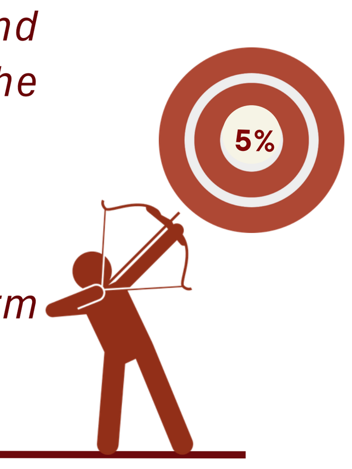
MONETARY POLICY STATEMENT - *at a glance*

August, 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 prices of 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.*

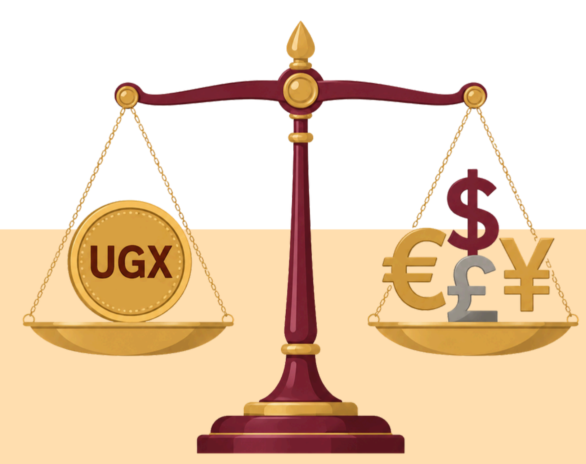
WHAT DECISION HAS BEEN TAKEN AND WHY?

- BoU **maintained** the Central Bank Rate (CBR) at **9.75% in August 2026**, a decision aligned with prevailing macroeconomic conditions and aimed at preserving price stability.

KEY DEVELOPMENTS

INFLATION:
Inflation remained below the 5% target, reflecting well-anchored inflation expectations and prudent monetary and fiscal policy, despite recent supply shocks.

CBR
9.75%



EXCHANGE RATE:
The Uganda shilling remained resilient, appreciating by 0.2% month-on-month in July 2026, supported by strong inflows from mining, energy, agriculture, and remittances.

ECONOMIC GROWTH:
Economic growth rose to **6.4% in FY2025/26**, driven mainly by agriculture and industry

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WHAT DOES THE FUTURE HOLD?

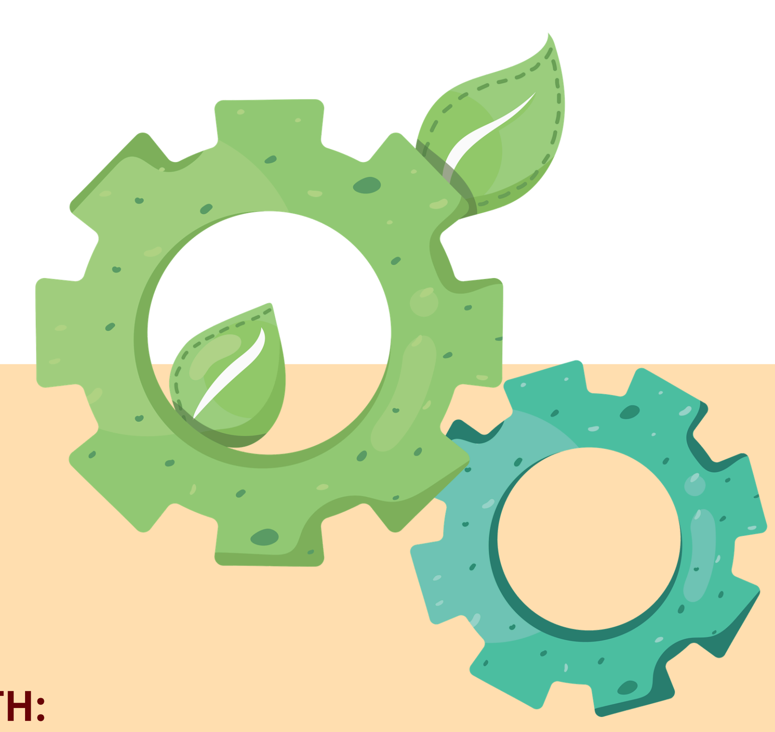
INFLATION:
Annual Core inflation is expected to average between 4.0% and 4.5% over the next 12 months.

Factors that could raise Inflation:

- Sustained geopolitical tensions could disrupt global oil and fertiliser supplies, pushing up energy and farming costs.
- Unfavourable weather could reduce food production and lead to higher food prices.
- If demand grows faster than the supply of goods and services, prices could rise.

Factors that could lower Inflation:

- Favourable weather could boost agricultural production and food supply, helping to keep food prices lower.
- Slower global growth could weaken domestic demand and reduce pressure on prices.



GROWTH:
Growth is projected to strengthen between 7.0 and7.5% in FY2026/27 and rise to an average of 8% over the medium term.

Factors that could support Growth:

- Higher investment in mining and oil
- Implementation of the Ten-Fold Growth Strategy could support key sectors and exports.
- Increased credit and infrastructure investment
- Easing geopolitical tensions

Factors that could constrain Growth:

- Residual effects of health-related travel advisories and restrictions could weigh on tourism and related services.
- Higher energy prices from escalating geopolitical tensions.
- Geo-economic fragmentation and continued economic policy uncertainty

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