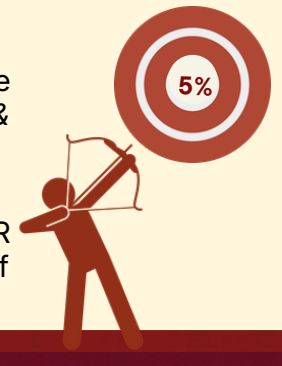


Monetary Policy Statement

At a glance • November 2026

Monetary Policy Objective

- **Maintain average annual core inflation as close as possible to the medium-term target of 5%.** Core inflation is the change in the price of goods and services, excluding items like food crops, oil prices, and administered prices *(e.g. water & electricity)*, which change rapidly and are beyond the control of policy actions.



Monetary Policy Instrument

- **To achieve its monetary policy objective, the Bank of Uganda uses the Central Bank Rate (CBR).** Changes in the CBR are intended to influence short-term interbank and other interest rates in the economy, ultimately affecting the cost of borrowing and the return on savings.



KEY DECISION

The Bank maintained the CBR to allow previous policy measures more time to take effect, while continuing to assess inflation risks and global developments that could affect Uganda's economy.

IN ADDITION

Central Bank Rate Band
± 3%

Rediscount rate
16.0%
CBR + 4 percentage points

Bank rate
17.0%
CBR + 5 percentage points

KEY DEVELOPMENTS

INFLATION

Headline inflation rose to **5.8 percent in October 2026**, from 4.6 percent in September 2026, driven largely by energy and weather shocks. Core inflation also r**ose to 4.4 percent** from 3.7 percent.

ECONOMIC GROWTH

Economic growth is estimated at **5.3 percent** in the quarter ending September 2026, down from 6.8 percent in June 2026.

WHAT DOES THE FUTURE HOLD?

INFLATION

Over the next 12 months, core inflation is projected to average **6.0 - 6.5%** revised up from the earlier projection of **5.5 - 6.0%**



Prices could rise faster with:



Shilling depreciation pressures, raising import costs



Higher global oil prices, increasing fuel and production costs.



Adverse weather, reducing food supplies



Rising global food prices, increasing domestic prices

Prices could ease with:



Favourable weather, improving food supplies and easing prices.



Lower global oil prices, reducing fuel and production costs



Weaker consumer spending and investment, easing demand pressures



Tight monetary and fiscal policies, containing inflation

GROWTH OUTLOOK

Uganda's economy is projected to grow by **5.5–6.0%** in **FY2026/27**, revised down from an earlier projection of 6.0–6.5%.



Growth could pick up with:



Favourable weather boosting agricultural output



Easing Middle East tensions lowering global oil prices



Stronger investment in the extractives sector

Growth could slow with:



Higher global energy and food prices, raising business costs



·Global economic policy uncertainty, weakening investor confidence.



Tight Shilling liquidity which could constrain private sector credit



Delays in oil production, postponing expected economic benefits

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