

Reduced prices of sugar lower inflation rate

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KAMPALA. A reduction in sugar prices coupled with good weather conditions that resulted in low food prices, pushing the inflation rate down to as low as 1.8 per cent compared to 2.9 per cent in October 2014.

The development means that the public's expenditure on food related items is not as high as it was four years ago.

Uganda Bureau of Statistics (Ubos) yesterday said prices for sugar, vegetables and fruits have dropped while milk prices have also stayed low due to increased supply in the market.

For instance, a kilogramme of sugar costs Shs3,500 down from Shs4,000 some months ago, while fruits and vegetables cost between Shs1,000 and Shs1,500. A litre of milk goes for Shs3,000.

Speaking during the release of the Consumer Price Index for last month in Kampala yesterday, Mr Vincent Nsubuga Musoke, the Ubos principal statistician, said the drop in inflation is attributed to the annual food crops related items inflation that decelerated to minus 2.1 per cent registered for the year ending April 2018.

He said the drop was due to annual fruits inflation that registered minus 8.0 per cent for the year ending April 2018 compared to minus 5.1 per cent recorded for the year ended March 2018.

The figures show that the annual Energy, Fuels and Utilities (EFU) Inflation rose to 10.4 per cent compared to 10.3 per cent recorded in the previous year.

For the case of core inflation, which excludes metered water, fuel and energy Consumer Price Index (CPI) it decreased to 1.6 per cent compared to 1.7 per cent one year ago.

The policy target by government is to control Uganda's inflation at 5 per cent.

The managing director of Alpha Capital, Mr Stephen Kaboyo, said inflation continued to ease, with a key gauge of price pressures hitting the lowest since October 2014, a trend that will continue to bias policy towards monetary policy easing.

IMPACT

The managing director of Alpha Capital, Mr Stephen Kaboyo, said core inflation, which excludes volatile components remained unchanged. "This record drop in inflation comes at a time when growth has been dented by a slowdown in economic activity underpinned by high interest rates. Going forward, there is some optimism that the low rates could spur some consumption spending and create momentum for economic recovery," he said.

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