

SUMMARY OF THE PERFORMANCE OF THE ECONOMY REPORT FOR JUNE 2019

Real Sector

- There was a marginal increase in annual headline inflation to 3.4% in June 2019 from 3.3% recorded for May 2019.
- The level of economic activity improved during the months of May and June as shown by the Composite Index of Economic Activity (CIEA) and the Purchasing Managers' Index (PMI) respectively.
- Relatedly, sentiments about doing business in the Ugandan economy remained positive in June 2019 as shown by the Business Tendency Index (BTI) which, at 57.58, remained above the threshold of 50.

Financial Sector

- The shilling strengthened against some of the major trading currencies such as the US Dollar and the Pound Sterling in June 2019.

The shilling registered an appreciation of 1.0% and 2.2% against the US Dollar and the Pound Sterling respectively.

- **There was a slight reduction in lending rates** for Shilling denominated credit from an average of 19.8% in April to 19.6% in May 2019. However, lending rates for credit denominated in foreign currency increased from 6.7% in April 2019 to 7.8% in May 2019.
- Yields (interest rates) on Treasury-bills increased for the 91-day T-Bill, went down for the 364-day T-Bill and remained unchanged for the 182-day tenor.
- **During the month, Shs 526.72 billion (at cost) was raised in the primary market.** However, Shs 662.26 billion was required for refinancing maturing debt and thus savings from previous issuances in earlier months were used in addition to what was raised in June.
- The stock of private sector credit increased by 1.1% to Shs 14,915 billion in May 2019 from Shs 14,760 billion as at end of April.

External Sector

- The merchandise trade deficit **decreased** from US\$ 356.1 million in April 2019 to **US\$ 200.7 million** in May 2019. This was because exports increased by 14.4% while imports declined by 16.8% during the period.
- Compared to May of last year (2018), the trade deficit widened by 28.3% from US\$ 156.4 million to US\$ 200.7 million in May 2019. The increase in the deficit followed a higher increase in the import bill which more than offset the growth in export receipts.

Fiscal Sector

- Fiscal operations during June 2019 resulted in a deficit of Shs 33.7 billion which was lower than the programmed deficit of Shs 116.5 billion. This was due to lower Government spending which more than offset shortfalls recorded in Revenue and Grants. Revenues and grants

amounted to Shs 1,899.8 billion, registering a shortfall of Shs 130.4 billion. Government spending was also lower than the program by 9.9%, amounting to Shs 1,933.4 billion for the month.

East African Community

- Annual Headline Inflation² remained **fairly stable** within the EAC region. Annual headline inflation for Uganda and Kenya declined while it increased for Tanzania and Rwanda.

- Uganda's currency appreciated by 1.0% while the Tanzanian Shilling remained unchanged against the US Dollar.

The currencies of the other partner states depreciated against the US Dollar.

- Uganda traded at a surplus with the rest of the EAC in May 2019, an improvement from the deficit recorded the previous month.

Uganda exported merchandise worth US\$ 118.3 million against imports of US\$ 99.16 million. This resulted in a trade **surplus of US\$19.14 million** against the rest of the EAC bloc.