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MONTHLY ECONOMIC REVIEW BANK OF TANZANIA

November 2003

Inflation Developments

Headline Inflation

Having remained at 4.5 percent from July to September 2003, the annual headline inflation rate increased marginally to 4.6 percent in October 2003. The increase was also reflected in month-on-month inflation, which rose to 0.6 percent compared with 0.4 percent registered in a similar month in the preceding year. The rise is largely attributed to an increase in prices of most food and non-food items during the period under review. When adjustment for seasonal fluctuations are considered, the month-on-month headline inflation increased from 0.4 percent in September 2003, to 0.6 percent in October 2003 reflecting pressures on prices associated with food shortage.

Non-food Inflation

During the year under review, the non-food inflation rate slowed down significantly to 1.7 percent from 3.4 percent recorded in the year ending September 2003. The slow down during the review period was due to prices increase for most non-food items, being lower than those recorded in the year ending September 2003. The inflation rate for fuel, power and water sub-group declined most significantly from 4.2 percent in the year ending September 2003 to 0.8 percent in October 2003.

However on a monthly basis, non-food inflation rate increased slightly by 0.2 percent between September 2003 and October 2003, following increases in average prices of rent, kerosene and charcoal.

Food Inflation

During the year ending October 2003, the annual food inflation rate rose to 5.7 percent from 4.9 percent recorded during the year ended September 2003 mainly due to inadequate supply of food grains caused by unfavourable weather condition experienced in some parts of the country. Furthermore, average prices of most types of meat and non-cereals rose during the review month pushing up the month-on-month food inflation rate by 0.9 percent. The pressure on prices was to some extent exacerbated by increased demand for some food items associated with the Ramadhan fasting.

**Chart 1: Annual Headline, Food, Non-food inflation
January 2002 - October 2003**

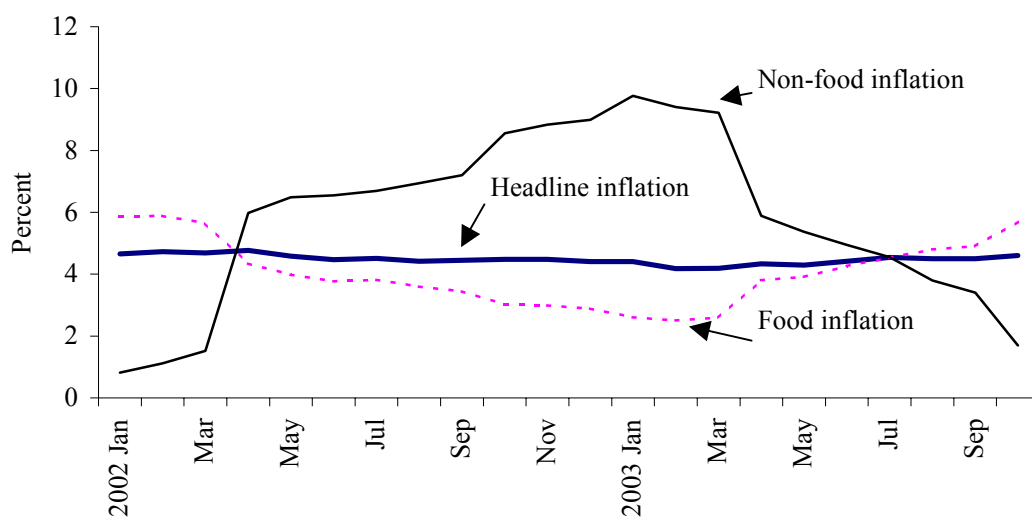


Table 1: Percentage Change in the Sub-groups of the National Consumer Price Index (All-urban)

(Base: December 1994=100)

Major Commodity Group	Weight %	Sep 2002	% Change Sep 02 - Sep 03	Oct 2002	Oct 2003	% Change Oct 02 - Oct 03	% Change Sep 03 - Oct 03
Food	71.2	228.3	+ 4.9	228.4	241.5	+5.7	+0.9
Drinks and Tobacco	4.4	179.7	+ 2.4	184.2	184.1	-0.1	0.0
Rents	3.9	201.8	+ 4.6	202.1	211.6	+4.7	+0.2
Fuel, Power and Water	4.7	322.7	+ 4.2	335.3	338.0	+0.8	+0.6
Clothing & Footwear	3.7	202.8	+ 1.3	203.0	204.4	+0.7	-0.5
Furniture & Household Equipment	2.5	199.1	+ 4.4	201.0	207.2	+3.1	-0.3
Household Operations & Maintenance	1.5	161.3	+ 6.0	164.2	169.8	+3.4	-0.6
Personal Care & Health	2.2	150.9	+ 5.8	151.9	159.1	+4.7	-0.3
Recreation & Entertainment	1.2	174.7	+ 1.8	175.0	177.6	+1.5	-0.2
Transportation	1.2	246.9	+ 1.7	247.9	251.1	+1.3	0.0
Education	1.5	202.8	+ 2.3	203.2	206.9	+1.8	-0.3
Miscellaneous Goods and Services	2.0	158.4	+ 0.9	158.5	158.8	+0.2	-0.7
TOTAL	100.0	223.1	+ 4.5	224.1	234.5	+4.6	+0.6

Source: National Bureau of Statistics (NBS)

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
2000 Sep	5.7	4.6	6.0	-0.5	0.7	-1.0	5.8	6.7	5.9	0.5	0.9	0.4
Oct	5.8	4.8	6.2	0.5	0.4	0.6	6.1	6.1	6.1	0.5	0.2	0.7
Nov	5.7	4.9	6.0	1.1	0.0	1.5	6.2	5.7	6.4	0.5	0.2	0.6
Dec	5.5	4.3	5.9	2.8	0.3	3.7	5.8	5.2	6.1	0.3	0.1	0.4
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

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 Developments

During October 2003, reserve money (M0) increased by TZS 76.0 billion to TZS 763.9 billion from TZS 687.9 billion recorded at the end of September 2003. M0 rose following a rise in Net Domestic Assets (NDA) of the Bank of Tanzania (BoT) by TZS 97.9 billion, which more than offset a decline in Net Foreign Assets (NFA¹) by TZS 22.0 billion.

The surge in NDA was mainly associated with government budgetary developments and Open Market Operations (OMO) by the BoT. Specifically, the government drew down its deposits at the BoT by TZS 45.2 billion, as the inflow of foreign resources was lower than expected in October 2003. Meanwhile, the BoT redeemed the Treasury bills and REPOs worth TZS 32.6 billion and TZS 11.4 billion, respectively.

On the other hand, a decline in NFA was largely explained by the BoT net sale of USD 11.3 million in the Inter-bank Foreign Exchange Market (IFEM), coupled with exchange rate fluctuation of the shilling against major currencies.

From the liabilities side, the surge in reserve money was reflected in the increase in commercial banks' reserves at the Bank of Tanzania by TZS 68.5 billion, largely associated with the government operations, net redemption of liquidity papers and

¹ Gross official reserves of the Bank reached USD 1,919.3 million in October 2003, equivalent to 8.0 months of imports of goods and services (GNS), from USD 1,922.4 million in the previous month.

REPOs worth TZS 32.6 billion and TZS 11.4 billion, respectively. Similarly, currency in circulation outside the BoT increased by TZS 7.5 billion.

Money Supply and Credit Developments

In October 2003, the broad money supply (M2) increased by TZS 20.1 billion, reaching TZS 1,669.6 billion from TZS 1,649.5 billion recorded at the end of September 2003. Developments from assets side revealed that, M2 rose mainly due to increase in NFA of the banking system by TZS 41.9 billion, from TZS 1,440.1 billion at the end of September 2003 to TZS 1,482.0 billion at the end of October 2003. However, the effect was partly dampened by a decline in NDA of the banking system by TZS 19.0 billion, from TZS 593.3 billion in September 2003 to TZS 574.3 billion in October 2003. The increase in NFA of the banking system in October 2003 was attributed to a surge in net foreign exchange holdings of the commercial banks by TZS 56.3 billion, largely due to one time increase in banks' share capital which have been placed abroad in a form of fixed term investment. However, the impact on NFA of the banking system was reduced by a decline in Net International Reserve (NIR) of the BoT by TZS 27.6 billion to TZS 1,444.9 billion, largely due to BoT net sale of foreign exchange in the IFEM.

NDA of the banking system fell mainly due to decline in Other Items Net (OIN) by TZS 78.6 billion, which offset a rise in domestic credit by TZS 59.7 billion. The government budgetary operations during October resulted into a reversal of its position with the banking system from a net lending of TZS 35.1 billion at the end of September 2003, to a net borrowing of TZS 6.4 billion, largely due to draw down of its deposits at the BoT by TZS 40.7 billion. Meanwhile, commercial banks' credit to the private sector continued to increase reaching TZS 783.2 billion

from TZS 765.0 billion recorded in the previous month. Following these developments, Commercial banks lending to the private sector as a proportion of total commercial banks deposits increased from 42.7 percent in September 2003 to 43.8 percent in October 2003, while the proportion of commercial banks lending to the government to total deposits increased slightly from 12.5 percent to 12.6 percent (**Chart 3**).

Chart 2: The Changing Structure of Domestic Credit of the Banking System

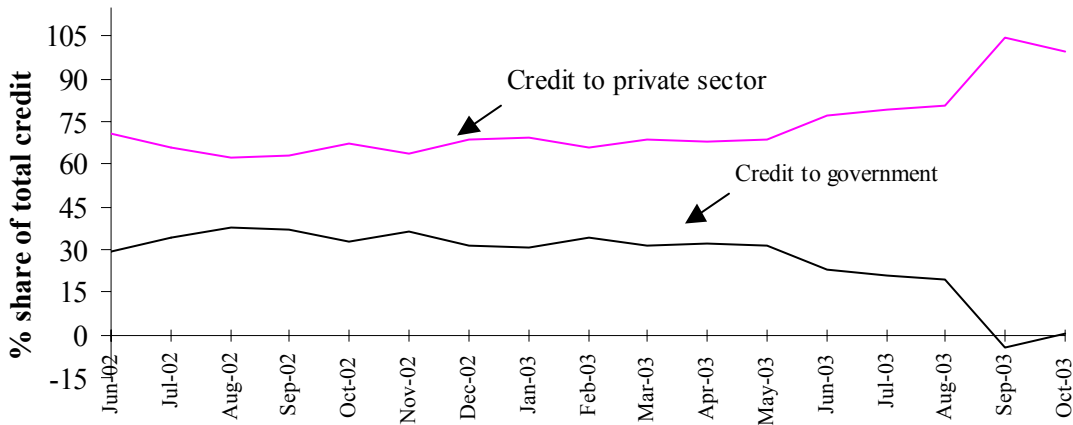
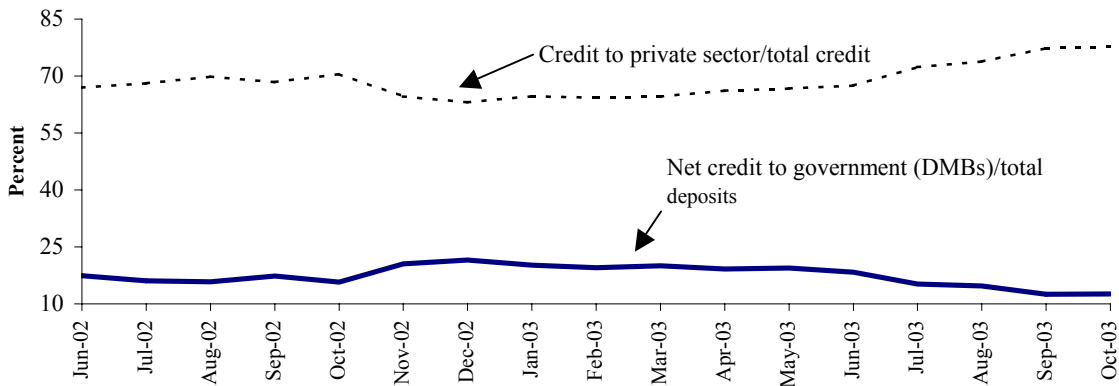


Chart 3: Proportion of Commercial Banks' Credit to Total Deposits and Total Credits

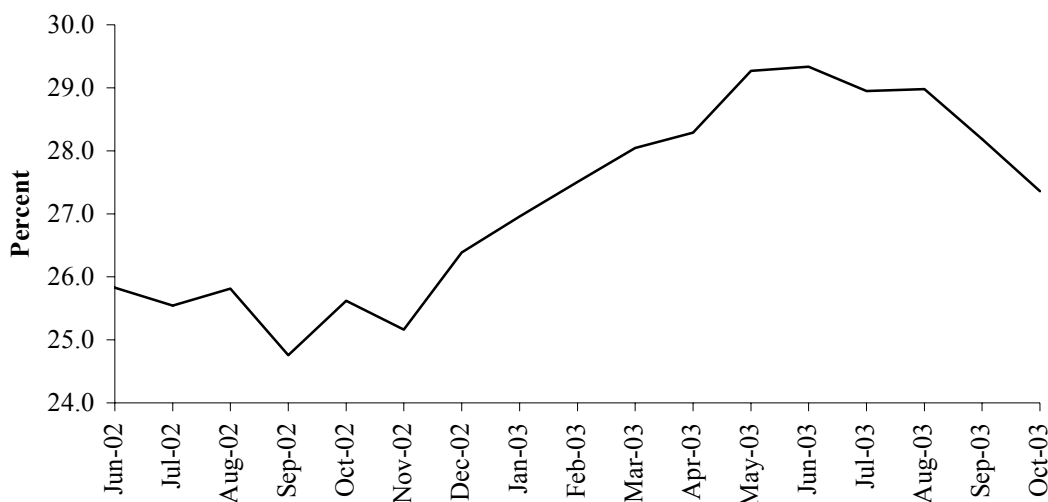


From uses side, the increase in M2 during October 2003 was largely explained by a rise in both commercial banks' deposits and currency in circulation by TZS 7.8 billion and TZS 12.3 billion, respectively. This outturn was mainly associated with the increase in government spending during the period under review. Categorically, time and saving deposits rose by TZS 5.5 billion and TZS 16.1 billion, respectively, while demand deposits fell by TZS 13.9 billion.

Extended Broad Money Supply

Extended broad money (M3), which is M2 plus foreign currency deposits, rose by TZS 6.9 billion, from TZS 2,297.1 billion in September 2003 to TZS 2,304.1 billion in October 2003. Like in the preceding month, the increase in M3 turned to be lower than that of M2 mainly due to decline in foreign currency deposits (FCD) by TZS 13.2 billion. This outturn may be partly attributed to the stabilisation of the shilling against major currencies, over several months. In line with these developments, FCD as a proportion of M3 declined from 28.2 percent in September to 27.4 percent in October 2003 (**Chart 4**).

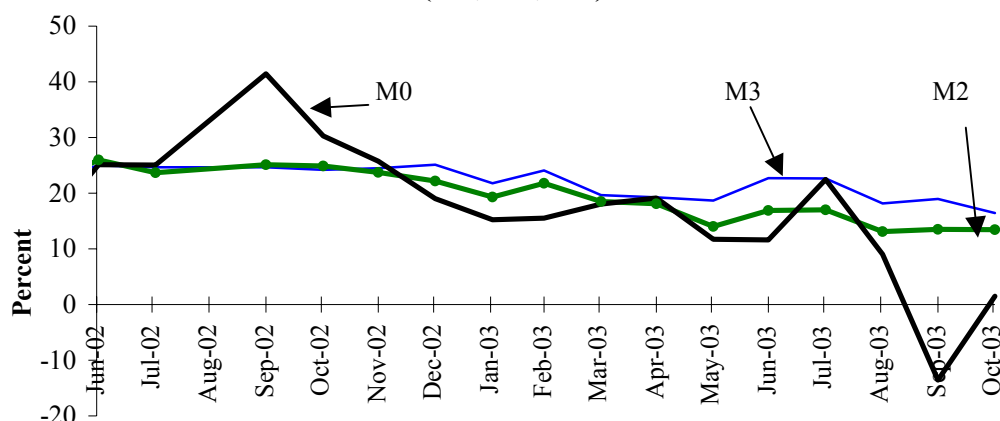
Chart 4: Foreign Currency Deposits/M3



Annual Growth Rates in Monetary Aggregates

During October 2003, annual growth rates of monetary aggregates exhibited a downward trend except for M0, which rose to 1.5 percent in the year ended October 2003 from a decline of 13.6 percent in the year ended September 2003. Meanwhile, the annual growth rates of M2 and M3 fell from 13.5 percent and 19.0 percent in September 2003 to 13.4 percent and 16.4 percent in October 2003 respectively ([Chart 5](#)).

**Chart 5: Annual Growth in Monetary Aggregates
(M3, M2, M0)**



Inter-bank Cash Market

During October 2003, some banks experienced liquidity squeeze, which triggered the activities in the inter-bank cash market, whereby the total value of transactions rose by TZS 464.4 billion to TZS 860.1 billion from TZS 395.7 billion recorded in September 2003. Overnight transactions accounted for 88.4 percent of the total value of transactions for October 2003, up from 77.9 percent recorded in September 2003. In the same period, the proportion of 7-day and 14-day in the total inter-bank cash market transactions reached 4.0 percent and 0.3 percent, from 8.5 percent and 0.5 percent, respectively. The value of other maturities accounted for 7.3 percent in October 2003 down from 13.0 percent recorded in the previous month.

The weighted average interest rate on overnight lending between commercial banks, increased from 5.5 percent in September 2003 to 9.9 percent in October 2003, signifying liquidity squeeze in the overnight inter-bank cash market and

hence tightness of the monetary policy during the period. Similarly, the overall inter-bank cash market rate rose from 5.7 percent to 9.8 percent in the same period ([Table 3](#)).

Treasury Bills Market

In October 2003, the market for Treasury bills was offered with 35-day, 91-day, 182-day and 364-day maturities worth TZS 106.7 billion, compared with TZS 89.5 billion offered in the previous month. However, the BoT sold Treasury bills worth TZS 83.6 billion, which is TZS 72.5 billion less compared with TZS 156.1 billion auctioned in the previous month mainly due to low demand for Treasury bills in the market. Specifically, total demand for Treasury bills decreased by TZS 36.5 billion to TZS 138.1 billion in October 2003 from TZS 174.6 billion tendered in September 2003. The decline in Treasury bill demand was associated with liquidity squeeze in the banking system following liquidity mopping up of the BoT and the net sale of foreign exchange in the IFEM, as well as the enforcement of the requirement to transfer government revenue collection from commercial banks to the BoT.

During the month under review, commercial banks continued with their dominance in the Treasury bills market accounting for 61.3 percent of total successful bids, compared with 84.3 percent recorded in September 2003. Pension funds and insurance companies constituted 17.4 percent of total successful bids in October 2003, up from 9.9 percent recorded in the preceding month. Non-bank financial institutions (NBFI) and the individuals accounted for 21.2 percent in October 2003, compared with 5.8 percent recorded in the previous month.

Developments of interest rates in the Treasury bills market exhibited diverse trends. The average yields for 35-day and 91-day bill fell from 6.7 percent and 7.3 percent in September 2003 to 6.2 percent and 7.1 percent in October 2003, respectively, whereas the average yield for 182-day remained stable at 7.3 percent. On the contrary the average yield of 364-day rose from 7.4 percent to 7.5 percent during the same period. In line with these developments, the overall weighted average yield (WAY) for all maturities remained stable at 7.2 percent.

Treasury Bonds

Treasury bonds market in October 2003 was supplied with 2-year, 5-year, 7-year and 10-year maturity bonds worth TZS 18.5 billion. During the month under review, the total demand increased from TZS 7.3 billion in September 2003 to TZS 17.1 billion in October 2003. As a result, actual sales rose from TZS 7.3 billion in September 2003 to TZS 11.8 billion in October 2003. The WAY for 2-year treasury bond retained the previous month yield of 7.9 percent, while the WAY for 5-year, 7-year and 10-year Treasury bonds rose from 6.7 percent, 8.7 percent and 10.0 percent in September 2003 to 9.2 percent, 10.1 percent and 11.5 percent in October 2003, respectively (**Table 3**).

Repurchase Agreements (REPOs)

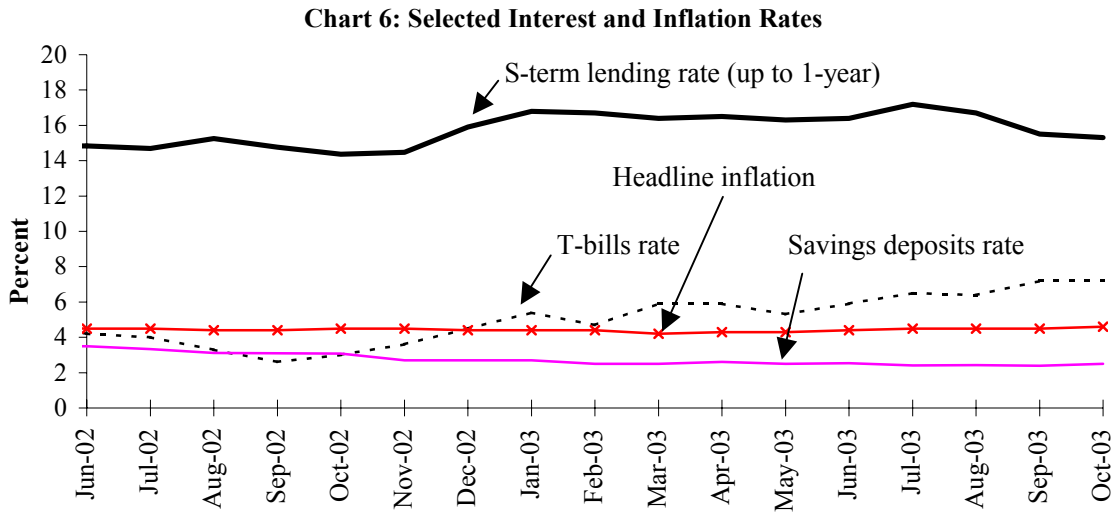
During October 2003, the Bank conducted 3-day REPOs worth TZS 10.0 billion with commercial banks for the purpose of fine-tuning liquidity in the economy. During the period, REPO rates were high, ranging from 7.0 percent to 7.5 percent, compared with a range of 6.0 percent to 6.5 percent recorded in the previous

month. Overall weighted average REPO rate rose from 6.2 percent recorded in September 2003 to 7.0 percent in October 2003.

Interest Rate Developments

Developments in interest rates on domestic currency denominated deposits exhibited mixed trends. Savings and overall time deposit rates rose from 2.4 percent and 3.5 percent in September 2003 to 2.5 percent and 3.7 percent in October 2003, respectively. Also, 2-month, 3-month and 6-month time deposit rates rose from 3.6 percent, 2.9 percent and 3.5 percent in September 2003 to 4.5 percent, 3.3 percent and 4.2 percent in October 2003, respectively. In the same period, 12-month and 24-month time deposits rates fell from 5.0 percent and 4.7 percent to both 4.9 percent (**Chart 6 & Table 3**).

On the other hand, interest rates on domestic currency denominated credits exhibited a downward trend, except for 1-2 years medium-term lending rate, which rose from 15.9 percent in September 2003 to 17.0 percent in October 2003. During the same period, short-term lending rate of up to one year fell from 15.5 percent to 15.3 percent, while lending rate of 2-3 years fell from 11.7 percent to 10.6 percent. In line with the developments in individual rates, the overall lending rate declined from 14.5 percent in September 2003 to 14.1 percent in October 2003 (**Chart 6 & Table 3**).



Interest rate structure on foreign currency denominated deposits and lending exhibited mixed trends. The savings deposit rate fell from 1.2 percent in September 2003 to 0.9 percent in October 2003, while the overall time deposit rate rose from 0.9 percent to 1.0 percent in the same period. The interest rates on short-term up to 1-year on foreign currency denominated credits declined from 7.1 percent recorded in September 2003 to 6.9 percent in October 2003, while medium term loan of 2-3 year rose from 7.5 percent to 7.6 percent in the same period. In line with foreign currency rates developments, the overall lending rate fell from 7.4 percent in September 2003 to 7.3 percent in October 2003 ([Table 3](#)).

Table 3: Weighted Average Interest Rates of Commercial Banks (percentage per annum)

		Jun-03	Jul-03	Aug-03	Sep-03	Oct-03
Domestic Currency						
1 Inter-bank Cash Market Rates						
Overnight		4.6	6.5	6.4	5.5	9.9
Overall inter-bank cash market rate		4.8	6.6	6.4	5.7	9.8
2 REPO Rate						
		7.0	6.3	7.0	6.2	7.0
3 Treasury Bills Rates						
	35 days	5.8	6.4	6.2	6.7	6.2
	91 days	6.1	6.5	6.3	7.3	7.1
	182 days	5.8	6.7	6.3	7.3	7.3
	364 days	5.9	6.3	6.7	7.4	7.5
Overall Treasury bills rate		5.9	6.5	6.4	7.2	7.2
4 Treasury Bonds						
	2-years	6.7	7.5	7.5	7.9	7.9
	5-years	7.6	7.3	6.7	6.7	9.2
	7-years	7.7	8.0	8.0	8.7	10.1
	10-years	8.5	8.9	8.9	10.0	11.5
5 Discount Rate						
		10.6	11.6	11.6	12.0	12.1
6 Savings Deposit Rate						
		2.5	2.4	2.4	2.4	2.5
7 Time Deposits Rates						
	1 month	3.9	3.0	3.4	3.9	3.4
	2 months	4.2	4.5	4.0	3.4	4.5
	3 months	2.8	2.8	2.5	2.9	3.3
	6 months	3.7	3.6	3.6	3.5	4.2
	12 months	5.1	5.0	4.7	5.0	4.9
	24 months	4.1	4.9	4.9	4.7	4.9
8 Lending rates						
	Short-term (up to 1yr)	16.4	17.2	16.7	15.5	15.3
	Medium-term (1-2 yrs)	14.6	14.5	15.4	15.9	17.0
	Medium-term (2-3 yrs)	13.4	13.3	11.4	11.7	10.6
	Long-term (3-5 yrs)	10.9	14.0	12.3	12.3	12.0
	Term Loans (over 5 yrs)	15.2	16.4	16.5	16.9	15.5
Foreign Currency						
1 Deposits Rates						
	Savings Deposits	0.9	1.0	1.0	1.2	0.9
	Time Deposits					
	1-months	0.9	0.7	0.6	1.0	0.6
	2-months	1.4	1.3	1.4	1.0	1.5
	3-months	0.9	1.0	0.8	0.9	1.3
	6-months	1.7	1.3	1.3	1.3	1.1
	12-months	1.2	1.2	1.2	1.2	1.3
2 Lending Rates						
	Short-term (up to 1yr)	7.0	6.6	6.9	7.1	6.9
	Medium-term (1-2 yrs)	7.9	7.8	7.6	7.7	7.5
	Medium-term (2-3 yrs)	8.7	7.7	7.7	7.5	7.6
	Long-term (3-5 yrs)	6.5	7.3	7.3	7.3	7.3

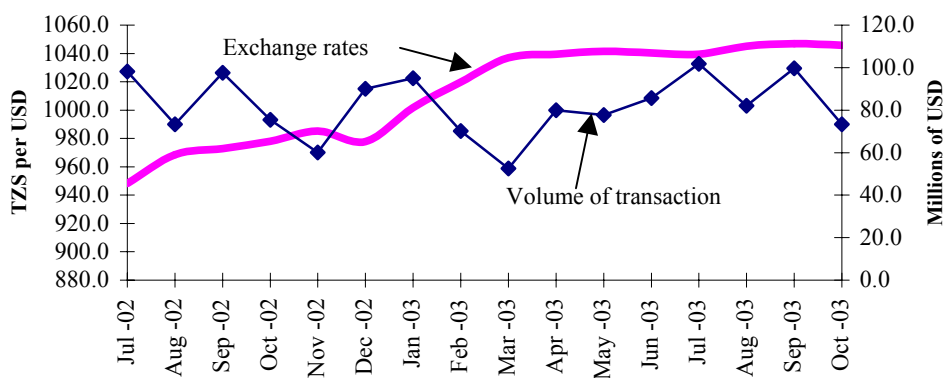
Inter-bank Foreign Exchange Market (IFEM)

During October 2003, the total amount traded in the IFEM went down by 26.4 percent from USD 99.7 million recorded in the previous month to USD 73.4 million. Commercial banks dominated both the supply and demand sides of the market by supplying USD 55.7 million or 75.9 percent of total amount traded and purchasing USD 71.4 million or 97.3 percent of total amount traded. The non-bank financial institutions supplied USD 6.4 million or 8.7 percent of total amount traded and purchased USD 2.0 million or 2.7 percent of total amount traded. The Bank of Tanzania's intervention in the market resulted in a net sale of USD 11.3 million or 15.4 percent of the total amount traded.

Exchange Rate

During the month under review, the Tanzania shilling appreciated slightly by 0.1 percent to TZS 1,045.7 per US dollar in October 2003, from TZS 1,046.8 per US dollar in September 2003.

Chart 7: Inter-bank Exchange Rate Movement and Volume of Transactions from July 2002 to October 2003



Bureau de Change Operations

The volume of transactions conducted by the Bureau de change system increased by 34.9 percent to USD 51.4 million during the month under review, mainly due to the rise in both sales and purchases. Sales went up by 30.1 percent to USD 25.5 million in October 2003, largely due to rise in payments for medical treatment and traveling allowances. Similarly, purchases increased by 40.0 percent to USD 25.9 million mainly due to the increase in foreign exchange receipts from exports. The buying and selling rates appreciated slightly by 0.5 percent and 0.6 percent to TZS 1,040.0 per US dollar and USD 1,058.0 per US dollar respectively in October 2003 from the rates recorded in the previous month.

Table 4 shows the foreign exchange market developments during the period under review.

Table 4: Foreign Exchange Market Developments

	2003			October			July - October		
	September	October	% Change	2002	2003	% Change	2002	2003	% Change
IFEM									
1. Amount offered*	99.7	73.4	-26.4	75.4	73.4	-2.7	344.4	356.9	3.6
2. Amount sold*	99.7	73.4	-26.4	75.4	73.4	-2.7	344.4	356.9	3.6
3. Exchange rate**	1,046.8	1,045.7	-0.1	977.9	1,045.7	6.9	966.1	1,044.1	8.1
Bureau de Change									
1. Sales*	19.6	25.5	30.1	12.1	25.5	110.7	76.4	93.5	22.4
2. Purchases*	18.5	25.9	40.0	12.6	25.9	105.6	79.1	95.5	20.7
3. Volume of Transactions*	38.1	51.4	34.9	24.7	51.4	108.1	155.5	189.0	21.5
4. Buying rate**	1,045.0	1,040.0	-0.5	962.0	1,040.0	8.1	958.9	1,041.3	8.6
5. Selling rate**	1,064.0	1,058.0	-0.6	988.5	1,058.0	7.0	979.2	1,058.8	8.1

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

* Millions of USD,

** Tanzanian Shillings (TZS) per US dollar

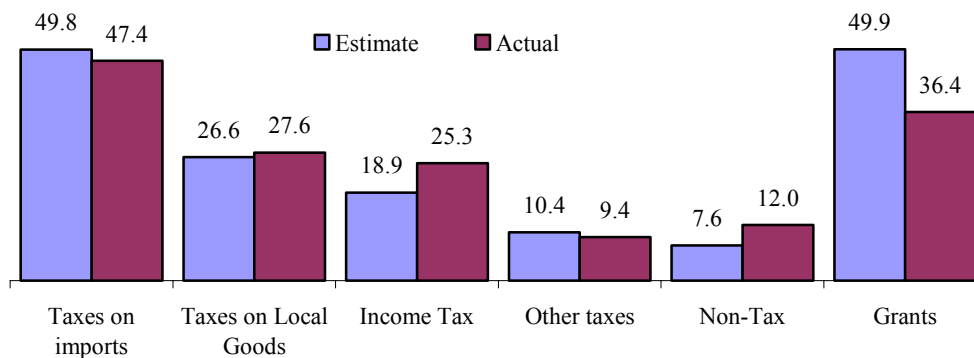
Government Budgetary Developments

During October 2003, Government budgetary performance on cheques issued basis recorded an overall deficit before grants of TZS 87.9 billion. Grants during the month amounted to TZS 36.4 billion thus reducing the deficit to TZS 51.5 billion.

Revenue

In October 2003, total government revenue amounted to TZS 116.9 billion against the target of TZS 109.2 billion. Tax revenue amounted to TZS 104.9 billion, which was modestly above the target of TZS 101.7 billion, while non-tax revenue amounted to TZS 12.0 billion against the target of TZS 7.6 billion, as shown in [Chart 8](#).

Chart 8: Government Receipts in October 2003
Actual against Estimates, TZS billions



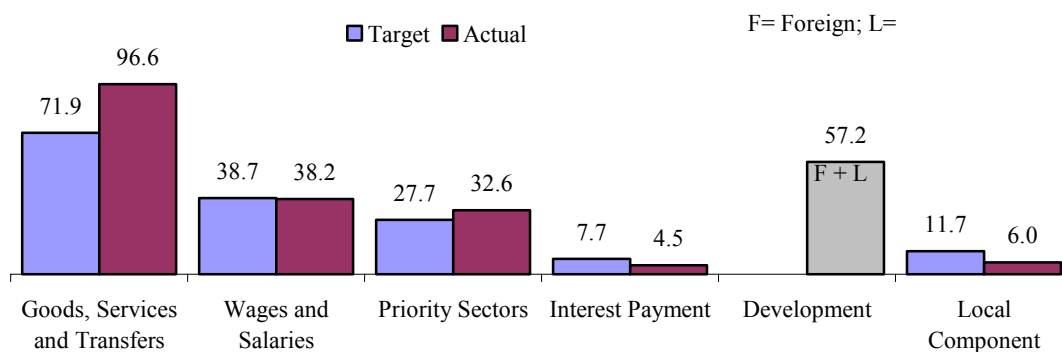
It is noteworthy that, taxes on imports accounted for 40.5 percent of total revenue, taxes on local goods 23.6 percent and income taxes accounted for 21.6 percent.

On cumulative basis, from July to October 2003, revenue collection amounted to TZS 460.8 billion compared with the projected amount of TZS 445.5 billion. During that period, the government received grants amounting to TZS 245.4 billion, which was 12 percent below the expected inflows of TZS 277.5 billion.

Expenditure

Government expenditure during the month of October 2003 (excluding amortization) amounted to TZS 204.8 billion, out of which recurrent expenditure was TZS 147.6 billion, and development expenditure was TZS 57.2 billion. Recurrent expenditure exceeded the planned amount of TZS 125.4 billion by TZS 22.2 billion, due to utilization of unspent resources allocated for priority sectors and other charges that accumulated since July 2003. As shown in [Chart 9](#), expenditure on goods, services and transfers reached TZS 96.6 billion against the target of TZS 71.9 billion for the month, while spending on priority sectors amounted to TZS 32.6 billion above the October allocation of TZS 27.7 billion. Expenditure on wages and salaries amounted to TZS 38.2 billion while interest payments was TZS 4.6 billion.

Chart 9: Government Expenditure in October 2003
Actual against Estimates, TZS billions



Cumulatively, from July to October 2003, total expenditure amounted to TZS 711.0 billion, being 94 percent of the projected level of TZS 756.3 billion.

Financing

The budgetary operations, during October 2003, after adjustments to cash and expenditure float, recorded a deficit balance of TZS 109.8 billion. This gap was financed by use of both domestic and foreign resources of TZS 65.5 billion and TZS 44.3 billion, respectively.

External Sector Developments

Trade Balance

During October 2003, the trade account deficit decreased by 31.7 percent to a deficit of USD 97.9 million, from a deficit of USD 143.3 million recorded in the previous month. This development is due to a 29.9 percent increase in total exports of goods and services coupled with a 1.6 percent decrease in total imports. Conversely, the deficit in the trade account deteriorated by more than three folds

when compared with the corresponding month last year largely due to a 47.1 increase in total imports that exceeded the effects of a 10.2 percent increase in exports. On annual basis, during the year ending October 2003, the deficit in the trade account increased by 18.5 percent from USD 699.0 million recorded during the year ending October 2002 to USD 828.2 million, following a 19.0 percent increase in total imports of goods and services (Table 5).

Table 5: Trade Account Balance

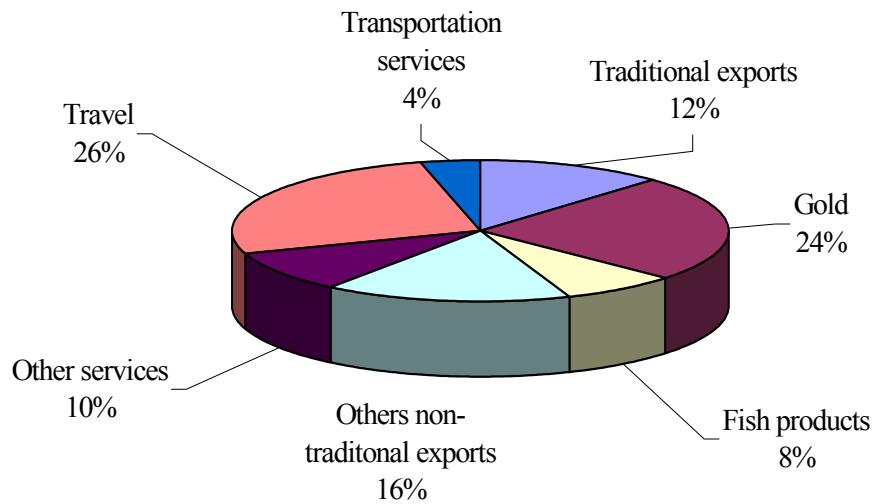
	Value, Millions of USD								
	2003 ^P		%	October		%	November - October*		%
	September	October		Change	2002		2003 ^P	2001/02	
Exports	136.4	177.2	29.9	160.8	177.2	10.2	1,493.9	1,780.3	19.2
Goods	89.0	122.4	37.5	104.9	122.4	16.7	855.4	1,073.8	25.5
Services	47.4	54.8	15.7	55.9	54.8	-2.0	638.5	706.5	10.6
Imports	279.8	275.1	-1.6	187.0	275.1	47.1	2,192.9	2,608.5	19.0
Goods	216.2	202.6	-6.3	137.9	202.6	46.9	1,520.4	1,873.9	23.3
Services	63.6	72.5	14.1	49.1	72.5	47.8	672.5	734.6	9.2
Trade Balance	-143.3	-97.9	-31.7	-26.2	-97.9	274.1	-699.0	-828.2	18.5

Source: Bank of Tanzania and Tanzania Revenue Authority

Note: * Year ending October; p = Provisional data

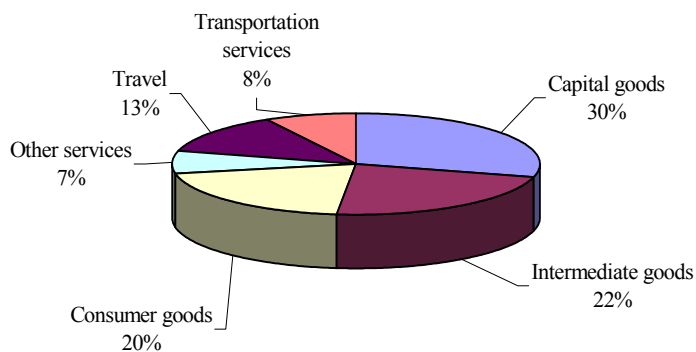
Chart 10 indicates that travel (tourism) receipts and gold exports took the lead, accounting for about 26.0 percent and 24.0 percent respectively of total exports of goods and services during the year ending October 2003.

Chart 10: Total Exports of goods and service



On the other hand, during the year ending October 2003, capital goods imports took the lead, accounting for about 30.0 percent of total imports of goods and services, followed by intermediate and consumer good imports. As for services imports, travel expenses dominated accounting for 13.0 percent of total imports of goods and services.

Chart 11: Total imports of goods and services

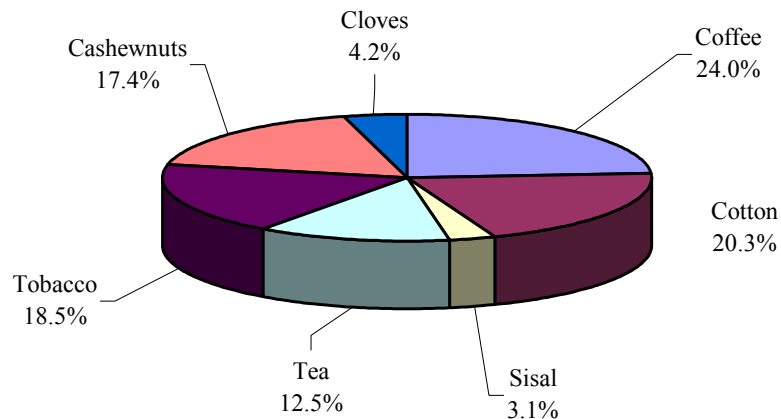


Exports

During October 2003, total exports increased by 37.5 percent from USD 89.0 million to USD 122.4 million due to increases in both traditional and non-traditional exports. Traditional exports increased by 11.6 percent to USD 18.3 million following an increase in export volumes of coffee, sisal and tea that went up by 50 percent, 44.4 percent and 112.5 percent, respectively. This development is attributable to the commencement of peak export season for most of the traditional commodities. However, the export volume of cashewnuts decreased by 49.2 percent despite the starting of the cashewnuts buying season on 1st October 2003. The development was partly due to reluctance of private buyers to purchase cashewnuts from farmers following disagreement between buyers and local governments on reduction of taxes pointed out in the 2003/04 budget. On the other hand, there was an increase in commodity unit prices of 13.3 percent for cotton, and 5.0 percent for tobacco and cashewnuts during the review period.

Similarly, when compared with the corresponding month in the previous year, total exports registered an increase of 16.7 percent from USD 104.9 million in October 2002 on account of increase of 43.6 percent in non-traditional exports. Conversely, traditional exports declined by 43.5 percent due to decline in volume and unit prices.

**Chart 12: Structure of traditional exports
November - October, 2002/03**



During the year ending October 2003, total exports increased by 25.5 percent from USD 855.4 million in the year ending October 2002, to USD 1,073.8 million due to improved performance of both traditional and non-traditional exports. Traditional exports increased by 16.0 percent from USD 188.4 million to USD 218.5 million. With the exception of sisal, tobacco and cashewnuts whose export volumes declined, the remaining traditional exports recorded increases in volumes. Improvements were also recorded in export unit prices of coffee, cotton, sisal and tobacco. The structure of traditional exports for the year ending October 2003 is reflected in [Chart 12](#).

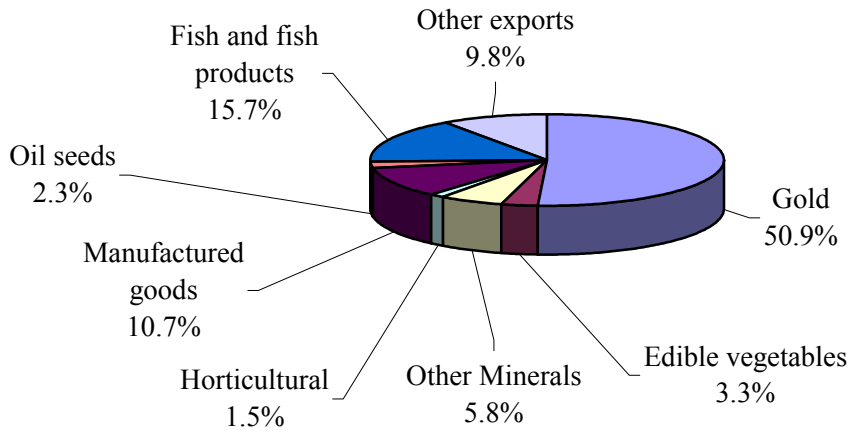
During October 2003, non-traditional exports went up by 43.3 percent from USD 72.6 million recorded in September 2003 to USD 104.1 million, following increase in exports of minerals, manufactured goods, horticultural products and other exports that rose by 59.0 percent, 16.3 percent, 28.6 percent and 67.9 percent,

respectively. The impressive performance in minerals was mainly attributed to significant increase in gold exports from USD 38.4 million to USD 61.0 million. This was the highest level of gold exports since the commencement of operations of the big gold mining companies in the country. The improved performance was also registered in other exports that increased from USD 10.9 million to USD 18.3 million with edible vegetables and oil seeds accounting for over 70.0 percent of total of other exports. However, exports of fish and fish products decreased by 7.0 percent to USD 11.9 million from USD 12.8 million recorded in September 2003.

When compared with the corresponding month in 2002, non-traditional exports increased by 43.6 percent from USD 72.5 million to USD 104.1 million. This development was due to improved exports performance of minerals, manufactured goods, fish and fish products and other exports.

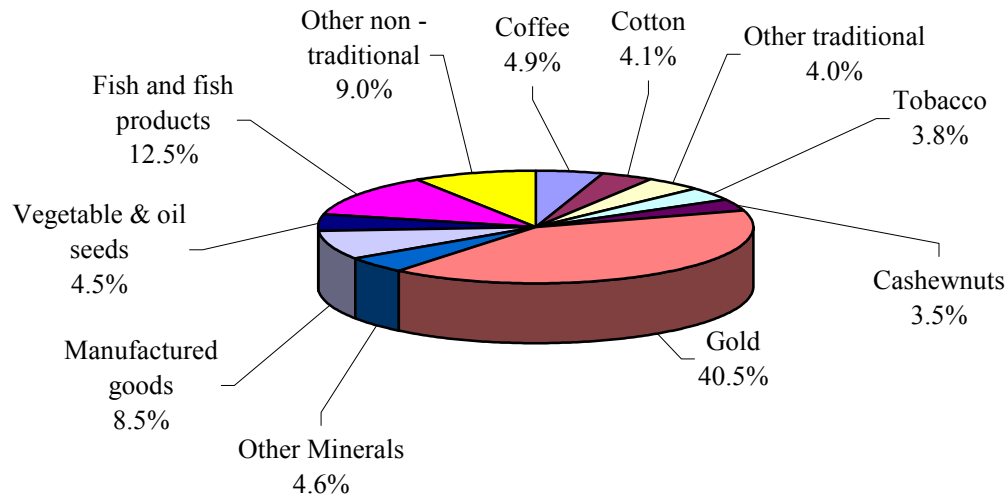
Likewise, on annual basis, non-traditional exports increased by 28.2 percent during the year ending October 2003, from USD 667.0 million to USD 855.3 million. Exports of minerals, manufactured goods, fish and fish products, horticultural products and other exports increased by 30.8 percent, 40.3 percent, 17.3 percent, 18.3 percent and 28.2 percent respectively. Increase in minerals was largely associated with good performance in gold exports, which increased from USD 331.5 million in the year ending October 2002 to USD 435.1 million. It is worth noting that exports of manufactured goods surged by 40.3 percent to USD 91.2 million on account of the ongoing privatization of big companies. The structure of non-traditional exports for the year ending October 2003 is shown on [Chart 13](#).

**Chart 13: Structure of Non-traditional exports
November - October 2002/03**



The structure of total non-traditional exports for the year ending October 2003 shows that gold exports were leading followed by exports of fish and fish products (**Chart 14**).

**Chart 14: Total exports
November - October 2002/03**



Imports

During October 2003, total imports (f.o.b.) decreased by 6.3 percent to USD 202.6 million from USD 216.2 million recorded in the preceding month, largely due to a drop in capital goods imports. It is worthy noting that in the previous month the exceptionally higher level of capital good imports was largely influenced by importation of gas turbines that substantially increased imports of capital goods to USD 90 million compared with a monthly average of about USD 70.0 million. Despite the decline in total capital goods, imports of transport equipment increased by 22.4 percent following the increase in motor vehicle imports.

Imports of intermediate goods increased by 6.9 percent from USD 71.0 million to USD 75.9 million mainly occasioned by to a surge in oil imports. It should be noted that oil imports have been on the increase since July 2003 largely on account of measures taken by the Tanzania Revenue Authority (TRA) to plug loopholes in tax evasion through under declaration of oil imports. The monthly oil imports have increased from an average of about USD 24.0 million per month to an average of USD 40.0 million. On the other hand, fertilizer imports went down to USD 2.8 million from USD 3.4 million recorded in the previous month.

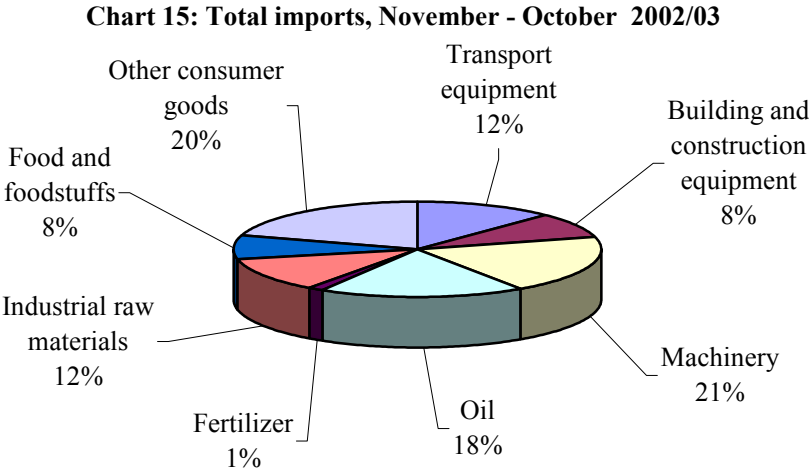
Consumer goods imports declined by 4.6 percent to USD 52.4 million from USD 54.9 million recorded in September 2003, following a decrease in food and foodstuff imports. A drop in cereal imports that accounts for about 70.0 percent of total food and foodstuff imports largely influenced the decline in food and foodstuff. During the review month, cereal imports went down to USD 6.7 million

from USD 16.5 million in the previous month, largely on account of the decline in wheat imports. However, rice imports increased from 23,692.0 tons to 25,277.0 tons, while maize imports increased from 800.0 tons to 1,342.0 tons. Imports of other consumer goods increased by 17.8 percent to USD 40.3 million following a surge in imports of textile materials, pharmaceutical goods, plastics and rubber articles.

When compared with the corresponding period a year earlier, total import increased by 46.9 percent from USD 137.9 million owing to increases in importation of capital goods, intermediate goods and consumer goods. The development is partly attributed to the overall growth of the economy.

During the year ending October 2003, total imports (f.o.b.) increased by 23.3 percent to USD 1,873.9 million from USD 1,520.4 million recorded during the year ending October 2002. All categories of imports namely capital goods, intermediate and consumer goods recorded increases. Capital goods increased by 14.5 percent from USD 663.4 million to USD 759.9 million, with machinery imports accounting for about 50.0 percent of the capital good imports. Intermediate imports increased by 51.8 percent from USD 385.6 million to USD 585.3 million in the review period following surge in importation of oil, fertilizers and industrial raw materials. Fertilizer imports increased from USD 16.9 million to USD 26.2 million partly because the Government injected funds into the Tanzania Fertilizer Company (T.F.C) for the purchase of fertilizer that would be sold on subsidized prices to farmers in the 'big four' regions to boost food production. Industrial raw materials increased by 17.8 percent from USD 189.5 million to USD 223.2 million partly due to recovery in the manufacturing industries, such as plastics, beverages, soap and textile industries.

Imports of consumer goods increased by 12.2 percent from USD 471.4 million to USD 528.7 million as food and foodstuff; and other consumers both recorded increases of 7.5 percent and 14.1 percent, respectively. The increase in imports of food and foodstuffs is largely explained by the existing food deficit following shortage of rainfall in the 2002/03 farming season. The structure of total imports during the year ending October 2003 is summarized on Chart 15.



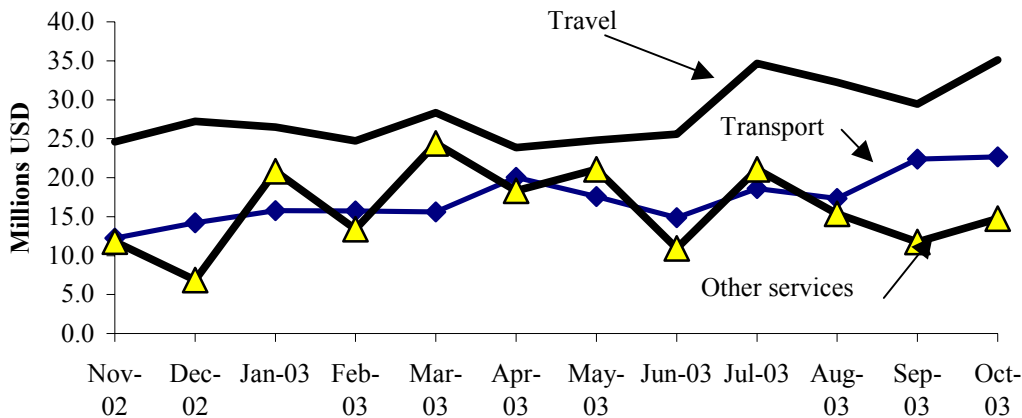
Services and Income Accounts

Services Account

The deficit in the services account increased from USD 16.2 million in September to USD 17.7 million in October 2003 following an increase in services payments that outweighed the impact of an increase in services receipts. Services payments increased from USD 63.6 million to USD 72.5 million mainly due to the increase in travel and communication services payments. The rise in travel payments is

partly associated with the commencement of the academic year in most international academic institutions. The increase in communication services payments is largely attributable to increase in payments made by local telecommunication companies to bandwidth (satellite) service providers.

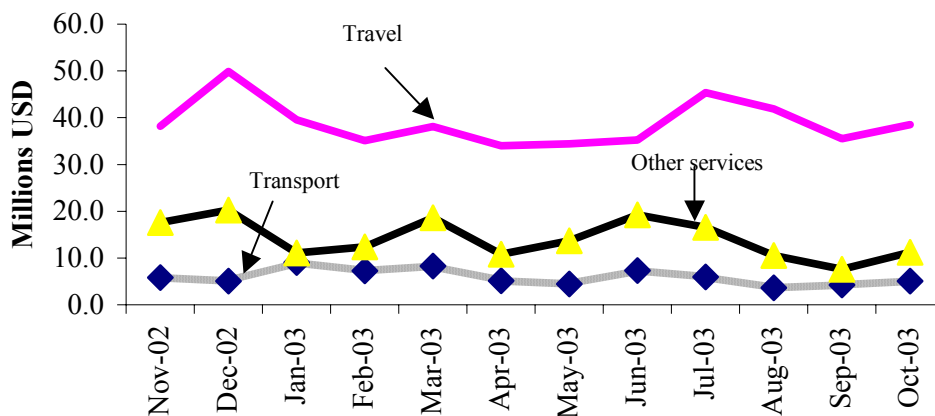
Chart 16: Tanzania - Services Payments



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

Similarly, service receipts increased from USD 47.4 million to USD 54.8 million largely on account of travel and government services.

Chart 17: Tanzania - Services Receipts

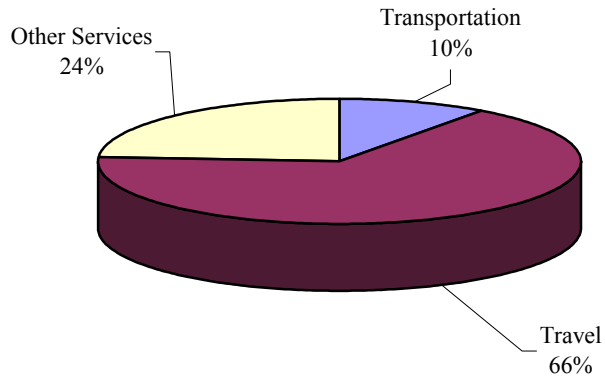


Note: ‘Other’ includes: Communication, Construction, Insurance, Financial, Computer, Information, Government, Royalties, Personal, and Other business services

When compared with the corresponding month a year earlier, the balance on services account worsened from a surplus of USD 6.8 million to a deficit of USD 17.7 million resulting from a 2.0 percent decrease in services receipts coupled with a 47.8 percent increase in payments.

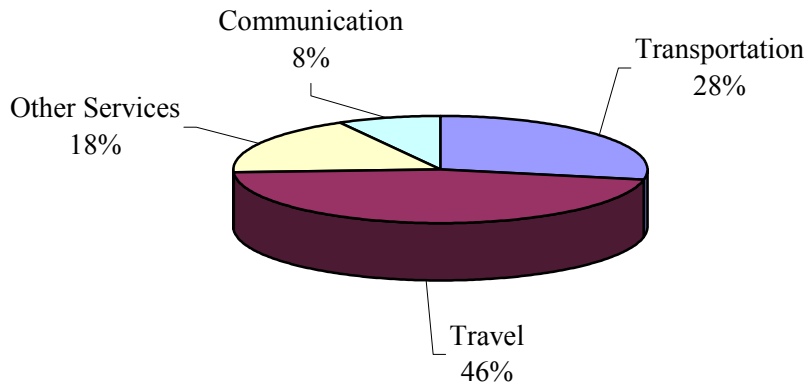
During the year ending October 2003, the deficit in the services account decreased to USD 28.1 million from USD 34.0 million recorded during the year ending October 2002, following a 10.6 percent rise in services receipt that surpassed the impact of a 9.2 percent increase in services payments. The increase in services receipts was mainly attributed to a surge in receipts from travel (which is largely tourism), other business, and transportation services. The increase in tourism over the year is partly due to continued efforts made by the government and other stakeholders in promoting Tanzania as a tourist destination. This has led to growth of inflow of tourists from other sources like Russia and Japan. Over the years, Europe and North America have been traditional tourist source markets for Tanzania. During the year ending October 2003, tourism accounted for 66.0 percent of total services receipts as depicted on [Chart 18](#).

Chart 18: Tanzania Service Receipts - Year ending October 2003



On the other hand, the increase in services payments was largely on account of surge in transportation and communication payments by 13.7 percent and 25.2 percent, to USD 207.0 million and USD 60.1 million, respectively. The rise in transportation receipts is attributed to freight payments, which increased by 23.1 percent to USD 179.7 million following a similar percentage surge in imports (f.o.b.) to USD 2,059.2 million. Communication payments increased from USD 48.0 million to USD 60.1 million reflecting the expansion of the telecommunication network in the country. During the review period, travel expenses accounted for about 46.0 percent of total services payments, while transportation (that is dominated by freight payments) accounted for 28 percent of total services payments ([Chart 19](#)).

Chart 19: Tanzania Service Payments - Year ending October 2003



Income Account

During October 2003, the deficit in the income account decreased to USD 0.7 million from USD 1.2 million recorded in the previous month following a 5.9 percent increase in income receipts.

Similarly, when compared with the corresponding month a year earlier, the deficit in the income account decreased to USD 0.7 million from USD 5.9 million mainly due to the increase in the BoT's earnings from foreign investments.

Likewise, the income account balance improved from a deficit of USD 43.8 million during the year ending October 2002 to USD 33.0 million, following a 20.1 percent increase in income receipts which outweighed the impact of 9.2 percent increase in income payments. The improvement on income receipts from USD 85.4 million to USD 65.3 million was mainly on account of the increase in earnings from the BoT's foreign exchange reserves.

World Commodity Prices

During October 2003, the world market prices for **coffee** (Arabica) and (Robusta) declined by 2.7 percent and 3.7 percent to USD 1.42 per kg and USD 0.79 per kg respectively, largely due to increase in supply owing to favourable weather conditions in major coffee producing countries.

The price **cotton** (A index) increased by 13.5 percent to USD 1.60 per kg, whereas the price of **cloves** increased slightly by 0.7 percent to USD 1,712.50 per metric ton during the period under review. The surge in the price of cotton was largely attributed to strong cotton demand in China.

Similarly, the prices of **tea** (average of Calcutta, Colombo and Mombasa auctions) and (Mombasa auction) increased by 4.6 percent and 5.7 percent to USD 1.59 per kg and USD 1.67 per kg respectively in October 2003, from the price level recorded in the previous month, following strong demand in the European market.

The price of **sisal** (UG) increased by 6.9 percent to USD 775.00 per metric ton in October 2003, from USD 725.00 per metric ton recorded in September 2003, following the rise in production cost of chemical fibres, which are close substitutes of sisal.

The prices of **crude oil** (average of U.K., Dubai and West Texas Intl) and (Dubai f.o.b.) went up by 8.4 percent and 8.0 percent to USD 29.07 per barrel and USD 27.19 per barrel respectively, from the price level recorded in the previous month. Similarly, the price of white petroleum products (f.o.b. West Mediterranean) increased by 10.8 percent to USD 279.59 per ton, from USD 252.42 per ton

recorded in September 2003. The increase in crude oil prices was mainly attributed to concerns over disruption of crude oil supply as a result of Hurricane storms in the Gulf of Mexico, and the statement made by OPEC to cut supply by 900,000 barrels per day effective 1st November 2003.

The price of **gold** increased slightly to USD 378.90 per troy ounce during the period under review, from USD 379.00 per troy ounce recorded in September 2003.

Debt Developments

Overview

Total debt stock (external and domestic) as at end October 2003, stood at USD 8,521.4 million, out of which, USD 7,648.2 million (89.8 percent) and USD 873.2 million (10.2 percent) was external and domestic debt respectively.

External Debt

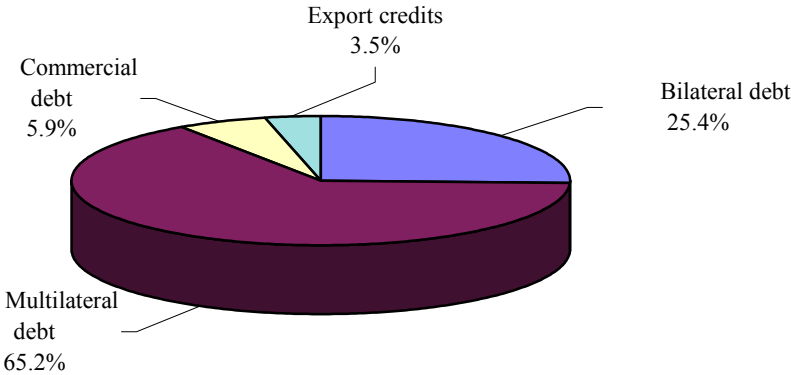
Total external debt committed as at end-October 2003 was USD 7,868.7 million. The amount increased by USD 354.2 million (3.7 percent) from USD 7,514.5 million recorded at end September 2003. Out of the total amount committed, disbursed outstanding debt (DOD) was USD 6,566.6 million and committed undisbursed debt (CUB) was USD 1,302.1 million. Interest arrears increased by USD 5.6 million from USD 1,076.0 million recorded at end of September 2003 to USD 1,081.6 million as at end of October 2003. The debt stock increased by USD 317.5 million (4.2 percent) from USD 7,330.7 million end of September 2003 to

USD 7,648.2 million as at end of October 2003. The increase in debt stock was attributed mainly by accumulation of interest arrears.

Disbursed Outstanding Debt (DOD)

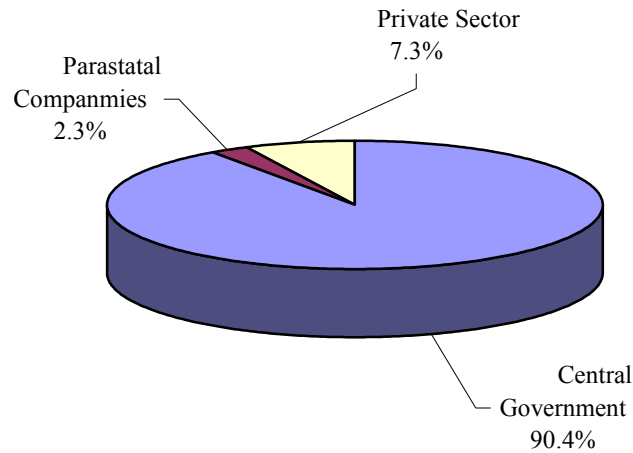
The profile of disbursed outstanding debt by creditor category shows that 65.2 percent and 25.4 percent of the total debt is owed to multilateral and bilateral creditors respectively. The proportion of total debt owed to Commercial and Export creditors was 5.9 percent and 3.4 percent respectively.

Chart 20: DOD by creditor category, end October 2003



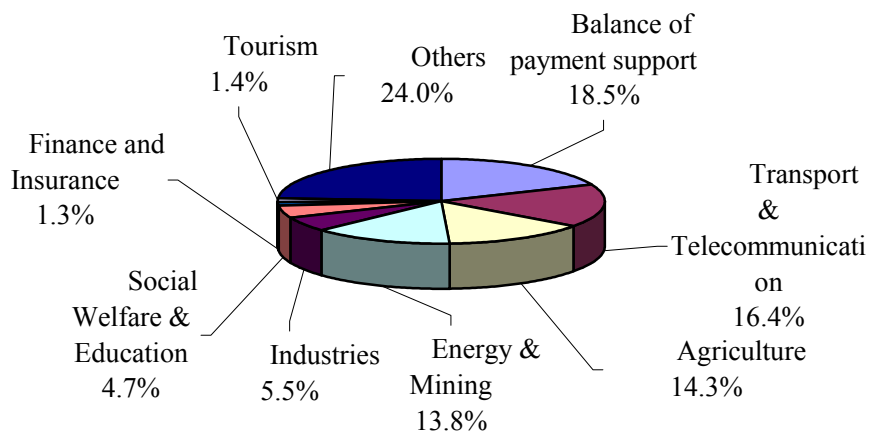
Analysis of disbursed outstanding debt by borrower category shows that the Central Government is the largest borrower with 90.4 percent of the total debt. The Parastatal and Private sector debt accounted for 2.3 percent and 7.3 percent of the total debt respectively.

Chart 21: DOD by borrower category, end October 2003



Analysis of debt by use of funds indicates that USD 1,216.9 million (18.5 percent) of the total debt was disbursed as Balance of Payments support. Transport sector received USD 1078.4 million (16.4 percent). Agriculture and Energy received USD 941.0 million (14.3 percent) and USD 904.5 million (13.8 percent) respectively. Industries absorbed USD 360.9 million (5.5 percent) of the total debt while, Education, Finance, and Tourism received USD 311.7 million (4.7 percent), USD 87.8 million (1.3 percent) and USD 89.4 million (1.4 percent) of the debt respectively. The remaining USD 1,576.1 Million (24.0 percent) was absorbed by other sectors

Chart 22: DOD by use of fund, end October 2003



HIPC Debt Relief

During the period under review Tanzania received a HIPC debt relief amounting to USD 3.8 million and USD 0.2 million from International Development Association and African Development Bank respectively.

Disbursements and Debt Service Payments

Recorded disbursements amounted to USD 0.9 million, while debt service payments amounted to USD 8.3 million resulting into net outflow of USD 7.4 million.

Domestic Public Debt

Total domestic debt stock owed by the United Republic of Tanzania (URT) as at the end of October 2003 stood at TZS 916.8 billion. The debt declined by TZS 7.8

billion or 0.84 percent when compared to TZS 924.5 billion recorded at the end of September 2003.

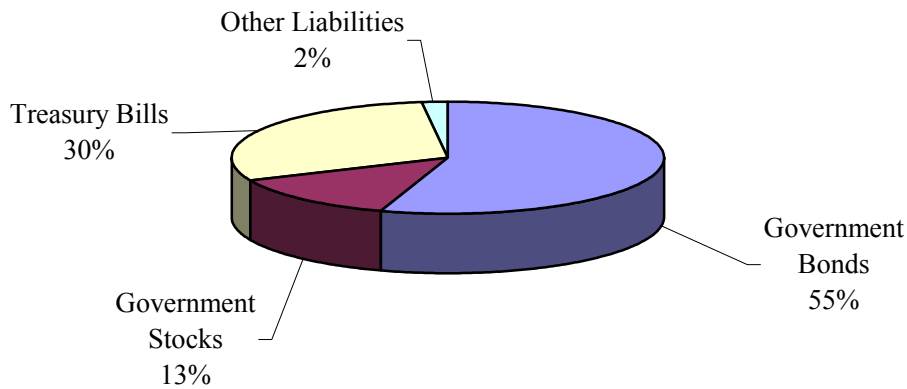
Domestic Debt by Instrument

During the month of October 2003, Government securities (stocks, bonds and treasury bills) represented 98.2 percent of the total debt stock, while the remaining 1.8 percent and 0.01 percent was other government debts and unclaimed arrears of payments respectively.

Further analysis reveals that, Government bonds amounted to TZS 503.9 billion or 55.0 percent of the total debt stock, while bonds registered an increase of 9.8 percent compared to TZS 459.1 billion as recorded at the end of September 2003. The increase in bonds was due to a conversion of part of external debt into domestic debt. Treasury bills constituted 29.7 percent of the total domestic debt.

Treasury bills decreased by 16.2 percent, from TZS 325.2 billion recorded at the end of September 2003 to TZS 272.7 billion recorded as at end of October 2003. Government stocks, Tax reserve certificates and other debts remained at the same level of TZS 123.5 billion, TZS 0.1 billion and TZS 16.5 billion respectively as recorded at the end of September 2003.

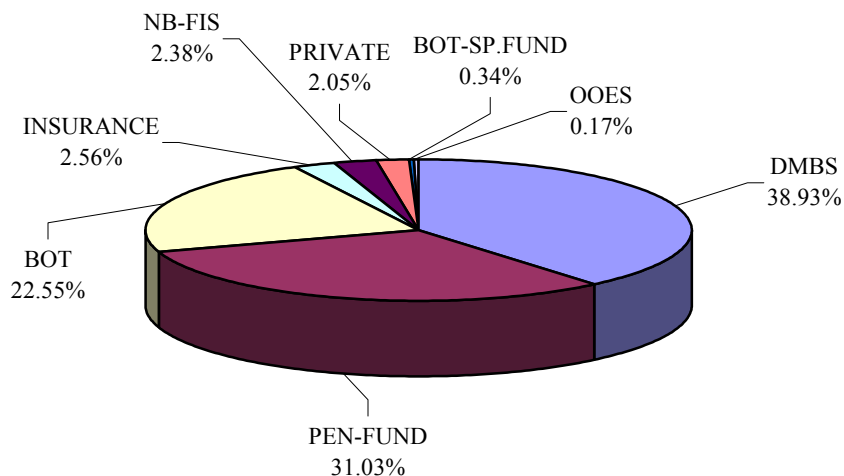
Chart 23: Domestic debt by instrument, end October 2003



Domestic Debt by Holder Category

During the month under review, Commercial banks maintained the leading position as the main government creditor by holding TZS 356.9 billion or 38.9 percent of the total debt followed by Pension Funds, which were holding TZS 284.5 billion or 31.0 percent. The BoT was third by holding TZS 206.7 billion or 22.5 percent, while Insurance companies, Non-bank Financial institutions and Private sector were holding 2.6 percent, 2.4 percent and 2.0 percent respectively. Other official entities held 0.5 percent of the total debt.

Chart 24: Domestic debt by creditor category, end October 2003



Domestic Debt Service

A total of TZS 35.3 billion being a sum of principal and interest, fell due for payment during the month of October 2003. An amount of TZS 2.6 billion was interest and was paid out of government revenues. Principal amounting to TZS 32.7 billion was rolled over. Unclaimed interest arrears on tax reserve certificates was TZS 0.1 billion.

Other Economic Developments

Food Supply Situation

During October 2003, the government continued to distribute subsidized maize from the Strategic Grain Reserve (SGR) to districts facing critical food shortages. The government supplied a total of 3,361.0 tons to twenty districts during the month. The districts included Masasi, Dodoma Rural, Bagamoyo, Korogwe,

Kisarawe, Kilosa, Iringa, Muheza, and Lushoto. Others are Liwale, Ruangwa, Simanjiro, Same, Mwanaga, Kilwa, Igunga, Singida Rural, Kondoa, Kibaha and Kishapu. The subsidised food is sold at TZS 50.0 per kilogram to hunger stricken victims compared with an average wholesale market price of TZS 178.0.

In view of the current food shortage in the country, the prices of food items particularly cereals in various market centres continued to increase. The average wholesale price of one bag of maize (100 kg) increased from TZS 11,262.0 in October 2002 to TZS 17,765.0 in October 2003. On monthly basis, the average price of a similar bag of maize increased only by 3 percent, from TZS 17,323.0 in September 2003 to TZS 17,765.0 in October 2003. The prices of other main food crops such as rice and beans also increased during the month under review as indicated in **Table 6** below.

Table 6: National average wholesale prices for Selected Food Items – TZS per 100 Kg

Crop	Oct-02	Aug-03	Sept-03	Oct-03	% Change	
					Oct 2002 - Oct 2003	Sept 2003 - Oct 2003
Maize	11,262	17,215	17,323	17,765	58	3
Rice	27,143	36,999	39,913	42,245	56	6
Beans	35,046	39,112	40,393	40,809	16	1

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 October 2003, the Food Security Department purchased 3,480 tons of maize from the food surplus regions. The Department also released 5,465.0 tons to the market during the month resulting to a decline of the SGR stocks from 61,364.0 tons at end-September 2003 to 59,379.0 tons at the end of October 2003 (**Table 7**). Available statistics on food security indicate that, as at end-October 2003, food grains stocks held by private traders amounted to 142,616.0 tons which together with SGR stock of 59,379.0 makes a total stock of 201,995.0 tons.

The private traders also had a stock of 3,801.0 tons of pulses at end-October 2003. Following tax exemption on imported maize and rice, private traders have imported a total of 155,783.0 tons of food, which include 3,338.0 tons of maize, 39,670.0 tons of rice and 112,775.0 tons of wheat for the period between June-October 2003.

Table 7: SGR Stocks (Tons)

	2000	2001	2002	2003	% Change 2002/03
January	105,665	78,967	60,503	59,961	-0.9
February	103,305	72,000	58,254	59,493	2.1
March	101,496	63,022	56,738	58,976	3.9
April	96,326	51,435	52,228	54,118	3.6
May	82,119	44,776	48,653	52,857	8.6
June	72,000	47,225	47,100	51,060	8.4
July	63,976	46,290	44,787	50,475	12.7
August	70,352	48,998	41,795	52,681	26.0
September	95,000	59,047	57,500	61,364	6.7
October	88,474	58,000	62,700	59,379	-5.3
November	89,882	62,388	61,773		
December	78,967	62,788	58,395		

Source: Food Security Department and BOT computations.

Economic Developments in Zanzibar

Zanzibar Government Budgetary Developments

Overall Performance

During October 2003, Zanzibar Government budgetary performance on “cheques issued basis”, recorded an overall deficit before grants amounting to TZS 0.2 billion compared with a deficit of TZS 0.5 billion recorded in the previous month. However, the budget registered a surplus of TZS 0.8 billion after considering grants amounting to TZS 1.0 billion. Cumulatively, on cash basis the budget recorded an overall deficit to the tune of TZS 1.9 billion.

Revenue Performance

During the period under review, total revenue collection increased by 15.9 percent from TZS 4.4 billion collected in the previous month to TZS 5.1 billion. The collections accounted for 11.0 percent above the projected target of TZS 4.6 billion for the month. Performance by revenue category reveals that, collection from tax sources increased by 19.5 percent from TZS 4.1 billion collected in the previous month to TZS 4.9 billion during the review period. Meanwhile, collection from non-tax sources amounted to TZS 0.2 billion compared to the target of TZS 0.3 billion. The impressive performance in all tax categories is attributed to increased business activities in the beginning of the Holly month of Ramadan.

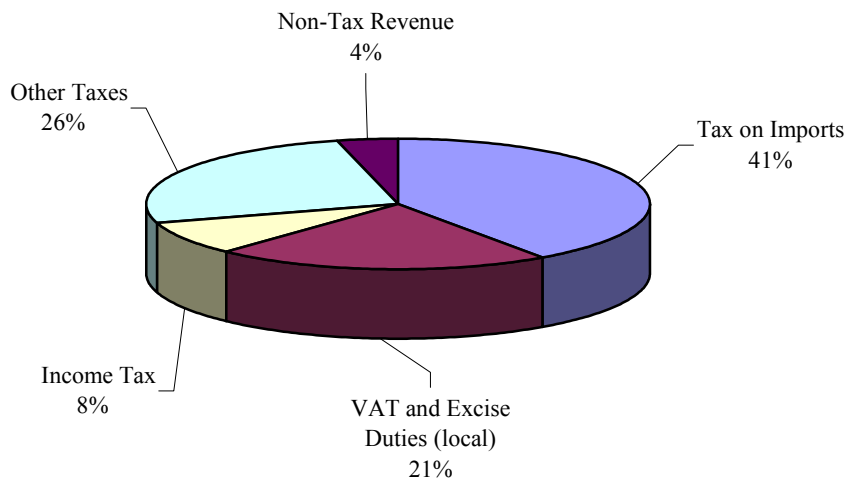
During the month under review, all tax categories surpassed their targets. Tax on imports increased by 40.0 percent from TZS 1.5 billion collected in the previous

month to TZS 2.1 billion and accounted for 11.6 percent above the projected TZS 1.8 billion. VAT and exercise duty (local), amounted to TZS 1.1 billion being 22.2 percent above the planned TZS 0.9 billion. Income tax collection was stagnant at TZS 0.4 billion, which was more less the level recorded in the previous month. Revenue from “other taxes” category increased by 30.0 percent from TZS 1.0 billion to TZS 1.3 billion and was 12.6 percent above the projected TZS 1.2 billion.

The non-tax revenue collection declined by 27.9 percent from TZS 0.27 billion collected in previous the month to TZS 0.19 billion. The level accounted for only 67.8 percent of the projected TZS 0.28 billion.

On cumulative basis, total revenue collection for July- October 2003 amounted to TZS 16.5 billion, and was 1.1 percent above the targeted TZS 16.3 billion.

Chart 25: Government Revenue by Source, October 2003



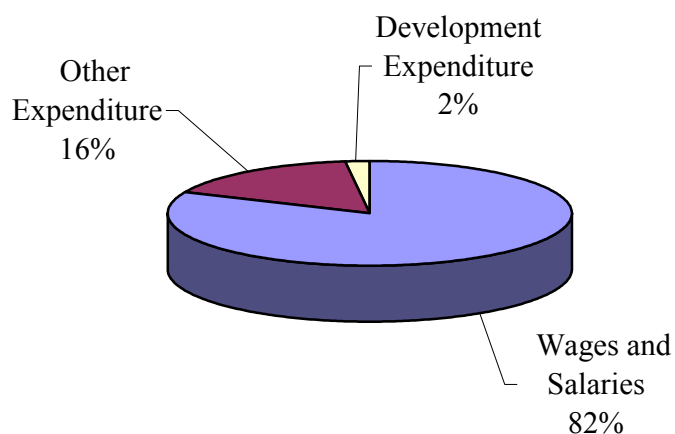
Expenditure

During the month under review, Zanzibar Government total expenditure amounted to TZS 5.3 billion, being 95.5 percent of the ceiling of TZS 5.5 billion. Recurrent expenditure amounted to TZS 5.2 billion, accounting for 98.1 percent of total expenditure. The same represents 97.1 percent of the set ceiling of TZS 5.3 billion. Expenditure on wages and salaries was in line with the set ceiling of TZS 4.3 billion. Other expenditures amounted to TZS 0.9 billion or 84.9 percent of the ceiling of TZS 1.0 billion.

Development expenditure amounted to TZS 0.1 billion accounting for 1.8 percent of the total expenditure. The latter represents only 53.1 percent of the ceiling of TZS 0.2 billion. The non-attainment of the expenditure levels in all categories was largely due to adherence of the cash budget system.

On cumulative basis, during July-October 2003 the Government spent TZS 20.1 billion, which is 93.1 percent of the planned TZS 21.5 billion.

**Chart 25: Government expenditure by component
October 2003**



Financing

During October 2003, all Government expenditure was financed from domestic resources and grants from the Union Government.

Debt Developments

Overview

Total debt stock (external and domestic) as at end October 2003, stood at TZS 102.1 billion or USD 97.3 million. Out of the total debt, domestic debt amounted to TZS 44.1 billion or USD 42.0 million accounting for 43.2 percent of the total debt, while external debt amounted to TZS 58.0 billion or USD 55.3 million accounting for 56.8 percent of the total debt.

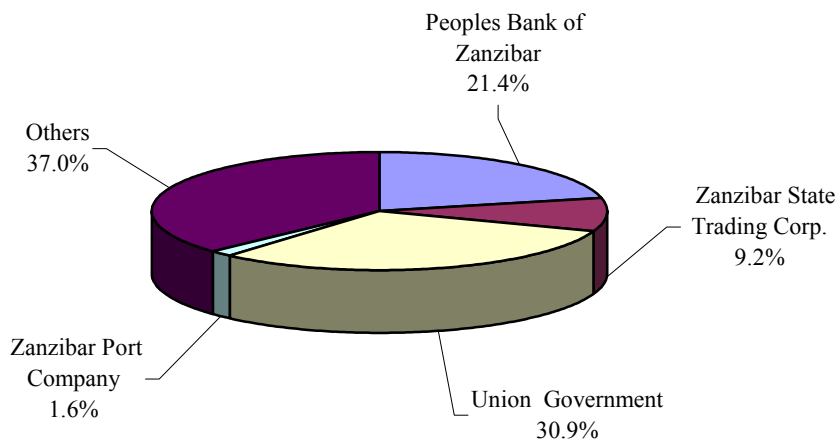
Domestic Debt

During October 2003, Zanzibar Government domestic debt stood at TZS 44.1 billion. Total domestic debt decreased marginally by 0.6 percent to TZS 44.0 billion from TZS 44.3 billion recorded the previous month. The decrease was attributed to payment made in respect of matured obligations.

Domestic Debt - By Creditor

Domestic debt by creditor shows that, as at end-October 2003, the Zanzibar Government indebtedness to the Union Government amounted to TZS 13.6 billion representing 30.9 percent of total domestic debt. The People's Bank of Zanzibar claims to the Government amounted to TZS 9.4 billion accounting for 21.4 percent of total domestic debt. Zanzibar State Trading Corporation and Zanzibar Port Authority claims amounted to TZS 4.1 billion and TZS 0.7 billion accounting for 9.2 percent and 1.6 percent of total debt respectively. Other creditor claims amounted to TZS 16.3 billion, accounting for 36.9 percent of the total domestic debt.

Chart 27: Domestic debt by creditor, end October 2003



Domestic Debt by Instrument

During the month under review, Treasury bills decreased by 18.5 percent to TZS 5.5 billion from TZS 6.7 billion, representing 12.5 percent of total Government debt. Debt by Government stocks remained at TZS 4.1 billion accounting for 9.2 percent of total domestic indebtedness. Long term loans amounted to TZS 9.4 billion representing 21.4 percent of total debt, while short term loans remained at TZS 0.7 billion accounting for 1.6 percent. Other claims, which include outstanding advances, pensioner's claims and supplier's credits increased to TZS 24.4 billion from TZS 23.4 billion, representing 55.3 percent of the total domestic debt.

Domestic debt by maturity

As at end-October 2003, debt maturing less than a year amounted to TZS 10.3 billion, accounting for 23.3 percent of the total domestic debt. Debt maturing between 2-5 years amounted to TZS 9.4 billion representing 21.4 percent, while

Debts with “undetermined maturity” including pensioners’ claims, suppliers’ credits amounted to TZS 24.4 billion or 55.3 percent of total debt.

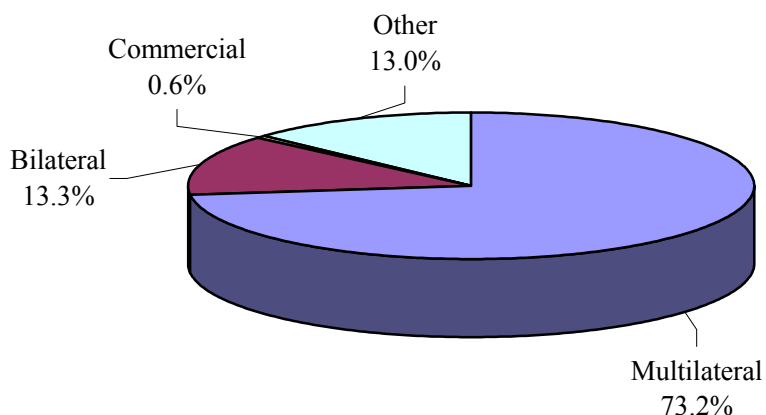
External Debt

Zanzibar Government external indebtedness as at end of October 2003, stood at USD 55.3 million from USD 55.5 million registered in September 2003. The decrease of 0.4 percent was due to exchange rate adjustments.

External Debt by Creditor Category

The external debt portfolio by creditor as at end October 2003, reveal that multilateral creditors claims amounted to USD 40.5 million representing 73.2 percent of total external debt. The bilateral debts amounted to USD 7.3 million or 13.3 percent of external debt. Commercial credits 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 12.9 percent of total external debt.

Chart 28: External debt by creditor, end October 2003



External Debt by Maturity

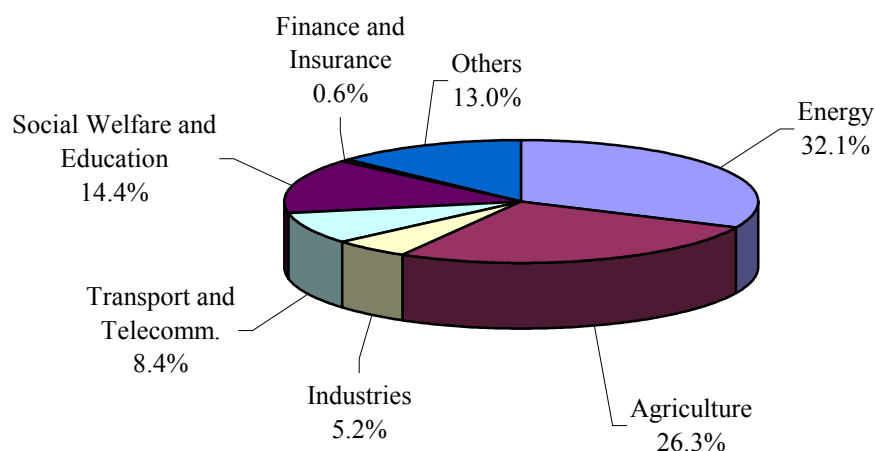
External debt by maturity shows that, as at end October 2003, debts maturing between 5-10 years amounted to USD 6.7 million accounting for 12.1 percent of total external debt. Debt with maturity between 10-20 years amounted to USD 4.8 million or 8.6 percent. Debt with maturity above 20 years amounted to USD 44.0 million accounting for 79.3 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 October 2003, debt amounting to USD 17.7 million or 32.1 percent was utilised in the Energy sector. Agriculture, industries, transport and telecommunication sectors absorbed USD 14.6 million or 26.3 percent, USD 2.9 million or 5.2 percent, USD 4.7 million or 8.4 percent, respectively. Social welfare and education, Finance and

Insurance sectors utilised USD 8.0 million or 14.4 percent and USD 0.3 million or 0.6 percent respectively. Other sectors absorbed USD 7.2 million or 13.0 percent.

Chart 29: External debt by use of funds, end October 2003



Trade Developments

Trade balance

During the month under review, the trade account (goods and services) worsened by recording a deficit of USD 5.3 million, compared with a deficit of USD 5.2 million recorded in the previous month. The deterioration was attributed to a much higher relative increase in the value of imports of goods and services compared to exports.

Exports

Total exports (goods and services) during October 2003, rose by 60.5 percent to USD 4.9 million from USD 3.0 million recorded in September 2003. The rise was due to increased receipts by goods exports from USD 0.3 million to USD 2.5 million.

Overall, traditional exports performed better than non-traditional exports for the period under review. The value of traditional exports increased to USD 2.4 million from USD 0.1 million, largely due to an increase in the export value and volume of cloves and seaweeds. The exports of cloves (by volume and value) picked up by posting 1.3 thousand tons, worth USD 2.2 million from *no sales* in the previous month. Seaweeds exports increased by 32.6 percent, fetching USD 0.2 million, from USD 0.1 million for September 2003. Seaweeds export volume and average unit price increased by 3.9 percent and 27.6 percent respectively.

Non-traditional exports decreased following poor performance in both manufactured goods and other exports. The value of non-traditional exports decreased by 27.9 percent to USD 0.1 million from USD 0.2 million recorded in the previous month. Exports of manufactured goods decreased by 30.2 percent, while other exports declined by 33.4 percent. There were no exports of horticulture produce during the review period. Only fish and fish produce increased by 17.9 percent.

Imports

Total imports (c.i.f.) rose by 20.7 percent to USD 8.2 million from USD 6.8 million registered in the previous month, mainly due to increase in imports of capital and consumer goods. Importation of capital goods increased by 69.0 percent to USD 3.3 million from USD 2.0 million, due to a surge in imports of transport equipments, mainly motor vehicles, building materials and machinery. Consumer goods imports increased by 3.0 percent from USD 3.5 million to USD 3.6 million, mainly due to increased importation of all other consumer goods, clothes and fabrics in particular to cater for higher demands during end of Ramadhan festivals. However, intermediate goods decreased by 4.5 percent mainly due to decrease in industrial raw materials.

Services Account

During October 2003, the services account worsened by recording a net deficit of USD 0.3 million from a surplus of USD 0.6 million. This was due to decreased services receipts, resulting from low level tourism-related activities during Ramadhan month. The services receipts emanating mainly from transportation, travel and government services amounted to USD 2.4 million, while services payments amounted to USD 2.7 million.

GLOSSARY

Average Rate of Inflation

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

Non-Food Inflation Rate

This is a measure of price movements caused by factors other than food prices. It is an important measure, which provides better indication of the effectiveness of monetary policy on inflation since price movements in these items are caused largely by monetary policy.

Seasonally Adjusted Indicators

Seasonal movements or seasonal variations, refer to identical, or almost identical, patterns, which a time series appears to follow during corresponding months (quarters) of successive years. Such movements are due to recurring events, which take place annually, as for example, the harvest season. Seasonally adjusted indicators show the impact of non-seasonal influences on a time series.

Base Money, Monetary Base, or Reserve Money (M0)

The Central Bank's liabilities in the form of: (1) currency in circulation outside the BoT, and (2) deposit money banks' deposits with the BoT are referred to as Base money, or the monetary base 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.

Table A1: Selected Economic Indicators

Item	Unit	1997	1998	1999	2000	2001	2002	2003
1. Population (TZ Mainland)	Million	29.1	30.0	30.9	31.9	32.8		33.6
2. Gross Domestic Product (GDP)								
2.1 At Current Prices f.c (Nominal)	Mill. TZS	4,281,600.0	5,125,310.9	5,977,698.8	6,705,134.0	7,634,695.0	8,628,964.0	8,927.1
	Mill. USD	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	1,448,090.0	1,505,826.9	1,577,292.0	1,654,319.0	1,749,358.0	1,857,160.0	1,921.3
	Mill. USD	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	147,312.0	170,843.7	193,453.0	210,192.3	232,765.1	256,490.0	
	USD	240.7	257.0	259.7	262.6	265.2	265.4	
3.2 Real (1992 Prices)	TZS	49,763.0	50,194.0	51,045.0	51,860.0	53,286.0	55,273.0	
	USD	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	162.6	183.5	197.9	209.7	220.4	230.5	
4.2 Percentage Change	Per cent	16.1	12.8	7.9	5.9	5.1	4.6	
4.3 Retail Price Index - Wage Earners (Dar es Salaam)	Gen. Index	137.4	146.8	149.8	150.6	163.4	175.6	
4.4 Percentage Change	Per cent	6.8	6.8	2.1	0.5	8.5	7.5	
4.5 GDP Implicit deflator	Index	295.6	340.4	379.0	406.0	436.4	464.6	
4.6 GDP Implicit deflator	Per cent	20.0	15.1	11.3	7.1	7.5	6.5	
5. Balance of Payments Position								
5.1 Exports (fob)	Mill. USD	752.6	588.5	543.3	663.3	776.4	902.5	
5.2 Imports (f.o.b)	Mill. USD	1,148.0	1,382.2	1,415.4	1,367.6	1,560.3	1,511.3	
5.3 Balance of Visible Trade	Mill. USD	(395.4)	(793.7)	(872.1)	(704.3)	(783.9)	(608.8)	
5.4 Balance on Current Account	Mill. USD	(403.4)	(905.4)	(829.5)	(498.6)	(480.0)	(251.1)	
5.5 Overall Balance	Mill. USD	(199.8)	(505.8)	(109.0)	(35.1)	17.5	328.8	
5.6 Exchange Rate :								
5.6.1 Annual Average	TZS/USD	612.1	664.7	744.9	800.4	876.4	966.6	
5.6.2 End of Period	TZS/USD	624.6	681.0	797.3	803.3	916.3	976.3	
6.0 Broad Money Supply (M2) **	Mill. TZS	760,353.3	844,929.4	972,088.6	1,093,610.9	1,233,667.0	1,507,386.5	1,669,610.4
6.1 Percentage Change	Per cent	11.0	11.1	15.0	12.5	12.8	22.2	13.4
6.2 Currency in Circulation Outside Banks	Mill. TZS	287,877.1	307,798.7	384,848.0	392,404.2	411,638.9	495,445.6	517,258.6
6.3 Demand Deposits	Mill. TZS	205,991.7	237,718.3	247,723.2	302,602.3	354,381.0	463,340.9	566,502.6
6.4 Quasi-Money (Time and Savings deposits)	Mill. TZS	433,200.2	481,467.7	585,055.6	702,682.3	870,710.8	1,088,896.5	1,220,290.4
7. Public Finance		1997/98	1998/99	1999/00	2000/01	2001/02	2002/03	2003/04***
7.1 Recurrent Revenue	Mill. TZS	619,083.1	689,325.3	777,644.7	929,624.0	1,042,955.1	1,217,517.0	460,805.8
7.2 Recurrent Expenditure	Mill. TZS	543,750.6	680,182.7	808,865.4	1,018,782.1	1,466,136.9	1,409,628.3	771,029.1
7.3 Development Expenditure	Mill. TZS	215,107.2	136,523.9	359,913.4	286,253.2	344,610.9	473,188.6	194,997.7
7.4 Adjustment to cash and other items (net)	Mill. TZS	(47,720.9)	(22,510.9)	(2,444.3)	(25,447.4)	3,203.8	(16,662.9)	31,048.9
7.5 Financing:								
7.5.1 Domestic Resources (net)	Mill. TZS	3,669.2	(5,740.0)	7,854.4	(2,494.4)	(22,606.6)	(36,513.9)	(119,662.4)
7.5.2 Foreign Loans (net)	Mill. TZS	64,468.1	(18,683.7)	105,417.3	90,354.2	121,842.5	172,723.9	180,419.7
8. Total External Debt Stock****	Mill. USD	7,578.5	7,384.7	7,669.7	7,624.8	7,464.0	7,268.1	7,648.2
Disbursed Debt	Mill. USD	6,600.3	6,435.9	6,580.3	6,538.3	6,559.7	6,233.0	6,566.6
Interest	Mill. USD	978.2	948.8	1,089.4	1,086.5	904.3	1,035.1	1,081.6

Note: * Provisional data; ** For the current year, position is at end-October 2003

*** cumulative for July 2003 -October 2003

**** Debt position is given on financial year basis (end of period); for 2003/04, it is at end-October 2003

Source: Bank of Tanzania and National Bureau of Statistics

Table A2: Central Government Operations (Actual)

Item	Millions of TZS							
	2000/01	2001/02	2002/03	BUDGET 2003/04	2003 (Cumulative from Jul-03)			
					Jul-03	Aug-03	Sep-03	Oct-03
Total Revenue	929,624.0	1,042,955.1	1,217,517.0	1,393,026.2	103,218.6	209,645.0	343,882.8	460,805.8
Tax Revenue	827,788.4	939,266.8	1,105,746.0	1,264,161.5	94,944.0	193,326.4	315,439.5	420,379.7
Taxes on Imports	363,540.6	402,159.1	458,285.6	561,554.8	44,367.5	87,888.5	138,544.7	185,940.9
Sales/VAT and Excise on Local Goods	188,838.6	216,066.8	259,747.2	328,017.6	25,581.9	48,493.4	75,612.3	103,207.9
Refunds	4,195.4	32,552.4		44,089.8	-2,408.3	-2,700.8	-6,789.1	-11,501.3
Income Taxes	194,012.9	220,630.8	276,049.7	310,326.6	19,536.7	40,073.1	78,694.5	103,999.9
Other taxes	81,396.3	100,410.1	111,663.5	108,352.4	7,866.3	19,572.2	29,377.1	38,732.3
Non- tax Revenue	101,835.6	103,688.3	111,771.1	128,864.7	8,274.6	16,318.6	28,443.3	40,426.1
Total Expenditure	1,305,035.3	1,466,136.9	1,896,854.1	2,383,250.2	147,112.0	331,508.3	506,249.2	711,029.1
Recurrent expenditure 1/	1,018,782.1	1,121,526.0	1,423,665.5	1,625,527.9	100,500.4	238,760.5	368,457.7	516,031.4
Roadtoll fund	45,285.9	54,110.9	62,874.3	75,043.0	5,977.6	10,803.1	18,339.7	23,116.5
Retention fund	25,711.3	25,142.8	47,949.7	62,793.0	3,511.1	8,136.4	13,313.5	17,839.8
Wages and salaries	308,051.5	341,981.4	397,770.0	464,061.0	33,406.8	71,863.6	114,426.4	152,663.8
Interest payments	128,149.7	121,081.7	99,780.0	149,438.1	2,815.1	11,262.3	28,316.0	32,865.7
Domestic 2/	77,788.4	64,605.2	57,009.3	71,852.0	1,613.3	4,852.7	15,795.9	18,420.5
Foreign	50,361.3	56,476.0	42,770.7	77,586.1	1,201.8	6,409.6	12,520.1	14,445.3
Other goods, services and transfers	582,580.9	658,462.0	815,291.4	874,192.8	64,278.5	155,634.6	225,715.3	330,501.9
Dev. Expenditure and net lending	286,253.2	344,610.9	473,188.6	757,722.3	46,611.5	92,747.8	137,791.5	194,997.7
Local	35,069.1	50,235.9	95,661.7	140,091.0	11,674.3	23,348.7	36,732.1	42,732.1
Foreign	251,184.1	294,375.0	377,526.9	617,631.3	34,937.2	69,399.2	101,059.4	152,265.6
Overall balance (cheq. issued) before Grants	-375,411.3	-423,181.8	-679,337.0	-990,224.0	-43,893.3	-121,863.3	-162,366.4	-250,223.3
Grants	286,306.0	379,849.4	622,302.1	665,961.0	100,005.7	180,339.9	209,070.7	245,427.4
Program (CIS/OGL)	114,018.9	183,000.2	293,927.7	242,453.3	79,281.7	138,581.9	140,508.2	140,510.2
Project	123,629.8	140,192.0	255,516.2	223,914.9	2,327.1	5,221.8	23,678.0	26,961.2
MDF/ Basket Support funds	0.0	0.0	0.0	119,806.7	13,037.1	27,637.5	28,828.4	57,960.6
HIPC Relief	48,657.3	56,657.2	72,858.2	79,786.1	5,359.9	8,898.7	16,056.1	19,995.4
Overall balance (cheq.issued) after Grants	-89,105.3	-43,332.4	-57,035.0	-324,263.0	56,112.4	58,476.6	46,704.3	-4,795.9
Expenditure float			921.5	0.0	-80,040.9	-85,401.3	-86,492.4	-87,010.3
Adjustments to cash and other items (net)	-25,447.4	3,203.8	-79,389.1	0.0	-20,011.5	17,291.9	88,879.9	31,048.9
Overall Balance (cheques cleared)	-114,552.7	-40,128.6	-135,502.6	-324,263.0	-43,940.0	-9,632.7	49,091.8	-60,757.4
Financing:	114,552.7	40,128.6	135,502.6	324,263.0	43,940.0	9,632.7	-49,091.8	60,757.4
Foreign Financing (net)	90,354.2	121,842.5	172,016.5	278,968.6	17,582.8	132,736.4	136,078.6	180,419.7
Loans	172,880.4	187,355.5	273,341.8	350,870.4	19,573.1	141,938.5	153,951.6	202,708.3
Program loans	45,326.1	33,171.2	151,331.0	135,000.0	0.0	107,310.0	107,310.0	137,275.9
Development Project loans	127,554.3	154,184.3	122,010.8	215,870.4	19,573.1	34,628.5	46,641.6	65,432.4
Basket Support				58,039.2	0.0	1,911.4	1,911.4	1,911.4
Amortization	-82,526.2	-65,513.0	-101,325.3	-129,941.0	-1,990.3	-9,202.1	-17,873.0	-22,288.6
Domestic (net)	-2,494.4	-22,606.6	-36,513.9	45,294.4	26,357.2	-123,103.7	-185,170.4	-119,662.4
Domestic Financing			-36,263.0	42,711.4	26,357.2	-123,103.7	-185,170.4	-119,662.4
Bank borrowing	-18,654.8	-59,180.9	-44,763.0					
Non-Bank (net of amortization)	16,160.4	36,574.3	8,500.0					
Amortization of contingent debt	-256,372.9	-1,614.0	-250.9	-14,417.0	0.0	0.0	0.0	0.0
Privatization Proceeds	26,692.9	0.0	0.0	17,000.0	0.0	0.0	0.0	0.0
Recovery from NBC bond			0.0					

Note:

/1 Exclude amortization and Expenditure Float, includes Road fund and Retention expenditures.

/2 Domestic Interest payments and amortization include Cash and Non cash

Source: Ministry of Finance and Bank of Tanzania

Table A3: Monetary Survey

End of Period	Millions of TZS														Memorandum	
	Domestic assets (net)					M3, Extended Broad Money			Broad Money						item:	
	Domestic credit (net)					M2,			M1, Narrow Money						M0 Base Money	
	Foreign assets (net)	Claims on government (net)	Claims on the private sectors*	Other items (net)	Total sum (9-13)	Total sum (9-12)	Total sum (9,10)	Currency in circulation outside banks	Demand deposits	Time deposits	Savings deposits	Foreign currency deposits	Total sum (9,15)	of which: Reserves		
1	2	3	4	5	6	7	8	9	10	11	12	13	14.0	15.0		
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	280,158.6	44,374.2	568,699.2	486,489.2	329,624.8	176,308.2	153,316.5	84,799.5	72,064.9	82,210.0	402,749.6	226,441.4		
1995	165,813.5	279,257.9	247,846.0	112,416.3	752,911.5	613,695.3	428,285.1	244,313.7	183,971.4	91,210.2	94,199.9	139,216.3	559,198.8	314,885.1		
1996	290,319.8	295,822.8	141,341.0	162,942.1	818,063.0	684,990.6	449,213.3	257,662.8	191,550.5	122,436.6	113,340.7	133,072.4	593,430.8	335,768.0		
1997	398,918.6	239,457.5	182,976.9	199,208.0	927,068.9	760,353.3	493,868.7	287,877.1	205,991.7	126,269.2	140,215.3	166,715.6	652,817.1	364,940.0		
1998	458,003.6	276,586.7	248,276.2	156,416.3	1,026,984.7	844,929.4	545,517.0	307,798.7	237,718.3	134,401.0	165,011.4	182,055.2	726,532.7	418,734.0		
1999	622,286.8	366,596.2	311,533.0	54,377.1	1,217,626.9	972,088.6	632,571.2	384,848.0	247,723.2	149,257.1	190,260.3	245,538.3	893,522.0	508,674.0		
2000	842,755.0	375,146.0	340,628.1	(14,716.9)	1,397,688.8	1,093,610.9	695,006.5	392,404.2	302,602.3	170,051.6	228,552.8	304,077.9	948,835.1	556,430.9		
2001	1,209,820.5	239,201.4	404,512.3	(369.0)	1,636,730.7	1,233,667.0	766,019.9	411,638.9	354,381.0	208,101.4	259,545.7	403,063.7	996,008.0	584,369.1		
2002	1,558,627.1	264,608.6	570,668.3	(59,986.1)	2,047,683.1	1,507,386.5	958,786.6	495,445.6	463,340.9	223,898.7	324,701.3	540,296.5	1,191,146.8	695,701.2		
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	1,358,005.5	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	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	250,064.6	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	1,499,957.7	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	1,558,627.1	264,608.6	570,668.3	(59,986.1)	2,047,683.1	1,507,386.5	958,786.6	495,445.6	463,340.9	223,898.7	324,701.3	540,296.5	1,191,146.8	695,701.2		
2003-Jan	1,651,202.9	257,045.5	580,247.7	(111,724.5)	2,040,640.2	1,490,504.1	918,121.1	471,090.0	447,031.1	239,917.6	332,465.4	550,136.2	1,151,600.8	680,510.8		
Feb	1,655,007.2	306,398.7	582,609.9	(83,555.5)	2,121,359.8	1,537,802.9	948,324.8	461,323.0	487,001.9	240,674.6	348,803.4	583,556.9	1,140,080.9	678,757.9		
Mar	1,707,928.0	272,871.6	598,111.4	-149,172.6	2,087,649.8	1,502,204.6	908,801.8	447,867.7	460,934.2	239,653.3	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)	2,255,658.5	1,602,637.6	1,049,006.7	495,295.6	553,711.1	224,169.8	329,461.1	653,020.9	1,271,603.0	776,307.4		
Aug	1,895,236.8	172,642.0	728,883.0	(175,205.2)	2,263,174.7	1,607,279.1	1,037,088.8	503,545.3	533,543.5	237,208.4	332,981.9	655,895.6	1,271,009.1	767,463.8		
Sep	2,087,692.5	(35,083.4)	764,968.0	(136,548.9)	2,297,125.8	1,649,505.4	1,085,306.0	504,927.7	580,378.3	226,730.3	337,469.1	647,620.4	1,192,852.8	687,925.1		
Oct	2,116,418.7	9,810.7	783,154.0	(218,614.2)	2,304,051.6	1,669,610.4	1,083,761.2	517,258.6	566,502.6	232,258.4	353,590.8	634,441.2	1,281,111.3	763,852.8		

* Previously known as " Claims on other domestic sectors (net)"

Source: Bank of Tanzania

Table A4 : Tanzania's Balance of Payments

Item	Millions of USD					
	1997	1998	1999	2000p	2001	2002p
A. Current Account Balance	(403.4)	(905.4)	(829.5)	(498.6)	(480.0)	(251.1)
Goods:						
Exports (f.o.b)	752.6	588.5	543.3	663.3	776.4	902.5
Traditional	435.3	356.3	301.2	292.8	231.1	206.1
Non-traditional	317.2	232.2	242.1	370.5	545.3	696.5
Imports (f.o.b)	(1,148.0)	(1,382.1)	(1,415.4)	(1,367.6)	(1,560.3)	(1,511.3)
Balance on Goods	(395.4)	(793.6)	(872.1)	(704.3)	(783.9)	(608.7)
Services:						
Credit	482.4	521.3	600.3	627.3	679.3	665.8
Transportation	59.4	41.8	53.7	56.8	68.4	61.2
Travel	339.0	399.0	463.7	376.7	412.8	437.1
Other	83.9	80.4	82.8	193.8	198.1	167.5
Debit	(800.2)	(955.3)	(795.0)	(682.4)	(689.5)	(712.5)
Transportation	(205.7)	(224.7)	(189.9)	(205.7)	(194.2)	(176.7)
Travel	(407.2)	(493.3)	(369.7)	(337.3)	(327.3)	(337.4)
Other	(187.4)	(237.3)	(235.4)	(139.4)	(168.0)	(198.3)
Balance on Services	(317.9)	(434.1)	(194.8)	(55.1)	(10.3)	(46.7)
Balance on Goods and Services	(713.3)	(1,227.7)	(1,066.9)	(759.3)	(794.2)	(655.5)
Income						
Credit	43.0	44.4	49.0	50.4	55.3	74.3
Debit	(164.8)	(149.4)	(148.3)	(180.4)	(140.5)	(90.6)
Direct investment income	(0.2)	(8.2)	(16.8)	(13.2)	(1.1)	(2.0)
Interest payments (scheduled)	(163.9)	(124.8)	(116.0)	(146.9)	(117.3)	(67.6)
Compensation of employees	(0.6)	(16.5)	(15.4)	(20.3)	(22.1)	(21.1)
Balance on Goods, Services and Income	(835.1)	(1,332.7)	(1,166.1)	(889.4)	(879.4)	(671.8)
Current transfers:	431.7	427.3	336.6	390.8	399.4	420.7
Credit	499.3	454.2	445.6	463.7	469.5	472.9
Government	433.6	421.0	411.4	427.8	418.4	427.7
Multilateral HIPC relief	0.0	0.0	0.0	40.6	71.3	68.8
Other sectors	65.7	33.2	34.2	35.9	51.1	45.2
Debit	(67.7)	(26.9)	(109.0)	(72.9)	(70.0)	(52.3)
B. Capital Account	270.9	252.4	270.6	330.4	365.2	354.1
Capital transfers:						
Credit	270.9	252.4	270.6	330.4	365.2	354.1
General Government	259.9	235.9	256.4	314.7	342.9	324.0
Other sectors	11.0	16.5	14.2	15.7	22.3	30.1
Debit	0.0	0.0	0.0	0.0	0.0	0.0
Total, Groups A plus B	(132.5)	(653.0)	(558.9)	(168.2)	(114.8)	103.0
C. Financial acc., excl. reserves and related items	236.3	(166.1)	613.3	572.5	98.2	306.8
Direct investment abroad	0.0	0.0	0.0	0.0	0.0	0.0
Direct investment in Tanzania	157.8	172.2	516.7	463.4	327.2	240.4
Portfolio investment	0.0	0.0	0.0	0.0	0.0	0.0
Other investment	78.5	(338.3)	96.6	109.1	(229.0)	66.4
Total, Groups A through C	103.7	(819.1)	54.3	404.4	(16.6)	409.8
D. Net Errors and Omissions	(303.6)	313.3	(163.3)	(439.5)	34.1	(81.0)
Overall balance (Total, Groups A through D)	(199.8)	(505.8)	(109.0)	(35.1)	17.5	328.8
E. Reserves and Related Items :	199.8	505.8	109.0	35.1	(17.5)	(328.8)
Reserve assets	(182.0)	21.8	(175.5)	(197.3)	(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)