Uganda Macroeconomic Digest

November 2025

Introduction

The Uganda Macroeconomic Digest for November 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:

Uganda's annual headline inflation, as measured by the Consumer Price Index (CPI), declined to 3.1 percent in November 2025, from 3.4 percent recorded in October 2025. This indicates a continued easing of overall price pressures between October and November 2025. Specifically, annual core inflation decreased to 3.2 percent in November 2025, compared to 3.4 percent in October 2025, signalling moderation in underlying inflationary pressures. Within the core component, annual services inflation declined to 4.2 percent in November 2025 from 4.5 percent in October 2025. This decline was mainly driven by passenger transport by air inflation, which fell further to minus 2.0 percent in November 2025 compared to minus 1.1 percent in October 2025, as well as a slight slowdown in food and beverage serving services inflation to 6.0 percent in November 2025 from 6.1 percent in October 2025. In addition, annual core goods inflation eased to 2.4 percent in November 2025 from 2.6 percent in October 2025, mainly reflecting slower price increases for maize flour (7.8 percent in November 2025 from 13.2 percent in October 2025), sugar (4.4 percent from 8.9 percent), beef (10.6 percent from 11.6 percent) and fresh tilapia (4.5 percent from 9.7 percent).

Meanwhile, annual Food Crops and Related Items inflation declined sharply to 4.0 percent in November 2025 from 6.1 percent in October 2025. This was largely driven by easing price pressures for matoke (8.1 percent in November 2025 from 14.6 percent in October 2025), tomatoes (8.0 percent from 18.8 percent), mangoes (minus 2.2 percent from 14.8 percent), onions (minus 8.2 percent from minus 4.5 percent), sweet potatoes (12.9 percent from 18.9 percent) and fresh beans (minus 9.2 percent from 0.7 percent).

On the other hand, annual Energy, Fuel and Utilities (EFU) inflation increased to 0.6 percent in November 2025 from 0.1 percent in October 2025. This increase was mainly due to firewood inflation rising to 1.2 percent in November 2025 from minus 3.2 percent in October 2025, petrol inflation improving to minus 0.4 percent from minus 2.0 percent, and diesel inflation rising to 0.2 percent from minus 1.0 percent.

According to the Bank of Uganda (2025), Uganda's inflation outlook remains stable, with core inflation projected at 4.0–4.5 percent in FY2025/26, below the 5 percent target, supported by a stable exchange rate, favourable weather, easing global inflation, and sustained capital inflows, despite lingering global geopolitical risks.

3.1%

Headline inflation declined from 3.4% in October to 3.1% in November 2025

3.2%

Core inflation declined from 3.4% in October to 3.2% November 2025

4.0%

Food Crops and Related Items inflation declined from 6.1% in October 2025 to 4.0% in November 2025

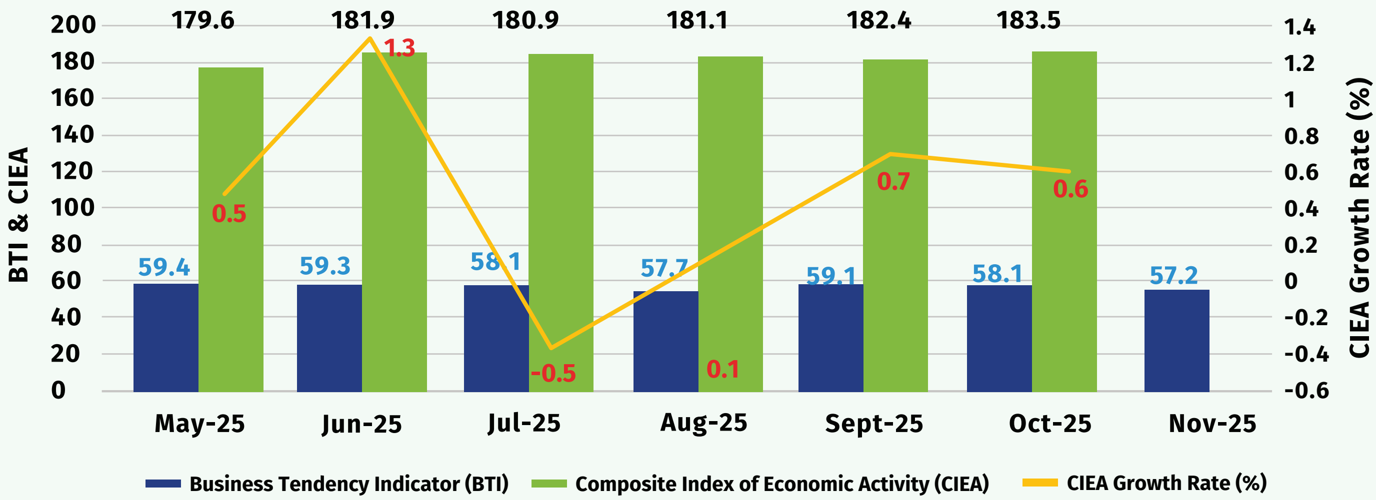
0.6%

Energy Fuel and Utilities (EFU) inflation increased from 0.1% in October 2025 to 0.6% in November 2025

Business Perceptions and Economic Activity:

The Business Tendency Indicator (BTI) remained above the 50-point threshold in November 2025, signaling continued optimism among private sector businesses, although confidence weakened. The BTI declined to 57.2 from 58.1 in October 2025, reflecting moderating business optimism partly due to rising operational costs. Despite this decline, the index's position above 50 indicates that businesses remained generally positive about near-term prospects, supported by expectations of increased political spending and stronger end-of-year demand. Business confidence declined across most sectors, except for wholesale trade and other services. The wholesale trade confidence index rose slightly from 51.2 in October to 51.7 in November 2025, while the other services sector improved more strongly from 59.4 to 63.1 over the same period. Meanwhile, the Composite Index of Economic Activity (CIEA) continued to improve, increasing from 182.4 in September 2025 to 183.5 in October 2025, representing a 0.6 percent growth rate. This sustained expansion reflects resilient domestic economic activity.

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



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

Exchange Rate Movements:

In November 2025, the Ugandan shilling depreciated by 3.2 percent to an average mid-rate of UGX 3,575.1 per USD from UGX 3,463.9 in October, driven by strong dollar demand from offshore and domestic importers. The weaker shilling increases import costs, especially for fuel, industrial inputs, and consumer goods, and may exert mild upward pressure on inflation.

Shs 3,575.1/USD

Average exchange rate for November 2025

Interest Rate Movements:

The Central Bank Rate (CBR) remained unchanged at 9.75 percent in October and November 2025, supporting economic activity. However, shilling lending rates rose to 19.71 percent in October 2025 from 18.45 percent in September 2025, while foreign-currency lending rates increased to 8.24 percent in October 2025 from 8.15 percent in September 2025, reflecting operational expenses and risk aversion among banks. The higher lending rates imply tighter private sector financing conditions, raising business and household borrowing costs and potentially moderating investment in interest-sensitive sectors such as manufacturing and trade.

9.75%
Central Bank Rate (CBR) for November 2025

19.71%
Lending Rates for UGX Loans for October 2025

8.24%
Lending Rates for foreign currency loans for October 2025

Domestic Credit:

Domestic credit declined by 4.6 percent from UGX 50.24 trillion in September 2025 to UGX 47.91 trillion in October 2025, mainly due to reduced government domestic borrowing. Net Credit to Government fell by 10.7 percent from UGX 21.69 trillion to UGX 19.38 trillion, while private sector credit increased slightly by 0.2 percent from UGX 27.29 trillion to UGX 27.35 trillion, indicating subdued but sustained lending to businesses and households. The reduction in government borrowing eases pressure on the financial system and may support lower interest rates, although weak private sector credit growth suggests financing for investment remains modest.

UGX 47.91 Trillion
Domestic Credit declined by 4.6% in October 2025

UGX 27.35 Trillion
Private Sector Credit increased by 0.2% in October 2025

UGX 19.38 Trillion
Net Credit to the Government (NCG) declined by 10.7% in October 2025

Merchandise Trade Balance and Terms of Trade:

Uganda's merchandise trade balance significantly improved, with the trade deficit narrowing by 85.1 percent from US$500.3 million in September 2025 to US$74.5 million in October 2025. This improvement was mainly driven by a much stronger growth in exports relative to imports. Total export earnings rose sharply by 55.9 percent from US$959.9 million in September 2025 to US$1,496.5 million in October 2025, while merchandise imports increased modestly by 7.6 percent from US$1,460.2 million to US$1,570.9 million over the same period. However, Uganda's export pricing weakened slightly relative to imports, as reflected in the 0.2 percent decline in the terms of trade index from 137.5 to 137.2 over the same period.

Trade deficit increased by
85.1%
in October 2025

Total Exports of Goods increased by
55.9%
in October 2025

Total Imports of Goods - fob increased by
7.6%
in October 2025

Terms of Trade Index declined by
0.2%
in October 2025

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

Uganda's trade position with the East African Community (EAC) in October 2025 registered a deficit of US$268.59 million, as import receipts amounted to US$458.65 million, exceeding export earnings of US$190.06 million. The overall deficit was largely driven by substantial trade imbalances with Tanzania and Kenya, which together accounted for the bulk of Uganda's EAC trade shortfall.

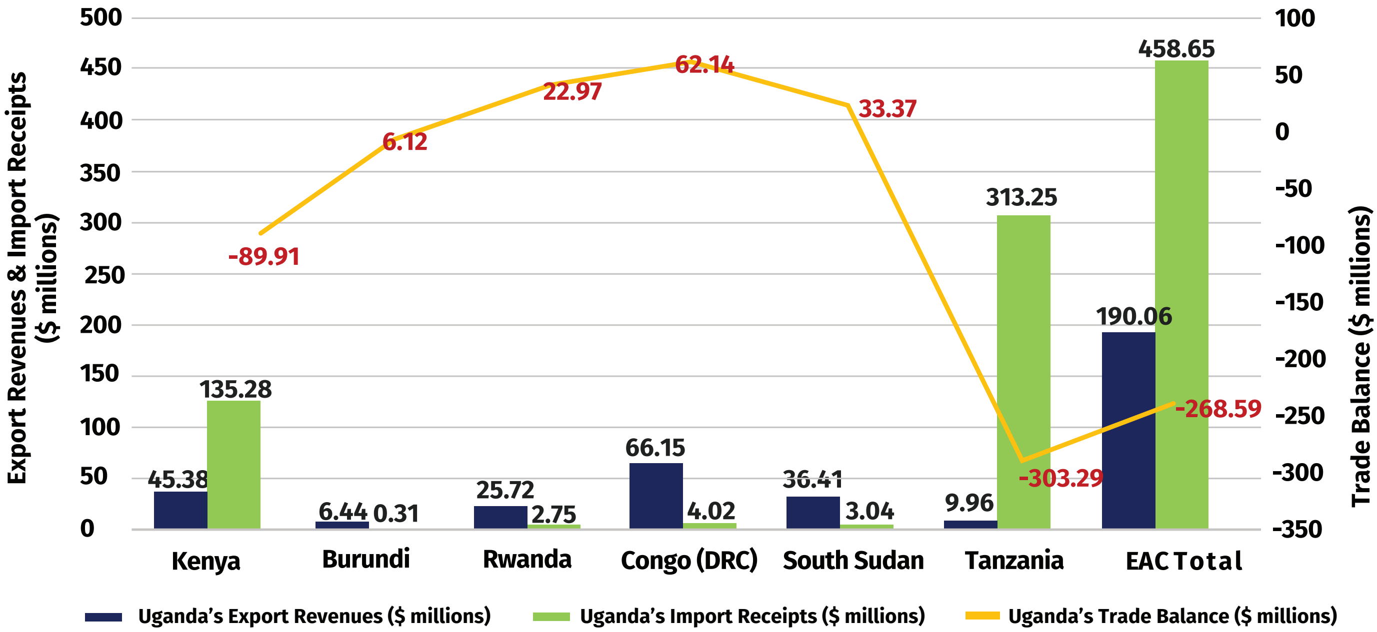
Uganda's trade with Tanzania recorded the largest deficit of US$303.29 million, arising from imports worth US$313.25 million against exports of US$9.96 million. This reflects Uganda's strong dependence on Tanzania for petroleum products, manufactured goods, and industrial inputs. Similarly, trade with Kenya resulted in a deficit of US$89.91 million, with imports totaling US$135.28 million compared to exports of US$45.38 million, attributed to high imports of processed goods, pharmaceuticals, and industrial supplies.

On the positive side, Uganda maintained sizeable trade surpluses with several EAC partner states, indicating strong regional export performance. Trade with the Democratic Republic of Congo (DRC) generated the largest surplus of US$62.14 million, with exports valued at US$66.15 million against imports of US$4.02 million, supported by strong demand for Ugandan food products, cement, beverages, and manufactured goods. A surplus of US$33.37 million was recorded with South Sudan, where exports stood at US$36.41 million compared to imports of US$3.04 million.

Uganda also recorded a surplus of US$22.97 million with Rwanda, with exports of US$25.72 million and imports of US$2.75 million, while trade with Burundi remained favorable, with a surplus of US$6.12 million, supported by exports of US$6.44 million against imports of US$0.31 million.

The large EAC trade deficit, driven mainly by Tanzania and Kenya, underscores Uganda's heavy reliance on regional imports of fuel and manufactured goods, exerting pressure on foreign exchange and the current account. However, strong surpluses with the DRC, South Sudan, Rwanda, and Burundi highlight important opportunities to deepen regional export markets, support industrialization, and strengthen Uganda's external sector resilience.

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



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

Uganda's Export Revenues from Selected Commodities:

Coffee export earnings declined by 15.3 percent, from US$218.6 million in September 2025 to US$185.1 million in October 2025, a development attributed to a 19.0 percent reduction in export volumes from 844,949 (60-kg bags) to 684,070 (60-kg bags).

Cotton exports contracted sharply, with earnings falling by 99.9 percent from US$0.5 million to nearly zero, attributed to a 99.8 percent drop in export volumes from 1,946.5 to 3.8 (185-kg bales). This outcome was driven by weak external demand associated with global macroeconomic headwinds, ample world supplies, strong competition from cheaper synthetic fibers, and a slowdown in the textile industry.

Tea exports performed strongly, with earnings rising by 16.2 percent from US$3.5 million in September 2025 to US$4.1 million in October 2025. This increase was attributed to a 13.9 percent rise in export volumes from 4,247.3 tons to 4,836.1 tons, supported by improved auction sales and stronger international demand. Fish and its products recorded robust growth, with export earnings increasing by 23.7 percent from US$11.0 million to US$13.7 million, attributed to a 22.4 percent increase in export volumes from 1,425.2 tons to 1,744.6 tons, due to improved catches and stronger demand in key export markets.

Simsim exports weakened significantly, with earnings declining by 48.8 percent from US$1.8 million to US$0.9 million, attributed to a 48.2 percent fall in export volumes from 1,168.7 tons to 604.9 tons, on account of subdued regional demand. Maize export revenues dropped by 33.4 percent from US$7.1 million to US$4.7 million, reflecting a 22.2 percent reduction in export volumes from 19,729.8 tons to 15,340.9 tons, due to reduced regional import demand following good harvests in neighbouring countries.

Bean exports recorded mixed performance, with earnings declining by 9.2 percent from US$5.8 million to US$5.3 million, despite a 7.5 percent increase in export volumes from 6,764.1 tons to 7,274.6 tons. The reduction in earnings was attributed to lower unit export prices. Cocoa bean exports surged strongly, with earnings rising by 67.7 percent from US$15.6 million to US$26.1 million, attributed to an 80.9 percent increase in export volumes from 2,160.8 tons to 3,909.1 tons, driven by improved supply conditions and strong international demand.

Rice exports weakened sharply, with earnings declining by 93.7 percent from US$0.2 million to nearly zero, following a 94.3 percent contraction in export volumes from 236.4 tons to 13.6 tons. Sugar export earnings declined by 14.7 percent from US$16.0 million in September 2025 to US$13.7 million in October 2025, partly due to a 0.9 percent fall in export volumes from 20,829.7 tons to 20,651.4 tons.

Uganda's Import Receipts for Selected Commodities:

n October 2025, Uganda's formal private sector import receipts increased by 7.9 percent, rising from US$1.44 billion in September 2025 to US$1.55 billion, mainly driven by higher imports of mineral products (excluding petroleum), vegetable products, and plastics and rubber.

Imports of mineral products (excluding petroleum) rose sharply by 27.4 percent, increasing from US$506.71 million in September 2025 to US$645.31 million in October 2025, reflecting stronger demand for construction materials and industrial raw inputs. Similarly, vegetable products, animal products, beverages, fats, and oils increased by 17.2 percent, from US$97.52 million to US$114.25 million, attributed to higher food import requirements. Plastics, rubber, and related products rose by 16.9 percent, from US$58.73 million to US$68.68 million, signaling increased manufacturing and packaging activity.

Imports of prepared foodstuffs, beverages, and tobacco increased by 7.2 percent, from US$38.99 million to US$41.79 million, reflecting sustained household consumption. Miscellaneous manufactured articles also rose by 8.6 percent, from US$39.55 million to US$42.96 million.

On the downside, petroleum product imports declined by 17.2 percent, from US$174.94 million in September 2025 to US$144.88 million in October 2025, attributed to easing international fuel prices and stock drawdowns. Machinery, equipment, vehicles, and accessories fell by 6.0 percent, from US$271.46 million to US$255.30 million, indicating moderated capital importation. Animal and animal products declined by 26.9 percent, while wood and wood products fell by 11.9 percent. Imports of arms and ammunition dropped sharply by 74.6 percent, and electricity imports decreased by 3.1 percent.

Uganda's Economic Outlook and Risks:

Uganda's economic outlook remains strong and positive, underpinned by solid growth fundamentals and improving domestic macroeconomic conditions. Real GDP is projected to expand between 6.5 and 7.0 percent in FY2025/26, driven by robust agricultural production, rising industrial activity, and increased investment in the oil and gas sector. Over the medium term, economic growth is expected to average about 8 percent, according to the Bank of Uganda (2025), reflecting sustained resilience and continued accumulation of productive capacity.

Government programmes, such as the Parish Development Model (PDM) and Emyooga, continue to support household incomes and strengthen micro and small business activities. Ongoing developments in the oil and gas sector are stimulating both public and private investment across transport, construction, and support services. The implementation of the Tenfold Growth Strategy is further unlocking opportunities in agriculture, manufacturing, and extractive industries. In addition, regional integration through the East African Community (EAC) and participation in the African Continental Free Trade Area (AfCFTA) are expanding Uganda's export markets and supporting value addition.

Despite the favorable outlook, downside risks remain. On the external front, risks stem from global geopolitical tensions, potential supply chain disruptions, and possible shifts in global interest rate policies, which could affect trade, capital flows, and investment. Volatility in global commodity prices also poses a risk to Uganda's export earnings. Domestically, delays in oil project execution, lower-than-expected investment inflows, and adverse weather conditions could weaken agricultural performance and slow overall growth momentum.

Confidence in Uganda's economic direction is further reflected in its sovereign credit rating. On 7 November 2025, S&P Global Ratings affirmed Uganda's long-term foreign-currency rating at "B–" and revised the outlook from Stable to Positive. Uganda had maintained a "B–" rating with a Stable outlook for several years following earlier downgrades driven by fiscal and debt pressures. The shift to a Positive outlook signals improved economic prospects and a higher likelihood of a ratings upgrade, provided current macroeconomic progress is sustained, thereby strengthening external investor confidence.

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