



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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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.

Tanzania Economic Updates

THE RELATIONSHIP BETWEEN GDP PER CAPITAL INCOME GROWTH RATES AND RISING THE COST LIVING.

Currently, Tanzania's per capita income in terms of GDP has decreased by 5.2 percent compared by 5.5 percent in 2021.

WHAT DOES IT MEAN TO ECONOMY AND HOW DOES IT AFFECT THE ECONOMY REGARDING INCREASE OF THE INFLATION RATES BY 4.94 PERCENT WHICH CAUSE RISING THE COST OF LIVING IN GENERAL.

“How it going to affects small business by means of MSMEs and large businesses, development projects and investments?”

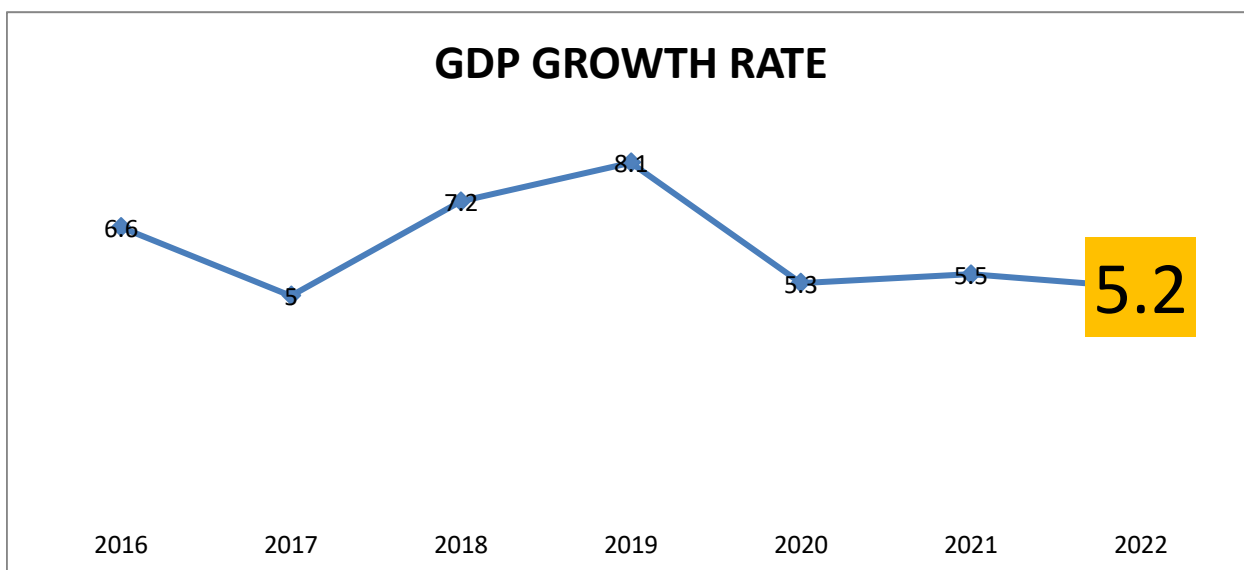
Sectors that have been able to contribute to the GDP per capital growth rates include information and communication at 13.7 percent followed by accommodation and food services at 13.2 percent.

We expected to see the contribution of sectors like agriculture where we always believe that it is the backbone of our economy to be the biggest in promoting or growing the output (GDP per capital income), as we know agriculture sector has great multiplier effects to the economy and it has a behavior of affects more people.

WHAT IS THE GOVERNMENT'S CONTRIBUTION IN ENSURING THE AGRICULTURE SECTOR IS ONE OF THE SECTORS THAT MAKES A GREAT CONTRIBUTION TO THE ECONOMY AND PER CAPITA INCOME (GDP)?

Tanzania economy decrease at a rate of 5.2 percent in the third quarter 2022 compared to 5.5 percent recorded in the similar period in 2021.

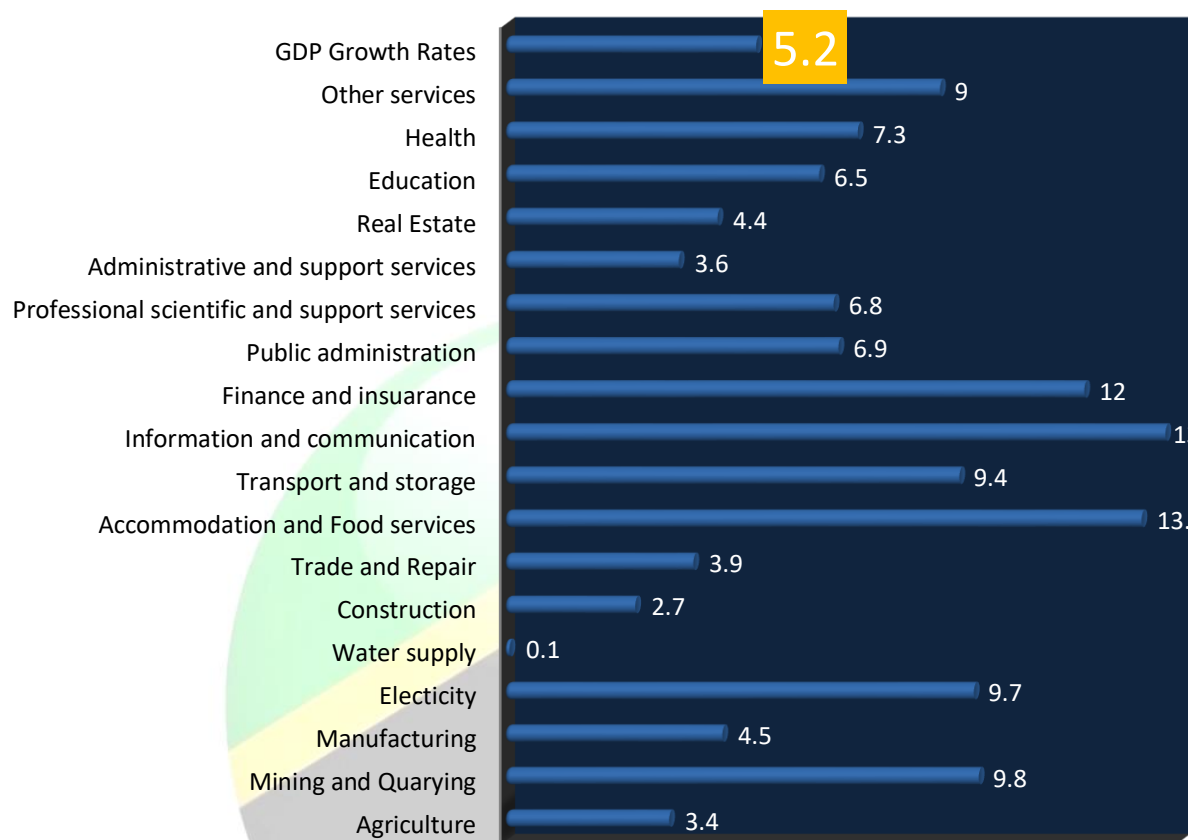
During the third quarter 2022, the value of Quarterly Gross Domestic Product (QGDP) in an absolute term at current prices increased to TZS. 42.9 Trillion from TZS. 38.4 Trillion in the similar quarter in 2021. Further, the value of QGDP at 2015 constant prices also increased to TZS. 33.9 Trillion in the third quarter 2022 from TZS 32.2 Trillion in the similar period in 2021 equivalent to growth rate of 5.2 percent.



Tanzania Key Economic Sectors by GDP Growth rates.

During the period under review, Information and Communication recorded the highest growth at 13.7 percent; followed by Accommodation and Food services (percent 13.2); Financial and Insurance Service (12.0 percent); Mining and Quarrying (9.8 percent); and Electricity supply (9.7 percent).

GDP GROWTH RATES



Share to GDP by Broad Economic Classification

Tertiary activities (Trade and Repair; Accommodation and Food Services; Transport and Storage; Information and Communication; Financial and Insurance Services; Public Administration and Defense; Professional, Scientific and Technical Services;10 Administrative Support Services; Real Estate, Education, Human Health, Arts, Entertainment and Recreation; Other Social Services, and Activities of Households as Employers) accounted for the largest share of **41.2 percent** to GDP in the third quarter 2022, followed by Primary activities (Crops, Livestock, Forestry, Fishing and Mining and Quarrying) accounted for **32.9 percent** and Secondary activities (Manufacturing, Electricity, Water Supply and Construction) accounted for **25.9 percent**. Note that, shares to GDP have been computed before adjustment for taxes.

KEY PERFORMANCE INDICATORS OF ECONOMIC GROWTH

INFLATION RATES

The cost of living based on price system of goods and services has increased by 4.94 percent 2023 from 4.85 percent last month 2023.

High rates of Inflation has been contributed by the increase in the prices of the following goods and services: food and nonalcoholic beverages by 9.89 percent within 12 months compared to last year 2022, food and nonalcoholic beverages products are one of the products that are used every day and used the most, which means that if The government does not able to take the earliest precautions, the products will going continue to hurt/ affects the economy of the people as you know currently the economic output (GDP per capital income) has decreased by 5.2 percent, this means the economic purchasing power of people to be able to buy goods and services has decreased at the moment due to rising the cost of living.

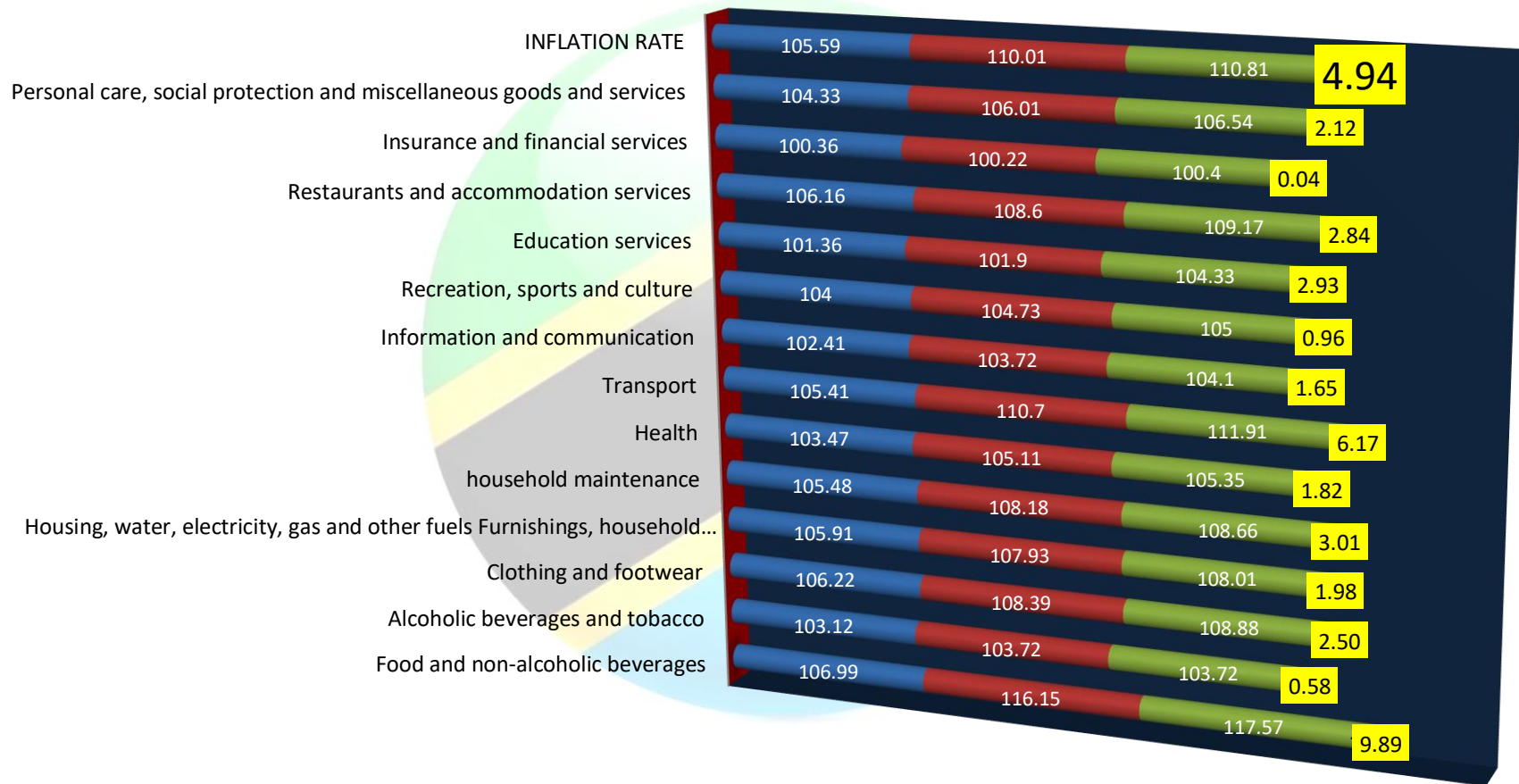
Transport costs have increased by 6.17 percent in 12 months 2023 compared to the same period last year 2022, as per capita income continues to decline but transportation costs continue to increase.

If you get look to all goods and services mentioned above, those goods and services are all important and it is the goods and services that we normally using every day, we eat, we travel, we communicate but also we care our health, the costs of these goods and services is rising every month which by look it affects the economy at all levels from macro levels to micro levels, therefore the government needs to take urgent measures and precautions to save the economy.

WHAT DO YOU THINK THE GOVERNMENT SHOULD DO TO PREVENT OR REDUCE INFLATION WHICH IS INCREASING EVERY DAY?

Inflation Rates

■ Jan_2022
 ■ Dec_2022
 ■ Jan_2023
 ■ 1Month percentage change
 ■ 12Month percentage change



MONEY SUPPLY

WHAT IS CURRENTLY INCREASING THE MONEY CIRCULATION TO TANZANIA ECONOMY?

Net foreign assets have further decreased from 11.3 percent last year 2022 to -34.3 percent this month 2023, these are the assets that have a great contribution to economic development in the sense of developing and increase rates of foreign currency reserves by means of USD, if they keep decreasing which means the economy also will continue to decline especially on bring about an impact at the national level and up to the income of each individual.

The Bank of Tanzania has further reduced the money supply from 14 percent last year 2022 to -24.4 percent this year 2023, which means that the circulation of money continue decreasing in the street, this situation may continue to increase the cost of living by increasing the price of essential products such as food and non-alcoholic beverages, but also the increase in transport costs that are used by everyone for the daily economic activities.

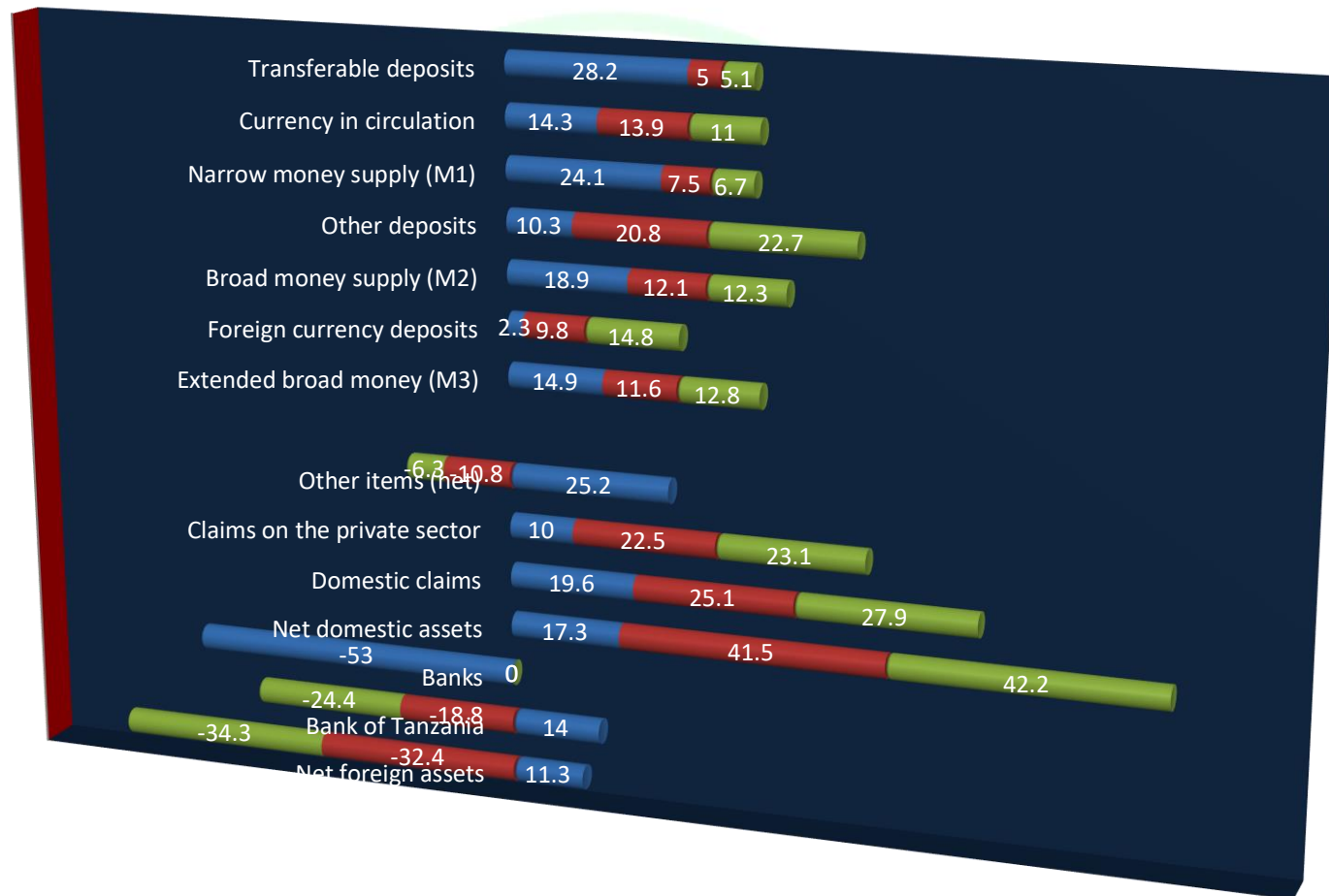
THEREFORE WE SEE THE GDP PER CAPITAL INCOME HAS DECREASED BY 5.2 PERCENT WHERE BY THE COSTS OF LIVING AND PRICES INCREASED BY 4.94 PERCENT WHICH INCLUDING THE RISE IN THE PRICE OF IMPORTANT PRODUCTS SUCH AS FOOD AND NON-ALCOHOLIC BEVERAGES.

One of the driver that cause the rise in the cost of living is agriculture sectors falling to contribute a large percentage to the GDP per capital income growth and general development to individual income, other driver is net foreign assets has decreasing more than usual, but also BOT continues increasingly removing more money in circulation.

DECREASE IN MONEY SUPPLY IN A CIRCULATION CAN INCREASING COST OF LIVING, THE GOVERNMENT OF TANZANIA THROUGH THE BANK OF TANZANIA (BOT) NEEDS TO INCREASE MONEY SUPPLY, TO HELP INCREASE ECONOMIC ACTIVITIES WHICH WILL LEAD TO DECREASE UN EMPLOYMENT RATES.

Tanzania Money Supply

■ 22-Jan ■ 22-Dec ■ 23-Jan



IMPORTATION

The rates of import of capital goods has increased this month by 54.2 percent compared to the previous month at 51.6 percent, the rates of import of machinery and mechanical appliances has increased by 59.2 percent, rates of import of industrial transport equipment has increased by 73.9 percent from 72.6 percent last month, rates of import of fertilizers has increased by 186.6 percent from two months ago by 118.2 percent.

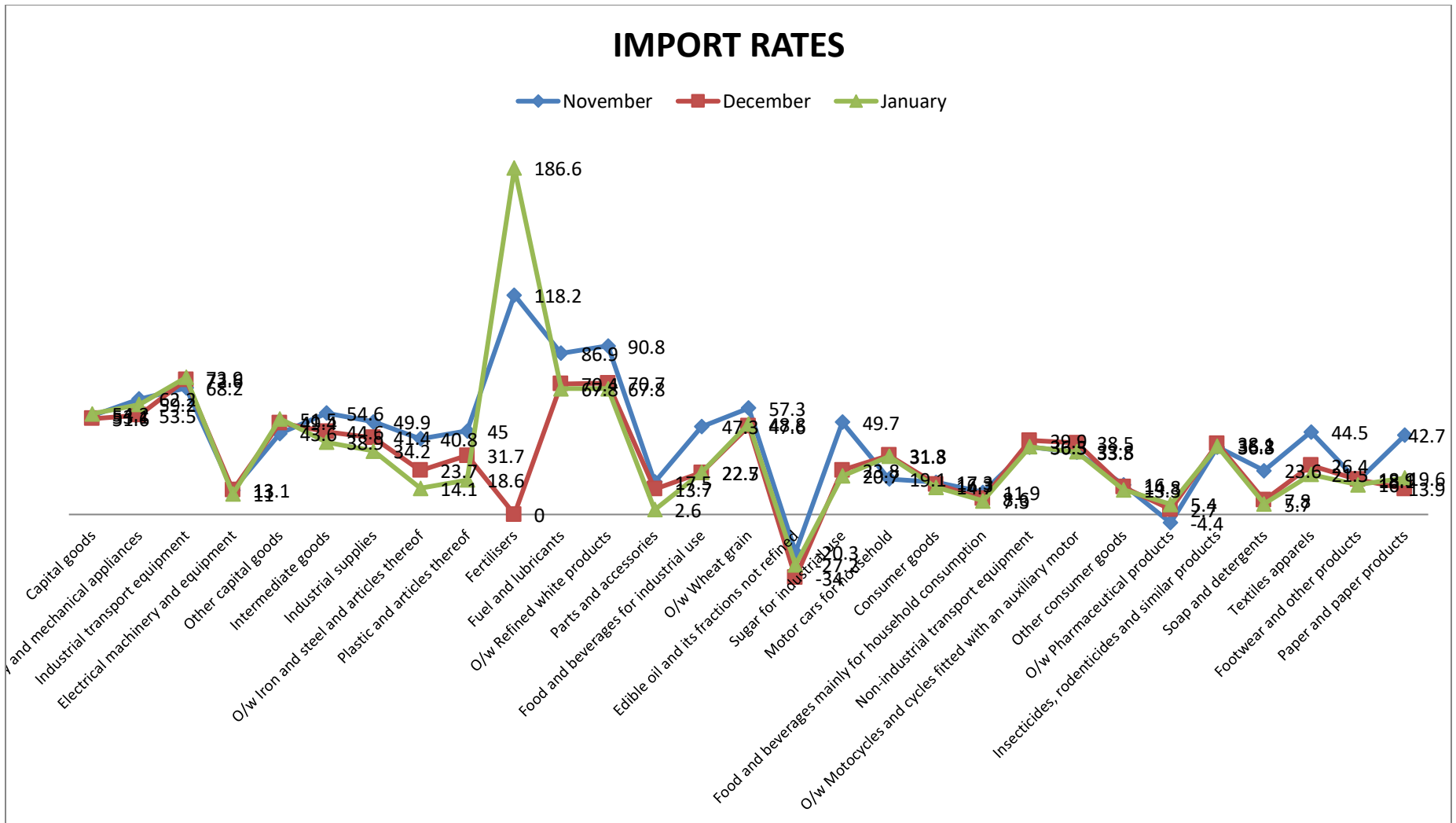
THE COSTS OF PRODUCTION IN AGRICULTURE ARE GETTING BIGGER BECAUSE MOST OF AGRICULTURE INPUTS AND FERTILIZER MORE THAN 186.6 PERCENT COME FROM OUTSIDE THE COUNTRY, WHICH MEANS THAT IF WE COULD HAVE OUR OWN INDUSTRIES WE COULD PRODUCE FERTILIZERS AND INPUTS THAT ARE USED IN AGRICULTURE, THIS WOULD REDUCE THE COSTS OF PRODUCTION AND HENCE THE AGRICULTURE COULD BRING ECONOMIC PRODUCTIVITY TO THE SMALL FARMER, BUT AGRICULTURE BY INCREASE GDP PER CAPITAL INCOME, UNFORTUNATELY CURRENTLY WE SEE THE CONTRIBUTION OF AGRICULTURE IN CONTRIBUTING NATIONAL INCOME IS ONLY 3.4 PERCENT.

Statistics shows that most of our products for this month we have imported from abroad, we import almost 48.8percent of wheat grain despite having a large area that could be used for the cultivation of all types of grain.

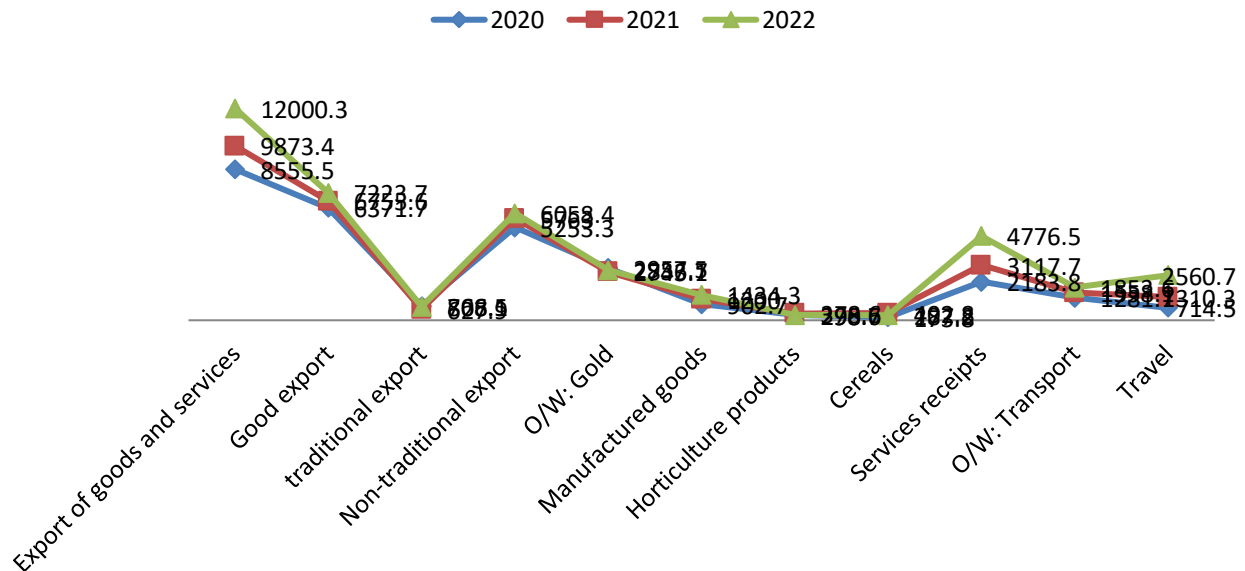
But also we have imported products like paper and paper products by 19.6 percent despite having forests full of trees that could be used to make paper and paper products.

IMPORT RATES

◆ November ■ December ▲ January



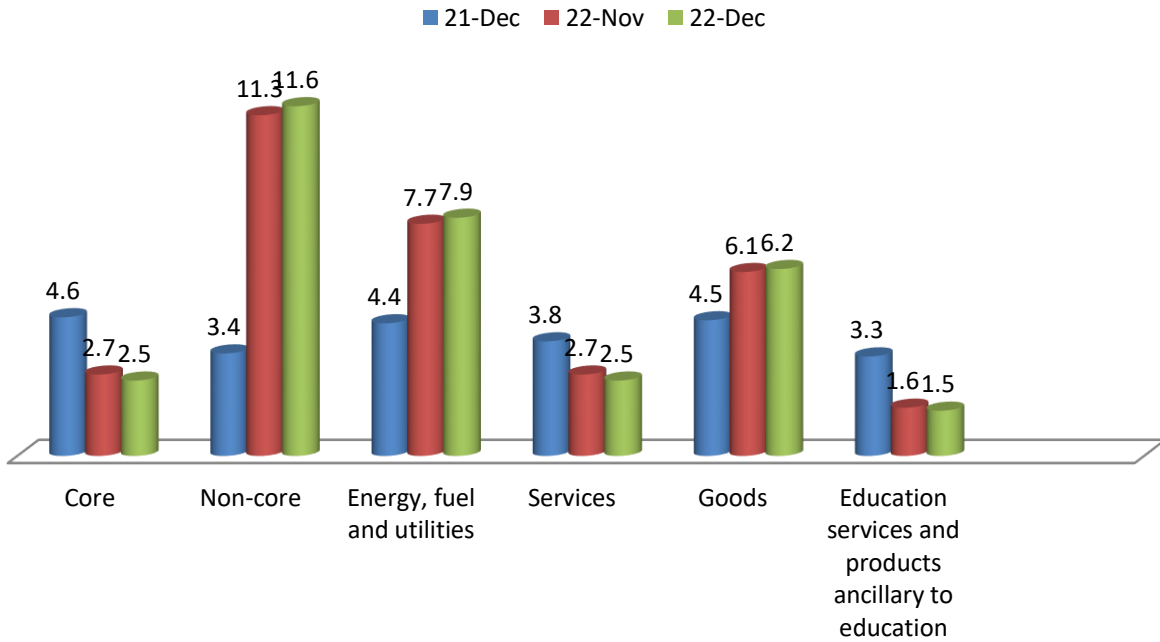
EXPORT RATES



MANY OF THE PRODUCTS IMPORTED FROM FOREIGN PROBABLY WE COULD HAVE MADE AND PRODUCE OURSELVES HERE IN THE COUNTRY AND PROBABLY IT COULD HELP THROUGH THE FOLLOWING ISSUES:

- CREATE EMPLOYMENT AND REDUCE UNEMPLOYMENT RATES TO YOUTHS BUT
- ALSO PERSONAL INCOME COULD GROW BY REDUCING DEPENDENCE RATIOS FROM THE FAMILY LEVEL TO THE NATIONAL LEVEL,
- BUT ALSO WE COULD REDUCE USAGE OF FOREIGN CURRENCY UNNESSESARY AND MAYBE IT COULD BE USED TO IMPORT OTHER VERY BASIC GOODS.

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Debt Developments

The national debt stock was USD 40,652.39 million at the end February 2023.



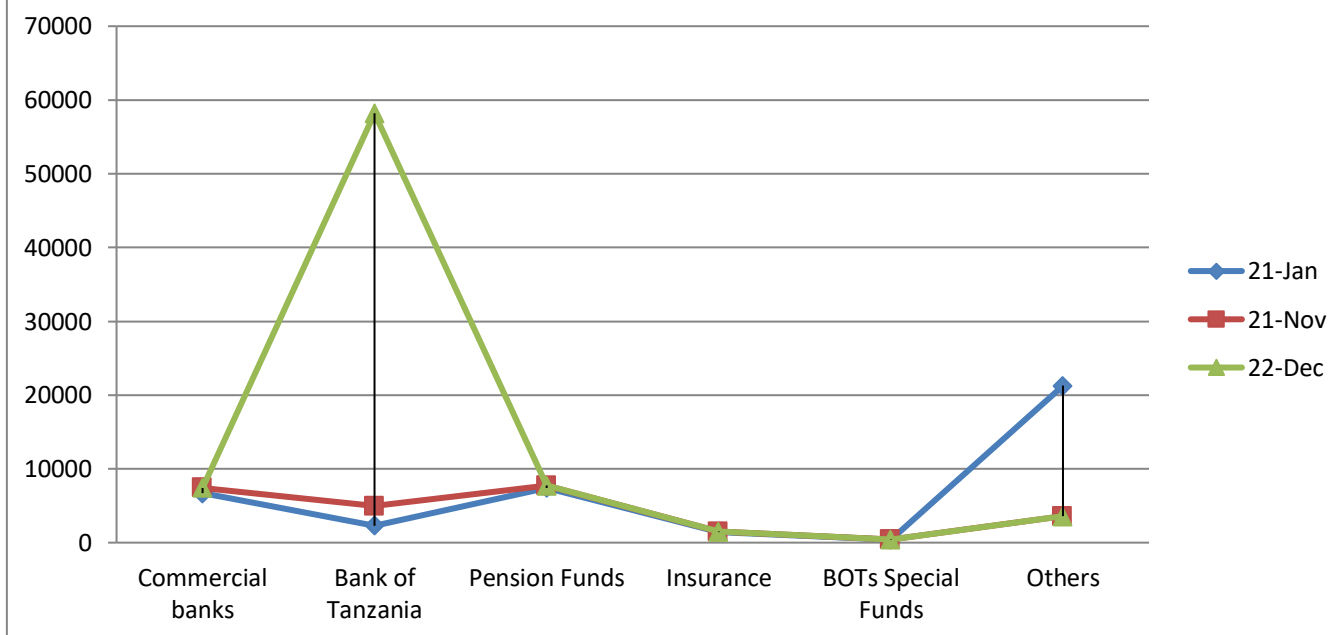
NATIONAL DEBTS

The national debt has increased to reach 93,500,500 Tanzania shillings this month 2023 compared to the amount of 92,283,310 Tanzania shillings for the previous month 2023 but with 86,453,280 Tanzania shillings for the same period last year 2022.

The national debt of 93,500,500 Tanzanian shillings is contributed to the sum of domestic debt and foreign debt as follows, domestic debt in the amount of 26,494,600 Tanzanian shillings, which is an increase from 25,567,900 Tanzanian shillings from last month and 21,256,100 Tanzanian shillings during the same period last year. 2022.

The debt has grown to a total of 67,005,900 Tanzanian shillings, whereas last month it was 66,715,410 Tanzanian shillings, but 65,197,180 Tanzanian shillings for the same period in 2022.

Government Domestic Debt by Creditor



TANZANIA ECONOMIC UPDATES

We review and evaluates the performance of monthly economic indicators

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