



# National Bureau of Statistics

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Our Ref: NBS/S.40/21/485

## PRESS RELEASE

Date: 08<sup>th</sup> February, 2014

### NATIONAL CONSUMER PRICE INDEX (NCPI) FOR JANUARY, 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 with 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 INCREASES TO 6.0%

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

S/N	Main Groups	Weight	Jan-13	Dec-13	Jan-14	1 Month Percent Change	12 Month Percent Change
1	Food and Non Alcoholic Beverages	47.8	151.88	157.15	161.02	2.5	6.0
2	Alcoholic and Tobacco	3.3	132.05	141.12	141.36	0.2	7.1
3	Clothing and Footwear	6.7	126.76	130.89	131.76	0.7	3.9
4	Housing, Water, Electricity, Gas and Other Fuel	9.2	142.26	158.30	163.49	3.3	14.9
5	Furnishing, Housing Equipment and Routine Maintenance of the House	6.7	126.08	128.56	128.60	0.0	2.0
6	Health	0.9	106.85	108.49	108.75	0.2	1.8
7	Transport	9.5	115.39	125.43	125.60	0.1	8.9
8	Communication	2.1	96.27	96.73	96.73	0.0	0.5
9	Recreation and Culture	1.3	112.37	112.85	113.01	0.1	0.6
10	Education	1.7	112.46	113.40	119.14	5.1	5.9
11	Restaurants and hotels	6.4	132.63	134.74	134.85	0.1	1.7
12	Miscellaneous goods and services	4.5	118.70	123.22	123.54	0.3	4.1
<b>TOTAL – ALL ITEMS INDEX</b>		<b>100</b>	<b>138.26</b>	<b>144.07</b>	<b>146.60</b>	<b>1.8</b>	<b>6.0</b>
<b>Other Selected Groups</b>							
1	Food - combining food consumed at home and food consumed in restaurants	51.0	149.76	156.08	159.69	2.3	6.6
2	Energy and Fuels - combining electricity and other fuels for use at home with petrol and diesel	5.7	155.23	178.39	184.25	3.3	18.7
3	All Items Less Food	49	124.64	131.55	132.96	1.1	6.7
4	All Items Less Food and Energy	43.3	120.04	125.09	125.88	0.6	4.9

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 January, 2014 increased to 6.0% from 5.6% recorded in December, 2013. The increase of Annual Headline Inflation Rate for the month of January, 2014 explains that, the speed of price increase for commodities in January, 2014 has increased compared to the speed recorded in December, 2014. The overall index went up to 146.60 in January, 2014 from 138.26 recorded in January, 2013. Food and Non alcoholic beverages Inflation Rate has remained at 6.0% in January, 2014 as it was recorded in December, 2013.

### Food and Non Food Inflation Rates

Annual Inflation Rate for food consumed at home and away from home has also remained the same at 6.6% in January, 2014 as it was in December, 2013. In addition, the 12 month index change for non food products has increased to 6.7% in January, 2014 as compared to 5.5% recorded in December, 2013.

## 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 January, 2014 has increased to 4.9% from 4.5% recorded in December, 2013.

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

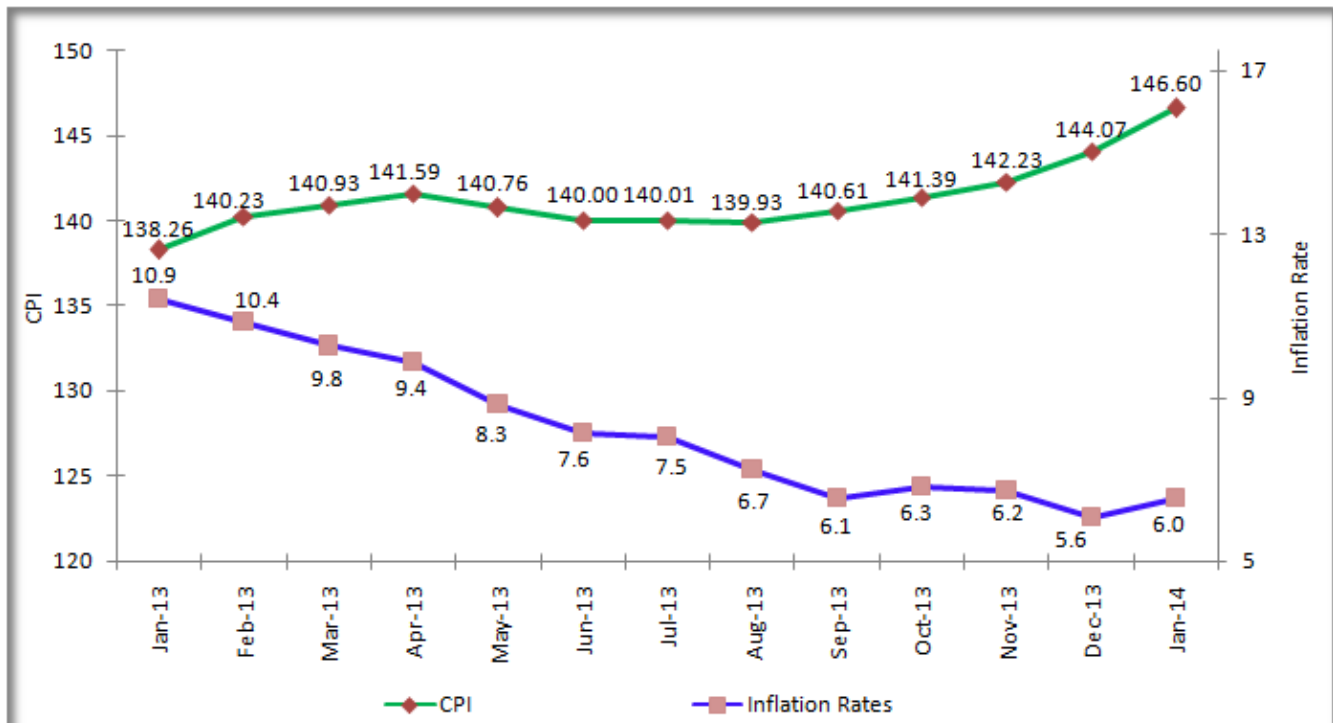


Chart number 1 above shows that; for the period of January, 2013 to January, 2014 CPI has shown mixed patterns of movements. A steadily increasing trend in prices of commodities is observed from January, 2013 to April, 2013 and a relatively stable movement of the prices is observed from May, 2013 to September, 2013. Thereafter, the CPI had an upward trend from October, 2013 to January, 2014. Annual Headline Inflation Rates over the same period have shown a decreasing pattern from 10.9% in January, 2013 to 6.0% in January, 2014.

## MONTHLY HEADLINE INFLATION RATE INCREASES BY 1.8%

The Monthly Headline Inflation Rate for the month of January, 2014 has increased by 1.8% compared to an increase of 1.3% recorded in December, 2013. The overall index increased to 146.60 in January, 2014 from 144.07 in December, 2013. 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; rice by 2.0%, maize grains by 2.8%, meat by 1.7%, fresh fish by 3.7%, fruits by 4.7% and vegetables by 6.7%. Some of the non food items and services that contributed to an increase include; primary school uniforms by 5.1%, garments for women by 1.8%, rents paid by tenants by 0.3%, electricity bills for domestic consumption by 42.6%,

natural gas by 10.2%, charcoal by 2.8%, sofa set by 2.2%, fees for private pre- primary and primary schools by 10.2%, fees for private secondary schools by 8.1% and car insurance by 1.4%.

## Purchasing Power of Tanzanian Shilling in January, 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 68 and 21 cents in January, 2014 from September, 2010.

## PRICE MOVEMENTS

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

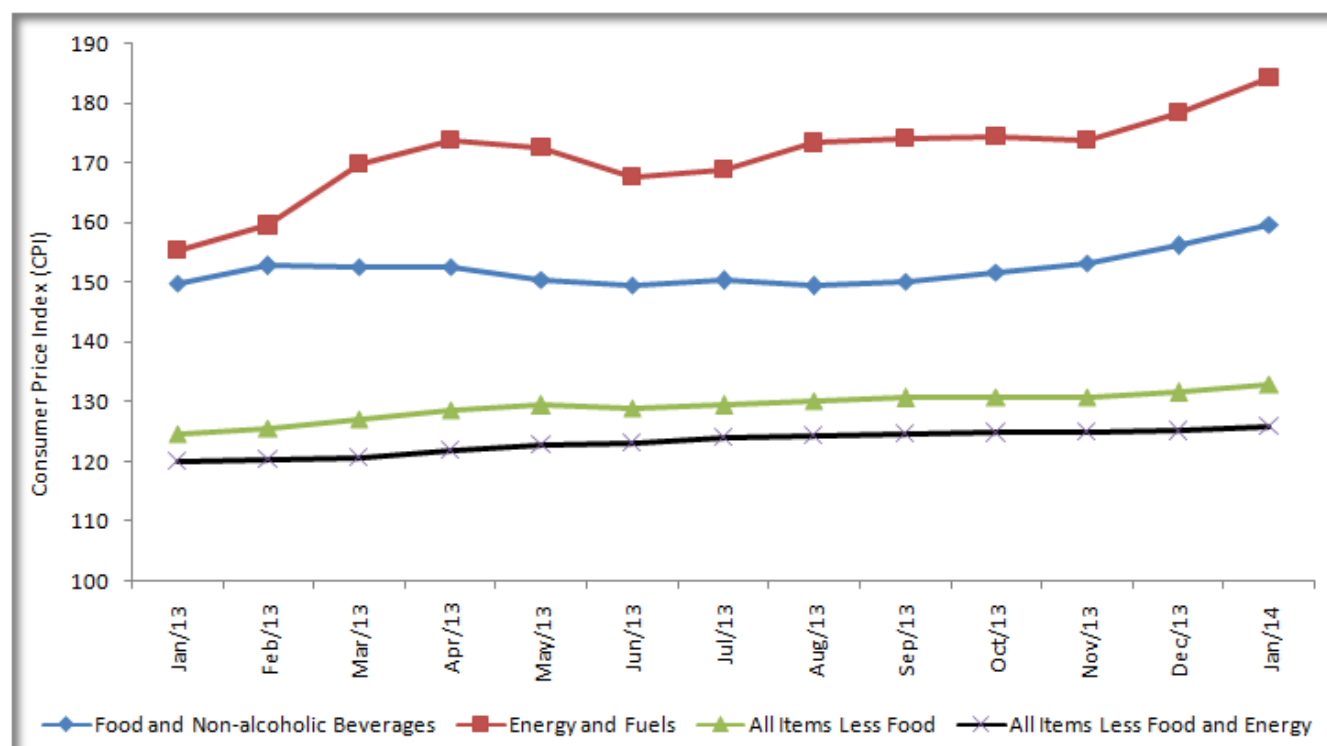


Chart number 2 above shows price movement of different groups of Consumer Price Indices from January, 2013 to January, 2014. On average, Energy and Fuel index; and Food and Non Alcoholic Beverages index have had a higher upward trend over the period compared to other indices. Furthermore, energy and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