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MONETARY POLICY STATEMENT

2026/27

GOVERNOR

BANK OF TANZANIA

June 2026

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9th June 2026

Hon. Ambassador, Khamis Mussa Omar (MP)
Minister of Finance
Government City-Mtumba, Treasury Avenue
P. O. Box 2802
40468 Dodoma

Honourable Minister,

LETTER OF TRANSMITTAL

In accordance with section 21, subsections (3) to (6) of the Bank of Tanzania Act, Cap. 197, the Bank of Tanzania is required to issue the Monetary Policy Statement in June, followed by a mid-year review in February, containing an overview of monetary policy formulation and implementation in support of the broader macroeconomic objectives of the Governments. Consistent with this, I hereby submit the ***Monetary Policy Statement* for 2026/27** for subsequent submission to the Parliament.

This Statement reviews global and domestic economic performance, and the implementation of monetary policy and its outcomes in 2025/26. In addition, it provides an outlook on global and domestic economic conditions and outlines the monetary policy stance that the Bank intends to pursue in 2026/27 to meet the policy objectives of maintaining low and stable inflation while supporting economic growth.

Yours sincerely,

Emmanuel M. Tutuba
GOVERNOR
BANK OF TANZANIA

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EXECUTIVE SUMMARY

Monetary policy stance and implementation

In June 2025, the Bank announced its intention to adopt an accommodative monetary policy stance for 2025/26 to foster robust economic growth, given that inflation was projected to remain within the target range of 3–5 percent. In line with this stance, the Central Bank Rate (CBR) was reduced to 5.75 percent in July 2025 from 6 percent. The rate was maintained over the subsequent period, as inflation expectations remained firmly aligned with the target. To enhance the effectiveness of monetary policy, the Bank narrowed the CBR corridor from 200 to 150 basis points, effective April 2026. This was complemented by a revision of the collateral framework, designed to facilitate access to the Bank's standing facilities and enhance liquidity distribution among banks.

The implementation of the policy stance proved effective in supporting macroeconomic stability, despite experiencing spillover effects from the Middle East conflict for a large part of the second half of the year. This was reflected in the 7-day interbank rate evolving close to the CBR, as the Bank ensured adequate liquidity in the interbank market.

Global economy

The global economy in 2025 navigated a landscape of escalating trade tensions and heightened policy uncertainty. The IMF estimates a subdued but resilient global GDP growth of 3.4 percent. Inflation continued to ease in most countries, before turning upward in March

2026 due to supply chain disruptions owing to the Middle East conflict, which exerted upward pressure on commodity prices, particularly oil. As inflation moderated, monetary policy shifted from policy rate hikes to a measured easing. Beginning in March 2026, most central banks halted policy rate cuts owing to rising commodity prices in the world market. Global sovereign bond markets showed divergent yield movements between July 2025 and April 2026, driven by evolving inflationary conditions, uneven economic growth trajectories, increasing fiscal pressures, and heightened geopolitical risks.

Domestic economy

Economic growth was projected to remain high and resilient in 2025. In Mainland Tanzania, real GDP growth was strong at 5.9 percent, compared with the projection of 6 percent, driven by the construction, agriculture, and financial sectors. The Zanzibar economy grew at 7 percent, surpassing the projection of 6.5 percent, reflecting strong investment in the tourism industry, construction, and manufacturing.

Inflation was projected to remain low and stable in 2025/26. In Mainland Tanzania, inflation was expected to stay within the target range of 3–5 percent. The actual outturn averaged 3.4 percent over the past ten months, largely attributable to prudent monetary policy and a moderation in non-food inflation. In Zanzibar, inflation eased to an average of 4.1 percent, driven by food and non-food inflation components. The inflation rates aligned with the regional economic convergence criteria.

Interest rates, money supply, and private sector credit moved in line with the monetary policy stance and business conditions. Lending rates declined slightly, while yields on other financial instruments, particularly Treasury bills and bonds, fell more markedly. The Bank continued to implement reforms aimed at improving credit market efficiency and reducing credit risk, with a view of enhancing the responsiveness of banks' interest rates to the monetary policy stance. Among the initiatives included broadening the range of eligible collaterals, and operationalizing the Price Comparator System in December 2025, aimed at enhancing market efficiency, liquidity, and price discovery, and improving transparency in banks' lending rates. Money supply grew at an average of 22.4 percent in the first ten months of 2025/26, driven by private sector credit, which expanded at an annual rate of 20.2 percent over the ten months.

Fiscal performance in Mainland Tanzania was satisfactory during the first nine months of 2025/26, with domestic revenue collections exceeding the target by 5.5 percent. This outcome reflects the effectiveness of ongoing revenue mobilization measures, supported by expanded economic activity. Zanzibar's fiscal performance also remained satisfactory, with revenue and grants reaching 97.2 percent of the target. Public debt remains sustainable, assessed at a moderate risk of distress. The ratio of the present value of debt to GDP in 2024/25 declined to 40.7 percent, down from 41.1 percent in the preceding year, and remains well below the debt sustainability threshold of 55 percent.

The external sector of the economy was strong on the back of improvement in exports and tourist arrivals, and modest import growth. However, an uptick in commodity prices beginning in March 2026, particularly for crude oil and fertilizers, owing to the conflict in the Middle East, affected the current account position. The current account deficit widened slightly, to around 2.6 percent of GDP in the year ending March 2026, from 2.4 percent in the year ending March 2025. Foreign reserves remained adequate at USD 5,722.5 million in April 2026, covering about 4.4 months of prospective imports and providing a buffer against external shocks. In line with strong external sector performance, the exchange rate remained stable, appreciating against the US dollar by 2.7 percent, year-on-year, compared with a depreciation of 3.9 percent recorded in April 2025.

The financial sector remained stable and resilient, with moderate risks contained by sustained macroeconomic stability. The banking sector was liquid, profitable, and adequately capitalized. Asset quality continued to improve, as reflected by the decline in the non-performing loans (NPLs) ratio to 2.9 percent, well below the tolerable threshold of 5 percent.

Financial inclusion continued to increase through expansion of access and usage of formal financial services by individuals and Micro, Small and Medium Enterprises (MSMEs). The access of the population living within a five-kilometre radius to formal financial access points increased to 93.4 percent. The usage of financial services in banks and non-banks increased during the period ending April 2026, with an increase in both the total number of individual deposit accounts and individual loan accounts.

Payment systems remained resilient, efficient, and reliable, with system availability averaging above 99.6 percent. The Bank continued to strengthen efficiency, reliability, interoperability, and straight-through processing across both domestic and cross-border retail and high-value payments. Notable growth was recorded in the adoption of digital payments with increased use of electronic fund transfers and a decline in cheque usage.

Economic outlook for 2026/27

Global economy

Global economic growth in 2026 is projected to moderate, due to the energy supply disruptions and elevated geopolitical conflicts. Growth is expected to recover modestly in 2027, on the back of gradual stabilization in energy markets and financial conditions. Inflationary pressures are expected to increase in 2026, due to resurgences in energy and commodity prices. Energy prices are expected to continue increasing in 2026 before easing as market disruptions normalize. In response to the mounting inflationary pressures, central banks are expected to maintain or hike policy rates to tame the second-round inflationary pressures.

Domestic economy

Domestic economic prospects remain favourable, supported by the economy's diversified structure and strong resilience to external shocks. Growth in Mainland Tanzania is projected to remain robust at 6.3 percent in 2026 and 6.6 percent in 2027, supported by public and private sector investment, as well as export growth. Zanzibar's economy is forecast to grow by 7.5 percent in 2026 and 7.2 percent in 2027, driven by construction, tourism, and manufacturing.

Inflation is forecast to edge up but remain within the medium-term target of 3-5 percent. In Mainland Tanzania, inflation is forecast to be above 4 percent, while in Zanzibar it is projected to remain close to 5 percent. Risks to the inflation outlook are tilted to the upside, largely reflecting uncertainty surrounding the duration and intensity of the conflicts in the Middle East.

Monetary policy stance for 2026/27

In line with macroeconomic outlook and prevailing risks, the monetary policy stance in 2026/27 will be less accommodative, focusing on containing the second-round effects of elevated global commodity prices on domestic inflation. The Monetary Policy Committee (MPC) will convene quarterly to assess economic conditions and decide the appropriate path of the Central Bank Rate (CBR) to ensure inflation remains within the target. Consistent with these objectives, monetary policy operations will continue to be calibrated towards keeping the 7-day interbank interest rate within the CBR target band.

The Bank, in collaboration with relevant stakeholders, will strengthen the availability and quality of high-frequency data to support data-driven monetary policy decisions. In addition, it will enhance transparency and public awareness under the interest rate-based monetary policy framework to improve monetary policy transmission. The Bank will also continue to implement financial sector reforms aimed at enhancing efficiency and transparency in the interbank cash market, facilitating equitable liquidity distribution, safeguarding financial stability and accelerate the adoption of digital payment channels, as well as increase usage of formal financial services. Meanwhile, to further support monetary policy in responding to global and domestic economic conditions, the exchange rate will continue to be determined by market forces to help absorb external shocks.

PART I

1.0 INTRODUCTION

The Monetary Policy Statement published in June 2025 outlined the monetary policy stance for 2025/26, after considering the global and domestic economic outlook and associated risks. Given that inflation was forecast to remain within the target range of 3-5 percent, the Bank planned to implement a cautious accommodative monetary policy to support economic growth. Growth projections for 2025 were 6 percent and 6.5 percent for Mainland Tanzania and Zanzibar, respectively.

This *Monetary Policy Statement* provides an assessment of the implementation of the monetary policy and its outcomes for 2025/26, along with global and domestic economic developments. In addition, it provides the outlook on global and domestic macroeconomic conditions and sets the direction of the monetary policy for 2026/27.

In addition to Part I, the Statement is organized as follows: Part II details the monetary policy stance and its implementation in 2025/26. Part III provides an overview of the recent global economic performance, while Part IV reviews the recent performance of the domestic economy. Part V outlines the macroeconomic outlook in both global and domestic contexts, and Part VI presents the monetary policy stance that the Bank intends to pursue in 2026/27 to achieve its policy objectives.

Box 1: Monetary Policy Framework of the Bank of Tanzania

The Bank of Tanzania is mandated to formulate and implement monetary policy, among others. Monetary policy involves actions or decisions taken to influence the amount of money circulating in the economy, which contributes to the determination of interest rates that banks and financial institutions offer to customers.

Monetary policy's objectives are to maintain price stability, defined as a low and stable inflation rate over time, and to support economic growth. Inflation is measured as an annual change in the consumer price index, expressed in percentage. In the medium term (up to 5 years), the inflation target is 3-5 percent.

To fulfil these objectives, the Monetary Policy Committee (MPC) assesses economic conditions and determines the policy rate—Central Bank Rate (CBR)—which is consistent with maintaining low and stable inflation and supporting economic growth. The CBR is set to influence other interest rates in the economy. This influences consumers' and firms' decisions, thereby affecting inflation and output growth. The Bank of Tanzania implements monetary policy by steering the 7-day interbank interest rate, which is the operating target variable, along the CBR.

To align the operating target with the policy rate, the Bank uses a variety of monetary policy instruments. The main instruments are repurchase agreements (repo and reverse repo), 35-day and 91-day Treasury bills, statutory minimum reserve requirement ratio (SMR), and sale or purchase of foreign currency in the inter-bank foreign exchange market. There are also standing lending facilities—intraday and Lombard loans—that are granted to all banks on demand to facilitate smooth and efficient settlement of payments.

In implementing the Monetary Policy, the Bank exercises a high degree of transparency in its actions and decisions. The decisions of the MPC, which include setting policy rates, are communicated to banks through post-MPC meetings with Chief Executive Officers of banks and the public through the media. In addition, the Bank publishes MPC meeting statements, Monetary Policy Report, and other periodic reports containing outcomes of monetary policy implementation, monetary policy stance, decisions on policy rate, and the performance of the economy at large. The reports are available on the Bank of Tanzania website (www.bot.go.tz).

Box 2: The Legal Framework of Monetary Policy

i. At the beginning of every fiscal year, the Bank of Tanzania indicates the direction/stance of monetary policy in its Monetary Policy Statement in accordance with the broader macroeconomic policy objectives of the Governments.

ii. The Monetary Policy Statement is approved by the Board of Directors of the Bank of Tanzania and submitted to the Parliament through the Minister responsible for finance in accordance with section 21, subsection (5) of the Bank of Tanzania Act, Cap. 197.

iii. The same procedure is followed in the mid-year review of the Monetary Policy Statement, which shows progress in the implementation of the monetary policy, the outlook for the remaining period of the year, and measures to be undertaken to achieve the policy objectives.

iv. The Monetary Policy Committee (MPC) of the Board of Directors of the Bank, which is chaired by the Governor, is responsible for setting the policy rate (CBR) on a quarterly basis, consistent with the broader macroeconomic policy objectives of the Governments.

v. The Surveillance Committee of the Bank's Management meets daily to evaluate developments of the 7-day IBCM rate (operating target) and decides on the measures to be taken to keep the rate within the desired policy bands.

PART II

2.0 MONETARY POLICY STANCE AND IMPLEMENTATION DURING 2025/26

2.1 Monetary Policy Stance

In June 2025, the Bank announced that it would pursue an accommodative monetary policy stance during 2025/26, with the aim of supporting an increase in investment and output in the economy, amidst low inflation, that was forecast to remain within the medium target band of 3-5 percent. The stance was underpinned by subdued global commodity prices, adequate domestic food supply, and a stable exchange rate, despite lingering geopolitical tensions in the Middle East, which continued to weigh on global trade and investment flows.

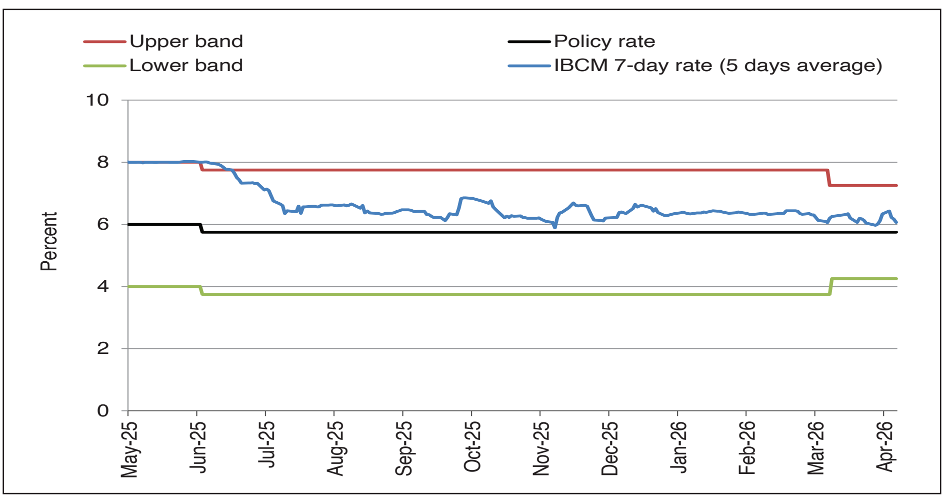
2.2 Monetary Policy Implementation

The implementation of monetary policy was broadly satisfactory and on track, supporting the achievement of macroeconomic objectives for 2025/26, with inflation remaining within the target band, while output growth remained robust. In July 2025, the MPC reduced the CBR from 6 percent to 5.75 percent for the quarter ending September 2025, supported by projections that inflation would remain within the target range amid adequate food supply, exchange rate stability, and favourable external conditions. In October 2025, the MPC maintained the CBR at 5.75 percent for the quarter ending December 2025, as inflation expectations remained within the target, while economic activity was expected to sustain its recovery momentum. During the fourth quarter of 2025/26, the MPC decided to keep the CBR unchanged at 5.75 percent. This aimed to balance the risks of inflation and economic growth outlook, as a significant escalation of geopolitical tensions in the

Middle East created a more challenging global environment, disrupting supply chains and increasing volatility in global commodity prices.

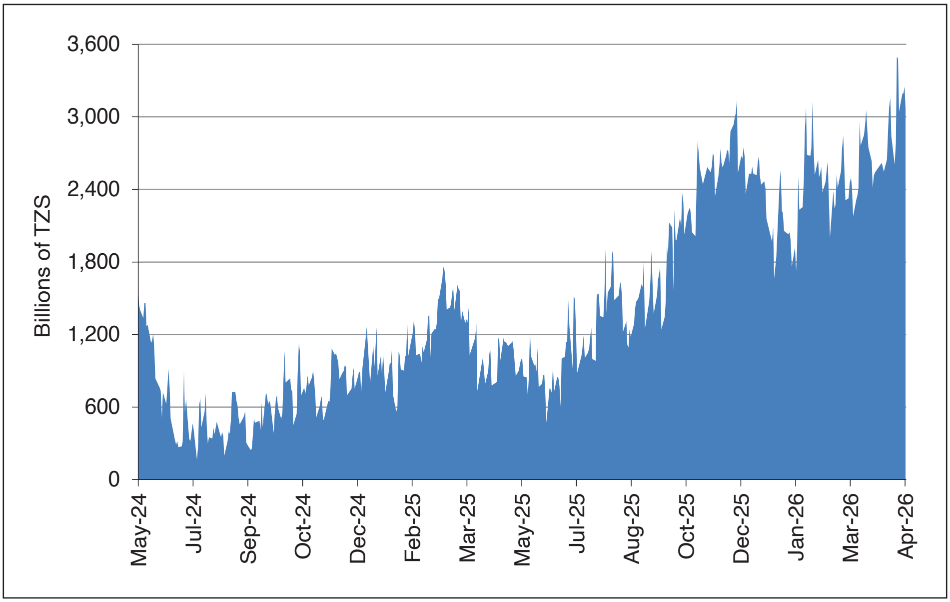
Nonetheless, the 7-day interbank rate remained generally stable within the CBR corridor, consistent with prudent implementation of monetary policy (Chart 2.1a). To ensure adequate liquidity in the economy, monetary policy operations were mainly conducted through reverse repo auctions at full allotment, alongside the issuance of liquidity papers (35-, 91-, and 182-day) and foreign exchange operations. Accordingly, bank clearing balances (free reserves) increased, reflecting improved overall liquidity conditions (Chart 2.1b). As a result of prudent monetary policy implementation, inflation remained well anchored within the target range, averaging 3.4 percent in July 2025 to April 2026. In addition, an adequate level of liquidity supported the growth of credit to the private sector, which averaged 20.2 percent, thereby contributing to achieving the projected growth.

Chart 2.1a: Central Bank Rate and 7-day Interbank Cash Market (IBCM) Rate



Source: Bank of Tanzania

Chart 2.1b: Banks Clearing Balances



Source: Bank of Tanzania

Meanwhile, to further strengthen the effectiveness of monetary policy, the MPC narrowed the CBR corridor by 50 basis points, effective from April 2026. In parallel, to enhance the efficient distribution of liquidity across banks, the Bank issued a revised collateral framework in 2025, to facilitate smoother access to standing facilities by banks. In addition, the Bank operationalised an Emergency Liquidity Assistance framework to support solvent banks facing temporary liquidity challenges.

PART III

3.0 GLOBAL ECONOMY

3.1 Output Performance

The global economy in 2025 navigated a landscape of escalating trade tensions and heightened policy uncertainty. According to the IMF's April 2026 World Economic Outlook, global economic growth is estimated at 3.4 percent in 2025, holding steady against previous forecasts supported by resilient demand, gradual monetary policy easing, and technology-related investment (Table 3.1).

Advanced economies remained broadly resilient in 2025, with moderate growth and uneven performance across countries, supported by steady domestic demand and easing inflationary pressures. In the United States, activity remained relatively firm, although growth moderated from the stronger pace recorded in 2024, while the Euro Area continued to recover gradually as lower inflation and improving real incomes supported consumption. Growth in emerging market economies excluding China was stronger than anticipated, mainly due to record agricultural output in Brazil and robust services activity in India. However, China's growth momentum softened, reflecting weaker external demand and trade-related uncertainty, despite ongoing support from technology and industrial upgrading.

In Sub-Saharan Africa, growth remained broadly stable in 2025, supported by easing inflation in several economies and recovery in domestic activity. However, the region continued to face vulnerabilities from subdued global demand, tighter external financing conditions, and debt pressures.

Table 3.1: Real GDP Growth

Percent

	Actual									Projections		
	IMF	OECD	WB	IMF	OECD	WB	IMF	OECD	WB	IMF	OECD	WB
	2023			2024			2025			2026		
Global	3.0	2.9	2.1	3.3	3.2	2.7	3.4	3.1	2.7	3.1	2.9	2.6
Advanced Economies	1.5	n.a	0.7	1.8	n.a	1.7	1.9	n.a	1.7	1.8	n.a	1.6
United States	2.1	2.4	1.1	2.8	2.8	2.8	2.1	2.2	2.3	2.3	2.0	2.2
Euro area	0.7	0.6	1.3	0.9	0.7	0.7	1.4	1.0	1.0	1.1	0.8	0.9
United Kingdom	0.5	n.a	n.a	1.1	0.9	n.a	1.3	1.4	n.a	0.8	0.7	n.a
Japan	2.0	1.7	0.8	0.1	0.1	0.0	1.2	1.1	0.9	0.7	0.9	0.8
Emerging market and developing economies	4.0	n.a	4.0	4.3	n.a	4.1	4.4	n.a	4.1	3.9	n.a	4.0
Brazil	3.0	3.0	1.2	3.4	3.4	3.2	2.3	2.1	2.2	1.9	1.5	2.0
Russia	2.2	n.a	n.a	4.1	4.1	3.4	1.0	1.3	1.6	1.1	0.6	0.8
India	6.3	6.3	6.3	6.5	6.3	6.5	7.6	6.4	6.7	6.5	6.1	6.5
China	5.0	5.2	5.6	5.0	5.0	4.9	5.0	4.1	4.5	4.4	4.4	4.4
Sub-Saharan Africa	3.3	n.a	3.2	4.0	n.a	3.2	4.4	n.a	4.1	4.3	n.a	4.3

Source: IMF World Economic Outlook, April 2026; World Bank, World Economic Prospects, January 2026; and OECD Economic Outlook Interim report, March 2026.
Note: n.a denotes data not available.

3.2 Inflation Developments

Global inflation was projected to continue declining gradually, however upward risks remained from escalating trade conflicts and Middle East instability, while central banks were expected to support growth through possible interest rate cuts. The outturn for the first half of 2025/26 was as projected, with inflation exhibiting a divergent deceleration trend. However, this trend abruptly reversed in March 2026 due to escalating tensions in the Middle East. This geopolitical instability triggered energy market volatility, intensifying inflationary pressures across advanced economies like the United States and the Euro Area. Meanwhile, the impact on emerging markets was mixed; domestic fuel price controls successfully eased inflation in China, whereas India and Brazil experienced upward pressures due to high demand for gold and agricultural input costs, respectively (Chart 3.1a).

Within Sub-Saharan Africa, inflation generally aligned with national target ranges, though it picked up particularly in the SADC and EAC blocs, owing to an increase in energy prices and imported inflation

(Charts 3.1b and 3.1c). Inflationary risks remained tilted upwards due to the potential effects from the global commodity price increases and currency depreciation.

Chart 3.1a: Inflation in Select Advanced and Emerging Market Economies

Percent

Source: OECD and respective National Statistics Offices

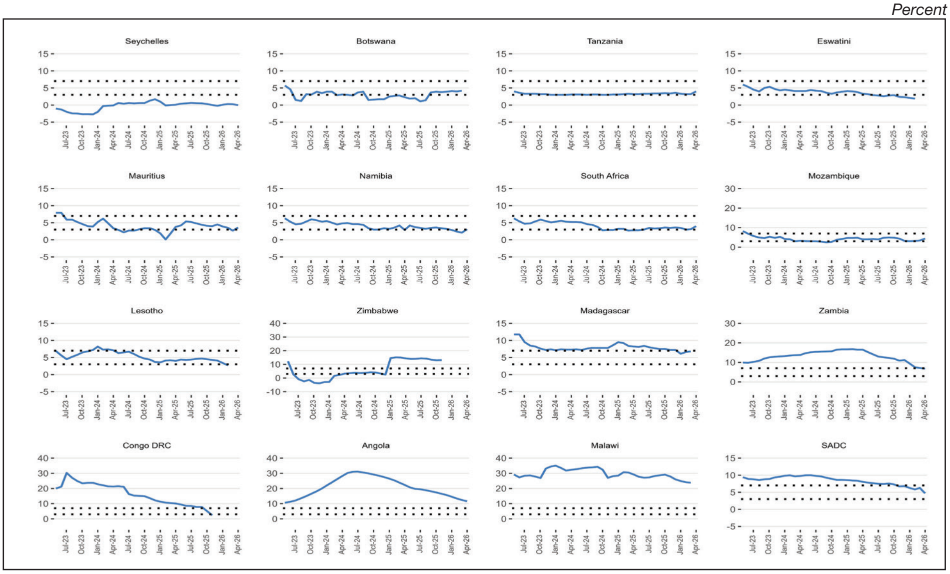
Chart 3.1b: Inflation in EAC Countries

Percent

Source: Respective National Statistics Offices
Notes: The dotted lines indicate the EAC convergence benchmark of not more than 8 percent

Chart 3.1c: Inflation in SADC Countries

Percent



Source: Respective National Statistical Offices and Central Banks
Notes: The dotted lines indicate the SADC convergence benchmark of 3-7 percent

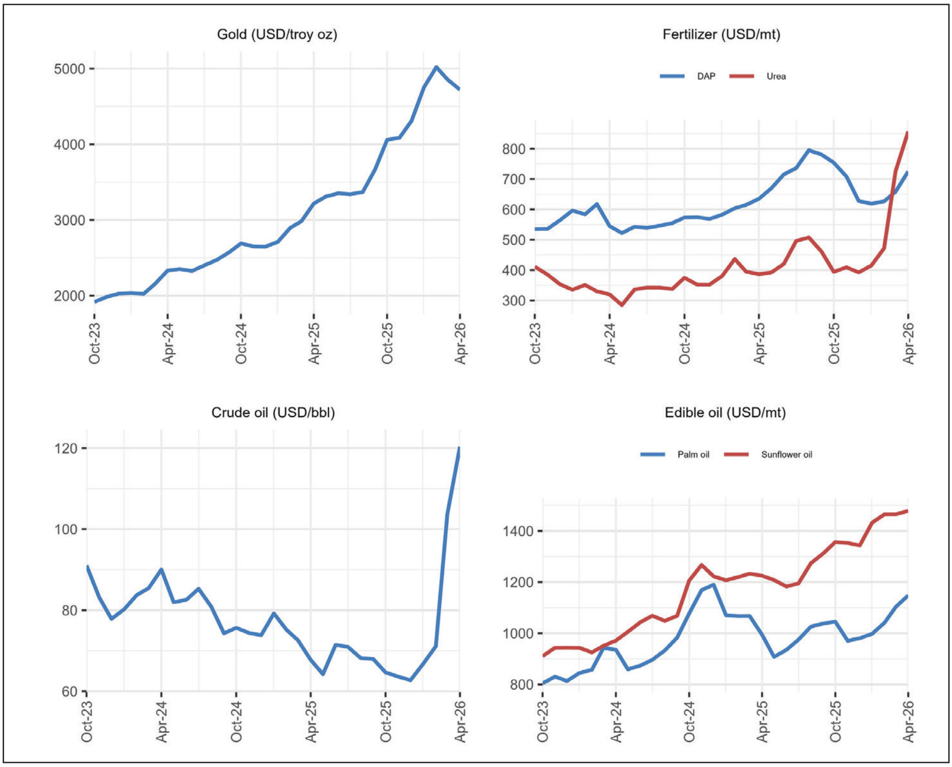
3.3 Commodity Prices

In early 2026, commodity price trends were expected to diverge, gold prices were projected to rise, driven by strong central bank purchases and safe-haven demand, while oil prices were expected to remain subdued due to weak global demand and increased OPEC+ supply. The outturn was contrary to expectations, particularly from March 2026, when most commodities transitioned from the relative easing observed in the first half of 2025/26 to heightened volatility, largely driven by supply disruptions following tensions in the Middle East (Chart 3.2a). Energy markets recorded a notable increase, with crude oil prices accelerating to USD 82.8 per barrel in the second half of 2025/26, up from an average of USD 64.8 per barrel in the first half of the year. The record-high price was USD 137.8 per barrel on March 19th 2026[1]. In contrast, the price of gold declined, somewhat modestly, to USD 4,855.54 per troy ounce in March 2026 from the peak of USD 5,019.97 in February 2026, driven by a shift in expectations on the Federal Reserve monetary policy stance, which strengthened the U.S. dollar and reduced the relative appeal of gold as a safe-haven asset.

Agricultural commodity prices were broadly mixed (Chart 3.2b). Arabica and Robusta coffee prices declined slightly, reflecting increased production in Brazil during the 2025/26 season, which temporarily offset supply shortfalls in other regions. Food prices generally trended upward, with palm oil, wheat, rice and maize prices increasing due to adverse weather conditions in key producing regions, as well as rising energy and transport costs. These pressures were compounded by higher fertilizer prices, particularly Urea and Diammonium Phosphate (DAP), due to supply and logistical disruptions. A combination of these factors has tightened supply ahead of the main planting season in some countries.

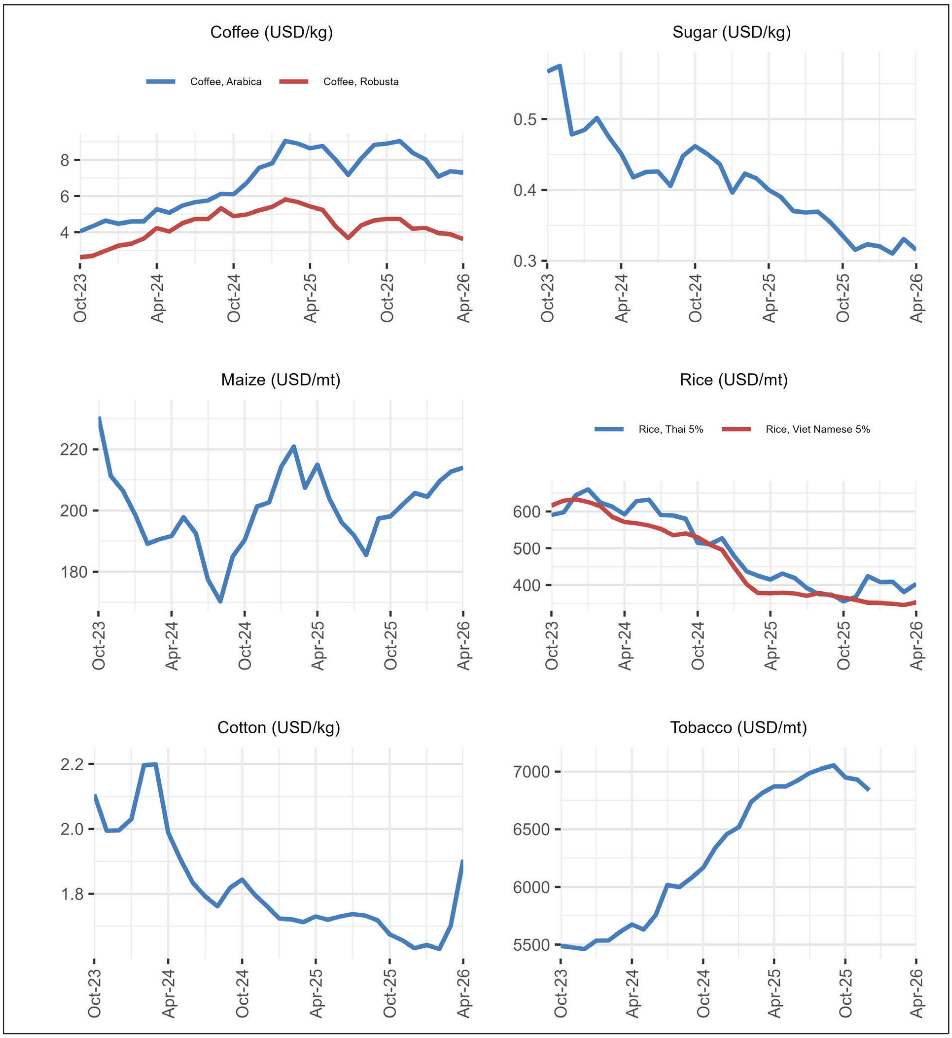
1 Dubai Index is one of the three major oil benchmarks used mainly for pricing crude oil export from the Middle East.

Chart 3.2a: World Market Prices of Select Commodities



Source: http://www.worldbank.org/prospects

Chart 3.2b: World Market Prices of Select Commodities



Source: http://www.worldbank.org/prospects

3.4 Global Financial Markets

Global sovereign bond markets exhibited divergent yield movements from July 2025 to April 2026, reflecting evolving inflation trends, uneven growth prospects, shifting monetary policy expectations, rising fiscal pressures, and elevated geopolitical uncertainty. The second half of 2025 was characterized by growing market expectations of monetary easing amid moderating inflationary pressures. However, at the beginning of 2026, market volatility re-emerged amid escalating tensions in the Middle East. These developments intensified concerns over potential supply disruptions, placed upward pressure on energy prices, and revived global inflationary risks.

In the United States, Treasury yields initially declined amid expectations of Federal Reserve rate cuts, but later reversed course, particularly at the longer end of the yield curve as persistent inflationary pressures, higher oil prices, and fiscal uncertainties led markets to re-assess the anticipated policy path. Within the Eurozone, yields exhibited a mixed but broadly downward trend, underpinned by subdued economic growth and expectations of monetary easing by the European Central Bank. Nonetheless, inflationary risks associated with higher energy prices limited the extent of yield declines. In the United Kingdom, gilt yields declined through the end of 2025 before becoming increasingly volatile and rising in the first quarter of 2026, as concerns over domestic inflation and fiscal sustainability re-emerged. Chinese sovereign yields remained relatively subdued, supported by an accommodative monetary policy stance, with only modest increases observed at the longer end of the yield curve.

PART IV

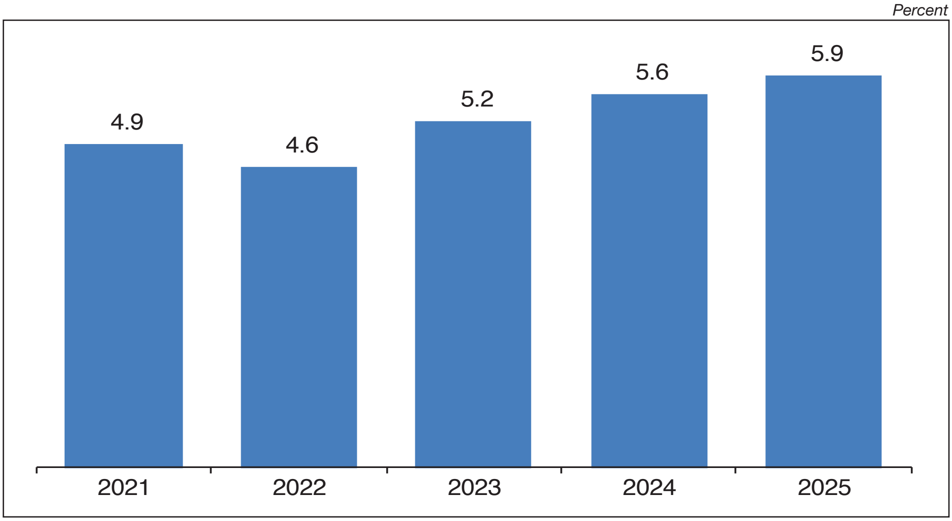
4.0 DOMESTIC ECONOMY

4.1 Output Performance

In June 2025, the Bank projected the domestic economy to remain resilient and continue its recovery path, with real GDP growth in Mainland Tanzania forecast at 6 percent and Zanzibar's economy projected to grow by 6.5 percent. The economy performed broadly in line with these expectations, despite continued global economic and trade uncertainties.

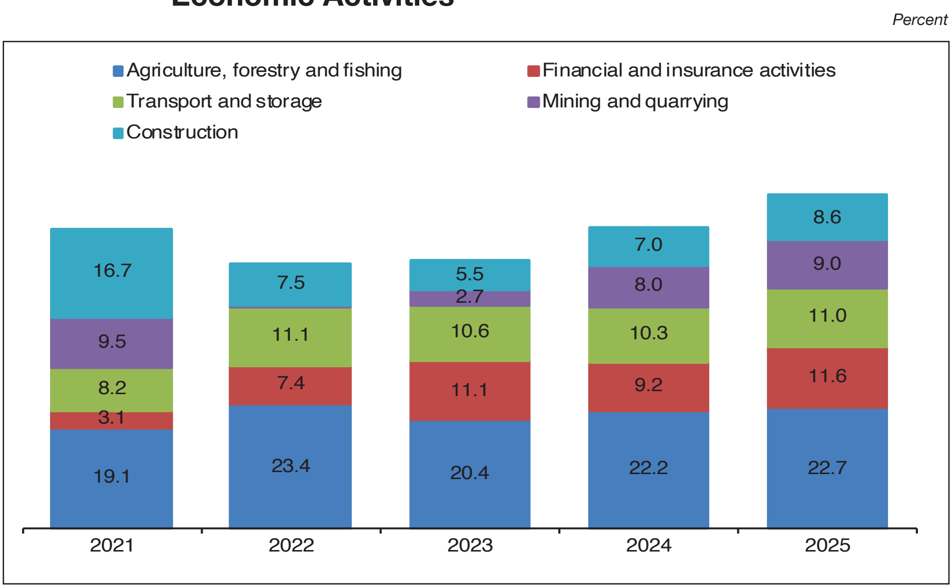
In Mainland Tanzania, GDP grew by 5.9 percent, up from 5.6 percent recorded in 2024, driven by agriculture, financial and insurance activities, transport and storage, mining and quarrying, and construction activity (Chart 4.1a and Chart 4.1b). The performance was supported by improved electricity supply following operationalization of the Julius Nyerere Hydropower Plant, which contributed to increased productivity in key sectors of the economy. In addition, higher crop and mineral production, continued implementation of infrastructure projects, expansion of social services, and growing demand for goods and services supported economic growth.

Chart 4.1a: Real GDP growth



Source: National Bureau of Statistics and Bank of Tanzania calculations

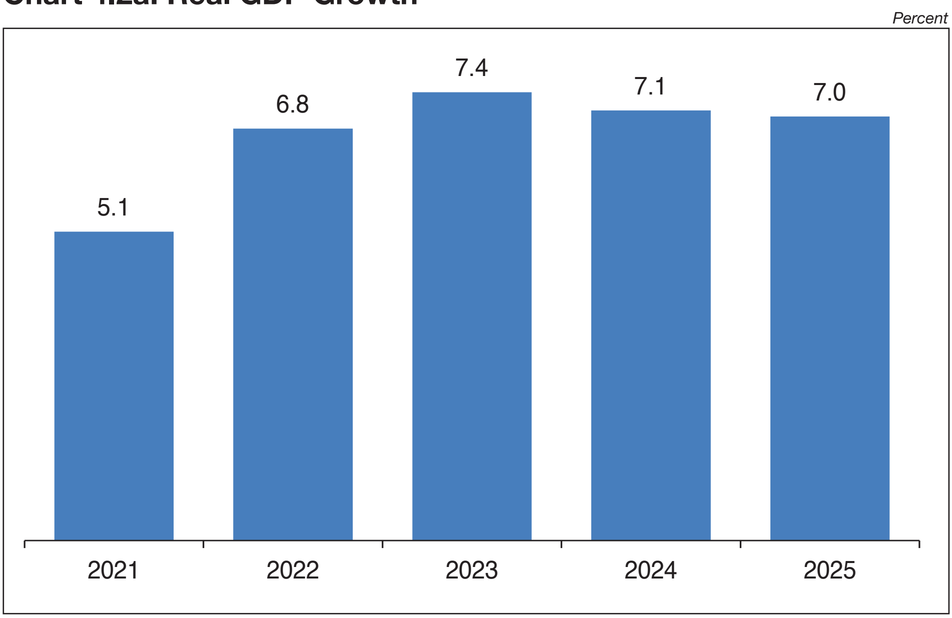
Chart 4.1b: Contribution to Real GDP Growth by Major Economic Activities



Source: National Bureau of Statistics and Bank of Tanzania calculations

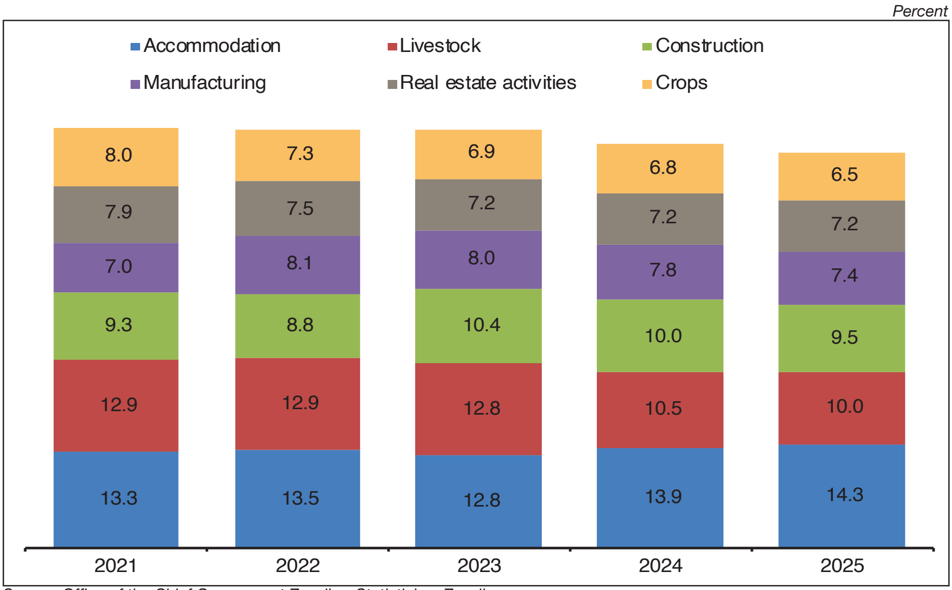
Zanzibar's economy demonstrated a solid performance, growing at 7 percent in 2025, higher than 6.5 percent projected in June 2025, but slightly lower than the 7.1 percent recorded in 2024 (Chart 4.2a). The recorded growth was supported by notable progress in key development projects, including ports, roads, and other infrastructure. This robust performance was also reflected by strong investment in the tourism industry, underpinned by both government and private-sector initiatives. Other sectors that contributed to the performance include livestock, construction, manufacturing, and crops (Chart 4.2b).

Chart 4.2a: Real GDP Growth



Source: Office of the Chief Government Zanzibar Statistician, Zanzibar

Chart 4.2b: Contribution to Real GDP Growth



Source: Office of the Chief Government Zanzibar Statistician, Zanzibar

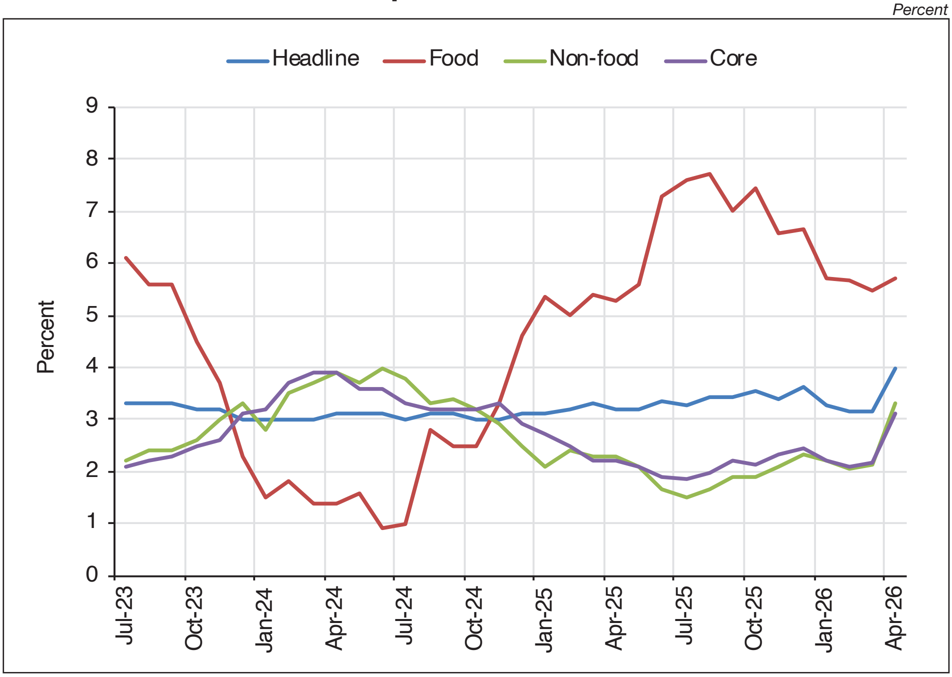
4.2 Inflation Developments

Inflation was projected to remain within the medium-term target range of 3–5 percent, and the actual outcome was broadly in line with projections. During July 2025 to April 2026, inflation averaged 3.4 percent, within the target range and regional (SADC and EAC) convergence criteria (Charts 4.3a and 4.3b). The low inflation outturn was largely supported by the implementation of prudent monetary policy and moderation in non-food inflation. However, in April 2026, inflation rose to 4 percent, the highest rate in nearly three years, mainly due to rising global oil prices, triggered by conflict in the Middle East. The increase in global oil prices has affected other sectors of the economy through high transport costs and fuel pump prices. Consequently, the Government launched several initiatives, including diesel subsidies and enhanced market surveillance, to ensure affordable transport pricing.

Core inflation, which accounts for the largest share of the consumer basket at 73.9 percent, remained the major driver of overall inflation, contributing 2.4 percentage points, largely due to rising prices of services and processed food (Chart 4.3c). This was followed by food inflation, particularly unprocessed food prices, driven by supply-side pressures on selected food items. Unprocessed food inflation increased to an average of 7.4 percent during the review period, from 2.5 percent in the corresponding period in the preceding year.

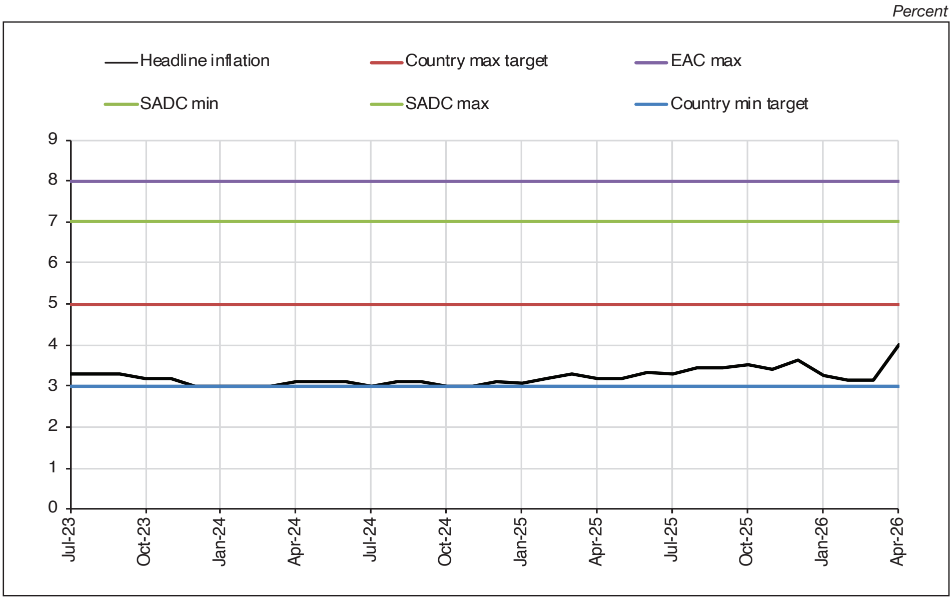
Chart 4.3a: Inflation Developments

Percent



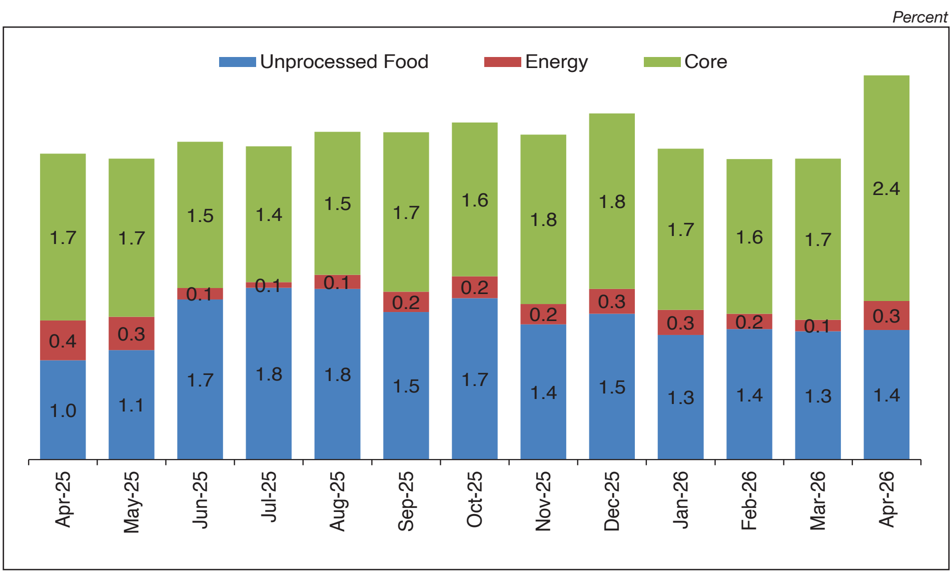
Source: National Bureau of Statistics and Bank of Tanzania

Chart 4.3b: Inflation and Targets



Source: National Bureau of Statistics and Bank of Tanzania

Chart 4.3c: Contribution to Headline Inflation

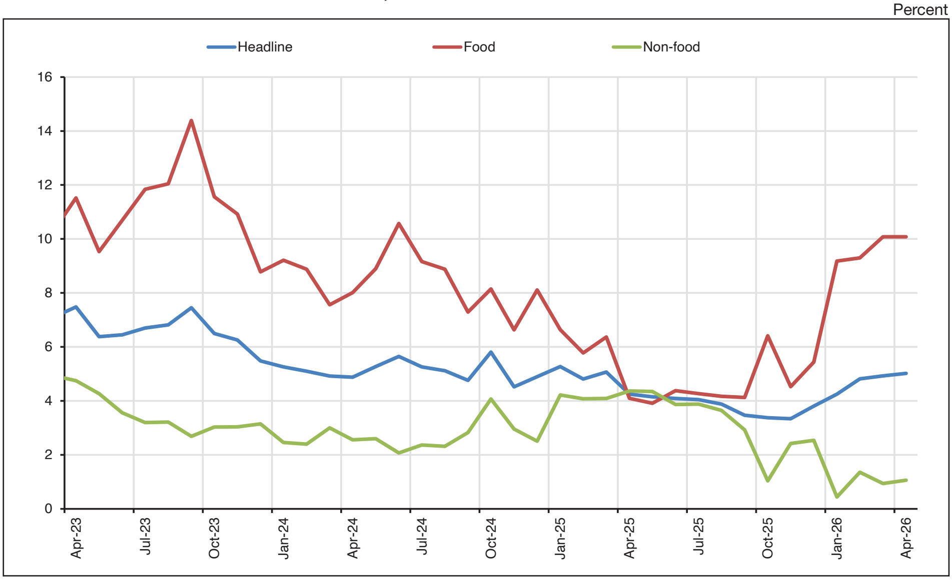


Source: National Bureau of Statistics and Bank of Tanzania

Zanzibar headline inflation eased to an average of 4.1 percent during the period from July 2025 to April 2026 from an average of 5 percent recorded in the corresponding period a year earlier. The outturn was associated with moderation in food and non-food inflation (Chart 4.4). Food inflation eased to an average of 6.8 percent, compared with 7.1 percent, reflecting an adequate food supply in the local markets, coupled with Government initiatives to stabilize food prices. Likewise, non-food inflation decreased to an average of 2 percent from 3.4 percent recorded in the similar period in the preceding year. The decrease was mainly attributed to a slowdown in prices of items in the clothing and footwear category.

Chart 4.4: Annual Headline, Food and Non-food Inflation

Percent



Source: Office of the Chief Government Statistician, Zanzibar

4.3 Interest Rates

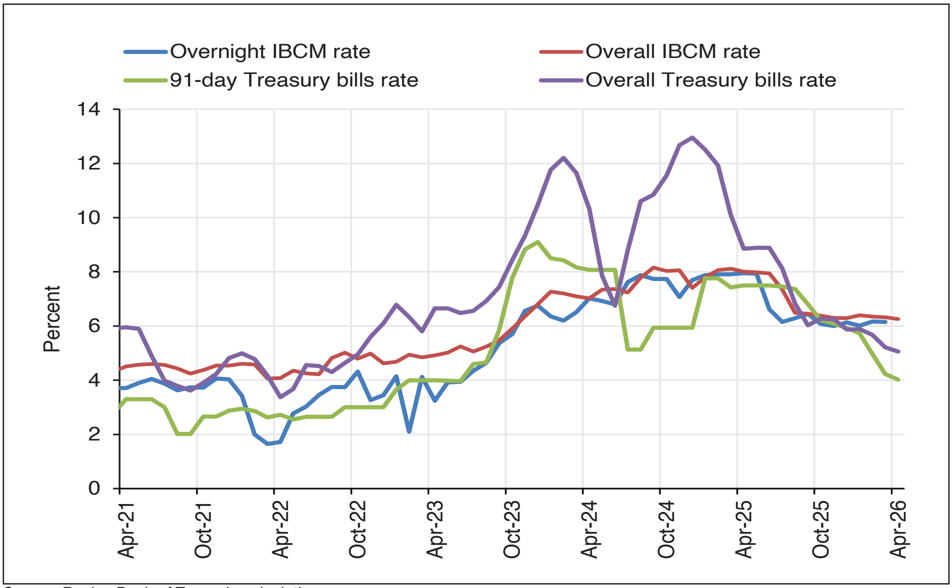
In the first ten months of 2025/26, short-term money market rates moved in tandem with the monetary policy stance, while the transmission to longer-term interest rates remained relatively weak, indicating structural challenges. Treasury bill yields continued to decline, averaging 6.12 percent from 11.08 percent in the similar period of 2024/25, consistent with increased demand for government securities and adequate liquidity in the banking system (Chart 4.5a). Lending rates slightly eased to an average of 15.18 percent from 15.47 percent, while negotiated lending rates stood at 12.47 percent from 12.91 percent. Meanwhile, deposit rates averaged 8.47 percent, with negotiated deposit rates reaching 11.35 percent in the period July 2025 to April 2026 (Chart 4.5b).

In line with ongoing efforts to improve interest rate dynamics in the banking system, the Bank, in collaboration with relevant stakeholders, continued implementing reforms aimed at reducing credit risk and improving market efficiency to ensure closer alignment of banks' interest rates with the monetary policy stance. Key initiatives include broadening the range of eligible collateral and operationalizing the Price Comparator System in December 2025[2], aimed at enhancing market efficiency, liquidity, and price discovery, and improving transparency in banks' lending rates[3]. This is expected to help borrowers make informed decisions while enhancing competition among banks.

2 Financial regulatory tool designed to help consumers compare banking fees, interest rates, and other costs across various registered financial institutions in Tanzania

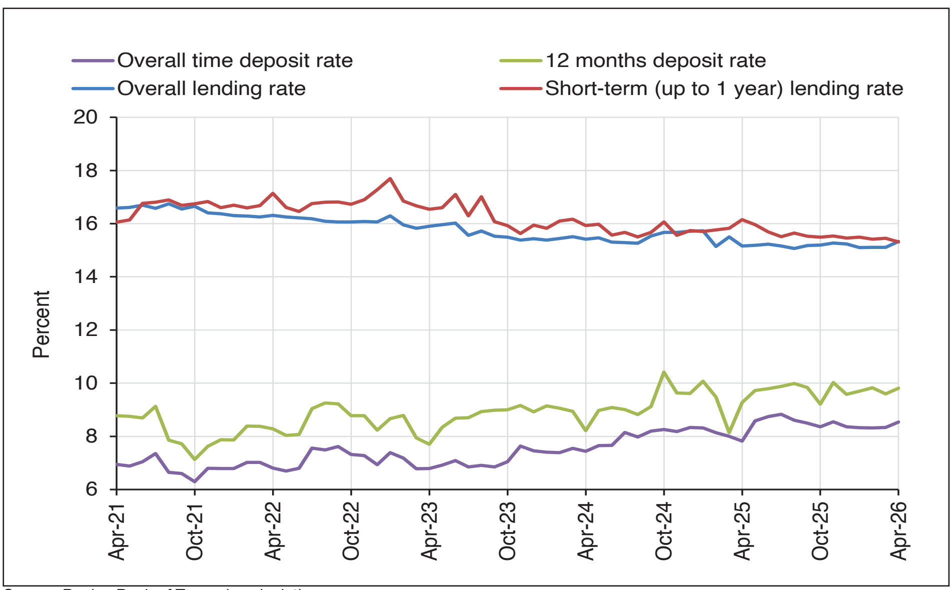
3 The Bank also continued to monitor previously implemented measures including promoting the use of credit reference bureaus, strengthening consumer protection frameworks, implementation of financial literacy programs and financial inclusion initiatives.

Chart 4.5a: Money Market Interest Rates



Source: Banks, Bank of Tanzania calculations

Chart 4.5b: Lending and Deposit Interest Rates

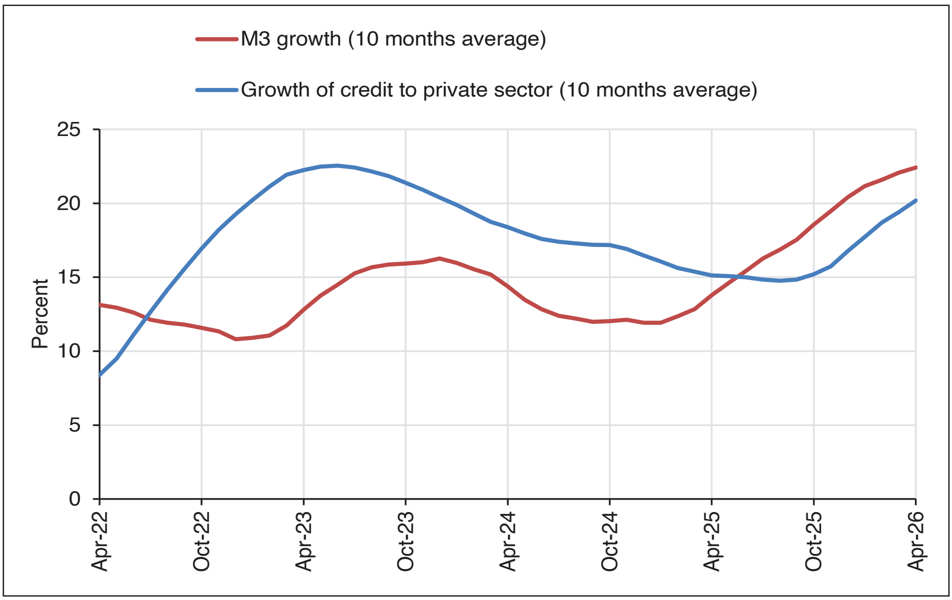


Source: Banks, Bank of Tanzania calculations

4.4 Money Supply and Credit to the Private Sector

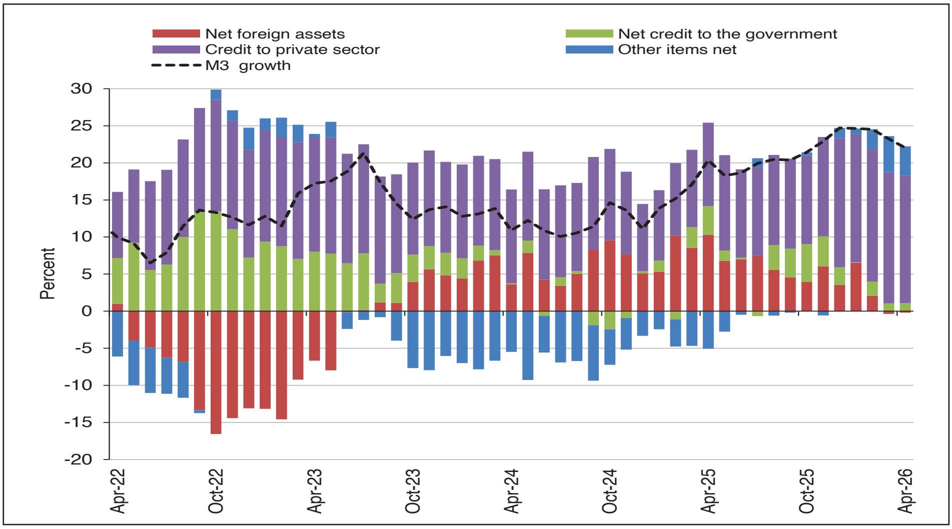
Monetary conditions remained relatively accommodative during 2025/26. Accordingly, extended broad money supply (M3) grew at an average of 22.4 percent in the first 10 months of 2025/26, driven mainly by robust private sector credit growth, as improving economic conditions supported higher demand for investment financing (Charts 4.6a and 4.6b).

Chart 4.6a: Money Supply and Private Sector Credit Growth



Source: Bank of Tanzania

Chart 4.6b: Contribution to M3



Source: Bank of Tanzania

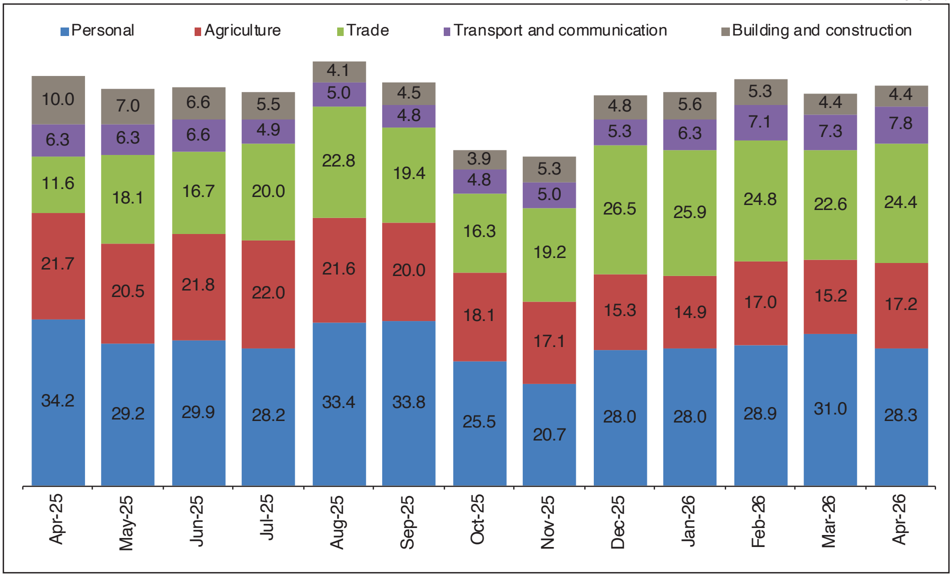
Private sector credit grew at an average of 20.2 percent from July 2025 to April 2026, supported by policy measures to enhance access to credit, including credit guarantee schemes, the TZS 1 Trillion agriculture special loan facility and SMR relief on loans granted to agriculture. The increase in credit levels also reflects both supportive monetary and fiscal policies, and the sustained recovery of economic activities. Financial deepening continued to improve as indicated by an increase in the ratio of private sector credit to GDP to 23.2 percent in April 2026, from 18.7 percent in April 2025.

The sectoral composition of private sector credit remained almost unchanged, with personal loans to small and medium-sized enterprises accounting for the largest share and was the major driver of credit growth[4] (Charts 4.7a and 4.7b). Notably, the trend of credit to agriculture remained satisfactory with a growth of 30.5 percent and a sturdy contribution to credit growth of 17.2 percent.

4 About 70 percent of personal loans are used in productive activities such as construction, trade and investment in other areas including education.

Chart 4.7a: Contribution to Credit Growth

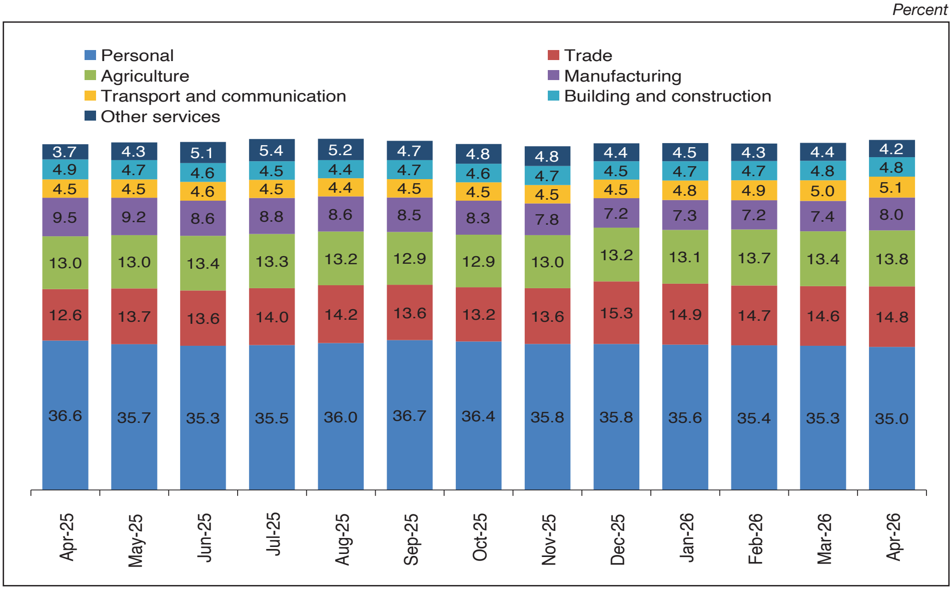
Percent



Source: Banks and Bank of Tanzania calculations

Chart 4.7b: Share of Credit by Economic activities

Percent



Source: Banks and Bank of Tanzania calculations

4.5 Government Budgetary Performance

During the first nine months of the fiscal year 2025/26, the Government of the United Republic of Tanzania demonstrated strong fiscal discipline, with expenditure broadly aligned with available resources. Domestic revenue performance was strong, with collections amounting to TZS 31,406.1 billion, surpassing the target by 5.5 percent (Table 4.1). Tax revenue collections amounted to TZS 26,037.6 billion, exceeding the target by 9.4 percent, reflecting ongoing improvements in tax administration and enhanced taxpayer compliance. Non-tax revenue amounted to TZS 4,145.3 billion, equivalent to 88.2 percent of the target. Expenditure amounted to TZS 35,334.9 billion, with development expenditure accounting for 35.1 percent of total spending.

Table 4.1: Summary of Government Budgetary Operations, Mainland Tanzania

Billions of TZS

	Jul-24 - Mar-25	Jul-25 - Mar-26		
	Actual	Estimates	Actual	Act/Est (%)
Revenue	25,669.8	29,776.2	31,406.1	105.5
Total expenditure	31,238.1	36,263.7	35,334.9	97.4
Recurrent expenditure[1]	19,765.1	22,903.2	22,928.5	100.1
Development expenditure	11,473.0	13,360.5	12,406.4	92.9

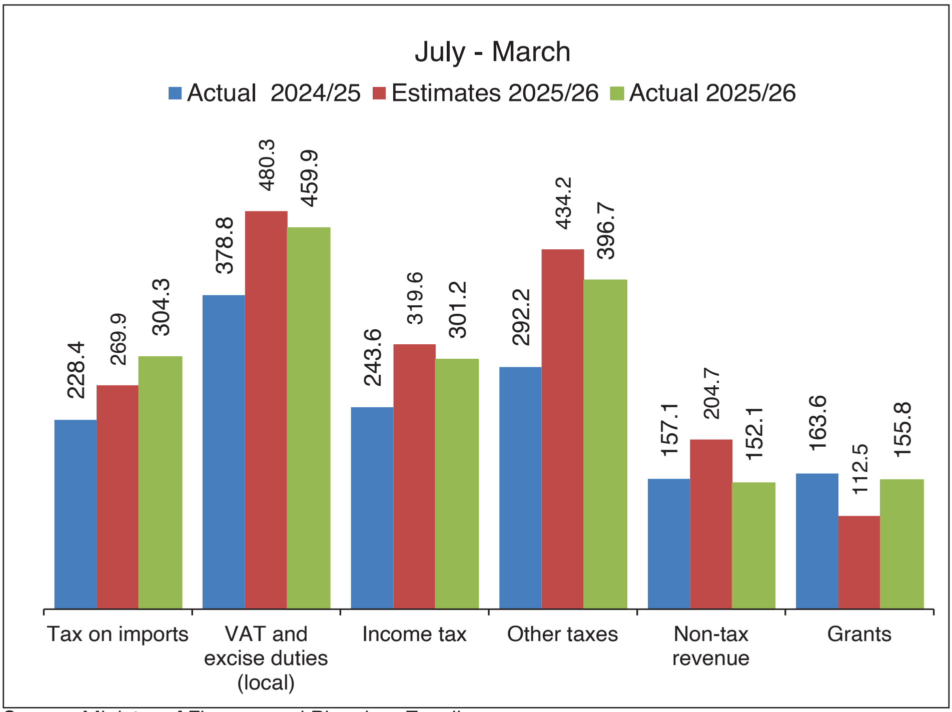
Source: Ministry of Finance and Bank of Tanzania computation
Note: [1] Net of rollover

Zanzibar's fiscal performance remained satisfactory. Government revenue and grants amounted to TZS 1,770.0 billion, from July 2025 to March 2026, equivalent to 97.2 percent of the target. Of this amount, domestic revenue accounted for 91.2 percent of the total revenue, and the balance was grants. Tax revenue totalled TZS 1,462.1 billion, equivalent to 97.2 percent of the target, with all tax categories demonstrating satisfactory performance. Non-tax revenue amounted to TZS 152.1 billion, equivalent to 74.3 percent of the target (Chart 4.8a).

Similarly, Government spending amounted to TZS 3,196.9 billion, of which recurrent expenditure was TZS 1,437.1 billion and development expenditure was TZS 1,759.9 billion (Chart 4.8b). Domestic funding accounted for 80.5 percent of the total development expenditure, reflecting the Government's commitment to improving the development infrastructure, and the balance was from foreign sources.

Chart 4.8a: Zanzibar Resource Envelope

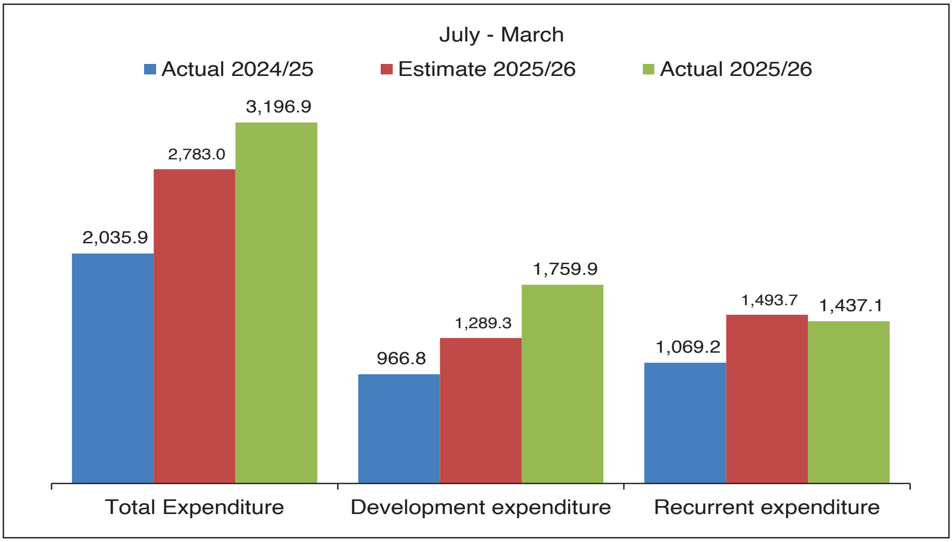
Billions of TZS



Source: Ministry of Finance and Planning, Zanzibar

Chart 4.8b: Zanzibar Expenditure

Billions of TZS



Source: Ministry of Finance and Planning, Zanzibar

4.6 Debt Developments

Public debt remains sustainable, with a moderate risk of debt distress. The ratio of the present value of public debt to GDP in 2024/25 was 40.7 percent, down from 41.1 percent in the preceding year, and remains well below the debt sustainability threshold of 55 percent. In nominal terms, the public debt amounted to USD 44,835.1 million at the end of April 2026, equivalent to 47.7 percent of GDP, which is well below the SADC convergence ceiling of 60 percent (Tables 4.2a)[5]. Of the debt stock, 66.3 percent was external debt, largely owed to multilateral institutions and commercial creditors and the disbursed outstanding debt was primarily channelled towards transport and communication, followed by balance of payments and budget support, and social welfare and education activities. Meanwhile, domestic debt amounted to TZS 39,335.8 billion a 3.8 percent increase from the end-December 2025, with Treasury

5 GDP at current market prices for 2025/26 is projected at TZS 244,659 billion, equivalent to USD 94,924.8 million at end March 2026 exchange rate.

bonds dominating the portfolio (Table 4.2b). Zanzibar domestic debt stock stood at TZS 2,704.9 billion in April 2026 driven predominantly by investments in Treasury bonds and borrowings from commercial banks.

Table 4.2a: Debt Stock

Millions of USD

	Jun-25	Dec-25[r]	Apr-26[p]
Central government	41,874.7	44,812.3	44,835.1
External debt	28,243.6	29,327.3	29,717.5
% of total central government debt	67.4	65.4	66.3
Domestic debt	13,631.1	15,485.0	15,117.6
Private sector	6,517.9	6,201.5	6,232.1
Public corporations	3.8	3.8	0.0
External debt stock	34,765.3	35,528.8	35,949.6
National debt stock	48,396.3	51,013.8	51,067.2

Source: Ministry of Finance and Bank of Tanzania
Note: r denotes revised data; and p, provisional data

Table 4.2b: Domestic Debt

Billions of TZS

	Jun-25		Dec-25		April -26[P]	
Instrument	Amount	Share (%)	Amount	Share (%)	Amount	Share (%)
Government securities	30,170.4	85.0	33,012.5	87.1	33,438.1	85.0
Treasury bills	2,001.3	5.6	1,951.9	5.2	1,518.7	3.9
Government stocks	187.1	0.5	135.7	0.4	135.7	0.3
Government bonds	27,982.0	78.8	30,924.8	81.6	31,783.7	80.8
Tax certificates	0.1	0.0	0.1	0.0	0.1	0.0
Non-securitized debt	5,332.4	15.0	4,886.5	12.9	5,897.6	15.0
Other liabilities*	18.4	0.1	0.0	0.0	0.0	0.0
Overdraft	5,314.0	15.0	4,886.5	12.9	5,897.6	15.0
Domestic debt stock (excluding liquidity papers)	35,502.8	100.0	37,899.0	100.0	39,335.8	100.0

Source: Ministry of Finance and Bank of Tanzania
Note: p denotes provisional data; and 'other liabilities' include commercial loan and duty drawback

4.7 External Sector Performance

The external sector of the economy was strong, despite the impact of the US-Iran conflict and trade policy uncertainties. As a result, during the first half of 2025/26, the current account improved, supported by exports of traditional crops, gold, and tourism earnings, coupled with modest import growth. However, during the second half of 2025/26, the external sector slowed after a sustained period of improvement, as reflected in a widening of the current account deficit amid ongoing geopolitical conflicts in the Middle East. During the first 10 months of 2025/26, the current account deficit widened to USD 2,027.2 million from USD 1,544.1 million in the corresponding period of 2024/25, driven by higher imports of machinery, industrial transport equipment and industrial supplies relative to exports (Table 4.3 and Chart 4.9). While increasing capital and intermediate imports initially widens the deficit, it signals strengthening industrial activity that is expected to boost long-term exports and ultimately narrow the current account deficit.

On an annual basis, the current account deficit was USD 2,650.8 million (2.6 percent of GDP) in the year ending April 2026, compared with USD 2,112.1 million (2.4 percent of GDP) in the year to March 2025.

Table 4.3: Current Account

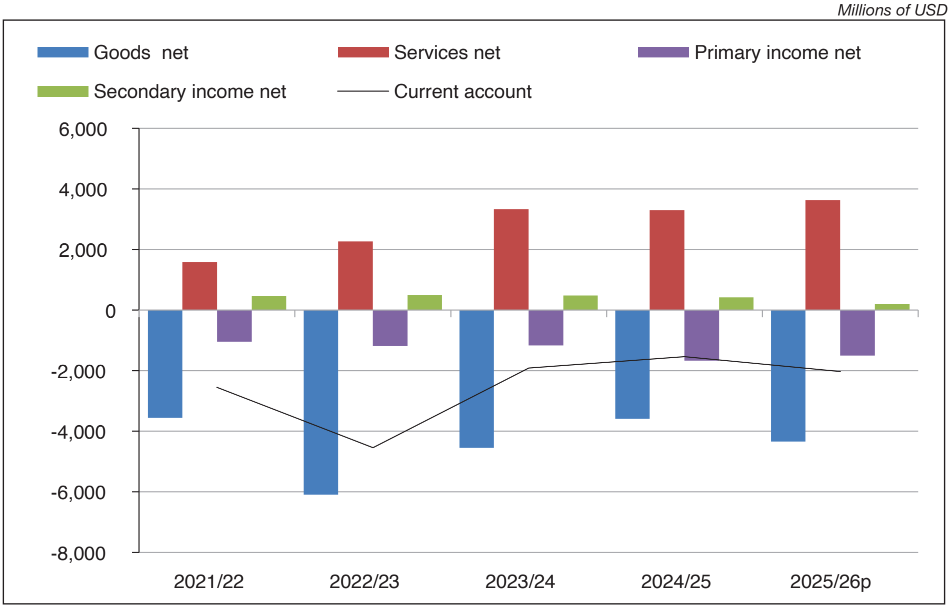
Millions of USD

Item	Year ending April 2022	2024	2025	2026^p	July - April 2024/25	2025/26^p
Goods account (net)	-7,159.1	-5,979.9	-4,553.6	-5,353.5	-3,585.7	-4,344.9
Exports*	7,246.3	7,815.8	9,682.7	11,215.0	8,407.2	9,750.6
Imports	-14,405.5	-13,795.7	-14,236.3	-16,568.5	-11,992.9	-14,095.5
Services account (net)	2,586.7	4,151.4	3,908.0	4,285.6	3,293.8	3,627.9
Receipts	5,237.3	6,466.0	6,942.3	7,661.7	5,940.9	6,487.2
Payments	-2,650.6	-2,314.6	-3,034.2	-3,376.1	-2,647.1	-2,859.3
Goods and services (net)	-4,572.4	-1,828.5	-645.6	-1,067.9	-291.9	-717.0
Exports of goods and services	12,483.6	14,281.7	16,625.0	18,876.7	14,348.1	16,237.8
Imports of goods and services	-17,056.0	-16,110.2	-17,270.5	-19,944.6	-14,640.0	-16,954.8
Primary income account (net)	-1,458.7	-1,608.4	-1,998.4	-1,851.0	-1,669.0	-1,508.6
Receipts	189.3	338.5	301.8	298.7	253.2	259.8
Payments	-1,648.0	-1,946.9	-2,300.2	-2,149.7	-1,922.2	-1,768.4
Secondary income account (net)	591.1	667.8	531.9	268.1	416.8	198.4
Inflows	823.3	1,323.6	1,117.2	926.4	902.3	768.3
o/w General government	63.2	140.9	133.1	20.2	96.2	12.7
Outflows	-232.2	-655.8	-585.3	-658.3	-485.5	-570.0
Current account balance	-5,440.0	-2,769.1	-2,112.1	-2,650.8	-1,544.1	-2,027.2

Source: Tanzania Revenue Authority and Bank of Tanzania
Note: p - denotes provisional data; o/w, of which, and * Include adjustment for unrecorded exports

Chart 4.9: Current Account

Millions of USD



Source: Tanzania Revenue Authority and Bank of Tanzania
Note: p - denotes provisional data; o/w, of which, and * Include adjustment for unrecorded exports

During the first 10 months of 2025/26, exports of goods and services amounted to USD 16,237.8 million, increasing by 13.2 percent from USD 14,348.1 million in the corresponding period in 2024/25. The strong performance was primarily reflected in increased exports of gold, tourism services, manufactured goods, and traditional commodities, notably tobacco, cashew nuts, and coffee (Table 4.4 and Chart 4.10). Gold and travel services accounted for the lion's share of exports, together contributing 51.3 percent of total goods and services exports. On an annual basis, exports of goods and services amounted to USD 18,876.7 million in the year ending April 2026, compared with USD 16,625 million in the year to April 2025.

Table 4.4: Export Performance of Selected Goods and Services

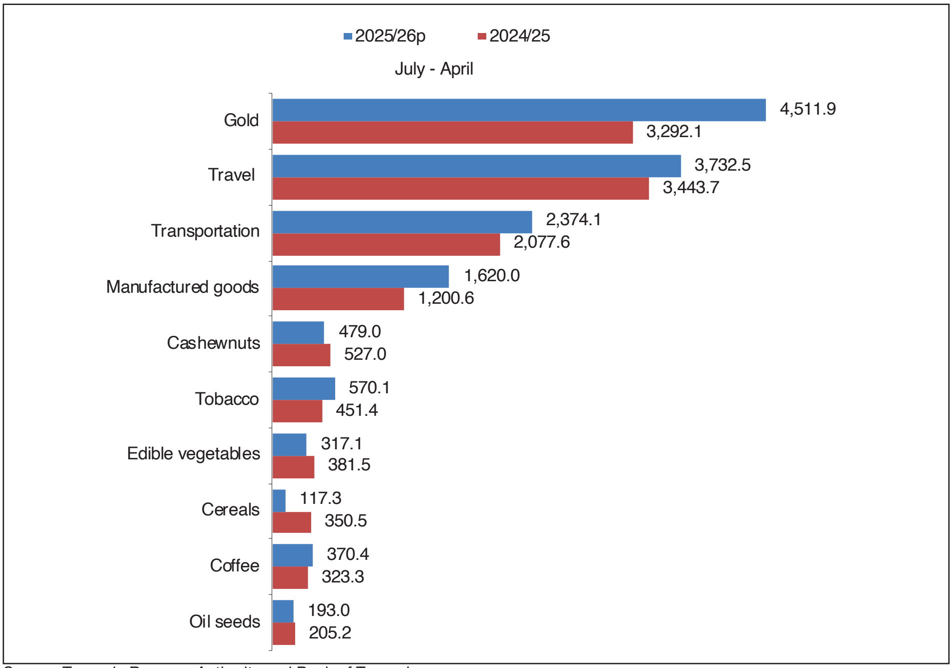
Millions of USD

	Year ending April			July - April	
Item	2024	2025	2026^p	2024/25	2025/26^p
Traditional exports	1,051.7	1,459.0	1,625.9	1,394.0	1,579.6
Non-traditional	6,362.6	7,821.9	9,271.9	6,669.2	7,887.5
o/w Gold	3,133.3	3,821.2	5,268.9	3,292.1	4,511.9
Manufactured goods	1,359.6	1,389.9	1,897.2	1,200.6	1,620.0
Horticultural products	411.3	514.4	466.5	478.3	436.6
Services	6,466.0	6,942.3	7,661.7	5,940.9	6,487.2
o/w Travel	3,589.9	4,006.3	4,385.3	3,443.7	3,732.5
Transport	2,296.0	2,419.3	2,834.8	2,077.6	2,374.1
Export of goods and services	14,281.7	16,625.0	18,876.7	14,348.1	16,237.8

Source: Tanzania Revenue Authority and Bank of Tanzania
Note: p - denotes provisional data

Chart 4.10: Export Performance of Selected Goods and Services

Millions of USD



Source: Tanzania Revenue Authority and Bank of Tanzania
Note: p - denotes provisional data

Imports of goods and services amounted to USD 16,954.8 million in the first 10 months of 2025/26, an increase of 15 percent from USD 14,640 million in the corresponding period in 2024/25 (Table 4.5). The increase was largely driven by industrial transport equipment, machinery, and industrial supplies, reflecting growing infrastructure development and manufacturing activity. Imports of white petroleum products, which accounted for 14 percent of imports of goods, increased by 2.4 percent, reaching USD 2,105.6 million. The slight rise reflects the global price effect. Meanwhile, freight payments rose, consistent with goods imports. On an annual basis, the import bill was USD 19,944.6 million in the year to April 2026, compared to USD 17,270.5 million in the year to April 2025.

Table 4.5: Tanzania Imports by Major Category

Millions of USD

Item	Year ending April			July - April	
	2024	2025	2026^{p}	2024/25	2025/26^{p}
Capital	2,909.1	2,929.4	4,132.7	2,506.2	3,577.3
Machinery and mechanical appliances	1,209.7	1,071.9	1,333.1	905.9	1,140.2
Intermediate	9,439.8	9,874.3	10,842.5	8,291.7	9,200.6
Industrial supplies	4,375.5	4,873.8	5,753.6	4,157.6	4,836.6
Fuel and lubricants	2,904.7	2,660.8	2,519.6	2,155.9	2,207.2
o/w Refined white products	2,684.5	2,506.3	2,415.8	2,055.3	2,105.6
Parts and accessories	977.7	1,115.2	1,199.3	957.0	1,008.6
Consumer	1,444.6	1,430.5	1,591.0	1,193.1	1,315.6
Services payment	2,314.6	3,034.2	3,376.1	2,647.1	2,859.3
o/w Transportation	1,276.2	1,426.5	1,666.2	1,228.4	1,427.3
Travel	370.8	643.1	702.2	572.8	606.1
Other	667.6	964.6	1,007.7	846.0	825.9
Goods and services	16,110.2	17,270.5	19,944.5	14,639.3	16,954.0

Source: Tanzania Revenue Authority and Bank of Tanzania
Note: "p" - denotes provisional data, and o/w, of which.

Zanzibar's current account balance widened by 24.9 percent to USD 795.2 million in the first ten months of 2025/26 from USD 638.9 million recorded in the corresponding period of 2024/25, mainly driven by an increase in service receipts. Export of goods and services rose significantly by 46 percent, largely on account of improved service receipts, particularly tourism activities. Likewise, imports of goods and services increased by 33.6 percent to USD 694.7 million, owing to higher imports of industrial transport equipment, foodstuffs and machinery (Table 4.6 and Chart 4.7a and 4.7b).

Table 4.6: Zanzibar Current Account

Millions of USD

Item	Year ending April 2024	2025	2026	July - April 2024/25	2025/26p
Goods account net	-434.0	-492.6	-613.1	-418.9	-528.1
Exports	64.6	33.8	64.1	30.1	60.9
Imports (fob)	498.6	526.4	677.2	449.0	589.0
Services account net	888.1	1,187.5	1,432.3	914.9	1,316.4
Receipts	985.7	1,287.7	1,553.8	985.7	1,422.1
Payments	97.6	100.2	121.5	70.8	105.7
Goods and services net	454.1	694.9	819.1	496.0	788.3
Exports of goods and services	1,050.4	1,321.5	1,617.9	1,015.9	1,483.0
Imports of goods and services	596.3	626.6	798.7	519.8	694.7
Primary income account net	12.1	13.7	7.6	99.5	6.1
Receipts	17.7	19.7	9.2	118.7	7.5
Payments	5.6	6.0	1.7	19.2	1.4
Secondary income net	1.7	1.7	1.1	43.4	0.8
Inflows	3.0	3.3	1.7	52.2	1.3
Outflows	1.2	1.6	0.6	8.8	0.5
Current account balance	467.9	710.2	827.8	638.9	795.2

Source: Tanzania Revenue Authority and Bank of Tanzania calculations
Note: p denotes provisional data

Table 4.7a: Export Performance of Selected Goods and Services

Millions of USD

Item	Year ending April 2024	2025	2026	July - April 2024/25	2025/26p
Traditional exports					
Clove	28.8	3.3	38.7	3.2	38.4
Non-traditional exports					
Seaweeds	6.9	3.7	1.4	2.7	0.9
Manufactured goods	18.9	14.7	11.1	13.8	9.5
Fish and fish products	2.1	1.6	0.6	1.1	0.6
Other exports	7.9	10.5	12.2	9.4	11.6
Sub-total	35.9	30.4	25.4	26.9	22.5
Grand-total	64.6	33.8	64.1	30.1	60.9

Source: Tanzania Revenue Authority and Bank of Tanzania calculations

Table 4.7b: Import Performance of Selected Goods

Millions of USD

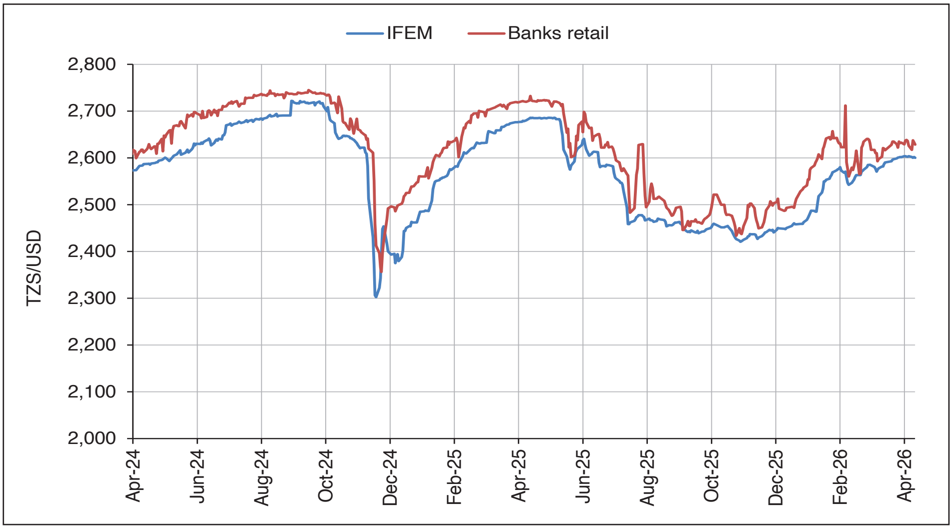
Item	Year ending April			July - April	
	2024	2025	2026	2024/25	2025/26[p]
Capital	68.7	66.1	172.5	59.9	163.5
Intermediate	371.6	391.2	404.6	330.7	336.2
Fuel and lubricants	179.4	159.1	107.8	58.4	89.4
o/w Refined White Products	179.3	157.5	107.8	132.1	81.1
Industrial supplies	93.9	118.8	188.8	101.3	166.9
Parts and accessories	13.6	16.3	31.0	13.8	28.7
Consumer	58.3	69.1	100.1	58.4	89.4
Food and beverages mainly for household consumption	13.7	17.3	18.6	14.6	16.0
Non-industrial transport equipment	1.9	2.2	3.0	2.0	1.2
Other consumer goods	42.7	49.5	74.2	1.2	1.7
o/w Pharmaceutical products	1.5	3.7	1.7	3.6	1.0
Grand Total	498.6	526.4	677.2	449.0	589.0

Source: Tanzania Revenue Authority and Bank of Tanzania calculations

4.8 Foreign Exchange Liquidity, Exchange Rate and Reserves

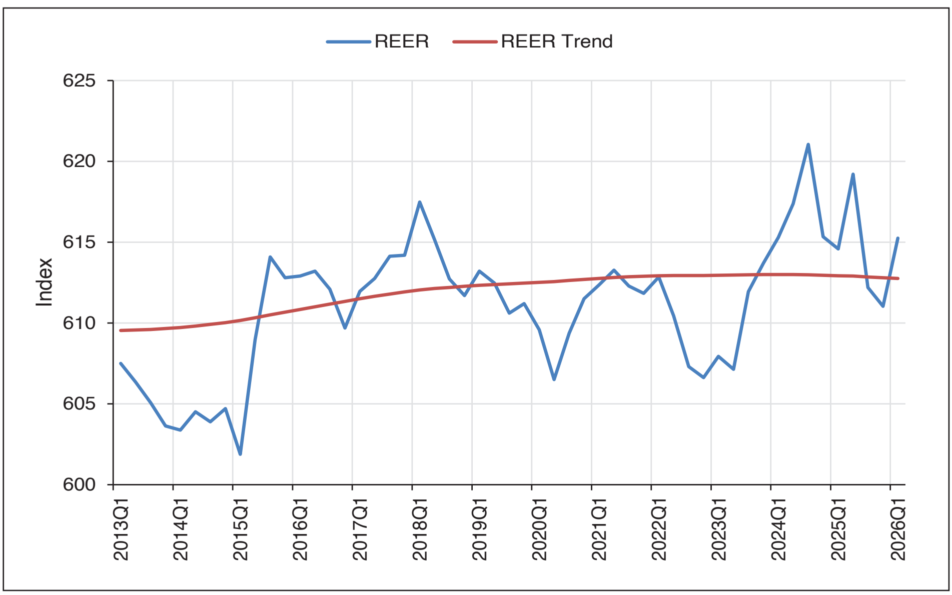
Foreign exchange market conditions remained broadly stable during 2025/26, supported by strong inflows from tourism and exports of gold and traditional cash crops. Foreign exchange liquidity continued to move in tandem with global commodity prices, market sentiments and seasonal foreign exchange inflows. The Tanzanian shilling strengthened against the US dollar, supported by improved market fundamentals, stronger foreign exchange inflows and easing market pressures. Specifically, the shilling appreciated at an average of 2.7 percent in the year ending April 2026, compared to a depreciation of 3.9 percent in the same period of 2024/25. The retail exchange rate continued to move closely with the interbank market rate, indicating improved market efficiency and reduced incentives for parallel market activity (Chart 4.11a). The real effective exchange rate remained broadly aligned with macroeconomic fundamentals, suggesting that external competitiveness was preserved (Chart 4.11b).

Chart 4.11a: Nominal Exchange Rates



Source: Bank of Tanzania

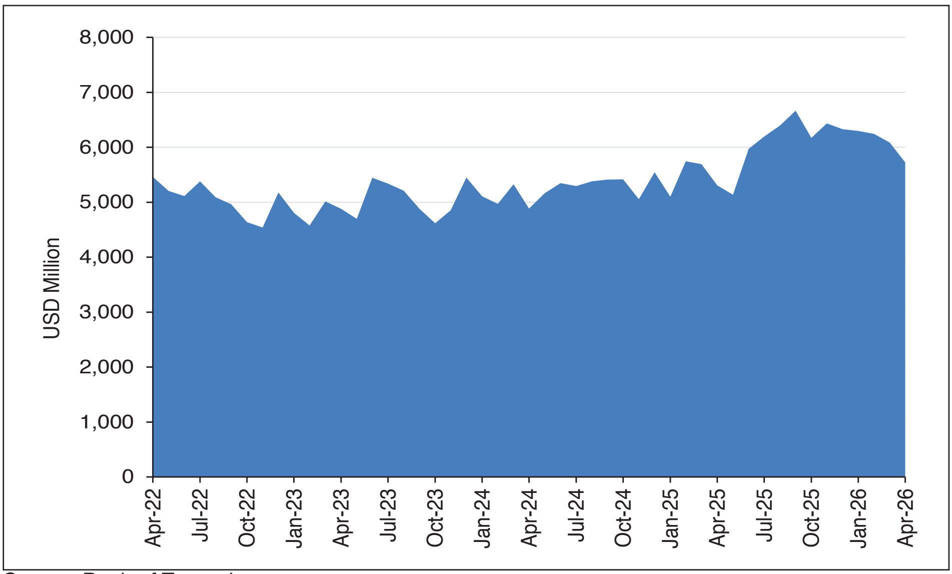
Chart 4.11b: Real Effective Exchange Rate



Source: Bank of Tanzania

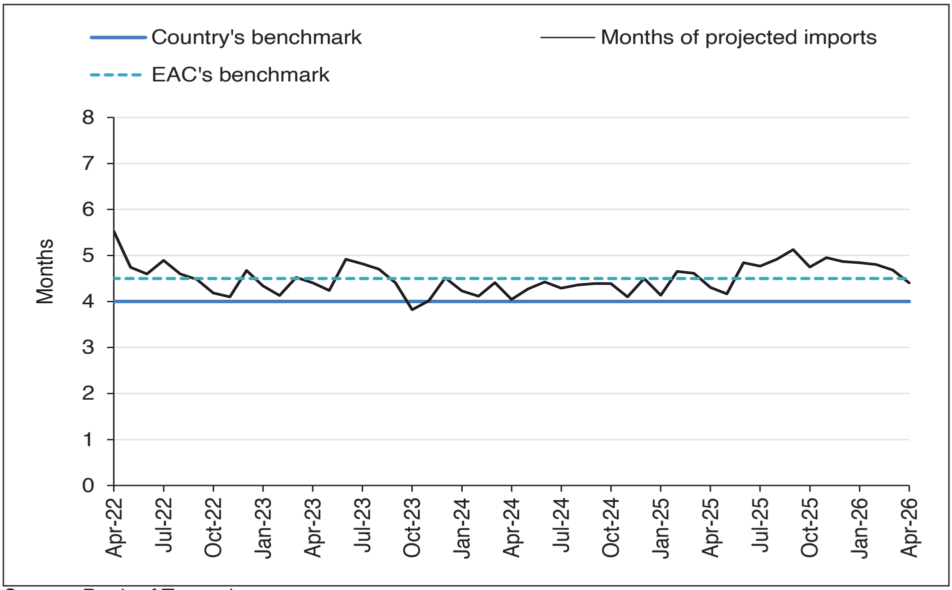
Foreign reserves remained adequate throughout the first 10 months of 2025/26, mainly supported by the continued domestic gold purchase program. The reserves amounted to USD 5,722.5 million at the end of April 2026, sufficient to cover around 4.4 months of projected imports of goods and services. The import cover was above the national benchmark of 4.0 months and close to the EAC threshold of 4.5 months (Chart 4.12a and 4.12b).

Chart 4.12a: Foreign Exchange Reserves



Source: Bank of Tanzania

Chart 4.12b: Foreign Exchange Reserves in Months of Import Cover



Source: Bank of Tanzania

4.9 Financial Sector Performance

The financial sector remained stable and resilient, with moderate risk reinforced by macroeconomic stability. The banking sector, which forms the largest part of the financial sector, was liquid, profitable and adequately capitalized. Assets of banks increased in tandem with deposits, driven by the expansion of agent banking services, an increase in the uptake and growth of financial products, and digital banking services. The quality of banks' assets continued to improve, as reflected by a decline in non-performing loans (NPLs) to 2.9 percent in April 2026 from 3.3 percent in June 2025. The NPL ratio was below the tolerable level of not more than 5 percent and is expected to decline further as banks implement measures to improve the quality of assets. Liquidity in banks remained adequate, as the ratio of liquid assets to demand liabilities exceeded regulatory requirements of 20 percent.

In collaboration with stakeholders, the Bank will continue to undertake reforms to further deepen the financial sector. The reform measures include (i) develop cyber security guidelines, (ii) develop a regulatory and supervisory framework for non-interest (Islamic) banking in the United Republic, (iii) collecting data on a real-time basis to facilitate timely and effective supervision and (iv) enhance framework for governance and supervision of climate related financial risks. The reform measures also include improving access and usage of financial products and services.

Meanwhile, financial inclusion continued to increase through expansion of access and usage of formal financial services by individuals and Micro, Small and Medium Enterprises (MSMEs). The access of the population living within a five-kilometre radius to formal financial access point increased to 93.4 percent. The usage of financial services in banks and non-banks reflected a higher outcome over the period ending April 2026, with an increase in both the total number of individual deposit accounts and the number of individual loan accounts.

4.10 Payment Systems Performance

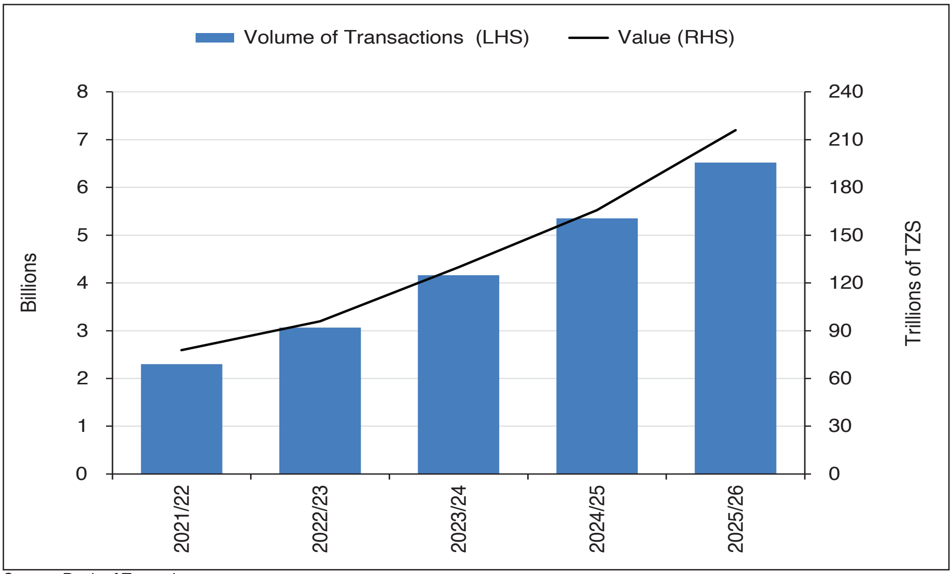
Payment systems remained resilient and efficient during the first ten months of 2025/26, maintaining system availability above 99.6 percent. The Bank continued to advance the modernisation of the payment infrastructure by implementing Phase III of the Tanzania Instant Payment System (TIPS), which aims to expand the payment system's use cases, and completed the migration from Message Type (MT) to the ISO 20022 Messaging Standards. These initiatives are intended to strengthen efficiency, reliability, interoperability, and straight-through processing across domestic and cross-border retail and high-value payments.

In furtherance of efforts to promote digital payments and reduce reliance on cash, the Bank implemented measures to address affordability barriers by revising transaction fees for interoperable payment services, including bank-to-wallet and wallet-to-bank transfers processed through TIPS, capping fees and charges at TZS 5,000 for transactions above TZS 500,000. Similarly, the disbursement of Incoming International Money Transfer (IMT) through TIPS was completed at a standardised interchange fee of TZS 1,000 per transaction, payable by the sending participant to the beneficiary's participants. Further, the Bank set a maximum fee and charge of TZS 3,000 for GEPG transactions amounting to TZS 500,000 or above processed through digital channels. In addition, the Bank, in collaboration with payment system stakeholders, continued with dialogues to identify areas to reduce charges and fees and initiatives that promote a cash-lite economy.

Regional cross-border payment infrastructures, namely the East Africa Payment System (EAPS) and the SADC Real–Time Gross Settlement System (SADC-RTGS), continued to operate efficiently and to support seamless cross-border transactions within their respective regions. To encourage greater utilization of these platforms, the Bank, in collaboration with regional central banks, continued to implement targeted interventions aimed at addressing low adoption and usage constraints.

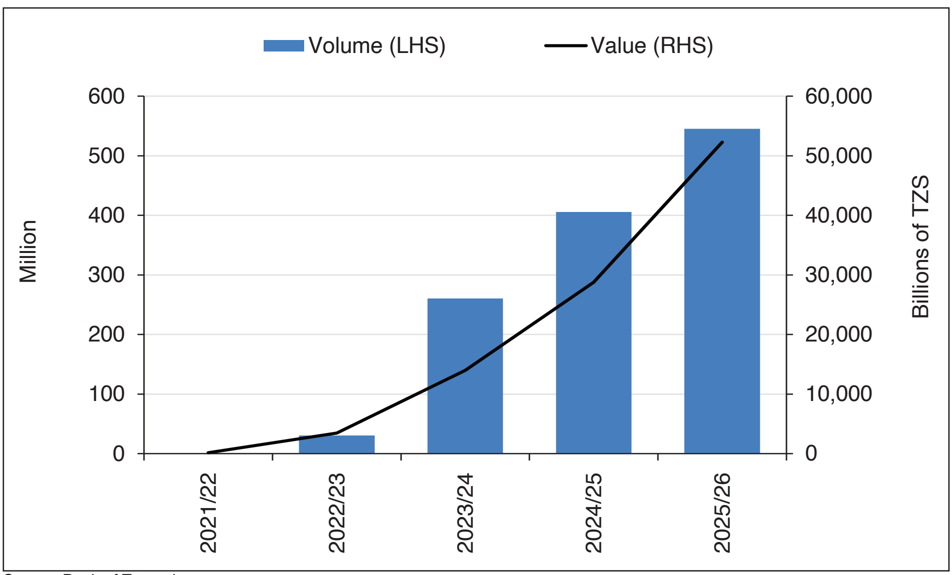
Mobile phones continued to be the key instrument in bridging the infrastructure gap, providing a platform for the unbanked population to access financial services. The volume and value of mobile payment transactions increased by 21.79 percent and 30.35 percent in the first 9 months of 2025/26, respectively (Chart 4.13a). Mobile money transactions are increasingly supported by a conducive payment system environment, consumer trust, and reliable digital infrastructure. Meanwhile, interoperable transactions volume and value processed through TIPS increased by 34.36 percent and 81.58 percent, respectively (Chart 4.13b).

Chart 4.13a Mobile Payments



Source: Bank of Tanzania
Note: LHS denoted Left Hand Side; and RHS, Right Hand Side

Chart 4.13b: Tanzania Instant Payment Systems Transactions



Source: Bank of Tanzania
Note: LHS denoted Left Hand Side; and RHS, Right Hand Side

PART V

5.0 ECONOMIC OUTLOOK

5.1 Global Economy

The global economy is projected to moderate in 2026 relative to the preceding year, reflecting energy supply disruptions and elevated geopolitical conflicts. Growth is however, expected to recover modestly in 2027, supported by gradual stabilization in energy markets and financial conditions. The IMF forecasts global growth to be 3.1 percent in 2026 and 3.2 percent in 2027. The World Bank projects a more subdued growth path, at 2.6 percent in 2026 and 2.7 percent in 2027, while the OECD forecasts growth of 2.9 percent and 3.1 percent, respectively. Across advanced economies, the IMF projects the United States and the Euro Area to grow by 2.3 percent and 1.1 percent, respectively, in 2026. Emerging economies are expected to maintain relatively strong growth momentum, at 3.9 percent, with India expected to record stronger growth of around 6.5 percent, supported by robust domestic demand and increased exports, following the reduction in U.S. trade tariffs. In Sub-Saharan Africa, growth is projected to moderate to 4.3 percent in 2026 attributable to a build-up of inflationary pressures, higher fertilizer prices, and elevated shipping costs associated with supply chain disruptions in the Middle East.

Inflationary pressures are projected to increase in 2026, reversing the disinflation trend observed in the preceding year, mainly due to resurgences in energy and other commodity prices. In particular, oil prices are projected to reach USD 82 per barrel in 2026, from USD 67.74 in 2025, before moderating to USD 75.97 in 2027, as market disruptions gradually normalize. Against this backdrop, the IMF projects global inflation to increase from 4.1 percent in 2025 to 4.4 percent in 2026, before easing to 3.7 percent in 2027[6]. The uptick is largely driven by higher energy and food prices arising from supply chain disruptions in oil and fertilizer. In Sub-Saharan Africa, inflation is forecast to increase to 5 percent by the end of 2026, from 3.4 percent at the end of 2025, reflecting the pass-through effects of elevated global energy prices, currency depreciation and rising food costs. Global inflation is expected to decline to 3.9 percent by the end of 2027, as external shocks gradually subside, and domestic stabilization measures take effect. In response to inflationary pressures, central banks are expected to maintain or hike policy rates to tame second-round effects.

5.2 Domestic Economic Outlook

Domestic economic prospects remain favourable, with the diversified nature of the economy expected to help absorb external shocks. Real GDP growth in Mainland Tanzania is forecast to remain strong, reaching 6.3 percent in 2026 and 6.6 percent in 2027, largely underpinned by public and private sector investment, as well as export growth. The main activities expected to significantly drive the growth include agriculture, mining, tourism, and construction. The Zanzibar economy is forecast to grow strongly at 7.5 percent and 7.2 percent, driven by construction, tourism, and manufacturing.

Inflation is forecast to increase but remain within the target range of 3-5 percent. In Mainland Tanzania, inflation is forecast to be above 4 percent, while in Zanzibar it is projected to remain close to 5 percent. The outlook is based on expectations of slower global economic activity relative to 2025, stable power supply and an adequate food supply.

6 IMF World Economic Outlook, April 2026.

The outlook also takes into consideration high oil and fertilizer prices caused by supply chain disruptions in the Middle East. Risks to the inflation outlook are tilted to the upside, largely reflecting uncertainty surrounding the duration and intensity of the conflicts in the Middle East.

PART VI

6.0 MONETARY POLICY OUTLOOK FOR 2026/27

In line with the macroeconomic outlook and risks discussed in part V, the monetary policy stance in 2026/27 will be less accommodative, geared towards containing the second-round inflationary effects of the pass-through of high global commodity prices on domestic inflation. This stance will be complemented by fiscal and structural policies to enhance policy effectiveness. The Monetary Policy Committee (MPC) will continue to meet on a quarterly basis to assess economic conditions and decide the appropriate path of the Central Bank Rate (CBR) to ensure inflation remains within the target of 3-5 percent. This inflation objective will be balanced with economic growth, a data-dependent monetary policy stance and general economic prospects. Monetary policy operations will continue to be calibrated towards keeping the 7-day interbank interest rate within the CBR target band.[7]

The Bank, in collaboration with other stakeholders, will accelerate the adoption of digital payment channels and increase the usage of formal financial services. To reinforce data-dependent monetary policy decisions, the Bank will collaborate with stakeholders to ensure timely availability and quality of high-frequency data. Targeted awareness sessions will also be conducted to broaden stakeholders' understanding of the interest rate-based monetary policy framework. These efforts will be complemented by measures to enhance transparency in the market-determined interest rate environment to improve monetary policy transmission, with MPC decisions on the CBR serving as the key reference point. This includes sensitizing borrowers on the Price Comparator System to enable them to make more informed financial decisions.

7 The policy corridor is currently at +/-1.5 percentage points of the CBR.

Furthermore, the Bank will continue implementing reforms in the financial sector to strengthen the monetary policy transmission and enhance policy effectiveness. In the money market, reforms will be undertaken to enhance efficiency in the interbank cash market by promoting transparency and mitigating counterparty risk. The Bank will also continue working closely with relevant stakeholders to refine the legal and regulatory framework to enable a full operationalisation of the Global Master Repurchase Agreement[8]. These reforms are expected to facilitate equitable distribution of liquidity across the banking system and safeguard financial stability.

To support monetary policy in responding to global and domestic economic conditions, the exchange rate will continue to be determined by market forces to help absorb external shocks. Central bank intervention will remain limited and conducted in line with the Bank's Foreign Exchange Intervention Policy, which allows interventions to moderate excessive short-term volatility, build foreign exchange reserves, support monetary policy implementation, and provide liquidity in the market. The Electronic Matching System, which will allow anonymous trading in the IFEM, matching demand and supply without counterparty restrictions, will be adopted, to enhance operational efficiency, transparency, and price discovery while promoting orderly market conduct. To sustain confidence in the exchange rate, the Bank will ensure foreign exchange reserves remain adequate, sufficient to cover at least four months of imports, as a buffer against external shocks. This will be done by implementing reserve mobilization strategies, including the purchase of gold through the Bank's domestic gold purchase program.

8 A standardized international legal agreement governing repurchase (repo) transactions, providing a secure framework for collateralized borrowing and lending of funds against securities while mitigating counterparty and operational risks.

APPENDICES

Table 1: Mainland Tanzania: GDP Growth Rates by Economic Activity

Percent

Economic Activity	2020	2021	2022[r]	2023[r]	2024[r]	2025[p]
Agriculture, forestry and fishing	5.2	3.7	4.3	4.3	5.1	5.5
Crops	5.3	4.0	3.5	4.3	4.5	5.0
Livestock	5.1	4.8	5.2	4.9	5.1	5.3
Forestry	5.2	5.4	4.9	5.9	6.6	7.4
Fishing	5.9	-5.0	5.5	-1.2	6.0	6.3
Agriculture support services	6.5	3.2	3.0	6.9	4.6	6.4
Industry and construction	5.5	6.1	2.7	6.9	4.6	6.4
Mining and quarrying	12.5	8.0	0.3	3.0	4.7	5.6
Manufacturing	3.9	4.6	4.3	2.5	8.1	9.4
Electricity supply	-2.2	9.9	11.7	4.7	4.9	5.2
Water supply; sewerage, waste management	5.8	6.5	5.5	10.2	7.8	11.8
Construction	3.8	6.0	2.5	2.6	4.8	3.0
Services	2.2	4.2	6.0	2.2	3.0	4.0
Wholesale and retail trade; repairs	1.9	3.0	4.1	7.0	6.7	6.9
Transport and storage	5.4	5.2	6.5	4.7	4.9	5.1
Accommodation and food Services	-14.8	4.6	11.5	7.0	7.2	8.0
Information and communication	9.1	9.3	5.4	7.3	4.1	3.6
Financial and insurance activities	1.7	4.2	9.4	10.7	11.2	8.8
Real estate	1.3	3.1	4.3	15.6	12.7	15.7
Professional, scientific and technical activities	-5.0	7.1	4.3	3.9	4.0	4.2
Administrative and support service activities	-4.9	1.6	6.5	4.4	4.2	5.6
Public administration and defence	10.4	2.6	2.3	6.9	2.1	4.3
Education	3.3	2.9	8.7	1.9	7.0	5.8
Human health and social work activities	0.2	8.0	8.0	10.9	7.5	5.2
Arts, entertainment and recreation	-5.1	8.7	5.0	7.1	7.3	6.0
Other service activities	4.6	7.1	6.8	12.4	4.8	8.5
Activities of households as employers;	3.1	3.1	3.7	8.7	5.3	5.4
All economic activities	4.0	4.6	4.5	5.1	5.7	6.2
Taxes on products	-0.7	8.0	4.8	6.9	5.2	3.0
GDP at market prices	3.6	4.9	4.6	5.2	5.6	5.9

Source: National Bureau of Statistics

Note: r denotes revised data, p denotes provisional data

Table 2: Zanzibar GDP Growth Rates by Economic Activity

Percent

Economic activity	2020	2021	2022	2023	2024	2025p
Agriculture, forestry and fishing	3.3	2.6	4.0	2.3	3.3	5.4
Crops	1.3	2.2	6.1	2.8	6.4	6.4
Livestock	8.2	3.0	2.3	-4.3	-10.8	4.9
Forestry and hunting	-4.4	4.0	2.9	6.4	0.1	0.1
Fishing	3.5	2.3	3.0	8.1	14.2	5.7
Industry	5.2	5.1	9.3	6.6	5.7	3.2
Mining and quarrying	-6.0	9.9	9.1	10.4	17.0	4.0
Manufacturing	6.5	1.1	8.1	6.9	3.3	5.4
Electricity and gas	-2.8	8.0	22.3	12.4	11.2	8.5
Water supply and sewerage	1.9	6.9	7.0	4.6	6.3	2.9
Construction	6.5	8.9	10.2	5.5	6.3	0.4
Services	-1.0	6.9	7.7	9.9	9.0	7.9
Trade and repairs	7.4	14.9	4.2	12.6	11.6	5.7
Transport and storage	-6.6	9.3	3.8	9.2	0.0	5.0
Accommodation and food services	-12.7	6.6	11.7	8.2	13.7	11.8
Accommodation	-11.3	6.5	12.3	7.8	13.2	11.5
Food and beverage services	-18.9	7.5	9.0	9.8	16.3	13.4
Information and communication	-3.2	-16.3	2.5	-10.8	4.9	8.8
Financial and insurance activities	2.2	9.9	3.7	54.6	13.7	13.2
Real estate activities	6.8	7.0	7.1	7.2	7.3	1.4
Professional, scientific and technical	1.1	5.0	1.4	3.5	6.6	3.9
Administrative and support services	-4.6	6.6	-1.5	17.0	5.9	8.1
Public administration	13.2	5.3	8.2	2.1	4.0	4.4
Education	9.7	-0.3	9.8	3.7	7.0	6.7
Human health and social work	1.4	2.4	8.9	15.8	8.2	4.9
Arts, entertaiment and recreation	-4.9	1.1	1.9	33.8	8.5	9.7
Other service activities	12.9	6.9	6.2	8.8	7.8	13.2
Domestic services	3.2	3.2	2.9	2.6	3.2	3.5
Less FISM	11.7	2.8	6.5	38.1	37.1	15.3
Taxes on products	1.6	1.2	3.0	5.9	7.0	12.8
GDP at market prices	1.3	5.1	6.8	7.4	7.1	7.0

Source: Office of Chief Government Statistician-Zanzibar
Note: p denotes provisional data; and FISM, Financial Intermediation Services Indirectly Measured

Table 3: Mainland Tanzania Annual Inflation

Percent

Main Groups	New Weight	Apr-25	May-25	Jun-25	Jul-25	Aug-25	Sep-25	Oct-25	Nov-25	Dec-25	Jan-26	Feb-26	Mar-26	Apr-26
Food and non-alcoholic beverages	28.2	5.3	5.6	7.3	7.6	7.7	7.0	7.4	6.6	6.7	5.7	5.7	5.5	5.7
Alcoholic beverages and tobacco	1.9	3.4	3.4	3.5	3.0	2.9	3.6	3.6	3.5	3.4	2.2	2.1	2.1	2.3
Clothing and footwear	10.8	2.0	2.0	2.0	1.9	1.7	1.9	2.0	2.0	2.0	1.2	1.1	1.3	1.6
Housing, water, electricity, gas and other fuels	15.1	3.8	3.4	1.7	1.3	2.1	2.3	2.4	2.2	2.3	2.3	1.7	1.6	1.7
Furnishings, household equipment and routine household maintenance	7.9	2.3	2.3	2.0	2.4	2.4	2.8	3.1	3.0	3.0	2.7	2.5	2.3	2.6
Health	2.5	1.5	1.7	1.8	1.6	1.3	1.2	1.2	1.3	1.3	1.1	0.9	1.1	1.6
Transport	14.1	2.1	1.7	1.6	1.2	1.4	2.1	1.7	2.9	4.1	4.2	4.0	4.2	9.2
Information and communication	5.4	0.1	0.1	0.0	0.2	0.4	0.2	0.3	0.3	0.5	0.9	1.1	1.0	1.0
Recreation, sport and culture	1.6	1.7	1.5	1.4	1.0	1.4	0.8	1.0	0.4	0.3	0.6	0.6	0.6	0.7
Education services	2.0	4.1	3.2	3.1	3.1	3.0	2.9	3.0	3.0	2.9	0.4	0.3	0.9	2.6
Restaurants and accommodation services	6.6	1.6	1.8	1.3	1.0	0.9	1.0	1.0	1.0	0.9	1.1	1.7	2.1	1.8
Insurance and financial services	2.1	0.8	0.7	0.6	0.6	0.6	0.4	0.4	0.3	0.4	0.5	0.3	0.3	0.1
Personal care, social protection and miscellaneous goods and services	2.1	3.0	2.0	2.0	2.0	2.3	2.3	1.6	1.7	1.2	3.2	3.2	3.3	3.5
All Items-(headline inflation)	100.0	3.2	3.2	3.3	3.3	3.4	3.4	3.5	3.4	3.6	3.3	3.2	3.2	4.0
Other selected groups														
Core	73.9	2.2	2.1	1.9	1.9	2.0	2.2	2.1	2.3	2.5	2.2	2.1	2.2	3.1
Non-core	26.1	5.7	5.6	7.1	7.1	7.3	6.7	7.3	6.2	6.7	6.0	5.9	5.6	6.3
Energy, fuel and utilities	5.7	7.3	6.1	2.1	1.0	2.6	3.7	4.0	3.8	4.6	5.2	2.8	2.1	5.3
Services	37.2	1.1	1.0	0.9	0.8	0.8	1.3	1.0	1.6	2.0	4.6	2.2	2.4	4.0
Goods	62.8	4.3	4.2	4.7	4.7	4.9	4.7	5.0	4.4	4.5	2.1	3.7	3.6	4.0
Education services and products ancillary to education	4.1	3.8	3.2	2.9	2.8	2.8	2.5	2.6	2.4	2.2	3.9	0.3	0.7	1.4
All items less food and non-alcoholic beverages	71.8	2.3	2.1	1.7	1.5	1.6	1.9	1.9	2.1	2.3	2.2	2.1	2.1	3.3

Source: National Bureau of Statistics

Table 4: Zanzibar Annual Inflation

Percent

Items	Weights (%)	Apr-25	May-25	Jun-25	Jul-25	Aug-25	Sep-25	Oct-25	Nov-25	Dec-25	Jan-26	Feb-26	Mar-26	Apr-26
Headline	100.0	4.3	4.2	4.1	4.1	3.9	3.5	3.4	3.3	3.8	4.3	4.8	4.9	5.0
Food	40.5	4.1	3.9	4.4	4.3	4.2	4.1	6.4	4.5	5.4	9.2	9.3	10.1	10.1
Non-Food	59.5	4.4	4.4	3.9	3.9	3.7	2.9	1.0	2.4	2.5	0.4	1.4	0.9	1.1
Alcoholic Beverages, Tobacco and Narcotics	0.2	-0.3	-0.2	-2.2	4.9	2.7	2.7	2.1	3.3	11.0	6.6	3.1	4.4	4.4
Clothing and Footwear	6.3	3.9	5.1	5.0	3.4	5.5	5.6	5.8	5.3	4.0	3.0	3.1	1.6	1.5
Housing, Water, Electricity, Gas and Other Fuels	25.8	5.5	4.7	3.6	5.1	3.0	1.1	-3.3	0.0	0.6	-2.3	-0.2	-0.4	-0.4
Furnishings, Household Equipment and Routine Household Maintenance	4.8	3.4	4.0	3.8	3.4	3.7	3.7	3.2	2.7	2.7	3.0	2.8	2.3	2.2
Health	1.3	0.3	1.5	1.5	4.3	1.6	1.6	1.5	2.1	2.2	1.4	1.4	1.4	0.6
Transport	9.1	2.2	2.2	2.4	1.6	1.9	2.2	2.4	3.4	3.1	2.0	2.2	1.7	2.7
Information And Communication	4.2	2.0	2.2	2.8	2.3	2.7	2.7	2.3	0.7	0.1	-0.1	-0.1	-0.2	0.0
Recreation, Sport and Culture	1.1	4.6	4.6	5.1	2.7	4.3	6.2	5.7	6.4	5.3	4.1	4.1	3.6	2.6
Education	1.6	2.6	3.8	2.1	4.3	3.8	3.8	3.1	0.8	1.1	1.9	1.9	1.6	1.5
Restaurants And Accommodation Services	1.4	0.6	0.6	0.6	3.8	1.6	1.6	1.9	1.9	2.2	7.1	7.1	6.8	6.8
Insurance And Financial Services	0.5	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
Personal Care, Social Protection and Miscellaneous Goods and Services	1.7	3.5	4.9	4.8	5.0	5.4	5.8	5.4	4.5	4.8	1.8	2.2	2.0	1.9

Source: Office of Chief Government Statistician, Zanzibar

Table 5: Monetary Statistics

Billions of TZS

	Apr-25	May-25	Jun-25	Jul-25	Aug-25	Sep-25	Oct-25	Nov-25	Dec-25	Jan-26	Feb-26	Mar-26	Apr-26
Net foreign assets of the banking system	14,658.6	14,028.1	15,509.5	15,726.1	15,766.0	15,896.7	15,715.4	16,298.6	15,286.5	15,950.0	15,749.5	15,245.6	14,553.0
Net domestic assets of the banking system	38,679.1	39,313.4	39,973.8	40,565.0	41,689.9	41,957.4	44,073.3	44,560.0	45,702.6	46,155.7	47,319.8	49,001.1	50,538.9
Private sector credit	38,755.8	39,792.0	40,549.0	40,972.2	41,530.9	41,999.9	42,386.9	43,385.5	44,603.1	45,171.4	46,054.2	47,216.5	47,919.3
Extended broad money supply	53,337.7	53,341.5	55,483.3	56,291.1	57,455.9	57,854.0	59,788.6	60,858.6	60,989.1	62,105.7	63,069.3	64,246.7	65,091.9
Foreign currency deposits	13,846.3	13,543.4	13,769.3	13,653.2	13,696.3	13,337.2	13,882.1	14,056.5	13,255.7	14,103.2	14,569.7	14,998.4	14,989.0
Forex deposits (millions of USD)	*5,187.0*	*5,044.2*	*5,253.7*	*5,292.4*	*5,539.1*	*5,424.7*	*5,673.9*	*5,770.7*	*5,429.7*	*5,740.7*	*5,848.8*	*5,831.7*	*5,766.4*
Broad money supply	39,491.4	39,798.1	41,714.0	42,637.9	43,759.6	44,516.8	45,906.5	46,802.2	47,733.4	48,002.5	48,499.6	49,248.3	50,102.9
Narrow money supply	24,013.1	24,214.9	25,653.9	26,231.6	27,402.4	27,916.4	29,058.1	29,184.1	29,813.8	29,773.0	29,957.7	30,176.9	31,151.6
Currency in circulation	7,024.1	7,438.9	7,874.8	8,122.1	8,036.4	7,730.8	8,410.1	8,545.0	8,492.1	8,102.1	8,151.8	8,078.3	8,107.1
Transferable deposits	16,989.0	16,776.0	17,779.1	18,109.4	19,366.0	20,185.6	20,648.0	20,639.0	21,321.7	21,670.9	21,805.9	22,098.5	23,044.5
Memorandum Items													
Reserve money	11,878.9	11,800.7	12,451.7	13,423.8	13,537.9	13,717.6	15,068.7	15,135.7	14,508.3	15,225.1	14,990.0	14,998.9	15,670.5
Banks' reserves	3,738.7	3,364.8	3,533.1	4,131.4	4,402.3	4,721.7	5,462.8	5,436.9	4,642.9	5,808.9	5,688.7	5,683.8	6,367.6
Currency outside Bank of Tanzania	8,140.2	8,435.8	8,918.7	9,292.3	9,135.6	8,995.9	9,605.9	9,698.8	9,865.4	9,416.2	9,301.3	9,315.1	9,302.9
Nominal exchange rate (end of period) (TZS/USD)	2,669.4	2,685.0	2,620.9	2,579.8	2,472.7	2,458.6	2,446.7	2,435.8	2,441.3	2,456.7	2,491.1	2,571.9	2,599.4
Annual growth rates (%)													
Reserve money	18.0	6.8	14.0	23.2	22.5	23.2	28.1	27.6	20.7	30.5	24.1	27.2	31.9
Extended broad money supply	20.3	18.3	18.7	19.9	20.5	20.4	21.4	22.9	24.7	24.6	24.5	23.2	22.0
Broad money supply	16.8	16.2	18.3	20.2	22.6	24.9	25.8	25.9	28.5	28.3	28.2	27.8	26.9
Credit to the private sector	14.8	17.1	15.9	15.9	16.2	16.1	16.1	18.1	23.6	23.5	24.5	24.3	23.6

Source: Bank of Tanzania

Table 6: Capital and Money Market Interest Rates

Percent

	Apr-25	May-25	Jun-25	Jul-25	Aug-25	Sep-25	Oct-25	Nov-25	Dec-25	Jan-26	Feb-26	Mar-26	Apr-26
Interbank cash market rates													
Overnight	7.90	7.95	7.93	6.62	6.15	6.29	6.45	6.08	6.00	6.13	6.01	6.17	6.15
2 to 7 days	7.98	7.96	7.96	7.43	6.52	6.43	6.29	6.19	6.30	6.34	6.31	6.25	6.18
Overall Interbank cash market rate	8.00	7.98	7.94	7.35	6.48	6.45	6.38	6.30	6.29	6.40	6.34	6.32	6.26
Lombard rate	8.00	8.00	8.00	7.75	7.75	7.75	7.75	7.75	7.75	7.75	7.75	7.75	7.75
Reverse repo rate	7.21	7.21	7.21	5.77	5.78	5.76	5.76	5.77	5.75	5.75	5.75	5.75	5.75
Treasury bills rates													
182 days	8.47	8.24	8.24	8.24	7.46	6.56	6.41	5.92	5.91	5.85	5.85	5.69	5.46
364 days	8.92	8.92	8.92	8.13	6.79	5.99	6.00	6.45	6.24	6.21	6.20	5.80	5.72
Overall Treasury bills rate	8.86	8.89	8.89	8.13	6.83	6.03	6.27	6.25	5.87	5.89	5.68	5.21	5.06
Treasury bonds rates													
2 years	12.08	12.08	12.08	12.17	12.17	12.17	10.05	10.05	10.05	10.05	10.05	8.36	8.36
5 years	13.14	12.94	12.94	13.18	13.18	12.48	12.48	10.54	10.54	10.54	10.54	10.54	9.54
7 years	9.71	9.71	9.71	9.71	9.71	9.71	9.71	9.71	9.71	9.71	9.71	9.71	9.71
10 years	14.26	14.26	14.26	13.74	13.74	13.74	12.45	12.45	12.45	11.30	11.30	11.30	9.40
15 years	14.63	14.63	14.63	14.63	13.91	13.91	13.91	12.08	12.08	12.08	10.78	10.78	10.78
20 years	15.11	15.11	14.50	14.50	14.50	13.55	13.55	13.55	12.02	12.02	12.02	10.71	10.71
25-year	15.84	15.29	14.80	14.80	14.42	13.19	13.19	13.19	13.19	13.19	11.99	11.99	11.99
Bank Rate	6.00	6.00	6.00	5.75	5.75	5.75	5.75	5.75	5.75	5.75	5.75	5.75	5.75

Source: Bank of Tanzania

Table 7: Commercial Banks' Interest Rates

Percent

Items	Apr-25	May-25	Jun-25	Jul-25	Aug-25	Sep-25	Oct-25	Nov-25	Dec-25	Jan-26	Feb-26	Mar-26	Apr-26
A: Domestic currency													
Savings deposit rate	2.89	2.52	2.90	2.90	2.90	2.92	2.93	2.88	3.02	2.94	2.98	2.89	2.91
Overall time deposits rate	7.82	8.58	8.74	8.83	8.61	8.50	8.36	8.54	8.36	8.33	8.32	8.33	8.54
6 months	9.36	9.82	10.28	10.28	10.44	10.12	10.06	10.01	9.96	10.20	10.26	10.51	10.35
12 months	9.27	9.72	9.79	9.88	9.99	9.84	9.21	10.02	9.58	9.70	9.82	9.60	9.81
Negotiated deposit rate	10.52	10.64	11.21	10.72	10.99	11.05	11.22	11.67	11.66	11.74	11.48	11.57	11.37
Overall lending rate	15.16	15.18	15.23	15.16	15.07	15.18	15.19	15.27	15.24	15.10	15.11	15.11	15.33
Short-term (up to 1year)	16.15	15.96	15.69	15.51	15.64	15.52	15.50	15.53	15.46	15.49	15.41	15.45	15.31
Medium-term (2-3 years)	15.25	15.24	15.38	15.22	15.01	15.19	15.13	15.18	15.43	14.97	15.27	15.31	15.63
Long-term (3-5 years)	13.88	14.19	14.35	14.39	14.02	14.26	14.24	14.43	14.29	14.05	13.96	13.95	14.56
Negotiated lending rate	12.88	12.99	12.68	12.56	12.72	12.84	12.40	12.61	12.38	12.25	12.19	12.21	12.56
B: Foreign currency													
Savings deposits rate	0.53	1.33	0.89	0.83	0.93	0.98	1.75	0.57	0.87	0.77	0.70	1.22	1.68
Overall time deposits rate	2.94	3.65	3.60	3.75	4.11	3.94	4.17	4.03	3.67	4.18	4.29	4.26	4.41
6-months	3.55	4.61	4.92	4.94	4.60	5.10	5.05	5.25	4.82	4.66	4.80	4.97	5.03
12-months	3.01	4.10	4.06	4.00	4.47	4.61	3.86	3.47	3.19	3.82	4.43	4.35	4.83
Overall lending rate	8.89	8.81	8.70	8.82	8.59	8.43	8.71	8.52	8.61	8.57	8.61	8.70	8.96
Short-term (up to 1 year)	9.97	9.99	9.93	9.91	9.89	9.89	9.88	9.89	9.91	10.00	10.00	10.00	10.07
Medium-term (2-3 years)	8.23	8.49	6.88	7.03	7.16	7.25	7.43	7.49	8.31	8.35	8.23	8.19	8.64
Long-term (3-5 years)	8.36	8.17	9.43	9.42	9.30	9.16	9.23	9.30	8.50	8.64	8.83	9.09	9.19

Source: Bank of Tanzania

GLOSSARY

Central Bank Rate

Means the interest rate set by the Monetary Policy Committee and used by the Bank to signal its monetary policy stance. This rate is also known as Policy rate.

Core Inflation

This is a measure of price movements caused by factors other than unprocessed food and energy prices over a specified period. It provides a better indication of the effectiveness of monetary policy.

Debt Sustainability

Refers to the ability of a country to meet its current and future debt obligations without requiring debt relief or accumulating arrears. Key indicators include the present value of the external debt to GDP ratio.

Foreign Exchange Reserves

Foreign exchange reserves consist of external assets readily available to and controlled by the Bank of Tanzania for direct financing of the balance of payments and indirectly regulating the magnitude of the balance of payments imbalances through intervention in foreign exchange markets. Gross official reserves comprise the Bank of Tanzania's holdings of monetary gold, special drawing rights (SDRs), reserve position in the International Monetary Fund, and foreign exchange resources available to the Bank of Tanzania for meeting external financing needs.

Gross Domestic Product (GDP)

GDP is defined as the total value of goods and services that are newly produced in the economy during an accounting period, generate net incomes for the economy and are available for domestic final uses or for exports. It can be measured by three approaches, namely: production approach, expenditure approach and income approach.

Inflation

The rate at which the average level of prices of a basket of selected goods and services in an economy is increasing over a period. It is often expressed as a percentage. Inflation indicates a decrease in the purchasing power of a nation's currency.

Inflation Forecast

Refers to a projected level of change of consumer price index (CPI), by the Bank, based on assessment of the domestic economic conditions and global economic developments, using a combination of model-based analysis and expert judgement. The indicator is expressed as an annual percentage change.

Money Supply (M)

The sum of currency circulating outside the banking system and deposits of residents with banks are defined in various levels of aggregation. In Tanzania, three aggregates of money supply are compiled and reported, namely: narrow money (M1), broad money (M2), and extended broad money (M3).

M1 — Currency in circulation outside the banking system plus demand deposits (cheque account) of residents with banks in the country

M2 - M1 plus fixed deposits and savings deposits of residents with banks in the country

M3 - M2 plus residents' foreign currency deposits

Nominal Effective Exchange Rate (NEER)

NEER is a measure of the value of a currency against a weighted average of several foreign currencies.

Non-Food Inflation

This is a measure of price movements caused by factors other than food prices.

Non-Performing Loan

A non-performing loan means any credit accommodation for which contractual obligation for repayment is past due for more than ninety days or is classified as substandard, doubtful or loss under the criteria prescribed in the Banking and Financial Institutions (Management of Risk Assets) Regulation, 2014 or other regulations for development finance institutions or microfinance, as the case may be, and is placed on a non-accrual basis.

Public Debt

Debt is payable or guaranteed by the government. Tanzania's public debt has two main components: domestic debt (incurred principally to finance fiscal deficit) and external debt (raised primarily to finance development projects). It comprises of the debt central government owes to foreign creditors and external obligations of government departments and agencies that are guaranteed for repayment by the Government.

Real Effective Exchange Rate (REER)

REER is the weighted average of a country's currency in relation to an index or basket of other major currencies adjusted to inflation.

Repurchase Agreements (Repo)

An arrangement involving the sale of securities at a specified price with a commitment to repurchase the same or similar securities at a fixed price on a specified future date.

Reverse Repo

An arrangement involving the buying of securities at a specified price with a commitment to resale the same or similar securities at a fixed price on a specified future date.

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