



# National Bureau of Statistics

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## PRESS RELEASE

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### NATIONAL CONSUMER PRICE INDEX (NCPI) FOR OCTOBER, 2013

#### Background notes

#### 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 224 goods and services 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 survey types of households in the 21 geographic regions of Tanzania. The index weights are based on expenditures of both urban and rural households. The reference period for the NCPI has been changed from February, 2001=100 to September 2010=100.

#### 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 with petrol and diesel; 3) All Items Less Food; and 4) All Items Less Food and Energy.

#### Methodology

The NCPI has incorporated a number of methodological improvements including the use of geometric means for compiling elementary index aggregates, the use of an improved index compilation system, and improved procedures for collecting and processing prices. The modified Laspeyres index formula continues to be used for computing higher level aggregates for the NCPI.

## ANNUAL HEADLINE INFLATION RATE INCREASES TO 6.3%

**Table 1: Changes in the NCPI for October, 2013  
(September 2010 = 100)**

S/N	Main Groups	Weight	Oct -12	Sept-13	Oct -13	1 Month Percent Change	12 Month Percent Change
1	Food and Non Alcoholic Beverages	47.8	142.49	150.94	152.36	0.9	6.9
2	Alcoholic and Tobacco	3.3	127.20	140.27	140.80	0.4	10.7
3	Clothing and Footwear	6.7	124.60	130.26	130.38	0.1	4.6
4	Housing, Water, Electricity, Gas and Other Fuel	9.2	142.85	155.38	155.71	0.2	9.0
5	Furnishing, Housing Equipment and Routine Maintenance of the House	6.7	123.87	127.65	127.94	0.2	3.3
6	Health	0.9	105.49	108.40	108.48	0.1	2.8
7	Transport	9.5	114.67	125.20	125.29	0.1	9.3
8	Communication	2.1	96.43	96.58	96.59	0.0	0.2
9	Recreation and Culture	1.3	112.32	112.94	112.87	-0.1	0.5
10	Education	1.7	110.75	113.38	113.38	0.0	2.4
11	Restaurants and hotels	6.4	130.60	133.90	134.35	0.3	2.9
12	Miscellaneous goods and services	4.5	115.74	122.79	122.67	-0.1	6.0
<b>TOTAL – ALL ITEMS INDEX</b>		<b>100</b>	<b>132.98</b>	<b>140.61</b>	<b>141.39</b>	<b>0.6</b>	<b>6.3</b>
<b>Other Selected Groups</b>							
1	Food - combining food consumed at home and food consumed in restaurants	51.0	141.19	150.18	151.56	0.9	7.3
2	Energy and Fuels - combining electricity and other fuels for use at home with petrol and diesel	5.7	157.71	174.09	174.44	0.2	10.6
3	All Items Less Food	49	123.27	130.63	130.79	0.1	6.1
4	All Items Less Food and Energy	43.3	118.09	124.63	124.77	0.1	5.7

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 October, 2013 has slightly increased to 6.3% from 6.1% recorded in September, 2013. The overall index went up to 141.39 in October, 2013 from 132.98 recorded in October, 2012. Food and Non alcoholic beverages Inflation Rate has increased to 6.9% in October, 2013 from 6.5% recorded in September, 2013.

### Food and Non Food Inflation Rates

Annual Inflation Rate for food consumed at home and away from home has increased to 7.3% in October, 2013 as compared to 6.9% in September, 2013. In addition, the 12 month index change for non food products has slightly increased to 6.1% in October, 2013 as compared to 6.0% recorded in September, 2013.

### Inflation Rate excluding Food and Energy

This type of CPI excludes food consumed at home and restaurants, non alcoholic beverages, petrol, diesel, gas, kerosene, charcoal 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.

The Annual Inflation Rate which excludes food and energy for the month of October, 2013 has decreased to 5.7% from 5.8% recorded in September, 2013.

**Chart 1: Movement of National Consumer Price Indices (NCPI) and Inflation Rates from October, 2012 – October, 2013. (September 2010 = 100)**

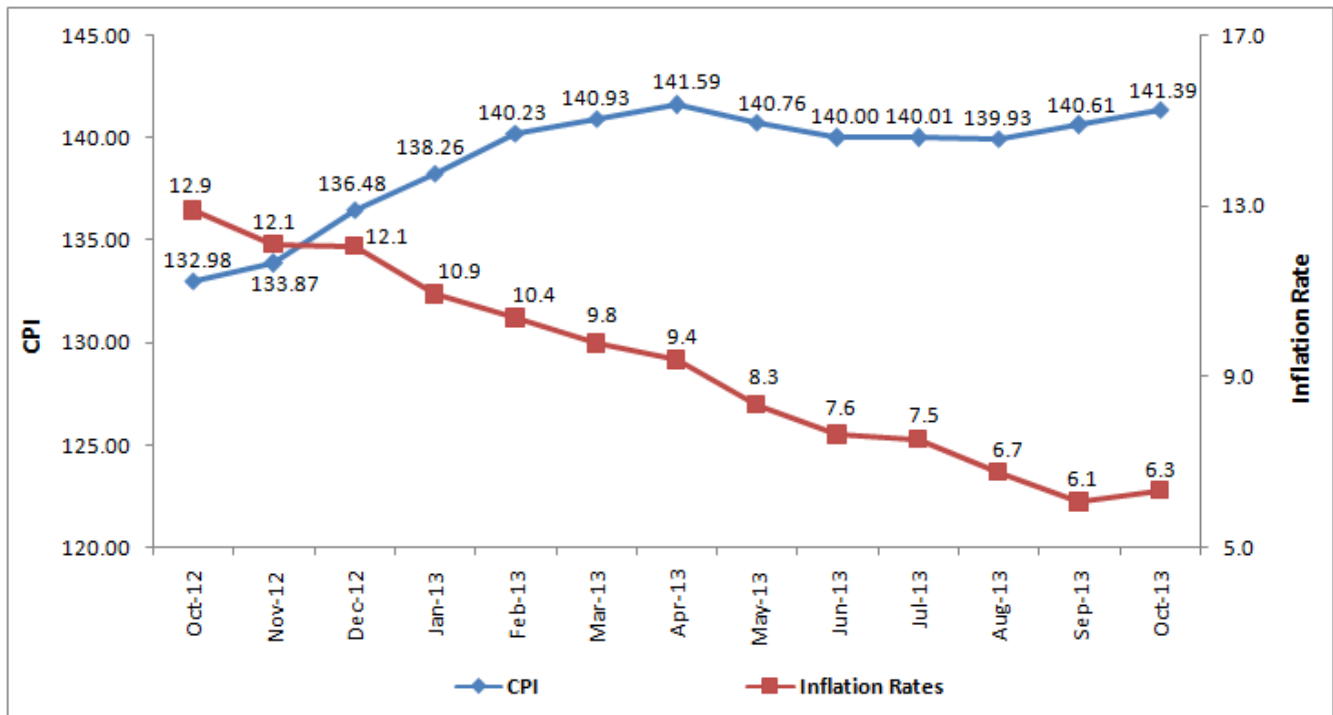


Chart number 1 above shows that; during the period of October, 2012 to October, 2013 CPI have shown mixed patterns of movements. A steadily increasing trend in prices of commodities is observed from October 2012 to April, 2013 and relatively stable movement of the index is observed from May, 2013 to October, 2013. Annual Headline Inflation Rates have shown a decreasing pattern from 12.9% in October, 2012 to 6.1% in September, 2013 and a slight increased to 6.3% in October 2013.

**MONTHLY HEADLINE INFLATION RATE INCREASES BY 0.6**

The Monthly Headline Inflation Rate for the month of October, 2013 has increased by 0.6% compared to 0.5% recorded in September, 2013. The overall index increased to 141.39 in October, 2013 from 140.61 in September, 2013. This increased in the overall index is attributed to the price increase of both food and non food items. Food items that have mainly contributed to such an increase include; maize flour white by 1.5%, cassava flour by 3.5%, meat by 1.2%, live chicken by 3.7%, fresh fish by 4.1%, dried fish by 9.0%, dried sardines by 2.5%, fresh cow milk by 1.2%, fruits by 2.9%, coconuts by 2.6%, sweet potatoes by 4.2% and honey by 5.0%. Non food items that have mainly contributed to the increase of index include; garments for children by 0.4%, kerosene by 2.1% and cleaning and maintenance products by 0.4%.

## Purchasing Power of Tanzanian Shilling in October, 2013 Compared to September, 2010

**Definition:** The Purchasing Power of the consumer's Tanzanian Shilling measures the change in the value of consumer goods and services that a Tanzanian Shilling could buy at different periods. That is, if the overall level of Consumer Price Index (CPI) goes up, the Purchasing Power of a Tanzanian Shilling goes down.

The purchasing power of 100 Tanzanian Shillings has decreased to TZS 70 and 73 cents in October, 2013 from September, 2010.

### PRICE MOVEMENTS

**Chart 2: Price Movements of Different Groups of CPI from October, 2012–October, 2013 (September 2010 = 100)**

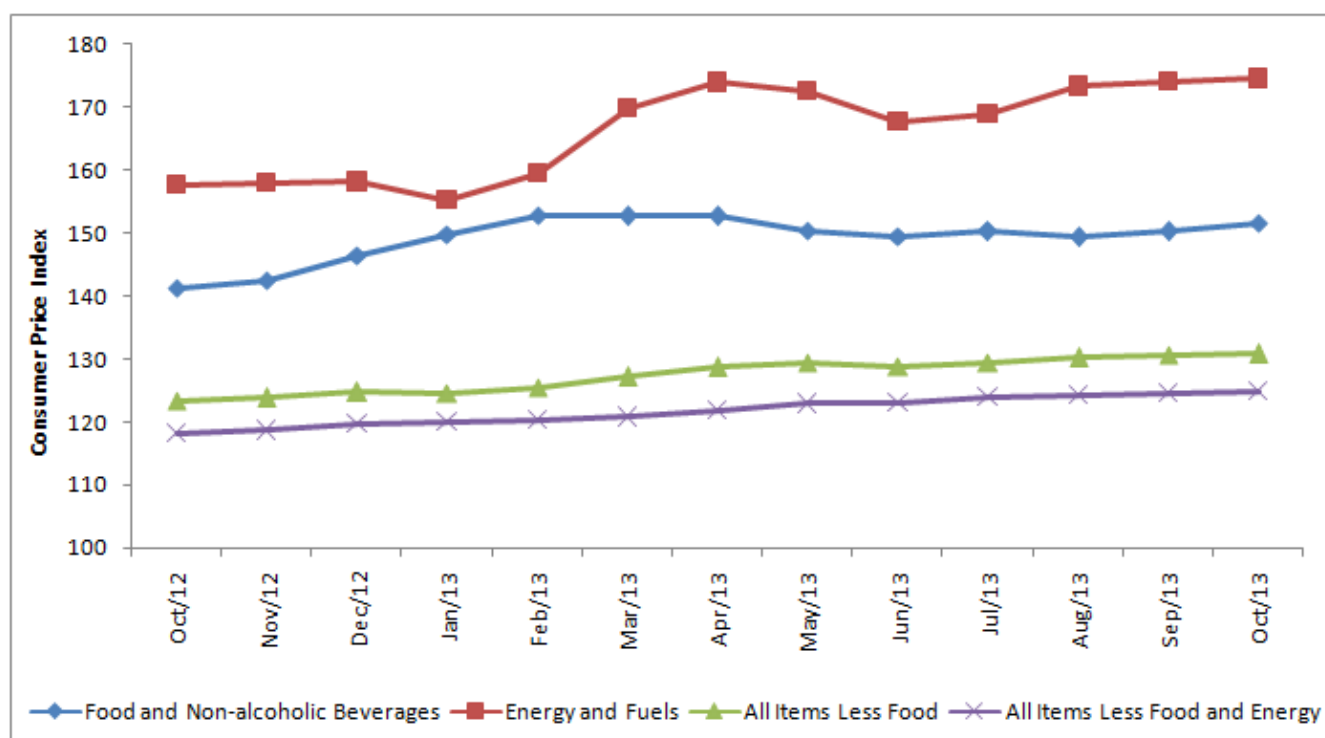


Chart number 2 above shows price movement of different groups of Consumer Price Indices from October, 2012 to October, 2013. On average, Energy and Fuel index; and Food and Non Alcoholic Beverages index have had a higher upward trend over the period compared to other indices. Furthermore, energy and fuels portrayed unstable price movements compared to other indices. All items without food and all items without food and energy have indicated a much stable price movements.

The National Bureau of Statistics will release the National Inflation Rate for November, 2013 on 08<sup>th</sup> December, 2013. For any comments to improve the release, use the following contacts;

**Contact person:            Director General**  
**National Bureau of Statistics**