

Uganda Macroeconomic Digest

August 2025



Introduction

August 2025 provides insights into the country's economic performance. The report covers Uganda's key macroeconomic indicators, including inflation, business confidence, exchange rates, interest rates, domestic credit, merchandise trade (exports and imports), and economic outlook and risks.

Annual Inflation:

In August 2025, Uganda's headline inflation remained steady at 3.8 percent, the same rate recorded in July 2025. The stability was a result of offsetting trends, with higher food prices balanced by declining fuel costs. The stability was a result of offsetting trends, with notable increases in energy, fuel, and utilities (EFU) counterbalanced by a marginal easing in food crop prices. In July and August 2025, core inflation remained at 4.1 percent, despite a sharp rise in service-related costs. Services inflation accelerated to 5.1 percent in August 2025 from 4.6 percent in July 2025, driven mainly by higher costs in transport services (3.0 percent from 2.5 percent), restaurants and accommodation (5.6 percent from 5.0 percent), and insurance and financial services (16.4 percent from 15.7 percent). On the other hand, inflation for other goods eased to 3.2 percent in August 2025 from 3.7 percent in July 2025, reflecting declines in rice (4.1 percent from 7.3 percent), dried fish (-5.7 percent from 2.0 percent), and maize flour (11.5 percent from 13.8 percent).

Food crops and related items inflation declined to 3.0 percent in August 2025 from 3.2 percent in July 2025. Seasonal perishables contributed most to this slowdown: Irish potatoes inflation fell sharply to -12.4 percent from -4.6 percent as harvests boosted supply;

passion fruit inflation dropped to -6.4 percent from 0.9 percent; mangoes inflation declined significantly to -6.1 percent from 14.5 percent; and fresh beans inflation fell to -12.9 percent from -2.2 percent. Although matoke inflation eased slightly to 32.5 percent in August 2025 from 35.3 percent in July 2025, it remained highly elevated, underscoring persistent supply constraints that continued to weigh on food inflation.

Annual Energy Fuel and Utilities (EFU) inflation edged up to 1.1 percent in August 2025 from 0.0 percent in July 2025. This increase was mainly due to rising charcoal prices, which accelerated to 8.3 percent from 5.5 percent. Likewise, petrol inflation increased to -4.0 percent in August 2025 from -6.2 percent in July 2025, while diesel inflation declined to -2.0 percent from -3.4 percent during the same period

According to the Bank of Uganda's latest forecasts, core inflation is projected to average between 4.5 percent and 4.8 percent in FY2025/26 before stabilizing around the medium-term target of 5.0 percent. This outlook is anchored on a cautious monetary policy stance amid elevated uncertainty, relatively stable exchange rate conditions, an improved domestic food supply, and lower global oil prices.

3.8%



Headline Inflation remained at **3.8%** in July and August 2025.

4.1%



Core Inflation remained at **4.1%** in July and August 2025

3.0%



Food Crops and Related Items inflation declined from **3.2%** in July 2025 to **3.0%** in August 2025

1.1%



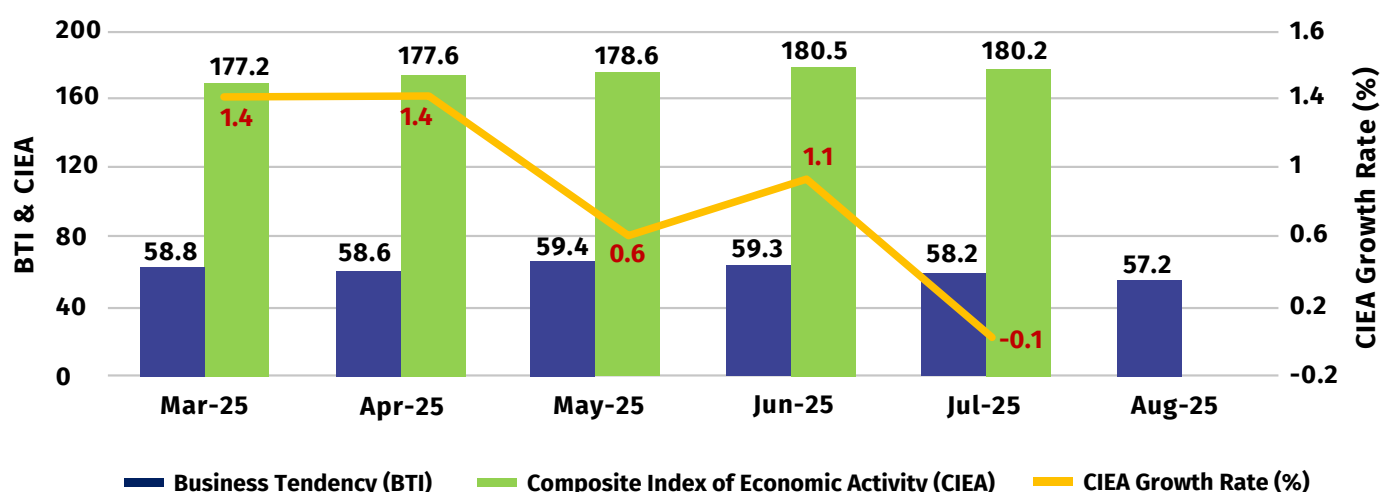
Energy Fuel and Utilities (EFU) inflation increased from **0.0%** in July 2025 to **1.1%** in August 2025

Business Perceptions and Economic Activity:

In August 2025, the Business Tendency Indicator (BTI) declined slightly to 57.2 from 58.2 in July 2025. Although this change marked a slight moderation, the index remained above the 50-mark threshold, signaling continued optimism among businesses. According to the Stanbic Bank Uganda PMI report of August 2025, businesses remained confident about prospects, supported by improved demand conditions and sustained new orders. Firms reported further expansions in output, sales, and employment across all monitored sectors, with optimism underpinned by advertising, marketing efforts and stronger client outreach.

The Composite Index of Economic Activity (CIEA) also reflected weaker momentum, declining slightly by 0.1 percent from 180.5 in June 2025 to 180.2 in July 2025, reflecting emerging pressures from rising operational and input costs. Nonetheless, improved demand allowed firms to sustain growth in inventories and input purchases, while optimism for future output remained strong. This performance highlights a resilient private sector, though with a slower pace of expansion.

Figure 1 : Business Tendency Indicator (BTI) and Composite Index of Economic Activity (CIEA), March to August 2025



Source: Computation based on Bank of Uganda data, August 2025

Exchange Rate Movements:

The Uganda shilling strengthened further against the US dollar in August 2025, appreciating by 0.6 percent to an average mid-rate of **UGX 3,563.9/USD** from **UGX 3,586.6/USD** in July 2025. This followed a 0.5 percent gain in July 2025, marking the second consecutive month of appreciation.

The performance was largely supported by steady foreign exchange inflows from offshore investors participating in treasury auctions, workers' remittances, and export receipts, particularly from coffee. In addition, the shilling's strength was reinforced by the global weakening of the US dollar against major currencies, which created favorable external conditions for the local currency.

The shilling's appreciation boosts import affordability, eases inflationary pressures, and supports macroeconomic stability, though it may slightly reduce export competitiveness if the trend persists over the coming months.

Shs 3,563.9/USD

**Average exchange
rate for August 2025**



Interest Rate Movements:

The Central Bank Rate (CBR) remained unchanged at 9.75 percent in both July and August 2025, reflecting the Bank of Uganda's continued commitment to maintaining inflation around the medium-term target while supporting economic growth and socio-economic transformation.

However, the weighted average shilling-denominated lending rate increased from 19.07 percent in June 2025 to 19.65 percent in July 2025, indicating tighter credit conditions for domestic borrowers. Higher demand for personal and household loans, such as mobile money loans, partially drove this increase. On the other hand, lending rates on foreign currency-denominated loans declined from 8.78 percent in June 2025 to 8.35 percent in July 2025, suggesting relatively easier access to external currency credit compared to local currency loans. Going forward, if local currency lending rates continue to rise, domestic borrowers will face escalating credit costs, constraining private sector investment and limiting household consumption.



Domestic Credit:

Domestic credit declined by 3.4 percent to **Shs 49.14 billion** in July 2025 from **Shs 50.85 billion** in June 2025, largely reflecting reduced government domestic borrowing. Net Credit to Government (NCG) fell sharply by 7.3 percent to **Shs 21.30 billion** from **Shs 22.99 billion**, a development that signals improved fiscal discipline and helps create room for private sector activity over time. Private sector credit, however, registered a slight decline of 0.4 percent to **Shs 26.68 billion** from **Shs 26.80 billion**. While this suggests slower credit uptake in the short term, the easing of government borrowing pressures is expected to support a more favorable environment for private sector financing and investment in the medium term, thereby reinforcing growth and transformation.



Merchandise Trade Balance and Terms of Trade:

Uganda's merchandise trade balance deteriorated, with the deficit widening by 10.1 percent from **US\$269.6 million** in June 2025 to **US\$296.8 million** in July 2025. This was mainly the result of a larger increase in imports relative to exports. Merchandise import receipts grew by 8.3 percent, from **US\$1.43 billion** in June 2025 to **US\$1.54 billion** in July 2025, compared to a 7.8 percent growth in exports, which rose from **US\$1.16 billion** to **US\$1.25 billion** over the same period. In addition, the terms of trade (TOT) index dropped sharply by 19.8 percent, from 152.1 in June 2025 to 121.9 in July 2025. This implies that Uganda needed to export a higher volume of goods to finance the same level of imports, signaling less favorable trade conditions despite the growth in export receipts.

Trade deficit
increased by

10.1%

in July 2025

Total Exports
of Goods - fob
increased by

7.8%

in July 2025

Total Imports
of Goods - fob
increased by

8.3%

in July 2025

Terms of Trade
Index declined by

19.8%

in July 2025

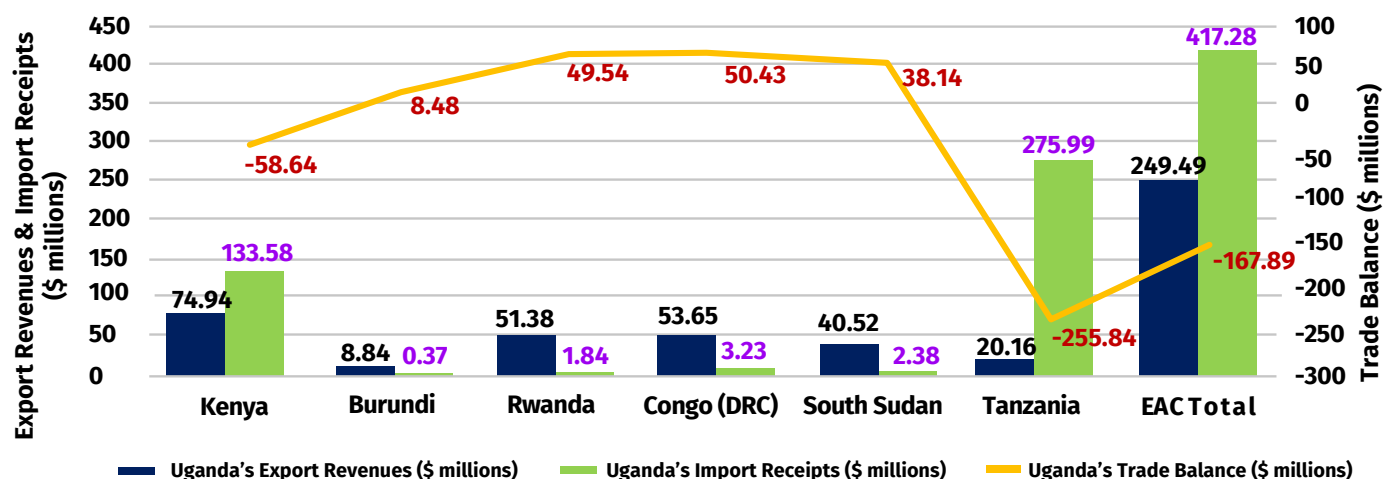
Uganda's Trade Balance with the East African Community (EAC):

Uganda recorded a trade deficit of **US\$167.89 million** with the East African Community (EAC) in July 2025, resulting from higher import receipts of **US\$417.38 million** compared to export revenues of **US\$249.49 million**. The largest deficit was with Tanzania at **US\$255.84 million**, as Uganda imported goods valued at **US\$275.99 million** against exports of **US\$20.16 million**. Uganda also registered a trade deficit of **US\$58.64 million** with Kenya, with imports of **US\$133.58 million** outweighing exports of **US\$74.94 million**.

On the other hand, Uganda maintained trade surpluses with Burundi, Rwanda, DR Congo, and South Sudan in July 2025. Exports to Burundi were **US\$8.84 million** compared to imports of **US\$0.37 million**, yielding a surplus of **US\$8.48 million**. Trade with Rwanda resulted in a surplus of **US\$49.54 million**, with exports of **US\$51.38 million** and imports of **US\$1.84 million**. Uganda's trade with DR Congo generated a surplus of **US\$50.43 million**, with exports worth **US\$53.65 million** against imports of **US\$3.23 million**. Similarly, trade with South Sudan recorded a surplus of **US\$38.14 million**, with exports worth **US\$40.52 million** against imports of **US\$2.38 million**.



Figure 2: Uganda's Merchandise Trade Balance with the EAC in July 2025 (Million USD): Exports Vs. Imports



Source: Computation based on Bank of Uganda data, July 2025

Uganda's Export Revenues from Selected Commodities:

Coffee export revenues declined by 13.5% to **US\$250.60 million** in July 2025, from **US\$289.60 million** in June 2025. This fall was largely due to a 1.7% drop in export volumes, which decreased from 1,014,062 (60-kg bags) in June to 997,105 (60-kg bags) in July. Similarly, cotton export revenues slipped by 3.7% to **US\$1.08 million**, down from **US\$1.13 million**, reflecting a 10.8% contraction in export volumes to 4,282.89 (185-kg bales) from 4,799.85 (185-kg bales).

In addition, tea exports recorded a 5.8% decline in value to **US\$5.13 million** in July from **US\$5.45 million** in June, corresponding with a 3.5% fall in volumes to 5,137.85 tons compared to 5,321.55 tons. On the other hand, exports of fish and related products (excluding regional trade) rose by 8.3% to **US\$13.78 million**, up from **US\$12.73 million**, buoyed by a sharp 111.4% surge in volumes to 3,745.20 tons from 1,771.42 tons.

Meanwhile, simsim exports dropped steeply, with revenues falling by 40.2% to **US\$1.34 million** in July 2025 from **US\$2.24 million** in June 2025, as volumes shrank by 38.8% to 692.68 tons from 1,131.59 tons. On the other hand, maize exports strengthened, with revenues rising by 9.8% to **US\$6.25 million** from **US\$5.69 million**, supported by a robust 63.2% increase in volumes to 18,037.83 tons from 11,051.53 tons.

However, bean exports registered a significant setback: revenues fell by 32.1% to **US\$4.31 million** in July 2025 from **US\$6.35 million** in June 2025, despite a 14.6% increase in volumes to 8,181.32 tons from 7,136.23 tons, reflecting the impact of lower regional prices. Likewise, cocoa bean exports dropped by 30.4% to **US\$27.34 million** from **US\$39.29 million**, following a 25.6% reduction in volumes to 3,662.29 tons from 4,919.66 tons.

Rice exports faced the sharpest fall, with revenues plunging by 72.4% to **US\$0.14 million** in July 2025 from **US\$0.50 million** in June 2025, on account of a 61.4% decline in volumes to 172.71 tons from 447.29 tons. On the other hand, sugar exports posted the strongest performance, with revenues nearly doubling by 97.7% to **US\$30.88 million** in July 2025 from **US\$15.62 million** in June 2025. This was underpinned by an 82.0% surge in volumes, which rose to 41,519.26 tons from 22,818.86 tons during the same period.



Uganda's Import Receipts for Selected Commodities:

In July 2025, Uganda's formal private sector import receipts increased by 9.9% to **US\$1.52 billion**, from **US\$1.39 billion** in June 2025. Machinery, equipment, vehicles, and accessories import receipts increased by 49.0% to **US\$295.84 million** in July 2025 from **US\$198.52 million** in June 2025.

Mineral products (excluding petroleum products) also grew by 23.1% to **US\$559.77 million** from **US\$454.82 million**, while plastics, rubber, and related products increased by 30.4% to **US\$75.15 million** from **US\$57.61 million**. Textiles and textile products rose by 33.2% to **US\$37.62 million**, up from **US\$28.25 million** in June 2025, and chemical and related products grew by 23.0% to **US\$111.07 million** from **US\$90.32 million**.

Miscellaneous manufactured articles increased by 18.9% to **US\$48.81 million** in July 2025, compared to **US\$41.06 million** in June 2025, while animal and animal products recorded a 13.1% rise to **US\$8.72 million** from **US\$7.71 million**.

On the other hand, some categories showed lower import receipts. Vegetable products, animal products, beverages, fats, and oils declined by 44.7% to **US\$86.28 million** in July 2025 from **US\$156.05 million** in June 2025.

Petroleum products fell by 25.7% to **US\$137.08 million** in July 2025 from **US\$184.38 million** in June 2025, while electricity imports reduced by 10.2% to **US\$0.39 million** from **US\$0.43 million** during the same period. Wood and wood products decreased slightly by 2.2% to **US\$17.29 million** in July 2025, compared to **US\$17.67 million** in June 2025, while base metals and their products declined by 3.7% to **US\$99.99 million** from **US\$103.81 million**, and prepared foodstuffs, beverages, and tobacco edged down by 1.8% to **US\$44.45 million** from **US\$45.28 million** during the same period.

Uganda's Economic Outlook and Risks:

Uganda's economy expanded by 6.3 percent in FY2024/25, marking another year of solid growth driven by strong agriculture, industry, and private investment. Looking ahead, growth is projected at 6.0 to 6.5 percent in FY2025/26, with the medium-term outlook averaging around 8.0 percent, according to the Bank of Uganda's latest forecasts (2025). This positive trajectory will be supported by rising oil and gas investments, stronger agricultural production, and government programmes such as the Parish Development Model (PDM) and Emyooga, which aim to boost household incomes and local enterprises. Deeper regional integration and access to emerging African trade blocs are also expected to create new opportunities for exports and industrial expansion.

However, this outlook faces notable risks. Falling global commodity prices may weigh on export revenues, while adverse weather conditions could disrupt agriculture. Tight financing conditions at home and abroad may limit investment flows, and election-related uncertainty could dampen business confidence. Even so, if oil and gas projects progress as planned, agriculture remains resilient, and regional trade opportunities are fully leveraged, Uganda's growth could outperform current projections.



This report draws information from reliable sources such as the BOU, UBOS, MOFPED, IMF, World Bank, EIU, UN, Fitch Solutions, etc. Please note that it is for informational purposes only, and feedback and comments can be sent to:

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