

# PERFORMANCE OF THE ECONOMY

## MONTHLY REPORT

**JUNE 2024**

MACROECONOMIC POLICY DEPARTMENT



MINISTRY OF FINANCE,  
PLANNING AND  
ECONOMIC DEVELOPMENT

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## List of Acronyms

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<b>Acronym</b>	<b>Expansion</b>
B.Franc	Burundian Franc
BOU	Bank of Uganda
BTI	Business Tendency Index
CBR	Central Bank Rate
CIEA	Composite Index of Economic Activity
D.R.C	Democratic Republic of Congo
EAC	East African Community
EFU	Energy, Fuel 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

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# Summary<sup>1</sup>

## Real Sector

- Preliminary data shows that the Ugandan economy in Financial Year 2023/24 expanded by 6.0% to Shs 202,131 billion from Shs 183,004 billion in Financial Year 2022/23. This was mainly driven by growth in the services, industry and agriculture, forestry & fishing sectors during the year.
- Additionally, June 2024 saw a general improvement in the general level of economic activity, with high-frequency indicators reflecting positive sentiments about doing business in the country. This further underscores the improved performance of key sectors, contributing to the overall economic expansion observed during the year.
- The Composite Index of Economic Activity (CIEA) increased by 1.02% to 165.03 in May 2024 compared to April 2024, signaling sustained improvements in the level of economic activity this financial year.
- Similarly, the Purchasing Managers Index was recorded at 51.9 in June 2024, above the 50-mark threshold indicating an improvement in business conditions. This was on account of increased customer demand that resulted in increased new orders during the month.
- Sentiments about doing business in the Ugandan economy by businessmen and investors improved as indicated by the Business Tendency Index (BTI) which increased to 58.57 in June 2024 from 58.29 in May 2024.
- Annual Headline Inflation for the year ended June 2024 increased to 3.9%, up from 3.6% in the year ended May 2024. This was largely attributed to an increase in core inflation following an increase in prices for imported processed foods, fish and meat among others during the month.

## Financial Sector

- During the month of June 2024, the Ugandan Shilling strengthened by 1.2% against the US Dollar. This was mainly due to increased inflows from Non-Governmental Organizations, Offshore investors, remittances and export revenues particularly from coffee.
- The weighted average lending rates for Shilling-denominated credit increased from 17.74% in April 2024 to 18.85% in May 2024. This reflects the lagged effects of the increase in the central bank policy rate.
- Government raised a total of Shs 893.44 billion from two treasury bill auctions and one treasury bond auction in June 2024. The total amount raised was used to finance items in the budget.

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

- In June 2024, yields (interest rates) on treasury bills largely remained unchanged when compared to May 2024. The annualized yields for the 364-day and 182-day tenors remained unchanged at 13.6% and 13.1% respectively. However, yields for the 91-day tenor rose from 9.6% in May 2024 to 10.7% in June 2024.
- The stock of outstanding private sector credit increased by 0.5% to Shs 21,650.18 billion in May 2024 from Shs 21,537.44 billion in April 2024. This was partly attributed to higher credit extensions particularly to borrowers in the trade and manufacturing sectors and for personal and household loans during the month.

### **External Sector<sup>2</sup>**

- Uganda's merchandise export earnings increased by 39.4% from USD 639.86 million in April 2024 to USD 891.97 million in May 2024. This increase was mainly driven by higher earnings from coffee and gold exports during the month.
- The import bill grew by 31.2% from USD 948.88 million in April 2024 to USD 1,244.66 million in May 2024. The increase was on account of higher volumes for private sector imports such as animal & vegetable products, beverages, machinery, and motor vehicles among others during the month.
- Uganda's trade deficit with the rest of the world therefore widened by 14.1% to USD 352.69 million despite the increase in the export receipts during the month.

### **Fiscal Sector<sup>3</sup>**

- Government fiscal operations during June 2024 resulted in an overall fiscal deficit of Shs 1,424.74 billion which was higher than the Shs 22.28 billion target for the month. This was due to shortfalls in domestic revenue and higher-than-planned recurrent expenditures during the month.
- Domestic revenue collections amounted to Shs 3,140.39 billion, registering an 86.1% performance rate against the Shs 3,647.05 billion target as both tax and non-tax revenues were below their respective targets for the month.
- Total government expenditure amounted to Shs 4,734.22 billion, exceeding the planned expenditure of Shs 4,087.69 billion by 15.8%. This deviation was mainly due to higher-than-projected recurrent expenditures during the month.

### **East African Community<sup>4 5</sup>**

- Annual inflation for Kenya and Rwanda during the month of June 2024 eased to 4.6% and 1.1% from 5.0% and 1.3% in May 2024 respectively, this was mainly on account of a slowdown in the rate of price increases for food and non-alcoholic beverages, housing,

<sup>2</sup>Data is reported with a lag

<sup>3</sup>Revenue and Expenditure numbers are still undergoing reconciliation

<sup>4</sup>Data on inflation for Burundi, D.R.C, South Sudan and Somalia not readily available.

<sup>5</sup>Data on Exchange Rates for D.R.C, South Sudan and Somalia not readily available.

water, electricity, gas, and other fuels. On the other hand, Tanzania's inflation rate remained unchanged between June and May 2024 at 3.1%.

- In June 2024, the Ugandan and Kenyan currencies strengthened against the US Dollar by 1.2% and 1.8% respectively when compared to May 2024. On the other hand, the Burundian Franc, Rwandan Franc, and Tanzanian Shilling depreciated by 0.2%, 0.6%, and 0.9% respectively in June 2024.
- In May 2024, Uganda's trade deficit with the rest of the EAC Partner States increased to USD 295.95 million, up from USD 53.55 million in April 2024. Total export receipts from the region amounted to USD 235.77 million while the import bill was USD 531.72 million during the month.

# Real Sector Developments

## Economic Growth

Preliminary estimates from the Uganda Bureau of Statistics (UBOS) show that GDP growth for FY 2023/24 was 6.0%, in line with the projection for the Financial Year. This signals full recovery of the economy from the effects of COVID-19 which had halved growth to 3.0%.

This is also higher than the 5.3% growth attained in FY 2022/23. In nominal terms, the size of the economy increased to Shs 202,131 billion (USD 53.2 billion) in FY 2023/24, from Shs 183,004 billion (USD 48.8 billion) registered in FY 2022/23.

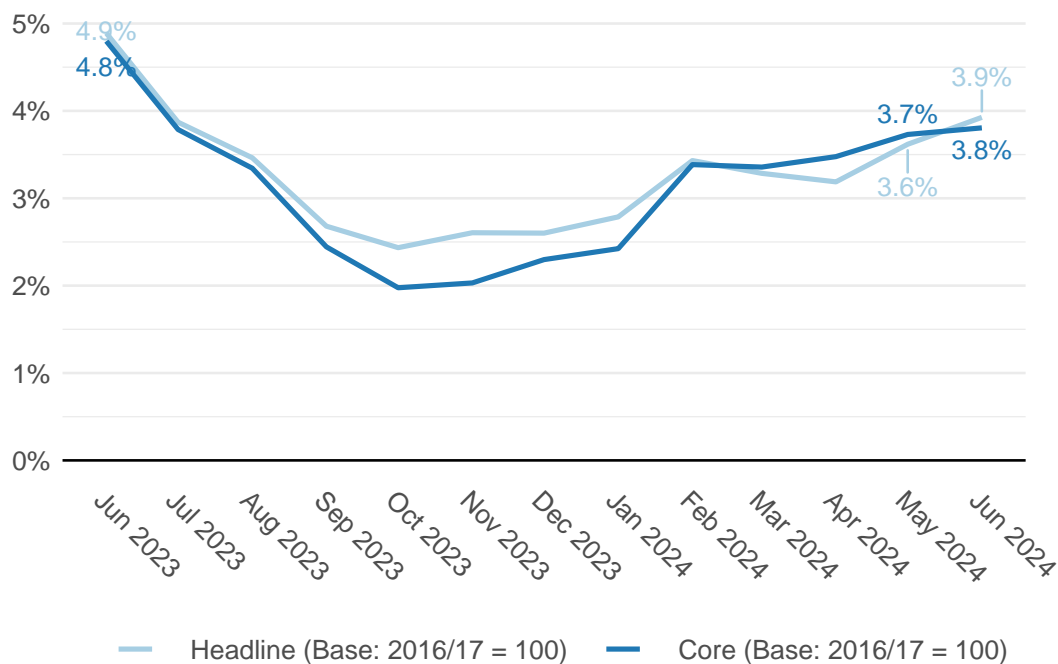
Compared to last financial year, the services sector grew by 6.6% from 5.9% while the industry sector grew by 5.8% from 4.0%. The agriculture, forestry, and fishing sector grew by 5.1% from 4.5%, respectively. Going forward, the economy is projected to grow by 6.4% this Financial Year 2024/25 and average 7% over the medium term.

## Prices

**Annual headline inflation** increased to 3.9% in June 2024 from 3.6% in May 2024, largely on account of Annual Core Inflation which increased to 3.8% in June 2024 from 3.7% the previous month. This was mainly due to increases in prices for tilapia, laundry bar soap, and chicken.

Similarly, Annual Energy Fuel and Utilities inflation increased to 10.3% in June 2024 from 9.5% the previous month. This was mainly driven by the increase in Solid fuels inflation such as firewood and charcoal whose prices increased by 23.7% and 20.6% respectively.

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

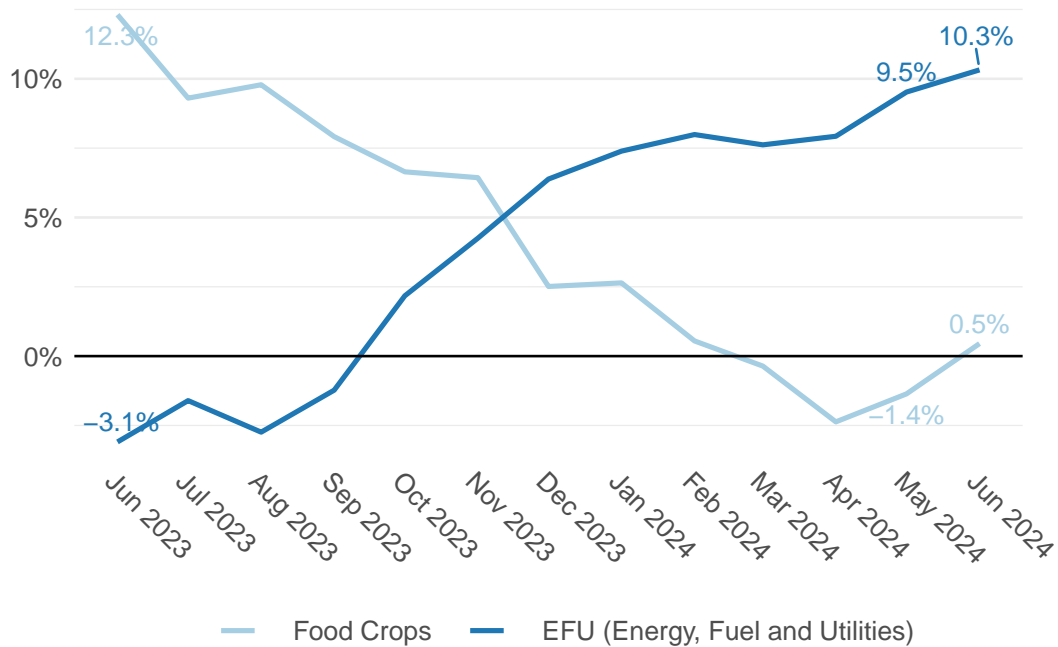




**Core inflation** registered a slight increase to 3.8% for the year ended June 2024 from 3.7% for the year ended May 2024. This was attributed to an increase in prices of imported processed foods such as Pakistan, Basmati and long grain rice, cornflakes, macaroni and spaghetti, as well as increased prices for chicken, goat meat/mutton, pork, and fish including Mukene, Nile perch and Tilapia.

Similarly, **Annual Energy, Fuels and Utilities (EFU) Inflation** increased to 10.3% for the year ended June 2024 from 9.5% recorded for the year ended May 2024. This was mainly due to an increase in the pump prices for petrol and diesel as well as paraffin. Additionally, firewood prices rose by 23.7% in June 2024 compared to 13.8% for the year ended May 2024.

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

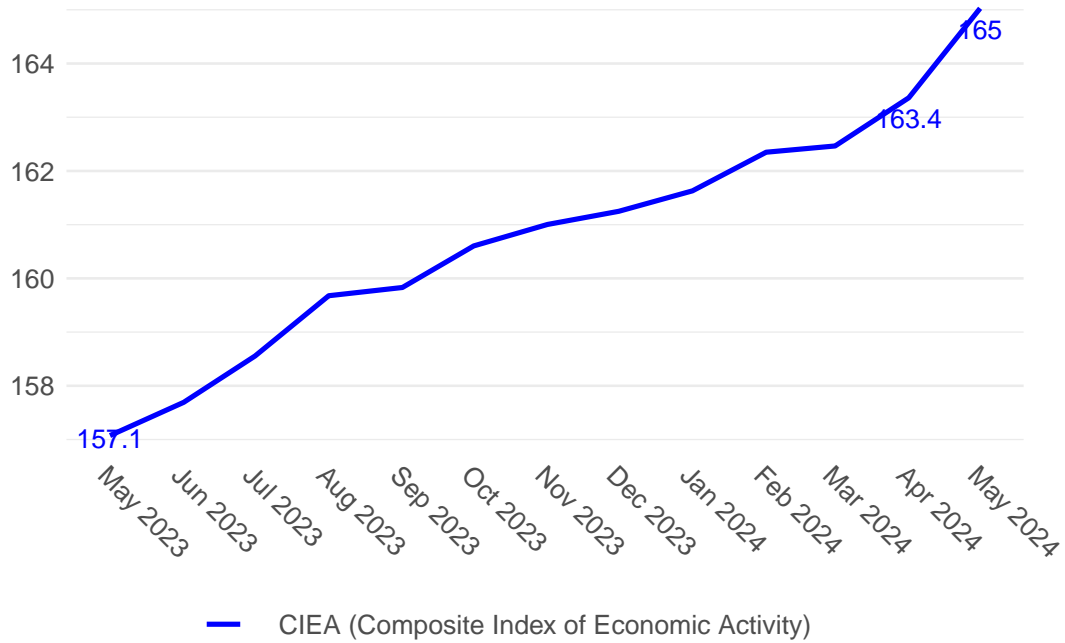


**Annual food crops and related items inflation** was recorded at 0.5% for the year ended June 2024, which is an increment from minus 1.4% recorded for the year ended May 2024. This followed a rise in prices for fruits such as tomatoes, round onions, and passion fruits among others. Additionally, vegetables and some tubers including fresh okra, fresh beans, and yams also registered increasing prices during the period.

### Economic Activity

There was a general improvement in the level of economic activity in June 2024 as shown by the high frequency indicators. The Composite Index of Economic Activity (CIEA) edged upward by 1.02% to 165.03 in May 2024 from 163.36 in April 2024, a trend it has maintained since the beginning of the year. This implies sustained improvement in the level of economic activity in the country.

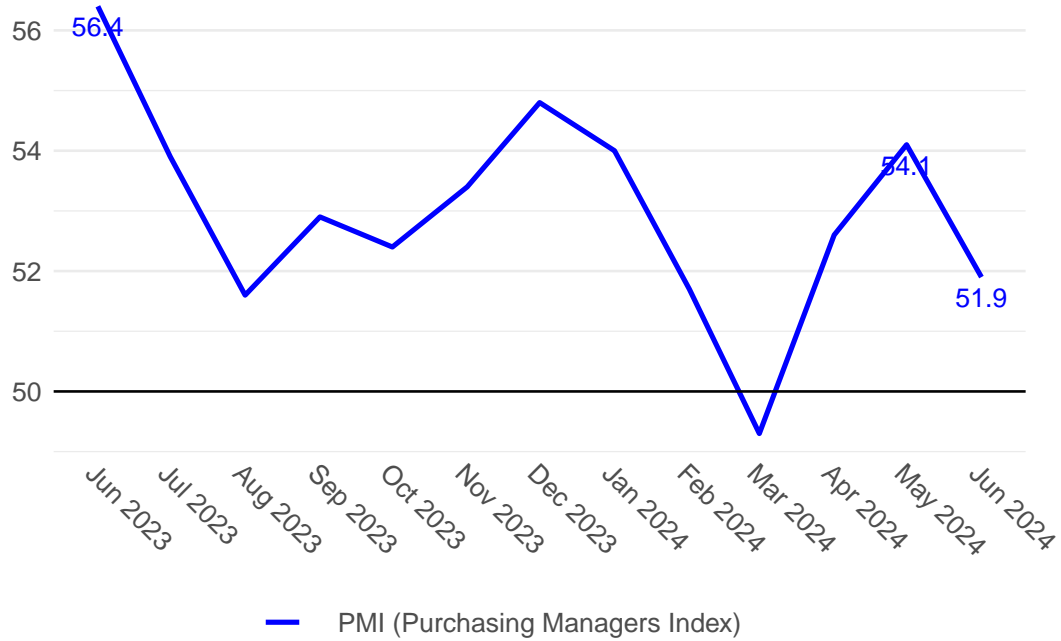
**Figure 3: Economic Activity (CIEA) [Source: BOU]**



The Purchasing Managers Index was recorded at 51.9 in June 2024 above the 50-mark threshold, indicating an improvement in business conditions. The positive PMI reading in June 2024 was mainly driven by an increase in customer demand resulting in new orders and business activity. To keep up with the increase in new orders, companies increased their staffing levels during the month.

Of the five monitored sectors, wholesale & retail, industry and construction registered greater business activity and new orders during the month.

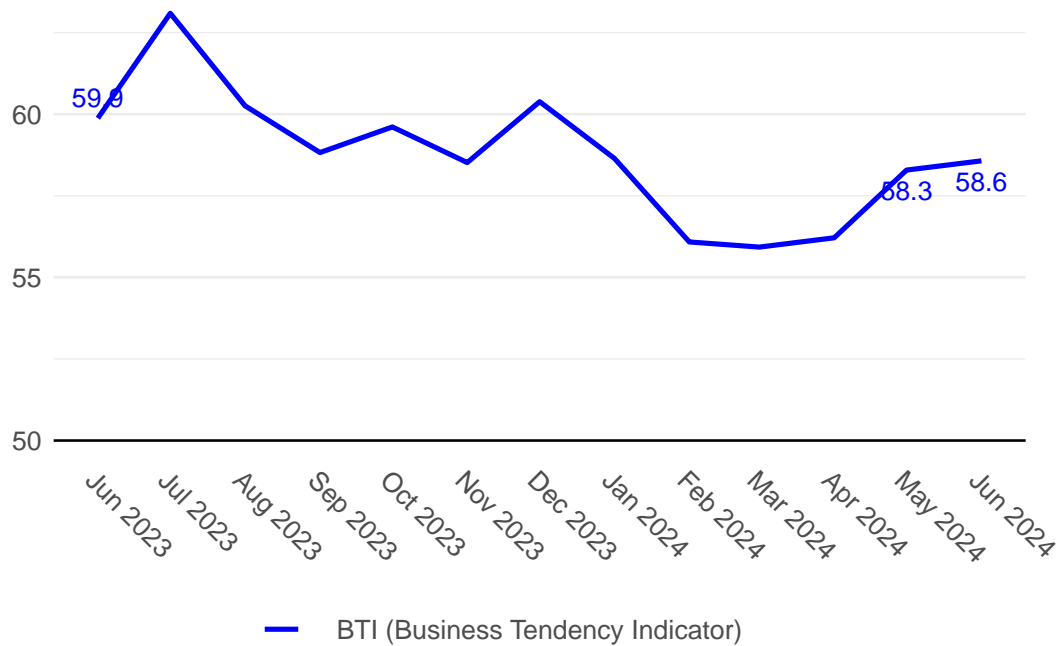
**Figure 4:** Economic Activity (PMI) [Source: Stanbic Bank Uganda]



### **Business Perceptions**

Private sector sentiments about doing business in the Ugandan economy as shown by the Business Tendency Index (BTI) were positive and improving in June 2024. The BTI was recorded at 58.57 in June 2024 which is slightly higher than the 58.29 recorded for May 2024. Optimism was most demonstrated in the construction sector followed by manufacturing, agriculture, and wholesale trade.

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



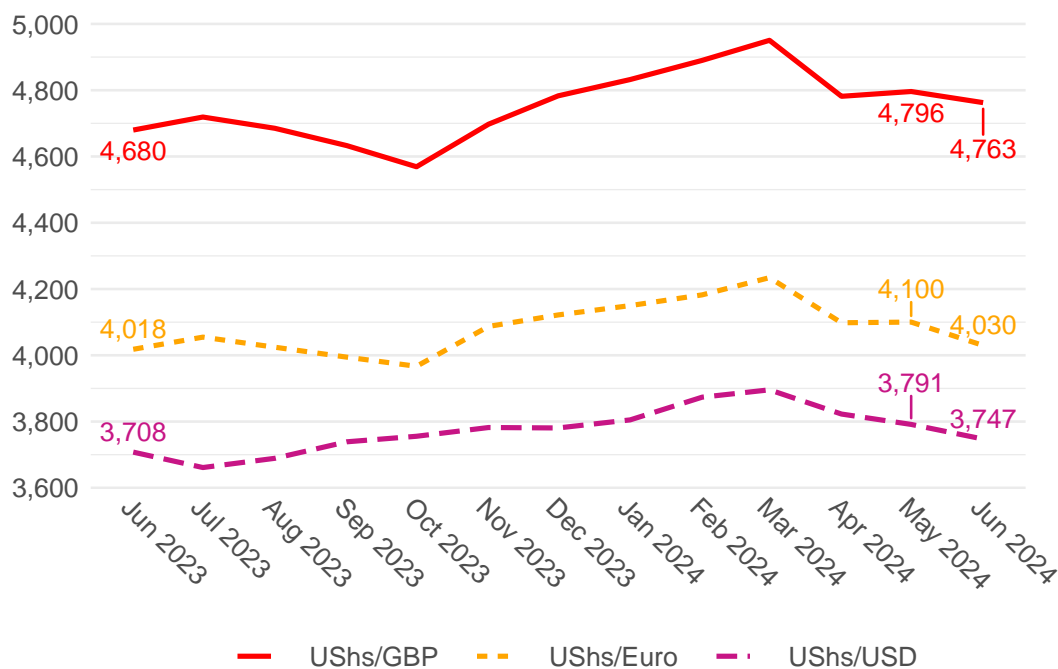
## Financial Sector Developments

### Exchange Rate Movements

In June 2024, the Ugandan Shilling continued to appreciate against the US Dollar despite strong demand for the dollar by corporations.

The Shilling appreciated by 1.2% to an average mid-rate of Shs 3,747.2 per USD, compared to Shs 3,791.4 per USD in May 2024. This was on account of tight monetary conditions and increased inflows from Non-Governmental Organizations, offshore investors, remittances, and export revenues particularly from coffee.

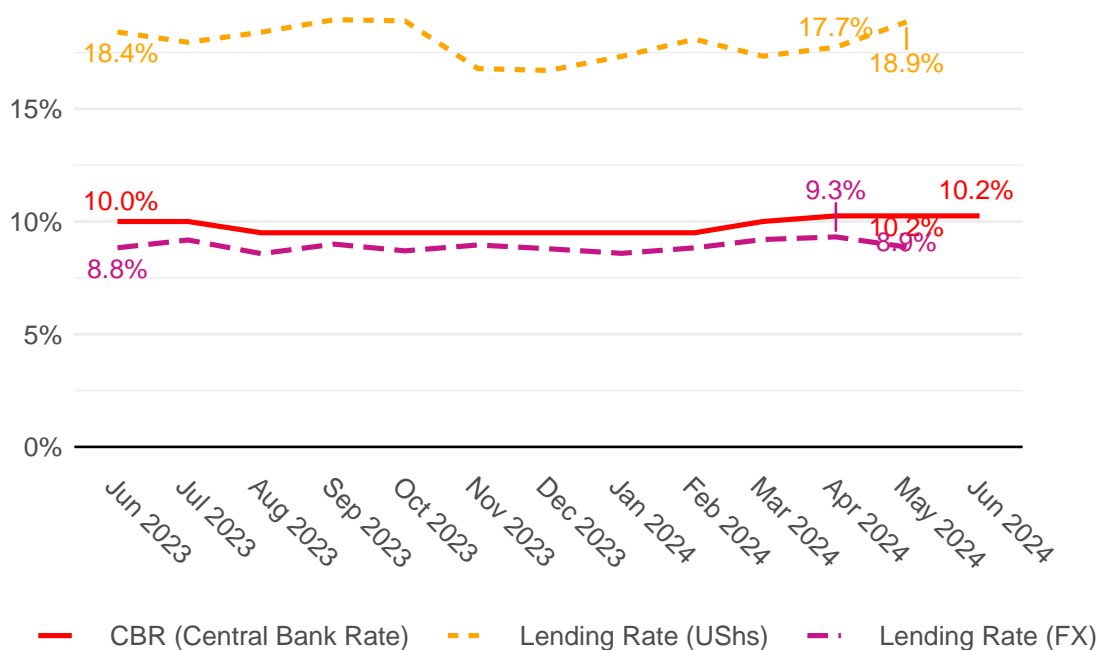
**Figure 6: Exchange Rates [Source: BOU]**



### Interest Rate Movements

On June 4th, 2024, the Bank of Uganda’s Monetary Policy Committee maintained the Central Bank Rate at 10.25% for the third consecutive month. This rate was deemed adequate to keep annual core inflation within the medium-term target of 5%.

**Figure 7: Interest Rates [Source: BOU]**



## Lending Rates<sup>6</sup>

The weighted average lending rates for Shilling-denominated credit increased from 17.74% in April 2024 to 18.85% in May 2024. Conversely, foreign currency-denominated credit rates decreased from 9.32% in April 2024 to 8.87% in May 2024. The increase in Shilling-denominated lending rates was primarily observed in the manufacturing and trade sectors.

The increase in the lending rates for Shilling-denominated credit reflects the lagged effects of the increase in the central bank policy rate and an increase in risk aversion by financial institutions.

## Government Securities

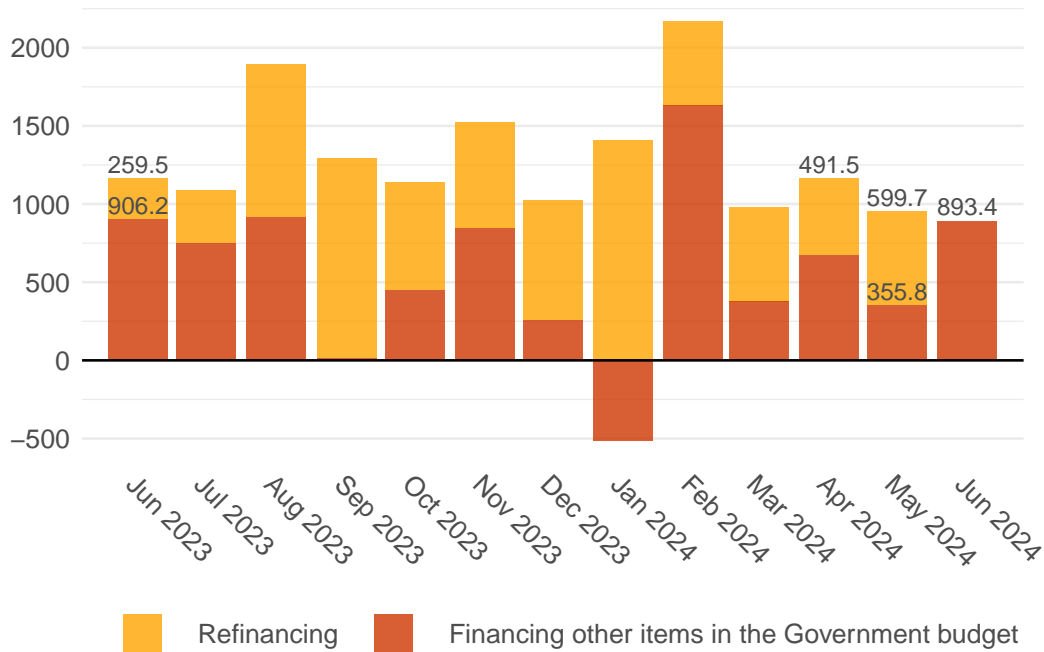
In June 2024, Government raised a total of Shs 893.44 billion from two treasury bill auctions and one treasury bond auction. Particularly, Shs 426.64 billion was from T-Bills while Shs 466.80 billion was from the T-Bond auction. The total amount raised was used to finance items in the budget.

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

	<b>Total Issuances</b>	<b>Financing other items in the Government budget</b>	<b>Refinancing</b>
FY 2023/24	15,015.8	6,657.3	8,358.5
Q2 2023/24	3,681.5	1,558.2	2,123.2
Q3 2023/24	4,048.9	1,495.4	2,553.5
Q4 2023/24	3,012.6	1,921.4	1,091.3
May 2024	955.6	355.8	599.7
June 2024	893.4	893.4	NA
FY 2023/24 to date	15,015.8	6,657.3	8,358.5

<sup>6</sup>Data comes with a month lag.

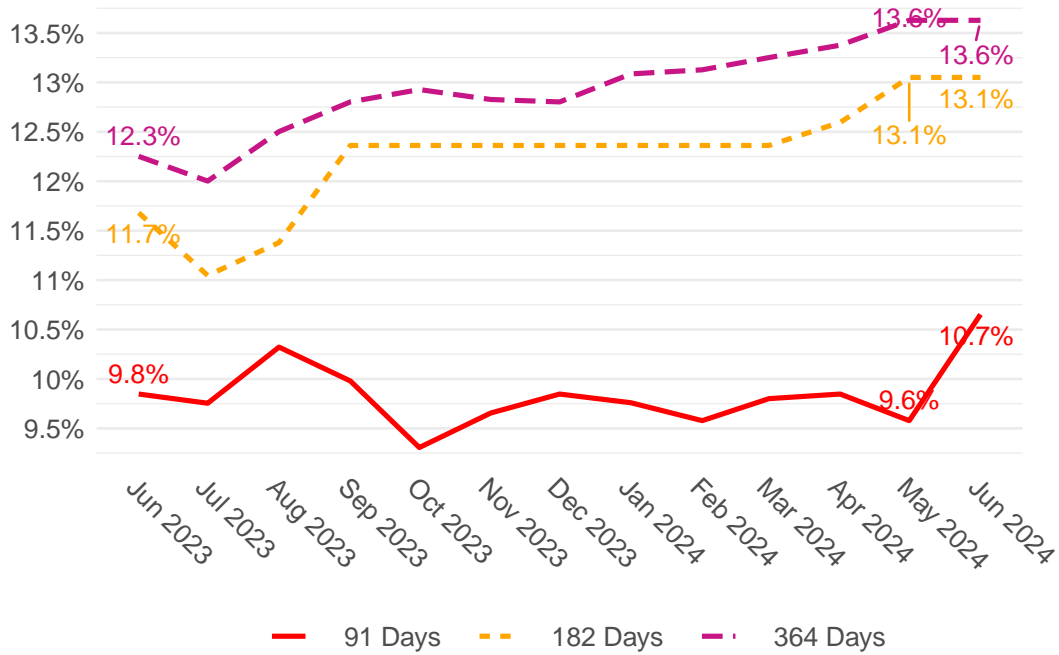
**Figure 8:** Breakdown of Government Securities (US\$ Billion) [Source: MOFPED]



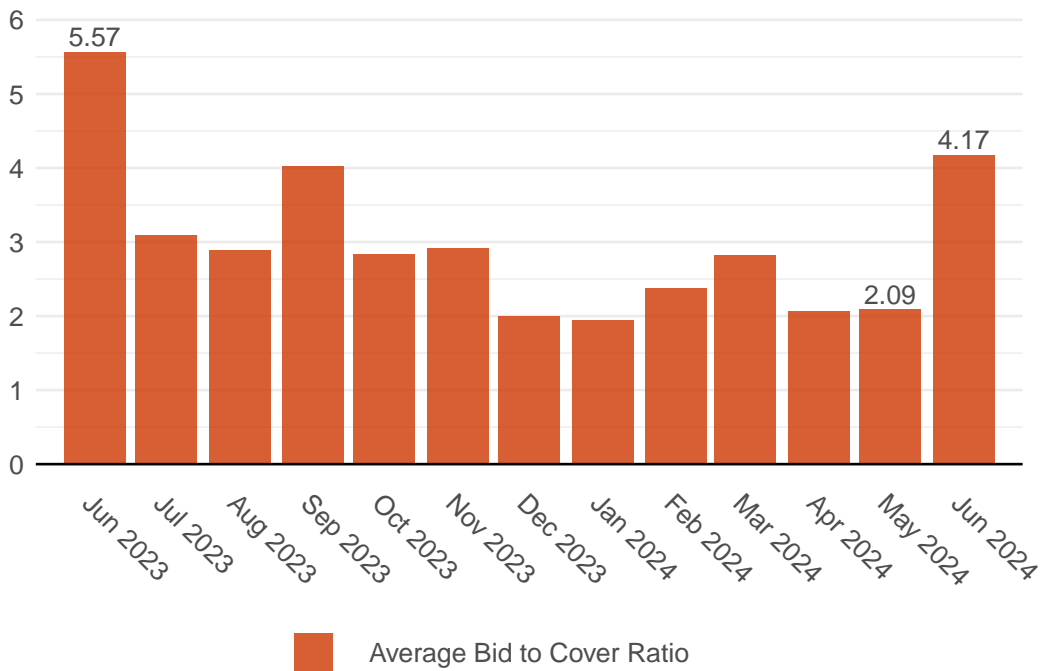
### Annualized Yields (Interest Rates) on Treasury Bills

In June 2024, yields (interest rates) on treasury bills were largely unchanged. The annualized yields for the 364-day and 182-day tenors remained unchanged at 13.6% and 13.1% respectively. However, yields for the 91-day tenor rose from 9.6% in May 2024 to 10.7 in June 2024. All auctions for Treasury bills were oversubscribed, with the average bid-to-cover ratio amounting to 4.17. This indicates sufficient liquidity in the money market.

**Figure 9: Treasury Bill Yields [Source: BOU]**



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



**Yields on Treasury Bonds**

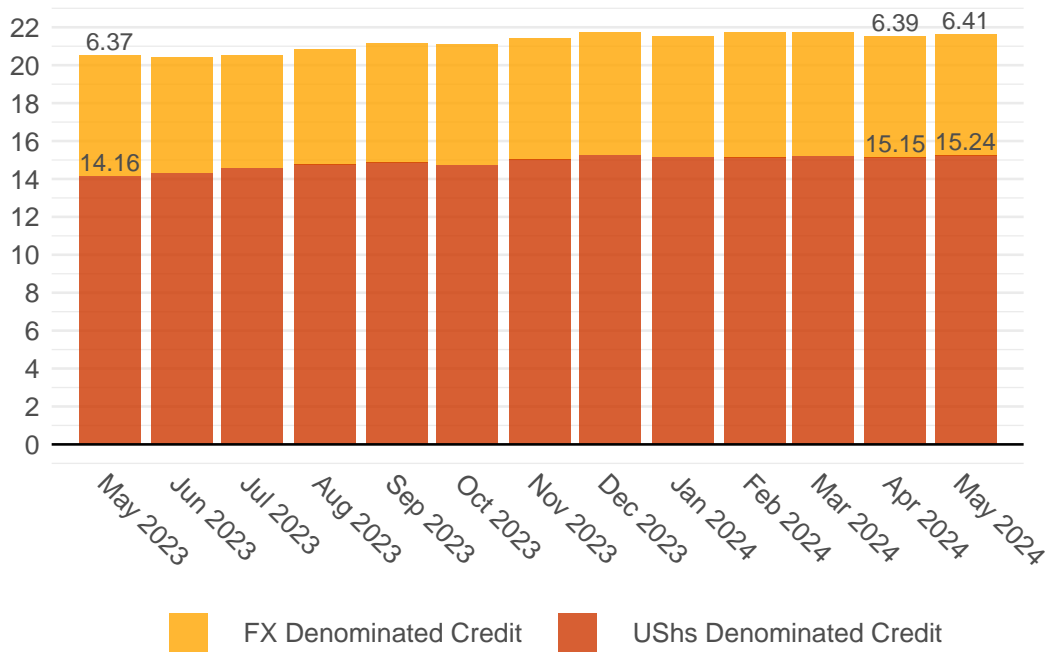
Government issued two treasury bonds in June 2024, a 3-year tenor and a 20-year tenor. Yields slightly increased for both tenors compared to their previous issuance. Yields increased to 17.00% in June 2024 for the 20-year bond compared to 16.75% offered for the same tenor in March 2024. For the 3-year bond, yields increased to 15.50% in June 2024 up from 14.99% in March 2024.



## Outstanding Private Sector Credit<sup>7</sup>

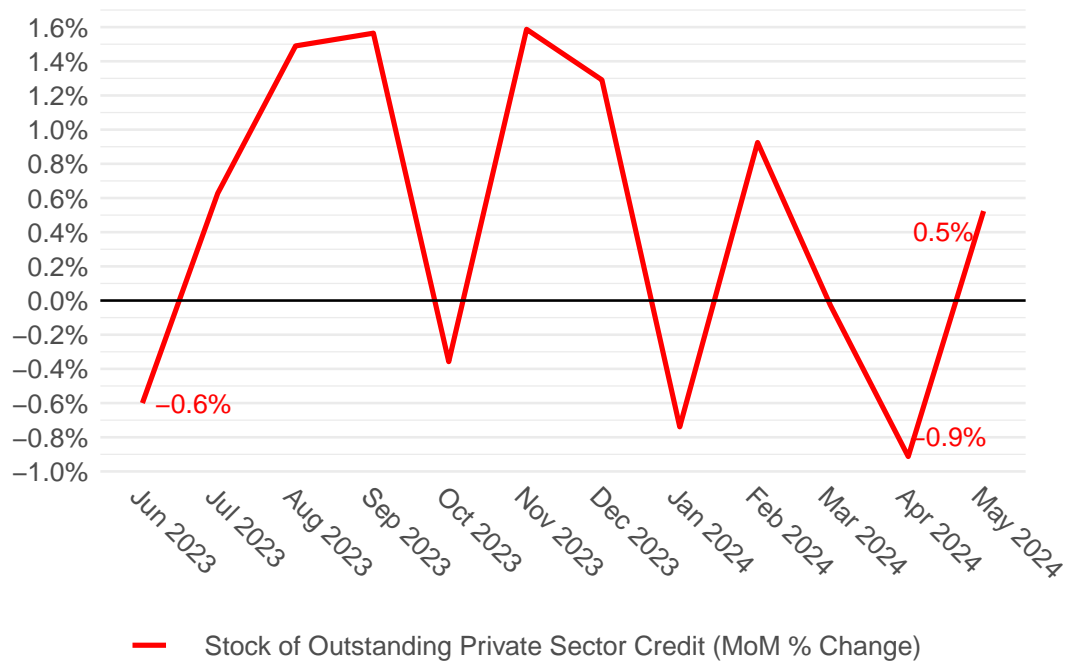
The stock of outstanding private sector credit increased by 0.5% in May 2024, reaching Shs 21,650.18 billion from Shs 21,537.43 billion in April 2024. Of this total, Shs 15,237.34 billion was Shilling-denominated credit, while Shs 6,412.83 billion was foreign currency-denominated credit. This was partly attributed to higher credit extensions particularly to borrowers in the trade and manufacturing sectors and for personal and household loans during the month.

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



<sup>7</sup>Data on Private Sector Credit has a lag of one month.

**Figure 12: Monthly Growth of Private Sector Credit**



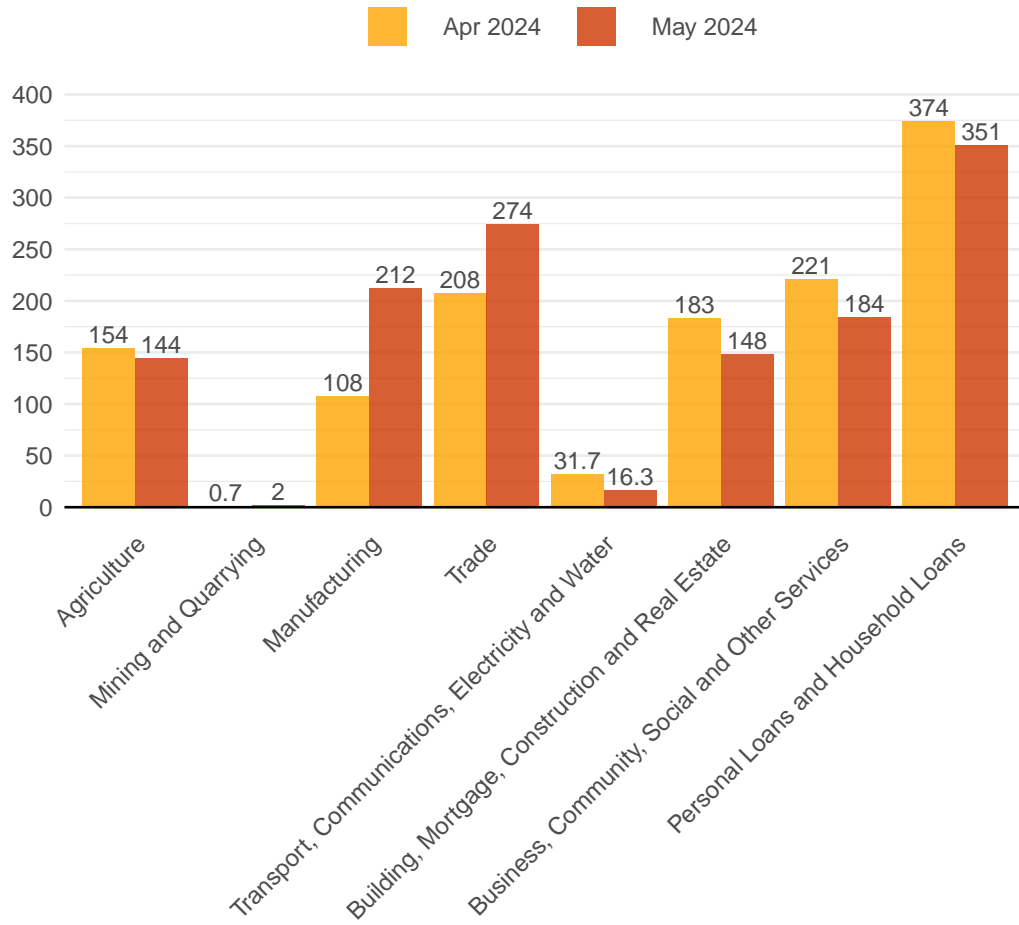
### Credit Extensions<sup>8</sup>

In May 2024, the value of credit approved for disbursement amounted to Shs 1,331.5 billion, up from Shs 1,280.0 billion in the previous month. This represents an approval rate of 69.2% of the Shs 1,922.8 billion applied for during the month.

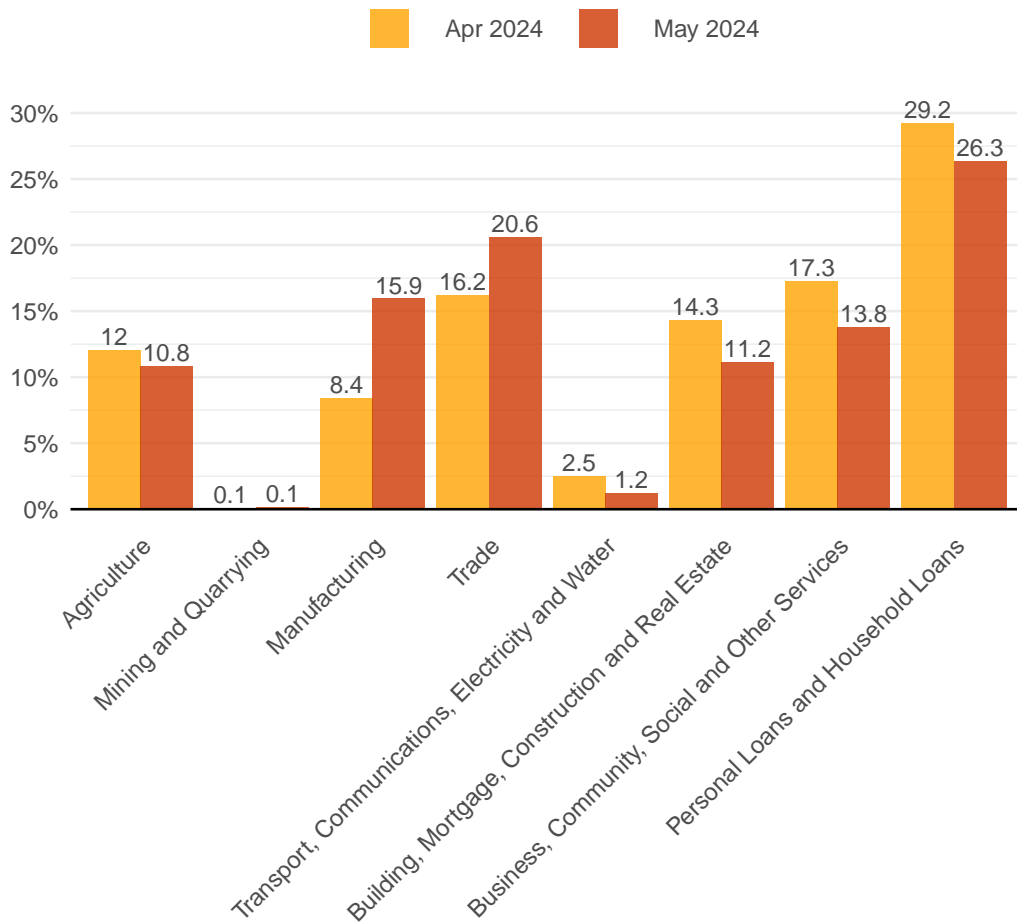
Personal and household loans accounted for the largest share at 26.3% of the total credit approved for lending, followed by the Trade and Manufacturing sectors at 20.6% and 15.9%, respectively.

<sup>8</sup>Data on Private Sector Credit 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]**



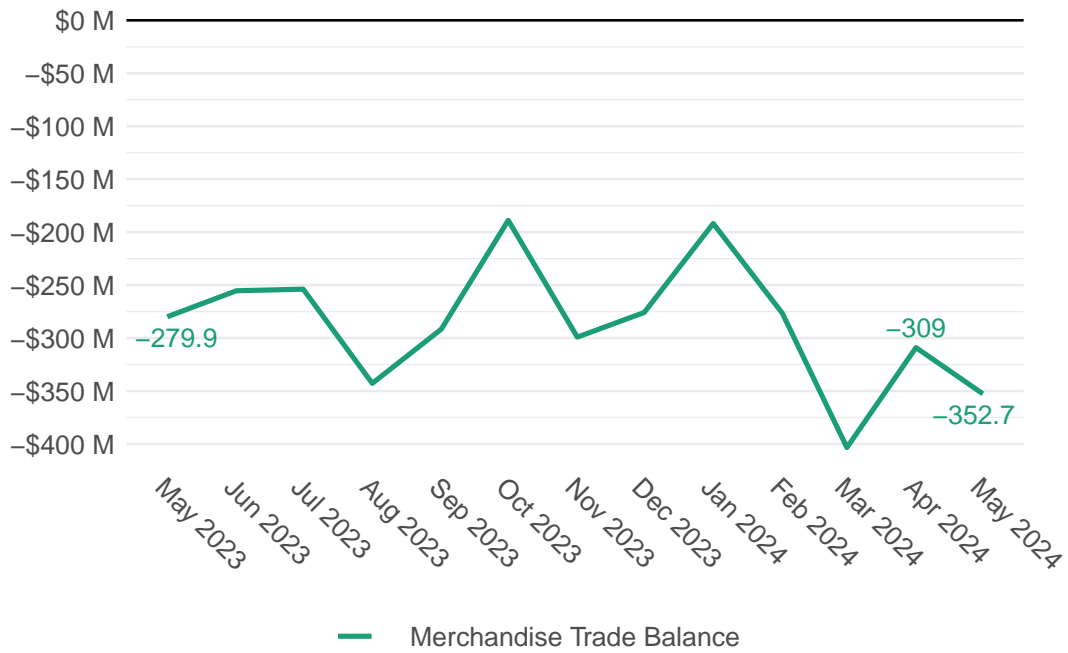
## External Sector Developments

### Merchandise Trade Balance<sup>9</sup>

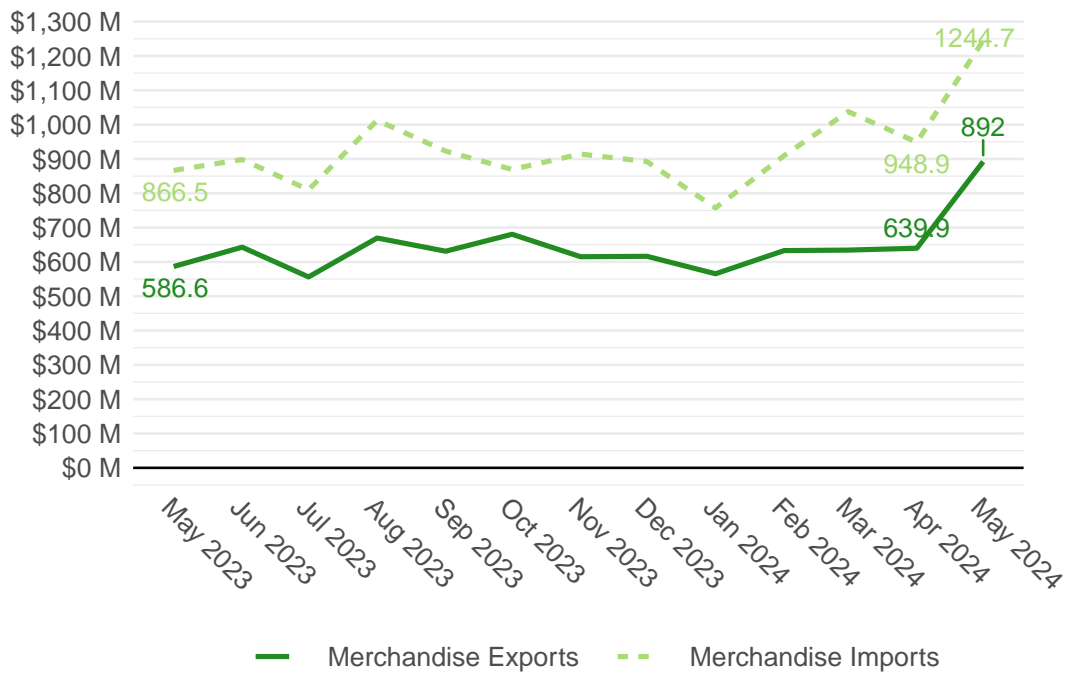
In May 2024, Uganda’s merchandise trade deficit with the rest of the world increased by 14.1%, reaching USD 352.69 million from USD 309.02 million in April 2024. When compared to the same month in the previous year (May 2023), the merchandise trade deficit widened by 26.0%, increasing from USD 279.90 million. This expansion was driven by a significant rise in the import bill, which more than offset the growth in export receipts for the month.

<sup>9</sup>Statistics on trade come with a lag of one month.

**Figure 15: Merchandise Trade Balance (US\$ Million) [Source: BOU]**



**Figure 16: Merchandise Exports and Imports (US\$ Million) [Source: BOU]**



## Merchandise Exports

Export earnings in May 2024 amounted to USD 891.97 million, a 39.4% increase from USD 639.86 million in April 2024. This growth was mainly driven by higher earnings from coffee, gold, flowers, and electricity during the month.

Coffee export earnings in May 2024 grew by 50.3% to USD 127.30 million, up from USD 84.70 million during the month of April 2024. This was on account of an increase in both the price and volumes exported during the month. The export volume for coffee was higher during the month owing to the peak harvest season for Robusta coffee.

Italy remained the largest destination of Uganda's coffee, accounting for 44.66% of the total coffee exports in May 2024. This was followed by India, Germany, Morocco and the USA with 9.7%, 9.6%, 5.5% and 4.9 % respectively.

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

Product	May-2023	Apr-2024	May-2024	May-2024 vs May-2023 % Change	May-2024 vs Apr-2024 % Change
<b>Total Exports</b>	<b>586.616</b>	<b>639.863</b>	<b>891.97</b>	<b>52.053</b>	<b>39.4</b>
<b>Coffee</b>					
Value Exported	73.259	84.698	127.301	73.768	50.3
Volume Exported (Millions of 60 Kg Bags)	0.453	0.39	0.453	0	16.052
Average Unit Value (US\$ per Kg of Coffee)	2.694	3.615	4.682	73.768	29.511
<b>Non-Coffee Formal Exports</b>	<b>464.916</b>	<b>511.062</b>	<b>715.575</b>	<b>53.915</b>	<b>40.017</b>
of which:					
Mineral Products	200.699	259.963	455.325	126.87	75.15
Cotton	2.328	1.987	1.131	-51.443	-43.094
Tea	9.427	5.634	5.734	-39.175	1.764
Tobacco	4.902	6.588	5.291	7.944	-19.686
Fish & Its Prod. (Excl. Regional)	9.771	10.497	10.572	8.193	0.71
Simsim	1.294	4.162	3.403	162.988	-18.232
Maize	10.511	5.075	4.552	-56.692	-10.312
Beans	2.405	3.313	2.6	8.121	-21.532
Flowers	6.624	4.932	6.276	-5.256	27.239
<b>ICBT Exports</b>	<b>48.441</b>	<b>44.103</b>	<b>49.094</b>	<b>1.347</b>	<b>11.317</b>

Compared to May 2023, export earnings grew by 52.1% owing to increased earnings from mainly Coffee and gold for the period under review.

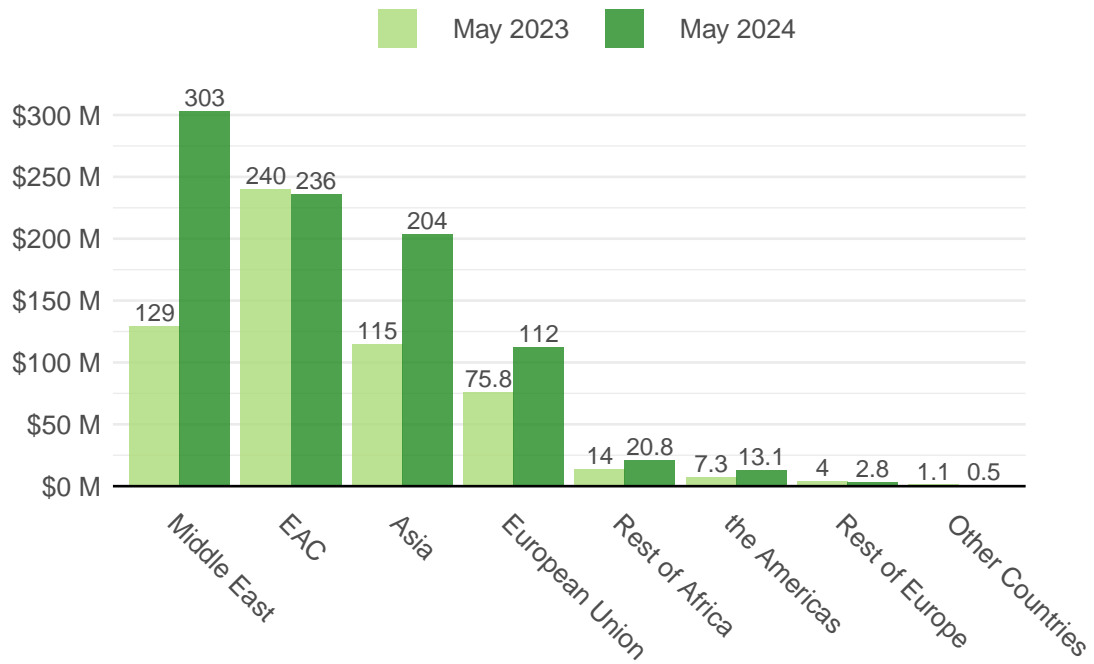
## Destination of Exports<sup>10</sup>

The Middle East emerged as the biggest destination of Uganda's exports, accounting for 34.0% of the total exports during the month of May 2024. Within this region, the United Arab Emirates purchased merchandise worth USD 297.65 million during the month. Gold remains Uganda's major export to the Middle East.

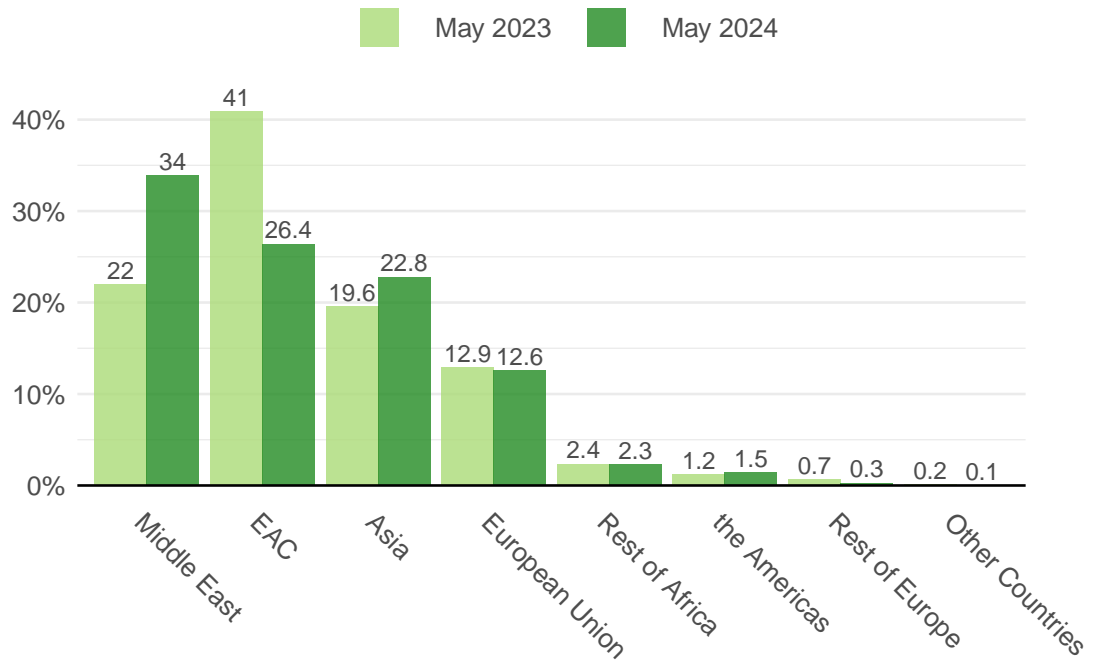
Other notable destinations for Uganda's exports were the EAC, Asia and the European Union accounting for 26.4%, 22.8% and 12.6% respectively of the total exports during the month.

<sup>10</sup>Other Countries include: Australia and Iceland.

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



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



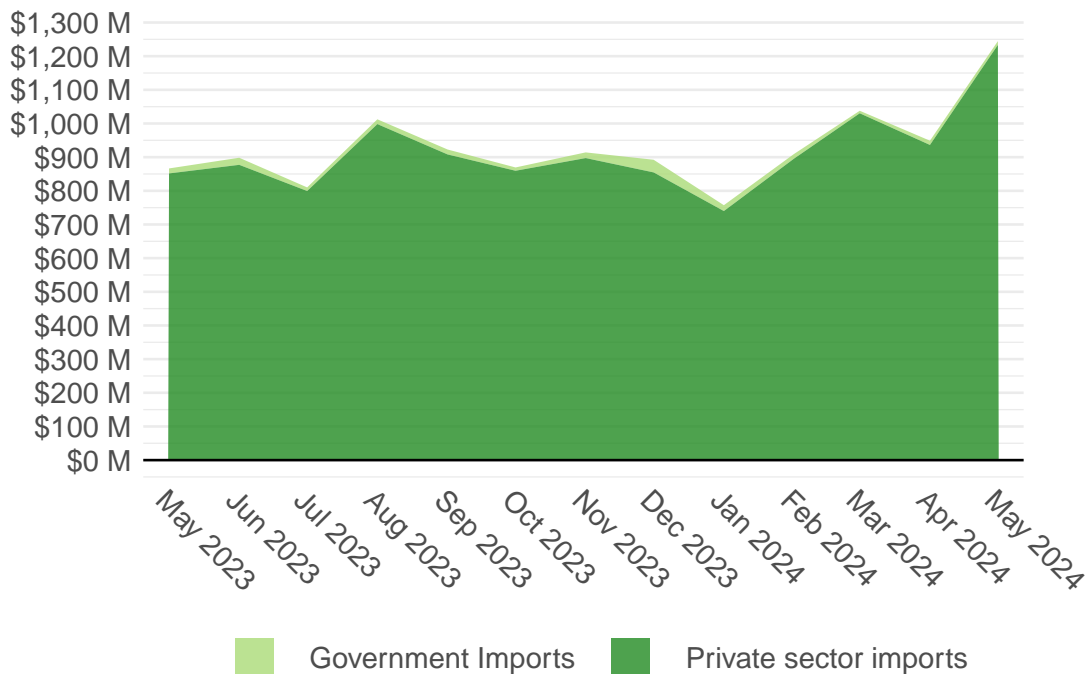
Compared to May 2023, the EAC was the largest destination of Uganda's exports, accounting for 41.0%. This was followed by the Middle East, Asia and the European Union accounting for 22.0%, 19.6% and 12.9% of the total exports respectively.

## Merchandise Imports<sup>11</sup>

In May 2024, the value of merchandise imports rose by 31.2%, reaching USD 1,244.66 million compared to USD 948.88 million in April 2024. This increase was primarily driven by higher volumes of formal private sector non-oil imports during the month. These imports encompassed goods in various categories, including vegetable products, animal products, beverages, fats & oils, mineral products, machinery & vehicles, and miscellaneous manufactured articles.

Compared to May 2023, the import bill grew by 43.6% from USD 866.51 million to USD 1,244.66 million in May 2024. This increase was primarily on account of increased volumes for commodities under mineral products, machinery & vehicles and vegetable products, animal products, beverages, fats & oils over the period under review.

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



## Origin of Imports

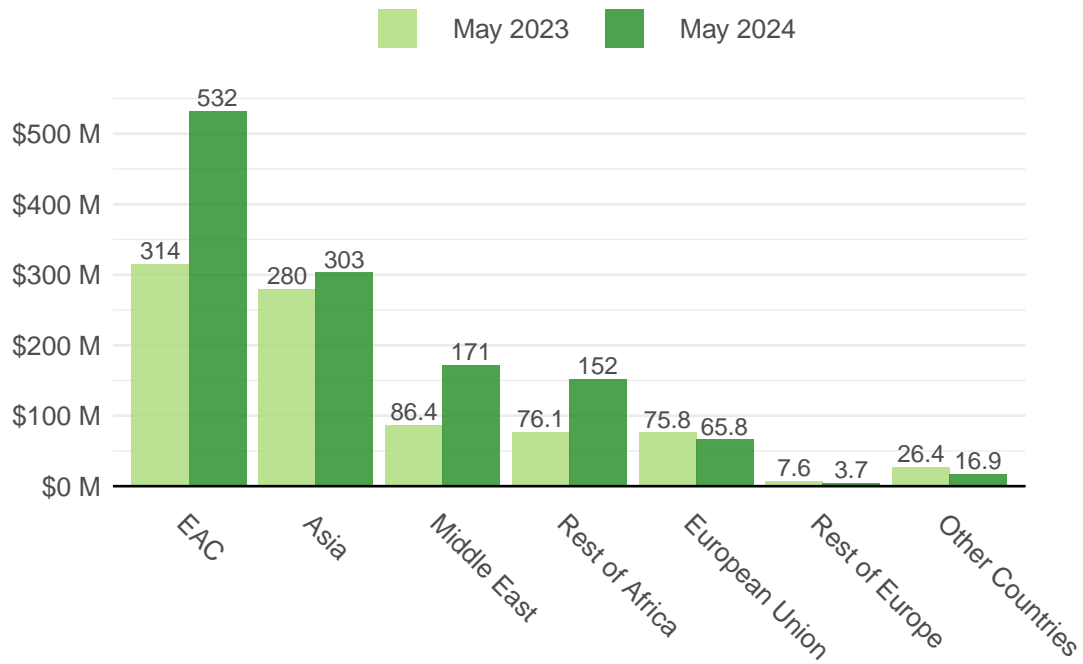
The East African Community (EAC) was the largest source of Uganda's imports, accounting for 42.7% of the total imports for the month of May 2024. Specifically, Tanzania was the leading country, supplying merchandise valued at USD 446.71 million. The primary commodities imported from Tanzania included gold and rice.

Other notable sources included Asia, the Middle East and the Rest of Africa accounting for 24.3%, 13.8% and 12.2% respectively.

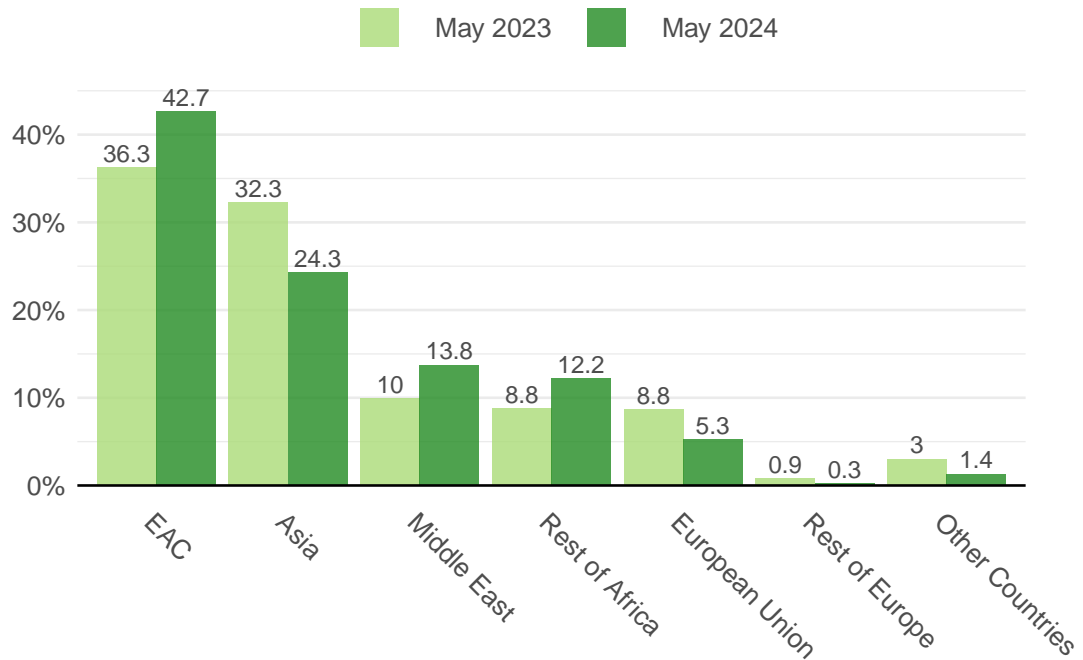
<sup>11</sup> Statistics on trade come with a lag of one month.



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



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



Compared to the same month the previous year (May 2023), the EAC was still the largest source of Uganda's imports, accounting for 36.3% of the total imports. This was closely followed by Asia and the Middle East at 32.3% and 10.0% respectively.

## Trade Balance by Region

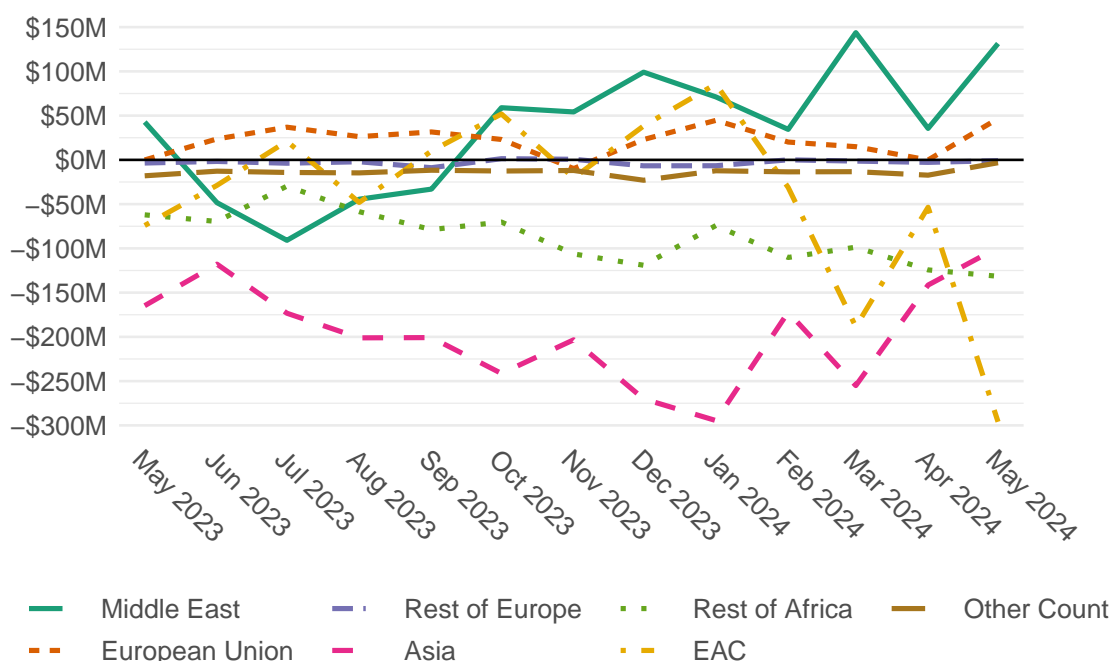
During the month of May 2024, Uganda traded at a surplus with the Middle East and the European Union while trading at a deficit with Asia, EAC, and the Rest of Africa.

This is a shift compared to the previous month (April 2024) where she traded at a deficit with all major regional blocks save for the Middle East.

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

Region	May 2023	Apr 2024	May 2024
Middle East	42.72	35.53	131.43
European Union	-0.07	-0.12	46.65
Rest of Europe	-3.56	-2.8	-0.89
Asia	-164.75	-141.46	-99.15
Rest of Africa	-62.11	-124.3	-131.54
EAC	-74.15	-53.55	-295.95
Other Countries	-17.98	-17.27	-3.24

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



## Fiscal Developments<sup>12</sup>

Government fiscal operations during June 2024 resulted in an overall fiscal deficit of Shs 1,424.74 billion which was higher than the Shs 22.28 billion target for the month. This was due to shortfalls in revenue & grants and higher-than-planned expenditure during the month.

<sup>12</sup>Fiscal data is preliminary.

**Table 4:** Summary Table of Fiscal Operations June 2024 (US\$ Billion) [Source: MOFPED]

Shs Billion	Program	Outturn	Performance	Deviation
<b>Revenues and grants</b>	<b>4,065.41</b>	<b>3,309.47</b>	<b>81.4%</b>	<b>-755.94</b>
Revenues	3,647.05	3,140.39	86.1%	-506.66
Tax	3,381.63	3,030.27	89.6%	-351.36
Non-tax	265.42	110.12	41.5%	-155.3
Grants	418.36	169.08	40.4%	-249.28
o/w Project support	418.36	169.08	40.4%	-249.28
<b>Expenditures and lending</b>	<b>4,087.69</b>	<b>4,734.22</b>	<b>115.8%</b>	<b>646.52</b>
Current expenditures	2,266.79	3,233.85	142.7%	967.06
Wages and salaries	659.46	743.08	112.7%	83.61
Interest payments	338.36	481.58	142.3%	143.22
o/w domestic	209.65	310.78	148.2%	101.13
o/w external	128.71	170.8	132.7%	42.09
Other recurrent expenditure	1,268.96	2,009.19	158.3%	740.23
Development expenditures	1,793.08	1,484.79	82.8%	-308.29
Domestic	1,076.47	1,029.8	95.7%	-46.67
External	716.62	454.99	63.5%	-261.62
Net lending/repayments	5.92	0	0.0%	-5.92
Domestic arrears repayment	21.9	15.58	71.1%	-6.32
<b>Domestic fiscal balance</b>	<b>-22.28</b>	<b>-1,424.74</b>	<b>-</b>	<b>-</b>

## Domestic Revenues

Domestic revenue collections in June 2024 amounted to Shs 3,140.39 billion, registering an 86.1% performance rate against the target of Shs 3,647.05 billion with both tax and non-tax performing below their respective targets for the month.

Tax collections in June 2024 amounted to Shs 3,030.27 billion against the planned target of Shs 3,381.63 billion thus a Shs 351.36 billion shortfall, with all tax heads performing below their respective targets.

Direct taxes amounted to Shs 1,581.6 billion against the target of Shs 1,747.1 billion representing a shortfall of Shs 165.6 billion. This performance is largely on account of the temporary halt of business establishment during the strike in April 2024 which impacted on the June 2024 tax returns. Indirect domestic taxes amounted to Shs 598.82 billion during the month, resulting in a Shs 103.5 billion shortfall against the target of Shs 702.30 billion as both VAT and excise duty performed below their respective targets. This performance was largely on account of the extension of penalties and interest on outstanding principal taxes for FY 2022/23 that were expected to be cleared in the month of June 2024. Taxes on international trade and transactions registered a shortfall of Shs 85.00 billion with VAT on imports accounting for 70%.

On the other hand, petroleum duty and import duties registered surpluses of Shs 6.8 billion and Shs 0.6 billion respectively as traders rushed to file returns on international trade and transactions before the closure of FY2023/24.

## Expenditure

Total Government expenditure in June 2024 amounted to Shs. 4,734.22 billion against the planned expenditure of Shs. 4,087.69 billion. This was largely on account of higher than projected recurrent expenditure in the month of June 2024.

Recurrent Government spending in the month was Shs 3,233.85 billion, which was higher than the program of Shs 2,266.79 billion. This performance was largely on account of higher wages and salaries and interest payments as well as other recurrent expenditures. The higher wages in June resulted from payment of wages and salaries that were due in May 2024 while higher interest payments mainly resulted from an increase in domestic borrowing within the financial year.

Development expenditure was Shs 1,484.79 billion against the programmed expenditure of Shs 1,793.08 billion representing an 82.8% performance. Externally financed project expenditure accounted for 80 percent of this shortfall. The under spending of externally financed projects expenditure was on account of low absorption of projects as well as failure to fulfill agreed actions by project implementers.

## East Africa Community Developments

### EAC Inflation<sup>13</sup>

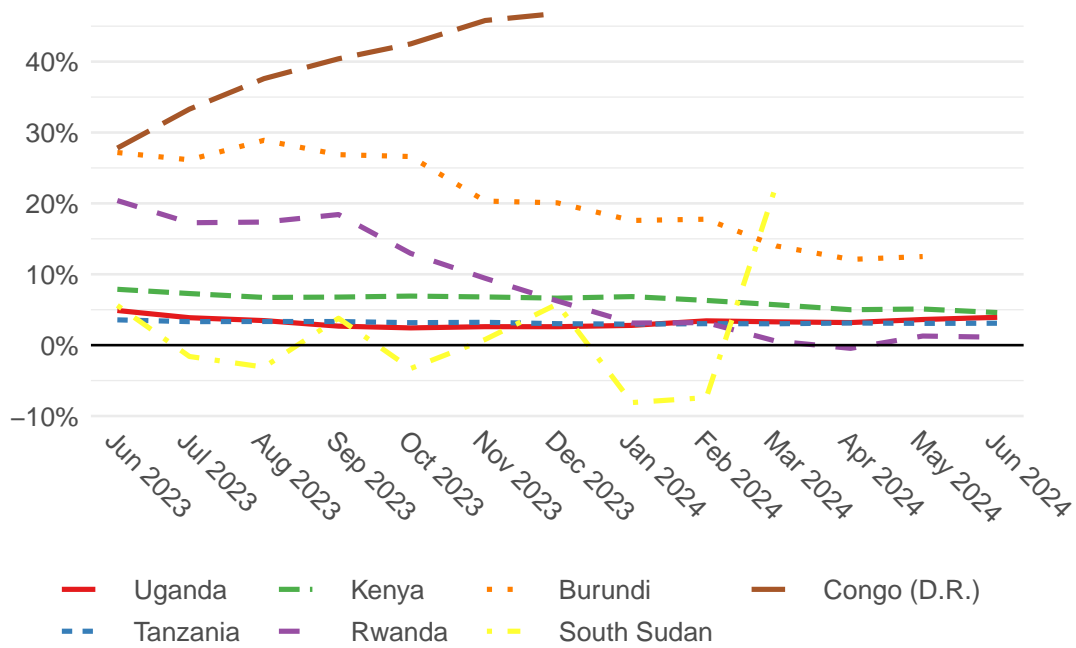
Kenya's annual headline inflation eased to 4.6% in June 2024, down from 5.0% in the previous month. This reduction was primarily driven by a slowdown in the rate at which prices for food and non-alcoholic beverages, housing, water, electricity, gas, and other fuels increased.

Rwanda's annual headline inflation decreased to 1.1% in June from 1.3% the previous month. This decline was partly due to lower prices for food and non-alcoholic beverages. On the other hand, Tanzania's inflation rate remained unchanged for the month of June when compared to May 2024 at 3.1%.

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<sup>13</sup>Data on inflation for Burundi, D.R.C, South Sudan and Somalia not readily available.

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

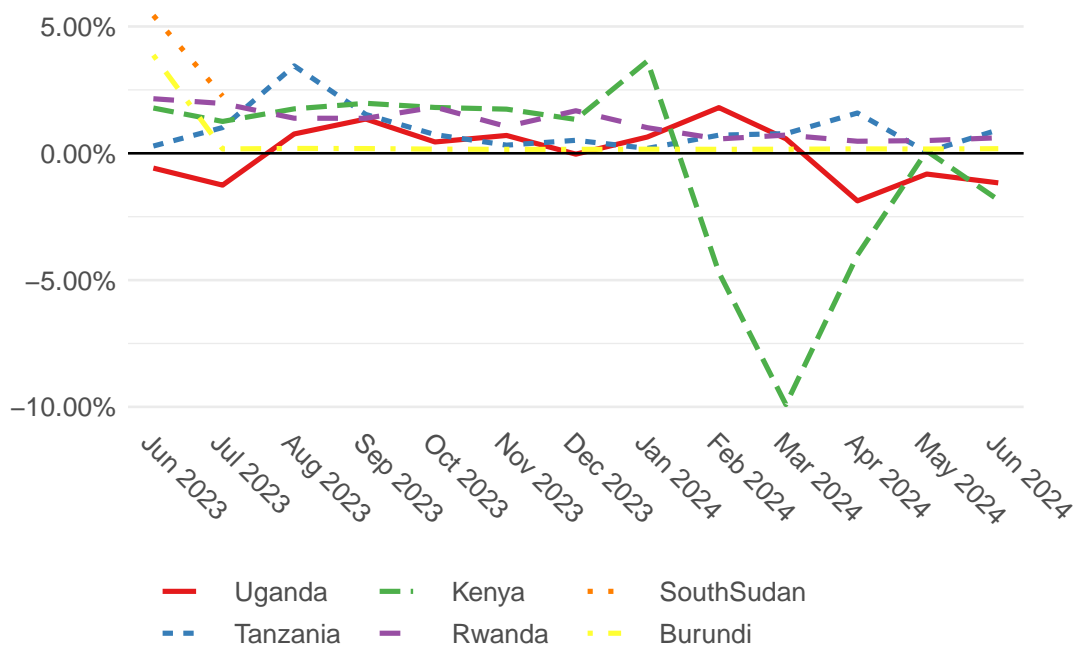


### EAC Exchange Rates<sup>14</sup>

During the month under review, most East African Community (EAC) Partner States' currencies recorded losses against the USD, except for the Ugandan and Kenyan Shillings, which strengthened by 1.2% and 1.8%, respectively. The Burundian Franc, Rwandan Franc, and Tanzanian Shilling depreciated by 0.2%, 0.6%, and 0.9%, respectively.

<sup>14</sup>Data on Exchange Rates for D.R.C, South Sudan and Somalia not readily available.

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



### Trade Balance with EAC<sup>15</sup>

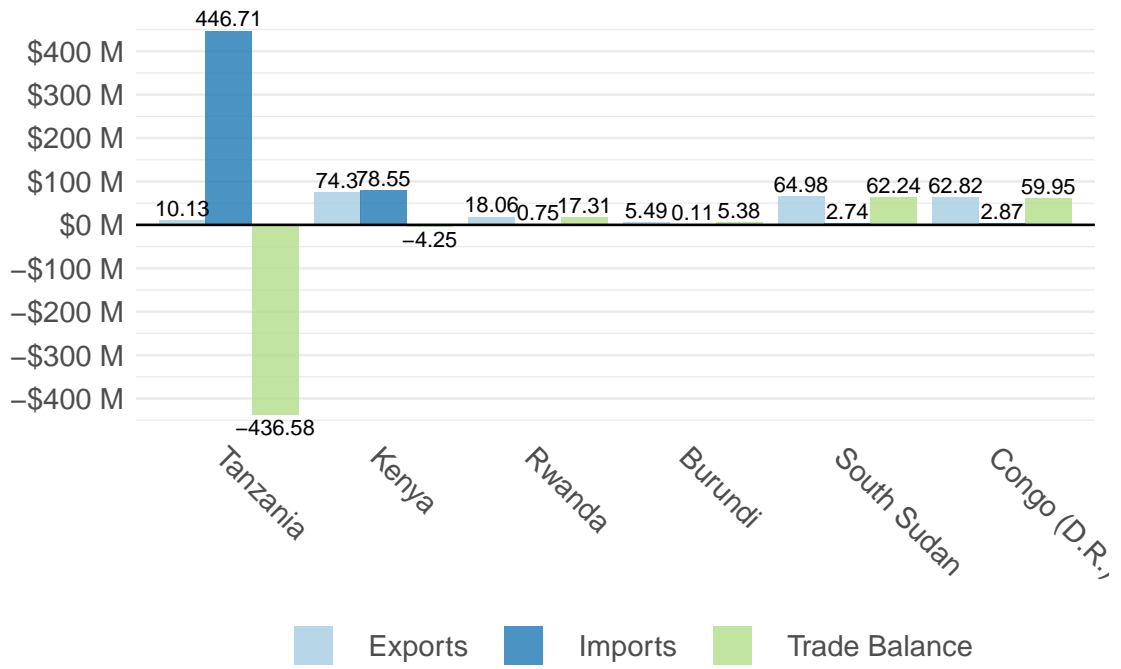
In May 2024, Uganda traded at a deficit of USD 295.95 million with the rest of the EAC Partner states, an increase from a deficit of USD 53.55 million recorded the previous month. Exports to the EAC partners amounted to USD 235.77 million while imports amounted to USD 531.72 million for the period under review.

On a country-specific level, Uganda traded at a deficit of USD 436.58 million with Tanzania, and USD 4.25 million with Kenya, while trade surpluses were recorded with the Democratic Republic of Congo, South Sudan, Rwanda, and Burundi amounting to USD 59.95 million, USD 62.24 million, USD 17.31 million, USD 5.38 million, respectively.

Imports from the region increased to USD 531.72 million in May from USD 261.49 million in April 2024. This was majorly attributed to higher imports from Tanzania which increased by USD 283.22 million.

<sup>15</sup>Data for Somalia not readily available

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



## Glossary

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Term	Description
<b>Bid to cover ratio</b>	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.
<b>BTI</b>	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.
<b>CIEA</b>	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.
<b>Core Inflation</b>	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.
<b>Headline Inflation</b>	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.
<b>Tenor</b>	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.
<b>PMI</b>	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.

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# Online Resources

Visit us online at [mepd.finance.go.ug](http://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](http://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 'Download Data', 'Data Source' (Ministry of Finance, Planning and Economic Development (MoFPED)), 'Select Dataset' (Performance of the Economy), 'Select Variables' (All Variables), and 'Choose Format' (Excel, CSV, TAB, R, STATA, SAS, SPSS). The main area displays a table with columns: Date, Year, Quarter, FY, QFY, Month, and CPI\_16. The table lists 15 entries from 1983-01-01 to 1987-09-01. A pagination bar at the bottom indicates 'Showing 1 to 15 of 390 entries'.

Date	Year	Quarter	FY	QFY	Month	CPI_16
Date	Year	Quarter	Fiscal Year (July - June)	Quarter of Fiscal Year	Month	Consumer Price Index (CPI), (2016/17 = 100). All Items Index (weight = 10000)
1	1983-01-01	1983 Q1	1982/83	Q3	January	NA
2	1983-07-01	1983 Q3	1983/84	Q1	July	NA
3	1983-12-01	1983 Q4	1983/84	Q2	December	NA
4	1984-01-01	1984 Q1	1983/84	Q3	January	NA
5	1984-07-01	1984 Q3	1984/85	Q1	July	NA
6	1984-12-01	1984 Q4	1984/85	Q2	December	NA
7	1985-01-01	1985 Q1	1984/85	Q3	January	NA
8	1985-07-01	1985 Q3	1985/86	Q1	July	NA
9	1985-12-01	1985 Q4	1985/86	Q2	December	NA
10	1986-01-01	1986 Q1	1985/86	Q3	January	NA
11	1986-07-01	1986 Q3	1986/87	Q1	July	NA
12	1986-12-01	1986 Q4	1986/87	Q2	December	NA
13	1987-03-01	1987 Q1	1986/87	Q3	March	NA
14	1987-06-01	1987 Q2	1986/87	Q4	June	NA
15	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](http://mepd.finance.go.ug/apps/macro-monitor).

The screenshot shows the 'Uganda Macroeconomic Monitor' interface. The top navigation bar includes 'Real Sector', 'External Sector', 'Financial Sector', and 'Fiscal Sector'. The main area displays two charts. The top chart is a 'GDP Nowcast for Current Quarter (Seas. Adj. with X-13)' showing GDP at constant 2016/17 prices, Taxes on Products and Services, VA in Services, VA in Industry, and VA in Agriculture from July 2018 to July 2020. The bottom chart is a '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. The source for both charts is the Uganda Bureau of Statistics.

## 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](http://mepd.finance.go.ug/reports). The table is subject to data revisions.







**Table 5: Data Table (continued)**

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

EAC exchange rate and trade data are provided by BOU.

*Notes on Data Sources and Methods by Sector:*

<sup>a</sup> 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.

<sup>b</sup> 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.

<sup>c</sup> 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>.

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

<sup>e</sup> 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.