



MONTHLY ECONOMIC REVIEW BANK OF TANZANIA

February 2004

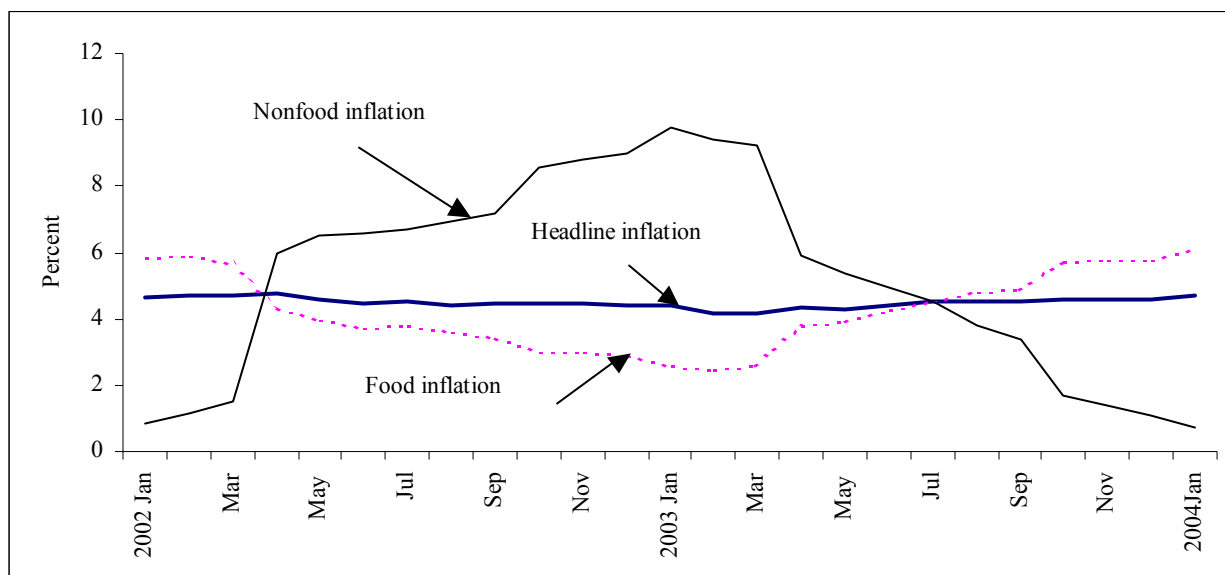
Inflation Developments

Headline Inflation

The annual headline inflation increased slightly to 4.7 percent in January 2004, having stabilized at 4.6 percent in the preceding three months. The slight increase emanated from food inflation. Non-food inflation continued to maintain a downward trend that has dampened the rise in food inflation (Chart 1).

On a month-to-month basis, the headline inflation was 3.1 percent in January 2004, slightly higher than 3.0 percent recorded in the corresponding period a year earlier, mainly due to increase in food prices. The increase is also reflected in seasonally adjusted month-on-month headline inflation, which went up by 0.4 percent in January 2004, compared with 0.3 percent recorded in the same period in the previous year.

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



Non-food Inflation

The annual non-food inflation dropped substantially from 9.8 percent in the year ended January 2003 to 0.7 percent in January 2004 (see Chart 2). The decrease is mainly attributed to a slow down in average prices of fuel, power, water, clothing and footwear. The decline in average prices of fuel, power, and water sub-group was a result of the completion of the pass through of the one time hike in the electricity tariff rates that occurred in April 2002. However, the seasonally adjusted month-to-month non-food inflation remained stable at 0.2 percent.

Food Inflation

Annual food inflation increased to 6.2 percent in January 2004 from 5.8 percent recorded in December 2003, mainly due to drought related food shortages. The increase was also reflected in the seasonally adjusted month-to-month food

inflation, which rose from 0.2 percent in December 2003 to 0.4 percent in January 2004.

Table 1: Percentage Change in the Sub-groups of the National Consumer Price Index (All-urban)
(December 1994=100)

Major Commodity Group	Weight %	Dec 2003	% Change Dec 02 - Dec 03	Jan 2003	Jan 2004	% Change Jan 03 - Jan 04	% Change Dec 03 - Jan 04
Food	71.2	253.0	+5.8	248.2	263.3	+6.1	+4.1
Fuel, Power and Water	4.7	342.0	+1.1	338.3	345.2	+2.0	+0.9
Drinks and Tobacco	4.4	184.5	+0.4	183.8	184.5	+0.4	0.0
Rents	3.9	214.4	+6.0	207.7	217.2	+4.6	+1.3
Clothing & Footwear	3.7	202.9	-2.6	210.3	202.9	-3.5	0.0
Furniture & Household Equipment	2.5	206.5	+2.2	204.6	205.4	+0.4	-0.5
Personal Care & Health	2.2	158.6	+1.3	160.2	159.0	-0.7	+0.3
Education	1.5	206.1	-1.0	210.5	206.8	-1.8	+0.3
Household Operations & Maintenance	1.5	169.4	+3.1	166.8	169.7	+1.7	+0.2
Recreation & Entertainment	1.2	176.2	+1.0	175.0	176.0	+0.6	-0.1
Transportation	1.2	250.8	+1.2	248.6	251.1	+1.0	+0.1
Miscellaneous Goods and Services	2.0	158.6	-1.1	160.5	158.4	-1.3	-0.1
TOTAL	100.0	242.9	+4.6	239.3	250.5	4.7	+3.1

Source: National Bureau of Statistics (NBS)

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

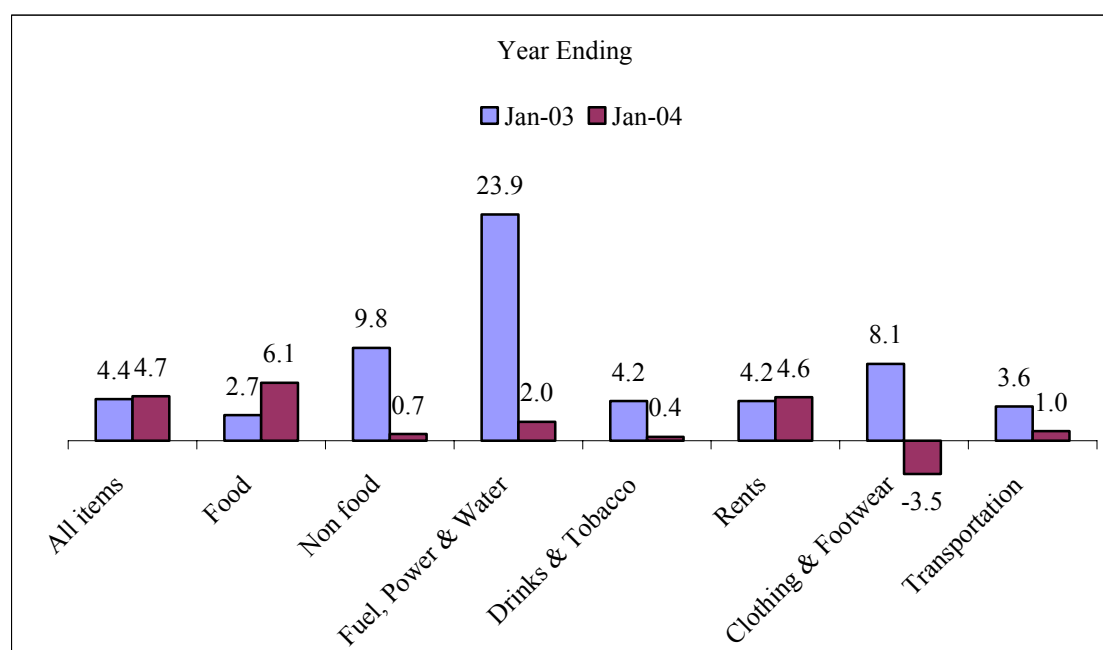


Table 2: Actual and Seasonally Adjusted Inflation Rates, Tanzania Mainland

Period	Unadjusted						Seasonally Adjusted					
	Year-on- Year			Month-on-Month			6 Months Annualised			Month-on-Month		
	Headline	Non		Headline	Non		Headline	Non		Headline	Non	
	1)	Food 2)	Food	1)	Food 2)	Food	1)	Food 2)	Food	1)	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	6.2	3.1	0.4	4.1	4.8	0.2	6.2	0.4	0.2	0.4

Source: National Bureau of Statistics and Bank of Tanzania Computations.
Total NCPI. 2) Non-Food NCPI.

*Revised figures using new set of seasonal factor

Monetary and Financial Developments

Reserve Money

Stock of reserve money (M0)¹ at end January 2004, decreased by TZS 14.2 billion from TZS 783.3 billion in December 2003 to TZS 769.1 billion, mainly due to Bank of Tanzania (BoT) net sale of Treasury bills for liquidity management, and repurchase agreements (REPOs) transacted with commercial banks amounting to TZS 2.4 billion and TZS 33.2 billion, respectively. The decline in M0 was also explained by a rise in government deposits at the BoT by TZS 0.9 billion. Following these developments, net domestic assets (NDA) of the BoT fell by TZS 92.2 billion.

In contrast, the BoT's net foreign assets (NFA)² rose by TZS 78.0 billion, from TZS 1,461.8 billion to TZS 1,539.7 billion, largely due to exchange rate movements as reflected in the increase in the valuation account by TZS 49.8 billion, coupled with the BoT purchase of foreign exchange from the Government. Thus, M0 registered an annual growth rate of 13.0 percent in January 2004, compared with 12.6 percent recorded in December 2003 and 15.2 percent recorded in January 2003.

¹ Reserve money or Base money is the operational variable used by the BoT to achieve money supply targets. It is defined as net domestic and net foreign assets of a central bank at any given point in time.

² Gross Official Reserves of the BoT increased to USD 2,071.7 million in January 2004, equivalent to 8.6 months of imports of goods and services (GNS) from USD 2,037.8 million recorded in December 2003 and USD 1,565.4 million in January 2003.

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

Item	Dec-02	Jan-03	Dec-03	Jan-04	Change		% Annual Growth	
					Dec-02	Dec-03	Dec-02	Jan-03
					to Jan-03	to Jan-04	to Dec-03	to Jan-04
Reserve Money	695.7	680.5	783.3	769.1	-15.2	-14.2	12.6	13.0
Currency outside BoT	546.6	517.2	606.6	589.4	-29.4	-17.2	11.0	13.9
Banks deposits	149.1	163.3	176.7	179.7	14.2	3.0	18.5	10.1
Net foreign assets	980.4	1032.0	1461.8	1539.7	51.6	78.0	49.1	49.2
O/w Net international reserves	1022.2	1073.9	1503.5	1581.1	51.6	77.7	47.1	47.2
Net domestic assets	-284.7	-351.5	-678.5	-770.7	-66.8	-92.2	138.3	119.2
Claims on government	141.3	140.3	142.0	142.0	-0.9	0.0	0.5	1.2
Government deposits	210.5	199.8	369.6	370.5	-10.7	0.9	75.6	85.5
Liquidity papers	244.9	241.2	333.3	335.7	-3.7	2.4	36.1	39.2
Repos	12.4	0.0	0.0	33.2	-12.4	33.2		
Valuation Account	244.4	294.3	412.3	462.2	49.9	49.8	68.7	57.0
Other	41.8	-50.9	-117.5	-173.2	-92.6	-55.7	-381.4	240.5

Source: Bank of Tanzania

Money Supply

During January 2004, extended broad money supply (M3) rose by TZS 97.7 billion, from a stock of TZS 2,388.3 billion recorded at end-December 2003 (see Table 3). The rise was largely accounted for by an increase of TZS 77.5 billion in foreign currency deposits (FCD), coupled with the depreciation of the shilling. As a result, the share of FCD in M3 reached 30.0 percent compared to 27.0 percent recorded in January 2003 (see Chart 3). An increase in demand deposits and time deposits by TZS 17.7 billion and TZS 18.6 billion, respectively, also reinforced the rise in M3 during the month under review. In contrast, currency outside banks fell by TZS 14.2 billion, while savings deposits recorded a marginal decline of TZS 1.9 billion. Subsequently, between December 2003 and January 2004, the share of currency in circulation to M3 fell from 23.2 percent to 21.7 percent.

In line with the monetary expansion recorded in January 2004, the growth rate of M3 rose significantly from 16.6 percent in December 2003 to 21.8 percent in January 2004, the same rate as recorded in January 2003.

Chart 3: Components of Money Supply as Percentage of M3

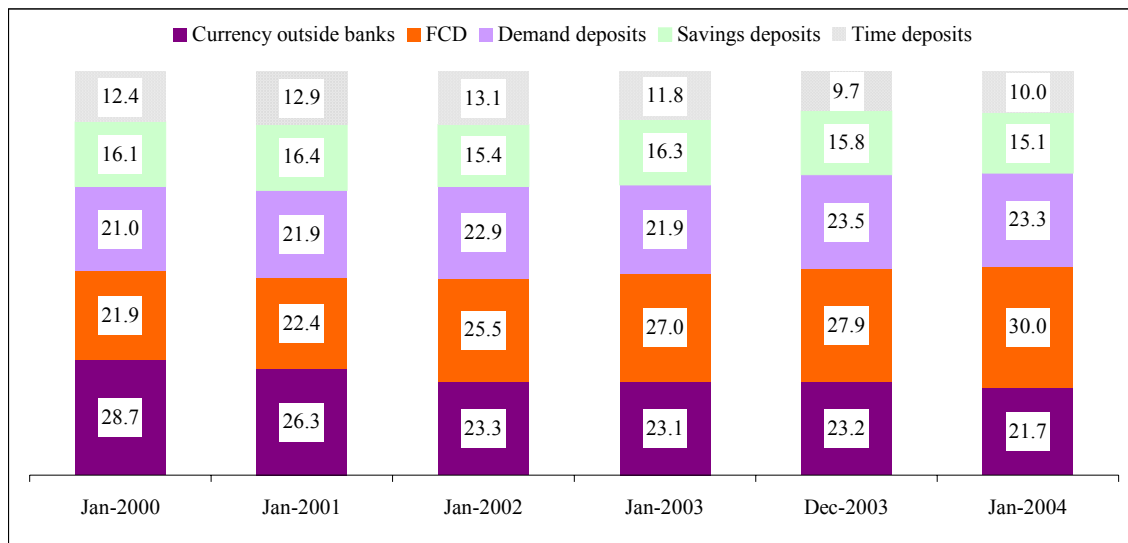


Table 4: Developments in Selected Money Supply Aggregates (In TZS billions)

Item	Dec-02	Jan-03	Dec-03	Jan-04	Change		% Annual Growth	
					Dec-02 to Jan-03	Dec-03 to Jan-04	Dec-02 to Dec-03	Jan-03 to Jan-04
					Extended broad money supply (M3)	2047.7	2040.6	2388.3
Broad money supply (M2)	1507.4	1490.5	1721.1	1741.3	-16.9	20.2	14.2	16.8
Currency in circulation (Outside the banking system)	495.4	471.1	553.0	538.8	-24.4	-14.2	11.6	14.4
Demand deposits	463.3	447.0	560.3	578.1	-16.3	17.7	20.9	29.3
Time deposits	223.9	239.9	231.0	249.6	16.0	18.6	3.2	4.0
Savings deposits	324.7	332.5	376.8	374.8	7.8	-1.9	16.0	12.7
Foreign currency deposits	540.3	550.1	667.2	744.7	9.8	77.5	23.5	35.4
Net foreign assets	1558.6	1651.2	2182.1	2312.9	92.6	130.8	40.0	40.1
Bank of Tanzania	1022.2	1073.9	1503.5	1581.1	51.6	77.6	47.1	47.2
Deposit money banks	536.4	577.3	678.6	731.8	41.0	53.2	26.5	26.8
Net domestic assets	775.3	725.6	660.2	676.7	-49.7	16.4	-14.8	-6.7
Net claims on government	264.6	257.0	12.9	-0.1	-7.6	-13.1	-95.1	-100.0
Claims on government	505.9	483.8	464.4	481.3	-22.1	16.9	-8.2	-0.5
Government deposits	241.3	226.7	451.5	481.5	-14.6	30.0	87.1	112.4
Claims on private sector	570.7	580.2	817.1	856.8	9.6	39.7	43.2	47.7
Other items net	-60.0	-111.7	-169.8	-180.0	-51.7	-10.2	183.1	61.1
Medium term foreign liabilities	41.8	41.8	41.7	41.4	0.0	-0.3	-0.4	-1.0
Valuation account	244.4	294.3	412.3	462.2	49.9	49.8	68.7	57.0

Source: The BoT, Monetary and Financial Affairs Dept

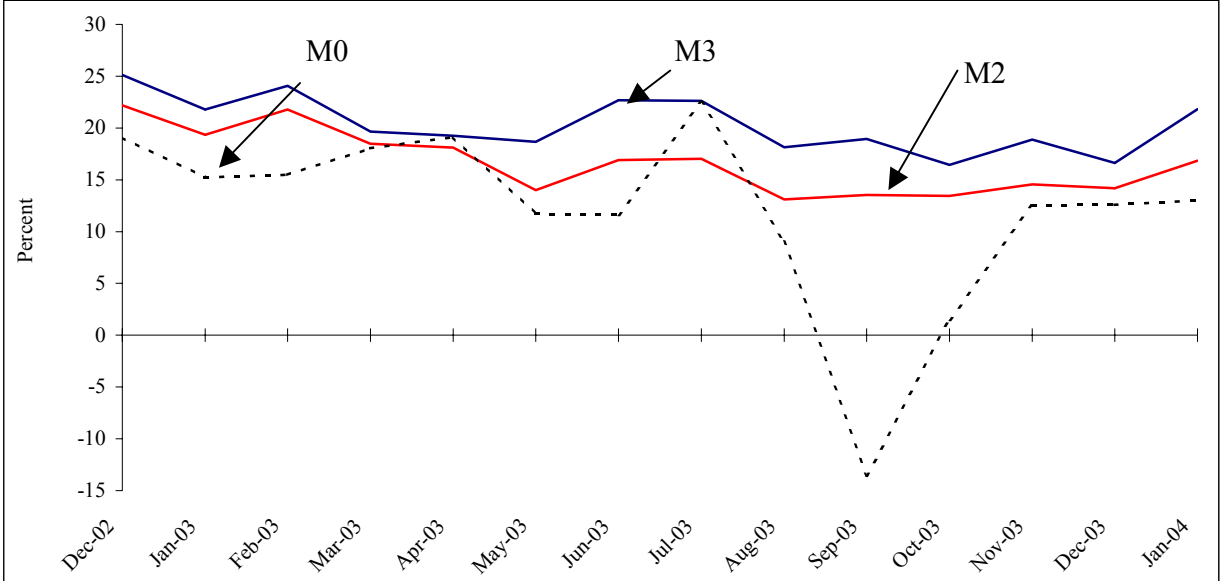
From the assets side of money supply, net foreign assets (NFA) of the banking system rose by TZS 130.8 billion, as net international reserves of the BoT increased by TZS 77.6 billion and net foreign assets holdings of commercial banks increased by TZS 53.2 billion.

Similarly, net domestic assets (NDA) of the banking system rose from TZS 660.2 billion in December 2003 to TZS 676.7 billion in January 2004. Specifically, during the period under review, credit by the commercial banks to private sector

increased by TZS 39.7 billion, while credit to government went up by TZS 16.9 billion. At the same time, government deposits to the banking system increased by TZS 30.0 billion, thus resulting in a decline of TZS 13.1 billion in net claims on government by the banking system.

Broad money supply (M2), which is total money supply excluding foreign currency deposits, increased by TZS 20.2 billion in January 2004, compared with a slight increase of TZS 2.9 billion recorded in the preceding month. Consequently, annual growth rate of M2 increased from 14.2 percent recorded in December 2003 to 16.8 percent in January 2004 (see Chart 4).

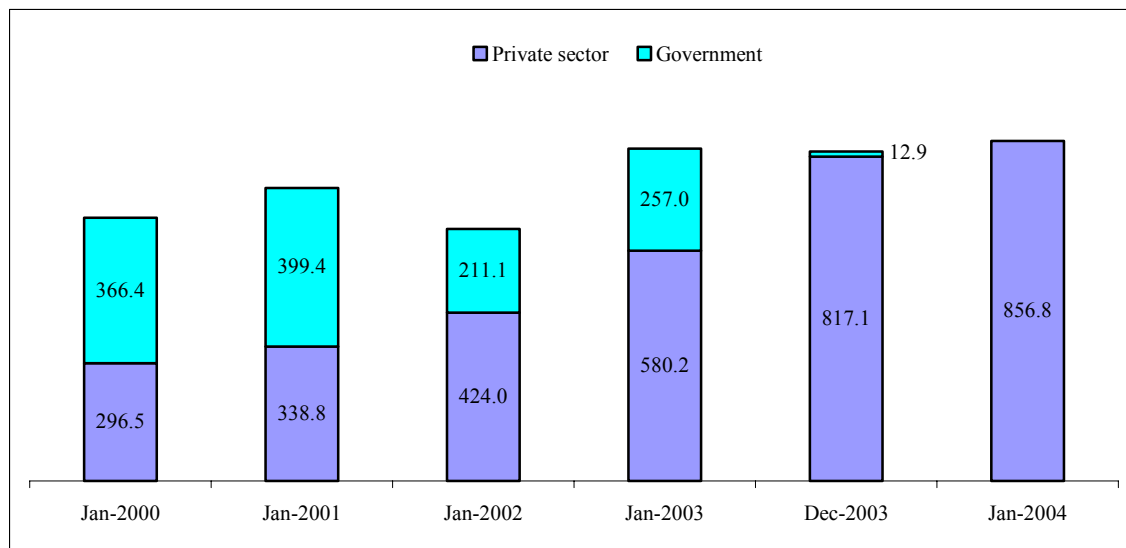
Chart 4: Annual Growth Rates of Monetary aggregates



Credit Developments

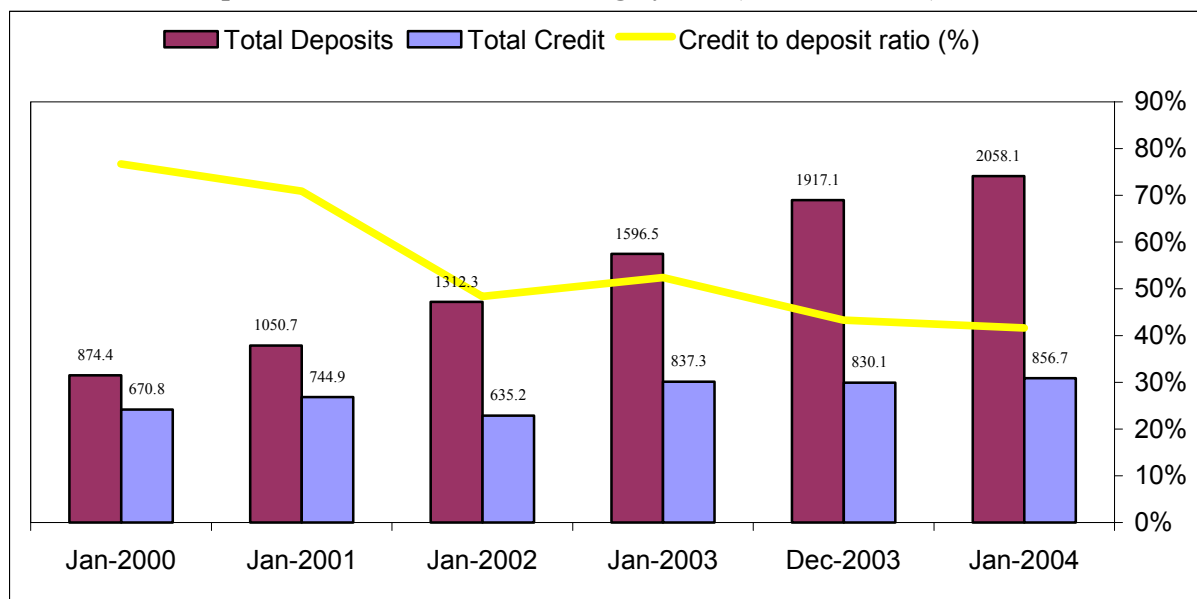
During the month under review, commercial banks' credit to the private sector rose from TZS 817.1 billion in December 2003 to TZS 856.8 billion, largely due to overdraft extended to corporate customers, as well as depreciation of the shilling which had an upward impact on foreign currency denominated credits. On annual basis, credit to the private sector registered a growth rate of 47.7 percent in the year ending January 2004, up from 36.8 percent recorded in a similar period a year earlier, and 43.2 percent in the year ending December 2003. It is noteworthy that, the banking system net claims on government at end-January 2004 were TZS –0.1 billion implying that total credit is wholly explained by the credit to private sector (see Chart 5).

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



In terms of the share of credit to total deposits of the banking system, the trend was downwards as those banks leading in the holdings of deposits were the least providers of credit to the private sector, in preference of risk free Treasury bills.

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



Inter-bank Cash Market

During January 2004, total volume traded in the inter-bank cash market rose to TZS 815.6 billion from TZS 748.5 billion in the preceding month. Overnight transactions continued to account for a big portion of the total volume traded, accounting for 80.2 percent, compared to 84.2 percent recorded in December 2003.

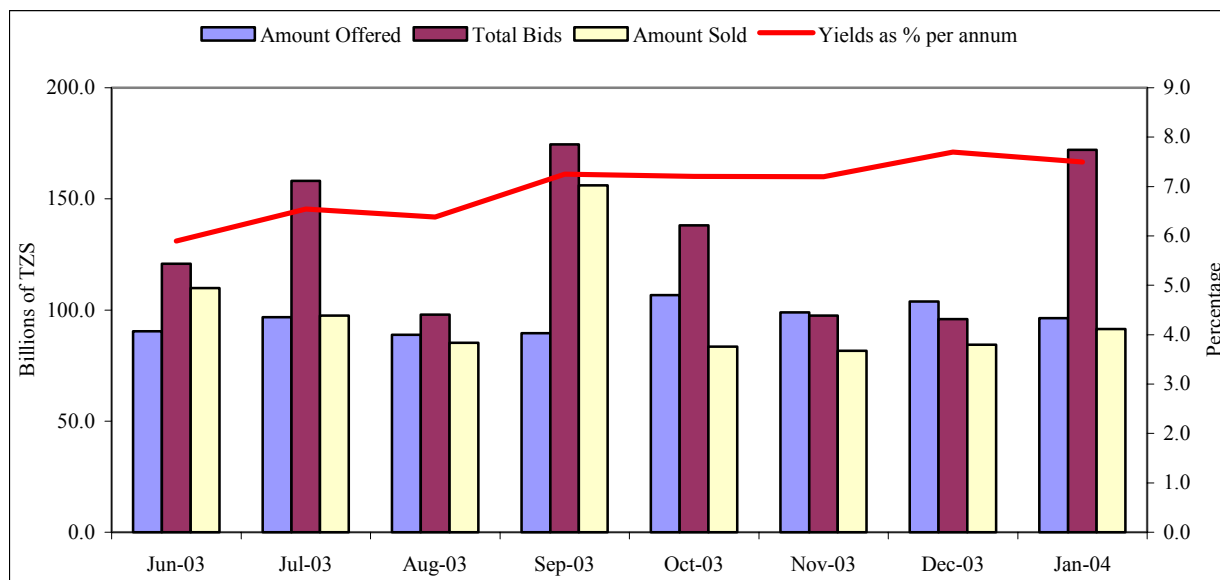
Interest rates charged on overnight lending increased from 6.3 percent in December 2003 to 9.7 percent in January 2004, signifying liquidity squeeze experienced by some banks during the period under review. Similarly, the overall inter-bank cash market rate rose from 6.4 percent to 9.5 percent in the same period (see Table A3b).

Treasury Bills Market

The amount of Treasury bills floated in the market during January 2004 was TZS 96.4 billion, compared with TZS 103.8 billion offered in the preceding month. The Treasury bills made up of 35-day, 91-day, 182-day and 364-day maturities were aimed at rolling over maturing obligations of the government securities, and for liquidity management. Total bids of Treasury bills stood at TZS 172.0 billion compared with TZS 95.9 billion recorded in December 2003, whereas actual sales amounted to TZS 91.4 billion compared with TZS 84.4 billion sold in the preceding month (see Chart 7). Commercial banks continued with their dominance in the Treasury bills market accounting for 78.5 percent of total successful bids compared with 68.2 percent recorded in December 2003.

Average yields in the Treasury bills market exhibited a downward trend, except for 35-day Treasury bills yield, which rose from 5.7 percent in December 2003 to 6.7 percent in January 2004. The average yield for 91-day fell from 7.6 percent to 7.1 percent, while that of 182-day bill remained stable at 7.6 percent. The yield for 364-day Treasury bill fell slightly from 7.9 percent to 7.8 percent. As a result of these developments, the overall weighted average yield (WAY) for all Treasury bills maturities fell from 7.7 percent in December 2003 to 7.5 percent in January 2004.

Chart 7: Treasury Bills Market Developments



Treasury Bonds

Treasury bonds worth TZS 18.9 billion were offered in January 2004, slightly above TZS 18.5 billion offered in the previous month. Total bids received stood at TZS 26.1 billion in January 2004, compared with TZS 13.9 billion recorded in December 2003. However, in order to safeguard against inverted yield curve, the BoT accepted bids worth TZS 17.0 billion in January 2004, compared with TZS 12.7 billion accepted in December 2003. The yields to maturity on the Treasury bonds rose across all maturities, except for 10-year Treasury bond, which fell from 12.0 percent in December 2003 to 11.5 percent in January 2004. In particular, 2-year and 5-year Treasury bond yield rose from 8.4 percent to 8.6 percent and from 9.6 percent to 10.2 percent, respectively. Also, the yield for 7-year Treasury bonds rose from 10.5 percent to 10.7 percent (see Table A3b).

Repurchase Agreements (REPOs)

During the month under review, three-day REPOs worth TZS 33.2 billion were transacted between the BoT and commercial banks, for fine-tuning liquidity in the banking system. The REPO rate ranged between 4.0 percent and 5.5 percent, while the weighted average REPO rate fell to 4.8 percent compared with 6.8 percent recorded in December 2003.

Lombard Transactions

In January 2004, the Lombard Facility remained open for commercial banks that have signed master repurchase agreement to borrow for bridging temporary overnight liquidity needs. A total of TZS 22.6 billion was borrowed during January 2004, at interest rates ranging from 10.1 percent to 17.1 percent, compared with TZS 32.2 billion traded in the preceding month at interest rates ranging from 11.3 percent to 16.6 percent.

Interest Rates Developments in Commercial Banks

Domestic Currency Deposits and Lending rates

In January 2004, the weighted average deposit rates exhibited a mixed trend. The weighted average interest rates on savings deposits fell slightly from 2.5 percent to 2.4 percent, with the lowest and the highest rate being 1.2 percent and 5.5 percent, respectively. Meanwhile, the rates on 3-month and 12-month time deposits increased, while all other time deposits rates trended downward from levels recorded in the previous month (Table 5). With this development, the overall time

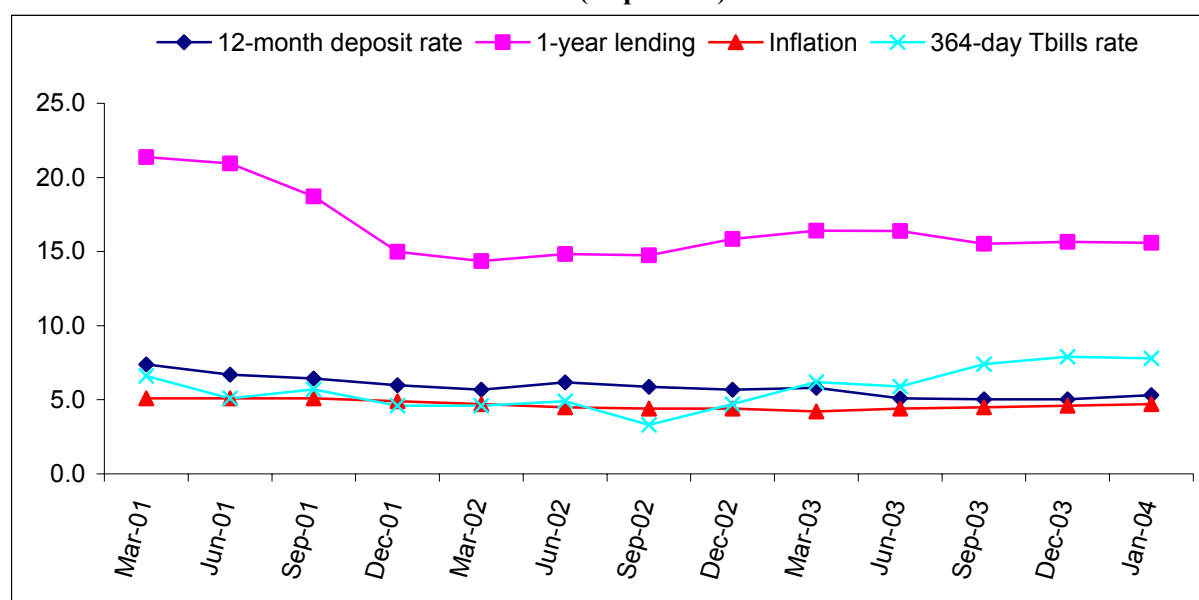
deposit rates fell slightly from 3.9 percent to 3.8 percent. In the same period, negotiated deposits rate (prime customers deposits rates) dropped from 7.7 percent to 6.8 percent.

Table 5: Interest Rates Structure (In percent per annum)

	Dec-02	Mar-03	Jun-03	Nov-03	Dec-03	Jan-04
Savings deposits rate	2.7	2.5	2.5	2.5	2.5	2.4
Overall Time deposits rate	3.4	3.7	3.5	3.6	3.9	3.8
1-month	2.1	2.5	3.9	2.7	2.8	2.2
3-months	3.0	2.5	2.8	3.4	4.3	5.1
6-months	4.1	4.2	3.7	4.3	4.9	3.5
12-months	5.7	5.8	5.1	5.1	5.0	5.3
Overall Lending rates	15.7	15.0	14.1	14.2	13.8	13.9
Up to 1-year	15.9	16.4	16.4	15.7	15.7	15.6
2-3 years	13.8	12.3	13.4	11.4	10.5	10.3
Negotiated rates						
Deposits	5.4	5.9	5.5	5.5	7.7	6.8
Lending	9.7	8.6	9.4	10.1	8.4	8.4
Lending-Deposit Margin	4.3	2.7	3.9	4.6	0.7	1.6

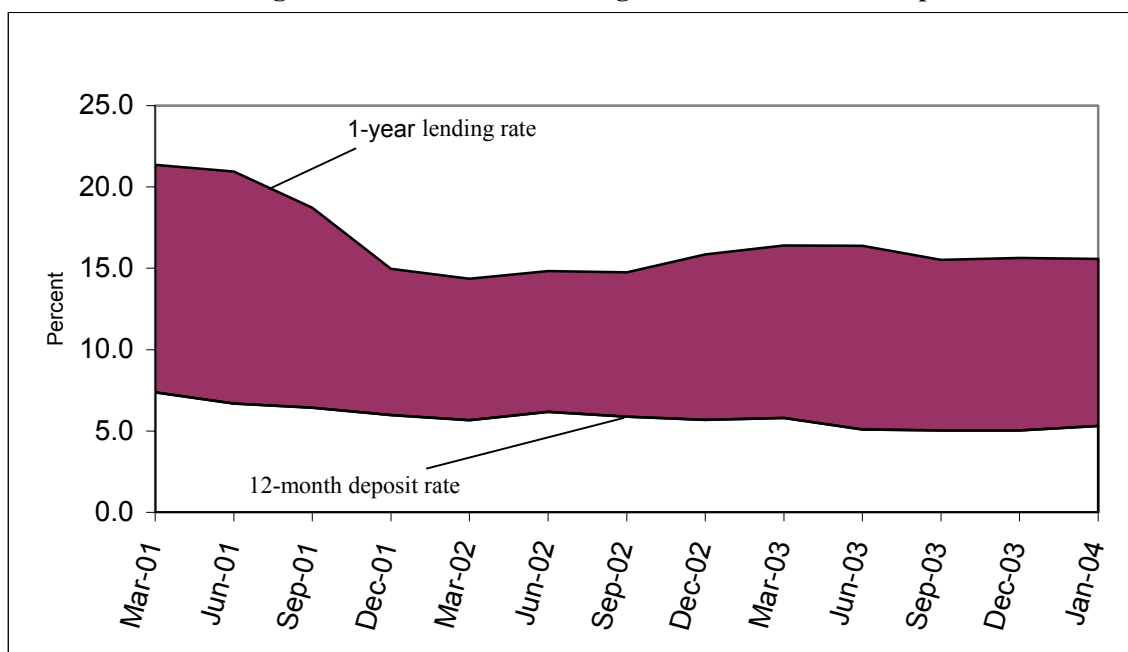
Source: Commercial banks and BoT, Monetary and Financial Affairs Dept computations

Chart 8: Selected Interest Rates and Inflation (In percent)



On the other hand, the overall weighted average lending rate rose slightly from 13.8 percent in December 2003 to 13.9 percent in January 2004. 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 around 8.4 percent. In the same period, the interest rate spread, measured by the difference between the 12-months fixed deposits and 1-year lending rates narrowed slightly to 10.3 percentage points compared to 10.6 percentage points recorded in December 2003.

Chart 9: The Margin Between 1-Year Lending Rate and 12-Month deposit rate



Foreign Currency Deposits and Lending rates

Interest rates on foreign currency denominated deposits exhibited mixed trend, except for 3-month and 12 month time deposit rate, which remained stable at 1.1 percent and 1.2 percent, respectively. Savings deposit and 6-month time deposit rates fell slightly from 1.0 percent to 0.9 percent and from 1.2 percent to 1.1 percent, respectively, while the rate for 2-month time deposits rose marginally

from 0.5 percent to 0.6 percent. In line with these developments, the overall time deposit rates rose slightly from 0.9 percent in December 2003 to 1.0 percent in January 2004.

During the review period, lending rates on loans of up to 1-year rose from 6.8 percent to 6.9 percent, while that of medium-term loans of 1-2 years declined from 8.4 percent to 7.9 percent. As for medium-term loans of 2-3 years, the rates increased from 7.2 percent to 7.5 percent, whereas that of long-term loans of 3-5 years remained stable at 7.1 percent.

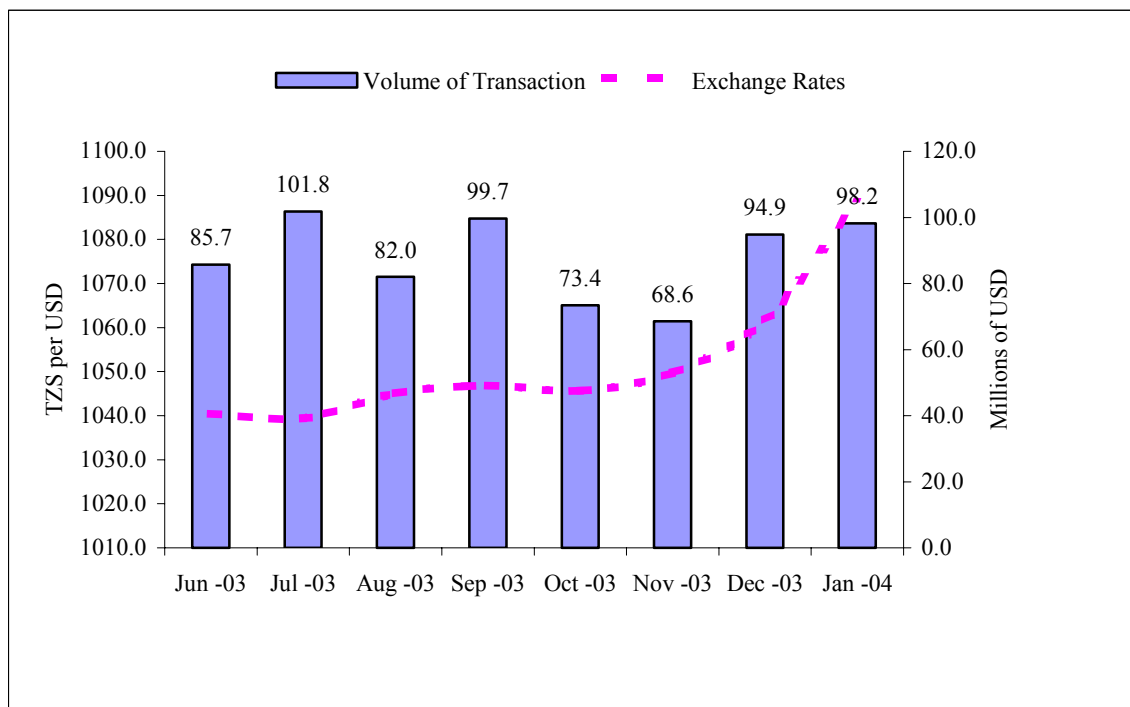
Inter-bank Foreign Exchange Market (IFEM)

During January 2004, the volume traded at the IFEM increased by 3.5 percent to USD 98.2 million, from USD 94.9 million traded in the previous month. The increase in amount traded was mainly attributed to high demand for US dollars. Commercial banks dominated the demand side of the market, purchasing USD 96.3 million or 98.1 percent of the total volume traded and supplying USD 26.20 million or 26.7 percent of the amount traded. The non-bank financial institutions supplied USD 6.32 million or 6.4 percent of the amount traded and purchased USD 1.3 million or 1.3 percent of the amount traded. The Bank of Tanzania intervened in the market to reduce the excess demand by selling on net basis USD 65.7 million, which is equivalent to 66.9 percent of the amount traded.

Exchange Rate

During the period under review, the Tanzanian shilling depreciated against the US dollar by 2.5 percent to TZS 1,088.5 per US dollar, from TZS 1,061.7 per US dollar recorded during December 2003, largely due to excess demand for US dollar in the market.

Chart 10: Inter-bank Exchange Rate Movement and Volume of Transactions



Bureau de Change Operations

The volume of transactions in the bureau de change system went down by 26.5 percent to USD 42.4 million from the level transacted in the previous month, largely to due to decline in both sales and purchases. Sales and purchases both decreased by 26.5 percent and 26.6 percent to USD 21.1 million and 21.3 million, respectively.

The buying and selling rates depreciated by 1.9 percent and 2.2 percent to TZS 1,073 per US dollar and TZS 1,094.0 per US dollar respectively, during the month under review.

Table 6: Foreign Exchange Market Developments

				January			July - January		
	Dec-03	Jan-04	% Change	2003	2004	% Change	2002/03	2003/04	% Change
IFEM									
1. Amount offered*	94.9	98.2	3.5	95.0	98.2	3.4	589.6	618.6	4.9
2. Amount sold*	94.9	98.2	3.5	95.0	98.2	3.4	589.6	618.6	4.9
3. Exchange rate**	1,061.7	1,088.5	2.5	1,001.7	1,088.5	8.7	975.6	1,054.5	8.1
Bureau de Change									
1. Sales*	28.7	21.1	-26.5	19.8	21.1	6.6	128.2	165.4	29.0
2. Purchases*	29.0	21.3	-26.6	20.9	21.3	1.9	137.4	167.6	22.0
3. Volume of Transactions*	57.7	42.4	-26.5	40.7	42.4	4.2	265.6	333.0	25.4
4. Buying rate**	1,053.0	1,073.0	1.9	987.0	1,073.0	8.7	968.6	1,048.4	8.2
5. Selling rate**	1,070.0	1,094.0	2.2	1,003.0	1,094.0	9.1	987.0	1,065.9	8.0

Source: Bank of Tanzania

Note: * Millions of USD; ** Tanzanian shilling (TZS) per dollar

Government Budgetary Developments

Government Budgetary Operations

During January 2004, the government budgetary operations, on cheques issued basis, recorded an overall deficit amounting to TZS 81.2 billion. Revenue collections amounted to TZS 120.4 billion, while grants were TZS 24.4 billion, thus making a total resource base of TZS 144.8 billion, against total government expenditure of TZS 226.0 billion³.

³ Excluding amortization

Revenue

Revenue collections during the month were slightly higher than the projected TZS 111.3 billion. The good performance was mainly attributed to high income tax collections, which surpassed the target of TZS 19.5 billion. Meanwhile, tax revenue collections from imports and local goods, which amounted to TZS 47.8 billion and TZS 29.3 billion, respectively, were in line with the targets (Chart 11). The Government continues to depend heavily on tax revenue from imports which, in January 2004, contributed 39.7 percent of recurrent revenue. Income taxes and taxes on local goods contributed 23.7 percent and 20.3 percent, respectively.

Chart 11: Government Recurrent Revenue Performance in January 2003 (In TZS billions)

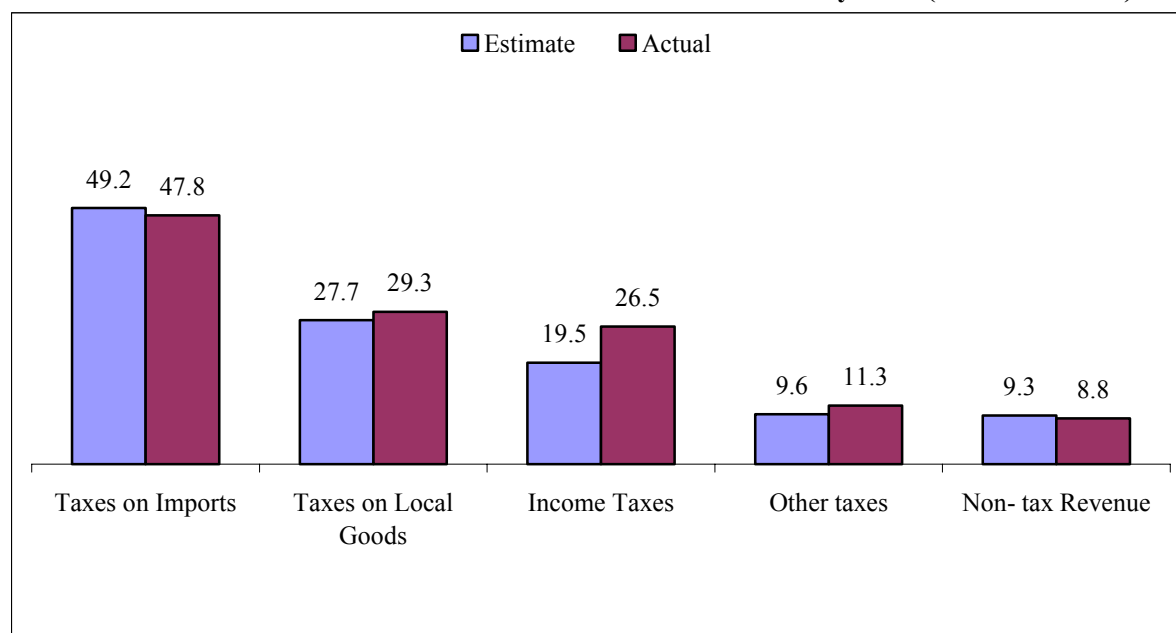


Chart 12: Contribution to Total Government Revenue (In percent)

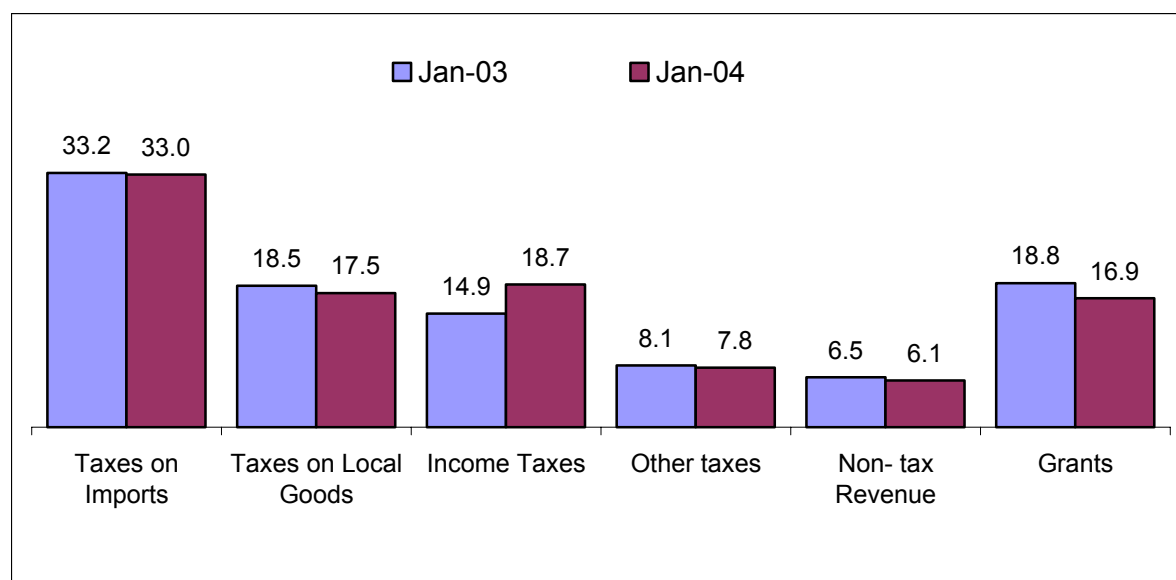


Table 7: Percentage Contribution to Recurrent Revenue

	2000/2001	2001/2002	2002/2003	2003/2004							
				Jul	Aug	Sep	Oct	Nov	Dec	Jan	Total
Tax Revenue	89.0	90.1	90.8	92.0	92.4	91.0	89.9	90.5	93.4	92.7	91.7
Taxes on Imports	39.1	38.6	37.6	42.9	40.7	37.6	40.5	41.8	36.0	39.7	39.7
Taxes on Local Goods	20.3	20.7	21.3	22.7	21.0	16.9	20.8	20.8	16.9	24.3	20.3
Income Taxes	20.9	21.2	22.7	18.8	19.7	29.1	20.6	18.9	32.9	22.0	23.7
Other taxes	8.8	9.6	9.2	7.6	11.0	7.3	8.0	9.0	7.7	9.4	8.5
Non-tax Revenue	11.0	9.9	9.2	8.0	7.6	9.0	10.1	9.5	6.6	7.3	8.3

Source: Bank of Tanzania

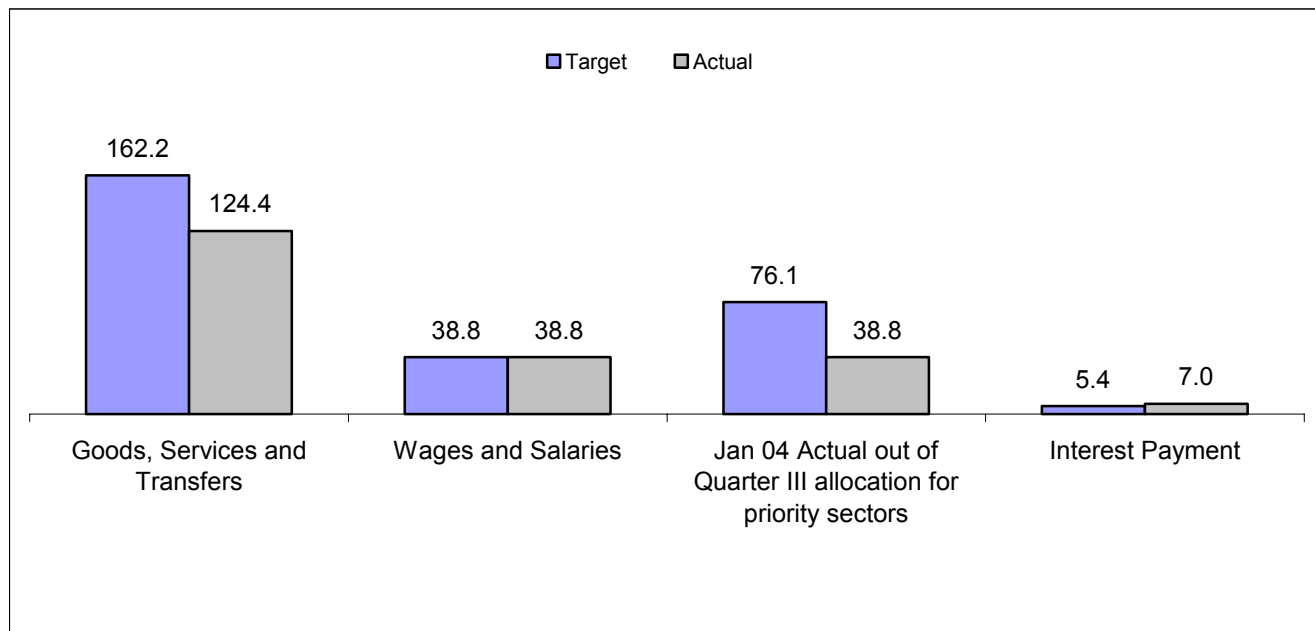
During the period July 2003-January 2004, revenue collections amounted to TZS 833.9 billion, being 2.9 percent higher than the projected amount of TZS 810.6 billion. During the same period, the Government received grants amounting to TZS 407.9 billion, compared to the expected inflows of TZS 433.1 billion.

Expenditure

During January 2004, government expenditure was lower compared to the target of TZS 285.1 billion, largely because of recording problems. There is a time lag between spending of project funds and submission of expenditure reports to the Treasury for accounting purposes.

Recurrent expenditure, which amounted to TZS 170.2 billion was slightly above the target of TZS 168.0 billion. Expenditures on wages and salaries were on target at TZS 38.8 billion, while spending on priority sectors amounted to TZS 38.8 billion out of the third quarter allocation of TZS 76.1 billion (see Chart 13).

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



During the month under review, development expenditure, which amounted to TZS 55.7 billion, was slightly below the target of TZS 59.1 billion, whereas on

cumulative basis (July 2003 – January 2004), it amounted to TZS 332.9 billion, compared to the target of TZS 442.2 billion.

Total government expenditure for the period July 2003–January 2004 reached TZS 1,271.8 billion compared with the budget of TZS 1,406.9 billion.

Financing

During the review period, the government budget registered an overall deficit, on cheques cleared basis, amounting to TZS 67.5 billion, which was financed by domestic and foreign resources amounting to TZS 43.9 billion and TZS 23.7 billion, respectively.

External Sector Developments

Trade Balance

During January 2004, the trade account improved marginally to a deficit of USD 84.8 million, from USD 85.8 million recorded in the previous month, on account of a decline in imports of goods and services. However, when compared with the corresponding period in 2003, the deficit worsened by 54.2 percent owing to increase in imports that exceeded the increase in exports. On annual basis, the deficit worsened from USD 618.5 million in 2003 to USD 966.5 million in the year ending January 2004 on account of an increase in imports (Table 8).

Table 8: Trade Account Balance (In USD millions)

	% Change			January			February - January		
	Dec-03	Jan-04	Change	2003	2004 ^P	Change	2002/03	2003/04	Change
Exports	190.6	160.1	-16.0	142.5	160.1	12.3	1,576.2	1,827.8	16.0
Goods	140.1	104.7	-25.3	82.8	104.7	26.4	910.2	1,164.1	27.9
Services	50.5	55.4	9.6	59.7	55.4	-7.2	666.0	663.7	-0.3
Imports	276.4	244.9	-11.4	197.5	244.9	24.0	2,194.6	2,794.2	27.3
Goods	201.7	176.3	-12.6	135.3	176.3	30.3	1,522.8	2,013.9	32.3
Services	74.7	68.5	-8.3	62.1	68.5	10.3	671.9	780.3	16.1
Trade Balance	-85.8	-84.8	-1.2	-55.0	-84.8	54.2	-618.5	-966.5	56.3

Source: Bank of Tanzania and Tanzania Revenue Authority

Note: p Provisional data

During the year ending January 2004, gold, and travel (which is mainly tourism) continued to dominate exports of goods and services accounting for 28.7 percent and 24.3 percent of total exports, respectively. Traditional exports accounted for 12.4 percent of total exports (see Chart 14).

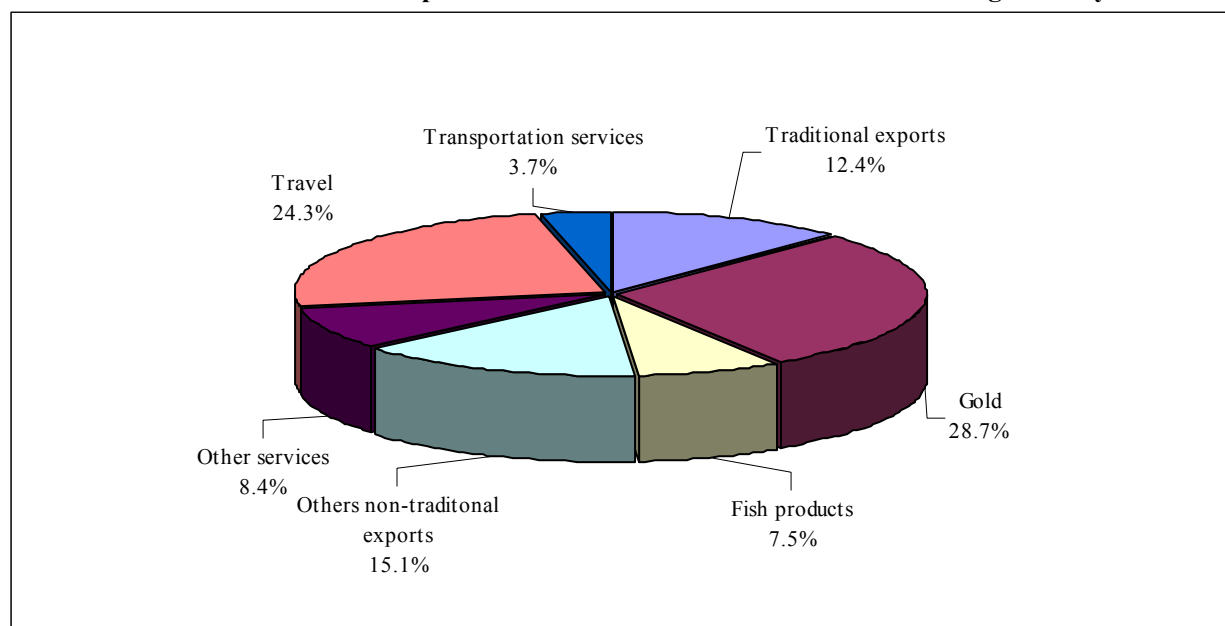
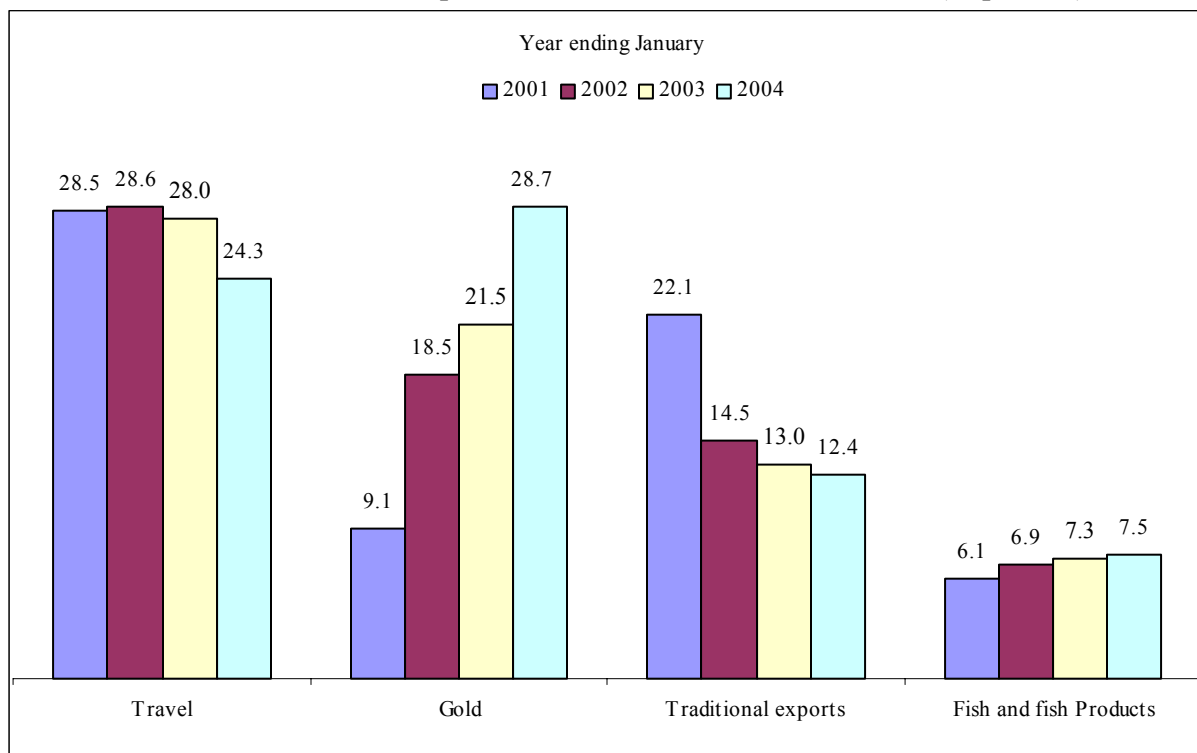
Chart 14: Contribution to Total Exports of Goods and Services for the Year Ending January 2004

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



Exports

During the month under review, exports of goods decreased from USD 140.1 million in December 2003 to USD 104.7 million, following a decline in both traditional and non-traditional exports. Traditional exports fell by 44.4 percent to USD 25.3 million, mainly due to a decline in export volumes, as crops such as cotton and cashewnuts have reached the end of their peak season. In the same period, unit prices of sisal and cashewnuts remained unchanged, while that of cloves increased by 52.9 percent, anticipation of reduction of taxes on cigarettes in Indonesia, which is the major importer of cloves used in manufacturing of cigarettes.

When compared with the corresponding month in 2003, exports increased by 26.4 percent from USD 82.8 million in January 2003 to USD 104.7 million, due to increases in volumes and unit prices of both traditional and non-traditional exports.

On annual basis, exports increased by 27.9 percent from USD 910.2 million in the year ending January 2003 to USD 1,164.1 million in the ending January 2004, following improved performance in both traditional and non-traditional exports. Traditional exports increased from USD 205.6 million to USD 226.7 million, partly due to increases in export volumes of coffee, cotton, sisal, cashewnuts and cloves, and partly due to increase in unit prices of coffee, cotton, sisal and cashewnuts.

Chart 16: Contribution to Total Traditional Exports for the Year Ending January 2004

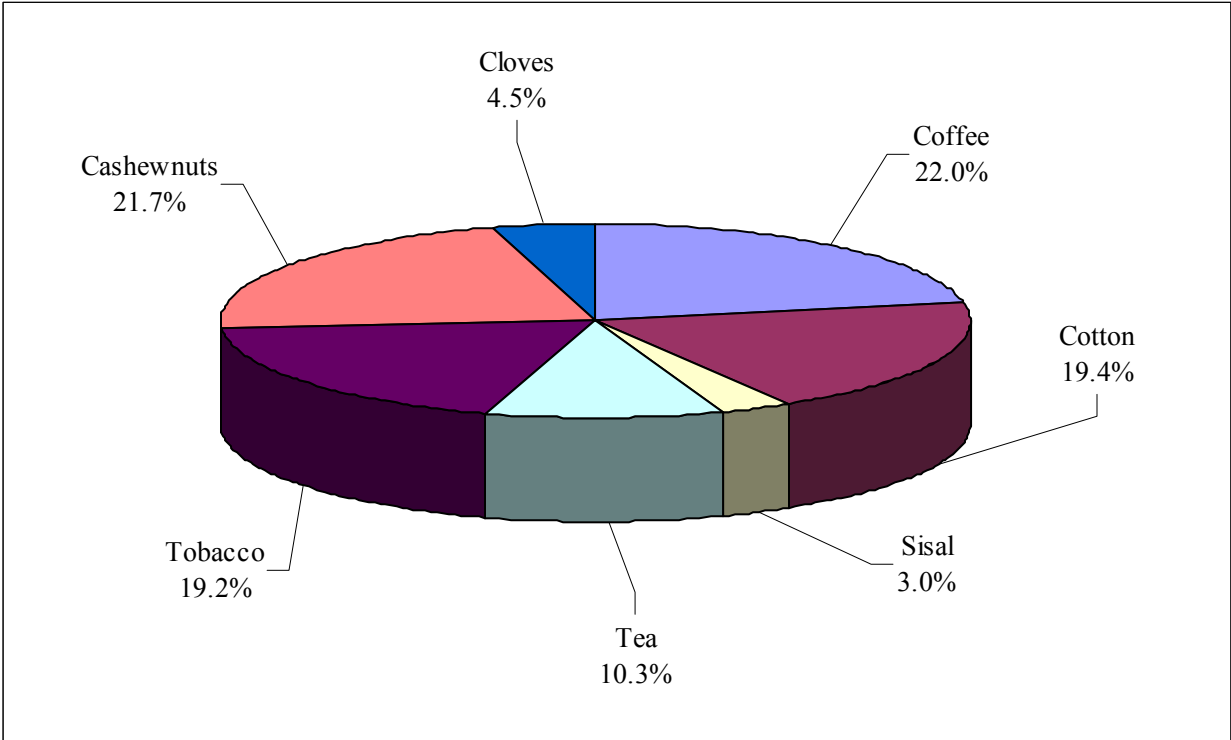
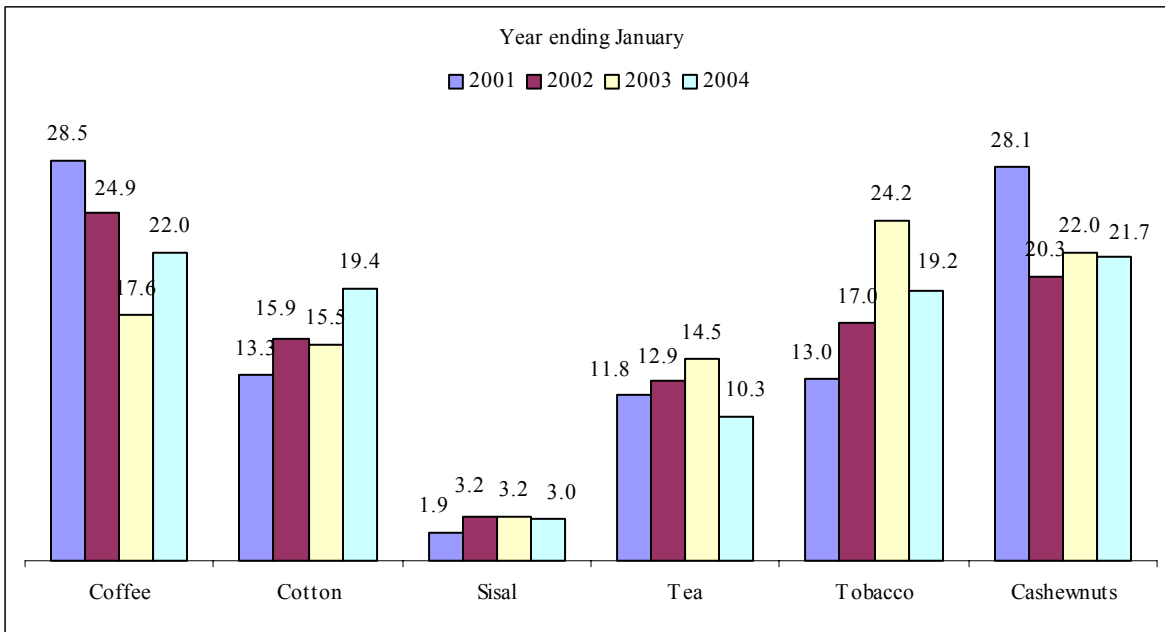


Chart 17: Contribution to Total Traditional Exports, 2001-2004 (In percent)



Non-traditional Exports

Non-traditional exports declined from USD 94.6 million in December 2003 to USD 79.4 million in January 2004, following a decline in minerals from USD 59.0 million to USD 54.8 million, manufactured goods from USD 15.8 million to USD 7.7 million, and other exports from USD 9.2 million to USD 4.7 million. On the other hand, exports of horticultural products increased by more than two folds to USD 1.6 million, whereas, fish and fish products increased from USD 9.9 million to USD 10.6 million. However, when compared with the corresponding month in 2003, non-traditional exports increased by 28.9 percent from USD 61.6 million to USD 79.4 million, following an improved performance in exports of minerals, manufactured goods, fish and fish products, and horticultural products.

During the year ending January 2004, non-traditional exports went up by 33.0 percent from USD 704.6 million in the preceding year to USD 937.4 million.

Specifically, export of minerals increased from USD 385.6 million to USD 570.0 million, whereas, manufactured goods rose from USD 66.0 million to USD 103.5 million. Similarly, fish and fish products exports increased from USD 115.4 million to USD 137.7 million, while exports of horticultural products went up from USD 11.5 million to USD 14.1 million. As shown in Charts 18 and 19, gold exports contributed more than 55 percent of total non-traditional exports in January 2004, and gold exports have been increasing over time.

Chart 18: Contribution to Non-Traditional Exports for the Year Ending January 2004

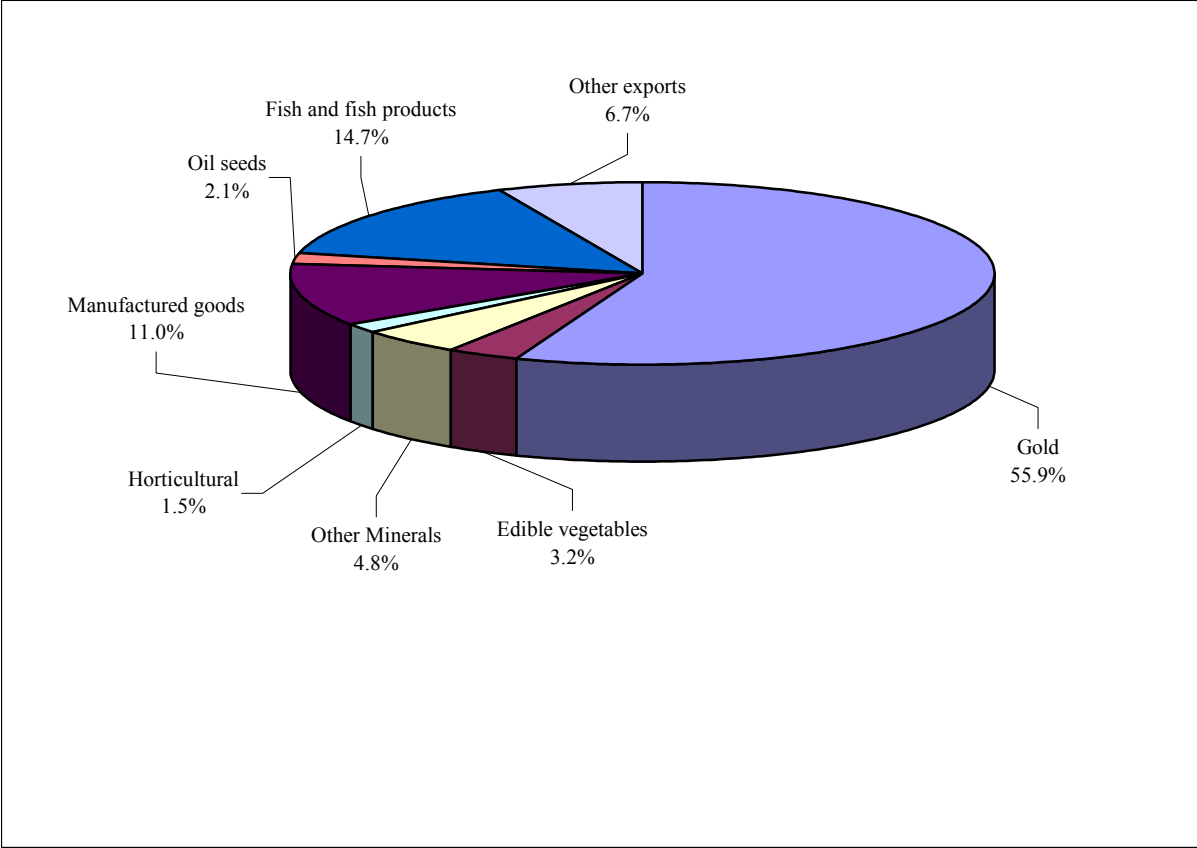
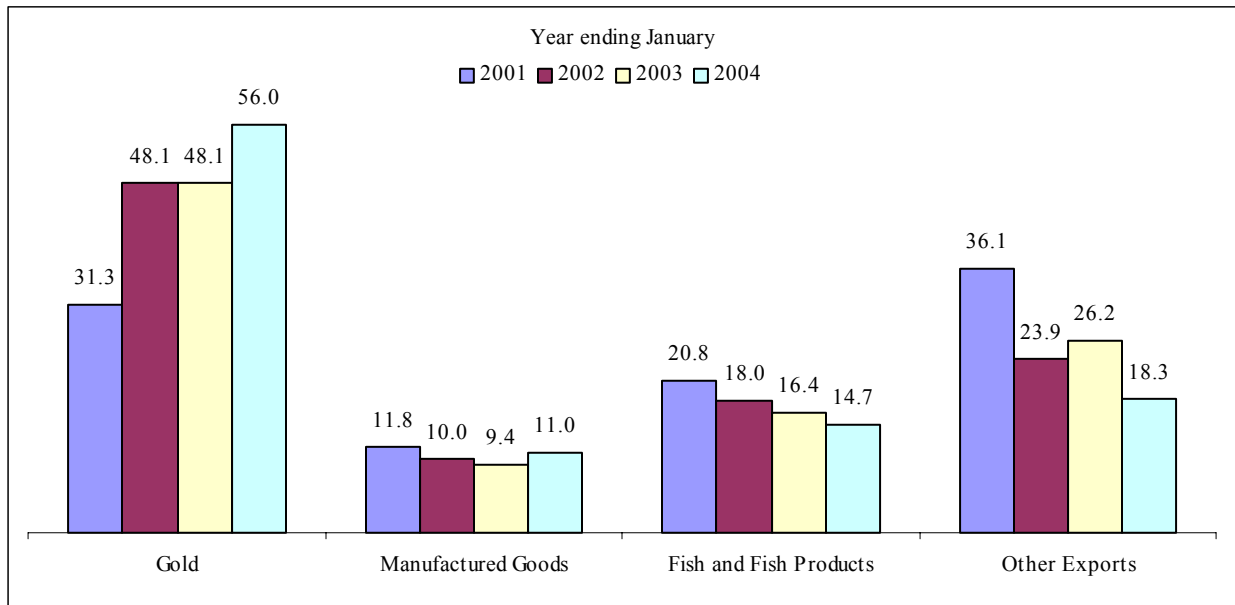
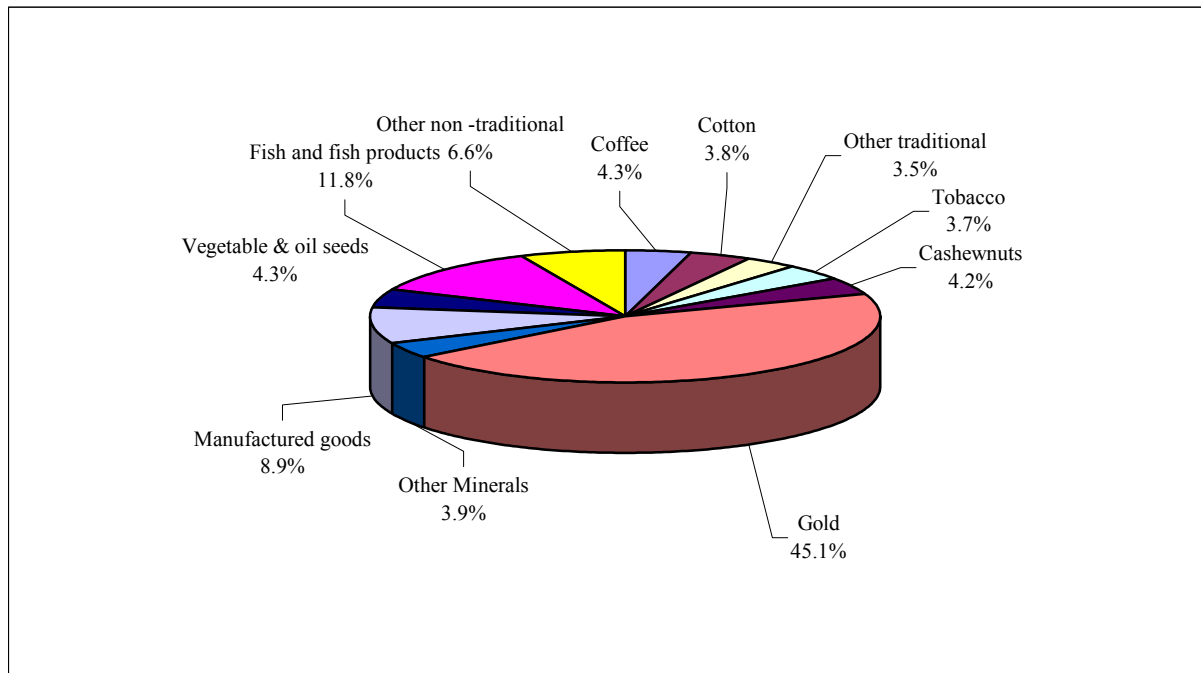


Chart 19: Contribution to Non-Traditional Exports, 2001- 2004 (In percent)



As shown in Chart 20, non-traditional exports accounted for about 80.5 percent of the total exports for the year ending January 2004, compared with 77.4 percent recorded in a similar period a year earlier. However, the share of non-traditional exports excluding gold declined to about 36.0 percent from 40.0 percent, largely due to a decline in cereal exports.

Chart 20: Contribution to Goods Exports for the Year Ending January 2004



Imports

During January 2004, goods imports (f.o.b.) decreased by 12.6 percent, from USD 201.7 million recorded in December 2003 to USD 176.3 million, due to a decline in imports of intermediate and consumer goods. The decline in imports of consumer goods was largely due to a fall in importation of pharmaceutical products and tools of base metal.

Similarly, imports of intermediate goods declined from USD 59.0 million to USD 50.4 million largely due to a decline in oil imports. Oil imports declined from USD 35.7 million to USD 31.2 million, due to reduction in the volume from 136,725.0 tons imported in December 2003 to 124,128.0 tons. On the other hand, capital goods imports increased by 12.0 percent, largely on account of an increase in transport equipment, building and construction equipment, and machinery imports.

When compared with the corresponding period a year earlier, total imports increased by 30.2 percent from USD 135.3 million to USD 176.1 million.

During the year ending January 2004, imports (f.o.b.) increased from USD 1,522.8 million recorded during the year ending January 2003 to USD 2,013.9 million. The significant increase in imports is attributed to a rise in intermediate good imports from USD 392.1 million to USD 632.7 million, following improved recording of oil imports since July 2003, including the assessment of all imported oil at the point of entry to control tax evasion. Likewise, imports of fertilizer increased from USD 18.5 million to USD 26.5 million, following importation of 121,324.0 tons compared with 78,838.0 tons imported in the preceding year. This was mainly due to the decision made by Government in its 2003/04 budget, to remove import taxes on imported fertilizers in order to boost agricultural production in the Southern highlands of Tanzania. Meanwhile, industrial raw materials increased from USD 195.9 million to and 223.1 million, whereas capital goods increased from USD 651.8 million to USD 795.8 million.

Imports of consumer goods rose from USD 478.9 million to USD 585.4 million during the year ending January 2004. This is reflected in the increase of both food and foodstuff, and other consumer goods by 28.7 percent and 19.7 percent, respectively. The increase in imports of food and foodstuffs was due to food shortage following inadequate rainfall during the 2002/03 farming season. The composition of total imports is summarized on the Charts 21 and 22.

Chart 21: Composition of Goods Imports for Year Ending January 2004

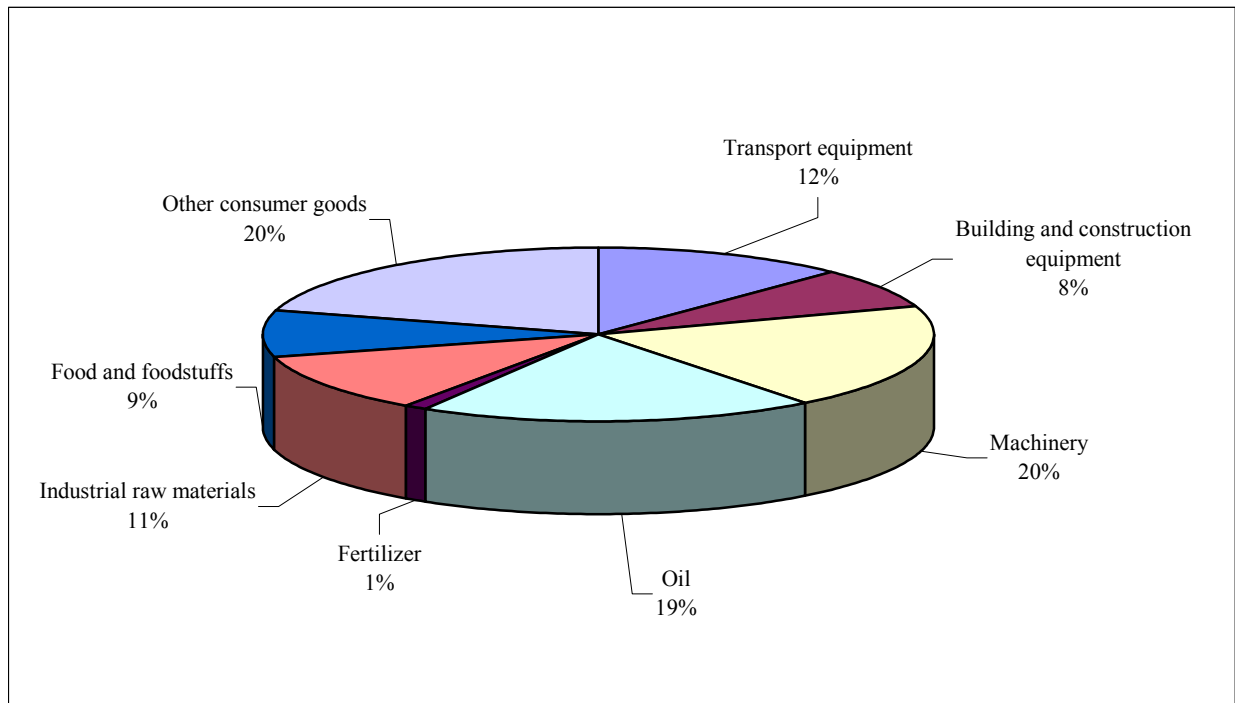
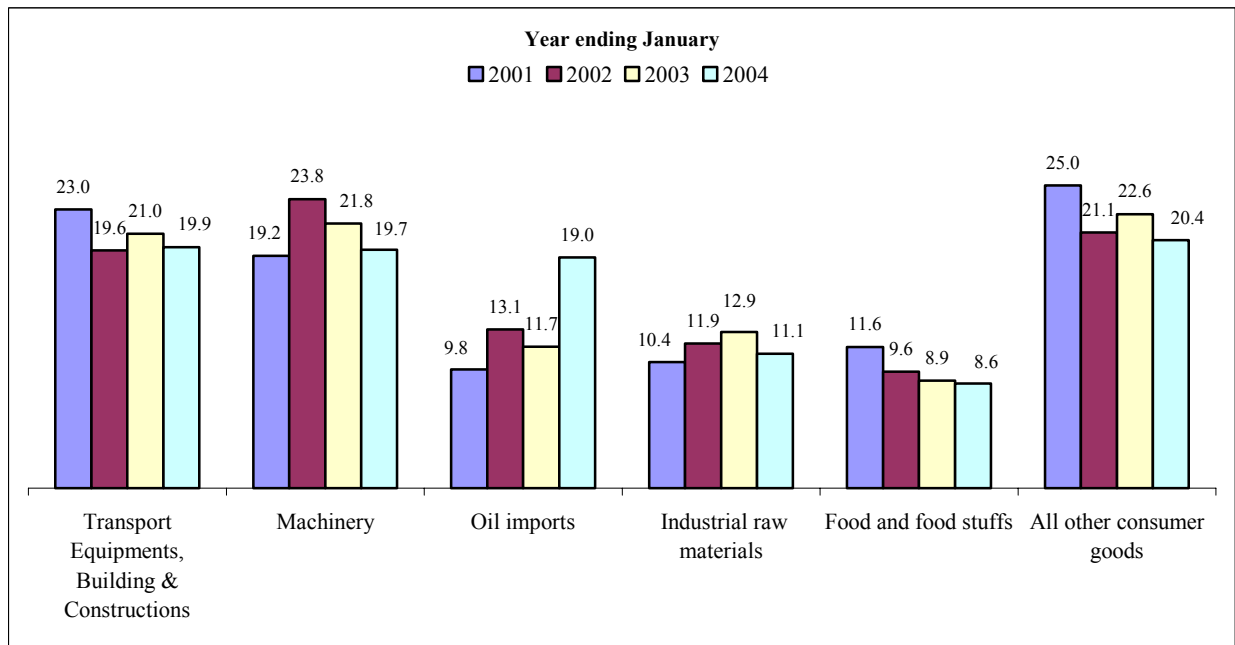


Chart 22: Composition of Goods Imports, 2001- 2004 (In percent)

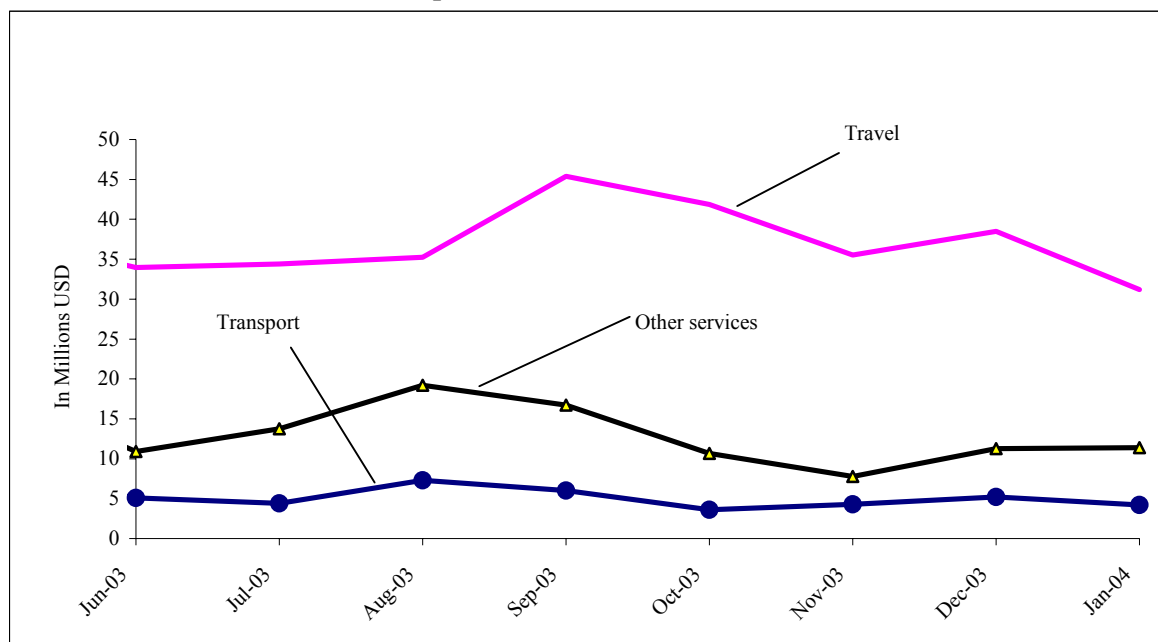


Services and Income Accounts

Services Account

During January 2004, services account recorded a deficit of USD 13.2 million compared with a deficit of USD 24.2 million recorded in the previous month, following an increase in services receipt coupled with a decline in services payment. Services receipts increased from USD 50.5 million to USD 55.4 million on account of the increase in travel (mainly tourism) receipts associated with seasonality.

Chart 23: Tanzania-Services Receipts

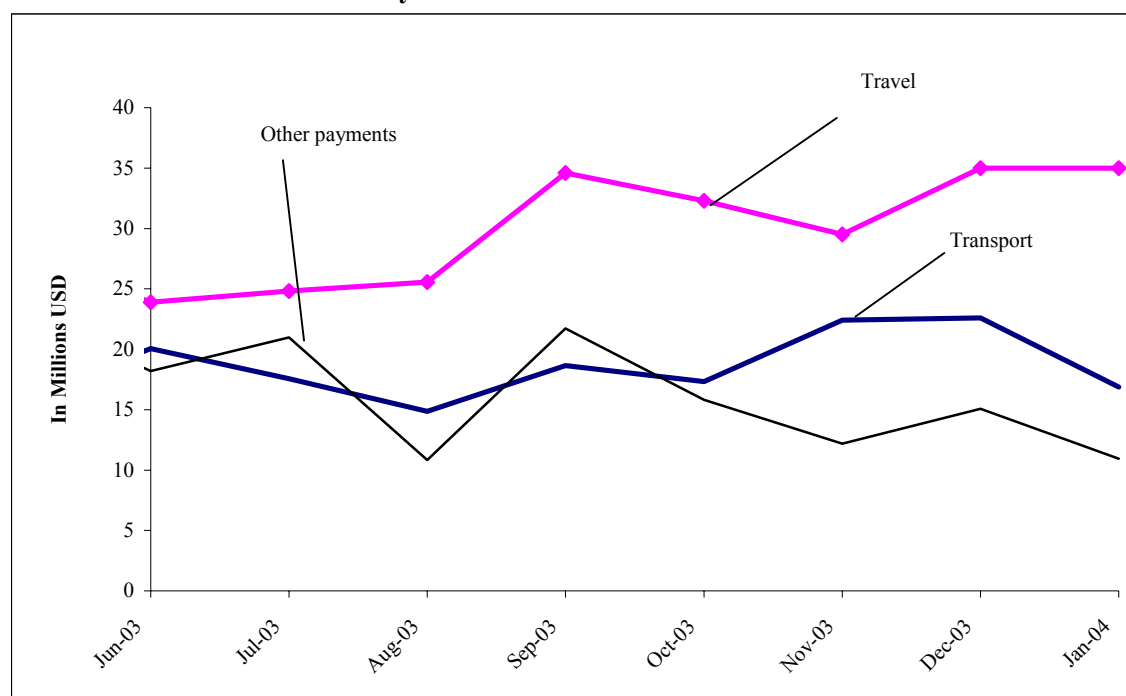


Note: Other Services include: communication, Insurance, Financial, Computer, Information, Government, Royalties, Personal, and Other business services.

On the other hand, services payment decreased to USD 68.5 million from USD 74.7 million, mainly due to a decline in communication and travel service payments. Communication payments, which mainly consist of periodic lump-sum

payments to satellite service providers, decreased to USD 0.8 million from USD 7.0 million in the previous month. Likewise, travel services payments decreased to USD 30.8 million.

Chart 24: Tanzania-Services Payments



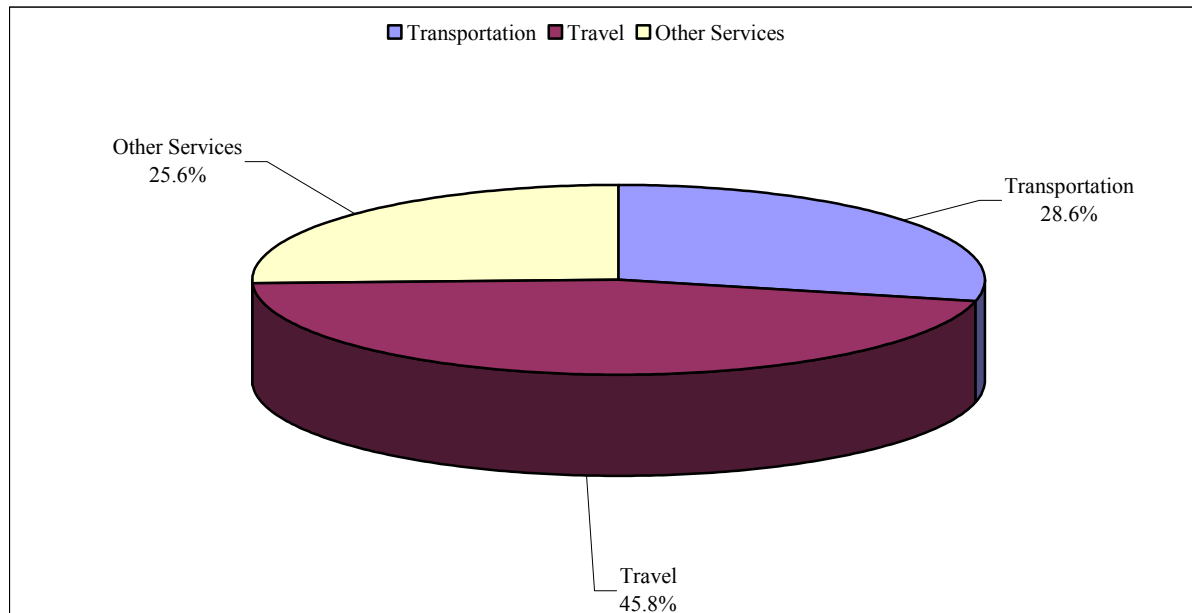
Note: Other Services include: Communication, Construction, Insurance, Financial, Computer, Information, Government, Royalties, Personal, and Other business services.

When compared with the corresponding month a year earlier, the balance on services account worsened due to an increase in services payments from USD 62.1 million to USD 68.5 million in January 2004, coupled with a decline in services receipt from USD 59.7 million to USD 55.4 million.

During the year ending January 2004, the balance in the services account worsened significantly to a deficit of USD 116.6 million, from a deficit of USD 5.9 million recorded in year ending January 2003, following a 16.1 percent increase in services payment. Services payment rose mainly on account of the increase in freight

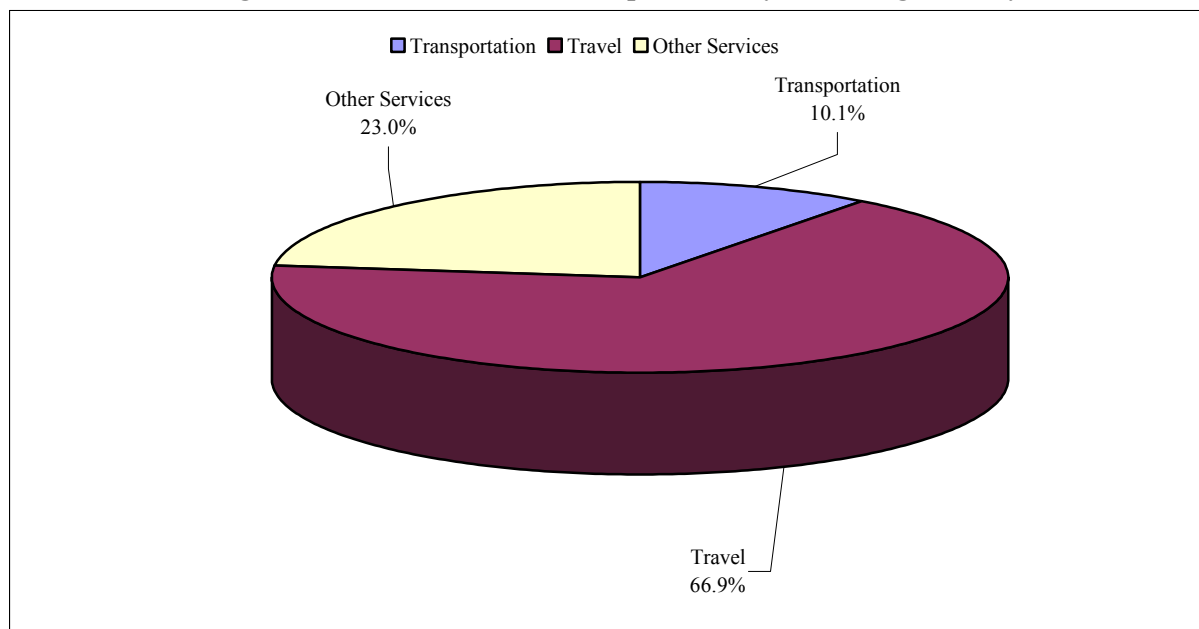
payments (associated with the rise in imports), travel and government services payments. During the review period, travel expenses accounted for about 45 percent of total services payments, followed by transportation that accounted for about 29 percent (see Chart 25).

Chart 25: Share of Total Service Payments for the Year Ending January 2004



Services receipt decreased marginally from USD 666.0 million during the year ending January 2003, to USD 663.7 million, mainly due to a decrease in government, other business and transportation services receipts. During the year ending January 2004, tourism accounted for 66.9 percent of total services receipts (see Chart 26), slightly higher than 66.2 percent recorded in the corresponding period a year earlier.

Chart 26: Percentage Share of Total Service Receipts for the year ending January 2004



Income Account

During January 2004, the income account deteriorated to a deficit of USD 9.6 million from a deficit of USD 4.9 million recorded in the previous month, following a decrease in income receipts that surpassed the impact of a decrease in payments. When compared with the corresponding month a year earlier, the income account improved from a deficit of USD 11.6 million to a deficit of USD 9.6 million mainly due to the increase in investment income receipts coupled with the decrease in compensation of employees payments.

During the year ending January 2004, the income account worsened to a deficit of USD 42.0 million, from USD 31.2 million recorded in the year ending January 2003. This was attributed to a 32.7 percent increase in income payments to USD 130.9 million that suppressed the impact of a 31.7 percent increase in income

receipts to USD 88.9 million. The surge in income payments was largely on account of scheduled interest payments that increased by 22.8 percent to USD 93.7 million. On the other hand, the increase in income receipts resulted from the increase in interest earnings from Bank of Tanzania's foreign exchange reserves.

World Commodity Prices

During January 2004, prices of **coffee**, both (Arabica) and (Robusta) increased from USD 1.43 per kg to USD 1.6 per kg and from USD 0.79 per kg to USD 0.88 per kg, respectively mainly due to low coffee harvest in Brazil and Vietnam.

During the same period, prices of **tea** (average of Calcutta, Colombo, and Mombasa auctions) increased slightly from USD 1.57 per kg to USD 1.58 per kg, while the price of tea at Mombasa auction increased from USD 1.59 kg to USD 1.63 per kg. The rise in tea prices was on account of increased demand associate with anticipated bad weather condition in Kenya and North India. While the price of **sisal** (UG) remained unchanged at USD 775.00 per metric ton, the price of **cloves** rose from USD 1,775 per metric ton to USD 1,867 per metric ton, largely due to adverse growing conditions that have hit Africa's leading clove producers, namely Madagascar, Zanzibar, and the Comoros Islands, and the anticipated reduction of taxes on cigarettes in Indonesia. **Cotton** prices (A-index) and (Memphis) increased from USD 1.62 per kg to USD 1.67 per kg and from USD 1.65 per kg to USD 1.70 per kg, respectively.

The prices of **crude oil** (average of UK Brent, Dubai and West Texas Intl, and f.o.b. Dubai) went up from USD 29.97 per barrel and USD 27.86 per barrel to USD 31.37 per barrel and 28.68 per barrel, respectively. Similarly, the price of

white petroleum products (f.o.b. West Mediterranean) went up from USD 285.36 to USD 303.3 per ton. The increase in crude oil prices is partly attributed to the OPEC's announcement of cutting oil supplies by 4.0 percent effective April 1st, 2004.

The price of **gold** increased from USD 407.0 per troy ounce to USD 413.8 per troy ounce. The increase in gold prices was partly due to high demand as US dollar continued to weaken against major currencies, especially the Euro.

Table 9: World Commodity Prices

COMMODITY	UNITS	Mar-03	Jun-03	Sep-03	Oct-03	Nov-03	Dec-03	Jan-04	% Change
1 Robusta Coffee	\$ per KG	0.82	0.75	0.82	0.79	0.75	0.79	0.88	11.4
2 Arabica Coffee	\$ per KG	1.36	1.35	1.46	1.42	1.37	1.43	1.6	11.9
3 Tea (Average price)	\$ per KG	1.4	1.49	1.53	1.6	1.57	1.57	1.58	0.6
4 Tea (Mombasa auction)	\$ per KG	1.51	1.5	1.58	1.67	1.62	1.59	1.63	2.5
5 Cotton, "A Index"	\$ per KG	1.35	1.28	1.41	1.6	1.7	1.62	1.67	3.1
6 Cotton, Memphis"	\$ per KG	n.a	n.a	1.51	1.72	1.73	1.65	1.7	3
7 Sisal (UG)	\$ per metric ton	650	675	725	775	775	775	775	0
8 Cloves	\$ per metric ton	2,300.00	1,716.67	1,700.00	1,712.50	1,725.00	1,775.00	1,867.00	5.2
9 Crude oil*	\$ per barrel	30.36	27.92	26.81	29.07	29.12	29.97	31.37	4.7
10 Crude oil**	\$ per barrel	27.42	25.5	25.17	27.19	27.5	27.86	28.68	2.9
11 White products***	\$ per ton	295.6	248.06	252.43	279.59	280.04	285.36	303.3	6.3
12 Gold	\$ per troy	340.6	356.4	379	378.9	389.9	407	413.8	1.7

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 WorldBank.org/prospects

World bank Public Ledger, Bloomberg Professional

Debt Developments

Debt stock (external and domestic) as at end January 2004, stood at USD 8,613.7 million, out of which, USD 7,741.8 million (89.9 percent) and USD 871.9 million (10.1 percent) was external and domestic debt, respectively.

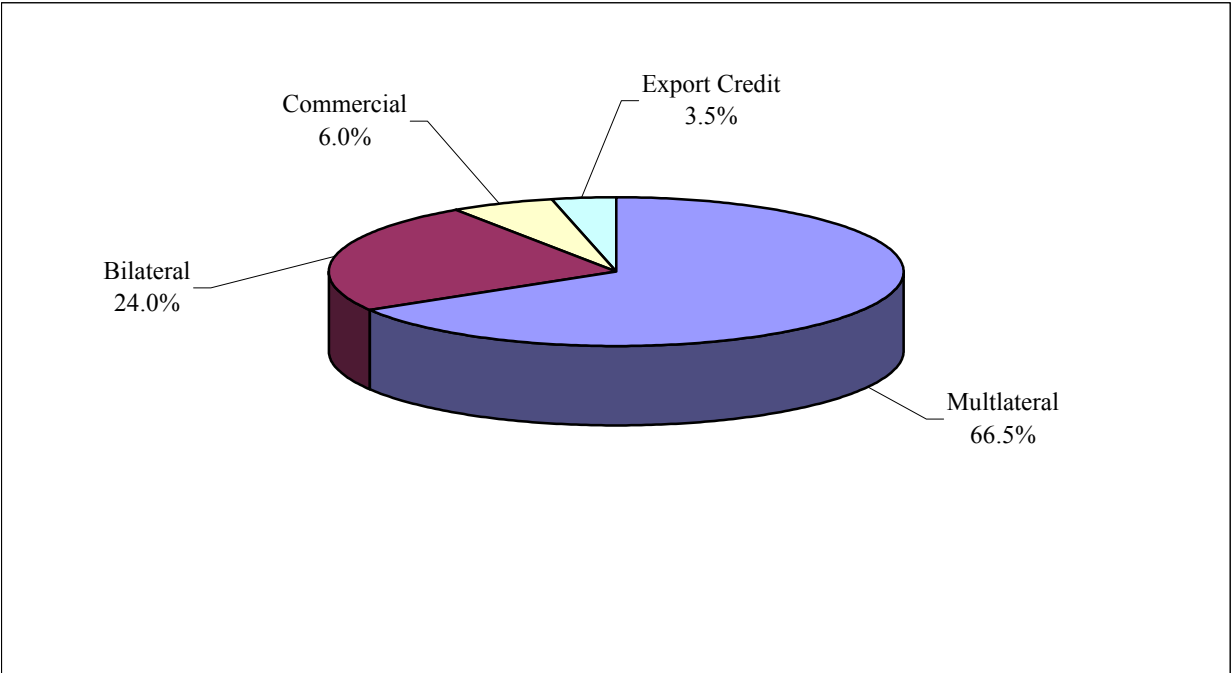
External Debt

Total external debt committed as at end-January 2004 was USD 7,948.1 million, representing a decline of USD 197.5 million (2.4 percent) from USD 8,145.6 million recorded at end-December 2003. Out of the total amount committed, disbursed outstanding debt (DOD) was USD 6,564.1 million. Interest arrears increased by USD 17.8 million, from USD 1,159.9 million recorded at end of December 2003 to USD 1,177.7 million as at end of January 2004 mainly due to accumulation of arrears on non Paris Club bilateral and commercial loans. The debt stock decreased by USD 148.9 million (1.3 percent) from USD 7,890.7 million at end-December 2003 to USD 7,741.8 million as at end-January 2004.

Disbursed Outstanding Debt (DOD)

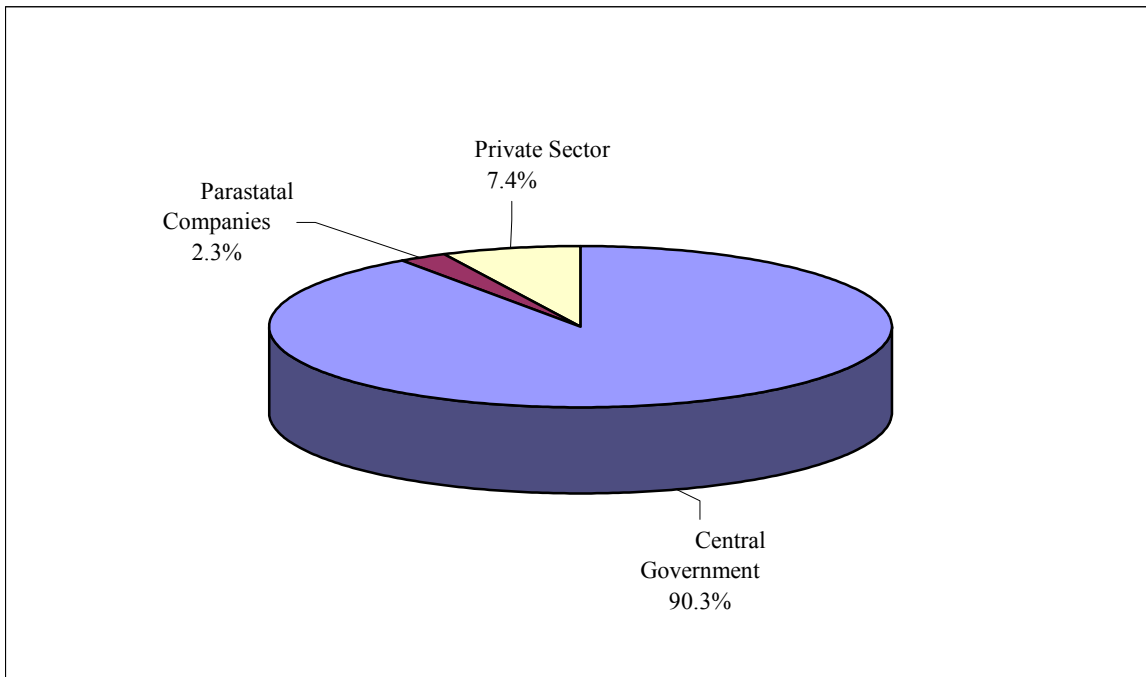
The profile of disbursed outstanding debt by creditor category shows that 66.5 percent was owed by multilateral, 24.0 percent by bilateral, 6.0 percent by commercial and 3.5 percent by export creditors (Chart 27).

Chart 27: DOD by Creditor Category at end-January 2004



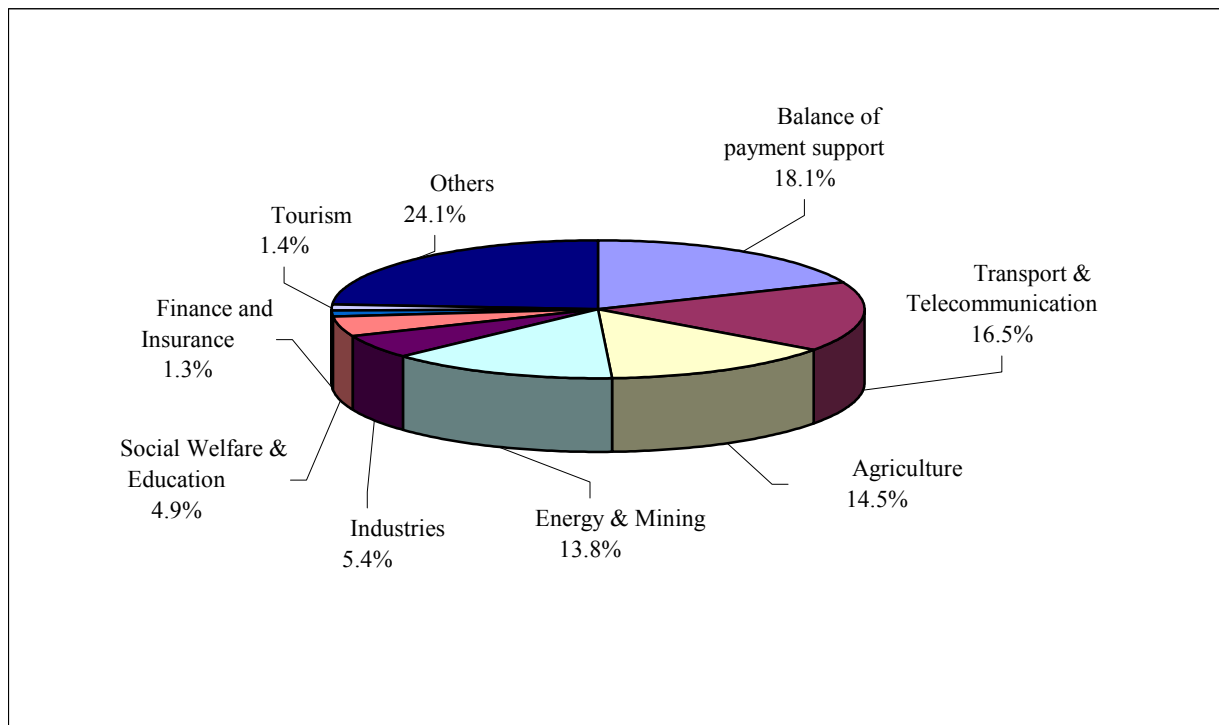
In terms of disbursed outstanding debt by borrower category, the Central Government was the largest borrower accounting for 90.3 percent of the total debt where as, the parastatal and private sector accounted for 2.3 percent and 7.4 percent of the total debt, respectively (Chart 28).

Chart 28: DOD by Borrower Category at end-January 2004



Analysis of debt by use of funds indicates that USD 1,219.3 million of the total debt was for balance of payments support. Transport sector accounted for USD 1,119.5 million. Agriculture and energy accounted for USD 978.1 million and USD 932.7 million, respectively. Industries accounted for USD 361.0 million, while education, finance, and tourism accounted for USD 327.1 million, USD 90.3 million and USD 91.0 million, respectively. The remaining USD 1,445.2 million was accounted for by other sectors. The shares of debt by use of funds are shown in Chart 29.

Chart 29: DOD by Use of funds at end-January 2004



HIPC Debt Relief

During the period under review, Tanzania received HIPC debt relief amounting to USD 5.64 million, of which USD 0.7 million was from International Development Association (IDA), USD 4.6 million from African Development Bank and USD 0.34 million from International Fund for Agricultural Development (IFAD).

Disbursements and Debt Service Payments

In January 2004, recorded disbursements amounted to USD 0.1 million, while debt service payments amounted to USD 4.9 million, resulting into net outflow of USD 4.8 million.

Domestic Public Debt

Domestic debt stock owed by the Government of the United Republic of Tanzania (URT) stood at TZS 937.6 billion as at the end of January 2004, being TZS 18.4 billion higher than TZS 919.2 billion recorded at the end of the preceding month. The rise was accounted for by an increase in Treasury bonds due to additional financing needs of the Government and issuance of recapitalization bonds to the National Microfinance Bank (NMB).

Composition of domestic debt stock by instruments shows that, government securities constituted 98.2 percent, while other government instruments constitute 1.8 percent. Government bonds constituted 60.3 percent of the total securities, which is an increase of 4.4 percentage points from the position reported in December 2003.

Domestic Debt Stock by Creditor Category

As it was in December 2003, commercial banks continued to be the main government creditors in January 2004, by holding TZS 373.4 billion or 39.8 percent of the total debt stock, followed by pension funds, which held TZS 283.0 billion or 30.2 percent. The BoT came third by holding TZS 199.4 billion or 21.3 percent while non-bank financial institutions; insurance companies and private sector held 2.5 percent, 2.0 percent and 3.5 percent of debt, respectively. The rest of the creditors, which include official entities and BoT special funds were altogether holding 0.7 percent.

Domestic Debt Service

Domestic debt amounting to TZS 32.2 billion, being principal and interest, fell due for payment during January 2004. Of the total amount falling due, TZS 29.5 billion or 91.6 percent was rolled over, while TZS 2.7 billion or 8.4 percent was paid out of government revenues. The position of interest arrears remained at TZS 0.1 billion, which represents unclaimed interest earned on tax reserve certificates.

Other Economic Developments

Food Supply Situation

During January 2004, the Government continued with its efforts to import food so as to improve food supply in the country and reduce pressure on food prices. By end-January 2004, the international community provided 49,050 tons of food assistance out of the pledged amount of 59,050 tons. Specifically:

- The US government pledged and delivered 15,000 tons of maize.
- Japan has donated 17,000 tons of rice and 3,000 tons of wheat under its food aid program.
- Sweden, UK, Japan and Republic of Ireland pledged and disbursed grants of USD 1.5 million, USD 2.2 million, USD 300,000 and USD 65,000, respectively, which have been received and utilized to purchase 14,050 tons of cereals through World Food Programme (WFP) and the food is currently being distributed.

- India has pledged 5,000 tons of wheat and 5,000 tons of rice. The amount was yet to be delivered as at end-January 2004.

In view of the prevailing food shortages in the country, the prices of cereals and other food items in various market centres continued to rise. The average wholesale price of maize increased from TZS 13,471 per 100 kg recorded in January 2003 to TZS 25,260 per 100 kg in January 2004. The prices of other main food crops also increased during the month under review as compared to the corresponding month of last year (Table 10).

Table 10: National average Wholesale Prices for Selected Food Items (TZS per 100 Kg)

Crop	2003							2004	% Change
	Jan	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Jan 03-Jan 04
Maize	13,471	16,347	17,215	17,323	17,713	18,678	21,804	25,260	88
Rice	30,508	36,054	36,999	39,913	42,196	43,566	45,590	50,635	66
Beans	39,066	40,158	39,112	40,393	41,485	41,759	42,395	41,878	7
Sorghum	15,114	17,910	18,726	19,572	21,076	22,600	25,722	27,892	85
Potatoes	19,035	19,707	19,424	18,130	20,706	23,450	25,249	25,295	33

Source: Ministry of Agriculture and Food Security.

Note: Average prices for 19 regions of Tanzania Mainland, excluding Coast and Manyara regions, which are included in Dar es Salaam and Arusha regions respectively.

Strategic Grain Reserve (SGR) and Private Traders' Stocks

During the period under review, the Government continued to release food grains from the SGR silos to the market. Between July 2003 and January 2004, the Government released 39,243.4 tons, drawing down SGR stocks to 35,342 tons at the end of January 2004 (see Table 11). In addition to the SGR stocks, the private traders held 200,844 tons of cereals. Thus, the total food stock as at end January 2004 was 236,186 tons.

Table 11: 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		
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 January 2004, Zanzibar Government budgetary performance on cheques issued basis, recorded an overall deficit of TZS 1.8 billion excluding grants. The

deficit was reduced to TZS 0.8 billion, after considering grants amounting to TZS 1.0 billion.

Revenue Performance

Total revenue collections in January 2004 amounted to TZS 4.2 billion, compared with the monthly target of TZS 4.8 billion. The low collection was mainly on account of lower than expected revenue from imports, which were below the target of TZS 1.6 billion by 25.9 percent (see Chart 30).

On cumulative basis, total revenue collections for July 2003- January 2004 amounted to TZS 29.8 billion, being slightly below the targeted revenue of TZS 30.9 billion, by TZS 1.1 billion.

Chart 30: Revenue Performance in January 2004 (In TZS millions)

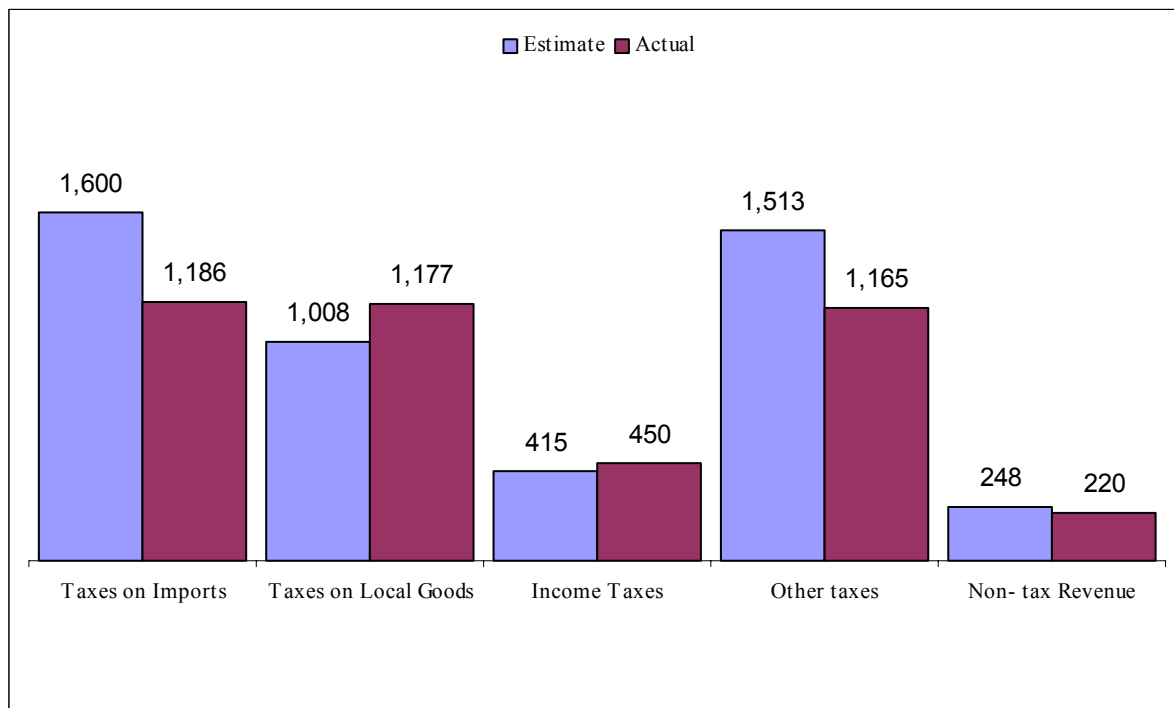
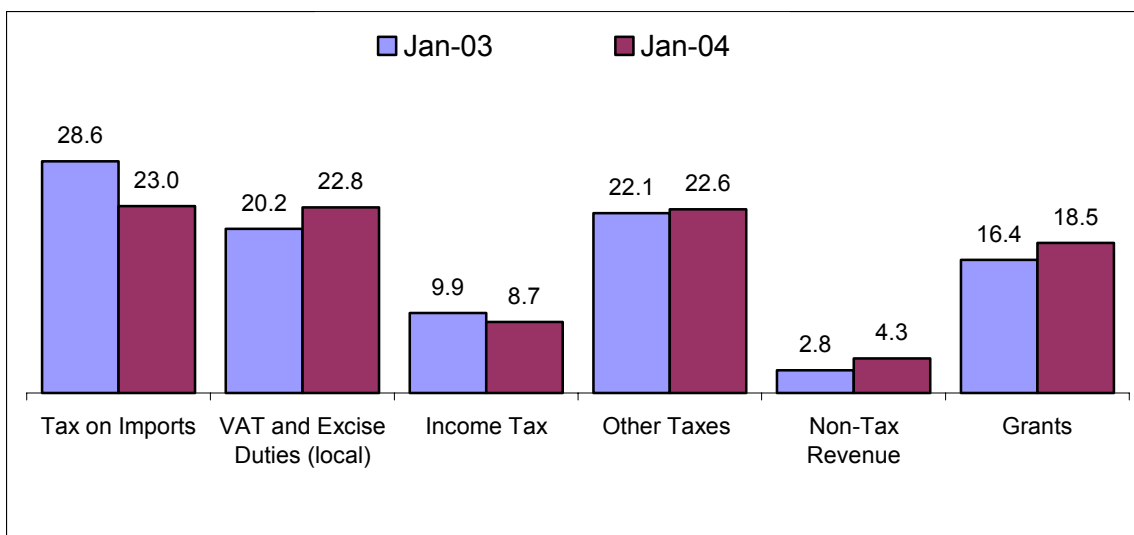


Chart 31: Contribution to Total Government Revenue (In percent)

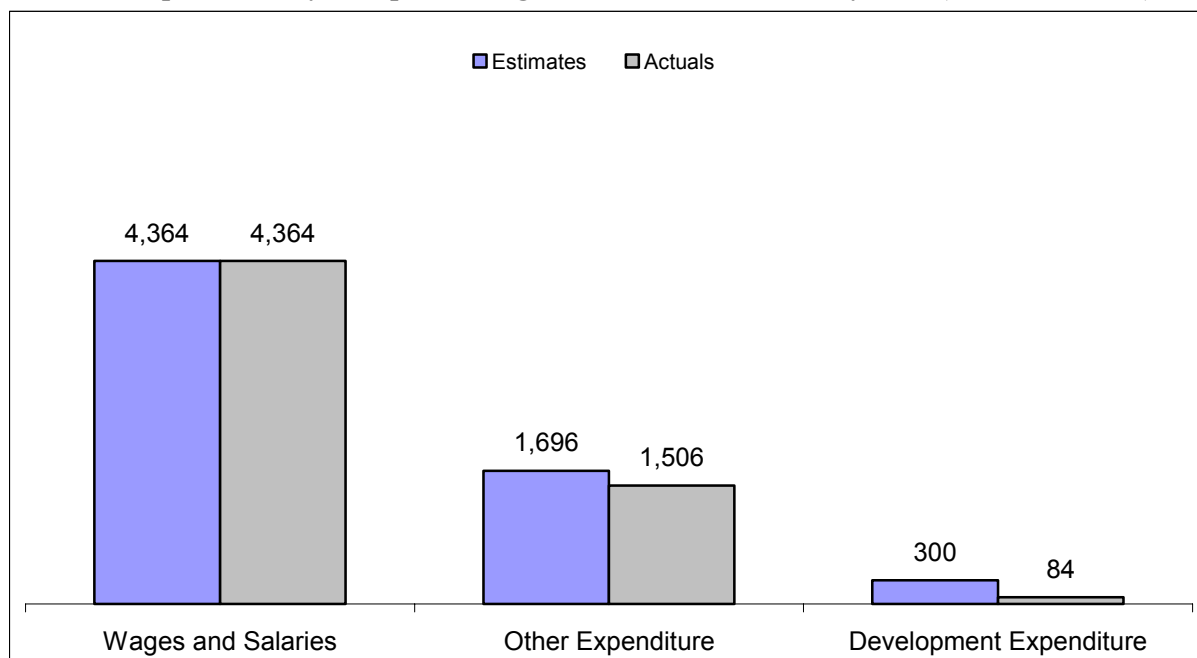


Expenditure

Total expenditure amounted to TZS 6.0 billion, being 93.8 percent of the projected target of TZS 6.4 billion, due to insufficient resources. Recurrent expenditure amounted to TZS 5.9 billion compared to the target of TZS 6.1 billion. Expenditure on wages and salaries was in line with the target of TZS 4.4 billion. Other expenditures amounted to TZS 1.5 billion, slightly below the target of TZS 1.7 billion. Development expenditure amounted to TZS 0.08 billion, against the target of TZS 0.3 billion.

On cumulative basis (July 2003-January 2004), government expenditure amounted to TZS 38.2 billion, accounting for 93.6 percent of the planned TZS 40.8 billion.

Chart 32: Expenditure by Components Against Estimates in January 2004 (In TZS millions)



Financing

During the month of January 2004, there was no borrowing by the Government.

Trade Developments

Trade balance

Trade account (goods and services) recorded an improvement from a deficit of USD 3.6 million registered in December 2003, to a deficit of USD 1.6 million in January 2004, due to an increase in export receipts, coupled with a decline in imports.

Exports

Total exports of goods and services went up to USD 6.7 million in January 2004 from USD 5.5 million recorded in December 2003, due to increase in both merchandise and services exports. Specifically, goods exports increased to USD 2.4 million from USD 2.0 million recorded in previous month, while exports of services increased to USD 4.3 million from USD 3.5 million.

Traditional exports increased to USD 2.1 million from USD 1.7 million recorded in December 2003, mainly on account of improvement in the world market prices of cloves, which increased to USD 1,867.0 per metric ton, from USD 1,775.0 per metric ton recorded in the preceding month.

Non-traditional exports increased by 5.2 percent during the month following improved performance in manufactured goods and seaweeds. Manufactured goods exports increased by 26.6 percent due to mineral water exports. Seaweeds exports increased by 17.7 percent, due to increase in exports from 500 tons registered in previous month to 700 tons. Fish and fish produce declined by 59.5 percent due to unfavourable weather conditions, while other exports declined by 2.8 percent.

Imports

During January 2004, total imports (c.i.f.) decreased to USD 6.2 million from USD 7.1 million registered in the previous month, mainly due to a decrease in imports of consumer goods. The existing stocks of food and foodstuffs, which were imported in the previous months, explained the decrease in imports of consumer goods in January 2004.

Importation of capital goods increased to USD 2.1 million from USD 1.6 million registered in previous month, due to increase in the importation of transport equipments and machinery. Conversely, importation of intermediate goods declined by 6.9 percent mainly due to decrease in oil imports.

Services Account

During January 2004, services account improved to a surplus of USD 1.6 million from a surplus of USD 0.5 million recorded in December 2003. The upsurge in receipts was largely a result of increase in tourism related activities. On the other hand, foreign payments declined from USD 3.0 million paid out in previous month down to USD 2.7 million.

Zanzibar Debt Developments

Total debt stock (external and domestic) as at end of January 2004, stood at TZS 109.6 billion or USD 99.3 million. Out of the total debt, domestic debt amounted to TZS 45.2 billion representing 41.3 percent of the total debt, while external debt amounted to TZS 64.3 billion or 58.7 percent of the total debt.

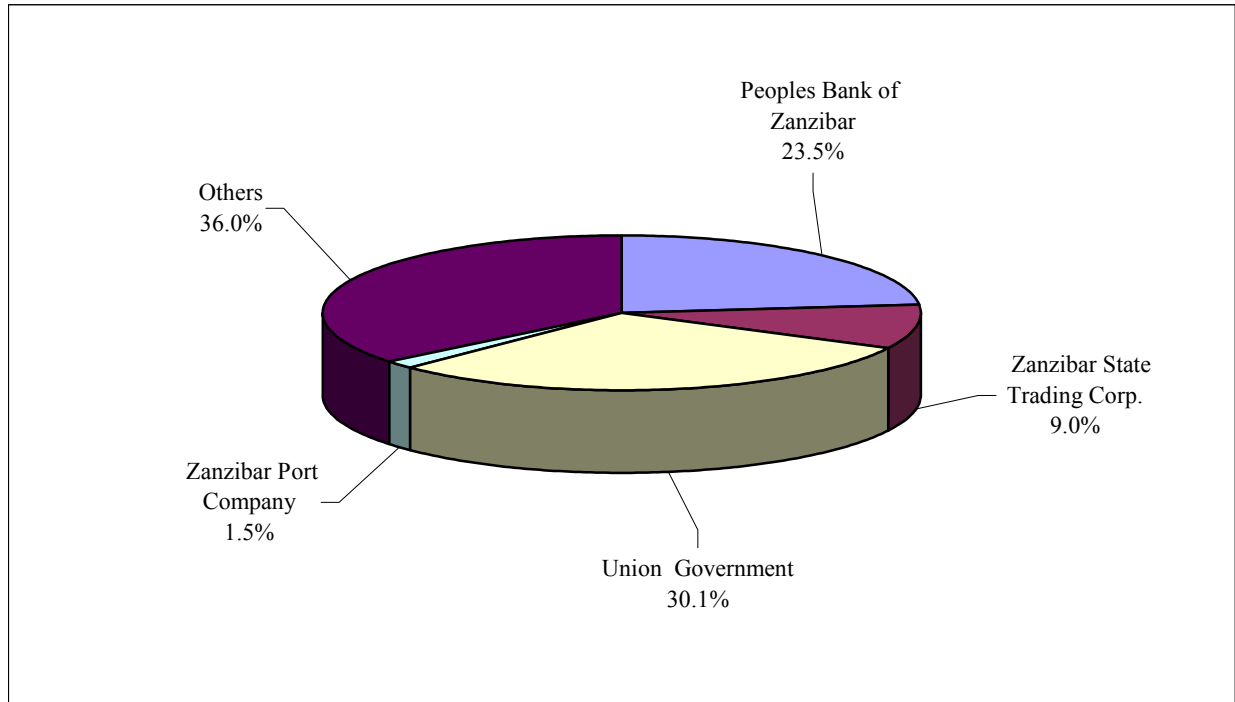
Domestic Debt

During January 2004, domestic debt declined slightly to TZS 45.2 billion, from TZS 45.4 billion recorded at the end of December 2003, largely due to servicing of matured Treasury bills.

Domestic Debt by Creditor

As at end-January 2004, the Zanzibar Government indebtedness to the Union Government stood at TZS 13.6 billion, while its indebtedness to People's Bank of Zanzibar stood at TZS 10.6 billion. Zanzibar State Trading Corporation and Zanzibar Port Authority claims amounted to TZS 4.1 billion and TZS 0.7 billion, respectively. Other creditor claims amounted to TZS 16.3 billion accounting for 36.0 percent of the total domestic debt. The percentage composition of Zanzibar debt by creditor is presented in Chart 33.

Chart 33: Domestic Debt by Creditor as at end January 2004



Domestic debt by Maturity

As at end January 2004, debt maturing less than a year amounted to TZS 9.6 billion or 21.3 percent of the total domestic debt. Debt maturing between 2-5 years amounted to TZS 10.6 billion or 23.5 percent, while debts, which are long overdue, amounted to TZS 25.0 billion, accounting for 55.2 percent of total domestic debt.

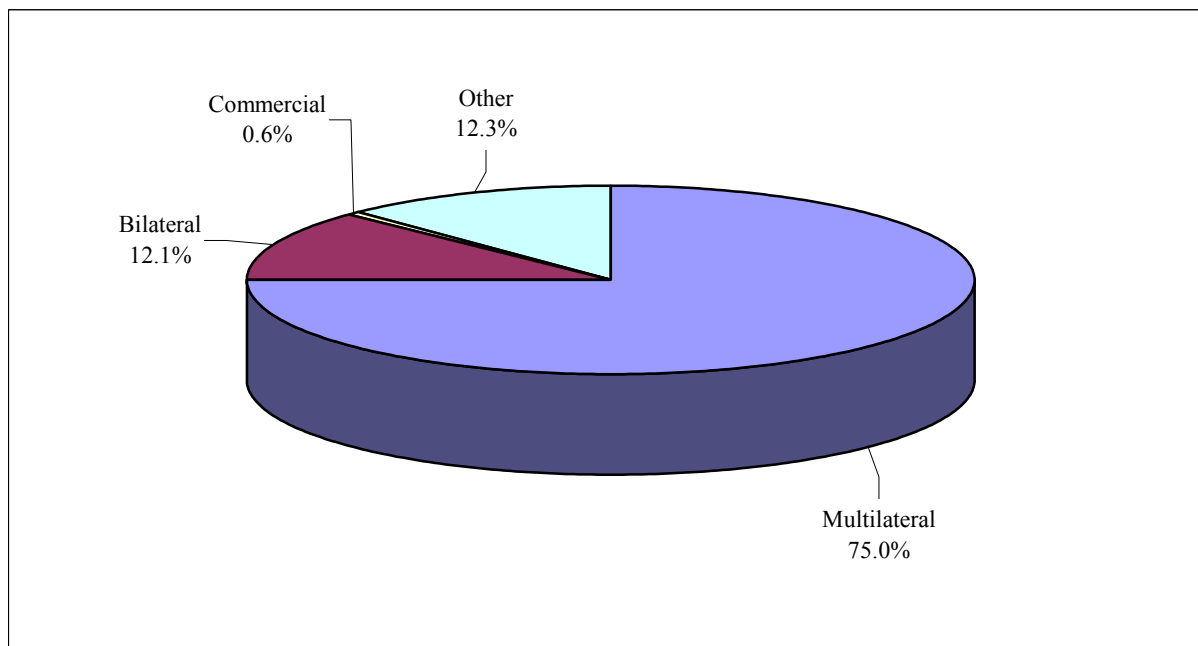
External Debt

The Zanzibar external debt increased to USD 58.7 million in January 2004 from USD 54.7 million registered in December 2003.

External Debt by Creditor Category

Multilateral creditors claims amounted to USD 44.1 million at the end of January 2004, while claims by bilateral creditors amounted to USD 7.1 million. Claims by commercial creditors amounted to USD 0.3 million, while other creditor claims amounted to USD 7.2 million or 12.2 percent (Chart 34).

Chart 34: External Debt by Creditor Category as at end-January 2004



External Debt by Maturity

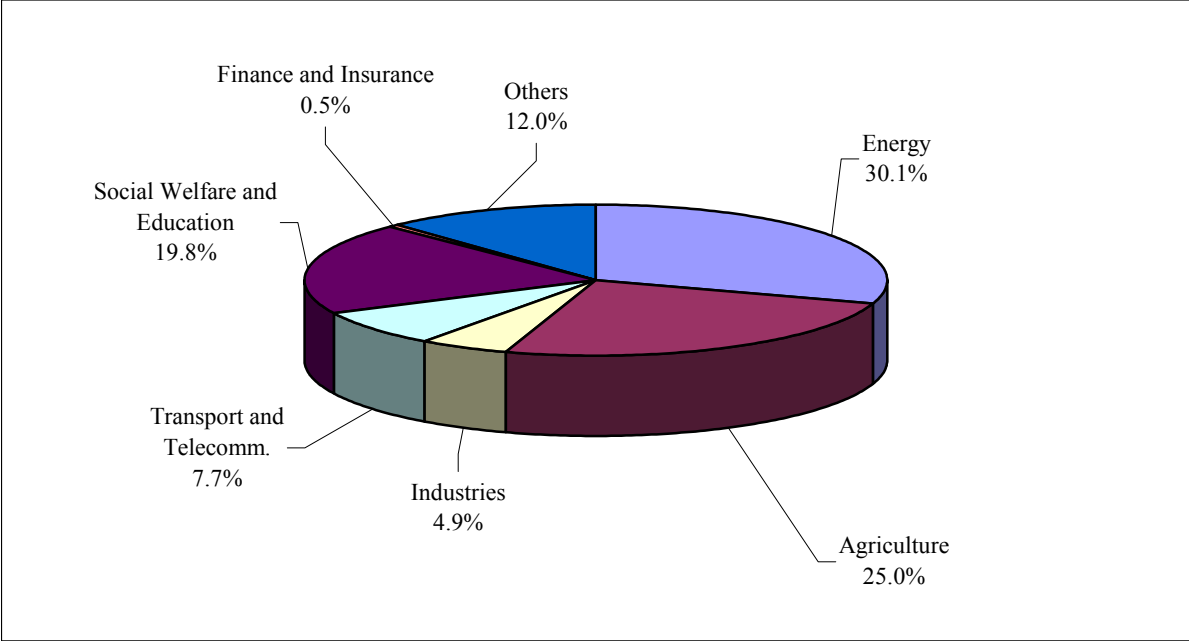
As at end-January 2004, debts maturing between 5-10 years amounted to USD 6.1 million, accounting for 10.5 percent of total external debt, while debt with maturity between 10-20 years amounted to USD 9.2 million or 15.7 percent of total debt. Debt with maturity above 20 years amounted to USD 43.7 million, accounting for 73.8 percent of total external debt.

External debt by use of funds

The profile of external debt by use of funds shows that, as at end-January 2004, debt amounting to USD 17.6 million was held by the energy sector, USD 14.6 million by agriculture, USD 2.9 million by industries, and USD 4.5 million by transport and telecommunication sectors. Social welfare & education held USD

11.6 million, while other sectors held USD 7.0 million. The percentage shares of external debt by use of funds are presented in Chart 35.

Chart 35: External Debt by use of funds as at end-June 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	1129.7
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	1972.8
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	1038.4
5.6.2 End of Period	TZS/USD	550.4	595.6	624.6	681.0	797.3	803.3	916.3	976.3	1063.6
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	1,159.9
Note: * Provisional data; ** For the current year, position is at end-January 2004										
*** cumulative for July 2003-January 2004										
**** Debt position is given on financial year basis (end of period); for 2003/04, it is at end-January 2004										
Source: Bank of Tanzania and National Bureau of Statistics										

Table A2: Central Government Operations (Actual)

Item	BUDGET	Cumulative from July 2003						
	2003/2004	Jul-03	Aug-03	Sep-03	Oct-03	Nov-03	Dec-03	Jan-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
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
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
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
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)
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
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
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
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
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
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
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
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
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
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
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
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
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
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
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
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)
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
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
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
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
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
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)
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)
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
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)
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
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
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
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
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
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
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)
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)
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)
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)
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
Amortization of contingent debt	(27,957.2)	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
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			
								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	(8,832.2)	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	287,877.1	205,991.7	126,269.2	140,215.3	166,715.6	652,817.1	364,940.0		
1998	458,003.6	276,386.7	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	584,369.1		
2002	1,558,627.1	264,608.6	570,668.3	(39,986.1)	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	979,735.0	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	961,849.0	583,662.4		
May	1,308,438.7	191,092.9	455,418.0	30,016.9	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	536,484.4	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	1,499,957.7	957,111.4	500,899.4	456,212.0	228,941.6	313,904.7	504,306.1	1,202,838.5	701,959.1		
Dec	1,538,627.1	264,608.6	570,668.3	(39,986.1)	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	239,653.3	353,749.5	585,445.2	1,097,438.6	649,570.9		
Apr	1,674,904.9	295,633.3	621,068.4	-142,391.9	2,089,952.3	1,498,745.2	941,951.6	432,855.8	509,095.8	230,242.1	326,551.5	591,207.1	1,128,138.9	695,283.1		
May	1,725,548.1	294,589.7	645,351.3	-174,794.2	2,107,642.9	1,490,711.8	925,454.9	446,842.6	478,612.3	238,579.8	326,677.1	616,931.2	1,128,138.3	681,295.7		
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	1,995,236.8	172,642.0	728,883.0	(175,205.2)	2,263,174.7	1,607,279.1	1,037,088.8	503,545.3	533,540.5	237,208.4	332,981.9	655,895.6	1,271,009.1	767,463.8		
Sept	2,087,692.5	(5,083.4)	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	566,902.6	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	1,130,041.1	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		
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		

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