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In reply please quote :
Our Ref : AC 334/376/01/12

PRESS RELEASE

Date : 08th September, 2021

NATIONAL CONSUMER PRICE INDEX (NCPI) FOR AUGUST, 2021

1. METHODOLOGICAL NOTE

1.1 Definition

The NCPI measure changes over time in the cost of a fixed basket of goods and services that are purchased by a representative sample of households in Tanzania. Currently, the NCPI basket comprises of 383 goods and services, of which 132 are Food and Non-Alcoholic Beverages and 251 are Non-Food items. With regard to geographical coverage, the NCPI uses price data collected from all 26 regional headquarters in Tanzania Mainland.

1.2 Weights and a Reference Period

The NCPI weights are based on monetary expenditures relating to consumption of all households in 26 regions of Tanzania Mainland. The index weights are based on expenditures of both urban and rural households derived from 2017/18 Household Budget Survey. The reference period for base prices is the average of January to December, 2020 and the index reference period is year 2020.

1.3 Classification

The NCPI uses the UN Classification of Individual Consumption by Purpose, 2018 (UN COICOP, 2018) and is being disseminated using 13 COICOP. In addition, the rebased NCPI is disseminated together with several additional index aggregations which includes: - Core index; Energy, fuel and utilities; Non core index; services index; Goods index; Education services and products ancillary to education index and All items less food and non alcoholic beverages.

1.4 Elementary and Higher-Level Indices

Compilation of 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.

2. ANNUAL HEADLINE INFLATION STAGNATED AT 3.8%

Table 1: Changes in the NCPI for August 2021, (2020 = 100)

S/N	Main Groups	Weight	August, 2020	July, 2021	August, 2021	1 Month Percent Change	12 Month Percent Change
1	Food and non-alcoholic beverages	28.2	99.96	106.19	103.51	-2.5	3.6
2	Alcoholic beverages and tobacco	1.9	100.34	102.24	102.71	0.5	2.4
3	Clothing and footwear	10.8	100.12	104.60	104.87	0.3	4.7
4	Housing, water, electricity, gas and other fuels	15.1	100.55	104.19	104.72	0.5	4.2
5	Furnishings, household equipment and routine household maintenance	7.9	100.25	103.14	103.36	0.2	3.1
6	Health	2.5	100.28	102.92	103.05	0.1	2.8
7	Transport	14.1	98.54	103.48	104.11	0.6	5.7
8	Information and communication	5.4	100.22	102.01	102.05	0.0	1.8
9	Recreation, sport and culture	1.6	100.65	102.89	102.98	0.1	2.3
10	Education services	2.0	100.04	101.17	101.18	0.0	1.1
11	Restaurants and accommodation services	6.6	100.36	105.30	105.33	0.0	5.0
12	Insurance and financial services	2.1	100.03	100.32	100.31	0.0	0.3
13	Personal care, social protection and miscellaneous goods and services	2.1	100.30	102.94	103.14	0.2	2.8
TOTAL – ALL ITEMS INDEX		100.0	99.96	104.32	103.80	-0.5	3.8
Other Selected Groups							
1	Core Index	73.9	100.00	104.29	104.54	0.2	4.5
2	Non-Core Index	26.1	99.93	104.39	101.70	-2.6	1.8
3	Energy, Fuel and Utilities Index	5.7	100.06	103.65	105.19	1.5	5.1
4	Services Index	37.2	99.75	103.24	103.45	0.2	3.7
5	Goods Index	62.8	100.12	104.95	104.01	-0.9	3.9
6	Education services and products ancillary to education Index	4.1	100.00	103.30	103.33	0.0	3.3
7	All items Less Food and Non-Alcoholic Beverages	71.82	99.96	103.58	103.91	0.3	4.0

Note: Aggregation of referenced Indices of sub groups do not necessarily add up to All Item Index

2.1 Headline Inflation Rate

The Headline Inflation Rate measures inflation rate when all items in the fixed CPI basket are included. Table 1 above indicates that, Annual Headline Inflation Rate for the month of August, 2021 has stagnated at 3.8% as it was recorded in July, 2021. The stagnation of headline inflation rate means that, the speed of price change for commodities for the year ended August, 2021 has remained the same as it was recorded for the year ended July, 2021. The overall index went up from 99.96 recorded in August, 2020 to 103.80 in August, 2021.

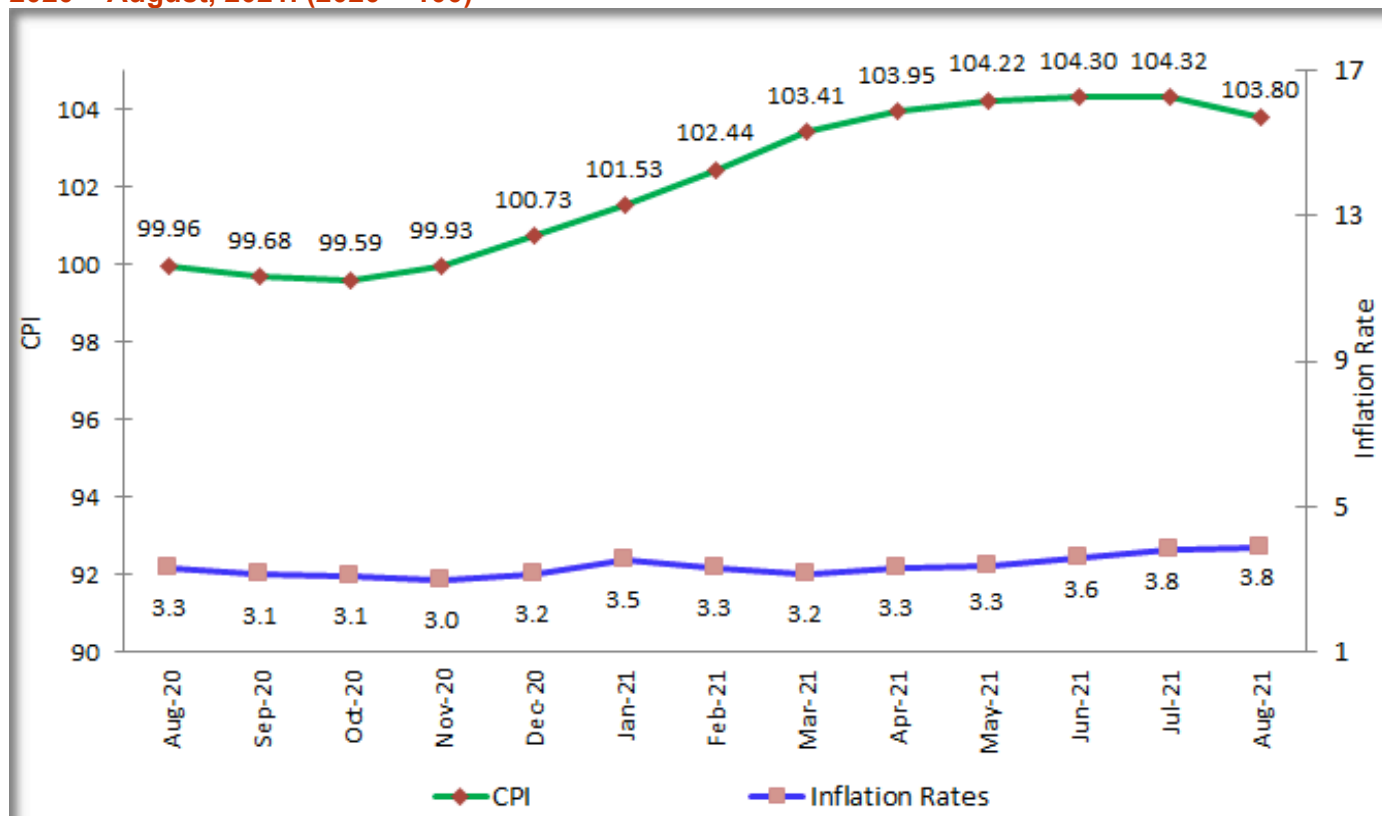
2.2 Food and Non-Alcoholic Beverages Inflation Rates

Food and Non-Alcoholic Beverages Inflation Rate for the month of August, 2021 has decreased to 3.6% from 5.1% that was recorded in July, 2021. Annual Inflation Rate for all items without food and non alcoholic beverages has increased to 4.0% in August, 2021 from 3.3% recorded in July, 2021.

2.3 Core Inflation Rates

Computation of the Core Index, excludes items with volatile prices, that is unprocessed food; energy and utilities with exception to maize flour. Exclusion of volatile prices from the total NCPI provides a more stable Inflation Rate figure for Policy Makers. The Core Index covers 297 items and the share of weight to total NCPI weight is 73.9%. The inflation rate for Core Index for the month of August, 2021 has increased to 4.5% from 4.1% recorded in July, 2021.

Chart 1: Movement of National Consumer Price Indices (NCPI) and Inflation Rates from August, 2020 – August, 2021. (2020 = 100)



Note: Indices for January – December, 2020 are rebased using 2020=100

Chart number 1 indicates that; NCPI has shown a relatively stable price movement from August, 2020 to August, 2021. In addition, Annual Headline Inflation Rates over the same period have shown a stable trend that ranges between 3.0% and 3.8%.

3. MONTHLY CONSUMER PRICE INDEX FROM JULY, 2021 TO AUGUST, 2021

The National Consumer Price Index has decreased from 104.32 recorded in July, 2021 to 103.80 in August, 2021. The decrease of the overall index is mainly attributed to price decrease for some food items. Food items that contributed to the decrease of the index includes: - wheat grains by 2.2%, sorghum grains by 2.0%, finger millet grains by 9.0%, vegetable by 5.2%, beans by 3.7%, cooking bananas by 1.6%, dried peas by 0.7%, cassava by 1.2%, cassava flour by 1.3%, meat by 9.6% and the decreasing trend of prices for maize and maize flour.

Table 3: NCPI Release Schedule for the Coming Months

NCPI Release Months	Release date
September, 2021	08 th October, 2021
October, 2021	08 th November, 2021
November, 2021	08 th December, 2021

Further information pertaining to methodology and related aspects of the NCPI process can be obtained by directing inquiries to:

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