



# **PRESS STATEMENT ON THE STATE OF THE ECONOMY**

**By**

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Protocols,

Members of the Press,

Ladies and Gentlemen:

### **Introduction**

1. I warmly welcome you to this press briefing. Government values the media as a critical partner in advancing our economic agenda. Through your commitment and dedication, you have consistently helped us disseminate information of national importance to the public.
2. It is with great pleasure that I update you on the current State of our Economy.

### **State of the economy**

3. Uganda's economy has demonstrated resilience amidst the global, regional and domestic shocks and is on an upward growth trajectory. In FY 2024/25, the size of the economy expanded to Shs 226.3 trillion (US Dollar 61.3 billion) from Shs 203.7 trillion (US Dollar 53.9 billion) in FY 2023/24. GDP per capita also increased from US Dollar 1,159 in FY2023/24 to US Dollar 1,263 in FY2024/25. In real terms, GDP grew by 6.3 percent compared to 6.1 percent in the previous Financial Year. This growth was observed in all sectors of the economy i.e agriculture, industry and services such as ICT.
4. This performance was mostly driven by continued implementation of Government interventions. In particular, wealth initiatives such as the *PDM, UDB, Emyooga, Small Business Recovery Fund; Agricultural Credit Facility* brought new growth momentum to the economy. In

addition, the economy is doing well on account of well-coordinated fiscal and monetary policies that have facilitated private investment.

5. As of July 2025, Uganda's economy was characterized by stable inflation, increased private sector activity, a stronger and stable shilling, and prudent fiscal and monetary management as I am going to elaborate;

### **Inflation**

6. Inflation has been well-managed, with headline inflation easing to 3.8% in July 2025 from 3.9% in June 2025. This decline was driven by lower food crop prices (e.g., citrus fruits, leafy vegetables, Irish potatoes, and tomatoes) due to increased supply and reduced transport costs due to lower fuel prices.
7. To maintain inflation within the medium-term target of 5 percent, the Central Bank Rate (CBR) was maintained at 9.75 percent for the tenth consecutive month in July 2025. This policy stance is also aimed at supporting economic growth and socio-economic transformation.

### **Economic Activity and Investor Confidence**

8. Economic indicators point to a vibrant economy with growing activity and positive business sentiment. For instance, the Composite Index of Economic Activity (CIEA) which measures performance of all economic indicators increased from 179.14 in May 2025 to 181.03 in June 2025, demonstrating continued improvement in the level of economic activity. Investor confidence remains strong, driven by increased business orders, favorable demand, and rising employment and output across key sectors, including Agriculture, Construction, Manufacturing, Services, and Wholesale and Retail Trade.

### **Exchange rate performance**

9. Uganda's currency continues to be competitive against the US Dollar. The shilling appreciated by 0.5 percent in July 2025 to an average mid-rate of Shs 3,586 per US Dollar from Shs 3,606 per US Dollar in June 2025.
10. This appreciation was partly driven by increased foreign exchange inflows from offshore investors, remittances, increased coffee export earnings, and the depreciation of the US Dollar against other currencies. Consequently, our shilling has been ranked the most stable currency in Africa by the International Financial Statistics Division of the International Monetary Fund (IMF).

### **Financial Sector Developments**

11. It is imperative to note that the stock of outstanding Private sector credit has grown in the last twelve months. This stock expanded by 7.5 percent, reaching Shs 23.9 trillion in June 2025 from Shs 22.2 trillion in June 2024. The improvement reflects increased economic activity as evidenced by the real GDP growth rate of 6.3 percent for FY 2024/25 alluded to earlier.

### **External Sector Developments**

12. Over the past decade, Uganda's economy has evolved and her product space significantly diversified. Over the last fifteen years, thirty-two (32) new export products have emerged comprising majorly manufactured goods. Some of these products include: *ceramic tiles, sheets for veneering for plywood, solid soybean residues, other manufactured tobacco, fiberboard of wood, butter, casein, gelatin and hair products, among others.*

13. As of the last twelve months ending June 2025, coffee's contribution in total merchandise exports had significantly reduced from 75.6 percent in 1995 to 20.9 percent, paving way for other export items. The other major merchandise exports in 2024 were Gold (39.3%), cocoa beans (5.8%), base metals & products (2.1%) and sugar (1.9%).
14. In the last twelve months ending June 2025, merchandise exports surged by 64.3 percent to US Dollar 1.15 billion from US Dollar 702.5 million in June 2024, due to higher receipts from export items such as *coffee, mineral products, tea, fish and flowers, among others*. Over the same period, merchandise imports grew by 50.7 percent from US Dollar 947.4 million in June 2024 to US Dollar 1.43 billion in June 2025.
15. Our service exports also continue to increase. For instance, tourism inflows grew to US Dollar 1.52 billion in 12 months to March 2025, from US Dollar 1.36 billion during the same period in 2024. This growth is partly attributed to sustainable peace, increased competitiveness of Uganda's tourism industry, and Government investment in strategic tourism infrastructure, including Uganda Airlines.
16. Uganda continued to register growth in Foreign Direct Investment (FDI) inflows. FDI amounted to US Dollar 3.30 billion in 2024 from US Dollar 2.99 billion in 2023, largely hinged on the developments in the oil & gas sector and overall competitiveness of the economy. Remittances continue to remain Uganda's major source of foreign exchange. In calendar year 2024, Uganda received remittances worth US Dollar 1.4 billion.

## **Domestic Revenue Mobilization and Grants**

17. In FY2024/25, revenues performed above target, amounting to Shs 32.08 trillion against the target of Shs 31.98 trillion, posting a surplus of Shs 96.69 billion.
18. Similarly, at the beginning of FY2025/26 (July 2025), total revenues and grants generated were worth Shs 2.54 trillion, against the planned target of Shs 2.46 trillion, reflecting a surplus. The surplus recorded in July 2025 was attributed to an impromptu receipt of grants worth Shs 168.21 billion.

## **Social Indicators**

19. In 2024, Uganda met conditions for graduation to lower-middle income status. According to the Human Development Report 2025, Uganda moved two positions up from 159<sup>th</sup> to 157<sup>th</sup> rank out of the 193 economies assessed. Our Human Development Index (HDI) improved from 0.550 in 2022 to 0.582 in 2023, placing the country in the medium human development category.
20. Our social indicators are a testament to the significant strides made in improving livelihoods and longevity of Ugandans. Life expectancy of Ugandans has increased from 63.7 years to 68.9 years as per the recent National Census results.
21. The proportion of people living below the poverty line reduced from 20.3 percent in FY2019/20 to 16.1 percent in FY2023/24. In the same vein, income inequality, as measured by the Gini coefficient, reduced from 0.413 to 0.382 over the same period. This is

attributed to Government's investment in Wealth creation funds that has in-part supported redistribution of resources to low-income and marginalized groups such as youth, women, elderly and Persons with Disabilities, among others.

### **Outlook**

22. The economy is projected to grow faster by at least 7.0 percent in this current Financial Year FY2025/26, and to double digits in the medium-term following commencement of oil and gas production. Over the next fifteen years, the economy is expected to expand to US Dollar 500 billion, and this will be pursued through the Ten-fold Growth Strategy that is hinged on four priority sectors: Agro-industrialization, Tourism development, Mineral-based Industrial development; Science, Technology and Innovation including ICT and creatives.

### **Conclusion**

23. Uganda's economy remains robust, supported by stable inflation, growing economic activity, a stronger shilling and strong private sector credit growth. Going forward, we are going to pursue our Ten-fold Growth Strategy which will propel us from a US Dollar 61 billion to a US Dollar 500 billion economy in the next fifteen years.

**I thank you for listening to me.**