

What's the impact of Uganda keeping inflation below 5%?

Ubos says Uganda's inflation remained low due to lower commodity prices as a result of peak harvests registered in all the two seasons.

BY MARTIN LUTHER OKETCH

The impact of the good weather conditions that the country experienced in two seasons, leading to increased food crop production, has helped Uganda to experience a low inflation rate in the 11 months ending November 2025.

The Uganda Bureau of Statistics (Ubos) said on November 28 that Uganda's inflation stayed below 5.0 percent, implying that though the prices of goods and services continued to rise they were generally rising at a slower pace.

What was disclosed?

Ubos principal statistician price statistics, Ms Juliet Nkayenga, said Uganda's inflation remained due to lower commodity prices as a result of peak harvests registered in all the two seasons. The annual headline inflation rate in the country has been low since January to November, which reflects slow pace in the increase of prices in goods and services.

"For the year ending November the headline inflation is 3.3 percent, in Octo-



Traders in downtown Kampala recently. PHOTO / ABUBAKER LUBOWA

ber it was 3.4 percent, in September 4.0 percent, August 3.8 percent, July 3.8 percent, June 3.8 percent, May 3.8 percent, May 3.8 percent, April 3.5 percent, April 3.5 percent, March 3.4 percent, February 3.7 percent, and January 3.6 percent," she said.

For the case of the annual core inflation, which the Central Bank uses to control Uganda's inflation at 5.0 percent, Ms Nkayenga said it has also been low. In the 12 months ending November, annual core inflation has been registered at 3.2 percent.

In October, it was at 3.4 percent, September 4.0 percent, August 4.1 percent, July 4.0 percent, June 4.2 percent, May 4.2 percent, April 3.9 percent, March 3.6 percent, February 3.9 percent, and January 4.2 percent.

Ms Nkayenga said Uganda's inflation has not reached 5.0 percent in the last 11 months, which indicates that there has been price stability in the economy.

Keeping inflation low

The importance of low inflation is that

it preserves the purchasing power of the people. So, when prices rise slowly, a person's income and savings retain their value, meaning they can afford more goods and services and maintain their standard of living. It enhances financial planning: price stability allows individuals/households to plan their budget and save for the future.

The importance of low inflation to the economy is that it preserves the purchasing power of money, making it easier for consumers and businesses (investors) to plan for the future. It encourages spend-

ing and investment, which drives economic growth, creates jobs, and makes a country more competitive in the regional and global markets.

The Ministry of Finance, in its performance of the economy report for October, said overall, price developments in most EAC partner states suggest that underlying inflationary pressures remain contained and below the 8 percent threshold set under the EAC macroeconomic convergence criteria.

What does the inflation picture look like in Kenya and Tanzania?

In Kenya, inflation remained steady at 4.6 percent, the same as the previous month. This was attributed to a stable exchange rate, stable fuel prices and easing prices of food items coupled with moderate increases in some non-food items.

In Tanzania, inflation remained relatively stable, rising slightly to 3.5 percent in October from 3.4 percent in September. This modest increase was driven by a slight increase in non-food items such as charcoal, kerosene and alcoholic beverages.

In Rwanda, inflation reduced for the fourth consecutive month to 5.1 percent in October, down from 6.2 percent in September. This was mainly on account of a faster decline in prices of vegetables and communication services, as well as a moderation in price increases mostly for food & beverages.

Director economic affairs at the Ministry of Finance, Mr Moses Kaggwa, says the inflation outlook is supported by prudent monetary policy, lower global oil prices and a stable exchange rate.