

▲ 9.75%

Rate. The Bank of Uganda has held its benchmark rate at 9.75 percent since October 2024, anchoring monetary conditions at a level that has kept inflation subdued and the economy growing.

Inflation. Uganda's inflation sat at 2.9 percent by close of March.

What explains the Bull Run on Uganda's stock market?

Uganda's stock market is booming as lower interest rates, strong dividends, and more everyday investors push money from bonds into shares, driving prices and trading higher.

BY DEOGRATIUS WAMALA

Uganda's stock exchange is having a moment. Market capitalisation surged 50 percent in Quarter One (Q1) of 2026, from Shs28.42 trillion to Shs42.63 trillion. The local index is up 36.6 percent year-to-date, closing Q1 at a level that has left regional peers behind. Turnover has nearly doubled, from Shs16.94b in Q1 of 2025 to Shs32.64b in Q1 of 2026, a 92.7 percent jump in 12 months.

By any standard measure, the local bourse is in a bull market, and the forces driving it show little sign of exhausting themselves. Falling interest rates are redirecting capital and a dividend season is loading. Individual investors, long absent from Uganda's capital markets, are arriving in impressive numbers, thanks to speculative energy around two of the bourse's biggest stocks—MTN Uganda and Umeme.

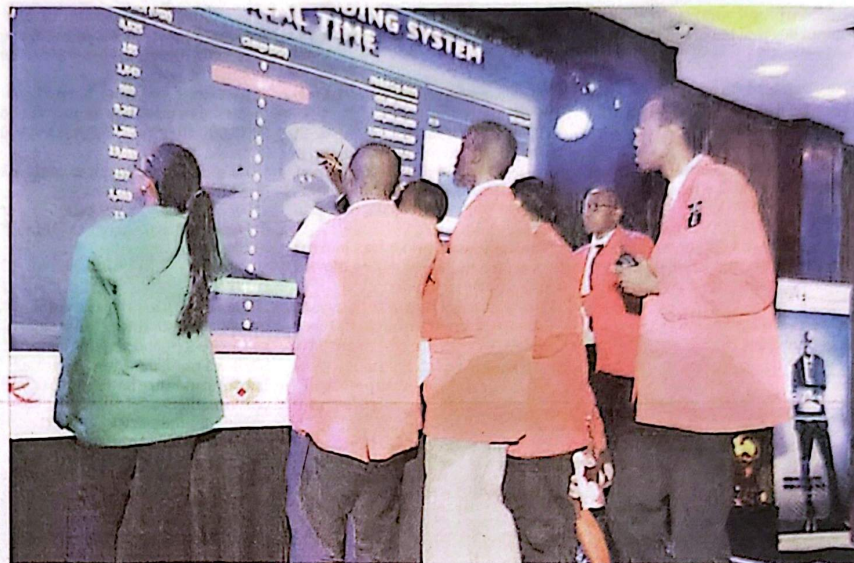
The backdrop

The Bank of Uganda (BoU) has held its benchmark rate at 9.75 percent since October 2024, anchoring monetary conditions at a level that has kept inflation subdued and the economy growing. Core inflation held at 3.1 percent in the first quarter, well within the BoU's 5.0 percent ceiling.

The Stanbic Purchasing Managers' Index held at 51.7; above the 50-point threshold that separates expansion from contraction, and held there not as a sustained trend across the quarter.

The number that is really moving markets, though, is 153. That is how many basis points treasury yields have fallen across the curve in Q1 alone. The 10-year bond, for instance, which yielded 16.734 percent at the close of 2025, stood at 15.800 percent by March 31. The two-year bond yielded 13.3 percent to maturity by March 32, down 2.244 percent from December 31, where it yielded at 15.544 percent.

"As interest rates drop, usually investors opt for the more lucrative and high-risk equity investments," says Paul Bwiso, the Chief Executive Officer of the Uganda Securities Exchange (USE).



Stock brokers follow a trading session at the Uganda Securities Exchange. Market capitalisation surged 50 percent in quarter one of 2026, from Shs28.42 trillion to Shs42.63 trillion. PHOTO/FILE

Uganda's treasury bonds were, by March, trading at a premium of around 10 percent in the secondary market. Offshore investors, who entered when yields were at 15 to 16 percent, were sitting on capital gains and taking profit. That money has to go somewhere.

"The alternative way of making money now is taking profit on bonds, which are now expensive, and then going to the equities market," says Delick Manishimwe, a financial markets analyst at Sanlam Allianz Investments Limited.

"Capital is moving. The bond market yields are falling, the good equities are soaring in value, and the guys holding those equities are not willing to give up their counters cheaply," he adds.

Looking further out, Manishimwe points to oil revenues as the next structural catalyst. Once Uganda's oil income begins flowing, the government's appetite for expensive domestic borrowing shrinks, yields fall further, and the rotation deepens.

"The expectation is that in the next one to three years, yields are going to keep crashing," he says.

The speculation premium

The quarter's trading was dominated by two counters. MTN Uganda accounted for 64.7 percent of the total value of shares traded, Stanbic Bank followed at 25 percent.

"MTN has been trading as a seller's market," Manishimwe says. "There is no

HOPEFUL

Perhaps the most structurally significant story of Quarter One (Q1) is the rise of the retail investor. Between 2020 and 2023, foreign investors dominated the USE, accounting for as much as 94 to 96 percent of all trading activity. That has since shifted.

Of the Shs32.64b traded in Q1, retail investors—predominantly local Ugandans—accounted for Shs9b, or 27 percent of total turnover or the total value of shares traded. That is up from under 4.0 percent just a few years ago.

liquidity. There is no equity available. The buyers are there, but the sellers are holding their shares because they do not want to give up a counter that is actually making them money."

MTN Uganda opened the year at Shs315 per share and by April 10, was trading at around Shs468, a 48.5 percent gain in under four months. The driver is well understood in the market. MTN Uganda's parent company has signalled the planned separation of its mobile money business into a distinct listed entity, and holders are not giving up their position ahead of that event.

"Once you exit," Manishimwe says, "you are going to buy shares expensively, or you are not going to get shares at all."

Umeme, the former power distributor, tells a different story. Following the expiry of its concession with the Government of Uganda, questions around the company's next chapter have kept traders alert. In markets, uncertainty is often a catalyst as MTN and Umeme attest.

The retail investor

Perhaps the most structurally significant story of Q1 is the rise of the retail investor. Between 2020 and 2023, foreign investors dominated the USE, accounting for as much as 94 to 96 percent of all trading activity. That has since shifted.

Of the Shs32.64b traded in Q1, retail investors—predominantly local Ugandans—accounted for Shs9b, or 27 percent of total turnover or the total value of shares traded. That is up from under 4.0 percent just a few years ago.

The shift is visible in the data. Total Central Depository and Settlement Corporation accounts stand at 275,000 by early April. New account openings surged from 162 in January to 1,700 by the close of Q1, a tenfold increase in a single quarter, driven by physical outreach campaigns and USSD-based account activation.

What is drawing them in is returns.

Unit trusts are yielding around 13 percent. Government bonds were offering 16 percent. And equities like MTN have delivered capital gains that savings accounts cannot come close to matching.

The consequences are showing up directly in the financial results of Uganda's commercial banks. According to Stanbic Bank Uganda's full-year 2025 results reported in March 2026, the bank's interest expense on deposits rose 57.2 percent—from Shs66.1b in 2024 to Shs103.9b in 2025—even as customer deposits grew by a more modest 12.9 percent, from Shs7.11 trillion to Shs8.03 trillion.

"We have had to price deposits more competitively because customers have more options," said Ronald Makata, the chief finance and value management officer at Stanbic Bank Uganda.

"Banks are having to price deposits competitively because the market is maturing and individual investors are understanding more options in investments," said Michael Segwaya, the executive director and chief financial officer at Absa Uganda.

The strategic response across the sector has been a deliberate pivot toward non-interest income—fees, commissions, and transaction-based revenue.

"Retail investors now understand the market. They are willing to take risks. They are not only putting money in their savings but also looking at businesses that have opportunities," says Bwiso.

Dividend season

Seven of 11 listed companies have already declared dividends: Airtel at Shs3.55 per share, BATU at Shs199, BOBU at Shs6, DFCU at Shs21.80, MTN at Shs8.25, QCIL at Shs6 interim, and Stanbic at Shs4.30.

No account of Q1 would be complete without acknowledging March. The escalation of the Iran-Israel-American conflict triggered a 3.95 percent depreciation of the Uganda shilling. Foreign investors from Tanzania and South Africa, for whom currency stability is a precondition for cross-border investment, pulled back, data from the bourse shows.

The episode is a reminder that Uganda's bull market does not exist in a vacuum. Currency volatility is a genuine risk, and the Bank of Uganda's role in maintaining macroeconomic stability remains critical.

The domestic exchange enters quarter two with more going for it than at almost any point in its history. A falling rate environment redirecting capital toward equities, a results season generating dividend income and investor attention, speculative narratives around MTN's mobile money separation and Umeme's future, and a retail investor class that is, for the first time, showing up in numbers large enough to move markets and unsettle banks.

The regional picture reinforces the story. Uganda's Local Share Index, up 36.3 percent in Q1, comfortably outpaces Kenya's NSE at 4.4 percent and Rwanda's RSE at 3.8 percent. Only Tanzania's Dar es Salaam exchange, up 39.4 percent, runs ahead, and narrowly.