

PRESS RELEASE

QUARTERLY GROSS DOMESTIC PRODUCT, 2nd QUARTER 2017/18

HIGHLIGHTS

ORIGINAL UNADJUSTED ESTIMATES

Year on Year Quarterly GDP growth for Q2 2017/18 stood at 6.6 percent compared to the growth of 2.8 percent registered in Q2 of 2016/17. The GDP growth for Q2 2017/18 and previous quarters is shown in Graph 2 and Table 2.

Sectoral Performance

Value added in Agriculture sector is estimated to have increased by 3.5 percent in Q2 of 2017/18 from a decline of 1.9 percent in the Q2 of 2016/17. This was mainly due to an increase in Food crop growing activities that grew at 7.1 percent in Q2 2017/18 as a result of favourable weather patterns.

Value added in Industry sector grew by 7.3 percent in Q2 of 2017/18 compared to a growth of 4.3 percent in Q2 of 2016/17. The better performance of Q2 2017/18 compared to Q2 2016/17 was mainly driven by the increase in crude oil mining/exploration activities and manufacture of drinks & tobacco.

The Services sector Value added grew by 8.9 percent in Q2 of 2017/18 compared to an earlier growth of 3.9 percent in Q2 of 2016/17. Better performance of Q2 2017/18 compared to Q2 2016/17 was as a result of the good performance of Financial & Insurance activities that grew by 12.5 percent.

See Table 15 in Appendix for more details on the sectoral performance.

SEASONALLY ADJUSTED ESTIMATES

The real Gross Domestic Product for the Second Quarter (Q2) of 2017/18 grew by 0.9 percent compared to the growth of 1.2 percent (revised) in the First Quarter (Q1) of 2017/18. The GDP growth for Q2 2017/18 and previous quarters is shown in Graph 1 and Table 2.

Sectoral Performance

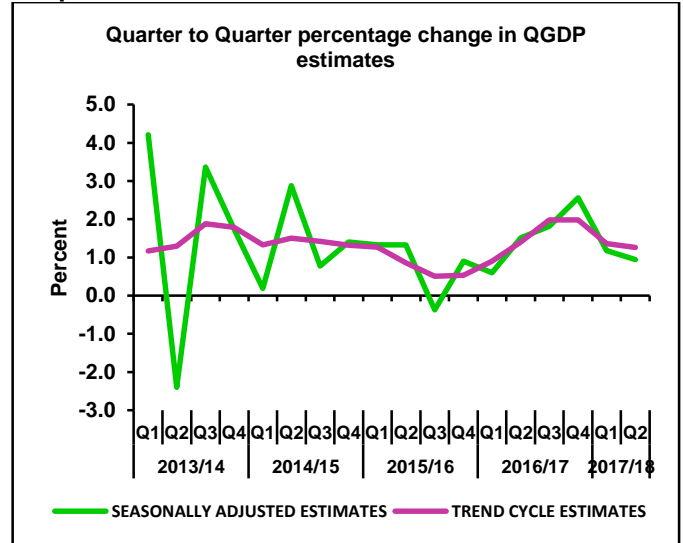
Value added in Agriculture sector is estimated to have declined by 0.8 percent in Q2 of 2017/18 from an earlier decline of 0.5 percent (revised) in the previous Quarter. The key driver to this decline was Food Crop growing activities. On the other hand, value added for Cash crop growing activities increased by 0.1 percent and Forestry activities by 1.8 percent.

In addition, Value added in Industry sector increased by 1.2 percent in Q2 of 2017/18 compared to an increase of 3.4 percent (revised) in Q1 of 2017/18. The main driver to this growth were Manufacturing (0.8 percent), and Construction (1.8 percent) activities.

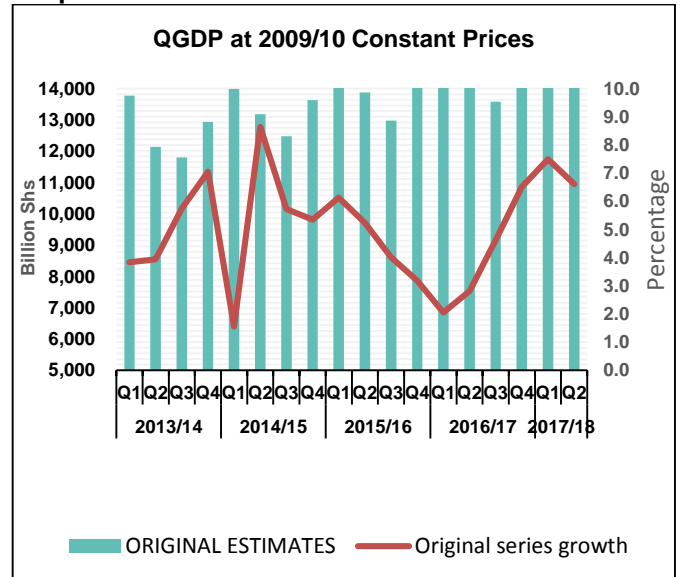
The Services sector Value added also grew by 1.7 percent in Q2 of 2017/18 compared to an earlier growth of 1.5 percent in Q1 of 2017/18. The drivers to this growth were Trade & Repairs (2.3 percent), Information & Communication (5.3

percent), Real Estate (1.7 percent) and Public Administration (3.0 percent).

Graph 1



Graph 2



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Executive Director
March 29th, 2018

QUARTERLY GROSS DOMESTIC PRODUCT (QGDP) Q2 2017/18 PERFORMANCE

EXPLANATORY NOTES

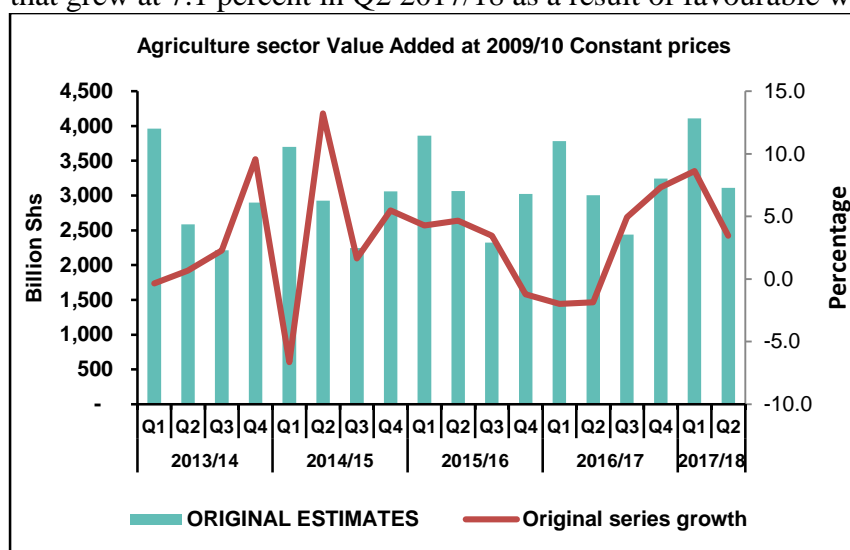
ORIGINAL UNADJUSTED ESTIMATES

Year on Year Quarterly GDP growth stood at 6.6 percent in Q2 of 2017/18 compared to the growth of 2.8 percent in Q2 of 2016/17. In value terms, the economy expanded from 14,264 billion shillings in Q22016/17 to 15,206 billion shillings in Q22017/18.

Sectoral Performance

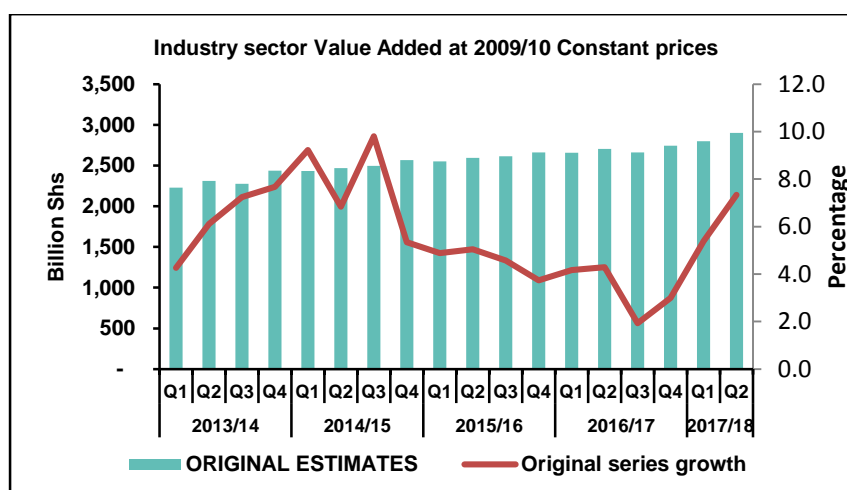
Agriculture

Value added in the agriculture sector grew by 3.5 percent, compared to the earlier decline of 1.9 percent in Q2 2016/17. This was mainly due to an increase in Food crop growing activities that grew at 7.1 percent in Q2 2017/18 as a result of favourable weather patterns.



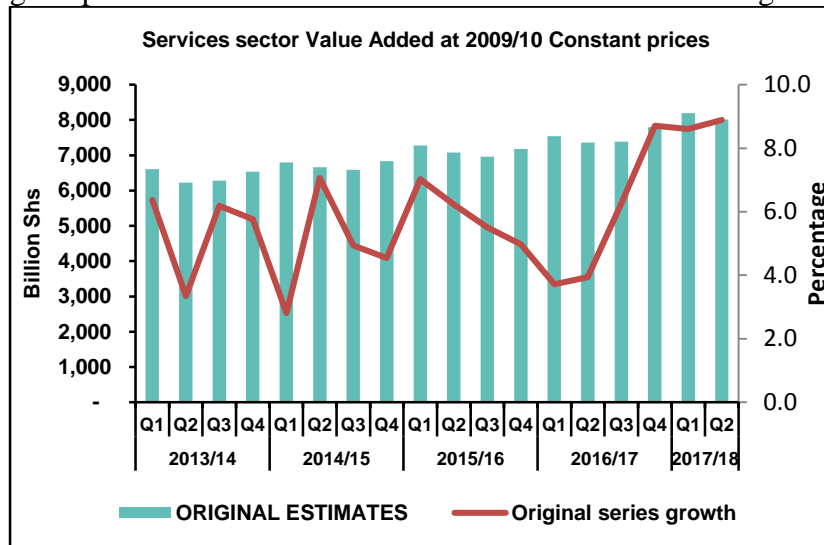
Industry

Industry activities value added grew by 7.3 percent in Q2 2017/18, compared to the growth of 4.3 percent in Q2 2016/17. The main drivers of this growth were Mining & Quarrying and Manufacturing activities which grew by 27.7 percent and 7.2 percent respectively. The better performance of Q2 2017/18 compared to Q2 2016/17 was mainly driven by the increase in crude oil mining/exploration activities and manufacture of drinks & tobacco.



Services

The Services sector value added grew by 8.9 percent, compared to the growth of 3.9 percent in Q2 2016/17. Better performance of Q2 2017/18 compared to Q2 2016/17 was as a result of the good performance of Financial & Insurance activities that grew by 12.5 percent.

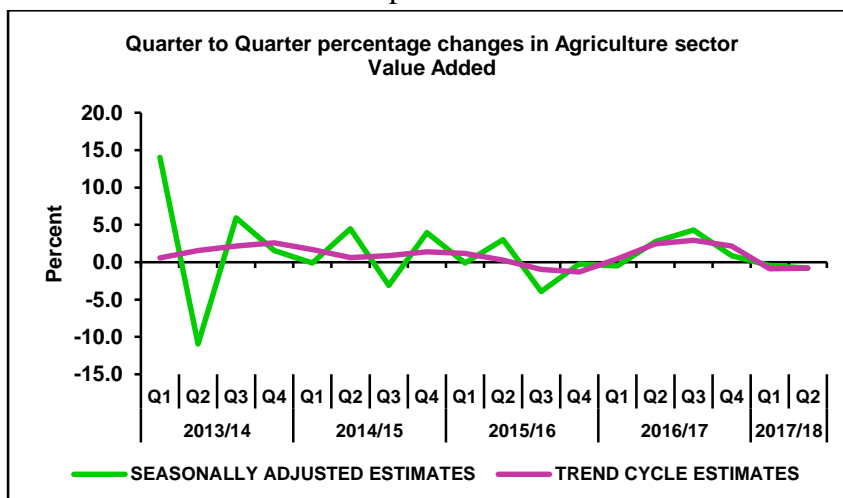


SEASONALLY ADJUSTED ESTIMATES

Quarterly Gross Domestic Product (QGDP) at constant 2009/10 prices estimates for Q2 of 2017/18 grew from 15,157 billion shillings registered in Q1 of 2017/18 to 15,301 billion shillings.

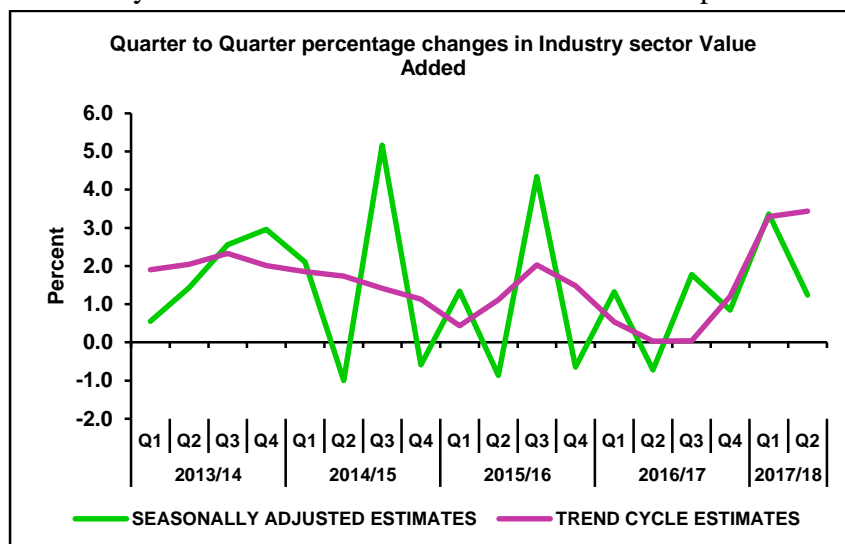
Agriculture

Value added in the Agriculture sector in Q2 of 2017/18 declined from 3,233 billion shillings in Q1 2017/18 to 3,207 billion shillings. This was mainly due to a decline in Food crop growing. On the other hand Cash crops growing activities grew by 0.1 percent in Q2 of 2017/18 due to an increase in Coffee and Tea production.



Industry

Industry activities value added grew in Q2 2017/18 from 2,820 billion shillings in Q1 2017/18 to 2,855 billion shillings. The main drivers of this growth were Manufacturing activities. This was mainly due to an increase in Beer and Soft drinks production.

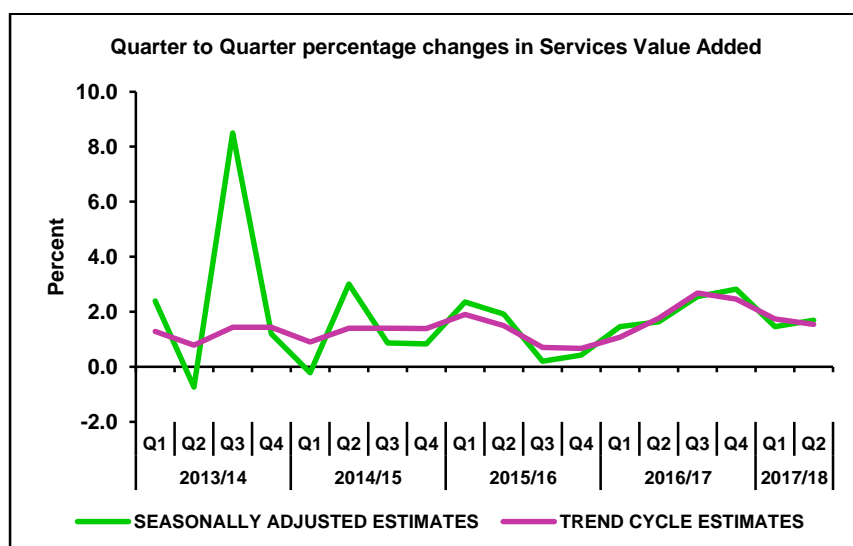


Services

The Services sector value added grew from 7,924 billion shillings in Q1 2017/18 to 8,058 billion shillings in Q2 2017/18. The main drivers to this growth were Trade & Repairs (2.3 percent), Information & Communication (5.3 percent), Real Estate (1.7 percent) and Public Administration (3.0 percent).

- The growth in Value added for Information & Communication activities was mainly due to the increase in Telecommunication activities.

On the other hand, there was a decline in Financial & Insurance activities by 1.8 percent due to an increase in Central bank expenses. There was also a decline in Education activities by 1.0 percent partly due to a decline in compensation of employees.



Taxes on products and subsidies

Value added for Taxes on products and subsidies remained stable at 1,181 billion shillings in Q2 2017/18 with a share of 7.7 percent of QGDP.

REVISIONS

There are two sources of revisions in the estimates;

- a) Revisions have been made in a number of source data namely;
 - I. Balance of Payments
 - II. External Trade
 - III. Government expenditures
 - IV. Mineral statistics

- b) Revisions were also implemented when conducting Seasonal adjustment to the original estimates, as the seasonal factors to each quarter get revised each time data from a new quarter is added.