



National Bureau of Statistics

Tel: +255 26 - 2963822
Fax: +225 26 - 2963828
E-mail: sg@nbs.go.tz;
Website: www.nbs.go.tz

Jakaya Kikwete Road
P.O. Box 2683
Dodoma,
TANZANIA



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NATIONAL CONSUMER PRICE INDEX (NCPI) FOR JULY, 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 INCREASES TO 3.8%

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

| S/N | Main Groups | Weight | July, 2020 | June, 2021 | July, 2021 | 1 Month Percent Change | 12 Month Percent Change |
|--------------------------------|---|--------------|---------------|---------------|---------------|------------------------|-------------------------|
| 1 | Food and non-alcoholic beverages | 28.2 | 101.03 | 106.46 | 106.19 | -0.3 | 5.1 |
| 2 | Alcoholic beverages and tobacco | 1.9 | 100.34 | 102.29 | 102.24 | 0.0 | 1.9 |
| 3 | Clothing and footwear | 10.8 | 100.12 | 104.52 | 104.60 | 0.1 | 4.5 |
| 4 | Housing, water, electricity, gas and other fuels | 15.1 | 100.67 | 103.97 | 104.19 | 0.2 | 3.5 |
| 5 | Furnishings, household equipment and routine household maintenance | 7.9 | 100.24 | 103.07 | 103.14 | 0.1 | 2.9 |
| 6 | Health | 2.5 | 100.28 | 102.96 | 102.92 | 0.0 | 2.6 |
| 7 | Transport | 14.1 | 99.25 | 103.22 | 103.48 | 0.2 | 4.3 |
| 8 | Information and communication | 5.4 | 100.22 | 101.91 | 102.01 | 0.1 | 1.8 |
| 9 | Recreation, sport and culture | 1.6 | 100.65 | 102.87 | 102.89 | 0.0 | 2.2 |
| 10 | Education services | 2.0 | 100.04 | 101.31 | 101.17 | -0.1 | 1.1 |
| 11 | Restaurants and accommodation services | 6.6 | 100.35 | 105.29 | 105.30 | 0.0 | 4.9 |
| 12 | Insurance and financial services | 2.1 | 100.03 | 100.23 | 100.32 | 0.1 | 0.3 |
| 13 | Personal care, social protection and miscellaneous goods and services | 2.1 | 100.20 | 102.76 | 102.94 | 0.2 | 2.7 |
| TOTAL – ALL ITEMS INDEX | | 100.0 | 100.49 | 104.30 | 104.32 | 0.01 | 3.8 |
| Other Selected Groups | | | | | | | |
| 1 | Core Index | 73.9 | 100.23 | 104.36 | 104.29 | -0.1 | 4.1 |
| 2 | Non-Core Index | 26.1 | 100.95 | 104.14 | 104.39 | 0.2 | 3.4 |
| 3 | Energy, Fuel and Utilities Index | 5.7 | 100.09 | 102.60 | 103.65 | 1.0 | 3.6 |
| 4 | Services Index | 37.2 | 100.10 | 103.23 | 103.24 | 0.0 | 3.1 |
| 5 | Goods Index | 62.8 | 100.60 | 104.94 | 104.95 | 0.0 | 4.3 |
| 6 | Education services and products ancillary to education Index | 4.1 | 100.00 | 103.36 | 103.30 | -0.1 | 3.3 |
| 7 | All items Less Food and Non-Alcoholic Beverages | 71.82 | 100.27 | 103.46 | 103.58 | 0.1 | 3.3 |

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 July, 2021 has increased to 3.8% from 3.6% that was recorded in June, 2021. The increase of headline inflation rate means that, the speed of price change for commodities for the year ended July, 2021 has increased compared to the speed that was recorded for the year ended June, 2021. The overall index went up from 100.49 recorded in July, 2020 to 104.32 in July, 2021.

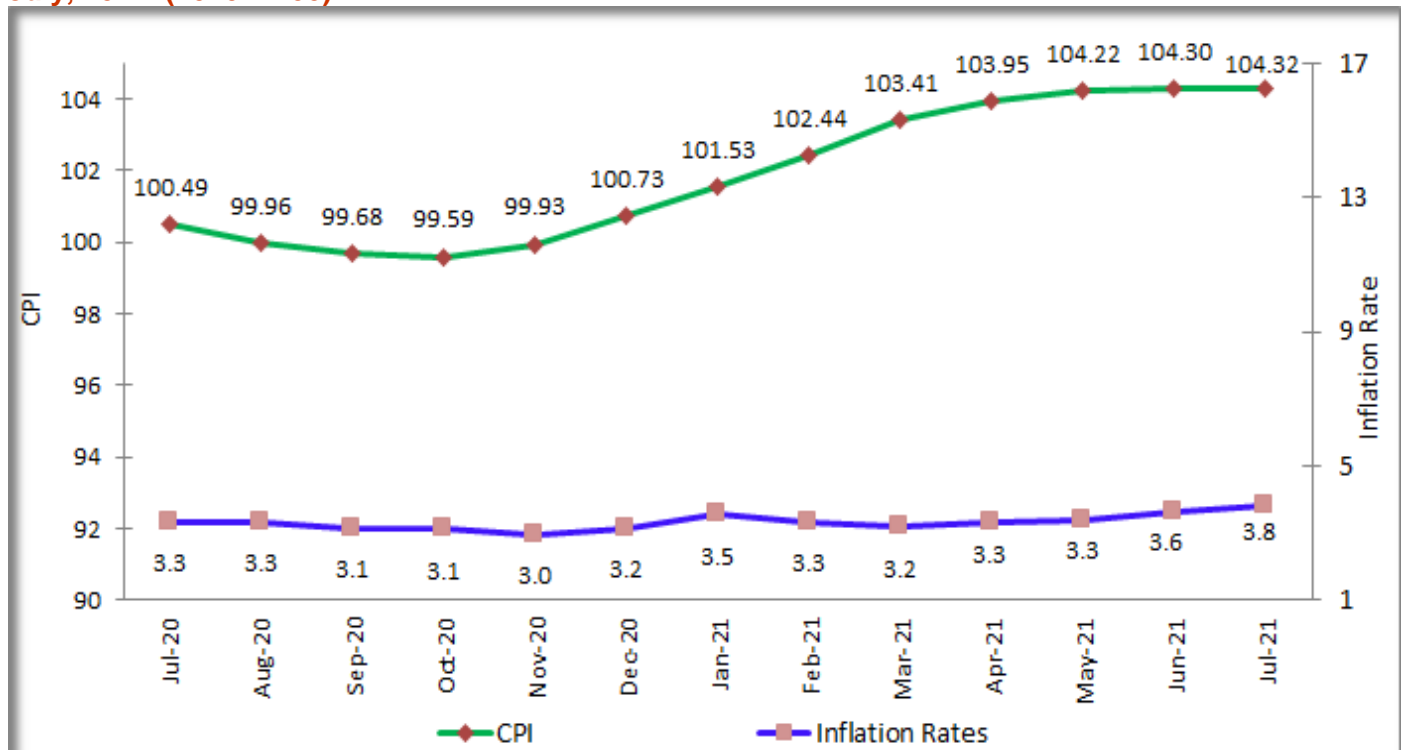
2.2 Food and Non-Alcoholic Beverages Inflation Rates

Food and Non-Alcoholic Beverages Inflation Rate for the month of July, 2021 has increased to 5.1% from 4.7% that was recorded in June, 2021. Annual Inflation Rate for all items without food and non alcoholic beverages has increased to 3.3% in July, 2021 from 3.2% recorded in June, 2021.

2.3 Core Inflation Rates

Computation of the Core Index, excludes volatile prices for 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 for the month of July, 2021 has increased to 4.1% from 4.0% recorded in June, 2021.

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



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

Chart number 1 indicates that; CPI has shown a relatively stable price movement from July, 2020 to July, 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 JUNE, 2021 TO JULY, 2021

The National Consumer Price Index has increased from 104.30 recorded in June, 2021 to 104.32 in July, 2021. The increase of the overall index is mainly attributed to price increase for some non-food items. Some of non food items that contributed to an increase of the index include: - kerosene by 5.0%, charcoal by 1.3%, diesel by 5.1% and petrol by 5.4%.

Table 3: NCPI Release Schedule for the Coming Months

| NCPI Release Months | Release date |
|----------------------------|---------------------------------|
| August, 2021 | 08 ^h September, 2021 |
| September, 2021 | 08 ^h October, 2021 |
| October, 2021 | 08 ^h November, 2021 |

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

Statistician General,
National Bureau of Statistics,
Jakaya Kikwete Road,
P.O. Box 2683,
Dodoma,
TANZANIA.

Tel: +255 26-2963822,
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