



Bank of Tanzania

Monthly Economic Review

December 2004

Tanzania Adopts New Consumer Price Index

Since September 2004, the National Bureau of Statistics has been releasing inflation rates derived from consumer price indices (CPI) based on new consumption basket weights obtained from the 2000/01 Household Budget Survey (HBS). The new CPI weights represent the current consumption pattern of an average urban household in Tanzania. Henceforth, the new inflation rates are being used for economic policy purposes.

Major Changes in the Consumption Basket

According to the findings of the HBS (2000/01) the overall level of household consumption rose significantly between 1991/92 and 2000/01. The structure of household consumption, in terms of the share of expenditure taken by various categories of goods and services has also changed. The survey results show that at the national level, the mean household expenditure rose by about 17 percent in real terms between 1991/92 and 2000/01, confirming that household incomes have risen in line with economic growth over the period of ten years to 2001. However, household consumption expenditure levels went up more significantly in Dar-es-Salaam (by about 47 percent) and less in other urban towns (by 13 percent) and in rural areas (by about 11 percent).

In the composition of goods and services, some of the items in the old consumption basket were removed, while new items such as bottled water, television sets, cell phones, were added to reflect changes in household consumption patterns. The changes in the proportion (weight) of expenditure devoted to various categories of goods and services in the new consumer basket are summarized in Table 1 below. Most notable is the significant change in the weight of food, which declined to 55.9 percent from 71.2 percent of total household expenditure in the 1991/92 HBS. This trend was expected, since when personal income increases, one spends less on food, and more on non-food items, such as education, transport, medical, clothing and footwear. Other major changes in consumption patterns between the two household budget surveys are explained below.

- The weight on medical, education and water services have increased substantially, because previously these services were provided free of charge by the government, but now individuals incur some expenses to obtain them.
- The weight of transportation services went up almost eightfold to 9.7 percent from the previous 1.2 percent. This change partly reflects the expansion of residential areas away from town centres, thus increasing the demand for transport and the increase in economic activities that go hand in hand with the need for transportation services.
- Expenditure on rent declined substantially mainly on account of the increase in owner occupied houses, whose monthly costing is not regarded as a direct household expenditure in CPI computations. This development is again consistent with the positive impact of economic growth. As real income rises, more people are able to build and live in own houses, thus spend less on rented accommodation..

Table 1: Evolution of CPI Weights Between Survey Periods in Tanzania

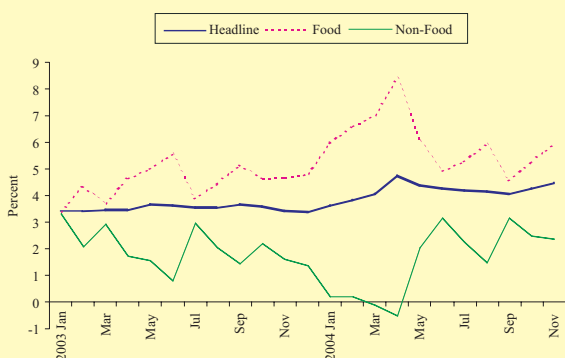
Commodity Group	CPI weights			
	HBS			
	1969 %	1976/77 %	1991/92 %	2000/01 %
Food	47.0	64.2	71.2	55.9
Drinks and Tobacco	7.7	2.5	4.4	6.9
Rents	8.6	4.9	3.9	1.4
Fuel, Power and Water	6.6	7.6	4.7	8.5
Clothing & Footwear	10.8	9.9	3.7	6.4
Furniture & Household Equipment	2.8	1.4	2.5	2.1
Household Operations & Maintenance	3.5	3.4	1.5	2.1
Personal Care & Health	5.0	1.3	2.2	2.1
Recreation & Entertainment	1.6	0.7	1.2	0.8
Transportation	6.4	4.1	1.2	9.7
Education	0.0	0.0	1.5	2.6
Miscellaneous Goods and Services	0.0	0.0	2.0	1.5
TOTAL100	100	100	100	

Inflation Developments

Improved Food Supply Dampens Inflationary Pressures

Based on the new consumer price index, annual headline inflation reached the highest level of 4.7 percent in April 2004, with annual food inflation peaking at 8.4 percent. However, favourable domestic food supply, helped to contain inflationary pressures since then. Annual food inflation decelerated from its peak level in April 2004 to 5.9 percent in November 2004, while overall inflation eased to 4.4 percent (Table 2). However, the decline in headline inflation was slower than expected, mainly because of the continued increase in the price of fuel at home, in line with world market prices for crude oil. Changes in the prices of petroleum products were also behind the sharp increase in the underlying (non-food) inflation from its lowest level of -0.5 percent recorded in April 2004 to 2.4 percent in the year ending November 2004 (Chart 1).

Chart 1. Tanzania: Annual Inflation Developments



The monetary policy stance of the Bank of Tanzania coupled with the government intent to facilitate food supply to deficit areas, are expected to put the inflation on a downward trend towards the target of 4.0 percent by end-June 2005.

Table 2: Percentage Change in the New National Consumer Price Indices

Base: 2001=100

Major Commodity Group	Weight %	Nov-03	Dec-03	Jan-04	Feb-04	Mar-04	Apr-04	May-04	Jun-04	Jul-04	Aug-04	Sep-04	Oct-04	Nov-04
		Food	55.9	4.7	4.8	6.0	6.6	7.0	8.4	6.0	4.9	5.3	5.9	4.6
Non-food	44.1	1.6	1.4	0.2	0.2	-0.1	-0.5	2.0	3.1	2.2	1.5	3.1	2.5	2.4
Transportation	9.7	1.6	0.2	0.9	2.0	-0.8	-1.3	1.3	1.2	-1.6	1.7	3.3	1.1	1.7
Fuel, Power and water	8.5	0.8	1.6	-0.7	-5.4	-2.5	1.7	4.9	9.1	20.3	2.4	6	9.3	7.7
Drinks and Tobacco	6.9	1.2	1.2	-2.9	-0.6	0.7	-1.0	1.2	1.8	-4.7	0	0.5	-0.8	-0.2
Clothing & Footwear	6.4	2.4	2.4	1.5	6.4	2.0	-1.9	3.3	2.3	-0.1	3.1	4.5	3.1	1.9
Education	2.6	0.2	0.9	0.0	4.8	-0.2	-3.8	1.4	1.6	0.0	0.6	0.9	-1.9	3.4
Furniture & Household Equipment	2.1	1.2	1.6	-1.1	3.7	-1.6	-1.5	0.3	2.2	-2.0	-0.4	2.9	0.8	2.2
Household Operations Maintenance	2.1	1.1	0.4	-0.8	-0.3	-1.4	-1.1	0.5	2.2	-0.4	1.7	4.3	1.9	-1.6
Personal Care & Health	2.1	3.9	1.4	5.7	-2.8	3.0	-0.4	-2.7	0.7	-5.0	0.7	1.4	2.6	0
Rents	1.4	4.3	4.8	7.5	2.9	4.3	4.3	4.3	3.4	2.6	0.4	0.3	0.1	-0.1
Recreation & Entertainment	0.8	0.9	-4.6	-5.9	5.4	2.2	-1.9	0.9	0.7	0.2	1.8	3.7	2.1	4
Miscellaneous Goods and Services	1.5	1.5	0.9	-3.3	1.9	0.9	3.1	-0.4	2.0	-5.7	-0.2	0.5	-0.8	-1.8
Total (Headline)	100	3.4	3.4	3.6	3.8	4.0	4.7	4.4	4.2	4.1	4.1	4.0	4.2	4.4

Source: National Bureau of Statistics (NBS)

Monetary and Financial Developments

Money Supply Growth Slows Down

Despite the steady inflow of foreign financial support to the budget, export earnings from seasonal export proceeds, and peak tourism receipts, the Bank of Tanzania, through its monetary policy instruments, was able to control the growth of base money and ultimately money supply within the targeted growth path of 20-24 percent set for 2004/05. During the year ending November 2004, the growth of extended broad money (M3) decelerated to 19.8 percent from 24 percent recorded in October 2004, while broad money (M2) grew at 19 percent, down from 21.2 percent (Table 3).

The slow-down in the annual growth of money supply between October and November 2004 was mainly a manifestation of deceleration in the growth of foreign currency deposits from 31.2 percent at the end of October 2004 to 21.9 percent at the end of November. The decrease in the growth rate of foreign currency deposits was associated with customers' withdrawals to finance foreign commitments, including importation of merchandise for holiday season. Meanwhile, all other components of money went up except demand deposits, which declined albeit modestly during the period under review. The decline in demand deposits during the month was mainly caused by withdrawals by corporate customers to pay dividends. The decline in demand deposits was partly mirrored in the increase in savings deposits, which went up by TZS 14.1 billion during the month.

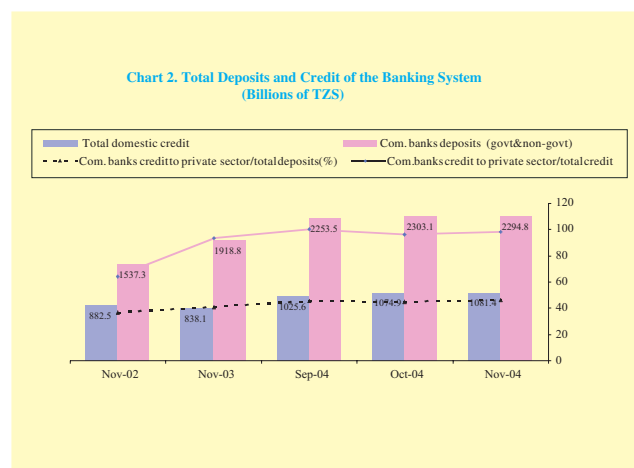
Table 3: Selected Money Supply Components

(Billions of TZS)								
Item	2003		2004		Abs. Change Oct-Nov 2004	Annual Change (%)		Nov-04
	Oct	Nov	Sep	Oct		Nov-03	Nov-04	
Extended broad money (M3)	2,304.1	2,382.7	2,796.0	2,856.0	2,854.7	-1.3	18.9	19.8
Broad money (M2)	1,669.6	1,718.2	1,979.9	2,023.5	2,044.8	21.2	14.6	19.0
Currency in circulation	517.3	538.7	644.9	661.6	666.3	4.7	7.5	23.7
Demand deposits	566.5	581.3	651.7	664.5	659.6	-4.9	27.4	13.5
Time deposits	232.3	230.5	266.5	267.1	274.5	7.4	0.7	19.1
Savings deposits	353.6	367.7	416.8	430.4	444.4	14.1	17.1	20.9
Foreign currency deposits	634.4	664.5	816.1	832.5	809.9	-22.6	31.8	21.9
Total non government deposits	1,786.8	1,844.0	2,151.0	2,194.4	2,188.4	-6.0	22.7	18.7
Net foreign assets	2,116.4	2,125.4	2,289.8	2,328.8	2,372.3	43.5	47.3	11.6
Bank of Tanzania	1,444.9	1,460.6	1,560.0	1,601.2	1,693.3	92.1	51.5	15.9
Commercial banks	671.6	664.8	729.8	727.7	679.0	-48.6	38.9	2.1
Net domestic assets	574.4	655.1	944.6	982.2	959.5	-22.7	-22.3	46.5
Domestic Credit	793.0	838.1	1,025.6	1,074.9	1,081.4	6.5	-5.0	29.0
Net claims on government	9.8	55.9	-1.7	45.1	19.6	-25.5	-82.5	-64.9
Claims on government	456.4	474.7	490.2	487.1	472.9	-14.2	-5.0	-0.4
Government deposits	446.6	418.8	492.0	442.0	453.3	11.3	133.2	8.2
Claims on the private sector	783.2	782.2	1,027.3	1,029.8	1,061.8	32.0	39.0	35.7

Source: Bank of Tanzania

Credit to Private Sector Remains Strong

During the month of November 2004, credit to private sector by commercial banks rose significantly by TZS 32.0 billion compared to a marginal increase of TZS 2.5 billion recorded in the preceding month. The large portion of the credit was extended in favour of trade and commerce, transport and communication, and agriculture, forestry and hunting activities. On annual basis, growth rate of credit to private sector improved to 35.7 percent in November 2004, up from 31.5 percent recorded in October 2004, standing at TZS 1,062 billion at end November 2004. As for banks' net claims on government, there was a decline of TZS 11.4 billion in commercial banks and TZS 14 billion in the Bank of Tanzania (through increase in deposits).



Interest rates exhibit a Mixed Trend

During November 2004, developments in interest rates were generally mixed. Overall savings rate remained at 2.5 percent as was in the preceding month, while time deposit rate dropped by 0.3 percentage points to 4.3 percent. Negotiated deposit rate for prime customer rose notably to 8.4 percent from 6.9 percent in October 2004, making it significantly positive, above the inflation rate of 4.4 percent in November 2004.

Overall lending rate of commercial banks rose to 14.7 percent in November 2004 after falling to 14.3 percent in the preceding month. Lending rates for all maturities, except 1-year and 5-year, increased during the month under review

Open Market Operations

Demand for Treasury Bills Remains Strong

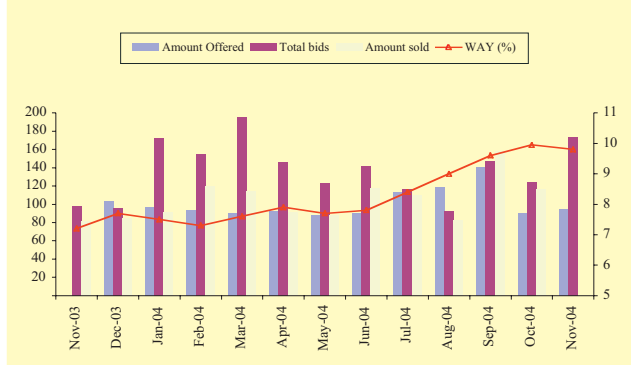
Demand for Treasury bills in November 2004 increased substantially (TZS 172.9 billion) compared to the preceding month (TZS 124.1 billion). Because of this increase bids surpassed the amount offered by TZS 78.3 billion (Chart 2.1a). The Bank accepted bids worth TZS 123.0 billion, representing about 71 percent of the total bids. Redemptions during the month amounted to TZS 87.4 billion. Interest rates across all maturities turned downward from the upward trend observed in the recent past, reflecting the over-subscription in the market (Table 4).

Table 4: Treasury Bills Interest Rates

	Jul-04	Aug-04	Sep-04	Oct-04	Nov-04
35 days	7.27	7.56	8.23	8.97	8.56
91 days	8.12	8.37	9.31	9.88	9.64
182 days	8.39	9.31	9.89	9.96	9.89
364 days	9.40	10.13	10.40	10.98	10.91
Overall	8.39	8.97	9.57	9.95	9.75

Source: Bank of Tanzania

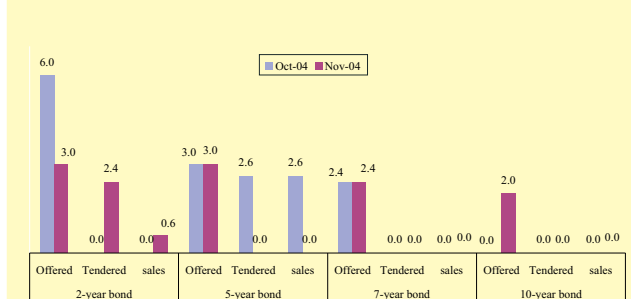
Chart 3. Treasury Bills Market Developments



Treasury Bonds

In November 2004, Treasury bond market continued to experience low demand, as bids received were only TZS 2.4 billion against an offer of TZS 10.0 billion. The Bank accepted bids worth TZS 0.6 billion (Chart 4). The yield on the 2-year bond was 12.0 percent, up from 11.0 percent recorded in the preceding month.

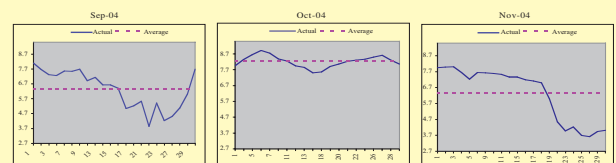
Chart 4: Performance in T-bonds Market (In TZS billion)



Inter-bank Transactions

During November 2004, inter-bank transactions were substantially low reaching TZS 227.0 billion compared with TZS 523.9 billion transacted in the preceding month. Overnight placements continued to dominate, accounting for 63.7 percent of the total transactions. The daily overnight rates in November 2004 fluctuated between 3.6 percent and 8.0 percent, compared with 7.5 percent and 8.9 percent recorded in October 2004. The average overnight rate fell from 8.2 percent in October 2004 to 6.6 percent in November 2004, suggesting high liquidity relative to the preceding month (Chart 5).

Chart 5. overnight Inter-Bank Rates

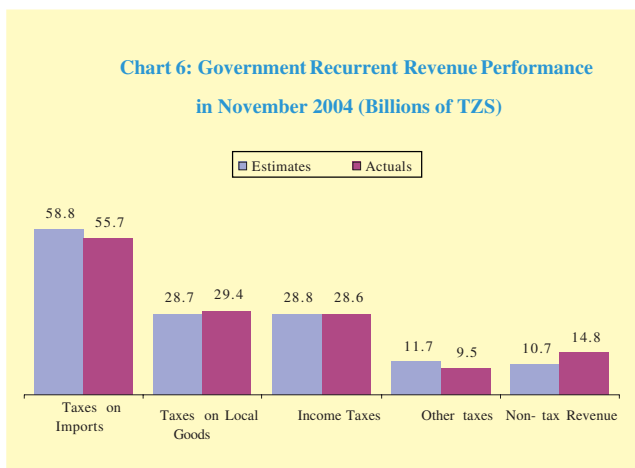


Government Budgetary Developments

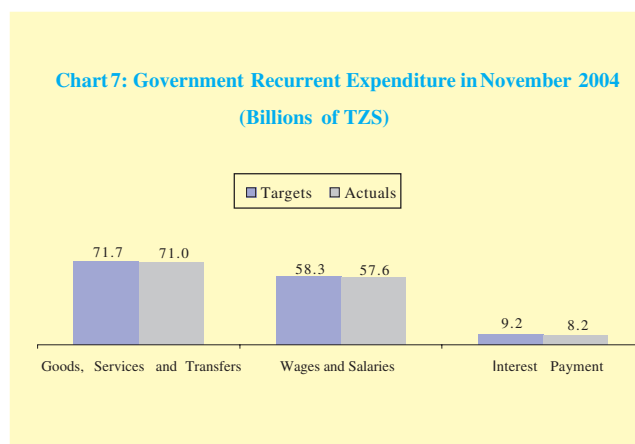
Fiscal operations remains within the target

Total resources available for the month (including grants) amounted to TZS 188.4 billion against an expenditure of TZS 378.9 billion, leaving a resource-gap of TZS 190.5 billion, which was wholly financed by externally borrowed funds.

Total revenue collected was TZS 138.0 billion as planned with collections from all major tax categories being broadly in line with targets (Chart 6). Meanwhile, non-tax revenue reached TZS 14.8 billion, higher than the projected TZS 10.7 billion, on account of enhanced revenue collection measures by the Ministries and increased payment of Parastatal dividends.



During the month under review, recurrent expenditure amounted to TZS 136.8 billion representing 84.2 percent of the target. Expenditures on wages and salaries; goods, services and transfers were on target, while interest payments were TZS 8.2 billion, slightly below the target of TZS 9.2 billion.



Development expenditures during the month amounted to TZS 242.1 billion. Foreign component of development expenditure was TZS 212.1 billion significantly above the estimated expenditure of TZS 65.7 billion, due to front-loading of donor funds, particularly to education programs. Basket fund loans of TZS 119.1 billion were in favour of Primary Education Development Program (PEDP) and Secondary Education Development Program (SEDP), while other education projects received TZS 17.4 billion. Project loans and project grants amounted to TZS 51.4 billion and TZS 12.6 billion, respectively.

Cumulatively, from July to November 2004, government expenditure amounted to TZS 1,461.7 billion, consisting of TZS 767.9 billion for recurrent expenses and TZS 693.9 billion for development projects. During the period, expenditure on priority sectors was TZS 160.4 billion, out of which education sector received TZS 60.6 billion, while Health and Roads sectors were allocated TZS 37.7 billion and TZS 28.9 billion, respectively.

External Sector Developments

Current Account Records a Surplus

The current account balance recorded a surplus of US\$ 2.3 million in November 2004 compared to a deficit of US\$ 44.2 million recorded in the previous month. The surplus was mainly driven by a surge in disbursements of donor support and increase in exports. The donor support inflows amounted to US\$ 95.5 million compared to US\$ 59.3 million recorded in October 2004. Large portion of the inflows was in favour of

projects under primary and secondary education development programs.

However, on annual basis, the current account balance deteriorated from a deficit of US\$ 302 million recorded in November 2003 to a deficit of US\$ 365 million, largely on account of the higher import bill reflecting the impact of 2003/04 drought, which was more than enough to dampen positive developments in exports and current transfers (Table 5).

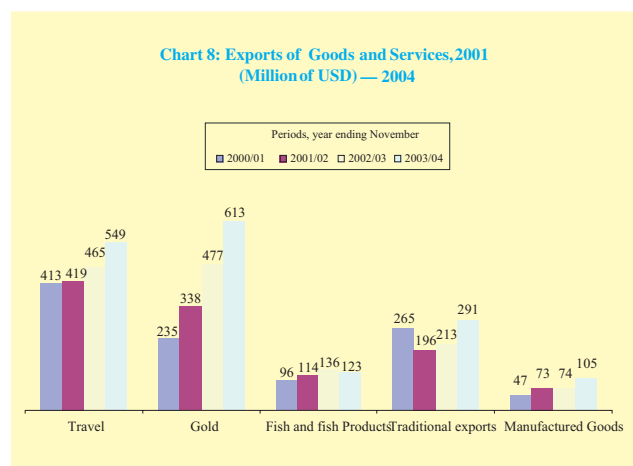
Table 5: Current Account Balance

Million of USD								
Item	2003			% change		December - November		
	Nov	Oct	Nov	Oct-04	Nov-03	2002/03	2003/04	% Change
Goods Account (net)	-29.3	-75.5	-75.2	-0.4	--	-770.7	-953.3	23.7
Exports	122.1	140.5	154.4	9.9	26.5	1,092.2	1,304.5	19.4
Imports	151.4	216.0	229.6	6.3	51.7	1,862.9	2,257.8	21.2
Services Account (net)	-7.8	-27.7	-18.2	-34.4	--	-37.4	-153.3	--
Receipts	55.2	63.3	70.1	10.7	27.0	706.0	799.0	13.2
Payments	63.0	91.1	88.3	-3.0	40.2	743.4	952.3	28.1
Goods and services (net)	-37.1	-103.3	-93.4	-9.5	--	-808.1	-1,106.5	36.9
Exports of goods and services	177.3	203.8	224.5	10.1	26.6	1,798.2	2,103.6	17.0
Imports of goods and services	214.4	307.1	317.9	3.5	48.3	2,606.3	3,210.1	23.2
Income Account (net)	-1.7	-1.0	-0.5	-49.4	-70.1	-34.2	-49.8	45.4
Receipts	5.0	7.6	9.7	27.0	94.0	86.6	79.9	-7.7
Payments	6.7	8.7	10.2	18.0	52.1	120.8	129.6	7.3
Current Transfers (net)	17.6	60.1	96.2	60.1	--	540.4	791.0	46.4
Inflows	22.6	65.2	101.5	55.7	--	603.2	856.3	42.0
o/w General Government	16.6	59.3	95.5	61.0	--	534.9	786.9	47.1
Outflows	5.0	5.1	5.3	3.9	6.7	62.8	65.3	4.0
Current Account Balance	-21.2	-44.2	2.3	-105.1	-110.7	-301.9	-365.3	21.0

Note: p = Provisional data.
Source: Bank of Tanzania

Exports of goods and services were valued at US\$ 225 million in the month under review, having improved from US\$ 204 million recorded in the previous month. This was also higher than exports of the corresponding month of the preceding year by US\$ 48 million. During the year to November 2004, Tanzania exported goods and services worth US\$ 2,104 million, up from US\$ 1,798 million in previous year. Travel receipts and gold exports remained dominant in Tanzanian exports, accounting for 38 percent and 29 percent, respectively (Chart 8).

Merchandise exports rose to US\$ 1,304.5 million in the year ending November 2004 compared to US\$ 1,092.2 million recorded in the preceding year, following improvement in both traditional and non-traditional exports.

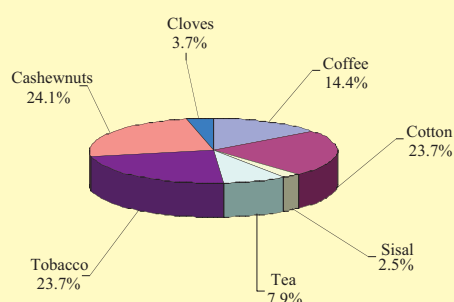


Traditional Exports Increase

In November 2004, goods exports increased to US\$ 154.4 million from US\$ 140.5 million in the previous month, following some improvement in traditional exports, as non-traditional exports recorded a decline. Traditional exports stood at US\$ 62.0 million, the highest amount to be attained in a month for the past five years. The surge in traditional exports during the month was partly a reflection of government support to cashewnuts production together with the onset of export season. Cashewnuts exports amounted to 32,000 tons up from 12,100 tons in the previous month. Other traditional exports such as coffee, tea and cloves recorded modest increases in volumes. With regard to export prices, the movements were mixed as the prices of coffee, cotton, tobacco and cloves export declined, while those of sisal, tea and cashewnuts increased between October and November 2004.

On annual basis, traditional exports amounted to US\$ 291.4 million, representing a substantial improvement from US\$ 213.1 million exported in the previous year. Favourable weather conditions, coupled with timely availability and usage of agricultural inputs such as fertilizers and pesticides during the farming season were the main causes of the improvement in volumes of traditional exports for the year.

Chart 9: Contribution to Total Traditional Exports For the Year Ending November 2004



Non-Traditional Exports Slows Down

During the review month, non-traditional exports declined slightly due to a slow down in exports of manufactured goods, particularly textile apparels, following the temporary closure of NIDA Textile Company. However, on annual basis, non-traditional exports increased by 15 percent to US\$ 1,013 million. Gold remained dominant, accounting for 60.5 percent of the non-traditional exports. The increase in gold prices in the world market has contributed to consolidation of gains in gold exports.

Import bill for Tanzania goes up

During the month under review, imports of goods increased to US\$ 230 million, from US\$ 216.0 million in the previous month, mainly due to noticeable increase in importation of oil. In November 2004, a total of 172,867 tons of oil was imported compared to 146,137 tons in the preceding month. On the other hand, importation of consumer goods, especially food items declined significantly in the month (Table 6).

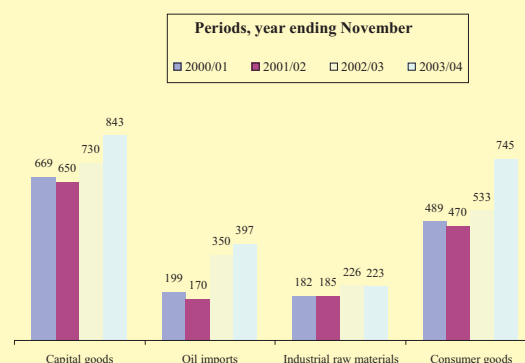
On annual basis, merchandise imports also increased by 21.2 percent to US\$ 2,257.8 million as all major categories of imports registered increases. Capital and intermediate goods increased largely on account of expansion in manufacturing, mining and tourism activities. Consumer goods imports surged from US\$ 533.1 million in the preceding year to US\$ 745.3 million most of which was due to increase in imports of food items. The trend of imports over the past four years is shown in Chart 11.

Table 6: Tanzania Imports

Item	2003 Nov	2004 ^p		% Change		December - November		% Change
		Oct	Nov	Oct-04 Nov-04	Nov-03 Nov-04	2002/03 2003/04 ^p		
						2002/03	2003/04 ^p	
CAPITAL GOODS	58.9	73.9	78.3	5.9	33	730	842.6	15.4
Transport Equipment	19.6	19.5	16.6	-14.8	-15.1	210.3	226.4	7.6
Building and Constructions	12.2	14.5	23.6	63	93.1	159.2	171.8	7.9
Equipment	27	39.9	38.1	-4.7	40.8	360.5	444.5	23.3
Machinery								
INTERMEDIATE GOODS	44.4	66.4	82.6	24.4	85.8	599.7	669.9	11.7
Oil imports	26.1	48.7	59.2	21.7	127.1	350.4	397.1	13.4
Fertilizers	1	1.8	3.2	74.7	213.3	23.4	50.2	114.3
Industrial raw materials	17.3	15.8	20.1	27	16.1	225.9	222.5	-1.5
CONSUMER GOODS	48.1	75.7	68.7	-9.2	43	533.1	745.3	39.8
Food and foodstuffs	18.2	25	21.6	-13.5	18.7	155.5	248.2	59.6
All other consumer goods	29.8	50.7	47.1	-7.1	57.8	377.6	497.1	31.6
GRAND TOTAL (F.O.B)	151.4	216.0	229.6	6.3	51.7	1862.9	2257.8	21.2
GRAND TOTAL (C.I.F)	166.4	237.4	252.3	6.3	51.7	2047.1	2481.1	21.2

Oil imports refers to refined petroleum products
^p = Provisional data.
 Totals may not add up due to rounding of numbers.
 Source: Bank of Tanzania, TRA.

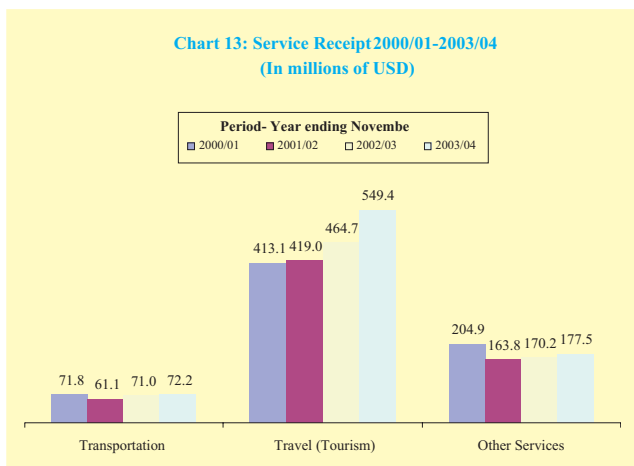
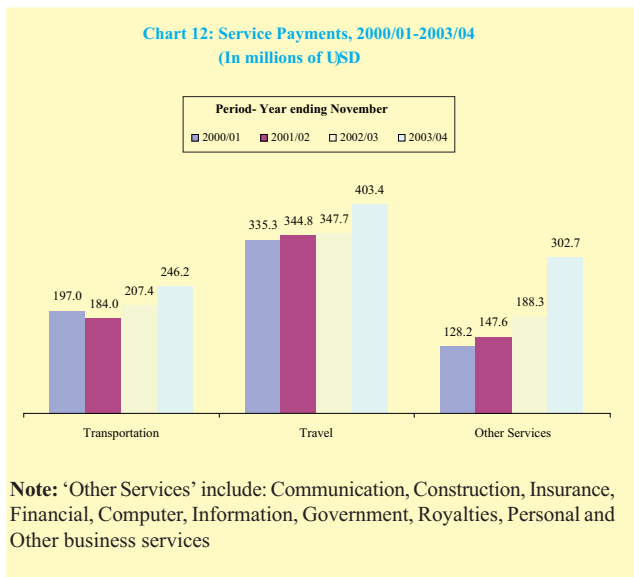
Chart 1: Contribution of Selected Items to Total Goods Imports, 2001–2004
 (Million of USD)



The Services Account Improves

During November 2004, the deficit in the services account decreased from US\$ 27.7 million to US\$ 18.2 million, on account of an increase in services receipts associated with the onset of the mini-peak tourist season in November 2004. However, during the year ending November 2004, services account worsened significantly from a deficit of US\$ 37.4 million recorded during the year ending November 2003 to a deficit of US\$ 153.3 million. The deterioration was explained by the surge in payments for travel, construction and communication. Travel payments, which include education and travel allowances, and medical payments accounted for about 42 percent of the total services payment. Other services payments (mainly communication and construction payments) rose

sharply from US\$ 188 million in 2002/03 to US\$ 308 million, the surge being attributed to the expansion of telecommunication ventures and construction activities in the country. The movements in services payments and receipts for the past four years are illustrated in **Charts 12 and 13**.



Developments in World Market Commodity Prices Mixed

During November 2004, the prices of Arabica and Robusta **coffee** went up (**Table 7**), largely due to expectations of strong demand in winter season, coupled with low coffee production in Brazil in 2004/05, in line with the "biennial cycle". In contrast prices of cotton dropped, because of expectations of bumper

productions in the United States, India and Uzbekistan in 2004/05. Global cotton production is expected to reach 22.6 million tons in 2004/05, with an expected consumption level of 21.5 million tons.

The prices of **tea** fell following good harvests due to favorable weather conditions in key growing regions. The prices of **sisal** (UG) and **cloves** remained stable at US\$ 885.0 per metric ton and US\$ 3,500.0 per metric ton, respectively. Prices of cloves are expected to decline in the coming months as a result of a decline in demand from the Indonesian rim and arrival of new harvest from Madagascar, Brazil and Sri Lanka.

The prices of **crude oil** and white petroleum products declined, largely due to the increase in global production and a surge in oil inventories in the United States. Meanwhile, **gold** prices strengthened, as the US dollar weakened against major currencies and increased uncertainty in the global security continues.

Table 7: World Commodity Prices
(In US Dollars)

Commodity	Units	2004					% Change Oct/Nov	
		June	July	August	Sept	Oct		
Coffee "Robusta"	USD per kg	0.88	0.79	0.75	0.76	0.70	0.72	2.86
Coffee "Arabica"	USD per kg	1.81	1.65	1.62	1.78	1.78	1.99	11.80
Tea "Average price"	USD per kg	1.67	1.71	1.77	1.81	1.79	1.78	-0.56
Tea "Mombasa Auction"	USD per kg	1.51	1.53	1.57	1.64	1.51	1.45	-3.97
Cotton, "A Index"	USD per kg	1.42	1.26	1.19	1.24	1.16	1.08	-6.90
Cotton, Memphis	USD per kg	n.a	n.a	1.18	1.22	1.18	1.15	-2.54
Sisal "UG"	USD per metric ton	885.0	885.0	885.0	885.0	885.0	885.0	0.00
Cloves	USD per metric ton	2,712.5	2,650.0	3,000.0	3,600.0	3,500.0	3,500.0	0.00
Crude oil*	USD per barrel	35.54	37.89	42.08	41.60	46.88	42.09	-10.22
Crude oil**	USD per barrel	33.41	34.48	38.30	35.48	37.58	34.88	-7.18
White products***	USD per ton	349.79	389.35	406.60	421.22	479.42	445.80	-7.01
Gold	USD per troy ounce	392.40	398.10	400.50	405.30	420.50	439.40	4.49

Note: * Average of U. K. Brent, Dubai and West Texas Intl.
** f. o. b. Dubai
*** Average of Premium gasoline, Gas oil and Jet/Kerosene, f.o.b. West Mediterranean
Source: <http://www.imf.org> and <http://worldbank.org/prospects>, World bank Public Ledger, Bloomberg Professional

Debt Developments

National Debt Registers Slight Increase

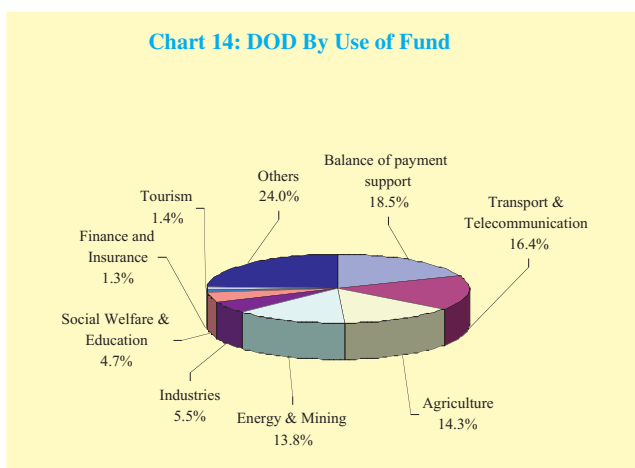
During November 2004, the country's debt stock increased slightly to US\$ 9,003.6 million from US\$ 8,949.9 million recorded at the end of October 2004. The increase was a result of accumulation of interest arrears on foreign un-serviced loans and exchange rate

fluctuations. In the same month, the country realized savings under HIPC arrangements, amounting to US\$ 6.8 million from multilateral institutions.

External Debt

The committed external debt rose by US\$ 66.0 million to US\$ 8,391.4 million at end November 2004, out of which US\$ 6,899.3 million was disbursed outstanding debt (DOD). Of the total DOD, US\$ 5,881.4 million was government and the rest was private and parastatals. The DOD of the government declined by 5.5 percent during the month, while that of private remained nearly unchanged.

The composition of DOD at the end of November was as follows: multilateral 68.7 percent; bilateral 22.1 percent; commercial 5.7 percent and export creditors 3.4 percent. The share of multilateral debt is higher reflecting the government’s policy of borrowing concessional loans, mainly offered by multilateral institutions, while that of bilateral debt is lower due to bilateral debt cancellations. From the use of funds, 19.6 percent of the DOD was in the form of Balance of Payments Support, while 16.4 percent was held by transport sector (Chart 14).



HIPC Debt Relief

Multilateral Debt Relief

During the month under review, Tanzania realized HIPC savings amounting to US\$ 6.8 million, of which US\$ 4.9 million was from International Development Association (IDA), US\$ 1.8 million from European

Investment Bank and US\$ 0.05 million from International Fund for Agricultural Development (IFAD). During the corresponding period of last year, Tanzania realized HIPC savings amounting to US\$ 4.92 million, out of which US\$ 4.87 million was from IDA and US\$ 0.05 million from IFAD. Up to the end of November 2004, total debt relief from multilateral creditors amounted to US\$ 322.5 million (Table 8).

Table 8: Multilateral Debt Relief (in million US\$)

Item	1999/00	2000/01	2001/02	2002/03	2003/04	2004/05*	TOTAL
IDA	9.12	39.78	41.24	43.45	47.79	18.92	200.30
ADB/ADF	4.51	9.63	0.00	8.02	10.11	5.01	37.28
IMF	6.33	17.55	23.36	7.23	11.10	2.03	67.60
IFAD	0.00	0.00	0.53	1.34	0.82	0.87	3.06
EIB	0.00	0.00	0.00	0.00	0.24	7.98	8.22
NDF	0.00	0.00	0.00	2.61	1.51	1.39	5.51
TOTAL	19.96	66.96	65.13	62.65	71.57	36.20	322.47

* End of November 2004

Bilateral Debt Relief

In November 2004, total debt relief realized from bilateral creditors remained as it was at the end of October—US\$ 931.2 million, out of which US\$ 858.7 million was from Paris Club creditors¹ and US\$ 72.5 million from Bulgaria, China and India. Efforts are still being made to obtain debt relief from creditors that have not yet offered relief.

Disbursements, Debt service Projections and Debt Service Payments

In the month of November 2004, there were no disbursements recorded whereas in the corresponding month of the previous year US\$ 0.9 million was disbursed. During the same period debt service payments recorded were US\$ 10.9 million, which was higher than US\$ 8.3 million recorded in November 2003 but lower than the projected US\$ 18.4 million (Table 9). Lower debt service payments were due to multilateral HIPC debt relief and non-servicing of some of the Non-Paris Club bilateral loans whose creditors had not offered relief under HIPC arrangement.

¹Austria, Belgium, Canada, Germany, France, Italy, Japan, Norway, the Netherlands, United Kingdom, Russia and USA

Table 9: Scheduled and Actual Debt Service for 2004/2005

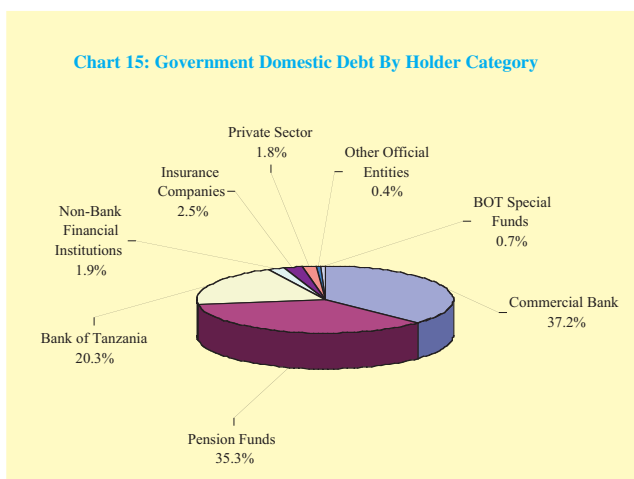
In Millions US Dollars					
Item	July	August	September	October	November
Scheduled Debt Service	10.92	18.09	17.48	13.00	18.41
Actual Debt Service	10.80	12.20	11.50	4.96	10.91

Source: Bank of Tanzania

Domestic debt decreases slightly

Total domestic debt stock stood at TZS 967.9 billion at end November 2004, representing a decline of TZS 14.5 billion from the level registered at the end of October 2004. Commercial banks remained the main holder of government securities, accounting for 36.3 percent, followed by pension funds (35.6 percent) and Bank of Tanzania (20.6 percent) (Chart 15).

Chart 15: Government Domestic Debt By Holder Category



Other Economic Developments

Food Supply Remains Satisfactory

The general food supply situation in the country remained favourable in November 2004. However, some districts, in Shinyanga, Coast, Kilimanjaro,

Arusha, Manyara, Tanga, Dodoma, Singida, Mwanza, Mtwara and Lindi regions continued to face localized food shortages of varying degrees. In a bid to improve availability, the regional and district authorities in the food deficit areas continue to mobilize private traders to purchase food from surplus areas and sell it to food deficit districts.

The average monthly prices for maize, rice and beans increased slightly while that of sorghum and potatoes decreased as compared to prices recorded in October 2004. There are two main factors that contributed to price increases: first, some traders were anticipating for higher prices to continue as experienced in most locations last year when there was a countrywide food shortage. As a result, they purchased large quantities of grains for stocking and selling later at higher prices.

Table 10: National Average Wholesale Prices for Selected Food Items

Crop	(TZS per 100 Kg)								% Change	% Change
	2003				2004					
	Aug	Sep	Oct	Nov	Aug	Sept	Oct	Nov	Nov 03- Nov 04	Oct - Nov 04
Maize	17,215	17,323	17,713	18,678	16,069	16,239	16,440	16,652	-11	1
Rice	36,999	39,913	42,196	43,566	46,882	49,908	53,160	54,858	26	3
Beans	39,112	40,393	41,485	41,759	40,271	44,200	48,026	51,109	22	6
Sorghum	18,726	19,572	21,076	22,600	21,420	20,652	21,719	20,475	-9	-6
Potatoes	19,424	18,130	20,706	23,450	24,612	26,750	28,086	26,684	14	-5

Source: Ministry of Agriculture and Food Security

The hoarding of food for future sale created artificial shortages in some markets and thus artificial price hikes. Secondly, some of the neighbouring countries experienced food shortages of varying degrees this season, which stimulated the informal and formal cross border trade. However, on annual basis, the average whole sale prices of maize, the main staple declined by 11 percent to TZS 16,652 per 100 Kgs from TZS 17,215 recorded in November last year. Nevertheless, average prices of food items are mostly expected to go down in the coming months in view of relatively good performance of short rains.

Strategic Grain Reserves Improves

As at end-November 2004, SGR stock stood at 108,448 tons compared to 92,710 tons recorded in October 2004, the highest SGR level record in four years time (Table

3). The increase in SGR stock is mainly explained by SGR purchases from the surplus regions. During the period July – November 2004, the food security department purchased 78,911 tons of maize, against the target of 100,000 tons.

Food grains held by registered private traders also increased from 174,072 tons in October 2004 to 182,611 tons at end-November 2004, comprising of 63,981 tons of maize, 52,241 tons of rice and 66,389 tons of wheat bringing the total monitored stock of food grains to 291,059 tons at end-November, 2004.

Table 11: SGR Stocks (Tons)

Period	2000	2001	2002	2003	2004	% Change 2003-2004
January	105,665	78,967	60,503	59,961	35,342	-41
February	103,305	72,000	58,254	59,493	23,791	-60
March	101,496	63,022	56,738	58,976	22,903	-61
April	96,326	51,435	52,228	54,118	32,387	-40
May	82,119	44,776	48,653	52,857	31,732	-40
June	72,000	47,225	47,100	51,060	37,091	-27
July	63,976	46,290	44,787	50,661	39,195	-23
August	70,352	48,998	41,795	52,681	45,988	-13
September	95,000	59,047	57,500	61,364	67,685	10
October	88,474	58,000	62,700	59,379	92,710	56
November	89,882	62,388	61,773	52,054	108,448	108
December	78,967	62,788	58,395	41,649		

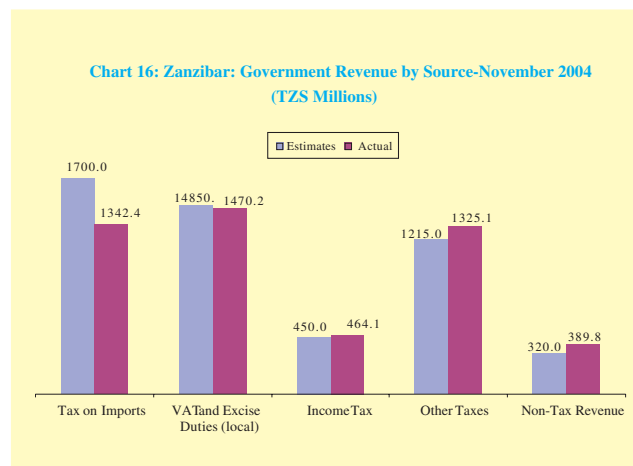
Source: Food Security Department and BOT computation

Economic Developments in Zanzibar

Zanzibar Budgetary Developments

Zanzibar Government Budgetary Performance Satisfactory

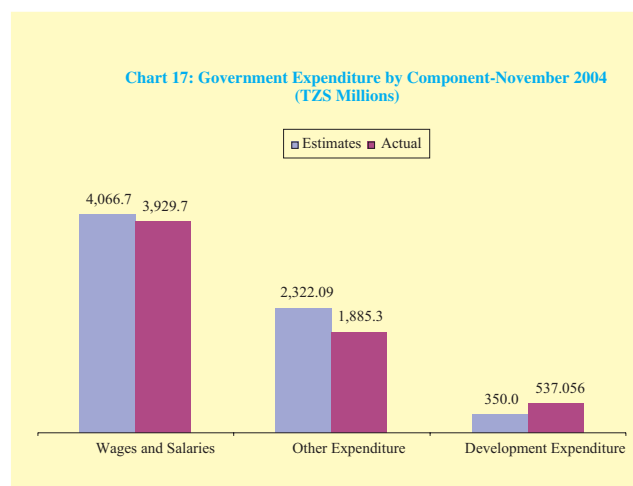
During November 2004, Zanzibar budget based on cheques cleared recorded a deficit of TZS 2.8 billion, after considering grants of TZS 2.0 billion. The main reason for the huge deficit is the underperformance in revenue collections. TZS 5.0 billion was collected as revenue in November 2004, being short of the target by about TZS 200 million. Lower collection of import taxes was the major source of a dismal revenue performance. Performance by revenue category is shown in [Chart 16](#). On cumulative basis, total revenue collected from July to November 2004 amounted to about TZS 25 billion, against the target of TZS 23.4 billion.



Actual expenditures lower than target

Due to low revenue collections, government expenditure during November 2004 was also lower than the target. Total expenditure was restricted to TZS 6.3 billion, being below the monthly ceiling of TZS 6.7 billion by TZS 400 million. The outcome was attributed to adherence to cash budget management.

Recurrent expenditure amounted to TZS 5.8 billion, against the ceiling of TZS 6.4 billion, while development expenditure was TZS 500 million, exceeding the target of TZS 400 million. Expenditures on wages and salaries remain dominant, reaching TZS 3.9 billion and accounted for almost 62 percent of total expenditure. Other expenditures amounted to TZS 1.9 billion as detailed in [Chart 18](#). On cumulative basis, during July 2004 - November 2004, the government spent about TZS 30 billion, compared to the projected TZS 30.8 billion.



Financing

During the month of November 2004, the budget deficit was exclusively financed from borrowing through sale of government securities.

Debt Developments

Zanzibar Debt Continues to Increase, external debt dominates

Zanzibar total debt stock (external and domestic) as at the end of November 2004, stood at TZS 172.7 billion, from TZS 168.7 billion registered at the end of the preceding month. The hike emanated mainly from more internal borrowing. However the external debt continued to dominate the debt portfolio; amounting to TZS 119.5 billion accounting for 69.2 percent of total debt; the domestic debt amounted to TZS 53.2 billion accounting for 30.8 percent of the total debt.

Domestic Debt

During November 2004, domestic debt edged up to TZS 53.2 billion from TZS 49.2 billion registered in the preceding month, due to new government borrowing from domestic sources, accumulated interest arrears, and new gratuity claims.

Domestic debt maturity profile shows that, debt maturing in less than a year stood at TZS 9.4 billion, accounting for 17.7 percent of total domestic debt. Debt maturing between 1 - 2 years amounted to TZS 13.9 billion, representing 26.1 percent of total domestic debt, while debts maturing between 2 – 5 years increased by 25.0 percent to TZS 1.0 billion, and accounted for 1.9 percent of total domestic debt. Debt with “undetermined maturity” including, accumulated interest arrears and retired civil servants’ claims amounted to TZS 28.9 billion or 54.3 percent.

External Debt

The external debt stood at US\$ 112.6 million, of which multilateral creditors’ claims amounted to US\$ 94.2 million, accounting for 83.7 percent of total external debt. Bilateral debt amounted to US\$ 10.9 million or 9.6 percent, while commercial and private creditors’

claims amounted to US\$ 7.5 million, representing 6.7 percent of total external debt.

External debt maturing above 20 years stood at US\$ 93.5 million, accounting for 83.1 percent of total external debt. Debt with maturity ranging between 10-20 years stood at US\$ 10.7 million, representing 9.5 percent of total external debt, while debt maturing between 5-10 years stood at US\$ 8.4 million or 7.4 percent.

External Sector Developments

Trade Deficit Worsens

During November 2004, Zanzibar trade balance (goods and services) deteriorated to a deficit of US\$ 3.9 million, from a deficit of US\$ 1.9 million registered in the preceding month. However, on annual basis, the trade account improved to a deficit of US\$ 38.7 million, from a deficit of US\$ 40.8 million registered in corresponding period in 2003 (Table 12).

Table 12: Zanzibar: Trade Account Balance

Item	2004p								November		Dec-Nov				
	April	May	June	July	Aug	Sept	Oct	Nov	Change	2003	2004*	Change	2002/03	2003/04	Change
Exports	2.4	2.5	3.7	4.7	3.9	4.8	5.6	6.3	12.5	6.4	6.3	(1.7)	48.0	56.0	16.7
Goods	0.4	0.4	0.3	0.2	0.2	1.9	1.4	1.9	35.7	2.5	1.9	(24.0)	11.6	14.1	21.6
Services	2.0	2.1	3.5	4.5	3.7	2.8	4.2	4.3	2.4	3.9	4.3	10.3	36.4	41.9	15.1
Imports	5.6	4.2	7.8	7.8	12.3	8.5	7.5	10.1	34.7	11.0	10.1	(8.2)	88.7	94.7	6.8
Goods (f.o.b)	3.7	2.9	6.1	5.5	9.4	6.2	5.2	7.7	48.1	6.9	7.7	11.6	63.0	68.3	8.4
Services	1.9	1.4	1.7	2.3	2.9	2.3	2.3	2.4	4.3	4.1	2.4	(41.5)	25.7	26.4	2.7
Trade Balance	-3.2	-1.7	-4.0	-3.0	-8.4	-3.7	-1.9	-3.9	105.3	-4.6	-3.9	(15.2)	-40.8	-38.7	(5.1)

P= Provisional

Source: Tanzania Revenue Authority.

Zanzibar Exports More

During November 2004, Zanzibar exports of goods and services stood at US\$ 6.3 million, up from US\$ 5.6 million recorded in the previous month. The rise in service receipts was the main driving force behind the monthly increase in exports. On annual basis, total exports amounted to US\$ 56.0 million from US\$ 48.0 million registered in the previous year, out of which goods exports accounted for US\$ 14.1 million, while services receipts contributed US\$ 41.9 million.

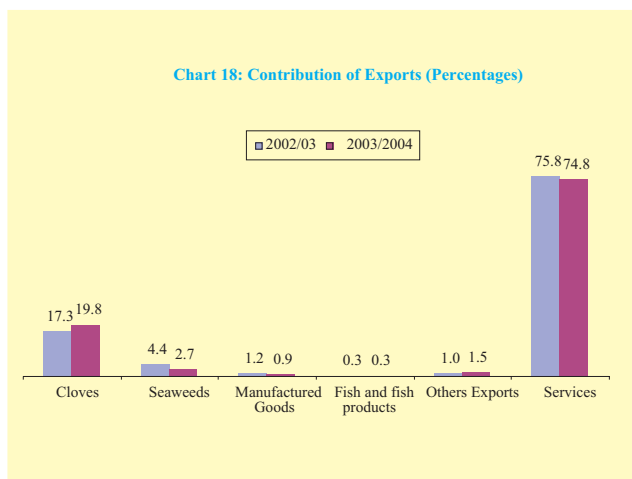
Services Receipts Dominate Zanzibar Exports

For the year ending November 2004, the services sector, mainly tourism accounted for 75.0 percent of Zanzibar export earnings or about US\$ 42 million, while during the month the sector fetched US\$ 4.3 million or 68.0 percent of total export receipts. Traditional exports mainly cloves accounted for about 20 percent of total export earnings and seaweeds exports accounted for the rest (5 percent of total export receipts).

Zanzibar Imports Move Upwards

During the year-end November 2004, goods imports (c.i.f.), increased to US\$ 75.0 million from US\$ 69.2 million registered during the corresponding period in 2003, largely due to increase in imports of intermediate and consumer goods. Intermediate goods increased to

US\$ 20.2 million from US\$ 18.0 million, recorded in a corresponding period a year earlier, whereas consumer goods increased to US\$ 29.8 million from US\$ 27.2 million of the corresponding period a year earlier.



Statistics of Major Macroeconomic Indicators

Table A1: Selected Economic Indicators (Revised)

Item	Unit	1995	1996	1997	1998	1999	2000	2001	2002	2003p
1. Population (TZ Mainland)	Million	27.5	28.3	29.1	30.0	30.9	31.9	32.8	33.6	34.2
2. Gross Domestic Product (GDP)										
2.1. At Current Prices (c (Nominal)	Mill. TZS	2,796,640.1	3,452,558.9	4,281,600.0	5,125,310.9	5,977,698.8	6,706,381.0	7,624,615.0	8,699,887.0	9,811,553.0
	Mill. US\$	4,865.8	5,952.9	6,994.7	7,710.9	8,024.8	8,377.2	8,024.8	8,927.1	9,446.9
2.2. At Constant 1992 Prices (Real)	Mill. TZS	1,345,247.3	1,401,711.9	1,448,213.0	1,505,826.9	1,577,292.0	1,654,320.0	1,749,358.0	1,857,174.0	1,962,039.0
	Mill. US\$	2,340.5	2,416.8	2,365.9	2,265.5	2,117.5	2,066.9	1,996.1	1,921.3	1,889.1
3. Income per Capita										
3.1. Nominal (Current Prices)	TZS	101,799.2	122,205.0	147,312.0	170,843.7	193,453.0	210,231.0	232,458.0	251,666.0	275,824.0
	US\$	177.1	210.7	240.7	257.0	259.7	262.7	265.2	260.4	265.6
3.2. Real (1992 Prices)	TZS	48,918.0	49,530.0	49,767.0	50,194.0	51,043.0	51,860.0	53,334.0	53,723.0	55,157.0
	US\$	85.2	85.5	81.3	75.5	68.5	64.8	60.8	57.2	53.1
4. Price Index (1994=100)										
4.1. Consumer Price Index (CPI)	Gen. Index	115.8	140.1	162.6	183.5	197.9	209.7	220.4	232.3	242.9
4.2. Percentage Change	Per cent	28.4	21.0	16.1	12.8	7.9	5.9	5.1	4.6	4.4
4.3. Retail Price Index - Wage Earners (Dar es Salaam)	Gen. Index	108.6	128.7	137.4	146.8	149.8	150.6	163.4	175.6	
4.4. Percentage Change	Per cent	26.7	18.5	6.8	6.8	2.1	0.5	7.5	7.5	
4.5. GDP Implicit deflator	Index	207.9	246.3	295.6	340.4	379.0	405.4	435.9	468.4	500.1
4.6. GDP Implicit deflator	Per cent	27.1	18.5	20.0	15.1	11.3	7.1	7.5	6.5	6.8
5. Balance of Payments Position										
5.1. Exports (fob)	Mill. US\$	682.9	763.8	752.6	588.5	543.3	663.3	776.4	902.5	1,129.2
5.2. Imports (f.o.b)	"	1,340.5	1,212.6	1,148.0	1,382.2	1,415.4	1,367.6	1,560.3	1,511.3	1,933.5
5.3. Balance of Visible Trade	"	-657.6	-448.9	-395.4	-793.7	-872.1	-704.3	-783.9	-608.8	-804.2
5.4. Balance on Current Account	"	-646.4	-403.3	-403.4	-905.4	-829.5	-495.8	-436.7	-214.7	-310.8
5.5. Overall Balance	"	-329.5	-146.9	-199.8	-505.8	-109.0	-40.8	-163.9	317.8	420.5
5.6. Exchange Rate :										
5.6.1 Annual Average	TZS/US\$	574.8	580.0	612.1	664.7	744.9	800.4	876.4	966.6	1,038.6
5.6.2 End of Period	TZS/US\$	550.4	595.6	624.6	681.0	797.3	803.3	916.3	976.3	1,063.6
6.0 Broad Money Supply (M2) *										
6.1 Percentage Change	Per cent	613,695.3	684,990.6	760,353.3	844,929.4	972,088.6	1,093,610.9	1,233,667.0	1,507,386.5	2,044,777.6
6.2 Currency in Circulation Outside Banks	Mill. TZS	244,313.7	257,662.8	287,877.1	307,798.7	384,848.0	392,404.2	411,638.9	495,445.6	666,288.9
6.3 Demand Deposits	"	183,971.4	191,550.5	205,991.7	237,718.3	247,723.2	302,602.3	354,381.0	463,340.9	659,595.6
6.4 Quasi-Money (Time and Savings deposits)	"	324,626.4	368,849.7	433,200.2	481,467.7	585,055.6	702,682.3	870,710.8	1,088,896.5	1,328,801.6
7. Public Finance										
7.1 Recurrent Revenue	"	1905.96	1996.97	1997.98	1998.99	1999.00	2000.01	2001.02	2002.03	2004/05**
7.2 Recurrent Expenditure	"	448,372.9	572,029.7	619,083.1	689,325.3	777,644.7	929,624.0	1,042,955.1	1,217,517.0	638,085.0
7.3 Development Expenditure	"	415,139.8	486,493.7	543,750.6	680,182.7	808,865.4	1,018,782.1	1,466,136.9	1,409,628.3	767,853.0
7.4 Adjustment to cash and other items (net)	"	5,382.3	28,895.6	215,107.2	136,523.9	359,913.4	286,253.2	344,610.9	473,188.6	693,873.0
7.5 Financing:										
7.5.1 Domestic Financing	"	-96,001.9	-60,916.8	-47,720.9	-22,510.9	-2,444.3	-25,447.4	3,203.8	-16,662.9	117,570.0
7.5.2 Foreign Loans (net)	"	56,169.0	-41,926.6	3,669.2	-5,740.0	7,854.4	-2,494.4	-22,606.6	-36,513.9	-178,670.0
7.5.2.2 Foreign Loans (net)	"	-34,899.5	-49,065.3	64,468.1	-18,683.7	105,417.3	90,354.2	121,842.5	172,723.9	463,359.0
8. Total External Debt Stock***	Mill. US\$	8,003.8	7,574.1	7,578.5	7,384.7	7,669.7	7,624.8	7,464.0	7,268.1	8,391.4
Disbursed Debt	"	6,917.5	6,623.3	6,600.3	6,435.9	6,580.3	6,538.3	6,559.7	6,233.0	6,899.3
Interest	"	1,086.3	1,130.8	978.2	948.8	1,089.4	1,086.5	904.3	1,035.1	1,492.1

Source: Bank of Tanzania and National Bureau of Statistics

Note: p Provisional data; * For the current year, position is at end-November 2004

** cumulative for November 2004

*** Debt position is given on financial year basis (end of period). For 2004/05, it is at end-November 2004

Table A2: Central Government Operations

	BUDGET 2004/2005	Jul-04	Aug-04	Sep-04	Oct-04	Nov-04
Total Revenue	1,739,288.0	137,633.0	137,074.5	157,830.2	133,276.3	138,036.0
Tax Revenue	1,599,010.0	116,138.1	127,044.2	147,887.6	123,777.9	123,236.9
Taxes on Imports	702,846.0	54,294.1	54,828.5	58,143.3	55,987.1	55,709.6
VAT and Excise on Local Goods	372,255.0	28,663.7	35,704.2	32,789.6	31,916.2	36,851.2
Refunds	-47,798.0	-3,890.4	-3,424.0	-6,142.4	-4,285.0	-7,410.3
Income Taxes	422,196.0	25,962.9	27,476.2	51,716.7	30,511.0	28,601.8
Other taxes	149,511.0	11,107.8	12,459.3	11,380.4	9,648.6	9,484.6
Non- tax Revenue	140,278.0	21,494.8	10,030.3	9,942.6	9,498.5	14,799.1
Total Expenditure	3,198,152.0	215,451.4	188,020.5	249,776.3	429,604.6	378,873.9
Recurrent expenditure /1	2,106,561.0	172,692.7	134,085.2	132,649.3	191,628.0	136,798.1
Wages and salaries (Central & Local Govt.)	551,159.0	42,891.9	44,048.2	44,422.5	45,681.4	48,121.4
Interest payments	168,438.0	2,431.4	3,701.6	10,403.8	19,179.6	8,193.0
Domestic /2	94,946.0	-	1,555.8	3,196.9	16,122.7	2,414.3
Foreign	73,492.0	2,431.4	2,145.8	7,206.9	3,056.9	5,778.7
Goods, Services and transfers	1,386,964.0	127,369.4	86,335.4	77,823.0	126,766.9	80,483.7
o/w Roadtoll fund	78,182.0	4,784.5	6,616.1	5,706.2	7,309.0	4,463.3
Retention fund	44,450.0	3,959.3	7,336.7	3,539.0	4,822.8	4,927.0
Dev. Expenditure and net lending	1,091,591.0	42,758.7	53,935.3	117,127.0	237,976.6	242,075.9
Local	233,705.0	19,475.4	28,842.1	500.0	10,000.0	30,000.0
Foreign	857,886.0	23,283.3	25,093.2	116,627.0	227,976.6	212,075.9
Overall Deficit (cheques issued) before Grants	-1,458,864.0	-77,818.4	-50,946.0	-91,946.1	-296,328.2	-240,837.9
Grants	807,810.0	122,660.4	41,087.2	203,603.6	77,795.6	50,334.9
Program	266,176.0	103,840.7	22,134.2	139,924.1	30,569.0	3,481.2
Project	306,482.0	10,075.9	5,083.4	44,309.8	18,990.5	12,548.7
Basket Support	160,488.0	3,261.3	10,063.7	11,896.4	24,379.4	29,016.0
HIPC Relief	74,664.0	5,482.5	3,806.0	7,473.2	3,856.6	5,289.0
Overall deficit (cheques issued) after grants	-651,054.0	44,841.9	-9,858.7	111,657.4	-218,532.7	-190,503.0
Expenditure Float		-128,152.1	-8,805.7	-1,771.5	-710.0	-425.0
Overall Deficit including Float		-83,310.2	-18,664.4	109,885.9	-219,242.7	-190,928.0
Adjustments to cash and other items(net)	0	-55,068	54,550	-26,058	5,081	139,066
Overall deficit (cheques cleared)	-651,054.0	-138,378.3	35,885.4	83,828.1	-214,161.9	-51,862.3
Financing	651,054.0	138,378.3	-35,885.4	-83,828.1	214,161.9	51,862.3
Foreign Financing (net)	425,768.0	5,722.5	4,278.8	113,269.2	178,150.1	161,938.6
Loans	559,215.0	9,946.1	9,946.1	125,816.4	184,606.7	170,511.2
Program loans	168,300.0	-	-	65,395.6	-	-
Project loans	280,959.0	9,946.1	9,946.1	55,963.6	184,606.7	51,371.6
Basket support	109,956.0	-	-	4,457.1	-	119,139.6
Amortization	-133,447.0	-4,223.6	-5,667.3	-12,547.2	-6,456.6	-8,572.5
Domestic (net)	225,286.0	132,655.8	-40,164.2	-197,097.3	36,011.9	-110,076.4
Domestic Financing	231,110.0	132,655.8	-40,164.2	-197,097.3	36,011.9	-110,076.4
Bank borrowing		117,987.2	-58,385.8	-183,601.9	30,976.2	-110,183.5
Non Bank		14,668.6	18,221.6	-13,495.3	5,035.6	107.2
Amortization of Contingent debt	-15,939.0	-	-	-	-	-
Privatization Fund	10,115.0	-	-	-	-	-

/1 Exclude amortization and Expenditure Float, includes Road fund and Retention expenditures.

/2 Domestic Interest payments and amortization include Cash and Non cash

Table A3: Tanzania Monetary Survey (Revised)

Millions of TZS

End of Period	Memorandum Item:																																																																																																		
	M3, Extended Broad Money						M2, Total			M1, Broad Money			Narrow Money			M0, Base Money																																																																																			
	Domestic assets (net)			Claims on private sectors*			Other items (net)			sum (2-5) or sum (9-13)			Total			sum (9,10)			Currency in circulation outside banks			Demand deposits			Time deposits			Savings deposits			Foreign currency deposits			Total sum (9,15)			of which: Reserves (CBR)**																																																														
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32	33	34	35	36	37	38	39	40	41	42	43	44	45	46	47	48	49	50	51	52	53	54	55	56	57	58	59	60	61	62	63	64	65	66	67	68	69	70	71	72	73	74	75	76	77	78	79	80	81	82	83	84	85	86	87	88	89	90	91	92	93	94	95	96	97	98	99	100
1994	116,393.2	181,055.6	279,257.9	280,158.6	-7,864.2	569,743.2	486,489.2	329,624.8	176,308.2	84,799.5	72,064.9	83,254.0	226,441.4	50,133.2																																																																																					
1995	165,813.5	279,257.9	295,822.8	247,846.0	59,994.1	752,911.5	613,695.3	428,285.1	244,313.7	91,210.2	94,199.9	139,216.3	314,885.1	70,571.4																																																																																					
1996	290,319.8	295,822.8	398,918.6	141,341.0	90,579.4	818,063.0	684,990.6	449,213.3	257,662.8	122,436.6	113,340.7	133,072.4	335,768.0	78,105.3																																																																																					
1997	398,918.6	239,457.5	398,918.6	182,976.9	105,716.0	927,068.9	760,353.3	493,868.7	287,871.1	126,269.2	140,215.3	166,715.6	364,940.0	77,062.9																																																																																					
1998	458,003.6	276,586.7	398,918.6	248,276.2	44,118.1	1,026,984.7	844,929.4	545,517.0	307,798.7	134,401.0	165,011.4	182,055.2	418,734.0	110,935.3																																																																																					
1999	622,286.8	366,596.2	398,918.6	311,533.0	-82,789.1	1,217,626.9	972,088.6	632,571.2	384,848.0	149,257.1	190,260.3	245,538.3	508,674.0	123,826.0																																																																																					
2000	842,755.0	375,146.0	398,918.6	340,628.1	-160,840.2	1,397,688.8	1,093,610.9	695,006.5	392,404.2	170,051.6	228,562.8	304,077.9	556,430.9	164,026.7																																																																																					
2001	1,209,820.4	239,201.4	398,918.6	340,628.1	-152,919.2	1,656,730.7	1,233,667.0	766,019.9	411,638.9	208,101.4	259,545.7	403,063.7	584,369.1	172,730.2																																																																																					
2002	1,558,627.1	264,608.6	398,918.6	570,668.3	-346,221.0	2,047,683.1	1,507,386.5	958,786.6	495,445.6	223,898.7	324,701.2	540,296.5	695,701.2	200,255.6																																																																																					
2003	2,182,072.0	12,937.0	398,918.6	817,125.2	-623,818.1	2,388,316.1	1,721,109.9	1,113,379.1	553,045.8	230,958.8	376,771.9	667,206.2	783,309.0	230,263.2																																																																																					
2003-Jan	1,651,202.9	257,045.5	398,918.6	580,247.7	-447,855.8	2,040,640.2	1,490,504.1	918,121.1	471,090.0	239,917.6	332,465.4	550,136.1	680,510.8	209,420.8																																																																																					
Feb	1,655,007.2	306,398.7	398,918.6	582,609.9	-422,656.0	2,121,359.8	1,537,802.9	948,324.8	461,323.0	240,674.6	348,803.4	583,556.9	678,757.9	217,434.9																																																																																					
Mar	1,707,928.0	272,871.6	398,918.6	598,111.4	-491,261.2	2,087,649.8	1,502,204.6	908,801.8	447,867.7	239,653.3	353,749.5	585,445.2	649,571.0	201,703.3																																																																																					
Apr	1,674,904.9	295,633.3	398,918.6	621,068.4	-501,654.3	2,089,952.3	1,498,745.2	941,951.6	432,855.8	230,242.1	326,551.5	591,207.1	695,283.1	262,427.3																																																																																					
May	1,725,548.0	294,589.7	398,918.6	645,351.3	-557,846.1	2,107,643.0	1,490,711.8	925,455.0	446,842.6	238,579.8	326,677.1	616,931.2	681,295.7	234,453.1																																																																																					
Jun	1,871,286.0	199,679.4	398,918.6	658,524.6	-523,596.0	2,205,894.0	1,558,784.9	981,147.7	473,703.5	246,719.6	330,917.5	647,109.1	639,661.8	165,958.3																																																																																					
Jul	1,909,018.8	185,139.7	398,918.6	701,909.0	-540,408.9	2,255,658.6	1,602,637.6	1,049,006.7	495,295.6	224,169.8	329,461.1	653,020.9	776,307.4	281,011.8																																																																																					
Aug	1,895,236.8	172,642.0	398,918.6	728,882.9	-569,672.0	2,263,174.7	1,607,279.1	1,037,088.8	503,545.3	237,208.4	332,981.9	655,895.6	767,473.8	263,928.4																																																																																					
Sep	2,087,692.5	-35,083.4	398,918.6	764,967.9	244,516.7	2,297,125.8	1,649,505.4	1,085,306.0	504,927.7	226,730.3	337,469.1	647,620.4	687,925.1	182,997.4																																																																																					
Oct	2,116,418.7	9,810.7	398,918.6	783,154.0	-605,331.7	2,304,051.6	1,669,610.4	1,083,761.2	517,258.6	232,258.4	353,590.8	634,441.2	763,852.8	246,594.2																																																																																					
Nov	2,125,383.8	55,935.6	398,918.6	782,188.2	-580,810.4	2,382,697.2	1,718,191.4	1,120,008.9	538,666.2	230,462.5	367,720.0	664,505.8	790,141.2	251,475.0																																																																																					
Dec	2,182,072.0	12,937.0	398,918.6	817,125.2	-623,818.1	2,388,316.1	1,721,109.9	1,113,379.1	553,045.8	230,958.8	376,771.9	667,206.2	783,309.0	230,263.2																																																																																					
2004-Jan	2,312,919.5	-1,717.4	398,918.6	856,793.0	-683,565.0	2,486,021.4	1,741,293.0	1,116,903.1	538,830.7	249,553.6	374,836.3	744,728.5	769,091.2	230,260.5																																																																																					
Feb	2,318,994.8	34,856.7	398,918.6	844,586.5	-700,965.8	2,497,472.3	1,742,942.7	1,110,654.6	519,962.7	248,995.7	383,292.4	754,529.5	743,811.5	223,848.8																																																																																					
Mar	2,178,747.4	91,076.2	398,918.6	847,977.4	-640,149.8	2,477,651.2	1,757,204.8	1,096,558.7	523,607.8	270,684.3	389,961.8	720,446.4	802,863.9	279,256.1																																																																																					
Apr	2,141,542.4	129,701.5	398,918.6	859,629.3	-174,547.2	2,450,409.3	1,730,493.8	1,093,912.9	523,110.5	248,346.7	388,234.2	719,915.6	806,102.5	282,992.0																																																																																					
May	2,114,512.7	155,855.2	398,918.6	890,926.8	-129,086.8	2,517,140.2	1,788,555.4	1,131,129.0	532,770.1	266,743.5	390,682.9	728,584.8	794,842.2	262,072.1																																																																																					
Jun	2,134,182.7	157,606.9	398,918.6	965,980.9	-160,687.4	2,602,934.8	1,856,326.3	1,186,063.1	590,441.0	269,132.9	401,130.3	746,608.5	800,399.6	209,958.6																																																																																					
Jul	2,128,834.6	244,329.6	398,918.6	994,969.8	-170,143.4	2,715,835.9	1,919,971.4	1,250,869.2	612,242.3	264,971.5	404,130.8	795,864.5	893,742.3	281,500.0																																																																																					
Aug	2,131,384.3	196,074.0	398,918.6	991,955.1	-145,052.0	2,710,987.4	1,936,449.5	1,252,535.2	639,586.9	272,726.8	411,187.5	774,537.9	922,959.0	283,372.1																																																																																					
Sep	2,289,760.4	-1,703.5	398,918.6	1,027,300.4	-81,021.5	2,795,951.9	1,979,892.9	1,296,585.1	644,921.5	266,479.5	416,828.3	816,059.0	863,635.1	218,713.5																																																																																					
Oct	2,328,838.7	45,108.0	398,918.6	1,029,789.8	-92,704.6	2,856,033.4	2,023,549.3	1,326,121.5	661,621.9	267,067.6	430,360.2	832,484.1	976,377.9	314,756.0																																																																																					
Nov	2,372,331.9	19,621.9	398,918.6	1,061,773.5	-121,921.8	2,854,686.0	2,044,777.6	1,325,884.4	666,288.9	274,470.5	444,422.7	809,908.4	990,940.6	324,651.7																																																																																					

Note: * Previously known as "Claims on other domestic sectors (net)"

** Commercial Banks Reserves (CBR)

Source: Bank of Tanzania

Table A4: Weighted Average Interest Rates of Commercial Banks (percentage per annum)

	Jan-04	Feb-04	Mar-04	Apr-04	May-04	Jun-04	Jul-04	Aug-04	Sep-04	Oct-04	Nov-04
A Domestic Currency											
1 Interbank Cash Market Rates											
Overnight	9.69	3.54	3.36	3.55	3.44	3.24	5.47	6.79	6.43	8.16	6.72
2 to 7 days	8.83	4.04	3.57	3.51	4.11	3.84	5.59	7.21	6.84	8.97	7.50
8 to 14 days	9.49	4.13	4.54	4.40	4.40	4.40	7.18	7.18	7.96	7.96	7.27
15 to 30 days	8.70	6.63	6.77	7.77	7.00	7.74	6.79	7.50	7.86	9.56	10.26
31 to 60 days	8.28	5.98	6.67	7.69	7.25	6.97	7.81	7.86	8.20	9.42	9.24
61 to 90 days	7.96	6.50	6.50	8.25	8.25	8.25	7.87	8.40	8.40	8.40	9.40
91 to 180 days	7.46	7.31	7.56	8.05	7.75	7.50	8.24	9.73	9.60	10.26	6.69
181 and above	8.83	7.66	8.37	8.38	8.25	7.49	8.49	10.08	11.01	11.08	10.21
Overall interbank cash market rate	9.50	3.80	3.75	3.88	3.88	3.57	5.68	7.14	6.73	8.30	7.42
2 Lombard Rate	15.45	9.61	10.15	11.06	11.06	11.06	10.98	10.98	10.98	10.98	10.98
3 REPO Rate	4.78	4.41	4.00	4.00	4.29	5.08	5.33	5.33	5.92	5.92	5.09
4 Treasury Bills Rates											
35 days	6.67	6.38	6.77	7.43	6.98	6.74	7.27	7.56	8.23	8.97	8.56
91 days	7.13	7.24	7.47	8.00	7.69	7.67	8.12	8.37	9.31	9.88	9.64
182 days	7.61	7.56	6.51	8.11	7.97	8.03	8.39	9.31	9.89	9.96	9.89
364 days	7.78	7.64	6.45	8.12	8.01	8.22	9.40	10.13	10.40	10.98	10.91
Treasury bills rate	7.48	7.29	7.60	7.94	7.69	7.83	8.39	8.97	9.57	9.97	9.75
5 Treasury Bonds- 2-years	8.57	7.39	7.39	9.03	7.81	8.76	9.71	10.86	11.00	11.00	12.00
5-years	10.15	10.15	10.24	9.55	9.55	6.68	10.34	10.49	11.46	11.66	11.66
7-years	10.74	10.83	11.12	10.48	10.65	10.65	10.92	11.16	10.44	10.44	10.44
10-years	11.53	11.83	11.80	11.55	11.70	11.70	12.39	12.39	12.61	12.61	12.61
6 Discount Rate	12.55	12.40	12.50	12.92	12.80	12.64	13.23	13.74	14.38	14.90	14.90
7 Demand Deposit Rate	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
8 Savings Deposit Rate	2.44	2.42	2.43	2.42	2.42	2.42	2.41	2.40	2.45	2.47	2.45
9 Time Deposits Rates	3.84	4.20	4.12	4.03	4.18	4.35	4.38	4.40	4.58	4.56	4.29
Call Accounts	0.68	0.86	0.89	1.35	1.14	1.69	1.63	1.34	1.23	1.31	1.45
1 month	2.19	2.21	3.00	3.09	3.62	3.47	3.45	3.67	3.78	3.43	3.08
2 months	5.84	6.00	5.50	5.36	5.25	5.93	5.56	6.20	5.90	5.95	5.05
3 months	5.10	4.33	3.86	3.49	4.49	3.96	4.23	4.18	3.88	3.96	3.58
6 months	3.49	4.99	5.14	4.73	4.78	5.02	5.10	4.60	4.97	5.27	5.95
9 months											
12 months	5.31	5.33	5.61	5.32	5.38	5.77	5.76	5.76	6.11	5.82	5.68
24 months	4.25	5.63	4.80	4.87	4.61	4.59	4.91	5.02	6.17	6.18	5.22
10 Negotiated Deposit Rates	6.81	7.35	7.88	7.76	6.65	6.79	6.73	6.22	6.40	6.88	8.39
11 Lending Rates	13.86	13.35	13.46	13.28	13.86	14.23	14.19	14.80	14.90	14.27	14.69
Call Loans	17.62	17.13	17.13	15.24	13.99	13.99	13.99	10.00	10.00	19.25	19.25
Short-term (up to 1yr)	15.58	15.50	15.58	14.75	15.86	15.72	15.53	15.69	15.60	15.25	14.95
Medium-term (1-2 yrs)	17.19	17.14	17.12	17.36	17.11	17.33	17.04	18.89	17.23	17.30	17.77
Medium-term (2-3 yrs)	10.33	9.89	9.87	11.36	11.31	11.89	12.24	12.18	13.75	12.76	14.12
Long-term (3-5 yrs)	12.86	12.12	12.51	12.16	13.09	13.06	12.67	12.48	13.21	12.78	13.36
Term Loans (over 5 yrs)	13.34	12.12	12.20	10.78	11.93	13.15	13.45	14.78	14.72	13.27	13.25
	13.86										
12 Negotiated Lending Rates	8.36	8.15	7.53	8.38	9.68	9.36	9.36	10.11	12.92	11.24	10.87
Interest Rate Spread	10.27	10.16	9.97	9.43	10.48	9.95	9.78	9.93	9.48	9.42	9.27
B Foreign Currency											
1 Deposits Rates											
Call Accounts	0.26	0.43	0.41	0.23	0.20	0.16	0.14	0.18	0.18	0.21	0.21
Demand Deposits											
Savings Deposits	0.83	0.74	0.75	0.83	0.76	0.85	0.80	0.76	0.75	0.86	0.74
Time Deposits	0.94	0.97	1.07	1.22	1.10	1.09	1.03	1.10	1.11	1.09	1.11
1-months	0.67	0.82	0.77	0.88	0.87	0.89	0.76	0.74	0.82	0.89	0.86
2-months	0.61	0.70	1.09	1.22	0.97	0.93	0.70	0.95	0.82	0.85	0.86
3-months	1.10	1.05	1.11	1.56	1.32	1.12	1.12	1.35	1.07	1.02	0.98
6-months	1.12	1.15	1.18	1.16	1.11	1.03	1.09	1.00	1.26	1.05	1.17
12-months	1.21	1.15	1.21	1.26	1.24	1.48	1.51	1.47	1.58	1.62	1.67
2 Lending Rates	7.08	7.31	7.11	7.05	8.55	8.39	8.65	7.08	6.96	7.16	7.06
Call loans											
Short-term (up to 1yr)	6.86	6.75	6.74	6.23	6.69	6.06	6.16	6.27	6.30	6.37	6.53
Medium-term (1-2 yrs)	7.30	7.78	7.26	7.70	7.56	7.24	7.99	8.03	8.05	8.40	8.29
Medium-term (2-3 yrs)	7.03	7.56	7.39	7.34	8.19	8.43	8.69	7.86	7.68	7.56	7.20
Long-term (3-5 yrs)	7.14	7.15	7.06	6.94	11.77	11.83	11.76	6.17	5.79	6.32	6.21
Term Loans (over 5 yrs)											

Source: Bank of Tanzania

Table A5: Tanzania's Balance of Payments

	(in millions of US dollars)			
	2000	2001	2002	2003p
A. Current Account	-495.8	-436.7	-214.7	-310.8
Goods: exports f.o.b.	663.3	776.4	902.5	1,129.2
Traditional	292.8	231.1	206.1	220.5
Nontraditional	370.5	545.3	696.5	908.7
Goods: imports f.o.b.	-1,367.6	-1,560.3	-1,511.3	-1,933.5
<i>Balance on Goods</i>	-704.3	-783.9	-608.8	-804.2
Services: credit	627.3	679.3	668.6	685.2
Transportation	56.8	68.4	61.1	72.8
Travel	376.7	412.8	439.2	450.3
Other	193.8	198.1	168.3	162.0
Services: debit	-682.4	-642.1	-668.5	-774.5
Transportation	-205.7	-194.2	-176.9	-219.4
Travel	-337.3	-327.3	-337.5	-353.2
Other	-139.4	-120.5	-154.1	-201.8
<i>Balance on Services</i>	-55.1	37.2	0.1	-89.3
<i>Balance on Goods and Services</i>	-759.3	-746.8	-608.7	-893.6
Income: credit	50.4	55.3	67.9	87.1
Income: debit	-180.4	-140.5	-90.6	-130.8
Direct investment income	-13.2	-1.1	-2.0	-15.7
Interest payments (scheduled)	-146.9	-117.3	-67.6	-92.7
Compensation of employees	-20.3	-22.1	-21.1	-22.4
Balance on Goods, Services and Income	-889.4	-832.0	-631.4	-937.2
Current transfers	393.6	395.3	416.6	626.4
Current transfers: credit	472.1	474.8	477.9	689.5
Government	427.8	418.4	427.7	619.6
Multilateral HIPC relief	40.6	71.3	68.8	68.2
Other sectors	44.3	56.4	50.2	69.9
Current transfer: debit	-78.5	-79.5	-61.3	-63.0
B. Capital Account	379.9	1003.6	785.7	677.7
Capital transfers: credit	379.9	1003.6	785.7	677.7
General Government	364.2	981.3	755.6	640.4
Project	314.7	339.2	325.3	320.9
Program	0.0	0.0	0.0	0.0
Debt forgiveness	49.4	642.1	430.3	319.5
Other sectors	15.7	22.3	30.1	37.3
Capital transfers: debit	0.0	0.0	0.0	0.0
Total, Groups A plus B	-115.9	566.9	570.9	366.9
C. Financial Account, excl. reserves and related items	69.2	-501.9	0.0	21.1
Direct investment abroad	0.0	0.0	0.0	0.0
Direct investment in Tanzania	463.4	327.2	240.4	247.8
Portfolio investment	0.0	0.0	0.0	0.0
Other investment	-94.2	-829.1	-240.4	-226.7
Assets	-134.0	-76.7	2.9	-59.0
Currency and deposits	-134.0	-76.7	2.9	-59.0
Banks	-134.0	-76.7	2.9	-59.0
Other sectors	0.0	0.0	0.0	0.0
Liabilities	39.9	-752.5	-243.3	-167.7
Trade credits	12.8	13.0	13.2	13.3
Loans	-26.5	-723.1	-289.9	-158.9
General government	22.1	-838.9	-243.5	-64.1
Drawings	332.9	199.1	310.2	417.1
Repayments	-310.8	-1038.0	-553.7	-481.2
Scheduled payments	-251.3	-264.5	-113.6	-106.6
Rescheduled debt	-10.1	-131.4	-9.8	-55.1
Debt forgiveness	-49.4	-642.1	-430.3	-319.5
Banks	-0.9	2.0	-0.8	-0.7
Other sectors	-47.7	113.9	-45.6	-94.1
Drawings	2.5	171.6	17.2	10.8
Repayments	-50.2	-57.7	-62.8	-104.8
Scheduled payments	-50.2	-57.7	-62.8	-104.8
Currency and deposits	53.6	-42.4	33.4	-22.1
Other liabilities	0.0	0.0	0.0	0.0
Total, Groups A through C	253.4	65.0	570.9	388.0
D. Net Errors and Omissions	-294.2	-228.9	-253.1	32.5
Overall balance (Total, Groups A through D)	-40.8	-163.9	317.8	420.5
E. Reserves and Related Items	40.8	163.9	-317.8	-420.5
Reserve assets	-197.3	-186.6	-372.4	-508.8
Use of Fund credit and loans	49.4	15.6	26.0	-2.9
Exceptional financing	188.7	334.9	28.6	91.2
Rescheduled debt	10.1	131.4	9.8	55.1
Interest arrears	83.6	68.3	18.4	29.9
Principal arrears	95.0	135.2	0.5	6.2
Memorandum items				
GDP(mp) Mill. TZS	7,277,799.9	8,304,338.6	9,399,085.8	10,709,583.8
GDP(mp) Mill. USD	9,093	9,475.6	9,724.0	10,311.8
CAB/GDP	-5	-4.6	-2.2	-3.0
CAB/GDP (excl. current official transfers)	-10.2	-9.0	-6.6	-9.0
Gross Official Reserves	974.4	1156.6	1529.0	2,037.8
Months of Imports	5.7	6.3	8.4	9.0
Net International Reserves (year end)	542.7	761.2	1058.4	1,533.9
Change in Net International Reserves	-137.6	-218.5	-297.2	-475.5
Exchange rate (end of period)	803.3	916.3	976.3	1,063.6
Exchange rate (annual average)	800.4	876.4	966.6	1,038.6

SOURCE: Bank of Tanzania, International Economics Department

Notes:

- 1) Imports data (f.o.b) for 2001 have been revised using new ratios for freight and insurance services.
- 2) Changes in the ratios of freight and insurance services to the total imports (c.i.f), figures for services account have consequently been revised.
- 3) GDP-Gross Domestic Product, mp-Market price, CAB-Current Account Balance, p = provisional

Glossary

Average Inflation Rate

This is calculated as the average of the inflation rates during the fiscal year or the calendar year

Broad Money, M2

Is equivalent to narrow money (M1) plus time deposits and savings deposits.

Currency in Circulation Outside Banks

Notes and coin accepted as legal tender in the domestic economy, excluding amounts held by the banking system.

Discount Rate

The rate of interest the Bank of Tanzania charges on Loans it extends to Deposit Money Banks and government overdraft. It is derived from the weighted average yield of Treasury bills of all maturities plus five-percentage points

Exchange Rate

This is the price at which one currency can be purchased with another currency, e.g. TZS per US dollar.

Extended Broad Money, M3

Consists of broad money (M2) plus foreign currency deposits.

Lombard Facility

The Bank introduced Lombard facility on 1st December 2003, as an overnight facility to enable commercial banks to borrow at their own discretion, through pledging of eligible government securities as collateral.

Lombard Rate

This is the rate payable for the use of the Lombard Facility, which is also used as signalling mechanism for the Bank of Tanzania's monetary policy stance. The rate is based on prevailing discount rate, REPO or inter-bank rates, depending on whichever is higher.

Money Supply, M

The sum of currency in circulation outside the banks and deposits are defined in various concepts of money supply in the narrower and broader sense, i.e., narrow money (M1), broad money (M2), and extended broad money (M3).

Narrow Money, M1

Consists of currency in circulation outside banks and demand deposits.

Nominal Exchange Rate

It is the price at which actual transactions in foreign exchange markets occur.

Non-Food or Underlying Inflation Rate

This is a measure of price movements caused by factors other than food prices. It is an important measure, which provides better indication of the effectiveness of monetary policy on inflation since price movements in these items are caused largely by monetary policy.

Repurchase Agreement (REPO)

These are agreements to purchase/sale by the BoT government securities from/to financial institutions at agreed rate for a specified period, with an understanding that the financial institutions will repurchase/resell the securities to the BoT at the end of the period.

Reserve Money (M0)

The Central Bank's liabilities in the form of: (1) currency in circulation outside the Bank of Tanzania and (2) deposit money banks' deposits with the BoT are referred to as Base money, or reserve money.

Seasonally Adjusted Indicators

Seasonal movements or seasonal variations, refer to identical, or almost identical, patterns, which a time series appears to follow during corresponding months (quarters)

of successive years. Such movements are due to recurring events, which take place annually, e.g. the harvest season. Seasonally adjusted indicators show the impact of non-seasonal influences on a time series.

Weighted Annualised Yields of Treasury Bills of all Maturities

This is the average yield of Treasury bills, which is weighted by the volume sold of 91-day, 182-day, and 364-day Treasury bills, expressed in percentage per year.

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