



Bank of Tanzania

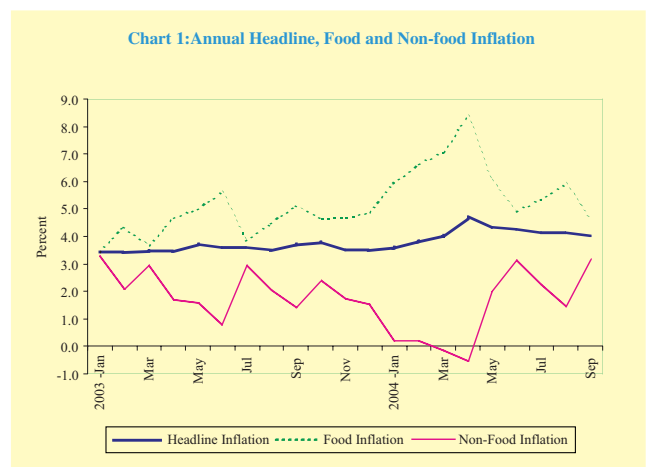
Monthly Economic Review

October 2004

Tanzania Adopts New Consumer Price Index

Overall Inflation Maintains its Downward Trend

Based on the new consumer price index, annual headline inflation reached the highest level of 4.7 percent in April 2004, with annual food inflation peaking at 8.4 percent. However, favourable food crop production, helped to contain inflationary pressures since then. Headline inflation eased to 4.0 percent in the year to September 2004, when food inflation slowed to 4.6 percent. The influence of changes in the prices of petroleum products, power and water, contributed to a sharp increase in the non-food inflation to 3.2 percent in the year ending September 2004, from its lowest level of -0.5 percent recorded in April 2004 (Table 1). Given the monetary policy stance of the Bank of Tanzania coupled with recovery in domestic production, the overall inflation is expected to maintain its downward trajectory for the remaining part of the fiscal year.



Monetary and Financial Developments

Money Supply Grows Within Targets

During the year ending September 2004, money supply grew within the targeted band of 20-24 percent for 2004/05, as it was in August. The extended broad money supply (M3) grew by 21.7 percent, up from 19.8 percent in August 2004, while broad money supply (M2) grew by 20.0 percent nearly the same level of August. Most of the expansion in money supply emanated from currency in circulation and foreign currency deposits, as reflected by the increase in the ratio of currency in circulation to M3, from 22.0 percent at end September 2003 to 23.1 percent at the end of

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

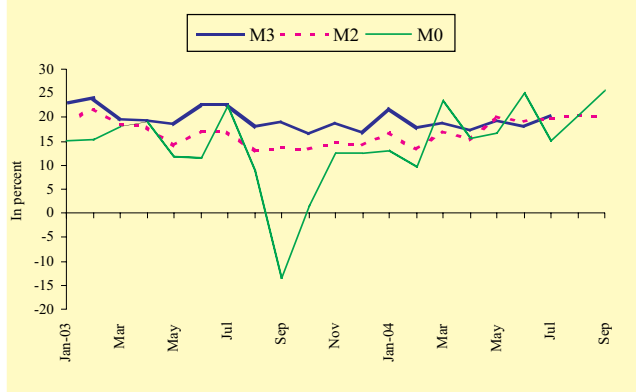
Base: 2001=100

General Period	Headline	Food		Non-Food										
		Total Non-Food	Drinks & Tobacco	Clothing & Footwear	Rent	Fuel, Power & Water	Furniture Household operations	Personal care & Health	Recreation & Entertainment	Transportation	Educ. & services	Miscel. goods		
Weight (%)	100.0	55.9	44.1	6.9	6.4	1.4	8.5	2.1	2.1	2.1	0.8	9.7	2.6	1.5
2003 Sep	3.7	5.1	1.4	0.4	1.8	0.1	2.5	1.1	0.2	3.6	1.9	0.5	3.6	1.0
Oct	3.8	4.7	2.4	1.2	2.8	0.1	0.7	2.5	1.0	2.0	3.8	2.9	6.0	1.1
Nov	3.5	4.7	1.7	1.2	2.4	9.8	0.8	1.2	1.1	3.9	0.9	1.6	0.2	1.5
Dec	3.5	4.9	1.5	1.2	2.4	9.9	1.6	1.6	0.4	1.4	4.6	0.2	0.9	0.9
2004 Jan	3.6	5.9	0.2	-2.8	1.5	7.5	-0.7	-1.1	-0.9	5.8	5.9	0.9	0.0	-3.3
Feb	3.8	6.6	0.2	-0.7	4.8	2.9	-5.3	0.3	-0.3	-2.8	5.4	2.0	3.7	1.9
Mar	4.0	7.0	-0.1	0.8	2.0	4.4	-2.5	-1.6	-1.4	3.0	2.2	-0.8	-0.2	-0.9
Apr	4.7	8.4	-0.5	-1.0	-1.8	4.3	1.7	-1.6	-1.1	-0.4	-1.9	-1.3	-3.7	3.0
May	4.3	6.0	2.0	1.2	3.3	4.3	4.9	0.3	0.5	-2.7	0.9	1.3	1.5	-0.5
June	4.2	4.9	3.2	1.8	2.3	3.4	9.1	2.2	2.2	0.7	0.5	1.2	1.6	2.0
July	4.1	5.3	2.2	-4.6	-0.1	2.5	20.3	-2.0	-0.4	-5.0	0.2	-1.5	0.0	-5.8
Aug	4.1	5.9	1.5	0.0	3.1	0.4	2.4	-0.4	1.7	0.7	1.8	1.7	0.6	-0.2
Sep	4.0	4.6	3.2	0.5	4.5	0.3	6.0	2.9	4.3	1.4	3.7	3.3	0.9	0.5

Source: National Bureau of Statistics (NBS)

September 2004, and that of foreign currency from 28.2 percent to 29.2 percent in the same period. The surge in currency in circulation is associated with increase in farmers' income from good harvest relative to last year, while that of foreign currency deposits is associated with increase in export and tourism proceeds, inflow of foreign direct investments, and increase in foreign currency loans.

Chart 2: Annual Growth Rates of Monetary Aggregates



On month-to-month, M2 expanded by TZS 43.4 billion in September, being almost twice the increase in August. Compared to the corresponding month a year before, M2 expanded by almost the same amount, implying that the increase in September reflected the seasonal demand for money. Having picked up in July and August, currency in circulation outside the banking system declined substantially in September, partly reflecting end of crop selling season in some regions. The stock of M3 increased substantially by TZS 84.9 billion, against a decline of about TZS 5 billion in the preceding month. Foreign currency deposits contributed about half the increase in M3.

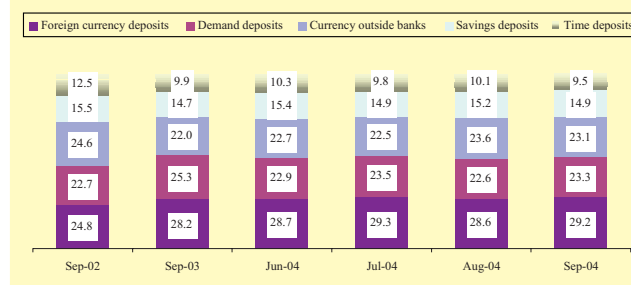
On assets side, net foreign assets (NFA) of the banking system increased substantially by TZS 158.4 billion, with NFA of the Bank of Tanzania accounting for around 90 percent of the increase. The increase in NFA of the Bank reflected inflow of foreign aid. Conversely, net domestic assets (NDA) decreased by TZS 98.5 billion, largely on account of large increase in government deposits, emanating from end-of-quarter tax payments.

Table 2: Selected Money Supply Components (Billions of TZS)

	2003		2004		Abs. Change Aug-Sept 2004	Annual change (%)	
	Aug	Sep	Aug	Sep		Sep-03	Sep-04
Extended broad money (M3)	2,263.2	2,297.1	2,710.9	2,795.8	84.9	19.0	21.7
Broad money (M2)	1,607.3	1,649.5	1,936.4	1,979.8	43.4	13.5	20.0
Currency in circulation	503.5	504.9	639.6	644.8	5.3	6.3	27.7
Demand Deposits	333.5	580.4	612.9	651.6	38.7	32.7	12.3
Time deposits	237.2	226.7	272.7	266.5	-6.2	-6.1	17.5
Savings Deposits	333.0	337.5	411.2	416.9	5.7	12.8	23.5
Foreign currency deposits	655.9	647.6	774.5	816.1	41.5	35.5	26.0
Total non government deposits	1,759.6	1,792.2	2,071.4	2,151.0	79.6	23.1	20.0
Net foreign assets	1,895.2	2,087.7	2,131.4	2,289.8	158.4	54.1	9.7
Bank of Tanzania	1,285.3	1,472.4	1,421.1	1,560.0	138.9	68.9	5.9
Commercial banks	610.0	615.3	710.3	729.8	19.5	27.4	18.6
Net Domestic assets	726.3	593.3	1,042.9	944.5	-98.5	-29.9	59.2
Domestic Credit	901.5	729.9	1,188.0	1,025.5	-162.5	-15.5	40.5
Net Claims on Government	172.6	-35.1	196.1	-1.7	-197.8	-111.1	-95.1
Claims on Government	450.5	454.7	499.5	490.2	-9.3	1.3	7.8
Government deposits	277.8	489.8	303.4	492.0	188.5	271.5	0.4
Bank credit to private sector	728.9	765.0	991.9	1,027.2	35.3	39.9	34.3

Source: Bank of Tanzania

Chart 3: Components of Money Supply as Percentage of M3

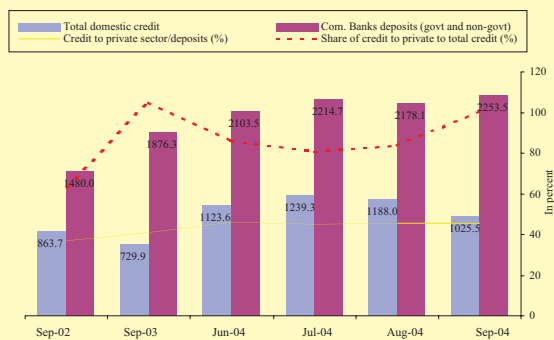


Credit to Private Sector Remains Strong

Having remained almost unchanged in the preceding month, bank credit to private sector rose by TZS 35.3 billion to TZS 1,027.3 billion at the end of September 2004. The increase was above the preceding 12-month average of around TZS 25 billion. The sectors that have benefited more from credit expansion in September are agriculture, manufacturing, and trade. On annual basis, the stock of outstanding credit grew at around 34 percent, which is below an average annual growth rate of around 39 percent recorded in the past six months.

During the month under review, the government made a net repayment of about TZS 198 billion to the banking system, out of which about TZS 193 billion represented a build up of deposits at BOT while the remaining TZS 5 billion was a net reduction of its indebtedness to commercial banks. This was made possible by a higher than expected revenue performance in September.

**Chart 4: Total Deposits and Credit of the Banking System
(Billions of TZS)**



Interest rates rise in September

In September 2004, developments in interest rates on deposits were broadly consistent with the recent increase in the returns on Treasury bills and bonds. Overall savings deposits rate, which has evolved around 2.4 percent for the past eight months rose to 2.5 percent in September. Likewise, overall time deposit rates increased from 4.4 percent in August to 4.6 percent, the highest for the past three years. Interest earnings to prime customer deposits also picked up, from 6.2 percent in August to 6.4 percent during the month under review

Consistent with the increase in the returns on financial assets, overall lending rate of commercial banks went up, from an average of 14.8 percent in August to 14.9 percent in September. However, the increase was recorded only on longer-term loans, as rates on loans of maturity not exceeding 2 years decreased. Prime borrowers continued to benefit from lower cost of funds, as negotiated lending rate averaged 8.5 percent in September, down from around 10 percent in the preceding month.

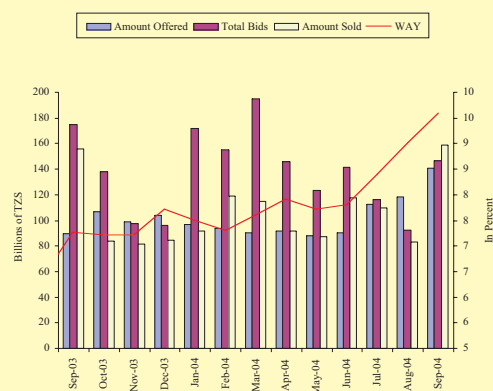
During the month under review, the interest rate spread, measures as the difference between 12-months fixed deposits and 1-year lending rates, narrowed to 9.5 percentage points from 9.9 percentage points in August 2004.

Treasury Bills Rates Rise

Performance in the Treasury bills market in most auctions conducted in September was generally up to expectations, unlike it was in August, partly attributable to the need to re-invest in Treasury bills following large

redemptions relative to previous month and increased interest. With this development, sales were almost twice the amount sold in August (**Chart 5**). Interest rates moved in tandem with the monetary policy actions during the month, rising across all maturities (**Table A3b**).

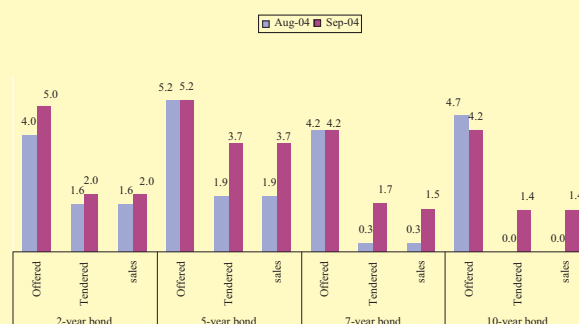
Chart 5: Treasury Bills Market Developments



Treasury Bonds

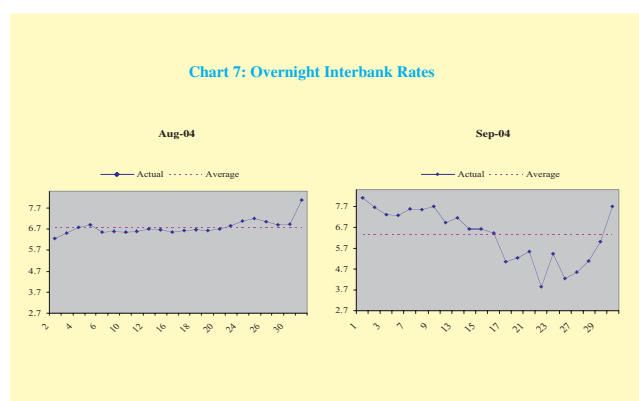
Performance in Treasury bonds during September was broadly as it was in the preceding few months. Bids received were almost half of TZS 18.6 billion that were offered and the Bank accepted all of them. Treasury bonds yields rose except for the 7-year bond, which fell to 10.4 percent from 11.2 percent in August. The rate on 2-year bond rose from 10.9 percent to 11.0 percent while that of 5- and 10-year bonds went up from 10.5 percent to 11.5 percent and from 12.4 percent to 16.6 percent, respectively.

Chart 6: Performance in T-bonds Market



Inter-bank Transactions Shrink

During September 2004, inter-bank transactions were about half that of the preceding month, suggesting that most banks had liquidity at least for short-term transactions. The overnight placements remained as high as they were in August, accounting for about 80 percent of the total transactions. Interest rates decelerated sharply, from a range of 5 to 10.1 percent recorded in August to a range of 1.2 to 8.5 percent. The daily overnight rates also dropped from an average of 6.8 percent to 6.2 percent (Chart 7). However, towards the end of the month, the rates rose to an average of 7.0 percent, partly reflecting liquidity tightening associated with payment of end of quarter taxes by corporate customers and measures taken by the BOT to keep liquidity within the target.



Foreign Exchange Market

Trade Volume Increases, the Shilling Appreciates

During September 2004, the total volume traded at the Interbank Foreign Exchange Market (IFEM) was higher than the level recorded in the previous month (Chart 8). Commercial bank's participation resulted in a net purchase of US\$ 30.7 million while the non-bank financial institutions were net sellers of US\$ 2.9 million. The Bank of Tanzania's intervention in the market resulted into a net sale of US\$ 27.8 million. The shilling appreciated against the US dollar by 1.5 percent to US\$ 1,069.6 largely due to the rise in foreign exchange receipts from tourism consistent with the peak tourist seasons that runs from July up to September.

In the Bureau de Change system, the volume of transactions went up during the review period mainly on account of the rise in both sales and purchases (Table 3). While the increase in purchases was mainly attributed to the rise in foreign exchange receipts from tourism, the increase in sales was partly attributed to the surge in payments of travelling allowances.

Consistent with the developments in the IFEM, the buying and selling rates appreciated by 1.5 percent and 1.4 percent respectively, during the review period.

Chart 8: Inter-bank Exchange Rate Movement and Volume of Transactions

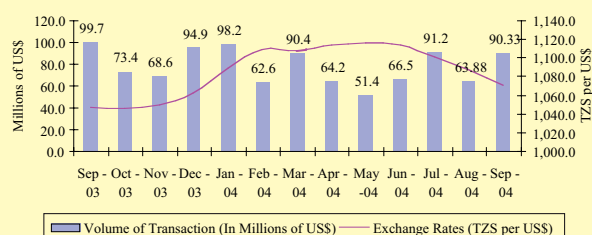


Table 3: Foreign Exchange Market Developments

Item	2003 Sep	2004		% Change		Jul - Sep		
		Aug	Sep	Sep-03 to Sep-04	Sep-04	2003	2004	% Change
IFEM								
Amount offered*	99.7	63.9	90.3	-9.4	41.3	283.5	245.4	-13.4
Amount sold*	99.7	63.9	90.3	-9.4	41.3	283.5	245.4	-13.4
Exchange rate**	1,046.8	1,085.9	1,069.6	2.2	-1.5	1,043.8	1,085.1	4.0
Bureau de Change								
Sales*	19.6	24.8	33.5	70.9	35.1	68.0	82.0	20.6
Purchases*	18.5	24.2	34.7	87.6	43.4	69.6	82.7	18.8
Volume of Transactions*	38.1	49.0	68.2	79.0	39.2	137.6	164.7	19.7
Buying rate**	1,045.0	1,084.7	1,068.0	2.2	-1.5	1,041.7	1,083.6	4.0
Selling rate**	1,064.0	1,097.0	1,082.0	1.7	-1.4	1,059.0	1,096.0	3.5

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

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

Government Budgetary Developments

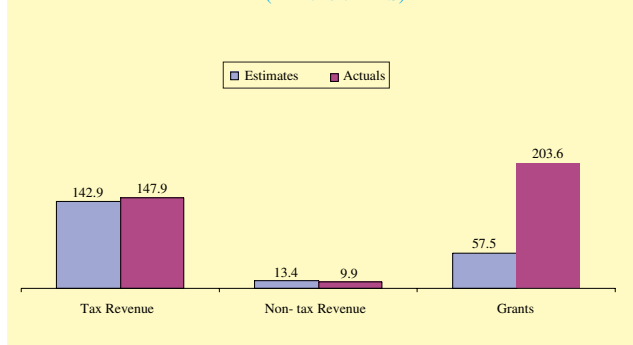
The Budgetary Operations Records Surplus

Government budgetary operations performed well during September 2004, recording a surplus of TZS 109.9 billion, as revenue and grants were higher than estimated, as well as expenditure restraint exercised by the Government. The surplus was utilized to reduce domestic obligations.

Domestic revenues amounted to TZS 157.8 billion, in line with the target for the month. Foreign grants amounted to TZS 203.6 billion, more than three times the envisaged amount, reflecting front-loading of 2004/

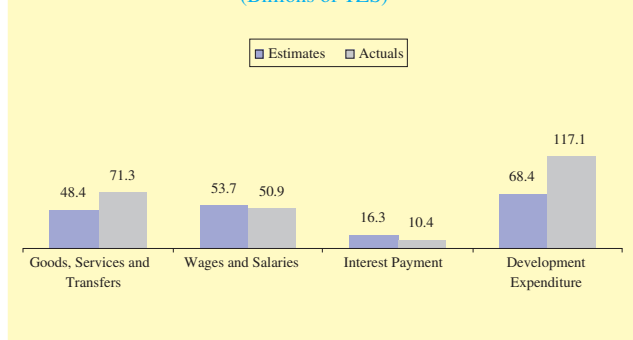
05 foreign assistance. On cumulative basis (July - September 2004), total Government resources amounted to TZS 799.5 billion, out of which domestic revenue was TZS 432.1 billion and the balance (TZS 367.4 billion) was foreign grants.

Chart 9: Performance of Government: September 2004
(Billions of TZS)



Recurrent expenditure stood at TZS 132.6 billion, falling significantly below the estimated TZS 171.6 billion, reflecting un-procured goods and services still under formal tendering processes. In contrast, development expenditure was TZS 117.1 billion against the target of TZS 68.4 billion mainly on account of budget support inflows for development projects.

Chart 10: Government Expenditure: September 2004
(Billions of TZS)



Cumulatively, from July to September 2004, government expenditure amounted to TZS 653.8 billion, consisting of TZS 440.0 billion recurrent, and TZS 213.8 billion development projects. During the same period, allocations to priority sectors amounting to TZS 92.4 billion were made as planned, out of which education received TZS 28.5 billion, roads TZS 17.8 billion and agriculture TZS 13.6 billion.

External Sector Developments

Current Account Improves

During September 2004, the current account balance recorded a surplus of US\$ 77.1 million against a deficit of US\$ 7.7 million recorded in August, following a surge in official current transfers mainly from the World Bank (under the Poverty Reduction Support Credit) and European Union (under the Poverty Reduction Budget Support). On annual basis, the current account balance deteriorated significantly from a deficit of US\$ 136.9 million recorded during the year ending September 2003 to a deficit of US\$ 367.7 million, largely due to substantial increase in imports—mainly foods and fertilizers (Table 4).

Table 4: Current Account Balance

Item	Million of US\$							
	2003 Sept	2004 p			% Change		Oct - Sep	
		Aug	Sept	Aug-04 Sep-04	Sep-03 Sep-04	2002/03	2003/04*	% Change
Goods Account (net)	-116.9	-52.0	-83.4	60.4	-28.7	-715.7	-875.8	22.4
Exports	87.4	113.6	114.4	0.7	30.8	1,048.1	1,277.7	21.9
Imports	204.3	165.6	197.7	19.4	-3.2	1,763.8	2,153.6	22.1
Services Account (net)	-15.3	-2.6	-7.6	196.7	-50.1	2.4	-115.2	--
Receipts	47.6	69.1	73.1	5.8	53.7	710.7	773.8	8.9
Payments	62.9	71.7	80.8	12.6	28.5	708.3	889.0	25.5
Goods and services balance	-132.2	-54.5	-91.0	66.9	-31.1	-713.4	-991.0	38.9
Exports of goods and services	135.0	182.8	187.5	2.6	38.9	1,758.7	2,051.6	16.6
Imports of goods and services	267.2	237.3	278.5	17.4	4.2	2,472.1	3,042.6	23.1
Income Account (net)	-1.3	-0.4	-2.8	578.7	117.8	-38.5	-44.5	15.8
Receipts	9.3	3.1	5.0	60.7	-46.3	76.5	79.3	3.6
Payments	10.6	3.5	7.7	120.5	-26.7	115.0	123.8	7.7
Current Transfers (net)	19.6	47.3	170.9	261.3	771.9	614.9	668.5	8.7
Inflows	24.6	53.4	176.2	230.0	616.3	677.9	733.5	8.2
o/w General Government	18.5	47.6	170.4	258.0	821.1	612.9	664.3	8.4
Outflows	5.0	6.1	5.3	-13.1	6.0	63.0	65.0	3.2
Current Account Balance	-113.9	-7.7	77.1	--	-167.7	-136.9	-367.0	--

Note:

p = Provisional data.

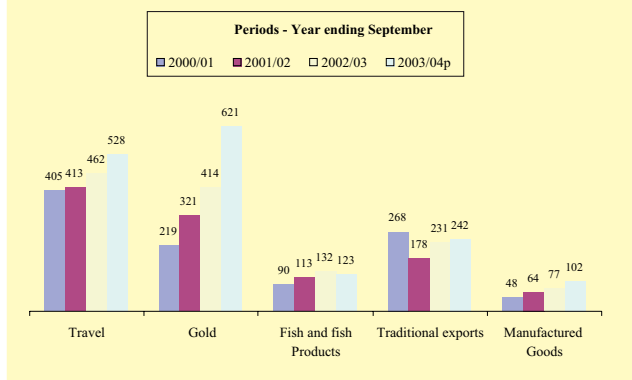
-- = Very big value

Totals may not add up due to rounding of numbers

Source: Bank of Tanzania

During the year ending September 2004, exports of goods and services went up by 16.7 percent, while imports increased by 23.1 percent. In the recent years, the performance of Tanzania's exports has been dominated by gold and travel receipts whose share has increased from around 37 percent in 2000 to more than half of total exports in the year to September 2004. In contrast, the share of traditional exports has declined from around 22 percent to about 12.0 percent of total exports, in the same period. The trend of total exports for the past four years is summarized in Chart 11.

Chart 11: Exports of Goods and Services, 2001-2004
(Millions of US\$)



Exports

Non-traditional Exports Improve

During the month under review, total goods exports amounted to US\$ 114.4 million, being slightly higher than US\$ 113.6 million recorded in August, largely due to improved performance of non-traditional exports. Non-traditional exports were US\$ 92.6 million, higher than US\$ 85.9 million in August following increases in minerals (particularly diamond), manufactured goods, fish and fish products and other exports. In contrast, traditional exports declined from US\$ 27.8 million in August 2004 to US\$ 21.8 million in the review period. The decline of traditional exports was largely on account of a fall in export volumes and unit prices, particularly tobacco and sisal.

On annual basis, goods exports amounted to US\$ 1,277.7 million in September being US\$ 229.6 million higher than the amount recorded in the preceding year due to a rise in both traditional and non-traditional exports. Traditional exports increased by 4.5 percent to US\$ 241.3 million largely due to significant increase in export volumes of tobacco and cloves. In the year under review, tobacco harvest is estimated to have reached 46,800 tons compared to 33,600 tons in 2002/03. There has also been a recovery in unit prices of coffee, cotton, sisal and tea in line with developments in the world market. Non-traditional exports rose from US\$ 817.1 million in the preceding year to US\$ 1,036.4 million, following increases in exports of minerals (particularly gold) and manufactured goods. The increase in gold exports was on account of increase in export volumes and a rise in world market prices. As for manufactured exports, the increase is partly associated with a rise in number of manufacturing industries.

Imports

Oil and Fertilizer Imports Increase

In September, merchandise imports amounted to US\$ 197.7 million compared to US\$ 165.4 million in August 2004, with intermediate goods accounting for the large part of the increase. Imports of oil and fertilizer more than doubled when compared to the levels recorded in the previous month. The surge in oil imports emanated from an increase in both volume and prices. The volume of oil imported totalled 72,600 tons compared to 24,186 tons in the preceding month. In the same period imports of capital goods also increased, as importation of spares for electric motors, generators and rotary converters rose from US\$ 0.2 million to US\$ 5.2 million.

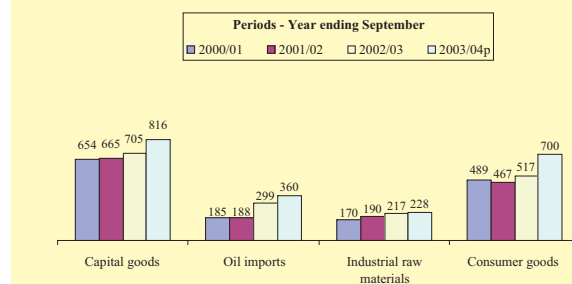
Table 5: Tanzania Imports

Item	Millions of US\$							
	2003 Sep	2004 p		% Change		Oct - Sep		
		Aug	Sep	Aug-04	Sep-04	2002/03	2003/04p	% Change
Capital Goods	78.9	72.7	79.9	9.9	1.2	704.8	816.2	15.8
Transport Equipment	19.5	19.4	18.4	-4.9	-5.6	200.8	231.7	15.4
Building and Constructions Equipment	15.8	15.2	14.6	-4.3	-7.9	153.8	159.2	3.5
Machinery	43.6	38.1	46.9	23.1	7.5	350.2	425.3	21.4
Intermediate Goods	71.0	30.4	59.6	95.7	-16.1	541.9	637.4	17.6
Oil imports	44.5	8.2	25.8	215.1	-42.2	298.5	360.4	20.7
Fertilizers	3.4	2.8	12.5	353.4	270.4	26.2	48.9	86.6
Industrial raw materials	23.1	19.5	21.3	9.3	-7.7	217.2	228.1	5.0
Consumer Goods	54.4	62.5	58.3	-6.7	7.2	517.1	700.0	35.4
Food and foodstuffs	20.7	18.0	8.9	-50.7	-57.0	143.1	231.8	62.0
All other consumer goods	33.7	44.4	49.4	11.2	46.5	373.9	468.2	25.2
GRAND TOTAL (F.O.B)	204.3	165.6	197.7	-19.0	-3.2	1,763.8	2,153.6	22.1
GRAND TOTAL (C.I.F)	224.5	182.0	217.3	-19.0	-3.2	1,938.3	2,366.6	22.1

Note: Oil imports refers to refined petroleum products
p = Provisional data. Totals may not add up due to rounding of numbers
Source: Bank of Tanzania, TRA

On annual basis, merchandise imports increased by 22.1 percent to US\$ 2,153.6 million with, consumer goods growing faster than all other import categories. Importation of food and foodstuffs increased by 62.0 percent to US\$ 231.8 million as a result of drought during 2002/03. Likewise, fertilizer imports increased from US\$ 26.2 million to US\$ 48.9 million in the year ending September partly due to introduction subsidies on fertilizer. The trend of imports over the past four years is shown in **Chart 12**.

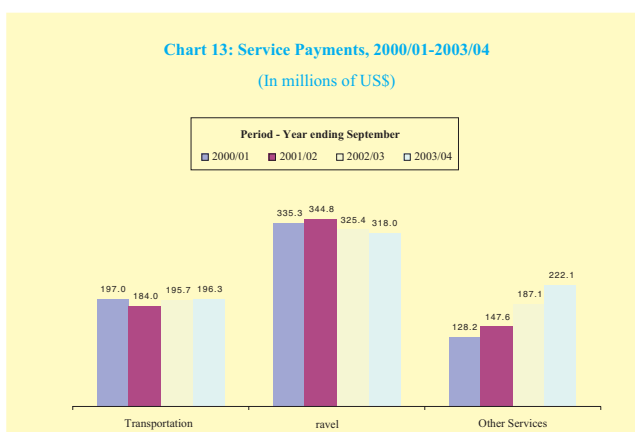
Chart 12: Imports of Selected Items, 2001-2004
(Million of US\$)



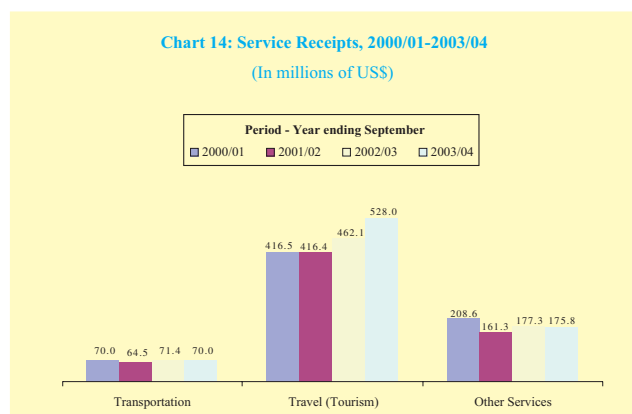
Services Account Declines Slightly

During September 2004, the services account recorded a deficit of US\$ 7.6 million against a deficit of US\$ 2.6 million in August following a surge in services payment, mainly travel, construction and transportation. The surge in travel service payments reflect the seasonal commencement of the new academic year in universities and colleges abroad, while the increase in transportation services payments (freight) is associated with increase in imports during the month under review. Likewise, services receipt increased by 5.8 percent to US\$ 73.1 million in September 2004, largely due to a rise in government, transportation, and other business services receipts.

During the year ending September 2004, the services account worsened substantially from a surplus of US\$ 2.4 million recorded during the year ending September 2003 to a deficit of US\$ 115.2 million due to surge in payments for travel, communication and freight services. The increase in freight payments is consistent with the growth in imports, while the surge in communication payments is partly explained by the increase in payments for usage of international satellite services. Movements in service payments for the past four years are illustrated in [Chart 13](#).



Services receipts rose modestly during the year ending September 2004 largely on account of the rise in travel—mainly tourism. Travel receipts over the past four years contributed to an average of US\$ 456 million per year, equivalent to about 27 percent of the average export earnings during the same period. Travel receipts over the past four years dominated the services sector as shown on—[Chart 14](#).



Income Account Deficit Widens

The income account recorded a deficit of US\$ 2.8 million compared to a deficit of US\$ 0.4 million in August on account of scheduled interest payments. On annual basis, the income account deficit also widened for the same reasons.

World market prices for agricultural commodities improve

Average prices for most commodities went up in September 2004 except for crude oil ([Table 6](#)). The prices of **coffee** (Arabica) increased by 9.3 percent partly on account of expectations of low coffee harvest from Brazil in 2005/06, while that of robusta coffee increased only slightly. **Cotton** prices rose following the threat of crop damage by hurricane storms in key cotton growing areas in the United States.

Similarly, the prices of **cloves** and tea (Mombasa) went up by 20.0 percent and 4.5 percent respectively. The price of **sisal** (UG) remained unchanged at US\$ 885.0 per metric ton. The increase in the price of cloves was attributed to the rise in demand for cloves from the Indonesian cigarette manufactures, while **tea** prices increased due to strong demand from the Middle East.

Price of **crude oil** declined during the period under review, as Saudi Arabia reduced its prices in an attempt to cool the world market prices. In addition, there were indications that U. S inventories of crude oil were building up.

Table 6: World Commodity Prices

Commodity	Unit	2004						% Change
		Apr	May	Jun	Jul	Aug	Sep	
Coffee "Robusta"	US \$ per kg	0.8	0.81	0.88	0.79	0.75	0.76	1.33
Coffee "Arabica"	"	1.66	1.7	1.81	1.65	1.62	1.77	9.26
Tea "Average price"	"	1.67	1.67	1.67	1.71	1.77	1.8	1.69
Tea "Mombasa Auction"	"	1.54	1.52	1.51	1.53	1.57	1.64	4.46
Cotton, "A Index"	"	1.53	1.54	1.42	1.26	1.19	1.24	4.2
Cotton, Memphis"	"	1.55	n.a	n.a	n.a	1.18	1.24	5.08
Sisal "UG"	US \$ per metric ton	885	885	885	885	885	885	0
Cloves	"	3,100.00	2,950.00	2,712.50	2,650.00	3,000.00	3,600.00	20
Crude oil*	US \$ per barrel	33.71	37.56	35.54	37.89	42.08	41.6	-1.14
Crude oil**	"	31.07	34.47	33.41	34.48	38.3	35.48	-7.36
White products***	US \$ per ton	339.47	381.13	349.79	389.35	406.6	421.22	3.6
Gold	US \$ per troy ounce	403.3	383.8	392.4	398.1	400.5	405.3	1.2

** f. o. b. Dubai

*** Average of Premium gasoline, Gas oil and Jet/Kerosine, f.o.b. West Mediterranean

Debt Developments

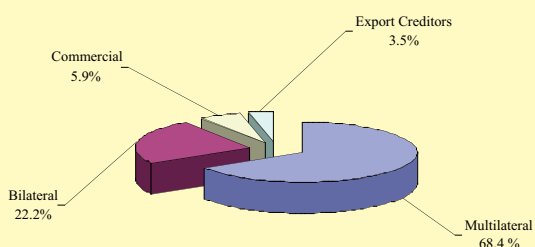
Public Debt Increases Slightly

During the month under review, total public debt (domestic and external) rose by US\$ 16.5 million to US\$ 8,822.6 million, mainly on account of disbursement of old and new loans, as well as accumulation of interest arrears on un-serviced loans. During the month US\$ 28.5 million was received under the HIPC arrangement, US\$ 19.7 million from bilateral creditors and US\$ 8.8 million from multilateral creditors.

In September 2004, committed external debt rose by US\$ 16.3 million to US\$ 8,226.8 million, out of which US\$ 6,748.2 million was disbursed outstanding debt (DOD). The DOD of the private sector increased slightly by US\$ 1.4 million to US\$ 469.7 million, while that of central government went up by US\$ 11.8 million to US\$ 6,122.2 million. The DOD for public corporations also increases slightly by US\$ 1.0 million to US\$ 156.3 million in the period.

The DOD by creditor category shows that multilateral debt was US\$ 4,613.5 million, bilateral debt was US\$ 1,505.4 million, whereas commercial and export creditors was US\$ 396.2 million and US\$ 233.1 million, respectively. The share of multilateral debt was higher than other debt categories reflecting the government's policy of borrowing concessional loans, which are mainly offered by multilateral institutions, while that of bilateral debt has been declining due to bilateral debt cancellations.

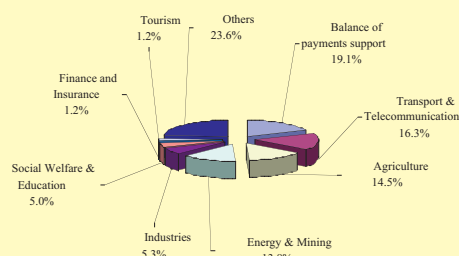
Chart 15: Disbursed Outstanding Debt by Creditor Category (End of Sep-04)



In terms of use of funds, US\$ 1,305.4 million was in the form of Balance of Payments Support. Transport sector accounted for US\$ 1,132.3 million, Agriculture US\$ 972.3 million, and Energy & Mining accounted for US\$ 917.2 million. Other sectors and their shares of total debt in brackets were: Industries (US\$ 350.6

million), Education (US\$ 333.0 million), Finance (US\$ 81.9 million), and Tourism (US\$ 79.4 million). The remaining US\$ 1,576.5 million were held by other activities such as rural development, water supply and drainage and computer technology.

Chart 16: Disbursed Outstanding Debt by Use of Fund (End of Sep-04)



HIPC Debt Relief

• Multilateral Debt Relief

During the month under review, Tanzania received multilateral HIPC debt relief amounting to US\$ 8.8 million, out of which US\$ 6.6 million was from International Development Association (IDA) and US\$ 1.4 million from Nordic Trust Fund (NORTF). The rest came from African Development Bank (ADB/ADF) (US\$ 0.3 million), International Fund for Agricultural Development (IFAD) (US\$ 0.3 million) and European Investment Bank (EIB) (US\$ 0.3 million) (Table 7).

Table 7: Multilateral Debt Relief

Item	(Millions of US\$)						Total
	1999/00	2000/01	2001/02	2002/03	2003/04	2004/05*	
IDA	9.12	39.78	41.24	43.45	47.79	10.59	191.97
ADB/ADF	4.51	9.63	0.00	8.02	10.11	4.85	37.01
IMF	6.33	17.55	23.36	7.23	11.10	2.03	67.6
IFAD	0.00	0.00	0.53	1.34	0.82	0.30	2.99
EIB	0.00	0.00	0.00	0.00	0.24	0.30	0.54
NDF	0.00	0.00	0.00	2.61	1.51	1.40	5.52
Total	19.96	66.96	65.13	62.65	71.46	19.37	305.47

*End of September

• Bilateral Debt Relief

India cancels all Intergovernmental Debts

India cancelled debt worth US\$ 19.7 million in September 2004, raising the total debt relief received from bilateral creditors to US\$ 931.2 million, out of which US\$ 858.7 million was received from Paris club

bilateral creditors¹ and US\$ 72.5 million from non Paris Club bilateral Creditors, namely Bulgaria, China and India. Efforts are still being made to get debt relief from those creditors that have not offered debt relief.

Debt Service

In September debt service amounted to US\$ 11.5 million against projected amount of US\$ 18.4 million on account of multilateral debt relief received under HIPC arrangement.

Domestic Debt

Domestic debt stock declined by TZS 31.5 billion in September 2004 to TZS 968.8 billion, mainly on account of redemption of Treasury bonds. Commercial banks remained the main government creditors, representing TZS 358.7 billion, followed by pension funds (TZS 337.5 billion), Bank of Tanzania (TZS 199.2 billion), non-bank financial institutions (TZS 18.1 billion), insurance companies (TZS 23.2 billion), and private sector (TZS 17.6 billion). Other official entities and BOT special funds represented TZS 14.5 billion altogether.

Domestic Debt Service

Domestic debt worth TZS 92.0 billion (principal and interest) fell due for payment in September 2004, out of which TZS 80.1 billion was principal and was rolled over. The remaining TZS 11.9 billion was interest and was paid out of government revenues. Interest arrears (unclaimed interest, earned on tax reserve certificates) remained at same level of TZS 0.1 billion as reported in August 2004.

Other Economic Developments

Food Supply Continues to Improve

In September 2004, food supply in the country improved relative to last year. Consequently, average prices of maize, the main staple declined by 6 percent to TZS 16,239 per 100 kg as compared to TZS 17,323 recorded in September last year (Table 8). The increase in prices of other crops is attributed to cross border trade, which reflects food shortages in the neighbouring countries.

¹Relief was received from Austria, Belgium, Canada, France, Italy, Japan, Norway, the Netherlands, United Kingdom, Russia and USA

Table 8: National average Wholesale Prices for Selected Food Items

Crop	TZS per 100 Kg							
	2003			2004			% Change	
	Jul	Aug	Sep	Jul	Aug	Sep	Sept 03 to Sep 04	Aug – Sep 04
Maize	16,347	17,215	17,323	13,997	16,069	16,239	-6.3	1.1
Rice	36,054	36,999	39,913	44,908	46,882	49,908	25.0	6.5
Beans	40,158	39,112	40,393	35,510	40,271	44,200	9.4	9.8
Sorghum	17,910	18,726	19,572	21,042	21,420	20,652	5.5	-3.6
Potatoes	19,707	19,424	18,130	22,007	24,612	26,750	47.5	8.7

Source: Ministry of Agriculture and Food Security

Strategic Grain Reserves Increases

During July–September 2004, the Strategic Grain Reserves (SGR) Department purchased 35,580 tons of maize, raising the stock to 67,685 tons at end-September 2004 which is higher than 61,364 tons recorded at end-September last year (Table 9). The increased stock position is largely due to purchases of maize from the surplus regions.

Food grains held by private traders were 156,871 tons at end-September 2004, comprising 53,794 tons of maize, 46,943 tons of rice and 56,134 tons of wheat. This brings the total stock of food grains to 224,556 tons at end-September.

The SGR Department is still purchasing maize from surplus regions and the SGR stock position is expected to increase further in the coming months.

Table 9: SGR Stocks

Period	Tons					% Change 2003-2004
	2000	2001	2002	2003	2004	
January	105,665	78,967	60,503	59,961	35,342	-41
February	103,305	72,000	58,254	59,493	23,791	-60
March	101,496	63,022	56,738	58,976	22,903	-61
April	96,326	51,435	52,228	54,118	32,387	-40
May	82,119	44,776	48,653	52,857	31,732	-39.9
June	72,000	47,225	47,100	51,060	37,091	-27.4
July	63,976	46,290	44,787	50,661	39,195	-22.6
August	70,352	48,998	41,795	52,681	45,988	-12.7
September	95,000	59,047	57,500	61,364	67,685	10.3
October	88,474	58,000	62,700	59,379		
November	89,882	62,388	61,773	52,054		
December	78,967	62,788	58,395	41,649		

Source: Food Security Department and BOT computation

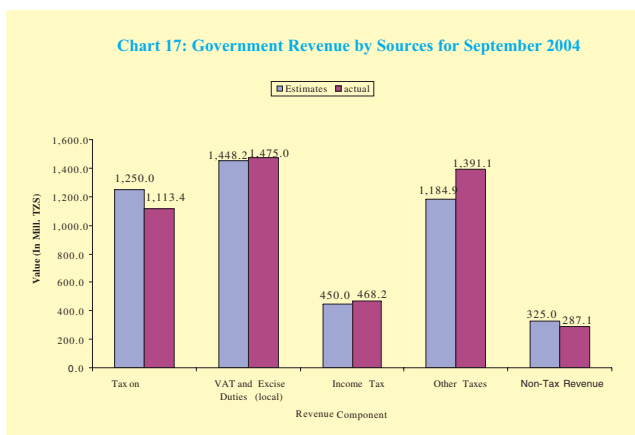
Economic Developments in Zanzibar

Zanzibar Government Budgetary Developments

During September 2004, the Zanzibar Government budgetary performance recorded an overall deficit of TZS 1.0 billion before grants, which was financed by transfers from the Union Government.

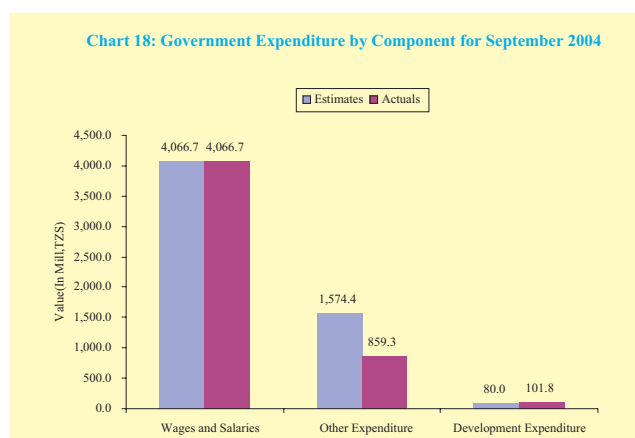
Revenue Performance Improves

Total revenue collected in September 2004 amounted to TZS 4.7 billion against the target of TZS 4.6 billion as trading activities peaked up. Revenue categories that performed above targets were VAT and excise duty on local goods, income tax and other taxes. On cumulative basis, total revenue collection for July 2004 - September 2004 amounted to TZS 13.3 billion, slightly surpassing the target of TZS 12.8 billion (**Chart 17**).



Expenditure Remains Within the Ceiling

Expenditure amounted to TZS 5.7 billion in September 2004 in line with the ceiling, out of which recurrent expenditure was TZS 5.6 billion. Expenditure on wages and salaries reached TZS 4.1 billion, accounting for 73.2 percent of the recurrent expenditure. Development expenditure amounted to TZS 0.1 billion, accounting for 1.8 percent of total expenditure. On cumulative basis, July - September 2004, the Government spent TZS 17.3 billion, accounting for 91.5 percent of the planned TZS 18.9 billion (**Chart 18**).



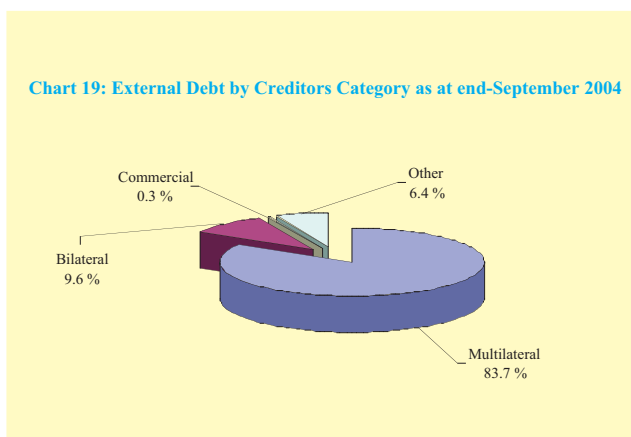
Debt Developments

Zanzibar Debt Increases Marginally

Zanzibar's total debt stock (external and domestic) increased to TZS 165.0 billion (US\$ 155.6 million) at the end of September 2004 from TZS 157.2 billion (US\$ 155.4 million), recorded at end of the previous month. Out of the total debt stock, external debt accounted for 72.4 percent of total.

Domestic debt declined to TZS 45.5 billion at the end of September 2004 from TZS 46.7 billion recorded in August, due to redemption of Treasury bills. The external debt position increased marginally by 0.7 percent, to US\$ 112.7 million from US\$ 111.9 million, mainly on account of exchange rate movements and validation of debt database. Claims by multilateral creditors amounted to US\$ 94.3 million, while claims by bilateral creditors amounted to US\$ 10.9 million. Commercial loans stood at US\$ 0.3 million, whereas other claims were TZS 7.2 million.

External debt by maturity shows that debt with maturity above 20 years were US\$ 93.5 million, while debt with maturing between 10-20 years and 5-10 years amounted to US\$ 10.7 million and US\$ 8.4 million, respectively.



Trade Developments

Trade Balance Improves

During September 2004, the trade balance (goods and services) improved to a deficit of US\$ 3.3 million, compared with a deficit of US\$ 8.5 million registered in the preceding month due to an increase in export receipts coupled with a decline in imports. However, on annual basis, the trade account deficit was almost double the deficit registered in corresponding period in 2003 (**Table 10**).

Table 10: Trade Account Balance

Item	Millions of US\$										
	2003 Sep	May	Jun	2004		% Change		Oct - Sep		%	
				Jul	Aug	Sep	Sep-03 to Sep-04	Aug-04 to Sep-04	2002/03	2003/04	Change
Exports	4.2	2.5	3.7	4.7	3.2	5.0	19.0	56.3	46.1	55.3	20.0
Goods	0.3	0.4	0.3	0.2	0.2	1.4	11.5	14.2	23.5
Services	3.9	2.1	3.5	4.5	3.0	3.6	-7.7	20.0	34.6	41.0	18.5
Imports	8.3	4.2	7.8	7.8	11.7	8.3	0.0	-29.1	63.8	92.2	44.5
Goods (f.o.b)	6.1	2.9	6.1	5.5	9.4	6.2	1.6	-33.9	43.1	64.3	49.2
Services	2.1	1.4	1.7	2.3	2.3	2.1	0.0	-6.5	20.7	27.8	34.3
Trade Balance	-4.1	-1.7	-4.0	-3.0	-8.5	-3.3	-19.5	-61.2	-17.7	-36.9	108.5

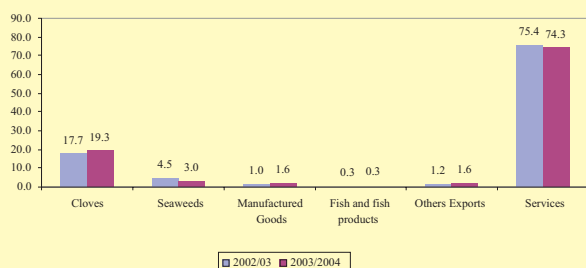
*Provisional

Source: Tanzania Revenue Authority & Bank of Tanzania.

Exports

In the month under review, exports of goods and services increased to US\$ 5.0 million from US\$ 3.2 million recorded in the preceding month, due to high receipts from exports of cloves and tourism receipts. On annual basis, total exports increased to US\$ 55.3 million from US\$ 46.1 million in the preceding year, mainly on account of receipts from services, which accounted for 74.3 percent of total. Earnings from goods exports increased to US\$ 14.2 million from US\$ 11.5 million recorded in 2002/2003.

Chart 20: Percentage Contribution of Total Exports



Imports

During September 2004, goods imports (c.i.f.) decreased to US\$ 6.8 million from US\$ 10.3 million recorded in August 2004, due to a decline in imports of consumer goods and capital items. Imports of capital goods declined to US\$ 1.3 million from US\$ 4.4 million and accounted for 70.4 percent of total. However, intermediate goods imports increased to US\$ 3.1 million from US\$ 2.0 recorded in August 2004, on account of increase in oil imports.

On annual basis, imports (c.i.f) increased to US\$ 70.7 million from US\$ 63.5 million, registered during the preceding year, due to the increase in imports of consumer goods, mainly food and foodstuffs to cater for food shortages. Consumer goods increased to US\$ 31.5 million from US\$ 25.0 million, while capital goods rose to US\$ 22.5 million from US\$ 20.9 million. However, intermediate goods decreased to US\$ 16.5 million from US\$ 17.7 million.

Services Account

During month under review, services account improved markedly to a surplus of US\$ 1.6 million, compared with a surplus of US\$ 0.7 million registered in August 2004, as a result of increased tourist related activities.

Statistics of Major Macroeconomic Indicators

Table A1: Selected Economic Indicators (Revised)

Item	Unit	1995	1996	1997	1998	1999	2000	2001	2002	2003p
1. Population (TZ Mainland)	Million	27.5	28.3	29.1	30.0	30.9	31.9	32.8	33.6	34.2
2. Gross Domestic Product (GDP)										
2.1. At Current Prices (Nominal)	Mill. TZS	2,796,640.1	3,452,588.9	4,281,600.0	5,125,310.9	5,977,698.8	6,706,381.0	7,624,615.0	8,699,887.0	9,811,553.0
	Mill. US\$	4,865.8	5,952.9	6,994.7	7,710.9	8,024.8	8,377.2	8,711.4	8,927.1	9,446.9
2.2. At Constant 1992 Prices (Real)	Mill. TZS	1,345,247.3	1,401,711.9	1,448,213.0	1,505,826.9	1,577,292.0	1,654,320.0	1,749,358.0	1,857,174.0	1,962,039.0
	Mill. US\$	2,340.5	2,416.8	2,565.9	2,655.5	2,117.5	2,066.9	1,996.1	1,921.3	1,889.1
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	210,231.0	232,458.0	251,666.0	275,824.0
	US\$	177.1	210.7	240.7	257.0	259.7	262.7	265.2	260.4	265.6
3.2. Real (1992 Prices)	TZS	48,918.0	49,530.0	49,767.0	50,194.0	51,045.0	51,860.0	53,334.0	53,723.0	55,157.0
	US\$	85.2	85.5	81.3	75.5	68.5	64.8	60.8	57.2	53.1
4. Price Index (1994=100)										
4.1. Consumer Price Index (CPI)	Gen. Index	115.8	140.1	162.6	183.5	197.9	209.7	220.4	232.3	242.9
4.2. Percentage Change	Per cent	28.4	21.0	16.1	12.8	7.9	5.9	5.1	4.6	4.4
4.3. Retail Price Index - Wage Earners (Dar es Salaam)	Gen. Index	108.6	128.7	137.4	146.8	149.8	150.6	163.4	175.6	
	Per cent	26.7	18.5	6.8	6.8	2.1	0.5	8.5	7.5	
4.4. Percentage Change	Index	207.9	246.3	295.6	340.4	379.0	405.4	435.9	468.4	500.1
4.5. GDP Implicit deflator	Per cent	27.1	18.5	20.0	15.1	11.3	7.1	7.5	6.5	6.8
4.6. GDP Implicit deflator	Per cent									
5. Balance of Payments Position										
5.1. Exports (fob)	Mill. US\$	682.9	763.8	752.6	588.5	543.3	663.3	776.4	902.5	1,129.2
5.2. Imports (f.ob)	"	1,340.5	1,212.6	1,148.0	1,382.2	1,415.4	1,367.6	1,511.3	1,511.3	1,933.5
5.3. Balance of Visible Trade	"	-657.6	-448.9	-395.4	-793.7	-872.1	-704.3	-783.9	-608.8	-804.2
5.4. Balance on Current Account	"	-646.4	-461.3	-403.4	-905.4	-829.5	-495.8	-436.7	-214.7	-310.8
5.5. Overall Balance	"	-329.5	-146.9	-199.8	-505.8	-109.0	-40.8	-163.9	317.8	420.5
5.6. Exchange Rate :										
5.6.1 Annual Average	TZS/US\$	574.8	580.0	612.1	664.7	744.9	800.4	876.4	966.6	1,038.6
5.6.2 End of Period	TZS/US\$	550.4	595.6	624.6	681.0	797.3	803.3	916.3	976.3	1,063.6
6.0 Broad Money Supply (M2) *										
6.1 Percentage Change	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	2,023,549.3
6.2 Currency in Circulation Outside Banks	Per cent	26.1	11.6	11.0	11.1	15.0	12.5	12.8	22.2	21.2
6.3 Demand Deposits	Mill. TZS	244,313.7	257,662.8	287,871.1	307,798.7	384,848.0	392,404.2	411,638.9	495,445.6	661,621.9
6.4 Quasi-Money (Time and Savings deposits)	"	183,971.4	191,550.5	205,991.7	237,718.3	247,723.2	302,602.3	354,381.0	463,340.9	664,499.6
	"	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	1,529,911.9
7. Public Finance										
7.1 Recurrent Revenue	"	1995/96	1996/97	1997/98	1998/99	1999/00	2000/01	2001/02	2002/03	2004/05**
7.2 Recurrent Expenditure	"	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	565,814.0
7.3 Development Expenditure	"	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	631,055.0
7.4 Adjustment to cash and other items (net)	"	5,382.3	28,895.6	215,107.2	136,523.9	359,913.4	286,253.2	344,610.9	473,188.6	451,798.0
7.5 Financing:	"	-96,001.9	-60,916.8	-47,720.9	-22,510.9	-2,444.3	-25,447.4	3,203.8	-16,662.9	-22,205.0
7.5.1 Domestic Financing	"	56,169.0	-41,926.6	3,669.2	-5,740.0	7,854.4	-2,494.4	-22,606.6	-36,513.9	-68,594.0
7.5.2 Foreign Loans (net)	"	-34,899.5	-49,065.3	64,468.1	-18,683.7	105,417.3	90,354.2	121,842.5	172,723.9	301,421.0
8. Total External Debt Stock***	Mill. US\$	8,003.8	7,754.1	7,578.5	7,384.7	7,669.7	7,624.8	7,464.0	7,268.1	8,325.5
Disbursed Debt	"	6,917.5	6,623.3	6,600.3	6,435.9	6,580.3	6,538.3	6,559.7	6,233.0	6,834.1
Interest	"	1,086.3	1,130.8	978.2	948.8	1,089.4	1,086.5	904.3	1,035.1	1,491.4

Source: Bank of Tanzania and National Bureau of Statistics

Note: p Provisional data; * For the current year, position is at end-October 2004

** cumulative for October 2004

*** Debt position is given on financial year basis (end of period). For 2004/05, it is at end-Oct. 2004

Table A2: Central Government Operations

	BUDGET 2004/2005	Jul-04	Aug-04	Sep-04
Total Revenue	1,739,288.0	137,633.0	137,074.5	157,830.2
Tax Revenue	1,599,010.0	116,138.1	127,044.2	147,887.6
Taxes on Imports	702,846.0	54,294.1	54,828.5	58,143.3
VAT and Excise on Local Goods	372,255.0	28,663.7	35,704.2	32,789.6
Refunds	-47,798.0	-3,890.4	-3,424.0	-6,142.4
Income Taxes	422,196.0	25,962.9	27,476.2	51,716.7
Other taxes	149,511.0	11,107.8	12,459.3	11,380.4
Non- tax Revenue	140,278.0	21,494.8	10,030.3	9,942.6
Total Expenditure	3,198,152.0	215,451.4	188,020.5	249,776.3
Recurrent expenditure /1	2,106,561.0	172,692.7	134,085.2	132,649.3
Wages and salaries (Central & Local Govt.)	551,159.0	42,891.9	44,048.2	44,422.5
Interest payments	168,438.0	2,431.4	3,701.6	10,403.8
Domestic /2	94,946.0	-	1,555.8	3,196.9
Foreign	73,492.0	2,431.4	2,145.8	7,206.9
Goods, Services and transfers	1,386,964.0	127,369.4	86,335.4	77,823.0
o/w Roadtoll fund	78,182.0	4,784.5	6,616.1	5,706.2
Retention fund	44,450.0	3,959.3	7,336.7	3,539.0
Dev. Expenditure and net lending	1,091,591.0	42,758.7	53,935.3	117,127.0
Local	233,705.0	19,475.4	28,842.1	500.0
Foreign	857,886.0	23,283.3	25,093.2	116,627.0
Overall Deficit (cheques issued) before Grants	-1,458,864.0	-77,818.4	-50,946.0	-91,946.1
Grants	807,810.0	122,660.4	41,087.2	203,603.6
Program	266,176.0	103,840.7	22,134.2	139,924.1
Project	306,482.0	10,075.9	5,083.4	44,309.8
Basket Support	160,488.0	3,261.3	10,063.7	11,896.4
HIPC Relief	74,664.0	5,482.5	3,806.0	7,473.2
Overall deficit (cheques issued) after grants	-651,054.0	44,841.9	-9,858.7	111,657.4
Expenditure Float		-128,152.1	-8,805.7	-1,771.5
Overall Deficit including Float		-83,310.2	-18,664.4	109,885.9
Adjustments to cash and other items(net)	0	-55,068	54,550	-26,058
Overall deficit (cheques cleared)	-651,054.0	-138,378.3	35,885.4	83,828.1
Financing	651,054.0	138,378.3	-35,885.4	-83,828.1
Foreign Financing (net)	425,768.0	5,722.5	4,278.8	113,269.2
Loans	559,215.0	9,946.1	9,946.1	125,816.4
Program loans	168,300.0	-	-	65,395.6
Project loans	280,959.0	9,946.1	9,946.1	55,963.6
Basket support	109,956.0	-	-	4,457.1
Amortization	-133,447.0	-4,223.6	-5,667.3	-12,547.2
Domestic (net)	225,286.0	132,655.8	-40,164.2	-197,097.3
Domestic Financing	231,110.0	132,655.8	-40,164.2	-197,097.3
Bank borrowing		117,987.2	-58,385.8	-183,601.9
Non Bank		14,668.6	18,221.6	-13,495.3
Amortization of Contingent debt	-15,939.0	-	-	-
Privatization Fund	10,115.0	-	-	-

/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: Tanzania Monetary Survey (Revised)

Millions of TZS

End of Period	Domestic assets (net)															Domestic credit (net)															Memorandum item:																													
	M3, Extended Broad Money					M2, Broad Money					M1, Narrow Money					M0, Base Money					Reserves (CBB)**																																							
	Domestic assets (net)					Claims on private sectors*					Other items (net)					sum (2-5) or sum (9-13)					Total sum (9-12)					sum (9,10)					Currency in circulation outside banks					Demand deposits					Time deposits					Savings deposits					Foreign currency deposits					Total sum (9,15)				
	Foreign assets		Net government		Claims on private sectors*	Other items (net)	sum (2-5) or sum (9-13)	sum (9-12)	sum (9,10)	Currency in circulation outside banks	Demand deposits	Time deposits	Savings deposits	Foreign currency deposits	Total sum (9,15)	Base Money	Reserves (CBB)**																																											
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17																																												
1994	116,393.2	181,055.6	280,158.6	-7,864.2	569,743.2	486,489.2	329,624.8	176,308.2	153,316.5	84,799.5	72,064.9	83,254.0	226,441.4	50,133.2																																														
1995	165,813.5	279,257.9	247,846.0	59,994.1	752,911.5	613,695.3	428,285.1	244,313.7	183,971.4	91,210.2	94,109.9	94,109.9	314,885.1	70,571.4																																														
1996	290,319.8	295,822.8	141,341.0	90,579.4	818,063.0	684,990.6	449,213.3	257,662.8	191,550.5	122,436.6	113,340.7	133,072.4	335,768.0	78,105.3																																														
1997	398,918.6	239,457.5	182,976.9	105,716.0	927,068.9	760,353.3	493,868.7	287,877.1	205,991.7	126,269.2	140,215.3	166,715.6	364,940.0	77,062.9																																														
1998	458,003.6	276,586.7	248,276.2	44,118.1	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	418,734.0	110,935.3																																														
1999	622,286.8	366,596.2	311,533.0	-82,789.1	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	508,674.0	123,826.0																																														
2000	842,755.0	375,146.0	340,628.1	-160,840.2	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	556,430.9	164,026.7																																														
2001	1,209,820.4	239,201.4	340,628.1	-152,919.2	1,636,730.7	1,233,667.0	766,019.9	411,638.9	354,381.0	208,101.4	259,945.7	403,063.7	584,369.1	172,730.2																																														
2002	1,558,627.1	264,608.6	570,668.3	-346,221.0	2,047,683.1	1,507,386.5	938,786.6	495,445.6	463,340.9	223,898.7	324,701.2	540,296.5	695,701.2	200,255.6																																														
2003	2,182,072.0	12,937.0	817,125.2	-623,818.1	2,388,316.1	1,721,109.9	1,113,379.1	553,045.8	560,333.3	230,958.8	376,771.9	667,206.2	783,309.0	230,263.2																																														
2003-Jan	1,651,202.9	257,045.5	580,247.7	-447,855.8	2,040,640.2	1,490,504.1	918,121.1	471,090.0	447,031.1	239,917.6	332,465.4	550,136.1	680,510.8	209,420.8																																														
Feb	1,655,007.2	306,398.7	582,609.9	-422,656.0	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	678,757.9	217,434.9																																														
Mar	1,707,928.0	272,871.6	598,111.4	-491,261.2	2,087,649.8	1,502,204.6	908,801.8	447,867.7	460,934.1	239,653.3	353,749.5	585,445.2	649,571.0	201,703.3																																														
Apr	1,674,904.9	295,633.3	621,068.4	-501,654.3	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	695,283.1	262,427.3																																														
May	1,725,548.0	294,589.7	645,351.3	-557,846.1	2,107,643.0	1,490,711.8	925,455.0	446,842.6	478,612.3	238,579.8	326,077.1	616,931.2	681,295.7	234,453.1																																														
Jun	1,871,286.0	199,679.4	658,524.6	-523,596.0	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	639,661.8	165,958.3																																														
Jul	1,909,018.8	185,139.7	701,909.0	-540,408.9	2,255,658.6	1,602,637.6	1,049,066.7	495,295.6	553,711.1	224,169.8	329,461.1	653,020.9	776,307.4	281,011.8																																														
Aug	1,895,236.8	172,642.0	728,882.9	-569,672.0	2,263,174.7	1,607,279.1	1,037,088.8	503,545.3	533,543.5	237,208.4	332,981.9	655,895.6	767,473.8	263,928.4																																														
Sep	2,087,692.5	-35,083.4	764,967.9	244,516.7	2,297,125.8	1,649,505.4	1,085,306.0	504,927.7	580,378.3	226,730.3	337,469.1	647,620.4	687,925.1	182,997.4																																														
Oct	2,116,418.7	9,810.7	783,154.0	-605,331.7	2,304,051.6	1,669,610.4	1,083,761.2	517,258.6	566,502.6	232,258.4	353,590.8	634,441.2	765,852.8	246,594.2																																														
Nov	2,125,383.8	55,935.6	782,188.2	-580,810.4	2,382,697.2	1,718,191.4	1,120,008.9	538,666.2	581,342.7	230,462.5	367,720.0	664,505.8	790,141.2	251,475.0																																														
Dec	2,182,072.0	12,937.0	817,125.2	-623,818.1	2,388,316.1	1,721,109.9	1,113,379.1	553,045.8	560,333.3	230,958.8	376,771.9	667,206.2	783,309.0	230,263.2																																														
2004-Jan	2,312,919.5	-1,717.4	856,793.0	-683,565.0	2,486,021.4	1,741,293.0	1,116,903.1	538,830.7	578,072.4	249,553.6	374,836.3	744,728.5	769,091.2	230,260.5																																														
Feb	2,318,994.8	34,856.7	844,586.5	-700,965.8	2,497,472.3	1,742,942.7	1,110,654.6	519,962.7	590,691.9	248,995.7	383,292.4	754,529.5	743,811.5	223,848.8																																														
Mar	2,178,747.4	91,076.2	847,977.4	-640,149.8	2,477,651.2	1,757,204.8	1,096,558.7	523,607.8	572,950.9	270,684.3	389,961.8	720,446.4	802,863.9	279,256.1																																														
Apr	2,141,542.4	129,701.5	859,629.3	-174,547.2	2,450,409.3	1,730,493.8	1,093,912.9	523,110.5	570,802.4	248,346.7	388,234.2	719,915.6	806,102.5	282,992.0																																														
May	2,114,512.7	155,855.2	890,926.8	-129,086.8	2,517,140.2	1,788,555.4	1,131,129.0	532,770.1	598,358.9	266,743.5	390,682.9	728,584.8	794,842.2	262,072.1																																														
Jun	2,134,182.7	157,606.9	965,980.9	-160,687.4	2,602,934.8	1,856,326.3	1,186,063.1	590,441.0	595,622.1	269,132.9	401,130.3	746,608.5	800,399.6	209,958.6																																														
Jul	2,128,834.6	244,329.6	994,969.8	-170,143.4	2,715,835.9	1,919,971.4	1,250,869.2	612,242.3	638,626.9	264,971.5	404,130.8	795,864.5	893,742.3	281,500.0																																														
Aug	2,131,384.3	196,074.0	991,955.1	-145,052.0	2,710,987.4	1,936,449.5	1,252,535.2	639,586.9	612,948.3	272,726.8	411,187.5	774,537.9	922,959.0	283,372.1																																														
Sept	2,289,760.4	-1,703.5	1,027,300.4	-81,021.5	2,795,951.9	1,979,892.9	1,296,585.1	644,921.5	651,663.5	266,479.5	416,828.3	816,059.0	863,635.1	218,713.5																																														

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

** Commercial Banks Reserves (CBB)

Source: Bank of Tanzania

Table A4: Weighted Average Interest Rates of Commercial Banks (percentage per annum)

	Jan-04	Feb-04	Mar-04	Apr-04	May-04	Jun-04	Jul-04	Aug-04	Sep-04
A Domestic Currency									
1 Interbank Cash Market Rates									
Overnight	9.69	3.54	3.36	3.55	3.44	3.24	5.47	6.79	6.43
2 to 7 days	8.83	4.04	3.57	3.51	4.11	3.84	5.59	7.21	6.84
8 to 14 days	9.49	4.13	4.54	4.40	4.40	4.40	7.18	7.18	7.96
15 to 30 days	8.70	6.63	6.77	7.77	7.00	7.74	6.79	7.50	7.86
31 to 60 days	8.28	5.98	6.67	7.69	7.25	6.97	7.81	7.86	8.20
61 to 90 days	7.96	6.50	6.50	8.25	8.25	8.25	7.87	8.40	8.40
91 to 180 days	7.46	7.31	7.56	8.05	7.75	7.50	8.24	9.73	9.60
181 and above	8.83	7.66	8.37	8.38	8.25	7.49	8.49	10.08	11.01
Overall interbank cash market rate	9.50	3.80	3.75	3.88	3.88	3.57	5.68	7.14	6.73
2 Lombard Rate	15.45	9.61	10.15	11.06	11.06	11.06	10.98	10.98	10.98
3 REPO Rate	4.78	4.41	4.00	4.00	4.29	5.08	5.33	5.33	5.92
4 Treasury Bills Rates									
35 days	6.67	6.38	6.77	7.43	6.98	6.74	7.27	7.56	8.23
91 days	7.13	7.24	7.47	8.00	7.69	7.67	8.12	8.37	9.31
182 days	7.61	7.56	6.51	8.11	7.97	8.03	8.39	9.31	9.89
364 days	7.78	7.64	6.45	8.12	8.01	8.22	9.40	10.13	10.40
Treasury bills rate	7.48	7.29	7.60	7.94	7.69	7.83	8.39	8.97	9.57
5 Treasury Bonds- 2-years	8.57	7.39	7.39	9.03	7.81	8.76	9.71	10.86	11.00
5-years	10.15	10.15	10.24	9.55	9.55	6.68	10.34	10.49	11.46
7-years	10.74	10.83	11.12	10.48	10.65	10.65	10.92	11.16	10.44
10-years	11.53	11.83	11.80	11.55	11.70	11.70	12.39	12.39	12.61
6 Discount Rate	12.55	12.40	12.50	12.92	12.80	12.64	13.23	13.74	14.38
7 Demand Deposit Rate	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
8 Savings Deposit Rate	2.44	2.42	2.43	2.42	2.42	2.42	2.41	2.40	2.45
9 Time Deposits Rates									
Call Accounts	0.68	0.86	0.89	1.35	1.14	1.69	1.63	1.34	1.23
1 month	2.19	2.21	3.00	3.09	3.62	3.47	3.45	3.67	3.78
2 months	5.84	6.00	5.50	5.36	5.25	5.93	5.56	6.20	5.90
3 months	5.10	4.33	3.86	3.49	4.49	3.96	4.23	4.18	3.88
6 months	3.49	4.99	5.14	4.73	4.78	5.02	5.10	4.60	4.97
9 months	5.31	5.33	5.61	5.32	5.38	5.77	5.76	5.76	6.11
12 months	4.25	5.63	4.80	4.87	4.61	4.59	4.91	5.02	6.17
24 months									
10 Negotiated Deposit Rates	6.81	7.35	7.88	7.76	6.65	6.79	6.73	6.22	6.40
11 Lending rates	13.86	13.35	13.46	13.28	13.86	14.23	14.19	14.80	14.90
Call Loans	17.62	17.13	17.13	15.24	13.99	13.99	13.99	10.00	10.00
Short-term (up to 1yr)	15.58	15.50	15.58	14.75	15.86	15.72	15.53	15.69	15.60
Medium-term (1-2 yrs)	17.19	17.14	17.12	17.36	17.11	17.33	17.04	18.89	17.23
Medium-term (2-3 yrs)	10.33	9.89	9.87	11.36	11.31	11.89	12.24	12.18	13.75
Long-term (3-5 yrs)	12.86	12.12	12.51	12.16	13.09	13.06	12.67	12.48	13.21
Term Loans (over 5 yrs)	13.34	12.12	12.20	10.78	11.93	13.15	13.45	14.78	14.72
12 Negotiated Lending Rates	8.36	8.15	7.53	8.38	9.68	9.36	9.36	10.11	12.92
Interest Rate Spread	10.27	10.16	9.97	9.43	10.48	9.95	9.78	9.93	9.48
B Foreign Currency									
1 Deposits Rates									
Call Accounts	0.26	0.43	0.41	0.23	0.20	0.16	0.14	0.18	0.18
Demand Deposits	0.83	0.74	0.75	0.83	0.76	0.85	0.80	0.76	0.75
Savings Deposits	0.94	0.97	1.07	1.22	1.10	1.09	1.03	1.10	1.11
Time Deposits	0.67	0.82	0.77	0.88	0.87	0.89	0.76	0.74	0.82
1-months	0.61	0.70	1.09	1.22	0.97	0.93	0.70	0.95	0.82
2-months	1.10	1.05	1.11	1.56	1.32	1.12	1.12	1.35	1.07
3-months	1.12	1.15	1.18	1.16	1.11	1.03	1.09	1.00	1.26
6-months	1.21	1.15	1.21	1.26	1.24	1.48	1.51	1.47	1.58
12-months									
2 Lending Rates	7.08	7.31	7.11	7.05	8.55	8.39	8.65	7.08	6.96
Call loans	6.86	6.75	6.74	6.23	6.69	6.06	6.16	6.27	6.30
Short-term (up to 1yr)	7.30	7.78	7.26	7.70	7.56	7.24	7.99	8.03	8.05
Medium-term (1-2 yrs)	7.03	7.56	7.39	7.34	8.19	8.43	8.69	7.86	7.68
Medium-term (2-3 yrs)	7.14	7.15	7.06	6.94	11.77	11.83	11.76	6.17	5.79
Long-term (3-5 yrs)									
Term Loans (over 5 yrs)									

Source: Bank of Tanzania

Table A5: Tanzania's Balance of Payments

(in millions of US dollars)

	2000	2001	2002	2003p
A. Current Account	-495.8	-436.7	-214.7	-310.8
Goods: exports f.o.b.	663.3	776.4	902.5	1,129.2
Traditional	292.8	231.1	206.1	220.5
Nontraditional	370.5	545.3	696.5	908.7
Goods: imports f.o.b.	-1,367.6	-1,560.3	-1,511.3	-1,933.5
<i>Balance on Goods</i>	<i>-704.3</i>	<i>-783.9</i>	<i>-608.8</i>	<i>-804.2</i>
Services: credit	627.3	679.3	668.6	685.2
Transportation	56.8	68.4	61.1	72.8
Travel	376.7	412.8	439.2	450.3
Other	193.8	198.1	168.3	162.0
Services: debit	-682.4	-642.1	-668.5	-774.5
Transportation	-205.7	-194.2	-176.9	-219.4
Travel	-337.3	-327.3	-337.5	-353.2
Other	-139.4	-120.5	-154.1	-201.8
<i>Balance on Services</i>	<i>-55.1</i>	<i>37.2</i>	<i>0.1</i>	<i>-89.3</i>
<i>Balance on Goods and Services</i>	<i>-759.3</i>	<i>-746.8</i>	<i>-608.7</i>	<i>-893.6</i>
Income: credit	50.4	55.3	67.9	87.1
Income: debit	-180.4	-140.5	-90.6	-130.8
Direct investment income	-13.2	-1.1	-2.0	-15.7
Interest payments (scheduled)	-146.9	-117.3	-67.6	-92.7
Compensation of employees	-20.3	-22.1	-21.1	-22.4
<i>Balance on Goods, Services and Income</i>	<i>-889.4</i>	<i>-832.0</i>	<i>-631.4</i>	<i>-937.2</i>
Current transfers	393.6	395.3	416.6	626.4
Current transfers: credit	472.1	474.8	477.9	689.5
Government	427.8	418.4	427.7	619.6
Multilateral HIPC relief	40.6	71.3	68.8	68.2
Other sectors	44.3	56.4	50.2	69.9
Current transfer: debit	-78.5	-79.5	-61.3	-63.0
B. Capital Account	379.9	1003.6	785.7	677.7
Capital transfers: credit	379.9	1003.6	785.7	677.7
General Government	364.2	981.3	755.6	640.4
Project	314.7	339.2	325.3	320.9
Program	0.0	0.0	0.0	0.0
Debt forgiveness	49.4	642.1	430.3	319.5
Other sectors	15.7	22.3	30.1	37.3
Capital transfers: debit	0.0	0.0	0.0	0.0
Total, Groups A plus B	-115.9	566.9	570.9	366.9
C. Financial Account, excl. reserves and related items	369.2	-501.9	0.0	21.1
Direct investment abroad	0.0	0.0	0.0	0.0
Direct investment in Tanzania	463.4	327.2	240.4	247.8
Portfolio investment	0.0	0.0	0.0	0.0
Other investment	-94.2	-829.1	-240.4	-226.7
Assets	-134.0	-76.7	2.9	-59.0
Currency and deposits	-134.0	-76.7	2.9	-59.0
Banks	-134.0	-76.7	2.9	-59.0
Other sectors	0.0	0.0	0.0	0.0
Liabilities	39.9	-752.5	-243.3	-167.7
Trade credits	12.8	13.0	13.2	13.3
Loans	-26.5	-723.1	-289.9	-158.9
General government	22.1	-838.9	-243.5	-64.1
Drawings	332.9	199.1	310.2	417.1
Repayments	-310.8	-1038.0	-553.7	-481.2
Scheduled payments	-251.3	-264.5	-113.6	-106.6
Rescheduled debt	-10.1	-131.4	-9.8	-55.1
Debt forgiveness	-49.4	-642.1	-430.3	-319.5
Banks	0.9	2.0	-0.8	-0.7
Other sectors	-47.7	113.9	-45.6	-94.1
Drawings	2.5	171.6	17.2	10.8
Repayments	-50.2	-57.7	-62.8	-104.8
Scheduled payments	-50.2	-57.7	-62.8	-104.8
Currency and deposits	53.6	-42.4	33.4	-22.1
Other liabilities	0.0	0.0	0.0	0.0
Total, Groups A through C	253.4	65.0	570.9	388.0
D. Net Errors and Omissions	-294.2	-228.9	-253.1	32.5
<i>Overall balance (Total, Groups A through D)</i>	<i>-40.8</i>	<i>-163.9</i>	<i>317.8</i>	<i>420.5</i>
E. Reserves and Related Items	40.8	163.9	-317.8	-420.5
Reserve assets	-197.3	-186.6	-372.4	-508.8
Use of Fund credit and loans	49.4	15.6	26.0	-2.9
Exceptional financing	188.7	334.9	28.6	91.2
Rescheduled debt	10.1	131.4	9.8	55.1
Interest arrears	83.6	68.3	18.4	29.9
Principal arrears	95.0	135.2	0.5	6.2
Memorandum items				
GDP(mp) Mill. TZS	7,277,799.9	8,304,338.6	9,399,085.8	10,709,583.8
GDP(mp) Mill. USD	9,093	9,475.6	9,724.0	10,311.8
CAB/GDP	-5	-4.6	-2.2	-3.0
CAB/GDP (excl. current official transfers)	-10.2	-9.0	-6.6	-9.0
Gross Official Reserves	974.4	1156.6	1529.0	2,037.8
Months of Imports	5.7	6.3	8.4	9.0
Net International Reserves (year end)	542.7	761.2	1058.4	1,533.9
Change in Net International Reserves	-137.6	-218.5	-297.2	-475.5
Exchange rate (end of period)	803.3	916.3	976.3	1,063.6
Exchange rate (annual average)	800.4	876.4	966.6	1,038.6

SOURCE: Bank of Tanzania, International Economics Department

Notes:

1) Imports data (f.o.b) for 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) GDP-Gross Domestic Product, mp-Market price, CAB-Current Account Balance, p = provisional

Table A6: Actual Inflation Rates, Based on New CPI, Tanzania Mainland

Base: 2001=100

Period	Unadjusted					
	Year-on-Year			Month-on-Month		
	Headline 1)	Non-Food 2)	Food	Headline 1)	Non-Food 2)	Food
2003 Jan.	3.4	3.3	3.4	5.4	5.0	5.6
Feb.	3.4	2.1	4.3	-0.5	-0.8	-0.4
Mar.	3.5	2.9	3.6	-0.8	-1.1	-0.6
Apr.	3.5	1.7	4.7	-0.2	-0.1	-0.2
May	3.7	1.6	5.0	-0.2	-1.5	0.7
June	3.6	0.8	5.6	-0.4	-0.7	0.0
July	3.6	2.9	3.8	0.9	2.8	-0.5
Aug.	3.5	2.1	4.5	-0.6	-0.9	-0.2
Sep.	3.7	1.4	5.1	0.3	-1.1	1.1
Oct.	3.8	2.4	4.7	-0.1	1.0	-0.8
Nov.	3.5	1.7	4.7	-0.6	-0.6	-0.6
Dec.	3.5	1.5	4.9	0.3	-0.3	0.8
2004 Jan.	3.6	0.2	5.9	5.5	3.6	6.6
Feb.	3.8	0.2	6.6	-0.3	-0.8	0.3
Mar.	4.0	-0.1	7.0	-0.5	-1.4	-0.2
Apr.	4.7	-0.5	8.4	0.5	-0.5	1.1
May	4.3	2.0	6.0	-0.5	1.0	-1.5
June	4.2	3.2	4.9	-0.5	0.4	-1.1
July	4.1	2.2	5.3	0.7	1.8	-0.1
Aug.	4.1	1.5	5.9	-0.5	-1.7	0.4
Sep.	4.0	3.2	4.6	0.2	0.6	-0.1

1) Total NCPI. 2) Non-Food NCPI.

Table A7: External Debt Portfolio

Item	Millions of US\$					
	2001/02	2002/03	2003/04			
		Jun-03	Jun-04	Jul-04	Aug-04	Sep-04
Overall Total Debt Committed ²	8,032.8	7,606.6	8,088.3	8,173.5	8,210.5	8,226.8
Disbursed outstanding debt	6,559.7	6,233.0	6,678.3	6,700.5	6,734.3	6,748.2
Undisbursed debt	1,473.1	1,373.6	1,410.0	1,473.0	1,476.2	1,478.6
2. Disbursed debt by Creditor Category ²	6,559.7	6,233.0	6,678.3	6,700.5	6,734.3	6,748.2
o/w: Bilateral debt	2,277.1	1,633.7	1,483.6	1,505.9	1,504.6	1,505.4
Multilateral debt	3,808.5	4,088.3	4,570.0	4,564.4	4,601.7	4,613.5
Commercial debt	302.5	330.6	391.2	395.7	395.7	396.2
Export credits	171.6	180.5	233.5	234.6	232.8	233.1
3. Disbursed debt by Borrower Category ²	6,559.7	6,233.0	6,678.3	6,700.5	6,734.3	6,748.2
o/w: Central Government	6,054.8	5,708.0	6,092.0	6,096.4	6,110.4	6,122.2
Public Corporations	153.8	152.2	149.1	155.8	155.3	156.3
Private Sector	351.1	372.9	437.2	448.3	468.6	469.7
4. Disbursed debt by Use of Funds ²	6,559.7	6,233.0	6,678.3	6,700.5	6,734.3	6,748.2
o/w: Balance of payment support	1,639.0	1,166.0	1,275.1	1,253.1	1,300.9	1,305.4
Transport & Telecommunication	1,027.9	1,047.8	1,085.1	1,009.5	1,195.1	1,132.3
Agriculture	1,007.8	1,034.7	967.7	962.8	962.2	972.3
Energy & Mining	902.9	895.0	924.3	920.5	908.2	917.2
Industries	402.3	411.2	352.7	351.1	350.6	350.6
Social Welfare & Education	384.4	421.7	333.3	330.7	331.3	333.0
Finance and Insurance	77.9	76.9	82.3	81.9	81.7	81.9
Tourism	83.8	88.2	80.2	80.3	79.2	79.4
Others	1,033.7	1,091.6	1,577.5	1,710.6	1,525.1	1,576.5
5. Total Amount of Loans Contracted ¹	298.1	22.3	87.5	0.0	0.0	0.0
Government	291.2	12.9	78.4	0.0	0.0	0.0
Private	7.0	9.4	9.1	0.0	0.0	0.0
6. Disbursements ¹	1 84.8	169.0	234.7	1.0	4.1	0.0
Government	160.5	163.7	205.9	0.9	4.1	0.0
Public Corporations	0.0	0.0	2.0	0.0	0.0	0.0
Private	24.3	5.3	26.8	0.1	0.0	0.0
7. Scheduled Debt Services ¹	400.0	369.0	334.4	355.1	355.1	355.1
8. Actual Debt Service ¹	89.1	112.4	99.3	10.8	12.1	11.5
Principal	47.9	86.6	77.5	8.5	11.2	9.5
Interest	41.2	25.8	21.8	2.4	1.0	2.0
9. Net Transfers	95.7	51.3	106.6	-9.9	-8.0	-11.5
10. Total Arrears by Creditor Category ²	1,820.2	2,056.5	2,297.8	2,297.4	2,287.2	2,289.1
o/w: Principal	915.9	1,021.4	1,119.1	1,111.7	1,128.9	1,128.3
Bilateral	570.5	611.6	658.8	651.8	654.6	650.8
Multilateral	39.9	45.1	28.3	23.0	38.3	33.9
Commercial	152.9	203.7	240.2	244.9	245.5	252.2
Other Private Creditors	152.6	161.0	191.8	192.0	190.5	191.4
Interest	904.3	1,035.1	1,178.7	1,185.7	1,158.3	1,160.8
Bilateral	522.7	577.7	693.0	697.0	698.3	697.8
Multilateral*	54.1	68.4	27.3	26.0	27.9	27.8
Commercial	222.2	268.3	287.1	290.5	291.4	294.3
Other Private Creditors	105.3	120.7	171.3	172.2	140.7	140.9
11. External Debt Stock	7,464.0	7,268.1	7,856.9	7,886.2	7,892.6	7,909.0
12. Domestic Debt Stock	864.5	841.6	885.3	906.9	923.5	913.6
13. Total Debt Stock	8,328.5	8,109.7	8,742.1	8,793.2	8,816.1	8,822.6
14. Export of Goods and Services	1,436.2	1,996.8	2,221.0			
15. External Debt Service	171.3	114.9	99.3			
16. GDP at facto cost	8,579.3	9,089.9	9,224.7			
End of Period Exchange Rate TZS/US\$	946.9	1,047.4	1,063.6	1,097.4	1,083.2	

Source: BOT

NB. Multilateral*: multilateral arrears are those owed by the private sector¹During the period ²End of September 2004, cumulative

GLOSSARY

Non-Food or Underlying Inflation Rate

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

Seasonally Adjusted Indicators

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

Reserve Money (M0)

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

Money Supply, M

The sum of currency in circulation outside the banks and deposits are defined in various concepts of money supply in the narrower and broader sense, i.e., narrow money (M1), broad money (M2), and extended broad money (M3).

Narrow Money, M1

Consists of currency in circulation outside banks and demand deposits.

Broad Money, M2

Is equivalent to narrow money (M1) plus time deposits and savings deposits.

Extended Broad Money, M3

Consists of broad money (M2) plus foreign currency deposits.

Currency in Circulation Outside Banks

Notes and coin accepted as legal tender in the domestic economy, excluding amounts held by the banking system.

Repurchase Agreement (Repo)

These are agreements to purchase/sale by the BoT government securities from/to financial institutions at agreed rate for a specified period, with an understanding that the financial institutions will repurchase/resell the securities to the BoT at the end of the period.

Weighted Annualised Yields of Treasury Bills of all Maturities

This is the average yield of Treasury bills, which is weighted by the volume sold of 91-day, 182-day, and 364-day Treasury bills, expressed in percentage per year.

Exchange Rate

This is the price at which one currency can be purchased with another currency, e.g. TZS per US dollar.

Nominal Exchange Rate

It is the price at which actual transactions in foreign exchange markets occur.

Lombard Facility

The Bank introduced Lombard facility on 1st December 2003, as an overnight facility to enable commercial banks to borrow at their own discretion, through pledging of eligible government securities as collateral.

Lombard Rate

This is the rate payable for the use of the Lombard Facility, which is also used as signalling mechanism for the Bank of Tanzania's monetary policy stance. The rate is based on prevailing discount rate, repo or interbank rates, depending on whichever is higher.

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