

A) **Microeconomic Developments:** This Section provides a summary commentary on the eight thematic areas under the Micro-Economic Indicator (MIND) framework. The Indicators are provided in the Dashboard on page 4.

Issue	Market Updates
Employment	Formal employment shows a strong rebound from the COVID-19 pandemic despite a slight reduction of 2.9% from 732,467 employees in January 2022 <sup>1</sup> to 711,107 employees in February 2022.
Living Standards	The quarterly inflation for Residential Property (RPPI) registered a 3.4% rise in Q2 of 2021/22 up from the 12.6% drop registered in Q1 2021/2022, mainly due to an increase in prices of property around Kampala Central and Makindye. Monthly EFU Inflation continued to rise, increasing by 0.6% for the month of February 2022 compared to the 0.3% rise recorded in January 2022. This was mainly on account of the 1.6% increase in the prices of Electricity, Gas and Other Fuels for the month of February 2022.
Equity and Economic Inclusion	The number of financial institutions on the Agent Banking platform increased from 17 banks with 7,592 agents in FY2019/20 to 20 banks with 11,262 agents in FY2020/21 <sup>2</sup> . On 17 <sup>th</sup> March 2022, NSSF commenced mass payment of 20% mid-term benefits for all qualified beneficiaries.
Environmental Sustainability	The water quality reduced to 20 mg/L in February 2022 from 20.69 mg/L in February 2022. It is estimated that 1 in 5 of the fish in Lake Victoria have ingested plastic and there are micro plastics in surface waters in several sites on the shores of Lake Victoria. Air quality also decreased by 12.92% from 109.8µg/m <sup>3</sup> in January 2022 to 95.61µg/ m <sup>3</sup> in February 2022.
Productivity	The average national monthly rate for malaria incidence decreased by 20% to 2.42 per 1,000 persons in February 2022 from 3.1 per 1,000 persons in January 2022.
Competitiveness	Commercial Case Backlogs increased in FY2020/21 from 1,222 pending cases to 6,094 cases, representing a 443.13% increase from the previous year. The high backlog impacts negatively on the economy because a lot of funds are locked up in commercial disputes. In turn, it may impact on the risk appetite of commercial banks. The Liquefied Energy Fuels inflation reduced from 5.6 in January 2022 to 1.9 in February 2022. The reduction is attributed to clearance of fuel trucks at Uganda's major border points of Malaba and Busia, where truck drivers had earlier protested the mandatory screening for COVID-19 and the associated costs.
Markets & Regulation	The USE All Share Index reduced marginally from 1394.17 in January 2022 to 1370.03 in February 2022, representing a 1.7% decline. On the other hand, business registrations recorded a 13.87% increase, rising from 1,961 registrations in December 2021 to 2,233 registrations in February 2022. This positive improvement is partly explained by the full reopening of the economy in January 2022. In contrast, the IMF primary commodity Index experienced a sharp increase between December 2021 to February 2022 (2.5% increase in January 2022 and 6.39% increase in February 2022).
Local Content	The trade balance deficit widened significantly by 15.7% in February 2022, from US\$271.5m in December 2021 to US\$ 228.9m in January 2022 <sup>3</sup> . Despite a 17.6% reduction in coffee exports in January 2022, the non-coffee exports grew by 4.6% in the same period <sup>4</sup> . This coincided with a reduction of 4.6% in total imports in January 2022.

<sup>1</sup> Uganda Revenue Authority (URA), 'Uganda Revenue Authority Pay As You Earn - February 2022'

<sup>2</sup> Bank of Uganda Annual Report 2020/21

<sup>3</sup> Bank of Uganda, 'Monthly Macroeconomic Indicators – January 2022'

<sup>4</sup> Bank of Uganda, 'Composition of Exports for January 2022'

B) **Policy Response Measures:** This edition of the MIND will focus on Markets and Regulations as a thematic area, with special focus on Commodity Prices.

Objective	Interventions
Lowering the Cost of Living	<p>There have been concerns about the rising cost of living. Over 60% of household incomes are expensed on food and health. The East African Community partner states and elsewhere have witnessed sharp increases in essential commodities prices, partly attributed to external factors. In containing the soaring prices, Government has instituted the following measures:</p> <ol style="list-style-type: none"> <li>1. Government is considering its regulatory role in the domestic fuel market to ensure fuel prices reflect the true economic environment. This arises as a result of concerns of oligopolistic tendencies among dealers and major market players.</li> <li>2. Operationalisation of numerous interventions including capitalisation of Uganda Development Bank, the Small Business Recovery Fund, EMYOOGA among others, in order to support citizens and businesses to recover from the effects of COVID-19, create employment and improve marketability of products.</li> <li>3. Prioritising the full implementation of the Parish Development Model (PDM). The Model aims to increase household incomes and higher productivity through deliberate support to households that are predominantly subsistence using a whole-of-Government approach. The PDM shall be implemented under seven Pillars, which are: <ol style="list-style-type: none"> <li>a. Increasing production, productivity, value addition, processing, storage and marketing</li> <li>b. Provision of necessary infrastructure and economic services</li> <li>c. Financial inclusion through affordable parish based financial services</li> <li>d. Enhancement of social services</li> <li>e. Parish based information management system</li> <li>f. Improvement in governance and administration</li> <li>g. Community mobilisation, sensitisation and mind-set change</li> </ol> </li> <li>4. Fast-tracked the conclusion of the Final Investment Decision and the attendant infrastructure developments to enable the commencement of oil production in the short to medium term. Once oil production is realized, Government envisages, a general but controlled energy price fluctuation with minimal disruptive tendencies due to global oil production controls.</li> <li>5. Government continues to carry out engagements with manufacturers and other stakeholders to identify solutions to the rising prices of commodities and raw materials in order to cushion the economy from further disruptions.</li> </ol>

C) **Microeconomic Outlook:** As the nation, and indeed world over, Governments grapple to find, in the short term, solutions to mitigate against rising commodity prices, the cost of living may remain high on account of increased prices of essential household items before it gets better. This is because external shocks causing prices to skyrocket are likely to ease gradually.

**MEDIA  
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**MICROECONOMIC ISSUES  
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**FEB 2022**
**COMMODITY PRICES**

<b>Uganda's fuel pump prices<sup>5</sup></b>	<p>A draft Paper on Fuel Prices by Economic Policy Research Centre's (EPRC) suggests that the recent fuel price increase is both a global and domestic phenomenon. Fuel pump prices had been relatively stable across the EAC region before the COVID-19 pandemic. However, pump prices fluctuated at different levels during the pandemic. The key driver of the rise in domestic fuel pump prices is the rising demand and international price. The Paper therefore suggests the following measures to curb future oil price hikes in the country:</p> <ol style="list-style-type: none"> <li>1. Effectively manage internal price drivers through temporary tax reductions</li> <li>2. Establish regulatory measures by imposing price controls to abate predatory tendencies of the oligopolistic cartels in the fuel industry</li> <li>3. Establish a Fuel Stabilisation Fund and or reserves to cushion the country against increases in prices due to shortages.</li> <li>4. Equip and expand the fuel reserve system to cushion against supply disruptions.</li> </ol>
<b>Increasing Retail Prices of Essential Commodities</b>	<p>Another EPRC Paper<sup>6</sup> provided analysis on the factors leading to the surge in retail prices in the country in the past month or so. The draft Briefing Note, produced in March 2022 observes that there has been a general price increase since July 2021, with two major essential commodities exhibiting the highest increases i.e. laundry soap (by 44.5%) and cooking oil (25.3%). Between January and February 2022, prices of laundry soap increased by 18% while cooking oil increased by 7%. The Note further attributes the following factors to the price increases:</p> <ol style="list-style-type: none"> <li>1. Global increase in the cost of raw materials especially Crude Palm Oil, an essential derivative for in the manufacture of both cooking oil and soap. The prices of Crude Palm Oil increased by 41% from US\$ 1,345 per metric tonne (MT) in January 2022 to US\$ 1,900 in February 2022.</li> <li>2. Imposition of a 10% import duty on Crude Palm Oil, which was previously zero rated before July 2021. The imposition of the levy has partly resulted in the declining volume of Crude Palm Oil imports from 30 MT in June 2021 to an average of 9.3 MT per month. However, the imposition also sought to avert smuggling of fractionated palm oil.</li> <li>3. Disruptions in supply chains due to the effects of COVID-19 led to capacity shortfalls, causing delays in supply of raw materials and a rise in freight costs.</li> </ol>
<b>Regional Price Rises<sup>7</sup></b>	<ol style="list-style-type: none"> <li>1. The cost of crude oil soared to \$130 a barrel, amid the war between Russia and Ukraine which has taken a toll on the global economy, pushing households to the verge of financial distress.</li> <li>2. Oil prices have surged by more than 30 percent since Russia invaded Ukraine on February 24 2022. The deteriorating situation in the Eastern Europe's neighboring states sent oil skyrocketing to more than \$130 a barrel — its highest price since the global financial crisis.</li> </ol>

MIND is compiled by Economic Development Policy and Research Department (EDP&amp;RD) in the Ministry of Finance, Planning and Economic Development

EDPRD: Simplified, seamless and speedy knowledge services for monitoring, assessment and communication of Uganda's economic development policy and its results

<sup>5</sup> Produced by EPRC in March 2022

<sup>6</sup> Draft Briefing Note on increasing retail prices of essential commodities

<sup>7</sup> <https://www.theeastafrican.co.ke/tea/business/east-africa-commodity-prices-soar-3746088>

Issues	Indicators	Frequency	Status		Issues	Indicators	Frequency	Status		
Employment	Jobs	Formal Sector <sup>1</sup>	Monthly	711,107 (-2.9%)		Productivity	Literacy Rate (Grade 6) <sup>9</sup>	Yearly (-1)	76.1%(24.2%)	
		Informal Sector	Yearly (-3)	8,824,252			Numeracy Rate (Grade 6)	Yearly (-1)	50.9%(-1.7%)	
		Migrant Workers	Monthly	6,213 (-42.93%)			Morbidity Rate (Malaria Incidence) <sup>a</sup>	Monthly	2.42 (22%)	
		LIPW <sup>2</sup> (Average)	Monthly	98,783 (-)			PIP Budget Absorption (GoU, IFMS %) <sup>b</sup>	Yearly	86% (19.6%)	
	Incomes	Per-capita GDP (US\$): 2020/21	Yearly	954(5.4%)		Power Tariff (Ushs per Unit)	Medium	Quarterly	472.9(5.5%)	
		Income Poverty (%)	Yearly (-1)	20.3% (-1.1)			Large		355 (0%)	
Remittances (US\$,M)		Yearly	1,102.03 (-14.7%)		Extra Large		300.2(0%)			
Living Standards	Utilities (Retail Tariff Rates)	Water (M <sup>3</sup> )	Quarterly	3,516 (0%)		Competitiveness	Av. Freight Costs (US\$, Mom-Kla, 40ft)	Monthly(-2)	10,000 (1.63%)	
		Power/Domestic	Quarterly	747.5 (0%)			Commercial Case Backlog <sup>c</sup>	Yearly (-1)	6,094 (443.13%)	
		Data (Ushs, 1GB)	Monthly	5,000			Fuel Prices (Liquid Energy Fuel Inflation-%)	Monthly	1.9	
	Education Expenditure <sup>3</sup> (HH,Ushs)	Yearly (-1)	1,338,000(13%)		Customs Clearance (Hours)		Monthly	5.13 (0%)		
	Healthcare Expenditure (HH, Ushs)	Yearly (-1)	15,000 (-34.2)		Transit Times (Mom-Kla, Days)		Monthly	5 (41.1%)		
	Food Inflation (%)	Monthly	0.4 (5.3)		Investment Registration (Days)		Yearly	2		
	EFU <sup>4</sup> Inflation (%)	Monthly	0.6 (1.1)		Business Registration (Days)		Yearly	1		
	Residential Property Price Index (RPPI) for GKMA	Quarterly	103.82 (3.4%)		Electricity Connection (Days)		Monthly	30 (0%)		
	Crime Rate (per 100,000):2020	Yearly	502(8.9%)		Water Connection (Days)		Monthly	3 (0%)		
	Equity and Economic Inclusion	Private Pension: Active Members <sup>f</sup>	Quarterly	811,699 (39.5%)			Markets and Regulations	IMF Primary Commodity Price Index	Monthly	203.2 (6.39%)
Private Pension: Registered Members		Yearly	2,054,933 (5.1%)		Average Monthly Net Salary (After Tax)	Yearly		628,611		
Public Pension (Beneficiaries)		Monthly(-2)	86,080 (17%)		Retail Sales/EFRI <sup>5</sup>	Monthly		425773.04(3.8%)		
SAGE (Beneficiaries)		Yearly	345,867 (13.56%)		USE All Share Price Index	Monthly		1370.03(-1.73%)		
Agent Banking (Agents) (2021)		Yearly	11,262 (48.3%)		New Business Registrations	Monthly		1,961 (13.87%)		
Environmental Sustainability	Water Quality (PM <sub>2.5</sub> ) <sup>8</sup>	Monthly	Low, 20.00 (3.3%)		Local Content	Hotel Occupancy Rate	Monthly	39% (8.9%)		
	Air Quality (PM <sub>2.5</sub> )	Monthly	Moderate, 95.61 (12.92%)			Plant Utilisation Rates (SME-Large Firms)	Quarterly	53.6%		
	Noise Pollution (Decibels, Kampala)	Monthly	High, 65.62 (2.32%)			MUG Shelf-Presence <sup>6</sup>	Yearly	N/A		
	Seasonal Changes in Rainfall	Monthly	Normal Plus			Trade Balance <sup>e</sup> (US\$, Millions)	Monthly	-222.9 (-1.8%)		
	Natural Disaster Incidences	Monthly	N/A			Contracts Awarded to Local Providers <sup>7</sup>	Yearly	74%(26.7%)		

\*Unless indicated all quarterly figures are for Q2, FY2021/22.<sup>1</sup> Active PAYE Register Jobs<sup>2</sup> | Labour Intensive Public Works<sup>3</sup> | Primary Education expenditure in Kampala |<sup>4</sup>Energy, Fuel and Utilities |<sup>5</sup>Electronic Fiscal Receipting and Invoicing System |<sup>6</sup>Made in Uganda (MUG) |<sup>7</sup>By Value |<sup>8</sup>Particulate Matter (April 2021) |<sup>9</sup>Persons aged 10years and above |<sup>a</sup> Cases per 1,000 population |<sup>b</sup> Cumulative Absorption in Q1 (31<sup>st</sup> Sep, 2020) |<sup>c</sup> December FY2020/21 |<sup>d</sup> Average monthly price of data bundles for MTN (170GB) and Smile (150GB). Source: kompare.ug |<sup>e</sup> September 2021 |<sup>f</sup> NSSF: As at December 2020.