Monthly Report

PERFORMANCE OF THE ECONOMY
MARCH 2018

MACROECONOMIC POLICY DEPARTMENT
MINISTRY OF FINANCE, PLANNING AND ECONOMIC DEVELOPMENT

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SUMMARY

Real sector: Headline inflation for the year ending March 2018 was recorded at 2.0 percent, down from the 2.1 percent recorded for the year ended February 2018. This was mainly due to food crops inflation which declined further to -1.7 percent for the year ended March 2018 from -0.7 percent recorded for the year ended February 2018.

The economy is estimated to **have grown by 6.6 percent** in the second quarter of FY 2017/18, an improvement compared to 2.8 percent growth in Q2 FY 2016/17 with all sectors of the economy showing recovery. Economic growth for FY2017/18 is now projected to be 6.0 percent.

Financial sector: The foreign exchange market was relatively stable in March 2018. The Uganda Shilling recorded an average mid-rate of Shs 3,660.1/US$ during the month, representing a depreciation of 0.6 percent as compared to the February levels.

Lending rates slightly edged up during the month. Average lending rates increased to 21.1 percent in February 2018 from 20.26 percent recorded in the previous month. In the credit markets, the value of loans/credit extended to the private sector reduced by 3.9 percent from Shs 734.3 billion in January to Shs 705.5 billion in February.

External sector: The trade deficit in February 2018 widened by 75 percent to US$ 189.6 million from US$ 108.6 million recorded in the previous month. The deficit was largely on account of a decline in export earnings (down by 13.4 percent) which were affected by lower volumes of coffee, gold and beans, among others.

Fiscal sector: The overall Government operations for the month resulted into a fiscal deficit of Shs 11.8 billion as compared to an expected surplus for the month. The deficit is attributed to a Shs 110.3 billion shortfall in revenues and grants.

REAL SECTOR DEVELOPMENTS

Inflation

Annual Headline inflation continued on a downward trajectory since October 2017. Headline inflation for the year ending March 2018 was recorded at 2.0 percent, down from the 2.1 percent recorded for the year ended February 2018. The continued decline in Headline inflation is mainly due to falling prices of food crops accompanied by a slowdown in the rate at which prices of Energy, Fuels and Utilities (EFU) have been increasing. The table below shows a summary of annual inflation by category for February and March 2018.

Table 1: Summary Statistics on Annual Inflation (percentage)

	February 2018	March 2018
Food Crop Inflation	-0.7	-1.7
Core Inflation	1.7	1.7
EFU Inflation	11.2	10.3
Headline Inflation	2.1	2.0

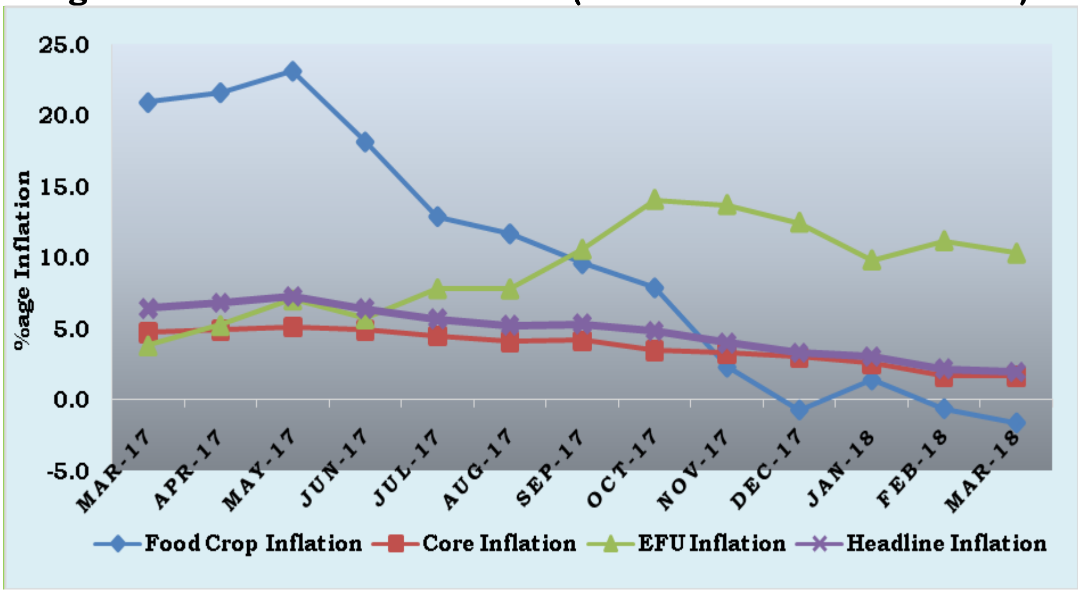
Source: Uganda Bureau of Statistics

Food Crops inflation declined from -0.7 percent recorded for the year ended February 2018 to -1.7 percent for the year ended March 2018. This was on account of a drop in the prices of fruits and vegetables as the harvest season continues to unfold.

Similarly, annual EFU inflation declined from 11.2 percent in February to 10.3 percent in March 2018. The decline was on account of solid fuels (charcoal and firewood) whose inflation reduced from 20.4 percent in February to 16.8 percent in March, more than offsetting the 1.4 percentage points increment in annual inflation for liquid energy fuels (petrol, diesel & kerosene).

Annual Core inflation remained unchanged for the year ended March 2018 at 1.7 percent which implies prices in the core basket rose at the same levels as in the previous month. Figure 1 shows the developments in annual inflation over the last one year.

Figure1: Annual Inflation Rates (March 2017 – March 2018)



Source: Uganda Bureau of Statistics

Indicators of Economic Activity

Quarterly GDP Growth

Recent data from the Uganda Bureau of Statistics indicate a continued recovery in the performance of the economy. Estimates show that in the quarter ending December 2017 (Q2), the economy expanded by 6.6 percent in real terms. This represents a significant improvement when compared to 2.8 percent growth in Q2 of financial year 2016/17. There was strong growth across all the three major sectors with services and industry sector contributing the highest to growth. Services and industry activities grew by 8.9 percent and 7.3 percent, while agriculture, forestry and fishing sector grew by 3.5 percent. This compares to growth rates of 3.9 percent, 4.3 percent, and -1.9 percent for services, industry, and agriculture, forestry and fishing, respectively during in Quarter two of last financial year.

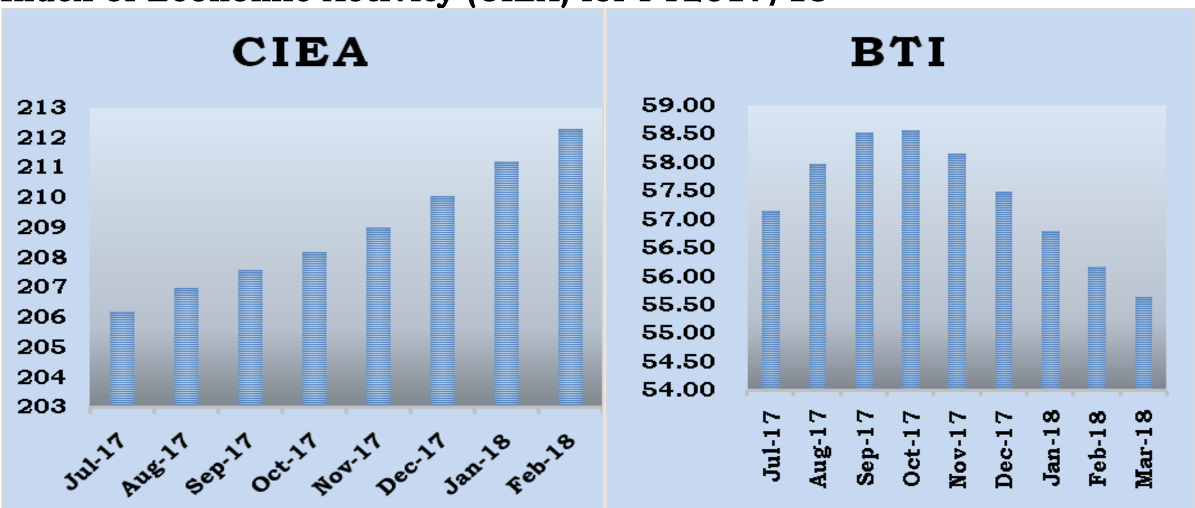
On the basis of the strong Q2 performance, the economy is now projected to grow by 6.0 percent for FY2017/18 up from the earlier projection of 5.0 percent.

Business Tendency Index (BTI) and Composite Index of Economic Activity (CIEA)

The Composite Index of Economic Activity (CIEA) improved by 0.5 percent to 212.3 in February 2018 from 211.2 recorded for January 2018. This improvement was due to performance of indicators such as VAT on domestic goods and services which registered a monthly growth of 8.8 percent and imports that grew by 8.4 percent during the month, among others.

The **Business Tendency Index (BTI),** which measures the the sentiments that investors have about current and future production levels, employment, prices and access to credit, was recorded at 55.6 in March 2018. This implies that investors are optimistic about doing business in the economy as an index above 50 shows positive sentiments. However, the index reveals challenges associated access to credit as a key constraint to businesses. Figure 2 below depicts the trends in BTI and CIEA over FY2017/18.

Figure 2: Trends in the Business Tendency Index (BTI) and Composite Index of Economic Activity (CIEA) for FY2017/18



Source: Bank of Uganda

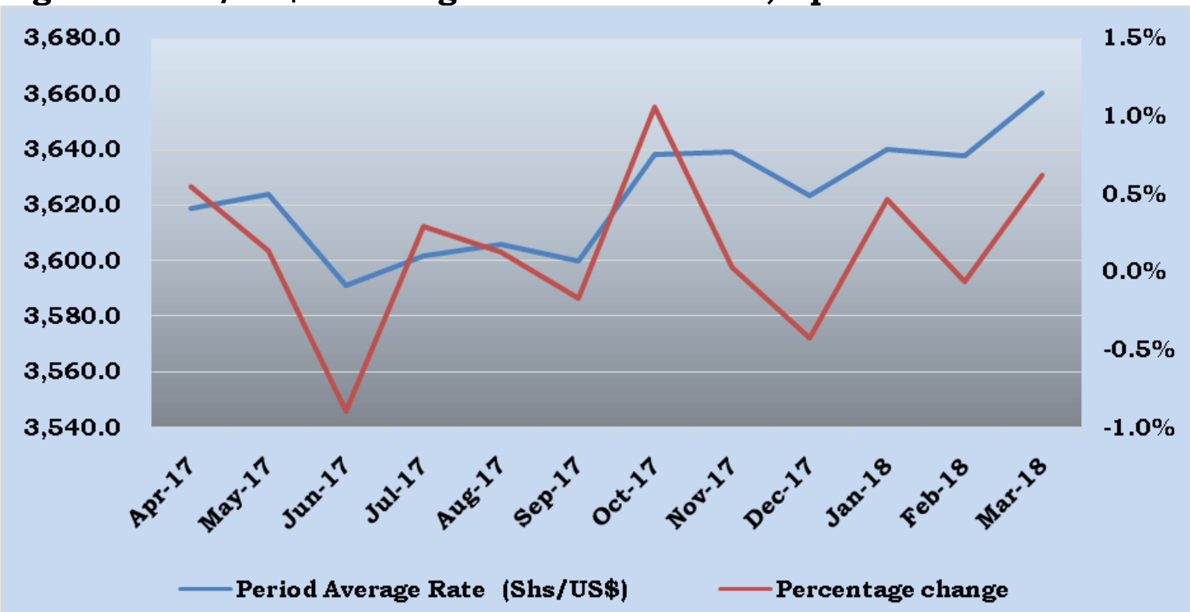
FINANCIAL SECTOR DEVELOPMENTS

Exchange Rate Movements

The Uganda shilling registered a depreciation of 0.6 percent against the US Dollar, recording an average midrate of Shs 3,660.1/US$ in March 2018 compared to the Shs 3,637.6/US$ that was recorded for February 2018. Similarly, intra-month analysis of exchange rates between the shilling and the dollar shows that former depreciated by 1.1 percent within the month, having opened the month at a midrate of Shs 3,646/US$ and closing at Shs 3,686.9/US$.

This depreciation during the month is explained by increased US dollar demand mainly from offshore players, oil, manufacturing, telecommunications sectors. Figure 3 below shows the exchange rate (Shs/US$) movements and their percentage changes for the past twelve months.

Figure 3: Shs/US$ Exchange Rate Movements, April 2017 – March 2018



Source: Bank of Uganda

The Shilling fared well against the other major currencies, registering marginal depreciations of 0.4 percent against both the Euro and the Pound Sterling in March 2018. This implies that the Shilling was more stable against these currencies than it was the previous month where it depreciated by 1.4 percent and 1.2 percent against the Euro and the Pound respectively. Table 2 shows the developments in the foreign exchange market for the major currencies since the start of FY2017/18.

Table 2: Shilling against Major Foreign Currencies

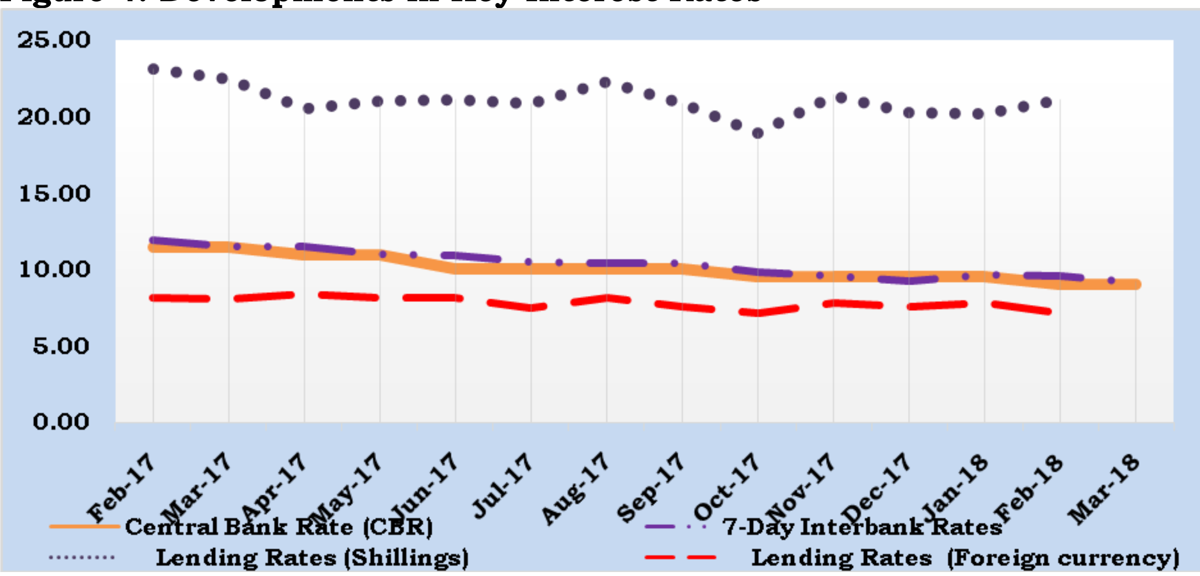
	Jul-17	Aug-17	Sep-17	Oct-17	Nov-17	Dec-17	Jan-18	Feb-18	Mar-18
UGX/US$	3,601.5	3,606.0	3,599.9	3,637.9	3,638.9	3,623.3	3,640.8	3,636.5	3,658.1
%age change	0.3%	0.1%	-0.2%	1.1%	0.0%	-0.4%	0.5%	-0.1%	0.6%
UGX/Euro	4,145.3	4,257.3	4,288.8	4,276.7	4,270.9	4,288.5	4,431.9	4,492.5	4,509.1
%age change	2.8%	2.7%	0.7%	-0.3%	-0.1%	0.4%	3.3%	1.4%	0.4%
UGX/GBP	4,679.7	4,669.9	4,801.8	4,802.0	4,810.0	4,855.7	5,021.3	5,083.3	5,106.0
%age change	1.7%	-0.2%	2.8%	0.0%	0.2%	0.9%	3.4%	1.2%	0.4%

Source: Bank of Uganda

Interest Rate Movements

During the month, lending rates charged by commercial banks for shillings denominated credit increased in spite of a reduction in the Central Bank Rate (CBR). Average lending rates were recorded at 21.10 percent for February 2018 up from 20.26 percent recorded for the previous month. The high lending rates, in-spite of the easing of monetary policy, is a reflection of the continued risk aversion by commercial banks to lending. However, when compared to February 2017, lending rates have declined from 23.13 percent. Developments in key interest rates over the last twelve months are illustrated in Figure 4 below.

Figure 4: Developments in Key Interest Rates



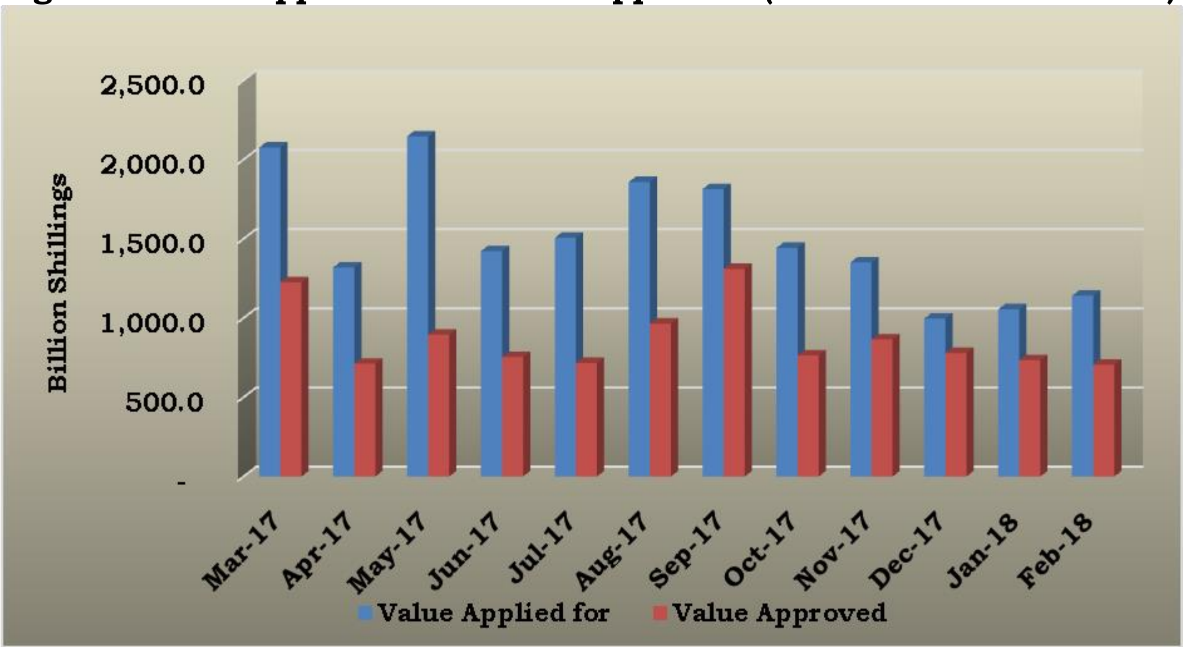
Source: Bank of Uganda

Private Sector Credit

The total stock of outstanding private sector credit declined by 0.2 percent to Shs 12,635.7 billion in February 2018 from Shs 12,654.8 billion in the previous month. This decline was recorded in the shillings denominated credit whose stock shrunk by 0.6 percent, more than offsetting the slight growth of 0.6 percent recorded in the stock of foreign currency denominated credit.

During the month, the value of loan applications grew by 8.1 percent from Shs 1,055.1 billion in January to Shs 1,140.8 billion in February 2018. However, the value of loans approved reduced by 3.9 percent from Shs 734.3 billion in January to Shs 705.5 billion in February. This implies that only 61.8 percent of loans applied for in February were approved, pointing to the continued risk aversion by the lending institutions. The following figure shows the trend in the value of loans applied for versus those approved by the lending institutions.

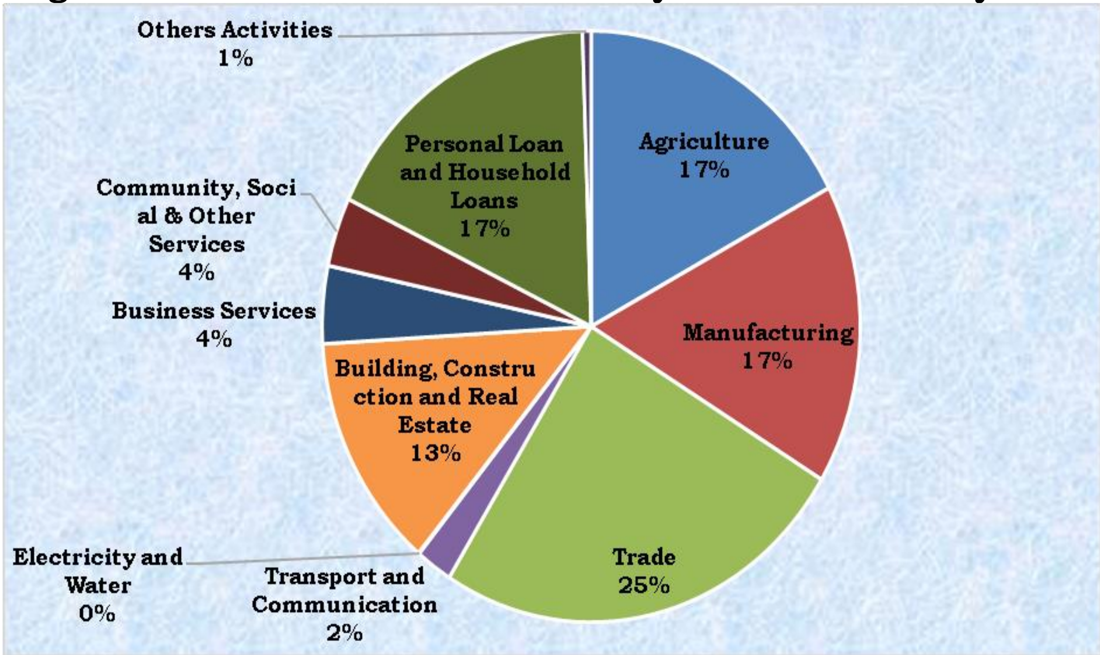
Figure 5: Loan Applications versus Approvals (March 2017 – Feb 2018)



Source: Bank of Uganda

In terms of credit extension by sector, trade accounted for 25.0 percent of the credit extended in February 2018, followed by personal/household loans, agriculture and manufacturing which accounted for 17.4 percent, 17.2 percent and 17.0 percent respectively as seen in figure 6.

Figure 6: Shares of Credit Extension by Sector in February 2018



Source: Bank of Uganda

Of these sectors that accounted for the biggest share of credit extension in the month; trade, manufacturing and personal/household loans posted growth rates of 69.0 percent, 44.5 percent and 2.0 percent respectively, while others including building, construction & real estate and agriculture registered declines of 37.2 percent and 43.3 percent respectively. Table 3 below shows details of credit extension by sector since the start of FY2017/18

Table 3: Credit Extension by Sector for FY2017/18

	Credit extended by sector in Billion Shillings							Monthly growth rate	
	Jul-17	**Aug-17**	**Sep-17**	**Oct-17**	**Dec-17**	**Jan-18**	**Feb-18**	**Jan-18**	**Feb-18**
Agriculture	89.2	81.6	151.8	139.0	105.8	214.6	121.7	102.9%	-43.3%
Mining and Quarrying	0.2	5.6	0.1	0.9	0.3	0.1	0.8	-72.0%	687.3%
Manufacturing	49.4	112.3	52.7	79.1	154.9	80.2	115.9	-48.2%	44.5%
Trade	175.5	249.5	230.9	183.3	137.4	105.3	177.8	-23.4%	69.0%
Transport and Communication	25.7	30.7	315.4	9.7	47.3	9.7	15.5	-79.4%	59.2%
Electricity and Water	12.8	0.6	256.2	0.6	20.9	0.2	0.4	-98.9%	75.9%
Building, Construction and Real Estate	179.9	247.0	103.4	175.1	103.7	145.6	91.5	40.4%	-37.2%
Business Services	32.6	59.5	46.8	34.8	65.3	31.3	30.0	-52.1%	-4.1%
Community, Social & Other Services	33.3	24.4	11.5	10.1	28.2	21.8	26.7	-22.9%	22.7%
Personal Loan and Household Loans	109.5	144.9	132.4	124.2	111.1	120.4	122.7	8.4%	2.0%
Others Activities	8.4	8.3	8.9	7.2	4.2	5.1	2.5	20.4%	-50.6%
TOTAL	**716.6**	**964.4**	**1,310.1**	**763.9**	**779.1**	**734.3**	**705.5**	**-5.8%**	**-3.9%**

Source: Bank of Uganda

Government Securities

During the month of March 2018, Shs 659.7 billion at cost was raised from the domestic primary securities market, of which Shs.443.7 billion was from T-Bills and Shs 215.9 billion was from T-Bonds. Shs 643.7 billion was used for refinancing of maturing securities, while the remainder (Shs 15.9 billion) was utilized for financing part of the government budget. Table 4 shows details of issuances of Government securities in FY2017/18.

Table 4: Issuance of Government Securities for FY 2017/18 (Shs Bn)

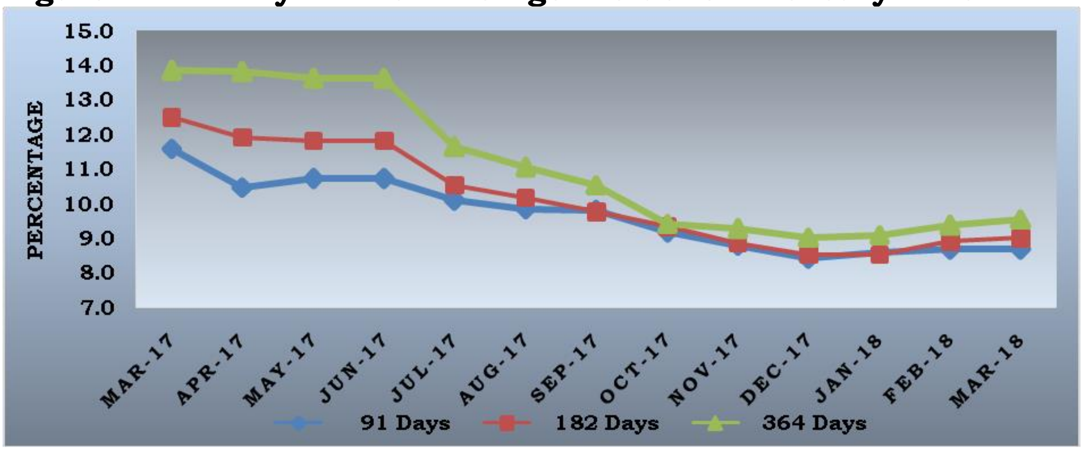
	Total Issuances	For financing the budget	Refinancing maturing debt
Q1 2017/18	**1,661.9**	**390.5**	**1,271.5**
Q2 2017/18	**1,493.8**	**194.6**	**1,299.1**
January 2018	455.9	167.7	288.2
February 2018	454.8	-11.4	466.2
March	659.68	15.93	643.74
July to date	**4,726.08**	**757.33**	**3,968.74**

Source: Ministry of Finance, Planning and Economic Development

Yields on Treasury Bills.

There were three T-Bill auctions in March 2018, and all tenors were over-subscribed. The average bid to cover ratio[1] for all the auctions was 2.0. In comparison to the previous month, yields rose marginally across the 182 and 364-day tenors but remained unchanged for the 91-day tenor. The average weighted yields to maturity were 8.7 percent, 9.0 percent and 9.6 percent for the 91, 182 and 364-day tenors, respectively. This compares with 8.7 percent, 8.9 percent and 9.4 percent in February2018. Figure 7 illustrates the movement of Treasury bill yields in the primary market from March 2017 to March 2018.

Figure 7: Primary Market Average Yields for Treasury Bills



Source: Bank of Uganda

[1]The bid to cover ratio is an indicator for demand of government securities in a given auction. A ratio equal to 1 means that the demand for a particular security is equal to the amount offered by government. A ratio less than 1 means the auction is under subscribed and a ratio greater than 1 means that the auction is over subscribed.

EXTERNAL SECTOR DEVELOPMENTS

Merchandise Trade Balance

The trade deficit in February, 2018 widened by 75 percent to US$ 189.6 million from US$ 108.6 million the previous month. This was due to a combination of increased import bill (up by 8 percent) and a decline in export earnings (down by 13.4 percent)

Merchandise Exports

Export earnings amounted to US$ 284.9 million during February, 2018, a decline from US$ 329.19 million in the previous month (down by 13.4 percent). The decline was mainly driven by lower values of gold and bean exports whose volumes significantly declined by 52 percent and 76 percent respectively. Coffee worth US$ 41.63 million was exported during the month, 4.7 percent lower than the previous month. Lower volumes and prices of coffee[2] contributed to low performance of exports in February. Table 5 shows details of merchandise exports for February 2018.

Table 5: Merchandise Exports in US$ Millions

	Feb-17	Jan-18	Feb-18	Feb Vs Jan	Feb Vs Feb
Total Exports	**252.8**	**329.2**	**285**	**-13.4%**	**12.7%**
1. Coffee (Value)	**48.5**	**43.66**	**41.63**	**-4.7%**	**-14.2%**
Volume ('000,000 60-Kg bags)	0.4	0.4	0.39	-2.9%	-1.9%
Av. unit value	2.03	1.81	1.78	-1.8%	-12.5%
2. Non-Coffee formal exports	**162.1**	**232.7**	**189.2**	**-18.7%**	**16.7%**
O/w Gold	21.56	39.69	19.44	-51.0%	-9.8%
Tea	3.56	8.25	4.82	-41.6%	35.5%
Tobacco	0.65	2.02	3.71	83.3%	466.5%
Simsim	2.94	4.98	5.83	17.2%	98.5%
Beans	4.39	13.33	6.17	-53.7%	40.6%
3. ICBT Exports	**42.19**	**52.8**	**54.19**	**2.6%**	**28.4%**

Source: Bank of Uganda

Export earnings increased by 12.7 percent in February 2018 compared to the same period the previous year. Export earnings of tobacco, sim-sim and tea contributed the most to the performance of exports owing to higher volumes. Coffee exports on the other hand declined by 14.2 percent due to

[2] *Average weighted price of coffee declined from US$ 1.81/Kilo in January, 2018 to US$ 1.78/Kilo in February, 2018 (Uganda Coffee Development Authority)*

lower volumes and lower prices (US$ 1.78/kilo from US$ 2.03/kilo in February, 2017).

Destination of Exports

The destination of Uganda's exports during the month of February are displayed in table 6. EAC, Rest of Africa and European Union remain the top three destinations of our exports, taking up 41.8percent, 20.7percent and 17.1percent of the total exports respectively.

Table 6: Destination of Exports by Percentage Share

	Jan-18	Feb-18
EAC	42.80%	41.80%
Rest of Africa	18.40%	20.70%
European Union	15.20%	17.10%
Middle East	14.00%	9.20%
Asia	7.30%	8.00%
Rest of Europe	1.00%	1.70%
The Americas	1.20%	1.50%
Others[3]	0.0%	0.1%

Source: Bank of Uganda

Merchandise Imports

Merchandise worth US$ 474.6 million was imported in February 2018, which represents an increment by 8 percent in the value of merchandise imports from the previous month was registered. This increment was mainly driven by Government imports (value) which grew more than five times during the month, while private sector imports registered a growth of 3 percent, attributable to an increase in the volume of oil imports[4].

The value of merchandise imports significantly increased (up by 34percent) in comparison to the same period the last year. The increase was in both private sector and government imports (values) and is largely attributed to an increase in the volumes imported and a surge in oil prices[5].

[3] *Others include: Australia and Iceland*
[4] *Change over previous month: Oil Import Volumes grew by 24 percent (Bank of Uganda)*
[5] *Change over same period the previous year: (Bank of Uganda)*
- *Non-oil import volumes increased by 22 percent*
- *Oil import volumes increased by 7 percent*
- *Oil import prices surged by 20 percent*

Table 7: Merchandise Imports in US$ Millions

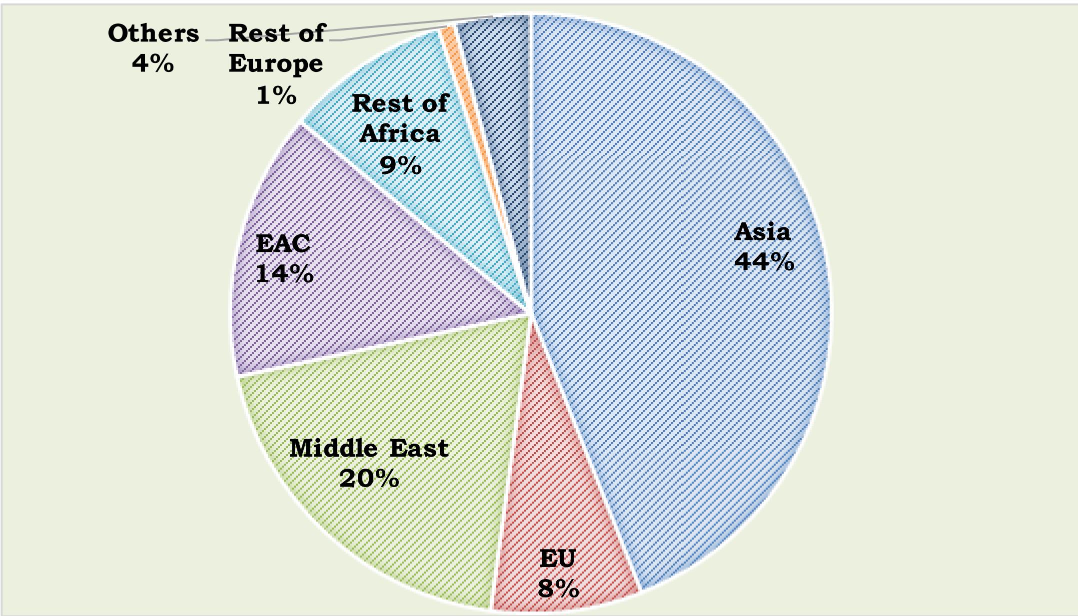
	Feb-17	Jan-18	Feb-18	Feb Vs Jan	Feb Vs Feb
Total Imports (fob)	**352.96**	**437.79**	**474.6**	**8.0%**	**34.0%**
Government Imports	**4.04**	**9.54**	**51.82**	**443.0%**	**1181.0%**
Project	4.04	9.54	50.58	430.0%	1151.0%
Non-Project	0	0	1.24	173184.0%	77867.0%
Total Private Sector Imports	**348.91**	**428.25**	**422.8**	**-1.0%**	**21.0%**
Formal Private Sector Imports	326.27	391.19	401.1	3.0%	23.0%
Oil imports	61.11	66.88	78.42	17.0%	28.0%
Non-oil imports	265.16	324.32	322.7	-1.0%	22.0%
Estimated Private Sector Imports	22.64	37.06	21.71	-41.0%	-4.0%

Source: Bank of Uganda

Origin of Imports

The biggest share of merchandise imports during the month was sourced from Asia (44 percent), followed by Middle East (20 percent) and EAC (14 percent). Of the total imports from EAC, 92 percent were from Kenya and Tanzania while India, China and Japan contributed 79 percent of the total imports from Asia (see figure 9).

Figure 9: Origin of Imports by Percentage Share, February, 2018



Source: Bank of Uganda

FISCAL SECTOR DEVELOPMENTS

Overview

The fiscal operations for the month of March 2018 resulted into an overall fiscal deficit of Shs 11.8 billion against a programmed surplus of Shs 34.9 billion. This performance was largely attributed to shortfalls in revenues and grants.

Total revenues and grants for month amounted to a shortfall of Shs 110.3 billion or 8.4% against the target as both grants and domestic revenues underperformed. Domestic revenues recorded a shortfall amounting to Shs 49 billion or 3.9%, while grants fell short by 38.6% against the target for the month. Government projected to spend Shs 1,279.9 billion in March 2018. However, a total of Shs 1,216.3 billion had been spent by the end of the month, representing a performance of 95.0 percent. Table 8 provides a summary of the fiscal operations for the month of March 2018.

Table 8: Fiscal Operations, March 2018 (Shs billions)

	Outturn Mar'17	Plan Mar'18	Prel Outturn Mar'18	Performance Mar'18	Deviation Mar'18
Revenues and Grants	**1,273.3**	**1,314.8**	**1,204.5**	**91.6%**	**(110.3)**
Revenues	1,208.8	1,246.8	1,197.8	96.1%	(49.0)
Tax	1,042.9	1,209.9	1,163.6	96.2%	(46.3)
Non-Tax	36.0	36.9	34.3	92.8%	(2.6)
Oil Revenues	129.8	-	-	-	
Grants	64.5	68.0	6.6	9.8%	(61.4)
Budget Support	28.4	-	-	-	-
Project Support	36.1	68.0	6.6386	9.8%	(61.4)
Expenditure and Lending	**1,078.4**	**1,279.9**	**1,216.3**	**95.0%**	**(63.6)**
Current Expenditures	705.4	765.2	789.9	103.2%	24.8
Wages and Salaries	275.0	295.8	283.0	95.7%	(12.8)
Interest Payments	283.3	291.0	284.0	97.6%	(7.0)
Domestic	257.9	255.1	259.1	101.6%	4.1
External	25.4	36.0	24.9	69.3%	(11.0)
Other Recurr. Expenditures	147.1	178.3	222.9	125.0%	44.5
Development Expenditures	358.4	514.7	421.7	81.9%	(93.0)
Domestic	171.8	241.7	228.2	94.4%	(13.5)
External	186.6	273.0	193.5	70.9%	(79.6)
Net Lending/Repayments	-	-	1.7	n.a	1.7
o/w HPP GoU	-	-	1.7	n.a	1.7
o/w HPP Exim	-	-	-	-	-
Domestic Arrears Repayment	14.6	-	3.0	n.a	3.0
Overall Fiscal Balance	**194.8**	**34.9**	**(11.8)**		

Source: Ministry of Finance, Planning and Economic Development

Domestic Revenues

Tax revenue collections amounted to Shs 1,163.6 billion against the target of Shs 1,209.9 billion. This performance resulted from shortfalls in both direct and indirect tax revenues which amounted to Shs 22.9 billion and Shs 53.7 billion respectively. The shortfalls on direct and indirect domestic tax collections more than offset the Shs 28.7 billion surplus recorded by international trade taxes.

The underperformance in direct domestic taxes mainly arose from a shortfall of Shs 20.1 billion on withholding taxes – the second largest item in the tax head, resulting in a performance rate of 69 percent against the target for the month. The shortfall arose from delays in publishing taxpayers during the year, and a decline in profitability that resulted in less dividends paid compared to same period last year.

Indirect domestic tax collections amounted to Shs 171.1billion registering shortfalls of Shs 47.3 billion. Indirect taxes were affected by VAT shortfalls arising from low sales of major products like sugar, cement, airtime and wheat that negatively affected the manufacturing sector.

On the other hand, international trade tax collections were Shs 555.8 billion, registering a performance of 105.4% against the target. Surplus collections on VAT on imports – the largest item in the tax head more than offset the underperformances on petroleum, import and excise duty. International trade taxes continue to be boosted by administrative controls that have minimized smuggling and improved clearance time.

Non-tax revenues (NTR) recorded a shortfall of Shs 2.6 billion against the target of Shs 36.9 billion. The bulk of the shortfall was registered in the NTR that is still being collected by Ministries, Departments and Agencies (MDAs) as well as Missions abroad.

Expenditure and Net Lending

Overall expenditure during the month of March 2018 amounted to Shs 1,216.3 billion which was lower than the monthly program by Shs 63.6billion. The underperformance is mainly due to development expenditures, as recurrent expenditure is above program for the month.

Development expenditure performed at 81.9 percent against the target of Shs 514.7billion. This was mainly on account of externally financed development activities which performed at 70.9 percent owing to the challenges in project implementation which continue to affect externally financed projects. In addition, domestic development expenditures amounted to Shs 228.2 billion representing 94.4 percent performance against its programmed expenditure.

On the other hand, expenditure on recurrent items during the month amounted to Shs 789.9 billion, translating into a performance of 103.2 percent. Non-wage non-interest recurrent expenditure was above the program by Shs 44.5 billion, explained by supplementary expenditures that were made in Quarter three.

DEVELOPMENTS WITHIN THE EAC REGION

Inflation

Partner States of the East African Community (EAC) whose data was available registered a decline in their respective annual headline inflation. Rwanda registered inflation of -1.4 percent for the year ending March 2018 compared to-1.3 percent registered for the year ended February 2018 as prices for food and non-alcoholic beverages continued to decline. A slowdown in price increases of food and non-alcoholic beverages also accounted for the reduction of Tanzania's headline inflation to 3.9 percent for the year ended March 2018 from 4.1 percent recorded for the year ended February 2018. In Kenya, lower transport costs resulting from a reduction in pump prices for petrol contributed to a decline in inflation from 4.5 percent in February to 4.2 percent in March 2018. Table 9 shows inflation trends within the East AfricanCommunity since the start of the current financial year.

Table 9: Headline Inflation for EAC Partner States (Percentage)

	Jul-17	Aug-17	Sep-17	Oct-17	Nov-17	Dec-17	Jan-18	Feb-18	Mar-18
Tanzania	5.2	5.0	5.3	5.1	4.4	4.0	4.0	4.1	3.9
Kenya	7.5	8.0	7.1	5.7	4.7	4.5	4.8	4.5	4.2
Uganda	5.7	5.2	5.3	4.8	4.0	3.3	3.0	2.1	2.0
Rwanda	8.1	7.2	7.1	5.3	1.6	-0.2	0.1	-1.3	-1.4
Burundi	13.6	13.9	15.3	17.6	15.3	10.0	6.1	N/A	N/A
South Sudan	154.6	165.0	101.9	131.9	142.0	117.7	125.0	N/A	N/A

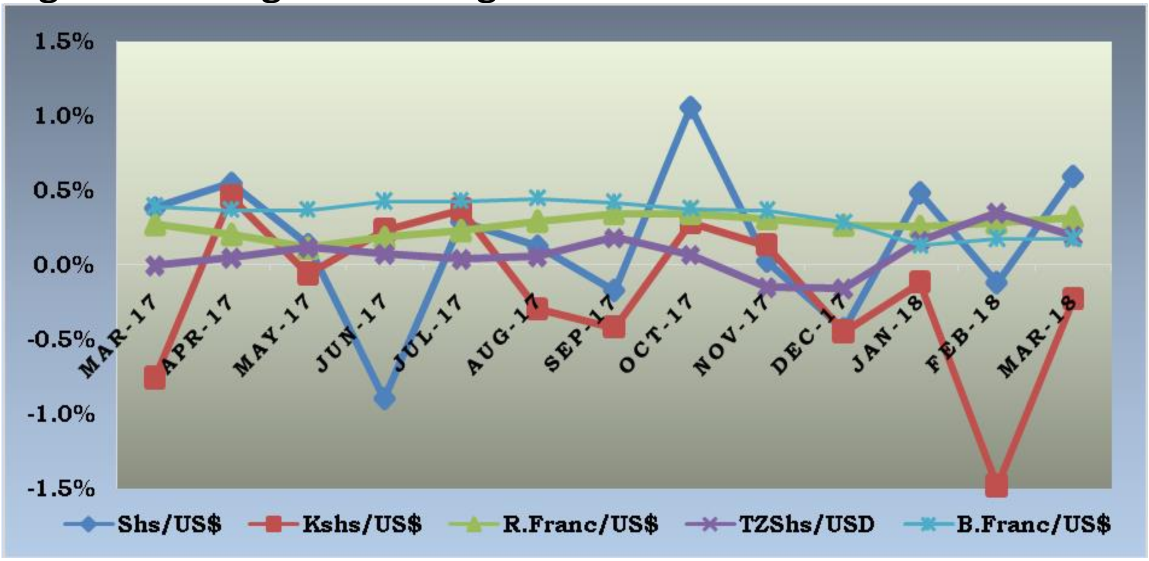
Source: Respective national statistics bureaus[6]

Exchange Rates

The regional currencies were fairly stable against the US Dollar in March 2018, with most registering depreciations of less than one percent. On average, the Tanzanian Shilling and the Burundian Franc depreciated by 0.2 percent, while the Ugandan Shilling and Rwandan Franc depreciated by 0.6 percent and 0.3 percent respectively. The Kenyan Shilling, on the other hand, registered a slight appreciation of 0.2 percent. The following figure illustrates the monthly percentage changes in exchange rates against the US$ amongselected EAC Partner States from March 2017 to March 2018

[6] N/A implies unavailability of data at time of writing this report

Figure10: Change in Exchange Rates in Selected EAC Partner States

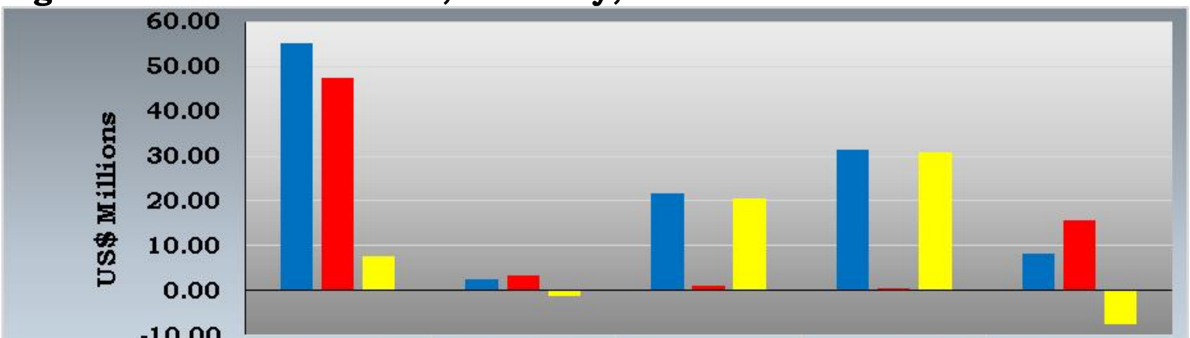


Source: Bank of Uganda

Trade Balance with EAC Partner States;

Uganda exported merchandise worth US$ 119.2 million to the EAC market and imported merchandise worth US$ 68.59 million posting a trade surplus of US$ 50.58 million. Kenya and South Sudan provided the biggest market for our exports, while the largest proportion of imports were sourced from Kenya and Tanzania during the month. Just like February 2018, the only EAC Partner States with whom Uganda traded at a deficit were Tanzania and Burundi. Figure 11 shows the trade balance with EAC partner states.

Figure 11: Trade with EAC, February, 2018



	Kenya	Burundi	Rwanda	South Sudan	Tanzania
Exports	55.26	2.47	21.69	31.44	8.31
Imports	47.46	3.56	1.19	0.66	15.72
Trade Balance	7.79	-1.10	20.51	30.78	-7.41

Source: Bank of Uganda

Annex 1: Summary Performance of the Economy Indicators

	Mar-17	Apr-17	May-17	Jun-17	Jul-17	Aug-17	Sep-17	Oct-17	Nov-17	Dec-17	Jan-18	Feb-18	Mar-18
Real Sector													
Inflation (Annual %)													
Headline: (Base: 2009/10 =100)	6.4	6.8	7.3	6.4	5.7	5.2	5.3	4.8	4.0	3.3	3.0	2.1	2.0
Core: (Base: 2009/10 = 100)	4.8	4.9	5.1	4.9	4.5	4.1	4.2	3.5	3.3	3.0	2.6	1.7	1.7
Food Crops	20.9	21.6	23.1	18.1	12.9	11.7	9.6	7.8	2.3	-0.7	1.4	-0.7	-1.7
Electricity, Fuel and Utilities	3.8	5.3	7.1	5.7	7.8	7.8	10.6	14.1	13.7	12.5	9.8	11.2	10.3
Business Tendency Indicator	54.7	55.0	55.6	56.3	57.2	58.0	58.5	58.6	58.2	57.5	56.8	56.2	55.6
Composite Index of Economic Activity	199.0	200.3	201.5	202.4	203.1	203.9	204.6	208.2	209.0	210.0	211.2	212.3	N/A
Financial Sector													
Private sector credit (Shs billion)	11,875.2	11,952.0	11,941.2	12,071.3	12,117.1	12,186.2	12,277.6	12,502.7	12,512.6	12,762.2	12,597.0	12,578.0	N/A
PSC growth rate	0.4%	0.6%	-0.1%	1.1%	0.4%	0.6%	0.8%	1.8%	0.1%	2.0%	-1.3%	-0.2%	N/A
Exchange Rate (Shs/US$)													
Period Average	3,599	3,619	3,624	3,591	3,602	3,606	3,600	3,638	3,639	3,623	3,640	3,638	3,660
Interest Rates(%)													
Central Bank Rate	11.5	11.0	11.0	10.0	10.0	10.0	10.0	9.5	9.5	9.5	9.5	9.0	9.0
Lending Rate	22.5	20.5	21.0	21.1	20.9	22.3	20.9	19.0	21.4	20.3	20.3	21.1	
91-day Treasury Bill Yield	11.6	10.5	10.7	10.7	10.1	9.9	9.8	9.2	8.8	8.4	8.6	8.7	8.7
364-day Treasury Bill Yield	13.9	13.8	13.6	13.6	11.7	11.1	10.6	9.4	9.3	9.0	9.1	9.4	9.6
Gross reserves (US$ millions)	3,223.1	3,232.5	3,297.7	3,385.6	3,411.6	3,374.7	3,556.3	3,396.3	3,472.3	3,654.4	3,608.5	3,522.5	N/A
Gross reserves (months of next year's imports)	5.2	5.2	5.3	5.4	5.3	5.2	5.2	5.0	5.1	5.3	5.2	5.0	N/A
External Sector (US$ million)													
Trade Balance	-99.6	-133.1	-128.1	-156.9	-96.6	-138.8	-224.6	-201.6	-169.9	-141.3	-108.6	-189.6	N/A
Total Exports of Goods (fob)	283.9	259.5	309.7	277.6	276.3	260.0	252.8	287.6	301.4	312.6	329.2	285.0	N/A
Total Imports (fob)	383.4	392.6	437.8	434.5	372.9	398.8	477.4	489.2	471.3	454.0	437.8	474.6	N/A
Fiscal Sector (Shs Billion)													
Revenues and Grants	1,273.3	1,025.5	1,224.4	1,524.9	1,012.7	1,101.0	1,187.0	1,218.4	1,159.6	1,669.2	1,272.8	1,274.3	1,204.5
Revenues	1,209	992	1,075	1,470	965	1,073	1,149	1,081	1,142	1,516	1,196	1,161	1,197.8
URA	1,042.9	941.2	1,041.2	1,434.4	919.9	1,034.3	1,114.1	1,045.9	1,099.3	1,487.8	1,141.0	1,125.0	1,163.6
Non-URA	36.0	50.7	34.2	36.0	45.0	38.3	34.9	35.2	42.5	28.1	54.8	35.9	34.3
Oil Revenue	129.8	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Grants	64.5	33.5	149.0	54.6	47.8	28.5	38.1	137.3	17.9	153.3	77.0	113.4	6.6
Expenditure and Lending	1,078.4	1,206.6	1,650.0	1,941.3	1,342.4	1,871.9	1,560.8	2,018.7	1,679.8	1,570.4	1,795.0	1,265.0	1,216.3
Overall Fiscal Balance (incl.Grants)	194.8	(181.1)	(425.7)	(416.3)	(329.7)	(771.0)	(373.8)	(800.3)	(520.1)	98.8	(522.2)	9.3	(11.8)
Net Government Borrowing	24.8	154.0	(2.0)	(412.0)	198.2	133.9	58.4	52.3	115.0	27.2	167.7	(11.4)	15.9