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NATIONAL CONSUMER PRICE INDEX (NCPI) FOR JANUARY, 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. ANNUAL HEADLINE INFLATION FOR JANUARY, 2023 INCREASED TO 4.9 PERCENT

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

S/N	Main Groups	Weight	January, 2022	December, 2022	January, 2023	1 Month Percent Change	12 Month Percent Change
1	Food and non-alcoholic beverages	28.2	106.99	116.15	117.57	1.2	9.9
2	Alcoholic beverages and tobacco	1.9	103.12	103.72	103.72	0.0	0.6
3	Clothing and footwear	10.8	106.22	108.39	108.88	0.5	2.5
4	Housing, water, electricity, gas and other fuels	15.1	105.91	107.93	108.01	0.1	2.0
5	Furnishings, household equipment and routine household maintenance	7.9	105.48	108.18	108.66	0.4	3.0
6	Health	2.5	103.47	105.11	105.35	0.2	1.8
7	Transport	14.1	105.41	110.70	111.91	1.1	6.2
8	Information and communication	5.4	102.41	103.72	104.10	0.4	1.7
9	Recreation, sport and culture	1.6	104.00	104.73	105.00	0.3	1.0
10	Education services	2.0	101.36	101.90	104.33	2.4	2.9
11	Restaurants and accommodation services	6.6	106.16	108.60	109.17	0.5	2.8
12	Insurance and financial services	2.1	100.36	100.22	100.40	0.2	0.0
13	Personal care, social protection and miscellaneous goods and services	2.1	104.33	106.01	106.54	0.5	2.1
TOTAL – ALL ITEMS INDEX		100.0	105.59	110.01	110.81	0.7	4.9
Other Selected Groups							
1	Core Index	73.9	105.72	107.87	108.41	0.5	2.5
2	Non-Core Index	26.1	105.22	116.08	117.61	1.3	11.8
3	Energy, Fuel and Utilities Index	5.7	106.05	113.20	113.42	0.2	6.9
4	Services Index	37.2	104.30	106.61	107.32	0.7	2.9
5	Goods Index	62.8	106.36	112.02	112.88	0.8	6.1
6	Education services and products ancillary to education Index	4.1	104.51	104.92	106.54	1.5	1.9
7	All items Less Food and Non-Alcoholic Beverages	71.8	105.04	107.60	108.16	0.5	3.0

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 January, 2023 has increased to 4.9 percent from 4.8 percent that was recorded in December, 2022. The increase of the headline inflation explains that, speed of price change for commodities for the year ended January, 2023 has increased compared to the speed recorded for the year ended December, 2022. The overall index went up from 105.59 recorded in January, 2022 to 110.81 in January, 2023.

2.2 Food and Non-Alcoholic Beverages Inflation Rates

Food and Non-Alcoholic Beverages Inflation Rate for January, 2023 has increased to 9.9 percent from 9.7 percent that was recorded in December, 2022. On the other hand, Annual Inflation Rate for all items without food and non-alcoholic beverages for January, 2023 has slightly increased to 3.0 percent from 2.9 percent that was recorded in December, 2022.

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 January, 2023 has stagnated at 2.5 percent as it was recorded in December, 2022.

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

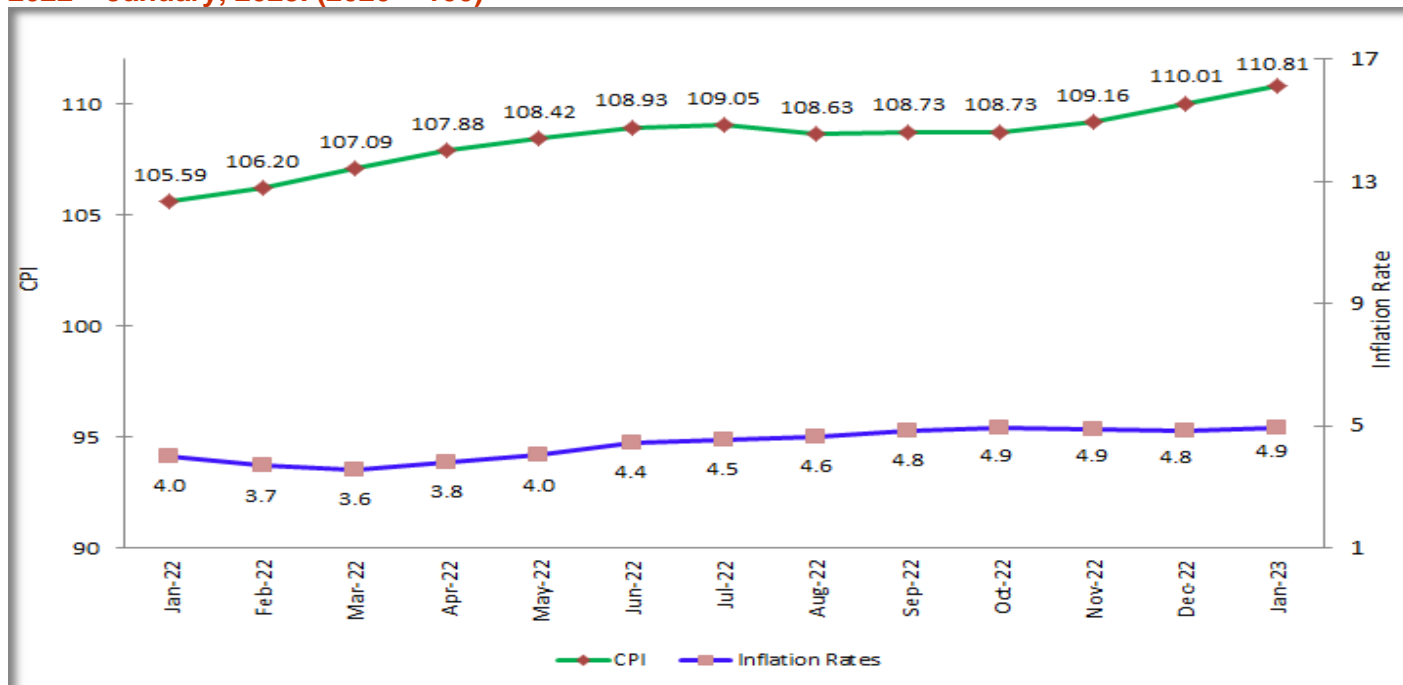


Chart 1 indicates that; NCPI has shown a relatively stable price movement from January, 2022 to January, 2023 ranging between 105.59 and 110.81 respectively. In addition, Annual Headline Inflation Rates over the same period have shown a stable trend that ranges between 3.6 percent and 4.9 percent.

3. MONTHLY CONSUMER PRICE INDEX BETWEEN DECEMBER, 2022 AND JANUARY, 2023

The National Consumer Price Index between December 2022 and January 2023 has increased by 0.7 percent. The increase of the overall index is attributed to price increase for some food and non-food items. Some food items that contributed to an increase of the index include: wheat grains by 2.5 percent, rice (2.9 percent), maize grains (5.0 percent), wheat flour (0.6 percent), sorghum flour (2.9 percent), maize flour (3.3 percent), fruits (0.6 percent), vegetables (3.3 percent), round potatoes (6.2 percent), sweet potatoes (6.3 percent), fresh cassava (4.3 percent), cocoyam (0.9 percent), cooking bananas (2.7 percent), dried beans (5.5 percent), dried lentils (4.3 percent), cowpeas (6.7 percent) and dry cassava (7.0 percent).

Some Non-Food items that contributed to an increase of the index includes: garments for men (0.2 percent), garments for women (0.5 percent), garments for infants (0.5 percent), school uniforms (0.9 percent), footwear for women (0.8 percent), actual rentals paid by tenants (0.2 percent), cooking gas (0.1 percent), kerosene (0.9 percent), firewood (0.5 percent), furniture (0.3 percent), household appliances (1.4 percent), diesel (1.6 percent), petrol (0.6 percent), passenger

transport by road (1.7 percent), school fees (2.4 percent), accommodation services in hotels, lodges and guest houses (3.0 percent) and goods and services for personal care by 0.7 percent.

Table 2: NCPI Release Schedule for the Coming Months

NCPI Release Months	Release date
February, 2023	08 th March, 2023
March, 2023	10 th April, 2023
April, 2023	08 th May, 2023

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

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