

November Issue_2023

Towards a monthly indicator of economic growth

*Focus on:
Inflation rates, Money
Supply, Import and
Export*



ECONOMISTS TALK

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What is the basically ways to estimate Tanzania GDP growth rates: the production approach, the expenditure approach or the income approach?

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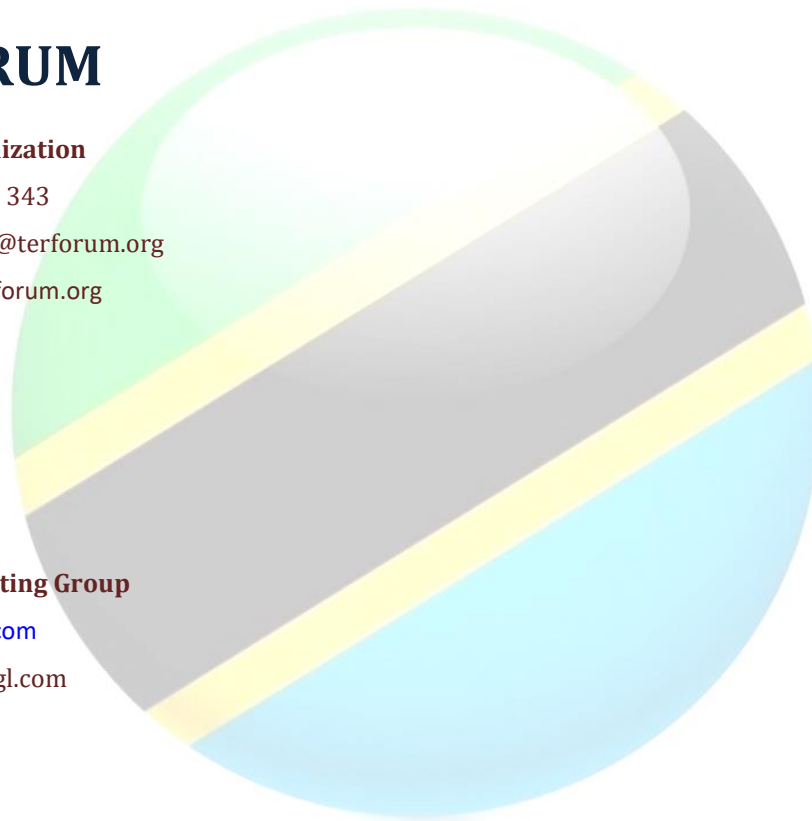
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Introduction

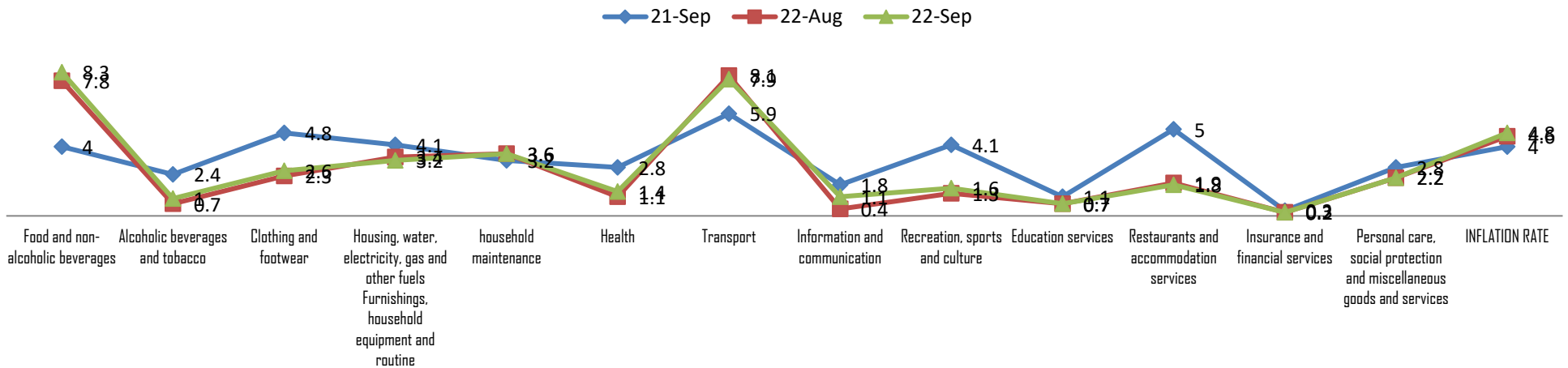
“Economists Talk” describes monthly indicators of economic growth, the research carried out by TICGL Economic Research and Data Development Center. “Economist Talk” organizes information both on short-term and long term economic data available on a monthly basis, although a monthly overall measure of the Tanzania economy is still lacking. A monthly overall indicator gives a very timely and up-to-date picture of the Tanzania economy and could be of great use in timely and correctly identifying turning points in the project development, investment and business cycle. The newly developed indicator is built from the supply side of the economy, using structural information from the national accounts and monthly year on year volume growth rates for separate industries. For some sectors (industry, construction, mining and quarrying and energy and water supply), monthly source statistics on the output produced are available. Where monthly data are lacking, for example for commercial services or other sectors, “Economists Talk” use econometric techniques to arrive on monthly series using quarterly data and additional indicator series that are available at a monthly frequency. Real-time simulation over a number of years demonstrates that the monthly indicator performs quite well.

“Economists Talk” reviews and evaluates the performance of monthly Economic Indicators that is featured analysis and commentary on selected economic and financial indicators relating to the Tanzania economy.

“Economists Talk” provides a comprehensive review and evaluation of performance of the economy and various elements of the Tanzania economy.

Inflation

Currently Inflation Rates



Currently, Tanzania inflation has reached 4.8% compared to last month where it was 4.6%, within a one year inflation rates has increased by more than 0.8% from 4.0% for 2021.

Foods and Non-alcohol products have contributed to rapid increase in inflation rates, which currently inflation rates hit 8.3% compared to last year's by 4%, with an increase rates of 4.3% (51%).

The demand for food has become higher due to the rapid increase in the number of people in urban areas, most of our urban areas do not produce food, dependence on rural areas where by agriculture productions takes place, which increase the demand for alcohol and non-alcoholic drinks.

Transportation costs have increased by 7.9% compared to last month where it has decreased by 0.2%, compared to last year the costs have increased by 2% from 5.9%. The increase in inflation rate on transport was due to the increase in the price of fuel but currently the situation is stable.

Money supply for Tanzania as a whole has decreased, especially if you talk about foreign assets that we count on to increase investments at the moment, Money supply has decreased by -31.3% compared to last year when it was 25.4%.

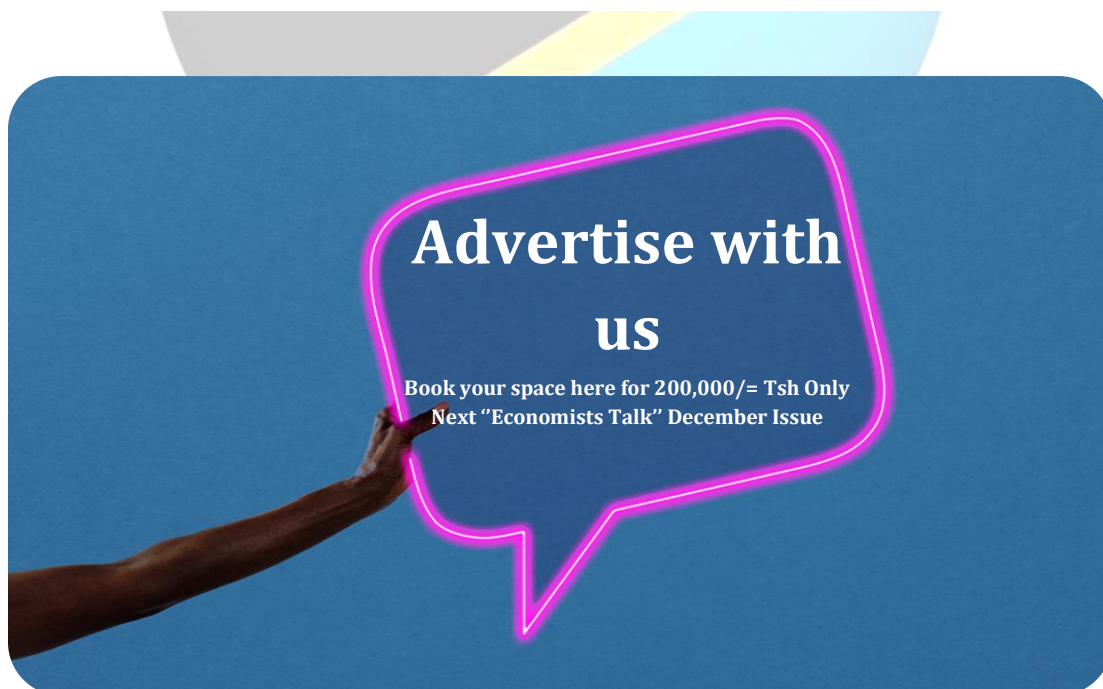
The reasons could be many but one of the main reasons is due to the decline in the growth of the world economy where by many countries economy have continued to keep their investments internally but also if they decide to invest outside then it should be considered very productive with higher returns.

Money supply to the Bank of Tanzania has further decreased by -25.9% compared to last year where it was 30.9%.

The main task of the Bank of Tanzania (BOT) is to prevent inflation by controlling and reducing the money circulation on the street. It helps money to continue to have the same power value, but unfortunately here we see that is different despite the Bank of Tanzania (BOT) reduce money circulation by -25.9% but we are still witnessing inflation rates especially for products that are important such as food and non-alcoholic beverages by 8.3 %. Maybe we probably need a different way to prevent inflation rates at the moment.

Money circulation for Domestic assets has increased by 47% compared to last year. Money supply (M1) which is important for the economies especially the lowest consumer has decreased by 11.3% compared to last year. A further leading to this smaller circulation of money will possibly continue to cause inflation rates to rise even higher.

At the moment, the government needs to invest more in development projects so that will causes the money circulation to increase in the street and after a while it will be taking them back according to the adjustments of the fiscal policy at that time so that inflation does not increase higher.



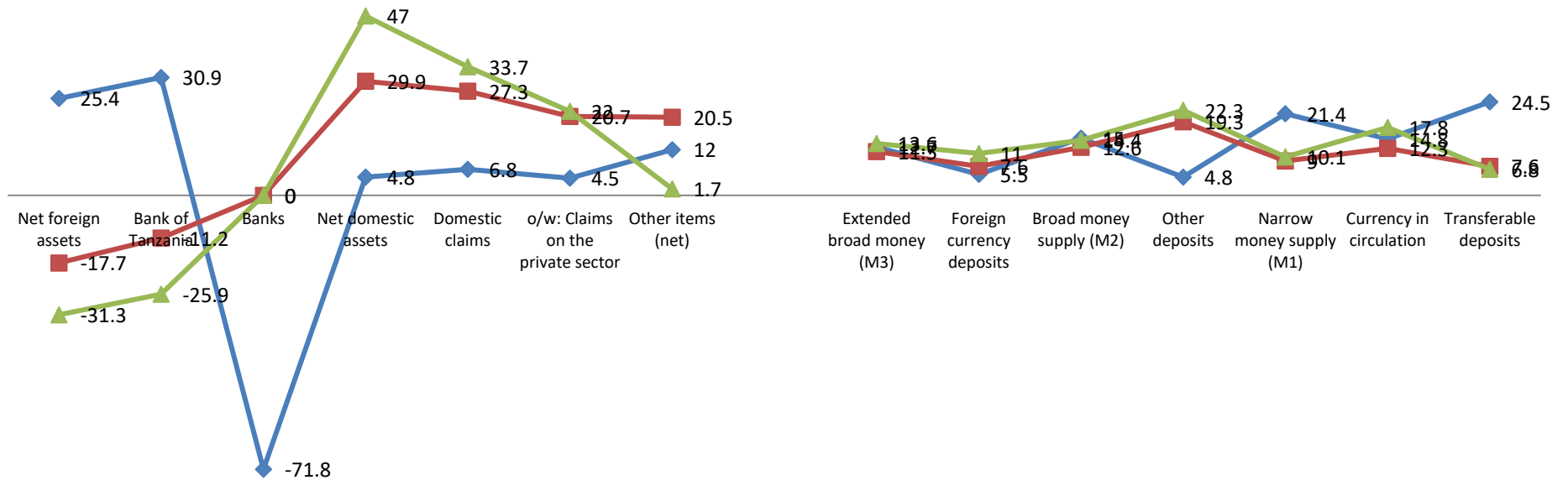
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Money Supply

Tanzania Money Supply

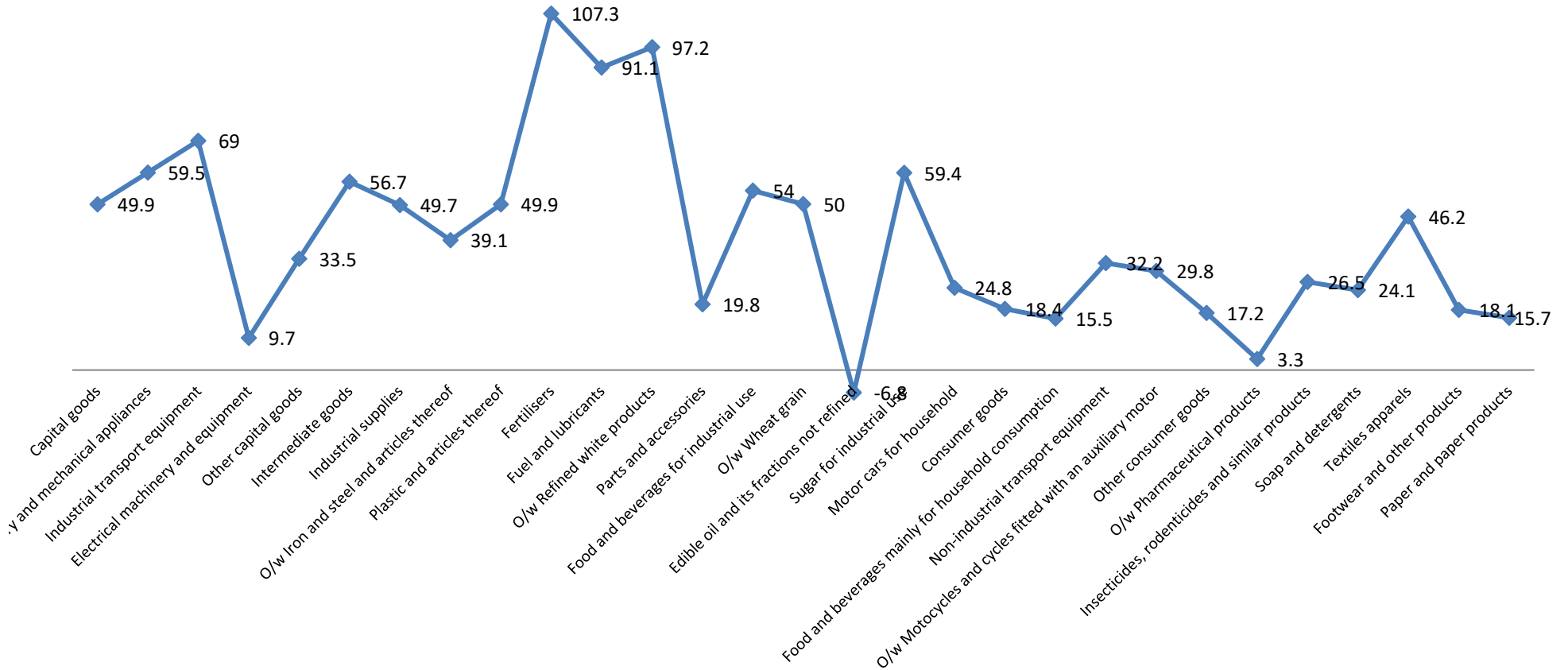
◆ 21-Sep ■ 22-Aug ▲ 22-Sep



Import and Export

Rates of Import

◆ Changes



Tanzania imports capital goods by more than 49.9%, Machinery and mechanical appliances by more than 59.5%. Industrial equipment has increased by 69%. The Demand products have increased and have been imported by more than 50%, but also domestic assets increased by 47% compared to last year.

| Products | Rates of Export |
|-------------------------------|-----------------|
| Clove | |
| Value | -6.3 |
| Volume | 10.3 |
| Unit price | -15.6 |
| Seaweeds | |
| Value | -48.4 |
| Volume | 35.9 |
| Unit price | -46.6 |
| Manufactured goods | 44.5 |
| Fish and fish products | -20.1 |
| Others exports | --- |
| Sub total | 5.4 |
| Grand total | -1.8 |

Which means that there is a huge increase in domestic investment by private sectors which has even led to an increase in money supply by 22% compared to last year where it was 4.5%?

Other needs that have increased are import in a large amount of Fuel and lubricants by 91.1% Sugar for industry has increased by more than 59.4% compare to last year.

If you get to look at the products we import to our country you will find out that it is an opportunity of what should be done and invested here in the meaning of preventing and reducing the import of those demands which led us losing a lot of money by considering our current economic situation which is not good by means of increase inflation.

When you take a look and compare the products that we export abroad, you will see that they decreased in value by more than -6.3% and MAYBE due to increases in competition in a global market, This area we needs large improvement because the economy's growth as a rate of export overtake import.

The growth economy of many countries dependent more on the delivery of goods abroad (exports), but also Foreign direct investment is currently very important in the sense of allowing the private sector to continue to maintain and overtake the country's economy while allowing the government on continue collecting taxes and creating a friendly environment for domestic investment and business development.

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