BANK OF UGANDA

MONTHLY ECONOMIC REVIEW

NOVEMBER 2003

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EXECUTIVE SUMMARY

Conduct of Monetary Policy

- 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.

- Net-issuance of Treasury bills and daily sales of foreign exchange under the sterilization strategy were used to sterilize liquidity, while the Repo and Reverse Repo instruments facilitated management of short-term fluctuations in liquidity, mainly in form of fine-tuning operations.

- The Rediscount rate and Bank rate was increased to 23.78 percent and 24.78 percent, respectively, from the respective levels of 20.58 percent and 21.58 percent.

- BoU maintained its presence in the foreign exchange market to sterilize excess liquidity injections associated with net government payments. BoU also intervened on the buy side to stabilize conditions in the market.

Domestic prices and Inflation

- Inflationary pressures continued to ease.

- The annual headline inflation rate declined from 9.5 percent to 7.3 percent in September and October 2003 respectively.

- The annual underlying inflation rate also declined from 6.2 percent to 5.6 percent over the same period.

Domestic Money Market Developments and interest rates

- Money market interest rates generally rose over the four weeks-ended November 14, 2003.

- In the primary market for Treasury Bill, discount rates on the 91-days, 182-days, 273-days and 364-days bills were recorded at 17.54 percent, 18.91 percent, 18.76 percent and 16.92 percent, respectively, as at the auction held on November 12, 2003. This is compared to the respective levels of 14.48 percent, 16.21 percent, 15.34 percent and 15.00 percent four weeks ago.

- In the secondary market for Treasury bills, the indicative bid/offer rates were also higher in the four weeks to November 14, 2003. The turnover of the market amounted to Shs 4.35 billion, compared to Shs 9.48 billion recorded in the previous four weeks ended October 10, 2003.

- The shilling interbank money market remained buoyant through the four weeks. In line with other rates, the weighted inter-bank money market rate rose from 13.35 percent to 4.35 percent over this period.

- Two banks adjusted their prime-lending rates through the four weeks ended November 14 and the range for the entire banking system shifted from 17-22 percent to 18-22 percent.

- Lending rate on the shilling deposits declined from 22.43 percent to 18.42 percent. On the foreign exchange denominated loans, the lending rate also declined, albeit marginally, from 8.98 percent to 8.29 percent.

Foreign Exchange Market and the Exchange Rate

- The foreign exchange market continued its appreciative path through the four weeks to November 14, 2003.

- The Shilling appreciated by 0.89 percent against the US Dollar over this period, compared to 0.15 percent over the four weeks to October 14, 2003.

- The average spreads rose marginally from Shs 8.88 to Shs 9.08 during the four weeks to November 14, 2003.

- While BOU maintained its presence in the market under the sterilization strategy, selling a total of US $ 10.2 million, but also intervened to stabilize the forex market to the tune of US $ 2.30 million.

Real sector Developments

- In the Index of Industrial Production, production in major manufacturing establishments remained stable in September 2003 over August 2003, registering a marginal decline of 0.3 percent.

- Trading activity of the Uganda Securities Exchange decelerated, with substantial declines in the turn over, number of deals and the number of shares traded. The counter for Uganda clays limited registered the bulk of the activity in September 2003 while minimal or no activity was registered on the other counters.

Government Budgetary Operations

- The preliminary estimates for September 2003 show that the government revenue and grant receipts and expenditure were below the programmed level.

- Revenue and receipts from budget support grants amounted to Shs 143.7 billion compared to the programmed level of Shs 158.1 billion.

- Government's expenditure and net lending (excluding cheque float reduction) amounted to Shs 148.6 billion, compared to the anticipated level of Shs 162.0 billion.

- The overall fiscal balance for September 2003 was a deficit of Shs 4.9 billion, against a deficit of Shs 3.9 billion projected in the program while excluding grants, the deficit rose to Shs. 15.5 billion.

The balance of payments

- In September 2003, the current account balance is estimated at a deficit of US$14.25 million, while the capital and financial account is estimated at a surplus of US$20.21 million. Thus, the overall balance is estimated at a surplus of US$5.96 million.

- Total exports proceeds for the period September 2003 are estimated at US $ 57.45 million, out of which coffee accounted for 12.06 per cent.

- The import bill (CIF) is estimated at US$131.94 million during September 2003. This is an increase of 5.7 per cent compared to the August 2003 import bill, which was estimated at US$ 124.86 million.

- Official aid (excluding project aid but including resources from the HIPC Initiative) inflows amounted to about US$9.38 million, while net private transfer inflows are estimated at US$39.65 million in September 2003. Services and income outflows exceeded inflows by US$24.93 million during September 2003.

- Official debt service (excluding IMF payments) is estimated at US$8.629 million for the month of September 2003. IMF principal obligations that were externalized in September amounted to US$2.324 million. Short-term outflows of US$11.90 million exceeded inflows by US$1.23 million.

Monetary and Financial Sector Aggregates

- By September 2003, the broad money aggregates M3 and M2A were –0.3 percent and 2.1 percent, over their respective June 2003 levels. This is compared to –0.6 percent and 2.5 percent recorded in August 2003.The year-on-year growth rates for M3 and M2A are estimated at 21.5 percent and 17.5 percent respectively, lower than 22.0 percent and 19.1 per cent recorded in August 2003.

- Private sector credit increased at a slower pace of 0.8 percent, compared to 21.3 percent during August 2003 largely driven by the increase in shilling denominated loans.

- Net credit to government, increased by Shs 14.4 billion in September 2003, compared to an increase of Shs19.0 billion over August 2003.

- Assets of Non-Bank Financial Institutions (NBFIs) recorded a modest growth by 1.4 percent to Shs136.72 billion in September 2003, on account of strong growth in the loan portfolio. Private sector deposits in these institutions grew by almost 4.1 percent to Shs 53.7 billion.

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 CONDUCT OF MONETARY POLICY

Bank of Uganda's monetary policy is focused on containing inflation, but operations of its instruments are cautious not to exacerbate instability in the markets. While the net issues of Treasury bills and daily sales of foreign exchange remained important instruments of sterilization of excess liquidity, the Repurchase Agreements (REPOs) is continuously consolidating its role of fine-tuning liquidity. The pricing of the liquidity providing windows, was reviewed to promote secondary market development. Occasionally, sales of foreign exchange through BOU's intervention are effected in the interbank foreign exchange markets (IFEM) to curb instability in the foreign exchange market.

In the four weeks to November 14, 2003, net issuance of Treasury bills amounted to Shs 19.24 billion, compared to the net issue of Shs 7.90 billion in the corresponding four-week period to October 10, 2003. Gross issues of the REPO instrument for short-term liquidity management amounted to Shs 32.0 billion over this period, against maturities of Shs 32.11 billion. This is compared to issues and maturities of Shs 35.0 billion and Shs 51.07 billion, respectively, over the preceding period ended October 10, 2003. BOU was also in the market with a reverse repo worth Shs 20.0 billion to ease liquidity tightness. Over the same period, BOU was in the foreign exchange market under the sterilization strategy to mop up structural liquidity. The net sales of foreign exchange amounted to US$ 8.00 million, compared to US $ 5.70 million sold in the preceding four weeks period ended October 10, 2003.

Effective October 20, 2003, the modalities for determination of the policy rates were reviewed to ensure that, among other things, they encourage the development of money markets, especially the primary dealership program and horizontal repo market. The Rediscount rate, now based on the four week moving average of the previous four weeks 91 day treasury bill discount rate and a policy margin of 6.00 percentage points, was revised upwards from 20.58 percent to 23.78, while the Bank rate, which is statutorily set at least one percentage point above the Rediscount rate, changed from 21.58 percent to 24.78 percent.

B DOMESTIC PRICE AND INFLATION DEVELOPMENTS

Inflationary pressures continue to ease, staying the falling course of the years ended in the previous two months.

The **Annual Headline Inflation** rate for October 2003 was 7.3% compared to 9.5% posted in September 2003. This was on account of the average prices of most food crops, locally manufactured and imported goods as well as transport charges were higher in October 2003 than those in October 2002.

The **Monthly Headline Inflation** rate increased to 0.6% in October 2003 from 0.4% registered in September 2003. This resulted from increases in the average prices of: staple food crops and fruits and vegetables, whose supply reduced following the prolonged drought in growing areas; second hand clothes; and locally brewed beers, among others.

The **Annual Underlying Inflation** rate registered a decline to 5.6% in October 2003 from 6.2% recorded in September 2003. The increase is attributed to increases in the average prices of manufactures and services over the year.

The **Monthly Underlying Inflation** rate was 0.1% in October 2003 compared to –0.1% of September 2003. This increase was on account of increases in average prices of sugar whose supply reduced due to a temporary shutdown of one of its manufacturers; locally brewed beer due to shortage of raw materials arising from poor harvests; second hand clothes, some household items such as dry cells, plastic carpets and soap; and transport fares in some centers.

The **Food Crops Annual Inflation** fell to 13.7% in October 2003 from 24.1% registered in the previous month.

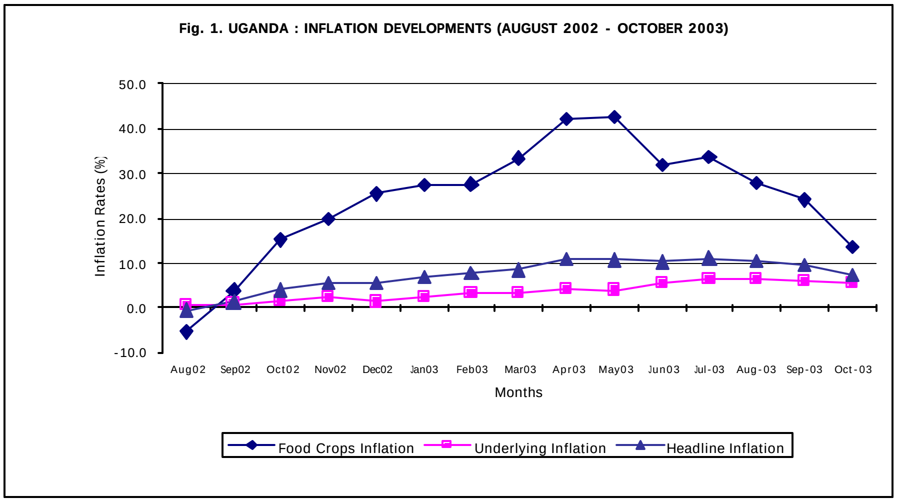
The **Monthly Food Crops Index** increased by 2.3% in October compared to 3.1% recorded in September 2003. Increases in prices of staple foods and fruits were registered in most centers.

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

Table 1 **Three Months Rolling Inflation Rates Out-turn (August – October 2003)**

Period	Headline Inflation (%)		Underlying Inflation (%)		Food Crops Inflation (%)	
	Monthly	Annual	Monthly	Annual	Monthly	Annual
August 2003	0.2	10.5	0.0	6.5	1.2	27.7
September 2003	0.4	9.5	-0.1	6.2	3.1	24.1
October 2003	0.6	7.3	0.1	5.6	2.3	13.7

Source: Uganda Bureau of Statistics

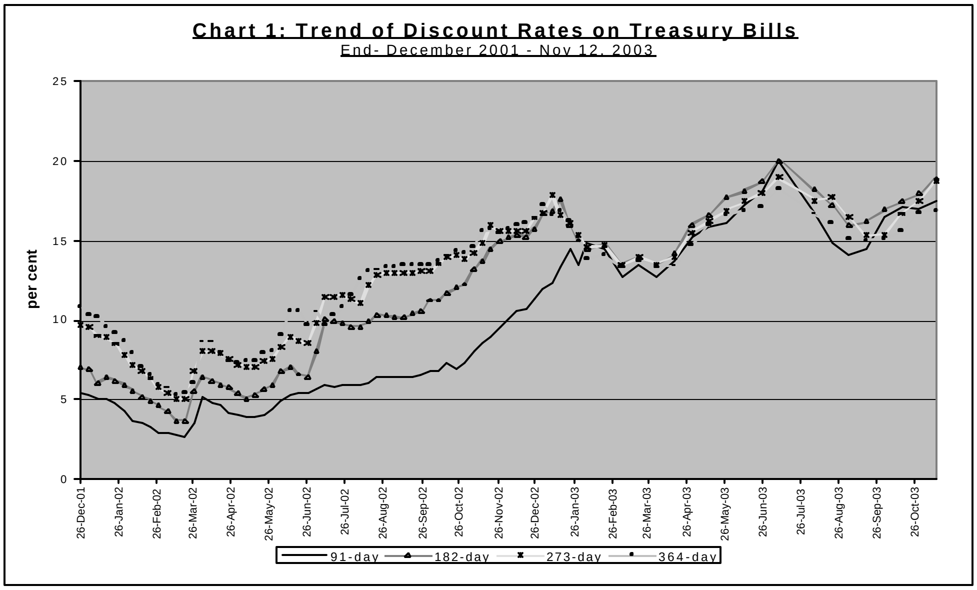


C DEVELOPMENTS IN THE DOMESTIC MONEY MARKET AND INTEREST RATES

Like in the previous period ended October 10, 2003, interest rates were fairly stable in the period under review, but on an upward trend.

i 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 17.54 percent, 18.91 percent, 18.76 percent and 16.92 percent, respectively, at the auction held on November 12, 2003. This compares to levels of 17.17 percent, 17.46 percent, 16.69 percent and 15.57 percent, respectively, recorded in the auction held on October 15, 2003 (see trends in Chart 1 below).



ii Secondary Market for Treasury bills

The average bid/offer rates in the secondary market for Treasury bills rose significantly for the 91-day, the 182-day, the 273-day, and the 364-day papers, when compared to the quotations made in the previous four-week period.

As shown in Table II, the average bid/offer rates for the four weeks to November 14, 2003 were recorded at 17.01/16.76 percent, 17.56/17.32 percent, 16.88/16.63 percent and 16.10/15.85 percent for the 91-days, 182-days, 273-days and 364-days securities respectively. This compares to the respective 14.43/14.18 percent, 15.16/14.90 percent, 14.98/14.73 percent and 14.64/14.39 percent, respectively in the four weeks to October 10, 2003.

Table II: Bid/Offer Rates and Transactions in the Secondary Market for Treasury bills over the four week-period to November 14, 2003

	Type of security							
	91-days		**182-days**		**273-days**		**364-days**	
Discount rates quotation (%)								
	Bid	Offer	Bid	Offer	Bid	Offer	Bid	Offer
Min	16.35	16.10	16.60	16.35	15.25	15.00	15.25	15.00
Max	19.60	19.35	20.05	19.80	20.80	20.55	18.50	18.90
Average	17.01	16.76	17.56	17.32	16.88	16.63	16.10	15.85
Trading Activity								
Transactions (Shs bill)	1.417		2.429		0.400		0.100	
O/w Horizontal repos	0.000		0.000		0.000		0.000	
- Av. H/Repo rate	-		-		-		-	
O/w- Outright sales	1.417		2.429		0.400		0.100	
- Av. Discount rate	19.94%		17.64%		18.78%		16.25%	
- Av. Effective Yield	20.44%		19.14%		21.88%		19.39%	

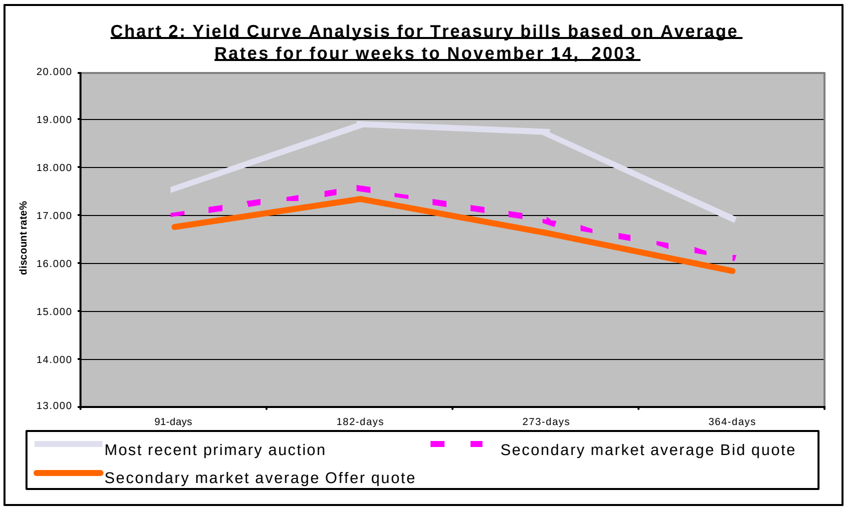
Source: Complied from Domestic Financial Markets Department records

Total trades in the four weeks ended November 14, 2003 amounted to Shs 4.35 billion compared to Shs 9.48 billion in the four weeks ended October 10, 2003. The average discount rates for the 91-day, the 182-day, the 273-day, and the 364-day securities were 19.94 percent, 17.64 percent, 18.78 percent, and 16.25 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 discount quotations in the secondary market, evolved relatively in line with the developments in the primary market. However, as shown by Chart 2 below, the margins narrowed at the longer and shorter ends of the market. Unlike in the previous four consecutive four-week periods, there were rediscounts of Shs 7.37 billion and borrowings of Shs 4.00 billion at Bank of Uganda in the period under review.

Activity in the domestic inter-bank money market for the four weeks ending November 14, 2003 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 October 17, 2003, when transactions worth Shs 56.53 billion were recorded, while the least activity was in the week of November 14, 2003, when Shs 27.55 billion was traded. During this period, the weighted inter-bank rate in the call market in the four-week period gradually went up from 18.53 percent, recorded in the week ended

October 17, 2003, to 19.68 percent recorded the week ending November 14, 2003. All the banks participated in the interbank market, which reflects an increase in participation as compared to the previous periods.



iii Commercial Banks' Retail Interest Rates

Two Commercial banks adjusted their prime-lending rates upwards in the four weeks to October 03 2003. Consequently, the number of commercial banks charging prime-lending rates in the range 18.1-20.0 and 20.1-22.0 percent moved from 9 and 3 to 8 and 4 banks respectively, while those in the range 16.0-18.0 percent remained 3. The range of these rates for the entire banking sector also adjusted accordingly from 17-22 percent to 18-22 percent. (See Table III).

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

Prime Lending Rate (%)	**Jul 03**	**Aug 03**	**Sep 03**	**Oct 10, 03**	**Nov 07, 03**
0.0 – 10.9 11.0 – 13.9	0 0	0 0	0 0	0 0	0 0
14.0 – 15.9	0	0	0	0	0
16.0 – 18.0	2	2	3	3	3
18.1 – 20.0	9	10	9	9	8
20.1 – 22.0	4	3	3	3	4
22.1 - >>	0	0	0	0	0
Range (Min – Max)	18% – 22%	18% – 22%	17% – 22%	17% – 22%	18% – 22%

Source: Weekly Report of Interest rates by Commercial Banks

Three commercial banks adjusted their indicative deposit rates over the same period. Of the three banks, two made upward adjustments while the one had a downward adjustment. The savings deposit and time deposit rates maintained the range of 0-7 percent and 0.25-13.0 percent respectively. The number of banks with maximum savings rates of at least 5.0 percent remained nine (9) while those reporting a maximum time deposit rate of at least 8 percent increased from nine (9) to ten (10) as a result of the upward adjustment by one of the banks.

Information on the commercial banks' effective lending and deposit rates is available only up to September 2003. As portrayed in Table IV, the effective lending rates on foreign denominated loans went down marginally from 8.98 percent in August 2003 to 8.29 percent in September 2003. That on shilling denominated loans, on the other hand, decreased from 22.43 percent to 18.42 percent over the same period.

Table IV: Commercial Banks' Lending and Deposit Rates

	Shilling Denominated				Forex Denominated			
Weighted Average Rates (%)	**Jun 03**	**Jul 03**	**Aug 03**	**Sep 03**	**Jun 03**	**Jul 03**	**Aug 03**	**Sep 03**
Lending	18.34	19.52	22.43	18.42	11.07	8.92	8.98	8.29
Demand Deposits	1.33	1.09	1.40	1.33	0.96	0.96	0.96	0.96
Savings Deposits	2.89	2.46	2.66	2.65	1.00	1.50	1.57	1.55
Time Deposits	13.27	10.43	8.33	9.23	1.73	1.47	1.47	1.85

Source: Monthly Report, BS100 Returns by Commercial Banks

The weighted rate on shilling denominated savings remained stable at 2.65 percent in September 2003, having been 2.66 percent in August. The weighted time deposits rate, on the other hand, went up from 8.33 percent to 9.23 percent in the same period. On the foreign currency denominated deposits, the rates on both demand and savings deposits continued to be stable at 0.96 and 0.55 percent respectively. The time deposit rate, however, increased from 1.47 percent to 1.85 percent.

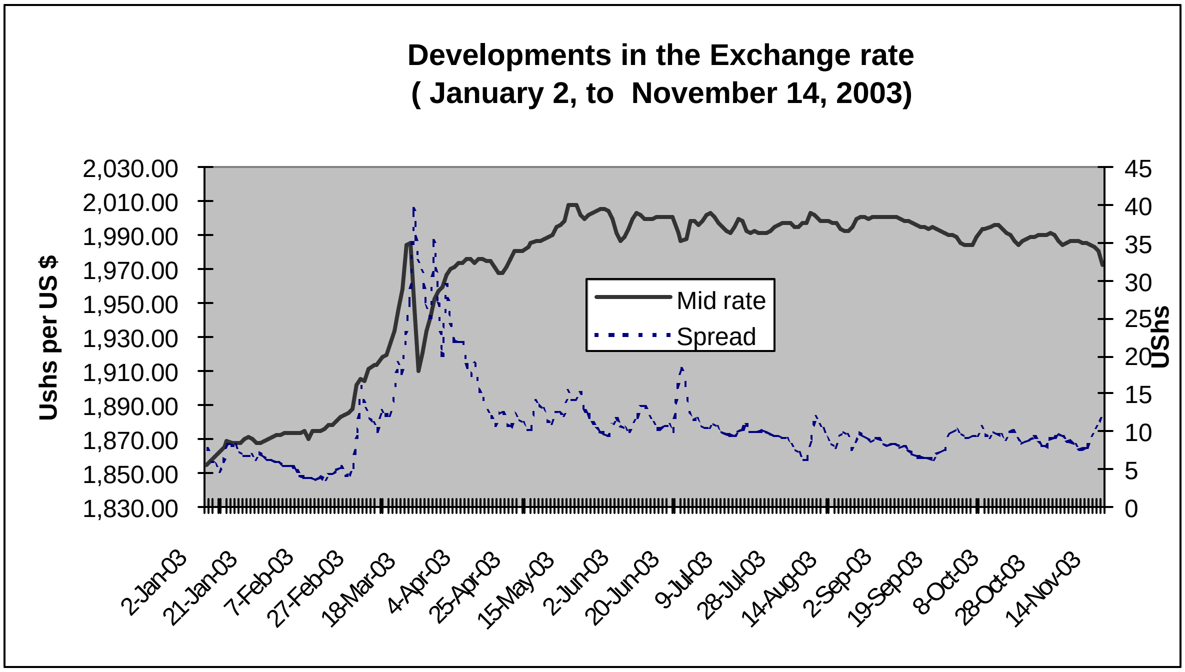
D EXCHANGE RATE AND FOREIGN EXCHANGE MARKET

Developments in the foreign exchange rates indicate that the Shilling remained fairly stable during most of the period, but registered strong gains against the US Dollar towards the end of the period under review, prompting Bank of Uganda to intervened in the foreign exchange market on the buy side to a tune of US$2.3 million.

The Shilling initially registered mild loses against the US Dollar during the second half of October 2003 largely on account of improved Dollar demand from the corporates. It depreciated by 0.09 percent from Shs 1989.81 per US$ as at 14 October 2003 to Shs 1991.69 per US$ as at 28 October 2003. This trend, however, was short-lived, and by the end of 14 November, the Shilling gained substantially by 0.94 percent to Shs 1972.05 per US$, reversing the depreciation observed in the second half of October 2003. On a period average basis, the Shilling appreciated by 0.24 percent from an average exchange rate of Shs 1991.30 per US$ for the four weeks ended October 13, 2003 compared to the average of Shs1986.59 per US$ for the same period ending November 14 2003. The average spreads between the weighted inter-banks' buy and sell rates also remained stable around Shs9 during the period but edged up to Shs12 by November 14, 2003. (See Chart 5).

The appreciation experienced in the first half of November is largely attributed to the continued presence of offshore participants in the market coupled with the foreign exchange inflows from NGOs, account conversions, and export proceeds, Bank of Uganda sterilization operations.

Commercial banks' daily retail sales and purchases averaged US$5.71 million and US$5.91 million, respectively during the period October 14, 2003 to November 14th 2003. This is compared to the recent sales and purchases of US$6.12 million and US$5.69 million respectively recorded in the period to October 13th, 2003. The cross currency trading average stood at US$1.75 million during the period under review. BOU maintained its presence in the IFEM under the sterilization strategy geared at mopping up excess liquidity injected by poverty reducing government expenditures. Net sales of foreign exchange by Bank of Uganda on account of both sterilization and intervention amounted to US $10.2 million in the four weeks period to November 14 2003. Bank of Uganda continues to watch market developments very closely.



E REAL SECTOR DEVELOPMENTS

i Index of Industrial Production

The performance of the Manufacturing sector, as measured by the Index of Industrial Production based on 15 major establishments, registered a slight fall in the month of September 2003. Of the 0.3 percent from the level of 150.6 in August 2003 to 150.1 in September 2003. Compared to index level of 136.6 recorded in September 2002, the month under review marked a rise of 9.9 percent. In September 2003, soft drinks production registered the most significant growth of 26 percent to an index level of

155.3 from 123.3 in August 2003. Edible oil production similarly marked an increase of 16.9 percent over the same period. On the whole, most commodities registered declines in production, the largest fall of 23 percent being recorded in textile production whose index level dropped further from 81.4 in August 2003 to 62.7 in September 2003. The persistent fall in the textiles' index level since August 2003 indicates a return to normal production following a temporary surge in production recorded in July 2003.

Table 1. Index of Industrial Production levels of Major Manufacturing, Period June 2003 - September 2003

	Jun '03	%age Change	July '03	%age Change	Aug '03	%age Change	Sept '03
II. Sugar	117.3	74.3	204.4	-2.3	199.6	6.2	212.0
Beer	108.0	-16.7	90.0	41.9	127.7	-22.0	99.6
Soft drinks	133.0	-19.1	107.6	14.6	123.3	26.0	155.3
Cigarettes	58.1	31.5	76.4	-13.2	66.3	-12.2	58.2
Textiles	55.3	111.9	117.2	-30.5	81.4	-23.0	62.7
Cement	144.5	17.9	170.4	2.9	175.3	-3.0	170.1
Laundry Soap	140.9	15.4	162.6	-4.4	155.5	3.8	161.4
Edible Oil	138.7	-7.5	128.3	22.5	157.2	16.9	183.8
Metal Products	190.1	5.7	200.9	0.0	201.0	-4.5	192.0
All items	124.5	18.0	146.9	2.5	150.6	-0.3	150.1

Source: Uganda Bureau of Statistics

ii Trading at Uganda Securities Exchange

In October 2003, there was deceleration in trading activity at the Uganda Securities Exchange compared to September 2003. Total turnover declined to Ushs.32.3 million from Ushs.123.3 million recorded in the previous month. Similarly, the number of shares traded also declined substantially to 6,995 from 154,508 over the same period. The Uganda Clays (UCL) counter recorded the most significant volume of activity accounting for 90 percent of the total turnover for the month. Others were British American Tobacco Uganda (BATU) accounting for 8 percent and Bank of Baroda Uganda (BOBU) with 2 percent of the total trades. East African Breweries Limited (EABL) and Kenya Airways (KA) counters registered no activity. Total number of deals declined to 6 from 9 reported in September 2003. The Uganda Clays (UCL) counter registered an all time high price of Ushs 7,500 per share and this was attributed to the announcement of dividend payment and generally an impressive performance of the company. The total market capitalization rose by Ushs.106 billion to Ushs.1231.1 billion from Ushs.1125.1 billion between end of September 2003 and end of October. This was mainly attributed to EABL's expected issuance of a Bonus, which boosted its market capitalization and KA, which showed strength through out October 2003.

Table 2. Trading at Uganda Securities Exchange. Period: March 2003 – October 2003

	Mar '03	Apr '03	May '03	Jun '03	Jul '03	Aug '03	Sep '03	Oct '03
Total Turnover (Million UShs)	17.0	40.1	27.5	11.0	49.6	12.0	123.3	32.3
No. Of Deals	12	17	12	13	4	7	9	6
No. Of Shares	5,253	29,949	6,189	4,465	29,201	2,798	154,508	6,995

Source: Uganda Securities Exchange

Note: The number of deals quoted here is the number of consolidated deals.

F FISCAL DEVELOPMENTS

In the month of September 2003, the preliminary estimate for government revenue and budget support grants was Shs 143.7 billion. This was lower than the programme target of Shs 158.1 billion. Government expenditure and net lending was estimated at Shs 148.6 billion, compared with the anticipated level of Shs 162.0 billion. The overall fiscal balance for September 2003 was a deficit of Shs 4.9 billion measured against a deficit of Shs 3.9 billion projected in the programme while excluding grants, the deficit rose to Shs 15.5 billion.

Government Fiscal Ope rations

i Revenue and Grants

In September 2003, total revenue and budget support grant receipts were estimated at Shs 143.7 billion compared with Shs 158.0 billion realised in August 2003. This outturn was also higher than the programme target of Shs 158.1 billion due to lower than anticipated budget support grants during the month.

During September 2003, total domestic revenue rose by Shs 18.3 billion or 15.9 percent from Shs 114.8 billion collected in August 2003 to Shs 133.1 billion. The increase in revenue collections was attributed to the deliberate revenue enhancement measures undertaken by URA. In particular, the URA revenue collections rose by Shs 17.1 billion or 15.1 percent to Shs 130.7 billion, which was above the programmed target for the month by Shs 5.5 billion mainly due to higher than expected yields from major revenue heads – PAYE, corporate tax, taxes on international trade and excise duty on beer. The preliminary outturn for the non-tax revenue collections for September 2003 was estimated at Shs 2.4 billion. This was Shs 1.2 billion higher than the August 2003 collections, but slightly lower than the planned target for the month of Shs 2.6 billion.

The total disbursements of budget support grants for September 2003 were estimated at Shs 10.6 billion, which was lower than the expected amount for the month of Shs 30.3 billion due to the unpredictable nature in the timing of such funds. The disbursements for the first three months of FY 2003/2004 accumulated to Shs 75.6 billion, against the target of Shs 76.3 billion.

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

	Revised Budget 2003/04	Prel. Jul 2003	Prel. Aug 2003	Prel. Sept 2003	Prog. Sept 2003
Total Tax & Import Support Receipts	2,228.6	143.1	158.0	143.7	158.1
Total Domestic Revenue	1,690.9	121.4	114.8	133.1	127.8
URA Excluding Refunds/Govt. Taxes	1,655.2	119.4	113.6	130.7	125.2
Non URA Revenues	35.7	2.0	1.2	2.4	2.6
Import Support Grants	537.7	21.7	43.3	10.6	30.3
Expenditure & Lending	2,358.1	99.8	173.9	148.6	162.0
Current Expenditure	1,732.4	94.5	143.4	127.8	133.5
Development Expenditure	572.3	6.0	32.4	14.9	27.2
Others 1/	52.9	(0.7)	(1.9)	5.9	1.3
Overall Surplus (Deficit)	(129.5)	43.3	(15.9)	(4.9)	(3.9)
Excluding Grants	(667.2)	21.6	(59.2)	(15.5)	(34.2)

Source: Ministry of Finance, Planning and Economic Development
1 Includes Net Lending/Repayments, Arrears Repayments and Contingency.

i Expenditure

In the month of September 2003, government's expenditure and net lending (excluding cheque float reduction) was estimated at Shs 148.6 billion down from Shs 173.9 billion registered in August 2003. This outturn was also lower than the anticipated level of Shs 162.0 billion, by Shs 14.0 billion probably due to the implementation of the Commitment Control System (CCS) as some expenditures could not be committed despite of authorisation. The current expenditures for the month totalled Shs 127.8 billion judged against the projected level of Shs 133.5 billion. Out of the total current expenditure, a total of Shs 59.5 billion (46.6 percent) was spent on wages and salaries. Interest payments were estimated at Shs 20.3 billion (or 15.9 percent), marking an increase from Shs 19.1 billion spent in August 2003. Out of the total interest payments for September 2003, Shs 6.8 billion was on account of external loans. Other recurrent expenditures decreased from Shs 62.8 billion recorded in August 2003 to Shs 43.2 billion in September 2003, while development expenditures were estimated at Shs 14.9 billion, down from Shs 32.4 billion in August 2003.

The overall fiscal balance for September 2003 was a deficit of Shs 4.9 billion compared to a deficit of Shs 3.9 billion, which was projected in the programme while the deficit excluding grants amounted to Shs 15.5 billion, down from Shs 59.1 billion in the preceding month. The deficit was financed by domestic sources to the tune Shs 16.3 billion. However, government repaid principal on external debt amounting to Shs 11.4 billion.

G THE BALANCE OF PAYMENTS DEVELOPMENTS

- In September 2003, the current account balance is estimated at a deficit of US$14.25 million, while the capital and financial account is estimated at a surplus of US$20.21 million. Thus, the overall balance is estimated at a surplus of US$5.96 million.

- Total exports proceeds for the period September 2003 are estimated at US $ 57.45 million, out of which coffee accounted for 12.06 per cent.

- The import bill (CIF) is estimated at US$131.94 million during September 2003. This is an increase of 5.7 per cent compared to the August 2003 import bill, which was estimated at US$ 124.86 million.

- Official aid (excluding project aid but including resources from the HIPC Initiative) inflows amounted to about US$9.38 million, while net private transfer inflows are estimated at US$39.65 million in September 2003. Services and income outflows exceeded inflows by US$24.93 million during September 2003.

- Official debt service (excluding IMF payments) is estimated at US$8.629 million for the month of September 2003. IMF principal obligations that were externalized in September amounted to US$2.324 million. Short-term outflows of US$11.90 million exceeded inflows by US$1.23 million.

i Exports

Total Exports (developments for the month of August 2003)

Total export proceeds in the month of September are estimated at about US$57.45 million about 27.6 percent higher than the value of US$45.04 million realized in the month of August 2003.

Coffee Exports

Coffee exports during the month of October 2003 amounted to 133.77 (60-kilogram) thousand bags worth US$5.53 million. This was a decline of about 24.3 percent in volume and 20.2 per cent in value compared to the September exports. The average realized export price in October stood at 69 cents per kilo (US$0.69 per kilogram), up by 4 cents compared to the price in September 2003.

Non-coffee Exports

Non-coffee exports for the month of September 2003 are estimated at US$50.47 million, which represents an increase of about 36.4 per cent compared to US$37.00 million (revised) realized in August 2003. There was also a big improvement of 74.0 per cent of non-coffee exports for the month of September 2003 (US$50.47 million) compared to the same month last year (US$29.00 million).

Increases in the value were noted in almost all the non-coffee exports including: gold, cotton, tea, tobacco, fish and its products, hides and skins, maize, beans and flowers. For the month of September 2003 compared to the month of August 2003, gold exports increased from US$2.14 million to US$6.92 million, cotton exports rose from US$0.84 million to US$1.83 million, tea exports increased from US$2.11 million to US$4.49 million, tobacco exports rose from US$1.68 million to US$4.02 million, international fish and its products exports rose from US$5.68 million to US$7.45 million while hides and skins exports rose from US$0.32 million to US$0.67 million. Maize, beans and flowers exports increased by 6.9, 9.9 and 29.5 per cent respectively.

However, some other non-coffee exports recorded a decline in value. Electricity registered a value of US$0.99 million for the month of September 2003, which was a decrease of 6.0 percent when compared to the previous month. Export value for simsim also dropped by 87.8 per cent from US$0.18 million in August 2003 to US$0.02 million in September 2003. Oil re-exports registered a decline of 1.2 per cent in value from US$3.39 million in the month of August to US$3.35 million in the month of September. Vanilla, which is among the other non-coffee exports, recorded a value of US$3.938 million down from US$ 4.772 million registered in August 2003. (For more details see appendix table 1: exports of merchandise).

***ii* Imports**

Total imports are estimated at US$131.94 million during September 2003. Private sector imports are estimated at US$116.96 million for the month of September 2003. This is a decrease of 5.8 per cent compared to the August 2003 private sector import bill, which amounted to US$110.51 million. Oil imports accounted for US$13.22 million in September 2003 about 11.3 percent of total imports. The oil bill increased of 1.2 and 1.4 per cent when compared to the August 2003 and September 2002 oil bills respectively.

Government imports are estimated at US$14.98 million for the month of September 2003, which is 4.4 per cent higher than August 2003 imports, which amounted to US$14.34 million. The increase was due to an increase in project imports by about US$3.00 million. (See appendix table 1: imports of merchandise).

iii Other Inflows and Outflows

Official aid (excluding project aid but including resources from the HIPC[1] Initiative) inflows amounting to about US$9.38 million was disbursed in September 2003. Private transfer inflows are estimated at US$52.24 million for the month of September, US$11.46 million higher than the estimate for the month of August 2003. Private transfer outflows are estimated at US$12.58 million, thus net private transfers amounted to US$39.65 million during the month of September

Official debt service (excluding IMF payments) is estimated at US$8.63 million for the month of September 2003 while IMF principal obligations externalized in September 2003 amounted to US$2.324 million.

H MONETARY AND FINANCIAL SECTOR AGGREGATES

i Banking Activities[2]

Broad Money

Broad Money M3, which comprises currency in circulation plus all private deposits, expanded by 0.2 percent to Shs2365.2 billion between August 2003 and September 2003. This represents a deceleration in the growth of money supply, compared to an increase of 0.7 percent at end-August 2003. In relation to June 2003, M3 fell by 0.3 percent compared to a decline of 0.6 percent in August 2003, while the year-on-year growth rate for M3 is recorded at 21.5 percent. in September 2003 compared to 22.0 percent growth in August 2003.

M2A, comprising of M3 less foreign currency deposits of the private sector, fell by 0.5 percent to Shs1785.2 billion from Shs1793.8 billion at end-August 2003. This is compared to an increase of 3.3 percent over the month of August 2003. Relative to June 2003, M2A grew by 2.1 percent, while on an annual basis, M2A grew by 17.3 percent. Respective growth rates in August2003 were recorded at 2.6 percent, and 18.9 percent. The developments in money supply are shown in Table VI below.

Net Foreign Assets (NFA)

Between August 2003 and September 2003, the NFA of the banking system expanded by 1.3 percent or Shs26.6 billion to Shs2096.8 billion. At BOU, NFA grew by Shs2.3

[1] Includes all components of HIPC
[2] Based on the Preliminary Monetary Survey for September 2003

billion, to Shs1530.5 billion. In particular, foreign reserves at BoU grew by an equivalent of Shs11.8 billion or US$ 23.0 million. At Commercial banks, NFA rose by 4.5 percent or Shs24.3 billion to Shs566.3 billion.

Net Claims on Government (NCG)

The government's net position with the banking system (NCG) as at end- September 2003 was a borrowing of Shs534.9 billion, up by 2.8 percent or Shs14.4 billion relative to Shs 520.5 billion at end-August 2003 (Table VI). At BoU, the government drew down its savings by Shs. 16.3 billion over the month, mainly on account of a sharp decline in government deposits of Shs531.0 billion to Shs1321.1 billion in September from Shs1852.1 billion in August. This more than offset the fall in advances of Shs514.7 billion to Shs1140.1 billion in September 2003, from Shs1654.8 billion in August 2003. At commercial banks, net claims on Government decreased by Shs2.0 to Shs615.8 billion in September 2003 from Shs617.8 billion in August 2003. This was on account of a rise in Government deposits of Shs19.4 billion, coupled with a fall in advances to government of Shs2.2 billion, which offset a rise in Treasury bill holdings of Shs19.6 billion. Relative to June 2003, the claims of the banking system on government increased by Shs144.5 billion or 37 percent.

Table VI: Developments in Monetary and Credit Aggregates (June 01 – September 03)

(in billion shillings unless otherwise stated)	**June 2001**	**June 2002**	**Sep. 2002**	**June 2003**	**July 2003**	**August 2003**	**Sep. 2003**
Net Foreign Assets (NFA)	1211.0	1552.6	1562.3	2101.3	2119.3	2070.2	2096.8
Domestic Credit	1106.8	1151.4	1213.5	1246.2	1378.7	1409.4	1432.0
Net Credit to Gov't (NCG)	460.6	482.0	529.7	390.4	501.5	520.5	534.9
Claims on the Private Sector	634.9	661.7	676.4	848.6	869.0	881.0	888.3
M3	1583.7	1925.4	1947.2	2373.4	2344.6	2359.9	2365.2
Forex deposits	390.2	434.8	425.3	624.2	608.0	566.1	580.0
M2A	1193.4	1490.6	1516.1	1749.2	1736.6	1793.8	1785.2
Demand Deposits	482.9	617.5	630.0	725.1	729.4	711.6	741.3
Term Deposits	360.4	465.9	480.1	562.7	543.5	560.9	570.4
Currency	350.2	407.2	411.9	461.4	463.7	521.3	473.4
Forex/M3 (%)	24.6	22.6	21.8	26.3	25.9	24.0	24.5
Demand Deposits/M3 (%)	30.5	32.1	32.4	30.6	31.1	30.2	31.3
Term Deposits/M3 (%)	23.5	22.8	24.7	23.7	23.2	23.8	24.1
Currency/M3 (%)	22.8	22.1	21.2	19.4	19.8	22.1	20.0

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

Private Sector Credit (PSC)

At end-September 2003, the stock of outstanding credit to the private sector by the banking sector stood at Shs888.3 billion (Table VI), of which Shs6.1 billion was from BOU and Shs882.2 billion from commercial banks. This represents a growth of 0.8 percent (or Shs7.2 billion) over the end August 2003 position. In relation to June

2003, PSC grew by Shs39.7 billion or 4.7 percent, while the year-on-year growth rate in PSC is recorded at 31.3 percent for end-September 2003.

Credit Flows

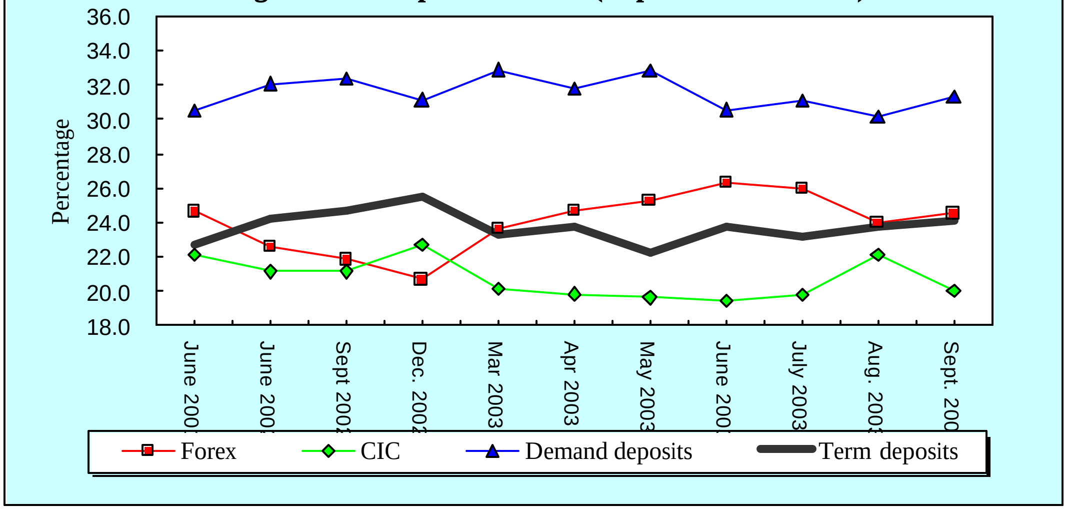
During September 2003, the total (shilling and foreign currency) gross extensions by commercial banks amounted to Shs126.6 billion, while recoveries were Shs122.1 billion resulting in net extensions of Shs4.6 billion. After accounting for flows in capitalised interest there was rise in the stock of credit of approximately Shs8.2 billion (see Table 3a), out of which about Shs7.3[3] billion went to the private sector. During the month, commercial banks extended shilling loans amounting to Shs88.2 billion, and recovered Shs87.7 billion, thus net extensions were Shs0.5 billion. Net capitalised interest stood at Shs4.2 billion and therefore, the net change in the stock of shilling loans to the private sector was Shs4.7 billion (see Table 3b). For foreign currency loans, gross extensions stood at Shs38.5 billion, while recoveries were Shs34.4 billion, yielding net extensions of Shs 4.1 billion (See Table 3c). After taking into account effects of capitalised interest, the net growth in the stock foreign currency loans was Shs3.5 billion.

Liabilities of the Banking System

On the liabilities side, foreign currency accounts rose by 2.5 percent or Shs13.9 billion to Shs580.0 billion in September 2003 from the August 2003 level of Shs566.1 billion (see Table VI). In US$, foreign currency accounts increased by US$9.3 million to US$292.3 million. Demand deposits rose by 4.2 percent or Shs29.8 billion to Shs741.3 billion, while term deposits (time, savings and CDs) grew by 1.7 percent to Shs570.4 billion from respective August levels of Shs711.6 billion and Shs560.9 billion. Currency in circulation (CIC) declined by 9.2 percent or Shs47.8 billion to Shs473.5 billion from Shs521.3 billion over this period. Reflecting these developments, the ratio of foreign currency deposits to M3 rose to 24.5 percent from 24.0 percent recorded in August 2003. The ratio of demand deposits to M3 grew to 31.3 percent from 30.2 percent in August 2003, while that of term deposits was at 24.1 percent from 23.8 percent in August 2003. However, the ratio of CIC to M3 fell to 20.0 percent compared to 22.1 percent in August 2003. The trends of the ratios are shown in Chart 4 and Table VI above.

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

Fig 1: The Components of M3 (In percent of the total)



ii Non-Bank Financial Institutions (NBFIs) Activities

Assets

In the month of September 2003, total assets and liabilities of the non-bank financial institutions grew modestly by Shs 1.85 billion from Shs 134.87 billion recorded at end-August 2003 to Shs 136.72 billion. This represents a growth rate of 1.4 percent, compared to the growth rate of 0.4 percent realised in August 2003. During this period, the growth in assets was mainly attributed to strong growth in the loans and advances to the private sector.

Loans and advances

The stock of NBFIs' outstanding loans and advances to the private sector grew strongly by Shs 2.89 billion or 3.8 percent to Shs 78.34 billion as at end-September 2003 compared with the growth rate of 0.8 percent registered in the preceding month. The secured and unsecured loans grew by 7.6 percent to Shs 11.53 billion measured against an increase of 1.5 percent in A ugust 2003. Over the same period, the mortgage loans went up by Shs 1.77 billion or 4.6 percent, while the administered loans rose slightly by Shs 0.31 billion or 1.2 percent to Shs 26.66 billion. The building and construction sector continued to hold the largest share of loans and advances from the credit institutions at approximately 85.3 percent of the total as at end-September 2003, though slightly lower than 85.9 percent recorded in the previous month. The trade and commerce sector took the second largest share of the total loans and advances at 11.3 percent, up from 10.8 percent recorded in August 2003.

Deposits

During the month of September 2003, private sector deposits in the credit institutions went up by Shs 2.0 billion or 3.9 percent to Shs 53.66 billion. This rise was mainly on account of the growth in the savings deposits of 2.9 percent to Shs 45.52 billion.

Similarly, the time deposits rose by Shs 0.73 billion to Shs 8.14 billion over the same period. Other deposits, which mainly comprise of funds collected on behalf of government from the beneficiaries of the government pool house sale scheme, rose slightly by 1.3 percent from Shs 22.54 billion at end-August 2003 to Shs 22.84 billion at the end of September 2003. Table V below shows the developments in the activities of NBFIs.

Table V: Developments in the activities of Non-Bank Financial Institutions (UShs billion)

	Jun 2002	Jun 2003	Jul 2003	Aug 2003	Sept 2003
Total Assets	**115.58**	**132.17**	**134.33**	**134.87**	**136.72**
o/w Loans and advances	64.68	73.95	74.89	75.46	78.34
Secured & unsecured	10.21	9.86	10.56	10.72	11.53
Mortgage	26.68	37.35	37.74	38.38	40.15
Administered	27.80	26.74	26.58	26.35	26.66
Total Deposits	**64.04**	**73.94**	**73.72**	**74.20**	**76.49**
Savings	38.88	44.83	44.36	44.25	45.52
Time	7.50	7.27	7.24	7.41	8.14
Agency Funds	17.66	21.84	22.11	22.54	22.84

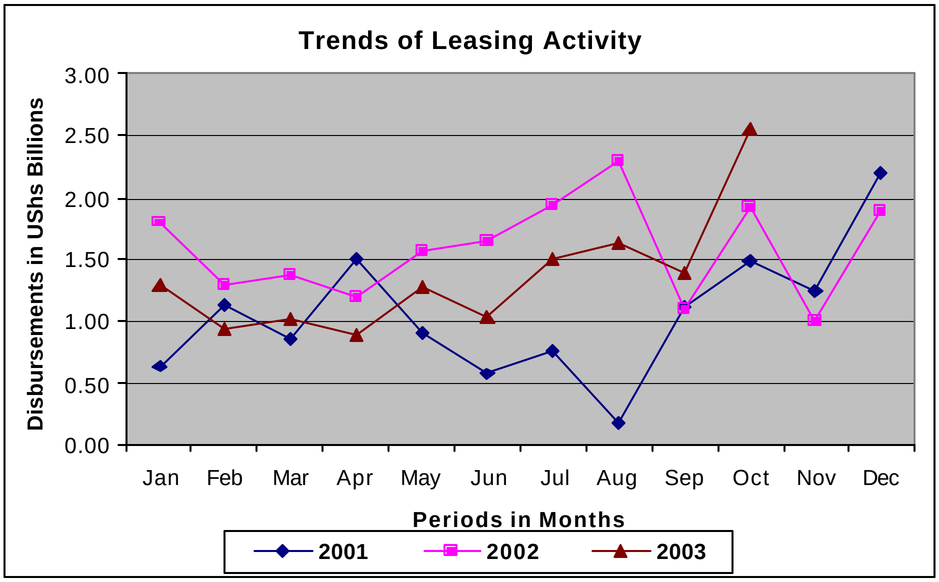
iii Leasing Activities

The value of assets leased in the month of October 2003 recorded an over all high of Ushs.2.55 billion representing 83.5 and 32 percent increments from Ushs.1.39 recorded in September 2003 and Ushs.1.93 billion recorded in October 2002 respectively. The high value of assets recorded in October 2003 is a result of recovery from the contraction observed in September 2003 in which the value of assets leased was at a low of Ushs.1.39 billion. Another reason for the marked high was attributed to a huge deal involving construction equipment. The fluctuations in Leasing activity generally stem from the limited number of players in the industry, such that even slight change results in volatility of the volume of this type of credit extended. However, the value of assets leased is projected to stabilise at Ushs 2 Billion at the end of the Year 2003.

Table 3. Value of Assets Disbursed (Billion Ushs) Period: January 2001-October 2003.

	2001	2002	2003
January	0.64	1.80	1.30
February	1.13	1.29	0.94
March	0.86	1.37	1.02
April	1.50	1.20	0.90
May	0.91	1.56	1.27
June	0.57	1.65	1.04
July	0.76	1.95	1.50
August	0.18	2.30	1.62
September	1.11	1.10	1.39
October	1.48	1.93	2.55
November	1.24	1.00	
December	2.20	1.90	

Chart 1: Trend of Leasing Activity over January 2001 - October 2003.



From the chart above, the trend of leasing activity seems to fluctuate more steadily over time. More prominent is the similarity in the trend of leasing activity between 2002 and 2003, only difference being lower disbursements in 2003 than in 2002.

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.

Appendix Table 1

EXPORTS OF MERCHANDISE(in millions of US$)	Aug-02	Sep-02	Oct-02	Aug-03	Sep-03	Oct-03
Total Exports (in US$ million)	**36.96**	**35.87**	**41.52**	**45.04**	**57.45**	
1. Coffee						
Gross coffee shpmt (vol) (60-Kg bags)	0.29	0.25	0.22	0.20	0.18	0.13
Av. unit value	0.43	0.45	0.53	0.66	0.65	0.69
Value of total shipment(BOP)	7.59	6.82	7.10	7.91	6.93	5.53
2. Non-Coffee export values(in US $ million)	**29.25**	**29.00**	**34.36**	**37.00**	**50.47**	
Electricity	1.32	1.44	1.71	1.05	0.99	
Gold	5.19	3.97	6.02	2.14	6.92	
Cotton	0.56	0.00	0.03	0.84	1.83	
Tea	1.39	2.13	2.72	2.11	4.49	
Tobacco	2.25	0.80	2.24	1.68	4.02	
Fish & its prod. (International)	6.67	7.14	7.68	5.68	7.45	
Fish & its prod. (Regional)	2.20	2.36	2.53	1.87	2.46	
Hides & skins	0.15	0.19	0.42	0.32	0.67	
Simsim	0.01	0.08	0.01	0.18	0.02	
Maize	0.62	0.61	1.00	2.02	2.16	
Beans	0.43	0.23	0.22	0.25	0.28	
Flowers	1.36	1.31	1.22	2.25	2.91	
Oil re-exports	0.04	0.75	0.71	3.39	3.35	
Cobalt	1.07	0.12	0.00	0.00	0.00	
Others	6.13	7.91	7.93	13.37	12.99	

Source: Bank of Uganda

Appendix Table 2 Imports

	July-02	Aug-02	Sept-02	July-03	Aug-03	Sept-03
Total Imports (Millions US$)	**112.11**	**96.58**	**110.30**	**131.60**	**124.86**	**131.94**
Government Imports	**14.23**	**10.24**	**10.41**	12.88	14.34	14.98
Project	8.17	8.37	9.19	12.37	11.66	14.65
Non-Project	6.06	1.87	1.22	0.51	2.69	0.32
Private Sector Imports	**97.89**	**86.34**	**99.89**	**118.72**	**110.51**	**116.96**
Oil	13.26	13.12	13.03	13.57	13.06	13.22
Non-Oil	70.15	64.89	76.33	100.69	92.16	97.47
Estimated imports	14.48	8.33	10.53	4.46	5.30	6.27

Source: Bank of Uganda

Appendix Table 3a 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							
July	87.65	(88.32)	(0.67)	5.35	(5.57)	(0.22)	(0.89)
August	100.43	(89.55)	10.87	4.43	(6.50)	(2.07)	8.81
Sept	56.92	(77.68)	5.29	4.21	(3.83)	0.38	5.67
Q1	**271.05**	**(255.55)**	**15.50**	**13.98**	**(15.89)**	**(1.91)**	**13.59**
October	101.57	(72.78)	28.79	6.84	(4.10)	2.74	31.53
November	109.29	(79.80)	29.49	6.91	(3.86)	3.05	32.54
December	111.40	(76.16)	35.24	7.94	(9.57)	(1.63)	33.61
Q2	**322.26**	**(228.74)**	**93.51**	**21.69**	**(17.52)**	**4.16**	**97.68**
Half 1 2002/03	**593.31**	**(484.29)**	**109.01**	**35.67**	**(33.41)**	**2.25**	**111.27**
Jan 2003	121.57	(94.59)	56.98	2.57	(2.70)	(0.13)	26.85
February	114.92	(93.76	21.16	3.09	(3.73)	(0.64)	20.52
March	112.20	(96.31)	15.90	3.82	(2.75)	1.07	16.97
Q3	**348.69**	**(284.65)**	**64.04**	**9.48**	**(9.18)**	**0.30**	**64.34**
April	99.66	(116.52)	(16.86)	3.56	(1.22)	2.33	(14.52)
May	142.80	(122.79)	20.00	5.84	(2.18)	3.65	23.65
June	104.75	(112.23)	(7.48)	4.97	(3.42)	1.55	(5.93)
Q4	**347.21**	**(351.54)**	**(4.33)**	**14.37**	**(6.83)**	**7.54**	**3.20**
Half 2 2002/03	**695.90**	**(636.19)**	**59.71**	**23.85**	**(16.01)**	**7.84**	**67.55**
2002/2003	**1,289.21**	**(1,120.48)**	**168.72**	**59.51**	**(49.42)**	**10.09**	**178.81**
2003/2004							
July	111.51	(97.42)	14.09	5.24	(3.82)	1.41	15.50
August	105.06	(97.69)	7.37	13.10	(8.62)	4.48	11.85
September	126.64	(122.07)	4.57	6.73	(3.11)	3.62	8.19
Q1	**343.22**	**(317.19)**	**26.03**	**25.07**	**(15.56)**	**9.51**	**35.54**

Source: *Research Department, Bank of Uganda*

Appendix Table 3b Monthly Change in Outstanding Loans and Advances of Commercial Banks
(Shilling loans, billion Shs)

Period	Extensions	Recoveries	Net extensions	Cap interest	Repd cap int	Net Cap int	Net change
	1	2	3=1+2	4	5	6=4+5	7= 3+6
1999/2000	**309.57**	**(257.58)**	**51.99**	**21.91**	**(65.28)**	**(43.37)**	**8.62**
2000/2001	**602.42**	**(553.62)**	**48.80**	**32.75**	**(59.58)**	**(26.83)**	**21.97**
2001/2002							
Q1	**167.24**	**(178.30)**	**(11.06)**	**4.39**	**(13.47)**	**(9.08)**	**(20.14)**
Q2	**169.88**	**(173.45)**	**(3.57)**	**4.38**	**(11.29)**	**(6.91)**	**(10.49)**
Half 1 2001/02	**337.12**	**(351.75)**	**(14.63)**	**8.77**	**(24.77)**	**(16.00)**	**(30.63)**
Q3	**171.14**	**(160.07)**	**11.07**	**5.83**	**(18.36)**	**(12.52)**	**(1.45)**
Q4	**190.31**	**(181.50)**	**8.81**	**8.05**	**(11.83)**	**(3.79)**	**5.03**
Half 2 2001/02	**361.45**	**(341.56)**	**19.89**	**13.88**	**(30.19)**	**(16.31)**	**3.57**
2001/2002	**698.57**	**(693.31)**	**5.26**	**22.65**	**(54.96)**	**(32.31)**	**(27.05)**
2002/2003							
July	65.46	(63.74)	1.72	5.20	(5.23)	(0.02)	1.69
August	74.04	(66.72)	7.32	3.67	(5.08)	(1.41)	5.91
Sept	56.92	(51.49)	5.44	3.69	(2.87)	0.82	6.26
Q1	**196.42**	**(181.95)**	**14.47**	**12.56**	**(13.18)**	**(0.62)**	**13.85**
October	68.25	(55.15)	13.10	6.49	(3.98)	2.51	15.61
November	82.69	(60.13)	22.56	6.41	(3.70)	2.71	25.27
December	78.42	(57.34)	21.08	6.45	(8.18)	(1.73)	19.36
Q2	**229.36**	**(172.61)**	**56.75**	**19.35**	**(15.86)**	**3.49**	**60.24**
Half 1 2002/2003	**425.78**	**(354.56)**	**71.22**	**31.91**	**29.03**	**2.88**	**74.09**
Jan 2003	90.24	(66.42)	23.82	2.22	(2.34)	(0.12)	23.70
February	60.77	(62.95)	(2.18)	2.28	(3.51)	(1.23)	(3.41)
March	71.01	(53.68)	17.32	3.51	(2.59)	0.92	18.24
Q3	**222.02**	**(183.05)**	**38.97**	**8.01**	**(8.44)**	**(0.43)**	**38.54**
April	71.88	(71.49)	0.40	3.13	(1.11)	2.02	2.42
May	86.75	(58.52)	28.23	4.63	(1.76)	2.87	31.10
June	81.21	(85.38)	(4.17)	4.19	(2.76)	1.42	(2.74)
Q4	**239.84**	**(215.38)**	**24.46**	**11.95**	**(5.63)**	**6.31**	**30.78**
Half 2 2002/03	**461.86**	**(398.44)**	**63.43**	**19.96**	**(14.07)**	**5.89**	**69.31**
2002/2003	**887.64**	**(753.00)**	**134.65**	**51.87**	**(43.11)**	**8.76**	**143.41**
2003/2004							
July 2003	74.54	(70.30)	4.24	4.79	(2.99	1.79	6.03
August	71.59	(64.13)	7.46	11.74	(8.14)	3.60	11.06
September	88.15	(87.69)	0.47	6.43	(2.24)	4.20	4.66
Q1	**234.28**	**(222.12)**	**12.16**	**22.96**	**(13.37)**	**9.59**	**21.75**

Source: *Research Department, Bank of Uganda*

Table 3c 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							
July	22.20	(24.58)	(2.38)	0.14	(0.34)	(0.19)	(2.58)
August	26.39	(22.83)	3.56	0.76	(1.41)	(0.66)	2.90
Sept	26.04	(26.19)	(0.15)	0.52	(0.96)	(0.44)	(0.59)
Q1	**74.63**	**(73.60)**	1.03	**1.42**	**(2.71)**	**(1.29)**	**(0.27)**
October	33.32	(17.64)	15.68	0.35	(0.12)	0.23	15.92
November	26.60	(19.67)	6.92	0.50	(0.16)	0.34	7.27
December	32.98	(18.82)	14.16	1.49	(1.39)	0.10	14.26
Q2	**92.90**	**(56.13)**	**36.77**	**2.34**	**(1.67)**	**0.67**	**37.44**
Half 1 2002/2003	**167.53**	**(129.73)**	**37.80**	**3.76**	**(4.38)**	**(0.62)**	**37.17**
Jan 2003	31.33	(28.17)	3.16	0.35	(0.36)	(0.01)	3.15
February	54.15	(30.81)	23.34	0.82	(0.23)	0.59	23.93
March	41.20	(42.62)	(1.42)	0.31	(0.16)	0.15	(1.28)
Q3	**126.67**	**(101.60)**	**25.07**	**1.47**	**(0.74)**	**0.73**	**25.80**
April	27.77	(45.03)	(17.25)	0.42	(0.11)	0.31	(16.94)
May	56.05	(64.28)	(8.23)	1.21	(0.42)	0.78	(7.45)
June	23.54	(26.85)	(3.31)	0.79	(0.66)	0.13	(3.18)
Q4	**107.36**	**(136.16)**	**(28.80)**	**2.42**	**(1.19)**	**1.22**	**(27.57)**
Half 2 2002/03	**234.03**	**(237.76)**	**(3.72)**	**3.89**	**(1.93)**	**1.95**	**(1.77)**
2002/2003	**401.56**	**(367.49)**	**34.07**	**7.65**	**(6.31)**	**1.33**	**35.41**
2003/2004							
July	36.97	(27.12)	9.85	0.45	(0.83)	(0.38)	9.47
August	33.47	(33.56)	(0.09)	1.36	(0.48)	0.88	0.79
September	38.49	(34.39)	4.10	0.30	(0.88)	(0.58)	3.52
Q1	**108.93**	**(95.06)**	**13.87**	**2.11**	**(2.19)**	**(0.08)**	**13.79**

Source: *Research Department, Bank of Uganda*