



August 2004

Bank of Tanzania

Monthly Economic Review

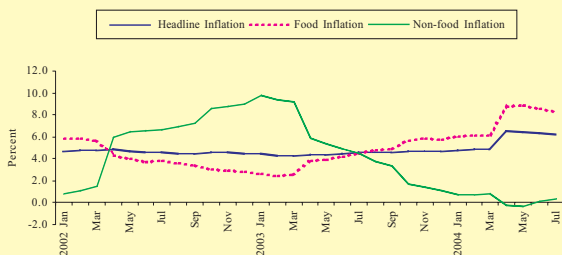
Inflation Developments

Food Supply Improvement Pushes Down Inflation

Annual headline inflation decelerated to 6.2 percent in the year to July 2004, from 6.3 percent recorded a month earlier on account of improved food supply situation in the country. The overall inflation has been on the downward trend since May 2004 when it reached 6.5 percent, the highest in the past four years.

Reflecting the improvement in domestic food supply, annual food inflation trended downwards from the highest level of 8.8 percent recorded in May 2004 to 8.3 percent in July ([Chart 1](#)).

Chart 1: Annual Headline, Food and Non-food Inflation, January 2002 - July 2004



Besides the slow down in food prices during the year under review, prices of clothing, footwear, furniture, personal care and entertainment declined as well. As a result, the pressure on non-food (underlying) inflation was contained to 0.2 percent, slightly up from an inflation of 0.1 percent recorded in June 2004 ([Table 1](#)).

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

(December 1994=100)

Major Commodity Group	Weight %	Jun 2004	Jul		Percentage Change		
			2003	2004	Jun-03 to Jul-03 to		
					Jun-04	Jul-04	Jul-04
Food	71.2	268.4	244.7	265.1	8.6	-1.2	8.3
Non-Food	28.8	218.6	218.4	218.9	0.1	0.2	0.2
Fuel, Power and Water	4.7	352.3	339.4	353.6	2.9	0.4	4.2
Drinks and Tobacco	4.4	184.2	184.2	185.0	-0.5	0.4	0.4
Rents	3.9	217.3	211.0	217.3	3.2	0.0	3.0
Clothing & Footwear	3.7	199.8	208.2	199.3	-4.2	-0.3	-4.3
Furniture & Household Equipment	2.5	205.3	210.1	206.5	0.4	0.6	-1.7
Personal Care & Health	2.2	156.8	160.5	156.5	-2.1	-0.2	-2.5
Education	1.5	202.9	211.0	203.2	-3.9	0.1	-3.7
Household Operations & Maintenance	1.5	170.1	171.5	170.3	-0.8	0.1	-0.7
Recreation & Entertainment	1.2	172.8	178.5	171.9	-3.2	-0.5	-3.7
Transportation	1.2	252.1	251.3	252.6	0.2	0.2	0.5
Miscellaneous Goods and Services	2.0	157.6	161.0	157.3	-2.1	-0.2	-2.3
TOTAL	100.0	254.1	237.2	251.9	6.3	-0.9	6.2

Source: National Bureau of Statistics (NBS)

Monetary and Financial Developments

Money Supply Increases but Remains Within Targets

Both the extended broad money, (M3) and broad money supply increased sharply in July 2004, and registered annual growth rate of 20.4 percent and 19.8 percent, from 18.0 percent and 19.1 percent in June, respectively. The increase notwithstanding, both M3 and M2 remained within targeted growth range of 20-24 percent for 2004/05.

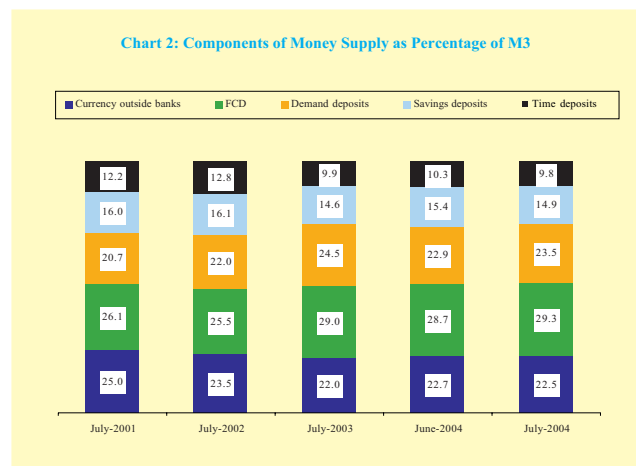
The increase in money supply in July was concentrated in foreign currency deposits and demand deposits (Table 2), reflecting increased foreign exchange receipts from seasonal exports, and substantial payments made in shillings by the Government to suppliers of goods and services towards the end of the financial year, the clearing of which took place in July 2004.

Table 2: Developments in Selected Money Supply Aggregates (Billions of TZS)

Item	2003		2004p		Change		Annual	% Growth
					June - July			
	June	July	June	July	2003	2004	Jun-04	Jul-04
Extended broad money supply (M3)	2,205.9	2,255.7	2,602.9	2,715.8	49.8	112.9	18.0	20.4
Broad money supply (M2)	1,558.8	1,602.6	1,856.3	1,920.0	43.9	63.6	19.1	19.8
Currency in circulation	473.7	495.3	590.4	612.2	21.6	21.8	24.6	23.6
Demand deposits	507.4	553.7	595.6	638.6	46.3	43.0	17.4	15.3
Time deposits	246.7	224.2	269.1	265.0	-22.5	-4.2	9.1	18.2
Savings deposits	330.9	329.5	401.1	404.1	-1.5	3.0	21.2	22.7
Foreign currency deposits	647.1	653.0	746.6	795.9	5.9	49.3	15.4	21.9
Total non government deposits	1,732.2	1,760.4	2,012.5	2,103.6	28.2	91.1	16.2	19.5
Net foreign assets	1,871.3	1,909.0	2,134.2	2,128.8	37.7	-5.3	14.0	11.5
Bank of Tanzania	1,215.0	1,284.0	1,468.9	1,411.8	68.9	-57.1	20.9	10.0
Deposit money banks	656.2	625.0	665.3	717.0	-31.2	51.7	1.4	14.7
Net domestic assets	710.3	707.5	962.9	1,069.2	-2.8	106.3	35.6	51.1
Domestic credit	858.2	887.0	1,123.6	1,239.3	28.8	115.7	30.9	39.7
Net claims on government	199.7	185.1	157.6	244.3	-14.5	86.7	-21.1	32.0
Claims on government	489.9	462.4	515.2	514.5	-27.5	-0.7	5.2	11.3
Government deposits	290.2	277.2	357.6	270.2	-13.0	-87.4	23.2	-2.5
Claims on private sector	658.5	701.9	966.0	995.0	43.4	29.0	46.7	41.8
Other items net	-147.9	-179.6	-160.7	-170.1	-31.6	-9.5	8.6	-5.2
Medium term foreign liabilities	41.8	41.8	41.1	40.9	0.0	-0.2	-1.6	-2.1
Valuation account	333.9	319.1	453.0	441.3	-14.8	-11.7	35.7	38.3

Source: Bank of Tanzania
p = Provisional

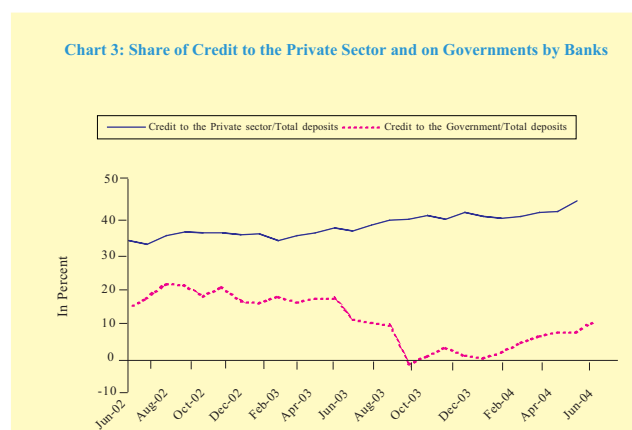
Foreign currency deposits at commercial banks increased by TZS 49.3 billion, whereas demand deposits rose by TZS 43 billion between June and July 2004, mainly emanating from export proceeds and government expenditure float mentioned above. In July 2004, foreign currency deposits as a percentage of total money supply was higher at 29.3 percent against 28.7 percent recorded in the previous month, despite the appreciation of the shilling during the month (Chart 2). This move suggest that the degree of dollarization in July 2004 was more driven by increased supply of US dollars than by the direction of the exchange rate.



Credit to Private Sector Continues to Increase

The growth in money supply during July 2004 can also be explained by the increase in commercial banks' lending to the private sector, mostly to finance crop purchases, particularly of coffee and cotton. During the month, credit to private sector increased by TZS 29.0 billion. At end-July 2004, the total outstanding commercial banks' credit to private sector stood at TZS 995 billion (Table 2).

On annual basis, credit to private sector continued to expand strongly at a rate of 42 percent in July 2004, mainly reflecting improvement in business environment, and the expansion in economic activity. The rate of intermediation as measured by the ratio of private sector credit to total deposits of commercial banks has also been improving over time, reaching 47 percent in July 2004, up from 40 percent in July 2003 (Chart 3).



Deposit Rates Improve, Lending Rates Decline

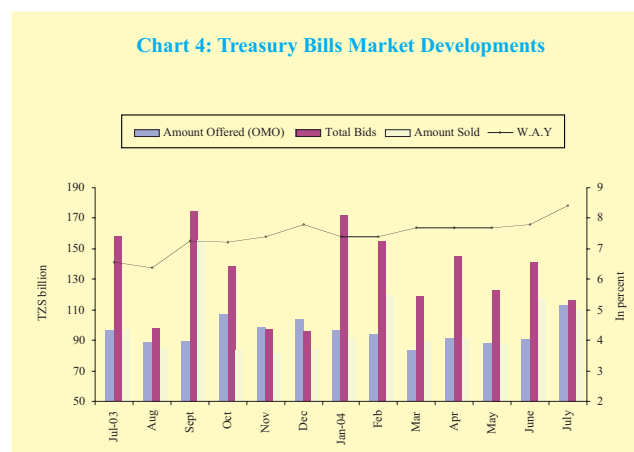
Interest rates on fixed deposits have been trending upwards, although average savings deposits rate has remained nearly unchanged around 2.4 percent (ranging from 1.2 – 5.5 percent). However, the negotiated deposits rates for prime customers have been on the upward trend, improving from 5.5 percent in July 2003 to 7.7 percent in July 2004—(Table A4). The contrast in the performance of savings and time deposits rates is partly attributed to commercial banks’ preference for big depositors, as deposits of small savers tend to be transitory and associated with unpredictable withdrawals.

Lending rates recorded a downward movement except for the loans of 5 years and above. The overall lending rate for all maturities fell to 13.5 percent from 14.2 percent recorded in June 2004. The prime borrowers continued to pay lower than other types of borrowers, getting the advantage of sound creditworthiness. The interest rate spread, measured by the difference between the 12-months fixed deposits and 1-year lending rates narrowed to 9.2 percentage points in July from 10.0 percentage points in the previous month (Table A4).

Interest Rate on Government Securities Edges Upwards

During July 2004, demand for Treasury bills was lower than the previous month, although the bids slightly exceeded the offer. The low demand in the market was mainly associated with the increased lending by banks (the main market players) to finance crop-marketing transactions, which reduced their participation in the securities market.

Out of the total amount offered, about 94 percent was successful. Weighted average yield on Treasury bills went up to 8.4 percent in July 2004 from 7.8 percent in the preceding month (Chart 4).



On the other hand, the demand for Treasury bonds also remained low as it was for the past three months, following dismal participation of pension funds, who are the main market players. Bonds worth TZS 16.0 billion were offered, while demand stood at TZS 9.3 billion. Interest rates on bonds for all maturities moved upwards ranging between 9.7 percent and 12.4 percent.

Repo Rate Stabilized

During the month under review, repurchase agreements worth TZS 15.3 billion were conducted between the BoT and commercial banks for fine-tuning liquidity management. Repo rates ranged between 5.0 percent and 5.5 percent, the same rates as in June 2004.

Inter-bank Transactions Surge in July

The volume of transactions in the inter-bank cash market stood at TZS 483.0 billion, being significantly higher than TZS 299.3 billion recorded a month ago. The overnight placements amounted to TZS 385.6 billion and accounted for about 80 percent of the market share. Following the high demand of liquidity among banks, interest rates on overnight placements picked up to an average of 5.5 percent in July, from 3.2 percent recorded in the previous month.

The Shilling Gains Against the US Dollar

The volume traded at the IFEM went up by about 37 percent to US\$ 91.2 million from the level recorded in the previous month. Whilst on a net basis, non-bank financial institutions supplied US\$ 4.5 million, the Bank

of Tanzania made a net purchase of US\$ 3.0 million and commercial banks - US\$ 1.5 million.

The shilling appreciated to TZS 1,099.8 in July from TZS 1,112.6 recorded for June 2004, following increased supply of US dollars from tourism peak season, as well as seasonal pre-export finance.

Chart 5: Inter-bank Exchange Rate Movement and Volume of transactions

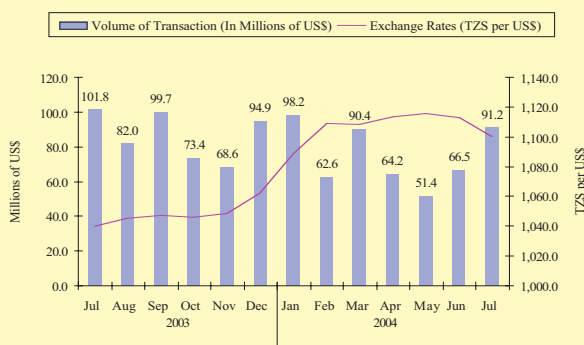
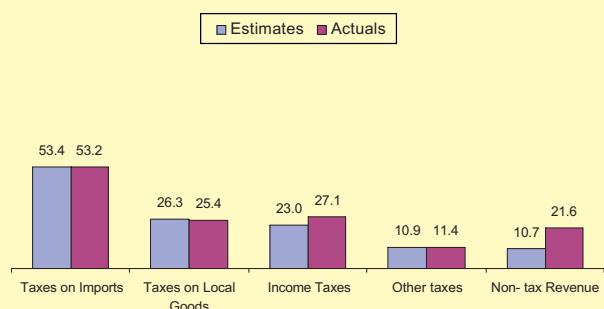


Chart 6: Government Recurrent Revenue Performance in July 2004 (Billions of TZS)



During the month, government expenditure stood at TZS 206.1 billion, out of which recurrent expenditure was TZS 173.3 billion. Expenditure on priority sectors for July 2004 stood at TZS 27.4 billion. Education sector was allocated TZS 12.6 billion, while TZS 5.4 billion and TZS 3.6 billion went to Roads and Health sectors, respectively.

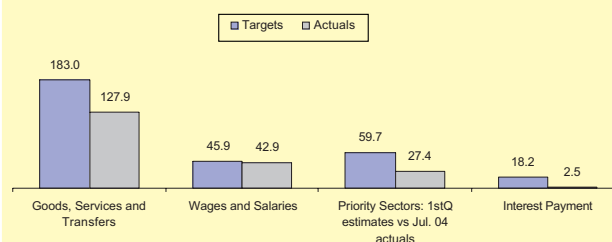
Government Budgetary Developments

Government Budgetary Operations Remain Within Targets

During the month, revenue collection was above the target, while expenditures were in line with projections. consequently, the consolidated budget position of the Government recorded a surplus of TZS 55.8 billion. The surplus was used to finance part of the expenditure float from the previous year.

The revenue collected in July 2004 was TZS 138.7 billion, exceeding the target by TZS 14.3 billion. The good performance came from non-tax sources, reflecting increased efforts by ministries and regions in collecting revenue (Chart 6).

Chart 7: Government Recurrent Expenditure in July 2004 (Billions of TZS)



Development expenditure was TZS 32.8 billion in July 2004, versus the target of TZS 68.4 billion, largely due to the undisbursed project loans, whose contracts take time to conclude.

According to provisional data from the banking system, the government drew down its deposits by TZS 118.7

billion and borrowed TZS 14 billion through government securities in July 2004, to finance the budget deficit emanating from the expenditure float, which amounted to about TZS 128 billion.

External Sector Developments

Current Account Balance Improves

During July 2004, current transfers rose sharply, exports increased modestly, while at the same time the import bill contacted significantly. As a result, the current account improved to a surplus of US\$ 36.3 million against a deficit of US\$ 136.5 million recorded in June 2004. However, on annual basis the current account balance deteriorated sharply to US\$ 554.2 million in the year ending July 2004 from US\$ 121.3 million in the preceding year. The deterioration was triggered by a sharp increase in drought related imports, particularly food and oil (Table 3).

Table 3: Current Account Balance

Item	Millions of US\$								
	July		2004p		% Change		August - July		%
	2003	June	July	July-04	July-04	2002/03	2003/04p	Change	
Goods Account	-95.1	-148.6	-67.0	-29.6	-54.9	-645.6	-950.2	47.2	
Exports	68.5	88.6	93.5	36.5	5.5	1,016.8	1,199.3	17.9	
Imports	163.6	237.2	160.5	-1.9	-32.3	1,662.4	2,149.5	29.3	
Services Account	-6.7	-9.1	-1.0	-85.0	-88.9	-9.3	-129.0	—	
Receipts	68.1	71.1	73.4	7.7	3.2	722.6	735.4	1.8	
Payments	74.9	80.2	74.4	-0.6	-7.3	731.8	864.5	18.1	
Goods and Services Balance	-101.9	-157.7	-68.0	-33.2	-56.9	-654.9	-1,079.2	64.8	
Income Account	-18.1	3.5	-11.4	-37.0	—	-41.0	-30.4	-25.8	
Receipts	2.5	11.0	5.8	131.2	-47.2	70.4	94.2	33.8	
Payments	20.6	7.4	17.2	-16.6	—	111.4	124.6	11.9	
Current Transfers	97.9	17.7	115.7	18.2	—	574.5	555.5	-3.3	
Inflows	103.3	23.6	122.2	18.3	—	637.6	619.3	-2.9	
o/w: General									
Government	97.4	18.0	116.5	19.6	—	576.1	549.8	-4.6	
Outflows	5.4	6.0	6.5	21.1	8.7	63.1	63.8	1.1	
Current Account Balance	-22.1	-136.5	36.3	—	-126.6	-121.3	-554.2	—	

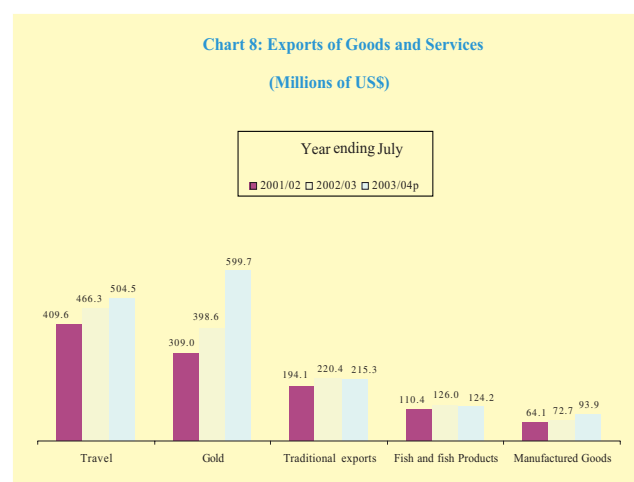
p = Provisional data

Source: Bank of Tanzania

Tanzania Exports More

During the month, exports of goods and services amounted to US\$ 166.9 million, slightly higher than in June, whereas for the year ending July 2004, exports stood at US\$ 1,934.7 million. The main contributors to the export earnings during the year were gold and tourism. Traditional exports increased only marginally over the year, mainly on account of poor harvests attributable to drought, declining trend in commodity prices, and high cost of imported agricultural inputs, particularly pesticides.

Following government's efforts to promote tourism abroad, foreign exchange earnings from tourism, as reflected in the services receipts, increased substantially in recent years (Chart 8). Services receipts picked to US\$ 735 million in the year ending July 2004, from about US\$ 450 million recorded in 2000. Over the past four years, tourism accounted for about 60 percent of total services receipts. In the recent past Tanzania has become one of the fastest growing tourist destinations in Africa, competing closely with South Africa, Botswana, and Kenya.



Imports Declines Sharply in July 2004

During the month, imports of goods were nearly half of the amount recorded in June 2004, mainly due to a decline in importation of consumer goods following improved domestic food supply. Meanwhile, imports

of capital goods increased as a result of importation of electric transformers and marine boats during the month (Table 4).

Table 4: Imports by Major Category (f.o.b.)

Millions of US\$

Item	July 2003	2004p		% Change		August - July		% Change
		June	July	June-03 to July-04	June-04 to July-04	2002/03	2003/04p	
Capital Goods	68.9	70.8	76.0	10.3	7.3	672.5	805.4	19.8
Transport Equipment	16.2	18.0	19.3	19.1	7.2	199.3	228.5	14.7
Building & Constructions								
Equipment	14.5	15.6	10.5	-27.6	-32.7	148.8	154.5	3.8
Machinery	38.2	37.2	46.2	20.9	24.2	324.4	422.4	30.2
Intermediate Goods	53.8	86.0	34.3	-36.2	-60.1	486.6	669.7	37.6
Oil imports	33.1	49.1	15.6	-52.9	-68.2	253.7	401.8	58.4
Fertilizers ^{3.3}	14.5	6.9	109.1	-52.4	22.3	41.4	85.7	
Industrial raw materials	17.3	22.4	11.8	-31.8	-47.3	210.6	226.5	7.5
Consumer Goods	40.9	80.4	50.2	22.6	-37.6	503.3	674.4	34.0
Food and foodstuffs	8.4	35.0	11.9	41.7	-66.0	130.0	237.4	82.6
All other consumer goods	32.6	45.4	38.3	17.5	-15.6	373.3	437.0	17.1
GRAND TOTAL (F.O.B)	163.6	237.2	160.5	-1.9	-32.3	1,662.4	2,149.5	29.3
GRAND TOTAL (C.I.F)	179.8	260.7	176.4	-1.9	-32.3	1,826.8	2,362.1	29.3

Note: Oil imports refers to refined petroleum products
p = Provisional data
Source: Bank of Tanzania, TRA.

World Commodity Prices Show Mixed Trend

In July 2004, the prices of coffee declined, on account of increased supply from Brazil, while that of cotton went down also due to expected bumper crop from USA and China in 2004/05. The export price of cloves declined following a fall in demand from India and Indonesia, as these countries reduced their importation of cloves in response to the increase in domestic supply.

On the contrary, the prices of tea went up to match the strong demand from the UK, Yemen and Middle Eastern countries, whereas the price of sisal (UG) remained unchanged (Table 5).

The prices of crude oil (average of U.K. Brent, Dubai and West Texas Intl) and Dubai (f.o.b) and the price of white petroleum products (f.o.b. West Mediterranean) rose during the review period, mainly due to fears of disruptions in the supply of oil following sabotage of

oil facilities in Iraq and Saudi Arabia and the financial crisis at the Yuko oil company in Russia. As for gold, the weakness of the US dollar against other major currencies continued to add an upward pressure on the demand for gold as an alternative asset, thereby pushing up market price.

Table 5: World Commodity Prices

In US\$

Commodity	Unit	2004					% Change Jun/Jul
		Mar	Apr	May	Jun	Jul	
Coffee "Robusta"	US\$ per kg	0.81	0.80	0.81	0.88	0.79	-10.20
Coffee "Arabica"	"	1.72	1.66	1.70	1.81	1.65	-8.80
Tea "Average price"	"	1.53	1.67	1.67	1.67	1.71	2.40
Tea "Mombasa auction"	"	1.61	1.54	1.52	1.51	1.53	1.30
Cotton, "A Index"	"	1.59	1.53	1.54	1.42	1.26	-11.30
Cotton, Memphis"	"	1.63	1.55	n.a	n.a	n.a	n.a
Sisal "UG"	US\$ per metric ton	830.00	885.00	885.00	885.00	885.00	0.00
Cloves	"	2,962.50	3,100.00	2,950.00	2,712.50	2,650.00	-2.30
Crude oil*	US\$ per barrel	33.67	33.71	37.56	35.54	37.89	6.60
Crude oil**	"	30.46	31.07	34.47	33.41	34.48	3.20
White products***	US\$ per ton	351.66	339.47	381.13	349.79	389.35	11.30
Gold	US\$ per troy ounce	406.70	403.30	383.80	392.40	398.10	1.50

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

Debt Developments

The Public Debt Registers Marginal Increase

New disbursements of the committed loans in July 2004, and the accumulated interest arrears of non-Paris Club bilateral creditors yet to offer debt relief under HIPC Initiative, were the main cause behind a slight increase in public debt stock. to US\$ 8,793.2 million at end-July 2004 from US\$ 8,150.8 million recorded a year earlier.

During the month, the external debt increased by US\$ 29.3 million to US\$ 7,886.2 million from June 2004. Of the total external debt, US\$ 4,564.4 million was a multilateral debt, while US\$ 1,505.9 million came from

bilateral creditors (**Table A7**). The proportion of multilateral debt is increasing gradually because of the government decision of borrowing only on concessional terms from the multilateral institutions. While the bilateral debt has been declining due to bilateral debt cancellations.

In terms of funds, 19.1 percent of the total debt was uniform of Balance of Payments support. Transport sector accounted for 16.3 percent while Agriculture, and Energy and Mining accounted for 14.5 percent and 13.8 percent, respectively. Other sectors and their shares of total debt were: Industries (5.3 percent), Education (5.0 percent), Finance (1.2 percent), and Tourism (1.2 percent). The remaining 23.6 percent was accounted for by other activities like rural development, water supply, and computer technology.

HIPC Debt Relief

During the month under review, Tanzania received HIPC debt relief amounting to US\$ 4.6 million from African Development Bank (ADB) and US\$ 0.5 million from International Development Association (IDA). Cumulatively, from HIPC completion point in November 2001, Tanzania has received debt relief of about US\$ 289 million, of which US\$ 181.9 million was from IDA, US\$ 36.7 million from ADB, and US\$ 70.6 million was from other Multilateral Creditors.

Domestic Debt

During the month, the domestic debt increased by TZS 15.0 billion to reach TZS 995.3 billion at end July 2004. The increase was mainly in the form of Treasury bills and

bonds. During the year to July 2004, the debt stock rose by TZS 98.8 billion from TZS 856.4 billion recorded in July 2003. The surge in domestic debt during the year is attributed to the issuance of bonds to Parastatal Pension Fund (PPF) by the government in order to raise funds for payment of arrears to retired pensioners, and for payment of revenue compensation to local government authorities after the removal of nuisance taxes.

Other Economic Developments

Food Supply Continues to Improve

In July 2004, food supply improved relative to last year. Provisional statistics indicate that food production in 2003/04 is estimated at 9.0 million tons and was higher than the preceding year by about 1.4 million tons and is above the national food requirement of 8.6 million tons, by about 400,000 tons. The government has completed a countrywide assessment of food security situation, and concluded that Rukwa, Mbeya, Ruvuma, Iringa, Mtwara, Lindi, Kigoma, Kagera, Tabora, Singida, Dodoma, Mwanza, Tanga, Morogoro, and Mara regions would be self sufficient in food.

However, following inadequate rains in Shinyanga, Kilimanjaro, Arusha, Manyara, and Coast regions, there might be some pockets of food shortages in these regions. Therefore, internal arrangements will be made by the government to purchase and distribute food from surplus regions in order to alleviate any

food shortages in the country, as it was done in the previous year.

Strategic Grain Reserves Increase

During 2004/05, the government plans to purchase about 100,000 tons of maize and 1,000 tons of sorghum from food-surplus regions to replenish SGR stocks. As at end-July 2004, the SGR stock increased by 2,104 tons, to 39,195 tons, after some purchases from the surplus regions. The SGR stocks at the end of July 2004 were lower than the level of July last year, largely due to distribution of food from SGR to food deficit areas.

Table 6: SGR Stocks, 2000-2004

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		
September	95,000	59,047	57,500	61,364		
October	88,474	58,000	62,700	59,379		
November	89,882	62,388	61,773	52,054		
December	78,967	62,788	58,395	41,649		

Source: Food Security Department and BOT computations

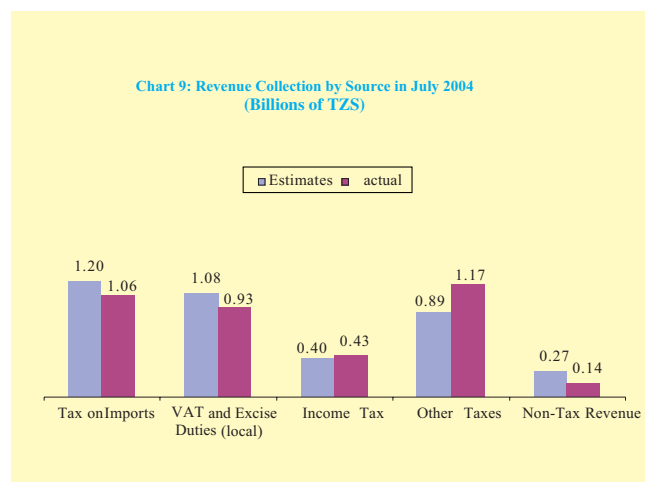
Economic Developments in Zanzibar

Government Continue with Cash Budget System

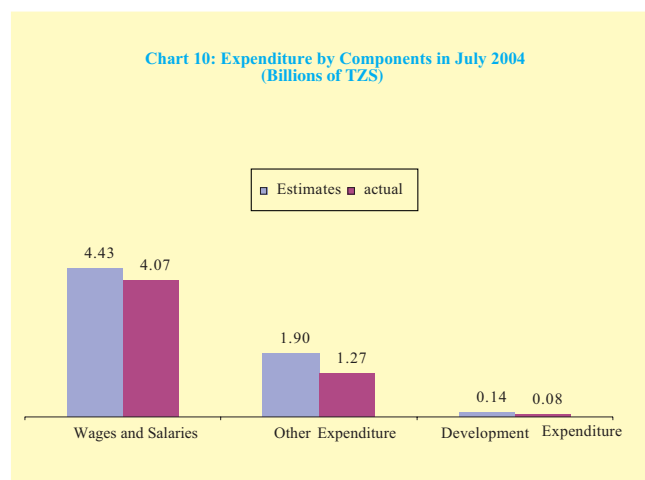
During July 2004, government budgetary operations were contained within a monthly ceiling, despite lower than targeted revenue collections. The budget recorded

a small deficit of TZS 700 million, which was accommodated by internal resources and grants from the Union Government.

Revenue collection stood at TZS 3.7 billion, being below the target by about TZS 140 million. The gap is attributed to the decline in import taxes during the month and a slow down in trading activities during the first quarter of a fiscal year. Only collection of income taxes and taxes other than import tax, VAT on local goods exceeded their projections in July 2004 (Chart 9).



Expenditure during the month totalled TZS 5.4 billion, being slightly lower than the target by TZS 110 million. Both recurrent and development expenditures were below the targets (Chart 10).



Trade Developments

Trade Balance Improves

Trade balance improved to a deficit of US\$ 3.0 million in July 2004 from a deficit of US\$ 4.0 million registered in June 2004. The improvement was influenced by a higher increase in exports, and a decline in imports. However, on annual basis, the trade account worsened to a deficit of US\$ 41.1 million in the year to July 2004, from a deficit of US\$ 23.4 million in the preceding year (Table 7).

Table 7: Zanzibar Trade Account

Item	Millions of US\$									
	July 2003	2004p				% Change		August - July %		
		April	May	June	July	June-03 to July-04	June-04 to July-04	2002/03	2003/04p	Change
Trade Balance	-1.7	-3.2	-1.7	-4.0	-3.0	-76.5	25.0	-23.4	-41.1	-75.6
Exports	3.2	2.4	2.5	3.7	4.7	46.9	27.0	50.3	54.0	7.4
Goods	0.4	0.4	0.4	0.3	0.2	-50.0	-33.3	16.1	13.0	-19.4
Services	2.9	2.0	2.1	3.5	4.5	55.2	28.6	34.1	41.0	20.2
Imports	5.0	5.6	4.2	7.8	7.8	56.0	-0.3	73.7	95.1	29.0
Goods (f.o.b)	3.0	3.7	2.9	6.1	5.5	83.3	-9.8	54.9	66.4	20.9
Services	2.0	1.9	1.4	1.7	2.3	15.0	35.3	18.9	28.6	51.3

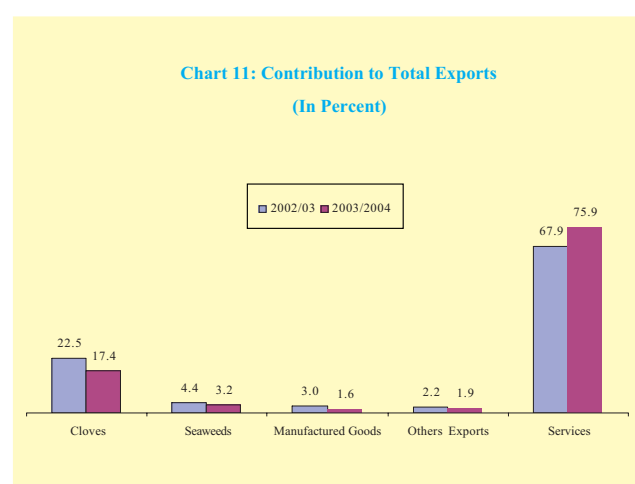
Note: P – Provisional

Source: Tanzania Revenue Authority and Bank of Tanzania-Zanzibar Branch Services Account Records A Surplus For Two Consecutive Months

Services Account Records a Surplus for Two Consecutive Months

Service receipts account for over 60 percent of export earnings for Zanzibar (Chart 11). In July 2004, export of goods declined, while that of services increased significantly, mainly on account of improved services in the tourism sector. During the month, the services account balance improved to a surplus of US\$ 2.2 million, compared with a surplus of US\$ 1.8 million recorded in June 2004. On annual basis, total exports earnings reached US\$ 54.0 million in the year to July 2004, out of which services receipts amounted to US\$ 41 million. The marginal increase in goods exports

(mainly cloves and seaweed) was attributed to the depressed world market prices. Clove prices in the world market fell from an average of US\$ 2,916.3 per ton in 2002/03 to US\$ 1,690.9 per ton in the year to July 2004.



Imports Bill Goes Down in July 2004

During the review month, importation of consumer goods, especially food, declined following improvement in domestic food supply in the Mainland and Zanzibar. As a result, Zanzibar imports were valued at US\$ 6.0 million against US\$ 6.7 million of June 2004. On annual basis however, imports surged to US\$ 73.0 million, up from US\$ 60.3 million, registered during the preceding year, largely on account of increased importation of food to address shortages during the year. Consumer goods imports rose to US\$ 31.5 million from US\$ 24.7 million. In line with the increase in economic activity during the year, imports of capital goods went up to US\$ 23.3 million from US\$ 17.9 million, while intermediate goods increased marginally to US\$ 18.2 million from US\$ 17.7 million, registered in the year to July 2003.

Zanzibar Debt Declines

Zanzibar total debt stock (external and domestic), as at end of July 2004, declined to TZS 114.1 billion (US\$ 103.9 million) from TZS 118.2 billion (US\$ 106.5 million), recorded at the end of June 2004. Domestic debt was reduced by TZS 3.6 billion to reach TZS 46.9 billion, following payment of pension arrears, while the external debt increased marginally to US\$ 61.2 million at end-July 2004, from US\$ 60.9 million, due to exchange rate adjustments.

Outstanding debt by multilateral creditors remained unchanged at around US\$ 46 million between June and July 2004, and accounted for about 76 percent of total external debt, while bilateral debt stood at US\$ 7.2 million. The external debt maturing in above 20 years amounted to US\$ 50.9 million and accounted for about 83 percent of the total. Debt maturing between 5-10 years stood at US\$ 8.4 million, while that with maturity of 10-20 years amounted to US\$ 2.0 million.

Statistics of Major Macroeconomic Indicators

Table A1: Selected Economic Indicators

Item	Unit	1995	1996	1997	1998	1999	2000	2001	2002	2003p
1. Population (TZ Mainland)	Million	27.5	28.3	29.1	30.0	30.9	31.9	32.8	34.6	35.6
2. Gross Domestic Product (GDP)										
2.1 At Current Prices (c (Nominal)	Mill. TZS	2,796,640.1	3,452,558.9	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	9,271.1
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
	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	1,857.1
3. Income per Capita										
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
	US\$	85.2	85.5	81.3	75.5	68.5	64.8	60.8	57.2	57.2
4. Price Index (1994=100)										
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	175.6
4.4 Percentage Change	Per cent	26.7	18.5	6.8	6.8	2.1	0.5	8.5	7.5	7.5
4.5 GDP Implicit deflator	Index	207.9	246.3	295.6	340.4	379.0	406.0	436.4	464.6	464.6
4.6 GDP Implicit deflator	Per cent	27.1	18.5	20.0	15.1	11.3	7.1	7.5	6.5	6.5
5. Balance of Payments Position										
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)	"	26.7	1,340.5	1,212.6	1,148.0	1,382.2	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	-436.7	-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
6. Broad Money Supply (M2) *										
6.1 Percentage Change	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	1,919,971.4
6.2 Currency in Circulation Outside Banks	Per cent	26.1	11.6	11.0	11.1	15.0	12.5	12.8	22.2	19.8
6.3 Demand Deposits	Mill. TZS	244,313.7	257,662.8	287,877.1	307,798.7	384,848.0	392,404.2	411,638.9	495,445.6	673,759.6
6.4 Quasi-Money (Time and Savings 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	638,626.9
7. Public Finance										
7.1 Recurrent Revenue	"	1995/96	1996/97	1997/98	1998/99	1999/00	2000/01	2001/02	2002/03	2004/05**
7.2 Recurrent Expenditure	"	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	138,284.0
7.3 Development 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	173,306.0
7.4 Adjustment to cash and other items (net)	"	5,382.3	28,895.6	215,107.2	136,523.9	359,913.4	286,253.2	344,610.9	473,188.6	32,842.3
7.5 Financing:	"	-96,001.9	-60,916.8	-47,720.9	-22,510.9	-2,444.3	-25,447.4	3,203.8	-16,662.9	-56,069
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	132,655.8
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	-4,256.4
8. Total External Debt Stock***	Mill. USD	8,003.8	7,754.1	7,578.5	7,384.7	7,669.7	7,624.8	7,464.0	7,268.1	7,886.2
Disbursed Debt	"	6,917.5	6,623.3	6,600.3	6,435.9	6,580.3	6,538.3	6,559.7	6,233.0	6,700.5
Interest	"	1,086.3	1,130.8	978.2	948.8	1,089.4	1,086.5	904.3	1,035.1	1,185.7

Source: Bank of Tanzania and National Bureau of Statistics

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

** cumulative for July 2004

*** Debt position is given on financial year basis (end of period). For 2003/04, it is at end-July 2004

Table A2: Central Government Operations (Actual)

Item	Millions of TZS			
	2001/2002	2002/2003	BUDGET 2004/2005	2004 Jul-04
Total Revenue	1,042,955.1	1,217,517.0	1,739,288.0	138,284.0
Tax Revenue	939,266.8	1,116,555.5	1,599,010.0	116,789.2
Taxes on Imports	402,159.1	458,285.6	702,846.0	53,914.9
Sales/VAT and Excise on Local Goods	216,066.8	259,747.2	372,255.0	28,663.7
Refunds	32,552.4	36,105.8	-47,798.0	-3,890.4
Income Taxes	220,630.8	276,049.7	422,196.0	25,962.9
Other taxes	100,410.1	111,663.5	149,511.0	12,138.1
Non- tax Revenue	103,688.3	111,771.1	140,278.0	21,494.8
Total Expenditure /1	1,466,136.9	1,896,854.1	3,198,152.0	206,148.3
Recurrent expenditure	1,121,526.0	1,423,665.5	2,106,561.0	173,306.0
Roadtoll fund	54,110.9	62,874.3	78,182.0	5,403.2
Retention fund	25,142.8	47,949.7	44,450.0	4,447.0
Wages and salaries	341,981.4	397,770.0	551,159.0	42,891.9
Interest payments	121,081.7	99,780.0	168,438.0	2,531.2
Domestic ^{2/}	64,605.2	57,009.3	94,946.0	0.0
Foreign	56,476.0	42,770.7	73,492.0	2,531.2
Other goods, services and transfers	658,462.0	926,115.4	1,386,964.0	127,882.9
Dev. Expenditure and net lending	344,610.9	473,188.6	1,091,591.0	32,842.3
Local	50,235.9	95,661.7	233,705.0	19,475.4
Foreign	294,375.0	377,526.9	857,886.0	13,366.9
Overall Balance (cheque issued) before Grants	-423,181.8	-679,337.0	-1,458,864.0	-67,864.3
Grants	379,849.4	622,302.1	807,810.0	123,685.6
Program (CIS/OGL)	183,000.2	293,927.7	266,176.0	104,786.3
Project	140,192.0	255,516.2	306,482.0	10,075.9
Basket funds	0.0	0.0	160,488.0	3,291.0
HIPC Relief	56,657.2	72,858.2	74,664.0	5,532.4
Overall defic.(cheq.issued) after Grants	-43,332.4	-57,035.0	-651,054.0	55,821.3
Expenditure float		-79,389.1	0.0	-128,152.1
Adjustments to cash and other items (net)	3,203.8	921.5	0	-56,069
Overall Balance (cheques issued)	-40,128.6	-135,502.6	-651,054.0	-128,399.4
Financing:	38,575.0	135,502.6	651,054.0	128,399.4
Foreign Financing (net)	121,842.5	172,016.5	425,768.0	-4,256.4
Loans	187,355.5	273,341.8	559,215.0	0.0
Program loans	33,171.2	151,331.0	168,300.0	0.0
Development Project loans	154,184.3	122,010.8	280,959.0	0.0
Basket Support			109,956.0	0.0
Amortization	-65,514.0	-101,325.3	-133,447.0	-4,256.4
Domestic (net)	-24,159.0	-36,513.9	225,286.0	132,655.8
Domestic Financing		-36,263.0	231,110.0	132,655.8
Bank borrowing	-59,180.9	-5,557.9	0.0	117,987.2
Non-Bank (net of amortization)	36,574.3	-30,705.1	0.0	14,668.6
Amortization of contingent debt	-1,552.0	-250.9	-15,939.0	0.0
Privatization Proceeds	0.0	0.0	10,115.0	0.0

Source: Ministry of Finance and Bank of Tanzania

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 A3: Tanzania Monetary Survey

End of Period	Millions of TZS																
	Domestic assets (net)										Domestic credit (net)					Memorandum item:	
	M2.					M3.					M1.					M0	
	Extended Broad Money		Broad Money			Narrow Money					Foreign currency deposits		Total sum (9,15)		of which: Reserves		
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	
	Foreign assets	Net	Claims on government	Claims on private sectors*	Other items (net)	sum (9-13)	Total sum (9-12)	sum (9,10)	Currency in circulation outside banks	Demand deposits	Time deposits	Savings deposits	Foreign currency deposits	Total sum (9,15)			
1994	115,765.7	181,055.6	280,158.6	44,374.2	486,489.2	568,699.2	486,489.2	329,624.8	176,308.2	153,316.5	84,799.5	72,064.9	82,210.0	402,749.6	226,441.4		
1995	165,813.5	279,257.9	247,846.0	112,416.3	613,695.3	752,911.5	613,695.3	428,285.1	244,313.7	183,971.4	91,210.2	94,199.9	139,216.3	559,198.8	314,885.1		
1996	290,319.8	295,822.8	141,341.0	162,942.1	818,063.0	684,990.6	684,990.6	449,213.3	257,662.8	191,550.5	122,436.6	113,340.7	133,072.4	593,430.8	335,768.0		
1997	398,918.6	239,457.5	182,976.9	199,208.0	927,068.9	760,353.3	493,868.7	287,871.1	287,871.1	205,991.7	126,269.2	140,215.3	166,715.6	652,817.1	364,940.0		
1998	458,003.6	276,586.7	248,276.2	156,416.3	844,929.4	545,517.0	307,798.7	134,401.0	307,798.7	237,718.3	165,011.4	182,055.2	182,055.2	726,532.7	418,734.0		
1999	622,286.8	366,596.2	311,533.0	54,377.1	1,021,626.9	972,088.6	632,571.2	384,848.0	384,848.0	247,723.2	149,257.1	190,260.3	245,538.3	893,522.0	508,674.0		
2000	842,755.0	375,146.0	340,628.1	-14,716.9	1,397,688.8	1,093,610.9	695,006.5	392,404.2	392,404.2	302,602.3	170,051.6	228,552.8	304,077.9	948,835.1	556,430.9		
2001	1,209,820.5	239,201.4	404,512.3	-369.0	1,636,730.7	1,233,667.0	766,019.9	411,638.9	411,638.9	354,381.0	208,101.4	259,545.7	403,063.7	996,008.0	584,369.1		
2002	1,558,027.1	264,608.6	570,668.3	-59,986.1	2,047,683.1	1,507,386.5	958,786.6	463,340.9	463,340.9	463,340.9	223,898.7	324,701.3	540,296.5	1,191,146.8	695,701.2		
2003 - Jan	2,182,072.0	1,293,699.9	817,125.2	-169,827.1	2,388,316.1	1,721,109.9	1,113,379.1	553,048.8	553,048.8	560,333.3	230,958.8	376,771.9	667,206.2	1,336,354.8	783,309.0		
Feb	1,655,007.2	257,045.5	580,247.7	-111,724.5	2,040,640.2	1,490,504.1	918,121.1	471,090.0	471,090.0	447,031.1	239,917.6	332,465.4	550,136.2	1,151,600.8	680,510.8		
Mar	1,707,928.0	272,871.6	598,111.4	-149,172.6	2,087,649.8	1,502,204.6	908,801.8	447,867.7	447,867.7	460,934.2	239,653.3	353,749.5	585,445.2	1,097,438.6	649,570.9		
Apr	1,674,904.9	295,633.3	621,068.4	-142,391.9	2,089,952.3	1,498,745.2	941,951.6	432,855.8	432,855.8	509,095.8	230,242.1	326,551.5	591,207.1	1,128,138.9	695,283.1		
May	1,725,548.1	294,589.7	645,351.3	-174,794.2	2,107,642.9	1,490,711.8	925,454.9	446,842.6	446,842.6	478,612.3	238,579.8	326,677.1	616,931.2	1,128,138.3	681,295.7		
Jun	1,871,286.0	199,679.4	658,524.6	-147,921.3	2,205,894.0	1,558,784.9	981,147.7	473,703.5	473,703.5	507,444.2	246,719.6	330,917.5	647,109.1	1,113,365.3	639,661.8		
Jul	1,909,018.8	185,139.7	701,909.0	-179,551.7	2,255,658.5	1,602,037.6	1,049,006.7	495,295.6	495,295.6	553,711.1	224,169.8	329,461.1	653,020.9	1,271,603.0	776,307.4		
Aug	1,895,236.8	172,642.0	728,883.0	-175,205.2	2,263,174.7	1,607,279.1	1,037,088.8	503,545.3	503,545.3	533,543.5	237,208.4	332,981.9	655,895.6	1,271,009.1	767,463.8		
Sep	2,087,692.5	-35,083.4	764,968.0	-136,548.9	2,297,125.8	1,649,505.4	1,085,306.0	504,927.7	504,927.7	580,378.3	226,730.3	337,469.1	647,620.4	1,192,852.8	687,925.1		
Oct	2,116,418.7	9,810.7	783,154.0	-218,614.2	2,304,051.6	1,669,610.4	1,083,761.2	517,258.6	517,258.6	566,502.6	232,258.4	353,590.8	634,441.2	1,281,111.3	763,852.8		
Nov	2,125,923.4	55,435.6	782,772.6	-183,692.0	2,382,696.9	1,718,312.6	1,120,041.1	538,698.5	538,698.5	581,342.7	230,551.4	367,720.0	664,384.3	1,328,839.7	790,141.2		
Dec	2,182,072.0	12,936.9	817,125.2	-169,827.1	2,388,316.1	1,721,109.9	1,113,379.1	553,045.8	553,045.8	560,333.3	230,958.8	376,771.9	667,206.2	1,336,354.8	783,309.0		
2004 - Jan	2,312,919.5	-126.1	856,793.1	-180,002.2	2,486,021.4	1,741,293.0	1,116,903.1	538,830.7	538,830.7	578,072.4	249,553.6	374,836.3	744,728.5	1,307,921.9	769,091.2		
Feb	2,318,994.8	34,856.7	844,586.5	-178,761.6	2,497,472.3	1,742,942.7	1,110,654.6	519,962.7	519,962.7	590,691.9	248,995.7	383,292.4	754,529.6	1,263,774.2	743,811.5		
Mar	2,178,747.4	91,076.2	847,977.4	-137,258.9	2,477,651.2	1,757,204.8	1,096,558.7	523,607.8	523,607.8	572,950.9	270,684.3	389,961.8	720,446.4	1,326,471.7	802,863.9		
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	523,110.5	570,802.4	248,347.7	388,234.2	719,915.6	1,329,213.0	806,102.5		
May	2,114,512.7	155,855.2	890,926.8	-129,086.8	2,571,401.1	1,788,555.3	1,131,129.0	532,770.1	532,770.1	598,358.9	266,745.5	390,682.9	728,584.8	1,327,612.3	794,842.2		
June	2,134,182.7	157,606.9	965,980.9	-160,687.4	1,856,326.3	1,856,326.3	1,186,063.1	590,441.0	590,441.0	595,622.1	269,132.9	401,330.3	746,608.5	1,390,840.6	800,399.6		
July	2,128,834.6	244,329.6	994,969.8	-170,143.4	1,919,971.4	1,919,971.4	1,250,692.2	612,242.3	612,242.3	638,626.9	264,971.5	404,130.8	795,864.5	1,505,984.5	893,742.3		

Source: Bank of Tanzania
Note: * Previously known as "Claims on other domestic sectors (net)"

Table A4: Weighed Average Interest Rates of Commercial Banks

(Percentage per annum)

Item	Dec-01	Dec-02	Dec-03	Jan-04	Feb-04	Mar-04	Apr-04	May-04	Jun-04	Jul-04
A Domestic Currency										
1 Interbank Cash Market Rates										
Overnight	2.4	3.4	6.3	9.7	3.5	3.4	3.6	3.4	3.2	5.5
2 to 7 days	2.5	3.7	6.5	8.8	4.0	3.6	3.5	4.1	3.8	5.6
8 to 14 days	3.3	3.8	7.0	9.5	4.1	4.5	4.4	4.4	4.4	7.2
15 to 30 days	3.5	4.5	6.7	8.7	6.6	6.8	7.8	7.0	7.7	6.8
31 to 60 days	2.7	4.4	7.4	8.3	6.0	6.7	7.7	7.3	7.0	7.8
61 to 90 days	5.5	2.7	8.0	8.0	6.5	6.5	8.3	8.3	8.3	7.9
91 to 180 days	4.3	4.5	7.8	7.5	7.3	7.6	8.1	7.8	7.5	8.2
181 and above	4.5	6.0	7.4	8.8	7.7	8.4	8.4	8.3	7.5	8.5
Overall interbank cash market rate	2.5	3.5	6.4	9.5	3.8	3.8	3.9	3.9	3.6	5.7
2 Lombard Rate			14.3	15.5	9.6	10.2	11.1	11.1	11.1	11.0
3 REPO Rate	0.0	0.0	6.8	4.8	4.4	4.0	4.0	4.3	5.1	5.3
4 Treasury Bills Rates										
35 days		4.4	5.7	6.7	6.4	6.8	7.4	7.0	6.7	7.3
91 days	3.7	4.4	7.6	7.1	7.2	7.5	8.0	7.7	7.7	8.1
182 days	3.9	4.7	7.6	7.6	7.6	6.5	8.1	8.0	8.0	8.4
364 days	4.6	4.7	7.9	7.8	7.6	6.4	8.1	8.0	8.2	9.4
Treasury bills rate	3.9	4.5	7.7	7.5	7.3	7.6	7.9	7.7	7.8	8.4
5 Treasury Bonds- 2-years	4.7	5.3	8.4	8.6	7.4	7.4	9.0	7.8	8.8	9.7
5-years		5.6	9.6	10.2	10.2	10.2	9.6	9.6	6.7	10.3
7-years		6.9	10.5	10.7	10.8	11.1	10.5	10.7	10.7	10.7
10-years		7.2	12.0	11.5	11.8	11.8	11.6	11.7	11.7	11.7
6 Discount Rate	8.7	9.2	12.3	12.6	12.4	12.5	12.9	12.8	12.6	13.2
8 Savings Deposit Rate	3.6	2.7	2.5	2.4	2.4	2.4	2.4	2.4	2.4	2.4
9 Time Deposits Rates	4.0	3.4	3.9	3.8	4.2	4.1	4.0	4.2	4.3	4.4
Call Accounts	1.4	0.7	0.7	0.7	0.9	0.9	1.4	1.1	1.7	1.6
1 month	2.9	2.1	2.8	2.2	2.2	3.0	3.1	3.6	3.5	3.4
2 months	3.0	3.9	5.0	5.8	6.0	5.5	5.4	5.2	5.9	5.6
3 months	3.6	3.0	4.3	5.1	4.3	3.9	3.5	4.5	4.0	4.2
6 months	4.7	4.1	4.9	3.5	5.0	5.1	4.7	4.8	5.0	5.1
12 months	6.0	5.7	5.0	5.3	5.3	5.6	5.3	5.4	5.8	5.8
24 months	6.2	4.3	4.4	4.3	5.6	4.8	4.9	4.6	4.6	4.9
10 Negotiated Deposit Rates		5.4	7.7	6.8	7.4	7.9	7.8	6.7	7.7	6.7
11 Lending rates	18.0	15.7	13.8	13.9	13.4	13.5	13.3	13.9	14.2	13.5
Call Loans	18.3	23.6	17.6	17.6	17.1	17.1	15.2	14.0	24.0	24.0
Short-term (up to 1yr)	15.0	15.9	15.6	15.6	15.5	15.6	14.7	15.9	15.7	14.9
Medium-term (1-2 yrs)	17.0	15.8	17.2	17.2	17.1	17.1	17.4	17.1	17.3	14.6
Medium-term (2-3 yrs)	15.9	13.8	10.5	10.3	9.9	9.9	11.4	11.3	11.9	11.8
Long-term (3-5 yrs)	15.8	13.2	12.5	12.9	12.1	12.5	12.2	13.1	13.1	12.7
Term Loans (over 5 yrs)	26.5	19.8	13.3	13.3	12.1	12.2	10.8	11.9	13.1	13.4
12 Negotiated Lending Rates		9.7	8.4	8.4	8.2	7.5	8.4	10.8	10.0	9.4
B Foreign Currency										
1 Deposits Rates										
Call Accounts	0.6	0.5	0.3	0.3	0.4	0.4	0.2	0.2	0.2	0.1
Demand Deposits										
Savings Deposits	2.2	0.8	0.9	0.8	0.7	0.7	0.8	0.8	0.9	0.8
Time Deposits	2.2	1.3	0.9	0.9	1.0	1.2	1.6	1.3	1.3	1.2
1-months	2.1	1.2	0.8	0.7	0.8	0.8	0.9	0.9	0.9	0.8
2-months	1.9	1.8	0.5	0.6	0.7	1.1	1.2	1.0	0.9	0.7
3-months	1.7	0.8	1.1	1.1	1.1	1.1	1.6	1.3	1.1	1.1
6-months	2.8	1.4	1.2	1.1	1.2	1.2	1.2	1.1	1.0	1.1
12-months	2.7	1.5	1.2	1.2	1.1	1.7	3.1	2.2	2.6	2.6
2 Lending Rates	9.2	7.2	7.4	7.3	7.6	7.3	7.3	8.6	8.4	8.6
Call loans										
Short-term (up to 1yr)	7.3	7.9	6.8	6.9	6.8	6.7	6.2	6.7	6.1	6.2
Medium-term (1-2 yrs)	10.8	5.9	8.4	7.9	8.2	7.5	8.1	7.6	7.2	8.0
Medium-term (2-3 yrs)	12.9	7.8	7.2	7.5	8.1	7.8	7.9	8.2	8.4	8.7
Long-term (3-5 yrs)	5.8	7.2	7.1	7.1	7.2	7.1	6.9	11.8	11.8	11.8

Source: Bank of Tanzania

Table 5: Tanzania's Balance of Payments

Item	Millions of US\$			
	2000	2001	2002	2003p
A. Current Account	-495.8	-436.7	-214.7	-310.8
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
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
Balance on Goods and Services	-759.3	-746.8	-608.7	-893.6
Income				
Credit	50.4	55.3	67.9	87.1
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
Balance on Goods, Services and Income	-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. Capital Account	379.9	1003.6	785.7	677.7
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
C. Financial Account, excl. reserves and related items	369.2	-501.9	0.0	21.1
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
Liabilities	39.9	-752.5	-243.3	-167.7
Total, Groups A through C	253.4	65.0	570.9	388.0
D. Net Errors and Omissions	-294.2	-228.9	-253.1	32.5
Overall balance (Total, Groups A through D)	-40.8	-163.9	317.8	420.5
E. Reserves and Related Items	40.8	163.9	-317.8	-420.5
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
Memorandum items				
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	1,156.6	1,529.0	2,037.8
Months of Imports	5.7	6.3	8.4	9.0
Net International Reserves (year end)	542.7	761.2	1,058.4	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

Notes:

- Imports data (f.o.b) for 2001 have been revised using new ratios for freight and insurance services.
- 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.
- GDP-Gross Domestic Product, mp-Market price, CAB-Current Account Balance, p = provisional

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

Period	Unadjusted						Seasonally Adjusted					
	Year-on- Year			Month-on-Month			6 Months Annualized			Month-on-Month		
	Headline 1)	Non Food 2)	Food	Headline 1)	Non Food 2)	Food	Headline 1)	Non Food 2)	Food	Headline 1)	Non Food 2)	Food
2001:Jul	5.1	2.3	6.1	-0.9	0.2	-1.3	5.0	0.2	6.8	0.4	0.2	0.5
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
Ma r	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
Ma y	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
Ma r	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
Ma y	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

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\$			
	2001/02	2002/03 Jun-03	2003/04 Jun-04	2003/04 Jul-04
Overall Total Debt Committed ²	8,032.8	7,606.6	8,088.3	8,173.5
Disbursed outstanding debt	6,559.7	6,233.0	6,678.3	6,700.5
Undisbursed debt	1,473.1	1,373.6	1,410.0	1,473.0
2. Disbursed debt by Creditor Category ²	6,559.7	6,233.0	6,678.3	6,700.5
o/w: Bilateral debt	2,277.1	1,633.7	1,483.6	1,505.9
Multilateral debt	3,808.5	4,088.3	4,570.0	4,564.4
Commercial debt	302.5	330.6	391.2	395.7
Export credits	171.6	180.5	233.5	234.6
3. Disbursed debt by Borrower Category ²	6,559.7	6,233.0	6,678.3	6,700.5
o/w: Central Government	6,054.8	5,708.0	6,092.0	6,096.4
Public Corporations	153.8	152.2	149.1	155.8
Private Sector	351.1	372.9	437.2	448.3
4. Disbursed debt by Use of Funds ²	6,559.7	6,233.0	6,678.3	6,700.5
o/w: Balance of payment support	1,639.0	1,166.0	1,275.1	1,253.1
Transport & Telecommunication	1,027.9	1,047.8	1,085.1	1,009.5
Agriculture	1,007.8	1,034.7	967.7	962.8
Energy & Mining	902.9	895.0	924.3	920.5
Industries	402.3	411.2	352.7	351.1
Social Welfare & Education	384.4	421.7	333.3	330.7
Finance and Insurance	77.9	76.9	82.3	81.9
Tourism	83.8	88.2	80.2	80.3
Others	1,033.7	1,091.6	1,577.5	1,710.6
5. Total Amount of Loans Contracted ¹	298.1	22.3	87.5	0.0
Government	291.2	12.9	78.4	0.0
Private	7.0	9.4	9.1	0.0
6. Disbursements ¹	184.8	169.0	234.7	1.0
Government	160.5	163.7	205.9	0.9
Public Corporations	0.0	0.0	2.0	0.0
Private	24.3	5.3	26.8	0.1
7. Scheduled Debt Services ¹	400.0	369.0	334.4	355.1
8. Actual Debt Service ¹	89.1	112.4	99.3	10.8
Principal	47.9	86.6	77.5	8.5
Interest	41.2	25.8	21.8	2.4
9. Net Transfers	95.7	51.3	106.6	-9.9
10. Total Arrears by Creditor Category ²	1,820.2	2,056.5	2,297.8	2,297.4
o/w: Principal	915.9	1,021.4	1,119.1	1,111.7
Bilateral	570.5	611.6	658.8	651.8
Multilateral	39.9	45.1	28.3	23.0
Commercial	152.9	203.7	240.2	244.9
Other Private Creditors	152.6	161.0	191.8	192.0
Interest	904.3	1,035.1	1,178.7	1,185.7
Bilateral	522.7	577.7	693.0	697.0
Multilateral*	54.1	68.4	27.3	26.0
Commercial	222.2	268.3	287.1	290.5
Other Private Creditors	105.3	120.7	171.3	172.2
11. External Debt Stock	7,464.0	7,268.1	7,856.9	7,886.2
12. Domestic Debt Stock	864.5	841.6	885.3	906.9
13. Total Debt Stock	8,328.5	8,109.7	8,742.1	8,793.2
14. Export of Goods and Services	1,436.2	1,996.8	2,221.0	
15. External Debt Service	171.3	114.9	99.3	
16. GDP at facta cost	8,579.3	9,089.9	9,224.7	
End of Period Exchange Rate TZS/US\$	946.9	1,047.4	1,063.6	

Source: BoT

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

1 During the period 2 End of July 2004, cumulative.

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 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 interbank rates, depending on whichever is higher.

ISSN 0856 - 6844

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