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MONTHLY ECONOMIC REVIEW BANK OF TANZANIA

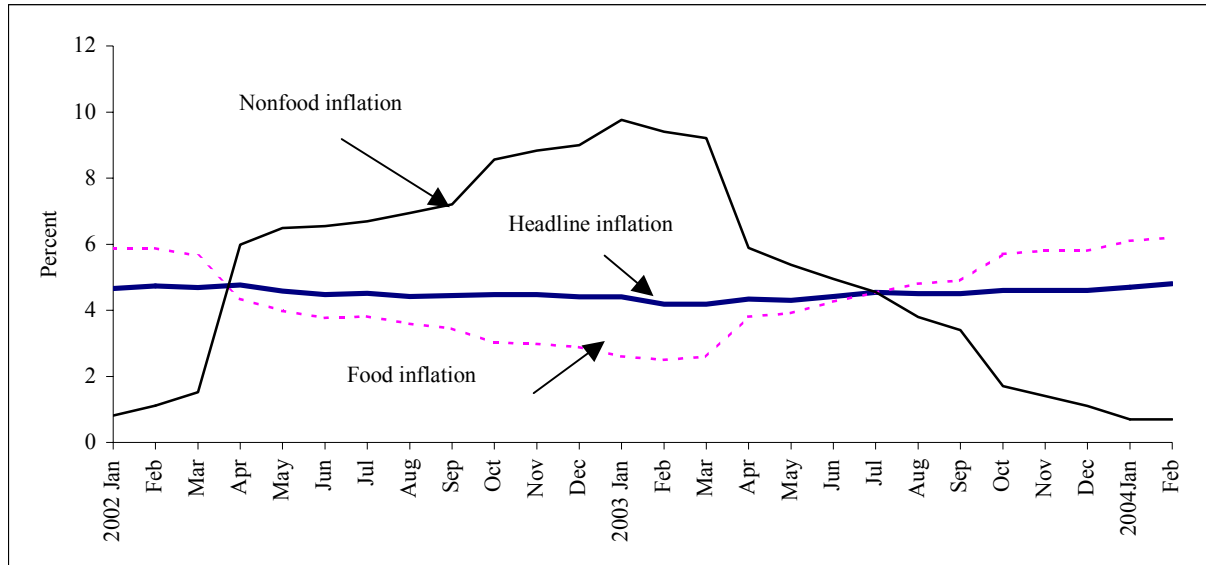
March 2004

Inflation Developments

Headline Inflation

The annual headline inflation increased marginally to 4.8 percent in the year ending February 2004, from 4.7 percent recorded in January 2004, due to a rise in the inflation of food, fuel, power and water sub-groups. Similarly, month-to-month headline inflation rose slightly to 3.2 percent from 3.1 percent recorded in the previous month. However, the seasonally adjusted month-to-month headline inflation, decreased from 0.4 percent in January 2004 to 0.3 percent, indicating that the increase in the monthly inflation was mainly due to seasonal low food supply.

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



Non-food Inflation

During the period under review, average prices of some non-food items such as kerosene, water and rent increased while for others such as entertainment, clothing, footwear, furniture, drinks and tobacco went down considerably. Consequently, the annual non-food inflation remained unchanged at 0.7 percent in January and February 2004, while the monthly non-food inflation stabilized at 0.4 percent.

Food Inflation

Following the seasonal low food supply between January and February of each year, the annual food inflation rose marginally by 0.1 percentage point to 6.2 percent in February 2004 from the level recorded in the previous month, while the month-to-month food inflation remained unchanged at 4.1 percent for two consecutive months.

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

Major Commodity Group	Weight %	% Change		December 1994=100		% Change	
		Jan-04	Jan 03 – Jan 04	Feb-03	Feb-04	Feb 03 - Feb 04	Jan 04 - Feb 04
		Food	71.2	263.3	6.1	258.3	274.2
Fuel, Power and Water	4.7	345.2	2.0	339.5	350.7	3.3	1.6
Drinks and Tobacco	4.4	184.5	0.4	185.6	184.4	-0.6	-0.1
Rents	3.9	217.2	4.6	207.7	217.3	4.6	0.0
Clothing & Footwear	3.7	202.9	-3.5	209.9	203.1	-3.2	0.1
Furniture & Household Equipment	2.5	205.4	0.4	204.2	204.4	0.1	-0.5
Personal Care & Health	2.2	159.0	-0.7	159.9	158.9	-0.6	-0.1
Education	1.5	206.8	-1.8	211.2	207.4	-1.8	0.3
Household Operations & Maintenance	1.5	169.7	1.7	168.1	169.5	0.8	-0.1
Recreation & Entertainment	1.2	176.2	0.6	176.0	175.8	-0.1	-0.1
Transportation	1.2	251.1	1.0	250.3	251.2	0.4	0.0
Miscellaneous Goods and Services	2.0	158.4	-1.3	162.9	158.3	-2.8	-0.1
TOTAL	100	250.5	4.7	246.7	258.5	4.8	3.2

Source: National Bureau of Statistics (NBS)

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

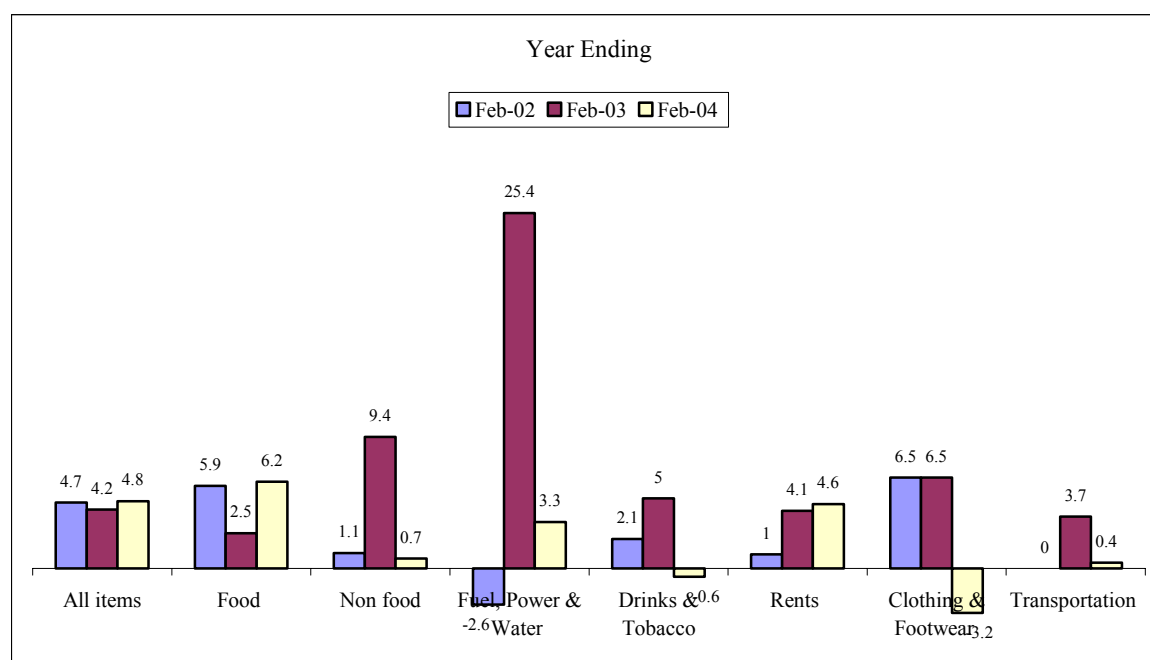


Table 2: Actual and Seasonally Adjusted Inflation Rates, Tanzania Mainland

Period	Unadjusted						Seasonally Adjusted					
	Year-on- Year			Month-on-Month			6 Months Annualised			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

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

Reserve money (M0) at end-February 2004 stood at TZS 743.8 billion, being lower than TZS 769.1 billion recorded at end-January 2004. The decrease in M0 was achieved through sale of Treasury bills, repos, and foreign exchange, coupled with a build-up of government deposits at the Bank.

During the month, net domestic assets (NDA) of the BoT declined by TZS 64.1 billion to TZS – 834.8 billion, following a net sale of Treasury bills amounting to TZS 28.2 billion, and TZS 23.7 billion repurchase agreement (repos) transacted with commercial banks. In addition, the increase in government deposits at the BoT by TZS 15.6 billion, contributed to the decline by the same amount.

By contrast, the BoT's net foreign assets (NFA)¹ rose by TZS 38.8 billion, to TZS 1,578.6 billion at the end of February 2004, as the BoT purchased foreign exchange from the Government. The depreciation of the shilling during the month also contributed to the increase in NFA as the valuation account went up by TZS 18.8 billion. In line with the decline registered in February 2004, the annual growth rate of M0 slowed down to 9.6 percent in February 2004, compared to 13.0 percent recorded in January 2004.

¹ Gross Official Reserves of the BoT increased to USD 2,045.7 million in February 2004, equivalent to 8.5 months of imports of goods and services (GNS) from USD 1,986.9 million recorded in January 2004 and USD 1,544.5 million in February 2003.

Table 3: Developments in Selected Reserve Money Items

(In billions of TZS)

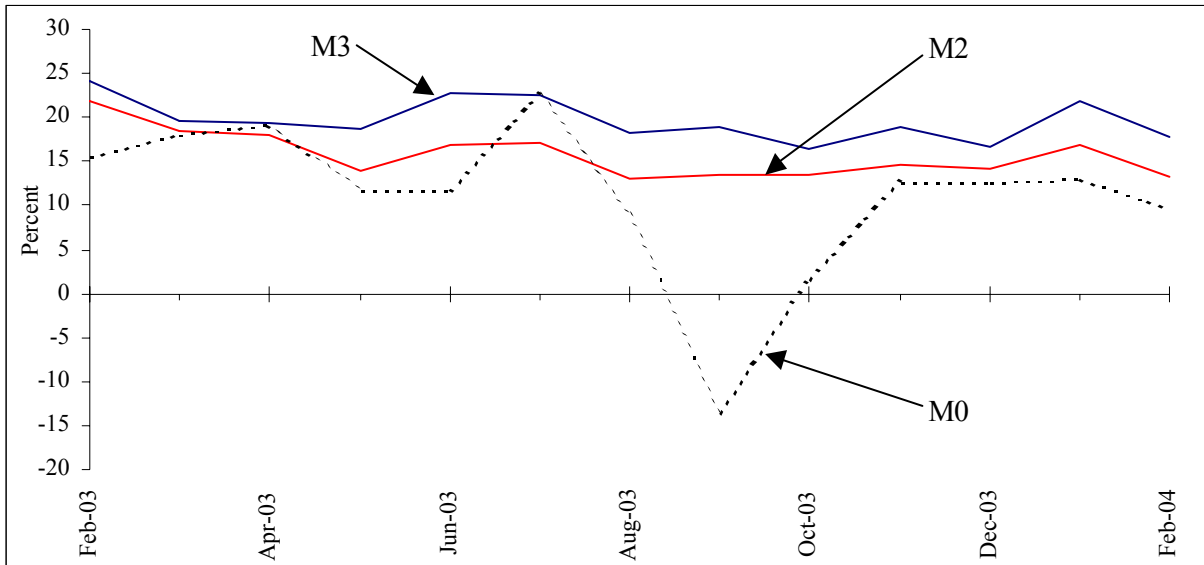
Item					Absolute Change		Annual	
					Jan - Feb		% Change	
	Jan-03	Feb-03	Jan-04	Feb-04	2003	2004	Jan-04	Feb-04
Reserve Money	680.5	678.8	769.1	743.8	-1.8	-25.3	13.0	9.6
Currency outside BoT	517.2	518.0	589.4	573.4	0.8	-15.9	13.9	10.7
Banks deposits	163.3	160.7	179.7	170.4	-2.6	-9.4	10.1	6.0
Net foreign assets	1,032.0	1,022.2	1,539.7	1,578.6	-9.9	38.8	49.2	54.4
o/w Net international reserves	1,073.9	1,064.0	1,581.1	1,619.8	-9.9	38.7	47.2	52.2
Net domestic assets	-351.5	-343.4	-770.7	-834.8	8.1	-64.1	119.2	143.1
Claims on government	140.3	141.3	142.0	142.0	0.9	0.0	1.2	0.5
Government deposits	199.8	158.9	370.5	386.1	-40.9	15.6	85.5	143.0
Liquidity papers	241.2	286.4	335.7	363.9	45.2	28.2	39.2	27.1
Repos	0.0	0.0	33.2	56.9	0.0	23.7	-	-
Other	-50.9	-39.3	-173.2	-169.8	11.5	3.4	240.5	331.8

Source: Bank of Tanzania

Money Supply

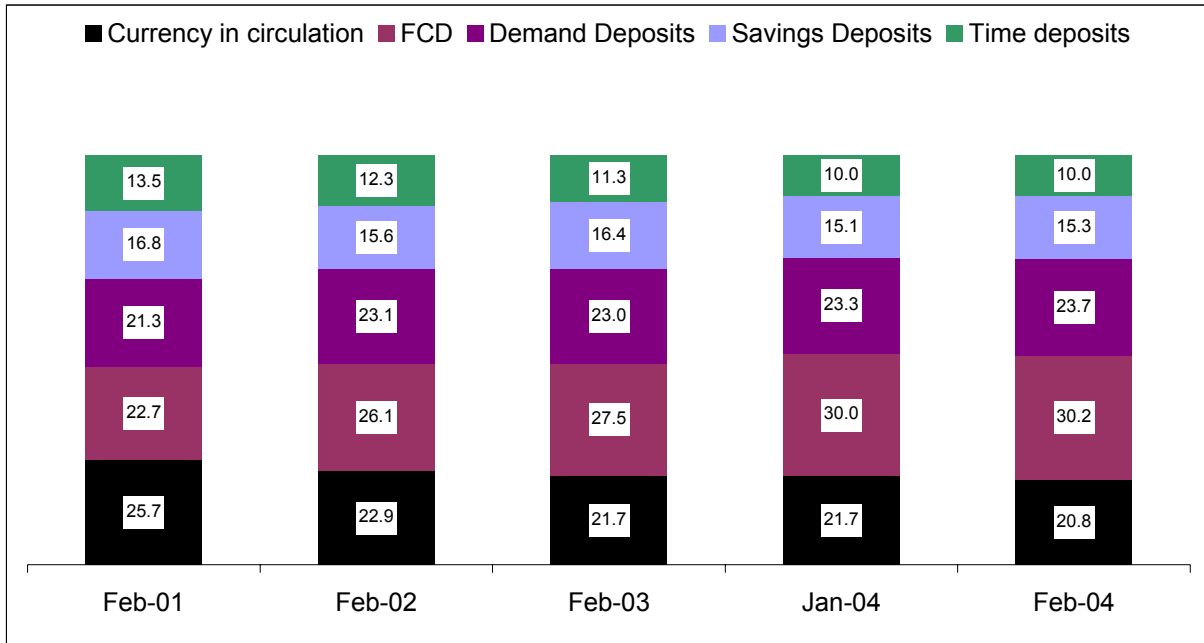
In February 2004, the extended broad money supply (M3) registered an increase of TZS 11.5 billion to TZS 2,497.5 billion, from TZS 2,486.0 billion in the previous month. Likewise, broad money supply (M2), which is total money supply excluding foreign currency deposits increased slightly by TZS 1.6 billion between January 2004 and February 2004. On annual basis, the growth rate of M3 slowed down from 21.8 percent in January 2004 to 17.7 percent at the end of February 2004. Likewise, the growth rate of M2 decelerated from 16.8 percent to 13.3 percent in the same period (Chart 3). The slowdown in the growth of money supply was partly due to tight liquidity management operations conducted by the BoT, through open market operations and sale of foreign exchange operations.

Chart 3: Annual Growth Rates of Monetary aggregates



Developments in money components were mixed. While currency in circulation and time deposits declined by TZS 18.9 billion and TZS 0.6 billion, respectively, demand deposits increased by TZS 12.6 billion, savings deposits by TZS 8.5 billion and foreign currency deposits (FCD) by TZS 9.8 billion. The degree of *dollarization*, as measured by the share of FCD in M3, continued to rise reaching a record high level of 30.2 percent at the end of February 2004. This outturn is attributed to the sharp depreciation of the shilling in January that increased the shilling value of FCD directly and partly increased the public preference for foreign currency (Chart 4). In line with the increase in FCD, the share of currency in M3 continued to decline reaching 20.8 percent, which is the lowest level in the recent past.

Chart 4: Components of Money Supply as Percentage of M3



From the sources side, developments in money supply were explained by net domestic assets (NDA) of the banking system, that rose by a relatively smaller amount of TZS 22.3 billion compared with TZS 79.9 billion in a similar period a year before. Net foreign assets (NFA) of the banking system rose moderately by TZS 7.8 billion, compared with TZS 3.8 billion recorded in the corresponding period last year, the former being partly explained by sharp depreciation of the shilling.

Table 4: Developments in Selected Money Supply Aggregates

(In billions of TZS)

Item	Jan-03	Feb-03	Jan-04	Feb-04	Absolute Change		Annual % Change	
					Jan 03 - Feb 03	Jan 04 - Feb 04	Jan-04	Feb-04
Extended broad money supply	2,040.6	2,121.4	2,486.0	2,497.5	80.7	11.5	21.8	17.7
Broad money supply	1,490.5	1,537.8	1,741.3	1,742.9	47.3	1.6	16.8	13.3
Currency in circulation	471.1	461.3	538.8	520.0	-9.8	-18.9	14.4	12.7
Demand deposits	447.0	487.0	578.1	590.7	40.0	12.6	29.3	21.3
Time deposits	239.9	240.7	249.6	249.0	0.8	-0.6	4.0	3.5
Savings deposits	332.5	348.8	374.8	383.3	16.3	8.5	12.7	9.9
Foreign currency deposits	550.1	583.6	744.7	754.5	33.4	9.8	35.4	29.3
Total deposits	1,569.5	1,660.1	1,947.2	1,977.5	90.6	30.3	24.1	19.1
Net foreign assets	1,651.2	1,655.0	2,312.9	2,320.8	3.8	7.8	40.1	40.2
Bank of Tanzania	1,073.9	1,064.0	1,581.1	1,619.8	-9.9	38.7	47.2	52.2
Deposits money banks	577.3	591.0	731.8	700.9	13.7	-30.8	26.8	18.6
Net domestic assets	725.6	805.5	676.7	698.9	79.9	22.3	-6.7	-13.2
Domestic credit	837.3	889.0	856.7	879.4	51.7	22.8	53.0	-1.1
Net claims on government	257.0	306.4	-0.1	34.9	49.4	35.0	-100.0	-88.6
Claims on government	483.8	496.9	481.3	507.5	13.2	26.2	-0.5	2.1
Government deposits	226.7	190.5	481.5	472.6	-36.2	-8.8	112.4	148.1
Claims on private sector	580.2	582.6	856.8	844.6	2.4	-12.2	47.7	45.0
Other items net	-111.7	-83.6	-180.0	-180.5	28.2	-0.5	61.1	116.1
Medium term foreign liabilities	41.8	41.8	41.4	41.2	0.0	-0.2	-1.0	-1.4
Valuation account	294.3	297.3	462.2	481.0	3.0	18.8	57.0	61.8

Source: Bank of Tanzania

Credit Developments

In February 2004, total domestic credit increased by TZS 22.8 billion to reach TZS 879.4 billion. Government indebtedness to the banking system (net claims) rose by TZS 35.0 billion between January 2004 and February 2004, whereas commercial banks' credit to the private sector registered a decrease of TZS 12.2 billion. On annual basis, the growth of private sector credit eased to 45.0 percent in February, from 47.7 percent recorded in January 2004. The share of private sector credit to total deposits of the commercial banks, which also measures the degree of financial intermediation, improved from 41.6 percent in January to 42.6 percent in February (Chart 5).

Chart 5: Credit to Private Sector and Net Claims on Government by Banks
(In billions of TZS)

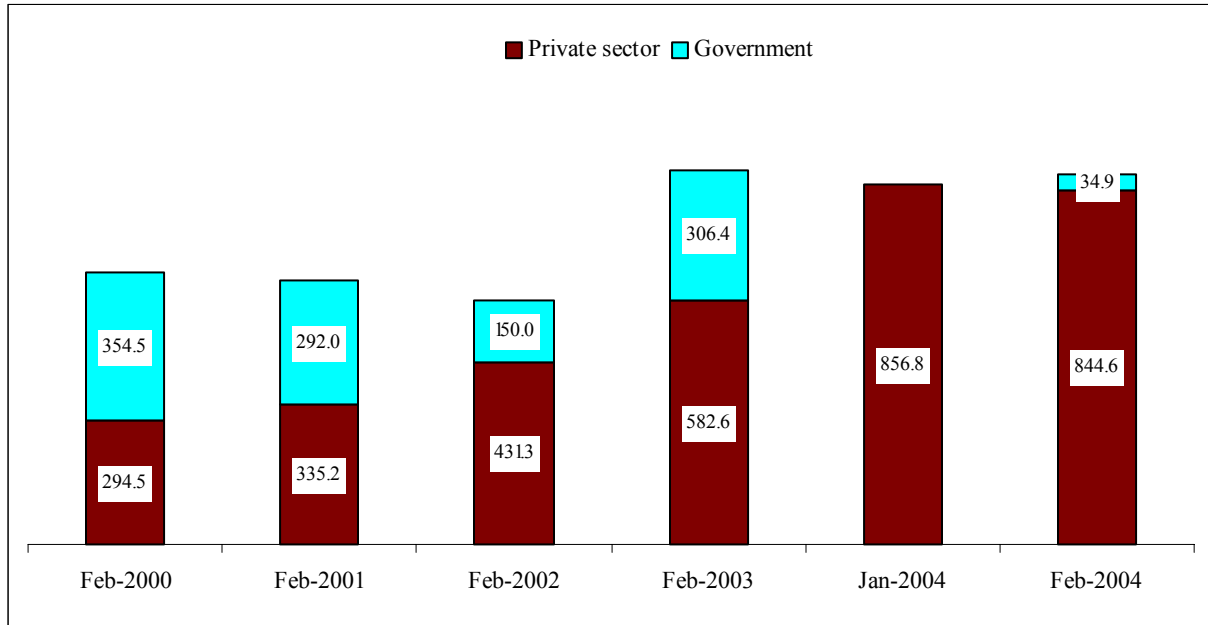
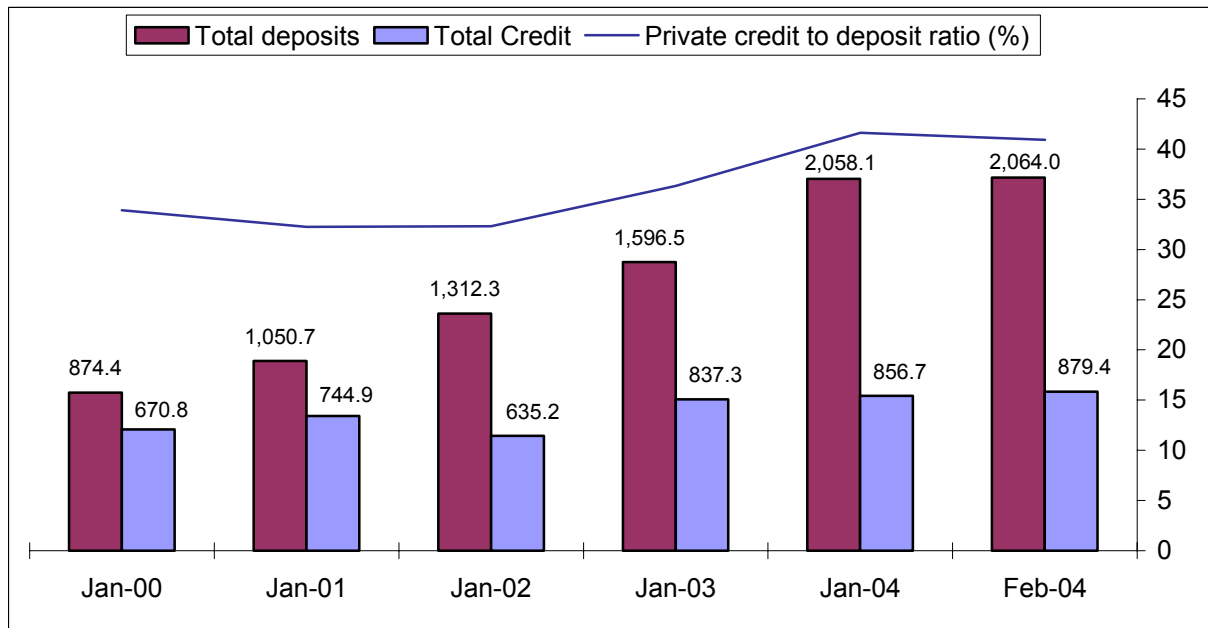


Chart 6: Total Deposits and Credit of the Banking System
(In billions of TZS)



Inter-bank Cash Market

The volume of trade in the inter-bank cash market amounted to TZS 525.4 billion in February 2004 down from TZS 815.6 billion traded in the preceding month. Overnight transactions continued to dominate the market accounting for 88.3 percent of the volume traded compared to 80.2 percent recorded in the preceding month.

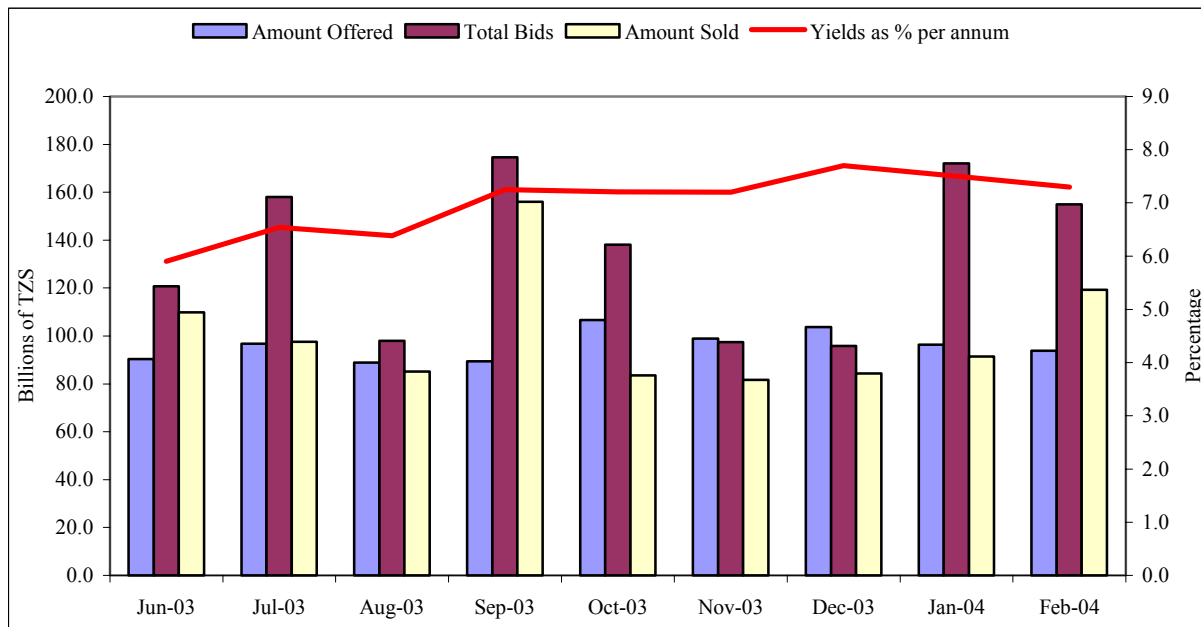
During the month under review, interest rates on overnight lending decreased substantially from 9.7 percent in January 2004 to 3.5 percent in February 2004, signifying the existence of relatively high liquidity in the inter-bank market. Subsequently, the overall inter-bank cash market rate fell from 9.5 percent to 3.8 percent in the same period.

Treasury Bills Market

During February 2004, Treasury bills worth TZS 93.8 billion were floated compared with TZS 96.4 billion in the preceding month. The demand for Treasury bills dropped to TZS 155.0 billion, from TZS 172.0 billion recorded in January 2004. Sales amounted to TZS 119.2 billion, being higher than the amount floated, following BoT intervention to reduce excess liquidity in the economy. Commercial banks continued to dominate in the Treasury bills market accounting for 76.4 percent of total successful bids.

Weighted average yields in the Treasury bills market declined, except for 91-day and 182-day Treasury bills whose rates remained almost unchanged. The yield for 35-day fell from 6.7 percent to 6.4 percent, while for 364-day fell from 7.8 percent to 7.6 percent. As a result of these developments, the overall weighted average yield (WAY) for all maturities fell from 7.5 percent in January 2004 to 7.3 percent.

Chart 7: Treasury Bills Market Developments



Treasury Bonds

In February 2004, the demand for Treasury bonds declined substantially from TZS 26.1 billion in January to TZS 10.6 billion against the offer of TZS 18.9 billion. The decline in demand is partly associated with the sale of more Treasury bills than what was floated. However, the BoT intervened and accepted bids worth TZS 8.1 billion. The weighted average yields to maturity on Treasury bonds exhibited a mixed trend. The yield for 2-year Treasury bond fell slightly from 7.9 percent to 7.8 percent, while that of 5-year remain stable at 9.5 percent. In the same period, the yield for 7-year and 10-year Treasury bond rose from 10.4 percent to 10.5 percent and from 11.5 percent to 11.7 percent, respectively.

Repurchase Agreements (REPOs)

During February, the BoT conducted repurchase agreements worth TZS 56.9 billion with commercial banks, for fine-tuning liquidity in the banking system. The REPO rate ranged between 3.5 percent and 4.8 percent in February 2004, compared to 4.0 percent and 5.5 percent

recorded in the preceding month. The weighted average REPO rate stood at 4.4 percent lower than 4.8 percent recorded in January 2004.

Lombard Transactions

Lombard Facility continued to advance credit to the commercial banks that have signed master repurchase agreement. During the month under review, a total of TZS 0.1 billion was borrowed compared to TZS 22.6 billion accessed in the preceding month. The Lombard rates ranged from 9.48 percent to 9.69 percent, compared to a range of 10.1 percent to 17.1 percent recorded in January 2004.

Interest Rates Developments in Commercial Banks

- **Domestic Currency Deposits and Lending rates**

In February 2004, deposit rates exhibited a mixed trend. The weighted average rates on savings remained unchanged at 2.4 percent, with the lowest of 1.2 percent of 5.5 percent. The overall time deposit rate rose from 3.8 in January 2004 to 4.2 percent. Specifically, interest rate paid to 6-month deposits was the only one that increased from 3.5 percent to 5.0 percent, while all others either declined or remained unchanged (Table 5).

It is noteworthy that, yields on Treasury bills of the same maturity were almost twice the interest paid to fixed deposits, thus explaining the preference of investors to hold treasury bills rather than time deposits.

Table 5: Interest Rates Structure

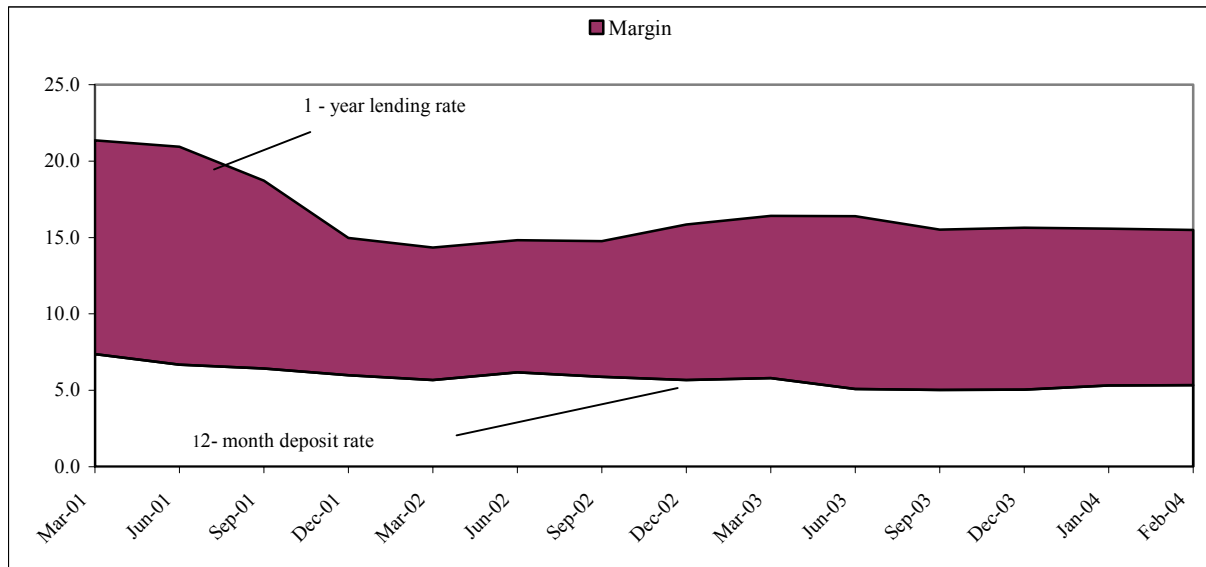
(In percent per annum)

	Feb-03	Jun-03	Sep-03	Dec-03	Jan-04	Feb-04
Savings deposits rate	2.5	2.5	2.4	2.5	2.4	2.4
Overall Time deposits rate	3.9	3.5	3.3	3.9	3.8	4.2
1-month	2.1	3.9	2.9	2.8	2.2	2.2
35-day T-bill yield	3.8	5.8	6.7	5.7	6.7	6.4
3-months	3.0	2.8	2.9	4.3	5.1	4.3
91-day T-bill yield	4.6	6.1	7.3	7.6	7.1	7.2
6-months	4.3	3.7	3.5	4.9	3.5	5.0
182-day T-bill yield	5.0	5.8	7.3	7.6	7.6	7.6
12-months	5.6	5.1	5.0	5.0	5.3	5.3
364-day T-bill yield	5.1	5.9	7.4	7.9	7.8	7.6
Overall Lending rates	14.6	14.1	14.5	13.8	13.9	13.4
Up to 1-year	16.7	16.4	15.5	15.7	15.6	15.5
2-3 years	12.6	13.4	11.7	10.5	10.3	9.9
Negotiated rates						
Deposits	6.2	5.5	5.5	7.7	6.8	6.0
Lending	8.0	9.4	9.4	8.4	8.4	8.2
Lending-Deposit Margin	1.8	3.9	4.0	0.7	1.6	2.1

Source: Commercial banks and BoT

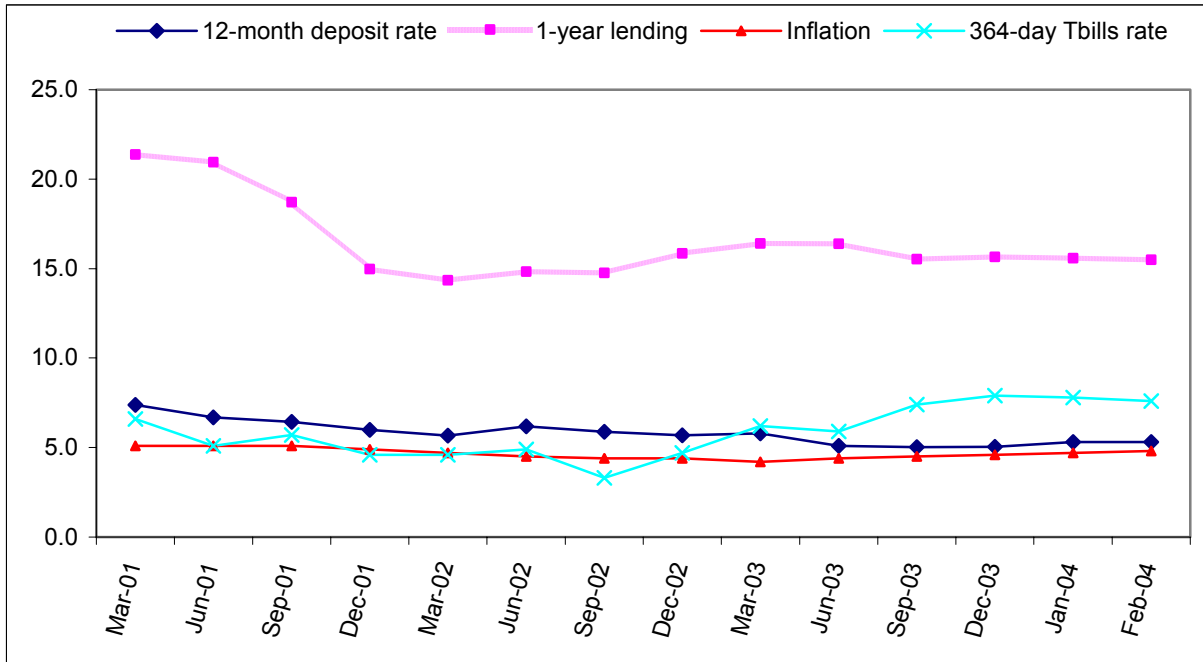
On lending side, the overall weighted average lending rate declined slightly from 13.9 percent in January 2004 to 13.6 percent. However, some banks offered lending rates below 10 percent, while others charged high rates of up to 27.0 percent. The lending rate for prime customers was 8.2 percent, slightly lower than 8.4 percent in January 2004.

**Chart 8: The Margin Between 1-Year Lending Rate and 12-Month deposit rate
(In percent)**



In the same period, the interest rate spread, measured by the difference between the 12-months fixed deposits and 1-year lending rates remained around 10.3 percentage points compared to 10.2 percentage points recorded in the preceding month (Chart 8). With an inflation rate of 4.8 percent, the Savings rate was negative in real terms, while the interest rate on 12-month fixed deposits was positive.

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



- **Foreign Currency Deposits and Lending rates**

Developments in interest rates on foreign currency denominated deposits were also mixed. Savings rate decreased from 0.9 percent in January 2004 to 0.8 percent in the month under review, while the rate on 12-month time deposit increased by 0.1 percentage point to 1.3 percent. Meanwhile 3-month and 6-month time deposit rates remained unchanged at 1.1 percent and 1.2 percent, respectively. As for lending rates, loans of up to 1-year declined from 6.9 percent to 6.8 percent, and that of medium-term of 2-3 years increased from 7.1 percent to 7.2 percent.

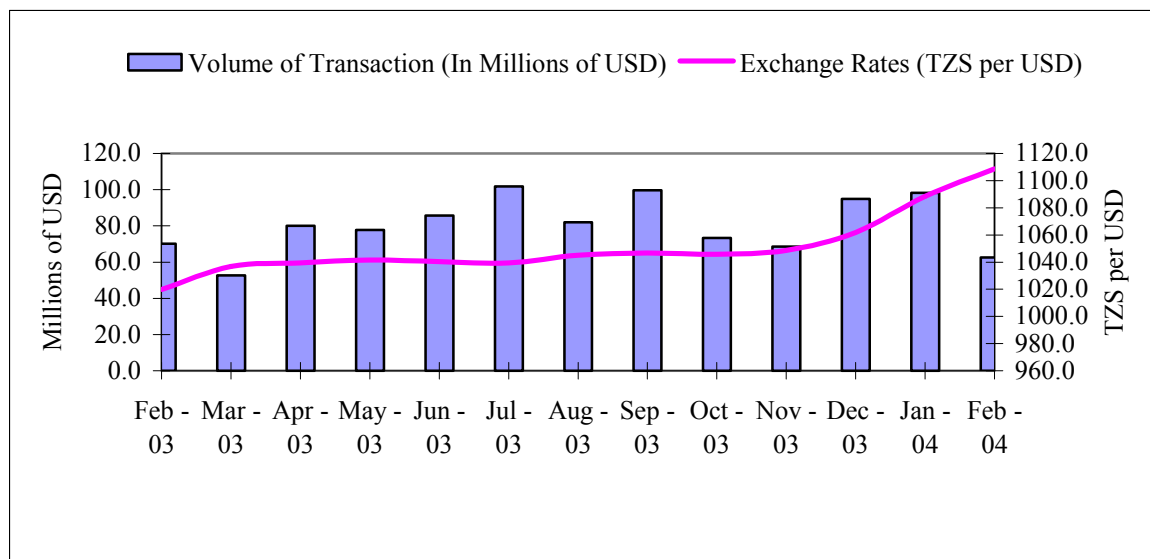
Inter-bank Foreign Exchange Market (IFEM)

During February 2004, the funds traded at the IFEM declined from USD 98.2 million in January 2004 to USD 62.6 million. Commercial banks purchased USD 61.5 million and supplied USD 39.6 million, while non-bank financial institutions supplied USD 5.0 million and purchased USD 1.1 million. The Bank of Tanzania's intervention in the market resulted to a net sale of USD 18.1 million.

Exchange Rate

During the period under review, the shilling depreciated by 1.9 percent against the US dollar from TZS 1,088.5 in January 2004 to TZS 1,108.7. The exchange rate had started an upward movement in December 2003, partly reflecting high demand for imports (Chart 10).

Chart 10: Inter-bank Exchange Rate Movement and Volume of Transactions from February 2003 to February 2004



Bureau de Change Operations

The volume traded in the bureau de change system declined by 3.5 percent to USD 40.97 million in February 2004, as both sales and purchases fell. Sales went down by 3.8 percent to USD 20.3 million largely due to the fall in payments for travelling allowances and education, while purchases declined by 3.3 percent to USD 20.6 million, mainly on account of a decrease in the supply of foreign exchange bought from private clients.

The buying and selling rates depreciated by 2.4 percent and 2.3 percent to TZS 1,099.0 per US dollar and TZS 1,119.0 per US dollar respectively, during the month under review.

Table 6: Foreign Exchange Market Developments

Item	2004			Feb			Jul - Feb		
	Jan	Feb	% Change	2003	2004	% Change	2002/03	2003/04	% Change
IFEM									
1. Amount offered*	98.2	62.6	-36.3	70.1	62.6	-10.7	659.7	681.2	3.3
2. Amount sold*	98.2	62.6	-36.3	70.1	62.6	-10.7	659.7	681.2	3.3
3. Exchange rate**	1,088.5	1,108.7	1.9	1,019.9	1,108.7	8.7	980.3	1,059.4	8.1
Bureau de Change									
1. Sales*	21.1	20.3	-3.8	17.6	20.3	15.3	145.8	185.7	27.4
2. Purchases*	21.3	20.6	-3.3	17.7	20.6	16.4	155.1	188.2	21.3
3. Volume of Transactions*	42.4	40.9	-3.5	35.3	40.9	15.9	300.9	373.9	24.3
4. Buying rate**	1,073.0	1,099.0	2.4	1,010.0	1,099.0	8.8	973.8	1,054.8	8.3
5. Selling rate**	1,094.0	1,119.0	2.3	1,043.0	1,119.0	7.3	994.0	1,072.5	7.9

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

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

Government Budgetary Developments

During February 2004, the government budgetary operations registered an overall deficit of TZS 19.4 billion. Revenue amounted to TZS 115.4 billion, while grants were TZS 17.9 billion, thus making a total resource base of TZS 133.3 billion, against total government expenditure of TZS 153.0 billion². The deficit was mainly due to foreign inflows being lower than projected.

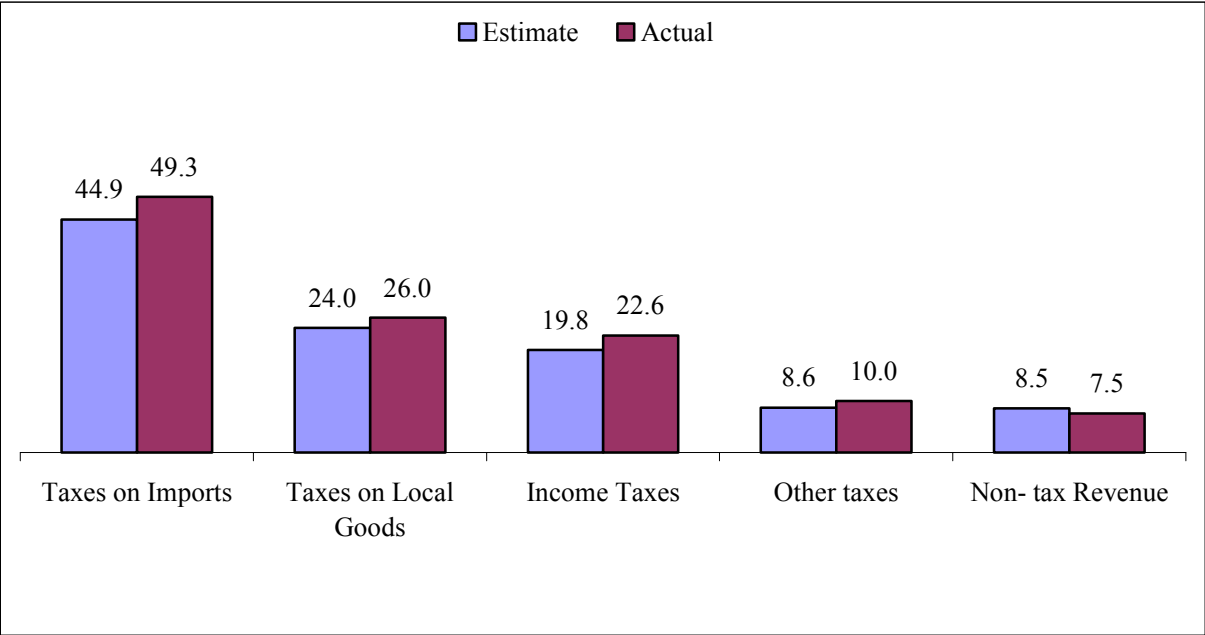
Revenue

During the month under review, revenue collection was higher than the projected TZS 106.0 billion by TZS 9.4 billion. This performance was on account of improved collections from all major tax categories (Chart 11). Import taxes amounted to TZS 49.3 billion compared to the target of TZS 44.9 billion, mainly due to increase in imports that is attributed to importers' speculation of possible increase in import taxes in the next budget. In addition, upfront payment of taxes on transit petroleum products, which reduced leakages, and graduation of some investors from tax holiday on their imports, contributed to the increase in revenue collections. Similarly,

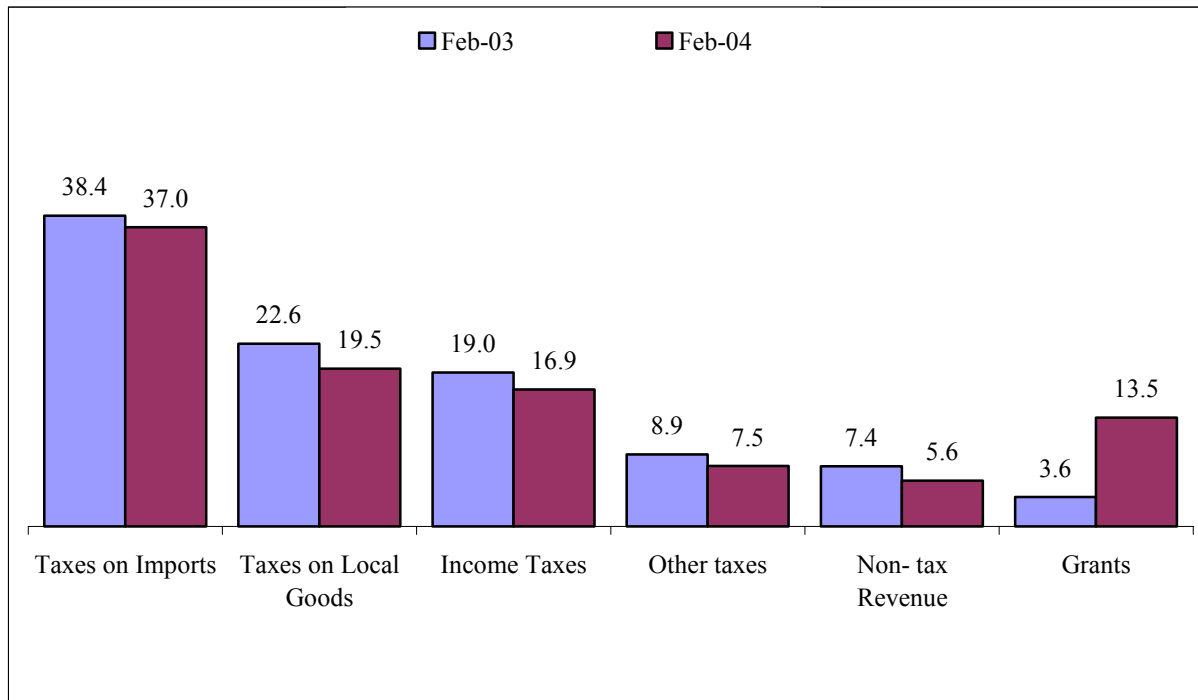
² Excluding amortization

the good performance in income tax was partly explained by an upward salary adjustments made by the Government, leading to a collection of TZS 12.9 billion from Pay-As-You Earn (PAYE), against the target of TZS 10.2 billion. Corporate income tax collections amounted to TZS 2.6 billion slightly above a target of TZS 1.8 billion, mainly due to an abolition of 100 percent allowable tax deductions by firms and businesses.

Chart 11: Government Recurrent Revenue Performance in February 2004
(In billions of TZS)



**Chart 12: Contribution to Total Government Resources
(In Percent)**



On cumulative basis (July 2003-February 2004), revenue collections amounted to TZS 949.2 billion, compared to the projected amount of TZS 916.5 billion. During the same period, the government received grants amounting to TZS 428.3 billion, which was below the expected inflows of TZS 512.8 billion.

Expenditure

During February 2004, recurrent expenditure amounted to TZS 130.1 billion, against the target of TZS 147.1 billion. The lower than planned expenditure as a result of delays in the tendering process for purchase of goods and services which required a substantial time to accomplish. During the month, debt service charges amounted to TZS 3.7 billion, while wages and salaries was TZS 38.5 billion, being the largest component of recurrent expenditure (929.6 percent). Expenditure on priority sectors for January and February was TZS 69.4 billion compared to TZS 95.5 billion allocated for the quarter ending March (see Chart 13). Between January and February 2004, the expenditure on education and health amounted to TZS 31.4 billion and TZS 15.1 billion, respectively.

Chart 13: Government Recurrent Expenditure in February 2004
(In billions of TZS)



In line with the shortfall in foreign inflows, development expenditure, amounted to TZS 16.8 billion, and was below the target of TZS 66.4 billion. Foreign loans and grants amounting to TZS 21.2 billion and TZS 33.5 billion, respectively, were not received during the month as expected.

On cumulative basis, development expenditure amounted to TZS 358.4 billion, compared to a target of TZS 508.6 billion. Total government expenditure (recurrent and development) for the period July 2003 – February 2004 reached TZS 1,421.3 billion against the budget of TZS 1,636.6 billion.

Financing

During February 2004, foreign borrowing amounted to TZS 41.0 billion, part of which was used to finance the budget deficit and the rest to reduce domestic debt. On cumulative basis, the deficit on cheques cleared amounted to TZS 60.9 billion.

External Sector Developments

Trade Balance

In February 2004, the trade account had a deficit of USD 73.2 million compared to a deficit of USD 74.5 million recorded in the previous month. However, the deficit was larger than USD 39.2 million recorded in the corresponding period a year before, owing to an increase in total imports, as exports remained almost unchanged. On annual basis, the deficit worsened from USD 575.0 in February 2003 to USD 973.5 million in February 2004, on account of a substantial increase in imports to cater for food shortages and thermal power generation.

Table 7: Trade Account Balance (Provisional)

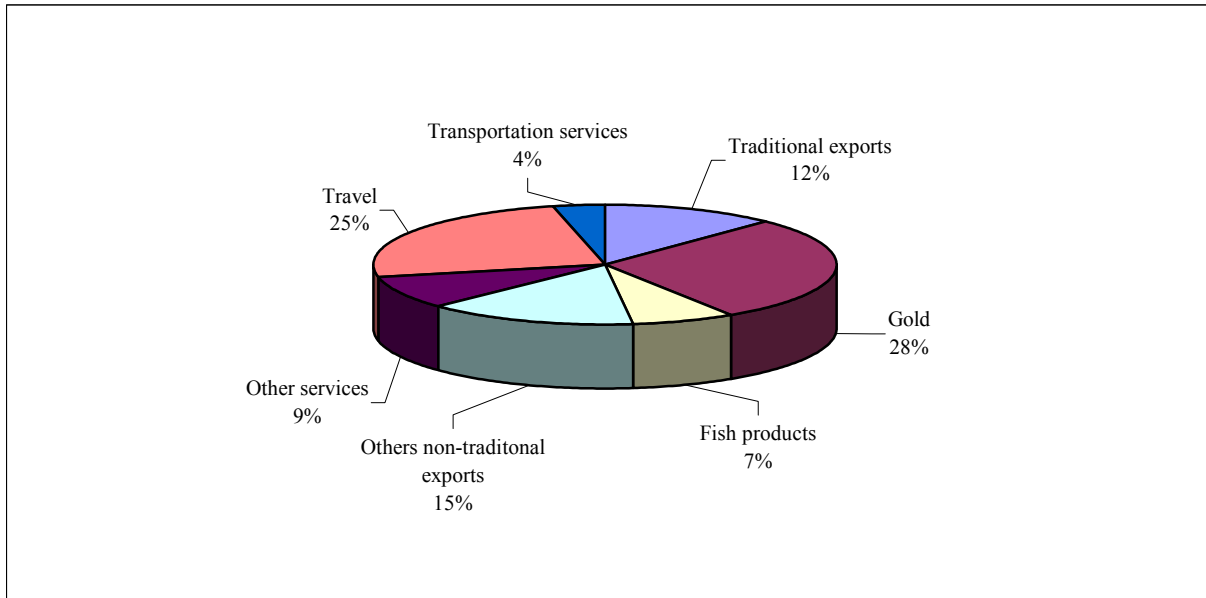
(In Millions of USD)

Item	2004			February			March - February		
	Jan	Feb	% Change	2003	2004	% Change	2002/03	2003/04	%Change
Exports	177.6	144.6	-18.6	143.6	144.6	0.7	1,620.7	1,863.9	15.0
Goods	108.7	88.6	-18.5	88.8	88.6	-0.2	942.6	1,168.3	23.9
Services	68.9	56.0	-18.7	54.8	56.0	2.2	678.1	695.6	2.6
Imports	252.2	217.9	-13.6	182.8	217.9	19.2	2,195.7	2,837.3	29.2
Goods	184.2	149.7	-18.7	129.9	149.7	15.2	1,518.7	2,041.6	34.4
Services	68.0	68.2	0.3	52.9	68.2	28.9	677.0	795.7	17.5
Trade Balance	-74.5	-73.2	-1.8	-39.2	-73.2	86.7	-575.0	-973.5	69.3

Source: Bank of Tanzania and Tanzania Revenue Authority

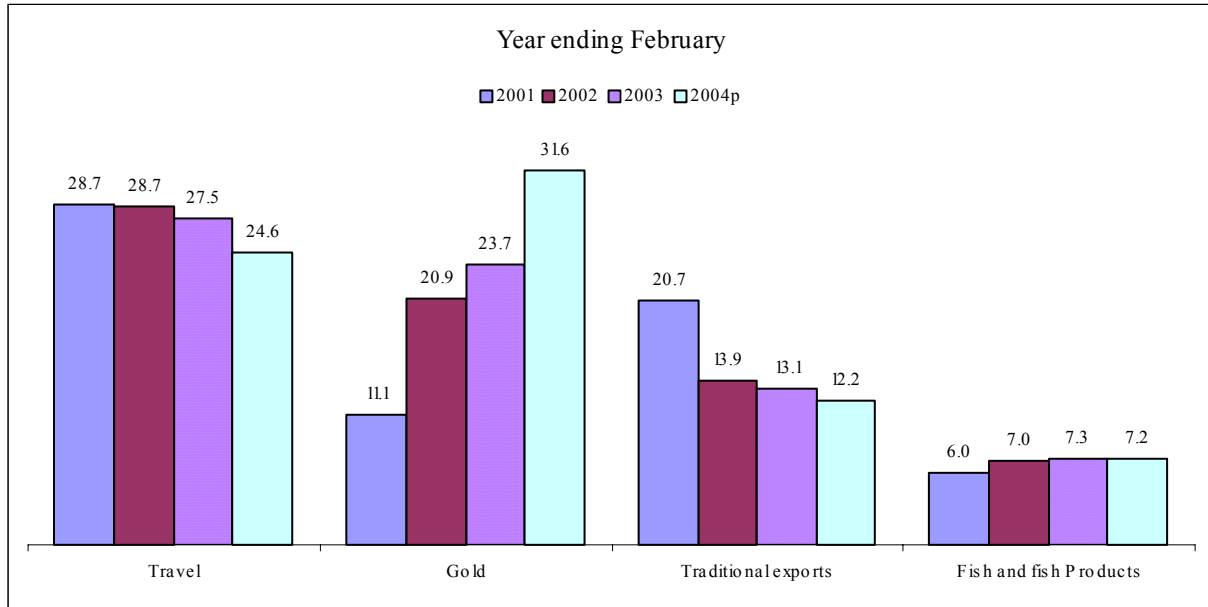
During the year, gold and travel (which is mainly tourism) continued to dominate exports of goods and services by accounting for 28.0 percent and 25.0 percent, respectively, while traditional exports accounted for 12.0 percent (Chart 14).

**Chart 14: Contribution to Total Exports of Goods and Services
for the Year Ending February 2004**



The trend of exports of goods and services in the last four years (Chart 15) shows that the share of gold exports increased significantly from 11.1 percent during the year ending February 2001 to 31.6 percent in the review period, largely due to increase in foreign investments in the mining sector.

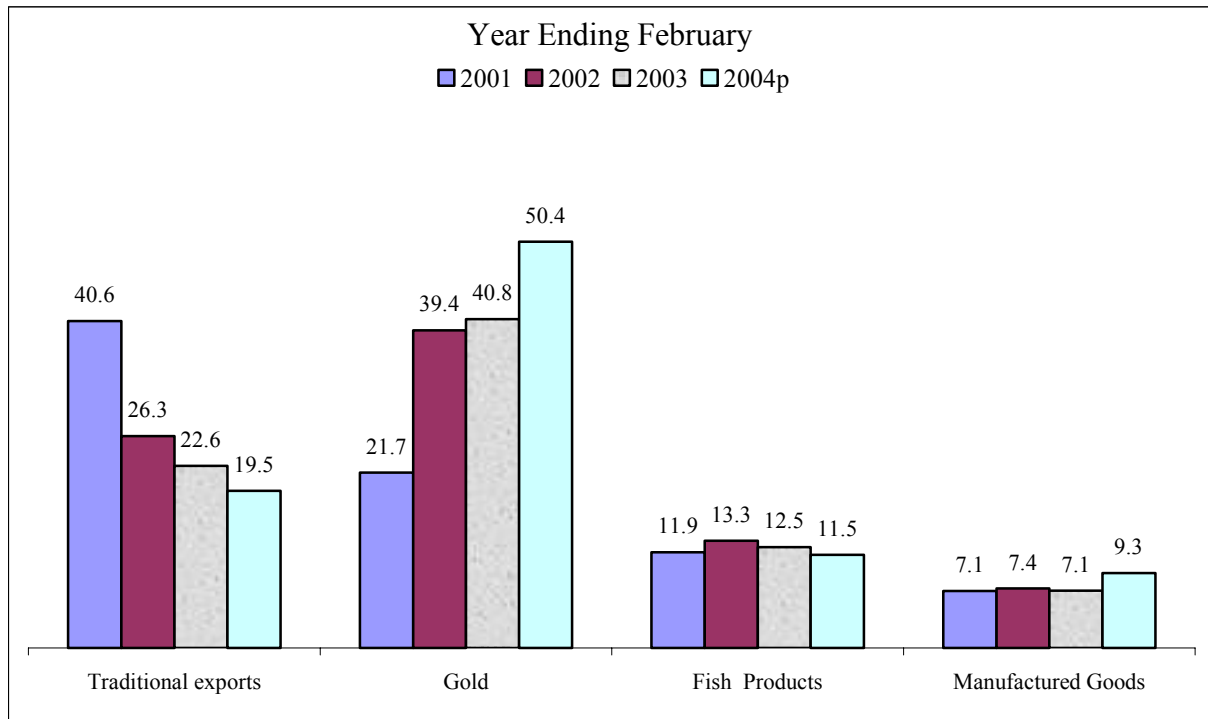
**Chart 15: Contribution to Total Exports of Goods and Services, 2001-2004
(In Percent)**



Merchandise Exports

Exports of goods decreased from USD 108.7 million in the January 2004 to USD 88.6 million, following a decline in both traditional and non-traditional exports. On a year-to-year basis, exports increased from USD 942.6 million in February 2003, to USD 1,168.3 million, mainly on account of improved performance of the non-traditional exports. Gold continued to be the main contributor to merchandise exports, accounting for 50.4 percent during the year ending February 2004 (Chart 16).

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

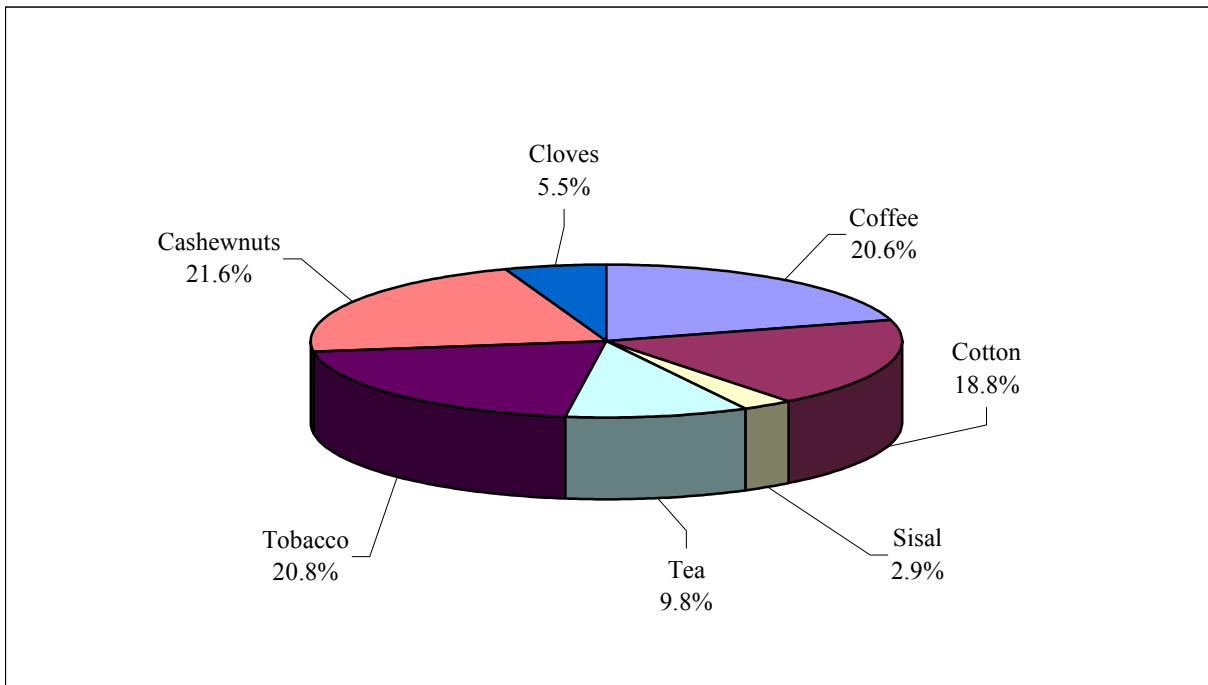


Traditional exports

Traditional exports declined from USD 28.8 million recorded in January 2004 to USD 17.6 million, as export volumes of coffee, cotton, sisal, tea, tobacco, cashewnuts and cloves declined marking the off-peak season.

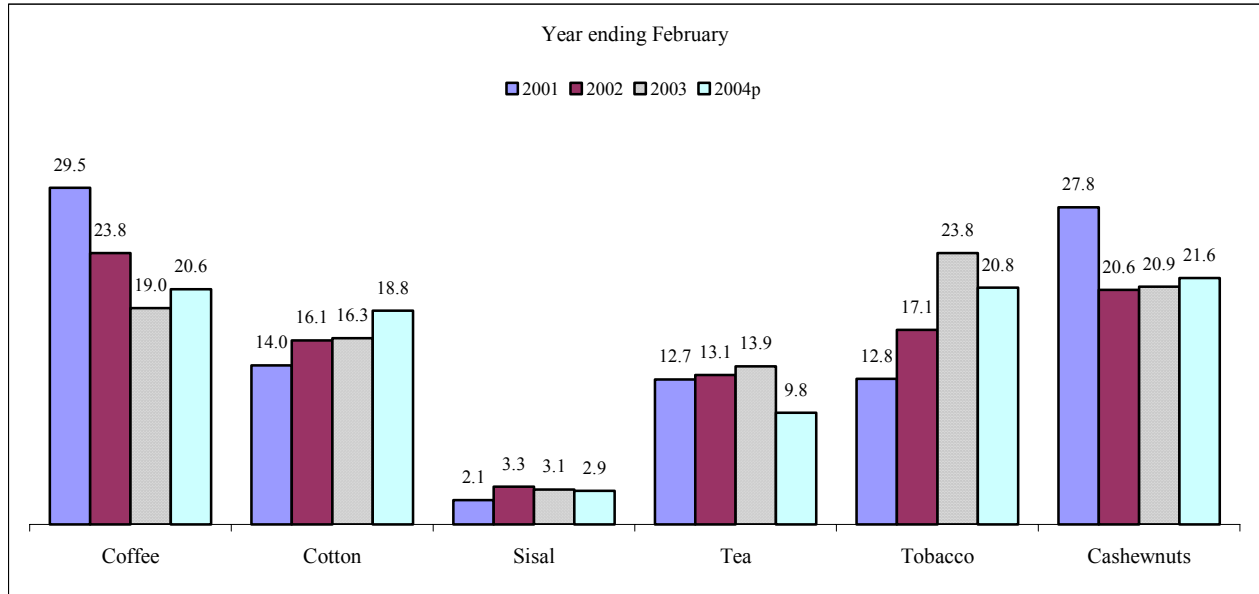
On annual basis, traditional exports increased from USD 213.0 million in February 2003 to USD 227.6 million in the year ending February 2004, due to increase in both export volumes and unit prices. Cashewnuts exports took the lead accounting for 21.6 percent of total traditional exports, followed by tobacco and coffee exports (Chart 17).

**Chart 17: Contribution to Total Traditional Exports
for the Year Ending February 2004**



Over the past four years to February 2004, coffee exports declined significantly from USD 80.2 million to USD 47.0 million, while cashew exports fell from USD 75.5 to USD 49.2 million. Similarly, tobacco exports increased from USD 34.7 to USD 47.3 million and cotton exports increased from USD 37.9 million to USD 42.7 million. The main reason for the marginal performance of the traditional sector is the fall in world market commodity prices.

Chart 18: Contribution to Traditional Exports, 2001-2004
(In Percent)



Non-traditional Exports

Between January and February 2004 non-traditional exports declined from USD 79.9 million to USD 71.0 million, as result of a decline in exports of minerals, fish, horticultural products.

However, during the year ending February 2004, non-traditional exports increased to USD 940.7 million from USD 729.6 million recorded in the preceding year. Exports of minerals increased significantly from USD 399.0 to USD 579.9 million, with gold exports recording an increase of 52.9 percent. The price of gold in the world market increased from an average of USD 321.60 per troy ounce in February 2003, to an average of USD 372.10 per troy ounce. The contribution of individual sub-categories to non-traditional exports is summarized in Charts 19 and 20.

Chart 19: Contribution to total Non-Traditional Exports for the Year Ending February 2004

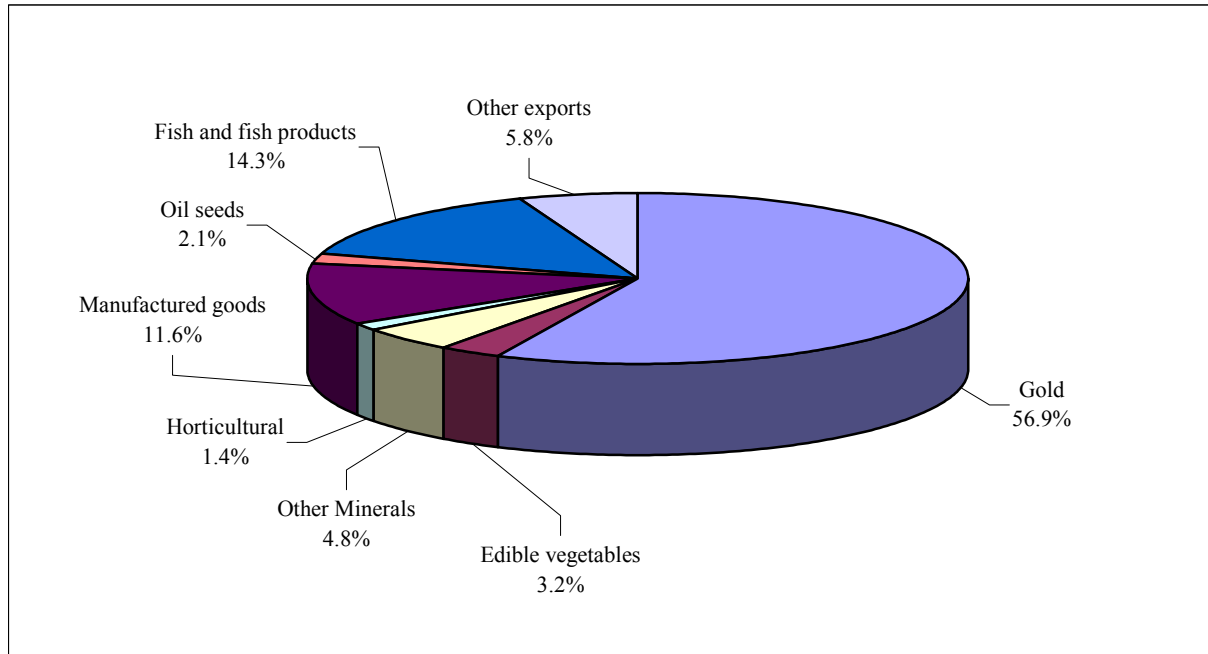
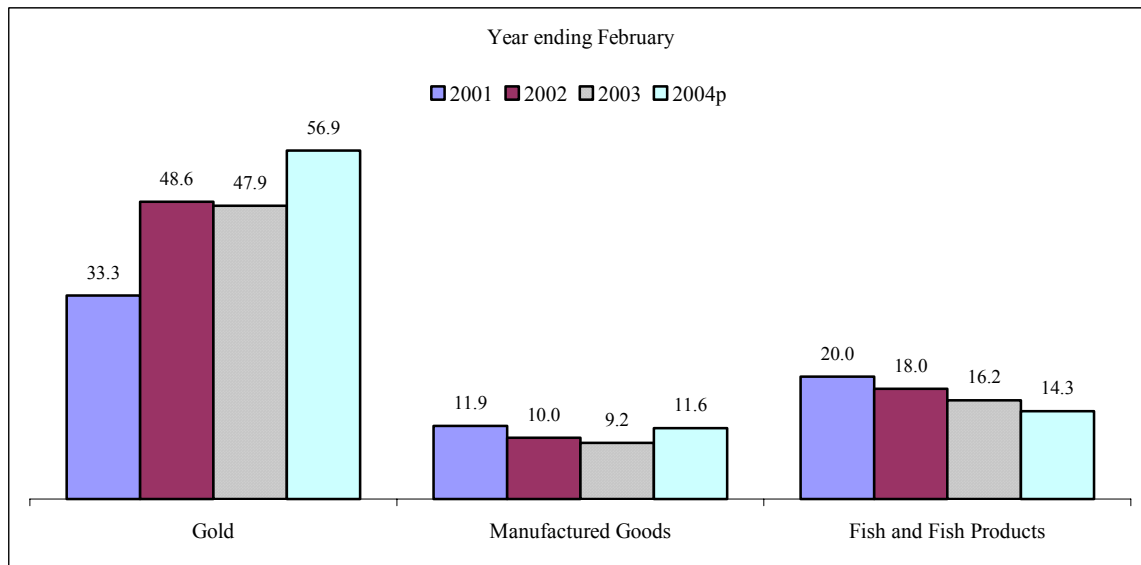


Chart 20: Contribution of selected items to Non-Traditional Exports, 2001- 2004
(In Percent)



Imports

During the month under review, imports of goods (f.o.b.) decreased from USD 184.2 million to USD 149.7 million recorded in January 2004. When compared with the corresponding period a year earlier, imports increased by 15.2 percent from USD 129.9 million, owing to increases in importation from all major import categories.

The decline in imports during the month was largely attributed to a decline in oil imports from USD 32.9 million to USD 21.0 million, largely on account of a fall in volume to about 80,000 tons from 133,000 tons imported in January 2004. Also, imports of consumer goods declined to USD 46.1 million from USD 56.8 million in the preceding month as both food and all other consumer goods recorded declines. Despite the fall in total imports of food and foodstuff, maize imports increased by more than three folds from 8,500 tons to about 30,000 tons in February 2004, reflecting the existing food shortage. It is noteworthy that cereal imports (i.e. wheat, rice and maize) accounted for about 70.0 percent of food imports.

During the year ending February 2004, however imports (f.o.b.) increased substantially to USD 2,041.6 million from USD 1,518.7 million recorded in February 2003. The increase is mainly attributed intermediate goods that increased from USD 401.6 million to USD 645.3 million. Out of the intermediate goods oil imports increased from USD 188.8 million recorded during the year ending February 2003 to USD 385.4 million, while fertilizer increased from USD 18.5 million to USD 27.2 million, and industrial raw materials increased from USD 194.3 million to and USD 232.7 million. Following the granting of subsidy on imported fertilizer, import volume increased from 77,000 tons in the year ending February 2003 to about 126,000 in the review period.

Chart 21: Contribution to Total Imports for Year Ending February 2004

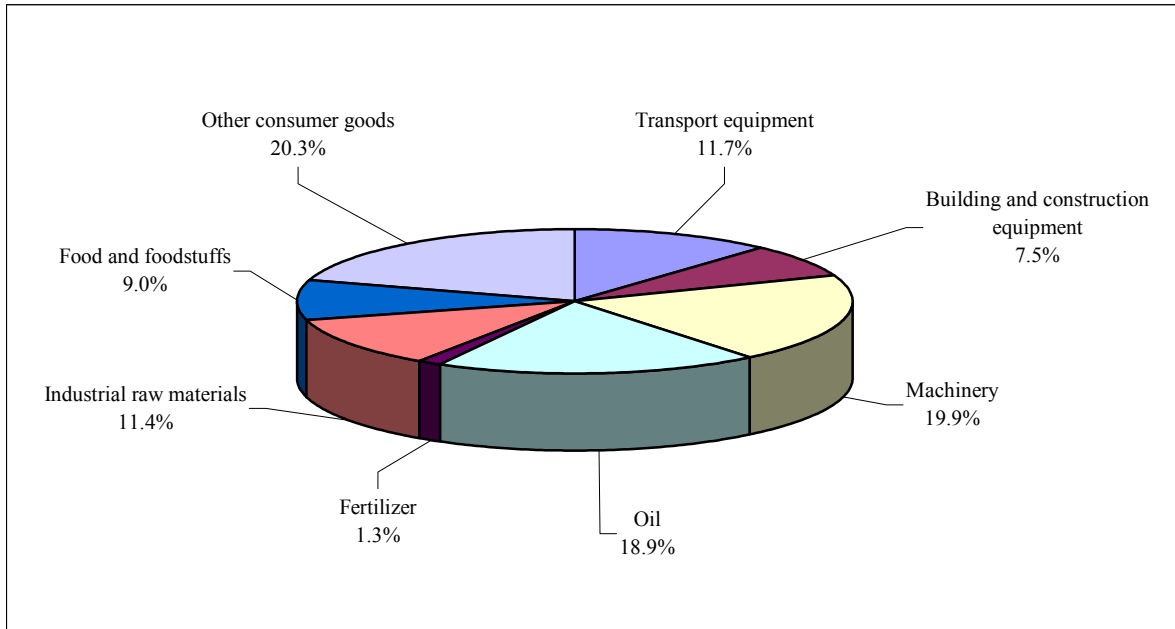
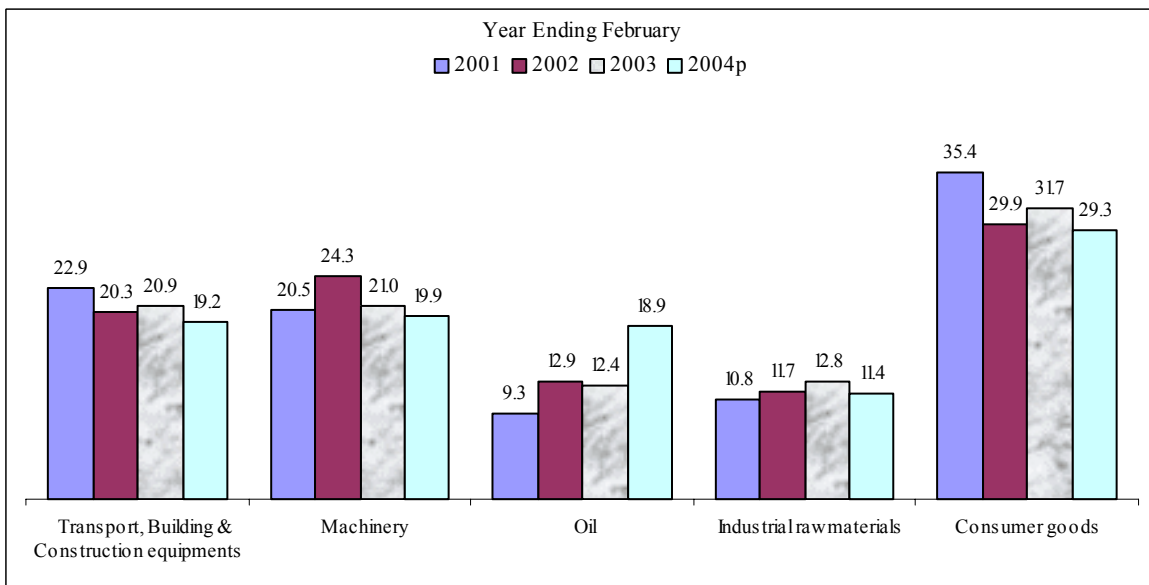


Chart 22: Contribution to selected items to Total Goods Imports (f.o.b.), 2001- 2004
(In Percent)

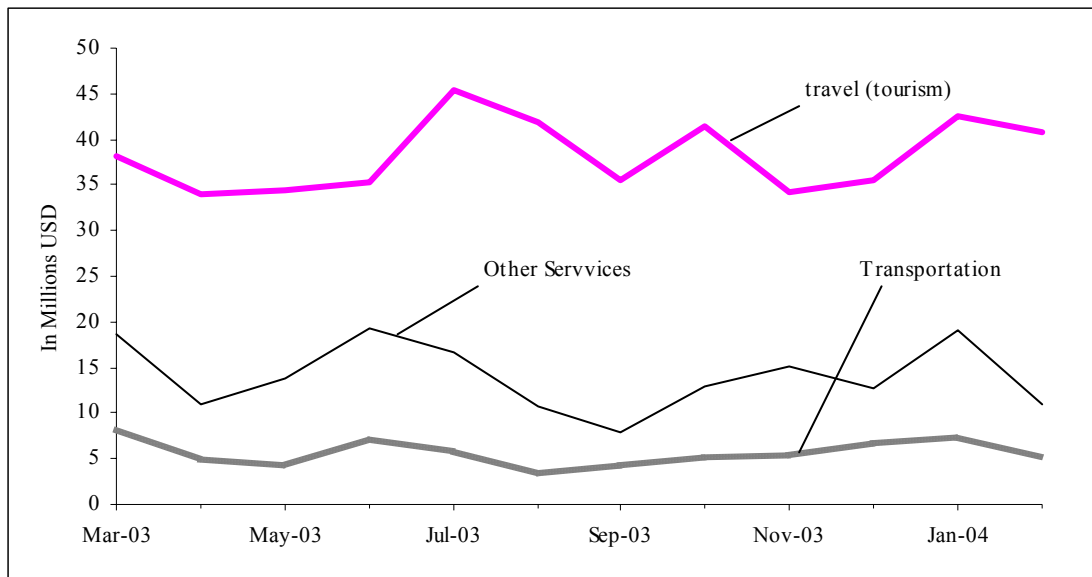


Services and Income Accounts

Services Account

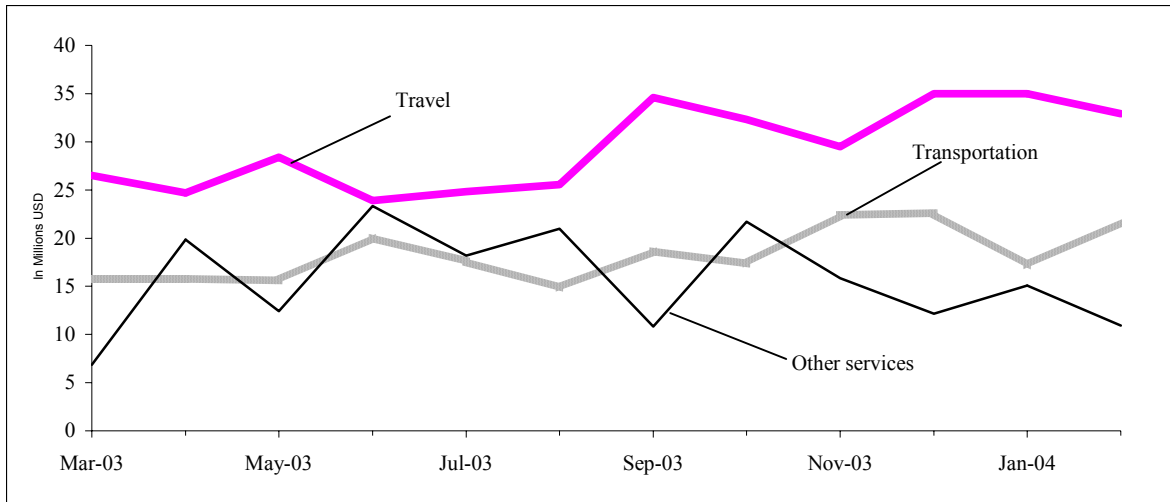
During February 2004, the services account had a deficit of USD 12.2 million compared to a surplus of USD 0.9 million recorded in the previous month and a surplus of USD 1.9 million recorded in the corresponding month a year earlier. The deterioration is attributed to increases in payments for travel, government, business and insurance services.

Chart 23: Tanzania-Services Payments



Note: Other Services include: communication, construction, insurance, financial, computer, information, government, royalties, personal, and other business services.

Chart 24: Tanzania-Services Receipts



Note: Other Services include: communication, construction, insurance, financial, computer, information, government, royalties, personal, and other business services.

On annual basis, the services account worsened significantly to a deficit of USD 100.1 million from a surplus of USD 1.1 million recorded in year ending February 2003, largely due to increases in payments for freight, travel and government services. The increase in freight payments is associated with a surge in imports during the review period. Travel expenses accounted for about 46 percent of total services payments during the year, followed by transportation that accounted for about 28 percent (Chart 25). The trend of services payments for the past three years is shown in Chart 26.

Chart 25: Share of Total service Payments for the Year Ending February 2004

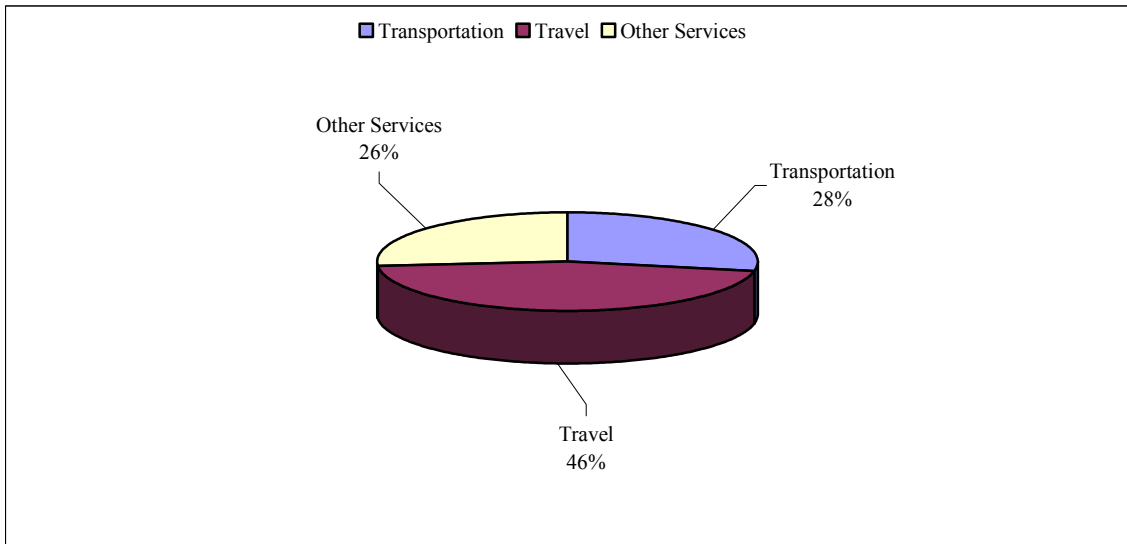
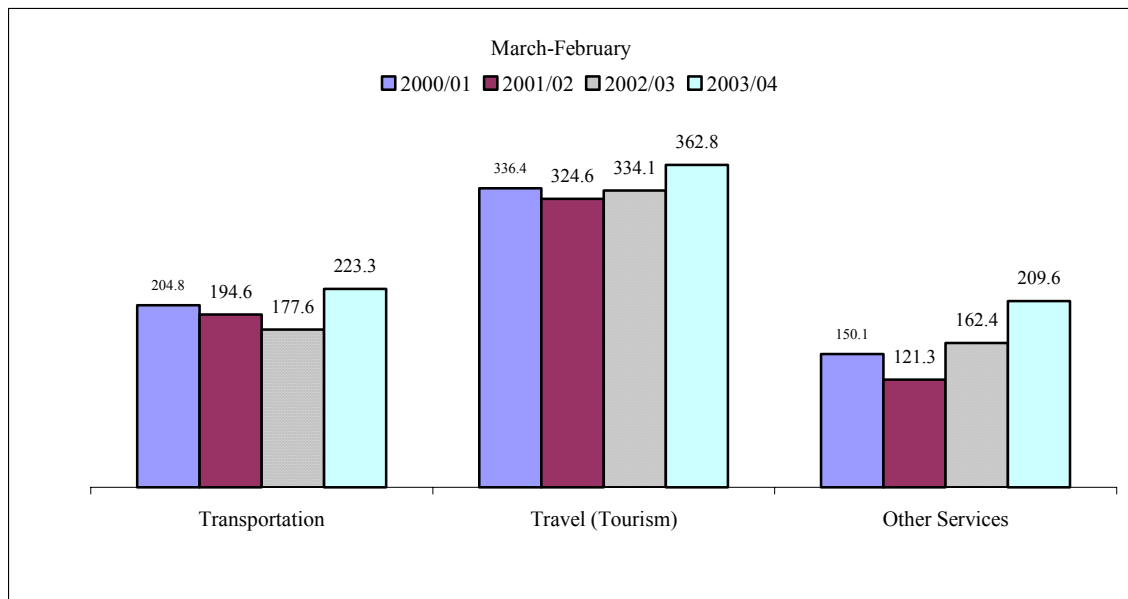


Chart 26: Tanzania Service payments for 2000-2004

(In Millions of USD)



Services receipt increased slightly from USD 678.1 million during the year ending February 2003, to USD 695.6 million, of which travel accounted for about 66 percent of total services receipts (Chart 27 and 28).

Chart 27: Percentage Share of Total Service Receipts for the Year Ending February 2004

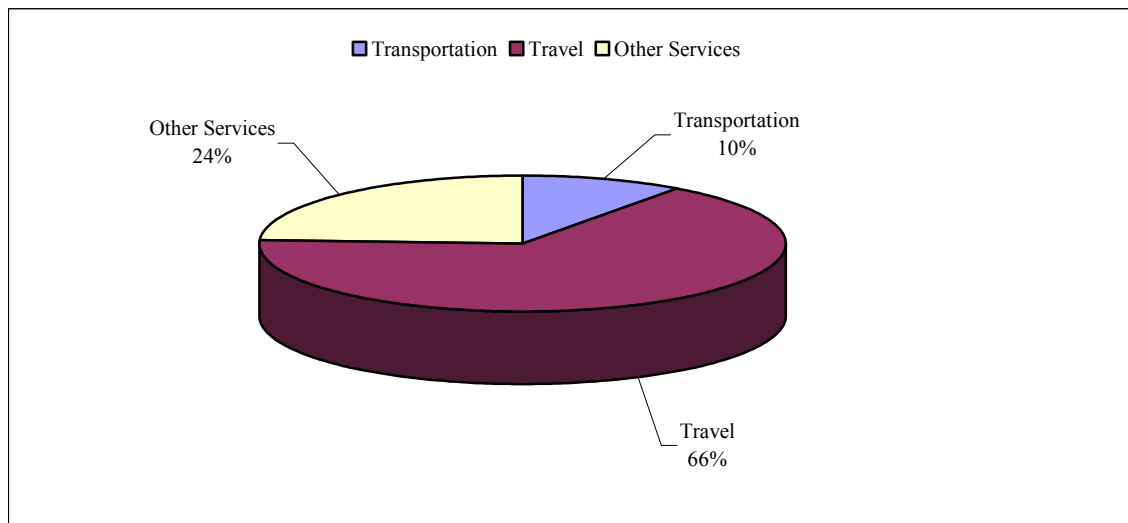
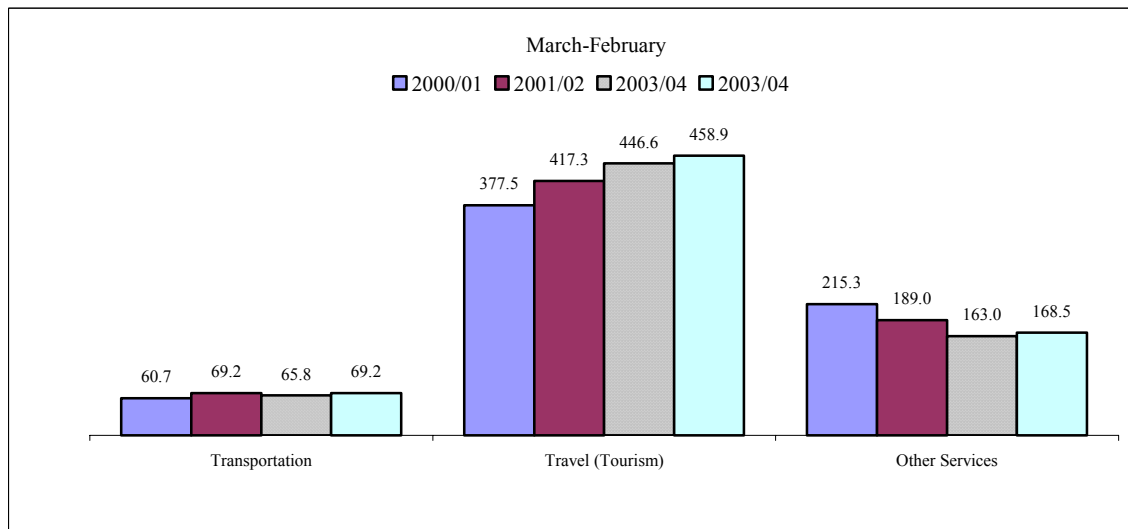


Chart 28: Tanzania service receipts for 2000-2004
(In Millions of USD)



Income Account

In February 2004, the income account improved to a deficit of USD 0.6 million, from USD 10.0 million recorded in the previous month, mainly on account of a decrease in government's debt service payments. However, during the year ending February 2004, the deficit in the income

account widened to USD 43.9 million from USD 29.4 million recorded a ending ago, following an increase in scheduled interest payments by 43.0 percent.

World Commodity Prices

The price of **coffee** (Arabica) increased from USD 1.60 in January 2004 to USD 1.68 per kg, while the price of coffee (Robusta) declined from USD 0.88 to USD 0.82 per kg. The increase in arabica price was largely on account of a decline in coffee exports from Brazil whereas the decline in robusta price is largely attributed to the expected a rise in coffee production in Vietnam during 2003/04.

The prices of **tea** (average of Calcutta, and Colombo) went up from USD 1.54 to USD 1.56 per kg while that of Mombasa Auction rose from USD 1.63 to USD 1.65 per kg. The development was mainly attributed to low supply of tea in the market, mainly from India. The price of **sisal** (UG) remained unchanged at USD 775.00 per metric ton, while the price of **cloves** went up from USD 1867.00 to USD 1,895.00 per metric ton.

The prices of **cotton**, A-index, declined from USD 1.67 to USD 1.63 per kg while that of Memphis category declined from USD 1.70 to USD 1.62 per kg. The decline in prices was mainly attributed to the growing speculation of a bumper cotton production in China and the USA 2004/05 season.

The prices of **crude oil** (average of UK Brent, Dubai and West Texas Intl) and (Dubai f.o.b) declined from USD 31.37 to USD 31.33 per barrel and from USD 28.68 to USD 28.40 per barrel, respectively. Similarly, the price of white petroleum products (f.o.b. West Mediterranean) dropped from USD 303.80 to USD 291.95 per ton from the price level recorded in the previous month. The decrease in oil prices was partly attributed to the onset of spring season in the Northern Hemisphere. The price of **gold** decreased from USD 413.80 to USD 404.90 per troy ounce mainly on account of a strengthening of the US dollar against major currencies, which in turn made gold expensive in dollar terms.

Table 8: World commodity prices

(In USD)

No. Commodity	2003		2004		% Change
	Nov	Dec	Jan	Feb	
1 Coffee "Robusta" (per kg)	0.75	0.79	0.88	0.82	-6.8
2 Coffee "Arabica" (per kg)	1.37	1.43	1.6	1.68	5.0
3 Tea "Average price" (per kg)	1.57	1.57	1.54	1.56	1.3
4 Tea "Mombasa auction" (per kg)	1.62	1.59	1.63	1.65	1.2
5 Cotton, "A Index" (per kg)	1.7	1.62	1.67	1.63	-2.4
6 Cotton, Memphis" (per kg)	1.73	1.65	1.7	1.62	-4.7
7 Sisal "UG" (per metric ton)	775	775	775	775	0.0
8 Cloves (per metric ton)	1,725.00	1,775.00	1,867.00	1,895.00	1.5
9 Crude oil* (per barrel)	29.12	29.97	31.37	31.33	-0.1
10 Crude oil** (per barrel)	27.5	27.86	28.68	28.4	-1.0
11 White products*** (per ton)	280.04	285.36	303.8	291.95	-3.9
12 Gold (per troy ounce)	389.9	407	413.8	404.9	-2.2

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-February 2004 stood at USD 8,679.4 million, out of which USD 7,825.2 million (90.2 percent) was external and USD 854.2 million (9.8 percent) was domestic debt.

External Debt

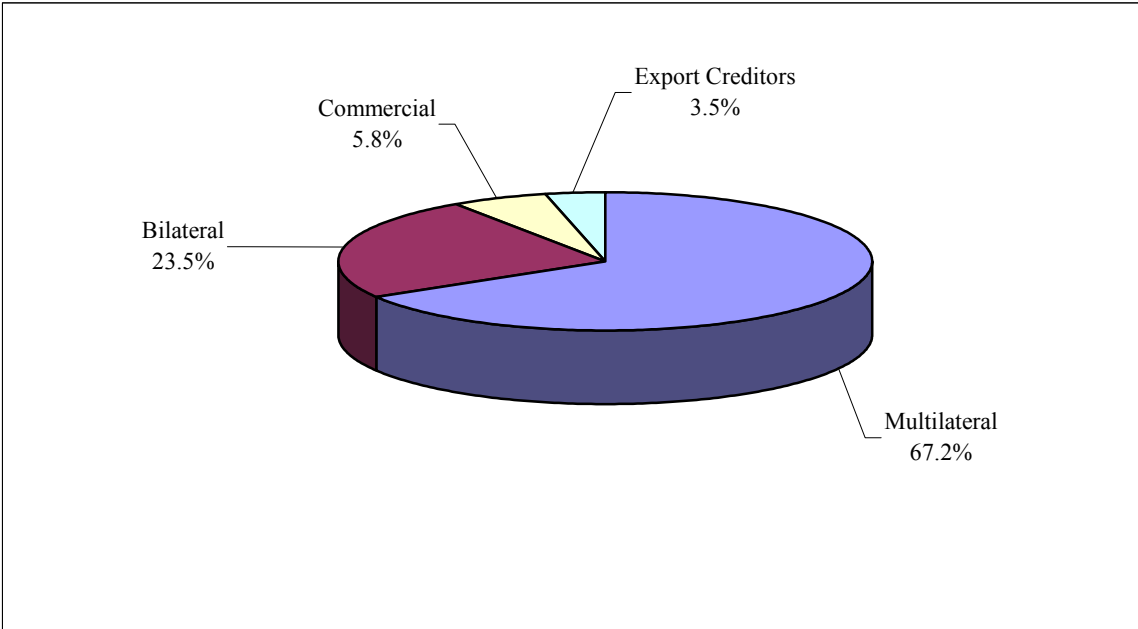
Total external debt committed, as at end-February 2004 was USD 8,123.3 million, which was USD 175.2 million higher than USD 7,948.1 million recorded at end-January 2004. Out of the total amount committed, disbursed outstanding debt (DOD) was USD 6,699.2 million. Interest arrears decreased by USD 51.7 million from USD 1,177.7 million recorded at end of January 2004 to USD 1,126.0 million as at end of February 2004. The debt stock increased by USD 83.4 million from USD 7,741.8 million at end-January 2004 to USD 7,825.2 million at end-February

2004, mainly due to exchange rate fluctuations, recording of old private sector loans which were previously not captured, recording of new loans and interest arrears.

Disbursed Outstanding Debt (DOD) Profile

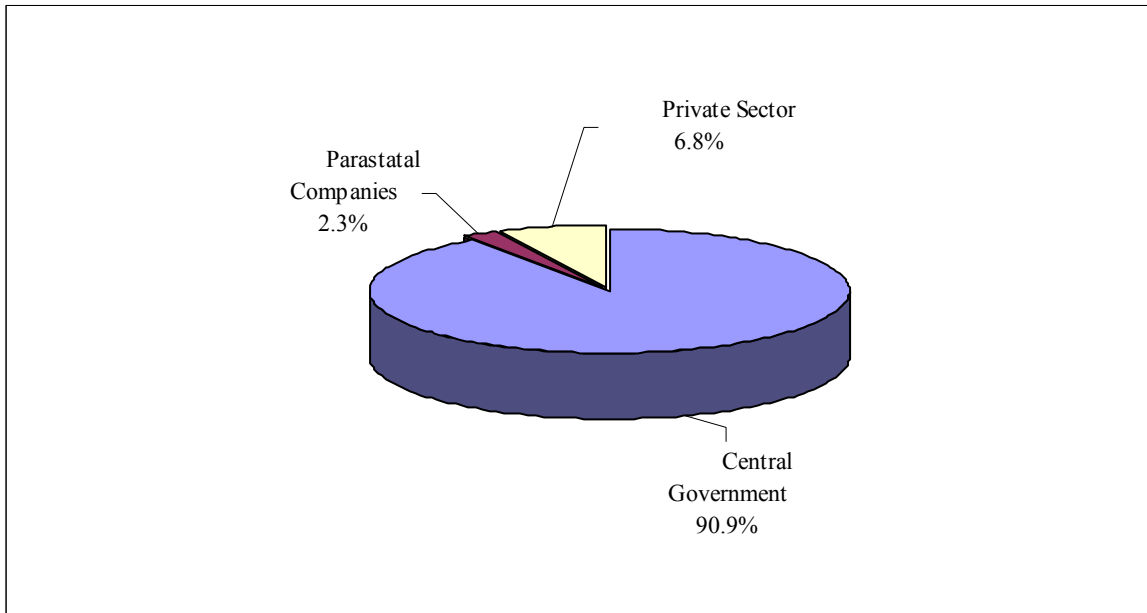
The profile of disbursed outstanding debt by creditor category shows that USD 4,502.7 million (67.2 percent) and USD 1,573 million (23.5 percent) of the total debt is owed to multilateral and bilateral creditors, respectively. The proportion of total debt owed to Commercial and Export creditors was USD 391 million or 5.8 percent and USD 232.5 million or 3.5 percent, respectively.

Chart 29: DOD by Creditor Category end of February 2004



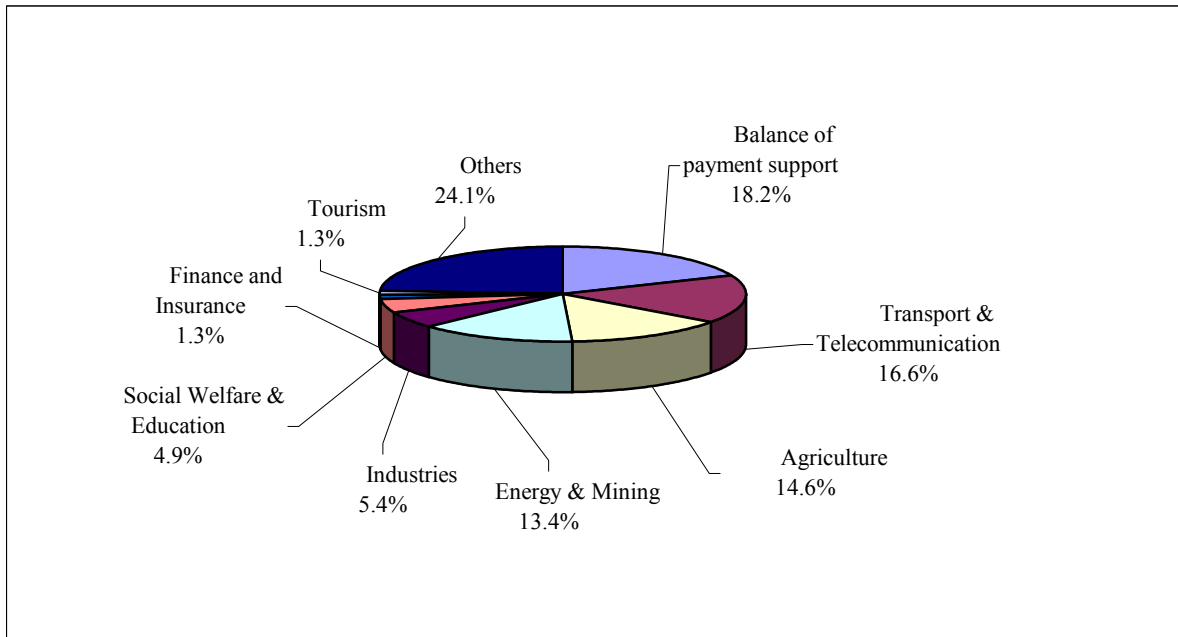
Disbursed outstanding debt by borrower category shows that the Central Government is the largest borrower with USD 6,088.0 or 90.9 percent of the total debt. The Parastatal and Private sector debts stood at USD 153.6 million or 2.3 percent and USD 457.6 or 6.8 percent of the total debt respectively.

Chart 30: DOD by Borrower Category by end of February 2004



Debt by use of funds shows that USD 1,218 million (18.2 percent) of the total debt was Balance of Payments support. Transport sector held USD 1,114.3 million (16.6 percent), while Agriculture and Energy held USD 980.9 million (14.6 percent) and USD 898.7 million (13.4 percent), respectively. Industries held USD 359.8 million (5.4 percent) of the total debt while, Education, Finance, and Tourism held USD 330.2 million (4.9 percent), USD 90.0 million (1.3 percent) and USD 89.5 million (1.3 percent) of the debt, respectively. The remaining USD 1,617.8 Million (24.1 percent) was held by other sectors like rural development, defence, water supply and drainage, fisheries, and computer technology.

Chart 31: DOD By use of fund by end of February 2004



HIPC Debt Relief

During the period under review, Tanzania received HIPC debt relief amounting to USD 3.5 million and USD 0.9 million from International Development Association and International Monetary Fund, respectively.

Disbursements and Debt Service Payments

Disbursements to the Government amounted to USD 34.0 million during the month of February 2004, while debt service payments amounted to USD 4.4 million resulting into a net inflow of USD 29.6 million.

Debt Buyback Scheme

The second and final closing of the Scheme is scheduled for March 31, 2004. Debts worth USD 43.8 million made up of principal and interest will be cleared at a price of 12.0 percent on a dollar of principal (USD 19.9 million) tendered.

Domestic Public Debt

Domestic debt stock stood at TZS 948.1 billion at end-February 2004. There was an increase of TZS 10.5 billion in debt stock compared to TZS 937.6 billion registered at the end of January 2004, mainly explained by increase in government securities.

Domestic debt stock by instruments show that government securities constitute 98.3 percent of debt and other government debts constitute 1.7 percent. Government bonds constitute 59.0 percent of the total securities. Government bonds increased by 0.7 percent as compared to position reported in January 2004. Treasury bills constitute 26.3 percent of total government securities. The Treasury bills increased by 2.8 percent in February 2004 as compared to position reported in January 2004. Stocks and other debts remained unchanged during the month under review.

Domestic Debt Stock by Creditor Category

Debt by creditor category shows that commercial banks are still main government creditors by holding TZS 385.9 billion or 40.7 percent of the total debt stock, followed by pension funds, which held TZS 280.6 billion or 29.6 percent. The Bank of Tanzania held TZS 199.5 billion or 21.0 percent, while Private held TZS 32.7 billion (3.4 percent), non-bank financial institutions held TZS 24.0 billion (2.5 percent) and insurance companies held TZS 18.8 billion (2.0 percent). The rest of the creditors, namely other official entities and BoT special funds held TZS 6.7 billion (0.7 percent).

Domestic Debt Service

A total of TZS 18.8 billion being principal and interest fell due for payment during the month under review. Out of the total amount, TZS 2.2 billion (11.8 percent) was interest that was paid out of government revenues. The remaining TZS 16.6 billion (88.2 percent) was principal and was rolled over. Interest arrears which represent unclaimed interest earned on tax reserve certificates remained at TZS 0.1 billion.

Other Economic Developments

Food Supply Situation

In February 2004, the Government continued with its efforts to ensure food availability in the country. Accordingly, the Government imported 10,000 tons of maize and will further import 22,000 tons of maize through tender system. The distribution of government-subsidized food to deficit areas continued during the month. By end-February 2004, the government had received 49,0503 tons of food assistance out of 59,050 tons pledged by international community.

Following food shortages, the prices of cereals and other food items in various market centres continued to rise. The average wholesale price of maize has almost doubled over the year from TZS 12,413 per 100 kgs recorded in February 2003 to TZS 25,957 per 100 kgs in February 2004. The prices of other main food crops also increased during the month under review as compared to the corresponding month of the year before (Table 9).

³ The amount includes 20,000 tons of food donated by Japan, which doesn't relate with food emergency requested from donors.

Table 9: National average Wholesale Prices for Selected Food Items

TZS per 100 Kgs

Crop	2003						2004		% Change
	Feb	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Feb 03-Feb 04
Maize	12,413	17,215	17,323	17,713	18,678	21,804	25,260	25,957	109.0
Rice	30,338	36,999	39,913	42,196	43,566	45,590	50,635	54,761	81.0
Beans	36,037	39,112	40,393	41,485	41,759	42,395	41,878	39,870	11.0
Sorghum	13,692	18,726	19,572	21,076	22,600	25,722	27,892	29,685	117.0
Potatoes	17,519	19,424	18,130	20,706	23,450	25,249	25,295	22,445	28.0

Source: Ministry of Agriculture and Food Security.

Strategic Grain Reserve (SGR) and Private Traders Stocks

The SGR stocks decreased to 23,791 tons at end-February 2004 from 35,342 tons recorded in January 2004 following distribution of food amounting to 11,551 tons to areas of food deficit (Table 10). On the other hand, private traders imported 451,928 tons of food between July 2003 and February 2004, comprising of 26,567 tons of maize, 95,155 tons of rice and 330,206 tons of wheat.

Table 10: SGR Stocks

(In Tons)

Period	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		
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 February 2004, Zanzibar Government budgetary performance on checks issued recorded an overall deficit before grants amounting to TZS 0.6 billion, compared with a deficit of TZS 1.7 billion recorded in the previous month. After considering grants amounting to TZS 1.2 billion, the budget recorded a surplus of TZS 0.6 billion. However cumulatively the overall deficit amounted to TZS 1.8 billion.

Revenue Performance

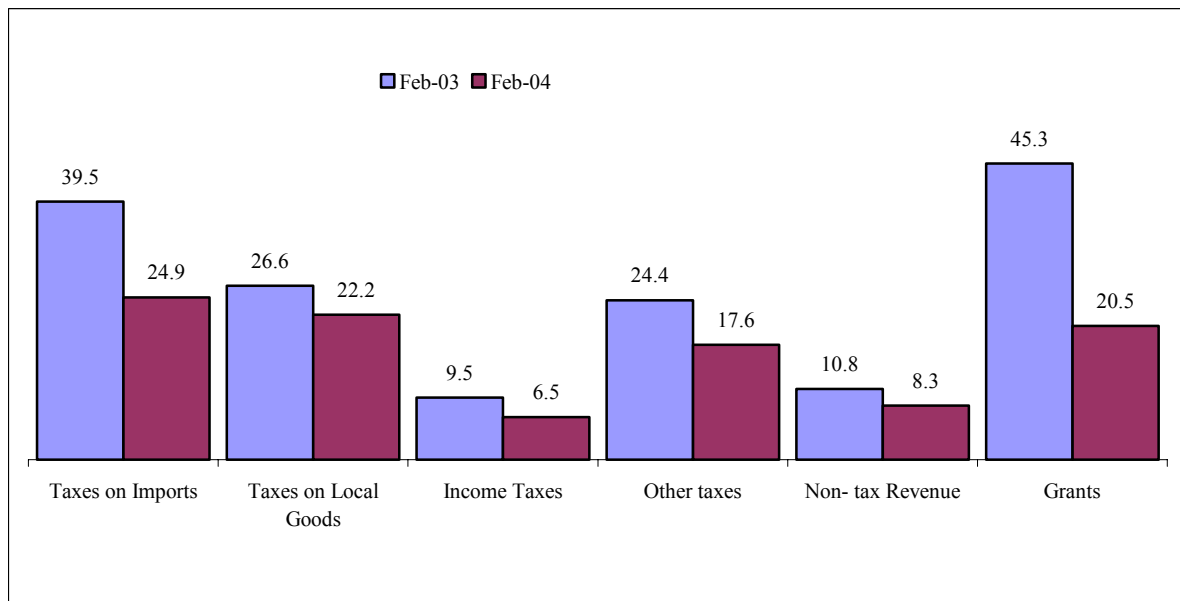
Revenue reached TZS 4.5 billion in February 2004 slightly below the target of TZS 4.9 billion for the month. Collections from tax sources increased to TZS 4.1 billion, from TZS 4.0 billion in the previous month, largely on account of increase in tax on imports and VAT and exercise duties (local). Non-tax revenue increased from TZS 0.2 billion to TZS 0.5 billion accounting for 66.7 percent above the monthly projection of TZS 0.3 billion.

Tax on imports increased to TZS 1.4 billion from TZS 1.2 billion recorded in the previous month, due to relative increase of imports mainly petroleum products and sugar. However, the level was below the projected TZS 1.6 billion. VAT and excise duty (local) increased to TZS 1.3 billion from TZS 1.2 billion collected in the previous month; surpassing target by 30.0 percent. On the contrary, income tax revenue declined to TZS 0.4 billion from TZS 0.5 billion registered in the preceding month. Similarly, revenue from other categories dropped from TZS 1.2 billion to TZS 1.0 billion, against the target of TZS 1.6 billion, due to a slump in business. Cumulatively, total revenue collection for July 2003- February 2004 amounted to TZS 34.3 billion and accounted for 95.8 percent of the targeted TZS 35.8 billion.

Chart 32: Revenue Performance in February 2004
(In Millions of TZS)



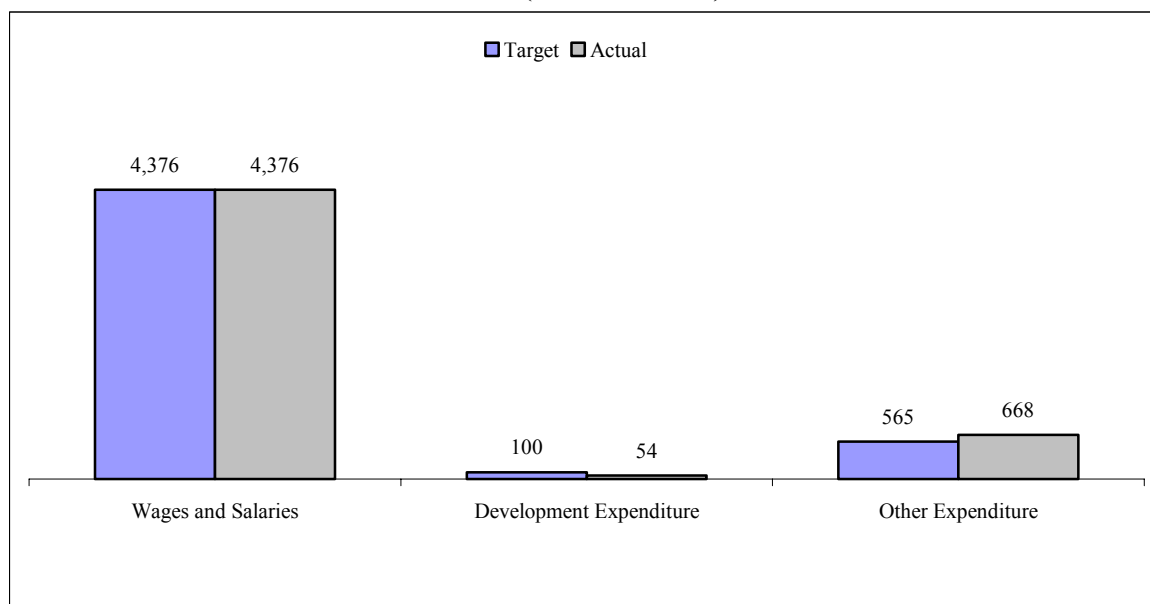
Chart 33: Contribution to Total Government Revenue
(In percent)



Expenditure

During the month under review, total government expenditure amounted to TZS 5.1 billion compared to a ceiling of TZS 5.0 billion. Recurrent expenditure was TZS 5.0 billion, out of which expenditure on wages and salaries amounted to of TZS 4.4 billion. Development expenditure was only half of the projected TZS 0.1 billion largely due to insufficient domestic resources (Chart 35). On cumulative basis, from July 2003 to February 2004, Government expenditure reached TZS 41.7 billion lower than a target of TZS 45.9 billion.

Chart 34: Expenditure by Components Against Estimates in February 2004
(In Millions of TZS)



Financing

During the month of February 2004, there was no new financing. However, on cumulative basis, the government borrowed TZS 1.9 billion from domestic sources.

Debt Developments

The Zanzibar debt stock (external and domestic) as at end February 2004, stood at TZS 112.9 billion or USD 102.3 million, out of which, domestic debt amounted to TZS 45.8 billion representing 40.6 percent, while external debt was TZS 67.1 billion or 59.4 percent of the total debt.

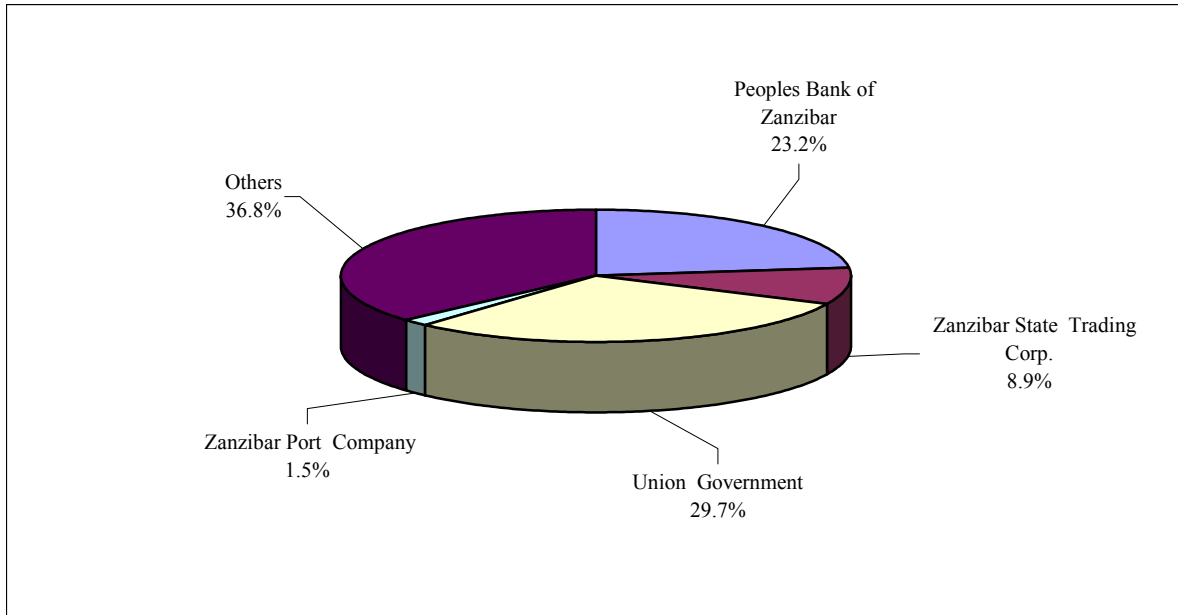
Domestic Debt

During February 2004, domestic debt increased by 1.3 percent to TZS 45.8 billion from TZS 45.2 billion recorded in January 2004, mainly due to increase in gratuity claims.

Domestic Debt profile by Creditor

Zanzibar Government debt to the Union Government stood at TZS 13.6 billion, while People's Bank of Zanzibar (PBZ) claims amounted to TZS 10.6 billion. Zanzibar State Trading Corporation (ZSTC) and Zanzibar Port Authority (ZPC) claims amounted to TZS 4.1 billion and TZS 0.7 billion, respectively. Other creditors claims amounted to TZS 16.8 billion.

Chart 35: Domestic Debt by Creditor as at end February 2004



Domestic Debt by Maturity

As at end February 2004, debt maturing less than a year amounted to TZS 9.6 billion, accounting for 21.1 percent of the total domestic debt. Debt maturing between 2-5 years amounted to TZS 10.6 billion, representing 23.2 percent of total domestic debt, while debts with “undetermined maturity” amounted to TZS 25.5 billion, accounting for percent 55.8 percent of total domestic debt.

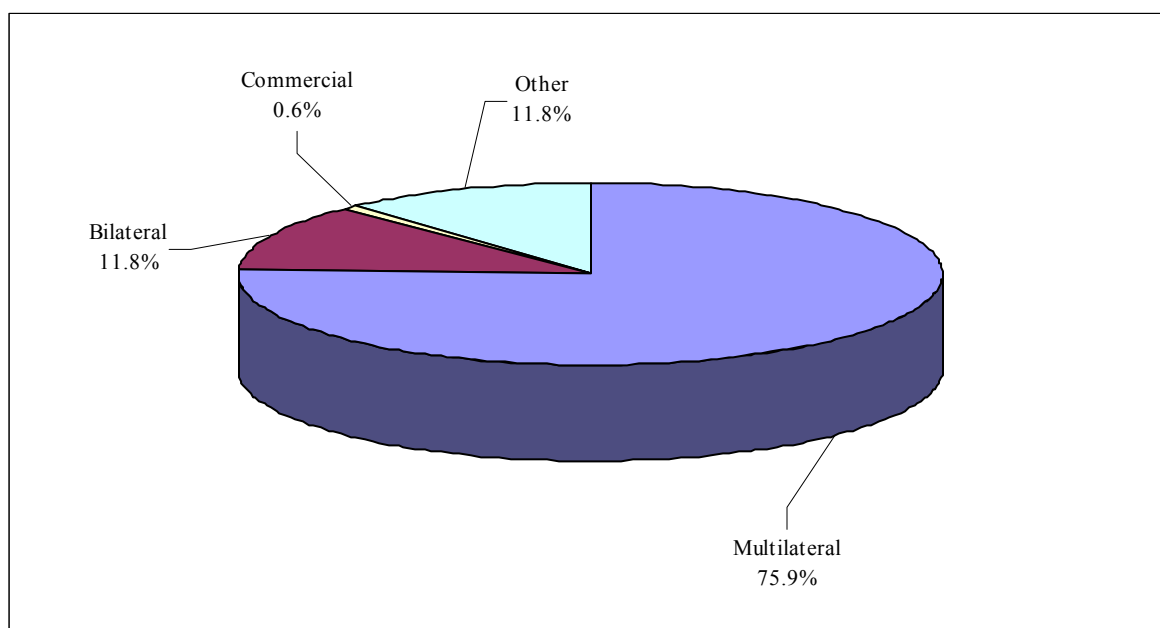
External Debt

The Zanzibar Government’s external indebtedness as at end February 2004, increased by 0.1 percent to USD 61.0 million. The marginal increase was due to debt data validation at the Zanzibar Ministry of Finance and Economic Affairs.

External Debt by Creditor Category

External debt by creditor as at end-February 2004, reveal that, multilateral debt amounted to USD 46.3 million, representing 75.9 percent of total external debt. Out of the total multilateral debt, ADF accounted for 53.0 percent and OPEC for 25.0 percent. Bilateral debt amounted to USD 7.2 million or 11.8 percent of total external debt. Commercial creditors amounted to USD 0.3 million, representing 0.6 percent of total external debt. Other creditor claims amounted to TZS 7.2 million, accounting for 11.8 percent of total external debt.

Chart 36: External Debt by Creditor as at end February 2004



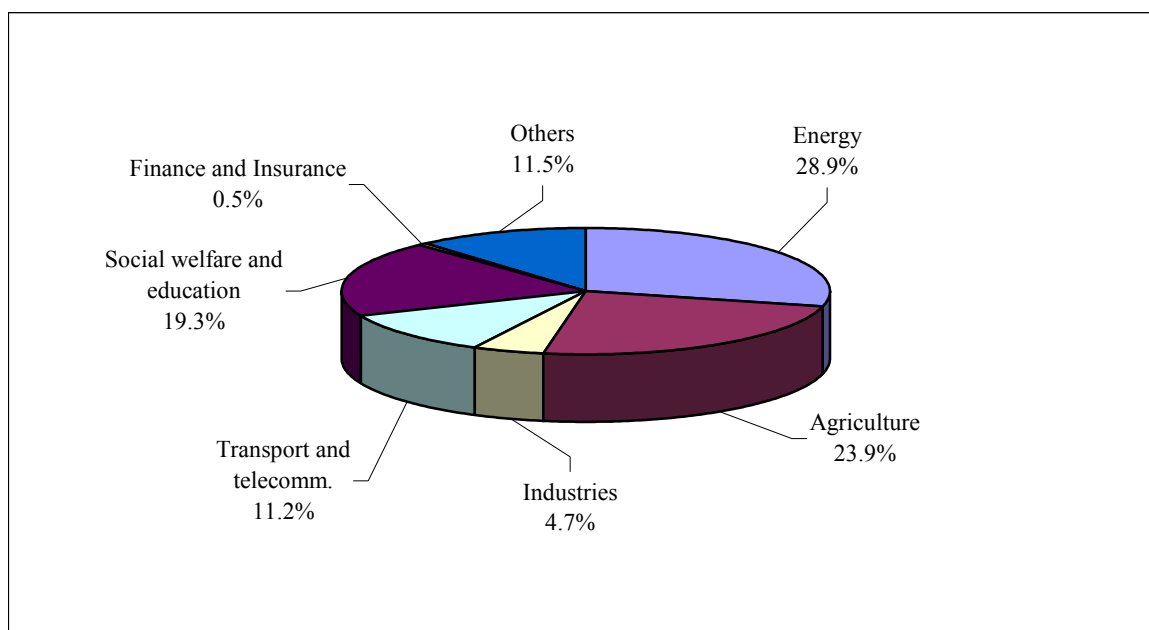
External Debt by Maturity

As at end-February 2004, external debt maturing between 5-10 years amounted to USD 6.1 million, or 10.0 percent of total external debt, while debt with maturity between 10 and 20 years amounted to USD 11.7 million, representing 19.2 percent of total debt. Debt with maturity above 20 years amounted to USD 43.2 million, accounting for 70.8 percent of total external debt.

External Debt by Use of Funds

As at end February 2004, USD 17.6 million or 28.9 percent was held by Energy sector, while Agriculture sector held USD 14.6 million or 23.9 percent of the total debt. Industries sector held USD 2.9 million or 4.7 percent, whereas Transport and telecommunication sector held USD 6.8 million or 11.2 percent. Social welfare & Education held USD 11.8 million accounting for 19.3 percent, while Finance & Insurance held USD 0.3 or 0.5 percent. Other sectors held USD 7.0 million or 11.5 percent of total disbursements.

Chart 37: External Debt by use of Funds as at end February 2004



Trade Developments

Trade balance

The trade account (goods and services) improved to a surplus of USD 2.2 million, from a deficit of USD 0.2 million recorded in January 2004, largely on account of a decline in imports of goods.

Exports

Exports of goods and services declined to USD 6.9 million from USD 7.1 million recorded in January 2004. This was due to a decline in export receipts from merchandise and services. Goods exports decreased to USD 2.7 million from USD 2.8 million, while services decreased to USD 4.2 million from USD 4.3 million.

Traditional exports increased by 3.5 percent to USD 2.5 million from USD 2.4 million, due to continued improvement in the world market prices of cloves. Prices of cloves increased to USD 2,029.0 per metric ton from USD 1,801.5 per metric ton recorded in the previous month. However, non-traditional exports declined from USD 0.4 million to USD 0.2 million, following a decline in seaweeds and manufactured goods.

Imports

In February 2004, imports (c.i.f.) decreased to USD 2.2 million from USD 5.0 million registered in the preceding month. Importation of capital goods decreased to USD 0.9 million from USD 2.3 million, due to a decline in importation of transport equipments, building and construction materials and machinery associated with low levels of investment activities. Similarly, imports of intermediate goods declined to USD 0.7 million from USD 1.0 million, on account of a decrease in oil and industrial raw material imports. Consumer goods decreased as well to USD 0.6 million from USD 1.6 million, mainly due to the decline in imports of food and foodstuffs.

Services Account

During the review period, services account remained broadly unchanged at a surplus of USD 1.6 million. Services receipts amounted to USD 4.2 million while payments amounted to USD 2.6 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.

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)	(843.1)
5.4 Balance on Current Account	Mill. USD	(646.4)	(461.3)	(403.4)	(905.4)	(829.5)	(498.6)	(480.0)	(251.1)	(211.1)
5.5 Overall Balance	Mill. USD	(329.5)	(146.9)	(199.8)	(505.8)	(109.0)	(35.1)	17.5	328.8	1,129.7
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	1,742,942.7
6.1 Percentage Change	Per cent	26.1	11.6	11.0	11.1	15.0	12.5	12.8	22.2	13.3
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	519,962.7
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	590,691.9
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	1,386,817.7
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	949,239.0
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	1,068,949.0
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	358,356.0
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)	78,359.0
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)	(230,092.0)
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	284,960.0
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	7,825.2
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	6,699.2
Interest	Mill. USD	1,086.3	1,130.8	978.2	948.8	1,089.4	1,086.5	904.3	1,035.1	1,126.0
Source: Bank of Tanzania and National Bureau of Statistics										
Note: * Provisional data; ** For the current year, position is at end-February 2004										
**** cumulative for July 2003-February 2004										
***** Debt position is given on financial year basis (end of period), for 2003/04, it is at end-February 2004										

Table A2: Central Government Operations (Actual)

Item	BUDGET									
	2003/2004	Jul-03	Aug-03	Sep-03	Oct-03	Nov-03	Dec-03	Jan-04	Feb-04	
	Cumulative from July 2003									
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	
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	
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	
Sales/VAT 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	
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)	
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	
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	
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	
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	
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	
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	
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	
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	
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	
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	
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	
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	
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	
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	
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	
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)	
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	
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	
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	
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	
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	
Overall deficit (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)	
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)	
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	
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)	
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	
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	
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	
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	
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	
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	
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)	
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)	
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)	
Bank borrowing	21,357.3	(27,484.6)	(193,871.4)	(196,964.4)	(149,004.4)	(134,446.8)	(269,829.9)	(213,398.4)	(211,869.1)	
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	
Amortization of contingent debt	(27,957.2)	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	
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 A3a: Monetary Survey															Millions of TZS	
End of Period	Domestic assets (net)				M3,	Extended Broad Money					Memorandum					
	Domestic credit (net)					M2,	Broad Money				item:					
	Foreign assets (net)	Claims on government (net)	Claims on the private sectors*	Other items (net)	Total sum (9-13)	Total sum (9-12)	M1, sum (9,10)	Narrow Money			Foreign currency deposits	Total sum (9,15)	Base Money	Reserves of which:		
								Currency in circulation	outside banks	Demand deposits						
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15		
1993	29,594.4	184,089.3	245,784.1	(38,832.2)	420,635.6	367,094.8	247,091.1	122,166.7	124,924.4	69,607.5	50,396.2	53,540.8	274,487.5	152,320.8		
1994	115,765.7	181,055.6	280,138.6	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	280,319.8	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	287,871.1	205,991.7	126,269.2	140,215.3	166,715.6	652,817.1	364,940.0		
1998	458,003.6	276,586.7	248,276.2	156,416.3	1,026,984.7	844,929.4	545,517.0	307,798.7	237,718.3	134,401.0	165,011.4	182,055.2	726,532.7	418,734.0		
1999	622,286.8	366,396.2	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	584,369.0		
2002	1,558,627.1	264,608.6	570,668.3	(59,986.1)	2,047,683.1	1,507,386.5	938,786.6	495,445.6	463,340.9	223,898.7	324,701.3	540,296.5	1,191,146.8	695,701.2		
2002 - Jan	1,244,572.7	211,117.3	424,034.3	26,166.3	1,675,787.2	1,249,011.9	772,780.7	389,698.9	383,081.8	218,710.6	257,520.6	426,775.3	980,251.4	590,552.5		
Feb	1,338,005.5	149,956.8	431,266.2	29,902.6	1,709,664.4	1,262,854.6	787,086.3	391,993.3	395,093.1	209,448.3	266,320.0	446,809.7	979,733.0	587,741.7		
Mar	1,365,588.3	157,637.1	441,917.6	49,654.5	1,744,951.3	1,267,737.6	776,040.6	402,948.8	373,091.8	213,470.3	278,226.7	477,213.6	953,202.4	550,253.6		
Apr	1,354,456.8	183,484.9	445,125.3	30,706.0	1,752,488.2	1,268,835.8	766,271.1	398,186.6	368,084.5	212,907.8	289,656.9	483,652.5	981,849.0	583,662.4		
May	1,308,438.7	191,092.9	455,418.0	50,016.9	1,776,103.0	1,307,466.2	792,212.9	409,639.8	382,573.1	218,535.4	296,717.9	468,636.8	1,019,570.4	609,930.6		
Jun	1,293,645.0	202,879.0	482,041.4	65,181.2	1,797,889.9	1,333,524.2	815,576.3	429,383.9	386,192.4	218,602.1	299,345.8	464,365.7	1,002,471.9	573,088.0		
July	1,316,101.9	230,064.6	480,721.0	45,328.9	1,839,450.6	1,369,608.8	837,331.5	433,054.4	404,277.1	236,120.0	296,157.3	469,841.8	1,066,851.9	633,797.5		
Aug	1,322,133.4	319,811.7	530,484.4	4,296.3	1,915,685.4	1,421,212.7	879,946.7	466,750.3	413,196.4	243,819.8	297,446.2	494,472.6	1,170,757.2	704,007.0		
Sept	1,354,621.1	316,963.1	546,722.1	(17,097.1)	1,931,047.9	1,452,980.7	912,428.8	474,990.5	437,438.2	241,421.9	299,130.0	478,067.2	1,270,803.1	795,812.5		
Oct	1,440,512.5	276,827.5	561,301.4	(21,146.7)	1,978,852.0	1,471,851.2	932,828.8	488,790.9	444,037.9	232,950.6	306,071.8	507,000.8	1,241,348.6	752,557.7		
Nov	1,442,963.9	319,900.7	562,604.4	(39,172.3)	2,004,263.8	1,489,957.7	957,111.4	500,899.4	456,212.0	228,941.6	313,904.7	504,306.1	1,202,858.5	701,959.1		
Dec	1,538,627.1	264,608.6	570,668.3	(59,986.1)	2,047,683.1	1,507,386.5	938,786.6	495,445.6	463,340.9	223,898.7	324,701.3	540,296.5	1,191,146.8	695,701.2		
2003 - 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	530,136.2	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	239,633.3	353,749.5	585,445.2	1,097,438.6	649,570.9		
Apr	1,674,904.9	295,633.3	621,068.4	-142,391.9	2,089,952.3	1,498,745.2	941,951.6	432,855.8	509,095.8	230,242.1	326,551.5	591,207.1	1,128,138.9	695,283.1		
May	1,725,548.1	294,589.7	645,351.3	-174,794.2	2,107,642.9	1,490,711.8	925,454.9	446,842.6	478,612.3	238,579.8	326,677.1	616,931.2	1,128,138.3	681,295.7		
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	1,909,018.8	185,139.7	701,909.0	(179,551.7)	2,255,638.5	1,602,637.6	1,049,066.7	495,295.6	553,711.1	224,169.8	329,461.1	653,020.9	1,271,603.0	776,307.4		
Aug	1,895,236.8	172,642.0	728,883.0	(175,205.2)	2,263,174.7	1,607,279.1	1,037,088.8	503,545.3	533,543.5	237,208.4	332,981.9	655,895.6	1,271,009.1	767,463.8		
Sep	2,087,692.5	(35,083.4)	764,968.0	(136,548.9)	2,297,125.8	1,649,505.4	1,085,306.0	504,927.7	580,378.3	226,730.3	357,469.1	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	2,320,738.2	34,856.7	844,586.5	(180,525.0)	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		

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

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

	Jun-03	Jul-03	Aug-03	Sep-03	Oct-03	Nov-03	Dec-03	Jan-04	Feb-04
A Domestic Currency									
1 Interbank Cash Market Rates									
Overnight	4.64	6.47	6.37	5.46	9.86	6.47	6.29	9.69	3.54
2 to 7 days	4.59	7.40	6.21	6.01	9.38	6.06	6.52	8.83	4.04
8 to 14 days	5.12	6.55	6.30	6.57	10.14	7.11	6.98	9.49	4.13
15 to 30 days	6.79	6.54	6.61	6.61	9.82	7.32	6.73	8.70	6.63
31 to 60 days	6.47	6.09	6.35	7.00	7.83	6.89	7.39	8.28	5.98
61 to 90 days	5.50	6.65	6.65	6.65	6.65	7.10	8.00	7.96	6.50
91 to 180 days	5.73	6.79	6.10	7.14	7.59	7.05	7.80	7.46	7.31
181 and above	4.66	4.66	6.82	7.43	7.94	7.44	7.44	8.83	7.66
Overall interbank cash market rate	4.81	6.63	6.35	5.66	9.78	6.47	6.37	9.50	3.80
2 Lombard Rate							14.27	15.45	9.61
3 REPO Rate	0.00	0.00	6.97	6.24	7.00	6.75	6.75	4.78	4.41
4 Treasury Bills Rates									
35 days	5.80	6.40	6.20	6.70	6.20	6.30	5.70	6.70	6.40
91 days	6.10	6.50	6.30	7.30	7.10	7.00	7.60	7.10	7.20
182 days	5.80	6.70	6.30	7.30	7.30	7.20	7.60	7.60	7.60
364 days	5.90	6.30	6.70	7.40	7.50	7.60	7.90	7.80	7.60
Treasury bills rate	5.90	6.50	6.40	7.20	7.20	7.20	7.70	7.50	7.30
5 Treasury Bonds- 2-years	6.69	7.46	7.53	7.85	7.87	7.92	8.35	8.57	7.39
5-years	7.60	7.28	6.69	6.69	9.19	9.36	9.60	10.15	10.15
7-years	7.72	8.04	7.97	8.72	10.08	10.27	10.47	10.74	10.83
10-years	8.54	8.86	8.86	9.97	11.46	11.64	11.97	11.53	11.83
6 Discount Rate	10.58	11.60	11.60	11.98	12.10	12.10	12.34	12.55	12.40
7 Demand Deposit Rate	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
8 Savings Deposit Rate	2.53	2.41	2.42	2.44	2.45	2.45	2.45	2.44	2.44
9 Time Deposits Rates	3.50	3.46	3.41	3.34	3.71	3.63	3.87	3.84	4.20
Call Accounts	0.71	0.58	0.77	0.68	0.72	0.70	0.73	0.68	0.86
1 month	3.92	2.97	3.37	2.95	3.43	2.71	2.75	2.19	2.21
2 months	4.19	4.50	4.01	3.57	4.48	4.66	4.98	5.84	6.00
3 months	2.77	2.78	2.54	2.93	3.26	3.36	4.30	5.10	4.33
6 months	3.71	3.55	3.58	3.52	4.19	4.31	4.92	3.49	4.99
9 months									
12 months	5.09	4.97	4.72	5.03	4.93	5.14	5.04	5.31	5.33
24 months	4.10	4.86	4.85	4.70	4.94	4.52	4.35	4.25	5.63
10 Negotiated Deposit Rates	5.45	5.62	6.15	5.49	5.70	5.52	5.52	6.81	6.01
11 Lending rates	14.08	15.06	14.46	14.47	14.10	14.23	13.83	13.86	13.35
Call Loans	23.65	23.65	18.12	17.62	17.62	17.62	17.62	17.62	17.13
Short-term (up to 1yr)	16.39	17.20	16.70	15.52	15.34	15.66	15.65	15.58	15.50
Medium-term (1-2 yrs)	14.57	14.48	15.37	15.94	16.96	17.83	17.23	17.19	17.14
Medium-term (2-3 yrs)	13.38	13.26	11.38	11.68	10.61	11.38	10.53	10.33	9.89
Long-term (3-5 yrs)	10.88	13.97	12.34	12.29	12.04	12.38	12.50	12.86	12.12
Term Loans (over 5 yrs)	15.20	16.38	16.51	16.95	15.53	13.91	13.26	13.34	12.12
12 Negotiated Lending Rates	9.42	9.16	8.52	9.44	8.27	10.14	8.43	8.36	8.15
B Foreign Currency									
1 Deposits Rates									
Call Accounts	0.37	0.39	0.39	0.39	0.39	0.19	0.26	0.26	0.43
Demand Deposits									
Savings Deposits	0.92	0.97	0.95	0.98	0.95	0.97	0.99	0.88	0.80
Time Deposits	1.23	1.07	1.06	1.01	1.17	1.30	0.94	0.95	1.01
1-months	0.89	0.66	0.61	0.69	0.59	0.73	0.81	0.68	0.77
2-months	1.39	1.25	1.42	1.00	1.51	1.63	0.50	0.61	0.70
3-months	0.93	0.97	0.78	0.92	1.34	1.14	1.07	1.11	1.11
6-months	1.70	1.31	1.29	1.25	1.09	1.26	1.17	1.13	1.16
12-months	1.22	1.19	1.19	1.22	1.32	1.74	1.17	1.22	1.29
2 Lending Rates	7.52	7.36	7.40	7.39	7.33	7.60	7.40	7.34	7.56
Call loans									
Short-term (up to 1yr)	6.97	6.62	6.92	7.08	6.93	7.06	6.81	6.87	6.76
Medium-term (1-2 yrs)	7.88	7.82	7.61	7.66	7.54	8.54	8.41	7.85	8.20
Medium-term (2-3 yrs)	8.71	7.72	7.74	7.55	7.58	7.68	7.24	7.49	8.11
Long-term (3-5 yrs)	6.52	7.27	7.34	7.26	7.25	7.12	7.14	7.14	7.15
Term Loans (over 5 yrs)									

Source: Bank of Tanzania

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:						
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)	(197.3)	(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
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						