Tanzania Market Updates August 2025

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Foreign Currency Market

USDTZS

In August 2025, the Tanzanian Shilling showed signs of resilience against the US Dollar, with the exchange rate fluctuating between approximately 2,590 and 2,630 shillings per dollar. The month began with the dollar trading near 2,615 and gradually declined toward the end of the month, settling closer to 2,595.

This movement suggests a slight strengthening of the shilling during the period, possibly influenced by seasonal trade flows or monetary policy adjustments. Overall, the currency pair remained relatively stable, with no sharp swings or volatility spikes.

EURUSD

In August 2025, the EURUSD currency pair experienced a notable decline, driven largely by strong US economic data and the Federal Reserve's firm stance on keeping interest rates elevated.

The euro began the month near 1.179 but steadily lost ground, dipping below 1.145 by mid-month as traders reacted to hawkish signals from the Fed and better-than-expected US GDP figures. Despite a trade agreement between the US and EU, the euro struggled to gain momentum, with sentiment remaining cautious and speculative buying proving ineffective. Toward the end of the month, the pair showed signs of a mild recovery, but resistance near 1.1650 kept gains in check.

GBPUSD

In August 2025, the British Pound showed mixed performance against the US Dollar, starting the month with a modest climb as concerns over the US economy weakened the dollar. The pound briefly surged past 1.35 following a stronger-than-expected jobs report and a surprise interest rate cut by the Bank of England, which also raised its inflation outlook. However, gains were short-lived as persistent inflation and fears of future tax increases weighed on investor sentiment. The currency pair ended the month near 1.3503, with sterling capped by weak UK economic data and cautious central bank guidance.

USDZAR

In August 2025, the US Dollar weakened against the South African Rand, with the exchange rate falling from around 18.15 at the start of the month to a low of 17.45 by the third week.

This downward movement was influenced by growing optimism around South Africa's trade negotiations and a shift in global sentiment ahead of the US Federal Reserve's interest rate decision. Despite some volatility, the pair remained within a familiar range, with resistance near 18.00 and support around 17.45, suggesting cautious but steady confidence in the Rand. Traders watched closely for signs of tariff developments and monetary policy signals, which added a layer of uncertainty to the market.

USD INDEX

In August 2025, the US Dollar Index had a turbulent month, marked by sharp swings and shifting investor sentiment. The index began the month on a strong note, briefly touching 100.2, but quickly lost momentum as weak job data and dovish signals from the Federal Reserve sparked speculation about a possible rate cut.

The turning point came during the Jackson Hole symposium, where the Fed Chair hinted that labor market concerns might soon outweigh inflation risks, triggering a selloff that pushed the index as low as 97.6. Although the dollar rebounded slightly afterward, it ended the month near 98.2, reflecting a modest decline overall. Broader market sentiment was shaped by political uncertainty and global currency dynamics, especially the euro’s continued strength, which weighed on the dollar’s performance.

Interest rates

Interest rates remained broadly unchanged during the month compared to the rates in the previous month.

Lending rates

The negotiated lending rates fell from

12.68%

to

12.56%

overall lending rate fell slightly to

15.16%

from

15.23%

Deposit rates

Overall deposit rates edged upwards to

8.83%

from

8.74%

the negotiated deposit rate experienced decline from

11.21%

to

10.72%

Consequently, the spread between short-term lending and deposit interest rates narrowed to 5.63 percent from 6.66 percent in the corresponding month in 2024.

*(**Source:** Monthly Economic Review, August 2025)*

Treasury Bills & Bond Market

During the month, the Bank successfully held **two Treasury bill auctions** with a combined total tender size of

TZS 162 billion,

mainly to support government budgetary operations financing, with a small portion aimed at supporting price discovery for short-term financial instruments.

Both auctions attracted bids amounting to

TZS 452.1 billion,

With **TZS 158.9 billion,**

being successful.

respectively. Only the 10-year auction was oversubscribed, reflecting investors' preference for longer-dated securities. Collectively, the bids received amounted to TZS 396.4 billion of which TZS 351.9 billion were accepted. The weighted average yields showed a slight increase to 12.17 percent and 13.18 percent for the 2-year and 5-year bonds, respectively. In contrast, the 10-year bond eased marginally to 13.74 percent.

*(**Source:** Monthly Economic Review, August 2025)*

Inflation

Headline inflation stood at

3.3% in July 2025

reflecting offsetting dynamics within the inflation bracket. Inflation remains relatively stable and within the national target, as well as in line with the regional benchmarks set by the EAC and SADC. Food inflation rose to 7.6 percent in July 2025, up from 7.3 percent in June 2025 and 1.0 percent in July 2024, primarily due to rising prices of key staple and alternative food crops, particularly rice and finger millet.

*(**Source:** Monthly Economic Review, August 2025)*

Food supply remained sufficient, with the National Food Reserve Agency holding.

485, 930.4 tons of food stock.

significantly higher than the

368, 855 tons recorded during the same period in 2024.

During the month, the Agency released 1, 855.3 tons of maize to local traders. Core inflation remained relatively unchanged at 1.9 percent in July 2025, reflecting limited price pressures across non-volatile categories such as housing and services. Unprocessed food remained the main contributor to headline inflation, underscoring the significant impact of food prices on overall inflation trends. Meanwhile, inflation for energy, fuel, and utilities slowed sharply to 1 percent in July from 2.1 percent the previous month, largely due to the continued decline in wood charcoal prices. Additionally, prices of key petroleum products (such as petrol, diesel, and kerosene) continued to trend downwardly since April 2025, in line with global oil market trends. This moderation has played a crucial role in stabilizing overall headline inflation.

Macroeconomics

In July 2025, the Bank resolved to lower the Central Bank Rate (CBR) to 5.75 percent from 6 percent for the quarter ending September 2025. This stance aimed to shield the domestic economy from adverse spillover effects of elevated trade tariffs and ongoing geopolitical tensions, while ensuring adequate liquidity to support private sector credit growth and keep inflation expectations anchored within the 3–5 percent target range.

Given the subdued inflation outlook, reduced risks from global uncertainties, and strengthening domestic economic conditions, the Bank has opted to stimulate credit growth and enhance economic activity. To achieve this, monetary policy measures are being implemented to maintain the 7-day interbank cash market (IBCM) rate within a target corridor of 3.75% to 7.75%.

Monetary policy operations in July 2025 were successful, ensuring adequate liquidity in the economy. As part of these efforts, the Bank conducted reverse repo operations totaling **TZS 758.8 billion**, aimed at guiding the 7-day IBCM rate within the Central Bank Rate (CBR) corridor.

Agriculture continued to lead in credit growth, recording a **31.8% increase**, followed by mining and quarrying at **26.2%,** and transport and communication at **21.6%.** Meanwhile, personal loans, primarily used to support micro, small, and medium-sized enterprises, accounted for the largest share of private sector credit at 35.5%, followed by trade (14%) and agriculture (13.3%).

*(**Source:** Monthly Economic Review, August 2025)*

World Commodity Prices

Commodity prices showed mixed movements in July 2025.

Crude oil prices remained stable at USD 69.2 per barrel, despite the introduction of new sanctions targeting Russia and Iran, while gold prices also moderated, reflecting a de-escalation in global trade tensions that diminished investor appetite for traditional safe-haven assets like gold Coffee and wheat prices continued to decline, driven by persistent supply-side pressures.

Maize and rice prices also softened, supported by strong export availability and weak import demand. Sugar prices saw a slight moderation, reflecting sustained production growth in key producing countries such as Brazil, India, and Thailand. In contrast, tobacco prices increased, fueled by rising global demand—particularly from the Asia-Pacific region. Additionally, palm oil and fertilizer prices rose, underpinned by strong consumption trends

*(**Source:** Monthly Economic Review, August 2025)*

Links

Government securities 2nd half calendar

https://www.bot.go.tz/Adverts/PressRelease/en/ISSUANCE_CALENDER_English_Version.pdf

Buying	Selling
2,477	2,545
3,330	3,610
2,835	3,105
143	164

T-BONDS CURVE

Tenor	Current	Previous
2 years	12.16%	12.08%
5 years	13.18%	12.94%
7 years	9.50%	9.71%
10 years	13.73%	13.25%
15 years	13.91%	14.63%
20 years	15.10%	15.28%
25 years	14.42%	14.80%

T-BILLS RATES

Tenor	Current	Previous
1 month	6.49%	6.49%
3 month	7.33%	7.40%
6 month	7.08%	7.85%
12 month	6.66%	6.92%