Bank of Tanzania

Monetary Policy Report

July 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 that 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 as a percentage. In the medium term (up to 5 years), the inflation target is 3-5 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 interbank foreign exchange market. There are also two standing lending facilities, namely intraday and Lombard loans, for providing short-term liquidity to banks on demand, the former intended 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, the 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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Summary

The Monetary Policy Committee (MPC) meets every quarter to assess economic conditions and make a decision on the Central Bank Rate (CBR) required to maintain low and stable inflation, as well as facilitate economic growth. **At its meeting held on 2nd July 2025, the MPC lowered the CBR by 25 basis points to 5.75 percent from 6.00 percent. The CBR applies for the quarter ending September 2025. Accordingly, the Bank of Tanzania will implement monetary policy to ensure that the 7-day interbank rate stabilizes within the CBR corridor of 3.75 - 7.75 percent.**

The decision to lower the CBR reflects the MPC's confidence in the inflation outlook. Inflation has consistently remained within the target band of 3–5 percent. In Mainland Tanzania, it averaged 3.2 percent in the second quarter of 2025 and 4.2 percent in Zanzibar. Projections indicate it will remain stable within this range. This is supported by prudent monetary and fiscal policies, adequate food at the back of the onset of the harvest season, and exchange rate stability. While geopolitical tensions and trade tariff hikes in advanced and emerging market economies have increased global economic and trade uncertainties, there are signs of moderation due to the recent negotiations and agreements between the parties involved. As such, inflation is projected to continue falling in most economies, though at a slower pace than previously expected.

The domestic economy has been steadily strengthening, buoyed by robust public infrastructure investment and rising private sector activity due to improving business climate. The Bank of Tanzania estimates made in June 2025 indicate GDP growth in Mainland Tanzania to have reached 5.8 percent and 5.5 percent in the first and second quarters of 2025, respectively. This high growth momentum is projected to continue strengthening, driven by investment in infrastructure (such as railways, roads, airports, and sports facilities in the preparation for the upcoming CHAN and AFCON tournaments), agriculture, and mining. This optimistic outlook is reinforced by the findings of the Market Perception Survey and the CEOs Economic Perception Survey conducted in May 2025. Investor confidence also remains strong, as reflected in the Fitch Rating announced in June 2025, which affirmed Tanzania's credit rating at B+ with a stable outlook. The risks

to the outlook are minimal, due to the diversified structure of the economy and consistent implementation of growth-enhancing policies and programs, which are expected to cushion the economy against external shocks.

The shilling liquidity among banks was uneven during the second quarter of 2025, influenced by seasonal factors, fiscal operations, and portfolio adjustments in response to global developments. Currency in circulation outside the banking system increased due to elevated seasonal demand, particularly for crop purchases, most notably tobacco. Government fiscal operations contributed less liquidity compared to the previous quarter. The escalating geopolitical tensions, trade frictions, and changes in U.S. foreign aid policies added to global uncertainty, prompting banks to rebalance their portfolios and manage risk exposure. The Bank's domestic gold purchase injected additional liquidity, which partially eased pressures on the shilling's liquidity. The Bank also conducted foreign exchange swaps with banks and provided short-term liquidity to banks through the Lombard loan window. The 7-day interbank rate was within the target corridor but hovering close to the upper band. The MPC observed that the recent review of the collateral management framework and the ongoing reforms in the interbank market are expected to reduce unevenness of liquidity among banks. The MPC observed that the Bank has maintained close oversight on monetary policy operations to ensure achievement of targets for net domestic assets and net international reserves outlined in the IMF-supported extended credit facility program. Provisional statistics indicate the targets for the quarter ending June 2025 have been met.

Money supply (M3) continued to expand moderately, reflecting the increasing needs of economic activities, driven by robust private sector credit growth, which is estimated at 16.7 percent in the second quarter of 2025, reflecting the easing of financial conditions and improving business environment. The financial sector remained sound and resilient. The banking sector remained liquid, profitable and adequately capitalized. Growth in deposits and lending was further supported by the continued expansion of agent banking networks, advancements in digital financial services and the diversification of financial products. The ratio of non-performing loans (NPLs) declined to 3.4 percent in May 2025, remaining well below the prudential threshold of 5 percent, implying improved credit quality and risk management practices in the banking sector.

Interest rates remained broadly unchanged, with average lending rates around 15 percent and deposit rates at 8 percent. To support more efficient interest rate determination and policy transmission, the Bank, in collaboration with stakeholders, is undertaking reforms, which include enforcing consumer protection regulations, expediting loan resolution through judicial reforms, expanding acceptable collateral to include movable assets, and introducing a Price Comparator System to enhance transparency across financial products.

Foreign exchange liquidity improved in the second quarter of 2025, supported by inflows from the cash crop export, robust tourism earnings, and rising gold prices. Stakeholders' compliance with *Kanuni za Matumizi ya Fedha za Kigeni 2025*, which requires payments in shillings for domestic transactions, also contributed to easing undue demand pressures on foreign currency. Consequently, the turnover in the interbank foreign exchange market increased substantially in June 2025, and the shilling strengthened. Further improvements in foreign exchange liquidity are expected in the second half of 2025, driven by seasonal export peaks and continued momentum in tourism and gold exports.

The MPC noted that fiscal operations continued to support the implementation of monetary policy. Revenue collection was more than 93 percent of the target in the second quarter of 2025, with tax revenue contributing the most. Expenditure was aligned with the resource envelope available. Public debt amounted to USD 40.2 billion in May 2025, of which 67.4 percent was external debt, mainly owed to multilateral lenders (53.6 percent). The domestic debt remained largely in the form of stocks and Treasury bonds, accounting for 79.4 percent. The Zanzibar domestic debt was about TZS 1,312.7 billion.

The external sector of the economy continued to strengthen, with the current account deficit narrowing to USD 797.1 million during the second quarter of 2025 from USD 872.1 million in the corresponding quarter in 2024. For fiscal year 2024/25, the current account deficit is estimated at 2.6 percent of GDP, an improvement from 3.7 percent recorded in the previous year, reinforced by strong performance in exports of gold, tourism, cash crops and manufactured goods. Zanzibar also recorded a notable external sector performance, posting a current account surplus of USD 611.1 million in 2024/25 from USD 428.5 million in the previous year, underpinned by robust tourism receipts. Foreign exchange reserves increased, reaching about USD 6 billion at the end of June 2025, one of the highest in recent years. This level is sufficient to cover about 4.8 months of projected imports of goods and services. The outlook for the external sector remains favourable, supported by anticipated seasonal peaks in exports, particularly in tourism, gold and cash crops.

Chapter 1: Monetary Policy in the Second Quarter of 2025

1.1. MPC decisions

At its meeting held on 3rd April 2025, the MPC maintained the monetary policy stance by keeping the CBR at 6 percent for the second quarter of 2025. The decision aimed to continue slowing the pace of price increases (inflation) within the target of 3-5 percent while facilitating economic growth to reach 6 percent in 2025. Accordingly, monetary policy implementation aimed at keeping the 7-day interbank rate within the CBR band of 4-8 percent. The MPC also noted that the tender sizes of Treasury bills and bonds worth TZS 515.1 billion and TZS 1,466.68 billion, respectively, for fiscal operations during the quarter were aligned with the monetary policy outlook. Furthermore, the MPC approved the Bank to remain focused on maintaining adequate foreign exchange reserves and achieving targets outlined in the IMF-supported extended credit facility program.

1.2. Monetary policy implementation and its Outcome

The shilling liquidity in the banking system was uneven during the second quarter of 2025, influenced by seasonal factors, fiscal operations, and portfolio adjustments in response to global developments. Currency in circulation outside the banking system increased due to high seasonal demand (Chart 1.1a). This was most notable for crop purchases, particularly tobacco. Government fiscal operations contributed less liquidity compared to the previous quarter. The escalating geopolitical tensions, trade frictions, and changes in U.S. foreign aid policies added to global uncertainty, prompting banks to rebalance their portfolios and manage risk exposure. The Bank's domestic gold purchase injected additional liquidity, which partially eased pressures on the shilling liquidity (Chart 1.1b). The Bank also conducted foreign exchange swaps with banks and provided short-term liquidity to banks through the Lombard loan window. The 7-day interbank rate was within the target corridor but hovering close to the upper band (Chart 1.2). The recent review of the collateral management framework and the ongoing reforms in the interbank market are expected to reduce unevenness of liquidity among banks. The Bank maintained close oversight on monetary policy operations to ensure achievement of targets for net domestic assets and net international reserves outlined in the IMF-supported extended credit facility program. Provisional statistics indicate the targets for the quarter ending June 2025 were successfully met.

Chart 1.1a: Seasonality in currency in circulation

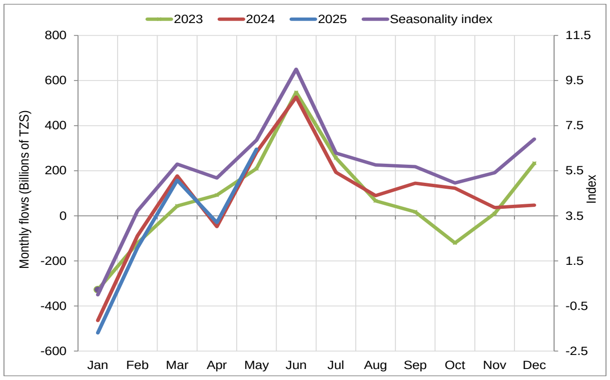
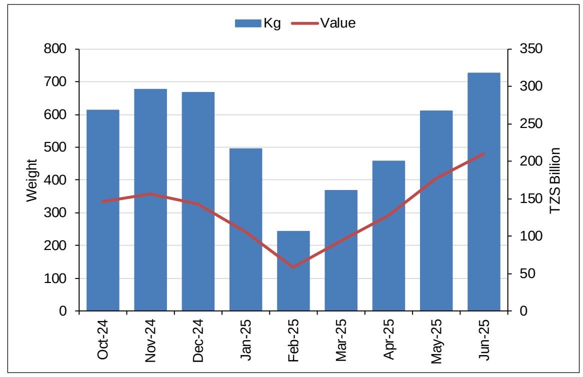
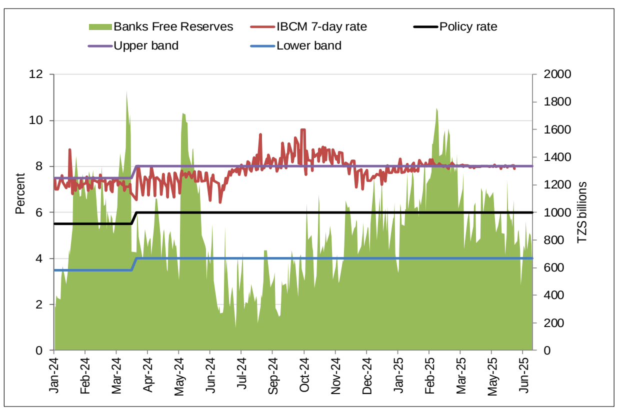


Chart 1.1b: Gold purchase



Source: Bank of Tanzania
Note: * denoted estimates

Chart 1.2: CBR and banks' reserves



Source: Bank of Tanzania

Chapter 2: Global Economic Developments

2.1 Output performance

Since the release of the MPC report in April 2025, uncertainties in the global economic landscape have risen due to the escalation of geopolitical conflicts and the implementation of trade tariffs, thus threatening growth prospects.[1] In this context, growth slowed and varied significantly across countries in the second quarter of 2025, not least in advanced economies (Tables 2.1a and 2.1b)[2].

In the United States, growth decelerated due to weaker domestic demand and the lingering effects of recent trade policy shifts. Similarly, the Euro Area, Germany, the UK, Japan, and some BRICS countries experienced slower growth, highlighting the complexity and interdependence of global trade in the face of unpredictable US tariff actions. Nevertheless, a temporary reprieve from tariffs provided some support to economic activity during the quarter.

The economic performance of the BRICS was mixed, with India's growth remaining strong, driven by robust private capital formation, sustained public investment, and an expanding services sector. In China, growth continued to moderate following the United States' trade tensions, while South Africa experienced a modest uptick in growth, supported by steady household spending and a stronger-than-expected increase in export prices. Russia's economic growth strengthened, driven by increased military spending, which supported wages and boosted domestic consumption. Brazil maintained a tight monetary policy stance to contain rising inflation, which in turn dampened economic activity.

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[1] https://unctad.org/news/trade-tensions-and-rising-uncertainty-drag-global-economy-towards-recession; https://www.oecd.org/en/about/news/press-releases/2025/06/global-economic-outlook-shifts-as-trade-policy-uncertainty-weakens-growth.html; https://www.fitchratings.com/economics/global-economic-outlook-excerpt#forecast-summary

[2] Projection of global growth for 2025 and 2025 was reported in the MPC report, April 2025

Table 2.1a: Selected Advanced Economies quarterly real GDP growth

	Gross domestic product (Q-o-Q)					
	2024				2025	
	Q1	Q2	Q3	Q4	Q1	Q2e
USA	2.9	3.0	2.7	2.5	2.0	1.7
Euro Area	0.3	0.2	0.4	0.2	0.3	0.1
Japan	-0.6	-0.6	0.8	1.3	1.7	0.9
Germany	0.2	-0.3	0.1	-0.2	0.2	0.0
UK	0.7	0.5	0.0	0.1	0.7	0.2

Table 2.1b: Selected Emerging Economies quarterly real GDP growth

	Gross domestic product (Q-o-Q)					
	2024				2025	
	Q1	Q2	Q3	Q4	Q1	Q2e
Russia	n.a	4.3	3.3	4.5	1.4	2.2
India	8.4	6.5	5.6	6.4	7.4	6.4
China	1.5	1.0	1.4	1.6	1.2	0.8
South Africa	0.1	0.3	-0.3	0.4	0.1	0.4
Brazil	1	1.5	0.8	0.1	1.4	0.3

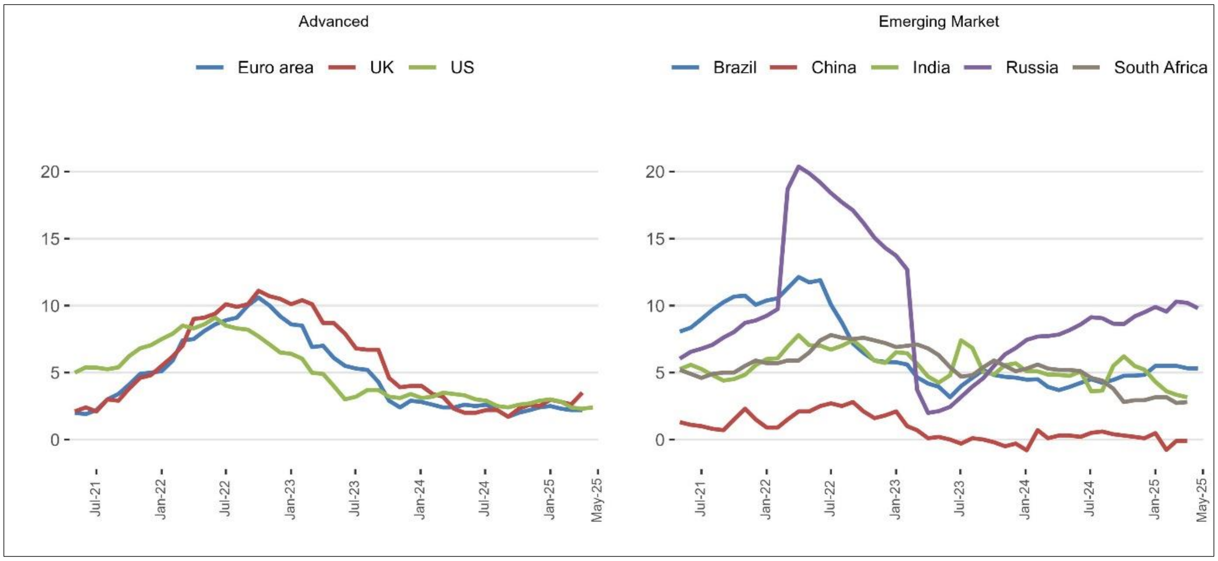
Source: Bloomberg
Note: Q denotes a quarter, and e denotes estimates

To mitigate the risk of rising uncertainties and enhance economic resilience, most countries have adopted various policy responses and measures, including fiscal reforms, negotiation of trade tariffs, diversification of trade and enhanced regional integration. In the SADC region, countries have agreed to implement short, medium, and long-term measures, including intensifying economic surveillance and developing contingency plans for financial stress; strengthening regional payment systems to bolster resilience against trade and aid-related shocks; deepening regional financial integration, enhancing domestic resource mobilization; and promoting export diversification, including through the AfCFTA framework.

2.2 Inflation

Global inflation continued to soften, although with varying degrees of divergence across countries, resulting in differing monetary policy responses (Charts 2.1). In advanced economies, including the United States, the Euro Area, Japan, and the United Kingdom, inflation moderated but remained above target, largely driven by declining energy prices. In emerging market economies, particularly India, inflation eased further, primarily due to a decline in food prices. In China, deflationary pressures have begun to subside, supported by ongoing economic stimulus measures. The moderation of inflation in South Africa was largely attributed to a decline in energy costs. Notably, central banks maintained policy rates, while others reduced them based on inflation and growth considerations (Charts 2.2a-2.2e).

Chart 2.1: Inflation in Select Advanced and Emerging Economies



Source: Bloomberg

Chart 2.2a: Policy Rates in Select Advanced Economies

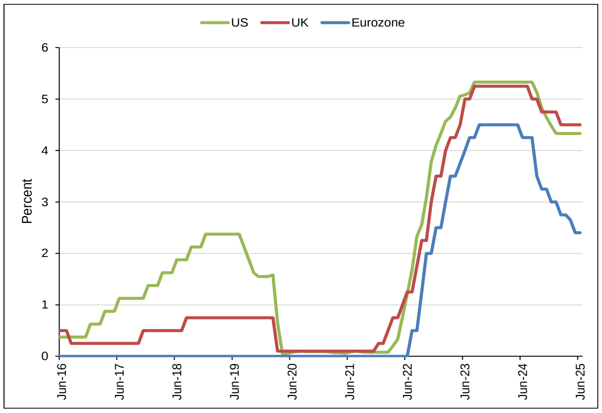
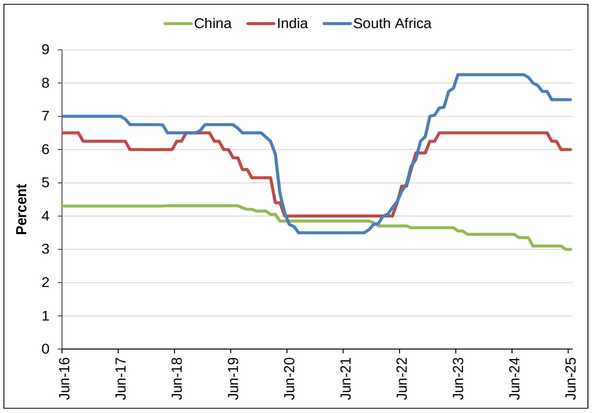


Chart 2.2b: Policy Rates in Select Emerging Markets



Source: BIS policy rate tracker

Chart 2.2c: Policy rates for select EAC countries

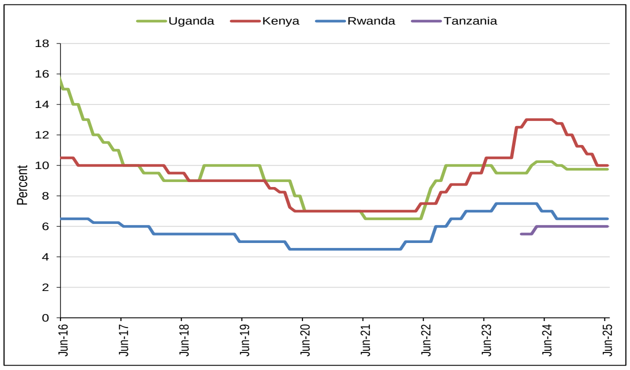


Chart 2.2d: Policy rates for select SADC countries

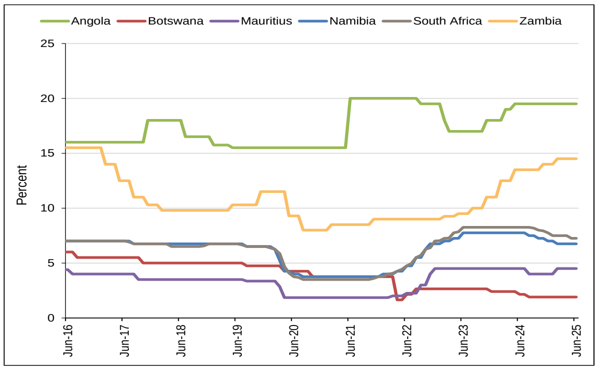
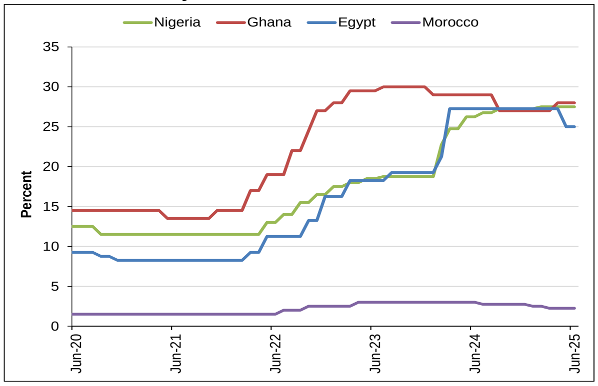


Chart 2.2e: Policy rates for select African countries

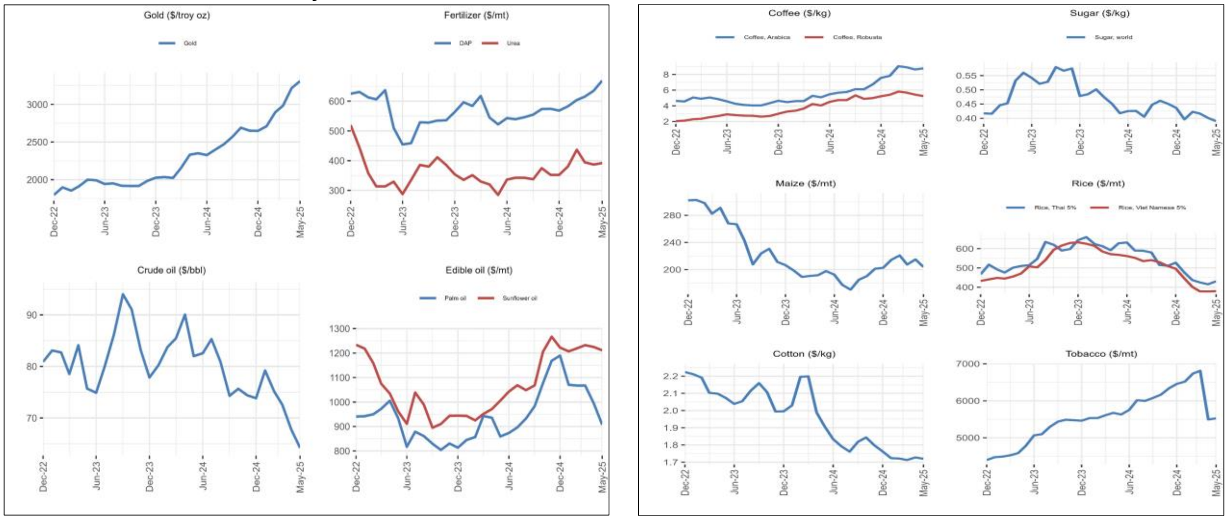


Source: Respective central banks

2.3 Commodity Prices

Commodity prices continued to exhibit mixed trends, consistent with the previous quarter (Chart 2.3). Prices of gold, fertilizer, tobacco, maize, and Arabica coffee increased, while those of crude oil, sugar, wheat, palm oil, Robusta coffee, and cotton moderated. The increase in gold prices was driven by heightened global trade uncertainties, reinforcing its appeal as a safe-haven asset. Tobacco prices rose due to strong demand amid constrained supply. Fertilizer prices remained elevated, largely due to high input tariffs and robust demand from India and China, while the increase in Arabica coffee prices was primarily attributed to anticipated supply shortages resulting from unfavourable weather conditions. Meanwhile, crude oil prices eased, reflecting subdued demand stemming from slowing economic activity and increased output by OPEC+ countries. The decline in Robusta coffee prices was driven by improved production prospects in Vietnam, while palm oil prices fell due to rising stock levels. Sugar and wheat prices also moderated, supported by ample supply and a favourable production outlook. Detailed commodity price developments are provided in Annex 1.

Chart 2.3: World Commodity Prices



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

2.4 Global Financial Markets

In the second quarter of 2025, interest rates on government bonds worldwide underwent noticeable changes. These changes were mainly driven by central banks adjusting their policies, concerns about inflation, and fiscal pressures. In the United States, bond yields (which move opposite to prices) reached their highest point in March due to worries about government spending, but later came down in June as inflation cooled and the Federal Reserve kept interest rates steady. In Germany, bond yields rose because of increased government spending, although a rate cut by the European Central Bank in June helped limit further increases. In the UK, long-term bond yields (especially 30-year ones) climbed to their highest levels since the 1990s due to inflation and large amounts of government borrowing. Short-term yields, however, dipped after the Bank of England decided to maintain the interest rates. In China and Australia, bond yields fell following interest rate cuts by their central banks in May 2025.

Looking ahead, as the global economy slows and more rate cuts are expected, long-term interest rates may fall further, while short-term rates could stay relatively high, widening the gap between them.

Chapter 3: Recent Domestic Economic Performance

3.1 Output Performance

In 2024, the domestic economy maintained strong growth momentum, supported by sustained investment from both the public and private sectors. Mainland Tanzania's real GDP expanded by 5.5 percent, up from 5.1 percent in 2023, reflecting broad-based growth across key sectors (Chart 3.1a)[3]. Notably, robust performance in agriculture, construction, financial and insurance services, mining and quarrying, and trade and repair services was instrumental in driving this economic acceleration (Chart 3.1b).

Chart 3.1a: GDP Performance

Percent

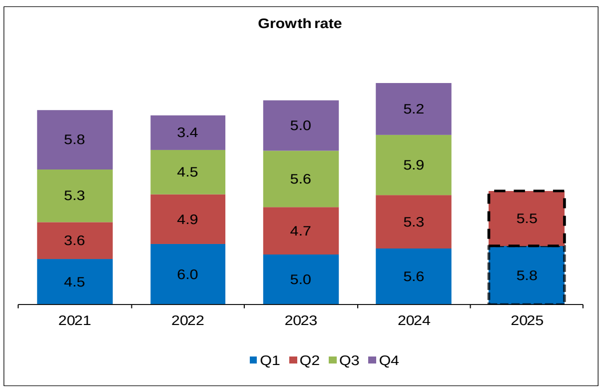
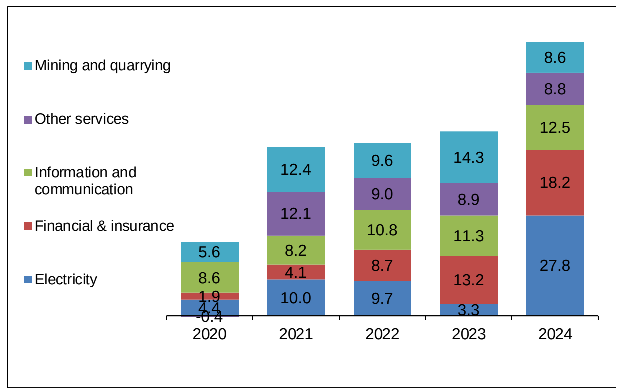


Chart 3.1b: Contribution to GDP Growth

Percent



Source: National Bureau of Statistics, Bank of Tanzania computations
Note: --- indicates Bank of Tanzania estimate based high frequency indicators

Official GDP figures for the first and second quarters of 2025 are yet to be released by the National Bureau of Statistics, however, high-frequency indicators suggest continued strong growth. The Bank estimates real GDP growth at 5.8 percent in the first quarter and 5.5 percent in the second quarter of 2025, indicating sustained economic momentum. The estimated growth is supported by several key developments, including a reliable power supply, gold exports, and cement production. Electricity generation rose by 20.1 percent in the first quarter relative to the same period in 2024, largely driven by hydroelectric output from the Julius Nyerere Hydropower Project. The mining sector also

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[3] In nominal terms, GDP increased to TZS 205,846 billion in 2024 from TZS 186,753 billion in 2023.

recorded notable gains, with large-scale gold production up by 14.7 percent and gold sales from small- and medium-scale producers through mineral marketing centres rising by 23.4 percent. Construction activity was similarly robust, evidenced by a 37.8 percent increase in cement production—a key proxy—compared to the corresponding period in 2024. Tourism activities remained buoyant, with positive spillover effects on transport services, as reflected in increases of 0.3 per cent in international aircraft movements and 11.3 per cent in passenger traffic.

Zanzibar's economy grew by 7.1 percent in 2024, marginally lower than the 7.4 percent registered in 2023, reflecting the completion of several large-scale development projects (Charts 3.2a)[4]. The recorded growth was primarily driven by the services sector, particularly accommodation and food services, which contributed 16.9 percent to GDP (Charts 3.2b). The sector was buoyed by a notable increase in tourist arrivals, which increased to 736,755 in 2024 from 638,498 in 2023.

Chart 3.2a: Real GDP Growth

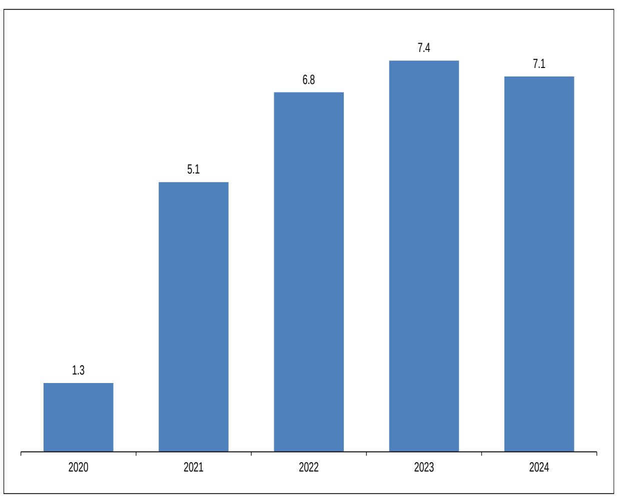
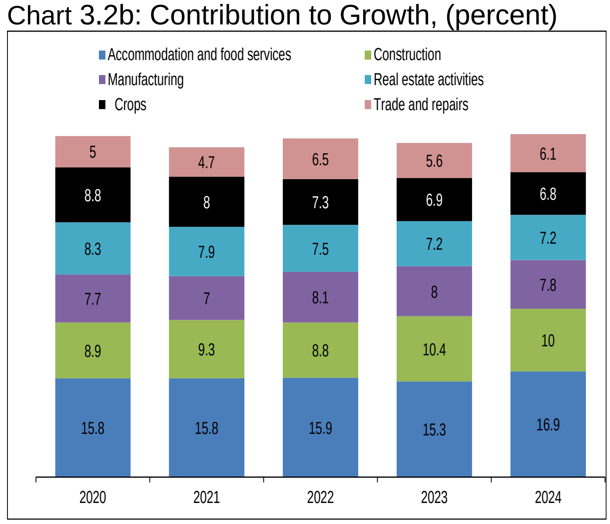


Chart 3.2b: Contribution to Growth, (percent)



Source: Office of the Chief Government Statistician and BOT computations

3.2 Inflation

Inflation remained low and stable during the second quarter of 2025, resulting from prudent monetary policy and a continued moderation in non-food and energy prices.

[4] Nominal GDP increased to TZS 6.6 trillion in 2024 from TZS 6 trillion in 2023.

Headline inflation averaged 3.2 percent, remaining well within the medium target of 3–5 percent and consistent with the convergence criteria set under both the SADC and EAC regional benchmarks (Charts 3.3a and 3.3b). While inflation trends varied across EAC and SADC member states, most economies remained within the prescribed convergence thresholds (Charts 3.2c - 3.2d).

Chart 3.3a: Components of Inflation

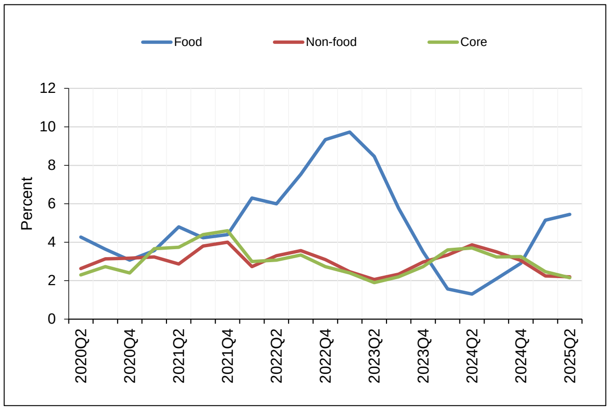
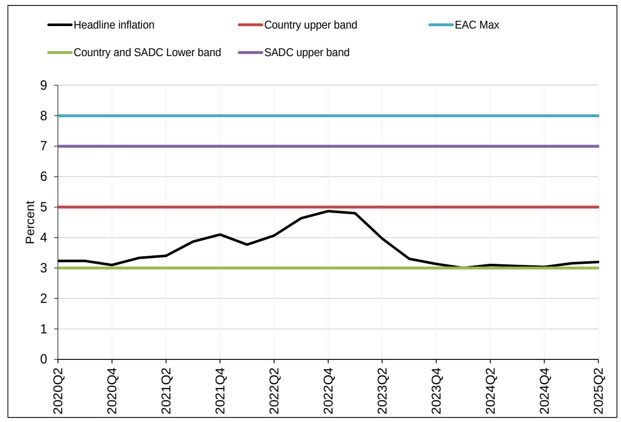


Chart 3.3b: Headline Inflation and Targets



Source: NBS, and BOT computations

Chart 3.3c: Inflation in EAC countries

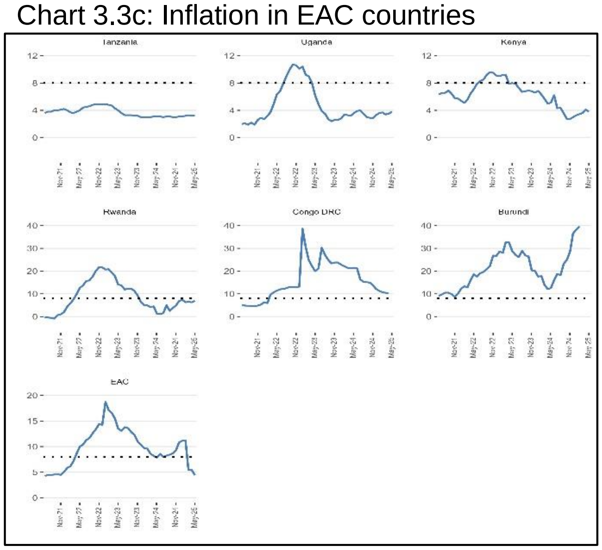
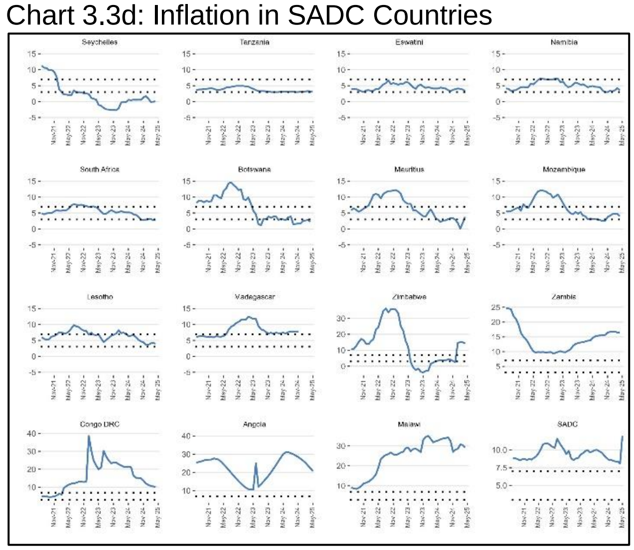


Chart 3.3d: Inflation in SADC Countries



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

As in preceding quarters, the overall inflation outturn was largely driven by core inflation (Chart 3.4). Core inflation eased slightly, reflecting a deceleration in price increases for transportation and education services. Food inflation, particularly for unprocessed food items, rose to 5.4 percent, up from -0.6 percent in the same period of 2024 (Table 3.1).

This increase was attributed to seasonally induced supply constraints, including rainfall delays, above-average rainfall, and transport bottlenecks. Price pressures were most evident in key staple foods such as maize, rice, beans, sorghum, and finger millet (Table 3.2).

To moderate the food price pressures, the National Food Reserve Agency released 84,125 tonnes of food stocks, mainly maize and paddy, through traders (Table 3.3). Notably, the Agency had ample reserve levels, following favourable harvests during the 2023/24 crop season and adequate funding for crop procurement. Meanwhile, inflation in the energy, fuel, and utilities sub-group edged up, reflecting higher prices for firewood, petrol, diesel, and kerosene.

Table 3.1: Quarterly Inflation Developments

Percent

		2024			2025	
Main groups	Weight	Q2	Q3	Q4	Q1	Q2
Food and non-alcoholic beverages	28.2	1.3	2.1	3.5	5.2	5.5
Alcoholic beverages and tobacco	1.9	3.5	2.1	2.1	3.6	3.4
Clothing and footwear	10.8	2.0	1.8	1.6	1.9	2.0
Housing, water, electricity, gas and other fuels	15.1	5.7	6.0	4.1	2.7	3.6
Furnishings, household equipment and routine household maintenance	7.9	3.4	2.4	2.1	2.2	2.3
Health	2.5	2.0	1.7	1.8	1.3	1.6
Transport	14.1	5.1	4.4	3.6	2.8	1.9
Information and communication	5.4	1.7	1.2	1.2	0.4	0.1
Recreation, sports and culture	1.6	3.3	2.7	2.1	1.7	1.6
Education services	2.0	3.2	3.3	3.1	4.3	3.7
Restaurants and accommodation services	6.6	3.2	3.0	2.7	1.7	1.7
Insurance and financial services	2.1	1.6	1.1	1.2	0.7	0.8
Personal care, social protection and miscellaneous goods and services	2.1	7.6	5.7	6.0	3.2	2.5
All items-(headline inflation)	100.0	3.1	3.1	3.0	3.1	3.2
Other selected groups						
Core	73.9	3.7	3.2	3.3	2.6	2.2
Non-core	26.1	1.8	2.8	2.6	4.5	5.7
Energy, fuel and utilities	5.7	10.9	12.4	6.9	4.4	6.7
Services	37.2	3.1	2.4	2.0	1.2	1.1
Goods	62.8	3.2	3.5	3.5	4.2	4.3
Education services and products ancillary to education	4.1	3.4	2.9	3.0	4.0	3.5
All items less food and non-alcoholic beverages	71.8	3.9	3.5	2.9	2.2	2.2

Source: NBS and BOT computations

Chart 3.4: Contribution to Inflation

Percent

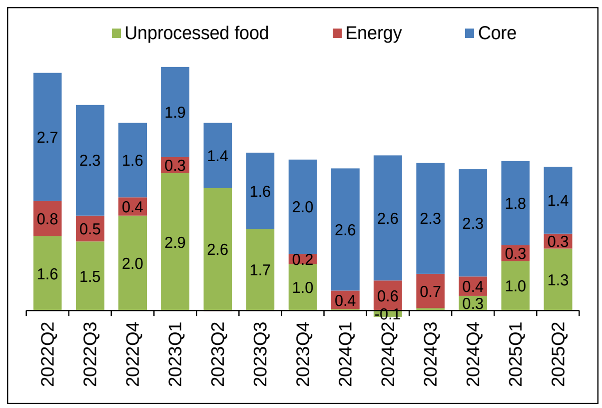


Table 3.2: Wholesale Prices of Main Food Crops

TZS per '000' Tonnes

Food crop	Jan-25	Feb-25	Mar-25	Apr-25	May-25
Maize	77,941.8	79,488.4	84,315.3	83,526.2	85,106.5
Rice	216,716.0	221,570.1	233,929.6	245,737.3	240,137.7
Beans	284,874.3	283,584.9	278,071.8	282,995.4	284,106.7
Sorghum	140,581.2	137,730.7	137,668.8	144,349.8	151,557.0
Round potatoes	97,914.0	101,263.6	97,694.1	94,955.3	92,990.8
Finger millet	205,383.4	216,725.4	221,637.1	231,862.2	233,977.7
Wheat	161,252.4	175,600.0	177,724.8	167,274.4	178,421.5

Source: Ministry of Industry and Trade, and BOT computations

Table 3.3: Food Stocks Held by NFRA

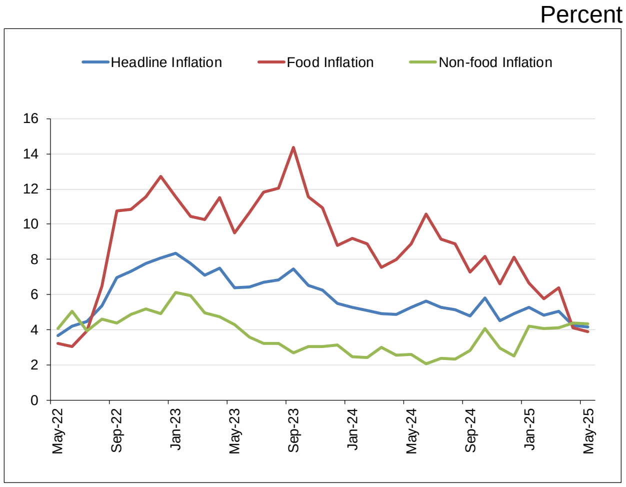
Tonnes

Period	2021	2022	2023	2024	2025
Jan	110,398	207,899	124,736	270,984	646,480
Feb	110,389	203,297	106,881	326,172	619,659
Mar	109,231	200,626	80,123	336,099	587,062
Apr	109,231	190,366	63,808	340,102	557,228
May	108,284	149,402	51,367	340,002	509,990
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

In Zanzibar, headline inflation remained within the target. In May 2025, headline inflation eased to 4.2 percent, down from 4.3 percent in the preceding month and 5.3 percent in May 2024, largely due to moderating food prices (Charts 3.5). Food inflation declined to 3.9 percent from 4.1 percent in the preceding month and 8.9 percent a year earlier, reflecting improved food supply conditions in local markets.

Chart 3.5: Zanzibar Inflation



Source: Office of the Chief Government Statistician

3.3 Money supply and credit to private sector

Money supply (M3) increased, recording annual average growth of 19.1 percent during the quarter ending June 2025, up from 15.4 percent in the previous quarter (Chart 3.6a)[5]. This result was primarily underpinned by robust private sector credit growth, which rose by 16.7 percent, exceeding the 13.3 percent recorded in the previous quarter, but close to 17.1 percent in the corresponding period of 2024 (Chart 3.6b). The acceleration in credit growth reflects increased demand for loans at the back of improving business environment.

Across the EAC and SADC regions, credit growth exhibited a mixed pattern, though most member states recorded an upturn in line with the prevailing monetary policy easing intended to support economic recovery (Charts 3.6e and 3.6f). On the liabilities side, the

[5] This is an estimate for the quarter, to be updated after obtaining data for June 2025

growth of the money supply was largely contributed by domestic currency deposits, as foreign currency deposits declined following an improvement in foreign currency liquidity, which dampened the appeal of holding foreign currency (Chart 3.6d).

Chart 3.6a: Money supply growth

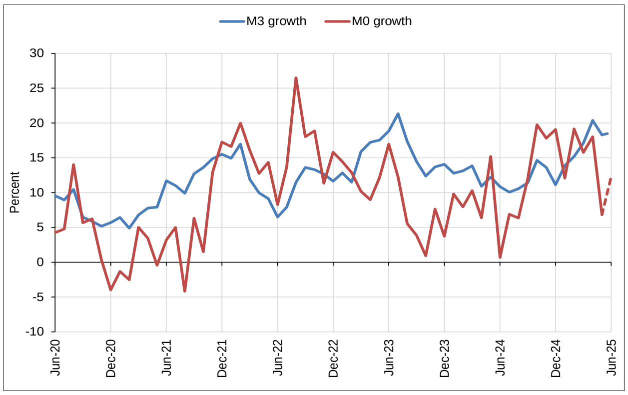


Chart 3.6b: Growth of private sector credit

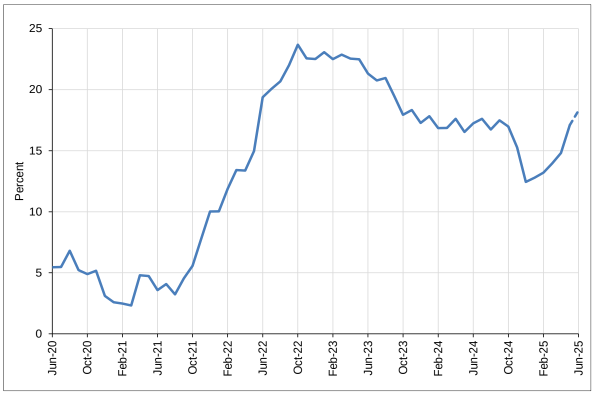


Chart 3.6c: Contribution to M3 growth, asset side

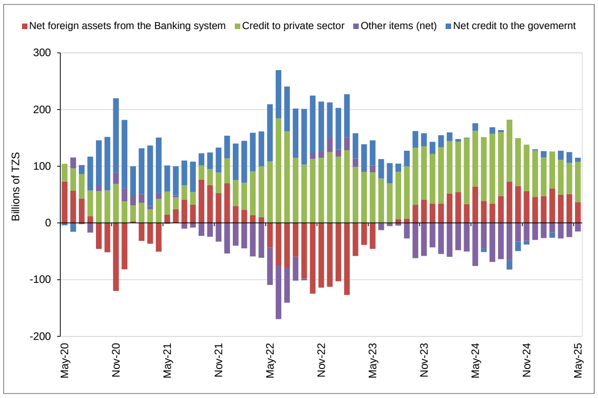
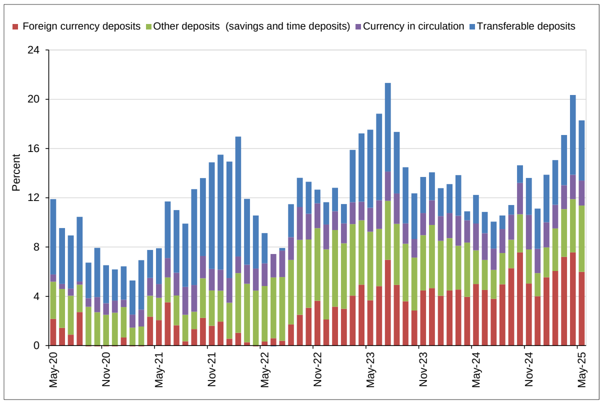


Chart 3.6d: Contribution to M3 growth, liability side



Source: Banks and Bank of Tanzania computations

Chart 3.6e: Private Sector Credit Growth in Select EAC Countries

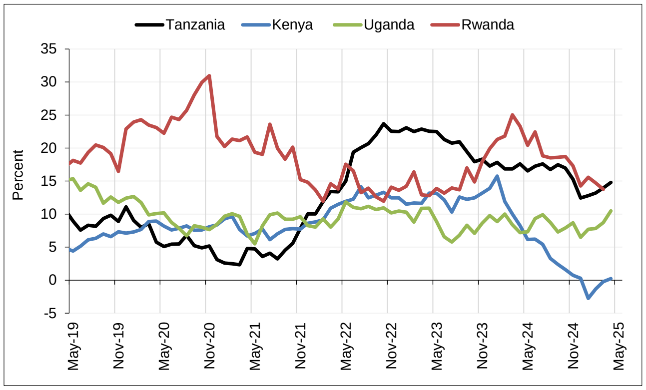
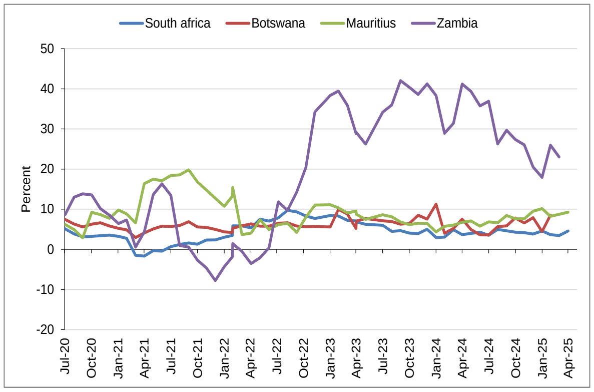


Chart 3.6f: Private Sector Credit Growth in Select SADC Countries



Source: Respective central banks

Personal loans, largely extended to small and medium-sized enterprises for productive activities, continued to dominate private sector credit, serving as the principal driver of overall credit growth (Charts 3.7a and 3.7b). The share of credit to the agriculture activity also maintained dominance, bolstered by banks' access to the TZS 1 trillion loan facility and Statutory Minimum Reserve (SMR) relief.[6] Additionally, government initiatives aimed at improving irrigation infrastructure, extension services, and agricultural research have enhanced productivity and further stimulated credit flows to the sector.

Chart 3.7a: Contribution to credit growth (Percent)

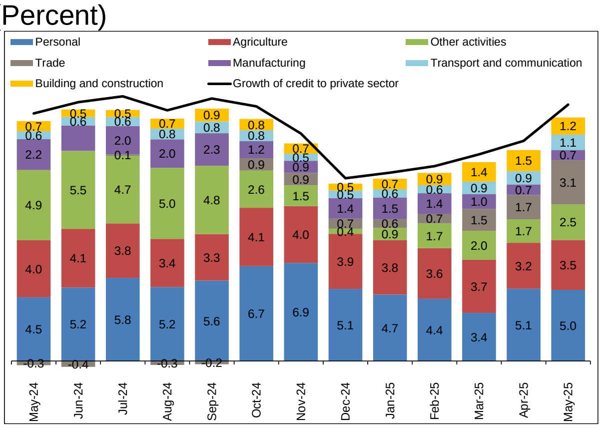
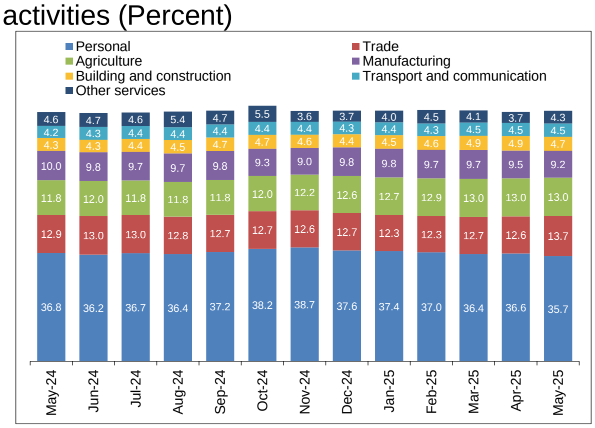


Chart 3.7b: Share of credit by economic activities (Percent)



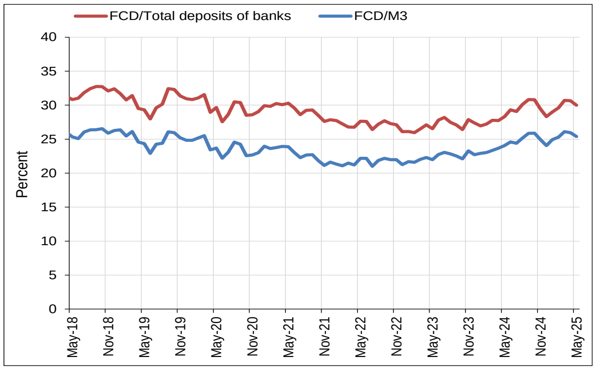
Source: Banks and Bank of Tanzania computations

Foreign currency deposits grew by 28.4 percent in the second quarter of 2025, up from 27.1 percent in the quarter ending March 2025, reflecting continued improvements in foreign exchange liquidity and anticipation of inflows from the forthcoming crop export season (Chart 3.8). Despite this growth, the ratio of foreign currency deposits to total deposits, a key indicator of financial dollarization, decreased marginally to 30 percent in May 2025 from 30.7 percent in March 2025, while the share of foreign currency deposits in broad money (M3) remained stable at 25.4 percent. The recent decline in dollarization in Tanzania is partly attributed to strengthened foreign exchange liquidity and continued public awareness campaigns on compliance with Section 26 of the Bank of Tanzania Act, which prohibits the use of foreign currency for domestic transactions. Additionally, the

[6] The financial and non-financial corporation also indicated the increased appetite for loans, though CEOs and market perception surveys conducted in May 2025.

gold purchase programme, designed to bolster foreign reserves, is expected to reinforce confidence in the Tanzanian shilling. Over the medium term, export promotion and import substitution strategies are anticipated to further reduce the economy's reliance on foreign currency.

Chart 3:8: Degree of Dollarization in Tanzania



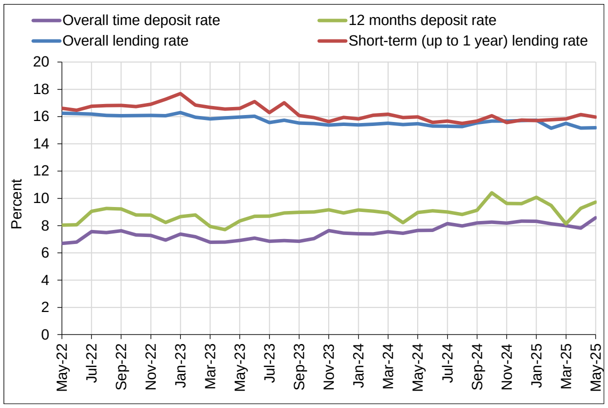
Source: Banks and Bank of Tanzania computations

3.4 Interest rates on loans and deposits

Interest rates on loans and deposits remained broadly stable in the second quarter of 2025. Lending rates averaged around 15 percent while deposit rates hovered at approximately 8 percent (Chart 3.9). Similarly, negotiated lending and deposit rates remained largely unchanged, averaging 13 percent and 11 percent, respectively.

The persistence of relatively high lending rates reflects structural rigidities in the financial sector, which contribute to elevated credit risk perceptions. To address these challenges, the Bank, in collaboration with key stakeholders, is implementing a series of reforms. These include the enforcement of financial consumer protection regulations, enhancements in customer identification frameworks, and judicial reforms aimed at expediting the resolution of loan default cases. Legal reforms are also in progress to expand the definition of acceptable collateral to include movable assets. Furthermore, the Bank is developing a Price Comparator System to support more informed financial decisions by enhancing transparency across financial products.

Chart 3.9: Lending and Deposit Interest Rates



Source: Bank of Tanzania

3.5 Developments in the Foreign Exchange Market

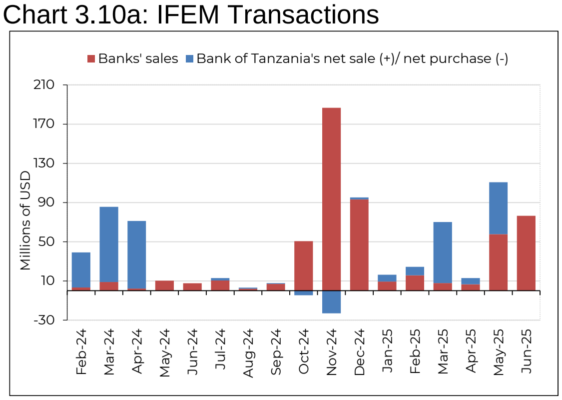
Foreign exchange market liquidity improved markedly during the quarter ending June 2025, primarily reflecting increased inflows from the cash crop export season, which commenced in late May, as well as sustained earnings from tourism and gold, buoyed by rising global prices. Additionally, continued regulatory enforcement of Section 26(2) of the Bank of Tanzania Act, which prohibits the use of foreign currency for domestic transactions, curtailed demand and channeled more foreign exchange through formal banking channels.

Reflecting these developments, total bank sales in the Interbank Foreign Exchange Market (IFEM) rose substantially to USD 204.4 million from USD 110.9 million in the previous quarter. Of this, the Bank of Tanzania’s sales amounted to USD 63.5 million, down from USD 78 million (Chart 3.10a). Improved liquidity also prompted some banks to approach the Bank for foreign exchange swaps or outright sales to meet domestic currency demand, particularly amid end-of-quarter tax and dividend payment obligations.

The shilling strengthened against the US dollar, appreciating by 0.7 percent during the quarter compared to a depreciation of 8.6 percent in the preceding quarter. On an annual basis, the exchange rate depreciated by 0.18 percent, markedly lower than the 3.4 percent depreciation recorded in the year ending May 2024 (Chart 3.10b). Retail exchange rate followed similar trends, accompanied by a further narrowing of the parallel market premium, indicating subdued speculative activity. The nominal and real effective exchange rates (NEER and REER) reflected similar stability, with the REER remaining slightly above its equilibrium level, suggesting no significant misalignment that would threaten external competitiveness (Charts 3.10c and 3.10d).

Looking ahead, foreign exchange liquidity is expected to improve further in the second half of 2025, supported by seasonal peaks in export receipts and increased tourism arrivals. The ongoing campaign promoting the use of the shilling for local transactions is anticipated to ease demand-side pressures on foreign exchange, thereby supporting the currency's value. These trends are likely to improve the current account balance and reduce pressures on gross official reserves, although they may dampen the performance of export sectors sensitive to relative price shifts.

Chart 3.10a: IFEM Transactions



Source: Bank of Tanzania

Chart 3.10b: Daily TZS/USD exchange rates

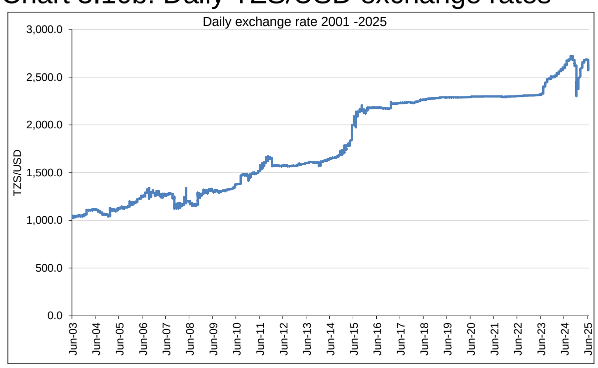


Chart 3.10c: Real and Nominal effective exchange rate (REER)

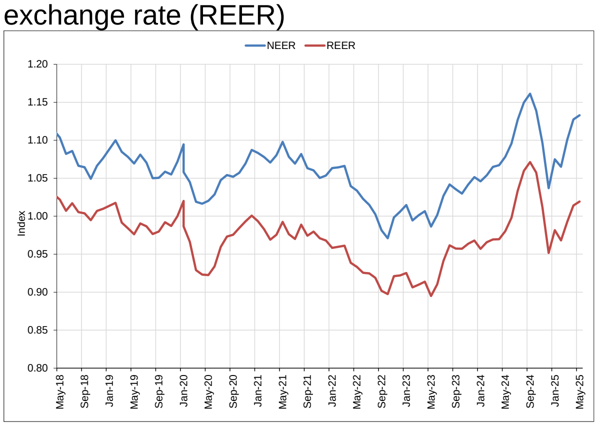
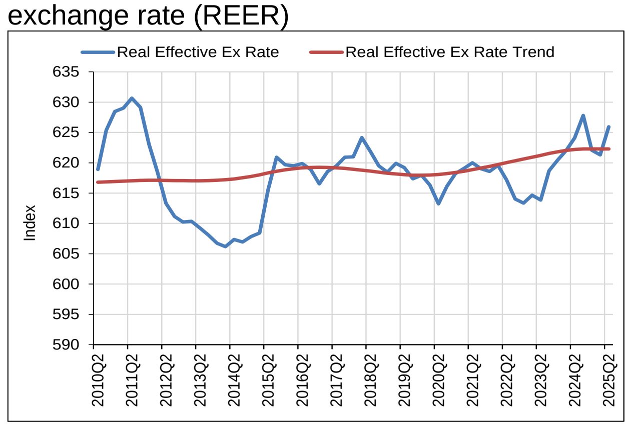


Chart 3.10d: Long run trend of the real effective exchange rate (REER)



Source: Bank of Tanzania

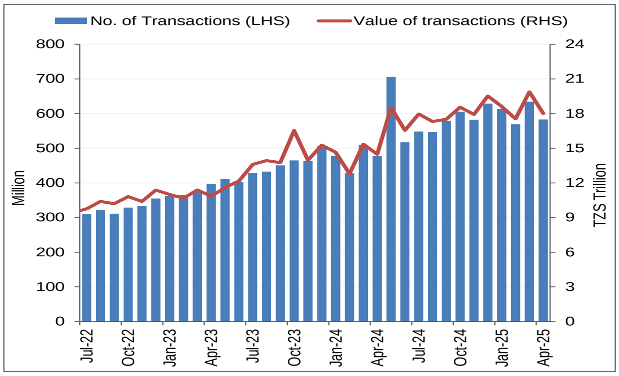
3.6 Financial Sector Performance

The financial sector remained stable and resilient to short-term shocks experienced during the review period. The banking sector, which constitutes over 70 percent of the financial sector, was liquid, adequately capitalized and profitable. Growth in deposits and loans was supported by increased uptake of agent banking services, innovation in financial products, and the widespread adoption of digital banking solutions. Loan expansion was further reinforced by a favourable business environment and improved asset quality, as reflected in the non-performing loans ratio of 3.4 percent in May 2025, well below the 5 percent prudential threshold.

Payment systems continued to function efficiently, ensuring the smooth settlement of financial transactions, supporting financial stability, and facilitating the transmission of monetary policy. Transaction volumes increased across all platforms. Specifically, TZS-denominated transactions cleared through the Tanzania Interbank Settlement System reached TZS 23.8 trillion, from TZS 19.8 trillion in April 2024. Transactions through mobile money platforms amounted to TZS 18 trillion from TZS 14.5 trillion, while transactions through the Tanzania Instant Payment System (TIPS) amounted to TZS 3.7 trillion from TZS 1.9 trillion during the same period (Charts 3.11a and 3.11b). The notable increase is attributable to the Bank’s measures to address barriers to the usage of digital financial services, which include reviewing transaction fees on interoperable transactions through TIPS. Mobile money transactions increased due to a conducive payment system environment characterized by affordable fees, consumer trust and reliable digital infrastructure.

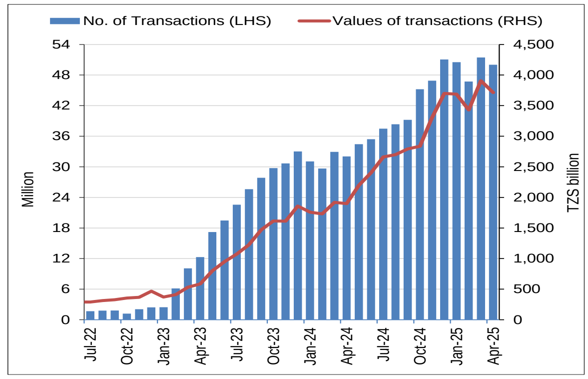
Cross-border transactions through the East African Payment System in Tanzanian Shillings declined to TZS 33.7 billion in April 2025 from TZS 44.5 billion in April 2024. However, there was a notable increase in transactions denominated in Kenyan shillings, rising to KES 3.52 billion from KES 0.74 billion, while those in Uganda shillings fell to UGX 1.67 billion from UGX 5.79 billion. Transactions via the SADC-RTGS platform rose by 12.7 percent to ZAR 223.15 billion from ZAR 198.06 billion. Within this, six Tanzanian banks processed transactions totalling ZAR 189.91 million, up from ZAR 106.21 million in April 2024.

Chart 3.11a: Mobile Payment Services Transactions



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

Chart 3.11b: TIPS Transactions



Source: Bank of Tanzania

3.7 Government Fiscal Performance

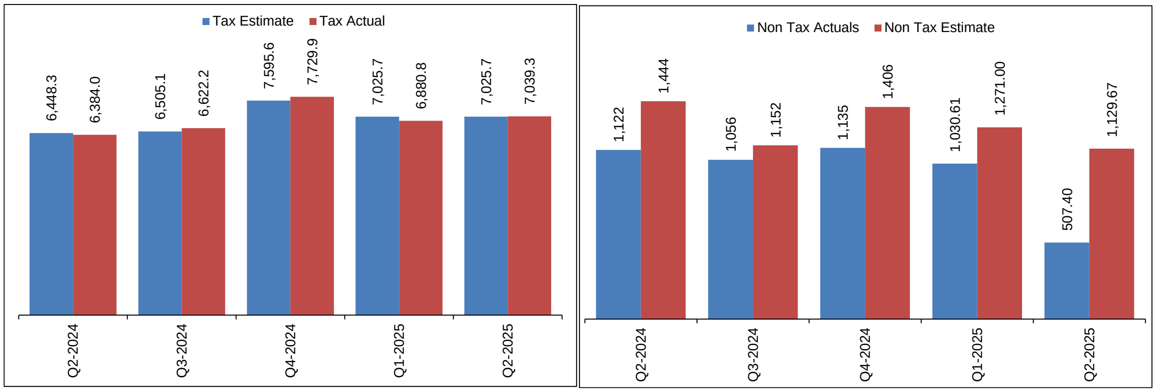
Fiscal performance in Mainland Tanzania

Provisional data indicate that domestic revenue in the fourth quarter of 2024/25 amounted to TZS 8,925.6 billion, representing 93.2 percent of the target. This performance was largely driven by robust tax collections, which met the quarterly target due to enhanced tax administration. Meanwhile, foreign loans and grants exceeded projections, reaching TZS 1,214.7 billion compared to the expected TZS 888.6 billion[7]. The Government continue to take measures aimed at strengthening domestic revenue mobilization. Key areas of focus include broadening the tax base, enhancing compliance, harmonizing tax policies, and leveraging digital technologies to boost the efficiency and effectiveness of revenue collection.

[7] Does not include project loans and grants.

Chart 3.12a: Revenue Performance

Billions of TZS



Source: Ministry of Finance
Note: Q denotes quarter; and data for Q2-2025 are estimates based on expert judgment

The Government maintained its commitment to aligning expenditure with available resources during the fourth quarter of 2024/25. Total spending amounted to TZS 9,670.2 billion, of which 71 percent was allocated to recurrent expenditure, including domestic and external interest payments, while the remaining portion was directed toward development projects[8]. Based on this fiscal performance, the budget deficit is estimated to be TZS 1,010.4 billion. The deficit will be financed through borrowing from both domestic and external sources.

Debt Developments

As of the end-May 2025, the national debt stock stood at USD 48,710.8 million. Of this amount, USD 40,226.4 million was public debt, comprising both public external and domestic debt, decreasing from USD 40,291.8 million recorded at the end of April 2025 (Chart 3.13a). Public external debt accounted for 67.4 percent of the total public debt, which stood at USD 27,118.9 million. Most of this debt remained owed to multilateral institutions and commercial creditors, with disbursements primarily supporting balance of payments, social welfare and education programs. During April and May 2025, the Government received external loan disbursements of USD 194.7 million, while debt service payments were USD 414.1 million.

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

The stock of domestic debt reached TZS 35,201.1 billion by end-May 2025, marking a 1.3 percent increase from the preceding month. Long-term instruments, specifically, government stocks and Treasury bonds, constituted 79.4 percent of the domestic debt portfolio, meanwhile commercial banks, pension funds, and the Bank of Tanzania continued to hold over three-quarters of the domestic debt (Chart 3.13b).

Private sector external debt stood at USD 8,484.4 million in May 2025, representing 0.1 percent decrease from April 2025. This debt remained predominantly owed to commercial lenders. During April and May 2025, the private sector secured USD 15.0 million in external financing while servicing USD 91.8 million in debt. The borrowed funds were primarily directed toward the energy and mining sectors (27.2 percent), followed by finance and insurance (17.9 percent), manufacturing (16.8 percent), and transport and telecommunications (15.9 percent).

Chart 3.13a: Debt Developments (Millions of USD)

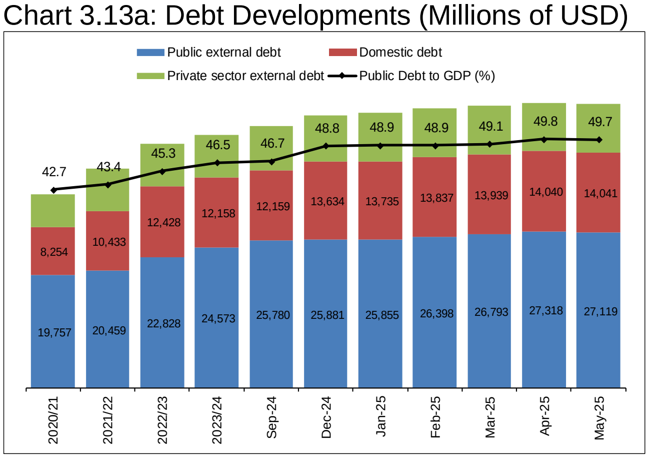
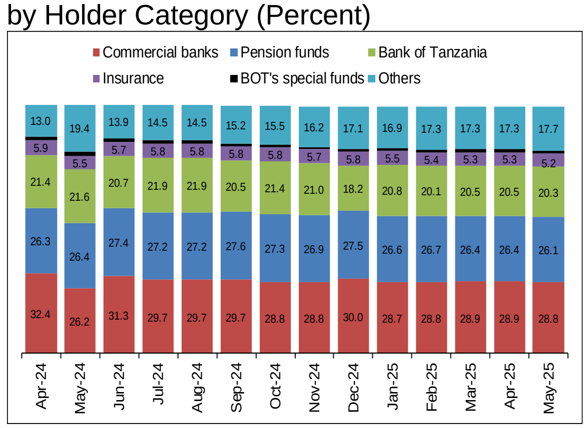


Chart 3.13b: Composition of Domestic Debt by Holder Category (Percent)



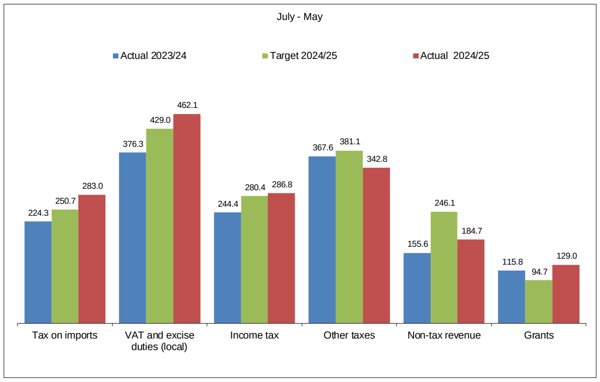
Source: Ministry of Finance and Bank of Tanzania
Note: 'others' include public institutions, private companies, and individuals

In Zanzibar, fiscal performance remained satisfactory from July 2024 to May 2025. The Government's total resource envelope amounted to TZS 1,688.4 billion, of which 92.4 percent was domestic revenue, and the remainder foreign grants. Tax revenue totalled TZS 1,374.8 billion, exceeding the target by 2.5 percent due to improved tax administration. Non-tax revenue amounted to TZS 184.7 billion, achieving 75.0 percent of the target (Chart 3.14a).

Total Government expenditure reached TZS 2,571.0 billion, comprising TZS 1,326.2 billion in recurrent spending and TZS 1,244.8 billion in development expenditure (Chart 3.14b). The resulting fiscal deficit was financed through domestic borrowing.

Chart 3.14a: Revenue and Grants

TZS Billion

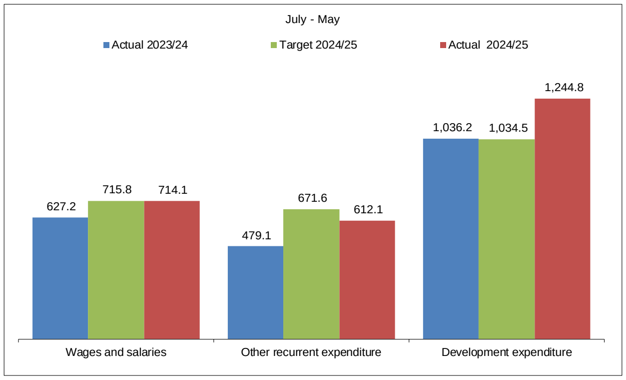


Source: President's Office, Finance and Planning, Zanzibar

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 3.14b: Expenditure Performance

TZS Billion



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

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

Zanzibar domestic debt stock stood at TZS 1,312.7 billion in May 2025, slightly down from TZS 1,313.2 billion recorded in April 2025. Commercial bank loans accounted for the largest share at 55.5 percent, followed by Treasury securities at 42.5 percent.

3.8 External Sector Performance

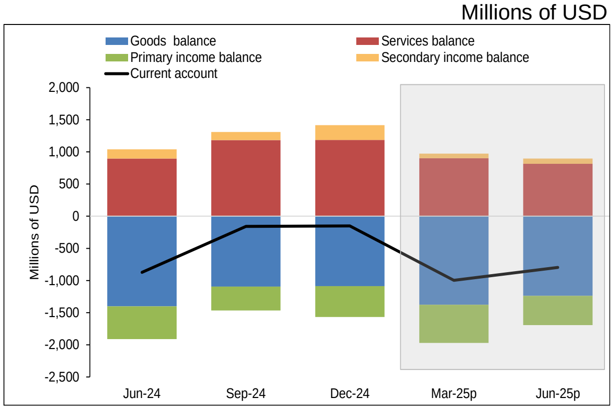
Current Account

The external sector continued to strengthen in the quarter ending June 2025, as evidenced by a narrowing of the current account deficit to USD 797.1 million, down from USD 872.1 million in the same period in 2024 (Chart 3.15). This improvement was largely driven by robust performance in the export of goods and services, particularly gold, tourism, manufactured goods, and coffee.

On an annual basis, the current account balance narrowed to a deficit of USD 2,103.3 million, equivalent to 2.6 percent of GDP, from USD 2,767.4 million (3.7 percent of GDP) in 2023/24 (Table 3.4)[9]. This improvement reflects a stronger export performance relative to imports, supported by ongoing government initiatives aimed at promoting exports and substituting imports. The outlook remains positive, with gold prices projected to remain high due to persistent global trade tensions and geopolitical uncertainties. However, risks remain, particularly from the recent escalation of conflicts in the Middle East, which could drive up oil prices —a key import commodity —and weigh on the current account position.

Chart 3.15: Current Account (Quarterly)

Millions of USD



Source: TRA and BOT computation
Note: p denotes provisional data

Table 3.4: Current Account (Annual)

Millions of USD

	Annual		Year ending June		Quarter ending		
	2023	2024p	2024	2025p	Jun-24	Mar-25p	Jun-25p
Goods account balance	-6,032.3	-5,157.2	-5,953.6	-4,794.8	-1,400.3	-1,377.0	-1,237.7
Exports	7,696.6	9,121.6	7,831.8	9,942.6	1,835.9	2,355.6	1,971.3
Imports	-13,728.9	-14,278.9	-13,785.4	-14,737.4	-3,236.2	-3,732.6	-3,208.9
Services account balance	3,835.9	4,290.5	4,219.2	4,083.7	896.8	900.8	814.2
Receipts	6,231.7	6,899.4	6,578.7	7,094.9	1,458.0	1,699.1	1,582.1
Payments	-2,395.9	-2,608.9	-2,359.5	-3,011.2	-561.1	-798.4	-767.9
Goods and services balance	-2,196.5	-866.7	-1,734.4	-711.1	-503.5	-476.2	-423.4
Exports of goods and services	13,928.3	16,021.1	14,410.5	17,037.4	3,293.9	4,054.8	3,553.4
Imports of goods and services	-16,124.8	-16,887.8	-16,144.9	-17,748.5	-3,797.3	-4,531.0	-3,976.8
Primary income account balance	-1,496.6	-1,742.0	-1,653.9	-1,900.9	-511.1	-592.4	-455.6
Receipts	301.2	356.4	324.4	365.4	72.3	103.7	54.0
Payments	-1,797.7	-2,098.4	-1,978.3	-2,266.3	-583.4	-696.1	-509.6
Secondary income account balanc	732.5	576.7	620.9	508.7	142.5	72.2	81.9
Inflows	1,280.9	1,177.4	1,294.3	1,088.5	294.2	239.4	254.6
o/w Official transfers	131.0	139.2	122.6	90.1	36.9	0.0	0.0
Outflows	-548.4	-600.7	-673.4	-579.8	-151.7	-167.3	-172.7
Current account balance	-2,960.6	-2,032.0	-2,767.4	-2,103.3	-872.1	-996.4	-797.1

Exports Performance

Exports of goods and services remained strong in the second quarter of 2025, increasing to USD 3,553.4 million from USD 3,293.9 million in the corresponding period of 2024 (Chart 3.16). This growth was underpinned by higher earnings from gold, tourism, manufactured goods, and transport services, supported by increased volumes of transit goods to neighboring countries.

On an annual basis, total exports rose to USD 17,037.4 million in 2024/25, up from USD 14,410.5 million in 2023/24 (Table 3.5)[10]. Key contributors to this growth included tourism, gold, cashew nuts, and tobacco, reflecting the resilience of Tanzania's export base and the effectiveness of policy support measures.

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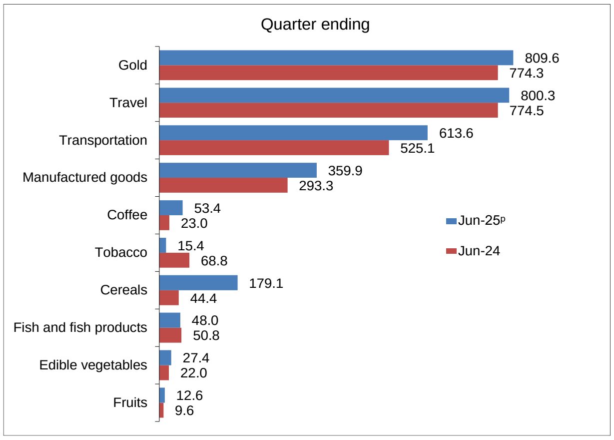
[9] Data is provisional.
[10] Data is provisional.

Chart 3.16 Exports of goods and services (Quarterly)

Millions of USD



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 June		Quarter ending		
	2023	2024p	2024	2025p	Jun-24	Mar-25p	Jun-25p
Traditional	953.3	1,473.3	1,066.3	1,461.7	115.5	245.2	92.4
o/w Cashew nut	206.4	541.7	225.6	531.8	1.0	33.9	4.9
Tobacco	340.4	509.5	438.5	464.1	68.8	80.3	15.4
Non-traditional	6,321.6	7,228.8	6,371.6	8,052.7	1,639.7	2,025.3	1,806.0
Minerals	3,551.4	4,119.9	3,608.5	4,549.5	955.7	1,209.6	994.6
o/w Gold	3,058.9	3,419.6	3,121.8	3,804.5	774.3	1,060.5	809.6
Horticultural	417.2	507.1	415.4	513.3	47.6	59.2	58.3
Manufactured	1,363.3	1,341.3	1,329.0	1,428.1	293.3	358.8	359.9
Cereals	173.0	300.8	155.4	501.3	44.4	94.1	179.1
Fish and fish products	164.0	180.6	173.2	177.9	50.8	47.0	48.0
Oil seeds	306.5	298.6	295.3	202.9	99.9	4.0	5.2
Other exports	211.0	239.6	220.0	289.0	59.2	54.3	96.7
Services receipts	6,235.8	6,828.2	6,578.7	7,094.9	1,458.0	1,699.1	1,582.1
o/w Travel	3,373.8	3,903.1	3,679.7	3,896.0	774.5	915.3	800.3
Transportation	2,333.4	2,356.6	2,304.3	2,530.0	525.1	616.3	613.6
Goods and services	13,928.3	16,021.1	14,410.5	17,037.4	3,293.9	4,054.8	3,553.4

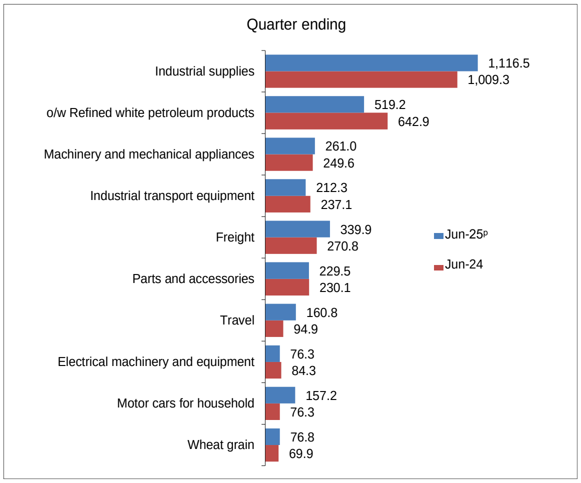
Imports

Imports of goods and services also increased during the second quarter of 2025, albeit at a slower pace than exports. Total imports were estimated at USD 3,976.8 million compared with USD 3,797.3 million in the same quarter in 2024 (Table 3.6). The increase was mainly attributed to higher imports of industrial supplies, motor vehicles for household use, and freight services. Notably, imports of refined white petroleum products declined to USD 543.1 million in line with falling global oil prices.

On an annual basis, imports reached USD 17,748.5 million, up from USD 16,144.9 million in 2023/24, driven by increased demand for industrial goods, transport equipment, and refined petroleum products.

Chart 3.17: Imports of goods and services (quarterly)

Millions of USD



Source: Bank of Tanzania
Note: p, provisional data

Table 3.6: Imports of goods and services

Millions of USD

	Annual		Year ending June		Quarter ending		
	2023	2024^p	2024	2025^p	Jun-24	Mar-25^p	Jun-25^p
Capital	2,893.4	3,003.5	2,781.3	3,314.3	667.5	981.1	621.9
Machinery and mechanical appliances	1,242.7	1,092.4	1,086.7	1,314.8	249.6	470.9	261.0
Industrial transport equipment	937.2	1,136.4	942.7	1,272.8	237.1	373.4	212.3
Intermediate	9,389.1	9,868.6	9,604.3	9,819.1	2,228.6	2,261.6	2,219.2
Industrial supplies	4,307.1	4,652.8	4,418.0	4,745.1	1,009.3	1,037.0	1,116.5
Fuel and lubricants	2,915.7	2,786.1	3,041.4	2,739.7	715.8	796.0	543.1
o/w Refined white products	2,725.8	2,554.3	2,802.2	2,624.5	642.9	794.1	519.2
Parts and accessories	998.6	1,099.6	954.3	1,085.0	230.1	210.6	229.5
Food and beverages for industrial use	828.8	953.9	867.3	790.5	196.7	137.7	172.6
o/w Wheat grain	418.8	357.5	342.2	331.4	69.9	66.6	76.8
Motor cars for household	338.1	374.6	322.6	456.9	76.3	80.0	157.2
Consumer	1,444.2	1,404.6	1,397.6	1,601.7	339.6	489.3	367.4
Food and beverages mainly for househol	240.1	192.8	173.1	174.0	48.8	37.1	42.8
Other consumer goods	1,062.4	1,045.5	1,067.2	1,264.9	251.8	248.5	270.4
Services payment	2,303.4	2,505.7	2,359.5	3,011.2	561.1	798.4	767.9
o/w Transportation	1,309.7	1,334.4	1,280.4	1,556.0	293.4	407.1	379.4
Goods and services	16,032.3	16,784.6	16,144.9	17,748.5	3,797.3	4,531.0	3,976.8

Zanzibar's external sector performance also improved significantly. The current account surplus rose to an estimated USD 611.1 million in the year ending June 2025, up from USD 428.5 million during the corresponding period of 2024. This improvement was largely supported by increased service receipts, particularly those from the tourism sector.

Total export of goods and services increased to USD 1,200.4 million from USD 1,006.6 million, while imports rose modestly to USD 615.9 million from USD 593.4 million, mainly due to higher imports of intermediate and consumer goods (Table 3.7)

Table 3.7: Zanzibar: Current Account

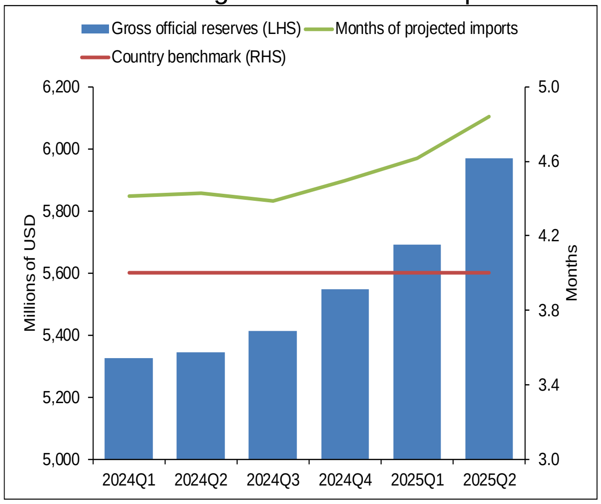
Millions of USD

	Year ending June		Quarter ending		
	2024	2025^p	Jun-24	Mar-25	Jun-25^p
Goods account (net)	-431.6	-503.9	-109.7	-126.2	-129.2
Exports	64.6	33.3	5.5	4.7	4.7
Imports	496.2	537.2	115.1	131.0	133.9
Services account (net)	844.8	1,088.5	134.4	306.0	225.5
Receipts	942.0	1,167.1	157.0	322.7	234.2
Payments	97.2	78.7	22.5	16.7	8.7
Goods and services (net)	413.2	584.6	24.8	179.8	96.4
Exports of goods and services	1,006.6	1,200.4	162.4	327.5	238.9
Imports of goods and services	593.4	615.9	137.7	147.7	142.5
Primary income account (net)	13.4	23.3	4.1	6.3	6.7
Receipts	19.6	33.9	6.0	9.2	9.8
Payments	6.2	10.7	1.9	2.9	3.1
Secondary income account (net)	2.0	3.3	0.6	0.9	0.9
Inflows	3.2	5.6	1.0	1.5	1.6
Outflows	1.4	2.4	0.4	0.6	0.7
Current account balance	428.5	611.1	29.4	187.0	104.0

3.9 Foreign Reserves

As of June 2025, gross official foreign reserves stood at USD 5,971.5 million, the highest level recorded in recent years, sufficient to cover 4.8 months of imports and above the country benchmark of 4 months (Chart 3.18). The reserve position is expected to remain adequate in the near term, supported by continued gold purchases, strong export performance, particularly gold and manufactured goods, seasonal tourism inflows, and improved enforcement of regulations mandating the exclusive use of the Tanzanian shilling in domestic transactions.

Chart 3.18: Foreign Reserves and Import Cover



Source: Bank of Tanzania

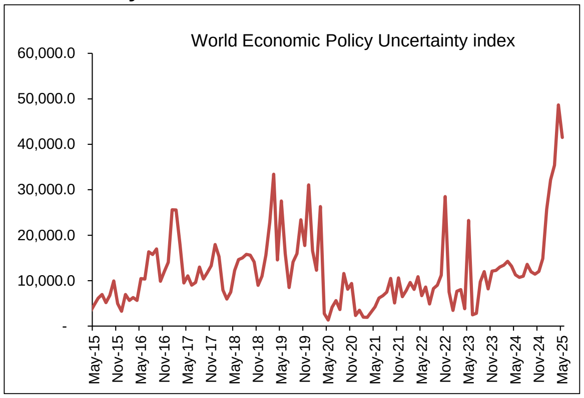
Notes: LHS refers to left-hand scale; and RHS, right-hand scale

Chapter 4: Economic Outlook and MPC Decisions

4.1 Global economic outlook

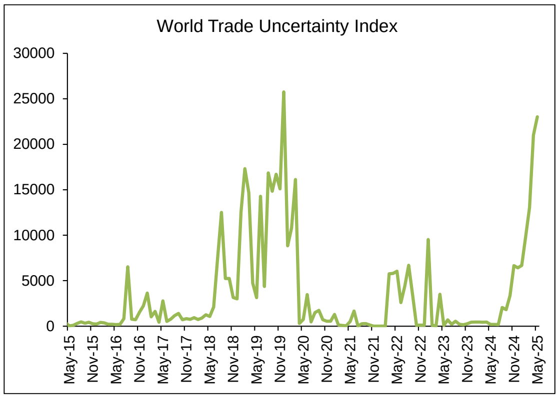
Global economic conditions presented in chapter 2 indicate a significant increase in economic and trade uncertainties in the recent past, largely stemming from the escalation of geopolitical conflicts and trade tariffs (Charts 4.1a and 4.1b). The rising risks appear to have dampened investor and consumer confidence and limiting trade flow. The heightened uncertainties have also affected financial markets, commodity prices, and exchange rates. As a result, the growth outlook for 2025 has been revised downward, notably by the IMF, World Bank and OECD. In the second quarter of the year, economic performance was uneven, with only a few economies registering strong growth. In the near term, there are signs of moderation in risks and renewed growth momentum following the ongoing diplomatic engagements to resolve geopolitical conflicts and agreements to address trade tariffs between the countries involved. In addition, countries are implementing a range of policy measures, including fiscal reforms, trade diversification, and strengthening domestic resource mobilization.

Chart 4.1a Global Economic Policy Uncertainty Index



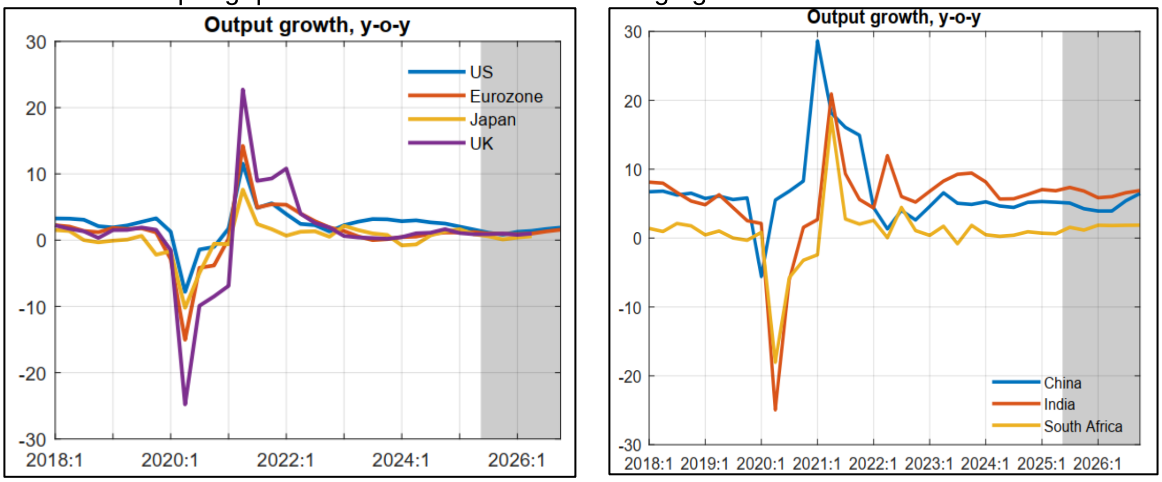
Source: https://worlduncertaintyindex.com/

Chart 4.1b Trade Policy Uncertainty Index



Source: https://www.policyuncertainty.com/trade_cimpr.html

Chart 4.2: Output gap for select Advanced and Emerging Market Economies



Source: Bloomberg forecast published June 2025

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

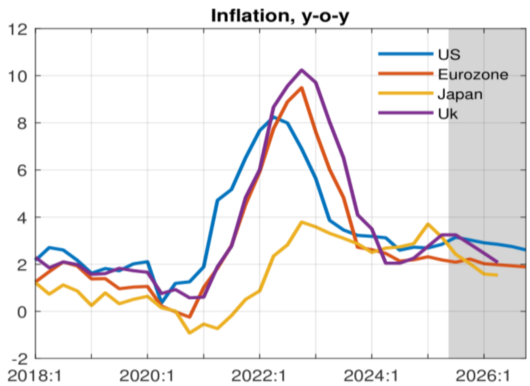
Percent

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

Note: Bloomberg forecast published in June 2025

The discussion in Chapter 2 also indicates that inflation trends in most economies were low and easing, mainly owing to the lagged effect of monetary policy tightening and moderate prices of food and energy. However, inflation that is linked to services remains elevated, posing challenges for central banks as they attempt to normalize monetary policy. Looking ahead, inflation is projected to continue its downward trend in most economies, albeit at a slower pace than previously anticipated, particularly if uncertainty surrounding global economic and trade policy conditions persists. Bloomberg projects inflation in the United States to remain elevated above target levels through 2025 and 2026, which is likely to prompt the Federal Reserve to maintain a restrictive monetary policy stance (Chart 4.3 and Table 4.2). Conversely, moderating inflation in the Euro Area is anticipated to provide room for policy rate cuts aimed at bolstering economic growth (Chart 4.4). In the EAC and SADC regions, inflation is forecast to ease, supported by coordinated policy interventions and the expected decrease in commodity prices. Nonetheless, there might be upside risk to inflation arising from global supply chain disruption due to geopolitical conflicts. In this context, central banks might cautiously navigate the trade-off between mitigating inflationary pressures and supporting economic growth.

Chart 4.3: Projected Quarterly Inflation (Percent)



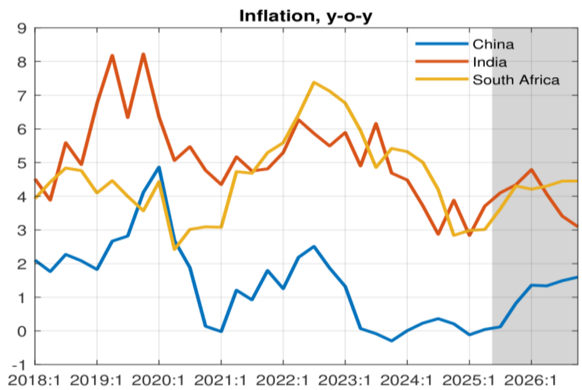


Chart 4.4: Policy rates

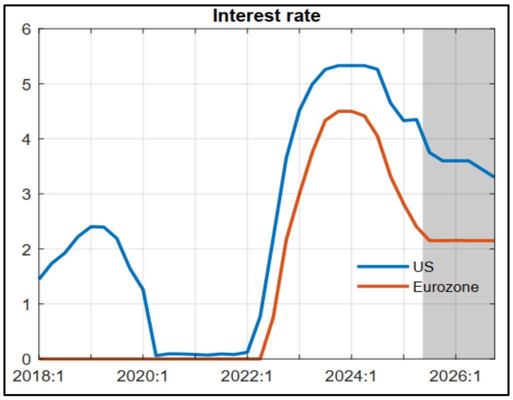


Chart 4.5: Crude Oil prices (USD/barrel)

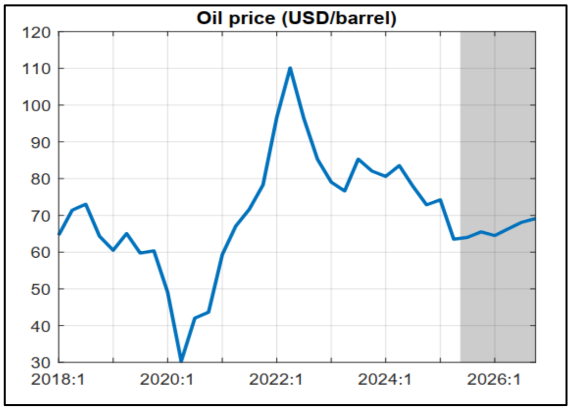


Table 4.2: Projected Quarterly Inflation (Percent)

	Projection (y-o-y)						
	2024			2025			
	Q2	Q3	Q4	Q1	Q2	Q3	Q4
United States	3.2	2.6	2.7	2.7	2.6	3.2	3.3
Euro zone	2.5	2.2	2.2	2.3	2.1	2.0	2.0
Japan	2.7	2.8	2.9	3.8	3.3	2.6	2.1
UK	2.1	2.0	2.5	2.8	3.3	3.3	2.9
China	0.3	0.5	0.2	-0.1	0.0	0.2	0.5
South Africa	5.2	4.3	2.9	3.0	2.7	3.2	3.9
India	4.9	4.3	5.6	3.7	3.5	3.3	3.5
Brazil	4.0	4.4	4.8	5.0	5.5	5.4	5.4

Source: Bloomberg forecast published June 2025

Commodity markets experienced a diverse trend in the second quarter of 2025. Notably, the price of gold surged to USD 3,282.40 per troy ounce by the end of June 2025 from USD 2,855.73 at the end of March 2025, largely due to heightened geopolitical conflicts and trade tariff risks, which lifted safe-haven demand. Crude oil prices eased to USD 65.92 per barrel from an average of USD 74.35, reflecting subdued global demand and increased supply from OPEC+ member countries. The World Bank's Global Economic Prospects for June 2025 indicate that crude oil prices will decline to USD 66 per barrel in 2025 and further to USD 61 per barrel in the subsequent year, from USD 80.7 per barrel in 2024, driven by anticipated increases in OPEC+ production and subdued global demand (Chart 4.5). The other leading global organizations also indicate a similar trend, albeit differing in levels[11]. However, heightened geopolitical tensions could reverse this trend, as reflected in futures contracts for August 2025, which are currently priced at USD 76 per barrel[12]. Gold prices are expected to continue their upward trajectory, reaching a record high of approximately USD 3,450 per troy ounce in the fourth quarter of 2025. This sustained rally is underpinned by persistent global economic and trade uncertainties, which enhance gold's role as a safe-haven asset[13]. Additionally, strong demand from central banks seeking to diversify foreign reserves is likely to further strengthen gold's appeal.

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[11] IMF World Economic Outlook, April 2025 (USD 66.9 per barrel in 2025 and USD 62.3 per barrel in 2026), Bloomberg forecast accessed on 18th June 2025 (USD 69 per barrel in 2025 and USD 71 per barrel in 2026) and JP Morgan forecast of May 2025 (USD 66 per barrel in 2025 and USD 58 per barrel in 2026)
[12] Bloomberg forecast released on 18th June 2025.
[13] Bloomberg forecast released on 18th June 2025.

4.2 Domestic Economic Outlook

Domestic economic performance has been steadily strengthening, buoyed by robust public infrastructure investment and rising private sector activity at the back of improving business climate. The economy is expected to remain resilient, maintaining its recovery momentum through 2025[14]. For Mainland Tanzania, real GDP growth is projected at 6 percent in 2025, while for Zanzibar, growth is projected at 7.3 percent[15]. On a quarterly basis, the Bank of Tanzania estimates GDP growth for Mainland Tanzania to have reached 5.8 percent and 5.5 percent in the first and second quarters of 2025, respectively. This growth was primarily driven by robust performance in agriculture, construction and financial services. The domestic economy is projected to continue strengthening, with GDP growth forecasted at 6.0 percent and 6.9 percent in the third and fourth quarters, respectively. The Zanzibar economy is expected to follow a similar pattern.

The outlook is largely underpinned by investments in railways, roads, airports, and sports facilities in preparation for the upcoming CHAN and AFCON tournaments, as well as continued improvement in agriculture, mining and tourism. Cash crop production is forecast to grow significantly, by 53.3 percent, with cashew nuts, tobacco, and cotton contributing the most [16]. This optimistic outlook is supported by the findings of the Market Perception Survey and the CEOs Economic Perception Survey conducted in May 2025. Investor confidence also remains strong, as reflected in the Fitch Rating announced in June 2025, which affirmed Tanzania's credit rating at B+ with a stable outlook. The risks to the outlook are minimal, due to the diversified structure of the economy and consistent implementation of growth-enhancing policies and programs, which are expected to cushion the economy against external shocks.

Inflation has been stable and within the target. In Mainland Tanzania, it averaged 3.2 percent in the second quarter of 2025, reflecting the impact of prudent monetary policy

[14] URT Ministry of Finance, Budget speech 2025/26 and MPS 2025/26
15 RGoZ budget speech
[16] Ministry of Agriculture, Budget speech 2025/26, production of cotton, cashew nuts, and tobacco is projected to increase by 168 percent, 33 percent, and 25 percent respectively.

and subdued price movements in non-food and energy-related items. However, food inflation experienced a temporary uptick, driven by transportation disruptions caused by heavy rainfall in certain regions. Core inflation eased, supported by a moderation in service prices. In Zanzibar, inflation declined to 4.2 percent in May 2025 from 5.3 percent a year earlier, largely due to lower food prices. Looking ahead, inflation is projected to remain within the medium-term target of 3–5 percent. Inflation in Zanzibar is forecast to stay below 5 percent. This outlook is further reinforced by insights from the CEOs and Market Perception Surveys conducted in May 2025. However, further escalation of geopolitical tensions in the Middle East could disrupt the anticipated decline in energy and commodity prices.

4.3 MPC Decisions

Based on the recent global and domestic economic performance (presented in Chapters 2 and 3) as well as the global and domestic economic outlook presented in Sections 4.1 and 4.2, the MPC evaluated three options of either maintaining, raising, or lowering the Central Bank Rate (CBR) for the third quarter of 2025. **Based on the outcomes of each of the options on inflation and output, the MPC decided to lower the CBR by 25 basis points, to 5.75 percent from 6.00 percent.** *The Bank will thus implement monetary policy to ensure that the 7-day interbank rate fluctuates within the CB corridor of 3.75 - 7.75 percent.*

The MPC decision reflects the Committee’s confidence in the inflation outlook. Inflation has consistently remained within the target band of 3–5 percent, and projections indicate it will remain stable within the range. This is supported by prudent monetary and fiscal policies, the onset of the harvest season, and exchange rate stability. The MPC observed that, while geopolitical tensions and tariff hikes have increased global uncertainty, recent negotiations and agreements suggest that the risk to inflation is expected to be moderate. An upside risk to depreciation of the exchange rate was minimal due to the declining current account deficit, estimated at around 2.6 percent of GDP in the year ending June 2025 from 3.7 percent in the previous year. In addition, foreign exchange reserves reached one of the record highs of about USD 6 billion at the end of June 2025, with anticipation of further increases from tourism, gold and crop exports in the latter half of 2025. This will be reinforced by the accumulation of monetary gold from the Bank of Tanzania's Domestic Gold Purchase Program and the enforcement of regulations that require payment in shillings for domestic transactions.

The MPC also approved the Bank to conduct monetary policy operations for achieving the targets of the Extended Credit Facility program, and to auction Treasury bills and bonds in accordance with the 2025/26 Government Securities Issuance Plan.

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	190.6	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	511.0	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
Mar/25	70.7	72.6	71.7	687.0	8.9	5.7	2.7	2.2	1,069.0	255.4	5,335.2	1.7	615.1	394.5	2,983.3	207.4	425.0	416.5
Apr/25	65.9	67.7	66.9	655.8	8.6	5.4	2.9	2.1	994.4	249.6	5,428.2	1.7	635.0	386.9	3,217.6	215.0	415.0	366.8
May/25	62.7	64.2	63.0	649.8	8.8	5.2	3.0	1.9	907.6	237.0	5,525.3	1.7	669.2	392.0	3,309.5	203.9	431.0	368.5
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	May-24	Jun-24	Jul-24	Aug-24	Sep-24	Oct-24	Nov-24	Dec-24	Jan-25	Feb-25	Mar-25	Apr-25	May-25
Net foreign assets	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	14,706.2	15,442.1	14,658.6	14,028.1
Bank of Tanzania	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	13,020.1	13,217.7	12,273.9	11,844.6
Other depository corporations	-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	2,224.4	2,384.7	2,183.6
Net domestic assets	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	35,942.2	36,699.8	38,679.1	39,313.4
Domestic claims	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	48,836.1	50,109.3	51,989.3	52,813.1
Claims on central government (net)	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	11,853.4	12,110.0	13,233.5	13,021.1
Claims on non-government sector	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	36,982.7	37,999.3	38,755.8	39,792.0
Broad money liabilities	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	50,648.4	52,141.9	53,337.7	53,341.5
Currency outside depository corporations	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	6,954.5	7,190.0	7,024.1	7,438.9
Transferable deposits	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	23,777.1	24,483.7	25,351.5	25,031.6
Non-transferable (other) deposits	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	19,916.7	20,468.2	20,962.1	20,871.0
Reserve money (M0)	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	12,078.7	11,793.1	11,878.9	11,800.7
Extended broad money (M3)	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	50,648.4	52,141.9	53,337.7	53,341.5
Deposits in foreign Currency (FCD)	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	12,818.2	13,605.9	13,846.3	13,543.4
FCD in millions of USD	*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*	*4,951.9*	*5,120.7*	*5,169.1*	*5,045.8*
Broad money (M2)	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	37,830.2	38,536.0	39,491.4	39,798.1
Other deposits in national currency (i.e. savings and time deposits)	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	14,711.5	14,994.3	15,478.3	15,583.2
Narrow money (M1)	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	23,118.8	23,541.7	24,013.1	24,214.9
Currency in circulation	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	6,954.5	7,190.0	7,024.1	7,438.9
Transferable deposits in national currency	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	16,164.2	16,351.7	16,989.0	16,776.0

Source: Bank of Tanzania

Appendix 3: Interest Rates Structure

Percent

Items	2024											2025				
	Jan	Feb	Mar	Apr	May	June	July	Aug	Sep	Nov	Dec	Jan	Feb	Mar	Apr	May
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	7.74	7.73	7.07	7.69	7.87	7.91	7.90	7.95
2 to 7 days	7.29	7.20	7.17	7.04	7.35	7.40	7.42	7.83	8.17	8.11	7.38	7.74	8.02	8.02	7.98	7.96
8 to 14 days	7.22	7.21	7.03	7.25	7.26	7.42	7.50	8.29	8.81	8.23	7.68	8.51	8.62	8.21	8.08	8.28
15 to 30 days	7.45	7.58	7.03	7.70	7.35	7.88	7.72	8.34	9.00	9.10	9.40	8.58	8.77	8.44	8.37	8.35
31 to 60 days	6.28	7.23	7.85	7.85	7.88	7.17	8.18	9.95	9.46	7.88	8.88	9.03	8.00	9.83	8.53	8.53
61 to 90 days	6.52	6.52	6.52	6.75	8.50	11.50	9.50	9.50	9.50	9.00	9.00	6.75	7.00	9.83	9.11	9.14
91 to 180 days	9.97	9.29	8.50	9.73	9.29	10.35	6.75	7.00	10.96	7.87	7.87	7.87	10.42	10.08	12.00	12.00
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	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	8.04	8.06	7.41	7.80	8.06	8.12	8.00	7.98
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	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	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	7.72	6.26	7.21	7.21	7.21	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	6.50	6.50	6.50	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	7.76	7.76	7.42	7.50	7.50
182 days	9.30	8.93	8.61	8.45	8.22	6.57	6.57	7.30	8.17	8.30	8.30	8.20	8.20	8.20	8.47	8.24
364 days	11.81	12.25	11.82	10.38	7.83	6.75	8.84	10.63	11.66	12.78	12.95	12.63	11.99	10.11	8.92	8.92
Overall treasury bills rate	11.76	12.21	11.65	10.33	7.86	6.75	8.81	10.61	11.55	12.68	12.95	12.51	11.93	10.10	8.86	8.89
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	12.55	12.55	12.08	12.08
5-years	10.09	10.09	10.09	10.09	10.09	10.09	10.09	10.09	12.41	12.41	12.41	12.41	12.41	13.14	13.14	12.94
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	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	14.08	14.08	14.08	14.26	14.26
15-years	12.75	13.66	13.66	13.66	15.16	15.16	15.05	15.05	15.76	15.76	15.76	15.76	15.76	14.63	14.63	14.63
20-years	13.51	15.83	15.51	15.24	15.24	15.13	15.17	15.40	15.76	15.64	15.71	15.71	15.28	15.28	15.11	15.11
25-years	14.39	14.39	16.79	16.13	16.13	15.38	15.38	15.38	15.42	15.93	15.93	15.84	15.84	15.84	15.84	15.29
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	8.50	8.50
8. Savings deposit rate	2.69	2.54	2.70	2.79	2.87	2.86	2.87	3.02	2.85	2.69	2.84	2.97	2.98	2.86	2.89	2.52
9. Overall time deposits rate	7.40	7.39	7.55	7.44	7.65	7.66	8.15	7.98	8.25	8.18	8.33	8.31	8.13	8.00	7.82	8.58
1 month	7.48	7.83	8.36	8.94	9.18	8.70	8.39	8.67	9.49	10.62	10.68	9.60	9.90	9.88	7.94	10.47
2 months	9.00	8.52	9.16	8.58	9.01	8.47	8.93	8.31	8.55	8.14	8.90	9.61	9.02	8.81	8.78	9.25
3 months	8.63	8.85	8.81	8.52	8.65	9.38	9.10	8.66	8.68	8.91	9.26	8.84	9.24	9.42	9.43	9.85
6 months	9.13	9.07	9.15	9.12	9.37	9.25	9.09	8.91	9.30	9.19	9.30	9.86	9.40	9.68	9.36	9.82
12 months	9.15	9.06	8.94	8.21	8.97	9.09	9.01	8.82	10.41	9.63	9.62	10.08	9.48	8.14	9.27	9.72
24 months	6.06	6.04	6.05	6.28	6.02	6.25	9.96	9.87	8.44	8.29	7.71	7.23	6.94	6.90	6.66	7.49
10. Negotiated deposit rate	9.56	9.52	9.59	9.33	9.72	9.86	9.96	10.12	10.27	10.14	10.39	11.80	11.40	10.35	10.52	10.64
11. Overall lending rate	15.39	15.44	15.51	15.42	15.47	15.30	15.29	15.26	15.67	15.67	15.71	15.73	15.14	15.50	15.16	15.18
Short-term (up to 1year)	15.82	16.10	16.17	15.93	15.98	15.57	15.67	15.50	16.06	15.56	15.74	15.70	15.77	15.83	16.15	15.96
Medium-term (1-2 years)	15.82	15.71	15.74	15.77	15.82	15.69	15.49	15.50	16.25	16.93	16.79	16.89	16.06	16.56	16.33	16.35
Medium-term (2-3 years)	15.92	15.80	16.05	15.87	15.88	15.78	16.06	16.09	16.48	16.36	16.21	16.35	15.53	16.44	15.25	15.24
Long-term (3-5 years)	15.39	15.51	15.42	15.44	15.50	15.37	15.21	15.14	15.06	15.17	15.24	15.25	14.09	14.32	13.88	14.19
Term Loans (over 5 years)	13.97	14.08	14.15	14.09	14.18	14.11	14.02	14.09	14.50	14.35	14.58	14.45	14.25	14.36	14.19	14.17
12. Negotiated lending rate	13.44	13.40	13.46	13.95	12.69	12.82	12.78	12.79	12.93	12.77	12.83	12.80	13.42	12.94	12.88	12.99
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	0.73	0.71	0.81	0.90	0.76	0.77	0.53	1.33
Overall time deposits rate	3.40	3.73	3.82	3.77	3.65	3.91	3.97	3.73	3.85	3.99	4.20	4.22	3.66	2.98	2.94	3.65
1-months	2.25	3.92	3.77	2.94	3.76	2.96	2.96	3.52	3.31	3.13	3.58	4.36	3.52	3.01	2.43	2.46
2-months	2.64	3.41	2.61	4.20	2.73	3.37	4.42	4.49	3.56	3.84	4.72	4.77	3.50	2.34	2.08	3.54
3-months	4.09	3.20	4.21	2.80	2.88	4.42	4.49	2.36	3.93	4.97	4.79	4.47	3.31	2.23	3.62	3.53
6-months	3.43	3.66	3.88	4.39	4.46	4.38	3.74	4.40	4.59	4.44	4.36	3.89	4.11	3.81	3.55	4.61
12-months deposit rate	4.58	4.47	4.64	4.49	4.40	4.44	4.26	3.89	3.83	3.57	3.54	3.62	3.88	3.50	3.01	4.10
2. Overall lending rate	7.72	8.13	8.17	8.10	8.19	7.23	8.34	8.56	8.77	8.53	8.80	8.83	8.97	8.93	8.89	8.81
Short-term (up to 1year)	9.46	9.11	9.60	8.74	8.77	6.58	9.10	9.55	9.50	9.50	9.44	9.89	9.93	9.99	9.97	9.99
Medium-term (1-2 years)	6.90	7.71	7.77	7.94	7.89	7.10	7.48	7.69	7.60	7.74	7.78	7.58	7.64	7.94	8.16	8.39
Medium-term (2-3 years)	8.14	8.44	8.35	8.47	8.27	7.63	8.31	8.28	8.76	8.02	9.19	8.81	8.57	8.28	8.23	8.49
Long-term (3-5 years)	6.67	7.09	6.49	6.94	6.94	6.56	7.35	7.41	8.23	8.01	8.23	8.18	9.11	8.61	8.36	8.17
Term loans (over 5 years)	7.42	8.29	8.63	8.40	9.08	8.26	9.48	9.86	9.76	9.36	9.34	9.70	9.62	9.83	9.70	9.01

Source: Bank of Tanzania

Appendix 4: Banking Financial Soundness Indicators

Percent

Particulars	Dec-20	Dec-21	Dec-22	Dec-23	May-24	Dec-24	May-25
Capital Adequacy							
Core Capital/TRWA+OBSE	17.2	19.5	18.0	17.7	18.8	19.4	18.9
Core capital/Total Deposit	17.5	17.6	17.5	17.2	18.8	18.9	18.6
Total capital/TRWA+OBSE	18.1	20.2	18.9	18.4	19.5	20.0	19.3
Total capital/Total Assets	13.1	13.2	12.9	12.5	13.4	13.4	13.5
Asset Quality							
Gross non-performing Loans/gross Loans	9.4	8.5	5.8	4.4	4.4	3.4	3.4
NPLs net of provisions/Total Capital	36.6	31.3	23.5	19.8	18.1	14.1	14.4
Earnings							
Return on Assets-ROA	1.9	2.8	3.5	4.4	5.7	5.2	5.2
Return on Equity-ROE	7.6	11.3	14.6	20.5	26.7	23.7	23.8
Interest Margin to Total Income	55.6	56.6	53.8	52.1	50.5	51.4	49.3
Non Interest Expenses/Total Income	53.8	49.7	43.7	40.4	37.0	37.3	36.7
Personnel Expenses/Non-Interest Expenses	50.0	52.0	51.4	49.1	48.7	48.5	49.3
Liquidity							
Liquid Assets/Demand Liabilities	30.7	29.4	26.4	28.8	28.3	28.6	25.4
Liquid Assets/Total Assets	24.6	25.5	23.1	23.2	24.7	23.9	22.0
Liquid assets/Customer Deposits Liabilities	37.0	37.2	34.8	35.2	37.9	36.5	32.6
Total Loans/Customer Deposits	86.8	82.0	89.3	92.5	92.9	92.5	91.1
Access to Lending							
Claims on the private sector to GDP	12.5	13.4	16.7	19.9	21.3	22.6	24.5
Claims on non-government sector to GDP	13.1	14.0	17.3	21.0	22.6	24.0	26.0
Sensitivity to Market Risk							
Net Open Positions in FX/Total Capital	9.0	7.8	2.5	4.5	4.0	4.7	5.2

Source: Bank of Tanzania

Appendix 5: Tanzania Imports by Major Category

Millions of USD

	Quarter ending					
	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25	Jun-25[p]
Capital	624.6	667.5	822.3	889.1	981.1	621.9
Machinery and mechanical appliances	259.8	249.6	284.2	298.8	470.9	261.0
Industrial transport equipment	212.2	237.1	300.7	386.4	373.4	212.3
Electrical machinery and equipment	79.0	84.3	151.5	120.2	75.4	76.3
Other capital goods	73.6	96.5	85.9	83.7	61.3	72.2
Intermediate	2,305.9	2,240.9	2,611.7	2,727.3	2,261.6	2,219.2
Industrial supplies	1,051.8	1,009.3	1,275.6	1,316.1	1,037.0	1,116.5
O/w Iron and steel and articles thereof	298.7	250.2	341.5	330.2	250.6	347.6
Plastic and articles thereof	149.2	172.3	217.9	220.9	172.0	194.3
Fertilisers	61.8	59.1	124.2	98.8	96.0	29.7
Fuel and lubricants	669.7	715.8	735.0	665.6	796.0	543.1
o/w Refined white products	600.3	642.9	677.0	634.1	794.1	519.2
Parts and accessories	224.7	230.1	279.6	365.2	210.6	229.5
Food and beverages for industrial use	281.2	209.1	221.8	259.0	137.7	172.6
OW Wheat grain	99.6	69.9	89.0	99.0	66.6	76.8
Edible oil and its fractions not refined	42.3	26.2	27.9	67.9	16.2	29.7
Sugar for industrial use	38.3	44.0	45.9	52.7	32.7	37.3
Motor cars for household	78.5	76.3	99.3	120.4	80.0	157.2
Consumer	315.7	327.3	362.8	381.6	489.4	367.4
Food and beverages mainly for household consumption	35.6	36.5	42.5	61.0	32.6	37.2
Non-industrial transport equipment	37.2	39.0	40.5	49.7	31.3	41.3
OW Motocycles and Cycles fitted with an auxiliary motor	33.8	35.2	36.0	43.7	27.5	38.3
Other consumer goods	243.0	251.8	279.9	270.9	425.5	288.8
OW Pharmaceutical products	59.9	54.4	85.4	53.8	65.4	50.4
Insecticides, rodenticides and similar products	51.1	53.0	30.8	43.4	37.2	42.9
Soap and detergents	14.2	14.2	14.7	16.4	14.6	17.6
Textiles apparels	10.0	11.0	13.5	14.4	10.3	11.5
Footwear and other products	11.9	15.2	16.9	17.0	9.7	10.7
Paper and paper products	8.7	5.4	4.6	9.1	7.3	3.8
Total	3,246.8	3,236.2	3,797.4	3,998.5	3,732.6	3,209.0

Source: TRA and BOT computation
Note: p denotes provisional