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MONTHLY ECONOMIC REVIEW BANK OF TANZANIA

July 2003

Inflation Developments

Inflation Developments

Headline Inflation

The annual headline inflation rate during the year ending June 2003 went up slightly from 4.3 percent recorded during the year ended May 2003 to 4.4 percent, mainly due to an upward pressure on food prices. However between May 2003 and June 2003, overall monthly inflation rate declined considerably by 2.5 percent following a fall in average prices of almost all consumer items. On the other hand, seasonally adjusted indices show that the month-on-month headline inflation increased slightly by 0.1 of a percentage point from 0.3 percent in the previous month to 0.4 percent in June 2003.

Non-food inflation

During the period under review, non-food inflation maintained its downward trend that started in April 2003. Following a slowdown in average prices of most non-food items with the exception of rent, the annual non-food inflation rate went down by half percent from 5.4 percent in May 2003 to 4.9 percent in the year ending June 2003. The month-on-month non-food inflation rate declined significantly from 0.1 percent in May 2003 to negative 0.5 percent in June 2003. During the month under review, the fuel, power and water sub-group recorded the highest fall in average prices, mainly attributed to a decline in average price of fuel. In Dar-es-Salaam, average pump price for fuel (petrol and diesel) declined from TZS 690/litre in May 2003 to TZS 660/litre in June 2003.

Food Inflation

The annual food inflation rate rose from 3.9 percent in the year ending May 2003 to 4.3 percent in the year ending June 2003, due to increase in food prices, following decline in food supply in the market resulting from drought experienced in most parts of the country. However, on a month-to-month basis, i.e. between May 2003 and June 2003, the food inflation rate decreased sharply by 3.1 percent owing to the seasonal increase in food supply.

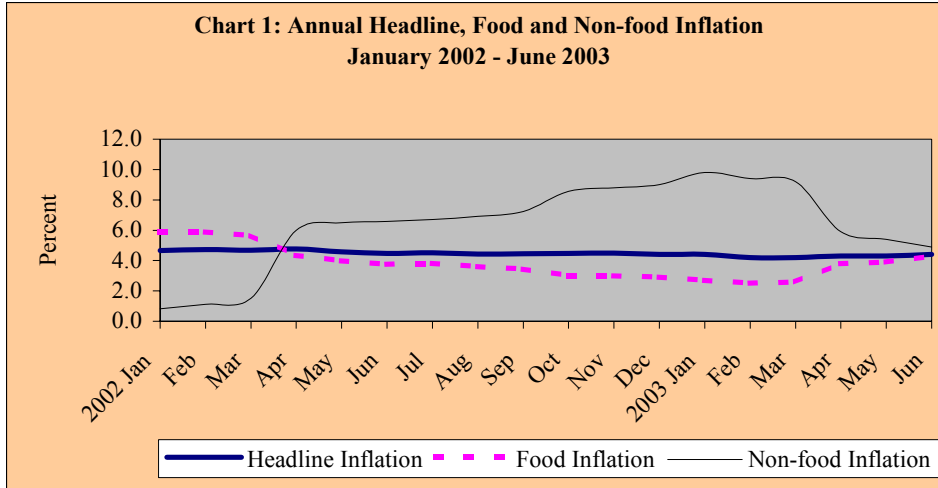


Table 1: Percentage Change in the Sub-groups of the National Consumer Price Index (All-urban)

(Base: December 1994=100)

| Major Commodity Group | Weight | May | % Change | June | June | % Change | % Change |
|------------------------------------|--------------|--------------|-------------|--------------|--------------|-------------|-------------|
| | | % | 2002 | May 02 | 2002 | 2003 | June 02 |
| | | | - May 03 | | | - June 03 | - June 03 |
| Food | 71.2 | 245.6 | +3.9 | 237.1 | 247.2 | +4.3 | -3.1 |
| Drinks and Tobacco | 4.4 | 177.5 | +4.4 | 177.6 | 185.2 | +4.3 | -0.1 |
| Rents | 3.9 | 201.3 | +4.5 | 201.7 | 210.5 | +4.4 | +0.1 |
| Fuel, Power and Water | 4.7 | 323.4 | +7.3 | 322.6 | 342.4 | +6.1 | -1.3 |
| Clothing & Footwear | 3.7 | 197.3 | +6.5 | 196.1 | 208.6 | +6.4 | -0.7 |
| Furniture & Household Equipment | 2.5 | 197.4 | +4.2 | 196.7 | 204.4 | +3.9 | -0.6 |
| Household Operations & Maintenance | 1.5 | 161.6 | +6.1 | 161.6 | 171.5 | +6.1 | 0.0 |
| Personal Care & Health | 2.2 | 150.4 | +7.1 | 150.9 | 160.2 | +6.2 | -0.6 |
| Recreation & Entertainment | 1.2 | 172.6 | +3.5 | 173.0 | 178.5 | +3.2 | -0.1 |
| Transportation | 1.2 | 244.5 | +3.4 | 245.2 | 251.7 | +2.7 | -0.4 |
| Education | 1.5 | 202.2 | +4.5 | 201.9 | 211.1 | +4.6 | -0.1 |
| Miscellaneous Goods and Services | 2.0 | 159.1 | +1.7 | 158.4 | 161.0 | +1.6 | -0.5 |
| TOTAL | 100.0 | 235.0 | +4.3 | 228.9 | 239.0 | +4.4 | -2.5 |

Source: National Bureau of Statistics (NBS)

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

| Period | Unadjusted | | | | | | Seasonally Adjusted | | | | | |
|------------|----------------|-------------------|------------|----------------|-------------------|-------------|---------------------|-------------------|------------|----------------|-------------------|------------|
| | Year-to- 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 Jun | 5.9 | 2.4 | 7.1 | -2.3 | 0.1 | -3.2 | 4.7 | 3.3 | 5.1 | 0.5 | 0.4 | 0.5 |
| Jul | 5.8 | 3.5 | 6.6 | -0.9 | 0.7 | -1.4 | 6.1 | 4.5 | 6.6 | 0.5 | 0.7 | 0.6 |
| Aug | 5.7 | 3.6 | 6.5 | -1.1 | 0.5 | -1.6 | 6.2 | 5.1 | 6.8 | 0.4 | 0.6 | 0.4 |
| 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 | 4.3 | 4.9 | 4.3 | -2.5 | -0.5 | -3.1 | 3.7 | 2.4 | 4.3 | 0.4 | -0.5 | 0.6 |

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

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

Monetary and Financial developments

Reserve Money Developments

Reserve money, (M0), developments during June 2003, eased by TZS 41.6 billion to TZS 639.7 billion from TZS 681.3 billion recorded in May 2003. The outturn in M0 over performed by TZS 53.0 billion, against the Poverty Reduction and Growth Facility (PRGF) target for the quarter ending June 2003 of TZS 692.7 billion.

The decline in M0, is explained by a fall in Net Domestic Assets (NDA) of the Bank of Tanzania by TZS 150.9 billion, partly offset by a rise in Net Foreign Assets (NFA¹) by TZS 109.2 billion, explained by a Bank purchase of donor funds from the government. The decrease in NDA was associated with a decline in Net Domestic Credit (NDC) and Other Items Net (OIN) by TZS 89.7 billion and TZS 61.2 billion, respectively. NDC fell following a rise in government deposits at the Bank by TZS 88.9 billion and repayment of matured Stocks worth TZS 0.8 billion. Meanwhile, the fall in OIN was mainly occasioned by open market operations (OMO) that led to a net sale of liquidity papers and REPOs worth TZS 43.1 billion and TZS 10.1 billion, respectively. Increase in other liabilities and other deposits of the Bank by TZS 16.3 billion and TZS 11.0 billion, respectively, reinforced a downturn in OIN. However, a rise in other assets and revaluation account by TZS 19.6 billion and TZS 10.4 billion, respectively, dampened the impact of OMO on OIN.

¹ Gross official reserves of the Bank increased from USD 1,569.8 million in May 2003 to USD 1,670.4 million in June 2003, equivalent to 7.0 months of imports of goods and services (GNS).

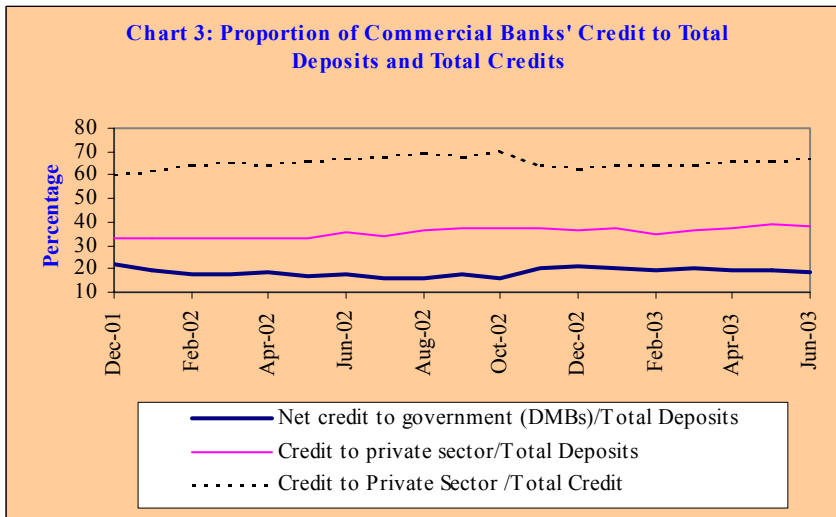
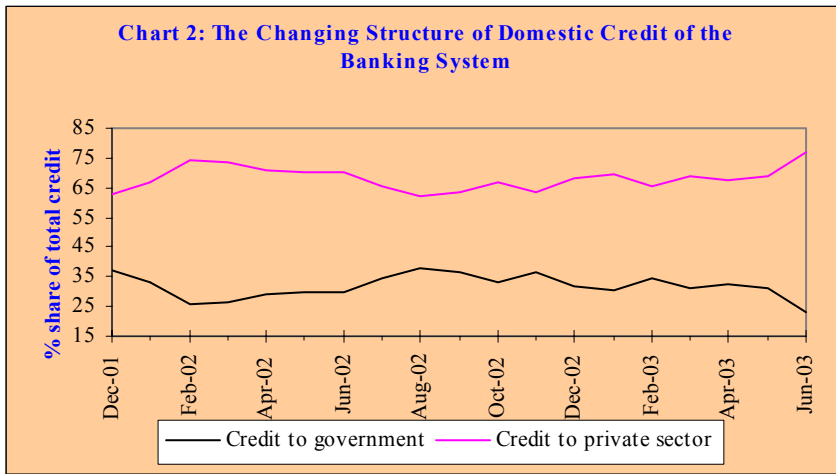
From the liabilities side, the decline in reserve money was mainly caused by a fall in commercial banks' reserves at the Bank by TZS 69.7 billion attributed to open market and foreign exchange operations by the Bank. Currency in circulation rose by TZS 28.0 billion following withdrawals made by commercial banks from the Bank, partially offsetting the impact of banks' reserves on M0.

Money Supply and Credit Developments

During June 2003, broad money supply (M2) edged upwards by TZS 68.2 billion to TZS 1,558.9 billion from TZS 1,490.7 billion recorded in May 2003. The outturn in M2 was below the PRGF target for the quarter ending June 2003 of TZS 1,602.3 billion, by TZS 43.4 billion.

From assets side, developments in M2 during the month under review were largely explained by a surge in NFA of the banking system by TZS 115.6 billion from TZS 1,108.6 billion in May 2003 to TZS 1,224.2 billion in June 2003. Specifically, Net International Reserves (NIR) of the Bank accelerated by TZS 111.4 billion to TZS 1,215.0 billion largely due to donor fund inflows. However, Net Domestic Assets (NDA) of the banking system declined from TZS 765.1 billion in May 2003 to TZS 710.3 billion in June 2003, thus easing the impact of NFA on M2 by TZS 54.8 billion. The decline in NDA stemmed from a fall in Domestic Credit (DC) by TZS 81.7 billion, which was partly reduced by an increase in OIN by TZS 26.9 billion. Credit to the government by the banking system decelerated by TZS 94.9 billion, due to increase in government deposits at the Bank, while, credit to the private sector by the commercial banks rose by TZS 13.2 billion. Following these developments, the share of private sector credit to total domestic credit rose from 68.7 percent in May 2003 to 76.7 percent in June 2003, while that of the

government fell from 31.3 percent to 23.3 percent (**Chart 2**). However, lending to the private sector as a proportion of total deposits decreased slightly from 38.9 percent in May 2003 to 38.0 percent in June 2003, while the proportion of lending to the government by the commercial banks to total deposits fell from 19.4 percent to 18.3 percent in the same period (**Chart 3**).

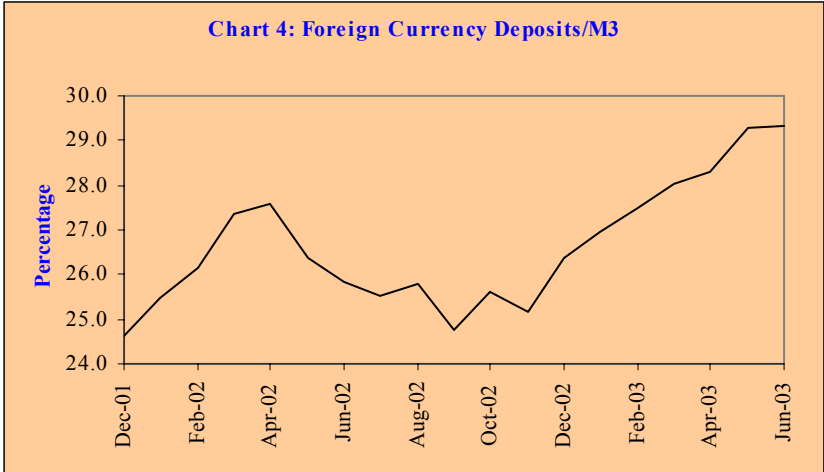


From liabilities side, the increase in M2 was a result of the increase in commercial banks deposits by TZS 41.2 billion during June 2003, compared with a decrease of

TZS 22.0 billion in May 2003. The increase in deposits during June 2003 was explained by the increase in corporate customers’ deposits plus the transfer of funds from central government account to council, ward and regional authorities. Specifically, in June 2003 demand and time deposits at commercial banks increased by TZS 28.8 billion and TZS 8.1 billion to TZS 507.4 billion and TZS 246.7 billion, respectively, while savings deposit rose by TZS 4.2 billion to TZS 330.9 billion.

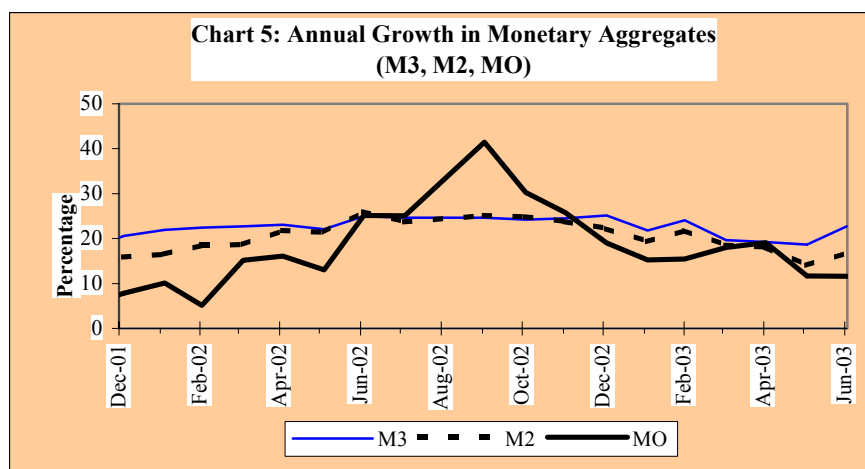
Extended Broad Money Supply

Extended broad money (M3), which includes M2 plus foreign currency deposits, grew by TZS 98.3 billion to TZS 2,205.9 billion, following a rise in foreign currency deposits (FCD) of commercial banks by TZS 30.2 billion compared with an increase of TZS 25.7 billion in May 2003. The increase in FCD was mainly due to the increase in corporate customers’ deposit in the banking sector. Despite of the increase in FCD during June 2003, foreign currency deposits as a proportion of M3 retained the previous month proportion of 29.3 percent (**Chart 4**).



Annual Growth Rates in Monetary Aggregates

During June 2003, annual growth rates of monetary aggregates edged upwards except for M0, whose growth declined slightly from 11.7 percent in the year ending May 2003 to 11.6 percent in the year ending June 2003. M2, and M3 grew from 14.0 percent and 18.7 percent to 16.9 percent and 22.7 percent in the same period, respectively ([Chart 5](#)).



Inter-bank Cash Market

During June 2003, the total value of inter-bank cash market transactions, decelerated by 23.1 percent to TZS 241.5 billion from TZS 314.2 billion recorded in May 2003. Overnight transactions accounted for 77.9 percent of the total value of transactions for June 2003, up from 72.1 percent recorded in May 2003. During the same period, the proportion of 7-day and 14-day transactions reached 4.2 percent and 2.1 percent, from 1.5 percent and 0.7 percent, respectively. The value of other maturities accounted for 15.9 percent in June 2003 down from 25.7 percent recorded in the previous month.

The weighted average interest rate on overnight lending between commercial banks, declined from 5.1 percent in May 2003 to 4.6 percent in June 2003 signifying excess liquidity in the overnight money market. Similarly, the overall inter-bank cash market rate decreased from 5.3 percent to 4.8 percent in the same period ([Table 3](#)).

Treasury Bills Market

During June 2003 the market for Treasury bills was supplied with 35-day, 91-day, 182-day and 364-day worth TZS 90.4 billion, compared with TZS 86.1 billion offered in the previous month. Total demand for Treasury bills declined by 22.1 percent to TZS 120.8 billion in June 2003 from TZS 155.1 billion recorded during May 2003. During the period, the Bank intervened in the market by selling Treasury bills worth TZS 109.9 billion, which is TZS 21.9 billion increase in sales when compared with TZS 88.0 billion auctioned in the previous month. Intervention was done purposely for liquidity management following substantial increase in donor fund inflows.

Commercial banks sustained their dominance in the Treasury bills market accounting for 70.7 percent of total successful bids, compared with 71.8 percent recorded in May 2003. Pension funds and insurance companies constituted 15.4 percent of total successful bids, up from 15.1 percent recorded in the preceding month. Non-bank financial institutions (NBFI) and the individuals accounted for 13.9 percent in June 2003, compared with 13.1 percent recorded in the previous month.

Interest rates in the Treasury bills market exhibited an upward trend during June 2003 compared with the rates attained in May 2003. Specifically, the average yields for 35-day and 91-day bill rose from 5.4 percent each during May 2003 to 5.8 percent and 6.1 percent in June 2003, respectively, whereas the average yields for 182-day and 364-day bill rose from 5.1 percent and 5.2 percent to 5.8 percent and 5.9 percent in the same period, respectively. As a result, the overall weighted average yield (WAY) for all maturities increased from 5.3 percent in May 2003 to 5.9 percent in June 2003. The increase in Treasury bill yields were exacerbated by the intervention policy of the Bank in trying to provide appropriate level of liquidity in the economy, targeting at maintaining macroeconomic stability.

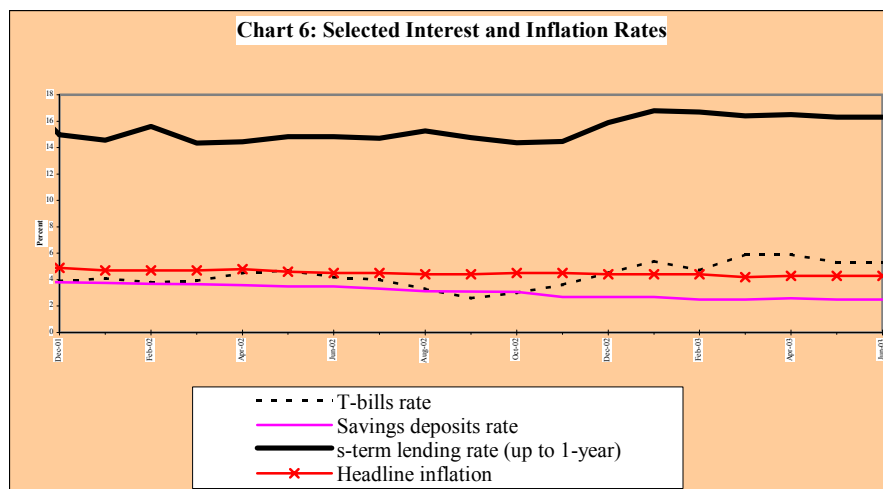
Treasury Bonds

Treasury bonds market during June 2003 was supplied with 2-year, 5-year, 7-year and 10-year maturity bonds. The market continued to experience low demand, where by total bids and actual sales during the month stood at TZS 14.0 billion against the amount offered of TZS 18.5 billion. The sustained low demand for Treasury bonds is largely attributed to the declining presence of institutional investors who have shifted their investment. In line with developments in the bond to other sectors market, the weighted average yield to maturity (WAY) for 2-year, 5-year, 7year and 10-year Treasury bonds rose across all maturities from 6.3 percent, 6.9 percent, 7.1 percent and 8.1 percent in May 2003, to 6.7 percent, 7.6 percent, 7.7 percent and 8.5 percent in June 2003, respectively (**Table 3**).

Interest Rate Developments

During June 2003, developments in interest rates on domestic currency denominated deposits exhibited diverse trends. Unlike the average savings deposit rate, which retained its previous month position of 2.5 percent, the average 1-month and 3-month time deposit rates rose from 2.4 percent and 2.5 percent in May 2003 to 3.9 percent and 2.8 percent in June 2003, respectively. Average interest rates on 6-month and 12-month time deposits fell from 4.2 percent and 6.0 percent to 3.7 percent and 5.1 percent, respectively. The overall time deposit rate fell from 3.6 percent in May 2003 to 3.5 percent in June 2003 ([Table 3](#)).

On the other hand, interest rates on domestic currency denominated credits exhibited a declining trend except for short term lending rates up to 1-year and medium term up to 3-year which rose from 16.3 percent and 12.5 percent in May 2003 to 16.4 percent and 13.4 percent in June 2003, respectively. Commensurate with these developments, the overall lending rate fell from 14.5 percent in May 2003 to 14.1 percent during the reporting month ([Chart 6 & Table 3](#)).



Interest rate structure on foreign currency denominated deposits and lending exhibited mixed trends. The average savings and overall time deposit rates retained their previous month level of 0.9 percent and 1.1 percent, respectively. Interest rates on foreign currency denominated credits rose across all maturities, except for long-term loan of 3-5 year, which declined from 7.0 percent in May 2003 to 6.5 percent in June 2003. In line with foreign lending rates developments, the overall foreign currency denominated lending rate rose from 7.4 percent to 7.5 percent in the same period ([Table 3](#)).

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

| | Jan-03 | Feb-03 | Mar-03 | Apr-03 | May-03 | Jun-03 |
|--|------------|------------|------------|------------|------------|------------|
| Domestic Currency | | | | | | |
| 1 Inter-bank Cash Market Rates | | | | | | |
| Overnight | 6.5 | 4.6 | 5.4 | 6.5 | 5.1 | 4.6 |
| Overall inter-bank cash market rate | 6.5 | 4.5 | 5.4 | 6.5 | 5.3 | 4.8 |
| 2 REPO Rate | | | | | | |
| | 4.4 | 4.4 | 6.5 | 6.5 | 4.6 | 7.0 |
| 3 Treasury Bills Rates | | | | | | |
| 35 days | 4.2 | 3.8 | 5.1 | 5.1 | 5.4 | 5.8 |
| 91 days | 5.4 | 4.6 | 5.8 | 6.0 | 5.4 | 6.1 |
| 182 days | 5.5 | 5.0 | 6.1 | 5.8 | 5.1 | 5.8 |
| 364 days | 5.6 | 5.1 | 6.2 | 6.3 | 5.2 | 5.9 |
| Overall Treasury bills rate | 5.4 | 4.7 | 5.9 | 5.9 | 5.3 | 5.9 |
| 4 Treasury Bonds- | | | | | | |
| 2-years | 4.9 | 5.0 | 5.0 | 5.2 | 6.3 | 6.7 |
| 5-years | 5.6 | 5.9 | 6.1 | 6.6 | 6.9 | 7.6 |
| 7-years | 6.2 | 6.6 | 6.6 | 6.9 | 7.1 | 7.7 |
| 10-years | 7.5 | 7.6 | 7.6 | 7.8 | 8.1 | 8.5 |
| 5 Discount Rate | | | | | | |
| | 10.4 | 9.8 | 10.4 | 11.1 | 10.4 | 10.6 |
| 6 Savings Deposit Rate | | | | | | |
| | 2.7 | 2.5 | 2.5 | 2.5 | 2.5 | 2.5 |
| 7 Time Deposits Rates | | | | | | |
| 1 month | 1.6 | 2.1 | 2.5 | 1.7 | 2.4 | 3.9 |
| 2 months | 4.5 | 5.5 | 4.0 | 4.6 | 4.8 | 4.2 |
| 3 months | 3.8 | 3.0 | 2.5 | 2.9 | 2.5 | 2.8 |
| 6 months | 4.3 | 4.3 | 4.2 | 4.2 | 4.2 | 3.7 |
| 12 months | 5.6 | 5.6 | 5.8 | 6.0 | 6.0 | 5.1 |
| 24 months | 4.5 | 4.5 | 4.4 | 4.2 | 4.1 | 4.1 |
| 8 Lending rates | | | | | | |
| Short-term (up to 1yr) | 16.8 | 16.7 | 16.4 | 16.5 | 16.3 | 16.4 |
| Medium-term (1-2 yrs) | 14.0 | 14.3 | 15.8 | 16.9 | 15.8 | 14.6 |

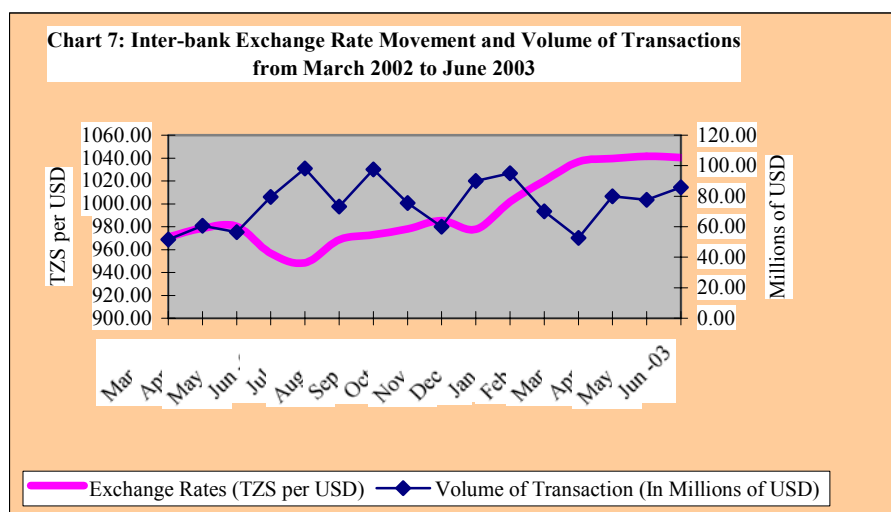
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|--------------------------------|-------------------------|------------|------------|------------|------------|------------|------------|
| | Medium-term (2-3 yrs) | 12.7 | 12.6 | 12.3 | 12.7 | 12.5 | 13.4 |
| | Long-term (3-5 yrs) | 11.1 | 11.3 | 12.1 | 13.9 | 12.1 | 10.9 |
| | Term Loans (over 5 yrs) | 18.9 | 18.1 | 18.5 | 15.8 | 15.7 | 15.2 |
| <u>Foreign Currency</u> | | | | | | | |
| 1 | Deposits Rates | 1.1 | 1.1 | 1.3 | 1.1 | 1.1 | 1.1 |
| | Savings Deposits | 0.8 | 0.9 | 0.9 | 0.9 | 0.9 | 0.9 |
| | Time Deposits | | | | | | |
| | 1-months | 1.0 | 0.9 | 0.9 | 0.8 | 1.0 | 0.9 |
| | 2-months | 1.3 | 1.6 | 2.6 | 1.4 | 1.7 | 1.4 |
| | 3-months | 1.1 | 1.2 | 1.1 | 1.2 | 0.9 | 0.9 |
| | 6-months | 1.5 | 1.3 | 1.2 | 1.2 | 1.5 | 1.7 |
| | 12-months | 1.2 | 1.3 | 1.5 | 1.3 | 1.3 | 1.2 |
| 2 | Lending Rates | 7.5 | 7.4 | 7.2 | 7.8 | 7.4 | 7.5 |
| | Call loans | | | | | | |
| | Short-term (up to 1yr) | 7.7 | 7.5 | 7.6 | 7.6 | 6.3 | 7.0 |
| | Medium-term (1-2 yrs) | 6.2 | 6.1 | 6.0 | 7.5 | 7.9 | 7.9 |
| | Medium-term (2-3 yrs) | 8.8 | 9.2 | 8.2 | 8.6 | 8.4 | 8.7 |
| | Long-term (3-5 yrs) | 7.2 | 7.1 | 6.8 | 7.5 | 7.0 | 6.5 |

Inter-bank Foreign Exchange Market

During June 2003, the total amount of foreign exchange traded at the Inter-bank Foreign Exchange Market (IFEM) increased by 10.3 percent from USD 77.7 million to USD 85.7 million. Commercial banks continued to dominate both the supply and demand sides of the market by supplying USD 72.4 million or 84.5 percent of the amount traded and purchasing USD 82.5 million or 96.2 percent of the total amount traded, bringing a net purchase of USD 10.1 million. Non-bank financial institutions supplied USD 2.9 million or 3.4 percent of total amount traded and purchased USD 3.2 million or 3.8 percent of total amount traded. The Bank of Tanzania supplied USD 10.4 million or 12.1 percent of total amount traded but made no purchases from the market. The substantial involvement of the Bank of Tanzania on the supply side of the market was a result of demand for US dollars in the market.

Exchange Rate

During the month under review, the Tanzanian shilling appreciated marginally by 0.1 percent to TZS 1,040.4 per US dollar from TZS 1,041.5 per US dollar recorded in May 2003.



Bureau De Change Operations

The volume of transactions conducted by Bureau de change system decreased by 16.3 percent from USD 35.5 million recorded during the previous month to USD 29.7 million, mainly due to a fall in both sales and purchases. Sales declined by 14.6 percent to USD 15.2 million in June 2003, while purchases fell by 18.1 percent to USD 14.5 million.

With regard to the bureau rates, the buying rate depreciated slightly by 0.1 percent to TZS 1,037.0 per US dollar during June 2003. Conversely, the selling rate

appreciated slightly by 0.2 percent to TZS 1,053 per US dollar in June 2003, from TZS 1,055.0 per US dollar recorded in the previous month.

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

Table 4: Foreign Exchange Market Developments

| | | | | June | | | July - June | | |
|----------------------------|---------|---------|----------|-------|---------|----------|-------------|---------|----------|
| | May-03 | Jun-03 | % Change | 2002 | 2003 | % Change | 2001/02 | 2002/03 | % Change |
| IFEM | | | | | | | | | |
| 1. Amount offered* | 77.7 | 85.7 | 10.3 | 79.6 | 85.7 | 7.7 | 669.7 | 955.6 | 42.7 |
| 2. Amount sold* | 77.7 | 85.7 | 10.3 | 79.6 | 85.7 | 7.7 | 669.7 | 955.6 | 42.7 |
| 3. Exchange rate** | 1,041.5 | 1,040.4 | -0.1 | 956.8 | 1,040.4 | 8.7 | 932.4 | 998.7 | 7.1 |
| Bureau de Change | | | | | | | | | |
| 1. Sales* | 17.8 | 15.2 | -14.6 | 18.0 | 15.2 | -15.6 | 239.2 | 217.8 | -8.9 |
| 2. Purchases* | 17.7 | 14.5 | -18.1 | 18.9 | 14.5 | -23.3 | 247.8 | 227.2 | -8.3 |
| 3. Volume of Transactions* | 35.5 | 29.7 | -16.3 | 36.9 | 29.7 | -19.5 | 487.0 | 445.0 | -8.6 |
| 4. Buying rate** | 1,036.0 | 1,037.0 | 0.1 | 952.0 | 1,037.0 | 8.9 | 922.7 | 992.6 | 7.6 |
| 5. Selling rate** | 1,055.0 | 1,053.0 | -0.2 | 975.0 | 1,053.0 | 8.0 | 937.4 | 1,011.1 | 7.9 |

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

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

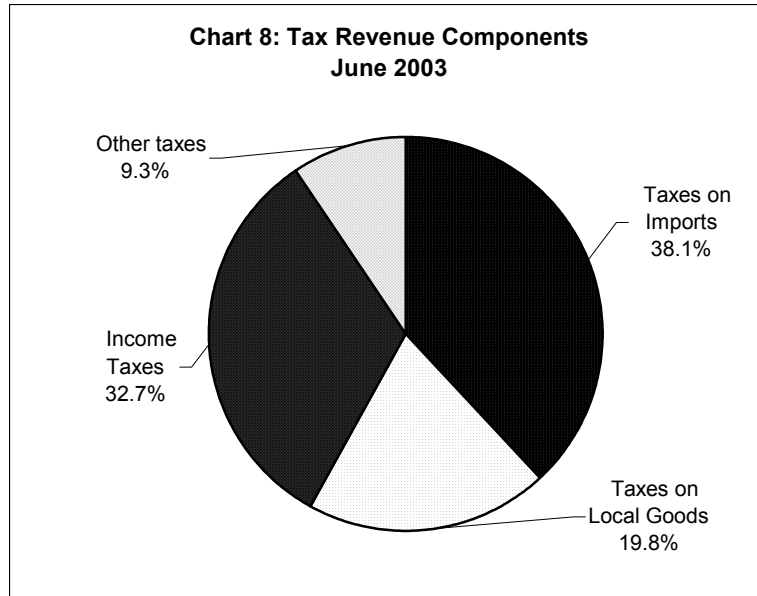
Government Budgetary Developments

During June 2003, Government budgetary performance on cheques issued basis recorded an overall deficit before grants of TZS 156.0 billion. However, the deficit was reduced to TZS 52.1 billion after considering grants amounting to TZS 103.9 billion.

Revenue

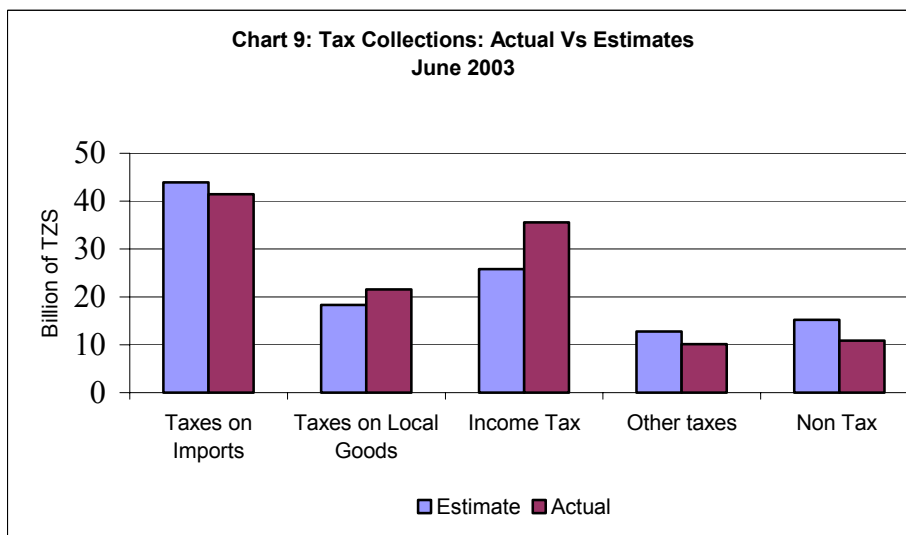
In June 2003, total government revenue collection amounted to TZS 119.5 billion being 3.0 percent above the target of TZS 116.0 billion. Tax revenue amounted to TZS 108.6 billion or 90.9 percent of total revenue collection and also 7.7 percent above the target of TZS 100.8 billion. The good performance was mainly on account of higher than expected receipts from Income tax. Income tax collection reached TZS 35.5 billion being 37.6 percent above the monthly target of TZS 25.8 billion. More specifically was an impressive performance of private companies. Collection from this source amounted to TZS 17.6 billion against the estimated amount of TZS 6.6 billion. Collections from other main tax categories were almost inline with their targets. Collections from Excise duty on imported goods was below the expected level reaching TZS 8.8 billion compared to the targeted level of TZS 11.5 billion. The Tax revenue comprised the following (See chart 8)

- Taxes on imports were TZS 41.4 billion or 38.1 percent of tax revenue, and 5.8 percent below the projected TZS 43.9 billion for the month.
- Taxes on local goods amounted to TZS 21.6 billion or 19.8 percent of tax revenue, and were 17.8 percent above the target of TZS 18.3 billion.
- Income tax collection was TZS 35.5 billion, which was 32.7 percent of tax revenue and was 37.6 percent of the projected TZS 25.8 billion.
- Collections from other taxes were TZS 10.1 billion or 9.3 percent of tax revenue or 20.8 percent below the targeted amount of TZS 12.8 billion.



In addition, other government receipts comprised the following:

- Non-tax revenue, which amounted to TZS 10.9 billion, below the target of TZS 15.2 billion.
- External grants which stood at TZS 103.9 billion, were more than three folds of the projected TZS 32.0 billion, largely on account of unexpected inflows in respect of HIPC, project and program grants that amounted to TZS 12.3 billion, TZS 53.0 billion and TZS 38.6 billion respectively.

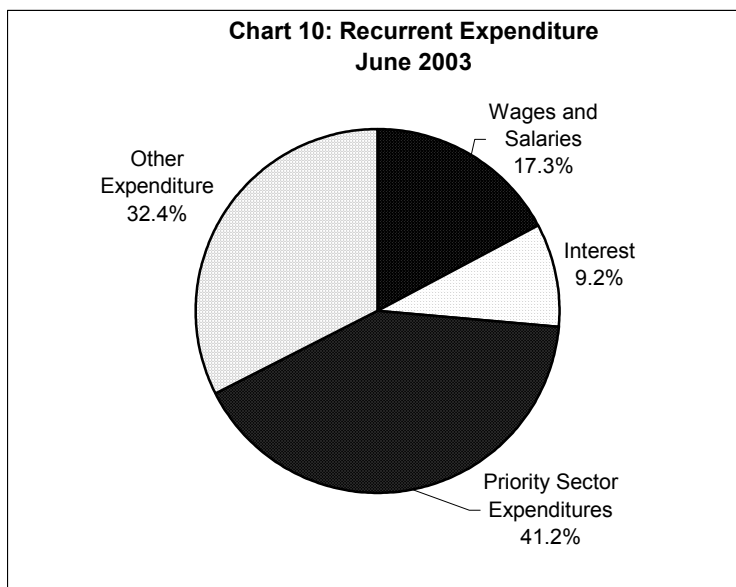


On cumulative basis, during the year 2002/03, revenue collection amounted to TZS 1,217.5 billion compared with TZS 1,172.3 billion projected for the year. Grants amounted to TZS 625.1 billion or 15.3 percent above the expected inflows of TZS 542.3 billion.

Expenditure

During June 2003, total government expenditure (excluding amortization) amounted to TZS 275.5 billion out of which recurrent expenditure was TZS 192.4 billion, 34.0 percent above the planned amount of TZS 143.6 billion for the month. Spending on debt service amounted to TZS 17.6 billion compared to the monthly ceiling of TZS 7.9 billion. Expenditure on goods, services and transfers reached TZS 124.2 billion, being more than double the projected amount of TZS 51.9 billion for the month. Recurrent spending on priority sectors (whose three-months allocation in April 2003 was TZS 59.3 billion) accumulated to TZS 147.6 billion. The higher than planned recurrent spending on priority sectors was due to the full utilization in June of the previous expenditure ceiling allocation overhangs that were caused by delays in submitting demand notes to the Treasury.

As shown in [Chart 10](#), during June 2003, the government spent 17.3 percent of its recurrent expenditure on wages and salaries and 41.2 percent on priority sectors. Debt service (domestic and foreign) accounted for 9.2 percent and the balance was spent on goods and services.



Development expenditure amounted to TZS 83.1 billion. Out of this, counterpart funds amounted to TZS 5.5 billion in line with the set ceiling for the month.

Cumulatively, during July-June 2002/2003, total expenditure amounted to TZS 1,882.8 billion being 89.4 percent of the projected level of TZS 2,106.3 billion.

Financing

The budgetary operations in June 2003, after adjustments to cash, recorded a debit balance of TZS 20.9 billion. Resources from foreign sources amounting to TZS 114.6 billion were used to finance the deficit, while the balance of TZS 93.7 billion was used to reduce domestic obligations.

External Sector Developments

Trade Account

During June 2003, the deficit in the trade account declined by 34.1 percent to a deficit of USD 54.1 million from a deficit of USD 82.1 million recorded in May 2003. The development was attributed to a 13.6 percent fall in imports of goods and services that offset the negative impact of a 1.7 percent decline in total exports of goods and services. However, when compared with the corresponding month in 2002, the trade deficit increased by 9.2 percent largely due to increase in imports that exceeded an increase in total exports. Conversely, during the year ending June 2003, the deficit in the trade account fell by 7.2 percent to USD 706.1 million from USD 761.3 million recorded during the year ending June 2002. This was due to a 16.5 percent increase in total exports of goods and services ([Table 5](#)).

Table 5: Trade Account Balance

| | Value, Millions of USD | | | | | | | | |
|----------------------|------------------------|--------------|--------------|--------------|--------------|-------------|----------------|----------------|-------------|
| | 2003 (p) | | % | June | | % | July - June* | | % |
| | May | June | | 2002 | 2003p | | 2001/02 | 2002/03p | |
| Exports | 139.9 | 137.6 | -1.7 | 114.2 | 137.6 | 20.5 | 1,470.9 | 1,713.0 | 16.5 |
| Goods | 87.2 | 75.8 | -13.1 | 62.3 | 75.8 | 21.7 | 816.0 | 1,006.6 | 23.4 |
| Services | 52.7 | 61.8 | 17.2 | 51.9 | 61.8 | 19.1 | 654.9 | 706.4 | 7.9 |
| Imports | 222.0 | 191.7 | -13.6 | 163.8 | 191.7 | 17.1 | 2,232.1 | 2,419.2 | 8.4 |
| Goods | 153.4 | 127.0 | -17.2 | 108.1 | 127.0 | 17.5 | 1,554.1 | 1,649.6 | 6.1 |
| Services | 68.6 | 64.7 | -5.7 | 55.7 | 64.7 | 16.3 | 678.0 | 769.6 | 13.5 |
| Trade Balance | -82.1 | -54.1 | -34.1 | -49.6 | -54.1 | 9.2 | -761.3 | -706.1 | -7.2 |

Note: * Year ending June, p = Provisional data

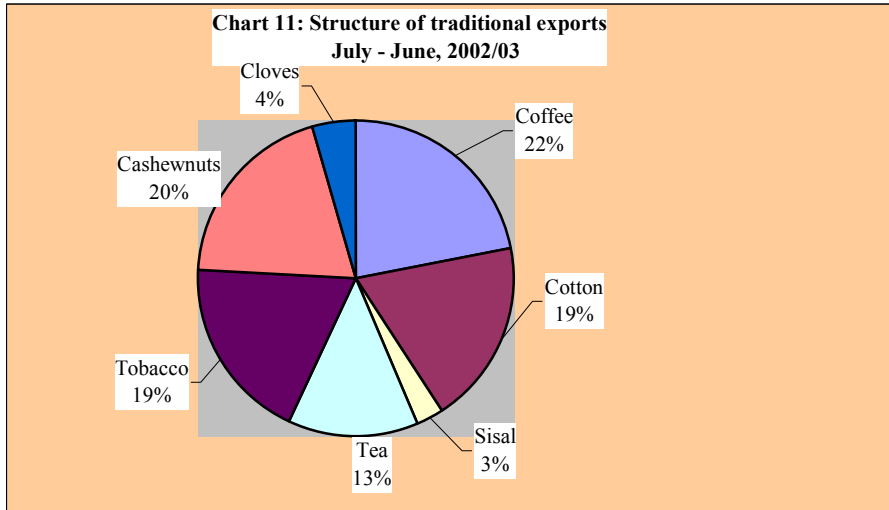
Source: Bank of Tanzania, TRA

Exports

During June 2003, total exports declined by 13.1 percent to USD 75.8 million from USD 87.2 million registered in the previous month, due to a fall in both traditional and non-traditional exports. Traditional exports declined by 54.2 percent to USD 5.6 million because of a fall in export volumes as well as export unit prices. With the exception of tobacco, all other traditional exports recorded decreases in export volumes because of the seasonality associated with the current export off-peak season for most traditional crops. The impact of low export volumes on total exports was worsened by a decline in export unit prices of all traditional crops. In the review month, the export unit prices for coffee, cotton, sisal, tea, tobacco and cashew nuts declined by 7.9 percent, 9.3 percent, 8.3 percent, 1.3 percent, 57.1 percent and 6.3 percent, respectively.

Conversely, when compared with the corresponding month in 2002, traditional exports slightly increased by 3.6 percent from USD 5.4 million to USD 5.6 million in June 2003 largely on account of an improved performance in export volumes of coffee, cotton and sisal.

On annual basis, during the year ending June 2003, traditional exports increased by 15.1 percent from USD 194.4 million during the year ending June 2002 to USD 223.7 million, mainly due to increase in export volumes of coffee, cotton, tea, cashew nuts and cloves following favourable weather conditions in 2001/02. Likewise, there was slight export unit prices recovery for coffee, sisal and cashew nuts by 6.5 percent, 4.7 percent and 2.5 percent, respectively. On the other hand, export unit prices of cotton, tea, tobacco, and cloves recorded declines. The structure of traditional exports for year ending June 2003 is reflected on [Chart 11](#).

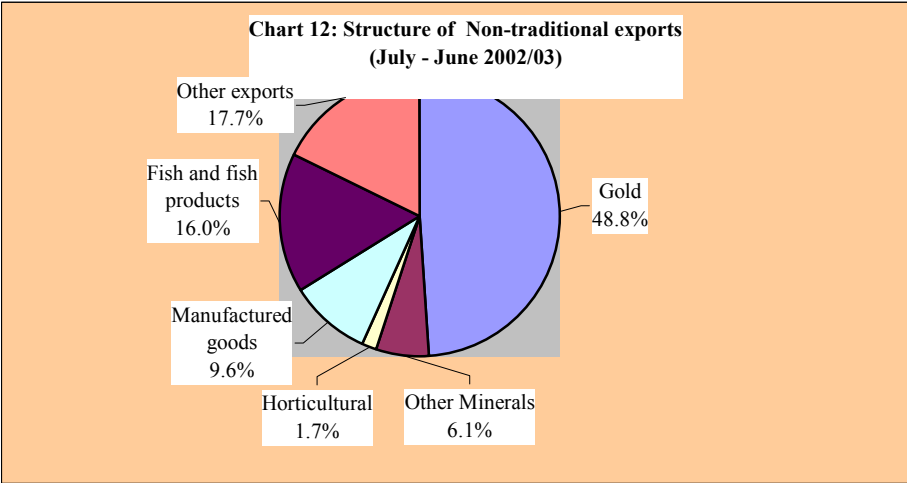


During the month under review, non-traditional exports decreased by 6.4 percent from USD 75.0 million recorded in May 2003 to USD 70.2 million. With the exception of other exports, which increased by 7.5 percent, all other sub-categories of non-traditional exports declined. Minerals, manufactured goods, fish and fish products and horticultural products declined by 1.5 percent, 34.3 percent, 7.5 percent and 25.0 percent respectively.

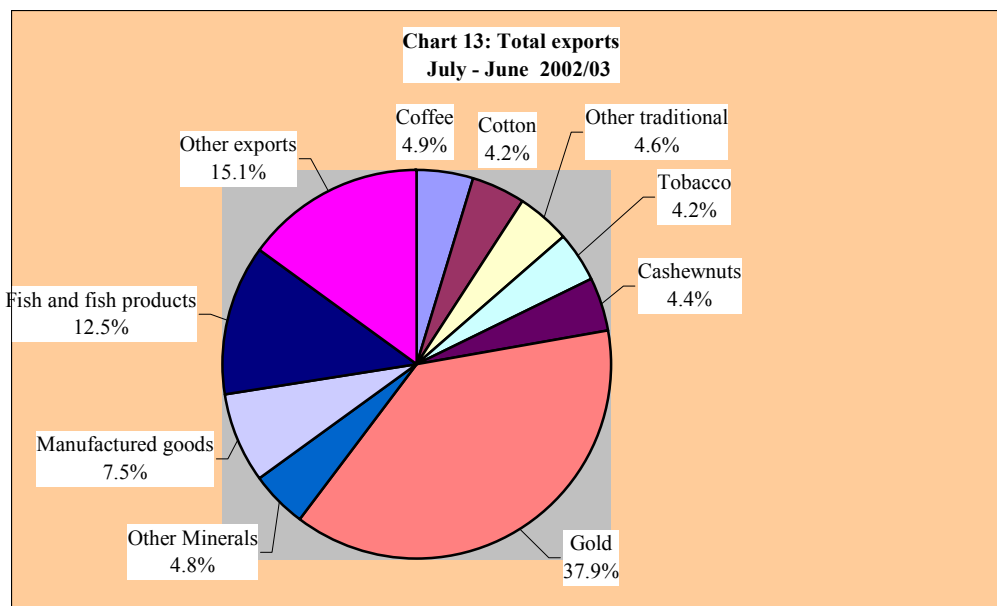
When compared with the corresponding month last year, non-traditional exports increased by 23.4 percent to USD 70.2 million in June 2003 from USD 56.9 million. Mineral exports, particularly gold continued to lead in the non-traditional exports sector.

On annual basis, non-traditional exports increased by 25.9 percent to USD 782.9 million from USD 621.6 million recorded during the year ending June 2002. Exports of minerals, manufactured goods, fish and fish products, horticultural and other exports recorded increases of 23.0 percent, 17.6 percent, 16.0 percent, 17.5 percent and 56.9 percent, respectively, in the review period. The increase in

mineral exports was largely attributable to the increase in gold exports. On the other hand, the increase in other exports was largely due to increase in exports of cereals to neighbouring countries. The structure of non-traditional exports during the review period is shown on [Chart 12](#).

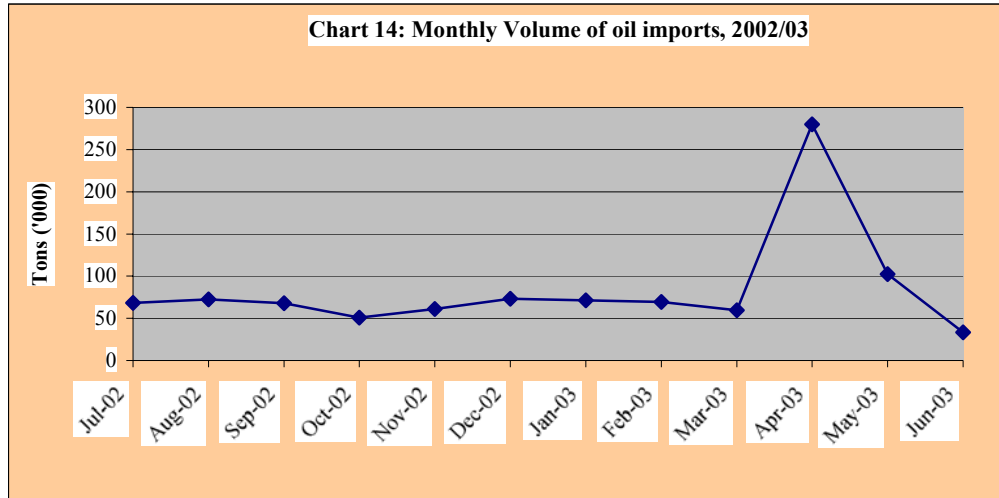


It is worthy noting that despite a moderate recovery in traditional exports during the year ending June 2003, the share of traditional exports to total exports declined from about 24.0 percent in fiscal year 2001/02 to about 22.0 percent in fiscal year 2002/03. The weakening of traditional exports, which started in 1999, is partly due to persistent low producer prices that have led to inability by farmers to purchase fertilizers and pesticides that are vital in improving both quantity and quality of exports. On the other hand, the improved performance of the non-traditional exports continued to change the composition of Tanzanian exports, previously dominated by traditional exports. The chart below summarizes the structure of total exports during the year ending June 2003.



Imports

Total imports (f.o.b.) declined by 17.2 percent from USD 153.4 million to USD 127.0 million in June 2003, mainly due to a fall in imports of Capital and Intermediate goods that declined by 13.5 percent and 38.4 percent, respectively. The decline in imports of capital goods is largely explained by a fall in machinery imports by 23.5 percent from USD 31.9 million to USD 24.4 million. The fall was mainly caused by a decline in imports of earth moving equipment, apparatus for radio and television transmission; and other machinery related with mining activities including machinery for mineral sorting. On the other hand, the decline in Intermediate goods to USD 27.8 million from USD 45.1 million recorded in the previous month was largely caused by decline in oil imports. The development was on account of excess oil imported by the Oil Marketing Companies (OMC) in previous months, following anticipated disruption in oil supplies in the world market that would be caused by the onset of the US led war against Iraq in mid-March 2003. It is worthy to note that the level of oil imports of 279,840.0 tons and 102,400.0 tons for months of April and May 2003 respectively, were among the highest in recent years. The chart below shows the monthly volume of imported oil for the fiscal year 2002/03.



Consumer goods imports, amounted to USD 43.6 million in June 2003, same level recorded the previous month. However, imports of foodstuffs recorded an increase of 37.1 percent from USD 11.6 million to USD 15.9 million, mainly due to a increase in imports of maize and rice. During the review month, a total of 20,789.6 tons of maize and 40,689.5 tons rice were imported. Imports of maize and rice in May 2003, amounted to 6,765.9 tons and 2,561.3 tons, respectively. The increase in imports of maize and rice is largely due to anticipated food deficit in 2003/04, following a below average rainfall recorded last year.

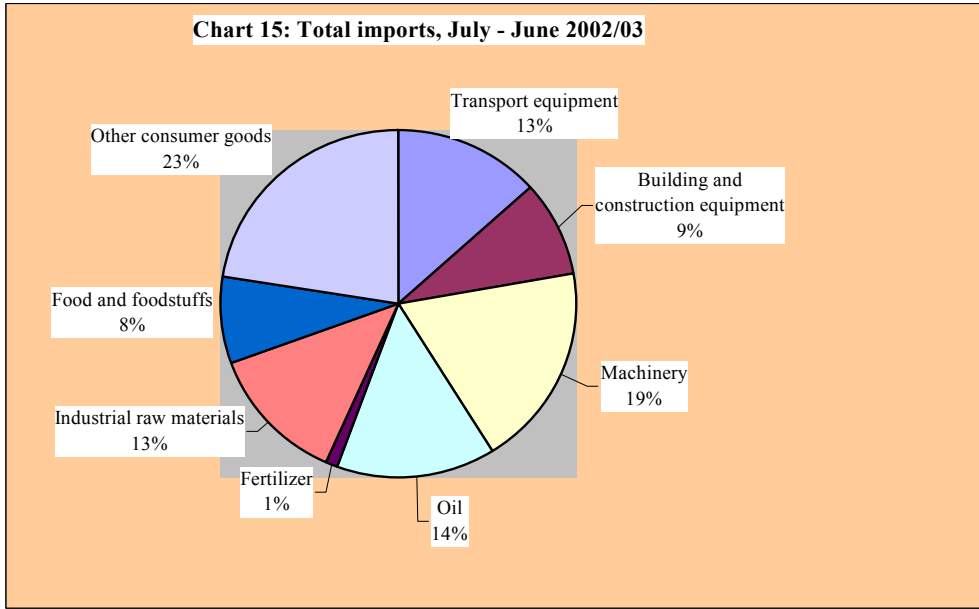
When compared with the corresponding month a year earlier, total imports (f.o.b.) increased by 17.5 percent from USD 108.1 million to USD 127.0 million in June 2003. All categories of imports namely capital, intermediate and consumer goods recorded increases of 20.3 percent, 5.8 percent and 22.5 percent, respectively.

During the year ending June 2003, total imports increased from USD 1,554.1 million to USD 1,649.0 million consistent with the overall growth of the economy. Capital, intermediate, and consumer goods imports increased by 1.1 percent, 13.9

percent and 6.5 percent, respectively. Despite the increase in imports of capital goods, the machinery imports declined by 11.6 percent to USD 312.2 million from USD 353.2 million partly due to completion of construction works by the major mining companies.

Similarly, imports of intermediate goods increased to USD 467.8 million from USD 410.6 million recorded during the year ending June 2002, owing to an increase in oil, fertilizers and industrial raw materials imports. The increase in oil imports is partly explained by rise in oil prices in the world market as well as a surge in volume of imported oil particularly in April and May 2003. During the review period, imports of industrial raw materials increased by 12.9 percent to USD 211.9 million from USD 187.7 million partly due to recovery of the manufacturing sector on account of privatization of state owned industries/companies.

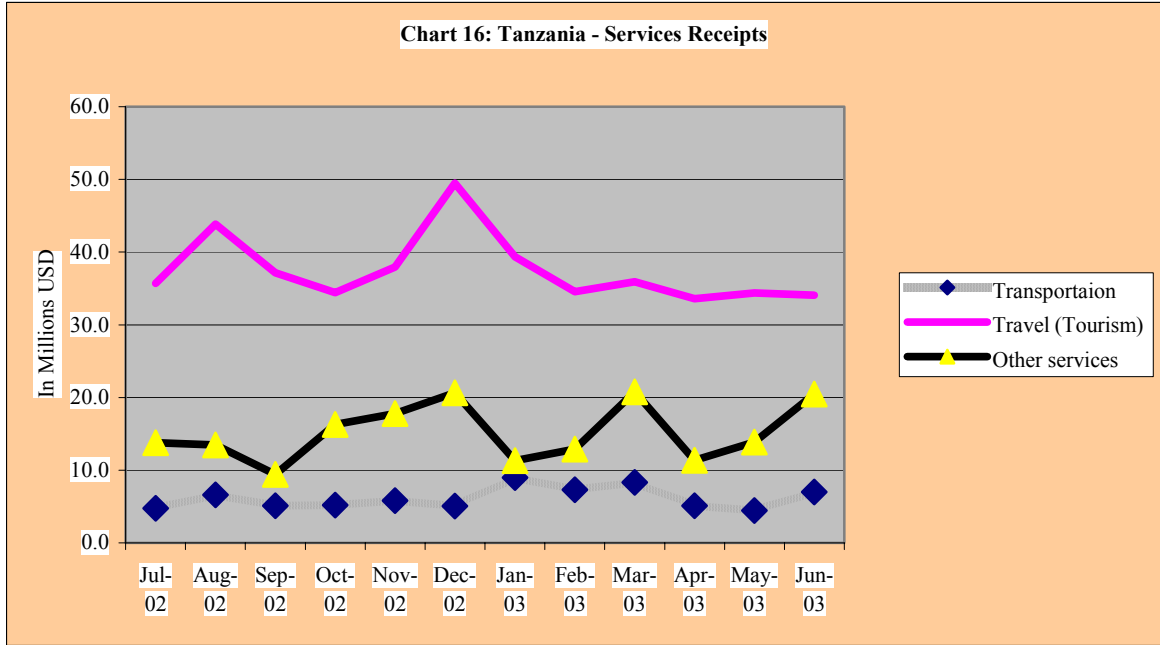
Imports of consumer goods increased to USD 502.3 million from USD 471.8 million recorded in the corresponding period ending June 2002, due to a surge in other consumer goods imports, which include pharmaceuticals products, plastics and articles thereof, textile articles, paper products, rubber and articles thereof, to mention a few. The structure of total imports during the year ending June 2003 is summarized in the chart below.



Services and Income Accounts

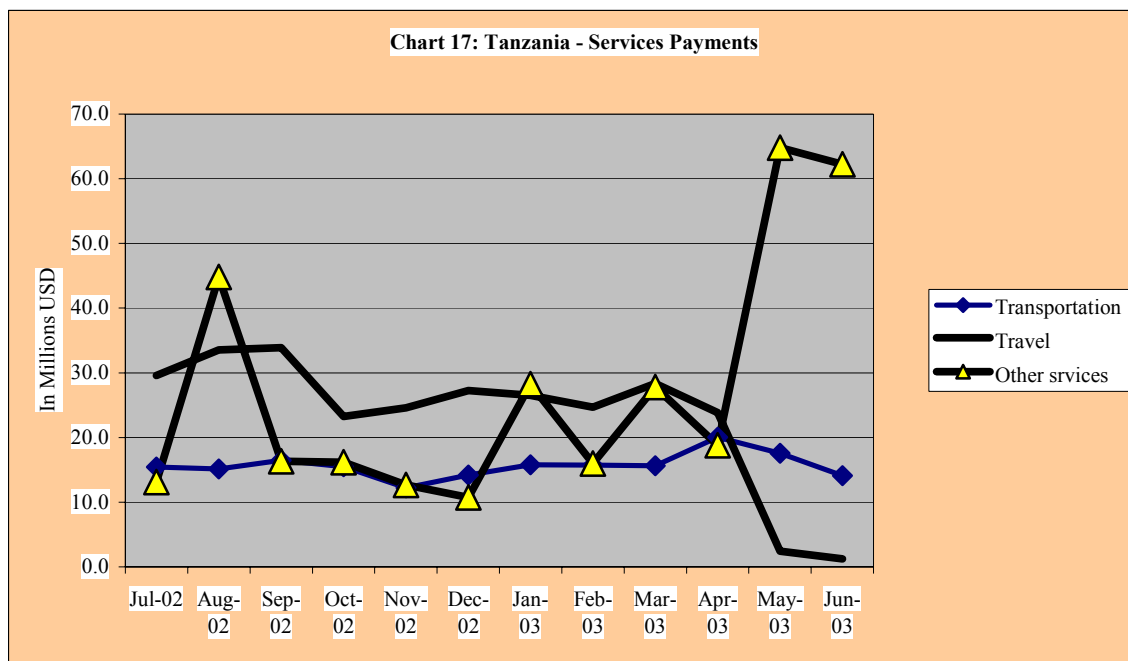
Services Account

During June 2003, the deficit in the services account decreased to USD 2.9 million from USD 15.9 million recorded during the previous month. The decline resulted from increase in services receipts coupled with a decline in services payments. Services receipts increased by 17.2 percent to USD 61.8 million mainly due to increase in transportation and other business services.



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

On the other hand, services payments declined by 5.7 percent to USD 64.7 million mostly on account of a decline in payments for other business services, transportation services and communication services. The decline in transportation services payments was largely on account of a 17.2 percent decrease in freight payments following a fall in imports (f.o.b.) from USD 153.4 million to USD 127.0 million.



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

When compared with the corresponding month a year earlier, the services account improved to a deficit of USD 2.9 million during June 2003, from a deficit of USD 3.8 million. This resulted from a 19.1 percent increase in services receipts that outweighed the impact of a 16.3 percent increase in payments. The increase in services receipts was largely attributed to the increase in other business services.

However, during the year ending June 2003, the deficit in the services account increased to USD 63.1 million from a deficit of USD 23.2 million recorded during the year ending June 2002, following a 13.5 percent rise in services payments that surpassed the impact of 7.9 percent increase in services receipts. The increase in services payments was mainly attributed to a surge in communication services payments from USD 16.8 million to USD 75.4 million, arising from payments made by telecommunications companies to Satellite providers for usage of

bandwidth satellite services. The satellite facilities are used to provide communication services to up-country areas where there are no traditional ground network installations. Increase in payments was also recorded in freight, financial, and government services. On the other hand, the increase in services receipts was mostly due to increase in travel and transportation services. Travel (tourism) receipts rose by 8.0 percent to USD 450.4 million, partly due to continued efforts made by the government and other stakeholders in promoting Tanzania as a tourist destination. There was however, a 16.0 percent decline in government services receipts to USD 52.9 million.

Income Account

During June 2003, the income account deteriorated to a deficit of USD 3.5 million from a surplus of USD 2.0 million recorded in the previous month largely due to the increase in income payments that outweighed the impact of the increase in receipts.

Similarly, when compared with the corresponding month a year earlier, the income account balance deteriorated from a surplus of USD 0.5 million to a deficit of USD 3.5 following increase in income payments from USD 9.5 million to USD 14.4 million.

However, during the year ending June 2003, the income account deficit improved from USD 44.0 million recorded during the year ending June 2002 to USD 35.9 million, the improvement resulted from a 11.4 percent increase in income receipts coupled with a 0.6 percent decline in income payments. Income payments decreased largely on account of a 14.7 percent fall in scheduled interest payments

to USD 73.4 million, attributable to debt relief under the HIPC initiative. The increase in income receipts resulted mostly from a 15.0 percent increase in investment income by the Bank of Tanzania from USD 58.1 million to USD 66.9 million.

World Commodity Prices

During June 2003, world market prices for coffee (Arabica) and (Robusta) declined by 7.5 percent and 9.6 percent to USD 1.4 per kg and USD 0.8 per kg respectively, largely due to the arrival of new Brazilian coffee in the market. Moreover, the anticipated risk of a frost in Brazil also appeared to diminish, hence reducing speculation on destruction of coffee in Brazil.

The price of tea (average of Calcutta, Colombo and Mombasa auctions) increased by 2.1 percent to USD 1.5 per kg in June 2003, from the price level recorded in the previous month. Conversely, the price of tea (Mombasa auction) went down by 1.3 percent to USD 1.5 per kg during the review period, following a mix of a fall in demand and a rise in output.

The price of cloves increased by 7.3 percent to USD 1,716.7 per metric ton in June 2003, from the price level recorded in the month before.

The prices cotton (A-index) and Sisal remained unchanged at USD 1.3 per kg and USD 675.0 per metric ton, respectively during the review period.

The prices of crude oil continued to display an upward trend during the month under review. The prices of crude oil (average of UK Brent, Dubai and West Texas Intl) and (Dubai f.o.b.) went up by 7.1 percent and 5.2 percent to USD 27.9 per barrel and USD 25.5 per barrel, from the price levels recorded in the previous month. Similarly, the price of white petroleum products (f.o.b. West Mediterranean) increased by 11.0 percent to USD 248.1 per ton from USD 223.4 per ton recorded in May 2003. The increase in crude oil prices was mainly attributed to slower than anticipated recovery in oil production in Iraq, coupled with unusual low stock levels in industrialized countries.

The price of gold increased slightly by 0.2 percent to USD 356.4 per troy ounce in June 2003, from USD 355.7 per troy ounce recorded in the previous month, largely due to the weakening of the US dollar against major currencies.

Debt Developments

Overview

The overall total debt stock (external and domestic) as at end June 2003, stood at USD 8,109.7 million. Out of which, external debt was USD 7,268.1 million or 89.6 percent and domestic debt was USD 841.6 million or 10.4 percent. The total National debt stock rose by USD 35.9 million or 0.4 percent from USD 8,073.7 million as at end of May 2003. The increase in national debt stock was attributed to new disbursements and accumulation of arrears.

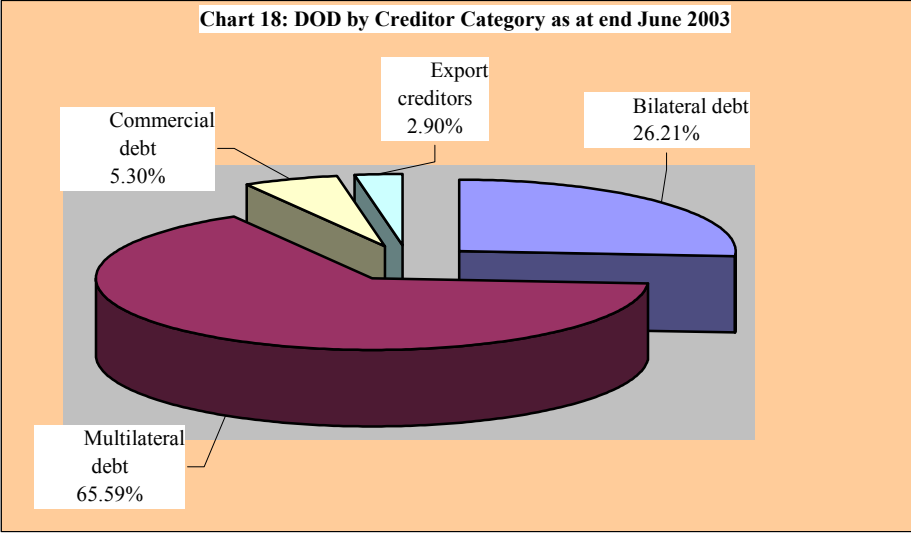
External Debt Position

Total external debt committed as at end-June 2003 was USD 7,606.6 million. The amount decreased by USD 155.9 million or 2.0 percent from USD 7,762.5 million as at May 2003. Out of the total amount committed, disbursed outstanding debt (DOD) was USD 6,233.0 million and committed undisbursed debt (CUB) was USD 1,373.6 million.

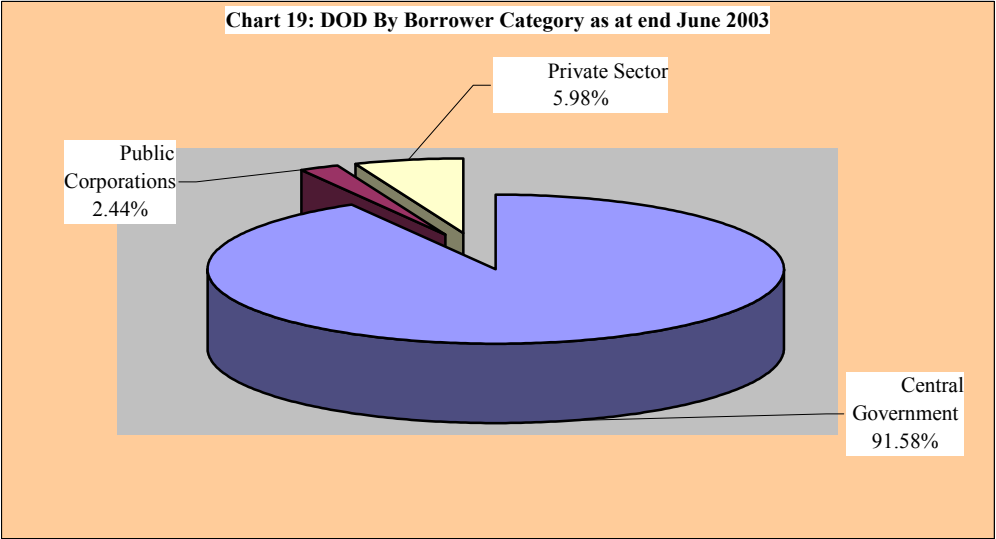
Interest arrears increased by USD 30.2 million or 3.0 percent from USD 1,004.9 million at the end of May 2003 to USD 1,035.1 million as at the end of June 2003. The external debt stock increased by USD 34.7 million or 0.5 percent from USD 7,233.4 million end of May 2003 to USD 7,268.1 million as at end of June 2003.

The Profile of Disbursed Outstanding Debt

The profile of disbursed outstanding debt by creditor category shows that 65.6 percent and 26.2 percent of the total debt is owed to multilateral and bilateral creditors respectively. The proportion of total debt owed to Commercial sources and Export creditors accounted for 5.3 percent and 2.9 percent, respectively.

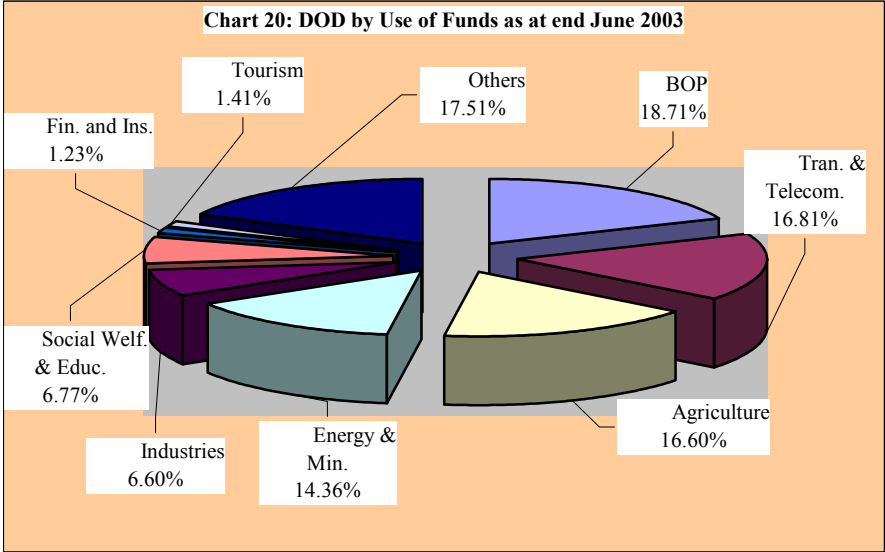


The composition of disbursed outstanding debt by borrower category shows that, the Central Government is the largest borrower accounting for as much as 91.6 percent of the total debt. The proportion of Parastatal and private companies in the total debt was 2.4 percent and 6.0 percent, respectively.



Classification of debt by economic sector indicates that, USD 1,166.0 million or 18.7 percent of the total debt was disbursed in the form of Balance of payments

support, while Transport and telecommunications Sector received USD 1,047.8 million or 16.8 percent. Agriculture, and Energy and mining received USD 1,034.7 million or 16.6 percent and USD 895.0 million or 14.4 percent, respectively. Industries absorbed USD 411.2 million or 6.6 percent of the total debt, while Social welfare and education, Finance and insurance, and Tourism received USD 421.7 million or 6.8 percent, USD 76.9 million or 1.2 percent and USD 88.2 million or 1.4 percent of the debt respectively. The remaining USD 1,091.6 million or 17.5 percent was absorbed by other sectors.



HIPC Debt Relief from Multilateral Creditors

During the month under review, Tanzania received a total of USD 9.6 million as HIPC debt relief from Multilateral Institutions. Out of the total relief, USD 4.5 million and USD 5.1 million came from World Bank and International Monetary Fund, respectively.

Debt Contracted, Debt Service and Disbursements

During the month under review, new loans contracted and recorded amounted to USD 2.4 million. On the other hand, disbursement amounted to USD 77.6 million, while debt service was USD 5.4 million, implying a net inflow of USD 72.2 million.

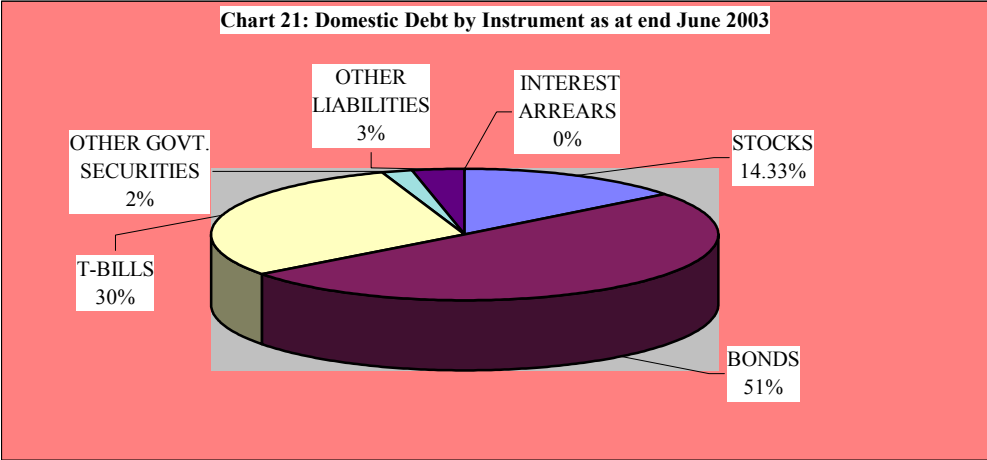
Domestic Public Debt

Total domestic debt stock owed by the Government of United Republic of Tanzania as at the end of June 2003, stood at TZS 881.5 billion. This reflects an increase of TZS 1.5 billion or 0.2 percent when compared to TZS 880.0 billion, registered as at the end of May 2003. Borrowing through Government bonds caused the increase in domestic debt.

Analysis of domestic debt stock by instruments shows that, Government bonds, which constituted 50.4 percent, increased by 1.1 percent, from TZS 439.3 billion recorded as at the end of May 2003 to TZS 444.0 billion as at the end of June 2003.

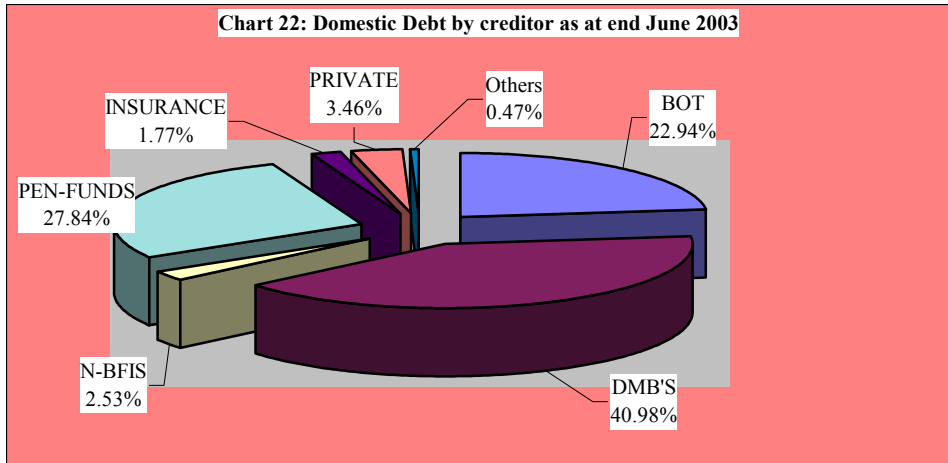
Treasury bills that constituted 30.1 percent of total domestic debt, decreased by 1.2 percent from TZS 268.3 billion as at end May 2003 to TZS 265.1 billion as at the end of June 2003. Government stocks and Tax Reserve Certificates remained unchanged from the level of TZS 126.3 billion and 0.1 registered at the end of May 2003 respectively.

Government securities constituted 94.8 percent of the debt stock, while other government debts and interest arrears constituted 5.2 percent and 0.01 percent, respectively.



Domestic Debt Stock by Creditor Category

Analysis of domestic debt by creditor category reveals that, Commercial Banks were the largest creditors by holding TZS 361.3 billion or 41.0 percent of the debt stock. Pension funds came second by holding securities worth TZS 245.4 billion or 27.8 percent. The Bank held TZS 202.3 billion or 22.9 percent. While Private and Non-bank financial institutions held 3.5 percent and 2.5 percent respectively, the rest of the creditors; insurance companies, other official entities and the Bank special fund held 2.3 percent altogether.



Domestic Debt Service

A total of TZS 51.6 billion fell due for payment during the month of June 2003. Out of the total amount, TZS 43.4 billion was principal which was rolled over, while the remaining balance of TZS 8.2 billion was interest that was paid out of government revenues.

Other Economic Developments

Food Supply Situation

According to the recent food security assessment conducted by Food Security Department in collaboration with other stakeholders, the overall food supply situation started to improve since April 2003, mainly on account of the on-going food crop harvests in some parts of the country and the subsequent inter and intra-regional trade between food surplus and food deficit areas. Nevertheless, only Iringa, Rukwa, Kagera, Mbeya, and Kigoma regions are likely to have food surplus of more than 70,000 tons over their regional requirements, while Kilimanjaro,

Mtwara, Ruvuma, and Tanga regions expect food surpluses of below 50,000 tons each.

Despite the improved food supply, Arusha, Manyara, Lindi, Dodoma, Singida, Tabora, Mwanza, Shinyanga, Mara, Coast, Morogoro and Dar-es-Salaam regions will still experience considerable food shortages. However, arrangements have been made to address the impending food deficits. Already various private traders have been licensed to import food grains amounting to 20,000 tons of maize and 23,700 tons of rice expected to arrive in early August 2003. In addition, the Government has allocated a substantial amount of funds in the 2003/04 budget to cater for hunger and floods emergencies.

Following the already recorded crop failures, coupled with expected poor crop harvests in the identified regions, there has been unexpected price rise in food crops particularly maize in certain markets in the country. As shown in the table below, the national average price for maize in June 2003 was TZS 14,000 per a 100kg bag, increasing to TZS 15,900 per bag of 100kg, with the highest price of TZS 25,000 per bag recorded in Mara region. Maize being the staple food for the majority of Tanzanians, the price increase in maize may also trigger price increases of maize substitutes.

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

| Crop | 5/2003 | 6/2003 | 16/7/2003 | % change (June-July) |
|-------------|---------------|---------------|------------------|-----------------------------|
| Maize | 14,653 | 14,000 | 15,900 | +14.0 |
| Rice | 36,531 | 35,600 | 38,500 | + 8.0 |
| Beans | 39,434 | 41,708 | 40,719 | -2.4 |
| Millet | 15,667 | 17,813 | 18,188 | +2.1 |
| Wheat | 25,000 | 21,800 | 19,125 | -0.1 |

*Average prices for 19 regions

Source: Ministry of Agriculture and Food Security and Ministry of Cooperatives and Marketing.

Strategic Grain Reserve (SGR) and Private Traders Stocks

During June 2003, the Food Security Department released 1,797 tons of maize to the market thus reducing the SGR stocks to 51,060 tons compared with the previous level of 52,857 tons recorded at end-May 2003. However, the Department is planning to purchase about 20,800 tons of maize from food surplus regions to replenish its food security stocks.

In addition to SGR stocks, available statistics indicate that food stocks held by private traders increased from 96,309 tons in May 2003 to 124,611 tons as at end-June 2003, making total stocks to increase from 149,166 tons in May 2003 to 175,596.3 tons as at end-June 2003.

Table 7: Food Security, 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 | | |
| August | 70,352 | 48,998 | 41,795 | | |
| September | 95,000 | 59,047 | 57,500 | | |
| October | 88,474 | 58,000 | 62,700 | | |
| 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

Overall Budgetary Developments

Overall Performance

Zanzibar Government budgetary performance, on cheques issued basis, recorded an overall deficit before grants of TZS 1.5 billion during June 2003 compared with a deficit of TZS 1.0 billion recorded in the previous month of May 2003. After considering grants amounting to TZS 0.8 billion, the budget registered a deficit of TZS 0.7 billion.

Revenue Performance

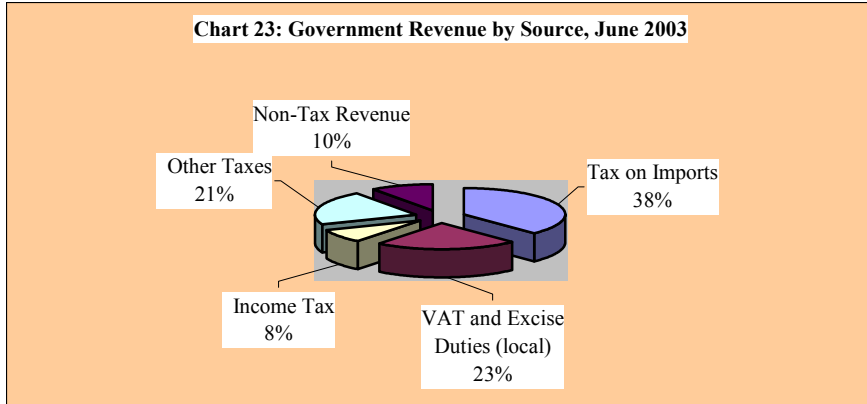
During the period under review, total revenue increased to TZS 3.8 billion from TZS 2.8 billion collected in May 2003. The revenue collections accounted for 68.4 percent of the projected monthly level of TZS 5.5 billion. The relatively higher

revenue collection was mainly attributed to increase in all revenue categories except income tax.

Analysis of revenue by category reveals that, tax revenue increased by 25.3 percent from TZS 2.7 billion to TZS 3.4 billion, accounting for 89.7 percent of total revenue. Tax on imports increased from TZS 1.2 billion to TZS 1.43 billion mainly due to relative increase of imports through the Zanzibar port. VAT and Excise Duties (local) increased from TZS 0.5 billion registered in the previous month to TZS 0.9 billion. Income tax decreased from TZS 0.32 billion to TZS 0.31 billion due to low tax returns. Revenue from “Other taxes” category increased from TZS 0.7 billion to TZS 0.8 billion, mainly due to increase in trade activities during the month under review.

Non-tax revenue increased from TZS 0.1 billion collected in May 2003 to TZS 0.4 billion, and accounted for 10.1 percent of total revenue. The increase was largely due to improved trade and tourist activities as well as enhanced collection measures by Zanzibar Revenue Board (ZRB).

On cumulative basis, total revenue amounted to TZS 45.4 billion accounting for 68.3 percent of the annual projection of TZS 66.5 billion.



Expenditure

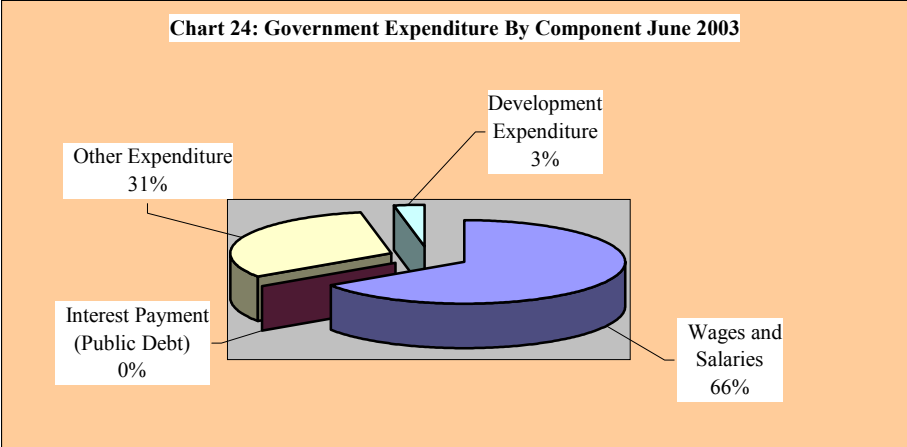
During the period under review, the total Government expenditure increased by 39.4 percent from TZS 3.8 billion in May 2003 to TZS 5.3 billion. The registered expenditure accounted for 64.9 percent of the projected monthly expenditure of TZS 8.18 billion. The increase in Government expenditure was attributed to increase in “other expenditures” category mainly expenditure related to the House of Representatives.

Recurrent expenditure amounted to ZS 5.1 billion, having increased from TZS 3.8 billion spent in May 2003. The expenditure accounted for 100.0 percent of the projected monthly expenditure of TZS 5.1 billion. The expenditure on wages and salaries were maintained at TZS 3.5 billion, the same level as registered in the previous month. Other expenditures increased from TZS 0.3 billion spent in May 2003 to TZS 1.7 billion in the under review period due to increased expenditure to the House of Representatives.

Development expenditure amounted to TZS 0.2 billion, having increased from TZS 0.04 billion in May 2003. The expenditure accounted for a mere 5.4 percent

of the monthly projected amount of TZS 3.0 billion and accounted for only 3.1 percent of total expenditure. The increase in development expenditure was facilitated by higher monthly resource allocation for development projects including roads, water supply and other socio-economic projects.

On cumulative basis, during July-June, 2003 the Government spent TZS 60.1 billion, accounting for 61.3 percent of the annual expenditure target of TZS 98.1 billion. The under expenditure reflected limited resources for expenditure attributed to the cash budget system.



Financing

During the month under review the Government of Zanzibar financed its expenditure using internal resources and grants received from the Union Government amounting to TZS 2.3 billion.

Zanzibar Debt Developments

Overview

During the month ending June 2003, the Zanzibar overall total debt stock stood at TZS 99.8 billion or USD 104.3 million. Out of the total debt, domestic debt amounted to TZS 41.8 billion or USD 43.7 million accounting for 41.9 percent of the total debt, while external debt amounted to USD 55.5 million or TZS 58.0 billion accounting for 58.1 percent of the total debt.

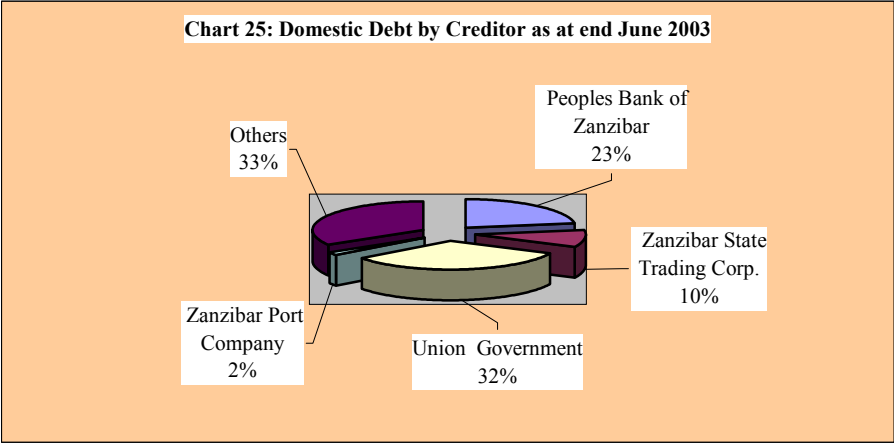
Domestic Debt

During June 2003, domestic debt stood at TZS 41.8 billion, which marked an increase of 5.3 percent compared with TZS 39.7 billion registered at the end of May 2003. The increase in domestic debt was largely attributed to accrued interest in long-term loans and reconciliation of debt data between the Zanzibar Government and the Bank of Tanzania.

Domestic Debt by Creditor

Domestic debt by creditor reveals that as at end-June 2003, the Zanzibar Government indebtedness to the Union Government amounted to TZS 13.6 billion accounting for 32.5 percent of total domestic debt. The People's Bank of Zanzibar claims to the Government amounted to TZS 9.4 billion accounting for 22.5 percent of total domestic debt, having increased by 3.3 percent from TZS 9.1 as at May 2003 debt position. The Zanzibar State Trading Corporation and Zanzibar Port Authority claims amounted to TZS 4.1 billion and TZS 0.7 billion accounting for

9.7 percent and 1.7 percent of total debt respectively. Other creditor claims amounted to TZS 14.0 billion accounting for 33.6 percent of the total domestic debt.



Domestic Debt by Instrument

Domestic debt by instrument, as at end-June 2003, shows that debt by long-term loan instruments amounted to TZS 9.4 billion accounting for 22.5 percent. Debt by government stocks amounted to TZS 4.1 billion or 9.7 percent of total debt, debt by Treasury bills amounted to TZS 4.6 billion accounting for 11.1 percent of the total domestic debt. Short-term borrowing amounted to TZS 0.7 billion or 1.7 percent of total domestic debt. Debt by other debt instruments amounted to TZS 9.4 billion accounting for 22.4 percent of total domestic debt, while borrowing through advances amounted to TZS 13.6 billion accounting for 32.5 percent of total domestic debt.

Domestic debt by maturity

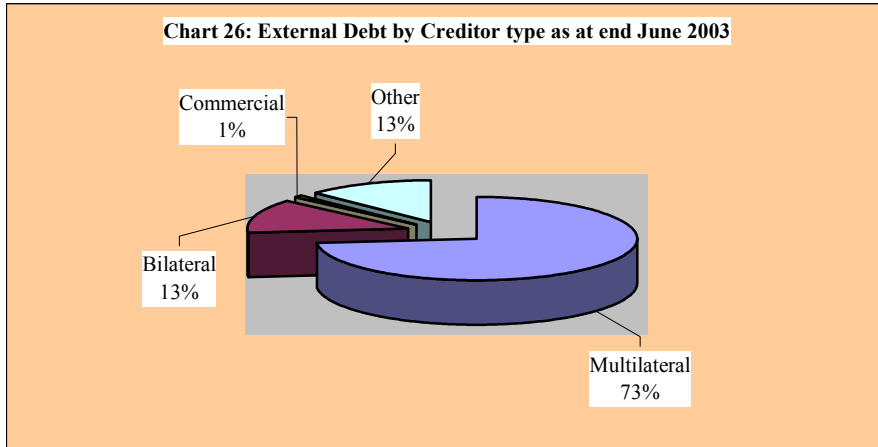
During June 2003 domestic debt by maturity shows that, debt maturing less than a year amounted to TZS 5.3 billion accounting for 12.8 percent of the total domestic debt. Debt maturing between 1-2 years amounted to TZS 4.1 billion accounting for 9.7 percent of total domestic debt. Debt maturing between 2-5 years amounted to TZS 9.4 billion accounting for 22.5 percent of total domestic debt. Debts with undetermined maturity amounted to TZS 23.0 billion or 55.0 percent, while debt in arrears amounted to TZS 3.0 million accounting for 0.01 percent of total domestic debt.

External Debt

The Zanzibar Government external indebtedness as at the end of June 2003 stood at USD 55.5 million or TZS 58.0 billion, which is an increase of 0.2 percent compared to debt recorded in May 2003. A slight increase was attributed to exchange rate differential between the previous month and the period under review.

External Debt by Creditor Category

As at end-June 2003, the external debt portfolio revealed that multilateral debts amounted to USD 40.6 million accounting for 73.2 percent of the total external debt. Bilateral debt amounted to USD 7.4 million accounting for 13.2 percent of the total external debt. Commercial creditors amounted to USD 0.3 million accounting 0.6 percent of total external debt and other creditors claims amounted to USD 7.2 million accounting for 12.9 percent of total external debt.



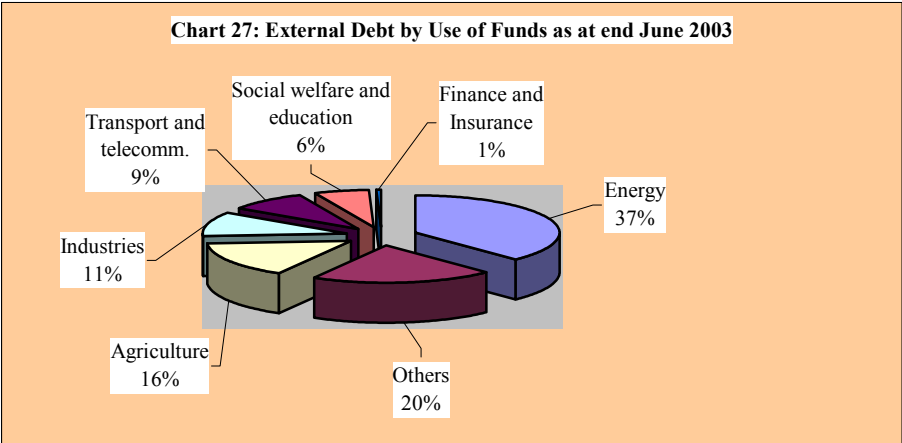
External Debt by Maturity

External debt by maturity analysis shows that as at end June 2003, debt with maturity between 5-10 years amounted to USD 6.7 million accounting for 12.1 percent of total external debt. Debts with maturity between 10-20 years amounted to USD 5.1 million or 9.2 percent of the total external debt. Debt with maturity above 20 years amounted to USD 31.4 million accounting for 56.5 percent of total external debt, while debt in arrears amounted to USD 12.3 million accounting for 22.2 percent of total external debt.

External debt by use of funds

External debt by use of funds analysis as at end June 2003 revealed that, debt amounting to USD 21.0 million or 37.9 percent was for energy sector. Debt amounting to USD 8.7 million or 15.6 percent was outstanding for agriculture sector. Industries sector debt amounted to USD 5.9 million accounting for 10.7 percent. Transport and telecommunication sector debt recorded USD 4.9 million or

8.8 percent. Social welfare and education sector funds amounted to USD 3.4 million or 6.1 percent of total funds. Finance and insurance sector registered USD 0.3 million or 0.6 percent and other sector funds amounted to USD 11.3 percent accounting for 20.3 percent of the total external debt.



Trade Developments

Trade balance

During June 2003, the trade account (goods and services) slightly improved by 3.2 percent as it registered a deficit of USD 3.0 million from a deficit of USD 3.1 million recorded in May 2003. The improvement was attributed to a decrease in imports of goods and services by 15.7 percent to USD 5.5 million from USD 6.6 million recorded in May 2003 which outweighed a decrease in exports of goods and services that dropped to USD 2.6 million from USD 3.5 million recorded during the previous month.

Exports

During the period under review, total exports decreased to USD 0.3 million from USD 1.4 million recorded in May 2003. The decrease was attributed to a drop in traditional exports, which outweighed an increase in non-traditional exports.

Traditional exports decreased significantly from USD 1.4 million recorded during May 2003 down to USD 0.2 million in the review period. There were no clove exports during the month under review as it was an off-season. Exports of seaweeds increased to USD 0.17 million from USD 0.16 million registered in the previous month. Export volume of seaweed increased from 860.0 tons registered in May 2003 to 1,000.0 tons in June 2003 while unit price declined from USD 192.6 per ton down to USD 172.6 per ton during the review period.

Non-traditional exports increased to USD 0.09 million from USD 0.05 million recorded in May 2003. Exports of manufactured goods and fish and fish produce decreased by 47.0 percent and 96.8 percent respectively. Other exports increased from USD 0.03 million in May 2003 to USD 0.1 million during the review period. No exports of horticulture were recorded during the review period.

Imports

During the period under review, overall imports (c.i.f.) decreased to USD 4.6 million from USD 5.6 million registered in May 2003, which was mainly attributed to a decline in imports of capital goods.

Capital goods decreased remarkably from USD 3.2 million to USD 1.2 million on account of a decrease in imports of transport equipments and machinery, which decreased by 28.2 percent and 80.6 percent respectively. Intermediate goods increased to USD 1.3 million from USD 1.0 million, mainly on account of increase in imports of oil and industrial raw materials. Consumer goods increased to USD 2.1 million from USD 1.4 million due to increase in importation of food and foodstuffs and other consumer goods resulting mainly from rising consumption of this import category which is associated with a recent surging of tourist inflow in the Isles attributed to tourism being at peak season.

Combined Services and Income account

During the period under review, the combined income and services account surplus improved significantly to record a higher surplus of USD 0.9 million from a surplus of USD 0.6 million recorded during May 2003. The improvement was attributed to an increase in foreign receipts from USD 2.1 million recorded during May 2003 to USD 2.3 million coupled with a decrease in foreign payments from USD 1.5 million to USD 1.4 million during the review period.

Service account

The non-factor services account recorded an increase of 50.0 percent by recording a surplus of USD 0.9 million from USD 0.6 million recorded during the previous month.

Income account

During the month under review, income account continued to maintain a nil balance, mainly attributed to non-availability of data on this account.

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 monitors the effectiveness of Monetary Policy on Inflation since price movements in these items are caused largely by Monetary Policy factors.

Seasonally Adjusted Indicators

To enhance the vigilance of monetary policy, it is necessary to carry out seasonal adjustment, so that variations on a time series caused by seasonal factors are eliminated. 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, thus showing more closely the impact of Monetary Policy.

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

The Central Bank's liabilities in the form of (1) Currency in Circulation Outside Bank of Tanzania, and (2) Banks' Reserves (deposit money banks' domestic cash in vaults plus their required and free deposits with the Central Bank) is 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

It consists of Currency in Circulation Outside Banks and demand deposits.

Broad Money, M2

It is equivalent to Narrow Money (M1) plus time deposits plus savings deposits.

Extended Broad Money, M3

It 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 Central Bank charges on loans it extends to commercial banks. At present, it is also the interest rate charged on government overdraft from the Bank of Tanzania. It is derived from the weighted average yield of treasury bills of all maturities plus five-percentage points.

International Reserves, or Reserve Assets

They consist of those external assets that are readily available to and controlled by Central Banks 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, 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 Central Bank to achieve Money Supply Growth Targets, through monitoring Reserve Money, which is the Operational Variable.

Reserve Requirement

These are balances which 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, as balances on current accounts with the Central Bank.

Repurchase Agreement (Repo)

These are agreements to purchase/sale by the Bank 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 Bank at the end of the period. The Bank 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-, 182-, 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

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 | 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 f.c (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) | USD | 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 | 230.5 | |
| 4.2 Percentage Change | Per cent | 28.4 | 21.0 | 16.1 | 12.8 | 7.9 | 5.9 | 5.1 | 4.6 | |
| 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 | |
| 5.2 Imports (f.o.b) | Mill. USD | 1,340.5 | 1,212.6 | 1,148.0 | 1,382.1 | 1,415.4 | 1,367.6 | 1,560.3 | 1,511.3 | |
| 5.3 Balance of Visible Trade | Mill. USD | (657.6) | (448.9) | (395.4) | (793.6) | (872.1) | (704.3) | (783.9) | (608.8) | |
| 5.4 Balance on Current Account | Mill. USD | (646.4) | (461.3) | (403.6) | (921.3) | (860.1) | (498.6) | (480.0) | (251.1) | |
| 5.5 Overall Balance | Mill. USD | (329.5) | (146.9) | (220.0) | (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 | |
| 5.6.2 End of Period | TZS/USD | 550.4 | 595.6 | 624.6 | 681.0 | 797.3 | 803.3 | 916.3 | 976.3 | |
| 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 | 1,558,784.9 |
| 6.1 Percentage Change | Per cent | 26.1 | 11.6 | 11.0 | 11.1 | 15.0 | 12.5 | 12.8 | 22.2 | 16.9 |
| 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 | 473,703.5 |
| 6.3 Demand Deposits | Mill. TZS | 183,971.4 | 191,550.5 | 205,991.7 | 237,718.3 | 247,723.2 | 302,602.3 | 354,381.0 | 463,340.9 | 507,444.2 |
| 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 | 1,224,746.3 |
| 7. Public Finance | | 1995/96 | 1996/97 | 1997/98 | 1998/99 | 1999/00 | 2000/01 | 2001/02 | 2002/03*** | |
| 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 | |
| 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 | |
| 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 | |
| 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) | |
| 7.5 Financing: | | | | | | | | | | |
| 7.5.1 Domestic Resources (net) | 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) | |
| 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 | |
| 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 | |
| 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 | |
| Interest | Mill. USD | 1,086.3 | 1,130.8 | 978.2 | 948.8 | 1,089.4 | 1,086.5 | 904.3 | 1,035.1 | |

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

*** cumulative for July 2002 - June 2003

**** Debt position is given on financial year basis (end of period); for 2002/03, it is at end-June

Source: BoT, BoS (Economic Survey, National Accounts)

Table A2: Central Government Operations (Actual)

Millions of TZS

| Item | BUDGET | | | | | | | | | | | | | | |
|---|--------------------|--------------------|--------------------|------------------|------------------|-------------------|-------------------|-------------------|-------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| | 2000/2001 | 2001/2002 | 2002/2003 | Jul-02 | Jul-Aug-02 | Jul-Sep-02 | Jul-Oct-02 | Jul-Nov-02 | Jul-Dec-02 | Jul-Jan-03 | Jul-Feb 03 | Jul-Mar- 03 | Jul-April- 03 | Jul-May- 03 | Jul-June- 03 |
| Total Revenue | 929,624.0 | 1,042,955.1 | 1,172,296.9 | 88,970.3 | 179,795.3 | 286,902.6 | 379,922.9 | 479,328.6 | 594,844.4 | 689,811.8 | 780,651.2 | 901,854.0 | 1,000,244.9 | 1,098,035.6 | 1,217,517.0 |
| Tax Revenue | 827,788.4 | 939,266.8 | 1,066,899.0 | 82,622.6 | 164,963.1 | 263,357.4 | 350,368.8 | 449,774.5 | 556,176.9 | 643,833.8 | 727,667.9 | 831,609.5 | 920,862.0 | 1,008,255.3 | 1,116,863.5 |
| Taxes on Imports | 363,540.6 | 402,159.1 | 474,647.0 | 36,258.9 | 71,669.0 | 107,480.3 | 146,510.2 | 184,827.2 | 223,397.1 | 262,572.8 | 298,778.9 | 339,219.0 | 376,617.5 | 417,193.3 | 458,593.6 |
| Sales/VAT and Excise on Local Goods | 188,838.6 | 216,066.8 | 233,019.0 | 20,161.6 | 41,058.6 | 64,347.3 | 85,065.5 | 108,993.1 | 132,138.5 | 153,790.2 | 175,091.3 | 196,645.9 | 217,410.7 | 238,195.6 | 259,747.2 |
| Refunds | 4,195.4 | 32,552.4 | | 2,749.4 | 5,498.8 | 8,559.5 | 11,620.2 | 14,680.9 | 17,741.6 | 20,802.3 | 23,863.0 | 26,923.7 | 29,984.4 | 33,045.1 | 36,105.8 |
| Income Taxes | 194,012.9 | 220,630.8 | 240,920.1 | 17,327.0 | 35,015.5 | 65,132.3 | 82,634.2 | 99,394.0 | 133,962.7 | 151,362.7 | 169,298.4 | 201,561.6 | 223,559.3 | 240,508.3 | 276,049.7 |
| Other taxes | 81,396.3 | 100,410.1 | 118,312.9 | 8,875.1 | 17,220.0 | 26,397.5 | 36,158.9 | 45,750.7 | 55,869.1 | 65,298.6 | 73,689.8 | 83,373.5 | 92,465.0 | 101,548.6 | 111,663.5 |
| Non- tax Revenue | 101,835.6 | 103,688.3 | 105,397.9 | 6,347.7 | 14,832.2 | 23,545.2 | 29,554.1 | 40,363.6 | 49,477.0 | 56,787.5 | 63,792.8 | 81,054.0 | 90,192.4 | 100,589.9 | 111,463.1 |
| Total Expenditure | 1,305,035.3 | 1,466,136.9 | 2,106,289.8 | 83,600.0 | 198,514.0 | 414,168.4 | 548,046.8 | 653,201.9 | 887,150.1 | 1,031,950.8 | 1,127,226.8 | 1,347,621.0 | 1,479,529.4 | 1,607,335.7 | 1,882,816.9 |
| Recurrent expenditure 1/ | 1,018,782.1 | 1,121,526.0 | 1,386,162.7 | 79,153.3 | 190,567.3 | 300,400.9 | 424,362.6 | 522,254.3 | 620,275.8 | 759,076.6 | 848,352.6 | 981,487.0 | 1,099,795.4 | 1,217,220.7 | 1,409,628.3 |
| Roadtoll fund | 45,285.9 | 54,110.9 | 67,275.9 | 5,562.1 | 10,341.5 | 15,811.7 | 19,807.3 | 24,685.8 | 30,381.1 | 36,217.1 | 41,352.4 | 46,434.9 | 52,388.4 | 56,290.6 | 62,874.3 |
| Retention fund | 25,711.3 | 25,142.8 | 50,516.6 | 2,949.9 | 5,322.9 | 10,513.3 | 14,947.3 | 18,803.3 | 23,881.3 | 27,141.6 | 32,234.4 | 35,502.8 | 38,158.8 | 42,169.7 | 47,949.7 |
| Wages and salaries | 308,051.5 | 341,981.4 | 411,490.0 | 32,300.8 | 65,822.5 | 98,721.6 | 132,257.6 | 165,760.1 | 199,706.0 | 233,724.6 | 266,892.8 | 299,277.8 | 331,747.8 | 364,549.7 | 397,770.0 |
| Interest payments | 128,149.7 | 121,081.7 | 131,601.1 | 3,857.4 | 9,897.9 | 20,570.2 | 26,282.9 | 31,510.2 | 34,049.4 | 49,704.1 | 55,865.0 | 70,725.7 | 78,092.7 | 81,625.2 | 99,253.2 |
| Domestic 2/ | 77,788.4 | 64,605.2 | 57,390.2 | 913.0 | 4,532.3 | 12,582.0 | 15,102.5 | 16,311.1 | 16,311.1 | 28,998.5 | 31,644.6 | 41,558.2 | 43,818.5 | 44,668.8 | 57,009.3 |
| Foreign | 50,361.3 | 56,476.0 | 74,210.9 | 2,944.4 | 5,365.6 | 7,988.2 | 11,180.4 | 15,199.2 | 17,738.3 | 20,705.6 | 24,220.4 | 29,167.5 | 34,274.2 | 36,956.4 | 42,243.9 |
| Other goods, services and transfers | 582,580.9 | 658,462.0 | 843,071.6 | 42,995.0 | 114,846.9 | 181,109.1 | 265,822.0 | 324,983.9 | 386,520.4 | 475,647.9 | 525,594.7 | 611,483.4 | 689,954.9 | 771,045.8 | 912,605.0 |
| Dev. Expenditure and net lending | 286,253.2 | 344,610.9 | 720,127.1 | 4,446.7 | 7,946.7 | 113,767.5 | 123,684.2 | 130,947.7 | 266,874.3 | 272,874.2 | 278,874.2 | 366,134.0 | 379,734.0 | 390,115.0 | 473,188.6 |
| Local | 35,069.1 | 50,235.9 | 95,662.0 | 3,970.8 | 7,470.8 | 10,970.8 | 20,470.8 | 27,208.8 | 34,180.8 | 40,180.7 | 46,180.7 | 66,180.7 | 79,780.7 | 90,161.7 | 95,661.7 |
| Foreign | 251,184.1 | 294,375.0 | 624,465.1 | 475.9 | 475.9 | 102,796.6 | 103,213.4 | 103,738.8 | 232,693.5 | 232,693.5 | 232,693.5 | 299,953.3 | 299,953.3 | 299,953.3 | 377,526.9 |
| Overall Defic.(cheq. issued) before Grants | -375,411.3 | -423,181.8 | -933,992.9 | 5,370.3 | -18,718.7 | -127,265.8 | -168,123.9 | -173,873.3 | -292,305.7 | -342,139.0 | -346,575.6 | -445,767.0 | -479,284.5 | -509,300.0 | -665,299.8 |
| Grants | 286,306.0 | 379,849.4 | 542,298.2 | 4,171.2 | 31,027.5 | 113,367.1 | 182,348.1 | 203,415.4 | 350,530.7 | 372,132.0 | 375,559.2 | 448,468.1 | 456,464.3 | 521,256.4 | 625,141.9 |
| Program (CIS/OGL) | 114,018.9 | 183,000.2 | 178,270.4 | 18.6 | 24,514.1 | 34,434.9 | 99,502.1 | 111,942.5 | 154,882.6 | 171,456.9 | 172,395.9 | 200,759.6 | 204,974.1 | 257,130.0 | 295,736.9 |
| Project | 123,629.8 | 140,192.0 | 283,903.7 | 475.9 | 475.9 | 67,142.3 | 67,559.0 | 68,084.5 | 164,230.6 | 164,230.6 | 164,230.6 | 202,490.5 | 202,490.5 | 202,490.5 | 255,516.2 |
| MDF funds | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| HIPC Relief | 48,657.3 | 56,657.2 | 80,124.1 | 3,676.7 | 6,037.5 | 11,789.9 | 15,287.0 | 23,388.4 | 31,417.6 | 36,444.5 | 38,932.8 | 45,218.0 | 48,999.6 | 61,635.9 | 73,888.9 |
| Overall defic.(cheq.issued) after Grants | -89,105.3 | -43,332.4 | -391,694.7 | 9,541.5 | 12,308.7 | -13,898.7 | 14,224.2 | 29,542.1 | 58,225.0 | 29,993.0 | 28,983.6 | 2,701.2 | -22,820.2 | 11,956.4 | -40,157.9 |
| Expenditure float | | | | -67,191.0 | -72,940.1 | -74,353.1 | -75,975.5 | -77,446.5 | -79,299.7 | -79,391.3 | -79,390.6 | -79,390.6 | -79,390.6 | -79,390.6 | -79,389.1 |
| Adjustments to cash and other items (net) | -25,447.4 | 3,203.8 | 0 | 14,438.6 | -521.9 | -32,060.9 | -27,183.8 | -33,740.1 | -17,646.1 | -41,185.5 | -78,596.6 | -35,702.5 | -15,602.7 | -47,899.2 | -16,662.9 |
| Overall Balance (cheques cleared) | -114,552.7 | -40,128.6 | -391,694.9 | -43,210.9 | -61,153.3 | -120,312.7 | -88,935.1 | -81,644.5 | -38,720.8 | -90,583.9 | -129,003.7 | -112,392.0 | -117,813.5 | -115,333.4 | -136,210.0 |
| Financing: | 114,552.7 | 40,128.6 | 391,694.9 | 43,210.9 | 61,153.3 | 120,312.7 | 88,935.1 | 81,644.5 | 38,720.8 | 90,583.9 | 129,003.7 | 112,392.0 | 117,813.5 | 115,333.4 | 136,210.0 |
| Foreign Financing (net) | 90,354.2 | 121,842.5 | 348,440.9 | -6,023.9 | -8,372.5 | 21,440.4 | 13,762.0 | 4,333.2 | 32,525.1 | 68,137.2 | 62,534.1 | 84,271.0 | 62,352.0 | 58,172.7 | 172,723.9 |
| Loans | 172,880.4 | 187,355.5 | 451,362.7 | 37.0 | 2,360.0 | 38,014.3 | 38,014.3 | 38,014.3 | 70,822.9 | 112,253.1 | 112,253.1 | 145,857.1 | 145,857.1 | 145,857.1 | 273,341.8 |
| Program loans | 45,326.1 | 33,171.2 | 110,801.3 | 37.0 | 2,360.0 | 2,360.0 | 2,360.0 | 2,360.0 | 2,360.0 | 43,790.1 | 43,790.1 | 48,394.3 | 48,394.3 | 48,394.3 | 151,331.0 |
| Development Project loans | 127,554.3 | 154,184.3 | 340,561.4 | 0.0 | 0.0 | 35,654.3 | 35,654.3 | 35,654.3 | 68,462.9 | 68,462.9 | 68,462.9 | 97,462.8 | 97,462.8 | 97,462.8 | 122,010.8 |
| Amortization | -82,526.2 | -65,513.0 | -102,921.8 | -6,060.9 | -10,732.5 | -16,573.9 | -24,252.4 | -33,681.1 | -38,297.9 | -44,115.8 | -49,719.0 | -61,586.0 | -83,505.1 | -87,684.3 | -100,617.9 |
| Domestic (net) | -2,494.4 | -22,606.6 | 43,254.0 | 49,234.8 | 69,525.8 | 98,872.3 | 75,173.2 | 77,311.3 | 6,195.8 | 22,446.6 | 66,469.6 | 28,120.9 | 55,461.5 | 57,160.7 | -36,513.9 |
| Domestic Financing | | | 30,254.0 | 49,485.7 | 69,776.7 | 99,123.2 | 75,424.1 | 77,562.2 | 6,446.7 | 22,697.5 | 66,720.5 | 28,371.8 | 55,712.4 | 57,411.6 | -36,263.0 |
| Bank borrowing | -18,654.8 | -59,180.9 | 21,254.0 | 59,100.6 | 116,505.9 | 128,189.0 | 87,896.8 | 131,148.9 | 65,101.4 | 68,259.1 | 117,608.8 | 83,437.0 | 105,111.4 | 104,011.3 | -5,557.9 |
| Non-Bank (net of amortization) | 16,160.4 | 36,574.3 | 9,000.0 | -9,615.0 | -46,729.1 | -29,065.7 | -12,472.7 | -53,586.7 | -58,654.7 | -45,561.5 | -50,888.3 | -55,065.1 | -49,399.0 | -46,599.7 | -30,705.1 |
| Amortization of contingent debt | -256,372.9 | -1,614.0 | -10,000.0 | -250.9 | -250.9 | -250.9 | -250.9 | -250.9 | -250.9 | -250.9 | -250.9 | -250.9 | -250.9 | -250.9 | -250.9 |
| Privatization Proceeds | 26,692.9 | 0.0 | 18,000.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Recovery from NBC bond | | | 5,000.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 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

Table A3: Monetary Survey

| | | | | | | | | | | | | | | Millions of TZS | |
|---------------|-----------------------|----------------------|----------------------------|----------------------------------|-------------|----------------------|-------------|--------------|---------------------------------------|-----------------|---------------|------------------|---------------------------|------------------|--------------------|
| End of Period | Domestic assets (net) | | | | M3, | Extended Broad Money | | | | | | | Memorandum | | |
| | Domestic credit (net) | | | | | M2, | Broad Money | | | | | item: | | | |
| | | | | Claims on other domestic sectors | Other items | | M1, | Narrow Money | | | | | M0 Base Money | | |
| | | Foreign assets (net) | Claims on government (net) | (net) | (net) | sum (9-13) | 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 | 15 | |
| 1993 | 29,594.4 | 184,089.3 | 245,784.1 | (38,832.2) | 420,635.6 | 367,094.8 | 247,091.1 | 122,166.7 | 124,924.4 | 69,607.5 | 50,396.2 | 53,540.8 | 274,487.5 | 152,320.8 | |
| 1994 | 115,765.7 | 181,055.6 | 280,158.6 | 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 | |
| June | 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 | |

Table A4: Tanzania's Balance of Payments

| Millions of USD | | | | | | |
|---|----------------|------------------|------------------|----------------|----------------|----------------|
| Item | 1997 | 1998 | 1999 | 2000p | 2001p | 2002p |
| A. Current Account Balance | (403.4) | (905.4) | (829.5) | (498.6) | (480.0) | (251.1) |
| Goods (f.o.b.) | (395.4) | (793.6) | (872.1) | (704.3) | (783.9) | (608.7) |
| 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 |
| Nontraditional | 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) |
| Services | (317.9) | (434.1) | (194.8) | (55.1) | (10.3) | (46.7) |
| 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 Goods and Services | (713.3) | (1,227.7) | (1,066.9) | (759.3) | (794.2) | (655.5) |
| Income | (121.8) | (105.0) | (99.3) | (130.1) | (85.2) | (16.3) |
| 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 |
| Capital transfers: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 Account, 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