

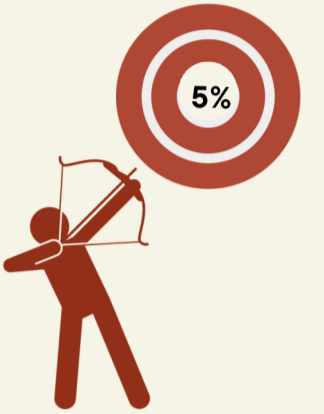


MONETARY POLICY STATEMENT - at a glance

February, 2026

MONETARY POLICY OBJECTIVE

- **Maintain average annual core inflation as close as possible to the medium-term target of 5%.** *Core inflation is the change in the price of goods and services, excluding prices of items like food crops, oil prices and administered prices-e.g. water & electricity, which change rapidly and are beyond the control of policy actions.*



MONETARY POLICY INSTRUMENT

- **To achieve its monetary policy objective, the Bank of Uganda uses the Central Bank Rate (CBR).** *Changes in the CBR are intended to influence short-term interbank and other interest rates in the economy, ultimately affecting the cost of borrowing and the return on savings.*

WHAT DECISION HAS BEEN TAKEN AND WHY?

- Bank of Uganda has **maintained** the Central Bank Rate (CBR) at **9.75%** in **February 2026**.
- This stance remains appropriate to support economic activity while ensuring inflation stabilises around the target, amid persistent global uncertainty

KEY DEVELOPMENTS



INFLATION:

Over the past year, core inflation averaged 3.8% and overall inflation averaged 3.5%. *Inflation remains low, supported by prudent monetary policy, coordination with fiscal policy, a stable exchange rate, declining global inflation, and favourable food and energy prices.*

ECONOMIC GROWTH:

Economic activity remained steady, with average growth of 6.3% during the first three quarters of 2025. *Growth was driven mainly by strong consumption, especially government spending, alongside household demand.*



WHAT DOES THE FUTURE HOLD?

INFLATION:

Inflation is projected to range between 3.8% and 4.3% in 2026, before stabilising around the 5% target over the medium to long term.

Factors that could raise Inflation:

- Stronger domestic demand partly driven by higher government spending
- A persistently weaker exchange rate
- Escalating geopolitical tensions disrupting global supply chains
- Poor weather reducing agricultural output

Factors that could lower Inflation:

- Declining global commodity prices
- Slower domestic economic activity
- Weak global growth due to trade shocks & heightened uncertainty

GROWTH:

The economy is projected to grow in the range of 6.5% and 7.0% in FY2025/26 and average about 8% in the medium term.



Factors that could support Growth:

- Large-scale infrastructure investments
- Sustained private investment
- Improved global financial conditions

Factors that could constrain Growth:

- Geopolitical tensions disrupting trade and supply chains
- Higher global commodity prices
- Weak global demand

