



**MONTHLY ECONOMIC
REVIEW**

**SEPTEMBER
2005**

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EXECUTIVE SUMMARY

Monetary Policy Stance and Actions:

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

A review of developments for the four-week period ended August 31, 2005 suggests that:

- Net-issuance of Treasury bills, Treasury bonds and forex sterilization deals were used to sterilize liquidity, while the repurchase agreement instruments (REPOs) facilitated the short-term, normally fine-tuning operations. The net withdrawal of liquidity by Treasury bills was Shs 11.54 billion, compared to the net withdrawal of Shs 20.05 billion in the corresponding four-week period to July 29, 2005. Bank of Uganda re-opened a 3-year bond on August 24, 2005 with a face value of Shs 25.00 billion. By August 31, 2005, there was no outstanding stock of REPOs.
- In line with developments in the Treasury bill market, the Rediscount rate and Bank rate declined from 14.42 percent and 15.42 percent, by end July 2005, to 14.19 percent and 15.19 percent, respectively by August 31, 2005.

Inflation Developments:

- During the year ended August 2005, the **annual headline inflation** slumped to **6.5%**, down from 10.0% recorded in July 2005. This is the lowest rate of inflation recorded since October 2004, when it was 5.7%. Substantial decreases in prices of food items especially in the northern and eastern centres exerted the highest downward impact on annual headline inflation rate.
- The **annual underlying inflation** eased to **5.0%** in August 2005, down from 6.4% for the year ended July 2005. The prices of goods rose by 4.7% in August 2005 compared to 6.5% in July 2005, while that of services increased by 5.6% in August 2005, compared to 6.1% recorded in July 2005.
- The developments in inflation in the near future will largely be influenced by weather conditions and movements in international prices of crude oil.

Real Sector Developments:

- Between July and August 2005, electricity consumption fell marginally by 2.7 percent to 94.1 Gigawatt hours from 96.7 Gigawatt hours. This was after successive increases of 7.8 percent, 7.4 percent and 2.7 percent recorded for May, June and July 2005 respectively. The decrease over July and August 2005 may be attributed to the fall in purchases from Uganda Electricity Transmission Company Limited (UETCL) by 7.4 percent and 0.1 percent in July and August 2005 respectively, and the large drops in consumption by the street lighting and domestic category users by 8.3 percent and 5.7 percent respectively between July and August 2005. Notably the number of consumers in each of these two categories grew by 1 percent in the month of July 2005 from June 2005.

- Pump prices of the major fuel products rose by Ushs. 100 for premium and by Ushs. 150 for both diesel and kerosene to the current (September 15, 2005) Ushs. 2,200, Ushs 1,850 and Ushs. 1,700 respectively, from their levels of Jul 12 – Aug 14, 2005. The rise in prices may be attributed to the revision of oil trading regulations in Kenya as well as the effects of hurricane Katrina that devastated some of the oil producing areas of the United States.
- During August 2005, trading at the Uganda Securities Exchange (USE) declined significantly. Total turnover amounted to Ushs 126.1 million, with 336,318 shares traded compared to a turnover of Ushs 383.9 million and 1,063,152 shares traded in July 2005. Most activity was registered on the DFCU counter, which pulled 92.9 percent of total turnover for August 2005. Uganda Clays (UCL) and New Vision (NVL) counters accounted for 5.1 and 1.6 percent of total turnover, respectively. There was no trading recorded at the British American Tobacco (BATU), East African Breweries (EABL) and Kenya Airways (KA) counters.
- USE's market capitalisation rose by 10.5 percent to Ushs 3,445.5 billion in August 2005 from Ushs 3,118.8 billion recorded at the end of July 2005. This could be attributed to the rise in prices over the period in question. Prices at the USE currently (September 15, 2005) stand at Ushs 735, Ushs 830, Ushs 370, Ushs 3,569, Ushs 1,847, Ushs 205 and Ushs 12,000 at the BATU, BOBU, DFCU, EABL, KA, NVL and UCL counters respectively.

Domestic Securities and Money Market Developments:

- In line with the monetary policy objectives and financial markets development, Bank of Uganda reopened a 3-year bond on August 24, 2005. The Shs 25.00 billion issue was over subscribed by Shs 4.63 billion and realized a cover ratio of 118.50 percent. At a weighted average price of 88.99 per Shs 100, the resultant yield-to-maturity for the 10.25 percent coupon bond was 15.41 percent compared to 15.50 percent in the previous 3-year issue that was issued in July 2005.
- The total outstanding stock of Treasury bonds stood at Shs 580.00 billion by end of August 2005. A 3-year bond coupon payment of Shs 3.98 billion was effected during the month.
- Three Treasury bill auctions each with offers of Shs 40.00 billion were held in the month of August 2005 and most of them were oversubscribed. The respective weighted annualized yields on the 91-day, 182-day, and 364-day bills stood at 8.59, 10.37, and 11.60 percent for the auction of August 03, 2005, at 8.39, 10.20, and 11.43 percent for the auction of August 17, 2005, and at 8.51, 10.07, and 11.41 percent for the auction of August 31, 2005. This compares to rates of 8.49, 10.49, and 11.99 percent, for 91-day, 182-day, and 364-day bills respectively, recorded in the auction held on July 20, 2005.
- In the four weeks ended August 31, 2005, total secondary market trades of treasury bills amounted to Shs 49.70 billion, of which Shs 39.00 billion was related to horizontal repos. This was lower than the Shs 75.52 billion of the four weeks ended July 29, 2005. The average discount rates on these trades for the 91-days, 182-days, and 364-days securities were 10.54, 9.20, and 9.19 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. The primary market curve trended above the secondary market curve for most of the maturities and was inverted at the 5-year paper. Widening margins were observed

between the two curves from the 364-day paper to the 3-year paper and beyond the 5-year paper.

- Activity in the domestic inter-bank money market (i.e. transactions of less than 30 days in tenor) for the four weeks ended August 31, 2005 was 27 percent lower than the level reported in the previous month with volumes worth Shs 389.16 billion at a weighted average rate of 6.63 percent from 6.78 percent reported last month. The least active period was the week ended August 26, 2005, when transactions worth Shs58.9 billion were recorded, while the highest level of activity was in the first week ended August 5, 2005, with volumes of transactions amounting to Shs114.88 billion. Of this, the over night transactions amounted to Shs 45.27 billion at a weighted average rate of 5.64 percent. The weekly weighted average rates ranged from 6.08 percent to 7.63 percent. Transactions between domestic banks and foreign entities¹ in the money market amounted to Shs39.16 billion, at an average rate of 6.70 percent compared to Shs37.57 billion at 7.95 percent. All the commercial banks participated in the inter bank market during the four weeks.
- There was no revision in the commercial banks' prime lending rate during the four weeks to August 31, 2005. Consequently there were no changes in the number of banks charging rates for the various range categorizations. The range of these rates for the entire industry also remained at 16-21 percent.
- There was an increase in the effective lending rate on the shilling denominated loans from 18.18 percent to 19.56 percent in July 2005 but a fall on the foreign currency denominated loans to 7.39 percent from 8.46 percent reported in June 2005.
- The weighted rates on shilling denominated saving and time deposits increased from 1.77 percent and 8.67 to 1.79 percent and 9.19 percent respectively in July 2005 but the weighted rates on the demand deposits marginally decreased from 1.07 percent to a rate of 1.06 percent in the period under review. The demand and saving rates on the foreign currency denominated deposits increased from 0.98 percent to 1.0 percent and from 1.45 percent to 1.48 percent, respectively in July 2005. Time deposit rates reversed the fall reported in the previous review to rise from 3.00 percent to 5.36 percent.

Developments in Monetary and Financial Aggregates:

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

- Broad Money M3, which comprises currency in circulation plus all deposits held by the private sector, expanded by 2.3 percent to Shs2,876.4 billion in July 2005. This compares to the growth of 0.8 percent recorded in June 2005.
- NFA of the banking system fell by 1.1 percent or Shs28.3 billion to Shs2619.4 billion. In particular, NFA at BoU contracted by 0.6 billion to Shs2050.3 billion, while commercial banks NFA fell by 4.6 percent or Shs27.7 billion to Shs569.1 billion. Foreign reserves at BoU increased by an equivalent of Shs3.4 billion, compared to a decline of Shs109.8 billion in the previous month.
- The government's net position with the banking system (NCG) as at end-July 2005 was a saving of Shs106.5 billion, down by Shs69.8 billion from a saving of Shs176.3 billion

¹ 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.

at the end of June 2005. At BoU, government savings decreased by Shs 42.8 billion over the month, on account of a strong fall in Government deposits of Shs151.2 billion, which more than offset a decline in government advances of Shs108.4 billion. At commercial banks, net claims on Government rose by Shs27.0 billion in July 2005, on account of a decline in Government deposits of Shs41.0 billion, which more than offset a decline in commercial banks' investment in Government securities of Shs14.0 billion.

- The stock of outstanding credit to the private sector by the banking sector stood at Shs1263.2 billion, of which Shs22.7 billion was from BOU and Shs1240.4 billion from commercial banks. This represents a growth of 3.1 percent or Shs38.1 billion during July 2005. In June 2005, PSC rose by 3.8 percent or Shs44.6 billion.
- During July 2005, the total (shilling and foreign currency) gross extensions by commercial banks amounted to Shs181.9 billion; while recoveries were Shs136.47 billion resulting in net extensions of Shs45.43 billion. After accounting for flows in capitalised interest, there was an increase in the stock of credit of about Shs50.29 billion.
- In the month of July 2005, the total assets of the Credit Institutions increased by 2.7 percent to Shs199.27 billion from Shs194.09 billion at the end of June 2005. This is less than the outturn of 6.3 percent observed over the same period a year ago. The increase in assets during July 2005 was mainly on account of an increase of 8.1 percent in balances with commercial banks in and outside Uganda as well as a 2.0 percent increase in total loans and advances.

Fiscal Developments:

- Total revenue and budget support grant receipts (excluding project grants) for June 2005 were estimated at Shs254.10 billion. This is higher by Shs53.48 billion (26.7 percent) than Shs200.62 billion recorded in May 2005².
- Total domestic revenue collected in June 2005 is estimated at Shs231.75 billion, of which 98.3 percent came from URA collections. This was higher than the programmed target by Sh62.73 billion, and also higher than the previous month's collections as a result of further improvement in tax collection performance. The preliminary outturn for non-URA revenue collections for June 2005 was estimated at Shs3.97 billion.
- Receipts from budget support grants were estimated at Shs22.35 billion during June 2005, which was lower than the program target of Shs38.65 billion. This was also lower than Shs33.35 billion realised in May 2005.
- In June 2005, government expenditure and net lending increased by 33.2 percent. The increase was mainly on account of development expenditure. Expenditure on wages and salaries accounted for 30.7 percent of recurrent expenditure, while interest payments increased by 12.1 percent over this period. The outturn in total government expenditure was higher than the projected level for the period by Shs65.94 billion.
- The overall fiscal balance for May 2005 was a deficit of Shs95.03 billion compared to a deficit of Shs61.43 billion recorded in May 2005. Excluding grants, the fiscal balance worsens to a deficit of Shs117.38 billion.

² This amount is also higher than the programmed figure of Shs252.64 (see table 13).

Developments in the Foreign Exchange Market in August 2005:

- The Uganda Shilling continued to depreciate in the month of August 2005. On average, the exchange rate of the Shilling vis-à-vis the US Dollar depreciated by 0.12 percent on a daily basis within this period. Basing on the end month, the Shilling depreciated by 2.58 percent against the US Dollar, which was higher than the depreciation of 1.96 percent, recorded for the previous period.
- BOU continued to watch foreign exchange market developments very closely to ensure market stability. Consequently, BoU continued to sell forex for liquidity sterilisation and also carried out intervention to stabilise conditions in the forex market. Overall, BOU sold US\$ 33.55 million for the month of August 2005.

Balance of Payments Developments:

- In July 2005, the current account balance was estimated at a deficit of US\$58.8 million, while the capital and financial account was estimated at a surplus of US\$44.4 million. As a result, the overall balance was estimated at a deficit of US\$14.5 million.
- Total export earnings have been declining over the past two months, recording US\$72.9 million in July 2005. Coffee exports in the month of July 2005 accounted for 25.5 percent of the total export earnings.
- The import bill (fob) was estimated at US\$147.7 million during July 2005 compared to the US\$143.5 million³, which was recorded for the month of June 2005.
- Official aid (excluding project aid but including resources from the HIPC Initiative) inflows amounted to about US\$2.8 million. Private sector transfer inflows exceeded outflows by US\$8.5 million in July 2005, and services and income outflows exceeded inflows by about US\$24.0 million.
- Official debt service (excluding IMF payments) was estimated at US\$5.0 million for the month of July 2005. However, there were no IMF principal payments externalized during the month under review.
- Official foreign reserves (including valuation changes) were estimated at US\$1,301.9 million in July 2005, equivalent to 5.8 future months of imports of goods and services.

Policy Stance

- The continued concern for inflation coupled with developments in the foreign exchange market suggest that Bank of Uganda will continue with a tight monetary policy stance to contain the inflationary pressures. It is also committed to manage liquidity in a manner that will not cause instability in both the money and foreign exchange markets.

³ Effective May 2004, import values are reported f.o.b.

A MONETARY POLICY STANCE AND ACTIONS

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

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

In the four weeks to August 31, 2005, the net withdrawal of liquidity by Treasury bills was Shs 11.54 billion, compared to the net withdrawal of Shs 20.05 billion in the corresponding four-week period to July 29, 2005. In a continuous effort to promote the development of financial markets alongside the conduct of monetary policy, Bank of Uganda re-opened a 3-year bond on August 24, 2005 with a face value of Shs 25.00 billion. On the short-term liquidity management front, gross issues of the REPO instrument, whose maturity ranged from 1 to 10 days, amounted to Shs 96.30 billion during this period, against maturities of Shs 106.36 billion. This is compared to issues and maturities of Shs 127.00 billion and Shs 117.07 billion, respectively over the preceding period ended July 29, 2005. By August 31, 2005, there was no outstanding stock of REPOs.

B DOMESTIC PRICE DEVELOPMENTS

During the year ended August 2005, the **annual headline inflation**⁴ slumped to **6.5%**, down from 10.0% recorded in July 2005. This is the lowest rate of inflation recorded since October 2004 when it was 5.7%. Substantial decreases in prices of food items especially in the northern and eastern centres exerted the highest downward impact on annual headline inflation rate. In addition, the slower pace of increases in prices of items in beverages and tobacco; and health, education and entertainment groups in August 2005, compared to July 2005 and the decline in the household and personal goods prices also partly contributed to the fall in inflation. All the remaining groups exhibited higher pace of increases in their indices during the year ended August 2005 compared to the previous month.

The food group⁵ index increased by 7.8% compared to 16.3%; the beverages and tobacco group index rose by 2.5% compared to 3.4%; the clothing and footwear group index rose by 2.9% compared to 2.2%; the rent, fuel and utilities group index rose by 9.7% compared to 8.0%; the transport and communication group index rose by 11.4% compared to 11.1%; and the health, education and entertainment group index rose by 3.4% compared to 4.9% for the year ended August 2005 compared to that of July 2005. However, the household and personal goods index fell by 0.7% in August 2005 compared to a rise of 1.3% in the year ended July 2005.

⁴ Inflation is the percentage change in the Consumer Price Index compared with the same month (or previous month) one year (month) previously.

⁵ Food group comprises of the entire basket of food crops and other food items e.g. manufactured food goods – margarine, cooking oil, etc.

Similarly, the **monthly headline inflation** fell to **-0.5%** in August 2005, down from 0.6% in July 2005. This fall resulted from declines of: 0.6% in the food group index; 0.3% in the beverages and tobacco group index; 1.4% in the household and personal goods group index; and 1.0% in the health, education and entertainment group index that overwhelmed the increases of: 0.3% in the clothing and footwear; 0.6% in the rent, fuel and utilities; and 0.2% in the transport and communication group indices.

The **annual underlying inflation** eased to **5.0%** in August 2005, down from 6.4% for the year ended July 2005. The prices of goods rose by 4.7% in August 2005 compared to 6.5% in July 2005, while that of services increased by 5.6% in August 2005, compared to 6.1% recorded in July 2005. The slower pace of increases in the prices of both goods and services during the year ended August 2005 compared to that of July 2005 led to the fall in annual underlying inflation.

Also, the **monthly underlying inflation** dropped to **-0.6%** in August 2005 from 0.7% in July 2005. This was attributed to declines in prices of both goods and services during the month of August 2005. The average prices of goods fell by 0.9%, while that of services declined marginally by 0.1% in August 2005.

The **annual food crop inflation**⁶ declined to **11.2%** in August 2005 from 24.3% in the year ended July 2005, exhibiting the lowest rate since September 2004, while the **monthly food crop inflation** fell to **0.1%** in August 2005, down from 0.3% in July 2005.

The decline in inflation rate during August 2005 was attributed to the following factors, among others:

- The substantial decreases in prices of food items especially fruits and vegetables, sugar, and cereals. Favourable rains in the eastern and northern parts of the country led to bumper harvests and hence lower prices of food items.
- Reduction in prices of beverages particularly malwa due to lower costs of raw materials used in the processing.
- And, the decline in prices of some manufactured goods especially the household and personal goods.

The developments in inflation in the near future will largely be influenced by weather conditions and movements in international prices of crude oil. Prices of food crops are expected to remain moderate in the coming month following well spread rains in some parts of the country especially in the North and Eastern regions. International prices of crude oil continues to trend upwards due to the increasing global demand especially from the USA and China, amidst limited production and existence of spare capacity.

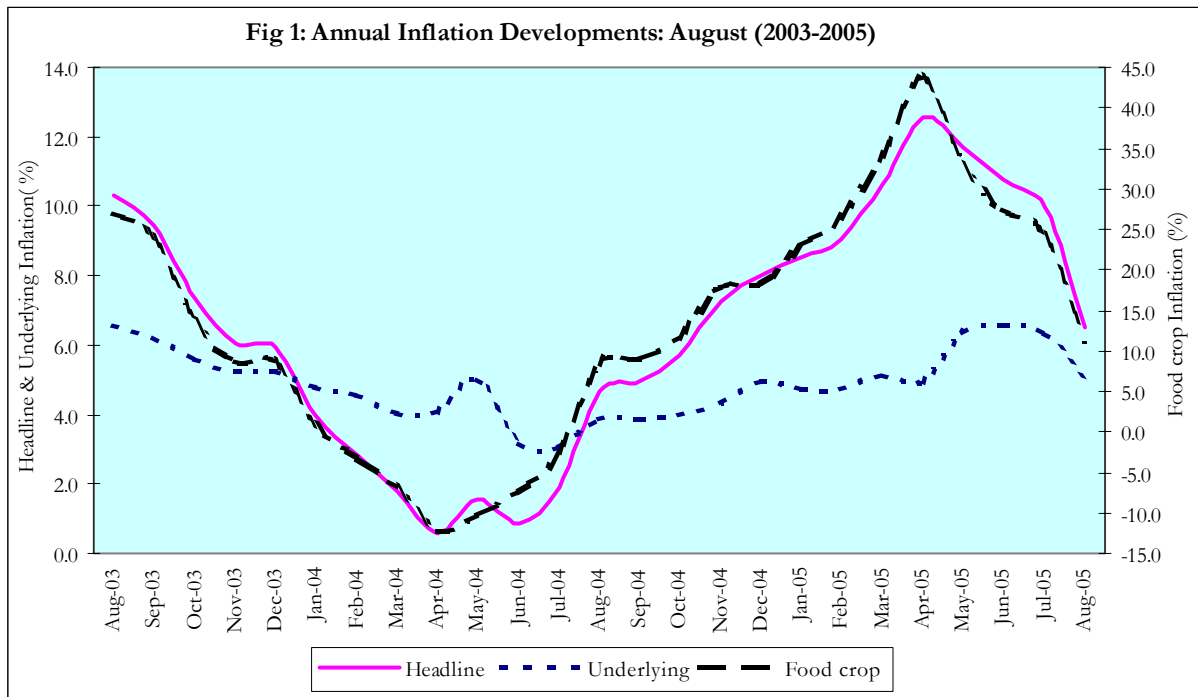
The developments in inflation rates are indicated in table 1 and figures 1 and 2 respectively.

Table 1. Inflation Rates: June 2005 – August 2005

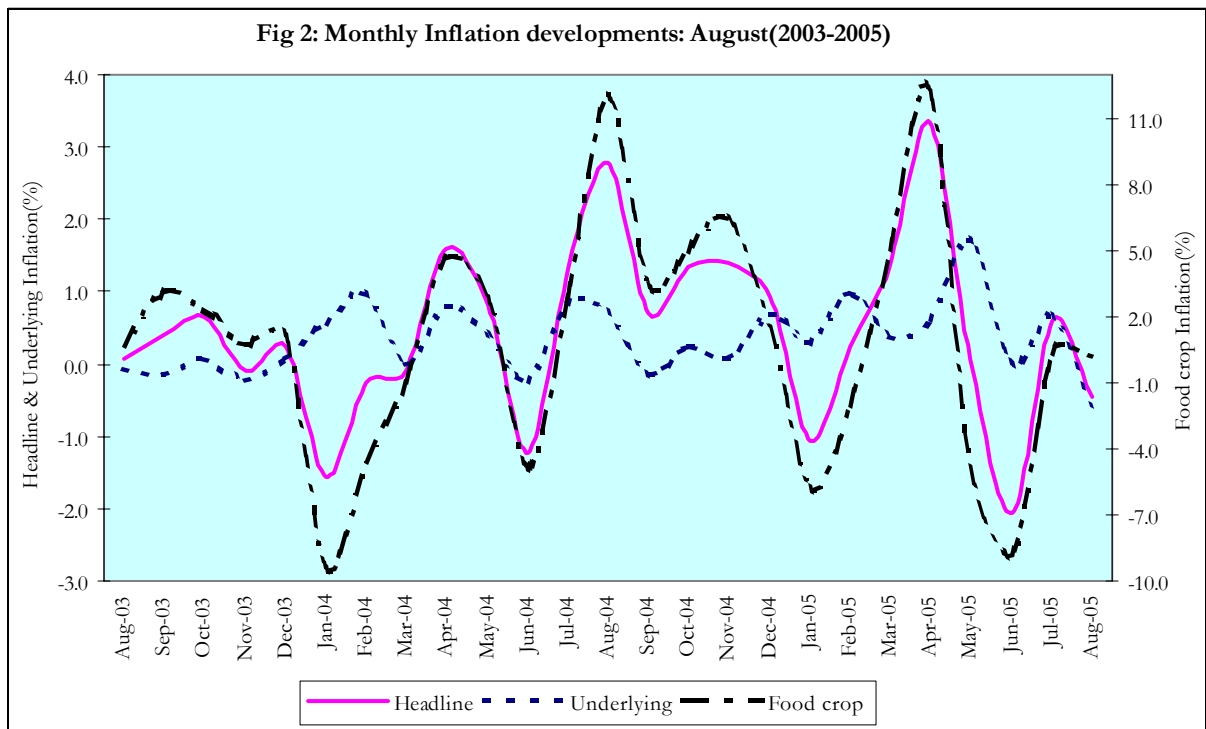
Period	Headline Inflation (%)		Underlying Inflation (%)		Food Crops Inflation (%)	
	Monthly	Annual	Monthly	Annual	Monthly	Annual
June 2005	-2.1	10.7	0.0	6.6	-8.8	27.5
July 2005	0.6	10.0	0.7	6.4	0.3	24.3
August 2005	-0.5	6.5	-0.6	5.0	0.1	11.2

Source: Uganda Bureau of Statistics

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



Source: Uganda Bureau of Statistics



Source: Uganda Bureau of Statistics

C REAL SECTOR DEVELOPMENTS

This section highlights developments in the Manufacturing, Energy and Finance sectors and Investment activity, using the latest available data on: the major index of industrial production, consumption of electricity and fuel products, activity at the Uganda Securities Exchange (USE) and leasing disbursements and Investments activity respectively.

Manufacturing Sector:

1.1 Index of Industrial Production

Provisional data on the major index of industrial production is available for the period ended June 2005. The last review of this index was to the period ended March 2005. The All Items' Index dropped by 11.7 percent to the level of 166.2 in June 2005 from the level of 188.3 recorded for March 2005. In the period in between March and June 2005, the index dropped by 13.2 percent in April and then rose by 0.4 percent and 1.3 percent in May and June respectively. Drops in the production of Sugar (-46.8%), Edible oil (-28.0%) and Cement (10.8%) as indicated by the index levels of these respective items accounted for the 11.7 percent drop in the all items' index over the period March to June 2005. Over this period, substantial reduction in production occurred in the period March to April 2005 when the all items' index fell by 13.2 percent, on account of cigarettes (-21.3%), laundry soap (-20.4%), sugar (-18.7%) and edible oil (-18.5%), which registered the largest declines. See Table 1 below for details.

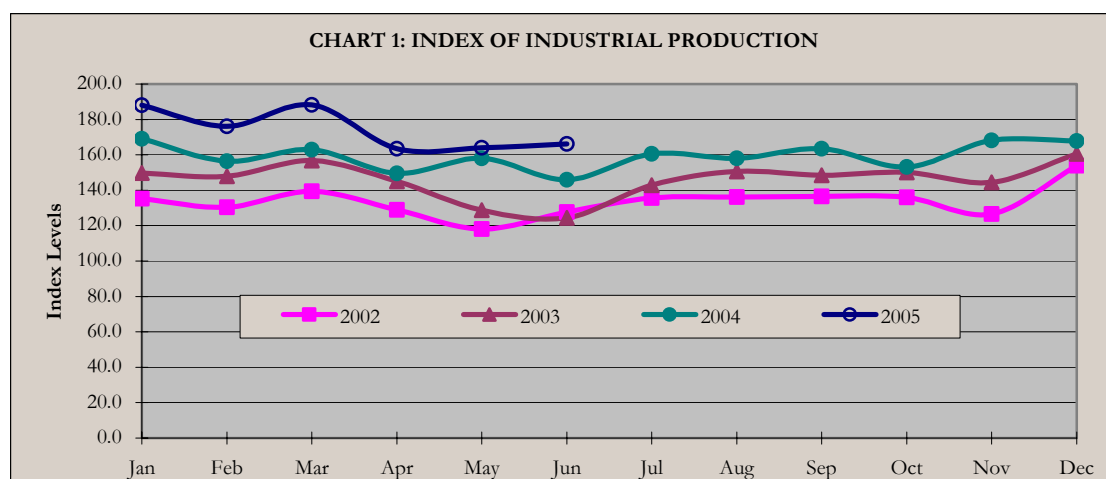
TABLE 1: INDEX OF INDUSTRIAL PRODUCTION FOR MAJOR MANUFACTURING COMMODITIES, FEB – JUN 2005

	Feb '05	Feb-Mar % change	Mar '05	Mar-Apr % change	Apr '05	Apr-May % change	May '05	May-Jun % change	Jun '05
Sugar	208.9	0.5	209.9	(18.7)	170.7	(12.0)	150.3	(25.7)	111.7
Beer	116.6	14.2	133.2	(12.1)	117.0	8.2	126.6	3.7	131.3
Soft drinks	219.2	18.6	259.9	(17.7)	213.8	(4.5)	204.1	16.0	236.7
Cigarettes	56.1	43.0	80.3	(21.3)	63.2	10.6	69.9	24.5	87.0
Textiles	152.6	(28.0)	109.9	5.9	116.3	(1.8)	114.2	10.7	126.4
Cement	206.3	12.0	231.1	(7.7)	213.4	0.9	215.3	(4.2)	206.2
Laundry Soap	191.1	14.0	217.8	(20.4)	173.3	22.9	212.9	0.4	213.7
Edible oil	172.9	2.5	177.2	(18.5)	144.4	(12.7)	126.0	1.3	127.6
Metal products	243.9	(1.6)	240.0	(1.3)	236.9	2.9	243.7	10.3	268.8
All items	176.1	6.9	188.3	(13.2)	163.5	0.4	164.1	1.3	166.2

Source: Uganda Bureau of Statistics (UBOS)

From Chart 1 below which plots the All Items' Index, industrial production in 2005, measured by the index levels, is observed to be higher than in the preceding years and while following the monthly trends from January to May, a deviation is observed in June 2005 when the index remains at a more or less constant level instead of the expected drop. The

final results to be released by the end of September should be able to give a firm position on the developments in the manufacturing sector this far.



Source:: UBOS

Energy Sector:

2.1 Electricity Consumption

Data on electricity consumption are available for the period ending August 2005. Between July and August 2005, electricity consumption fell marginally by 2.7 percent to 94.1 from 96.7 Gigawatt hours. This was after successive increases of 7.8 percent, 7.4 percent and 2.7 percent recorded for May, June and July 2005 respectively. The decrease over July and August 2005 may be attributed to the fall in purchases from Uganda Electricity Transmission Company Limited (UETCL) by 7.4 percent and 0.1 percent in July and August 2005 respectively, and the large drops in consumption by the street lighting and domestic category users by 8.3 percent and 5.7 percent respectively between July and August 2005. Notably the number of consumers in each of these two categories grew by 1 percent in the month of July 2005 relative to June 2005. Table 2 below shows energy consumption in Giga-watt hours and month-on-month changes for the period April to August 2005.

TABLE 2: ENERGY CONSUMPTION BY TARIFF CATEGORY IN GIGAWATT HOURS (GWH) FOR APRIL TO AUGUST 2005.

CATEGORY	Apr '05	Apr-May %age Change	May '05	May-Jun %age Change	Jun '05	Jun-Jul %age Change	Jul '05	Jul-Aug %age Change	Aug '05
Domestic	43.6	-36.4%	27.7	7.8%	29.9	11.8%	33.4	-5.7%	31.5
Large Scale Industrial	31.4	-4.8%	29.9	8.9%	32.5	-1.0%	32.2	2.5%	33.0
Medium Scale Industrial	18.0	6.1%	19.00	5.9%	20.2	-15.0%	17.1	2.8%	17.6
Street Lighting	0.04	50.0%	0.1	50.0%	0.1	33.3%	0.1	-8.3%	0.1
Total	81.4	7.8%	87.7	7.4%	94.2	2.7%	96.7	-2.7%	94.1

Source:: UMEME

2.2 Fuel imports

Data on sales of the major fuel products was last reported for the period ended April 2005 and further data are not yet available. This sub-section looks at volumes of fuel imports over May to August 2005.

Volumes of premium, diesel and kerosene imports grew by 6.4 percent, 30.7 percent and 10.2 percent between July and August 2005. Oil dealers in Uganda are reported to have started the rationing of diesel beginning September 2005 due to stock shortages. The reason for this is reported to be the change in the regulations on fuel movement by the Kenyan government with effect from August 2005. This is more than likely the reason for the high imports in August 2005 for all three major fuel products. Ugandan oil dealers are thought to have made large purchases preceding the effective date of the new regulations. Imports of diesel, which seems to be most hit by the new regulations, dropped by 41.2 percent and 8.3 percent in June and July 2005 respectively before the reported 30.7 percent rise of August 2005.

Pump prices of the major fuel products rose by Ushs. 100 for premium and by Ushs 150 for both diesel and kerosene to the current (September 15, 2005) Ushs 2,200, Ushs 1,850 and Ushs 1,700 respectively, from their levels of Jul 12 – Aug 14, 2005. The rise in prices may be attributed to the revision of oil trading regulations in Kenya as well as the effects of hurricane Katrina that devastated some of the oil producing areas of the United States.

TABLE 3: FUEL IMPORTS (RECEIPTS) IN '000 LITRES FOR MAY TO AUGUST 2005

Fuel product		May '05	May-Jun (%) Change	Jun '05	Jun-Jul %age Change	Jul '05	Jul-Aug %age Change	Aug '05
Premium (PMS)	Imports	20,337	-14.5	17,380	0.4	17,445	6.4	18,563
Kerosene (BIK)		4,933	-17.6	4,064	2.4	4,160	10.2	4,584
Diesel (AGO)		33,593	-14.2	28,835	-8.3	26,440	30.7	34,549

Source: Ministry of Energy

Finance Sector

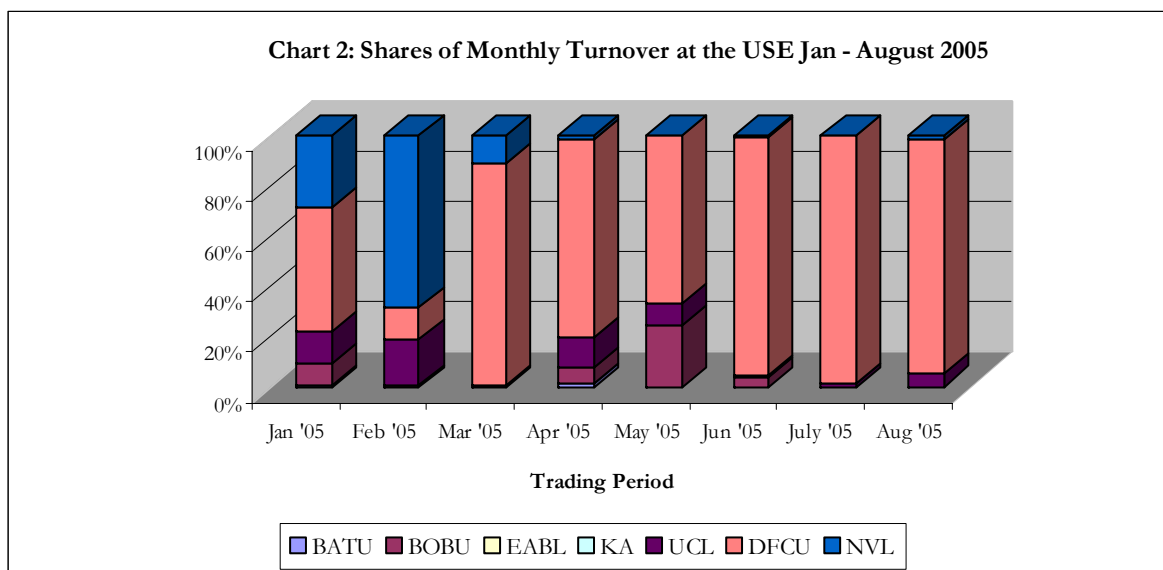
3.1 Uganda Securities Exchange (USE)

During August 2005, trading at the Uganda Securities Exchange (USE) declined significantly. Total turnover amounted to Ushs 126.1 million, with 336,318 shares traded compared to a turnover of Ushs 383.9 million and 1,063,152 shares traded in July 2005. Most activity was registered on the DFCU counter, which pulled 92.9 percent of total turnover for August 2005. Uganda Clays (UCL) and New Vision (NVL) counters accounted for 5.1 and 1.6 percent of total turnover, respectively. There was no trading recorded at the British American Tobacco (BATU), East African Breweries (EABL) and Kenya Airways (KA) counters. USE's market capitalisation rose by 10.5 percent to Ushs 3,445.5 billion in August 2005 from Ushs 3,118.8 billion recorded at the end of July 2005. This could be attributed to the rise in prices over the period in question. Prices at the USE currently (September 15, 2005) stand at Ushs 735, Ushs 830, Ushs 370, Ushs 3,569, Ushs 1,847, Ushs 205 and Ushs 12,000 at the BATU, BOBU, DFCU, EABL, KA, NVL and UCL counters respectively. The low level is attributed to traders holding onto their assets due to lack of incentives.

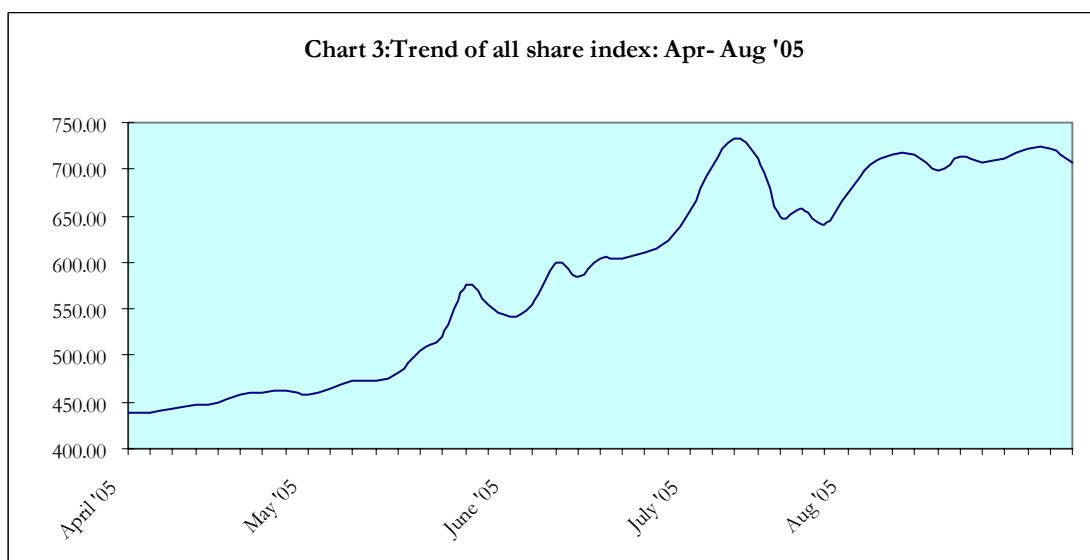
TABLE 4: TRADING AT THE UGANDA SECURITIES EXCHANGE (APR – AUG 2005)

	Apr '05	May '05	Jun '05	Jul '05	Aug '05
Trading Days	8	9	7	7	9
Total Turnover	28,462,970	2,212,221,780	467,525,830	383,889,945	126,098,435
No. Shares	75,437	4,572,457	1,174,448	1,063,152	336,318
Market Capitalization (Billion Ushs, E.O.P)	2238.2	2689.2	3013.4	3118.7	3444.5
All Share Index	462.1	554.8	622.3	640.5	707.5

Source: Uganda Securities Exchange



Source: Uganda Securities Exchange



Source: Uganda Securities Exchange

3.2 Leasing Activities

The value of assets disbursed in August 2005 rose by 8.5 percent to Ushs 1.7 billion from Ushs 1.6 billion recorded for July 2005 and by 81 percent when compared to the corresponding period in the previous year (2004), when total disbursements amounted to Ushs 0.94 billion.

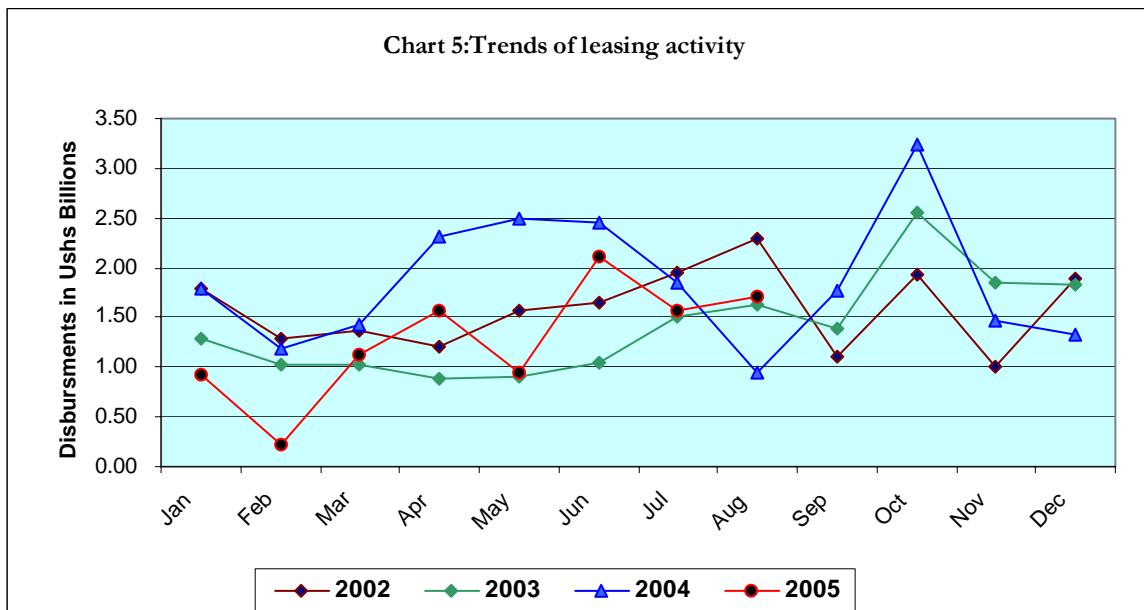
Trade and commerce recorded the largest share of assets disbursed (77%) in August compared to 55% in July 2005. The transport sector had a share of 13 percent in August 2005, down from 17 percent of July 2005. There were no disbursements made to the manufacturing sector in August 2005 while the agricultural sector accounted for a small 2 percent of the total value of assets leased.

Notably, the values of assets disbursed in 2005 are trending below those recorded in 2004 as can be seen from Chart 5.

TABLE 5: SECTORAL DISTRIBUTION OF ASSETS LEASED IN MILLION SHILLINGS OVER JUNE – AUGUST 2005

Sector	Jun '05	% Share	Jul '05	% Share	Aug '05	% Share
Transport	369.6	17.57%	260.1	16.63%	214.4	12.63%
Commerce & Trade	245	11.64%	860.6	55.02%	1,302.50	76.72%
Mining & Construction	0	0.00%	41.5	2.65%	0	0.00%
Tourism	0	0.00%	25.0	1.60%	1.5	0.09%
Health	79	3.75%	309.4	19.78%	39.6	2.34%
Agriculture	0	0.00%	0.0	0.00%	40	2.36%
Manufacturing	50	2.38%	45.0	2.88%	0	0.00%
Education	1.6	0.07%	0.0	0.00%	0	0.00%
Banking	150.1	7.13%	0.0	0.00%	54.6	3.22%
Other Services	1,208.80	57.45%	22.6	1.44%	45.00	2.65%
TOTAL	2,104.10	100.00%	1,564.20	100.00%	1,697.60	100.00%

Source:: DFCU leasing



Source: DFCU leasing

4.0 Investment

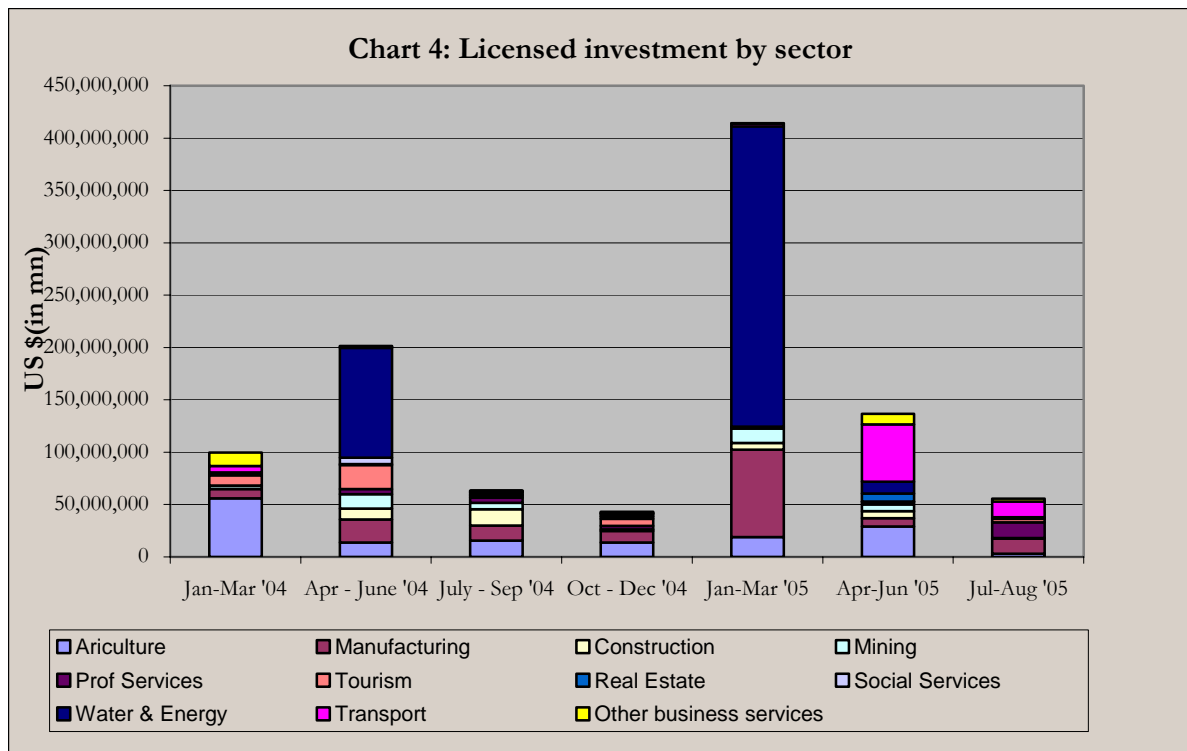
Information on actual investment activity is not available thus analysis is based on licenses issued by the Uganda Investment Authority (UIA). Statistics on licensed projects are available on a quarterly basis. During the period April – June 2005, the number of projects licensed rose to 61 from 47 recorded in the period January –March 2005 and 43 recorded over April – June 2004. Total estimated investment however fell by 67 percent to US\$ 136.6 million, from US\$ 414.3 million during the first quarter of 2005 and by 32.2 percent compared to US\$ 210.5 million of the corresponding April – June quarter in 2004. Planned employment rose by 23.3 percent and 15.5 percent to 6,383 positions from 5,178 and 5,527 jobs of January – March 2005 and April – June 2004 respectively.

Over the period July – August 2005, the value of investment licenses issued fell further by 59.3 to US\$ 55.6 million from US\$ 136.6 million in the previous quarter. The number of projects licensed dropped by 62.3 percent to a total of 23 from 61, which were recorded for the period April – June 2005, while planned employment also dropped by 61.5 percent to 2,459 positions from 6,383 in April – June 2005. Over July –August 2005, the share of transport and communication sector assumed, a fallen but, the largest share of total planned investment of 27.4 percent, while the construction sector continued to take up a meager share of below 10 percent. Manufacturing sector and agriculture sector assumed shares of 10.7 percent and 2.3 percent of total planned investment respectively in the same period. Table 5 below summarizes investment activity for the period July – August 2005.

TABLE 5: SECTORAL DISTRIBUTION OF PROJECTS LICENSED BY UIA: JUL – AUG 2005

Sector	Number of Projects Licensed	Planned Investment (US\$)	Planned Employment	Percentage Share of Investment
Agriculture, Forestry & Fishing	2	3,314,000	168	2.29
Manufacturing	7	14,559,000	764	10.66
Mining & Quarrying	0	0	0	0.00
Tourism	3	3,485,000	142	6.26
Professional Services	4	14,830,000	453	10.85
Social Services	0	0	0	0.00
Water &Energy	0	0	0	0.00
Transport, Communication & Storage	2	15,250,000	272	27.41
Real Estate	1	1,400,000	237	1.02
Construction	1	350,000	253	0.26
Other business services	3	2,623,000	170	4.50
TOTAL	23	55,631,000	2,459	100.00

Source:: Uganda Investment Authority (UIA)



Source: Uganda Investment Authority

D DEVELOPMENTS IN THE DOMESTIC SECURITIES AND MONEY MARKET

i) Primary Market for Treasury Bonds

In line with the monetary policy objectives and financial markets development, Bank of Uganda reopened a 3-year bond on August 24, 2005. The Shs 25.00 billion issue was oversubscribed by Shs 4.63 billion and realized a cover ratio of 118.50 percent. At a weighted average price of 88.99 per Shs 100, the resultant yield-to-maturity for the 10.25 percent coupon bond was 15.41 percent compared to 15.50 percent in the previous 3-year issue that was issued in July 2005. The total outstanding stock of Treasury bonds stood at Shs 580.00 billion by end of August 2005. A 3-year bond coupon payment of Shs 3.98 billion was effected during the month.

Table 5 below shows details of the most recent Treasury bond issues, and Appendix 1 summarizes the full details on all issues in the market so far which are also listed on the Uganda Securities Exchange.

Table 5: Summary of Government Treasury bond Issues as at August 31, 2005
(In Billions of Uganda Shillings, unless otherwise stated)

Tenure/Issue date →	2 Year New Issue Jun 15-05	3Years reopened Aug 24-05	5 Year Re-opened Nov 17-04	10 Year Re-opened May 19-04
Maturity Date	Jun 14-07	Jul 24-08	Mar 19-09	May 08-14
Offers (Billion Shs)	20.000	25.000	20.000	15.000
Total Bids (Billion Shs)	39.452	29.626	32.227	25.166
O/w Competitive	39.431	29.587	12.989	25.154
Over (Under) Subscription	19.452	4.626	12.227	10.166
Amount Sold (Face Value)	20.000	25.000	20.000	15.000
Amount Sold (Cost Price)	18.430	22.246	17.093	12.991
Cover Ratio %	197.259	118.504	161.135	167.773
Previous Cover Ratio %	130.989	193.208	210.00	...
WAP per Shs. 100	92.152	88.986	85.463	86.608
Previous WAP per Shs. 100	94.454	87.769	92.590	...
Yield to Maturity %	14.669	15.405	16.039	13.477
Previous Yield to Maturity %	14.463	15.501	12.802	...
Coupon Rate	10.000	10.250	10.750	11.000

Source: Research Department - Bank of Uganda

ii) Secondary Market for Treasury bonds

The four week-period average indicative bid/offer yields-to-maturity in the secondary market were quoted at 13.85/13.60 percent and 15.40/15.14 percent for the 2-year and 3-year bonds, and at 16.25/15.99 percent and 16.47/16.22 percent for the 5-year and 10-year bonds tenors respectively. This is compared to 14.71/14.46 percent and 16.98/16.73 percent for the 2 year and 3 year bonds, and 16.42/16.15 percent and 16.14/15.89 percent for the 5 year and 10 year bond in the previous four-week period ended July 29 2005, respectively (See Table 6). Within the month of August 2005, Shs 3.02 billion and Shs 1.27 billion were traded in the 2-year and 3-year bonds, respectively.

Table 6: Bid/Offer Rates and Transactions in the Secondary Market for Treasury bonds over the four week-period to August 31, 2005

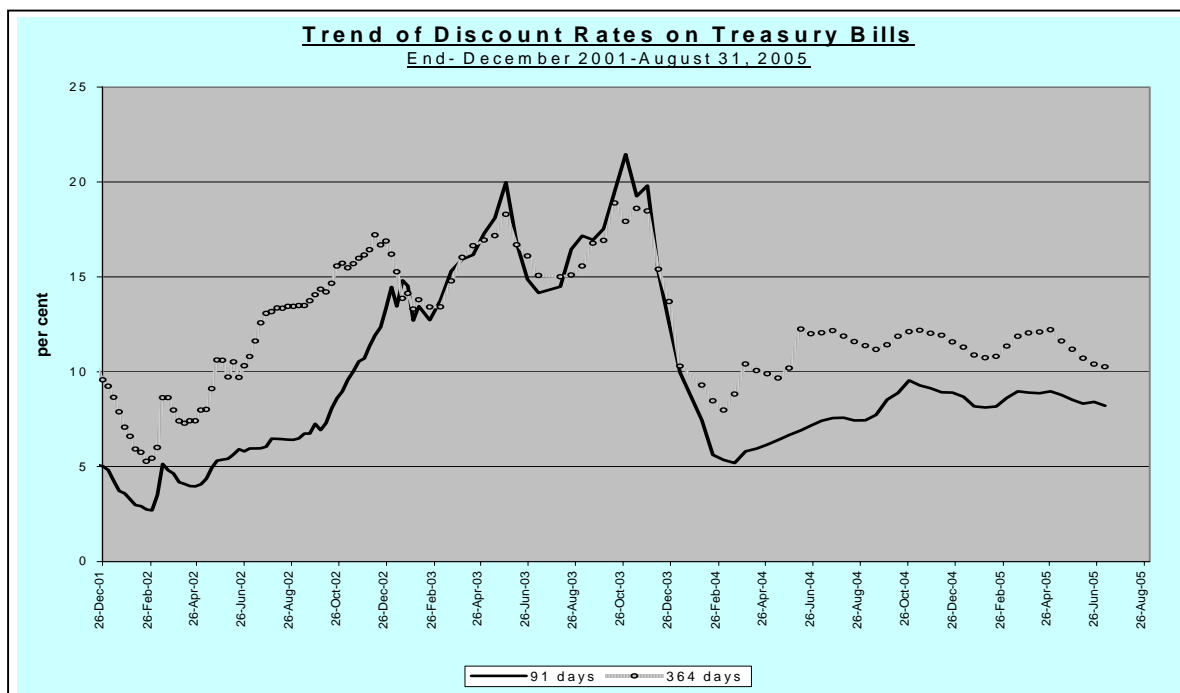
	Tenor of bond							
	2-year		3-year		5-year		10-year	
	Yield-to-maturity quotation (percent)							
	Bid	Offer	Bid	Offer	Bid	Offer	Bid	Offer
Min	10.80	10.55	14.80	14.55	15.50	15.25	15.00	14.75
Max	15.00	14.75	16.55	16.30	17.50	17.25	18.00	17.75
Average	13.85	13.60	15.40	15.14	16.25	15.99	16.47	16.22

Source: Compiled from Domestic Financial Markets Department records

Source: Research Department - Bank of Uganda

iii) Primary Market for Treasury bills

Three Treasury bill auctions, each with offers of Shs 40.00 billion were held in the month of August 2005 and most of them were oversubscribed. The respective weighted annualized yields on the 91-day, 182-day, and 364-day bills stood at 8.59, 10.37, and 11.60 percent for the auction of August 03, 2005, at 8.39, 10.20, and 11.43 percent for the auction of August 17, 2005, and at 8.51, 10.07, and 11.41 percent for the auction of August 31, 2005. This compares to rates of 8.49, 10.49, and 11.99 percent, for the 91-day, 182-day, and 364-day bills respectively, recorded in the auction held on July 20, 2005 (see Chart 7 below). With the exception of the 364-day bill rates that fell by 1.73 percent, the average discount rates on Treasury bills in August 2005 were higher than those registered in August 2004 which ranged between 7.29 percent and 12.03 percent.



Source: Research Department-Bank of Uganda

iv) Secondary Market for Treasury bills

The average bid/offer yields-to-maturity in the secondary market for Treasury bills for the 91-day, 182-day and the 364-day papers decreased by an average of 0.45, 0.32, and 0.86 percentage points, respectively. The average percentage yields-to-maturity for the 91, 182, and 364-day securities were 8.46/8.19, 10.14/9.87 and 11.29/11.00 percent in August 2005 compared to 8.90/8.64, 10.46/10.18 and 12.15/11.86 percent in July 2005, respectively.

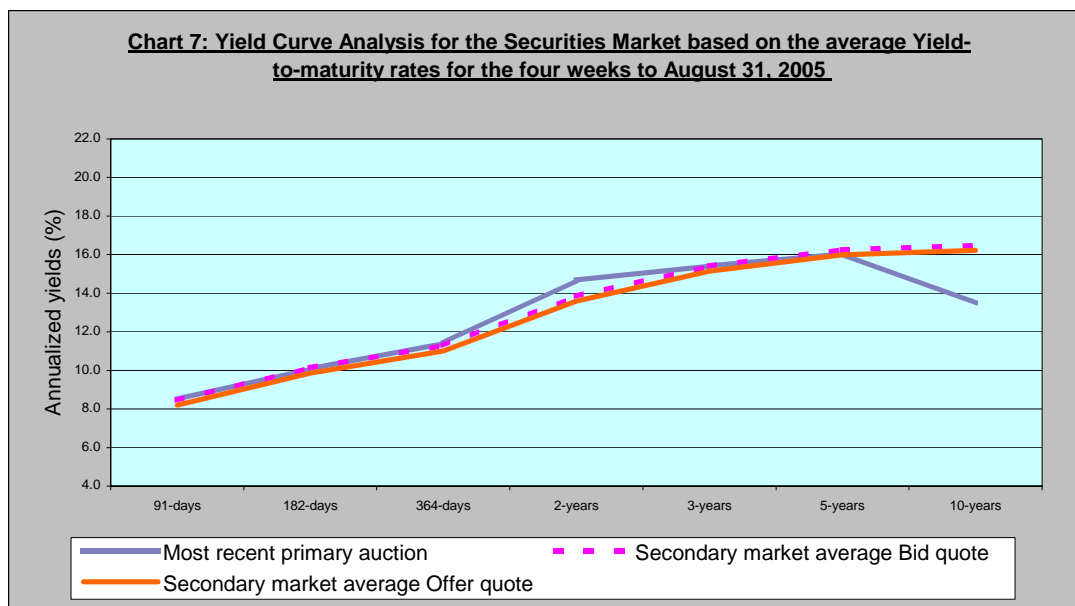
Table 7: Bid/Offer Rates and Transactions in the Secondary Market for Treasury bills over the four- week period to August 31, 2005

	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	7.79	7.53	9.71	9.43	0.00	0.00	10.19	9.90
Max	9.29	9.02	10.74	10.47	0.00	0.00	12.62	12.32
Average	8.46	8.19	10.14	9.87	0.00	0.00	11.29	11.00
	Trading Activity							
Transactions (Shs billion)	49.704		3.452		-		1.159	
O/w Horizontal REPOs	39.000		-		-		-	
- Av. H/REPOs rate	6.78 percent		-		-		-	
O/w- Outright sales	10.704		3.452		-		1.159	
Total trades across maturities	Shs 75.515 billion							
- Av Discount rate	10.54 percent		9.20 percent		-		9.19 percent	
- Av Yield to maturity	10.74 percent		9.57 percent		-		9.71 percent	
Rediscounts at BoU	-							
Borrowing at BoU	-							

Source: Research Department-Bank of Uganda

In the four weeks ended August 31, 2005, total secondary market trades of treasury bills amounted to Shs 49.70 billion, of which Shs 39.00 billion was related to horizontal repos. This was lower than the Shs 75.52 billion for the four weeks ended July 29, 2005. The average discount rates on these trades for the 91-days, 182-days, and 364-days securities were 10.54, 9.20, and 9.19 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. The primary market curve trended above the secondary market curve for most of the maturities and was inverted at the 5-year paper. Widening margins were observed between the two curves from the 364-day paper to the 3-year paper and beyond the 5-year paper (see Chart 7).



Source: Research Department-Bank of Uganda

v) Domestic Inter-bank market

Activity in the domestic inter-bank money market (i.e. transactions of less than 30 days in tenor) for the four weeks ended August 31, 2005 was 27 percent lower than the activity reported in the previous month with volumes worth Shs 389.16 billion at a weighted average rate of 6.63 percent from 6.78 percent reported last month. The least active period was the week ended August 26, 2005, when transactions worth Shs58.9 billion were recorded, while the highest level of activity was in the first week ended August 5, 2005, with volumes of transactions amounting to Shs114.88 billion. Of this, the over night transactions amounted to Shs 45.27 billion at a weighted average rate of 5.64 percent. The weekly weighted average rates ranged from 6.08 percent to 7.63 percent. Transactions between domestic banks and foreign entities⁷ in the money market amounted to Shs39.16 billion, at an average rate of 6.70 percent compared to Shs37.57 billion at 7.95 percent. All the commercial banks participated in the inter bank market during the four weeks.

Table 7: Summary of inter bank money market activity

	Total amounts in Billions	Previous amounts in Billions	Weighted average rate (In %)	Weighted average rate (In %)
Total Transactions	389.16	534.62	6.63	6.78
O/w Over night	45.27	79.00	5.64	5.22
With Foreign entities	39.16	37.57	6.70	7.95

Source: Research Department-Bank of Uganda

vi) Commercial Banks' Retail Interest Rates

There was no revision in the commercial banks' prime lending rate during the four weeks to August 31, 2005. Consequently there were no changes in the number of banks charging rates for the various range categorizations. The range of these rates for the entire industry also remained at 16-21 percent. Table 8 below summarizes these developments.

⁷ 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 8: Trends of the Prime Lending Rates During August 2005
(Figures are end-period)

Prime Lending Rate (%)	Aug 05, 2005	Aug 12, 2005	Aug 19, 2005	Aug 26, 2005	Sep 02, 2005
	Number of Commercial banks charging this rate				
0.0 – 10.9	0	0	0	0	0
11.0 – 13.9	0	0	0	0	0
14.0 – 15.9	0	0	0	0	0
16.0 – 18.0	5	5	5	5	5
18.1 – 19.9	7	7	7	7	7
20.0 – 21.9	3	3	3	3	3
Range (Min – Max)	16%-21%	16%-21%	16%-21%	16%-21%	16%-21%

Source: Commercial banks weekly returns

The ranges of the savings and time deposits rates were maintained at 0-7.0 percent and 0.25-20.0 percent, respectively. The respective number of banks with savings rates of at least 5.0 percent and those with a time deposit rate of at least 8.0 percent remained unchanged at five (4) and seven (8), respectively.

Information on the commercial banks' effective lending and deposit rates was available only up to July 2005. As portrayed in Table 9, there was an increase in the effective lending rate on the shilling denominated loans from 18.18 percent to 19.56 percent in July 2005 but a fall on the foreign currency denominated loans to 7.39 percent from 8.46 percent reported in June 2005.

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

Weighted Average rates	Local Currency				Foreign Currency Denominated			
	April 05	May 05	June 05	July 05	April 05	May 05	June 05	July 05
Lending	20.78	19.42	18.18	19.56	7.77	8.86	8.46	7.39
Demand Deposits	1.14	1.13	1.07	1.06	0.98	0.99	0.98	1.00
Savings Deposits	1.77	1.78	1.77	1.79	1.45	1.45	1.45	1.48
Time Deposits	8.59	8.67	8.67	9.19	2.69	3.39	3.00	5.36

Source: Research Department-Bank of Uganda

The weighted rates on shilling denominated saving and time deposits increased from 1.77 percent and 8.67 to 1.79 percent and 9.19 percent respectively in July 2005 but the weighted rates on the demand deposits marginally decreased from 1.07 percent to a rate of 1.06 percent in the period under review. The demand and saving rates on the foreign currency denominated deposits increased from 0.98 percent to 1.0 percent and from 1.45 percent to 1.48 percent respectively in July 2005. Time deposit rates reversed the fall reported in the previous review to rise from 3.00 percent to 5.36 percent.

E MONETARY AGGREGATES AND FINANCIAL SECTOR AGGREGATES

(i) Banking Activities⁸

Broad Money: Broad Money M3, which comprises currency in circulation plus all private deposits, expanded by 2.3 percent to Shs2,876.4 billion in July 2005. This compares to the growth of 0.8 percent recorded in June 2005.

⁸ Based on the Preliminary Monetary Survey for July 2005.

M2A, comprising of M3 less foreign currency deposits of the private sector also expanded by 2.6 percent in July 2005 compared to an unchanged position in June 2005. Developments in money supply are shown in Table 9 below.

Net Foreign Assets (NFA): Over the month of July 2005, the NFA of the banking system fell by 1.1 percent or Shs28.3 billion to Shs2619.4 billion. In particular, NFA at BoU contracted by 0.6 billion to Shs2050.3 billion, while at commercial banks NFA fell by 4.6 percent or Shs27.7 billion to Shs569.1 billion. Foreign reserves at BoU increased by an equivalent of Shs3.4 billion, compared to a decline of Shs109.8 billion in the previous month.

Net Claims on Government (NCG): The government's net position with the banking system (NCG) as at end-July 2005 was a saving of Shs106.5 billion, down by Shs69.8 billion from a saving of Shs176.3 billion at the end of June 2005 (Table 9). At BoU, government savings decreased by Shs 42.8 billion over the month, on account of a strong fall in Government deposits of Shs151.2 billion, which more than offset a decline in government advances of Shs108.4 billion. At commercial banks, net claims on Government rose by Shs27.0 billion in July 2005, on account of a decline in Government deposits of Shs41.0 billion, which more than offset a decline in commercial banks' investment in Government securities of Shs14.0 billion.

Table 9: Developments in Monetary and Credit Aggregates (June 04 – July 05)

<i>(in billion shillings unless otherwise stated)</i>	Jun. 2004	Sep. 2004	Dec. 2004	Mar. 2005	Jun 2005	Jul. 2005
Net Foreign Assets (NFA)	2,370.5	2,358.8	2,559.0	2,547.7	2647.7	2619.4
Domestic Credit	1,107.4	1,136.9	1,103.5	1,268.5	1056.9	1177.0
Net Credit to Gov't (NCG)	83.4	106.5	-12.8	113.1	-176.3	-106.5
Claims on the Private Sector	1,010.0	1,019.0	1,105.2	1,146.7	1225.1	1263.2
M3	2,587.3	2,582.7	2,646.7	2,802.9	2811.1	2876.4
Forex deposits	662.4	654.0	646.1	633.4	653.3	661.5
M2A	1,924.9	1,928.7	2,000.5	2,169.5	2157.9	2214.8
Demand Deposits	804.0	765.1	739.4	940.6	860.1	891.4
Term Deposits	591.6	621.2	672.5	637.7	692.7	707.6
Currency	529.3	542.4	588.6	591.2	605.1	615.8
Ratios						
Forex/M3 (percent)	25.6	25.3	24.4	22.6	23.2	23.0
Demand Deposits/M3 (percent)	31.1	29.6	27.9	33.6	30.6	31.0
Term Deposits/M3 (percent)	22.9	24.1	25.4	22.8	24.6	24.6
Currency/M3 (percent)	20.5	21.0	22.2	21.1	21.5	21.4

Source: Research Department-Bank of Uganda

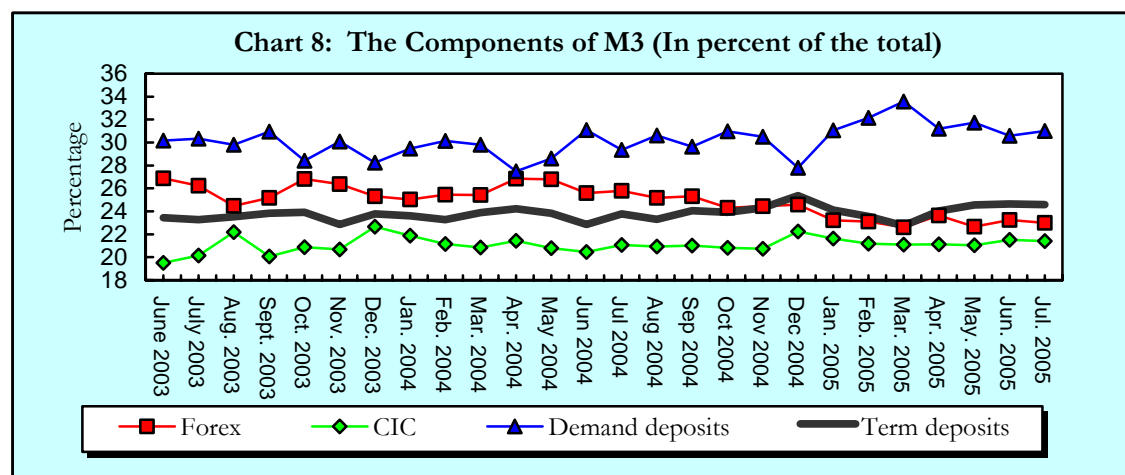
Private Sector Credit (PSC): At end-July 2005, the stock of outstanding credit to the private sector by the banking sector stood at Shs1263.2 billion (Table 9), of which Shs22.7 billion was from BOU and Shs1240.4 billion from commercial banks. This represents a growth of 3.1 percent or Shs38.1 billion during July 2005. In June 2005, PSC rose by 3.8 percent or Shs44.6 billion.

Credit Flows: During July 2005, the total (shilling and foreign currency) gross extensions by commercial banks amounted to Shs181.9 billion, while recoveries were Shs136.47 billion resulting in net extensions of Shs45.43 billion. After accounting for flows in capitalised

interest, there was an increase in the stock of credit of about Shs50.29 billion (see Appendix Table 1)⁹. During the month, commercial banks extended shilling loans amounting to Shs103.08 billion and recovered Shs86.35 billion, thus net extensions were Shs16.73 billion. Net capitalised interest stood at Shs4.16 billion. Thus, there was a net increase in the stock of shilling loans to the non-bank public of Shs20.89 billion (see Appendix 2). For foreign currency loans, gross extensions stood at Shs78.82 billion, while recoveries were lower at Shs50.12 billion, yielding net extensions of Shs28.70 billion. After taking into account effects of capitalised interest, the stock of foreign currency loans recorded a net rise of Shs29.40 billion (See Appendix 3).

Appendix tables 1-3 summarises the evolution of the monthly change in outstanding loans and advances of commercial banks from July 2004 to July 2005.

Liabilities of the Banking System: On the liabilities side, foreign currency accounts grew by Shs8.3 billion to Shs661.5 billion in July 2005. In US dollars however, foreign currency accounts rose by US\$ 2.6 million to US\$372.8 million¹⁰. Demand deposits grew by 3.6 percent or Shs31.3 billion to Shs891.4 billion, while term deposits (time, savings and CDs) grew by 2.2 percent to Shs707.6 billion as at end-July 2005. Currency in circulation (CIC) rose by 1.8 percent to Shs615.8 billion. Reflecting these developments, the ratio of foreign currency deposits to M3 fell slightly to 23.0 percent from 23.2 percent at end-June 2005. The ratio of CIC to M3 dipped to 21.4 percent from 21.5 percent at end-June 2005. The ratio of term deposits to M3 was steady for the third straight month at 24.6 percent over the month of July 2005, while that of demand deposits rose to 31.0 percent in July 2005 from 30.6 percent in June 2005. The trends of the ratios are shown in Chart 8 below and Table 9 above.



Source: Research Department-Bank of Uganda

(ii) Non-Bank Financial Institutions (NBFIs) Activities¹¹

Assets: In the month of July 2005, the total assets of the Credit Institutions increased by 2.7 percent to Shs199.27 billion from Shs194.09 billion at the end of June 2005. This is less than the outturn of 6.3 percent observed over the same period a year ago. The increase in assets during July 2005 was mainly on account of an increase of 8.1 percent in balances with commercial banks in and outside Uganda as well as a 2.0 percent increase in total loans and advances.

⁹ 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.

¹⁰ The end period mid exchange rate is used to value forex items.

¹¹ Only covers 7 credit institutions.

Loans and advances: The stock of the outstanding loans and advances to the private sector increased by 2.0 percent or Shs2.33 billion to Shs119.77 billion as at end-July 2005, from Shs117.44 billion at end-June 2005. During July 2005, mortgage loans, which accounted for 55.6 percent of total loans, increased by 2.4 percent to Shs66.54 billion while secured and unsecured loans increased marginally by 0.01 percent to Shs27.97 billion at the end of July 2005. Administered loans increased by 3.2 percent to Shs25.26 billion. The building and construction sector accounted for the largest share (65.4 percent) percent of the total NBFIs advances as at end-July 2005 while the trade and commerce sector accounted for the second largest share of 24.1 percent.

Deposits: In July 2005, private sector deposits¹² in the NBFIs increased by 2.6 percent to Shs90.39 billion, from Shs88.09 billion in June 2005. In particular, time deposits went up by 5.8 percent to Shs26.34 billion and savings deposits increased by 1.4 percent to Shs64.05 billion. Other deposits, which represent funds collected on behalf of government from the beneficiaries of the government's pool house sale scheme, increased by 0.95 percent to Shs31.19 billion over the same period.

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

	Jun 2004	Dec 2004	Mar 2005	Jun 2005	Jul 2005
Total Assets	153.76	181.74	185.04	194.09	199.27
O/w Loans and advances	91.03	103.71	110.18	117.44	119.77
Secured & unsecured	12.73	15.01	18.65	27.96	27.97
Mortgage	54.06	63.72	66.98	65.01	66.54
Administered	24.23	24.98	24.55	24.47	25.26
Total Deposits ¹³	93.28	110.13	113.74	120.45	123.26
Savings	56.34	61.99	61.48	63.18	64.05
Time	10.78	19.30	21.73	24.91	26.34
Agency Funds	26.15	28.30	29.50	30.90	31.19
Source: Bank of Uganda					

Source: Research Department-Bank of Uganda

F GOVERNMENT BUDGETARY OPERATIONS¹⁴

i) Revenue and Grants

Total revenue and budget support grant receipts (excluding project grants) for June 2005 are estimated at Shs 254.10 billion. This is higher by Shs53.48 billion (26.7 percent) than Shs200.62 billion recorded in May 2005¹⁵.

Total domestic revenue collected in June 2005 is estimated at Shs231.75 billion, of which 98.3 percent or Shs 227.79 billion came from URA collections. URA revenue collections were higher than the programmed target for the month by Shs62.73 billion, and also higher than the previous month's collections of Shs163.21 billion as a result of further improvement in tax collection performance. The preliminary outturn for non-URA revenue

¹² This excludes Agency Funds

¹³ Includes accrued interest

¹⁴ This section has the updated position for June 2005; the data for July 2005 is still undergoing reconciliation.

¹⁵ This amount is also higher than the programmed figure of Shs252.64 (see table 13).

collections for June 2005 was estimated at Shs3.97 billion. This was Shs0.10 billion lower than the collections for May 2005 but higher than the program target of Shs.3.33 billion.

Receipts from budget support grants are estimated at Shs22.35 billion during June 2005, which was lower than the program target of Shs38.65 billion. This was also lower than Shs33.35 billion realised in May 2005.

Table 13: Government Budgetary Operations: May – June 2005 (Billion Shs)

	Revised Budget 2003/04	Prog. Budget 2004/05	Approved Budget 2004/05	Prel. May. 2005	Prel. Jun. 2005	Prog. Jun. 2005
Total Tax & Import Support Receipts	2,228.55	2,367.36	2,364.41	200.62	254.10	252.64
Total Domestic Revenue	1,690.90	1,866.72	1,866.72	167.27	231.75	172.36
URA Excluding Refunds/Govt. Taxes	1,655.20	1,830.02	1,830.02	163.21	227.79	169.02
Non URA Revenues	35.70	36.70	36.70	4.06	3.97	3.33
Budget Support Grants	537.65	500.64	497.69	33.35	22.35	80.29 2/
Expenditure & Lending	2343.26	2,446.70	2,499.48	262.06	349.14	283.20
Current Expenditure	1,732.86	1,872.75	1,874.06	204.57	235.39	158.64
Development Expenditure	536.89	501.05	558.13	56.64	97.52	126.37
Others 1/	73.51	72.90	67.30	0.85	16.23	(1.80)
Overall Fiscal Balance (Deficit)	(114.71)	(79.34)	(135.08)	(61.43)	(95.03)	(30.56)
Excluding Grants	(652.34)	(579.98)	(632.76)	(94.79)	(117.38)	(110.85)
Source: Ministry of Finance, Planning and Economic Development						
1/ Includes Net Lending/Repayments, Arrears Repayments and Contingency.						
2/ Constitutes Project Support Grants Ushs 41.64 billion and Budget Support grants of Shs38.65 billion.						

Source: Ministry of Finance, Planning & Economic Development

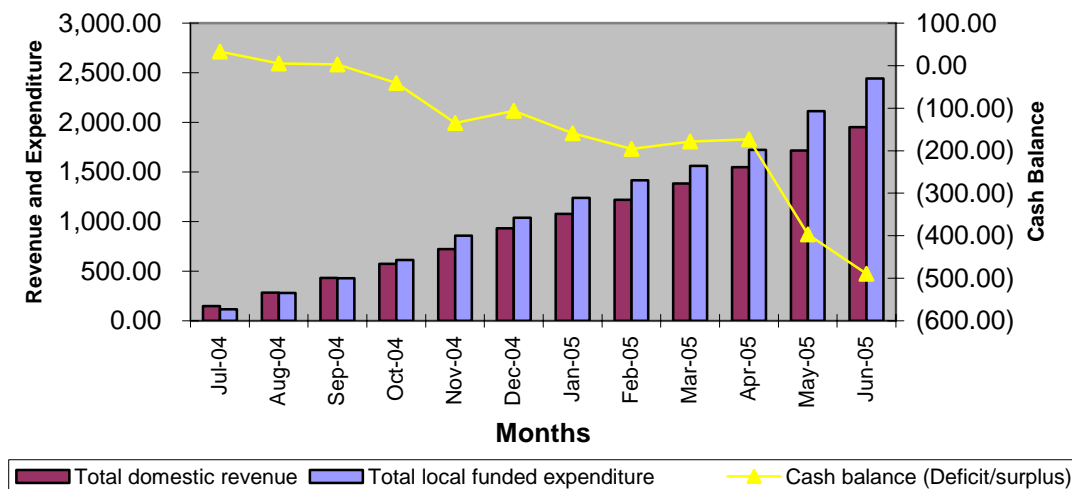
ii) Expenditure

In June 2005, government expenditure and net lending increased by 33.2 percent or Shs87.08 billion to Shs349.14 billion. The increase was mainly on account of development expenditure, which increased by Shs40.88 billion, from Shs56.64 billion in May 2005 to Shs97.52 billion in June 2005. Expenditure on wages and salaries amounted to Shs72.23 billion, which accounted for 30.7 percent of current expenditure. Interest payments increased from Shs17.44 billion to Shs19.55 billion over this period. Out of this amount, Shs3.41 billion was on account of external debt. Other recurrent expenditures during the month amounted to Shs135.10 billion, which was an increase of 16.6 percent or Shs19.22 billion from Shs115.87 billion recorded in the month of May 2005. The outturn in total government expenditure was higher than the projected level for the period by Shs65.94 billion.

iii) Overall Fiscal Balance and Financing

The overall fiscal balance for June 2005 was a deficit of Shs95.03 billion compared to a deficit of Shs61.43 billion recorded in May 2005. Excluding grants, the deficit worsens to Shs117.38 billion. The budgetary deficit was partly financed through net domestic borrowing of Shs152.84 billion and net external financing amounted to Shs-33.64 billion.

Developments in fiscal operations for Jul 04- Jun 05 (US\$ billion)



Source: Ministry of Finance, Planning & Economic Development

G EXCHANGE RATE AND FOREIGN EXCHANGE MARKET

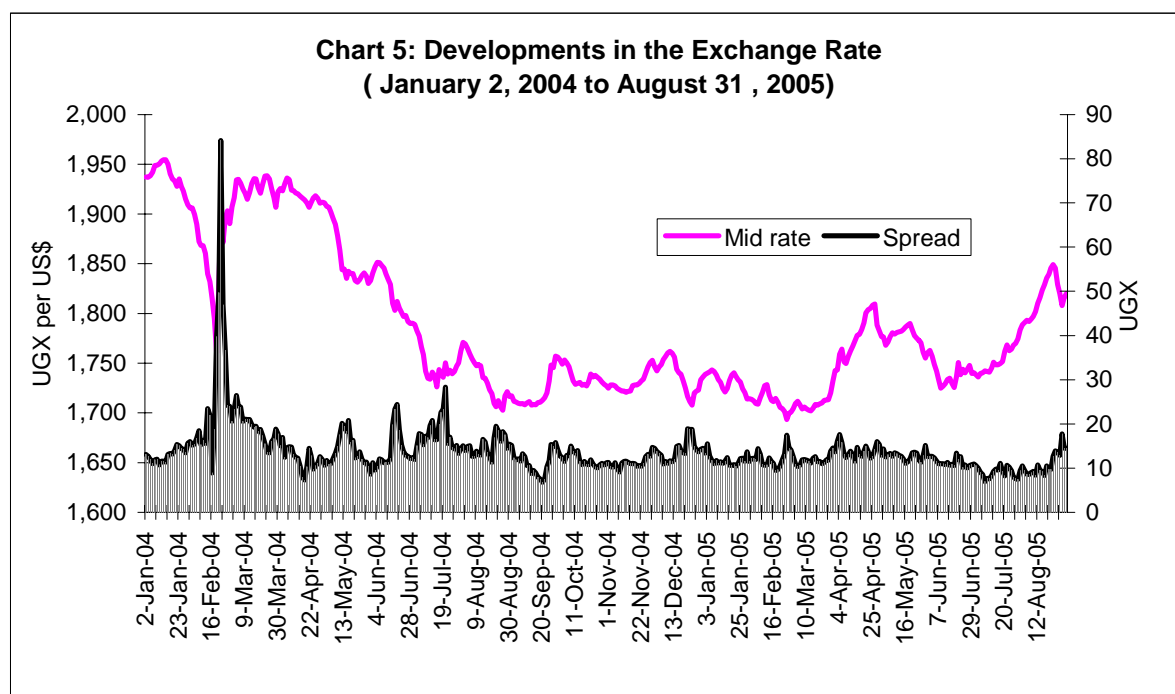
The Uganda Shilling exhibited a depreciation trend during the month of August 2005. On average, the Shilling vis-à-vis the US Dollar depreciated by 0.12 percent on a daily basis within this period. Basing on the end month, the Shilling depreciated by 2.58 percent against the US Dollar from Shs 1774.44 per US Dollar as on the 29th July 2005 to Shs 1820.20 per US Dollar on the 31 August 2005. This is closely similar to the depreciation of 0.10 percent recorded for the previous period from Shs 1740.25 per US dollar as on the 30th June 2005 to Shs 1774.44 per US Dollar as on 29th July 2005.

On a monthly average basis, the Shilling depreciated by 3.58 percent from an average exchange rate of Shs 1752.12 per US \$ in July, 2005 to an average exchange rate Shs 1814.86 per US \$ for August, 2005. The average spreads between the weighted inter-banks' buy and sell rates, increased from Shs 8.97 during the previous period to an average of Shs 10.95 during the month under review. (See Chart 5)

Depreciation pressures were mainly experienced during mid-month of August 2005, which was on account of high corporate demand, as a number of corporations were paying up dividends to their parent companies during the month. Oil companies also stepped up their demand for foreign exchange as the domestic petroleum products' prices responded to the increasing global oil prices. Most exporters transacted during this period as they had earlier on speculated that they would fetch better prices as compared to the previous month. The Central Bank's increased intervention, which was triggered by reduction of dollar inflows from big corporate companies, so as to meet the high levels of demand in the market during this period, also led to depreciation of the shilling.

Commercial banks' daily retail sales and purchases averaged US \$9.20 million and US \$7.85 million respectively during the month under review. When compared to the preceding month, the average sales increased by US \$0.72 million while the average purchases declined by US \$0.15 million for the period ended July 29, 2005. There were a number of forwards and swap transactions with the non-bank market participants during the month under review.

BOU maintained its presence in the IFEM under the sterilization-intervention strategy geared at mopping up excess liquidity injected by poverty reduction government expenditures. On a net basis, BOU sold US \$33.55 million, broken down as sterilization total of US \$6.60 million and intervention total on the sale side of US \$ 26.95 million, during the period under review compared to US \$11.00 million sold during the previous period. Bank of Uganda continued to watch market developments very closely to ensure market stability.



Source: Research Department-Bank of Uganda

H DEVELOPMENTS IN THE BALANCE OF PAYMENTS

Uganda's balance of payments recorded an overall deficit of US\$14.5 million in July 2005. The Current Account balance was estimated at a deficit of US\$58.8 million compared to a deficit of US\$53.4 million registered in the preceding month. The Capital and Financial account was estimated at a surplus of US\$44.4 million, an improvement compared to a surplus of US\$34.7 million recorded in the preceding month.

Exports

Total Exports (developments for the month of July 2005)

Total export proceeds in the month of July 2005 were estimated at about US\$72.9 million; 3.9 percent lower compared to the export earnings of US\$75.8 million recorded in the preceding month.

Coffee Exports

During the month of August 2005 coffee exports amounted to 219,447 (60-kilogram) bags worth US\$16.5 million. This was a reduction of 11.5 percent in volume and 11.2 percent in value compared to the previous month's exports. The average realized export price for coffee in August was at 126 US cents/kg – a slight increase in comparison to the 125 US cents/kg in July 2005.

Non-coffee Exports

The total value for non-coffee exports for the month of July 2005 was estimated at US\$54.29 million; a 6.0 percent decrease, compared to US\$57.76 million realized in the previous month.

There was a decrease in the estimated earnings for a number of non-coffee exports in July 2005 compared to the previous month. Specifically, export proceeds from simsim, cotton, hides and skins, maize, fish (both regional and international), and gold decreased by 78.6%, 66.5%, 30.6%, 16.6%, 13.8%, and 13.5% respectively. Nonetheless, exports earnings from, cobalt, tobacco, and beans increased by 149.9%, 75.3%, and 70.4% respectively.

Imports

The total import bill for the month of July 2005 was estimated at US\$147.7 million. Private sector imports were estimated at US\$129.4 million, 1.2 percent lower than the June 2005 private sector import bill. Oil imports values amounted to US\$17.3 million, an increase of about 12.5 percent compared to the oil import bill of June 2005.

Government imports increased significantly in July 2005, amounting to US\$18.3 million, compared to the US\$12.5 million in the previous month. The Government import bill in July 2005 accounted for approximately 12.4 percent of the total import bill.

Other Inflows and Outflows

Official aid (excluding project aid but including resources from the HIPC Initiative) inflows amounted to about US\$2.8 million. Net private sector transfer inflows were estimated at US\$8.5 million in July, – US\$2.0 million less than the net inflows of US\$10.5 million, which were estimated for the month June 2005. Services and income outflows exceeded inflows by about US\$24.0 million.

Official debt service (excluding IMF payments) for the month of July 2005 was estimated at US\$5.0 million. There were no IMF principal obligations externalized during the month of July 2005. Estimates of net trade credit amounted to outflows of US\$0.7 million, consisting of inflows (buyers' credit and suppliers' credit) estimated at US\$15.8 million and outflows (pre-finance shipments and suppliers' credit repayments) estimated at US\$16.5 million.

In July 2005, the level of gross foreign reserves was estimated at US\$1,301.9million; US\$23.7 million lower than that in the preceding month. This reserve level is estimated to cover 5.8 months of future imports of goods and services.

I. POLICY OUTLOOK

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

Appendix Tables

Appendix 1: Summary of the Treasury bond Auctions

Tenure	2 Years New Issue	2 Year reopened	2 Years New Issue	2 Year reopened	2 Year reopened	2 Years New Issue	2 Year reopened	2 Year reopened	2 Years New Issue	3 Years New Issue	3 Year reopened	3 Year reopened	3 Years New Issue	3 Years reopened	3 Years reopened	3 Years New Issue	3 Years reopened	3 Years New Issue	3 Years reopened	5 Years New Issue	5 Years reopened	10 Years New Issue
Issue date	Jan 14-04	Jun 03-04	Jun 30-04	Aug 11-04	Sep 08-04	Jan 27-05	Feb 23-05	Mar 23-05	Jun 15-05	Feb 25-04	Jun 16-04	Jul 14-04	Oct 06-04	Nov 03-04	Dec 01-04	Apr 20-05	May 18-05	Jul 27-05	Aug 24-05	Mar 24-04	Nov 17-04	May 19-04
Maturity Date	Jan 14-06	Jan 14-06	Jun 29-06	Jun 29-06	Jun 29-06	Jan 25-07	Jan 25-07	Jan 25-07	Jun 14-07	Feb 22-07	Feb 22-07	Feb 22-07	Oct 04-07	Oct 04-07	Oct 04-07	Apr 17-08	Apr 17-08	Jul 24-08	Jul 24-08	Mar 19-09	Mar 19-09	May 08-14
Offers (Bn Shs)	20.000	30.000	30.000	30.000	30.000	30.000	35.000	35.000	20.000	20.000	30.000	30.000	30.000	30.000	30.000	25.000	20.000	25.000	25.000	20.000	20.000	15.000
Total Bids (Bn Shs)	36.461	44.188	46.776	40.000	50.526	38.527	45.417	45.846	39.452	44.830	44.811	32.123	43.936	33.431	35.650	39.225	25.566	48.302	29.626	41.999	32.227	25.166
O/W Competitive	36.390	44.175	46.774	39.966	50.506	38.458	45.398	45.834	39.431	44.784	44.800	29.989	43.914	33.396	28.687	39.214	25.562	48.260	29.587	41.997	12.989	25.154
Over (Under) Sub	16.461	14.188	16.776	10.000	20.526	8.527	10.417	10.846	19.452	24.830	14.811	2.123	13.936	3.431	5.650	14.225	5.566	23.302	4.626	21.999	12.227	10.166
Amt Sold (FV)	20.000	30.000	30.000	30.000	30.000	30.000	35.000	35.000	20.000	20.000	30.000	30.000	30.000	30.000	30.000	25.000	20.000	25.000	25.000	20.000	20.000	15.000
Amt Sold (Cost Price)	16.603	29.641	28.127	27.892	28.260	27.598	32.797	33.059	18.430	17.564	27.793	27.144	26.187	26.352	25.709	21.656	16.862	21.942	22.246	18.518	17.093	12.991
Cover Ratio %	182.305	147.292	155.920	133.336	168.419	128.422	129.764	130.989	197.259	224.149	149.370	107.077	146.380	111.437	111.833	156.900	127.828	193.208	118.504	210.000	161.135	167.773
Previous Cover Ratio %	182.305	147.292	155.920	133.336	168.419	128.422	129.764	130.989	...	224.149	149.370	107.077	146.380	111.437	118.833	156.900	127.828	193.208	...	210.000	...
WAP per Shs. 100	83.020	98.805	93.758	92.974	94.202	91.993	93.707	94.454	92.152	87.819	92.642	90.482	87.354	87.840	85.698	86.625	84.308	87.769	88.986	92.590	85.463	86.608
Previous WAP per Shs. 100	83.020	98.805	93.758	92.974	94.202	91.993	93.707	94.454	...	87.819	92.642	90.482	87.354	87.840	85.698	86.825	84.308	87.769	...	92.590	...
YTM %	20.808	13.558	13.672	15.105	15.006	14.769	14.294	14.463	14.669	15.478	15.127	16.802	15.696	15.935	17.554	16.040	17.700	15.501	15.405	12.802	16.039	13.477
Previous YTM %	...	20.808	13.558	13.672	15.105	15.006	14.769	14.294	14.463	...	15.478	15.127	16.802	15.696	15.935	17.554	16.040	17.700	15.501	...	12.802	...
Coupon Rate	10.000	10.000	10.000	10.000	10.000	10.000	10.000	10.000	10.000	10.250	10.250	10.250	10.250	10.250	10.250	10.250	10.250	10.250	10.250	10.750	10.750	11.000

Source: Compiled from Domestic Financial Markets Department records

Appendix 2:

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

Period	Extensions	Recoveries	Net ext.	Cap interest	Repd cap int	Net Cap int	Net change
	1	2	3=1+2	4	5	6=4+5	7= 3+6
1999/2000	404.75	(311.48)	93.27	30.58	(91.27)	(60.69)	32.58
2000/2001	852.28	(769.56)	82.71	40.98	(71.61)	(30.64)	52.08
2001/2002	928.31	(886.08)	42.23	27.01	(64.65)	(37.64)	4.59
2002/2003	1,289.21	(1,120.48)	168.72	59.51	(49.42)	10.09	178.81
2003/2004							
Q1	343.22	(317.19)	26.03	25.07	(15.56)	9.51	35.54
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
Q3	381.64	(354.20)	27.44	15.16	(7.59)	7.57	35.01
Q4	363.83	(373.38)	(9.55)	20.19	(12.69)	7.50	(2.05)
Half 2 2003/04	951.15	(910.59)	40.56	40.48	(25.36)	15.11	55.67
2003/2004	1,456.31	(1,348.15)	108.17	86.05	(51.98)	34.06	142.23
2004/2005							
July. 2004	124.95	(130.26)	(5.32)	10.16	(3.51)	6.65	1.33
August. 2004	101.95	(124.85)	(22.90)	11.22	(3.99)	7.23	(15.67)
September. 2004	142.95	(132.41)	10.55	14.42	(4.63)	9.79	20.34
Q1	369.67	(387.52)	(17.85)	35.86	(12.23)	23.63	5.79
October. 2004	137.94	(100.73)	37.20	11.83	(8.11)	3.72	40.92
November. 2004	129.20	(121.69)	7.50	10.06	(3.55)	6.50	14.01
December. 2004	186.12	(149.42)	36.70	13.82	(12.14)	1.67	38.38
Q2	453.26	(371.85)	81.41	35.70	(23.80)	11.90	93.31
Half 1 2004/05	826.23	(761.82)	64.40	71.56	(36.03)	35.53	99.94
January 2005	150.71	(134.33)	16.38	10.13	(8.80)	1.34	17.72
February 2005	133.78	(134.78)	(1.00)	9.21	(9.51)	(0.30)	(1.30)
March 2005	78.33	(64.71)	13.62	9.56	(4.87)	4.68	18.30
Q3	420.58	(386.31)	34.27	31.87	(25.86)	6.02	40.29
April 2005	151.36	(138.49)	12.86	11.08	(4.12)	6.96	19.82
May 2005	139.73	(128.71)	11.02	9.31	(8.53)	0.78	11.80
June 2005	175.30	(128.07)	47.23	28.17	(6.21)	21.97	69.20
Q4	466.38	(395.28)	71.11	48.57	(18.85)	29.72	100.82
Half 2 2004/2005	886.96	(781.58)	105.38	80.44	(44.71)	35.73	141.11
2004/2005	1,713.19	(1,533.27)	179.91	152.00	(80.74)	71.27	251.18
2005/2006							
July 2005	181.90	(136.47)	45.43	9.66	(4.79)	4.87	50.29

Source: Research Department, Bank of Uganda

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

Period	Extensions	Recoveries	Net extensions	Cap interest	Repd cap int	Net Cap int	Net change
	1	2	3=1+2	4	5	6=4+5	7= 3+6
1999/2000	309.57	(257.58)	51.99	21.91	(65.28)	(43.37)	8.62
2000/2001	602.42	(553.62)	48.80	32.75	(59.58)	(26.83)	21.97
2001/2002	698.57	(693.31)	5.26	22.65	(54.96)	(32.31)	(27.05)
2002/2003	887.64	(753.00)	134.65	51.87	(43.11)	8.76	143.41
2003/2004							
Q1	234.28	(222.12)	12.16	22.96	(13.37)	9.59	21.75
Q2	270.88	(215.44)	55.44	22.61	(13.25)	9.36	64.80
Half 1 2003/04	505.16	(437.56)	67.61	45.57	(26.62)	18.95	86.55
Q3	248.82	(229.44)	19.38	12.42	(6.11)	6.30	25.69
Q4	230.71	(230.53)	0.18	17.51	(10.99)	6.52	6.70
Half 2 2003/2004	479.53	(459.96)	19.56	29.92	(17.10)	12.82	32.38
2003/2004	984.69	(897.52)	87.17	75.49	(43.72)	31.77	118.94
2004/2005							
July. 2004	91.22	(93.84)	(2.63)	8.46	(2.92)	5.53	2.91
August. 2004	75.68	(87.36)	(11.69)	8.85	(3.64)	5.20	(6.48)
September. 2004	92.67	(92.66)	0.02	12.54	(3.99)	8.55	8.57
Q1	259.39	(273.87)	(14.47)	29.91	(10.65)	19.26	4.79
October. 2004	89.31	(67.61)	21.70	10.55	(6.10)	4.45	26.15
November. 2004	77.37	(79.62)	(2.25)	8.62	(2.50)	6.11	3.87
December. 2004	116.94	(99.04)	17.89	8.50	(11.60)	(3.10)	14.79
Q1	283.62	(246.27)	37.35	27.66	(20.20)	7.46	44.81
Half 1 2004/05	543.79	(520.22)	23.58	57.57	(30.85)	26.72	50.30
January 2005	92.63	(76.73)	15.90	5.72	(8.15)	(2.44)	13.46
February 2005	71.72	(73.70)	(1.98)	5.00	(9.15)	(4.15)	(6.12)
March 2005	78.33	(64.71)	13.62	9.56	(4.87)	4.68	18.30
Q3	242.69	(215.14)	27.54	20.28	(22.18)	(1.90)	25.64
April 2005	85.22	(79.63)	5.59	8.34	(1.69)	6.65	12.24
May 2005	94.72	(83.27)	11.45	6.60	(6.80)	(0.20)	11.25
June 2005	106.11	(71.20)	34.91	5.85	(4.74)	1.11	36.02
Q4	286.05	(234.09)	51.96	20.78	(13.22)	7.56	59.52
Half 2 2004/05	528.73	(449.23)	79.50	41.06	(35.40)	5.66	85.16
2004/2005	1,072.53	(960.22)	112.31	98.63	(66.25)	32.38	144.69
2005/2006							
July 2005	103.08	(86.35)	16.73	6.27	(2.11)	4.16	20.89

Source: Research Department, Bank of Uganda

Appendix 4: Monthly Change in outstanding loans and advances of Commercial banks (Foreign Currency, billion Shs)

Period	Extensions	Recoveries	Net extensions	Cap interest	Repd cap int	Net Cap int	Net change
	1	2	3=1+2	4	5	6=4+5	7= 3+6
1999/2000	95.19	(54.30)	40.89	8.71	(26.04)	(17.33)	23.55
2000/2001	249.86	(215.95)	33.91	8.23	(12.03)	(3.80)	30.11
2001/2002	229.74	(192.77)	36.97	4.36	(9.69)	(5.33)	31.64
2002/2003	401.56	(367.49)	34.07	7.65	(6.31)	1.33	35.41
2003/2004							
Q1	108.93	(95.06)	13.87	2.11	(2.19)	(0.08)	13.79
Q2	96.74	(87.95)	8.8	3.03	(2.90)	0.13	8.93
Half 1 2003/04	205.68	(183.01)	22.67	5.13	(5.08)	0.05	22.72
Q4	133.13	(142.85)	(9.73)	2.68	(1.70)	0.98	(8.75)
Half 2 2003/04	265.95	(267.62)	(1.67)	5.42	(3.18)	2.24	0.57
2003/2004	471.62	(450.63)	21.00	10.55	(8.26)	2.29	23.29
2004/2005							
July 2004	33.73	(36.42)	(2.69)	1.70	(0.59)	1.11	(1.58)
August 2004	26.27	(37.49)	(11.22)	2.37	(0.34)	2.03	(9.19)
September 2004	50.28	(39.75)	10.53	1.88	(0.64)	1.24	11.77
Q1	110.28	(113.66)	(3.37)	5.95	(1.57)	4.37	1.00
October 2004	48.63	(33.13)	15.51	1.28	(2.01)	(0.73)	14.78
November 2004	51.82	(42.08)	9.75	1.44	(1.05)	0.39	10.14
December 2004	69.19	(50.38)	18.81	5.32	(0.55)	4.77	23.58
Q1	169.64	(125.58)	44.06	8.04	(3.60)	4.44	48.50
Half 1 2004/05	282.43	(241.61)	40.83	13.99	(5.18)	8.81	49.64
January 2005	58.08	(57.60)	0.48	4.42	(0.64)	3.77	4.26
February 2005	62.06	(61.08)	0.97	4.21	(0.36)	3.85	4.82
March 2005	136.08	(117.19)	18.89	12.53	(7.55)	4.98	23.87
Q3	420.58	(386.31)	34.27	31.87	(25.86)	6.02	40.29
April 2005	66.14	(58.87)	7.27	2.74	(2.43)	0.31	7.58
May 2005	45.01	(45.44)	(0.44)	2.72	(1.73)	0.99	0.55
June 2005	69.19	(56.87)	12.32	22.32	(1.46)	20.86	33.18
Q4	180.34	(161.19)	19.15	27.78	(5.63)	22.16	41.31
HALF 2 2004/2005	358.23	(332.35)	25.88	39.38	(9.31)	30.07	55.95
2004/2005	640.66	(573.06)	67.60	53.37	(14.48)	38.89	106.49
2005/2006							
July 2005	78.82	(50.12)	28.70	3.38	(2.68)	0.71	29.40

Source: Research Department, Bank of Uganda

Appendix 5: 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-05	1738.25	10.57	7.73	8.69
4-Jul-05	1736.24	9.97	9.54	8.29
5-Jul-05	1739.82	9.04	6.81	10.42
6-Jul-05	1740.42	8.51	7.37	12.01
7-Jul-05	1742.09	6.95	7.46	7.08
8-Jul-05	1741.50	7.69	11.34	9.81
11-Jul-05	1741.08	7.63	6.30	7.86
12-Jul-05	1745.14	8.33	10.05	6.41
13-Jul-05	1751.09	9.29	8.40	7.00
14-Jul-05	1748.42	9.77	6.72	8.82
15-Jul-05	1748.33	9.56	6.11	10.09
18-Jul-05	1749.52	11.09	8.41	6.53
19-Jul-05	1751.45	9.37	5.91	5.42
20-Jul-05	1761.97	8.27	7.08	8.37
21-Jul-05	1768.35	10.65	5.24	7.47
22-Jul-05	1762.41	10.23	5.63	9.69
25-Jul-05	1764.13	9.40	8.92	6.21
26-Jul-05	1768.04	7.98	9.42	14.09
27-Jul-05	1769.83	7.62	11.05	7.96
29-Jul-05	1774.44	7.43	10.57	7.33
1-Aug-05	1783.52	9.40	6.73	6.82
2-Aug-05	1788.62	10.47	10.21	7.74
3-Aug-05	1790.76	9.51	12.44	11.69
4-Aug-05	1793.15	8.64	5.51	9.26
5-Aug-05	1792.08	8.59	5.26	9.03
8-Aug-05	1793.96	8.97	7.48	7.48
9-Aug-05	1796.82	9.27	9.02	9.88
11-Aug-05	1801.75	8.39	8.56	7.87
12-Aug-05	1810.05	10.69	8.91	9.95
15-Aug-05	1815.81	9.54	10.22	8.04
16-Aug-05	1823.25	9.19	6.27	8.10
17-Aug-05	1828.68	8.36	8.28	12.20
18-Aug-05	1835.61	10.52	4.56	7.54
19-Aug-05	1839.48	9.73	6.81	11.58
22-Aug-05	1845.53	9.71	8.48	11.79
23-Aug-05	1849.13	12.68	10.16	9.23
24-Aug-05	1845.57	13.91	6.68	10.66
25-Aug-05	1829.27	13.58	7.16	8.83
26-Aug-05	1819.67	12.91	6.66	10.23
29-Aug-05	1807.97	17.74	5.40	8.86
30-Aug-05	1816.10	14.53	7.86	8.68
31-Aug-05	1820.20	14.50	10.03	6.88

Compiled by BOU

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

	Feb-05	Mar-05	Apr-05	May-05	Jun-05	Jul-05	Aug-05
Total Exports	67.12	73.16	77.26	78.11	75.83	72.91	
1. Coffee							
Gross coffee shipment, million (60-Kg) bags	0.21	0.20	0.21	0.22	0.23	0.25	0.22
Av. unit value	0.96	1.19	1.21	1.28	1.31	1.25	1.26
Value of total shipment (BOP)	12.39	13.93	15.35	16.78	18.07	18.62	16.54
2. Non-Coffee exports	54.73	59.23	61.92	61.33	57.76	54.29	
Electricity	0.27	0.24	-	-	0.28	0.50	
Gold	3.38	3.92	6.70	8.24	6.97	6.03	
Cotton	7.29	6.82	6.46	5.64	4.29	1.44	
Tea	1.94	1.75	3.93	2.94	3.02	2.80	
Tobacco	4.25	2.58	3.40	2.73	1.35	2.37	
Fish & its prod.(excl. regional)	10.07	12.65	11.67	10.95	12.73	10.98	
Fish & its prod.(regional exports)	3.32	4.17	3.85	3.61	4.20	3.62	
Hides & skins	0.39	0.37	0.98	0.57	0.82	0.57	
Simsim	0.41	0.87	0.73	0.43	0.19	0.04	
Maize	1.23	0.49	1.31	1.16	1.29	1.07	
Beans	0.26	0.10	0.28	0.81	0.56	0.95	
Flowers	3.10	2.95	3.08	3.42	2.81	2.87	
Oil re-exports	3.65	3.23	2.30	2.81	2.49	2.33	
Cobalt	1.04	1.12	0.54	1.65	1.02	2.55	
Others	14.14	17.97	16.69	16.39	15.74	16.17	

Source: Bank of Uganda

Appendix 7: IMPORTS OF GOODS (US\$ millions)

	Feb-05	Mar-05	Apr-05	May-05	Jun-05	Jul-05
Total Imports	129.98	123.85	140.90	139.07	143.50	147.69
Government Imports	11.54	12.44	12.82	13.70	12.48	18.26
Project	5.64	9.69	9.82	6.76	10.52	11.78
Non-Project	5.90	2.75	3.00	6.94	1.96	6.49
Private Sector Imports	118.43	111.42	128.08	125.37	131.02	129.43
Oil imports	12.62	14.57	15.04	13.65	15.36	17.28
Non-oil imports	105.81	96.85	113.04	111.71	115.67	112.15

Source: Bank of Uganda

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