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PRESS RELEASE

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NATIONAL CONSUMER PRICE INDEX (NCPI) FOR THE MONTH OF JULY, 2019

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 STAGNATED AT 3.7%

Table 1: Changes in the NCPI for July, 2019, (Dec.2015 = 100)

| S/N | Main Groups | Weight | July -18 | June-19 | July-19 | 1 Month Percent Change | 12 Month Percent Change |
|--------------------------------|---|--------------|---------------|---------------|---------------|------------------------|-------------------------|
| 1 | Food and Non Alcoholic Beverages | 38.5 | 117.58 | 121.87 | 120.98 | -0.7 | 2.9 |
| 2 | Alcoholic and Tobacco | 3.7 | 107.58 | 111.49 | 111.49 | 0.0 | 3.6 |
| 3 | Clothing and Footwear | 8.3 | 109.09 | 112.02 | 111.99 | 0.0 | 2.7 |
| 4 | Housing, Water, Electricity, Gas and Other Fuel | 11.6 | 129.05 | 140.00 | 139.45 | -0.4 | 8.1 |
| 5 | Furnishing, Housing Equipment and Routine Maintenance of the House | 6.3 | 107.60 | 111.74 | 111.83 | 0.1 | 3.9 |
| 6 | Health | 2.9 | 107.06 | 109.47 | 109.47 | 0.0 | 2.2 |
| 7 | Transport | 12.5 | 102.04 | 106.16 | 106.21 | 0.1 | 4.1 |
| 8 | Communication | 5.6 | 95.47 | 96.51 | 96.51 | 0.0 | 1.1 |
| 9 | Recreation and Culture | 1.6 | 102.53 | 106.03 | 104.17 | -1.7 | 1.6 |
| 10 | Education | 1.5 | 105.97 | 107.68 | 107.68 | 0.0 | 1.6 |
| 11 | Restaurants and hotels | 4.2 | 105.37 | 110.31 | 110.35 | 0.0 | 4.7 |
| 12 | Miscellaneous goods and services | 3.1 | 106.97 | 109.50 | 109.61 | 0.1 | 2.5 |
| TOTAL – ALL ITEMS INDEX | | 100.0 | 112.44 | 117.03 | 116.61 | - 0.4 | 3.7 |
| Other Selected Groups | | | | | | | |
| 1 | Food - combining food consumed at home and food consumed in restaurants | 37.1 | 118.86 | 125.66 | 124.74 | -0.7 | 4.9 |
| 2 | Energy and Fuels - combining electricity and other fuels for use at home with petrol and diesel | 8.7 | 139.64 | 153.30 | 152.59 | -0.5 | 9.3 |
| 3 | All Items Less Food | 62.9 | 110.11 | 114.85 | 114.72 | -0.1 | 4.2 |
| 4 | All Items Less Food and Energy | 54.3 | 105.38 | 108.70 | 108.66 | 0.0 | 3.1 |

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 July, 2019 has stagnated at 3.7% as it was recorded in June, 2019. The stagnation of the Annual Headline Inflation Rate for the month of July, 2019 explains that, the speed of price change for commodities for the year ended July, 2019 has remained the same as that recorded for the year ended June, 2019. The overall index went up to 116.61 in July, 2019 from 112.44 recorded in July, 2018.

Food and Non Food Inflation Rates

Food and Non Alcoholic Beverages Inflation Rate for the month of July, 2019 has increased to 2.9% from 2.3% recorded in June, 2019. Annual Inflation Rate for food consumed at home and away from home for the month of July, 2019 has increased to 4.9% from 4.3% recorded in June, 2019. On the other hand, the 12 month index change for non-food products in July, 2019 has decreased to 4.2% from 4.7% recorded in June, 2019.

Inflation Rate excluding Food and Energy

The Annual Inflation Rate which excludes food and energy for the month of July, 2019 has decreased to 3.1% from 3.4% recorded in June, 2019.

The NCPI used to compute this type of Inflation Rate excludes food consumed at home and restaurants, 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 July, 2018 – July, 2019. (Dec. 2015 = 100)

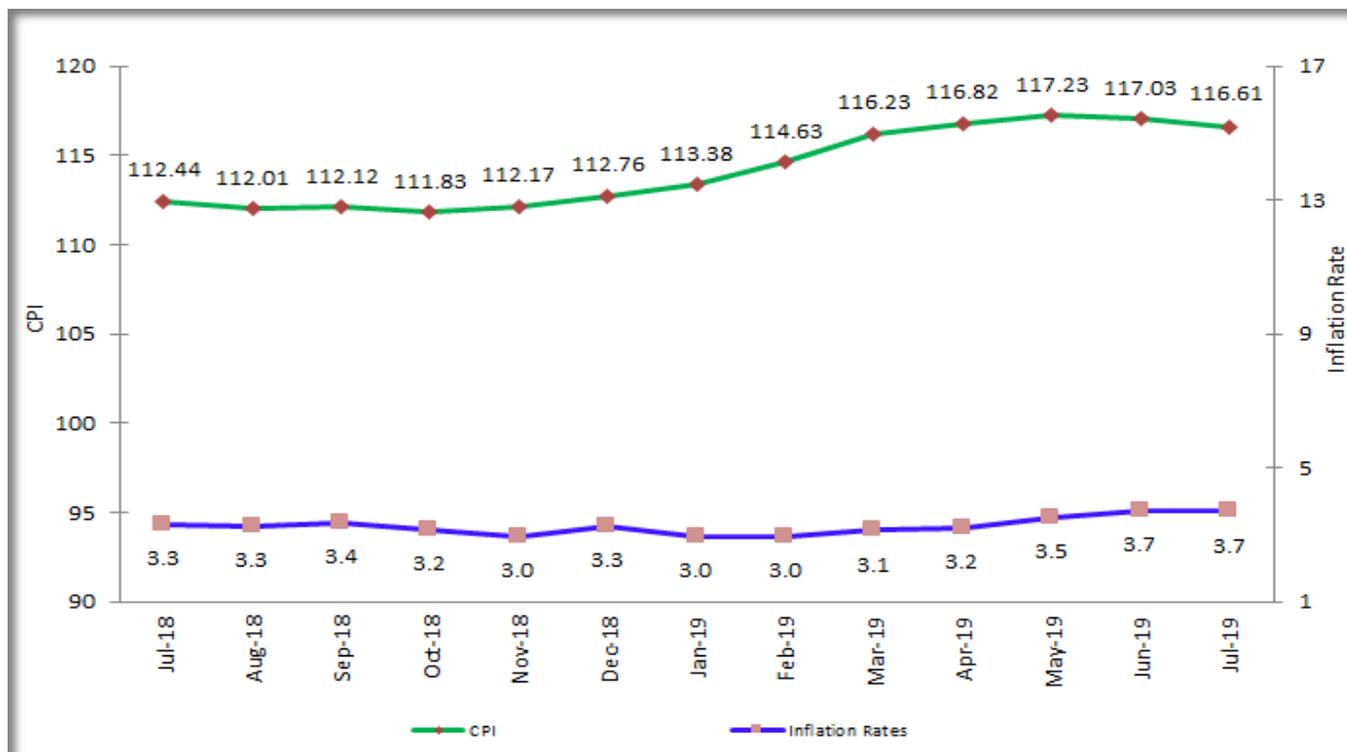


Chart number 1 above explains that; CPI has shown a relatively stable movement of prices from July, 2018 to July, 2019. In addition, Annual Headline Inflation Rates over the same period range between 3.3% in July, 2018 and 3.7% recorded in July, 2019.

MONTHLY CHANGE OF CONSUMER PRICE INDEX FROM JUNE, 2019 TO JULY, 2019

The Consumer Price Index from June, 2019 to July, 2019 has decreased by 0.4% compared to a decrease by 0.2% recorded from May, 2019 to June, 2019. The overall index has decreased to 116.61 in July, 2019 from 117.03 recorded in June, 2019. The decrease of the overall index is mainly attributed to the price decrease for food items. Some food items that contributed to such decrease include; rice by 2.4%, spaghetti by 1.1%, sardines by 2.1%, fruits by 3.4%, coconut by 4.0%, round potatoes by 2.3%, cassava by 6.5%, and cooking bananas by 2.2%.

Table 2: NCPI Release Schedule for the Coming Months

| NCPI Release Months | Release date |
|----------------------------|----------------------------------|
| August, 2019 | 09 th September, 2019 |
| September, 2019 | 08 th October, 2019 |
| October, 2019 | 08 th November, 2019 |

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