



PERFORMANCE OF THE ECONOMY REPORT
OCTOBER 2018

MACROECONOMIC POLICY DEPARTMENT
MINISTRY OF FINANCE, PLANNING AND ECONOMIC
DEVELOPMENT

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LIST OF ACRONYMS

BTI	Business Tendency Index
BOU	Bank of Uganda
B.Franc	Burundian Franc
CIEA	Composite Index of Economic Activity
EAC	East African Community
EFU	Energy, Fuels and Utilities
FY	Financial Year
GDP	Gross Domestic Product
ICBT	Informal Cross Border Trade
KShs	Kenyan Shilling
MDAs	Ministries, Departments and Agencies
MOFPED	Ministry of Finance, Planning and Economic Development
NGO	Non-Government Organisation
PAYE	Pay As You Earn
PSC	Private Sector Credit
R.Franc	Rwandese Franc
T-Bills	Treasury Bills
T-Bonds	Treasury Bonds
TShs	Tanzanian Shilling
UGX	Ugandan shilling
USD	United States Dollar
UBOS	Uganda Bureau of Statistics
VAT	Value Added Tax

SUMMARY¹

Economic Activity: During October 2018, economic activity is seen to have improved as indicated by the high frequency indicators of economic activity. The CIEA increased by 0.9 percent in the month compared to a 0.8 percent improvement in August 2018. The BTI and PMI were above the 50.0 threshold at 56.7 and 56.6 in October 2018, up from 56.5 and 54.2 respectively in the previous month.

Inflation: Annual headline inflation declined to 3.0 percent in October 2018, from 3.7 percent recorded in September 2018, largely on account of a deceleration in food crops and related items inflation. Food crops and related items inflation dropped due to lower prices of fruits as a result of increased supply. Annual Core and annual Energy, Fuels & Utilities (EFU) inflation also declined to 3.5 percent and 6.9 percent in October, 2018 from 3.9 percent and 10.1 percent in September 2018, respectively.

Exchange Rate: The Ugandan Shilling appreciated by 0.6 percent against the US dollar; recording an average midrate of UGX 3,777.98/USD in October 2018, compared to an average midrate of UGX 3,800.68/USD in September 2018. This was on account of higher supply of the US dollar due to increased inflows to NGO's, coffee export receipts and offshore players.

¹ Data on Private Sector Credit, CIEA and External sector has a lag of one month.

Private Sector Credit: The stock of total outstanding private sector credit continued to expand in September 2018, recording a growth of 2.5 percent compared to the previous month. Total stock of PSC in September was UGX 13,892.21 billion which was higher by UGX 338.68 billion compared to August 2018, due to pick up in economic activity.

Interest rates (Yields) on Treasury Bills: Interest rates on treasury bills edged upwards across all tenors. The average weighted yields to maturity for October were 11.5 percent, 13 percent and 13.7 percent for the 91, 182 and 364 day tenors higher than 10 percent, 11.9 percent and 12.3 percent respectively in September 2018.

Merchandise Trade Balance: Uganda's merchandise trade deficit narrowed both compared to the previous month and the same month in 2017, owing to simultaneous reduction in value of imports and increase in export receipts.

The merchandise trade deficit improved to USD 162.3 million in September 2018 from USD 202.8 million registered in August 2018.

Fiscal Operations: Preliminary fiscal operations during the month of October 2018 show that there was a deficit of UGX 894.9 billion which was higher than projected deficit of UGX 555.6 billion. This was due to a combination of higher than programmed expenditures (above program by 16.2 percent) and

a shortfall of 1.6 percent in revenues and grants during the month.

Developments within the EAC:

Inflation: Just like Uganda, Tanzania, Kenya and Rwanda experienced a drop in Annual Headline Inflation in October 2018 compared to September 2018. Annual Headline Inflation in Tanzania and Rwanda dropped mostly due to lower cost of food and non-alcoholic beverages. While for Kenya the drop was mainly due to slowdown in housing costs, utilities and transport amid a petroleum products tax cut.

Exchange Rates: All EAC currencies experienced depreciation pressures during the month apart from the Uganda Shilling which, appreciated against the US Dollar by 0.6 percent, when compared to the previous month. In October 2018, depreciation rates for the Kenyan and Tanzanian shillings were 0.2 percent and 0.1 percent respectively while the Burundi and Rwanda Francs each depreciated by 0.4 percent.

Trade Balance: In September 2018, Uganda exported goods worth USD 117.1 million to the EAC and imported merchandise worth USD 75.3 million from the region, thereby resulting in a trade surplus of USD 41.8 million. Uganda traded at a surplus with all EAC partner states save for Tanzania in the month.

REAL SECTOR DEVELOPMENTS

Inflation

Annual Headline Inflation declined to 3.0 percent in October 2018, from 3.7 percent recorded in September 2018, largely on account of a deceleration in food crops and related items inflation.

Annual Food Crops and Related items inflation slowed further to minus 3.4 percent compared to minus 2.2 percent recorded in September 2018. The decline was largely attributed to lower prices of fruits due to increased supply following a seasonal peak of some fruits like oranges.

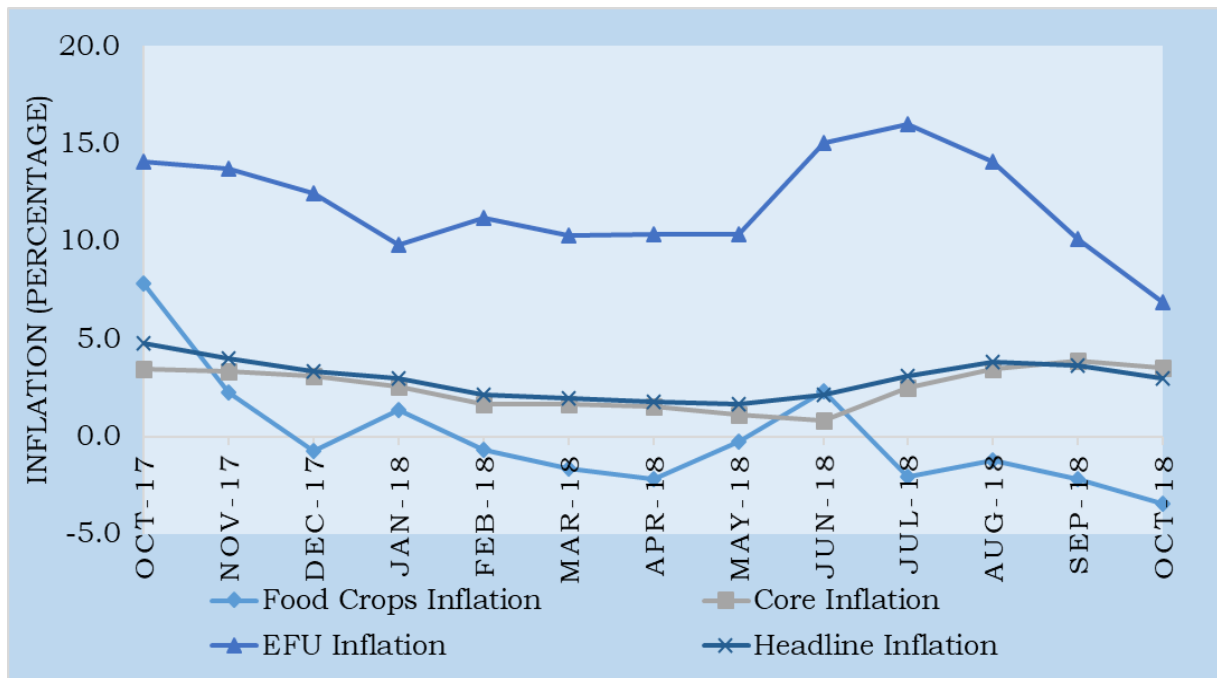
Similarly, Annual Core and annual Energy, Fuels and Utilities (EFU) inflation declined to 3.5 percent and 6.9 percent in October 2018, from 3.9 percent and 10.1 in September 2018, respectively. The decline in EFU inflation was attributed to reduction in the rate at which prices for charcoal and kerosene increased, while the decline of core inflation was due to slower price increases for items like maize flour and sugar. Table 1 summarises annual inflation rates by category for the last two months, whereas figure 1 shows the trends in inflation rates over the last thirteen months.

Table 1: Summary Statistics on Annual Inflation

Inflation Category	Sep-18	Oct-18
Headline	3.7%	3.0%
Core	3.9%	3.5%
EFU	10.1%	6.9%
Food Crops and Related Items	-2.2%	-3.4%

Source: Uganda Bureau of Statistics

Figure 1: Annual Inflation, October 2017 – October 2018



Source: Bank of Uganda

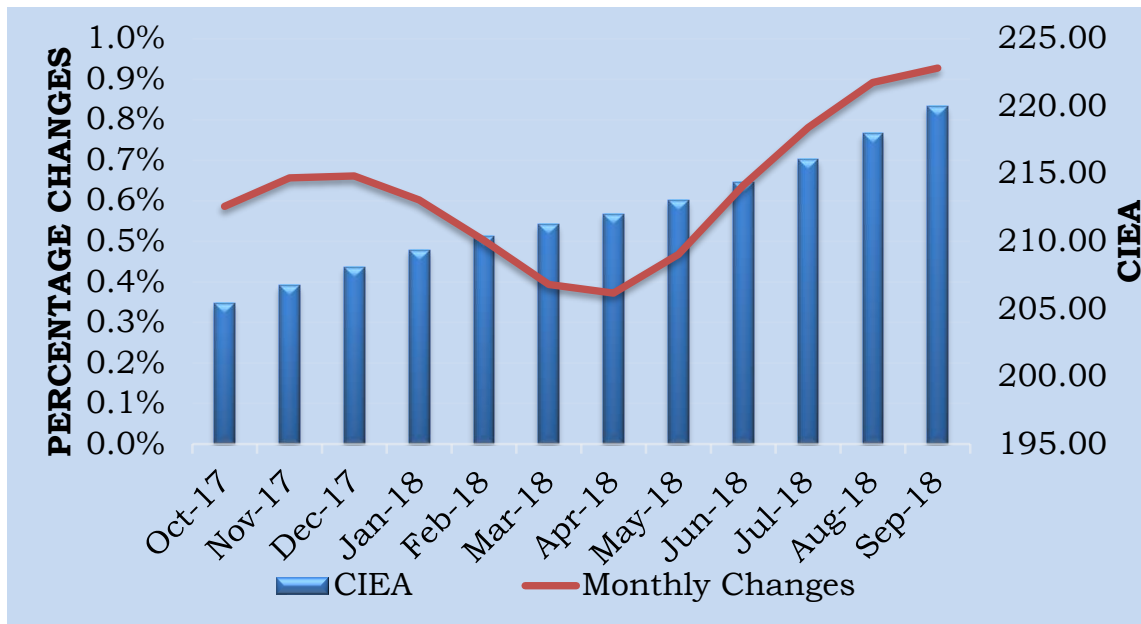
Indicators of Economic Activity

Composite Index of Economic Activity (CIEA)

The CIEA² which measures the level of economic activity indicates that the economy continued to improve in September 2018 compared to the previous month. The CIEA increased by 0.9 percent in the month compared to a 0.8 percent improvement in August 2018. Figure 2 shows the movement of the Composite Index of Economic Activity (CIEA).

² The CIEA is constructed using seven variables, that is; private consumption estimated by VAT, private investment estimated by gross extension of private sector credit, government consumption estimated by its current expenditure, government investment estimated by its development expenditure, excise duty, exports and imports. Data comes with a lag of one month.

Figure 2: Composite Index of Economic Activity (CIEA)



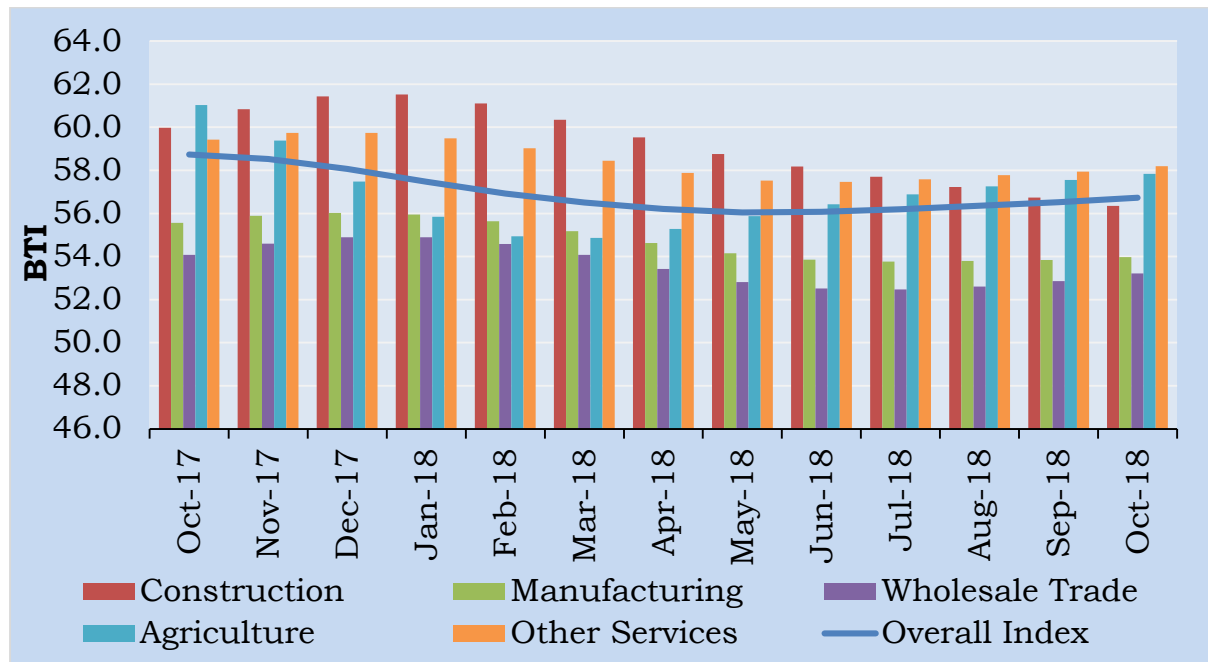
Source: Bank of Uganda

Business Tendency Index (BTI)

Sentiments about doing business in Uganda remained positive as shown by the Business Tendency Index (BTI)³ which remained above the threshold of 50. The BTI increased to 56.73 in October 2018 from 56.52 in September, reaching the highest in eight months. All major sectors of the economy, except construction registered improved sentiments about the business situation. Figure 3 illustrates the details of Business Tendency Index for October 2017 – October 2018.

³ The Business Tendency Index measures the level of optimism that investors have about the current and expected outlook for production, order levels, employment, prices and access to credit. The Index covers the major sectors of the economy, namely construction, manufacturing, wholesale trade, agriculture and other services. The Overall Business Tendency Index above 50 indicates an improving outlook and below 50 a deteriorating outlook.

Figure 3: Business Tendency Index (BTI) October 2017-October 2018



Source: Bank of Uganda

Purchasing Managers Index (PMI⁴)

The Purchasing Managers Index showed signals of increased business operations during October 2018 compared to the previous month. The PMI increased to 56.6 in October 2018 up from 54.2 in September 2018 and above the 50.0 threshold. This performance was partly due to improvements in new orders and output- signalling increased demand in the economy, as well as increased employment levels than in the previous month.

⁴ The PMI is a composite index, calculated as a weighted average of five individual sub-components; New Orders (30%), Output (25%), Employment (20%), Suppliers’ Delivery Times (15%), and Stocks of Purchases (10%). It gives an indication of business operating conditions in the Ugandan economy. The PMI above 50.0 signals an improvement in business conditions, while readings below 50.0 show a deterioration. The PMI is compiled on a monthly basis by Stanbic Bank Uganda.

FINANCIAL SECTOR DEVELOPMENTS

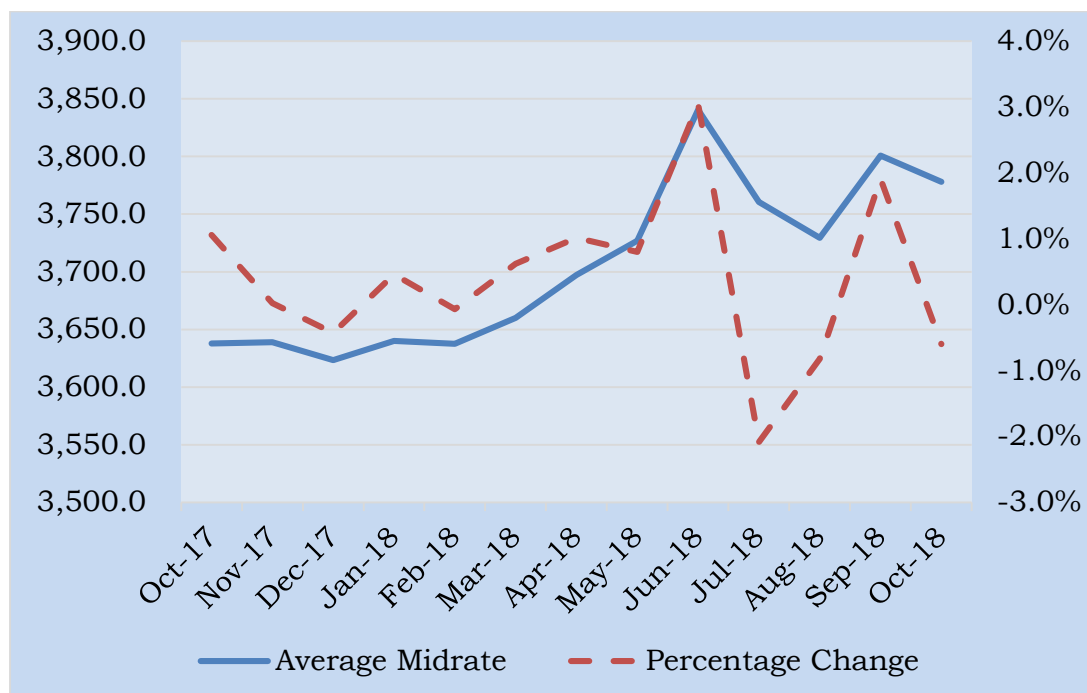
Exchange Rate

In October 2018, the Ugandan shilling appreciated against the US dollar by 0.6 percent; recording an average midrate of UGX 3,777.98/USD compared to an average midrate of UGX 3,800.68/USD in September 2018.

Similarly, within the month, the shilling appreciated against the US dollar by 1.7 percent having opened the month at an average midrate of UGX 3,822.97/USD and closed the month at an average midrate of UGX 3,759.17/USD.

The appreciation of the shilling is partly explained by higher supply of the US dollar due to inflows to NGO's, coffee export receipts and offshore players. Figure 4 shows monthly exchange rates of the shilling against the US dollar and their respective percentage changes from October 2017-October 2018.

Figure 4: Monthly Exchange Rate Movements and Percentage Changes, October 2017- October 2018



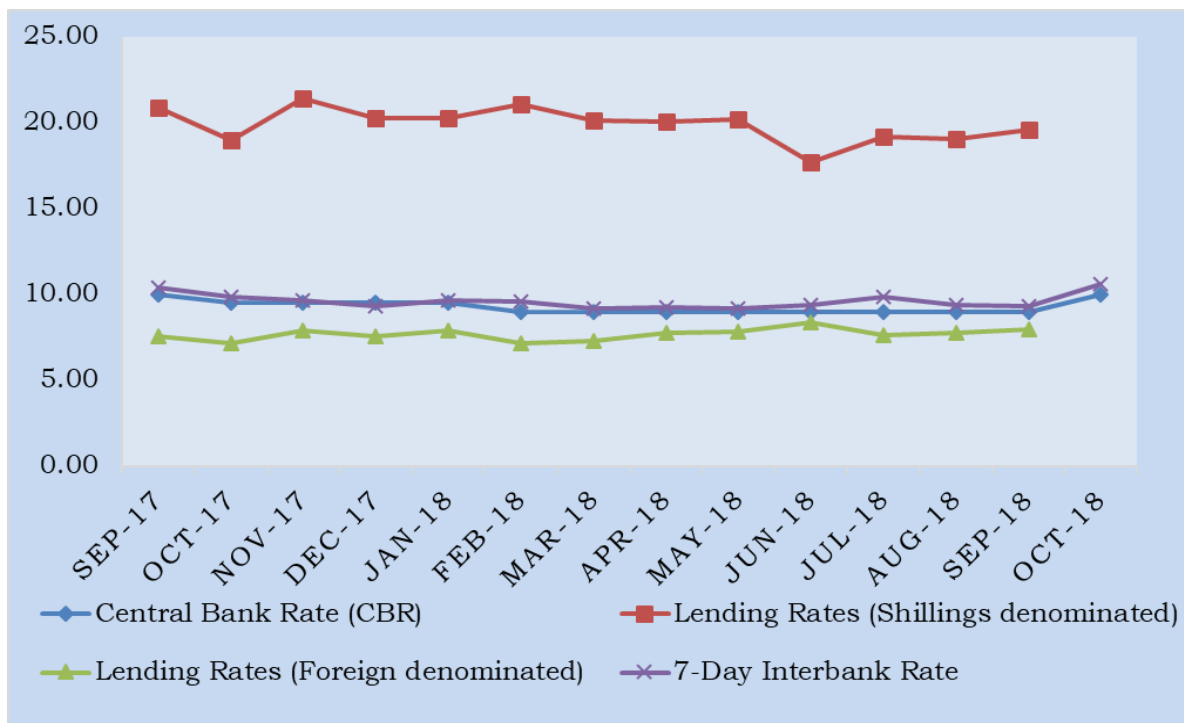
Source: Bank of Uganda

Interest Rates

The Bank of Uganda raised the central bank rate in October 2018 to 10.0 percent up from 9.0 percent in September 2018. This was aimed at ensuring price stability given the anticipated inflationary pressures in the economy.

On average, commercial banks' lending rates both for foreign and domestic denominated credit edged upwards in September 2018 compared to August 2018. Lending rates for the shilling and foreign denominated credit were 19.56 percent and 7.99 percent in September 2018 compared to 19.03 percent and 7.78 percent respectively in August 2018. Figure 5 shows trends in key interest rates from September 2017 to October 2018.

Figure 5: Developments in Key Interest Rates



Source: Bank of Uganda

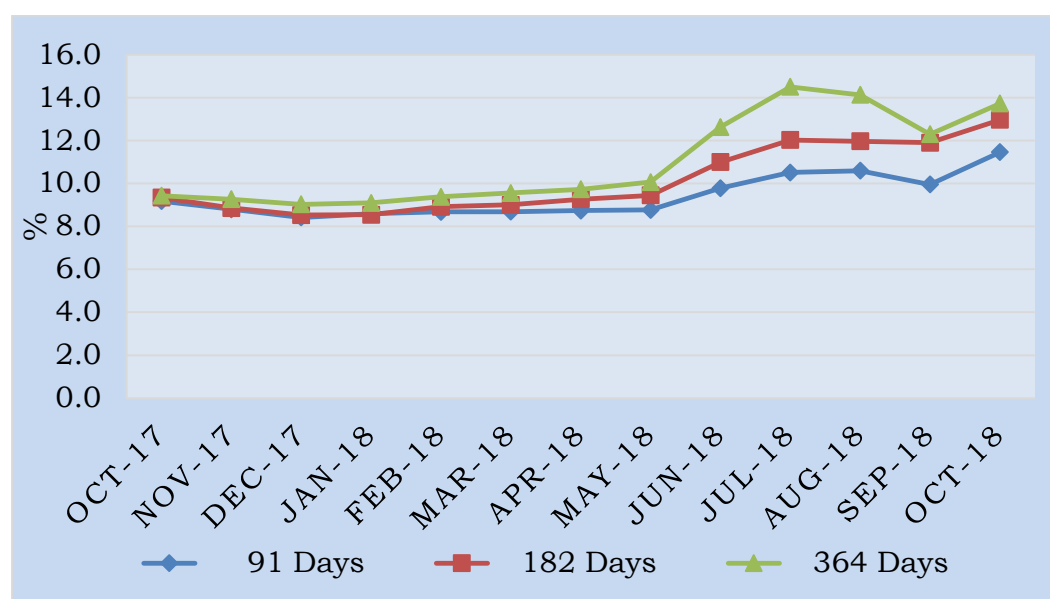
Interest Rates on Treasury Bills (Yields)

Interest rates on treasury bills edged upwards across all tenors. The average weighted yields to maturity for October were 11.5 percent, 13 percent and 13.7 percent for the 91, 182 and 364 day tenors compared to 10 percent, 11.9 percent and 12.3 percent respectively, in September 2018. The increase in

yields followed the increase in the Central Bank Rate to 10 percent in October 2018, after having been maintained at single digit since October 2017.

The average bid to cover ratio⁵ for the month was 1.8 a decline from 2.3 recorded the previous month. All auctions were oversubscribed save for the 91-day and 182-day tenors that were undersubscribed in one auction. Nonetheless, some bids were rejected due to very high yields. Figure 6 plots the movement of Treasury Bill yields since October 2017.

Figure 6: Movement of Interest Rates on Treasury Bills



Source: Bank of Uganda

Private Sector Credit (PSC)

The stock of total outstanding private sector credit continued to expand in September 2018, recording a growth of 2.5 percent compared to the previous month. Total stock of PSC in September was UGX 13,892.21 billion which was an increase compared to UGX 13,553.53 billion recorded for August 2018, due to increased economic activity.

⁵ 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

Stock of both the shilling and foreign currency denominated credit increased in the month by 1.3 percent and 4.4 percent respectively compared to the previous month.

Compared to the same month in 2017, PSC stock has tremendously improved, registering a growth of 12.5 percent from UGX 12,351.73 billion in September 2017 to UGX 13,892.21 in September 2018. This improvement was supported by increases in both economic activity and availability of cheaper credit in September 2018 compared to September 2017. Table 2 details private sector credit stock by sector.

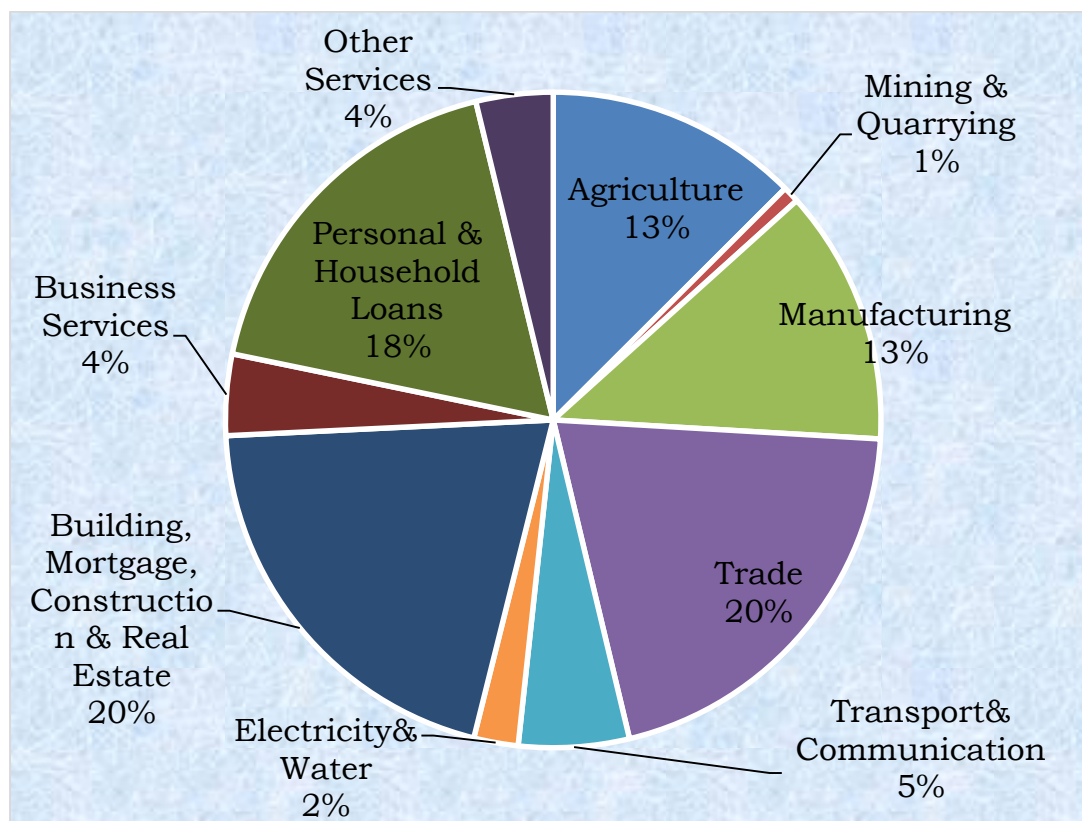
Table 2: Private Sector Credit Stock by Sector (UGX Billions)

Sectors	Sep-17	Aug-18	Sep-18	Growth Rates	
				Sep'18 Vs Aug'18	Sep'18 Vs Sep'17
Building, Mortgage, Construction & Real Estate	2,525.78	2,782.12	2,825.21	1.5%	11.9%
Trade	2,558.13	2,763.57	2,824.73	2.2%	10.4%
Personal & Household Loans	2,235.91	2,501.48	2,495.97	-0.2%	11.6%
Manufacturing	1,553.89	1,679.11	1,749.96	4.2%	12.6%
Agriculture	1,447.55	1,645.56	1,738.77	5.7%	20.1%
Transport & Communication	737.93	751.92	757.35	0.7%	2.6%
Business Services	523.88	511.01	556.05	8.8%	6.1%
Community, Social & Other Services	409.29	513.56	473.18	-7.9%	15.6%
Electricity and Water	220.41	243.01	303.74	25.0%	37.8%
Mining & Quarrying	78.39	109.60	112.90	3.0%	44.0%
Other Services	59.57	52.60	54.35	3.3%	-8.8%
Total Private Sector Stock	12,350.73	13,553.53	13,892.21	2.5%	12.5%

Source: Bank of Uganda

By sector, the largest holders of private sector credit stock were: building, mortgage, construction & real estate; and trade- each of which accounted for 20 percent share of outstanding private sector credit. The other sectors with big shares are personal and household loans (18 percent), agriculture and manufacturing each with 13 percent shares. Figure 7 shows the sectoral shares of outstanding private sector credit in September 2018.

Figure 7: Sectoral Shares of Private Sector Credit Stock, September 2018



Source: Bank of Uganda

EXTERNAL SECTOR⁶

Merchandise Trade Balance

In September 2018, Uganda's merchandise trade deficit narrowed both compared to the previous month and the same month in 2017, owing to simultaneous reduction in value of imports and increase in export receipts.

The merchandise trade deficit narrowed to USD 162.3 million in September 2018 from USD 202.8 million registered in August 2018 as the import bill decreased by 7.8 percent while exports receipts slightly improved by 0.4 percent. Compared to September 2017, the merchandise trade deficit narrowed by 27.9 percent from USD 225.1 million to USD 162.3 million in September 2018; explained by an improvement in exports (18.9 percent) and a drop in the import bill (-3.2 percent).

⁶ Data on the external sector comes with a lag of one month

Merchandise Exports

Export receipts in September 2018 amounted to USD 300.12 million compared to USD 298.84 million in August 2018. This increase was majorly due to increased volumes of gold and tobacco by 36.9 percent and 55.1 percent respectively compared to the previous month.

Compared to the same month in 2017, the improvement in export receipts in September 2018 was on account of increased volumes of gold, tobacco, fish and sugar. Table 3 shows the composition of exports.

Table 3: Composition of Exports, USD Million

	Sep-17	Aug-18	Sep-18	Sept'18 Vs Aug'18	Sept'18 Vs Sept'17
Total Exports	252.47	298.84	300.12	0.4%	18.9%
1. Coffee (Value)	38.58	35.68	28.91	-19.0%	-25.1%
Coffee (60 kg bags)	341,839	348,952	293,199	-16.0%	-14.2%
Av. unit value	1.88	1.70	1.64	-3.6%	-12.6%
2.Non-Coffee formal exports	173.89	216.78	226.94	4.7%	30.5%
o/w Gold	22.59	41.12	56.24	36.8%	148.9%
Tobacco	10.09	14.32	22.77	59.1%	125.6%
Fish & its products (excluding regional)	9.69	14.62	14.18	-3.0%	46.3%
Sugar	6.25	15.46	12.05	-22.1%	92.7%
Maize	4.97	7.93	3.91	-50.8%	-21.3%
Beans	6.23	4.14	1.33	-67.8%	-78.6%
3. ICBT Exports	40.00	46.38	44.27	-4.5%	10.7%

Source: Bank of Uganda

However, export receipts from coffee (*Uganda's main export earner*) declined both compared to the previous month and the same month in 2017. This was mainly explained by low international prices following higher production in Brazil; as well as lower production volumes especially from Masaka and South-Western regions which are the main coffee growing regions.

Destination of Exports

The East African Community remained the major destination for Uganda's exports in September 2018, followed by the Middle East and Rest of Africa. Exports to the EAC region grew by 11.6 percent from USD 104.94 million in September 2017 to USD 117.09 million in September 2018. Kenya took the largest share of EAC exports (48.3 percent), followed by Rwanda (19.4 percent) and South Sudan (18.3 percent). Table 4 shows the destination of exports.

Table 4: Destination of Exports

	Sep-17	Aug-18	Sep-18
EAC	41.6%	42.4%	39.0%
Rest of Africa	22.7%	18.8%	18.6%
Middle East	11.2%	16.3%	20.9%
European Union	16.7%	13.6%	12.4%
Asia	5.2%	7.0%	6.4%
The Americas	1.6%	1.2%	1.5%
Rest of Europe	1.0%	0.7%	1.1%
Others⁷	0.01%	0.07%	0.06%

Source: Bank of Uganda

Merchandise Imports

The value of imported merchandise declined to USD 462.4 million in September 2018, from USD 501.60 million recorded in the previous month. The decline was driven by a decrease in the values of both Government and private sector imports as shown in table 5. Volumes and prices of non-oil imports dropped by 6 percent and 2 percent, respectively, partly explaining the decline in the value of imports.

Compared to the same period the previous year, the value of imports declined by 3.2 percent. Whereas the value of private sector imports increased by 19.4 percent, the decline in the value of Government imports more than offset the increase. Table 5 shows the performance of imports.

⁷ Others include Australia and Iceland

Table 5: Merchandise Imports in USD Million

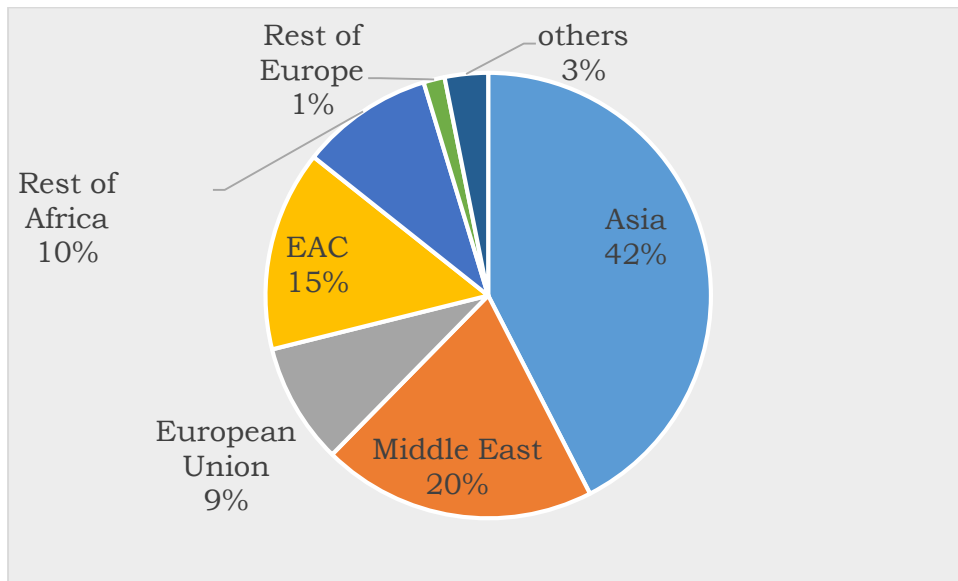
	Sep-17	Aug-18	Sep-18	Sept'18 Vs Aug'18	Sept'18 Vs Sept'17
Total Imports (fob)	477.61	501.60	462.41	-7.8%	-3.2%
Government Imports	77.33	15.95	7.85	-50.8%	-89.9%
Project	77.30	15.95	7.85	-50.8%	-89.8%
Non-Project	0.03	0.00	0.00	–	-100.0%
Formal Private Sector Imports	377.21	481.36	450.23	-6.5%	19.4%
Oil imports	67.74	89.72	76.89	-14.3%	13.5%
Non-oil imports	309.46	391.64	373.34	-4.7%	20.6%
Estimated Private Sector Imports	23.08	4.28	4.34	1.3%	-81.2%
Total Private Sector Imports	400.28	485.65	454.57	-6.4%	13.6%

Source: Bank of Uganda

Origin of Imports

Asia remained the largest source of imports during the month, contributing 42 percent of the total merchandise imported. Middle East and EAC contributed 20 percent and 15 percent respectively of the total imported merchandise, making them the second and third largest sources. Of the imports from Asia, 77 percent was from India, China and Japan while of the merchandise imported from the EAC, 89 percent was from Kenya and Tanzania. Figure 8 shows the origin of imports by percentage share.

Figure 8: Origin of Imports



Source: Bank of Uganda

FISCAL SECTOR DEVELOPMENTS

Overall Fiscal Balance

Preliminary fiscal operations during the month of October 2018 show that there was a deficit of UGX 894.9 billion which was higher than projected deficit of UGX 555.6 billion. This was due to a combination of higher than programmed expenditures (above program by 16.2 percent) and a shortfall of 1.6 percent in revenues and grants during the month. Details on fiscal operations for the month of October 2018 are shown in table 6 below.

Table 6: Fiscal Operations, October 2018 (UGX billions)

	Outturn Oct'17	Plan Oct'18	Prel. Outturn Oct'18	Performance Oct'18	Deviation Oct'18
Revenues and Grants	1,218.2	1,394.1	1,371.5	98.4%	(22.5)
Revenues	1,080.9	1,276.5	1,349.8	105.7%	73.4
Tax	1,046.1	1,238.8	1,311.4	105.9%	72.6
Non-Tax	34.9	37.7	38.4	102.0%	0.8
Grants	137.31	117.6	21.7	18.4%	(95.9)
Budget Support	11.3	-	11.5	-	11.5
O/w HIPC debt relief	11.3	-	11.5	-	11.5
Project Support	126.1	117.6	10.2	8.7%	(107.4)
Expenditure and Lending	2,013.4	1,949.7	2,266.4	116.2%	316.7
Current Expenditures	999.2	1,046.3	1,236.4	118.2%	190.1
Wages and Salaries	296.5	363.0	354.0	97.5%	(9.0)
Interest Payments	99.3	105.6	88.0	83.4%	(17.5)
Domestic	83.8	86.0	70.3	81.8%	(15.7)
External	15.5	19.6	17.7	90.5%	(1.9)
Other Recurr. Expenditures	603.4	577.7	794.4	137.5%	216.6
Development Expenditures	776.4	883.1	955.4	108.2%	72.3
Domestic	498.0	380.9	808.5	212.3%	427.7
External	278.3	502.2	146.8	29.2%	(355.4)
Net Lending/Repayments	196.1	15.0	8.2	54.8%	(6.8)
o/w HPP GoU	9.9	4.1	8.2	202.3%	4.2
o/w HPP Exim	186.2	10.9	-	0.0%	(10.9)
Domestic Arrears Repayment	41.7	5.4	66.4	n.a	61.1
Overall Fiscal Bal. (incl. Grants)	(795.1)	(555.6)	(894.9)	n.a	n.a

Source: Ministry of Finance, Planning and Economic Development

Revenue and Grants

Revenues and grants amounted to UGX 1,371.5 billion against a target of 1,394.1 billion, which translates into a performance of 98.4 percent. The shortfall emanated from grants which performed at only 18.4 percent against their target and thereby offsetting the surplus of 73.4 billion that was registered in domestic revenue collections.

Total revenue collections were UGX 1,349.8 billion against a target of 1,276.5 billion. Of the total revenue collected during the month, UGX 1,311.4 billion was tax revenues while UGX 38.4 billion was non-tax revenue. Both Tax and Non Tax were above their respective targets for the month by UGX 72.6 billion and UGX 0.8 billion respectively.

All the three tax categories, that is; indirect taxes, direct taxes and taxes on international trade performed well during the month, posting surpluses of

UGX 48.8 billion, UGX 5.1 billion and UGX 23.4 billion respectively. The major reason for the good performance was the robust economic activity which has seen improved production, demand and sales in the economy.

Government also received grants worth UGX 10.2 billion towards project support activities during the month. This was out of the projected UGX 117.6 billion.

Total Expenditure

Total Government spending during October 2018 was recorded at UGX 2,266.4 billion against a program of UGX 1,949.7 billion for the month. This translated into a performance of 116.2 percent with both recurrent and domestic development expenditures being above their respective programs.

Domestically financed development expenditure was more than double the amount programmed and thus offset the underperformance in externally financed development spending. The reason for higher than programmed domestically financed expenditure was due to frontloads of Quarter two (Q2) expenditures in the first month of the quarter for some MDAs such as Works & Transport, Police and Defense.

Non-wage non-interest recurrent spending was also above its program for the month by 37.5 percent. Salaries and wages were short of their program by only UGX 9.0 billion while interest payments were also less than what had been programmed due to the downward revision in the projection for interest payables for this period.

Government Domestic Borrowing

During the month of October 2018, there were 2 T-Bill auctions and 1 T-Bond auction in the primary market. UGX 554.4 billion (at cost) was raised, of which UGX 330.9 billion was from T-Bills and UGX 223.5 billion was from T-bonds. UGX 257 billion was used for the refinancing of maturing debt whilst UGX 297.4 billion went towards financing other activities in the Government budget; as shown in table 7.

Table 7: Breakdown of Government Securities in FY 2018/19, Billion Shillings

	Total Issuances	Government Domestic Borrowing	Refinancing
Q1 2018/19	1,533.04	303.5	1,229.54
Oct-18	554.4	297.4	257.0
Total	2,087.44	600.9	1,486.54

Source: Action Results, Ministry of Finance Planning and Economic Development

DEVELOPMENTS WITHIN EAC REGION

Inflation Rates Within The EAC

Just like Uganda, Tanzania, Kenya and Rwanda experienced a drop in Annual Headline Inflation in October 2018 compared to September 2018. In Uganda, the decline was due to lower food crop inflation. Inflation in Kenya eased mainly due to slowdown in housing costs, utilities and transport amid a petroleum products tax cut to 8 percent from an initial 16 percent at the beginning of September 2018. Annual Headline Inflation in Tanzania and Rwanda dropped mostly due to lower cost of food and non-alcoholic beverages.

Table 8: Annual Headline Inflation for EAC Partner States, January-October 2018

	Jan-18	Feb-18	Mar-18	Apr-18	May-18	Jun-18	Jul-18	Aug-18	Sep-18	Oct-18
Burundi	6.1	-1.3	-2.6	-1.7	-1.3	-1.0	-0.8	-2.3	-5.6	N.A
Kenya	4.8	4.5	4.2	3.7	4.0	4.3	4.4	4.1	5.7	5.5
Rwanda	0.1	-1.3	-1.4	-0.1	1.8	1.4	0.6	0.6	-1.1	-3.4
South Sudan	125.0	112.7	161.2	186.6	83.9	88.5	122.9	74.8	49.1	N.A
Tanzania	4.0	4.1	3.9	3.8	3.6	3.4	3.3	3.3	3.4	3.2
Uganda	3.0	2.1	2	1.8	1.7	2.2	3.1	3.8	3.7	3.0

Source: Respective Bureaux of Statistics

Exchange Rates Within The EAC

All EAC currencies experienced depreciation pressures during the month apart from the Uganda Shilling which, appreciated against the US Dollar by 0.6 percent, when compared to the previous month. The Kenyan and Tanzanian shilling depreciated by 0.2 percent and 0.1 percent respectively while the Burundi and Rwanda Francs each depreciated by 0.4 percent, as detailed in table 9.

Table 9: EAC Exchange Rates against the US Dollar

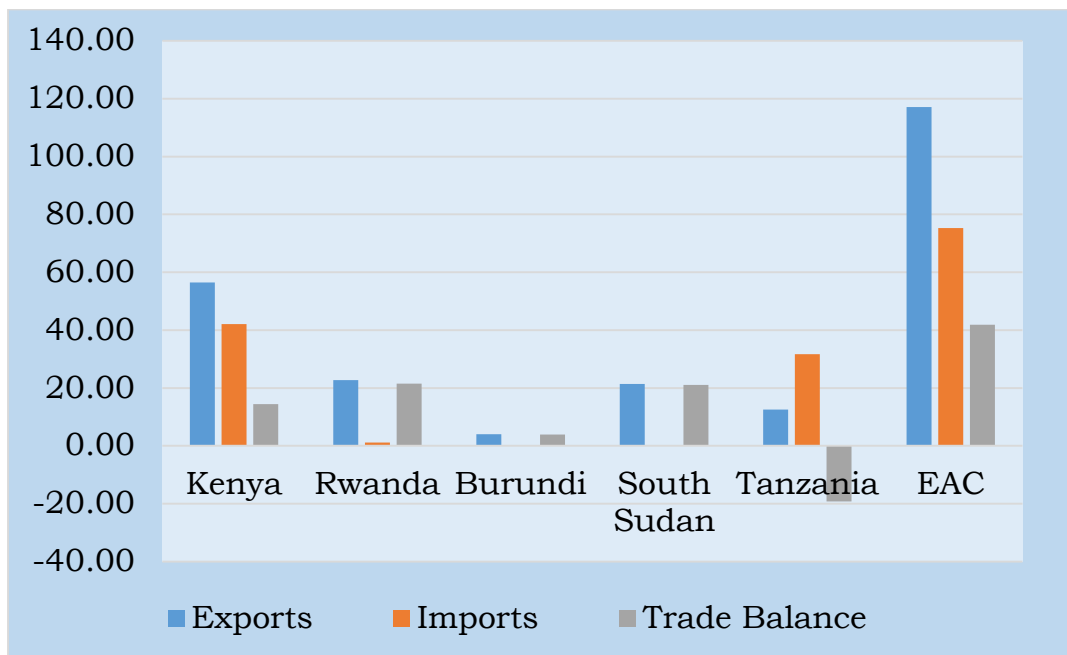
	Jan-18	Feb-18	Mar-18	Apr-18	May-18	Jun-18	Jul-18	Aug-18	Sep-18	Oct-18
Ushs/USD	3,640.1	3,637.6	3,660.1	3,697.2	3,726.8	3,840.5	3,760.4	3,729.5	3,800.7	3,778.0
% change	0.5	-0.1	0.6	1.0	0.8	3.0	-2.1	-0.8	1.9	-0.6
KShs/USD	102.9	101.4	101.2	100.6	100.7	101.0	100.7	100.6	100.8	101.1
% change	-0.1	-1.5	-0.2	-0.6	0.1	0.4	-0.4	0.0	0.2	0.2
TShs/USD	2,246.0	2,253.8	2,258.0	2,269.0	2,276.0	2,276.3	2,279.4	2,285.1	2,287.5	2,289.9
% change	0.2	0.4	0.2	0.5	0.3	0.0	0.1	0.3	0.1	0.1
BFranc/USD	1,767.8	1,770.9	1,774.0	1,776.3	1,777.7	1,778.8	1,780.4	1,783.0	1,785.6	1,793.2
% change	0.1	0.2	0.2	0.1	0.1	0.1	0.1	0.1	0.1	0.4
RFranc/USD	846.3	848.8	851.5	853.9	856.1	858.5	861.2	864.3	867.7	871.5
% change	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.4	0.4	0.4

Source: Bank of Uganda

Trade Balance with EAC Partner States

In September 2018, Uganda exported goods worth USD 117.1 million to the EAC and imported merchandise worth USD 75.3 million from the region, thereby resulting in a trade surplus of USD 41.8 million. At country specific level, Uganda traded at a surplus with all EAC partner states save for Tanzania. Kenya took the largest share of Uganda's exports and, was also the main source of Uganda's imports. Rwanda was the second largest market for Uganda's exports in the region while Tanzania was the second largest source of imports. Figure 9 shows Uganda's trade with EAC partner states.

Figure 9: Trade Balance with EAC Partner States, (USD Million)



Source: Bank of Uganda

ANNEX 1: SELECTED MONTHLY INDICATORS

	Jan-18	Feb-18	Mar-18	Apr-18	May-18	Jun-18	Jul-18	Aug-18	Sep-18	Oct-18
Real Sector										
Inflation (Annual %)										
Headline: (Base: 2009/10 =100)	3.0	2.1	2.0	1.8	1.7	2.2	3.1	3.8	3.7	3.0
Core: (Base: 2009/10 = 100)	2.6	1.7	1.7	1.6	1.1	0.8	2.5	3.5	3.9	3.5
Food Crops	1.4	-0.7	-1.7	-2.1	-0.2	2.3	-2.0	-1.2	-2.2	-3.4
Energy, Fuel and Utilities	9.8	11.2	10.3	10.4	10.3	15.1	16.0	14.1	10.1	6.9
Business Tendency Indicator	57.5	56.9	56.5	56.2	56.1	56.1	56.2	56.4	56.5	56.7
Composite Index of Economic Activity	209.1	210.3	211.4	212.3	213.4	214.7	216.26	218.0	220.0	N/A
Financial Sector										
Private sector credit (UGX billion)										
PSC growth rate	-1.3%	-0.2%	1.5%	0.8%	0.8%	2.9%	-0.2%	1.3%	2.5%	N/A
Exchange Rate (UGX/USD)										
Period Average	3,640.1	3,637.6	3,660.1	3,697.2	3,726.8	3,840.5	3,760.4	3,729.5	3,800.7	3,778.0
Interest Rates(%)										
Central Bank Rate	9.5	9.0	9.0	9.0	9.0	9.0	9.0	9.0	9.0	10.0
Lending Rate	20.3	21.1	20.1	20.0	20.2	17.7	19.2	19.0	19.6	N/A
91-day Treasury Bill Yield	8.6	8.7	8.7	8.7	8.8	9.8	10.5	10.6	10.0	11.5
364-day Treasury Bill Yield	9.1	9.4	9.6	9.7	10.1	12.6	14.5	14.1	12.3	13.7
External Sector (USD million)										
Trade Balance										
Total Exports of Goods (fob)	329.2	285.0	304.7	259.3	324.9	291.6	284.7	298.8	300.1	N/A
Total Imports (fob)	437.9	474.6	485.4	488.2	452.0	485.8	414.5	501.6	462.4	N/A
Fiscal Sector (UGX Billion)										
Revenues and Grants										
Revenues	1,200.9	1,161.3	1,200.2	1,080.5	1,202.6	1,772.8	1,159.5	1,294.2	1,254.9	1,349.8
Tax	1,141.0	1,125.4	1,163.6	1,045.5	1,167.6	1,728.7	1,124.5	1,260.5	1,223.1	1,311.4
Non-Tax	59.9	35.9	36.7	35.1	35.1	44.1	35.0	33.7	31.8	38.4
Grants	79.7	135.7	32.0	17.0	21.4	63.9	7.8	90.1	69.7	21.7
Expenditure and Lending	1,622.4	1,681.9	1,363.7	1,815.0	1,794.1	1,885.0	2,143.7	1,451.4	1,393.5	2,266.4
Overall Fiscal Balance (incl.Grants)	-341.8	-384.9	-131.4	-717.5	-570.0	-48.2	-976.4	-67.1	-68.8	-894.9
Net Government Domestic Borrowing	167.7	(11.4)	15.93	263.5	238.4	530.8	85.7	79.3	138.5	297.4

Source: MOFPED, UBOS and BOU