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In reply please quote:

Our Ref: NBS/S.40/21/544

PRESS RELEASE

Date: 8th January, 2019

NATIONAL CONSUMER PRICE INDEX (NCPI) FOR THE MONTH OF DECEMBER, 2018

METHODOLOGICAL NOTE

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 278 goods and services of which 97 are Food and Non Alcoholic Beverages and 181 are Non Food items 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 households in the 25 geographic regions of Tanzania Mainland. The index weights are based on expenditures of both urban and rural households derived from 2011/12 Household Budget Survey and the price reference period is December, 2015.

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

Elementary and Higher Level Indices

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.

ANNUAL HEADLINE INFLATION INCREASED TO 3.3%

Table 1: Changes in the NCPI for December, 2018, (Dec., 2015 = 100)

S/N	Main Groups	Weight	Dec -17	Nov -18	Dec-18	1 Month Percent Change	12 Month Percent Change
1	Food and Non Alcoholic Beverages	38.5	113.57	113.41	114.69	1.1	1.0
2	Alcoholic and Tobacco	3.7	107.83	109.26	110.16	0.8	2.2
3	Clothing and Footwear	8.3	106.74	109.99	110.60	0.6	3.6
4	Housing, Water, Electricity, Gas and Other Fuel	11.6	119.00	135.12	133.38	-1.3	12.1
5	Furnishing, Housing Equipment and Routine Maintenance of the House	6.3	105.33	108.05	109.49	1.3	4.0
6	Health	2.9	106.80	107.57	107.92	0.3	1.0
7	Transport	12.5	100.33	105.18	105.49	0.3	5.1
8	Communication	5.6	98.09	95.47	95.57	0.1	-2.6
9	Recreation and Culture	1.6	102.80	102.59	102.89	0.3	0.1
10	Education	1.5	103.51	105.97	105.97	0.0	2.4
11	Restaurants and hotels	4.2	104.55	106.51	107.32	0.8	2.7
12	Miscellaneous goods and services	3.1	105.41	107.20	108.15	0.9	2.6
TOTAL – ALL ITEMS INDEX		100.0	109.21	112.17	112.76	0.5	3.3
Other Selected Groups							
1	Food - combining food consumed at home and food consumed in restaurants	37.1	114.61	116.28	117.59	1.1	2.6
2	Energy and Fuels - combining electricity and other fuels for use at home with petrol and diesel	8.7	124.38	148.16	146.40	-1.2	17.7
3	All Items Less Food	62.9	106.71	112.24	112.49	0.2	5.4
4	All Items Less Food and Energy	54.3	103.88	106.50	107.07	0.5	3.1

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 December, 2018 has increased to 3.3% from 3.0% recorded in November, 2018. The increase of the headline inflation explains that, the speed of price change for commodities for the year ended December, 2018 has increased compared to the speed of the price change recorded for the year ended November, 2018. The overall index went up to 112.76 in December, 2018 from 109.21 recorded in December, 2017.

Food and Non Food Inflation Rates

Food and Non Alcoholic Beverages Inflation Rate for the month of December, 2018 has increased to 1.1% from 0.4% recorded in November, 2018. Annual Inflation Rate for food consumed at home and away from home has also increased to 2.6% in December, 2018 from 2.0% recorded in November, 2018. However, the 12 month index change for non-food products in December, 2018 has slightly increased to 5.4% from 5.3% recorded in November, 2018.

Inflation Rate excluding Food and Energy

The Annual Inflation Rate which excludes food and energy for the month of December, 2018 has increased to 3.1% from 2.6% recorded in November, 2018.

The NCPI used to compute this type of Inflation Rate excludes food consumed at home and restaurants, non alcoholic beverages, petrol, diesel, gas, kerosene, charcoal, firewood 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.

Chart 1: Movement of National Consumer Price Indices (NCPI) and Inflation Rates from December, 2017 – December, 2018. (Dec., 2015 = 100)

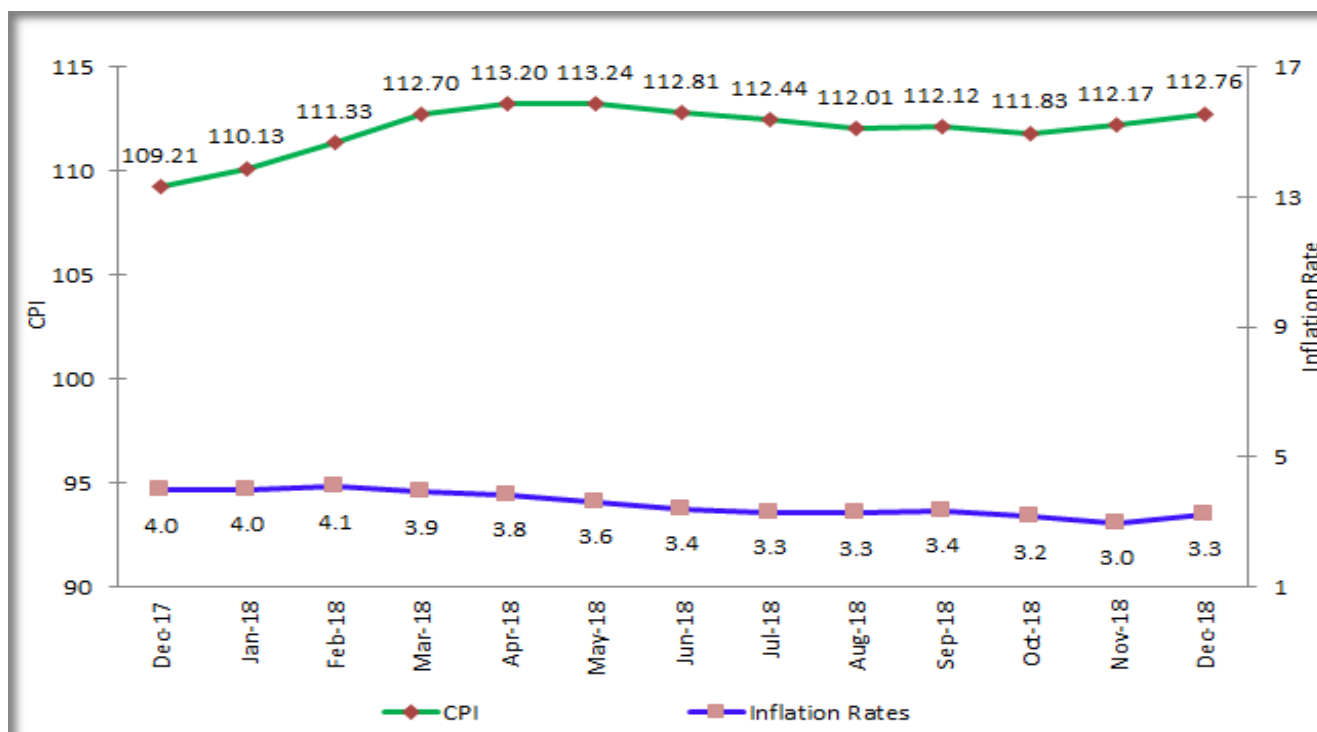


Chart number 1 above explains that; CPI has shown a relatively stable movement of prices from December, 2017 to December, 2018. In addition, Annual Headline Inflation Rates over the same period range between 4.0% in December, 2017 and 3.3% recorded in December, 2018.

MONTHLY CHANGE OF CONSUMER PRICE INDEX FROM NOVEMBER, 2018 TO DECEMBER, 2018

The Consumer Price Index from November, 2018 to December, 2018 has increased by 0.5% compared to an increase by 0.3% recorded in November, 2018 from October, 2018. The overall index has increased to 112.76 in December, 2018 from 112.17 recorded in November, 2018. The increase of the overall index is mainly attributed to price increase for both food and non-food items. Some food items that contributed to such an increase include; maize grains by 5.5%, maize flour by 1.2%, sorghum flour by 4.9%, cassava flour by 6.6%, meat by 0.9% and vegetables 3.1%. Non-food items that contributed to such an increase include; garments for men and women by 0.6%, garments for children by 0.7%, petrol by 1.7%, diesel by 0.9%, food and drinks in the restaurants by 0.7%, accommodation services by 0.9% and personal care by 0.6%.

Table 2: Trend of Price Movement and Inflation Rate from January to December, 2018, (Dec., 2015 = 100)

Month	Overall National CPI	Headline Inflation Rates (%)	Food Inflation Rates (%)	Non Food Inflation Rates (%)	Non Food Non Energy Inflation Rates (%)
Jan-18	110.13	4.0	6.7	2.8	1.4
Feb-18	111.33	4.1	5.8	3.3	1.7
Mar-18	112.70	3.9	5.0	3.5	1.6
Apr-18	113.20	3.8	4.0	3.9	1.4
May-18	113.24	3.6	3.2	4.5	1.6
Jun-18	112.81	3.4	3.8	4.0	1.6
Jul-18	112.44	3.3	3.0	4.2	1.6
Aug-18	112.01	3.3	3.2	4.6	2.0
Sep-18	112.12	3.4	3.1	4.8	2.2
Oct-18	111.83	3.2	2.5	5.0	2.3
Nov-18	112.17	3.0	2.0	5.3	2.6
Dec-18	112.76	3.3	2.6	5.4	3.1
Average 2018	112.23	3.5	3.7	4.3	1.9
Average 2017	108.42	5.3	9.6	3.2	2.0

Table number 2 above shows the trend of price movements for commodities and Headline Inflation Rates from January to December, 2018. Overall, the Consumer Price Index for commodities remained stable over the whole period from January to December, 2018 ranging from 110.13 in January, 2018 to 112.76 in December, 2018. This movement resulted into a relatively stable Headline Inflation Rate over the same period recording the lowest Headline Inflation Rate of 3.0% in November, 2018 and the highest Headline Inflation Rate of 4.1% for the months of February, 2018.

Annual Average Headline Inflation Rate (from January to December, 2018) has decreased to 3.5% in 2018 from 5.3% recorded in 2017 (from January to December, 2017). This decrease was mainly attributed to the decrease in prices for both food and non-food items. Annual Average Inflation Rate for food Items decreased to 3.7% in 2018 from 9.6% in 2017. However, Annual Average Non Food Inflation Rate for 2018 has increased to 4.3% from 3.2% recorded in 2017. On the other hand, Annual Average Inflation Rate which excludes food and energy has slightly decreased to 1.9% in 2018 from 2.0% recorded in 2017.

Table 3: NCPI Release Schedule for the Coming Months

NCPI Release Months	Release date
January, 2019	08 th February, 2019
February, 2019	08 th March, 2019
March, 2019	08 th April, 2019

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