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## **PRESS RELEASE**

Date : 11<sup>th</sup> November, 2019

## **NATIONAL CONSUMER PRICE INDEX (NCPI) FOR THE MONTH OF OCTOBER, 2019**

### **METHODOLOGICAL NOTE**

#### **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 278 goods and services of which 97 are Food and Non-Alcoholic Beverages and 181 are Non-Food items 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 households in the 25 geographic regions of Tanzania Mainland. The index weights are based on expenditures of both urban and rural households derived from 2011/12 Household Budget Survey and the price reference period is December, 2015.

#### **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.

#### **Elementary and Higher Level Indices**

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.

## ANNUAL HEADLINE INFLATION INCREASED TO 3.6%

**Table 1: Changes in the NCPI for October, 2019, (Dec.2015 = 100)**

S/N	Main Groups	Weight	Oct. 18	Sept.19	Oct.19	1 Month Percent Change	12 Month Percent Change
1	Food and Non-Alcoholic Beverages	38.5	113.47	119.20	119.30	0.1	5.1
2	Alcoholic and Tobacco	3.7	109.25	110.63	110.63	0.0	1.3
3	Clothing and Footwear	8.3	109.96	112.52	112.39	-0.1	2.2
4	Housing, Water, Electricity, Gas and Other Fuel	11.6	134.78	139.71	139.28	-0.3	3.3
5	Furnishing, Housing Equipment and Routine Maintenance of the House	6.3	107.86	111.91	112.07	0.1	3.9
6	Health	2.9	107.57	109.55	109.55	0.0	1.8
7	Transport	12.5	102.86	105.67	105.29	-0.4	2.4
8	Communication	5.6	95.48	96.17	96.26	0.1	0.8
9	Recreation and Culture	1.6	102.32	104.98	104.04	-0.9	1.7
10	Education	1.5	105.97	107.68	107.68	0.0	1.6
11	Restaurants and hotels	4.2	106.32	110.76	110.63	-0.1	4.1
12	Miscellaneous goods and services	3.1	107.03	109.58	109.46	-0.1	2.3
<b>TOTAL – ALL ITEMS INDEX</b>		<b>100.0</b>	<b>111.83</b>	<b>115.92</b>	<b>115.84</b>	<b>-0.1</b>	<b>3.6</b>
<b>Other Selected Groups</b>							
1	Food - combining food consumed at home and food consumed in restaurants	37.1	115.95	122.84	122.92	0.1	6.0
2	Energy and Fuels - combining electricity and other fuels for use at home with petrol and diesel	8.7	146.56	152.06	150.96	-0.7	3.0
3	All Items Less Food	62.9	111.64	114.78	114.64	-0.1	2.7
4	All Items Less Food and Energy	54.3	106.05	108.82	108.82	0.0	2.6

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 October, 2019 has increased to 3.6% from 3.4% recorded in September, 2019. The increase of the headline inflation explains that, the speed of price change for commodities for the year ended October, 2019 has increased compared to the speed of price change recorded for the year ended September, 2019. The overall index went up to 115.84 in October, 2019 from 111.83 recorded in October, 2018.

### Food and Non Food Inflation Rates

Food and Non-Alcoholic Beverages Inflation Rate for the month of October, 2019 has increased to 5.1% from 4.0% recorded in September, 2019. Annual Inflation Rate for food consumed at home and away from home for the month of October, 2019 has also increased to 6.0% from 5.1% recorded in September, 2019. On the other hand, the 12-month index change for non-food products in October, 2019 has decreased to 2.7% from 3.1% recorded in September, 2019.

## Inflation Rate excluding Food and Energy

The Annual Inflation Rate which excludes food and energy for the month of October, 2019 has slightly decreased to 2.6% from 2.7% recorded in September, 2019.

The NCPI used to compute this type of Inflation Rate excludes food consumed at home and restaurants, petrol, diesel, gas, kerosene, charcoal, firewood 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.

**Chart 1: Movement of National Consumer Price Indices (NCPI) and Inflation Rates from October, 2018 – October, 2019. (Dec. 2015 = 100)**

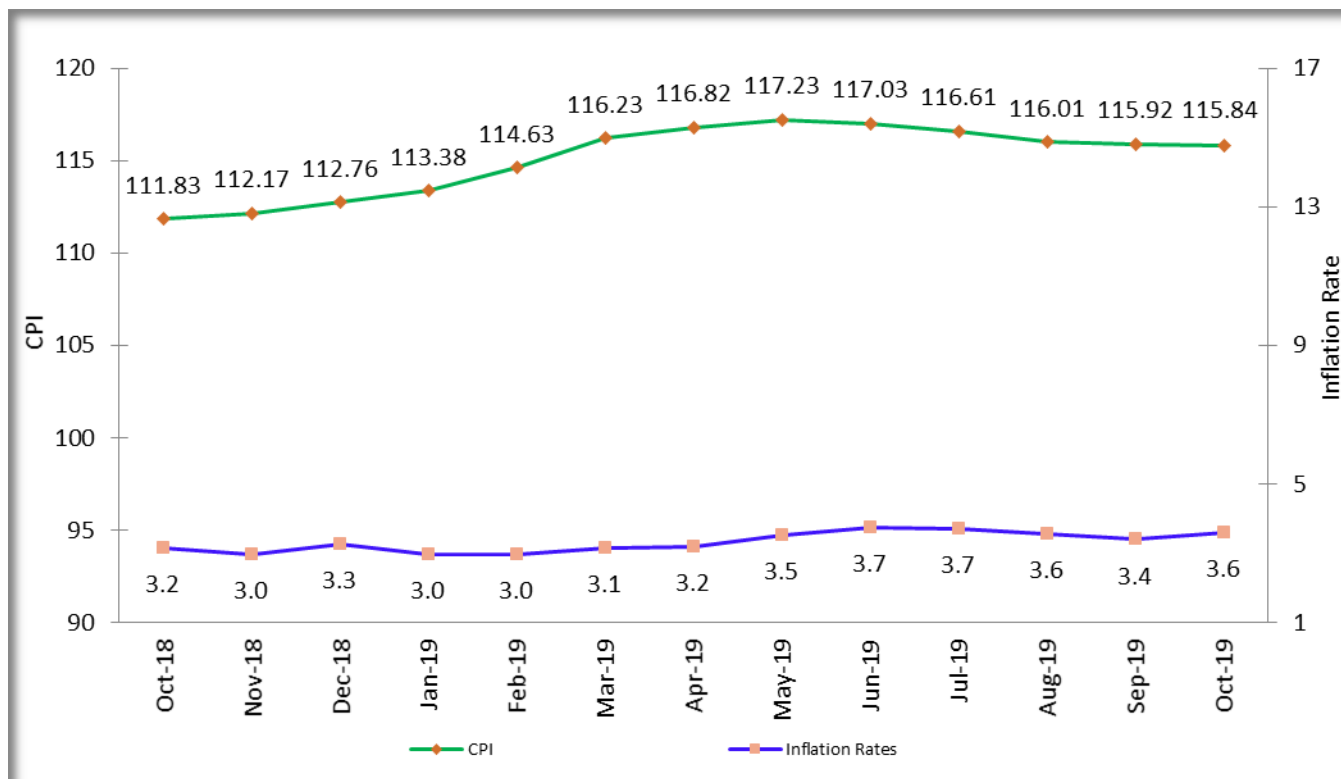


Chart number 1 above explains that; CPI has shown a relatively stable movement of prices from October, 2018 to October, 2019. In addition, Annual Headline Inflation Rates over the same period range between 3.0% and 3.7%.

## MONTHLY CHANGE OF CONSUMER PRICE INDEX FROM SEPTEMBER, 2019 TO OCTOBER, 2019

The National Consumer Price Index from September, 2019 to October, 2019 has decreased by 0.1%, the same decrease as it was recorded from August, 2019 to September, 2019. The overall index has decreased to 115.84 in October, 2019 from 115.92 recorded in September, 2019. The decrease of the overall index is mainly attributed to the price decrease for non food items. Some of the non food items that contributed to such a decrease include: - kerosene by 2.5%, firewood by 1.7%, diesel by 2.1%, petrol by 4.0%, Information processing equipments by 5.1% and products for personal care such as hair cream by 1.6%.

**Table 2: NCPI Release Schedule for the Coming Months**

<b>NCPI Release Months</b>	<b>Release date</b>
November, 2019	10 <sup>th</sup> December, 2019
December, 2019	08 <sup>th</sup> January, 2020
January, 2020	10 <sup>th</sup> February, 2020

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