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**BANK OF TANZANIA**

**Monthly Economic Review**

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**November 2009**

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# 1.0 Inflation Developments

**Annual headline inflation rate** increased to 12.7 percent in October 2009 from 12.1 percent recorded in the preceding month due to increase in both food and non-food inflation (**Table 1.1 and Chart 1.1**).

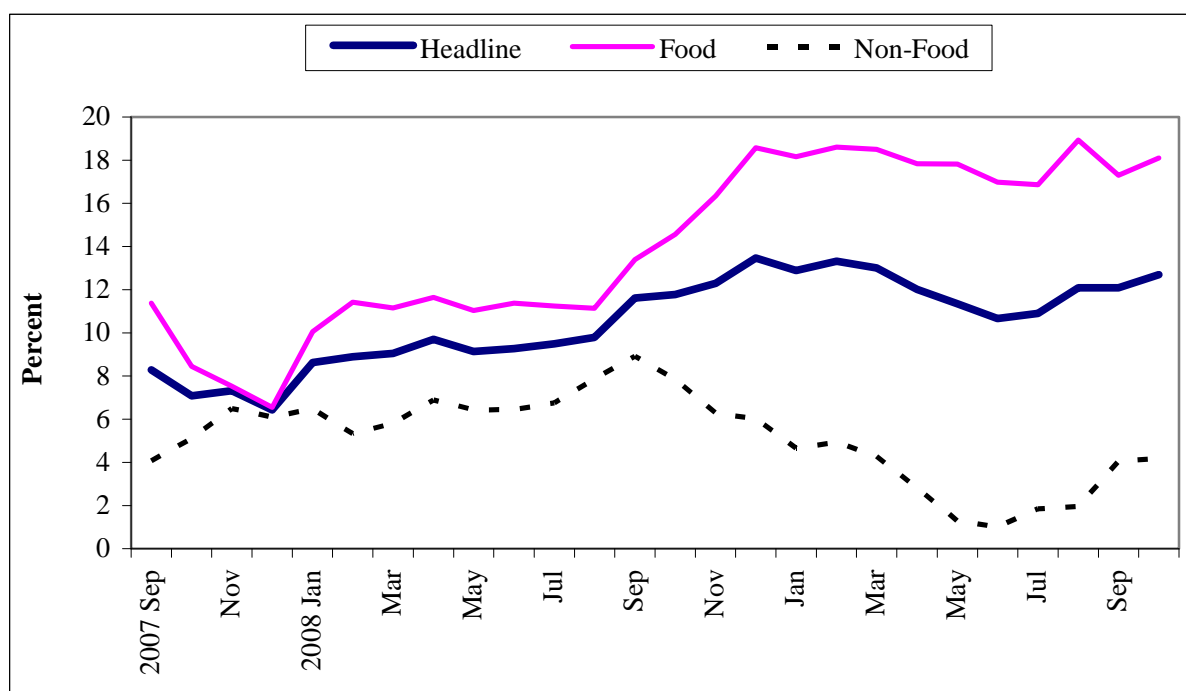
**Table 1.1: Annual Percentage Change in Consumer Price Index (ALL-Urban)**

(Base: Dec 2001 = 100)

| Major Commodity Group        | Weight (%)  | 2007       |             |            | 2008        |             |             | 2009        |             |             |
|------------------------------|-------------|------------|-------------|------------|-------------|-------------|-------------|-------------|-------------|-------------|
|                              |             | Aug        | Sep         | Oct        | Aug         | Sep         | Oct         | Aug         | Sep         | Oct         |
| <b>Headline/Overall</b>      | <b>100</b>  | <b>7.8</b> | <b>8.3</b>  | <b>7.1</b> | <b>9.8</b>  | <b>11.6</b> | <b>11.8</b> | <b>12.1</b> | <b>12.1</b> | <b>12.7</b> |
| <b>Food</b>                  | <b>55.9</b> | <b>9.2</b> | <b>11.4</b> | <b>8.4</b> | <b>11.1</b> | <b>13.4</b> | <b>14.6</b> | <b>18.9</b> | <b>17.3</b> | <b>18.1</b> |
| <b>Non-food</b>              | <b>44.1</b> | <b>6</b>   | <b>4.1</b>  | <b>5.1</b> | <b>7.8</b>  | <b>8.9</b>  | <b>7.9</b>  | <b>2.0</b>  | <b>4.0</b>  | <b>4.2</b>  |
| Transportation               | 9.7         | 6.5        | 4.3         | 5.6        | 9.9         | 9.7         | 7.9         | -4.9        | -2.0        | -1.4        |
| Fuel, Power and Water        | 8.5         | 4.2        | 1.4         | 3.8        | 12.7        | 15          | 12.9        | -7.2        | -0.9        | 0.5         |
| Drinks and Tobacco           | 6.9         | 7.3        | 6.2         | 7          | 8.6         | 8.8         | 8.3         | 10.9        | 11.3        | 12.1        |
| Clothing & Footwear          | 6.4         | 6.4        | 4.5         | 5.4        | -0.1        | 2.2         | 1.8         | 9.8         | 8.1         | 6.3         |
| Education                    | 2.6         | 8.8        | 9.2         | 7.8        | 7.9         | 8.3         | 7.9         | 10.3        | 9.5         | 9.6         |
| Furniture & Household Equip. | 2.1         | 6.9        | 4.1         | 4.6        | 6.9         | 8.2         | 7.9         | 6.5         | 7.0         | 5.8         |
| H/h Operations Maintenance   | 2.1         | 9.5        | 6.5         | 5.8        | 1.1         | 3.4         | 4           | 6.3         | 5.2         | 5.8         |
| Personal Care & Health       | 2.1         | 3.5        | 2.2         | 1.6        | 5.9         | 6.9         | 5.9         | 7.5         | 7.0         | 7.0         |
| Rents                        | 1.4         | 2.1        | 2.8         | 2.8        | 3.1         | 2.4         | 2.4         | 12.6        | 12.6        | 12.6        |
| Recreation & Entertainment   | 0.8         | 10.8       | 9.7         | 10.5       | 5.2         | 6.9         | 6.9         | 8.4         | 9.1         | 8.5         |
| Misc. Goods & Services       | 1.5         | 0          | -0.8        | 0.3        | 1.5         | 3.4         | 3.9         | 5.0         | 3.1         | 0.9         |

**Source:** National Bureau of Statistics and Bank of Tanzania Computation.

**Chart 1.1: Annual Headline, Food and Non-food Inflation**



Source: Bank of Tanzania

Likewise, the 3-month moving average annual headline inflation rate rose to 12.3 percent in October 2009 from 11.7 percent recorded in September 2009. The 12-month average annual headline inflation increased to 12.2 percent in October 2009 from 9.3 percent recorded in the corresponding period (November 2007 to October 2008).

**Month-to-month headline inflation rate** decreased to 1.1 percent in October 2009 from 2.2 percent recorded in September 2009. The decrease is explained by the slow down in both food and non-food inflation. Similarly the seasonally adjusted month-to-month headline inflation declined to 1.0 percent in October 2009 from 2.1 percent in September 2009.

**Annual non-food inflation rate** increased to 4.2 percent in October 2009 from 4.0 percent in September 2009, associated mainly with the increase in prices of all non-food items except those under transportation and fuel, power and water subgroups. Similarly, the 3-month moving average annual non-food inflation rate increased to 3.4 percent in October 2009 from 2.6 percent recorded in September 2009. On the contrary, the 12-month annual non-food inflation rate decreased to 3.6 percent in October 2009 compared with 6.7 percent recorded in the corresponding period in 2008. **Month-to-month non-food inflation rate** declined to 0.2 percent in October 2009 from 2.2 percent in September 2009, on account of decreases in prices of almost

all non-food sub-groups except items under drinks and tobacco, and household operation and maintenance.

**Annual food inflation rate** rose to 18.1 percent in October 2009 from 17.3 percent recorded in September 2009. Similar developments were recorded in the 3-month moving average annual food inflation that increased to 18.1 percent from 17.7 percent recorded in the same period, while the 12-month average increased to 17.5 percent in October 2009, higher than the average of 10.4 percent recorded in the corresponding period in 2008. Meanwhile, **month-to-month food inflation** decreased to 1.6 percent in October 2009 from 2.3 percent in September 2009. Despite the overall decrease in monthly food inflation, prices of some food items such as cereals, cassava, potatoes, cooking bananas, fruits, fish, beans, cowpeas, groundnuts and coconut recorded increases.

### Food Supply Situation

In October 2009, food situation in the country was characterised by incidences of food shortage in some districts. Recent assessment found that 1.57 million people in 59 districts are facing serious food shortages, which require food relief amounting to 56,746 tons of grains between November 2009 and January 2010. The government distributed 25,710 tons of grain, to deficit areas at subsidized prices or freely to ease food shortages during October 2009. For the past four months, (July to October 2009) the government distributed 45,947 tons of grains from National Food Reserve Agency (NFRA) to ease food shortages in the country.

On annual basis, wholesale prices of major food crops continued to increase with exception of beans that declined by 8.0 percent in October 2009, when compared with the similar period a year before (**Table 1.2**). Similarly, on month to month basis, the wholesale prices for the same items increased.

**Table 1.2: National Average Wholesale Prices for Selected Food Items**

TZS per 100 kg

| Item     | 2008    | 2009   |         | Percentage change |                  |
|----------|---------|--------|---------|-------------------|------------------|
|          | Oct     | Sep    | Oct     | Oct-08 to Oct-09  | Sep-09 to Oct-09 |
| Maize    | 31,642  | 36,791 | 38,364  | 21.2              | 4.3              |
| Rice     | 99,554  | 99,425 | 102,456 | 2.9               | 3.0              |
| Beans    | 103,976 | 92,476 | 95,532  | -8.1              | 3.3              |
| Sorghum  | 43,908  | 47,233 | 48,174  | 9.7               | 2.0              |
| Potatoes | 37,933  | 52,428 | 54,180  | 42.8              | 3.3              |

**Source:** Ministry of Industry, Trade and Marketing

## The National Food Reserve

The grain reserve stocks under the National Food Reserve Agency (NFRA) at the end of October 2009 amounted to 107,177 tons of maize and sorghum representing a decrease of 2.2 percent from 110,278 tons at the end of the preceding month and 6.4 percent lower than the stocks at the end of October 2008. The decline in the stocks was on account of sale of grains to the Government for distribution to areas with food deficit. NRFA grains purchases from July through October 2009, amounted to 59,633 tons, while sales were 45,947 tons during the same period (Table 1.3),.

**Table 1.3: National Food Reserve Agency (NFRA) Stock**

| Period    | 2004    | 2005    | 2006    | 2007    | 2008    | 2009    | Tons                  |
|-----------|---------|---------|---------|---------|---------|---------|-----------------------|
|           |         |         |         |         |         |         | % Change<br>2008-2009 |
| January   | 35,342  | 119,924 | 76,813  | 112,343 | 139,765 | 128,919 | -7.8                  |
| February  | 23,791  | 116,383 | 43,593  | 117,838 | 133,898 | 125,430 | -6.3                  |
| March     | 22,903  | 114,760 | 8,055   | 121,046 | 119,022 | 124,252 | 4.4                   |
| April     | 32,387  | 115,262 | 3,165   | 125,509 | 94,509  | 122,849 | 30.0                  |
| May       | 31,732  | 113,823 | 6,210   | 128,350 | 79,369  | 109,876 | 38.4                  |
| June      | 37,091  | 112,823 | 15,560  | 128,804 | 76,649  | 94,699  | 23.5                  |
| July      | 39,195  | 112,323 | 13,811  | 129,306 | 75,438  | 88,841  | 17.8                  |
| August    | 45,988  | 112,067 | 28,440  | 125,653 | 83,131  | 93,231  | 12.1                  |
| September | 67,685  | 111,971 | 80,248  | 131,937 | 102,225 | 110,278 | 7.9                   |
| October   | 92,710  | 111,695 | 87,461  | 143,717 | 114,464 | 107,177 | -6.4                  |
| November  | 108,448 | 106,428 | 100,828 | 142,624 | 122,209 |         |                       |
| December  | 114,030 | 93,051  | 110,203 | 142,044 | 129,253 |         |                       |

Source: National Food Reserve Agency

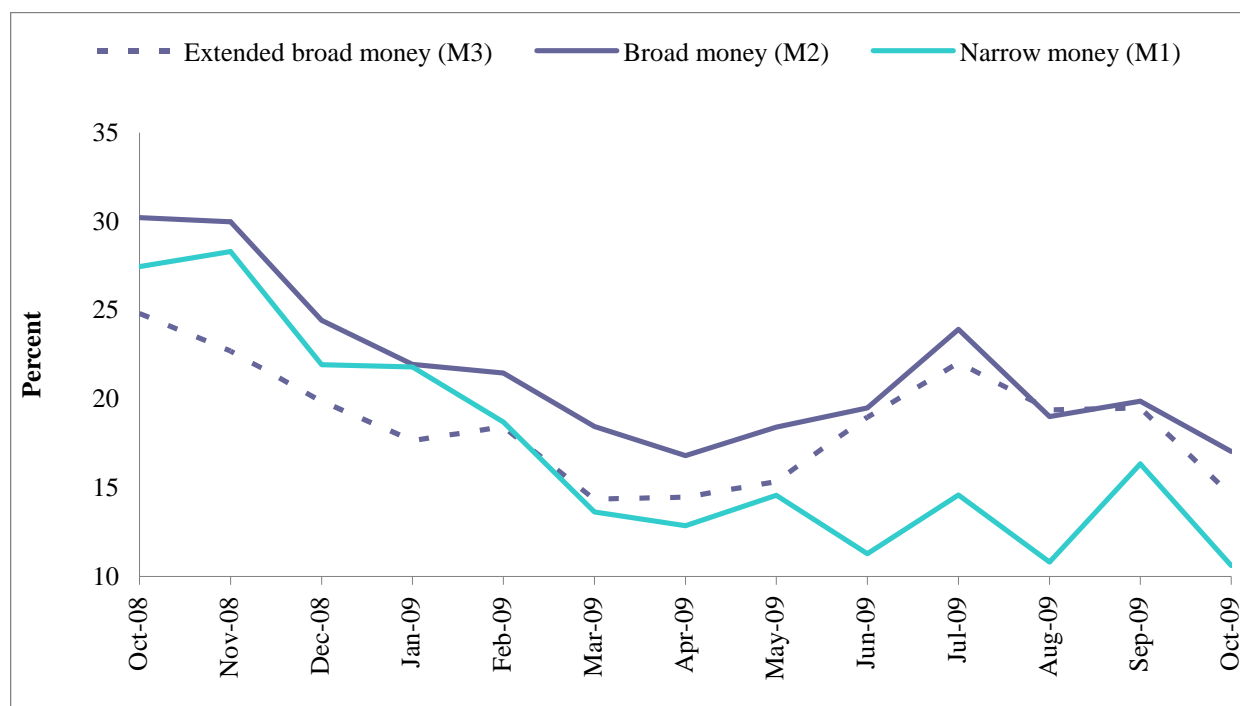
## 2.0 Monetary and Financial Developments

### Money Supply and Credit Developments

During the year ending October 2009 the growth of monetary aggregates remained moderate, mainly on account of continued slow growth of banks' credit to the private sector. In particular, the growth rate of extended broad money supply (M3) slowed down to 14.6 percent from 19.5 percent in September 2009, and was significantly lower than 24.8 percent recorded in October 2008. Likewise, broad money supply (M2) grew by 17.0 percent in the year ending October 2009, compared with 19.9 percent recorded in the year ending September 2009 and 30.2 percent

recorded in October 2008, (Table 2.1 and Chart 2.1). The growth rates recorded in October were lower than the program target of 21.7 percent for the year ending December 2009.

**Chart 2.1: Annual Growth Rates of Monetary Aggregates**



Source: Bank of Tanzania

**Table 2.1: Selected Money Supply Components**

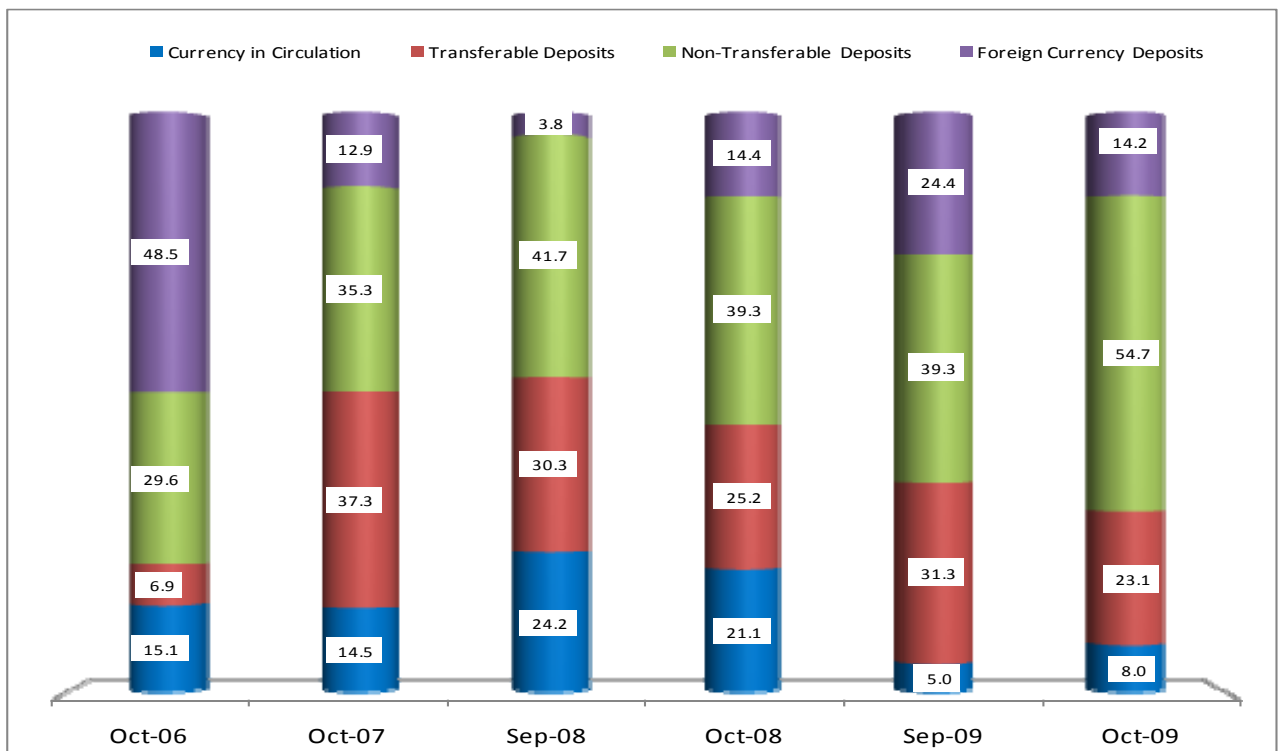
| Item   | Billions of TZS |                |                |                |              |               |             |             |  |
|--|-----------------|----------------|----------------|----------------|--------------|---------------|-------------|-------------|--|
|  | Oct-08          | Sep-09         | Oct-09         | Monthly Change |              | Annual Growth |             |             |  |
|  |                 |                |                | Sep-09         | Oct-09       | Sep-08        | Oct-08      | Oct-09      |  |
| <b>Net Foreign Assets of the Banking System</b>      | <b>3,735.0</b>  | <b>4,864.2</b> | <b>4,914.7</b> | <b>146.8</b>   | <b>50.5</b>  | <b>-10.1</b>  | <b>1.0</b>  | <b>31.6</b> |  |
| Bank of Tanzania                                     | 3,211.5         | 3,897.1        | 3,857.5        | 54.1           | -39.6        | -9.0          | 1.8         | 20.1        |  |
| Other Depository Corporations                        | 523.5           | 967.1          | 1,057.2        | 92.7           | 90.1         | -16.4         | -3.2        | 102.0       |  |
| <b>Net Domestic Assets of the Banking System</b>     | <b>3,739.6</b>  | <b>3,611.9</b> | <b>3,649.4</b> | <b>-21.5</b>   | <b>37.5</b>  | <b>86.7</b>   | <b>63.2</b> | <b>-2.4</b> |  |
| Domestic Claims                                      | 4,162.8         | 4,744.4        | 4,930.6        | -53.6          | 186.3        | 50.0          | 59.3        | 18.4        |  |
| Claims on central government (net)                   | 59.1            | -80.0          | 94.7           | -105.8         | 174.7        | -92.9         | -117.9      | 60.3        |  |
| Claims on Central Government                         | 2,268.0         | 2,656.7        | 2,757.9        | -11.4          | 101.2        | -11.0         | -2.4        | 21.6        |  |
| Liabilities to Central Government                    | 2,208.9         | 2,736.7        | 2,663.3        | 94.5           | -73.4        | -22.0         | -16.7       | 20.6        |  |
| Claims on Other Sectors                              | 4,103.7         | 4,824.4        | 4,836.0        | 52.3           | 11.6         | 31.8          | 39.5        | 17.8        |  |
| <b>Extended Broad Money Supply (M3)</b>              | <b>7,474.6</b>  | <b>8,476.2</b> | <b>8,564.2</b> | <b>125.3</b>   | <b>88.0</b>  | <b>21.2</b>   | <b>24.8</b> | <b>14.6</b> |  |
| Foreign Currency Deposits (FCD) in National Currency | 1,990.9         | 2,162.7        | 2,145.8        | 21.0           | -16.9        | 2.6           | 12.0        | 7.8         |  |
| <i>FCD in millions of US dollar</i>                  | 1,557.9         | 1,660.1        | 1,641.1        | 15.0           | -19.1        | 8.0           | 2.3         | 5.3         |  |
| <b>Broad Money Supply (M2)</b>                       | <b>5,483.7</b>  | <b>6,313.5</b> | <b>6,418.4</b> | <b>104.3</b>   | <b>104.9</b> | <b>29.4</b>   | <b>30.2</b> | <b>17.0</b> |  |
| Other Deposits in National Currency                  | 2,290.6         | 2,734.7        | 2,886.4        | -40.3          | 151.7        | 31.0          | 34.2        | 26.0        |  |
| <b>Narrow Money Supply (M1)</b>                      | <b>3,193.1</b>  | <b>3,578.8</b> | <b>3,532.0</b> | <b>144.6</b>   | <b>-46.8</b> | <b>28.2</b>   | <b>27.5</b> | <b>10.6</b> |  |
| Currency in Circulation                              | 1,451.7         | 1,519.4        | 1,539.0        | -24.3          | 19.7         | 26.1          | 27.5        | 6.0         |  |
| Transferable Deposits in National Currency           | 1,741.4         | 2,059.4        | 1,993.0        | 168.9          | -66.4        | 30.1          | 27.4        | 14.4        |  |

Source: Bank of Tanzania

The stock of reserve money sustained downward trajectory reaching an annual growth rate of 21.5 percent in October 2009 from 22.3 percent recorded in the year ending September 2009,

and significantly lower than 29.2 percent recorded in October 2008. Likewise, average reserve money recorded an annual growth rate of 20.7 percent in October 2009, down from 21.1 percent recorded in the preceding month and 27.6 percent registered in the year ending October 2008. The change in money supply in the year ending October 2009 occurred mostly in non-transferable deposits (savings and time deposits) which accounted for 54.7 percent of total change in M3 and 63.7 percent of M2 (**Chart 2.2a & Chart 2.2b**).

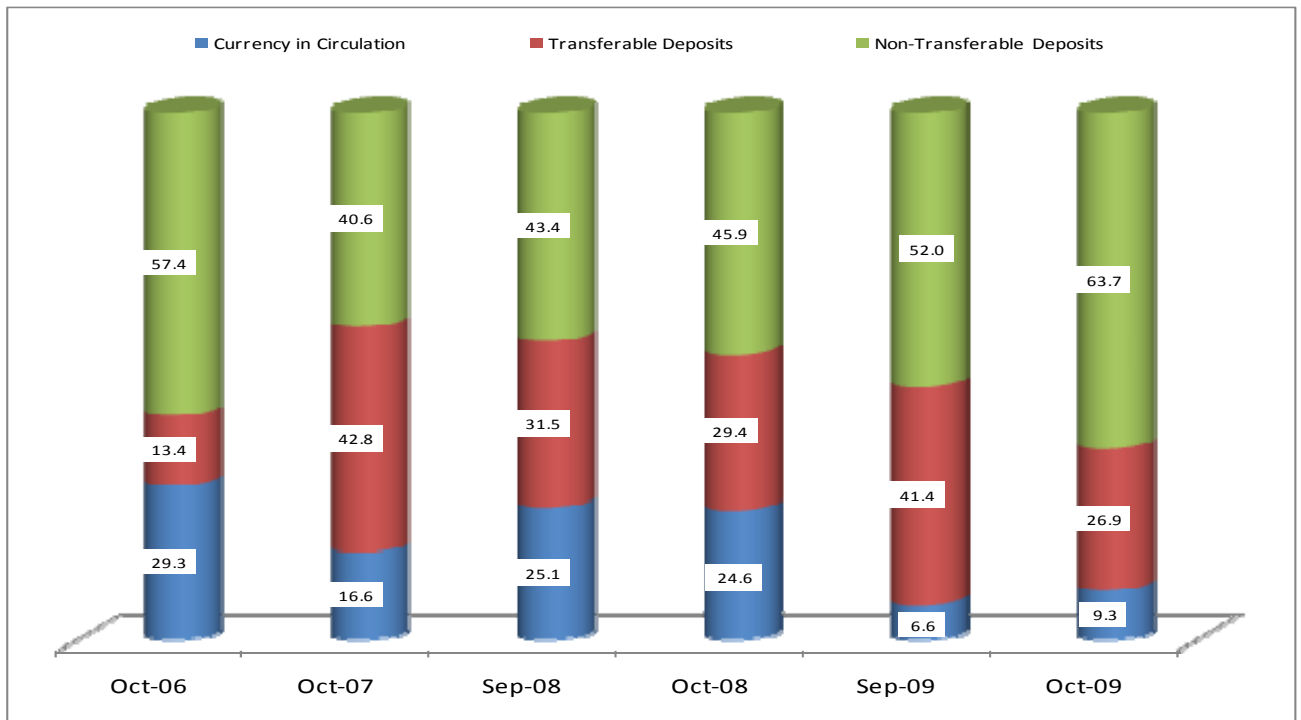
**Chart 2.2a: Percentage Contribution of Components of Money Supply to 12-Month Change in M3**



Source: Bank of Tanzania



**Chart 2.2b: Percentage Contribution of Components of Money Supply to 12-Month Change in M2**

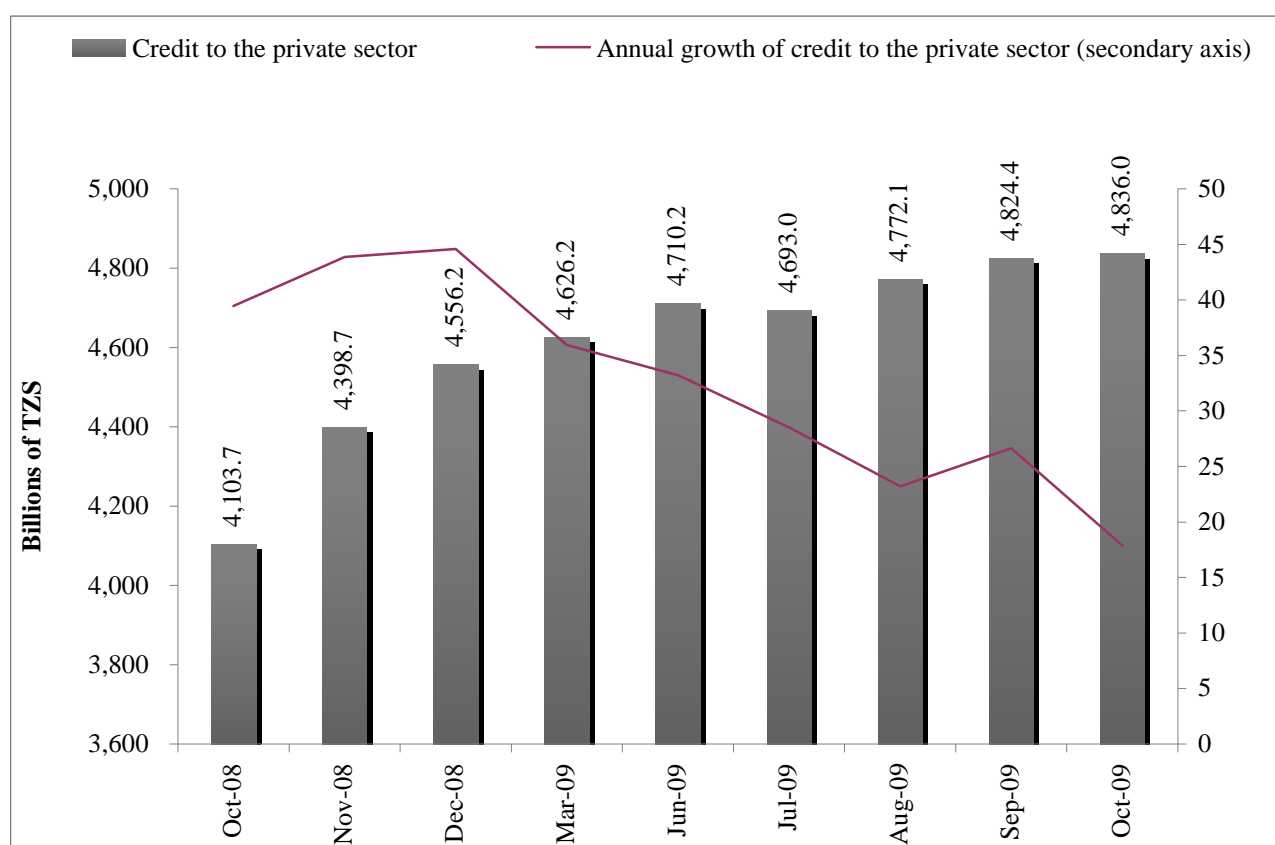


Source: Bank of Tanzania

The introduction of new financial products by banks, may have contributed to the observed increase in non-transferable deposits. During the period, the contribution of change in foreign currency deposits declined notably from 24.4 percent in the year ending September to 14.2 percent, partly reflecting the stability of the value of the shilling against US dollar. The contribution of change in currency in circulation remained subdued probably reflecting the continued adjustment of the public portfolios away from currency in circulation.

Annual growth of credit to the private sector decelerated to 17.8 percent in October 2009 from 26.6 percent recorded in the preceding month, and 39.5 percent recorded in the corresponding month in 2008 ([Chart 2.3](#)).

**Chart 2.3: Credit to the Private Sector by the Banking System**



The rate of growth registered in October 2009 was the lowest since 2001. This growth rate is also below the program target of 23.7 percent for the year ending December 2009. The sustained slower growth rate in credit to private sector is attributed to continued cautious stance taken by banks in providing credit to the private sector, following global financial crisis. Most of the economic activities experienced significant slowdown of credit flows from banks, except for personal loans which are perceived to be less risky as they mostly cater for salary earners and are used to purchase consumer durables such as music systems, furniture, cars, tricycles, and acquisition of residential plots. As a result, personal loans continued to hold a largest share accounting for 21.8 percent of the total stock of outstanding loans in October 2009, an increase from 20.4 percent recorded in the preceding month.

It is worth noting that in the recent months banks have shown preference towards investing in Treasury securities, repos and foreign assets as they lend more cautiously to the private sector, on account of the effects of the global financial crisis. In terms of portfolio holdings by banks there are no significant change in the levels of Treasury securities, as the Bank of Tanzania

continued to maintain moderate tender sizes in line with monetary policy stance, despite the higher demand recorded in the recent months.

## **Interest Rate Developments**

During October 2009, all money market interest rates edged upwards. Treasury bills yield increased slightly to 5.17 percent from its historical low rate of 4.52 percent recorded in September 2009, but the yields remained significantly lower compared with 10.30 percent recorded in October 2008 (**Table 2.2**).

**Table 2.2: Weighted Average Interest Rates Structure**

|   | Percent |        |        |        |        |        |        |        |        |        |
|---|---------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| Item  | Nov-08  | Mar-09 | Apr-09 | May-09 | Jun-09 | Jul-09 | Aug-09 | Sep-09 | Oct-09 | Nov-09 |
| Overall Interbank cash market rate                                | 5.85    | 10.10  | 9.58   | 6.80   | 5.03   | 3.86   | 1.42   | 1.34   | 1.63   | 1.62   |
| <i>Overnight interbank cash market</i>                            | 5.51    | 9.90   | 9.29   | 6.49   | 4.46   | 2.44   | 0.82   | 1.04   | 1.21   | 1.19   |
| REPO Rate   | 5.32    | 9.73   | 8.25   | 6.10   | 4.90   | 2.23   | 1.21   | 1.12   | 1.32   | 1.28   |
| Discount Rate   | 15.33   | 18.33  | 16.01  | 13.00  | 10.31  | 6.95   | 5.20   | 4.40   | 3.70   | 4.23   |
| Overall Treasury bills rate                                       | 10.33   | 13.33  | 11.01  | 9.27   | 6.97   | 5.81   | 5.16   | 4.52   | 5.17   | 6.36   |
| <i>35 days</i>  | 6.44    | 7.62   | 7.03   | 6.40   | 4.81   | 3.45   | 2.65   | 2.07   | 3.01   | 3.33   |
| <i>91 days</i>  | 10.76   | 12.43  | 10.55  | 8.25   | 5.56   | 4.14   | 3.53   | 2.97   | 3.38   | 5.29   |
| <i>182 days</i>   | 11.00   | 14.86  | 12.04  | 10.20  | 7.86   | 6.27   | 5.46   | 4.84   | 4.90   | 5.28   |
| <i>364 days</i>   | 11.97   | 14.99  | 12.57  | 10.69  | 9.11   | 8.28   | 7.72   | 7.79   | 8.22   | 8.60   |
| Savings Deposit Rate  | 2.66    | 2.72   | 2.72   | 2.72   | 2.69   | 2.68   | 2.68   | 2.66   | 2.61   | 2.52   |
| Treasury Bonds Rates  |         |        |        |        |        |        |        |        |        |        |
| <i>2-years</i>  | 14.35   | 15.28  | 15.28  | 15.28  | 11.51  | 11.51  | 11.51  | 11.51  | 10.89  | 10.89  |
| <i>5-years</i>  | 16.39   | 17.32  | 17.32  | 16.58  | 16.58  | 16.58  | 16.58  | 13.45  | 13.45  | 13.45  |
| <i>7-years</i>  | 17.04   | 17.04  | 17.06  | 17.06  | 17.06  | 17.06  | 14.14  | 14.14  | 14.14  | 14.15  |
| <i>10-years</i>   | 19.47   | 19.92  | 19.92  | 19.92  | 19.92  | 16.95  | 16.95  | 16.95  | 16.95  | 16.95  |
| Overall Time Deposits Rate  | 6.57    | 7.00   | 7.10   | 7.08   | 6.77   | 6.94   | 6.87   | 6.72   | 6.40   | 5.78   |
| <i>12 month time deposit rate</i>                                 | 8.95    | 8.56   | 8.98   | 9.41   | 9.06   | 9.04   | 9.02   | 8.82   | 8.83   | 7.36   |
| Negotiated Deposit Rate   | 10.26   | 10.99  | 11.27  | 11.03  | 10.13  | 10.52  | 10.47  | 10.60  | 10.11  | 9.85   |
| Overall Lending rate  | 14.30   | 15.12  | 15.45  | 15.39  | 15.48  | 15.14  | 15.12  | 14.90  | 14.76  | 12.26  |
| <i>Short-term lending rate (up to 1year)</i>                      | 13.57   | 13.44  | 13.87  | 13.68  | 14.57  | 13.94  | 13.77  | 13.98  | 13.95  | 11.99  |
| Negotiated Lending Rate   | 12.11   | 13.01  | 14.03  | 14.17  | 14.28  | 14.26  | 14.24  | 13.81  | 11.12  | 10.76  |
| Margin between short-term lending and one-year time deposit rates | 4.62    | 4.88   | 4.90   | 4.27   | 5.51   | 4.89   | 4.74   | 5.16   | 5.12   | 4.64   |

**Source:** Bank of Tanzania

The low yields are mainly explained by continued high demand of Treasury bills as banks increased their preference for safer assets. Likewise, the overall interbank cash market increased to 1.63 percent from 1.34 percent registered in September 2009 and 5.45 percent recorded in October 2008. Overnight interbank rate continue to rise reaching 1.21 percent in October 2009 from 1.04 percent recorded in the preceding month. Consistent with other money market interest rates, repo rate edged up to 1.32 percent in October 2009 from 1.12 percent recorded in September 2009, but the rate is still lower compared with 4.89 percent recorded in October 2008. The general increase in the money market rates is consistent with the gradual increase in Treasury bills tender size since September 2009.

On the other hand, overall time deposits rate declined to 6.40 percent in October 2009, from 6.72 percent registered in the preceding month but was the same as in October 2008. Likewise, negotiated deposit rate declined to 10.11 percent in October 2009 from 10.6 percent in September 2009, while savings deposit rate remained broadly unchanged at 2.6 percent.

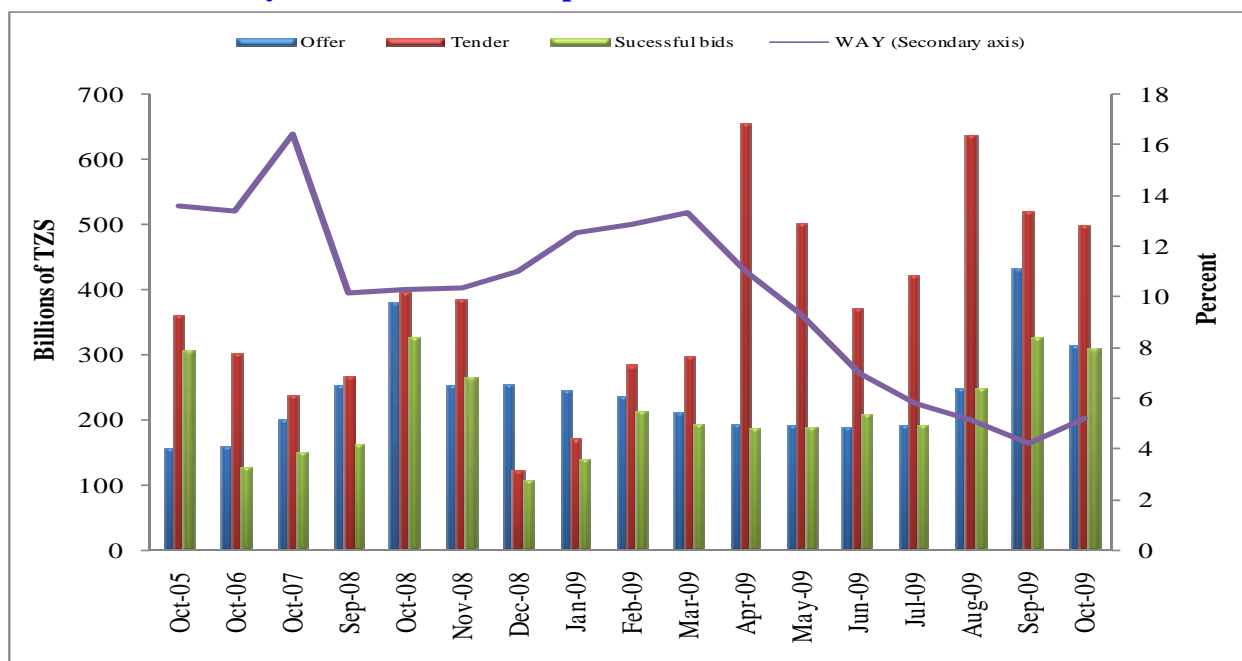
Lending rates remained moderate in the recent past. The overall lending rate reached 14.76 percent in October 2009, down from 14.90 percent recorded in September 2009, while negotiated lending rates declined to 11.12 percent in October 2009 from 13.81 percent registered in the preceding month.

## Financial Markets Developments

### Treasury Bills

In the recent months, Treasury bill market experienced sturdy demand, well above the amount supplied, despite the low money yields. The continued high demand and the prevailing monetary policy stance, sustained the downward trend in the weighted average yield from its peak of 13.33 percent in March 2009 to 4.21 percent in September 2009, before rising slightly to 5.17 percent in October 2009 (**Chart 2.5**). In October 2009, the Bank conducted two Treasury bills auctions, worth TZS 314.6 billion, while demand was TZS 499.5 billion, emanating mostly from banks. The Bank sold Treasury bills amounting to TZS 310.1 billion (or cost value of TZS 300.4 billion), against maturity of TZS 229.0 billion. It is worth noting that the amount of Treasury bills supplied in September 2009 was TZS 433.0 billion, being higher than the amount supplied in October because there were more auctions in that month.

**Chart 2.5: Treasury Bills Market Developments**



Source: Bank of Tanzania

### Treasury Bonds

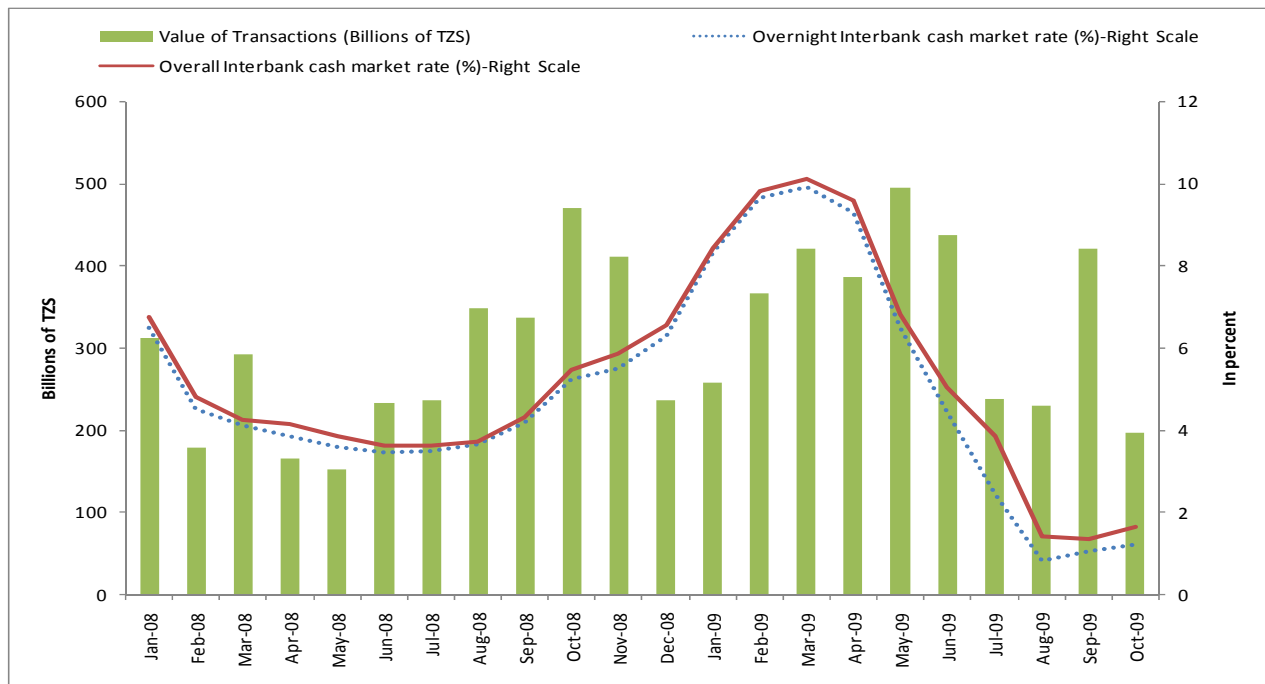
In the Treasury bond market, the performance was similar to that of Treasury bills market. Demand remained well above the amount supplied especially for shorter maturities beginning March 2009. During October 2009, the market was supplied with a 2-year Treasury bond worth

TZS 38.5 billion, while the demand was TZS 114.5 billion—the highest in record. The Bank accepted bids worth TZS 38.5 billion (or cost value of TZS 36.4 billion) representing about 33.6 percent of the total demand. Consistent with the high demand, the weighted average yield for 2-year bond eased to 10.89 percent in October 2009, from 11.51 percent recorded in the previous auction held in June 2009.

### **Repurchase Agreements and Inter-Bank Cash Market Developments**

During October 2009, repos worth TZS 680.0 billion were conducted against maturing amount of TZS 695.5 billion. Meanwhile, transactions in the interbank cash market continued to be moderate. In October 2009, value of transactions reached TZS 197.0 billion, down from TZS 421.5 billion recorded in the preceding month, and well below TZS 470.5 billion traded in the corresponding month in 2008. Overnight placements remained dominant during the month reaching about 60 percent of the total interbank transactions. Developments of interest rates in the interbank cash market were consistent with other money markets, with overnight interest rate closing at 1.21 percent, an increase from 1.04 percent recorded in the preceding month, but significantly lower compared with 5.23 percent recorded in October 2008. Overall weighted average interbank cash market rate edged up to 1.63 percent in October 2009, from 1.34 percent recorded in September 2009 ([Chart 2.6](#)).

**Chart 2.6: Tanzania – Interbank Cash Market Developments**



Source: Bank of Tanzania

### Inter-Bank Foreign Exchange Market

Stability continued to be observed in the foreign exchange market, as the Bank continued to participate in the interbank foreign exchange market for sterilization purpose. In October 2009, the Bank maintained same level of foreign exchange sales as in the previous month amounting to USD 100 million, which accounted for about 70 percent of the total USD 143.0 million traded during the month. In the preceding month total volume traded in the IFEM was relatively higher amounting to USD 157.6 million. Weighted average exchange rate depreciated by 0.5 percent to TZS 1,315.46 per USD in October 2009, from TZS 1,308.82 per USD recorded in the preceding month. On annual basis, the exchange rate in October 2009 represents a depreciation of about 7 percent from TZS 1,228.70 per US dollar recorded in October 2008.

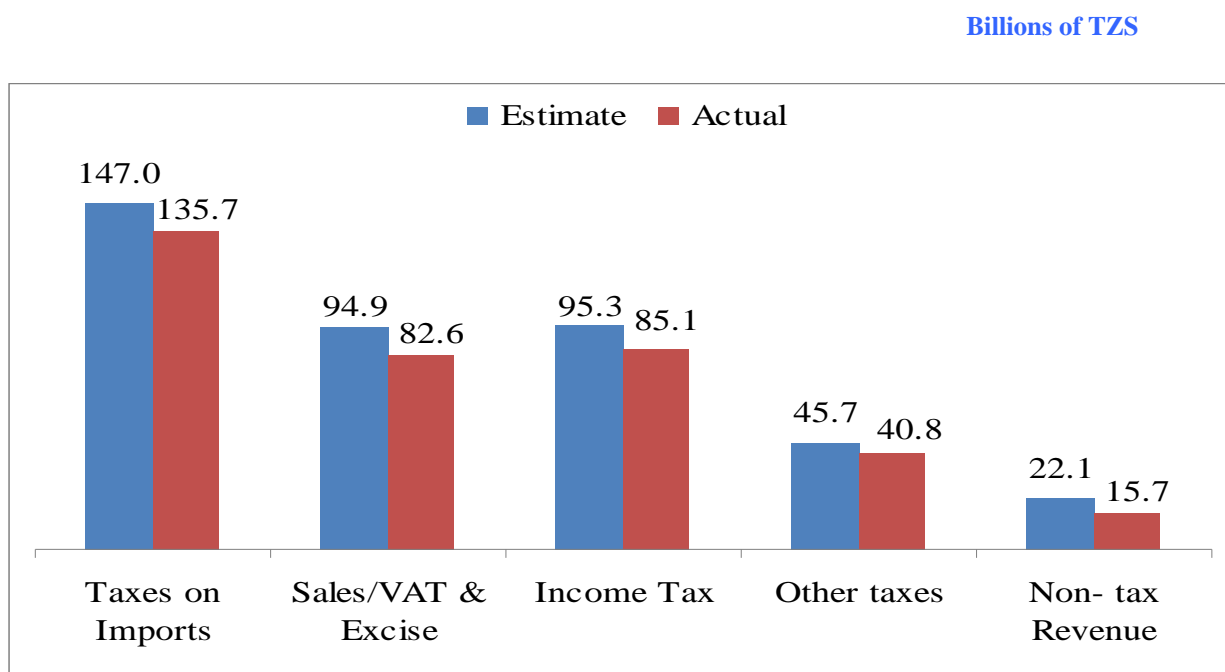
## 3.0 Government Budgetary Operations

Fiscal operations in October 2009 recorded an overall deficit of TZS 495.8 billion, mainly due to slowdown in both revenue collections and grants disbursement. On cumulative basis in the first four months of 2009/10 (July-October 2009) fiscal operations recorded an overall deficit of TZS 891.7 billion.

## Revenue Performance

During the month under review, tax revenue collections amounted to TZS 344.1 billion (or 90.0 percent of target), while non-tax revenue collection was TZS 15.7 billion, being below the target by 39.0 percent (**Chart 3.1**).

**Chart 3.1: Government Revenue by Source– October 2009**



Source: Bank of Tanzania

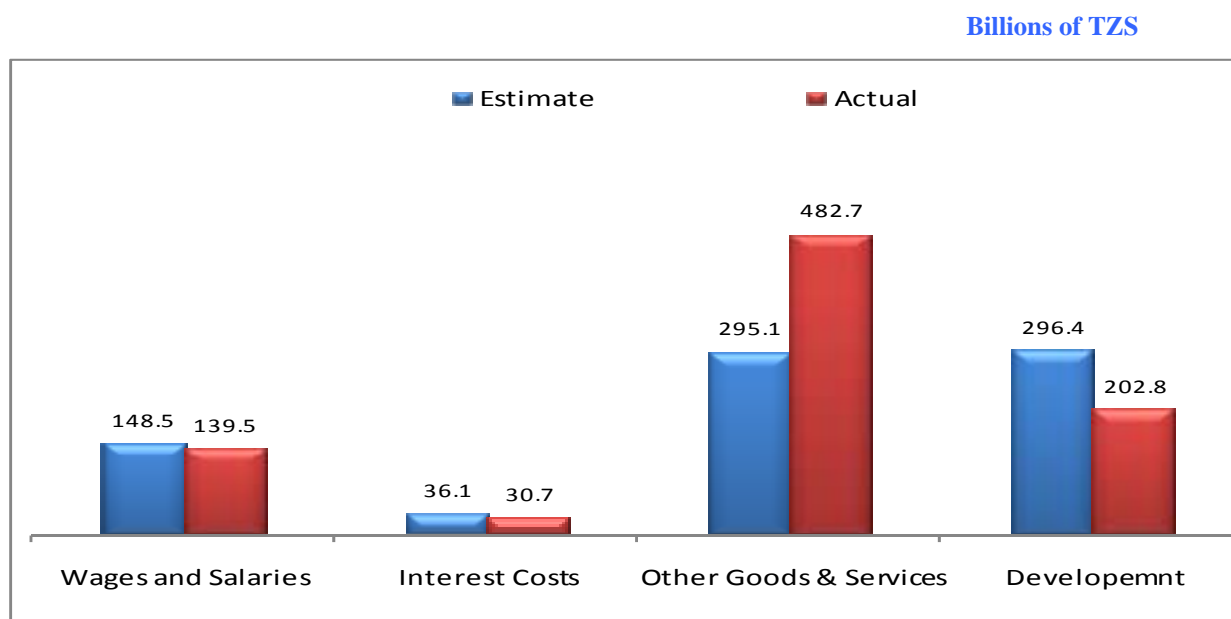
During the month, the government received grants amounting to TZS 197.0 million against an estimate of TZS 125.6 billion. On cumulative basis, revenue collected during the first four months of financial year 2009/10 (July - October 2009) was TZS 1,467.0 billion, which was 90.0 percent of the target. As percentage of GDP, tax revenue collection during the period was 4.7 percent against the target of 5.3 percent.

## Government Expenditure

Total expenditure during October 2009 amounted to TZS 855.8 billion against the target of TZS 776.0 billion, while recurrent expenditure amounted to TZS 653.0 billion, being above the budget estimate by about 36 percent. The more than estimated expenditure emanated mainly from other goods, services and transfers. However, development expenditure and net lending amounted to TZS 202.8 billion, about 32.0 percent below the budget estimate (**Chart 3.2**).



**Chart 3.2: Government Expenditure in October 2009**



Source: Bank of Tanzania

On cumulative basis, total government expenditure during the first four months of the financial year 2009/10 stood at TZS 2,852.6 billion, equivalent to 96 percent of the estimate. Recurrent expenditure was TZS 1,996.58 billion equivalent to 98 percent of the budget estimate, while development expenditure amounted to TZS 856.1 billion, being 93.3 percent of the estimate. Expenditure float during the period amounted to TZS 439.1 billion.

## Overall Position

During the month under review, government budgetary operations recorded an overall deficit of TZS 495.7 billion. However, after taking into consideration expenditure float and adjustment to cash the fiscal gap narrowed to TZS 267.7 billion. The deficit was financed through borrowing of TZS 40.8 billion and TZS 226.8 billion from foreign and domestic sources, respectively.

On cumulative basis, the performance of the government budgetary operations during the first four months of 2009/10 recorded an overall deficit of TZS 891.6 billion. However, after taking into consideration expenditure float and adjustment to cash the fiscal gap narrowed to TZS 789.2

billion. The government financed the fiscal gap by net borrowing of TZS 775.8 billion from foreign and TZS 13.4 billion from domestic sources.

## 4.0 External Sector Performance

During the year ending October 2009, the overall Balance of Payments recorded a surplus of USD 692.8 million up from a deficit of USD 191.1 million reported during the previous year. This performance is largely attributed to the narrowing of the current account deficit from USD 3,074.0 million in the year ending October 2008 to USD 2,000.4 million, following an increase in export of goods and services, surge in official current transfers and inflows of balance of payment support. Official current transfers amounted to USD 811.8 million compared with USD 443.9 million recorded in the year ending October 2008 ([Table 4.1](#)).

**Table 4.1: Current Account Balance**

| Items                           | Millions of USD |               |               |               |                     |                 |              |
|---------------------------------|-----------------|---------------|---------------|---------------|---------------------|-----------------|--------------|
|                                 | October         |               | 2009          |               | Year Ending October |                 | % Change     |
|                                 | 2007            | 2008          | Sept          | October       | 2008p               | 2009p           |              |
| <b>Goods Account (net)</b>      | <b>-254.1</b>   | <b>-415.5</b> | <b>-248.6</b> | <b>-236.7</b> | <b>-3,898.9</b>     | <b>-3,014.9</b> | <b>-22.7</b> |
| Exports                         | 183.0           | 175.8         | 287.2         | 319.5         | 2,509.2             | 2,719.0         | <b>8.4</b>   |
| Imports                         | 437.0           | 591.3         | 535.8         | 556.2         | 6,408.1             | 5,733.9         | <b>-10.5</b> |
| <b>Services Account (net)</b>   | <b>41.36</b>    | <b>21.60</b>  | <b>45.08</b>  | <b>48.1</b>   | <b>420.7</b>        | <b>255.9</b>    | <b>-39.2</b> |
| Receipts                        | 163.7           | 163.6         | 201.0         | 204.1         | 1,987.5             | 1,975.4         | <b>-0.6</b>  |
| Payments                        | 122.3           | 142.0         | 155.9         | 156.0         | 1,566.7             | 1,719.5         | <b>9.8</b>   |
| <b>Goods and services (net)</b> | <b>-212.7</b>   | <b>-393.9</b> | <b>-203.6</b> | <b>-188.6</b> | <b>-3,478.1</b>     | <b>-2,759.0</b> | <b>-20.7</b> |
| Exports of goods and services   | 346.6           | 339.4         | 488.1         | 523.6         | 4,496.7             | 4,694.4         | <b>4.4</b>   |
| Imports of goods and services   | 559.3           | 733.3         | 691.7         | 712.2         | 7,974.8             | 7,453.3         | <b>-6.5</b>  |
| <b>Income Account (net)</b>     | <b>-3.5</b>     | <b>3.0</b>    | <b>-3.3</b>   | <b>-6.2</b>   | <b>-59.8</b>        | <b>-85.0</b>    | <b>42.0</b>  |
| Receipts                        | 9.3             | 21.3          | 9.9           | 14.7          | 144.5               | 143.4           | <b>-0.7</b>  |
| Payments                        | 12.8            | 18.3          | 13.2          | 20.9          | 204.3               | 228.4           | <b>11.8</b>  |
| <b>Current Transfers (net)</b>  | <b>45.7</b>     | <b>56.4</b>   | <b>9.5</b>    | <b>25.7</b>   | <b>464.0</b>        | <b>843.5</b>    | <b>81.8</b>  |
| Inflows                         | 50.7            | 61.7          | 17.4          | 32.7          | 544.1               | 915.2           | <b>68.2</b>  |
| o/w General Government          | 43.1            | 54.2          | 7.2           | 22.6          | 443.9               | 811.8           | <b>82.9</b>  |
| Outflows                        | 5.0             | 5.4           | 7.9           | 6.9           | 80.1                | 71.7            | <b>-10.5</b> |
| <b>Current Account Balance</b>  | <b>-170.5</b>   | <b>-334.5</b> | <b>-197.3</b> | <b>-169.1</b> | <b>-3,074.0</b>     | <b>-2,000.4</b> | <b>-34.9</b> |

Note: P = Provisional

Source: Bank of Tanzania

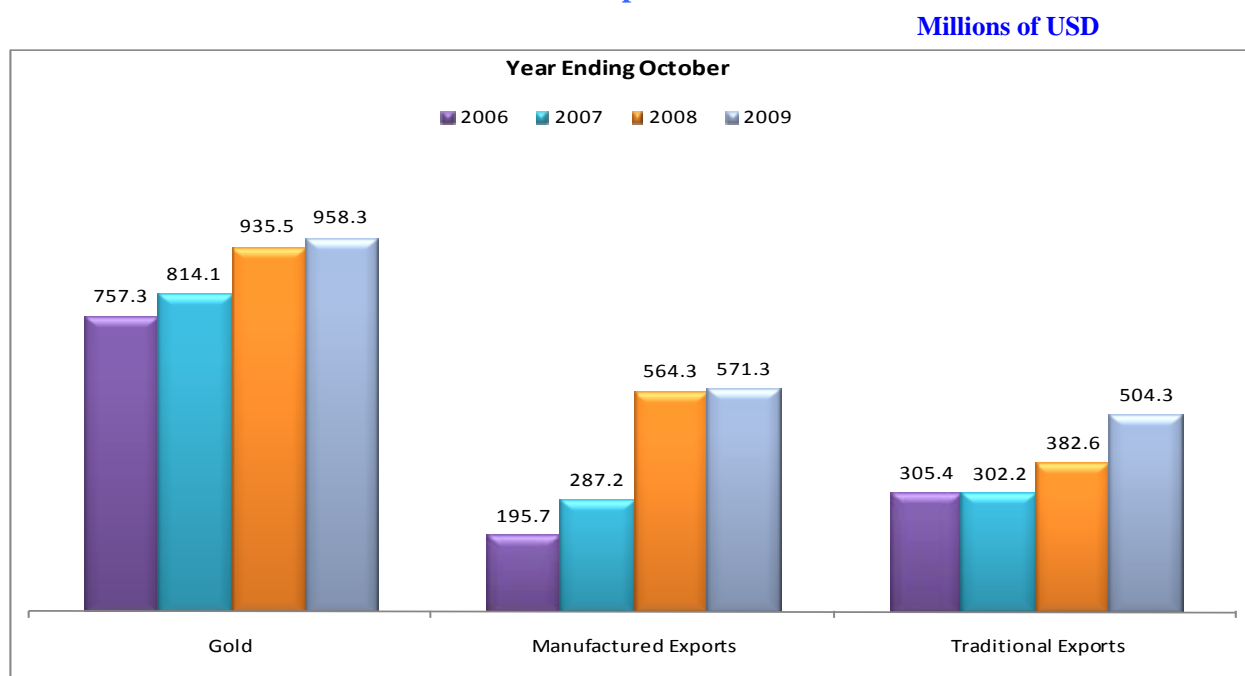
Meanwhile, USD 245.8 million balance of payment support from the IMF under the Exogenous Shock Facility (ESF) and USD 249.0 million allocation of Special Drawing Rights (SDR)<sup>1</sup> contributed to large increase in gross foreign reserves position. Gross official reserves increased to USD 3,521.9 million in October 2009 from USD 2,580.0 million recorded in the corresponding month in 2008. This level of reserves was enough to cover about 5.7 months of import of goods and services.

<sup>1</sup> ESF disbursed in June 2009, while SDR Allocations were released in August and September 2009.

## Exports Performance

During the year ending October 2009, export of goods rose by 8.4 percent to USD 2,719.0 million largely due to a notable increase in export of both traditional and non-traditional goods. Much of the increase was recorded in tobacco, horticultural products, re-exports and other exports. **Chart 4.1** summarizes the performance of selected goods export during the past four years.

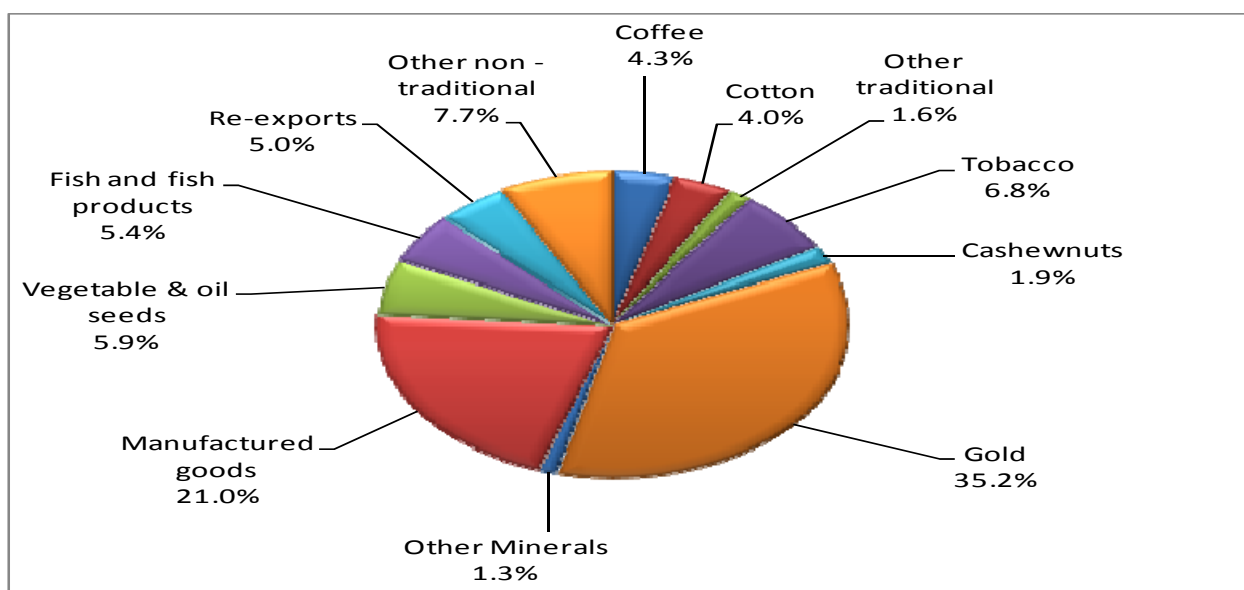
**Chart 4.1: Performance of Selected Goods Export**



Source: Bank of Tanzania

During the period under review, exports of gold and manufactured goods registered slowdown in growth but remained the dominant as they accounted for 35.2 percent and 21.0 percent of goods exports, respectively (**Chart 4.2**).

**Chart 4.2: Percentage Contribution of Selected Items to Total Exports of Goods for the Year Ending October 2009**



**Note:**

1. Other non-traditional include horticultural product
2. Other traditional exports include sisal, tea and cloves
3. Other minerals include tanzanite, rubies, sapphires, emeralds, copper, silver and other precious stones.
4. Re-exports refers to goods that are imported and later exported to neighbouring countries. Major items in this category include wheat and refined petroleum products.

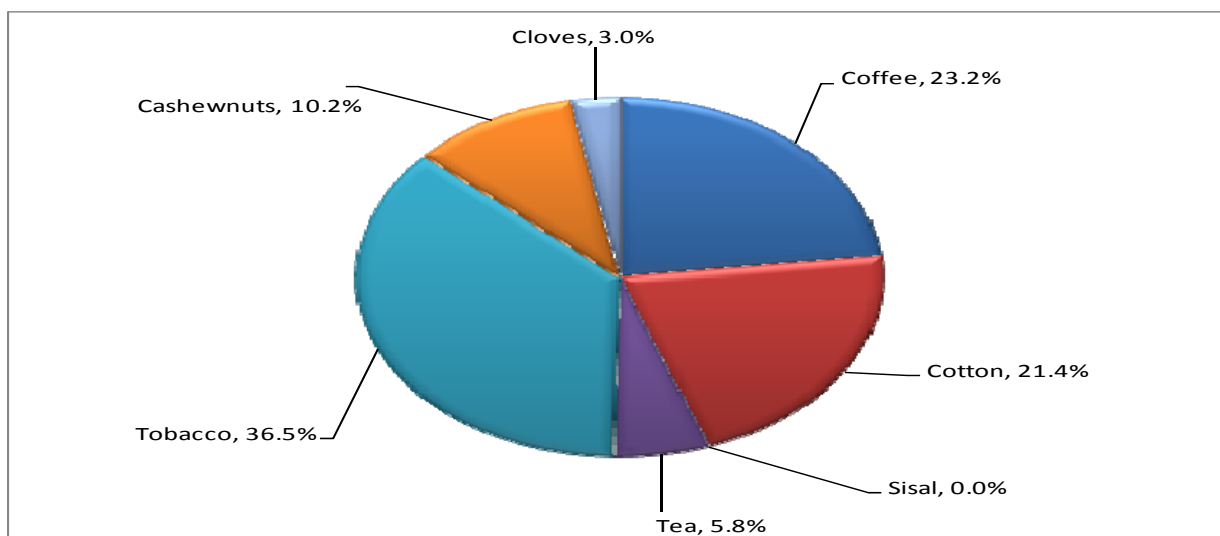
**Source:** Bank of Tanzania

**Traditional Exports**

In October 2009, the value of traditional exports increased to USD 59.3 million from USD 45.0 million recorded in the previous month following an increase in the export volumes of cotton and tea, as well as an increase in export unit prices of coffee and tobacco. The increase in the export volumes reflected the onset of the export season for most traditional exports, while the increase in export prices is partly associated with the developments in the world market.

During the year ending October 2009, value of traditional exports increased by 31.8 percent to USD 504.3 million from the level recorded during the corresponding period in 2008, largely due to increase in the export volumes of coffee, tobacco and cloves which resulted from favourable weather condition and timely accessibility of agricultural inputs. With the exception of coffee, cotton and cloves which recorded declines in the export unit prices, other traditional exports recorded increases in prices. **Chart 4.3** depicts the composition of traditional exports for the year ending October, 2009.

**Chart 4.3: Percentage Contribution to Total Traditional Exports for the Year Ending October 2009**



Source: Bank of Tanzania

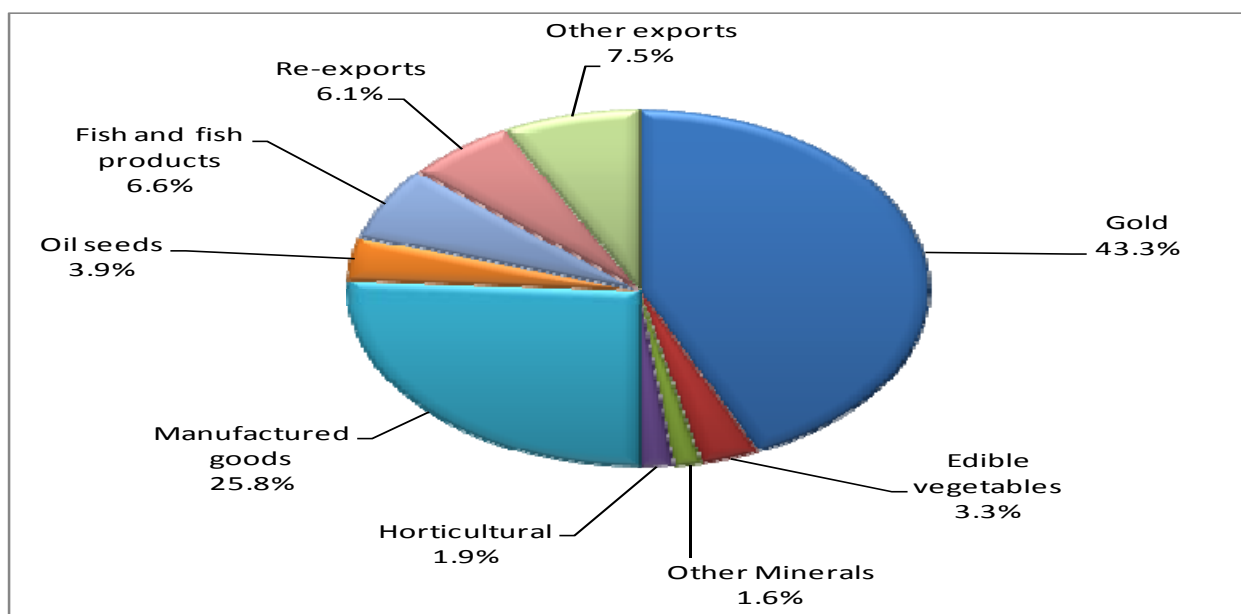
### Non-Traditional Exports

During the month under review, non-traditional exports rose by 7.5 percent to USD 260.3 million mainly due to a significant increase in exports of manufactured goods particularly products of ceramics, iron and steel.

On annual basis, the value of non-traditional exports amounted to USD 2,214.7 million compared with USD 2,126.6 million recorded during the previous year. Notable increases were recorded in horticultural products and re-exports, whose values amounted to USD 42.3 million and USD 136.0 million compared to USD 29.8 million and USD 112.3 million, respectively during the year ending October 2008. The increase in horticultural exports which mainly consist of fresh cut flowers was largely due to the expansion in horticultural production coupled with new investments in the Southern part of Tanzania. Similarly, other exports increased by 19.0 percent to USD 325.4 million, largely due to a rise in exports of oil seeds and wood products. Some of the goods that are re-exported include wheat, tyres, vehicles and petroleum products. On the other hand, the export value of minerals amounted to USD 992.7 million, being lower than USD 1,001.0 million recorded during the year ending October 2008, largely on account of a decline in exports of diamond and other minerals. Conversely, gold exports amounted to USD 958.3 million, being 2.4 percent higher than the amount exported in the corresponding period ending October 2008. The increase in the value of gold exports was largely due to a rise in the

gold prices in the world market as export volumes were slightly lower. **Chart 4.4** depicts the composition of non-traditional exports for the year ending October 2009.

**Chart 4.4: Contribution to Total Non Traditional Exports for the Year Ending October 2009**



Source: Bank of Tanzania

### Service Exports

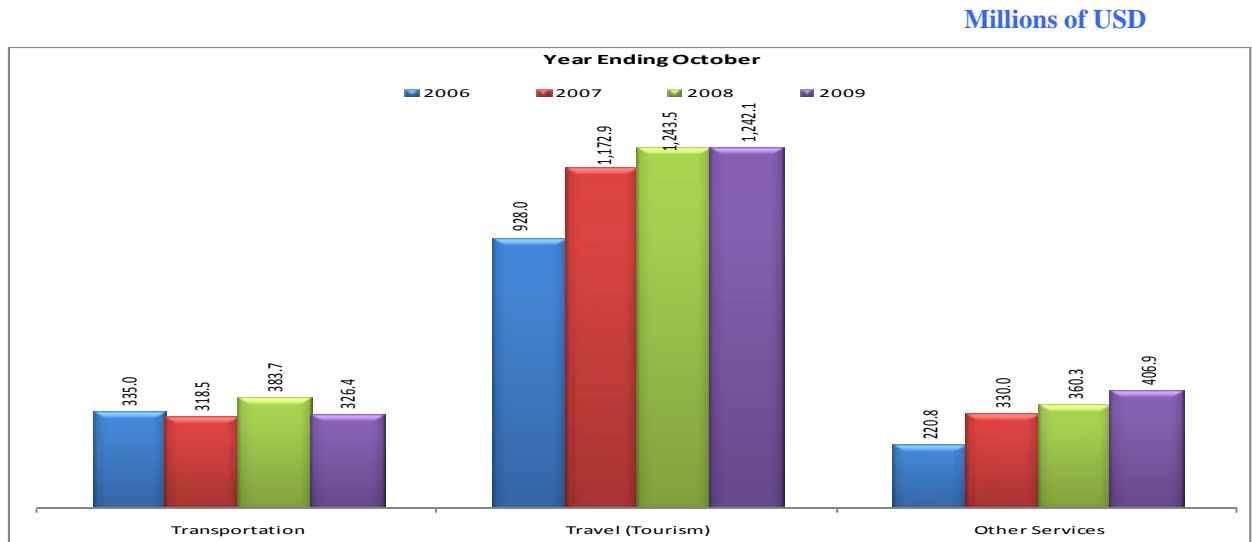
In October 2009, services receipts marginally increased to USD 204.1 million compared to USD 201.0 million recorded in the previous month largely due to an increase in receipts from communication and other business services.

On annual basis, services receipt decreased slightly to USD 1,975.4 million in the year ending October 2009 compared to USD 1,987.5 million recorded during the corresponding period a year before, following a decline in transportation and travel receipts. Transportation receipts amounted to USD 326.4 million, being lower than USD 383.7 million recorded during the year to October 2008, following the drop in transit trade. The volume of transit goods declined to 662,124 tons compared to 887,096 tons registered during the corresponding period in 2008 partly due to the global financial crisis that affected the demand for commodities.

Travel services receipt declined slightly to USD 1,242.1 million compared to USD 1,243.5 million recorded during the year ending October 2008. This performance is partly attributed to the global financial crisis, which has affected major source of tourists to Tanzania namely the

United States and Europe. **Chart 4.5** depicts the performance of the main services receipt for the past four years.

**Chart 4.5: Services Receipt**



**Note:** 'Other Services' include: Communication, Construction, Insurance, Financial, Computer Information, Government, Royalties, and Personal and Other business services

## Imports Performance

During October 2009, import of goods increased to USD 556.2 million compared with USD 535.8 million recorded in September 2009, following an increase in imports of capital goods and consumer goods. During the year to October 2009, the value of goods imports amounted to USD 5,733.9 million being lower than USD 6,408.1 million recorded during the year ending October 2008 (**Table 4.2**). This development was largely due to a considerable decline in world commodity prices.

**Table 4.2: Imports**

Millions of USD

| Items                                 | 2008 <sup>p</sup><br>Oct | 2009         |              | % Change      |                 | Year Ending October <sup>p</sup> |                | % Change     |
|---------------------------------------|--------------------------|--------------|--------------|---------------|-----------------|----------------------------------|----------------|--------------|
|                                       |                          | Sep          | Oct          | Oct 08-Oct 09 | Sep 09 - Oct 09 | 2008                             | 2009           |              |
| <b>CAPITAL GOODS</b>                  | <b>203.7</b>             | <b>212.9</b> | <b>223.8</b> | <b>9.9</b>    | <b>5.1</b>      | <b>2,527.3</b>                   | <b>2,486.4</b> | <b>-1.6</b>  |
| Transport Equipment                   | 51.2                     | 63.6         | 63.7         | 24.4          | 0.2             | 747.0                            | 747.1          | 0.0          |
| Building and Constructions            | 61.9                     | 42.2         | 58.4         | -5.6          | 38.5            | 589.7                            | 533.5          | -9.5         |
| Machinery                             | 90.6                     | 107.2        | 101.6        | 12.2          | -5.2            | 1,190.6                          | 1,205.9        | 1.3          |
| <b>INTERMEDIATE GOODS</b>             | <b>252.1</b>             | <b>210.3</b> | <b>200.5</b> | <b>-20.5</b>  | <b>-4.6</b>     | <b>2,553.0</b>                   | <b>1,880.5</b> | <b>-26.3</b> |
| Oil imports                           | 180.2                    | 143.3        | 148.0        | -17.9         | 3.3             | 1,849.5                          | 1,312.3        | -29.0        |
| Fertilizers                           | 22.7                     | 14.3         | 10.7         | -52.6         | -24.7           | 132.0                            | 106.7          | -19.1        |
| Industrial raw materials              | 49.3                     | 52.7         | 41.8         | -15.2         | -20.7           | 571.5                            | 461.4          | -19.3        |
| <b>CONSUMER GOODS</b>                 | <b>135.5</b>             | <b>112.6</b> | <b>131.9</b> | <b>-2.7</b>   | <b>17.1</b>     | <b>1,327.8</b>                   | <b>1,367.0</b> | <b>3.0</b>   |
| Food and food stuffs                  | 48.2                     | 27.6         | 37.9         | -21.3         | 37.3            | 332.7                            | 323.7          | -2.7         |
| All other consumer goods <sup>1</sup> | 87.3                     | 85.0         | 94.0         | 7.6           | 10.6            | 995.0                            | 1,043.2        | 4.8          |
| <b>GRAND TOTAL (F.O.B)</b>            | <b>591.3</b>             | <b>535.8</b> | <b>556.2</b> | <b>-5.94</b>  | <b>3.8</b>      | <b>6,408.1</b>                   | <b>5,733.9</b> | <b>-10.5</b> |
| <b>GRAND TOTAL (C.I.F)</b>            | <b>649.8</b>             | <b>588.8</b> | <b>611.2</b> | <b>-5.94</b>  | <b>3.8</b>      | <b>7,041.9</b>                   | <b>6,300.9</b> | <b>-10.5</b> |

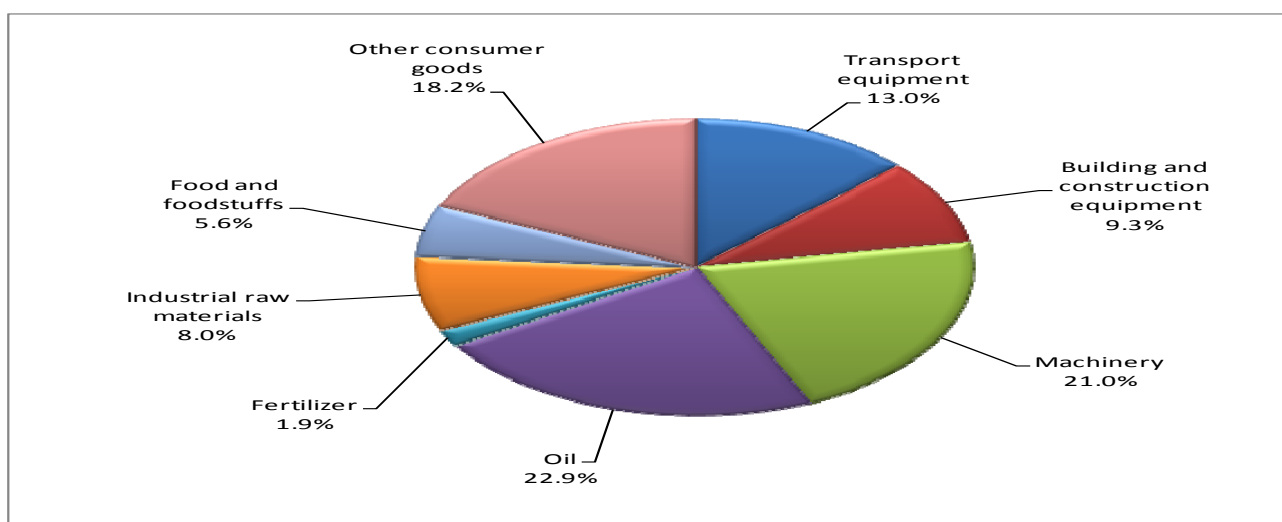
Oil imports refers to refined petroleum products

<sup>1</sup> It includes pharmaceutical products, paper products, plastic items, optical/photographic materials, textile apparels.

Source: Bank of Tanzania and Tanzania Revenue Authority

Chart 4.6 summarizes the composition of imports, which indicates that oil imports continue to account for a substantial share of the Tanzania’s total imports.

**Chart 4.6: Percentage Contribution of Selected Items to Total Imports for the Year Ending October 2009**



Source: Bank of Tanzania

### Capital Goods

In October 2009, capital goods imports increased to USD 223.8 million compared to USD 212.9 million recorded in the previous month with building and construction imports registering



significant increases. On annual basis, import of capital goods declined to USD 2,486.4 million compared to USD 2,527.3 million recorded during the year ending October 2008.

### **Intermediate Goods**

The value of intermediate goods shipped to Tanzania decreased by 4.6 percent to USD 200.5 million owing to a decline in value of fertilizers and industrial raw materials, as oil increased slightly. During the month under review, the value of oil shipment rose by 3.3 percent to USD 148.0 million, consistent with increase in volumes to 279,973 tons compared to 275,197 tons in the preceding month. On annual basis, the value of intermediate goods imports dropped to USD 1,880.5 million compared with USD 2,553.0 million recorded during the year to October 2008, following a substantial decline in oil imports. The value of oil imports declined by 29.0 percent to USD 1,312.3 million mainly due to a fall in oil prices in the world market as import volumes increased. The world market average prices of white petroleum products went down to USD 527.2 per ton from USD 975.1 per ton last year, as global demand plummeted amid the global financial crisis. Meanwhile, the volume of imported oil increased to 2,817,589 tons compared with 2,306,490 tons recorded during the year ending October 2008.

### **Consumer Goods**

In October 2009, the value of consumer goods shipped to Tanzania increased by 17.1 percent to USD 131.9 million when compared to the level recorded in the previous month as food and food stuffs and other consumer goods recorded increases. The value of food and food stuff rose to USD 37.9 million from USD 27.6 million recorded in the previous month with cereals accounting for over 80 percent of total food stuff. The volume of cereals amounted to 121,972 tons in October being higher than 84,772 tons recorded in September 2009, due to an increase in importation of wheat ([Table 4.3](#)).

**Table 4.3: Summary of Selected Food Imports**

| Descriptions                   | Jul-09        | Aug-09        | Sep-09        | Oct-09         | % Change (September 09 to October 09) |
|--------------------------------|---------------|---------------|---------------|----------------|---------------------------------------|
| <b>Maize</b>                   |               |               |               |                |                                       |
| Tons                           | 1,654.4       | 5,059.0       | 11,169.0      | 3,309.3        | -70.4                                 |
| Value (Mill. USD)              | 0.33          | 1.0           | 2.2           | 0.7            | -70.6                                 |
| Unit Price (\$/mt)             | 198.1         | 192.3         | 198.8         | 197.1          | -0.8                                  |
| <b>Rice</b>                    |               |               |               |                |                                       |
| Tons                           | 2,042.9       | 361.1         | 241.7         | 24.0           | -90.1                                 |
| Value (Mill. USD)              | 1.0           | 0.2           | 0.1           | 0.01           | -90.5                                 |
| Unit Price (\$/mt)             | 477.6         | 466.2         | 476.7         | 457.5          | -4.0                                  |
| <b>Wheat</b>                   |               |               |               |                |                                       |
| Tons                           | 24,000.0      | 34,501.0      | 73,361.5      | 118,638.5      | 61.7                                  |
| Value (Mill. USD)              | 6.1           | 8.4           | 18.3          | 30.2           | 65.1                                  |
| Unit Price (\$/mt)             | 254.5         | 243.2         | 249.7         | 254.9          | 2.1                                   |
| <b>Total tons</b>              | <b>27,697</b> | <b>39,921</b> | <b>84,772</b> | <b>121,972</b> | <b>44</b>                             |
| <b>Total Value (Mill. USD)</b> | <b>7.4</b>    | <b>9.5</b>    | <b>20.7</b>   | <b>30.9</b>    | <b>49.7</b>                           |

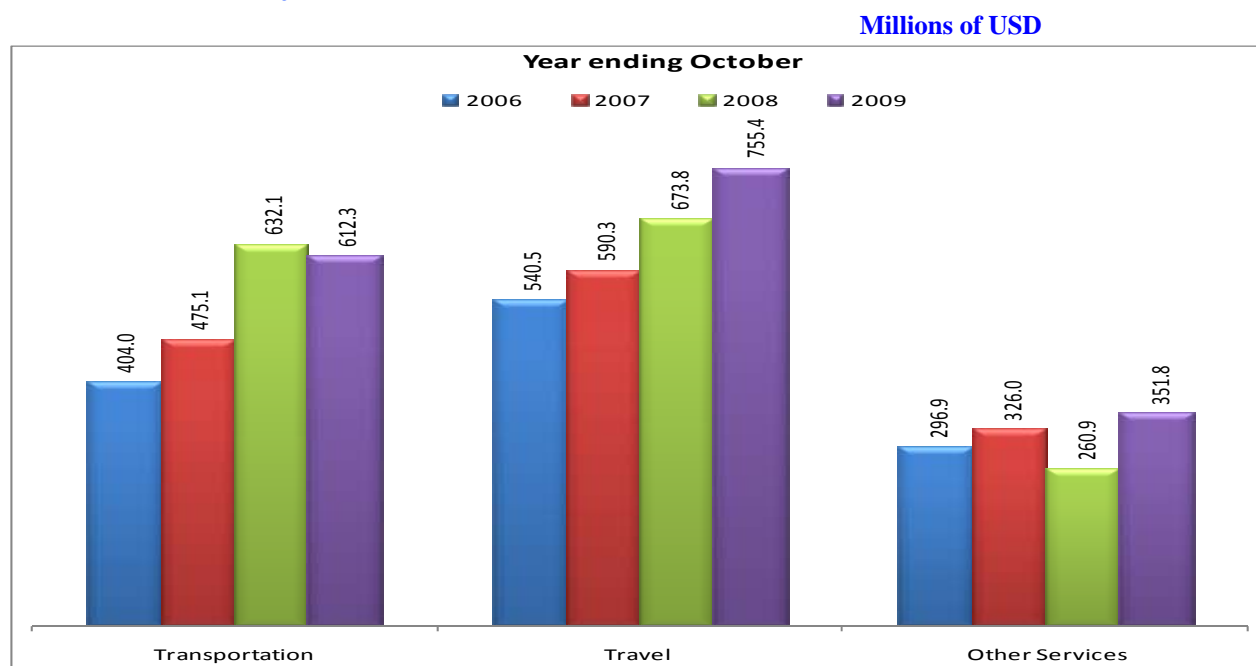
Source: Tanzania Revenue Authority

During the year to October 2009, importation of consumer goods went up by 3.0 percent to USD 1,367.0 million following an increase in the value of other consumer goods imports to USD 1,043.2 million compared to USD 995.0 million in the year to October 2008. On the other hand, the value of food and food imports declined to USD 323.7 million compared to USD 332.7 million recorded in the preceding year.

### Services Payment

During the review month, services payment increased slightly to USD 156.0 million from USD 155.9 million recorded in September 2009 following an increase in payments for travel and transportation services. On annual basis, services payment rose by 9.8 percent to USD 1,719.5 million compared to the level that was registered in the corresponding period in 2008. This development was largely attributable to a surge in payment for travel and other business services. On the other hand, there was a decline in freight payments which is in line with the decrease in the value of goods imports. **Chart 4.7** shows the performance of major services payment categories in the past four years.

Chart 4.7: Service Payments



**Note:** 'Other Services' include: Communication, Construction, Insurance, Financial, Computer Information, Government, Royalties, and Personal and Other business services.  
**Source:** Bank of Tanzania

## World Commodity Prices

During October 2009, the world market prices recorded mixed developments. The price of **coffee Arabica** rose by 3.9 percent to USD 3.4 per kilogram, whereas the price of coffee Robusta remained almost unchanged at USD 1.6 per kilogram. The prices of **tea** (Average price and Mombasa Auction) dropped by 4.2 percent and 13.2 percent to USD 3.0 per kilogram and USD 2.6 per kilogram, respectively. The decline in tea prices was largely attributable to improvement in weather condition in Kenya, India and Sri Lanka. The price of **cotton (A-index)** recorded a 4.5 percent increase to USD 1.5 per kilogram, while the price of **cotton (Memphis)** went down slightly to USD 1.5 per kilogram. Meanwhile, the price of **sisal** remained unchanged at USD 850.0 per metric ton, whereas the price of **cloves** increased by 4.6 percent to USD 4,112.5 per metric ton.

During the period under review, the average prices of **crude oil (U.K Brent)**, **Dubai (f.o.b)** and **white petroleum products** increased mainly due to the drop in the crude oil inventories in US. On the other hand, the price of **gold**, rose by 4.6 percent to USD 1043.00 per troy ounce mainly due to strong investors demand for gold following the weakening of the US dollar.

On annual basis, the prices of coffee (Robusta and Arabica) went down largely on account of increased production in Brazil. The prices of cotton (A Index and Memphis) declined, following weak demand for cotton from China amid the global financial crisis. The prices of **tea** (Average price and Mombasa auction) went up by 3.0 percent and 5.1 percent during the year. The price of **sisal** declined from USD 1,137.7 per ton during the year to October 2008 to USD 1,122.3 per ton. During the period under review, the price of **oil** significantly declined mainly on account of weak demand as the result of the global financial crisis. Meanwhile, the price of **gold** went up by 4.8 percent to USD 915.9 per troy ounce (**Table 4.4**).

**Table 4.4: World Commodity Prices**

| COMMODITY             | Units              | 2009     |          |          | %<br>Change | Year ending October |          |          | %<br>Change |
|-----------------------|--------------------|----------|----------|----------|-------------|---------------------|----------|----------|-------------|
|                       |                    | Aug      | Sept     | Oct      |             | 2007                | 2008     | 2009     |             |
| Robusta Coffee        | USD per kg         | 1.60     | 1.63     | 1.62     | -0.55       | 1.85                | 2.34     | 1.68     | -28.31      |
| Arabica Coffee        | USD per kg         | 3.30     | 3.28     | 3.41     | 3.90        | 2.69                | 3.13     | 3.04     | -2.74       |
| Tea (Average price)   | USD per kg         | 2.99     | 3.16     | 3.03     | -4.24       | 1.96                | 2.47     | 2.55     | 3.04        |
| Tea (Mombasa Auction) | USD per kg         | 2.80     | 3.01     | 2.61     | -13.19      | 1.67                | 2.21     | 2.32     | 5.13        |
| Cotton, "A Index"     | USD per kg         | 1.42     | 1.41     | 1.47     | 4.47        | 1.36                | 1.63     | 1.31     | -19.48      |
| Cotton, "Memphis"     | USD per kg         | 1.53     | 1.55     | 1.51     | -2.32       | 1.39                | 1.66     | 1.40     | -15.96      |
| Sisal (UG)            | USD per metric ton | 850.00   | 850.00   | 850.00   | 0.00        | 945.83              | 1,137.67 | 1,122.25 | -1.36       |
| Cloves                | USD per metric ton | 3,900.00 | 3,933.33 | 4,112.50 | 4.56        | 3,440.25            | 4,498.96 | 3,784.63 | -15.88      |
| Crude oil*            | USD per barrel     | 71.63    | 68.35    | 73.19    | 7.08        | 65.97               | 104.12   | 56.92    | -45.33      |
| Crude oil**           | USD per barrel     | 71.32    | 67.91    | 73.28    | 7.91        | 63.92               | 100.45   | 57.36    | -42.90      |
| White products***     | USD per ton        | 641.82   | 588.26   | 640.61   | 8.90        | 626.00              | 975.06   | 527.17   | -45.93      |
| Jet/Kerosine          | USD per ton        | 626.00   | 593.22   | 646.07   | 8.91        | 640.05              | 1044.31  | 532.65   | -48.99      |
| Premium Gasoline      | USD per ton        | 696.76   | 632.02   | 667.52   | 5.62        | 641.97              | 892.91   | 534.64   | -40.12      |
| Heat Oil              | USD per ton        | 602.70   | 539.55   | 608.25   | 12.73       | 595.99              | 987.97   | 514.20   | -47.95      |
| Gold                  | USD per troy ounce | 949.40   | 997.00   | 1,043.00 | 4.61        | 667.41              | 874.41   | 915.92   | 4.75        |

Note: \* Average of U. K. Brent, Dubai and West Texas Intl

\*\* f. o. b. Dubai

\*\*\* f.o.b. West Mediterranean

Source: <http://www://Worldbank.org/Prospects>, World Bank Public Ledger, Bloomberg.

## 5.0 National Debt Developments

The stock of national debt at the end of October 2009 amounted to USD 9,434.2 million, being an increase by 1.1 percent from the amount recorded at the end of the preceding month. The increase is attributed to new external disbursements and relatively high domestic debt issuance compared to maturity. Out of total debt stock, external debt accounted for 80.0 percent and domestic debt was 20.0 percent.

## External Debt

During the period under review, external debt stock increased by 1.0 percent from USD 7,474.2 million recorded at the end of September 2009 to USD 7,548.9 million at the end of October 2009. Out total external debt, USD 5,980.7 million or 79.2 percent was disbursed outstanding debt (DOD) and the remaining portion was interest arrears.

Analysis of the structure of external debt stock by borrower category indicates that 69.2 percent was Government debt, while debt owed by private sector and public corporations was 20.6 percent and 10.2 percent respectively ([Table 5.1](#))

**Table 5.1: Tanzania's External Debt Stock by Borrower Category**

| <b>Borrower</b>            | <b>Millions of USD</b> |                  |                |                  |                |                  |
|----------------------------|------------------------|------------------|----------------|------------------|----------------|------------------|
|                            | <b>Oct-08</b>          | <b>Share (%)</b> | <b>Sep-09</b>  | <b>Share (%)</b> | <b>Oct-09</b>  | <b>Share (%)</b> |
| <b>Central Government</b>  | <b>4,374.3</b>         | <b>72.8</b>      | <b>5,202.8</b> | <b>69.6</b>      | <b>5,225.1</b> | <b>69.2</b>      |
| DOD                        | 3,747.7                | 62.4             | 4,510.7        | 60.4             | 4,532.0        | 60.0             |
| Interest Arrears           | 626.6                  | 10.4             | 692.1          | 9.3              | 693.1          | 9.2              |
| <b>Private Sector</b>      | <b>1,153.5</b>         | <b>19.2</b>      | <b>1,513.6</b> | <b>20.3</b>      | <b>1,554.4</b> | <b>20.6</b>      |
| DOD                        | 734.4                  | 12.2             | 1,025.4        | 13.7             | 1,049.8        | 13.9             |
| Interest Arrears           | 419.1                  | 7.0              | 488.2          | 6.5              | 504.6          | 6.7              |
| <b>Public Corporations</b> | <b>479.8</b>           | <b>8.0</b>       | <b>757.8</b>   | <b>10.1</b>      | <b>769.4</b>   | <b>10.2</b>      |
| DOD                        | 150.4                  | 2.5              | 396.7          | 5.3              | 398.9          | 5.3              |
| Interest Arrears           | 329.4                  | 5.5              | 361.1          | 4.8              | 370.5          | 4.9              |
| <b>External Debt Stock</b> | <b>6,007.7</b>         | <b>100.0</b>     | <b>7,474.2</b> | <b>100.0</b>     | <b>7,548.9</b> | <b>100.0</b>     |

The profile of external debt stock by creditor category indicates that debt owed to multilateral creditors was USD 3,856.1 million accounting for 51.1 percent of total debt, while bilateral creditors accounted for 21.6 percent. Debt owed to other creditors is as shown in ([Table 5.2](#))

**Table 5.2: Tanzania's External Debt Stock by Creditor Category**

Millions of USD

| <b>Creditor</b>      | <b>Oct-08</b>  | <b>Share (%)</b> | <b>Sep-09</b>  | <b>Share (%)</b> | <b>Oct-09</b>  | <b>Share (%)</b> |
|----------------------|----------------|------------------|----------------|------------------|----------------|------------------|
| <b>Bilateral</b>     | <b>1,544.1</b> | <b>25.7</b>      | <b>1,633.3</b> | <b>21.9</b>      | <b>1,630.9</b> | <b>21.6</b>      |
| Paris Club           | 571.2          | 9.5              | 616.7          | 8.3              | 614.6          | 8.1              |
| Non Paris Club       | 972.9          | 16.2             | 1,016.6        | 13.6             | 1,016.3        | 13.5             |
| <b>Multilateral</b>  | <b>2,806.6</b> | <b>46.7</b>      | <b>3,831.1</b> | <b>51.3</b>      | <b>3,856.1</b> | <b>51.1</b>      |
| AfDB                 | 596.6          | 9.9              | 801.6          | 10.7             | 799.4          | 10.6             |
| World Bank           | 1,881.4        | 31.3             | 2,388.3        | 32.0             | 2,403.0        | 31.8             |
| IMF                  | 17.7           | 0.3              | 267.8          | 3.6              | 269.4          | 3.6              |
| Others               | 310.9          | 5.2              | 373.5          | 5.0              | 384.3          | 5.1              |
| <b>Commercial</b>    | <b>1,017.1</b> | <b>16.9</b>      | <b>1,264.4</b> | <b>16.9</b>      | <b>1,293.6</b> | <b>17.1</b>      |
| <b>Export Credit</b> | <b>639.9</b>   | <b>10.7</b>      | <b>745.4</b>   | <b>10.0</b>      | <b>768.3</b>   | <b>10.2</b>      |
| <b>External Debt</b> | <b>6,007.7</b> | <b>100.0</b>     | <b>7,474.2</b> | <b>100.0</b>     | <b>7,548.9</b> | <b>100.0</b>     |

\*IDA &amp; IFC

During the period under review, new debt contracted and recorded amounted to USD 0.2 million, while the amount received and recorded during the period amounted to USD 8.0 million.

External debt service payments amounted to USD 3.2 million, out of which, principal repayments was USD 2.3 million and USD 0.9 million was interest.

## Domestic Debt

The domestic debt stock increased by TZS 22.1 billion in October 2009 to a stock of TZS 2,440.2 billion. Out of the domestic debt, Government securities were TZS 2,431.9 billion or 99.7 percent and other debts were TZS 8.2 billion. The debt stock increased by from TZS 2,418.1 billion registered at the end of September 2009. The increase was on account of relatively high new issuance of Government debt compared to maturity.

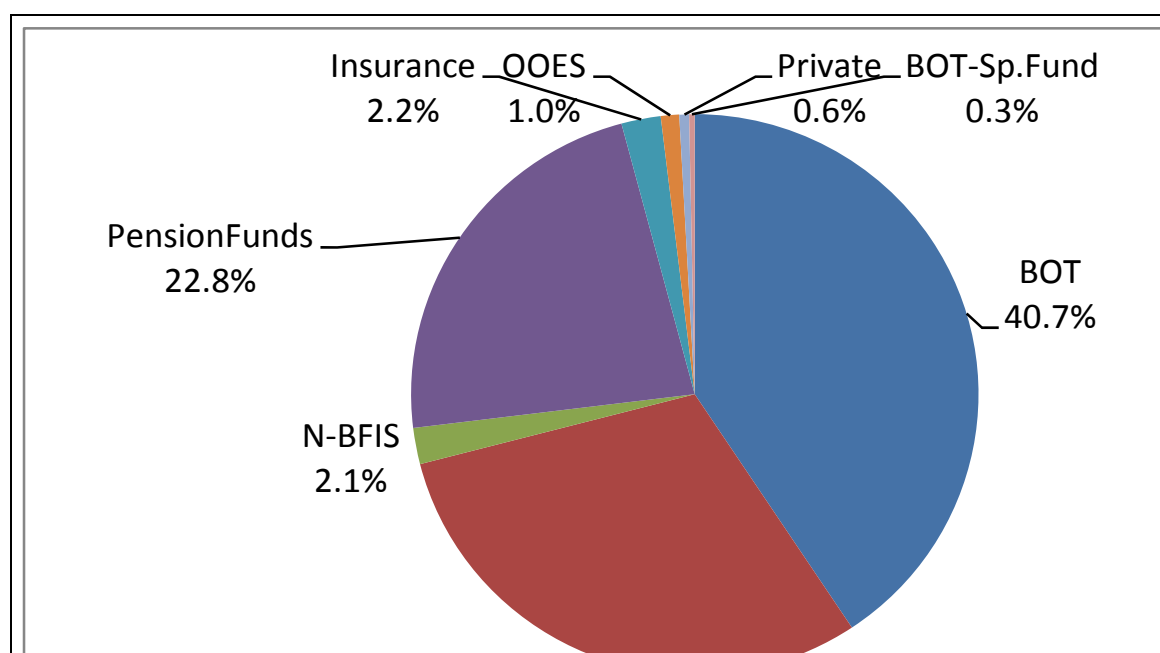
**Table 5.3: Government Domestic Debt by Instruments**

|                              | Billions of TZS |              |                |              |                |              |
|------------------------------|-----------------|--------------|----------------|--------------|----------------|--------------|
|                              | Oct-08          | Share (%)    | Sep-09         | Share (%)    | Oct-09         | Share (%)    |
| <b>Government Securities</b> | <b>1,916.7</b>  | <b>99.6</b>  | <b>2,409.9</b> | <b>99.7</b>  | <b>2,431.9</b> | <b>99.7</b>  |
| Treasury Bills               | 326.7           | 17.0         | 298.7          | 12.4         | 298.7          | 12.2         |
| Government Stocks            | 311.7           | 16.2         | 257.9          | 10.7         | 257.9          | 10.6         |
| Government Bonds             | 1,278.3         | 66.4         | 1,853.2        | 76.6         | 1,875.3        | 76.9         |
| Tax Certificates             | 0.1             | 0.0          | 0.1            | 0.0          | 0.1            | 0.0          |
| <b>Other Gov't Debt</b>      | <b>8.3</b>      | <b>0.4</b>   | <b>8.3</b>     | <b>0.3</b>   | <b>8.3</b>     | <b>0.3</b>   |
| Mabibo Hostel                | 8.2             | 0.4          | 8.2            | 0.3          | 8.2            | 0.3          |
| Others                       | 0.0             | 0.0          | 0.0            | 0.0          | 0.0            | 0.0          |
| <b>Total Dom. Debt</b>       | <b>1,925.0</b>  | <b>100.0</b> | <b>2,418.2</b> | <b>100.0</b> | <b>2,440.2</b> | <b>100.0</b> |
| <b>Interest Arrears</b>      | <b>0.1</b>      | <b>0.0</b>   | <b>0.1</b>     | <b>0.0</b>   | <b>0.0</b>     | <b>0.0</b>   |
| <b>Total Dom. Debt Stock</b> | <b>1,925.1</b>  | <b>100.0</b> | <b>2,418.3</b> | <b>100.0</b> | <b>2,440.2</b> | <b>100.0</b> |

Source: Bank of Tanzania and MOFEA

The Composition of domestic debt by creditor category at the end of October 2009 indicates that, the Bank of Tanzania was the leading government creditor by holding 40.7 percent of total domestic debt stock, followed by the commercial banks that held 30.3 percent. Pension funds held 22.8 percent, while the rest were held by other creditors as shown in [Chart 5.1](#)

**Chart 5.1: Government Domestic Debt by Holder**



### **New Issuance and Domestic Debt Service**

During the month under review, new debt issued amounted to TZS 75.3 billion, out of which, TZS 36.8 were Treasury bills and TZS 38.5 billion Government bonds. Domestic debt service during the month amounted to TZS 67.7 billion accounting for about 16.0 percent of domestic revenue collected during the same period. Out of the debt service, interest amounting to TZS 22.7 billion, was paid out of government revenue, while principal amounting to TZS 45.0 billion was rolled over.



## 6.0 Economic Developments in Zanzibar

### Inflation Developments

**Annual headline inflation** rate in October 2009 increased to 4.5 percent from 4.3 percent registered in September 2009, mainly on account of increase in non-food inflation. On the other hand, the **month-to-month headline** inflation rate declined significantly to 0.9 percent in October 2009 from 3.8 recorded in September 2009, largely due to decrease in food inflation (Table 6.1 and Chart 6.1).

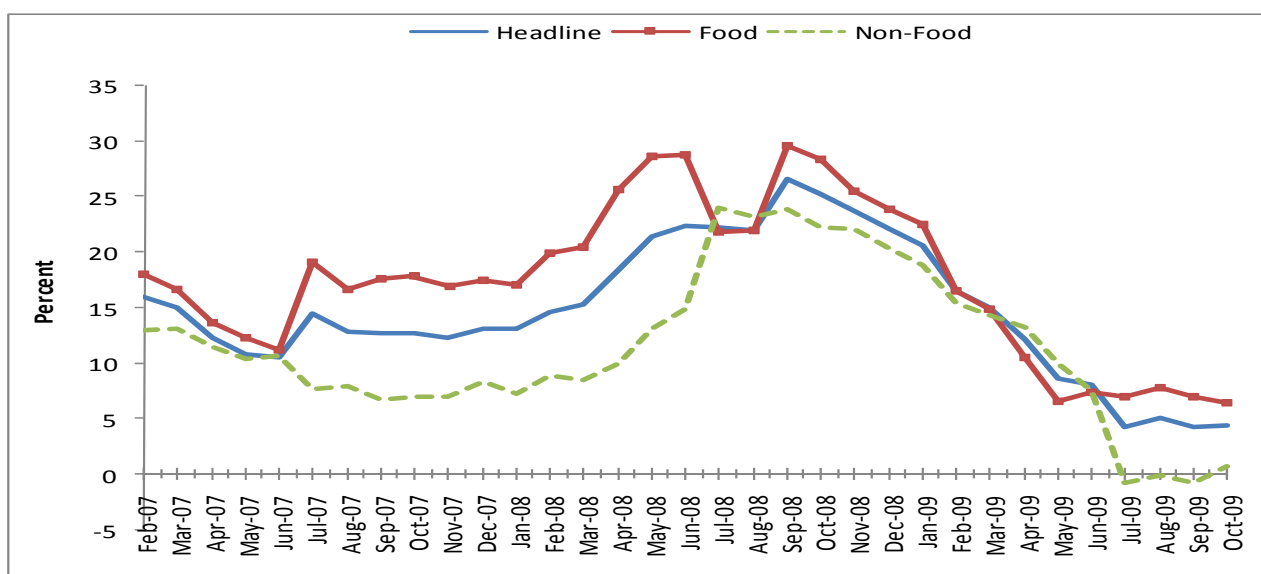
**Table 6.1: Annual Percentage Change in Consumer Price Index (CPI)**

Base: Dec.2005=100

| Major Commodity Group    | Weights (%) | 2006        | 2007        |             |             | 2008        |             |             | 2009        |             |            |
|--------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|------------|
|                          |             | Dec         | Aug         | Sept        | Oct         | Aug         | Sept        | Oct         | Aug         | Sept        | Oct        |
| <b>Headline/Overall</b>  | <b>100</b>  | <b>11.4</b> | <b>12.9</b> | <b>12.8</b> | <b>12.8</b> | <b>22.0</b> | <b>26.6</b> | <b>25.3</b> | <b>5.1</b>  | <b>4.3</b>  | <b>4.5</b> |
| <b>Food</b>              | <b>57.4</b> | <b>11.6</b> | <b>16.6</b> | <b>17.6</b> | <b>17.8</b> | <b>21.9</b> | <b>29.5</b> | <b>28.3</b> | <b>7.7</b>  | <b>6.9</b>  | <b>6.4</b> |
| <b>Non-Food</b>          | <b>42.6</b> | <b>11.5</b> | <b>7.9</b>  | <b>6.7</b>  | <b>6.9</b>  | <b>23.1</b> | <b>23.9</b> | <b>22.2</b> | <b>-0.1</b> | <b>-0.8</b> | <b>0.7</b> |
| Alcoholic Beverages,     |             |             |             |             |             |             |             |             |             |             |            |
| Tobacco & Narcotics      | 0.6         | 23.6        | 2.9         | 2.9         | 3.2         | 14.0        | 14.8        | 16.0        | 11.2        | 9.3         | 17.2       |
| Clothing & Footwear      | 6.2         | 5.2         | 4.7         | 6.4         | 7.1         | 9.7         | 10.4        | 8.7         | 6.3         | 5.7         | 4.9        |
| Housing, Water,          |             |             |             |             |             |             |             |             |             |             |            |
| Electricity, Gas & Other | 15.6        | 12.8        | 7.5         | 4.8         | 4.2         | 36.2        | 37.4        | 36.3        | -2.3        | -3.2        | -1.8       |
| Fuels                    |             |             |             |             |             |             |             |             |             |             |            |
| Furnishing, Household    |             |             |             |             |             |             |             |             |             |             |            |
| Equipment & Routine      | 5.3         | 8.7         | 10.7        | 10.8        | 10.6        | 14.2        | 15.1        | 13.4        | 7.0         | 5.1         | 5.3        |
| Household Maintenance    |             |             |             |             |             |             |             |             |             |             |            |
| Health                   | 2.1         | 10.2        | 20.7        | 20.3        | 18.6        | 14.5        | 14.8        | 15.4        | 6.1         | 7.4         | 6.5        |
| Transport                | 3.4         | 29.1        | 8.2         | 7.6         | 4.4         | 28.4        | 25.8        | 24.9        | -14.0       | -13.3       | -11.8      |
| Communication            | 2.4         | -3.9        | -4.5        | -4.5        | -4.5        | -0.8        | -2.4        | -0.8        | 0.0         | 1.6         | 0.0        |
| Recreation & Culture     | 0.4         | 12.7        | 13.2        | 12.8        | 12.9        | 6.5         | 6.1         | 5.7         | 4.7         | 3.5         | 4.7        |
| Education                | 1.1         | 1.2         | 12.1        | 12.1        | 12.1        | 7.8         | 7.8         | 7.8         | 4.5         | 4.5         | 4.5        |
| Restaurants & Hotels     | 3.1         | 15.8        | 28.6        | 17.0        | 25.0        | 24.6        | 28.7        | 20.3        | 9.5         | 8.0         | 16.6       |
| Miscellaneous Goods &    |             |             |             |             |             |             |             |             |             |             |            |
| Services                 | 2.4         | 11.1        | -6.4        | -7.4        | -8.2        | 17.9        | 19.8        | 19.1        | 13.9        | 12.6        | 13.2       |

Source: Office of Chief Government Statistician (OCGS)

**Chart 6.1: Zanzibar Annual Headline, Food and Non-food Inflation**



Source: Office of Chief Government Statistician (OCGS)

**Annual food inflation** decreased to 6.4 percent in October 2009 from 6.9 percent registered in September 2009, mainly due to a fall in average prices of rice, wheat flour and related bakery products. The decline was associated with the Government waiver of import duties partly to stabilize prices during the month of Ramadhan. The Government waived the import duties for rice from 22<sup>nd</sup> September 2009 to 22<sup>nd</sup> December 2009, while import duty for wheat flour was waived from 16<sup>th</sup> August 2009 to 16<sup>th</sup> November 2009. As a result of this measure, the average prices for rice and wheat flour decreased from TZS 1,064 and TZS 1,000 in October 2008 to TZS 865 and TZS 865 per kilo in October 2009, respectively. Similarly, the **month-to-month food inflation rate** fell sharply from 6.3 percent recorded in September 2009 to 0.9 percent during the month under review. The decrease was mainly attributed to decline in fish prices after the month of Ramadhan, from TZS 4,655 per kilo recorded in September 2009 to TZS 4,536 per kilo during the month under review.

**Annual non-food inflation** rate increased to 0.7 percent in October 2009, up from negative 0.8 registered during the year ending September 2009. The increase in non-food inflation rate has been mainly attributed to increased prices in some items under restaurant & hotels, as well as recreation and culture sub-groups. However, prices of petroleum products which have been influencing the movement of non-food inflation in the preceding months, exhibited similar pattern recorded in September 2009. Specifically, the price of diesel fell from TZS 1,840 per litre in October 2008 to TZS 1,370 per litre in October 2009, while that of petrol and kerosene

decreased from TZS 1,680 and TZS 1,470 per litre to TZS 1,440 and TZS 960 per litre, respectively. The **month -to-month** non-food inflation rose to 1.3 percent from 0.6 percent recorded in September 2009, mainly on account of increased prices of some items under housing, water, electricity, gas and other fuel. Other sub-groups that registered decline in inflation include furnishing, household, equipment and routine household maintenance, recreation and culture, as well as transport.

## **Fiscal Performance**

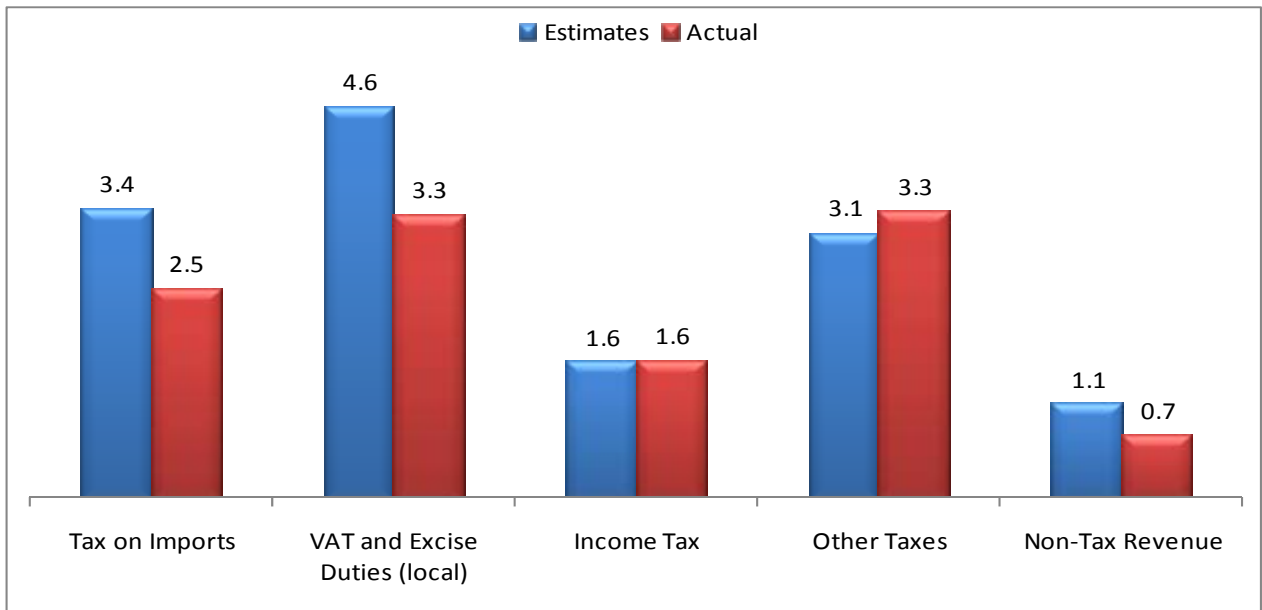
Government budgetary operations on cheques issued basis registered a deficit after grants of TZS 10.5 billion in October 2009. The deficit after adjustment to cash narrowed to TZS 3.3 billion. Total resources during the month under review amounted to TZS 12.5 billion, below the target of TZS 17.0 billion. Domestic sources contributed TZS 11.5 billion, or 92.0 percent, while the balance was foreign grants. Total expenditure during the month under review reached TZS 23.0 billion, slightly below the target of TZS 23.7 billion. The budget deficit was exclusively financed through foreign sources.

### **Revenue**

Total revenue collections during the period under review amounted to TZS 11.5 billion, below the target of TZS 13.8 billion for the month. Tax collections reached TZS 10.7 billion, below the target of TZS 12.6 billion and accounted for 93.0 percent of the total revenue collections. Non-tax revenue amounted to TZS 0.7 billion, below the target of TZS 1.0 billion.

Revenue collections by category shows that, local VAT and excise duty collections amounted to TZS 3.3 billion, below the targeted amount of TZS 4.6 billion, and accounted for 28.7 percent of the total revenue collections. The under performance was mainly due to decline in tourist activities and low VAT refund from Tanzania mainland. Tax collections on imports amounted to TZS 2.4 billion, below the target of TZS 3.4 billion and accounted for 20.9 percent of total revenue collections. The shortfall was on account of a decline in taxable imports in Zanzibar. Income tax collections amounted to TZS 1.6 billion in line with the target. Collections of other taxes reached TZS 3.3 billion, which was above the target of TZS 3.1 billion (**Chart 6.2**).

**Chart 6.2: Government Revenue by Sources, Actual versus Target – October 2009**



**Source:** Ministry of Finance and Economic Affairs, Zanzibar.

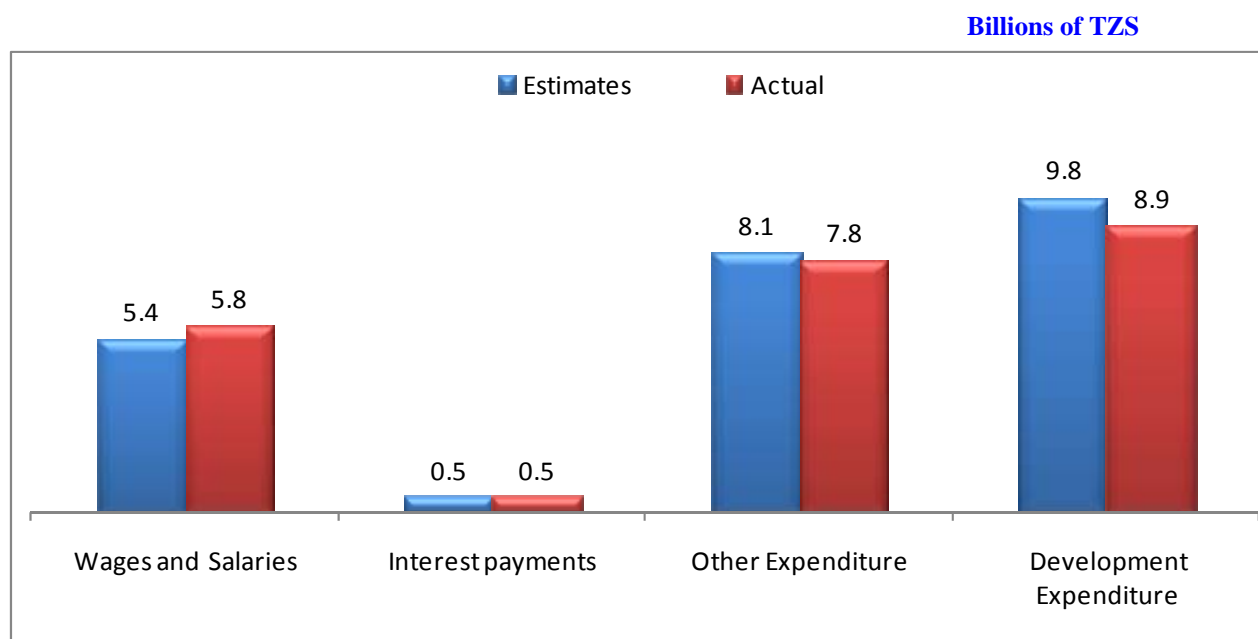
Cumulatively, during July - October 2009, total Government revenue collections reached TZS 46.1 billion and accounted for 28.9 percent of the annual target of TZS 159.7 billion. During similar period in 2008, government revenue collections amounted to TZS 41.2 billion.

## **Expenditure**

Total government expenditure during October 2009, amounted to TZS 23.0 billion, and was below the target of TZS 23.7 billion by 3.0 percent. Total recurrent expenditure amounted to TZS 14.1 billion, or 61.3 percent of total expenditure, while the rest was development expenditure which amounted to TZS 8.9 billion, equivalent to 38.7 percent of total expenditure.

Out of the total recurrent expenditure, wages and salaries amounted to TZS 5.8 billion, slightly above the monthly target following payment of new salaries. The salary bill accounted for 41.1 percent of the total recurrent expenditure. Expenditure on other charges was TZS 7.8 billion, slightly below the target of TZS 8.0 billion, and accounted for 55.3 percent of the recurrent expenditure. Interest payment stood at TZS 0.5 billion, same as the target (**Chart 6.3**).

**Chart 6.3: Government Expenditure by Components, Actual versus Target – October 2009**



Source: Ministry of Finance and Economic Affairs, Zanzibar.

The development expenditure amounted to TZS 8.9 billion, below the target of TZS 9.8 billion for the month under review. Government contribution was TZS 5.0 billion, equivalent to 56.2 percent of the total development expenditure, while donor fund inflows amounted to TZS 3.9 billion, below the target of TZS 4.4 billion, and accounted for 43.8 percent of the total development expenditure.

Cumulatively from July – October 2009, total Government expenditure reached TZS 83.8 billion, and accounted for 20.3 percent of the annual target of TZS 412.6 billion for the period.

## **Debt Developments**

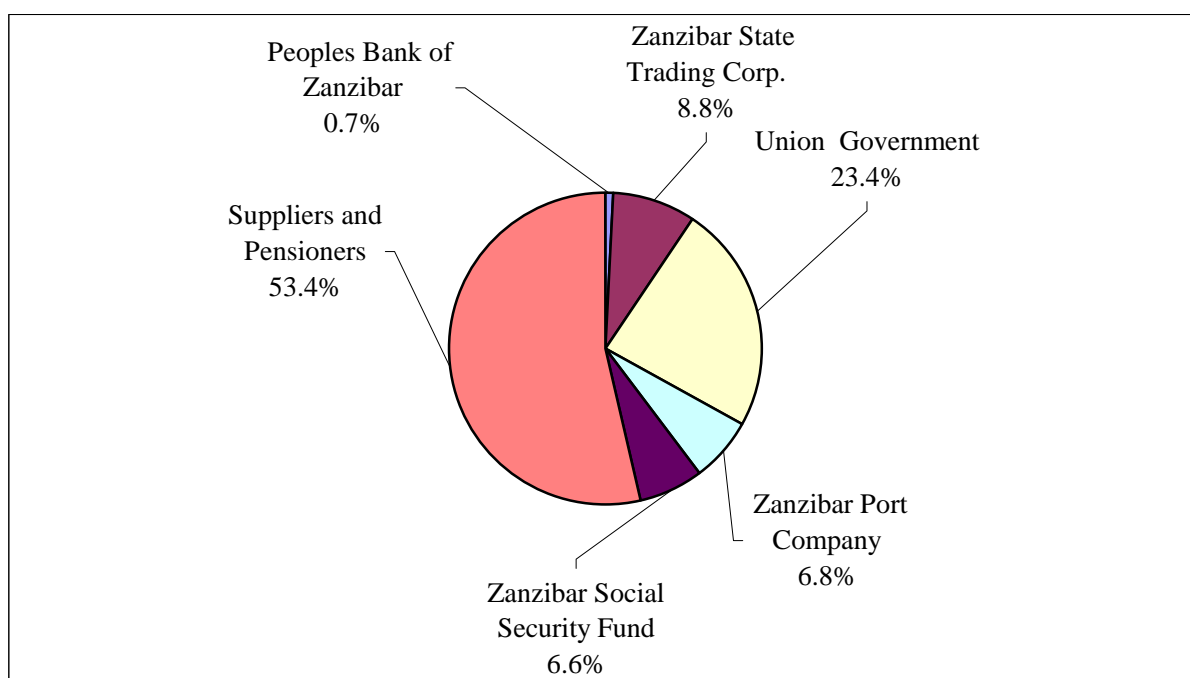
As at end of October 2009, Zanzibar total debt stock, amounted to USD 107.5 million, compared to USD 107.2 million, at the end of September 2009. Total external debt stock amounted to USD 63.1 million, equivalent to 58.7 percent of the total debt. The remaining was domestic debt, which amounted to TZS 58.1 billion (USD 44.4 million), accounting for 41.3 percent of total debt stock.

## Domestic Debt

As at end of October 2009, domestic debt stock amounted to TZS 58.1 billion, compared to TZS 57.6 billion, posted at the end of September 2009; and was associated with slight rise in domestic suppliers' credits.

As at end October 2009, claims by government suppliers and pensioners amounted to TZS 31.2 billion, compared to TZS 30.7 billion, recorded at the end of September 2009; and accounted for 53.7 percent of the total domestic debt. The Union Government debt remained unchanged at TZS 13.6 billion, or 23.4 percent of the total domestic debt. Claims due to Zanzibar State Trading Corporation (ZSTC), and Zanzibar Ports Corporation (ZPC) amounted to TZS 5.1 billion and TZS 3.9 billion, the same as reported in the previous month. Debt stock payable to Zanzibar Social Security Fund (ZSSF) stood at TZS 3.8 billion, equivalent to 6.6 percent of the domestic debt, while debt due to Peoples Bank of Zanzibar (PBZ) remained at TZS 0.4 billion, and accounted for 0.7 percent of total domestic debt (**Chart 6.4**).

**Chart 6.4: Domestic Debt by Creditor as at End – October 2009**



**Source:** Ministry of Finance and Economic Affairs-Zanzibar

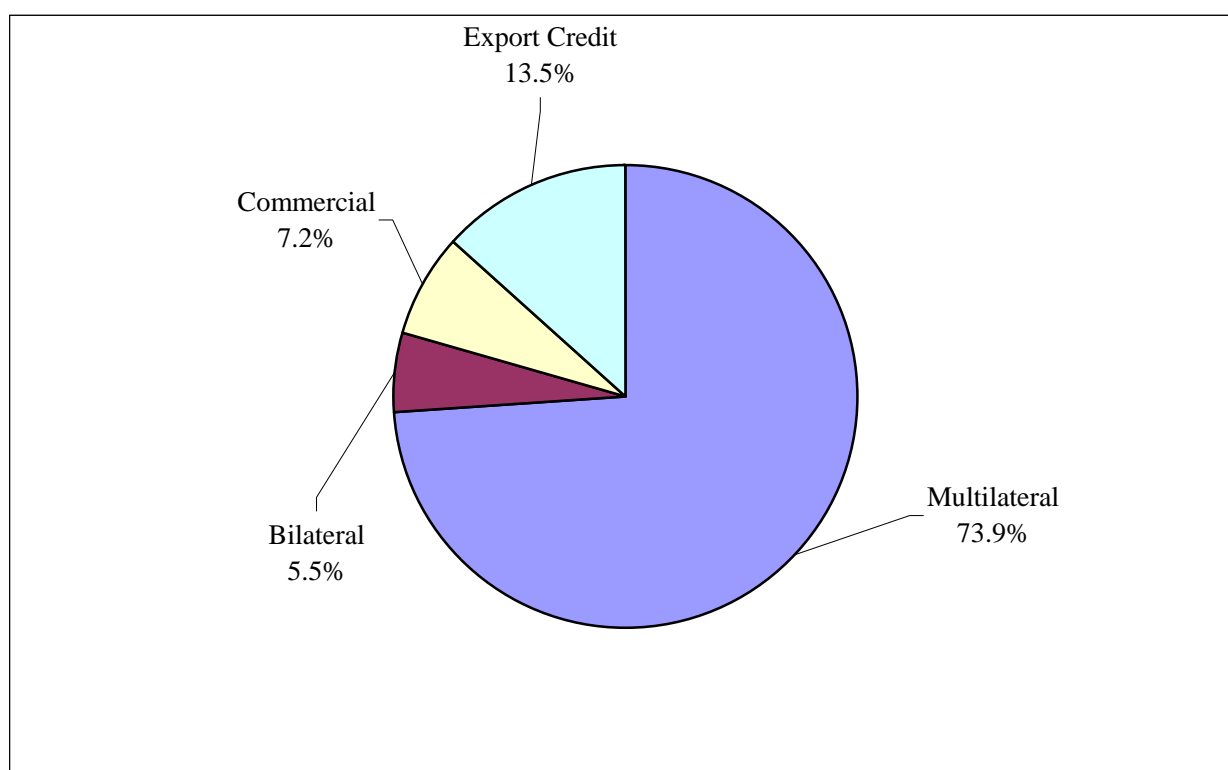
The profile of total domestic debt stock by maturity shows that, debt with “undetermined maturity” (old government loans) amounted to TZS 31.3 billion, equivalent to 53.8 percent of total domestic debt stock. Debt maturing between 2 – 5 years, remained stable at TZS 20.2 billion, and represented for 34.7 percent of total domestic debt, while debt maturing in less than a year amounted to TZS 6.6 billion, the same as reported in the previous month; and accounted for 11.4 percent of total domestic debt.

### **External Debt**

As at end of October 2009, Zanzibar total external debt stock amounted to TZS 82.5 billion (USD 63.1 million), compared to TZS 82.4 billion (USD 63.0), recorded in September 2009. Out of the total external debt stock, debt guaranteed by the Union Government amounted to USD 47.3 million, and stood for 75.0 percent of the external debt, while the remaining was non-guaranteed debt, which amounted to USD 15.8 million, or 25.0 percent of total external debt stock.

The profile of external debt by creditor, shows that; debt owed to multilateral creditors amounted to USD 46.6 million (TZS 60.9 billion), and remained the dominant accounting for 73.9 percent of the total external debt stock. Bilateral creditors amounted to USD 3.5 million (TZS 4.6 billion), while Commercial creditors amounted to USD 4.5 million (TZS 5.9 billion), same as reported the previous month. Export credits amounted to USD 8.5 million (TZS 11.0 billion) **(Chart 6.5)**.

**Chart 6.5: External Debt by Creditor as at End – October 2009**



Source: Ministry of Finance and Economic Affairs-Zanzibar

## External Sector Performance

### Current Account

Zanzibar current account balance registered a deficit of USD 2.3 million in October 2009, down from a surplus of USD 13.8 million recorded in the preceding month, mainly due to decline in both current inflows and goods exports. Trade account balance recorded a deficit of USD 5.2 million, down from a deficit of USD 6.9 million posted in September 2009.

During the year ending October 2009, the current account balance recorded a surplus of USD 31.0 million, compared to a deficit of USD 19.6 million registered in similar period in 2008. The improvement was mainly associated with increases in current transfers and receipts from exports. During the period donor disbursements increased from USD 42.5 million to USD 60.3 million, while export of goods and services increased to USD 129.9 million, from USD 103.0 million registered in the year ending October 2008. The trade account deficit narrowed to USD 62.0



million from a deficit of USD 90.0 million recorded in the year ending October 2008. The improvement in the trade account emanated from the increase in goods exports by 41.9 percent, coupled with a slowdown in goods imports by 18.7 percent (**Table 6.2**).

**Table 6.2: Zanzibar Current Account Balance**

| ITEM                          | Millions of USD |        |           |         |                     |       |       |         |        |
|-------------------------------|-----------------|--------|-----------|---------|---------------------|-------|-------|---------|--------|
|                               | 2008            | 2009p  |           |         | Year Ending October |       |       | %Change |        |
|                               | October         | August | September | October | 2007                | 2008  | 2009p | Monthly | Annual |
| Goods Account (net)           | -10.3           | -4.3   | -6.9      | -5.2    | -66.9               | -90.0 | -62.0 | -24.6   | (31.1) |
| Exports                       | 0.0             | 3.1    | 4.6       | 1.7     | 16.0                | 18.6  | 26.4  | -63.0   | 41.9   |
| Imports (fob)                 | 10.4            | 7.4    | 11.5      | 6.9     | 82.9                | 108.6 | 88.3  | -40.0   | (18.7) |
| Services Account (net)        | 2.5             | 2.2    | 2.0       | 2.6     | 45.8                | 28.6  | 37.6  | 30.0    | 31.5   |
| Receipts                      | 7.8             | 8.3    | 8.3       | 8.5     | 92.7                | 84.4  | 103.5 | 2.4     | 22.6   |
| Payments                      | 5.3             | 6.1    | 6.3       | 5.9     | 46.9                | 55.8  | 65.9  | -6.3    | 18.1   |
| Goods and Services (net)      | -7.9            | -2.1   | -4.9      | -2.6    | -21.1               | -61.4 | -24.3 | -46.9   | (60.4) |
| Exports of Goods and Services | 7.8             | 11.4   | 12.9      | 10.2    | 108.7               | 103.0 | 129.9 | -20.9   | 26.1   |
| Imports of Goods and Services | 15.7            | 13.5   | 17.9      | 12.8    | 129.8               | 164.4 | 154.3 | -28.5   | (6.1)  |
| Income Account (net)          | 0.0             | -0.6   | -0.7      | -0.5    | 0.0                 | -0.6  | -5.0  | -28.6   | 733.3  |
| Receipts                      | 0.0             | 0.0    | 0.0       | 0.0     | 0.2                 | 0.3   | 0.6   | 0.0     | 100.0  |
| Payments                      | 0.1             | 0.7    | 0.7       | 0.5     | 0.2                 | 0.9   | 5.6   | -28.6   | 522.2  |
| Current Transfers (net)       | 9.8             | 15.0   | 19.3      | 0.8     | 64.3                | 42.5  | 60.3  | -95.9   | 41.9   |
| Inflows                       | 9.8             | 15.0   | 19.3      | 0.8     | 64.3                | 42.5  | 60.3  | -95.9   | 41.9   |
| Outflows                      | 0.0             | 0.0    | 0.0       | 0.0     | 0.0                 | 0.0   | 0.0   |         |        |
| Current Account Balance       | 1.9             | 12.2   | 13.8      | -2.3    | 43.2                | -19.6 | 31.0  | -116.7  | 158.2  |

p = provisional

Source: Tanzania Revenue Authority

## Exports Performance

Total exports of goods and services decreased to USD 10.2 million in October 2009, from USD 12.9 million recorded in September 2009. Export of services amounted to USD 8.5 million, up from USD 8.3 million recorded in September 2009. Goods exports amounted to USD 1.7 million, down from USD 4.6 million registered in the same period. Cloves exports amounted to USD 0.5 million, a decline from USD 3.1 million registered in September 2009, largely due to decrease in export volume to 200 tons from 900 tons. Average export price of cloves stabilized at USD 3,500.0 per ton. Seaweed exports amounted to USD 0.2 million, the same level reported in the preceding month. Average export price of seaweeds amounted to USD 259.5 per ton in October 2009, compared to USD 275.6 per ton in September 2009. During the same period, exports of manufactured goods decreased to USD 0.4 million, from USD 0.6 million, while other exports (mainly souvenirs and spices) amounted to USD 0.5 million, below USD 0.6 million.

During the year ending October 2009, total exports of goods and services increased by 26.1 percent to USD 129.9 million, from USD 103.0 million recorded during the corresponding

period in 2008. Specifically, services receipts increased by 22.6 percent to USD 103.5 million, from USD 84.4 million, while goods exports increased by 41.9 percent to USD 26.4 million.

Exports of cloves amounted to USD 12.9 million, up from USD 5.8 million recorded in year ending October 2008, and accounted 48.9 percent of goods exports. Cloves exports volume rose to 3,700 tons, up from 1,500 tons; while average export price declined by 9.6 percent to USD 3,519.3 per ton. The volume increase was mainly linked with bumper harvest during the period under review. During the year under review, exports of seaweed, manufactured goods, and fish recorded an increase, while other exports (mainly souvenirs and spices) declined (**Table 6.3**).

**Table 6.3: Zanzibar Goods Exports by Major Categories**

| Item                     | Units    | 2008    | 2009p   |           |         | Year Ending October |         |         | % Change |        |
|--------------------------|----------|---------|---------|-----------|---------|---------------------|---------|---------|----------|--------|
|                          |          | October | August  | September | October | 2007                | 2008    | 2009p   | Monthly  | Annual |
| Traditional Cloves       |          |         |         |           |         |                     |         |         |          |        |
| Value                    | Millions | 0.0     | 1.9     | 3.1       | 0.5     | 8.9                 | 5.8     | 12.9    | (83.9)   | 122.4  |
| Volume                   | 000 Tons | 0.0     | 0.6     | 0.9       | 0.2     | 2.8                 | 1.5     | 3.7     | (77.8)   | 146.7  |
| Unit Price               | USD/Ton  | 3,797.2 | 3,243.6 | 3,500.0   | 3,500.0 | 3,159.6             | 3,894.6 | 3,519.3 | -        | (9.6)  |
| Non-Traditional Seaweeds |          |         |         |           |         |                     |         |         |          |        |
| Value                    | Millions | 0.2     | 0.3     | 0.2       | 0.2     | 1.8                 | 2.7     | 2.8     | -        | 3.7    |
| Volume                   | 000 Tons | 1.7     | 1.0     | 0.8       | 0.9     | 8.9                 | 10.5    | 10.6    | 12.5     | 1.0    |
| Unit Price               | USD/Ton  | 106.1   | 271.9   | 275.6     | 259.5   | 207.0               | 256.3   | 261.1   | (5.8)    | 1.9    |
| Manufactured Goods       | Millions | 0.9     | 0.4     | 0.6       | 0.4     | 3.6                 | 3.8     | 5.3     | (33.3)   | 15.2   |
| Fish and Fish Produce    | Millions | 0.0     | 0.0     | 0.1       | 0.0     | 0.2                 | 0.2     | 0.3     | (100.0)  | 50.0   |
| Others Exports           | Millions | 0.0     | 0.5     | 0.6       | 0.5     | 1.7                 | 5.7     | 5.2     | (16.7)   | (1.9)  |
| SUB TOTAL                | Millions | 1.1     | 1.2     | 1.5       | 1.1     | 7.3                 | 12.4    | 13.5    | (26.7)   | 6.9    |
| GRAND TOTAL              | Millions | 1.2     | 3.1     | 4.6       | 1.7     | 16.2                | 18.1    | 26.4    | (63.0)   | 41.9   |

p = provisional

Source: Tanzania Revenue Authority and BOT computations

## Goods Imports

Zanzibar goods imports (c.i.f) in October 2009 amounted to USD 7.6 million, a decrease from USD 12.7 million registered in September 2009. Capital goods fell to USD 2.8 million, from USD 7.1 million, while intermediate goods amounted to USD 3.1 million, slightly below USD 3.2 million recorded in the previous month. Importation of oil products increased by 4.2 percent to USD 2.5 million, while imports of consumer goods amounted to USD 1.8 million, compared to USD 2.3 million recorded in the preceding month. Imports of food and foods stuffs remained stable at USD 0.7 million, while all other consumer items declined to USD 1.1 million from USD 1.7 million recorded in September 2009.

During the year ending October 2009, total goods imports (c.i.f) dropped to USD 97.6 million, from USD 119.4 million recorded in the corresponding period in 2008. Capital goods imports decreased to USD 41.6 million from USD 51.2 million, and accounted for 42.6 percent of total goods imports. Intermediate goods declined to USD 33.8 million from USD 45.2 million, and accounted for 34.6 percent of total merchandize imports. Oil imports declined to USD 25.9 million from USD 33.7 million recorded in corresponding period in 2008, and represented 26.5 percent of total goods imports. The import bill for foods and foods stuffs was almost stable and amounted to USD 7.8 million, equivalent to 8.0 percent of total goods imports (Table 6.4).

**Table 6.4: Zanzibar Imports by Major Categories**

| IMPORT CATEGORY            | Millions of USD |        |           |         |                     |       |       |          |        |
|----------------------------|-----------------|--------|-----------|---------|---------------------|-------|-------|----------|--------|
|                            | 2008            | 2009p  |           |         | Year Ending October |       |       | % Change |        |
|                            | October         | August | September | October | 2007                | 2008  | 2009p | Monthly  | Annual |
| <b>CAPITAL GOODS</b>       | 4.6             | 2.9    | 7.1       | 2.8     | 44.4                | 51.2  | 41.6  | -60.6    | -18.8  |
| Transport Equipment        | 3.1             | 1.4    | 4.2       | 1.3     | 15.5                | 30.5  | 22.5  | -69.0    | -26.2  |
| Building and Constructions | 0.7             | 0.6    | 0.9       | 0.6     | 12.6                | 7.8   | 8.0   | -33.3    | 2.6    |
| Machinery                  | 0.8             | 0.9    | 2.0       | 0.8     | 16.3                | 12.9  | 11.1  | -60.0    | -14.0  |
| <b>INTERMEDIATE GOODS</b>  | 4.8             | 3.4    | 3.2       | 3.1     | 25.0                | 45.2  | 33.8  | -3.1     | -25.2  |
| Oil imports                | 3.9             | 2.9    | 2.4       | 2.5     | 20.4                | 33.7  | 25.9  | 4.2      | -23.1  |
| Industrial raw materials   | 0.9             | 0.5    | 0.8       | 0.6     | 4.6                 | 11.6  | 7.8   | -25.0    | -32.8  |
| <b>CONSUMER GOODS</b>      | 2.0             | 1.8    | 2.3       | 1.8     | 21.6                | 22.9  | 22.2  | -25.0    | -3.1   |
| Food and food stuffs       | 0.3             | 0.7    | 0.7       | 0.7     | 7.1                 | 7.6   | 7.8   | 0.0      | 2.6    |
| All other consumer goods   | 1.7             | 1.1    | 1.7       | 1.1     | 14.6                | 15.3  | 14.4  | -35.3    | -5.9   |
| <b>GRAND TOTAL (CIF)</b>   | 11.4            | 8.1    | 12.7      | 7.6     | 91.1                | 119.4 | 97.6  | -40.2    | -18.3  |
| <b>GRAND TOTAL (FOB)</b>   | 10.4            | 7.4    | 11.5      | 6.9     | 82.9                | 108.6 | 88.8  | -40.0    | -18.2  |

p = provisional

Source: Tanzania Revenue Authority

## Services Account

During the month of October 2009, services account recorded a surplus of USD 2.6 million, up from a surplus of USD 2.0 million, reported in September 2009. Foreign receipts amounted to USD 8.5 million, up from USD 8.3 million, while foreign payments amounted to USD 5.9 million, down from USD 6.3 million posted during the preceding month.

During the year ending October 2009, the services account registered a surplus of USD 37.6 million, which was higher than a surplus of USD 28.6 million recorded in the corresponding period in 2008. Total foreign receipts amounted to USD 103.5 million, up from USD 84.4

million, while payments amounted to USD 65.9 million, compared to USD 55.8 million, recorded during the year ended in October 2008.

## **STATISTICAL TABLES**

**Table A1: Selected Economic Indicators (Annual)**

| Item   | Unit      | 2003           | 2004           | 2005            | 2006r           | 2007r           | 2008P           |
|--|-----------|----------------|----------------|-----------------|-----------------|-----------------|-----------------|
| <b>1. National Accounts and Prices</b>                   |           |                |                |                 |                 |                 |                 |
| 1.1 Change in GDP at Market Prices--Current Prices       | Percent   | 15.9           | 15.4           | 14.3            | 12.4            | 16.8            | 18.3            |
| 1.2 Change in GDP at Market Prices-Constant 2001 Prices  | Percent   | 6.9            | 7.8            | 7.4             | 6.7             | 7.1             | 7.4             |
| 1.3 GDP Per Capita <sup>1</sup>                          | TZS       | 354,007.7      | 395,795.8      | 441,030.2       | 478,433.8       | 546,955.7       | 630,577.1       |
| 1.4 GDP Per Capita <sup>1</sup>                          | USD       | 340.9          | 363.3          | 392.8           | 382.2           | 443.7           | 527.1           |
| 1.5 Change in Consumer Price Index (Inflation)           | Percent   | 3.5            | 4.2            | 4.4             | 7.3             | 7.0             | 10.3            |
| 1.6 Saving to GNDI Ratio <sup>2</sup>                    | Percent   | 9.6            | 10.4           | 8.7             | 8.5             | 6.4             | 6.4             |
| <b>2. Money Credit and Interest Rates*</b>               |           |                |                |                 |                 |                 |                 |
| 2.1 Change in Extended Broad Money Supply (M3)           | Percent   | 18.0           | 13.5           | 34.8            | 21.5            | 20.5            | 19.8            |
| 2.2 Change in Broad Money supply (M2)                    | Percent   | 17.8           | 19.8           | 33.9            | 16.7            | 27.2            | 24.4            |
| 2.3 Change in Narrow Money Supply (M1)                   | Percent   | 17.7           | 22.7           | 31.8            | 12.0            | 29.1            | 21.9            |
| 2.4 Change in Reserve Money                              | Percent   | 18.3           | 21.1           | 28.5            | 17.1            | 24.9            | 21.1            |
| 2.5 Total Credit to GDP Ratio <sup>1</sup>               | Percent   | 7.3            | 7.4            | 11.6            | 11.3            | 13.5            | 17.0            |
| 2.6 Private Sector Credit to GDP Ratio <sup>1</sup>      | Percent   | 8.2            | 9.4            | 10.4            | 12.9            | 15.0            | 18.4            |
| 2.7 Ratio of Private Credit to Total Credit              | Percent   | 112.3          | 126.2          | 89.6            | 113.9           | 111.3           | 107.9           |
| 2.8 Average Deposit Rate (12-Month) <sup>3</sup>         | Percent   | 5.3            | 5.7            | 6.2             | 8.3             | 9.3             | 8.7             |
| 2.9 Weighted Average Treasury Bill Rate                  | Percent   | 7.7            | 9.6            | 14.8            | 15.0            | 11.4            | 11.0            |
| 2.10 Average Long-Term Lending Rate <sup>3</sup>         | Percent   | 12.2           | 12.7           | 13.4            | 14.9            | 16.1            | 16.4            |
| <b>3. Balance of Payments</b>                            |           |                |                |                 |                 |                 |                 |
| 3.1 Exports of goods (f.o.b)                             | Mill. USD | 1,220.9        | 1,481.6        | 1,679.1         | 1,917.6         | 2,226.6         | 3,036.7         |
| 3.2 Imports of goods (f.o.b)                             | Mill. USD | -1,933.5       | -2,482.8       | -2,997.6        | -3,864.1        | -4,860.6        | -6,483.4        |
| 3.3 Trade Balance  | Mill. USD | -712.6         | -1,001.2       | -1,318.5        | -1,946.5        | -2,634.1        | -3,446.7        |
| 3.4 Balance on Current Account                           | Mill. USD | -118.1         | -365.9         | -862.8          | -1,143.2        | -1,580.3        | -2,350.7        |
| 3.5 Overall Balance                                      | Mill. USD | 389.1          | 284.0          | -227.8          | 460.7           | 412.6           | 108.8           |
| 3.7 Gross Official Reserves                              | Mill. USD | 2,037.8        | 2,307.7        | 2,054.6         | 2,137.5         | 2,761.9         | 2,869.7         |
| 3.8 Reserves Months of Imports (of goods and services)   | Months    | 7.1            | 6.6            | 4.8             | 4.1             | 4.1             | 4.4             |
| 3.9 Exchange Rate:                                       |           |                |                |                 |                 |                 |                 |
| 3.9.1 Annual Average                                     | TZS/USD   | 1,038.9        | 1,089.1        | 1,129.2         | 1,251.9         | 1,232.8         | 1,196.3         |
| 3.9.2 End of Period                                      | TZS/USD   | 1,063.6        | 1,043.0        | 1,165.5         | 1,261.6         | 1,132.1         | 1,280.3         |
| <b>4. Population (TZ Mainland)</b>                       |           |                |                |                 |                 |                 |                 |
| <b>5. Public Finance</b>                                 |           |                |                |                 |                 |                 |                 |
|  |           | <b>2003/04</b> | <b>2004/05</b> | <b>2005/06r</b> | <b>2006/07r</b> | <b>2007/08*</b> | <b>2008/09*</b> |
| 5.1 Current Revenue to GDP Ratio <sup>1</sup>            | Percent   | 12.1           | 11.8           | 12.5            | 14.1            | 15.9            |                 |
| 5.2 Grants to GDP Ratio <sup>1</sup>                     | Percent   | 3.7            | 4.8            | 6.2             | 4.9             | 6.9             |                 |
| 5.2 Current Expenditure to GDP Ratio <sup>1</sup>        | Percent   | 12.9           | 14.0           | 15.7            | 16.1            | 14.9            |                 |
| 5.3 Development Expenditure to GDP Ratio <sup>1</sup>    | Percent   | 3.6            | 7.2            | 7.9             | 6.9             | 7.9             |                 |
| 5.4 Deficit to GDP Ratio (excluding grants) <sup>1</sup> | Percent   | -4.4           | -9.3           | -11.1           | -8.9            | -6.9            |                 |
| 5.5 Deficit to GDP Ratio (including grants) <sup>1</sup> | Percent   | -0.6           | -4.5           | -4.9            | -4.0            | 0.0             |                 |
| <b>6. Total External Debt Stock</b>                      |           |                |                |                 |                 |                 |                 |
| Total External Debt                                      | Mill. USD | <b>7,857.0</b> | <b>8,134.8</b> | <b>8,229.5</b>  | <b>4,660.9</b>  | <b>5,846.4</b>  | <b>6,999.4</b>  |
| Disbursed Debt   | Mill. USD | 6,678.3        | 6,799.5        | 6,971.1         | 3,442.3         | 4,483.1         | 5,483.0         |
| Interest   | Mill. USD | 1,178.7        | 1,335.3        | 1,258.3         | 1,218.6         | 1,363.3         | 1,516.3         |
| Total External Debt as % of GDP                          | Percent   | 64.2           | 60.2           | 57.6            | 29.8            | 30.2            |                 |

**Note:****1** Calculated on the basis of GDP at Market Prices (Current Prices)**2** GNDI stands for gross national disposable income**3** Annual Average

\* Data have been revised after adoption of Standard Reporting Format (SRF)

r Revised

P = Provisional

Source: Bank of Tanzania Database and National Bureau of Statistics (Economic Survey, National Accounts)

**Table A2: Central Government Operations - Tanzania Mainland**

| Item  | Millions of TZS     |                         |                   |                   |                   |
|---|---------------------|-------------------------|-------------------|-------------------|-------------------|
|   | BUDGET<br>2009/10   | Monthly Flows - Actuals |                   |                   |                   |
|   |                     | Jul-09                  | Aug-09            | Sep-09            | Oct-09            |
| <b>Total Revenue</b>                            | <b>5,096,016.3</b>  | <b>348,971.9</b>        | <b>331,594.2</b>  | <b>426,595.8</b>  | <b>359,854.4</b>  |
| Tax Revenue                                     | 4,840,876.8         | 331,695.6               | 314,395.1         | 408,506.4         | 344,113.1         |
| Taxes on Imports                                | 1,758,233.8         | 135,567.3               | 127,386.4         | 129,164.7         | 135,712.1         |
| Sales/VAT and Excise on Local Goods             | 1,101,646.4         | 71,587.5                | 70,931.2          | 84,246.3          | 82,563.8          |
| Refunds   |                     |                         |                   |                   |                   |
| Income Taxes                                    | 1,428,419.9         | 82,957.1                | 83,264.3          | 157,359.2         | 85,076.7          |
| Other taxes                                     | 552,576.7           | 41,583.7                | 32,813.2          | 37,736.1          | 40,760.5          |
| Non- tax Revenue                                | 255,139.4           | 17,276.3                | 17,199.1          | 18,089.4          | 15,741.3          |
| LGA Own Sources                                 | 138,052.3           | 0.0                     | 0.0               | 0.0               | 0.0               |
| <b>Total Expenditure /1</b>                     | <b>8,862,272.7</b>  | <b>432,711.7</b>        | <b>714,221.0</b>  | <b>849,872.8</b>  | <b>855,813.0</b>  |
| Recurrent expenditure                           | 6,036,841.6         | 312,899.6               | 494,081.1         | 536,555.8         | 652,986.8         |
| Roadtoll fund                                   |                     |                         |                   |                   |                   |
| Retention fund                                  | 103,503.0           | 0.0                     | 8,464.2           | 4,742.1           | 4,661.6           |
| Wages and salaries                              | 1,766,388.2         | 137,693.7               | 138,315.9         | 139,418.7         | 139,543.7         |
| Interest payments                               | 407,826.2           | 7,378.5                 | 620.5             | 26,762.4          | 30,699.8          |
| Domestic 2/                                     | 354,910.0           | 7,378.5                 | 0.0               | 1,330.4           | 22,695.8          |
| Foreign   | 52,916.2            | 0.0                     | 620.5             | 25,432.0          | 8,003.9           |
| Other goods, services and transfers             | 3,759,124.2         | 167,827.5               | 346,680.4         | 365,632.6         | 478,081.8         |
| <b>Dev. Expenditure and net lending</b>         | <b>2,825,431.0</b>  | <b>119,812.0</b>        | <b>220,139.9</b>  | <b>313,317.0</b>  | <b>202,826.2</b>  |
| Local   | 968,028.5           | 1,881.7                 | 30,954.9          | 173,200.8         | 152,174.7         |
| Foreign   | 1,857,402.6         | 117,930.4               | 189,185.0         | 140,116.2         | 50,651.5          |
| <b>Overall Balance before Grants</b>            | <b>-3,766,256.4</b> | <b>-83,739.8</b>        | <b>-382,626.8</b> | <b>-423,277.0</b> | <b>-495,958.6</b> |
| <b>Grants</b>                                   | <b>2,090,945.9</b>  | <b>413,078.1</b>        | <b>79,400.1</b>   | <b>1,272.0</b>    | <b>196.9</b>      |
| Program (CIS/OGL)                               | 825,445.3           | 408,094.8               | 21,140.4          | 0.0               | 0.0               |
| Project   | 640,708.7           | 4,983.3                 | 3,803.6           | 136.4             | 0.0               |
| Basket funds                                    | 282,848.8           | 0.0                     | 40,924.5          | 1,135.6           | 196.9             |
| HIPC Relief                                     | 341,943.1           | 0.0                     | 13,531.6          | 0.0               | 0.0               |
| <b>Overall defic.(cheq.issued) after Grants</b> | <b>-1,675,310.5</b> | <b>329,338.3</b>        | <b>-303,226.7</b> | <b>-422,005.0</b> | <b>-495,761.6</b> |
| Expenditure float                               |                     | -380,082.2              | -27,753.7         | -15,655.9         | -15,655.9         |
| Adjustments to cash and other items (net)       |                     | 105,536.2               | 55,997.6          | 136,306.5         | 243,722.3         |
| <b>Overall Balance (cheques issued)</b>         | <b>-1,675,310.5</b> | <b>54,792.3</b>         | <b>-274,982.8</b> | <b>-301,354.4</b> | <b>-267,695.3</b> |
| <b>Financing:</b>                               | <b>1,537,258.2</b>  | <b>-54,792.3</b>        | <b>274,982.8</b>  | <b>301,354.4</b>  | <b>267,695.3</b>  |
| <b>Foreign Financing (net)</b>                  | <b>1,037,065.1</b>  | <b>112,080.5</b>        | <b>225,643.4</b>  | <b>397,248.1</b>  | <b>40,842.6</b>   |
| Loans   | 800,925.0           | 112,947.0               | 164,613.0         | 389,438.4         | 34,823.0          |
| Program loans                                   | 368,464.0           | 0.0                     | 81,186.5          | 258,404.0         | 0.0               |
| Development Project loans                       | 432,461.0           | 112,947.0               | 83,426.5          | 131,034.5         | 34,823.0          |
| Basket Support                                  | 290,075.8           | 0.0                     | 61,030.4          | 7,809.7           | 15,631.5          |
| Amortization                                    | -53,935.7           | -866.6                  | 0.0               | 0.0               | -9,612.0          |
| <b>Domestic (net)</b>                           | <b>500,193.1</b>    | <b>-166,872.8</b>       | <b>49,339.5</b>   | <b>-95,893.7</b>  | <b>226,852.7</b>  |
| <b>Bank &amp; Non Bank Financing (NDF)</b>      | <b>506,193.1</b>    | <b>-166,872.8</b>       | <b>49,339.5</b>   | <b>-93,938.7</b>  | <b>226,852.7</b>  |
| Bank borrowing                                  | 406,193.1           | -93,925.9               | 56,773.5          | -104,343.3        | 174,656.9         |
| Non-Bank (net of amortization)                  | 100,000.0           | -72,946.9               | -7,434.0          | 10,404.5          | 52,195.8          |
| Borrowing/Roll over                             | 576,476.3           | 132,130.5               | 0.0               | 0.0               | 0.0               |
| Domestic & Contingent debt Amortization         | -597,476.3          | -132,130.5              | 0.0               | -1,955.0          | 0.0               |
| Privatization Proceeds                          | 15,000.0            | 0.0                     | 0.0               | 0.0               | 0.0               |

GDP (In Million TZS)

**Note:**

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

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

**Source:** Ministry of Finance, Bank of Tanzania and National Bureau of Statistics

**Table A3: Depository Corporations Survey (Provisional)**

| Item  | Billions of TZS |                |                |                |                |                |                 |                 |                 |                 |                 |
|---|-----------------|----------------|----------------|----------------|----------------|----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
|   | Dec-08          | 2009           |                |                |                |                |                 | Prov.           |                 |                 |                 |
|   |                 | Jan-09         | Feb-09         | Mar-09         | Apr-09         | May-09         | Jun-09          | Jul-09          | Aug-09          | Sep-09          | Oct-09          |
| <b>Net foreign assets</b>   | <b>4,086.8</b>  | <b>3,998.1</b> | <b>4,116.5</b> | <b>4,145.3</b> | <b>4,197.8</b> | <b>4,140.8</b> | <b>4,196.8</b>  | <b>4,637.7</b>  | <b>4,717.4</b>  | <b>4,864.2</b>  | <b>4,914.7</b>  |
| Bank of Tanzania  | 3,592.1         | 3,450.0        | 3,456.2        | 3,457.1        | 3,546.4        | 3,430.3        | 3,395.1         | 3,792.4         | 3,843.1         | 3,897.1         | 3,857.5         |
| Other Depository Corporations   | 494.6           | 548.1          | 660.3          | 688.1          | 651.4          | 710.5          | 801.7           | 845.3           | 874.4           | 967.1           | 1,057.2         |
| <b>Net domestic assets</b>  | <b>3,372.0</b>  | <b>3,437.6</b> | <b>3,436.5</b> | <b>3,488.3</b> | <b>3,429.6</b> | <b>3,470.1</b> | <b>3,669.2</b>  | <b>3,623.5</b>  | <b>3,633.4</b>  | <b>3,611.9</b>  | <b>3,649.4</b>  |
| Domestic claims   | 4,221.2         | 4,314.9        | 4,368.1        | 4,256.3        | 4,282.0        | 4,419.0        | 4,771.7         | 4,660.6         | 4,797.9         | 4,744.4         | 4,930.6         |
| Claims on central government (net)                                      | -335.0          | -229.4         | -218.8         | -369.9         | -353.0         | -266.0         | 61.5            | -32.4           | 25.8            | -80.0           | 94.7            |
| Claims on central government  | 2,197.8         | 2,092.3        | 2,002.9        | 2,052.7        | 2,070.7        | 2,055.7        | 2,315.5         | 2,389.4         | 2,668.0         | 2,656.7         | 2,757.9         |
| Liabilities to central government                                       | 2,532.7         | 2,321.7        | 2,221.7        | 2,422.6        | 2,423.6        | 2,321.6        | 2,254.0         | 2,421.8         | 2,642.2         | 2,736.7         | 2,663.3         |
| Claims on non-government sector   | 4,556.2         | 4,544.3        | 4,586.9        | 4,626.2        | 4,634.9        | 4,684.9        | 4,710.2         | 4,693.0         | 4,772.1         | 4,824.4         | 4,836.0         |
| <b>Broad money liabilities</b>  | <b>7,458.8</b>  | <b>7,435.7</b> | <b>7,553.0</b> | <b>7,633.5</b> | <b>7,627.4</b> | <b>7,610.9</b> | <b>7,866.0</b>  | <b>8,261.2</b>  | <b>8,350.9</b>  | <b>8,476.2</b>  | <b>8,564.2</b>  |
| Currency outside depository corporations                                | 1,438.6         | 1,408.0        | 1,384.3        | 1,366.6        | 1,349.6        | 1,366.3        | 1,424.1         | 1,494.1         | 1,543.7         | 1,519.4         | 1,539.0         |
| Transferable deposits   | 2,851.1         | 2,913.6        | 2,899.9        | 2,915.8        | 2,968.4        | 2,889.0        | 2,949.9         | 3,110.9         | 3,156.4         | 3,328.6         | 3,286.1         |
| Other deposits  | 3,169.0         | 3,114.2        | 3,268.8        | 3,351.2        | 3,309.4        | 3,355.7        | 3,492.1         | 3,656.2         | 3,650.8         | 3,628.2         | 3,739.0         |
| <i>Other items (net)</i>  | <i>-849.2</i>   | <i>-877.3</i>  | <i>-931.6</i>  | <i>-768.0</i>  | <i>-852.4</i>  | <i>-948.9</i>  | <i>-1,102.5</i> | <i>-1,037.0</i> | <i>-1,164.5</i> | <i>-1,132.5</i> | <i>-1,281.2</i> |
| <b>Memorandum items:</b>  |                 |                |                |                |                |                |                 |                 |                 |                 |                 |
| <b>Monetary Aggregates</b>  |                 |                |                |                |                |                |                 |                 |                 |                 |                 |
| <b>Reserve money (M0)</b>   | <b>2,276.4</b>  | <b>2,489.5</b> | <b>2,451.4</b> | <b>2,478.5</b> | <b>2,558.6</b> | <b>2,550.2</b> | <b>2,679.0</b>  | <b>2,874.6</b>  | <b>2,887.3</b>  | <b>2,890.7</b>  | <b>2,861.5</b>  |
| <b>Extended broad money (M3)</b>  | <b>7,458.8</b>  | <b>7,435.7</b> | <b>7,553.0</b> | <b>7,633.5</b> | <b>7,627.4</b> | <b>7,610.9</b> | <b>7,866.0</b>  | <b>8,261.2</b>  | <b>8,350.9</b>  | <b>8,476.2</b>  | <b>8,564.2</b>  |
| Deposits in foreign currency  | 1,990.3         | 1,970.0        | 2,021.8        | 2,060.0        | 2,075.4        | 2,016.4        | 2,093.6         | 2,155.8         | 2,141.7         | 2,162.7         | 2,145.8         |
| FCD in millions of USD  | 1,554.6         | 1,530.7        | 1,552.3        | 1,568.0        | 1,571.8        | 1,538.8        | 1,611.3         | 1,641.5         | 1,645.1         | 1,660.1         | 1,641.1         |
| <b>Broad money (M2)</b>   | <b>5,468.5</b>  | <b>5,465.7</b> | <b>5,531.2</b> | <b>5,573.5</b> | <b>5,552.0</b> | <b>5,594.5</b> | <b>5,772.4</b>  | <b>6,105.4</b>  | <b>6,209.1</b>  | <b>6,313.5</b>  | <b>6,418.4</b>  |
| Other deposits in national currency<br>(i.e. savings and time deposits) | 2,310.2         | 2,269.6        | 2,382.7        | 2,475.3        | 2,488.4        | 2,514.9        | 2,623.3         | 2,763.4         | 2,775.0         | 2,734.7         | 2,886.4         |
| <b>Narrow money (M1)</b>  | <b>3,158.3</b>  | <b>3,196.1</b> | <b>3,148.4</b> | <b>3,098.2</b> | <b>3,063.6</b> | <b>3,079.7</b> | <b>3,149.1</b>  | <b>3,342.0</b>  | <b>3,434.1</b>  | <b>3,578.8</b>  | <b>3,532.0</b>  |
| Currency in circulation   | 1,438.6         | 1,408.0        | 1,384.3        | 1,366.6        | 1,349.6        | 1,366.3        | 1,424.1         | 1,494.1         | 1,543.7         | 1,519.4         | 1,539.0         |
| Transferable deposits in national currency                              | 1,719.7         | 1,788.2        | 1,764.1        | 1,731.6        | 1,714.0        | 1,713.4        | 1,725.0         | 1,847.9         | 1,890.5         | 2,059.4         | 1,993.0         |

Note: Data reflect new series based on the IMF's 2000

Monetary and Financial Statistics Manual.

Source: Bank of Tanzania; and Fund's staff calculations





**Table A5(a): Exports by Type of Commodity**

| Item                                  | 2008 <sup>p</sup> | 2009         |              | % Change      |               | Year Ending Oct <sup>p</sup> |                |             |
|---------------------------------------|-------------------|--------------|--------------|---------------|---------------|------------------------------|----------------|-------------|
|                                       | Oct               | Sep          | Oct          | Oct 08-Oct 09 | Aug 09-Sep 09 | 2008                         | 2009           | % Change    |
| <b>Traditional Exports:</b>           |                   |              |              |               |               |                              |                |             |
| <b>COFFEE</b>                         |                   |              |              |               |               |                              |                |             |
| Value                                 | 10.4              | 4.8          | 6.4          | -38.5         | 32.8          | 86.8                         | 116.8          | 34.5        |
| Volume                                | 5.0               | 3.5          | 2.8          | -44.3         | -20.2         | 38.2                         | 59.2           | 54.8        |
| Unit Price                            | 2,074.9           | 1,377.2      | 2,291.8      | 10.5          | 66.4          | 2,272.0                      | 1,973.8        | -13.1       |
| <b>COTTON</b>                         |                   |              |              |               |               |                              |                |             |
| Value                                 | 19.5              | 15.6         | 16.0         | -18.0         | 2.5           | 118.1                        | 107.8          | -8.7        |
| Volume                                | 14.4              | 13.3         | 14.2         | -1.5          | 6.5           | 94.0                         | 95.2           | 1.3         |
| Unit Price                            | 1,354.2           | 1,172.3      | 1,127.6      | -16.7         | -3.8          | 1,255.9                      | 1,132.6        | -9.8        |
| <b>SISAL</b>                          |                   |              |              |               |               |                              |                |             |
| Value                                 | 1.2               | 0.0          | 0.0          | --            | --            | 4.3                          | 0.0            | -100.0      |
| Volume                                | 0.7               | 0.0          | 0.0          | --            | --            | 3.5                          | 0.0            | -100.0      |
| Unit Price                            | 1,802.4           | 0.0          | 0.0          | --            | --            | 1,202.5                      | --             | --          |
| <b>TEA</b>                            |                   |              |              |               |               |                              |                |             |
| Value                                 | 3.8               | 1.4          | 3.1          | -19.9         | 119.5         | 39.3                         | 29.2           | -25.7       |
| Volume                                | 2.4               | 0.6          | 1.6          | -31.5         | 150.2         | 25.8                         | 17.5           | -32.1       |
| Unit Price                            | 1,635.7           | 2,180.5      | 1,912.6      | 16.9          | -12.3         | 1,522.4                      | 1,666.8        | 9.5         |
| <b>TOBACCO</b>                        |                   |              |              |               |               |                              |                |             |
| Value                                 | 7.9               | 20.5         | 31.5         | 298.6         | 53.9          | 67.6                         | 184.0          | 172.3       |
| Volume                                | 2.9               | 8.2          | 6.0          | 106.8         | -27.3         | 25.5                         | 58.8           | 130.2       |
| Unit Price                            | 2,724.1           | 2,479.4      | 5,249.8      | 92.7          | 111.7         | 2,645.4                      | 3,129.2        | 18.3        |
| <b>CASHEWNUTS</b>                     |                   |              |              |               |               |                              |                |             |
| Value                                 | 0.00              | 0.00         | 0.0          | --            | --            | 55.8                         | 51.5           | -7.7        |
| Volume                                | 0.00              | 0.00         | 0.0          | --            | --            | 76.6                         | 68.2           | -11.1       |
| Unit Price                            | 0.0               | 0.0          | 0.0          | --            | --            | 728.5                        | 755.7          | 3.7         |
| <b>CLOVES</b>                         |                   |              |              |               |               |                              |                |             |
| Value                                 | 4.50              | 2.71         | 2.2          | -50.4         | -17.7         | 10.7                         | 14.9           | 39.5        |
| Volume                                | 1.30              | 0.89         | 0.7          | -47.7         | -23.2         | 3.0                          | 4.7            | 58.7        |
| Unit Price                            | 3,461.5           | 3,064.9      | 3,283.8      | -5.1          | 7.1           | 3,578.7                      | 3,146.4        | -12.1       |
| <b>Sub Total</b>                      | <b>47.5</b>       | <b>45.0</b>  | <b>59.3</b>  | <b>24.9</b>   | <b>31.5</b>   | <b>382.6</b>                 | <b>504.3</b>   | <b>31.8</b> |
| <b>Non-Traditional Exports:</b>       |                   |              |              |               |               |                              |                |             |
| <b>Minerals</b>                       | <b>56.6</b>       | <b>108.9</b> | <b>109.2</b> | <b>92.8</b>   | <b>0.3</b>    | <b>1,001.0</b>               | <b>992.7</b>   | <b>-0.8</b> |
| Gold                                  | 53.7              | 107.6        | 105.2        | 96.0          | -2.2          | 935.5                        | 958.3          | 2.4         |
| Diamond                               | 2.1               | 0.1          | 0.2          | -88.3         | 300.6         | 18.8                         | 13.2           | -29.8       |
| Other minerals <sup>1</sup>           | 0.9               | 1.2          | 3.8          | 326.9         | 223.1         | 46.6                         | 21.1           | -54.7       |
| <b>Manufactured Goods</b>             | <b>45.2</b>       | <b>35.1</b>  | <b>94.1</b>  | <b>108.3</b>  | <b>167.7</b>  | <b>564.3</b>                 | <b>571.8</b>   | <b>1.3</b>  |
| Cotton Yarn                           | 1.9               | 0.8          | 0.4          | -77.1         | --            | 17.4                         | 7.2            | -58.5       |
| Manufactured Coffee                   | 0.0               | 0.2          | 0.0          | -             | --            | 1.0                          | 0.5            | -51.4       |
| Manufactured Tobacco                  | 0.0               | 0.3          | 0.5          | 0.0           | 78.5          | 1.6                          | 3.8            | 128.7       |
| Sisal Products (Yarn & Twine)         | 0.0               | 0.6          | 0.5          | 0.0           | --            | 10.4                         | 6.9            | -34.2       |
| Other manufactured Goods <sup>2</sup> | 43.3              | 33.3         | 92.7         | 114.1         | 178.3         | 533.9                        | 553.0          | 3.6         |
| <b>Fish and Fish Products</b>         | <b>10.9</b>       | <b>10.4</b>  | <b>9.8</b>   | <b>-10.4</b>  | <b>-6.3</b>   | <b>145.7</b>                 | <b>146.6</b>   | <b>0.6</b>  |
| <b>Horticultural products</b>         | <b>4.3</b>        | <b>1.8</b>   | <b>3.3</b>   | <b>-23.1</b>  | <b>86.2</b>   | <b>29.8</b>                  | <b>42.3</b>    | <b>41.7</b> |
| <b>Re-exports</b>                     | <b>5.9</b>        | <b>25.6</b>  | <b>6.6</b>   | <b>12.5</b>   | <b>-74.1</b>  | <b>112.3</b>                 | <b>136.0</b>   | <b>21.1</b> |
| <b>Others Exports<sup>3</sup></b>     | <b>52.9</b>       | <b>60.3</b>  | <b>37.2</b>  | <b>-29.6</b>  | <b>-38.3</b>  | <b>273.5</b>                 | <b>325.4</b>   | <b>19.0</b> |
| <b>Sub Total</b>                      | <b>175.8</b>      | <b>242.1</b> | <b>260.3</b> | <b>37.7</b>   | <b>7.5</b>    | <b>2,126.6</b>               | <b>2,214.7</b> | <b>4.1</b>  |
| <b>GRAND TOTAL</b>                    | <b>223.3</b>      | <b>287.2</b> | <b>319.5</b> | <b>28.6</b>   | <b>11.3</b>   | <b>2,509.2</b>               | <b>2,719.0</b> | <b>8.4</b>  |

Note:

<sup>1</sup> Include tanzanite, rubbies, sapphires, emeralds, copper, silver and other precious stones

<sup>2</sup> Include plastic items, textile apparels iron/steel and articles thereof

<sup>3</sup> Include edible vegetables, oil seeds, cereals, cocoa, raw hides and skins, woods and articles thereof

p = Provisional data.

- = Small value

-- = Very big value

--- = Information not available

Totals may not add up due to rounding of numbers.

Volume in '000 Tons; Value in '000,000 USD; Unit Price in USD/T

Source: Bank of Tanzania, TRA

**Table A5(b): Imports (f.o.b value) by Major Category**

| Import Category                       | Millions of USD   |              |              |               |               |                              |                |              |
|---------------------------------------|-------------------|--------------|--------------|---------------|---------------|------------------------------|----------------|--------------|
|                                       | 2008 <sup>P</sup> | 2009         |              | % Change      |               | Year Ending Oct <sup>P</sup> |                |              |
|                                       | Oct               | Sep          | Oct          | Oct 08-Oct 09 | Aug 09-Sep 09 | 2008                         | 2009           | % Change     |
| <b>Capital Goods</b>                  | <b>203.7</b>      | <b>212.9</b> | <b>223.8</b> | <b>9.9</b>    | <b>5.1</b>    | <b>2,527.3</b>               | <b>2,486.4</b> | <b>-1.6</b>  |
| Transport Equipments                  | 51.2              | 63.6         | 63.7         | 24.4          | 0.2           | 747.0                        | 747.1          | 0.0          |
| Building and Constructions            | 61.9              | 42.2         | 58.4         | -5.6          | 38.5          | 589.7                        | 533.5          | -9.5         |
| Machinery                             | 90.6              | 107.2        | 101.6        | 12.2          | -5.2          | 1,190.6                      | 1,205.9        | 1.3          |
| <b>Intermediate Goods</b>             | <b>252.1</b>      | <b>210.3</b> | <b>200.5</b> | <b>-20.5</b>  | <b>-4.6</b>   | <b>2,553.0</b>               | <b>1,880.5</b> | <b>-26.3</b> |
| Oil imports                           | 180.2             | 143.3        | 148.0        | -17.9         | 3.3           | 1,849.5                      | 1,312.3        | -29.0        |
| Fertilizers                           | 22.7              | 14.3         | 10.7         | -52.6         | -24.7         | 132.0                        | 106.7          | -19.1        |
| Industrial raw materials              | 49.3              | 52.7         | 41.8         | -15.2         | -20.7         | 571.5                        | 461.4          | -19.3        |
| <b>Consumer Goods</b>                 | <b>135.5</b>      | <b>112.6</b> | <b>131.9</b> | <b>-2.7</b>   | <b>17.1</b>   | <b>1,327.8</b>               | <b>1,367.0</b> | <b>3.0</b>   |
| Food and food stuffs                  | 48.2              | 27.6         | 37.9         | -21.3         | 37.3          | 332.7                        | 323.7          | -2.7         |
| All other consumer goods <sup>1</sup> | 87.3              | 85.0         | 94.0         | 7.6           | 10.6          | 995.0                        | 1,043.2        | 4.8          |
| <b>Grand Total (f.o.b)</b>            | <b>591.3</b>      | <b>535.8</b> | <b>556.2</b> | <b>-5.9</b>   | <b>3.8</b>    | <b>6,408.1</b>               | <b>5,733.9</b> | <b>-10.5</b> |
| <b>Grand Total (c.i.f)</b>            | <b>649.8</b>      | <b>588.8</b> | <b>611.2</b> | <b>-5.9</b>   | <b>3.8</b>    | <b>7,041.9</b>               | <b>6,300.9</b> | <b>-10.5</b> |

Note:

<sup>1</sup> It includes pharmaceutical products, paper products, plastic items, optical/photographic materials, textile apparels

<sup>P</sup> = Provisional data

Totals may not add up due to rounding of numbers

Source: Bank of Tanzania, TRA.

**Table A5.(c): Tanzania's Balance of Payments (Revised)**

|   | Millions of USD |                 |                 |                 |                 |
|---|-----------------|-----------------|-----------------|-----------------|-----------------|
| Item  | 2004            | 2005            | 2006            | 2007r           | 2008p           |
| <b>A. Current Account</b>                                     | <b>-365.9</b>   | <b>-862.8</b>   | <b>-1,143.2</b> | <b>-1,578.6</b> | <b>-2,542.5</b> |
| Balance on Goods  | -1,001.2        | -1,318.5        | -1,946.5        | -2,634.1        | -3,447.4        |
| Goods: exports f.o.b.   | 1,481.6         | 1,679.1         | 1,917.6         | 2,226.6         | 3,036.0         |
| Traditional   | 297.8           | 354.5           | 267.1           | 319.7           | 417.7           |
| Nontraditional  | 1,183.9         | 1,324.6         | 1,476.2         | 1,704.5         | 2,270.6         |
| o/w Gold  | 629.9           | 655.1           | 786.4           | 788.2           | 932.4           |
| Unrecorded trade  |                 |                 | 174.3           | 202.4           | 347.8           |
| Goods: imports f.o.b.   | -2,482.8        | -2,997.6        | -3,864.1        | -4,860.6        | -6,483.4        |
| Balance on Services   | 158.9           | 61.8            | 278.7           | 462.1           | 392.9           |
| Services: credit  | 1,133.6         | 1,269.2         | 1,528.1         | 1,875.7         | 1,998.8         |
| Transportation  | 183.0           | 222.9           | 343.7           | 331.1           | 364.6           |
| Travel  | 746.0           | 823.6           | 950.2           | 1,198.8         | 1,288.7         |
| Other   | 204.6           | 222.7           | 234.1           | 345.8           | 345.4           |
| Services: debit   | -974.7          | -1,207.3        | -1,249.3        | -1,413.7        | -1,605.8        |
| Transportation  | -267.1          | -319.5          | -418.3          | -485.0          | -658.0          |
| Travel  | -445.3          | -553.8          | -534.5          | -595.3          | -720.7          |
| Other   | -262.3          | -334.0          | -296.6          | -333.4          | -227.1          |
| <b>Balance on Goods and Services</b>                          | <b>-842.3</b>   | <b>-1,256.6</b> | <b>-1,667.8</b> | <b>-2,172.0</b> | <b>-3,054.4</b> |
| Balance on income   | -112.4          | -102.0          | -64.1           | -58.1           | -90.8           |
| Income: credit  | 81.8            | 80.9            | 80.3            | 107.3           | 122.7           |
| Income: debit   | -194.2          | -182.9          | -144.4          | -165.4          | -213.5          |
| O/W Direct investment income                                  | -58.4           | -65.6           | -66.4           | -67.6           | -68.3           |
| Interest payments (scheduled)                                 | -72.4           | -56.9           | -27.8           | -26.0           | -65.3           |
| Compensation of employees                                     | -28.0           | -24.9           | -23.4           | -46.4           | -54.5           |
| Balance on Goods, Services and Income                         | -954.7          | -1,358.6        | -1,731.8        | -2,230.1        | -3,145.2        |
| Balance on Current transfers                                  | 588.8           | 495.7           | 588.7           | 651.5           | 602.8           |
| Current transfers: credit                                     | 653.8           | 563.3           | 654.6           | 724.0           | 682.4           |
| Government  | 581.7           | 477.9           | 559.7           | 626.9           | 581.9           |
| o/w Multilateral HIPC relief                                  | 73.7            | 75.7            | 42.1            | 36.7            | 0.0             |
| Other sectors   | 72.1            | 85.4            | 94.9            | 97.1            | 100.5           |
| Current transfer: debit                                       | -65.0           | -67.5           | -65.9           | -72.5           | -79.6           |
| <b>B. Capital Account</b>                                     | <b>459.9</b>    | <b>393.2</b>    | <b>5,183.5</b>  | <b>923.7</b>    | <b>637.5</b>    |
| Capital transfers: credit                                     | 459.9           | 393.2           | 5,183.5         | 923.7           | 637.5           |
| General Government  | 420.0           | 350.1           | 5,135.0         | 870.5           | 577.7           |
| Project   | 253.7           | 238.0           | 173.3           | 347.5           | 577.7           |
| Debt forgiveness (including MDRI)                             | 166.3           | 112.1           | 4,961.7         | 523.0           | 0.0             |
| Other sectors   | 39.9            | 43.1            | 48.6            | 53.2            | 59.8            |
| Capital transfers:debit                                       | 0.0             | 0.0             | 0.0             | 0.0             | 0.0             |
| <b>Total, Groups A plus B</b>                                 | <b>94.0</b>     | <b>-469.7</b>   | <b>4,040.3</b>  | <b>-654.9</b>   | <b>-1,905.0</b> |
| <b>C. Financial Account, excl. reserves and related items</b> | <b>306.3</b>    | <b>555.6</b>    | <b>-3,954.6</b> | <b>946.0</b>    | <b>1,745.7</b>  |
| Direct investment in Tanzania                                 | 330.6           | 494.1           | 597.0           | 647.0           | 679.3           |
| Portfolio investment  | 2.4             | 2.5             | 2.6             | 2.8             | 2.9             |
| Other investment  | -26.7           | 59.0            | -4,554.2        | 296.3           | 1,063.5         |
| Assets  | 52.3            | -90.9           | -187.6          | 34.1            | 181.7           |
| Liabilities   | -79.0           | 150.0           | -4,366.6        | 262.2           | 881.8           |
| <b>Total, Groups A through C</b>                              | <b>400.3</b>    | <b>85.9</b>     | <b>85.7</b>     | <b>291.1</b>    | <b>-159.2</b>   |
| <b>D. Net Errors and Omissions</b>                            | <b>-116.0</b>   | <b>-313.6</b>   | <b>374.9</b>    | <b>121.5</b>    | <b>267.7</b>    |
| Overall balance   | 284.3           | -227.7          | 460.7           | 412.6           | 108.4           |
| <b>E. Reserves and Related Items</b>                          | <b>-284.3</b>   | <b>227.7</b>    | <b>-460.7</b>   | <b>-412.6</b>   | <b>-108.4</b>   |
| Reserve assets  | -308.5          | 253.1           | -126.5          | -419.4          | -108.2          |
| Use of Fund credit and loans                                  | -33.8           | -50.5           | -334.2          | 6.8             | -0.3            |
| Exceptional financing   | 58.0            | 25.1            | 0.0             | 0.0             | 0.0             |
| <b>Memorandum items</b>                                       |                 |                 |                 |                 |                 |
| GDP(mp) billions of TZS                                       | 13,971.6        | 15,965.3        | 17,941.3        | 20,948.4        | 25,336.9        |
| GDP(mp) millions of USD                                       | 12,828.0        | 14,139.1        | 14,308.4        | 16,838.6        | 21,179.2        |
| CAB/GDP   | -2.9            | -6.1            | -8.0            | -9.4            | -12.0           |
| CAB/GDP (excl. current official transfers)                    | -7.4            | -9.5            | -11.9           | -13.1           | -14.8           |
| Gross Official Reserves                                       | 267.1           | 441.1           | 623.1           | 599.0           | 775.6           |
| Months of Imports   | 0.9             | 1.3             | 1.5             | 1.1             | 1.2             |
| Net International Reserves (year end)                         | 1,882.6         | 1,707.5         | 2,122.0         | 2,736.1         | 2,845.7         |
| Change in Net International Reserves                          | 0.0             | 0.0             | 0.0             | 0.0             | 0.0             |
| Exchange rate (end of period)                                 | 1,043.0         | 1,165.5         | 1,261.6         | 1,132.1         | 1,280.3         |
| Exchange rate (annual average)                                | 1,089.1         | 1,129.2         | 1,253.9         | 1,244.1         | 1,196.3         |

**Notes:**

- Revision is based on new data obtained from the completion of Private Capital Flows and tourism survey and adoption of new data sources for some other items in the services account
- Change in gross official reserves will not necessarily be equal to reserve assets since a new methodology of computing reserve assets which nets out the impact of valuation was introduced beginning January 2006

r = Revised

p = Provisional

O/W = Of Which

**Source:Bank of Tanzania**

**Table A6 (a): National Consumer Price Index (All - Urban), Percentage Change on the Previous Year**

| Period     | Headline<br>(General<br>Index) | Food | Non-Food |                     |                        |      |                        |                               |                         |                           |                            |                     |                |                             |
|------------|--------------------------------|------|----------|---------------------|------------------------|------|------------------------|-------------------------------|-------------------------|---------------------------|----------------------------|---------------------|----------------|-----------------------------|
|            |                                |      | Total    | Drinks &<br>Tobacco | Clothing<br>& Footwear | Rent | Fuel, Power<br>& Water | Furniture<br>Household Equip. | Household<br>operations | Personal care<br>& Health | Recreation<br>& Entertain. | Transpor-<br>tation | Educ-<br>ation | Miscel. goods<br>& services |
| Weight (%) | 100.0                          | 55.9 | 44.1     | 6.9                 | 6.4                    | 1.4  | 8.5                    | 2.1                           | 2.1                     | 2.1                       | 0.8                        | 9.7                 | 2.6            | 1.5                         |
| 2004       | 4.2                            | 5.9  | 1.6      | -0.5                | 2.3                    | 2.3  | 4.6                    | 0.2                           | 0.9                     | 0.5                       | 2.1                        | 1.0                 | 0.6            | -0.5                        |
| 2005       | 4.4                            | 5.9  | 2.9      | 2.1                 | -0.5                   | -0.4 | 7.7                    | -1.1                          | 0.5                     | 3.5                       | -1.5                       | 4.7                 | -0.1           | -1.4                        |
| 2006       | 7.3                            | 7.0  | 7.6      | 7.7                 | 7.0                    | 5.5  | 8.5                    | 7.8                           | 2.0                     | 11.2                      | 5.0                        | 9.1                 | 2.5            | 8.0                         |
| 2007       | 7.0                            | 7.0  | 7.0      | 10.5                | 5.9                    | 3.6  | 6.2                    | 7.9                           | 8.7                     | 2.9                       | 8.9                        | 7.0                 | 9.7            | 0.8                         |
| 2008       | 10.3                           | 12.7 | 6.7      | 8.2                 | 1.5                    | 2.4  | 10.7                   | 6.0                           | 3.2                     | 5.0                       | 5.5                        | 6.9                 | 7.0            | 1.8                         |
| 2007-Jan   | 7.0                            | 6.7  | 7.4      | 11.9                | 6.1                    | 4.9  | 4.8                    | 10.3                          | 9.6                     | 2.0                       | 5.6                        | 8.8                 | 10.0           | -1.8                        |
| Feb        | 7.3                            | 6.2  | 8.8      | 11.2                | 6.3                    | 6.0  | 9.6                    | 11.0                          | 10.8                    | 0.9                       | 7.5                        | 9.8                 | 11.8           | -0.4                        |
| Mar        | 7.2                            | 6.1  | 9.1      | 11.8                | 7.2                    | 5.8  | 9.3                    | 10.4                          | 11.1                    | 3.4                       | 9.2                        | 9.1                 | 13.0           | 1.6                         |
| Apr        | 6.1                            | 4.8  | 8.2      | 14.7                | 6.7                    | 4.3  | 5.0                    | 10.5                          | 11.8                    | 3.6                       | 9.4                        | 8.3                 | 11.8           | 1.9                         |
| May        | 5.0                            | 2.8  | 8.4      | 13.0                | 7.4                    | 4.2  | 7.5                    | 8.4                           | 11.1                    | 4.7                       | 9.4                        | 8.0                 | 10.1           | 2.0                         |
| Jun        | 5.9                            | 4.6  | 7.6      | 12.3                | 7.3                    | 3.2  | 6.4                    | 8.7                           | 10.1                    | 4.2                       | 10.1                       | 5.8                 | 10.3           | 2.5                         |
| Jul        | 9.0                            | 10.3 | 7.4      | 10.8                | 5.5                    | 1.7  | 7.3                    | 7.6                           | 10.7                    | 4.5                       | 10.6                       | 6.8                 | 8.6            | 2.0                         |
| Aug        | 7.8                            | 9.2  | 6.0      | 7.3                 | 6.4                    | 2.1  | 4.2                    | 6.9                           | 9.5                     | 3.5                       | 10.8                       | 6.5                 | 8.8            | 0.0                         |
| Sep        | 8.3                            | 11.4 | 4.1      | 6.2                 | 4.5                    | 2.8  | 1.4                    | 4.1                           | 6.5                     | 2.2                       | 9.7                        | 4.3                 | 9.2            | -0.8                        |
| Oct        | 7.1                            | 8.4  | 5.1      | 7.0                 | 5.4                    | 2.8  | 3.8                    | 4.6                           | 5.8                     | 1.6                       | 10.5                       | 5.6                 | 7.8            | 0.3                         |
| Nov        | 7.3                            | 7.5  | 6.5      | 10.0                | 5.2                    | 2.8  | 6.8                    | 6.6                           | 4.8                     | 2.1                       | 7.6                        | 6.2                 | 7.8            | 1.7                         |
| Dec        | 6.4                            | 6.6  | 6.1      | 10.3                | 2.5                    | 2.8  | 8.0                    | 6.2                           | 3.0                     | 1.9                       | 6.1                        | 5.4                 | 6.8            | 0.8                         |
| 2008-Jan   | 8.6                            | 10.1 | 6.4      | 10.4                | 1.1                    | 2.4  | 10.1                   | 4.9                           | 3.6                     | 3.7                       | 5.9                        | 5.7                 | 5.6            | 2.1                         |
| Feb        | 8.9                            | 11.4 | 5.3      | 10.2                | 0.3                    | 2.4  | 6.8                    | 4.1                           | 2.9                     | 3.4                       | 4.0                        | 4.9                 | 5.6            | 1.8                         |
| Mar        | 9.0                            | 11.2 | 5.8      | 9.1                 | 1.0                    | 1.7  | 8.3                    | 4.9                           | 2.9                     | 3.1                       | 3.5                        | 6.0                 | 5.6            | 1.0                         |
| Apr        | 9.7                            | 11.6 | 6.9      | 8.6                 | 1.1                    | 2.1  | 11.3                   | 4.9                           | 2.8                     | 3.3                       | 4.2                        | 7.6                 | 6.1            | 1.5                         |
| May        | 9.1                            | 11.0 | 6.5      | 7.5                 | 1.1                    | 2.1  | 11.7                   | 5.1                           | 2.5                     | 3.9                       | 4.2                        | 6.0                 | 6.4            | 0.4                         |
| Jun        | 9.3                            | 11.4 | 6.3      | 7.7                 | 0.9                    | 2.1  | 10.6                   | 5.5                           | 2.8                     | 4.0                       | 4.0                        | 6.7                 | 6.3            | 0.4                         |
| Jul        | 9.5                            | 11.2 | 6.8      | 7.9                 | 1.3                    | 3.5  | 12.0                   | 5.4                           | 2.0                     | 4.9                       | 4.4                        | 6.0                 | 7.2            | 1.8                         |
| Aug        | 9.8                            | 11.1 | 7.8      | 8.6                 | -0.1                   | 3.1  | 12.7                   | 6.9                           | 1.1                     | 5.9                       | 5.2                        | 9.9                 | 7.9            | 1.5                         |
| Sep        | 11.6                           | 13.4 | 8.9      | 8.8                 | 2.2                    | 2.4  | 15.0                   | 8.2                           | 3.4                     | 6.9                       | 6.9                        | 9.7                 | 8.3            | 3.4                         |
| Oct        | 11.8                           | 14.6 | 7.9      | 8.3                 | 1.8                    | 2.4  | 12.9                   | 7.9                           | 4                       | 5.9                       | 6.9                        | 7.9                 | 7.9            | 3.9                         |
| Nov        | 12.3                           | 16.3 | 6.3      | 5.5                 | 2.5                    | 2.4  | 8.7                    | 7.0                           | 4.7                     | 7.3                       | 8.3                        | 6.9                 | 8.5            | 2.1                         |
| Dec        | 13.5                           | 18.6 | 6.0      | 5.5                 | 4.3                    | 2.4  | 8.1                    | 6.8                           | 5.4                     | 8.0                       | 8.7                        | 5.1                 | 8.5            | 1.9                         |
| 2009-Jan   | 12.9                           | 18.2 | 4.8      | 5.4                 | 3.4                    | 12.5 | 2.6                    | 7.1                           | 4.8                     | 7.7                       | 9.6                        | 4.2                 | 9.1            | 3.1                         |
| Feb        | 13.3                           | 18.6 | 4.9      | 5.3                 | 4.6                    | 12.6 | 2.5                    | 6.9                           | 5.1                     | 7.6                       | 10.9                       | 3.4                 | 9.9            | 3.6                         |
| Mar        | 13.0                           | 18.5 | 4.3      | 5.7                 | 4.4                    | 12.6 | 0.3                    | 7.1                           | 4.7                     | 7.7                       | 10.5                       | 3.2                 | 11.2           | 3.5                         |
| Apr        | 12.0                           | 17.8 | 2.9      | 6.1                 | 4.9                    | 12.2 | -4.1                   | 7.3                           | 4.6                     | 7.5                       | 9.2                        | 0.4                 | 10.8           | 5.6                         |
| May        | 11.3                           | 17.8 | 1.3      | 6.6                 | 5.0                    | 12.2 | -9.0                   | 6.9                           | 5.2                     | 7.1                       | 8.8                        | -1.0                | 10.3           | 4.1                         |
| Jun        | 10.7                           | 17.0 | 1.0      | 6.8                 | 7.2                    | 12.2 | -10.1                  | 6.0                           | 4.5                     | 7.7                       | 9.1                        | -2.0                | 11.4           | 3.8                         |
| Jul        | 10.9                           | 16.9 | 1.9      | 9.9                 | 8.5                    | 12.6 | -9.1                   | 6.3                           | 4.5                     | 7.1                       | 9.0                        | -1.9                | 11.7           | 3.8                         |
| Aug        | 12.1                           | 18.9 | 2.0      | 10.9                | 9.8                    | 12.6 | -7.2                   | 6.5                           | 6.3                     | 7.5                       | 8.4                        | -4.9                | 10.3           | 5.0                         |
| Sep        | 12.1                           | 17.3 | 4.0      | 11.3                | 8.1                    | 12.6 | -0.9                   | 7.0                           | 5.2                     | 7.0                       | 9.1                        | -2.0                | 9.5            | 3.1                         |
| Oct        | 12.7                           | 18.1 | 4.2      | 12.1                | 6.3                    | 12.6 | 0.5                    | 5.8                           | 5.8                     | 7.0                       | 8.5                        | -1.4                | 9.6            | 0.9                         |

Note: Base (1) 2001=100 up to 2005 (2) Dec 2001=100 from January 2006.

Source: National Bureau of Statistics

**Table A6 (b): National Consumer Price Index, Percentage Change on the Previous Month (Month-on-Month)**

| Period     | Headline<br>(General<br>Index) | Food | Non-Food |                     |                        |      |                        |                        |                         |                           |                            |                     |                |                             |
|------------|--------------------------------|------|----------|---------------------|------------------------|------|------------------------|------------------------|-------------------------|---------------------------|----------------------------|---------------------|----------------|-----------------------------|
|            |                                |      | Total    | Drinks &<br>Tobacco | Clothing<br>& Footwear | Rent | Fuel, Power<br>& Water | Furniture<br>Household | Household<br>operations | Personal care<br>& Health | Recreation<br>& Entertain. | Transpor-<br>tation | Educ-<br>ation | Miscel. goods<br>& services |
| Weight (%) | 100.0                          | 55.9 | 44.1     | 6.9                 | 6.4                    | 1.4  | 8.5                    | 2.1                    | 2.1                     | 2.1                       | 0.8                        | 9.7                 | 2.6            | 1.5                         |
| 2006 Jan   | 1.0                            | 1.7  | 0.1      | -1.5                | 4.5                    | -2.3 | -0.4                   | 1.6                    | -4.3                    | 1.2                       | -3.3                       | 0.1                 | -2.9           | 6.2                         |
| Feb        | 0.8                            | 1.2  | 0.4      | 1.2                 | 0.7                    | -1.0 | 0.1                    | 1.2                    | 0.3                     | 1.3                       | -0.1                       | 0.2                 | -1.6           | -0.5                        |
| Mar        | 0.8                            | 1.3  | 0.0      | 1.3                 | -1.0                   | 0.9  | 0.1                    | -0.3                   | 0.0                     | -1.9                      | -0.7                       | 0.2                 | -0.7           | -1.0                        |
| Apr        | 0.9                            | 1.1  | 0.7      | -1.8                | 0.3                    | 1.5  | 3.2                    | 0.1                    | 0.2                     | 0.1                       | -0.3                       | 0.7                 | 1.1            | -0.5                        |
| May        | 1.7                            | 1.9  | 1.4      | 2.7                 | 0.1                    | 0.1  | 0.8                    | 2.6                    | 1.5                     | -1.2                      | 0.3                        | 2.4                 | 1.8            | 0.7                         |
| Jun        | -0.7                           | -2.4 | 1.9      | 0.7                 | 0.6                    | 1.0  | 4.2                    | 0.1                    | 1.2                     | 0.5                       | 0.1                        | 2.5                 | 0.4            | -0.4                        |
| Jul        | -2.9                           | -5.1 | 0.4      | 1.5                 | 1.1                    | 1.6  | -0.7                   | 1.1                    | -0.1                    | -0.1                      | 0.3                        | 0.2                 | 1.7            | -0.3                        |
| Aug        | 0.2                            | -0.5 | 1.2      | 2.7                 | -0.5                   | 0.0  | 2.6                    | 0.4                    | 0.6                     | 1.3                       | 0.3                        | 0.0                 | 0.6            | 1.2                         |
| Sep        | 0.2                            | -0.4 | 0.9      | 1.4                 | 0.7                    | 0.0  | 0.4                    | 1.5                    | 1.9                     | 1.0                       | 0.3                        | 1.4                 | 0.2            | 0.2                         |
| Oct        | 1.6                            | 2.6  | 0.0      | 0.6                 | 0.4                    | 0.0  | -1.2                   | 0.6                    | 1.1                     | 1.7                       | 0.4                        | -0.3                | 1.7            | -0.6                        |
| Nov        | 0.8                            | 2.3  | -0.7     | 0.2                 | 0.3                    | 0.0  | -2.8                   | -0.8                   | 0.6                     | -0.1                      | 1.8                        | -0.2                | 0.0            | -0.6                        |
| Dec        | 2.1                            | 2.9  | 0.4      | 0.3                 | 1.8                    | 0.0  | -1.7                   | 1.4                    | 1.8                     | 0.4                       | 1.8                        | 1.1                 | 1.8            | 0.6                         |
| 2007 Jan   | 1.3                            | 1.8  | 0.6      | 0.7                 | 1.5                    | 0.9  | -0.1                   | 1.9                    | 0.1                     | -0.9                      | 1.2                        | 0.4                 | 2.6            | -0.6                        |
| Feb        | 1.1                            | 0.7  | 1.7      | 0.5                 | 0.9                    | 0.0  | 4.7                    | 1.8                    | 1.4                     | 0.3                       | 1.7                        | 1.1                 | 0.0            | 0.9                         |
| Mar        | 0.7                            | 1.2  | 0.2      | 1.9                 | -0.2                   | 0.7  | -0.2                   | -0.8                   | 0.3                     | 0.5                       | 0.9                        | -0.5                | 0.4            | 0.9                         |
| Apr        | -0.1                           | -0.1 | -0.1     | 0.7                 | -0.1                   | 0.0  | -0.9                   | 0.2                    | 0.9                     | 0.3                       | -0.1                       | -0.1                | 0.1            | -0.1                        |
| May        | 0.6                            | -0.1 | 1.6      | 1.2                 | 0.8                    | 0.0  | 3.3                    | 0.6                    | 0.8                     | 0.0                       | 0.4                        | 2.1                 | 0.3            | 0.8                         |
| Jun        | 0.1                            | -0.6 | 1.0      | 0.1                 | 0.5                    | 0.0  | 3.2                    | 0.4                    | 0.3                     | 0.0                       | 0.7                        | 0.5                 | 0.6            | 0.0                         |
| Jul        | 0.1                            | 0.1  | 0.2      | 0.1                 | -0.6                   | 0.1  | 0.2                    | 0.2                    | 0.4                     | 0.2                       | 0.7                        | 1.1                 | 0.2            | -0.7                        |
| Aug        | -0.9                           | -1.6 | -0.2     | -0.6                | 0.4                    | 0.4  | -0.4                   | -0.4                   | -0.4                    | 0.3                       | 0.5                        | -0.3                | 0.8            | -0.8                        |
| Sep        | 0.6                            | 1.7  | -0.9     | 0.4                 | -1.1                   | 0.7  | -2.3                   | -1.1                   | -0.9                    | -0.3                      | -0.6                       | -0.7                | 0.5            | -0.6                        |
| Oct        | 0.4                            | -0.1 | 1.0      | 1.4                 | 1.2                    | 0.0  | 1.1                    | 1.1                    | 0.4                     | 1.1                       | 1.1                        | 0.9                 | 0.4            | 0.5                         |
| Nov        | 1.1                            | 1.5  | 0.6      | 2.9                 | 0.1                    | 0.0  | 0.0                    | 1.0                    | -0.4                    | 0.4                       | -0.8                       | 0.4                 | 0.0            | 0.8                         |
| Dec        | 1.3                            | 2.0  | 0.1      | 0.6                 | -0.8                   | 0.0  | -0.6                   | 1.1                    | 0.1                     | 0.2                       | 0.4                        | 0.4                 | 0.9            | -0.3                        |
| 2008- Jan  | 3.4                            | 5.2  | 0.9      | 0.8                 | 0.0                    | 0.4  | 1.9                    | 0.7                    | 0.7                     | 0.8                       | 0.9                        | 0.7                 | 1.3            | 0.7                         |
| Feb        | 1.4                            | 1.9  | 0.6      | 0.4                 | 0.1                    | 0.0  | 1.6                    | 1.0                    | 0.6                     | 0.0                       | -0.1                       | 0.4                 | 0.0            | 0.6                         |
| Mar        | 0.9                            | 0.9  | 0.7      | 0.8                 | 0.5                    | 0.0  | 1.2                    | 0.0                    | 0.3                     | 0.2                       | 0.4                        | 0.6                 | 0.4            | 0.1                         |
| Apr        | 0.5                            | 0.3  | 1.0      | 0.3                 | 0.1                    | 0.4  | 1.8                    | 0.2                    | 0.8                     | 0.5                       | 0.6                        | 1.4                 | 0.7            | 0.4                         |
| May        | 0.1                            | -0.6 | 1.2      | 0.1                 | 0.8                    | 0.0  | 3.6                    | 0.8                    | 0.4                     | 0.5                       | 0.4                        | 0.5                 | 0.6            | -0.3                        |
| Jun        | 0.2                            | -0.3 | 1.0      | 0.3                 | 0.3                    | 0.0  | 2.1                    | 0.8                    | 0.6                     | 0.1                       | 0.5                        | 1.1                 | 0.5            | 0.0                         |
| Jul        | 0.3                            | -0.1 | 0.7      | 0.3                 | -0.2                   | 1.5  | 1.5                    | 0.1                    | -0.3                    | 1.0                       | 1.2                        | 0.4                 | 1.1            | 0.7                         |
| Aug        | -0.7                           | -1.6 | 0.7      | 0.0                 | -1.0                   | 0.0  | 0.2                    | 1.1                    | -1.3                    | 1.2                       | 1.2                        | 3.4                 | 1.4            | -1.1                        |
| Sep        | 2.2                            | 3.7  | 0.1      | 0.6                 | 1.1                    | 0.0  | -0.3                   | 0.1                    | 1.4                     | 0.7                       | 1.0                        | -0.9                | 0.9            | 1.3                         |
| Oct        | 0.6                            | 1.0  | 0.0      | 0.9                 | 0.8                    | 0.0  | -0.7                   | 0.8                    | 1.0                     | 0.2                       | 1.0                        | -0.7                | 0.0            | 1.1                         |
| Nov        | 1.5                            | 3.1  | -0.8     | 0.3                 | 0.7                    | 0.0  | -3.7                   | 0.2                    | 0.3                     | 1.7                       | 0.5                        | -0.6                | 0.5            | -0.9                        |
| Dec        | 2.3                            | 4.0  | -0.2     | 0.5                 | 1.0                    | 0.0  | -1.2                   | 0.8                    | 0.8                     | 0.8                       | 0.8                        | -1.3                | 0.9            | -0.6                        |
| 2009-Jan   | 2.9                            | 4.8  | -0.2     | 0.7                 | -0.8                   | 10.4 | -3.3                   | 1.0                    | 0.2                     | 0.5                       | 1.8                        | -0.2                | 1.9            | 1.9                         |
| Feb        | 1.7                            | 2.3  | 0.6      | 0.3                 | 1.2                    | 0.1  | 1.5                    | 0.9                    | 0.9                     | -0.1                      | 1.1                        | -0.4                | 0.7            | 1.0                         |
| Mar        | 0.6                            | 0.8  | 0.2      | 1.2                 | 0.4                    | 0.0  | -0.9                   | 0.2                    | -0.1                    | 0.3                       | 0.0                        | 0.4                 | 1.5            | 0.0                         |
| Apr        | -0.4                           | -0.3 | -0.5     | 0.8                 | 0.5                    | 0.1  | -2.6                   | 0.4                    | 0.7                     | 0.3                       | -0.6                       | -1.3                | 0.3            | 2.4                         |
| May        | -0.5                           | -0.6 | -0.4     | 0.5                 | 0.8                    | 0.0  | -1.7                   | 0.4                    | 1.0                     | 0.2                       | 0.0                        | -1.0                | 0.1            | -1.6                        |
| Jun        | -0.4                           | -1.0 | 0.7      | 0.5                 | 2.4                    | 0.0  | 0.9                    | 0.0                    | -0.1                    | 0.6                       | 0.8                        | 0.1                 | 1.5            | -0.4                        |
| Jul        | 0.5                            | -0.2 | 1.6      | 3.3                 | 1.0                    | 1.8  | 2.6                    | 0.4                    | -0.4                    | 0.5                       | 1.1                        | 0.6                 | 1.3            | 0.7                         |
| Aug        | 0.4                            | 0.1  | 0.9      | 0.9                 | 0.1                    | 0.0  | 2.4                    | 1.2                    | 0.5                     | 1.6                       | 0.6                        | 0.2                 | 0.1            | 0.1                         |
| Sep        | 2.2                            | 2.3  | 2.2      | 1.0                 | -0.4                   | 0.0  | 6.4                    | 0.5                    | 0.3                     | 0.2                       | 1.6                        | 2.1                 | 0.2            | -0.6                        |
| Oct        | 1.1                            | 1.6  | 0.2      | 1.6                 | -0.8                   | 0.0  | 0.6                    | -0.2                   | 1.6                     | 0.2                       | 0.5                        | 0.0                 | 0.2            | -0.2                        |

Note: Base (1) 2001=100 up to 2005 (2) Dec 2001=100 from January 2006

Source: National Bureau of Statistics

**Table A7: National Debt Developments**

Millions of USD

| Item   | 2008/09        |                |                |                |                |                |                | 2009/10        |                |                |                |
|--|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
|  | Dec-08         | Jan-09         | Feb-09         | Mar-09         | Apr-09         | May-09         | Jun-09         | Jul-09         | Aug-09         | Sep-09         | Oct-09         |
| <b>1. Overall Total Debt Committed<sup>2</sup></b>         | <b>7,265.7</b> | <b>7,257.8</b> | <b>7,330.3</b> | <b>7,373.0</b> | <b>7,772.4</b> | <b>7,777.0</b> | <b>8,120.1</b> | <b>8,180.4</b> | <b>8,412.6</b> | <b>8,535.5</b> | <b>8,580.1</b> |
| Disbursed outstanding debt                                 | 4,843.7        | 4,847.2        | 4,899.8        | 4,942.5        | 5,139.2        | 5,147.4        | 5,483.0        | 5,537.5        | 5,828.5        | 5,932.8        | 5,980.7        |
| Undisbursed debt   | 2,422.0        | 2,410.6        | 2,430.5        | 2,430.5        | 2,633.3        | 2,629.6        | 2,637.1        | 2,642.9        | 2,584.1        | 2,602.7        | 2,599.4        |
| <b>2. Disbursed Debt by Creditor Category<sup>2</sup></b>  | <b>4,843.7</b> | <b>4,847.2</b> | <b>4,899.8</b> | <b>4,942.5</b> | <b>5,139.2</b> | <b>5,147.4</b> | <b>5,483.0</b> | <b>5,537.5</b> | <b>5,828.5</b> | <b>5,932.8</b> | <b>5,980.7</b> |
| Bilateral debt   | 935.7          | 940.8          | 923.5          | 922.1          | 922.5          | 925.4          | 933.5          | 932.1          | 938.5          | 944.3          | 941.5          |
| Multilateral debt  | 3,009.1        | 3,004.6        | 3,055.7        | 3,094.3        | 3,168.2        | 3,126.8        | 3,430.1        | 3,480.3        | 3,769.1        | 3,815.2        | 3,840.3        |
| Commercial debt  | 507.4          | 509.0          | 528.1          | 534.1          | 633.4          | 677.3          | 700.3          | 706.2          | 702.0          | 709.2          | 713.5          |
| Export credits   | 391.5          | 392.8          | 392.6          | 392.1          | 415.0          | 417.9          | 419.1          | 419.0          | 418.8          | 464.1          | 485.5          |
| <b>3. Disbursed Debt by Borrower Category<sup>2</sup></b>  | <b>4,843.7</b> | <b>4,847.2</b> | <b>4,899.8</b> | <b>4,942.5</b> | <b>5,139.2</b> | <b>5,147.4</b> | <b>5,483.0</b> | <b>5,537.5</b> | <b>5,828.5</b> | <b>5,932.8</b> | <b>5,980.7</b> |
| Central Government   | 3,968.6        | 3,968.9        | 4,002.4        | 4,040.9        | 4,104.8        | 4,068.7        | 4,118.2        | 4,166.6        | 4,460.1        | 4,510.7        | 4,532.0        |
| Parastatal Companies                                       | 148.6          | 148.4          | 148.0          | 148.0          | 148.5          | 149.4          | 392.4          | 392.3          | 394.6          | 396.7          | 398.9          |
| Private Sector   | 726.6          | 729.9          | 749.4          | 753.6          | 885.9          | 929.3          | 972.4          | 978.6          | 973.9          | 1,025.4        | 1,049.8        |
| <b>4. Disbursed Debt by Use of Funds<sup>2</sup></b>       | <b>4,843.7</b> | <b>4,847.2</b> | <b>4,889.8</b> | <b>4,942.5</b> | <b>5,139.2</b> | <b>5,147.4</b> | <b>5,483.0</b> | <b>5,537.5</b> | <b>5,828.5</b> | <b>5,932.8</b> | <b>5,980.7</b> |
| BOP & Budget Support                                       | 1,673.7        | 1,672.7        | 1,669.9        | 1,679.6        | 1,695.6        | 1,688.3        | 1,935.2        | 1,972.6        | 1,842.9        | 1,851.8        | 1,857.3        |
| Transport & Telecommunication                              | 566.6          | 567.6          | 586.0          | 593.0          | 628.6          | 630.4          | 635.4          | 634.9          | 656.2          | 705.5          | 707.1          |
| Agriculture  | 567.5          | 567.5          | 554.7          | 586.4          | 590.9          | 595.2          | 599.0          | 605.9          | 609.8          | 614.3          | 654.4          |
| Energy & Mining  | 650.6          | 651.0          | 640.0          | 645.6          | 749.6          | 750.0          | 758.7          | 758.4          | 816.1          | 820.4          | 823.3          |
| Industries   | 133.1          | 134.6          | 130.8          | 130.9          | 131.1          | 131.5          | 141.9          | 148.0          | 148.6          | 152.9          | 154.0          |
| Social Welfare & Education                                 | 560.3          | 559.3          | 729.2          | 741.0          | 747.6          | 739.0          | 756.8          | 760.7          | 815.6          | 829.9          | 832.9          |
| Finance and Insurance                                      | 73.3           | 73.3           | 72.3           | 72.8           | 72.9           | 73.1           | 73.8           | 73.7           | 73.9           | 80.2           | 80.6           |
| Tourism  | 67.6           | 68.6           | 66.8           | 66.8           | 89.5           | 90.2           | 90.6           | 90.6           | 90.7           | 90.7           | 91.0           |
| Others   | 551.2          | 552.8          | 440.0          | 426.5          | 433.5          | 449.6          | 491.7          | 492.7          | 774.8          | 787.1          | 780.1          |
| <b>5. Total Amount of Loan Contracted<sup>1</sup></b>      | <b>101.7</b>   | <b>25.3</b>    | <b>-</b>       | <b>22.6</b>    | <b>20.5</b>    | <b>394.0</b>   | <b>0.0</b>     | <b>0.0</b>     | <b>3.5</b>     | <b>13.7</b>    | <b>0.2</b>     |
| Government   | 0.0            | -              | -              | -              | -              | 376.0          | 0.0            | 0.0            | 3.5            | 13.7           | 0.0            |
| Parastatal Companies                                       | 0.0            | -              | -              | -              | -              | -              | 0.0            | 0.0            | 0.0            | 0.0            | 0.0            |
| Private  | 101.7          | 25.3           | -              | 22.6           | 20.5           | 18.0           | 0.0            | 0.0            | 0.0            | 0.0            | 0.2            |
| <b>6. Disbursements<sup>1</sup></b>                        | <b>30.7</b>    | <b>41.4</b>    | <b>42.5</b>    | <b>36.7</b>    | <b>70.5</b>    | <b>2.1</b>     | <b>7.7</b>     | <b>49.6</b>    | <b>157.6</b>   | <b>20.0</b>    | <b>8.0</b>     |
| Government   | 23.6           | 20.2           | 14.6           | 11.3           | 65.6           | 2.1            | 7.7            | 49.6           | 157.6          | 19.9           | 8.0            |
| Parastatal Companies                                       | 7.2            | -              | -              | -              | -              | -              | 0.0            | 0.0            | 0.0            | 0.0            | 0.0            |
| Private  | -              | 21.2           | 27.9           | 25.4           | 5.0            | -              | 0.0            | 0.0            | 0.0            | 0.1            | 0.0            |
| <b>7. Scheduled Debt Service<sup>1</sup></b>               | <b>62.8</b>    | <b>27.7</b>    | <b>5.9</b>     | <b>9.4</b>     | <b>19.9</b>    | <b>11.0</b>    | <b>52.0</b>    | <b>46.4</b>    | <b>8.6</b>     | <b>13.5</b>    |                |
| <b>8. Actual Debt Service<sup>1</sup></b>                  | <b>5.6</b>     | <b>11.7</b>    | <b>0.3</b>     | <b>3.8</b>     | <b>6.1</b>     | <b>3.8</b>     | <b>4.6</b>     | <b>6.0</b>     | <b>2.4</b>     | <b>4.0</b>     | <b>3.2</b>     |
| Principal  | 1.4            | 7.8            | 0.1            | 0.2            | 2.4            | 1.3            | 2.2            | 3.3            | 2.0            | 3.3            | 2.3            |
| Interest   | 4.2            | 3.9            | 0.2            | 3.6            | 3.7            | 2.5            | 2.4            | 2.8            | 0.5            | 0.7            | 0.9            |
| Others   | 0.0            | -              | -              | -              | -              | -              | -              | 0.0            | 0.0            | 0.0            | 0.0            |
| <b>9. Net Transfers<sup>1</sup></b>                        | <b>25.2</b>    | <b>29.7</b>    | <b>42.2</b>    | <b>32.9</b>    | <b>64.4</b>    | <b>-1.7</b>    | <b>3.1</b>     | <b>43.6</b>    | <b>155.2</b>   | <b>16.0</b>    | <b>4.8</b>     |
| <b>10. Total Arrears by Creditors Category<sup>2</sup></b> | <b>2,611.2</b> | <b>2,629.6</b> | <b>2,607.7</b> | <b>2,607.3</b> | <b>2,674.4</b> | <b>2,693.2</b> | <b>2,809.8</b> | <b>2,792.1</b> | <b>2,791.8</b> | <b>2,807.9</b> | <b>2,869.2</b> |
| <b>Principal</b>   | <b>1,186.7</b> | <b>1,197.9</b> | <b>1,187.7</b> | <b>1,189.9</b> | <b>1,222.9</b> | <b>1,218.6</b> | <b>1,293.4</b> | <b>1,257.7</b> | <b>1,262.5</b> | <b>1,266.0</b> | <b>1,301.1</b> |
| Bilateral  | 452.0          | 453.7          | 443.3          | 443.0          | 444.2          | 446.8          | 452.8          | 454.4          | 460.4          | 468.3          | 468.9          |
| Multilateral   | 10.4           | 9.3            | 8.8            | 8.9            | 10.9           | 10.6           | 17.2           | 19.5           | 19.5           | 20.0           | 23.6           |
| Commercial   | 378.8          | 383.9          | 384.1          | 385.0          | 384.1          | 389.3          | 449.3          | 459.0          | 454.0          | 456.4          | 461.5          |
| Export Credits   | 345.5          | 351.1          | 351.5          | 352.9          | 383.6          | 372.0          | 374.1          | 324.7          | 328.6          | 321.3          | 347.2          |
| <b>Interest</b>  | <b>1,424.5</b> | <b>1,431.7</b> | <b>1,420.0</b> | <b>1,417.4</b> | <b>1,451.5</b> | <b>1,474.5</b> | <b>1,516.3</b> | <b>1,534.4</b> | <b>1,529.2</b> | <b>1,541.9</b> | <b>1,568.1</b> |
| Bilateral  | 661.8          | 669.1          | 656.4          | 659.5          | 662.7          | 662.9          | 669.5          | 673.1          | 680.7          | 689.0          | 689.4          |
| Multilateral*  | 1.4            | 4.3            | 4.2            | 4.2            | 8.5            | 8.3            | 10.9           | 15.5           | 15.5           | 16.0           | 16.0           |
| Commercial   | 508.8          | 503.6          | 504.5          | 507.9          | 517.6          | 532.0          | 562.0          | 569.6          | 558.7          | 562.2          | 580.1          |
| Export Credits   | 252.6          | 254.7          | 254.9          | 245.8          | 262.7          | 271.3          | 274.0          | 276.2          | 274.3          | 274.8          | 282.5          |
| <b>11. External Debt Stock</b>                             | <b>6,268.3</b> | <b>6,278.9</b> | <b>6,319.8</b> | <b>6,359.9</b> | <b>6,590.7</b> | <b>6,622.0</b> | <b>6,999.4</b> | <b>7,071.9</b> | <b>7,357.8</b> | <b>7,474.8</b> | <b>7,548.9</b> |
| <b>12. Domestic Debt Stock</b>                             | <b>1,504.3</b> | <b>1,474.3</b> | <b>1,488.7</b> | <b>1,465.7</b> | <b>1,673.0</b> | <b>1,711.7</b> | <b>1,741.1</b> | <b>1,772.2</b> | <b>1,809.4</b> | <b>1,856.2</b> | <b>1,885.3</b> |
| <b>13. Total Debt Stock</b>                                | <b>7,772.5</b> | <b>7,753.2</b> | <b>7,808.5</b> | <b>7,825.6</b> | <b>8,263.7</b> | <b>8,333.7</b> | <b>8,740.5</b> | <b>8,844.1</b> | <b>9,167.1</b> | <b>9,330.9</b> | <b>9,434.2</b> |
| <b>End Period Exchange Rate (TZS/USD)</b>                  | <b>1,280.3</b> | <b>1,287.0</b> | <b>1,302.5</b> | <b>1,313.7</b> | <b>1,320.4</b> | <b>1,310.4</b> | <b>1,299.4</b> | <b>1,313.3</b> | <b>1,301.8</b> | <b>1,302.7</b> | <b>1,307.6</b> |

\*Multilateral arrears are those owed by the private companies

1) During the period .

(2) End of October 2009. All cumulative

Source: Bank of Tanzania

# Glossary

## **Currency in Circulation Outside Banks**

Notes and coins of Tanzanian shillings circulating outside the banking system, i.e. outside the Bank of Tanzania and deposit money banks.

## **Discount Rate**

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

## **Exchange Rate**

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

## **Lombard Facility**

An overnight facility established to enable commercial banks to borrow at their own discretion, by pledging eligible government securities as collateral.

## **Lombard Rate**

This is the rate payable for the use of the Lombard Facility. The rate is based on the prevailing 35-days Treasury bill yield, REPO rate and overnight inter-bank rate, whichever is higher.

## **Money Supply, M**

The sum of currency circulating outside banks and Tanzanian residents' deposits with depository corporations, are defined at various levels of aggregation as money supply narrowly and broadly defined. That is, narrow money (M1), broad money (M2), and extended broad money (M3).

## **M1, Narrow Money**

Consists of, currency in circulation outside banks and demand deposits of Tanzanian residents with deposit money banks.



### **M2, Broad Money**

Is equivalent to narrow money (M1) plus time and savings deposits of the Tanzanian residents with deposit money banks.

### **M3, Extended Broad Money**

Consists of, broad money (M2) plus foreign currency deposits of the Tanzanian residents with deposit money banks.

### **Non-Food or Underlying Inflation Rate**

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

### **Repurchase Agreement (REPO)**

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

### **Reserve Money (M0)**

The Bank of Tanzania's liabilities in the form of: (1) currency in circulation outside the Bank of Tanzania and (2) deposit money banks' deposits with the Bank of Tanzania. Reserve money is also referred to as base money, or high-powered money.

### **Seasonally Adjusted Series**

Seasonal movements or seasonal variations, refer to identical, or almost identical patterns, which a time series appears to follow during corresponding months or quarters of each year. Such movements are due to recurring events, which take place annually, e.g. the harvest season. Seasonally adjusted series are series that have been processed to remove the impact of seasonal factors.

### **Weighted Annualized Yields of Treasury Bills of all Maturities**

This is the average yield of Treasury bills, which is weighted by the volume sold of 35-day, 91-day, 182-day, and 364-day Treasury bills, expressed in percentage per year.

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