

**Towards a monthly indicator  
of economic growth**

**December Issue\_2022**



**ECONOMISTS TALK**

**ECONOMIC CONSULTING GROUP**

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# ECONOMISTS TALK

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

Published by:

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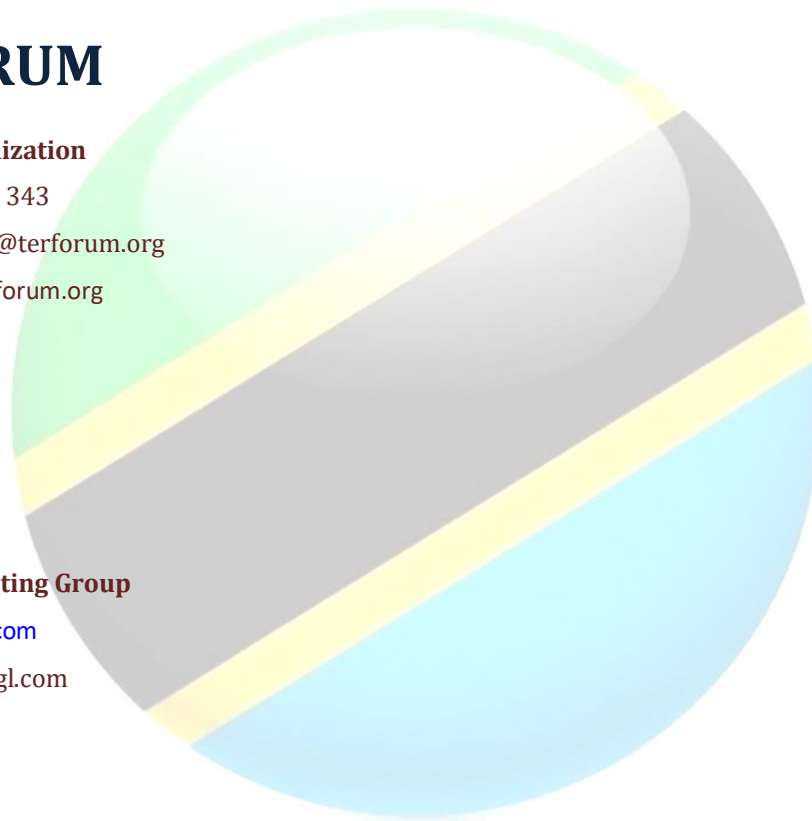
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# Introduction

**“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 RATES

Currently, the cost of living and operational general has increased by 4.9% inflation rates 2022 compared to last year 2021 when it was 4.0% but also last month was 4.8% which is an increase of 0.1% and as an increase of 0.8% from last year 2021.

Basic needs like foods and non-alcoholic beverages, the prices have increased by 9.1% 2022 compared to last month where it was 8.3% and 3.9% for last year 2021. We expect a further increase in the price of foods and non-alcoholic beverages because we are entering the season of Christmas and New Year and the demands of these products expected to increase more.

Products like alcoholic beverages and tobacco prices have dropped by 0.9% 2022 compared to last month where it was 1% and 2.5% for last year 2021. The same goes for products like clothing and footwear costs have dropped by 2.5% this month from 2.6% last month and 4.9% last year.

Housing, water, electricity, gas and other fuels, furnishings, household equipment and routine costs have increased by 3.7% 2022 compared to last month. Fuels, electricity, water and gas are the important products that have multiplier effects to all people because everyone will need water and everyone will need electricity, therefore the increase price of these products have very big impact on the individuals economy, family levels up to the national level.

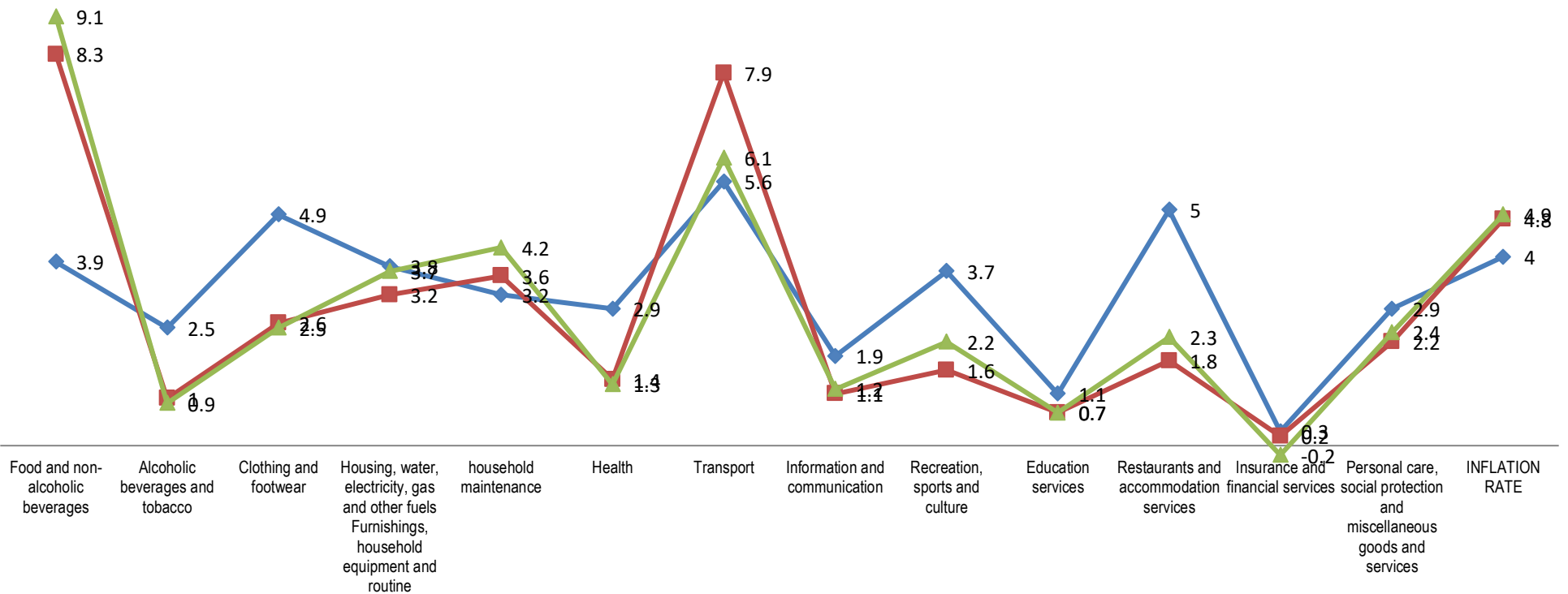
**Transport costs have decreased by 6.1% 2022 although it shows that fuel costs have increased by 3.7% for this month.**

The costs of information and communication have increased by 1.2% 2022 from 1.1% last month, it affects a greater impact on the entire information and communication system because it has negative impacts of reduces the number of internet users and other communications in general while the general goal is to increase the number of internet users.

Many young people have now been able to become self-employed through online business, so the increase in information and communication costs it also have negative effects on reduce the youth employment who's already self-employed through internet.

## Currently Inflation Rates

◆ 21-Oct ■ 22-Sep ▲ 22-Oct



## MONEY SUPPLY

Net foreign assets have further more decreased by -40.7% 2022, compared to last month by -31.3% and 24.5% last year 2021.

Foreign assets are the one of the stimulating factors for the country's growth economy in the sense of increasing foreign currencies through assets that invested in the country, but also it is the one of the most variables for the economy in the sense of generating employment.

**Therefore, the decrease in foreign assets is a bad sign of the prosperity of our economy in the future.**

Bank of Tanzania has further reduced money circulation by -28.7% 2022 this month compared to -25.9% last month and 25.5% last year 2021.

One way to prevent and control the increase in the cost of living is to reduce the circulation of money in the street we see every month BOT do so by reduces the circulation of money in the street but still the cost of living continues to rise.

Maybe, It is possible that the amount of money that the BOT has is different from the amount of money that is in daily circulation, and it is quite possible that there is more money in the street than what the BOT feels they have and has passed to them.

### **WHAT MORE SHOULD BE DONE TO BE ABLE TO FURTHER REDUCE INFLATION RATES (PRICES OF GOODS AND SERVICES) WHICH ARE RAPIDLY INCREASE EVERYDAY?**

Net domestic assets have increased by 50.4% 2022 compared to last year by 47% and 7.2% for last year 2021.

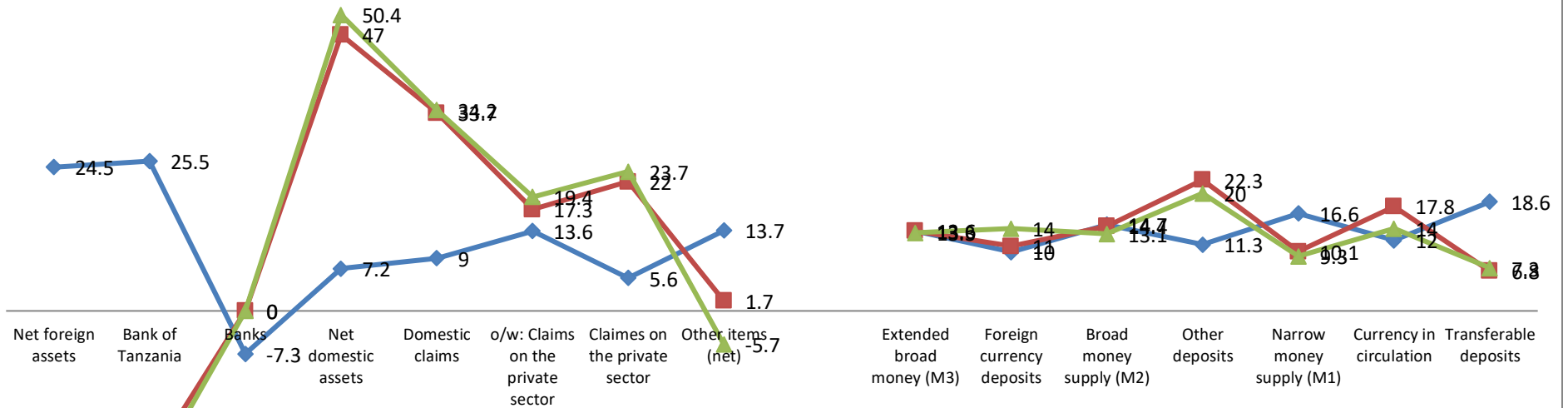
Both net domestic assets and net foreign assets are important in economic growth and they both go hand in hand so that the economy growth can be balanced.

Narrow money supply (M1) which is the basic and the economy itself has continues decreased by 9.3% 2022 compared to 10.15 last month and 16.6% last year 2021.

**Maybe his could be one of the reasons why the cost of living is increasing every bit but when if we look at it and treat it as a commodity. Less supply then high demand and hence increase in inflation rates.**

### Tanzania Money Supply

21-Oct 22-Sep 22-Oct



## IMPORTATION

Tanzania we import almost 49.6% 2022 of all goods products and services from abroad this month compared to 50.6% last month, led by capital goods at 53.1% 2022 this month compared to last month at 49.9% 2022, Imports of goods and services decreased by 1% from last month.

This indicates that as a country we have not yet been able to satisfy ourselves at least with the percentage of our own goods and services, which is why we import more than 50% of goods and services from abroad despite the country having many and large development projects that have been carried out.

Many grants and loans have been given for develop strategic and development projects and still yet not to be the impetus for development in promoting our goods and services that can at least satisfy ourselves.

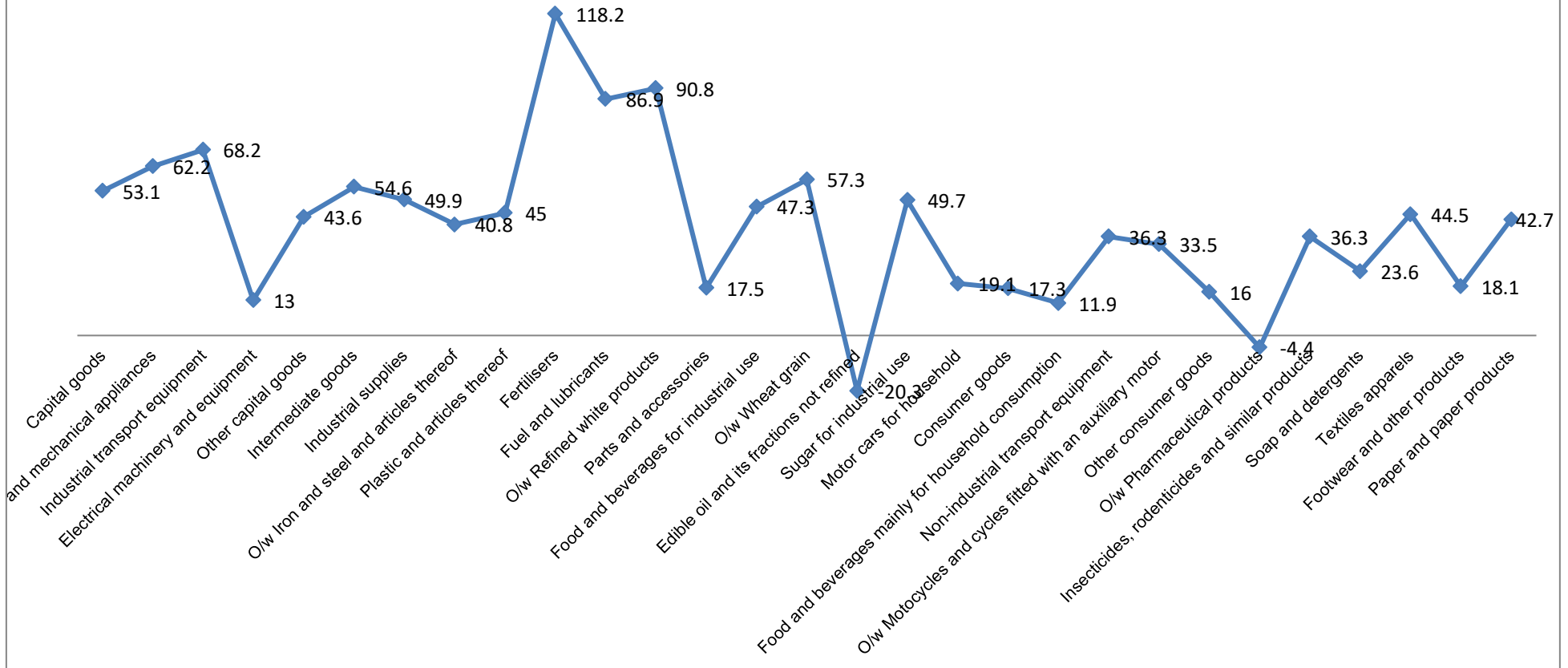
Fertilizers are the goods that have been imported in large quantities include by 118.2% 2022 despite having agricultural and animal husbandry experts in our country from Sokoine University of Agriculture (SUA) but still it seems that there is no great help in producing experts who are able to liberate our nation economically through the production of local fertilizers within the country and hence reduce higher costs used to import fertilizers from abroad.

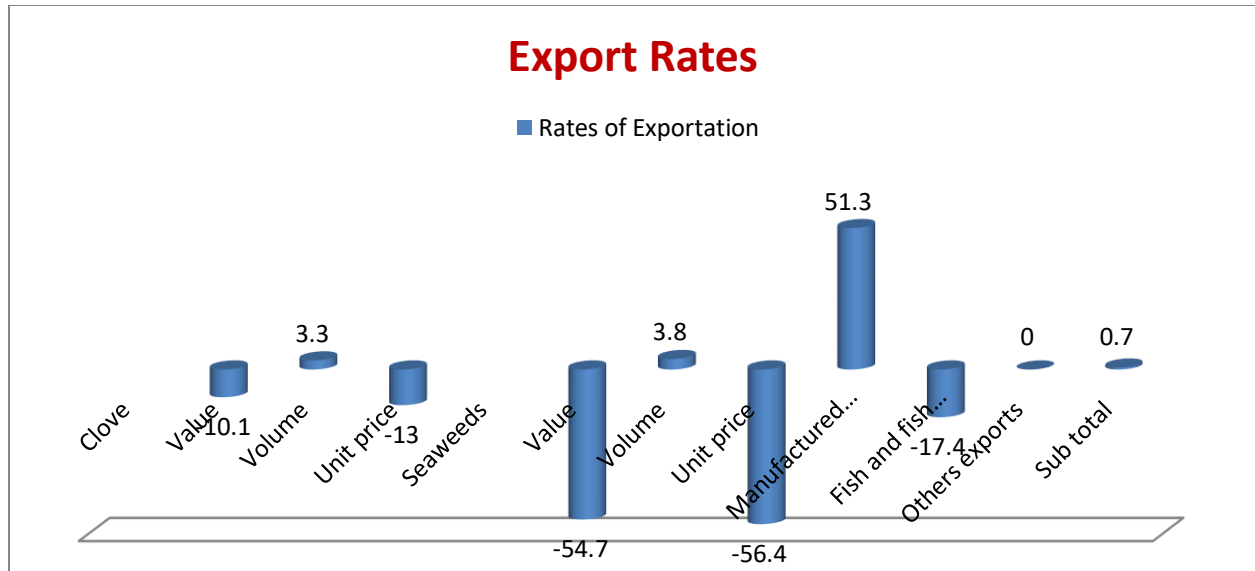
Tanzania import sugar for industrial use by 49.7% 2022 from 59.4% last month, and probably we should expect this to further increasing due to increase of the goods that demand more of industry sugar on beverage products. By importing these products from abroad, it is increasingly costing the nation by continuing to lose income that would have been used for other investments within the country.



### Import Rates

Changes

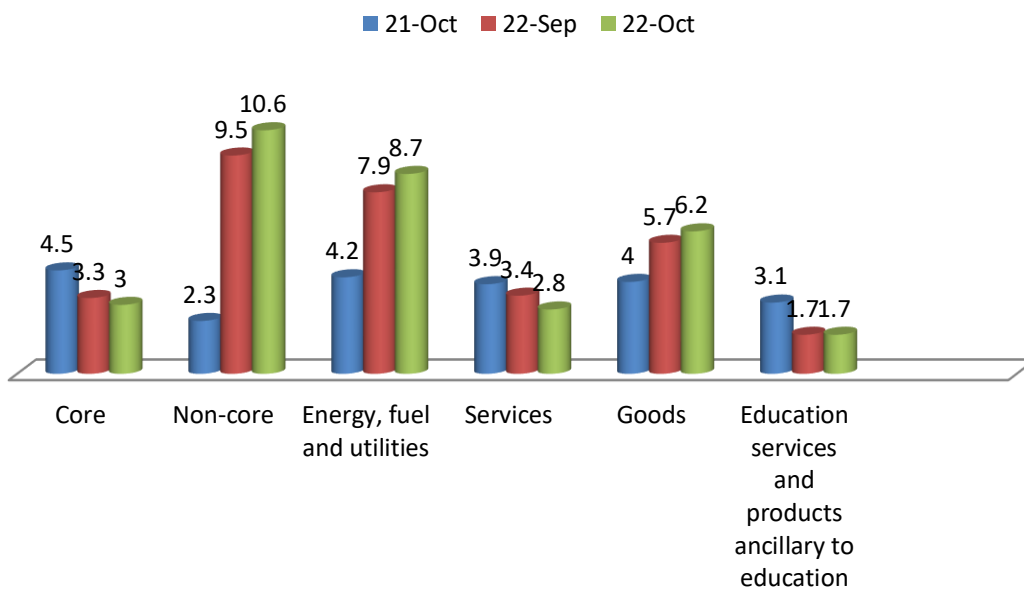




## Export

Exports have further decreased from -1.8% 2022 last month to -6.2% this month. The speed of economic growth currently depends more on the free market because goods and services must go abroad in order to earn foreign currency, and locally the supply of goods and services must be greater than the replacement of goods and services imported from abroad in order for the economy to balance, but here it has been it is a little bit different because we import a lot of goods and services from abroad than the goods and services that we have to export despite having many resources that could probably be a source of exports, such as minerals and tourism.

### Other Selected Groups



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