



STATISTICAL RELEASE

In reply please quote:

Our ref: NBS/S.40/21/488

Date: August, 2017

EXPORT AND IMPORT PRICE INDICES (XMPI) FOR JUNE, 2017

Background notes

Definition

The Export and Import Price Indices (XMPI) are measures of price changes of goods imported into or exported outside the country. The XMPI are used to analyse Terms of Trade (ToT) which is the ratio of Export Price Index (XPI) to the Import Price Index (MPI).

Weights and a reference period

The XMPI weights are based on values of imported and exported commodities for the years 2006 to 2010. A top-down approach was taken in the determination of the index structure and composition and the allocation of the weights. The aim was to maximize the indirect representation of un-priced commodities in the index, through a chain of representation. The price reference period is the quarter ending March 2013.

Product Classification

The products are classified according to the United Nations Harmonized Commodity Description and Coding System (HS). The HS is an international nomenclature for the classification of products.

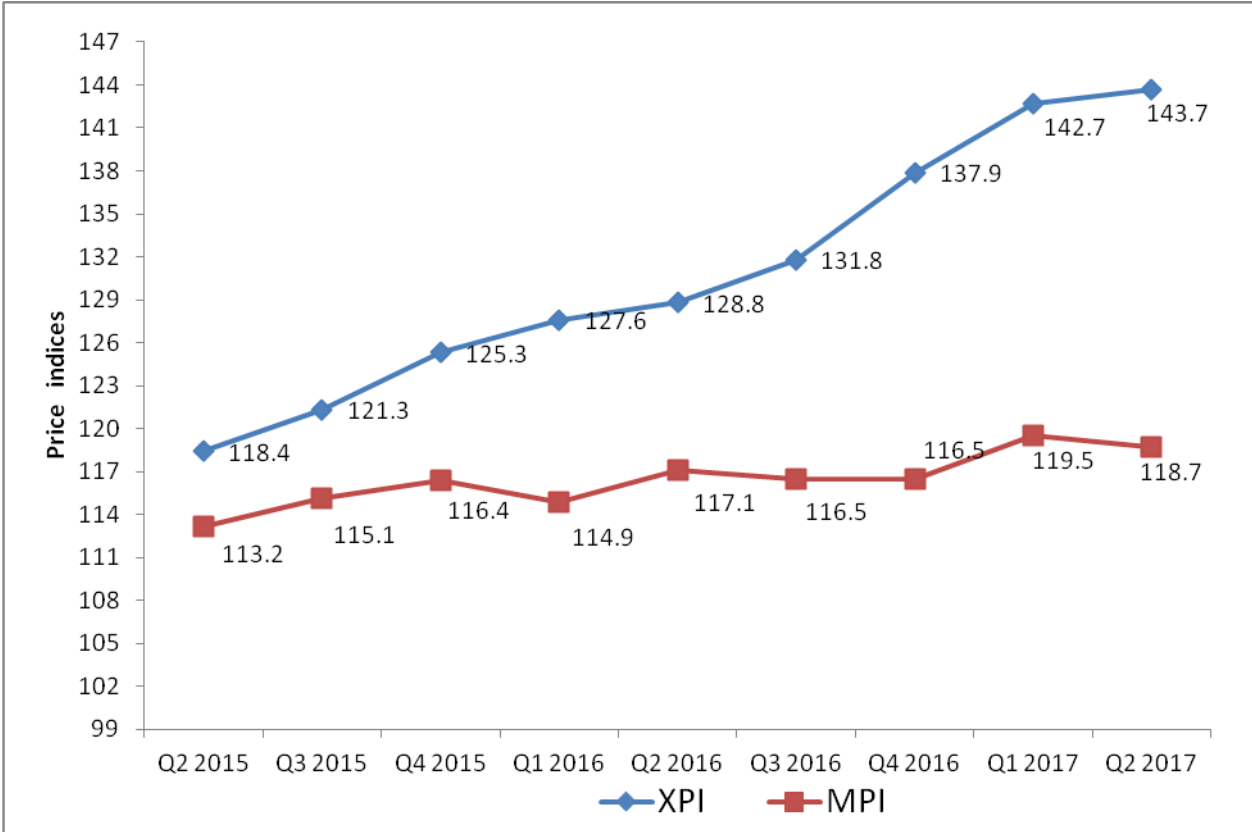
Methodology

Selection of items: In the selection of items, a top - down procedure was applied in three steps. First the major 2 digit HS chapters contributing to the total value of imports in terms of the sum of values for the year 2006 and 2010 were selected for direct inclusion in the indices. 12 chapters (2 digit HS codes) were selected for imports and 8

chapters for exports out of 99 chapters representing 80 percent or more depending on the degree of concentration. Secondly, the process was repeated at 4 digit level of HS; 56 items were selected for imports and 10 items were selected for exports. Finally the procedure was repeated at 8 digit level of the HS by selecting 170 items for imports and 18 items for exports. The result of these procedures was the derivation of the structure and composition of the indices.

The XMPI 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 Laspeyres index formula was used to compute higher level aggregates for the XMPI. **Chart 1** depicts trend of XPI and MPI in the selected quarters.

Chart 1: Quarterly Export and Import Price Indices (Q1 2013=100).



Q1=January-March, Q2=April-June, Q3=July-September, Q4=October-December

Export Price Indices

Structure of the XPI

The XPI covers 8 chapters out of 99 chapters, namely; (i) Fish and crustacean, mollusk and other aquatic invertebrate, (ii) Edible vegetables and certain roots and tubers, (iii) Edible fruits or melons, (iv) Coffee, tea, mate and spices, (v) Tobacco and manufactured tobacco substitutes, (vi) Ores, slag and ash, (vii) cotton and (viii) Natural/cultured pearls, precious stones and metals, coin, etc. The sampled eight chapters constitute 80 percent of total value of exports, aggregated from 2006 to 2010.

Quarterly Export Price Index

The overall export price index during the second quarter of 2017 increased by 0.7 percent to 142.9 compared to the level recorded in the preceding quarter. The rise was mainly explained by the increase in prices of gold, cotton and edible fruits and nuts. When compared to the corresponding quarter of 2016 the export price index increased by 11.6 percent (**Table1**).

Table 1: Quarterly Export Price Indices by Chapter (Base year Q1 2013= 100)

Chapter	Description	Weight	2016			2017		% Change on Previous Quarter	% Change the same Quarter last year
			Q2	Q3	Q4	Q1	Q2		
03	Fish & crustacean, mollusc & other aquatic invertebrate	9.5	139.9	145.1	149.6	154.9	151.1	-2.5	8.0
07	Edible vegetables and certain roots and tubers	1.8	149.1	153.8	153.4	156.3	156.6	0.2	5.0
08	Edible fruit and nuts; peel of citrus fruit or melons	4.5	131.5	132.0	159.3	161.7	167.6	3.6	27.5
09	Coffee, tea, mate and spices	8.3	115.4	116.2	127.5	147.2	143.4	-2.6	24.3
24	Tobacco and manufactured tobacco substitutes	11.6	154.0	158.4	161.8	165.2	165.6	0.2	7.5
26	Ores, slag and ash	16.7	117.0	119.3	119.5	120.5	120.8	0.2	3.2
52	Cotton	4.6	119.1	120.4	131.8	135.0	140.0	3.7	17.5
71	Natural/cultured pearls, precious stones & metals, coin etc	43.0	104.0	109.5	100.4	101.0	104.4	3.4	0.4
	Overall	100	128.8	131.8	137.9	142.7	143.7	0.7	11.6

Q1=January-March, Q2=April-June, Q3=July-September, Q4=October-December

Sub indices by Chapter

In order to understand movements of export price indices, chapter by chapter analysis has been undertaken.

Chapter 03: Fish and crustacean, mollusk and other aquatic invertebrate

During the second quarter of 2017, the index for "Fish and crustacean, mollusk and other aquatic invertebrate" which account for 9.5 percent of the total weight declined by 2.5 percent to 151.1. The decline was mainly due to a fall in prices of fresh and frozen fillet. Nonetheless, when compared to the corresponding quarter of 2016 the export price index increased by 8.0 percent

Chapter 07: Edible vegetables and certain roots and tubers

This chapter contributed 1.8 percent of the total weight of the exported commodities and the index for this chapter slightly increased by 0.2 percent from 156.3 in the first quarter of 2017 to 156.6 in the second quarter of 2017. Likewise, when compared to the similar quarter of 2016 the export price index increased by 5.0 percent.

Chapter 08: Edible fruits and nuts

The export price index for "Edible fruits and nuts" went up by 3.6 percent to 167.6 in the second quarter of 2017 when compared to the preceding quarter. This was due to a rise in prices of raw cashewnut and cashewnut kernel. When compared to the corresponding quarter in 2016, the index increased by 27.5 percent.

Chapter 09: Coffee, tea, mate and spices

This chapter contributed 8.3 percent of the total weight of exported commodities. During the second quarter of 2017, "Coffee, tea, mate and spices" recorded XPI of 143.4, equivalent to 2.6 percent decline compared to XPI of 147.2 recorded during the first quarter of 2017. The decline was due to a fall in the price of both coffee and tea in the world market. When compared to the similar quarter in the previous year, the XPI increased by 24.3 percent.

Chapter 24: Tobacco and manufactured tobacco substitutes

During the second quarter of 2017, index for "Tobacco and manufactured tobacco substitutes" increased slightly to 165.6 compared to 165.2 recorded in the first quarter of

2017. The rise was mainly due to the increase in world market price of tobacco. When compared to the same quarter in the previous year, the XPI increased by 7.5 percent.

Chapter 26: Ores, slag and ash

The export price index for "Ores, slag and ash" slightly increased to 120.8 in the second quarter of 2017 which is an increase of 0.2 percent compared to XPI of 120.5 recorded in the first quarter of 2017. Likewise, when compared to the same quarter in the previous year, the index increased by 3.2 percent.

Chapter 52: Cotton

During the second quarter of 2017 the export price index for "Cotton" increased by 3.7 percent to 140.0 compared to 135.0 XPI recorded in the first quarter of 2017. The increase was mainly due to the increase of prices of cotton in the world market on account of strong global demand. Similarly, when compared to the same quarter last year, the index rose by 12.1 percent.

Chapter 71: Natural/cultured pearls, precious stones and metals, coin etc

The export price index for "Natural/cultured pearls, precious stones and metals, coin etc" which account for 43.0 percent of the total of weight exported commodities increased by 3.4 percent from 101.0 in the first quarter of 2017 to 104.4 recorded in the second quarter of 2017. The increase was mainly attributed by the increase of gold price in the world market. When compared to the similar quarter last year, the index slightly went up by 0.4 percent.

Import Price Index

Structure of the MPI

The MPI covers 12 chapters out of 99 chapters, namely; (i) Cereals, (ii) Animal fats and oil & their cleavage product, (iii) Mineral fuels, oils and product of their distillation, (iv) Pharmaceutical products, (v) Fertilizers, (vi) Plastics and articles thereof, (vii) Rubber and articles thereof, (viii) Iron and steel, (ix) Articles of iron and steel, (x) Nuclear reactors, boilers, machinery and machinery appliance, parts, (xi) Electrical machinery equipments parts thereof; sound recorder etc, and (xii) Vehicles other than railway/transport way road-stock, parts and accessories. The sampled twelve chapters constitute 80 percent of total value of imports aggregated from 2006 to 2010.

Quarterly Import Price Index

The overall import price index for the second quarter of 2017 declined by 0.7 percent to 118.7 compared to 119.5 recorded in the preceding quarter. The decline was mainly attributed by the fall in prices of petrol, diesel and kerosene. However, when compared to the same quarter of 2016 the index increased by 1.4 percent (**Table 2**).

Table 2: Quarterly Import Price Indices by Chapter (Base year Q1 2013= 100)

Chapter	Commodity Description	Weight	2016			2017		% change on Previous Quarter	% change in the same Quarter last year
			Q2	Q3	Q4	Q1	Q2		
10	Cereals	2.7	105.2	105.0	102.5	94.8	95.0	0.2	-9.7
15	Animal fats and oil and their cleavage product	2.1	140.3	150.6	149.6	150.9	151.6	0.5	8.1
27	Mineral fuels, oils and product of their distillation	24.2	60.8	67.3	68.0	79.9	64.8	-18.9	6.6
30	Pharmaceutical products	2.2	118.1	109.9	108.7	112.9	112.2	-0.6	-5.0
31	Fertilizers	1.3	106.1	100.2	102.9	105.4	105.5	0.1	-0.6
39	Plastics and articles thereof	3.9	107.8	106.7	106.0	108.6	111.9	3.0	3.8
40	Rubber and articles thereof	1.9	112.4	119.9	110.4	113.0	113.1	0.1	0.6
72	Iron and steel	4.4	105.9	105.4	105.6	107.2	107.4	0.2	1.4
73	Articles of iron and steel	1.2	125.2	125.0	124.7	128.9	129.2	0.2	3.2
84	Nuclear reactors, boilers, machinery and mechanical appliance; parts	20.6	137.9	133.2	136.8	140.0	140.2	0.1	1.7
85	Electrical machinery equipment parts thereof; sound recorder etc	11.1	142.5	140.9	140.8	146.7	147.9	0.8	3.8
87	Vehicles other than railway/transport ways rool-stock	20.3	142.6	141.9	141.7	145.7	145.6	-0.1	2.1
	Overall	100	117.1	117.2	116.5	119.5	118.7	-0.7	1.4

Q1=January-March, Q2=April-June, Q3=July-September, Q4=October-December

Sub indices by Chapter

This section analyses movements of import price indices for each chapter.

Chapter 10: Cereals

During the second quarter of 2017, the import price index for "Cereals" slightly increased by 0.2 percent to 95.0. However, when compared to the same quarter in the preceding year the index decreased by 9.7 percent.

Chapter 15: Animal fats and oil and their cleavage product

This chapter contributes 2.1 percent of the total weight of the imported commodities and recorded MPI of 151.6 in the second quarter of 2017, representing a slight increase of 0.5

percent from the level recorded in the first quarter of 2017. Likewise, when compared to the same quarter in the previous year the index increased by 8.1 percent.

Chapter 27: Mineral fuels, oils and product of their distillation

During the second quarter of 2017, import price index for “Mineral fuels, oils and product of their distillation” which contributes 24.2 percent to the total weight of the imported commodities declined by 18.9 percent to 64.8 from 79.9 recorded in the first quarter of 2017. The decline was mainly attributed by the fall in prices of petrol, diesel and kerosene which is consistent with the fall of oil prices in the world market. Nonetheless, when compared to the corresponding quarter in 2016, the index increased significantly by 6.6 percent.

Chapter 30: Pharmaceutical products

The index for “Pharmaceutical products” which represent about 2.0 percent of the total weight declined marginally from 112.9 in the first quarter of 2017 to 112.2 recorded in the second quarter of 2017. Likewise, when compared to similar quarter in the previous year, the index decreased by 5.0 percent.

Chapter 31: Fertilizers

The index for “Fertilizers” which accounts for 1.3 percent of the total weight of the imported commodities slightly increased by 0.1 percent to 105.5 during the second quarter of 2017 compared to 105.4 recorded in the first quarter of 2017. However, when compared with the same quarter in the preceding year the index decreased by 0.6 percent.

Chapter 39: Plastics and articles thereof

This chapter contributes 3.9 percent to the total weight of imported commodities. The index rose by 3.0 percent to 111.9 in the second quarter of 2017 on account of a rise in the prices of plastic products raw materials. Similarly, when compared to the same quarter in the previous year the index increased by 3.8 percent.

Chapter 40: Rubber and articles thereof

During the second quarter of 2017, the index for "Rubber and articles thereof" which contributes 1.9 percent to the total weight of imported commodities, slightly increased by 0.1 percent to 113.1. Likewise, the index slightly increased by 0.6 percent when compared to the same quarter in 2016.

Chapter 72: Iron and steel

In the second quarter of 2017, the index for "Iron and steel" slightly increased by 0.2 percent to 107.4 from 107.2 registered in the first quarter of 2017. Similarly, when compared with the corresponding quarter of 2016 the index rose by 1.4 percent from 105.9 recorded in 2016.

Chapter 73: Articles of iron and steel

During the second quarter of 2017, the index for "Articles of iron and steel" went up slightly by 0.2 percent to 129.2 when compared to the preceding quarter. Likewise, when compared to the corresponding quarter in 2016, the index increased by 3.2 percent.

Chapter 84: Nuclear reactors, boilers, machinery and mechanical appliance and parts

The index for "Boilers, machinery and machinery appliance" which accounts for 20.6 of total weight of imported commodities slightly increased by 0.1 percent to 140.2 in the second quarter of 2017 compared to 140.0 recorded in the first quarter of 2017. Likewise, when compared to the same quarter in 2016, the index increased by 1.7 percent.

Chapter 85: Electrical machinery equipment and parts thereof

The index for "Electrical machinery equipment and parts thereof" increased marginally by 0.8 percent to 147.9 in the second quarter of 2017 compared with 146.7 recorded in the preceding quarter. Similarly, when compared to the corresponding quarter of the year 2016 the index increased by 3.8 percent.

Chapter 87: Vehicles other than railway/transport ways rool-stock

The index for "Vehicles other than railway/transport ways rool-stock" which accounts for 20.3 percent of total weight marginally declined by 0.1 percent to 145.6 in the second quarter of 2017 compared to 145.7 recorded in the first quarter of 2017. Nonetheless, when compared to the same quarter in 2016 the index increased by 2.1 percent.

Terms of Trade

The term of trade index is the ratio of export price index to import price index. During the second quarter of 2017, terms of trade index increased by 1.0 percent to 120.4 compared to 119.4 recorded in the preceding quarter, indicating favourable terms of trade for Tanzania. Similarly, when compared to the same quarter in 2016, terms of trade increased by 10.4 percent (**Table 3**).

Table 3: Quarterly Terms of Trade (Base year Q1 2013 = 100)

Indices	2014			2015				2016				2017	
	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
EXPI	104.3	105.6	107.8	110.2	118.4	121.3	125.3	127.6	128.8	131.8	137.9	142.7	142.9
MPI	103.8	104.4	103.7	103.4	113.2	115.1	116.4	114.9	117.1	116.5	116.5	119.5	118.7
TOT	100.5	101.1	104.0	106.6	104.6	105.4	107.6	111.1	110.0	113.1	118.4	119.4	120.4

Note;

Q1=January-March, Q2=April-June, Q3=July-September, Q4=October-December

EXPI = Export Price Indices

MPI = Import Price Indices

ToT = Terms of Trade

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