



National Bureau of Statistics

Tel: +255 (0) 22-2122722/3
Fax: +225 (0) 22-2130852
E-mail: dg@nbs.go.tz;
Website: www.nbs.go.tz

18 Kivukoni Road
P.O. Box 796
11992 Dar es Salaam,
TANZANIA



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PRESS RELEASE

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NATIONAL CONSUMER PRICE INDEX (NCPI) FOR MAY, 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. 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 RATE DECREASES TO 3.6%

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

S/N	Main Groups	Weight	May -17	April -18	May -18	1 Month Percent Change	12 Month Percent Change
1	Food and Non Alcoholic Beverages	38.5	116.04	119.94	119.09	-0.7	2.6
2	Alcoholic and Tobacco	3.7	106.50	107.98	107.86	-0.1	1.3
3	Clothing and Footwear	8.3	105.67	108.01	108.19	0.2	2.4
4	Housing, Water, Electricity, Gas and Other Fuel	11.6	113.35	127.29	130.36	2.4	15.0
5	Furnishing, Housing Equipment and Routine Maintenance of the House	6.3	104.72	106.86	107.18	0.3	2.3
6	Health	2.9	105.99	107.06	107.29	0.2	1.2
7	Transport	12.5	100.17	102.38	102.05	-0.3	1.9
8	Communication	5.6	98.10	98.19	98.19	0.0	0.1
9	Recreation and Culture	1.6	102.04	103.19	102.76	-0.4	0.7
10	Education	1.5	103.11	105.51	105.51	0.0	2.3
11	Restaurants and hotels	4.2	104.33	105.33	105.39	0.1	1.0
12	Miscellaneous goods and services	3.1	105.53	106.45	106.85	0.4	1.2
TOTAL – ALL ITEMS INDEX		100.0	109.26	113.20	113.24	0.03	3.6
Other Selected Groups							
1	Food - combining food consumed at home and food consumed in restaurants	37.1	116.89	121.23	120.59	-0.5	3.2
2	Energy and Fuels - combining electricity and other fuels for use at home with petrol and diesel	8.7	116.12	136.73	140.78	3.0	21.2
3	All Items Less Food	62.9	105.29	109.27	110.08	0.7	4.5
4	All Items Less Food and Energy	54.3	103.56	104.88	105.17	0.3	1.6

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 May, 2018 has decreased to 3.6% from 3.8% recorded in April, 2018. The decrease of the headline inflation explains that, the speed of price change for commodities in the year ending May, 2018 has decreased compared to the speed of price change recorded in the year ended April, 2018. The overall index went up to 113.24 in May, 2018 from 109.26 recorded in May, 2017. Food and Non Alcoholic Beverages Inflation Rate for the month of May, 2018 has decreased to 2.6% from 3.6% recorded in April, 2018.

Food and Non Food Inflation Rates

Annual Inflation Rate for food consumed at home and away from home has decreased to 3.2% in May, 2018 from 4.0% recorded in April, 2018. In addition, the 12 month index change for non-food products in May, 2018 has increased to 4.5% from 3.9% recorded in April, 2018.

Inflation Rate excluding Food and Energy

The Annual Inflation Rate which excludes food and energy for the month of May, 2018 has slightly increased to 1.6% from 1.4% recorded in April, 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 May, 2017 – May, 2018. (Dec., 2015 = 100)

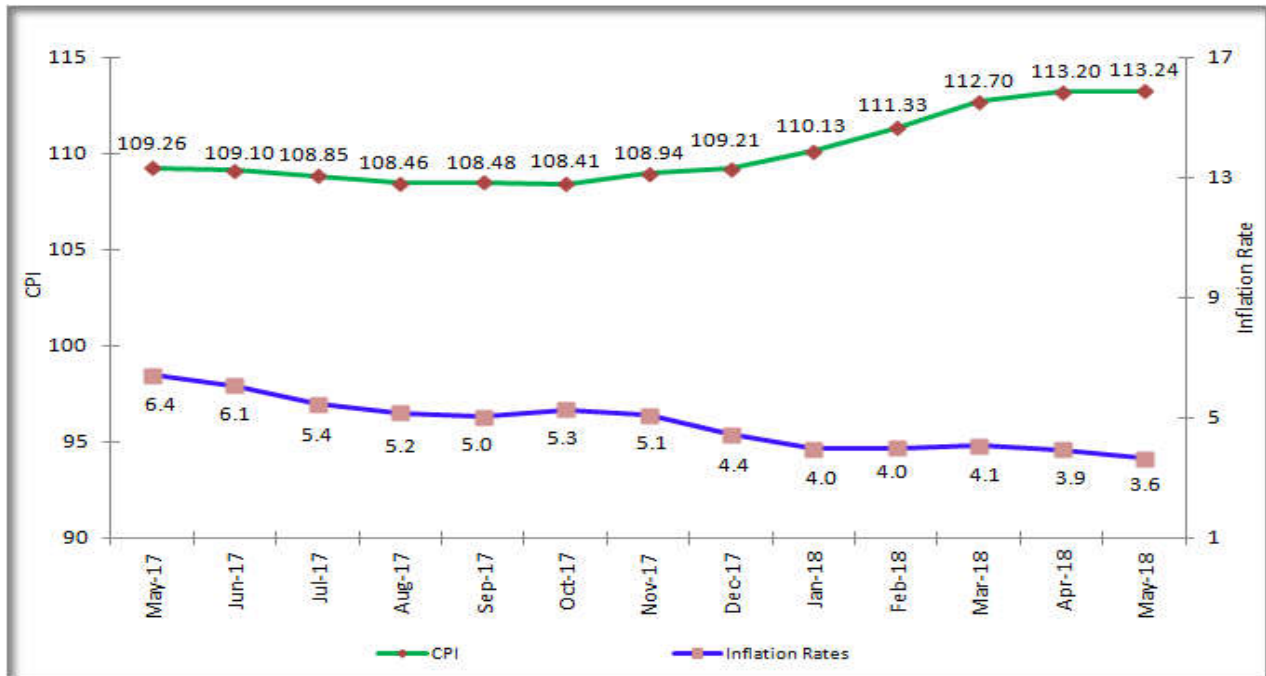


Chart number 1 above explains that; CPI has shown a relatively stable movement of prices from May, 2017 to May, 2018. In addition, Annual Headline Inflation Rates over the same period have decreased tremendously from 6.1% in May, 2017 to 3.6% in May, 2018.

MONTHLY CHANGE OF CONSUMER PRICE INDEX FROM APRIL, 2018 TO MAY, 2018

The Consumer Price Index from April, 2018 to May, 2018 has changed by 0.03%, compared to a change of 0.4% recorded in April, 2018 from March, 2018. The overall index has increased to 113.24 in May, 2018 from 113.20 recorded in April, 2018. The increase of the overall index is attributed to price increase for both food and non-food items. Some food items that contributed to such an increase include; sardines by 7.9%, cooking oil by 0.7%, stone fruits by 6.3%, vegetables by 1.5% and cooking bananas by 2.3%.

On the other hand, non- food items that contributed to such an increase include; men's suit by 1.8%, footwear for men and women by 0.3%, Materials for the maintenance and repair of the dwelling by 7.6% and firewood by 11.3%

Table 2: NCPI Release Schedule for the Coming Months

NCPI Release Months	Release date
June, 2018	09 th July, 2018
July, 2018	08 th August, 2018
August, 2018	10 th September, 2018

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