



# Bank of Tanzania

## Monthly Economic Review

November 2004

### Inflation increases slightly

Beginning September 2004, National Bureau of Statistics is releasing Consumer Price Index (CPI) using new basket and new weights derived from 2000/01 Household Budget Survey (HBS). Individuals consumption pattern have changed and as such food group weight has decreased substantially from 71.2 percent as derived from 1991/92 HBS to 55.9 percent in 2000/01 (Table 1).

According to the new CPI, the overall inflation increased to 4.2 percent in the year ending October 2004 compared to 4.0 percent in September 2004. The increase is mainly attributed to the rise in food inflation. However, the month-to-month overall inflation went down slightly due to a fall in prices of non-food sub-groups such as clothing, footwear and household items (Table 1).

On the other hand, the annual non-food inflation declined by 7 percentage points during the review period, from 3.2 percent in the year ended September 2004. The decrease in non-food inflation is mainly due to decrease in average prices of drinks, tobacco and education related items. In contrast, the month-to-month non-food prices increased by 0.1 percent, following the rise in prices of petrol, diesel, kerosene, rent, recreation and entertainment.

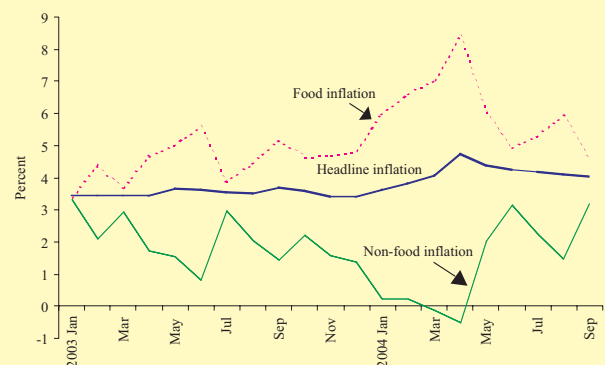
Following the rise in average food prices of some food items such as rice, beans and potatoes, the annual food inflation increased by 0.6 percentage points to 5.2 percent in the year ending October 2004. The general price increase for food items is influenced by cross border trade, which reflects food shortages in the neighbouring countries and hoarding practices by some private traders, anticipating for higher prices in future. On the other hand, prices of maize grain, wheat flour and sardines during October 2004 went down, consequently the month-to-month food inflation slowed by 0.3 percent when compared to the level recorded in the previous month.

**Table 1: Percentage Change in the Sub-groups of the National Consumer Price Index (All-Urban)**

Major Commodity Group	Weight %	(Base: 2001=100)					
		Sep 2004	Oct		Percentage Change		
			2003	2004	Sep-03 to Sep-04	Sep-04 to Oct-04	Oct-03 to Oct-04
Food	55.9	111.2	105.4	110.9	+4.6	-0.3	+5.2
Transportation	9.7	103.9	103.4	104.5	+3.3	+0.6	+1.1
Fuel, Power and Water	8.5	109.4	101.0	110.4	+6.0	+0.9	+9.3
Drinks and Tobacco	6.9	101.5	101.8	101.0	+0.5	-0.5	-0.8
Clothing & Footwear	6.4	106.8	102.8	106.0	+4.5	-0.7	+3.1
Education	2.6	104.8	106.5	104.5	+0.8	-0.3	-1.9
Furniture & Household Equipment	2.1	104.8	103.4	104.2	+2.9	-0.6	+0.8
Household Operations & Maintenance	2.1	104.6	101.9	103.8	+4.3	-0.8	+1.9
Personal Care & Health	2.1	105.6	102.3	105.0	+1.5	-0.6	+2.6
Rents	1.4	101.6	104.8	104.9	+0.2	+3.2	+0.1
Recreation & Entertainment	0.8	106.0	104.1	106.3	+3.7	+0.3	+2.1
Miscellaneous Goods and Services	1.5	101.7	101.6	100.8	+0.5	-0.9	-0.8
<b>TOTAL</b>	<b>100.0</b>	<b>108.7</b>	<b>104.2</b>	<b>108.6</b>	<b>+4.0</b>	<b>-0.1</b>	<b>+4.2</b>

Source: National Bureau of Statistics (NBS)

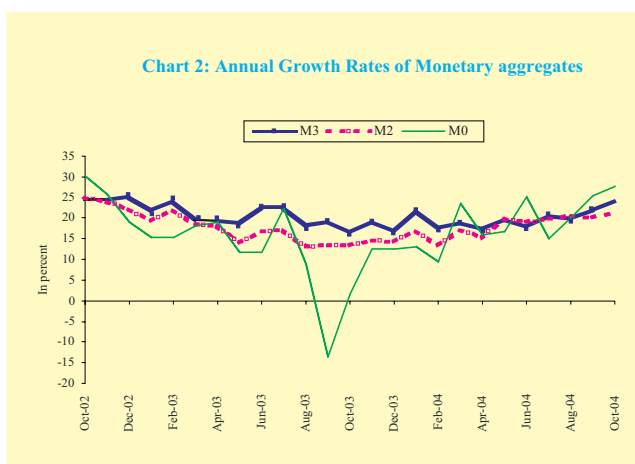
**Chart 1: Annual Headline, Food, and Non-food inflation**



# Monetary and Financial Developments

## Money Supply Grows Within Targets

During the year ending October 2004, the growth of money supply picked up but remained within the targeted path of 20-24 percent for 2004/05 as it was in the previous month. The growth rate of extended broad money supply (M3) stepped up to 24.0 percent from 21.7 percent in September 2004, while that of broad money supply (M2), picked up to 21.2 percent from 20.0 percent from in the same period. The increase in money supply was predominantly manifested in foreign currency deposits (FCD) and currency circulation (CC), the former being largely associated with export and travel proceeds, inflow of foreign direct investments and foreign exchange for small and medium enterprises (SMEs). The increase in currency in circulation reflects withdrawals of cash for crop purchases following a relatively good harvest. As a result of these developments, the proportion of FCD to M3 rose from around 27.5 percent in October 2003 to 29.2 percent in October 2004, while that of CC rose from 22 percent to 23 percent in the same period.



During October, M3 increased by about TZS 60 billion compared to an increase of TZS 80 billion in the preceding month. M3 manifests a moderate seasonal increase each October as seasonal receipts from exports

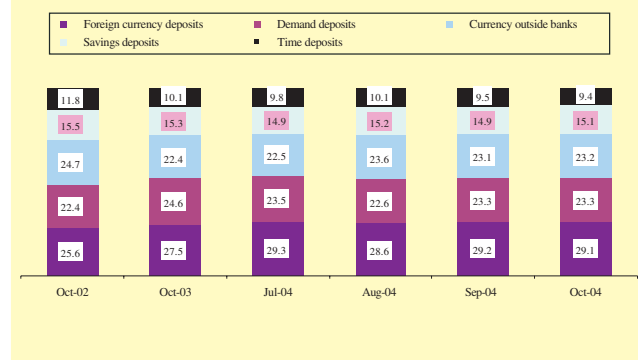
and travel flow into banks in form of FCD. This year though, the peak of FCD flows seem to have happened earlier, thus explaining the large increase in M3 in September, relative to October. M2 expanded by nearly TZS 43 billion as it was in September with most of the increase emanating from currency in circulation and savings deposits. To a large extent, the increase in currency in circulation mirrors the high withdrawals of government deposits in respect of domestic obligations.

**Table 2: Selected Money Supply Components**

	(Billions of TZS)							
	2003		2004		Abs. Change		Annual Change (%)	
	Sep	Oct	Aug	Sep	Oct/Sep-Oct 2004	Oct-03	Oct-04	
Extended broad money (M3)	2,297.1	2,304.1	2,711.0	2,796.0	2,856.0	60.1	16.4	24.0
Broad money (M2)	1,649.5	1,669.6	1,936.4	1,979.9	2,023.5	43.7	13.4	21.2
Currency in circulation	504.9	517.3	639.6	644.9	661.6	16.7	5.8	27.9
Demand deposits	580.4	566.5	612.9	651.7	664.5	12.8	27.6	17.3
Time deposits	226.7	232.3	272.7	266.5	267.1	.6	-0.3	15.0
Savings deposits	337.5	353.6	411.2	416.8	430.4	13.5	15.5	21.7
Foreign currency deposits	647.6	634.4	774.5	816.1	832.5	16.4	25.1	31.2
Total non government deposits	1,792.2	1,786.8	2,071.4	2,151.0	2,194.4	43.4	19.9	22.8
Net foreign assets	2,087.7	2,116.4	2,131.4	2,289.8	2,328.8	39.1	46.9	10.0
Bank of Tanzania	1,472.4	1,444.9	1,421.1	1,560.0	1,601.2	41.2	51.5	10.8
Commercial banks	615.3	671.6	710.3	729.8	727.7	-2.1	38.0	8.4
Net domestic assets	593.3	574.4	1,043.0	944.6	982.2	37.6	-29.7	71.0
Domestic Credit	729.9	793.0	1,188.0	1,025.6	1,074.9	49.3	-5.4	35.6
Net claims on government	-35.1	9.8	196.1	-1.7	45.1	46.8	-96.5	359.8
Claims on government	454.7	456.4	499.5	490.2	487.1	-3.2	2.5	6.7
Government deposits	489.8	446.6	303.4	492.0	442.0	-50.0	165.0	-1.0
Claims on the private sector	765.0	783.2	992.0	1,027.3	1,029.8	2.5	39.5	31.5

Source: Bank of Tanzania

**Chart 3: Components of Money Supply as Percentage of M3**

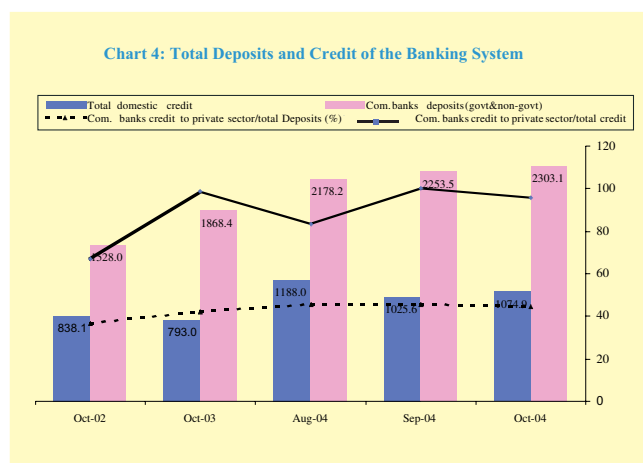


## Credit to Private Sector

Credit to private sector by commercial banks rose marginally by TZS 2.5 billion in October 2004 compared to an increase of TZS 35.3 billion recorded in the preceding month. The increase was substantially below the preceding 12-month average of around TZS 22 bil-

lion, partly reflecting the end of bank credit for crop purchases in some regions. On annual basis, credit to private sector grew by around 31 percent, slightly below an average annual growth rate of 35 percent recorded in recent months.

During the month under review, the government reduced its debts to commercial banks by TZS 9.9 billion, out of which TZS 6.2 billion represented a build up of deposits. In contrast, claims on government by BOT increased by TZS 56.7 billion following a withdrawal of deposits for various operations.



### Interest rates

Developments in interest rates during October were generally mixed. Overall savings and time deposits rates remained nearly at levels recorded in the preceding month—2.5 percent and 4.6 percent, respectively, while interest earnings to prime customer deposits picked up to around 6.9 percent from 6.4 percent in September.

Having increased to around 14.9 percent in September, overall lending rate of commercial banks dropped to around 14.3 percent in October. However, save for 1-year and 5-year loans, all other loans maturities increased during the month under review. As for the negotiated lending rate it dropped to 11.2 percent from 12.9 percent and remained lower than non-negotiable rates as it has evolved in the past.

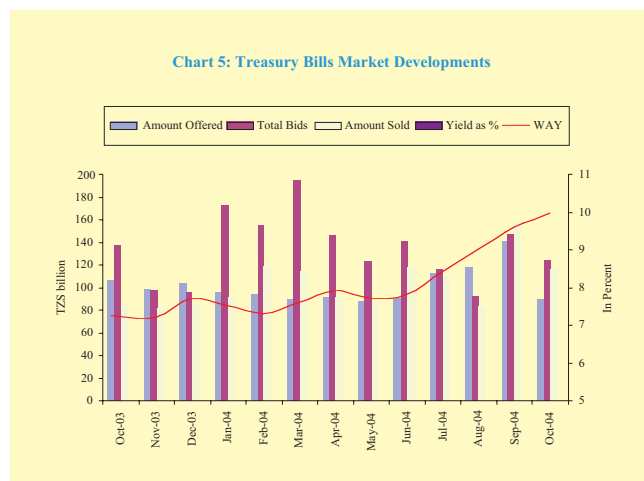
## Market Operations

### Demand for Treasury Bills Remains Strong

The demand for Treasury bills during October was generally high (Chart 5), albeit lower than in September. Bids surpassed amounts offered by about TZS 34 billion, with most over-subscriptions being recorded on 91-day and 182-day bills. In order to keep liquidity within the desired level, the Bank intervened and accepted bids worth TZS 116.2 billion, representing about 94 of the total bids. Redemptions during the month amounted to TZS 88.3 billion. Interest rates across all maturities picked up, as they did in the preceding month (Table 3).

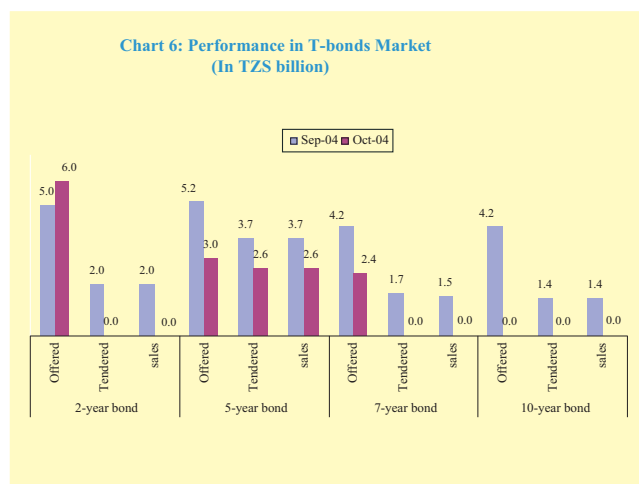
Table 3: Treasury Bills Interest Rates

	Jun-04	Jul-04	Aug-04	Sep-04	Oct-04
35 days	6.74	7.27	7.56	8.23	8.97
91 days	7.67	8.12	8.37	9.31	9.88
182 days	8.03	8.39	9.31	9.89	9.96
364 days	8.22	9.40	10.13	10.40	10.98
<b>Overall</b>	<b>7.83</b>	<b>8.39</b>	<b>8.97</b>	<b>9.57</b>	<b>9.95</b>



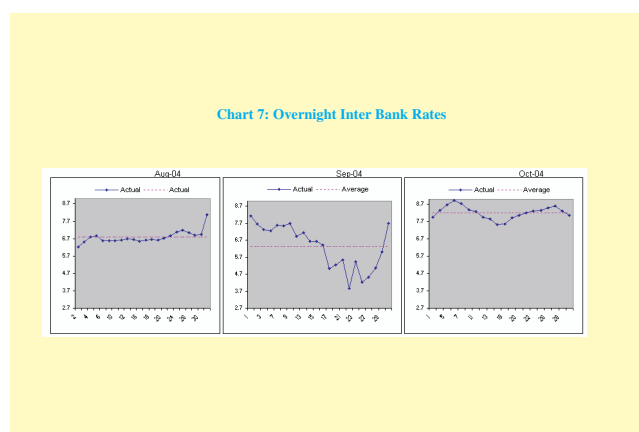
## Low Demand for Treasury Bonds Continues

The low demand for bonds experienced in the recent months also continued in October (Chart 6). Treasury bonds worth TZS 10.0 billion were offered but bids received were as low as TZS 2.6 billion, which was only recorded on 5-year bond (Chart 2.1b). The yield on the 5-year bond was 11.7 percent, up from 11.5 percent recorded in the preceding month.



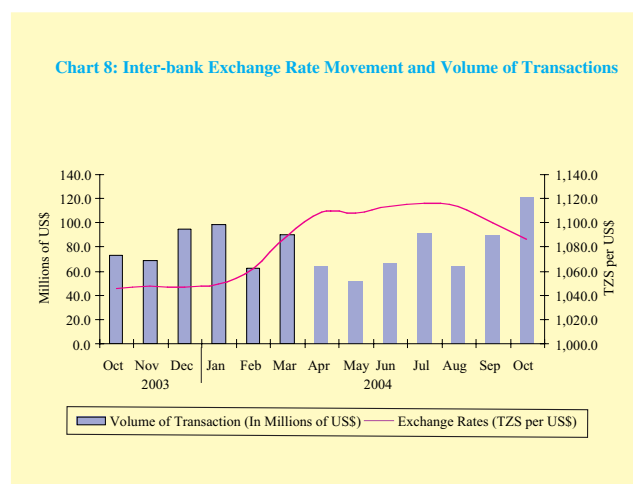
## Inter-bank Transactions

During October 2004, inter-bank transactions were higher than the amount transacted in the preceding month (Chart 7), with overnight placements remaining as high as they were in September (80 percent of the total transactions). The daily overnight rates fluctuated narrowly between 4 and 10 percent as compared to 1.2—8.5 percent in August (Chart 2.1d). The average overnight rate also went up from around 6.2 percent to 8 percent, suggesting low liquidity relative to the preceding month.



## Inter-Bank Foreign Exchange Market (IFEM) Transactions Increase

During October 2004, the total volume traded in the Inter-bank Foreign Exchange Market (IFEM) went up by 34.2 percent to USD 121.2 million from the level recorded in the previous month mainly due to high inflows of foreign exchange receipts emanated from exports proceeds (Chart 8). On net basis, commercial banks and the non-bank financial institutions sold US\$ 5.6 million and US\$ 6.6 million respectively, and the Bank of Tanzania purchased US\$ 12.2 million. The shilling appreciated against the US dollar by 0.7 percent to USD 1,062.2.



## Transactions in Bureaux de Change Surge

The volume of transactions conducted by Bureau de Change system went up by 2.2 percent to USD 69.7 million from the levels recorded in the previous period (Table 4) mainly due to the surge in purchases of foreign exchange receipts from exports proceeds. Consistent with the developments in the IFEM, the buying and selling rates appreciated by 0.8 percent to USD 1,059.0 and USD 1,073.0 respectively in October 2004 from the rates recorded in the previous month.

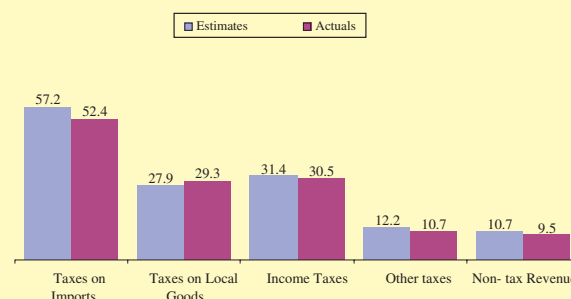
**Table 4: Foreign Exchange Market Developments**

Item	2003 October	2004		% Change		Jul - Oct		
		July	October	Oct-03 to Oct-04	Jul-04 to Oct-04	2003	2004	% Change
<b>IFEM</b>								
1. Amount offered*	73.39	91.2	121.2	65.15	32.89	356.88	366.57	2.72
2. Amount sold*	73.39	91.2	121.2	65.15	32.89	356.88	366.57	2.72
3. Exchange rate**	1,045.69	1,099.8	1,062.16	1.58	-3.42	1,044.24	1,079.4	3.37
<b>Bureau de Change</b>								
1. Sales*	25.5	23.7	34.0	33.3	43.5	93.5	116.0	24.1
2. Purchases*	25.9	23.8	35.7	37.8	45.8	95.5	118.4	23.98
3. Volume of Transactions*	51.4	47.5	69.7	35.6	44.6	189.0	234.4	24.02
4. Buying rate**	1,040.0	1,098.0	1,059.0	1.8	-3.5	1,041.3	1,071.3	2.9
5. Selling rate**	1,058.0	1,109.0	1,073.0	1.4	-3.2	1,058.8	1,084.5	2.4

Source: Bank of Tanzania

\* Millions of US\$. \*\* Tanzanian Shillings (TZS) per US dollar

**Chart 9: Government Recurrent Revenue Performance in October 2004 (Billions of TZS)**



## Government Budgetary Developments

### Fiscal Operations remains within the target

The consolidated budget position of the government was deficit of TZS 60.8 billion, lower than the projected deficit of TZS 65.1 billion. Total resources available for the month included total revenue of TZS 132.4 billion and grants amounting to TZS 72.6 billion, making a resource envelope of TZS 205.0 billion against a total expenditure that amounted to TZS 265.8 billion.

Total revenue collected reached TZS 132.4 billion, being lower than the target by TZS 7.0 billion, partly due to higher refunds of TZS 7.5 billion than projected TZS 4.0 billion, and timing factors with respect to the receipts of taxes on imports. Revenue performance by major tax categories (**Chart 9**) shows that taxes on local goods and income taxes were largely on target. Taxes on imports were below the target of TZS 57.2 billion by TZS 4.8 billion due to legal technicalities that disabled the TRA from collecting the amount from Petroleum Companies on time.

During the month, government expenditure including float was TZS 265.8 billion, out of which recurrent was TZS 196.6 billion and TZS 96.2 billion was for development projects. Expenditure float has continued to fall from TZS 128.2 billion recorded in July 2004 to TZS 0.7 billion in October 2004, and is about to be extinguished. Despite the fact that expenditure on wages and salaries were on target, payments for goods, services and transfers were TZS 80.7 billion lower than the target partly due to a high October 2004 target that included quarterly allocations for priority sectors amounting to TZS 85.4 billion.

Cumulatively, from July to October 2004, government expenditure amounted to TZS 919.1 billion, consisting of TZS 636.1 billion for recurrent expenses and TZS 283.0 billion for development projects. During the period, expenditure on priority sectors was TZS 134.7 billion, out of which education sector received TZS 52.1 billion, while Roads and Health sectors were allocated TZS 24.4 billion and TZS 23.6 billion, respectively.

Government budgetary operations for the month generated a financing requirement of TZS 55 billion that was financed from draw-down on government deposits by TZS 34.1 billion, sell of government securities amounting to TZS 1.9 billion and foreign borrowing to the tune of TZS 19.7 billion.

# External Sector Developments

## Current Account Weakens

During October 2004, the current account balance worsened to a deficit of USD 59.7 million from a surplus of USD 54.1 million recorded in September 2004 mainly due to substantial decline in inflows of official current transfers from development partners. In the review month, the current transfers declined by 65.2 percent to USD 59.3 million when compared to the levels recorded in the previous month. Likewise, on annual basis, the current account balance deteriorated from a deficit of USD 248.9 million recorded during the year ending October 2003 to a deficit of USD 358.0 million, largely due to surge in imports of goods and services that dampened the effects of modest increase in exports and current transfers (Table 4).

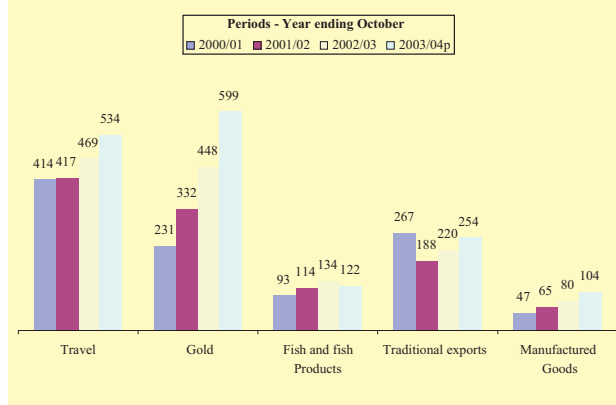
**Table 4: Current Account Balance**

	Million of USD							
	2003 Oct	2004 p		% Change		November - October		
		Sep	Oct	Sep-04 Oct-04	Oct-03 Oct-04	2002/03	2003/04 p	% Change
<b>Goods Account (net)</b>	<b>-64.4</b>	<b>-91.5</b>	<b>-99.6</b>	<b>8.8</b>	<b>54.5</b>	<b>-747.1</b>	<b>-886.0</b>	<b>18.6</b>
Exports	135.6	106.2	116.7	9.9	-13.9	1,078.8	1,247.4	15.6
Imports	200.1	197.7	216.3	9.4	8.1	1,826.0	2,133.4	16.8
<b>Services Account (net)</b>	<b>-12.3</b>	<b>-18.6</b>	<b>-19.7</b>	<b>5.6</b>	<b>59.7</b>	<b>-16.6</b>	<b>-134.2</b>	<b>--</b>
Receipts	60.1	74.2	64.9	-12.5	7.9	715.1	784.5	9.7
Payments	72.5	92.8	84.6	-8.9	16.7	731.7	918.6	25.6
<b>Goods and services (net)</b>	<b>-76.8</b>	<b>-110.2</b>	<b>-119.3</b>	<b>8.3</b>	<b>55.4</b>	<b>-763.7</b>	<b>-1,020.1</b>	<b>33.6</b>
Exports of goods and services	195.8	180.4	181.6	0.7	-7.2	1,794.0	2,031.9	13.3
Imports of goods and services	272.5	290.5	300.9	3.6	10.4	2,557.6	3,052.0	19.3
<b>Income Account (net)</b>	<b>-2.7</b>	<b>-6.6</b>	<b>0.4</b>	<b>-106.1</b>	<b>-114.9</b>	<b>-35.2</b>	<b>-45.3</b>	<b>28.5</b>
Receipts	7.9	1.1	7.6	569.9	-4.2	83.4	75.1	-10.0
Payments	10.6	7.7	7.2	-7.4	-32.3	118.6	120.4	1.5
<b>Current Transfers (net)</b>	<b>16.3</b>	<b>170.9</b>	<b>59.2</b>	<b>-65.4</b>	<b>--</b>	<b>550.0</b>	<b>707.5</b>	<b>28.6</b>
Inflows	21.2	176.2	65.2	-63.0	--	612.9	777.5	26.8
o/w General Government	15.5	170.4	59.3	-65.2	--	546.5	708.1	29.6
Outflows	5.0	5.3	6.0	13.2	20.8	62.9	70.0	11.3
<b>Current Account Balance</b>	<b>-63.2</b>	<b>54.1</b>	<b>-59.7</b>	<b>--</b>	<b>-5.6</b>	<b>-248.9</b>	<b>-358.0</b>	<b>43.8</b>

Note:  
p = Provisional data.  
-- = Very big value  
Totals may not add up due to rounding of numbers.  
Source: Bank of Tanzania

During the year ending October 2004, the deficit of goods and services account worsened by 33.6 percent to USD 1,020.1 million as imports increased faster than the increase of total exports of goods and services. Improved performance of gold and travel continued to dominate as they accounted for more than 50.0 percent of total exports of goods and services. In contrast, the share of traditional exports was about 12.0 percent of total exports. The trend of total exports for the past four years is summarized in Chart 10.

**Chart 10: Exports of Goods and Services, 2001-2004 (Million of USD)**



## Traditional Exports Rise

Total goods exports increased from USD 106.2 million in September 2004 to USD 116.7 million, mainly on account of good performance in traditional exports as non-traditional exports remained virtually unchanged. Traditional exports increased by 49.0 percent to USD 32.5 million mainly due to surge in exports volumes. Exports volumes of coffee, sisal, tea, tobacco and cashew nuts increased by more than 80 percent compared to the volumes exported in the previous month. The increase in volumes is largely attributed to the onset of export season for most of traditional exports. Mixed performance was recorded in the movement of export unit prices as coffee, sisal, tobacco and cashew nuts recorded an increase in prices, while the prices of cotton and tea recorded declines. During the review month, non-traditional exports declined marginally to USD 84.3 million.

On annual basis, exports went up from USD 1,078.8 million recorded in the preceding year to USD 1,247.4 million following improvement in both traditional and non-traditional exports. Traditional exports increased by 15.5 percent to USD 254.2 million largely attributable to substantial increase in export volumes of tobacco cashew nuts and cloves. Likewise, Unit prices of coffee, cotton, sisal, tea and cashew nuts rose in line with developments in the world market. Non-traditional exports increased by 15.7 percent to USD 993.2 million compared to the levels recorded in the previous year, following increases in exports of gold and manufactured goods.

## Goods Imports Surge

During the month under review, imports increased from USD 197.7 million in the previous month to USD 216.3 million following a noticeable increase in imports of capital goods. The increase in capital goods was mainly driven by a surge in importation of transport equipment. On the other hand, intermediate goods imports declined following a significant drop in fertilizer imports. According to the Tanzania Fertilizer Company (TFC), a large part of fertilizer requirement for 2004/05 was imported by end September 2004. Oil imports increased by 25.0 percent to USD 32.2 million due to both volume and price factors. During October 2004, a total of 92,600 tons of oil was imported compared to 72,576 tons imported in the preceding month. It is worthy noting that there has been a gradual increase in oil imports as the installation of flow meters had temporarily disrupted importation of oil in July and August 2004. During July and August, monthly volume of oil imports went down to about 50,000 tons compared to a normal monthly average of over 100,000 tons.

**Table 5: Tanzania Imports**

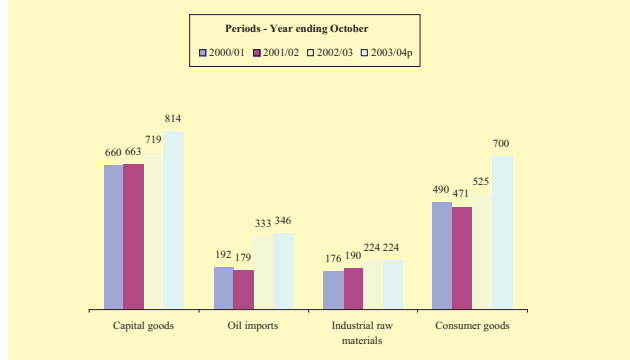
	Million of USD							
	2003 Oct	2004 p		% Change		November - October		
		Sept	Oct	Sep-04 Oct-04	Oct-03 Oct-04	2002/03	2003/04 p	% Change
<b>CAPITAL GOODS</b>	<b>73.4</b>	<b>79.9</b>	<b>108.0</b>	<b>35.2</b>	<b>47.2</b>	<b>718.7</b>	<b>814.4</b>	<b>13.3</b>
Transport Equipment	23.7	18.4	56.6	207.6	138.5	203.9	228.2	11.9
Building and Constructions	14.2	14.6	16.3	11.9	15.1	157.9	161.3	2.2
Equipment	35.5	46.9	35.1	-25.2	-1.1	357.0	424.9	19.0
Machinery								
<b>INTERMEDIATE GOODS</b>	<b>74.0</b>	<b>59.6</b>	<b>55.3</b>	<b>-7.2</b>	<b>-25.3</b>	<b>582.5</b>	<b>618.7</b>	<b>6.2</b>
Oil imports	46.7	25.8	32.2	25.1	-31.0	332.6	345.9	4.0
Fertilizers	2.8	12.5	3.1	-75.1	11.4	26.2	49.3	88.2
Industrial raw materials	24.5	21.3	19.9	-6.6	-18.7	223.7	223.5	-0.1
<b>CONSUMER GOODS</b>	<b>52.7</b>	<b>58.3</b>	<b>53.0</b>	<b>-9.1</b>	<b>0.6</b>	<b>524.8</b>	<b>700.3</b>	<b>33.5</b>
Food and foodstuffs	12.2	8.9	14.9	67.3	21.5	146.3	234.5	60.3
All other consumer goods	40.4	49.4	38.1	-22.8	-5.7	378.5	465.9	23.1
<b>GRAND TOTAL (F.O.B)</b>	<b>200.1</b>	<b>197.7</b>	<b>216.3</b>	<b>9.4</b>	<b>8.1</b>	<b>1,826.0</b>	<b>2,133.4</b>	<b>16.8</b>
<b>GRAND TOTAL (C.I.F)</b>	<b>219.9</b>	<b>217.3</b>	<b>237.7</b>	<b>9.4</b>	<b>8.1</b>	<b>2,006.6</b>	<b>2,344.4</b>	<b>16.8</b>

Note: Oil imports refers to refined petroleum products  
p = Provisional data.  
Totals may not add up due to rounding of numbers.  
Source: Bank of Tanzania, TRA.

On annual basis, merchandise imports increased by 16.8 percent to USD 2,133.4 million with Consumer goods imports growing faster than other import categories. Importation of food and foodstuffs increased by 60.3 percent to USD 234.5 million following drought in

2002/03 that adversely affected food supply in the country. Likewise, fertilizer imports increased from USD 26.2 million to USD 49.3 million in the review year partly due to the decision taken by the Government of subsidizing fertilizer prices. The trend of imports over the past four years is shown in **Chart 11**.

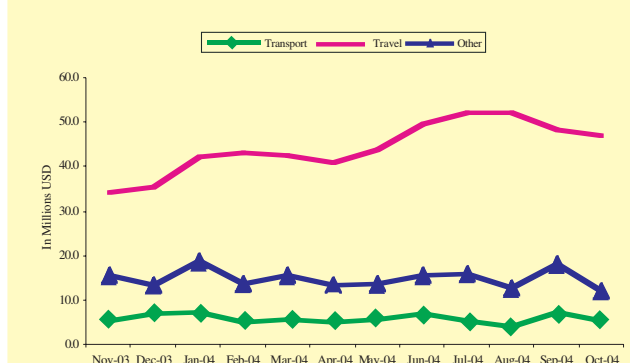
**Chart 11: Contribution of Selected Items to Total Goods Imports, 2001-2004 (Million of USD)**



## The services account deteriorates

During October 2004, the deficit in the services account increased to USD 19.7 million from USD 18.6 million reported in the previous month following a decline in services receipts. Transportation, travel and government services both recorded a decline in receipts. The tail end of the tourist peak season partly explains the fall of travel receipts.

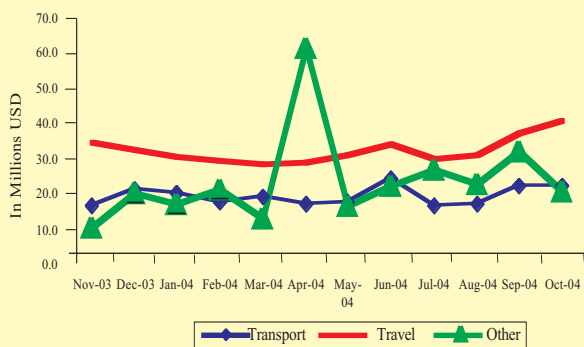
**Chart 12: Tanzania - Services Receipts**



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

Services payment went down by 8.9 percent to USD 84.6 million largely on account of the fall in construction services payments that went down by 56.6 percent to USD 8.1 million.

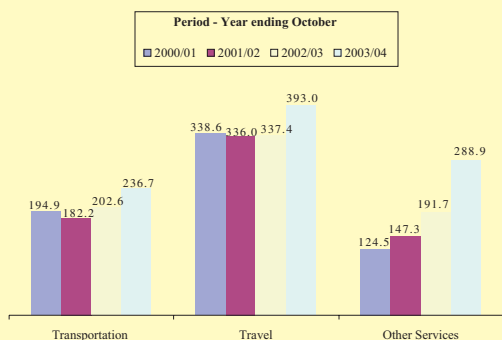
Chart 13: Tanzania - Services Payments



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

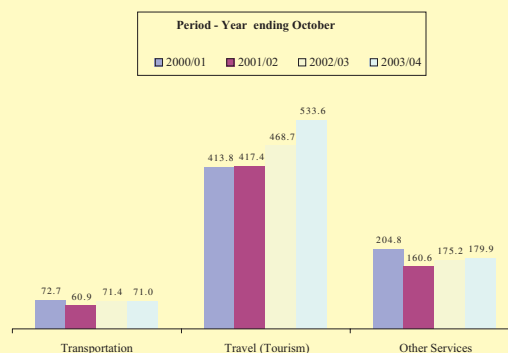
During the year ending October 2004, the performance of the services account worsened substantially from a deficit of USD 16.6 million recorded during the year ending October 2003 to a deficit of USD 134.2 million. The deterioration was mainly attributed to the surge in payments for travel, communication and freight services. While the increase in freight payments is consistent with the growth in imports during the review period, the surge in communication payments is partly explained by the increase in payments made by telecommunication companies for the usage of satellite services. The movement of services payments for the past four years is illustrated in [chart 14](#).

Chart 14: Service Payments, 2000/01-2003/04 (In millions of USD)



Services receipts during the year ending October 2004 increased by 9.7 percent to USD 784.5 million largely on account of the rise in travel (tourism) receipts. The rise in tourism receipts was largely due to efforts taken by the Government and other stakeholders of marketing Tanzania as a unique and safe destination. Travel (tourism) receipts over the past four years dominated the services sector as shown on [Chart 15](#).

Chart 15: Service Receipts, 2000/01-2003/04 (In millions of USD)



### Income Account Improves

The income account balance improved from a deficit of USD 6.6 million in the previous month to a surplus of USD 0.4 million due to the increase in income receipts of the Bank of Tanzania from short-term investments abroad.

Conversely, during the year ending October 2004, the income account deficit widened by 28.5 percent to USD 45.3 million largely due to a fall in income receipts originating from investments abroad. During the review period, income receipts declined from USD 76.8 million recorded in the preceeding period a year earlier to USD 67.3 million.



## World Market Prices for Agricultural Commodities Decline

During October 2004, the prices of **coffee** (Arabica) remained stable at USD 1.78 per kg, while the price of coffee (Robusta) went down by 7.9 percent largely due to expectation of bumper harvest in 2004/05 in Vietnam (Table 6) following favourable weather conditions. Similarly, the prices of **cotton** (A index) and (Memphis) went down by 6.5 percent and 4.8 percent respectively, largely due to expectations of higher cotton production in the United States, India and Uzbekistan in 2004/05. As for **tea** (average three auctions) and (Mombasa Auctions), the prices went down as the result of improvement in weather conditions in major tea growing countries.

Prices of **sisal** (UG) remained stable at US\$ 885.00 per metric ton, while the price of **cloves** declined by 2.8 percent, partly as the result of increase in supply in Sri Lanka, Madagascar and Zanzibar.

On the other hand, **crude oil** (average of U.K. Brent, Dubai, and West Texas Intl.), Dubai (f. o. b.) and white petroleum products went up by 12.7 percent, 5.9 percent and 13.8 percent respectively. The development was largely due to concerns about oil supply disruptions from Russia, Gulf of Mexico and the Middle East. Regarding **gold**, the weakness of the US dollar against major currencies and the global security concerns continued to add an upward pressure on the price of gold.

Table 6: World Commodity Prices

COMMODITY	Units	2004						% Change Sept/Oct.
		May	June	July	August	Sept	Oct	
Coffee "Robusta"	US\$ per kg	0.81	0.88	0.79	0.75	0.76	0.70	-7.89
Coffee "Arabica"	"	1.70	1.81	1.65	1.62	1.78	1.78	0.00
Tea "Average price"	"	1.67	1.67	1.71	1.77	1.81	1.79	-1.10
Tea "Mombasa Auction"	"	1.52	1.51	1.53	1.57	1.64	1.51	-7.93
Cotton "A Index"	"	1.54	1.42	1.26	1.19	1.24	1.16	-6.45
Cotton "Memphis"	"	n.a	n.a	n.a	1.18	1.24	1.18	-4.84
Sisal "UG"	US\$ per metric ton	885.00	885.00	885.00	885.00	885.00	885.00	0.00
Cloves	"	2,950.00	2,712.50	2,650.00	3,000.00	3,600.00	3,500.00	-2.78
Crude oil*	US\$ per barrel	37.56	35.54	37.89	42.08	41.60	46.88	12.69
Crude oil**	"	34.47	33.41	34.48	38.30	35.48	37.58	5.92
White products***	US\$ per ton	381.13	349.79	389.35	406.60	421.22	479.42	13.82
Gold	US\$ per troy ounce	383.80	392.40	398.10	400.50	405.30	420.50	3.75

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

\*\* f. o. b. Dubai

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

Source: <http://www.imf.org> and <http://worldbank.org/prospects>, World bank Public Ledger, Bloomberg Professional

## Debt Developments

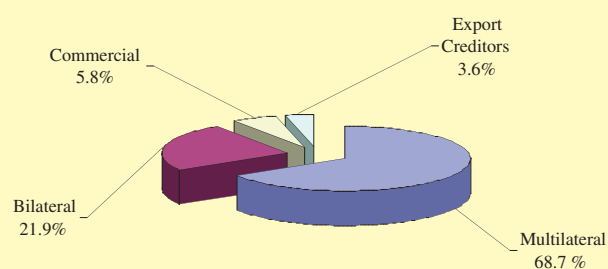
### National Debt registers an Increase

During the month under review, total national debt (domestic and external debts) stood at USD 8,949.9 million. There was an increase of 1.5 percent (USD 127.3 million) mainly due to accumulation of arrears on unserviced loans. During the same period the country received HIPC debt relief amounting to USD 9.6 million from multilateral institutions only.

### External Debt

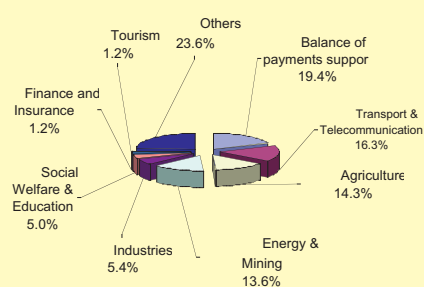
The committed external debt rose by USD 98.7 million (1.2 percent) from USD 8,226.8 million recorded at end September 2004 to USD 8,325.5 million recorded at end October 2004. Out of the amount, USD 6,834.1 million was disbursed outstanding debt (DOD). The DOD of the private sector slightly decreased by 1.8 percent while that of central government went up by 1.6 percent. The DOD of Parastatal Companies decreased by 3.8 percent between September and October 2004. The analysis of disbursed outstanding debt by creditor category shows that multilateral debt was USD 4,693.9 million (68.7 percent), bilateral debt was USD 1,495.4 million (21.9 percent), whereas Commercial and Export creditors were USD 398.0 million (5.8 percent) and USD 246.9 million (3.6 percent) respectively. The share of multilateral debt is higher reflecting the government's policy of borrowing concessional loans, mainly offered by multilateral institutions, while that of bilateral debt is lower due to bilateral debt cancellations.

Chart 16: DOD by Creditor Category end of October 2004



Analysis of DOD by use of funds shows that USD 1,327.6 million of the total debt was in the form of Balance of Payments Support. Transport sector accounted for USD 1,114.2 million, Agriculture USD 980.9 million, and Energy & Mining accounted for USD 928.2 million. Industries, Education, Finance, and Tourism received USD 366.2 million, USD 338.6 million, USD 82.8 million and USD 81.1 million of the debt respectively. The remaining USD 1614.4 million was used for other activities such as rural development, water supply, etc.

Chart 17: DOD By Use of Fund by end of October 2004



## HIPC Debt Relief

### Multilateral Debt Relief

During the month under review Tanzania received HIPC debt relief amounting to USD 3.49 million, USD 0.15 million, USD 5.91 million, and USD 0.03 million from International Development Association (IDA), African Development Bank (ADB/ADF), European Investment Bank (EIB) and Nordic Development Fund (NDF) respectively. During the corresponding period of last year Tanzania received debt relief amounting to USD 3.79 million and USD 0.15 million from IDA and ADB respectively. Thus as at end October 2004 total debt relief received from multilateral creditors amounted to USD 315.22 million (Table 7).

Table 7: Multilateral Debt Relief (in million USD)

	1999/00	2000/01	2001/02	2002/03	2003/04	2004/05*	TOTAL
IDA	9.12	39.78	41.24	43.45	47.79	14.05	195.43
ADB/ADF	4.51	9.63	0.00	8.02	10.11	5.01	37.28
IMF	6.33	17.55	23.36	7.23	11.10	2.03	67.60
IFAD	0.00	0.00	0.53	1.34	0.82	0.32	3.01
EIB	0.00	0.00	0.00	0.00	0.24	6.15	6.39
NDF	0.00	0.00	0.00	2.61	1.51	1.39	5.51
<b>TOTAL</b>	<b>19.96</b>	<b>66.96</b>	<b>65.13</b>	<b>62.65</b>	<b>71.57</b>	<b>28.95</b>	<b>315.22</b>

\* July to October 2004.

### Bilateral Debt Relief

There was no debt relief from bilateral creditors during the month under review. However, total debt relief received so far from bilateral creditors amounts to USD 931.2 million out of which USD 858.7 million was received from Paris club bilateral creditors, namely Austria, Belgium, Canada, Germany, France, Italy, Japan, Norway, the Netherlands, United Kingdom, Russia and USA and USD 72.5 million from non Paris Club bilateral Creditors, namely Bulgaria, China and India. Efforts are still being made to obtain debt relief from those creditors that have not offered debt relief so far.

### Disbursements, Debt service Projections and Debt Service Payments

In the month of October there were no disbursements recorded. During the same period debt service payments recorded amounted to USD 5.0 million against projected amount of USD 13.3 million. Lower debt service payments are attributed to multilateral HIPC debt relief received and also due to non-servicing some of the Non-Paris Club bilateral loans whose creditors have not offered debt relief under HIPC arrangement. Disbursements and debt service payments recorded during the corresponding period of previous year were USD 0.9 million and USD 8.3 million respectively.

### Domestic Debt

Debt stock stood at TZS 982.4 billion as at end of October 2004. The debt stock increased by TZS 13.6 billion

(1.4 percent) from TZS 968.8 billion registered at the end of September 2004. The increase in domestic debt stock is mainly attributed to sale of Treasury Bills and Government Bonds during the month under review. Commercial banks remained the main government creditors, accounting for TZS 365.8 billion, followed by Pension Funds (TZS 346.7 billion), Bank of Tanzania (TZS 199.2 billion), Non-Bank Financial Institutions (TZS 18.3 billion), Insurance companies (TZS 24.6 billion), and Private sector (TZS 17.3 billion). Other official entities and BOT special funds were holding claims worth TZS 10.4 billion altogether.

### Domestic Debt Service

During the month under review, domestic debt worth TZS 44.1 billion (principal and interest) fell due for payment. Out of the total amount due, TZS 8.2 billion was interest and was paid out of government revenues. The remaining TZS 35.9 billion being principal was rolled over.

## Other Economic Developments

### Food Supply Remains Stable

In October 2004, food supply in the country was still favorable despite food shortages in some districts, particularly in Shinyanga, Coast, Kilimanjaro, Arusha, Manyara, and Tanga regions. The average monthly food prices increased as compared to prices recorded in September 2004. However, on annual basis, the average whole sale prices of maize, the main staple declined by 7 percent to TZS 16,440 per 100 Kgs as compared to TZS 17,713 recorded in October last year, (Table 8). The general price increase for food crops in recent months is influenced by cross border trade, which reflects food shortages in the neighbouring countries and hoarding practices by some private traders, anticipating for higher prices in future.

**Table 8: National Average Wholesale Prices for Selected Food Items**

Crop	2003				2004				TZS per 100 Kg	
	July	Aug	Sep	Oct	July	Aug	Sept	Oct	% Change Oct 03-Oct 04	% Change Sept-Oct 04
	Maize	16,347	17,215	17,323	17,713	13,997	16,069	16,239	16,440	-7
Rice	36,054	36,999	39,913	42,196	44,908	46,882	49,908	53,160	26	7
Beans	40,158	39,112	40,393	41,485	35,510	40,271	44,200	48,026	16	9
Sorghum	17,910	18,726	19,572	21,076	21,042	21,420	20,652	21,719	3	5
Potatoes	19,707	19,424	18,130	20,706	22,007	24,612	26,750	28,086	36	5

Source: Ministry of Agriculture and Food Security

### Strategic Grain Reserves Improves

The SGR stock as at end-October 2004 increased to 92,710 tons from 67,685 tons recorded at end-September 2004. Apart from maize the stock comprises of 3,828 tons of wheat and 101 tons of rice provided by the Government India as food grant. Similarly, the SGR stock at the end-October 2004 was higher by about 56.1 percent when compared to the 59,379 tons recorded in the corresponding period in 2003 (Table 9). The increase in SGR stocks is mainly explained by SGR purchases from the surplus regions. For the period July – October 2004, the SGR department purchased 62,237 tons of maize and it is likely to meet the target of purchasing 100,000 tons of maize during 2004/05. Meanwhile, the SGR department sold 2,718.4 tons of maize to prisons department and 4,813 tons of rice to private traders for the period July - October 2004.

Food grains held by registered private traders were 174,072 tons at end-October 2004, comprising 55,221 tons of maize, 42,038 tons of rice and 76,813 tons of wheat. This brings the total stock of food grains to 266,782 tons at end-October 2004.

**Table 9: SGR Stocks**

Period	Tons					% Change 2003-2004
	2000	2001	2002	2003	2004	
January	105,665	78,967	60,503	59,961	35,342	-41
February	103,305	72,000	58,254	59,493	23,791	-60
March	101,496	63,022	56,738	58,976	22,903	-61
April	96,326	51,435	52,228	54,118	32,387	-40
May	82,119	44,776	48,653	52,857	31,732	-39.9
June	72,000	47,225	47,100	51,060	37,091	-27.4
July	63,976	46,290	44,787	50,661	39,195	-22.6
August	70,352	48,998	41,795	52,681	45,988	-12.7
September	95,000	59,047	57,500	61,364	67,685	10.3
October	88,474	58,000	62,700	59,379	92,710	56.1
November	89,882	62,388	61,773	52,054		
December	78,967	62,788	58,395	41,649		

Source: Food Security Department and BOT computation

# Economic Developments in Zanzibar

## Zanzibar Government Budgetary Developments

### Overall Performance Registers Surplus Budget

During October 2004, Zanzibar Government budgetary performance on “cheques issued basis”, recorded an overall surplus of TZS 0.02 billion before grants. The budget registered a surplus of TZS 2.72 billion, after considering grants amounting to TZS 2.7 billion.

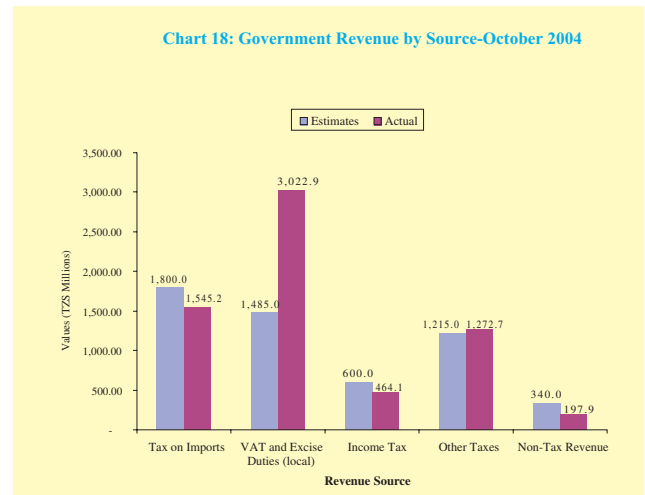
### Revenue Performance Remarkably Improves

Total revenue collection in October 2004, amounted to TZS 6.5 billion, surpassing the set target of TZS 5.4 billion by 20.4 percent, mainly on account of transfer of excise duty claims from the Union Government.

Performance by revenue category shows that, collection from tax sources amounted to TZS 6.3 billion, accounting for 96.9 percent of total collection, surpassing the monthly target of TZS 5.1 billion by 23.5 percent. Collections from import duties amounted to TZS 1.5 billion, accounting for 83.3 percent of the targeted TZS 1.8 billion, mainly due to decline in imports. VAT and exercise duty (local) collection amounted to TZS 3.0 billion, remarkably surpassing the targeted TZS 1.5 billion by 100.0 percent, associated with transfers of excise duty claims from the Union Government. Income tax collections reached TZS 0.5 billion, accounting for 83.3 percent of the monthly target of 0.6 billion, due to decreased tax returns. Revenue from “other taxes” category amounted to TZS 1.3 billion, exceeding the monthly target of TZS 1.2 by 8.3 percent, due to relative increase in trading activities.

Non-tax revenue amounted to TZS 0.2 billion, accounting for 66.7 percent of set target of TZS 0.3 billion, and accounting for 3.1 percent of total revenue.

On cumulative basis, total revenue collection for July 2004 - October 2004 amounted to TZS 19.8 billion, surpassing the set target of TZS 18.3 billion by 8.2 percent (**Chart 18**).



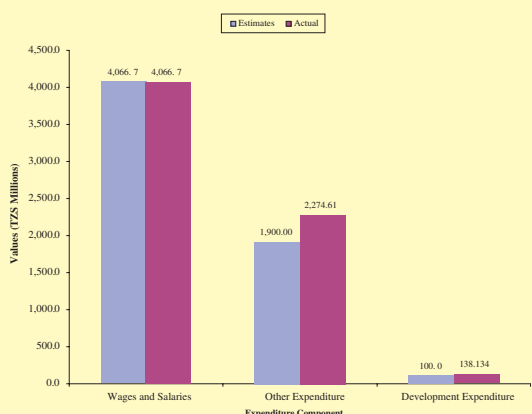
### Monthly Spending Slightly Surpassed the Ceiling

Total Zanzibar Government expenditure during October 2004, amounted to TZS 6.48 billion, slightly surpassing the monthly ceiling of TZS 6.1 billion by 6.2 percent, mainly on account of discharge of previously approved commitments on development expenditures and other charges but not met due insufficient funds. Recurrent expenditure amounted to TZS 6.34 billion, exceeding the set ceiling of TZS 6.0 billion by 5.7 percent, and accounting for 97.8 percent of total expenditure. Development expenditure amounted to TZS 0.14 billion, exceeding the monthly ceiling of TZS 0.1 billion by 40.0 percent, and accounting for 2.2 percent of total expenditure.

Expenditure on wages and salaries reached TZS 4.07 billion, in line with set ceiling, representing 64.2 percent of the current expenditure. Other expenditures amounted to TZS 2.27 billion, surpassing the set ceiling of TZS 1.9 billion by 19.5 percent.

On cumulative basis, during July 2004 - October 2004, the Government spent TZS 23.8 billion, representing 95.6 percent of the planned TZS 24.9 billion (**Chart 19**).

Chart 19: Government Expenditure by Component-October 2004



## Financing

During the month of October 2004, the Government expenditures were exclusively financed using internal resources and grants from the Union Government.

# Zanzibar Debt Developments

## Zanzibar total debt stock increases

As at the end October 2004, Zanzibar's total debt stock (external and domestic) increased by 22.0 percent, from TZS 165.0 billion (USD 155.6 million), recorded the previous month to TZS 168.7 billion (USD 159.0 million), mainly due to new domestic borrowing and accrued interest arrears. Out of the total debt stock, domestic debt amounted to TZS 49.2 billion, accounting for 29.2 percent of the total debt, while external debt stood at TZS 119.5 billion, representing 70.8 percent of total debt.

## Domestic Debt

During the month under review, domestic debt edged up to TZS 49.2 billion from TZS 45.5 billion, recorded in the preceding month, mainly on account of new borrowing through treasury bills and accumulation of interest arrears.

Domestic debt maturing in less than a year stood at TZS 9.4 billion or 19.2 percent, while debt maturing between 1 - 2 years amounted to TZS 13.9 billion, representing 28.2 percent of total domestic debt. Debt with maturity between 2 – 5 years stood at TZS 0.8 billion or 1.6 percent of total domestic debt. Debt with “undetermined maturity” including, gratuity claims amounted to TZS 25.1 billion, accounting for 51.0 percent of total domestic debt.

## External Debt

The external debt stood at USD 112.6 million, of which multilateral creditors' claims amounted to USD 94.3 million or 83.7 percent. Bilateral debt amounted to USD 10.9 million, accounting for 9.6 percent of total external debt, while commercial and private creditors' claims stood at USD 7.4 million or 6.6 percent.

External debt with maturity above 20 years amounted to USD 93.5 million or 83.1 percent, while debt with maturity ranging between 10-20 years stood at USD 10.7 million, representing 9.5 percent of total external debt. Debt maturing between 5-10 years stood at USD 8.4 million or 7.4 percent.

## Trade Developments

### Overall trade deficit improves

During October 2004, overall trade balance (goods and services) worsened to a deficit of USD 2.7 million from a deficit of USD 3.1 million recorded in September 2004

(Table 10), mainly due to decline in imports. On annual basis, the trade account deteriorated to a deficit of USD 42.4 million, from a deficit of USD 38.8 million for the preceding year, on account of higher imports relative to exports.

**Table 10: Trade Account Balance**

Millions of USD														
ITEM	2004p							Change	October		Change	Nov-Oct		Change
	April	May	June	July	Aug	Sept	Oct		%	2003		2004p	%	
Exports	2.4	2.5	3.7	4.7	3.2	5.0	4.5	(13.5)	6.1	4.5	(26.2)	44.3	53.5	20.8
Goods	0.4	0.4	0.3	0.2	0.2	1.4	1.4	-	2.5	1.4	(44.0)	12.5	12.7	1.6
Services	2.0	2.1	3.5	4.5	3.0	3.6	3.1	(13.9)	3.6	3.1	(13.9)	31.9	40.8	27.9
Imports	5.6	4.2	7.8	7.8	11.7	8.3	7.1	(14.5)	10.3	7.1	(31.1)	83.1	95.9	15.4
Goods (f.o.b)	3.7	2.9	6.1	5.5	9.4	6.2	5.2	(16.1)	7.6	5.2	(31.6)	60.5	67.4	11.6
Services	1.9	1.4	1.7	2.3	2.3	2.1	1.9	(9.5)	2.7	1.9	(29.6)	22.7	28.5	25.6
Trade Balance	-3.2	-1.7	-4.0	-3.0	-8.5	-3.3	-2.7	(12.9)	-4.2	-2.7	(35.7)	-38.8	-42.4	9.3

P = Provisional

Source: Tanzania Revenue Authority.

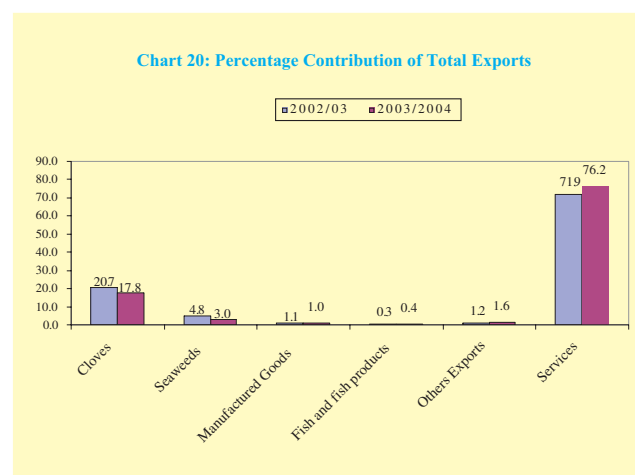
## Exports

During the month of October 2004, total exports of goods and services declined by 13.5 percent, to USD 4.5 million from USD 5.2 million recorded in September 2004, due to stagnation in cloves exports. On annual basis however, total exports edged up by 20.8 percent to USD 53.5 million, mainly due to significant increase in receipts from tourism related activities. Earnings from goods exports slightly improved to USD 12.7 million from USD 12.5 million.

### Services Sector remain vibrant

During the year ended October 2004, the services sector made the highest contribution to total exports (Chart 20).

Cloves exports accounted for 17.8 percent, while receipts from seaweeds exports accounted for only 3.0 percent. Other exports including manufactured goods, fish, and fish produce accounted for 3.0 percent of total export earnings.



## Imports

During the year ended October 2004, Zanzibar goods imports (c.i.f.) increased by 11.6 percent, to USD 74.1 million from USD 66.4 million recorded in the preceding year, mainly due to increase in imports of building and construction materials. Imports of intermediate goods increased by 19.2 percent to USD 20.5 million, where as the increase in consumer goods imports by 14.2 percent to USD 29.8 million, is linked with more importation of food and foodstuffs.

# Statistics of Major Macroeconomic Indicators

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

Item	Unit	1995	1996	1997	1998	1999	2000	2001	2002	2003p
<b>1. Population (TZ Mainland)</b>	Million	27.5	28.3	29.1	30.0	30.9	31.9	32.8	33.6	34.2
<b>2. Gross Domestic Product (GDP)</b>										
2.1. At Current Prices (Nominal)	Mill. TZS	2,796,640.1	3,452,538.9	4,281,600.0	5,125,310.9	5,977,698.8	6,706,381.0	7,624,615.0	8,699,887.0	9,811,553.0
	Mill. US\$	4,865.8	5,952.9	6,994.7	7,710.9	8,024.8	8,377.2	8,711.4	8,927.1	9,446.9
2.2. At Constant 1992 Prices (Real)	Mill. TZS	1,345,247.3	1,401,711.9	1,448,213.0	1,505,826.9	1,577,292.0	1,654,320.0	1,749,358.0	1,857,174.0	1,962,039.0
	Mill. US\$	2,340.5	2,416.8	2,365.9	2,265.5	2,117.5	2,066.9	1,996.1	1,921.3	1,889.1
<b>3. Income per Capita</b>										
3.1. Nominal (Current Prices)	TZS	101,799.2	122,205.0	147,312.0	170,843.7	193,453.0	210,231.0	232,458.0	251,666.0	275,824.0
	US\$	177.1	210.7	240.7	257.0	259.7	262.7	265.2	260.4	265.6
3.2. Real (1992 Prices)	TZS	48,918.0	49,530.0	49,767.0	50,194.0	51,045.0	51,860.0	53,334.0	53,723.0	55,157.0
	US\$	85.2	85.5	81.3	75.5	68.5	64.8	60.8	57.2	53.1
<b>4. Price Index (1994=100)</b>										
4.1. Consumer Price Index (CPI)	Gen. Index	115.8	140.1	162.6	183.5	197.9	209.7	220.4	232.3	242.9
4.2. Percentage Change	Per cent	28.4	21.0	16.1	12.8	7.9	5.9	5.1	4.6	4.4
4.3. Retail Price Index - Wage Earners (Dar es Salaam)	Gen. Index	108.6	128.7	137.4	146.8	149.8	150.6	163.4	175.6	
4.4. Percentage Change	Per cent	26.7	18.5	6.8	6.8	2.1	0.5	8.5	7.5	
4.5. GDP Implicit deflator	Index	207.9	246.3	295.6	340.4	379.0	405.4	435.9	468.4	500.1
4.6. GDP Implicit deflator	Per cent	27.1	18.5	20.0	15.1	11.3	7.1	7.5	6.5	6.8
<b>5. Balance of Payments Position</b>										
5.1. Exports (fob)	Mill. US\$	682.9	763.8	752.6	588.5	543.3	663.3	776.4	902.5	1,129.2
5.2. Imports (f.o.b)	"	1,340.5	1,212.6	1,148.0	1,382.2	1,415.4	1,367.6	1,560.3	1,511.3	1,933.5
5.3. Balance of Visible Trade	"	-657.6	-448.9	-395.4	-793.7	-872.1	-704.3	-783.9	-608.8	-804.2
5.4. Balance on Current Account	"	-646.4	-461.3	-403.4	-905.4	-829.5	-495.8	-456.7	-214.7	-310.8
5.5. Overall Balance	"	-329.5	-146.9	-199.8	-505.8	-109.0	-40.8	-163.9	317.8	420.5
5.6. Exchange Rate :										
5.6.1. Annual Average	TZS/US\$	574.8	580.0	612.1	664.7	744.9	800.4	876.4	966.6	1,038.6
5.6.2. End of Period	TZS/US\$	550.4	595.6	624.6	681.0	797.3	803.3	916.3	976.3	1,063.6
<b>6.0 Broad Money Supply (M2) *</b>	Mill. TZS	613,695.3	684,990.6	760,353.3	844,929.4	972,088.6	1,093,610.9	1,233,667.0	1,507,386.5	2,023,549.3
6.1. Percentage Change	Per cent	26.1	11.6	11.0	11.1	15.0	12.5	12.8	22.2	21.2
6.2. Currency in Circulation Outside Banks	Mill. TZS	244,313.7	257,662.8	287,871.1	307,798.7	384,848.0	392,404.2	411,638.9	495,445.6	661,621.9
6.3. Demand Deposits	"	183,971.4	191,550.5	205,991.7	237,718.3	247,723.2	302,602.3	354,381.0	463,340.9	664,499.6
6.4. Quasi-Money (Time and Savings deposits)	"	324,626.4	368,849.7	433,200.2	481,467.7	585,055.6	702,682.3	870,710.8	1,088,896.5	1,529,911.9
<b>7. Public Finance</b>										
7.1. Recurrent Revenue	"	448,372.9	572,029.7	619,083.1	689,325.3	777,644.7	929,624.0	1,042,955.1	1,217,517.0	1,504,814.0
7.2. Recurrent Expenditure	"	415,139.8	486,493.7	543,750.6	680,182.7	808,865.4	1,018,782.1	1,466,136.9	1,409,628.3	631,055.0
7.3. Development Expenditure	"	5,382.3	28,895.6	215,107.2	136,523.9	359,913.4	286,253.2	344,610.9	473,188.6	451,798.0
7.4. Adjustment to cash and other items (net)	"	-96,001.9	-60,916.8	-47,720.9	-22,510.9	-2,444.3	-25,447.4	3,203.8	-16,662.9	-22,205.0
7.5. Financing:										
7.5.1. Domestic Financing	"	56,169.0	-41,926.6	3,669.2	-5,740.0	7,854.4	-2,494.4	-22,606.6	-36,513.9	-68,594.0
7.5.2. Foreign Loans (net)	"	-34,899.5	-49,065.3	64,468.1	-18,683.7	105,417.3	90,354.2	121,842.5	172,723.9	301,421.0
<b>8. Total External Debt Stock***</b>	Mill. US\$	8,003.8	7,754.1	7,578.5	7,384.7	7,669.7	7,624.8	7,464.0	7,268.1	8,325.5
Disbursed Debt	"	6,917.5	6,623.3	6,600.3	6,580.3	6,580.3	6,580.3	6,580.3	6,233.0	6,834.1
Interest	"	1,086.3	1,130.8	978.2	948.8	1,089.4	1,086.5	904.3	1,035.1	1,491.4

Source: Bank of Tanzania and National Bureau of Statistics

Note: p. Provisional data; \* For the current year, position is at end-October 2004

\*\* cumulative for October 2004

\*\*\* Debt position is given on financial year basis (end of period). For 2004/05, it is at end-Oct. 2004

## Table A2: Central Government Operations

	Millions of TZS				
	<i>BUDGET 2004/2005</i>	<b>Jul-04</b>	<b>Aug-04</b>	<b>Sep-04</b>	<b>Oct-04</b>
<b>Total Revenue</b>	<b>1,739,288.0</b>	<b>137,633.0</b>	<b>137,074.5</b>	<b>157,830.2</b>	<b>133,276.3</b>
Tax Revenue	1,599,010.0	116,138.1	127,044.2	147,887.6	123,777.9
Taxes on Imports	702,846.0	54,294.1	54,828.5	58,143.3	55,987.1
VAT and Excise on Local Goods	372,255.0	28,663.7	35,704.2	32,789.6	31,916.2
Refunds	-47,798.0	-3,890.4	-3,424.0	-6,142.4	-4,285.0
Income Taxes	422,196.0	25,962.9	27,476.2	51,716.7	30,511.0
Other taxes	149,511.0	11,107.8	12,459.3	11,380.4	9,648.6
<b>Non- tax Revenue</b>	<b>140,278.0</b>	<b>21,494.8</b>	<b>10,030.3</b>	<b>9,942.6</b>	<b>9,498.5</b>
<b>Total Expenditure</b>	<b>3,198,152.0</b>	<b>215,451.4</b>	<b>188,020.5</b>	<b>249,776.3</b>	<b>429,604.6</b>
Recurrent expenditure /1	2,106,561.0	172,692.7	134,085.2	132,649.3	191,628.0
Wages and salaries (Central & Local Govt.)	551,159.0	42,891.9	44,048.2	44,422.5	45,681.4
Interest payments	168,438.0	2,431.4	3,701.6	10,403.8	19,179.6
Domestic /2	94,946.0	-	1,555.8	3,196.9	16,122.7
Foreign	73,492.0	2,431.4	2,145.8	7,206.9	3,056.9
Goods, Services and transfers	1,386,964.0	127,369.4	86,335.4	77,823.0	126,766.9
o/w Roadtoll fund	78,182.0	4,784.5	6,616.1	5,706.2	7,309.0
Retention fund	44,450.0	3,959.3	7,336.7	3,539.0	4,822.8
<b>Dev. Expenditure and net lending</b>	<b>1,091,591.0</b>	<b>42,758.7</b>	<b>53,935.3</b>	<b>117,127.0</b>	<b>237,976.6</b>
Local	233,705.0	19,475.4	28,842.1	500.0	10,000.0
Foreign	857,886.0	23,283.3	25,093.2	116,627.0	227,976.6
Overall Deficit (cheques issued) before Grants	-1,458,864.0	- 77,818.4	-50,946.0	-91,946.1	-296,328.2
<b>Grants</b>	<b>807,810.0</b>	<b>122,660.4</b>	<b>41,087.2</b>	<b>203,603.6</b>	<b>77,795.6</b>
Program	266,176.0	103,840.7	22,134.2	139,924.1	30,569.0
Project	306,482.0	10,075.9	5,083.4	44,309.8	18,990.5
Basket Support	160,488.0	3,261.3	10,063.7	11,896.4	24,379.4
HIPC Relief	74,664.0	5,482.5	3,806.0	7,473.2	3,856.6
Overall deficit (cheques issued) after grants	-651,054.0	44,841.9	-9,858.7	111,657.4	-218,532.7
Expenditure Float		-128,152.1	-8,805.7	-1,771.5	-710.0
Overall Deficit including Float		-83,310.2	-18,664.4	109,885.9	-219,242.7
Adjustments to cash and other items(net)	0	-55,068	54,550	-26,058	5,081
Overall deficit (cheques cleared)	-651,054.0	-138,378.3	35,885.4	83,828.1	-214,1619
<b>Financing</b>	<b>651,054.0</b>	<b>138,378.3</b>	<b>-35,885.4</b>	<b>-83,828.1</b>	<b>214,161.9</b>
Foreign Financing (net)	425,768.0	5,722.5	4,278.8	113,269.2	178,150.1
Loans	559,215.0	9,946.1	9,946.1	125,816.4	184,606.7
Program loans	168,300.0	-	-	65,395.6	-
Project loans	280,959.0	9,946.1	9,946.1	55,963.6	184,606.7
Basket support	109,956.0	-	-	4,457.1	-
Amortization	-133,447.0	-4,223.6	-5,667.3	-12,547.2	-6,456.6
Domestic (net)	225,286.0	132,655.8	-40,164.2	-197,097.3	36,011.9
Domestic Financing	231,110.0	132,655.8	-40,164.2	-197,097.3	36,011.9
Bank borrowing		117,987.2	-58,385.8	-183,601.9	30,976.2
Non Bank		14,668.6	18,221.6	-13,495.3	5,035.6
Amortization of Contingent debt	-15,939.0	-	-	-	-
Privatization Fund	10,115.0	-	-	-	-

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

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



**Table A3: Tanzania Monetary Survey (Revised)**

Millions of TZS

End of Period	Memorandum Item:														
	M3, Domestic assets (net)					M2, Extended Broad Money			M1, Broad Money		Narrow Money			M0, Base Money	
	Net Domestic credit (net)		Claims on private sectors*			Total			sum (9-10)		Currency in circulation outside banks			Total sum (9,15)	
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	
1994	116,393.2	181,055.6	280,138.6	-7,864.2	569,743.2	486,489.2	329,624.8	176,308.2	153,316.5	84,799.5	72,064.9	83,254.0	226,441.4	50,133.2	
1995	165,813.5	279,257.9	247,846.0	59,994.1	752,911.5	613,695.3	428,285.1	244,313.7	183,971.4	91,210.2	94,199.9	139,216.3	314,885.1	70,571.4	
1996	290,319.8	295,822.8	141,341.0	90,579.4	818,068.0	684,990.6	449,213.3	257,662.8	191,550.5	122,436.6	113,340.7	133,072.4	335,768.0	78,105.3	
1997	398,918.6	239,457.5	182,976.9	105,716.0	927,068.9	760,353.3	493,868.7	287,877.1	205,991.7	126,269.2	140,215.3	166,715.6	364,940.0	77,062.9	
1998	458,003.6	276,586.7	248,276.2	44,118.1	1,026,984.7	844,929.4	545,517.0	307,798.7	237,718.3	134,401.0	165,011.4	182,055.2	418,734.0	110,935.3	
1999	622,286.8	366,596.2	311,533.0	-82,789.1	1,217,626.9	972,088.6	632,571.2	384,848.0	247,723.2	149,257.1	190,260.3	245,538.3	508,674.0	123,826.0	
2000	842,755.0	375,146.0	340,628.1	-160,840.2	1,397,688.8	1,093,610.9	695,006.5	392,404.2	302,602.3	170,051.6	228,552.8	304,077.9	556,430.9	164,026.7	
2001	1,209,820.4	239,201.4	340,628.1	-152,919.2	1,636,730.7	1,233,667.0	766,019.9	411,638.9	354,381.0	208,101.4	259,545.7	403,063.7	584,369.1	172,730.2	
2002	1,558,627.1	264,608.6	570,668.3	-346,221.0	2,047,683.1	1,507,386.5	958,786.6	495,445.6	463,340.9	223,898.7	324,701.2	540,296.5	695,701.2	200,255.6	
2003	2,182,072.0	12,937.0	817,125.2	-623,818.1	2,388,316.1	1,721,109.9	1,113,379.1	553,045.8	560,333.3	230,958.8	376,771.9	667,206.2	783,309.0	230,263.2	
2003-Jan	1,651,202.9	257,045.5	580,247.7	-447,855.8	2,040,640.2	1,490,504.1	918,121.1	471,090.0	447,031.1	239,917.6	332,463.4	550,136.1	680,510.8	209,420.8	
Feb	1,655,007.2	306,398.7	582,609.9	-422,656.0	2,121,359.8	1,537,802.9	948,324.8	461,323.0	487,001.9	240,674.6	348,803.4	583,556.9	678,757.9	217,434.9	
Mar	1,707,928.0	272,871.6	598,111.4	-491,261.2	2,087,649.8	1,502,204.6	908,801.8	447,867.7	460,934.1	239,653.3	353,749.5	585,445.2	649,571.0	201,703.3	
Apr	1,674,904.9	295,633.3	621,068.4	-501,654.3	2,089,952.3	1,498,745.2	941,951.6	432,855.8	509,095.8	230,242.1	326,551.5	591,207.1	695,283.1	262,427.3	
May	1,725,548.0	294,589.7	645,351.3	-557,846.1	2,107,643.0	1,490,711.8	925,455.0	446,842.6	478,612.3	238,579.8	326,677.1	616,931.2	681,295.7	234,453.1	
Jun	1,871,286.0	199,679.4	658,524.6	-523,596.0	2,205,894.0	1,558,784.9	981,147.7	473,703.5	507,444.2	246,719.6	330,917.5	647,109.1	639,661.8	165,958.3	
Jul	1,909,018.8	185,139.7	701,909.0	-540,408.9	2,255,658.6	1,602,637.6	1,049,006.7	495,295.6	553,711.1	224,169.8	329,461.1	653,020.9	776,307.4	281,011.8	
Aug	1,895,236.8	172,642.0	728,882.9	-569,672.0	2,263,174.7	1,607,279.1	1,037,088.8	503,545.3	533,543.5	237,208.4	332,981.9	655,895.6	767,473.8	263,928.4	
Sep	2,087,692.5	-35,083.4	764,967.9	244,516.7	2,297,125.8	1,649,505.4	1,085,306.0	504,927.7	580,378.3	226,730.3	337,469.1	647,620.4	687,925.1	182,997.4	
Oct	2,116,418.7	9,810.7	783,154.0	-605,331.7	2,304,051.6	1,669,610.4	1,083,761.2	517,258.6	566,502.6	232,258.4	353,590.8	634,441.2	763,852.8	246,594.2	
Nov	2,125,383.8	55,935.6	782,188.2	-580,810.4	2,382,697.2	1,718,191.4	1,120,008.9	538,666.2	581,342.7	230,462.5	367,720.0	664,505.8	790,141.2	251,475.0	
Dec	2,182,072.0	12,937.0	817,125.2	-623,818.1	2,388,316.1	1,721,109.9	1,113,379.1	553,045.8	560,333.3	230,958.8	376,771.9	667,206.2	783,309.0	230,263.2	
2004-Jan	2,312,919.5	-1,717.4	856,793.0	-683,565.0	2,486,021.4	1,741,293.0	1,116,903.1	538,830.7	578,072.4	249,553.6	374,836.3	744,728.5	769,091.2	230,260.5	
Feb	2,318,994.8	34,856.7	844,586.5	-700,965.8	2,497,472.3	1,742,942.7	1,110,654.6	519,962.7	590,691.9	248,995.7	383,292.4	754,529.5	743,811.5	223,848.8	
Mar	2,178,747.4	91,076.2	847,977.4	-640,149.8	2,477,651.2	1,757,204.8	1,096,558.7	523,607.8	572,950.9	270,684.3	389,961.8	720,446.4	802,863.9	279,256.1	
Apr	2,141,542.4	129,701.5	859,629.3	-174,547.2	2,450,409.3	1,730,493.8	1,093,912.9	523,110.5	570,802.4	248,346.7	388,234.2	719,915.6	806,102.5	282,992.0	
May	2,114,512.7	155,855.2	890,926.8	-129,086.8	2,517,140.2	1,788,553.4	1,131,129.0	532,770.1	598,358.9	266,743.5	390,682.9	728,584.8	794,842.2	262,072.1	
Jun	2,134,182.7	157,606.9	965,980.9	-160,687.4	2,602,934.8	1,856,326.3	1,186,063.1	590,441.0	595,622.1	269,132.9	401,130.3	746,608.5	800,399.6	209,958.6	
Jul	2,128,834.6	244,329.6	994,969.8	-170,143.4	2,715,835.9	1,919,971.4	1,250,869.2	612,242.3	638,626.9	264,971.5	404,130.8	795,864.5	893,742.3	281,500.0	
Aug	2,131,384.3	196,074.0	991,955.1	-145,052.0	2,710,987.4	1,936,449.5	1,252,535.2	639,586.9	612,948.3	272,726.8	411,187.5	774,537.9	922,959.0	283,372.1	
Sept	2,289,760.4	-1,703.5	1,027,300.4	-81,021.5	2,795,951.9	1,979,892.9	1,296,585.1	644,921.5	651,663.5	266,479.5	416,828.3	816,059.0	863,635.1	218,713.5	
Oct	2,328,838.7	45,108.0	1,029,789.8	-92,704.6	2,856,033.4	2,023,549.3	1,326,121.5	661,621.9	664,499.6	267,067.6	430,360.2	832,484.1	976,377.9	314,756.0	

Note: \* Previously known as "Claims on other domestic sectors (net)"

\*\* Commercial Banks Reserves (CBR)

Source: Bank of Tanzania

**Table A4: Weighted Average Interest Rates of Commercial Banks (percentage per annum)**

	Jan-04	Feb-04	Mar-04	Apr-04	May-04	Jun-04	Jul-04	Aug-04	Sep-04	Oct-04
<b>A Domestic Currency</b>										
<b>1 Interbank Cash Market Rates</b>										
Overnight	9.69	3.54	3.36	3.55	3.44	3.24	5.47	6.79	6.43	8.16
2 to 7 days	8.83	4.04	3.57	3.51	4.11	3.84	5.59	7.21	6.84	8.97
8 to 14 days	9.49	4.13	4.54	4.40	4.40	4.40	7.18	7.18	7.96	7.96
15 to 30 days	8.70	6.63	6.77	7.77	7.00	7.74	6.79	7.50	7.86	9.56
31 to 60 days	8.28	5.98	6.67	7.69	7.25	6.97	7.81	7.86	8.20	9.42
61 to 90 days	7.96	6.50	6.50	8.25	8.25	8.25	7.87	8.40	8.40	8.40
91 to 180 days	7.46	7.31	7.56	8.05	7.75	7.50	8.24	9.73	9.60	10.26
181 and above	8.83	7.66	8.37	8.38	8.25	7.49	8.49	10.08	11.01	11.08
<b>Overall interbank cash market rate</b>	<b>9.50</b>	<b>3.80</b>	<b>3.75</b>	<b>3.88</b>	<b>3.88</b>	<b>3.57</b>	<b>5.68</b>	<b>7.14</b>	<b>6.73</b>	<b>8.30</b>
<b>2 Lombard Rate</b>	15.45	9.61	10.15	11.06	11.06	11.06	10.98	10.98	10.98	10.98
<b>3 REPO Rate</b>	4.78	4.41	4.00	4.00	4.29	5.08	5.33	5.33	5.92	5.92
<b>4 Treasury Bills Rates</b>										
35 days	6.67	6.38	6.77	7.43	6.98	6.74	7.27	7.56	8.23	8.97
91 days	7.13	7.24	7.47	8.00	7.69	7.67	8.12	8.37	9.31	9.88
182 days	7.61	7.56	6.51	8.11	7.97	8.03	8.39	9.31	9.89	9.96
364 days	7.78	7.64	6.45	8.12	8.01	8.22	9.40	10.13	10.40	10.98
<b>Treasury bills rate</b>	<b>7.48</b>	<b>7.29</b>	<b>7.60</b>	<b>7.94</b>	<b>7.69</b>	<b>7.83</b>	<b>8.39</b>	<b>8.97</b>	<b>9.57</b>	<b>9.97</b>
<b>5 Treasury Bonds- 2-years</b>	8.57	7.39	7.39	9.03	7.81	8.76	9.71	10.86	11.00	11.00
<b>5-years</b>	10.15	10.15	10.24	9.55	9.55	6.68	10.34	10.49	11.46	11.66
<b>7-years</b>	10.74	10.83	11.12	10.48	10.65	10.65	10.92	11.16	10.44	10.44
<b>10-years</b>	11.53	11.83	11.80	11.55	11.70	11.70	12.39	12.39	12.61	12.61
<b>6 Discount Rate</b>	12.55	12.40	12.50	12.92	12.80	12.64	13.23	13.74	14.38	14.90
<b>7 Demand Deposit Rate</b>	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>8 Savings Deposit Rate</b>	2.44	2.42	2.43	2.42	2.42	2.42	2.41	2.40	2.45	2.47
<b>9 Time Deposits Rates</b>	<b>3.84</b>	<b>4.20</b>	<b>4.12</b>	<b>4.03</b>	<b>4.18</b>	<b>4.35</b>	<b>4.38</b>	<b>4.40</b>	<b>4.58</b>	<b>4.56</b>
Call Accounts	0.68	0.86	0.89	1.35	1.14	1.69	1.63	1.34	1.23	1.31
1 month	2.19	2.21	3.00	3.09	3.62	3.47	3.45	3.67	3.78	3.43
2 months	5.84	6.00	5.50	5.36	5.25	5.93	5.56	6.20	5.90	5.95
3 months	5.10	4.33	3.86	3.49	4.49	3.96	4.23	4.18	3.88	3.96
6 months	3.49	4.99	5.14	4.73	4.78	5.02	5.10	4.60	4.97	5.27
9 months										
12 months	5.31	5.33	5.61	5.32	5.38	5.77	5.76	5.76	6.11	5.82
24 months	4.25	5.63	4.80	4.87	4.61	4.59	4.91	5.02	6.17	6.18
<b>10 Negotiated Deposit Rates</b>	6.81	7.35	7.88	7.76	6.65	6.79	6.73	6.22	6.40	6.88
<b>11 Lending rates</b>	<b>13.86</b>	<b>13.35</b>	<b>13.46</b>	<b>13.28</b>	<b>13.86</b>	<b>14.23</b>	<b>14.19</b>	<b>14.80</b>	<b>14.90</b>	<b>14.27</b>
Call Loans	17.62	17.13	17.13	15.24	13.99	13.99	13.99	10.00	10.00	19.25
Short-term (up to 1yr)	15.58	15.50	15.58	14.75	15.86	15.72	15.53	15.69	15.60	15.25
Medium-term (1-2 yrs)	17.19	17.14	17.12	17.36	17.11	17.33	17.04	18.89	17.23	17.30
Medium-term (2-3 yrs)	10.33	9.89	9.87	11.36	11.31	11.89	12.24	12.18	13.75	12.76
Long-term (3-5 yrs)	12.86	12.12	12.51	12.16	13.09	13.06	12.67	12.48	13.21	12.78
Term Loans (over 5 yrs)	13.34	12.12	12.20	10.78	11.93	13.15	13.45	14.78	14.72	13.27
<b>12 Negotiated Lending Rates</b>	13.86									
8.36	8.15	7.53	8.38	9.68	9.36	9.36	10.11	12.92	11.24	
<b>Interest Rate Spread</b>	10.27	10.16	9.97	9.43	10.48	9.95	9.78	9.93	9.48	9.42
<b>B Foreign Currency</b>										
<b>1 Deposits Rates</b>										
Call Accounts	0.26	0.43	0.41	0.23	0.20	0.16	0.14	0.18	0.18	0.21
Demand Deposits										
Savings Deposits	0.83	0.74	0.75	0.83	0.76	0.85	0.80	0.76	0.75	0.86
<b>Time Deposits</b>	<b>0.94</b>	<b>0.97</b>	<b>1.07</b>	<b>1.22</b>	<b>1.10</b>	<b>1.09</b>	<b>1.03</b>	<b>1.10</b>	<b>1.11</b>	<b>1.09</b>
1-months	0.67	0.82	0.77	0.88	0.87	0.89	0.76	0.74	0.82	0.89
2-months	0.61	0.70	1.09	1.22	0.97	0.93	0.70	0.95	0.82	0.85
3-months	1.10	1.05	1.11	1.56	1.32	1.12	1.12	1.35	1.07	1.02
6-months	1.12	1.15	1.18	1.16	1.11	1.03	1.09	1.00	1.26	1.05
12-months	1.21	1.15	1.21	1.26	1.24	1.48	1.51	1.47	1.58	1.62
<b>2 Lending Rates</b>	<b>7.08</b>	<b>7.31</b>	<b>7.11</b>	<b>7.05</b>	<b>8.55</b>	<b>8.39</b>	<b>8.65</b>	<b>7.08</b>	<b>6.96</b>	<b>7.16</b>
Call loans										
Short-term (up to 1yr)	6.86	6.75	6.74	6.23	6.69	6.06	6.16	6.27	6.30	6.37
Medium-term (1-2 yrs)	7.30	7.78	7.26	7.70	7.56	7.24	7.99	8.03	8.05	8.40
Medium-term (2-3 yrs)	7.03	7.56	7.39	7.34	8.19	8.43	8.69	7.86	7.68	7.56
Long-term (3-5 yrs)	7.14	7.15	7.06	6.94	11.77	11.83	11.76	6.17	5.79	6.32
Term Loans (over 5 yrs)										

Source: Bank of Tanzania

## Table A5: Tanzania's Balance of Payments

	(in millions of US dollars)			
	2000	2001	2002	2003p
<b>A. Current Account</b>	<b>-495.8</b>	<b>-436.7</b>	<b>-214.7</b>	<b>-310.8</b>
Goods: exports f.o.b.	663.3	776.4	902.5	1,129.2
Traditional	292.8	231.1	206.1	220.5
Nontraditional	370.5	545.3	696.5	908.7
Goods: imports f.o.b.	-1,367.6	-1,560.3	-1,511.3	-1,933.5
<i>Balance on Goods</i>	-704.3	-783.9	-608.8	-804.2
Services: credit	627.3	679.3	668.6	685.2
Transportation	56.8	68.4	61.1	72.8
Travel	376.7	412.8	439.2	450.3
Other	193.8	198.1	168.3	162.0
Services: debit	-682.4	-642.1	-668.5	-774.5
Transportation	-205.7	-194.2	-176.9	-219.4
Travel	-337.3	-327.3	-337.5	-353.2
Other	-139.4	-120.5	-154.1	-201.8
<i>Balance on Services</i>	-55.1	37.2	0.1	-89.3
<i>Balance on Goods and Services</i>	-759.3	-746.8	-608.7	-893.6
Income: credit	50.4	55.3	67.9	87.1
Income: debit	-180.4	-140.5	-90.6	-130.8
Direct investment income	-13.2	-1.1	-2.0	-15.7
Interest payments (scheduled)	-146.9	-117.3	-67.6	-92.7
Compensation of employees	-20.3	-22.1	-21.1	-22.4
<i>Balance on Goods, Services and Income</i>	-889.4	-832.0	-631.4	-937.2
Current transfers	393.6	395.3	416.6	626.4
Current transfers: credit	472.1	474.8	477.9	689.5
Government	427.8	418.4	427.7	619.6
Multilateral HIPC relief	40.6	71.3	68.8	68.2
Other sectors	44.3	56.4	50.2	69.9
Current transfer: debit	-78.5	-79.5	-61.3	-63.0
<b>B. Capital Account</b>	<b>379.9</b>	<b>1003.6</b>	<b>785.7</b>	<b>677.7</b>
Capital transfers: credit	379.9	1003.6	785.7	677.7
General Government	364.2	981.3	755.6	640.4
Project	314.7	339.2	325.3	320.9
Program	0.0	0.0	0.0	0.0
Debt forgiveness	49.4	642.1	430.3	319.5
Other sectors	15.7	22.3	30.1	37.3
Capital transfers:debit	0.0	0.0	0.0	0.0
Total, Groups A plus B	-115.9	566.9	570.9	366.9
<b>C. Financial Account, excl. reserves and related items</b>	<b>369.2</b>	<b>-501.9</b>	<b>0.0</b>	<b>21.1</b>
Direct investment abroad	0.0	0.0	0.0	0.0
Direct investment in Tanzania	463.4	327.2	240.4	247.8
Portfolio investment	0.0	0.0	0.0	0.0
Other investment	-94.2	-829.1	-240.4	-226.7
Assets	-134.0	-76.7	2.9	-59.0
Currency and deposits	-134.0	-76.7	2.9	-59.0
Banks	-134.0	-76.7	2.9	-59.0
Other sectors	0.0	0.0	0.0	0.0
Liabilities	39.9	-752.5	-243.3	-167.7
Trade credits	12.8	13.0	13.2	13.3
Loans	-26.5	-723.1	-289.9	-158.9
General government	22.1	-838.9	-243.5	-64.1
Drawings	332.9	199.1	310.2	417.1
Repayments	-310.8	-1038.0	-553.7	-481.2
Scheduled payments	-251.3	-264.5	-113.6	-106.6
Rescheduled debt	-10.1	-131.4	-9.8	-55.1
Debt forgiveness	-49.4	-642.1	-430.3	-319.5
Banks	-0.9	2.0	-0.8	-0.7
Other sectors	-47.7	113.9	-45.6	-94.1
Drawings	2.5	171.6	17.2	10.8
Repayments	-50.2	-57.7	-62.8	-104.8
Scheduled payments	-50.2	-57.7	-62.8	-104.8
Currency and deposits	53.6	-42.4	33.4	-22.1
Other liabilities	0.0	0.0	0.0	0.0
Total, Groups A through C	253.4	65.0	570.9	388.0
<b>D. Net Errors and Omissions</b>	<b>-294.2</b>	<b>-228.9</b>	<b>-253.1</b>	<b>32.5</b>
<i>Overall balance (Total, Groups A through D)</i>	-40.8	-163.9	317.8	420.5
<b>E. Reserves and Related Items</b>	<b>40.8</b>	<b>163.9</b>	<b>-317.8</b>	<b>-420.5</b>
Reserve assets	-197.3	-186.6	-372.4	-508.8
Use of Fund credit and loans	49.4	15.6	26.0	-2.9
Exceptional financing	188.7	334.9	28.6	91.2
Rescheduled debt	10.1	131.4	9.8	55.1
Interest arrears	83.6	68.3	18.4	29.9
Principal arrears	95.0	135.2	0.5	6.2
<b>Memorandum items</b>				
GDP(mp) Mill.TZS	7,277,799.9	8,304,338.6	9,399,085.8	10,709,583.8
GDP(mp) Mill. USD	9,093	9,475.6	9,724.0	10,311.8
CAB/GDP	-5	-4.6	-2.2	-3.0
CAB/GDP (excl. current official transfers)	-10.2	-9.0	-6.6	-9.0
Gross Official Reserves	974.4	1156.6	1529.0	2,037.8
Months of Imports	5.7	6.3	8.4	9.0
Net International Reserves (year end)	542.7	761.2	1058.4	1,533.9
Change in Net International Reserves	-137.6	-218.5	-297.2	-475.5
Exchange rate (end of period)	803.3	916.3	976.3	1,063.6
Exchange rate (annual average)	800.4	876.4	966.6	1,038.6

SOURCE: Bank of Tanzania, International Economics Department

Notes:

- 1) Imports data (f.o.b) for 2001 have been revised using new ratios for freight and insurance services.
- 2) Following changes in the ratios of freight and insurance services to the total imports (c.i.f), figures for services account have consequently been revised.
- 3) GDP-Gross Domestic Product, mp-Market price, CAB-Current Account Balance, p = provisional

**Table A6: Actual and Seasonally Adjusted Inflation Rates, Tanzania Mainland**

Base: 2001=100

Period	Unadjusted						Seasonally Adjusted					
	Year-on- Year			Month-on-Month			6 Months Annualised			Month-on-Month		
	Headline	Non Food	Food	Headline	Non Food	Food	Headline	Non Food	Food	Headline	Non Food	Food
	1)	2)		1)	2)		1)	2)		1)	2)	
2001 Aug	5.2	1.8	6.4	-1.0	0.0	-1.4	5.4	0.3	7.3	0.5	0.0	0.6
Sep	5.1	1.0	6.7	-0.6	-0.1	-0.8	5.5	1.3	7.6	0.4	0.1	0.6
Oct	5.0	1.0	6.5	0.4	0.3	0.5	5.1	1.6	6.5	0.4	0.1	0.5
Nov	4.9	1.1	6.3	1.0	0.1	1.2	5.0	1.8	6.2	0.4	0.5	0.3
Dec	4.9	1.2	6.1	2.7	0.4	3.6	4.9	2.4	5.7	0.3	0.3	0.2
2002 Jan	4.7	0.8	5.9	3.0	0.3	4.0	4.5	2.3	5.1	0.2	0.2	0.2
Feb	4.7	1.1	5.9	3.3	0.5	4.3	4.2	2.4	4.6	0.4	0.1	0.4
Mar	4.7	1.5	5.7	1.9	0.4	2.4	4.0	2.3	3.8	0.4	0.1	0.2
Apr	4.8	6.0	4.3	-1.6	3.8	-3.3	4.4	10.7	2.3	0.6	4.1	-0.3
May	4.6	6.5	4.0	-1.1	0.6	-1.6	4.2	11.0	1.9	0.3	0.6	0.1
Jun	4.5	6.6	3.8	-2.6	-0.1	-3.5	4.1	10.6	1.9	0.3	0.1	0.3
Jul	4.5	6.7	3.8	-0.9	0.3	-1.3	4.6	11.0	2.5	0.4	0.2	0.5
Aug	4.4	6.9	3.6	-1.1	0.2	-1.6	4.6	11.6	2.6	0.4	0.3	0.5
Sept	4.4	7.2	3.4	-0.6	0.2	-0.9	4.9	12.5	3.0	0.4	0.5	0.4
Oct	4.5	8.6	3.0	0.4	1.6	0.0	4.8	6.4	3.8	0.4	1.3	0.1
Nov	4.5	8.8	3.0	1.0	0.4	1.2	4.7	6.5	4.1	0.4	0.7	0.2
Dec	4.4	9.0	2.9	2.7	0.5	3.5	5.0	7.3	4.2	0.4	0.5	0.4
2003 Jan	4.4	9.8	2.7	3.0	0.9	3.8	4.5	8.3	3.1	0.3	0.7	0.0
Feb	4.2	9.4	2.5	3.1	0.3	4.1	3.9	7.4	2.4	0.1	0.0	0.2
Mar	4.2	9.2	2.6	1.9	0.2	2.5	3.6	6.1	2.2	0.3	-0.2	0.3
Apr	4.3	5.9	3.8	-1.4	0.6	-2.1	4.0	5.5	3.9	0.7	1.0	1.0
May	4.3	5.4	3.9	-1.1	0.1	-1.5	3.8	4.4	3.9	0.3	0.1	0.2
Jun	4.4	4.9	4.3	-2.5	-0.5	-3.1	3.7	2.4	4.3	0.4	-0.5	0.6
Jul	4.5	4.5	4.5	-0.8	0.0	-1.0	4.5	1.1	5.9	0.5	0.1	0.7
Aug	4.5	3.8	4.8	-1.1	-0.5	-1.3	5.1	0.3	7.2	0.4	-0.5	0.7
Sep	4.5	3.4	4.9	-0.6	-0.2	-0.8	5.5	0.9	7.7	0.4	0.1	0.6
Oct	4.6	1.7	5.7	0.6	0.0	0.9	5.3	-1.8	7.5	0.6	-0.4	0.9
Nov	4.6	1.4	5.8	1.0	0.1	1.3	5.5	-1.4	7.7	0.3	0.4	0.4
Dec	4.6	1.1	5.8	2.6	0.2	3.4	5.2	-0.1	6.9	0.2	0.2	0.2
2004 Jan	4.7	0.7	6.1	3.1	0.4	4.1	4.8	0.2	6.2	0.4	0.2	0.4
Feb	4.8	0.7	6.2	3.2	0.4	4.1	4.7	1.7	5.4	0.3	0.2	0.3
Mar	4.8	0.8	6.1	1.9	0.3	2.4	4.3	1.4	4.8	0.3	0.0	0.3
Apr	6.5	-0.2	8.8	0.2	-0.4	0.3	7.6	1.1	10.1	2.2	-0.5	3.4
May	6.4	-0.3	8.8	-1.1	0.0	-1.5	7.4	0.1	10.1	0.2	-0.1	0.4
Jun	6.3	0.1	8.6	-2.6	-0.2	-3.3	7.7	-0.6	10.5	0.4	-0.2	0.3
Jul	6.2	0.2	8.3	-0.9	0.2	-1.2	7.6	-0.3	10.5	0.4	0.4	0.4
<b>Aug</b>	<b>6.2</b>	<b>0.7</b>	<b>8.2</b>	<b>-1.1</b>	<b>-0.1</b>	<b>-1.4</b>	<b>7.8</b>	<b>2.1</b>	<b>10.6</b>	<b>0.4</b>	<b>0.3</b>	<b>0.6</b>

Source: National Bureau of Statistics and Bank of Tanzania Computations.

1) Total NCPI. 2) Non-Food NCPI.

\*Revised figures using new set of seasonal factor

**Table A7: External Debt Portfolio**

Item	Millions of US\$					
	2002/03	2003/04	2004/05			
	Jun-03	Jun-04	Jul-04	Aug-04	Sep-04	Oct-04
Overall Total Debt Committed <sup>2</sup>	7,606.6	8,088.3	8,173.5	8,210.5	8,226.8	8,325.5
Disbursed outstanding debt	6,233.0	6,678.3	6,700.5	6,734.3	6,748.2	6,834.1
Undisbursed debt	1,373.6	1,410.0	1,473.0	1,476.2	1,478.6	1,491.4
2. Disbursed debt by Creditor Category <sup>2</sup>	6,233.0	6,678.3	6,700.5	6,734.8	6,748.2	6,834.1
o/w: Bilateral debt	1,633.7	1,483.6	1,505.9	1,504.6	1,505.4	1,495.4
Multilateral debt	4,088.3	4,570.0	4,564.4	4,601.7	4,613.5	4,693.9
Commercial debt	330.6	391.2	395.7	395.7	396.2	398.0
Export credits	180.5	233.5	234.6	232.8	233.1	246.9
3. Disbursed debt by Borrower Category <sup>2</sup>	6,233.0	6,678.3	6,700.5	6,734.3	6,748.2	6,834.1
o/w: Central Government	5,708.0	6,092.0	6,096.4	6,110.4	6,122.2	6,222.4
Public Corporations	152.2	149.1	155.8	155.3	156.3	150.4
Private Sector	372.9	437.2	448.3	468.6	469.7	461.3
4. Disbursed debt by Use of Funds <sup>2</sup>	6,233.0	6,678.3	6,700.5	6,734.3	6,748.5	6,834.1
o/w: Balance of payment support	1,166.0	1,275.1	1,253.1	1,300.9	1,305.4	1,327.6
Transport & Telecommunication	1,047.8	1,085.1	1,009.5	1,195.1	1,132.3	1,114.2
Agriculture	1,034.7	967.7	962.8	962.2	972.3	980.9
Energy & Mining	895.0	924.3	920.5	908.2	917.2	928.2
Industries	411.2	352.7	351.1	350.6	350.6	366.2
Social Welfare & Education	421.7	333.3	330.7	331.3	333.0	338.6
Finance and Insurance	76.9	82.3	81.9	81.7	81.9	82.8
Tourism	88.2	80.2	80.3	79.2	79.4	81.1
Others	1,091.6	1,577.5	1,710.6	1,525.1	1,576.5	1,614.4
5. Total Amount of Loans Contracted <sup>1</sup>	22.3	87.5	120.5	0.3	0.3	0.0
Government	12.9	78.4	0.0	0.0	0.0	0.0
Private	9.4	9.1	120.5	0.3	0.3	0.0
6. Disbursements <sup>1</sup>	169.0	234.7	6.0	2.9	1.6	0.0
Government	163.7	205.9	5.4	2.3	1.0	0.0
Public Corporations	0.0	2.0	0.0	0.6	0.6	0.0
Private	5.3	26.8	0.6	0.6	0.6	0.0
7. Scheduled Debt Services <sup>1</sup>	369.0	334.4	355.1	355.1	355.1	355.1
8. Actual Debt Service <sup>1</sup>	112.4	99.3	10.8	12.2	11.5	5.0
Principal	86.6	77.5	8.5	11.2	9.5	3.4
Interest	25.8	21.8	2.4	1.0	2.0	1.6
9. Net Transfers	51.3	106.6	-9.9	-9.3	-9.9	-5.0
10. Total Arrears by Creditor Category <sup>2</sup>	2,056.5	2,297.8	2,297.4	2,287.2	2,289.1	2,346.4
o/w: Principal	1,021.4	1,119.1	1,111.7	1,128.9	1,128.3	1,156.9
Bilateral	611.6	658.8	651.8	654.6	650.8	669.4
Multilateral	45.1	28.3	23.0	38.3	33.9	39.9
Commercial	203.7	240.2	244.9	245.5	252.2	253.8
Other Private Creditors	161.0	191.8	192.0	190.5	191.4	193.8
Interest	1,035.1	1,178.7	1,185.7	1,158.3	1,160.8	1,189.5
Bilateral	577.7	693.0	697.0	698.3	697.8	712.5
Multilateral*	68.4	27.3	26.0	27.9	27.8	28.3
Commercial	268.3	287.1	290.5	291.4	294.3	303.8
Other Private Creditors	120.7	171.3	172.2	140.7	140.9	144.9
11. External Debt Stock	7,268.1	7,856.9	7,886.2	7,892.6	7,909.0	8,023.6
12. Domestic Debt Stock	841.6	885.3	906.9	923.5	913.6	926.3
13. Total Debt Stock	8,109.7	8,742.1	8,793.2	8,816.1	8,822.6	8,949.9
14. Export of Goods and Services	1,996.8	2,221.0				
15. External Debt Service	114.9	99.3				
16. GDP at facto cost	9,089.9	9,224.7				
End of Period Exchange Rate TZS/US\$	1,047.4	1,063.6	1,097.4	1,083.2	1,060.5	1,060.5

Source: BoT

NB. Multilateral\*: multilateral arrears are those owed by the private sector

<sup>1</sup> During the period. <sup>2</sup> End of October 2004, cumulative

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# GLOSSARY

## 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.

## 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.

## Reserve Money (M0)

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

## Money Supply, M

The sum of currency in circulation outside the banks and deposits 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).

## Narrow Money, M1

Consists of currency in circulation outside banks and demand deposits.

## Broad Money, M2

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

## Extended Broad Money, M3

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

## Currency in Circulation Outside Banks

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

## 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.

## 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.

### **Exchange Rate**

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

### **Nominal Exchange Rate**

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

### **Lombard Facility**

The Bank introduced Lombard facility on 1st December 2003, as an overnight facility to enable commer-

cial 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.

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