

contributes sh8-10 trillion annually,

but here is the part the numbers do not tell you.

does not become a job of an expert... Fighting corruption is not a moral progress. The revenue

Shilling gains ground as inflows counter corporate demand

By Ali Twaha

The Uganda shilling strengthened against the dollar last week as steady inflows from commodity exporters, remittances and selective portfolio investments provided support.

The local unit closed the week at sh3745/3755 from sh3765/3775 the previous week.

Richard Nsubuga, a market analyst, said corporate demand for foreign currency from the manufacturing, energy and telecom sectors persisted but proved insufficient to halt the shilling's appreciation.

Market participants expect the currency to trade in a relatively wide 3650-3800

range in the coming period amid ongoing external uncertainties.

"From a technical perspective, the shilling is likely to trade with minor fluctuations rather than big declines ahead of the policy meeting. In addition, the stability will also depend on global drivers, especially progress towards a peaceful resolution of the Iran-US war," Stephen Kaboyo, the managing director at Alpha Capital, said.

Money market conditions stayed liquid according to Absa data, leading the Bank of Uganda to conduct open market operations. Overnight rates averaged 9.78% while one-week rates stood at 10.35%.

In the debt market, the

BETWEEN THE LINES

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central bank is set to return to the primary market on Wednesday with a nearly sh1 trillion treasury bond auction, and coupon payments of about sh1.045 trillion are due for the rest of the month.

In the regional market, the Kenya shilling held stable within the 129.00/129.25 band. Intermittent dollar demand created some pressure at times, reports show, but remittance

inflows helped cap any deeper weakness. The currency is seen trading between 128.90 and 129.50 in the near term.

Globally, the US dollar index rose above 98 on Friday as fresh clashes between the US and Iran in the Strait of Hormuz sustained geopolitical risks. Reports said three US Navy destroyers responded to Iranian attacks with retaliatory strikes.

President Donald Trump revealed that the ceasefire remains in effect, and the US administration awaits Iran's reply, expected via Pakistan within two days, to a proposal aimed at reopening the strait and ending the conflict.

In the commodities market, oil prices recovered some

ground, with Brent crude rising \$1.20 (1.2%) to \$101.26 per barrel and WTI gaining \$0.85 (0.9%) to \$95.66. The rebound followed renewed fighting that threatened the fragile ceasefire and delayed hopes for reopening the key transit route for oil and LNG.

Gold climbed above \$4,700 per ounce as the tensions revived inflation worries and reduced expectations for a quick peace deal. Safe haven demand remained firm despite US Central Command saying it does not seek escalation.

The euro traded above \$1.17, nearing its strongest level since April 20, as markets priced in a more hawkish stance from the European Central Bank amid fresh inflation pressures.



FOREX RATES

CURRENCY	BUY	SELL
US DOLLAR	3755	3790
EURO	4380	4450
POUND	5050	5130
KENYA SH	28.5	30.5
TZ SH	1.3	1.55
DHIRAM	970	1050
S.A.RAND	215	275
JAPANESE YEN	20	33
RWANDESE FRANCS	2	3.5
DOLLAR OLDER & SMALLER	3500	3790

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RATES ARE SUBJECT TO CHANGE