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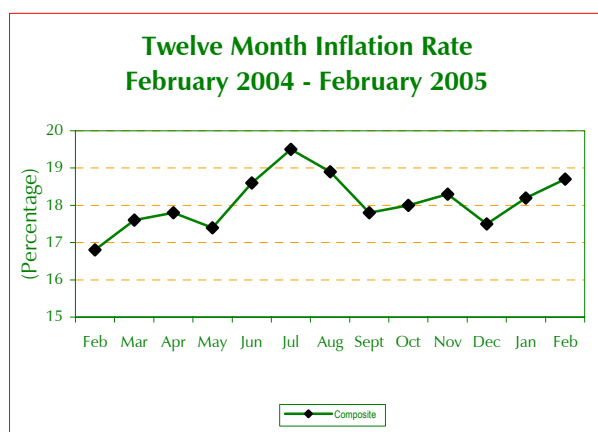
Economic Indicators

February Inflation Increases!

The annual rate of inflation was recorded at 18.7 percent as at February 2005. This rate is 0.5 of a percentage point higher than the January rate of 18.2 percent. Compared with February 2004, the annual rate of inflation increased by 1.9 percentage points, from 16.8 percent in February 2004 to 18.7 percent in February 2005.

Annual inflation rates for the Metropolitan Low, High Income and Non-Metropolitan Groups are recorded at 17.8, 20.5 and 18.1 percent respectively.

Between January and February 2005, the Consumer Price Index increased by 1.5 percent.



Source: CSO, Consumer Price Index, February 2005

Contributions of Different Items to Overall Inflation

The annual inflation rate for February 2005 is 0.5 of a percentage point higher than the January 2005 rate of 18.2 percent. This increase is accounted for by increases in the cost of food and beverages, house rent and building repair items. There were no significant shifts in the contribution of other groups to the increase in inflation between January and February 2005.

Furthermore, of the total 18.7 percent annual inflation in February 2005, increases in food prices accounted for 9.8 percentage points while non-food items in the CPI accounted for 8.9 percentage points.

Items	Percentage Points Contributions of different Items to overall inflation	
	January 2005	February 2005
Food and Beverages	9.6	9.8
Clothing and Footwear	1.3	1.2
Rent, Fuel and Lighting	1.8	2.2
Furniture and Household Goods	2.0	2.0
Medical Care	0.1	0.1
Transport and Communication	1.9	1.9
Recreation and Education	0.9	0.9
Other Goods and Services	0.6	0.6
All Items	18.2	18.7

Source: CSO, Consumer Price Index, February 2005

Your Monthly Food Basket

The food basket as at February 2005 was K650,758 for a family of six. The same family on average was expected to live on K934,479 for all their food & basic needs.

Serving Your Data Needs

Relatively higher food prices influence February inflation

Price increases were recorded for maize meal, maize grain, cereal products and other cereals, fresh meat, eggs, fresh vegetables, dried kapenta, salt and other processed food products.

Annual food inflation was recorded at 18.3 percent, increasing by 0.4 of a percentage point on the January rate of 17.9 percent. From January to February 2005, the index for food increased by 1.2 percent.

Annual non-food inflation rate stood at 19.4 percent, up by 0.7 of a percentage point on the January 2005 rate of 18.7 percent. Between January and February 2005, the non-food index increased by 2.1 percent. Price increases were recorded for clothing and footwear, house rent, furniture, household appliances, transport and communication.

Maize Grain Prices Continue to Rise

A comparison of prices between January and February 2005, shows that the average price of a 25kg bag of roller meal increased by 4.5 percent from K27,156 in January to K28,365 in February 2005. The average price of maize grain measured in a 20 litre tin increased by 9.4 percent. The average price of 1Kg of tomatoes increased by 11.8 percent, while the average price of 1kg of dried Kapenta (Mpulungu) went up by 1.9 percent.

National Average Prices for selected products

Product	January 2005	February 2005	Percentage change(%)
White breakfast stick to	34679	35826	3.3
White Roller 25Kg	27156	28365	4.5
White Maize 20 litre tin	14055	15377	9.4
Rice imported 1 Kg	5109	5207	1.9
Bread regular loaf	2585	2611	1.1
1Fillet steak 1 Kg	19636	19792	0.8
Mixed Cut 1 Kg	13540	13243	-2.2
Dressed chicken 1 Kg	13575	13535	-0.3
Fresh kapenta	3995	4111	2.9
Dried Kapenta Mpulungu 1Kg	32312	32913	1.9
Dried Kapenta Siavonga 1Kg	32373	32931	1.7
Tomatoes 1kg	2575	2878	11.8
Rape 1kg	2324	1844	-20.7
Onion 1 Kg	3379	3652	8.1
Dried beans 1kg	5043	4968	-1.5
Paraffin 1 litre	3798	3488	-8.2
Petrol Premium 1 litre	5300	4896	-7.6
Diesel 1 litre	4824	4500	-6.7

Source: CSO, Consumer Price Index, February 2005

International Merchandize Trade

Exports and Imports record decreases in January 2005

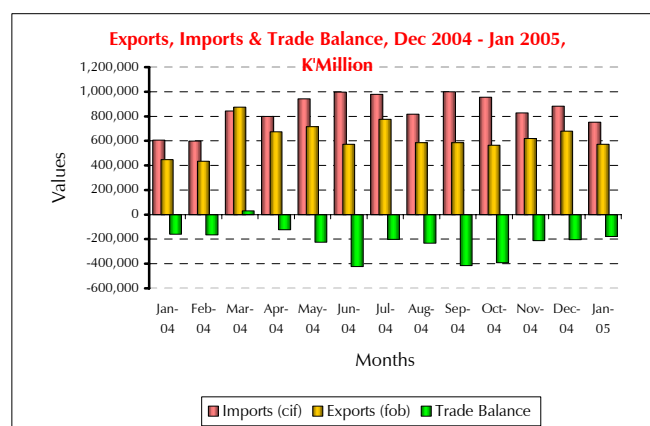
The month of January 2005 experienced declines over December 2004 in both the total values of exports and imports. Total revenue from exports dropped by about 16 percent, from K679,036 million to K573,264 million in December 2004 and January 2005, respectively. During the same period, the total expenditure on imports also declined by about 15 percent from K883,243 million to K751,854 million. The net effect of these movements in the merchandize trade profile resulted into a notable decline in the trade deficit of about 13 percent; from K204,207 million in December 2004 to K178,590 million in January 2005.

Total Exports, Imports & Trade Balance, December 2004 to January 2005, (K' Millions)

Period	Imports (cif)	Domestic Exports (fob)	Re-Exports (fob)	Total Exports (fob)	Trade Balance
Jan-04	605,948	445,125	2,171	447,296	-158,652
Feb-04	599,220	432,013	1,283	433,296	-165,924
Mar-04	842,838	863,041	10,286	873,327	30,489
Sub-Total Q1	2,048,006	1,740,179	13,740	1,753,919	-294,087
Apr-04	797,761	663,845	10,616	674,461	-123,300
May-04	941,603	710,588	6,093	716,681	-224,922
Jun-04	995,543	569,367	3,052	572,419	-423,124
Sub-Total Q2	2,734,907	1,943,800	19,761	1,963,561	-771,346
Jul-04	977,830	768,076	7,419	775,495	-202,335
Aug-04	817,822	581,363	2,946	584,309	-233,513
Sep-04	1,000,080	583,173	2,087	585,260	-414,820
Sub-Total Q3	2,795,732	1,932,612	12,452	1,945,064	-850,668
Oct-04	955,710	556,316	8,788	565,104	-390,606
Nov-04	828,722	614,974	2,876	617,850	-210,872
Dec-04	883,243	670,781	8,255	679,036	-204,207
Sub-Total Q4	2,667,675	1,842,071	19,919	1,861,990	-805,685
Jan-05	751,854	564,862	8,402	573,264	-178,590

Note: (**) Provisional, (cif) = Cost, Insurance and Freight, (fob) = Free on Board
Source: CSO, International Trade Statistics, 2004

The share of Domestic exports in total exports was about 99 percent in both December 2004 and January 2005; with re-exports accounting for the remaining share (1%).



Source: CSO, International Trade Statistics, 2004

Exports (fob):

The decline in the total export value for the month of January 2005 over that of December 2004 could be attributed to the decreased export earnings from such categories as crude materials, manufactured goods and beverages and tobacco.

Total Exports (fob) by SITC December 2004 to January 2005

Sect	Product	TOTAL	Dec 2004	January 2005
0	Food & Live Animals	168,705	88,340	80,365
1	Beverages & Tobacco	8,899	5,643	3,256
2	Crude Materials, (Exc. Fuels)	144,331	107,077	37,254
3	Mineral Fuels, Lubricants & Related Materials	12,547	6,598	5,949
4	Animal & Vegetable Oils, Fats & Waxes	194	131	63
5	Chemicals	12,179	6,654	5,525
6	Man. Goods Classified Chiefly By Material	872,272	447,876	424,396
7	Machinery & Transport Equipment	16,413	9,558	6,855
8	Miscellaneous Manufactured Articles	16,606	7,048	9,558
9	Commodities & Transactions Nec In Sitc	154	111	43
Total:		1,252,300	679,036	573,264

The prominent products within these categories that influenced the decline included refined copper, wire of refined copper, maize seed, cotton and coffee. Other notable declines were also recorded in the food and live animals category and chemicals.

Imports (cif):

The 15 percent drop in the total imports value in January 2005 over December 2004 could mainly be attributed to machinery and equipment, chemicals and food and live animals' product categories.

Total Imports (cif) by SITC December 2004 to January 2005

Sec	Product	TOTAL	December 2004	January 2005
0	Food & Live Animals	153	152	1
1	Beverages & Tobacco	1,498	1,017	481
2	Crude Materials, (Exc. Fuels)	29,657	10,494	19,163
3	Mineral Fuels, Lubricants & Related Materials	47,939	26,542	21,397
4	Animal & Vegetable Oils, Fats & Waxes	80,648	38,917	41,731
5	Chemicals	108,375	61,952	46,423
6	Manufactured Goods Classified Chiefly By Material	217,585	132,683	84,902
7	Machinery & Transport Equipment	272,380	143,175	129,205
8	Miscellaneous Manufactured Articles	324,532	176,846	147,686
9	Commodities & Transactions Nec In Sitc	552,328	291,464	260,864
Total:		1,635,095	883,242	751,853

However, the specific products included dumpers, urea fertilizer, rolled iron sheets and pneumatic tyres. Other declines were also recorded in beverages and tobacco and mineral fuels product categories.

The major trading partners with Zambia between December 2004 and January 2005 included the SADC

region, followed by European Union. The COMESA countries were also important trading partners.

Economy Grows 5.0 Percent by Third Quarter 2004

Revised estimates of the Gross Domestic Product (GDP) show that the economy grew by 5.0 percent against the preliminary estimate of 4.6 percent. The 5.0 percent estimate was based on data collected up to the third quarter of 2004, while the 4.6 percent estimate was based on data for one half of the year. The growth mostly emanated from Mining and Quarrying, Manufacturing, Construction, Trade, Restaurants, Bars and Hotels and Transport and Communications sectors.

Percentage Change in GDP by Kind of Economic Activity at Constant 1994 Prices.

Kind of Economic Activity	2001	2002	2003	2004*
Agriculture, Forestry and Fishing	(2.6)	(1.7)	5.0	4.3
Mining and Quarrying	14.0	16.4	3.4	12.6
Manufacturing	4.2	5.7	7.6	5.2
Electricity, Gas and Water	12.6	(5.2)	0.6	(1.8)
Construction	11.5	17.4	21.6	14.6
Wholesale and Retail trade	5.4	5.0	6.1	5.4
Restaurants, Bars and Hotels	24.4	4.9	6.9	5.5
Transport, Storage and Communications	2.8	1.8	4.8	6.5
Financial Institutions and Insurance	0.1	3.5	3.5	3.5
Real Estate and Business Services	3.5	4.4	4.0	4.0
Comm., Social and Personal Services	5.8	1.6	1.6	0.6
Less: FISIM	2.5	2.5	2.5	2.5
TOTAL GROSS VALUE ADDED	4.6	4.6	6.0	5.8
Taxes on Products	7.0	(6.8)	(2.8)	2.7
TOTAL G.D.P. AT MARKET PRICES	4.9	3.3	5.1	5.0

* Revised estimates

FISIM: Financial Intermediation Services Indirectly Measured

Value added in the Agriculture, Forestry and Fisheries sector increased from K432.5 billion in 2003 to K450.8 billion in 2004 recording an increase of 4.3 percent in real terms.

The Mining and Quarrying sector experienced a growth of 12.6 percent in 2004 compared to a growth of 3.4 percent in 2003. Real mining output increased from K 216.0 billion in 2003 to K 243 billion in 2004. The growth is due partly to relatively higher copper production levels and higher copper prices on the world market. Coal production also registered an increase. This was due to improved efficiency at Maamba Collieries, the sole coal producing company in the country.

The Gross Value Added in the Manufacturing sector increased from K 311.4 billion in 2003 to K 327.6 billion in 2004 representing a growth of 5.2 percent in real terms. This growth mainly emanates from growth in the Non-metallic mineral products, Chemicals, Wood and Wood products, Basic Metals and Food, Beverages and Tobacco sub sectors.

The Gross Value Added in the construction sector was estimated at K225.5 billion in 2004 compared to K196.8 billion in 2003. This represents a growth of 14.6

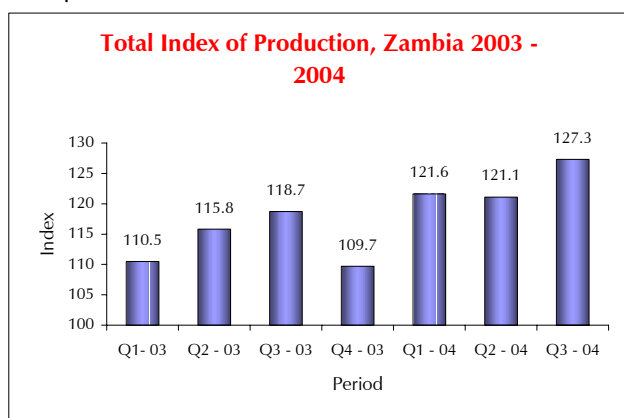
percent in real terms. The major contributing factors to growth in the Construction sector were the increase in public and private sector works and also a surge in private residential construction.

Index of Industrial Production

Industrial Output shoots up in 2004

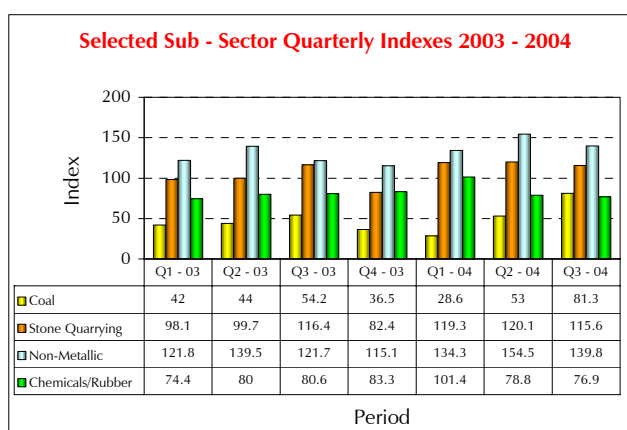
The total index of industrial production for the first three quarters of 2004 registered a growth of 7.2 percent over the same period of 2003.

The growth during this period emanated mainly from mining and manufacturing; which recorded increases of 12.7 percent and 5.6 percent respectively over the same period in 2003.



Source: CSO, Industrial Production statistics, 2004

Within the mining sector coal output showed the highest growth of 16.2 percent, followed by stone quarrying which recorded an increase in output of 13.0 percent. During the period January to September 2004, the non-ferrous ore sub-sector also recorded a notable increase of 12.5 percent over the same period in 2003. The major products that induced this growth within this sector included coal, copper, sand and crushed stones.



In the manufacturing sector, a higher growth in output was recorded in the first three quarters of 2004 as compared with the same period of 2003. This higher growth was mainly attributed to the non-metallic mineral products sector (11.9 percent), chemicals, rubber and plastics (9.4 percent) and the basic metal industries sector (7.6 percent). Other increases in production were recorded in the wood and wood products sub-sector with a growth of 7.3 percent, food and beverages and tobacco (5.1 percent) and fabricated metal products at 4.7 percent. Further, some of the contributing products to this growth included concrete blocks, cement, detergents, soaps, rubber lining, mill balls, doorframes, pipes, sheet metal and cans/drums.

Agriculture

Less Than Two Percent of Small and Medium Scale Farmers Involved in Fish Farming

The analysis of data from Post Harvest Survey 2003 for the small and medium scale farmers show that the highest proportion of rural households involved in agricultural activity undertake crop production. Almost 95 percent of households are engaged in crop production, about 73 percent in poultry rearing, 32.3 percent livestock rearing and only 1.2 percent in fish farming.

Rural Households by Type of Agricultural Activity

Province	Household Reporting	Type of Agricultural Activity			
		Crops	Livestock	Poultry	Fish Farming
Central	108,918	93.2	31.2	80.7	2.1
Copperbelt	66,909	94.5	9.5	64.9	0.5
Eastern	225,047	97.7	42.1	70.9	0.9
Luapula	106,784	92.2	21.7	67.2	0.7
Lusaka	18,876	87.1	26.1	63.7	0.7
Northern	191,915	95.1	32.6	80.6	2.5
N/Western	74,290	94.9	20.1	61.5	0.9
Southern	122,342	94.9	48.2	86.8	0.2
Western	106,048	94.5	28.7	61.1	1.2
Zambia Total	1,021,128	94.9	32.3	73.1	1.2

Source: C.S.O, Small and Medium Scale, Post Harvest Survey (P.H.S.), 2003

All provinces recorded more than 90 percent of households engaged in crop production with an exception of Lusaka Province with 87.1 percent. Eastern Province recorded the highest proportion of households that are engaged in crop production with 97.7 percent.

Southern Province has the highest proportion of agricultural households involved in livestock rearing with 48.2 percent and in poultry production, with 86.6 percent. Central and Northern Provinces also have high proportions of households that are engaged in poultry raising with 80.7 and 80.6 percent, respectively.

All provinces recorded negligible percentages of households involved in fish farming, at less than three percent each. Central, Northern and Western Provinces each recorded more than one percent of households involved in fish farming. While Southern Province has a

large proportion of households involved in other agricultural activities, it has the least households involved in fish farming.

Labour Statistics

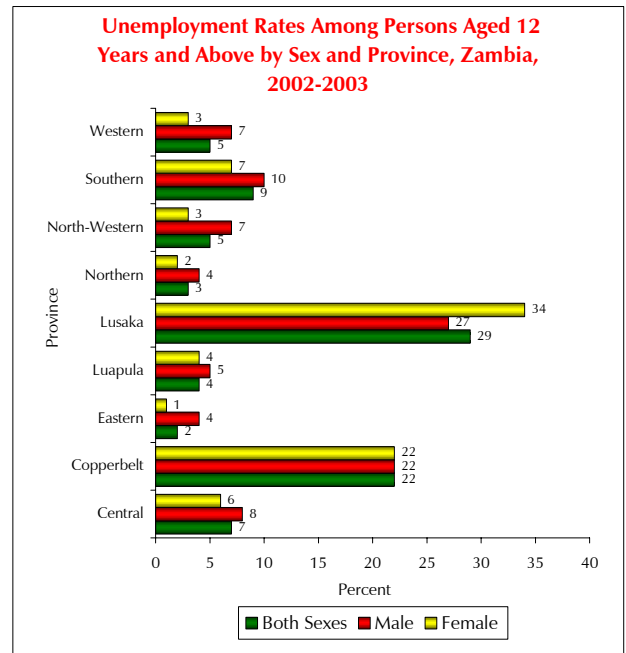
Unemployment is an Urban Phenomenon

The labour force comprises all persons of working age (12 years and above) who are either employed or unemployed but available for work. Unemployment rates measure the proportion of the labour force that are unemployed. This is a measure that is widely used to assess labour market performance. Rather than face unemployment, many people engage in any activity merely to survive, even if it does not adequately utilise their skills or generate sufficient income. Low unemployment rates in Zambia can also be the result of high levels of unpaid family workers in subsistence farming who are usually taken as employed. Under such circumstances, a substantial proportion of the labour force in Zambia that are classified as employed, tend to work fewer hours than they would choose, earn lower incomes, use their skills less and generally work less productively than they would like to.

The Figure below illustrates the differences in unemployment rates for rural and urban areas. Survey findings from the Living Conditions Monitoring Survey III undertaken over the period 2002 to 2003 indicate that overall unemployment rate in Zambia was recorded at 11 percent. The unemployment rates by residence show a marked difference between rural and urban areas, with the urban areas recording higher unemployment rates (26 percent) than rural areas (3 percent). Sex differentials show that the female unemployment rate in rural areas, which stood at 2 percent, was lower than that of males recorded at 4 percent. In contrast, the female unemployment rate in urban areas recorded at 27 percent was higher than that for males at 25 percent. The results further show that unemployment is an urban phenomenon with the unemployment rates in urban areas being substantially higher than in rural areas.



Analysis of unemployment rates across provinces, the Copperbelt and Lusaka provinces recorded higher unemployment rates than the other provinces with 22 percent and 29 percent respectively. Eastern and Northern provinces recorded the lowest unemployment rates at 2 and 3 percent respectively. The highest unemployment rates for females were recorded in Lusaka province, which accounted for 34 percent of all females in the labour force while the unemployment rate for males stood at 27 percent. There was no difference in the unemployment rate between males and females in the Copperbelt province.



Source: CSO, Living Conditions Monitoring Survey, 2002/3.

The figure below shows the unemployment rates among persons aged 12 years and above by age group and sex. The results show that unemployment is very high among young persons and reduces with an increase in age. Twenty-one percent of all persons in the labour force in the age group 12 to 19 years were recorded to be unemployed as was another 21 percent in the age group 20 to 24 years.

The proportion of unemployed persons in the labour force in the age group 25 to 29 was much lower, at 13 percent while 8 percent were recorded as being unemployed in the age group 30 to 34. Looking at sex differentials, unemployment rates for men were much higher than those for women in all age groups except for the age groups 40-44 and 45-49.

Education

Highest Level of Education attained by the Zambian Population

The Living Conditions Monitoring Survey III results show that about 27.2 percent of the population aged 5 years and above had never attended any formal education. Of the total male population about 25 percent had no formal education while 30 percent of the female population had no formal education.

The results also show a decline in the proportions of the population with every increase in the level of education attained, indicative of how restrictive higher and tertiary education is in Zambia.

Percentage of the Population Aged 5 Years and Above, by Highest Level of Education Attained by Sex, Rural/Urban and Age Group, Zambia, 2002-2003

Residence, Sex and Age Group	Highest level of education attained					Grade 12 GCE (A)/College/Under Graduate	Bachelors Degree and above
	None	1-4	5-7	8-9	10-12		
Zambia	27.2	25.9	24.5	10.7	9.0	1.2	1.5
Male	24.6	25.1	24.3	11.3	11.5	1.3	1.9
Female	29.7	26.7	24.8	10.1	6.5	1.0	1.2
Rural total	33.0	29.6	25.0	7.6	3.8	0.5	0.5
Male	29.4	29.0	26.1	8.8	5.4	0.6	0.7
Female	36.4	30.1	24.0	6.3	2.5	0.4	0.3
Urban Total	16.9	19.5	23.7	16.2	18.0	2.4	3.3
Male	16.1	18.1	21.0	15.6	22.4	2.6	4.2
Female	17.7	20.8	26.3	16.7	13.7	2.2	2.6

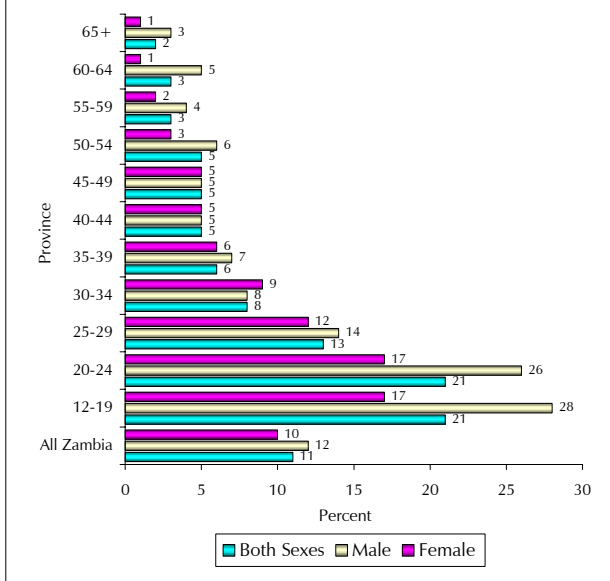
Government, Major Provider of Education

The LCMS results indicate that Government was the major provider of education, with about 87 percent of school going population attending Government schools. This was true for all education levels. The private sector had a significant contribution of about 26 and 21 percent at college and University or higher levels of education respectively.

Percentage Distribution of the Population Currently Attending School by Type of School Attending and Level of Education, Zambia, 2002-2003

Education Level	Type of School						Total
	Govt	Local Govt	Mission/Religious	Industrial	Private	Other	
All Zambia	87.4	2.2	2.7	0.1	4.5	3.1	100.0
Primary	87.3	2.2	2.2	0.1	4.3	3.9	100.0
Secondary	89.8	2.4	4.2	0.1	3.5	0.0	100.0
College	62.2	0.8	6.6	3.2	26.3	0.9	100.0
University and above	69.7	0.6	5.4	1.6	21.3	1.4	100.0

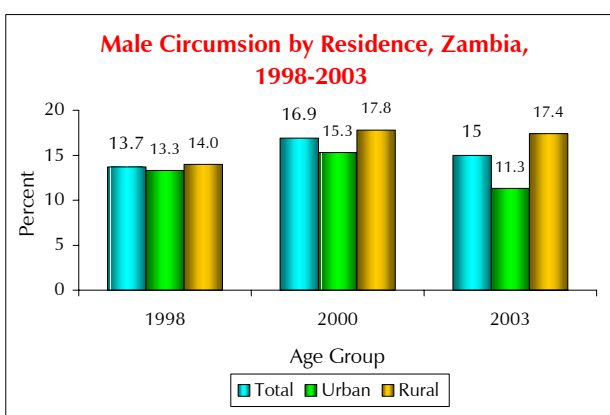
Unemployment Rates by Age Group and Sex Among Persons Aged 12 Years and Above, Zambia, 2002-2003



Social Indicators

Circumcision practice declines!

Despite the belief that circumcision is a way of preventing transmission of Sexually Transmitted Infections (STIs) in men, the percentage of males being circumcised dropped according to the Zambia Sexual Behaviour Survey (ZSBS), 2000 and 2003. The Zambia Sexual Behaviour Survey 2003 results show that 15.0 percent of males were circumcised as compared to 16.9 percent reported in 2000.



The 2000 ZSBS reported that 15.3 percent of urban males were circumcised while in 2003 there were only 11.3 percent circumcised males. In rural areas there was a marginal decline of the circumcised male persons from 17.8 percent in 2000 to 17.4 percent in 2003.

Household Assets

Hoe! Most commonly owned asset

According to the Living Conditions Monitoring Survey (L/C.M.S. III), 2002-2003, a hoe was observed as the most common owned asset. From the list of considered assets, the highest percentage of households of 82 percent owned a hoe followed by an axe with 70 percent of households.

Percentage Distribution of Assets Owned, by Residence, 2002-2003

Type of Assets	All Zambia	Rural Areas	Urban Areas
Hoe	82	97	54
Axe	70	88	35
Radio	43	34	62
Television Set	20	4	51
Residential Building	66	77	46
Plough	10	15	2
Crop Sprayer	5	6	2
Fishing Net	9	13	1
Fishing Boat	1	1	0
Tractor	0	0	1
Grinding Mill	1	1	1
Computer	1	0	2
Bicycle	30	35	19
Motor Vehicle	3	1	7

The proportion of rural household who owned a residential building (77 percent) was higher than the proportion of urban households (46 percent). Slightly more than one third (35 percent) of rural households owned a bicycle as compared with only 19 percent of urban households. There were proportionately more urban households owning a motor vehicle (7 percent) than rural households (1 percent).

The results also indicate that the most common telecommunication equipment among households in Zambia were radio and television. Forty three (43) percent of all households in Zambia owned a radio (34 percent of rural households and 62 percent of urban households). A television set was owned by 20 percent of households in Zambia. Fifty one percent of urban households owned a television set compared to only 4 percent of rural households.

Furthermore, a very small proportion of households in rural or urban areas owned the relatively larger and more valuable assets such as fishing boats, tractors, grinding mills and computers (about 1 percent or less).

Generally, ownership of agriculture-related assets was more common among rural households than urban households while ownership of electrical household appliances was more common among urban than rural households.

The Layman and Statistics

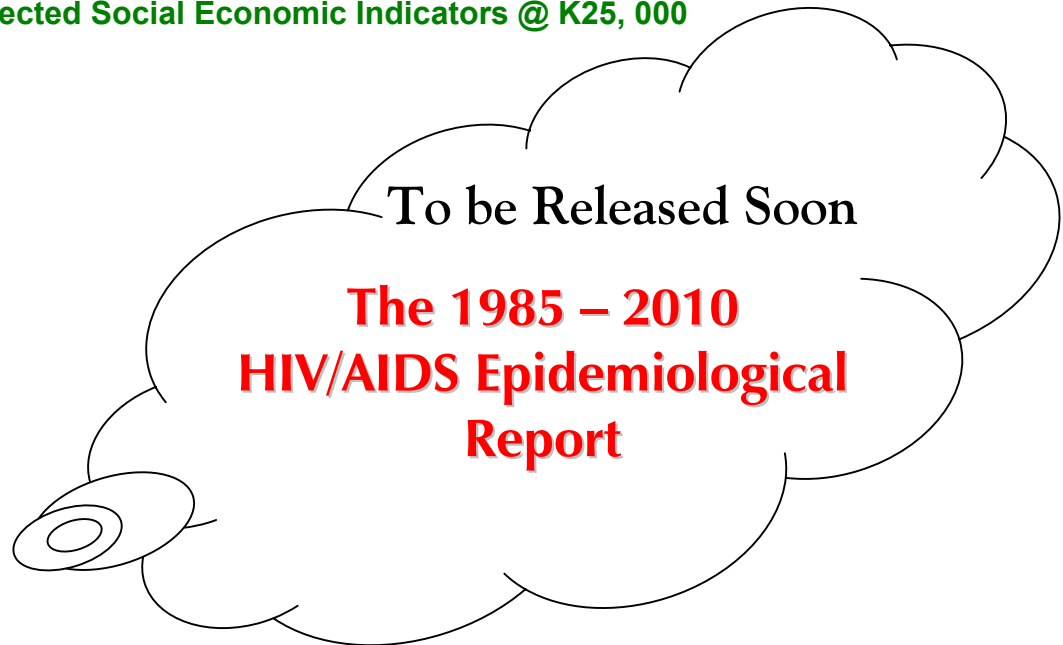
Gross Value added: This is the value of output less that value of intermediate consumption; it is a measure of the contribution to GDP made by an individual producer, industry or sector.

GDP at Market prices: This is the sum of the gross values added of all resident producers at producers' prices plus taxes less subsidies on production.

Constant Prices and real terms: GDP is measured in two ways; in values (current prices) and in volumes (constant prices). The volume measure of GDP is frequently referred to as 'GDP at constant prices'. When time series are constructed by multiplying the values of the base of year by fixed base Laspeyres volume indices, it is appropriate to describe the resulting series as being at the constant prices of the base year. In Zambia our base year is 1994. Thus GDP is expressed at constant 1994 prices. In layman's language figures in constant prices are also referred to as in '**real terms**' though the two are not necessarily identical.

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