



Bank of Tanzania

Monetary Policy Report

April 2025

Bank of Tanzania Monetary Policy Framework

The Bank of Tanzania is mandated to formulate and implement monetary policy, among others. Monetary policy involves actions or decisions taken to influence the amount of money circulating in the economy, which contributes to the determination of interest rates banks and financial institutions offer to customers.

Monetary policy's objectives are to maintain price stability, defined as a low and stable inflation rate over time, and to support economic growth. Inflation is measured as an annual change in the consumer price index, expressed in percentage. In the medium term (up to 5 years), the inflation target is 5 percent.

To fulfil these objectives, the Monetary Policy Committee (MPC) assesses economic conditions and determines the policy rate—Central Bank Rate (CBR)—which is consistent with maintaining low and stable inflation and supporting economic growth. The CBR is set to influence other interest rates in the economy. This influences consumers' and firms' decisions, thereby affecting inflation and output growth. The Bank of Tanzania implements monetary policy by steering the 7-day interbank interest rate, which is the operating target variable, along the CBR.

To align the operating target with the policy rate, the Bank uses a variety of monetary policy instruments. The main instruments are repurchase agreements (repo and reverse repo), 35-day and 91-day Treasury bills, statutory minimum reserve requirement ratio (SMR), and sale or purchase of foreign currency in the inter-bank foreign exchange market. There are also standing lending facilities—intraday and Lombard loans—that are granted to all banks on demand to facilitate smooth and efficient settlement of payments.

In implementing the Policy, the Bank exercises a high degree of transparency in its actions and decisions. The decisions of the MPC, which include setting policy rates, are communicated to banks through post-MPC meetings with Chief Executive Officers of banks and the public through the media. In addition, the Bank publishes MPC meeting statements, Monetary Policy Report, and other periodic reports containing outcomes of monetary policy implementation, monetary policy stance, decisions on policy rate, and the performance of the economy at large. The reports are available on the Bank of Tanzania website (www.bot.go.tz).

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Executive Summary

MPC decision, Monetary Policy implementation, and outcomes

The Monetary Policy Committee (MPC), at its meeting held on 7th January 2025, maintained the central bank rate (CBR) at 6 percent for the first quarter of 2025. The decision was intended to continue anchoring inflation expectations below the medium-term target of 5 percent, ensuring sufficient liquidity to facilitate economic growth and minimizing the impact of exchange rate on inflation. Accordingly, monetary policy implementation aimed at steering the 7-day interbank rate within the CBR band of 4-8 percent.

Monetary policy implementation was successful in the first quarter of 2025. Inflation expectations were anchored below the target of 5 percent and ensured sufficient liquidity in interbank market. Liquidity in banks increased due to fiscal operations and seasonal decline in currency outside banks. As a result, banks reduced demand for reverse repo and borrowing through the Lombard loan facility. However, the MPC observed that small banks experience difficulties in obtaining liquidity at affordable cost from large banks, contributing to the 7-day interbank rate to fluctuate close to the upper band of the CBR.

Performance of global economy

Economic activities in advanced economies and emerging markets improved in the first quarter of 2025 and growth outlook remains strong. However, trade tariff uncertainty and geopolitical conflicts might undermine global growth. Inflation has substantially eased and converged to targets due to recession of the previous economic shocks and monetary policy tightening. Because of this progress and the projected low inflationary environment, many central banks reduced policy rates. However, trade tariff announcements heighten risks to inflation outlook.

Domestic economic performance

Domestic economic conditions have continued to improve, supported by public and private investments. The strong performance was also attested by Moody's credit rating report released in March 2025, that maintained Tanzania rating at B1, with a stable

outlook. In Mainland Tanzania, the economy estimated to have grown at 5.5 percent in 2024, compared with the projection of 5.4 percent and 5.1 percent in 2023. The growth was driven by agriculture, financial and insurance, mining and quarrying, and construction. Tourism, a crosscutting activity, also contributed significantly to the growth outturn. For the first quarter of 2025, growth is estimated to reach 5.5 percent. The Zanzibar economy grew by 7.2 percent in the fourth quarter of 2024, up from 2.2 percent in the last quarter of 2023, mainly on account of accommodation and food services, which is largely influenced by tourism activity; and wholesale and retail trade activities. This strong growth is expected to continue in the second quarter of 2025, reaching 6.1 percent in Mainland Tanzania and 6.5 percent in Zanzibar, driven by the same economic activities.

Inflationary pressures remained subdued, due to monetary policy action, adequate food, prudent fiscal policy, and moderation of global energy prices. Headline inflation in the Mainland Tanzania was 3.1 percent in 2024, lower compared with 3.8 percent in 2023, below the country target of 5 percent and consistent with SADC and EAC convergence criteria. During the first quarter of 2025 inflation averaged 3.2 percent. In Zanzibar, headline inflation eased to 5.1 percent in 2024 from 6.9 percent in 2023. In February 2025, inflation decreased to 4.8 percent from 5.3 percent in the preceding month and 5.1 percent recorded in a similar month in 2024 because of a decrease in food inflation. Inflation is projected to remain low at around 3.2 percent in the second quarter of 2025.

Money supply growth remained strong at more than 12 percent in 2024, consistent with the monetary policy stance. The growth of money supply was largely contributed by credit to the private sector. In the first quarter of 2025, the money supply increased in line with the improvement in liquidity. Credit to the private sector is estimated to grow by 12.7 percent, where personal loans—mainly credit extended for small and medium enterprises (SMEs) accounted for the largest share, followed by agriculture, trade and manufacturing activities.

Liquidity in the foreign exchange market was lower compared to the preceding quarter. This is a seasonal phenomenon associated with a decline in foreign exchange from tourism and the export of cash crops. Owing to this, activity in the interbank foreign exchange market (IFEM) was low, amounting to USD 84 million, a sharp contrast from USD 333 million in the preceding quarter. To support foreign exchange demand by importers, the Bank sold USD 52.3 million in the market, in line with the foreign exchange intervention policy¹. Reflecting the seasonality of foreign exchange flows, the nominal exchange rate appreciated at a slower rate compared to the preceding quarter.

Fiscal performance was satisfactory. Tax revenue in Mainland Tanzania and Zanzibar was on target in the third quarter of 2024/25, as in the previous two quarters, attributable to improved tax administration and compliance. The governments continued to rationalize expenditure to match with available resources.

Public debt remains sustainable with a moderate risk of debt distress, reflecting the fiscal prudence. The public debt, comprising external and domestic debt, amounted to USD 39,651 million at the end of February 2025, of which 66.8 percent is external debt. The external debt was mostly owed to multilateral institutions at 66.7 percent. Zanzibar's domestic debt stood at TZS 1,269.7 billion in February 2025, with debt securities accounting for 43.9 percent.

The external sector of the economy continued to improve. In the year ending March 2025, the current deficit was about 2.6 percent of GDP compared with 3.7 percent in the corresponding period in 2024, explained by an increase in exports, particularly tourism, gold, cashew nuts and tobacco. For Zanzibar, the current account balance is estimated to have a surplus of USD 563.5 million, higher than a surplus of USD 407.4 million, largely on account of increase in tourism receipts.

Foreign reserves remained adequate throughout the first quarter of 2025. The reserves amounted to more than USD 5.6 billion, covering 4.5 months of projected imports of

¹ IFEM transactions as of 26th March 2025

goods and services, and expected to remain at the same levels in the second quarter of 2025. The Bank will continue building up foreign reserves, supported by the domestic gold purchase program and purchase from the market. Implementation of initiatives to increase exports and reduce imports (import substitution) over the medium term is also expected to bolster reserves.

Economic Outlook

The global economy is expected to continue improving in 2025. The IMF projects global growth to stabilize at 3.3 percent in 2025, a modest increase from 3.2 percent in the preceding year. In the second quarter of the year, growth in advanced economies is expected to improve, though facing uncertainties linked to trade tensions. Growth in emerging markets is also projected to improve, driven by investment and consumption. Inflation in advanced economies is expected to continue easing to the target of 2 percent due to lower production costs, lagged effects of tight monetary policy, and stable prices of food and energy. Central banks in advanced economies, particularly in the US and Euro Area, are expected to prioritize growth, thereby continuing to cut policy rate. However, trade tariffs uncertainties and geopolitical conflicts heightens risks to global growth and inflation.

The domestic economy is projected to remain strong. This optimism also is reflected in the Market Perception Survey and CEOs Economic Perception Survey conducted in February 2025. Public investment, particularly in infrastructure such as railways, roads, sports facilities and airports, also contributes significantly to the growth outlook. In addition, investment in agriculture, especially irrigation schemes is expected to support growth. The Zanzibar economy is also expected to grow robustly, driven by public investment in infrastructure such as roads, ports and real estate. In addition, tourism, manufacturing, and construction activities by the private sector will also contribute to growth.

Based on the market perception and CEOs economic perception surveys, weather forecast, food stocks held by NFRA, prices in the world market, and expectations on the exchange rate, inflation is projected to remain below the medium-term target of 5 percent

in the second and third quarters of 2025. Inflation in Zanzibar is projected to remain close to the 5 percent target. The risk to the inflation outlook is low but might be heightened in case of lower than projected rains in most parts of the country. In addition, global trade policies and geopolitical conflicts might affect domestic inflation.

MPC decisions

Based on the expected improvements in global and domestic economic conditions, the MPC maintained the policy rate at 6 percent. The decision is intended to minimize negative spill-over effects of trade tariffs and geopolitical conflicts on the economy. The decision will also help to lower inflation volatility, ensure exchange rate stability, boost stronger investor confidence, minimize capital flight risk, and foster trade competitiveness.

In line with the decision, the 7-day interbank rate is expected to fluctuate between 4-8 percent. In addition to keeping the 7-day interbank rate, monetary policy will strive to ensure the attainment of the ECF program targets set forth as performance criteria for the quarter ending June 2025.

Chapter 1: MPC Decision, Monetary Policy Implementation, and Progress on ECF Program

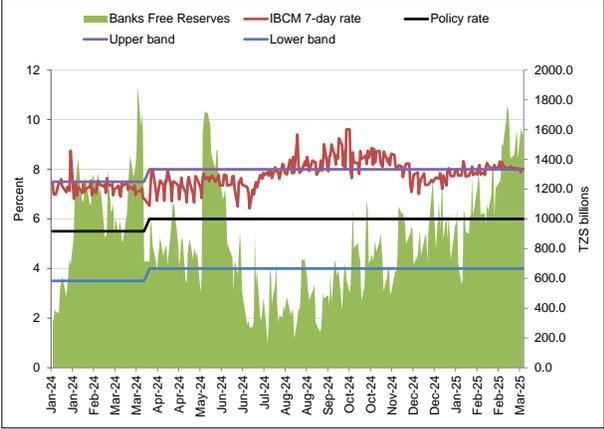
1.1. MPC decision on CBR for the first quarter of 2025

The Monetary Policy Committee (MPC), at its meeting held on 7th January 2025, maintained the CBR at 6 percent for the first quarter of 2025. The decision was intended to continue anchoring inflation expectations below the medium-term target of 5 percent, ensuring sufficient liquidity to facilitate economic growth and minimizing the impact of the exchange rate on inflation. Given the CBR, the 7-day interbank rate was expected to evolve between 4-8 percent.

1.2. Monetary policy implementation and outcome.

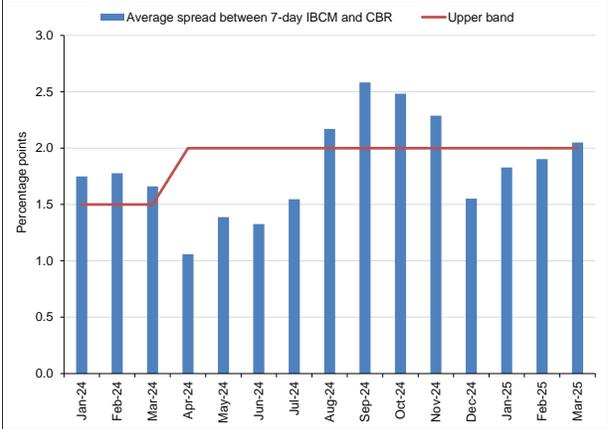
During the first quarter of 2025, monetary policy implementation successfully achieved its objectives of anchoring inflation expectations below the 5 percent target, ensuring sufficient liquidity for economic activities, and reducing the pass-through effect of the exchange rate on inflation. During the quarter, the 7-day interbank rate hovered close to the upper band of the CBR (Chart 1.1a). Noteworthy, the deviation of the 7-day interbank rate from the CBR was lower compared to the preceding quarter, owing to an improvement in liquidity, which was reflected by higher levels of clearing balances (banks reserves) (Chart 1.1b). The improvement in liquidity was mainly due to fiscal operations, seasonal decline in currency outside banks following the end of the crop purchase season and year-end festivities, and purchase of gold from the domestic market. Owing to the improvement in liquidity, the auction of reverse repo was substantially reduced to TZS 973.9 billion from TZS 9,235.3 billion in the preceding quarter and banks reduced access to the Lombard loan facility. The implementation of monetary policy resulted to the attainment of indicative targets on net domestic assets (NDA) and net international reserves (NIR) set forth under the IMF ECF program for the quarter ending March 2025.

Chart 1.1a: CBR and banks reserves



Source: Bank of Tanzania

Chart 1.1b: Deviation of 7-day IBCMR from CBR



Chapter 2: Global Economic Developments

2.1 Output performance

Growth in the advanced economies is estimated to remain stable in the first quarter of 2025, contributed mostly by the United States, despite labour market weaknesses and a sizable pullback in consumer sentiment and spending since the beginning of the year (Table 2.1). Output growth in the United Kingdom is estimated to be low, owing to a decline in manufacturing activity amid trade tensions. Growth in the Euro Area may be dampened by trade uncertainties and weak industrial performance.

Output growth in BRICS is expected to remain mixed in the first quarter of 2025, with China's growth estimated to deteriorate due to trade tensions with the U.S and weak domestic consumption (Table 2.2). India's growth is fuelled by increased consumer spending and business reforms, while Brazil benefits from strong agricultural performance and low unemployment. South Africa's expansion is backed by agriculture and consumer spending. Sustained strong growth in advanced and emerging markets economies provides an opportunity for Tanzania's export demand.

Table 2.1: Advanced Economies-Quarterly Real GDP Growth

	2024				Percent
	Q1	Q2	Q3	Q4	2025
USA	2.9	3	2.7	2.5	2.5
Euro Area	0.5	0.5	0.1	1.2	0.9
Japan	-0.7	-0.7	0.7	1.1	1.9
Germany	0.2	-0.3	0.1	-0.2	0.1
UK	0.3	0.7	1	1.4	0.7

Source: Bloomberg

Table 2.2: BRICS Quarterly Real GDP Growth

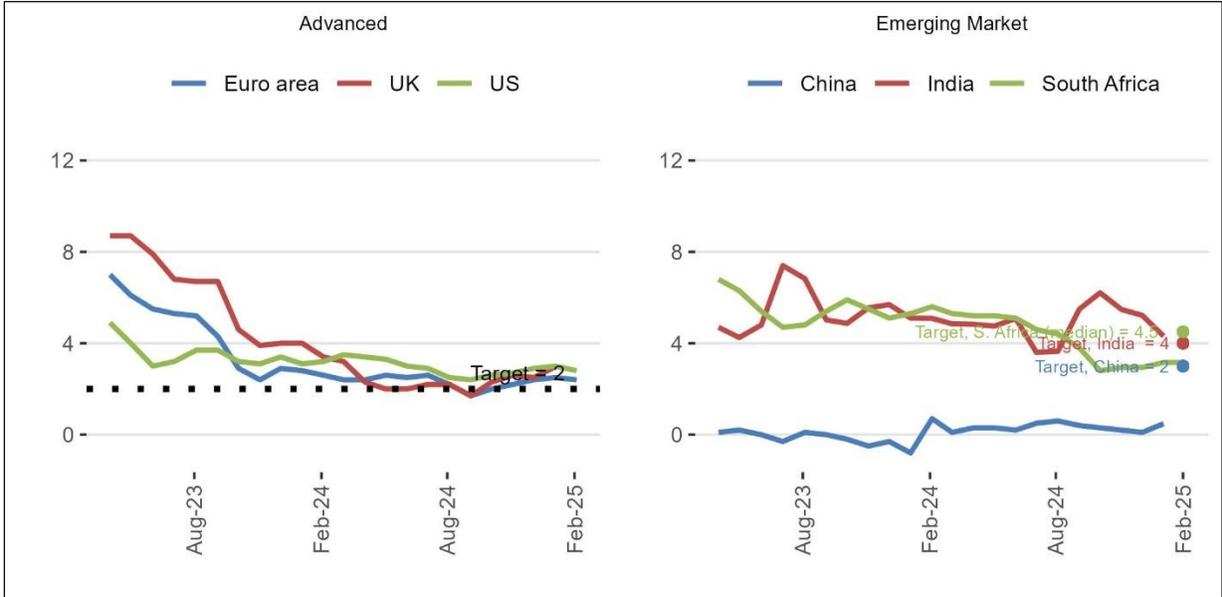
	2024				Percent
	Q1	Q2	Q3	Q4	2025
Russia*	n.a	4.1	3.1	n.a	2.0
India*	8.4	6.5	5.6	6.2	6.6
China	5.3	4.7	4.6	5.4	4.9
South Africa	0.6	0.4	0.4	0.9	1.5
Brazil	1	1.3	0.7	0.2	0.4

2.2 Inflation

Inflation continued to ease in advanced and emerging market economies, converging towards the targets, reflecting the lagged impact of monetary policy and decline in energy prices (Chart 2.1). In advanced economies, inflation was close to the target of 2 percent, prompting further monetary policy easing to support economic growth. In emerging

markets, there were variations in inflation, with some countries reaching close to the target, leading to monetary policy easing, while others maintained a tight monetary policy stance as inflation remained elevated. The decline in inflation implies less impact of imported inflation to Tanzania.

Chart 2.1: Inflation in Select Advanced and Emerging Market Economies



Source: Respective central banks

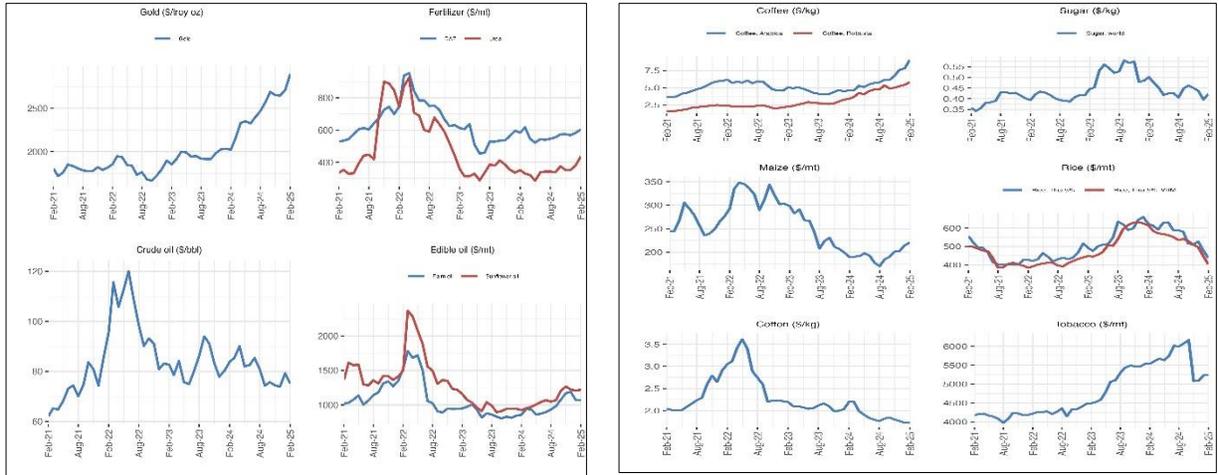
2.3 Commodity Prices

Commodity prices showed a mixed trend. Prices of crude oil, gold, coffee, and fertilizer slightly increased, while prices of palm oil and sugar decreased in the first quarter of 2025 (Chart 2.2). The price of crude oil rose due to increased demand in China, which is the major importer, while that of gold was driven by strong demand at the back of heightened trade uncertainties². The rise in the prices of coffee (Arabica and Robusta) was caused by anticipation of global supply shortage stemming from adverse weather conditions in Brazil and Vietnam, which are the main producers. Tariff hikes on potash, which is a major input in the production of fertilizer, contributed to the increase in its prices. The decline in

² The price of gold reached a peak of USD 3,000 per troy ounce on 17th March 2025, before moderating slightly, as investors seek safe-haven assets amidst uncertainty.

palm oil prices was due to increased production of substitutes, particularly soy oil, while the increase in sugar production led to a decline in its price.

Chart 2.2: World Commodity Prices



Source : <http://www.worldbank.org/prospects>
 Notes: DAP denotes Di-ammonium phosphate

Chapter 3: Recent Domestic Economic Performance

3.1 Output Performance

The economy sustained strong performance, supported by public and private sector investment. The strong performance was also attested by Moody's credit rating report released in March 2025, which maintained Tanzania's rating at B1, with a stable outlook. GDP growth in 2024 is estimated at 5.5 percent compared with the projection of 5.4 percent and 5.1 percent in 2023 (Chart 3.1a). The growth was mostly contributed by agriculture, financial and insurance services and construction. Tourism activities, which crosscut with other sectors, also contributed to the growth outturn (Chart 3.1b).

Chart 3.1a: GDP Performance (Percent)

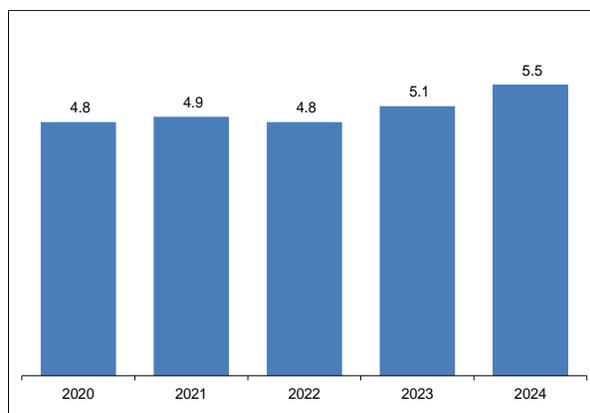
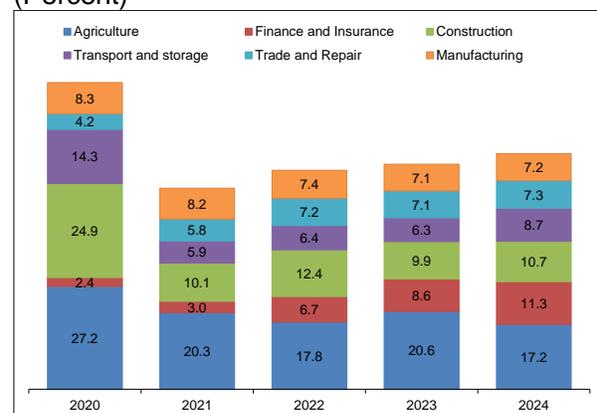


Chart 3.1b: Contribution to GDP Growth (Percent)



Source: National Bureau of Statistics, Bank of Tanzania computations
 Note: The data for 2024 are derived from quarterly GDP

In the fourth quarter of 2024, the economy expanded by 5.2 percent compared with 5 percent in the corresponding period in 2023 (Chart 3.2a). As in the previous quarters, growth continued to be primarily driven by agriculture, financial and insurance services, construction, and mining and quarrying (Chart 3.2b).

The contribution of agriculture is attributed to improved productivity arising from the increased use of farm inputs and the provision of funds to improve infrastructure for irrigation, extension services, and research. The improvement in the financial and insurance activity was due to a robust growth of credit to the

private sector, while construction activity was bolstered by public investment in infrastructure and private sector undertakings. Public investment in infrastructure was largely through the construction of railways, roads, and ports. Private investment was reflected in the increased production of cement, and iron and steel. Mining output was on account of increased production of gold, diamond, coal, mica, and gypsum.

Based on high-frequency indicators, growth is estimated at 5.5 percent in the first quarter of 2025, compared with a projection of 5.7 percent (Chart 3.2a)³. This performance was also attested by market and CEO perception surveys on the economy conducted in February 2025.

Chart 3.2a: Output Performance (Percent)

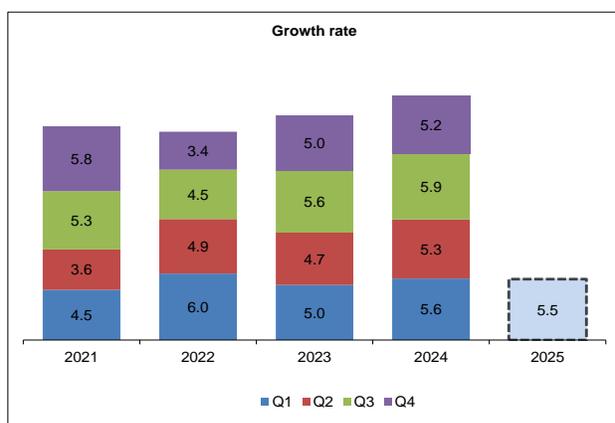
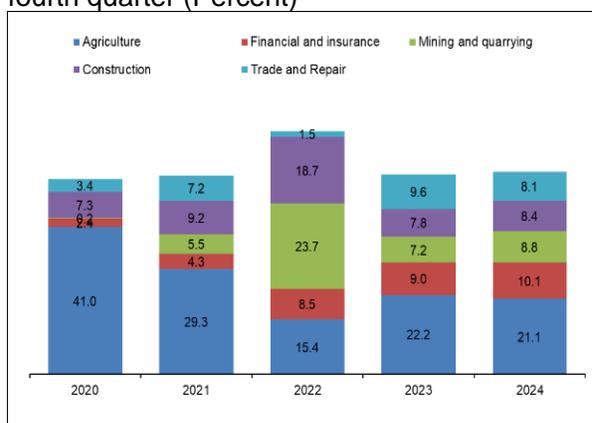


Chart 3.2b: Contribution to GDP Growth in the fourth quarter (Percent)

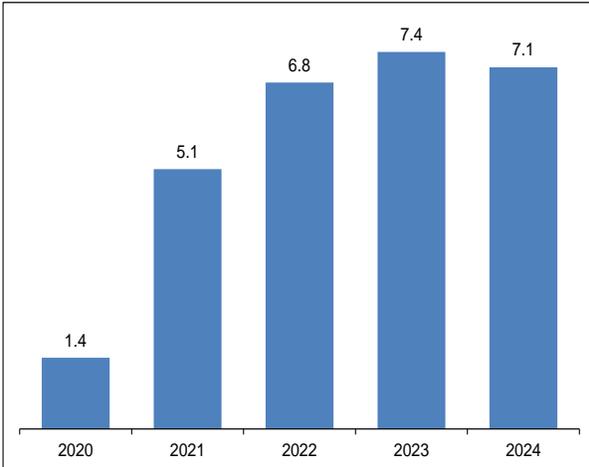


Source: National Bureau of Statistics, Bank of Tanzania computations

The Zanzibar economy exhibited a robust performance in 2024, bolstered by investments from both the public and private sectors. The economy grew by 7.2 percent in the fourth quarter of 2024, up from 2.2 percent in the corresponding period in 2023 (Chart 3.3a). The growth was mainly contributed by accommodation and food services, which is mainly tourism activity, and wholesale and retail trade (Chart 3.3b).

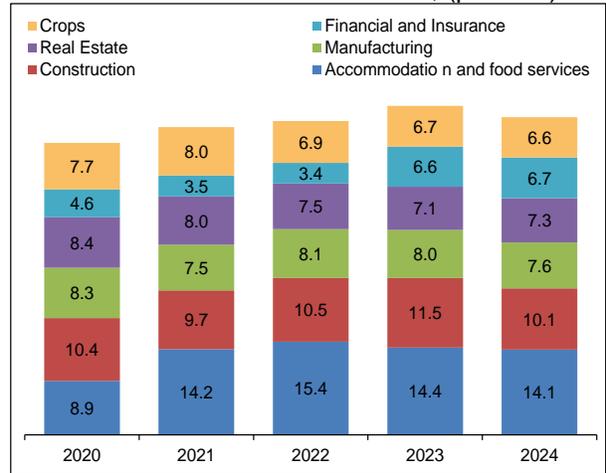
³ High-frequency economic indicators used include cement production, electricity generation, excise duty, exports, credit to the private sector and public expenditure.

Chart 3.3a: Real GDP Growth



Source: Office of Chief Government Statistician and Bank of Tanzania computations

Chart 3.3b: Contribution to Growth, (percent)

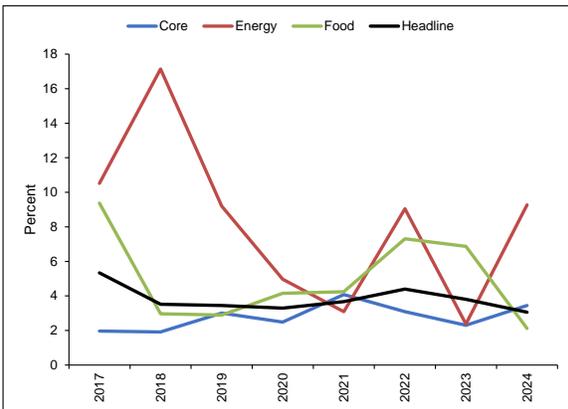


Office of Chief Government Statistician and Bank of Tanzania computations

3.2 Inflation

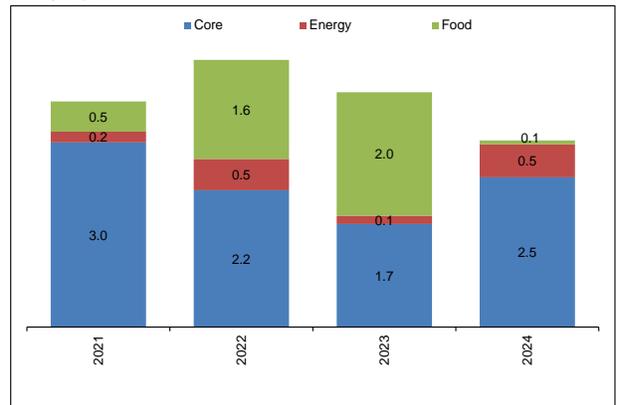
Inflationary pressures remained subdued. Owing to less accommodative monetary policy and moderation in food and energy prices, headline (overall) inflation was 3.1 percent in 2024, lower compared with 3.8 percent in the preceding year. Food inflation dropped to 2.1 percent from 6.9 percent in 2023. Non-food inflation increased to 3.4 percent from 2.5 percent, while core inflation rose to 3.4 percent from 2.3 percent (Chart 3.4a). Core inflation was the main driver of headline inflation in 2024 (Chart 3.4b).

Chart 3.4a: Headline Inflation



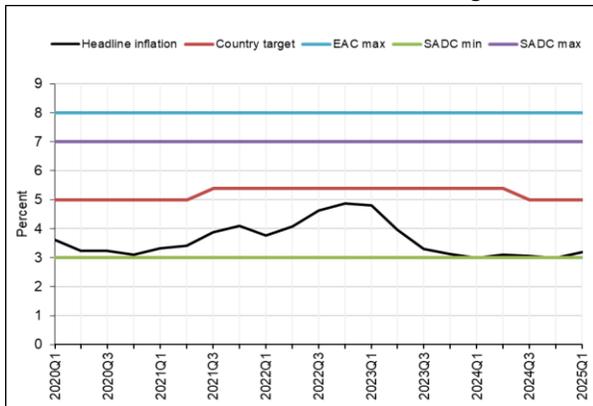
Source: NBS and BOT computations

Chart 3.4b: Percentage Contribution to Headline Inflation



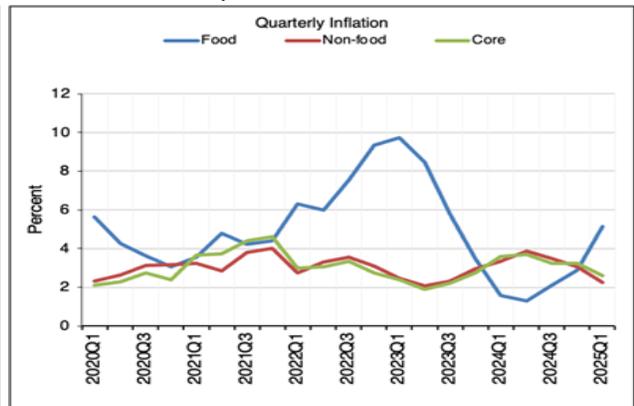
During the first quarter of 2025, headline inflation was low and stable, averaging 3.2 percent, below the country target of 5 percent and consistent with SADC and EAC convergence criteria (Chart 3.4c). Inflation outturns in the EAC and SADC regions varied significantly, but most countries achieved the convergence criteria (Chart 3.4e and Chart 3.4f).

Chart 3.4c: Headline Inflation and Targets



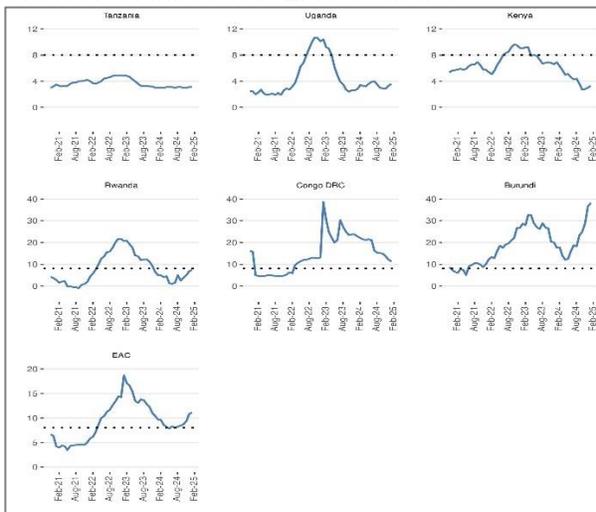
Source: NBS, and BOT computations

Chart 3.4d: Components of Inflation



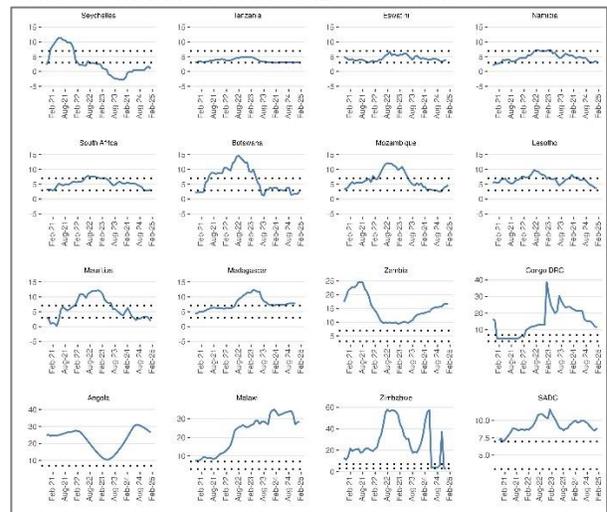
Source: NBS, and BOT computations

Chart 3.4e: Inflation in EAC countries



Source: Respective National Statistics Offices
Notes: The dotted lines indicate the targets

Chart 3.4f: Inflation in SADC Countries



The overall inflation in Mainland Tanzania was mainly contributed by core and food inflation, as in the preceding quarters (Chart 3.5). The contribution of core inflation remained significant, despite easing to 2.6 percent from 3 percent in the quarter ending

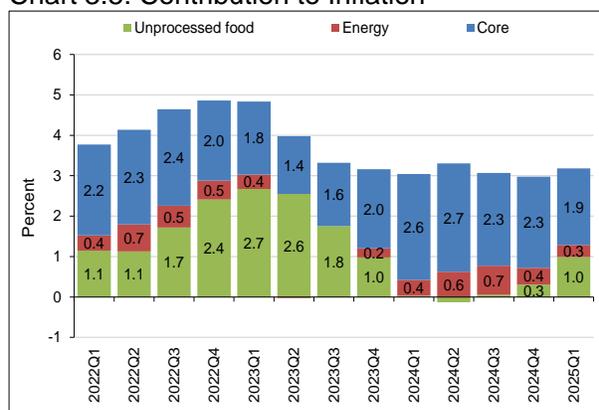
December 2024. The decline was on account of a slowdown in prices of processed food (mostly imported), house maintenance materials, and sports and recreation. Food inflation, referred to as unprocessed food, increased to 5.2 percent from 3.5 percent, and its contribution to overall inflation also rose (Table 3.1). This was driven by prices of maize, rice, beans, sorghum, and finger millet, in line with seasonal patterns (Table 3.2)⁴. Despite the increase in food prices, food stocks held by the National Food Reserve Agency remained high for two consecutive quarters and among the highest over the past 5 years, following good harvests during the 2023/24 crop-season and provision of funds for crop purchase (Table 3.3). Food stocks held comprised of maize and paddy. Inflation for energy, fuel, and utilities sub-group increased on account of a rise in prices of firewood, petrol, diesel, and kerosene.

Table 3.1: Quarterly Inflation Developments

Main groups	Weight	Quarterly inflation				
		Q1-24	Q2-24	Q3-24	Q4-24	Q1-25
Food and non-alcoholic beverages	28.2	1.6	1.3	2.1	3.5	5.2
Alcoholic beverages and tobacco	1.9	4.2	3.5	2.1	2.1	3.6
Clothing and footwear	10.8	2.6	2.0	1.8	1.6	1.9
Housing, water, electricity, gas and other fuels	15.1	4.9	5.7	6.0	4.1	2.7
Furnishings, household equipment and routine household maintenance	7.9	3.5	3.4	2.4	2.1	2.2
Health	2.5	2.0	2.0	1.7	1.8	1.3
Transport	14.1	3.5	5.1	4.4	3.6	2.8
Information and communication	5.4	1.6	1.7	1.2	1.2	0.4
Recreation, sports and culture	1.6	3.6	3.3	2.7	2.1	1.7
Education services	2.0	2.8	3.2	3.3	3.1	4.3
Restaurants and accommodation services	6.6	4.6	3.2	3.0	2.7	1.7
Insurance and financial services	2.1	1.1	1.6	1.1	1.2	0.7
Personal care, social protection and miscellaneous goods and services	2.1	7.2	7.6	5.7	6.0	3.2
All items-(headline inflation)	100.0	3.0	3.1	3.1	3.0	3.1
Other selected groups						
Core	73.9	3.6	3.7	3.2	3.3	2.6
Non-core	26.1	1.5	1.8	2.8	2.6	4.5
Energy, fuel and utilities	5.7	6.8	10.9	12.4	6.9	4.4
Services	37.2	3.2	3.1	2.4	2.0	1.2
Goods	62.8	2.8	3.2	3.5	3.5	4.2
Education services and products ancillary to education	4.1	3.0	3.4	2.9	3.0	4.0
All items less food and non-alcoholic beverages	71.8	3.3	3.9	3.5	2.9	2.2

Source: NBS and BOT computations

Chart 3.5: Contribution to Inflation



Source: NBS and BOT computations

Table 3.2: Wholesale Prices of Main Food Crops

Food crop	TZS per '000' Tonnes				
	Oct-24	Nov-24	Dec-24	Jan-25	Feb-25
Maize	69,485.0	72,036.8	72,652.1	77,941.8	79,488.4
Rice	206,266.7	209,251.4	211,106.1	216,716.0	221,570.1
Beans	270,491.7	278,495.9	282,041.4	284,874.3	283,584.9
Sorghum	133,300.0	137,089.9	137,013.7	140,581.2	137,730.7
Round potatoes	103,230.8	102,914.1	104,577.7	97,914.0	101,263.6
Finger millet	173,603.4	181,159.1	190,663.6	205,383.4	216,725.4
Wheat	180,136.4	181,731.5	173,934.0	161,252.4	175,600.0

Source: Ministry of Industry and Trade, and BOT computations

Table 3.3: Food Stocks Held by NFRA

Period	Tonnes					% change 2023-24
	2021	2022	2023	2024	2025	
Jan	110,398	207,899	124,736	270,984	646,480	138.6
Feb	110,389	203,297	106,881	326,172	619,659	90.0
Mar	109,231	200,626	80,123	336,099		
Apr	109,231	190,366	63,808	340,102		
May	108,284	149,402	51,367	340,002		
Jun	107,384	141,576	46,665	340,479		
Jul	107,384	140,695	94,088	368,855		
Aug	123,635	144,410	210,020	489,187		
Sep	150,057	149,044	244,169	651,403		
Oct	192,408	151,794	244,289	708,399		
Nov	209,057	147,401	244,223	702,502		
Dec	214,968	137,655	248,282	677,115		

Source: National Food Reserve Agency

⁴ Food availability is seasonal. January-March tends to experience increase in foods prices because it is not a harvest season. This year the seasonality effect has been amplified by the onset of Ramadhan and Lent seasons.

Headline inflation in Zanzibar eased to 5.1 percent in 2024 from 6.9 percent in 2023. In February 2025, inflation decreased to 4.8 percent from 5.3 percent in January 2025 and 5.1 percent recorded in a similar month in 2024 (Chart 3.6a and 3.6b). The outturn was largely on account of a decrease in food inflation to 5.8 percent in February 2025 from 8.9 percent similar month in 2024. Food items which recorded a significant decrease in prices include sugar, maize flour, rice, yellow and cooking banana. Contrarily, non-food inflation edged up to 4.1 percent from 2.4 percent recorded in February 2024. The increase in non-food inflation is associated with the increase in prices of household maintenance and miscellaneous goods and services.

Chart 3.6a: Zanzibar Headline Inflation

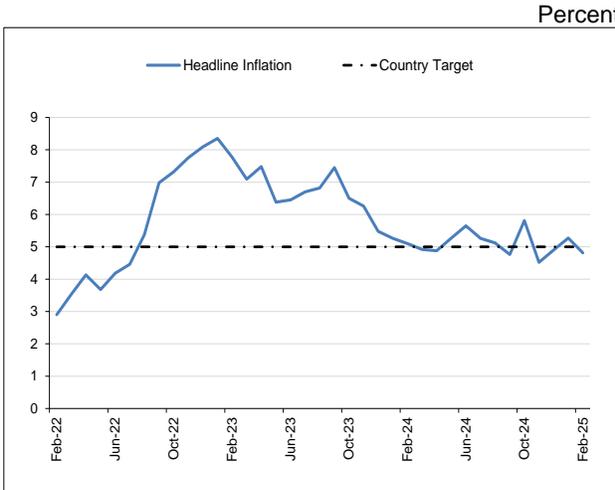
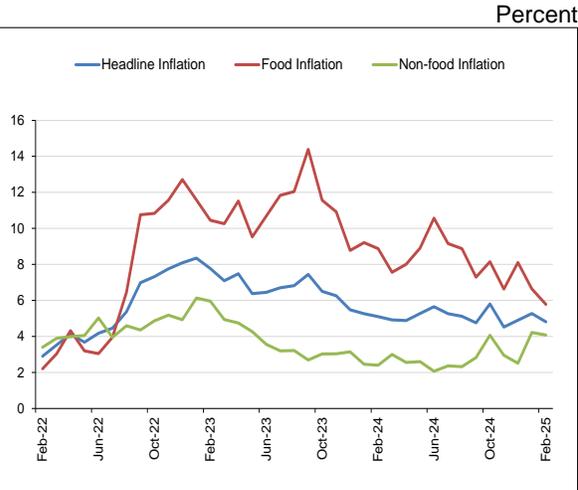


Chart 3.6b: Contribution to Headline Inflation



Source: Office of Chief Government Statistician and Bank of Tanzania computations

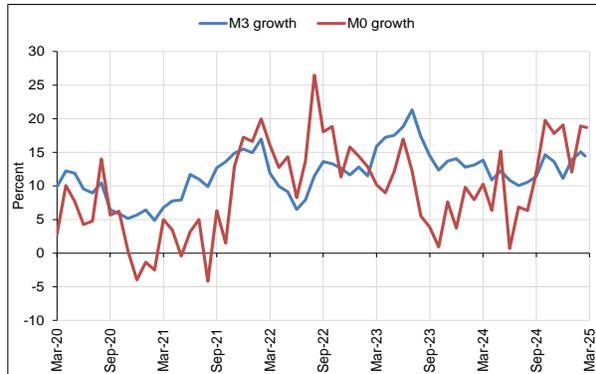
3.3 Money supply and credit to private sector

Money supply (M3) growth was more than 12 percent in 2024, in line with the monetary policy stance. The growth of money supply was largely contributed by private sector credit, which grew at an average of 16.6 percent.

During the first quarter of 2025, M3 increased in line with the improvement in liquidity. The growth of M3 is estimated at 14.6 percent, compared with 13.1 percent in the preceding quarter (Chart 3.7a). This was largely driven by private sector credit, which is estimated to have grown by 12.7 percent, albeit lower compared with 14.9 percent in the preceding quarter (Chart 3.7b). The moderate growth is partly attributable to monetary

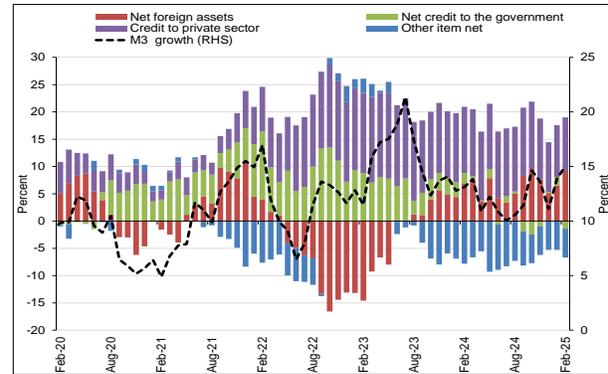
policy tightening implemented in much of 2024, a decrease in post-import loans owing to improvement in foreign exchange liquidity.

Chart 3.7a: Money supply growth



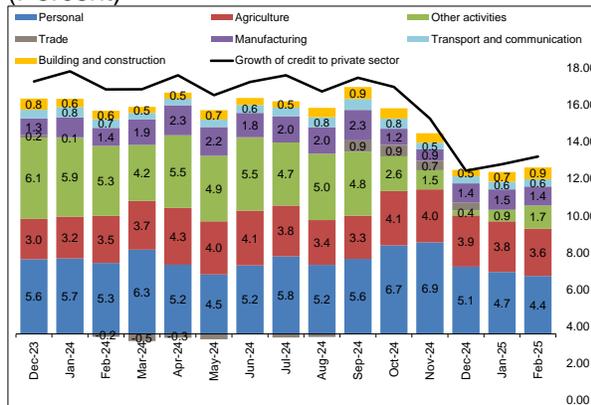
Source: Banks and Bank of Tanzania computations

Chart 3.7b: Contribution to M3 growth, asset side



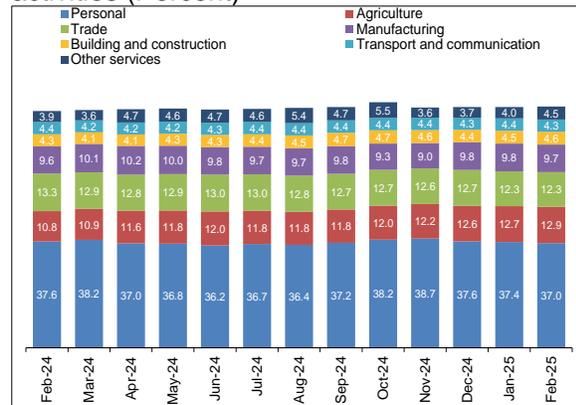
Personal loans continued to account for the largest proportion of credit extended to the private sector and remained the main contributor to credit assets growth (Chart 3.8a and Chart 3.8b). Credit to agriculture has been rising, and its share and contribution to credit growth is increasing. The outturn is largely due to banks' access to the 1 trillion loan facility and SMR relief for lending to agriculture. Also, government initiatives to improve the agriculture sector through the provision of funds to improve infrastructure for irrigation, extension services, and research have incentivised bank lending to the sector. This is in addition to the provision of subsidies on fertilizer and seeds.

Chart 3.8a: Contribution to credit growth (Percent)



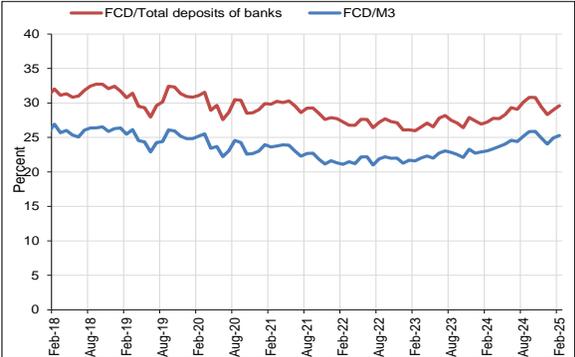
Source: Banks and Bank of Tanzania computations

Chart 3.8b: Share of credit by economic activities (Percent)



The growth of foreign currency deposits increased marginally to 25.3 percent compared with 24.5 percent in the quarter ending December 2024. The level of financial dollarization, as measured by the share of foreign currency deposits to total deposits, remained virtually unchanged at 29 percent in the two successive quarters. The share of foreign currency deposits to M3, also a measure of financial dollarization, also stabilized at 25 percent (Chart 3.9). The degree of financial dollarization in Tanzania is expected to progressively decline owing to the implementation of measures to increase exports, promote import substitution, accumulate foreign reserves through the gold purchase program, and adherence to Section 26 of the BOT Act, which prohibits the use of foreign currency for domestic payments.

Chart 3.9: Degree of Dollarization in Tanzania

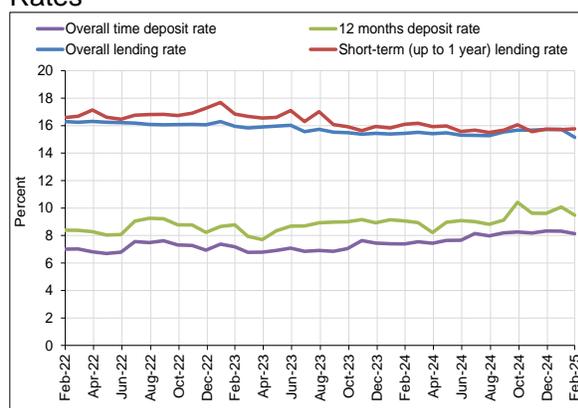


Source: Banks and Bank of Tanzania computations

3.4 Banks’ Interest Rates

Interest rates on loans and deposits were almost unchanged, the former at around 16 percent and the latter at 8 percent (Chart 3.10). Negotiated lending and deposit rates also remained almost the same at 13 percent and 10 percent, respectively. The Bank, in collaboration with stakeholders, is undertaking reforms in the financial sector to facilitate appropriate determination of interest rates. The reforms include enhancing consumer protection, financial literacy, financial inclusion, as well as enhancing the reform in judicial and court system to fast-track the settlement of disputes arising from loan defaults. The reform measures are intended to reduce credit risk and increase the availability of loanable funds.

Chart 3.10: Lending and Deposit Interest Rates



Source: Central Banks across EAC

3.5 Developments in the Foreign Exchange Market

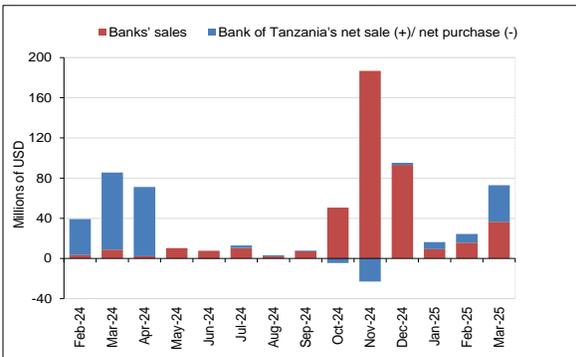
During the quarter ending March 2025, liquidity in the foreign exchange market was lower compared to the preceding quarter. This is a seasonal phenomenon associated with a decline in foreign exchange inflows from tourism and export of cash crops. Owing to this, activities in the interbank foreign exchange market (IFEM) was low, amounting to USD 84 million, compared with USD 333 million in the preceding quarter⁵. To support foreign currency demand by importers, the Bank sold USD 52.25 million in the market, in line with the foreign exchange intervention policy (Chart 3.11a)⁶. Reflecting the seasonality of foreign exchange flows, the nominal exchange rate appreciated at a slower rate compared to the preceding quarter (Chart 3.11b). This trend was also observed in the nominal effective exchange rate (Chart 3.12a). On average, the exchange rate appreciated by 2.7 percent and 0.6 percent on an annual basis and quarter-on-quarter, respectively. The retail exchange rate moved in tandem, suggesting the absence of a parallel foreign exchange market. The real effective exchange rate (REER) depreciated marginally and remained slightly above its equilibrium path (Chart 3.12a)⁷. This indicates that there was no misalignment in the REER, which could affect export competitiveness (Chart 3.12b).

⁵ Position as of 26th March 2025

⁶ Under the Foreign Exchange Intervention Policy, the Bank can participate in the IFEM to build foreign reserves, smoothen short-term excess volatility in the exchange rate, attainment of monetary policy objectives, and provide liquidity in the market for importation.

⁷ The REER takes into account the inflation differential between Tanzania and its trading partners.

Chart 3.11a: IFEM Transactions



Source: Bank of Tanzania

Chart 3.11b: Daily TZS/USD exchange rates

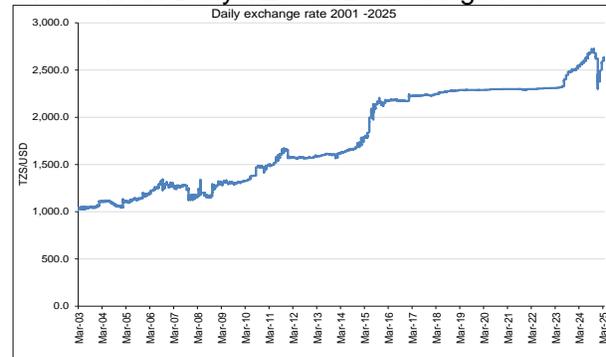
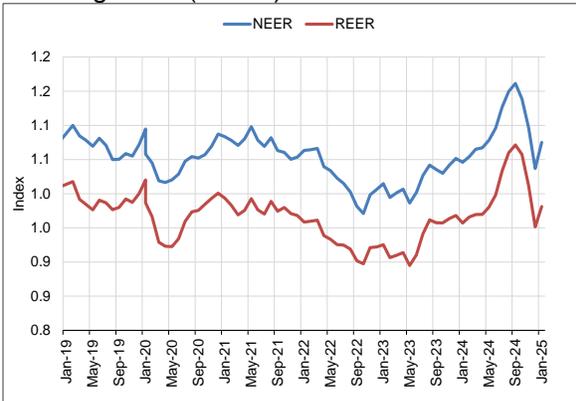
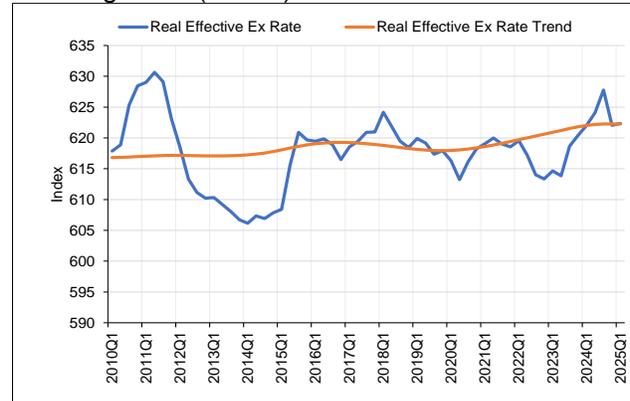


Chart 3.12a: Real and Nominal effective exchange rate (REER)



Source: Bank of Tanzania

Chart 3.12b: Long run trend of the real effective exchange rate (REER)



3.6 Financial Sector Performance

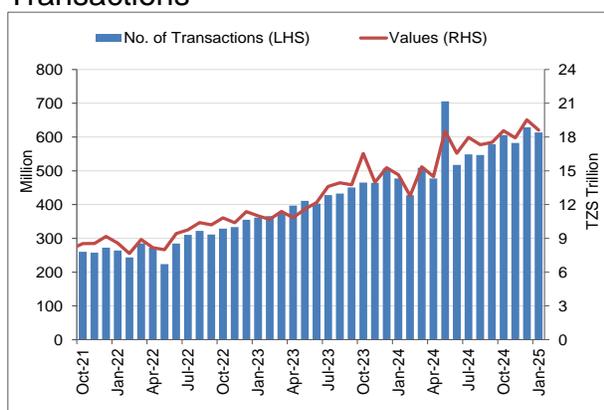
The financial sector remained stable and resilient to short-term shocks. The banking sector which constitutes more than 70 percent of the financial sector, was liquid and adequately capitalized, indicating the ability of banks to extend credit to the private sector. Accordingly, deposits and loans increased, attributable to uptake in agent-banking services, innovation of financial products, and widespread digital banking services. The expansion of loans was attributable to the favourable business environment, a decline in non-performing loans from 4.4 percent in 2024 to 3.6 percent in February 2025, and increased access to credit.

Payment systems operated smoothly, thus facilitating the settlement of payment transactions, supporting financial system stability and the conduct of monetary policy. The

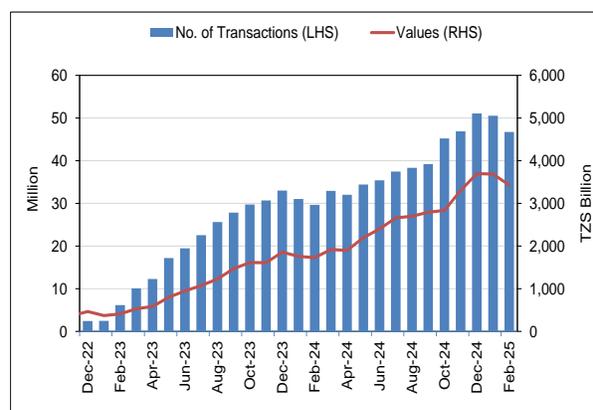
volume of transactions increased across various payment systems. Notably, TZS-denominated transactions processed through the Tanzania Interbank Settlement System (TISS) amounted to TZS 24.36 trillion, a 24.4 percent increase from TZS 19.58 trillion processed in February 2024. US dollar-denominated transactions were USD 3.1 billion, higher by 57.02 percent from USD 1.97 billion processed in February 2024.

Mobile payment service transactions increased by 27.05 percent, reaching TZS 18,609.26 billion in January 2025, up from TZS 14,646.89 billion in January 2024. Similarly, transactions processed through the Tanzania Instant Payment System (TIPS) increased by almost 100 percent to TZS 3,430.38 billion from TZS 1,730.29 billion registered in February 2024(Chart 3.13a and 3.13b).

Chart 3.13a: Mobile Payment Services Transactions Chart 3.13b: TIPS Transactions



Source: Mobile Electronic Money Issuers
 Note: LHS refers to the left-hand scale, and RHS is right-hand scale



Source: Bank of Tanzania

3.7 Government Fiscal Performance

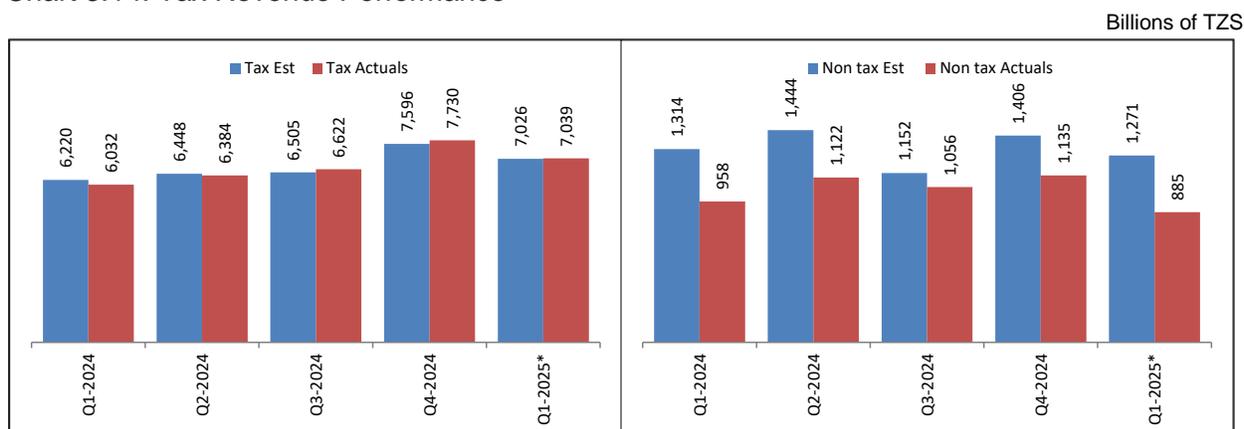
Fiscal Performance in Mainland Tanzania

Fiscal performance was characterized by high tax revenue and lower than projected non-tax revenue in the third quarter of 2024/25⁸. Tax revenue was on target, as in the previous two quarters, attributable to improved tax administration. The Government is implementing various reforms to improve revenue, focusing on widening the tax base, improving tax compliance, harmonization of tax rates, and leveraging technology in

⁸ Data for the third quarter of FY 2024/25 are based on January, February, and March 2025 projections.

revenue collection. Non-tax revenue amounted to TZS 885.3 billion, below the target of TZS 1,271 billion (Chart 3.14). Foreign loans and grants amounted to TZS 1,214.7 billion, compared with the projection of TZS 1,118.4 billion⁹.

Chart 3.14: Tax Revenue Performance



Source: Ministry of Finance

Note: RHS denotes right-hand scale; figures for the quarter ending March 2025 are estimates based on expert judgment

Expenditure continued to be rationalized and aligned with available resources. In the quarter ending March 2025, expenditure amounted to TZS 10,244 billion compared with estimates of TZS 10,713 billion¹⁰. Recurrent expenditure, including interest payments (domestic and foreign), accounted for 63.8 percent, and the balance was development expenditure.

Debt Developments

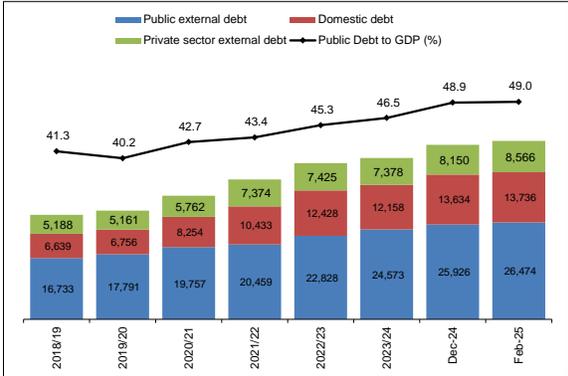
Public debt remains sustainable with a moderate risk of debt distress, reflecting the fiscal prudence. The public debt, comprising external and domestic debt, amounted to USD 39,651 million at the end of February 2025 (Chart 3.15). External debt accounted for 66.8 percent, largely owed to multilateral institutions and commercial creditors, and primarily used for social welfare and education as well as transport and telecommunication activities. Private sector external debt increased to USD 8,566.0 million from USD 8,153.5 million, largely owed to financial institutions. The funds were mostly used to finance energy and mining industries, finance and insurance, and transport and

⁹ Does not include project loans and grants.

¹⁰ Expenditure for the quarter is provisional, based on central government operations from Ministry of Finance.

telecommunication activities. The stock of domestic debt was TZS 34,014.1 billion at the end of February 2025, an increase of TZS 1,364.8 billion from the end of December 2024. The increase was mainly on account of the issuance of Treasury bonds that accounted for 79.6 percent of the domestic debt portfolio.

Chart 3.15: Debt Developments (USD million)

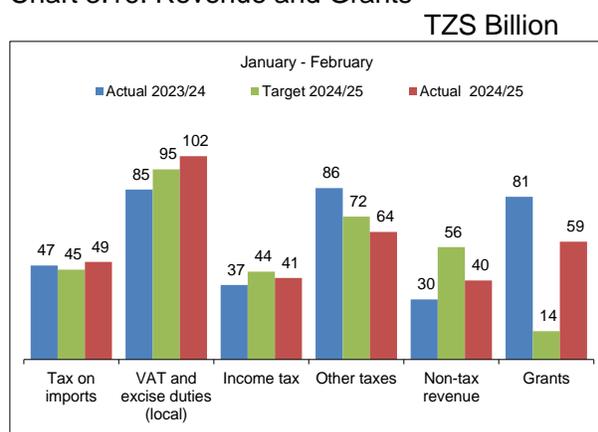


Source: Ministry of Finance and Bank of Tanzania

Fiscal performance in Zanzibar was satisfactory¹¹. Tax revenue was in line with the target for the period due to improved efficiency in tax administration and compliance by taxpayers (Chart 3.16). Foreign grants received were TZS 59.0 billion, compared to a projection of TZS 14.2 billion. Total expenditure was TZS 417.0 billion compared to the estimates of TZS 413.9 billion, of which the recurrent expenditure was 52.1 percent, and the balance was development expenditure (Chart 3.17).

¹¹ Cumulative actual data from July 2024 to February 2025

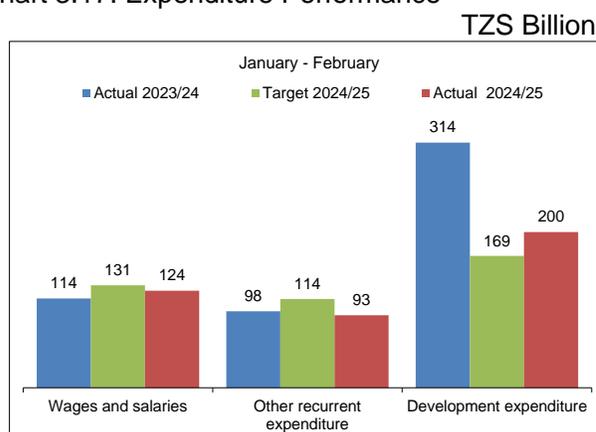
Chart 3.16: Revenue and Grants



Source: President's Office, Finance and Planning, Zanzibar

Note: Other taxes include hotel and restaurant levies, tour operator levies, revenue stamps, airport and seaport service charges, road development fund, and petroleum levy

Chart 3.17: Expenditure Performance



Source: President's Office, Finance and Planning, Zanzibar

Note: Other expenditure includes transfers, domestic debt interest payment, consolidated fund service, and other charges

Zanzibar's domestic debt stood at TZS 1,269.7 billion in February 2025, up from TZS 1,246.9 billion recorded in December 2024. The debt was comprised of loans from commercial banks and pension funds and borrowing through Treasury securities. It is worth noting that the Government plans to issue a Sukuk bond in three tranches amounting to TZS 1.15 trillion in the final four months of 2024/25, with the first tranche worth TZS 300 million open for subscription¹². The proceeds are mainly for the rehabilitation and construction of supporting infrastructure for tourism and the blue economy.

3.8 External Sector Performance

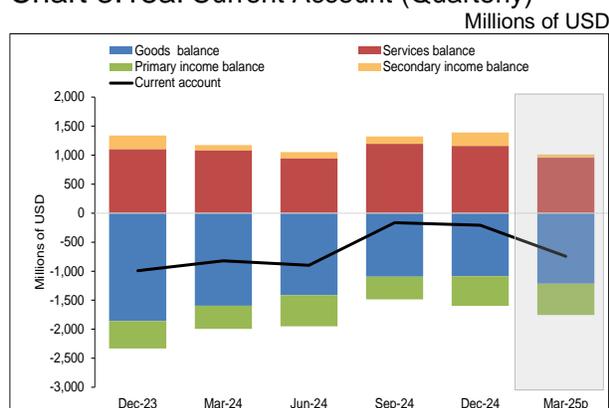
Current Account

During the first quarter of 2025, the current account deficit was estimated at USD 744 million compared with USD 822.3 million in the corresponding period in 2024. The improvement was on account of an increase in exports, particularly tourism, gold, cashew nuts and tobacco (Chart 3.18a). In the year ending March 2025, the current account position was a deficit of USD 2,015.6 million, compared with a deficit of USD 2,926.8 million during the year

¹² Sukuk bond tenure of 7 years with a profit share of 10.5 percent paid semi-annually.

ending March 2024, owing to improvement in the trade balance (Table 3.4)¹³. The deficit is estimated at around 2.6 percent of the GDP compared with 3.7 percent, in line with the SADC macroeconomic convergence criteria of not more than 3 percent. The current account deficit is projected at around 2.4 percent of GDP in the medium-term, on account of expected improvement in global conditions, increase in exports and reduction of imports through the import substitution initiatives (Chart 3.18b).

Chart 3.18a: Current Account (Quarterly)



Source: TRA and BOT computation

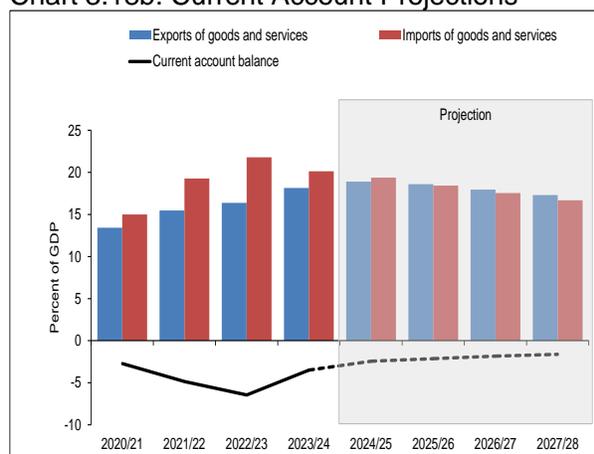
Note: p denotes provisional data

Table 3.4: Current Account (Annual)

Millions of USD

	Annual		Year ending March		Quarter ending		
	2023	2024 ^a	2024	2025 ^b	Mar-24	Dec-24	Mar-25 ^c
Goods account balance	-6,032.3	-5,185.8	-6,066.2	-4,806.8	-1,593.5	-1,086.4	-1,214.4
Exports	7,696.6	9,093.0	7,701.8	9,583.4	1,653.3	2,912.1	2,143.7
Imports	-13,728.9	-14,278.9	-13,768.0	-14,390.2	-3,246.8	-3,998.5	-3,358.2
Services account balance	3,932.4	4,382.4	4,145.3	4,253.3	1,083.5	1,159.3	954.4
Receipts	6,235.8	6,828.2	6,381.4	6,923.3	1,624.8	1,882.8	1,720.0
Payments	-2,303.4	-2,445.8	-2,236.1	-2,670.0	-541.3	-723.5	-765.6
Goods and services balance	-2,099.9	-803.4	-1,920.9	-553.5	-510.0	72.9	-260.1
Exports of goods and services	13,932.4	15,921.2	14,083.2	16,506.8	3,278.1	4,794.9	3,863.7
Imports of goods and services	-16,032.3	-16,724.6	-16,004.1	-17,060.3	-3,788.1	-4,722.0	-4,123.8
Primary income account balance	-1,603.0	-1,838.0	-1,690.5	-1,978.3	-399.6	-510.9	-539.9
Receipts	194.7	227.5	200.2	247.0	54.7	64.5	74.2
Payments	-1,797.7	-2,065.5	-1,890.7	-2,225.3	-454.3	-575.4	-614.1
Secondary income account balance	711.2	547.5	684.7	516.2	87.3	228.9	56.0
Inflows	1,259.7	1,148.2	1,320.5	1,068.1	296.5	321.4	216.4
o/w Official transfers	109.7	110.0	128.5	90.1	19.9	80.8	0.0
Outflows	-548.4	-600.7	-635.8	-551.9	-209.2	-92.5	-160.4
Current account balance	-2,991.8	-2,094.0	-2,926.8	-2,015.6	-822.3	-209.1	-744.0

Chart 3.18b: Current Account Projections



Source: Bank of Tanzania and Tanzania Revenue Authority, CCBG Secretariat

Note: p denotes projection

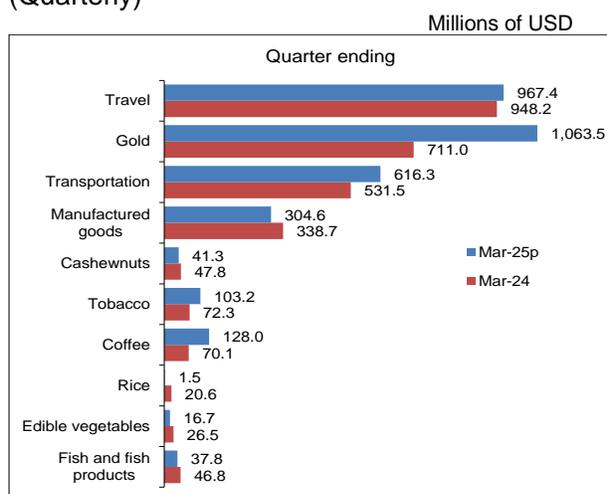
¹³ Data is provisional and estimated using actuals for April 2024- Feb 2025.

Exports Performance

Exports of goods and services performed satisfactorily. During the first quarter of 2025, exports of goods and services are estimated at USD 3,863.7 million compared with USD 3,278.1 million in the corresponding quarter in 2024. Exports of goods amounted to USD 2,143.7 million compared with USD 1,653.3 million, mainly on account of improvements in gold, cashew nuts and tobacco (Chart 3.19). The performance of gold was due to high prices in the world market. Exports of services are estimated at USD 1,720 million compared with USD 1,624.8 million, driven by earnings from tourism and transportation.

The improvement in exports was also observed year-on-year. Exports of goods and services are estimated at USD 16,506.8 million (20.5 percent of GDP) in the year ending March 2025, compared with USD 14,083.2 million (17.8 percent of GDP) in the corresponding period in 2024 (Table 3.5). The outturn was supported by improvements in gold, cashew nuts, tobacco, coffee, tourism and transportation. Exports of goods accounted for about 58.1 percent of total exports. The main export markets were South Africa, India, the United Arab Emirates and Switzerland, as in the previous years.

Chart 3.19 Exports of Goods and Services (Quarterly)



Source: Bank of Tanzania and Tanzania Revenue Authority

Note: p, provisional data

Table 3.5 Exports of Goods and Services

Millions of USD

	Annual		Year ending March		Quarter ending		
	2023	2024 ^a	2024	2025 ^p	Mar-24	Dec-24	Mar-25 ^p
Traditional	953.3	1,473.3	1,030.9	1,529.3	233.6	831.2	289.6
o/w Cashew nut	206.4	541.7	224.7	535.2	47.8	492.9	41.3
Tobacco	340.4	509.5	389.2	540.4	72.3	180.3	103.2
Non-traditional	6,321.6	7,228.8	6,286.7	7,844.7	1,367.7	1,936.0	1,783.6
Minerals	3,551.4	4,119.9	3,516.9	4,510.8	818.8	1,144.1	1,209.7
o/w Gold	3,058.9	3,419.6	3,106.6	3,772.2	711.0	968.8	1,063.5
Horticultural	417.2	507.1	417.9	491.8	63.7	124.7	48.4
Manufactured	1,363.3	1,341.3	1,357.1	1,307.2	338.7	349.7	304.6
Cereals	173.0	300.8	181.9	338.6	28.3	131.0	66.0
Fish and fish products	164.0	180.6	163.8	171.5	46.8	39.9	37.8
Oil seeds	306.5	298.6	302.3	296.0	5.0	15.1	2.3
Other exports	211.0	239.6	218.1	249.7	42.5	68.8	52.6
Services receipts	6,235.8	6,828.2	6,381.4	6,923.3	1,624.8	1,882.8	1,720.0
o/w Travel	3,373.8	3,903.1	3,558.7	3,922.3	948.2	1,059.2	967.4
Transportation	2,333.4	2,356.6	2,273.4	2,441.4	531.5	687.9	616.3
Goods and services	13,932.4	15,921.2	14,083.2	16,506.8	3,278.1	4,794.9	3,863.7

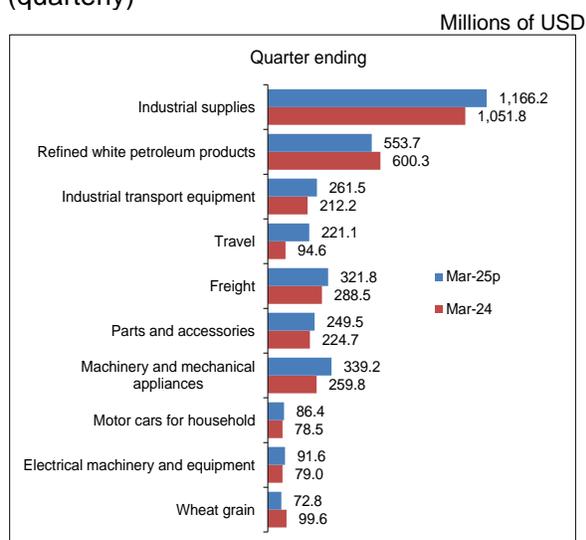
Imports

Imports of goods and services increased but at a slower pace compared to exports. In the first quarter of 2025, imports are estimated to have reached USD 4,123.8 million, up

from USD 3,788.1 million in the corresponding period in 2024 (Table 3.6). Imports of goods amounted to USD 3,358.2 million compared with USD 3,246.8 million, with a significant increase observed in the imports of industrial raw materials and transport equipment (Chart 3.20). Oil imports decreased to USD 553.7 million from USD 600.3 million, owing to price effect. Import of services, mainly freight payments, amounted to USD 765.6 million compared with USD 541.3 million.

On an annual basis, imports of goods and services were USD 17,060.3 million, compared with USD 16,004.1 million in the year ending March 2024 (Table 3.6). In terms of shares, imports accounted for 21.2 percent of GDP compared with 20.2 percent. Much of the increase was recorded on imports of industrial raw materials, transport equipment and refined white petroleum products. Import of goods accounts for about 85 percent of total imports of goods and services. The main sources of imports were China, India, the United Arab Emirates, Saudi Arabia, and Japan.

Chart 3.20: Imports of Goods and Services (quarterly)



Source: Bank of Tanzania
Note: p, provisional data

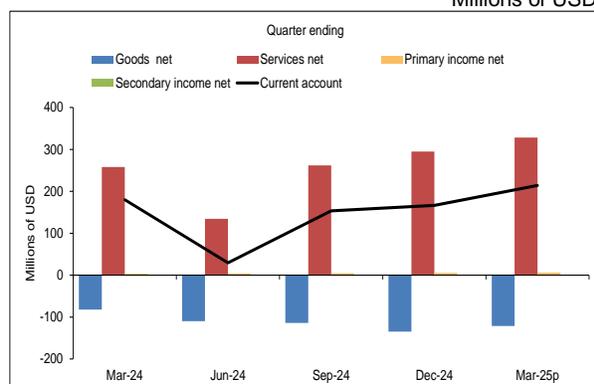
Table 3.6: Imports of Goods and Services

	Annual			Year ending March		Quarter ending		
	2023	2024 ^p	2024	2025 ^p	Mar-24	Dec-24	Mar-25 ^p	
Capital	2,893.4	3,003.5	2,857.4	3,140.1	624.6	889.1	761.2	
Machinery and mechanical appliances	1,242.7	1,092.4	1,209.6	1,171.7	259.8	298.8	339.2	
Industrial transport equipment	937.2	1,136.4	930.9	1,185.7	212.2	386.4	261.5	
Intermediate	9,389.1	9,868.6	9,450.1	9,793.1	2,301.7	2,727.3	2,226.2	
Industrial supplies	4,307.1	4,652.8	4,355.9	4,767.2	1,051.8	1,316.1	1,166.2	
Fuel and lubricants	2,915.7	2,786.1	2,879.6	2,676.6	669.7	665.6	560.2	
o/w Refined white products	2,725.8	2,554.3	2,664.2	2,507.7	600.3	634.1	553.7	
Food and beverages for industrial use	828.8	953.9	879.7	840.8	276.9	259.0	163.9	
o/w Wheat grain	418.8	357.5	403.1	330.7	99.6	99.0	72.8	
Motor cars for household	338.1	374.6	348.4	382.4	78.5	120.4	86.4	
Consumer	1,444.2	1,404.6	1,458.3	1,454.9	320.0	381.6	370.2	
Food and beverages mainly for household	240.1	192.8	193.0	190.0	39.8	61.0	37.1	
Other consumer goods	1,062.4	1,045.5	1,113.6	1,051.0	243.0	270.9	248.5	
Services payment	2,303.4	2,445.8	2,236.1	2,670.0	541.3	723.5	765.6	
o/w Transportation	1,309.7	1,334.4	1,258.3	1,377.5	302.8	383.4	346.0	
Goods and services	16,032.3	16,724.6	16,004.1	17,060.3	3,788.1	4,722.0	4,123.8	

Zanzibar's current account continues to record a surplus. During the quarter ending March 2025, Zanzibar's current account was estimated at a surplus of USD 214.0 million, higher than a surplus of USD 179.8 million in a similar period in 2024, largely on account

of an increase in services receipts, in particular, tourism (Chart 3.21). On an annual basis, the current account balance is estimated to have a surplus of USD 563.5 million in 2025, higher than a surplus of USD 407.4 million in the preceding year, largely associated with increases in tourism receipts, despite a decrease in exports of goods (Table 3.7)

Chart 3.21: Zanzibar Current Account (Quarterly)
Millions of USD



Source: TRA and BOT computation

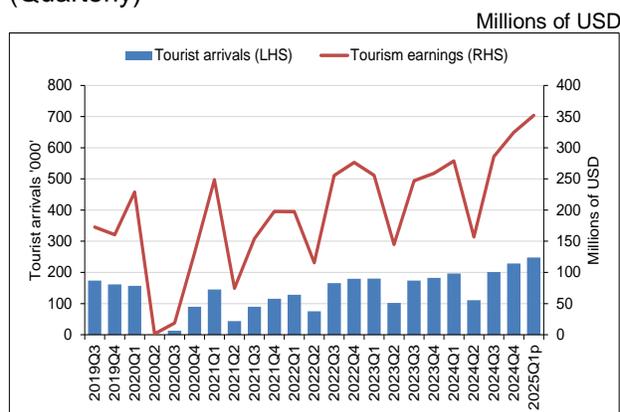
Note: p denotes provisional data

Table 3.7: Zanzibar: Current Account

	Millions of USD						
	Annual		Year ending March		Quarter ending		
	2023	2024 ^a	2024	2025 ^b	Mar-24	Dec-24	Mar-25
Goods account balance	-466.7	-440.4	-437.1	-479.6	-82.2	-134.6	-121.4
Exports	50.0	53.9	65.0	33.5	24.6	16.1	4.2
Imports	516.7	494.3	502.1	513.1	106.8	150.7	125.6
Services account balance	805.3	949.3	831.2	1,019.5	258.0	294.9	328.2
Receipts	906.6	1,046.1	929.7	1,119.3	278.9	324.5	352.1
Payments	101.3	96.8	98.4	99.8	20.9	29.5	23.9
Goods and services balance	338.6	508.9	394.1	539.9	175.8	160.3	206.7
Exports of goods and services	956.5	1,100.0	994.6	1,152.8	303.5	340.6	356.3
Imports of goods and services	618.0	591.1	600.5	612.9	127.7	180.3	149.5
Primary income account balance	10.6	17.9	11.7	20.7	3.6	5.5	6.3
Receipts	15.2	26.1	17.0	30.2	5.2	8.0	9.2
Payments	4.6	8.2	5.3	9.5	1.6	2.5	2.9
Secondary income account balance	1.4	2.5	1.6	2.9	0.5	0.8	0.9
Inflows	2.4	4.3	2.8	5.0	0.9	1.3	1.5
Outflows	1.0	1.8	1.2	2.1	0.4	0.6	0.6
Current account balance	350.6	529.3	407.4	563.5	179.8	166.6	214.0

In the first quarter of 2025, Zanzibar's exports of goods and services improved to USD 356.3 million compared with USD 303.5 million in the corresponding quarter of 2024, driven by an increase in tourism receipts (Table 3.7). During the year ending March 2025, exports of goods and services amounted to USD 1,152.8 million, higher than USD 994.6 million in 2024, supported by tourism receipts (Table 3.8). Notably, tourism receipts account for 96.8 percent of the total exports of goods and services. Exports of goods declined by about 52 percent, largely attributed to cloves, manufactured goods and seaweeds.

Chart 3.22 Service Receipts - Tourism (Quarterly)



Source: BOT and TRA

Table 3.8 Exports of Goods and Services (Annual) Millions of USD

	Annual		Year ending March		Quarter ending		
	2023	2024 ^p	2024	2025 ^p	Mar-24	Dec-24	Mar-25
Traditional	20.7	14.2	28.4	3.9	10.7	0.6	0.5
o/w Clove	20.7	14.2	28.4	3.9	10.7	0.6	0.5
Non-traditional	29.3	39.7	36.5	29.5	26.8	26.3	6.1
Seaweeds	8.1	4.5	7.3	3.6	1.5	0.8	0.6
Manufactured	10.7	22.5	19.3	13.4	10.8	9.6	1.7
Fish and fish products	2.0	2.2	2.1	1.8	0.6	0.3	0.1
Other exports	8.5	10.6	7.9	10.8	13.9	15.5	3.7
Services receipts	906.6	1,046.5	929.7	1,119.3	278.9	324.5	352.1
o/w Travel	906.6	1,046.5	929.7	1,119.3	278.9	324.5	352.1
Goods and services	956.5	1,100.5	994.6	1,152.8	316.4	351.3	358.7

Zanzibar's imports of goods and services increased. In the first quarter of 2025, imports of goods and services are estimated at USD 149.5 million compared with USD 127.7 million in the same period in 2024, explained by industrial transport equipment, industrial raw materials and service payments (Table 3.9). The same trend was observed on annual basis. Imports of goods and services amounted to USD 612.8 million, compared with USD 600.5 million in the year ending March 2024 (Table 3.10).

Table 3.9: Imports of Goods and Services (quarterly) Millions of USD

	Quarter ending				
	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25 ^p
Capital	9.0	8.1	14.4	26.7	11.2
Machinery and mechanical appliances	3.1	4.0	5.4	9.1	3.3
Industrial transport equipment	2.4	1.6	2.5	12.8	3.3
Electrical machinery and equipment	1.7	1.8	5.0	3.3	2.7
Other capital goods	1.8	0.6	1.6	1.5	1.9
Intermediate	83.7	91.1	89.1	104.8	99.5
Industrial supplies	19.7	24.3	23.9	30.8	30.3
o/w Iron and steel and articles thereof	3.6	4.9	4.9	6.1	4.1
Plastic and articles thereof	0.7	1.3	1.5	2.6	1.2
Fertilizers	0.0	0.0	0.0	0.0	0.0
Fuel and lubricants	38.8	43.1	42.7	39.5	41.0
o/w Refined white products	38.8	42.3	41.9	39.5	41.0
Parts and accessories	2.8	3.4	4.2	5.0	2.8
Food and beverages for industrial use	17.8	16.8	14.1	21.2	23.0
o/w Wheat grain	8.4	4.6	4.0	8.9	6.4
Edible oil and its fractions not refined	6.7	5.0	7.2	8.0	12.5
Sugar for industrial use	0.0	0.0	0.0	0.0	0.0
Motor cars for household	4.5	3.5	4.4	8.4	2.4
Consumer	14.2	16.0	18.0	19.1	14.9
Food and beverages mainly for household consumption	3.3	4.0	4.8	4.6	3.6
Non-industrial transport equipment	0.3	0.4	0.5	0.7	0.6
o/w Motorcycles and cycles fitted with an auxiliary motor	0.1	0.2	0.2	0.3	0.2
Other consumer goods	10.6	11.6	12.7	13.9	10.7
o/w Pharmaceutical products	0.4	0.4	0.4	1.8	0.9
Insecticides, rodenticides and similar products	0.1	0.1	0.1	0.1	0.0
Soap and detergents	0.9	1.0	1.0	1.1	1.0
Textiles apparels	0.9	1.6	1.5	1.5	1.1
Footwear and other products	0.5	0.5	0.7	0.8	0.7
Paper and paper products	0.8	0.6	0.4	0.6	0.4
Total (f.o.b)	106.8	115.1	121.6	150.7	125.6

Source: Tanzania Revenue Authority

Note: p denotes provisional data

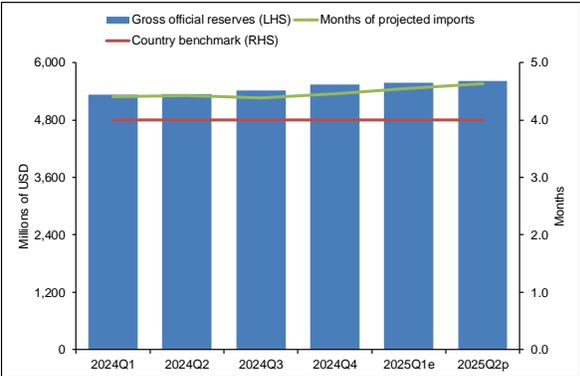
Table 3.10: Imports of Goods and Services (Annual) Millions of USD

	Annual		Year ending March		Quarter ending		
	2023	2024 ^p	2024	2025 ^p	Mar-24	Dec-24	Mar-25
Capital	78.7	58.2	71.5	60.4	9.0	26.7	11.2
Machinery and mechanical appliances	26.4	21.6	19.3	21.7	3.1	9.1	3.3
Industrial transport equipment	33.5	19.3	34.9	20.2	2.4	12.8	3.3
Intermediate	386.4	368.7	373.4	384.5	83.7	104.8	99.5
Industrial supplies	102.8	98.7	93.1	109.3	19.7	30.8	30.3
Fuel and lubricants	185.2	164.1	173.9	166.2	38.8	39.5	41.0
o/w Refined white products	185.2	162.4	173.8	164.6	38.8	39.5	41.0
Food and beverages for industrial use	73.2	69.9	78.4	75.0	17.8	21.2	23.0
o/w Wheat grain	18.2	25.9	21.8	23.9	8.4	8.9	6.4
Motor cars for household	11.7	20.6	14.2	18.6	4.5	8.4	2.4
Consumer	55.7	67.4	57.2	68.1	14.2	19.1	14.9
Food and beverages mainly for household	13.7	16.7	13.5	17.0	3.3	4.6	3.6
Other consumer goods	39.6	48.8	41.7	48.9	10.6	13.9	10.7
Services payment	101.3	96.8	98.4	99.8	20.9	29.5	23.9
o/w Transportation	101.3	96.8	98.4	99.8	20.9	29.5	23.9
Goods and services	622.1	591.0	600.5	612.8	127.7	180.2	149.5

3.9 Foreign Reserves

Foreign reserves remained adequate throughout the first quarter of 2025, at around USD 5.6 billion, covering 4.5 months of projected imports (Chart 3.23). The import cover was in line with the minimum requirement of 4 months (country target) and 4.5 months (EAC convergence criteria). The Bank will continue building up foreign reserves, supported by the domestic gold purchase program and purchase from the market. Implementation of initiatives to increase exports and reduce imports (import substitution) over the medium term is also expected to bolster reserves.

Chart 3.23: Foreign Reserves and Import Cover



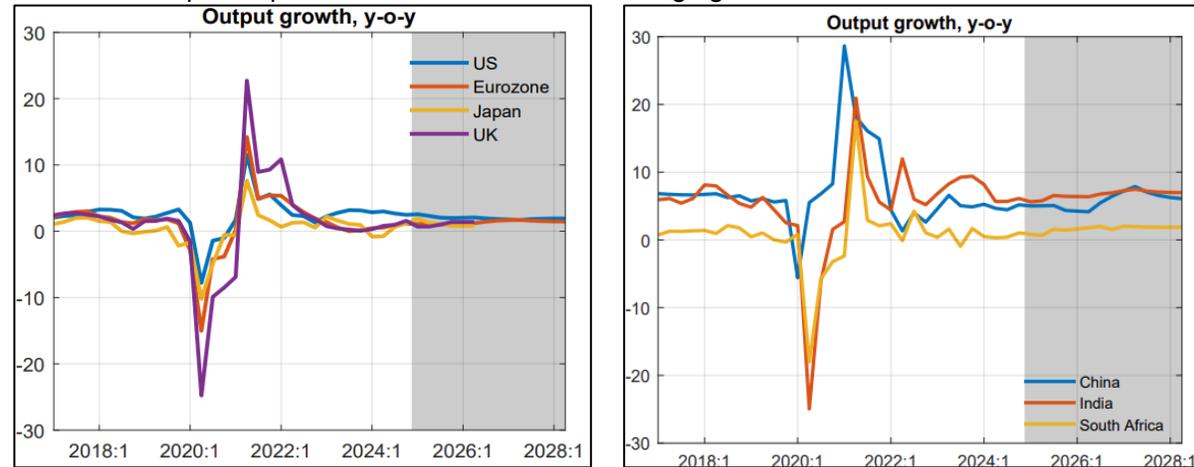
Source: Bank of Tanzania
 Notes: LHS refers to left-hand scale; and RHS, right-hand scale

Chapter 4: Economic Outlook and Recommendation

4.1 Global economic outlook

As discussed in Chapter 2, the global economy was stable in 2024. This economic environment is expected to continue in 2025. The IMF projects global growth to stabilize at 3.3 percent in 2025, a modest increase from 3.2 percent in the preceding year¹⁴. Growth in advanced and emerging market economies is projected to be stable (Chart 4.1). In the first and second quarters of the year, growth in advanced economies is projected to vary significantly (Table 4.1). Growth in emerging markets is projected to improve, driven by investment and consumption. The improvement in growth is expected to create opportunities for exports and investment in Tanzania. However, the growth projection faces the risk of monetary policy uncertainty and trade tensions.

Chart 4.1: Output Gap for Select Advanced and Emerging Market Economies



Source: Bloomberg

¹⁴ IMF World Economic Outlook, January 2025.

Table 4.1: Growth Projection in Select Advanced and Emerging Market Economies

	Percent						
	Projection (Q-o-Q)						
	2024			2025			
	Q2	Q3	Q4	Q1	Q2	Q3	Q4
United States	0.8	0.8	0.6	0.6	0.5	0.5	0.5
Euro Zone	0.2	0.4	0.1	0.2	0.3	0.3	0.3
Japan	0.8	0.4	0.7	0.1	0.2	0.2	0.2
UK	0.4	0.0	0.1	0.3	0.4	0.4	0.4
China	0.9	1.3	1.6	1.2	0.9	1.0	1.0
*India	1.2	1.5	1.7	1.8	1.8	1.7	1.7
South Africa	0.3	-0.3	1.3	0.3	0.5	0.5	0.5
Brazil	1.4	0.9	0.5	0.4	0.3	0.2	0.3

Note: * data for India is seasonally adjusted.

Note: Bloomberg forecast published in March 2025

Inflation continues to ease in advanced economies, approaching the target of 2 percent in 2024. This trend is expected to be sustained due to lower production costs, lagged effects of monetary policy tightening, and stable global demand and prices of key commodities such as food and energy (Table 4.2 and Chart 4.2a). Commodity prices in the world market are expected to be stable. Notably, the price of oil is expected to range between USD 70-80 per barrel (Chart 4.3a)¹⁵. The risk to the inflation outlook is moderate but might increase if trade tensions and conflicts in the Middle East intensify. Central banks in advanced economies, particularly in the US and Euro Area, are expected to prioritize growth, thereby cutting policy rates (Chart 4.3b).

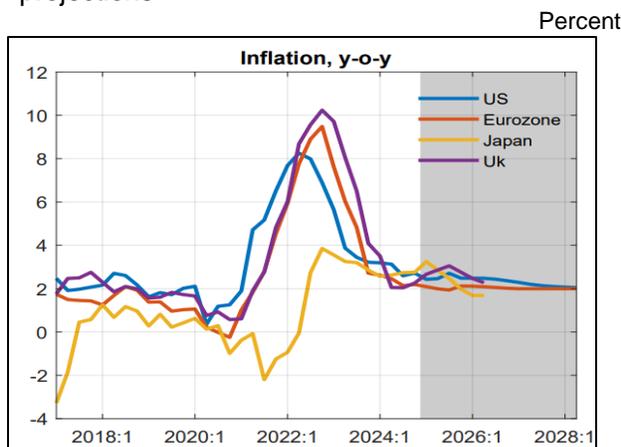
¹⁵ Bloomberg forecast published March 2025.

Table 4.2: Projected Quarterly Inflation

	Projection (y-o-y)							Percent
	2024			2025				
	Q2	Q3	Q4	Q1	Q2	Q3	Q4	
United States	3.2	2.6	2.7	2.8	2.7	2.9	2.8	
Euro zone	2.5	2.2	2.2	2.3	2.2	2.1	2.2	
Japan	2.7	2.8	2.9	3.3	2.9	2.5	2.0	
UK	2.1	2.0	2.5	2.7	2.9	3.1	2.8	
China	0.3	0.5	0.2	0.4	0.4	0.5	0.9	
South Africa	5.2	4.3	2.9	3.4	3.4	4.0	4.8	
India	4.9	4.3	5.6	4.7	4.6	4.3	4.0	
Brazil	4.0	4.4	4.8	5.1	5.5	5.5	5.2	
Russia	8.2	8.9	8.5	8.3	7.9	6.8	5.8	

Source: Bloomberg forecast published March 2025

Chart 4.2a: Advanced Economies Inflation projections



Source: Bloomberg forecast published March 2025

Chart 4.2b: Emerging Market Economies inflation Projections

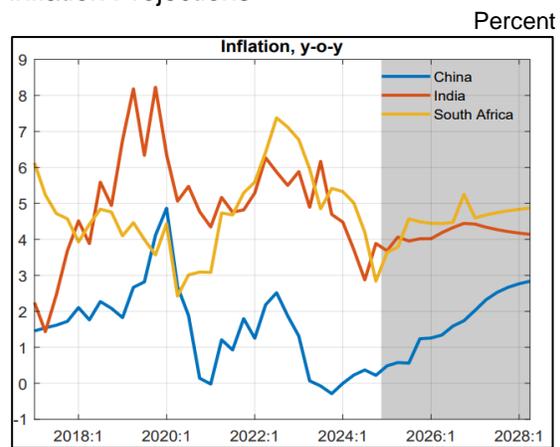
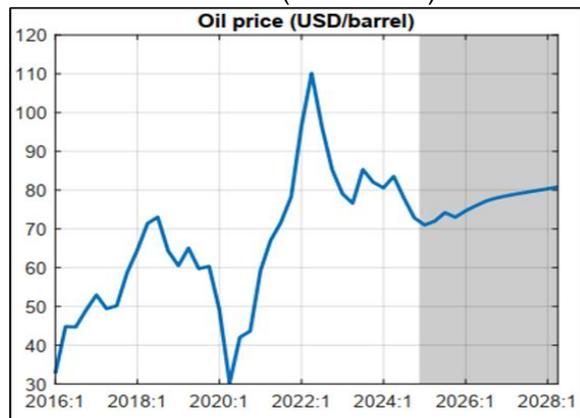
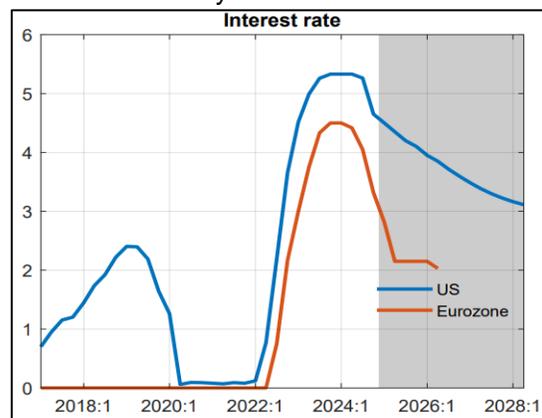


Chart 4.3a: Crude Oil (USD/barrel)



Source: Bloomberg forecast published March 2025

Chart 4.3b: Policy rates



4.2 Domestic Economic Outlook

The Mainland Tanzania and Zanzibar economies were strong in 2024. Based on the recent global developments and its outlook for the second quarter of 2025, the domestic economy is projected to remain strong. The robust growth is reflected in the leading economic indicators and the opinions obtained from the Market Perception Survey and CEOs Economic Perception Survey conducted in February 2025. Public investment, particularly in infrastructure such as railways, roads, sports facilities and airports, also contributes significantly to the growth outlook. In addition, investment in agriculture, especially irrigation schemes is expected to support growth. The Zanzibar economy is also expected to grow robustly, driven by public investment in infrastructure such as roads, ports and real estate. In addition, tourism, manufacturing, and construction activities by the private sector will also contribute to growth.

Based on the market perception and CEOs economic perception surveys, weather forecast, food stocks held by NFRA, prices in the world market, and expectations on the exchange rate, inflation is projected to remain below the medium-term target of 5 percent in the second and third quarters of 2025. Inflation in Zanzibar is projected to remain close to the 5 percent target. The risk to the inflation outlook is low but might be heightened in case of lower than projected rains in most parts of the country. In addition, global trade policies and geopolitical conflicts might affect domestic inflation.

4.3 Monetary Policy Decision

Based on the expected improvements in global and domestic economic conditions outlined in sections 4.1 and 4.2, the MPC maintained the policy rate at 6 percent. The decision is intended to continue anchoring inflation expectations below the 5 percent target in the rest of 2025. Therefore, maintaining CBR is intended to minimize negative spill-over effects of trade tariffs and geopolitical conflicts on the economy. The decision will also help to lower inflation volatility, ensure exchange rate stability, boost stronger investor confidence, minimize capital flight risk, and foster trade competitiveness.

In line with the decision, the 7-day interbank rate is expected to fluctuate between 4-8 percent. In addition to keeping the 7-day interbank rate, monetary policy will strive to ensure the attainment of the ECF program targets set forth as performance criteria for the quarter ending June 2025.

Appendices

Appendix 1: Word Commodity Price Developments

	Crude oil average (USD per barrel)	Crude oil Brent (USD per barrel)	Crude oil Dubai (USD per barrel)	White products (USD per tonne)	Coffee Arabica (USD per kg)	Coffee Robusta (USD per kg)	Tea average (USD per kg)	Tea Mombasa (USD per kg)	Palm oil (USD per tonne)	Wheat (hard) (USD per tonne)	Tobacco (USD per tonne)	Cotton, A index (USD per kg)	DAP (USD per tonne)	Urea (USD per tonne)	Gold (USD per troy oz)	Maize (USD per tonne)	Rice (USD per tonne)	Sugar (USD per tonne)
Dec/21	72.9	74.3	72.8	675.8	5.9	2.5	2.8	2.6	1,270.3	376.8	4.2	2.6	745.0	890.0	1,790.4	264.5	400.0	415.4
Jan/22	83.9	85.5	83.1	776.9	6.0	2.4	2.9	2.7	1,344.8	374.2	4.2	2.9	699.4	846.4	1,816.0	276.6	427.0	402.1
Feb/22	93.5	95.8	93.1	859.5	6.2	2.4	2.8	2.7	1,522.4	390.5	4.2	3.1	747.1	744.2	1,856.3	292.6	427.0	393.7
Mar/22	112.4	115.6	113.1	1,092.2	5.7	2.3	2.6	2.5	1,777.0	486.3	4,258.0	3.1	938.1	872.5	1,947.8	335.5	422.0	420.0
Apr/22	103.4	105.8	102.7	1,120.3	5.9	2.3	3.2	2.5	1,682.7	495.3	4,263.3	3.4	954.0	925.0	1,936.9	348.2	431.0	433.4
May/22	110.1	112.4	108.3	1,205.1	5.7	2.3	3.0	2.4	1,716.9	522.3	4,277.1	3.6	842.5	707.5	1,848.5	344.8	464.0	428.8
Jun/22	116.8	120.1	115.7	1,303.9	6.0	2.3	3.0	2.1	1,501.1	459.6	4,206.1	3.4	783.8	690.0	1,836.6	335.7	444.0	417.8
Jul/22	105.1	108.9	106.5	1,094.1	5.6	2.2	3.3	2.4	1,056.6	382.5	4,268.4	2.9	784.0	601.0	1,732.7	323.0	418.0	402.8
Aug/22	96.0	98.6	97.8	1,029.9	5.9	2.4	3.4	2.4	1,026.0	382.9	4,356.6	2.7	749.4	591.3	1,764.6	289.8	431.0	393.5
Sep/22	88.2	90.2	90.6	935.5	5.9	2.5	3.3	2.4	909.3	419.1	4,147.0	2.6	752.0	678.0	1,680.8	312.7	439.0	390.7
Oct/22	90.3	93.1	90.6	1,026.6	5.3	2.3	3.1	2.5	889.0	438.0	4,325.2	2.2	725.0	636.3	1,664.5	343.6	431.0	386.9
Nov/22	87.4	91.1	86.3	941.7	4.7	2.0	3.1	2.5	945.7	422.7	4,333.3	2.2	665.6	588.8	1,725.1	320.9	440.0	407.4
Dec/22	78.1	80.9	76.8	847.6	4.6	2.0	2.9	2.4	940.4	386.3	4,399.3	2.2	625.0	519.4	1,797.6	302.2	467.0	417.3
Jan/23	80.4	83.1	80.0	908.9	4.6	2.1	2.8	2.3	942.0	380.4	4,475.6	2.2	631.0	443.8	1,897.7	302.8	517.0	416.0
Feb/23	80.3	82.7	81.2	826.7	5.1	2.3	2.7	2.3	950.0	394.8	4,492.3	2.2	612.5	357.5	1,854.5	298.2	492.0	446.0
Mar/23	76.5	78.5	77.5	823.6	4.9	2.3	2.7	2.4	972.1	369.9	4,525.7	2.1	606.0	313.5	1,912.7	282.5	476.0	452.4
Apr/23	82.5	84.1	83.8	809.3	5.1	2.6	3.0	2.3	1,005.2	378.2	4,586.6	2.1	637.0	313.4	1,999.8	291.1	501.0	529.3
May/23	74.1	75.7	75.1	744.2	4.9	2.7	2.7	2.2	934.1	367.7	4,786.8	2.1	510.0	329.3	1,992.1	268.1	510.0	560.0
Jun/23	73.3	74.9	74.7	763.2	4.6	2.9	2.7	2.1	817.0	345.5	5,064.7	2.0	454.6	287.5	1,942.9	266.9	514.0	542.1
Jul/23	79.0	80.1	80.5	826.1	4.3	2.8	2.5	2.1	878.5	345.5	5,098.2	2.1	458.8	334.6	1,951.0	242.4	547.0	521.2
Aug/23	84.7	86.2	86.6	922.2	4.1	2.7	2.8	2.2	860.8	315.8	5,295.8	2.1	528.8	385.6	1,918.7	207.6	635.0	528.0
Sep/23	92.2	94.0	93.1	939.0	4.1	2.7	2.9	2.3	829.6	314.7	5,437.4	2.2	527.9	380.0	1,916.0	223.8	620.0	579.6
Oct/23	89.1	91.1	90.6	853.7	4.1	2.6	2.8	2.2	804.3	298.1	5,488.2	2.1	534.8	411.4	1,916.3	230.7	590.0	567.0
Nov/23	81.4	83.2	83.5	801.5	4.4	2.7	2.7	2.2	830.5	283.6	5,475.3	2.0	535.6	385.5	1,984.1	211.3	598.0	575.0
Dec/23	75.7	77.9	77.2	755.4	4.7	3.0	2.7	2.2	813.5	291.1	5,461.8	2.0	563.8	354.0	2,026.2	206.6	644.0	478.2
Jan/24	77.7	80.2	78.7	777.8	4.5	3.3	2.7	2.2	844.9	283.9	5,533.8	2.0	596.3	335.4	2,034.0	198.6	660.0	484.6
Feb/24	80.5	83.8	81.2	816.6	4.6	3.4	2.7	2.2	856.9	278.5	5,535.0	2.2	583.8	351.3	2,023.2	189.1	624.0	501.6
Mar/24	83.5	85.4	84.7	833.8	4.6	3.7	2.7	2.2	942.9	274.8	5,608.2	2.2	617.5	330.0	2,158.0	196.0	613.0	475.1
Apr/24	88.0	90.1	89.4	840.3	5.3	4.2	3.0	2.3	935.7	272.3	5,674.5	2.0	545.0	320.0	2,331.5	191.7	592.0	451.1
May/24	81.4	82.0	83.5	776.6	5.1	4.0	3.2	2.2	859.2	289.4	5,629.9	1.9	522.0	284.8	2,351.1	197.8	628.0	417.8
Jun/24	81.2	82.6	82.2	773.0	5.5	4.5	3.2	2.1	873.7	265.6	5,754.6	1.8	543.0	336.3	2,326.4	192.5	632.0	425.3
Jul/24	83.3	85.3	83.9	784.7	5.7	4.7	3.3	2.2	896.1	260.3	6,015.5	1.8	539.4	342.5	2,398.2	177.4	590.0	425.9
Aug/24	78.1	80.9	78.0	708.7	5.8	4.7	3.2	2.2	932.6	250.9	5,998.6	1.8	546.0	342.5	2,470.2	170.3	589.0	405.7
Sep/24	72.4	74.3	73.4	649.5	6.1	5.3	3.3	2.1	982.8	269.7	6,078.9	1.8	554.8	337.5	2,570.6	185.0	580.0	448.0
Oct/24	74.0	75.7	74.7	673.7	6.1	4.9	3.1	2.1	1,077.3	272.9	6,166.3	1.8	573.4	374.8	2,690.0	190.3	515.0	461.6
Nov/24	72.3	74.4	72.8	670.5	6.7	5.0	3.1	2.2	1,168.6	253.8	6,338.6	1.8	574.5	352.3	2,651.1	201.3	510.0	450.4
Dec/24	72.3	73.8	73.3	661.7	7.6	5.2	3.0	2.2	1,189.7	252.2	5,150.9	1.8	568.3	352.0	2,648.0	202.6	527.0	436.3
Jan/25	78.2	79.2	80.1	713.5	7.8	5.4	2.7	2.2	1,070.3	254.1	5,169.0	1.7	582.7	380.5	2,709.7	214.4	478.0	396.2
Feb/25	73.8	75.2	75.0	713.5	9.0	5.8	2.7	1.8	1,067.3	264.6	5,251.8	1.7	603.8	436.5	2,894.7	220.9	437.0	422.8
Actual 2023		82.6			4.5	2.6	2.7		886.0	340.0	5,016.0	2.1	550.0	358.0	1,943.0	253.0	554.0	520.0
Proj 2024		80.0			5.5	4.5	3.1		925.0	270.0	5,350.0	1.9	560.0	330.0	2,350.0	187.0	598.0	450.0
For 2025		73.0			5.0	4.2	3.2		860.0	265.0	4,900.0	2.0	510.0	335.0	2,325.0	185.0	530.0	460.0

Source: World Bank – Pink Sheet

Appendix 2: Summary of the Depository Corporations Survey

Billions of TZS

Items	Feb-24	Mar-24	Apr-24	May-24	Jun-24	Jul-24	Aug-24	Sep-24	Oct-24	Nov-24	Dec-24	Jan-25	Feb-25
Net foreign assets	10,242.9	11,635.0	10,089.1	10,975.5	12,238.3	12,226.7	13,100.6	13,704.3	13,773.6	13,296.5	13,558.2	13,242.1	14,281.0
Bank of Tanzania	11,025.8	11,981.8	10,896.0	11,725.5	12,349.9	12,227.6	12,581.4	12,804.0	12,668.2	11,445.5	11,863.4	11,480.8	12,595.0
Other depository corporations	-782.9	-346.8	-806.9	-750.1	-111.6	-0.9	519.2	900.3	1,105.4	1,851.0	1,694.8	1,761.4	1,686.1
Net domestic assets	33,726.4	32,892.4	34,229.9	34,117.4	34,523.8	34,704.7	34,591.9	34,360.2	35,469.4	36,221.2	35,346.8	36,592.4	36,309.7
Domestic claims	44,999.1	44,222.7	45,293.6	46,373.7	46,460.8	47,250.2	47,176.6	47,160.9	48,136.2	48,998.9	47,559.0	49,255.1	48,697.0
Claims on central government (net)	12,331.0	10,876.6	11,536.0	12,389.8	11,479.9	11,895.7	11,445.7	10,986.7	11,618.5	12,257.1	11,461.6	12,679.0	11,714.4
Claims on non-government sector	32,668.1	33,346.2	33,757.6	33,983.9	34,980.8	35,354.6	35,730.9	36,174.1	36,517.8	36,741.8	36,097.4	36,576.1	36,982.5
Broad money liabilities	43,969.3	44,527.4	44,319.0	45,092.9	46,762.1	46,931.4	47,692.5	48,064.6	49,243.0	49,517.7	48,905.0	49,834.5	50,590.7
Currency outside depository corporations	6,083.6	6,325.5	6,146.7	6,521.8	7,076.5	7,085.6	7,302.0	7,353.5	7,408.2	7,597.1	7,351.6	6,997.7	6,926.3
Transferable deposits	20,575.5	20,783.1	20,172.4	21,024.7	21,826.8	21,823.8	21,862.2	22,280.0	22,663.5	22,617.6	22,454.7	23,353.0	23,647.5
Non-transferable (other) deposits	17,310.3	17,418.8	17,999.9	17,546.4	17,858.8	18,022.0	18,528.3	18,431.1	19,171.3	19,303.0	19,098.7	19,483.8	20,016.9
Reserve money (M0)	10,138.1	10,185.5	10,066.6	11,046.4	10,926.3	10,896.5	11,053.1	11,133.7	11,765.8	11,859.0	12,024.5	11,670.3	12,053.8
Extended broad money (M3)	43,969.3	44,527.4	44,319.0	45,092.9	46,762.1	46,931.4	47,692.5	48,064.6	49,243.0	49,517.7	48,905.0	49,834.5	50,590.7
Deposits in foreign Currency (FCD)	10,132.6	10,397.3	10,493.7	10,846.0	11,496.1	11,450.8	11,998.8	12,427.9	12,745.0	12,345.2	11,765.3	12,419.3	12,794.3
FCD in millions of USD	3,982.7	4,061.0	4,078.0	4,172.9	4,370.7	4,323.4	4,470.1	4,575.0	4,753.2	4,708.5	4,954.3	4,995.3	4,942.6
Broad money (M2)	33,836.7	34,130.1	33,825.3	34,246.9	35,266.0	35,480.6	35,693.7	35,636.6	36,498.0	37,172.5	37,139.7	37,415.2	37,796.4
Other deposits in national currency (i.e. savings and time deposits)	13,290.5	13,267.2	13,562.0	13,154.0	13,270.2	13,304.6	13,607.9	13,811.2	14,224.2	14,355.4	14,234.2	14,342.2	14,811.6
Narrow money (M1)	20,546.3	20,862.9	20,263.3	21,093.0	21,995.8	22,176.0	22,085.9	21,825.4	22,273.8	22,817.1	22,905.5	23,073.0	22,984.8
Currency in circulation	6,083.6	6,325.5	6,146.7	6,521.8	7,076.5	7,085.6	7,302.0	7,353.5	7,408.2	7,597.1	7,351.6	6,997.7	6,926.3
Transferable deposits in national currency	14,462.7	14,537.3	14,116.6	14,571.2	14,919.3	15,090.3	14,783.8	14,471.9	14,865.6	15,219.9	15,553.9	16,075.4	16,058.5

Source: Bank of Tanzania

Appendix 4: Interest Rates Structure

Items	2024												Percent	
	2025												Jan	Feb
	Jan	Feb	Mar	Apr	May	June	July	Aug	August	Sep	Nov	Dec	Jan	Feb
A: Domestic currency														
1. Interbank cash market rates														
Overnight	6.75	6.35	6.20	6.51	7.02	6.92	6.80	7.62	7.88	7.74	7.73	7.07	7.69	7.87
2 to 7 days	7.29	7.20	7.17	7.04	7.35	7.40	7.42	7.83	8.26	8.17	8.11	7.38	7.74	8.02
8 to 14 days	7.22	7.21	7.03	7.25	7.26	7.42	7.50	8.29	8.51	8.81	8.23	7.68	8.51	8.62
15 to 30 days	7.45	7.58	7.03	7.70	7.35	7.88	7.72	8.34	9.00	9.00	9.10	9.40	8.58	8.77
31 to 60 days	6.28	7.23	7.85	7.85	7.88	7.17	8.18	9.95	7.56	9.46	7.88	8.88	9.03	8.00
61 to 90 days	6.52	6.52	6.52	6.75	8.50	11.50	9.50	9.50	9.50	9.50	9.00	9.00	6.75	7.00
91 to 180 days	9.97	9.29	8.50	9.73	9.29	10.35	6.75	7.00	9.00	10.96	7.87	7.87	7.87	10.42
181 and above	11.00	11.76	11.76	9.00	9.00	9.00	10.86	10.93	10.93	10.93	10.93	10.93	10.93	10.93
Overall interbank cash market rate	7.27	7.20	7.10	7.02	7.34	7.36	7.24	7.79	8.16	8.04	8.06	7.41	7.80	8.06
2. Lombard rate	7.50	7.50	7.50	8.00	8.00	8.00	8.00	8.00	8.00	8.00	8.00	8.00	8.00	8.00
3. REPO rate	2.43	2.43	5.30	5.30	5.30	5.30	5.30	5.30	5.30	5.30	5.30	5.30	5.30	5.30
4. Reverse REPO rate	6.29	5.81	5.74	6.57	6.57	6.57	6.57	7.88	8.00	8.00	7.72	6.26	7.21	7.21
5. Treasury bills rates														
35 days	6.29	6.29	5.93	5.93	5.93	5.93	5.93	5.93	5.93	5.93	5.93	5.93	6.50	6.50
91 days	8.50	8.43	8.17	8.07	8.07	8.07	5.13	5.13	5.94	5.94	5.94	5.94	7.76	7.76
182 days	9.30	8.93	8.61	8.45	8.22	6.57	6.57	7.30	7.30	8.17	8.30	8.30	8.20	8.20
364 days	11.81	12.25	11.82	10.38	7.83	6.75	8.84	10.63	10.98	11.66	12.78	12.95	12.63	11.99
Overall treasury bills rate	11.76	12.21	11.65	10.33	7.86	6.75	8.81	10.61	10.85	11.55	12.68	12.95	12.51	11.93
6. Treasury bonds rates														
2-years	11.64	11.64	11.64	11.64	11.64	11.64	11.64	11.64	11.64	11.64	11.64	11.64	11.64	12.55
5-years	10.09	10.09	10.09	10.09	10.09	10.09	10.09	10.09	10.09	10.09	12.41	12.41	12.41	12.41
7-years	9.71	9.71	9.71	9.71	9.71	9.71	9.71	9.71	9.71	9.71	9.71	9.71	9.71	9.71
10-years	12.03	12.03	12.03	12.30	12.30	12.30	12.30	13.26	13.26	13.26	13.26	13.26	14.08	14.08
15-years	12.75	13.66	13.66	13.66	15.16	15.16	15.05	15.05	15.35	15.76	15.76	15.76	15.76	15.76
20-years	13.51	15.83	15.51	15.24	15.24	15.13	15.17	15.40	15.45	15.76	15.64	15.71	15.71	15.28
25-years	14.39	14.39	16.79	16.13	16.13	15.38	15.38	15.38	15.42	15.42	15.93	15.93	15.84	15.84
7. Discount rate	8.00	8.00	8.00	8.50	8.50	8.50	8.50	8.50	8.50	8.50	8.50	8.50	8.50	8.50
8. Savings deposit rate	2.69	2.54	2.70	2.79	2.87	2.86	2.87	3.02	2.84	2.85	2.69	2.84	2.97	2.98
9. Overall time deposits rate														
1 month	7.48	7.83	8.36	8.94	9.18	8.70	8.39	8.67	9.05	9.49	10.62	10.68	9.60	9.90
2 months	9.00	8.52	9.16	8.58	9.01	8.47	8.93	8.31	8.35	8.55	8.14	8.90	9.61	9.02
3 months	8.63	8.85	8.81	8.52	8.65	9.38	9.10	8.66	8.87	8.68	8.91	9.26	8.84	9.24
6 months	9.13	9.07	9.15	9.12	9.37	9.25	9.09	8.91	9.15	9.30	9.19	9.30	9.86	9.40
12 months	9.15	9.06	8.94	8.21	8.97	9.09	9.01	8.82	9.12	10.41	9.63	9.62	10.08	9.48
24 months	6.06	6.04	6.05	6.28	6.02	6.25	9.96	9.87	10.02	8.44	8.29	7.71	7.23	6.94
10. Negotiated deposit rate	9.56	9.52	9.59	9.33	9.72	9.86	9.96	10.12	9.88	10.27	10.14	10.39	11.80	11.40
11. Overall lending rate														
Short-term (up to 1 year)	15.39	15.44	15.51	15.42	15.47	15.30	15.29	15.26	15.54	15.67	15.67	15.71	15.73	15.14
Medium-term (1-2 years)	15.82	16.10	16.17	15.93	15.98	15.57	15.67	15.50	15.67	16.06	15.56	15.74	15.70	15.77
Medium-term (2-3 years)	15.82	15.71	15.74	15.77	15.82	15.69	15.49	15.50	15.97	16.25	16.93	16.79	16.89	16.06
Medium-term (3-5 years)	15.92	15.80	16.05	15.87	15.88	15.78	16.06	16.09	16.26	16.48	16.36	16.21	16.35	15.53
Long-term (3-5 years)	15.39	15.51	15.42	15.44	15.50	15.37	15.21	15.14	15.20	15.06	15.17	15.24	15.25	14.09
Term Loans (over 5 years)	13.97	14.08	14.15	14.09	14.18	14.11	14.02	14.09	14.59	14.50	14.35	14.58	14.45	14.25
12. Negotiated lending rate	13.44	13.40	13.46	13.95	12.69	12.82	12.78	12.79	12.92	12.93	12.77	12.83	12.80	13.42
B: Foreign currency														
1. Deposits rates														
Savings deposits rate	0.04	0.04	0.91	0.79	0.90	0.97	0.53	1.28	0.91	0.73	0.71	0.81	0.90	0.76
Overall time deposits rate	3.40	3.73	3.82	3.77	3.65	3.91	3.97	3.73	3.68	3.85	3.99	4.20	4.22	4.23
1-months	2.25	3.92	3.77	2.94	3.76	2.96	2.96	3.52	4.37	3.31	3.13	3.58	4.36	6.35
2-months	2.64	3.41	2.61	4.20	2.73	3.37	4.42	4.49	2.39	3.56	3.84	4.72	4.77	3.50
3-months	4.09	3.20	4.21	2.80	2.88	4.42	4.49	2.36	3.88	3.93	4.97	4.79	4.47	3.31
6-months	3.41	3.65	3.88	4.39	4.46	4.38	3.74	4.40	4.54	4.59	4.44	4.36	3.89	4.11
12-months deposit rate	4.58	4.47	4.64	4.49	4.40	4.44	4.26	3.89	3.21	3.83	3.57	3.54	3.62	3.88
2. Overall lending rate														
Short-term (up to 1 year)	7.72	8.13	8.17	8.10	8.19	7.23	8.34	8.56	8.44	8.77	8.53	8.80	8.83	8.97
Medium-term (1-2 years)	9.46	9.11	9.60	8.74	8.77	6.58	9.10	9.55	9.41	9.50	9.50	9.44	9.89	9.93
Medium-term (2-3 years)	6.90	7.71	7.77	7.94	7.89	7.10	7.48	7.69	6.75	7.60	7.74	7.78	7.58	7.64
Medium-term (3-5 years)	8.14	8.44	8.35	8.47	8.27	7.63	8.31	8.28	8.70	8.76	8.02	9.19	8.81	8.57
Long-term (3-5 years)	6.67	7.09	6.49	6.94	6.94	6.56	7.35	7.41	7.52	8.23	8.01	8.23	8.18	9.11
Term loans (over 5 years)	7.42	8.29	8.63	8.40	9.08	8.26	9.48	9.86	9.82	9.76	9.36	9.34	9.70	9.62

Source: Bank of Tanzania

Appendix 5: Banking Financial Soundness Indicators

Particulars	Percent						
	Dec-20	Dec-21	Dec-22	Dec-23	Feb-24	Dec-24	Feb-25
Capital adequacy							
Core capital/TRWA+OBSE	17.2	19.5	18.0	17.7	19.2	19.3	21.0
Core capital/Total deposit	17.5	17.6	17.5	17.2	18.9	18.7	20.3
Total capital/TRWA+OBSE	18.1	20.2	18.9	18.4	19.9	19.9	21.5
Total capital/Total assets	13.1	13.2	12.9	12.5	13.7	13.3	14.4
Asset Quality							
Gross non-performing loans/Gross loans	9.4	8.5	5.8	4.4	4.4	3.3	3.3
NPLs net of provisions/Total Capital	36.6	31.3	23.5	19.8	18.0	13.8	12.7
Earnings							
Return on assets-ROA	1.9	2.8	3.5	4.4	5.6	5.2	5.6
Return on equity-ROE	7.6	11.3	14.6	20.5	26.7	23.5	25.5
Interest margin to Total income	55.6	56.6	53.8	52.1	50.9	51.2	49.1
Non Interest ixpenses/Total income	53.8	49.7	43.7	40.4	36.7	37.3	36.4
Personnel expenses/Non-interest expenses	50.0	52.0	51.4	49.1	51.6	48.6	50.4
Liquidity							
Liquid Assets/Demand liabilities	30.7	29.4	26.4	28.8	30.0	29.0	30.8
Liquid Assets/Total Assets	24.6	25.5	23.1	23.2	23.8	23.9	23.5
Liquid assets/Customer deposits liabilities	37.0	37.2	34.8	35.2	35.8	36.3	35.5
Total Loans/Customer deposits	86.8	82.0	89.3	92.5	91.5	92.2	90.4
Access to lending							
Claims on the private sector to GDP	12.5	13.4	16.7	19.9	20.2	22.5	21.5
Claims on non-government sector to GDP	13.1	14.0	17.3	21.0	21.3	23.9	22.7
Sensitivity to market risk							
Net open positions in FX/Total capital	9.0	7.8	2.5	4.5	3.4	4.7	4.3

Source: Bank of Tanzania

Appendix 6: Tanzania Imports by Major Category

Millions of USD

	Quarter ending					
	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25 ^P
Capital	759.9	624.6	667.5	822.3	889.1	761.2
Machinery and mechanical appliances	294.3	259.8	249.6	284.2	298.8	339.2
Industrial transport equipment	253.5	212.2	237.1	300.7	386.4	261.5
Electrical machinery and equipment	136.7	79.0	84.3	151.5	120.2	91.6
Other capital goods	75.4	73.6	96.5	85.9	83.7	69.0
Intermediate	2,730.4	2,305.9	2,240.9	2,611.7	2,727.3	2,226.2
Industrial supplies	1,265.7	1,051.8	1,009.3	1,275.6	1,316.1	1,166.2
O/w Iron and steel and articles thereof	389.1	298.7	250.2	341.5	330.2	281.4
Plastic and articles thereof	158.9	149.2	172.3	217.9	220.9	187.2
Fertilisers	130.9	61.8	59.1	124.2	98.8	94.5
Fuel and lubricants	922.9	669.7	715.8	735.0	665.6	560.2
o/w Refined white products	868.3	600.3	642.9	677.0	634.1	553.7
Parts and accessories	253.1	224.7	230.1	279.6	365.2	249.5
Food and beverages for industrial use	194.2	281.2	209.1	221.8	259.0	163.9
OW Wheat grain	75.6	99.6	69.9	89.0	99.0	72.8
Edible oil and its fractions not refined	42.6	42.3	26.2	27.9	67.9	20.9
Sugar for industrial use	51.5	38.3	44.0	45.9	52.7	39.3
Motor cars for household	94.4	78.5	76.3	99.3	120.4	86.4
Consumer	383.9	315.7	327.3	362.8	381.6	370.2
Food and beverages mainly for household consumption	42.0	35.6	36.5	42.5	61.0	37.1
Non-industrial transport equipment	44.4	37.2	39.0	40.5	49.7	34.7
OW Motorcycles and Cycles fitted with an auxiliary motor	39.9	33.8	35.2	36.0	43.7	30.1
Other consumer goods	297.5	243.0	251.8	279.9	270.9	248.5
OW Pharmaceutical products	95.7	59.9	54.4	85.4	53.8	71.2
Insecticides, rodenticides and similar products	54.6	51.1	53.0	30.8	43.4	35.8
Soap and detergents	12.7	14.2	14.2	14.7	16.4	15.0
Textiles apparels	12.3	10.0	11.0	13.5	14.4	11.7
Footwear and other products	14.8	11.9	15.2	16.9	17.0	10.8
Paper and paper products	7.2	8.7	5.4	4.6	9.1	8.8
Total	3,874.8	3,246.8	3,236.2	3,797.4	3,998.5	3,358.2

Source: TRA and BOT computation

Note: p denotes provisional