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NATIONAL CONSUMER PRICE INDEX (NCPI) FOR AUGUST, 2023

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.

2.0 ANNUAL HEADLINE INFLATION FOR AUGUST, 2023 STAGNATED AT 3.3 PERCENT

Table 1: Changes in the NCPI for August 2023, (2020 = 100)

S/N	Main Groups	Weight	August, 2022	July, 2023	August, 2023	1 Month Percent Change	12 Month Percent Change
1	Food and non-alcoholic beverages	28.2	111.55	120.00	117.80	-1.8	5.6
2	Alcoholic beverages and tobacco	1.9	103.44	107.36	107.28	-0.1	3.7
3	Clothing and footwear	10.8	107.26	110.71	110.92	0.2	3.4
4	Housing, water, electricity, gas and other fuels	15.1	108.32	109.76	109.82	0.1	1.4
5	Furnishings, household equipment and routine household maintenance	7.9	107.13	110.09	111.50	1.3	4.1
6	Health	2.5	104.18	106.32	106.33	0.0	2.1
7	Transport	14.1	112.52	112.89	113.23	0.3	0.6
8	Information and communication	5.4	102.46	104.59	104.65	0.1	2.1
9	Recreation, sport and culture	1.6	104.32	106.67	106.95	0.3	2.5
10	Education services	2.0	101.87	105.22	105.26	0.0	3.3
11	Restaurants and accommodation services	6.6	107.34	112.75	112.76	0.0	5.1
12	Insurance and financial services	2.1	100.54	100.78	100.79	0.0	0.2
13	Personal care, social protection and miscellaneous goods and services	2.1	105.36	109.32	109.53	0.2	4.0
TOTAL – ALL ITEMS INDEX		100.0	108.63	112.67	112.25	-0.4	3.3
Other Selected Groups							
1	Core Index	73.9	107.85	110.20	110.27	0.1	2.2
2	Non-Core Index	26.1	110.84	119.67	117.89	-1.5	6.4
3	Energy, Fuel and Utilities Index	5.7	115.29	114.47	114.55	0.1	-0.6
4	Services Index	37.2	106.78	109.01	109.18	0.2	2.2
5	Goods Index	62.8	109.72	114.84	114.07	-0.7	4.0
6	Education services and products ancillary to education Index	4.1	104.95	108.00	108.20	0.2	3.1
7	All items Less Food and Non-Alcoholic Beverages	71.8	107.48	109.79	110.08	0.3	2.4

2.1 Headline Inflation Rate

The Headline Inflation Rate measures inflation rate when all items in the fixed CPI basket are included. Table number 1 indicates that, Annual Headline Inflation Rate for the month of August, 2023 stagnated at 3.3 percent as it was recorded for the month of July, 2023. The stagnation of the headline inflation explains that, the speed of price change for commodities for the year ended August, 2023 has remained the same as the speed that was recorded for the year ended July, 2023. The overall index went up from 108.63 recorded in August, 2022 to 112.25 in August, 2023.

2.2 Food and Non-Alcoholic Beverages Inflation Rates

Food and Non-Alcoholic Beverages Inflation Rate for August, 2023 has decreased to 5.6 percent from 6.1 percent that was recorded in July, 2023. On the other hand, Annual Inflation Rate for all items without food and non-alcoholic beverages for August, 2023 increased to 2.4 percent from 2.2 percent that was recorded in July, 2023.

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 percent. The inflation rate for Core Index in August, 2023 has increased to 2.2 percent from 2.1 percent that was recorded in July, 2023.

Chart 1: Movement of National Consumer Price Indices (NCPI) and Inflation Rates from August, 2022 – August, 2023. (2020 = 100)

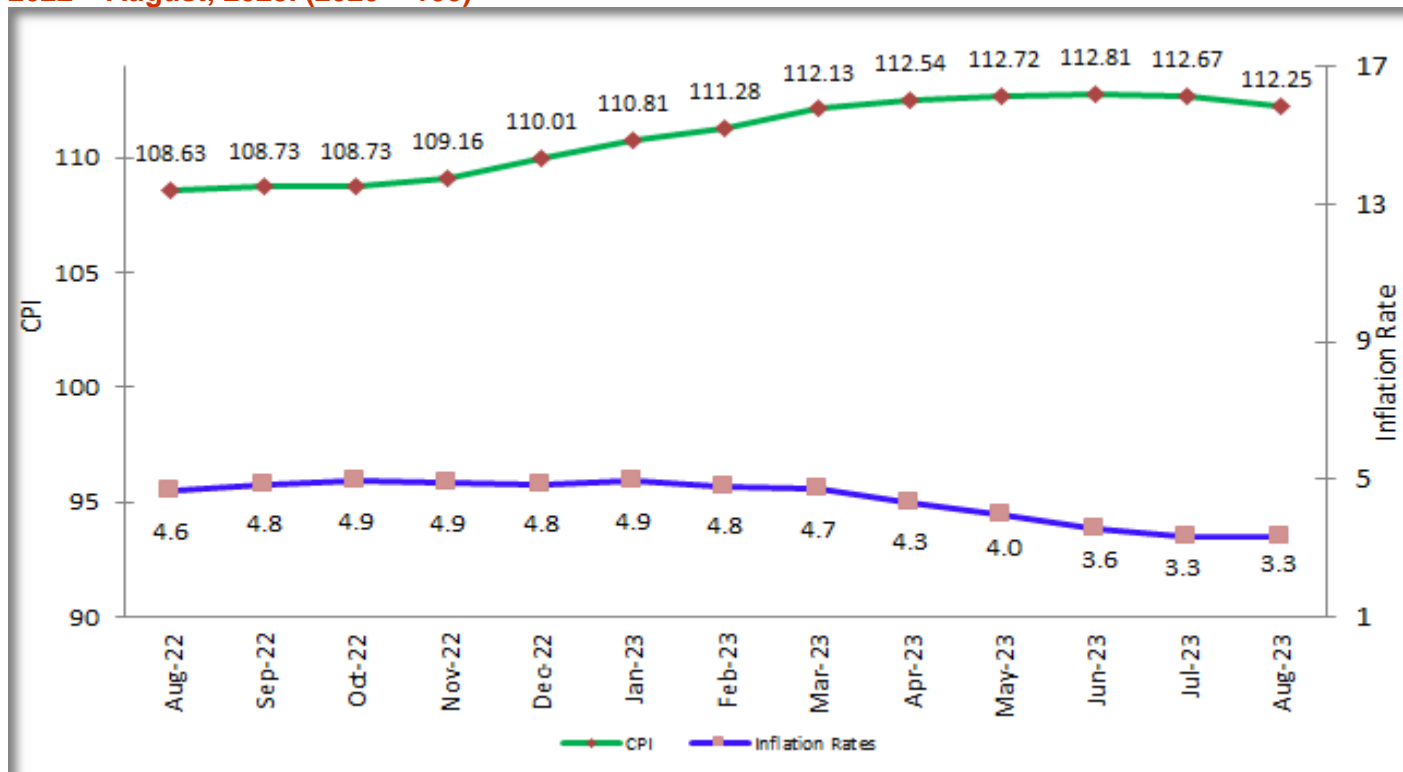


Chart 1 indicates that; NCPI has shown a relatively stable price movement from August, 2022 to August, 2023 ranging between 108.63 and 112.25 respectively. In addition, Annual Headline Inflation Rates over the same period have shown a stable trend that ranges between 3.3 percent and 4.9 percent.

3.0 MONTHLY CONSUMER PRICE INDEX BETWEEN JULY, 2023 AND AUGUST, 2023

The National Consumer Price Index for August, 2023 has decreased to 112.25 from 112.67 112.81 that was recorded in July 2023. The decrease of the overall index is mainly attributed to price decrease for food items. Some food items that contributed to a decrease of the index include: wheat grains by 1.0 percent, rice by 2.3 percent, sorghum grains by 6.2 percent, finger millet grains by 3.3 percent, maize grains by 3.4 percent, wheat flour by 1.5 percent, sorghum flour by 7.0 percent, maize flour by 1.0 percent, cooking oil by 1.4 percent, fruits by 3.8 percent, groundnuts by 1.0 percent, vegetables by 3.2 percent, potatoes by 5.0 percent, cassava by 6.4 percent, cocoyam by 3.7 percent, cooking bananas by 6.7 percent, beans by 2.5 percent, peas by 1.2 percent and cowpeas by 4.5 percent.

Table 2: NCPI Release Schedule for the Coming Months

NCPI Release Months	Release date
September, 2023	09 th October, 2023
October, 2023	08 th November, 2023
November, 2023	08 th December, 2023

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

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