



THE UNITED REPUBLIC OF TANZANIA

BANK OF TANZANIA



2th October 2025

Monetary Policy Committee Statement

1. MPC decision on Central Bank Rate

The MPC decided to maintain the Central Bank Rate (CBR) unchanged at 5.75 percent. The decision reflects the projection of stable inflation within the target range of 3–5 percent. The growth of the economy is also expected to remain strong. Moody's and Fitch Ratings have also attested the outlook of the economy to be stable, in their recent review, the former with a rating of B1 and the latter B+. In line with the MPC decision, the Bank of Tanzania will implement monetary policy to ensure the 7-day interbank rate continues to move within the corridor of ± 2 percent of the CBR.

2. Monetary policy implementation

The Bank implemented monetary policy to ensure the 7-day interbank interest rate moves close to the CBR of 5.75 percent. The implementation of monetary policy was successful, as liquidity in the interbank market improved significantly, and the 7-day interbank rate trended downward, oscillating close to the CBR in most of the period.

3. Recent global economic conditions and outlook

Growth in advanced and emerging market economies slowed slightly, yet remained resilient in the face of geopolitical conflict and trade tariff-related pressures. In the fourth quarter, global activity is expected to strengthen. Inflation continued to decline, reaching below the central banks' targets in most economies. Consequently, most central banks either maintained or eased policy rates to support growth. This situation is expected to remain unchanged in the fourth quarter of 2025. Commodity prices, notably oil prices, were lower compared to the previous quarter, averaging USD 68 per barrel. The price of gold remained high, averaging USD 3,354.1 per troy ounce, and is projected to remain at the same level or increase slightly.

4. Recent domestic economic performance and outlook

4.1 In Mainland Tanzania, inflation was 3.4 percent in August 2025, well within the target range of 3–5 percent and consistent with the EAC and SADC convergence criteria. The Bank projects that it will remain within the target, underpinned by prudent monetary and fiscal policies, stable food supply, exchange rate stability, reliable electricity, and moderate oil prices. In Zanzibar, inflation declined to 4.0 percent from 4.2 percent, also within target, driven mainly by lower food prices. It is projected to stay below the 5 percent threshold.

4.2 Economic activities continued to strengthen. Mainland GDP grew by 5.4 percent in the first quarter of 2025, up from 5.2 percent in the same period in 2024. The key drivers to this growth were mining, agriculture, financial and insurance services, construction, and manufacturing activities. Growth of more than 6 percent is estimated in the second and third quarters, with similar momentum expected in the fourth quarter, supported by strong public and private investment and robust export performance. The Zanzibar economy also grew strongly by 6.4 percent in the first quarter of 2025, as in the corresponding quarter last year, and was primarily driven by tourism, construction and agricultural activities. The economy is projected to grow at 7.3 percent in 2025.

4.3 Money supply expanded by 20.4 percent, compared with 19.1 percent in the previous quarter. This was driven by private sector credit, which continued to grow strongly at around 16 percent, owing to an improvement in liquidity and private sector investment.

4.4 The banking sector remained stable and resilient, with adequate liquidity, strong capital, and profitability. Non-performing loans declined to 3.3 percent in August 2025, well within the tolerable level of not more than 5 percent.

4.5 The current account deficit narrowed to 2.4 percent of GDP in the year ending September 2025, down from 3.8 percent in the corresponding period last year. This was largely driven by an increase in export earnings, particularly from traditional export crops, tourism, and gold. Meanwhile, global oil prices were moderate. In Zanzibar, the current account posted a surplus of USD 685.6 million for the year ending September 2025, up from USD 499 million in the previous year, mainly due to improved service receipts, particularly tourism.

4.6 Foreign exchange liquidity in the economy improved, and the Shilling was stable against major currencies, appreciating by 8.4 percent against the US dollar, compared with a modest appreciation of 0.7 percent in the preceding quarter. Foreign exchange reserves remained high at around USD 6.7 billion at the end of September 2025, covering more than 5 months of projected imports. The import cover is consistent with the minimum requirements of 4 and 4.5 months for the country and EAC benchmarks, respectively. Foreign exchange liquidity is expected to continue improving, supported by seasonal tourism peaks, ongoing cash crop harvests, and high gold prices.

4.7 Fiscal performance was satisfactory in both Mainland Tanzania and Zanzibar. Domestic revenue exceeded targets, due to strong tax collection performance. Expenditures were aligned with available resources, reflecting continued prudent fiscal management. Public debt remained largely unchanged from the preceding quarter, with new borrowing primarily directed toward strategic infrastructure projects.

5. Next CBR announcement date

The next MPC meeting is scheduled for 7th January 2026, and the announcement of CBR will be made on the following day.



Emmanuel M. Tutuba

GOVERNOR