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NATIONAL CONSUMER PRICE INDEX (NCPI) FOR DECEMBER, 2022

1. METHODOLOGICAL NOTE

1.1 Definition

The NCPI measure changes over time in the cost of a fixed basket of goods and services that are purchased by a representative sample of households in Tanzania. Currently, the NCPI basket comprises of 383 goods and services, of which 132 are Food and Non-Alcoholic Beverages and 251 are Non-Food items. With regard to geographical coverage, the NCPI uses price data collected from all 26 regional headquarters in Tanzania Mainland.

1.2 Weights and a Reference Period

The NCPI weights are based on monetary expenditures relating to consumption of all households in 26 regions of Tanzania Mainland. The index weights are based on expenditures of both urban and rural households derived from 2017/18 Household Budget Survey. The reference period for base prices is the average of January to December, 2020 and the index reference period is year 2020.

1.3 Classification

The NCPI uses the UN Classification of Individual Consumption by Purpose, 2018 (UN COICOP, 2018) and is being disseminated using 13 COICOP. In addition, the rebased NCPI is disseminated together with several additional index aggregations which includes: - Core index; Energy, fuel and utilities; Non core index; services index; Goods index; Education services and products ancillary to education index and All items less food and non-alcoholic beverages.

1.4 Elementary and Higher-Level Indices

Compilation of 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.

2. ANNUAL HEADLINE INFLATION FOR DECEMBER, 2022 SLIGHTLY DECREASED TO 4.8%

Table 1: Changes in the NCPI for December 2022, (2020 = 100)

S/N	Main Groups	Weight	December, 2021	November, 2022	December, 2022	1 Month Percent Change	12 Month Percent Change
1	Food and non-alcoholic beverages	28.2	105.90	113.85	116.15	2.0	9.7
2	Alcoholic beverages and tobacco	1.9	102.85	103.63	103.72	0.1	0.8
3	Clothing and footwear	10.8	105.65	107.71	108.39	0.6	2.6
4	Housing, water, electricity, gas and other fuels	15.1	105.14	107.65	107.93	0.3	2.7
5	Furnishings, household equipment and routine household maintenance	7.9	104.36	107.96	108.18	0.2	3.7
6	Health	2.5	103.39	104.94	105.11	0.2	1.7
7	Transport	14.1	105.33	110.48	110.70	0.2	5.1
8	Information and communication	5.4	102.42	103.53	103.72	0.2	1.3
9	Recreation, sport and culture	1.6	102.65	104.67	104.73	0.1	2.0
10	Education services	2.0	101.16	101.90	101.90	0.0	0.7
11	Restaurants and accommodation services	6.6	105.71	108.39	108.60	0.2	2.7
12	Insurance and financial services	2.1	100.36	100.10	100.22	0.1	-0.1
13	Personal care, social protection and miscellaneous goods and services	2.1	103.38	105.74	106.01	0.3	2.5
TOTAL – ALL ITEMS INDEX		100.0	104.92	109.16	110.01	0.8	4.8
Other Selected Groups							
1	Core Index	73.9	105.25	107.64	107.87	0.2	2.5
2	Non-Core Index	26.1	104.00	113.45	116.08	2.3	11.6
3	Energy, Fuel and Utilities Index	5.7	104.96	111.96	113.20	1.1	7.9
4	Services Index	37.2	104.03	106.53	106.61	0.1	2.5
5	Goods Index	62.8	105.46	110.71	112.02	1.2	6.2
6	Education services and products ancillary to education Index	4.1	103.36	104.90	104.92	0.0	1.5
7	All items Less Food and Non-Alcoholic Beverages	71.82	104.54	107.31	107.60	0.3	2.9

2.1 Headline Inflation Rate

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, 2022 has slightly decreased to 4.8% from 4.9% that was recorded in November, 2022. The decrease of the headline inflation explains that, speed of price change for commodities for the year ended December, 2022 has slightly decreased compared to the speed recorded for the year ended November, 2022. The overall index went up from 104.92 recorded in December, 2021 to 110.01 in December, 2022.

2.2 Food and Non-Alcoholic Beverages Inflation Rates

Food and Non-Alcoholic Beverages Inflation Rate for December, 2022 has increased to 9.7% from 9.5% that was recorded in November, 2022. On the other hand, Annual Inflation Rate for all items without food and non-alcoholic beverages for December, 2022 has slightly decreased to 2.9% from 3.1% that was recorded in November, 2022.

2.3 Core Inflation Rates

Computation of the Core Index, excludes items with volatile prices that is unprocessed food; energy and utilities with exception to maize flour. Exclusion of volatile prices from the total NCPI provides a more stable Inflation Rate figure for Policy Makers. The Core Index covers 297 items and the share of weight to total NCPI weight is 73.9%. The inflation rate for Core Index in December, 2022 has slightly decreased to 2.5% from 2.7% recorded in November, 2022.

Chart 1: Movement of National Consumer Price Indices (NCPI) and Inflation Rates from December, 2021 – December, 2022. (2020 = 100)

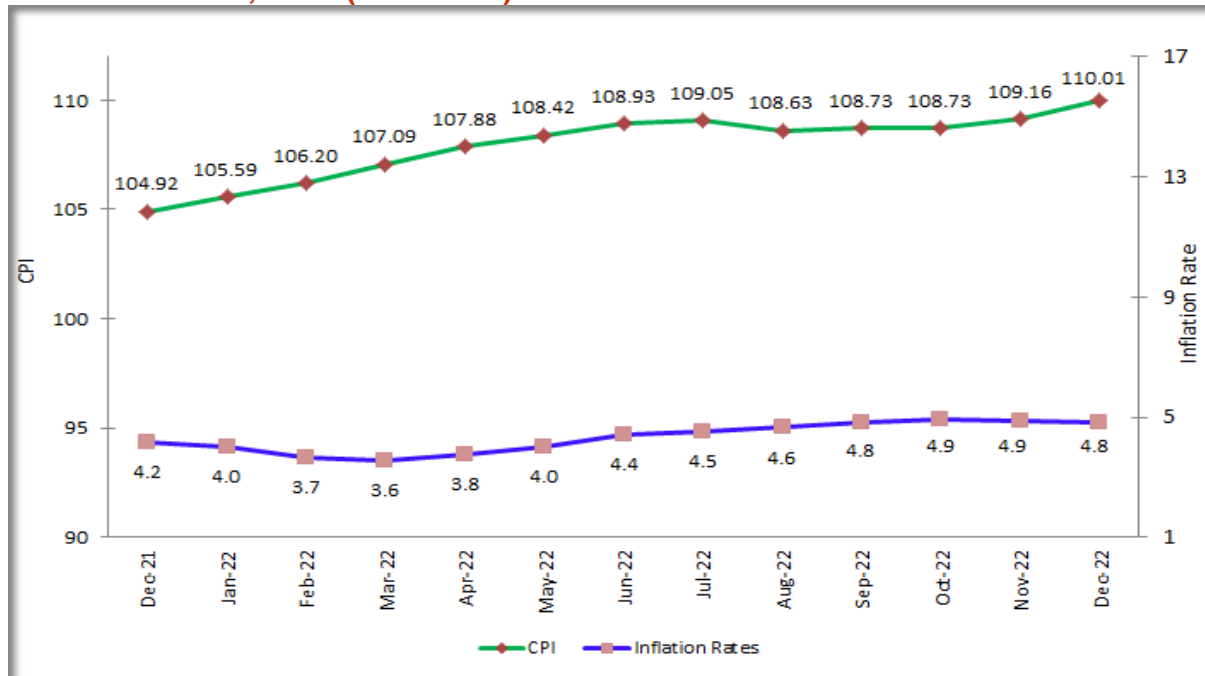


Chart 1 indicates that; NCPI has shown a relatively stable price movement from December, 2021 to December, 2022 ranging between 104.92 and 110.01. In addition, Annual Headline Inflation Rates over the same period have shown a stable trend that ranges between 3.6% in March, 2022 and 4.9% in October and November, 2022.

3. MONTHLY CONSUMER PRICE INDEX BETWEEN NOVEMBER AND DECEMBER, 2022

The National Consumer Price Index between November 2022 and December 2022 has increased by 0.8 %. The increase of the overall index is attributed to price increase for some food and non-food items. Some food items that contributed to an increase of the index include: rice by 2.1%, maize grain by 3.2%, maize flour by 2.6%, traditionally bred live chicken by 0.8%, beef meat by 0.4%, fresh fish by 1.4%, dried sardines by 3.9%, fruits by 1.9%, groundnuts by 2.2%, vegetables by 5.3%, Irish potatoes by 3.3%, sweet potatoes by 3.4%, fresh cassava by 7.6%, cocoyams by 0.8%, cooking bananas by 3.1%, dried beans by 7.3%, dried lentils by 0.9%, dried peas by 4.7%, dried cowpeas by 3.7%, dry cassava by 7.9%, cassava flour by 4.1%, mineral waters by 0.8% and soft drinks by 2.2%. Some Non-Food items that contributed to an increase of the index includes: clothing materials by 2.9%, garments for men by 0.3%, garments for women by 1.3%, garments for infants and children by 0.5%, footwear for women by 0.4%, footwear for infants and children by 0.6%, liquefied hydrocarbons (gas) by 1.4%, kerosene by 0.6%, firewood by 5.1%, diesel by 6.0% and goods and services for personal care by 0.6%.

4. AVERAGE OF ANNUAL NATIONAL INFLATION IN 2022.

Chart 2: Trends of Average National Inflation for Various Groups of Commodities in 2021 and 2022

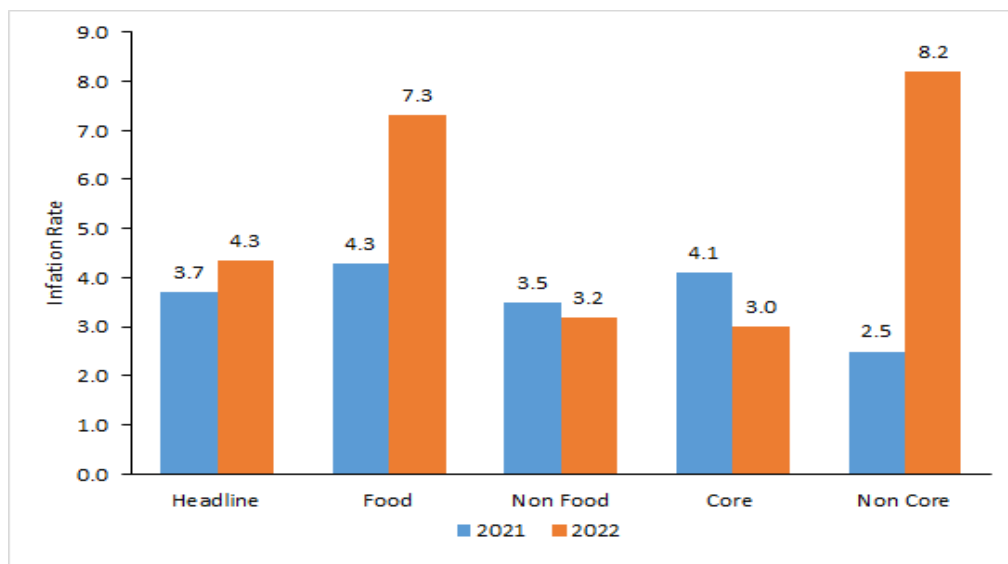


Chart 2 above shows trends annual headline inflation rate (All items) and inflation rate for some selected groups of consumer goods and services for 2021 and 2022. Overall, the annual average Headline inflation (All items) increased to 4.3% in 2022 from an average of 3.7% recorded in 2021. The increase of average annual inflation (all items) is mainly attributed to an increase of average annual inflation for food items which nearly doubled to 7.3% in 2022 from 4.3% in 2021. The results further shows that annual average inflation rate for non-food items decreased to 3.2 in 2022 from 3.5% in 2021. Furthermore, the results show that, annual average inflation rate for core items decreased to 3.0 in 2022 from 4.1 recorded in 2021.

Chart 3: General Movement of National Inflation Rates in 2021 and 2022

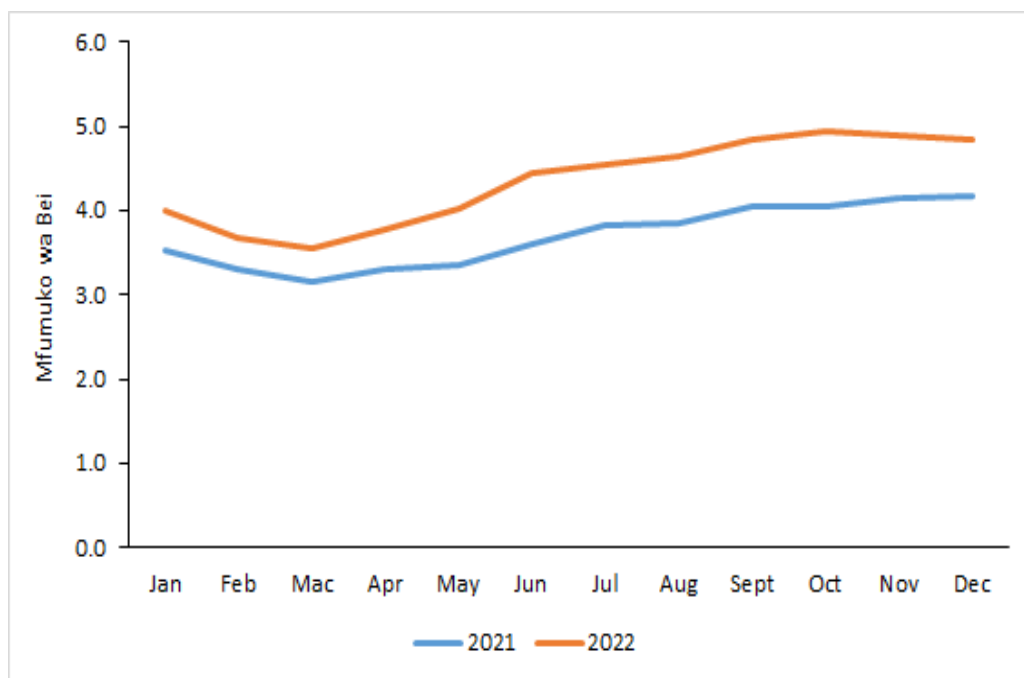


Chart 3 shows patterns of inflation trends in 2022 compared to 2021. Overall, the inflation rate shows a similar pattern over the period (January to December). Furthermore, the inflation rate shows a stable trend ranging between 3.2% and 4.9% over the two periods (January 2021 to December 2022).

Table 2: NCPI Release Schedule for the Coming Months

NCPI Release Months	Release date
January, 2023	08 th February, 2023
February, 2023	08 th March, 2023
March, 2023	10 th April, 2023

Further information pertaining to methodology and related aspects of the NCPI process can be obtained by directing inquiries to:

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