



BANK OF TANZANIA



**MONTHLY
ECONOMIC
REVIEW**

JUNE 2006

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1.0 Inflation Developments

Inflation increases further

Continued increase in oil prices and inadequate supply of food items continued to exert pressure on both food and non-food inflation to the extent that the annual headline inflation increased further to 7.7 percent in May 2006, up from 6.9 percent in the year ending April 2006. The increase was also reflected in month-to-month inflation, which rose by 0.2 percent compared with an increase of 0.7 percent registered in the preceding month. Using seasonally adjusted indices, the month-on-month headline inflation declined from 0.9 percent in the month of April 2006 to 0.8 percent in the month under review, thus authenticating the seasonal pressure on the month-on-month headline inflation.

Annual food inflation rose further in May 2006 to 12.3 percent, from 11.2 percent in the year that ended April 2006. Likewise, on month-to-month basis, food inflation increased by 0.2 percent between April 2006 and May 2006 mainly as a result of retail price increases in most food items such as cereals, starch roots, fruits and sugar following short supply of these food items in the markets. The pressure on food prices is however, expected to ease in the coming months following the onset of food crop harvesting season.

The annual non-food inflation increased marginally to 2.0 percent in May 2006 from 1.8 percent recorded in April 2006, mainly due to the increase in average prices of some items namely, kerosene and charcoal, diesel and petrol fuel, mattresses, drinks and tobacco. Similarly, the month-to-month non-food prices rose by 0.3 percent, following a rise in prices of fuel, clothing, footwear, beverages and some school items (Table 1.1).

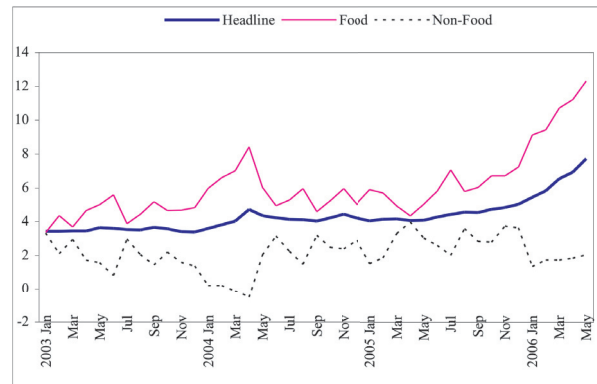
Table 1.1: Percentage Change in Consumer Price Index (All-Urban)

Base: 2001=100

Commodity Group	Weight (%)	2004			2005			2006		
		Mar	Apr	May	Mar	Apr	May	Mar	Apr	May
Headline/Overall	100	4.0	4.7	4.4	4.1	4.0	4.0	6.5	6.9	7.7
Food	55.9	7.0	8.4	6.0	4.9	4.3	5.0	10.7	11.2	12.3
Non-food	44.1	-0.1	-0.5	2.0	3.3	3.9	3.0	1.7	1.8	2.0
Transportation	9.7	-0.8	-1.3	1.3	5.7	6.9	5.0	3.4	3.2	4.2
Fuel, Power and Water	8.5	-2.5	1.7	4.9	9.4	6.8	9.6	4.9	4.5	4.9
Drinks and Tobacco	6.9	0.7	-1.0	1.2	0.3	2.9	1.7	2.6	2.9	2.6
Clothing & Footwear	6.4	2.0	-1.9	3.3	1.7	3.3	-0.9	-2.4	-2.4	-2.0
Education	2.6	-0.2	-3.8	1.4	1.4	2.1	0.2	-0.3	0.6	0.6
Furniture & Household Equip.	2.1	-1.6	-1.5	0.3	-2.3	0.4	-3.2	0.9	1.1	0.8
H/h Operations Maintenance	2.1	-1.4	-1.1	0.5	2.3	2.5	1.4	-1.8	-1.2	-0.9
Personal Care & Health	2.1	3	-0.4	-2.7	0.1	4.9	4.4	-0.7	0.3	-0.6
Rents	1.4	4.3	4.3	4.3	-4.6	-5.3	-5.3	0.6	0.6	0.6
Recreation & Entertainment	0.8	2.2	-1.9	0.9	-2.5	1.5	0.9	-0.6	-0.4	-1.3
Misc. Goods & Services	1.5	-0.9	3.1	-0.4	0.4	-4.7	-2.4	-1.3	-0.1	-0.7

Source: National Bureau of Statistics (NBS)

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



Food Supply Situation

A preliminary field survey conducted by the Ministry of Agriculture, Food Security and Cooperatives in May 2006 estimated that food production for 2005/06 - crop season (i.e. cereal and non-cereal crops) would increase by 9.6 percent reaching 10.7 million tons from 9.8 million tons produced last season following good performance of long rains in most regions. Cereal output is estimated to decline by 4 percent to 5.2 million tons when compared with 2004/05 harvests due to failure of 'vuli' rains in bimodal areas and late onset of long rains. On the other hand non-cereals increased significantly to 5.5 million tons in 2005/06 from 4.4 million tons recorded in 2004/05. It is expected that the country will be 110 percent self-sufficient in food supply in 2006/07.

Despite the overall estimated increase in food crops production, Dodoma, Mwanza, Shinyanga and Singida regions are likely to experience pockets of food shortages. Furthermore, some districts in Kagera, Kigoma, Lindi, Mara, Kilimanjaro and Tabora regions are also likely to experience food shortfalls during the 2006/07 due to poorly distributed rains. The Ministry of Agriculture and Food Security plans to conduct Rapid Vulnerability Assessment (RVA) in July 2006 on drought affected areas to establish the extent of food shortages.

In May 2006, prices of maize, beans and potatoes started to decline reflecting the increased market supplies of fresh produce. The average wholesale price of maize declined by 10.3 percent to TZS 29,711 per 100 Kg in May 2006 as compared to TZS 33,136 recorded in April 2006. The price of beans and potatoes decreased by 9.7 percent and 0.6 percent, respectively in May 2006 compared to prices recorded in April 2006. However, on the average prices remained high on annual basis partly due to high transportation costs emanating from rising petroleum prices (Table 1.2).



Table 1.2: National average Wholesale Prices for Selected Food Items

TZS per 100 Kgs

Crop	May-03	May-04	May-05	2006		Percentage change	
				Apr	May	May-06	May-06
						May-05	Apr-06
Maize	14,333	15,855	16,020	33,136	29,711	85	-10.3
Rice	36,381	54,855	50,974	87,747	88,411	73	0.8
Beans	39,311	32,007	50,009	64,891	58,567	17	-9.7
Sorghum	16,228	28,150	21,010	40,280	40,453	93	0.4
Potatoes	21,039	20,411	28,142	32,774	32,575	16	-0.6

Source: Ministry of Agriculture, Food Security and Cooperatives

Strategic Grain Reserves

The SGR stock as at the end of May 2006 increased to 6,210 tons from 3,165 tons recorded in April 2006 following importation of maize to replenish the SGR stock. However, the stock level declined by 95 percent from 113,823 tons recorded in May 2005, apparently due to distribution of relief food to deficit areas. During May 2006, the government distributed 13,752 tons of relief food to affected areas leading to cumulative distribution of 94,558 tons. Food grains held by large private traders decreased from 108,870 tons in April 2006 to 107,895 tons in May 2006. By the end of May 2006 private traders stock comprised of 40,646 tons of maize, 6,843 tons of rice and 54,196 tons of wheat. This brings the total stock of food grains to 107,895 tons at the end of May, 2006.

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

Tons

Period	2000	2001	2002	2003	2004	2005	2006	% Change
								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		
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 computations

2.0 Monetary and Financial Developments

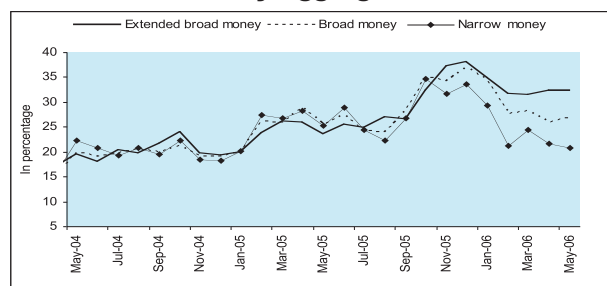
Money Supply

Annual growth rate of broadly defined extended money supply (M3) increased slightly by 0.1 percentage points to 32.4 percent from 32.3 percent recorded in April 2006. The slight increase in the growth of M3 was explained by the increase in time and savings deposits, which was largely dampened with the slowdown in the growth of foreign

currency denominated deposits (Chart 2.1).

The growth rate of broad money supply (M2), on the other hand, accelerated to 26.9 percent from 25.9 percent during the same period, mainly on the account of the increase in the growth rate of time and savings deposits. The increase in both time and savings deposits was in line with the commercial banks's deposits mobilization strategies currently in place.

Chart 2.1: Tanzania – Annual Growth Rates of Monetary Aggregates



On the assets side, the factors behind annual growth of money supply were an increase in net foreign assets (NFA) of the banking system and an increase in credit to the private sector. The NFA recorded a growth rate of 37.3 percent compared with 31.1 percent in April 2006, while credit to the private sector recorded a growth of 35.2 percent compared with 36.8 percent attained in the preceding month. The expansion in net foreign assets was mainly explained by the inflow of donor funds, while growth in the private sector credit is in line with the expansion of economic activities in the country- mainly construction and trade (Table 2.1)

Table 2.1: Tanzania – Selected Money Supply Components

Billions of TZS

Components	2006		Change	Annual growth (%)				
	Apr	May		Apr 06 - May 06	May-03	May-04	May-05	Apr-06	May-06
Extended broad money	4081.1	4118.9	37.8	18.7	19.4	23.6	32.3	32.4
Broad money	2806.3	2846.4	40.1	14.0	20.0	25.4	25.9	26.9
Currency outside the banking system	790.1	807.5	17.4	9.1	19.2	25.4	21.5	20.8
Demand deposits	916.4	905.7	-10.8	25.1	25.0	25.2	21.8	20.9
Time deposits	438.1	458.4	20.4	9.2	11.8	26.2	28.2	36.2
Savings deposits	661.7	674.8	13.1	10.1	19.6	25.1	36.5	38.0
Foreign currency deposits	1274.7	1272.5	-2.3	31.6	18.1	19.2	49.2	46.5
<i>In millions of US\$</i>	1,040.0	1,012.3	-27.7	20.3	10.8	18.4	34.5	31.0
Private sector deposits in commercial banks	3290.9	3311.4	20.4	21.5	19.5	23.1	35.2	35.5
Government sector deposits in commercial banks	183.0	210.9	28.0	20.3	153.0	60.4	23.9	35.9
Total deposits	3473.9	3522.3	48.4	21.5	22.5	24.8	34.6	35.6
Net foreign assets	3091.6	3164.9	73.3	31.9	22.5	9.0	31.1	37.3
Bank of Tanzania	2380.5	2347.5	-32.9	48.7	32.2	16.1	37.1	38.6
Commercial banks	711.1	817.4	106.3	9.8	5.4	-6.8	14.5	33.8
Net domestic assets	1598.7	1563.1	-35.5	9.8	19.9	45.8	27.0	16.8
Domestic Credit	1951.7	2018.8	67.0	45.4	11.4	31.3	55.5	46.9
Claims on government by the banking system	977.6	973.2	-4.3	24.4	1.4	3.5	86.3	84.0
Government deposits in the banking system	600.7	552.3	-48.3	-2.1	69.5	-5.2	42.7	64.1
Claims on the private sector	1574.8	1597.8	23.0	41.7	38.1	32.7	36.8	35.2

Source: Bank of Tanzania

On month to month basis, monetary aggregates increased except demand and foreign currency deposits. In absolute terms, the time deposits increase by TZS 20.4 billion followed by TZS 17.4 billion increase in currency in circulation and TZS 13.1 billion increase in savings deposits.

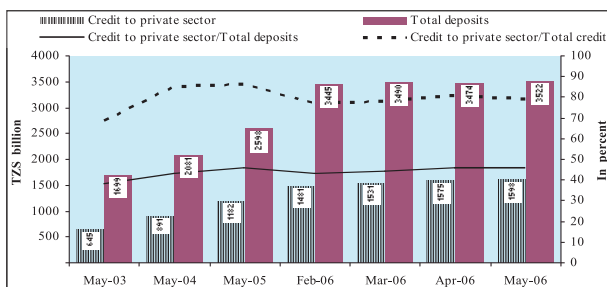


Credit Developments

On credit front, private sector loans continued to register a robust performance. In the year ending May 2006, private sector credit grew at 35.2 percent, which is lower than the growth rate of 36.8 percent in April 2006 but higher than 32.7 percent recorded in May 2005. The strong growth is associated with ongoing reforms by the Government that had led to substantial recovery of economic activities in the private sector, coupled with a noticeable increase in the number of credit worthy clients, and improvement in the business environment following ongoing fiscal and monetary policy reforms. During the month under review, about TZS 23.0 billion were loaned to the private sector pushing the outstanding stock of private sector loans to TZS 1,597.8 billion. Trade activities continue to lead as prime borrower that holds about 24 percent of total private sector credit, followed by manufacturing (20.5 percent), agriculture and transportation together account for 19.1 percent (Chart 2.2).

Contrary to the preceding month where there was a decline in net claims on the Central Government by TZS 58.4 billion, in May 2006 net claims increased by TZS 44.0 billion mainly due to a decrease in government deposits in the banking system coupled with government initiative in repaying some of its domestic claims.

Chart 2.2: Tanzania – Commercial Banks Intermediation



Interest rate Developments

There was a mixed development in interest rates performance during May 2006. The average savings deposits stabilized at the previous month's rate and 12-months deposits rates dropped by 0.10 percentage points to 7.5 percent, while the overall time deposits rate fell to 5.6 percent from 5.8 percent registered a month earlier. Likewise, the negotiated deposits rates on prime depositors declined to 10.0 percent from 11.5 percent in April 2006. The outlined interest rates scenarios above are seen to be not in tandem with the ongoing deposits mobilization strategies by the commercial banks. This is because; in mobilizing deposits commercial banks are not solely deploying prices to attract customers.

While the average prime lending rates increased to 11.3 percent from 11.2 percent registered in the previous month, the case was similar for short term lending rate and overall lending rate which went down to 14.1 percent and 14.4 percent, respectively, from 16.4 percent and 15.0 percent registered in the preceding month. Consequently, the spread between the 12-months deposits rate and the short term lending rate narrowed by 2.2 percentage points to 6.6 percent (Table 2.2).

Table 2.2: Tanzania – Weighted Average Interest Rates Structure

Interest rate category	2005		2006				
	Nov	Dec	Jan	Feb	Mar	Apr	May
364-day T-bill	15.6	15.7	15.6	15.8	13.9	11.9	10.4
Overall Treasury bills	13.6	14.8	14.9	13.7	13.4	12.0	10.2
Savings deposits rate	2.6	2.6	2.7	2.6	2.6	2.8	2.8
Overall Time deposits	5.2	5.3	5.6	6.1	5.9	5.8	5.6
12 months Time deposits	6.9	7.7	8.1	7.5	7.4	7.6	7.5
Negotiated deposits	9.3	10.6	10.6	10.4	10.4	11.5	10.0
Overall Lending	15.5	15.0	14.7	14.7	14.6	15.0	14.4
Short term lending (up to 1 year)	15.7	15.7	15.5	15.4	15.6	16.4	14.1
Negotiated Lending	11.5	11.1	11.4	13.4	11.6	11.2	11.3

Source: Commercial banks and Bank of Tanzania

Financial Market Operations

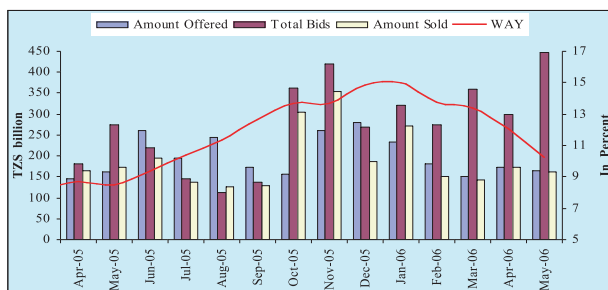
Treasury bills market

Open market operations through sale of T-bills bills was remarkably good as bids exceeded the amount tendered by sizeable margins in every auction. Specifically, bids worth TZS 447.9 billion were received compared to TZS 164 billion offered by the Bank during the month. The Bank accepted bids worth TZS 154.1 billion at cost value (or TZS 162.9 billion at face value) leaving out outlier bids. The increase in demand is partly due to maturing treasury bills, which investors wanted to re-invest. These bills were auctioned massively in October and November last year, as part of the Bank's action to contain reserve money (Chart 2.3).

Having bolstered by the strong demand during the month, Treasury bills rates continued to decline, reaching an average rate of 10.21 percent, down from 12.02 percent recorded in April 2006. It is worth noting that the market registered a single-digit yields towards the end of the month after having evolved at double digit levels since July 2005.



Chart 2.3 Treasury Bills Market Developments



Treasury bonds market

During the month under review, demand for treasury bonds was significantly high. Demand for Treasury bonds stood at TZS 57.3 billion compared with TZS 60.8 billion in the preceding month. Owing to the existence of some outlier bids, the Bank of Tanzania accepted bids worth TZS 15.9 billion, against the offered amount of TZS 20.0 billion. Following these market developments, overall weighted average yield (WAY) declined to 15.7 percent in May 2006 from 17.4 percent registered in the month before. In particular, the WAY for 10-year bond declined to 16.4 percent from 20.6 percent in the preceding month, while that of 5-year and 2-year fell to 15.8 percent and 12.7 percent respectively from 17.2 percent and 14.3 percent in April 2006. The 7-year bond's WAY rose to 18.1 percent from 17.6 percent.

Repurchase Agreements Transactions

The Bank did not conduct repurchase agreements (repos) in May 2006. This was mainly due to substantial increase in sale of foreign exchange by the Bank in response to a high demand.

Foreign Exchange Operations

In May 2006, demand for foreign exchange was significantly higher than in the preceding month. Transactions in the IFEM increased in volume to US\$ 149.18 million from US\$ 62.43 million traded during April. In response to the high demand, the Bank of Tanzania sold US\$ 122.7 million or TZS 152.6 billion (**Table 2.3**).

Despite the substantial sale of foreign exchange sales by the Bank during the month, the shilling continued to depreciate against the US dollar. The average exchange rate for the month was TZS 1, 243.0 per US dollar compared with an average of TZS 1, 224.67 per US dollar recorded in April 06, translating to a depreciation of about 1.5 percent. End period exchange rate in May was TZS 1,

250.27, compared with an exchange rate of TZS 1,228.11 per US dollar at the end of the preceding month. Although the Shilling depreciated sharply in May, it was less volatile than in the preceding month

Transactions in Bureaux de Change System

The volume of transactions conducted by Bureau de Change system in May 2006 went up by 17.1 percent to US\$59.4 million. The foreign exchange sales went up by 18.2 percent to US\$ 29.7 million, mainly due to the rise in payments for travelling and education needs, while purchases increased by 16.1 percent to US\$ 29.7 million mainly on account of an increase in foreign exchange receipts from tourism and Non Governmental Organisations (NGOs).

Table 2. 3: Foreign Exchange Market Developments

ITEM	2006		2005 May	% Change		Year ending May		% Change
	Apr	May		Apr 06 to May 06	May 05 to May 06	2005	2006	
Amount offered*	62.43	148.83	56.43	138.40	163.74	806.16	921.56	14.31
Amount sold*	62.43	148.83	56.43	138.40	163.74	806.16	921.56	14.31
Exchange rate**	1225.14	1244.30	1116.47	1.56	11.45	1,089.36	1,172.12	7.60
Bureau de Change								
Sales*	25.13	29.69	33.00	18.15	-10.03	366.70	426.62	16.34
Purchases*	25.58	29.70	37.20	16.11	-20.16	364.38	420.31	15.35
Volume of Transactions*	50.71	59.39	70.20	17.12	-15.40	731.08	846.93	15.85
Buying rate**	1,226.00	1,204.33	1,110.00	-1.77	8.50	1,084.80	1,164.86	7.38
Selling rate**	1,242.00	1,222.67	1,128.00	-1.56	8.39	1,102.20	1,180.64	7.12

Sources: Bank of Tanzania

Note* Millions of US\$, **Tanzania Shillings (TZS) per US\$

3.0 Government Budgetary Operations

During the month of May 2006, government budgetary operations recorded a deficit of TZS 103.5 billion. Total resources that were available for the month from domestic revenue and grants amounted to TZS 214.6 billion, while expenditure (excluding cheques not yet presented for payment) amounted to TZS 318.1 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 159.1 billion by TZS 17.1 billion. Tax revenue collections amounted to TZS 157.5 billion, exceeding the target by TZS 10.8 billion. Non tax revenues performed well and exceeded the target by TZS 6.3 billion. The good performance in tax revenue collections came from income taxes, taxes on local goods and taxes on imports mainly



due to improvement in tax administration. Specifically, TRA has improved tax audit procedures and techniques including close monitoring of non-filers by issuing automatic assessments. Also, more efforts have been directed towards collection of tax arrears (Chart 3.1).

Chart 3.1: Government Revenue Performance



During the month under review, total government expenditure cheques written (excluding amortization) amounted to TZS 340.1 billion, out of which recurrent expenditure was TZS 254.0 billion while development expenditures amounted to TZS 86.1 billion.

Cumulative from July to May 2006, government expenditure was below the target at TZS 3,571.3 billion compared to the cumulative estimate of TZS 3,711.3 billion. The actual expenditure up to the end of May 2006 comprised of TZS 2,424.4 billion in recurrent expenses and TZS 1,146.9 billion in development.

4.0 External Sector Developments

During May 2006, the current account balance worsened to a deficit of US\$ 206.1 million from a deficit of US\$ 150.2 million recorded in the previous month, largely due to a surge in imports of goods and services. Similarly, during the year ending May 2006, the current account deteriorated to a deficit of US\$ 1,314.6 million compared with a deficit of US\$ 503.8 million in 2005, mainly on account of the increase in imports. Moreover, official current transfers declined quite substantially from US\$ 717.7 million to a US\$ 537.4 million thus exacerbating the dismal performance of the current account balance (Table 4.1).

Table 4.1: Tanzania: Current Account Balance

Millions of US\$

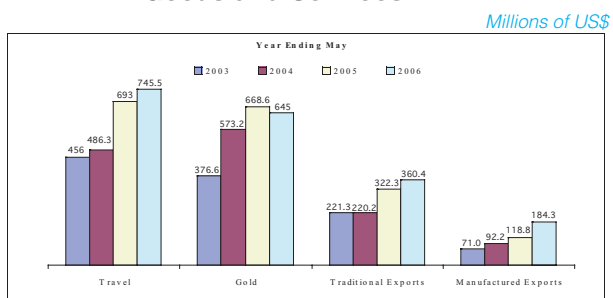
Item	May		2006		Year Ending May		% Change
	2004	2005	Apr	May	2005	2006 ^p	
Goods Account (net)	-83.2	-92.6	-159.0	-210.1	-1,122.1	-1,618.5	44.2
Exports	96.8	116.2	127.3	133.2	1,579.4	1,712.1	8.4
Imports	180.0	208.8	286.3	343.3	2,701.5	3,330.6	23.3
Services Account (net)	1.5	-10.7	-14.6	-17.7	59.7	-34.3	-
Receipts	65.0	98.5	82.4	84.1	1,110.7	1,182.8	6.5
Payments	63.5	109.2	97.0	101.8	1,051.0	1,217.1	15.8
Goods and services (net)	-81.7	-103.3	-173.6	-227.8	-1,062.4	-1,652.8	55.6
Exports of goods and services	161.8	214.7	209.7	217.3	2,690.1	2,895.0	7.6
Imports of goods and services	243.5	318.0	383.4	445.1	3,752.5	4,547.7	21.2
Income Account (net)	-13.0	-10.3	-7.9	-3.2	-159.1	-199.3	25.3
Receipts	2.7	5.3	8.4	11.6	78.3	82.1	4.9
Payments	15.7	15.6	16.3	14.8	237.4	281.4	18.6
Current Transfers (net)	12.8	25.3	31.3	24.9	717.7	537.4	-25.1
Inflows	17.8	31.0	38.8	33.4	784.8	622.6	-20.7
o/w General Government	12.1	24.5	27.6	22.8	713.0	504.7	-29.2
Outflows	5.0	5.7	7.5	8.5	67.1	85.1	26.8
Current Account Balance	-81.9	-88.3	-150.2	-206.1	-503.8	-1,314.6	-

Note: -- = Very large number
P = Provisional
Totals may not add up due to rounding of numbers
Source: Bank of Tanzania

Exports Performance

During the year ending May 2006, Tanzania exported goods and services worth US\$ 2,895.0 million, an improvement of 7.6 percent over the previous year's performance. Travel and gold remained the dominant export categories accounting for about half of the total export earnings followed by traditional exports (Chart 4.1).

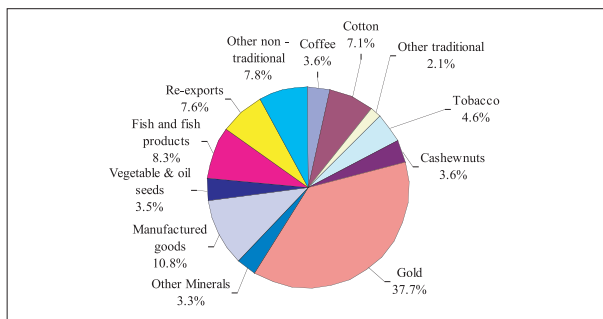
Chart 4.1: Tanzania: Share to Total Exports of Goods and Services



Goods exports increased by 8.4 percent to US\$ 1,712.1 million compared to the level recorded in the corresponding period last year. Traditional exports grew but at a decreasing rate largely due to a decline in export volumes of coffee, tea and sisal. Unfavourable weather conditions partly attributed to the fall in production of the aforementioned traditional cash crops, which in return affected adversely their export volumes (Chart 4.2).



Chart 4.2: Tanzania: Share to Total Exports of Goods for the year ending May 2006



Note:

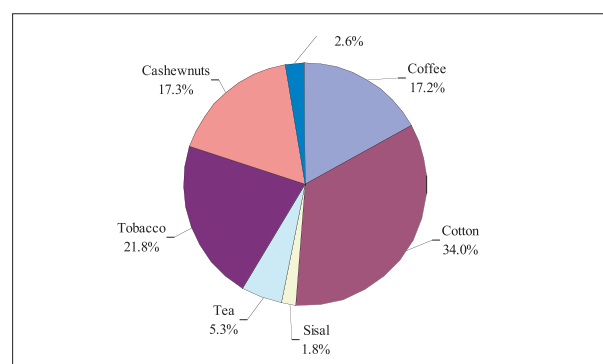
1. Other non-traditional include horticultural products and other exports
2. Other traditional exports include sisal, tea and cloves
3. Other minerals include Tanzanites, rubies, sapphires, emeralds, copper, silver and other precious stones.
4. Re-exports refers to goods that are imported and later exported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

Traditional Exports

In May 2006, traditional exports increased by 18.5 percent to US\$ 17.4 million, with cotton taking the lead followed by tobacco exports. The good performance of cotton exports is mainly attributed to improvement in volume and export prices. The surge in export volumes of cotton is largely linked to the timely usage of agricultural inputs. On the other hand, the performance of tobacco exports is largely driven by the increase in export unit prices that rose significantly to US\$ 2, 6363.4 per ton.

On annual basis, total traditional exports increased to US\$ 360.5 million compared to US\$ 322.4 million recorded in the year ending May 2005 following good performance of cotton, tobacco and clove exports. The improvement in cotton and cloves was largely attributed to the increase in export volumes. On the other hand, the performance of tobacco exports is largely explained by the increase in export unit prices that went up to an average of US\$ 2,936.3 per ton compared to US\$ 2,190.6 per ton in 2005. The performance of traditional exports for the year ending May 2006 is reflected on (chart 4. 3).

Chart 4.3: Contribution to Total Traditional Exports for the Year Ending March 2006



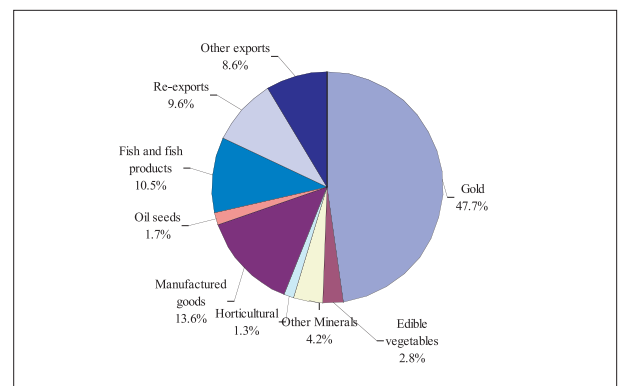
Non-Traditional Exports

Non-traditional exports increased marginally to US\$ 115.8 million in May 2006 with mineral exports increasing by 13.6 percent to US\$ 67.8 million.

For the year ending May 2006, non-traditional exports went up by 7.5 percent to US\$ 1,351.7 million, with notable improvement in exports of manufactured goods and other exports. The increase in manufactured 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 include textile apparels, plastic items, glass and glassware, soap and footwear. Most of the manufactured goods are exported to the neighbouring countries including Burundi, Rwanda, the Democratic Republic of Congo and Malawi. The improvement in other exports category is partly driven by the performance of edible vegetables and oil seeds which are exported to Europe and Asian countries (Chart 4.4).

Meanwhile, gold exports continued to dominate the non-traditional exports followed by manufactured goods. The dominance of gold exports is largely attributed to persistent increase in gold prices in the world market. During the period under review period, the gold prices in the world market increased to an average of US\$ 512.8 per troy ounce compared to US\$ 419.2 per troy ounce for the year ending May 2005.

Chart 4.4: Contribution to total non-traditional exports for the year ending May 2006



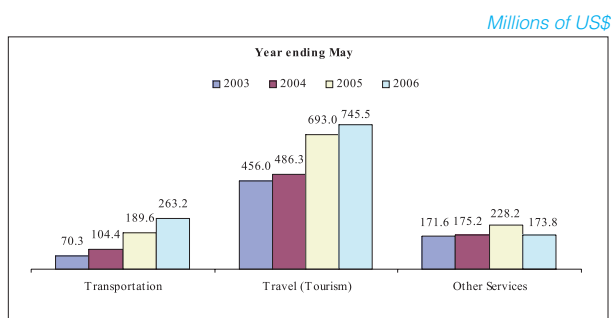
Export Performance

During May 2006, export of services slightly went up by 2.1 percent to US\$ 84.1 million resulting from the increase in travel receipts. On annual basis, services receipts increased by 6.5 percent to US\$ 1182.2 million mainly due to the rise in transportation and travel (tourism) receipts. The surge in travel receipts by 11.1 percent to US\$ 745.5

million during the year ending May 2006 is consistent with the increased investments in the tourism sector coupled with enhanced promotional measures by the Government and other stakeholders of promoting Tanzania as the quality nature destination. It is worthy noting that in May 2006, Grumeti Reserves (Serengeti) entered into a partnership with Singita, (a South African based company with good track record in hotel industry) on construction of three classical lodges at Grumeti Reserves in Mara region. It is anticipated that these developments will accelerate the growth of tourism industry in the country in particular eco-tourism efforts.

The surge in transportation receipts from US\$ 189.6 million in 2005 to US\$ 253.5 million 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 depicts performance of the main services sector during the past four years, with tourism taking the lead.

Chart 4.5: Tanzania: Service Receipts



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

Imports Performance

Goods imports increased from US\$ 286.3 million recorded in the previous month to US\$ 343.3 million largely on account of the increase in importation of capital and consumer goods. The capital goods imports almost doubled to US\$ 140.8 million, with machinery imports increasing by 86.9 percent to US\$ 68.1million. The surge in machinery imports was largely driven by the increase in importation of turbines, electric transformers, refrigerators, freezers, and spares of radio/television transmission equipment, which accounted for about 35.0 percent of total machinery imports.

Similarly, Importation of consumer goods increased by 36.4 percent to US\$ 79.5 million following a surge in imports of food and foodstuffs, and other consumer goods. In contrast, intermediate goods imports decreased from US\$ 154.9 million to US\$ 122.9 million largely due to a decline in volume of oil imports. During the month under review, the volume of oil imports went down by 26.4 percent to 163,627 tons (table 4.2).

Table 4.2: Tanzania imports

Millions of US\$

Item	2005 ^P	2006 ^P		% Change		Year Ending May		% Change
	May	Apr	May	May 05-	Apr 06-	2005	2006 ^P	
				May 06	May 06			
CAPITAL GOODS	73.3	73.1	140.8	92.1	92.7	957.9	1,202.5	25.5
Transport Equipments	17.4	22.5	30.6	75.5	36.1	235.3	334.2	42.0
Building and Constructions	14.5	13.4	40.7	180.7	203.9	207.9	291.4	40.2
Machinery	41.4	37.2	69.6	68.1	86.9	514.7	576.8	12.1
INTERMEDIATE GOODS	74.9	154.9	122.9	64.2	-20.7	985.4	1,323.7	34.3
Oil imports	57.3	128.8	95.6	66.9	-25.8	698.2	978.4	40.1
Fertilizers	0.9	1.3	0.6	-41.0	-57.3	65.0	53.1	-18.3
Industrial raw materials	16.6	24.8	26.8	60.9	7.7	222.2	292.2	31.5
CONSUMER GOODS	60.7	58.3	79.5	31.0	36.4	758.1	804.4	6.1
Food and foodstuffs	17.3	20.8	29.3	69.5	40.9	206.8	222.0	7.4
All other consumer goods ¹	43.4	37.5	50.2	15.7	33.9	551.3	582.4	5.6
GRAND TOTAL (F.O.B)	208.8	286.3	343.3	64.4	19.9	2,701.5	3,330.6	23.3
GRAND TOTAL (C.I.F)	229.5	314.6	377.3	64.4	19.9	2,968.6	3,660.0	23.3

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

Source: Bank of Tanzania and Tanzania Revenue Authority

Food imports

In May 2006, food imports increased to US\$ 29.3 million largely due to a rise in importation of cereals and sugar/sugar confectionaries. Importation of cereals that consist of wheat, rice and maize went up to US\$ 20.6 million from US\$ 17.7 million in April 2006, with all the cereals recording increases in their import volumes. During the period under review, importation of maize rose by 94.6 percent to 37,267 tons. Likewise, importation of rice increased from 3,546 tons in April 2006 to 14,232 tons. Table 3 summarizes the trend of selected cereal imports during the past four months beginning February 2006 (table 4.3).

Table 4.3: Summary of food imports

Crop	2006				% Change (Apr - May)
	Feb	Mar	Apr	May	
Maize					
Tons	35,539	53,339	19,154	37,267	94.6
Value (Mill. US\$)	7.9	10.0	5.1	6.7	33.2
Rice					
Tons	5,086	10,051	3,546	14,232	301.4
Value (Mill. US\$)	1.4	2.4	1.0	3.3	222.2
Wheat					
Tons	34,655	25,601	54,108	59,662	10.3
Value (Mill. US\$)	5.8	4.3	11.6	10.6	-8.5

Source: Bank of Tanzania and Tanzania Revenue Authority

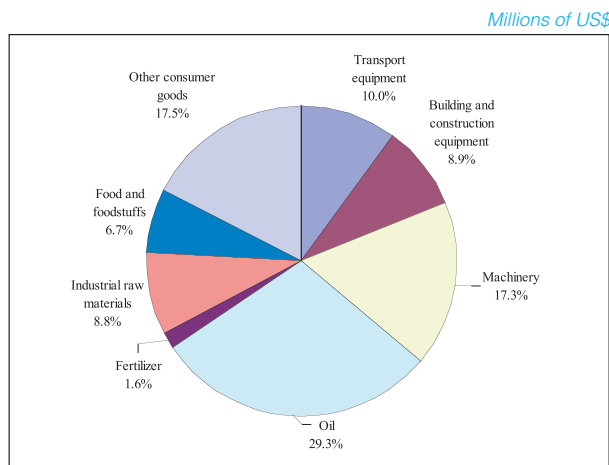
On annual basis, goods imports went up by 23.3 percent to US\$ 3,330.6 million as the result of the increase in all major categories of imports. Capital goods imports went up by 25.5 percent to US\$ 1,202.5 million following a huge increase in importation of transport, building and construction equipment; and machinery. Likewise, the value of imported intermediate goods increased from US\$ 985.4 million recorded last year to US\$ 1,323.7 million.

The increase in capital and intermediate goods is partly attributed to the expansion of manufacturing, construction and tourism activities. In addition, the notable increase in intermediate good imports is on account of a surge in oil prices in the world market from an average of US\$ 434.9 per ton during the corresponding period last year to US\$ 583.4 per ton.



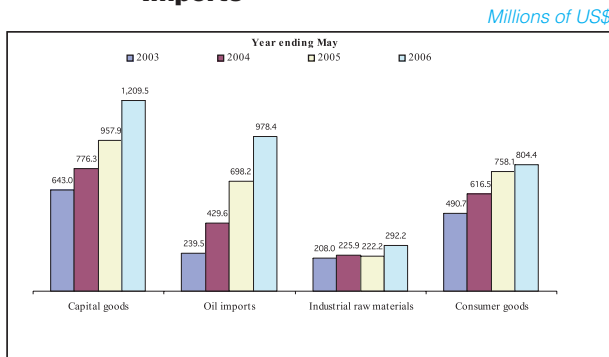
Meanwhile, consumer goods imports increased by 6.1 percent to US\$ 804.4 million following a rise in imports of food and foodstuff as well as other consumer goods. The increase in food imports is associated with food deficit amid the drought that hit the country in the first half of 2005/06. On the other 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 & 4.7).

Chart 4. 6: Tanzania: Composition of imports for the year ending May 2006



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

Chart 4.7: Tanzania: Total Merchandise Imports



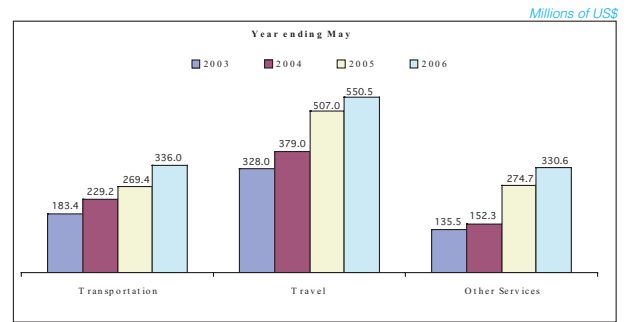
Services Imports

During the month under review, services payments rose by 4.9 percent to US\$ 101.8 million mainly due to the rise in transportation services payments.

On annual basis, services payments increased by 15.8 percent to US\$ 1,217.1 million, largely on account of the increase in payments for construction, freight charges, 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 (Chart 4.8).

Chart 4.8: Tanzania: Service Payments



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

World Commodity Prices

In May 2006, the prices of coffee (Arabica) and (Robusta) declined slightly to US\$ 2.4 per kg and US\$ 1.3 per kg, respectively compared to the previous month. Similar developments were recorded in the prices of cotton (A-Index) and (Memphis) as shown on table 5. While the price of tea (Average price) decreased slightly, the price of tea (Mombasa Auction), increased by 4.5 percent to US\$ 2.1 per kg partly attributable to decline in tea production as the result of unfavourable weather conditions in East Africa. The price of clove increased by 5.1 percent to US\$ 4,375.0 per metric ton and is expected to be subjected to a lot of upward pressure following the significant decline of clove stocks in the world market. In addition, there is a concern that there will be a reduction in output of Indonesia's new crop which start in August. Meanwhile, the price of sisal remained stable at US\$ 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 US\$ 840 to US\$ 900 per ton.

During the period under review, the prices of crude oil (average of U.K. Brent, Dubai, and West Texas Intl.) and Dubai (f. o. b) recorded slight increases. Similarly, the price of white products that mainly consist of gasoline and jet/kerosene went up in May 2006. The price of gasoline and jet/kerosene rose by 2.1 percent and 4.3 percent to US\$ 692.7 per ton and US\$ 707.1 per ton, respectively. The rise in oil prices was largely attributed to the decline in U.S inventories coupled with uncertainties regarding oil supply from Iran amid geo-political tension. Regarding gold, the price rose from US\$557.1 per troy ounce in April 2006 to US\$ 610.7 per troy ounce following investors decisions to diversify from investing in stocks into precious metal as a hedge against global tensions, rising energy prices and uncertainty on the US dollar outlook.



On annual basis, most of the commodities recorded increases in prices. The average prices of coffee increased substantially when compared to the year ending May 2005, driven by a strong coffee 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 prices of tea (Average price) and (Mombasa Auction) increased by 2.3 percent and 13.9 percent to about US\$ 1.7 per kg in the review period. The rise in tea (Mombasa Auction) was largely attributable to a drop in tea supply emanating from unfavourable weather conditions in E.Africa. Moreover, there was improved demand from Egypt, UK and Pakistan. Also the prices of cloves, cotton (A Index) and (Memphis") went up on annual basis as shown on table 4.4. The prices of crude oil (average of U.K. Brent, Dubai, and West Texas Intl.), Dubai (f. o. b.) and white petroleum products increased substantially during the year ending May 2006. The surge in oil prices was largely on account of supply disruptions following global tensions in the Middle East and Iran, and civil unrests in Nigeria. The price of gold rose by 22.3 percent to USD 512.8 per troy ounce as investors diversified from investing in stocks because of global insecurity.

Table 4.4: World Commodity Prices

COMMODITY	Units	2006			% Change	Year ending May		% Change
		March	April	May		2005	2006	
Robusta Coffee	US \$ per kg	1.31	1.34	1.33	-0.75	0.88	1.25	42.05
Arabica Coffee	US \$ per kg	2.51	2.55	2.42	-5.10	2.10	2.46	17.14
Tea (Average price)	US \$ per kg	1.72	1.91	1.89	-1.05	1.70	1.74	2.35
Tea (Mombasa auction)	US \$ per kg	1.87	2.01	2.10	4.48	1.51	1.72	13.91
Cotton, "A Index"	US \$ per kg	1.29	1.24	1.20	-3.23	1.20	1.25	4.17
Cotton, Memphis"	US \$ per kg	1.35	1.33	1.27	-4.51	1.23	1.30	5.69
Sisal (UG)	US \$ per metric ton	885.00	885.00	885.00	0.00	885.00	885.00	0.00
Cloves	US \$ per metric ton	4,300.00	4162.50	4375.00	5.11	3,266.79	3,405.90	4.26
Crude oil*	US \$ per barrel	60.93	67.97	68.68	1.04	43.53	57.77	32.71
Crude oil**	US \$ per barrel	57.65	64.06	64.91	1.33	38.74	56.47	45.77
White products***	US \$ per ton	578.39	651.53	670.77	2.95	434.86	583.36	34.15
Jet/Kerosene	\$ per ton	614.89	678.51	692.65	2.08	447.39	604.70	35.16
Premium Gasoline	\$ per ton	575.91	678.05	707.09	4.28	426.70	597.05	39.92
Heat Oil	\$ per ton	554.36	598.04	612.56	2.43	429.76	551.78	28.39
Gold	US \$ per troy ounce	557.10	610.70	675.40	10.59	419.23	512.83	22.33

Note: * Average of U.K. Brent, Dubai and West Texas Intl
 ** f. o. b. Dubai
 *** Average of Premium Gasoline Gas oil and Jet/Kerosene
 f. o. b. West Mediterranean
 Source: Various Trade Publications

5.0 National Debt Developments

Overview

Relative to the preceding month, the national debt stock, comprising of both external and domestic debts, increased by 1.2 percent to US\$ 9,698.0 million as at the end of May 2006, from US\$ 9,582.3 million recorded at the end of April 2006. This increase is mainly on account of exchange rates fluctuations in favour of the US\$. The HIPC debt relief realised from multilateral institutions in the form of debt service reduction, amounted to US\$ 0.8 million.

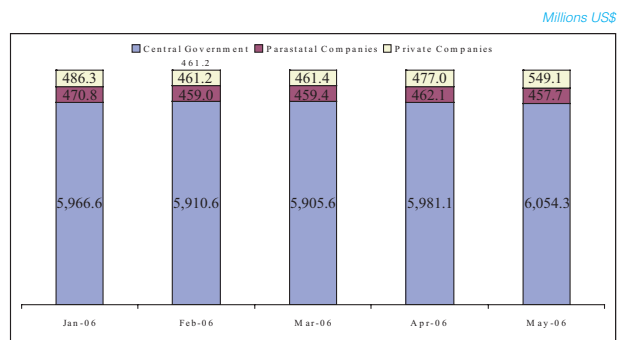
External Debt

External debt stock amounted to US\$ 8,312.3 million at the end of May 2006, representing of 2.0 percent to US\$ 162.4 million from US\$ 8,149.9 million registered at the end of previous month. The increase was mainly explained by depreciation of the shilling against the United States Dollar and accumulation of arrears on unserviced loans. Out of the total debt stock, US\$ 7,061.1 million (84.9 percent) was disbursed outstanding debt (DOD) and the remaining balance of US\$ 1,251.2 million (15.1 percent) was interest arrears.

Profile of Disbursed Outstanding Debt (DOD)

The profile of disbursed and outstanding debt reveals the Central Government as the largest borrower with a total debt of US\$ 6,054.3 million (86.4 percent). The remaining debt amounting to US\$ 1006.8 million (13.6 percent) was owed by other sectors of the economy (Chart 5.1).

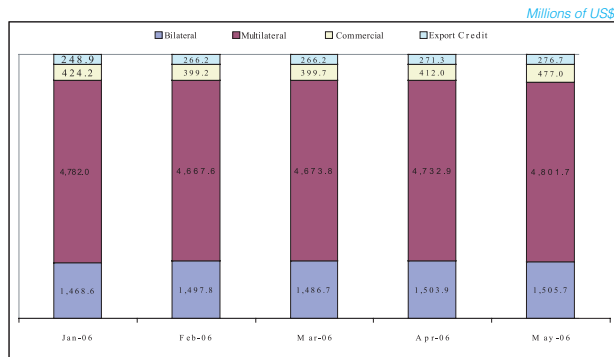
Chart 5.1: The DOD by Borrower Category



In terms of creditor category, the debt owed to multilateral institutions amounted to US\$ 4,801.7 million (68.4 percent), while the amount of debt owed to bilateral creditors was US\$ 1,505.7 million (21.7 percent). The remaining debt amounting to US\$ 477.0 million (6.0 percent) and US\$ 276.7 million (3.9 percent) was in the form of commercial and export credits respectively (Chart 5.2).

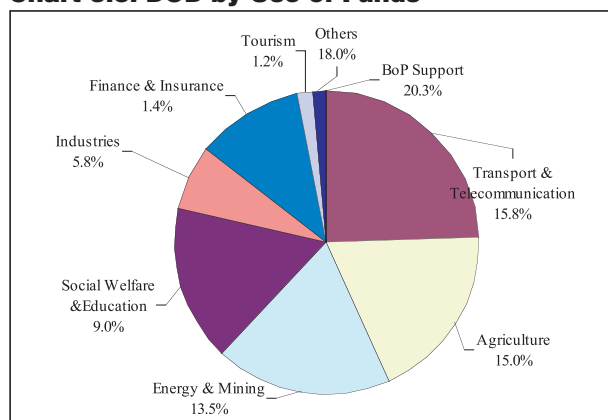


Chart 5.2: DOD by Creditor Category



Analysis of disbursed outstanding debt by use of funds indicated that US\$ 1,413.7 million (20.3 percent) was disbursed in the form of Balance of Payments Support while Transport & Telecommunication held US\$ 1,096.0 million (15.8 percent). Agriculture accounted for US\$ 1,070.0 million (15.0 percent), Energy & Mining US\$ 965.5 million (13.5 percent), Social Welfare & Education US\$ 658.3 million (9.0 percent), Industries US\$ 406.4 million (5.8 percent), Finance and Insurance US\$ 99.4 million (1.4 percent) and Tourism accounted for US\$ 81.2 million or 1.2 percent of the total disbursed outstanding debt. The remaining US\$ 1,270.6 million (18.0 percent) was disbursed for other activities (Chart 5.3).

Chart 5.3: DOD by Use of Funds



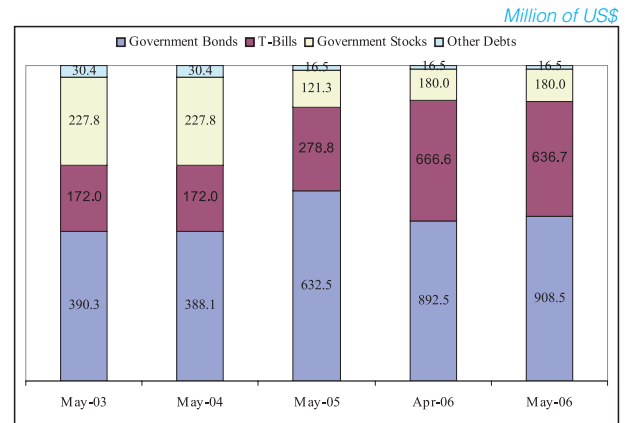
Actual external debt service payment during the month under review amounted to US\$ 6.9 million, out of which principal payment amounted to US\$ 3.3 million while US\$ 3.6 million was interest payment.

Domestic Debt

The stock of domestic debt as at the end of May 2006 amounted to TZS 1,741.8 billion, representing a decline of TZS 13.9 billion from the level recorded at the end of April 2006. Government securities amounted to TZS 1,725.2 billion (99.0 percent), out of which, Government Bonds, Treasury bills, Government stocks and Tax Reserve

Certificates were TZS 908.5 billion, TZS 636.7 billion, TZS 180.0 billion and TZS 0.1 billion respectively (Chart 5.4).

Chart 5.4: Government Domestic Debt by Instruments



Commercial banks remained the leading government creditor, holding 44.1 percent of total domestic debt followed by Pension Funds with 25.9 percent, Bank of Tanzania 18.2 percent, Other Official Entities 6.2 percent and Insurance companies 2.5 percent. Non-Bank Financial Institutions, BOT Special Funds and private sector, altogether held the remaining portion of 3.1 percent of total domestic debt stock.

Debt Relief

During the month under review Tanzania realised HIPC debt relief in the form of debt service reduction amounting to US\$ 0.8 million from the International Development Association (table 5.1).

Table 5.1: Multilateral Debt Relief

Million US\$

Creditor	1999/00	2000/01	2001/02	2002/03	2003/04	2004/05	2005/06			TOTAL
							Quarter 1-3	Apr 2006	May 2006	
IDA	9.12	39.78	41.24	43.45	47.79	47.74	35.15	3.90	0.77	268.94
AfDB	4.51	9.63	-	8.02	10.00	9.99	9.73	0.14	-	52.02
IMF	6.33	17.55	23.36	7.23	11.10	10.72	4.01	-	-	83.00
IFAD	-	-	0.53	1.34	0.82	1.43	1.47	-	0	5.59
NORTF	-	-	-	2.61	1.51	2.83	0	-	0	6.95
NODF	-	-	-	-	-	0.24	0.2	-	0	0.44
EIB	-	-	-	-	0.24	9.29	3.77	-	0	13.30
EADB*	-	-	-	-	-	1.30	0	-	0	1.30
TOTAL	19.96	66.96	65.13	62.65	71.46	83.54	54.76	4.04	0.77	429.28

* Stock Reduction
Source: Bank of Tanzania

Debt relief received from bilateral creditors remained at the same level of US\$ 1,043.3 million as it was in the preceding month. Out of this amount, US\$ 858.7 million is debt cancellation by Paris Club creditors and the remaining US\$ 184.6 million is from Non Paris Club creditors.



6.0 Economic Developments in Zanzibar

Government Budgetary Operations

Zanzibar Government budgetary performance on “cheques issued basis” during May 2006, recorded an overall deficit of TZS 2.3 billion. There were no grant receipts during the month under review. On cheques cleared basis; the overall budget deficit amounted to TZS 1.9 billion.

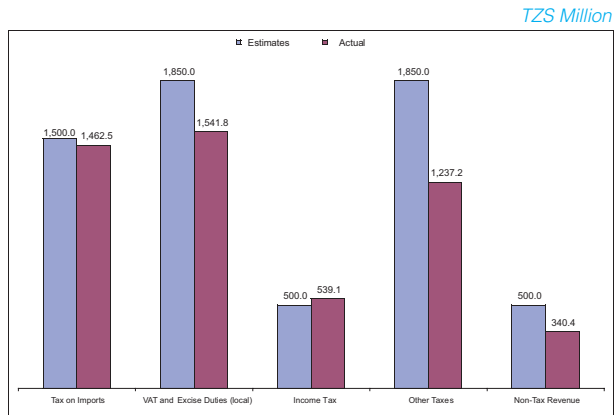
Revenue Outturn below target

During May 2006 actual revenue outturn amounted to TZS 5.1 billion, marking a decline of 17.7 percent below the target of TZS 6.2 billion. The lower performance emanated from dismal performance of other taxes and non-tax revenue mainly attributed to decline in trade activities as a result of low tourism season and partially due to impact of rehabilitation of Zanzibar seaport.

Revenue performance by category shows that tax revenue amounted to TZS 4.8 billion accounting for 84.2 percent of the target TZS 5.7 billion. Revenue from non-tax sources amounted to TZS 0.3 billion, accounting for 5.9 percent of the total revenue and below the target of TZS 0.5 billion. It was further revealed that tax on imports amounted to TZS 1.1 billion, below the target of TZS 1.5 billion due to decline in taxable imports partially attributed to undergoing rehabilitation of Zanzibar port. VAT and exercise duty (local) collections amounted to TZS 1.5 billion below the target of TZS 1.9 billion due to decline in trade activities due to low tourism season. Income tax collections surpassed target amounted to TZS 0.5 billion slightly above the target of TZS 0.5 billion. Other taxes amounted to TZS 1.2 billion below the targeted TZS 1.9 billion, mainly on account of decrease in tourist related activities.

Cumulatively, total revenue collection from July 2005 to May 2006 amounted to TZS 63.1 billion, slightly below the target of TZS 63.4 billion (Chart 6.1).

Chart 6.1: Government Revenue by Source May 2006 in TZS Million



Expenditure below the target

The actual government total expenditure during May 2006 amounted to TZS 7.4 billion, marking a decline of 38.3 percent of the target TZS 12.0 billion. The under expenditure was mainly attributed to lower than expected receipts of the donor development funds and partially adherence to cash budget expenditure. Expenditure pattern showed recurrent expenditure amounted to TZS 5.4 billion being 73.0 percent of total expenditure, while development expenditure amounted to TZS 2.0 billion being 27.0 percent of total expenditure.

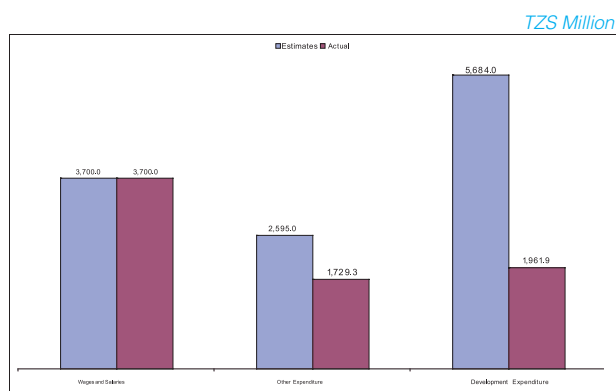
Out of recurrent expenditures, wages and salaries amounted to TZS 3.7 billion in line with set target, accounted for 68.5 percent of total recurrent expenditure or 50.0 percent of total expenditure. Other expenditures amounted to TZS 1.7 billion, being below the target TZS 2.6 billion, and accounting for 31.5 percent of recurrent expenditure or 23.0 percent of total expenditure.

Development expenditure amounted to TZS 1.9 billion below target of TZS 5.7 billion, due to non-realisation of donor fund and low allocation of local counter funds. Local component amounted to TZS 0.04 billion accounting for 2.0 percent of total development expenditures, while foreign funded expenditure amounted to TZS 1.9 billion accounting for 98.0 percent of actual development expenditure.

Cumulatively, the government expenditure amounted to TZS 118.4 billion during July 2005 to May 2006 against the projected TZS 101.7 billion due to unexpected donor funded disbursements above monthly projections (Chart 6.2).



Chart 6.2: Government Expenditure by Components May 2006 in TZS Million



During May 2006, the budget deficit was exclusively financed from external sources mainly to cater for donor funds projects to the tune of TZS 1.9 billion.

Debt Developments

Zanzibar Public Debt Increased Marginally

Zanzibar total debt as at end May, 2006 in stood at TZS 180.5 billion have increased slightly by 1.5 percent from TZS 177.8 billion recorded during the preceding month mainly on account depreciation of Tanzania shilling. The external debt amounted to TZS 114.1 billion, accounting for 63.2 percent of total debt, while domestic debt amounted to TZS 66.4 accounting for 36.8 percent of total public debt.

Domestic Debt

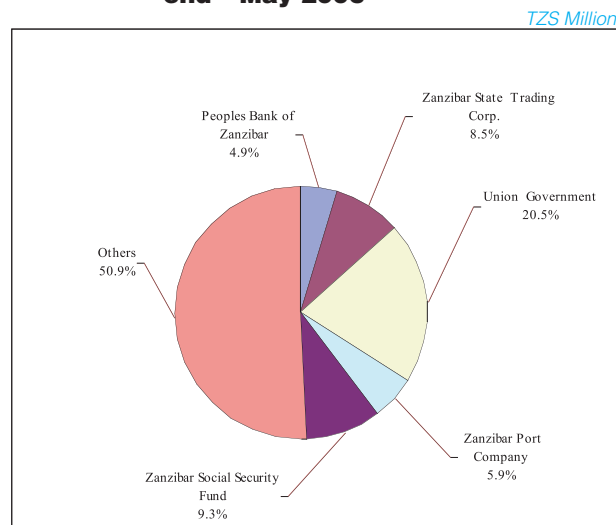
During the period under review, domestic debt stood at TZS 66.4 billion having declined slightly from TZS 66.6 billion as at end of the previous month. The latter was associated with partial settlement of claims due to retired civil servants and pensioners.

Domestic Debt by Creditor

The profile of domestic debt by creditor reveals that, Claims by other creditors (domestic suppliers and pensioners) continued to dominate domestic debt amounting to TZS 33.8 billion; accounting for 50.9 percent of total domestic debt. Union Government debt ranked second summing to TZS 13.6 billion or 20.5 percent of total domestic debt. Zanzibar Social Security Fund (ZSSF) and Zanzibar State Trading Corporation (ZSTC) claims stood at TZS 6.2 billion and TZS 5.6 billion; accounting for 9.3 percent and 8.5 percent of

total domestic debt respectively. Zanzibar Port Company (ZPC) debt amounted to TZS 3.9 billion representing 5.9 percent of total domestic debt, while Peoples Bank of Zanzibar (PBZ) debt stood at TZS 3.2 billion or 4.9 percent of total domestic debt (Chart 6.3).

Chart 6.3: Domestic debt by Creditor as at end – May 2006



Domestic Debt by instruments

Analysis of domestic debt by instruments shows that, Government loans remained the main debt instrument; amounting to TZS 21.5 billion, accounting for 32.4 percent of total domestic debt. Other debt instruments (suppliers' credits and pensioners) amounted to TZS 18.9 billion accounting for 28.4 percent of total debt. Government stocks, Treasury bonds and Treasury bills stood at TZS 10.0 billion, TZS 8.9 billion and TZS 7.2 billion; representing 15.0 percent, 13.3 percent and 10.9 percent of total domestic debt respectively.

Domestic debt by maturity

Debt maturing in less than a year increased remarkably to TZS 18.0 billion from TZS 7.6 billion indicating approaching maturity of government securities (Treasury bills and bonds). Debts maturing between 1 to 2 years, declined significantly by 88.9 percent to TZS 1.3 billion from TZS 11.7 billion due to exclusion of the maturing government securities. Debt maturing between 2 - 5 years remained as TZS 5.1 billion accounting for 7.6 percent of total domestic debt, while Debt with "undetermined maturity" (gratuity, pension, and domestic suppliers' claims) remained the dominant; declined marginally by 0.4 percent to TZS 42.0 billion accounting for 63.4 percent of the total domestic debt.



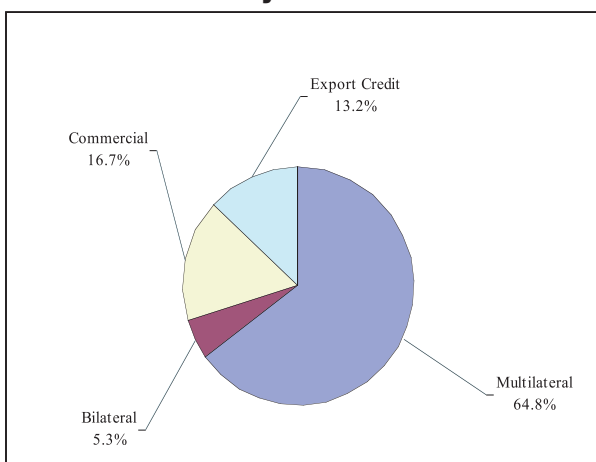
External Debt

Zanzibar external debt stood at TZS 114.0 billion or US\$ 88.5 million having increased in TZS by 2.5 percent from TZS 111.2 billion; but declined in US\$ terms by 2.4 percent from US\$ 90.7 million from previous month. The decline was associated with debt relief offered by African Development Bank. The external debt with Union government guarantee amounted to US\$ 59.3 million accounting for 67.0 percent of total external debt, while the non-guaranteed debt amounted to US\$ 29.2 million or 33.0 percent of total external debt.

External Debt by Creditor Category

Analysis of external debt by creditor category shows that, Multilateral creditors remained dominant amounting to US\$ 57.4 million (TZS 75.4 billion), representing 64.8 percent of total external debt. Claims by bilateral creditors amounted to US\$ 4.7 million (TZS 5.8 billion). Commercial debt increased amounting to US\$ 14.7 million (TZS 18.2 billion) or 16.7 percent of total external debt. Export credit amounted to US\$ 11.7 million (TZS 14.7 billion), representing 13.2 percent of total external debt (Chart 6.4).

Chart 6.4: External debt by Creditor as at end – May 2006



External Debt by Maturity

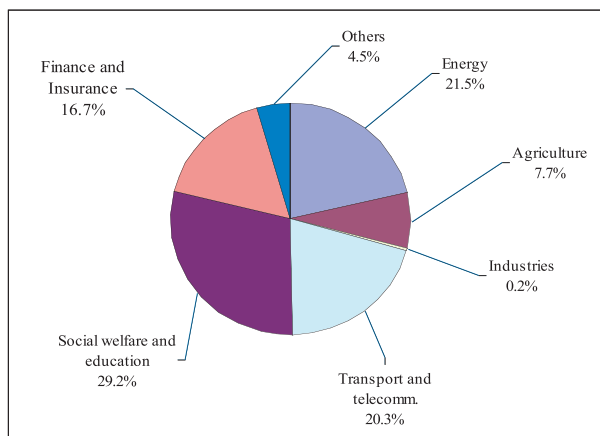
The decomposition of external debt by maturity indicates that debts maturing beyond 20 years period (mainly multilateral debt) are dominant in external debt portfolio. However the same declined to US\$ 51.7 million from US\$ 56.4 million registered in the previous month; on account of debt relief, and represented 58.4 percent of total external debt. Debt maturing between 5 to 10 years amounted to US\$ 29.8 million or 33.7 percent of total external debt.

Debt maturing between 10 to 20 years increased to US\$ 7.0 million from US\$ 4.9 million, representing 7.9 percent of total external debt; the rise was associated with new disbursements by OPEC and BADEA.

External debt - Disbursements by Use of Funds

The profile of external debt by use of funds shows that the Social welfare and education sector was dominant having absorbed US\$ 25.8 million or 29.2 percent of total disbursements. Energy, transport & telecommunications sectors received US\$ 19.0 million and US\$ 18.0 million, representing 21.5 percent and 20.3 percent of total disbursements, respectively. Finance and Insurance sector obtained US\$ 14.7 million or 16.7 percent of total disbursements, while agriculture sector had US\$ 6.8 million or 7.7 percent of total disbursements. Industries and "Others sectors" absorbed US\$ 0.2 million and US\$ 4.0 million accounting for 0.2 percent and 4.5 percent of total external debt, respectively (Chart 6.5).

Chart 6.5: External debt by Use of Funds as at end – May 2006



Trade Developments

Trade Deficit Widens

During the month of May 2006, Zanzibar's trade balance (goods and services) deficit worsened by 30.56 percent to US\$ 4.83 million from US\$ 3.7 million registered in the preceding month. The slump was largely associated with higher import bill amounting to USD11.18 million, coupled with declined export receipts of US\$ 6.35 million. On year-to-year basis, the trade balance deficit rose by 17.1 percent to US\$ 49.58 million from US\$ 42.34 million registered in the previous corresponding period. The increase was associated with rise in imports bill mainly oil imports which accounted for 25.7 percent of total imports (table 6.1).



Table 6.1: Trade Account Balance

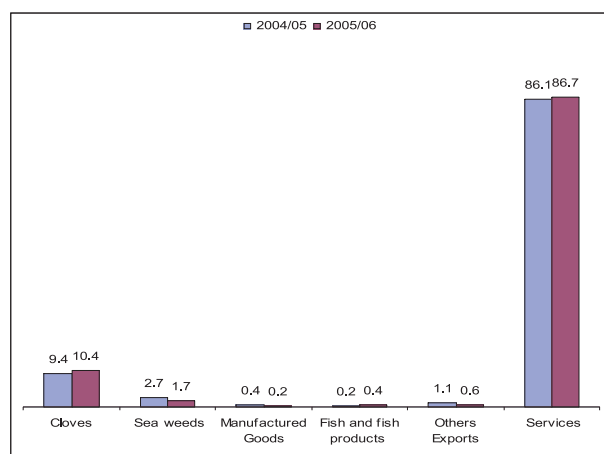
Millions of US\$

ITEM	2005			2006p			Year Ending May			% Change	
	March	April	May	March	April	May	2004	2005	2006p	Monthly	Annual
Exports	5.18	4.80	7.68	6.23	7.25	6.35	51.32	65.63	89.60	-12.51	36.52
Goods	0.26	0.20	0.51	0.48	0.19	0.31	13.06	9.09	11.90	58.62	30.90
Services	4.92	4.60	7.16	5.75	7.06	6.04	38.25	56.54	77.70	-14.45	37.43
Imports	8.47	9.61	11.87	9.36	10.96	11.18	92.63	107.96	139.18	2.05	28.91
Goods	6.40	6.51	6.35	5.17	5.90	6.78	64.58	75.60	78.06	14.95	3.25
Services	2.47	3.10	5.52	4.19	5.06	4.40	28.04	32.36	61.12	-12.98	88.83
Trade balance	-3.69	-4.81	-4.20	-3.12	-3.70	-4.83	-41.31	-42.34	-49.58	30.56	17.10

Source: Tanzania Revenue Authority.
P = Provisional

Exports Declined

During the period under review, export of goods and services declined by 14.45 percent to US\$ 6.35 million from US\$ 7.25 million recorded in April 2006 largely due to fall in services receipts which account for over 90.0 percent of total foreign receipts. The latter was attributed to experience of low tourism season as seasonal factor. On year - to - year basis, exports of goods and services picked up substantially by 36.5 percent, to US\$ 89.6 million from US\$ 65.6 million registered during the corresponding period in 2005 due to improvement in export receipts from both goods and services. Receipts from services amounted to US\$ 77.7 million or 86.7 percent of total exports; while cloves exports fetched US\$ 9.3 million constituting 10.4 percent of total exports. Seaweeds export receipts amounted to US\$ 1.5 million, contributing 1.7 percent of total export earnings. "Other exports" including manufactured goods and fish & fish produce amounted to US\$ 1.13 million or 1.3 percent of total exports (Chart 6.6).

Chart 6.6: Contribution to Total Exports of Goods and Services

Imports Performance

During May 2006, Zanzibar goods imports (c.i.f) edged up 14.9 percent to US\$ 7.45 million from US\$ 6.48 million recorded in April 2006; mainly due to sharp increase in imports of capital goods, especially building and construction materials to cater for development projects. Capital goods increased by 52.2 percent to US\$ 3.65 million, representing 49.0 percent of total goods imports driven

by higher imports of building and construction materials. Intermediate goods declined by 17.2 percent to US\$ 2.0 million, mainly associated with downside in oil imports. The rise in importation of industrial raw materials by 27.6 percent to US\$ 0.64 million or 8.6 percent, was due higher demand in mineral water and soft drinks manufacturing. Consumer goods imports rose by 7.3 percent to US\$ 1.83 million from US\$ 1.71 million, largely due to hike in importation of "all other consumer goods" mainly clothing, electronics and footwear items. On year-to-year basis, imports declined marginally to US\$ 86.73 million from US\$ 86.87 million, largely driven by fall in imports of consumer goods and industrial raw materials. However capital goods increased by 5.2 percent to US\$ 34.32 million, representing 39.6 percent of total goods imports while oil imports went up by 19.0 percent to 22.36 million or 25.8 percent, on account of increased world oil prices (table 6.2).

Table 6.2: Zanzibar Imports by Major Categories

Millions of US\$

IMPORT CATEGORY	2005			2006p			Year Ending May			% Change	
	March	April	May	March	April	May	2004	2005	2006p	Monthly	Annual
Capital Goods	3.516	3.094	3.132	2.428	2.397	3.649	22.335	32.629	34.320	52.2	5.2
Transport Equipments	1.838	0.894	1.079	1.238	1.045	1.113	11.376	9.172	9.950	6.5	8.5
Building and Constructions	0.522	0.500	0.395	0.489	0.459	0.479	2.623	7.710	9.005	221.8	16.8
Machinery	1.156	1.700	1.659	0.701	0.892	1.057	8.337	15.747	15.365	18.5	-2.4
Intermediate Goods	1.635	2.091	2.080	1.487	2.375	1.967	16.138	25.282	27.207	-17.2	7.6
Oil imports	1.404	1.706	1.685	0.996	1.873	1.327	11.652	18.783	22.358	-29.2	19.0
Fertilizers	...	...	...	...	...	...	...	...	...	...	...
Industrial raw materials	0.231	0.385	0.395	0.491	0.501	0.640	4.487	6.499	4.849	27.6	-25.4
Consumer Goods	1.883	1.965	1.767	2.121	1.707	1.830	30.119	28.958	25.200	7.3	-13.0
Food and food stuffs	1.264	1.131	0.916	0.989	0.702	0.559	19.689	16.039	13.641	-20.3	-15.0
All other consumer goods	0.619	0.834	0.851	1.132	1.005	1.271	10.430	12.919	11.559	26.5	-10.5
GRAND TOTAL (CIF)	7.034	7.150	6.979	6.036	6.478	7.447	68.593	86.870	86.726	14.9	-0.2
GRAND TOTAL (FOB)	6.401	6.507	6.351	5.492	5.895	6.777	62.419	79.052	78.921	14.9	-0.2

P = provisional

... = Very small value

Source: Tanzania Revenue Authority

Services Account

During month under review, Zanzibar services account balance (net), deteriorated further by 18.2 percent to US\$ 1.64 million from US\$ 2.0 million registered in the preceding month. This was associated with decline in services receipts, specifically travel and transportation activities linked with off-season period for tourism related activities. Services receipts declined by 14.2 percent to US\$ 6.04 million from US\$ 7.06 million recorded for the month of April 2006, while foreign payments decreased by 13.0 percent to US\$ 4.4 million from US\$ 5.06 million for the previous month. On annual basis, the services account worsened by 31.4 percent registering a surplus of US\$ 16.58 million from US\$ 24.17 million registered in the previous corresponding period in 2005. The decline resulted mainly from hike in foreign payments by 88.8 percent, to US\$ 61.12 million from US\$ 32.36 million, driven by travel related payments amounting to US\$ 41.08 million or 52.8 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
5. Public Finance							
		2000/01	2001/02	2002/03	2003/04	2004/05	2005/06[†]
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	1,169.9	904.3	1,035.1	1,178.7	1,335.3	1,188.2
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 Database and National Bureau of Statistics (Economic Survey, National Accounts)



Table A2 : Central Government Operations

Millions of TZS

Item	BUDGET 2005/06	2005						2006				
		Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May
Total Revenue	2,066,751.6	147,121.2	160,134.2	190,536.1	151,866.7	165,835.0	198,332.8	167,774.8	158,788.6	203,976.1	161,322.2	176,213.4
Tax Revenue	1,895,966.6	137,459.3	144,472.6	179,182.3	138,742.8	150,309.1	185,086.2	153,831.2	146,817.9	186,380.6	143,869.2	157,520.6
Taxes on Imports	790,801.9	67,272.4	65,645.4	68,495.4	57,279.2	68,728.1	69,657.4	67,997.8	65,667.8	68,373.7	61,770.8	74,873.0
Sales/VAT & Excise on-												
Local Goods	466,369.6	36,661.1	42,854.3	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
Refunds	-67,834.4	-6,574.3	-6,388.3	-4,118.2	-4,241.2	-6,242.9	-6,245.6	-5,926.7	-6,168.2	-6,118.3	-6,070.2	-5,992.8
Income Taxes	549,074.3	28,155.1	31,623.2	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
Other taxes	157,555.2	11,945.0	10,738.0	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
Non-tax Revenue	170,785.0	9,661.9	15,661.6	11,353.8	13,123.9	15,525.9	13,246.6	13,943.6	11,970.7	17,595.5	17,453.0	18,692.8
Total Expenditure /1	4,176,050.4	162,576.8	204,826.7	462,825.0	647,547.2	323,720.7	321,857.0	251,426.6	237,412.6	290,005.1	334,942.0	340,051.2
Recurrent expenditure	2,790,867.3	89,159.9	155,633.8	332,494.5	321,170.9	242,745.1	259,903.9	198,018.5	161,366.1	213,258.2	196,673.1	254,014.3
Roadtoll 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	15,302.8	5,554.7	4,869.6	5,785.0	3,716.7	4,999.0	4,548.9	3,779.7	4,412.1	8,291.7
Wages and salaries	681,897.3	53,146.0	53,337.1	55,920.5	52,789.0	53,513.5	54,620.2	54,461.9	54,164.7	54,558.4	54,710.5	55,718.5
Interest payments	174,762.9	11,605.5	8,165.1	19,952.5	18,615.8	34,373.6	17,475.2	13,465.2	8,095.8	31,478.9	14,126.2	11,214.5
Domestic 2/	100,178.3	8,669.2	6,808.9	9,035.3	15,496.8	28,122.1	13,167.2	8,358.0	4,348.0	25,608.8	6,396.1	7,275.0
Foreign	74,584.6	2,936.2	1,356.2	10,917.1	3,119.0	6,251.5	4,307.9	5,107.2	3,747.8	5,870.0	7,730.0	3,939.5
Other goods, services & transfers	1,934,207.1	24,408.4	94,131.5	256,621.6	249,766.1	154,857.9	187,808.5	130,091.4	99,105.6	127,220.9	127,836.4	187,081.3
Dev. Expenditure and net lending	1,385,183.1	73,416.9	49,192.9	130,330.5	326,376.4	80,975.6	61,953.1	53,408.2	76,046.5	76,747.0	138,268.9	86,036.9
Local	370,037.8	0.0	200.0	71,000.0	146,000.0	0.0	0.0	2,000.0	0.0	30,000.0	21,900.0	25,000.0
Foreign	1,015,145.3	73,416.9	48,992.9	59,330.5	180,376.4	80,975.6	60,749.0	51,408.2	76,046.5	46,747.0	116,368.9	61,036.9
Overall Balance (cheque issued)- before Grants	-2,109,298.8	-15,455.6	-44,692.5	-272,288.9	-495,680.5	-157,885.7	-122,320.1	-83,651.8	-78,624.0	-86,029.0	-173,619.8	-163,837.8
Grants	1,011,345.0	81,642.2	82,137.8	99,201.5	239,798.6	58,597.1	60,111.7	38,526.0	42,689.9	36,843.7	42,974.2	38,357.6
Program (CIS/OGL)	345,475.6	6,695.7	30,853.9	49,923.0	207,244.6	177.9	0.0	5,024.4	0.0	0.0	0.0	0.0
Project	340,972.4	44,640.9	44,640.9	44,640.9	28,231.2	12,103.5	16,979.8	24,232.9	24,232.9	24,232.9	10,420.0	8,851.5
Basket funds	231,297.0	24,424.0	0.0	0.0	191.0	38,994.5	36,574.9	3,095.2	14,268.6	4,186.1	27,599.9	21,843.5
HIPC Relief	93,600.0	5,881.6	6,642.9	4,637.6	4,131.8	7,321.2	6,557.1	6,173.5	4,188.3	8,424.7	4,954.4	7,662.5
Overall defic.(cheq.issued)- after Grants	-1,097,953.9	66,186.6	37,445.3	-173,087.5	-255,881.9	-99,288.5	-62,208.3	-45,125.8	-35,934.1	-49,185.4	-130,645.6	-125,480.3
Expenditure float	0.0	-146,552.4	-6,873.0	-1,737.5	-748.9	-856.5	-400.1	5.2	0.0	0.0	0.0	0.0
Adjustments to cash and other items (net)	0	-43,776	-88,191	165,010	-72,857	220,336	43,878	-114,760.2	-53,412.7	-15,455.5	107,429.8	21,981.9
Overall Balance (cheques issued)	-1,097,953.9	-124,142.2	-57,619.1	-9,815.1	-329,487.7	120,191.4	-18,730.8	-159,880.9	-89,346.8	-64,640.8	-23,215.8	-103,498.4
Financing:	1,097,953.9	124,142.2	57,619.1	9,815.1	329,487.7	-120,191.4	18,730.8	159,880.9	89,346.8	64,640.8	23,215.8	103,498.4
Foreign Financing (net)	584,888.5	275.8	-3,278.3	84,309.8	316,434.5	18,604.8	-2,716.9	15,296.7	29,451.6	8,925.6	79,031.7	31,694.8
Loans	713,564.9	4,352.0	4,352.0	97,462.5	323,104.2	29,877.6	7,194.4	24,080.0	37,545.0	18,328.0	78,349.1	30,341.8
Program loans	270,689.1	0.0	0.0	82,772.9	171,150.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Development Project loans	341,584.4	4,352.0	4,352.0	4,352.0	151,954.2	14,100.3	7,194.4	24,080.0	32,536.5	18,328.0	13,266.6	30,341.8
Basket Support	101,291.4	0.0	0.0	10,337.6	0.0	15,777.3	0.0	0.0	5,008.4	0.0	65,082.5	0.0
Amortization	-128,676.5	-4,076.2	-7,630.2	-13,152.7	-6,669.6	-11,272.8	-9,911.2	-8,783.3	-8,093.4	-9,402.4	682.6	1,352.9
Domestic (net)	513,065.4	123,866.4	60,897.4	-74,494.7	13,053.2	-138,796.1	21,447.6	144,584.1	59,895.3	55,715.2	-55,815.9	71,803.6
Domestic Financing	514,905.7	123,866.4	60,897.4	-74,494.7	-20,256.0	-138,796.1	21,447.6	144,584.1	59,895.3	61,479.1	-55,815.9	71,035.3
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	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-5,763.9	0.0	768.3
Privatization Proceeds	10,420.0	0.0	0.0	0.0	33,309.2	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

Interest rate category	2005							2006					Percent
	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	
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	
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	
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	
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	
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	
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	
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	
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	
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	
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	
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	
4.Treasury Bills Rates													
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	
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	
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	
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	
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	
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	
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	
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	
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	
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	
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	
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	
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	
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	
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 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	
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	
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	
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. 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	
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	
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	
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	
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	
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	
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	
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	
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	
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	
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	
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	
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	
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	
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	
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	
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	
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	
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	
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	

Source: Bank of Tanzania



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

Item	2005 ^p	2006 ^p		% Change		Year Ending May ^p		
	May	Apr	May	May 05-May 06	Apr 06-May 06	2005	2006	% Change
Traditional Exports:								
COFFEE								
Value	3.2	5.9	2.1	-34.4	-64.4	70.7	61.9	-12.4
Volume	2.4	2.4	1.0	-58.3	-58.3	47.7	33.8	-29.2
Unit Price	1,333.3	2,458.3	2,100.0	57.5	-14.6	1,480.8	1,832.3	23.7
COTTON								
Value	2.0	4.0	9.6	380.0	140.0	89.0	122.4	37.5
Volume	2.0	4.1	8.9	345.0	117.1	87.1	124.0	42.3
Unit Price	1,000.0	975.6	1,078.7	7.9	10.6	1,021.8	987.4	-3.4
SISAL								
Value	0.7	0.6	0.6	-14.3	0.0	7.8	6.5	-16.7
Volume	0.8	0.8	0.8	0.0	0.0	10.4	8.4	-19.2
Unit Price	875.0	750.0	750.0	-14.3	0.0	743.4	766.5	3.1
TEA								
Value	2.1	2.1	1.7	-19.0	-19.0	27.9	19.1	-31.4
Volume	1.9	1.2	1.0	-47.4	-16.7	23.5	14.1	-39.9
Unit Price	1,105.3	1,750.0	1,700.0	53.8	-2.9	1,186.2	1,353.6	14.1
TOBACCO								
Value	0.2	1.4	2.9	1,350.0	107.1	58.8	78.6	33.6
Volume	0.2	0.6	1.1	450.0	83.3	26.9	26.8	-0.4
Unit Price	1,000.0	2,333.3	2,636.4	163.6	13.0	2,190.6	2,936.3	34.0
CASHEWNUTS								
Value	0.4	0.7	0.5	25.0	-28.6	61.6	62.4	1.3
Volume	0.6	0.8	0.6	0.0	-25.0	71.5	83.4	16.6
Unit Price	666.7	875.0	833.3	25.0	-4.8	861.6	748.6	-13.1
CLOVES								
Value	0.0	0.0	0.0	--	--	6.5	9.5	45.0
Volume	0.0	0.0	0.0	--	--	2.1	3.2	52.3
Unit Price	0.0	0.0	0.0	0.0	0.0	3,068.3	2,922.3	-4.8
Sub Total	8.6	14.7	17.4	102.5	18.5	322.4	360.5	11.8
Non-Traditional Exports:								
Minerals	65.9	59.7	67.8	2.9	13.6	726.2	702.3	-3.3
Gold	60.5	55.0	63.0	4.1	14.5	668.6	645.0	-3.5
Diamond	2.2	2.3	2.1	-4.5	-8.7	28.8	25.0	-13.1
Other minerals ¹	3.2	2.4	2.7	-15.6	12.5	28.8	32.3	12.1
Manufactured Goods	10.1	19.1	14.1	39.2	-26.3	118.8	184.3	55.1
Cotton Yarn	0.5	0.2	0.2	-53.1	17.3	4.6	3.8	-15.7
Manufactured Coffee	-	0.0	-	--	--	1.0	3.9	--
Manufactured Tobacco	-	0.0	0.2	--	--	0.1	1.3	--
Sisal Products (Yarn & Twine)	0.4	0.2	0.2	-50.0	0.0	4.3	3.3	-23.7
Other manufactured Goods ²	9.2	18.7	13.4	45.7	-28.3	108.9	172.0	58.0
Fish and Fish Products	11.2	11.1	11.1	-0.9	0.0	140.4	141.7	1.0
Horticultural products	1.4	1.1	1.6	14.3	45.5	14.6	17.0	16.9
Re-exports	11.8	10.0	11.0	-6.8	10.0	130.9	129.4	-1.1
Others Exports ³	7.2	11.6	10.2	41.7	-12.1	126.2	176.9	40.1
Sub Total	107.6	112.6	115.8	7.6	2.8	1,257.0	1,351.7	7.5
GRAND TOTAL	116.2	127.3	133.2	14.6	2.8	1,579.4	1,712.1	8.4

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 USD; Unit Price in USD/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		% Change		
	May	Apr	May	Apr	May 05-May 06	Apr 06-May 06	2005	2006	2005	2006	
CAPITAL GOODS	73.3	73.1	140.8	140.8	92.1	92.7	957.9	1,202.5	957.9	1,202.5	25.5
Transport Equipments	17.4	22.5	30.6	30.6	75.5	36.1	235.3	334.2	235.3	334.2	42.0
Building and Constructions	14.5	13.4	40.7	40.7	180.7	203.9	207.9	291.4	207.9	291.4	40.2
Machinery	41.4	37.2	69.6	69.6	68.1	86.9	514.7	576.8	514.7	576.8	12.1
INTERMEDIATE GOODS	74.9	154.9	122.9	122.9	64.2	-20.7	985.4	1,323.7	985.4	1,323.7	34.3
Oil imports	57.3	128.8	95.6	95.6	66.9	-25.8	698.2	978.4	698.2	978.4	40.1
Fertilizers	0.9	1.3	0.6	0.6	-41.0	-57.3	65.0	53.1	65.0	53.1	-18.3
Industrial raw materials	16.6	24.8	26.8	26.8	60.9	7.7	222.2	292.2	222.2	292.2	31.5
CONSUMER GOODS	60.7	58.3	79.5	58.3	31.0	36.4	758.1	804.4	758.1	804.4	6.1
Food and food stuffs	17.3	20.8	29.3	20.8	69.5	40.9	206.8	222.0	206.8	222.0	7.4
All other consumer goods ¹	43.4	37.5	50.2	37.5	15.7	33.9	551.3	582.4	551.3	582.4	5.6
GRAND TOTAL (F.O.B)	208.8	286.3	343.3	286.3	64.4	19.9	2,701.5	3,330.6	2,701.5	3,330.6	23.3
GRAND TOTAL (C.I.F)	229.5	314.6	377.3	314.6	64.4	19.9	2,968.6	3,660.0	2,968.6	3,660.0	23.3

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:					
GDP(mp) Mill. TZS	8,304,338.6	9,399,085.8	10,707,006.2	12,351,737.7	13,742,568.5
GDP(mp) Mill. USD	9,475.6	9,724.0	10,309.3	11,338.7	12,174.1
CAB/GDP	-2.5	0.2	-1.1	-2.2	-5.0
CAB/GDP (excl. current official transfers)	-6.9	-4.2	-6.3	-7.8	-9.8
Gross Official Reserves	1,156.6	1,529.0	2,037.8	2,296.1	2,048.4
Months of Imports	6.3	8.6	9.2	8.3	6.4
Net International Reserves (year end)	761.2	1,058.4	1,533.9	1,786.9	1,771.7
Change in Net International Reserves	-218.5	-297.2	-475.5	-253.0	15.2
Exchange rate TZS/USD (end of period)	916.3	976.3	1,063.6	1,043.0	1,165.5
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

Period	Headline (General Index)	Total Index		Drinks & Tobacco	Clothing & Footwear	Rent	Fuel, Power & Water	Furniture Household Equip.	Household operations	Personal care & Health	Recreation & Entertain.	Transportation	Education	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

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

Base: June 2001 = 100

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

General Period	Non-Food													
	Headline	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 (%)	100.0	55.9	44.1	6.9	6.4	1.4	8.5	2.1	2.1	2.1	2.1	9.7	2.6	1.5
2003	0.3	0.4	0.1	0.1	0.2	0.4	0.2	0.2	0.0	0.2	0.4	0.0	0.1	0.2
2004	0.4	0.4	0.2	0.1	0.2	0.0	0.7	0.1	0.2	0.4	0.0	0.2	0.2	0.0
2005	0.4	0.6	0.3	0.2	-0.2	0.3	0.9	-0.1	0.0	0.3	-0.1	0.5	0.0	-0.1
2004 Jan	5.6	6.7	3.8	1.4	4.9	5.0	7.0	-0.2	3.1	9.9	1.2	2.1	1.5	4.9
Feb	-0.3	0.3	-0.8	-1.8	-0.6	0.3	-0.5	-0.4	-2.7	-9.1	0.3	1.1	1.7	-2.5
Mar	-0.5	-0.2	-1.4	1.6	-3.7	2.0	-3.2	2.5	0.2	5.7	-0.1	-3.0	-2.6	-2.3
Apr	0.5	1.1	-0.5	-2.1	-2.1	0.7	3.2	-3.1	-0.4	-4.7	-4.4	-0.5	-0.8	4.9
May	-0.5	-1.5	1.0	1.5	3.9	0.0	-2.6	4.2	1.0	0.9	1.0	1.9	2.0	-2.4
Jun	-0.5	-1.1	0.4	0.1	-1.7	-0.3	4.1	-1.0	1.3	-1.8	1.5	-0.1	-0.2	-0.8
Jul	0.7	-0.1	1.4	-0.9	-0.8	-1.0	8.1	-1.2	-0.6	-0.1	1.3	0.4	1.0	-1.1
Aug	-0.5	0.4	-1.2	0.8	2.8	-10.5	-8.1	-0.5	1.1	3.1	-0.9	0.7	1.3	-0.9
Sep	0.2	-0.1	0.6	-0.3	1.1	-0.1	0.1	2.3	1.2	1.2	1.5	0.8	0.0	1.2
Oct	-0.1	-0.3	0.1	-0.5	-0.7	3.2	0.9	-0.6	-0.8	-0.6	0.3	0.6	-0.3	-0.9
Nov	-0.3	0.1	-0.7	0.1	-0.8	0.0	-0.9	-0.8	-0.7	-0.9	-0.8	-0.8	-0.7	-0.4
Dec	0.1	-0.1	0.2	0.8	0.7	0.2	-0.3	-0.1	-0.2	0.9	-0.3	-0.3	-0.5	0.9
2005 Jan	5.4	7.5	2.4	1.5	1.0	3.7	5.4	-0.1	1.2	3.3	-0.7	2.6	1.0	1.9
Feb	-0.2	0.1	-0.5	-0.7	-1.1	0.0	0.0	-1.2	-0.9	-0.7	-1.5	0.0	-0.7	-1.5
Mar	-0.5	-0.9	0.0	0.1	-0.4	0.0	0.0	-0.1	0.1	-0.2	0.7	0.3	-0.7	-0.4
Apr	0.4	0.5	0.2	0.4	-0.7	0.0	0.8	-0.4	-0.2	-0.2	-0.5	0.7	-0.1	-0.5
May	-0.5	-0.8	0.1	0.3	-0.2	0.0	0.0	0.4	-0.1	0.4	0.4	0.1	0.1	0.0
Jun	-0.3	-0.3	0.0	-0.2	0.0	0.0	0.3	-0.6	0.3	-0.2	0.4	0.0	0.8	0.2
Jul	0.9	1.1	0.8	0.8	-0.4	0.2	2.7	0.7	-0.7	0.3	-0.7	0.7	-0.1	-0.4
Aug	-0.4	-0.8	0.3	0.1	0.3	0.1	0.6	0.4	0.2	0.1	-0.3	0.6	-0.8	-0.2
Sep	0.2	0.2	-0.1	-0.1	-0.4	0.0	0.2	0.0	-0.2	0.5	0.7	-0.4	0.2	-0.2
Oct	0.1	0.3	0.0	0.0	0.1	0.1	0.0	0.0	0.1	0.4	-0.7	0.1	-0.2	0.3
Nov	-0.2	0.1	0.3	0.3	-0.2	0.0	0.2	0.2	-0.1	-0.1	0.6	0.6	0.0	-0.1
Dec	0.3	0.4	0.0	0.0	-0.1	0.0	0.2	-0.2	0.3	0.0	0.5	0.2	-0.1	0.0
2006 Jan	5.8	9.3	0.2	0.8	-0.1	0.0	0.2	-0.2	-0.6	-0.5	-0.8	0.3	0.5	0.8
Feb	0.2	0.4	-0.1	0.1	0.1	0.3	-0.7	0.3	-0.6	-0.5	0.2	0.2	0.1	-0.6
Mar	0.2	0.3	0.0	0.2	-0.9	0.0	0.3	0.3	-0.3	-0.8	-0.4	0.4	-0.7	-0.6
Apr	0.7	0.9	0.3	0.7	-0.7	0.0	0.4	-0.2	0.5	0.7	-0.3	0.5	0.8	0.7
May	0.2	0.2	0.4	0.0	0.2	0.0	0.4	0.1	0.2	-0.6	-0.5	1.1	0.1	-0.6

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



Table A7 : External Debt Developments

Millions of USD

Item	2005/06											
	2004/05	Jul-05	Aug-05	Sep-05	Oct-05	Nov-05	Dec-05	Jan-06	Feb-06	Mar-06	Apr-06	May-06
1. Overall total Debt Committed ²	8,345.1	8,335.5	8,401.0	8,361.9	8,276.2	8,138.9	8,153.7	8,494.8	8,486.1	8,472.5	8,607.3	8,744.65
Disbursed outstanding debt	6,799.5	6,845.8	6,913.8	6,944.7	6,855.7	6,733.9	6,743.6	6,923.7	6,830.8	6,826.4	6,920.2	7,061.1
Undisbursed debt	1,545.6	1,489.7	1,487.2	1,417.2	1,420.5	1,405.0	1,410.1	1,571.1	1,655.3	1,646.1	1,687.1	1,683.5
2. Disbursed Debt by Creditor Category ²	6,799.5	6,845.8	6,913.8	6,944.7	6,855.7	6,733.9	6,743.6	6,923.7	6,830.8	6,826.4	6,920.2	7,061.1
Bilateral	1,502.3	1,555.4	1,578.5	1,566.1	1,490.5	1,465.6	1,473.6	1,468.6	1,497.8	1,486.7	1,503.9	1,505.7
Multilateral	4,626.3	4,622.7	4,639.7	4,682.0	4,687.2	4,599.3	4,599.6	4,782.0	4,667.6	4,673.8	4,732.9	4,801.7
Commercial	416.4	413.4	441.1	439.6	429.1	420.6	421.6	424.2	399.2	399.7	412.0	477.0
Export credits	254.5	254.3	254.5	257.0	249.0	248.5	248.8	248.9	266.2	266.2	271.3	276.7
3. Disbursed Debt by Borrower Category ²	6,799.5	6,845.8	6,913.8	6,944.7	6,855.7	6,733.9	6,743.6	6,923.7	6,830.8	6,826.4	6,920.2	7,061.1
Central Government	5,830.5	5,856.9	5,934.8	5,966.5	5,879.6	5,779.6	5,791.3	5,966.6	5,910.6	5,905.6	5,981.1	6,054.3
Parastatal Companies	477.5	501.6	490.6	488.1	485.3	470.2	467.3	470.8	459.0	459.4	462.1	457.7
Private Sector	491.5	487.3	488.4	490.1	490.8	484.2	485.0	486.3	461.2	461.4	477.0	549.1
4. Disbursed Debt by Use of Fund ²	6,799.5	6,845.8	6,913.8	6,944.7	6,855.7	6,733.9	6,743.6	6,923.7	6,830.8	6,826.4	6,920.2	7,061.1
Balance of payment support	1,335.1	1,432.4	1,440.2	1,426.6	1,376.5	1,351.5	1,363.4	1,365.0	1,368.9	1,378.8	1,401.5	1,413.7
Transport & Telecommunication	1,073.5	1,077.3	1,103.5	1,104.2	1,075.1	1,053.0	1,049.6	1,187.8	1,109.9	1,095.2	1,091.5	1,096.0
Agriculture	1,077.8	1,059.1	1,068.5	1,059.7	1,058.1	1,040.7	1,042.5	1,047.7	1,037.9	1,041.6	1,035.0	1,070.0
Energy & Mining	1,070.3	916.2	891.3	943.7	942.5	929.2	930.7	936.0	933.5	939.8	937.2	965.5
Industries	405.5	403.4	404.7	401.3	400.3	386.9	387.1	388.2	387.0	387.3	403.4	406.4
Social Welfare & Education	611.7	626.2	629.3	632.9	637.8	627.5	627.6	632.9	635.4	626.4	624.8	658.3
Finance and Insurance	96.6	96.2	96.4	102.5	102.4	101.7	101.9	102.3	97.9	99.0	98.7	99.4
Tourism	80.1	79.8	80.0	79.8	80.1	79.3	79.5	79.6	80.7	81.4	81.0	81.2
Others	1,048.9	1,155.1	1,200.1	1,194.0	1,182.8	1,163.9	1,161.3	1,184.1	1,179.5	1,176.9	1,247.0	1,270.6
5. Total Amount of Loan Contracted ¹	376.4	2.2	0.2	1.0	0.2	0.3	0.5	0.0	10.0	1.0	0.1	0.2
Government	335.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Parastatal Companies	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Private	41.0	2.2	0.2	1.0	0.2	0.3	0.5	0.0	10.0	1.0	0.1	0.2
6. Disbursement ¹	190.2	117.4	4.6	2.7	0.5	2.9	1.7	0.0	0.0	0.7	0.1	0.0
Government	161.4	115.1	0.1	2.7	0.1	2.9	1.7	0.0	0.0	0.2	0.0	0.0
Parastatal Companies	0.0	0.0	4.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Private	28.8	2.3	0.4	0.0	0.4	0.0	0.0	0.0	0.0	0.5	0.0	0.0
7. Scheduled Debt Service ¹	355.1	373.6	373.6	373.6	373.6	373.6	373.6	373.6	373.6	373.6	373.6	373.6
8. Actual Debt Service ¹	112.9	4.8	13.5	10.0	3.3	12.9	11.0	4.9	2.1	8.2	6.1	6.9
Principal	86.0	3.2	12.8	6.9	0.4	9.9	7.3	2.3	1.4	5.3	2.2	3.3
Interest	26.9	1.6	0.8	3.1	2.9	3.0	3.7	2.6	0.6	3.0	3.9	3.6
Others	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
9. Net Transfers	77.3	103.1	-8.9	-7.3	-2.8	-10.0	-9.3	-4.9	-2.0	-7.6	-6.0	-6.9
10. Total Arrears by Creditor Category ²	2,470.5	2,257.8	2,283.7	2,278.1	2,224.8	2,194.5	2,251.7	2,260.3	2,210.6	2,219.5	2,264.9	2,360.2
Principal	1,135.2	1,093.7	1,106.3	1,106.9	1,064.8	1,049.0	1,063.5	1,074.8	1,016.7	1,022.8	1,035.2	1,108.9
Bilateral	669.4	622.1	630.1	625.1	601.7	591.0	599.2	604.0	605.1	601.3	609.8	615.7
Multilateral	5.9	8.4	8.3	9.0	9.0	8.5	9.4	10.9	11.0	10.9	11.1	11.5
Commercial	249.2	252.5	256.9	261.6	250.7	246.2	250.6	255.1	189.1	196.0	198.6	265.6
Other Private Creditors	210.7	210.7	211.0	211.2	203.4	203.3	204.3	204.8	211.5	214.6	215.6	216.1
Interest	1,335.3	1,164.1	1,177.4	1,171.2	1,160.0	1,145.5	1,188.2	1,185.5	1,193.9	1,196.8	1,229.7	1,251.2
Bilateral	818.8	646.1	655.1	651.7	632.5	623.3	653.0	643.6	649.5	649.6	670.3	679.6
Multilateral*	23.4	23.8	23.8	23.8	24.3	23.8	24.9	24.1	21.1	21.0	20.8	21.3
Commercial	333.7	334.3	337.9	335.5	341.2	332.0	342.6	348.6	352.4	354.6	365.0	370.2
Other Private Creditors	159.4	159.9	160.6	160.2	162.0	166.4	167.7	169.2	170.9	171.6	173.6	180.1
11. External Debt Stock	8,134.8	8,009.9	8,091.2	8,115.9	8,015.7	7,879.4	7,931.8	8,109.2	8,024.7	8,023.2	8,149.9	8,312.3
12. Domestic Debt Stock	952.6	1,421.7	1,435.1	1,466.8	1,500.4	1,423.7	1,452.1	1,460.7	1,464.6	1,428.2	1,432.4	1,385.7
Total Debt Stock (11 + 12)	9,087.4	9,431.6	9,526.3	9,582.7	9,516.1	9,303.1	9,383.9	9,569.9	9,489.3	9,451.4	9,582.3	9,698.0
Exchange Rate TZS/USD (End of Period)	1,126.3	1,135.7	1,133.6	1,136.3	1,141.6	1,183.2	1,165.5	1,184.7	1,186.0	1,223.8	1,225.7	1,225.7

NB. Multilateral*: multilateral arrears represents private sector arrears

¹ During the period. ² End of May 2006 cumulative.

Source: 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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