



BANK OF TANZANIA



**MONTHLY
ECONOMIC
REVIEW**

JULY 2006

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1.0 Inflation Developments

Inflation Drops

Annual headline inflation eased to 6.8 percent in June 2006 from 7.7 percent in the preceding month, on account of improved domestic food supply in the wake of the ongoing food harvests in the country. This was a turnaround in inflation, which has been on the upward trend since June 2005. The improved food supply was also reflected in month-to-month, where consumer prices dropped by 1.3 percentage points between May and June 2006. A further improvement in food supply as harvest continues caused a deceleration in annual inflation to 5.4 percent in July 2006.

Food inflation: Reflecting the improved food supply, the annual food inflation dropped to 9.6 percent in June 2006, after reaching a pick of 12.3 percent in May 2006. In July 2006 food inflation went down to 7.0 percent. This was also reflected in month-to-month food inflation, which slowed down sharply from the level recorded in the previous month mainly as a result of a decrease in prices of most food items such as cereals, fruits and vegetables. Food prices are expected to fall further in the coming months as harvesting continues.

Non-food inflation: Annual non-inflation increased to 3.9 percent in July 2006, from 3.8 percent in the preceding month. An upward movement in the month-to-month non-food inflation was also observed during the month under review. This was caused by the increases in prices of oil products that was reflected in the increase in transportation costs, coupled with recent depreciation of the shilling that led to an upward movement in the prices of imported goods.

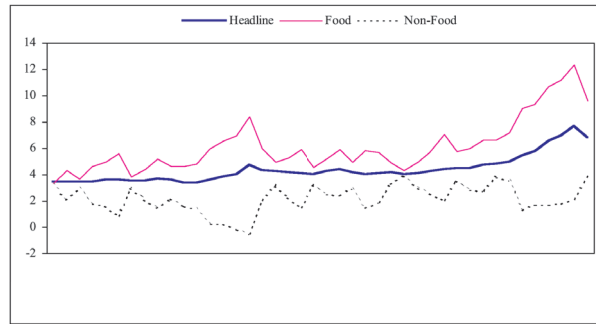
Table 1.1: Percentage Change in Consumer Price Index (All-Urban)

Base: 2001=100

Major Commodity Group	Weight (%)	2004			2005			2006		
		Apr	May	Jun	Apr	May	Jun	Apr	May	Jun
Headline/Overall	100	4.7	4.4	4.2	4.0	4.0	4.2	6.9	7.7	6.8
Food	55.9	8.4	6.0	4.9	4.3	5.0	5.8	11.2	12.3	9.6
Non-food	44.1	-0.5	2.0	3.1	3.9	3.0	2.5	1.8	2.1	3.8
Transportation	9.7	-1.3	1.3	1.2	6.9	5.0	5.1	3.2	4.2	6.3
Fuel, Power and Water	8.5	1.7	4.9	9.1	6.8	9.6	5.6	4.5	4.9	10.4
Drinks and Tobacco	6.9	-1.0	1.2	1.8	2.9	1.7	1.4	2.9	2.6	2.9
Clothing & Footwear	6.4	-1.9	3.3	2.3	3.3	-0.9	0.9	-2.4	-2.0	-2.2
Education	2.6	-3.8	1.4	1.6	2.1	0.2	1.2	0.6	0.6	0.2
Furniture & Household Equip.	2.1	-1.5	0.3	2.2	0.4	-3.2	-2.8	1.1	0.8	1.3
H/h Operations Maintenance	2.1	-1.1	0.5	2.2	2.5	1.4	0.4	-1.2	-0.9	-0.4
Personal Care & Health	2.1	-0.4	-2.7	0.7	4.9	4.4	6.1	0.3	-0.6	0.4
Rents	1.4	4.3	4.3	3.4	-5.3	-5.3	-5.0	0.6	0.6	0.7
Recreation & Entertainment	0.8	-1.9	0.9	0.5	1.5	0.9	-0.2	-0.4	-1.3	-1.3
Misc. Goods & Services	1.5	3.1	-0.4	2.0	-4.7	-2.4	-1.5	-0.1	-0.7	-0.8

Source: National Bureau of Statistics (NBS)

Chart 1.1: Tanzania: Annual Headline, Food, and Non-food inflation



Food Supply Situation

Domestic food supply continued to improve in June 2006 owing to the ongoing crop harvesting in most parts of the country. Meanwhile, the government continued to distribute relief food to areas that still face food shortages. During the month under review, about 11,656 tons were distributed to needy areas, leading to cumulative distribution of 106,214 tons of maize since exercise started towards the end of last year.

In view of the ongoing harvests of food crops in the country, their prices declined in June 2006. The average wholesale price of maize fell to TZS 25,833 per 100 Kg in June from TZS 29,711 per kg registered in the preceding month. Likewise, a downward movement in the prices of rice, beans, sorghum and potatoes was observed during the month under review as depicted in **Table 1.2** below. Nevertheless, prices of the food crops this year remained higher than those recorded in 2005, partly linked to the seemingly increased transport costs caused by high fuel prices. However, there are indications of downward pressure on food prices in the coming months as harvests continue.

Table 1.2: National average Wholesale Prices for Selected Food Items

TZS per 100 Kgs

	Jun-03	Jun-04	Jun-05	May-06	Jun-06	Percentage change	
						Jun-06 Jun-05	Jun-06 May-06
Maize	15,025	13,400	17,072	29,711	25,833	51	-13.1
Rice	35,560	44,663	48,122	88,411	74,793	55	-15.4
Beans	39,292	33,848	49,700	58,567	50,729	2	-13.4
Sorghum	17,113	22,582	20,474	40,453	38,938	90	-3.7
Potatoes	21,055	21,666	26,002	32,575	29,155	12	-10.5

Source: Ministry of Agriculture, Food Security and Cooperatives

Strategic Grain Reserves

By end June 2006, the Strategic Grain Reserves (SGR) stock stood at 15,560 tons from 6,210 tons recorded at the end of the preceding month. The increase was on account of government's importation of maize to replenish the stock. However, the stock level was 86 percent lower than 112,823 tons recorded in June 2005, which reflects



the efforts made by the government this year to distribution of relief food to deficit areas. Meanwhile, the government is planning to import 30,000 tons of seed maize stock through tendering system during this 2006/07-crop season, while the SGR department is planning to procure locally, 80,000 tons of maize during 2006/07 crop season to replenish the SGR stock (Table 1.3).

Table 1.3: Tanzania: Strategic Grain Reserve (SGR) Stock

Month	Tons							% Change 2005 -2006
	2000	2001	2002	2003	2004	2005	2006	
January	105,665	78,967	60,503	59,961	35,342	119,924	76,813	-36
February	103,305	72,000	58,254	59,493	23,791	116,383	43,593	-63
March	101,496	63,022	56,738	58,976	22,903	114,760	8,055	-93
April	96,326	51,435	52,228	54,118	32,387	115,262	3,165	-97
May	82,119	44,776	48,653	52,857	31,732	113,823	6,210	-95
June	72,000	47,225	47,100	51,060	37,091	112,823	15,560	-86
July	63,976	46,290	44,787	50,661	39,195	112,323		
August	70,352	48,998	41,795	52,681	45,988	112,067		
September	95,000	59,047	57,500	61,364	67,685	111,971		
October	88,474	58,000	62,700	59,379	92,710	111,695		
November	89,882	62,388	61,773	52,054	108,448	106,428		
December	78,967	62,788	58,395	41,649	114,030	93,051		

Source: Food Security Department and BOT computation

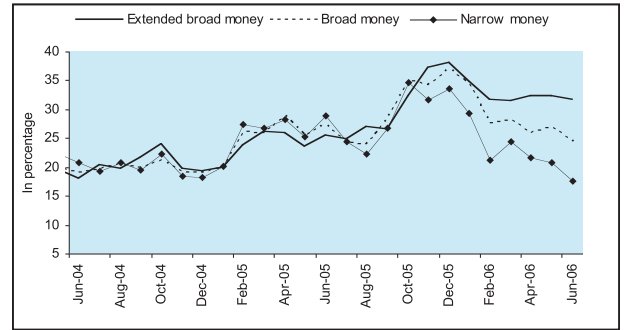
2.0 Monetary and Financial Developments

Money Supply

During the year ending June, the annual expansion of extended broad money supply (M3) eased slightly to around 31 percent during June 2006 from 32 percent recorded in the preceding month, while broad money supply (M2) slowed down to 25 percent from 27 percent during the same period. The levels were broadly within the targets set for the year under review. In absolute terms, M3 increased from a stock of TZS 3,266 billion at end June 2005 to TZS 4,299 at end June 2006, while M2 rose from TZS 2,366.4 billion to TZS 2,946 billion during the same period.

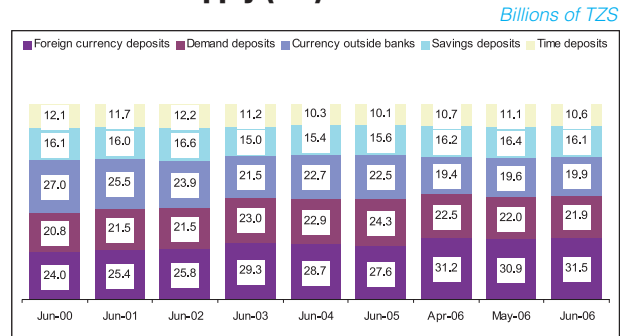
The growth in money supply was on account of government spending of donor support inflows in poverty reduction related activities, as well as sustained high demand for credit by the private sector, associated with high momentum of economic activities, increase in the number of creditworthy clients, and improvement in the business environment.

Chart 2.1: Tanzania – Annual Growth Rates of Monetary Aggregates



The growth in money supply was manifested strongly in foreign currency deposits (FCD), followed by demand deposits, a similar pattern observed in recent years. Specifically, the ratio of FCD to M3, which reflects the degree of dollarization of the economy was 30 percent, as in previous month. This ratio reflected foreign exchange from tourism, foreign investment and other inflows, and valuation of FCD following depreciation of the shilling .

Chart 2.2: Percentage Composition of Money Supply (M3)



On month-to-month basis, M3 expanded by about TZS 180 billion during the month of June 2006 compared with an increase of TZS 37 billion in the previous month, whereas broad money increased by TZS 99 billion compared with TZS 40 billion increase during the same period. The increase occurred mostly in foreign currency deposits due to exchange rate changes, as well as in currency in circulation reflecting the seasonal increase in currency related to end of year government spending.

From the assets side, the monthly increase in money supply was to a great extent reflected in the increase in domestic assets following expansion in credit to private sector by banks and government spending. Foreign assets of the banking system declined during June as BOT sold foreign exchange to meet import demand .



Table 2.1: Tanzania – Selected Money Supply Components

Item	May06	Jun06	Change		Annual growth (%)			
			May06-Jun06	Jun03	Jun04	Jun05	May06	Jun06
Extended broad money	4118.9	4299.1	180.3	22.7	18.0	25.5	32.4	31.6
Broad money	2846.4	2945.6	99.2	16.9	19.1	27.5	26.9	24.5
Currency outside the banking system	807.5	856.2	48.6	10.3	24.6	24.5	20.8	16.5
Demand deposits	905.7	942.7	37.0	31.4	17.4	33.3	20.9	18.7
Time deposits	458.4	455.2	-3.3	12.9	9.1	22.1	36.2	38.5
Savings deposits	674.8	691.6	16.8	10.5	21.2	26.9	38.0	35.9
Foreign currency deposits	1272.5	1353.5	81.1	39.4	15.4	20.5	46.5	50.4
In millions of USD	1,012.3	1,080.2	67.9	26.1	9.0	18.5	31.0	35.2
Private sector deposits in commercial banks	3311.4	3443.0	131.6	26.6	16.2	25.8	35.5	36.0
Government sector deposits in commercial banks	210.9	197.1	-13.9	3.0	203.5	53.8	35.9	40.8
Total deposits	3522.3	3640.1	117.7	26.1	19.4	27.0	35.6	36.3
Net foreign assets	3164.9	3072.8	-92.1	44.7	14.0	6.8	37.3	34.8
Bank of Tanzania	2347.5	2212.0	-135.6	66.3	20.9	13.4	38.6	32.8
Commercial banks	817.4	860.8	43.4	16.5	1.4	-7.8	33.8	40.4
Net domestic assets	1563.1	1835.6	272.4	-5.3	35.6	56.9	16.8	21.5
Domestic Credit	2018.8	2169.5	150.8	25.3	30.9	33.9	46.9	44.2
Claims on government by the banking system	973.2	965.4	-7.8	18.7	5.2	7.0	84.0	75.2
Government deposits in the banking system	552.3	452.8	-99.5	38.4	23.2	-25.5	64.1	69.9
Claims on the private sector	1597.8	1656.9	59.1	36.6	46.7	26.2	35.2	35.9

Source: Bank of Tanzania

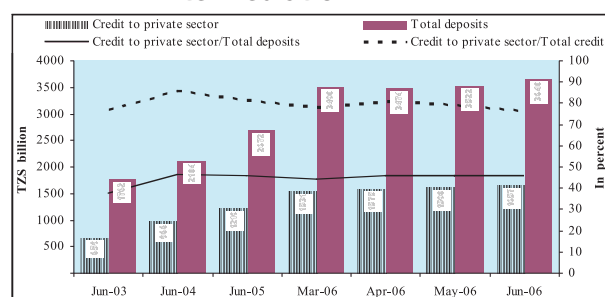
Credit Developments

During the year ending June 2006, private sector loans extended by banks remained robust, registering a growth rate of about 36 percent, consistent with the recent years performance. The outstanding stock of private sector credit increased from TZS 1,219.4 billion at end June 2005 to TZS 1,656.9 billion at end June 2006. Most of the new loans were directed to manufacturing, transportation, construction, trade and agriculture activities, which altogether accounted for more than 70 percent of total credit. As indicated earlier, the performance is associated with a noticeable increase in the number of credit worthy clients, improvement in the business environment and the ongoing government efforts to address the remaining impediments to bank lending.

During the month of June 2006, about TZS 59 billion were loaned out to the private sector compared with TZS 23 billion increase in May 2006. Large amount of new credit extended to private sector was directed to one of the major cellular firms to finance network expansion across the country.

Net claims on the Central Government increased by TZS 91.7 billion compared with a decline of TZS 44.0 billion in the preceding month following decreased government deposits in the banking system coupled with government initiative in repaying some of its claims. The increase in government liabilities towards the banking system implies that the Government has been financing its operations largely by running down its reserves at banks.

Chart 2.2: Tanzania – Commercial Banks Intermediation



Interest Rates

The month under review experienced mixed developments in interest rates. The average savings deposit rate dropped by 0.3 percentage points to 2.5 percent from the previous month's rate, while the 12-months deposits rate rose by 0.8 percentage points to 8.3 percent. The overall time deposits rate on the other hand increased to 7.3 percent from 5.6 percent registered a month earlier. The rise in time deposit rate is an indication of ongoing strategies for deposits mobilization by some commercial banks amidst increased investment avenues available to the public such as equity investment and debt instruments. Negotiated deposit rates -the rate offered to prime depositors-went up to 10.1 percent from 10.0 percent in May 2006.

The average prime lending rate decreased to 11.2 percent from 11.3 percent registered in the previous month, whereas the case was different for short term lending rate and overall lending rate which went up to 15.6 percent and 15.4 percent, respectively, from 14.1 percent and 14.4 percent registered in the preceding month (**Table 2.2**). Consequently, the spread between the 12-months deposits rate and the short term lending rate widened by 0.7 percentage points to 7.3 percent.

Table 2.2: Tanzania – Weighted Average Interest Rates Structure

Interest rate category	2005	2006					
	Dec	Jan	Feb	Mar	Apr	May	Jun
364-day T-bill	15.7	15.6	15.8	13.9	11.9	10.4	9.6
Overall Treasury bills	14.8	14.9	13.7	13.4	12.0	10.2	8.3
Savings deposits rate	2.6	2.7	2.6	2.6	2.8	2.8	2.5
Overall Time deposits	5.3	5.6	6.1	5.9	5.8	5.6	7.3
12 months Time deposits	7.7	8.1	7.5	7.4	7.6	7.5	8.3
Negotiated deposits	10.6	10.6	10.4	10.4	11.5	10.0	10.1
Overall Lending	15.0	14.7	14.7	14.6	15.0	14.4	15.4
Short term lending (up to 1 year)	15.7	15.5	15.4	15.6	16.4	14.1	15.6
Negotiated Lending	11.1	11.4	13.4	11.6	11.2	11.3	11.2

Source: Commercial banks and Bank of Tanzania

Financial Markets

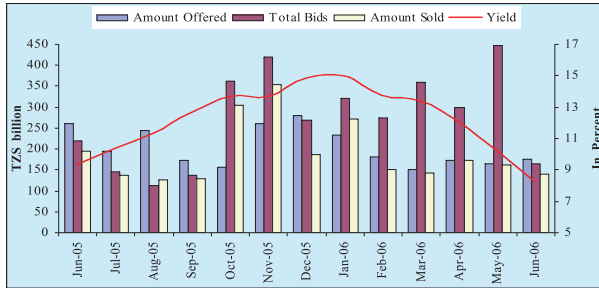
Treasury bills market

During June 2006, open market operations through sale of T-bills bills was relatively weak as amount offered exceeded the amount tendered by TZS 10.7 billion. The bids worth TZS 164.0 billion were received compared to TZS 174.7 billion offered by the Bank during the month. This situation is associated with payment of taxes by corporate customers at the end of the quarter, which tends to constrain banks (the major investors in Treasury bills) in investment decisions. Also purchase of shares of Twiga Cement by the public contributed to the dismal performance of government securities. The Bank accepted bids worth TZS 134.0 billion at cost value (or TZS 139.5 billion face value), which is lower than the previous month by TZS 20.1 billion.



Even though there was a weak demand during the month under review, the weighted average Treasury bills rate declined to 8.25 percent compared to 10.21 percent recorded in the preceding month. This abnormal situation reflected information asymmetry in the market

Chart 2.3 Treasury Bills Market



Treasury bonds market

Demand for Treasury bonds stood at TZS 21.0 billion compared to TZS 57.3 billion recorded in the previous month. Owing to the existence of outlier bids, the Bank accepted bids worth TZS 14.5 billion (cost value) against the amount of TZS 16.0 billion offered.

The average bond market rate dropped from 15.7 percent in May 2006 to 14.5 percent in June 2006. Specifically, the weighted average yield for 10-year bonds and 7-year bonds declined from 16.4 percent and 18.1 percent, respectively, in May 2006 to 16.0 percent and 15.3 percent in June 2006 while that of 2-year bonds rose slightly to 13.4 percent in June 2006 from 12.7 percent recorded in the previous month.

Inter-bank Cash Market

During the month under review, transactions in the inter-bank cash market amounted to TZS 481,870 billion compared with TZS 201,350 billion recorded in the preceding month. Overnight transactions continued to dominate, accounting for about 91.5 percent of total transactions in June 2006, compared to the preceding month's overnight transactions that accounted for 37.9 percent of the total transaction. The overall inter-bank cash market rate increased from 5.5 percent in May 2006 to 8.4 percent in June 2006, suggesting a tightening of liquidity associated with the seasonal payment of corporate taxes at the end of the year.

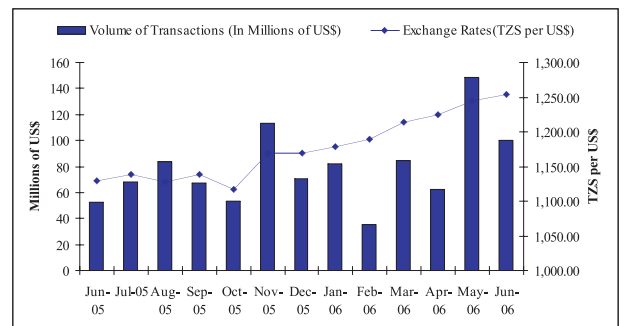
Foreign Exchange Operations

The month of June continued to be characterised by

high demand of foreign exchange to finance increased importation of goods and services. The volume of foreign exchange transacted in the inter-bank foreign exchange market totalled USD 100.24 million, though slightly lower than USD 148.83 million transacted in May 2006. As a result of high demand of foreign exchange relative to the available supply in the market, the Bank of Tanzania intervened by making a sale of USD 54.9 million compared to USD 122.7 million sold in the previous month.

In light of high demand for foreign exchange for imports, the Tanzanian shilling continued to depreciate against the US dollar from an average of TZS 1,244.67 per US dollar recorded in May 2006, to an average of TZS 1,253.72 per US dollar in June (chart 2.4).

Chart 2.4: Tanzania: Inter-bank transactions



Transactions in Bureaux de Change System

The volume of transactions conducted by Bureau de Change system declined modestly to USD 54.7 million. During the period under review, the foreign exchange sales went down by 19.7 percent to USD 27.0 million, largely due to the decline in payments for medical expenses and education purposes, likewise, purchases declined notably to USD 27.7 million mainly on account of a drop in foreign exchange receipts from traditional exports.

The buying and selling rates depreciated slightly to TZS 1,246.0 per USD and TZS 1,268.70 per USD respectively, recorded in June 2006 (Table 2.3).

Table 2.3: Foreign Exchange Market Developments

Item	2006		2005 June	% Change		Year ending June		% Change
	May-06	Jun-06		May 06 to June 06	June 05 to June 06	2005	2006	
IFEM								
Amount offered*	148.83	100.24	52.53	-32.65	90.82	792.18	969.27	22.35
Amount sold*	148.83	100.24	52.53	-32.65	90.82	792.18	969.27	22.35
Exchange rate**	1244.30	1253.72	1129.19	0.76	11.03	1,090.75	1,182.50	8.41
Bureau de Change								
Sales*	33.65	27.03	41.30	-19.67	-34.55	383.10	416.05	8.60
Purchases*	33.30	27.70	41.70	-16.82	-33.57	378.78	410.40	8.35
Volume of Transactions*	66.95	54.73	83.00	-18.25	-34.06	761.88	826.45	8.48
Buying rate**	1,231.00	1,246.00	1,119.00	1.22	11.35	1,085.56	1,177.67	8.49
Selling rate**	1,248.00	1,268.00	1,134.00	1.60	11.82	1,103.00	1,193.92	8.24

Sources: Bank of Tanzania

Note: * Millions of USD, ** Tanzania Shillings (TZS) per US dollar



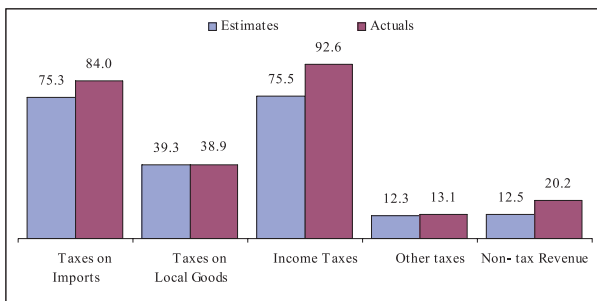
3.0 Government Budgetary Operations

During the month of June 2006, government budgetary operations recorded a deficit of TZS 104.3 billion. Total resources that were available for the month from domestic revenue and grants amounted to TZS 302.8 billion, while expenditure (excluding cheques not yet presented for payment) amounted to TZS 407.1 billion. The deficit was financed through government borrowing from both foreign and domestic sources.

Total revenue collected during the period was above the target of TZS 209.5 billion by TZS 33.5 billion. Tax revenue collections amounted to TZS 222.8 billion, exceeding the target by TZS 25.8 billion. Non-tax revenues performed well and exceeded the target by TZS 7.7 billion (Chart 3.1). The good performance in tax revenue collections came from income taxes and taxes on imports mainly due coordinated tax administration efforts and increased compliance by the taxpayers through timely submission of tax returns and payments.

Chart 3.1: Government Revenue Performance in June 2006

TZS Billions



During the month under review, total government expenditure cheques written (excluding amortization) amounted to TZS 320.0 billion, out of which recurrent expenditure was TZS 257.6 billion, while development expenditures amounted to TZS 62.4 billion.

Cumulative from July to June 2006, government expenditure was below the target at TZS 3,873.3 billion, compared to the cumulative estimate of TZS 4,035.1 billion. The actual expenditure up to the end of June 2006 comprised of TZS 2,661.8 billion in recurrent expenses and TZS 1,211.4 billion in development.

4.0 External Sector Developments- June 2006

During June 2006, the current account balance improved slightly by recording a lower deficit of USD 186.7 million compared with a deficit of USD 194.30 million that was registered in the preceding month. The development is largely due to improvement in service receipts and in inflows of current transfers. Conversely, during the year ending June 2006, the current account deteriorated to a deficit of USD 1,271.0 million from a deficit of USD 569.3 million in 2005, following a significant increase in imports of goods and services (Table 4.1).

Table 4.1: Tanzania: Current Account Balance

Millions of US\$

Item	June		2006		Year Ending June		% Change
	2004	2005	May	Jun	2005 ^P	2006 ^P	
Goods Account (net)	-111.8	-112.1	-210.2	-210.1	-1,136.9	-1,700.5	49.6
Exports	102.2	129.8	133.1	123.0	1,594.7	1,736.1	8.9
Imports	214.0	241.9	343.3	333.1	2,731.6	3,436.6	25.8
Services Account (net)	5.0	3.0	0.2	11.7	148.1	83.8	--
Receipts	79.1	114.1	101.9	121.2	1,236.1	1,298.7	5.1
Payments	74.1	111.1	101.7	109.5	1,088.0	1,214.9	11.7
Goods and services (net)	-106.8	-109.1	-210.0	-198.4	-988.8	-1,616.7	63.5
Exports of goods and services	181.3	243.9	235.1	244.1	2,830.8	3,034.8	7.2
Imports of goods and services	288.1	353.0	445.0	442.5	3,819.6	4,651.4	21.8
Income Account (net)	-9.3	-23.7	-9.2	-18.0	-173.4	-195.2	12.5
Receipts	9.0	13.6	5.6	6.1	82.9	72.2	-12.9
Payments	18.3	37.3	14.8	24.1	256.3	267.4	4.3
Current Transfers (net)	5.8	6.8	24.9	29.7	593.0	540.8	-8.8
Inflows	11.7	12.1	33.4	36.1	659.5	627.0	-4.9
o/w General Government	6.1	6.4	22.8	23.9	588.0	504.1	-14.3
Outflows	5.9	5.3	8.5	6.4	66.5	86.2	29.6
Current Account Balance	-110.3	-126.0	-194.3	-186.7	-569.3	-1,271.0	--

Source: Bank of Tanzania

Note: -- = Very large number

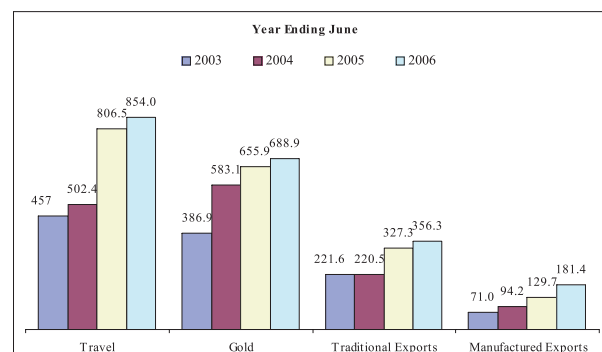
P = Provisional. Totals may not add up due to rounding of numbers

Exports Performance

During the year ending June 2006, Tanzania exported goods and services worth USD 3,034.8 million, an improvement of 7.2 percent when compared to the corresponding period last year. Travel (tourism) and gold receipts, combined, continued to dominate, accounting for about 51 percent of total exports (chart 4.1).

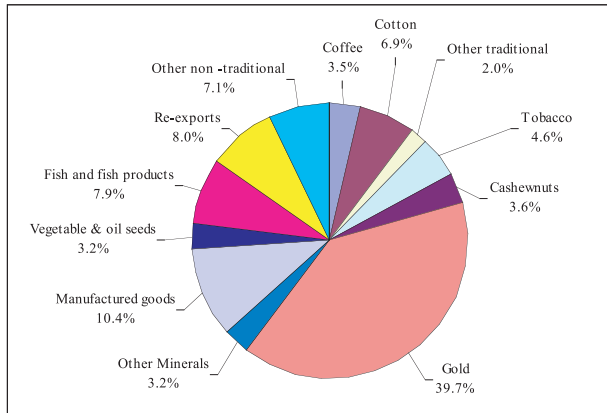
Chart 4.1: Tanzania: Share to Total Exports of Goods and Services

Millions of US\$



On annual basis, goods export increased by 8.9 percent to USD 1,736.1 million following improved performance of both traditional and non-traditional exports. The contribution of traditional exports to total goods export remained unchanged at 20.5 percent during 2005/06. A better performance in traditional exports would have been possible had the weather condition been favourable in the second half of 2005/06, during which production of coffee, sisal and tea was impaired (**chart 4.2**).

Chart 4. 2: Tanzania: Share to Total Exports of Goods



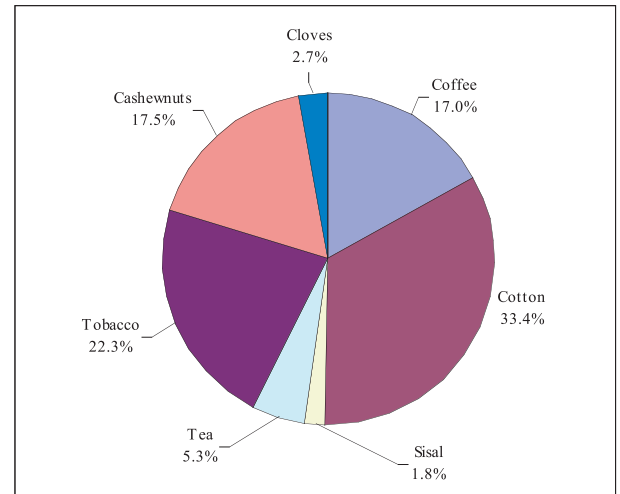
Note:
Other non-traditional include horticultural products and other exports
Other traditional exports include sisal, tea and cloves
Other minerals include Tanzanite, rubies, sapphires, emeralds, copper, silver and other preciousstones.
Re-exports refers to goods that are imported and later exported to neighbouring countries. Major items in this category include wheat and refined petroleum products

Traditional Exports

In June 2006, traditional exports declined to USD 6.7 million from USD 17.3 million recorded in the previous month owing to a drop in almost all traditional exports. The deterioration is largely attributed to seasonality, as it was the off-season period for most of the traditional exports.

On annual basis, traditional exports increased to USD 356.3 million compared to USD 327.3 million in the previous year following an increase in exports of cotton, tobacco, cashew nuts and cloves. The development was largely attributed to improvement in prices and export volumes. During the review period, there was a substantial increase in export volumes of cotton and cloves. While the rise in export volume of cotton largely emanated from timely usage of agricultural inputs, improvement in volume of cloves is cyclical. The increase in exports of tobacco was mainly attributed to a significant increase in export unit price as the exported volumes recorded a decline during the period. The decline in export volumes of coffee and tea is largely attributed to the drought that hit the country in 2005/06 and affected adversely production levels of the two crops and hence their exports volumes. Europe and Asia continued to be the major markets for traditional exports from Tanzania (**chart 4.3**).

Chart 4.3: Share to total traditional exports for the year ending June 2006



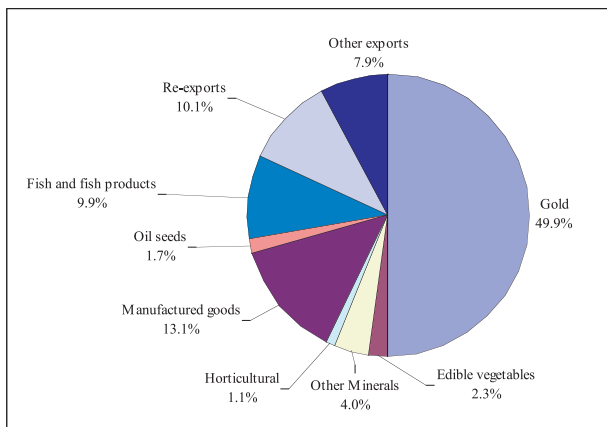
Non-Traditional Exports

Non-traditional exports increased marginally by 2.2 percent to USD 116.3 million in June 2006 due to the increase in exports of gold, manufacture goods, fish products and other exports category.

On annual basis, non-traditional exports increased by 8.9 percent to USD 1,379.8 million owing to an improvement in manufactured exports, minerals, and re-exports of goods to neighbouring countries. The improved performance of manufactured goods exports is largely attributed to the growth of the manufacturing sector and successful implementation of the investment policy reforms in Tanzania. The manufactured goods that are exported to neighbouring countries include textile apparels, iron and steel, and plastic articles. Mineral exports, gold in particular continued to dominate the category by accounting for nearly 50 percent of non-traditional exports. The increase in gold exports is attributed to increase in the world price of gold. The annual average price of gold increased to USD 539.69 per troy ounce in 2005/06 from USD 422.42 per troy ounce in the previous year. On the other hand, the volume of exported gold from major mining companies dropped by 8.8 percent to 44.6 tons in 2005/06 following a decline in the volume that is extracted. Gold from Tanzania is mostly exported to the United Kingdom.



Chart 4. 4: Share to total non-traditional exports for the year ending June 2006



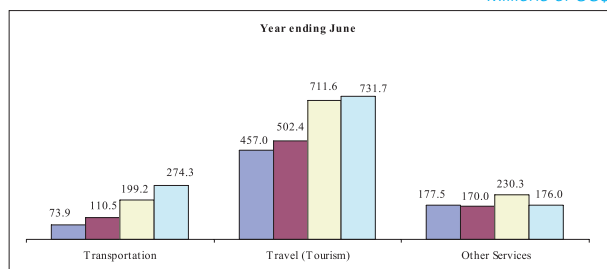
Services Export

During June 2006, export of services went up significantly to USD 121.2 million from USD 101.9 million in the previous month mainly due to the increase in travel (tourism) and transportation receipts. The increase in travel receipts is in line with the on set of the peak tourist season that begins around June to September.

On annual basis, services receipts increased by 5.1 percent to USD 1,298.9 million mainly due to the rise in transportation and travel (tourism) receipts. The increase in travel receipts to USD 854.0 million from USD 806.5 million during the previous year is associated with the enhanced tourism promotional measures by the Government and other stakeholders. On the other hand, the substantial increase in transport receipts by 37.7 per cent to 274.3 million during the year ending June 2006 is largely attributed to the improved services at the Dar es Salaam port that has led to increase in transit cargo to and from the neighbouring countries.

Chart 4. 5: Tanzania: Service Receipts 2003 - 2006

Millions of US\$



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

Goods Imports

Goods imports declined to USD 333.1 million in June 2006 compared to USD 343.3 million recorded in the previous

month largely on account of the decrease in importation of capital and consumer goods. The capital goods imports went down by 8.4 percent following a fall in importation of machinery, building and construction materials, particularly importation of iron and steel and articles thereof. During the period under review, there were mixed developments in the importation of consumer goods. While food imports rose slightly to USD 29.8 million, other consumer good imports dropped by 7.0 percent to USD 46.7 million. The decline in consumer good imports is largely explained by a fall in importation of rubber and its articles like tyres as well as pharmaceutical products. On the other hand, importation of intermediate goods increased by 3.8 percent to USD 127.7 million following a rise in importation of industrial raw materials namely animal/vegetable fats and oils (Table 4.2).

Table 4.2: Tanzania imports

Millions of US\$

Imports Category	2005 ^p June	2006 ^p		% Change		Year Ending June ^p		
		May	June	Jun 05- Jun 06	May 06-Jun 06	2005	2006	% Change
CAPITAL GOODS	86.1	140.8	129.0	49.8	-8.4	973.2	1,259.2	29.4
Transport Equipments	19.6	30.6	37.9	93.0	23.9	237.0	352.5	48.7
Building and Constructions	22.3	40.7	28.9	29.8	-28.9	214.5	305.0	42.2
Machinery	44.2	69.6	62.2	40.8	-10.6	521.7	601.7	15.3
INTERMEDIATE GOODS	90.2	122.9	127.7	41.5	3.8	1,012.9	1,361.2	34.4
Oil imports	55.9	95.6	87.5	56.5	-8.5	728.4	1,010.0	38.7
Fertilizers	9.0	0.6	2.7	-69.9	391.3	59.5	46.9	-21.2
Industrial raw materials	25.3	26.8	37.4	48.0	39.9	225.0	304.3	35.2
CONSUMER GOODS	65.6	79.5	76.4	16.4	-3.9	745.5	816.1	9.5
Food and food stuffs	13.5	29.3	29.8	119.8	1.4	185.3	238.2	28.5
All other consumer goods ¹	52.1	50.2	46.7	-10.4	-7.0	560.2	577.9	3.2
GRAND TOTAL (F.O.B)	241.9	343.3	333.1	37.7	-3.0	2,731.6	3,436.6	25.8
GRAND TOTAL (C.I.F)	265.9	377.3	366.0	37.7	-3.0	3,001.8	3,776.4	25.8

Source: Bank of Tanzania and Tanzania Revenue Authority

Note: Oil imports refers to refined petroleum products

P = provisional data. ¹ It includes pharmaceutical products, paper products, plastic items, optical/photographic materials, textile apparels. Totals may not add up due to rounding of numbers

Food imports

In June 2006, food imports remained almost unchanged at USD 29.8 million. However, the value of cereal imports that constitute of maize, rice and wheat increased by 22.7 percent to USD 25.3 million. Likewise, the total volume of cereal imports went up from 111,161 tons in May 2006 to a total of 126,146 tons in the review month. It is expected that importation of cereals (for local consumption) will decline in the coming months because of the good harvests that are reported in most parts of the country (Table 4.3).

Table 4.3: Summary of food imports

item	Mar-06	Apr-06	May-06	Jun-06	% Change (Apr - May)
Maize					
Tons	53,339	19,154	37,267	47,825	28.3
Value (Mill. USD)	10.0	5.1	6.7	9.8	45.8
Rice					
Tons	10,051	3,546	14,232	27,871	95.1
Value (Mill. USD)	2.4	1.0	3.3	6.4	92.9
Wheat					
Tons	25,601	54,108	59,662	53,450	-10.4
Value (Mill. USD)	4.3	11.6	10.6	9.1	-14.0

Source: Bank of Tanzania and Tanzania Revenue Authority

On annual basis, goods imports went up by 25.8 percent to USD 3,436.6 million following the increase in importation of capital, intermediate and consumer goods. Much of the



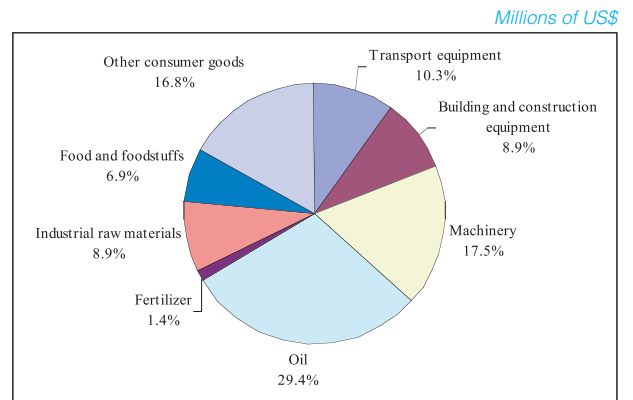
increase was recorded in the intermediate goods, which went up by 34.3 percent to USD 1,361.2 million largely on account of the increase in importation of oil and industrial raw materials. The surge in oil imports is largely explained by the persistent increase in oil prices in the world market.

During the period, the price of refined oil (white petroleum products) increased from an average of USD 550.6 per ton in July 2005 to an average of USD 673.7 per ton in June 2006. Likewise, the volume of oil imports increased from 1,553,235 tons imported last year to 1,619,817 tons. The surge in oil prices largely emanates from increase in oil demand particularly in USA, India and China coupled with supply disruptions in the Middle East, Nigeria and Iran. On the other hand, the surge in imports of industrial raw materials is partly associated with a growth of the manufacturing sector in the country. The manufacturing sector is estimated to grow at 9.0 percent in 2005 compared to the rate of 8.6 percent in 2004.

During the year ending June 2006, capital goods imports increased to USD 1,259.2 million from USD 973.2 million in the previous year mainly due to a surge in imports of transport equipment, building and construction, and machinery imports. The expansion activities in the construction sector largely attributed to the increase in importation of building and construction items such as ceramic products, iron and steel articles. Likewise, machinery imports rose and accounted for about 48.0 percent of total capital goods imports that were mainly directed to the mining, communication and manufacturing sectors.

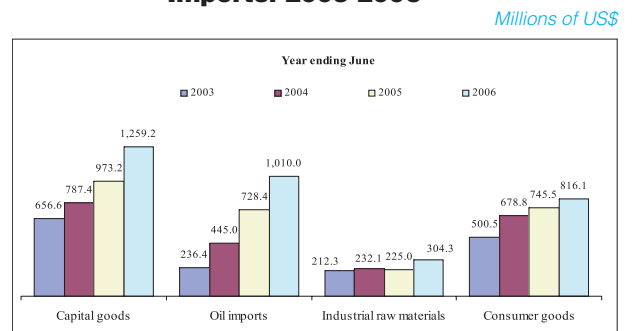
The consumer goods imports increased by 9.5 percent to USD 816.1 million following a rise in imports of food and foodstuff as well as other consumer goods. The increase in food imports is associated with food deficit amid the drought that hit the country in the first half of 2005/06. Much of the increase were in maize imports where a total of 228,495 tons valued at USD 42.4 million were imported compared to a total of 7,333 tons worth USD 2.3 million imported during the year ending June 2005. On the other hand, the increase in other consumer goods was mainly driven by a rise in importation of pharmaceutical products, books and plastic articles

Chart 4. 6: Tanzania: Share to total imports for the year ending June 2006



During the past four years, capital goods dominated the total imports followed by consumer goods.

Chart 4.7: Tanzania: Total Merchandise Imports: 2003-2006



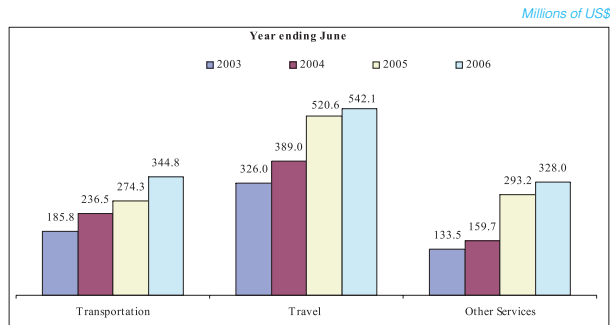
Services Imports

During the month under review, services payments rose by 7.6 percent to USD 109.5 million mainly due to the rise in construction, travel and transportation services payments.

On annual basis, services payments increased by 11.7 percent to USD 1,214.9 million, largely on account of the increase in payments for construction, freight charges, and travel and insurance services. While the increase in freight payments is in line with the increase in merchandise imports, the surge in insurance payments is partly due to the increase in Foreign Direct Investment (FDIs), which resulted into the growth of re-insurance activity. On the other hand, the rise in construction payments is largely associated with the expansion in construction activities in the country. The performance of the major service payment categories in the past four years is shown in **Chart 4.8**.



Chart 4.8: Tanzania: Service Payments



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

World Commodity Prices

During June 2006, developments in world commodity prices were mixed, while on annual basis prices of commodities generally increased with oil products and Robusta coffee taking the lead.

In June 2006, the prices of **Arabica coffee** declined from previous month level while that of Robusta coffee remained unchanged at USD 1.3 per kg. In the same period, price of **tea** increased largely due to a decline in supply in India and East African countries. Similar developments in the movement of prices were recorded for cotton.

The price of **cloves** continued with its upward trend following a significant decline in clove stocks in the world market coupled with an expected decline in supply from Indonesia starting June 2006. Meanwhile, the price of **sisal** remained stable at USD 885.0 per metric ton, as per the recommendations by FAO Committee in 2004 that the indicative prices for East Africa UG fibre should range between USD 840 to USD 900 per ton.

During the review period, the price of **crude oil** (average of U.K. Brent, Dubai, and West Texas Intl.) went down slightly to USD 68.3 per barrel, while the price of crude oil Dubai (f.o.b) increased slightly to USD 65.1 per barrel. Price of white products went up slightly with premium gasoline recording a 0.9 percent increase in price to USD 713.6 per ton. The price of gold declined by 11.7 percent to USD 596.1.1 per troy ounce from previous month level due to inflation concerns. This is because of the fact that high borrowing costs make holding of gold a less attractive, as unlike bonds, the metal has no fixed returns.

On annual basis, the average prices of coffee increased substantially from previous year levels, on account of a strong demand coupled with supply constraints. The decline in supply of coffee was largely attributed to the effects of the hurricanes on coffee growing regions in Central America and drought conditions in Vietnam. Likewise, the price of tea increased largely due to a fall in supply caused by unfavourable weather conditions in East Africa and improved demand from Egypt, UK and Pakistan.

Prices of cloves, cotton were also higher in 2006 than in the previous year, same as the prices of crude oil and white petroleum products. The surge in oil prices was largely on account of increase in world oil demand particularly in China, combined with supply disruptions, security concerns, imminent wars in the Middle East, as well as and civil unrests in Nigeria. During the year, the price of **gold** rose by 27.8 percent to USD 539.7 per troy ounce, as investors diversified from investing in stocks because of global security concerns, a situation that led to increase in demand for gold as an alternative investment.

Table 4.4: World Commodity Prices

COMMODITY	Units	2006			% Change	Year ending June		% Change
		April	May	June		2005	2006	
Robusta Coffee	USD per kg	1.34	1.33	1.33	0.00	0.92	1.25	35.87
Arabica Coffee	USD per kg	2.55	2.41	2.27	-5.81	2.29	2.43	6.11
Tea (Average price)	US per kg	1.91	1.88	1.98	5.32	1.70	1.76	3.53
Tea (Mombasa auction)	USD per kg	2.01	2.10	2.15	2.38	1.50	1.78	18.67
Cotton, "A Index"	USD per kg	1.24	1.20	1.22	1.67	1.18	1.25	5.93
Cotton, Memphis"	USD per kg	1.33	1.27	1.31	3.15	1.23	1.32	7.32
Sisal (UG)	USD per metric ton	885.00	885.00	885.00	0.00	885.00	885.00	0.00
Cloves	USD per metric ton	4162.50	4,375.00	5,212.50	19.14	3,290.75	3,590.28	9.10
Crude oil*	USD per barrel	67.97	68.68	68.29	-0.57	45.06	61.47	36.42
Crude oil**	USD per barrel	64.06	64.91	65.08	0.26	40.20	57.64	43.38
White products***	USD per ton	651.53	670.77	673.69	0.44	450.09	595.12	32.22
Jet/Kerosene	USD per ton	678.51	692.65	691.59	-0.15	466.22	614.75	31.86
Premium Gasoline	USD per ton	678.05	707.09	713.59	0.92	437.81	613.77	40.19
Heat Oil	USD per ton	598.04	612.56	615.89	0.54	445.50	560.33	25.78
Gold	USD per troy ounce	610.70	675.40	596.10	-11.74	422.42	539.69	27.76

Source: Various Trade Publications

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

** f. o. b. Dubai

*** Average of Premium gasoline Gas oil and Jet/Kerosene f. o. b. West Mediterranean

5.0 National Debt Developments

At end June 2006, national debt stock debts (external and domestic) stood at USD 9,635.4 million. The HIPC debt relief realised from multilateral institutions, in the form of debt service reduction amounted to USD 4.9 million during June 2006. External debt payment recorded during the month under review amounted to USD 6.8 million, out of which principal repayment amounted to USD 5.4 million and USD 1.4 million was interest payment. During the same period, domestic debt amounting to TZS 133.9 billion fell due for payment. Out of this amount, TZS 110.3 billion was principal repayment and TZS 23.6 billion was interest payment.

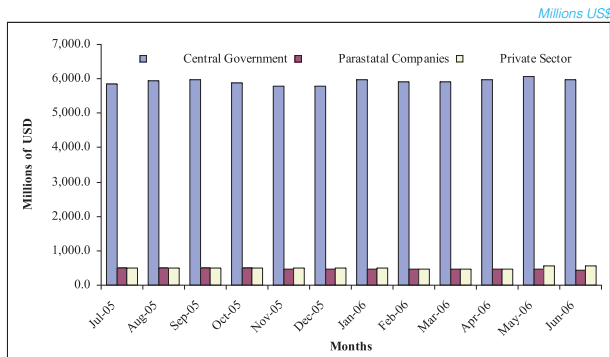
External Debt

External debt stock amounted to USD 8,229.5 million at the end of June 2006, a decrease of USD 82.8 million from previous month stock, owing to debt repayments partly exchange variations in which the debt is denominated. Out of the total external debt stock, USD 6,971.1 million (84.7 percent) was Disbursed Outstanding Debt (DOD) and the remaining balance was interest arrears.

The profile of disbursed outstanding debt indicates that the central Government is the largest borrower with a total debt of USD 5,971.2 million (85.7 percent). Private sector and parastatal companies owed debts worth USD 554.6 million and USD 445.4 million, respectively (Chart 5.1).

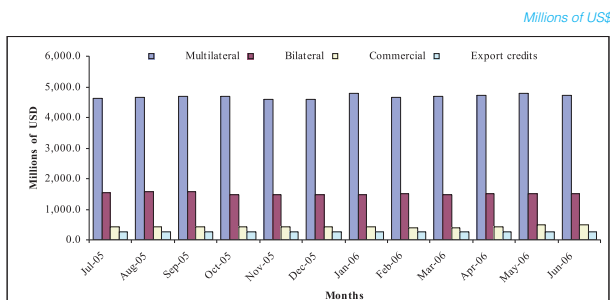


Chart 5.1: The DOD by Borrower Category



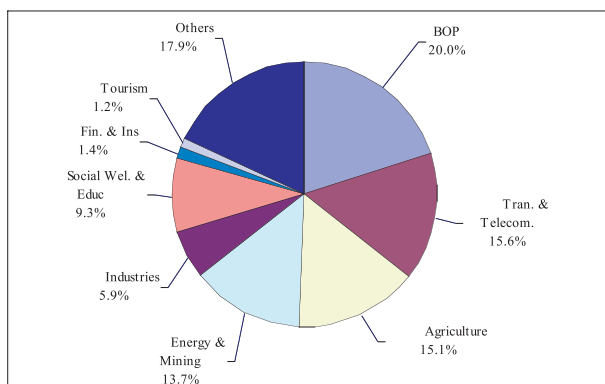
In terms of creditor category, the debt owed to multilateral institutions amounted to USD 4,720.6 million (67.7 percent), while the amount of debt owed to bilateral creditors was USD 1,492.5 million (21.4 percent). The remaining debt, which is USD 481.7 million and USD 276.4 million was in the form of commercial and export credits, respectively (Chart 5.2).

Chart 5.2: DOD by Creditor Category



Analysis of disbursed outstanding debt by use of funds indicated that USD 1,392.6 million (20.0 percent) was disbursed in the form of balance of payments support, while transport & telecommunication held USD 1,087.9 million (15.6 percent of total disbursed outstanding debt). Agriculture accounted for USD 1,050.1 million, energy & mining USD 955.2 million, social welfare & education USD 647.3 million, industries USD 409.0 million, finance and insurance USD 98.7 million and tourism accounted for USD 80.8 million. The balance (USD 1,249.8 million) was disbursed for other activities.

Chart 5.3: DOD by Use of Funds



Debt Relief

During the month under review, Tanzania received HIPC debt relief in the form of debt service reduction amounting to USD 4.86 million from the Multilateral Institutions namely, the International Development Association (USD 4.6 million), Nordic Development Fund (USD 0.1 million) and European Investment Bank (USD 0.15 million). The cumulative HIPC debt relief from the multilateral creditors amounted to USD 438.24 million (Table 5.1).

Table 5.1: Multilateral Debt Relief

Creditor	1999/00	2000/01	2001/02	2002/03	2003/04	2004/05	2005/06						TOTAL	
							Quarter 1&2	6-Jan	6-Feb	6-Mar	6-Apr	May-06		Jun-06
IDA	9.12	39.78	41.24	43.45	47.79	47.74	23.86	0.70	3.51	7.08	3.90	4.87	4.60	277.65
AfDB	4.51	9.63	-	8.02	10.00	9.99	4.93	4.50	-	0.30	0.14	-	-	52.02
IMF	6.33	17.55	23.36	7.23	11.10	10.72	4.44	-	-	-	-	-	-	80.73
IFAD	-	-	0.53	1.34	0.82	1.43	0.68	0.60	-	0.19	-	-	-	5.59
NORTF	-	-	-	2.61	1.51	2.83	-	-	-	-	-	-	-	6.95
NODF	-	-	-	-	-	0.24	0.20	-	-	-	-	-	-	0.10
EIB	-	-	-	-	0.24	9.29	2.98	-	0.41	0.38	-	-	-	13.45
EADB*	-	-	-	-	-	1.30	-	-	-	-	-	-	-	1.30
TOTAL	19.96	66.96	65.13	62.65	71.46	83.54	37.09	5.80	3.92	7.95	4.04	4.87	4.86	438.24

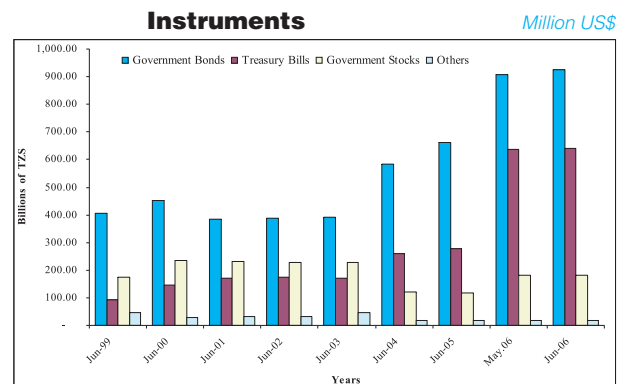
Source: Bank of Tanzania
* Stock Reduction

Debt relief received from bilateral creditors remained at the same level of USD 1,043.3 million as reported at the end of May 2006. Out of this amount, USD 858.7 million is debt cancellation by Paris Club creditors and the remaining USD 184.6 million from Non Paris Club creditors.

Domestic Debt

Domestic debt stood at TZS 1,761.7 billion as at the end of June 2006, representing an increase of TZS 19.94 billion from May 2006. Out of this, government securities amounted to TZS 1,745.1 billion (99.1 percent), out of which, bonds was TZS 925.3 billion, treasury bills TZS 639.8 billion, stocks TZS 180.0 billion and tax reserve certificates was TZS 0.1 billion. Other government debts amounted to TZS 16.5 billion (0.9 percent), same level as reported in the previous month (Chart 5.4).

Chart 5.4: Government Domestic Debt by Instruments



Commercial banks remained the leading government creditors, holding 42.9 percent of total domestic debt followed by Pension Funds with 26.5 percent, Bank of Tanzania 18.0 percent, Other Official Entities 6.1 percent and Insurance companies 3.0 percent. Non-Bank Financial Institutions, BOT Special Funds and private sector, combined, held the remaining portion of 3.5 percent of domestic debt stock.



6.0 Economic Developments in Zanzibar

Government Budgetary Operations

Zanzibar Government budgetary performance on cheques issued basis during June 2006, recorded an overall deficit of TZS 8.8 billion. The overall performance on cheques cleared basis; recorded a deficit to the tune of TZS 10.1 billion. Grant proceeds were not available during the month under review. The deficit was financed from two sources sale of Treasury bonds amounting to TZS 4.0 billion and foreign funds to the tune of TZS 6.1 billion.

Revenue Performance

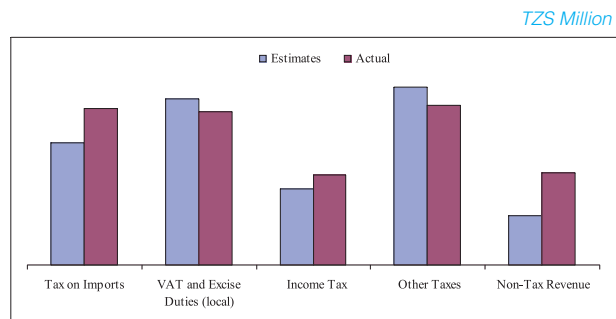
During June 2006, actual revenue outturn was TZS 5.3 billion, being 10.4 percent above the target. The improved performance emanated from impressive performance of import duties, income tax and non-tax sources. Revenue performance was also enhanced by tax administration measures, specifically conducting of tax audits, prompt submission of income tax returns and extra efforts to collect revenue from non- tax sources.

Revenue performance by category shows that; tax revenue amounted to TZS 4.6 billion accounting for 86.8 percent of the total revenue and was above the target amount of TZS 4.4 billion. Non-tax sources amounted to TZS 0.7 billion, above the target of TZS 0.4 billion.

Tax on imports amounted to TZS 1.3 billion, being above the target of TZS 1.0 billion largely due to improved tax audit measures on import taxes. VAT and exercise duty collections amounted to TZS 1.2 billion slightly below the target of TZS 1.4 billion as a result of decline in trade activities due to low tourism season. Income tax collections amounted to TZS 0.7 billion, also being above the target of TZS 0.6 billion. Other taxes amounted to TZS 1.3 billion, against the targeted TZS 1.4 billion, mainly on account of decrease in tourist related activities (Table 6.1).

Cumulatively, total revenue collection from July 2005 to June 2006 amounted to TZS 68.6 billion, being 89.5 percent of the annual revenue target.

Chart 6.1: Government Revenue by Source in June 2006



Expenditure

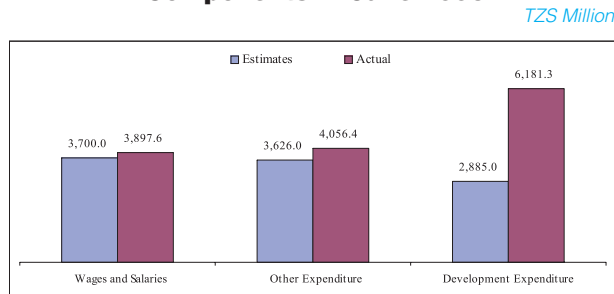
Total expenditure during June 2006 amounted to TZS 14.1 billion, compared to the target of TZS 10.2 billion. The over expenditure was mainly attributed to higher than expected donor inflows to cater for development projects. Recurrent expenditure amounted to TZS 7.9 billion being 56 percent of total expenditure, while development expenditure amounted to TZS 6.2 billion being 44 percent of total expenditure.

Within the recurrent expenditures category, wages and salaries amounted to TZS 3.9 billion; accounted for 49.4 percent of total recurrent expenditure. The wage bill was slightly above the target of TZS 3.7 billion due to payments of previous unpaid monthly dues. Other expenditures amounted to TZS 4.0 billion, accounting for 50.6 percent of recurrent expenditure and were above the target of TZS 3.6 billion also due to payment of arrears.

Development expenditure amounted to TZS 6.2 billion, which was above the target of TZS 2.9 billion, mainly on account of more than expected inflows of donor funds. Local component amounted to TZS 0.1 billion accounting for 1.6 percent of total development expenditures, while the remaining component was foreign financed (Table 6.2).

On cumulative basis, government expenditure amounted to TZS 136.7 billion during July 2005 to June 2006, and represented 88.5 percent of the annual revenue target.



Chart 6.2: Government Expenditure by Components in June 2006

Zanzibar's Debt Developments

Zanzibar debt stood at TZS 181.6 billion as at end June 2006 from TZS 180.5 billion registered at end of previous month owing to new non-bank domestic borrowing to finance budget deficit. External debt was equivalent to TZS 110.9 billion; being about 61 percent of the total debt and the remaining part was domestic debt.

Domestic Debt

By end June 2006, domestic debt was TZS 70.7 billion, having risen by 6.3 percent to TZS 70.6 billion from TZS 66.4 billion registered in the previous month, due to new borrowing through government securities.

Domestic debt by creditor indicates that domestic suppliers and pensioners' claims remained the major creditor of the government, accounting for TZS 38.2 billion; accounting for 54.1 percent of total domestic debt. Union Government debt amounted to TZS 13.6 billion or 19.3 percent of total domestic debt. Zanzibar Social Security Fund and Zanzibar State Trading Corporation debts amounted to TZS 6.0 billion and TZS 5.6 billion, constituting 8.5 percent and 8.0 percent of total domestic debt, respectively. Zanzibar Port Company debt stood at TZS 3.9 billion representing 5.6 percent of total domestic debt. Peoples Bank of Zanzibar debt amounted to TZS 3.2 billion, being 4.6 percent of total domestic debt.

Domestic Debt by instruments was as follows: Government loans remained the main debt instrument, accounting for TZS 21.5 billion or 30.4 percent of total domestic debt. Debt in form of suppliers' credits and pensioners' claims amounted to TZS 19.1 billion, representing 27.0 percent of total domestic debt. Treasury bonds and government stocks amounted to TZS 12.8 billion and TZS 10.0 billion, representing 18.2 percent and 14.2 percent of total domestic debt respectively. Treasury bills stood at TZS 7.2 billion or 10.2 percent of total domestic debt.

Domestic debt by maturity shows that debt in form of gratuity, pension, and domestic suppliers' claims, Debt with undetermined maturity remained high and dominant; amounting to TZS 42.3 billion, accounting for 59.8 percent of the total domestic debt. Debt maturing between 2 - 5 years increased substantially to TZS 9.1 billion from TZS 5.1 billion as at end May 2006 due to acquisition of 5-year bond thus constituted 12.9 percent of total domestic debt. Debts maturing in less than a year and those between 1 to 2 years stood at TZS 18.0 billion and TZS 1.3 billion, accounting for 25.5 percent and 1.8 percent of the total domestic debt, respectively.

External Debt

As at end June 2006, external debt stood at USD 88.5 million, as recorded at the end of the preceding month. The Union Government guarantee debts amounted to USD 59.3 million, being 67.0 percent of total external debt, and the balance was non-guaranteed debt.

Profile of **external debt by creditor category** shows that debt owed to multilateral institutions remained dominant, accounting for USD 57.4 million or 64.8 percent of the total external debt. Bilateral creditors stood at USD 4.7 million (5.3 percent of total external debt), commercial debt USD 14.7 million (16.7 percent) and export credit USD 11.7 million (13.2 percent).

The composition of external debt by maturity was as follows: debts maturing beyond 20 years period (mainly multilateral debt) continued to predominate, amounting to USD 51.7 million or 58.4 percent of the total external debt. Debt maturing between 5 to 10 years stood at USD 29.8 million (33.7 percent of total external debt) and debt maturing between 10 to 20 years amounted to USD 7.0 million (7.9 percent).

In terms of use of funds, social welfare and education sector was the main beneficiary, accounting for USD 25.8 million, representing 29.2 percent of total disbursements. About USD 19.0 million or 20.3 percent of total disbursements went to transport & telecommunications sector USD 18.0 million (21.5 percent of total), energy, finance & insurance sectors USD 14.7 million (16.7 percent), agriculture USD 6.8 million and industries USD 0.2 million Other sectors absorbed USD 4.0 million or 4.5 percent of total external debt.



External Trade Performance

Trade Balance Improves

During the month of June 2006, Zanzibar's trade balance (goods and services), improved by 2.0 percent to USD -4.7 million, from USD -4.8 million recorded in the preceding month. The improvement was attributed to relative increase in export receipts coupled with lower import bill. On year-to-year basis, the trade balance improved by 3.9 percent to USD -48 million from USD 50 million recorded in the corresponding period in 2005. The better performance is associated with a higher growth in export receipts relative to growth of the import bill (**Table 6.1a**).

Table 6.1: Trade Account Balance

Millions of USD

item	2005		2006p		Year Ending June		Monthly %Change	Annual %Change
	May	June	May	June	2005	2006p		
Exports	7.7	6.1	6.3	6.7	58.9	85.2	5.9	44.6
Goods	0.5	0.3	0.3	0.2	9.1	11.8	-30.8	30.1
Services	7.2	5.9	6	6.5	49.8	73.3	7.8	47.3
Imports	11.9	13.3	11.2	11.4	108.9	133.2	2.1	22.3
Goods (f.o.b)	6.4	5.9	6.8	6.1	78.9	79.5	-10.7	0.8
Services	5.5	7.4	4.4	5.4	30	53.7	21.9	79.1
Trade Balance	-4.2	-7.2	-4.8	-4.7	-50	-48	-2.8	-3.9

P = Provisional

Source: Tanzania Revenue Authority

Exports Performance

During June 2006, total exports increased by 5.9 percent to USD 6.7 million from USD 6.3 million recorded in previous month reflecting start up of tourism season. On year - to - year basis, receipts from goods and services exports surged by 44.6 percent to USD 85.2 million from USD 58.9 million registered during the corresponding period in 2005. This was attributed to improvement in export receipts of both goods and services.

Receipts from services amounted to USD 73.3 million exclusively emanated from tourism-oriented activities. Cloves exports amounted to USD 9.3 million representing 10.9 percent of total exports. Seaweeds exports amounted to USD 1.4 million (1.6 percent of total export earnings). Fish and fish products fetched USD 0.4 million (3.3 percent of total exports), while other exports amounted to USD 0.6 million making 5 percent of total exports proceeds.

Table 6.2b: Zanzibar Exports by Major Categories

Millions of USD

	2005		2006p		Year Ending June		Monthly %Change	Annual %Change
	May	June	May	June	2005	2006p		
Traditional Commodities								
Cloves								
Value	0	0	0.01	0.01	6.19	9.3	2.1	50.4
Volume	0	0	0.01	0.01	2.02	3.18	0	57.6
Unit Price	0	0	2800	2858.27	3067.9	2927.53	2.1	-4.6
SUB TOTAL	0	0	0.01	0.01	6.19	9.3	2.1	50.4
Non-Traditional Exports								
Seaweeds								
Value	0.43	0.18	0.1	0.11	1.85	1.41	5.8	-23.6
Volume	1.71	1	0.43	0.54	8.66	7.33	25	-15.4
Unit Price	251.61	176.6	230.63	195.11	213.76	193.07	-15.4	-9.7
Manufactured Goods	0.01	0.03	0.01	0	0.31	0.14	-46	-56.1
Fish and Fish Produce	0.01	0.02	0.12	0.04	0.14	0.43	-62.3	215.7
Horticultural produce	0	0	0	0	0	0	-	-
Others Exports	0.06	0.05	0.07	0.04	0.63	0.57	-35.4	-9.4
SUB TOTAL	0.51	0.27	0.29	0.2	2.92	2.55	-32.4	-12.9
GRAND TOTAL	0.51	0.27	0.31	0.21	9.11	11.85	-30.8	30.1

P = provisional

Source: Tanzania Revenue Authority

Imports

Zanzibar goods imports (c.i.f) for the month of June 2006 amounted to USD 6.6 million, having declined by 10.7 percent from USD 7.4 million recorded in May 2006. The slowdown was noticeably high for capital goods, and was largely attributed to suspension of some major construction projects in the isles. Capital goods decreased to USD 2.83 million from USD 3.6 million registered in May 2006, while intermediate goods declined to USD 1.96 million from USD 1.97 million. However, Consumer goods imports rose slightly to USD 1.89 million from USD 1.83 million, due to increase in the importation of food and food stuffs items.

On year-to-year basis, imports (c.i.f) increased to USD 87.3 from USD 86.7 million registered in corresponding period in 2005, mainly on account of rise in imports of capital goods and oil. Capital goods increased by 4.3 percent to USD 34.9 million, due to higher imports of transport equipments, as well as building and construction materials for projects development. Oil imports on the other hand rose by 20.4 percent to USD 22.4 million from USD 18.6 million registered in same period in 2005, mainly on account of the persistent increase in world oil prices experienced since 2005. Consumer goods imports declined by 10.1 percent to USD 25.2 million from USD 28.0 million registered in corresponding period in 2005 mainly in association with slowdown in imports of clothing and electronic goods responding to decline in trading activities (**Table 6.2c**).



Table 6.2: Zanzibar Imports by Major Categories

IMPORT CATEGORY	2005		2006p		Year Ending June			Monthly %Change	Annual %Change
	May	June	May	June	2004	2005	2006p		
CAPITAL GOODS	3.13	2.19	3.65	2.82	22.51	33.46	34.9	-22.6	4.3
Transport Equipments	1.08	0.55	1.11	1.13	11.47	9.11	10.53	1.7	15.7
Building and Constructions	0.39	0.44	1.48	0.81	2.65	7.9	9.01	-45.3	13.9
Machinery	1.66	1.2	1.06	0.88	8.38	16.45	15.36	-16.5	-6.6
INTERMEDIATE GOODS	2.08	1.54	1.97	1.94	16.75	25.16	27.21	-1.2	8.1
Oil imports	1.69	1.21	1.33	1.4	12.26	18.56	22.36	5.4	20.4
Fertilizers
Industrial raw materials	0.39	0.33	0.64	0.54	4.49	6.6	4.85	-15	-26.5
CONSUMER GOODS	1.77	2.73	1.83	1.89	31.72	28.03	25.2	3	-10.1
Food and food stuffs	0.92	1.77	0.56	0.75	21.51	14.64	13.64	34.1	-6.8
All other consumer goods	0.85	0.96	1.27	1.14	10.21	13.39	11.56	-10.6	-13.7
GRAND TOTAL (CIF)	6.98	6.46	7.45	6.65	70.98	86.66	87.31	-10.7	0.8
GRAND TOTAL (FOB)	6.35	5.88	6.78	6.05	64.59	78.86	79.45	-10.7	0.8

P = provisional
... = Very small value
Source: Tanzania Revenue Authority
... = Very small value

Services Account Balance Shrinks in June 2006

During June 2006, services account balance (net), declined to USD 1.14 million from a surplus of USD 1.64 million in May 2006, mainly due to substantial increase in foreign payments relative to services receipts. Services payments rose to USD 5.4 from USD 4.4 million, while receipts increased to USD 6.5 million from USD 6.0 million. On annual basis, the services account worsened slightly, registering a surplus of USD 19.6 million compared to USD 19.7 million registered in the corresponding period in 2005. The deterioration was linked to the rise in foreign payments and decline in services receipts. Foreign payments increased to USD 53.7 million from USD 30 million, driven by travel related payments amounting to USD 38.4 million or 71.5 percent of total foreign payments.



Table A1: Selected Economic Indicators

Item	Unit	2000	2001	2002	2003	2004	2005 ^p
1. National Accounts and Prices							
1.1 Change in GDP at Factor Cost--Current Prices	Percent	12.2	13.7	14.1	12.8	14.8	14.3
1.2 Change in GDP at Factor Cost--Constant 1992 Prices ²	Percent	4.9	5.7	6.2	5.7	6.7	6.9
1.3 GDP Per Capita--Current Prices ¹	TZS	210,231	231,751	258,925	286,888	320,000	356,275
1.4 GDP Per Capita--Current Prices ¹	USD	262.7	264.4	267.9	276.2	303.0	317.8
1.5 Change in Consumer Price Index (Inflation)	Percent	5.9	5.2	4.5	3.5	4.1	4.4
1.6 Saving to GNDI Ratio ^{3*}	Percent	11.6	11.1	12.7	11.8	12.3	12.5
2. Money Credit and Interest Rates							
2.1 Change in Extended Broad Money Supply (M3) ^{**}	Percent	14.8	17.1	25.1	16.6	19.3	38.2
2.2 Change in Broad Money Supply (M2) ^{***}	Percent	12.5	12.8	22.3	14.2	19.2	36.9
2.3 Change in Narrow Money Supply (M1)	Percent	9.9	10.2	25.2	16.1	18.2	33.7
2.4 Change in Reserve Money	Percent	9.4	5.0	19.1	12.6	23.6	27.7
2.5 Total Credit to GDP Ratio ¹	Percent	9.8	7.6	8.8	8.7	8.5	9.4
2.6 Private Sector Credit to GDP Ratio ¹	Percent	4.6	4.9	6.1	5.2	8.9	11.0
2.7 Ratio of Private Credit to Total Credit	Percent	46.6	63.7	69.2	98.4	104.7	84.6
2.8 Average Deposit Rate (12-Month)	Percent	8.6	6.0	5.7	5.0	5.8	6.2
2.9 Weighted Average Treasury Bill Rate	Percent	5.7	3.9	4.5	7.7	9.6	10.8
2.10 Average Medium- and Long-Term Lending Rate	Percent	21.2	15.8	13.2	12.5	14.0	15.5
3. Balance of Payments****							
3.1 Exports (f.o.b)	Mill. USD	733.7	851.3	979.6	1,216.1	1,473.1	1,676.3
3.2 Imports (f.o.b)	Mill. USD	1,367.6	1,560.3	1,511.3	1,933.5	2,339.7	2,661.8
3.3 Trade Balance	Mill. USD	-689.6	-444.1	-244.2	-495.3	-714.7	-949.9
3.4 Balance on Current Account	Mill. USD	-485.9	-237.4	22.3	-111.0	-246.5	-605.8
3.5 Overall Balance	Mill. USD	-86.3	-809.6	-112.2	54.5	43.4	-437.5
3.7 Gross Official Reserves	Mill. USD	974.0	1,157.0	1,529.0	2,037.8	2,296.1	2,048.4
3.8 Reserves Months of Imports (of goods and services)	Months	5.7	6.3	8.6	9.2	8.3	6.4
3.9 Exchange Rate:							
3.9.1 Annual Average	TZS/USD	800.4	876.4	966.6	1,038.6	1,089.2	1,128.8
3.9.2 End of Period	TZS/USD	803.3	916.3	976.3	1,063.6	1,043.0	1,165.5
4 Population (TZ Mainland)	Million	31.9	32.1	33.6	34.2	34.8	35.4
		2000/01	2001/02	2002/03	2003/04	2004/05	2005/06*
5. Public Finance							
5.1 Current Revenue to GDP Ratio ¹	Percent	12.2	11.8	12.3	12.1	13.3	13.5
5.2 Grants to GDP Ratio ¹	Percent	3.7	4.3	3.2	3.7	6.7	6.1
5.2 Current Expenditure to GDP Ratio ¹	Percent	13.0	12.7	13.0	12.9	17.1	16.7
5.3 Development Expenditure to GDP Ratio ¹	Percent	3.7	3.9	3.3	3.6	8.4	8.6
5.4 Deficit to GDP Ratio (excluding grants) ¹	Percent	-4.5	-4.8	-4.0	-4.4	-11.9	-11.8
5.5 Deficit to GDP Ratio (including grants) ¹	Percent	-0.8	-0.5	-0.8	-0.6	-5.2	-5.7
6. Total External Debt Stock							
Disbursed Debt	Mill. USD	7,482.1	7,464.0	7,268.1	7,857.0	8,134.8	7,931.8
Interest	Mill. USD	6,312.2	6,559.7	6,233.0	6,678.3	6,799.5	6,743.6
Total External Debt as % of GDP	Percent	80.7	78.5	75.9	83.5	77.5	72.0

Note:

1 Calculated on the basis of GDP at market price

2 Calculated on the basis of GDP at factor cost

3 GNDI stands for gross national disposable income

p Provisional

* Revised from 2001

** Revised 2003

*** revised 2001-2002

**** revised from 2000

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





Table A2: Central Government Operations (Actual)

Monthly Flows Item	BUDGET 2005/2006												Million of TZS
	Jul-05	Aug-05	Sep-05	Oct-05	Nov-05	Dec-05	Jan-06	Feb-06	Mar-06	Apr-06	May-06	Jun-06	
Total Revenue	2,066,751.6	1,471,121.2	1,903,536.1	1,518,666.7	1,658,835.0	1,983,328.8	1,677,748.8	1,587,788.6	2,039,976.1	1,613,222.2	1,762,213.4	2,429,422.6	
Tax Revenue	1,895,966.6	1,374,593.3	1,791,823.3	1,387,428.8	1,503,062.2	1,850,862.6	1,456,817.9	1,438,869.2	1,863,806.6	1,433,869.2	1,573,206.6	2,227,600.8	
Taxes on Imports	790,801.9	672,272.4	684,954.4	572,792.2	687,728.1	696,574.2	679,977.8	656,667.8	683,737.7	617,770.8	748,039.5	844,395.5	
Sales/VAT and Excise on Local Goods	466,369.6	36,661.1	37,828.2	42,367.4	42,398.0	37,921.2	41,110.2	42,049.1	38,403.8	37,241.6	40,685.1	38,875.4	
Refunds	-67,834.4	-6,388.3	-4,118.2	-6,241.2	-6,242.9	-6,245.6	-6,168.2	-5,992.8	-6,118.3	-6,070.2	-5,992.8	-5,874.5	
Income Taxes	549,074.3	28,155.1	66,613.8	33,154.6	33,661.6	71,878.9	37,995.7	34,871.1	74,072.6	39,370.5	37,258.4	92,588.3	
Other taxes	157,555.2	11,945.0	10,363.1	10,182.8	11,764.3	11,874.3	12,654.2	10,398.1	11,648.8	11,556.5	10,696.9	13,132.1	
Non-tax Revenue	170,785.0	9,661.9	11,333.8	13,123.9	15,525.9	13,246.6	13,943.6	11,970.7	17,595.5	17,453.0	18,692.8	20,181.8	
Total Expenditure /1	4,035,113.8	3,388,739.8	4,770,725.5	6,563,396.6	3,177,804.4	3,088,455.9	2,514,266.6	2,374,126.6	2,921,788.8	3,267,295.5	3,288,090.1	3,199,971.6	
Recurrent expenditure	2,649,930.7	89,162.9	332,496.8	321,194.0	242,708.0	259,900.1	198,018.5	161,366.1	213,258.2	188,460.5	242,053.3	257,609.3	
Road/air fund	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Retention fund	59,580.0	0.0	5,554.7	4,869.6	5,785.0	3,716.7	4,999.0	4,548.9	3,779.7	4,412.1	4,145.9	4,145.9	
Wages and salaries	681,897.3	53,146.0	55,920.5	55,382.7	53,513.5	54,620.2	54,461.9	54,164.7	54,558.4	54,710.5	55,718.5	57,244.7	
Interest payments	174,762.9	11,608.5	15,359.7	18,638.9	14,018.8	37,789.1	13,465.2	8,095.8	31,478.9	14,126.2	11,214.5	34,899.5	
Domestic /2	100,178.3	8,669.2	9,035.3	15,496.8	7,804.4	33,485.0	8,388.0	4,348.0	25,608.8	6,396.1	7,275.0	30,409.1	
Foreign	74,584.6	2,939.2	6,324.3	3,142.2	6,214.4	4,304.2	5,107.2	3,747.8	5,870.0	7,730.0	3,939.5	4,490.4	
Other goods, services and transfers	1,793,270.4	24,408.4	2,612,166.7	2,471,172.4	1,751,757.2	1,674,908.8	1,300,914.4	99,105.6	1,272,220.9	1,119,633.9	1,175,120.2	1,654,665.1	
Dev. Expenditure and net lending	1,385,183.1	49,576.9	1,443,575.7	3,335,202.6	75,072.5	48,945.8	53,408.2	76,046.5	78,920.7	1,382,268.9	86,036.9	62,362.3	
Local	370,037.8	0.0	71,000.0	146,000.0	0.0	0.0	2,000.0	0.0	30,000.0	21,900.0	25,000.0	0.0	
Foreign	1,015,145.3	49,576.9	1,372,575.7	1,892,022.6	75,072.5	48,945.8	51,408.2	76,046.5	88,920.7	1,163,688.9	61,036.9	62,362.3	
Overall Balance (cheque issued) before Grants	-1,968,362.2	8,381.4	-2,867,536.4	-5,043,229.9	-1,519,945.4	-1,110,513.1	-83,651.8	-78,624.0	-88,202.7	-1,654,077.3	-1,518,766.7	-77,029.0	
Grants	1,011,345.0	57,819.9	1,172,251.8	2,444,456.5	68,089.9	65,498.7	38,526.0	42,689.9	36,843.7	42,974.2	38,357.6	59,839.7	
Program (CIS/OGL)	345,475.6	6,705.1	50,044.1	203,000.7	0.0	19,247.8	5,024.4	0.0	0.0	0.0	0.0	12,523.0	
Project	340,972.4	44,640.9	44,640.9	24,232.9	24,232.9	24,232.9	24,232.9	24,232.9	24,232.9	10,420.0	8,851.5	29,467.5	
Basket funds	231,297.0	584.0	14,817.1	13,015.4	36,739.3	15,527.6	3,095.2	14,268.6	4,186.1	27,599.9	21,843.5	10,970.5	
HIPC Relief	93,600.0	5,889.8	7,749.6	4,207.5	7,117.7	6,490.3	6,173.5	4,188.3	8,424.7	4,954.4	7,662.5	6,878.7	
Overall deficit/(cheque issued) after Grants	-957,017.2	66,201.3	-1,692,846.6	-2,601,073.3	-83,855.5	-45,014.5	-45,125.8	-35,934.1	-51,359.1	-1,224,433.1	-1,133,319.2	-17,189.3	
Expenditure float	0.0	-146,552.4	-1,737.5	-748.9	-856.5	-400.1	5.2	0.0	0.0	0.0	0.0	0.0	
Adjustments to cash and other items (net)	0	-43,786	172,483	102,590	45,888	25,700	-114,760	-53,413	-15,678	107,430	23,519	-87,093	
Overall Balance (cheques issued)	-957,017.2	-124,136.9	-1,461.0	-1,582,232.6	-38,824.2	-19,714.4	-159,880.9	-89,346.8	-67,036.6	-15,003.3	-90,000.6	-104,282.5	
Financing:	957,017.2	124,136.9	-1,461.0	1,582,232.6	38,824.2	19,714.4	159,880.9	89,346.8	67,036.6	15,003.3	90,000.6	104,282.5	
Foreign Financing (net)	584,888.5	270.5	81,504.7	145,232.0	178,235.5	295.9	15,296.7	29,451.2	11,321.4	70,819.2	19,239.2	9,239.2	
Loans	713,564.9	4,352.0	97,767.2	151,954.2	187,905.7	9,185.3	24,080.0	37,545.0	20,723.8	78,349.1	30,341.8	21,924.3	
Program loans	270,689.1	0.0	83,649.6	0.0	173,805.4	0.0	0.0	0.0	222.1	0.0	0.0	0.0	
Development Project loans	341,584.4	4,352.0	4,352.0	151,954.2	14,100.3	7,194.4	24,080.0	32,536.5	20,501.7	13,266.6	30,341.8	21,924.3	
Basket Support	101,291.4	0.0	9,765.7	0.0	1,990.9	0.0	5,008.4	0.0	0.0	65,082.5	0.0	0.0	
Amortization	-128,676.5	-4,081.5	-16,262.4	-6,722.2	-9,670.1	-8,889.3	-8,783.3	-8,093.4	-9,402.4	-7,529.9	-10,608.2	-12,685.2	
Domestic (net)	372,128.7	123,866.4	-82,965.8	13,000.6	-139,411.4	19,418.5	144,584.1	59,895.3	55,715.2	-55,815.9	70,267.0	95,043.3	
Domestic Financing	373,969.0	123,866.4	-74,494.7	-20,256.0	-136,790.7	19,442.2	144,584.1	59,895.3	61,479.1	-55,815.9	71,035.3	95,043.3	
Bank borrowing	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Non-Bank (net of amortization)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Amortization of contingent debt	-12,260.3	0.0	-8,471.0	-52.5	-2,620.7	-23.7	0.0	0.0	-5,763.9	0.0	-768.3	0.0	
Privatization Proceeds	10,420.0	0.0	0.0	33,309.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	

Source: Ministry of Finance

Note:
/1 Exclude amortization and Expenditure Float, includes Road fund and Retention expenditures.
/2 Domestic interest payments and amortization include Cash and Non cash

Table A4: Interest Rate Structure

Percent

Item	2005							2006					
	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	June
A: Domestic Currency													
1. Interbank Cash Market Rates													
Overnight	5.04	4.70	7.11	6.61	5.05	4.06	5.78	8.54	5.96	4.49	5.14	5.06	8.52
2 to 7 days	5.15	5.31	7.23	7.83	5.47	4.64	5.26	8.44	6.08	4.94	5.25	5.66	5.98
8 to 14 days	5.58	6.40	8.73	7.56	6.93	5.23	6.47	8.48	8.00	6.50	5.91	5.85	10.71
15 to 30 days	6.16	6.20	8.00	9.32	6.00	7.52	8.17	8.17	8.50	6.38	6.81	6.29	7.58
31 to 60 days	5.60	7.91	8.67	10.15	11.17	10.35	9.13	11.18	10.60	9.23	9.28	7.76	6.71
61 to 90 days	7.40	8.75	10.57	10.57	10.57	12.00	12.50	12.60	12.60	12.60	12.60	12.60	12.60
91 to 180 days	8.39	10.26	11.73	11.00	13.50	13.50	13.50	14.95	14.30	13.04	12.25	12.25	12.25
181 and above	9.20	9.20	9.20	13.60	13.60	14.80	14.80	15.10	15.10	14.50	12.75	11.27	8.80
Overall interbank cash market rate	5.09	4.97	7.26	7.23	5.25	4.73	5.97	8.70	6.14	4.86	5.35	5.64	8.40
2.Lombard Rate	10.98	10.98	10.98	10.98	10.98	10.98	10.98	13.56	13.91	13.31	12.45	11.00	9.66
3.REPO Rate	5.24	5.38	7.12	7.73	6.23	5.28	6.00	6.38	5.65	5.14	5.14	5.14	5.14
35 days	6.60	7.03	8.42	9.49	8.97	8.59	8.63	9.04	9.28	8.88	8.30	7.34	6.44
91 days	8.12	10.35	11.51	12.52	14.08	13.96	14.70	14.78	14.80	13.42	12.31	9.97	7.83
182 days	9.43	10.53	11.46	13.10	14.50	14.42	14.71	14.58	14.62	13.70	12.26	10.61	8.49
364 days	10.51	11.93	12.64	13.70	14.95	15.61	15.72	15.64	15.82	13.89	11.92	10.37	9.63
Overall treasury bills rate	9.30	10.35	11.30	12.58	13.60	13.63	14.78	14.92	13.71	13.36	12.02	10.21	8.25
5. Treasury Bonds- 2-years	15.05	14.82	14.91	16.89	16.89	16.89	17.97	17.71	16.91	16.11	14.31	12.74	13.39
5-years	12.11	13.19	15.00	15.00	15.64	16.77	17.01	16.81	17.40	17.76	17.19	15.76	15.76
7-years	13.21	13.05	13.14	13.14	18.37	18.09	18.26	17.80	18.66	18.13	17.61	18.05	15.31
10-years	14.10	14.10	14.10	14.10	16.37	16.71	17.00	20.00	20.00	20.27	20.60	16.35	16.00
6. Discount Rate	13.92	15.14	16.04	16.13	17.78	18.30	19.33	20.00	18.50	17.50	17.00	16.02	13.40
7. Savings Deposit Rate	2.61	2.60	2.59	2.63	2.62	2.62	2.60	2.65	2.55	2.58	2.81	2.75	2.54
8.Time Deposits Rates	4.41	4.48	4.53	4.77	5.14	5.20	5.28	5.61	6.07	5.86	5.81	5.63	7.27
Call Accounts	0.98	0.96	0.98	1.30	1.88	1.34	1.57	1.48	2.28	1.56	2.24	1.19	-
1 month	3.25	3.19	3.33	4.42	4.89	3.62	2.60	3.39	4.66	4.99	4.16	4.00	7.86
2 months	5.22	5.44	5.22	5.77	6.50	6.98	7.07	7.69	9.53	9.10	8.36	8.23	7.50
3 months	4.45	4.90	5.18	4.34	3.70	4.20	5.50	5.92	6.10	4.91	5.34	5.43	6.41
6 months	5.63	5.72	5.57	5.30	7.14	8.06	7.17	7.06	6.54	6.70	6.58	6.88	5.63
12 months	5.97	5.69	5.82	6.32	6.47	6.88	7.74	8.12	7.51	7.48	7.63	7.45	8.27
24 months	5.39	5.47	5.64	5.93	5.39	5.32	5.30	5.60	5.84	6.25	6.34	6.26	7.94
9. Negotiated Deposit Rates	8.49	8.87	9.01	7.18	8.69	9.26	10.61	10.59	10.37	10.39	11.50	9.98	10.07
10. Lending rates	15.51	14.97	15.07	15.08	15.39	15.45	14.98	14.69	14.67	14.57	15.02	14.39	15.40
Call Loans	14.50	14.50	19.25	19.25	19.25	19.25	19.25	19.25	19.25	19.25	19.25	19.25	-
Short-term (up to 1year)	16.06	16.14	15.82	15.74	16.03	15.69	15.65	15.46	15.41	15.31	16.39	14.08	15.59
Medium-term (1-2 years)	16.77	16.41	16.63	16.67	17.07	16.84	15.98	16.04	15.99	14.61	16.28	16.27	17.85
Medium-term (2-3 years)	16.21	15.39	15.05	15.52	15.65	15.67	14.52	14.93	14.83	14.90	15.29	15.27	16.16
Long-term (3-5 years)	13.87	12.72	13.52	13.25	13.76	13.83	14.08	14.11	14.30	14.20	13.81	13.52	15.32
Term Loans (over 5 years)	14.65	14.18	14.32	14.24	14.46	15.21	14.68	12.90	12.83	13.83	13.34	12.82	12.08
11. Negotiated Lending Rates	11.01	11.51	11.39	11.37	11.47	11.46	11.14	11.35	13.39	11.60	11.24	11.32	11.19
B: Foreign Currency													
1. Deposits Rates													
Call Accounts	0.47	0.55	0.39	0.66	0.49	0.46	0.52	0.47	0.45	1.81	2.08	2.24	-
Savings Deposits	0.67	0.65	0.66	0.72	0.69	0.67	0.80	0.72	0.69	0.62	0.70	0.51	0.48
Time Deposits	1.72	1.73	1.78	1.81	1.65	1.85	1.90	1.98	2.00	1.86	1.83	1.75	2.31
1-months	1.18	1.31	1.24	1.48	1.60	1.55	1.61	1.83	1.67	1.79	1.52	2.19	1.24
2-months	1.58	1.32	1.52	2.70	1.50	1.54	2.34	2.20	1.53	1.02	2.16	1.05	2.40
3-months	1.74	1.83	2.28	1.17	1.52	2.17	1.50	1.86	3.03	2.33	1.72	1.87	1.81
6-months	1.45	1.34	1.25	1.33	1.47	1.52	1.93	1.96	1.99	2.17	1.55	1.68	2.36
12-months	2.62	2.84	2.63	2.36	2.15	2.46	2.09	2.06	1.77	1.96	2.18	1.97	3.72
2. Lending Rates	8.04	7.85	7.24	7.73	8.19	8.08	8.03	8.03	8.14	8.38	8.22	7.87	8.17
Short-term (up to 1year)	6.86	7.41	7.01	7.38	6.72	6.51	6.58	6.70	7.20	8.87	7.65	7.91	7.46
Medium-term (1-2 years)	7.70	7.86	6.55	6.93	7.93	7.71	7.67	7.76	7.82	8.24	8.20	7.40	8.32
Medium-term (2-3 years)	9.28	8.02	7.56	7.85	9.30	9.50	9.07	8.88	9.15	8.80	8.56	8.60	8.76
Long-term (3-5 years)	8.99	8.42	7.47	8.00	7.50	7.45	7.60	7.33	7.26	7.16	8.05	7.55	8.00
Term Loans (over 5 years)	7.36	7.54	7.61	8.48	9.52	9.25	9.25	9.45	9.28	8.84	8.63	7.89	8.32

Source: Bank of Tanzania



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

Item	2005 ^P	2006 ^P		% Change		Year Ending June ^P		
	June	May	June	Jun 05-Jun 06	May 06-Jun 06	2005	2006	% Change
Traditional Exports:								
COFFEE								
Value	2.2	2.1	0.8	-64.6	-64.0	71.6	60.5	-15.4
Volume	1.7	1.0	0.4	-75.8	-58.9	48.6	32.5	-33.1
Unit Price	1,237.9	2,068.1	1,811.1	46.3	-12.4	1,475.0	1,864.0	26.4
COTTON								
Value	6.0	9.6	2.7	-54.6	-71.3	93.6	119.1	27.2
Volume	6.1	8.9	2.7	-55.7	-69.6	91.8	120.6	31.4
Unit Price	991.8	1,079.7	1,016.9	2.5	-5.8	1,019.8	987.8	-3.1
SISAL								
Value	0.1	0.6	0.0	-69.1	-93.3	7.2	6.4	-11.8
Volume	0.2	0.8	0.1	-71.4	-93.5	9.6	8.3	-14.0
Unit Price	722.4	750.0	778.7	7.8	3.8	749.0	767.5	2.5
TEA								
Value	1.9	1.7	1.7	-8.8	4.1	27.9	19.0	-31.9
Volume	1.6	1.0	1.0	-36.1	5.5	23.6	13.6	-42.5
Unit Price	1,198.0	1,731.8	1,709.3	42.7	-1.3	1,180.8	1,398.4	18.4
TOBACCO								
Value	0.6	2.9	1.3	107.7	-54.5	58.9	79.3	34.7
Volume	0.5	1.1	0.5	-3.7	-54.5	26.9	26.7	-0.6
Unit Price	1,221.7	2,636.4	2,636.4	115.8	0.0	2,188.3	2,964.0	35.4
CASHEWNUTS								
Value	0.0	0.5	0.0	--	-89.7	61.6	62.5	1.4
Volume	0.0	0.5	0.1	--	-89.6	71.5	83.4	16.8
Unit Price	0.0	948.3	941.3	--	-0.7	861.9	748.7	-13.1
CLOVES								
Value	0.0	0.0	0.0	--	--	6.5	9.5	45.3
Volume	0.0	0.0	0.0	--	--	2.1	3.3	52.5
Unit Price	0.0	2,600.0	2,858.3	#DIV/0!	#DIV/0!	3,068.3	2,922.5	#DIV/0!
Sub Total	10.9	17.3	6.7	-38.7	-61.6	327.3	356.3	8.8
Non-Traditional Exports:								
Minerals	56.4	67.8	68.4	21.3	0.8	714.8	743.9	4.1
Gold	50.5	63.0	65.0	28.8	3.2	655.9	688.9	5.0
Diamond	2.1	2.1	1.1	-46.8	-47.7	27.6	24.3	-12.1
Other minerals ¹	3.8	2.7	2.3	-40.7	-15.8	31.3	30.8	-1.8
Manufactured Goods	17.7	14.1	14.8	-16.4	4.9	129.7	181.4	39.9
Cotton Yarn	0.5	0.2	0.3	-26.7	44.5	4.5	3.7	-18.1
Manufactured Coffee	3.1	0.1	0.1	--	-	4.0	1.0	--
Manufactured Tobacco	0.0	0.2	0.5	--	--	0.1	1.7	--
Sisal Products (Yarn & Twine)	0.3	0.2	0.2	-35.6	-18.3	4.2	3.2	-23.0
Other manufactured Goods ²	13.9	13.4	13.7	-1.5	2.2	116.9	171.8	47.0
Fish and Fish Products	16.5	11.1	11.3	-31.5	1.7	144.7	136.5	-5.7
Horticultural products	2.7	1.6	0.0	-98.9	-98.0	16.5	15.5	-6.2
Re-exports	10.3	11.0	9.9	-3.5	-10.0	129.5	139.0	7.3
Others Exports ³	15.4	10.2	11.9	-22.5	16.7	132.1	163.5	23.7
Sub Total	118.9	115.8	116.3	-2.2	0.5	1,267.4	1,379.8	8.9
GRAND TOTAL	129.8	133.1	123.0	-5.3	0.5	1,594.7	1,736.1	8.9

Note:

1 Include tanzanite, rubbies, sapphires, emeralds, copper, silver and other precious stones

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

3 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 US\$; Unit Price in US\$/Ton

Source: Bank of Tanzania, TRA





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

Item	Millions of US \$									
	2005 ^P		2006 ^P		% Change		Year Ending June		% Change	
	June	May	June	May	Jun 05-Jun 06	May 06-Jun 06	2005	2006	2005	2006
CAPITAL GOODS	86.1	140.8	129.0		49.8	-8.4	973.2	1,259.2	29.4	
Transport Equipments	19.6	30.6	37.9		93.0	23.9	237.0	352.5	48.7	
Building and Constructions	22.3	40.7	28.9		29.8	-28.9	214.5	305.0	42.2	
Machinery	44.2	69.6	62.2		40.8	-10.6	521.7	601.7	15.3	
INTERMEDIATE GOODS	90.2	122.9	127.7		41.5	3.8	1,012.9	1,361.2	34.4	
Oil imports	55.9	95.6	87.5		56.5	-8.5	728.4	1,010.0	38.7	
Fertilizers	9.0	0.6	2.7		-69.9	391.3	59.5	46.9	-21.2	
Industrial raw materials	25.3	26.8	37.4		48.0	39.9	225.0	304.3	35.2	
CONSUMER GOODS	65.6	79.5	76.4		16.4	-3.9	745.5	816.1	9.5	
Food and food stuffs	13.5	29.3	29.8		119.8	1.4	185.3	238.2	28.5	
All other consumer goods ¹	52.1	50.2	46.7		-10.4	-7.0	560.2	577.9	3.2	
GRAND TOTAL (F.O.B)	241.9	343.3	333.1		37.7	-3.0	2,731.6	3,436.6	25.8	
GRAND TOTAL (C.I.F)	265.9	377.3	366.0		37.7	-3.0	3,001.8	3,776.4	25.8	

Note:¹ It includes pharmaceutical products, paper products, plastic items, optical/photographic materials, textile apparels^P = 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

Millions of US\$

Item	2001 ^r	2002 ^r	2003 ^r	2004 ^r	2005 ^p
A. Current Account Balance	-237.4	22.3	-111.0	-246.5	-605.8
Goods: Exports (f.o.b.)	851.3	979.6	1,216.1	1,473.1	1,676.3
Traditional	231.1	206.1	220.5	297.8	354.5
Non-traditional	620.2	773.5	995.7	1,175.3	1,321.8
o/w: Gold	254.1	341.1	502.8	629.4	655.5
Goods: Imports (f.o.b.)	-1,560.3	-1,511.3	-1,933.5	-2,339.7	-2,661.5
Balance on Goods	-709.0	-531.8	-717.3	-866.6	-985.2
Services: Credit	914.6	920.1	947.8	1,117.4	1,199.0
: Debit	-649.7	-632.5	-725.7	-965.5	-1,163.7
Balance on Services	264.9	287.6	222.1	151.9	35.2
Balance on Goods and Services	-444.1	-244.2	-495.3	-714.7	-949.9
Income: Credit	55.3	67.9	87.1	81.8	79.7
Debit	-243.8	-218.1	-249.7	-259.6	-316.9
Balance on Income	-188.5	-150.1	-162.6	-177.8	-237.2
Balance on Goods, Services and Income	-632.6	-394.3	-657.9	-892.6	-1,187.1
Current transfers (net)	395.3	416.6	546.9	646.1	581.3
Credit	474.8	477.9	609.9	711.1	656.3
Government	418.4	427.7	543.3	641.7	587.4
o/w: Multilateral HIPC relief	71.3	68.8	68.2	73.7	79.4
Other sectors	56.4	50.2	66.6	69.4	68.9
Debit	-79.5	-61.3	-63.0	-65.0	-74.9
B. Capital Account	361.5	355.4	358.2	293.6	504.9
Capital transfers: Credit	361.5	355.4	358.2	293.6	504.9
Debit	0.0	0.0	0.0	0.0	0.0
Total, Groups A plus B	124.1	377.7	247.2	47.1	-100.9
C. Financial Account, excl. reserves and related items	-353.7	191.6	256.9	382.8	46.4
Direct investment in Tanzania	467.2	429.8	526.8	469.9	325.0
Portfolio investment	8.2	2.2	2.7	2.4	2.5
Other investment	-829.1	-240.4	-272.6	-89.5	-281.1
Assets	-76.7	2.9	-59.0	-11.0	-92.0
Liabilities	-752.5	-243.3	-213.6	-78.5	-189.1
Total, Groups A through C	-229.6	569.3	504.0	429.9	-54.5
D. Net Errors and Omissions	-580.0	-681.6	-449.6	-386.6	-383.0
Overall balance	-809.6	-112.4	54.5	43.4	-437.5
E. Reserves and Related Items	809.6	112.4	-54.5	-43.4	437.5
Reserve assets	-182.2	-372.4	-508.8	-258.4	247.7
Use of Fund credit and loans	15.6	26.0	-2.9	-33.8	-50.5
Exceptional financing:	976.2	458.8	457.2	248.8	240.3
Rescheduled debt	131.4	9.8	86.9	0.0	0.0
Debt forgiveness	642.1	430.3	334.6	166.3	112.1
Interest arrears	67.4	18.4	29.5	18.2	42.1
Principal arrears	135.2	0.4	6.2	64.3	86.1
Memorandum items:	8,304,338.6	9,399,085.8	10,707,006.2	12,351,737.7	13,742,568.5
GDP(mp) Mill. TZS	9,475.6	9,724.0	10,309.3	11,338.7	12,174.1
GDP(mp) Mill. USD	-2.5	0.2	-1.1	-2.2	-5.0
CAB/GDP	-6.9	-4.2	-6.3	-7.8	-9.8
CAB/GDP (excl. current official transfers)	1,156.6	1,529.0	2,037.8	2,296.1	2,048.4
Gross Official Reserves	6.3	8.6	9.2	8.3	6.4
Months of Imports	761.2	1,058.4	1,533.9	1,786.9	1,771.7
Net International Reserves (year end)	-218.5	-297.2	-475.5	-253.0	15.2
Change in Net International Reserves	916.3	976.3	1,063.6	1,043.0	1,165.5
Exchange rate TZS/USD (end of period)					
Exchange rate TZS/USD (annual average)	876.4	966.6	1,038.6	1,089.3	1,128.8

Notes:

1) Balance of Payments (BOP) statistics have changed from previous publications due to adoption of Private Capital Flows (PCF) and Tourism surveys' results and some other data sources.

2) GDP-Gross Domestic Product, mp-Market price, CAB-Current Account Balance, p = provisional, r = revised

3) Data for direct investment are provisional

Source: Bank of Tanzania





Table A6 (a): National Consumer Price Index (All - Urban), Percentage change on the Previous year

Base: June 2001 = 100

Period	Headline (General Index)	Total Index		Drinks & Tobacco	Clothing & Footwear	Rent	Fuel, Power & Water	Furniture Household Equip.	Household operations	Personal care & Health	Recreation & Entertain.	Transpor- tation	Educ- ation	Miscel. goods & services
		Food	Non-Food											
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
2002	4.6	4.1	5.9	2.7	1.6	14.5	6.4	3.9	1.5	3.5	1.8	2.1	3.6	4.4
2003	3.5	4.5	2.0	1.5	2.0	5.9	2.5	2.1	1.1	2.9	2.1	1.2	2.2	2.2
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	-0.1	7.7	-1.1	0.5	3.6	-1.5	4.7	-0.1	-1.3
2004 -Jan	3.6	6.0	0.2	-2.9	1.5	7.5	-0.7	-1.1	-0.8	5.7	5.9	0.9	0.0	-3.3
Feb	3.8	6.6	0.2	-0.6	4.8	2.9	-5.4	0.3	-0.3	-2.8	5.4	2.0	3.7	1.9
Mar	4.0	7.0	-0.1	0.7	2.0	4.3	-2.5	-1.6	-1.4	3.0	2.2	-0.8	-0.2	-0.9
Apr	4.7	8.4	-0.5	-1.0	-1.9	4.3	1.7	-1.5	-1.1	-0.4	-1.9	-1.3	-3.8	3.1
May	4.4	6.0	2.0	1.2	3.3	4.3	4.9	0.3	0.5	-2.7	0.9	1.3	1.4	-0.4
Jun	4.2	4.9	3.1	1.8	2.3	3.4	9.1	2.2	2.2	0.7	0.5	1.2	1.6	2.0
Jul	4.1	5.3	1.8	-4.7	-0.1	2.6	18.0	-2.0	-0.4	-5.0	0.2	-1.6	0.0	-5.7
Aug	4.1	5.9	1.5	0.0	3.1	0.4	2.4	-0.4	1.7	0.6	1.7	1.7	0.6	-0.2
Sep	4.0	4.6	3.2	0.5	4.5	0.2	6.0	2.9	4.3	1.5	3.7	3.3	0.8	0.5
Oct	4.2	5.2	2.5	-0.8	3.2	0.1	9.3	0.8	1.9	2.7	2.2	1.0	-1.9	-0.8
Nov	4.4	5.9	2.4	-0.2	1.9	-1.0	7.6	2.2	1.5	0.0	4.0	1.6	3.3	-1.7
Dec	4.2	5.1	2.8	0.6	2.5	-1.3	7.0	0.9	2.4	3.2	0.3	2.8	2.3	0.2
2005 -Jan	4.0	5.9	1.5	0.6	-1.2	-2.5	5.4	1.0	0.5	-3.0	-1.5	3.3	1.8	-2.6
Feb	4.1	5.7	1.8	1.8	-1.7	-2.8	5.9	0.2	2.4	6.0	-3.3	2.2	-0.6	-1.5
Mar	4.1	4.9	3.2	0.3	1.7	-4.6	9.4	-2.3	2.3	0.1	-2.5	5.7	1.4	0.4
Apr	4.0	4.3	3.9	2.9	3.3	-5.3	6.8	0.4	2.5	4.9	1.5	6.9	2.1	-4.7
May	4.0	5.0	3.0	1.7	-0.9	-5.3	9.6	-3.2	1.4	4.4	0.9	5.0	0.2	-2.4
Jun	4.2	5.8	2.6	1.4	0.9	-5.0	5.6	-2.8	0.4	6.1	-0.2	5.1	1.2	-1.5
Jul	4.4	7.0	1.9	3.1	1.3	-3.9	0.3	-0.9	0.3	6.5	-2.1	5.4	0.1	-0.8
Aug	4.5	5.8	3.5	2.4	-1.2	7.5	9.8	0.0	-0.6	3.5	-1.5	5.2	-1.9	-0.1
Sep	4.5	6.0	2.8	2.6	-2.7	7.6	10.0	-2.3	-1.9	2.7	-2.4	4.0	-1.7	-1.5
Oct	4.7	6.7	2.8	3.1	-1.9	4.3	9.0	-1.7	-1.1	3.6	-3.3	3.5	-1.6	-0.3
Nov	4.8	6.7	3.7	3.3	-1.2	4.3	10.2	-0.8	-0.5	4.4	-1.9	5.0	-1.0	0.0
Dec	5.0	7.7	3.5	2.5	-2.0	4.1	10.7	-0.9	0.0	3.5	-1.1	5.5	-0.6	-0.9
2006 -Jan	5.4	9.1	1.3	1.7	-3.1	0.4	5.2	-1.0	-1.7	-0.3	-1.2	3.1	-1.1	-1.9
Feb	5.8	9.4	1.7	2.5	-1.9	0.6	4.5	0.5	-1.5	0.0	0.5	3.3	-0.3	-1.1
Mar	6.5	10.7	1.7	2.6	-2.4	0.6	4.9	0.9	-1.8	-0.7	-0.6	3.4	-0.3	-1.3
Apr	6.9	11.2	1.8	2.9	-2.4	0.6	4.5	1.1	-1.2	0.3	-0.4	3.2	0.6	-0.1
May	7.7	12.3	2.0	2.6	-2.0	0.6	4.9	0.8	-0.9	-0.6	-1.3	4.2	0.6	-0.7
Jun	6.8	9.6	3.8	2.9	-2.2	0.7	10.4	1.3	-0.4	0.4	-1.3	6.3	0.2	-0.8

Source: National Bureau of Statistics (NBS) and Bank of Tanzania

Table A6 (b): National consumer Price Index, Percentage change on the Previous Month (Month-on-Month)

Base: June 2001 = 100

General Period	Headline	Non-Food												
		Food						Non-Food						
		Total Non-Food	Drinks & Tobacco	Clothing & Footwear	Rent	Fuel, Power & Water	Furniture Household Equipmt.	Household operations	Personal care & Health	Recreation & Entertainment	Transportation	Educ ation	Miscel. goods & services	
Weight (%)	6.9	6.4	1.4	8.5	2.1	2.1	2.1	2.1	0.8	9.7	2.6	1.5		
2003	0.3	0.4	0.1	0.2	0.2	0.2	0.4	0.2	0.2	0.0	0.2	0.1	0.2	
2004	0.4	0.1	0.2	0.0	0.7	0.1	0.2	0.4	0.7	0.2	0.4	0.2	0.0	
2005	0.4	0.2	-0.2	0.3	0.9	-0.1	0.0	0.3	0.9	0.0	0.3	0.0	-0.1	
2004 Jan	5.6	1.4	4.9	5.0	7.0	-0.2	3.1	9.9	7.0	3.1	9.9	1.2	4.9	
Feb	-0.3	-1.8	-0.6	0.3	-0.5	-0.4	-2.7	-9.1	-0.5	0.2	-9.1	0.3	-2.5	
Mar	-0.5	1.6	-3.7	2.0	-3.2	2.5	0.2	5.7	-3.2	0.2	5.7	-0.1	-2.3	
Apr	0.5	-2.1	-2.1	0.7	3.2	-3.1	-0.4	-4.7	3.2	-0.4	-4.7	-4.4	4.9	
May	-0.5	1.5	3.9	0.0	-2.6	4.2	1.0	0.9	-2.6	1.0	0.9	1.0	-2.4	
Jun	-0.5	0.1	-1.7	-0.3	4.1	-1.0	1.3	-1.8	4.1	1.3	-1.8	1.5	-0.8	
Jul	0.7	-0.9	-0.8	-1.0	8.1	-1.2	-0.6	-0.1	8.1	-0.6	-0.1	1.3	-1.1	
Aug	-0.5	0.8	2.8	-10.5	-8.1	-0.5	1.1	3.1	-8.1	1.1	3.1	-0.9	-0.9	
Sep	0.2	-0.3	1.1	-0.1	0.1	2.3	1.2	1.2	0.1	1.2	1.2	1.5	1.2	
Oct	-0.1	-0.5	-0.7	3.2	0.9	-0.6	-0.8	-0.6	0.9	-0.8	-0.6	0.3	-0.9	
Nov	-0.3	0.1	-0.8	0.0	-0.9	-0.8	-0.7	-0.9	-0.9	-0.7	-0.9	-0.8	-0.4	
Dec	0.1	0.8	0.7	0.2	-0.3	-0.1	-0.2	0.9	-0.3	-0.2	0.9	-0.3	0.9	
2005 Jan	5.4	1.5	1.0	3.7	5.4	-0.1	1.2	3.3	5.4	1.2	3.3	-0.7	1.9	
Feb	-0.2	-0.7	-1.1	0.0	0.0	-1.2	-0.9	-0.7	0.0	-0.9	-0.7	-1.5	-1.5	
Mar	-0.5	0.1	-0.4	0.0	0.0	-0.1	0.1	-0.2	0.0	0.1	-0.2	-0.7	-0.4	
Apr	0.4	0.4	-0.7	0.0	0.8	-0.4	-0.2	-0.2	0.8	-0.2	-0.2	-0.5	-0.5	
May	-0.5	0.3	-0.2	0.0	0.0	0.4	-0.1	0.4	0.0	-0.1	0.4	0.4	0.0	
Jun	-0.3	-0.2	0.0	0.0	0.3	-0.6	0.3	-0.2	0.3	0.3	-0.2	0.4	0.2	
Jul	0.9	0.8	-0.4	0.2	2.7	0.7	-0.7	0.3	2.7	-0.7	0.3	-0.7	-0.4	
Aug	-0.4	0.1	0.3	0.1	0.6	0.4	0.2	0.1	0.6	0.2	0.1	-0.3	-0.2	
Sep	0.2	-0.1	-0.4	0.0	0.2	0.0	-0.2	0.5	0.2	-0.2	0.5	0.7	-0.2	
Oct	0.1	0.0	0.1	0.1	0.0	0.0	0.1	0.4	0.0	0.1	0.4	-0.7	0.3	
Nov	-0.2	0.3	-0.2	0.0	0.2	0.2	-0.1	-0.1	0.2	-0.1	-0.1	0.6	-0.1	
Dec	0.3	0.0	-0.1	0.0	0.2	-0.2	0.3	0.0	0.2	0.3	0.0	0.5	0.0	
2006 Jan	5.8	0.8	-0.1	0.0	0.2	-0.2	-0.6	-0.5	0.2	-0.2	-0.5	-0.8	0.8	
Feb	0.2	0.1	0.1	0.3	-0.7	0.3	-0.6	-0.5	-0.7	-0.6	-0.5	0.2	-0.6	
Mar	0.2	0.2	-0.9	0.0	0.3	0.3	-0.3	-0.8	0.3	-0.3	-0.8	-0.4	-0.6	
Apr	0.7	0.7	-0.7	0.0	0.4	-0.2	0.5	0.7	0.4	0.5	0.7	-0.3	0.7	
May	0.2	0.0	0.2	0.0	0.4	0.1	0.2	-0.6	0.4	0.2	-0.6	-0.5	-0.6	
Jun	-1.1	0.1	-0.2	0.1	5.5	-0.1	0.8	0.8	5.5	-0.1	0.8	0.4	-0.1	

Source: National Bureau of Statistics (NBS) and Bank of Tanzania



GLOSSARY

Average Inflation Rate

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

Currency in Circulation Outside Banks

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

Discount Rate

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

Exchange Rate

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

Lombard Facility

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

Lombard Rate

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

Money Supply, M

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

M1, Narrow Money,

Consists of currency in circulation outside banks and demand deposits.

M2, Broad Money

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

M3, Extended Broad Money

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

Nominal Exchange Rate

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

Non-Food or Underlying Inflation Rate

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

Repurchase Agreement (REPO)

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

Reserve Money (M0)

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

Seasonally Adjusted Indicators

Seasonal movements or seasonal variations, refer to identical, or almost identical, patterns, which a time series appears to follow during corresponding months (quarters) of successive years. Such movements are due to recurring events, which take place annually, e.g. the harvest season. Seasonally adjusted indicators show the impact of non-seasonal influences on a time series.

Weighted Annualised Yields of Treasury Bills of all Maturities

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



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