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PRESS RELEASE

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NATIONAL CONSUMER PRICE INDEX (NCPI) FOR FEBRUARY, 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. The reference period for the NCPI has been changed from February, 2001=100 to September 2010=100.

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 STAGNATES AT 6.0%

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

S/N	Main Groups	Weight	Feb-13	Jan-14	Feb -14	1 Month Percent Change	12 Month Percent Change
1	Food and Non Alcoholic Beverages	47.8	155.15	161.02	164.83	2.4	6.2
2	Alcoholic and Tobacco	3.3	132.03	141.36	141.43	0.1	7.1
3	Clothing and Footwear	6.7	127.52	131.76	132.00	0.2	3.5
4	Housing, Water, Electricity, Gas and Other Fuel	9.2	145.13	163.49	164.49	0.6	13.3
5	Furnishing, Housing Equipment and Routine Maintenance of the House	6.7	126.57	128.60	128.82	0.2	1.8
6	Health	0.9	106.98	108.75	109.11	0.3	2.0
7	Transport	9.5	115.43	125.60	125.86	0.2	9.0
8	Communication	2.1	96.22	96.73	96.67	-0.1	0.5
9	Recreation and Culture	1.3	111.79	113.01	113.15	0.1	1.2
10	Education	1.7	113.16	119.14	119.16	0.0	5.3
11	Restaurants and hotels	6.4	132.89	134.85	134.94	0.1	1.5
12	Miscellaneous goods and services	4.5	118.86	123.54	124.28	0.6	4.6
TOTAL – ALL ITEMS INDEX		100	140.23	146.60	148.62	1.4	6.0
Other Selected Groups							
1	Food - combining food consumed at home and food consumed in restaurants	51.0	152.69	159.69	163.29	2.3	6.9
2	Energy and Fuels - combining electricity and other fuels for use at home with petrol and diesel	5.7	159.42	184.25	185.08	0.5	16.1
3	All Items Less Food	49	125.47	132.96	133.32	0.3	6.3
4	All Items Less Food and Energy	43.3	120.37	125.88	126.17	0.2	4.8

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 February, 2014 has stagnated at 6.0% as it was recorded in January, 2014. The stagnation of Annual Headline Inflation Rate for the month of February, 2014 explains that, the speed of price increase for commodities in February, 2014 has remained the same as the speed recorded in January, 2014. The overall index went up to 148.62 in February, 2014 from 140.23 recorded in February, 2013. Food and Non alcoholic beverages Inflation Rate has increased to 6.2% in February, 2014 from 6.0 recorded in January, 2014.

Food and Non Food Inflation Rates

Annual Inflation Rate for food consumed at home and away from home has increased to 6.9% in February, 2014 from 6.6% recorded in January, 2014. In addition, the 12 month index change for non food products has decreased to 6.3% in February, 2014 from 6.7 % recorded in January, 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 February, 2014 has slightly decreased to 4.8% from 4.9% recorded in January, 2014.

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

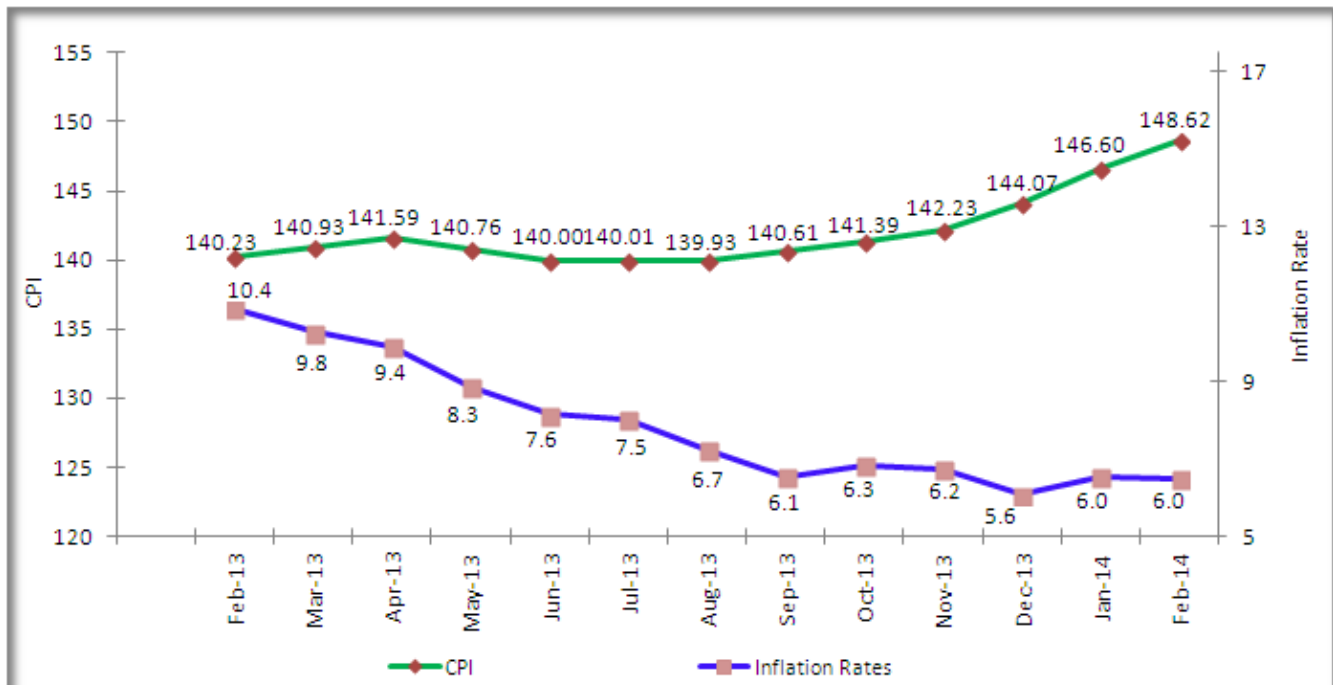


Chart number 1 above shows that; for the period of February, 2013 to February, 2014 CPI has shown mixed patterns of movements. A steadily increasing trend in prices of commodities is observed from February, 2013 to April, 2013 and a relatively stable movement of the prices is observed from May, 2013 to September, 2013. Thereafter, the CPI had an upward trend from October, 2013 to February, 2014. Annual Headline Inflation Rates over the same period have shown a decreasing pattern from 10.4% in February, 2013 to 6.0% in February, 2014.

MONTHLY HEADLINE INFLATION RATE INCREASES BY 1.4%

The Monthly Headline Inflation Rate for the month of February, 2014 has increased at a lower speed by 1.4% compared to an increase of 1.8% recorded in January, 2014. The overall index increased to 148.62 in February, 2014 from 146.60 in January, 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 an increase include; dried sardines by 3.7%, dried fish by 8.9%, vegetable by 8.8% and round potatoes by 2.7%. Some of the non food items and services that contributed to an increase of the index include; local brew by 2.4%, materials for men's trousers by 3.6%, shoes by 2.1%, plastic sandals by 3.3%, diesel by 1.4%, Petrol by 0.8% and; services for hair dressing and personal grooming by 3.2%.

Purchasing Power of Tanzanian Shilling in February, 2014 Compared to 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 decreased to TZS 67 and 29 cents in February, 2014 from September, 2010.

PRICE MOVEMENTS

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

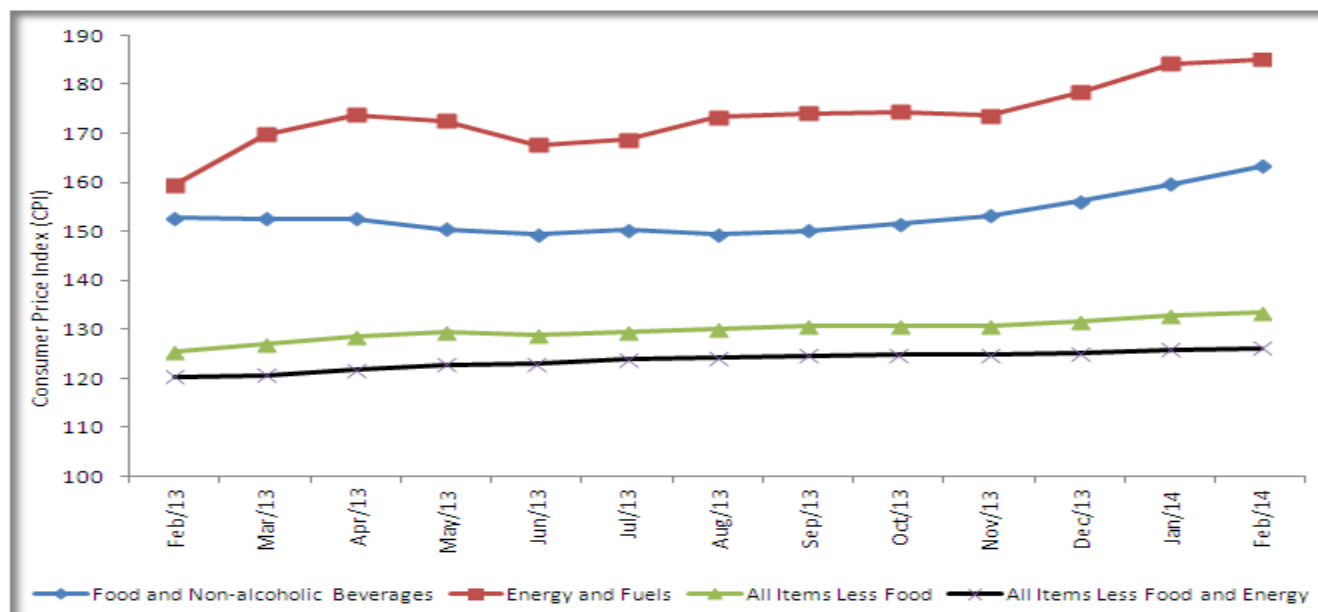


Chart number 2 above shows price movement of different groups of Consumer Price Indices from February, 2013 to February, 2014. On average, Energy and Fuel index; and Food and Non Alcoholic Beverages index have had a higher upward trend over the period compared to other indices. Furthermore, energy and 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.

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