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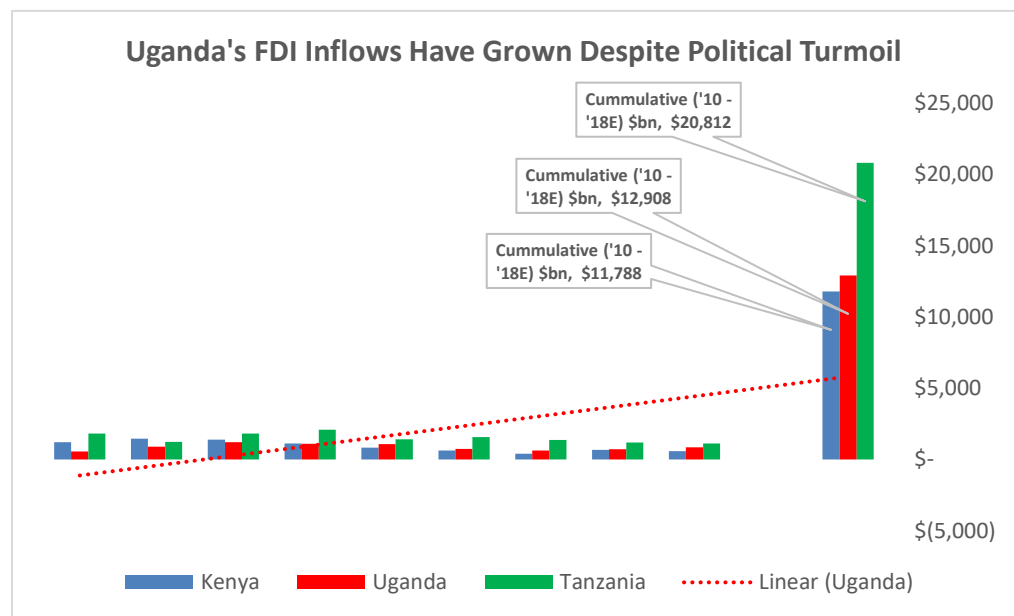
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Uganda risks US sanctions, regime survival as youth revolt grows

Uganda's longtime leader, 73-year old President Yoweri Museveni has survived many previous political challenges. However he may have finally met his match in the country's new charismatic opposition leader, 36-year old Robert Ssentamu (aka 'Bobi Wine'), a popular musician turned political activist and parliamentarian. Much like Egypt's former President Hosni Mubarak, a long time US security ally, who grew increasingly tone-deaf to the demands of the youth, and sought to impose his son as successor, Museveni's recent bloody response to a youth riot may not only see his regime possibly sanctioned under the new global US Magnitsky Act, but ultimately fall to a popular youth revolt much like happened to Mubarak in Egypt. A review of all major international commercial deals enacted during the Museveni era will almost assuredly occur under a new government.



Source: UNCTAD/DaMina Advisors

After 32 years in office Museveni has no designated successor, and all attempts by older politicians to dislodge him from power have been unsuccessful – just like in Egypt. With a large youth population of nearly 40%, Ssentamu's challenge is unique in that it undercuts the traditional political cleavages in the country and poses a major structural challenge to the regime as many young people are simply fed up with the regime – despite Museveni's many economic successes, which has helped position Uganda as one of East Africa's most stable economies. Earlier attempts by Museveni, under pressure from his wife Janet, (herself a government cabinet minister) to install their son, General Muhozi, head of the country's army Special Forces, as his successor backfired as leading senior lieutenants within the ruling party opposed transforming the presidency into a dynasty.

Much like in Egypt, despite providing over \$1 billion in annual donor aid to Uganda, neither the EU nor the US may ruffle the security relationship with Uganda until the growing youth unrest topples the regime from the streets, much like it did Mubarak during the Arab Spring. Major investors in Uganda such as **Tullow** and **Total** may suffer in an upheaval.

Annex 1: Selected Macroeconomic Indicators

	Jul-17	Aug-17	Sep-17	Oct-17	Nov-17	Dec-17	Jan-18	Feb-18	Mar-18	Apr-18	May-18	Jun-18	Jul-18
Real Sector													
Inflation (Annual %)													
Headline: (Base: 2009/10 =100)	5.7	5.2	5.3	4.8	4.0	3.4	3.0	2.1	2.0	1.8	1.7	2.2	3.1
Core: (Base: 2009/10 = 100)	4.5	4.1	4.2	3.5	3.4	3.1	2.6	1.7	1.7	1.6	1.1	0.8	2.5
Food Crops	12.9	11.7	9.6	7.8	2.3	-0.7	1.4	-0.7	-1.7	-2.1	-0.2	2.3	-2.0
Energy, Fuel and Utilities	7.8	7.8	10.6	14.1	13.7	12.5	9.8	11.2	10.3	10.4	10.3	15.1	16.0
Business Tendency Indicator	56.9	57.8	58.4	58.6	58.5	58.0	57.5	57.1	56.6	56.2	55.9	55.8	55.7
Composite Index of Economic Activity	203.2	204.2	205.5	206.8	208.3	209.6	210.8	211.8	212.8	214.0	215.3	216.6	N/A
Financial Sector													
Private sector credit (Shs billion)													
PSC growth rate	12,117.1	12,186.2	12,277.6	12,502.7	12,512.6	12,762.2	12,597.0	12,578.0	12,771.1	12,875.2	12,979.6	13,336.9	N/A
Exchange Rate (Shs/US\$)	0.4%	0.6%	0.8%	1.8%	0.1%	2.0%	-1.3%	-0.2%	1.5%	0.8%	0.8%	2.8%	N/A
Period Average	3,601.5	3,606.0	3,599.9	3,637.9	3,638.9	3,623.3	3,640.1	3,637.6	3,660.1	3,697.2	3,726.8	3,840.5	3,760.4
Interest Rates(%)													
Central Bank Rate	10.0	10.0	10.0	9.5	9.5	9.5	9.5	9.0	9.0	9.0	9.00	9.00	9.00
Lending Rate	20.9	22.3	20.9	19.0	21.4	20.3	20.3	21.1	20.1	20.0	20.2	17.7	N/A
91-day Treasury Bill Yield	10.1	9.9	9.8	9.2	8.8	8.4	8.6	8.7	8.7	8.7	8.8	9.8	10.5
364-day Treasury Bill Yield	11.7	11.1	10.6	9.4	9.3	9.0	9.1	9.4	9.6	9.7	10.1	12.6	14.5
External Sector (US\$ million)													
Trade Balance													
Total Exports of Goods (fob)	-96.6	-139.7	-224.6	-201.6	-169.9	-141.6	-100.8	-196.8	-159.1	-215.8	-132.0	-190.7	N/A
Total Imports (fob)	276.3	259.5	252.8	287.6	301.4	312.6	329.2	285.0	304.7	259.3	321.6	296.3	N/A
	372.9	399.1	477.4	489.2	471.3	454.3	437.9	474.6	485.4	488.2	453.6	487.0	N/A
Fiscal Sector (Shs Billion)													
Revenues and Grants													
Revenues	1,012.7	1,101.0	1,187.0	1,218.4	1,159.6	1,670.9	1,280.6	1,297.0	1,232.2	1,097.5	1,224.0	1,836.7	1,196.6
URA	964.9	1,072.5	1,149.0	1,081.1	1,141.8	1,515.9	1,200.9	1,161.3	1,200.2	1,080.5	1,202.6	1,772.8	1,159.5
Non-URA	919.9	1,034.3	1,114.1	1,045.9	1,099.3	1,487.8	1,141.0	1,125.4	1,163.6	1,045.5	1,167.6	1,728.7	1,124.5
Oil Revenue	45.0	38.3	34.9	35.2	42.5	28.1	59.9	35.9	36.7	35.1	35.1	44.1	35.0
Grants	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Expenditure and Lending	47.8	28.5	38.1	137.3	17.9	155.0	79.7	135.7	32.0	17.0	21.4	63.9	37.0
Overall Fiscal Balance (incl.Grants)	1,340.7	1,870.0	1,558.1	2,013.5	1,677.2	1,584.5	1,622.4	1,681.9	1,363.7	1,815.0	1,794.1	1,903.2	1,866.8
Net Government Borrowing	-328.0	-769.0	-371.1	-795.1	-517.6	86.4	-341.8	-384.9	-131.4	-717.5	-570.0	-66.5	-670.2
	198.2	133.9	58.4	52.3	115.0	27.2	167.7	(11.4)	15.93	263.5	238.4	530.8	85.7

Source: BOU, UBOS, MFPED.

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To schedule in-depth Q&A on North Korea's potential future investment opportunities/ risks

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