

Energy, fuel and utilities inflation increases to 4.1%

Markets.

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Rising energy, fuel, and utilities (EFU) prices are emerging as a growing threat to Uganda's inflation outlook, even as food prices continue to ease.

Data from Uganda Bureau of Statistics (Ubos) shows that EFU inflation rose to 4.1 percent in March, up from 2.7 percent in February.

The increase highlights the mounting pressure from higher fuel and energy costs across the economy.

However, Ubos data indicates that,

notwithstanding the pressure, general inflation declined to 2.8 percent from 2.9 percent in February.

Prices of all energy components, including fuel, charcoal, and firewood, rose, compounding inflationary pressures that had largely remained muted for more than a year.

Economists warn that energy prices have a wide-reaching effect because they directly increase transport and electricity costs, while also pushing up production expenses for businesses.

These cost pressures are often passed on to consumers, fueling broader inflation.

The rise in energy, fuel, and utilities inflation was largely driven by a surge in solid fuel prices, particularly charcoal and firewood, which remain the primary energy sources for many households.

Solid fuel inflation rose to 10.5 percent in March, compared to 7.3 percent in the previous February, with charcoal prices rising sharply, reflecting growing demand and supply constraints.

During the month, charcoal inflation rose to 16.2 percent from 10.3 percent in February, while firewood increased to 8.1 percent from 6 percent.

At the same time, liquid fuel prices also recorded notable increases, with

diesel, and 24 million litres of Jet A-1. This will extend stock cover by 52 days

diesel, and 30 days for Jet A-1,

the country.

Ubos Principal Statistician for Price Statistics Juliet Nakayenga noting that annual liquid energy fuels inflation had increased to 2.8 percent in March, compared to 1.7 percent in February.

In particular, she noted petrol recorded a price change of 4.4 percent compared to 3.4 percent, while diesel recorded a rate of price change of 3 percent compared to 0.8 percent.

Petrol and diesel costs have been rising, adding pressure on transport fares and distribution costs for goods.

This has had a ripple effect across sectors, especially in agriculture and manufacturing.

Global factors are also contributing to the trend. Recent increases in crude oil prices, disruptions in shipping routes, and rising costs of natural gas and fertilizers have pushed up international energy prices. These developments are feeding into domestic markets, making fuel more expensive.

Despite a slowdown in food inflation, which has helped keep overall inflation relatively stable, analysts caution that rising energy costs could reverse these gains. Already, some food items have started to record price increases, partly due to higher transport costs linked to fuel prices.