

# What's Next For Tanzania Economy?

# ECONOMIC CONSULTING GROUP

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# **RESEARCH REPORT FOR BUSINESS AND ECONOMIC UPDATES ECONOMISTS TALK MAGAZINE**

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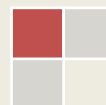


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**ECONOMISTS TALK** is an economic magazine/newspaper that comes out every month (Monthly), analyzing the economic situation in Tanzania using the following criteria: -

1. INFLATION RATES
2. MONEY SUPPLY
3. IMPORT RATES
4. EXPORT RATES
5. INVESTMENT DEVELOPMENT
6. GDP GROWTH RATES
7. DEBTS DEVELOPMENT

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## INTRODUCTION

**M**onthly 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****INFLATION RATE:**

In October 2023, Tanzania's annual headline inflation rate experienced a slight decrease from 3.3 percent in September 2023 to 3.2 percent. This signals a modest slowdown in the rate of price change for goods and services over the past year. The overall Consumer Price Index (CPI) increased from 108.73 in October 2022 to 112.18 in October 2023. Analyzing specific sectors, food and non-alcoholic beverages saw a 4.5% increase in the 12-month change, while housing and household maintenance costs remained relatively stable. Transport costs rose by 3.1%, potentially impacting households and businesses. Education and health services also showed inflation, posing concerns for accessibility. Categories such as clothing, recreation, and personal care exhibited mixed inflation trends. Alcoholic beverages and tobacco experienced a 3.4% increase, possibly influenced by consumption patterns or tax changes. On a positive note, restaurants and accommodation services demonstrated a 4.9% growth, reflecting a positive trend in the hospitality sector. Insurance and financial services remained stable with minimal change. The varying inflation rates across sectors highlight the need for policymakers to implement measures to manage inflation and promote economic stability and growth in the country.

**CURRENT ACCOUNT:**

Tanzania's recent economic trends reveal fluctuations in its Current Account, a component of the country's balance of payments encompassing goods, services, income, and current transfers. Over the past month, the "Goods and Services" account witnessed a remarkable 185.56% increase, indicating significant shifts in the trade balance. The "Goods Account" experienced a notable 45.25% decrease within the same period, suggesting a potential decline in trade balance influenced by factors like commodity prices or import/export dynamics. The "Services Account" surged by 101.28%, possibly linked to changes in the vital tourism sector, while the 1-year decline of -4.96% may reflect broader global economic impacts. The "Current Account Balance" exhibited an 85.77% decline in one month, signaling a worsened deficit, yet the 102.11% increase over the past year implies a comparatively improved situation from the preceding year. The "Primary Income Account" and "Secondary Income Account" displayed smaller fluctuations, with the former increasing by 6.23% in a month and decreasing by -1.03% over a year, and the latter rising by 11.21% in a month and 1.41% over the past year. These changes may be indicative of shifts in income flows, potentially influenced by remittances, foreign investments, aid, grants, or other transfers. The dynamic economic landscape of Tanzania reflects the interplay of domestic and international factors impacting trade and income.



**MONEY SUPPLY:**

Tanzania's recent Money Supply Overview for August 2023 reveals dynamic changes in key indicators, providing insights into the country's economic landscape. Notably, the significant one-year surge in Net Foreign Assets by 828% suggests a substantial influx of foreign capital, although a one-month dip of 12% raises short-term concerns. The Bank of Tanzania witnessed an impressive 993% annual asset increase but suffered a notable 110% decline in one month. Net Domestic Assets decreased by 27% in the short term and 161% over the past year, possibly indicating shifts in economic activity or monetary policy. The Extended Broad Money (M3) and Narrow Money Supply (M1) both experienced decreases of 20% and 19%, respectively, over one month, hinting at liquidity challenges and reduced spending. The 52% drop in Currency in Circulation in a month could signify altered consumer behavior or confidence issues. Foreign Currency Deposits saw a 39% decline in one month, possibly reflecting changes in currency preferences or foreign reserves. These fluctuations pose important considerations for policymakers and stakeholders monitoring Tanzania's economic health.

**EXPORT AND IMPORT RATE:**

Tanzania's trade performance in August 2023 reflects positive growth in exports and a reduction in the trade deficit, providing insights into the country's economic standing in the global market. Over the past two years, Tanzania has seen a consistent increase in exports, with a 16% year-over-year growth from 2022 to 2023 and a substantial 42% growth from 2021 to 2023. This upward trend suggests successful efforts by Tanzanian businesses to expand their international markets. Conversely, imports also surged, demonstrating a significant 55% growth from 2021 to 2023, though the one-year change from 2022 to 2023 was a more modest 3%. Despite these positive aspects, the balance of payments showed improvement as the trade deficit decreased by 33% from 2022 to 2023. While this signals progress, Tanzania still grapples with a trade deficit, posing challenges to foreign exchange reserves and overall financial stability. Addressing this deficit remains a key concern despite the positive strides in trade dynamics.

**INVESTMENT DEVELOPMENT:**

Tanzania's investment development exhibited a positive trend in Q1 2022 and Q1 2023, showcasing a notable increase from 82 to 137 registered projects. This growth signifies a burgeoning interest in investment and development activities within the country. The sectoral distribution reveals a diversified portfolio across Agriculture, Commercial Building, Manufacturing, Tourism, and Transportation, indicating



strategic areas of focus. The employment impact is substantial, with jobs created surging from 12,008 in Q1 2022 to 86,986 in Q1 2023, reflecting potential positive effects on employment and economic development. Although the total value of projects decreased slightly from USD 2,417.04 million to USD 2,069.49 million, the emphasis on sectoral distribution and specific project details is crucial for a comprehensive understanding. Manufacturing remains a key contributor, with Agriculture, Commercial Building, and Transportation also playing significant roles. The Economic Infrastructure sector witness's substantial growth, emphasizing a focus on critical infrastructure development, while the Tourism sector attracts increased investments in projects, jobs, and value. Overall, Tanzania's investment landscape demonstrates resilience and strategic diversification, contributing to economic growth.

**BUDGET ANALYSIS:**

In September 2023, Tanzania's government demonstrated effective fiscal management, maintaining control over its financial situation despite challenges. The key indicators reveal that government expenditure was slightly below budgeted and estimated figures, showcasing prudent financial management. However, interest costs exceeded expectations by 20%, suggesting increased borrowing costs or higher debt servicing requirements. Development expenditure, though slightly less than budgeted, underscores the government's commitment to investment. Other recurrent expenditure saw a significant decrease (-27%), possibly reflecting cost-cutting measures. On the revenue side, the government exceeded budgeted and estimated figures, indicating improved tax collection or other revenue sources. Notably, the budget deficit was substantially smaller (-34%) than initially estimated, reflecting efficient financial management and contributing positively to fiscal stability. Overall, Tanzania's government exhibited control over expenditure, revenue generation, and deficit reduction in August 2023, contributing to the country's economic stability.

**NATIONAL DEBTS:**

Tanzania's national debt dynamics reveal a nuanced picture, with external debt decreasing by 2% in one month, signaling a short-term reduction in reliance on foreign borrowing. However, a 2% increase over the past year suggests a longer-term growth trend. Concurrently, domestic debt has surged by 1% in a month and a substantial 15% over the past year, indicating heightened government borrowing from domestic sources. The total national debt exhibited a 1% decrease in one month, primarily driven by the reduction in external debt, but it still rose by 6% over the past year. This intricacy underscores the importance of prudent debt management for sustainable economic growth and stability in Tanzania. The government's strategies, such as reducing external debt in the short term and actively borrowing domestically, reflect its efforts to balance fiscal responsibilities while funding essential programs and





infrastructure projects. The overall impact and sustainability of this debt trajectory will hinge on various factors, including economic growth, borrowing terms, and the government's capacity to service its debt without causing fiscal strain.

## **BUDGET ANALYSIS**

### **Tanzania's Fiscal Health in August 2023: Reduced Deficit and Controlled Expenditure Despite Rising Interest Costs**

The government's fiscal performance, including expenditure control and revenue generation, and the resulting budget deficit. The actual performance shows a smaller deficit than initially projected, which may have implications for fiscal stability and government finances.

#### **GOVERNMENT EXPENDITURE:**

##### **Wages and Salaries:**

- Actual Operations (August 2023): 822.9
- Budgeted/Estimated: 825.9
- Percentage Change Between Actual and Estimated: 0%

##### **Interest Costs:**

- Actual Operations (August 2023): 285.1
- Budgeted/Estimated: 236.6
- Percentage Change Between Actual and Estimated: 20%

##### **Development Expenditure:**

- Actual Operations (August 2023): 1,357.3
- Budgeted/Estimated: 1,392.9
- Percentage Change Between Actual and Estimated: -3%

##### **Other Recurrent Expenditure:**

- Actual Operations (August 2023): 562.4
- Budgeted/Estimated: 768.5
- Percentage Change Between Actual and Estimated: -27%

##### **Total Government Expenditure:**



- Actual Operations (August 2023): 3,028
- Budgeted/Estimated: 3,224
- Percentage Change Between Actual and Estimated: -6%

## GOVERNMENT REVENUES:

### Taxes on Imports:

- Actual Operations (August 2023): 824.7
- Budgeted/Estimated: 719.4
- Percentage Change Between Actual and Estimated: 15%

### Income Tax:

- Actual Operations (August 2023): 988.9
- Budgeted/Estimated: 950.6
- Percentage Change Between Actual and Estimated: 4%

### Tax on Local Goods and Services:

- Actual Operations (August 2023): 315.4
- Budgeted/Estimated: 349.6
- Percentage Change Between Actual and Estimated: -10%

### Other Tax:

- Actual Operations (August 2023): 114.5
- Budgeted/Estimated: 126.7
- Percentage Change Between Actual and Estimated: -10%

### Non-Tax Revenues:

- Actual Operations (August 2023): 293.2
- Budgeted/Estimated: 338.8
- Percentage Change Between Actual and Estimated: -13%

### Total Government Revenues:

- Actual Operations (August 2023): 2,537
- Budgeted/Estimated: 2,485
- Percentage Change Between Actual and Estimated: 2%



## DEFICIT:

- Actual Operations (August 2023): -491
- Budgeted/Estimated: -738.8
- Percentage Change Between Actual and Estimated: -34%

## Key takeaways from this data:

- Government expenditure in August 2023 was slightly below the budgeted and estimated figures.
- Interest costs exceeded the budgeted amount, indicating increased borrowing costs.
- Development expenditure was slightly less than budgeted.
- Other recurrent expenditure was significantly lower than the budgeted amount.
- Government revenues exceeded the budgeted and estimated figures.
- The budget deficit in August 2023 was smaller than originally estimated.

Tanzania's government was able to maintain some control over its fiscal situation in August 2023, which is a positive sign for the country's economic stability. Effective expenditure management, revenue collection, and deficit reduction are essential components of sound fiscal policy:

### Expenditure Control:

The government managed to control its expenditure in August 2023, with actual spending coming in slightly below the budgeted and estimated figures. This shows prudent financial management.

### Interest Costs:

The fact that interest costs exceeded the budgeted amount by 20% indicates that the government may have had to pay more in interest on its debt during the month. This could be a result of higher borrowing costs or increased debt servicing requirements.

### Development Expenditure:

Although development expenditure was slightly less than budgeted, it remains a significant part of the budget. This indicates the government's commitment to investment in infrastructure and development projects.

### Other Recurrent Expenditure:



The significant decrease in other recurrent expenditure compared to the budgeted amount (-27%) might reflect cost-cutting measures or adjustments in specific spending areas.

### **Government Revenues:**

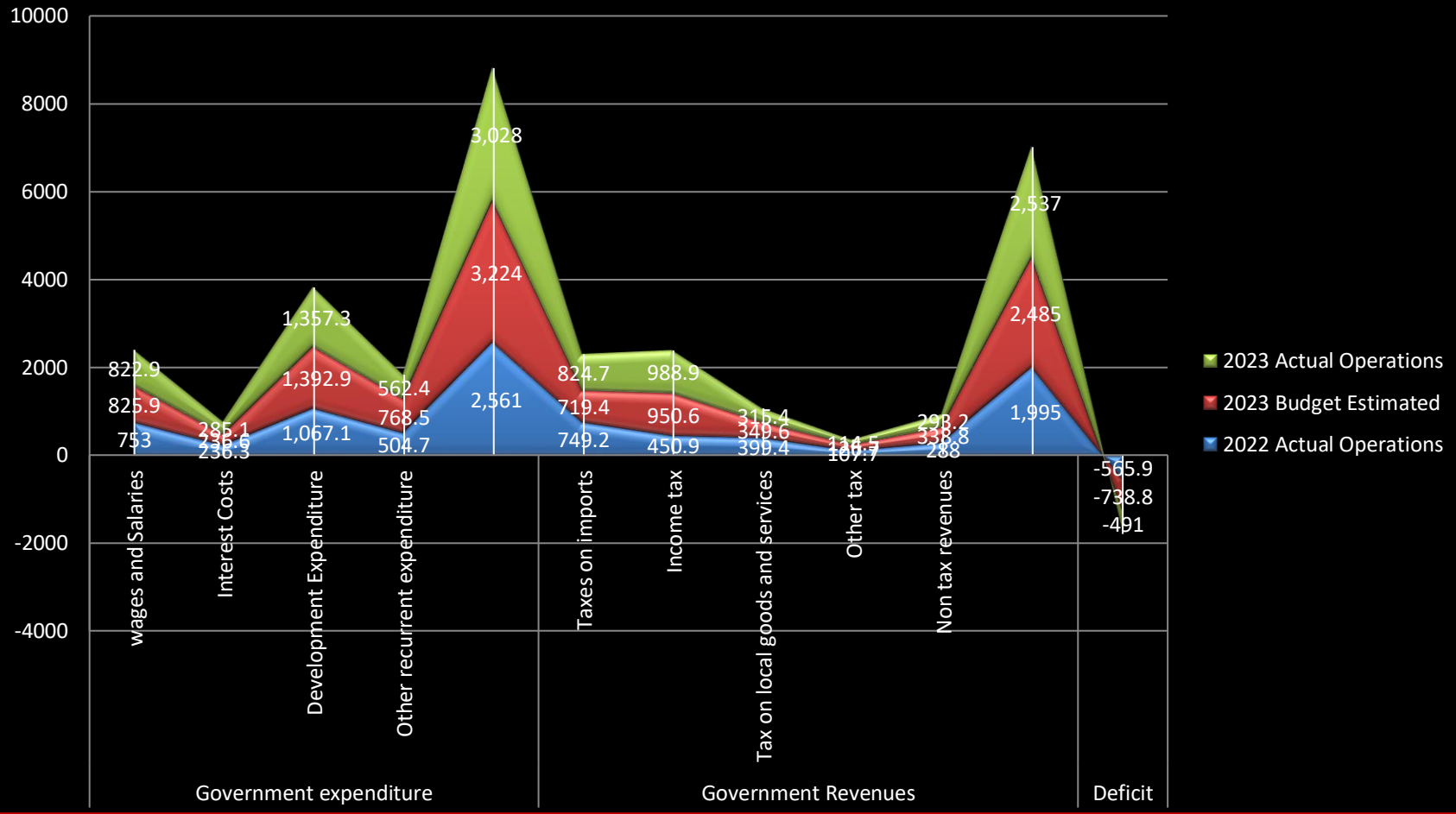
Government revenues exceeded the budgeted and estimated figures, which is a positive sign for the country's fiscal health. This could be due to improved tax collection or other sources of revenue.

### **Deficit Reduction:**

The budget deficit in August 2023 was substantially smaller (-34%) than the initial estimate, indicating that the government managed its finances more efficiently during the month. A reduced deficit is generally positive for fiscal stability.

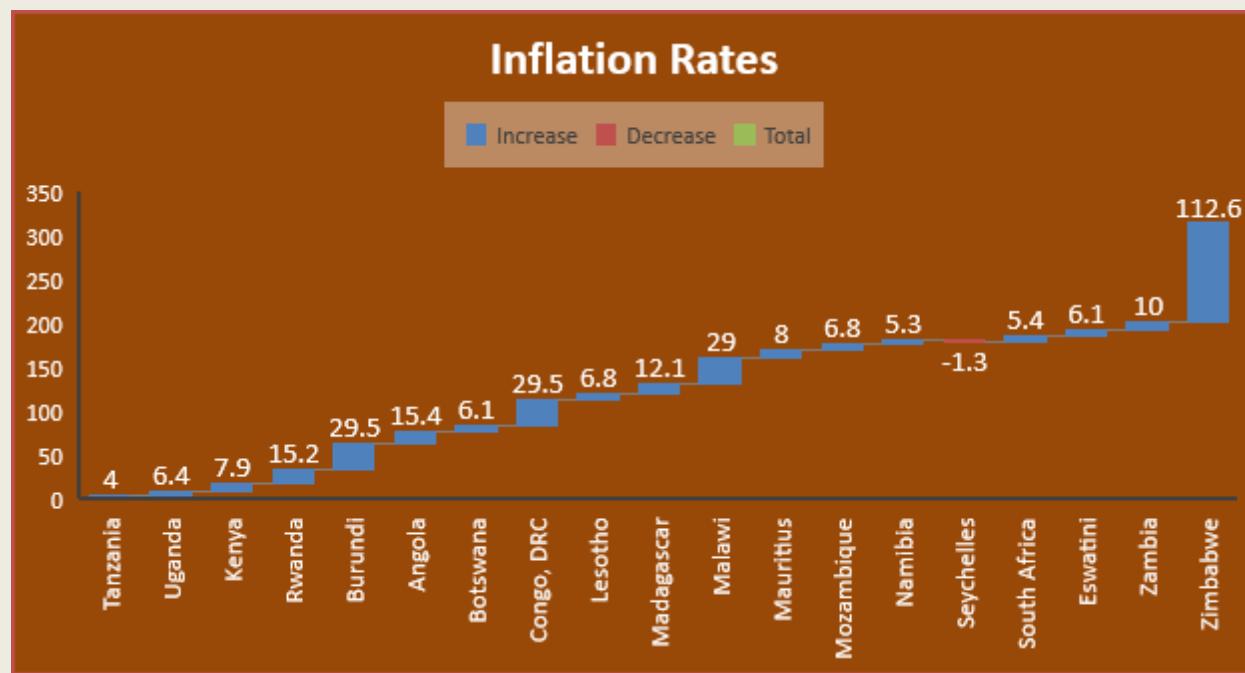


### Government Budget Performance Evaluation September 2023



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.

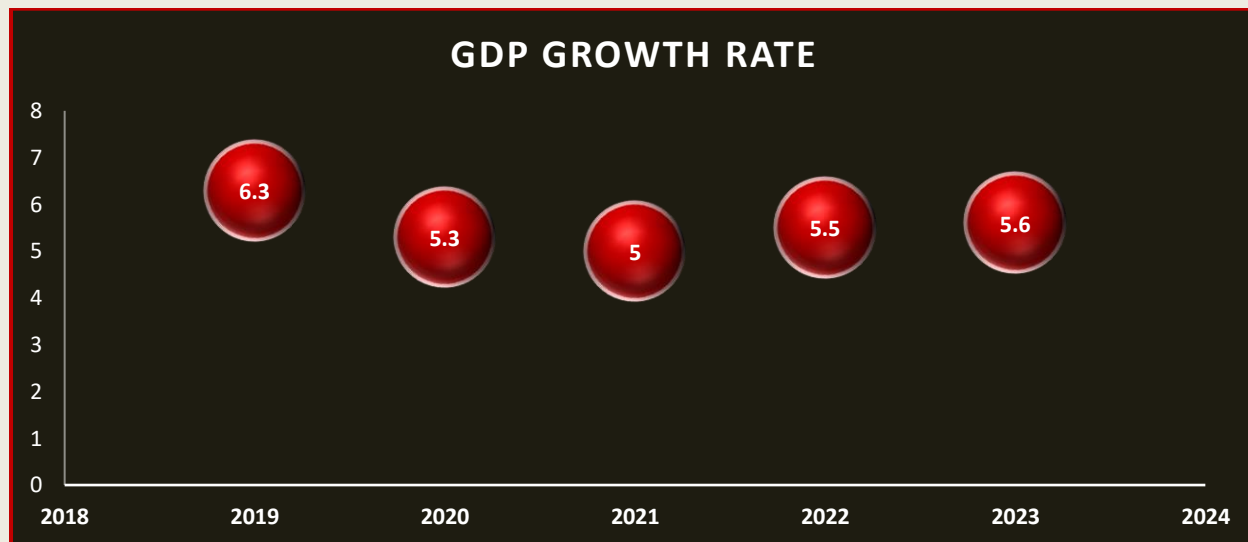
**Inflation Rates:**

- 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.



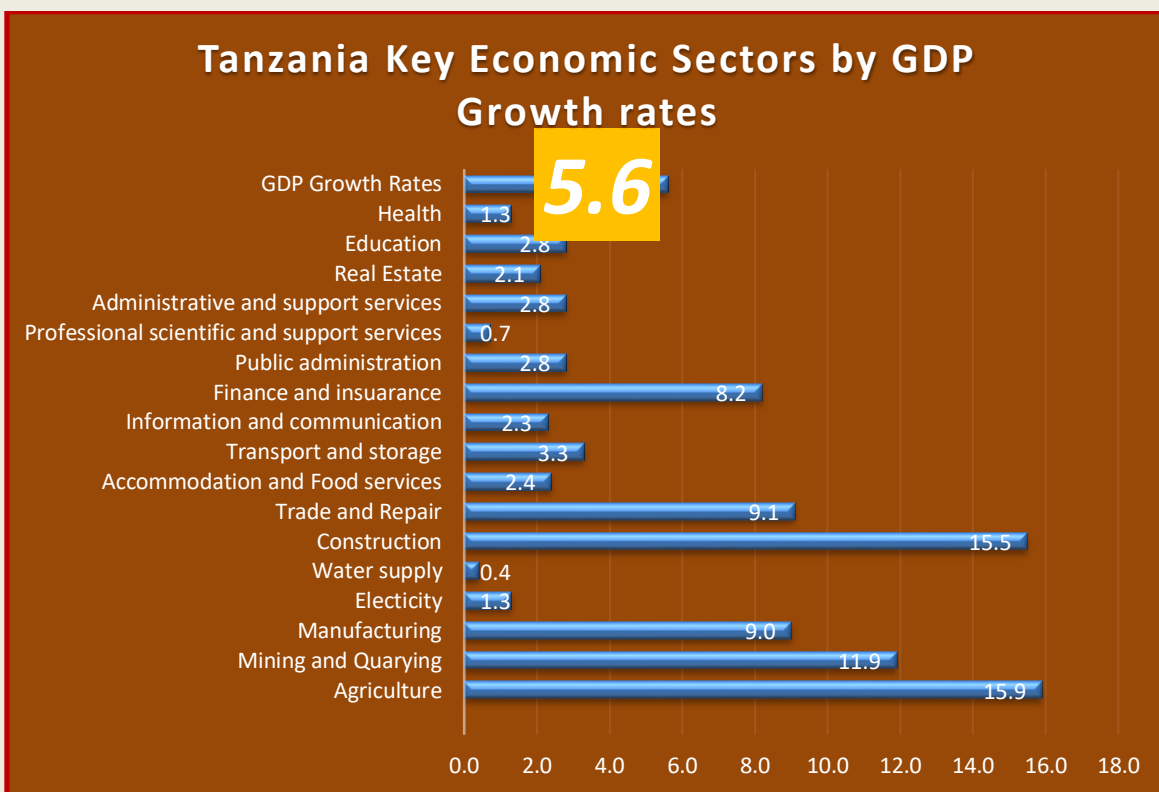
## Sectoral Contribution to GDP Growth:

- 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 FUNCTION

### INFLATION RATE

#### Understanding Inflation in Tanzania: Sectoral Analysis for October 2023

The annual headline inflation rate for October 2023 has seen a marginal decline, dropping from 3.3 percent in September 2023 to 3.2 percent. This decrease in headline inflation indicates that the rate of price change for goods and services over the year ending in October 2023 has slightly slowed down compared to the rate recorded for the year ending in September 2023. Furthermore, the overall index has increased from 108.73 in October 2022 to 112.18 in October 2023.

These numbers represent the changes in the Consumer Price Index (CPI) for each of these main groups over time, indicating inflation or deflation in each category. A positive change indicates inflation, while a negative change indicates deflation. The 12-month change shows the inflation rate over the past year for each category.

#### Food and Non-alcoholic Beverages:

- Inflation in October 2022: 112.55
- Inflation in September 2023: 118.17
- Inflation in October 2023: 117.57
- 1-Month Change: -0.5
- 12-Month Change: 4.5

#### Alcoholic Beverages and Tobacco:

- Inflation in October 2022: 103.6
- Inflation in September 2023: 107.3
- Inflation in October 2023: 107.17
- 1-Month Change: -0.1
- 12-Month Change: 3.4

#### Clothing and Footwear:

- Inflation in October 2022: 107.47
- Inflation in September 2023: 110.81
- Inflation in October 2023: 110.72
- 1-Month Change: -0.1



- 12-Month Change: 3.0

## **Housing, Water, Electricity, Gas, and Other Fuels:**

- Inflation in October 2022: 108.06
- Inflation in September 2023: 109.41
- Inflation in October 2023: 109.41
- 1-Month Change: 0.0
- 12-Month Change: 1.2

## **Household Maintenance:**

- Inflation in October 2022: 107.74
- Inflation in September 2023: 111.44
- Inflation in October 2023: 111.44
- 1-Month Change: 0.0
- 12-Month Change: 3.4

## **Health:**

- Inflation in October 2022: 104.59
- Inflation in September 2023: 106.37
- Inflation in October 2023: 106.35
- 1-Month Change: 0.0
- 12-Month Change: 1.7

## **Transport:**

- Inflation in October 2022: 110.37
- Inflation in September 2023: 113.42
- Inflation in October 2023: 113.77
- 1-Month Change: 0.3
- 12-Month Change: 3.1



## Information and Communication:

- Inflation in October 2022: 103.26
- Inflation in September 2023: 104.93
- Inflation in October 2023: 104.72
- 1-Month Change: -0.2
- 12-Month Change: 1.4

## Recreation, Sports, and Culture:

- Inflation in October 2022: 104.64
- Inflation in September 2023: 107.45
- Inflation in October 2023: 107.58
- 1-Month Change: 0.1
- 12-Month Change: 2.8

## Education Services:

- Inflation in October 2022: 101.9
- Inflation in September 2023: 105.48
- Inflation in October 2023: 105.48
- 1-Month Change: 0.0
- 12-Month Change: 3.5

## Restaurants and Accommodation Services:

- Inflation in October 2022: 107.85
- Inflation in September 2023: 113.04
- Inflation in October 2023: 113.14
- 1-Month Change: 0.1
- 12-Month Change: 4.9

## Insurance and Financial Services:

- Inflation in October 2022: 100.1
- Inflation in September 2023: 100.65
- Inflation in October 2023: 100.66
- 1-Month Change: 0.0



- 12-Month Change: 0.6

### **Personal Care, Social Protection, and Miscellaneous Goods and Services:**

- Inflation in October 2022: 105.5
- Inflation in September 2023: 109.46
- Inflation in October 2023: 109.27
- 1-Month Change: -0.2
- 12-Month Change: 3.6

The data shows that while there is inflation in many categories, it varies across sectors. This can be a reflection of different factors impacting each sector of the economy. Rising food and transport costs may pose challenges for households, while sectors with stable or declining prices may provide some relief. The government and policymakers need to monitor these trends and implement appropriate measures to manage inflation and promote economic stability and growth in the country.

The inflation rates in Tanzania for different categories can provide some insights into the country's economic performance. Inflation is an important economic indicator, and its behavior in different sectors can offer clues about overall economic health:

### **Overall Inflation Trend:**

The 12-month change in the various categories shows that, on average, there has been inflation in Tanzania over the past year. This indicates a general increase in prices across these categories.

### **Food Inflation:**

Food and non-alcoholic beverages, a significant part of consumer spending, have seen a 12-month change of 4.5%, shows rising food prices. High food inflation can impact the cost of living and potentially lead to challenges for households.

### **Stable Housing and Household Maintenance Costs:**

Housing, water, electricity, gas, household maintenance, and household equipment categories have shown relatively stable inflation rates over the 12-month period, which can indicate some stability in these essential areas of expenditure.



## **Rising Transport Costs:**

Transport has seen a 12-month change of 3.1%, indicating increasing costs in this sector. This can affect both individuals and businesses, as it may result in higher transportation expenses.

## **Education and Health Costs:**

Education services and health have both seen 12-month changes indicating inflation, which might be a concern for individuals and families seeking these essential services.

## **Variability in Other Categories:**

Other categories like clothing and footwear, recreation, and personal care show mixed inflation trends, with some increasing and some decreasing. These fluctuations may reflect changes in consumer preferences and supply and demand dynamics.

## **Inflation in Alcoholic Beverages and Tobacco:**

The category of alcoholic beverages and tobacco has seen a 12-month change of 3.4%. This could be an indicator of increased consumption in these items or possible tax changes affecting their prices.

## **Positive Trends in Restaurants and Accommodation Services:**

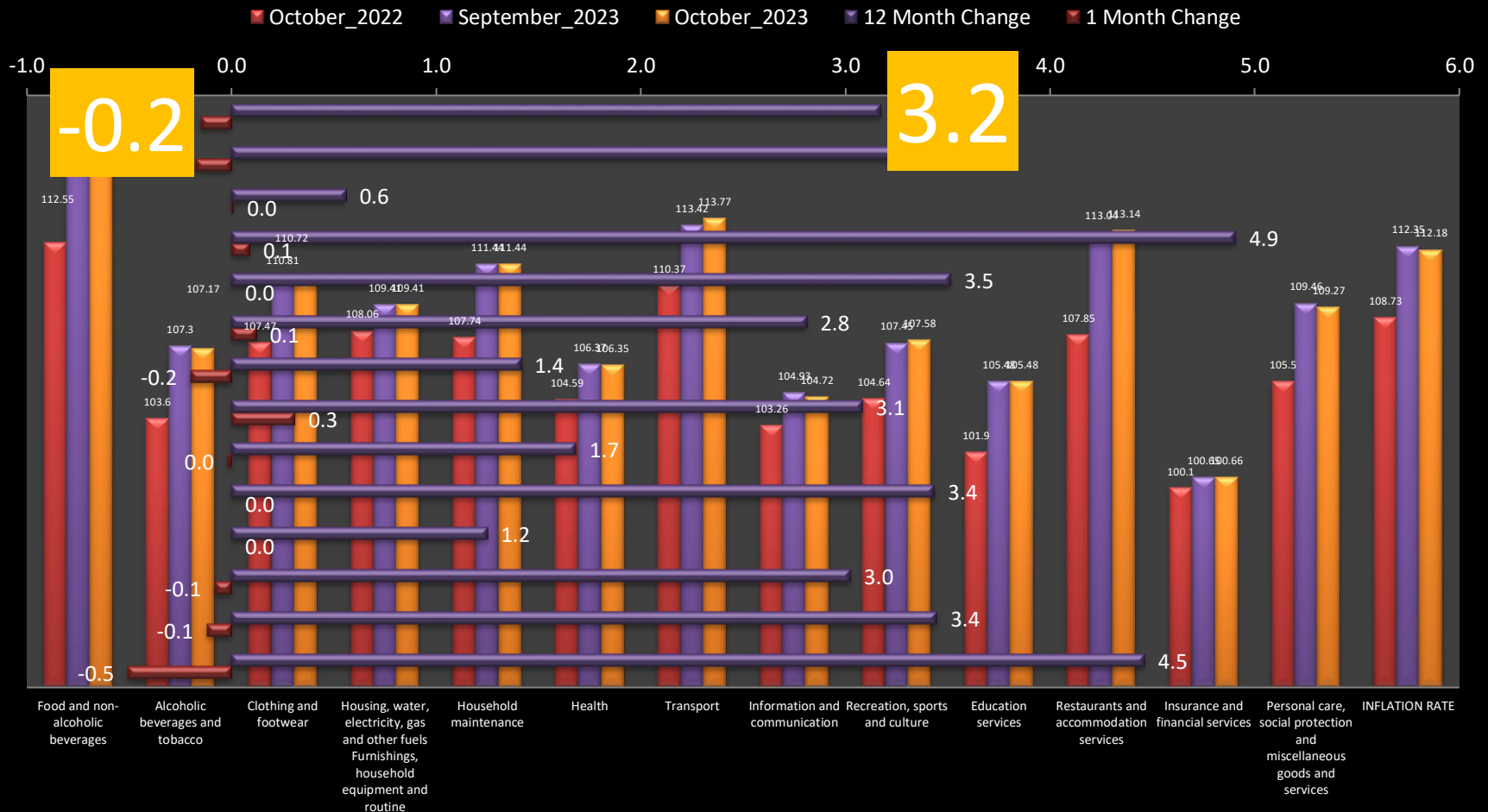
The 12-month change in restaurants and accommodation services indicates a 4.9% increase, which may show growth in the hospitality and dining sector.

## **Stability in Insurance and Financial Services:**

The category of insurance and financial services has seen minimal change over the 12-month period, indicating stability in this sector.



### Inflation Rates

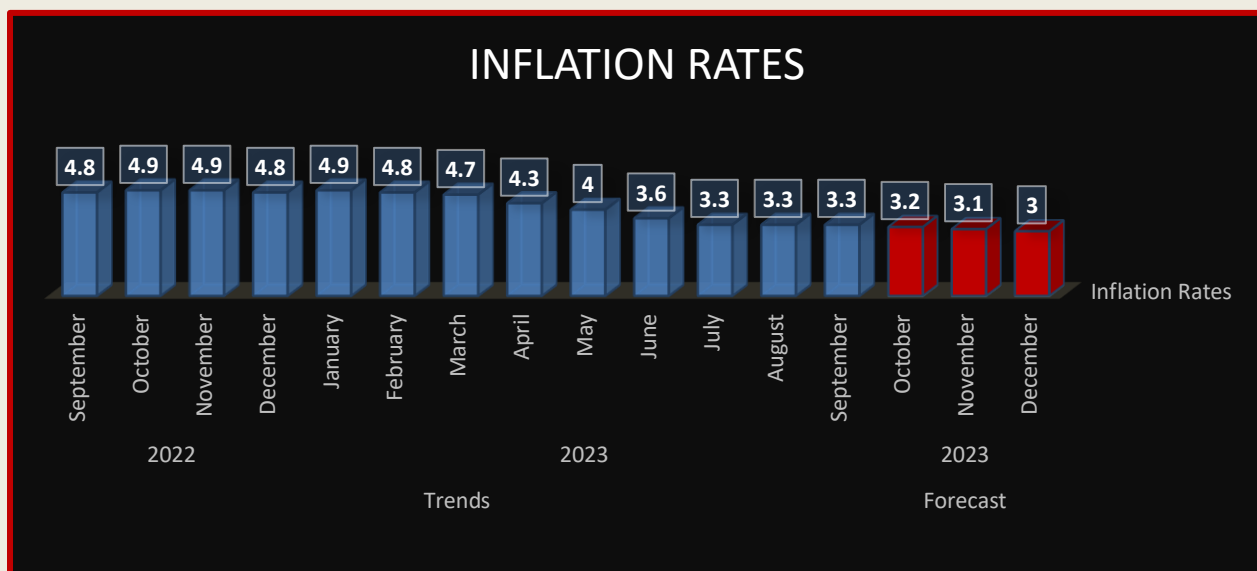




**FORECASTED INFLATION RATES**

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).



**CURRENT ACCOUNT****Tanzania's Current Account Sees Fluctuations: Goods and Services Surge, Current Account Balance Dips**

Tanzania's Current Account, which is a part of the country's balance of payments. The Current Account measures the flow of goods, services, income, and current transfers in and out of a country.

The "Goods Account" and the "Current Account Balance" have seen significant changes, with the former decreasing and the latter also showing a substantial decrease in the 1-month period.

Please note that negative values indicate deficits in these accounts.

**Goods Account:**

- On 22nd September, it was -738.6 million units of the currency.
- On 23rd August, it was -404.4 million units of the currency.
- On 23rd September, it was -475.3 million units of the currency.
- In the 1-month period from 23rd August to 23rd September, it decreased by 45.25%.
- In the 1-year period from 23rd September (of the previous year) to 23rd September, it increased by 17.53%.

**Services Account:**

- On 22nd September, it was 177.17 million units of the currency.
- On 23rd August, it was 356.6 million units of the currency.
- On 23rd September, it was 338.9 million units of the currency.
- In the 1-month period from 23rd August to 23rd September, it increased by 101.28%.
- In the 1-year period from 23rd September (of the previous year) to 23rd September, it decreased by -4.96%.

**Goods and Services:**

- On 22nd September, it was -561.4 million units of the currency.
- On 23rd August, it was -47.8 million units of the currency.
- On 23rd September, it was -136.5 million units of the currency.
- In the 1-month period from 23rd August to 23rd September, it decreased by 91.49%.
- In the 1-year period from 23rd September (of the previous year) to 23rd September, it increased by 185.56%.



## Primary Income Account:

- On 22nd September, it was -81.9 million units of the currency.
- On 23rd August, it was -87 million units of the currency.
- On 23rd September, it was -86.1 million units of the currency.
- In the 1-month period from 23rd August to 23rd September, it increased by 6.23%.
- In the 1-year period from 23rd September (of the previous year) to 23rd September, it decreased by -1.03%.

## Secondary Income Account:

- On 22nd September, it was 44.6 million units of the currency.
- On 23rd August, it was 49.6 million units of the currency.
- On 23rd September, it was 50.3 million units of the currency.
- In the 1-month period from 23rd August to 23rd September, it increased by 11.21%.
- In the 1-year period from 23rd September (of the previous year) to 23rd September, it increased by 1.41%.

## Current Account Balance:

- On 22nd September, it was -598.7 million units of the currency.
- On 23rd August, it was -85.2 million units of the currency.
- On 23rd September, it was -172.2 million units of the currency.
- In the 1-month period from 23rd August to 23rd September, it decreased by 85.77%.
- In the 1-year period from 23rd September (of the previous year) to 23rd September, it increased by 102.11%.

Tanzania's economy has experienced changes in its trade balance and current account position, particularly over the past month. The country's economic situation can be influenced by both domestic and international factors, and these changes may reflect the impact of global economic trends, commodity prices, and the performance of key sectors like tourism and services:

## Goods and Services:

The combined "Goods and Services" account shows a substantial change over the past year, with a significant increase of 185.56%. This shows that Tanzania has experienced a notable change in its trade balance, likely due to shifts in the export and import of goods and services.



## **Goods Account:**

The "Goods Account" has seen a 45.25% decrease in just one month. A decrease in the goods account could indicate a decline in the trade balance, which might be influenced by factors such as changes in commodity prices, export demand, or import levels. The 17.53% increase over the past year may be indicative of longer-term economic trends.

## **Services Account:**

The "Services Account" increased by 101.28% in the span of one month, which is a significant change. This could be related to changes in the tourism industry, which is an important sector for Tanzania. The 1-year decrease of -4.96% may reflect the impact of the global economic environment on the services sector.

## **Current Account Balance:**

The "Current Account Balance" has seen a substantial decrease of 85.77% in just one month, indicating that Tanzania's current account deficit has worsened in a short time frame. However, over the past year, it increased by 102.11%, which shows that the situation may have been better compared to the previous year.

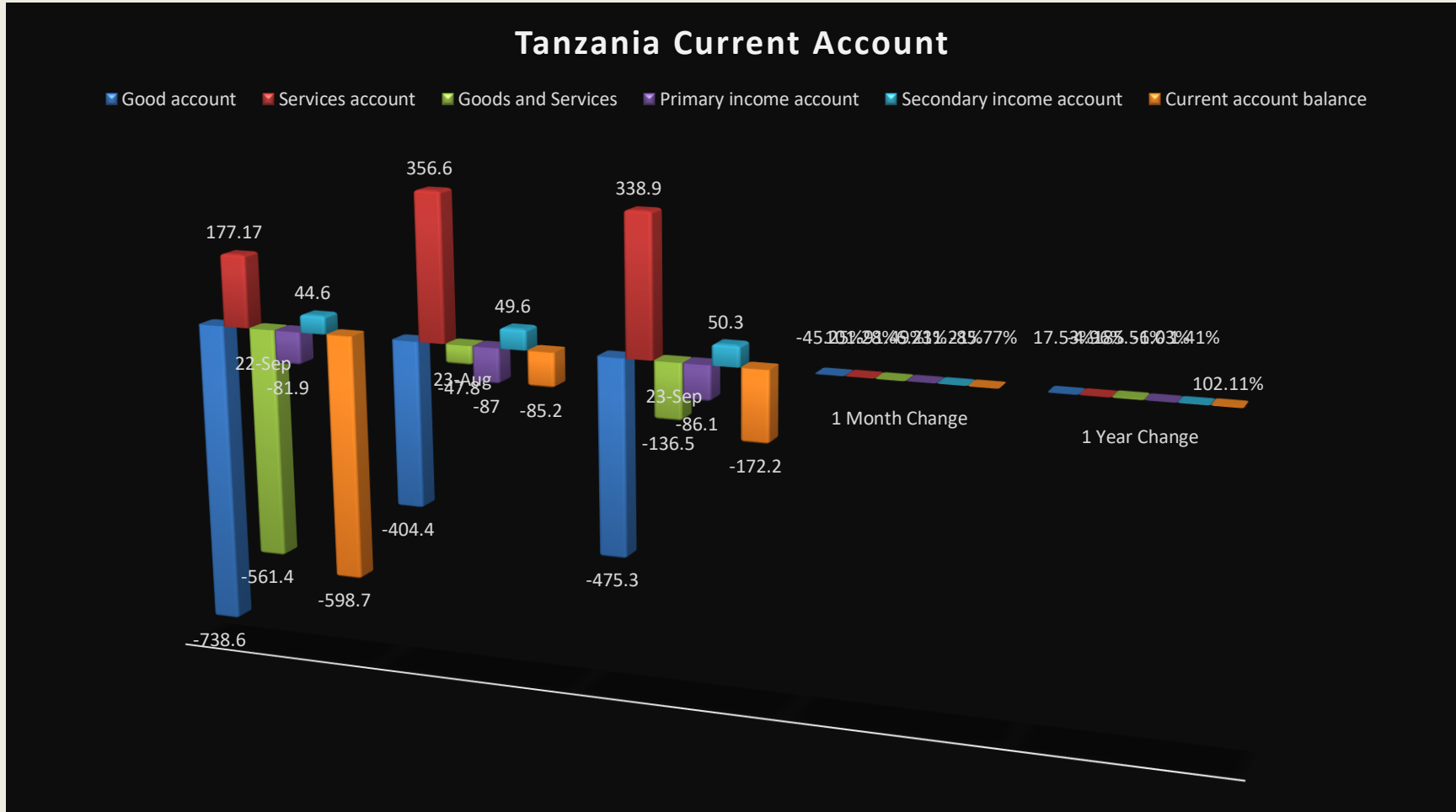
## **Primary Income Account:**

This account shows a small increase of 6.23% in one month but has decreased by -1.03% over the past year. This might reflect changes in income flows, such as remittances or foreign investment returns.

## **Secondary Income Account:**

The "Secondary Income Account" has increased by 11.21% in one month and 1.41% over the past year. This may be related to factors like aid, grants, or other transfers.





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## MONEY SUPPLY

**Tanzania's Money Supply Overview (August 2023):** Changes in liquidity as represented by M1 and M3 and their potential economic implications.

### Net Foreign Assets:

- On 22-Aug, it was 3.8.
- On 23-Sep, it increased to 4.3.
- This represents a 12% increase over one month.
- Over the past year, there was a significant increase of 828%.

### Bank of Tanzania:

- On 22-Aug, it was 6.1.
- On 23-Sep, it decreased to 2.9.
- This shows a significant decrease of 110% over one month.
- Over the past year, there was a substantial increase of 993%.

### Net Domestic Assets:

- On 22-Aug, it was 22.8.
- On 23-Sep, it decreased to 18.
- This represents a 27% decrease over one month.
- Over the past year, there was a decrease of 161%.

### Domestic Claims:

- On 22-Aug, it was 17.5.
- On 23-Sep, it increased slightly to 18.1.
- This shows a 3% increase over one month.
- Over the past year, there was a decrease of 86%.

### Securities Held by Banks:

- On 22-Aug, it was 24.8.
- On 23-Sep, it decreased to 21.3.
- This represents a 16% decrease over one month.
- Over the past year, there was a 19% increase.

### Claims on the Private Sector:

- On 22-Aug, it was 21.



- On 23-Sep, it decreased to 19.5.
- This represents an 8% decrease over one month.
- Over the past year, there was a 13% decrease.

### Extended Broad Money (M3):

- On 22-Aug, it was 17.4.
- On 23-Sep, it decreased to 14.5.
- This shows a 20% decrease over one month.
- Over the past year, there was a 6% increase.

### Foreign Currency Deposits:

- On 22-Aug, it was 22.5.
- On 23-Sep, it decreased to 16.2.
- This represents a 39% decrease over one month.
- Over the past year, there was a 32% increase.

### Broad Money Supply (M2):

- On 22-Aug, it was 15.9.
- On 23-Sep, it decreased to 14.
- This shows a 14% decrease over one month.
- Over the past year, there was a 3% decrease.

### Narrow Money Supply (M1):

- On 22-Aug, it was 15.2.
- On 23-Sep, it decreased to 12.8.
- This shows a 19% decrease over one month.
- Over the past year, there was a 21% increase.

### Currency in Circulation:

- On 22-Aug, it was 16.3.
- On 23-Sep, it decreased significantly to 10.7.
- This represents a 52% decrease over one month.
- Over the past year, there was a 66% decrease.

### Transferable Deposits:

- On 22-Aug, it was 14.7.
- On 23-Sep, it decreased to 13.8.



- This shows a 7% decrease over one month.
- Over the past year, there was a 51% increase.

**Tanzania's money supply and its changes over time can offer insights into the country's economic performance:**

### **Net Foreign Assets:**

The significant increase in net foreign assets over the past year (828%) shows a substantial inflow of foreign capital, which could be positive for Tanzania's economy. However, the one-month change indicates a decrease of 12%, which may be a short-term fluctuation.

### **Bank of Tanzania:**

The Bank of Tanzania has seen a remarkable increase in assets over the past year (993%), but it has experienced a significant decrease in assets over one month (110%). This could be due to various factors, such as changes in central bank policies or external financial conditions.

### **Net Domestic Assets:**

A decrease of 27% in net domestic assets over one month may indicate a reduction in domestic economic activity or a change in monetary policy. The significant decrease over the past year (161%) shows a longer-term trend.

### **Extended Broad Money (M3):**

M3, which represents the broadest measure of money supply, has decreased by 20% over one month. This could show reduced liquidity in the economy, which might be associated with economic challenges or changes in financial markets.

### **Narrow Money Supply (M1):**

M1 has decreased by 19% over one month, indicating a reduction in the most liquid forms of money. This could be a sign of decreased consumer and business spending.

### **Currency in Circulation:**

The sharp decrease of 52% in currency in circulation over one month could be related to changes in consumer behavior, monetary policies, or banking activities. This decrease could be a cause for concern if it represents a loss of confidence in the local currency.



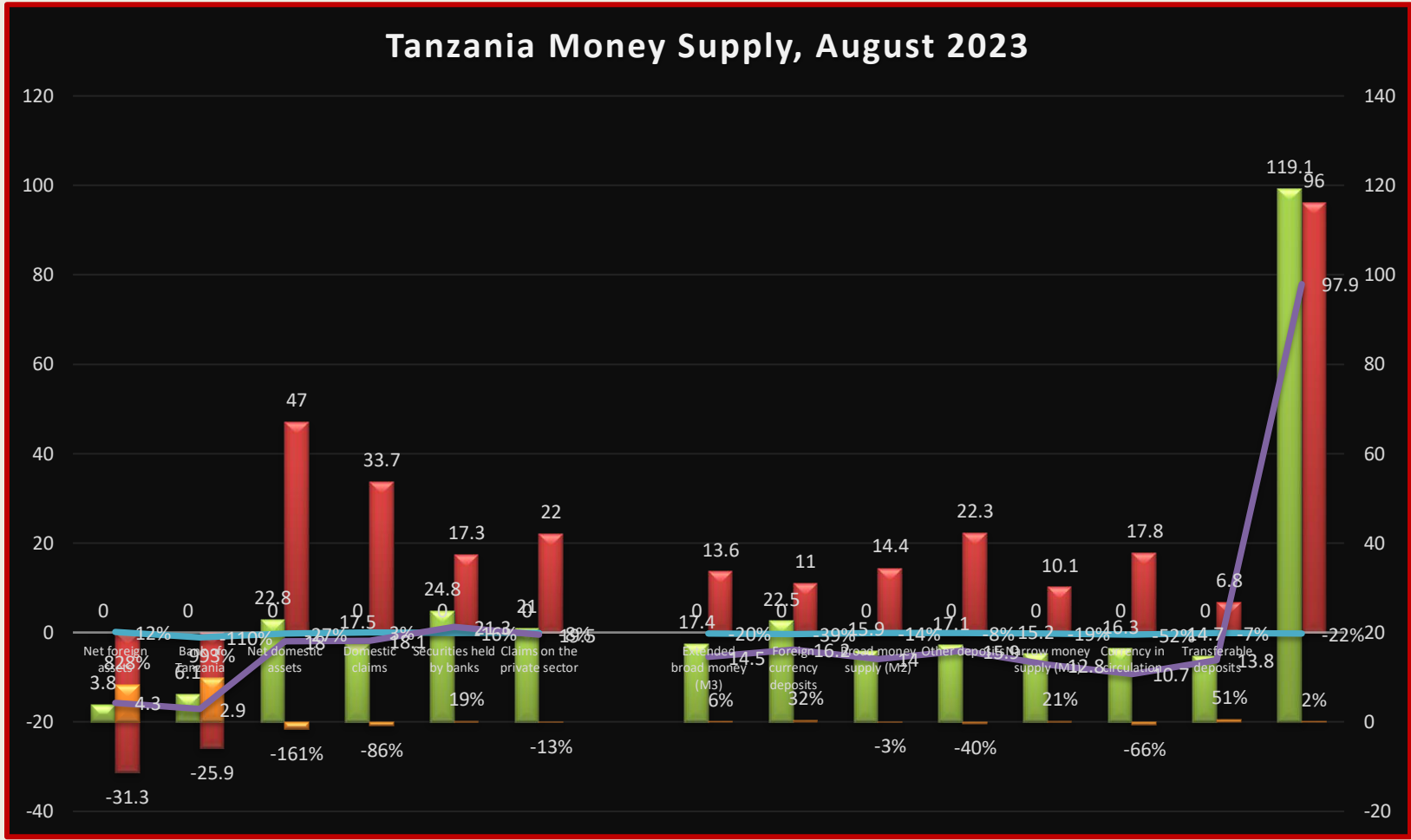
## **Foreign Currency Deposits:**

The 39% decrease in foreign currency deposits over one month might indicate a change in preferences for foreign currencies or a reduction in foreign exchange reserves.

## **Other Deposits:**

The 8% decrease in other deposits over one month and the 40% decrease over the past year could be due to various factors, including changes in saving habits and financial market conditions.





**EXPORT AND IMPORT****Tanzania's Trade Performance in 2023: The potential economic implications of Tanzania's trade performance.**

Tanzania's exports have been steadily increasing over the past two years, which is a positive sign for its international trade performance. However, imports have also grown, leading to trade deficits in both years, although the trade deficit improved in 2023 compared to 2022.

**Export of Goods and Services:**

- In 2021, the total export value was 9,446 (in millions of units, typically currency).
- In 2022, it increased to 11,555, showing a 22% growth compared to 2021.
- In 2023, it further increased to 13,415, representing a 16% growth compared to 2022.
- The one-year change from 2022 to 2023 indicates a 16% increase.
- The two-year change from 2021 to 2023 shows a significant 42% increase in exports.

**Import of Goods and Services:**

- In 2021, the total import value was 10,420.
- In 2022, it increased significantly to 15,633, demonstrating a 50% growth compared to 2021.
- In 2023, it further increased to 16,157, which is a 3% growth compared to 2022.
- The one-year change from 2022 to 2023 indicates a 3% increase.
- The two-year change from 2021 to 2023 reflects a substantial 55% increase in imports.

**Balance of Payments:**

- In 2021, the balance of payments was -974.5, indicating a trade deficit.
- In 2022, this trade deficit increased significantly to -4,077.7.
- In 2023, the trade deficit decreased to -2,741.9, representing a 33% reduction compared to 2022.
- The one-year change from 2022 to 2023 indicates a 33% improvement in the balance of payments.
- The two-year change from 2021 to 2023 still shows a substantial trade deficit, but it has decreased by 181%.

**Tanzania's trade and balance of payments for August 2023 provides insights into the country's economic performance in the context of international trade.**

Tanzania's trade indicates positive growth in exports and a reduction in the trade deficit, which are generally favorable for Tanzania's economic performance. However, the country continues to face challenges related to trade imbalances.



## Export Growth:

Tanzania has experienced consistent growth in its exports of goods and services over the past two years. The year-over-year increase from 2022 to 2023 was 16%, and the two-year change from 2021 to 2023 was a substantial 42%. This shows that Tanzanian businesses have been successful in expanding their international markets and increasing their export capacity, which can be seen as a positive indicator of economic performance.

## Import Growth:

Imports of goods and services also increased, with a significant 55% growth from 2021 to 2023. While the one-year change from 2022 to 2023 was relatively modest at 3%, the overall trend indicates a growing demand for foreign goods and services in Tanzania. However, such rapid import growth can put pressure on the balance of payments.

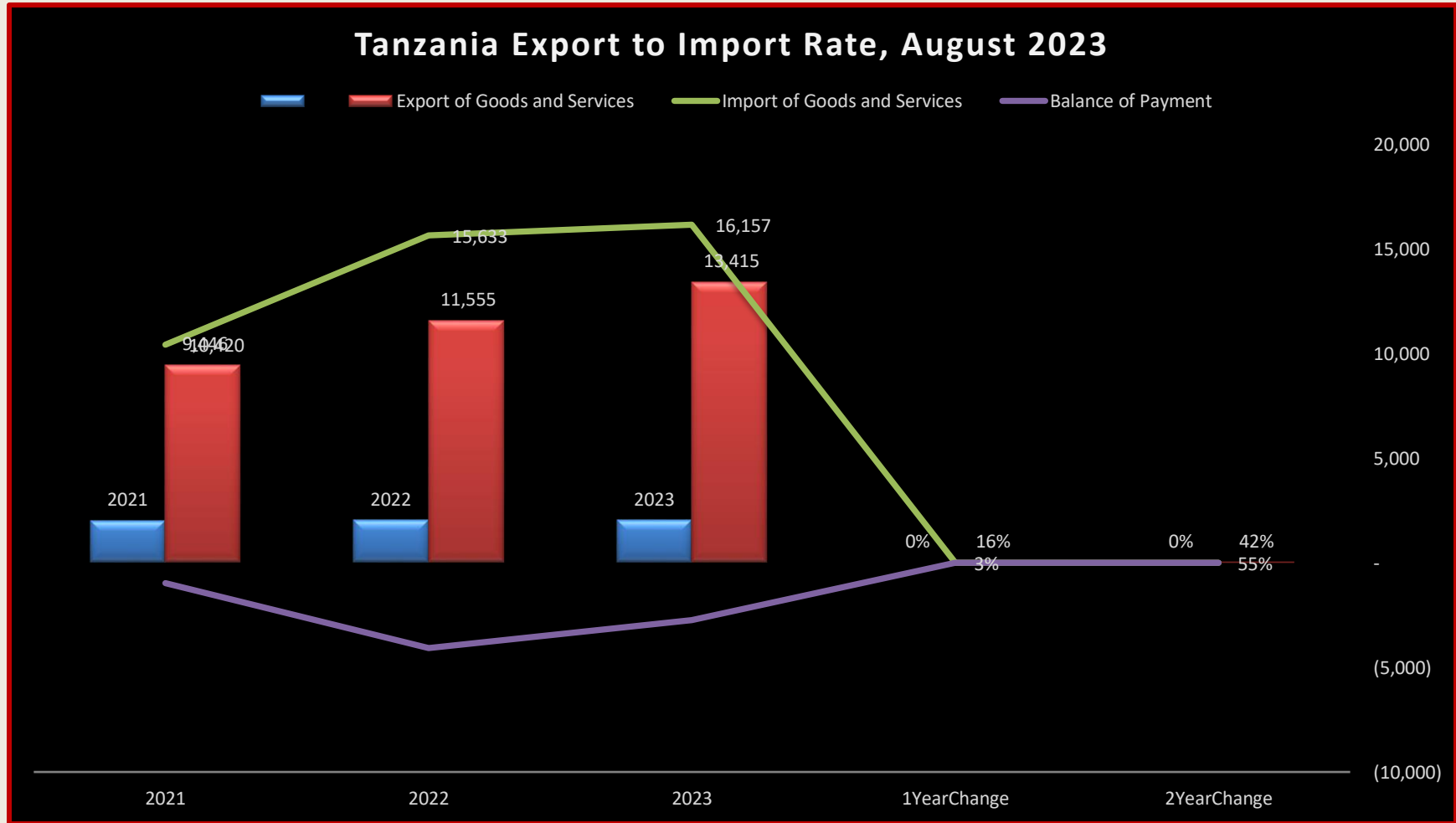
## Balance of Payments Improvement:

The balance of payments, which measures the difference between exports and imports, saw a notable improvement in 2023. The trade deficit decreased by 33% from 2022 to 2023. While Tanzania still had a trade deficit, the reduction in the deficit is a positive development, indicating that the country's trade balance has improved, which can have favorable implications for its external financial stability.

## Challenges Remain:

Despite the improvement in the balance of payments, the data shows that Tanzania still faces a trade deficit, as indicated by the negative balance of payments. A trade deficit means that the value of imports exceeds the value of exports, and this can put pressure on foreign exchange reserves and the overall balance of payments. Addressing this trade deficit remains a challenge.







## INVESTMENT DEVELOPMENT

### **Elevating Opportunities: Tanzania's Investment Sector Flourishes with 137 Registered Projects in Q1 2023**

In the first quarter of 2022, Tanzania recorded a total of 82 registered investment development projects across various sectors. The projects were distributed among different industries, including Agriculture, Commercial Building, Manufacturing, Economic Infrastructure, Human Resource (Education & Health), Tourism, Services, and Transportation. Agriculture had 6 registered projects, generating 162 jobs and a total value of USD 7.49 million. Commercial Building had 7 projects with 380 jobs and a value of USD 48.98 million. Manufacturing sector topped the list with 37 projects, providing 7006 jobs, and a substantial value of USD 2155.18 million. Economic Infrastructure had 1 project, contributing 10 jobs and a value of USD 3.61 million. Human Resource (Education & Health) had 3 projects, generating 236 jobs and a value of USD 5.88 million. Tourism sector recorded 11 projects, creating 683 jobs and a value of USD 36.34 million. Services and Transportation had 1 and 16 projects respectively, with Services contributing 19 jobs and USD 0.71 million, while Transportation had 3512 jobs and a value of USD 158.85 million.

Fast forward to the first quarter of 2023, there was a noticeable increase in the number of registered projects, which totaled 137. Agriculture had 15 projects, resulting in 21236 jobs and a value of USD 569.35 million. Commercial Building had 17 projects, providing 1143 jobs and a value of USD 528.99 million. Manufacturing continued to be a significant contributor with 58 projects, 8634 jobs, and a value of USD 356.02 million. Economic Infrastructure increased to 2 projects, generating 50044 jobs and a value of USD 212.52 million. Human Resource (Education & Health) had 1 project, contributing 100 jobs and a value of USD 1.01 million. Tourism recorded 14 projects, creating 760 jobs and a value of USD 40.64 million. Services had 6 projects, resulting in 1026 jobs and a value of USD 137.93 million. Transportation increased to 24 projects, providing 4043 jobs and a value of USD 223.03 million. In total, the first quarter of 2023 saw 137 registered projects, generating 86986 jobs and a total value of USD 2069.49 million.



## Tanzania's investment development in Q1 2022 and Q1 2023

A positive trend in Tanzania's investment development, with an emphasis on diversification across sectors. The increase in the number of projects and jobs indicates a potentially robust and growing economy, while the sectoral distribution shows areas of strategic focus for development.

### Overall Growth:

There is a significant increase in the number of registered projects from 82 in Q1 2022 to 137 in Q1 2023. This indicates a growing interest in investment and development activities within Tanzania over this period.

### Sectoral Distribution:

The data showcases a diversified portfolio of investment across various sectors. Agriculture, Commercial Building, Manufacturing, Tourism, and Transportation are prominent sectors attracting investment.

### Employment Impact:

The number of jobs created by these investment projects is substantial, with a notable increase from 12,008 jobs in Q1 2022 to 86,986 jobs in Q1 2023. This reflects the potential positive impact of these projects on employment and economic development.

### Value of Projects:

While the total value of projects increased from USD 2,417.04 million in Q1 2022 to USD 2,069.49 million in Q1 2023, there is a decrease. However, it is essential to note that the sectoral distribution and specific project details play a crucial role in understanding the dynamics of this change.

### Key Contributing Sectors:

Manufacturing consistently stands out as a significant contributor to both the number of projects and their overall value. Other key sectors include Agriculture, Commercial Building, and Transportation.

### Economic Infrastructure Impact:

The Economic Infrastructure sector shows a substantial increase in the number of projects, jobs, and value in Q1 2023. This suggests a focus on developing critical infrastructure elements.

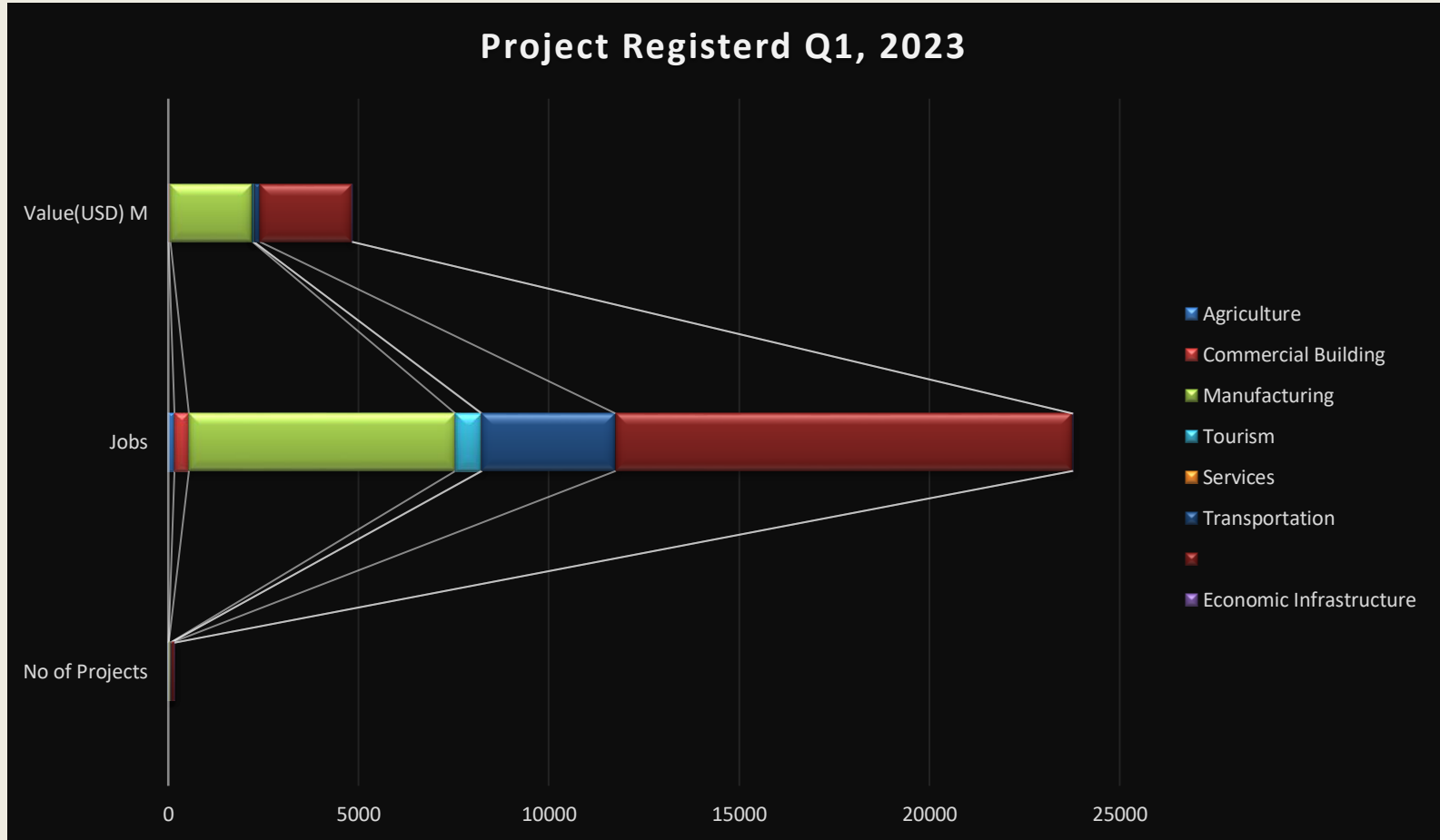
### Tourism:

The Tourism sector, a crucial part of many economies, is also attracting investments, with an increase in the number of projects, jobs, and value.



|   | Projects Registered Q1, 2022 |              |                | Projects Registered Q1, 2023 |              |                |      |
|---|------------------------------|--------------|----------------|------------------------------|--------------|----------------|------|
|   | No of Projects               | Jobs         | Value (USD) M  | No of Projects               | Jobs         | Value (USD) M  |      |
| <b>Agriculture</b>                            | 6                            | 162          | 7.49           | 15                           | 21236        | 569.35         |      |
| <b>Commercial Building</b>                    | 7                            | 380          | 48.98          | 17                           | 1143         | 528.99         |      |
| <b>Manufacturing</b>                          | 37                           | 7006         | 2155.18        | 58                           | 8634         | 356.02         |      |
| <b>Economic Infrastructure</b>                | 1                            | 10           | 3.61           | 2                            | 50044        | 212.52         |      |
| <b>Human Resource (Education &amp;Health)</b> |                              | 3            | 236            | 5.88                         | 1            | 100            | 1.01 |
| <b>Tourism</b>                                | 11                           | 683          | 36.34          | 14                           | 760          | 40.64          |      |
| <b>Services</b>                               | 1                            | 19           | 0.71           | 6                            | 1026         | 137.93         |      |
| <b>Transportation</b>                         | 16                           | 3512         | 158.85         | 24                           | 4043         | 223.03         |      |
|   | <b>82</b>                    | <b>12008</b> | <b>2417.04</b> | <b>137</b>                   | <b>86986</b> | <b>2069.49</b> |      |





## NATIONAL DEBTS DEVELOPMENT

### Tanzania's National Debt Trends: External Debt Down 2% in a Month, Domestic Debt Surges 15% in a Year

#### External Debt:

- On 21st September, it was 63,705,462.00 million of the currency.
- In August 2023, it increased to 66,783,625.00 million of the currency.
- By September 2023, it decreased to 65,120,471.00 million of the currency.
- In the 1-month period from August to September, it decreased by 2%.
- In the 1-year period from September (of the previous year) to September, it increased by 2%.

#### Domestic Debt:

- On 21st September, it was 25,542,800.00 million of the currency.
- In August 2023, it increased to 29,226,300.00 million of the currency.
- By September 2023, it further increased to 29,449,500.00 million of the currency.
- In the 1-month period from August to September, it increased by 1%.
- In the 1-year period from September (of the previous year) to September, it increased by 15%.

#### Total Debts:

- On 21st September, the total debt was 89,248,262.00 million of the currency.
- In August 2023, it increased to 96,009,925.00 million of the currency.
- By September 2023, it decreased to 94,569,971.00 million of the currency.
- In the 1-month period from August to September, the total debt decreased by 1%.
- In the 1-year period from September (of the previous year) to September, the total debt increased by 6%.

The decrease in the total debt in the 1-month period is driven by the reduction in external debt, while domestic debt continues to grow. It's important for Tanzania's government to manage its debt levels carefully to ensure sustainable economic growth and stability:



## External Debt:

Tanzania's external debt decreased by 2% in one month but increased by 2% over the past year.

## Domestic Debt:

Domestic debt increased by 1% in one month and by a significant 15% over the past year.

## Total Debts:

The total national debt decreased by 1% in one month but increased by 6% over the past year.

## Tanzania's national debt provides some insights into the country's economic situation:

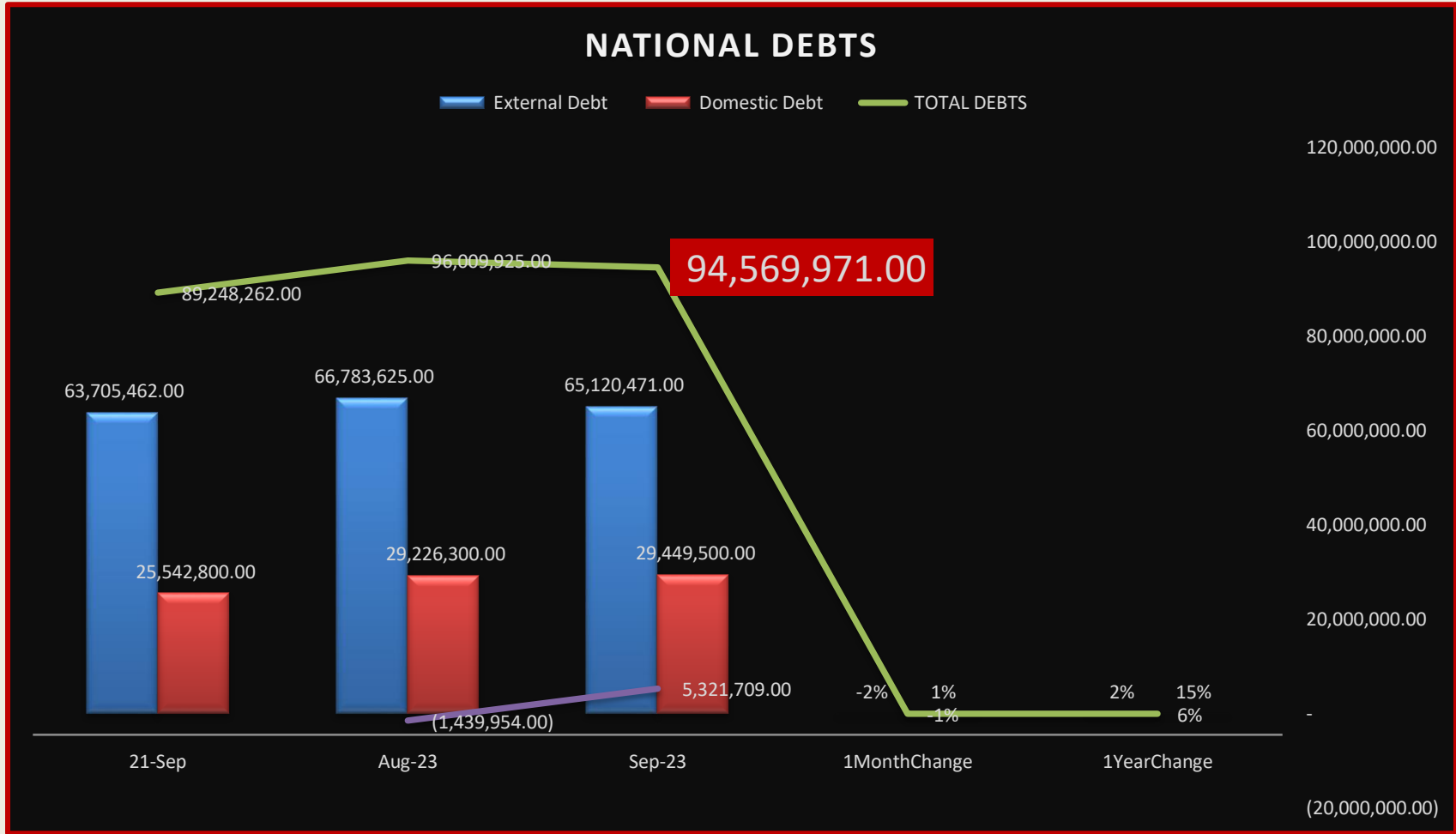
- **External Debt:** The 2% decrease in external debt over one month shows that Tanzania has been able to reduce its reliance on external borrowing during that period. However, the 2% increase in external debt over the past year indicates that, despite the recent decrease, Tanzania's external debt has been growing over a longer time frame.
- **Domestic Debt:** The 1% increase in domestic debt in just one month may reflect increased government borrowing from domestic sources. The significant 15% increase in domestic debt over the past year shows that the government has been actively borrowing from domestic markets to fund its activities.
- **Total Debts:** The 1% decrease in total national debt in one month is primarily due to the reduction in external debt. However, the total debt has still increased by 6% over the past year, reflecting the country's overall borrowing and debt accumulation.



The management of national debt is a critical aspect of economic policy, and Tanzania's government may have specific reasons for its borrowing and debt management strategies. The sustainability of this debt and its impact on the economy will depend on a variety of factors, including the terms of borrowing, economic growth, and the ability to service the debt without causing fiscal stress.:

- The government's decision to reduce external debt over a one-month period could be a strategy to manage its debt burden and reduce reliance on foreign borrowing.
- The increase in domestic debt may indicate that the government is using domestic sources to finance its budget and development projects.
- The overall increase in the total national debt over the past year shows that the government has been actively borrowing to fund its programs and infrastructure projects.







# TANZANIA ECONOMIC UPDATES

We review and evaluates the performance of monthly economic indicators

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