



Bank of Tanzania

Monetary Policy Report

October 2024

Bank of Tanzania Monetary Policy Framework

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 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 5 percent.

To fulfil these objectives, the Monetary Policy Committee (MPC) assesses economic conditions and determines the policy rate that is consistent with maintaining low and stable inflation and supporting the economy's growth. The Bank of Tanzania strives to steer the 7-day interbank interest rate (the operating target variable) along the policy rate.

The Bank uses a variety of monetary policy instruments to align the operating target along the policy rate. 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 loan facilities granted to all banks on demand to ensure efficiency and facilitate smooth and efficient settlement of payments.

In implementing the Policy, the Bank exercises a high degree of transparency in its actions and decisions. The decisions of the Monetary Policy Committee (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).

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Executive Summary

The Monetary Policy Committee (MPC) decided to maintain the Central Bank Rate (CBR) at 6 percent for the quarter ending December 2024. The decision was made at its quarterly meeting held on 2nd October 2024, after considering that inflation is forecast to remain low, consistent with the target of 5 percent. The MPC also projected growth to be steady in line with the improving domestic and global conditions. Therefore, the Bank will implement monetary policy to ensure the 7-day Interbank Cash Market (IBCM) rate moves within +/- 200 basis of the CBR.

In the quarter ending September 2024, liquidity in the banks was observed to be lower compared to the preceding quarter, mainly due to higher than projected demand for shilling for purchasing crops. The decline in the liquidity condition was reflected in the low levels of banks' clearing balances, an increase in banks' access to the Lombard facility, and a rise in the interbank interest rates. To keep liquidity at the desired levels, and thereby ensuring the 7-day IBCM rate moves within the CBR corridor, the Bank of Tanzania injected liquidity through reverse repo auctions.

Global conditions continued to improve, characterised by steady economic growth, decline in inflation, easing monetary conditions, and relatively stable commodity prices in the world market. In July 2024, the IMF maintained global growth projections at 3.2 percent and 3.3 percent for 2024 and 2025, respectively, which will be mostly driven by emerging market economies. The World Bank's Global Economic Prospects projects growth of 2.4 percent and 2.7 percent. Bloomberg quarterly projections reports indicate steady growth, across advanced, emerging market and developing economies. Inflation in most countries declined, with advanced economies recording a three-year low in the quarter ending September 2024. Some central banks have started to lower policy rates, while others have kept the rates unchanged. Commodity prices exhibited a mixed trend but relatively stable. Crude oil prices fell to an average close to USD 72.6 per barrel in September 2024, from a peak of around USD 88 per barrel in April 2024, driven by increased supply. Gold price surged, reaching a record high of around USD 2,585 per

troy ounce, due to strong demand attributable to expectations of interest rate cuts by most central banks. Global growth is projected to improve on the back of easing financial conditions. Inflation is projected to continue declining, owing to the lagged impact of tight monetary policy and a decline in commodity prices, particularly crude oil and fertilizer. Most central banks are expected to either cut or maintain policy rates. Commodity prices in the world market are projected to remain stable.

The performance of the domestic economy in the past three quarters of 2024 is estimated to be satisfactory. GDP growth in Mainland Tanzania was 5.6 percent in the first quarter, compared with the 5 percent recorded in the corresponding period in 2023. Activities that have contributed most to the growth outturn, include construction, agriculture, financial and insurance, and transportation. Growth is estimated at 5.8 percent and 5.6 percent in the second and third quarters of 2024, respectively, and is projected to grow at around the same pace in the fourth quarter of the year. The projected growth is bolstered by improvements in global and domestic economic conditions. The Zanzibar economy grew by 6.4 percent in the first quarter of 2024 driven by transport, financial and insurance, and construction, and is projected to grow at the same high levels in the outer periods of the year.

Inflation remained stable and within the country and regional convergence targets. Headline inflation was 3.1 percent in the quarter ending September 2024 and is projected to be at around 3.2 percent in the subsequent quarter. The stability of consumer goods prices in the world market, adequate food supply, stable power supply, and prudent monetary and fiscal policies are expected to contribute the most in containing inflationary pressures. Inflation also eased in Zanzibar, reaching 5.1 percent in August 2024 attributed to both food and non-food prices and is projected to remain consistent with the target of 5 percent. The upside risks to the inflation outlook include the potential disruption of supply chains due to geopolitical conflicts.

The growth of money supply slowed slightly in July to September 2024 relative to the preceding quarter. Private sector credit growth remained robust, averaging at 17.1

percent, as in the previous quarter. The risk on lending remained low, reflected by improvement in banks' asset quality, with the NPL ratio decreasing to 3.9 percent in August 2024 from 5.1 percent in the corresponding month of 2023. Private sector credit growth is expected to remain high as global and domestic economic conditions continue to improve, coupled with supportive policies intended to boost economic growth.

Foreign exchange inflows improved on account of a seasonal increase in tourism and exports of food and cash crops. The high price of gold in the world market also contributed to the foreign exchange inflows. The exchange rate depreciated at a slower pace of 10.1 percent, year-on-year, in September 2024, compared with 12.5 percent in June 2024. Foreign exchange reserves were high, amounting to USD 5,413.6 million at the end of September 2024 from USD 5,345.5 in June 2024. The reserves were more than 4 months of projected imports, which aligned with the country's requirement. Foreign exchange inflows are expected to improve further, attributable to high gold prices in the world market, increase in tourism, and exports of crops such as cashew nut, tobacco, coffee and cotton. On the demand side, moderate importation of fertilizers and lower prices of petroleum products are expected to lessen pressure on foreign exchange. The legal requirement of quoting and making domestic payments in Tanzanian shilling is also expected to ease pressure on foreign exchange and enhance the effectiveness of monetary policy. Furthermore, the Bank is expecting to continue accumulating reserves through the domestic gold purchase program using the Tanzania Shilling.

Fiscal performance was satisfactory, with tax revenue surpassing the target, largely attributable to improved tax administration and compliance. Expenditure was aligned with the available resources. Public debt amounted to USD 37,721.6 million, equivalent to 46.9 percent of GDP, within the SADC macroeconomic convergence criterion of not more than 60 percent in nominal terms. In net present value (NPV) terms, the debt was 36.4 percent for 2023/24, lower than the ceiling of 50 percent set forth in the EAC convergence benchmarks.

The external sector continued to improve as the global economy normalizes from the economic shocks. The current account deficit is estimated at 3.2 percent of GDP in the year ending September 2024 from a deficit of 4.4 percent of GDP in the corresponding period in 2023. The improvement was driven by increased exports, particularly tourism, gold, tobacco and cashew nuts. The deficit is expected to further narrow, leading to subdued pressures on the foreign exchange. In Zanzibar, the current account is estimated to be a surplus of USD 507 million, compared with a surplus of USD 363.7 million, on account of improvement in tourism and a decrease in imports.

Chapter 1: MPC Decision and Monetary Policy Implementation

1.1. MPC decision in July 2024

Against the backdrop of improving global and domestic economic conditions amidst the depreciating shilling, the MPC maintained the Central Bank Rate (CBR) at 6 percent for the quarter ending September 2024. The decision was intended to ensure that monetary policy continues to minimize the pass-through effects of exchange rate depreciation on the inflation. In line with the decision on the CBR, the 7-day interbank rate was to evolve between 4 and 8 percent.

1.2. Monetary Policy Implementation

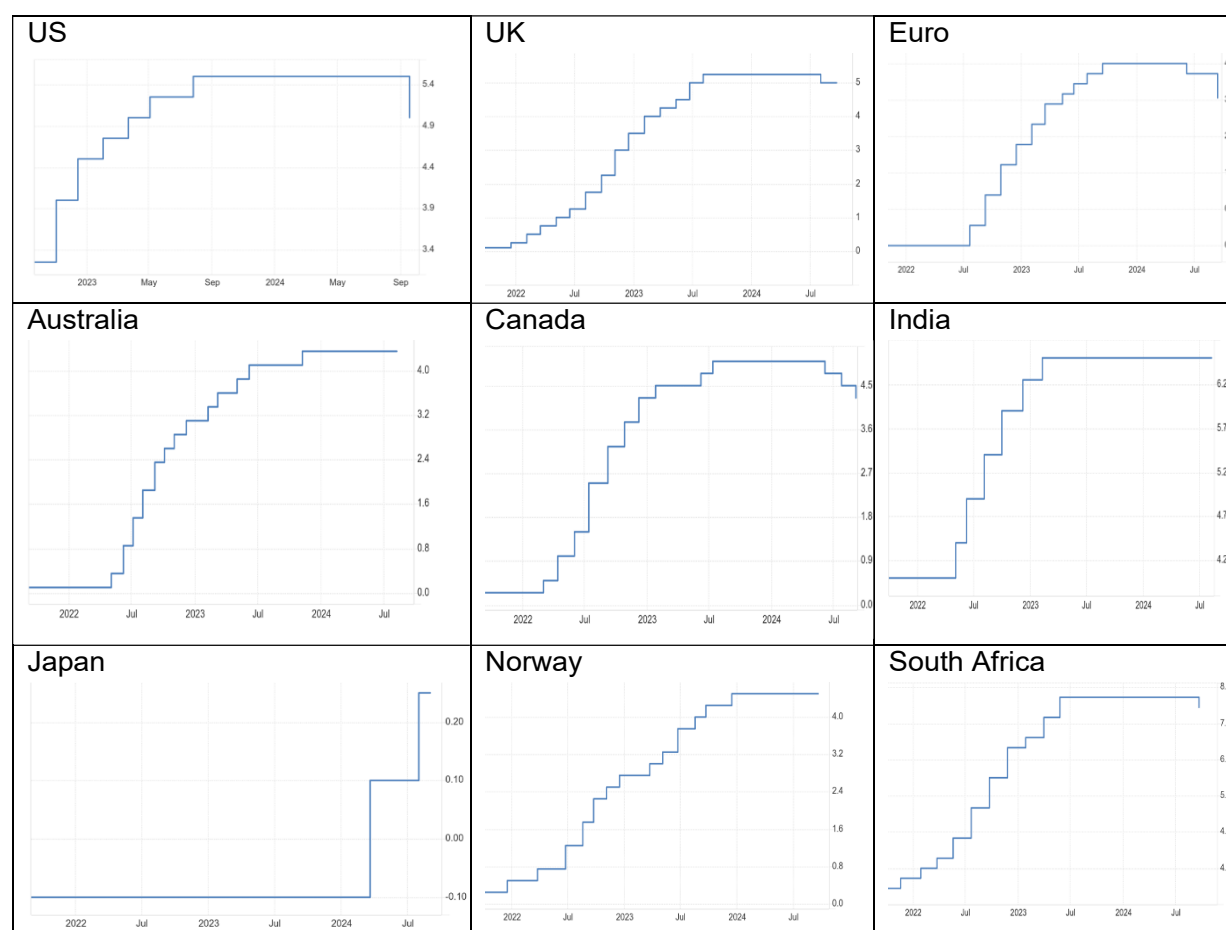
Global growth showed signs of improvement, inflation declined, and financial conditions eased in the third quarter of 2024. As a result, central banks in some advanced economies began cutting policy rates. Some central banks in the EAC and SADC also eased their monetary policy stance (Table 1.1 and Chart 1.1). Domestic economic activities continued to improve, inflation stabilised at around 3 percent, and exchange rate pressure moderated.

Table 1.1: Policy Rates and Inflation for EAC-selected countries

									Percent								
Nominal Central Bank Policy Rate									Real Central Bank Policy Rate								
	Jan-24	Feb-24	Mar-24	Apr-24	May-24	Jun-24	Jul-24	Aug-24		Jan-24	Feb-24	Mar-24	Apr-24	May-24	Jun-24	Jul-24	Aug-24
Tanzania	5.50	5.50	5.50	6.00	6.00	6.00	6.00	6.00	Tanzania	2.50	2.50	2.50	2.90	2.90	2.90	3.00	2.90
Kenya	12.50	13.00	13.00	13.00	13.00	13.00	13.00	12.75	Kenya	5.90	6.10	6.70	8.00	7.90	8.40	8.70	8.35
Uganda	9.50	9.50	10.00	10.25	10.25	10.25	10.25	10.00	Uganda	6.70	6.70	6.60	7.06	6.63	6.35	6.25	6.50
Rwanda	7.50	7.50	7.50	7.50	7.00	7.00	7.00	6.50	Rwanda	1.10	2.50	2.60	3.00	1.20	2.00	2.10	1.50

Source: Central Banks, BOT Computations

Chart 1.1: Policy Rates across selected countries

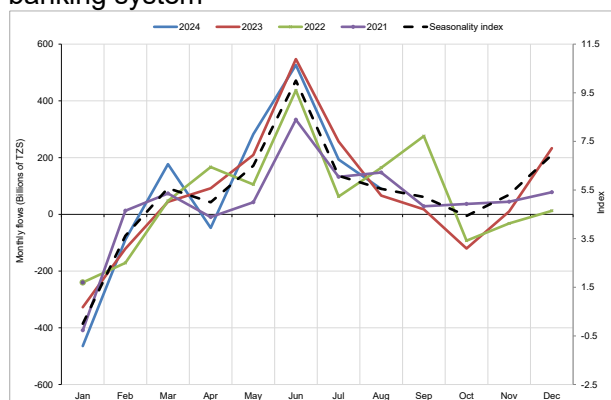


Source: Central Banks

Liquidity in the banks was lower in the quarter ending September compared to the preceding quarter. This was mainly due to higher demand for shilling for purchasing crops (Chart 1.2). There was also an increase in banks' appetite towards foreign exchange portfolios, which was reflected in increase in balances at the Bank and holdings of foreign exchange abroad, and net open position of most banks turned to positive.

The decline in liquidity was also observed in the low levels of banks' clearing balances, but reserve money remained stable (Chart 1.3). This prompted banks to increase access to the Lombard window facility (Chart 1.4). Interest rates in the interbank cash market increased, with the 7-day rate rising slightly above the upper band of the CBR on some occasions starting from August 2024.

Chart 1.2: Currency in Circulation outside the banking system



Source: Bank of Tanzania

Chart 1.3: Banks Clearing Balances

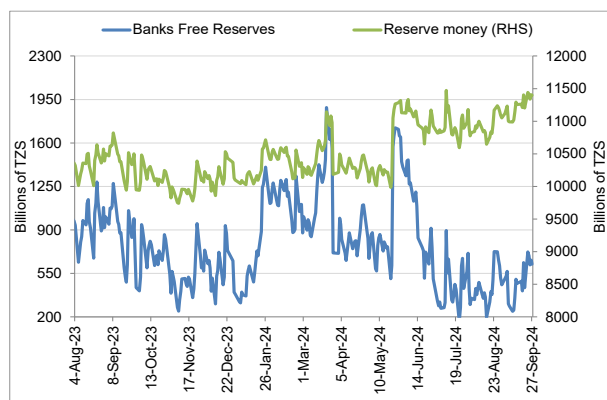
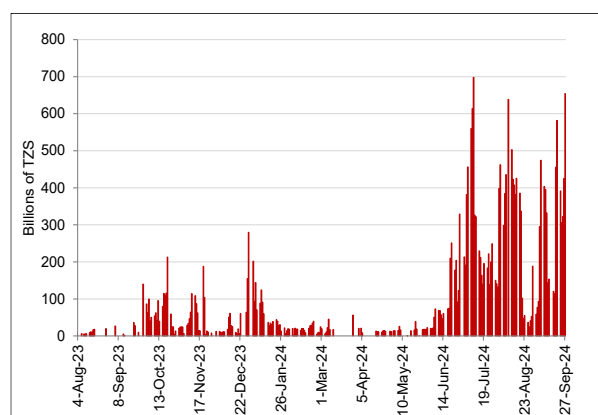
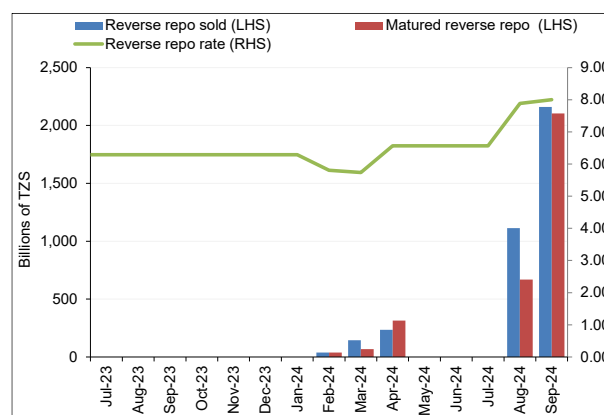


Chart 1.4: Banks access to Lombard facility



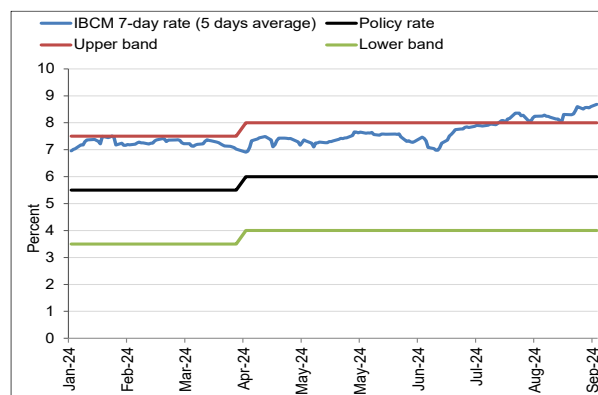
Source: Bank of Tanzania

Chart 1.5: Reverse Repo transactions

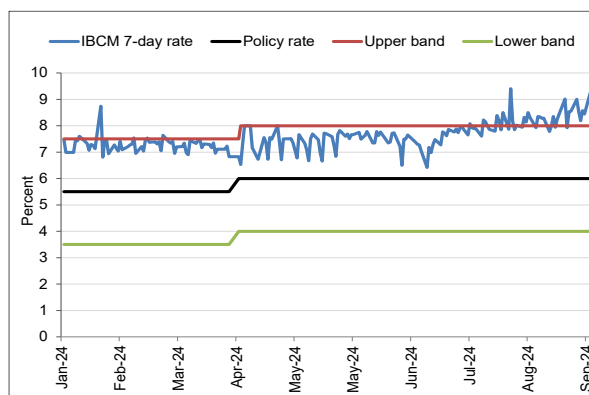


In a bid to improve liquidity conditions in banks and lower the 7-day IBCM rate to the CBR corridor, the Bank auctioned reverse repos (Chart 1.5). The amount of reverse repo auctioned varied depending on government fiscal flows, the performance of government securities, and foreign exchange flows. As a result, the 7-day rate decreased but remained slightly above the corridor (Charts 1.6). The Bank, in collaboration with Frontclear Company, is addressing the remaining challenges in the interbank cash market through reforms, which include providing credit guarantee to cover transacting institutions' counterpart credit risk. In addition, the Bank is reviewing the collateral framework with the view to broaden eligible collaterals and pricing of monetary policy instruments.

Chart 1.6a: 7-Day IBCM Rate (5-day moving average) Chart 1.6b 7-Day IBCM Rate (Daily movement)



Source: Bank of Tanzania



The implementation of monetary policy succeeded in attaining the quantitative targets under the IMF supported ECF program. For the quarter ending September 2024, net domestic assets of the BOT were below the indicative target (ceiling) of TZS 272 billion by TZS 281.1 billion. In addition, the Bank accumulated foreign reserves amounting to USD 424.2 million, on net basis, exceeding the minimum accumulation requirement (floor) of USD 58 million.

Chapter 2: Global Developments

2.1 Output performance

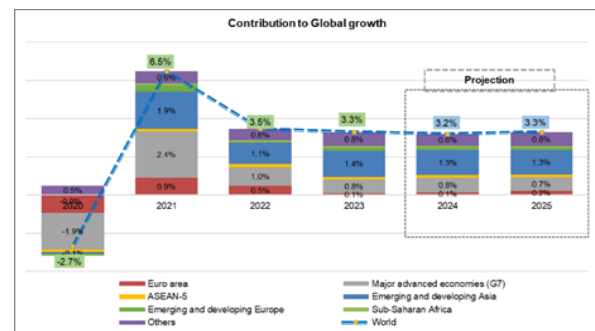
Global growth has been modest but steady in the last nine months of 2024 despite the ongoing geopolitical conflicts and climate-related challenges, and there are high prospects of attaining projections for 2024 and 2025 (Table 2.1). The IMF World Economic Outlook of July 2024 projects a growth rate of 3.2 percent in 2024 and 3.3 percent in 2025, while the World Bank Global Economic Prospects projects growth of 2.4 percent and 2.7 percent. The growth will remain driven mostly by emerging market economies (Chart 2.1). Bloomberg reports show steady growth, in advanced and emerging market economies. The downward risk to growth includes geopolitical conflicts, volatility in oil prices, and climate change.

Table 2.1: Quarterly Real GDP Growth

	Gross domestic product (Q-o-Q)						Projections	
	2023				2024			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
USA	0.6	0.0	1.2	0.9	0.3	0.6	0.4	0.4
Euro Area	0.1	0.1	0.0	-0.1	0.3	0.2	0.3	0.3
Japan	2.0	4.2	-3.7	0.4	-1.8	2.2	1.7	1.2
UK	0.1	0.0	-0.1	-0.3	0.6	0.3	0.3	0.3
China	2.1	0.5	1.8	1.2	1.6	0.9	1.2	1.2
South Africa	0.3	0.7	-0.4	0.3	-0.1	0.4	0.6	0.6

Source: Bloomberg

Chart 2.1: Contribution to global growth



Source: World Economic Outlook database, July 2024.

2.2 Inflation

Inflation has been easing in most economies, reaching a three-year low in the advanced countries, and several central banks have begun policy rate cut, while others have maintained¹. In advanced economies, inflation is anticipated to return to a target of 2 percent before 2025. In emerging markets and developing economies, inflation might remain above the targets in some countries but declining. The expected decline of

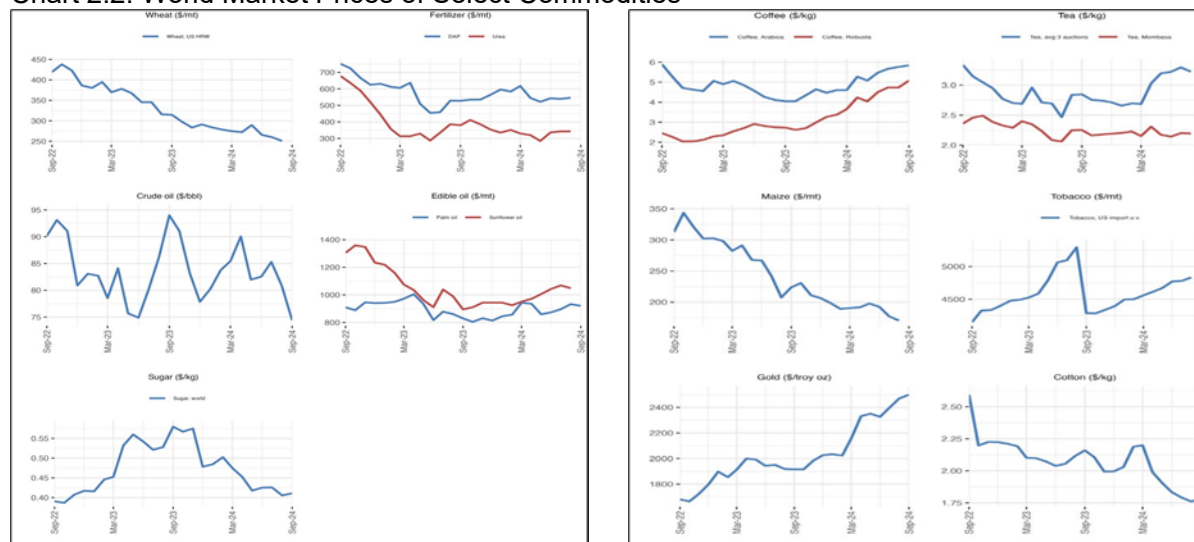
¹ In Advanced economies, the European Central Bank have cut policy rates twice, by 25 and 60 basis point; Bank of Canada (thrice by 25 basis points); US Fed (once by 25 basis points). The People's Bank of China cut policy rate, Reserve Bank of India (maintained policy rate), South African Reserve Bank (lowered by 25 basis points). Additional details are provided in Section One.

inflation will ease pressure of domestic inflation. The risk of inflationary pressures due to uncertainty arising from geopolitical disputes remains moderate.

2.3 Commodity Prices

Commodity prices exhibited a mixed trend but relatively stable (Chart 2.2). Crude oil prices have been declining throughout 2024, with a peak reached in April at around USD 88 per barrel, thereafter, declining to an average of USD 72.60 per barrel in September. This trend is attributed to an increase in supply from Russia and US, despite continuous production cuts by OPEC+. The weakening of demand from China, the main importer, also contributed to the fall in crude oil prices. The price of gold surged, reaching a record high of around USD 2,585 per troy ounce, due to strong demand attributable to expectations of interest rate cuts by most central banks. Prices of agricultural commodities showed a mixed pattern. The price of sugar dropped due to an increase in production in Brazil and India, the major producing countries. Cotton prices also declined, owing to subdued demand in textile mills as manufacturers opted for substitutes. In contrast, the price of palm oil increased due to production constraints amid unfavourable weather and high demand for use in biofuel production. Fertilizer prices stabilized as the supply chain recovered and demand moderated.

Chart 2.2: World Market Prices of Select Commodities



Source: <http://www.worldbank.org/prospects>, Bloomberg

Chapter 3: Recent Domestic Economic Performance

3.1 Output Performance

The performance of the economy in 2024 has thus far been satisfactory. GDP growth in the first quarter of 2024 was strong, at 5.6 percent compared with 5 percent in 2023, during which economic activities were undermined by global challenges such as the Russia-Ukraine war and monetary policy tightening (Chart 3.1). Many activities have contributed to the growth outturn, with construction, agriculture, financial and insurance, and transportation contributing the most, altogether accounting for more than half of GDP growth (Chart 3.2). Construction accounted for 16.2 percent of the overall real GDP growth, mostly associated with public investment in physical infrastructure, such as railways (SGR), roads, and real estate by the private sector. The growth contribution of agriculture was 14.4 percent, reflecting efforts made by the government and private sector to expand and improve productivity in the sector. Financial and insurance contributed 11.5 percent on account of an increase in financial intermediation by banks, together with lending to micro and medium-sized enterprises by microfinance institutions. Transport accounted for 10.5 percent of the overall GDP growth. This reflects an expansion of transportation within and to neighbouring countries through roads, ports, railways, and air transport.

Several economic activities recorded high growth in the first quarter (Chart 3.3). Financial and insurance grew by 17.1 percent, driven by financial intermediation to the private sector, mainly personal loans, which are for financing small and medium-sized enterprises, trade, and agriculture activities. Information and communication grew by 13.4 percent, largely due to an increase in the number of users of financial services through mobile phones (sim-banking and mobile money), as well as the increase in usage of mobile services. Electricity expanded by 7.6 percent due to an increase in power generation from Mwalimu Nyerere and Rusumo hydro power plants. Transport activity grew by 7.6 percent, associated with the expansion of trade within the country and to neighboring countries, in line with the construction of roads, improvement in operations

of ports and air transport through the national carrier flag-Air Tanzania. Accommodation and restaurant activity expanded by 7.2 percent due to the expansion of tourism.

Growth for the second and third quarters of 2024, is estimated to be high at 5.8 percent and 5.6 percent, respectively. The performance is attributable to increases in public and private sector investments. Private sector investment is expected to expand due to credit growth through banks intermediation and microfinance lending. Tourism and exports of cash crops such as cashew nut, tobacco, cotton, and coffee are expected to be higher than last year. Electricity generation, an input into manufacturing activities, also increased.

Chart 3.1: Real GDP growth, first quarter
Percent

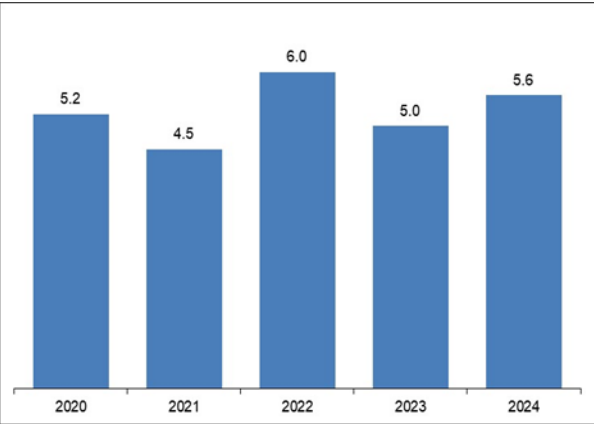


Chart 3.2: Contribution to real GDP growth, first quarter, in percentage

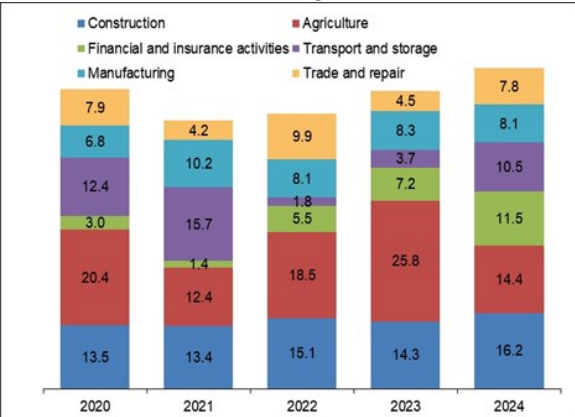
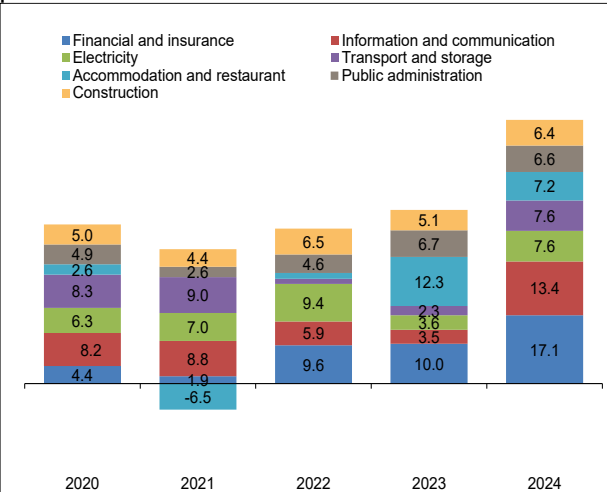


Chart 3.3: Growth of select economic activities, in percent



Source: National Bureau of Statistics and Bank of Tanzania computations

The Zanzibar economy also registered a growth of 6.4 percent in the first quarter of 2024, though lower compared with 14.6 percent in the corresponding quarter in 2023, during which the economy was growing from a lower base (Chart 3.4a). The main contributing activities were transport, financial and insurance, and construction (Chart 3.4b). The fastest growing activity was arts, entertainment and recreation, which includes tourism, followed by electricity and gas, and real estate (Chart 3.5).

Chart 3.4a: Real GDP Growth

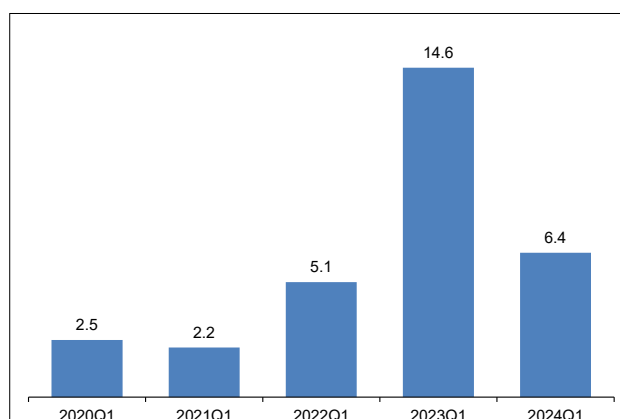
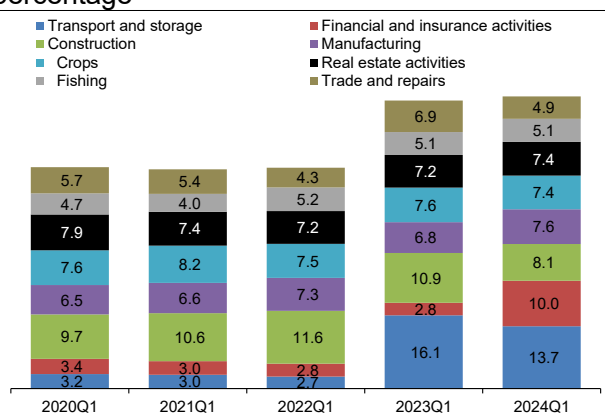
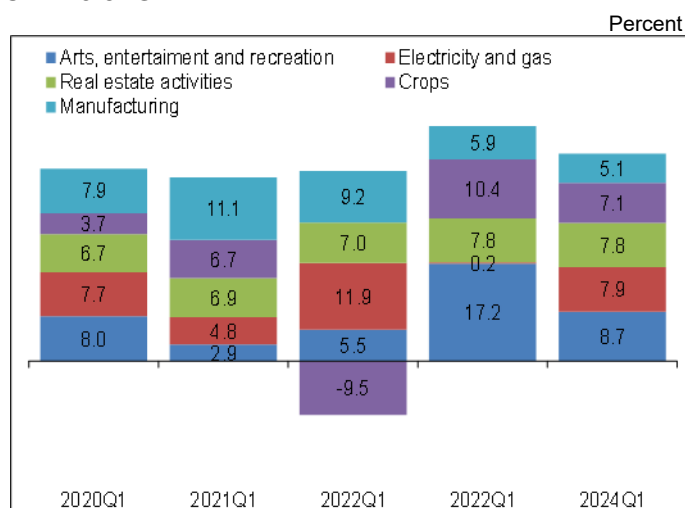


Chart 3.4b: Contribution to Growth, first quarter, in percentage



Source: Office of Chief Government Statistician and Bank of Tanzania computations

Chart 3.5: Growth of Economic Activities

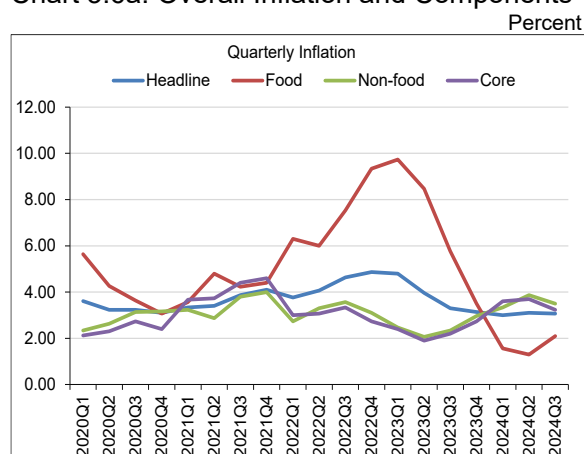


Source: Office of Chief Government Statistician and Bank of Tanzania computations

3.2 Inflation

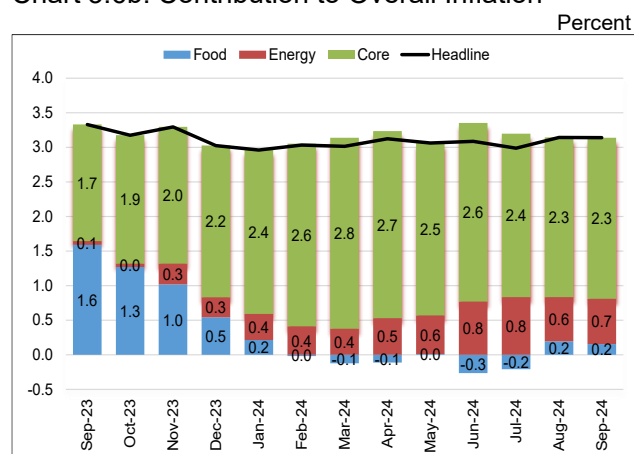
Inflation remained stable and within the country and regional (SADC and EAC) targets, thus contributing to the stability of other macroeconomic variables. Overall (headline) inflation was 3 percent in July and 3.1 percent in August and September 2024, respectively. Food inflation was low and contributed the most to the stability of overall inflation. Food items which have contributed to low food inflation were cocoyam, green banana, rice, sorghum, wheat grains, cassava flour, vegetables, and fruits. Core and energy inflation rates remained elevated, though declining in July to September 2024, and contributed to the edging up of overall inflation (Chart 3.6b). Consumer goods which have led to the elevated core inflation, include electronics, footwear, insecticides, building materials and some processed food such as sugar and wheat flour.

Chart 3.6a: Overall Inflation and Components



Source: National Bureau of Statistics and Bank of Tanzania computations

Chart 3.6b: Contribution to Overall Inflation



Inflation in most of the countries in EAC and SADC was consistent with the convergence criteria of at most 8 percent and within 3-7 percent, respectively (Charts 3.7a and 3.7b). The inflation outcome in Tanzania was among the lowest in the two economic blocs.

Chart 3.7a: Inflation in EAC Countries

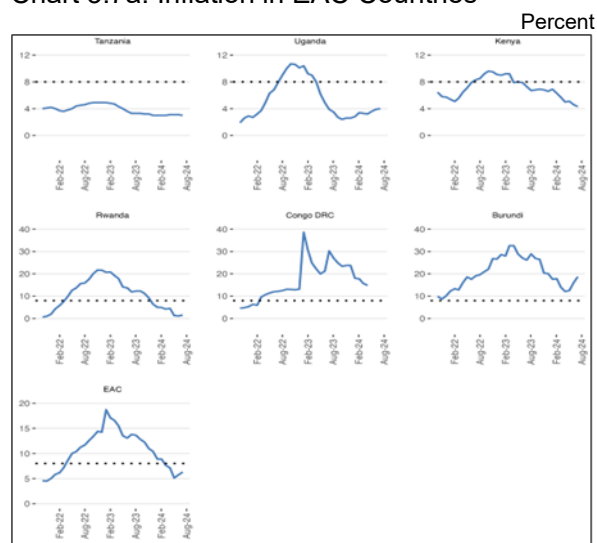
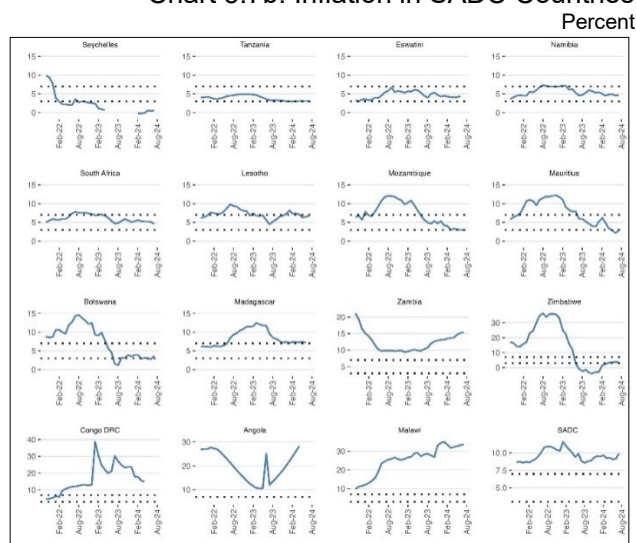


Chart 3.7b: Inflation in SADC Countries

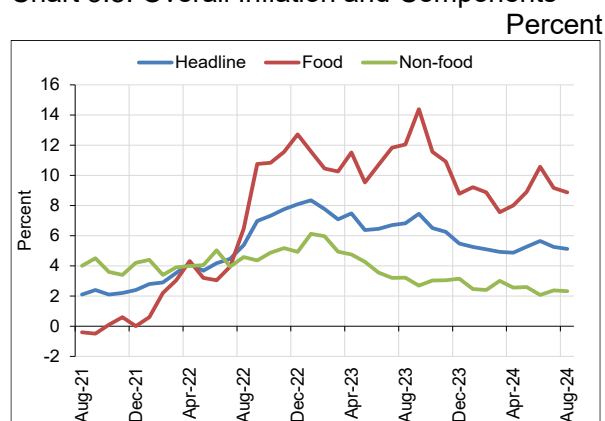


Source: Respective National Statistics Offices

Notes: Dotted lines indicate targets

Inflation in Zanzibar eased to 5.1 percent in August 2024 from 5.3 percent in the preceding month and 6.8 percent in August 2023 (Chart 3.8). The decline was driven by both food and non-food inflation. Food inflation dropped to 8.9 percent from 12 percent registered in the corresponding month in 2023, with much of the decrease observed in the prices of bananas and rice. Non-food inflation decreased to 2.3 percent from 3.2 percent.

Chart 3.8: Overall Inflation and Components



Source: Office of Chief Government Statistician and Bank of Tanzania computations

Food supply in the country was satisfactory in the first quarter of 2024/25, owing to good harvests. The Ministry of Agriculture estimates food production for the 2023/24 crop season at 22.8 million tonnes, which is an increase of 11.8 percent from the preceding season. The increase was mainly associated with sufficient rains observed in most parts of the country, enhanced use of pesticides, fertilizers, and high-quality seeds. The Ministry estimates the national food requirement for consumption in 2024/25 at 17.8 million tonnes, resulting in a surplus of 5 million tonnes, and a food self-sufficiency ratio of 128 percent. The food produced mainly comprised maize (44.2 percent), rice (13.4 percent) and cassava (12.6 percent). The NFRA held food stocks amounting to 489,187 tonnes in August 2024, more than double of the amount held in the corresponding period last year (Table 3.1). Consequently, prices of most of the main food crops such as maize and rice declined, and food inflation has been low (Table 3.2).

Table 3.1: Food Stocks Held by NFRA
Tonnes

	2020	2021	2022	2023	2024
Jan	43,597	110,398	207,899	124,736	270,984
Feb	41,231	110,389	203,297	106,881	326,172
Mar	39,597	109,231	200,626	80,123	336,099
Apr	38,053	109,231	190,366	63,808	340,102
May	38,291	108,284	149,402	51,367	340,002
Jun	52,725	107,384	141,576	46,665	340,479
Jul	90,255	107,384	140,695	94,088	368,855
Aug	92,991	123,635	144,410	210,020	489,187
Sep	109,733	150,057	149,044	244,169	
Oct	110,895	192,408	151,794	244,289	
Nov	110,289	209,057	147,401	244,223	
Dec	110,398	214,968	137,655	248,282	

Source: National Food Reserve Agency

Table 3.2: Wholesale Prices of Main Food Crops
TZS per '000' Tonnes

	Aug-23	Apr-24	May-24	Jun-24	Jul-24	Aug-24
Maize	97,692.8	65,739.5	62,454.8	61,508.1	63,345.7	66,318.1
Rice	247,078.1	239,965.0	224,382.0	214,045.5	206,453.4	203,313.8
Beans	258,703.7	248,905.6	264,593.8	264,077.3	263,998.9	264,986.6
Sorghum	126,492.5	127,530.8	138,562.9	137,822.0	145,661.7	138,156.4
Round potatoes	82,278.9	93,763.3	101,672.5	102,150.0	102,810.2	103,310.2
Finger millet	164,931.0	159,416.0	162,314.0	165,688.1	164,247.6	170,980.2
Wheat	176,353.7	165,773.4	187,816.8	170,217.4	173,234.5	161,428.6

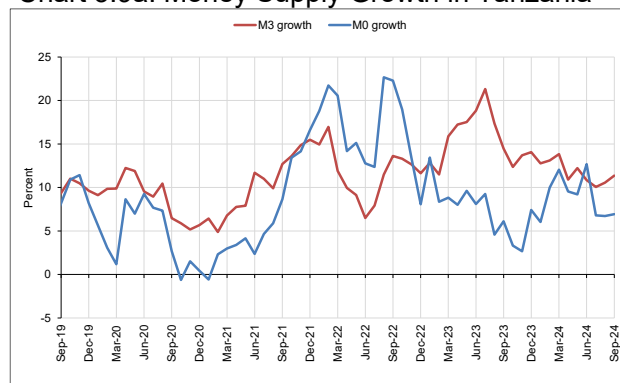
Source: Ministry of Industry and Trade, and BOT computations

3.3 Money Supply and Credit

The growth of money supply slowed slightly in July-September 2024. The growth of the extended broad money supply (M3) is estimated to average 10.7 percent compared with 11.3 percent in the preceding quarter (Chart 3.9a). Private sector credit remained robust, growing by 17.1 percent, almost as in the previous quarter, and was among the highest in the EAC countries (Chart 3.9c). Loans categorised as personal loans

contributed the most to the credit growth, followed by agriculture (Chart 3.10a)². Personal loans also remained dominant in the share of the outstanding credit to the private sector, followed by trade and agriculture (Chart 3.10b).

Chart 3.9a: Money Supply Growth in Tanzania



Source: Bank of Tanzania

Note: The data for Sep-24 are provisional

Chart 3.9b: Contribution to M3 Growth by Uses

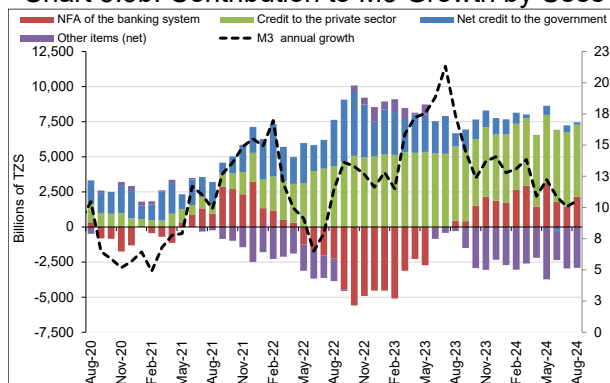
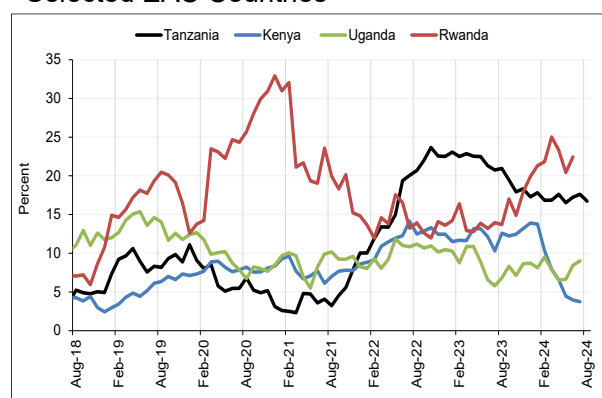


Chart 3.9c: Private Sector Credit Growth in Selected EAC Countries



Source: Bank of Tanzania

² A big chunk of loans categorized as personal loans are used in productive economic activities. Specifically, about 53 percent of these loans are used in Construction, 9.1 percent are used in trade through small and medium enterprises, 22 percent are used for personal consumption and 7.9 percent are used to finance other activities like education.

Chart 3.10a: Contribution to credit growth, in percentage

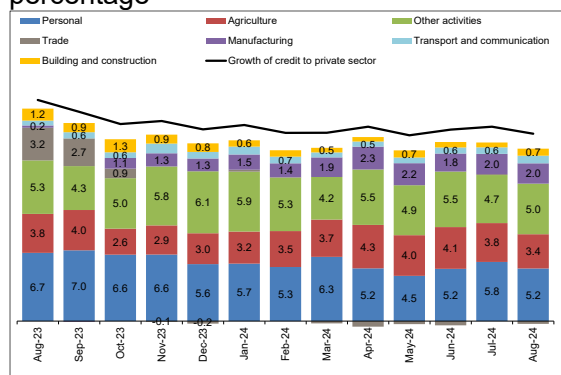
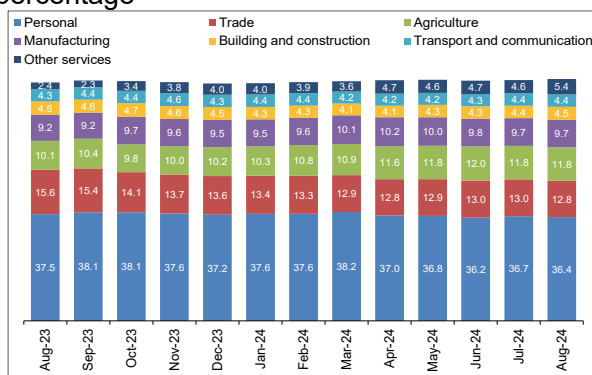


Chart 3.10b Share of credit by economic activities, in percentage



Source: Banks and Bank of Tanzania computations

Private sector deposits in banks amounted to TZS 38,756.8 billion (about 20 percent of the GDP) at the end of August 2024, compared to TZS 37,951.1 billion at the end of June 2024. Foreign currency deposits account for around 30 percent of the private sector deposits, increasing from 26 percent in September 2023 (Chart 3.11a). The ratio of foreign currency deposits to M3 also increased to 25.2 percent in September 2024 from 22.8 percent. The two ratios indicate an increase in the degree of financial dollarisation in the economy, which reduces the effectiveness of monetary policy. The increase in the degree of financial dollarisation is associated with economic agents hedging against foreign exchange exposure due to the shortage of foreign currency liquidity experienced during 2022-2023, together with exchange rate speculation tendencies. To minimize the dollarisation of the economy, the Bank of Tanzania Act was amended in June 2024 in which it pronounces that using foreign currency in domestic transactions constitutes an offence.

Chart 3.11a: Degree of Dollarization in Tanzania

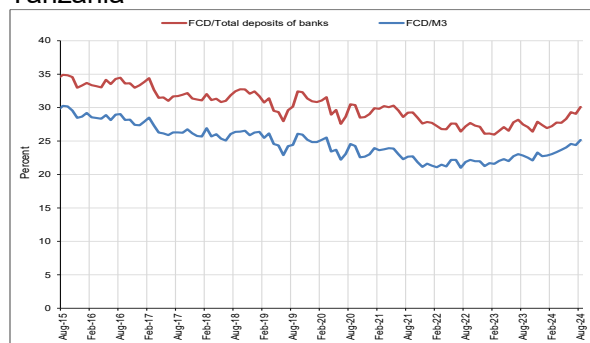
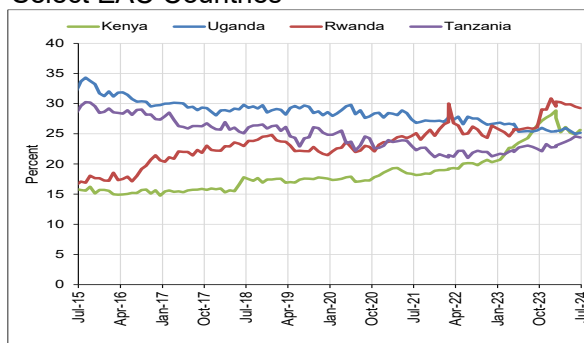


Chart 3.11b: Degree of financial dollarisation in Select EAC Countries



Source: Banks and Bank of Tanzania computations

3.4 Developments in the Foreign Exchange Market

Foreign exchange liquidity improved in the quarter ending September 2024, relative to the preceding two quarters. The improvement resulted from a seasonal increase in foreign exchange from tourism and crop exports (tobacco, coffee, cotton and food crops to neighbouring countries)³. The export of gold also continued to contribute the most to foreign exchange earnings⁴. Owing to the improvement of foreign exchange liquidity, banks have been able to meet current Letters of Credit (LCs) without seeking recourse from the Bank and the parallel exchange rate premium has substantially declined and collapsed in some parts of the country. In addition, the IFEM rate depreciated at a slower rate to 10.1 percent compared with 12.5 percent at the end of June 2024 (Chart 3.12).

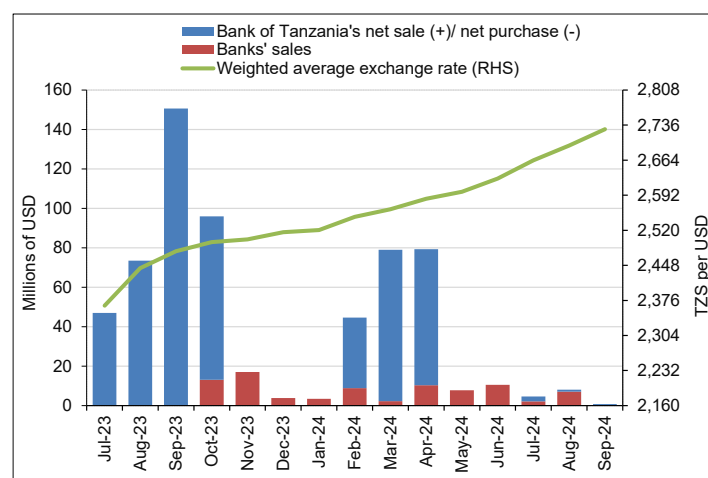
Foreign exchange is expected to further improve in the quarter ending December 2024, owing to foreign exchange inflows from mining (due to high gold prices in the world market), tourism (following an increase of tourist arrivals), exports of cash crops (mainly cashew nut, tobacco, coffee and cotton) and food crops (largely maize and rice to neighbouring countries). The demand for foreign exchange is expected to be relatively stable as importation of fertilizers is projected to be lessened by moderate prices in world market⁵. In addition, the decision to require domestic payments to be settled in shilling is expected to ease pressure on foreign exchange. To minimize arbitrage opportunities in the foreign exchange market, BOT issued a circular on foreign exchange derivatives in August 2024, from which banks are required to publish derivative quotes and report daily transactions. The circular also elongates the derivative tenure. The Bank is also considering including the Euro in the IFEM.

³ Earnings from tourism are estimated to amount to USD 1,022 million in July-September 2024. Tobacco production is estimated at 200,000 tonnes in 2024/25 season and export in July-September is about 31,593 tonnes valued at USD 171 million. Coffee production is estimated at 85,000 tonnes and export is about 14,169 tonnes valued at USD 44.6 million. Cotton lint is estimated at 167,600 tonnes and export is about 14,742 tonnes valued at USD 17.8 million. Export of food crops to neighboring countries is estimated at 650 metric tons worth of USD 227 million, of which USD 68 million has been received.

⁴ Export of gold in July-September 2024 is estimated at USD 884.5 million.

⁵ According to World Bank, the average price of fertilizer (DAP, phosphate and urea) is projected to decline by 10.3 percent to USD 372 per metric ton in 2024 from the levels recorded in 2023.

Chart 3.12: IFEM Transactions



Source: Bank of Tanzania

3.5 Financial sector performance

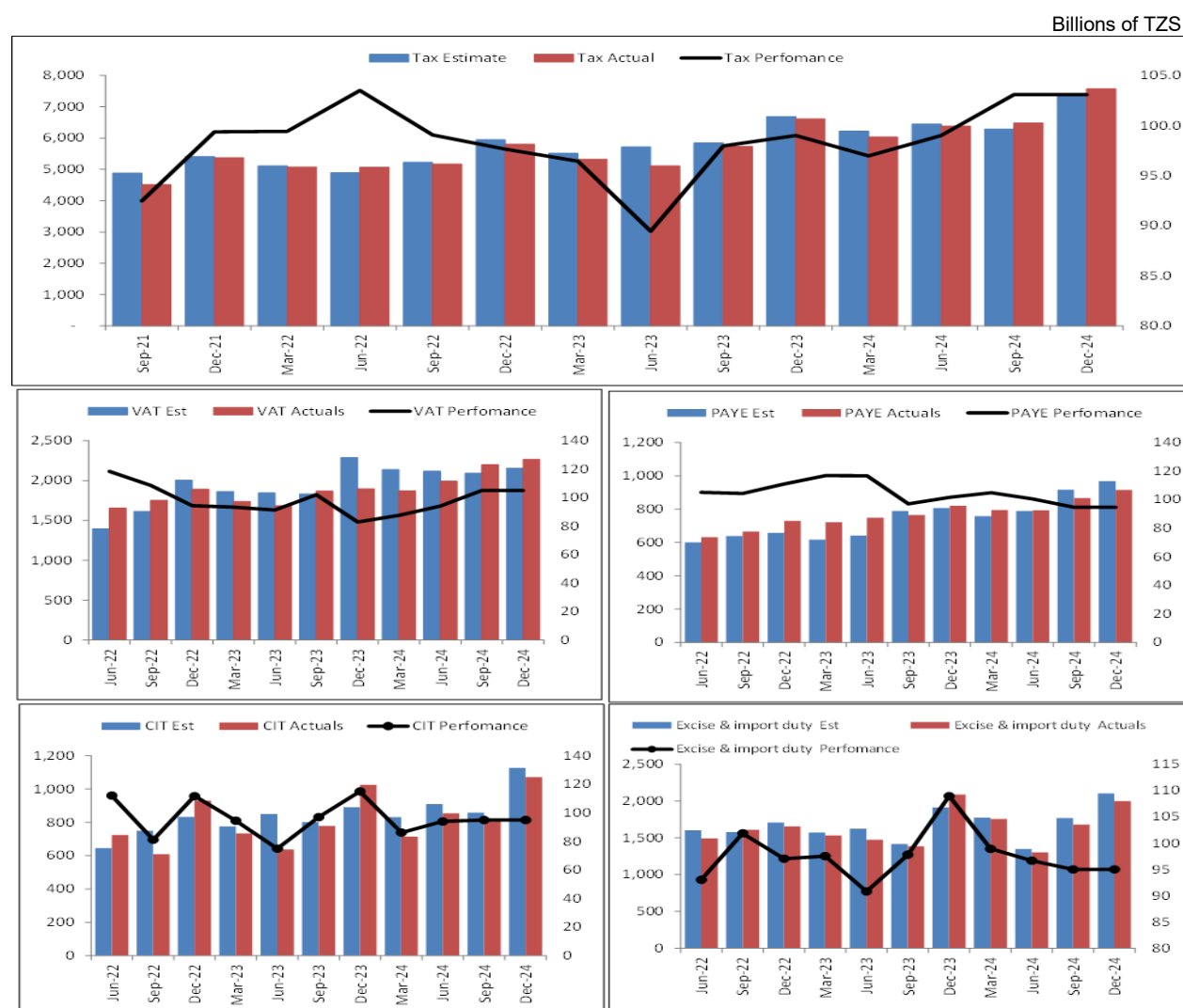
The financial sector was stable and resilient to short-term shocks. The banking sector, which constitutes more than 70 percent of the financial sector, was liquid and adequately capitalized, indicating the ability to extend credit to the private sector. Banks' deposits and loans increased, attributable to agent-banking services, financial products, and digital banking services. The expansion of loans was attributable to the improved business environment, a decline in non-performing loans from 5.1 percent in 2023 to 3.9 percent in August 2024, and an increase in demand for credit in line with economic growth.

3.6 Government Fiscal Performance

Preliminary statistics for the first quarter of 2024/25 show that fiscal performance was satisfactory. Domestic revenue collection was TZS 7,597.2 billion, which is 97.6 percent of the target, of which tax revenue was around 84 percent. The tax revenue was around 3 percent higher than the target (Chart 3.13). The good performance was observed mostly in custom excise duties (which increased by around 18 percent), domestic excise (18 percent), and domestic VAT (14 percent). The improvement in domestic excise and domestic VAT indicates an increase in production and consumption, respectively. Non-tax revenue was 16 percent of the revenue collection. Furthermore,

foreign resources (loans and grants) were equivalent to TZS 515.2 billion. Expenditure was aligned with the available resources, amounting to TZS 7,427.6 billion, of which recurrent expenditure was 71 percent and development expenditure, 29 percent. External debt service was equivalent to TZS 684.8 billion.

Chart 3.13: Tax Revenue Performance



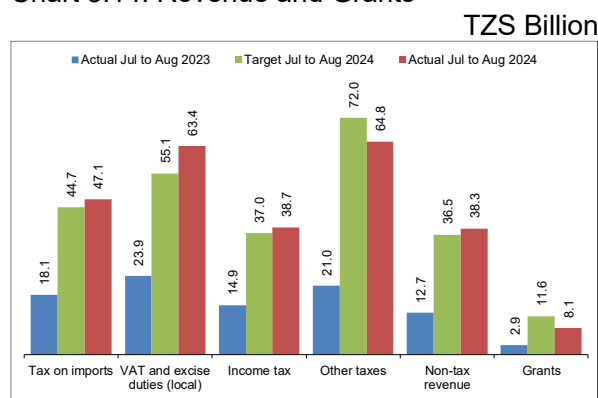
Source: Ministry of Finance

Note: RHS denotes the right-hand scale; figures for quarters ending September and December 2024 are estimates based on expert judgment

For Zanzibar, the Government's fiscal performance was also satisfactory. The resource envelope, which comprised domestic revenue and foreign grants, amounted to TZS 260.4 billion in July and August 2024, of which 96.9 percent was revenue. Tax revenue was above the target by 2.6 percent and around 84.8 percent of the domestic

revenue, due to improvement in tax compliance. Non-tax revenue was 15.2 percent of the domestic revenue (Chart 3.14). Expenditure amounted to TZS 400.2 billion, below the target by 4.7 percent, of which recurrent expenditure was 65.3 percent and development expenditure 34.7 percent (Chart 3.15).

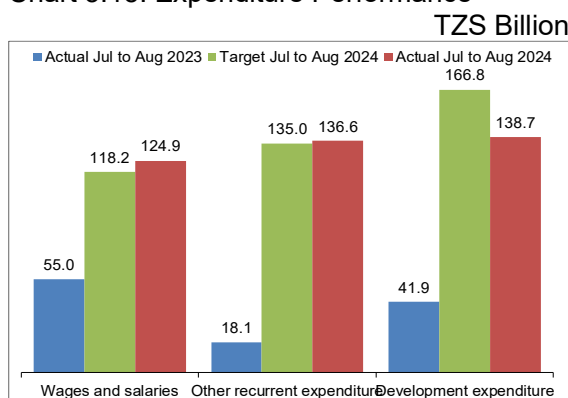
Chart 3.14: Revenue and Grants



Source: President's Office, Finance and Planning, Zanzibar

Note: Other taxes include hotel and restaurant levies, tour operator levies, revenue stamps, airport and seaport service charges, road development fund, and petroleum levy

Chart 3.15: Expenditure Performance



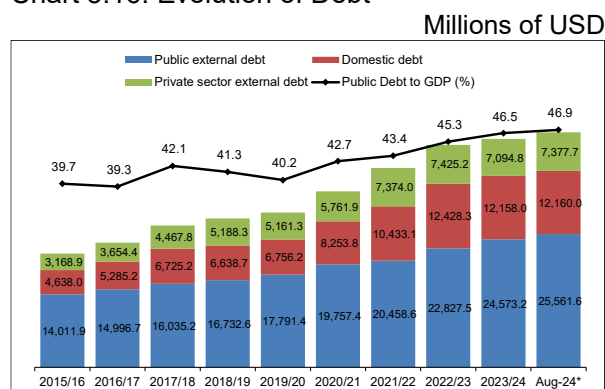
Source: President's Office, Finance and Planning, Zanzibar

Note: Other expenditure includes transfers, domestic debt interest payment, consolidated fund service, and other charges

3.7 Debt Developments

The public debt, comprising external and domestic debt, amounted to USD 37,721.6 million, at the end of August 2024, equivalent to 46.9 percent of GDP, and was within the SADC macroeconomic convergence criterion of not more than 60 percent, in nominal terms (Chart 3.16). The EAC convergence benchmark for gross public debt-to-GDP in net present value terms is a ceiling of 50 percent, compared to the estimated outturn of 36.4 percent for 2023/24. External debt accounted for 67.8 percent of total public debt, largely owed to multilateral institutions and commercial creditors and mostly directed to finance transport and communication activities. Private sector external debt stock was USD 7,113.1 million at the end of August 2024, a decrease of USD 264.2 million from the end of June 2024. The debt was largely owed to commercial creditors and mostly directed to energy and mining, finance and insurance, and transport and telecommunication activities.

Chart 3.16: Evolution of Debt

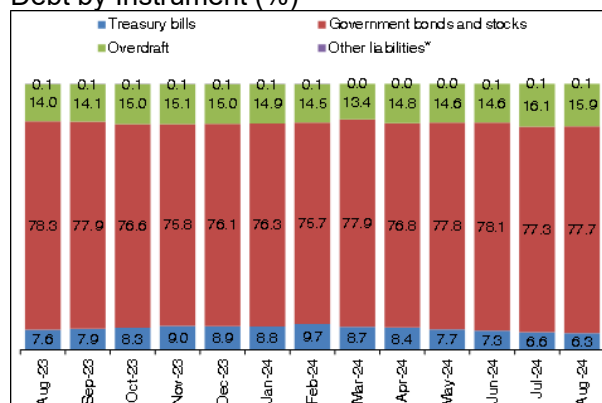


Source: Ministry of Finance and Bank of Tanzania

Note: p denotes provisional data

Domestic debt amounted to TZS 32,760.2 billion at the end of August 2024, compared with TZS 32,465.1 at the end of June 2024, of which treasury bonds and stocks accounted for 77.7 percent, with commercial banks and pension funds holding more than half of the debt (Charts 3.17a and 3.17b). Investors strongly preferred the re-opened 20- and 25-year Treasury bonds due to higher returns. Yields on government securities remained almost the same as in May 2024, save for Treasury bills and 10-year Treasury bond, whose yields increased above their recent lows, mainly explained by a significant under subscription (Chart 3.18). Zanzibar's domestic debt stood at TZS 1,172.2 billion at the end of August 2024, an increase from TZS 1,013.86 billion in June 2024, due to new borrowings through government securities.

Chart 3.17a: Composition of Domestic Debt by Instrument (%)



Source: Bank of Tanzania

Notes: * includes NMB standard loan and duty drawbacks and tax certificate

Chart 3.17b: Composition of Domestic Debt by Holder (%)

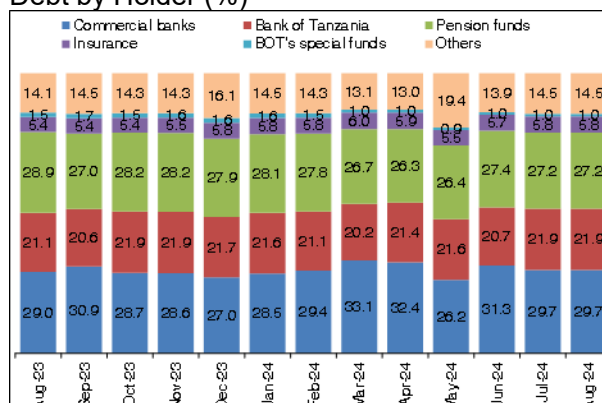
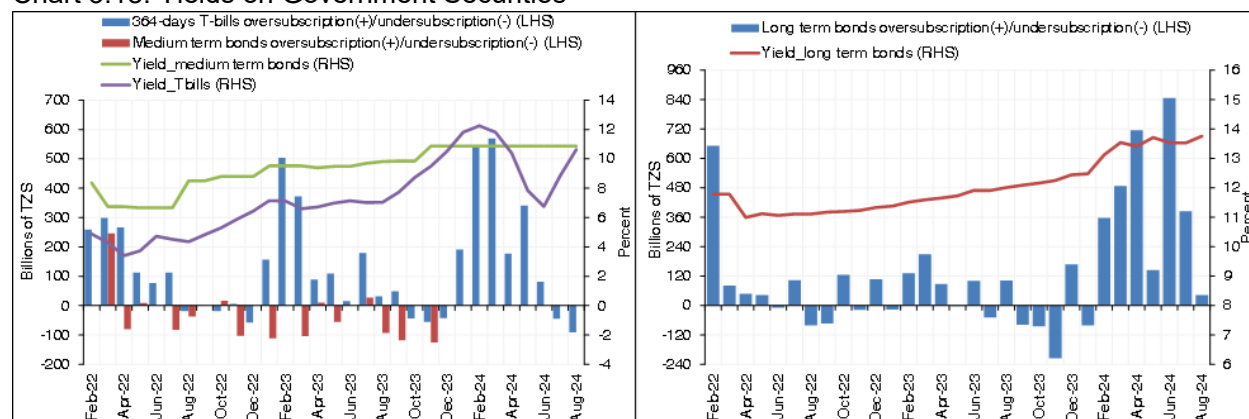


Chart 3.18: Yields on Government Securities



Source: Bank of Tanzania

Note: Medium-term bonds include 2- and 5-year bonds, and long-term bonds include 10-, 15-, 20- and 25-year bonds; LHS denotes left-hand scale; and RHS, right-hand scale

3.8 External Sector Performance

The external sector continued to improve as the global economy normalizes from the economic shocks. The current account deficit is estimated to have narrowed to USD 2,511.8 million in the year ending September 2024, compared with a deficit of USD 3,385.4 million in the corresponding period in 2023. The deficit was about 3.2 percent of the GDP compared with 4.4 percent and is projected to narrow further (Chart 3.19). This improvement was driven by exports—particularly tourism, traditional goods, gold and horticultural products, coupled with low import bill (Table 3.3). In July-September 2024, the current account deficit was USD 159.2 million, higher than USD 116.8 in the corresponding period in 2023, on account of an increase in the importation of industrial transport equipment and iron and steel, which were mostly rail locomotives.

Table 3.3: Current Account (Annual)

	Millions of USD				
	Year ending September				
	2020	2021	2022	2023	2024 ^p
Goods account (net)	-1,945.8	-2,280.6	-6,238.5	-6,027.0	-5,886.4
Exports	6,168.9	6,699.1	7,149.9	7,649.2	8,031.1
Imports	-8,114.7	-8,979.6	-13,388.5	-13,676.2	-13,917.5
Services account (net)	1,210.5	1,306.1	2,160.9	3,467.3	4,637.2
Receipts	2,720.9	2,746.6	4,405.5	5,894.2	6,885.4
Payments	-1,510.4	-1,440.5	-2,244.6	-2,426.9	-2,248.2
Goods and services (net)	-735.3	-974.5	-4,077.7	-2,559.7	-1,249.2
Exports of goods and services	8,889.8	9,445.7	11,555.4	13,543.4	14,916.5
Imports of goods and services	-9,625.1	-10,420.2	-15,633.1	-16,103.1	-16,165.7
Primary income account (net)	-1,209.4	-1,181.4	-1,330.7	-1,467.4	-1,816.3
Receipts	155.5	83.0	175.1	180.8	205.4
Payments	-1,364.9	-1,264.3	-1,505.9	-1,648.2	-2,021.7
Secondary income account (net)	461.7	497.8	594.3	641.6	553.7
Inflows	513.8	569.7	711.3	770.2	733.6
o/w Official transfers	202.3	85.1	91.8	94.2	63.3
Outflows	-52.2	-72.0	-116.9	-128.6	-179.8
Current account balance	-1,483.0	-1,658.1	-4,814.1	-3,385.4	-2,511.8

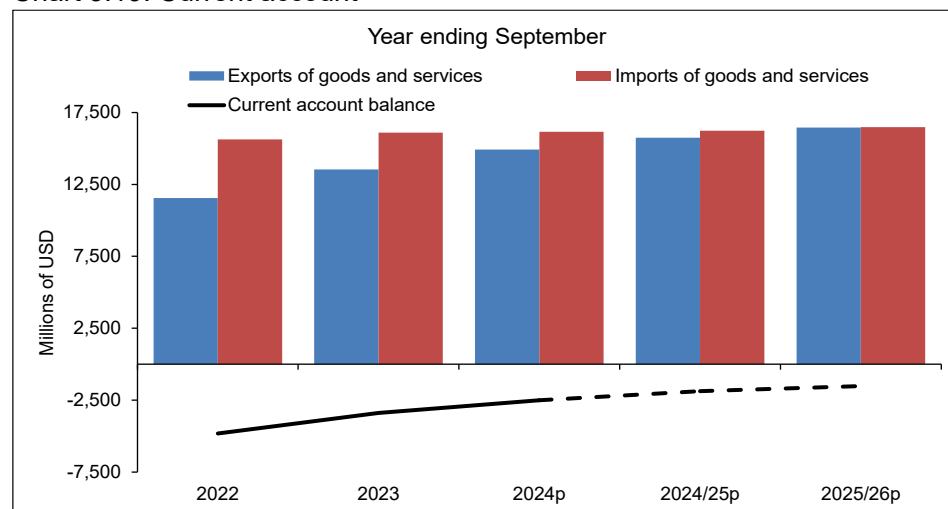
Source: TRA and BOT computation

Note: p denotes provisional data

Table 3.4: Current Account (Quarterly)

	Millions of USD				
	Quarter ending				
	Sep-20	Sep-21	Sep-22	Sep-23	Sep-24 ^p
Goods account (net)	-382.5	-563.3	-2,185.8	-1,118.6	-1,089.2
Exports	1,706.7	1,958.9	2,011.5	2,308.9	2,470.5
Imports	-2,089.1	-2,522.2	-4,197.3	-3,427.5	-3,559.7
Services account (net)	156.4	392.8	649.3	1,222.4	1,306.8
Receipts	446.9	829.0	1,327.7	1,793.3	1,884.3
Payments	-290.5	-436.2	-678.4	-570.8	-577.4
Goods and services (net)	-226.0	-170.5	-1,536.5	103.8	217.6
Exports of goods and services	2,153.6	2,787.9	3,339.2	4,102.2	4,354.7
Imports of goods and services	-2,379.6	-2,958.4	-4,875.7	-3,998.4	-4,137.1
Primary income account (net)	-327.8	-278.0	-295.8	-360.2	-511.3
Receipts	11.6	27.2	48.7	42.0	50.4
Payments	-339.4	-305.2	-344.5	-402.1	-561.7
Secondary income account (net)	79.6	125.2	145.3	139.5	134.4
Inflows	92.4	148.6	175.1	184.2	169.7
o/w Official transfers	2.8	11.3	10.7	8.9	0.0
Outflows	-12.8	-23.4	-29.8	-44.7	-35.3
Current account balance	-474.3	-323.3	-1,687.1	-116.8	-159.2

Chart 3.19: Current account



Source: Bank of Tanzania and Tanzania Revenue Authority

Note: p denotes projection

The current account balance in Zanzibar is estimated to be a surplus of USD 507 million in the year ending September 2024, compared with a surplus of USD 363.7 million in the corresponding period in 2023, on account of improvement in services receipts, which is predominantly tourism, coupled with a decrease in imports (Table 3.5 and 3.6). On the quarter-quarter, the current account was a surplus of USD 161.2 million, up from USD 82.7 million in a similar period in 2023, mainly on account of receipt from tourism activity

together with a decrease in imports. Tourists' arrivals during the quarter were estimated at 214,223 as compared with 174,016 in the corresponding period.

Table 3.5: Zanzibar Current Account (Annual)

	Millions of USD				
	Year ending September				
	2020	2021	2022	2023	2024 ^p
Goods account (net)	-213.0	-213.4	-368.0	-468.7	-420.0
Exports	28.9	65.9	64.7	63.2	52.8
Imports (fob)	241.9	279.4	432.7	531.9	472.8
Services account (net)	299.9	527.5	684.1	819.6	909.4
Receipts	409.6	608.7	766.3	923.9	999.5
Payments	109.7	81.2	82.2	104.3	90.1
Goods and services (net)	86.9	314.0	316.1	350.9	489.3
Exports of goods and services	438.5	674.6	831.0	987.1	1,052.3
Imports of goods and services	351.6	360.6	514.8	636.2	562.9
Primary Income account (net)	13.7	6.0	1.1	11.5	15.5
Receipts	21.9	11.8	3.8	15.5	22.6
Payments	8.2	5.8	2.6	4.0	7.1
Secondary income (net)	116.1	33.6	0.8	1.2	2.2
Inflows	128.9	41.4	2.8	2.1	3.8
Outflows	12.8	7.8	2.0	0.9	1.6
Current account balance	216.7	353.6	318.1	363.7	507.0

Source: TRA and BOT computation

Note: p denotes provisional data

Table 3.6: Zanzibar: Current Account (Quarterly)

	Millions of USD				
	Quarter ending				
	Sep-20	Sep-21	Sep-22	Sep-23	Sep-24 ^p
Goods account (net)	-77.5	-34.9	-103.3	-137.2	-125.6
Exports	2.7	43.3	19.4	17.4	5.6
Imports (fob)	80.2	78.2	122.7	154.6	131.2
Services account (net)	0.8	138.8	232.8	216.8	281.3
Receipts	18.8	154.1	255.5	247.1	304.6
Payments	18.0	15.3	22.7	30.3	23.2
Goods and services (net)	-76.7	104.0	129.6	79.6	155.7
Exports of goods and services	21.5	197.4	274.9	264.5	310.2
Imports of goods and services	98.2	93.5	145.4	184.9	154.4
Primary Income account (net)	0.9	1.8	0.7	2.7	4.7
Receipts	1.8	3.1	1.5	3.9	6.9
Payments	0.9	1.3	0.8	1.2	2.2
Secondary income (net)	24.0	10.4	0.3	0.4	0.7
Inflows	26.2	12.1	0.5	0.6	1.1
Outflows	2.2	1.7	0.2	0.3	0.5
Current account balance	-51.8	116.1	130.5	82.7	161.2

Exports of goods and services continue to improve, estimated at USD 14,916.5 million (about 19 percent of GDP) during the year ending September 2024 compared with USD 13,543.4 million in the corresponding period in 2023. The main drivers were service receipts, which are mainly tourism (accounting for 24.5 percent of total exports), gold (21.3 percent) and traditional goods exports (6.9 percent). In July-September 2024, exports of goods and services amounted to USD 4,354.7 million compared with USD 4,102.2 million in the quarter ending September 2023, driven by travel receipts, gold and other exports, particularly oil seeds. Major export destinations were South Africa, India, the United Arab Emirates and Switzerland.

Chart 3.20: Export of Goods

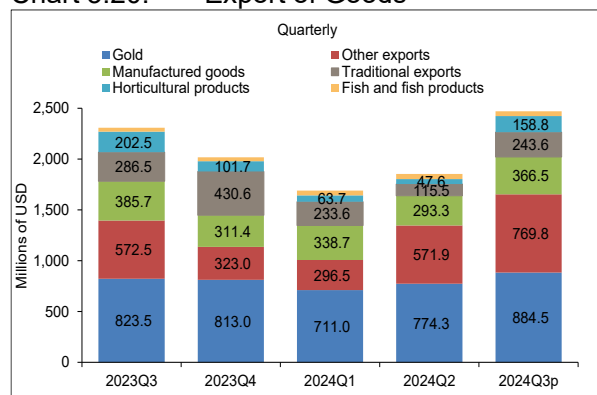
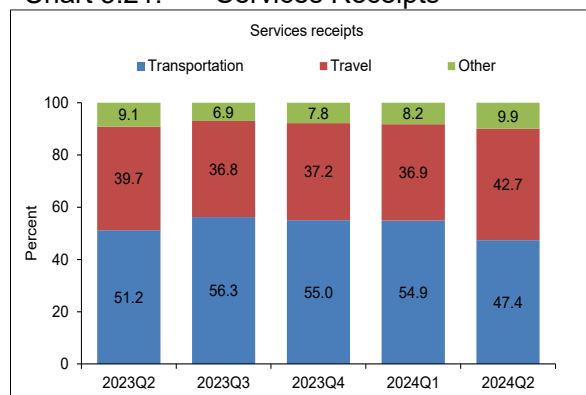


Chart 3.21: Services Receipts



Source: Bank of Tanzania and Tanzania Revenue Authority

Notes: Other services include construction, insurance, financial, telecommunication, computer, and information, as well as charges for using intellectual property, government, personal, and other business services

The export value of goods and services in Zanzibar also increased. During the year ending September 2024, exports of goods and services are estimated at USD 1,052.3 million compared with USD 987.1 million in the corresponding period in 2023, driven by service receipts. Service receipts, which are mainly tourism, accounted for 95 percent of the total value of exports of goods and services (Table 3.5). In July-September 2024, exports of goods and services amounted to USD 310.2 million compared with USD 264.5 million in the quarter ending September 2023, driven by an increase in service receipt, particularly tourism (Table 3.6).

Imports of goods and services are estimated at USD 16,165.7 million (about 20 percent of GDP) in the year ending September 2024 compared with USD 16,103.1 million in the corresponding period of 2023, with capital goods accounting for 17.7 percent, white petroleum products 16.8 percent, and service payments (largely freight) at 13.9 percent. In July-September 2024, imports amounted to USD 4,137.1 million compared with USD 3,998.4 million in the same period in 2023, driven by the importation of industrial transport equipment, plastic items, and iron and steel. Service payments accounted for 14 percent of the total imports (Table 3.4). Imports were mainly from China, India, the United Arab Emirates, Saudi Arabia and Japan.

Chart 3.22: Goods Imports

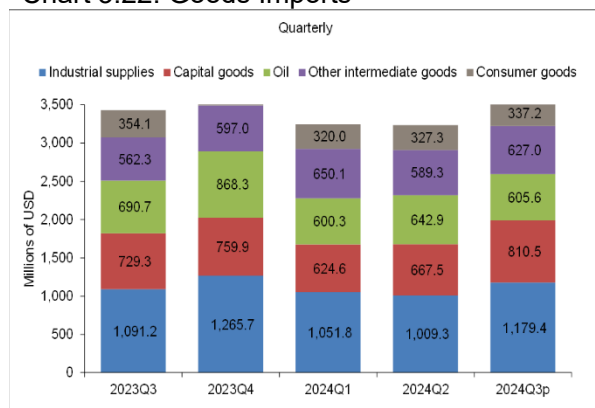
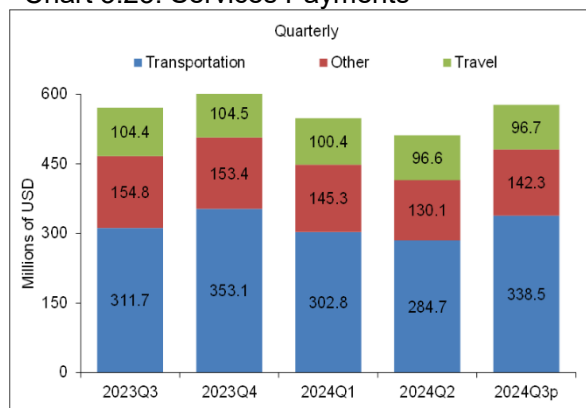


Chart 3.23: Services Payments



Source: Bank of Tanzania

Note: Other services include construction, insurance, financial, telecommunication, computer and information, government, personal, and other business services

Zanzibar's imports of goods and services are estimated at USD 562.9 million in the year ending September 2024, compared with USD 636.2 million in the corresponding period of 2023. Importation of capital goods accounted for 21.7 percent, white petroleum products 39.6 percent, and consumer goods 25.3 percent. In July-September 2024, imports amounted to USD 131.2 million from USD 154.6 million in the same period in 2023, driven by the importation of intermediate goods. Service payments accounted for 15.1 percent of the total imports.

3.9 Foreign Reserves

Foreign reserves were more than USD 5 billion throughout the quarter, reaching USD 5,413.6 million at the end of September from USD 5,345.5 in June 2024. The reserves were mainly accumulated through loans and grants, as purchases from the IFEM remained limited due to the shortage of foreign currency (Chart 3.24). The reserves were sufficient to cover more than 4 months of projected imports of goods and services, which was in line with the country's requirement but lower than the threshold of at least 6 months for SADC countries. To ensure foreign reserves remain adequate, the Bank is expecting to progressively accumulate reserves through the domestic gold purchase program. This will be complemented by measures implemented to increase the supply of foreign exchange and reduce foreign exchange demand through import substitution. The price of

gold is projected to remain high, above USD 2,500 per troy ounce in the remaining part of 2024, thus increasing the possibility of foreign reserves accumulation (Chart 3.25,).

Chart 3.24: Foreign Reserves and Import Cover

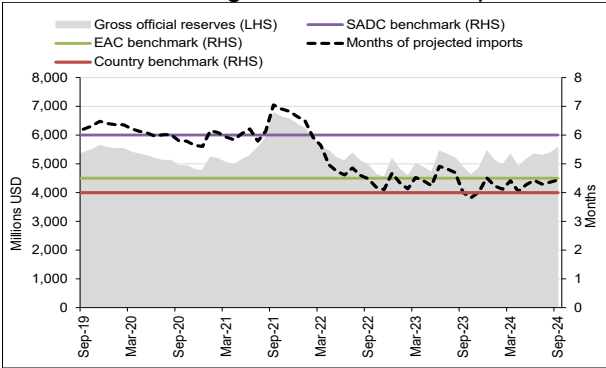


Chart 3.25: Gold Price in the global market



Source: Bloomberg

Chapter 4: Economic Outlook and Recommendation

4.1 Global economic outlook

As discussed in Chapter 2, global economic activity improved in the past three quarters of 2024 and is expected to continue in the last quarter of the year and in 2025. Recent projections released by Bloomberg indicate an improvement in GDP growth rate, quarter-quarter, in most advanced and emerging market economies (Table 4.1). Therefore, global growth is expected to be steady, given the large share of these economies in global activity, which will in turn stimulate domestic economic activities. The growth projection weighs on a possible escalation of the ongoing geopolitical conflicts in Eastern Europe and the Middle East and climate-related impacts. However, the ongoing monetary policy easing stance is expected to minimize the risks to the projections.

Table 4.1 Projected Quarterly Growth Rates

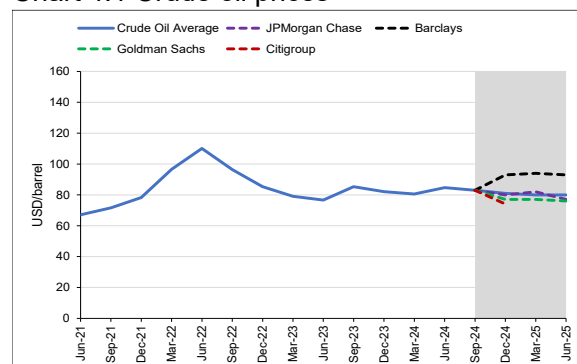
	Percent					
	Projection (Q-o-Q)					
	2024			2025		
	Q2	Q3	Q4	Q1	Q2	Q3
United State	0.6	0.4	0.4	0.5	0.5	0.5
Euro Area	0.2	0.3	0.4	0.3	0.4	0.4
Japan	0.6	0.5	0.3	0.3	0.2	0.2
UK	0.3	0.3	0.3	0.3	0.3	0.3
China	0.9	1.1	1.1	1.1	1.1	1.1
South Africa	0.4	0.4	0.5	0.4	0.4	0.4
Brazil	1.4	0.5	0.3	0.5	0.5	0.5

Source: Bloomberg

In the last three quarters of 2024, commodity prices in the world market have varied but declining relative to the levels recorded in 2023. The outlook points to the same trend in the fourth quarter and in 2025. The IMF, World Bank, and Bloomberg project a somewhat mixed trend of crude oil prices, but on average, remaining stable (Chart 4.1). The trend will be influenced by decisions on production levels, demand, and geopolitical conflicts. The prices are projected to average USD 82 per barrel in the fourth quarter of 2024, with a more severe leading to more than USD 93 per barrel. Given the large share of oil import

bill (currently estimated around 20 percent of goods imported), pressure on foreign exchange in the domestic market will be minimal, if the prices of oil remain moderate around USD 82 per barrel. Food prices in neighbouring countries, especially in the SADC region, are expected to be elevated due to drought conditions, which have affected some countries.

Chart 4.1 Crude oil prices



Source: Bloomberg

Inflation has been declining in most countries since the beginning of 2024. This trend is expected to continue in the fourth and subsequent quarters of 2025, reflecting the lagged impact of the monetary policy tightening cycle and easing commodity prices in the world market. This trend is also expected to prevail in Tanzania's major trading partners, thus helping to boost demand for the country's exports and minimizing the effect of imported inflation (Table 4.2 and Chart 4.2). The upside risks to the inflation outlook include the potential disruption of supply chains due to geopolitical conflicts, climate change, and rising energy prices on account of the OPEC+ decision on production cuts.

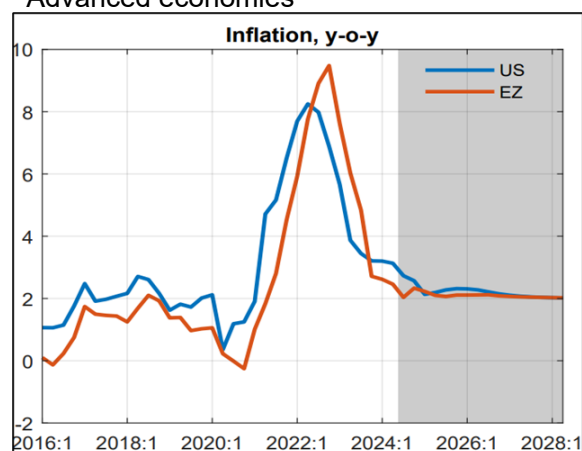
Table 4.2: Projected Quarterly Inflation

	Percent					
	Projection (y-o-y)					
	2024			2025		
	Q2	Q3	Q4	Q1	Q2	Q3
United State	3.2	2.7	2.6	2.3	2.1	2.3
Euro Area	2.5	2.3	2.4	2.3	2.2	2.0
Japan	2.7	2.6	2.2	2.5	2.1	1.8
UK	2.1	2.2	2.6	2.5	2.4	2.4
China	0.3	0.5	1.0	1.3	1.4	1.3
South Africa	5.2	4.5	4.1	4.4	4.1	4.7
India	4.9	4.0	4.7	4.6	4.8	4.2
Brazil	4.0	4.4	4.2	3.9	3.8	3.6
Russia	8.2	8.5	7.1	6.5	6.0	4.8

Source: Bloomberg

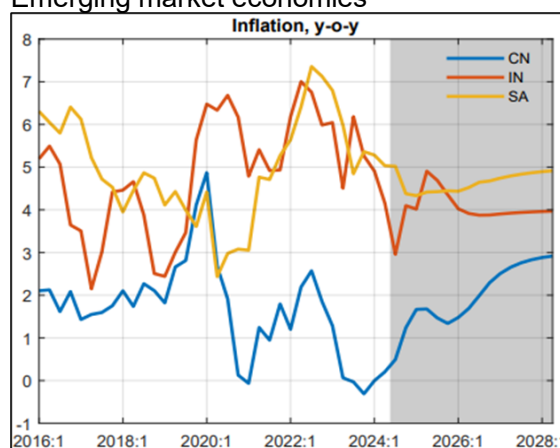
Chart 4.2 Inflation Projections (Percent)

Advanced economies



Source: Bloomberg

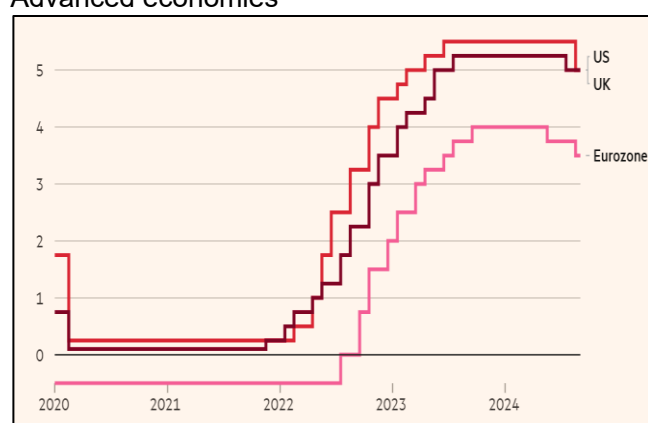
Emerging market economies



Against the backdrop of declining inflation close to the targets, central banks in the US, Eurozone, Canada, and the UK have cut central bank policy rates (Chart 4.3). In some countries in advanced and emerging market economies, central banks have maintained policy rates and anticipate cutting policy rates in near term. Central banks in most developing countries have also followed this global trend. This monetary policy easing trend is expected to continue in the fourth quarter of 2024, thus improving global financial conditions and providing impetus to domestic economic growth and foreign exchange inflows.

Chart 4.3 Policy Rates (Percent)

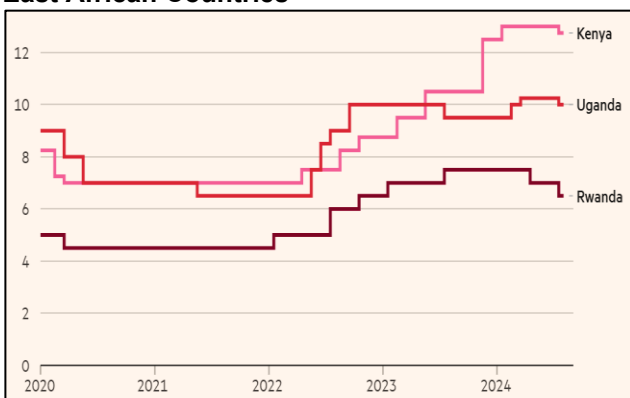
Advanced economies



Emerging market economies



East African Countries



Source: Financial Times

4.2 Domestic Economic Outlook

Domestic economic conditions have been improving, as presented in Chapter 3. The economy is expected to continue improving. The robust growth is consistent with the improving global conditions. In addition, the growth will be reinforced by improving agricultural activities due to the availability of inputs (fertilizers and quality seeds) and pesticides, as well as investment in irrigation schemes. Construction is also expected to continue driving growth, owing to the construction of SGR, roads, airports and residential buildings. Furthermore, improving transport logistics through ports, railways and airways is projected to contribute significantly to growth. Increasing electricity generation, particularly from Mwalimu Nyerere and Rusumo Hydropower plants, are expected to add impetus to growth.

Inflation has remained low, below the target of 5 percent, and is projected at 3.2 percent in the fourth quarter of 2024. The risk to inflation is low due to adequate food supply. Core inflation is projected at 3.1 percent. Inflation in Zanzibar is projected to be consistent with the target of 5 percent.

4.3 MPC Decisions

In line with the projected growth and inflation outlook, the MPC maintained the CBR at 6 percent for the fourth quarter of 2024. The decision was reached on the consideration that inflation is projected to remain low, consistent with the target of 5 percent. The MPC also projects growth to be steady in line with the improving domestic and global conditions. In addition to the decision on the CBR, the MPC approved to continue aligning monetary

conditions and forex reserves to attain ECF targets on net domestic assets and net international reserves for the quarter ending December 2024. Furthermore, the MPC approved the Bank to auction Government securities in accordance with the issuance plan for 2024/2025.

Annexes

Annex 1: Actual Real GDP Growth and Projection

Percent

	IMF projections				World Bank					
	Apr-24		Jul-24		Jan-24			Jun-24		
	2024	2025	2024	2025	2024	2025	2026	2024	2025	2026
World	3.2	3.2	3.2	3.3	2.4	2.7	2.7	2.4	2.7	2.7
Advanced economies	1.7	1.8	1.7	1.8	1.5	1.7	1.8	1.5	1.7	1.8
United States	2.7	1.9	2.6	1.9	2.5	1.8	1.8	2.5	1.8	1.8
Euro area	0.8	1.5	0.9	1.5	0.7	1.4	1.3	0.7	1.4	1.3
United Kingdom	0.5	1.5	0.7	1.7	n.a	n.a	n.a	n.a	n.a	n.a
Japan	0.9	1.0	0.7	1.0	0.7	0.8	0.9	0.7	1.0	0.9
Emerging market and developing economies	4.2	4.2	4.3	4.3	3.9	4.0	3.9	4.0	4.0	3.9
Brazil	2.2	2.1	2.1	2.4	2.0	2.2	2.0	2.0	2.2	2.0
Russia	3.2	1.8	3.2	1.5	2.9	1.4	1.1	2.9	1.4	1.1
India	6.8	6.5	7.0	6.5	6.6	6.7	6.8	6.6	6.7	6.8
China	4.6	4.1	5.0	4.5	4.8	4.1	4.0	4.8	4.1	4.0
Sub-Saharan Africa	3.8	4.0	3.7	4.1	3.5	3.9	4.0	3.5	3.9	4.0
South Africa	0.9	1.2	0.9	1.2	1.2	1.3	1.5	1.2	1.3	1.5
Nigeria	3.3	3.0	3.1	3.0	3.3	3.7	3.7	3.3	3.5	3.7
Kenya	5.0	5.3	n.a	n.a	5.0	5.3	5.3	5.0	5.3	5.3
Angola	2.6	3.1	n.a	n.a	2.8	2.6	2.4	2.9	2.6	2.4
EAC	5.4	5.9	n.a	n.a	n.a	n.a	n.a	n.a	n.a	n.a
SADC	2.6	3.0	n.a	n.a	n.a	n.a	n.a	n.a	n.a	n.a

Source: IMF World Economic Outlook and World Bank Global Economic Prospects

Note: n.a denotes not available

Annex 2a: Gross Domestic Product for Tanzania Mainland

	2018	2019	2020 ^f	2021 ^f	2022 ^f	2023
Economic Activity	Millions of TZS					
<i>Agriculture, forestry and fishing</i>	29,504,235.8	30,802,622.4	32,323,672.8	33,588,777.4	34,711,276.9	36,184,322.1
Crops	15,679,337.7	16,372,350.9	17,196,814.9	17,818,275.8	18,295,699.5	19,064,329.9
Livestock	8,276,692.0	8,687,237.9	9,119,558.7	9,574,892.2	10,054,947.1	10,560,053.6
Forestry	3,339,085.2	3,499,684.4	3,612,827.3	3,739,795.4	3,857,005.8	4,021,644.1
Fishing	2,209,120.9	2,243,349.2	2,394,471.9	2,455,814.1	2,503,624.4	2,538,294.5
<i>Industry and Construction</i>	31,344,128.1	34,912,846.6	37,251,857.4	39,085,651.6	41,147,936.3	43,234,379.7
Mining and quarrying	4,659,195.2	5,485,112.4	5,887,451.7	6,442,881.3	7,138,148.9	7,945,920.5
Manufacturing	9,623,500.7	10,184,558.4	10,646,278.5	11,155,761.8	11,624,144.0	12,128,561.6
Electricity supply	928,174.5	994,879.2	1,049,610.1	1,154,204.3	1,242,132.0	1,290,959.7
Water supply; sewerage, waste management	477,510.2	510,410.6	540,159.2	575,213.0	606,754.2	621,827.5
Construction	15,655,747.5	17,737,886.1	19,128,358.0	19,757,591.1	20,536,757.2	21,247,110.3
<i>Services</i>	45,453,302.0	48,133,894.8	50,196,792.3	52,618,667.3	55,393,899.1	58,615,192.6
Wholesale and retail trade; repairs	10,480,203.6	10,984,479.6	11,216,401.4	11,578,145.8	12,031,598.4	12,542,371.5
Transport and storage	8,736,560.6	9,493,190.7	10,293,275.6	10,658,344.0	11,061,950.4	11,510,656.7
Accommodation and Food Services	1,604,390.7	1,645,950.1	1,419,653.9	1,514,711.3	1,651,098.6	1,788,241.5
Information and communication	1,989,717.3	2,133,312.4	2,313,032.1	2,524,609.7	2,712,410.7	2,917,297.2
Financial and insurance activities	4,094,972.3	4,281,167.0	4,412,967.5	4,599,676.8	5,024,300.6	5,639,079.2
Real estate	3,354,517.7	3,505,484.8	3,663,972.3	3,827,459.9	3,997,459.8	4,168,722.1
Professional, scientific and technical activities	763,332.1	821,635.6	881,833.4	942,012.5	996,609.1	1,051,695.7
Administrative and support service activities	3,054,288.2	3,311,752.9	3,569,799.8	3,817,046.9	3,993,799.1	4,191,804.6
Public administration and defence	5,064,968.5	5,238,490.6	5,438,145.7	5,713,411.3	6,024,202.8	6,358,312.0
Education	3,046,789.4	3,257,405.7	3,365,354.6	3,537,610.7	3,724,729.4	3,955,485.3
Human health and social work activities	1,746,730.9	1,833,514.0	1,953,479.4	2,065,349.0	2,176,986.2	2,308,205.5
Arts, entertainment and recreation	350,027.3	389,225.2	372,119.5	444,488.0	528,722.0	622,264.3
Other service activities	971,690.0	1,037,083.3	1,089,265.4	1,181,814.3	1,249,425.4	1,333,611.7
Activities of households as employers;	195,113.5	201,203.0	207,491.7	213,987.3	220,606.7	227,445.5
All economic activities	106,301,665.9	113,849,363.9	119,772,322.5	125,293,096.3	131,253,112.4	138,033,894.4
Taxes on products	8,872,802.2	9,289,874.7	8,951,215.3	9,658,416.8	9,994,080.5	10,365,862.6
GDP at market prices	115,174,468.0	123,139,238.5	128,723,537.8	134,951,513.1	141,247,192.9	148,399,757.0
Real Growth by Economic Activities (Percent)						
<i>Agriculture, forestry and fishing</i>	5.4	4.4	4.9	3.9	3.3	4.2
Crops	5.2	4.4	5.0	3.6	2.7	4.2
Livestock	4.9	5.0	5.0	5.0	5.0	5.0
Forestry	4.9	4.8	3.2	3.5	3.1	4.3
Fishing	9.2	1.5	6.7	2.6	1.9	1.4
<i>Industry and Construction</i>	9.7	11.4	6.7	4.9	5.3	5.1
Mining and quarrying	1.5	17.7	7.3	9.4	10.8	11.3
Manufacturing	8.3	5.8	4.5	4.8	4.2	4.3
Electricity supply	5.8	7.2	5.5	10.0	7.6	3.9
Water supply; sewerage, waste management	7.4	6.9	5.8	6.5	5.5	2.5
Construction	13.7	13.3	7.8	3.3	3.9	3.5
<i>Services</i>	6.5	5.9	4.3	4.8	5.3	5.8
Wholesale and retail trade; repairs	6.6	4.8	2.1	3.2	3.9	4.2
Transport and storage	11.8	8.7	8.4	3.5	3.8	4.1
Accommodation and Food Services	5.2	2.6	-13.7	6.7	9.0	8.3
Information and communication	9.1	7.2	8.4	9.1	7.4	7.6
Financial and insurance activities	-0.5	4.5	3.1	4.2	9.2	12.2
Real estate	4.4	4.5	4.5	4.5	4.4	4.3
Professional, scientific and technical activities	9.9	7.6	7.3	6.8	5.8	5.5
Administrative and support service activities	5.6	8.4	7.8	6.9	4.6	5.0
Public administration and defence	3.2	3.4	3.8	5.1	5.4	5.5
Education	6.6	6.9	3.3	5.1	5.3	6.2
Human health and social work activities	8.4	5.0	6.5	5.7	5.4	6.0
Arts, entertainment and recreation	13.7	11.2	-4.4	19.4	19.0	17.7
Other service activities	6.5	6.7	5.0	8.5	5.7	6.7
Activities of households as employers;	3.1	3.1	3.1	3.1	3.1	3.1
All economic activities	7.1	7.1	5.2	4.6	4.8	5.2
Taxes on products	6.3	4.7	-3.6	7.9	3.5	3.7
GDP at market prices	7.0	6.9	4.5	4.8	4.7	5.1

Source: National Bureau of Statistics

Note: FISIM implies Financial Intermediation Indirectly Measured

The Set of National Account Estimates from 2007 has been revised to 2015 constant prices

Annex 2b: Real GDP Growth by Economic activities for Mainland Tanzania

Activity	Percent								
	2022Q1 ^f	2022Q2 ^f	2022Q3 ^f	2022Q4 ^f	2023Q1 ^f	2023Q2 ^f	2023Q3 ^f	2023Q4 ^f	2024Q1 ^p
Agriculture	4.2	3.8	3.9	1.9	5.0	3.1	5.2	4.1	3.1
Mining and quarrying	9.7	5.8	9.6	17.5	14.2	10.5	14.3	6.9	3.5
Manufacturing	6.3	4.7	4.4	1.8	5.3	4.3	4.2	3.6	5.8
Electricity	9.4	9.6	9.7	2.3	3.6	6.2	3.3	2.7	7.6
Water	11.9	9.5	0.1	2.2	5.1	3.3	1.8	0.1	3.1
Construction	6.5	2.9	1.8	4.8	5.1	2.3	3.7	2.9	6.4
Trade and repair	7.2	6.7	1.9	0.6	2.7	4.1	4.3	5.8	5.3
Accommodation and restaurant	1.5	13.0	13.2	8.5	12.3	7.2	7.4	6.7	7.2
Transport and storage	1.3	4.1	7.3	2.7	2.3	3.9	5.3	4.6	7.6
Information and communication	5.9	6.4	10.8	6.8	3.5	6.2	11.3	9.7	13.4
Financial and insurance	9.6	9.7	8.7	8.9	10.0	12.5	13.2	17.9	17.1
Public administration	4.6	4.0	6.7	6.3	6.7	5.9	5.3	4.5	6.6
Professional, Scientific and Technical act.	5.0	5.5	6.8	5.9	5.3	4.7	4.1	8.0	4.5
Administrative and Support services	6.0	5.2	3.6	3.7	5.5	5.8	5.6	2.9	5.2
Real estate	4.5	4.4	4.4	4.4	4.1	4.2	4.2	4.6	4.2
Education	6.6	5.2	6.5	2.9	6.9	6.5	6.1	5.2	4.6
Health	5.0	5.5	7.1	4.1	5.9	6.3	6.0	5.8	3.9
Other services	8.5	7.5	9.0	9.4	9.5	11.5	8.9	7.2	8.6
All indust. at basic prices	5.5	4.8	4.9	4.0	5.5	4.6	5.8	4.8	5.7
Taxes on products	12.5	7.5	-0.5	-3.0	-1.5	6.2	2.5	7.9	3.7
GDP at market prices	6.0	4.9	4.5	3.4	5.0	4.7	5.6	5.0	5.6

Source: National Bureau of Statistics

Annex 3: Depository Corporations Survey

Items	Billions of TZS												
	Aug-23	Sep-23	Oct-23	Nov-23	Dec-23	Jan-24	Feb-24	Mar-24	Apr-24	May-24	Jun-24	Jul-24	Aug-24
Net foreign assets	10,934.9	10,121.6	9,678.0	9,970.8	11,302.4	10,376.1	10,242.9	11,635.0	10,089.1	10,975.5	12,238.3	12,226.7	13,100.6
Bank of Tanzania	11,288.4	10,646.8	9,986.2	10,644.3	12,079.3	11,263.9	11,025.8	11,981.8	10,896.0	11,725.5	12,349.9	12,227.6	12,581.4
Other depository corporations	-353.5	-525.2	-308.2	-673.5	-776.9	-887.8	-782.9	-346.8	-806.9	-750.1	-111.6	-0.9	519.2
Net domestic assets	32,203.2	33,019.5	33,278.0	33,614.3	32,706.2	33,387.7	33,726.4	32,892.4	34,229.9	34,117.4	34,523.8	34,704.7	34,591.9
Domestic claims	41,885.0	42,586.6	43,884.1	44,541.9	43,455.9	44,430.7	44,999.1	44,222.7	45,293.6	46,373.7	46,460.8	47,250.2	47,176.6
Claims on central government (net)	11,276.2	11,795.4	12,667.7	12,666.4	11,353.9	12,003.5	12,331.0	10,876.6	11,536.0	12,389.8	11,479.9	11,895.7	11,445.7
Claims on central government	20,048.7	21,276.8	22,443.1	22,889.7	22,799.1	23,125.4	23,440.9	22,328.7	23,452.5	24,411.3	22,755.3	23,050.6	23,816.7
Liabilities to central government	8,772.6	9,481.4	9,775.4	10,223.3	11,445.2	11,121.9	11,110.0	11,452.1	11,916.5	12,021.5	11,275.3	11,154.9	12,371.0
Claims on non-government sector	30,608.8	30,791.3	31,216.4	31,875.6	32,102.0	32,427.3	32,668.1	33,346.2	33,757.6	33,983.9	34,980.8	35,354.6	35,730.9
Other items (net)	-9,681.8	-9,567.2	-10,606.1	-10,927.6	-10,749.7	-11,043.1	-11,272.6	-11,330.3	-11,063.8	-12,256.3	-11,937.0	-12,545.5	-12,584.7
Broad money liabilities	43,138.1	43,141.0	42,955.9	43,585.2	44,008.6	43,763.7	43,969.3	44,527.4	44,319.0	45,092.9	46,762.1	46,931.4	47,692.5
Currency outside depository corporations	6,460.7	6,475.9	6,316.8	6,373.2	6,485.0	6,106.6	6,083.6	6,325.5	6,146.7	6,521.8	7,076.5	7,085.6	7,302.0
Transferable deposits	20,594.4	20,261.3	20,313.7	20,254.7	20,458.2	20,750.8	20,575.5	20,783.1	20,172.4	21,024.7	21,826.8	21,823.8	21,862.2
Non-transferable (other) deposits	16,083.0	16,403.8	16,325.4	16,957.3	17,065.4	16,906.3	17,310.3	17,418.8	17,999.9	17,546.4	17,858.8	18,022.0	18,528.3
Memorandum Items:													
Monetary aggregates													
Reserve money (M0)	10,392.8	9,943.7	9,825.2	10,066.5	10,099.8	10,411.9	10,138.1	10,185.5	10,066.6	11,046.4	10,926.3	10,896.5	11,053.1
Extended broad money (M3)	43,138.1	43,141.0	42,955.9	43,585.2	44,008.6	43,763.7	43,969.3	44,527.4	44,319.0	45,092.9	46,762.1	46,931.4	47,692.5
Deposits in foreign Currency (FCD)	9,851.5	9,715.9	9,496.3	10,148.5	10,000.8	9,990.5	10,132.6	10,397.3	10,493.7	10,846.0	11,496.1	11,450.8	11,998.8
FCD in millions of USD	4,031.2	3,914.9	3,826.1	4,058.7	3,990.7	3,970.0	3,982.7	4,061.0	4,078.0	4,172.9	4,370.7	4,323.4	4,470.1
Broad money (M2)	33,286.6	33,425.2	33,459.6	33,436.7	34,007.8	33,773.2	33,836.7	34,130.1	33,825.3	34,246.9	35,266.0	35,480.6	35,693.7
Other deposits in national currency (i.e. savings and time deposits)	12,514.7	12,813.9	12,891.0	13,149.8	13,407.6	13,280.5	13,290.5	13,267.2	13,562.0	13,154.0	13,270.2	13,304.6	13,607.9
Narrow money (M1)	20,771.9	20,611.2	20,568.6	20,286.9	20,600.2	20,492.7	20,546.3	20,862.9	20,263.3	21,093.0	21,995.8	22,176.0	22,085.9
Currency in circulation	6,460.7	6,475.9	6,316.8	6,373.2	6,485.0	6,106.6	6,083.6	6,325.5	6,146.7	6,521.8	7,076.5	7,085.6	7,302.0
Transferable deposits in national currency	14,311.2	14,135.3	14,251.8	13,913.7	14,115.2	14,386.1	14,462.7	14,537.3	14,116.6	14,571.2	14,919.3	15,090.3	14,783.8

Source: Bank of Tanzania

Annex 4: Interest Rates Structure

Percent

Items	2023					2024							
	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	June	July	Aug ^p
A: Domestic currency													
1. Interbank cash market rates													
Overnight	4.35	4.64	5.36	5.70	6.56	6.75	6.35	6.20	6.51	7.02	6.92	6.80	7.62
2 to 7 days	5.36	5.50	6.00	6.46	6.89	7.29	7.20	7.17	7.04	7.35	7.40	7.42	7.83
8 to 14 days	4.99	5.39	5.89	6.37	6.51	7.22	7.21	7.03	7.25	7.26	7.42	7.50	8.29
15 to 30 days	5.30	5.31	5.86	5.93	6.66	7.45	7.58	7.03	7.70	7.35	7.88	7.72	8.34
31 to 60 days	5.86	6.26	7.91	5.50	6.28	6.28	7.23	7.85	7.85	7.88	7.17	8.18	9.95
61 to 90 days	7.00	5.00	5.00	5.00	5.00	6.52	6.52	6.52	6.75	8.50	11.50	9.50	9.50
91 to 180 days	7.28	7.00	9.12	9.54	7.57	9.97	9.29	8.50	9.73	9.29	10.35	6.75	7.00
181 and above	10.20	10.20	9.00	9.00	11.33	11.00	11.76	11.76	9.00	9.00	9.00	10.86	10.93
Overall interbank cash market rate	5.24	5.46	5.90	6.36	6.81	7.27	7.20	7.10	7.02	7.34	7.36	7.24	7.79
2. Lombard rate	6.53	6.96	8.04	8.55	9.84	7.50	7.50	7.50	8.00	8.00	8.00	8.00	8.00
3. REPO rate	2.91	2.43	2.43	2.43	2.43	2.43	2.43	5.30	5.30	5.30	5.30	5.30	5.30
4. Reverse REPO rate	6.29	6.29	6.29	6.29	6.29	6.29	5.81	5.74	6.57	6.57	6.57	6.57	7.88
5. Treasury bills rates													
35 days	4.20	4.98	4.98	6.29	6.29	6.29	6.29	5.93	5.93	5.93	5.93	5.93	5.93
91 days	4.65	5.84	7.77	8.83	9.10	8.50	8.43	8.17	8.07	8.07	8.07	5.13	5.13
182 days	6.84	7.15	7.56	8.73	9.40	9.30	8.93	8.61	8.45	8.22	6.57	6.57	7.30
364 days	7.03	7.72	8.73	9.49	10.51	11.81	12.25	11.82	10.38	7.83	6.75	8.84	10.63
Overall treasury bills rate	6.92	7.44	8.43	9.34	10.48	11.76	12.21	11.65	10.33	7.86	6.75	8.81	10.61
6. Treasury bonds rates													
2-years	9.53	9.59	9.59	11.64	11.64	11.64	11.64	11.64	11.64	11.64	11.64	11.64	11.64
5-years	10.09	10.09	10.09	10.09	10.09	10.09	10.09	10.09	10.09	10.09	10.09	10.09	10.09
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	11.51	11.51	11.88	11.88	11.85	12.03	12.03	12.03	12.30	12.30	12.30	12.30	13.26
15-years	11.96	12.34	12.34	12.34	12.75	12.75	13.66	13.66	13.66	15.16	15.16	15.05	15.05
20-years	13.08	13.08	13.08	13.51	13.51	13.51	15.83	15.51	15.24	15.24	15.13	15.17	15.40
25-years	13.81	13.81	13.81	13.81	14.39	14.39	14.39	16.79	16.13	16.13	15.38	15.38	15.38
7. Discount rate	5.00	5.00	5.00	5.00	5.00	8.00	8.00	8.00	8.50	8.50	8.50	8.50	8.50
8. Savings deposit rate	1.68	1.69	2.45	2.56	2.60	2.69	2.54	2.70	2.79	2.87	2.86	2.87	3.02
9. Overall time deposits rate													
1 month	6.67	6.42	6.80	8.76	8.08	7.48	7.83	8.36	8.94	9.18	8.70	8.39	8.67
2 months	7.17	6.87	7.51	8.37	8.46	9.00	8.52	9.16	8.58	9.01	8.47	8.93	8.31
3 months	7.92	7.61	8.39	8.75	9.25	8.63	8.85	8.81	8.52	8.65	9.38	9.10	8.66
6 months	8.08	7.95	7.66	8.46	9.14	9.13	9.07	9.15	9.12	9.37	9.25	9.09	8.91
12 months	8.93	8.98	9.00	9.16	8.92	9.15	9.06	8.94	8.21	8.97	9.09	9.01	8.82
24 months	8.74	8.91	7.55	7.55	6.03	6.06	6.04	6.05	6.28	6.02	6.25	9.96	9.87
10. Negotiated deposit rate	9.04	9.29	9.24	9.15	9.19	9.56	9.52	9.59	9.33	9.72	9.86	9.96	10.12
11. Overall lending rate													
Short-term (up to 1 year)	17.01	16.07	15.93	15.63	15.94	15.82	16.10	16.17	15.93	15.98	15.57	15.67	15.33
Medium-term (1-2 years)	16.99	16.87	16.75	16.91	15.91	15.82	15.71	15.74	15.77	15.82	15.69	15.49	15.50
Medium-term (2-3 years)	14.59	14.86	14.98	14.90	15.82	15.92	15.80	16.05	15.87	15.88	15.78	16.06	16.09
Long-term (3-5 years)	15.68	15.59	15.67	15.45	15.48	15.39	15.51	15.42	15.44	15.50	15.37	15.21	15.14
Term Loans (over 5 years)	14.36	14.25	14.13	14.03	14.03	13.97	14.08	14.15	14.09	14.18	14.11	14.02	14.09
12. Negotiated lending rate	13.31	13.37	13.26	13.29	13.38	13.44	13.40	13.46	13.95	12.69	12.82	12.78	12.79
B: Foreign currency													
1. Deposits rates													
Savings deposits rate	0.04	0.00	0.01	0.02	0.04	0.04	0.04	0.91	0.79	0.90	0.97	0.53	1.28
Overall time deposits rate													
1-months	3.58	3.47	3.63	3.95	3.71	2.25	3.92	3.77	2.94	3.76	2.96	2.96	3.52
2-months	3.47	3.51	3.94	3.27	3.61	2.64	3.41	2.61	4.20	2.73	3.37	4.42	4.49
3-months	3.72	3.80	2.90	3.58	2.63	4.09	3.20	4.21	2.80	2.88	4.42	4.49	2.36
6-months	3.90	2.55	3.69	3.65	3.95	3.41	3.65	3.88	4.39	4.46	4.38	3.74	4.40
12-months deposit rate	4.08	4.24	4.18	4.47	4.43	4.58	4.47	4.64	4.49	4.40	4.44	4.26	3.89
2. Overall lending rate													
Short-term (up to 1 year)	7.82	8.11	7.71	7.82	7.64	7.72	8.13	8.17	8.10	8.19	7.23	8.34	8.56
Medium-term (1-2 years)	9.53	9.58	9.69	9.08	8.93	9.46	9.11	9.60	8.74	8.77	6.58	9.10	9.55
Medium-term (2-3 years)	6.91	7.45	7.08	6.99	7.04	6.90	7.71	7.77	7.94	7.89	7.10	7.48	7.69
Long-term (3-5 years)	7.64	8.00	8.05	8.21	8.21	8.14	8.44	8.35	8.47	8.27	7.63	8.31	8.28
Term loans (over 5 years)	6.57	7.05	6.26	7.28	6.53	6.67	7.09	6.49	6.94	6.94	6.56	7.35	7.41
	8.47	8.45	7.49	7.55	7.49	7.42	8.29	8.63	8.40	9.08	8.26	9.48	9.86

Source: Bank of Tanzania

Annex 5: Banking Financial Soundness Indicators

	Percent						
Particulars	Dec-19	Dec-20	Dec-21	Dec-22	Aug-23	Dec-23	Aug-24
Capital adequacy							
Core capital/TRWA +OBSE	17.0	17.2	19.5	18.0	18.1	17.7	18.9
Core capital/Total Deposit	17.2	17.5	17.6	17.5	16.8	17.2	18.6
Total capital/TRWA +OBSE	18.1	18.1	20.2	18.9	18.9	18.4	19.6
Total capital/Total Assets	13.1	13.1	13.2	12.9	12.4	12.5	13.2
Asset quality							
Gross non-performing loans/Gross loans	9.6	9.4	8.5	5.8	5.1	4.4	3.9
NPLs net of provisions/Total capital	37.7	36.6	31.3	23.5	21.9	19.8	16.8
Earnings							
Return on assets-ROA	1.9	1.9	2.8	3.5	4.5	4.4	5.5
Return on equity-ROE	7.1	7.6	11.3	14.6	21.4	20.5	25.9
Interest margin to total income	56.3	55.6	56.6	53.8	52.4	52.1	50.4
Non interest expenses/Total income	56.6	53.8	49.7	43.7	40.8	40.4	36.7
Personnel expenses/Non-interest expenses	48.2	50.0	52.0	51.4	50.6	49.1	48.8
Liquidity							
Liquid assets/Demand liabilities	32.1	30.7	29.4	26.4	25.7	28.8	27.7
Liquid assets/Total assets	26.9	24.6	25.5	23.1	23.2	23.2	24.0
Liquid assets/Customer deposits liabilities	41.0	37.0	37.2	34.8	34.8	35.2	36.9
Total loans/Customer deposits	88.2	86.8	82.0	89.3	88.1	92.5	94.5
Access to lending							
Claims on the private sector to GDP	14.3	12.5	13.4	16.7	18.7	19.9	22.2
Claims on non-government sector to GDP	14.9	13.1	14.0	17.3	19.6	21.0	23.5
Sensitivity to Market Risk							
Net open position in FX/Total capital	8.8	9.0	7.8	2.5	-2.5	4.5	5.3

Source: Bank of Tanzania

Annex 6: Tanzania Imports by Major Category

	Millions of USD					
	Quarter ending					Projection
	Jun-23	Sep-23	Dec-23	Mar-24	Jun-24	Sep-24
Capital	743.6	729.3	759.9	624.6	667.5	724.6
Machinery and mechanical appliance	372.5	283.0	294.3	259.8	249.6	283.3
Industrial transport equipment	225.3	240.0	253.5	212.2	237.1	223.0
Electrical machinery and equipment	86.6	122.1	136.7	79.0	84.3	121.8
Other capital goods	59.3	84.2	75.4	73.6	96.5	96.5
Intermediate	2,074.4	2,343.6	2,730.4	2,301.7	2,240.9	2,433.8
Industrial supplies	947.2	1,091.2	1,265.7	1,051.8	1,009.3	1,156.9
O/w Iron and steel and articles thereof	233.4	288.4	389.1	298.7	250.2	290.3
Plastic and articles thereof	146.4	162.0	158.9	149.2	172.3	176.4
Fertilisers	43.4	76.8	130.9	61.8	59.1	88.6
Fuel and lubricants	554.0	733.0	922.9	669.7	715.8	776.4
o/w Refined white products	504.9	690.7	868.3	600.3	642.9	739.9
Parts and accessories	261.3	246.4	253.1	224.7	230.1	258.2
Food and beverages for industrial use	209.1	199.5	194.2	276.9	209.1	157.6
OW Wheat grain	130.9	97.0	75.6	99.6	69.9	59.3
Edible oil and its fractions not refined	31.0	39.8	42.6	42.3	26.2	18.6
Sugar for industrial use	10.7	23.7	51.5	34.1	44.0	30.4
Motor cars for household	102.2	73.3	94.4	78.5	76.3	84.6
Consumer	400.3	354.1	383.9	320.0	327.3	356.6
Food and beverages mainly for household	68.8	42.4	42.0	39.8	36.5	48.7
Non-industrial transport equipment	33.3	36.8	44.4	37.2	39.0	35.7
OW Motorcycles and Cycles fitted with engine	29.1	31.4	39.9	33.8	35.2	31.2
Other consumer goods	298.2	274.9	297.5	243.0	251.8	272.3
OW Pharmaceutical products	90.6	71.0	95.7	59.9	54.4	69.9
Insecticides, rodenticides and similar	60.0	48.2	54.6	51.1	53.0	40.4
Soap and detergents	15.4	16.6	12.7	14.2	14.2	16.6
Textiles apparels	22.2	13.4	12.3	10.0	11.0	14.1
Footwear and other products	12.7	13.8	14.8	11.9	15.2	15.8
Paper and paper products	6.1	8.8	7.2	8.7	5.4	7.5
Total	3,218.8	3,427.5	3,874.8	3,246.8	3,236.2	3,515.6

Source: TRA and BOT computation

Note: p denotes provisional

Annex 7: Zanzibar Imports by Major Category

	Millions of USD				
	Year ending September		Quarter ending		
	2023	2024 ^p	Sep-23	Jun-24	Sep-24 ^p
Capital	78.9	40.3	36.5	8.1	14.8
Machinery and mechanical appliances	27.9	14.3	3.6	4.0	4.6
Industrial transport equipment	33.0	8.1	27.1	1.6	2.4
Electrical machinery and equipment	10.8	11.8	2.7	1.8	6.2
Other capital goods	7.3	6.1	3.0	0.6	1.6
Intermediate	393.9	372.0	103.3	91.1	98.1
Industrial supplies	112.4	92.8	27.9	24.3	25.0
o/w Iron and steel and articles thereof	15.6	26.2	2.4	4.9	6.0
Plastic and articles thereof	10.4	4.4	2.7	1.3	1.4
Fertilizers	0.1	0.0	0.1	0.0	0.0
Fuel and lubricants	183.5	185.5	46.5	43.1	46.7
o/w Refined white products	183.4	183.5	46.5	42.3	45.5
Parts and accessories	13.3	12.9	4.9	3.4	3.7
Food and beverages for industrial use	72.1	66.9	21.0	16.8	19.3
o/w Wheat grain	21.7	24.5	0.0	4.6	8.0
Edible oil and its fractions not refined	16.5	25.0	3.4	5.0	7.5
Sugar for industrial use	0.0	0.0	0.0	0.0	0.0
Motor cars for household	12.6	13.8	3.0	3.5	3.4
Consumer	63.2	60.5	14.8	16.0	18.3
Food and beverages mainly for household consumption	17.0	14.5	4.1	4.0	4.9
Non-industrial transport equipment	2.9	1.7	0.4	0.4	0.5
o/w Motorcycles and cycles fitted with an auxiliary mot	0.8	0.8	0.1	0.2	0.2
Other consumer goods	43.3	44.3	10.3	11.6	12.9
o/w Pharmaceutical products	0.8	1.8	0.2	0.4	0.5
Insecticides, rodenticides and similar products	0.5	0.5	0.2	0.1	0.2
Soap and detergents	4.0	3.5	0.7	1.0	1.0
Textiles apparels	4.5	5.6	1.1	1.6	1.5
Footwear and other products	2.1	2.0	0.6	0.5	0.7
Paper and paper products	1.8	2.3	0.2	0.6	0.5
Total (f.o.b)	536.0	472.8	154.6	115.1	131.2

Source: TRA and BOT computation

Note: p denotes provisional