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MESSAGE FROM THE GOVERNOR

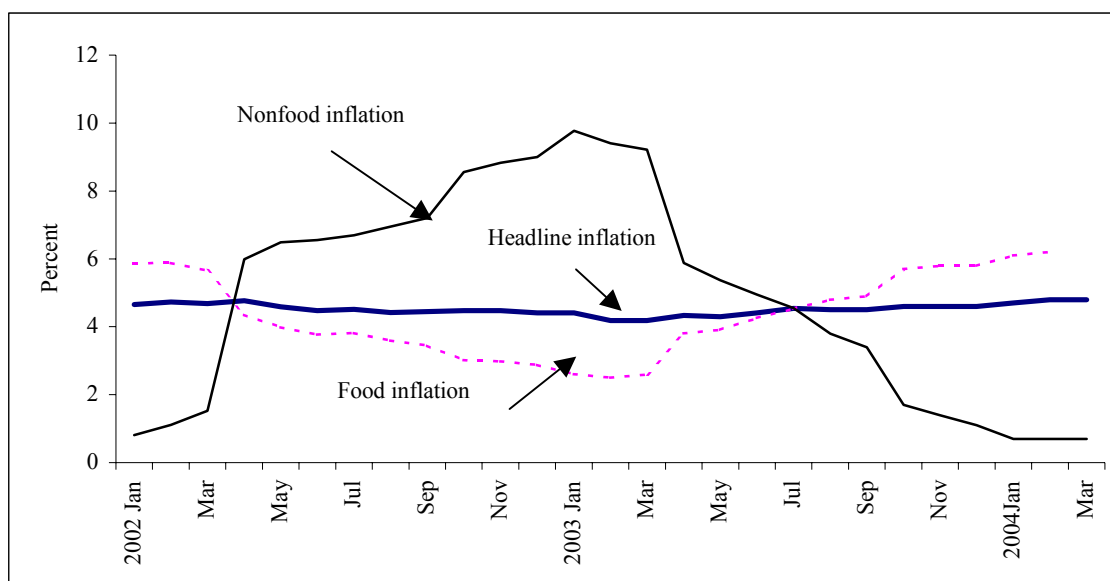
Despite the spike in the annual inflation rate in April 2004, the underlying inflation rate in Tanzania remains very low. There was a sharp increase in the prices of foodstuffs during the month of April 2004, particularly the food grains (rice, maize and sorghum). As a consequence, the annual food inflation rate jumped to 8.8 percent in April 2004, partly a reflection of food shortages emanating from the poor harvest in 2003. The non-food annual inflation rate was slightly negative, at -0.2 percent. The April spike in the inflation was unexpected and is likely to be short-lived. Already, food prices have been falling sharply in May 2004, as reported in the media. Food prices are likely to fall further in the coming months as the new crop gets into the market. Weather conditions have generally been more favourable than in 2003, which should result in a larger harvest and the easing of pressure on the overall price level during the remainder of 2004. It is expected that the inflation rate would at the same time resume its downward trajectory.

Inflation Developments

Headline Inflation

The annual headline inflation stood at 4.8 percent in the year ending March 2004, the same rate as recorded in February 2004. However, during the month under review, consumer prices for both food and non-food items went up in relation to the previous month causing an increase of 1.9 percent in the monthly headline inflation rate between February and March 2004.

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



Non-food Inflation

During the year ending March 2004, non-food inflation edged up slightly to 0.8 percent, up from 0.7 percent recorded in the year ended January and February 2004. On a month-to-month basis, non-food inflation fell to 0.3 percent in March 2004 from 0.4 percent in February 2004 as prices of personal care and health, education items and entertainment declined.

Food Inflation

In the year ending March 2004, annual food inflation eased to 6.1 percent from 6.2 percent recorded in February 2004, reflecting a gradual weakening of the inflationary pressure from food prices. During March 2004, food supply improved modestly following the on-set of harvest season for some food crops in some parts of the country. As a result, there was a slow down in the month-to-month food inflation from 4.1 percent in February 2004 to 2.4 percent in March 2004.

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

Major Commodity Group	Weight %	Feb 2004	% Change Feb 03 to Feb 04	Mar 2003	Mar 2004	% Change Mar 03 to Mar 04	% Change Feb 04 to Mar 04
Food	71.2	274.2	+6.2	264.7	280.9	+6.1	+2.4
Fuel, Power and Water	4.7	350.7	+3.3	341.3	354.0	+3.7	+0.9
Drinks and Tobacco	4.4	184.4	-0.6	185.9	184.4	-0.8	0.0
Rents	3.9	217.3	+4.6	207.8	217.3	+4.6	0.0
Clothing & Footwear	3.7	203.1	-3.2	209.9	203.3	-3.2	+0.1
Furniture & Household Equipment	2.5	204.4	+0.1	204.4	204.8	+0.1	+0.2
Personal Care & Health	2.2	158.9	-0.6	160.4	158.5	-1.2	-0.3
Education	1.5	207.4	-1.8	211.7	207.2	-2.1	-0.1
Household Operations & Maintenance	1.5	169.5	+0.8	167.4	170.3	+1.7	+0.5
Recreation & Entertainment	1.2	175.8	-0.1	176.2	174.3	-1.1	-0.9
Transportation	1.2	251.2	+0.4	251.4	251.2	-0.1	-0.1
Miscellaneous Goods and Services	2.0	158.3	-2.8	162.6	158.5	-2.5	+0.1
TOTAL	100.0	258.5	4.8	251.4	263.4	+4.8	+1.9

Source: National Bureau of Statistics (NBS)

Chart 2: Annual Percentage Changes in Selected CPI Sub-group Indices

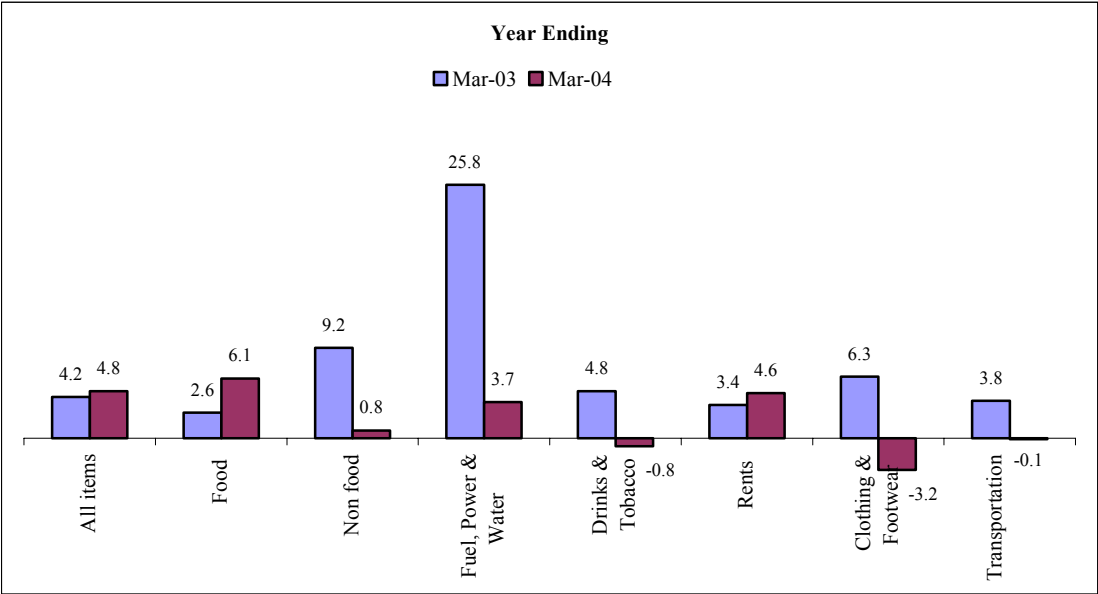


Table 2: Actual and Seasonally Adjusted Inflation Rates, Tanzania Mainland

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

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 March 2004, liquidity condition in the banking system was generally high, mainly due to net injection through open market operations (OMO) following higher redemptions of Treasury bills and repos, and the substantial decline in government deposits at the Bank (**Table 3**). In light of the liquidity situation, the Bank intervened in the interbank foreign exchange market (IFEM) by selling USD 52.6 million on net basis. Thus, reserve money (M0) stood at TZS 802.9 billion at the end of March 2004, being higher by TZS 59.1 billion, when compared to TZS 743.8 billion recorded at end-February 2004.

Net domestic assets (NDA) of the BoT increased substantially by TZS 173.7 billion to TZS – 661.1 billion at the end of March 2004, following a substantial decline in government deposits at the BoT by TZS 61.5 billion to cater for various government obligations, and net injection through OMO amounting to TZS 66.9 billion. In particular, Treasury bills market experienced a net injection of TZS 15.0 billion, while repos injected TZS 51.9 billion.

On the other hand, net foreign assets (NFA)¹ of the Bank fell by TZS 114.6 billion, from TZS 1,578.6 billion at the end of February 2004 to TZS 1,464.0 billion at the end of March 2004, partly due to sale of USD 52.6 million in the IFEM, payment of government external obligations, and a slight appreciation of the shilling against major currencies. In line with the increase in M0 in March 2004, the annual growth rate of M0 rose substantially to 23.6 percent in March 2004, compared to 9.6 percent recorded in February 2004.

¹ Gross Official Reserves of the BoT reached USD 1,973.16 million at end-March 2004, equivalent to 8.2 months of imports of goods and services (GNS) from USD 2,045.7 million recorded in February 2004.

Table 3: Developments in Selected Reserve Money Items**(In TZS billions)**

Item	Feb-03	Mar-03	Feb-04	Mar-04	Change		% Annual Growth	
					Feb-Mar		Feb-04	Mar-04
					2003	2004		
Reserve Money	678.8	649.6	743.8	802.9	-29.2	59.1	9.6	23.6
Currency outside BoT	518.0	502.6	573.4	576.3	-15.4	2.9	10.7	14.7
Banks deposits	160.7	147.0	170.4	226.5	-13.8	56.1	6.0	54.1
Net foreign assets	1022.2	1049.4	1578.6	1464.0	27.2	-114.6	54.4	39.5
o/w Net international reserves	1064.0	1091.2	1619.8	1505.2	27.2	-114.6	52.2	37.9
Net domestic assets	-343.4	-399.8	-834.8	-661.1	-56.4	173.7	143.1	65.3
Net Domestic Credit	-17.7	-55.3	-244.1	-182.6	-37.6	61.5	1282.9	230.2
Claims on government	141.3	141.3	142.0	142.0	0.0	0.0	0.5	0.5
Government deposits	158.9	196.6	386.1	324.6	37.6	-61.5	143.0	65.1
Liquidity papers	286.4	288.9	363.9	349.0	2.4	-15.0	27.1	20.8
Repos	0.0	17.8	56.9	5.0	17.8	-51.9
Valuation Account	297.3	300.3	481.0	461.7	3.0	-19.3	61.8	53.8
Other	-39.3	-37.9	-169.8	-124.6	1.4	45.3	331.8	228.7

Source: Bank of Tanzania, Monetary and Financial Affairs Department.

Money Supply Aggregates

During March 2004, developments in monetary aggregates were mixed. Extended broad money supply, M3, decreased by TZS 19.8 billion to TZS 2,477.7 billion. The downturn in M3 was largely caused by the decline in foreign currency deposits in commercial banks following an appreciation of the shilling, as reflected by a decline in the valuation account of the net foreign assets of the banking system.

Broad money supply, M2, which is total money supply excluding foreign currency deposits rose by TZS 14.3 billion between February and March 2004. The increase in M2 is mainly attributed to a rise in fixed time deposits in commercial banks, suggesting client positive response to the improvement in interest rates paid to time deposits during March 2004. For instance, the interest rate on 1-month deposit improved significantly to 3.0 percent from 2.2 percent in February 2004.

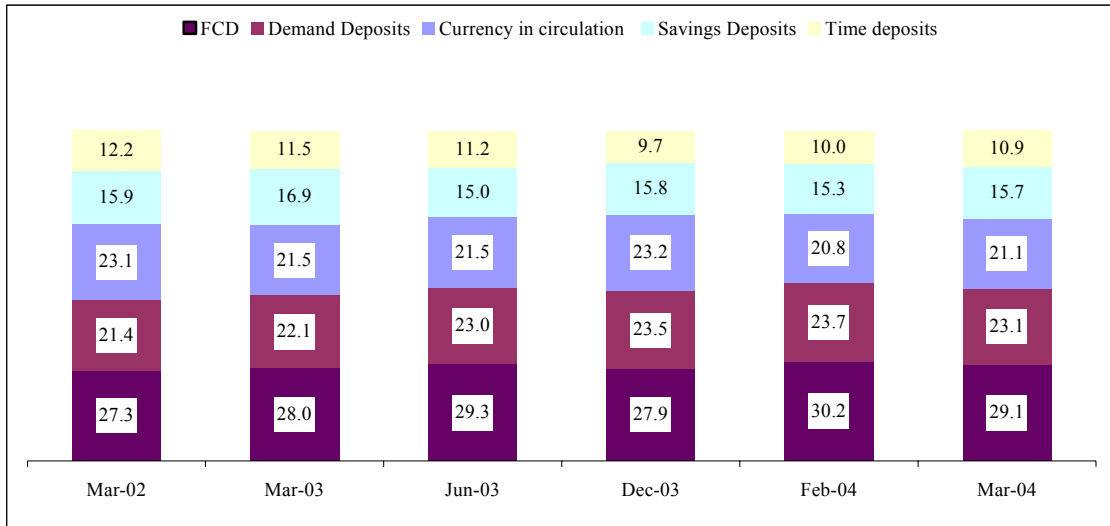
Narrow money, M1, which represents transactions balances in the economy and defined as currency in circulation and demand (current) deposits, declined by TZS 14.1 billion. Currency in

circulation went up by TZS 3.6 billion, while demand deposits fell by TZS 17.7 billion as most corporate clients used their demand deposits to pay for tax obligations for the quarter ending March 2004.

From the sources side, the contraction in money supply was largely explained by net foreign assets (NFA) of the banking system that fell substantially by TZS 140.2 billion between February and March 2004. The fall in NFA stemmed from a substantial decline in the net international reserves of the Bank of Tanzania by TZS 114.6 billion and a fall in net foreign assets of commercial banks by TZS 25.6 billion. During the month under review, the Bank sold foreign exchange to ease the demand pressure in the IFEM, whereas the decline in foreign exchange deposits is associated with the increase in import demand. On the contrary, net domestic assets (NDA) of the banking system registered a significant increase of TZS 101.1 billion during the month under review, following an increase in domestic credit from the banking system by TZS 59.6 billion and a surge in other items net by TZS 41.5 billion.

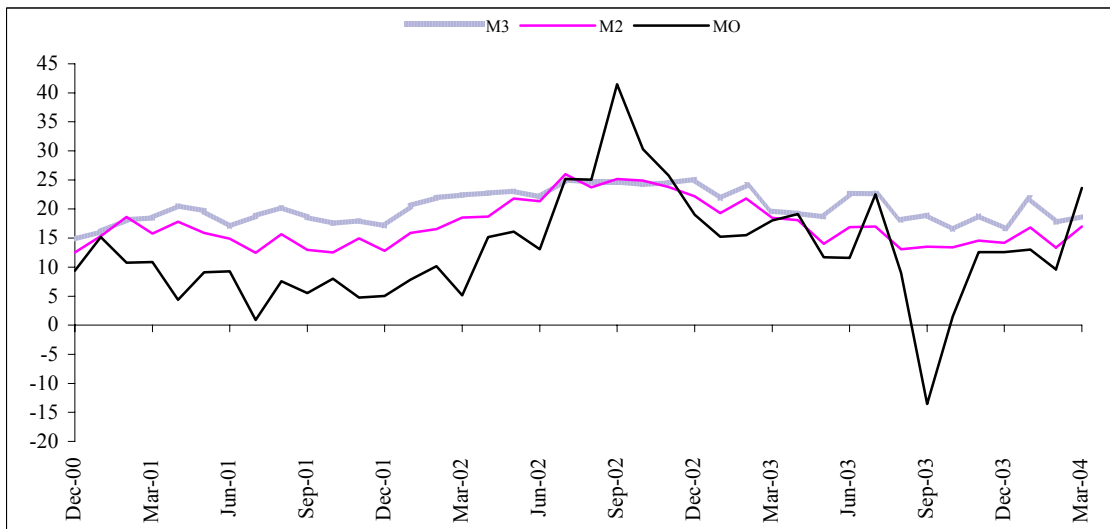
As regards the components of monetary aggregates, the ratio of currency in circulation to M3, which reflects public's preference for holding cash picked-up slightly from 20.8 percent in February to 21.1 percent in March 2004, whereas that of foreign currency deposits (a measure of degree of *dollarization* in the economy) dropped to 29 percent from 30.2 percent in response to the appreciation of the shilling recorded in February 2004 (**Chart 3**).

Chart 3: Components of Money Supply as Percentage of M3



Annual M3 growth in March 2004 accelerated to 18.7 percent from 17.7 percent growth recorded during the year ended February 2004, while M2 growth went up sharply to 17.0 percent in March 2004 from 13.3 percent in February 2004 (**Chart 3**). It is noteworthy that the growth rates of M3 and M2 recorded in the year ending March 2004 were all above the projected growth band of 12 to 17 percent for the year ending June 2004. As regards the annual growth rate of reserve money, it accelerated from 9.6 percent in the year ending February 2004 to 23.6 percent in March 2004.

Chart 4: Annual Growth Rates of Monetary aggregates (In percent)

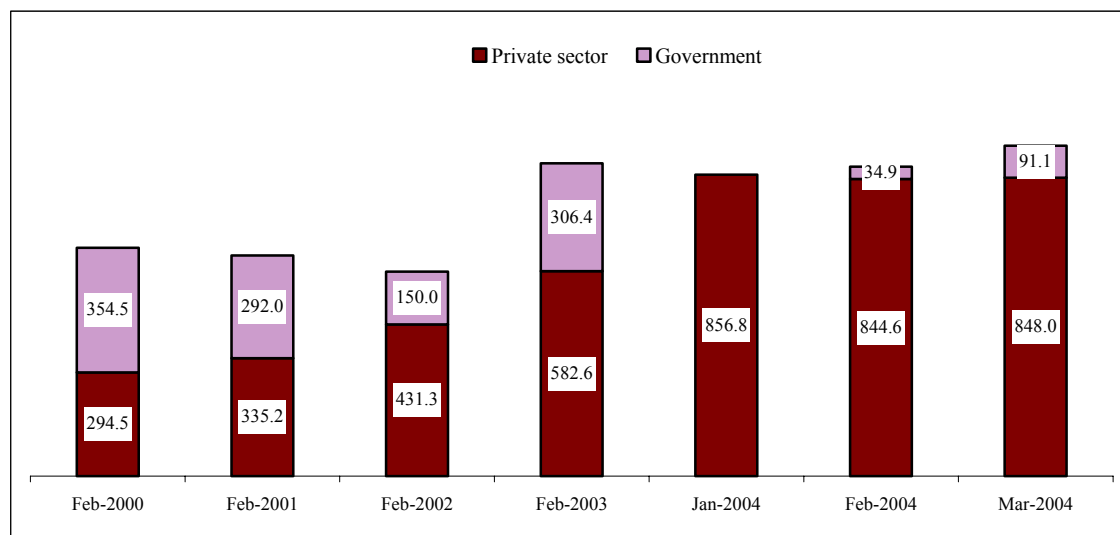


Credit Developments

During March 2004, total domestic credit recorded an increase of TZS 59.6 billion. Government indebtedness to the BoT (net claims of the banking system on the Government) rose by TZS 61.5 billion owing to the decline in government deposits at the Bank, while the Government made a net repayment of TZS 5.3 billion to commercial banks. Consequently, the Government indebtedness to the banking system went up by TZS 56.2 billion between February 2004 and March 2004, reaching TZS 91.1 billion (**Chart 5**).

On the other hand, credit to the private sector from commercial banks increased by TZS 3.4 billion to TZS 848.0 billion at the end of March 2004 from TZS 844.6 billion recorded in the previous month. The annual growth of commercial banks' credit to private sector slowed down from 45 percent recorded in February 2004 to 41.8 percent, in March 2004.

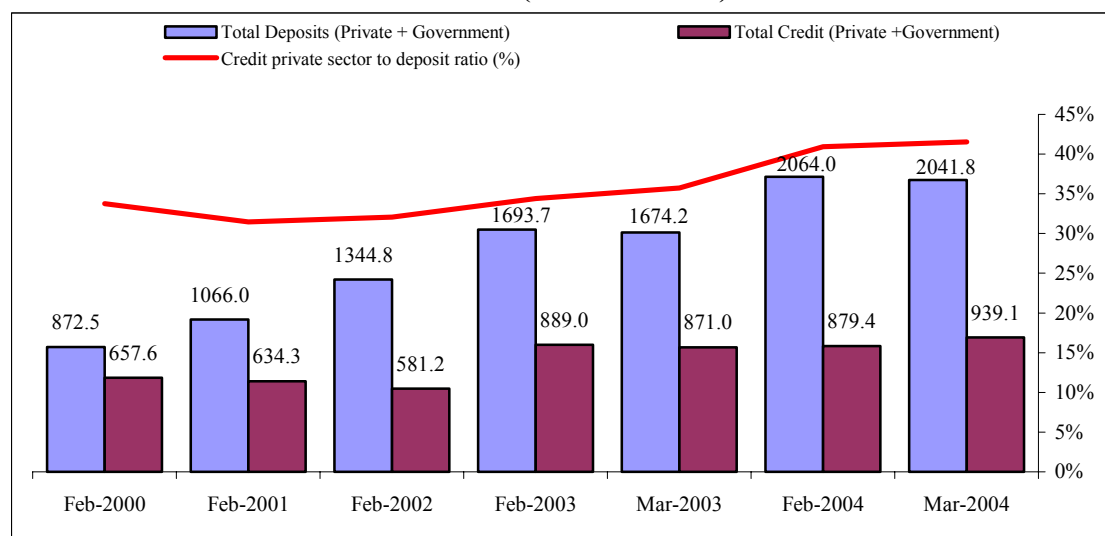
**Chart 5: Private Sector and Net Claims on Government by Commercial Banks
(In TZS billions)**



As total deposits of commercial banks decreased from TZS 2,064.0 billion in February 2004 to TZS 2,041.8 billion in March 2004, the share of private sector credit to total deposits stood at 41.5 percent, up from 36.0 percent in March 2003, reflecting an improvement in the level of financial intermediation in Tanzania (**Chart 6**). Despite the improvement, more than 50 percent

of the mobilized deposits by commercial banks is mainly used for financing Government operations through purchase of financing papers and bonds, monetary policy operations of the BoT through liquidity papers, and repos, maintaining commercial banks' reserves and investing in other assets. It is noted that as at end March 2004, commercial banks' holdings of liquidity papers amounted to TZS 234.3 billion.

**Chart 6: Total Deposits and Credit of the Banking System
(In TZS billions)**



Inter-bank Cash Market

The interbank cash market during March 2004, experienced low volume of transactions which amounted to TZS 310.5 billion, compared to TZS 525.4 billion traded in February 2004 and TZS 342.0 billion traded March 2003, signifying the fact that least of the commercial banks faced liquidity problems. Overnight placements continued to account for the largest share of the total volume traded, which has remained above 75 percent in the recent past. In March 2004 the share stood at 79.3 percent.

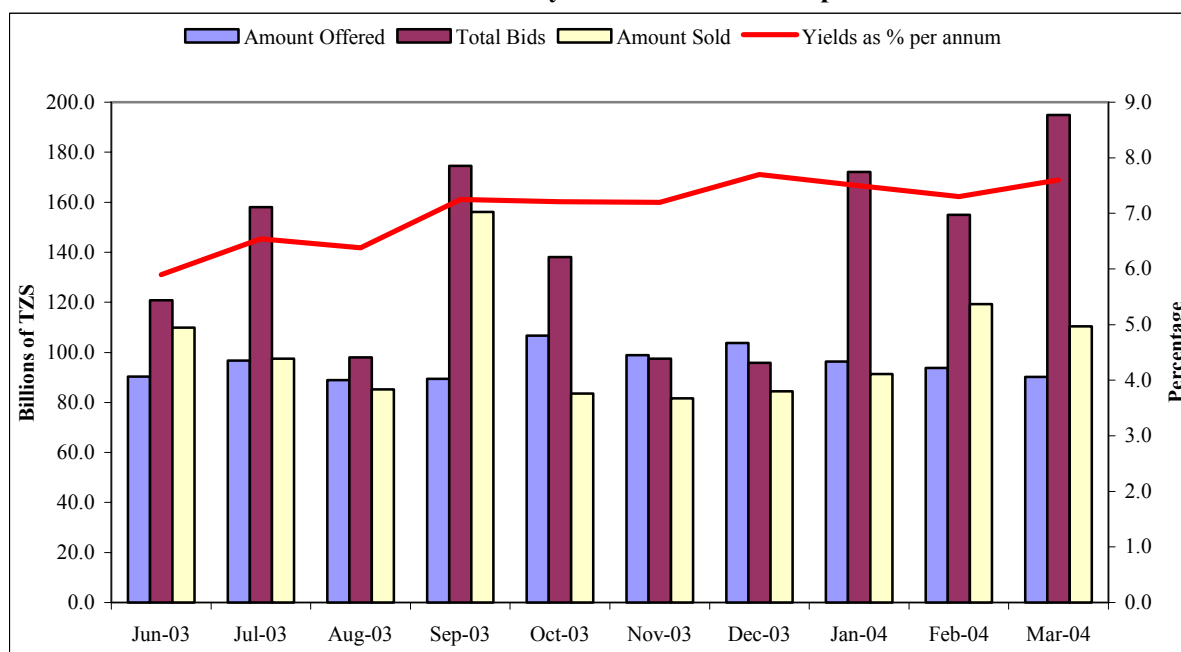
Interbank cash market rates charged on overnight lending decreased slightly from 3.5 percent in February 2004 to 3.4 percent in March 2004, while, the overall inter-bank cash market remained unchanged at 3.8 percent.

Treasury Bills Market

During March 2004, Treasury bill market was floated with bills worth TZS 90.2 billion, lower compared to TZS 93.8 billion floated in February 2004. Demand for Treasury bills improved substantially from TZS 155.0 billion in February 2004 to TZS 194.9 billion, reflecting the presence of excess liquidity in the economy during the month. Sales amounted to TZS 110.5 billion higher than the amount floated, following efforts made by the BoT of managing liquidity in the economy. Commercial banks continued to be the main players in the Treasury bills market accounting for 72.0 percent of total successful bids slightly below 76.4 percent recorded in February 2003.

Weighted average yields in the Treasury bills market increased, except for 182-day yield, which decreased from 7.6 percent in February 2004 to 6.5 percent in March 2004, and 364-day yield that declined from 7.6 percent to 6.4 percent. The yield for 35-day rose from 6.4 percent to 6.8 percent, while that of 91-day rose from 7.2 percent to 7.5 percent. As a result of these developments, the overall weighted average yield (WAY) for all maturities increased from 7.3 percent to 7.6 percent.

Chart 7: Treasury Bills Market Developments



During March 2004, Treasury bonds worth TZS 18.9 billion were floated, same amount offered in the previous month. The demand continued to deteriorate reaching TZS 7.8 billion in March 2004, compared to TZS 10.6 billion tendered during February 2004. The weakening in Treasury bond demand is partly explained by BoT intervention in the interbank foreign exchange market (IFEM) where it sold a net of USD 52.6 billion, and in the Treasury bill market, whereby it sold more than what was floated. As a result sales in the bond market amounted to TZS 7.3 billion in the month under review. The weighted average yields to maturity on the Treasury bonds kept unchanged from the yields recorded in the preceding month, except for 7-year maturity, which rose from 10.8 percent in February 2004 to 11.1 percent in March 2004 (**Table A4**).

Repurchase Agreements (REPOs)

During the month under review, the Bank continued to use repos for smoothening of liquidity level in the banking system, in order to contain reserve money from moving above the target. Repos worth TZS 5.0 billion were transacted between the BoT and commercial banks, and the weighted average repo rate for the month stood at 4.0 percent lower than 4.4 percent recorded in the preceding month.

Lombard Transactions

In March 2004, Lombard facility continued to bridge overnight liquidity shortage to commercial banks. A total of TZS 0.8 billion was borrowed in the month under review, compared to TZS 0.1 billion borrowed in the preceding month. The Lombard rates ranged from 9.7 percent to 11.1 percent in March 2004, compared to a range of 9.5 percent to 9.7 percent recorded in February 2004.

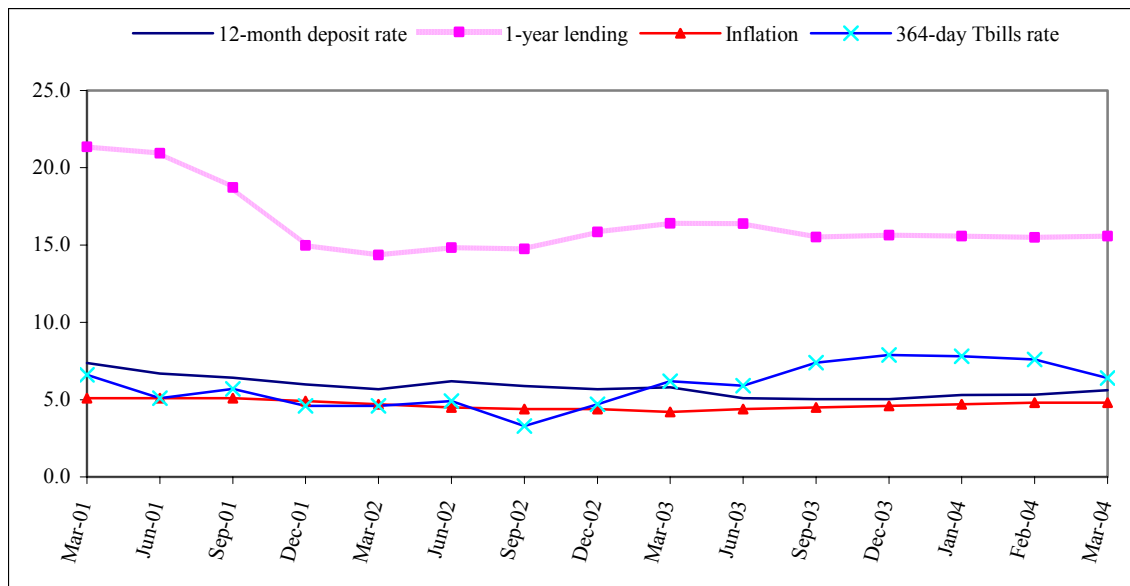
Interest Rates Developments in Commercial Banks

- **Deposits rates**

The weighted average interest rate on local currency savings deposits remained unchanged at 2.4 percent during March 2004, while the overall time deposit rate improved modestly. In particular, a 1-month time deposit earned an interest of 3.0 percent in March 2004 compared to 2.2 percent the previous month, whereas a 12-month fixed deposit rate was 5.6 percent, up from 5.3 percent recorded in February 2004. Similarly, the average negotiated deposit rate for prime customers improved from 7.4 percent to 7.9 percent.

Following the stagnation of inflation rate at 4.8 percent for two consecutive months, the savings and the overall time deposit rates were all negative in real terms (**Chart 8**). However, the rates on 6-month and 12-month fixed deposits, as well as the negotiated deposit rates were 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, hence explaining the attractiveness of investing in Treasury bills by commercial banks (**Chart 9**).

**Chart 8: Selected Interest Rates and Inflation
(In Percent)**



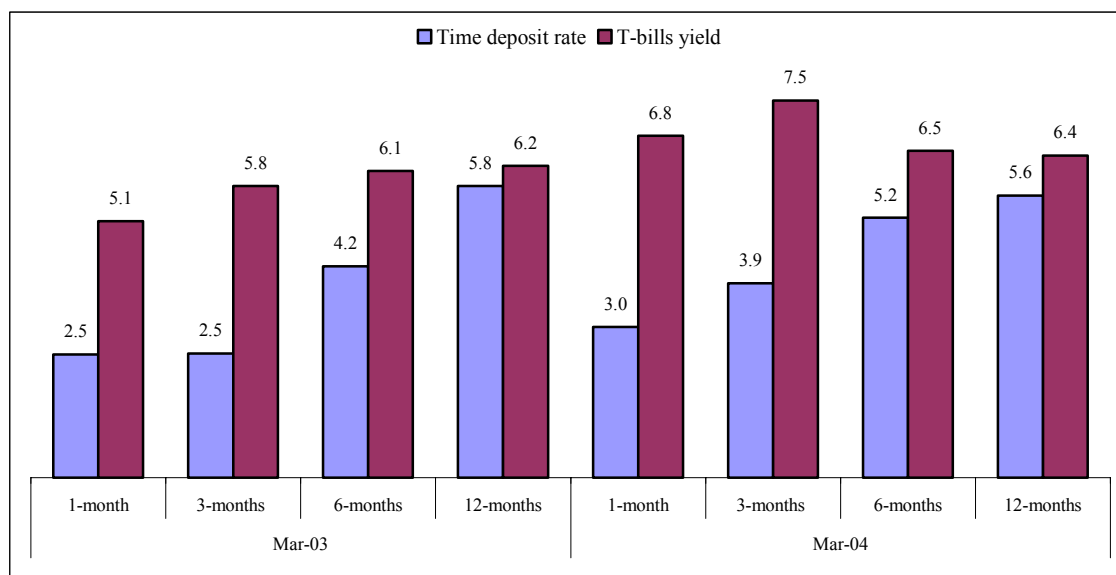
Interest rates on foreign currency deposits showed a mixed trend. Savings deposit rate remained unchanged at 0.8 percent, while 3-month and 6-month time deposit rates were maintained at 1.1 percent and 1.2 percent, respectively. On the contrary, 2-month and 12-month time deposit rates rose from 0.7 percent to 1.1 percent and from 1.2 percent to 1.7 percent between in February 2004 and March 2004, respectively.

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

	Feb-03	Mar-03	Jun-03	Sept-03	Dec-03	Feb-04	Mar-04
Savings deposits rate	2.5	2.5	2.5	2.4	2.5	2.4	2.4
Overall Time deposits rate	3.9	3.7	3.5	3.3	3.9	4.2	4.1
1-month	2.1	2.5	3.9	2.9	2.8	2.2	3.0
35-day T-bill yield	3.8	5.1	5.8	6.7	5.7	6.4	6.8
3-months	3.0	2.5	2.8	2.9	4.3	4.3	3.9
91-day T-bill yield	4.6	5.8	6.1	7.3	7.6	7.2	7.5
6-months	4.3	4.2	3.7	3.5	4.9	5.0	5.2
182-day T-bill yield	5.0	6.1	5.8	7.3	7.6	7.6	6.5
12-months	5.6	5.8	5.1	5.0	5.0	5.3	5.6
364-day T-bill yield	5.1	6.2	5.9	7.4	7.9	7.6	6.4
Overall Lending rates	14.6	15.0	14.1	14.5	13.8	13.4	13.5
Up to 1-year	16.7	16.4	16.4	15.5	15.7	15.5	15.6
2-3 years	12.6	12.3	13.4	11.7	10.5	9.9	9.9
Negotiated rates							
Deposits	6.2	5.9	5.5	5.5	7.7	7.4	7.9
Lending	8.0	8.6	9.4	9.4	8.4	8.2	7.6

Source: Commercial banks and BoT, Monetary and Financial Affairs Dept. computations

Chart 9: Selected time deposits and Treasury bills rates (In percent)



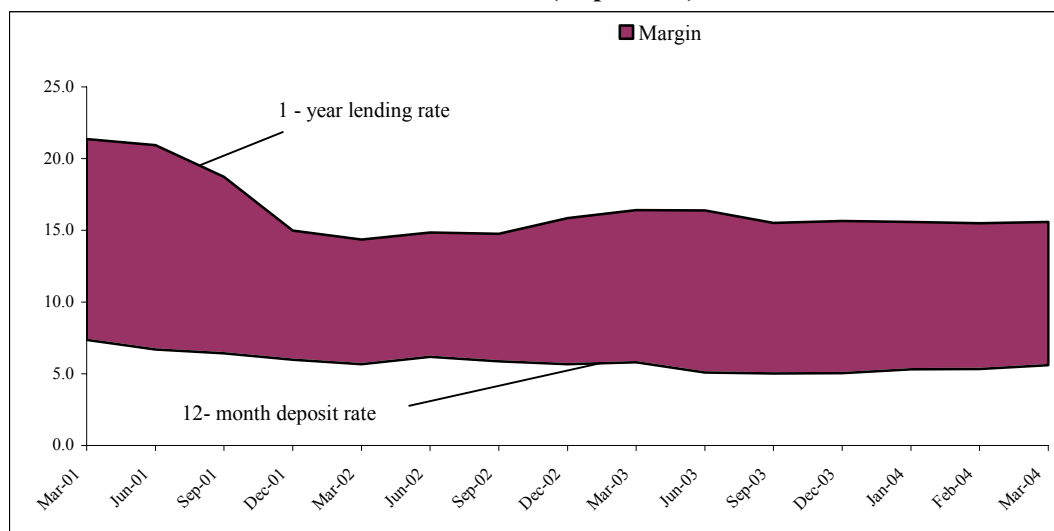
Lending Rates

The overall weighted average lending rate remained almost stagnant at 13.5 percent in March 2004, as some banks offered lending rates below 10 percent, while others charged up to 35.0 percent. The negotiated lending rate for prime customers moved downwards to 7.6 percent from 8.2 percent recorded in February 2004.

As for interest rates on foreign currency loans, the rates declined across all maturities. The rates for a loan of up to 1-year declined from 6.8 percent to 6.7 percent, while that of medium-term of 2-3 years fell from 8.1 percent to 7.8 percent.

The interest rate spread, measured by the difference between the 12-months fixed deposits and 1-year lending rates narrowed to 10.0 percentage points compared to 10.2 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)

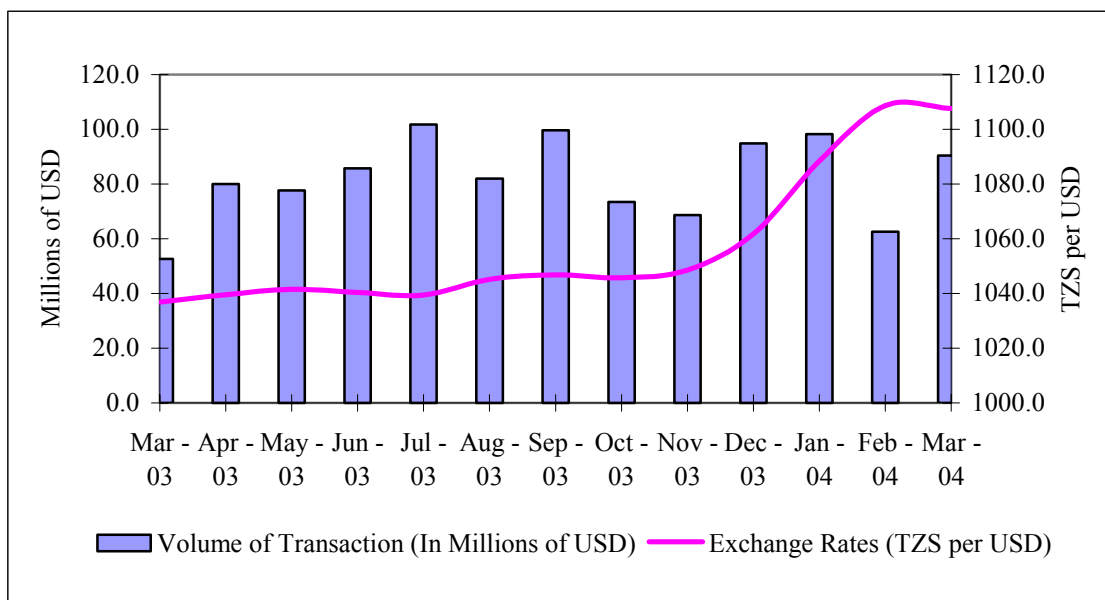
During March 2004, the total volume traded at the IFEM increased by 44.4 percent to USD 90.4 million from USD 62.6 million traded in the previous month. Commercial banks dominated the

demand side of the market by purchasing USD 88.76 million or 98.2 percent of the volume traded and supplied only USD 30.1 million or 33.3 percent of the volume traded. The non-bank financial institutions supplied USD 7.7 million or 8.5 percent of the volume traded and purchased USD 1.64 million or 1.8 percent of the volume traded. The Bank of Tanzania's intervention in the market resulted in a net sale of USD 56.2 million, which is equivalent to 58.2 percent of the volume traded.

Exchange Rate

During the period under review, the Tanzanian shilling appreciated slightly against the US dollar by 0.1 percent to TZS 1,107.6 per US dollar from TZS 1,108.7 per US dollar recorded in February 2004.

Chart 11: Inter-bank Exchange Rate Movement and Volume of Transactions



Bureau de Change Operations

The volume of transactions conducted by the bureau de change system went up by 2.9 percent to USD 42.1 millions in March 2004, from the levels transacted in the previous month, mainly on

account of a rise in both sales and purchases. Sales increased by 4.9 percent to USD 21.3 million during the review period, largely due to the increase in payments for education services and air tickets. Similarly, purchases went up by 1.0 percent to USD 20.8 million.

The buying and selling rates depreciated slightly against the US dollar by 0.2 percent and 0.5 percent to TZS 1,101.0 per US dollar and TZS 1,125.0 per US dollar respectively during the review period.

Table 5: Foreign Exchange Market Developments

	2004			March			July - March		
	February	March	% Change	2003	2004	% Change	2002/03	2003/04	% Change
IFEM									
1. Amount offered*	62.6	90.4	44.4	52.6	90.4	71.9	712.3	771.6	8.3
2. Amount sold*	62.6	90.4	44.4	52.6	90.4	71.9	712.3	771.6	8.3
3. Exchange rate**	1,108.7	1,107.6	-0.1	1,036.9	1,107.6	6.8	984.5	1,065.1	8.2
Bureau de Change									
1. Sales*	20.3	21.3	4.9	21.0	21.3	1.4	166.8	207.0	24.1
2. Purchases*	20.6	20.8	1.0	21.4	20.8	-2.8	176.5	209.0	18.4
3. Volume of Transactions*	40.9	42.1	2.9	42.4	42.1	-0.7	343.3	416.0	21.2
4. Buying rate**	1,099.0	1,101.0	0.2	1,015.0	1,101.0	8.5	978.4	1,059.9	8.3
5. Selling rate**	1,119.0	1,125.0	0.5	1,021.0	1,125.0	10.2	997.0	1,078.3	8.2

Source: Foreign Markets Dept. and Bank Supervision - Bureau de Change Section

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

Government Budgetary Developments

During March 2004, government revenue amounted to TZS 140.0 billion, while grants were TZS 31.6 billion, thus making a total resource envelope of TZS 171.6 billion. During the month, total government expenditure² was TZS 295.3 billion, which meant an overall budget deficit of TZS 123.7 billion, on cheques issued.

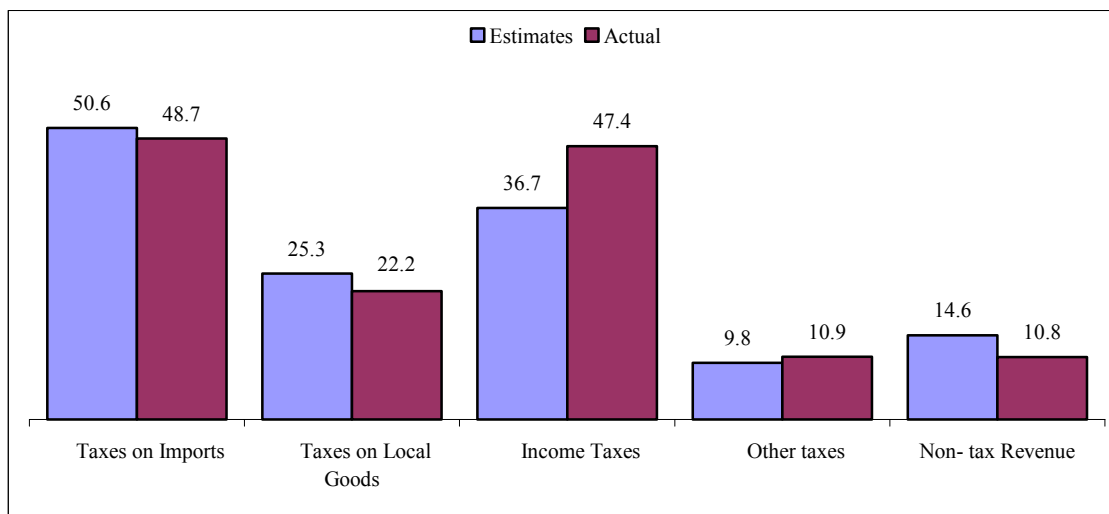
² Excluding amortization

Revenue

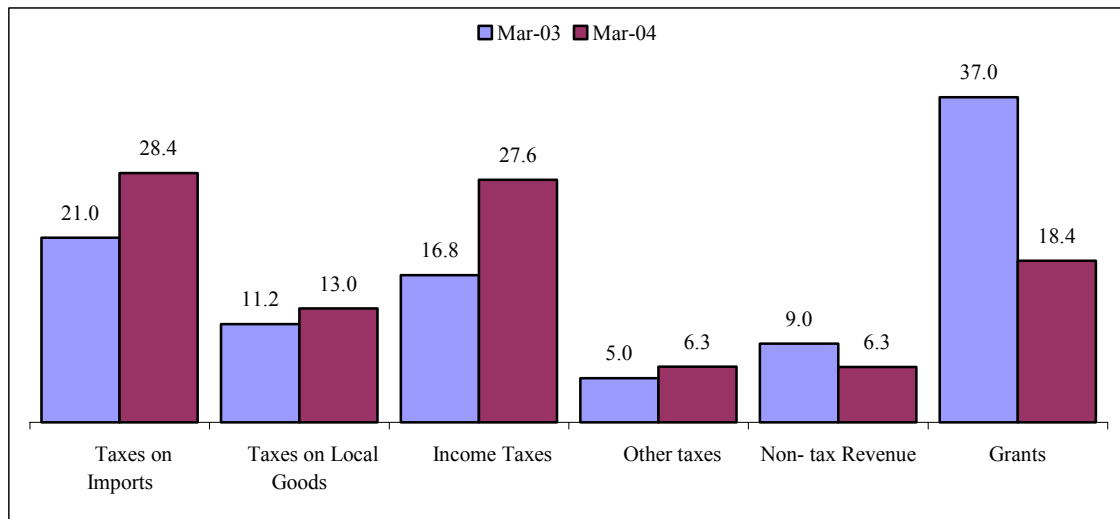
Total revenue collected amounted to TZS 140.0 billion, being slightly above the target of TZS 137.0 billion for March 2004. Income taxes amounted to TZS 47.4 billion, exceeding the target by a sizeable TZS 10.7 billion. Out of the total income taxes, corporate taxes amounted to TZS 22.4 billion, being above their target by TZS 5.8 billion. Also, Pay-As-You Earn (PAYE) amounted to TZS 17.2 billion against a target of TZS 13.4 billion, mainly as a result of an upward salary adjustment to civil service employees (**Chart 12**). It is noteworthy that revenue from large taxpayers amounted to TZS 34.6 billion, which accounted for 26.8 percent of tax revenue.

In terms of the structure of the resource envelope, revenue on imports and income taxes together accounted for more than 55 percent of the total resource base for March 2004 (**Chart 13**). It is noteworthy that grants contributed only 18.4 percent of total government resources in March 2004, compared to 37 percent registered in March 2003.

**Chart 12: Government Recurrent Revenue Performance in March 2004
(In TZS billion)**



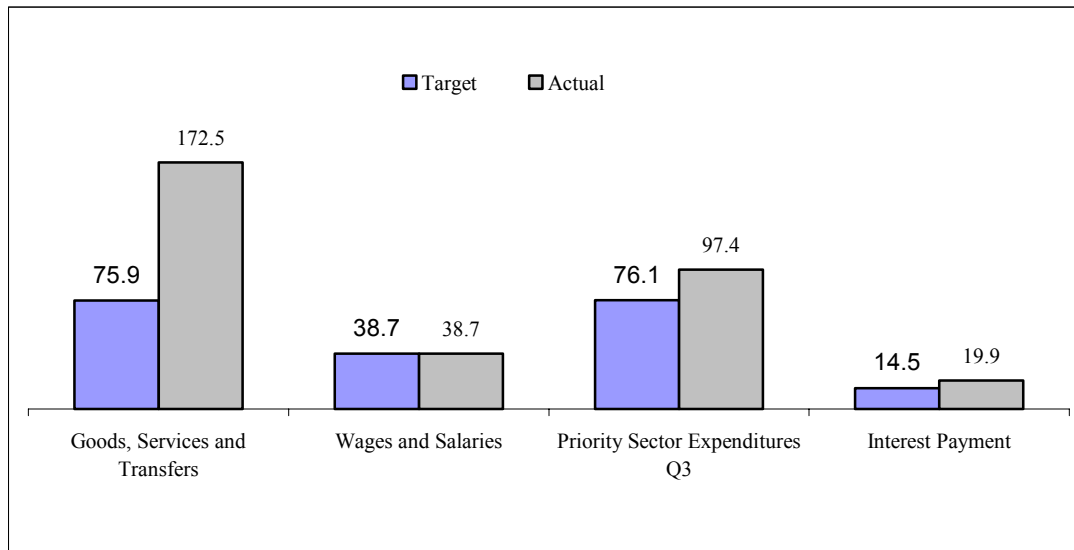
**Chart 13: Contribution to Total Government Resources
(In Percent)**



Expenditure

During the month under review, recurrent expenses amounted to TZS 231.1 billion, being significantly above the target of TZS 129.1 billion by TZS 102 billion. The surge in recurrent expenditure was mainly driven by expenditure on goods, services and transfers, which amounted to TZS 172.5 billion compared with a target of TZS 75.9 billion. The over expenditure in March 2004 was due to execution of previously allocated resources mainly for priority sectors. Expenditure on priority sectors for the quarter ending March 2004 amounted to TZS 97.4 billion, exceeding its target by TZS 21.3 billion, while expenditure on the remaining expenses under the category of goods and services was above the monthly target by TZS 75.9 billion.

**Chart 14: Government Recurrent Expenditure in March 2004
(In TZS billion)**



During the review period, development expenditure, which amounted to TZS 64.2 billion, was below the target of TZS 79.4 billion due to undisbursed foreign loans and grants. On cumulative basis, development expenditure amounted to TZS 422.7 billion compared to a target of TZS 587.9 billion.

Financing

During March 2004, the government registered an overall deficit, on cheques cleared, amounting to TZS 58.1 billion. Foreign and domestic borrowing amounting to TZS 3.5 billion and TZS 54.7 billion, respectively, financed the deficit.

External Sector Developments

Trade Balance

During March 2004, the trade account weakened by recording a deficit of USD 94.3 million compared to a deficit of USD 73.9 million in the previous month and USD 66.5 million recorded

in March 2003. Even on annual basis, the deficit widened significantly from USD 583.2 million in the year ending March 2003 to USD 1,001.9 million.

The deterioration in the trade account during the year is attributed to the fact that there were more imports, particularly of food grains and petroleum products than in the previous year. As a result, the import bill for goods increased by 36.0 percent to USD 2,086.0 million, from USD 1,538.0 million in the year ending March 2003 (**Table 6**).

Table 6: Trade Account Balance (in USD million)

	2004		%	March		%	April - March		%
	Feb	Mar		2003	2004 ^p		2002/03	2003/04	
Exports	150.4	143.0	-4.9	136.6	143.0	4.7	1,650.7	1,876.0	13.6
Goods	88.0	78.2	-11.1	71.5	78.2	9.3	954.0	1,174.3	23.1
Services	62.4	64.8	3.9	65.1	64.8	-0.4	696.7	701.8	0.7
Imports	224.3	237.3	5.8	203.1	237.3	16.8	2,234.0	2,877.9	28.8
Goods	154.3	175.1	13.5	135.7	175.1	29.0	1,537.8	2,085.7	35.6
Services	69.9	62.2	-11.1	67.4	62.2	-7.7	696.2	792.2	13.8
Trade Balance	-73.9	-94.3	27.6	-66.5	-94.3	41.7	-583.2	-1001.9	71.8

Note: p = Provisional data

Source: Bank of Tanzania and Tanzania Revenue Authority

Exports

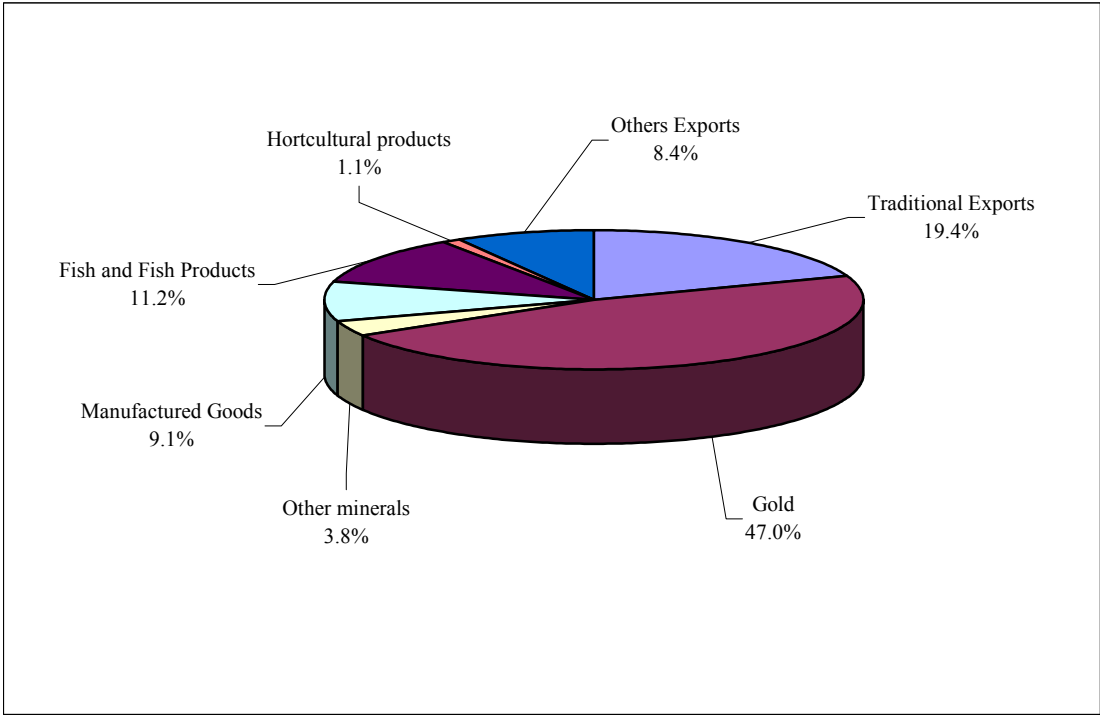
In March 2004, exports of goods decreased to USD 78.2 million from USD 88.0 million in the preceding month. However, when compared with the corresponding month last year, there was an improvement as exports of goods amounted to USD 71.5 million.

On annual basis, exports increased to USD 1,174.3 million, from USD 954.0 million recorded in the year ending March 2003, following an increase in both traditional and non-traditional exports. **Non-traditional exports** increased to USD 947.0 million in March 2004 from USD 742.2 million recorded during the year ending March 2003, owing to significant increases in exports of gold, fish products and manufactured goods. During the year under review, gold exports amounted to USD 551.8 million, accounting for 47.0 percent of goods exports, followed

by fish products that contributed USD 131.8 million or 11.2 percent and manufactured goods accounting for 9.3 percent equivalent to USD 107.2 million (**Chart 15**).

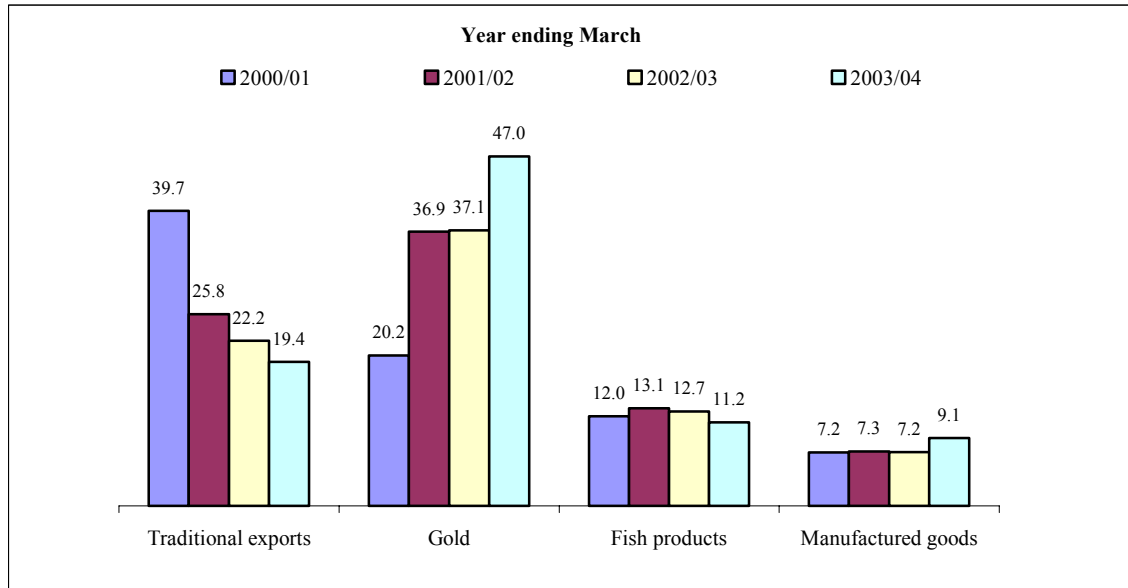
Traditional exports amounted to USD 227.3 million, slightly higher than USD 211.8 registered during the year ending March 2003, as export value of all crops except tea increased. The major contributors were cashew earning USD 49.5 million followed by tobacco USD 48.4 million and cotton USD 42.1 million. Exports of traditional crops together accounted for 19.4 percent of merchandise exports in the reporting year.

**Chart 15: Contribution to Goods Exports, Year Ending March 2004
(In percent)**



In terms of the trend in the past four years, the contribution of traditional exports has been declining, from 39.7 percent of merchandise exports in the year ending March 2001 to 19.4 percent in the year ending March 2004. The deterioration in the performance of traditional exports was due to declining export prices of most crops and export volumes. On the other hand, the performance of non-traditional exports has been rising, particularly gold whose share to total exports increased from 20.2 percent in 2001 to 47.0 percent in the year ending March 2004 (**Chart 16**).

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



Imports

During March 2004, import bill increased to USD 175.1 million from USD 154.3 million recorded in the previous month and USD 135.7 million in the corresponding month a year earlier. The increase was largely due to importation of petroleum products from 85,000 tons in February 2004 to about 130,200 tons. In the same period, imports of consumer goods also rose from USD 47.2 million to USD 69.2 million, out of which food imports (largely wheat, rice and maize), accounted for USD 34.3 million (**Table 17**).

Table 7: Tanzania Imports

	Millions of USD								
	2004		% Change	March		% Change	April - March		% Change
	Feb	Mar		2003	2004		2002/03	2003/04	
CAPITAL GOODS	63.4	54.7	-13.7	66.8	54.7	-18.1	653.2	787.9	20.6
Transport Equipment	18.5	15.3	-17.2	34.9	15.3	-56.2	208.8	219.2	4.9
Building and Constructions Equipment	12.4	12.9	3.4	7.3	12.9	77.2	126.1	159.5	26.5
Machinery	32.5	26.6	-18.3	24.6	26.6	7.9	318.3	409.2	28.6
INTERMEDIATE GOODS	43.7	51.2	17.1	31.2	51.2	64.0	400.2	667.6	66.8
Oil imports	22.7	34.6	52.8	12.6	34.6	175.5	182.6	409.2	124.0
Fertilizers	1.2	0.5	-56.5	0.5	0.5	10.3	18.7	27.2	45.3
Industrial raw materials	19.8	16.0	-19.2	18.2	16.0	-11.7	198.8	231.2	16.3
CONSUMER GOODS	47.2	69.2	46.7	37.7	69.2	83.5	484.4	630.3	30.1
Food and foodstuffs	16.7	34.3	104.7	9.1	34.3	275.4	132.0	208.4	57.8
All other consumer goods	30.4	34.9	14.8	28.6	34.9	22.3	352.4	421.9	19.7
GRAND TOTAL (F.O.B)	154.3	175.1	13.5	135.7	175.1	29.0	1,537.8	2,085.7	35.6
GRAND TOTAL (C.I.F)	169.6	192.4	13.5	149.2	192.4	29.0	1,689.9	2,292.0	35.6

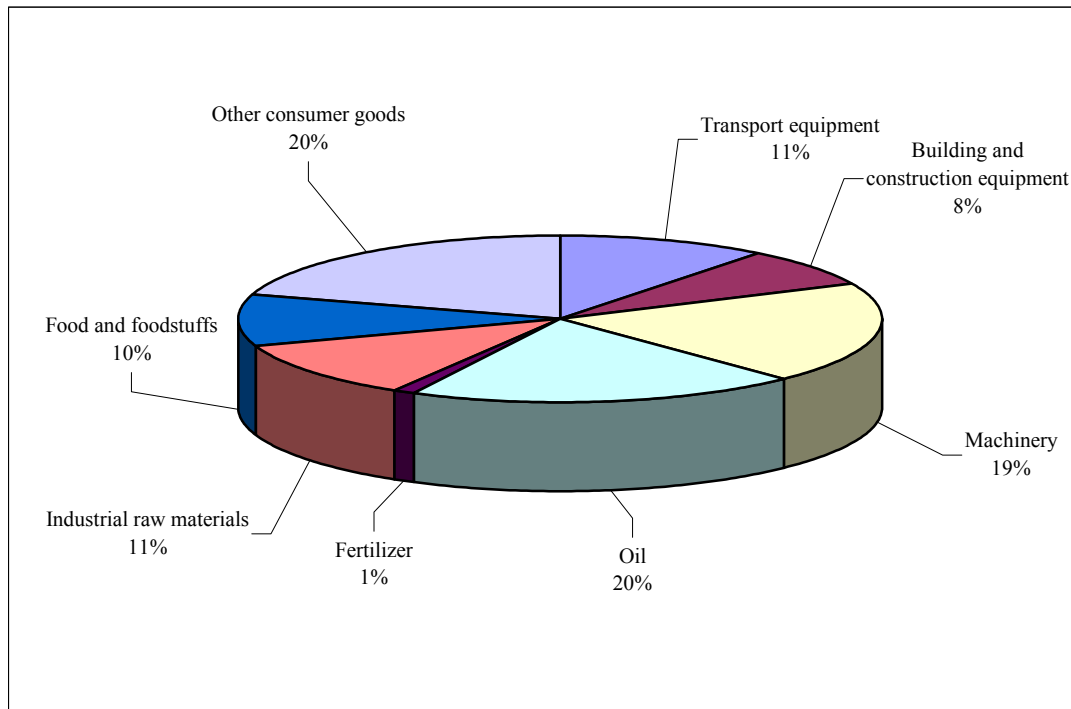
Note: Oil imports refers to refined petroleum products; p - Provisional

Oil imports refers to refined petroleum products

Source: Tanzania Revenue Authority and Bank of Tanzania

During the year ending March 2004, imports increased significantly to USD 2,085.7 million, from 1,538.1 million in the previous year. The increase in imports stemmed from petroleum products, food items and fertilizers. During the year, imports of petroleum products increased to USD 409.2 million from USD 182.6 million, while food items rose to USD 208.4 million from USD 132.0 million (**Table 7**). It is noteworthy that the volume of imported fertilizers increased by about 61.0 percent, from 78,400 tons during the year ending March 2003 to 126,000 tons in the year ending March 2004.

Chart 17: Contribution to Total Imports for Year Ending March 2004



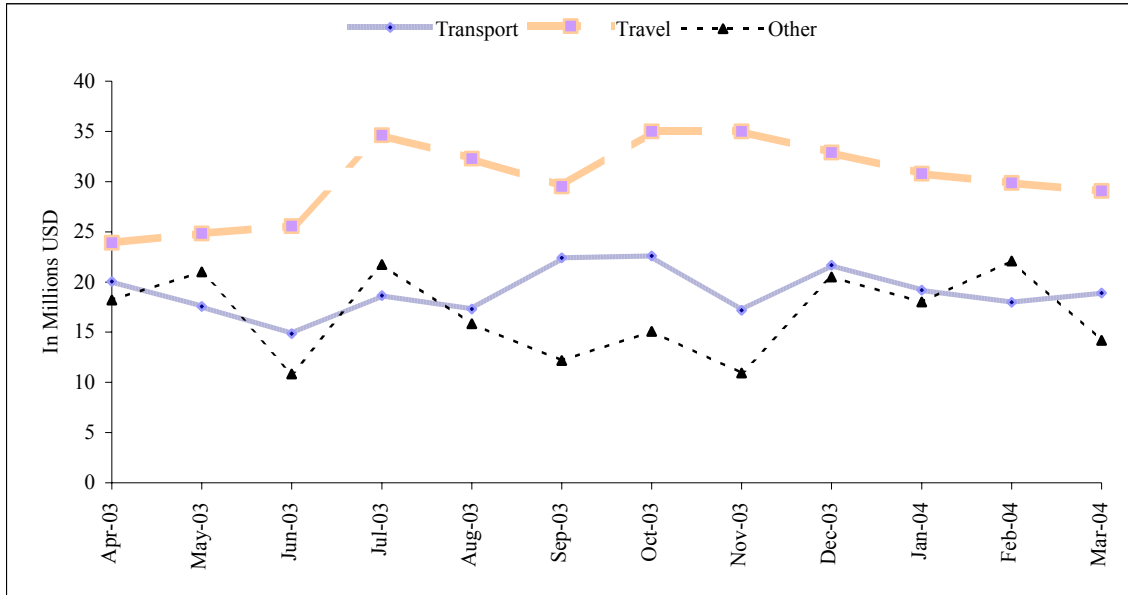
Services and Income Accounts

Services Account

During the month under review, the services account improved to a surplus of USD 2.6 million from a deficit of USD 7.5 million recorded in February 2004 and a deficit of USD 2.3 million registered in the corresponding month a year earlier, following a decline in services payments.

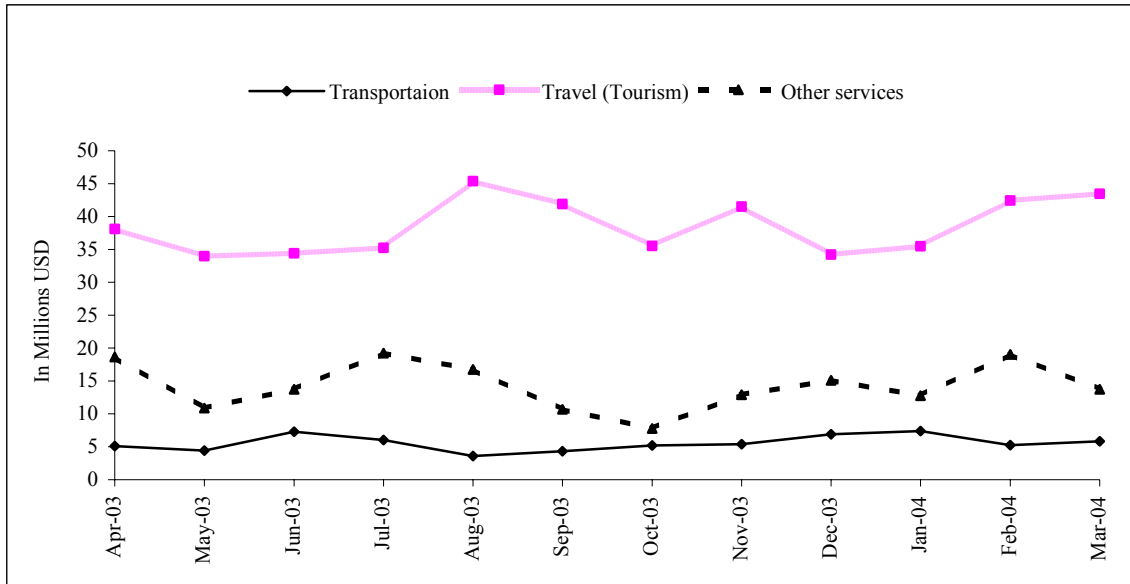
However, on annual basis, the services account worsened significantly to a deficit of USD 90.4 million in March 2004, from a surplus of USD 0.6 million recorded in the previous year, mainly on account of increase in payments of freight and insurance associated with increase in imports as explained above.

Chart 18: Tanzania-Services Payments



On the other hand, services receipts increased to USD 701.8 million in the year ending March 2004 from USD 696.7 million in the previous, following a significant increase in travel (mainly tourism) and communication receipts. Travel receipts, which is mainly from tourism picked up to USD 466.8 million from USD 452.1 million in the year ending March 2003. Over the past four the years, travel (tourism) dominated the services sector by accounting for more than 50 percent of services receipts.

Chart 19: Tanzania-Services Receipts



Income Account

During March 2004, the income account improved to a surplus of USD 6.5 million, from a deficit of USD 0.2 million recorded in the previous month, following a rise in earnings from the BoT’s foreign investments. On annual basis, the income account deficit remained virtually unchanged at a deficit of USD 33.0 million in March 2004, as it was in March 2003.

World Commodity Prices

During the month under review, world commodity prices showed a mixed trend. Whilst prices for **Robusta coffee, Tea and cotton** declined, prices of **Arabica coffee, sisal, cloves, crude oil and gold** rose as shown in **Table 8** below.

The decline in Robusta price was largely due to a rise in coffee production in Vietnam, while that of cotton was largely attributed to expectations of a bumper crop in 2004/05 from USA and China. On the other hand, the increase in Arabica price was largely due to the expected low production in Brazil in 2004/05, while clove prices increased in anticipation for a fall in clove production in Indonesia and Madagascar in 2004.

With regard to crude oil, the prices increased above the OPEC's upper target band of USD 28.0 per barrel during the review period, largely due to the concerns following OPEC's decision to cut production by 1.0 million barrels per day.

Table 8: World Commodity Prices

COMMODITY	UNITS	Dec-03	Jan-04	Feb-04	Mar-04	% Change
Coffee "Robusta"	\$ per KG	0.79	0.88	0.82	0.81	-1.22
Coffee "Arabica"	\$ per KG	1.43	1.60	1.68	1.72	2.38
Tea (Average price)	\$ per KG	1.57	1.54	1.56	1.53	-1.92
Tea "Mombasa auction"	\$ per KG	1.59	1.63	1.65	1.61	-2.42
Cotton "A Index"	\$ per KG	1.62	1.67	1.63	1.59	-2.45
Cotton "Memphis"	\$ per KG	1.65	1.70	1.65	1.63	-1.21
Sisal "UG"	\$ per metric ton	775.00	775.00	775.00	830.00	7.10
Cloves	\$ per metric ton	1,775.00	1,867.00	1,895.00	2,962.50	56.33
Crude oil*	\$ per barrel	29.97	31.37	31.33	33.67	7.47
Crude oil**	\$ per barrel	27.86	28.68	28.40	30.46	7.25
White products***	\$ per ton	285.36	303.80	291.95	351.66	20.45
Gold	\$ per troy ounce	407.00	413.80	404.90	406.70	0.44

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.

National Debt Developments

Total debt stock as at end March 2004, stood at USD 8,761.6 million, out of which USD 7,901.8 million (90.2 percent) was external and USD 859.8 million (9.8 percent) was composed of domestic debt.

External Debt

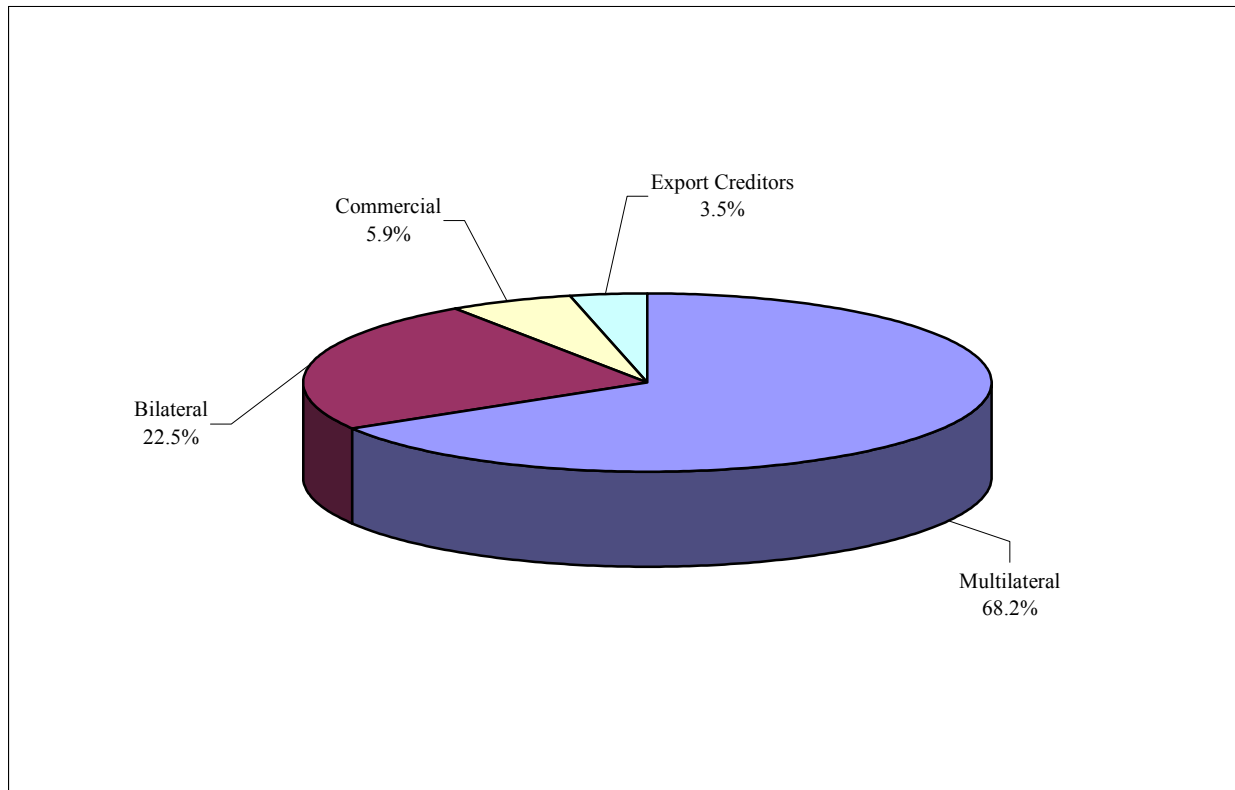
Total external debt committed, as at end March 2004 was USD 8,161.6 million representing an increase of USD 38.3 million from USD 8,123.3 million recorded at end-February 2004. Out of the total amount committed, disbursed outstanding debt was USD 6,739.2 million, while the

remaining was still undisbursed debt. Between February and March 2004, interest arrears picked up by USD 36.6 million from USD 1,126.0 million to USD 1,162.6 million, whereas the debt stock increased by USD 76.8 million from USD 7,825.0 million to USD 7,901.8 million. The stock of external debt went up mainly due to exchange rate fluctuations, new disbursements, recording of new loans, and accumulation of interest arrears on un-serviced loans. Actual disbursements during the month under review, amounted to USD 4.1 million, while debt service payments amounted to USD 8.4 million resulting into a net outflow of USD 4.3 million.

Disbursed Outstanding Debt (DOD)

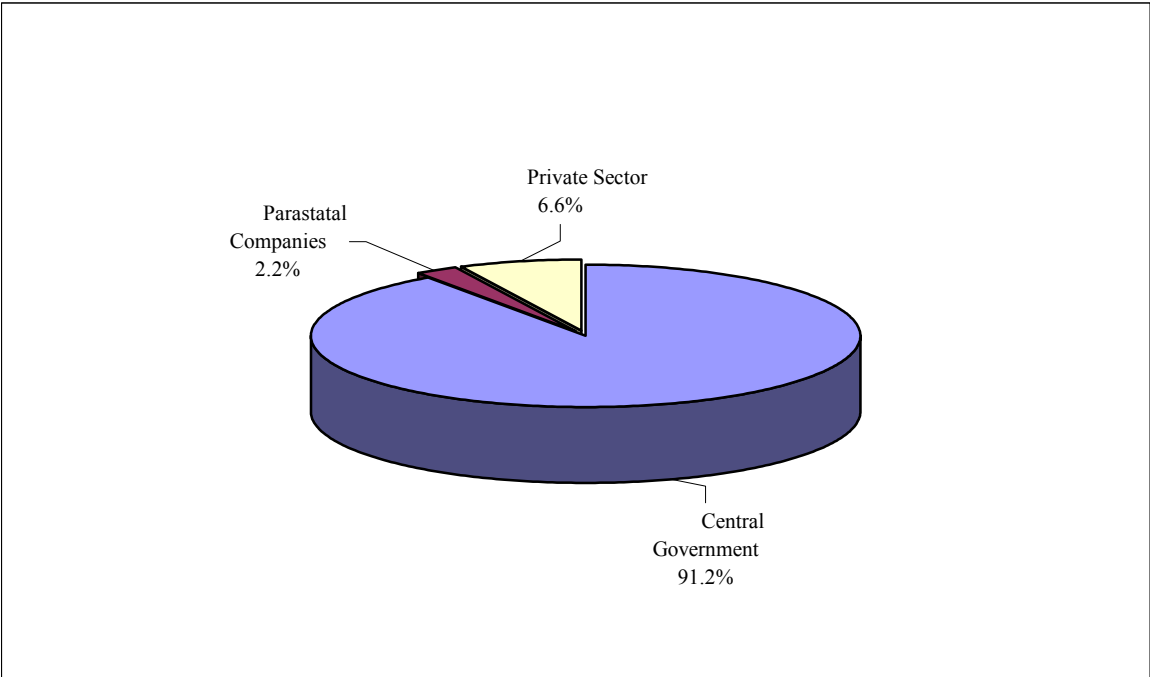
As at end-March 2004, the profile of disbursed outstanding debt by creditor category shows that USD 4,594.4 million was owed to multilateral and USD 1,514.5 million to bilateral creditors. On the other hand, commercial debt amounted to USD 399.1 million, while debt owed to export creditors was USD 233.7 million.

Chart 20: DOD by Credit Category at end-March 2004



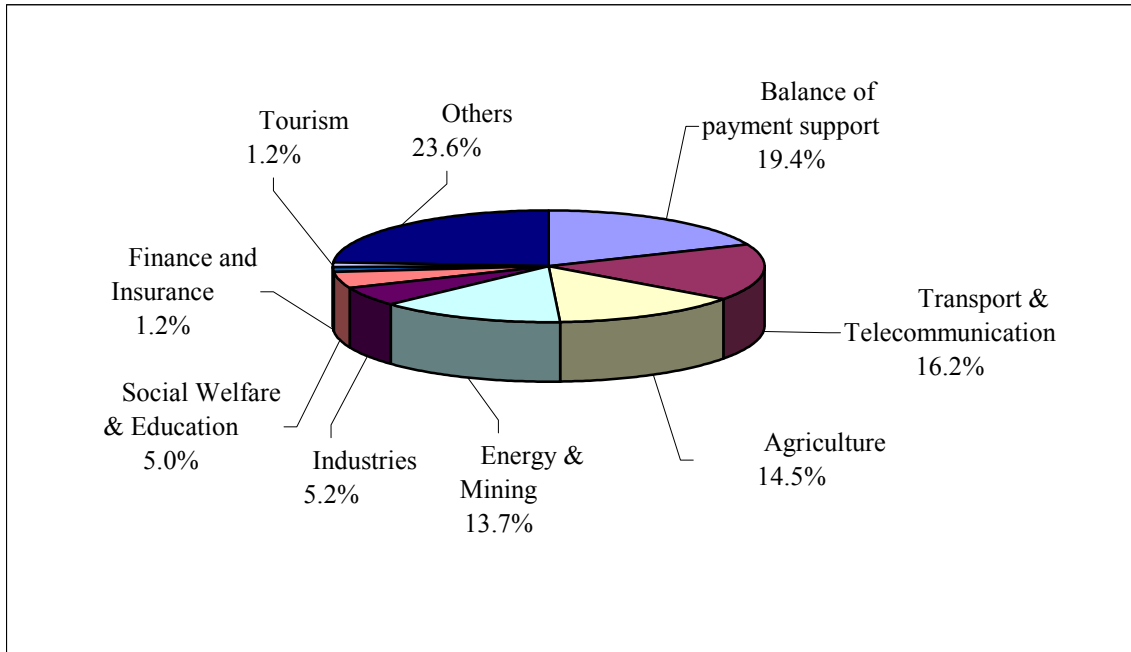
In terms of borrower category, the Central Government remained the largest borrower with USD 6,145.8 million or 91.2 percent of the total debt. The parastatal debts stood at USD 146.1 million or 2.2 percent, while private sector debt was USD 447.2 or 6.6 percent of the total debt.

Chart 21: DOD by Borrower Category at end-March 2004



Debt by use of funds shows, the largest part of external debt was for balance of payment support amounting to USD 1,307.5 million. Transport sector accounted for USD 1,091.5 million, while agriculture and energy accounted for USD 976.9 million and USD 924.3 million, respectively. Industries held USD 350.9 million, education, USD 335.1 million, finance, USD 84.0 million and tourism USD 79.3, million of the debt. The remaining USD 1,589.7 million, was held by other economic and social activities including rural development, defence, water supply and drainage, fisheries, and computer technology. The shares of debt by use of funds are shown in Chart 22.

Chart 22: DOD by Use of Funds at end-March 2004



HIPC Debt Relief

During the period under review, Tanzania received HIPC debt relief amounting to USD 8.5 million. Of the total relief, USD 6.5 million was from International Development Association, USD 0.3 million from African Development Bank, USD 0.2 million from IFAD and USD 1.5 million from Nordic Trust Fund. During the same period, Japan offered partial HIPC relief amounting to USD 108.9 million under Paris Club VII arrangements.

Debt Buyback Scheme

The second and final closing of the Debt Buyback Scheme took place on March 31, 2004. Debt worth USD 43.8 million, made up of both principal and interest was cleared at a price of 12.0 percent on a dollar of the principal amount tendered, which was USD 19.9 million.

Domestic Public Debt

Debt stock stood at TZS 953.0 billion at end-March 2004, representing an increase of 0.5 percent from TZS 948.1 billion registered at the end of February 2004. The modest increase in debt stock was mainly in Treasury bills.

Debt by instruments shows that, the bulk of the domestic debt is in the form of government securities, equivalent to 98.3 percent of the total domestic debt. Of the total securities, Treasury bonds accounted for 58.8 percent and amounted to TZS 560.3 billion at end March 2004, while Treasury bills stood at 253.6 billion or 26.6 percent.

Domestic Debt Stock by Creditor Category

In March 2004, commercial banks continued to be the main creditors to the government, holding a stock of TZS 370.1 billion or 38.8 percent of the total domestic debt, followed by pension funds, which were owed TZS 299.7 billion or 31.4 percent and the Bank of Tanzania which accounted for TZS 217.6 billion or 22.8 percent. Non-bank financial institutions and insurance companies together were owed about USD 42.3 billion, equivalent to about 5 percent of the debt. The remaining portion was contributed by private and other official entities.

Domestic Debt Service

During the month under review, principal and interest amount that fell due for payment amounted to TZS 32.5 billion, out of which TZS 11.9 billion was interest and was paid out of government revenue. The remaining TZS 20.6 billion (63.3 percent) being principal was rolled over. The interest arrears on domestic debt was TZS 0.1 billion, the same level as reported in February 2004.

Other Economic Developments

Food Supply Situation

Following the onset of crop harvests in some parts of the country, food supply situation in the country improved slightly in March 2004. Consequent to the improvement in food supply, average food prices in various market centers declined compared to previous months. The average wholesale prices of maize fell to TZS 25,816 in March 2004, from TZS 25,957 per 100 kgs in February 2004, while that of sorghum fell to TZS 27,664 from TZS 29,685 per 100 kgs. Similarly, average wholesale price of beans declined significantly from TZS 39,870 to TZS 36,824 per 100kgs, while that of potatoes dropped to TZS 21,248 from TZS 22,445 per 100kgs.

Table 9: National average Wholesale Prices for Selected Food Items

Crop	2003						2004			TZS per 100 Kgs	
	March	Aug	Sep	Oct	Nov	Dec	Jan	Feb	March	% Change	% Change
										March 03-March 04	Feb 04-March 04
Maize	13,028	17,215	17,323	17,713	18,678	21,804	25,260	25,957	25,816	98	-0.5
Rice	32,101	36,999	39,913	42,196	43,566	45,590	50,635	54,761	56,008	74	2.3
Beans	35,921	39,112	40,393	41,485	41,759	42,395	41,878	39,870	36,824	3	-7.6
Sorghum	14,796	18,726	19,572	21,076	22,600	25,722	27,892	29,685	27,664	87	-6.8
Potatoes	18,431	19,424	18,130	20,706	23,450	25,249	25,295	22,445	21,248	15	-5.3

Source: Ministry of Agriculture and Food Security

Strategic Grain Reserve (SGR) and Private Traders' Stocks

The SGR stock stood at 22,903 tons at end-March 2004, slightly lower than 23,791 tons recorded at the end of the preceding month, owing to the release of food to areas experiencing shortage. Thus, between July 2003 and March 2004, the SGR department had released 52,155 tons of food grains (**Table 10**).

It is noteworthy that as at end-March 2004, food grains held by private traders amounted to 111,711 tons, of which, 26,771 tons were maize, 27,322 tons rice and 57,618 tons of wheat. Consequently, food grains stocks by private traders together with the SGR stock amounted to

134,614 tons by end-March 2004. It is expected that food supply situation will improve as harvesting continue to step up.

Table 10: SGR Stocks, Tons

	2000	2001	2002	2003	2004	% Change 2003-04
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		
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

Economic Developments in Zanzibar

Government Budgetary Developments

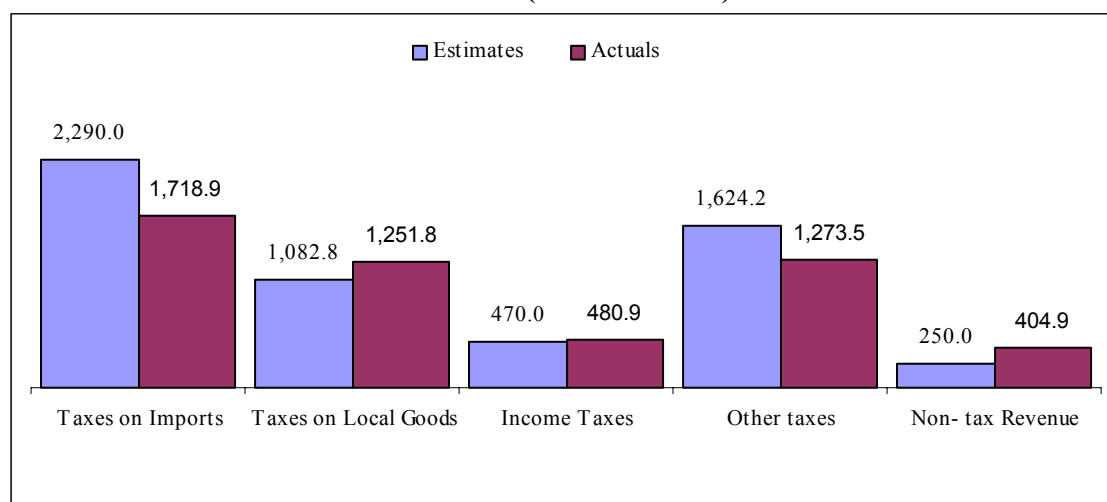
During March 2004, Zanzibar Government budgetary performance on cheques issued recorded a deficit before grants amounting to TZS 0.1 billion. After considering grants amounting to TZS 1.0 billion, the budget recorded a surplus of TZS 0.9 billion.

Revenue Performance

Total revenue collected in March 2004 amounted to TZS 5.1 billion, against the target of TZS 5.7 billion, thus recoding a shortfall of about TZS 600 million. Tax revenue amounted to TZS 4.7 billion, while non-tax revenue was TZS 0.4 billion.

During the month, all revenue sources performed below their targets except taxes on local goods and non-tax revenue (**Chart 23**).

**Chart 23: Revenue Performance in March 2004
(In TZS million)**

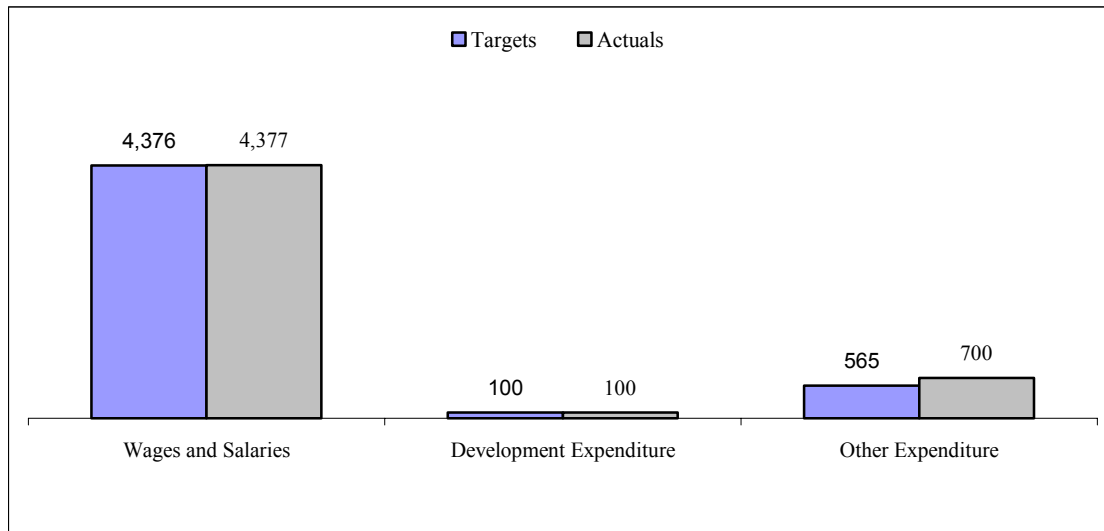


Expenditure

During March 2004, total government expenditure amounted to TZS 5.1 billion against the ceiling of TZS 5.0 billion. Recurrent expenditure amounted to TZS 5.0 billion, out of which wages and salaries amounted to TZS 4.4 billion.

During the month, development expenditure amounted to only TZS 50 million against the target of TZS 100 million, largely due to insufficient domestic resources. During July 2003-March 2004, government expenditure amounted to TZS 46.6 billion, accounting for 91.5 percent of the planned TZS 50.9 billion.

**Chart 24: Government Expenditure in March 2004
(In TZS billion)**



Financing

During March 2004, the Government expenditure was financed through internal resources and Union grants.

Trade Developments

Trade balance

During the March 2004, the trade account deteriorated by recording a deficit of USD 6.3 million, compared with a surplus of USD 2.2 million for February 2004, as imports increased while exports declined.

Exports

During the month, exports of goods and services declined to USD 4.5 million from USD 6.9 million in February 2004, following exports of cloves from USD 2.5 million to USD 0.2 million as cloves were off season. However, exports of seaweeds increased slightly to USD 0.2 million

from USD 0.1 million recorded in February 2004. It is important to note that export of services amounted to USD 4.1 million out of total export earnings of USD 4.5 million.

Imports

In March 2004, total imports increased significantly to USD 8.9 million from USD 2.2 million recorded in previous month. The increase was mainly associated with consumer goods, which rose from USD 0.6 million to USD 5.4 million, of which, food items accounted for USD 4.3 million. Importation of intermediate goods rose from USD 0.7 million to USD 1.8 million, due to increase in imports of oil and industrial raw materials. Importation of capital goods also increased from USD 0.9 million in February 2004 to USD 1.7 million, mainly to cater for the ongoing rehabilitation of schools, roads and other construction projects.

Services Account

During March 2004, the services account recorded a surplus of USD 1.3 million, compared to a surplus of USD 1.6 million in the previous month. Specifically, service receipts amounted to USD 4.1 million, while payments was USD 2.8 million.

Zanzibar Debt Developments

Overview

For the month end March 2004, total debt stock (external and domestic) for Zanzibar amounted to TZS 113.0 billion or USD 101.8 million. Out of the total debt, domestic debt amounted to TZS 44.8 billion or 39.6 percent, while external debt amounted to TZS 68.2 billion, representing 60.4 percent of the total debt.

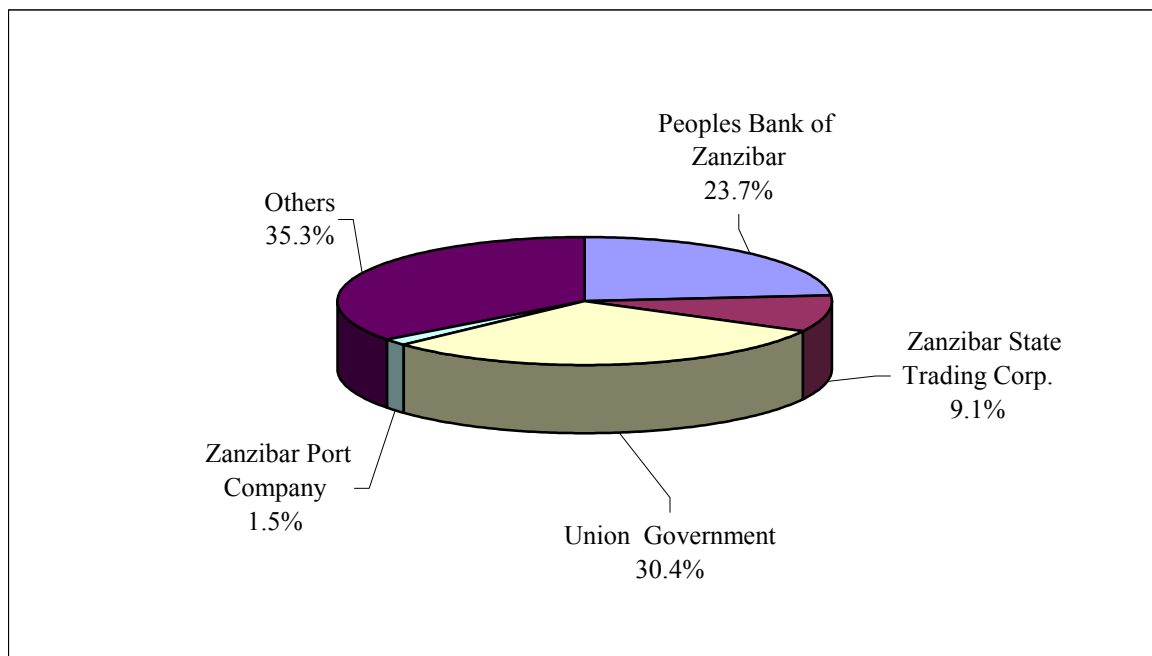
Domestic Debt

In the review period, domestic debt declined by 2.2 percent to TZS 44.8 billion from TZS 45.8 billion recorded in February 2004. The decrease was associated with servicing of the matured treasury bills and payment of pension arrears.

Domestic Debt - By Creditor

The debt profile shows that claims from Other Creditors was the largest amounting to TZS 15.8 billion or 35.3 percent of the total domestic debt. The Union Government maintained to be the second largest creditor with claims amounting to TZS 13.6 billion or 30.4 percent of total domestic debt. The third creditor was the People's Bank of Zanzibar (PBZ) claims TZS 10.6 billion or 23.7 percent of total debt. Zanzibar State Trading Corporation (ZSTC) and Zanzibar Port Authority (ZPC) claims remained at TZS 4.1 or 9.1 percent; and TZS 0.7 billion or 1.5 percent, respectively.

Chart 25: Domestic Debt by Creditor at end-March 2004



Domestic debt by maturity

During the month under review, debt with maturity ranging between 1-2 years amounted to TZS 3.6 billion, representing 8.0 percent of the total domestic debt. Debt maturing between 2-5 years amounted to TZS 11.3 billion or 25.3 percent of total domestic debt, while debts with “Undetermined maturity” (mainly pensioners claims) amounted to TZS 29.9 billion, representing percent 66.7 percent of total domestic debt.

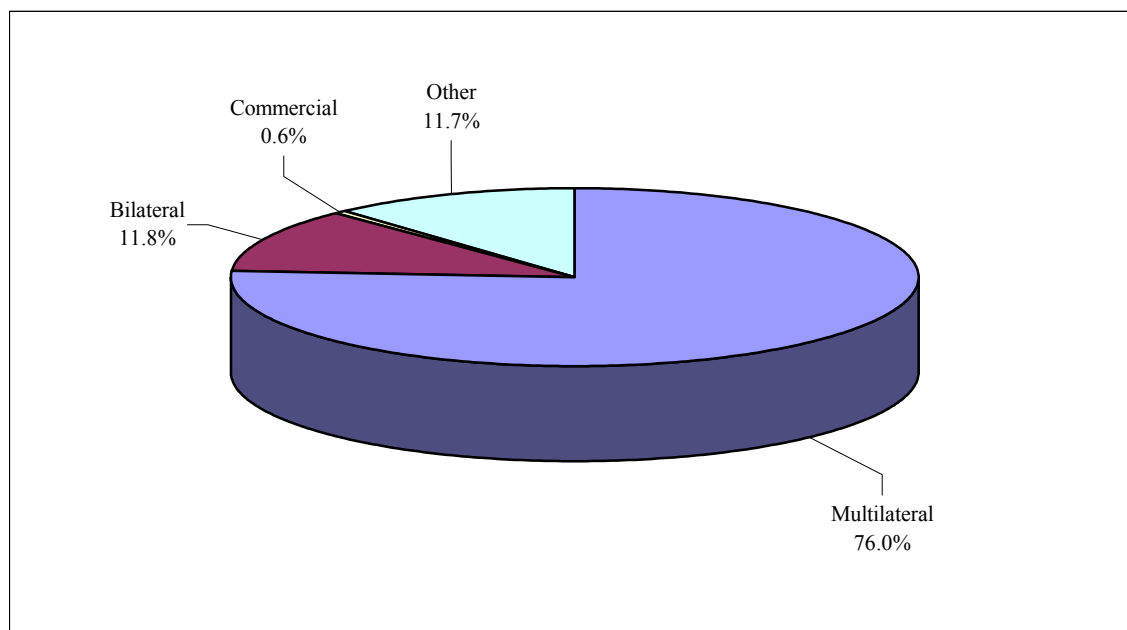
External Debt

As at end of March 2004, the Zanzibar Government’s external debt position stood at USD 61.4 million from USD 61.0 million recorded in February 2004. The marginal increase was mainly associated with new OPEC disbursements towards the ongoing schools rehabilitation and roads construction projects.

External Debt by Creditor Category

As at end-March, 2004 the Zanzibar external debt by creditor shows that multilateral creditors continued to dominate, amounting to USD 46.7 million and accounting for 76.0 percent of total external debt. Bilateral creditors debt remained at USD 7.2 million as recorded in February 2004, representing 11.8 percent of total external debt. Commercial creditors claims stood at USD 0.3 million or 0.6 percent of total external debt. “Other creditors” claims amounted to TZS 7.2 million, representing 11.7 percent of total external debt.

Chart 26: External Debt by Creditors at end-March 2004



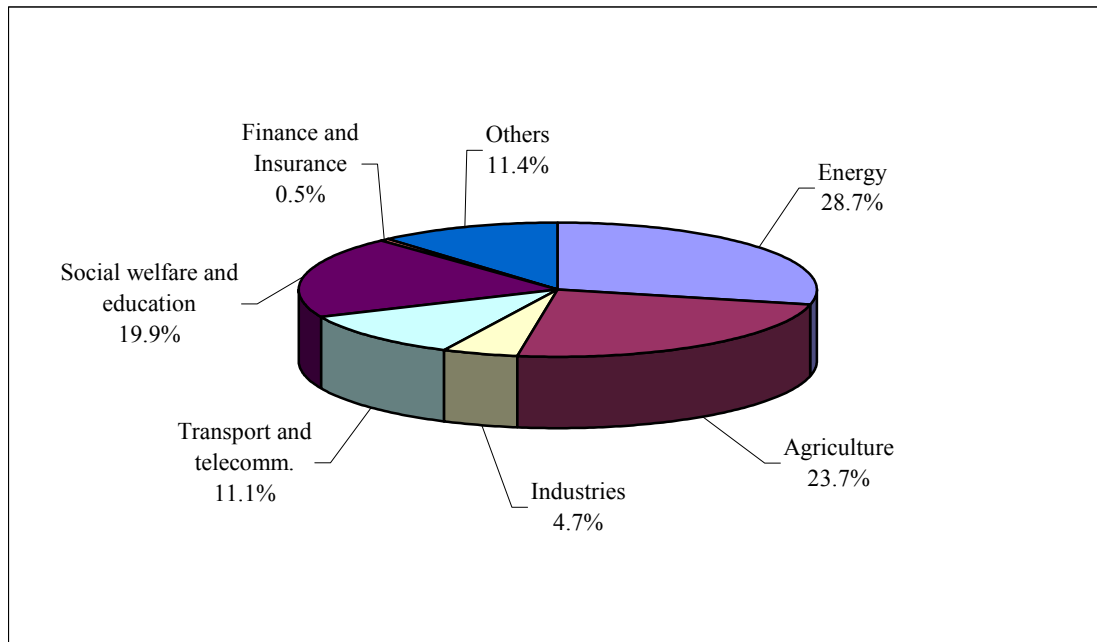
External Debt by Maturity

Analysis of external debt by maturity reveals that, debts maturing between 5-10 years stood at USD 6.1 million, representing 10.0 percent of total external debt, while debt maturing between 10-20 years amounted to USD 13.2 million or 21.5 percent. Debt with maturity above 20 years stood at USD 43.1 million, accounting for 68.5 percent of total external debt.

External debt by Use of Funds

The profile shows that as at end March 2004, energy sector held the largest debt amounting to USD 17.6 million or 28.7 percent, followed by social welfare & education that held USD 12.2 million representing 19.9 percent of total external debt. Agriculture and industries absorbed USD 17.5 million or 28.4 percent, while transport and telecommunication sectors held USD 6.8 or 11.1 percent of total external debt. The remaining outstanding debt of USD 7.3 million or 11.7 percent was held by other sectors including finance & insurance.

Chart 27: External Debt by Use of Funds at end-March 2004



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 (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	1,757,204.8
6.1 Percentage Change	Per cent	26.1	11.6	11.0	11.1	15.0	12.5	12.8	22.2	17.0
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	523,607.8
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	572,950.9
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	1,381,092.5
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	1,089,259.2
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	1,300,065.9
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	422,668.4
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)	112,430.0
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)	(147,638.8)
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	288,435.7
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	7,901.8
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	6,739.2
Interest	Mill. USD	1,086.3	1,130.8	978.2	948.8	1,089.4	1,086.5	904.3	1,035.1	1,162.6
Source: Bank of Tanzania and National Bureau of Statistics										
Note: * Provisional data; ** For the current year, position is at end-March 2004										
**** cumulative for July 2003 - March 2004										
***** Debt position is given on financial year basis (end of period); for 2003/04, it is at end-March 2004										

Table A2: Central Government Operations (Actual)

Item	Cumulative from July 2003									
	BUDGET 2003/2004	Jul-03	Aug-03	Sep-03	Oct-03	Nov-03	Dec-03	Jan-04	Feb-04	Mar-04
Total Revenue	1,393,026.0	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
Tax Revenue	1,264,161.0	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
Taxes on Imports	561,554.0	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
Sales/WAT and Excise on Local Goods	328,018.0	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
Refunds	(44,090.0)	(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)
Income Taxes	310,327.0	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
Other taxes	108,352.0	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
Non- tax Revenue	128,865.0	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
Total Expenditure	2,418,336.9	147,098.5	331,409.1	506,654.9	682,521.3	821,691.3	1,045,861.4	1,271,822.4	1,427,415.4	1,722,734.4
Recurrent expenditure 1/	1,610,897.3	100,499.5	238,755.5	368,455.6	516,085.0	624,801.9	768,591.9	938,831.9	1,068,947.9	1,300,065.9
Roadtoll fund	75,043.0	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
Retention fund	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
Wages and salaries	464,061.0	33,406.8	71,863.6	114,426.4	152,663.8	191,090.3	229,781.4	268,602.4	307,057.4	345,780.4
Interest payments	149,438.1	2,814.7	11,257.9	28,314.2	32,919.3	36,669.6	49,737.6	58,553.6	62,227.6	82,168.6
Domestic 2/	71,852.0	1,613.3	4,852.7	15,795.9	18,420.5	18,592.4	28,380.7	33,801.7	36,018.7	48,713.7
Foreign	62,955.4	1,201.4	6,405.2	12,518.4	14,498.8	18,077.2	21,356.8	24,751.8	26,208.8	33,454.8
Other goods, services and transfers	862,590.7	64,278.0	155,634.0	225,715.0	330,502.0	397,042.0	489,073.0	611,676.0	699,663.0	872,117.0
Dev. Expenditure and net lending	807,439.7	46,599.1	92,653.6	138,199.3	166,436.3	196,889.4	277,269.4	332,990.4	358,467.4	422,668.4
Local	140,091.0	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
Foreign	667,348.7	34,924.7	69,304.9	101,467.2	123,704.2	149,157.3	221,537.3	265,584.3	285,750.3	314,951.3
Overall Balance (cheque issued) before Grants	(1,025,310.9)	(43,879.9)	(121,764.1)	(162,772.1)	(221,715.5)	(248,188.0)	(332,350.2)	(437,937.2)	(478,175.2)	-633,475.2
Grants	727,650.1	99,917.1	179,962.4	209,211.0	216,805.7	233,397.6	383,468.6	407,913.6	428,429.6	460,029.6
Program (CIS/OGL)	259,922.3	79,211.8	138,177.0	140,106.6	140,113.7	140,120.0	256,882.2	256,885.2	260,155.2	271,817.2
Project	240,708.1	2,327.1	5,221.8	23,678.0	26,961.2	34,922.6	41,885.6	53,440.6	60,827.6	68,845.6
MDF funds	123,594.7	13,024.6	27,552.7	29,245.7	29,408.6	30,985.8	50,985.8	57,995.8	58,106.8	62,516.8
HIPC Relief	103,425.1	5,353.7	9,010.9	16,180.7	20,322.1	27,369.1	33,715.1	39,592.1	49,340.1	56,830.1
Overall defic (cheq issued) after Grants	(297,660.8)	56,037.2	58,198.3	46,438.8	(4,909.8)	(14,790.5)	51,118.5	(30,023.5)	(49,745.5)	-173,445.5
Expenditure float	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
Adjustments to cash and other items (net)	(0.3)	10,734.8	52,833.2	61,711.2	634.2	14,933.3	36,978.9	54,504.5	46,853.4	112,430.0
Overall Balance (cheques issued)	(297,661.1)	(13,268.9)	25,630.3	21,657.6	(91,285.9)	(87,867.7)	(1,392.8)	(65,067.2)	(92,440.4)	-150,563.8
Financing:	297,661.1	13,268.9	(25,630.3)	(21,657.6)	91,285.9	87,867.7	1,392.8	65,067.2	92,440.4	150,563.8
Foreign Financing (net)	287,261.0	14,452.1	128,973.1	132,305.9	176,638.8	185,675.6	223,666.7	243,994.7	284,959.7	288,435.7
Loans	(258,305.0)	19,573.1	139,526.4	151,539.5	200,427.3	216,341.9	261,759.2	287,241.2	333,281.2	350,054.2
Program loans	(279,662.2)	0.0	104,897.9	104,897.9	134,994.9	134,994.9	134,994.9	134,994.9	168,367.9	168,367.9
Development Project loans	(129,152.5)	19,573.1	34,628.5	46,641.6	65,432.4	81,347.0	126,764.3	152,246.3	164,913.3	181,686.3
Basket Support	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
Amortization	(160,909.8)	(5,121.0)	(12,455.2)	(21,135.5)	(25,690.4)	(32,568.2)	(39,994.4)	(45,148.4)	(50,223.4)	(63,520.4)
Domestic (net)	10,400.0	(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
Domestic Financing	21,357.3	(1,183.2)	(154,603.4)	(160,030.4)	(91,419.7)	(103,874.7)	(228,340.7)	(184,994.3)	(198,586.2)	-147,638.2
Bank borrowing	21,357.3	(27,484.6)	(193,871.4)	(196,964.4)	(149,004.4)	(134,446.3)	(269,829.9)	(213,398.4)	(211,869.1)	-167,387.5
Non-Bank (net of amortization)	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
Amortization of contingent debt	(27,957.2)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Privatization Proceeds	17,000.0	0.0	0.0	6,066.8	6,066.8	6,066.8	6,066.8	6,066.8	6,066.8	9,766.8
Source: Ministry 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 TZS 9,493,500 million										

Table A4 : Tanzania's Balance of Payments						
	Millions of USD					
Item	1997	1998	1999	2000p	2001	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
Debit	0.0	0.0	0.0	0.0	0.0	0.0
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 abroad	0.0	0.0	0.0	0.0	0.0	0.0
Direct investment in Tanzania	157.8	172.2	516.7	463.4	327.2	240.4
Portfolio investment	0.0	0.0	0.0	0.0	0.0	0.0
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)	(197.5)	(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
Debt forgiveness	0.0	0.0	0.0	0.0	0.0	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						