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NATIONAL CONSUMER PRICE INDEX (NCPI) FOR OCTOBER, 2021

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 OCTOBER, 2021 STAGNATED AT 4.0%

Table 1: Changes in the NCPI for October 2021, (2020 = 100)

S/N	Main Groups	Weight	October, 2020	September, 2021	October, 2021	1 Month Percent Change	12 Month Percent Change
1	Food and non-alcoholic beverages	28.2	99.24	103.30	103.15	-0.1	3.9
2	Alcoholic beverages and tobacco	1.9	100.17	102.53	102.65	0.1	2.5
3	Clothing and footwear	10.8	99.92	104.80	104.80	0.0	4.9
4	Housing, water, electricity, gas and other fuels	15.1	100.39	104.59	104.25	-0.3	3.8
5	Furnishings, household equipment and routine household maintenance	7.9	100.21	103.48	103.41	-0.1	3.2
6	Health	2.5	100.37	103.20	103.26	0.1	2.9
7	Transport	14.1	98.52	104.05	104.05	0.0	5.6
8	Information and communication	5.4	100.16	102.03	102.02	0.0	1.9
9	Recreation, sport and culture	1.6	98.80	102.99	102.43	-0.5	3.7
10	Education services	2.0	100.04	101.14	101.16	0.0	1.1
11	Restaurants and accommodation services	6.6	100.34	105.31	105.39	0.1	5.0
12	Insurance and financial services	2.1	100.03	100.31	100.31	0.0	0.3
13	Personal care, social protection and miscellaneous goods and services	2.1	100.15	103.02	103.06	0.0	2.9
TOTAL – ALL ITEMS INDEX		100.0	99.59	103.71	103.61	-0.1	4.0
Other Selected Groups							
1	Core Index	73.9	99.94	104.50	104.44	-0.1	4.5
2	Non-Core Index	26.1	98.93	101.48	101.24	-0.2	2.3
3	Energy, Fuel and Utilities Index	5.7	99.70	104.70	103.93	-0.7	4.2
4	Services Index	37.2	99.57	103.44	103.44	0.0	3.9
5	Goods Index	62.8	99.73	103.87	103.71	-0.2	4.0
6	Education services and products ancillary to education Index	4.1	100.00	103.33	103.11	-0.2	3.1
7	All items Less Food and Non-Alcoholic Beverages	71.82	99.73	103.87	103.79	-0.1	4.1

Note: Aggregation of referenced Indices of sub groups do not necessarily add up to All Item Index

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 October, 2021 has stagnated at 4.0% as it was recorded in September, 2021. The stagnation of the headline inflation explains that, the speed of price change for commodities for the year ended October, 2021 has remained the same as that recorded for the year ended September, 2020. The overall index went up from 99.59 recorded in October, 2020 to 103.61 in October, 2021.

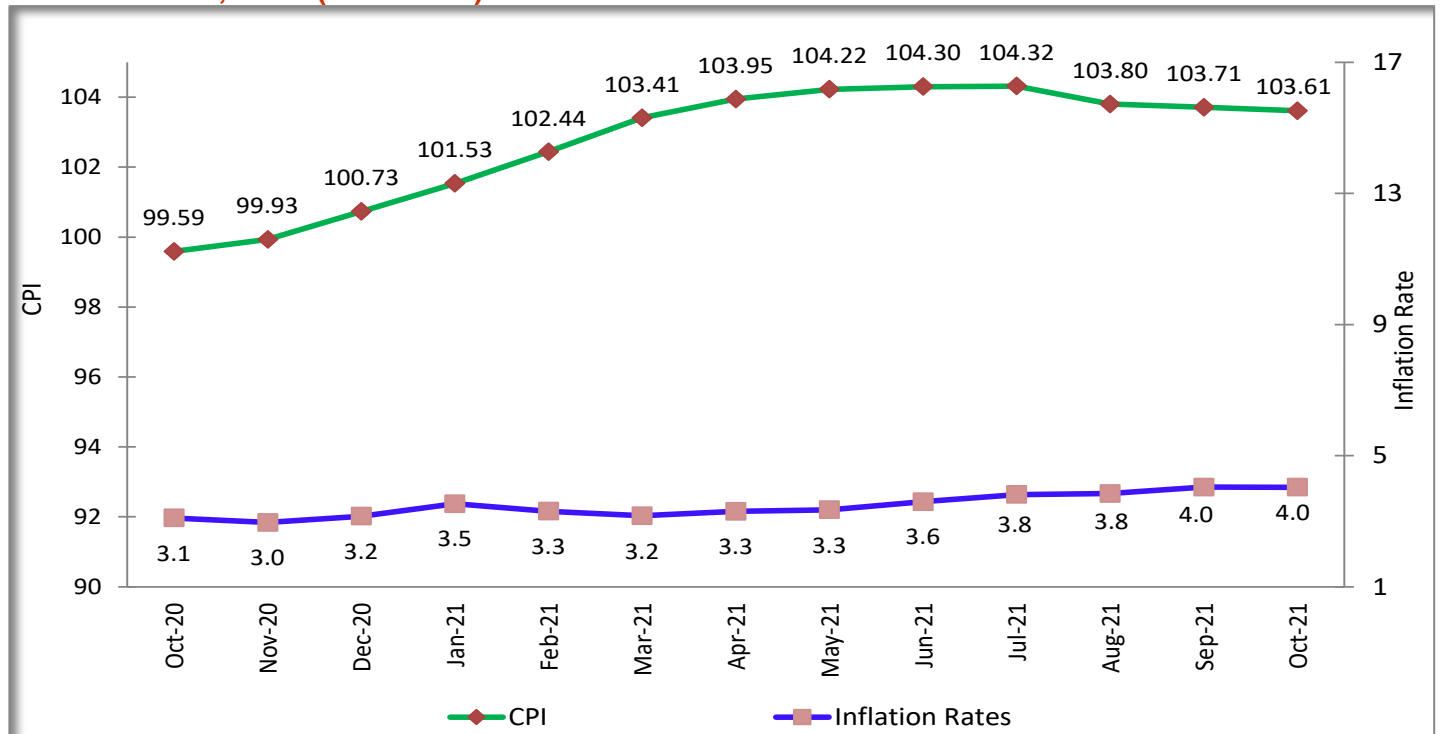
2.2 Food and Non-Alcoholic Beverages Inflation Rates

Food and Non-Alcoholic Beverages Inflation Rate for October, 2021 has slightly decreased to 3.9% from 4.0% that was recorded in September, 2021. Annual Inflation Rate for all items without food and non-alcoholic beverages for October, 2021 has stagnated at 4.1% as it was recorded in September, 2021.

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 October, 2021 has slightly decreased to 4.5% from 4.6% recorded in September, 2021.

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



Note: Indices for January – December, 2020 are rebased using 2020=100

Chart number 1 indicates that; NCPI has shown a relatively stable price movement from October, 2020 to October, 2021. In addition, Annual Headline Inflation Rates over the same period have shown a stable trend that ranges between 3.0% in November, 2020 and 4.0% in September and October, 2021.

3. MONTHLY CONSUMER PRICE INDEX BETWEEN SEPTEMBER AND OCTOBER, 2021

The National Consumer Price Index has decreased from 103.71 recorded in September, 2021 to 103.61 in October, 2021. The decrease of the overall index is attributed to price decrease for some food and non-food items. Some food items that contributed to the decrease of the index includes: - sardines by 2.4%, bakery products by 2.5%, round potatoes by 1.4% and cooking bananas by 1.5%. Some Non-Food items that contributed to the decrease of the index includes: firewood by 3.6%; footwear for men by 1.1%; furniture such as cupboards by 1.1%; and text books by 2.7%.

Table 3: NCPI Release Schedule for the Coming Months

NCPI Release Months	Release date
November, 2021	08 th December, 2021
December, 2021	10 th January, 2022
January, 2022	08 th February, 2022

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

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