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PRESS RELEASE

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NATIONAL CONSUMER PRICE INDEX (NCPI) FOR JUNE, 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 has incorporated a number of methodological improvements including the use of geometric mean of price relatives for compiling elementary index aggregates, the use of an improved index compilation system, and improved procedures for collecting and processing prices. The Lowe Index formula which is Laspeyres index formula type continues to be used for computing higher level aggregates for the NCPI.

ANNUAL HEADLINE INFLATION RATE DECREASES TO 3.4%

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

S/N	Main Groups	Weight	June -17	May -18	June -18	1 Month Percent Change	12 Month Percent Change
1	Food and Non Alcoholic Beverages	38.5	115.20	119.09	119.14	0.0	3.4
2	Alcoholic and Tobacco	3.7	106.66	107.86	107.01	-0.8	0.3
3	Clothing and Footwear	8.3	106.35	108.19	108.66	0.4	2.2
4	Housing, Water, Electricity, Gas and Other Fuel	11.6	114.72	130.36	128.50	-1.4	12.0
5	Furnishing, Housing Equipment and Routine Maintenance of the House	6.3	104.79	107.18	107.29	0.1	2.4
6	Health	2.9	106.07	107.29	107.55	0.2	1.4
7	Transport	12.5	99.61	102.05	101.25	-0.8	1.7
8	Communication	5.6	98.10	98.19	95.54	-2.7	-2.6
9	Recreation and Culture	1.6	102.03	102.76	102.52	-0.2	0.5
10	Education	1.5	103.16	105.51	105.82	0.3	2.6
11	Restaurants and hotels	4.2	104.50	105.39	105.22	-0.2	0.7
12	Miscellaneous goods and services	3.1	105.48	106.85	106.97	0.1	1.4
TOTAL – ALL ITEMS INDEX		100.0	109.10	113.24	112.81	-0.4	3.4
Other Selected Groups							
1	Food - combining food consumed at home and food consumed in restaurants	37.1	116.07	120.59	120.46	-0.1	3.8
2	Energy and Fuels - combining electricity and other fuels for use at home with petrol and diesel	8.7	118.22	140.78	138.13	-1.9	16.8
3	All Items Less Food	62.9	105.52	110.08	109.69	-0.4	4.0
4	All Items Less Food and Energy	54.3	103.49	105.17	105.14	0.0	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 June, 2018 has decreased to 3.4% from 3.6% recorded in May, 2018. The decrease of the headline inflation explains that, the speed of price change for commodities in the year ending June, 2018 has decreased compared to the speed of price change recorded in the year ended May, 2018. The overall index went up to 112.81 in June, 2018 from 109.10 recorded in June, 2017. Food and Non Alcoholic Beverages Inflation Rate for the month of June, 2018 has increased to 3.4% from 2.6% recorded in May, 2018.

Food and Non Food Inflation Rates

Annual Inflation Rate for food consumed at home and away from home has increased to 3.8% in June, 2018 from 3.2% recorded in May, 2018. In addition, the 12 month index change for non-food products in June, 2018 has decreased to 4.0% from 4.5% recorded in May, 2018.

Inflation Rate excluding Food and Energy

The Annual Inflation Rate which excludes food and energy for the month of June, 2018 has stagnated at 1.6% as it was recorded in May, 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 June, 2017 – June, 2018. (Dec., 2015 = 100)

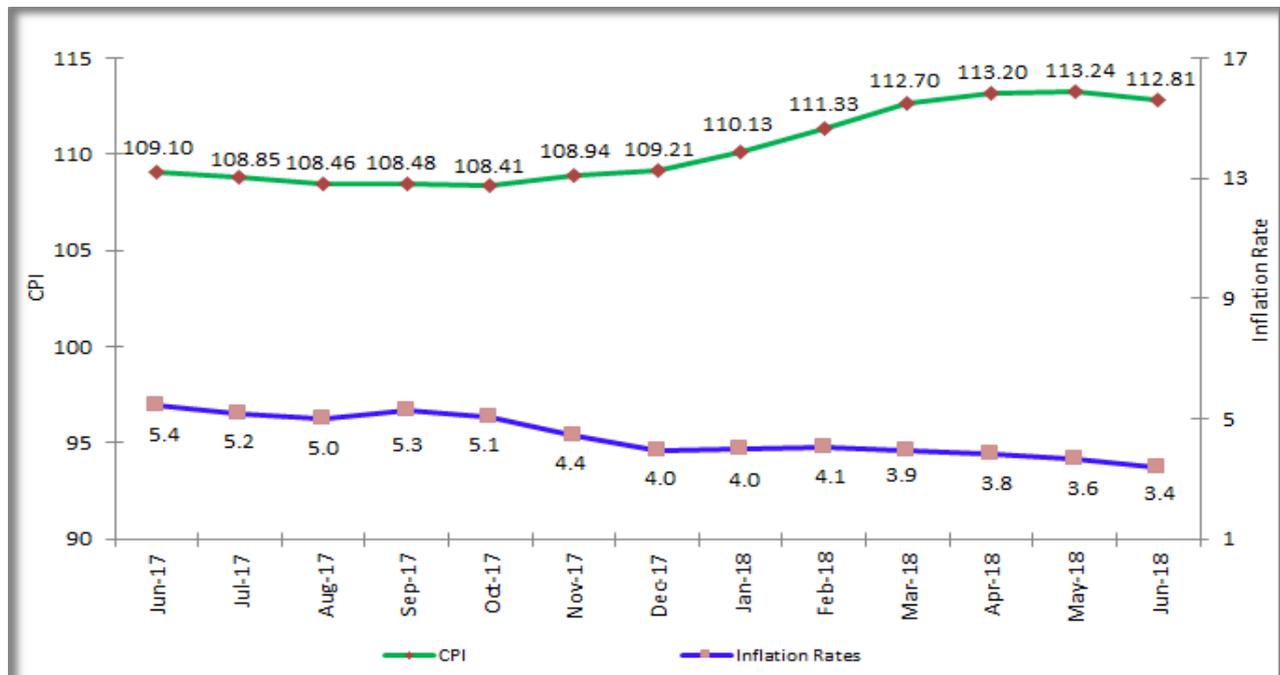


Chart number 1 above explains that; CPI has shown a relatively stable movement of prices from June, 2017 to June, 2018. In addition, Annual Headline Inflation Rates over the same period have decreased from 5.4% in June, 2017 to 3.4% in June, 2018.

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

The Consumer Price Index from May, 2018 to June, 2018 has changed by negative 0.4% compared to a positive change of 0.03% recorded in May, 2018 from April, 2018. The overall index has decreased to 112.81 in June, 2018 from 113.24 recorded in May, 2018. The decrease of the overall index is mainly attributed to price decrease for non food items. Some non food items that contributed to such decrease include; beer by 1.1%, maintenance and repair of carpentry and floors by 1.4%, cooking gas by 0.6%, firewood by 6.3%, maintenance and repair of transport equipment by 8.5%, electronic equipments by 2.0%, food and drinks from restaurants and hotels by 0.2% and hair dressing for women by 0.1%.

Table 2: NCPI Release Schedule for the Coming Months

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

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