b>Q3</b>	<b>381.64</b>	<b>(354.20)</b>	<b>27.44</b>	<b>15.16</b>	<b>(7.59)</b>	<b>7.57</b>	<b>35.01</b>
April 2004	114.41	(112.39)	2.02	6.36	(3.56)	2.80	4.83
May 2004	118.06	(110.98)	7.08	7.72	(4.91)	2.81	9.90
June 2004	131.36	(150.01)	(18.65)	6.10	(4.22)	1.88	(16.78)
<b>Q4</b>	<b>363.83</b>	<b>(373.38)</b>	<b>(9.55)</b>	<b>20.19</b>	<b>(12.69)</b>	<b>7.50</b>	<b>(2.05)</b>
<b>Half 2 2003/04</b>	<b>951.15</b>	<b>(910.59)</b>	<b>40.56</b>	<b>40.48</b>	<b>(25.36)</b>	<b>15.11</b>	<b>55.67</b>
<b>2003/2004</b>	<b>1,456.31</b>	<b>(1,348.15)</b>	<b>108.17</b>	<b>86.05</b>	<b>(51.98)</b>	<b>34.06</b>	<b>142.23</b>
<b>2004/2005</b>							
July. 2004	124.95	(130.26)	(5.32)	10.16	(3.51)	6.65	1.33
August. 2004	101.95	(124.85)	(22.90)	11.22	(3.99)	7.23	(15.67)
September. 2004	142.95	(132.41)	10.55	14.42	(4.63)	9.79	20.34
<b>Q1</b>	<b>369.67</b>	<b>(387.52)</b>	<b>(17.85)</b>	<b>35.86</b>	<b>(12.23)</b>	<b>23.63</b>	<b>5.79</b>
October. 2004	137.94	(100.73)	37.20	11.83	(8.11)	3.72	40.92
November. 2004	129.20	(121.69)	7.50	10.06	(3.55)	6.50	14.01
December. 2004	186.12	(149.42)	36.70	13.82	(12.14)	1.67	38.38
<b>Q1</b>	<b>453.26</b>	<b>(371.85)</b>	<b>81.41</b>	<b>35.70</b>	<b>(23.80)</b>	<b>11.90</b>	<b>93.31</b>
<b>Half 1 2004/05</b>	<b>826.23</b>	<b>(761.82)</b>	<b>64.40</b>	<b>71.56</b>	<b>(36.03)</b>	<b>35.53</b>	<b>99.94</b>
January 2005	150.71	(134.33)	16.38	10.13	(8.80)	1.34	17.72

*Source: Research Department, Bank of Uganda*

**Appendix 3: 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
<b>1999/2000</b>	<b>309.57</b>	<b>(257.58)</b>	<b>51.99</b>	<b>21.91</b>	<b>(65.28)</b>	<b>(43.37)</b>	<b>8.62</b>
<b>2000/2001</b>	<b>602.42</b>	<b>(553.62)</b>	<b>48.80</b>	<b>32.75</b>	<b>(59.58)</b>	<b>(26.83)</b>	<b>21.97</b>
<b>2001/2002</b>	<b>698.57</b>	<b>(693.31)</b>	<b>5.26</b>	<b>22.65</b>	<b>(54.96)</b>	<b>(32.31)</b>	<b>(27.05)</b>
<b>2002/2003</b>							
<b>Q1</b>	<b>196.42</b>	<b>(181.95)</b>	<b>14.47</b>	<b>12.56</b>	<b>(13.18)</b>	<b>(0.62)</b>	<b>13.85</b>
<b>Q2</b>	<b>229.36</b>	<b>(172.61)</b>	<b>56.75</b>	<b>19.35</b>	<b>(15.86)</b>	<b>3.49</b>	<b>60.24</b>
<b>Q3</b>	<b>222.02</b>	<b>(183.05)</b>	<b>38.97</b>	<b>8.01</b>	<b>(8.44)</b>	<b>(0.43)</b>	<b>38.54</b>
<b>Q4</b>	<b>239.84</b>	<b>(215.38)</b>	<b>24.46</b>	<b>11.95</b>	<b>(5.63)</b>	<b>6.31</b>	<b>30.78</b>
<b>2002/2003</b>	<b>887.64</b>	<b>(753.00)</b>	<b>134.65</b>	<b>51.87</b>	<b>(43.11)</b>	<b>8.76</b>	<b>143.41</b>
<b>2003/2004</b>							
<b>Q1</b>	<b>234.28</b>	<b>(222.12)</b>	<b>12.16</b>	<b>22.96</b>	<b>(13.37)</b>	<b>9.59</b>	<b>21.75</b>
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
<b>Q2</b>	<b>270.88</b>	<b>(215.44)</b>	<b>55.44</b>	<b>22.61</b>	<b>(13.25)</b>	<b>9.36</b>	<b>64.80</b>
<b>Half 1 2003/04</b>	<b>505.16</b>	<b>(437.56)</b>	<b>67.61</b>	<b>45.57</b>	<b>(26.62)</b>	<b>18.95</b>	<b>86.55</b>
January 2004	86.09	(67.71)	18.39	5.01	(2.26)	2.74	21.13
February 2004	77.25	(87.94)	(10.69)	2.91	(1.67)	1.24	(9.45)
March 2004	85.48	(73.79)	11.69	4.50	(2.18)	2.32	14.01
<b>Q3</b>	<b>248.82</b>	<b>(229.44)</b>	<b>19.38</b>	<b>12.42</b>	<b>(6.11)</b>	<b>6.30</b>	<b>25.69</b>
April. 2004	80.28	(82.95)	(2.67)	5.32	(2.90)	2.42	(0.24)
May 2004	72.36	(65.17)	7.20	7.07	(4.39)	2.68	9.88
June 2004	78.06	(82.41)	(4.35)	5.11	(3.70)	1.41	(2.94)
<b>Q4</b>	<b>230.71</b>	<b>(230.53)</b>	<b>0.18</b>	<b>17.51</b>	<b>(10.99)</b>	<b>6.52</b>	<b>6.70</b>
<b>Half 2 2003/2004</b>	<b>479.53</b>	<b>(459.96)</b>	<b>19.56</b>	<b>29.92</b>	<b>(17.10)</b>	<b>12.82</b>	<b>32.38</b>
<b>2003/2004</b>	<b>984.69</b>	<b>(897.52)</b>	<b>87.17</b>	<b>75.49</b>	<b>(43.72)</b>	<b>31.77</b>	<b>118.94</b>
<b>2004/2005</b>							
July. 2004	91.22	(93.84)	(2.63)	8.46	(2.92)	5.53	2.91
August. 2004	75.68	(87.36)	(11.69)	8.85	(3.64)	5.20	(6.48)
September. 2004	92.67	(92.66)	0.02	12.54	(3.99)	8.55	8.57
<b>Q1</b>	<b>259.39</b>	<b>(273.87)</b>	<b>(14.47)</b>	<b>29.91</b>	<b>(10.65)</b>	<b>19.26</b>	<b>4.79</b>
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
<b>Q1</b>	<b>283.62</b>	<b>(246.27)</b>	<b>37.35</b>	<b>27.66</b>	<b>(20.20)</b>	<b>7.46</b>	<b>44.81</b>
<b>Half 1 2004/05</b>	<b>543.79</b>	<b>(520.22)</b>	<b>23.58</b>	<b>57.57</b>	<b>(30.85)</b>	<b>26.72</b>	<b>50.30</b>
January 2005	92.63	(76.73)	15.90	5.72	(8.15)	(2.44)	13.46

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

**Appendix 4: 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
<b>1999/2000</b>	<b>95.19</b>	<b>(54.30)</b>	<b>40.89</b>	<b>8.71</b>	<b>(26.04)</b>	<b>(17.33)</b>	<b>23.55</b>
<b>2000/2001</b>	<b>249.86</b>	<b>(215.95)</b>	<b>33.91</b>	<b>8.23</b>	<b>(12.03)</b>	<b>(3.80)</b>	<b>30.11</b>
<b>2001/2002</b>	<b>229.74</b>	<b>(192.77)</b>	<b>36.97</b>	<b>4.36</b>	<b>(9.69)</b>	<b>(5.33)</b>	<b>31.64</b>
<b>2002/2003</b>							
<b>Q1</b>	<b>74.63</b>	<b>(73.60)</b>	<b>1.03</b>	<b>1.42</b>	<b>(2.71)</b>	<b>(1.29)</b>	<b>(0.27)</b>
<b>Q2</b>	<b>92.90</b>	<b>(56.13)</b>	<b>36.77</b>	<b>2.34</b>	<b>(1.67)</b>	<b>0.67</b>	<b>37.44</b>
<b>Q3</b>	<b>126.67</b>	<b>(101.60)</b>	<b>25.07</b>	<b>1.47</b>	<b>(0.74)</b>	<b>0.73</b>	<b>25.80</b>
<b>Q4</b>	<b>107.36</b>	<b>(136.16)</b>	<b>(28.80)</b>	<b>2.42</b>	<b>(1.19)</b>	<b>1.22</b>	<b>(27.57)</b>
<b>2002/2003</b>	<b>401.56</b>	<b>(367.49)</b>	<b>34.07</b>	<b>7.65</b>	<b>(6.31)</b>	<b>1.33</b>	<b>35.41</b>
<b>2003/2004</b>							
<b>Q1</b>	<b>108.93</b>	<b>(95.06)</b>	<b>13.87</b>	<b>2.11</b>	<b>(2.19)</b>	<b>(0.08)</b>	<b>13.79</b>
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
<b>Q2</b>	<b>96.74</b>	<b>(87.95)</b>	<b>8.8</b>	<b>3.03</b>	<b>(2.90)</b>	<b>0.13</b>	<b>8.93</b>
<b>Half 1 2003/04</b>	<b>205.68</b>	<b>(183.01)</b>	<b>22.67</b>	<b>5.13</b>	<b>(5.08)</b>	<b>0.05</b>	<b>22.72</b>
January 2004	42.90	(44.20)	(1.30)	0.75	(0.49)	0.27	(1.03)
Feb. 2004	40.32	(38.36)	1.96	1.37	(0.42)	0.95	2.91
Mar. 2004	49.60	(42.21)	7.40	0.62	(0.57)	0.05	7.44
<b>Q3</b>	<b>132.82</b>	<b>(124.76)</b>	<b>8.06</b>	<b>2.74</b>	<b>(1.47)</b>	<b>1.26</b>	<b>9.32</b>
April 2004	34.13	(29.44)	4.69	1.04	(0.67)	0.38	5.07
May 2004	45.70	(45.81)	(0.11)	0.65	(0.52)	0.13	0.02
June 2004	53.30	(67.60)	(14.30)	0.99	(0.52)	0.47	(13.83)
<b>Q4</b>	<b>133.13</b>	<b>(142.85)</b>	<b>(9.73)</b>	<b>2.68</b>	<b>(1.70)</b>	<b>0.98</b>	<b>(8.75)</b>
<b>Half 2 2003/04</b>	<b>265.95</b>	<b>(267.62)</b>	<b>(1.67)</b>	<b>5.42</b>	<b>(3.18)</b>	<b>2.24</b>	<b>0.57</b>
<b>2003/2004</b>	<b>471.62</b>	<b>(450.63)</b>	<b>21.00</b>	<b>10.55</b>	<b>(8.26)</b>	<b>2.29</b>	<b>23.29</b>
<b>2004/2005</b>							
July 2004	33.73	(36.42)	(2.69)	1.70	(0.59)	1.11	(1.58)
August 2004	26.27	(37.49)	(11.22)	2.37	(0.34)	2.03	(9.19)
September 2004	50.28	(39.75)	10.53	1.88	(0.64)	1.24	11.77
<b>Q1</b>	<b>110.28</b>	<b>(113.66)</b>	<b>(3.37)</b>	<b>5.95</b>	<b>(1.57)</b>	<b>4.37</b>	<b>1.00</b>
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
<b>Q1</b>	<b>169.64</b>	<b>(125.58)</b>	<b>44.06</b>	<b>8.04</b>	<b>(3.60)</b>	<b>4.44</b>	<b>48.50</b>
<b>Half 1 2004/05</b>	<b>282.43</b>	<b>(241.61)</b>	<b>40.83</b>	<b>13.99</b>	<b>(5.18)</b>	<b>8.81</b>	<b>49.64</b>
January 2005	58.08	(57.60)	0.48	4.42	(0.64)	3.77	4.26

*Source: Research Department, Bank of Uganda*

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

<b>Date</b>	<b>Mid rate UGX/US\$</b>	<b>Spread UGX</b>	<b>Purchases Million US\$</b>	<b>Sales Million US\$</b>
31-Dec-04	1738.59	13.40	4.83	4.36
3-Jan-05	1739.88	15.53	10.04	4.98
4-Jan-05	1741.20	12.74	6.70	9.06
5-Jan-05	1743.28	11.75	6.34	4.94
6-Jan-05	1741.54	11.00	7.97	5.74
7-Jan-05	1738.05	11.70	7.40	7.79
10-Jan-05	1733.51	11.16	4.70	8.84
11-Jan-05	1730.64	11.42	7.38	8.65
12-Jan-05	1724.68	11.10	7.35	9.86
13-Jan-05	1720.84	11.56	7.76	8.60
14-Jan-05	1724.41	12.41	7.71	9.83
17-Jan-05	1732.58	10.67	8.24	6.85
18-Jan-05	1738.11	10.67	7.90	5.15
19-Jan-05	1740.16	10.78	8.30	4.63
21-Jan-05	1736.81	10.42	7.13	6.72
24-Jan-05	1733.25	11.10	9.63	8.55
25-Jan-05	1730.82	12.15	7.35	12.15
27-Jan-05	1724.17	12.26	14.34	10.53
28-Jan-05	1720.41	11.54	12.26	13.28
31-Jan-05	1713.80	13.66	8.94	7.03
1-Feb-05	1714.14	11.51	8.71	9.61
2-Feb-05	1713.68	12.16	11.02	6.75
3-Feb-05	1711.88	12.22	9.96	15.17
4-Feb-05	1709.50	11.96	8.96	10.46
7-Feb-05	1708.64	14.44	8.96	6.21
8-Feb-05	1715.27	13.15	9.65	8.09
9-Feb-05	1720.69	10.81	8.06	5.96
10-Feb-05	1727.51	10.67	8.26	6.81
11-Feb-05	1728.49	10.70	10.91	10.49
14-Feb-05	1718.14	12.31	8.05	8.24
15-Feb-05	1712.60	11.49	9.07	10.41
16-Feb-05	1711.35	11.06	8.81	9.18
17-Feb-05	1714.44	9.51	10.94	6.57
18-Feb-05	1710.56	9.64	7.91	10.35
21-Feb-05	1705.59	10.50	11.04	10.18
22-Feb-05	1704.17	11.87	9.32	10.40
23-Feb-05	1701.21	13.20	8.22	9.61
24-Feb-05	1693.17	17.45	6.41	5.95
25-Feb-05	1699.74	14.54	9.21	12.92
28-Feb-05	1700.605	14.09	13.39	13.38

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

	Aug 04	Sep 04	Oct 04	Nov 04	Dec 04	Jan 05
<b>Total Exports</b>	<b>58.93</b>	<b>50.97</b>	<b>51.38</b>	<b>56.14</b>	<b>67.18</b>	<b>62.61</b>
<b>1. Coffee</b>						
Gross coffee shipment, million (60-Kg) bags	0.19	0.16	0.19	0.18	0.24	0.21
Av. unit value	0.70	0.71	0.74	0.76	0.88	0.90
Value of total shipment (BOP)	7.89	6.94	8.25	8.30	12.37	11.40
<b>2. Non-Coffee exports</b>	<b>51.04</b>	<b>44.04</b>	<b>43.13</b>	<b>47.84</b>	<b>54.81</b>	<b>51.21</b>
Electricity	0.99	0.87	1.19	0.75	0.88	1.02
Gold	3.69	2.99	2.83	7.86	9.75	2.27
Cotton	2.92	1.20	0.26	0.06	0.74	4.30
Tea	1.36	2.85	3.29	3.27	4.02	2.96
Tobacco	4.07	4.45	1.99	2.72	3.32	4.23
Fish & its prod.(excl. regional)	7.74	9.06	9.81	9.40	9.88	10.34
Fish & its prod.(regional exports)	2.56	2.99	3.24	3.10	3.26	3.41
Hides & skins	0.54	0.43	0.32	0.50	0.43	0.67
Simsim	0.21	-	-	0.02	-	0.19
Maize	1.30	1.40	1.28	0.24	0.56	1.73
Beans	0.38	0.45	0.26	0.03	0.26	0.63
Flowers	2.55	2.32	2.35	2.37	2.15	2.11
Oil re-exports	2.33	2.58	2.57	3.08	2.60	2.98
Cobalt	1.11	1.73	1.17	0.53	1.66	1.03
Others	19.28	10.73	12.60	13.90	15.31	13.33

Source: Bank of Uganda

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

	Jul 2004	Aug 04	Sep 04	Oct 04	Nov 04	Dec 04	Jan 05
<b>Total Imports</b>	<b>131.24</b>	<b>136.02</b>	<b>132.08</b>	<b>129.47</b>	<b>135.52</b>	<b>140.44</b>	<b>135.80</b>
Government Imports	<b>14.56</b>	<b>13.63</b>	<b>13.82</b>	<b>16.61</b>	<b>21.89</b>	<b>17.34</b>	<b>11.79</b>
Project	11.33	10.68	13.43	12.88	17.53	14.10	8.72
Non-Project	3.23	2.95	0.39	3.73	4.36	3.24	3.06
Private Sector Imports	<b>116.68</b>	<b>122.39</b>	<b>118.26</b>	<b>112.86</b>	<b>113.63</b>	<b>123.11</b>	<b>124.01</b>
Oil imports	10.56	12.64	12.25	12.90	11.89	12.86	12.57
Non-oil imports	106.12	109.75	106.01	99.96	101.74	110.25	111.44

Source: Bank of Uganda

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