

PERFORMANCE OF THE ECONOMY

MONTHLY REPORT

JULY 2024

MACROECONOMIC POLICY DEPARTMENT



MINISTRY OF FINANCE,
PLANNING AND
ECONOMIC DEVELOPMENT

Table of Contents

List of Acronyms	III
Summary	IV
Real Sector Developments	1
Inflation	1
Economic Activity	2
Business Perceptions	4
Financial Sector Developments	4
Exchange Rate Movements	4
Interest Rate Movements	5
Lending Rates	6
Government Securities	6
Annualised Yields (Interest Rates) on Treasury Bills	7
Yields on Treasury Bonds	8
Outstanding Private Sector Credit	9
Credit Extensions	10
External Sector Developments	12
Merchandise Trade Balance	12
Merchandise Exports	13
Destination of Exports	14
Merchandise Imports	16
Origin of Imports	17
Trade Balance by Region	18
Fiscal Developments	19
Revenue Performance	19
Expenses	20
Net acquisition of non-financial assets	21
East Africa Community Developments	21
EAC Inflation	21
EAC Exchange Rates	22
Trade Balance with EAC	22
Glossary	24
Online Resources	25
Data Table	26

List of Tables

1	Breakdown of Government Securities (US\$ Billion) [Source: MOFPED]	6
2	Merchandise Exports by Product (US\$ Million) [Source: BOU and MOFPED Calc.]	14
3	Merchandise Trade Balance by Region (US\$ Million) [Source: BOU]	19
4	Summary Table of Fiscal Operations July 2024 (US\$ Billion) [Source: MOFPED]	20
5	Data Table	27

List of Figures

1	Inflation (Headline & Core) [Source: UBOS]	1
2	Inflation (Food and EFU) [Source: UBOS]	2
3	Economic Activity (CIEA) [Source: BOU]	3
4	Economic Activity (PMI) [Source: Stanbic Bank Uganda]	3
5	Economic Perceptions as shown by BTI [Source: BOU]	4
6	Exchange Rates [Source: BOU]	5
7	Interest Rates [Source: BOU]	6
8	Breakdown of Government Securities (US\$ Billion) [Source: MOFPED]	7
9	Treasury Bill Yields [Source: BOU]	8
10	Average Bid to Cover Ratio [Source: MOFPED]	8
11	Outstanding Private Sector Credit (US\$ Trillion) [Source: BOU]	9
12	Monthly Growth of Private Sector Credit	10
13	New Credit Extensions Approved (US\$ Billion) [Source: BOU]	11
14	New Credit Extensions Approved - Sectoral Share [Source: BOU]	12
15	Merchandise Exports and Imports (US\$ Million) [Source: BOU]	13
16	Merchandise Trade Balance (US\$ Million) [Source: BOU]	13
17	Export Value by Destination (US\$ Million) [Source: BOU]	15
18	Export Share by Destination [Source: BOU]	16
19	Merchandise Imports (US\$ Million) [Source: BOU]	17
20	Merchandise Imports by Origin (US\$ Million) [Source: BOU]	18
21	Merchandise Import Share by Origin [Source: BOU]	18
22	Merchandise Trade Balance by Region (US\$ Million) [Source: BOU]	19
23	Headline Inflation for EAC Partner States [Source: Respective Country Authorities]	21
24	Monthly EAC Currency Depreciation/Appreciation Against the US\$ [Source: BOU]	22
25	Trade Balance with EAC Partner States (US\$ Million) [Source: BOU]	23

List of Acronyms

Acronym	Expansion
B.Franc	Burundian Franc
BOU	Bank of Uganda
BTI	Business Tendency Index
CBR	Central Bank Rate
CIEA	Composite Index of Economic Activity
DRC	Democratic Republic of Congo
EAC	East African Community
EFU	Energy, Fuels and Utilities
FOB	Free on Board
FX	Foreign Exchange
FY	Financial Year
GBP	British Pound Sterling
ICBT	Informal Cross Border Trade
KShs	Kenyan Shilling
MDAs	Ministries, Departments and Agencies
MOFPED	Ministry of Finance, Planning and Economic Development
NGOs	Non-Governmental Organisations
PAYE	Pay as You Earn
PMI	Purchasing Managers' Index
PSC	Private Sector Credit
R.Franc	Rwandan Franc
T-Bills	Treasury Bills
T-Bonds	Treasury Bonds
TzShs	Tanzanian Shilling
UBOS	Uganda Bureau of Statistics
UShs / Shs	Ugandan Shilling
US\$ / USD	United States Dollar
VAT	Value Added Tax
YTM	Yield to Maturity

Summary¹

Real Sector

- There has been continued improvement in the level of economic activity as shown by the high frequency indicators of economic activity that is to say; the Composite Index of Economic Activity (CIEA) and Purchasing Managers' Index (PMI). Similarly, perceptions about doing business as shown by the Business Tendency Index (BTI) remained positive and optimistic.
- For example, the CIEA grew by 0.97% from 166.61 in May 2024 to 168.22 in June 2024, partly in response to growth in coffee exports, and higher private sector credit. In addition, the PMI improved for the fourth consecutive month with the index being recorded at 53.7 in July 2024 from 51.9 in June 2024, on account of sustained expansions in new orders and greater client demand. Similarly, the BTI was recorded at 59.03 in July 2024, exceeding the 50-mark threshold, with increased optimism observed in the wholesale trade and other services sectors.
- Annual headline inflation increased marginally to 4.0% in July 2024 up from 3.9% in June 2024. This was attributed to a rise in prices for passenger transport services, accommodation services, recreation, sports and culture services. In addition, prices for foodstuffs such as matooke, irish potatoes and cabbages rose.

Financial Sector

- In July 2024, the Ugandan Shillings appreciated by 1.1% against the US Dollar to an average mid-rate of Shs 3,705.85/USD, compared to Shs 3,747.19/USD in June 2024. This appreciation was on account of increased supply of dollars which outstripped its demand.
- In July 2024, the Central Bank Rate remained unchanged at 10.25%. However, in early August 2024, Bank of Uganda revised its policy rate downwards by 25 basis points to 10.0%.
- The weighted average lending rates for Shilling-denominated credit decreased from 18.85% in May 2024 to 17.64% in June 2024. This was partly driven by increased lending to prime borrowers, who secured loans at favorable rates due to their lower risk profile.
- In July 2024, the Government raised a total of Shs. 1,576.33 billion through the issuance of treasury instruments, with Shs. 823.00 billion from T-Bills and Shs.753.33 billion from T-Bonds.
- Save for the 364-day tenor, whose annualized yield remained unchanged at 13.6%, yields (interest rates) on treasury bills generally declined. In July 2024, the yields for the 91-day and 182-day tenors reduced to 9.9% and 12.9% from 10.7% and 13.1% in June 2024 respectively.
- The stock of outstanding Private Sector Credit in June 2024 increased by 1.3%, to Shs 21,919.51 billion from Shs. 21,634.92 billion in May 2024. This was on account of an

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

increase in Shilling-denominated credit, resulting from higher credit extensions due to lower lending rates compared to May 2024.

External Sector

- Uganda's export earnings in June 2024 amounted to USD 718.60 million, a 23.6% decrease from USD 940.93 million in May 2024. This decline was largely attributed to lower export earnings from mineral products during the month. However, excluding mineral products, total exports increased by 5.1% from USD 446.85 in May 2024 to USD 469.72 million in June 2024, mainly due to higher receipts from coffee.
- The import bill declined by 6.5%, from USD 1,033.50 million in May 2024 to USD 966.53 million in June 2024. This was mainly due to lower volumes of formal private sector non-oil imports particularly; vegetable products, animal products, beverages, fats & oils as well as mineral products (excluding petroleum products) during the month.
- Consequently, the merchandise trade deficit widened significantly, from USD 92.58 million in May 2024 to USD 247.93 million in June 2024, as the decline in export earnings outpaced the reduction in the import bill.

Fiscal Sector

- Net borrowing (fiscal deficit) was recorded at Shs. 29.95 billion in July 2024, against the target of Shs. 975.55 billion. This was due to a combination of higher-than-targeted tax revenue and lower-than-projected expenditures.
- In July 2024, total revenue was Shs. 2,233.73 billion, surpassing the target of Shs. 2,181.48 billion by Shs. 124.00 billion. This was largely due to an improved tax performance, with surpluses registered in taxes on income, profits, and capital gains (Shs. 21.00 billion), taxes on goods and services (Shs. 2.40 billion), and international trade taxes (Shs. 34 billion).
- Expenses in July 2024 amounted to Shs. 2,198.50 billion against the program of Shs. 2,846.59 billion. This was due to all expense categories, except for social benefits, performing below their respective targets.
- During July 2024, Shs. 65.18 billion was used to acquire non-financial assets against a target of Shs 310.44 billion. This was due to longer than anticipated procurement processes at the beginning of the financial year which delayed the execution of acquisition of non-financial assets and lower-than-expected external disbursements.

East African Community^{2 3}

- Annual headline inflation trended differently for the EAC Partner States in July 2024. Uganda and Rwanda's inflation increased from 3.9% and 1.1% in June 2024 to 4.0% and 1.5%,

²Data on inflation for Burundi, DRC, South Sudan and Somalia not readily available.

³Data on Exchange Rates for DRC, South Sudan and Somalia not readily available.

respectively in July 2024. Conversely, Kenya and Tanzania's inflation dropped from 4.6% and 3.1% to 4.3% and 3.0% respectively.

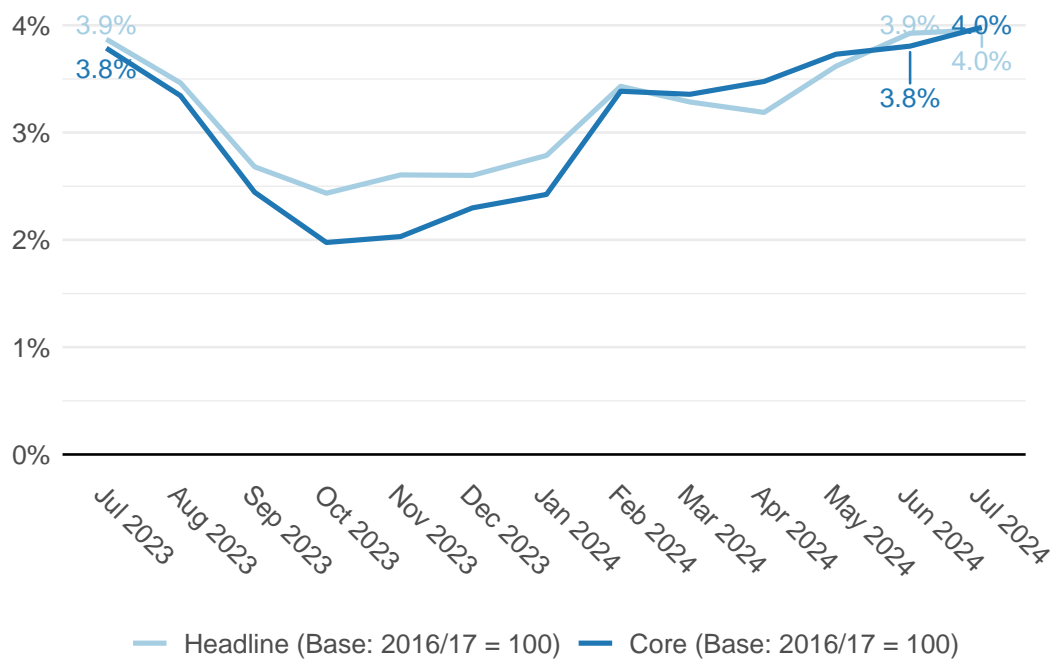
- In July 2024, all the currencies of the EAC Partner States depreciated against the US Dollar, except for the Ugandan Shilling. The Tanzanian and Kenyan Shillings depreciated by 1.2% and 0.5% respectively, while the Rwandan and Burundian Francs weakened by 0.5% and 0.2% respectively.
- In June 2024, Uganda traded at a surplus of USD 45.26 million with the rest of the EAC Partner States, a shift from the deficit of USD 72.20 million registered the previous month. Imports from the region decreased by 40.9% to USD 188.35 million in June 2024, down from USD 318.80 million the previous month. Exports to the region also declined by 5.3% from USD 246.60 million to USD 233.61 million over the same period.

Real Sector Developments

Inflation

Annual headline inflation for the year ended July 2024 increased to 4.0% compared to 3.9% recorded in June 2024. This was attributed to a rise in both annual core and annual food crop & related items inflation.

Figure 1: Inflation (Headline & Core) [Source: UBOS]

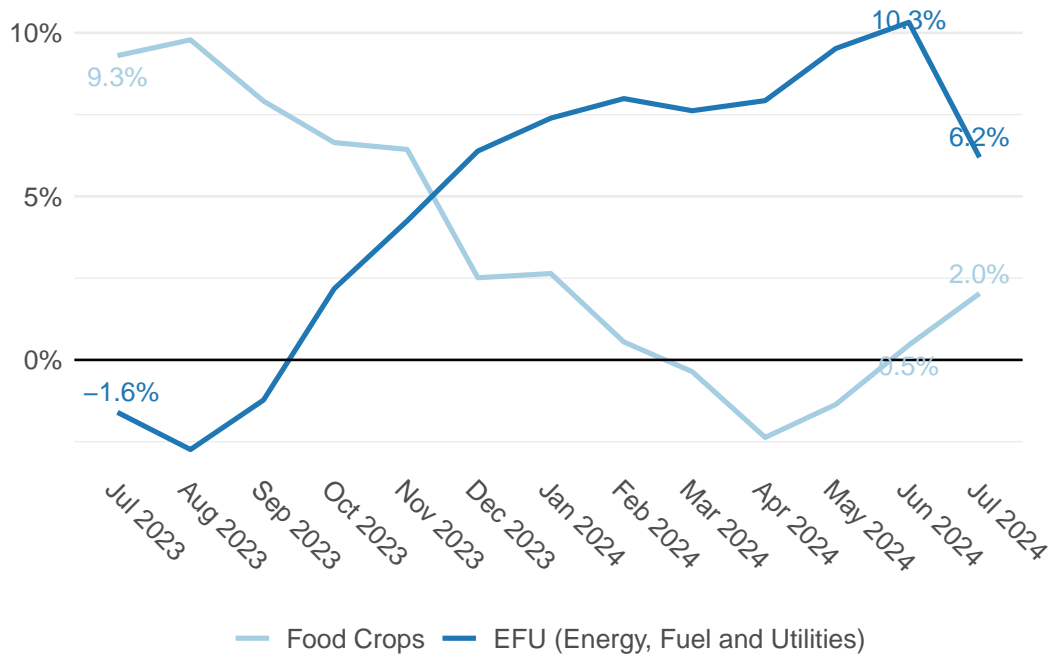


Annual core inflation rose to 4.0% for the year ended July 2024, compared to 3.8% for the year ended June 2024. This was attributed to higher price increases for passenger transport services (8.2% compared to 7.0%), accommodation services (4.8% compared to 4.4%), recreation, sports and culture services (7.2% compared to 5.8%).

Annual food crops and related items inflation also increased to 2.0% for the year ended July 2024 compared to 0.5% for the year ended June 2024. This was mainly explained by an increase in the prices of matooke by 3.6% in July compared to minus 10.4% in June 2024. In addition, prices of irish potatoes and cabbages increased by 17.2% and 32.5% compared to 1.6% and 14.4%, respectively, in the previous month.

Annual Energy, Fuels and Utilities (EFU) Inflation, however, declined to 6.2% in the year ended July 2024 from 10.3% in June 2024 following lower inflation for both liquid and solid fuels. More specifically the rate of price increases for petrol and diesel reduced to 8.8% and 1.5% in July 2024, compared to 9.0% and 2.0% respectively, in June 2024. Inflation for charcoal and firewood also reduced to 12.5% from 20.6%; and 15.9% from 23.7%, respectively over the same period.

Figure 2: Inflation (Food and EFU) [Source: UBOS]

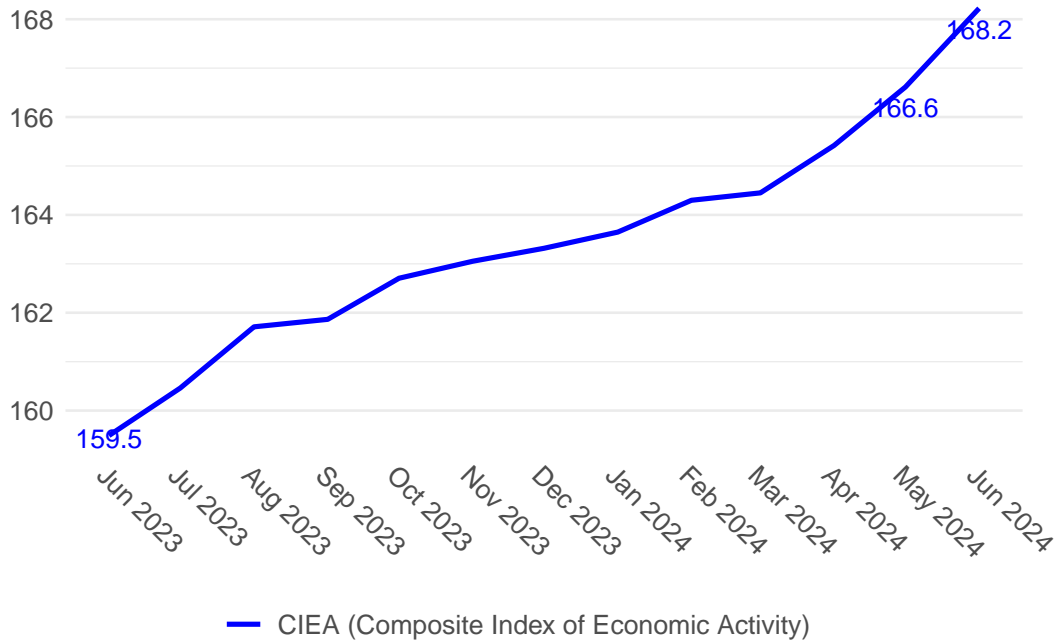


Economic Activity

There has been continued improvement in the level of economic activity as shown by the high frequency indicators of economic activity i.e. the Composite Index of Economic Activity (CIEA) and Purchasing Managers' Index (PMI). Similarly, perceptions about doing business as shown by the BTI, remained positive and optimistic.

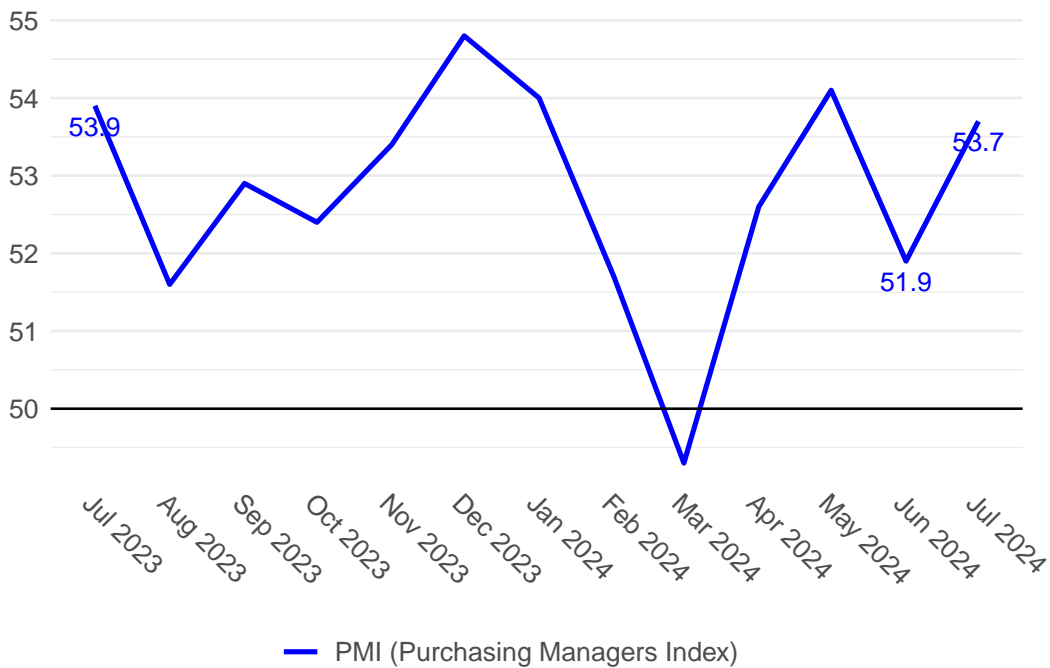
The Composite Index of Economic Activity (CIEA) grew by 0.97% from 166.61 in May 2024 to 168.22 in June 2024, partly in response to growth in coffee exports, and higher Private Sector Credit to trade and building, mortgage, construction & real estate sectors, which supported economic activity during the month.

Figure 3: Economic Activity (CIEA) [Source: BOU]



The Purchasing Managers' Index (PMI) also improved to 53.7 in July 2024 from 51.9 in June 2024, explained by sustained expansions in new orders and output.

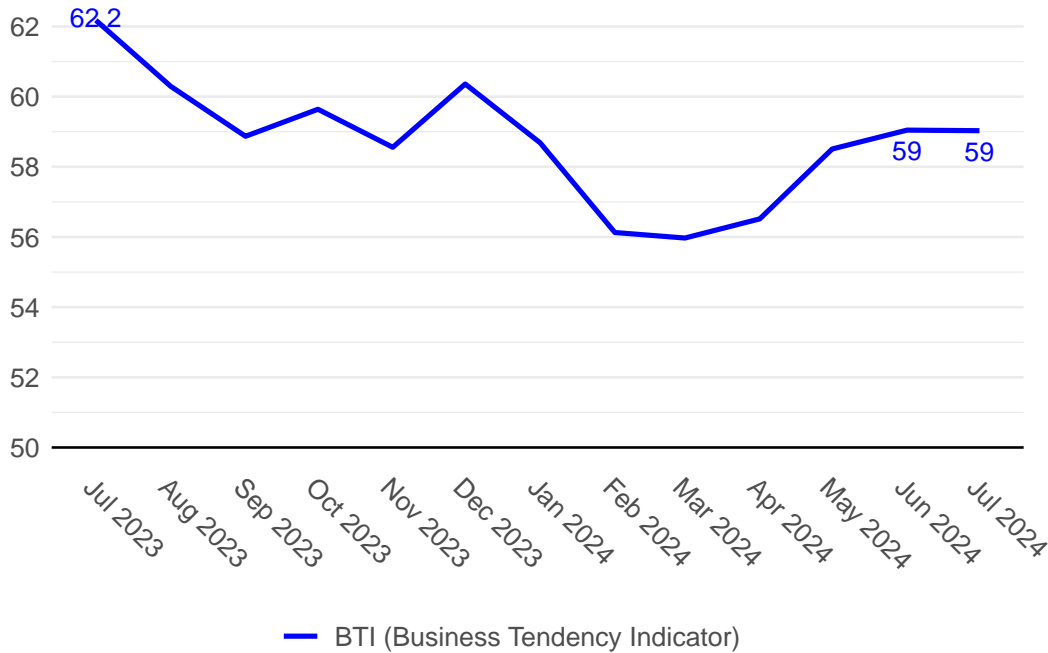
Figure 4: Economic Activity (PMI) [Source: Stanbic Bank Uganda]



Business Perceptions

Perceptions about doing business as shown by Business Tendency Index (BTI) remained optimistic and positive. The BTI was recorded at 59.03 in July 2024, way above the 50-mark threshold, indicating continued optimism within the business community. Higher optimism in the business community was observed in wholesale trade and other services sectors.

Figure 5: Economic Perceptions as shown by BTI [Source: BOU]

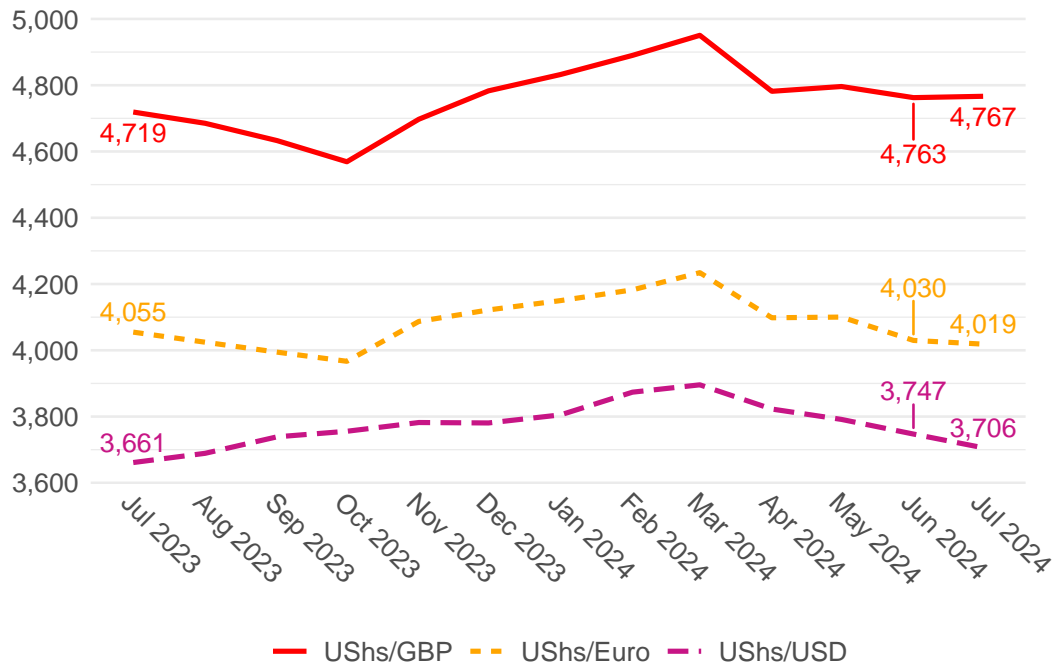


Financial Sector Developments

Exchange Rate Movements

In July 2024, the Ugandan Shilling appreciated by 1.1% against the US Dollar to an average mid-rate of Shs 3,705.85/USD, compared to Shs 3,747.19/USD in June 2024. This appreciation was on account of increased supply for dollars which outstripped its demand. The increased dollar supply was partly supported by the tight monetary policy stance; higher inflows from coffee exports owing to favorable international coffee prices; increased Foreign Direct Investments (FDIs) in the oil and gas sector and more tourism receipts.

Figure 6: Exchange Rates [Source: BOU]

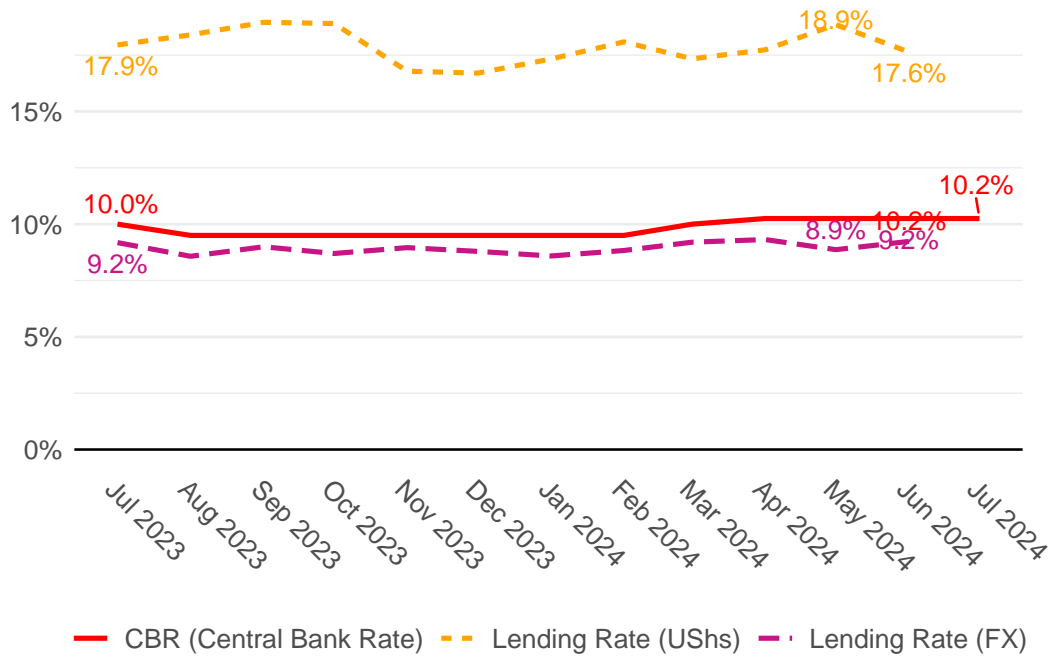


Additionally, the Shilling appreciated by 0.3% against the Euro but depreciated by 0.1% against the British Pound.

Interest Rate Movements

The Central Bank Rate remained unchanged at 10.25% for the fourth consecutive month in July 2024. However, in early August 2024, Bank of Uganda reduced it by 25 basis points to 10.0%. The reduction was due to the expectation that inflation would stay below the 5% target for FY 2024/25, supported by stable demand conditions, reduced imported inflation, and exchange rate stability.

Figure 7: Interest Rates [Source: BOU]



Lending Rates⁴

The weighted average lending rates for Shilling-denominated credit decreased from 18.85% in May 2024 to 17.64% in June 2024. This decline was partly driven by increased lending to prime borrowers, who secured loans at favorable rates due to their lower risk profile. Conversely, foreign currency-denominated credit rates increased from 8.87% in May 2024 to 9.23% in June 2024.

Government Securities

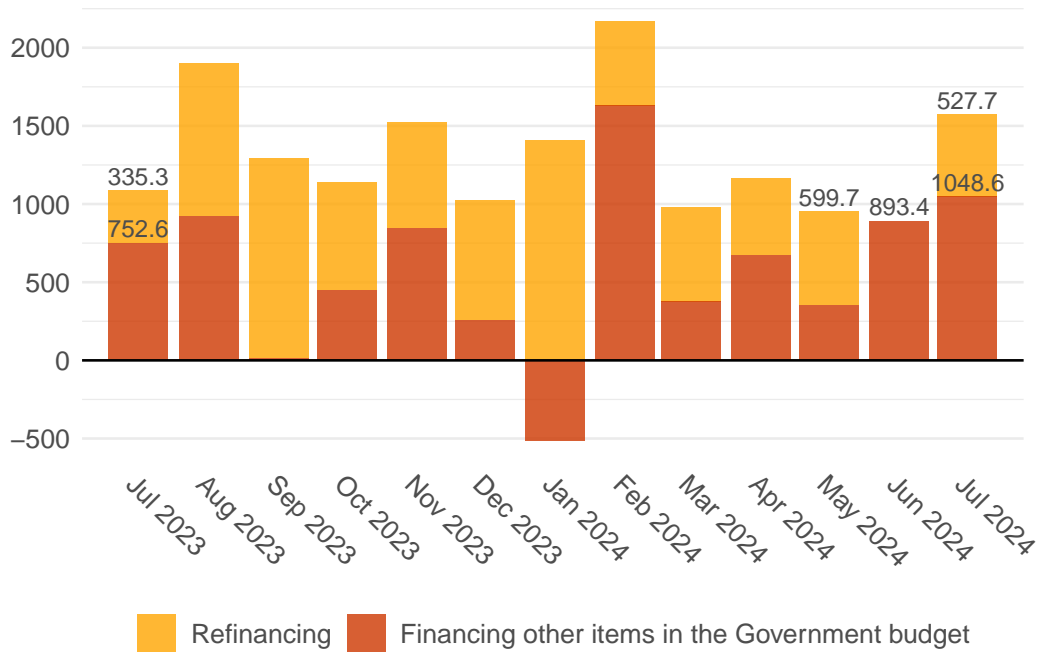
In July 2024, the Government raised a total of Shs. 1,576.33 billion from issuance of treasury instruments. Particularly, Shs. 823.00 billion was from issuance of T-Bills while Shs.753.33 billion was from issuance of T-Bonds. Shs.527.73 billion went towards refinancing maturing treasury instruments, while the remaining amount of Shs. 1,048.60 billion was used for financing other items of the budget (domestic borrowing for budget).

Table 1: Breakdown of Government Securities (US\$ Billion) [Source: MOFPED]

	Total Issuances	Financing other items in the Government budget	Refinancing
FY 2023/24	15,021.3	6,662.8	8,358.5
Q4 2023/24	3,012.6	1,921.4	1,091.3
July 2024	1,576.3	1,048.6	527.7
FY 2024/25 to date	1,576.3	1,048.6	527.7

⁴Data comes with a month lag.

Figure 8: Breakdown of Government Securities (US\$ Billion) [Source: MOFPED]



Annualised Yields (Interest Rates) on Treasury Bills

Save for the 364-day tenor, whose annualized yield rate remained unchanged at 13.6% as in the previous month, yields on treasury bills generally declined. In July 2024, the 91-day tenor yield edged downwards to 9.9% from 10.7% in June 2024, while the 182-day tenor dropped to 12.9% from 13.1% in the previous month.

All auctions for Treasury bills were oversubscribed, with the average bid-to-cover ratio amounting to 2.57.

Figure 9: Treasury Bill Yields [Source: BOU]

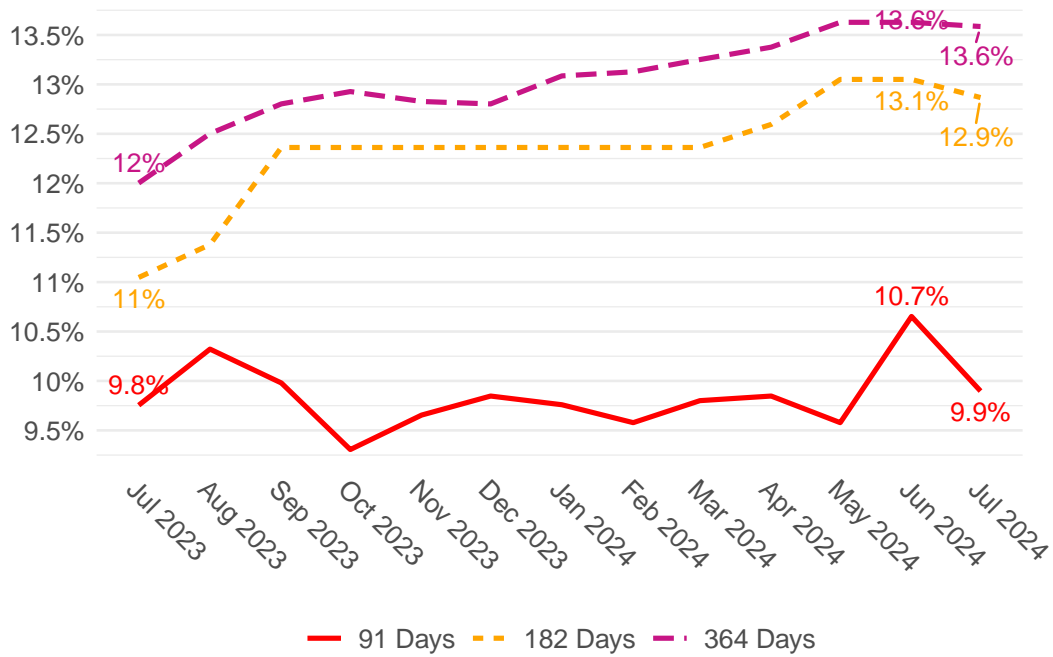
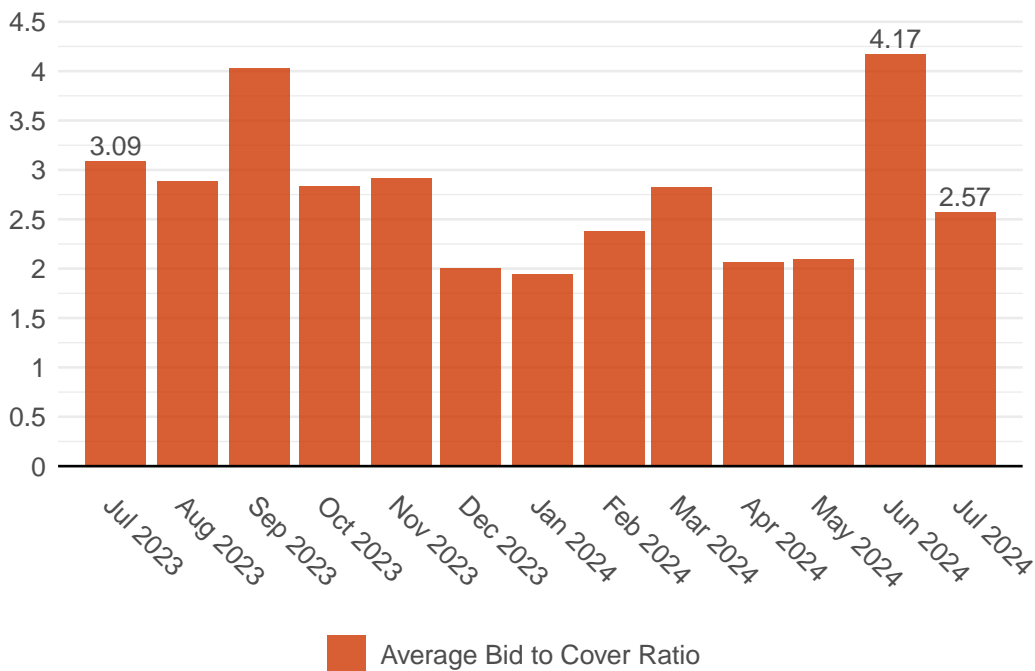


Figure 10: Average Bid to Cover Ratio [Source: MOFPED]



Yields on Treasury Bonds

Government issued 3 treasury bonds in July 2024 of 2-year tenor, 5-year tenor and 15-year tenor. Yields exhibited mixed trends across tenors, slightly decreasing from 16.50% in May 2024 to 15.80% in July for the 15-year, remaining unchanged at 15.50% for the 5-year tenor compared to its previous issuance in May 2024 and increasing to 15.25% from 13.75% in April 2024 for the

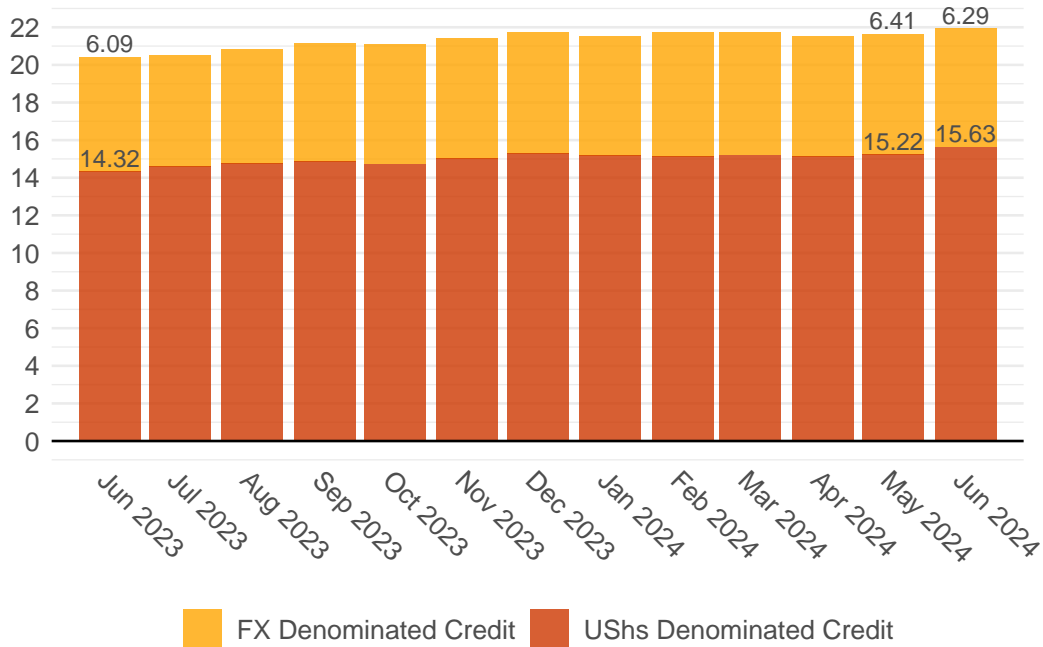
2-year tenor.

Outstanding Private Sector Credit⁵

In June 2024, the stock of outstanding Private Sector Credit increased by 1.3%, to Shs 21,919.51 billion from Shs 21,634.92 billion in May 2024. This growth was driven by a rise in Shilling denominated credit which increased, from Shs 15,222.09 billion to Shs 15,629.53 billion. The rise was partly supported by lower Shilling-denominated lending rates and higher credit extensions, particularly to borrowers in the trade and building, mortgage, construction & real estate sectors.

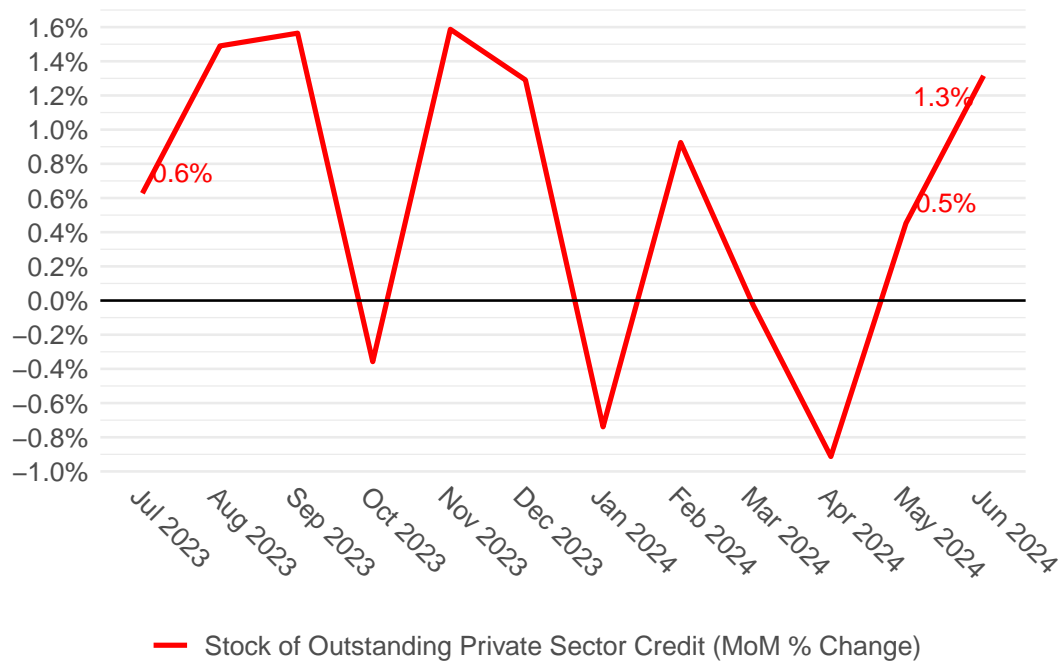
Conversely, foreign currency-denominated credit decreased from Shs 6,412.84 billion in May 2024 to Shs 6,289.98 billion in June 2024.

Figure 11: Outstanding Private Sector Credit (US\$ Trillion) [Source: BOU]



⁵Data on Private Sector Credit has a lag of one month.

Figure 12: Monthly Growth of Private Sector Credit



Credit Extensions⁶

In June 2024, a total of Shs 1,360.87 billion was extended to the private sector by lending institutions, an increase from Shs 1,331.47 billion in the previous month. This translated into an approval rate of 66.0% during the month. The trade sector accounted for the biggest share of the loans extended to the private sector, accounting for 29.0% of the total credit approved. This was followed by the personal and household loans at 22.7% and building, mortgage, construction & real estate at 15.2%.

⁶Data on credit extensions has a lag of one month.

Figure 13: New Credit Extensions Approved (US\$ Billion) [Source: BOU]

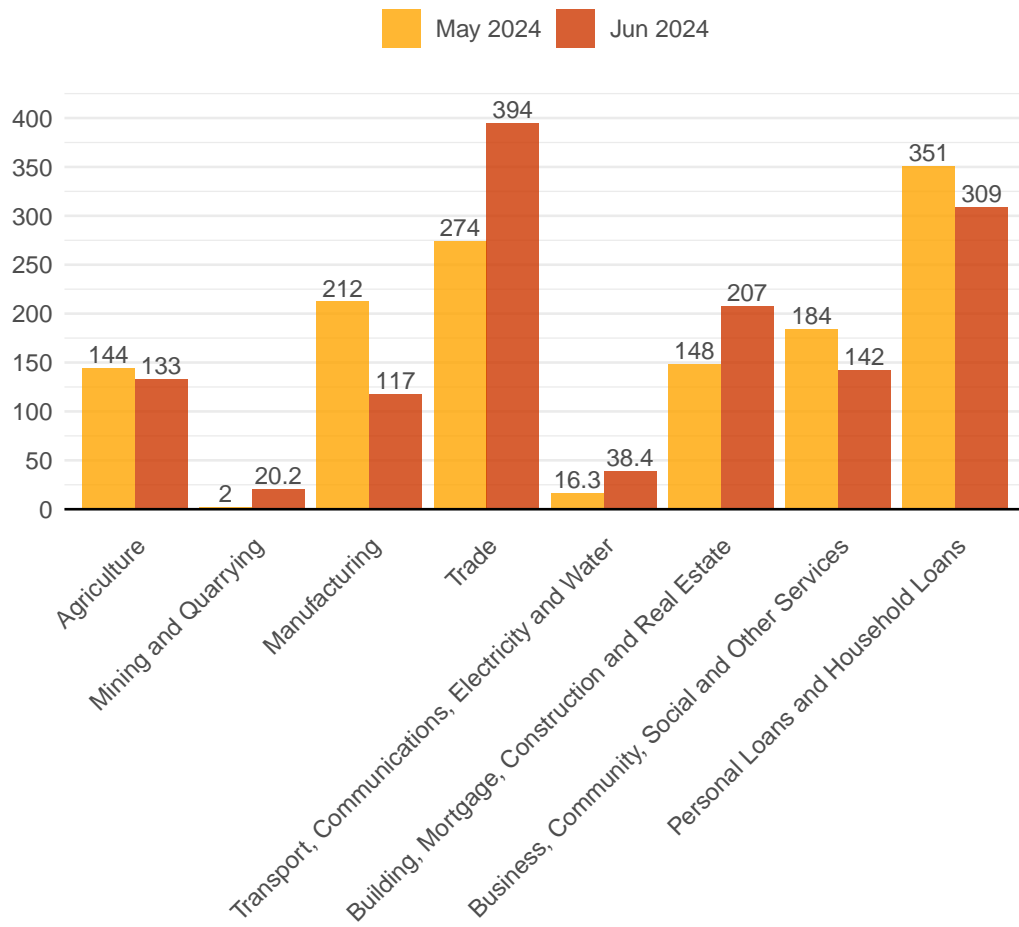
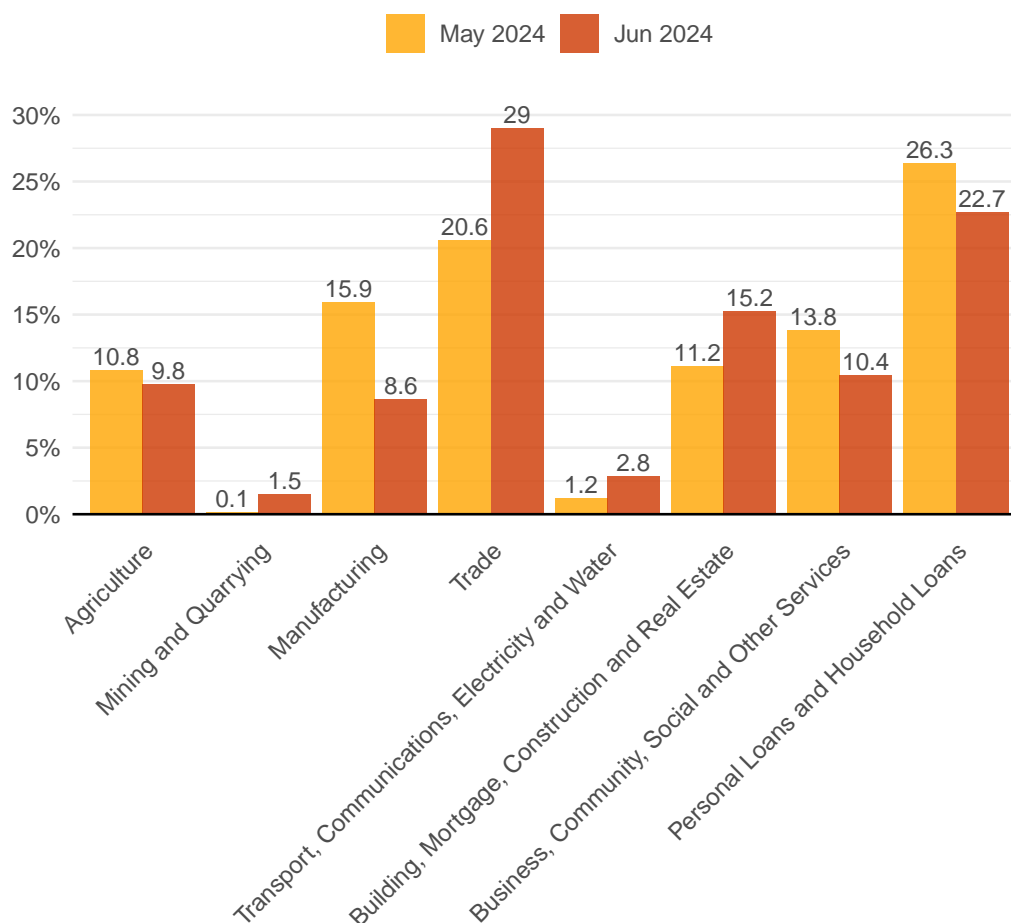


Figure 14: New Credit Extensions Approved - Sectoral Share [Source: BOU]



External Sector Developments

Merchandise Trade Balance⁷

In June 2024, Uganda's merchandise trade deficit with the rest of the world increased significantly from USD 92.58 million in May 2024 to USD 247.93 million in June 2024. This increase was due to a decline in the export receipts, which more than offset the decrease in the import bill during the month.

However, compared to the same month the previous year, the merchandise trade deficit narrowed by 2.9%, decreasing from USD 255.38 million in June 2023 to USD 247.93 million in June 2024. This was driven by a higher increase in export earnings, which outpaced the rise in the import bill over the period.

⁷Statistics on trade come with a lag of one month.

Figure 15: Merchandise Exports and Imports (US\$ Million) [Source: BOU]

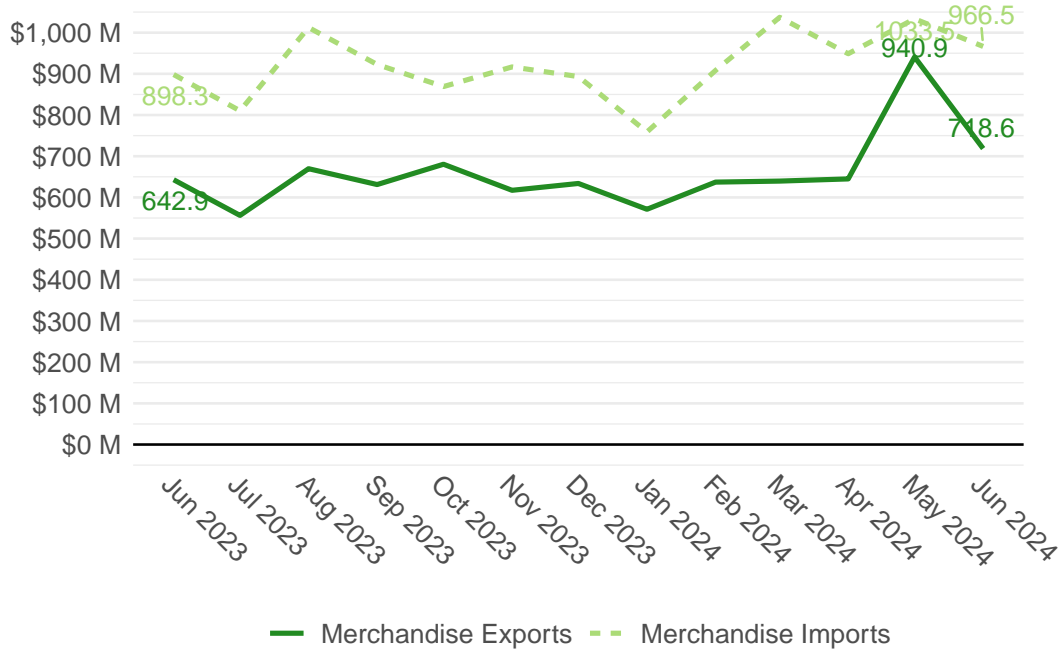
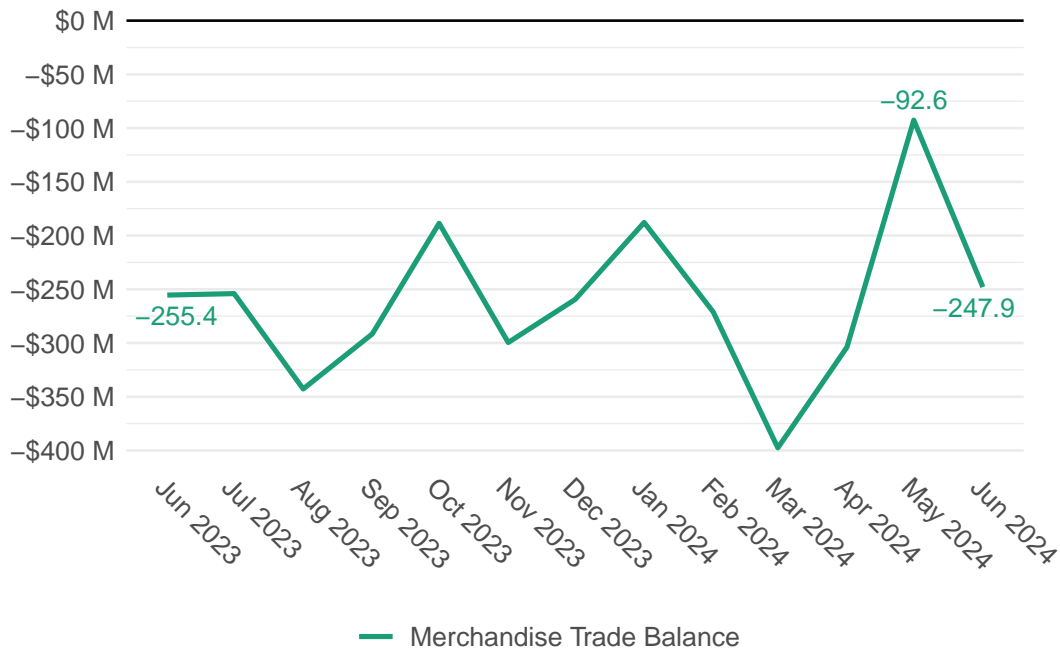


Figure 16: Merchandise Trade Balance (US\$ Million) [Source: BOU]



Merchandise Exports

Export earnings in June 2024 amounted to USD 718.60 million, a 23.6% decrease from USD 940.93 million in May 2024. This decline was mainly attributed to lower export earnings from mineral products during the month. However, excluding mineral products, exports increased by

5.1% from USD 446.85 in May 2024 to USD 469.72 million in June 2024, owing to higher coffee receipts.

However, coffee export earnings grew by 27.5% to USD 162.36 million in June 2024, up from USD 127.30 million in May 2024. This growth was driven by higher export volumes and an increase in international coffee prices. The increase in coffee export volumes was mainly on account of higher Robusta coffee yields from the Greater Masaka and South Western regions of Uganda. The rise in international coffee prices was driven by reduced supply of coffee from Vietnam and Indonesia which experienced shortage in local supply due to poor harvests.

Italy remained the largest market for Uganda's coffee exports, accounting for 41.96% of the total coffee exports in June 2024. Other significant markets included Germany, India, Sudan and Spain accounting for 10.55%, 7.41%, 6.87% and 5.40% of the total coffee exports, respectively.

Table 2: Merchandise Exports by Product (US\$ Million) [Source: BOU and MOFPED Calc.]

Product	Jun-2023	May-2024	Jun-2024	Jun-2024 vs Jun-2023 % Change	Jun-2024 vs May-2024 % Change
Total Exports	642.9	940.93	718.6	11.78	-23.63
Coffee					
Value Exported	90.56	127.3	162.36	79.28	27.54
Volume Exported (Millions of 60 Kg Bags)	0.56	0.55	0.67	18.35	20.49
Average Unit Value (US\$ per Kg of Coffee)	2.68	3.83	4.06	51.49	5.85
Non-Coffee Formal Exports	511.31	764.53	507.01	-0.84	-33.68
of which:					
Mineral Products	253.29	494.08	248.89	-1.74	-49.63
Cotton	2.95	1.33	0.32	-89.23	-76.21
Tea	8.74	5.8	4.78	-45.29	-17.62
Tobacco	3.67	5.29	3.28	-10.53	-37.99
Fish & Its Prod. (Excl. Regional)	10.67	11.65	10.85	1.69	-6.85
Simsim	1.92	3.41	1.24	-35.14	-63.6
Maize	12.19	10.54	10.23	-16.05	-2.97
Beans	4.78	5.46	4.66	-2.63	-14.67
Flowers	6.89	6.28	6.69	-2.86	6.65
ICBT Exports	41.03	49.09	49.22	19.99	0.27

In comparison to June 2023, export earnings grew by 11.8% from USD 642.90 million to USD 718.60 million in June 2024, largely due to increased earnings from coffee and electricity exports.

Destination of Exports⁸

The East African Community (EAC) emerged as the biggest destination of Uganda's exports, accounting for 32.5% of the total exports in June 2024. Within the EAC, Kenya, DRC and South Sudan were the top recipients, accounting for 30.0%, 28.1% and 21.8% of Uganda's exports to the region, respectively.

⁸Other Countries include: Australia and Iceland.

Other notable destinations for Uganda’s exports were the Middle East, European Union and Asia, which accounted for 24.5%, 18.2% and 18.0% of the total exports during the month respectively.

In comparison to the same month last year (June 2023), Asia and EAC were the largest destinations of Uganda’s exports, accounting for 33.2% and 33.1% of the exports respectively. They were followed by the Middle East and European Union, which accounted for 13.9% and 12.9% of the total exports, respectively.

Figure 17: Export Value by Destination (US\$ Million) [Source: BOU]

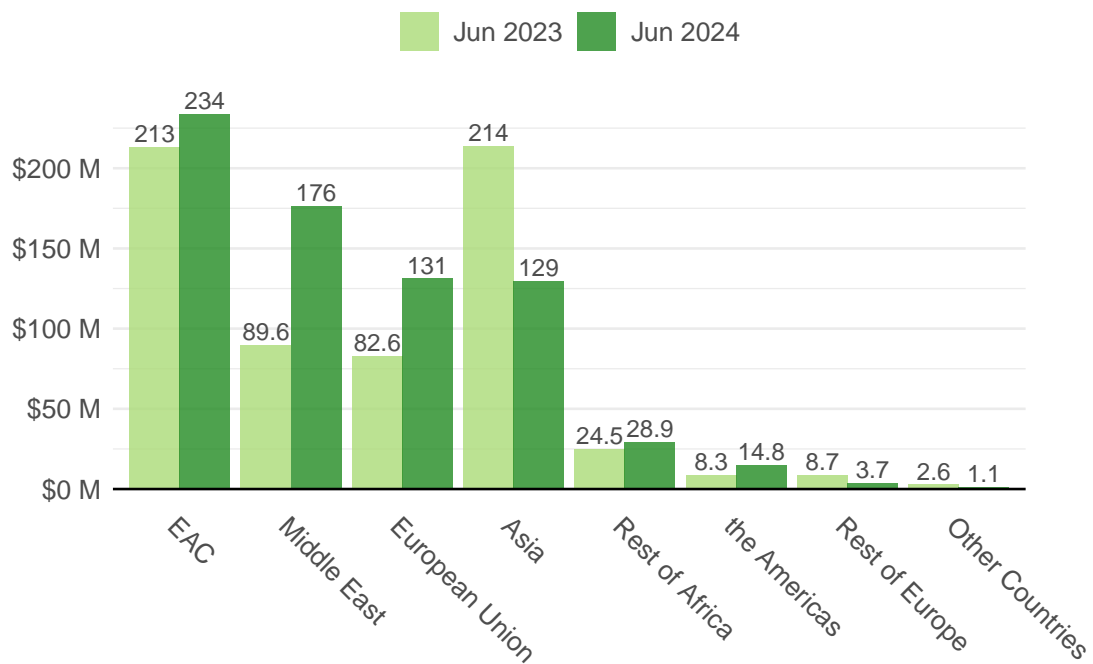
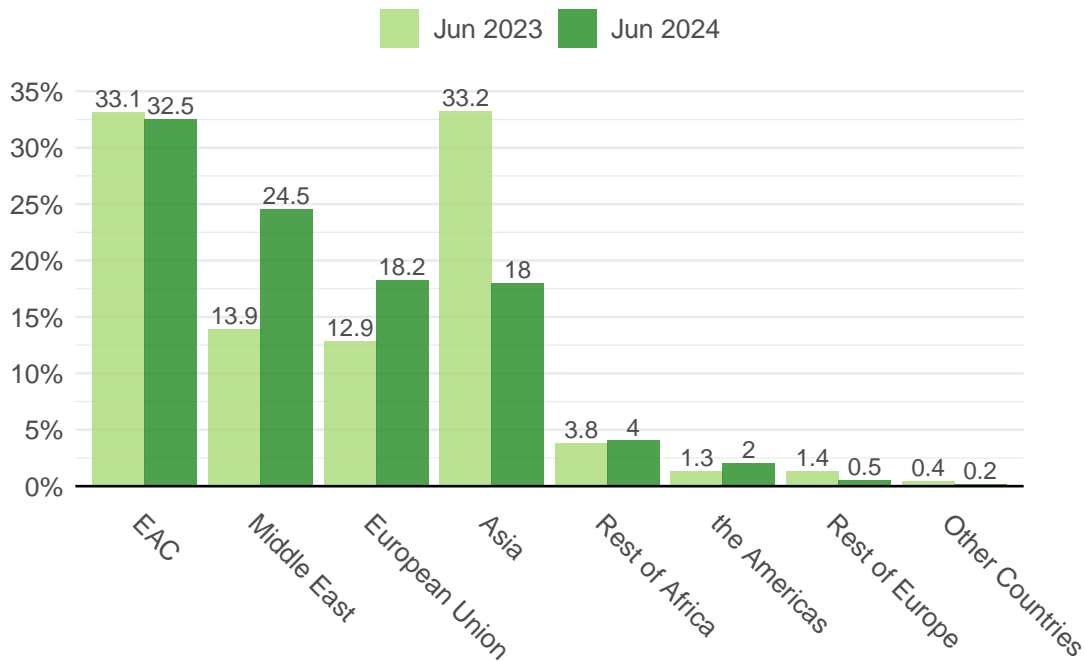


Figure 18: Export Share by Destination [Source: BOU]



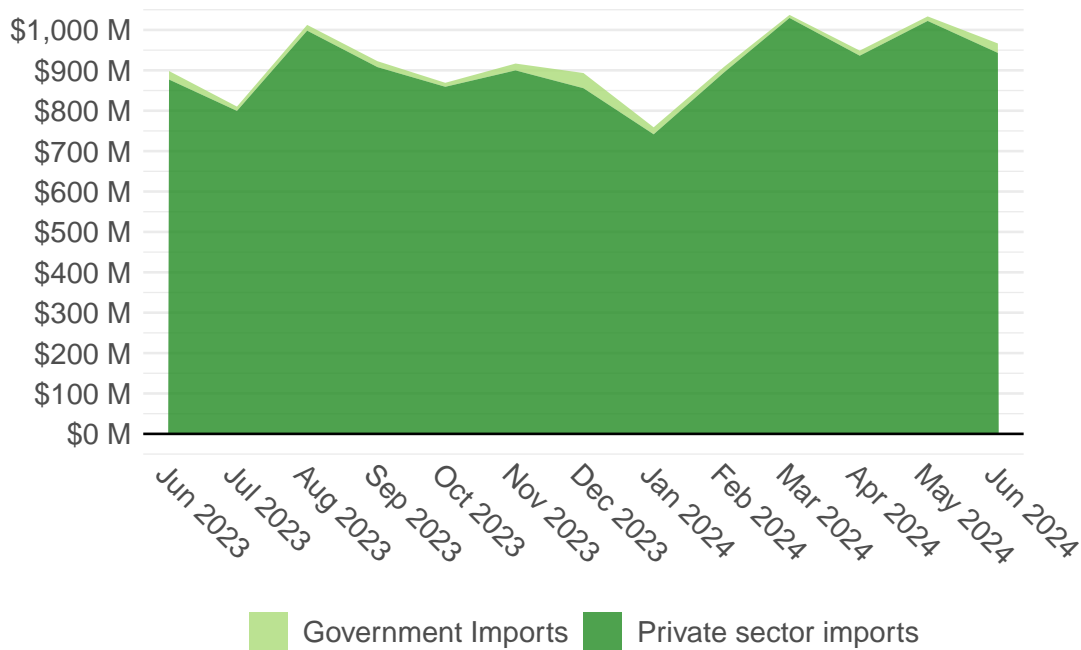
Merchandise Imports⁹

The value of merchandise imports declined by 6.5%, from USD 1,033.50 million in May 2024 to USD 966.53 million in June 2024. This was mainly attributed to lower volumes of formal private sector non-oil imports particularly; vegetable products, animal products, beverages, fats & oils as well as mineral products (excluding petroleum products) during the month.

On the other hand, when compared to the same month the previous year, the import bill grew by 7.6% from USD 898.28 million to USD 966.53 million in June 2024. This growth was majorly attributed to higher import volumes for petroleum products, chemical & related products and mineral products.

⁹Statistics on trade come with a lag of one month.

Figure 19: Merchandise Imports (US\$ Million) [Source: BOU]



Origin of Imports

Asia was the largest source of Uganda’s imports, accounting for 34.6% of the total imports in June 2024. Within Asia, the major sources were China and India accounting for 46.0% and 27.5% of the total imports from the region, respectively.

Other notable sources of Uganda’s imports included the EAC, Rest of Africa and the Middle East accounting for 19.5%, 17.2% and 16.8% of the total imports, respectively. Within the EAC, Tanzania and Kenya were the leading sources of Uganda’s imports, accounting for 54.1% and 42.1% of Uganda’s imports from the region, respectively.

In comparison to June 2023, Asia was the largest source of Uganda’s imports, accounting for 36.9% of the total imports. This was closely followed by EAC, the Middle East and Rest of Africa at 26.9%, 15.3% and 10.5% respectively.

Figure 20: Merchandise Imports by Origin (US\$ Million) [Source: BOU]

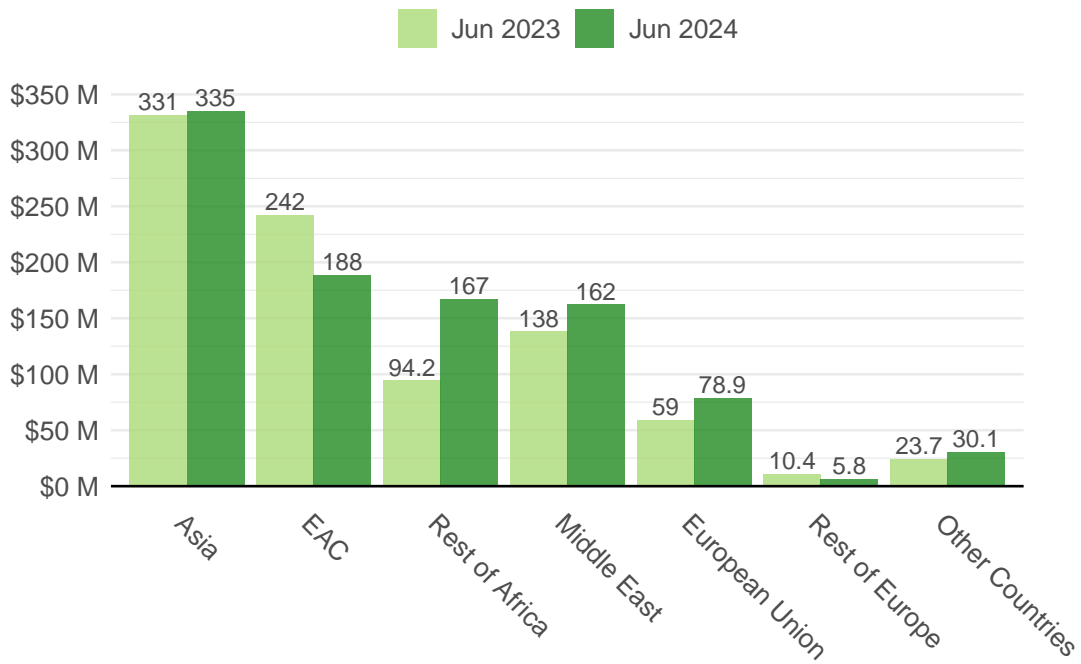
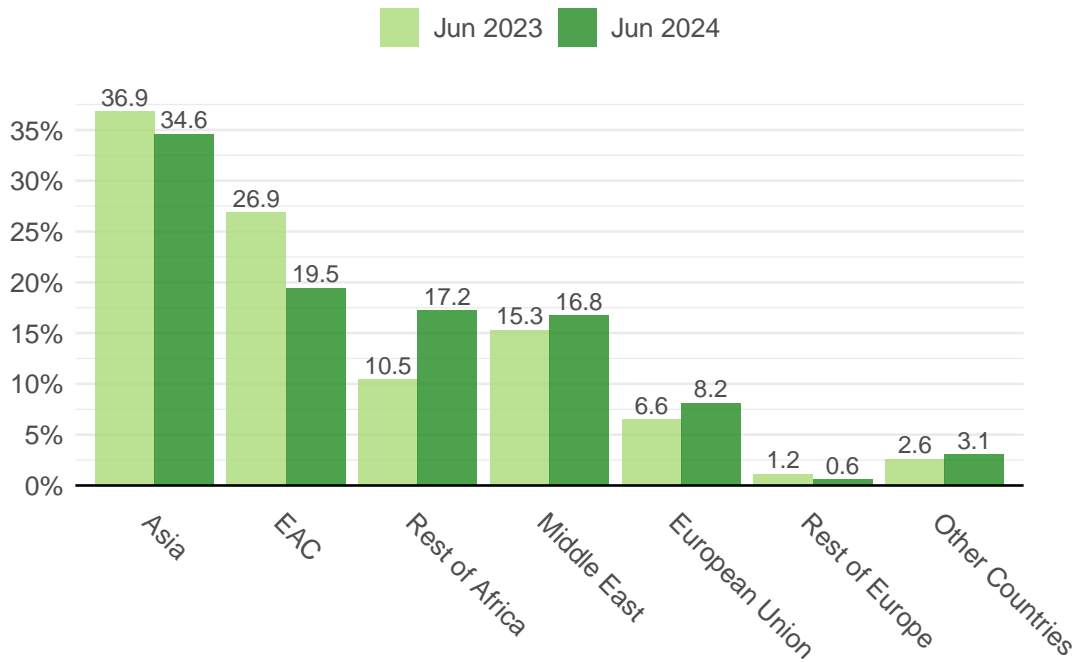


Figure 21: Merchandise Import Share by Origin [Source: BOU]



Trade Balance by Region

During June 2024, Uganda traded at surpluses with the European Union, EAC and Middle East amounting to USD 52.15 million, USD 45.26 million and USD 14.13 million, respectively.

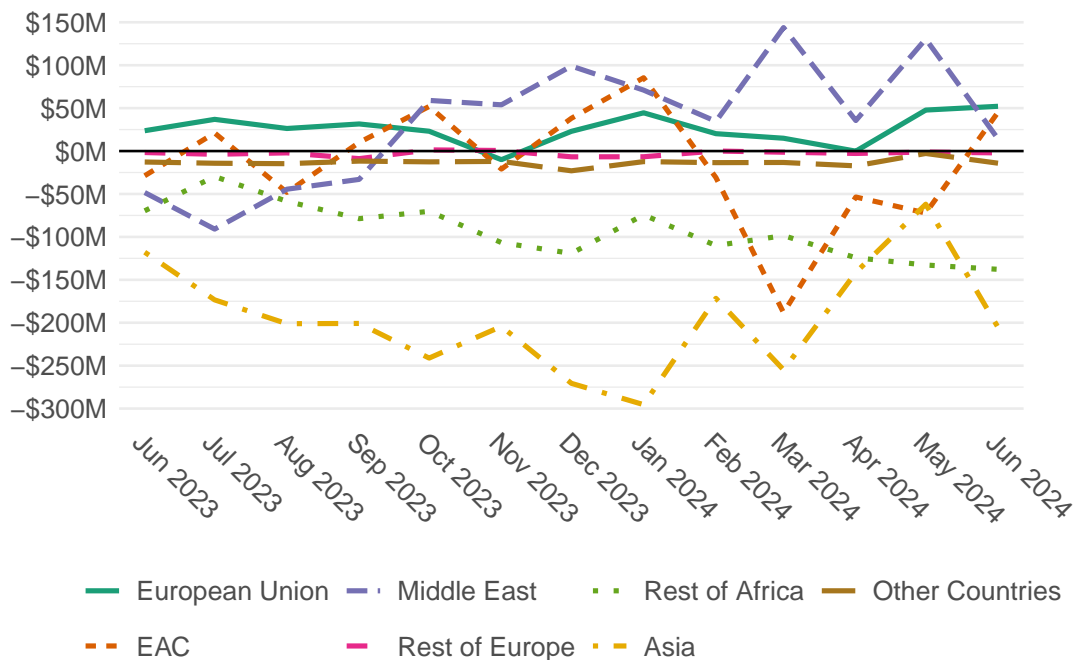
On the other hand, trade deficits were recorded with Asia (USD 205.40 million), Rest of Africa

(USD 137.76 million) and Rest of Europe at USD 2.14 million.

Table 3: Merchandise Trade Balance by Region (US\$ Million) [Source: BOU]

Region	Jun 2023	May 2024	Jun 2024
European Union	23.67	47.72	52.15
EAC	-28.78	-72.2	45.26
Middle East	-48.33	130.53	14.13
Rest of Europe	-1.74	-1.14	-2.14
Rest of Africa	-69.61	-132.76	-137.76
Asia	-117.82	-61.89	-205.4
Other Countries	-12.77	-2.83	-14.16

Figure 22: Merchandise Trade Balance by Region (US\$ Million) [Source: BOU]



Fiscal Developments¹⁰

Net borrowing (fiscal deficit) for July 2024 was projected to amount to Shs. 975.55 billion. However, Government operations during the month resulted in a net borrowing of Shs. 29.95 billion. This was due to a combination of higher-than-targeted tax revenue and lower-than-projected expenditures. The table below shows the summary of fiscal operations for July 2024.

Revenue Performance

Total revenue for the month amounted to Shs. 2,233.73 billion, against the programmed target of Shs. 2,181.48 billion. This was largely due to tax performance which registered a surplus of Shs.

¹⁰Fiscal data is preliminary.

Table 4: Summary Table of Fiscal Operations July 2024 (UShs Billion) [Source: MOFPED]

Shs Billion	Program	Outturn	Performance	Deviation
Revenue	2,181.48	2,233.73	102.4%	52.25
Taxes	1,978.41	2,102.71	106.3%	124.3
Social contributions	0	0	0.0%	0
Grants	74.09	12.1	16.3%	-61.99
Project support	74.09	12.1	16.3%	-61.99
Other revenue	128.98	118.92	92.2%	-10.06
Expense	2,846.59	2,198.5	77.2%	-648.09
Compensation of employees	551.05	337.69	61.3%	-213.36
Purchase of goods and services	432.34	222.58	51.5%	-209.76
Consumption of fixed capital	0	0	-	0
Interest	841.19	816.05	97.0%	-25.14
o/w: domestic	597	597	100.0%	0
o/w: foreign	244.19	219.05	89.7%	-25.14
Subsidies	0	0	-	0
Grants	768	759.75	98.9%	-8.25
Social benefits	451.21	505.19	112.0%	53.97
Other expense	21.48	22.69	105.6%	1.21
Gross operating balance	232.53	39.74	17.1%	-192.79
Transactions in non-financial assets:	-	-	-	-
Net Acquisition of Nonfinancial Assets	310.44	65.18	21.0%	-245.26
Net lending/borrowing	-975.55	-29.95	-	-

124.3 billion. Taxes on income, profits and capital gains registered a surplus of Shs. 21.00 billion while taxes on goods and services registered a surplus of Shs 2.40 billion. Similarly, international trade taxes were above the target by Shs. 34 billion. The surplus under international trade taxes was largely due to the good performance of import duty during the month.

Preliminary data shows that grant disbursements amounted to Shs.12.10 billion against a target of Shs. 74.09 billion, while other revenue registered shortfalls of Shs.10.06 billion.

Expenses

Expenses for the month amounted to Shs. 2,198.50 billion against the program of Shs. 2,846.59 billion. All expense categories performed below their respective targets except social benefits. Only 61% of the compensation to employees was paid during the month, with delays arising from payroll system challenges accounting for this underperformance.

The purchase of goods and services was slower than planned due to longer than anticipated budget processes at the beginning of the financial year that delayed spending by agencies. Shs. 505.2 billion was released to Local Governments (grants), of which Shs. 279.3 billion was for wages, Shs. 128.9 billion was for recurrent expenditure, and Shs. 96.9 billion was for development expenditure.

Net acquisition of non-financial assets

Shs. 65.18 billion was used to acquire non-financial assets during July 2024, against a target of Shs. 310.44 billion. This was due to longer than anticipated procurement processes at the beginning of the financial year and lower-than-expected external disbursements.

East Africa Community Developments

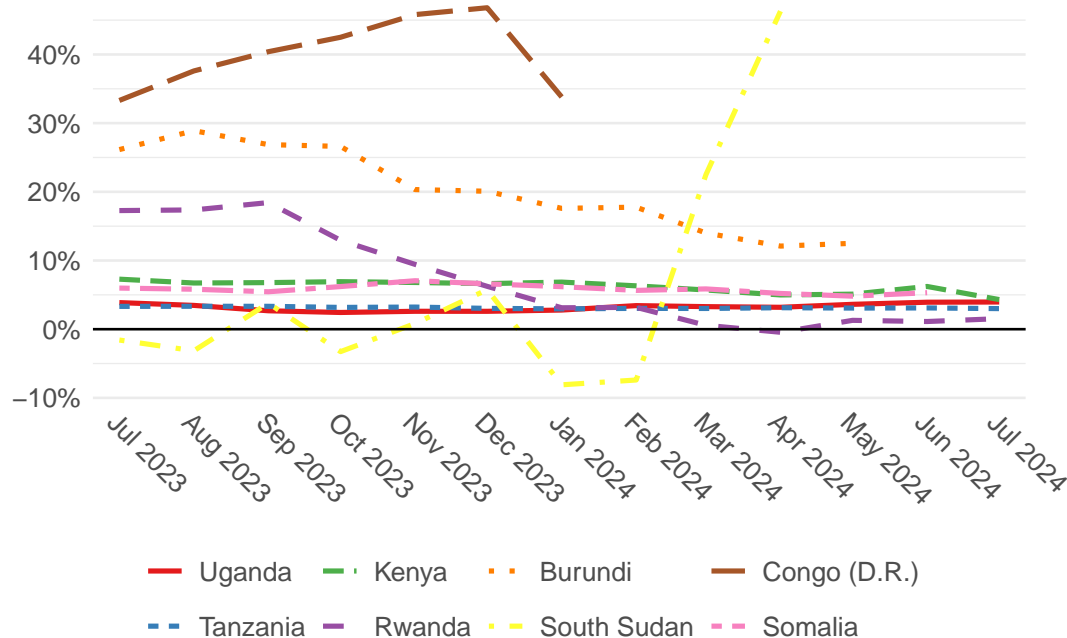
EAC Inflation¹¹

Kenya's annual headline inflation declined to 4.3% in July 2024, down from 4.6% in the previous month. This reduction was partly driven by lower price increases for alcoholic beverages, tobacco and narcotics; clothing and footwear; restaurants and accommodation services.

Tanzania's inflation rate also decreased from 3.1% in June 2024 to 3.0% in July 2024. This was due to lower inflation for transport; health; insurance and financial services; alcoholic beverages and tobacco.

On the other hand, Rwanda's annual headline inflation increased to 1.5% in July 2024 from 1.1% in June 2024. This increase was attributed to a pick up in the price rise for transport; food and non-alcoholic beverages; housing, water, electricity, gas and other fuels.

Figure 23: Headline Inflation for EAC Partner States [Source: Respective Country Authorities]

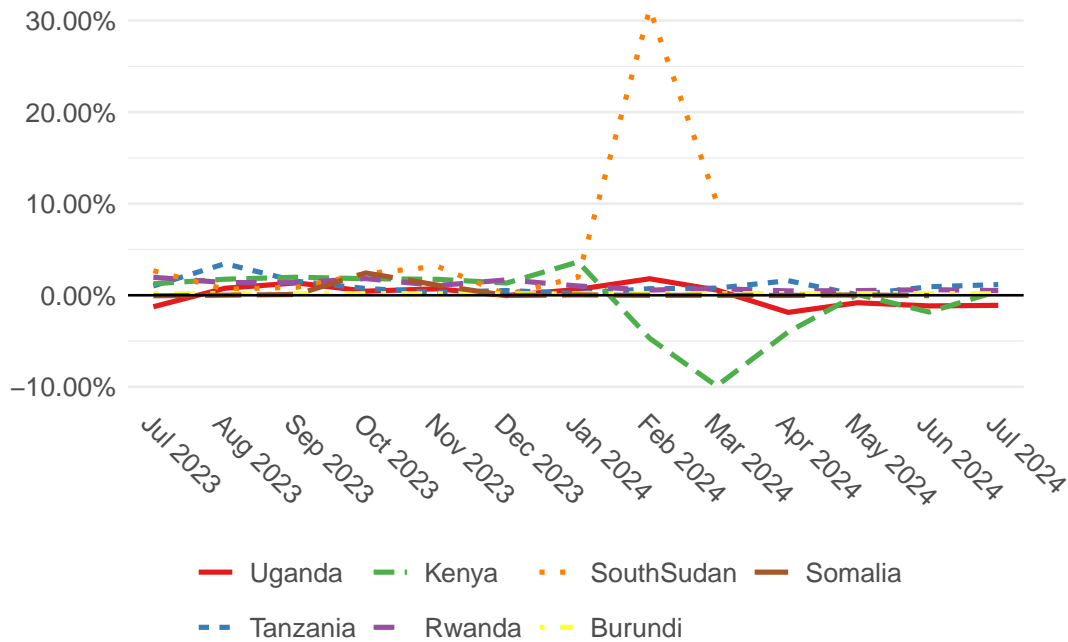


¹¹Data for Burundi, South Sudan, DRC and Somalia not readily available.

EAC Exchange Rates¹²

In July 2024, all the currencies of the EAC Partner States depreciated against the US Dollar, except for the Ugandan Shilling, which appreciated by 1.1%. The Tanzanian and Kenyan Shillings depreciated by 1.2% and 0.5% respectively, while the Rwandan and Burundian Francs weakened by 0.5% and 0.2% respectively.

Figure 24: Monthly EAC Currency Depreciation/Appreciation Against the US\$ [Source: BOU]



Trade Balance with EAC

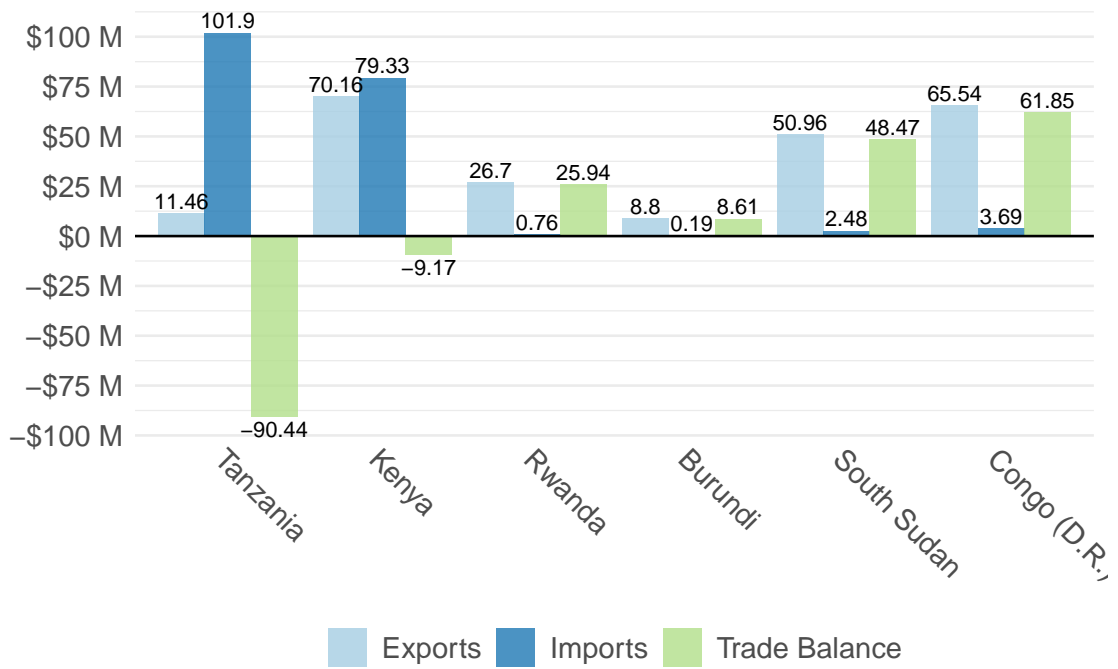
In June 2024, Uganda traded at a surplus of USD 45.26 million with the rest of the EAC Partner States, a shift from the deficit of USD 72.20 million registered the previous month. This was majorly on account of a substantial decline in the imports from Tanzania, which dropped by 56.8% from USD 236.12 million to USD 101.90 million in June 2024.

On a country-specific level, Uganda traded at surpluses of USD 61.85 million, USD 48.47 million, USD 25.94 million and USD 8.61 million with DRC, South Sudan, Rwanda and Burundi, respectively. However, trade deficits were recorded with Tanzania and Kenya, amounting to USD 90.44 million and USD 9.17 million, respectively.

Comparison with the same month last year showed that exports to the EAC increased by 9.7% from USD 213.02 million in June 2023 to USD 233.61 million in June 2024. Conversely, imports from the region decreased by 22.1% from USD 241.80 million to USD 188.35 million over the same period.

¹²Data for South Sudan, Somalia and DRC not readily available.

Figure 25: Trade Balance with EAC Partner States (US\$ Million) [Source: BOU]



Glossary

Term	Description
Bid to cover ratio	This is an indicator for the 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 the 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.
BTI	The Business Tendency Index measures the level of optimism that executives have about 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.
CIEA	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.
Core Inflation	This is a subcomponent of headline inflation that excludes items subject to volatility in prices. It excludes energy, fuels, utilities, food crops and related items.
Headline Inflation	This refers to the rate at which prices of general goods and services in an economy change over a period of time usually a year.
Non-Performing Loan	This is a sum of borrowed money upon which the debtor has not made scheduled payments for a period usually at least 90 days.
Tenor	This refers to the time-to-maturity of a financial instrument, for example, if a certain instrument matures after 91 days – it is called a 91-day tenor.
PMI	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.
Yield to Maturity (YTM)	Yield to maturity (YTM) is the total return anticipated on a treasury instrument if the instrument is held until it matures.

Online Resources

Visit us online at mepd.finance.go.ug.

The entire history of data used for this and previous Performance of the Economy Reports - subject to data revisions - can be downloaded at mepd.finance.go.ug/apps/macro-data-portal.

The screenshot shows the Uganda Macro Data Portal interface. On the left is a sidebar with options for downloading data, including selecting datasets (e.g., 'Performance of the Economy'), variables, and formats (Excel, CSV, etc.). The main area displays a table of data for the Consumer Price Index (CPI) from 1983 to 1987. The table includes columns for Date, Year, Quarter, Fiscal Year, QFY, Month, and CPI_16. The data shows quarterly price index values for each year from 1983 to 1987.

Date	Year	Quarter	FY	QFY	Month	CPI_16
1983-01-01	1983	Q1	1982/83	Q3	January	NA
1983-07-01	1983	Q3	1983/84	Q1	July	NA
1983-12-01	1983	Q4	1983/84	Q2	December	NA
1984-01-01	1984	Q1	1983/84	Q3	January	NA
1984-07-01	1984	Q3	1984/85	Q1	July	NA
1984-12-01	1984	Q4	1984/85	Q2	December	NA
1985-01-01	1985	Q1	1984/85	Q3	January	NA
1985-07-01	1985	Q3	1985/86	Q1	July	NA
1985-12-01	1985	Q4	1985/86	Q2	December	NA
1986-01-01	1986	Q1	1985/86	Q3	January	NA
1986-07-01	1986	Q3	1986/87	Q1	July	NA
1986-12-01	1986	Q4	1986/87	Q2	December	NA
1987-03-01	1987	Q1	1986/87	Q3	March	NA
1987-06-01	1987	Q2	1986/87	Q4	June	NA
1987-09-01	1987	Q3	1987/88	Q1	September	NA

An interactive display of leading economic indicators and a GDP nowcast is available at mepd.finance.go.ug/apps/macro-monitor.

The screenshot shows the Uganda Macroeconomic Monitor interface. It features a navigation bar with tabs for Real Sector, External Sector, Financial Sector, and Fiscal Sector. The main area displays two charts. The top chart is a stacked area chart titled 'Gross Domestic Product' showing GDP at constant 2016/17 prices, taxes on products and services, and value added in services, industry, and agriculture from July 2018 to July 2020. The bottom chart is a line graph titled 'Purchasing Managers Index (PMI)' showing the index (threshold at 50) from January 2018 to January 2021, with a notable dip to 21.62 in April 2020.

Data Table

The following table shows the past 13 months of data used for this report. It can also be downloaded as an Excel file (with 25 months of data) at mepd.finance.go.ug/reports. The table is not subject to data revisions.

Table 5: Data Table (continued)

Indicator Code	Description	Jul-23	Aug-23	Sep-23	Oct-23	Nov-23	Dec-23	Jan-24	Feb-24	Mar-24	Apr-24	May-24	Jun-24	Jul-24
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Note:

EAC exchange rate and trade data are provided by BOU.

Notes on Data Sources and Methods by Sector:

^a Inflation is compiled by UBOS. The new CPI of 2016/17 is used in the report, The PMI is compiled by Stanbic Bank Uganda. CIEA and BTI are compiled by BOU.

^b Data on exchange rates, interest rates and credit to the private sector is provided by BOU. Data on government securities and bid-to-cover ratios is provided by MOFPED.

^c Data on international trade is provided by BOU. A finer disaggregation can be retrieved online at <https://mepd.finance.go.ug/apps/macro-data-portal>.

^d Fiscal sector data is provided by MOFPED. These are preliminary outcome numbers which may be adjusted in the coming months.

^e EAC headline inflation rates are provide by the respective authorities: Tanzania National Bureau of Statistics, Kenya National Bureau of Statistics, National Institute of Statistics Rwanda, Bank of the Republic of Burundi, National Bureau of Statistics - South Sudan, Central Bank of Congo.