



# **MONTHLY ECONOMIC REVIEW**

**OCTOBER  
2004**

## **Table of contents**

<b>EXECUTIVE SUMMARY .....</b>	<b>i</b>
<b>A MONETARY POLICY STANCE AND ACTIONS.....</b>	<b>1</b>
<b>B DOMESTIC PRICE DEVELOPMENTS .....</b>	<b>1</b>
<b>C REAL SECTOR DEVELOPMENTS .....</b>	<b>3</b>
<b>D DEVELOPMENTS IN THE DOMESTIC SECURITIES AND MONEY MARKET .....</b>	<b>4</b>
<b>E MONETARY AGGREGATES AND FINANCIAL SECTOR AGGREGATES .....</b>	<b>9</b>
<b>F GOVERNMENT BUDGETARY OPERATIONS .....</b>	<b>13</b>
<b>G EXCHANGE RATE AND FOREIGN EXCHANGE MARKET .....</b>	<b>15</b>
<b>H DEVELOPMENTS IN THE BALANCE OF PAYMENTS (BOP) .....</b>	<b>16</b>
<b>I POLICY OUTLOOK.....</b>	<b>17</b>

## **EXECUTIVE SUMMARY**

### **Monetary Policy Stance and Actions**

The primary objective of monetary policy remains to contain inflation at low and stable levels. This notwithstanding, BOU ensures that its monetary operations are cautious not to exacerbate instability in both the domestic money and foreign exchange markets.

For the four-weeks period ended October 01, 2004:

- Net-issuance of Treasury bills and Treasury bonds were mainly used to sterilize liquidity, while the Repo instruments facilitated the short-term, normally fine-tuning operations.
- In line with market developments, the Rediscount rate and Bank rate that were 13.10 percent and 14.10 percent, respectively, by September 03, 2004, had increased to 13.34 percent and 14.34 percent, respectively by October 01, 2004.
- Net sales of foreign exchange of US \$ 3.0 million over the four weeks to October 01, 2004, were lower than US \$ 6.0 million effected in the corresponding period to September 03, 2004.

### **Inflation Developments**

The upward pressure on inflation observed in July 2004, continued in September 2004.

- The annual headline inflation rate for September 2004 was 5.1 percent, compared to the rate of 4.7 percent observed in August 2004.
- The annual underlying inflation rate increased to 3.9 percent in September 2004 from 3.8 percent in August 2004.

### **Real Sector Developments**

- There was little trading at the Uganda Securities Exchange during September 2004, with only 686 shares traded. Trading continued to be very vibrant at the Uganda Clays Limited and Bank of Baroda counters. Market capitalization increased from shs 1,414.7 billion to shs 1,461.7 billion, while the all-share index increased from 353.71 to 365.46.

## Domestic Securities and Money Market Developments

Interest rates in the domestic securities and money markets were fairly stable over the four weeks ended -October 01, 2004.

- In a continuous effort to promote secondary market trading through increasing the volume of tradable securities, and to create benchmark securities, Bank of Uganda re-opened the 2-year bond on September 08, 2004. The Shs 30.00 billion offer was over-subscribed by Shs 20.53 billion. At a weighted average price of 94.20 per Shs 100, the resultant yield for this 10.00 percent coupon bond was 15.01 percent, compared to 15.11 percent in the second issue effected in August 2004.
- In the primary auction market for Treasury bills, the respective weighted annualized yields on the 91-day, 182-day, 273-day, and 364-day bills stood at 7.57 percent, 9.19 percent, 13.13 percent and 13.11 percent, respectively, at the auction held on September 29, 2004. This compares to levels of 7.71 percent, 9.03 percent, 13.55 percent and 13.84 percent, respectively, recorded in the auction held on September 01, 2004
- The secondary market for all government securities is still minimal and mainly concentrated in the over-the-counter trades by primary dealers as the spreads in the bid/offer rates are still very attractive. The four week-period average indicative bid/offer yields-to-maturity in the secondary market for the 2-year, 3-year, and 5-year bonds were quoted at 14.16/13.91 percent, 15.11/14.86 percent and 15.12/14.89 percent, an increase from the respective average indicative rates of 14.09/13.88 percent, 14.97/14.73 percent and 15.02/14.80 percent reported in the previous four week period. On the other hand, the average bid/offer rates quoted for the 10-year bond marginally declined from 17.68/16.83 percent of the previous period to September 03, 2004 to 17.42/16.46 percent of the period to October 01, 2004.
- The average bid/offer rates for the 91-days, 182-days, 273-days and 364-days securities over the four weeks to October 01, 2004 were recorded at 7.68/7.42 percent, 8.87/8.61 percent, 13.08/12.80 percent and 13.13/12.83 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. However, relatively wide margins between the two curves were observed at the longer end of the market as the curve derived from the primary market remained inverted between the 3-year and 5-year papers and dropped below that of the secondary market
- Activity in the domestic inter-bank and money markets for the four weeks ended October 01, 2004 continued to be buoyant in the call money market and closed at 6.20 percent.
- No commercial bank adjusted their 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 September 03, 2004.
- The commercial banks' average effective lending rate on shilling denominated loans increased from 19.92 percent to 20.20 percent, and the time deposit rates fell from 7.07 percent to 6.80 percent over the same period.

## **Monetary and Financial Aggregates Developments**

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

- In August 2004, broad money aggregates M3 increased marginally by about 0.2 percent, while M2A grew by 1.1 percent, compared to increases of 0.3 percent and 0.03 percent, respectively, in July 2004. The year-on-year growth rates for M3 and M2 over the year to August 2004 were 9.6 percent and 9.5 percent, respectively.
- While net credit to government by the banking system decreased by Shs 41.1 billion or 34.6 percent during July 2004, private sector credit (PSC) decreased by Shs 16.5 billion or 1.6 percent over this period. The year-on-year growth in PSC was 11.4 percent.
- On the liabilities, the respective shares in M3, of currency in circulation, shilling term deposits, shilling demand deposits and forex denominated deposits stood at 21.0 percent, 23.3 percent, 25.2 percent and 25.8 percent, respectively, by end-August 2004, compared to respective levels of 20.5 percent, 22.9 percent, 31.1 percent and 25.8 percent in July 2004.
- In August 2004, the total assets of the Non-Bank Financial Institutions fell marginally by 0.21 percent. This compares to 0.40 percent recorded in August 2003. The decline in assets in August 2004 was mainly attributed to a fall in balances with commercial banks.
- Under the leasing activity, the value of assets leased in September 2004 increased by 89.0 percent to Ushs 1.77 billion from Ushs 0.94 billion disbursed in August 2004. Transport took the largest share of 65.9 percent of total disbursements.

## **Fiscal Developments**

- Government revenue and budget support grant receipts for August 2004 was estimated at Shs 197.11 billion, representing an over-performance of Shs 1.62 billion relative to the programme level of Shs 198.73 billion.
- Government expenditure and net lending increased by 44.72 percent to Shs 159.6 billion, compared to Shs 243.12 billion envisaged in the programme.
- The overall fiscal balance for August 2004 was a surplus of Shs 37.5 billion compared to the surplus of Shs 76.5 billion recorded in July 2004. Excluding grants, the surplus deteriorates to a deficit of Shs 23.6 billion.

## **Foreign Exchange Market**

- Over the four weeks to October 01, 2004, the Uganda Shilling depreciated by 2.3 percent against the US Dollar from Shs 1709.78 as on the 3<sup>rd</sup> September 2004 to Shs 1749.15.
- The average spreads dropped from Shs 14.88 in the preceding period to the current average of Shs 11.15.

- The net sales of forex by BOU over this period amounted to US \$ 3.0 million, compared to the previous period amount of US \$ 6.0 million.

### **Balance of Payments Developments**

- In August 2004, the current account balance is estimated at a deficit of US\$38.93 million, while the capital and financial account is estimated at a surplus of US\$30.84 million. Thus, the overall balance is estimated at a deficit of US\$8.09 million.
- Total exports proceeds for the month of August 2004 are estimated at US\$58.93 million, of which coffee accounted for 13.40 per cent.
- The import bill (fob) is estimated at US\$136.84 million during August 2004; a slight increase compared to the import bill of the previous month, which was estimated at US\$132.70 million.<sup>1</sup>
- Official aid (excluding project aid but including resources from the HIPC Initiative) inflows amounted to about US\$34.81 million. Private sector transfer inflows exceeded outflows by US\$53.05 million in August 2004, and Services and income outflows exceeded inflows by about US\$ 37.32 million.
- Official debt service (excluding IMF payments) is estimated at US\$17.44 million for the month of August 2004. There was no IMF principal externalized in the same month.
- Official foreign reserves (including valuation changes) are estimated at US\$1,173.58 million in August 2004, equivalent to 6.20 months of future imports of goods and services.

### **Policy Stance**

- 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.

---

<sup>1</sup> Effective May 2004, import figures are reported at fob value.

## A MONETARY POLICY STANCE AND ACTIONS

Bank of Uganda (BOU)'s monetary policy is focused on containing inflation, but operations of its instruments are cautious not to exacerbate instability in the markets. Sterilization of excess liquidity is usually effected through a combination of sales of Treasury bonds, net issues of Treasury bills and daily sales of foreign exchange. This notwithstanding, BOU actively uses the Repurchase Agreements (REPOs) to fine-tune operations and manage short-term liquidity movements. The liquidity management effort is supplemented by adjustments in the pricing of the liquidity providing windows, the Rediscount Rate and Bank rate, to ensure a consistent monetary policy stance.

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

In the four weeks to October 01, 2004, the net redemption of Treasury bills was Shs 15.11 billion, compared to a redemption of Shs 29.0 billion in the corresponding four-week period to September 03, 2004. A 2-year Treasury bond of a face value of Shs 30.0 billion was re-opened, mopping up Shs 28.26 billion. On the short-term liquidity management front, gross issues of the Repo instrument, whose maturity ranged from 1 to 7 days, amounted to Shs 451.70 billion during this period, against maturities of Shs 479.33 billion. This is compared to issues and maturities of Shs 395.80 billion and Shs 396.04 billion, respectively over the preceding period ended September 03, 2004. The outstanding stock of repos that stood at Shs 83.36 billion by September 03, 2004 had decreased to Shs 56.05 billion, by October 01, 2004. In light of the developments in the foreign exchange market, BOU limited its presence in the IFEM to intervention only. It continued to closely monitor developments in foreign exchange market and sold foreign exchange worth US\$ 3.0 million. This is compared to net sales of US\$6.0 million in the preceding four weeks period ended September 03, 2004.

In line with the developments in the Treasury bill market, the Rediscount rate and Bank rate that were 13.10 percent and 14.10 percent, respectively, by September 03, 2004, had increased to 13.34 percent and 14.34 percent, respectively by October 01, 2004.

## B DOMESTIC PRICE DEVELOPMENTS

The **Annual Headline Inflation** for September 2004 rose to **5.1%** from 4.7% in August 2004. The rise in the annual headline inflation rate was largely attributed to surges in food crop and local brew prices. Food prices rose by 9.5 % compared to a rise of 8.7% for the year ended August 2004; beverages and tobacco prices rose by 5.0% in September 2004 compared to a rise of 5.3% in August 2004; rent, fuel and utilities prices rose by 0.6% in September 2004 compared to a rise of 1.1% in August 2004; household and personal goods prices rose by 2.1% compared to the rise of 2.6% in August 2004; transport and communication prices rose by 2.0% in September 2004 compared to a rise of 1.7% in August 2004; and health, education and entertainment prices rose by 2.8% compared to a rise of 2.7% in August 2004. The increases in prices of: rent, fuel and utilities were driven by higher charcoal prices. The above upward pressures overwhelmed a singular downward pressure from steadily deflationary prices of clothing and footwear due to falling demand and poor quality of second hand clothes.

The **Monthly Headline Inflation** decreased to **0.8%** in September from 2.8% registered in August 2004. This level of inflation was attributed to monthly price increases of: 7.1% for food, 0.1% for clothing and footwear, and 0.3% for transport and communication. The above monthly increases overwhelmed price decreases of: 0.2% for beverages and tobacco; 0.1% for rent, fuel and utilities; 0.6% for household and personal goods and 0.1% for health, education and

entertainment. The largest upward effect on the monthly headline inflation came from food crops<sup>2</sup>, which rose by 3.5%.

The **Annual Underlying Inflation** rose to **3.9%** in September from 3.8% in August 2004. The average prices of goods (non-food crops) and services in the year ended September 2004 rose at a marginally higher pace than that of August 2004. Goods prices increased by 3.9% in September compared to 3.7% in August, while those of services rose at a steady 4.0% in line with the level of August 2004. The strongest upward impact on annual underlying inflation in September 2004 was from beverages and tobacco largely on account of increased local brew prices.

The **Monthly Underlying Inflation** fell to **-0.1%** in September from 0.7% in August 2004. The decrease resulted from a decline in the prices of goods by 0.2% in September compared to an increase of 0.8% in August 2004, and a slower pace of increase in the prices of services of 0.1% compared to 0.5% in August 2004.

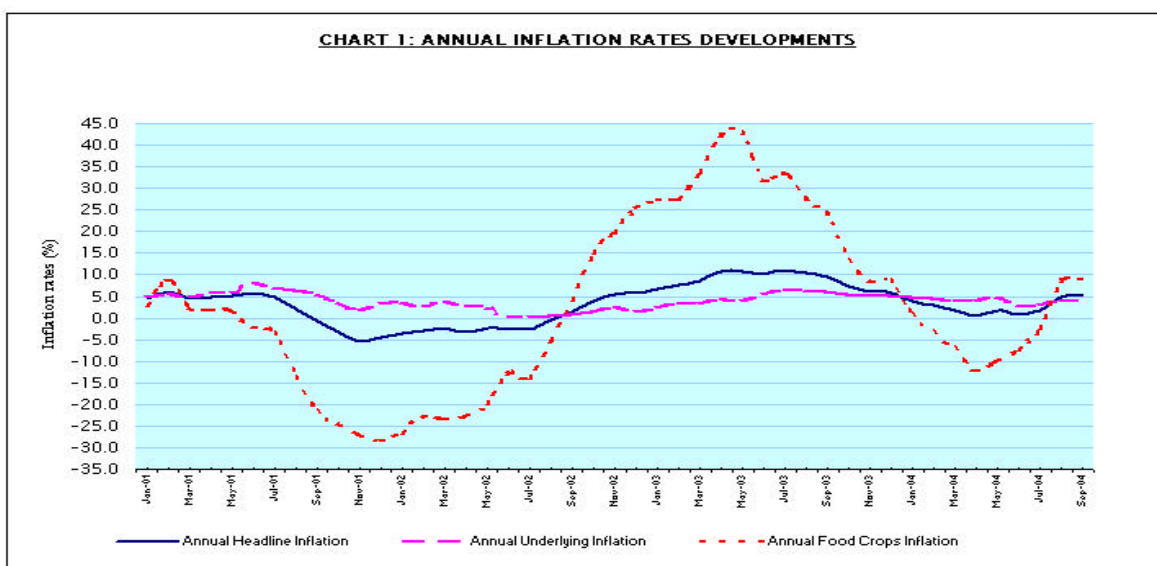
The **Food Crops Annual Inflation** increased to **8.8%** in September 2004 from 8.4% in the year ended August 2004. On the other hand, the **Monthly Food Crops Inflation** slowed down to **3.5%** in September from 12.0% in August 2004.

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

**Table I: Three Months Rolling Inflation Rates Out-turn (July – September 2004)**  
(Percent)

Period	Headline Inflation		Underlying Inflation		Food Crops Inflation	
	Monthly	Annual	Monthly	Annual	Monthly	Annual
July 2004	1.3	1.8	0.9	3.0	2.8	-2.5
August 2004	2.8	4.7	0.7	3.8	12.0	8.4
September 2004	0.8	5.1	-0.1	3.9	3.5	8.8

Source: Uganda Bureau of Statistics



<sup>2</sup> Please note that food crops are a subset of the food items.

## C REAL SECTOR DEVELOPMENTS

On account of data availability, indicators of real sector developments in this report have concentrated on electricity sub-sector, leasing and trading at the Uganda Securities Exchange.

### i) Activity at the Uganda Securities Exchange (USE)

There was little trading at the Uganda Securities Exchange during September 2004, with only 686 shares traded. Of these, 100 trades occurred at the Bank of Baroda (BOBU) counter and the rest were on the Uganda Clays Limited (UCL) counter. Total turnover was recorded at shs 5,168,000, which is only 25.9 percent of the total turnover in the previous month. The share price at the East African Breweries Limited (EABL) counter increased by 3.63 percent from shs 10,867 at the end of August 2004 to shs 11,262 by end of September 2004. The share price at the Kenya Airways (KA) counter increased by 3.02 percent from shs 298 to shs 307, over the same period although, during the course of the month, shares traded for as high as shs 322. Prices of the other shares, i.e, British American Tobacco Uganda (BATU), BOBU and UCL remained unchanged during the month at shs 1,145, shs 800, and shs 8,000, respectively.

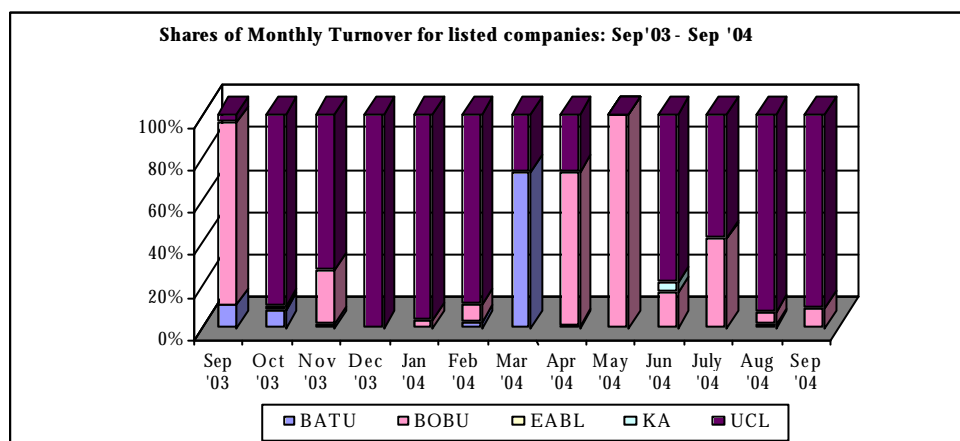
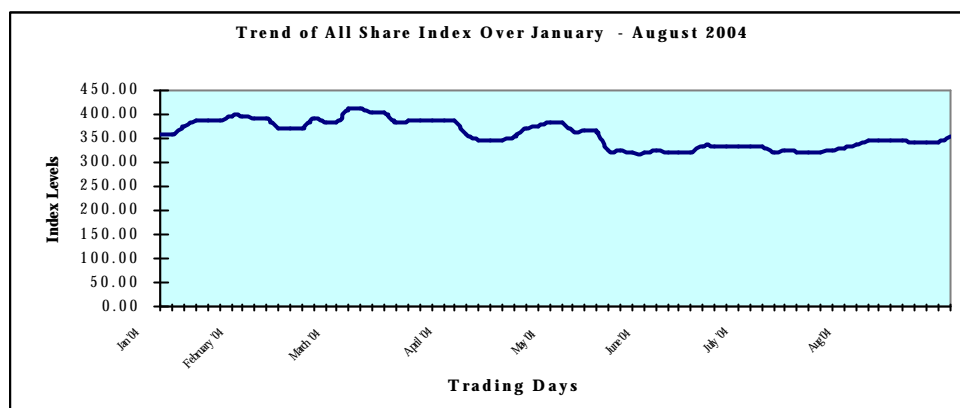
Market capitalization at the USE and the all share index both increased by 3.32 percent between August and September 2004. Market capitalization increased from shs 1,414.7 billion to shs 1,461.7 billion while the all-share index increased from 353.71 to 365.46. These increases were mainly on account of increases in the share prices of EABL and KA.

The New Vision Printing and Publishing Company Ltd (NVPPL) is up for sale at the USE. Government has offered 20 percent of its stake in the company to the public at a price of shs 200 per share. The offer which amounts to 10,200,000 shares representing a value of shs 2,000,400,000 at offer price opened on the 17<sup>th</sup> of September 2004 and will run until 19<sup>th</sup> November 2004. 5 percent of the total issued shares will be reserved for company employees. The proposed date for listing on the USE is 16<sup>th</sup> December 2004.

**Table II: Trading at the Uganda Securities Exchange (Sept '03, Jun '04 – Sept '04)**

	Sept '03	Jun '04	Jul '04	Aug '04	Sept '04
Trading Days	9	8	9	9	9
Total Turnover (millions)	123.33	6.39	50.79	19.98	5.17
No. Deals	30	10	31	23	NA
No. Shares	154,508	2,931	31,174	4,064	686
Market Capitalization (Billion Ushs)	382.8	1,342.2	1,325.80	1,414.7	1,461.7
All Share Index	N.A	334.87	331.51	353.71	365.46
<i>Source: Uganda Securities Exchange (USE)</i>					

**Chart 2: Evolution of the All Shares Index and Market Capitalization**



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

The rates of the domestic securities were fairly stable, while those in the money market declined over the four weeks ended October 01, 2004.

**Primary market for Treasury bonds**

In a continuous effort to promote secondary market trading through increasing the volume of tradable securities, and to create benchmark securities, Bank of Uganda re-opened the 2-year bond on September 08, 2004. The Shs 30.00 billion offer was over subscribed by Shs 20.53 billion, translating into a cover ratio of 168.42 percent. At a weighted average price of 94.20 per Shs 100, the resultant yield for this 10.00 percent coupon bond was 15.01 percent, compared to 15.11 percent in the second issue of the same bond effected in August 2004.

The total outstanding stock of Treasury bonds stood at Shs 225.00 billion by October 01, 2004. Table III below shows details of all the bonds on the market to-date, also listed at the Uganda Securities Exchange.

**Table III: Summary of Government Treasury bond Issues as at October 01, 2004**

Tenor/Issue date <sup>®</sup>	2 Years		2 Years			3 Years			5 Years	10 Years
	First issue Jan 14-04	Reopened Jun 03-04	Second issue Jun 30-04	Reopened Aug 11-04	Reopened Sept 08-04	First issue Feb 25-04	Reopened Jun 16-04	Reopened Jul 14-04	First issue Mar 24-04	First issue May 19-04
Maturities (Billion Shs)	0.000	0.000	0.000	0.000	<b>0.000</b>	0.000	0.000	0.000	0.000	0.00
Offers (Billion Shs)	20.000	30.000	30.000	30.000	<b>30.000</b>	20.000	30.000	30.000	20.000	15.00
Total Bids (Billion Shs)	36.461	44.188	46.776	40.000	<b>50.526</b>	44.830	44.811	32.123	41.999	25.16
O/w Competitive	36.390	44.175	46.774	39.966	<b>50.506</b>	44.784	44.800	29.989	41.997	25.15
Over (Under) subscription	16.461	14.188	16.776	10.000	<b>20.526</b>	24.830	14.811	2.123	21.999	10.16
Amount Sold (Face value)	20.000	30.000	30.000	30.000	<b>30.000</b>	20.000	30.000	30.000	20.000	15.00
Amount Sold (Cost Price)	16.603	29.641	28.127	27.892	<b>28.260</b>	17.564	27.793	27.144	18.518	12.99
Cover Ratio (%)	182.305	147.292	155.920	133.336	<b>168.419</b>	224.149	149.370	107.077	210.00	167.77
Previous Cover Ratio (%)	...	182.305	147.292	155.920	<b>133.336</b>	...	224.149	149.370	...	...
WAP per Shs. 100	83.020	98.805	93.758	92.974	<b>94.202</b>	87.819	92.642	90.482	92.590	86.60
Previous WAP per Shs. 100	...	83.020	98.805	93.758	<b>92.974</b>	...	87.819	92.642	...	...
Yield to Maturity (%)	20.808	13.558	13.672	15.105	<b>15.006</b>	15.478	15.127	16.802	12.802	13.47
Previous Yield to Maturity (%)	...	20.808	13.558	13.672	<b>15.105</b>	...	15.478	15.127	...	...
Coupon Rate (%)	10.00	10.00	10.00	10.00	<b>10.00</b>	10.25	10.25	10.25	10.75	11.0

#### Secondary Market for Treasury bonds

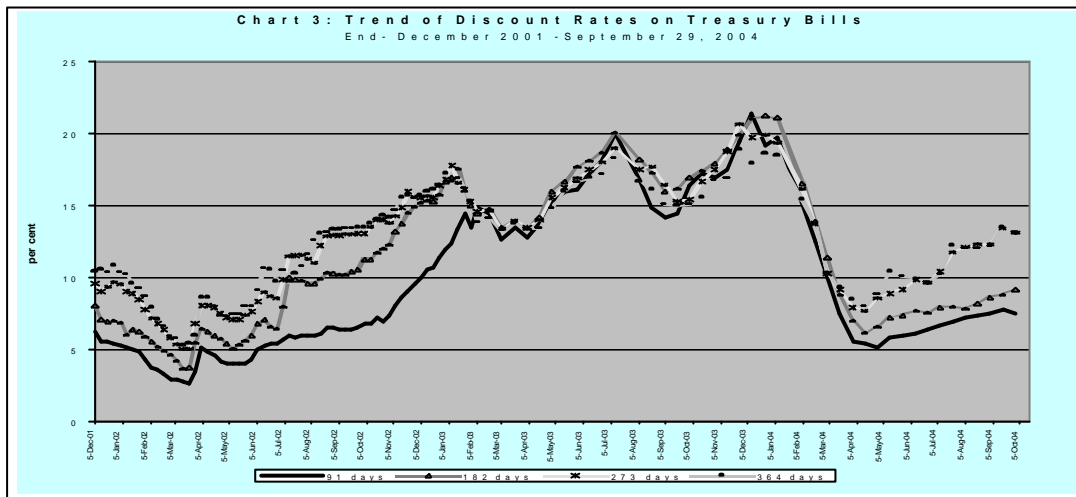
The four week-period average indicative bid/offer yields-to-maturity in the secondary market for the 2-year, 3-year, and 5-year bonds were quoted at 14.16/13.91 percent, 15.11/14.86 percent and 15.12/14.89 percent, an increase from the respective average indicative rates of 14.09/13.88 percent, 14.97/14.73 percent and 15.02/14.80 percent reported in the previous four week period. On the other hand, the average bid/offer rates quoted for the 10-year bonds marginally declined from 17.68/16.83 percent of the previous period to September 03, 2004 to 17.42/16.46 percent of the period to October 01, 2004 (See Table IV). A total of Shs 0.250 billion worth of the 2-year bond was bought in the secondary market in the period under review.

**Table IV: Bid/Offer Rates and Transactions in the Secondary Market for Treasury bonds over the four week-period to October 01, 2004**

	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	13.75	13.43	14.00	13.75	12.98	12.90	15.50	12.25
Max	15.25	15.00	17.25	17.00	16.00	15.75	21.50	21.25
Average	14.16	13.91	15.11	14.86	15.12	14.89	17.42	16.46
<i>Compiled from Domestic Financial Markets Department records</i>								

### Primary Market for Treasury bills

In the primary auction market for Treasury bills, the respective weighted annualized yields on the 91-day, 182-day, 273-day, and 364-day bills stood at 7.57 percent, 9.19 percent, 13.13 percent and 13.11 percent, respectively, at the auction held on September 29, 2004. This compares to levels of 7.71 percent, 9.03 percent, 13.55 percent and 13.84 percent, respectively, recorded in the auction held on September 01, 2004 (see Chart 3 below). The market was over subscribed for all the auctions held in the period under review.



### Secondary Market for Treasury bills

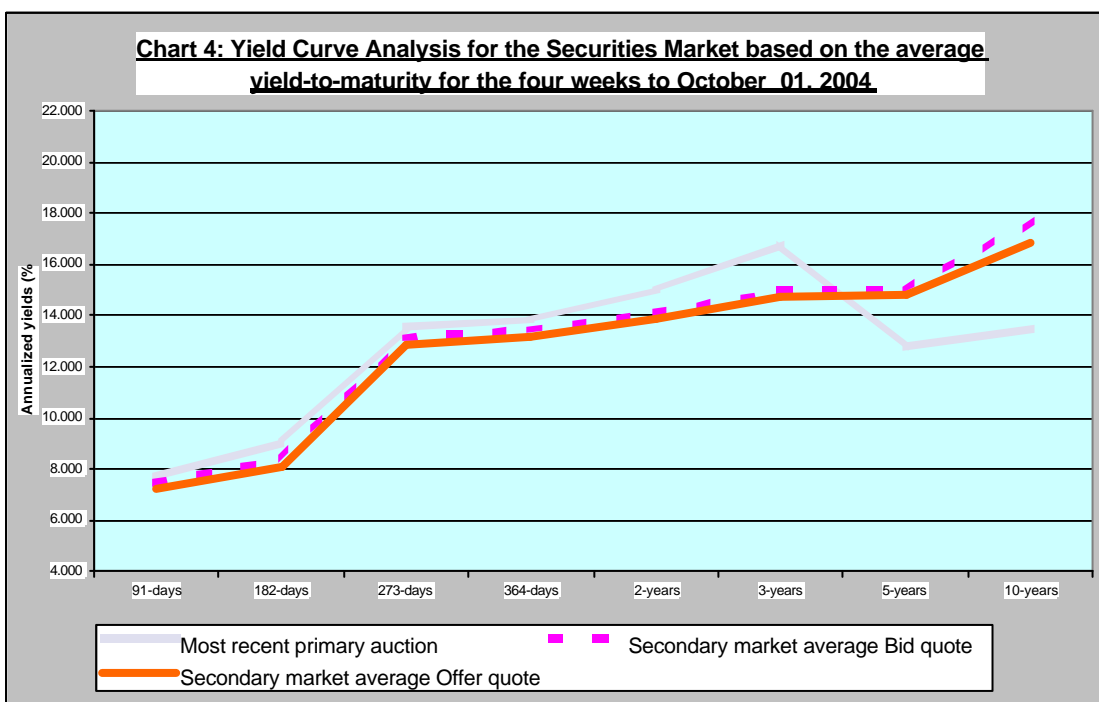
The average bid/offer yields-to-maturity in the secondary market for Treasury bills dropped on the 273 and 364 papers (maturities) in the period under review. As shown in Table V, the average bid/offer rates for the four weeks to October 01, 2004 were recorded at 7.68/7.42 percent, 8.87/8.61 percent, 13.08/12.80 percent and 13.13/12.83 percent for the 91-days, 182-days, 273-days and 364-days securities, respectively. This compares to the respective levels of 7.47/7.21 percent, 8.40/8.13 percent, 13.14/12.85 percent and 13.46/13.20 percent recorded in the four weeks to September 03, 2004.

**Table V: Bid/Offer Rates and Transactions in the Secondary Market for Treasury bills over the four- week period to October 01, 2004**

	Tenor of bills							
	91-days		182-days		273-days		364-days	
	Yield-to-Maturity quotation (percent)							
	Bid	Offer	Bid	Offer	Bid	Offer	Bid	Offer
Min	6.90	6.64	8.03	7.76	9.05	8.77	9.05	8.78
Max	8.22	7.95	9.66	9.39	14.99	14.69	15.29	14.98
Average	7.68	7.42	8.87	8.61	13.08	12.80	13.13	12.83
	Trading Activity							
Transactions (Shs bill)	27.534		5.310		0.000		0.005	
O/w Horizontal repos	6.000		0.000		0.000		0.000	
- Av. H/Repo rate	5.33		-		-		-	
O/w- Outright sales	21.534		5.310		0.000		0.005	
Total trades across maturities	Shs 32.844 billion							
Rediscounts at BoU	-							
Borrowing at BoU	-							
- Av. Discount rate	9.10 percent		13.52 percent		-		12.04	
-Av.Yield-To-Maturity	9.40 percent		14.25 percent		-		13.20	
<i>Source: Compiled from Domestic Financial Markets Department records</i>								

Total trades of the Treasury bills for the four weeks ended October 01, 2004 amounted to Shs 32.84 billion, compared to Shs 9.44 billion of the four weeks ended September 03, 2004. The average discount rates on these trades for the 91-days, the 182-days, and 364days securities were 9.10 percent, 13.52 percent, and 12.04 percent, respectively. Unlike in the previous reports, activity was reported using Horizontal Repos amounting to Shs 6.00 billion.

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. However, relatively wide margins between the two curves were observed at the longer end of the market as the curve derived from the primary market remained inverted between the 3-year and 5-year papers and dropped below that of the secondary market (see Chart 4).



Activity in the domestic inter-bank money market for the four weeks ending October 01, 2004 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 September 17, 2004, when transactions worth Shs 82.10 billion were recorded, while the least activity was in the week of September 10, 2004, when Shs 23.21 billion was transacted. Over the period, there was stability but on downward trend. The weighted average interbank rate was 5.53 percent with the lowest being 5.06 percent in the week ending September 24, 2004 to 5.66 percent in the week ending October 01, 2004. The average of the inter-bank market rates of 5.66 percent over the four weeks to October 01, 2004, was lower than 6.49 percent recorded for the corresponding period ended September 03, 2004. There were transactions reported between domestic banks and foreign entities<sup>3</sup> in the money market amounting to Shs 7.05 billion at an average rate of 6.63 percent. All commercial banks participated in the inter bank market during the four weeks.

#### Commercial Banks' Retail Interest Rates

There was no revision in the commercial banks' prime lending rate during the four weeks to October 01, 2004. Consequently, there were no changes in the number of banks charging rates in the various range categorizations. The range of these rates for the entire industry also remained at 16-21 percent. Table VI below summarizes these developments.

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 maximum savings rates of at least 5.0 percent and those with a maximum time deposit rate of at least 8.0 percent remained unchanged at five (5) and seven (7), respectively.

**Table VI: Trends of the Prime Lending Rates (Figures are end-period)**

Prime Lending Rate (percent)	Sept 03, 04	Sept 10, 04	Sept 17, 04	Sept 24, 04	Oct 01, 04
	No. of banks charging rates within range				
0.0 – 10.9	0	0	0	0	0
11.0 – 13.9	0	0	0	0	0
14.0 – 15.9	0	0	0	0	0
16.0 – 18.0	4	5	5	5	5
18.1 – 20.0	7	6	6	7	7
20.1 – 22.0	4	4	4	3	3
22.1 - >>	0	0	0	0	0
Range (Min – Max)	16– 21%	16- 21%	16 – 21%	16 –21%	16 –21%

Source: Weekly Report of Interest rates by Commercial Banks

Information on the commercial banks' effective lending and deposit rates is available only up to August 2004. As portrayed in Table VII, there was an increase in the effective lending rate on foreign denominated loans from 9.13 percent in July 2004, to 12.38 percent at the end of August 2004. That on shilling denominated loans also increased from 19.92 percent to 20.20 percent.

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

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

Weighted Average rates	Shilling Denominated				Forex Denominated			
	May 04	Jun 04	Jul 04	Aug 04	May 04	Jun 04	Jul 04	Aug 04
Lending	20.80	20.88	19.92	20.20	9.45	8.07	9.13	12.38
Demand Deposits	1.17	1.14	1.64	1.56	1.01	1.00	1.08	1.00
Savings Deposits	2.12	2.14	2.20	2.11	1.45	1.45	1.45	1.45
Time Deposits	6.15	5.29	7.07	6.80	2.49	2.76	3.37	3.26

*Source: Monthly Report, BS100 Returns by Commercial Banks*

The weighted rates on shilling denominated savings and time deposits reversed the upward trend, reported last month and decreased from 2.20 percent and 7.07 percent in July 2004, to 2.11 percent and 6.80 percent, respectively. This is the same trend in the weighted rate on shilling denominated demand deposits from 1.64 percent to 1.56 percent over the same period. The demand deposit rate on foreign currency denominated deposits marginally decreased from 1.08 percent to 1.00 percent while the rate on savings remained unchanged at 1.45 percent. Time deposits rates decreased from 3.37 percent to 3.26 percent.

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

### **(i) Banking Activities<sup>4</sup>**

#### **Broad Money**

Broad Money M3, which comprises currency in circulation plus all private sector deposits, expanded marginally by about 0.2 percent to Shs2600.0 billion in August 2004. This represents a slight deceleration in money supply, compared to a rise of 0.3 percent to Shs2594.6 billion in July 2004.

M2A, comprising of M3 less foreign currency deposits of the private sector grew by 1.1 percent from Shs1925.5 billion at end-July 2004 to Shs 1945.8 billion in August 2004. This compares to zero growth over the month of July 2004. The developments in money supply are shown in Table IX below.

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

Between July 2004 and August 2004, the NFA of the banking system declined by 2.3 percent or Shs53.0 billion to Shs2287.8 billion. In particular, NFA at Commercial banks fell by 0.8 percent or Shs5.3 billion to Shs650.0 billion in August 2004, compared to a decline of 5.0 percent in July 2004. At BOU, NFA contracted by 2.8 percent or Shs47.7 billion, to Shs1637.8 billion. Foreign reserves at BoU fell by an equivalent of Shs42.1 billion, compared to an increase of Shs7.1 billion in the previous month.

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

The government's net position with the banking system (NCG) as at end- August 2004 was a borrowing of Shs77.6 billion, down by 34.6 percent or Shs41.1 billion from Shs118.8 billion at the end of July 2004 (Table VIII). At BoU, the government increased its savings by Shs. 45.9

<sup>4</sup> Based on the **Preliminary** Monetary Survey for August 2004.

billion over the month, on account of a strong increase in Government deposits of Shs 114.0 billion, which more than offset a rise in Advances to government of Shs 68.2 billion. At commercial banks, net claims on Government rose by Shs4.7 billion in August 2004, on account of a decline in Government deposits of Shs.6.6 billion, which more than offset a fall in commercial banks' investments in Government securities of Shs1.8 billion.

**Table VIII: Developments in Monetary and Credit Aggregates (June 03 – August 04)**

<i>(in billion shillings unless otherwise stated)</i>	June 2003	Sep. 2003	Dec. 2003	Mar. 2004	Jun. 2004	Jul. 2004	Aug. 2004
Net Foreign Assets (NFA)	2,109.7	2,088.9	2,274.9	2,266.4	2,368.1	2,340.8	2,287.8
Domestic Credit	1,177.6	1,323.5	1,188.5	1,294.3	1,084.0	1,145.1	1,088.4
Net Credit to Gov't (NCG)	324.7	411.1	199.7	263.7	60.0	118.8	77.6
Claims on the Private Sector	845.7	903.6	979.6	1,015.4	1,010.0	1,014.9	998.3
M3	2,369.5	2,363.8	2,414.2	2,504.4	2,587.3	2,594.6	2,600.0
Forex deposits	636.9	595.2	611.1	636.9	662.4	669.2	654.2
M2A	1,732.6	1,768.6	1,803.1	1,867.5	1,924.9	1,925.5	1,945.8
Demand Deposits	715.1	731.3	682.1	746.5	804.0	761.9	795.7
Term Deposits	555.5	563.3	574.1	598.6	591.6	616.8	605.6
Currency	462.0	474.1	546.8	522.4	529.3	546.8	544.5
Forex/M3 ( percent)	26.9	25.2	25.3	25.4	25.6	25.8	25.2
Demand Deposits/M3 ( percent)	30.2	30.9	28.3	29.8	31.1	29.4	30.6
Term Deposits/M3 ( percent)	23.4	23.8	23.8	23.9	22.9	23.8	23.3
Currency/M3 ( percent)	19.5	20.1	22.7	20.9	20.5	21.1	20.9

### **Private Sector Credit (PSC)**

At end-August 2004, the stock of outstanding credit to the private sector by the banking sector stood at Shs 998.3 billion (Table VIII), of which Shs23.9 billion was from BOU and Shs974.4 billion from commercial banks. This represents a decline of 1.6 percent (or Shs 16.5 billion)<sup>5</sup> compared to the end-July 2004 position. In July 2004, PSC rose by 0.5 percent.

### **Credit Flows**

During August 2004, the total (shilling and foreign currency) gross extensions by commercial banks amounted to Shs101.95 billion, while recoveries were Shs124.85 billion resulting in net recoveries of Shs22.90 billion. After accounting for flows in capitalised interest, there was a decline in the stock of credit of about Shs15.67 billion (see Appendix Table 1), though net recoveries from the private sector alone were recorded at Shs16.5 billion<sup>6</sup>. During the month, commercial banks extended shilling loans amounting to Shs75.68 billion, and recovered Shs87.36 billion, thus net recoveries were Shs11.69 billion. Net capitalised interest stood at Shs5.2 billion. Thus, there was a net decline in the stock of shilling loans to the non-bank public of Shs 6.48 billion (see Appendix Table 2). For foreign currency loans, gross extensions stood at Shs26.27 billion, while recoveries were higher at Shs37.49 billion, yielding net recoveries of Shs11.22 billion. After taking into account effects of capitalised interest, the stock of foreign currency loans recorded a net fall of Shs9.19 billion (See Appendix Table 3).

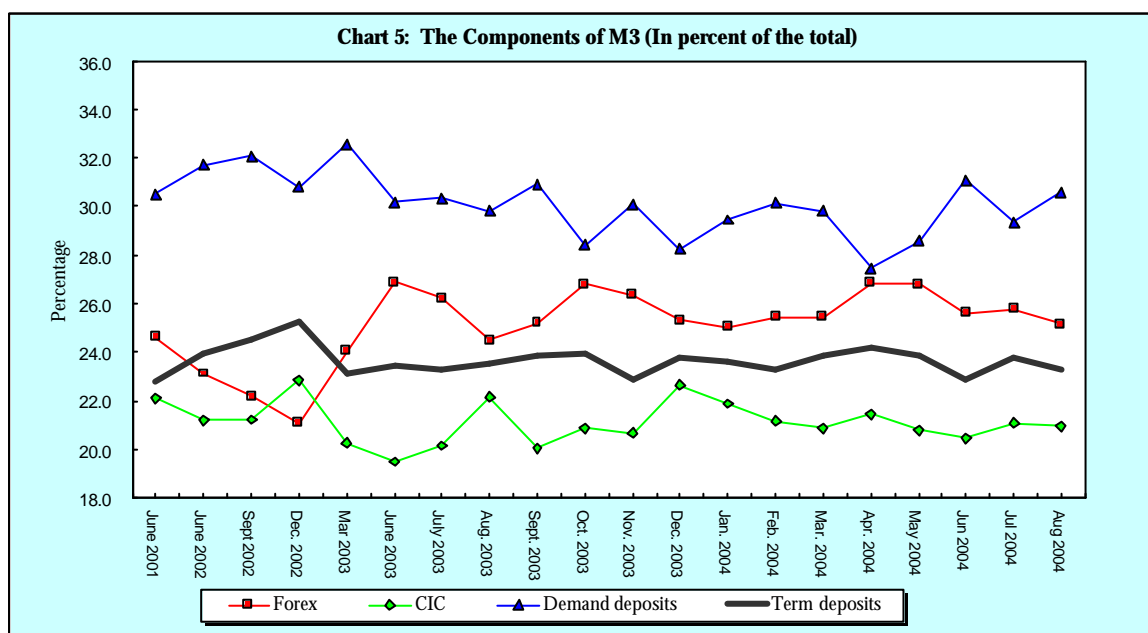
<sup>5</sup> Only about 4.9 billion is on account of new net-lending.

<sup>6</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.

**Appendix tables 1-3 summarize the evolution of the monthly change in outstanding loans and advances of commercial banks for the period October 2002 to August 2004.**

### Liabilities of the Banking System

On the liabilities side, foreign currency accounts fell by 2.2 percent or Shs14.9 billion to Shs654.2 billion in August 2004. In US dollars, foreign currency accounts fell by US\$8.4 million to US\$369.5 million. Demand deposits grew by 4.4 percent or Shs33.8 billion to Shs795.7 billion, while term deposits (time, savings and CDs) fell by 1.8 percent to Shs605.6 billion as at end-August 2004. Currency in circulation (CIC) slightly fell by 0.4 percent or Shs2.3 billion to Shs544.5 billion. Reflecting these developments, the ratio of foreign currency deposits to M3 dipped to 25.2 percent from 25.8 percent at end-July 2004. The ratio of demand deposits to M3 rose to 30.6 percent from 29.4 percent in July 2004, while that of term deposits fell to 23.3 percent from 23.8 percent in July 2004. The ratio of CIC to M3 dipped slightly to 20.9 percent from 21.1 percent in July 2004. The trends of the ratios are shown in Chart 5 below and Table VIII above.



### (ii) Non-Bank Financial Institutions (NBFIs) Activities<sup>7</sup>

#### Assets

In the month of August 2004, the total assets of the Non-Bank Financial Institutions fell marginally by 0.21 percent, from Shs 163.42 billion at the end of July 2004 to Shs 163.08 billion. This outturn compares to a growth rate of 0.40 percent observed over the same period a year ago. The decline in assets in August 2004 was mainly attributed to a 36.2 percent decrease in balances with commercial banks. The balances of the NBFIs in commercial banks, both within and outside Uganda, fell by Shs 11.10 billion to Shs 19.53 billion

**Loans and advances:** The stock of the outstanding loans and advances to the private sector declined by Shs 0.15 billion to Shs 92.95 billion as at end-August 2004, down from Shs 93.10 billion at end-July 2004. Mortgage loans, which account for 59.47 percent of the loans, rose by 0.84 percent to Shs 55.28 billion, secured and unsecured loans decreased by 3.21 percent to Shs 13.88 billion at the end of August 2004. Similarly, administered loans fell by 0.67 percent to Shs

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

23.79 billion, down from Shs 23.95 billion recorded in July 2004. The building and construction sector accounted for the largest share of loans and advances from the NBFIs accounting for 82.0 percent of the total as at end-August 2004. The trade and commerce sector retained the second largest share at 12.6 percent.

## Deposits

In August 2004, private sector deposits<sup>8</sup> in the NBFIs declined marginally by 0.47 percent to Shs 66.17 billion, from Shs 66.48 billion in July 2004. Time deposits went up by 5.41 percent to Shs 11.69 billion, while the savings deposits fell by 1.64 percent to Shs 54.48 billion. Other deposits, which represent funds collected on behalf of government from the beneficiaries of the government pool house sale scheme, rose by 1.14 percent to Shs 26.71 billion over the same period.

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

	Aug 2003	Apr 2004	May 2004	Jun 2004	Jul 2004	Aug 2004
Total Assets	134.87	150.59	153.03	153.76	163.42	163.08
O/w Loans and advances	75.46	89.38	89.62	91.03	93.10	92.95
Secured & unsecured	10.72	12.09	12.15	12.73	14.34	13.88
Mortgage	38.38	52.42	52.84	54.06	54.82	55.28
Administered	26.35	24.87	24.62	24.23	23.95	23.79
Total Deposits	74.20	90.45	92.47	93.28	92.89	92.88
Savings	44.25	53.70	56.76	56.34	55.39	54.48
Time	7.41	11.43	10.04	10.78	11.09	11.69
Agency Funds	22.54	25.32	25.68	26.15	26.41	26.71

*Source: Bank of Uganda*

### (iii) Leasing

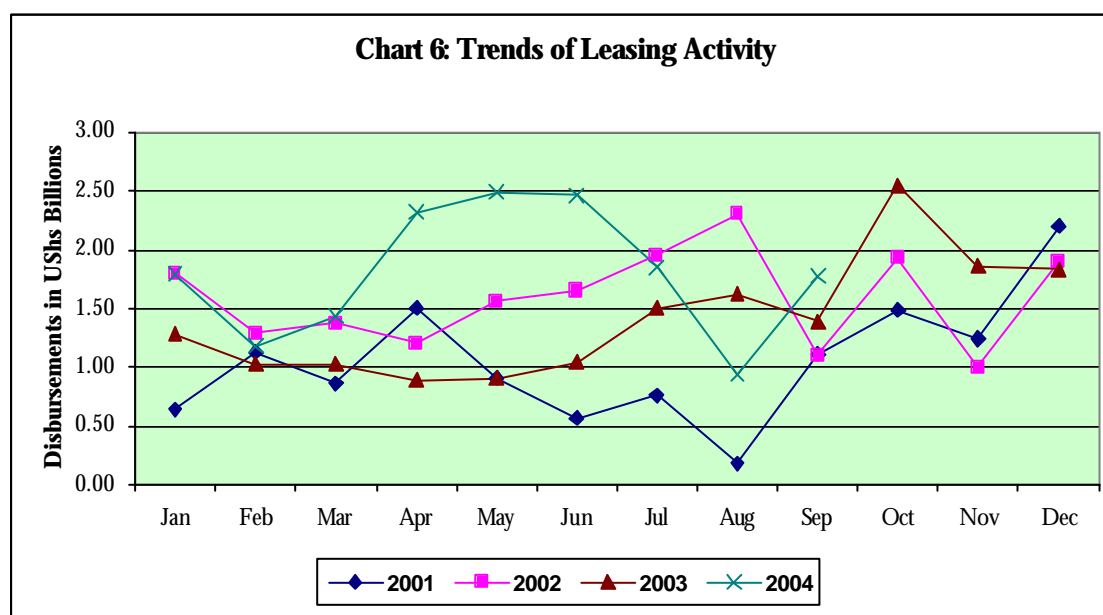
Leasing activity picked up again during the month of September 2004 after a decline observed in August 2004. Although there was an increase of 89 percent between August and September, the level in September of Shs 1.77 billion, is still only 96 percent of the July 2004 level.

Unlike over the past two months when the agricultural sector had the largest share of disbursements, during September 2004, only 0.8 percent of the total disbursements were extended to the agricultural sector. The largest share of disbursement at 66 percent was extended to the transport sector. This is consistent with what has been observed in the past – the transport sector is normally the largest sector to which disbursements are extended. Construction received 22 percent of the total disbursements while commerce and trade got 3 percent. Table X and Chart 6 below show the breakdown of the leasing disbursements by sector and the trend of lease credit over 2001 – 2003, respectively.

<sup>8</sup> This excludes Agency Funds

**Table X: Sectoral Distribution of Assets Leased - Shs million  
(May – August 2004)**

Sector	May-04	%	Jun-04	%	Jul-04	%	Aug-04	%	Sep-04	%
Transport	1,773.7	71.1%	471.6	19.2%	597.6	32.4%	83.8	8.9%	1166.1	65.9%
Commerce & Trade	260.5	10.4%	788.5	32.1%	252.5	13.7%	239.3	25.5%	47.9	2.7%
Mining & Construction	134.4	5.4%	788.8	32.1%	0.4	0.0%	24.7	2.6%	383.1	21.7%
Tourism	0.0	0.0%	26.0	1.1%	34.9	1.9%	0.0	0.0%	11.6	0.6%
Other Services	200.5	8.0%	304.7	12.4%	28.3	1.5%	43.3	4.6%	32.4	1.8%
Health	18.5	0.7%	14.0	0.6%	25.0	1.4%	0.0	0.0%	53.2	3.0%
Agriculture	0.2	0.0%	65.8	2.7%	709.6	38.4%	508.5	54.2%	14.4	0.8%
Manufacturing	0.0	0.0%	0.0	0.0%	40.0	2.2%	0.0	0.0%	60.5	3.4%
Education	63.6	2.6%	0.0	0.0%	153.8	8.3%	10.5	1.1%	0.0	0.0%
Banking	0.0	0.0%	0.0	0.0%	0.0	0.0%	0.0	0.0%	0.0	0.0%
Communication	41.8	1.7%	0.0	0.0%	0.0	0.0%	26.3	2.8%	0.0	0.0%
Advertising & Media	0.0	0.0%	0.0	0.0%	5.2	0.3%	1.7	0.2%	0.0	0.0%
<b>TOTAL</b>	<b>2,493.2</b>	<b>100%</b>	<b>2,459.4</b>	<b>100%</b>	<b>1,847.2</b>	<b>100%</b>	<b>938.0</b>	<b>100%</b>	<b>1,769.2</b>	<b>100.0%</b>



## F GOVERNMENT BUDGETARY OPERATIONS

### i) Revenue and Grants

Total revenue and budget support grant receipts for August 2004 were estimated at Shs 197.11 billion. This is Shs 1.62 billion lower than the program level of Shs 198.73 billion. The under-

performance in revenue and grants was mainly attributed to lower tax revenue collections during the month.

Total domestic revenue collected in August 2004 was estimated at Shs 136.0 billion, out of which Shs 134.0 billion or 98.6 percent came from URA collections. However, the URA revenue collections were lower than the program target for the month by Shs 5.6 billion due to lower tax collections in respect of domestic taxes. Revenue collections from domestic taxes declined by Shs 13.6 billion to Shs 130.8 billion at end-August 2004, from Shs 144.4 billion collected in July 2004. Taxes on international trade also fell from Shs 85.6 billion in July 2004 to Shs 77.0 billion in August 2004. The preliminary outturn for non-tax revenue collections for August 2004 was estimated at Shs 1.9 billion. This was Shs 0.1 billion lower than the collections for July 2004, it also fell below the program target of Shs 2.7 billion.

Budget support grants were estimated at Shs 61.1 billion during August 2004, which was considerably higher than the program target of Shs 17.9 billion. This outturn was also higher than Shs 32.31 billion, which was realised in July 2004, reflecting higher donor grant disbursements compared to programmed levels and the outturn for July 2004.

**Table XI: Government Budgetary Operations: July - August 2004 (Billion Shs)**

	Revised Budget 2003/04	Draft Budget 2004/05	Prog. Budget 2004/05	Prel. Jul. 2004	Prel. Aug. 2004	Prog. Aug. 2004
Total Tax & Budget Support Receipts	2,228.6	2,358.20	2,361.15	181.62	197.11	198.73
Total Domestic Revenue	1,690.9	1,860.51	1,860.51	149.29	135.99	142.33
URA Excluding Refunds/Govt. Taxes	1,655.2	1,830.01	1,830.01	149.31	134.04	139.67
Non URA Revenues	35.7	30.50	30.50	2.02	1.95	2.67
Import Support Grants	537.7	497.69	500.64	32.31	61.12	17.89
Expenditure & Lending	2343.8	2,497.79	2,446.70	110.26	159.58	243.12
Current Expenditure	1,732.4	1,872.36	1,872.75	103.72	150.62	147.02
Development Expenditure	536.9	558.13	501.05	6.84	10.69	96.67
Others 1/	73.5	67.3	72.9	(0.3)	(1.74)	8.85
Overall Fiscal Balance (Deficit)	(114.7)	(139.59)	(85.55)	71.36	37.53	(44.39)
Excluding Grants	(652.4)	(637.28)	(586.19)	39.05	(23.59)	(100.79)

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

ii) **Expenditure**

In August 2004, government expenditure and net lending increased by 44.72 percent to Shs 159.6 billion. This outturn, however, was lower than the projected level for the period by Shs 83.5

billion. The reduction reflected mainly a shortfall in development expenditures of Shs 86.0 billion. However, compared to July 2004 level, domestic development expenditures increased from Shs 6.84 billion to Shs 10.69 billion. On the other hand, current expenditures for the month amounted to Shs 150.6 billion, up from Shs 103.7 billion recorded in July 2004. Expenditure on wages and salaries amounted to Shs 57.3 billion, which accounted for 38.1 percent of total recurrent expenditures. Interest payments went up from Shs 16.6 billion to Shs 18.6 billion over this period. Out of this amount, Shs 7.2 billion was on account of external debt. Other recurrent expenditures for the month amounted to Shs 69.9 billion.

The overall fiscal balance for August 2004 was a surplus of Shs 37.5 billion compared to the surplus of Shs 71.6 billion recorded in July 2004. Excluding grants, the surplus deteriorates to a deficit of Shs 23.6 billion. In the month under review, government repaid (net) Shs 19.3 billion to external sources, compared to Shs 6.2 billion in the preceding month. The government also repaid Shs 18.2 billion to the domestic agents, on a net basis.

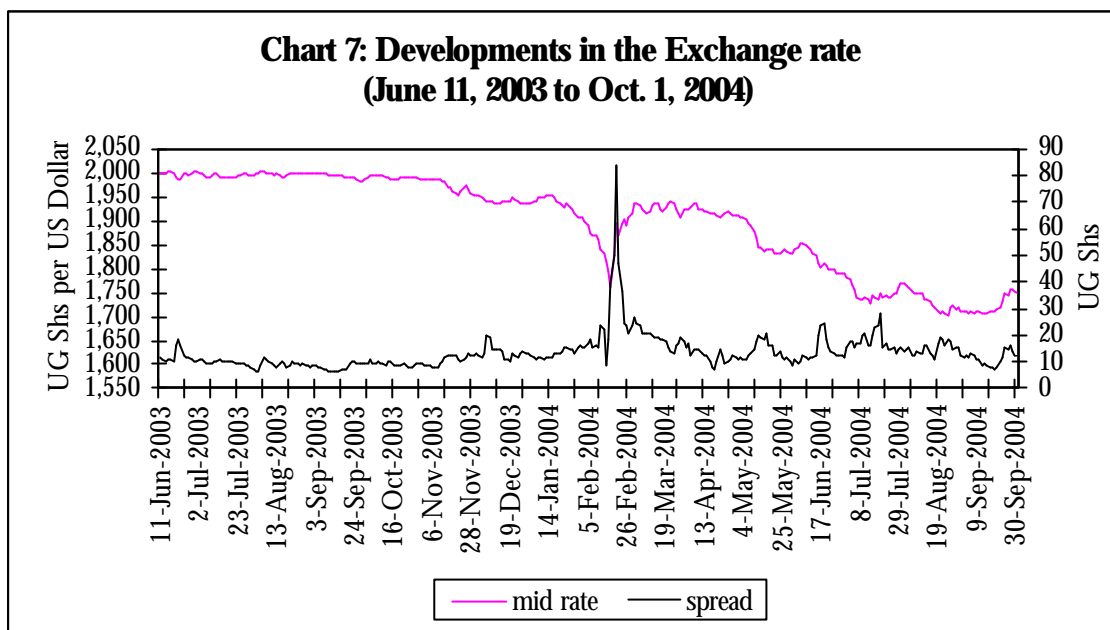
## **G EXCHANGE RATE AND FOREIGN EXCHANGE MARKET**

The Uganda Shilling depreciated by 2.3 percent against the US Dollar from Shs 1709.78 as on the 3<sup>rd</sup> September 2004 to Shs 1749.15 on the 1<sup>st</sup> October 2004. This is in contrast to the gain of 2.3 per cent posted, when it appreciated from Shs.1750.69 between August 6<sup>th</sup> 2004 and Shs.1709.79 per US Dollar on September 3<sup>rd</sup> 2004. The depreciation of the shilling became more pronounced in the second and third weeks of September 2004.

Similarly, on a period average basis, the Shilling depreciated by 0.16 percent to an average rate of Shs 1724.11 per US Dollar between September 6<sup>th</sup> 2004 and October 1<sup>st</sup> 2004, compared to the appreciation of 1.54 per cent recorded in the preceding period ended September 3<sup>rd</sup> 2004. The depreciation of the Shilling can be partly attributed to the increased demand by importers for foreign currencies as they place their orders for the festive season. The average spreads dropped from Shs 14.88 in the preceding period to the current average of Shs 11.15. (See, Chart 7).

The average daily volumes of commercial banks' retail purchases and sales of foreign exchange were US\$ 7.16 million and US\$ 6.95 million, respectively. This is lower than the average of US\$ 7.51 million for purchases and US\$ 7.32 million sales posted between August 9<sup>th</sup> and September 3<sup>rd</sup> 2004.

In light of the developments in the foreign exchange market, BOU limited its presence in the market to intervention only. The total net intervention in the period between September 6<sup>th</sup> to October, 1<sup>st</sup> 2004 amounted to US\$ 3.0 million, compared to the total of US\$ 6.0 million recorded in the previous four weeks. Bank of Uganda continues to watch market developments very closely to ensure market stability.



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

The overall balance of payments is estimated at a deficit of US\$8.09 million in August 2004. The current deficit is estimated to have narrowed to US\$38.93 million, from US\$40.04 million registered in the preceding month. The capital and financial account is estimated at a surplus of US\$30.84 million; about 38 percent lower than the surplus of US\$49.47 million registered in the preceding month.

### i) Exports

Total export proceeds in the month of August 2004 are estimated at about US\$58.93 million; 0.51 percent higher than the level of US\$58.63 million recorded in July 2004.

#### Coffee Exports

During the month of August, coffee export earnings amounted to US\$7.89 million accounting for 13.40 percent of the total export proceeds. In terms of volume, exports of coffee amounted to 188 thousand (60-kilogram) bags, while in the month of September 2004, they amounted to 163 thousand (60-kilogram) bags worth US\$6.97 million. This was a decline of 13 percent in volume and 11.70 percent in value compared to the previous month's performance. The average realized export price stood at US\$ 0.71 cents per kilogram, up from an average unit price of US\$ 0.70 cents per kilogram in August 2004.

#### Non-coffee Exports

The total value of non-coffee exports for the month of August 2004 is estimated at US\$51.04 million; an increase of 11.40 percent when compared to the US\$45.83 million realized in the previous month.

There was an improvement in the performance of most non-coffee exports in August 2004 compared to the previous month. More specifically, export proceeds from cotton, tobacco, hides & skins and beans increased by 115%, 269%, 40% and 26%, respectively. On the other hand,

exports of electricity, gold and tea declined by 23%, 71% and 24% respectively. The decline in the gold earnings was due to the reduction in the number of contracts.

## **ii) Imports**

The total import bill for the month of August 2004 is estimated at US\$136.84 million at fob value. Private sector imports are estimated at US\$124.36 million – a slight increase of 3.60 percent when compared to the July 2004 level. Oil imports are estimated at US\$12.64 million, showing an increase of about 20 percent when compared to the oil bill in the preceding month.

Government imports amounted to US\$12.49 million for the month of August 2004, accounting for approximately 9 percent of the import bill. (See Table 6: Imports of Goods).

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

Official aid (excluding project aid but including resources from the HIPC<sup>9</sup> Initiative) inflows amounting to about US\$34.81 million were disbursed in August 2004. Private transfer inflows for the period under review are estimated at US\$65.90 million, 52 percent higher than the previous months' inflows.

Services and income outflows exceeded inflows by approximately US\$37.32 million during the month of August 2004.

Official debt service (excluding IMF payments) was estimated at US\$17.44 million while there were no IMF principal obligations externalized during August. Net trade credit inflows amounted to US\$0.22 million. This consisted of inflows (buyers' credit and suppliers' credit) estimated at US\$11.87 million and outflows (pre-finance shipments and suppliers' credit repayments) estimated at US\$11.65 million.

In August 2004, the level of gross foreign reserves was estimated at US\$1,173.58 million, US\$14.51 million higher than the US\$ 1,159.07 million in the preceding month of July 2004. This reserve level is estimated to cover 6.20 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.

---

<sup>9</sup> Includes HIPC from grants only.

Appendix

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

Period	Extensions	Recoveries	Net ext.	Cap interest	Repd cap int	Net Cap int	Net change
	1	2	3=1+2	4	5	6=4+5	7= 3+6
1999/2000	404.75	(311.48)	93.27	30.58	(91.27)	(60.69)	32.58
2000/2001	852.28	(769.56)	82.71	40.98	(71.61)	(30.64)	52.08
2001/2002							
Q1	254.33	(246.12)	8.21	6.20	(15.67)	(9.47)	(1.26)
Q2	255.69	(250.61)	5.08	5.05	(14.99)	(9.94)	(4.86)
Half 1 2001/02	510.02	(496.74)	13.29	11.25	(30.66)	(19.41)	(6.12)
Q3	249.06	(219.55)	29.52	7.02	(21.24)	(14.22)	15.30
Q4	264.20	(255.30)	8.90	10.03	(15.77)	(5.74)	3.16
Half 2 2001/02	513.27	(474.85)	38.41	17.06	(37.01)	(19.95)	18.46
2001/2002	928.31	(886.08)	42.23	27.01	(64.65)	(37.64)	4.59
2002/2003							
Q1	271.05	(255.55)	15.50	13.98	(15.89)	(1.91)	13.59
October	101.57	(72.78)	28.79	6.84	(4.10)	2.74	31.53
November	109.29	(79.80)	29.49	6.91	(3.86)	3.05	32.54
December	111.40	(76.16)	35.24	7.94	(9.57)	(1.63)	33.61
Q2	322.26	(228.74)	93.51	21.69	(17.52)	4.16	97.68
Half 1 2002/03	593.31	(484.29)	109.01	35.67	(33.41)	2.25	111.27
Jan 2003	121.57	(94.59)	56.98	2.57	(2.70)	(0.13)	26.85
February	114.92	(93.76)	21.16	3.09	(3.73)	(0.64)	20.52
March	112.20	(96.31)	15.90	3.82	(2.75)	1.07	16.97
Q3	348.69	(284.65)	64.04	9.48	(9.18)	0.30	64.34
April	99.66	(116.52)	(16.86)	3.56	(1.22)	2.33	(14.52)
May	142.80	(122.79)	20.00	5.84	(2.18)	3.65	23.65
June	104.75	(112.23)	(7.48)	4.97	(3.42)	1.55	(5.93)
Q4	347.21	(351.54)	(4.33)	14.37	(6.83)	7.54	3.20
Half 2 2002/03	695.90	(636.19)	59.71	23.85	(16.01)	7.84	67.55
2002/2003	1,289.21	(1,120.48)	168.72	59.51	(49.42)	10.09	178.81
2003/2004							
July	111.51	(97.42)	14.09	5.24	(3.82)	1.41	15.50
August	105.06	(97.69)	7.37	13.10	(8.62)	4.48	11.85
September	126.64	(122.07)	4.57	6.73	(3.11)	3.62	8.19
Q1	343.22	(317.19)	26.03	25.07	(15.56)	9.51	35.54
October	140.28	(113.42)	26.86	7.50	(4.69)	2.81	29.67
November	97.20	(80.86)	16.35	8.49	(5.29)	3.20	19.54
December	130.14	(109.10)	21.03	9.64	(6.15)	3.48	24.52
Q2	367.62	(303.38)	64.24	25.63	(16.14)	9.49	73.73
Half 1 2003/04	710.84	(620.57)	90.27	50.70	(31.70)	19.00	109.27
January 2004	128.99	(111.91)	17.08	5.76	(2.75)	3.01	20.10
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
Q3	381.64	(354.20)	27.44	15.16	(7.59)	7.57	35.01

Period	Extensions	Recoveries	Net ext.	Cap interest	Repd cap int	Net Cap int	Net change
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)

Source: Research Department, Bank of Uganda

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

Period	Extensions	Recoveries	Net extensions	Cap interest	Repd cap int	Net Cap int	Net change
	1	2	3=1+2	4	5	6=4+5	7= 3+6
<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>Q1</b>	<b>167.24</b>	<b>(178.30)</b>	<b>(11.06)</b>	<b>4.39</b>	<b>(13.47)</b>	<b>(9.08)</b>	<b>(20.14)</b>
<b>Q2</b>	<b>169.88</b>	<b>(173.45)</b>	<b>(3.57)</b>	<b>4.38</b>	<b>(11.29)</b>	<b>(6.91)</b>	<b>(10.49)</b>
<b>Half 1 2001/02</b>	<b>337.12</b>	<b>(351.75)</b>	<b>(14.63)</b>	<b>8.77</b>	<b>(24.77)</b>	<b>(16.00)</b>	<b>(30.63)</b>
<b>Q3</b>	<b>171.14</b>	<b>(160.07)</b>	<b>11.07</b>	<b>5.83</b>	<b>(18.36)</b>	<b>(12.52)</b>	<b>(1.45)</b>
<b>Q4</b>	<b>190.31</b>	<b>(181.50)</b>	<b>8.81</b>	<b>8.05</b>	<b>(11.83)</b>	<b>(3.79)</b>	<b>5.03</b>
<b>Half 2 2001/02</b>	<b>361.45</b>	<b>(341.56)</b>	<b>19.89</b>	<b>13.88</b>	<b>(30.19)</b>	<b>(16.31)</b>	<b>3.57</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>
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
<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>Half 1 2002/2003</b>	<b>425.78</b>	<b>(354.56)</b>	<b>71.22</b>	<b>31.91</b>	<b>29.03</b>	<b>2.88</b>	<b>74.09</b>
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
<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>
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)
<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>Half 2 2002/03</b>	<b>461.86</b>	<b>(398.44)</b>	<b>63.43</b>	<b>19.96</b>	<b>(14.07)</b>	<b>5.89</b>	<b>69.31</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>							
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

Period	Extensions	Recoveries	Net extensions	Cap interest	Repd cap int	Net Cap int	Net change
<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)

Source: Research Department, Bank of Uganda

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

Period	Extensions	Recoveries	Net extensions	Cap interest	Repd cap int	Net Cap int	Net change
	1	2	3=1+2	4	5	6=4+5	7= 3+6
<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>Q1</b>	<b>87.09</b>	<b>(67.83)</b>	<b>19.26</b>	<b>1.81</b>	<b>(2.20)</b>	<b>(0.39)</b>	<b>18.88</b>
<b>Q2</b>	<b>85.81</b>	<b>(77.16)</b>	<b>8.65</b>	<b>0.67</b>	<b>(3.69)</b>	<b>(3.02)</b>	<b>5.63</b>
<b>Half 1</b>							
<b>2001/2002</b>	<b>172.90</b>	<b>(144.99)</b>	<b>27.92</b>	<b>2.48</b>	<b>(5.89)</b>	<b>(3.41)</b>	<b>24.51</b>
<b>Q3</b>	<b>77.92</b>	<b>(59.48)</b>	<b>18.44</b>	<b>1.19</b>	<b>(2.88)</b>	<b>(1.69)</b>	<b>16.75</b>
<b>Q4</b>	<b>73.89</b>	<b>(73.81)</b>	<b>0.08</b>	<b>1.99</b>	<b>(3.94)</b>	<b>(1.95)</b>	<b>(1.86)</b>
<b>Half 2</b>							
<b>2001/2002</b>	<b>151.81</b>	<b>(133.29)</b>	<b>18.53</b>	<b>3.18</b>	<b>(6.81)</b>	<b>(3.64)</b>	<b>14.89</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>
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
<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>Half 1</b>	<b>167.53</b>	<b>(129.73)</b>	<b>37.80</b>	<b>3.76</b>	<b>(4.38)</b>	<b>(0.62)</b>	<b>37.17</b>

Period	Extensions	Recoveries	Net extensions	Cap interest	Repd cap int	Net Cap int	Net change
<b>2002/2003</b>							
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)
<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>
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)
<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>Half 2 2002/03</b>	<b>234.03</b>	<b>(237.76)</b>	<b>(3.72)</b>	<b>3.89</b>	<b>(1.93)</b>	<b>1.95</b>	<b>(1.77)</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>							
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
<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)

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

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

Date	Mid rate UGX/US\$	Spread UGX	Purchases Million US\$	Sales Million US\$
1-Jul-04	1,782.56	15.06	8.55	8.23
2-Jul-04	1,777.22	17.80	4.47	7.61
5-Jul-04	1,765.90	17.63	5.93	6.67
6-Jul-04	1,758.55	15.26	12.86	10.61
7-Jul-04	1,741.76	17.24	6.35	8.55
8-Jul-04	1,734.97	16.84	6.86	7.61
9-Jul-04	1,733.94	19.64	5.44	6.25
12-Jul-04	1,740.99	20.76	9.63	7.61
13-Jul-04	1,737.41	16.44	5.83	7.42
14-Jul-04	1,726.04	16.40	7.29	6.90
15-Jul-04	1,743.64	19.88	9.66	7.90
16-Jul-04	1,739.62	22.58	6.81	6.47
19-Jul-04	1,735.71	23.30	5.07	6.64
20-Jul-04	1,750.33	28.34	9.23	10.24
21-Jul-04	1,739.00	15.59	4.06	5.00
22-Jul-04	1,742.91	17.01	4.07	7.19
23-Jul-04	1,739.30	14.69	5.29	7.24
26-Jul-04	1,741.64	14.33	5.99	6.46
27-Jul-04	1,747.22	15.12	7.03	7.06
28-Jul-04	1,750.16	13.32	9.14	8.70
29-Jul-04	1,762.20	14.39	5.75	7.70
30-Jul-04	1,770.72	15.08	7.72	5.97
2-Aug-04	1,769.32	13.97	8.75	5.67
3-Aug-04	1,764.87	14.94	6.64	6.79
4-Aug-04	1,759.29	15.07	8.34	12.35
5-Aug-04	1,754.43	12.67	5.06	7.51
6-Aug-04	1,750.69	12.67	9.41	10.23
9-Aug-04	1,747.33	13.82	5.54	8.04
10-Aug-04	1,748.36	13.04	4.75	5.49
11-Aug-04	1,747.31	12.94	9.04	7.05
12-Aug-04	1,735.38	16.50	5.54	7.18
13-Aug-04	1,734.82	15.92	5.52	8.21
16-Aug-04	1,730.03	13.57	9.34	9.54
17-Aug-04	1,723.27	12.53	4.97	5.99
18-Aug-04	1,719.46	11.28	11.72	8.10
19-Aug-04	1,709.34	16.85	11.18	11.06
20-Aug-04	1,706.35	19.51	5.46	7.25
23-Aug-04	1,712.30	18.45	6.88	6.09
24-Aug-04	1,706.20	16.07	6.44	7.37
25-Aug-04	1,702.57	18.21	6.80	6.87
26-Aug-04	1,717.11	17.51	7.36	6.42
27-Aug-04	1,721.31	14.45	11.00	5.27
30-Aug-04	1,716.62	15.42	10.27	5.26
31-Aug-04	1,717.22	15.11	5.60	8.18
1-Sep-04	1,711.65	12.32	6.63	6.95
2-Sep-04	1,711.11	11.91	8.21	5.35
3-Sep-04	1,709.78	12.10	7.94	10.73
6-Sep-04	1,708.96	11.59	10.61	6.13
7-Sep-04	1,709.37	13.26	3.90	6.75
8-Sep-04	1,708.27	12.60	6.36	8.82
9-Sep-04	1,710.21	10.60	6.39	5.80
10-Sep-04	1,711.30	10.59	10.79	7.20
13-Sep-04	1,707.84	8.78	6.00	5.80
14-Sep-04	1,708.32	9.49	6.81	5.75
15-Sep-04	1,708.22	8.90	7.14	5.91
16-Sep-04	1,710.31	7.94	6.27	7.78
17-Sep-04	1,710.83	7.50	6.67	9.43
20-Sep-04	1,712.58	6.81	5.73	6.21
21-Sep-04	1,715.22	7.56	7.58	7.22
22-Sep-04	1,720.09	10.25	7.13	13.58
23-Sep-04	1,731.79	11.66	9.22	6.12
24-Sep-04	1,748.00	15.37	4.86	6.51
27-Sep-04	1,745.45	14.95	6.82	6.07
28-Sep-04	1,757.04	15.81	7.67	7.03
29-Sep-04	1,756.21	14.13	6.26	4.83
30-Sep-04	1,753.15	12.76	9.51	6.86
1-Oct-04	1,749.15	12.39	7.40	5.12

**Table 5: EXPORTS OF MERCHANDISE (in millions of US\$)**

	Feb 04	Mar 04	Apr 04	May 04	Jun 04	Jul 04	Aug 04	Sep 04
<b>Total Exports</b>	<b>58.84</b>	<b>68.75</b>	<b>62.88</b>	<b>51.46</b>	<b>50.81</b>	<b>58.63</b>	<b>58.93</b>	
<b>1. Coffee</b>								
Gross coffee shipment, million (60-Kg) bags	0.24	0.24	0.18	0.18	0.26	0.28	0.19	0.16
Av. unit value	0.79	0.84	0.82	0.79	0.80	0.75	0.70	0.71
Value of total shipment (BOP)	11.22	11.92	8.77	8.62	12.67	12.80	7.89	6.97
<b>2. Non-Coffee exports</b>	<b>47.63</b>	<b>56.83</b>	<b>54.12</b>	<b>42.84</b>	<b>38.14</b>	<b>45.83</b>	<b>51.04</b>	
Electricity	0.90	0.96	1.13	0.98	0.94	1.30	0.99	
Gold	2.72	4.04	12.56	3.59	3.04	12.72	3.69	
Cotton	7.73	8.67	5.04	5.43	2.48	1.36	2.92	
Tea	2.29	3.27	3.00	3.97	2.93	1.80	1.36	
Tobacco	4.79	6.39	4.34	1.53	1.63	1.10	4.07	
Fish & its prod. (excl. regional)	8.14	8.25	8.44	7.92	6.21	6.94	7.74	
Fish & its prod. (regional exports)	2.69	2.72	2.78	2.61	2.05	2.29	2.56	
Hides & skins	0.46	0.33	0.53	0.37	0.39	0.38	0.54	
Simsim	0.35	0.91	0.50	0.39	0.16	0.02	0.21	
Maize	2.21	2.90	1.13	1.09	1.05	1.32	1.30	
Beans	0.66	0.54	0.66	0.28	0.45	0.31	0.38	
Flowers	3.09	2.70	2.41	2.79	2.74	2.50	2.55	
Oil re-exports	1.90	1.87	2.18	1.98	2.91	2.44	2.33	
Cobalt	-	-	-	1.08	1.61	1.11	1.11	
Others	9.70	13.27	9.42	8.84	9.55	10.26	19.28	

Source: Bank of Uganda

**Table 6: IMPORTS OF MERCHANDISE (in millions of US\$)**

	Feb 2004	Mar 2004	Apr 2004	May 2004	Jun 04	Jul 2004	Aug 04
<b>Total Imports</b>	<b>102.31</b>	<b>114.04</b>	<b>109.30</b>	<b>122.42</b>	<b>124.58</b>	<b>132.65</b>	<b>136.84</b>
Government Imports	<b>12.44</b>	<b>9.95</b>	<b>10.28</b>	<b>14.14</b>	<b>14.09</b>	<b>12.65</b>	<b>12.49</b>
Project	5.47	9.39	9.51	6.55	10.19	9.42	8.88
Non-Project	6.98	0.56	0.77	7.60	3.90	3.23	3.60
Private Sector Imports	<b>89.87</b>	<b>104.09</b>	<b>99.02</b>	<b>108.27</b>	<b>110.48</b>	<b>120.00</b>	<b>124.35</b>
Oil imports	10.62	13.42	12.90	12.16	11.70	10.56	12.64
Non-oil imports	79.25	90.67	86.12	96.11	98.78	109.44	111.71

Source: Bank of Uganda

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

