Uganda: From Cost Shock to Recovery

Sector outlook for CEOs: insurance brokers, airport transfers, telecoms, hotels, Apple resellers, tour & travel, consultants and data analysts | Data as at 3 November 2026

The bottom line. Three calm years have ended. The shilling is down 15% this year, diesel is up 55% since April and inflation is at a three-year high of 5.8%. The economy still grows, but costs rise faster than clients' budgets, so firms see fewer clients, smaller orders and slower payment. We expect inflation to peak around 7% in early 2027 and demand to recover from the second half of 2027.

BACKGROUND: WHY THIS IS HAPPENING

The root cause is structural. Uganda buys more abroad than it sells. The Bank of Uganda reports a goods trade deficit of US$2.8 billion and a services deficit of US$3.3 billion in the 12 months to August 2026. In August alone imports rose 66.5% while exports rose 40.6%, widening the monthly gap to US$817 million [1]. The Bank's message to policymakers is that rate rises and dollar sales can buy time, but only more exports and fewer imports will steady the currency.

2026 added four shocks on top. January's elections and internet shutdown hit telecom and digital trade. From 28 February, Middle East airspace closures and conflict pushed up oil and diesel and cut flights to Entebbe. On 1 July fuel excise rose by UGX 200 a litre as a dry spell cut harvests. From August, oil importers' dollar demand (US$620 million a quarter) and investor outflows drove the shilling past 4,000 and briefly to 4,500, its weakest since 1993. The Bank raised its rate to 12% on 14 October and began selling dollars on 22 October [1-4].

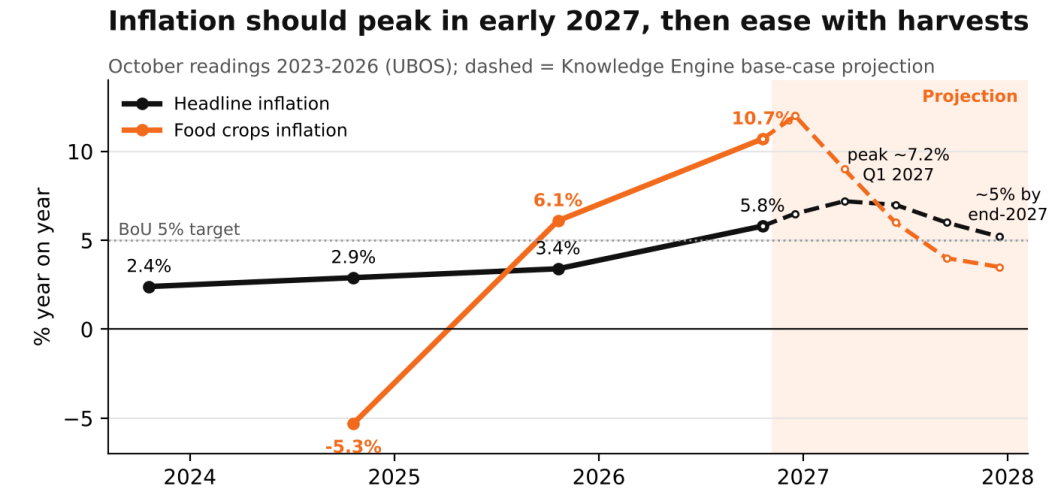
THE FIVE PROBLEMS, AND WHAT DRIVES THEM

Problem	Driver	Evidence
Fewer clients	Corporates cut travel, events and extras; households protect food and transport	BoU growth forecast cut to 6.0-6.5% from 7.0-7.5%
Lower volumes	Real budgets shrink; smaller orders; big buys postponed	UGX 100,000 of 2021 buys ~UGX 78,000 of goods today
Rising prices	Food (dry spell), energy, transport pass-through	Inflation 5.8%, food 10.7%, energy & utilities 15.4% (Oct)
Dollar prices	US$6.1bn trade and services gap; oil bill; outflows	UGX 3,612 to 4,245 per US$ in 2026 (-15%)
Fuel prices	Global diesel spike; excise +UGX 200/l; weak shilling	Diesel UGX 4,700 (Apr) to 7,290 (Nov), +55%

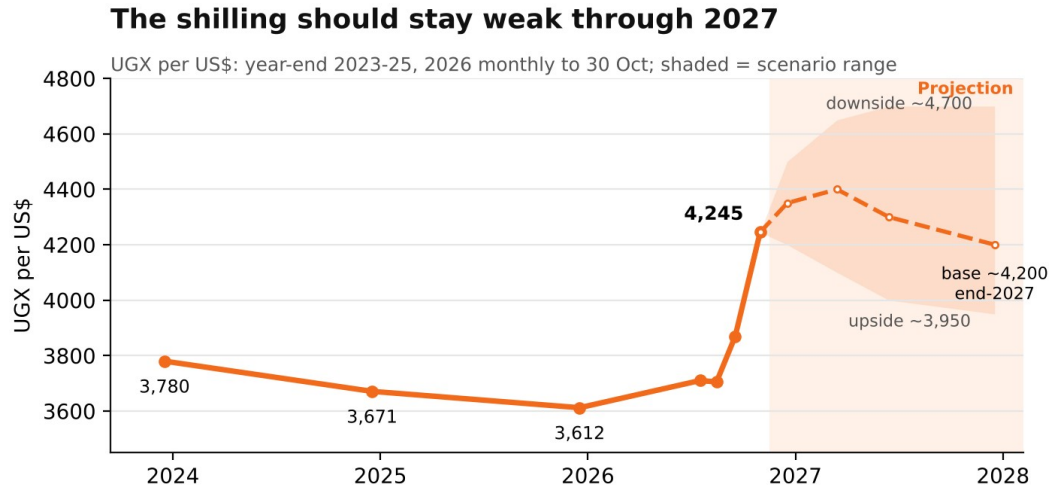
THREE YEARS OF DATA AND OUR 2027 OUTLOOK

Indicator	2023	2024	2025	2026 latest	2027 outlook*
Headline inflation, Oct (UBOS)	2.4%	2.9%	3.4%	5.8%	~7% peak Q1, ~5% Q4
Food crops inflation, Oct	n/a	-5.3%	6.1%	10.7%	~12% Dec, ~4% Q3
UGX per US$, year-end	3,780	3,671	3,612	4,245 (30 Oct)	4,200-4,400
Diesel, UGX/litre	4,992	4,700	4,950	7,290	~6,300 by Dec
Central Bank Rate	9.5-10%	9.75%	9.75%	12.0%	11-12%
Tourist arrivals	~1.27m	1.37m	1.6m+	Hit by airspace closure	Recovery; AFCON 2027
Entebbe int'l passengers	n/a	2.24m	2.49m	Feb +19%, then dip	Growth resumes
Insurance premiums (IRA)	~UGX 1.6trn	UGX 1.76trn	UGX 2.02trn	Life +39% (2025)	Life, medical lead

**Knowledge Engine base case, built on BoU (inflation 7.0-7.5% over 12 months; growth 6.0-6.5%), IMF Article IV 2026 and the IEA diesel outlook. A scenario, not a guarantee.*

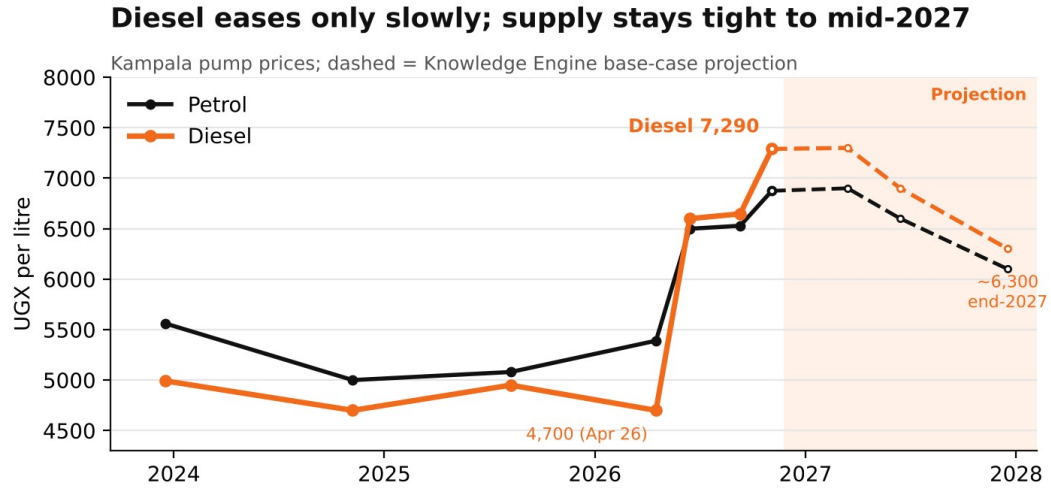


Sources: UBOS; BoU MPS Oct 2026 (7.0-7.5% next 12 months); IMF Article IV 2026. Projection is a scenario, not a forecast guarantee.



Sources: FocusEconomics; Bank of Uganda; Daily Monitor; Rio Times. Projection: Knowledge Engine scenarios.

Fuel is the slowest cost to ease: global diesel supply stays tight into mid-2027, so diesel should fall only to about UGX 6,300 by end-2027. Transport-heavy businesses (airport transfers, tours, hotels) should plan on today's fuel prices for at least two more quarters.



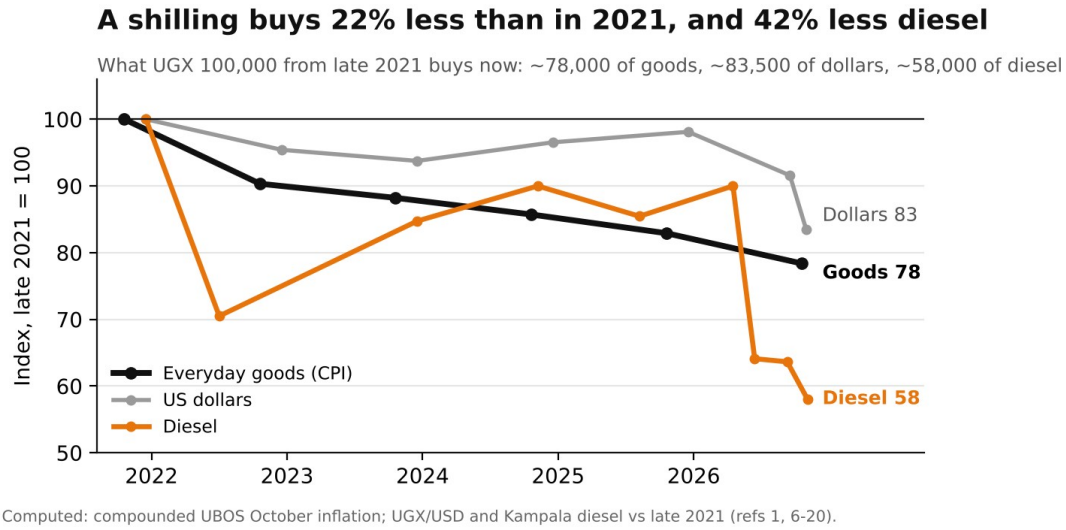
Sources: Daily Monitor surveys, UBOS (refs). IEA warns tight diesel supply into mid-2027.

HOW BUYERS WILL BEHAVE

Households will protect food, transport and school fees and cut leisure, eating out and upgrades. Corporates will delay capital spending, cut travel and events, consolidate suppliers, ask for instalments and stretch payment to

60-90 days. Foreign visitors and dollar earners are the exception: for them Uganda is about 15% cheaper than a year ago.

UGX 100,000 held since late 2021 now buys about UGX 78,000 of everyday goods, UGX 83,500 of dollars and only UGX 58,000 of diesel. Every budget fixed in shillings shrinks in real terms each month.



Computed: compounded UBOS October inflation; UGX/USD and Kampala diesel vs late 2021 (refs 1, 6-20).

SECTOR PLAYBOOK

Sector	Challenge	Mitigate	New opportunity
Insurance brokers	Clients downgrade cover, pay late; claims dearer (imported parts, medical)	Instalments and premium finance; re-broke renewals; review sums insured for the weak shilling	Life and medical (+39% life premiums 2025); exporters' cargo; oil, gas and contractor cover
Airport transfers	Diesel +55%; fewer travellers after Feb airspace closure; dollar-priced vehicles	Fuel-surcharge clause; US$ tariffs for foreign clients; shared shuttles; fuel-efficient fleet	2.49m Entebbe passengers (2025); hotel, airline and NGO contracts; Hoima crew rotations
Telecoms	Dollar equipment and handsets; diesel for sites; handset taxes keep smartphone use at 33%	Small daily bundles; device financing; solar sites; dollar-linked enterprise contracts	25.4m MTN subscribers; mobile-money collections; enterprise connectivity, cloud, tracking
Hotels	Food +10.7%, energy & utilities +15.4%; fewer corporate events	Menu engineering, local sourcing; solar; dynamic pricing; US$ rates for foreign guests	MICE and AFCON 2027; long stays for oil, gas and construction contractors
Apple resellers	All stock imported in dollars (~15% dearer); upgrades postponed	Weekly dollar-linked price lists; lean stock, forward cover; instalments; trade-ins	Device leasing to corporates and schools; repairs, AppleCare, certified pre-owned
Tour & travel	Airspace disruption, dear airfares; locals cut leisure; fuel lifts safari costs	US$ inbound pricing, early deposits; new markets (EAC, France, Spain, Switzerland)	Uganda ~15% cheaper for visitors; 2025 record (1.6m+ arrivals, US$1.62bn); AFCON 2027
Consultants & data analysts	Discretionary studies cut; late payment; AI lowers basic-analysis prices	Fixed-scope and outcome fees; retainers; 50% upfront; AI-assisted delivery	Pricing, cash-flow and FX-risk analytics; procurement savings; exporter market entry

Avoid for now	New opportunities
Dollar loans or supplier credit with no dollar income	Dollar earners as clients: exporters, NGOs, embassies, oil and gas, tourists
Large imported stock (devices, vehicles, spares)	AFCON 2027 and conferences; oil and gas build-out around Hoima
New branches, fleets or renovations on 12%+ money	Efficiency sells: solar, automation, analytics, device leasing
Price wars below replacement cost; prices fixed beyond 30 days	Bundles across the Power Team: travel (transfer, hotel, tour, insurance) and productivity (Apple, connectivity, analytics, cyber cover)

Avoid for now	New opportunities
Long unsecured credit to clients	Repairs, refurbished and service plans; life and medical cover

RECOVERY OUTLOOK AND DIRECTION OF GROWTH

- **Base case:** inflation peaks near 7% in Q1 2027 and returns to about 5% by end-2027; shilling 4,200-4,400; volumes recover from H2 2027.
- **Downside:** the oil shock lasts or outflows grow; shilling past 4,700, more rate rises, recovery slips into 2028.
- **Upside:** lower oil prices, firmer coffee and gold, first-oil inflows; shilling below 4,000 and recovery by mid-2027.

DEFEND: Nov 2026 - Jan 2027	ADAPT: Feb - Jun 2027	GROW: Jul 2027 - 2028
Index quotes to US$ or fuel, 7-day validity; deposits on imports; cut slow stock; no new dollar debt; review top-20 clients	Smaller, tiered and instalment offers; shared delivery and solar; launch Power Team bundles; fortnightly pipeline review	Target dollar earners and oil and gas; AFCON and MICE packages; recurring revenue; invest as rates and shilling settle

CEO commitments within 30 days: each leader names one cost to cut, one investment to pursue, one client-retention action and one financial risk to close.

Five questions for the roundtable

1. Are we losing clients because our prices are too high, or because their own cash flow is squeezed?
2. If volumes fall 20% while costs rise 15%, does our business model still work?
3. Which of our costs are in dollars or fuel, and how quickly can we pass them on or cut them?
4. Which fellow Power Team member could join us in a bundle for shared clients?
5. What can we offer that makes clients more competitive, rather than asking them to spend more?

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Note: inflation figures are UBOS readings as reported by the sources above. Fuel prices are Kampala pump averages; pump prices are deregulated. Projections and sector exposure ratings are Knowledge Engine judgements. For information only; not financial advice.