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PRESS RELEASE

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NATIONAL CONSUMER PRICE INDEX (NCPI) FOR THE MONTH OF JANUARY, 2019

METHODOLOGICAL NOTE

Definition

The NCPI measures the change over time in the cost of a fixed basket of goods and services that are purchased by a representative sample of households in Tanzania. A basket includes a list of 278 goods and services of which 97 are Food and Non Alcoholic Beverages and 181 are Non Food items that are being priced on monthly basis.

Weights and a Reference Period

The NCPI weights are based on monetary expenditures relating to consumption for all households in the 25 geographic regions of Tanzania Mainland. The index weights are based on expenditures of both urban and rural households derived from 2011/12 Household Budget Survey and the price reference period is December, 2015.

Classification

The NCPI follows the internationally recommended Classification of Individual Consumption by Purpose (COICOP). NCPI is being disseminated with indices for the 12 major groups of COICOP as well as several additional index aggregations. These additional indices are; 1) Food and Non-alcoholic Beverages - combining food consumed at home and food consumed in restaurants; 2) Energy and Fuels - combining electricity and other fuels for use at home including petrol and diesel; 3) All Items Less Food; and 4) All Items Less Food and Energy.

Elementary and Higher Level Indices

The NCPI use geometric mean of price relatives for compiling elementary index aggregates and the Lowe Index formula which is Laspeyres index formula type is used for computing higher level aggregates.

ANNUAL HEADLINE INFLATION DECREASED TO 3.0%

Table 1: Changes in the NCPI for January, 2019, (Dec., 2015 = 100)

| S/N | Main Groups | Weight | Jan -18 | Dec -18 | Jan-19 | 1 Month Percent Change | 12 Month Percent Change |
|--------------------------------|-------------------------------------------------------------------------------------------------|--------------|---------------|---------------|---------------|------------------------|-------------------------|
| 1 | Food and Non Alcoholic Beverages. | 38.5 | 115.51 | 114.69 | 116.34 | 1.4 | 0.7 |
| 2 | Alcoholic and Tobacco. | 3.7 | 107.89 | 110.16 | 110.29 | 0.1 | 2.2 |
| 3 | Clothing and Footwear. | 8.3 | 107.15 | 110.60 | 111.15 | 0.5 | 3.7 |
| 4 | Housing, Water, Electricity, Gas and Other Fuel | 11.6 | 119.12 | 133.38 | 133.02 | -0.3 | 11.7 |
| 5 | Furnishing, Housing Equipment and Routine Maintenance of the House | 6.3 | 105.71 | 109.49 | 109.84 | 0.3 | 3.9 |
| 6 | Health | 2.9 | 107.01 | 107.92 | 108.08 | 0.1 | 1.0 |
| 7 | Transport | 12.5 | 100.58 | 105.49 | 104.60 | -0.8 | 4.0 |
| 8 | Communication | 5.6 | 98.09 | 95.57 | 95.72 | 0.2 | -2.4 |
| 9 | Recreation and Culture | 1.6 | 103.07 | 102.89 | 103.24 | 0.3 | 0.2 |
| 10 | Education | 1.5 | 105.34 | 105.97 | 107.42 | 1.4 | 2.0 |
| 11 | Restaurants and hotels | 4.2 | 105.01 | 107.32 | 107.73 | 0.4 | 2.6 |
| 12 | Miscellaneous goods and services | 3.1 | 105.66 | 108.15 | 108.32 | 0.2 | 2.5 |
| TOTAL – ALL ITEMS INDEX | | 100.0 | 110.13 | 112.76 | 113.38 | 0.5 | 3.0 |
| Other Selected Groups | | | | | | | |
| 1 | Food - combining food consumed at home and food consumed in restaurants | 37.1 | 116.63 | 117.59 | 119.37 | 1.5 | 2.3 |
| 2 | Energy and Fuels - combining electricity and other fuels for use at home with petrol and diesel | 8.7 | 124.76 | 146.40 | 144.38 | -1.4 | 15.7 |
| 3 | All Items Less Food | 62.9 | 106.99 | 112.49 | 112.48 | 0.0 | 5.1 |
| 4 | All Items Less Food and Energy | 54.3 | 104.14 | 107.07 | 107.37 | 0.3 | 3.1 |

The Headline Inflation Rate measures inflation rate when all items in the fixed CPI basket are included. Table number 1 above indicates that, Annual Headline Inflation Rate for the month of January, 2019 has decreased to 3.0% from 3.3% recorded in December, 2018. The decrease of the headline inflation explains that, the speed of price change for commodities for the year ended January, 2019 has decreased compared to the speed of the price change recorded for the year ended December, 2018. The overall index went up to 113.38 in January, 2019 from 110.13 recorded in January, 2018.

Food and Non Food Inflation Rates

Food and Non Alcoholic Beverages Inflation Rate for the month of January, 2019 has decreased to 0.7% from 1.0% recorded in December, 2018. Annual Inflation Rate for food consumed at home and away from home has also decreased to 2.3% in January, 2019 from 2.6% recorded in December, 2018. Moreover, the 12 month index change for non-food products in January, 2019 has decreased to 5.1% from 5.4% recorded in December, 2018.

Inflation Rate excluding Food and Energy

The Annual Inflation Rate which excludes food and energy for the month of January, 2019 has stagnated at 3.1% as it was recorded in December, 2018.

The NCPI used to compute this type of Inflation Rate excludes food consumed at home and restaurants, non alcoholic beverages, petrol, diesel, gas, kerosene, charcoal, firewood and electricity. Excluding food and energy which are the most volatile components in the total NCPI could provide a more stable Inflation Rate figure for Policy Makers.

Chart 1: Movement of National Consumer Price Indices (NCPI) and Inflation Rates from January, 2018 – January, 2019. (Dec., 2015 = 100)

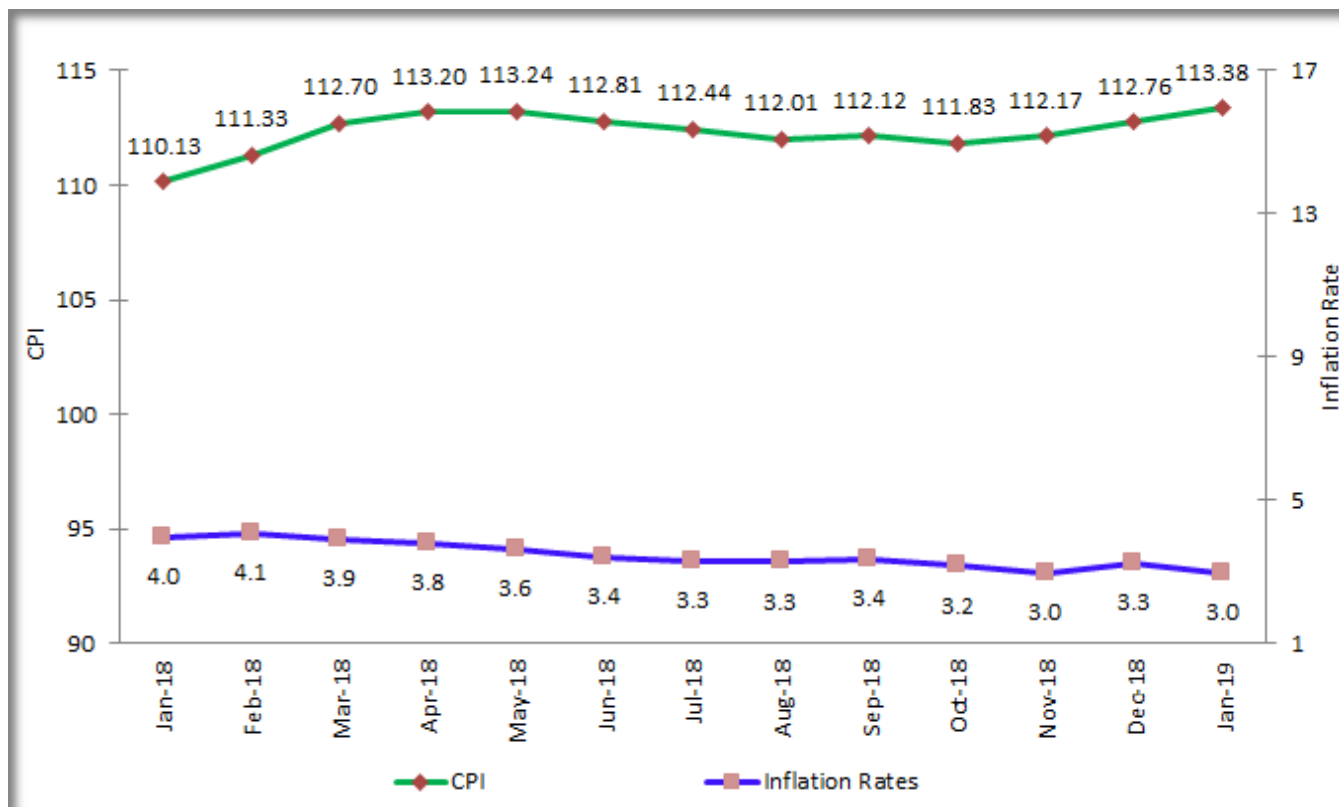


Chart number 1 above explains that; CPI has shown a relatively stable movement of prices from January, 2018 to January, 2019. In addition, Annual Headline Inflation Rates over the same period range between 4.0% in January, 2018 and 3.0% recorded in January, 2019.

MONTHLY CHANGE OF CONSUMER PRICE INDEX FROM DECEMBER, 2018 TO JANUARY, 2019

The Consumer Price Index from December, 2018 to January, 2019 has increased by 0.5%. The overall index has increased to 113.38 in January, 2019 from 112.76 recorded in December, 2018. The increase of the overall index is mainly attributed to price increase for both food and non-food items. Some food items that contributed to such an increase include; rice by 2.8%, white maize grains by 6.3%, vegetables by 1.2%, round potatoes by 4.5%, sweet potatoes by 2.6%, dry cassava by 2.4% and cooking bananas 6.0%. Non-food items that contributed to such an increase include; children's school uniform by 5.0%, private primary school fee by 2.2% and private secondary school fee by 2.6%.

Table 2: NCPI Release Schedule for the Coming Months

| NCPI Release Months | Release date |
|----------------------------|------------------------------|
| February, 2019 | 08 th March, 2019 |
| March, 2019 | 08 th April, 2019 |
| April, 2019 | 08 th May, 2019 |

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