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## PRESS RELEASE

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### NATIONAL CONSUMER PRICE INDEX (NCPI) FOR DECEMBER, 2014

#### 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 derived from 2007 Household Budget Survey and the price reference period is September 2010.

#### 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.

#### 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 EASES FURTHER TO 4.8%

**Table 1: Changes in the NCPI for December, 2014  
(September 2010 = 100)**

S/N	Main Groups	Weight	Dec-13	Nov -14	Dec -14	1 Month Percent Change	12 Month Percent Change
1	Food and Non Alcoholic Beverages	47.8	157.15	164.85	166.04	0.7	5.7
2	Alcoholic and Tobacco	3.3	141.12	148.80	148.95	0.1	5.6
3	Clothing and Footwear	6.7	130.89	134.24	135.14	0.7	3.2
4	Housing, Water, Electricity, Gas and Other Fuel	9.2	158.30	172.93	170.65	-1.3	7.8
5	Furnishing, Housing Equipment and Routine Maintenance of the House	6.7	128.56	129.83	130.10	0.2	1.2
6	Health	0.9	108.49	113.48	113.39	-0.1	4.5
7	Transport	9.5	125.43	127.12	126.09	-0.8	0.5
8	Communication	2.1	96.73	97.21	97.12	-0.1	0.4
9	Recreation and Culture	1.3	112.85	113.65	113.54	-0.1	0.6
10	Education	1.7	113.40	119.17	119.17	0.0	5.1
11	Restaurants and hotels	6.4	134.74	138.94	139.50	0.4	3.5
12	Miscellaneous goods and services	4.5	123.22	129.74	129.70	0.0	5.3
<b>TOTAL – ALL ITEMS INDEX</b>		<b>100</b>	<b>144.07</b>	<b>150.54</b>	<b>150.92</b>	<b>0.2</b>	<b>4.8</b>
<b>Other Selected Groups</b>							
1	Food - combining food consumed at home and food consumed in restaurants	51.0	156.08	163.79	164.98	0.7	5.7
2	Energy and Fuels - combining electricity and other fuels for use at home with petrol and diesel	5.7	178.39	194.84	189.38	-2.8	6.2
3	All Items Less Food	49	131.55	136.73	136.26	-0.3	3.6
4	All Items Less Food and Energy	43.3	125.09	128.70	128.92	0.2	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 December, 2014 has further decreased to 4.8% from 5.8% recorded in November, 2014. The decrease of Annual Headline Inflation Rate for the year ending December, 2014 explains that, the speed of price increase for commodities in the year ending December, 2014 has decreased as compared to the speed of price increase recorded for the year ended November, 2014. The overall index went up to 150.92 in December, 2014 from 144.07 recorded in December, 2013. Food and Non Alcoholic Beverages Inflation Rate has decreased to 5.7% in December, 2014 from 7.0% recorded in November, 2014.

### Food and Non Food Inflation Rates

Annual Inflation Rate for food consumed at home and away from home has decreased to 5.7% in December, 2014 from 6.9% recorded in November, 2014. In addition, the 12 month index change for non food products has decreased to 3.6% in December, 2014 from 4.5% recorded in November, 2014.

## 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 December, 2014 has slightly increased to 3.1% from 3.0% recorded in November, 2014.

**Chart 1: Movement of National Consumer Price Indices (NCPI) and Inflation Rates from December, 2013 – December, 2014. (September 2010 = 100)**

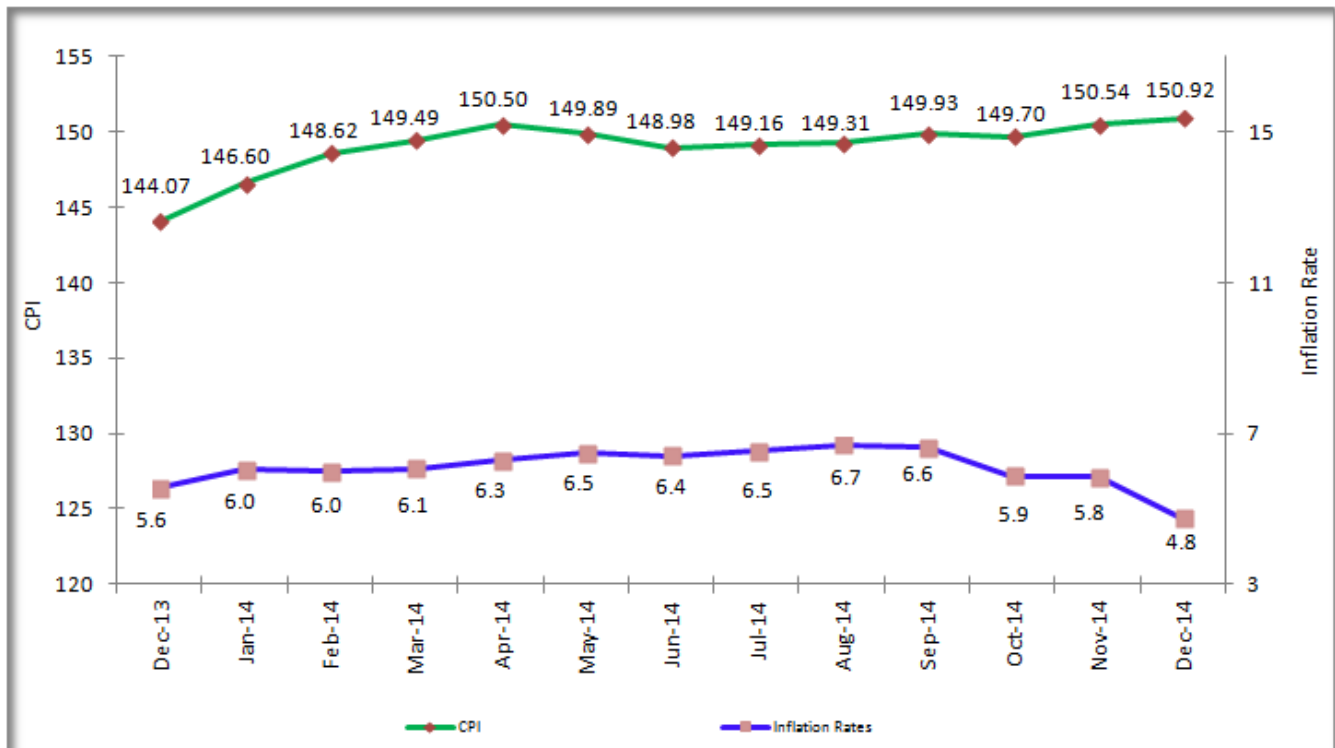


Chart number 1 above shows that; for the period of December, 2013 to December, 2014, CPI has shown an increasing trend from December, 2013 to April, 2014. However, the CPI had a relatively stable movement of prices from May, 2014 to December, 2014. Annual Headline Inflation Rates over the same period have shown a stable trend of movement, where the lowest Inflation Rate recorded was 4.8% in December, 2014 and the highest Inflation Rates recorded was 6.7% for the month of August, 2014.

## MONTHLY HEADLINE INFLATION RATE INCREASES BY 0.2%

The Monthly Headline Inflation Rate for the month of December, 2014 has slightly increased by 0.2% compared to an increase of 0.6% recorded in November, 2014. The overall index has increased to 150.92 in December, 2014 from 150.54 recorded in November; 2014. This increase of the overall index is attributed to price increase of both food and non food items. Some food items that contributed to such increase include; rice by 4.3%, maize flour by 1.3%, fish by 1.9%, citrus fruits by 4.7% and vegetables by 1.9%. Some non-food items that contributed to such increase include; garments for men by 1.4%, garments for women by 1.0% and footwear for men by 1.7%.

## Purchasing Power of Tanzanian Shilling in December, 2014 from September, 2010

**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 reached TZS 66 and 26 cents in December, 2014 from September, 2010.

## PRICE MOVEMENTS

**Chart 2: Price Movements of Different Groups of CPI from December, 2013 – December, 2014 (September 2010 = 100)**

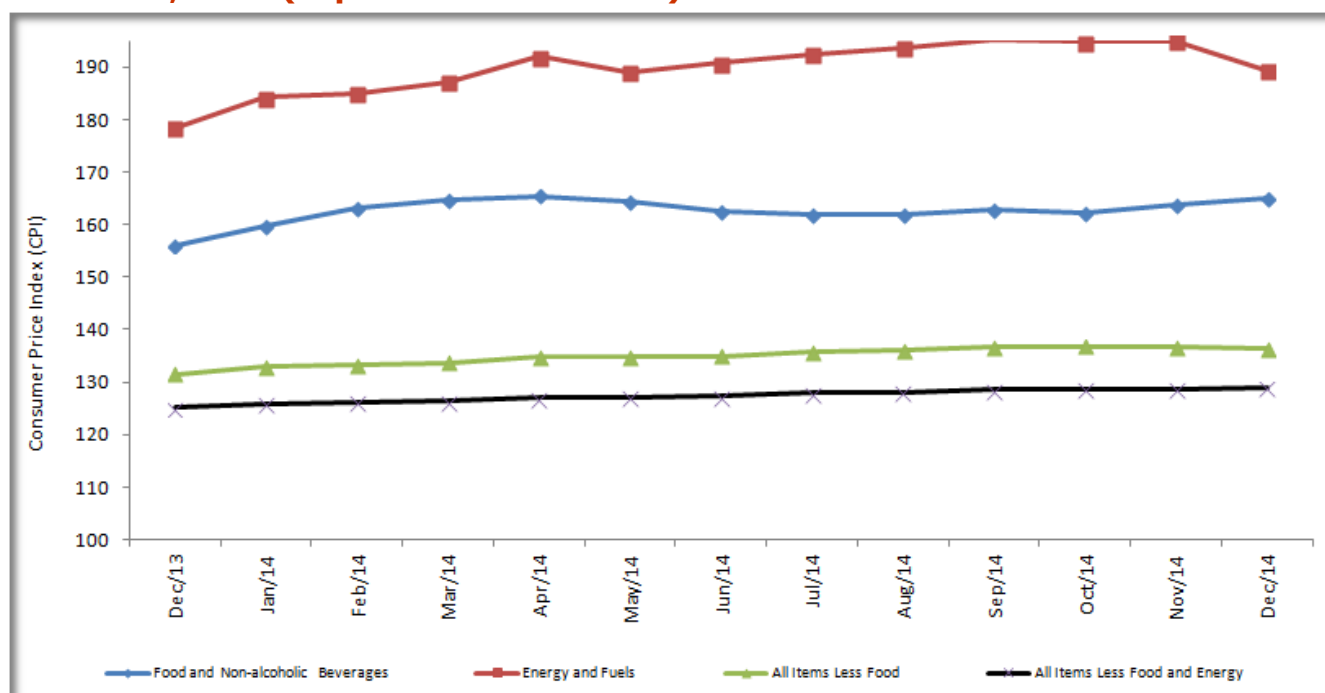


Chart number 2 above shows price movement of different groups of Consumer Price Indices from December, 2013 to December, 2014. On average, Energy and Fuel index; and Food and Non Alcoholic Beverages index have had a higher upward trend over the period compared to other indices. Furthermore, energy and fuels portrayed unstable price movements compared to other indices. All items without food and all items without food and energy have indicated a much stable price movements.

**Table 2: Trend of Price Movement and Inflation Rate from January to December, 2014, (September, 2010 = 100)**

<b>Month</b>	<b>Overall National CPI</b>	<b>Headline Inflation Rates (%)</b>	<b>Food Inflation Rates (%)</b>	<b>Non Food Inflation Rates (%)</b>	<b>Non Food Non Energy Inflation Rates (%)</b>
Jan-14	146.60	6.0	6.6	6.7	4.9
Feb-14	148.62	6.0	6.9	6.3	4.8
Mar-14	149.49	6.1	7.9	5.2	4.7
Apr-14	150.50	6.3	8.5	4.9	4.3
May-14	149.89	6.5	9.3	4.1	3.5
Jun-14	148.98	6.4	8.7	4.8	3.5
Jul-14	149.16	6.5	7.9	4.9	3.2
Aug-14	149.31	6.7	8.5	4.5	3.1
Sep-14	149.93	6.6	8.3	4.6	3.1
Oct-14	149.70	5.9	7.0	4.6	3.2
Nov-14	150.54	5.8	6.9	4.5	3.0
Dec-14	150.92	4.8	5.7	3.6	3.1
<b>Average 2014</b>	<b>149.47</b>	<b>6.1</b>	<b>7.7</b>	<b>4.9</b>	<b>3.7</b>
<b>Average 2013</b>	<b>140.83</b>	<b>7.9</b>	<b>8.6</b>	<b>7.5</b>	<b>6.2</b>

Table 2 above shows the trend of National Consumer Price Indices and Inflation Rates from January to December, 2014. National Consumer Price Indices for goods and services had an increasing trend from 146.60 in January, 2014 to 150.92 in December, 2014. On average (from January to December, 2014), NCPI has increased to 149.47 in 2014 from an average of 140.83 recorded in 2013 (from January to December, 2013). On the other hand, Annual Headline Inflation Rates have shown a relatively stable trend from January to December, 2014 whereby, the lowest Inflation Rate recorded was 4.8% in December, 2014 and the highest Inflation rate recorded was 6.7% in August, 2014.

Annual Average Headline Inflation Rates (from January to December, 2014) has decreased to 6.1% in 2014 from 7.9% recorded in 2013 (from January to December, 2013). This decrease was attributed to the decrease in prices for both food and non food items. Annual average Food Inflation Rate for year 2014 has decreased to 7.7% from 8.6% in 2013. Furthermore, Annual Average Inflation Rate for Non Food Items has also decreased significantly to 4.9% in 2014 from 7.5% in 2013. The Annual Average Inflation Rates which excludes Food and Energy has decreased almost by half to 3.7% in 2014 from 6.2% in 2013. The decreasing trend of Inflation Rates in Tanzania for year 2014 indicates that, on average, the speed of price increase for goods and services in 2014 decreased compared to the speed of price increase recorded in 2013.

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