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NATIONAL CONSUMER PRICE INDEX (NCPI) FOR MAY, 2021

METHODOLOGICAL NOTE

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.

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.

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; Unprocessed food Index; All items less unprocessed food index; Food crops and related items index; services index; Goods index; Education services and products ancillary to education index and All items less food and non alcoholic beverages.

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.

ANNUAL HEADLINE INFLATION HAS STAGNATED AT 3.3%

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

S/N	Main Groups	Weight	May, 2020	April, 2021	May, 2021	1 Month Percent Change	12 Month Percent Change
1	Food and non-alcoholic beverages	28.2	101.46	105.18	106.46	1.2	4.9
2	Alcoholic beverages and tobacco	1.9	99.75	102.31	102.24	-0.1	2.5
3	Clothing and footwear	10.8	100.10	104.53	104.46	-0.1	4.4
4	Housing, water, electricity, gas and other fuels	15.1	100.52	104.54	104.03	-0.5	3.5
5	Furnishings, household equipment and routine household maintenance	7.9	100.08	102.95	102.92	0.0	2.8
6	Health	2.5	99.70	102.29	102.29	0.0	2.6
7	Transport	14.1	101.81	103.01	103.06	0.1	1.2
8	Information and communication	5.4	100.01	101.80	101.76	0.0	1.7
9	Recreation, sport and culture	1.6	100.56	102.89	102.86	0.0	2.3
10	Education services	2.0	100.04	101.25	101.15	-0.1	1.1
11	Restaurants and accommodation services	6.6	99.66	105.05	105.05	0.0	5.4
12	Insurance and financial services	2.1	99.97	100.29	100.30	0.0	0.3
13	Personal care, social protection and miscellaneous goods and services	2.1	99.98	102.56	102.54	0.0	2.6
TOTAL – ALL ITEMS INDEX		100.0	100.85	103.95	104.22	0.3	3.3
Other Selected Groups							
1	Core Index	73.9	100.54	103.94	104.25	0.3	3.7
2	Non-Core Index	26.1	101.33	103.96	104.15	0.2	2.8
3	Unprocessed Food Index	20.4	101.59	104.04	104.60	0.5	3.0
4	All Items Less Unprocessed Food Index	79.6	100.53	103.92	104.13	0.2	3.6
5	Food Crops and Related Items Index	11.0	102.55	101.99	102.57	0.6	0.0
6	Energy, Fuel and Utilities Index	5.7	100.41	103.64	102.52	-1.1	2.1
7	Services Index	37.2	100.82	103.19	103.18	0.0	2.3
8	Goods Index	62.8	100.70	104.39	104.84	0.4	4.1
9	Education services and products ancillary to education Index	4.1	100.04	103.26	103.21	0.0	3.2
10	All items Less Food and Non-Alcoholic Beverages	71.82	100.61	103.46	103.35	-0.1	2.7

Note: Aggregation of referenced Indices of sub groups do not necessarily add up to All Item Index

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, 2021 has stagnated at 3.3% as it was recorded in April, 2021. The stagnation of the headline inflation explains that, the speed of price change for commodities for the year ended May, 2021 has remained constant as that recorded for the year ended April, 2020. The overall index went up from 100.85 recorded in May, 2020 to 104.22 in May, 2021.

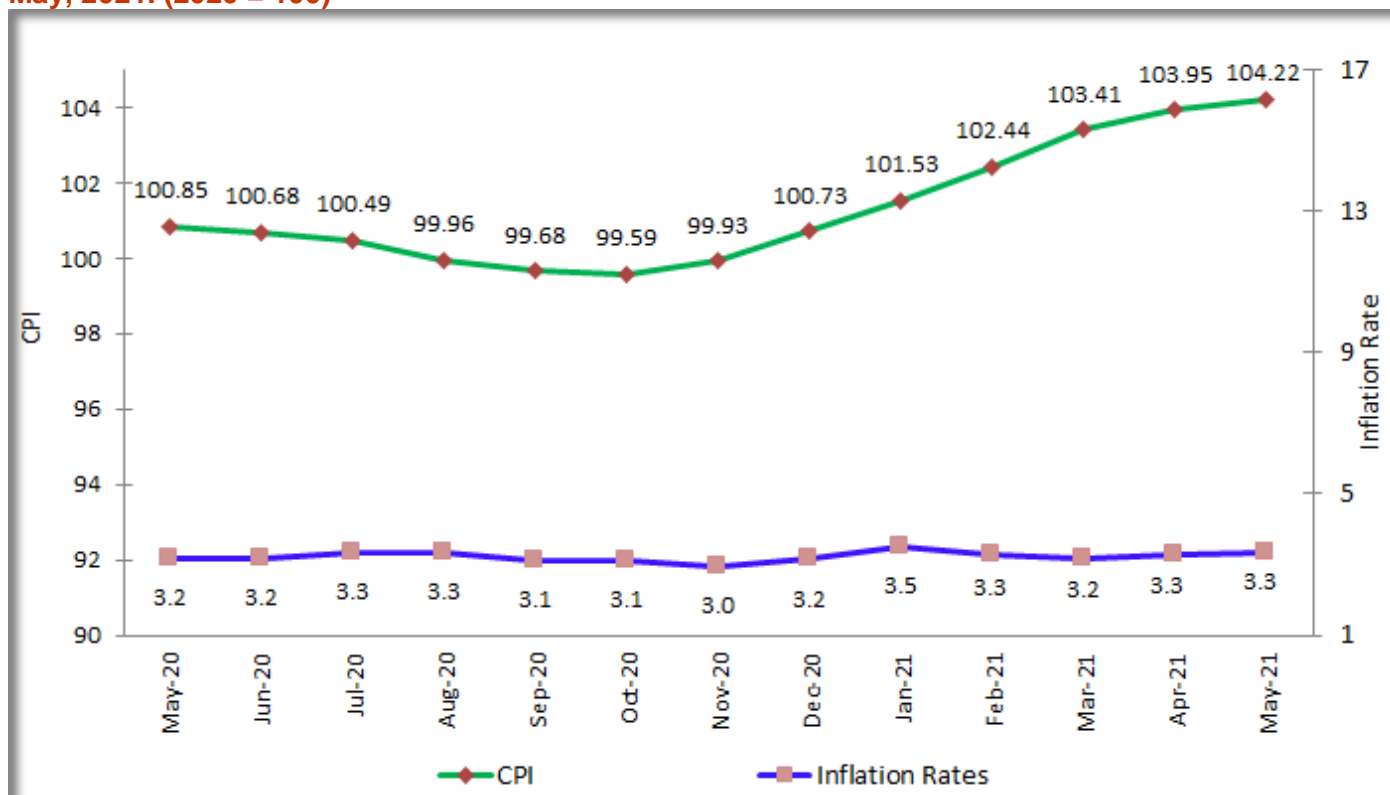
Food and Non-Alcoholic Beverages Inflation Rates

Food and Non-Alcoholic Beverages Inflation Rate for the month of May, 2021 has slightly increased to 4.9% from 4.8% that was recorded in April, 2021. Annual Inflation Rate for unprocessed food has decreased from 3.4% in April, 2021 to 3.0% in May, 2021 while inflation rate for all items without unprocessed food has slightly increased from 3.4% in April, 2021 to 3.6 in May, 2021.

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 May, 2021 has increased from 3.5% recorded in April 2021 to 3.7% recorded in May, 2021.

Chart 1: Movement of National Consumer Price Indices (NCPI) and Inflation Rates from May, 2020 – May, 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 May, 2020 to May, 2021. In addition, Annual Headline Inflation Rates over the same period have shown a stable trend that ranges between 3.0% recorded in November, 2020 and 3.5% in January, 2021.

MONTHLY CHANGE OF CONSUMER PRICE INDEX FROM APRIL, 2021 TO MAY, 2021

The National Consumer Price Index has increased by 0.3% between April, 2021 and May, 2021 compared to an increase of 0.5% recorded between March, 2021 and April, 2021. The overall index has increased from 103.95 in April, 2021 to 104.22 in May, 2021. The increase of the overall index is attributed to price increase for some food and non-food items. Some of the food items that contributed to such increase include: - finger millet grains by 4.8%, fresh fish by 3.6%, sunflower oil by 9.4%, vegetables by 1.5%, potatoes by 1.3% and fresh cassava by 2.6. On the other hand, some of non-food items that contributed to an increase of the index include: - kerosene by 1.9%, diesel by 1.3% and petrol by 1.4%.

Table 3: NCPI Release Schedule for the Coming Months

NCPI Release Months	Release date
June, 2021	08 th July, 2021
July, 2021	09 th August, 2021
August, 2021	08 ^h September, 2021

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