



THE UNITED REPUBLIC OF TANZANIA

BANK OF TANZANIA



24th March 2025

PUBLIC NOTICE

CLARIFICATION ON THE TREND OF THE TANZANIAN SHILLING AGAINST THE UNITED STATES DOLLAR

The Bank of Tanzania wishes to clarify information about the misleading article that has been circulating in various media outlets. The article, published on 19 March 2025, purported that the Tanzanian Shilling is the worst-performing currency in the world. It inaccurately attributes this trend to increased imports, increased public debt, widening of the current account deficit and implementation of the infrastructure projects, including the construction of the Bagamoyo port, which has not yet started.

Regarding the trend of the Tanzanian Shilling against the United States Dollar, over the last twelve months to date, the Shilling depreciated by 3.6 percent. However, it is worth noting that, intra-period, from July to December 2024, the Shilling steeply appreciated by 9.51 percent, becoming the best-performing currency in the world before reversing its trend from the beginning of January 2025. This is consistent with the seasonal nature of foreign exchange flows in the country and the Bank's foreign exchange policy, which allows exchange rate flexibility. Under this policy regime, the exchange rate continues to be determined by the demand and supply of foreign exchange in the market with minimal intervention from the Bank.

Tanzania's macroeconomic indicators show strong growth, stable prices, a narrowing current account deficit, and a resilient financial sector that supports stable Tanzanian Shilling in the medium to long term. The economy grew by 5.4 percent in 2024, making it one of the fastest-growing economies in Africa. Inflation remains stable and low at 3.1 percent in February 2025, decreasing from 4.6 percent in 2022. Contrary to the assertion made in the published

article, the national debt is sustainable, with the debt to GDP ratio remaining low at 41.1 percent in 2023/24, below the IMF recommended threshold of 50 percent. The current account deficit narrowed significantly from 3.7 percent in 2023 to 2.7 percent of GDP in 2024 due to improved exports, specifically from agriculture, mining, and tourism. This explains the sharp appreciation of Shilling, which was observed towards the end of December 2024. Additionally, the performance aligns with reports published by the World Bank, the Bank for International Settlements, the IMF, and global credit rating agencies.

The Bank assures the public that it will continue to fulfil its core mandate of ensuring price stability by implementing monetary policy measures geared towards achieving macroeconomic stability, including the Shilling stability.



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