

ISSN 0856 - 6844

<http://www.bot-tz.org>



MONTHLY ECONOMIC REVIEW BANK OF TANZANIA

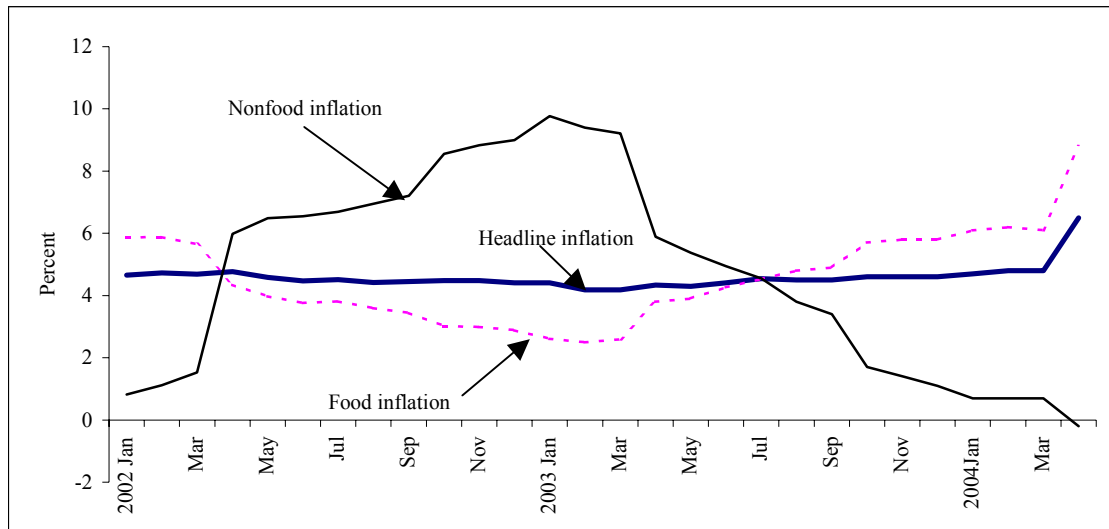
May 2004

Inflation Developments

Headline Inflation

The headline inflation rose sharply to 6.5 percent in the year ending April 2004 from 4.8 percent recorded in March 2004, following a substantial increase in food prices. In the same period, a negative inflation was registered in non-food items of the consumer basket (**Chart 1**). Meanwhile, month-to-month headline inflation eased to 0.2 percent from 1.9 percent recorded in March 2004, due to decrease in prices of some non-food items and a slow down in monthly food inflation (**Table 2**). Excluding seasonal influences, the month-on-month headline inflation stepped up to 2.2 percent in April 2004 from 0.3 percent in March 2004, implying that the increase in the inflation rate in April 2004 was prompted by an abnormal food shortage in the market.

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



Non-food Inflation

During the year ending April 2004, the annual non-food inflation declined to negative 0.2 percent from 0.8 percent recorded in March 2004 (**Chart 2**). On a month-to-month basis, non-food prices declined by 0.4 percent compared with an increase of 0.3 percent registered in March 2004. The decrease in non-food inflation was a result of a decline of average prices of some items such as school uniforms, clothing, footwear, soap and creams, which outweighed the increase in average prices for petrol, kerosene, bicycles and household items.

Food Inflation

Following a sharp increase in average prices of cereals (rice, maize and wheat flour), fish, legumes, vegetables, fruits, and cooking oil, the annual food inflation increased to 8.8 percent from 6.1 percent recorded in March 2004. However, the monthly food inflation slowed down to 0.3 percent in April 2004 from 2.4 percent in March 2004. The slow down in the rate of increase in food inflation between March and April 2004, largely reflected the onset of harvest in some parts of the country.

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

(Base: December 1994=100)

Major Commodity Group	Weight %	Mar 2004	April		Percentage Change		
			2003	2004	Mar-03 to	Mar-04	Apr-03 to
					Mar-04	Apr-04	Apr-04
Food	71.2	280.9	259.1	281.8	6.1	0.3	8.8
Fuel, Power and Water	4.7	354.0	345.8	354.9	3.7	3.0	2.6
Drinks and Tobacco	4.4	184.4	185.5	184.0	-0.8	-0.2	-0.8
Rents	3.9	217.3	209.2	217.3	4.6	0.0	3.9
Clothing & Footwear	3.7	203.3	211.0	200.8	-3.2	-1.2	-4.8
Furniture & Household Equipment	2.5	204.8	205.5	203.5	0.1	-0.6	-1.0
Personal Care & Health	2.2	158.5	160.9	156.3	-1.2	-1.4	-2.9
Education	1.5	207.2	212.1	203.1	-2.1	-2.0	-4.2
Household Operations & Maintenance	1.5	170.3	168.8	170.5	1.7	0.1	1.0
Recreation & Entertainment	1.2	174.3	178.9	174.7	-1.1	0.2	-2.3
Transportation	1.2	251.2	252.3	251.5	-0.1	0.1	-0.3
Miscellaneous Goods and Services	2.0	158.5	163.4	157.0	-2.5	-0.9	-3.9
TOTAL	100.0	263.4	247.8	263.8	4.8	0.1	6.5

Source: National Bureau of Statistics (NBS)

Chart 2: Selected CPI Sub-group Indices-Annual Percentage Change

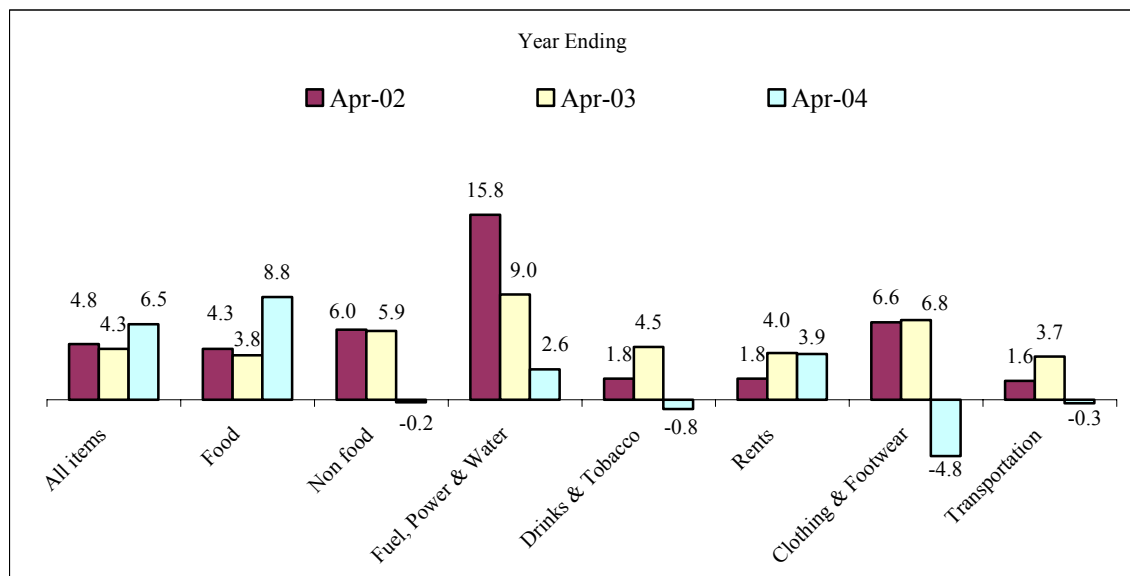


Table 2: Actual and Seasonally Adjusted Inflation Rates, Tanzania Mainland

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 Jan*	5.4	4.5	5.7	3.2	0.6	4.2	5.1	5.0	5.4	0.2	0.5	0.2
Feb	5.4	4.1	6.0	3.2	0.3	4.2	5.0	3.6	5.5	0.3	-0.1	0.4
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
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
April	6.5	-0.2	8.8	0.15	-0.4	0.3	7.6	1.1	10.1	2.2	-0.5	3.4

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

Total NCPI. 2) Non-Food NCPI. *Revised figures using new set of seasonal factor

Monetary and Financial Developments

Reserve Money

During April 2004, liquidity growth in the banking system slowed down as the annual rate of growth in reserve money (M0) decelerated from 23.6 percent in March 2004 to 15.8 percent in April 2004. Reserve money increased by a small margin of TZS 2.2 billion to close at TZS 805.1 billion at end April 2004, slightly below the April target of TZS 806.2 billion. The good outturn was achieved through open market operations, which were also complemented by foreign exchange market operations. The Bank sold on a net basis liquidity papers and foreign exchange in the IFEM worth TZS 17.8 billion and USD 25.8 million, respectively. These transactions reduced reserve money by about TZS 46.4 billion. However, government operations injected a net of TZS 63.8 billion, while net redemptions through repurchase agreements injected TZS 5.0 billion. Hence, during the month under review, net domestic assets (NDA) of the BoT increased by TZS 41.0 billion to TZS –620.1 billion whereas net foreign assets (NFA) declined by TZS 38.8 billion to TZS 1,425.2 billion.

Table 3: Developments in Selected Reserve Money Items

(Billions of TZS)

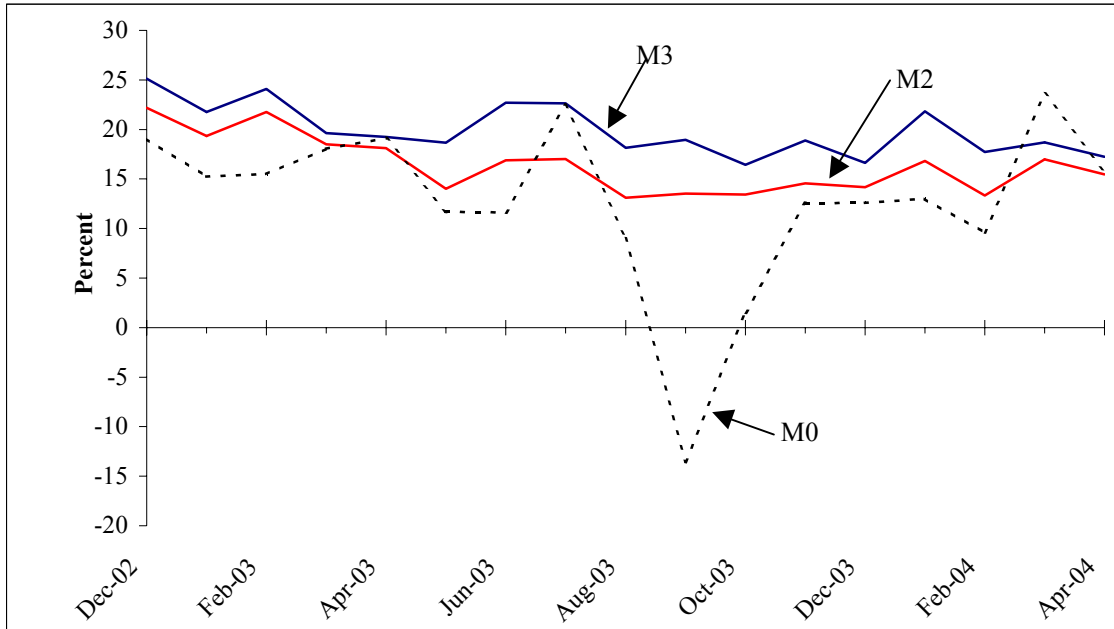
Items	2003p		2004p		Absolute Change		Annual % Change	
	Mar	Apr	Mar	Apr	Mar - Apr		Mar-03 to	Apr-03 to
					2003	2004	Mar-04	Apr-04
Reserve Money	649.6	695.3	802.9	805.1	45.7	2.2	23.6	15.8
Currency outside BoT	502.6	491.3	576.3	574.3	-11.3	-2.1	14.7	16.9
Banks deposits	147.0	203.9	226.5	230.8	57.0	4.3	54.1	13.2
Net foreign assets	1,049.4	1,036.2	1,464.0	1,425.2	-13.2	-38.8	39.5	37.5
o/w:Net international reserves	1,091.2	1,078.0	1,505.2	1,466.3	-13.3	-38.8	37.9	36.0
Net domestic assets	-399.8	-340.9	-661.1	-620.1	59.0	41.0	65.3	81.9
Net domestic credit	-55.3	-22.6	-182.6	-118.7	32.7	63.8	230.2	425.4
Claims on government	141.3	147.4	142.0	142.0	6.1	0.0	0.5	-3.7
Government deposits	196.6	170.0	324.6	260.7	-26.6	-63.8	65.1	53.4
Liquidity papers	288.9	265.3	349.0	366.8	-23.5	17.8	20.8	38.2
Repos	17.8	0.0	5.0	0.0	-17.8	-5.0	-	-
Valuation account	300.3	317.5	461.7	464.8	17.2	3.1	53.8	46.4
Other	-37.9	-53.0	-124.6	-134.5	-15.1	-10.0	228.7	154.1

Source: Bank of Tanzania
P=provisional

Money Supply

The tight liquidity conditions during April 2004 were also reflected in the growth of money supply. Extended broad money (M3) registered an annual growth rate of 17.2 percent, down from 18.7 percent recorded in March 2004. Likewise, broad money supply (M2), which is the total money supply excluding foreign currency deposits, registered an annual growth rate of 15.5 percent compared with 17.0 percent of the previous month (**Chart 3**). In terms of stock, M3 declined by TZS 27.2 billion during the month to TZS 2,450.4 billion and M2 dropped by TZS 26.7 billion to TZS 1,730.5 billion.

Chart 3: Annual Growth Rates of Monetary Aggregates



From the sources side, the decline in money supply was largely driven by net foreign assets (NFA) of the banking system, which fell by TZS 37.2 billion, following the BoT's sale foreign exchange amounting to USD 25.8 million in the IFEM. However, this was dampened by the increase of 13.0 billion in net domestic assets (NDA) of the banking system that picked-up mainly due to a surge in domestic credit by TZS 50.3 billion, coupled with a decline in other items net by TZS 37.3 billion. Private sector credit accounted for TZS 11.7 billion out of the increase in domestic credit in April 2004.

Table 4: Developments in Selected Money Supply Aggregates
(Billions of TZS)

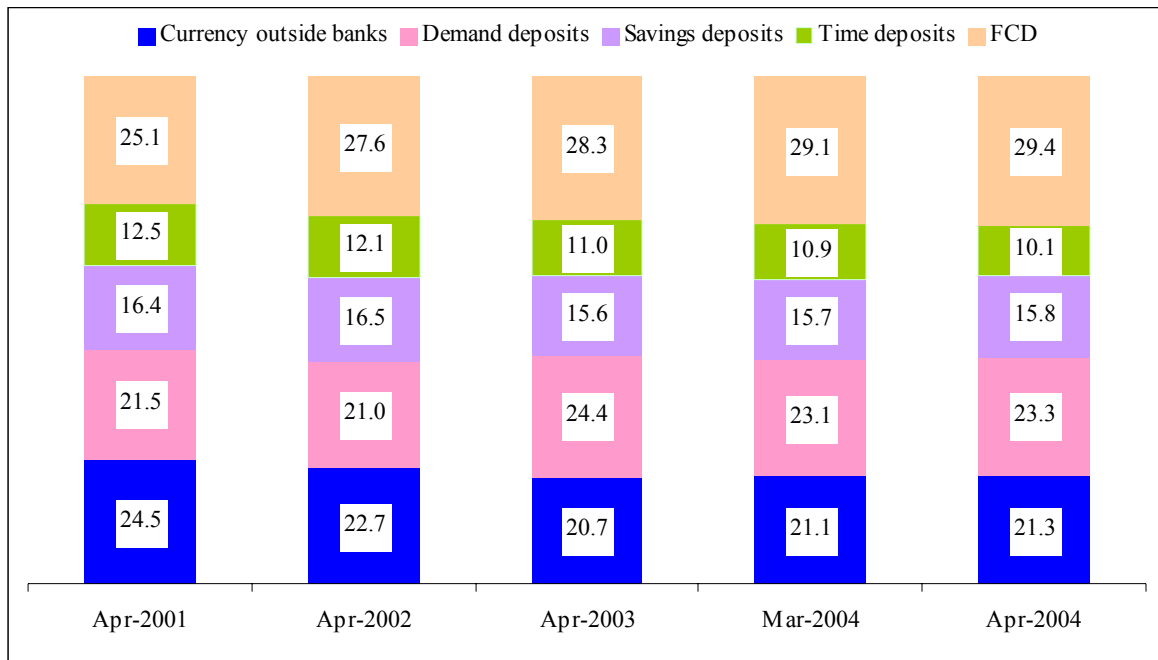
Items	2003 p		2004p		Absolute Change		Annual % change	
					Mar - Apr		Mar-03 to	Apr-03 to
	Mar	Apr	Mar	Apr	2003	2004	Mar-04	Apr-04
Extended broad money supply (M3)	2,087.6	2,090.0	2,477.7	2,450.4	2.3	-27.2	18.7	17.2
Broad money supply (M2)	1,502.2	1,498.7	1,757.2	1,730.5	-3.5	-26.7	17.0	15.5
Currency in circulation	447.9	432.9	523.6	523.1	-15.0	-0.5	16.9	20.9
Demand deposits	460.9	509.1	573.0	570.8	48.2	-2.1	24.3	12.1
Time deposits	239.7	230.2	270.7	248.3	-9.4	-22.3	12.9	7.9
Savings deposits	353.7	326.6	390.0	388.2	-27.2	-1.7	10.2	18.9
Foreign currency deposits	585.4	591.2	720.4	719.9	5.8	-0.5	23.1	21.8
Total non-government deposits	1,639.8	1,657.1	1,954.0	1,927.3	17.3	-26.7	19.2	16.3
Net foreign assets	1,707.9	1,674.9	2,178.7	2,141.5	-33.0	-37.2	27.6	27.9
Bank of Tanzania	1,091.2	1,078.0	1,505.2	1,466.3	-13.3	-38.8	37.9	36.0
Deposit money banks	616.7	596.9	673.6	675.2	-19.8	1.6	9.2	13.1
Net domestic assets	721.8	774.3	801.8	814.8	52.5	13.0	11.1	5.2
Domestic credit	871.0	916.7	939.1	989.3	45.7	50.3	7.8	7.9
Net claims on government	272.9	295.6	91.1	129.7	22.8	38.6	-66.6	-56.1
Claims on government	501.8	500.1	503.4	482.3	-1.7	-21.1	0.3	-3.6
Government deposits	228.9	204.5	412.3	352.6	-24.4	-59.7	80.1	72.4
Claims on private sector	598.1	621.1	848.0	859.6	23.0	11.7	41.8	38.4
Other items net	-149.2	-142.4	-137.3	-174.5	6.8	-37.3	-8.0	22.6
Medium term foreign liabilities	41.8	41.8	41.2	41.2	0.0	-0.1	-1.4	-1.6
Valuation account	300.3	317.5	461.7	464.8	17.2	3.1	53.8	46.4

Source: Bank of Tanzania

During April 2004, there were hardly any changes in holdings of money balances for transactions, as reflected by changes in the ratio of currency in circulation and demand deposits to M3. The ratio of currency was around 21 percent that of demand deposits was about 23 percent, while the ratio of savings deposits to M3 was around 15.7 percent. The same ratios were recorded in March 2004.

As regards foreign currency deposits (FCD), its share to M3 increased only slightly from 29.1 percent in March 2004 to 29.4 percent, partly reflecting stabilization of the exchange rate during the month.

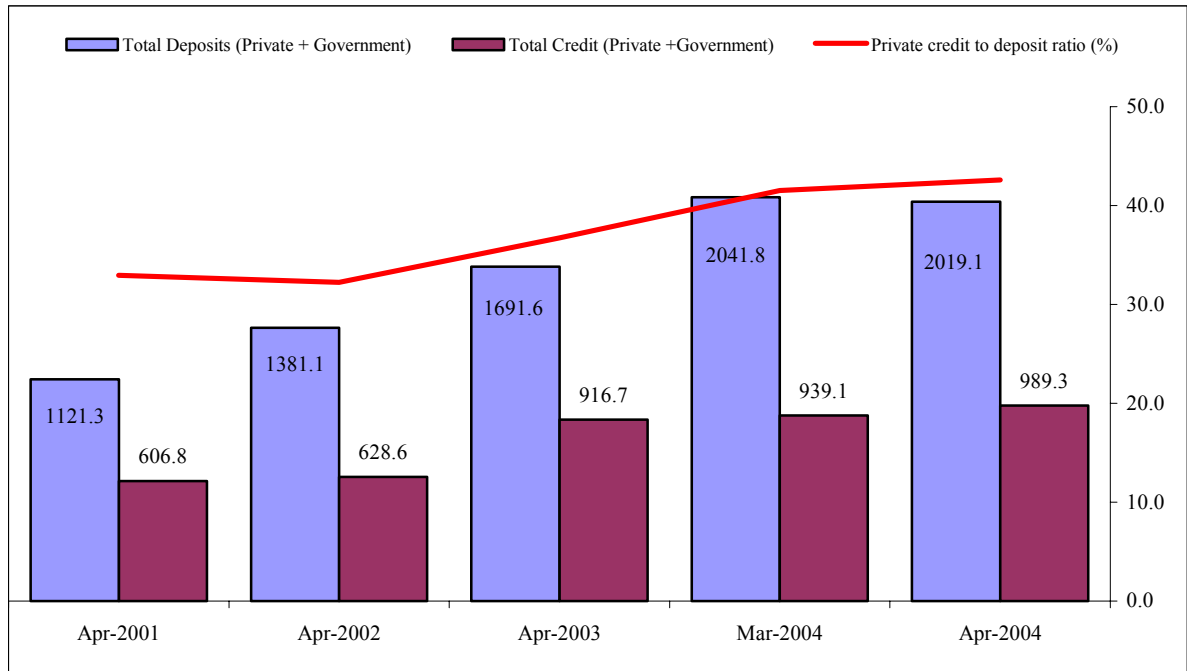
Chart 4: Components of Money Supply as Percentage of M3



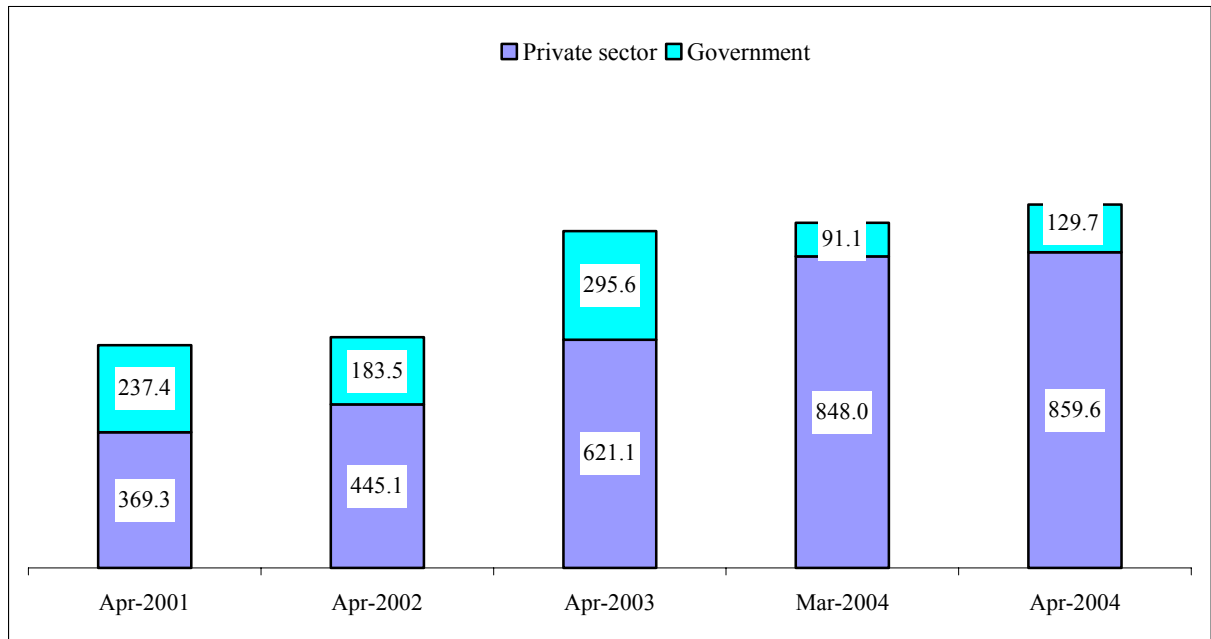
Credit Developments

As at end April 2004, the outstanding domestic credit owed to by the banking system stood at TZS 989.3 billion. Commercial banks' credit to the private sector amounted to TZS 859.6 billion, accounting for 86.9 percent of total credit, while that of government stood at of TZS 129.7 billion, representing 13.1 percent of total credit (**Chart 5**). However, on annual basis, the growth of private sector credit eased to 38.4 percent in April 2004, from 41.8 percent recorded in March 2004. The share of private sector credit to total deposits (private and government) of the commercial banks, which also measures the degree of financial intermediation, improved from 41.5 percent in March 2004 to 42.6 percent in April 2004 (**Chart 5**). As at end April 2004, commercial banks holding of liquidity papers amounted to TZS 243.4 billion, up from TZS 234.3 billion recorded in the preceding month.

**Chart 5: Total Deposits and Credit of the Banking System
(In billions of TZS)**



**Chart 6: Credit to Private Sector and Net Claims on Government by Banks
(Billions of TZS)**



Inter-bank Cash Market

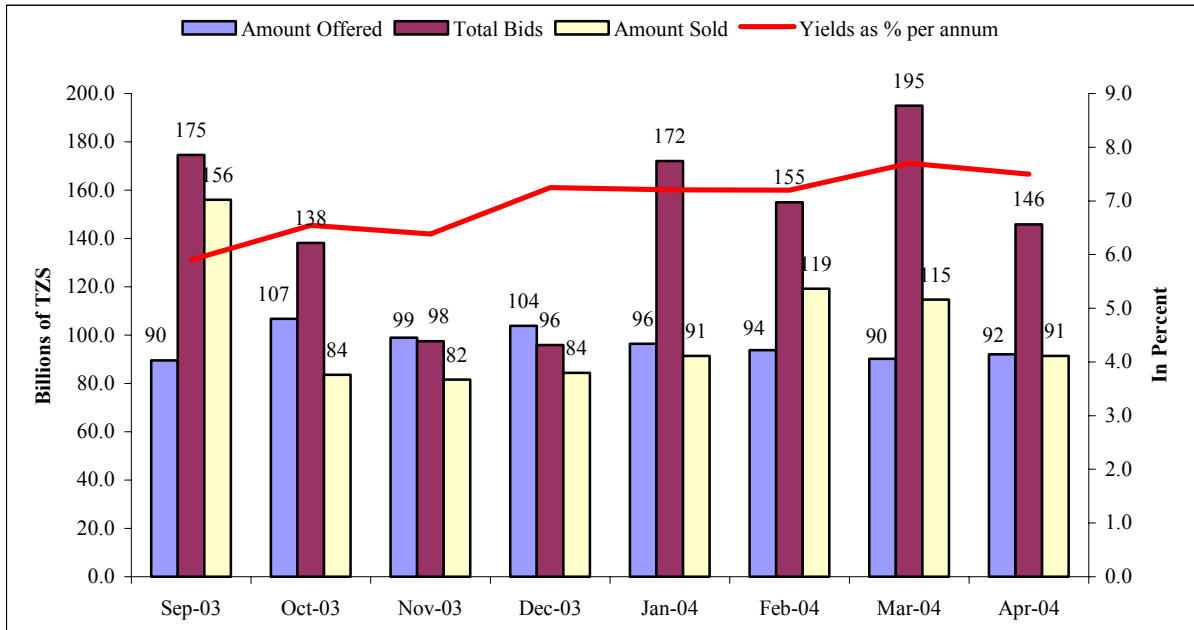
During April 2004, the inter-bank cash market registered low volume of transactions, amounting to TZS 294.8 billion compared with TZS 310.5 billion traded in March 2004. Although overnight transactions continued to dominate the market, their share declined to 68.6 percent of the total volume traded, from 79.3 percent recorded in the preceding month. Interest rates on overnight lending increased slightly from 3.4 percent to 3.6 percent in April 2004, while the overall inter-bank cash market rate stood at 3.9 percent, up from 3.8 percent in March 2004.

Treasury Bills Market

During April 2004, Treasury bills worth TZS 92.0 billion were floated in the market. The value was slightly higher than TZS 90.2 billion offered in the preceding month. However, demand dropped substantially from TZS 194.9 billion to TZS 145.9 billion in April 2004, reflecting the tight liquidity conditions. Hence, sales amounted to TZS 91.3 billion, lower than TZS 114.7 billion sold in the previous month. During the month under review, commercial banks continued to be the main players in the Treasury bills market, although their share declined to 63.0 percent, down from 72.0 percent recorded in March 2004.

Weighted average yields in the Treasury bills market increased across all maturities between March and April 2004. The yield for 35-day Treasury bill rose from 6.8 percent to 7.4 percent, while that of 91-day bill went up from 7.5 percent to 8.0 percent. Likewise, the yield for 182-day increased from 6.5 percent to 8.1 percent, while that of 364-day went up from 6.4 percent to 8.1 percent. As a result, the overall weighted average yield (WAY) for all maturities increased by 0.3 percentage points to 7.9 percent.

Chart 7: Treasury Bills Market Developments



Treasury Bonds

Treasury bonds worth TZS 16.0 billion were offered for sale in April 2004. Unlike in March 2004 where demand for Treasury bonds was as low as TZS 7.8 billion, demand increased to TZS 16.9 billion in April 2004. Consequently, bond sales increased from TZS 7.3 billion in March 2004 to TZS 12.4 billion in April 2004. The weighted average yields to maturity on Treasury bonds fell marginally across all maturities except for 2-year bond, which rose substantially from 7.4 percent in March 2003 to 9.0 percent in April 2004. The yield for 5-year Treasury bond fell from 10.2 percent to 9.6 percent, while the 7-year Treasury bond declined from 11.1 percent to 10.5 percent and the 10-year Treasury bond also declined from 11.8 percent to 11.6 percent.

Repurchase Agreements (REPOs)

During April 2004, the BoT did not conduct repurchase agreements with commercial banks for fine-tuning since liquidity management was completely achieved through open market and foreign exchange market operations. However, in the preceding month, Repos worth TZS 5.0 billion were employed for fine-tuning purposes at the weighted average Repo rate of 4.0 percent, and were redeemed during the month under review.

Lombard Transactions

During the month under review, Lombard facility continued to be available to the commercial banks that fell short of liquidity in their day-to-day operations. Hence, total of TZS 1.7 billion was borrowed in April 2004, compared with TZS 0.8 billion in March 2004. The weighted average lombard rate in April 2004 rose to 11.1 percent, from 10.2 percent recorded in March 2004.

Interest Rates Developments in Commercial Banks

- **Deposits rates**

The weighted average interest rate on local currency savings deposits remained unchanged at 2.4 percent in April 2004, while the overall time deposit rate fell modestly from 4.1 percent in March 2004 to 4.0 percent in April 2004. In line with developments in Treasury bills yields, the 1-month time deposit rate rose slightly to 3.1 percent in April 2004, compared with 3.0 percent in March 2004. The 12-month fixed deposit rate was 5.3 percent, down from 5.6 percent recorded in March 2004. Similarly, the average negotiated deposit rate for prime customers fell from 7.9 percent to 7.8 percent.

Following the recent hike in food prices, which led inflation to increase to 6.5 percent in April 2004, the deposit rates were all negative in real terms, except for negotiated deposit

rates that have remained positive in real terms. Furthermore, yields on Treasury bills of equal maturity with term deposits were all positive in real terms and significantly higher than the rates paid to fixed deposits (**Charts 8 and 9**).

Chart 8: Selected time deposits and Treasury bills rates (In percent)

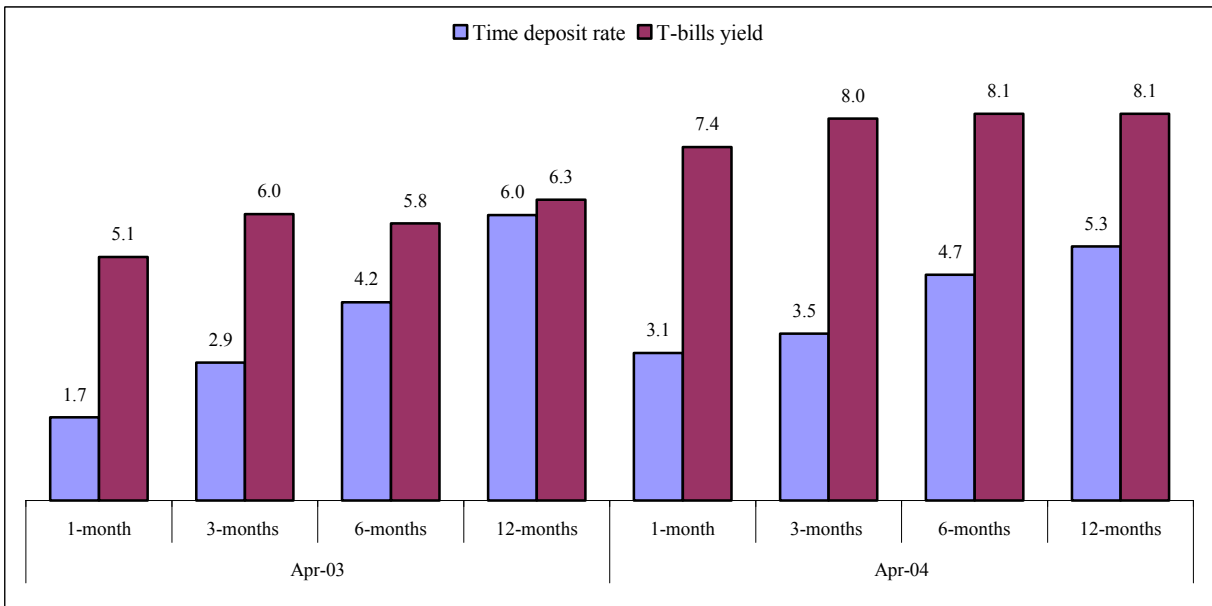
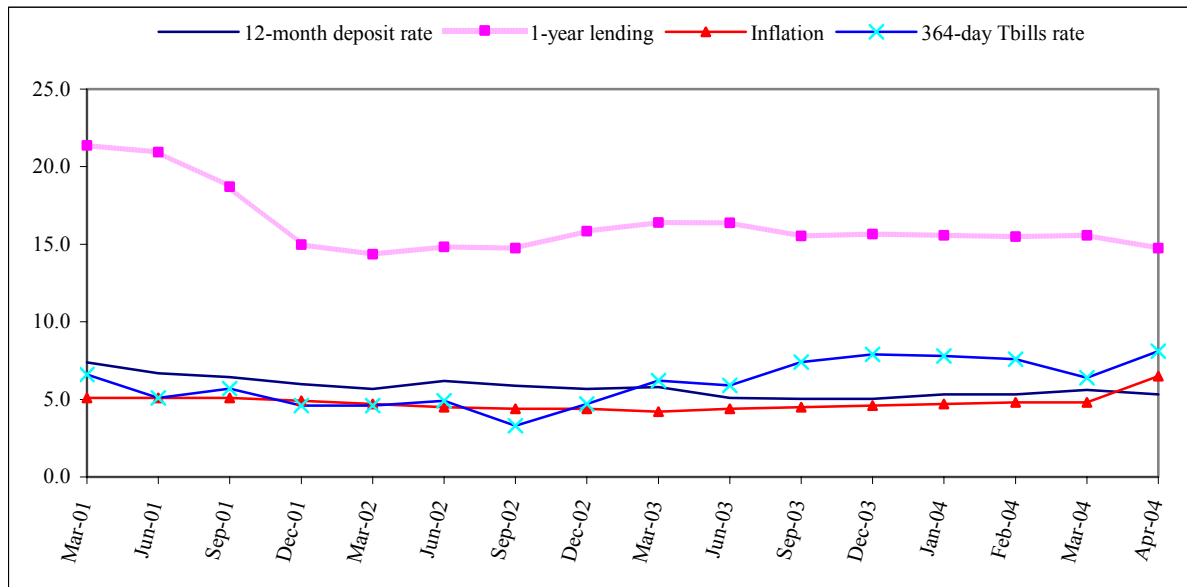


Chart 9: Selected Interest Rates and Inflation (In Percent)



Interest rates on foreign currency deposits revealed an upward trend during April 2004. Whilst, savings deposit rate stabilized at 0.8 percent, and 6-month time deposit rate at 1.2 percent, the 3-month time deposit rate rose to 1.6 percent compared with 1.1 percent in the preceding month. Similarly, the 12-month deposit rate rose sharply to an average rate of 3.1 percent in April 2004, from 1.7 percent in March 2004.

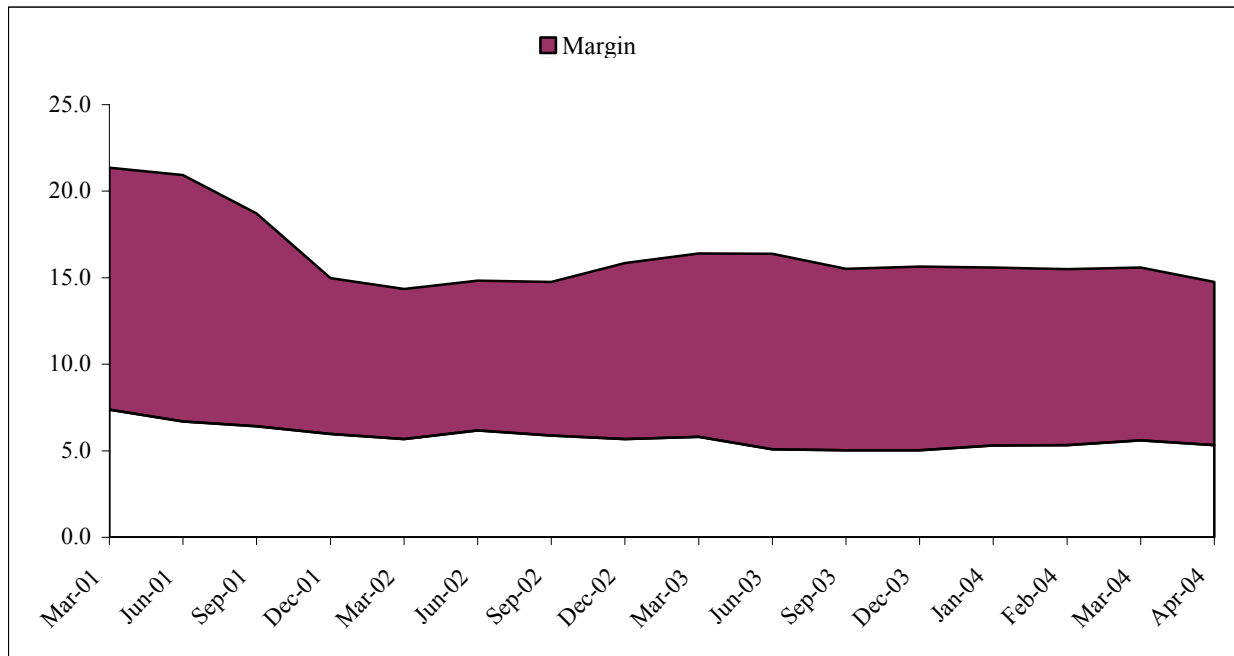
- **Lending Rates**

Lending rates during April 2004 exhibited mixed performance. Short-term loans of up to 1-year were charged an average of 14.8 percent, down from 15.6 percent in March 2004, while 2-3 year loans were charged an average of 11.4 percent, up from 9.9 percent in the previous month. During the same period, 3-5 year credit was charged 12.2 percent, down from 12.5 percent, while the changes for term loans of over 5-year fell from 12.2 percent to 10.8 percent. Hence, the overall weighted average lending rate went down slightly from 13.5 percent in March 2004 to 13.3 percent in April 2004. However, some banks offered lending rates below 10 percent to preferred customers. Negotiated lending rates for prime customers rose to an average of 8.4 percent in April 2004, up from an average of 7.5 percent in March 2004.

As for interest rates on foreign currency loans, the charges for loans of up to 1-year declined from 6.7 percent to 6.2 percent, while charges for 3-5 years fell from 7.1 percent to 6.9 percent. However, charges on medium-term loans of 1-2 years rose from 7.5 percent to 8.1 percent, and charges of 2-3 years rose from 7.8 percent to 7.9 percent. Hence, the overall weighted average of foreign lending rates remained unchanged at 7.3 percent, as recorded in March 2004.

Interest rate spread between the 12-months fixed deposits and 1-year lending rates narrowed to 9.4 percentage points compared to 10.0 percentage points recorded in the preceding month. 9.4 percentage points compared to 10.0 percentage points recorded in the preceding month (**Chart 10**).

**Chart 10: The Margin Between 1-Year Lending Rate and 12-Month Deposit rate
(In percent)**



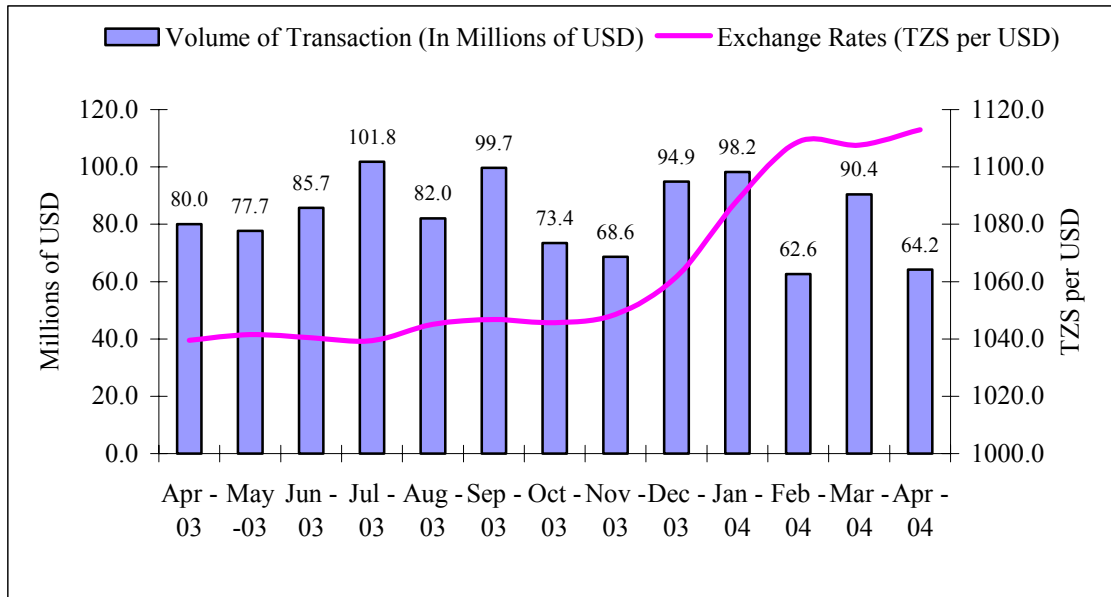
Inter-bank Foreign Exchange Market (IFEM)

During April 2004, the total volume traded at the IFEM declined significantly from USD 90.4 million in March 2004 to USD 64.2 million, owing to low supply of foreign exchange in the market. Commercial banks participation in the market resulted into a net purchase of USD 26.4 million, while non-bank financial institutions were net sellers of USD 0.7 million, as well as the BoT with a net sale of USD 25.8 million.

Exchange Rate

During the period under review, the shilling depreciated by 0.5 percent against the US dollar to TZS 1,113.0 from TZS 1,107.6 per US dollar recorded in March 2004.

Chart 11: Inter-bank Rate Movements and Volume of Transactions



Bureau de Change Operations

The volume of transactions recorded in the bureau de change system went up by 1.2 percent to USD 42.6 millions in April 2004. Provisional data indicate that sales increased by 30.0 percent to USD 27.7 million, largely due to an increase in the demand for foreign currency to pay for medical expenses and education services. Conversely, purchases declined by 28.4 percent to USD 14.9 million, mainly on account of a decline in foreign exchange receipts from tourism and export proceeds.

During the review period, the buying and selling rates appreciated by 0.5 percent and 0.9 percent to TZS 1,095.0 per US dollar and TZS 1,115.0 per US dollar, respectively

Table 5: Foreign Exchange Market Developments

Item	2003 Apr	2004		Percentage Change		Jul - Apr		
				Mar - Apr	Apr-03 to			
		Mar	Apr	2004	Apr-04	2002/03	2003/04 % Change	
IFEM								
1. Amount offered*	80.0	90.4	64.2	-29.0	-19.8	792.3	835.8	5.5
2. Amount sold*	80.0	90.4	64.2	-29.0	-19.8	792.3	835.8	5.5
3. Exchange rate**	1,039.5	1,107.6	1,113.0	0.5	7.1	990.0	1,068.8	8.0
Bureau de Change								
1. Sales*	18.0	21.3	27.7	30.0	53.9	184.8	234.7	27.0
2. Purchases*	18.5	20.8	14.9	-28.4	-19.5	195.0	223.9	14.8
3. Volume of Transactions*	36.5	42.1	42.6	1.2	16.7	379.8	458.6	20.7
4. Buying rate**	1,033.0	1,101.0	1,095.0	-0.5	6.0	983.8	1,063.4	8.1
5. Selling rate**	1,053.0	1,125.0	1,115.0	-0.9	5.9	1,002.6	1,082.0	7.9

Source: BoT

* Millions of USD, ** Tanzanian shillings (TZS) per US dollar

Government Budgetary Developments

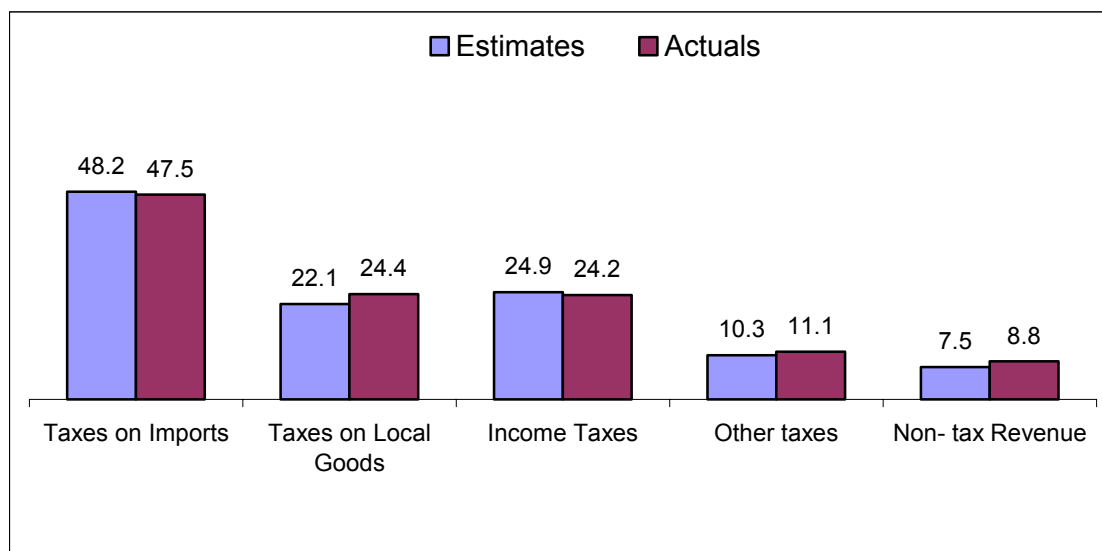
Overall Performance

During the period under review, revenue collection was above the target, while recurrent and development expenditures were inline with projections. Based on provisional data for April 2004, the consolidated budget position of the Government recorded an overall deficit of TZS 77.1 billion, after considering grants. Specifically, the resource envelop for April 2004 amounted to TZS 138.4 billion, whereas total government expenditure, excluding amortization, stood at TZS 215.4 billion.

Revenue Performance

Total revenue collected during April 2004 amounted to TZS 116.1 billion, which was above the target of TZS 112.9 billion by TZS 3.2 billion. The surplus came from taxes on local goods, non-tax revenue and other taxes that performed slightly above targets (**Chart 12**).

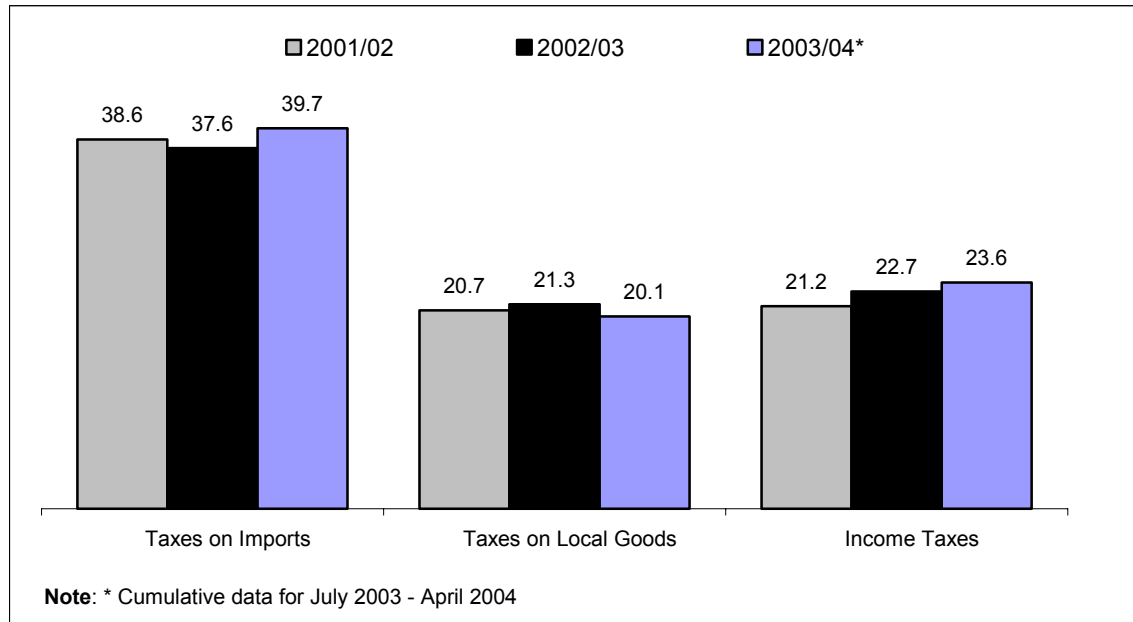
Chart 12: Government Recurrent Revenue Performance in April 2004
(Billions of TZS)



In terms of contribution to revenue, collections from import taxes accounted for 41.0 percent of the total revenue, while collections from taxes on local goods and income taxes together accounted for 41.9 percent of revenue in April 2004. Although import taxes were slightly lower than projected in April 2004, revenue collected from petroleum imports amounted to TZS 26.2 billion, exceeding the target of TZS 22.8 billion. The higher revenue from oil imports is attributed to the increase in oil imports mainly for production of thermal electricity to complement hydropower generation that was affected by the drought.

On cumulative basis (July-April 2004), total revenue amounted to TZS 1,205.3 billion against the 2003/04 budget estimate of TZS 1,400.6 billion. The amount collected represented 11.5 percent of GDP compared with 13.3 percent of GDP budgeted for the current fiscal year. Import taxes have dominated revenues over the past four years, where its contribution to total revenue averaged 39 percent (**Chart 13**).

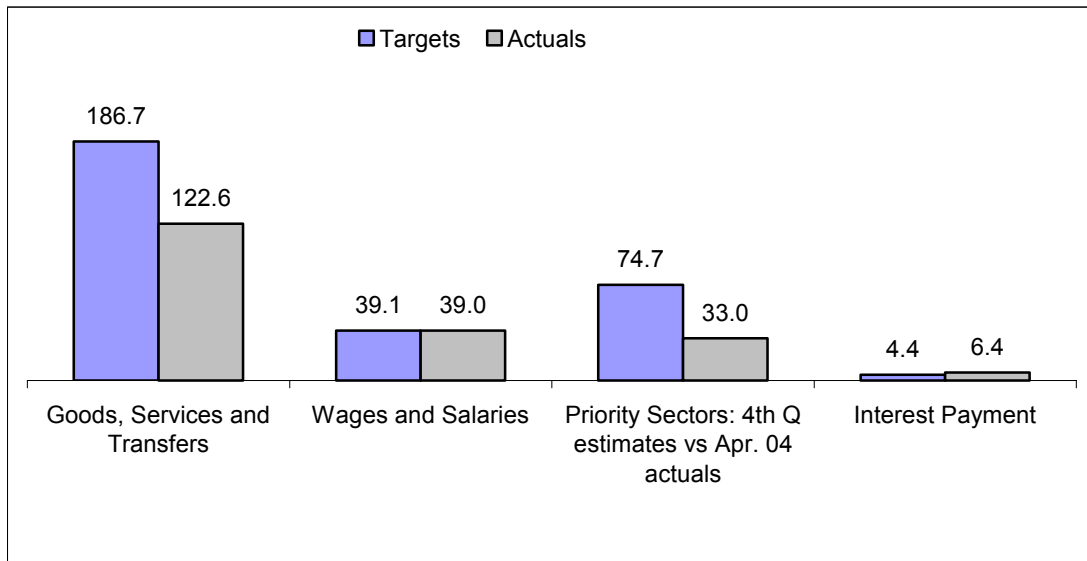
**Chart 13: Contribution to Total Recurrent Revenue
(In Percent)**



Expenditure

During the month under review, the actual recurrent expenditure reached TZS 168.0 billion, compared with the ceiling of TZS 230.1 billion, which also included an allocation of TZS 74.7 billion to priority sectors for the quarter (April-June). The actual expenditure on priority sectors for April 2004 amounted to TZS 33.0 billion (**Chart 14**). Expenditure on wages and salaries amounted to TZS 39.0 billion, while debt services amounted to TZS 6.4 billion, of which, interest payment on foreign debt was TZS 5.0 billion and domestic debt service was TZS 1.3 billion.

Chart 14: Government Recurrent Expenditure in April 2004
(Billions of TZS)



On cumulative basis, from July 2003 to April 2004, recurrent expenditure amounted to TZS 1,468.0 billion, against the 2003/04 budget of TZS 1,755.7 billion. This level of expenditure represented 14.0 percent of GDP against the projected 16.7 percent. During this period, TZS 288.3 billion (or 19.6 percent) was spent on priority sectors. Out of the total allocations, education received TZS 98.9 billion, health followed with TZS 66.3 billion and TZS 59.5 billion for roads, while agriculture was allocated TZS 34.6 billion.

As regards development projects, the Government spent TZS 45.1 billion in April 2004 against the target of TZS 71.8 billion, largely due to the undisbursed foreign loans and grants. To carry out this expenditure, the Government drew resources from foreign grants and loans amounting to TZS 24.9 billion, while the balance of TZS 20.3 billion was from domestic sources. On cumulative basis (July 2003 – April 2004), development expenditure amounted to TZS 468.3 billion, against the budget for 2003/04 of TZS 803.4 billion. The amount represented 4.5 percent of GDP compared with the budgeted 7.7 percent of GDP.

Financing

Government budgetary operations in April 2004 generated a financing requirement of TZS 58.0 billion, which was financed by the draw down of accumulated deposits of the Government by TZS 47.7 billion, and TZS 10.3 billion foreign resources.

External Sector Developments

Current Account

During April 2004, the current account balance deteriorated to a deficit of USD 92.6 million, from a deficit of USD 43.1 million in the previous month (**Table 6**), following a decline in both service account and income account balances. On annual basis, the deficit also widened by USD 139.6 million from USD 258.9 million in the year ending April 2003 to USD 398.5 million, largely on account of the substantial increase in imports of goods that by far exceeded the increase in exports.

Table 6: Current Account Balance

(Millions of USD)

Item	2003 Apr	2004p Mar Apr		% Change		May - Apr		
				Mar-04 to	Apr-03 to	2002/03	2003/04	% Change
				Apr-04	Apr-04			
Goods Account	-98.8	-84.4	-72.5	-14.1	-26.7	-629.7	-872.6	38.6
Exports	91.5	90.7	79.5	-12.4	-13.2	975.9	1,174.7	20.4
Imports	190.3	175.1	151.9	-13.2	-20.2	1,605.6	2,047.3	27.5
Services Account	-12.2	2.0	-48.1	--	294.7	-9.8	-127.0	--
Receipts	50.0	64.2	58.2	-9.4	16.5	697.6	709.4	1.7
Payments	62.2	62.2	106.3	71.0	71.0	707.4	836.3	18.2
Income Account	-6.2	6.5	-8.7	-234.7	40.8	-34.6	-35.5	2.7
Receipts	2.7	15.6	3.1	-80.2	14.0	68.3	95.9	40.4
Payments	8.9	9.1	11.8	29.4	32.7	102.9	131.4	27.7
Current Transfers	23.7	32.7	36.6	11.8	54.4	415.3	636.6	53.3
Inflows	28.2	37.5	41.3	10.1	46.6	470.1	690.9	47.0
Outflows	4.5	4.7	4.7	-1.4	4.8	54.8	54.3	-0.9
Current Account Balance	-93.5	-43.1	-92.6	114.7	-0.9	-258.9	-398.5	53.9

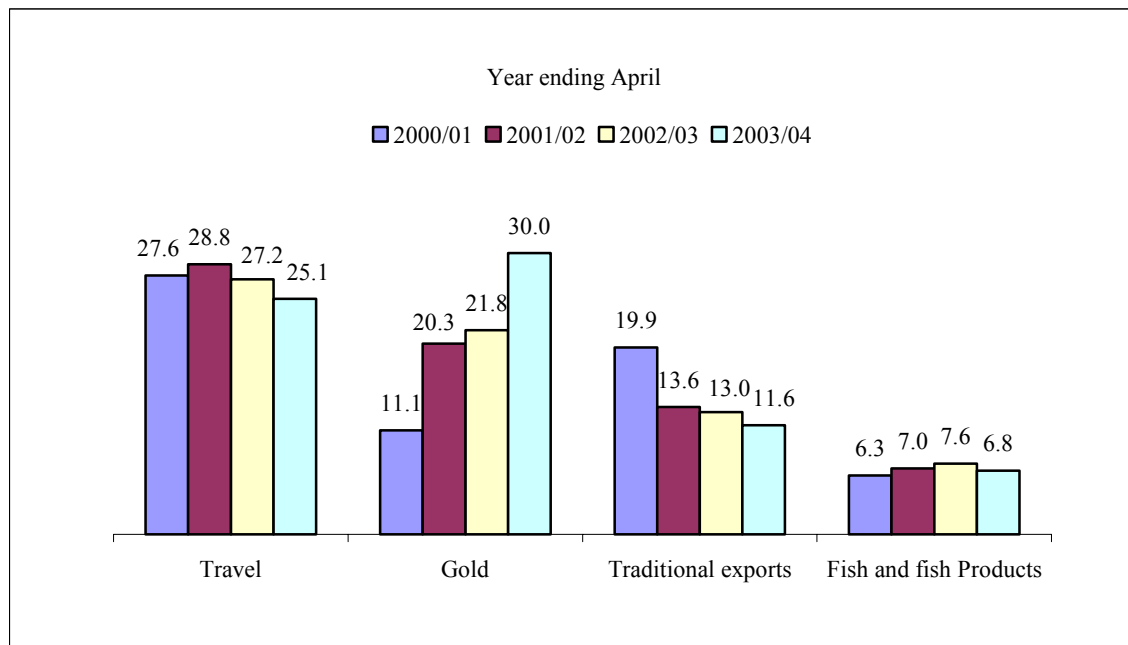
Source: Bank of Tanzania

Note: p - Provisional data; -- = Very big value; Total may not add up due to rounding of numbers

During the year ending April 2004, gold and travel (mainly tourism) continued to dominate Tanzanian exports, accounting for 29.0 percent and 25 percent, respectively (**Chart 15**), a trend maintained since the past four years.

The share of gold exports averaged 20.8 percent in the past four years, while travel receipts averaged 27.2 percent of total exports. Conversely, the share of traditional exports has been on the declining trend from 19.9 percent in the year ending April 2001 to 11.6 percent in April 2004, while recording an average share of 14.5 percent of total exports over the four-year period. The deterioration in traditional exports over the period is partly due to decline in the world market prices, and low export volumes.

**Chart 15: Contribution to Total Exports, 2001-2004
(In percent)**

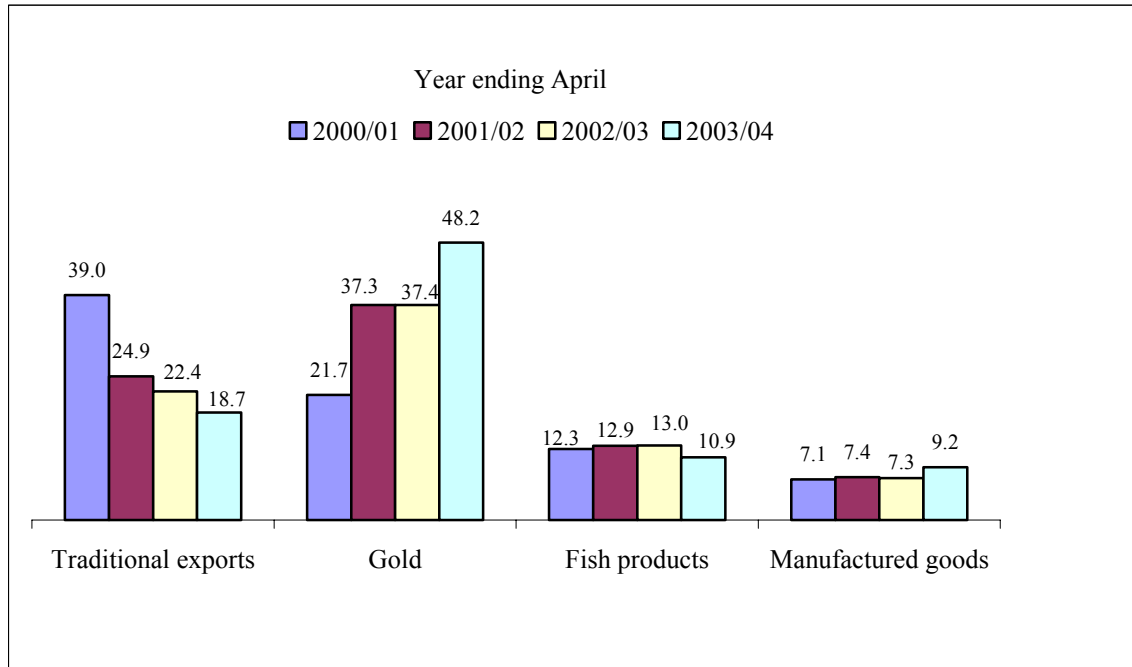


Merchandise Exports

During the period under review, exports of goods decreased from USD 90.7 million in March 2004 to USD 79.5 million, owing to a decline in both traditional and non-traditional exports. However, during the year ending April 2004, goods exports increased by 20.4 percent, from USD 975.9 million in the year ending April 2003 to USD 1,174.7 million.

Gold exports amounted to USD 565.8 million and accounted for 48.2 percent of goods exports during the year ending April 2004 (**Chart 16**). Diamond exports amounted to USD 23.6 million, while the remaining mineral export receipts contributed USD 22.2 million. Manufactured goods exports also improved significantly over the year, as annual export earnings increased to USD 107.9 million in April 2004 compared with USD 70.8 million recorded in April 2003. The improvement is mainly attributed to an increase in garment exports and cigarettes.

**Chart 16: Contribution to Merchandise Exports, 2001-2004
(In percent)**



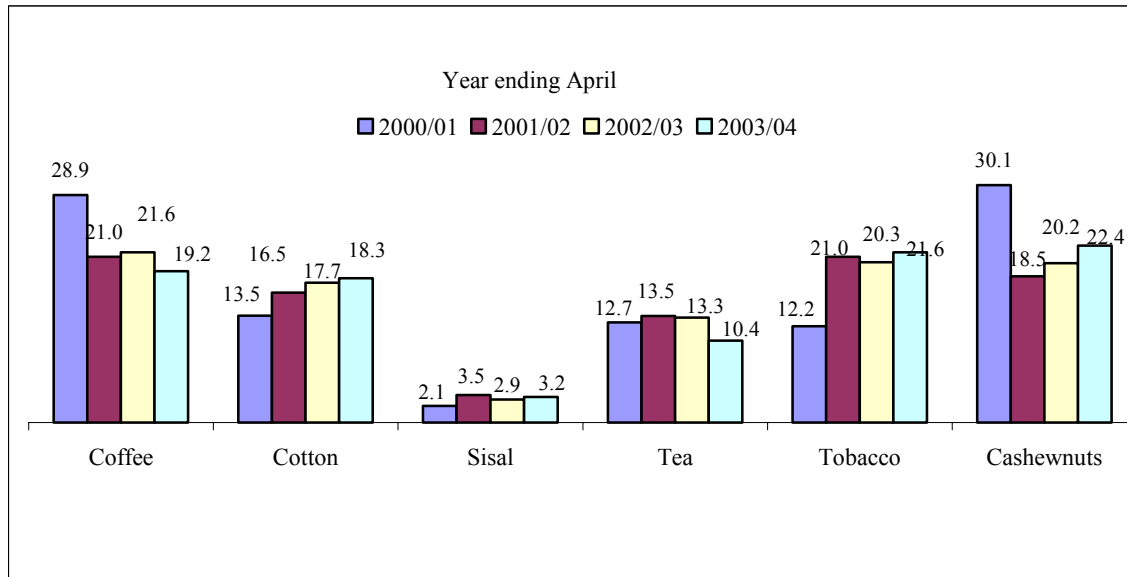
Traditional Exports

Traditional exports declined sharply from USD 14.9 million recorded in March 2004 to USD 7.7 million in April 2004. This reflects the impact of declining export prices, as well as the impact of drought on export volumes.

During the year ending April 2004, traditional exports remained virtually unchanged at USD 219.3 million compared with the corresponding period last year, besides some recovery in unit prices. With the exception of tobacco and cloves that recorded a decline in unit prices, all other traditional exports recorded increases in unit prices as supply of these commodities in the world market declined. During the year, cashewnuts exports amounted to USD 49.2 million, representing 22.4 percent of traditional exports, while tobacco and coffee exports amounted to USD 47.3 million and USD 42 million, respectively.

The contribution of coffee exports, which was the leading traditional export, has been declining since the last four years, from 28.4 percent in 2001 to 19.2 percent in April 2004 (**Chart 17**). The dismal performance of coffee exports is largely associated with the decline in quantity of the coffee beans and world market prices.

**Chart 17: Contribution to Traditional Exports, 2001-2004
(In percent)**

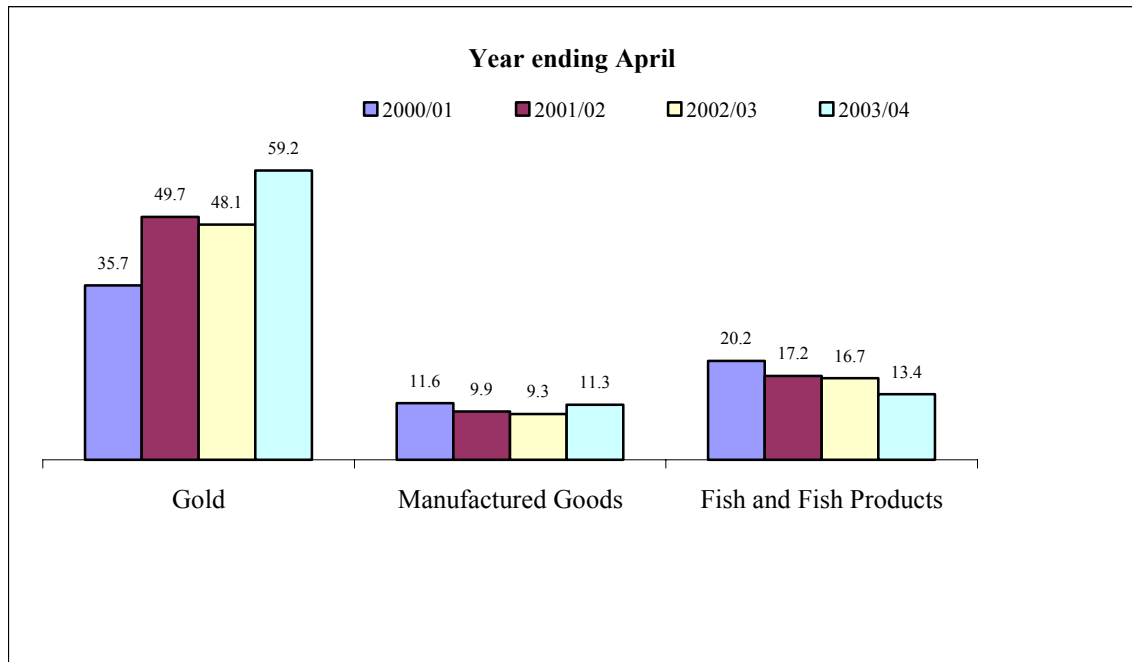


Non-traditional Exports

Non-traditional exports dropped from USD 75.8 million in March 2004 to USD 71.8 million in April 2004, mainly due to declines in diamond, and cotton yarn exports.

However, during the year ending April 2004, non-traditional exports grew by 26.1 percent to USD 955.4 million, from USD 757.7 million recorded in the preceding year. Exports of minerals increased substantially from USD 411.2 million recorded during the year ending April 2003 to USD 611.6 million, with gold exports recording an increase of 55.2 percent. Likewise, the export of manufactured goods increased by 52.4 to USD 107.9 million, largely due to additional exports emanating from new and privatized firms.

**Chart 18: Contribution of Selected Commodities to Non-traditional Exports, 2001-2004
(In percent)**

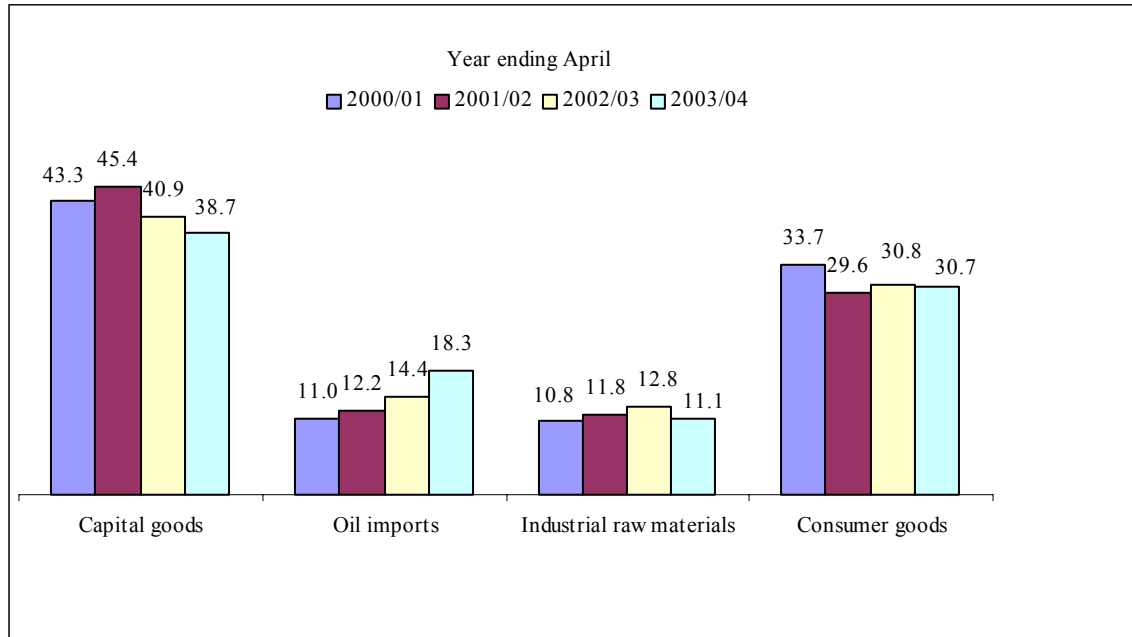


Merchandise Imports

During the month under review, imports of goods (f.o.b.) stood at USD 151.9 million, compared with USD 175.1 million recorded in March 2004. Both imports of intermediate and consumer goods declined. Intermediate goods fell from USD 51.1 million to USD 46.2 million, as oil imports dropped from USD 34.6 million to USD 29.2 million, although fertilizer imports increased slightly from USD 0.5 million to USD 1.0 million. Consumer goods amounted to USD 45.6 million, compared with USD 69.2 million recorded in March 2004, owing to food imports that went down from USD 34.3 million to USD 16.7 million, following an improvement in the food situation as harvesting season starts. On the other hand, capital goods imports, increased from USD 54.8 million in March 2004 to USD 60.1 million, mainly due to a rise in importation of transport and building equipments.

On an annual basis, imports (f.o.b.) rose substantially by 27.5 percent in the year ending April 2004, due to increase of capital, intermediate and consumer goods imports. The structure and trend over the past four years is shown in **Chart 19**.

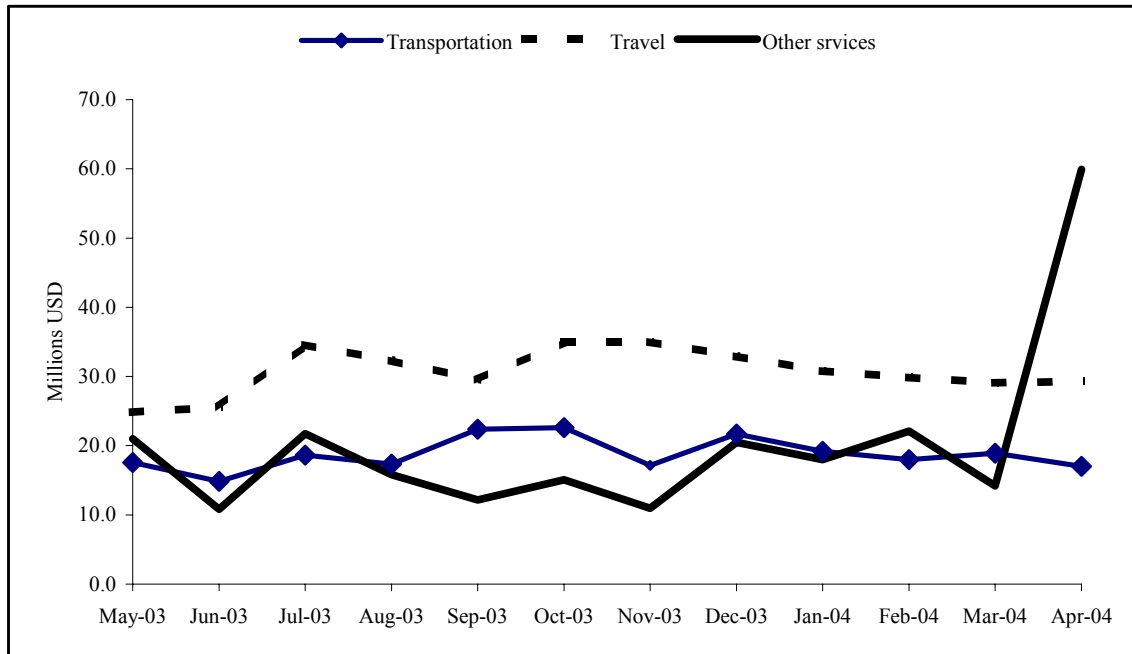
Chart 19: Contribution of Selected Categories to Total Imports, 2001-2004(In percent)



Services Account

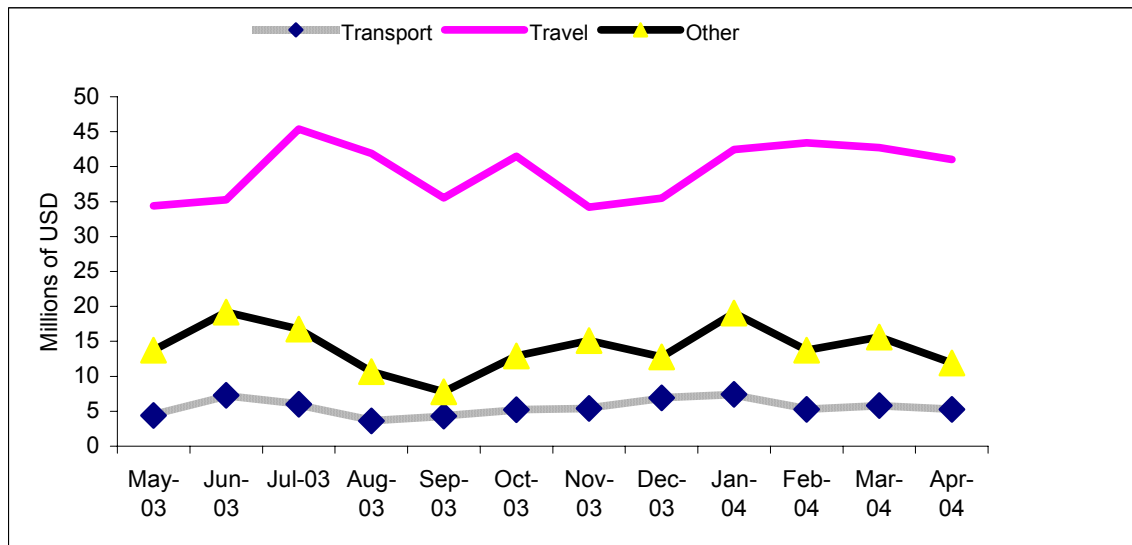
During April 2004, the services account declined from a surplus of USD 2.0 million recorded in the previous month to a deficit of USD 48.1 million, following substantial increase in communication payments to international satellite services providers. Services receipts declined to USD 58.2 million, from USD 64.2 million recorded in March 2004.

Chart 20: Tanzania – Services Payments



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

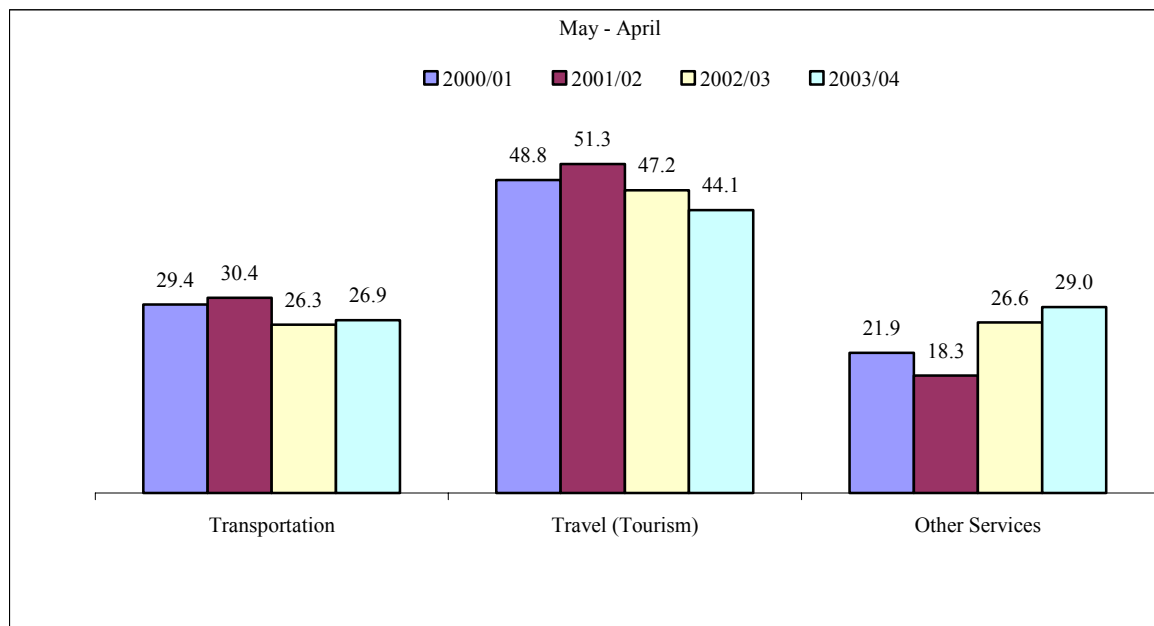
Chart 21: Tanzania – Services Receipts



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

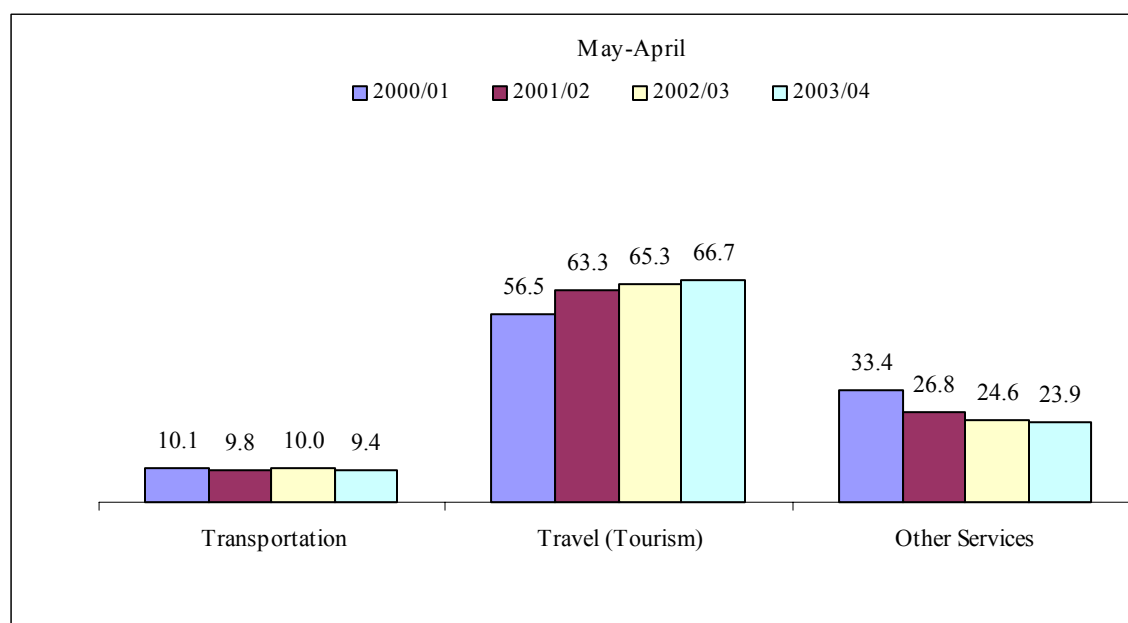
During the year ending April 2004, the deficit in the services account widened sharply to USD 127.0 million, from USD 9.8 million recorded in the year ending April 2003. The deterioration was driven by increases in payments for freight, travel, communication, insurance, and government services. Increases in freight payments are largely associated with the rise in imports, while that of insurance premium and cost of international travel are due to increased global security concerns.

Chart 22: Service Payment Categories as a percentage of Total Service Payment, 2000-2004



During the year ending April 2004, export receipts from services (including tourism) amounted to USD 709.4 million, up from USD 697.6 million recorded in the corresponding period last year. Out of the total, travel receipts grew by 3.8 percent to USD 473.2 million, reflecting that improvement recorded in tourism activities, despite the global security concerns. Travel receipts have dominated service receipts since last four years, accounting for about 60 percent of total export receipts from services (**Chart 23**).

**Chart 23: Contribution of Selected Categories to Total Service Receipts for 2000-2004
(In percent)**



Income Account

During April 2004, income account deteriorated to a deficit of USD 8.7 million from a surplus of USD 6.5 million recorded in the previous month, following a decline in earnings from foreign investments.

However, during the year ending April 2004, the income account deficit remained nearly unchanged, at USD 35.5 million. However, income receipts increased by 40.4 percent to USD 95.9 million, due to increase in earnings from the country's foreign exchange reserves. On the other hand, income payments increased by 27.7 percent to USD 131.4 million, largely on account of an increase in scheduled interest payments that amounted to USD 96.3 million.

Commodity Prices (c.i.f.)

During April 2004, prices of **coffee** (Robusta) decreased from USD 0.81 per kg in March 2004 to USD 0.80 per kg, while that of coffee (Arabica) decreased from USD 1.7 per kg to USD 1.66 per kg. The decline in the coffee prices is mainly attributed to expectations of a bumper harvest during 2004/05 in Brazil, Vietnam and Indonesia.

The price of **tea** (Mombasa Auction) fell from USD 1.59 per kg to USD 1.54 per kg during April 2004. However, the price of tea (average of Calcutta, Colombo and Mombasa) increased from USD 1.51 per kg to USD 1.74 per kg, largely due to expected poor harvests in India.

The prices of **cotton**, “A index” declined from USD 1.59 per kg to USD 1.53 per kg while that of “Memphis” fell from USD 1.62 per kg to USD 1.55 per kg. This development was mainly attributed to expectations of a surge in cotton supply from the United States and China.

On the other hand, prices of **sisal (UG)** increased from USD 830.00 per metric ton to USD 885.00 per metric ton, while **cloves** increased from USD 2,962.50 per metric ton to USD 3,100.00 per metric ton, in line with expected low supply from Indonesia and Madagascar.

The price of **crude oil** (average of U.K. Brent, Dubai and West Texas Intl) increased from USD 33.67 per barrel to USD 33.71 per barrel, while that of Dubai (f.o.b.) rose from USD 30.46 per barrel to USD 31.07 per barrel. Likewise, the price of white petroleum products (f.o.b. West Mediterranean) increased from USD 315.66 per ton to USD 339.47 per ton. As for **gold**, the price declined slightly to USD 403.30 per troy ounce from USD 406.70 per troy ounce recorded in March 2004.

Table 7: Commodity Prices

(In USD)

Commodity	Unit	2003	2004				% Change
		Dec	Jan	Feb	Mar	Apr	Mar -Apr
Coffee "Robusta"	\$ per Kg	0.79	0.88	0.82	0.81	0.80	-1.23
Coffee "Arabica"	\$ per Kg	1.43	1.60	1.68	1.72	1.66	-3.49
Tea (Average price)	\$ per Kg	1.57	1.54	1.56	1.51	1.74	15.23
Tea "Mombasa auction"	\$ per Kg	1.59	1.63	1.65	1.59	1.54	-3.14
Cotton "A Index"	\$ per Kg	1.62	1.67	1.63	1.59	1.53	-3.77
Cotton "Memphis"	\$ per Kg	1.65	1.70	1.65	1.62	1.55	-4.32
Sisal "UG"	\$ per metric ton	775.00	775.00	775.00	830.00	885.00	6.63
Cloves	\$ per metric ton	1,775.00	1,867.00	1,895.00	2,962.50	3,100.00	4.64
Crude oil*	\$ per barrel	29.97	31.37	31.33	33.67	33.71	0.12
Crude oil**	\$ per barrel	27.86	28.68	28.40	30.46	31.07	2.00
White products***	\$ per ton	285.36	303.80	291.95	315.66	339.47	7.54
Gold	\$ per troy ounce	407.00	413.80	404.90	406.70	403.30	-0.84

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

Note: * Average of U. K. Brent, Dubai and West Texas Intl.; ** f.o.b. Dubai

*** Average of Premium gasoline, Gasoil and jet/kerosene, f.o.b. West Mediterranean

Debt Developments

Total debt stock stood at USD 8,746.3 million as at end April 2004, representing a decline of USD 15.3 million over the previous month. Out of the outstanding total stock of debt, USD 7,908.8 million (90.4 percent) is external debt, while USD 837.5 million (9.6 percent) is domestic debt.

External Debt

Total external debt committed, as at end April 2004 was USD 8,123.9 million, representing a decrease of USD 37.7 million from USD 8,161.6 million recorded at end-March 2004. Out of the total amount committed, disbursed debt amounted to USD 6,734.0 million, while the balance of USD 1,389.9 million was undisbursed. Interest arrears picked up by USD 12.2 million from USD 1,162.6 million in March 2004 to USD 1,174.8 million. The stock of external debt increased by USD 7.0 million to USD 7,908.8

million during the same period, mainly due to exchange rate fluctuations and accumulation of interest arrears on un-serviced loans.

External Debt Service

During April 2004, debt service payments amounted to USD 7.0 million.

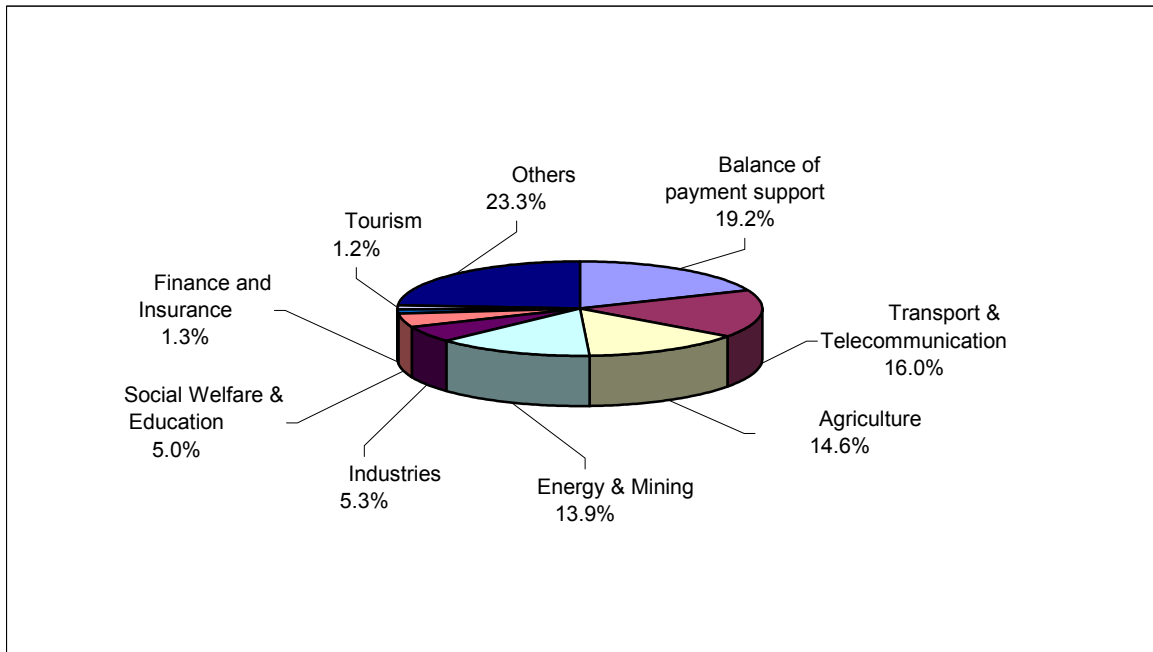
Disbursed Outstanding Debt (DOD)

As at end-April 2004, debt owed to multilateral creditors amounted to USD 4,554.8 million, while bilateral creditors were owed USD 1,549.1 million. On the other hand, Commercial debt amounted to USD 396.5 million, while debt owed to export creditors was USD 233.7 million.

It is worth noting that, the Central Government remained the largest borrower with USD 6,142.9 million or 91.2 percent of the total debt. The private sector debt was USD 444.5 million or 6.6 percent of the total debt, while parastatal debts stood at USD 146.6 million or 2.2 percent.

The bulk of the external debt was used for balance of payment support, which accounted for USD 1,294.5 million, while transport sector accounted for USD 1,080.0 million. Agriculture absorbed USD 983.0 million, energy - USD 937.8 million, industries - USD 358.8 million, education - USD 339.4 million, finance USD 86.2 million, and tourism USD 82.2 million. The remaining USD 1,572.1 million was accounted for by other activities, including rural development, water supply and drainage, fisheries, and computer technology.

Chart 24: DOD by Use of Fund



HIPC Debt Relief

During the period under review, Tanzania received HIPC debt relief amounting to USD 3.95 million, out of which USD 3.8 million came from International Development Association, and the African Development Bank provided the balance.

Domestic Public Debt

During the month under review, the stock of domestic debt declined to TZS 937.6 billion from TZS 953.0 billion registered in March 2004. The decrease in domestic debt during the month was attributable to a repayment of TZS 15.0 billion worth of Government securities.

It is noteworthy that government securities amounted to TZS 921.0 billion in April 2004 and constituted 98.3 percent of the total domestic debt. Of the total securities, Treasury

bonds amounted to TZS 549.4 billion, while Treasury bills stood at TZS 250.3 billion or 26.7 percent of total government securities.

Domestic Debt Stock by Creditor Category

At end April 2004, commercial banks continued to be the main creditors to the Government, holding a stock of TZS 365.4 billion or 39 percent of the total domestic debt, followed by pension funds, which were owed TZS 309.1 billion or 33 percent and the Bank of Tanzania which accounted for TZS 199.4 billion or 21.3 percent. Non-bank financial institutions were owed TZS 21.0 billion, insurance companies TZS 16.7 billion and private firms TZS 15.5 billion. The remaining TZS 10.3 billion was owed to other official entities.

Domestic Debt Service

During the month under review, the amount of debt that fell due for payment amounted to TZS 63.2 billion, out of which TZS 57.6 billion was principal and TZS 5.6 billion was interest. The principal was rolled over, while the interest was paid out of government revenues.

Other Economic Developments

Food Supply Situation

Food supply situation in the country started to improve during April 2004 following the setting in the harvesting season for the main food crops, namely maize, beans and rice. It is expected that the food supply situation will improve as harvesting continues.

Despite the food crop harvests, the Government continued to ensure availability of food in some areas facing food shortage through distribution of food aid from donors. By end-

April 2004, World Food Program (WFP) had distributed the entire amount of 29,068 tons of food donated by the donor community to the food deficit areas, while the Government continued to distribute the 32,000 tons of maize it purchased during the period under review. As at end-April 2004, the Government had distributed 28,862 tons of subsidized food and released 27,772 tons of food grains from SGR stocks to reduce the pressure on food prices.

Average prices of food items (except rice) in various market centers started to fall during April 2004 in response to improvements in food supply. The average wholesale prices of 100 kg of maize fell to TZS 21,154 in April 2004, from TZS 25,816 recorded in March 2003, while prices of 100 kg of beans decreased from TZS 36,824 in March 2003 to TZS 34,420 in April 2004 (**Table 8**).

Table 8: National Average Wholesale Prices for Selected Food Items

Crop	TZS per 100kgs										% Change	
	2003						2004			Apr-03 to	Mar-04 to	
	Feb	Mar	Apr	Oct	Nov	Dec	Feb	Mar	Apr	Apr-04	Apr-04	
Maize	12,413	13,028	14,089	17,713	18,678	21,804	25,957	25,816	21,154	50.1	-18.1	
Rice	30,338	32,101	36,541	42,196	43,566	45,590	54,761	56,008	58,360	59.7	4.2	
Beans	36,037	35,921	38,486	41,485	41,759	42,395	39,870	36,824	34,420	-10.6	-6.5	
Sorghum	13,692	14,796	15,802	21,076	22,600	25,722	29,685	27,664	26,467	67.5	-4.3	
Potatoes	17,519	18,431	20,553	20,706	23,450	25,249	22,445	21,248	20,769	1.1	-2.3	

Source: Ministry of Agriculture and Food Security

Strategic Grain Reserve (SGR)

The SGR stock as at end-April 2004 stood at 32,387 tons, slightly higher than 22,903 tons recorded at end-March 2004, mainly due to government purchase of 22,000 tons of maize. At the same time, the Government continued to draw out food from SGR stocks for sale in areas experiencing food shortage. Thus, between July 2003 and April 2004, the SGR department released a total of 69,562 tons of food grains to the market (**Table 9**).

On the other hand, as at end-April 2004, food grains stocks held by private traders stood at 99,882 tons, comprising 12,825 tons of maize, 41,127 tons of rice and 45,930 tons of

wheat. Food grains stocks by private traders together with SGR stock of 32,387 tons bring the total of food reserve to 132,269 tons.

Table 9: Strategic Grain Reserve Stocks

(In Tons)

Period						% Change	
	2000	2001	2002	2003	2004	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			
June	72,000	47,225	47,100	51,060			
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 BOT computations

Zanzibar Government Budgetary Developments

Overall Performance

During April 2004, the budget recorded an overall deficit before grants amounting to TZS 1.9 billion. After including grants amounting to TZS 0.6 billion, the deficit decreased to TZS 1.3 billion.

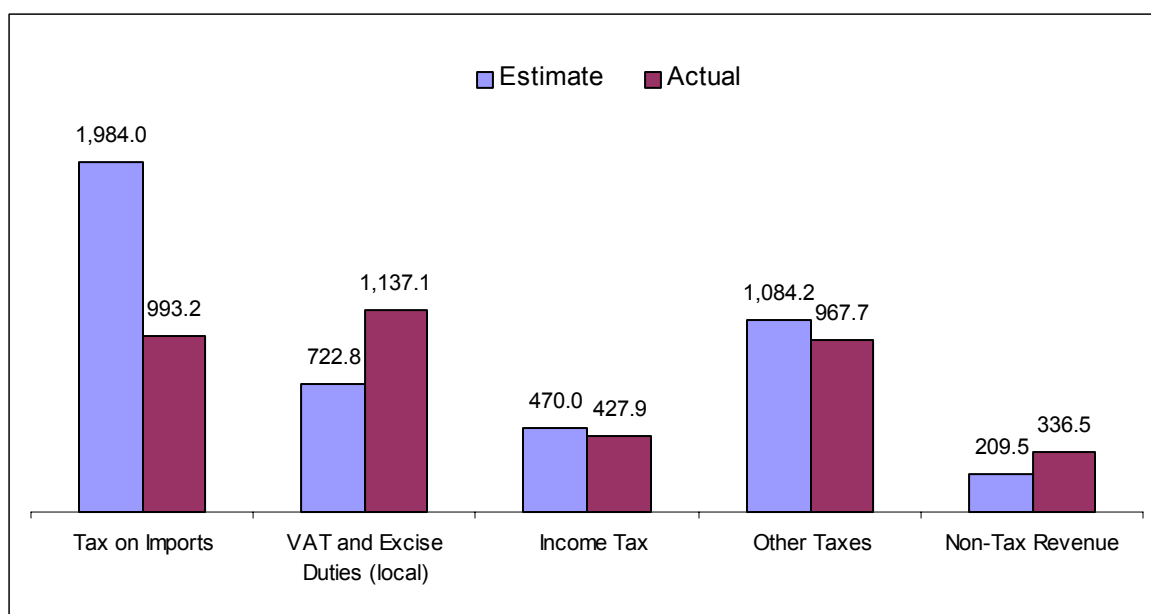
Revenue Performance

During the month under review, revenue collections amounted to TZS 3.9 billion against the target of TZS 4.5 billion. The only revenue sources that performed well were taxes on local goods and non-tax revenue, which exceeded their targets by TZS 414.3 million and TZS 127 million, respectively. Imports taxes declined from TZS 1.7 billion collected in

March 2004 to TZS 1.0 billion in April 2004, following a decline in total imports that pass through the Zanzibar port (**Chart 25**). The projected imports tax for April was TZS 2.0 billion.

Cumulatively (July 2003 - April 2004), revenue collections amounted to TZS 43.3 billion accounting for 94.1 percent of the targeted total revenue of TZS 46.0 billion.

Chart 25: Government Revenue Collections, April 2004



Expenditure

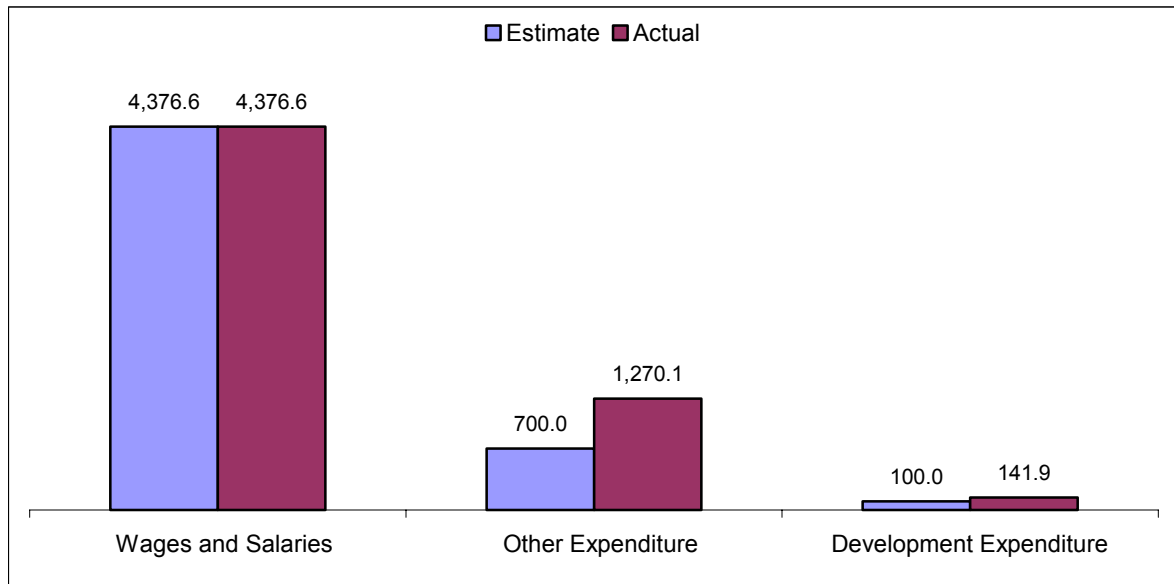
During April 2004, total government expenditure amounted to TZS 5.8 billion, being higher than the projected TZS 5.2 billion. Recurrent expenditure amounted to TZS 5.6 billion, above the ceiling of TZS 5.1 billion, mainly due to payment of previously approved expenditures. Expenditure on wages and salaries was in line with the ceiling of TZS 4.4 billion.

Development expenditure amounted to TZS 140 million, being slightly above the ceiling of TZS 0.1 billion, mainly due to implementation of previously approved capital commitments.

On cumulative basis (July 2003 - April 2004), government expenditure amounted to TZS 52.3 billion, accounting for 93.2 percent of the projected total expenditure TZS 56.1 billion.

Chart 26: Government Expenditure by Category, April 2004

(Millions of TZS)



Financing

During April 2004, government expenditure was accommodated by internal resources, grants from the Union Government and non-bank borrowing amounting to TZS 1.85 billion.

Zanzibar Debt Developments

The Zanzibar debt stock (external and domestic) stood at TZS 121.6 billion or USD 108.5 million as at end April 2004. Out of the total stock, domestic debt amounted to TZS 47.1 billion, accounting for 38.8 percent of total, while external debt stood at TZS 74.4 billion, representing 61.2 percent of total.

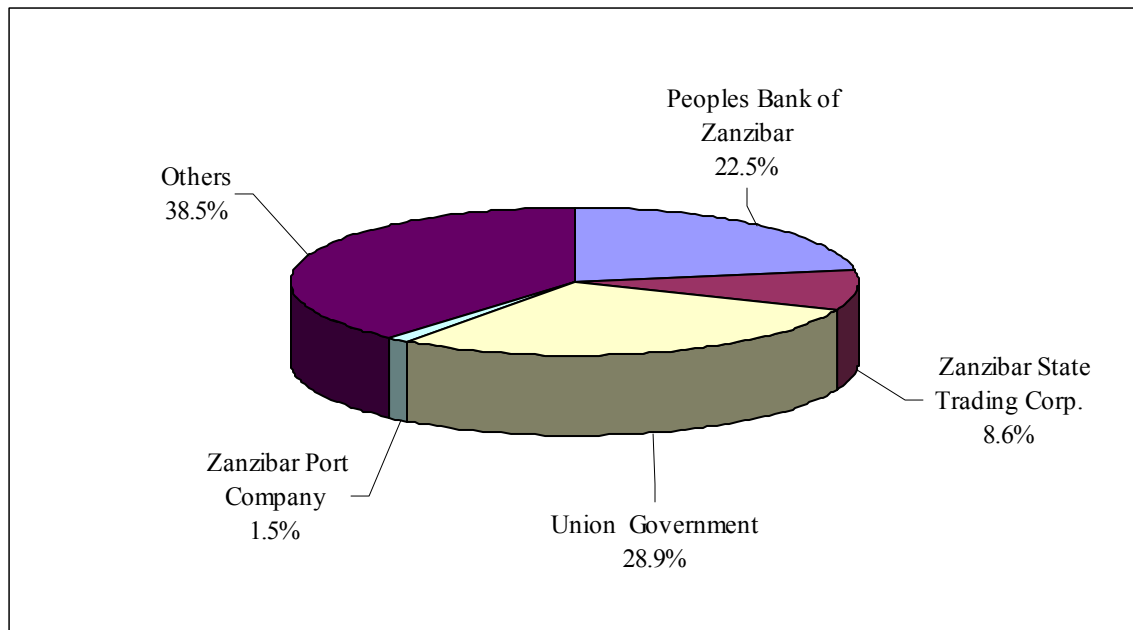
Domestic Debt

Domestic debt rose by 5.2 percent to TZS 47.1 billion from TZS 44.8 billion recorded at the end of March 2004, mainly due to increase in gratuity claims by retired civil-servants and new borrowing.

Domestic Debt by Creditor

The debt profile by creditor shows that, Union Government claims amounted to TZS 13.6 billion, while the People's Bank of Zanzibar (PBZ) claims were TZS 10.6 billion, same level recorded in March 2004. Zanzibar State Trading Corporation (ZSTC) claims and Zanzibar Port Authority (ZPA) claims were TZS 4.1 billion and TZS 0.7 billion, respectively. Other creditors claims stood at TZS 18.1 billion or 38.5 percent of the total domestic debt.

Chart 27: Domestic Debt by Creditor at end-April 2004



Domestic Debt by Maturity

As at end April 2004, debt maturing in less than a year amounted to TZS 7.0 billion, while debt maturing between 1-2 years amounted to TZS 12.6 billion. Debt with undetermined maturity (mainly pensioners claims) amounted to TZS 27.5 billion, accounting for 58.5 percent of total domestic debt.

External Debt

As at end-April 2004, the Zanzibar Government's external debt position increased by 8.2 percent to USD 66.4 million, from USD 61.4 million recorded in the previous month, mainly due to new borrowing.

External Debt by Creditor Category

At end-April 2004, multilateral debt amounted to USD 51.7 million, accounting for 77.9 percent of total external debt, whereas bilateral debt amounted to USD 7.2 million or 10.8 percent of total external debt. Commercial debt stood at USD 0.3 million, and claims by other creditors amounted to USD 7.2 million.

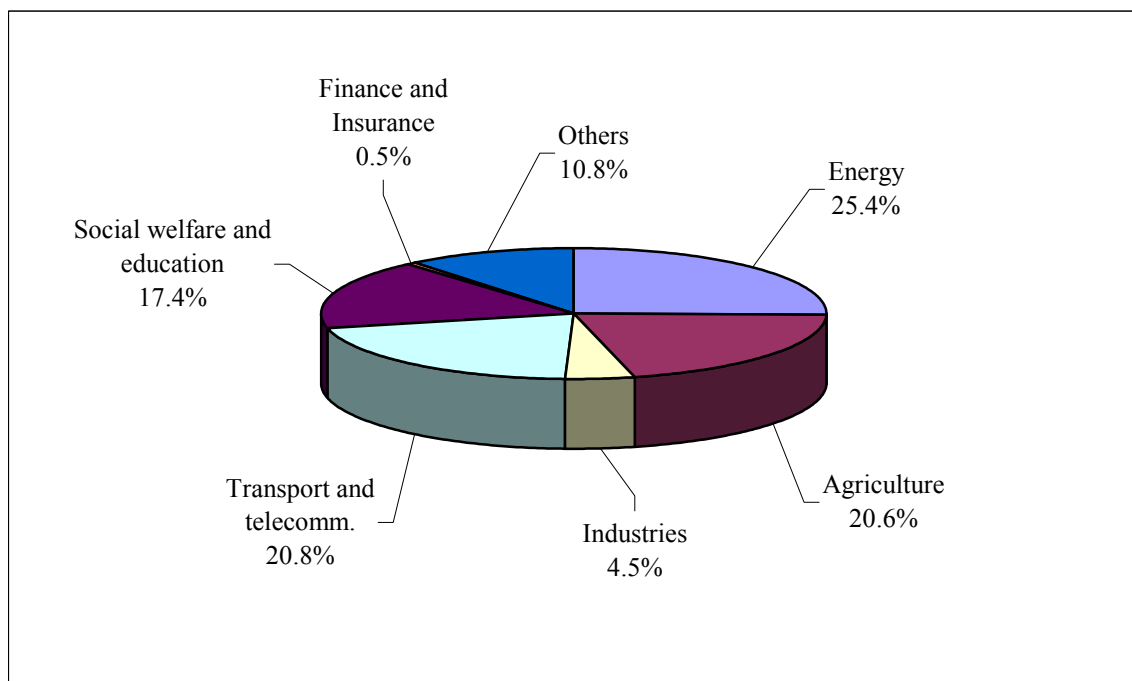
External Debt by Maturity

As at end-April 2004, external debt maturing between 5-10 years amounted to USD 8.1 million, whereas debt maturing between 10-20 years amounted to USD 2.0 million. Meanwhile, debt with maturity above 20 years stood at USD 56.4 million, or 84.8 percent of total external debt.

External debt by Use of Funds

At end-April 2004, debt amounting to USD 16.9 million or 28.7 percent was on account of the energy sector, while agriculture sector debt accounted for USD 13.7 million or 20.6 percent. Industries accounted for USD 3.0 million (or 4.5 percent), while transport and telecommunication sector accounted USD 13.8 million or 20.8 percent of total external debt. Social welfare & education sectors accounted USD 11.6 million representing 20.8 percent, whereas other sectors including finance and insurance accounted for USD 0.3 million, and USD 7.5 million of total external debt, respectively.

Chart 28: External debt by Use of Funds as at end-April 2004



Trade Developments

Trade balance

During April 2004, the trade account (goods and services) improved by recording a deficit of USD 3.8 million, compared with a deficit of USD 6.3 million recorded in March 2004, mainly due to a decline in importation of goods. The deficit was also lower by 7.7 percent when compared with the deficit recorded in the corresponding period in

2003. However, on annual basis, the deficit worsened on account of a slow down in tourist activities due to global security concerns.

Chart 10: Trade Account Balance

(Millions of USD)

Item	2003 Apr	2004p		% Change		May - April		
				Mar-04 to Apr-04	Apr-03 to Apr-04			
		March	April	2002/03	2003/04	%Change		
Exports	2.1	4.5	0.9	-80.3	-56.4	57.7	15.7	-72.8
Goods	1.8	0.4	0.4	-10.2	-77.3	13.7	14.1	3.2
Services	0.3	4.1	0.5	-87.9	70.4	44.0	1.5	-96.5
Imports	6.2	10.8	4.7	-56.4	-23.8	74.0	80.2	8.4
Goods (f.o.b.)	3.4	8.1	3.7	-54.1	8.6	56.1	61.1	8.9
Services	2.8	2.8	1.0	-63.0	-63.5	17.9	19.1	6.7
Trade Balance	-4.1	-6.3	-3.8	-39.2	-7.7	-16.3	-64.5	296.9

Note: P – Provisional

Source: Tanzania Revenue Authority and Bank of Tanzania

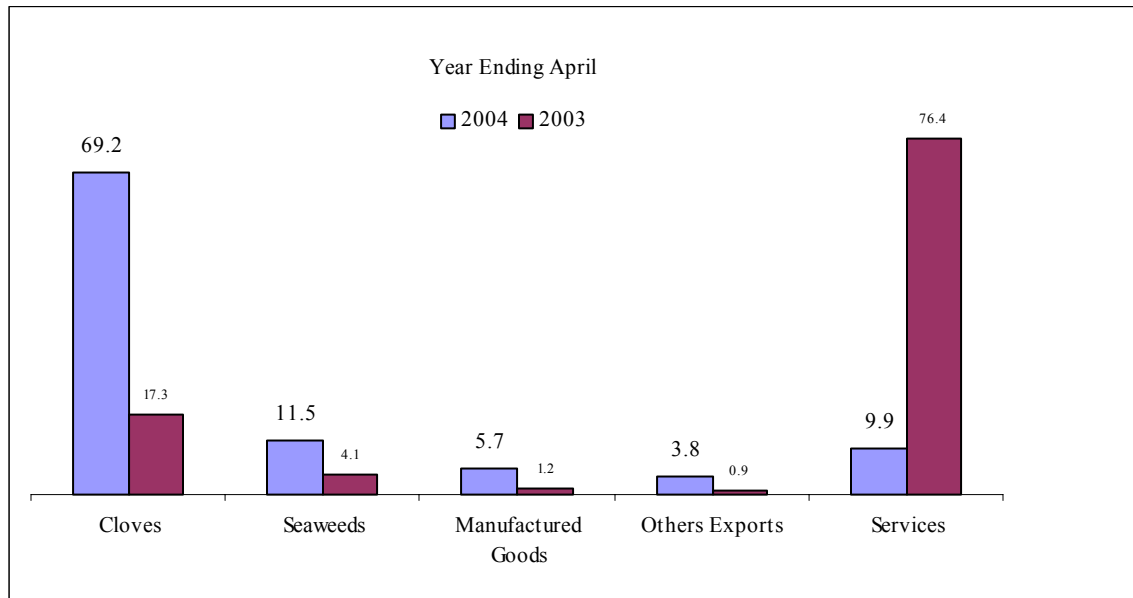
Exports

During the review month, exports of goods and services declined to USD 0.9 from USD 4.5 million registered in March 2004 and USD 2.1 million in April 2003, mainly due to a decline in export receipts from tourist-related services due to security concerns. Specifically, receipts from export of services decreased by 87.9 percent to USD 0.5 million, from USD 4.1 million, while export of goods declined from USD 0.45 million in March 2004 to USD 0.4 million.

On annual basis, total exports declined by 72.8 percent to USD 15.7 million in the year ending April 2004, due to a decline in services receipts, which outweighed the impact of a rise in merchandise exports. Clove export volume increased from 330 tons recorded in April 2003 to 610 tons in April 2004, while the clove price in the world market increased from USD 2,962.50 per ton to USD 3,100.00. As a result, clove export earnings increased from USD 10.0 million to USD 10.7 million during the year ending April 2004, making

cloves the major source of foreign exchange, and contributing around 69 percent of the total export proceeds.

**Chart 29: Contribution to Total Exports
(In percent)**



On the other hand, exports of seaweed declined over the year under review from USD 2.4 million in the previous year to USD 1.8 million, mainly on account of a decline in volume, although unit prices increased. Exports of manufactured goods improved slightly during the year from USD 0.7 million to USD 0.9 million.

Imports

In April 2004, goods imports (c.i.f.) decreased to USD 4.1 million from USD 8.9 million recorded in March 2004. The decrease was noted in all import categories. Imports of consumer goods, particularly food and foodstuff, experienced the largest decline, partly due to presence of sufficient food stocks and pre-budget speculations by the importers. Consumer goods declined to USD 1.2 million from USD 5.4 million, out of which food and food-stuff imports declined substantially to USD 0.3 million from USD 4.3 million in March 2004. Imports of intermediate goods declined to USD 1.5 million from USD 1.8

million, due to a decline in importation of oil and industrial raw materials, while capital goods declined to USD 1.4 million from USD 1.7 million.

Likewise, on annual basis, imports maintained an upward trend from USD 61.6 million in April 2003 to USD 67.1 million in the period under review, largely due to import of new marine vessels and increased construction activities.

Services Account

Services account recorded a deficit of USD 0.5 million in April 2004, compared with a surplus of USD 1.3 million recorded in March 2004, mainly on account of a decline in services receipts from USD 4.1 million to USD 0.5 million, associated with low season in tourism activities. On annual basis, the services account worsened from a surplus of USD 26.1 million in April 2003 to a deficit of USD 17.6 million.

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.

Table A1: Selected Economic Indicators										
Item	Unit	1995	1996	1997	1998	1999	2000	2001	2002	2003
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 <i>£c</i> (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	1,129.7
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	1,972.8
5.3 Balance of Visible Trade	Mill. USD	-657.6	-448.9	-395.4	-793.7	-872.1	-704.3	-783.9	-608.8	
5.4 Balance on Current Account	Mill. USD	-646.4	-461.3	-403.4	-905.4	-829.5	-498.6	-480.0	-251.1	
5.5 Overall Balance	Mill. USD	-329.5	-146.9	-199.8	-505.8	-109.0	-35.1	17.5	328.8	
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	1,038.4
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) **	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	1,730,493.8
6.1 Percentage Change	Per cent	26.1	11.6	11.0	11.1	15.0	12.5	12.8	22.2	15.5
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	523,110.5
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	570,802.4
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	702,662.3	870,710.8	1,088,896.5	1,356,496.5
7. Public Finance		1995/96	1996/97	1997/98	1998/99	1999/00	2000/01	2001/02	2002/03	2003/04***
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	1,205,308.0
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	1,468,025.9
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	467,726.3
7.4 Adjustment to cash and other items (net)	Mill. TZS	-96,001.9	-60,916.8	-47,720.9	-22,510.9	-2,444.3	-25,447.4	3,203.8	-16,662.9	132,680.8
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	-99,898.5
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	298,478.4
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	7,908.8
Disbursed Debt	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	6,734.0
Interest	Mill. USD	1,086.3	1,130.8	978.2	948.8	1,089.4	1,086.5	904.3	1,035.1	1,174.8
Source: Bank of Tanzania and National Bureau of Statistics										
Source: Ministry of Finance and Bank of Tanzania										
Note: * Provisional data; ** For the current year, position is at end-April 2004										
*** cumulative for July 2003 - April 2004										
**** Debt position is given on financial year basis (end of period); for 2003/04, it is at end-April 2004										

Table A2: Central Government Operations (Actual)

Item	Millions of TZS											
	BUDGET 2003/2004	Revised Budget	2003						Cumulative from July			
			Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr
Total Revenue	1,393,026.0	1,400,605.2	103,218.6	209,645.0	343,882.8	460,805.8	573,503.3	713,511.2	833,885.2	949,240.2	1,089,259.2	1,205,308.0
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	653,295.7	764,845.7	872,669.7	1,001,890.7	1,109,140.0
Taxes on Imports	561,554.0	564,845.7	44,367.5	87,888.5	138,544.7	186,102.9	233,358.0	283,883.1	331,700.1	380,775.1	428,955.1	476,475.6
Sales/VAT and Excise on Local Goods	328,018.0	320,872.4	25,581.9	48,493.4	75,612.3	103,207.9	129,964.6	157,552.5	186,821.5	216,691.5	242,805.5	270,510.7
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
Income Taxes	310,327.0	315,417.6	19,536.7	40,073.1	78,694.5	103,999.9	125,526.5	171,450.1	197,929.1	220,496.1	267,872.1	294,806.4
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
Non-tax Revenue	128,865.0	127,375.3	8,274.6	16,318.6	28,443.3	40,264.1	51,025.8	60,215.5	69,039.5	76,570.5	87,368.5	96,168.0
Total Expenditure /1	2,418,336.9	2,559,090.4	147,098.5	331,409.1	506,654.9	682,521.3	821,691.3	1,045,861.4	1,271,822.4	1,427,406.3	1,722,673.5	1,935,752.1
Recurrent expenditure	1,610,897.3	1,755,670.6	100,499.5	238,755.5	368,455.6	516,085.0	624,801.9	768,591.9	938,831.9	1,068,940.1	1,300,055.3	1,468,025.9
Roadtoll fund	75,043.0	73,649.2	5,977.6	10,803.1	18,339.7	23,452.1	26,893.8	34,486.7	40,824.7	46,081.7	54,594.7	60,671.8
Retention fund	49,183.7	49,183.7	3,511.1	8,136.4	13,313.5	17,839.8	22,408.4	25,915.8	29,495.8	34,719.8	38,530.8	42,996.5
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	268,602.4	307,037.7	345,781.1	384,786.6
Interest payments	134,807.4	134,807.4	2,814.7	11,257.9	28,314.2	32,919.3	36,669.6	49,737.6	58,553.6	62,219.5	82,142.4	88,504.6
Domestic /2	71,852.0	71,852.0	1,613.3	4,852.7	15,795.9	18,420.5	18,592.4	28,380.7	33,801.7	36,018.8	48,714.1	50,048.8
Foreign	62,955.4	62,955.4	1,201.4	6,405.2	12,518.4	14,498.8	18,077.2	21,356.8	24,751.8	26,200.7	33,428.3	38,455.8
Other goods, services and transfers	862,590.7	1,058,886.5	64,278.0	155,634.0	225,715.0	330,502.0	397,042.0	489,073.0	611,676.0	699,662.8	872,131.8	994,734.7
Dev. Expenditure and net lending	807,439.7	803,419.8	46,599.1	92,653.6	138,199.3	166,436.3	196,889.4	277,269.4	332,990.4	358,466.3	422,618.3	467,726.3
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	67,406.1	72,717.1	107,717.1	128,041.2
Foreign	667,348.7	667,348.8	34,924.7	69,304.9	101,467.2	123,704.2	149,157.3	221,537.3	265,584.3	285,749.2	314,901.2	339,685.1
Overall Balance (cheque issued) before Grants	-1,025,310.9	-1,158,485.2	-43,879.9	-121,764.1	-162,772.1	-221,715.5	-248,188.0	-332,350.2	-437,937.2	-478,166.1	-633,414.3	-730,444.1
Grants	727,650.1	725,878.9	99,917.1	179,962.4	209,211.0	216,805.7	233,397.6	383,468.6	407,913.6	428,362.8	459,734.6	478,964.7
Program (CIS/OGL)	259,922.3	279,491.9	79,211.8	138,177.0	140,106.6	140,113.7	140,120.0	256,882.2	256,885.2	260,125.2	271,678.5	278,500.1
Project	240,708.1	240,708.0	2,327.1	5,221.8	23,678.0	26,961.2	34,922.6	41,885.6	53,440.6	60,829.0	68,840.1	76,851.2
Basket funds	123,594.7	123,595.0	13,024.6	27,552.7	29,245.7	29,408.6	30,985.8	30,985.8	57,995.8	58,105.6	62,473.5	62,473.5
HIPC Relief	103,425.1	82,084.0	5,353.7	9,010.9	16,180.7	20,322.1	27,369.1	33,715.1	39,592.1	49,303.0	56,742.6	61,140.0
Overall deficit (cheq issued) after Grants	-297,660.8	-432,606.3	56,037.2	58,198.3	46,438.8	-4,909.8	-14,790.5	51,118.5	-30,023.5	-49,803.3	-173,679.7	-251,479.4
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
Adjustments to cash and other items (net)	-0.3	-0.4	10,734.8	52,833.2	61,711.2	634.2	14,933.3	36,978.9	54,469.3	47,162.5	112,862.6	132,680.8
Overall Balance (cheques issued)	-297,661.1	-432,606.7	-13,268.9	25,630.3	21,657.6	-91,285.9	-87,867.7	-1,392.8	-65,102.5	-92,189.1	-150,365.3	-208,346.8
Financing:	297,661.1	432,606.7	13,268.9	-25,630.3	-21,657.6	91,285.9	87,867.7	1,392.8	65,102.5	92,189.1	150,365.3	208,346.8
Foreign Financing (net)	287,261.0	350,868.6	14,452.1	128,973.1	132,305.9	176,638.8	185,675.6	223,666.7	244,030.0	284,708.4	288,237.2	298,478.4
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	366,512.2
Program loans	145,125.0	165,229.0	0.0	104,897.9	104,897.9	134,994.9	134,994.9	134,994.9	134,994.9	168,053.4	168,053.4	168,053.4
Development Project loans	232,063.8	232,063.8	19,573.1	34,628.5	46,641.6	65,432.4	81,347.0	126,764.3	152,246.6	164,913.2	181,686.0	198,458.8
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
Amortization	-160,909.8	-117,406.2	-5,121.0	-12,455.2	-21,135.5	-25,690.4	-32,568.2	-39,994.4	-45,113.5	-50,160.1	-63,404.1	-69,935.7
Domestic (net)	10,400.0	81,738.1	-1,183.2	-154,603.4	-153,963.6	-85,352.9	-97,807.9	-222,273.9	-178,927.5	-192,519.4	-137,871.9	-90,131.6
Domestic Financing	21,357.3	82,694.9	-1,183.2	-154,603.4	-160,030.4	-91,419.7	-103,874.7	-228,340.7	-184,994.3	-198,586.2	-147,638.8	-99,896.5
Bank borrowing	21,357.3	82,694.9	-27,484.6	-193,871.4	-196,964.4	-149,004.4	-134,446.8	-269,829.9	-213,398.4	-211,869.1	-167,387.5	-127,680.8
Non-Bank (net of amortization)	0.0	0.0	26,301.4	39,268.0	36,934.0	57,584.6	30,572.1	41,489.2	28,404.1	13,282.9	19,748.8	27,782.3
Amortization of contingent debt	-27,957.2	-17,956.8	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Privatization Proceeds	17,000.0	17,000.0	0.0	0.0	0,066.8	6,066.8	6,066.8	6,066.8	6,066.8	6,066.8	9,766.8	9,766.8

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 shs 9,493,500 million

Monetary Survey															Millions of TZS	
End of Period	Domestic assets (net)				M3,	Extended Broad Money						Memorandum				
	Domestic credit (net)					M2,			Broad Money			item:				
1	Net		Claims on the private sectors*	Other items (net)	Total	M1,		Narrow Money			M0 Base Money					
	Foreign assets	Claims on government				Currency in circulation	Demand deposits	Time deposits	Savings deposits	Foreign currency deposits	Total	of which:				
Period	2	3	4	5	6	7	8	9	10	11	12	13	14	15		
					sum (9-13)	sum (9-12)	sum (9,10)	outside banks					sum (9,15)	Reserves		
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	545,170.0	307,798.7	237,718.3	134,401.0	165,011.4	182,055.2	726,527.2	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	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	354,381.0	208,101.4	259,545.7	403,063.7	996,008.0	584,369.1		
2002	1,558,627.1	264,608.6	570,668.3	-59,986.1	2,047,683.1	1,507,386.5	958,786.6	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	332,465.4	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	333,749.5	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	681,295.7		
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	507,444.2	246,719.6	330,917.5	647,109.1	1,113,365.3	639,661.8		
Jul	1,909,018.3	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	533,545.5	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	374,836.3	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	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	-137,238.9	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	2,430,409.3	1,730,493.8	1,093,912.9	523,110.5	570,802.4	248,346.7	388,234.2	719,915.6	1,329,213.0	806,102.5		
Claims on other domestic sectors (net)*																
* Bank of Tanzania																

Table A3b: Weighted Average Interest Rates of Commercial Banks (percentage per annum)

Item	2003									2004			
	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr
A. Domestic Currency													
1. Interbank Cash Market Rates:													
Overnight	6.48	5.09	4.64	6.47	6.37	5.46	9.86	6.47	6.29	9.69	3.54	3.36	3.55
2 to 7 days	6.66	5.36	4.59	7.40	6.21	6.01	9.38	6.06	6.52	8.83	4.04	3.57	3.51
8 to 14 days	6.76	4.95	5.12	6.55	6.30	6.57	10.14	7.11	6.98	9.49	4.13	4.54	4.40
15 to 30 days	6.21	5.11	6.79	6.54	6.61	6.61	9.82	7.32	6.73	8.70	6.63	6.77	7.77
31 to 60 days	6.09	6.01	6.47	6.09	6.35	7.00	7.83	6.89	7.39	8.28	5.98	6.67	7.69
61 to 90 days	3.75	3.75	5.50	6.65	6.65	6.65	6.65	7.10	8.00	7.96	6.50	6.50	8.25
91 to 180 days	6.84	5.80	5.73	6.79	6.10	7.14	7.59	7.05	7.80	7.46	7.31	7.56	8.05
181 and above	6.40	6.62	4.66	4.66	6.82	7.43	7.94	7.44	7.44	8.83	7.66	8.37	8.38
Overall interbank cash market rate	6.49	5.26	4.81	6.63	6.35	5.66	9.78	6.47	6.37	9.50	3.80	3.75	3.88
2. Lombard Rate										14.27	15.45	9.61	10.15
3. REPO Rate					6.97	6.24	7.00	6.75	6.75	4.78	4.41	4.00	4.00
4. Treasury Bills Rates:													
35 days	5.10	5.40	5.80	6.40	6.20	6.70	6.20	6.30	5.70	6.70	6.40	6.80	7.40
91 days	6.00	5.40	6.10	6.50	6.30	7.30	7.10	7.00	7.60	7.10	7.20	7.50	8.00
182 days	5.80	5.10	5.80	6.70	6.30	7.30	7.30	7.20	7.60	7.60	7.60	6.50	8.10
364 days	6.30	5.20	5.90	6.30	6.70	7.40	7.50	7.60	7.90	7.80	7.60	6.40	8.10
Treasury bills rate	5.90	5.30	5.90	6.50	6.40	7.20	7.20	7.20	7.70	7.50	7.30	7.60	7.90
5. Treasury Bonds:													
2 years	5.19	6.32	6.69	7.46	7.53	7.85	7.87	7.92	8.35	8.57	7.39	7.39	9.03
5-years	6.58	6.85	7.60	7.28	6.69	6.69	9.19	9.36	9.60	10.15	10.15	10.24	9.55
7-years	6.93	7.05	7.72	8.04	7.97	8.72	10.08	10.27	10.47	10.74	10.83	11.12	10.48
10-years	7.79	8.13	8.54	8.86	8.86	9.97	11.46	11.64	11.97	11.53	11.83	11.80	11.55
6. Discount Rate													
	11.08	10.38	10.58	11.60	11.60	11.98	12.10	12.10	12.34	12.55	12.40	12.50	12.92
7. Savings Deposit Rate													
	2.55	2.52	2.53	2.41	2.42	2.44	2.45	2.45	2.45	2.44	2.42	2.43	2.42
8. Time Deposits Rates													
Call Accounts	3.53	3.55	3.50	3.46	3.41	3.34	3.71	3.63	3.87	3.84	4.20	4.12	4.03
Call Accounts	1.21	0.97	0.71	0.58	0.77	0.68	0.72	0.70	0.73	0.68	0.86	0.89	1.35
1 month	1.74	2.39	3.92	2.97	3.37	2.95	3.43	2.71	2.75	2.19	2.21	3.00	3.09
3 months	2.89	2.45	2.77	2.78	2.54	2.93	3.26	3.36	4.30	5.10	4.33	3.86	3.49
6 months	4.15	4.23	3.71	3.55	3.58	3.52	4.19	4.31	4.92	3.49	4.99	5.14	4.73
12 months	5.98	5.97	5.09	4.97	4.72	5.03	4.93	5.14	5.04	5.31	5.33	5.61	5.32
24 months	4.16	4.05	4.10	4.86	4.85	4.70	4.94	4.52	4.35	4.25	5.63	4.80	4.87
9. Negotiated Deposit Rates													
	5.46	5.58	5.45	5.62	6.15	5.49	5.70	5.52	7.74	6.81	7.35	7.88	7.76
10. Lending rates													
Call Loans	15.15	14.47	14.08	15.06	14.46	14.47	14.10	14.23	13.83	13.86	13.35	13.46	13.28
Call Loans	23.65	23.65	23.65	23.65	18.12	17.62	17.62	17.62	17.62	17.62	17.13	17.13	15.24
Short-term (up to 1 year)	16.46	16.33	16.39	17.20	16.70	15.52	15.34	15.66	15.65	15.58	15.50	15.58	14.75
Medium-term (1-2 years)	16.91	15.77	14.57	14.48	15.37	15.94	16.96	17.83	17.23	17.19	17.14	17.12	17.36
Medium-term (2-3 years)	12.70	12.49	13.38	13.26	11.38	11.68	10.61	11.38	10.53	10.33	9.89	9.87	11.36
Long-term (3-5 years)	13.91	12.05	10.88	13.97	12.34	12.29	12.04	12.38	12.50	12.86	12.12	12.51	12.16
Term Loans (over 5 years)	15.76	15.72	15.20	16.38	16.51	16.95	15.53	13.91	13.26	13.34	12.12	12.20	10.78
11. Negotiated Lending Rates													
	9.06	9.27	9.42	9.16	8.52	9.44	8.27	10.14	8.43	8.36	8.15	7.53	8.38
B. Foreign Currency													
1. Deposits Rates													
Call Account	0.60	0.38	0.37	0.39	0.39	0.39	0.39	0.19	0.26	0.26	0.43	0.41	0.23
Saving Deposits	0.93	0.93	0.92	0.97	0.95	0.98	0.95	0.97	0.99	0.83	0.74	0.75	0.83
Time Deposits	1.20	1.26	1.23	1.07	1.06	1.01	1.17	1.30	0.94	0.94	0.97	1.16	1.59
1-months	0.83	0.96	0.89	0.66	0.61	0.69	0.59	0.73	0.81	0.67	0.82	0.77	0.88
3-months	1.19	0.86	0.93	0.97	0.78	0.92	1.34	1.14	1.07	1.10	1.05	1.11	1.56
6-months	1.22	1.50	1.70	1.31	1.29	1.25	1.09	1.26	1.17	1.12	1.15	1.18	1.16
12-months	1.31	1.26	1.22	1.19	1.19	1.22	1.32	1.74	1.17	1.21	1.15	1.65	3.13
2. Lending Rates													
Short-term (up to 1 year)	7.81	7.39	7.52	7.36	7.40	7.39	7.33	7.60	7.40	7.34	7.56	7.29	7.29
Short-term (up to 1 year)	7.57	6.25	6.97	6.62	6.92	7.08	6.93	7.06	6.81	6.87	6.76	6.74	6.24
Medium-term (1-2 years)	7.55	7.93	7.88	7.82	7.61	7.66	7.54	8.54	8.41	7.85	8.20	7.53	8.06
Medium-term (2-3 years)	8.57	8.44	8.71	7.72	7.74	7.55	7.58	7.68	7.24	7.49	8.11	7.83	7.92
Long-term (3-5 years)	7.55	6.96	6.52	7.27	7.34	7.26	7.25	7.12	7.14	7.14	7.15	7.06	6.94

Source: Bank of Tanzania

Table A4 : Tanzania's Balance of Payments						
	Millions of USD					
Item	1997	1998	1999	2000p	2001p	2002p
A. Current Account Balance	-403.4	-905.4	-829.5	-498.6	-480.0	-251.1
Goods:						
Exports (f.o.b)	752.6	588.5	543.3	663.3	776.4	902.5
Traditional	435.3	356.3	301.2	292.8	231.1	206.1
Non-traditional	317.2	232.2	242.1	370.5	545.3	696.5
Imports (f.o.b)	-1,148.0	-1,382.1	-1,415.4	-1,367.6	-1,560.3	-1,511.3
Balance on Goods	-395.4	-793.6	-872.1	-704.3	-783.9	-608.7
Services:						
Credit	482.4	521.3	600.3	627.3	679.3	665.8
Transportation	59.4	41.8	53.7	56.8	68.4	61.2
Travel	339.0	399.0	463.7	376.7	412.8	437.1
Other	83.9	80.4	82.8	193.8	198.1	167.5
Debit	-800.2	-955.3	-795.0	-682.4	-689.5	-712.5
Transportation	-205.7	-224.7	-189.9	-205.7	-194.2	-176.7
Travel	-407.2	-493.3	-369.7	-337.3	-327.3	-337.4
Other	-187.4	-237.3	-235.4	-139.4	-168.0	-198.3
Balance on Services	-317.9	-434.1	-194.8	-55.1	-10.3	-46.7
Balance on Goods and Services	-713.3	-1,227.7	-1,066.9	-759.3	-794.2	-655.5
Income						
Credit	43.0	44.4	49.0	50.4	55.3	74.3
Debit	-164.8	-149.4	-148.3	-180.4	-140.5	-90.6
Direct investment income	-0.2	-8.2	-16.8	-13.2	-1.1	-2.0
Interest payments (scheduled)	-163.9	-124.8	-116.0	-146.9	-117.3	-67.6
Compensation of employees	-0.6	-16.5	-15.4	-20.3	-22.1	-21.1
Balance on Goods, Services and Income	-835.1	-1,332.7	-1,166.1	-889.4	-879.4	-671.8
Current transfers:	431.7	427.3	336.6	390.8	399.4	420.7
Credit	499.3	454.2	445.6	463.7	469.5	472.9
Government	433.6	421.0	411.4	427.8	418.4	427.7
Multilateral HIPC relief	0.0	0.0	0.0	40.6	71.3	68.8
Other sectors	65.7	33.2	34.2	35.9	51.1	45.2
Debit	-67.7	-26.9	-109.0	-72.9	-70.0	-52.3
B. Capital Account	270.9	252.4	270.6	330.4	365.2	354.1
Capital transfers:						
Credit	270.9	252.4	270.6	330.4	365.2	354.1
General Government	259.9	235.9	256.4	314.7	342.9	324.0
Other sectors	11.0	16.5	14.2	15.7	22.3	30.1
Total, Groups A plus B	-132.5	-653.0	-558.9	-168.2	-114.8	103.0
C. Financial acc., excl. reserves and related items	236.3	-166.1	613.3	572.5	98.2	306.8
Direct investment in Tanzania	157.8	172.2	516.7	463.4	327.2	240.4
Other investment	78.5	-338.3	96.6	109.1	-229.0	66.4
Total, Groups A through C	103.7	-819.1	54.3	404.4	-16.6	409.8
D. Net Errors and Omissions	-303.6	313.3	-163.3	-439.5	34.1	-81.0
Overall balance (Total, Groups A through D)	-199.8	-505.8	-109.0	-35.1	17.5	328.8
E. Reserves and Related Items :	199.8	505.8	109.0	35.1	-17.5	-328.8
Reserve assets	-182.0	21.8	-175.5	-197.3	-186.6	-372.4
Use of Fund credit and loans	77.4	11.0	51.3	49.4	15.6	26.0
Exceptional financing:	304.4	473.0	233.2	183.0	153.5	17.6
Rescheduled debt	227.3	366.7	84.6	10.0	131.4	0.0
Interest arrears	14.6	73.1	92.7	81.2	14.4	18.4
Principal arrears	62.5	33.2	55.9	91.8	7.7	-0.8
Memorandum items:						
GDP(mp) Millions of TZS	4,708,627.0	5,571,641.0	6,432,911.1	7,225,684.8	8,260,408.9	9,180,944.7
GDP(mp) Millions of USD	7,692.3	8,382.4	8,635.9	9,027.6	9,425.5	9,498.3
CAB/GDP	-5.2	-10.8	-9.6	-5.5	-5.1	-2.6
CAB/GDP (excl. current official transfers)	-10.9	-15.8	-14.4	-10.3	-9.5	-7.1
Gross Official Reserves	623.1	599.0	775.6	974.4	1,156.6	1,529.0
Months of Imports	3.8	3.1	4.2	5.7	6.2	8.3
Net International Reserves (year end)	272.6	283.7	405.1	542.7	761.2	1,058.4
Change in Net International Reserves	-84.4	-11.1	-121.4	-137.6	-218.5	-297.2
Exchange rate (end of period)	624.6	681.0	797.3	803.3	916.3	976.3
Exchange rate (Annual Average)	612.1	664.7	744.9	800.4	876.4	966.6
Notes:						
1) Imports data (f.o.b) for 1999 - 2001 have been revised using new ratios for freight and insurance services.						
2) Following changes in the ratios of freight and insurance services to the total imports (c.i.f), figures for services account have consequently been revised.						
3) All other revisions for 2001 data are done to accommodate new information received during 2002.						
4) Beginning 2000 onwards, all data for direct investment are provisional.						
5) GDP-Gross Domestic Product, mp-Market price, CAB-Current Account Balance, p = provisional						
Source: Bank of Tanzania						