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NATIONAL CONSUMER PRICE INDEX (NCPI) FOR DECEMBER, 2023

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, 2023 DECREASED TO 3.0 Percent
Table 1: Changes in the NCPI for December 2023, (2020 = 100)

S/N	Main Groups	Weight	Dec., 2022	Nov., 2023	Dec., 2023	1 Month Percent Change	12 Month Percent Change
1	Food and non-alcoholic beverages	28.2	116.15	118.07	118.83	0.6	2.3
2	Alcoholic beverages and tobacco	1.9	103.72	107.88	107.94	0.1	4.1
3	Clothing and footwear	10.8	108.39	111.23	111.84	0.5	3.2
4	Housing, water, electricity, gas and other fuels	15.1	107.93	110.68	112.30	1.5	4.0
5	Furnishings, household equipment and routine household maintenance	7.9	108.18	111.86	112.04	0.2	3.6
6	Health	2.5	105.11	106.38	106.42	0.0	1.3
7	Transport	14.1	110.70	113.73	114.37	0.6	3.3
8	Information and communication	5.4	103.72	104.85	105.08	0.2	1.3
9	Recreation, sport and culture	1.6	104.73	108.23	108.39	0.2	3.5
10	Education services	2.0	101.90	105.48	105.49	0.0	3.5
11	Restaurants and accommodation services	6.6	108.60	113.28	113.22	-0.1	4.3
12	Insurance and financial services	2.1	100.22	100.74	100.82	0.1	0.6
13	Personal care, social protection and miscellaneous goods and services	2.1	106.01	109.48	110.80	1.2	4.5
TOTAL – ALL ITEMS INDEX		100.0	110.01	112.67	113.34	0.6	3.0
Other Selected Groups							
1	Core Index	73.9	107.87	110.49	111.19	0.6	3.1
2	Non-Core Index	26.1	116.08	119.17	119.76	0.5	3.2
3	Energy, Fuel and Utilities Index	5.7	113.20	117.87	118.95	0.9	5.1
4	Services Index	37.2	106.61	109.27	110.00	0.7	3.2
5	Goods Index	62.8	112.02	114.81	115.45	0.6	3.1
6	Education services and products ancillary to education Index	4.1	104.92	108.26	108.69	0.4	3.6
7	All items Less Food and Non-Alcoholic Beverages	71.82	107.60	110.55	111.19	0.6	3.3

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, 2023 has decreased to 3.0 percent from 3.2 percent that was recorded in November, 2023. The decrease of the headline inflation explains that, speed of price change for commodities for the year ended December, 2023 has decreased compared to the speed recorded for the year ended November, 2023. The overall index went up from 110.01 recorded in December, 2022 to 113.34 in December, 2023.

2.2 Food and Non-Alcoholic Beverages Inflation Rates

Food and Non-Alcoholic Beverages Inflation Rate for December, 2023 has decreased to 2.3 percent from 3.7 percent that was recorded in November, 2023. On the other hand, Annual Inflation Rate for all items without food and non-alcoholic beverages for December, 2023 has increased to 3.3 percent from 3.0 percent that was recorded in November, 2023.

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 percent. The inflation rate for Core Index in December, 2023 has increased to 3.1 percent from 2.6 percent recorded in November, 2023.

Chart 1: Movement of National Consumer Price Indices (NCPI) and Inflation Rates from December, 2022 – December, 2023. (2020 = 100)

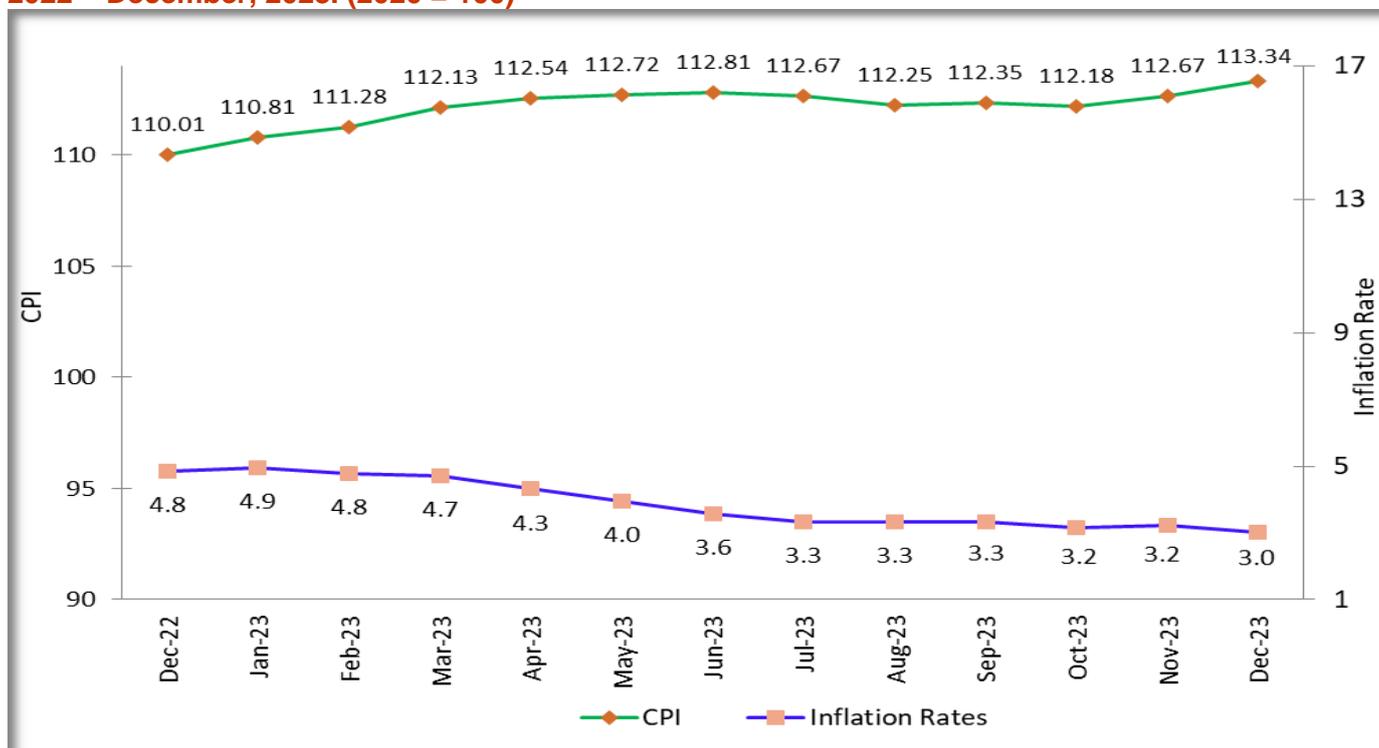


Chart 1 indicates that; NCPI has shown a relatively stable price movement from December, 2022 to December, 2023 ranging between 110.01 and 113.34. In addition, Annual Headline Inflation Rates over the same period have shown a stable trend that ranges between 3.0 percent and 4.9 percent.

3. MONTHLY CONSUMER PRICE INDEX BETWEEN NOVEMBER AND DECEMBER, 2023

The National Consumer Price Index between November and December 2023 has increased by 0.6 percent. 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: wheat flour by 1.7 percent, sorghum flour by 6.7 percent, beef fresh meat by 2.2 percent, vegetables by 1.7 percent, cocoyams by 3.5 percent, cooking bananas by 3.1 percent, dried beans by 1.9 percent, dried peas by 1.7 percent, dried cowpeas by 1.5 percent and sugar by 4.0 percent. Some Non-Food items that contributed to an increase of the index includes: garments for women by 1.0 percent, rentals paid by tenants by 2.7 percent, gas by 1.0 percent, kerosene by 3.0 percent, firewood by 4.1 percent, bus fare by 5.5 percent, taxi fare by 1.9 and goods and services for personal care by 1.5 percent.

4. AVERAGE OF ANNUAL NATIONAL INFLATION IN 2023.

Chart 2: Trends of Average National Inflation for Various Groups of Commodities in 2022 and 2023

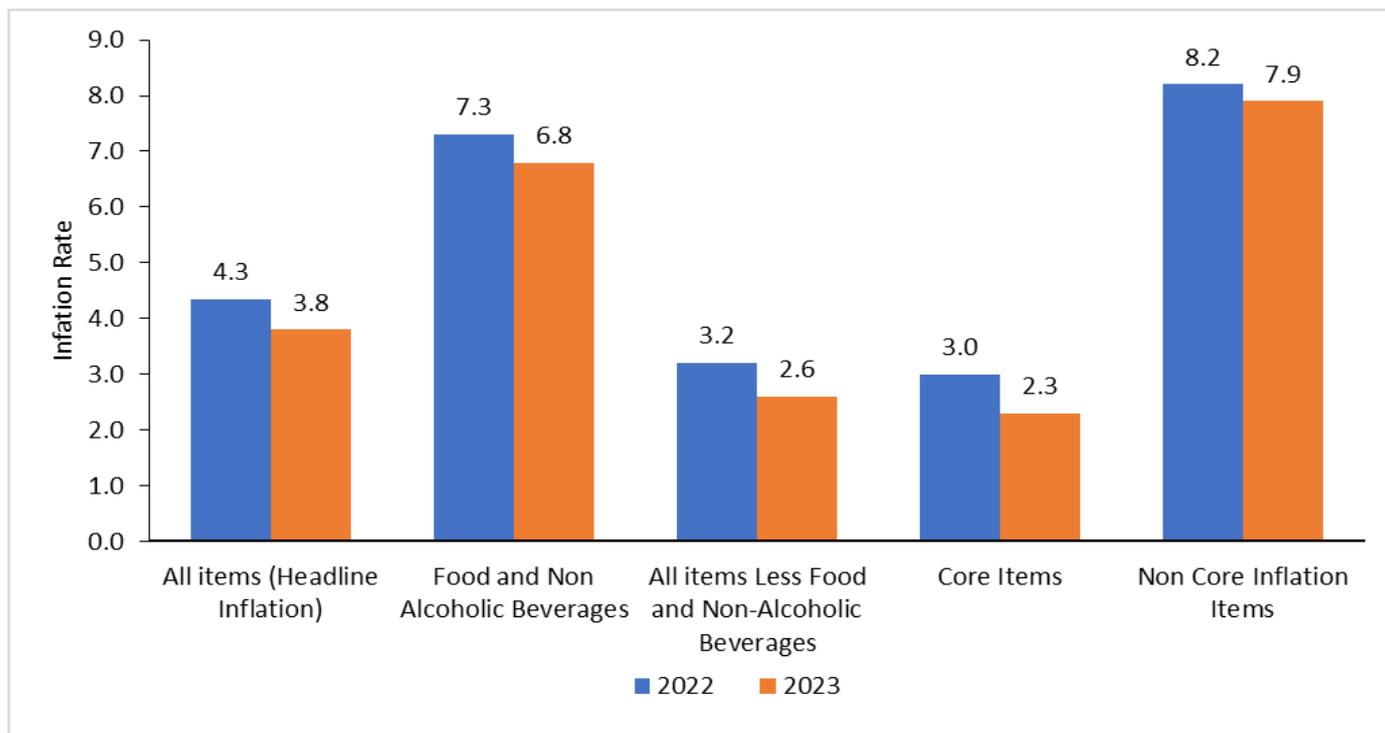


Chart 2 above shows trend of annual headline inflation rate and inflation rate for some selected groups of consumer goods and services for year 2022 and 2023. The Annual Average Headline Inflation has decreased to 3.8 percent in 2023 from an average of 4.3 percent recorded in 2022. The results also show that, annual average inflation rate for food and non-alcoholic beverages has decreased to 6.8 percent in 2023 from 7.3 percent recorded in 2022. Furthermore, core inflation decreased to 2.3 percent in 2023 from 3.0 observed in 2022. The decrease in the average annual headline inflation rate in 2023 is mainly contributed by the decrease of inflation rate for food and non-alcoholic beverages between 2022 and 2023 since the group has the largest share of 28.2 percent in the CPI basket compared to other groups.

Chart 3: Movement of National Inflation Rates for Year 2022 and 2023

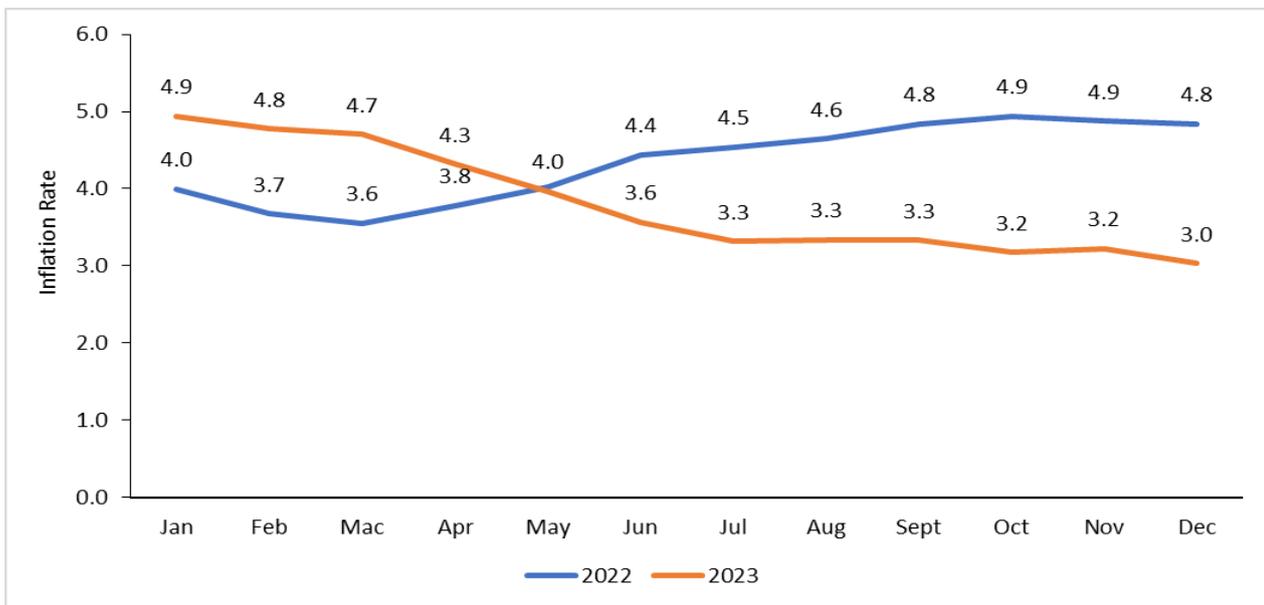


Chart 3 shows pattern of National Inflation Rates in 2023 compared to 2022. The National Inflation Rate for year 2023 reveals a stable and downwards trend from 4.9 percent in January to 3.0 percent in December, 2023.

Table 2: NCPI Release Schedule for the Subsequent Months

NCPI Release Months	Release date
January, 2024	08 th February, 2024
February, 2024	08 th March, 2024
March, 2024	08 th April, 2024

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

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