



Bank of Tanzania

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Inflation Developments

Headline Inflation

During the year ending June 2004, headline inflation declined slightly by 0.1 percentage point to 6.3 percent in May 2004. However, during the month, the overall inflation went down by a sizeable margin (2.6 percent), due to the lessening of inflationary expectations as food supply improves (Table 1).

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

Major Commodity Group	Weight %	May 2004	Jun		Percentage Change		
			2003	2004	May-03 to May-04	May-04 to Jun-04	Jun-03 to Jun-04
Food	71.2	277.7	247.2	268.4	8.8	-3.3	8.6
Fuel, Power and Water	4.7	355.4	342.4	352.3	2.5	-0.9	2.9
Drinks and Tobacco	4.4	184.1	185.2	184.2	-0.6	0.1	-0.5
Rents	3.9	217.3	210.5	217.3	3.3	0.0	3.2
Clothing & Footwear	3.7	200.5	208.6	199.8	-4.6	-0.3	-4.2
Furniture & Household Equipment	2.5	204.4	204.4	205.3	-0.6	0.4	0.4
Personal Care & Health	2.2	156.7	160.2	156.8	-2.7	0.1	-2.1
Education	1.5	202.9	211.1	202.9	-4.0	0.0	-3.9
Household Operations & Maintenance	1.5	170.1	171.5	170.1	-0.8	0.0	-0.8
Recreation & Entertainment	1.2	172.8	178.5	172.8	-3.2	0.0	-3.2
Transportation	1.2	251.8	251.7	252.1	-0.4	0.1	0.2
Miscellaneous Goods and Services	2.0	157.4	161.0	157.6	-2.7	0.1	-2.1
TOTAL	100.0	260.9	239.0	254.1	6.4	-2.6	6.3

Source: National Bureau of Statistics (NBS)

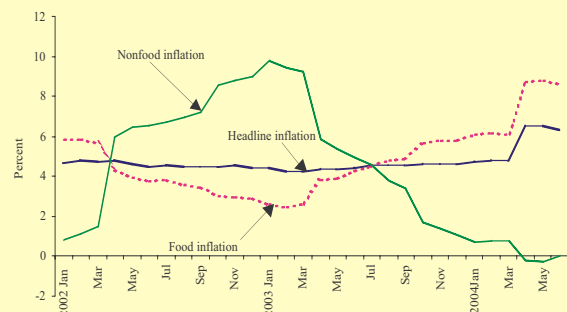
Non-food Inflation

For the period of 16 months to May 2004, annual non-food inflation moved downwards, although in June 2004, it rose slightly, mainly due to an increase in average prices of rent, fuel, power and water sub-groups.

Food Inflation

Following the improvement in food supply situation in most parts of the country, the annual food inflation declined moderately in June 2004 from level of the previous month. The improvement was more pronounced during the month as month-to-month food inflation went down sharply by 3.3 percent between May and June 2004.

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



Monetary and Financial Developments

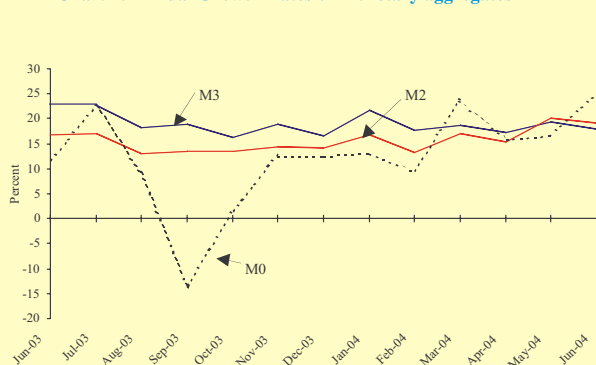
Money Supply

The growth of monetary aggregates in June 2004 was in line with the monetary program targets for 2004/05. Extended broad money supply (M3) grew by 18.0

percent against a target of 19.1 percent, while broad money supply (M2) also grew below its target of 20.2 percent (Table 2). The monetary expansion during the period was attributed to the increase in credit to the private sector, and donor funds for budgetary support.

Although monetary growth was below targets, liquidity in the economy remained high. This was mainly the result of higher inflow of donor funds, increased commercial banks credit operation, and the surge in the currency in circulation associated with the rapid increase in cash transactions during crop marketing season.

Chart 2: Annual Growth Rates of Monetary aggregates



Credit Developments

In line with improved economic activity in 2003/04, the outstanding domestic credit by the banking system stood at TZS 1,123.6 billion at end June 2004, having increased by TZS 76.8 billion just between May and June 2004. Currently, credit to the private sector accounts for over 85.0 percent of the total after the government reduced borrowing from banks. Financial intermediation, as measured by the share of private sector credit to total deposits, has also improved significantly over the year under review to 48.0 percent at end -June 2004, from 37.0 percent recorded in June 2003.

Chart 3: Total Deposits and Credit of the Banking System (Billions of TZS)

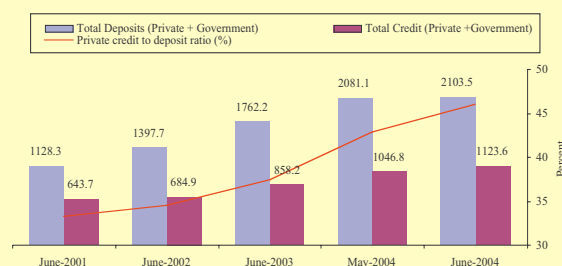


Table 2: Developments in Selected Money Supply Aggregates

Items	Billions of TZS							
	2003		2004p		Change May - June		Annual % Growth	
	May	June	May	June	2003	2004	May-03 to May-04	June-03 to June-04
Extended broad money supply (M3)	2107.6	2205.9	2517.1	2602.9	98.3	85.8	19.4	18.0
Broad money supply (M2)	1490.7	1558.8	1788.6	1856.3	68.1	67.8	20.0	19.1
Currency in circulation	446.8	473.7	532.8	590.4	26.9	57.7	19.2	24.6
Demand deposits	478.6	507.4	598.4	595.6	28.8	-2.7	25.0	17.4
Time deposits	238.6	246.7	266.7	269.1	8.1	2.4	11.8	9.1
Savings deposits	326.7	330.9	390.7	401.1	4.2	10.4	19.6	21.2
Foreign currency deposits	616.9	647.1	728.6	746.6	30.2	18.0	18.1	15.4
Total non government deposits	1660.8	1732.2	1984.4	2012.5	71.4	28.1	19.5	16.2
Net foreign assets	1725.5	1871.3	2114.5	2134.2	145.7	19.7	22.5	14.0
Bank of Tanzania	1103.6	1215.0	1458.9	1468.9	111.4	10.0	32.2	20.9
Deposit money banks	622.0	656.2	655.6	665.3	34.3	9.7	5.4	1.4
Net domestic assets	765.1	710.3	917.7	962.9	-54.9	45.2	19.9	35.6
Domestic credit	939.9	858.2	1046.8	1123.6	-81.7	76.8	11.4	30.9
Net claims on government	294.6	199.7	155.9	157.6	-94.9	1.8	-47.1	-21.1
Claims on government	504.1	489.9	511.1	515.2	-14.2	4.1	1.4	5.2
Government deposits	209.5	290.2	355.2	357.6	80.7	2.4	69.5	23.2
Claims on private sector	645.4	658.5	890.9	966.0	13.2	75.1	38.1	46.7
Other items net	-174.8	-147.9	-129.1	-160.7	26.9	-31.6	-26.1	8.6
Medium term foreign liabilities	41.8	41.8	41.2	41.1	0.0	0.0	-1.6	-1.6
Valuation account	341.3	333.9	473.9	453.0	-7.4	-20.9	38.9	35.7

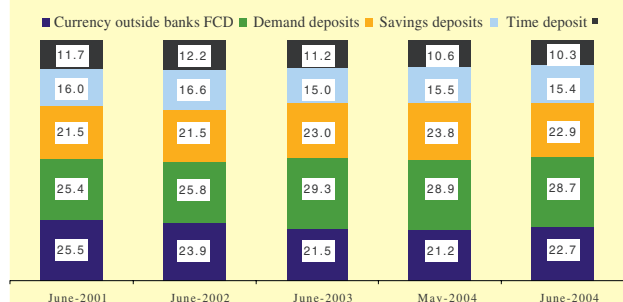
Source: Bank of Tanzania

Note: p=Provisional

Deposit Mobilization

Commercial banks mobilized deposits to the tune of TZS 28.0 billion in June 2004. Specifically, foreign currency deposits increased by TZS 18.0 billion, while savings deposits went up by TZS 10.0 billion. The increase in deposits was mainly explained by the incorporation of Savings and Finance bank in the consolidated balance sheet of commercial banks of June 2004, after commencing operations as a fully-fledged commercial bank.

Chart 4: Components of Money Supply as Percentage of M3

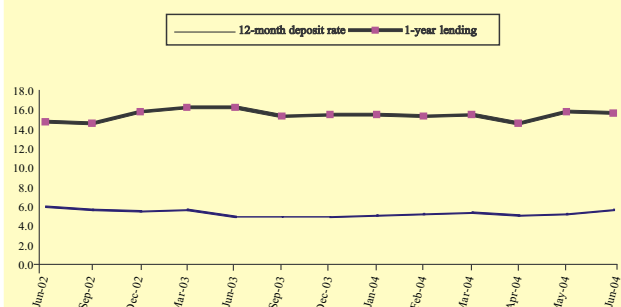


Interest Rates Developments in Commercial Banks

• Deposits rates

In June 2004, weighted average interest rate on shilling savings deposits remained unchanged at 2.4 percent since January 2004, while the range was between 1.4 percent and 5.5 percent. Nevertheless, small banks, offered fixed deposit rates as high as 8.0 percent for 3-12 month deposits for regular customers. The overall time deposit rate rose slightly from 4.2 percent in May 2004 to 4.3 percent. In the same period, average negotiated deposit rate went up from 6.7 percent to 7.7 percent (Table 3).

Chart 5: Interest Rates Spread



Interest rates on foreign currency deposits were mixed during the month under review. Savings deposit rate rose from 0.8 percent to 0.9 percent, while the overall time deposits rate remained at 1.3 percent.

Table 3: Selected Interest Rates (In percent per annum)

Item	2003			2004				
	Jun	Sept	Dec	Feb	Mar	Apr	May	Jun
Savings deposits rate	2.5	2.4	2.5	2.4	2.4	2.4	2.4	2.4
Overall Time deposits rate	3.5	3.3	3.9	4.2	4.1	4.0	4.2	4.3
1-month	3.9	2.9	2.8	2.2	3.0	3.1	3.6	3.5
35-day T-bill yield	5.8	6.7	5.7	6.4	6.8	7.4	7.0	6.7
3-months	2.8	2.9	4.3	4.3	3.9	3.5	4.5	3.9
91-day T-bill yield	6.1	7.3	7.6	7.2	7.5	8.0	7.7	7.7
6-months	3.7	3.5	4.9	5.0	5.1	4.7	4.8	5.0
182-day T-bill yield	5.8	7.3	7.6	7.6	6.5	8.1	8.0	8.0
12-months	5.1	5.0	5.0	5.3	5.6	5.3	5.4	5.8
364-day T-bill yield	5.9	7.4	7.9	7.6	6.4	8.1	8.0	8.2
Negotiated deposits	5.5	5.5	7.7	7.4	7.9	7.8	6.7	7.7

Source: Commercial banks and Bank of Tanzania's Computations

• Lending Rates

Lending rates in June 2004 were higher than in the preceding month. The rate on 1-year loan was 15.7 percent compared with 15.9 percent recorded in May 2004, while that of 2-3 year loans was high at 11.9 percent compared to 11.3 percent in the previous month. The rate for a 5-year loan rose from 11.9 percent to 13.2 percent. As a result, the overall lending rate went up from 13.9 percent in May 2004 to 14.2 percent in June 2004. However, the average negotiated lending rate fell to 10.0 percent from 10.8 percent recorded in May 2004. The interest margin continued to narrow from 10.5 percentage points in May 2004 to 9.9 percentage points in June 2004.

Table 4: Interest Rates Structure, Lending (In percent per annum)

Item	2003				2004				
	Mar	Jun	Sept	Dec	Feb	Mar	Apr	May	Jun
Overall Lending rates	15.0	14.1	14.5	13.8	13.4	13.5	13.3	13.9	14.2
Up to 1-year	16.4	16.4	15.5	15.7	15.5	15.6	14.8	15.9	15.7
2-3 years	12.3	13.4	11.7	10.5	9.9	9.9	11.4	11.3	11.9
3-5 years							12.2	13.1	13.1
Negotiated rates Lending	8.6	9.4	9.4	8.4	8.2	7.5	8.4	10.8	10.0

Source: Commercial banks and Bank of Tanzania's Computations

Interest rates charged on foreign currency loans exhibited a mixed trend. The rates on loans of up to 1-year fell from 6.7 percent to 6.1 percent, while that of 2-3 years increased from 8.2 percent to 8.4 percent. Consequently, the overall weighted average lending rate decreased from 8.6 percent to 8.4 percent during the period under review.

Inter-bank Cash Market

During June 2004 interbank cash market, was quite liquid as reflected in the falling interbank rate to 3.6 percent from 3.9 percent prevailing in May 2004. Overnight transactions continued to dominate the market, accounting for 85.4 percent of the total volume traded. Interest rates on overnight lending decreased slightly to 3.2 percent from 3.4 percent in May 2004.

Treasury Bills and Bonds Market

Transactions in the securities market were intended to control excess liquidity in the banking sector, through sale of Treasury bills and bonds by BoT. During June 2004, Treasury bills worth TZS 90.4 billion were offered for sale, compared to TZS 88.1 billion auctioned in May 2004. Demand for Treasury bills rose to TZS 141.5 billion from TZS 123.4 billion. Bids worthy TZS 117.9 billion were successful. While commercial banks were the main investors in Treasury bills, their market share dropped sharply to 46.5 percent in June from 63.0 percent in the previous month. The decline in the market share of banks was necessitated by the need to pay their end of quarter tax obligations. On the other hand, the share of private sector in the securities market has been increasing rapidly, to 33.0 percent in June 2004 from 5.7 percent in January 2004. This development reflects a rational response to persistent higher returns on Treasury bills relative to other financial assets.

The amount of Treasury bonds offered in June 2004 was TZS 16.0 billion, the same level as in May 2004. Demand, increased sharply to TZS 14.9 billion from TZS 8.8 billion in May 2004. Sales stood at TZS 13.4 billion, up from TZS 7.8 billion sold in May 2004.

The weighted average yields on 2-year bond rose from 7.8 percent in May 2004 to 8.8 percent in June 2004,

while that of 5-year bond declined to 6.7 percent from 9.6 percent. The 7-year and 10-year Treasury bonds were not traded in June 2004 due to lack of demand for them.

Repurchase Agreements (REPOs)

The Bank conducts repurchase agreements (Repos) with commercial banks for fine-tuning liquidity in the economy. In June 2004, Repos worth TZS 24.1 billion were sold with rates ranging from 4.0 percent to 5.5 percent. The weighted average Repo rate stood at 5.1 percent, above the 4.3 percent recorded in May 2004.

Inter-bank Foreign Exchange Market (IFEM)

Total volume traded in the IFEM went up to USD 66.5 million from USD 51.4 million in May 2004. Commercial banks recorded participation resulted in a net purchase of USD 25.0 million, while the non-bank financial institutions were net sellers of USD 4.9 million. The Bank of Tanzania sold a net of USD 20.1 million, to meet the demand for foreign exchange in the market, which was associated with the surge in importation orders by the business community.

Exchange Rate

Reflecting the increase in supply of foreign exchange in the IFEM, the shilling appreciated slightly against the US dollar from TZS 1,115.3 per USD in May 2004 to TZS 1,112.6 per USD. Meanwhile, the buying and selling rates in the Bureau de Change system depreciated slightly by 0.3 percent and 0.2 percent to TZS 1,110.0 per USD and TZS 1,125.0 per USD, respectively in June 2004.

Chart 6: Inter-bank Exchange Rate Movement and Volume of Transactions

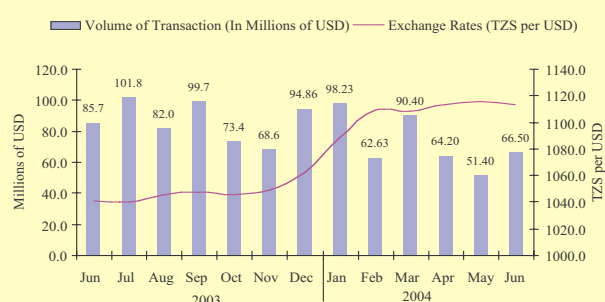


Table 5: Foreign Exchange Market Developments

	2003		2004		% Change		July - June		% Change
	June	May	June	June-04	June-03	June-04	2002/03	2003/04	
IFEM									
Amount offered*	85.7	51.4	66.5	29.4	-22.4	955.6	953.7	-0.2	
Amount sold*	85.7	51.4	66.5	29.4	-22.4	955.6	953.7	-0.2	
Exchange rate**	1,040.4	1,115.3	1,112.6	-0.2	6.9	998.7	1,074.3	7.6	
Bureau de Change									
Sales*	15.2	30.0	32.0	6.7	110.5	217.8	296.7	36.2	
Purchases*	14.5	21.8	23.0	5.5	58.6	227.2	268.7	18.3	
Volume of Transactions*	29.7	51.8	55.0	6.2	85.2	445.0	565.4	27.1	
Buying rate**	1,037.0	1,107.0	1,110.0	0.3	7.0	992.6	1,070.9	7.9	
Selling rate**	1,053.0	1,123.0	1,125.0	0.2	6.8	1,011.1	1,089.0	7.7	

Source: Bank of Tanzania

Note: * Millions of USD, ** Tanzanian shillings (TZS) per USD

Government Budgetary Developments

During June 2004, both revenue collections and government expenditures were above their targets. Based on provisional data for June 2004, the consolidated budget position of the Government recorded an overall deficit of TZS 142.2 billion.

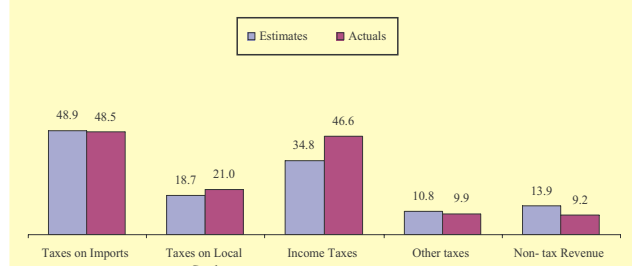
Revenue Performance

Revenue collections in June 2004 amounted to TZS 135.2 billion, against the target of TZS 127.0 billion, by TZS 8.2 billion. The surplus collections mainly came

from income taxes (**Chart 7**), due to payments of end of the year corporate taxes.

On cumulative basis (July-June 2004), total revenue amounted to TZS 1,459.3 billion against the 2003/04-budget estimate of TZS 1,400.6 billion. The amount

Chart 7: Government Recurrent Revenue Performance in June 2004 (Billions of TZS)



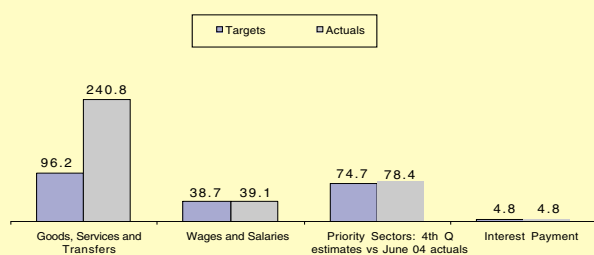
collected is estimated to represent 13.9 percent of GDP¹ compared with 13.4 percent of GDP budgeted for 2003/04. In terms of contribution to total revenue, import taxes remained the major contributor, averaging about 39.0 percent in the past three years.

Expenditure

During the month under review, recurrent expenditure amounted to TZS 284.6 billion, being above the target by TZS 101.9 billion. The surge in recurrent spending was mainly driven by expenditure on goods, services and transfers, which amounted to TZS 240.8 billion compared with a target of TZS 96.2 billion (**Chart 8**). The over expenditure in June 2004 was caused by the execution of previously allocated resources mainly for priority sectors (i.e. education, health, water road, agriculture, justice and legal services, and HIV/AIDS). Expenditure on priority sectors for the quarter ending June 2004 amounted to TZS 145.5 billion, exceeding its target by TZS 57.7 billion, while expenditure on the remaining expenses under the category of goods and services was also above the monthly target by TZS 93.0 billion.

¹ Nominal GDP estimate for July - June is 2004 TZS 10,490.0 billion

Chart 8: Government Recurrent Expenditure in June 2004
(Billions of TZS)



Recurrent expenditure for the whole year 2003/04 amounted to TZS 1,872.4 billion, against the budget of TZS 1,755.7 billion. This level of expenditure represented 17.8 percent of GDP against the budgeted 16.7 percent. During the year, TZS 392.7 billion was spent on priority sectors representing 21.0 percent of the total recurrent expenditure. Out of the total allocations, education received TZS 117.1 billion, health -TZS 99.1 billion, roads -TZS 72.5 billion, and agriculture absorbed TZS 60.2 billion.

On development projects, the Government spent about TZS 49.0 billion in June 2004 against the target of TZS 71.8 billion, the shortfall mainly associated with lower than targeted disbursement of foreign loans and grants. Total project loans and grants including basket support funds amounted to TZS 46.0 billion, against the target of TZS 61.5 billion. On cumulative basis (2003/04), development expenditure amounted to TZS 678.0 billion, against the budget of TZS 803.4 billion, representing 6.5 percent of GDP compared with the budgeted 7.7 percent.

Financing

Government budgetary operations in June 2004 generated a financing requirement of TZS 142.2 billion, which was met through foreign borrowing amounting to TZS 78.8 billion, and a draw down of government's deposits by TZS 63.4 billion.

External Sector Developments

Current Account

During June 2004, the current account deficit remained almost unchanged at about USD 72.0 million. However, the deficit was substantially high when compared with a surplus USD 8.0 million recorded in June 2003, mainly due to a decline in net current transfers and a substantial increase in the import bill.

Table 6: Current Account Balance

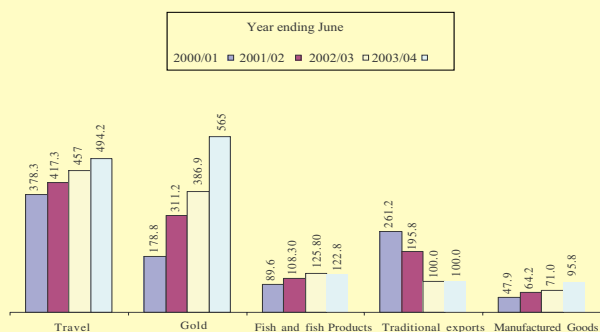
Item	Millions of USD							
	2003 June	2004p		% Change		July - June		
		May	June	May-04 June-04	June-03 June-04	2002/03	2003/04	% Change
Goods Account	-61.3	-86.4	-95.5	10.5	55.8	-621.2	-924.2	48.8
Exports	86.1	73.1	77.5	6.0	-10.0	1,006.4	1,151.2	14.4
Imports	147.4	159.5	173.0	8.5	17.4	1,627.6	2,075.4	27.5
Services Account	10.6	-2.9	0.1	-103.4	-99.1	-5.1	-125.7	—
Receipts	61.8	62.0	64.9	4.7	5.0	708.8	723.9	2.1
Payments	51.2	64.9	64.8	-0.2	26.6	713.9	849.6	19.0
Goods and services balance	-50.7	-89.3	-95.4	6.8	88.2	-626.3	-1,049.9	67.6
Exports of goods and services	147.9	135.1	142.4	5.4	-3.7	1,715.2	1,875.1	9.3
Imports of goods and services	198.6	224.4	237.8	6.0	19.7	2,341.5	2,925.0	24.9
Income Account	-1.2	-4.1	3.9	—	—	-32.5	-36.8	13.2
Receipts	10.9	2.7	11.0	—	0.9	73.7	90.9	23.3
Payments	12.1	6.8	7.1	4.4	-41.3	106.2	127.7	20.2
Current Transfers	59.9	20.5	19.2	-6.3	-67.9	447.5	579.9	29.6
Inflows	64.5	24.7	23.6	-4.5	-63.4	510.3	644.8	26.4
o/w General Government	62.5	19.0	18.0	-5.3	-71.2	494.5	584.7	18.3
Outflows	4.6	4.2	4.4	4.8	-4.3	62.8	64.9	3.4
Current Account Balance	8.0	-72.9	-72.3	-0.8	—	-211.3	-506.8	139.9

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

On annual basis, the deficit more than doubled from USD 211.3 million in 2002/03 to USD 506.8 million for the year ending June 2004, largely on account of increased payments for imports of goods and services. Whilst export of goods and services increased by USD 159.9 million over the year ending June 2004, total imports went up by USD 583.5 million. Looking at the trend for the past four years, gold and travel² continued to dominate the export sector (Chart 9).

² Tourism accounts for about 60 percent of travel

Chart 9: Exports of Goods and Services, 2001-2004
(Billions of TZS)



Merchandise Exports

Exports of goods amounted to USD 77.5 million in June 2004, compared with USD 73.1 million in May 2004, mainly as a result of increased traditional and non-traditional exports. On annual basis, merchandise exports increased by about USD145.0 million to over USD 1,151.0 million, out of which gold exports amounted to USD 565.3 million. Exports of manufactured goods and horticultural products also improved over the year. Manufactured goods increased from USD 71.0 million in 2002/03 to USD 95.8 million in 2003/04, representing a 35.0 percent increase. Horticultural products increased modestly from USD 13.0 million to USD 15.0 million.

Traditional Exports

Traditional exports picked up to USD 8.0 million in June 2004 from USD 7.4 million in previous month as export volumes of coffee, tea and tobacco went up, coupled with a slight increase in coffee prices. On annual basis, traditional exports declined to USD 217.7 million from USD 221.6 million recorded a year earlier. Except for tobacco, cashewnuts and cloves that recorded increases in export volumes, other traditional exports recorded significant declines, following a prolonged drought in the 2002/03 season.

In recent years, performance of traditional exports has been deteriorating largely due to declining world market prices, as well as high cost of inputs, consequently, reducing their share to total exports over time.

Non-traditional Exports

During the year ending June 2004, non-traditional exports increased from USD 784.8 million in the preceding year to USD 933.5 million. Mineral exports amounted to USD 606.0 million, of which gold exports accounting for about 65.0 percent or USD 565.0 million. Exports of fish products and manufactured goods amounted USD 123.0 million and USD 95.8 million, respectively. Exports of horticultural products, mainly cut flowers improved from USD 13.0 million in 2002/03 to USD 15.0 million.

Merchandise Imports

During the month under review, imports of goods increased by USD 13.5 million over the level recorded in May 2004, on annual basis, imports went up by about USD 448.0 million to USD 2,075.4 million (Table 7). The increase was mainly attributed to a surge in oil imports, which accounted for USD 437.0 million or 19.0 percent of the total import bill. Imports of consumer goods, particularly food items, increased substantially during the year to cover for food shortages. As a result, food imports rose from USD 145.6 million in 2002/03 to USD 238.3 million, and accounted for 10.0 percent of the total import bill during the year under review.

Table 7: Tanzania Imports

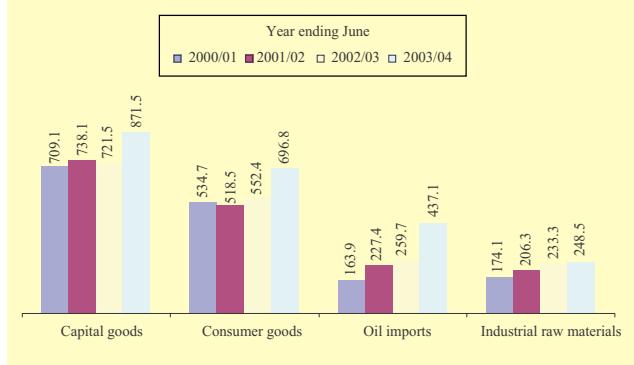
Item	Millions of USD							
	2003 June	2004		% Change		July - June		
		May	Jun	Jun-03 Jun-04	May-04 Jun-04	2002/03	% 2003/04	Change
CAPITAL GOODS	65.6	65.2	69.7	6.3	7.0	721.5	871.5	20.8
Transport Equipment	19.0	17.8	21.9	15.0	23.0	218.3	249.0	14.0
Building and Constructions								
Equipment	16.8	15.3	16.5	-1.7	8.1	158.8	173.6	9.3
Machinery	29.7	32.1	31.3	5.2	-2.5	344.4	448.9	30.3
INTERMEDIATE GOODS	31.9	44.9	50.9	59.7	13.4	514.6	712.3	38.4
Oil imports	11.3	26.4	31.4	177.3	19.1	259.7	437.1	68.3
Fertilizers	2.7	1.1	1.2	-56.9	7.1	21.6	26.8	24.2
Industrial raw materials	17.8	17.4	18.3	2.8	5.1	233.3	248.5	6.5
CONSUMER GOODS	49.9	49.4	52.3	4.9	5.9	552.4	696.8	26.1
Food and foodstuffs	18.0	16.4	16.3	-9.5	-0.6	145.6	238.3	63.7
All other consumer goods	31.9	33.0	34.2	7.3	3.8	406.9	458.5	12.7
GRAND TOTAL (F.O.B)	147.4	159.5	173	17.4	8.4	1,627.6	2,075.4	27.5
GRAND TOTAL (C.I.F)	162.0	175.3	190.1	17.4	8.4	1,788.5	2,280.6	27.5

Source: Bank of Tanzania

Note: p = Provisional; — = Very big value; and Totals may not add up due to rounding

It may be noted that importation of capital goods, as well as industrial raw materials has been on the increase over time, reflecting increased economic activity in the country. Capital goods imports rose steadily from USD 709.0 million in 2000/01 to USD 738.0 million in the following year, and picked up to USD 872.0 million in 2003/04. Similarly, importation of raw materials went up from USD 174.0 million in 2000/01 to USD 248.5 million in 2003/04 (**Chart 10**).

Chart 10: Contribution to Total Imports, 2001-2004 (Millions of USD)



Services and Income Accounts

Services Account

During June 2004, services account improved from a deficit of USD 2.8 million in May 2004 to a surplus of USD 0.1 million, largely on account of an increase in communication and other service receipts. However, on an annual basis, the services account deteriorated from a marginal deficit of USD 2.2 million recorded in 2002/03 to one of USD 125.7 million in 2003/04, largely due to a sizeable increase in freight payments associated with the recorded surge in imports during the year.

Chart 11: Services Receipts, 2003/04 (Millions of USD)

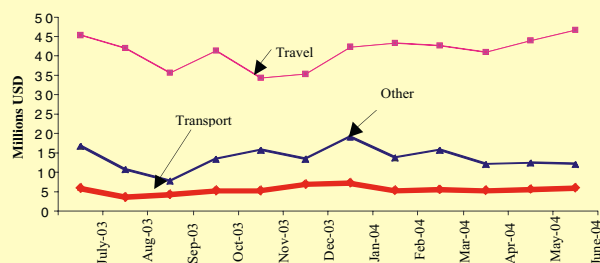
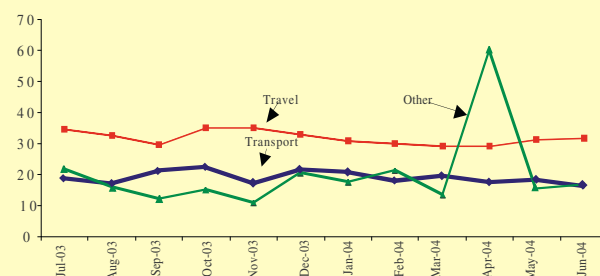


Chart 12: Services Payments, 2003/04 (Millions of USD)

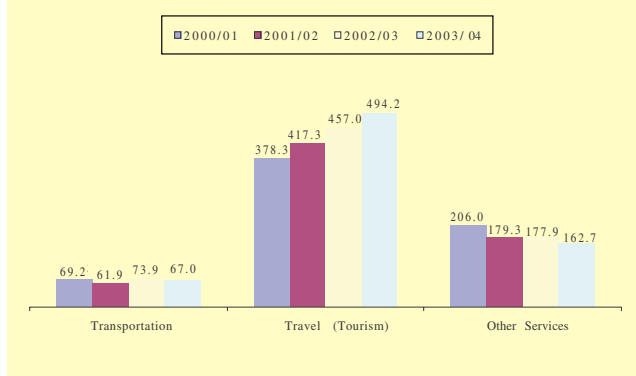


Note: 'Other Services' include: Communication, Insurance, Financial, Computer, Information, Government, Royalties, Personal, and Other business services

Service Receipts

During the year under review, receipts from services rose from USD 708.8 million in 2002/03 to USD 723.9 million in 2003/04, mainly due to an increase in travel (mainly tourism) and insurance services. Over the past four years, the share of travel to total service receipts averaged about 60.0 percent (**Chart 13**), mainly reflecting improvements dynamism of the tourism sector in Tanzania.

Chart 13: Contribution to Services Receipts, 2000/01-2003/04
(Millions of USD)



Income Account

During the month, the income account improved significantly from a deficit of USD 4.0 million in May 2004 to a surplus of USD 3.9 million in June 2004, following an increase in investments receipts. However, during the year, the income account deteriorated to a deficit of USD 36.8 million from a deficit of USD 32.5 million recorded in 2002/03. The deterioration is attributed to an increase in scheduled interest payments, from USD 73.6 million a year earlier to USD 95.0 million.

World Commodity Prices

During June 2004, prices of **coffee** (Robusta) and (Arabica) increased by 8.6 percent and 6.5 percent to USD 0.88 per kg and USD 1.81 per kg, respectively, from the price levels recorded in May 2004, largely due to the delay in the start of Brazilian coffee harvest.

Price of **tea** (average of Calcutta, Colombo and Mombasa) remained unchanged at USD 1.67 per kg, while the price of tea (Mombasa Auction) fell from USD 1.52 per kg to USD 1.51 per kg in June 2004, largely due to the rise in tea production in Kenya following good weather conditions in tea growing districts.

Similarly, the price of **sisal (UG)** remained unchanged at USD 885.00 per metric ton, while the price of **cloves** declined by 8.1 percent from USD 2,950.00 to USD 2,712.5 per metric ton. The decline in price of cloves was on account of a drop in demand from India and the decline in illegal imports of cloves in Indonesia following the introduction of severe penalties and seizing of cargoes by the Indonesian Custom Authority.

The price of **cotton**, “A index” declined by 7.8 percent from USD 1.54 per kg to USD 1.42 per kg in June 2004. This development was mainly attributed to expectations of a bumper crop harvest in the United States and China in the 2004/05 season, following favourable weather conditions there.

The prices of **crude oil** (average of U.K. Brent, Dubai and West Texas Intl) decreased from USD 37.56 per barrel to USD 35.54 per barrel, whereas prices in Dubai (f.o.b.) fell from USD 34.47 per barrel to USD 33.41 per barrel. Likewise, the price of white petroleum products (f.o.b. West Mediterranean) went down from USD 381.13 per ton to USD 349.79 per ton. The development in prices was mainly attributed to decision by OPEC to increase production ceiling to 25.5 million barrels per day with effect from 1st July 2004 and to 26.0 million barrels per day with effect from 1st August 2004. The decision reduced speculations of a possible future supply shortage of crude oil and hence exerting a downward pressure on prices of oil.

As for **gold**, the price increased to USD 392.4 per troy ounce from USD 383.80 per troy ounce recorded in May 2004. The increase in gold price was largely on account of the weakness of the US dollar against the Euro, which in turn made the dollar-priced metal cheaper for buyers using the Euro. As a result, there was an increase in demand for gold as an alternative investment.

Table 8: Commodity Prices

Commodity	Unit	2004					In USD
		Feb	Mar	Apr	May	Jun	% Change May - Jun
Coffee "Robusta"	USD per kg	0.82	0.81	0.80	0.81	0.88	8.60
Coffee "Arabica"	USD per kg	1.68	1.72	1.66	1.70	1.81	6.50
Tea "Average price"	USD per kg	1.56	1.53	1.67	1.67	1.67	0.00
Tea "Mombasa auction"	USD per kg	1.65	1.61	1.54	1.52	1.51	-0.70
Cotton, "A Index"	USD per kg	1.63	1.59	1.53	1.54	1.42	-7.80
Cotton, Memphis	USD per kg	1.62	1.63	1.55	n.a	n.a	n.a.
Sisal "UG"	USD per metric ton	775.00	830.00	885.00	885.00	885.00	0.00
Cloves	USD per metric ton	1,895.00	2,962.50	3,100.00	2,950.00	2,712.50	-8.10
Crude oil*	USD per barrel	31.33	33.67	33.71	37.56	35.54	-5.40
Crude oil**	USD per barrel	28.40	30.46	31.07	34.47	33.41	-3.10
White products***	USD per ton	291.95	351.66	339.47	381.13	349.79	-8.20
Gold	USD per troy ounce	404.90	406.70	403.30	383.80	392.40	2.20

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.imf.org> and <http://worldbank.org/prospects>.

World bank Public Ledger, Bloomberg Professional.

Debt Developments

Total debt stock increased by USD 632.4 million, from USD 8,109.7 million registered at end-June 2003 to USD 8,742.1 million at the end of June 2004. Out of the total debt, USD 7,856.9 million (90.3 percent) was owed to external creditors and USD 885.3 million (9.7 percent) was domestic. The increase was mainly a result of new disbursements and accumulation of interest arrears on unserviced loans.

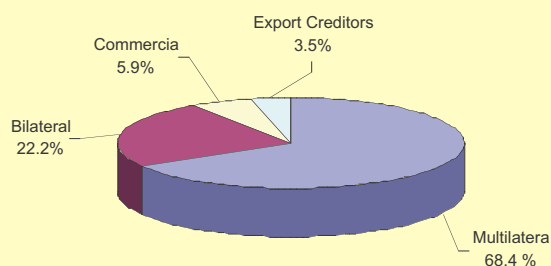
External Debt

Total external debt committed as at end-June 2004 amounted to USD 8,088.3 million, representing an increase of USD 481.7 million (6.3 percent) from USD 7,606.6 million recorded at end-June 2003. However, on monthly basis, the committed amount decreased by USD 56.4 million (0.7 percent) from USD 8,144.7 million recorded at end-May 2004. Out of the total amount committed, disbursed outstanding debt was USD 6,678.3 million, while the balance of USD 1,410.0 million was undisbursed. Between May and June 2004, external debt stock decreased by USD 77.4 million from USD 7,934.3 million to USD 7,856.9 million partly due to decrease in interest arrears by USD 13.6 million from USD 1,192.2 million to USD 1,178.6 million.

Disbursed Outstanding Debt (DOD)

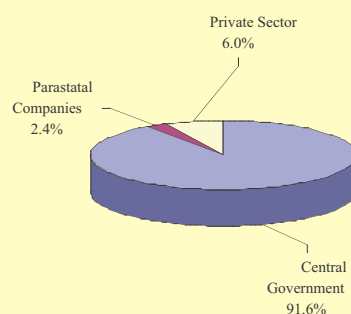
As at end-June 2004, debt owed to multilateral creditors amounted to USD 4,570.0 million or 68.4 percent of the total, while bilateral creditors were owed USD 1,483.6 million or 22.2 percent. Meanwhile, commercial creditors were owed USD 391.2 million (5.9 percent), while claims from export creditors amounted to USD 233.5 million (3.5 percent).

Chart 14: DOD by Creditor Category at end-June 2004



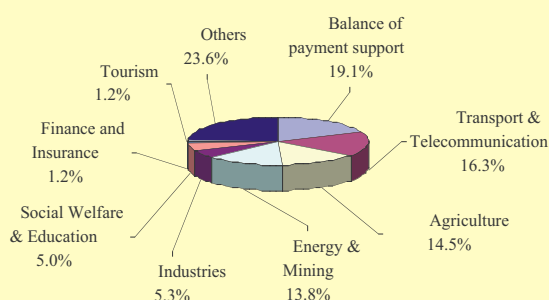
During the year under review, the Central Government remained the largest borrower, holding USD 6,092.0 million or 91.2 percent of total external debts. Debt to the Private sector amounted to USD 437.2 million or 6.6 percent, while that of parastatals stood at USD 149.1 million, equivalent to 2.2 percent.

Chart 15: DOD by Borrower Category at end June 2004



Debt by the use of funds reveals that USD 1,275.1 million or 19.1 percent of the total debt was in form of Balance of payments support, while the Transport sector held USD 1,085.1 million (16.3 percent). Agriculture sector accounted for USD 967.7 million (14.5 percent), whereas Energy accounted for USD 924.3 million (13.8 percent). Industries held USD 352.7 million (5.3 percent), Education USD 333.3 million (5.0 percent), Finance USD 82.3 million (1.2 percent), and Tourism USD 80.2 million (1.2 percent). The remaining USD 1,577.5 million (23.6 percent) was accounted for by other activities, such as rural development, water supply and drainage, and computer technology.

Chart 16: DOD by Use of Funds at end -June 2004



HIPC Debt Relief

During the period under review, Tanzania received HIPC debt relief amounting to USD 6.3 million. Out of the total relief, the International Development Association (IDA) provided USD 4.4 million, and the International Monetary Fund (IMF) provided the balance. During the corresponding period a year earlier, IDA and IMF contributed a relief of USD 4.5 million and USD 5.1 million, respectively.

Disbursements and Debt Service Payments

During the month under review, no actual disbursements were recorded, but debt service payments amounted to USD 8.4 million, resulting into a net outflow of USD 8.4 million. In contrast, during the corresponding period of the preceding year, there was a net inflow of USD 72.2 million, resulting from a disbursement of USD 77.6 million against debt service payments of USD 5.4 million.

Domestic Debt

Domestic debt stock stood at TZS 980.3 billion at end-June 2004, representing an increase of TZS 32.4 billion from TZS 947.9 billion registered at end-May 2004. The increase in debt stock was on account of government bonds issued to the Parastatal Pension Fund (PPF) to raise funds for payment of arrears to the retired pensioners and other government activities.

At the end of June 2004, government securities amounted to TZS 963.7 billion or 98.3 percent of the total domestic debt stock. Of the total securities, Treasury bonds amounted to TZS 582.0 billion (59.4 percent of total government securities), representing an increase of 4.4 percent from the position recorded at end May 2004, while Treasury bills increased by 2.9 percent to TZS 260.4 billion (26.6 percent of total government securities). Other debt instruments remained unchanged.

Domestic Debt Stock by Creditor Category

In June 2004, commercial banks continued to be the main creditors to the government, accounting for TZS 378.5 billion or 38.6 percent of the total domestic debt, followed by Pension Funds, which accounted for TZS

332.2 billion or 33.9 percent. The Bank of Tanzania accounted for TZS 199.5 billion or 20.3 percent of the total domestic debt, whereas Non-Bank Financial Institutions held TZS 20.4 billion. In addition, Insurance Companies accounted for TZS 22.2 billion, and the Private sector TZS 16.5 billion. The remaining amount of TZS 10.9 billion was held by BOT special funds and other official entities.

Domestic Debt Service

In June 2004, domestic debt (principal and interest) that fell due for payment amounted to TZS 38.7 billion, out of which TZS 15.9 billion was interest and was paid out of government revenues, whereas TZS 22.8 billion was principal and was rolled over. Domestic debt interest arrears in the form of unclaimed interest earned on tax reserve certificates, was TZS 0.1 billion, the same level as reported in May 2004.

Other Economic Developments

Food Supply Situation

Provisional statistics from the Ministry of Agriculture and Food Security show that food production in 2003/04 improved by 18.4 percent to 9.0 million tons compared with 7.6 million tons produced in 2002/03-crop season, following favourable rains in most parts of the country and increased use of fertilizers, particularly in Southern Highlands regions. Food production in 2003/04 was slightly above the estimated national food requirement of about 8.6 million tons for 2004/05.

The improvement in food supply situation is also reflected by the decline in food prices. Between May 2004 and June 2004, average wholesale price of maize

declined by 15.0 percent, while that of rice and sorghum went down by 19.0 percent and 20.0 percent, respectively (Table 9).

Table 9: National average Wholesale Prices for Selected Food Items

Crop	TZS per 100kg									% Change	
	2003						2004			Jun-03	May-04
	Apr	May	Jun	Oct	Nov	Dec	Apr	May	Jun	Jun-04	Jun-04
Maize	14,089	14,333	15,025	17,713	18,678	21,804	21,154	15,855	13,400	-11.0	-15.0
Rice	36,541	36,381	35,560	42,196	43,566	45,590	58,360	54,855	44,663	26.0	-19.0
Beans	38,486	39,311	39,292	41,485	41,759	42,395	34,420	32,007	33,848	-14.0	6.0
Sorghum	15,802	16,228	17,113	21,076	22,600	25,722	26,467	28,150	22,582	32.0	-20.0
Potatoes	20,553	21,039	21,055	20,706	23,450	25,249	20,769	20,411	21,666	3.0	6.0

Source: Ministry of Agriculture and Food Security

Strategic Grain Reserve (SGR)

In June 2004, the SGR stocks were boosted by food aid amounting to 4,630.4 tons of wheat and 2,562.5 tons of rice from the Government of India (Table 10). During the year ending June 2004, the SGR department released a total of 75,309.0 tons of food grains for distribution to food deficit districts.

Table 10: SGR Stocks

Period	Tons						% Change 2003-2004
	2000	2001	2002	2003	2004		
January	105,665	78,967	60,503	59,961	35,342	-41.0	
February	103,305	72,000	58,254	59,493	23,791	-60.0	
March	101,496	63,022	56,738	58,976	22,903	-61.0	
April	96,326	51,435	52,228	54,118	32,387	-40.0	
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			
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 Bank of Tanzania computations

Economic Developments in Zanzibar

During June 2004, Zanzibar Government budgetary performance on cheques issued, recorded an overall deficit before grants amounting to TZS 3.5 billion. After considering grants amounting to TZS 2.2 billion, the deficit decreases to TZS 1.3 billion. For the whole year

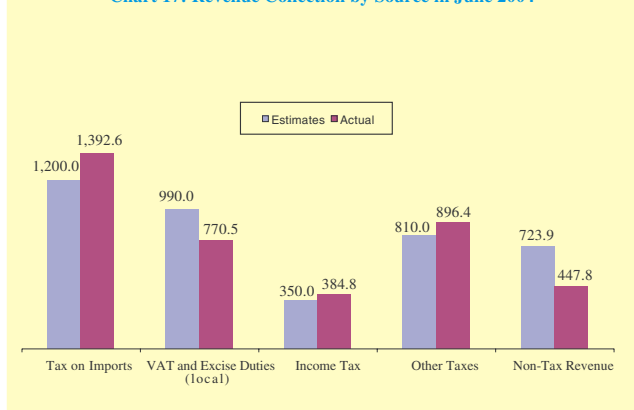
(2003/04), the budget recorded an overall deficit of TZS 7.7 billion.

Revenue Performance

Total revenue collection in June 2004 amounted to TZS 4.1 billion as projected. Performance by revenue category shows that collections of imports and income taxes exceeded their targets, while that of value added tax on local goods was below the projections (**Chart 17**).

On cumulative basis, total revenue collection for the year 2003/04 amounted to TZS 51.0 billion, accounting for 81.1 percent of the annual target of TZS 62.9 billion.

Chart 17: Revenue Collection by Source in June 2004



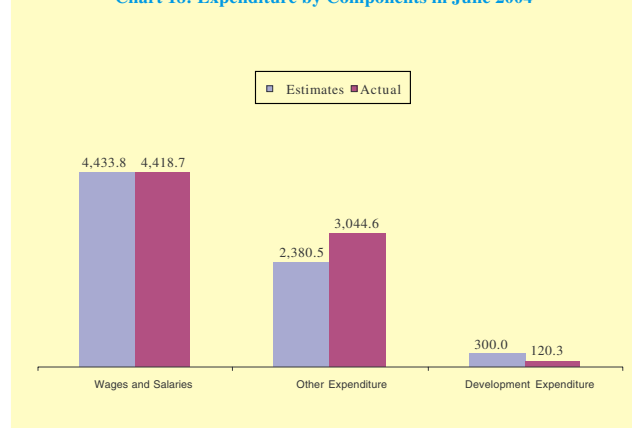
Expenditure

Total expenditure in June 2004 amounted to TZS 7.6 billion, against the projected TZS 7.1 billion. Recurrent expenditure amounted to TZS 7.5 billion, exceeding the ceiling of TZS 6.8 billion. While expenditure on wages and salaries was in line with the target, other expenditures were higher than projected, largely because of the execution of previously allocated resources (**Chart 18**).

Development expenditure amounted to TZS 120.0 million, accounting for only 40.0 percent of the estimated TZS 300.0 million, largely due to lack of resources and adherence to cash budget system.

On cumulative basis (2003/04), government expenditure amounted to TZS 70.2 billion, accounting for 48.1 percent of the annual budget of TZS 145.9 billion.

Chart 18: Expenditure by Components in June 2004



Financing

The budget recorded a deficit of TZS 4.0 billion on cheques cleared, which was financed through non-bank borrowing (mainly through government securities).

Debt Developments

During June 2004, total debt stock (external and domestic) increased to TZS 118.2 billion or USD 106.5 million, from TZS 114.3 billion or USD 102.4 million recorded at end of the preceding month. Out of the total debt stock at the end of June 2004, 57.3 percent was external debt, and the rest was domestic.

Domestic Debt

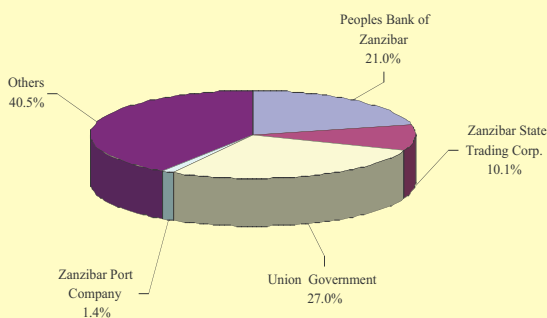
During the month under review, domestic debt increased by 8.8 percent to TZS 50.5 billion from TZS 46.6 billion, recorded at end May 2004. The increase was on account of new borrowings from the public through government securities amounting to TZS 3.9 billion.

Domestic Debt - By Creditor

As at end June 2004, the Union Government claims amounted to TZS 13.6 billion, representing 27.0 percent of the total domestic debt, while People's Bank of Zanzibar claims amounted to TZS 10.6 billion or 21.0 percent of total debt. Zanzibar State Trading Corporation claims reached TZS 5.1 billion or 10.1 percent, whereas Zanzibar Port Authority claims were TZS 0.7 billion or 1.4 percent. Other creditors' claims

amounted to TZS 20.4 billion, accounting for 40.5 percent of the total domestic debt.

Chart 19: Domestic debt by Creditor as at end -June 2004



Domestic Debt by Instrument

At the end of June 2004, long-term loans amounted to TZS 10.6 billion (accounting for 21.0 percent of the total domestic debt), while debt by government stocks amounted to TZS 4.6 billion (9.1 percent), Treasury bills was TZS 4.5 billion (8.6 percent) and Treasury bonds stood at 3.5 billion (7.0 percent). Other debt instruments amounted to TZS 27.2 billion or 53.9 percent. New borrowing during month amounted to TZS 3.8 billion mainly through Treasury bonds, which amounted to TZS 3.6 billion.

Domestic Debt by Maturity

Debt maturing in less than a year amounted to TZS 8.2 billion at the end of June 2004, representing 16.4 percent total domestic debt, while debt maturing between 1-2 years amounted to TZS 14.3 billion or 28.4 percent. Debt with “Undetermined maturity” (mainly gratuity claims) amounted to TZS 27.9 billion, representing 55.3 percent of total domestic debt.

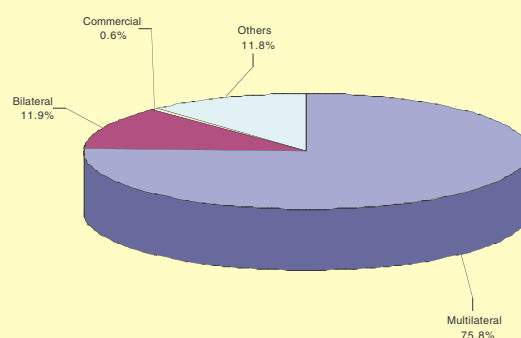
External Debt

As at end-June 2004, external debt owed by the Government of Zanzibar increased marginally by 0.4 percent, to USD 60.9 million from USD 60.6 million recorded in the preceding month, mainly on account of exchange rate movements.

External Debt by Creditor Category

As at end-June 2004, multilateral creditors were owed USD 46.2 million, accounting for 75.8 percent of total external debt. Bilateral creditors debt amounted to USD 7.2 million or 11.9 percent, while commercial creditors’ claims stood at USD 0.3 million or 0.6 percent. Other creditors’ claims amounted to TZS 7.2 million, accounting for 11.8 percent of total external debt.

Chart 20: External Debt by Creditor as at end-June 2004



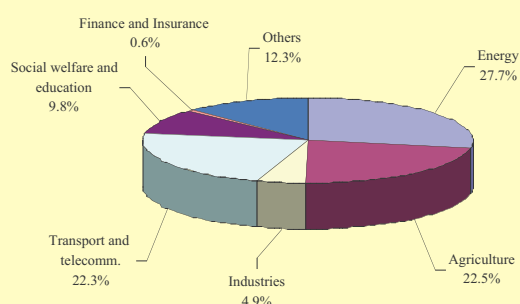
External Debt by Maturity

Composition of external debt by maturity shows that debt with maturity above 20 years stood at USD 50.6 million (accounting for 83.0 percent of total external debt), while debt with maturity ranging from 10-20 years amounted to USD 2.0 million (3.3 percent). Debt maturing between 5-10 years amounted to USD 8.4 million (13.7 percent).

External Debt by Use of Funds

As at end-June 2004, debt amounting to USD 16.9 million or 27.7 percent, was held by Energy sector, while Agricultural sector held USD 13.7 million or 22.5 percent. Industrial sector held USD 3.0 million or 4.9 percent, whereas Transport and telecommunication sector held USD 13.6 or 22.3 percent. Social welfare and education accounted for USD 6.0 million, representing 9.8 percent of total external debt, while debt amounting to USD 7.8 million or 12.3 percent was held by other sectors, including finance and insurance.

Chart 21: External Debt by Use of Funds as at end-June 2004



External Sector Developments

Trade Balance

During June 2004, the trade account (goods and services) deteriorated to a deficit of USD 3.1 million, from a deficit of USD 1.7 million recorded in May 2004, mainly due to an increase in imports. On annual basis, the trade account also worsened to a deficit of USD 37.0 million compared to a deficit of USD 24.0 million in 2002/03.

Table 11: Zanzibar Trade Account

Item	Millions of USD								
	2003 June	2004p			% Change		July-June		
		April	May	June	May-04 June-04	June-03 June-04	2002/03	2003/04	% Change
Exports	2.6	2.4	2.5	5.6	124.0	115.0	49.9	55.4	11.0
Goods	0.3	0.4	0.4	0.3	-25.0	-	16.9	14.1	-16.6
Services	2.3	2.0	2.1	5.3	152.0	130.0	33.0	41.3	25.2
Imports	4.5	5.6	4.2	8.7	107.0	93.0	73.9	92.4	25.0
Goods (f.o.b)	3.1	3.7	2.9	6.1	110.3	97.0	56.1	63.1	12.5
Services	1.4	1.9	1.4	2.6	86.0	86.0	17.8	29.3	64.6
Trade Balance	-1.9	-3.2	-1.7	-3.1	-82.0	-63.0	-24.0	-37.0	-54.2

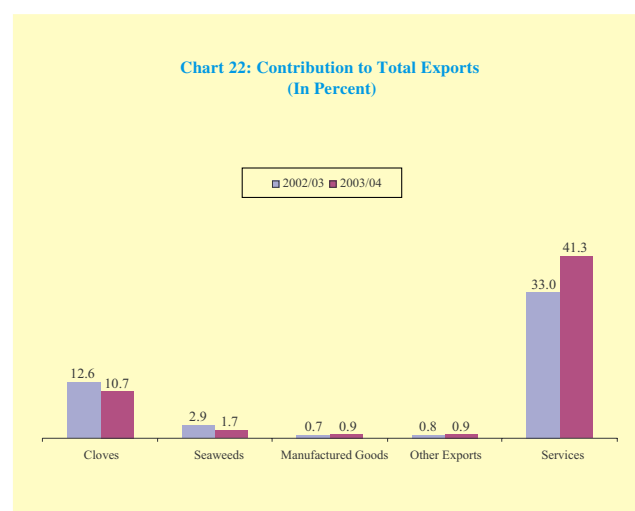
P= Provisional
Sources: Tanzania Revenue Authority and Bank of Tanzania

Exports

During the month under review, exports of goods and services amounted to USD 5.6 million, against USD 2.5 million in May 2004 and also above USD 2.6 million recorded in June 2003. The increase emanated from services receipts mainly from tourism.

On annual basis, earning from exports amounted to USD 55.4 million in 2003/04, as compared to USD 49.9 million in 2002/03. Goods exports amounted to USD 14.1 million in 2003/04, representing a decline from USD 16.9 million recorded in 2002/03, mainly due to a drop in both cloves and seaweeds exports (**Chart 22**).

Chart 22: Contribution to Total Exports (In Percent)



Imports

During the review month, goods imports (c.i.f.) increased significantly to USD 6.7 million from USD 3.1 million recorded in May 2004, as all import categories registered some increases with the largest increase being in consumer goods (**Table 11**).

On annual basis, imports increased to USD 69.4 million up from USD 61.7 million recorded during 2002/03, mainly due to notable increases in imports of capital and consumer goods. Imports of capital goods amounted to USD 22.8 million, while consumer goods accounted for USD 32.1 million.

Services Account

In June 2004, services account improved notably to a surplus of USD 2.7 million, compared with USD 0.7 million recorded in the previous month. The higher surplus was on account of improved services receipts. On annual basis, the services account recorded a surplus of USD 12.0 million, which was slightly lower than USD 15.2 million recorded in 2002/03.

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	33.6	
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	6,705,134.0	7,634,695.0	8,628,964.0	
	Mill. USD	4,865.8	5,952.9	6,994.7	7,710.9	8,024.8	8,377.2	8,711.4	8,927.1	
2.2 At Constant 1992 Prices (Real)	Mill. TZS	1,345,247.3	1,401,711.9	1,448,090.0	1,505,826.9	1,577,292.0	1,654,319.0	1,749,358.0	1,857,160.0	
	Mill. USD	2,340.5	2,416.8	2,365.9	2,265.5	2,117.5	2,066.9	1,996.1	1,921.3	
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	210,192.3	232,765.1	256,490.0	
	USD	177.1	210.7	240.7	257.0	259.7	262.6	265.2	265.4	
3.2 Real (1992 Prices)	TZS	48,967.7	49,614.3	49,763.0	50,194.0	51,045.0	51,860.0	53,286.0	55,273.0	
	USD	85.2	85.5	81.3	75.5	68.5	64.8	60.8	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	
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	406.0	436.4	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	
5. Balance of Payments Position										
5.1 Exports (fob)	Mill. USD	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)	Mill. USD	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	Mill. USD	-657.6	-448.9	-395.4	-793.7	-872.1	-704.3	-783.9	-608.8	-804.2
5.4 Balance on Current Account	Mill. USD	-646.4	-461.3	-403.4	-905.4	-829.5	-495.8	-436.7	-214.7	-310.8
5.5 Overall Balance	Mill. USD	-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/USD	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/USD	550.4	595.6	624.6	681.0	797.3	803.3	916.3	976.3	1,063.6
6.0 Broad Money Supply (M2) *										
6.1 Percentage Change	Per cent	26.1	11.6	11.0	11.1	15.0	12.5	12.8	22.2	19.1
6.2 Currency in Circulation Outside Banks	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	590,441.0
6.3 Demand Deposits	Mill. TZS	183,971.4	191,550.5	205,991.7	237,718.3	247,723.2	302,602.3	354,381.0	463,340.9	595,622.1
6.4 Quasi-Money (Time and Savings deposits)	Mill. TZS	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	14,168,717.0
7. Public Finance										
7.1 Recurrent Revenue	Mill. TZS	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	1,459,302.0
7.2 Recurrent Expenditure	Mill. TZS	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	1,872,382.4
7.3 Development Expenditure	Mill. TZS	5,382.3	28,895.6	215,107.2	136,523.9	359,913.4	286,253.2	344,610.9	473,188.6	677,925.8
7.4 Adjustment to cash and other items (net)	Mill. TZS	-96,001.9	-601,916.8	-477,720.9	-22,510.9	-2,444.3	-25,447.4	3,203.8	-16,662.9	190,125.3
7.5 Financing:										
7.5.1 Domestic Financing	Mill. TZS	56,169.0	-41,926.6	3,669.2	-5,740.0	7,854.4	-2,494.4	-22,606.6	-36,513.9	-44,262.7
7.5.2 Foreign Loans (net)	Mill. TZS	-34,899.5	-49,065.3	64,468.1	-18,683.7	105,417.3	90,354.2	121,842.5	172,723.9	374,393.0
8. Total External Debt Stock***										
Disbursed Debt	Mill. USD	8,003.8	7,541.1	7,578.5	7,384.7	7,669.7	7,624.8	7,464.0	7,268.1	7,856.9
Interest	Mill. USD	6,917.5	6,623.3	6,600.3	6,435.9	6,580.3	6,538.3	6,559.7	6,233.0	6,678.3
	Mill. USD	1,086.3	1,150.8	978.2	948.8	1,089.4	1,086.5	904.3	1,035.1	1,178.7

Source: Bank of Tanzania and National Bureau of Statistics

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

** cumulative for July 2003 -June 2004

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

Table A2: Central Government Operations (Actual)

Millions of TZS

Item	BUDGET 2003/04	Revised Budget	Cumulative from July 2003											
			Jul-03	Aug-03	Sep-03	Oct-03	Nov-03	Dec-03	Jan-04	Feb-04	Mar-04	Apr-04	May-04	Jun-04
Total Revenue	1,393,026.0	1,400,605.2	103,318.6	209,645.0	343,882.8	460,805.8	575,033.3	713,511.2	833,885.2	949,240.2	1,089,259.2	1,205,308.0	1,324,053.0	1,459,302.0
Tax Revenue	1,264,161.0	1,273,229.9	94,944.0	193,326.4	315,439.5	420,541.7	522,477.5	633,293.7	764,845.7	872,669.7	1,001,890.7	1,109,140.0	1,214,113.0	1,340,139.0
Taxes on Imports	561,554.0	564,845.7	44,367.5	87,888.5	138,544.7	186,102.9	239,358.0	283,883.1	331,700.1	380,775.1	428,935.1	476,475.6	524,267.2	572,806.2
Sales/VAT and Excise on Local Goods	328,018.0	320,872.4	28,519.9	48,493.4	75,612.3	103,207.9	129,612.5	186,821.5	216,691.5	246,821.5	279,805.5	310,507.7	346,089.6	382,609.6
Refunds	-44,090.0	-45,028.2	-2,408.3	-2,700.8	-6,789.1	-11,501.3	-15,218.5	-19,163.2	-22,468.2	-26,110.2	-29,441.2	-35,441.7	-38,953.5	-46,245.5
Income Taxes	310,327.0	315,417.6	19,536.7	40,073.1	78,694.5	103,999.9	125,226.5	171,450.1	197,929.1	220,496.1	247,872.1	279,806.4	319,288.5	366,680.5
Other taxes	108,352.0	117,122.3	7,866.3	19,572.2	29,377.1	38,732.3	48,846.9	59,573.2	70,863.2	80,817.2	91,699.2	102,789.0	113,421.2	123,288.2
Non-tax Revenue	128,865.0	127,375.3	8,274.6	16,318.6	28,443.3	46,264.1	69,039.5	102,155.5	149,039.5	216,429.0	297,424.0	398,832.0	497,965.0	586,562.0
Total Expenditure /1	2,418,336.9	2,559,090.4	162,097.2	362,038.2	536,752.8	756,180.9	934,235.8	1,198,288.6	1,424,838.7	1,580,422.5	1,871,709.5	2,079,529.9	2,216,719.2	2,550,308.2
Recurrent expenditure	1,610,897.3	1,755,670.6	100,500.0	238,756.1	368,455.9	516,084.9	624,802.6	768,593.3	938,829.3	1,068,023.2	1,300,052.7	1,468,023.2	1,587,765.4	1,872,324.4
Road toll fund	75,043.0	5,977.6	10,803.1	18,339.7	23,452.1	26,893.8	34,886.7	40,611.5	45,620.2	53,412.9	59,490.1	67,554.4	72,534.4	80,895.2
Retention fund	49,183.7	49,183.7	3,511.1	8,136.4	13,133.5	17,839.8	22,408.4	25,915.8	29,496.3	34,720.1	38,530.8	42,996.5	46,322.2	50,895.2
Wages and salaries	464,061.0	464,061.0	33,406.8	71,863.6	114,426.4	152,663.8	191,090.3	229,781.4	268,602.8	307,058.1	345,781.5	384,787.0	423,885.5	462,963.5
Interest payments	134,807.4	134,807.4	4,496.7	12,939.9	30,205.3	34,963.4	38,713.7	51,781.7	60,576.9	64,242.9	84,165.7	90,527.9	94,696.0	99,465.0
Domestic /2	71,852.0	71,852.0	1,613.3	4,852.7	15,959.9	18,420.5	18,592.4	28,380.7	33,801.8	36,018.9	48,714.1	50,048.8	51,369.6	55,085.6
Foreign	62,955.4	62,955.4	8,087.2	14,409.4	14,409.4	16,542.9	20,121.3	23,401.0	26,775.1	28,224.0	35,451.6	40,479.1	44,326.4	44,326.4
Other goods, services and transfers	862,590.7	1,058,886.5	62,596.6	153,952.6	223,824.3	328,457.7	394,998.6	487,030.2	609,649.6	697,708.3	870,105.4	992,708.3	1,069,183.9	1,309,953.9
Dev. Expenditure and net lending	807,439.7	803,419.8	62,197.2	123,282.2	168,296.2	240,096.0	309,433.2	429,693.4	486,009.3	511,485.1	577,656.8	611,506.7	628,953.8	677,925.8
Local	140,091.0	136,071.0	11,674.3	23,348.7	36,732.1	42,732.1	47,732.1	55,732.1	67,406.4	72,717.2	107,717.2	128,041.3	130,041.3	133,041.3
Foreign	667,348.7	667,348.8	50,522.9	99,933.5	131,564.8	197,363.9	261,701.1	373,963.3	418,603.0	438,767.8	469,939.6	483,463.4	498,912.5	544,884.5
Overall Balance (cheque issued) before Grants	-1,025,310.9	-1,158,485.2	-59,478.6	-152,393.2	-192,870.0	-295,375.1	-360,732.5	-484,777.4	-590,953.5	-631,182.3	-788,450.3	-874,221.9	-892,666.2	-1,091,006.2
Grants	727,650.1	725,878.9	115,515.3	210,591.0	239,308.5	290,465.4	345,940.9	401,133.7	460,876.2	501,325.4	614,717.2	628,712.4	642,602.8	655,378.8
Program (CIS/OGL)	259,922.3	279,491.9	79,211.8	138,177.0	140,106.6	140,110.0	147,120.0	256,882.2	256,882.2	260,125.2	271,678.5	278,500.1	278,500.1	278,500.1
Project	240,708.1	240,708.0	17,925.2	35,850.4	53,775.6	100,621.0	141,466.3	194,311.7	205,866.4	213,254.8	221,265.9	224,042.1	229,542.1	235,042.1
Basket funds	123,595.7	123,595.0	13,024.6	29,245.7	29,408.6	30,985.4	30,985.4	50,985.4	58,588.0	58,697.8	65,085.7	65,085.7	65,085.7	65,085.7
HIPC Relief	103,425.1	82,084.0	5,533.7	9,010.9	16,180.7	20,322.1	27,368.7	33,715.1	39,536.6	49,247.6	56,687.1	61,084.5	69,474.9	76,750.9
Overall deficit (cheq.issued) after Grants	-297,660.8	-432,606.3	-56,036.7	-80,040.9	-46,438.6	-4,909.7	-14,791.6	-4,909.7	-30,077.2	-49,856.9	-173,733.1	-245,509.5	-250,063.4	-435,627.3
Expenditure float	0.0	0.0	-80,040.9	-85,401.3	-86,492.4	-87,010.3	-88,010.6	-89,490.2	-89,548.2	-89,548.2	-89,548.2	-89,548.2	-89,548.2	-89,548.2
Adjustments to cash and other items (net)	0	0	34,684.6	76,783.0	85,660.7	28,983.3	43,730.4	65,776.6	83,191.1	76,012.2	141,712.1	161,530.1	146,769.7	190,125.3
Overall Balance (cheques issued)	-297,660.1	-432,606.7	-10,680.3	-49,579.5	-45,606.9	-62,936.7	-59,071.7	-27,403.2	-36,306.4	-63,938.0	-121,569.2	-173,527.6	-192,841.9	-335,050.3
Financing	297,661.1	432,606.7	-10,680.3	49,579.5	45,606.9	62,936.7	59,071.7	27,403.2	36,306.4	63,938.0	121,569.2	173,527.6	192,841.9	335,050.3
Foreign Financing (net)	287,261.0	350,888.6	14,452.6	128,973.6	132,306.4	176,639.3	185,676.1	223,667.2	244,030.5	284,708.9	288,237.7	292,455.8	295,605.0	374,393.0
Loans	448,170.8	468,274.8	19,573.1	139,526.4	151,539.5	200,427.3	216,341.9	261,759.2	287,241.6	332,966.6	349,739.4	360,489.0	370,436.1	457,025.1
Development Project loans	232,063.8	232,063.8	19,573.1	34,628.5	46,641.6	65,432.4	81,347.0	134,994.9	134,994.9	168,053.4	168,053.4	168,053.4	168,053.4	214,170.4
Basket Support	70,982.0	70,982.0	0.0	1,901.9	1,901.9	1,901.9	1,901.9	1,901.9	1,901.9	1,901.9	1,901.9	1,901.9	1,901.9	1,901.9
Amortization	-160,909.8	-117,406.2	-5,120.5	-12,454.7	-21,135.0	-25,697.7	-32,567.7	-39,993.9	-45,113.0	-50,159.6	-63,403.6	-69,935.2	-76,733.0	-84,534.0
Domestic (net)	10,400.0	81,738.1	-25,132.9	-178,553.1	-177,913.3	-113,702.6	-126,604.4	-251,070.4	-207,724.0	-221,315.9	-166,668.5	-118,928.2	-102,733.0	-39,342.8
Domestic Financing	21,357.3	82,694.9	-25,132.9	-178,553.1	-183,980.1	-115,369.4	-127,824.4	-252,290.4	-208,944.0	-222,553.9	-171,588.5	-123,848.2	-107,683.1	-44,262.7
Bank borrowing	0.0	0.0	26,301.4	39,268.0	36,934.0	57,584.6	172,934.1	-220,914.1	-158,396.5	-153,348.1	-19,748.2	19,748.2	27,328.2	39,418.4
Non-Bank (net of amortization)	-27,957.2	-17,956.8	0.0	0.0	0.0	-4,400.0	-4,846.8	-4,846.8	-4,846.8	-4,846.8	-4,846.8	-4,846.8	-4,846.8	-4,846.8
Amortization of contingent debt	17,000.0	17,000.0	0.0	0.0	0.0	6,066.8	6,066.8	6,066.8	6,066.8	6,066.8	6,066.8	6,066.8	6,066.8	9,766.8
Privatization Proceeds	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	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

/3 GDP at market prices s/b 9,493,500 million

Table A3: Tanzania Monetary Survey

End of Period	Millions of TZS																							
	Domestic assets (net)											Extended Broad Money			Narrow Money		Memorandum item:							
	Domestic credit (net)											M2		M1	Currency in circulation		M0	Base Money						
	Foreign assets		Net		Claims on government		Claims on private sectors*		Other items (net)		sum (9-13)		Total sum (9-12)		Broad Money sum (9,10)		Currency in circulation outside banks		Demand deposits	Time deposits	Savings deposits	Foreign currency deposits	Total sum (9,15)	of which: Reserves
1	2	3	4	5	6	7	8	9	10	11	12	13	14.0	15.0	16.0	17.0	18.0	19.0	20.0	21.0	22.0	23.0	24.0	
1994	115,765.7	181,055.6	280,158.6	44,374.2	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	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	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	287,877.1	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	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	726,532.7	418,734.0										
1999	622,286.8	366,596.2	311,533.0	54,377.1	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	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	302,602.3	170,051.6	228,552.8	304,077.9	948,835.1	564,309.9										
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	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	938,786.6	495,445.6	463,340.9	223,898.7	324,701.3	540,296.5	1,191,146.8	695,701.2										
2003	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	560,333.3	230,958.8	376,771.9	667,206.2	1,336,354.8	783,309.0										
2003 - Jan	1,651,202.9	257,045.5	580,247.7	-111,724.5	2,040,640.2	1,490,504.1	918,121.1	471,090.0	447,031.1	239,917.6	332,463.4	550,136.2	1,151,600.8	680,510.8										
Feb	1,655,007.2	306,398.7	582,609.9	-83,555.5	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	1,140,080.9	678,757.9										
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	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	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	478,612.3	238,579.8	326,677.1	616,931.2	1,128,138.3	681,293.7										
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	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	1,602,637.6	1,049,006.7	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	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	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	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	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	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	578,072.4	249,553.6	374,856.3	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	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	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	1,730,493.2	1,093,912.9	523,110.5	570,802.4	248,346.7	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	2,517,140.1	1,788,555.3	1,131,129.0	532,770.1	598,338.9	266,743.5	390,882.9	728,584.8	1,327,612.3	794,842.2										
June	2,134,182.7	157,606.9	965,980.9	-160,687.4	2,602,934.8	1,856,526.3	1,186,063.1	590,441.0	595,622.1	269,132.9	401,130.3	746,608.5	1,390,840.6	800,399.6										

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-00	Dec-01	Dec-02	Dec-03	Jan-04	Feb-04	Mar-04	Apr-04	May-04	Jun-04
A Domestic Currency										
1 Interbank Cash Market Rates										
Overnight	2.9	2.4	3.4	6.3	9.7	3.5	3.4	3.6	3.4	3.2
2 to 7 days	2.8	2.5	3.7	6.5	8.8	4.0	3.6	3.5	4.1	3.8
8 to 14 days	3.2	3.3	3.8	7.0	9.5	4.1	4.5	4.4	4.4	4.4
15 to 30 days	4.1	3.5	4.5	6.7	8.7	6.6	6.8	7.8	7.0	7.7
31 to 60 days	4.5	2.7	4.4	7.4	8.3	6.0	6.7	7.7	7.3	7.0
61 to 90 days	5.5	5.5	2.7	8.0	8.0	6.5	6.5	8.3	8.3	8.3
91 to 180 days	7.2	4.3	4.5	7.8	7.5	7.3	7.6	8.1	7.8	7.5
181 and above	10.0	4.5	6.0	7.4	8.8	7.7	8.4	8.4	8.3	7.5
Overall interbank cash market rate	3.2	2.5	3.5	6.4	9.5	3.8	3.8	3.9	3.9	3.6
2 Lombard Rate				14.3	15.5	9.6	10.2	11.1	11.1	11.1
3 REPO Rate				6.8	4.8	4.4	4.0	4.0	4.3	5.1
4 Treasury Bills Rates										
35 days			4.4	5.7	6.7	6.4	6.8	7.4	7.0	6.7
91 days	4.9	3.7	4.4	7.6	7.1	7.2	7.5	8.0	7.7	7.7
182 days	6.0	3.9	4.7	7.6	7.6	7.6	6.5	8.1	8.0	8.0
364 days	6.4	4.6	4.7	7.9	7.8	7.6	6.4	8.1	8.0	8.2
Treasury bills rate	5.7	3.9	4.5	7.7	7.5	7.3	7.6	7.9	7.7	7.8
5 Treasury Bonds- 2-years	6.9	4.7	5.3	8.4	8.6	7.4	7.4	9.0	7.8	8.8
5-years			5.6	9.6	10.2	10.2	10.2	9.6	9.6	6.7
7-years			6.9	10.5	10.7	10.8	11.1	10.5	10.7	10.7
10-years			7.2	12.0	11.5	11.8	11.8	11.6	11.7	11.7
6 Discount Rate	10.7	8.7	9.2	12.3	12.6	12.4	12.5	12.9	12.8	12.6
7 Demand Deposit Rate	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
8 Savings Deposit Rate	4.7	3.6	2.7	2.5	2.4	2.4	2.4	2.4	2.4	2.4
9 Time Deposits Rates	5.8	4.0	3.4	3.9	3.8	4.2	4.1	4.0	4.2	4.3
Call Accounts	1.9	1.4	0.7	0.7	0.7	0.9	0.9	1.4	1.1	1.7
1 month	6.5	2.9	2.1	2.8	2.2	2.2	3.0	3.1	3.6	3.5
2 months	5.2	3.0	3.9	5.0	5.8	6.0	5.5	5.4	5.2	5.9
3 months	5.3	3.6	3.0	4.3	5.1	4.3	3.9	3.5	4.5	4.0
6 months	5.9	4.7	4.1	4.9	3.5	5.0	5.1	4.7	4.8	5.0
12 months	8.6	6.0	5.7	5.0	5.3	5.3	5.6	5.3	5.4	5.8
24 months	7.4	6.2	4.3	4.4	4.3	5.6	4.8	4.9	4.6	4.6
10 Negotiated Deposit Rates			5.4	7.7	6.8	7.4	7.9	7.8	6.7	7.7
11 Lending rates	23.1	18.0	15.7	13.8	13.9	13.4	13.5	13.3	13.9	14.2
Call Loans	18.3	18.3	23.6	17.6	17.6	17.1	17.1	15.2	14.0	24.0
Short-term (up to 1year)	21.6	15.0	15.9	15.6	15.6	15.5	15.6	14.7	15.9	15.7
Medium-term (1-2 years)	19.3	17.0	15.8	17.2	17.2	17.1	17.1	17.4	17.1	17.3
Medium-term (2-3 years)	20.3	15.9	13.8	10.5	10.3	9.9	9.9	11.4	11.3	11.9
Long-term (3-5 years)	21.2	15.8	13.2	12.5	12.9	12.1	12.5	12.2	13.1	13.1
Term Loans (over 5 years)	33.0	26.5	19.8	13.3	13.3	12.1	12.2	10.8	11.9	13.1
12 Negotiated Lending Rates			9.7	8.4	8.4	8.2	7.5	8.4	10.8	10.0
B Foreign Currency										
1 Deposits Rates										
Call Accounts	2.1	0.6	0.5	0.3	0.3	0.4	0.4	0.2	0.2	0.2
Demand Deposits										
Savings Deposits	3.7	2.2	0.8	0.9	0.8	0.7	0.7	0.8	0.8	0.9
Time Deposits	3.7	2.2	1.3	0.9	0.9	1.0	1.2	1.6	1.3	1.3
1-months	3.3	2.1	1.2	0.8	0.7	0.8	0.8	0.9	0.9	0.9
2-months	4.7	1.9	1.8	0.5	0.6	0.7	1.1	1.2	1.0	0.9
3-months	3.0	1.7	0.8	1.1	1.1	1.1	1.1	1.6	1.3	1.1
6-months	3.6	2.8	1.4	1.2	1.1	1.2	1.2	1.2	1.1	1.0
12-months	3.6	2.7	1.5	1.2	1.2	1.1	1.7	3.1	2.2	2.6
2 Lending Rates	10.1	9.2	7.2	7.4	7.3	7.6	7.3	7.3	8.6	8.4
Call loans										
Short-term (up to 1year)	9.7	7.3	7.9	6.8	6.9	6.8	6.7	6.2	6.7	6.1
Medium-term (1-2 years)	10.4	10.8	5.9	8.4	7.9	8.2	7.5	8.1	7.6	7.2
Medium-term (2-3 years)	12.3	12.9	7.8	7.2	7.5	8.1	7.8	7.9	8.2	8.4
Long-term (3-5 years)	7.9	5.8	7.2	7.1	7.1	7.2	7.1	6.9	11.8	11.8

Source: Bank of Tanzania

Table A5: Tanzania's Balance of Payments

Millions of USD

Item	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>	<i>-704.3</i>	<i>-783.9</i>	<i>-608.8</i>	<i>-804.2</i>
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>	<i>-55.1</i>	<i>37.2</i>	<i>0.1</i>	<i>-89.3</i>
<i>Balance on Goods and Services</i>	<i>-759.3</i>	<i>-746.8</i>	<i>-608.7</i>	<i>-893.6</i>
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
<i>Total, Groups A plus B</i>	<i>-115.9</i>	<i>566.9</i>	<i>570.9</i>	<i>366.9</i>
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
<i>Total, Groups A through C</i>	<i>253.4</i>	<i>65.0</i>	<i>570.9</i>	<i>388.0</i>
D. Net Errors and Omissions	-294.2	-228.9	-253.1	32.5
<i>Overall balance (Total, Groups A through D)</i>	<i>-40.8</i>	<i>-163.9</i>	<i>317.8</i>	<i>420.5</i>
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	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

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-Mar	5.1	3.6	5.6	1.9	0.0	2.6	4.7	1.0	5.6	0.4	-0.4	0.5
Apr	5.3	3.1	6.2	-1.6	-0.4	-2.0	4.7	0.6	6.4	0.6	-0.1	1.0
May	5.3	3.1	6.0	-0.9	0.3	-1.3	4.5	1.0	5.9	0.4	0.4	0.4
May	5.3	3.1	6.0	-0.9	0.3	-1.3	4.5	1.0	5.9	0.4	0.4	0.4
Jun	5.1	2.8	6.0	-2.5	-0.2	-3.3	4.7	0.9	6.2	0.4	0.1	0.5
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
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	8.9	-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

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

¹⁾Total NCPI. ²⁾Non-Food NCPI.

GLOSSARY

Average Rate of Inflation

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

Non-Food 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, as for example, the harvest season. Seasonally adjusted indicators show the impact of non-seasonal influences on a time series.

Base Money, Monetary Base, or 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.

Discount Rate

The rate of interest the BoT charges on loans it extends to deposit money banks and government overdraft. It is derived from the weighted average yield of Treasury bills of all maturities plus five-percentage points.

International Reserves, or Reserve Assets

Consist external assets that are readily available to and controlled by the BoT for direct financing of balance of payments imbalances, for indirectly regulating the magnitude of such imbalances through intervention in exchange markets to affect the currency exchange rate, and/or for other purposes. Included are monetary gold, Special Drawing Rights (SDRs), reserve position in the Fund, foreign exchange assets (consisting of currency, deposits, and securities), and other claims.

Reserve Money Program

It is an operational framework used by the BoT to achieve money supply growth targets, through monitoring reserve money, which is the operational variable.

Reserve Requirement

These are balances which deposit money banks are required to hold as a specified percentage of their liabilities (minimum reserve ratio) arising from demand deposits, savings deposits, time deposits, and foreign currency deposits, as well as from short-and medium-term borrowing.

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. The BoT introduced Repo operations in July 1997. This new monetary policy instrument has enhanced the efficacy of monetary policy, since it can be applied in a flexible manner depending on short-term liquidity developments in the economy.

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 percent per annum.

Exchange Rate

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

Nominal Exchange Rate

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

Nominal Effective Exchange Rate (NEER)

This is the measure of the value of a currency against a weighted average of several foreign currencies, usually from the main trading partners. The NEER is often expressed as an index of the change in the exchange rate, relative to some base period.

Real Effective Exchange Rate

It is the nominal exchange rate index divided by measures of relative price change or other measures of relative competitiveness. Under this approach, Consumer Price Indices (CPI) of our main trading partners relative to Tanzania's CPI are used to construct relative prices. The REER is commonly used as a general analytical tool for measuring relative over-valuation or under-valuation of a currency.

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, mainly Treasury bills. The facility is used to meet overnight liquidity needs of commercial banks.

Lombard Rate

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

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