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Monetary Policy Committee Statement

The Monetary Policy Committee (MPC) held its 219th Ordinary Meeting on 24th March 2022, to assess implementation of monetary policy and performance of the domestic and global economy. The MPC noted with satisfaction that the conduct of monetary policy in January and February 2022 sustained adequate liquidity in the economy and stability of money market interest rates. The MPC also approved the Bank of Tanzania to continue implementing accommodative monetary policy for supporting businesses and investment, conditioned on inflation path in the remainder of the fiscal year 2021/22.

The performance of the economy was satisfactorily in 2021 and projected to continue improving in 2022, owing to normalization of business and investment activities after the pandemic. Prices of goods and services have risen in the recent months, but inflation remained within the target of 3-5 percent for Tanzania Mainland and below 5 percent in Zanzibar, and is projected to remain within the targets in the near term. This will be supported by adequate food supply and sustained prudent macroeconomic policies. Upward risks have been elevated due to rising commodity prices in the world market, attributable to supply chain disruptions and geopolitical tensions in the Eastern Europe.

The MPC noted with satisfaction that private sector credit growth was strong, at 11.9 percent in February 2022, owing to improving business conditions from adverse effects of COVID-19 pandemic, monetary policy measures adopted to increase bank lending and lower interest rates, and supportive fiscal policy. The external sector continued to gradually recover and foreign exchange reserves remained adequate, covering about 5.9 months of imports, in line with the country and regional benchmarks. Revenue performance in the first seven months of the fiscal year 2021/22 was broadly satisfactory, attributable to recovery of economic activities, improved tax compliance and enhanced revenue mobilization efforts.

Given the ongoing geopolitical tensions in the Eastern Europe and global supply chain disruptions, the MPC will continue to closely monitor developments in the economy and take appropriate measures when need arises.

**Governor
Bank of Tanzania**