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PRESS RELEASE

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NATIONAL CONSUMER PRICE INDEX (NCPI) FOR FEBRUARY, 2013

Background notes

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 224 goods and services 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 survey types of households in the 21 geographic regions of Tanzania. The index weights are based on expenditures of both urban and rural households. The reference period for the NCPI has been changed from January, 2001=100 to September 2010=100.

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 with petrol and diesel; 3) All Items Less Food; and 4) All Items Less Food and Energy.

Methodology

The NCPI has incorporated a number of methodological improvements including the use of geometric means for compiling elementary index aggregates, the use of an improved index compilation system, and improved procedures for collecting and processing prices. The modified Laspeyres index formula continues to be used for computing higher level aggregates for the NCPI.

ANNUAL HEADLINE INFLATION RATE DECREASES TO 10.4%

**Table 1: Changes in the NCPI for February, 2013
(September 2010 = 100)**

S/N	Main Groups	Weight	Feb-12	Jan-13	Feb-13	1 Month Percent Change	12 Month Percent Change
1	Food and Non Alcoholic Beverages	47.8	138.47	151.88	155.15	2.2	12.0
2	Alcoholic and Tobacco	3.3	111.04	132.05	132.03	0.0	18.9
3	Clothing and Footwear	6.7	118.21	126.76	127.52	0.6	7.9
4	Housing, Water, Electricity, Gas and Other Fuel	9.2	124.82	142.26	145.13	2.0	16.3
5	Furnishing, Housing Equipment and Routine Maintenance of the House	6.7	119.28	126.08	126.57	0.4	6.1
6	Health	0.9	103.89	106.85	106.98	0.1	3.0
7	Transport	9.5	112.64	115.39	115.43	0.0	2.5
8	Communication	2.1	96.55	96.27	96.22	-0.1	-0.3
9	Recreation and Culture	1.3	107.94	112.37	111.79	-0.5	3.6
10	Education	1.7	110.75	112.46	113.16	0.6	2.2
11	Restaurants and hotels	6.4	121.88	132.63	132.89	0.2	9.0
12	Miscellaneous goods and services	4.5	111.52	118.70	118.86	0.1	6.6
TOTAL – ALL ITEMS INDEX		100	127.05	138.26	140.23	1.4	10.4
Other Selected Groups							
1	Food - combining food consumed at home and food consumed in restaurants	51.0	136.64	149.76	152.69	2.0	11.7
2	Energy and Fuels - combining electricity and other fuels for use at home with petrol and diesel	5.7	134.73	155.23	159.42	2.7	18.3
3	All Items Less Food	49	115.70	124.64	125.47	0.7	8.4
4	All Items Less Food and Energy	43.3	112.84	120.04	120.37	0.3	6.7

The Headline Inflation Rate measures inflation rates when all items in the fixed CPI basket are included. Table number 1 above indicates that, Annual Headline Inflation Rate for the month of February, 2013 has decreased to 10.4% from 10.9% recorded in January, 2013. The decrease of Annual Headline Inflation Rate for the month of February, 2013 explains that, the speed of price increase for commodities in February, 2013 has decreased compared to the speed recorded in January, 2013. However, the overall index went up to 140.23 in February, 2013 from 127.05 recorded in February, 2012. Food and Non alcoholic beverages Inflation Rate has slightly increased to 12.0% in February 2013 from 11.9% recorded in January, 2013.

Food and Non Food Inflation Rates

Annual Inflation Rate for food consumed at home and away from home has declined to 11.7% in February, 2013 as compared to 12.1% in January, 2013. In addition, the 12 month index change for non food products has decreased to 8.4% in February, 2013 from 9.3% recorded in January, 2013.

Inflation Rate excluding Food and Energy

This type of CPI excludes food consumed at home and restaurants, non alcoholic beverages, petrol, diesel, gas, kerosene, charcoal 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.

The Annual Inflation Rate which excludes food and energy for the month of February, 2013 has decreased to 6.7% from 7.9% recorded in January, 2013. Annual Inflation Rate for Energy has increased to 18.3% in February, 2013 compared to 17.4% recorded in January, 2013.

Chart 1: Movement of National Consumer Price Indices (NCPI) and Inflation Rates from February, 2012 – February, 2013. (September 2010 = 100)

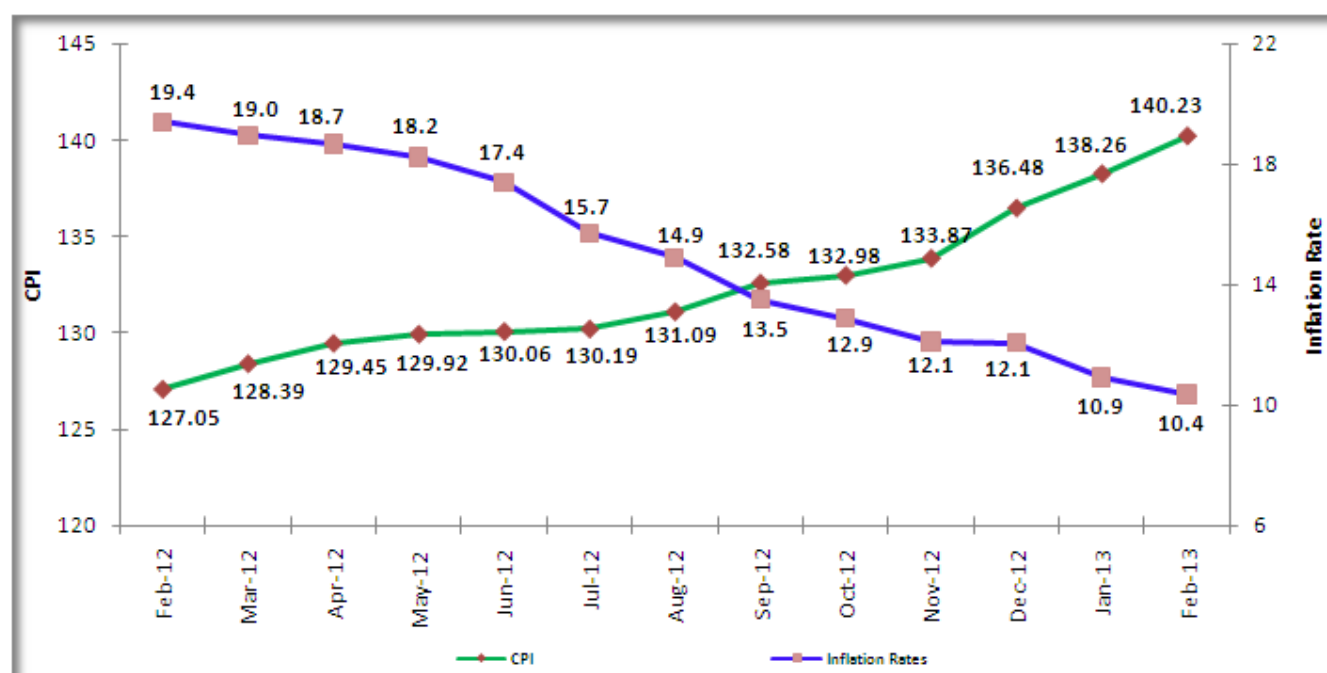


Chart number 1 above shows that; during the period of February, 2012 to February, 2013 CPI have shown a steadily increasing trend in prices of commodities. Annual Headline Inflation Rates over the same period have shown a decreasing pattern from 19.4% in February, 2012 to 10.4% in February, 2013.

MONTHLY HEADLINE INFLATION RATE WENT UP BY 1.4%

The Monthly Headline Inflation Rate for the month of February, 2013 has increased by 1.4% compared to 1.3% recorded in January, 2013. The overall index increased to 140.23 in February, 2013 from 138.26 in January, 2013. This increase is attributed to the price increase of both food and non food items. Food items that contributed to such increase include; Rice by 6.2%, maize grains by 7.8%, maize flour by 7.8%, finger millet by 3.6%, Beef by 1.5%, fresh fish by 3.0%, fruits by 2.1%, vegetables by 1.2%, beans by 1.3% and sweet potatoes by 5.6%. Non food items that contributed to the increase in monthly inflation rate include garments for men by 1.1%, garments for women by 1.3%, charcoal by 7.4%, carpets and

other floor coverings by 1.5%, salaries for domestic servants by 2.5% and accommodation services by 3.8%.

Purchasing Power of Tanzanian Shilling in September, 2010 Compared to February, 2013

Definition: The Purchasing Power of the consumer's Tanzanian Shilling measures the change in the value of consumer goods and services that a Tanzanian Shilling could buy at different periods. That is, if the overall level of Consumer Price Index (CPI) goes up, the Purchasing Power of a Tanzanian Shilling goes down.

The purchasing power of 100 Tanzanian Shillings has been decreasing, declining to TZS. 71 and 31 cents from September, 2010 to February, 2013.

PRICE MOVEMENTS

Chart 2: Price Movements of Different Groups of CPI from February, 2012–February, 2013 (September 2010 = 100)

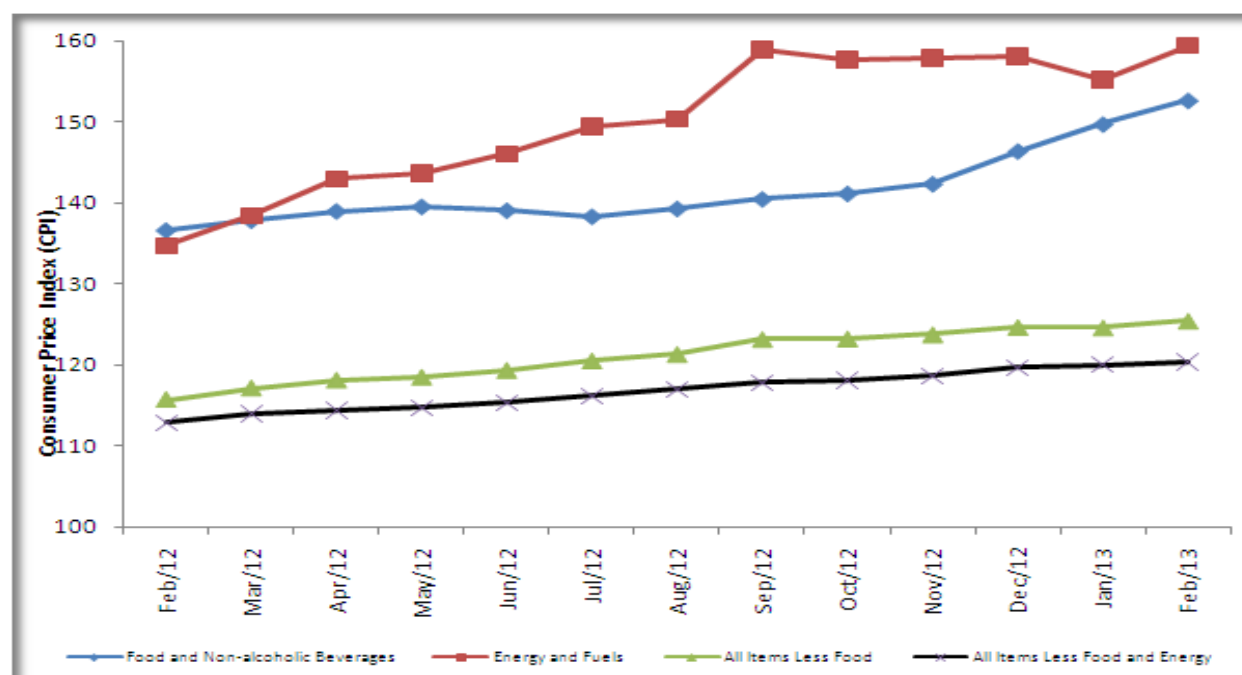


Chart number 2 above shows price movement of different groups of Consumer Price Indices from February, 2012 to February, 2013. On average, Food and Non Alcoholic Beverages index and; Energy and Fuel index have had a higher upward trend over the period compared to other indices. Furthermore, energy and fuels portrayed unstable price movements compared to other indices. All items without food and all items without food and energy showed a much stable price movements.

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