



# MONETARY POLICY STATEMENT - at a glance

April, 2023

## MONETARY POLICY OBJECTIVES

- Maintain Annual Core Inflation (overall price level, excluding prices of items which change rapidly and are beyond the control of policy like food crops, oil prices and administered prices) as close as possible to 5 %.
- BoU publicizes its decision on the Central Bank Rate (CBR), a policy interest rate intended to influence short-term interbank lending rates & other interest rates in the economy. Ultimately, changes in the CBR affect returns on investments & costs of production.



## WHAT DECISION HAS BEEN TAKEN AND WHY?

### CBR

Bank of Uganda has maintained the Central Bank Rate (CBR) at 10 percent in April 2023.



#### INFLATION:

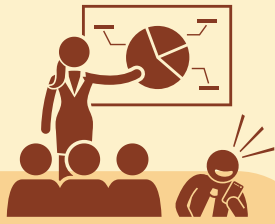
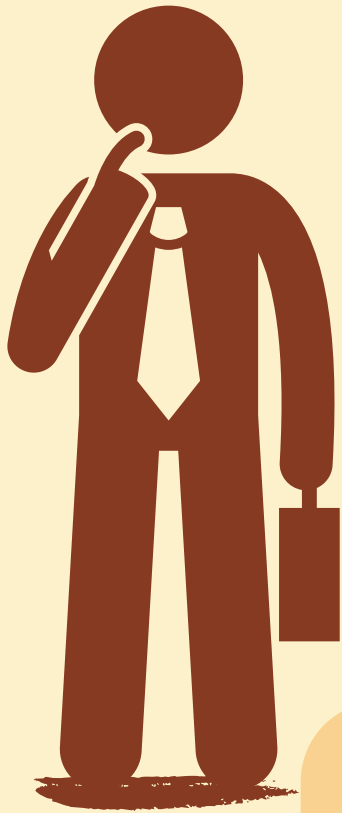
- Annual Headline dropped to 9.0% in March 2023 from 9.2% in February 2023.
- Annual Core Inflation dropped to 7.6% from 7.8% over the same period.
- Inflation is expected to deteriorate but risks might raise inflation if they materialize.



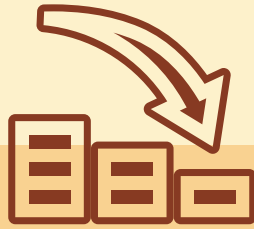
#### GROWTH:

- Economic growth declined to 4.4% in the Quarter to December 2022 from 9.2% registered in the Quarter to September 2022.

## WHAT DOES THE FUTURE HOLD?



Inflation is expected to continue declining, returning to target by the end of 2023.



Lower food prices due to favorable weather.



Weak demand due to restricted Government spending.



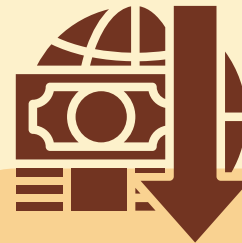
Stable Uganda Shilling owing to appropriate monetary and fiscal policies.



Economic Growth is still projected to be in the range 5.5-6.0 % in FY 2022/23



Lower-than-expected global growth affecting the demand for exports



Global financial instability as well could worsen growth prospects.



Uncertainty of the future could weigh heavily on investment decisions

## WHAT IS THE DOMESTIC IMPACT OF THE CHALLENGES IN THE GLOBAL BANKING SECTOR?



The Ugandan banking system is resilient enough to absorb emerging interest rate shocks and to continue providing credit.

