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In reply please quote :
Our Ref : AC 334/376/01/24

PRESS RELEASE

Date : 08th September, 2022

NATIONAL CONSUMER PRICE INDEX (NCPI) FOR AUGUST, 2022

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 FOR AUGUST, 2022 HAS SLIGHTLY INCREASED TO 4.6%

Table 1: Changes in the NCPI for August 2022, (2020 = 100)

S/N	Main Groups	Weight	August, 2021	July, 2022	August, 2022	1 Month Percent Change	12 Month Percent Change
1	Food and non-alcoholic beverages	28.2	103.51	113.08	111.55	-1.3	7.8
2	Alcoholic beverages and tobacco	1.9	102.71	103.44	103.44	0.0	0.7
3	Clothing and footwear	10.8	104.87	107.08	107.26	0.2	2.3
4	Housing, water, electricity, gas and other fuels	15.1	104.72	108.47	108.32	-0.1	3.4
5	Furnishings, household equipment and routine household maintenance	7.9	103.36	107.15	107.13	0.0	3.6
6	Health	2.5	103.05	104.36	104.18	-0.2	1.1
7	Transport	14.1	104.11	112.47	112.52	0.0	8.1
8	Information and communication	5.4	102.05	102.46	102.46	0.0	0.4
9	Recreation, sport and culture	1.6	102.98	104.36	104.32	0.0	1.3
10	Education services	2.0	101.18	101.87	101.87	0.0	0.7
11	Restaurants and accommodation services	6.6	105.33	107.25	107.34	0.1	1.9
12	Insurance and financial services	2.1	100.31	100.54	100.54	0.0	0.2
13	Personal care, social protection and miscellaneous goods and services	2.1	103.14	105.26	105.36	0.1	2.2
TOTAL – ALL ITEMS INDEX		100.0	103.80	109.05	108.63	- 0.4	4.6
Other Selected Groups							
1	Core Index	73.9	104.54	107.92	107.85	-0.1	3.2
2	Non-Core Index	26.1	101.70	112.24	110.84	-1.2	9.0
3	Energy, Fuel and Utilities Index	5.7	105.19	115.22	115.29	0.1	9.6
4	Services Index	37.2	103.45	106.81	106.78	0.0	3.2
5	Goods Index	62.8	104.01	110.37	109.72	-0.6	5.5
6	Education services and products ancillary to education Index	4.1	103.33	104.88	104.95	0.1	1.6
7	All items Less Food and Non-Alcoholic Beverages	71.8	103.91	107.47	107.48	0.0	3.4

2.1 Headline Inflation Rate

The Headline Inflation Rate measures inflation when all items in the fixed CPI basket are included. Table number 1 above indicates that, Annual Headline Inflation Rate for the month of August, 2022 has slightly increased to 4.6% from 4.5% recorded in July, 2022. The increase of headline inflation explains that, the speed of price change for commodities for the year ended August, 2022 has increased compared to the speed recorded for the year ended July, 2022. The overall index went up from 103.80 recorded in August, 2021 to 108.63 in August, 2022.

2.2 Food and Non-Alcoholic Beverages Inflation Rates

Food and Non-Alcoholic Beverages Inflation Rate for August, 2022 has increased to 7.8% from 6.5% recorded in July, 2022. On the other hand, Annual Inflation Rate for all items without Food and Non-Alcoholic Beverages for August, 2022 has decreased to 3.4% from 3.8% recorded in July, 2022.

2.3 Core Inflation Rates

Core Index excludes items with volatile prices, that is unprocessed food; energy and utilities. Exclusion of volatile prices from the total NCPI provides a more stable Inflation Rate 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 in August, 2022 has decreased to 3.2% from 3.5% recorded in July, 2022.

Chart 1: Movement of National Consumer Price Indices (NCPI) and Inflation Rates from August, 2021 – August, 2022. (2020 = 100)

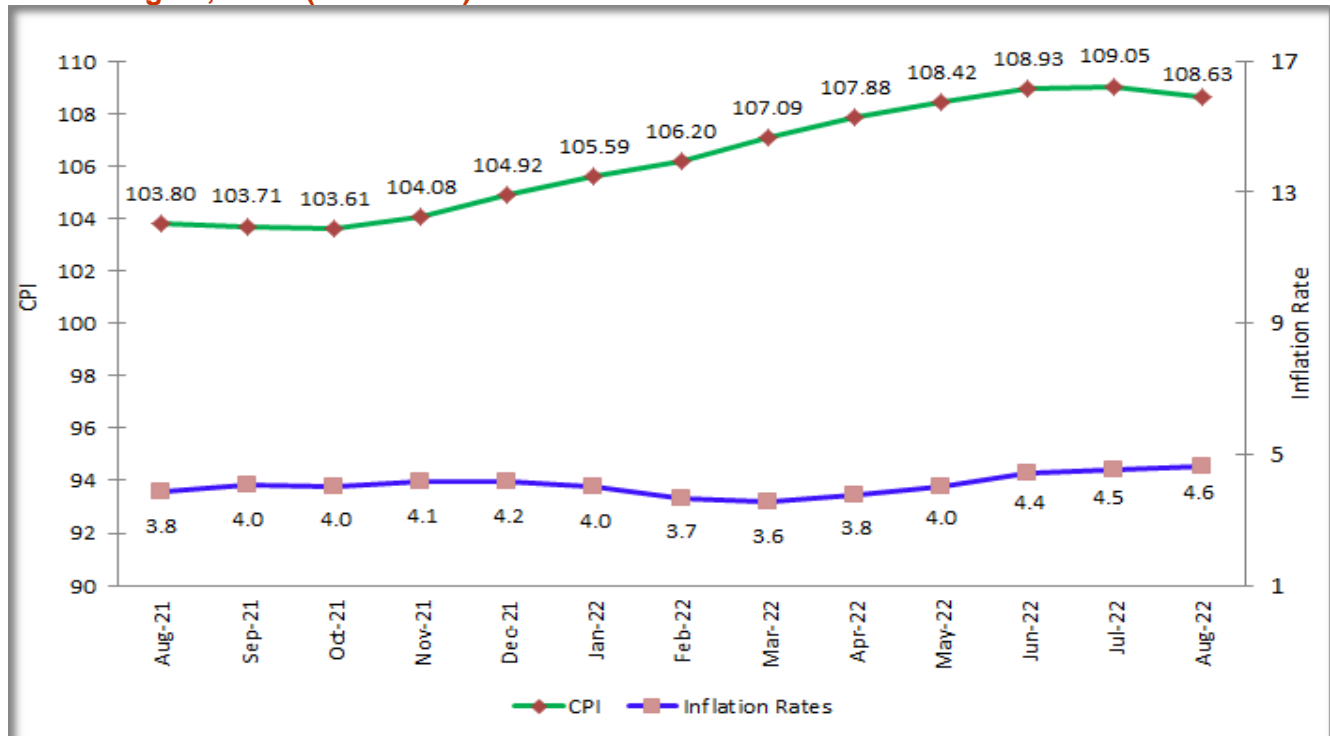


Chart 1 indicates that; NCPI has shown a relatively stable price movement from August, 2021 to August, 2022. In addition, Annual Headline Inflation Rates shows a stable trend over the period ranging from 3.6% in March, 2022 and 4.6% in August, 2022.

3. MONTHLY CONSUMER PRICE INDEX BETWEEN JULY AND AUGUST, 2022

The National Consumer Price Index between July and August, 2022 has decreased from 109.05 recorded in July, 2022 to 108.63 recorded in August, 2022. The decrease of the overall index is attributed to price decrease for some food items. Some food items that contributed to a decrease of the index include: - rice by 0.6%, finger Millet grains by 0.3%, poultry, live by 2.0%, meat by 0.7%, fresh fish by 2.3%, sardines (dagaa) dried by 2.4%, sunflower oil by 1.4%, fruits by 4.0%, vegetables by 3.6%, potatoes/ Irish potatoes by 6.0%, sweet potatoes by 3.0%, fresh Cassava by 3.2%, cocoyams by 4.6%, lentils, dried by 1.4%, peas, dried by 1.4% and dried cassava by 0.8%

Table 2: NCPI Release Schedule for the Coming Months

NCPI Release Months	Release date
September, 2022	10 th October, 2022
October, 2022	08 th November, 2022
November, 2022	08 th December, 2022

Further information relating to methodology and other aspects of NCPI can be obtained by directing inquiries to:

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