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PRESS RELEASE

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NATIONAL CONSUMER PRICE INDEX (NCPI) FOR THE MONTH OF AUGUST, 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 STAGNATES AT 3.3%

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

S/N	Main Groups	Weight	Aug -17	Jul -18	Aug-18	1 Month Percent Change	12 Month Percent Change
1	Food and Non Alcoholic Beverages	38.5	112.90	117.58	115.34	-1.9	2.2
2	Alcoholic and Tobacco	3.7	107.10	107.58	108.40	0.8	1.2
3	Clothing and Footwear	8.3	106.41	109.09	109.29	0.2	2.7
4	Housing, Water, Electricity, Gas and Other Fuel	11.6	116.84	129.05	131.20	1.7	12.3
5	Furnishing, Housing Equipment and Routine Maintenance of the House	6.3	104.66	107.60	107.91	0.3	3.1
6	Health	2.9	106.19	107.06	108.01	0.9	1.7
7	Transport	12.5	99.37	102.04	102.70	0.6	3.4
8	Communication	5.6	98.10	95.47	95.50	0.0	-2.6
9	Recreation and Culture	1.6	102.88	102.53	102.66	0.1	-0.2
10	Education	1.5	103.43	105.97	105.99	0.0	2.5
11	Restaurants and hotels	4.2	104.37	105.37	105.55	0.2	1.1
12	Miscellaneous goods and services	3.1	105.64	106.97	106.91	-0.1	1.2
TOTAL – ALL ITEMS INDEX		100.0	108.46	112.44	112.01	-0.4	3.3
Other Selected Groups							
1	Food - combining food consumed at home and food consumed in restaurants	37.1	113.88	118.86	117.47	-1.2	3.2
2	Energy and Fuels - combining electricity and other fuels for use at home with petrol and diesel	8.7	120.02	139.64	142.51	2.1	18.7
3	All Items Less Food	62.9	105.92	110.11	110.81	0.6	4.6
4	All Items Less Food and Energy	54.3	103.66	105.38	105.74	0.3	2.0

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 August, 2018 has stagnated at 3.3% as it was recorded in July, 2018. The stagnation of the headline inflation explains that, the speed of price change for commodities for the year ended August, 2018 has remained the same as that recorded for the year ended July, 2018. The overall index went up to 112.01 in August, 2018 from 108.46 recorded in August, 2017. Food and Non Alcoholic Beverages Inflation Rate for the month of August, 2018 has decreased to 2.2% from 2.8% recorded in July, 2018.

Food and Non Food Inflation Rates

Annual Inflation Rate for food consumed at home and away from home has slightly increased to 3.2% in August, 2018 from 3.0% recorded in July, 2018. In addition, the 12 month index change for non-food products in August, 2018 has increased to 4.6% from 4.2% recorded in July, 2018.

Inflation Rate excluding Food and Energy

The Annual Inflation Rate which excludes food and energy for the month of August, 2018 has increased to 2.0% from 1.6% recorded in July, 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 August, 2017 – August, 2018. (Dec., 2015 = 100)

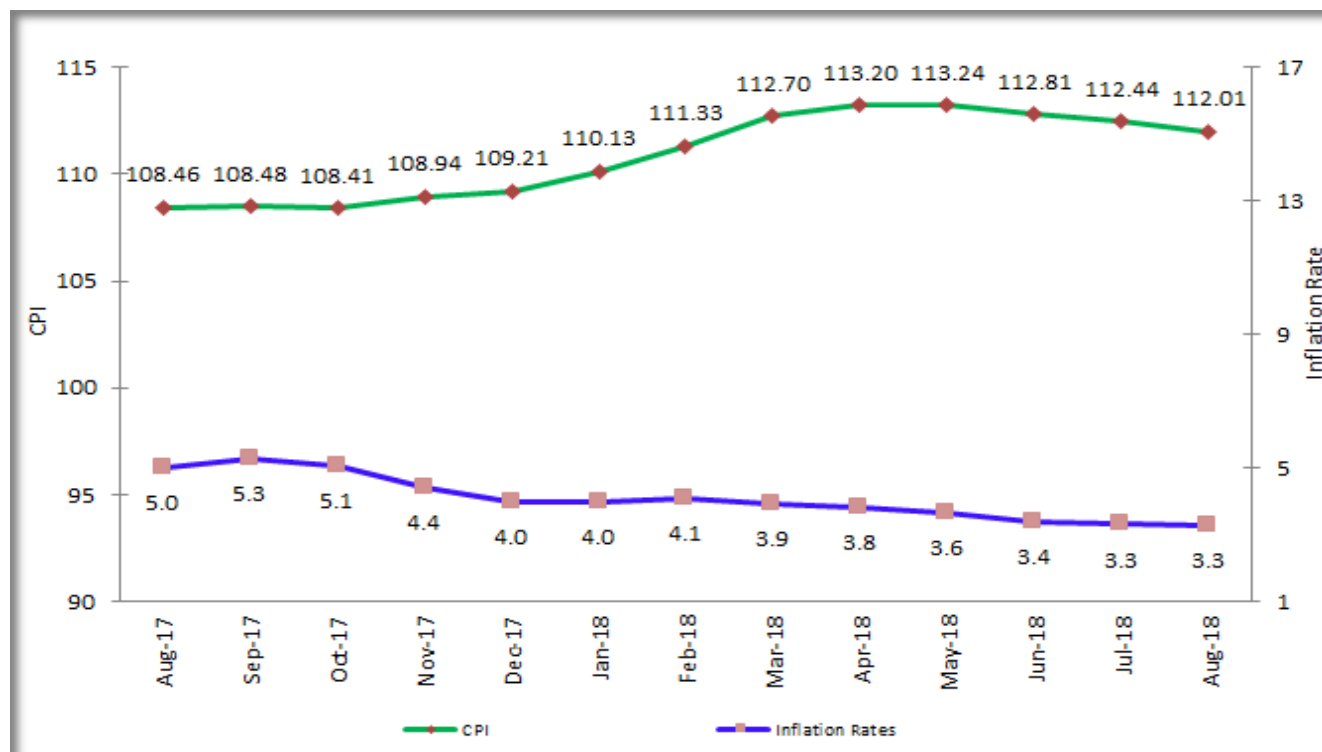


Chart number 1 above explains that; CPI has shown a relatively stable movement of prices from August, 2017 to August, 2018. In addition, Annual Headline Inflation Rates over the same period have decreased from 5.0% in August, 2017 to 3.3% in August, 2018.

MONTHLY CHANGE OF CONSUMER PRICE INDEX FROM JULY, 2018 TO AUGUST, 2018

The Consumer Price Index from July, 2018 to August, 2018 has decreased by 0.4% compared to a decrease of 0.3% recorded in July, 2018 from June, 2018. The overall index has decreased to 112.01 in August, 2018 from 112.44 recorded in July, 2018. The decrease of the overall index is mainly attributed to price decrease of food items. Some food items that contributed to such decrease include; rice by 1.7%, maize grains by 3.6%, maize flour by 3.5%, wheat flour by 1.2%, sorghum flour by 2.0%, vegetables by 2.8%, cassava by 1.6% and cocoyam by 3.6%.

Table 2: NCPI Release Schedule for the Coming Months

NCPI Release Months	Release date
September, 2018	08 th October, 2018
October, 2018	08 th November, 2018
November, 2018	10 th December, 2018

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