



RESEARCH

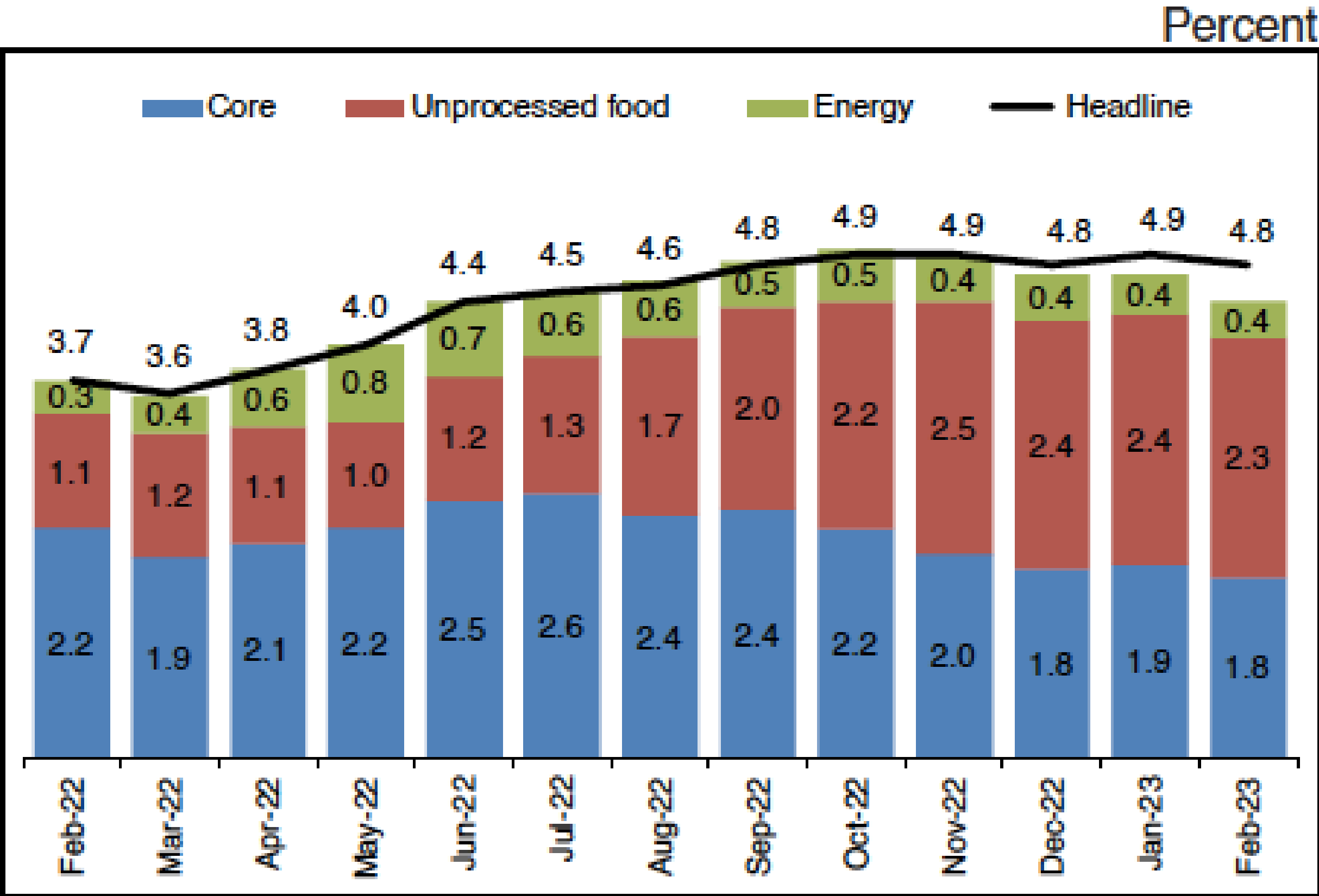
Bank of Tanzania

March 2023

Economic Review Summary



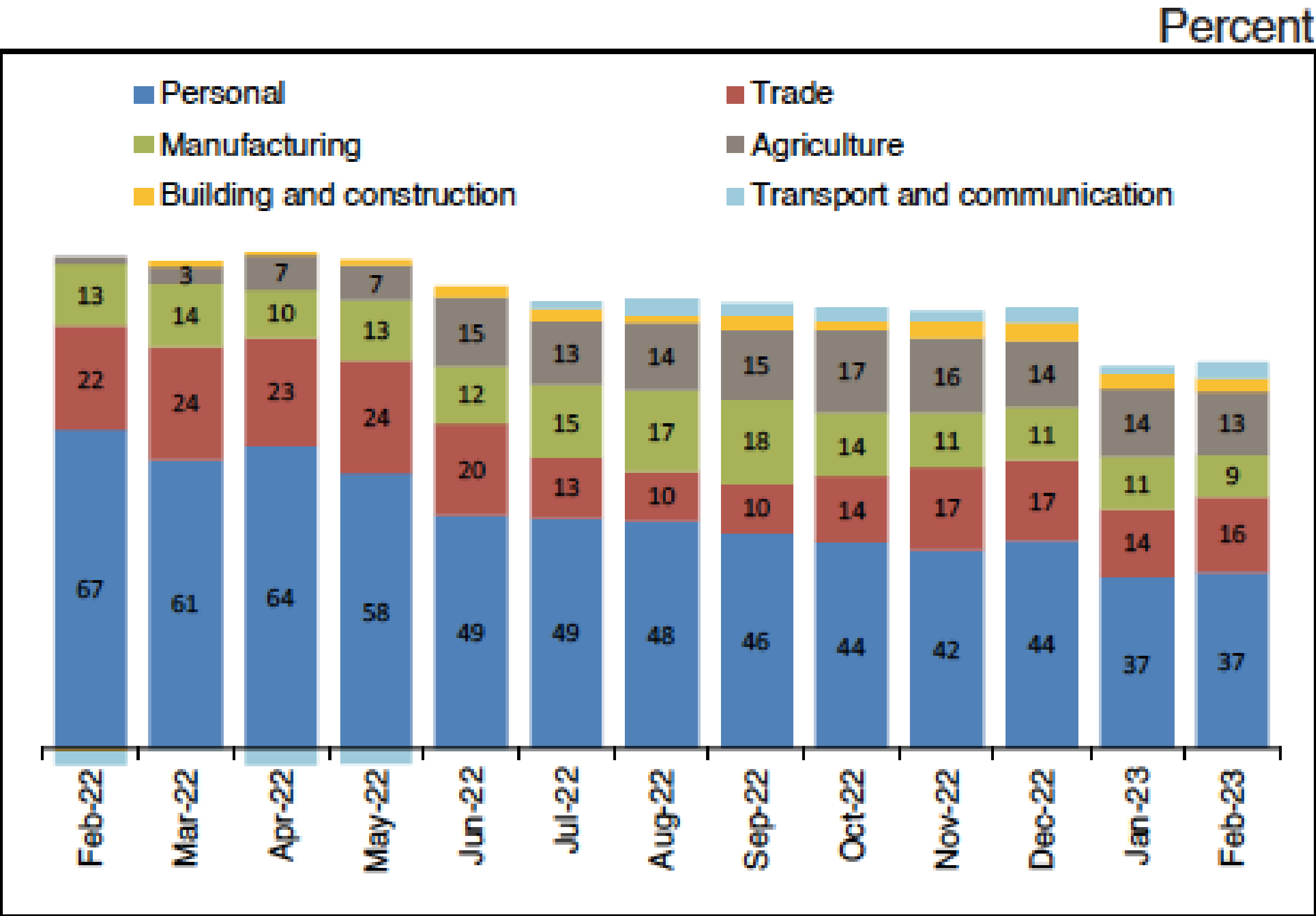
INFLATION



Source: National Bureau of Statistics and Bank of Tanzania
computations

- The outlook for the remaining period of 2022/23 suggests that inflation will remain within target of 5.4 percent.
- This is due to anticipated further moderation in global consumer goods prices.
- Also, a satisfactory food harvest is expected, which should help keep prices stable.
- Prudent monetary and fiscal policies are expected to be implemented to help manage inflation.

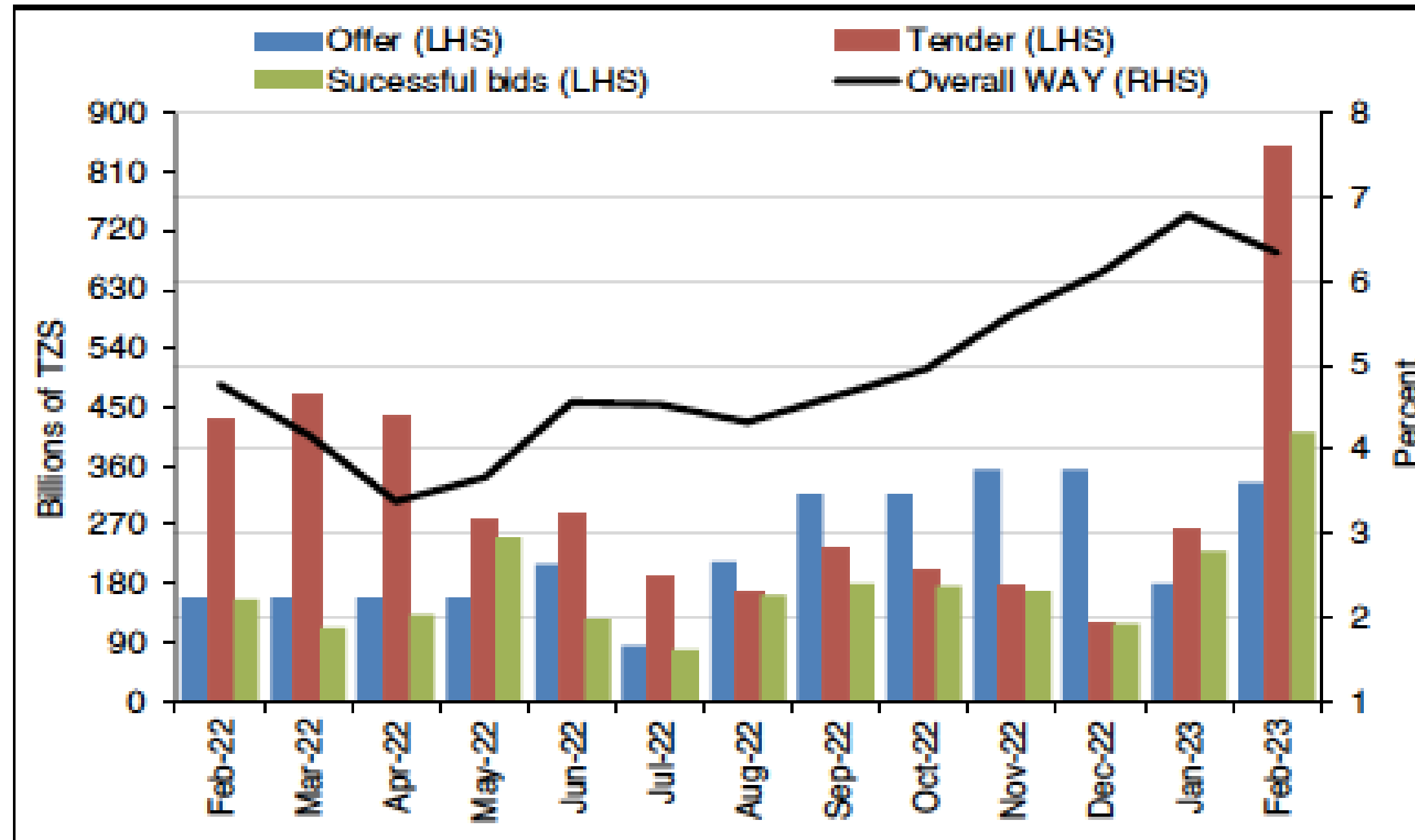
Contribution of Credit to Selected Economic Activities to the Growth of Credit to the Private Sector



- Private sector credit grew by 22.5 percent in the year ending February 2023.
- Loans granted to personal (micro, small and medium enterprises) remained the main driver of the growth of credit to the private sector, followed by trade, agriculture and manufacturing activities

Source: Banks and Bank of Tanzania computations

Government Securities

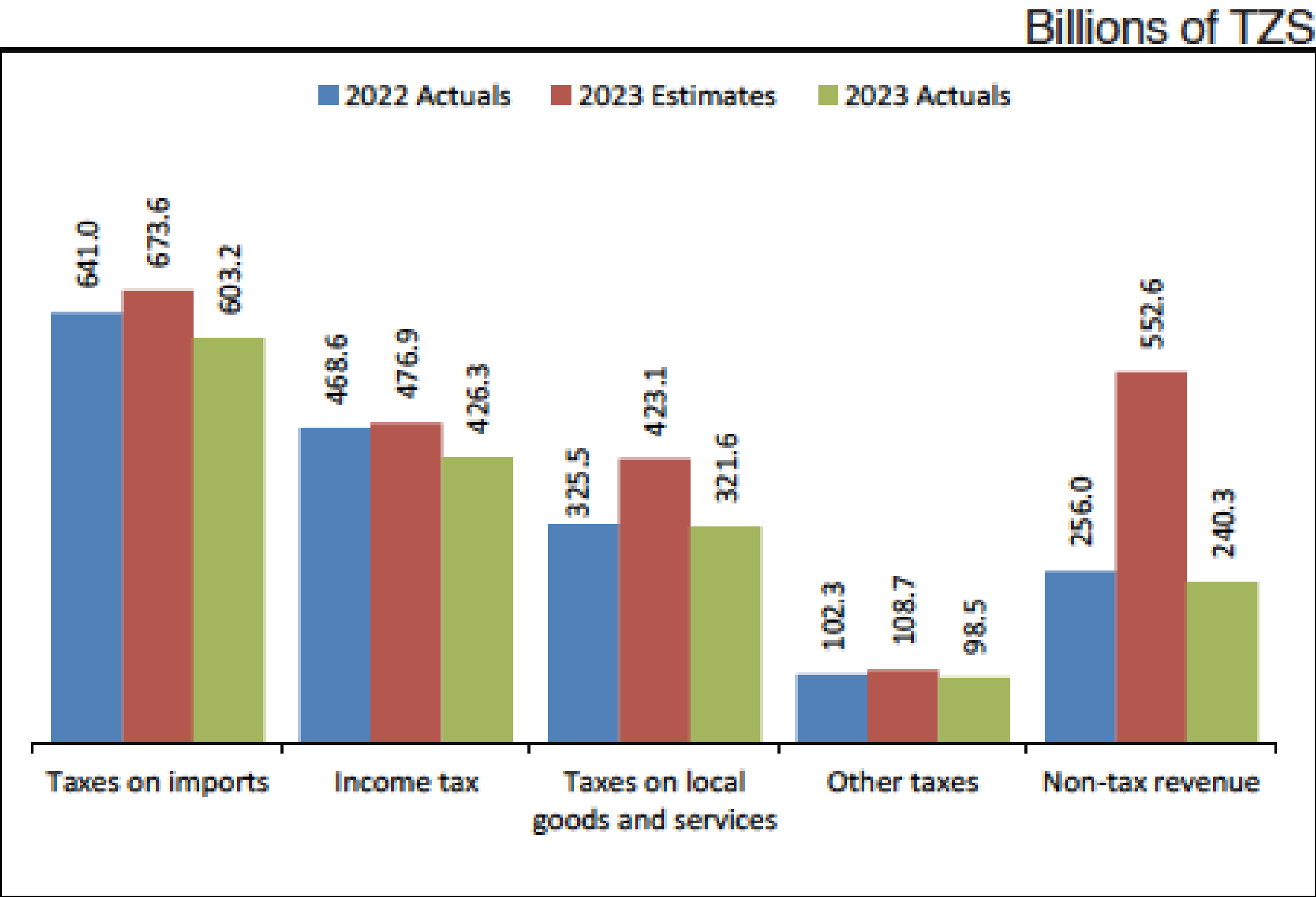


Source: Bank of Tanzania

Note: LHS denotes left hand scale; RHS, right hand scale; and WAY, weighted average yield

- In February 2023, the primary auctions for government securities had different levels of success. Treasury bills auctions did better than Treasury bonds auctions.
- In that month, the Bank conducted two Treasury bills auctions, which were oversubscribed by more than twofold, receiving bids of TZS 848.4 billion, of which TZS 410.9 billion were successful. The weighted average yield decreased from 6.78 percent (February) to 6.34 percent.

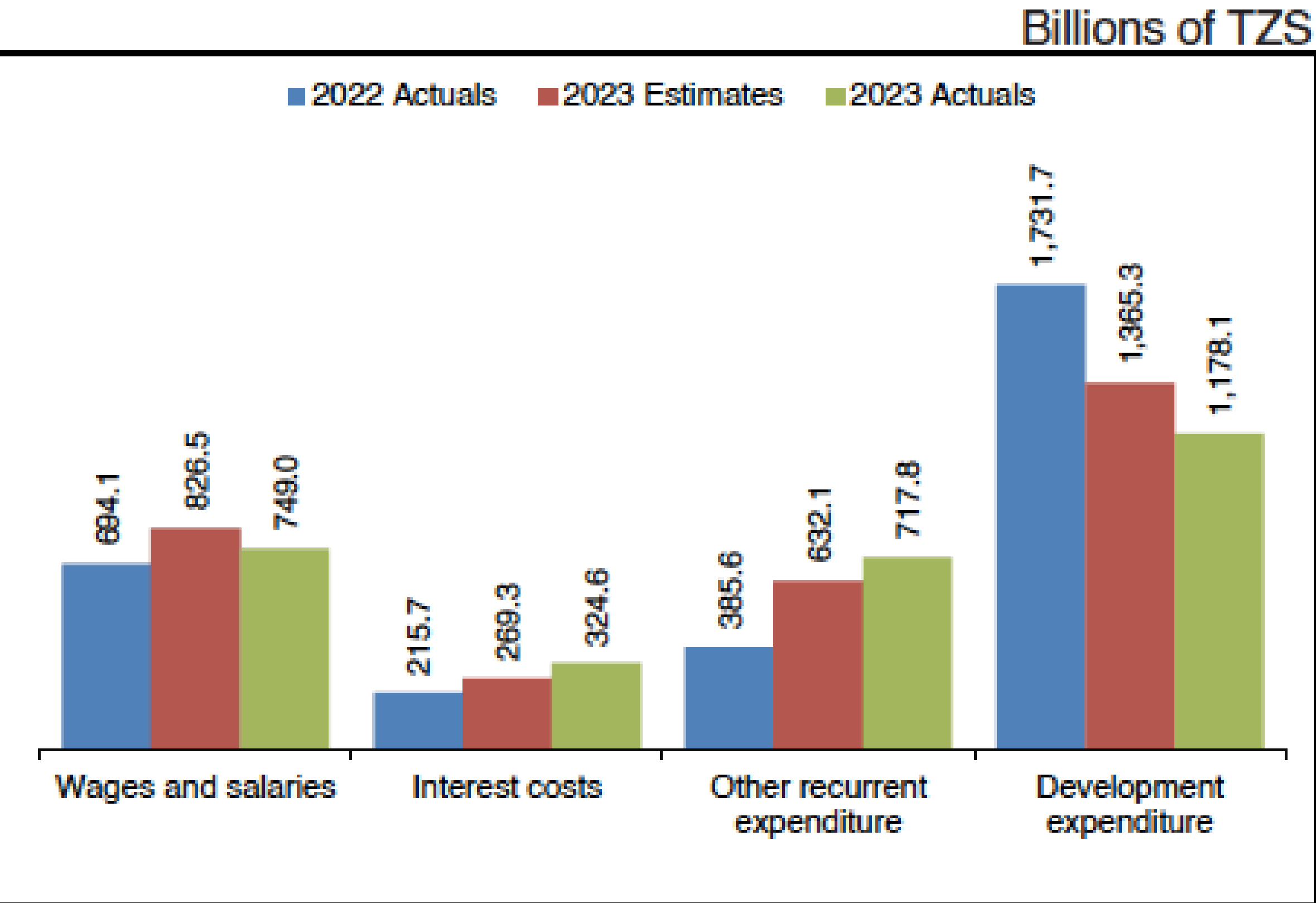
Central Government Revenues



Source: Ministry of Finance and Planning, and Bank of Tanzania computations

- In February 2023, the government earned a satisfactory amount of revenue. The central government earned TZS 1,689.9 billion, of which TZS 1,449.5 billion came from taxes. The remaining revenue came from non-tax sources (licenses, fees & fines).
- Tax Revenue as % of GDP
2022 : 13.4%

Central Government Expenditures



- In February 2023, the government spent TZS 2,969.5 billion. Out of this amount, TZS 1,791.4 billion was spent on recurrent activities, and TZS 1,178.1 billion was spent on development.
- Domestic resources funded TZS 992.2 (33.4%) billion out of the total development expenditure.

Source: Ministry of Finance and Planning, and Bank of Tanzania computations

Disbursed Outstanding Debt by Currency Composition

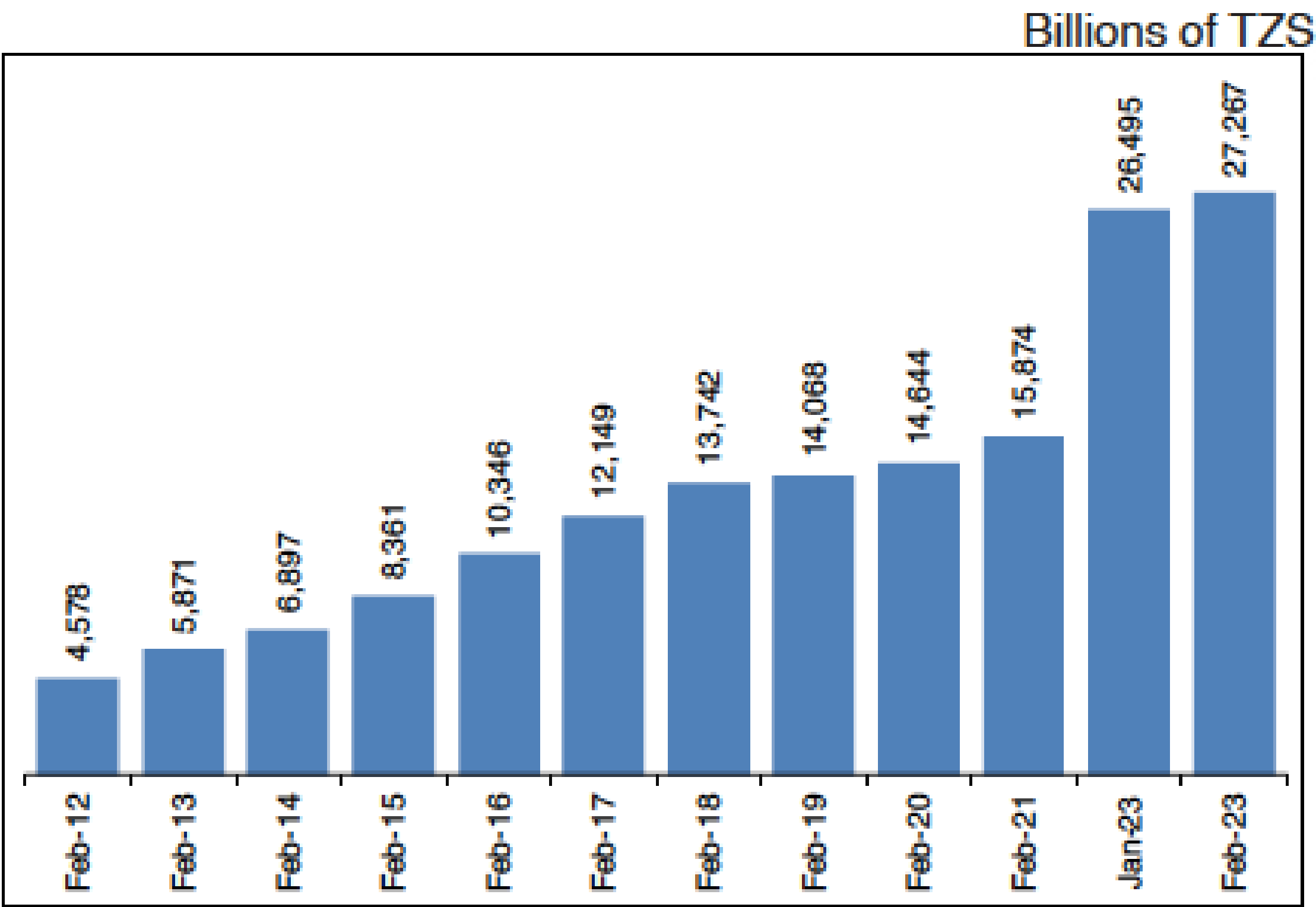
	Millions of USD					
	Feb-22		Jan-23 ^r		Feb-23 ^p	
Currency	Amount	Share (%)	Amount	Share (%)	Amount	Share (%)
United States Dollar	17,765.4	68.3	18,264.0	68.6	18,163.7	68.9
Euro	3,922.7	15.1	4,023.4	15.1	3,944.2	15.0
Chinese Yuan	1,499.2	5.8	1,490.3	5.6	1,461.1	5.5
Other	2,819.0	10.8	2,860.2	10.7	2,781.5	10.6
Total	26,006.3	100.0	26,638.0	100.0	26,350.5	100.0

Source: Ministry of Finance and Planning, and Bank of Tanzania

Note: r denotes revised data; and p, provisional data

- Multilateral institutions hold the most debt (47.2%), followed by commercial creditors.
- The largest amount of disbursed outstanding debt is in transport/telecommunications, social welfare/education, and energy/mining.
- The US dollar dominates the currency structure of external debt (68.9%), followed by the Euro.

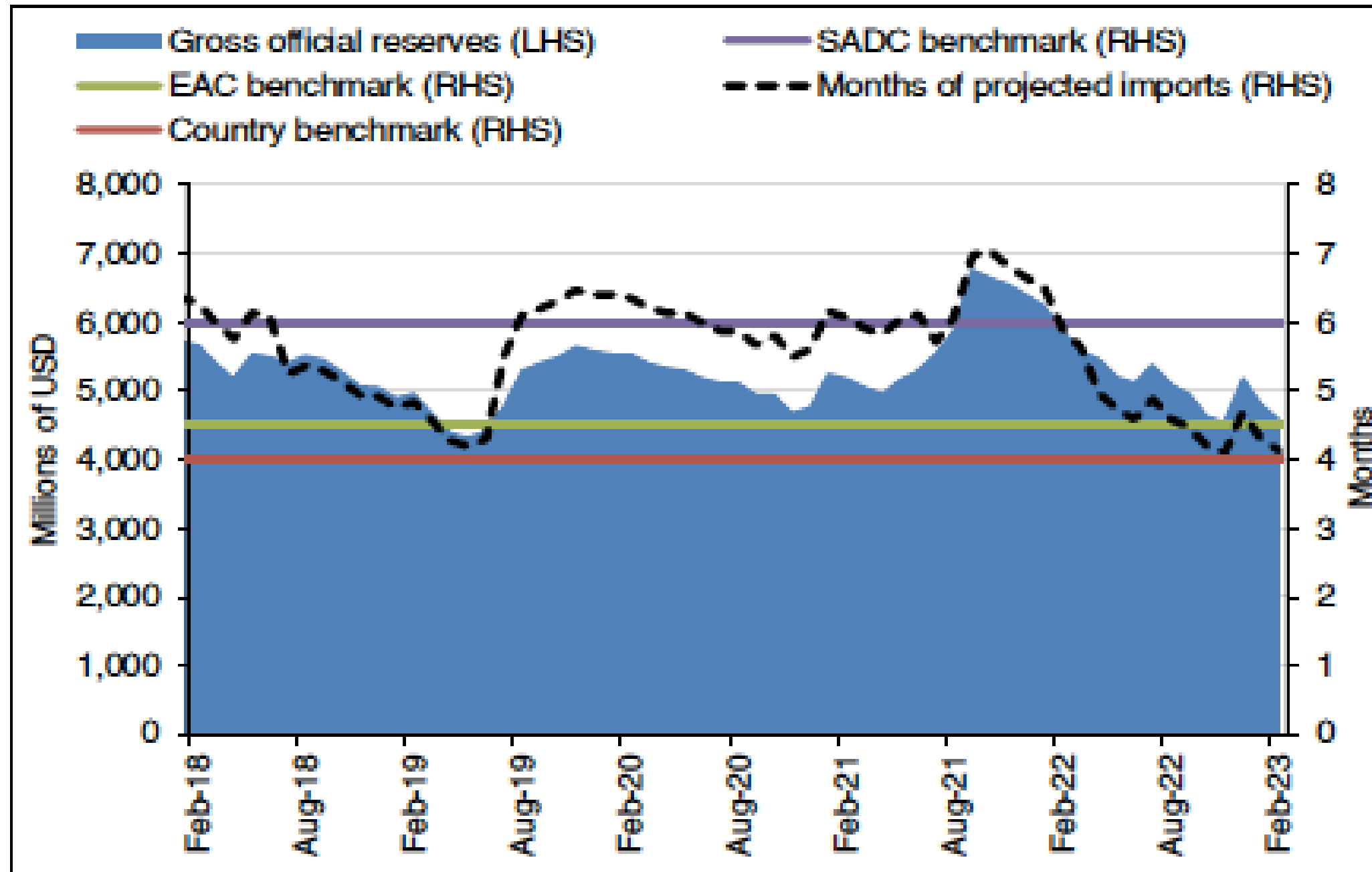
Domestic Debt



Source: Ministry of Finance and Planning, and Bank of Tanzania

- In February 2023, Tanzania's domestic public debt stock increased by TZS 771.98 billion to reach TZS 27,266.5 billion.
- The rise was due to government securities issuance and increased use of the overdraft facility.
- Treasury bonds accounted for 77.3% of the domestic debt stock, with pension funds and commercial banks holding 56.3% of the total debt.

Foreign Exchange Reserves



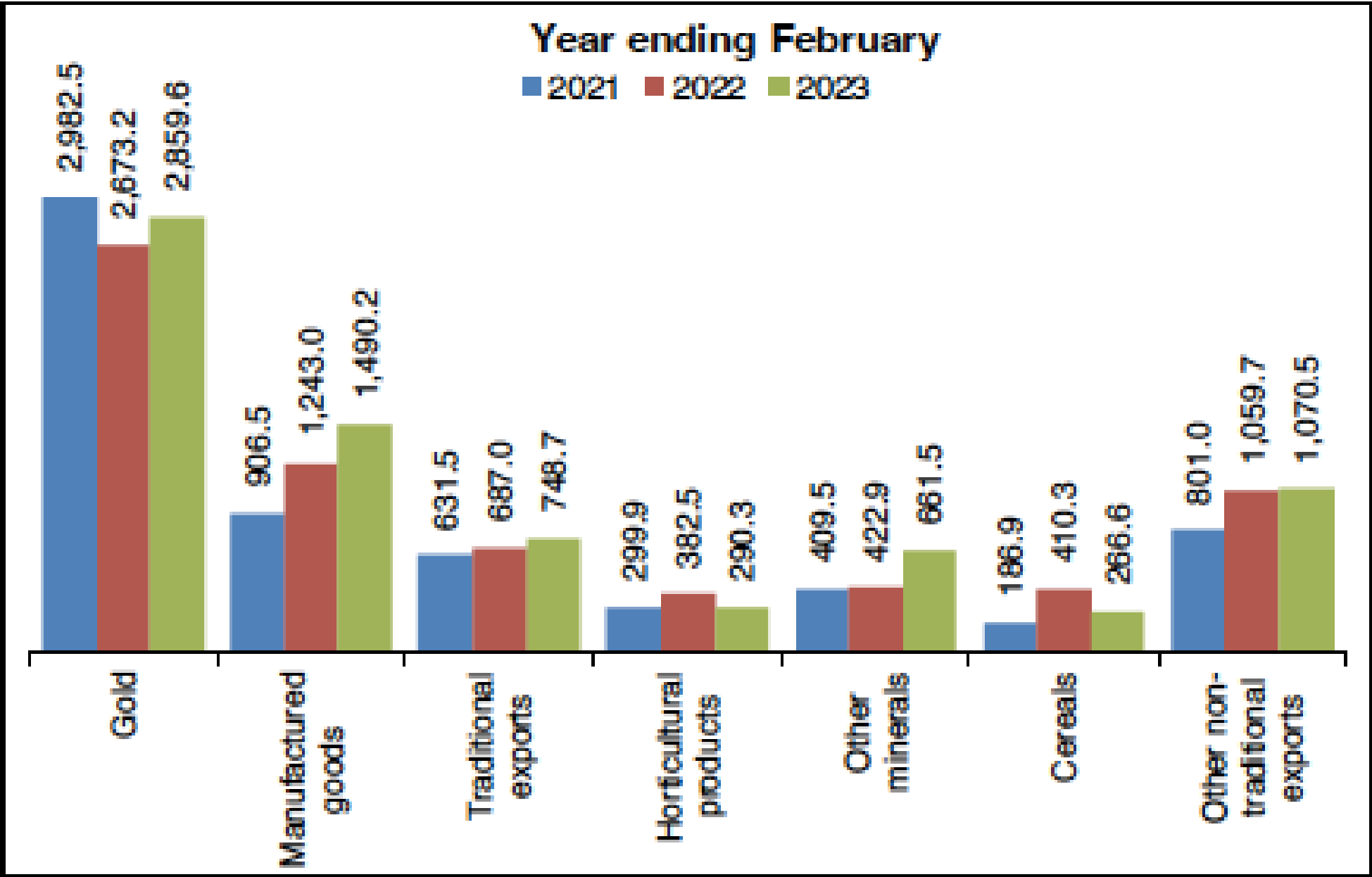
Source: Bank of Tanzania

Note: LHS denotes left hand scale; RHS, right hand scale; EAC, East African Community; and SADC, Southern African Development Community

- Tanzania's foreign exchange reserves decreased from USD 5,858.6 million in February 2022 to USD 4,577.1 million in February 2023.
- However, the reserves were still enough to cover 4.1 months of imports, meeting the country's benchmark of at least 4 months.
- If a country's foreign exchange reserves fall below its benchmark, it may face risks such as currency depreciation, external debt crisis, capital flight, and IMF intervention.

Exports and Imports

Millions of USD



Source: Tanzania Revenue Authority and Bank of Tanzania computations

Note: Other minerals mainly include mineral concentrates, tanzanite and diamonds; and other non-traditional exports include oil seeds, beans, cocoa, raw hides and skins, and wood

- Exports of goods and services increased to USD 12,383.1 million in the year ending February 2023, driven by non-traditional exports (minerals and manufactured goods) and services receipts (tourism).
- Tanzania's gold, coal, and diamond exports increased significantly.
- Tanzania's imports of goods and services increased to USD 16,992 million in the year ending February 2023, due to rising commodity prices caused by disruptions to the global supply chain. All major import categories recorded increases.



Eid ul- Fitr

*Wishing you a joyous and
blessed Eid ul Fitr.*

*Let us celebrate the end of
Ramadan with gratitude and
renewed faith.*

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