Tanzania Economic Updates

ECONOMISTS TALK

What's Next For Tanzania Economy?

ECONOMIC CONSULTING GROUP

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ECONOMISTS TALK is an economic magazine/newspaper that comes out every month (Monthly), analyzing the economic situation in Tanzania using the following criteria: -

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4. EXPORT RATES

5.INVESTMENT DEVELOPMENT

6. GDP GROWTH RATES

7. DEBTS DEVELOPMENT

INTRODUCTION

Monthly economic growth figures are discussed in "Economists Talk," along with the research done by the TICGL Economic Research and Data Development Center. Although a monthly comprehensive assessment of the Tanzanian economy is still lacking, "Economist Talk" organizes information on both short- and long-term economic data that is available on a monthly basis. An accurate way to pinpoint turning points in project development, investment, and the economic cycle is to employ a monthly overall indicator, which provides a very relevant and current picture of the Tanzanian economy. The newly created indicator is constructed from the supply side of the economy, combining structural data from the national accounts and monthly year-over-year volume growth rates for various industries. Regarding some industries (industry, construction, mining and quarrying, energy, and water supply etc).

"Economists Talk" analyzes and assesses the performance of monthly economic indicators and provides discussion and analysis on a number of financial and economic statistics pertaining to the Tanzanian economy. The performance of the economy and other aspects of the Tanzania economy are thoroughly reviewed and evaluated in "Economists Talk."

TANZANIA ECONOMIC UPDATES

Tanzania's Inflation Update: September 2023 Records Stable 3.3% Rate Despite Price Index Increase

Inflation Rate:

In September 2023, Tanzania's headline inflation rate held steady at 3.3%, remaining unchanged from the previous month, August 2023, but marking a noticeable decline from the previous year, September 2022, when it was 4.8%. Despite this stable inflation rate, the overall index of prices increased from 108.73 in September 2022 to 112.35 in September 2023, indicating a general rise in the prices of goods and services over the course of a year. This tells that, on average, prices in the Tanzanian economy were higher in September 2023 compared to September 2022, despite the headline inflation remaining constant, reflecting the importance of considering long-term trends in price levels alongside short-term inflation rates.

GDP Growth Rate:

Tanzania's GDP growth rate stands at a healthy 5.6 percent, indicating a steady upward trajectory. Comparing it to previous years, there's a consistent increase from 5.5 percent in 2022 and 5 percent in 2021. Key contributing sectors include agriculture, construction, mining, trade, manufacturing, finance, and insurance.

Money Supply:

In August 2023, Tanzania's money supply experienced significant fluctuations in various components, with notable changes in net foreign assets, central bank assets, and different money supply measures. Net foreign assets surged by 113% in one month, indicating a substantial influx of foreign currency, possibly driven by foreign investments or trade balances. The growth in the Bank of Tanzania's assets suggests active monetary policy interventions to stabilize or stimulate the economy. Conversely, net domestic assets and domestic claims decreased, reflecting a contraction in domestic lending and money creation, possibly aimed at addressing monetary concerns. The slight increase in claims on the private sector suggests banks' willingness to extend credit to support economic activity, while the decline in the extended broad money supply (M3) may impact spending and investment. Reduced foreign currency deposits may affect exchange rates and international trade, and contractions in M2 and M1 may influence economic liquidity and consumer spending. An increase in currency in circulation and a decrease in transferable deposits could be indicative of shifts in consumer preferences and financial stability. Overall, these monetary contractions may raise concerns about short-term economic activity, but the efforts to increase net foreign assets and central bank assets signal long-term economic growth and stability.

Import and Export Rate:

Tanzania's trade performance from 2021 to the projected 2023 reveals significant trends. Export of goods and services demonstrated robust growth, with a 43% increase over this period, showcasing Tanzania's successful expansion of its international market presence. Conversely, imports grew by 61%, outpacing exports and leading to a widening trade deficit. The balance of payment, representing the gap between exports and imports, went from a negative balance of -$1,063 million in 2021 to -$3,597.6 million in 2022 but improved slightly to -$3,361.7 million in 2023, marking a 7% reduction in the negative balance. This indicates efforts to address the trade imbalance, emphasizing the importance of managing trade imbalances for long-term economic stability and sustainability in Tanzania.

Budget Analysis:

The Government Budget Performance Evaluation for August 2023 reveals critical insights into Tanzania's fiscal situation for the year, comparing 2022 and 2023 financial data. Notably, government expenditure exceeded the budget due to increased development expenditure, while revenue collection fell short, resulting in a concerning deficit expansion. Government expenditure categories such as wages, salaries, interest costs, and development expenditure saw fluctuations, with wages and salaries and interest costs falling below budget and development expenditure surpassing it.

In terms of government revenues, both tax and non-tax sources underperformed compared to budget projections, leading to a significant deficit increase of 56%. These findings signal challenges in revenue collection and deficit management, potentially hindering economic growth. To address these issues, the government should prioritize improving tax collection, managing deficits, and exploring alternative revenue sources. The focus on development expenditure is a positive step towards fostering economic growth, but the revenue shortfall and deficit increase pose potential obstacles to sustainable economic development.

National Debts:

In August 2023, Tanzania's national debt amounted to USD 40,574.6 million, with a significant portion of it being external debt. This reduction in debt can be attributed to exchange rate fluctuations, particularly the appreciation of the US dollar. The composition of the debt reveals that 70.5 percent of it is owed to foreign creditors, indicating a substantial reliance on foreign borrowing. The data indicates that over the past year, external debt increased by 4% while domestic debt increased by 16%, contributing to a 7% increase in the total national debt. Short-term changes show a 3% decrease in external debt and a 3% increase in domestic debt in a month. It's essential to assess the sustainability of this growing debt burden concerning the country's economic growth.

In the Government Budget Performance Evaluation for August 2023, it is noted that government expenditure exceeded the budget due to higher development expenditure, while revenue collection fell short of expectations, resulting in a widening deficit. The actual government revenues in 2023 were 7% less than the budgeted amount, primarily driven by declines in income tax and other tax revenues. This significant budget deficit increase of 56% raises concerns about fiscal management and may lead to increased government borrowing. The government must address revenue collection challenges, manage deficits effectively, and explore alternative revenue sources while prioritizing development expenditure for economic growth.

BUDGET ANALYSIS

Budget Performance Evaluation

Revenue Shortfall in Tanzania: Implications for Economic Growth in 2023

In the Government Budget Performance Evaluation for August 2023, there is a comparison of financial data between 2022 and 2023, with a specific focus on actual operations, the budget, and estimated figures.

The Government Budget Performance Evaluation for August 2023 indicates several notable trends. Government expenditure exceeded the budget primarily due to higher development expenditure, while revenue collection fell short of expectations. The widening deficit is a concerning aspect of this evaluation, as it signifies a substantial increase in the government's financial shortfall, which may necessitate further examination and potential adjustments to financial planning and fiscal policies.

Government Expenditure:

- In 2022, the government allocated a budget of 2,561.1 units for its expenditures. However, in 2023, the actual operations cost slightly more, totaling 2,777.4 units. This represents a 3% increase over the estimated budget. The key components of government expenditure include wages and salaries, interest costs, development expenditure, and other recurrent expenditure.
- Wages and Salaries: Actual wages and salaries in 2023 were 826.4 units, which is 2% lower than the estimated budget of 839.2 units.
- Interest Costs: The government incurred 220 units in interest costs, a 2% reduction from the budgeted 223.9 units.
- Development Expenditure: This category saw an increase, with actual operations in 2023 amounting to 1,160.2 units, which is 7% higher than the budget estimate of 1,083.9 units.
- Other Recurrent Expenditure: Actual operations in this category amounted to 570.8 units, surpassing the estimated budget of 554.8 units by 3%.

Government Revenues:

- The government's revenues are primarily derived from taxes and non-tax sources. In 2023, the actual government revenues were 2,129.7 units, which is 7% less than the budgeted amount of 2,286.8 units.
- Taxes on Imports: Revenues from taxes on imports reached 764 units in 2023, a 1% decrease from the budgeted 774.2 units.

- Income Tax: The government collected 487 units in income tax in 2023, representing an 18% reduction from the budgeted 593.2 units.
- Tax on Local Goods and Services: Revenue from this source increased by 7% in 2023, reaching 453.7 units compared to the estimated budget of 423.5 units.
- Other Tax: Revenue from other taxes amounted to 109.1 units in 2023, falling 18% below the budgeted 133 units.
- Non-Tax Revenues: The government generated 315.9 units in non-tax revenues in 2023, marking a 13% decrease from the budgeted 362.9 units.

Deficit:

The budget deficit is the difference between government expenditure and revenue. In 2023, the government faced a deficit of -647.7 units, which represents a 56% increase from the budgeted deficit of -415 units. This significant increase in the deficit raises concerns about the government's fiscal management.

While there are positive signs such as increased development expenditure, the Government of Tanzania faces challenges in terms of revenue collection and budget deficit management. To promote economic growth, the government may need to address these challenges by improving tax collection, managing deficits effectively, and exploring alternative revenue sources. Additionally, a focus on ensuring that development expenditure is directed toward projects that contribute directly to economic growth could be a key strategy for the future:

Expenditure Prioritization:

The government increased its development expenditure in 2023 by 7% compared to the budget estimate. This indicates a commitment to investing in infrastructure, public projects, and economic development, which can be seen as a positive step toward fostering economic growth. Development expenditure often contributes to job creation and improvements in productivity, which can stimulate economic growth.

Revenue Shortfall:

The government's revenue collection fell short of the budgeted amount in 2023, with a 7% deficit. This shortfall might limit the government's ability to fund projects and services that are crucial for economic growth, such as education, healthcare, and infrastructure development. The revenue underperformance could indicate challenges in tax collection or a need for more efficient revenue generation strategies.

Deficit Increase:

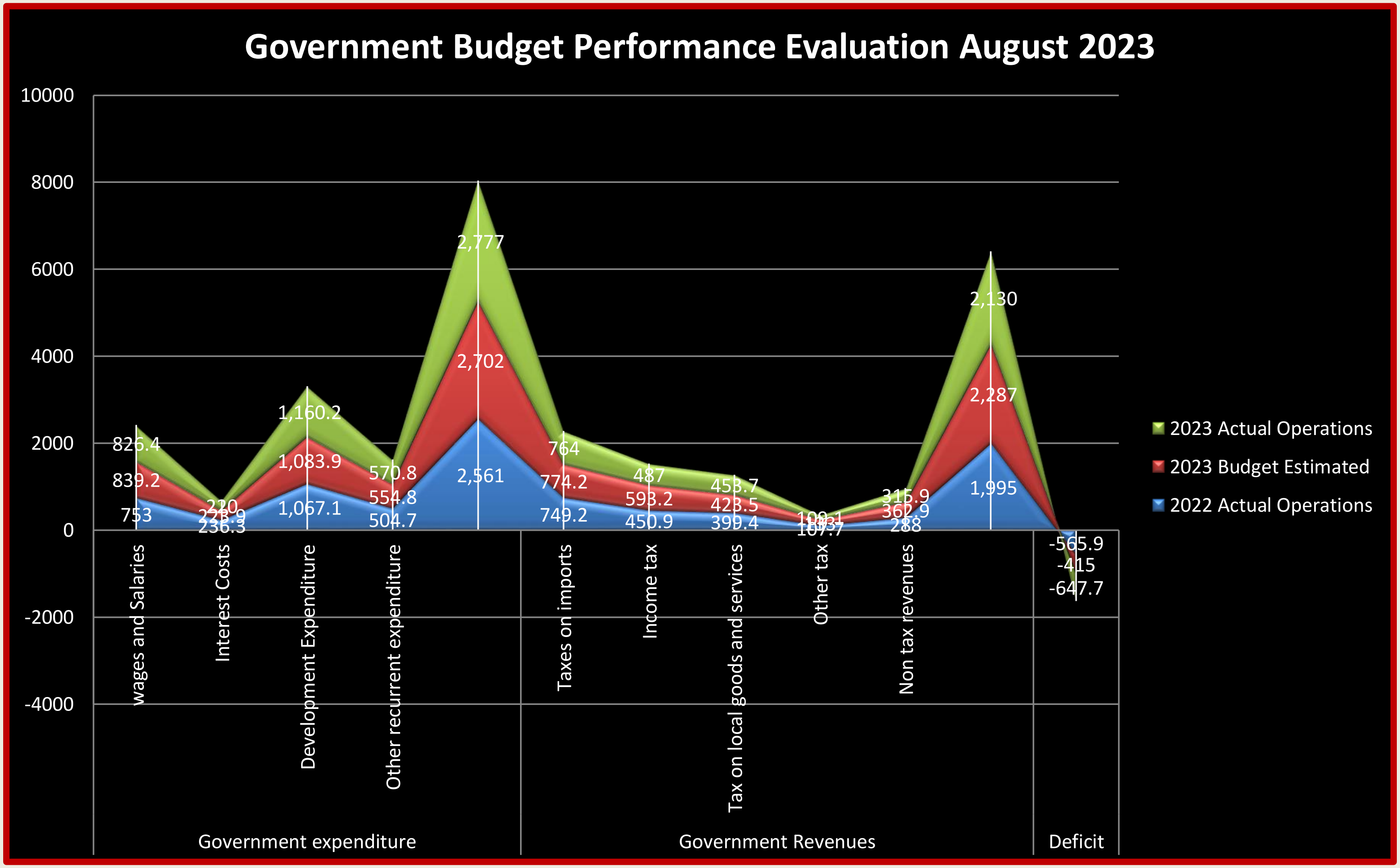
The substantial increase in the budget deficit (56%) is concerning. A widening deficit may result in increased government borrowing, which can have adverse consequences for economic growth if not managed properly. It might lead to higher debt service costs and crowd out other essential public investments, potentially hindering economic growth prospects.

Taxation Challenges:

The data indicates a significant decline in income tax revenue and other tax revenues (18% and 18%, respectively) in 2023. This may show challenges in tax collection or economic conditions affecting individuals' income. A reduction in income tax revenue could be indicative of economic struggles for citizens, which can impact economic growth negatively.

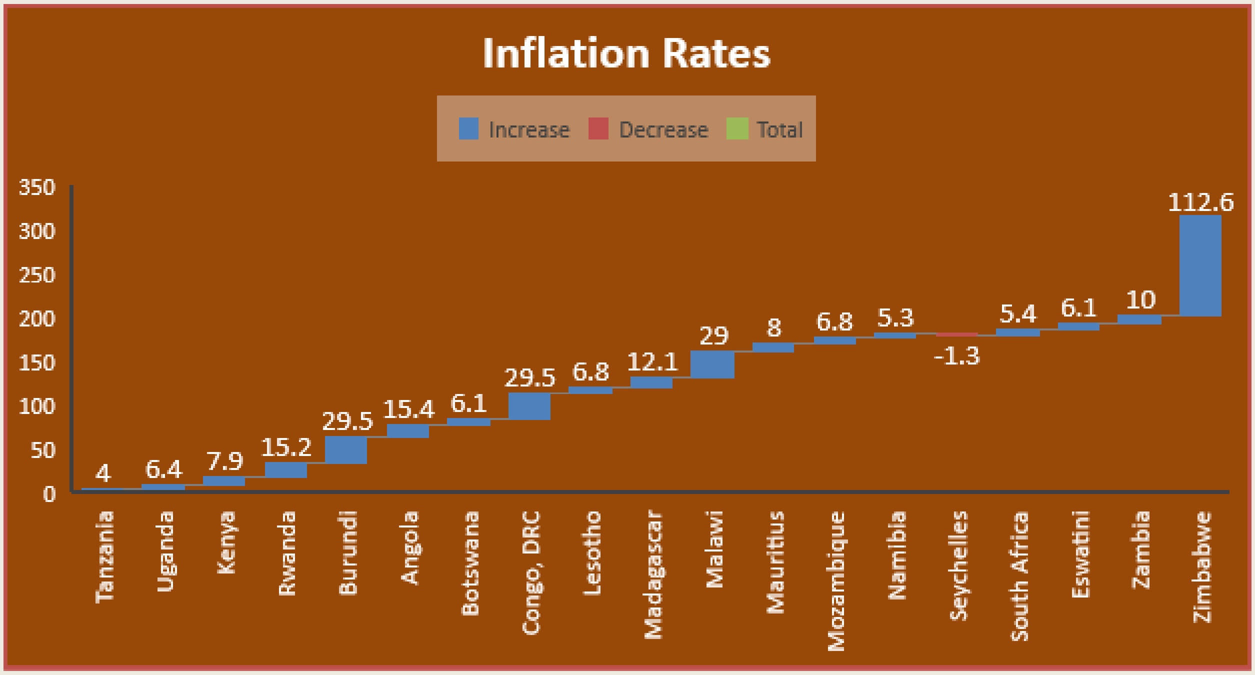
Non-Tax Revenues:

The decrease in non-tax revenues (13%) is another area of concern. This shows that the government's non-tax revenue sources, which could include fees, fines, and other non-tax income, have decreased. This might be due to economic conditions affecting these revenue streams, which can, in turn, impact the government's ability to invest in economic growth initiatives


Government Budget Performance Evaluation August 2023
10000
8000
6000
4000
2000
0
-2000
-4000
wages and Salaries
Interest Costs
Development Expenditure
Other recurrent expenditure
Taxes on imports
Income tax
Tax on local goods and services
Other tax
Non tax revenues
Government expenditure
Government Revenues
Deficit
2023 Actual Operations
2023 Budget Estimated
2022 Actual Operations
826.4
839.2
753
220
236.3
1,160.2
1,083.9
1,067.1
570.8
554.8
504.7
2,777
2,702
2,561
764
774.2
749.2
487
593.2
450.9
453.7
423.5
399.4
315.9
362.9
288
2,130
2,287
1,995
-565.9
-415
-647.7

GDP GROWTH RATE

Tanzania stands out among the countries in Eastern, Central, and Southern Africa for maintaining the lowest inflation rate up to July 2023, with its inflation rate consistently below 4 percent in comparison to other nations in the region.



Zimbabwe takes the lead with a staggering inflation rate of 112 percent, followed by Burundi at 29 percent, and both Angola and Rwanda with an inflation rate of 15 percent. Remarkably, Seychelles boasts the lowest inflation rate, standing at negative 1.3 percent.

As for Tanzania's GDP growth rate, it currently stands at a healthy 5.6 percent. When compared to the same period in 2022, which saw a GDP growth rate of 5.5 percent, and 5 percent in the year 2021, this indicates a steady upward trajectory.

Tanzania's robust economic growth of 5.6 percent can be attributed to several key sectors. The agriculture and construction sectors are leading the way with remarkable growth rates of 15 percent. They are closely followed by the mining and quarrying sector, experiencing growth at 11.9 percent. Additionally, the trade and repair sector is growing at a rate of 9.1 percent, with the manufacturing sector not far behind at 9 percent. Lastly, the finance and insurance sector is also contributing significantly, registering growth at 8.2 percent."

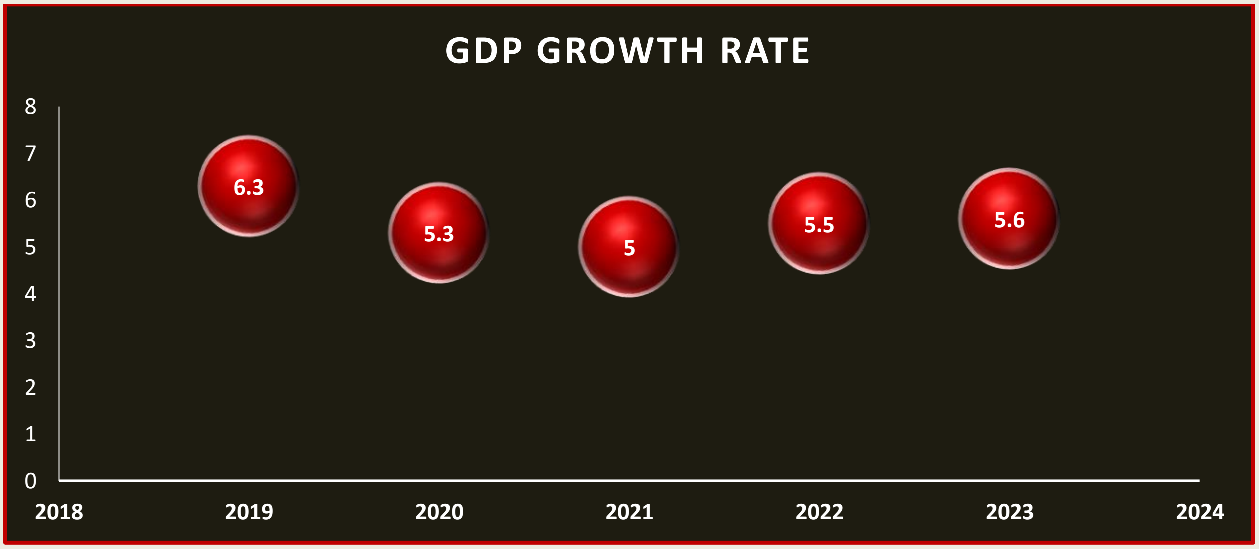
Tanzania's economic stability, low inflation, and steady GDP growth are promising indicators for the country's economic health. The contributions of various sectors to this growth reflect a diverse and dynamic economy, which, if managed effectively, can lead to sustained development and improved living standards for its citizens.

Inflation Rates:

- Tanzania: Until July 2023, Tanzania has maintained a consistently low inflation rate of less than 4 percent. This stability in prices suggests a relatively controlled economic environment, which can be conducive to investment and economic planning.
- Zimbabwe: Zimbabwe stands out with a remarkably high inflation rate of 112 percent. Such hyperinflation can have severe economic implications, including reduced purchasing power and uncertainty in financial markets.
- Burundi: Burundi follows with an inflation rate of 29 percent, indicating some degree of price instability, which could affect the cost of living and economic decisions.
- Angola and Rwanda: Both Angola and Rwanda have inflation rates of 15 percent, suggesting moderate inflationary pressures that may impact consumer behavior and business planning.
- Seychelles: Seychelles showcases negative inflation, which implies falling prices. While this can be positive for consumers in the short term, prolonged deflation can lead to economic challenges, such as reduced production and investment.

GDP Growth:

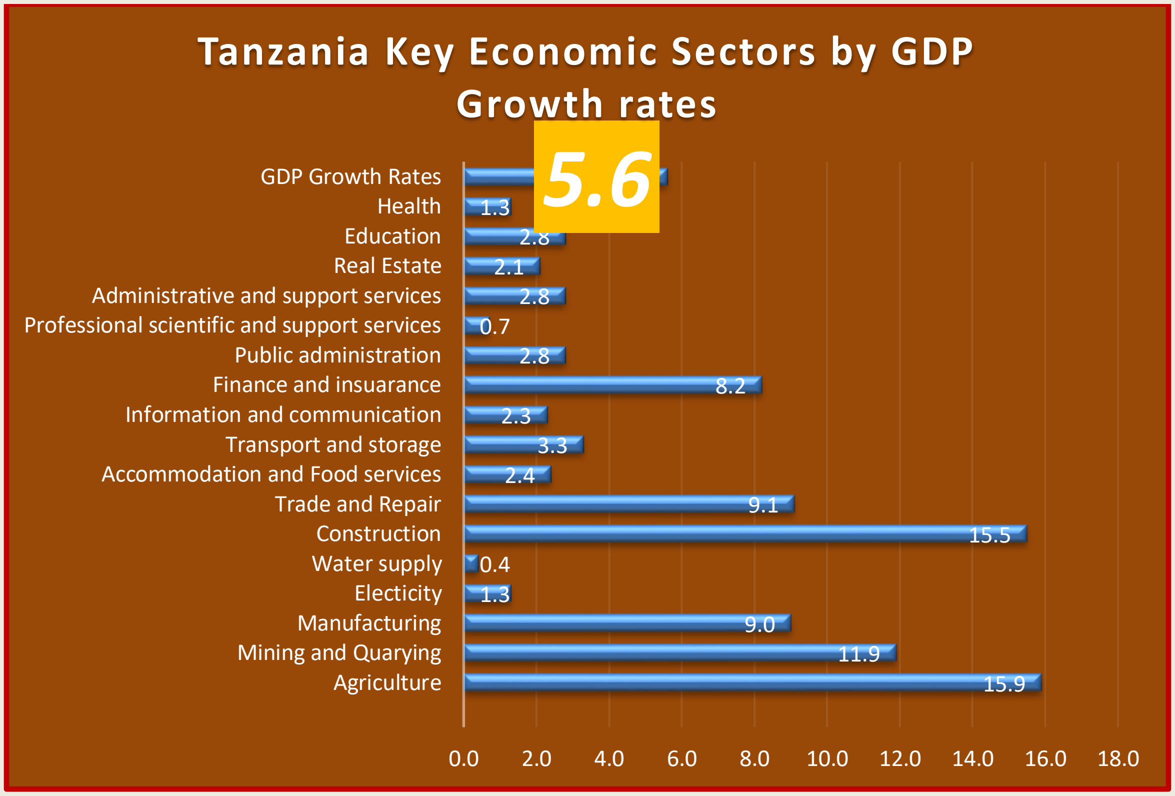
- Tanzania: The country's GDP growth rate has seen a gradual increase, reaching 5.6 percent in the current period. This growth trajectory demonstrates economic resilience and expansion, which can contribute to improving living standards and infrastructure development.
- Comparison to 2022 and 2021: Comparing the current growth rate to 2022 (5.5 percent) and 2021 (5 percent) reveals a consistent upward trend in Tanzania's economic performance.



Sectoral Contribution to GDP Growth:

- Agriculture and Construction: The impressive 15 percent growth in the agriculture and construction sectors underscores their significant role in driving Tanzania's economic expansion. This growth can indicate increased agricultural productivity and infrastructure development.
- Mining and Quarrying: The mining and quarrying sector, with growth at 11.9 percent, is contributing significantly to GDP growth. This could be due to increased mining activities or favorable global commodity prices.
- Trade and Repair: A growth rate of 9.1 percent in the trade and repair sector reflects increased commercial activity and consumer demand.
- Manufacturing: The manufacturing sector's growth at 9 percent signifies the development of industries within Tanzania, potentially resulting in job creation and increased export opportunities.

- Finance and Insurance: With a growth rate of 8.2 percent, the finance and insurance sector is also playing a vital role in Tanzania's economic expansion. This indicates financial sector development and potentially increased access to financial services.



"There is significant relationship between Tanzania's national debt and GDP growth rate, and it requires careful monitoring and management. While a growing economy can help manage debt, it's essential for the government to strike a balance between debt accumulation and sustainable economic growth to ensure long-term fiscal stability."

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HOW ECONOMIES FUNCTIONS

INFLATION RATE

Inflation Rate

The inflation rates for Tanzania over a period of time, including historical trends and forecasts:

Historical Inflation Rates (2022):

- September 2022: Inflation rate was 4.8%
- October 2022: Inflation rate was 4.9%
- November 2022: Inflation rate was 4.9%
- December 2022: Inflation rate was 4.8%

Inflation rates are typically expressed as a percentage and represent the rate at which the general price level of goods and services rises, leading to a decrease in purchasing power. In this case, Tanzania experienced relatively moderate inflation rates in late 2022.

Inflation Rates (2023):

- January 2023: Inflation rate was 4.9%
- February 2023: Inflation rate was 4.8%
- March 2023: Inflation rate was 4.7%
- April 2023: Inflation rate was 4.3%
- May 2023: Inflation rate was 4%
- June 2023: Inflation rate was 3.6%
- July 2023: Inflation rate was 3.3%
- August 2023: Inflation rate was 3.3%
- September 2023: Inflation rate was 3.3%

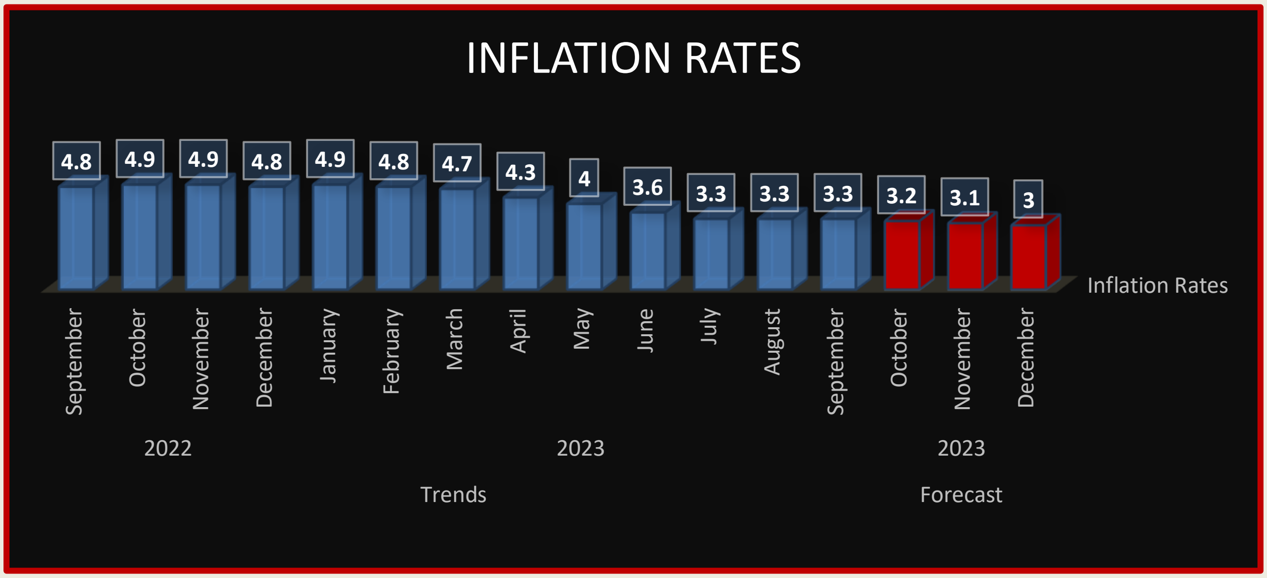
From January to September 2023, Tanzania experienced a declining trend in inflation rates. This means that the general price level of goods and services increased at a slower rate during this period.

Inflation Rate Forecast (2023):

- October 2023: The forecasted inflation rate is 3.2%
- November 2023: The forecasted inflation rate is 3.1%
- December 2023: The forecasted inflation rate is 3%

The forecasted inflation rates for the last three months of 2023 show a continued decrease in the rate of price increase, indicating relative price stability or a decrease in inflationary pressures.

Inflation rates can have significant economic implications, affecting consumer purchasing power, interest rates, and overall economic stability. Low and stable inflation rates are generally considered desirable by central banks and policymakers, as they contribute to a more stable economic environment.



The annual headline inflation rate for September 2023 in Tanzania and the comparison with the previous month, August 2023, and the previous year, September 2022:

Annual Headline Inflation Rate for September, 2023:

- The headline inflation rate for September 2023 remained unchanged at 3.3% compared to the previous month, August 2023. This means that there was no increase or decrease in the rate of inflation between these two months.

Overall Index Increase:

- Despite the headline inflation rate remaining the same, the overall index of prices increased from 108.73 in September 2022 to 112.35 in September 2023. This increase in the overall index reflects the general rise in the prices of goods and services over the course of one year (from September 2022 to September 2023).

The key takeaway from this information is that while the headline inflation rate in Tanzania remained stable at 3.3% between August and September 2023, the overall price level in the economy increased over the course of a year, indicating that prices of goods and services, on average, were higher in September 2023 compared to September 2022.

These figures provide a comprehensive view of how inflation has affected various categories of goods and services in Tanzania over both short-term and long-term periods.

The inflation rates in Tanzania for various categories or main groups, showing both the 1-month change and the 12-month change:

Food and Non-Alcoholic Beverages:

- 1 Month Change: 0.3
- 12 Month Change: 5.6

This category represents the inflation rates for essential food items and non-alcoholic beverages. Over the past month, there was a 0.3% increase in prices, and over the past year, prices in this category have risen by 5.6%.

Alcoholic Beverages and Tobacco:

- 1 Month Change: 0.0
- 12 Month Change: 3.7

This category covers the inflation rates for alcoholic beverages and tobacco products. There was no change in prices over the past month, but over the past year, prices have increased by 3.7%.

Clothing and Footwear:

- 1 Month Change: -0.1
- 12 Month Change: 3.0

This category represents the inflation rates for clothing and footwear. Prices decreased by 0.1% over the past month, but over the past year, prices have increased by 3.0%.

Housing, Water, Electricity, Gas, and Other Fuels, Furnishings, Household Equipment, and Routine:

- 1 Month Change: -0.4
- 12 Month Change: 1.3

This category encompasses various expenses related to housing and household items. Over the past month, there was a significant decrease of 0.4%, but over the past year, prices have increased by 1.3%.

Household Maintenance:

- 1 Month Change: -0.1
- 12 Month Change: 3.9

Household maintenance costs decreased by 0.1% over the past month, but over the past year, they have increased by 3.9%.

Health:

- 1 Month Change: 0.0
- 12 Month Change: 1.7

Health-related expenses remained stable over the past month, and over the past year, prices in this category have increased by 1.7%.

Transport:

- 1 Month Change: 0.2
- 12 Month Change: 1.0

Transportation costs increased by 0.2% over the past month, while over the past year, prices have increased by 1.0%.

Information and Communication:

- 1 Month Change: 0.3
- 12 Month Change: 1.7

Prices for information and communication services increased by 0.3% over the past month, and over the past year, they have increased by 1.7%.

Education Services:

- 1 Month Change: 0.2
- 12 Month Change: 3.5

Education services saw a 0.2% price increase over the past month, and over the past year, prices have increased by 3.5%.

Insurance and Financial Services:

- 1 Month Change: -0.1
- 12 Month Change: 0.1

Prices for insurance and financial services decreased by 0.1% over the past month, and over the past year, there was a minimal increase of 0.1%.

Overall Inflation Rate:

- 1 Month Change: 0.1
- 12 Month Change: 3.3

The overall inflation rate for Tanzania increased by 0.1% over the past month, and over the past year, it has risen by 3.3%.

Focuses on inflation rates and Tanzania's economic growth:

Stable Inflation Rates:

The fact that the annual headline inflation rate remained stable at 3.3% from August to September 2023 shows that, at least in the short term, there wasn't a sudden surge in inflation that could erode consumers' purchasing power. Price stability is generally considered favorable for economic growth as it provides a predictable environment for businesses and consumers.

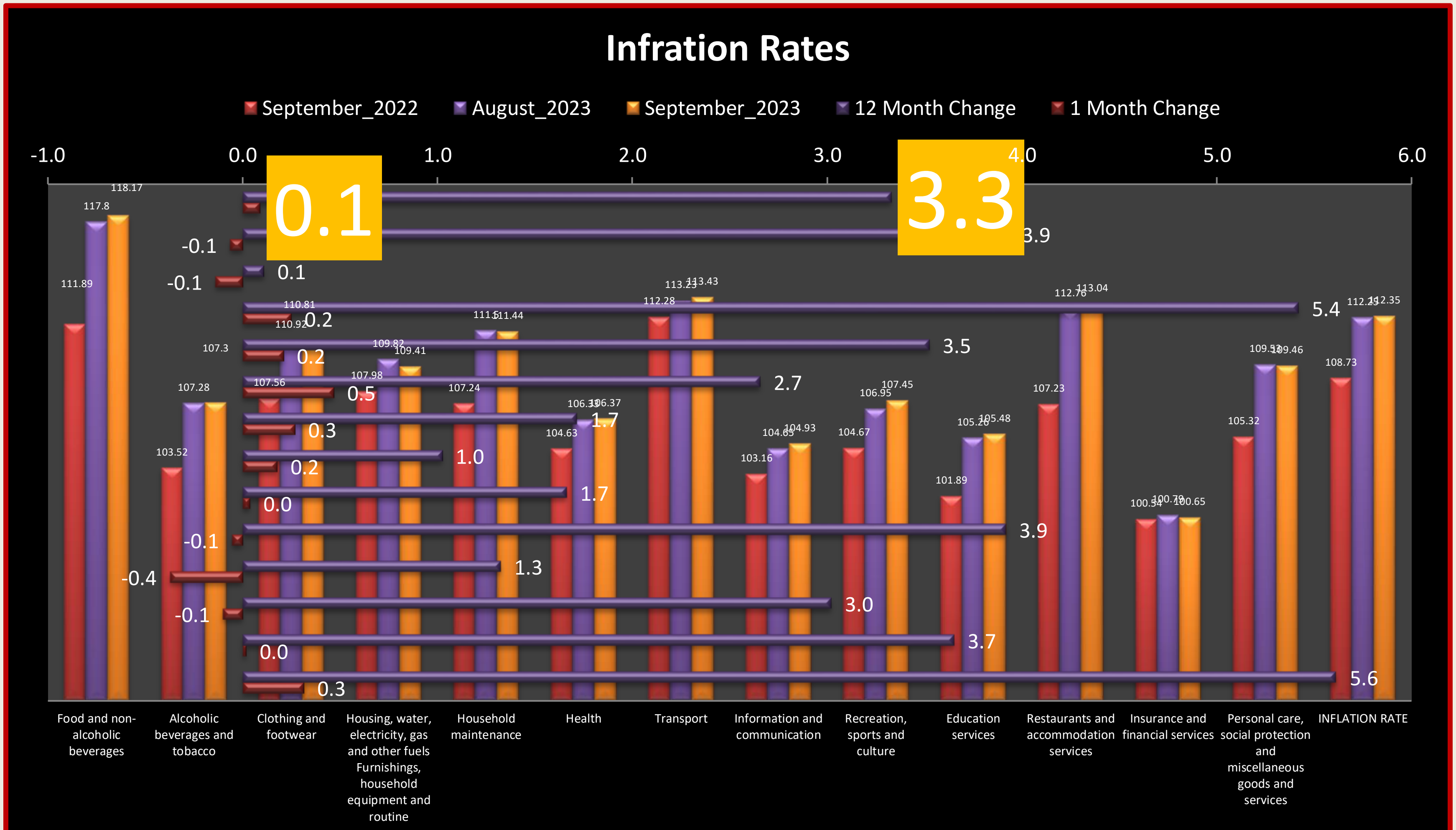
Increase in Overall Index:

The data does indicate an increase in the overall index of prices from September 2022 to September 2023. While this is not a direct measure of economic growth, it does show that prices for goods and services have, on average, risen over the past year. This could be influenced by various factors, including increased demand, supply chain disruptions, or changes in commodity prices.

Steady Inflation Management:

The Tanzanian government and central bank may have been effective in managing inflation to keep it stable. Effective inflation management is typically seen as conducive to a healthy economic environment and can support economic growth.

Tanzania Inflation Rates			
	Years	**Months**	**Inflation Rates**
Trends	2022	September	4.8
		October	4.9
		November	4.9
		December	4.8
	2023	January	4.9
		February	4.8
		March	4.7
		April	4.3
		May	4
		June	3.6
		July	3.3
		August	3.3
		September	3.3
Forecast	2023	October	3.2
		November	3.1
		December	3


Infration Rates
September_2022
August_2023
September_2023
12 Month Change
1 Month Change
-1.0
0.0
1.0
2.0
3.0
4.0
5.0
6.0
0.1
3.3
Food and non-alcoholic beverages
Alcoholic beverages and tobacco
Clothing and footwear
Housing, water, electricity, gas and other fuels Furnishings, household equipment and routine
Household maintenance
Health
Transport
Information and communication
Recreation, sports and culture
Education services
Restaurants and accommodation services
Insurance and financial services
Personal care, social protection and miscellaneous goods and services
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MONEY SUPPLY

Money Supply

Impact of Monetary Contraction on Tanzania's Economy: Analyzes the decline in net domestic assets, domestic claims, and various money supply measures and its potential effects on economic activity.

In August 2023, the money supply in Tanzania exhibited various changes and trends. This research is categorized into different components, including net foreign assets, net domestic assets, and different measures of broad and narrow money supply:

Net Foreign Assets:

- On August 22, net foreign assets were at -17.7 billion units of the currency.
- In July, they were at -0.5 billion units.
- By August 23, they increased to 3.8 billion units.
- This represents a substantial one-month change, with net foreign assets growing by 113%.
- Comparing to the same period the previous year, there has been a significant increase of 566% in net foreign assets.

Bank of Tanzania:

- On August 22, the Bank of Tanzania had -11.2 billion units.
- In July, it had 1.4 billion units.
- By August 23, the Bank of Tanzania's assets increased to 6.1 billion units.
- This represents a one-month change of 77%.
- Compared to the same period the previous year, there has been an increase of 284% in the Bank of Tanzania's assets.

Net Domestic Assets:

- On August 22, net domestic assets were 29.9 billion units.
- In July, they were 30.2 billion units.
- By August 23, they decreased to 22.8 billion units.

- This represents a one-month decline of 32%.
- Compared to the same period the previous year, there has been a decrease of 31% in net domestic assets.

Domestic Claims:

- On August 22, domestic claims were 27.3 billion units.
- In July, they were 23.1 billion units.
- By August 23, they further decreased to 17.5 billion units.
- This represents a one-month decline of 32%.
- Compared to the same period the previous year, there has been a substantial decrease of 56% in domestic claims.

Claims on the Private Sector:

- Claims on the private sector slightly increased from 20.7 billion units in July to 21 billion units in August, representing a 1% increase.

Extended Broad Money (M3):

- The extended broad money supply (M3) decreased from 20.9 billion units in July to 17.4 billion units in August, representing a one-month decline of 20%.
- Compared to the same period the previous year, there has been a 34% increase in M3.

Foreign Currency Deposits:

- Foreign currency deposits decreased from 32.4 billion units in July to 22.5 billion units in August, representing a substantial one-month decline of 44%.
- Compared to the same period the previous year, there has been a 66% increase in foreign currency deposits.

Broad Money Supply (M2):

- The broad money supply (M2) decreased from 17.8 billion units in July to 15.9 billion units in August, representing a one-month decline of 12%.
- Compared to the same period the previous year, there has been a 21% increase in M2.

Other Deposits:

- Other deposits increased from 15.7 billion units in July to 17.1 billion units in August, representing an 8% one-month increase.
- Compared to the same period the previous year, there has been a 13% decrease in other deposits.

Narrow Money Supply (M1):

- The narrow money supply (M1) decreased from 19.2 billion units in July to 15.2 billion units in August, representing a one-month decline of 26%.
- Compared to the same period the previous year, there has been a 41% increase in M1.

Currency in Circulation:

- Currency in circulation increased from 15.2 billion units in July to 16.3 billion units in August, representing a 7% one-month increase.
- Compared to the same period the previous year, there has been a 25% increase in currency in circulation.

Transferable Deposits:

- Transferable deposits decreased from 21.1 billion units in July to 14.7 billion units in August, representing a substantial one-month decline of 44%.
- Compared to the same period the previous year, there has been a 48% increase in transferable deposits.

The contraction in various money supply measures may raise concerns about economic activity in the short term. However, the increase in net foreign assets and central bank assets shows efforts to stabilize or stimulate the economy, which can be important for long-term economic growth:

Net Foreign Assets:

The significant increase in net foreign assets, both in the one-month and one-year comparisons, indicates a substantial influx of foreign currency into the country. This could be due to factors such as foreign investments, trade balances, or financial inflows. An increase in net foreign assets is generally seen as a positive sign for economic stability.

Bank of Tanzania Assets:

The substantial growth in the assets of the central bank (Bank of Tanzania) is indicative of its monetary policy interventions. It shows that the central bank may be actively managing monetary policy to stabilize or stimulate the economy, which can be a response to economic conditions and goals.

Net Domestic Assets and Domestic Claims:

The decline in net domestic assets and domestic claims indicates a reduction in the money supply generated within the country. A decrease in these figures can be interpreted as a contraction in domestic lending and money creation. This might be an attempt to control inflation or address other monetary concerns.

Claims on the Private Sector:

The slight increase in claims on the private sector can show that banks are willing to extend credit to businesses, potentially supporting economic activity and growth.

Extended Broad Money (M3):

The decrease in the extended broad money supply (M3) shows that the overall money supply in the economy has contracted in the short term. This can have implications for economic growth as a decrease in the money supply may lead to reduced spending and investment.

Foreign Currency Deposits:

The sharp decline in foreign currency deposits may indicate reduced confidence in holding foreign currency or other factors impacting the demand for foreign currency. This may have implications for exchange rates and international trade.

Broad Money Supply (M2):

The decrease in M2 indicates a contraction in a broader measure of the money supply, which can affect liquidity and economic activity.

Narrow Money Supply (M1):

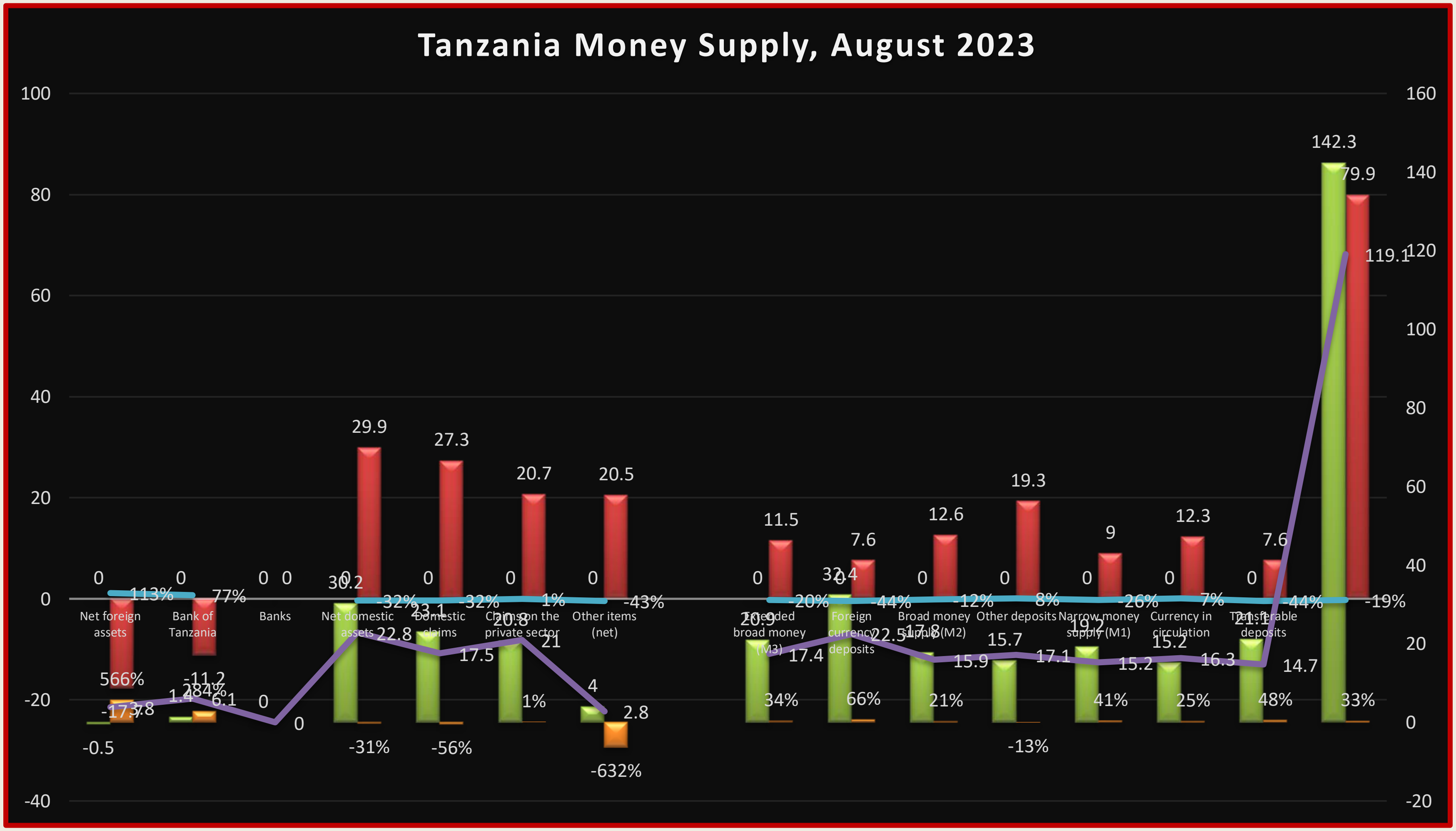
The significant decrease in narrow money supply (M1) may indicate reduced cash and liquid assets in circulation. A contraction in M1 can have immediate effects on consumer spending and short-term economic activity.

Currency in Circulation:

The increase in currency in circulation might indicate that people are holding more cash, potentially due to concerns about the stability of financial assets or a preference for cash transactions.

Transferable Deposits:

The decrease in transferable deposits can show a decrease in the availability of short-term, liquid assets, which can have implications for financial stability


Tanzania Money Supply, August 2023
Net foreign assets
Bank of Tanzania
Banks
Net domestic assets
Domestic claims
Claims on the private sector
Other items (net)
Extended broad money (M3)
Foreign currency deposits
Broad money supply (M2)
Other deposits
Narrow money supply (M1)
Currency in circulation
Transferable deposits

IMPORT AND EXPORT RATES

Export and import

Tanzania's Trade Performance: Export and Import Trends (2021-2023)

This research provided pertains to Tanzania's export and import statistics for the year 2021, 2022, and an estimate for 2023, along with the percentage change in these values over the past two years:

Export of Goods and Services:

- In 2021, Tanzania's exports of goods and services amounted to $9,197.4 million.
- In 2022, this export value increased to $11,398 million, reflecting a 15% growth over the year.
- The projection for 2023 shows a further increase, reaching $13,140.8 million, which is a 15% increase compared to 2022.
- Over the two-year period from 2021 to 2023, exports have shown substantial growth of 43%.

Import of Goods and Services:

- In 2021, Tanzania's imports of goods and services amounted to $10,260.4 million.
- In 2022, the import value increased significantly to $14,995.6 million, representing a substantial 46% growth in imports.
- The projection for 2023 indicates imports of $16,502.5 million, which is a 10% increase compared to 2022.
- Over the two-year period from 2021 to 2023, imports have shown significant growth of 61%.

Balance of Payment:

- The balance of payment represents the difference between exports and imports. In 2021, Tanzania had a negative balance of payment of -$1,063 million, indicating that imports exceeded exports.
- In 2022, this negative balance further increased to -$3,597.6 million.
- However, the projection for 2023 shows an improvement in the balance of payment, with a negative balance of -$3,361.7 million.
- Despite the ongoing trade deficit, there has been a 7% reduction in the negative balance from 2022 to 2023.
- Over the two-year period from 2021 to 2023, the balance of payment has increased substantially, primarily due to the higher import growth compared to exports, resulting in a 216% increase in the deficit.

While there is strong growth in both exports and imports, the faster growth in imports has led to a widening trade deficit. The improvement in the balance of payment from 2022 to 2023 shows efforts to address this imbalance.

Overall, the economic performance of Tanzania, as indicated by this research, highlights the importance of managing trade imbalances to ensure long-term economic stability and sustainability:

Export Growth:

Tanzania has experienced consistent growth in its exports of goods and services over the period from 2021 to the projected 2023. The 43% increase over this two-year span shows that the country has been successful in expanding its export activities. This growth can be an indicator of economic vitality, as it reflects the country's ability to produce and sell more goods and services to international markets.

Import Growth:

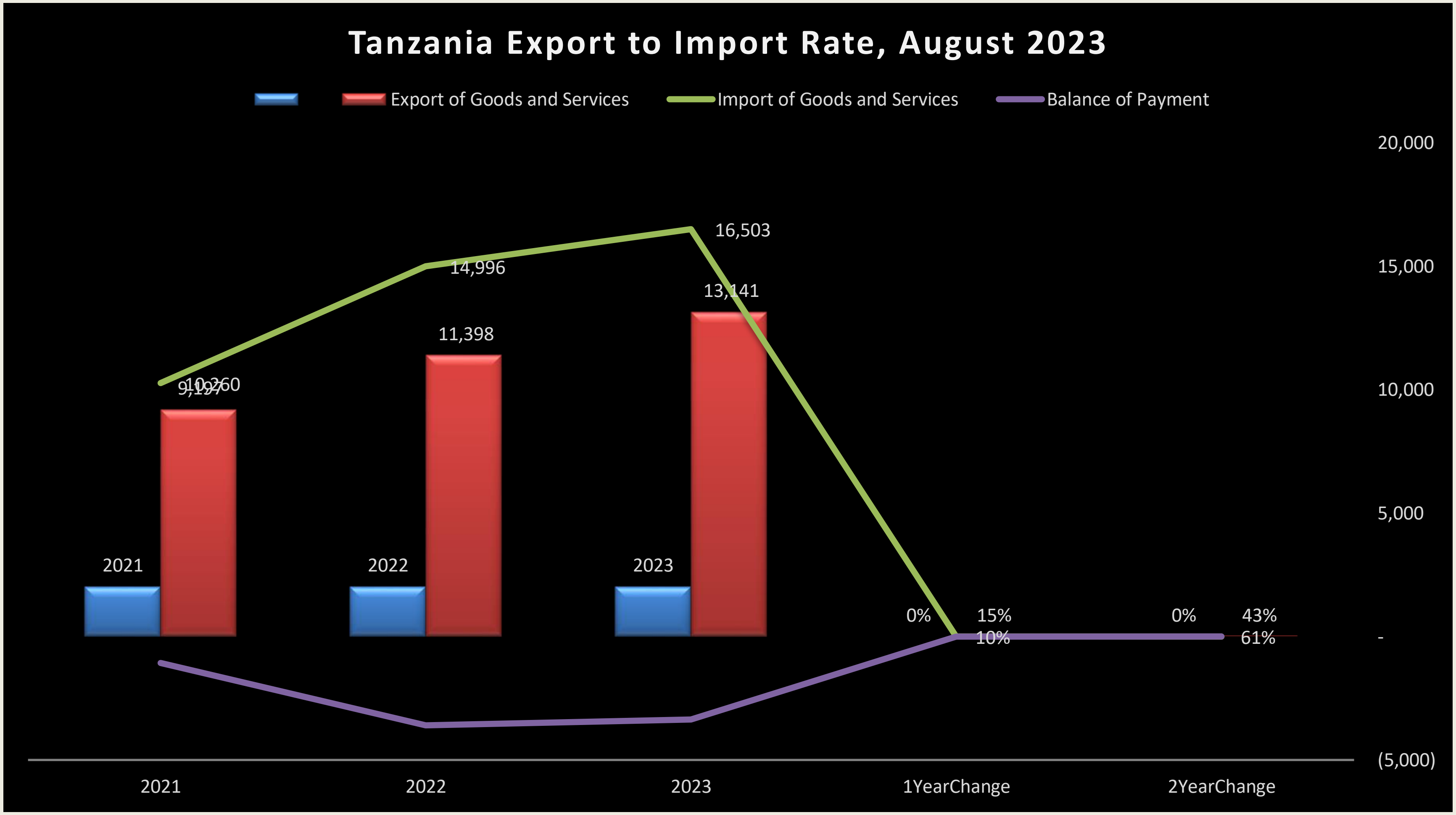
Imports have also grown significantly, with a 61% increase from 2021 to the estimated 2023 figures. While import growth can indicate economic activity and development, a substantially higher import growth rate compared to exports can lead to trade imbalances and potentially strain the balance of payments.

Trade Deficit:

The balance of payment data indicates that Tanzania has been running a trade deficit. This means that the value of goods and services imported exceeds the value of those exported. A trade deficit can have implications for a country's economic performance, as it implies that it is spending more on imports than it is earning from exports. While a trade deficit is not necessarily negative, it can become a concern if it is consistently widening.

Change in Balance of Payment:

The data shows that the balance of payment has improved slightly in 2023, with a 7% reduction in the negative balance compared to 2022. This could be seen as a positive sign, showing that Tanzania is working towards reducing the trade deficit, which is often a goal for policymakers.


Tanzania Export to Import Rate, August 2023
Export of Goods and Services
Import of Goods and Services
Balance of Payment
20,000
15,000
10,000
5,000
-
(5,000)
16,503
14,996
13,141
11,398
10,260
9,197
2021
2022
2023
0%
15%
10%
0%
43%
61%
2021
2022
2023
1YearChange
2YearChange

DEBTS DEVELOPMENT

Debts development

Tanzania's National Debt Trends: Examining External and Domestic Debt Dynamics

August 2023, the national debt of this country amounted to USD 40,574.6 million. This debt includes both public and private external debt. The reduction in debt is primarily due to exchange rate fluctuations, particularly the appreciation of the US dollar in comparison to other currencies, and a substantial part of the debt is external in nature, indicating a significant reliance on foreign borrowing.

National Debt Stock:

The national debt stock refers to the total amount of debt that a country owes. This includes various types of debt, such as public debt (both domestic and external) and private external debt. In this case, the national debt stock was USD 40,574.6 million as of the end of August 2023.

Decrease in Debt:

There was a decrease in the national debt stock by USD 728.1 million in comparison to the previous month. This reduction in debt is primarily attributed to exchange rate fluctuations. Exchange rate fluctuations can impact the value of a country's debt when it is denominated in foreign currencies. In this case, it's stated that the appreciation of the US dollar (USD) against other currencies contributed to the decrease in the debt.

Composition of Debt:

The national debt stock is composed of both public and private external debt. Public debt is typically incurred by the government, and it can be further divided into domestic (owed to domestic creditors) and external (owed to foreign creditors) components. In this situation, external debt constituted 70.5 percent of the overall debt. This means that a significant portion of the country's debt is owed to foreign creditors.

This research provides insights into the changes in a country's national debt over a specific time period. It shows that external debt decreased by 3% in a month but increased by 4% over the year. On the other hand, domestic debt increased by 3% in a month and 16% over the year. The total national debt decreased by 1% in a month but increased by 7% over the year. These numbers reflect the dynamics of the country's external and domestic borrowing and provide valuable information for assessing its fiscal health and economic trends.

The data pertains to the development of a country's national debt as of August 21, July 2023, and August 2023. It includes information about both external debt, domestic debt, and the total debts, along with changes over one month and one year:

External Debt:

- As of August 21, the external debt was Tsh63,473,790.00 million.
- In July 2023, it increased to Tsh67,898,300.00 million.
- However, by August 2023, it decreased to Tsh65,815,190.00 million.
- The one-month change shows a decrease of 3%, indicating that the external debt reduced over the course of a month.
- The one-year change shows an increase of 4%, meaning that compared to August 2022, the external debt increased by 4%.

Domestic Debt:

- As of August 21, the domestic debt was Tsh25,232,700.00 million.
- In July 2023, it increased to Tsh28,506,200.00 million.
- By August 2023, it further increased to Tsh29,226,300.00 million.
- The one-month change shows an increase of 3%, indicating that the domestic debt increased over the course of a month.
- The one-year change shows a substantial increase of 16%, meaning that compared to August 2022, the domestic debt increased by 16%.

Total Debts:

- As of August 21, the total national debt (comprising both external and domestic debt) was Tsh88,706,490.00 million.
- In July 2023, it increased to Tsh96,404,500.00 million.
- However, by August 2023, it decreased to Tsh95,041,490.00 million.
- The one-month change shows a decrease of 1%, indicating that the total national debt reduced over the course of a month.
- The one-year change shows an increase of 7%, meaning that compared to August 2022, the total national debt increased by 7%.

The changes in Tanzania's national debt, both external and domestic, over a specific time period with a complete picture of Tanzania's economic growth.

Debt Composition:

The data shows that both external and domestic debts have increased over the past year. External debt increased by 4%, while domestic debt increased by a substantial 16%. The composition of debt is essential, as it can have different implications for economic growth. High external debt can lead to foreign exchange risks, while high domestic debt can increase the government's interest payment burden.

Total Debt Dynamics:

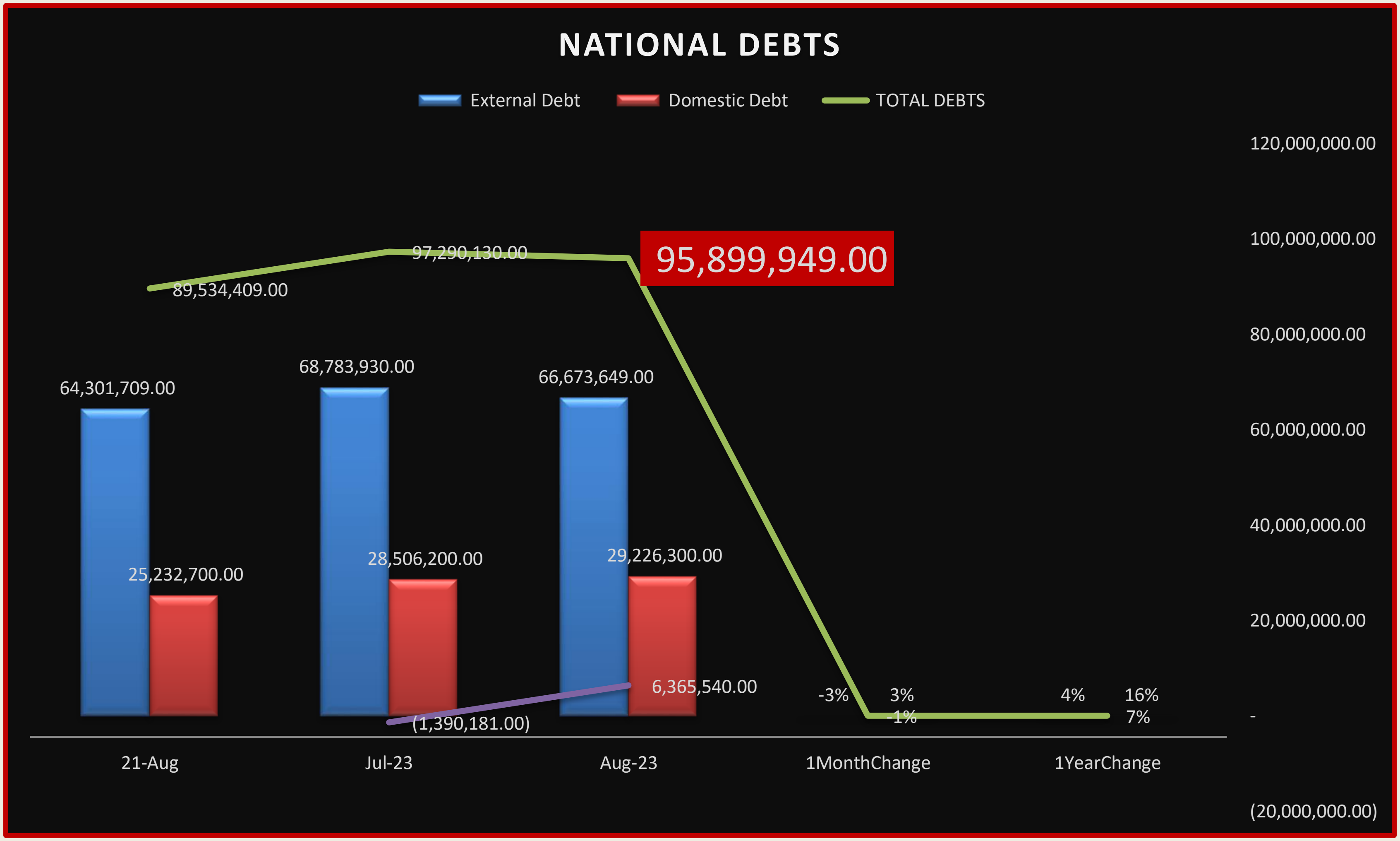
The total national debt increased by 7% over the past year. An increase in the total debt can be a concern if it outpaces the country's economic growth. It can indicate that the government is borrowing more, which might be used for investments in infrastructure, social programs, or other areas. However, it can also indicate fiscal challenges if the borrowed funds are not used efficiently or if the economy doesn't grow at a rate that can sustain the debt burden.

Short-Term Changes:

The one-month changes in debt levels are relatively small, with a 3% decrease in external debt and a 3% increase in domestic debt. Short-term fluctuations in debt levels can be influenced by various factors, including government policies, borrowing for specific projects, or repayment schedules.

Sustainability:

What's critical in assessing the economic impact of growing national debt is its sustainability. A steadily increasing debt burden can become unsustainable if the country's economic growth doesn't keep pace, leading to fiscal challenges and potential debt crises.


NATIONAL DEBTS
External Debt
Domestic Debt
TOTAL DEBTS
120,000,000.00
100,000,000.00
80,000,000.00
60,000,000.00
40,000,000.00
20,000,000.00
-
(20,000,000.00)
95,899,949.00
97,290,130.00
89,534,409.00
64,301,709.00
68,783,930.00
66,673,649.00
25,232,700.00
28,506,200.00
29,226,300.00
6,365,540.00
(1,390,181.00)
-3%
3%
-1%
4%
16%
7%
21-Aug
Jul-23
Aug-23
1MonthChange
1YearChange

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