



Republic of Zambia

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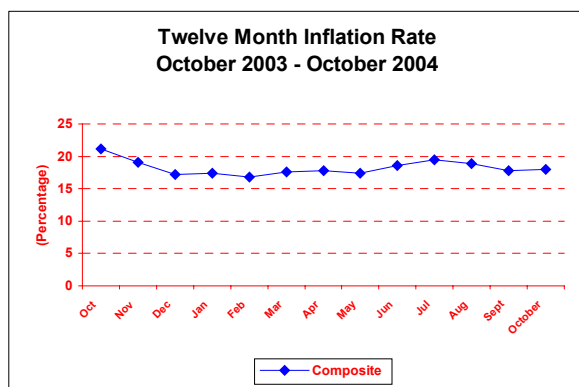
Economic Indicators

October Inflation Records a slight Increase

The annual rate of inflation was recorded at 18.0 percent as at October 2004. This rate is 0.2 of a percentage point higher than the September rate of 17.8 percent. Compared with October 2003, the annual rate of inflation declined by 3.1 percentage points, from 21.1 percent in October 2003 to 18.0 percent in October 2004.

Annual inflation rates for the Metropolitan Low, High Income and Non-Metropolitan Groups are recorded at 16.9, 19.0 and 18.0 percent respectively.

Between September and October 2004, the Consumer Price Index increased by 2.1 percent.



Source: CSO, Consumer Price Index, October 2004

Contributions of different Groups to overall Inflation

The annual inflation rate for October is 0.2 of a percentage point higher than the September rate of 17.8 percent. This increase of 0.2 of a percentage point is mainly accounted for by Food, Beverages & Tobacco and Transport & Communication. There were no significant shifts in the contribution of other groups to the increase in inflation between September and October 2004.

Further more, of the total 18.0 percent annual inflation in September 2004, increases in food prices accounted for 8.6 percentage points while non-food items in the CPI accounted for 9.4 percentage points.

Group	Percentage Points Contributions of different Groups to overall inflation	
	September	October
Food Beverages and Tobacco	8.3	8.6
Clothing and Footwear	2.0	1.8
Rent, Fuel and Lighting	1.6	1.6
Furniture and Household Goods	2.4	2.4
Medical Care	0.1	0.1
Transport and Communication	1.5	1.8
Recreation and Education	1.3	1.3
Other Goods and Services	0.6	0.4
All Items	17.8	18.0

Source: CSO, Consumer Price Index, October 2004

Your Monthly Food Basket

The food basket as at October 2004 was K594,193.00 for a family of six. The same family on average was expected to live on K853,253.00 for all their food & basic needs.

Serving Your Data Needs

Relatively Higher Food Prices Influence October Inflation

Annual food inflation was recorded at 16.0 percent, increasing by 0.3 of a percentage point on the September rate of 15.7 percent. From September to October 2004, the index for food increased by 2.7 percent.

Relatively higher prices were recorded for food items including maize grain, other cereals and cereal products, fresh meat, dried kapenta, dried fish, fresh vegetables, dried beans, sweet potatoes, irish potatoes, cooking oil and other processed food items. Slightly lower prices were, however, recorded for maize meal.

Annual non-food inflation rate stood at 20.3 percent, increasing by 0.2 of a percentage point on the September rate of 20.1 percent. Between September and October 2004, the Non-Food index increased by 1.3 percent. Non-food inflation was attributed to increases in the cost of fuel, minibus fares, house rent, household energy (paraffin), furniture and household appliances, clothing and footwear.

Maize Grain Prices Continue to Rise

A comparison of prices between September and October 2004, shows that the average price of Maize Grain measured in a 20-litre tin increased by 1.6 percent, from K11,279 in September to K11,462 in October 2004. The average price of 1kg of mixed cut (beef) increased by 8.4 percent, while the price 1Kg of Mpulungu Kapenta went up by 5.7 percent. However, the average price of a 25kg bag of breakfast meal declined by 0.5 percent.

National Average Prices for selected products

Product	September	October	Percentage change (%)
White breakfast 25kg	32,480	32,330	-0.5
White roller 25kg	24,186	24,172	-0.1
White maize 20 ltr tin	11,271	11,462	1.7
Mixed cut(Beef)	11,876	12,875	8.4
Tomatoes 1 kg	1,802	1,884	4.5
Rape 1kg	1,084	1,134	4.6
Dressed Chicken 1kg	12,760	13,307	4.3
Dried Beans 1kg	4,304	4,469	3.8
Petrol 1ltr	5,032	5,287	3.9

Diesel 1ltr	4,416	4,609	4.4
Paraffin 1ltr	3,454	3,557	3.0
Mini bus fare (Town/Chilenje)	1,500	1,700	13.3

International Merchandize Trade

Imports Up, Exports Down In September, 2004

The month of September 2004 experienced an increase in total import values by slightly more than 20 percent from K766,794 million in August 2004 to K930,548 million in September 2004. Total exports were recorded at K571,697 million in August and then dropped by 2 percent to K560,289 in September 2004. The net effect of these movements was a significant increase in the trade deficit by about 90 percent from K195,097 million in August 2004 to K370,259 million in September 2004.

Total Exports, Imports by Month (K' millions), 2004*

Month	Imports (CIF)	Exports (Fob)			Trade Balance
		Domestic	Re-Exports	Total	
January	602,992	444,808	2,160	446,968	-156,024
February	597,390	431,473	1,282	432,755	-164,635
March	840,480	861,585	9,948	871,533	31,053
April	769,553	613,992	11,906	625,898	-143,655
May	937,075	709,658	6,093	715,751	-221,324
June	983,451	568,719	3,052	571,771	-411,680
July	966,084	766,482	7,419	773,901	-192,183
August	766,794	568,760	2,937	571,697	-195,097
September	930,548	558,202	2,087	560,289	-370,259
Total	7,394,367	5,523,679	46,884	5,570,563	-1,823,804

*. Figures are provisional

Imports

The September 2004 increase in total imports over August 2004 imports may be attributed to the increase in the importation of Agricultural, Forestry, and Fishery products; Ores and Minerals; and Electricity and Water. The outstanding products among the Agricultural, Forestry, and Fishery products that contributed to the increase include: citrus fruits, rice, textile bust fibres, cotton, live poultry, and natural rubber.

Imports by Central Product Classification (August 2004 and September 2004 (K' millions)

CPC	Aug-04	Sep-04
Agriculture, forestry & fishery products	16,974	42,971
Ores & minerals; electricity, gas & water	18,879	95,618
Food products, beverages & tobacco; textiles, apparel	66,003	68,046
Other transportable goods, except metal products, mach	332,766	391,865
Metal products, machinery & equipment	332,172	332,047
Total	766,794	930,547

The major contributing products in the Ores and Minerals category include petroleum oils/crude and oils from bituminous minerals, coal not agglomerated; un-roasted iron pyrites, salt and pure sodium chloride; and clays.

These categories of products accounted for K14,052 million in August 2004 compared to K127,825 million in September 2004; representing contributions of about 2 percent and 14 percent in total monthly imports, respectively.

Exports

Total values of exports fell by 2 percent from K571,697 million in August 2004 to K560,289 million in September 2004.

Exports by Central product Classification, August and September 2004 (K Millions)

CPC description	Aug-04	Sep-04
Agriculture, forestry & fishery products	65,653	92,809
Ores & minerals; electricity, gas & water	11,771	12,620
Food products, beverages & tobacco; textiles, apparel	45,286	46,657
Other transportable goods, except metal products, mach	47,287	33,072
Metal products, machinery & equipment	401,699	375,129
Total	571,696	560,287

The main contributing products to the decline are movable goods, except metal products and machinery accounting for K47,287 million in August and K33,072 million in September 2004. The main products in this category accounting for the fall in exports include medium oils from petroleum, other light petroleum oils and light oils from bituminous; Pesticides, Sulphur, Cultured pearls, precious or semi-precious stones and inorganic acids. These products accounted for about 8 percent and 6 percent in total exports for the months of August and September 2004 respectively.

Metal products, machinery, and equipment also contributed to the decline in exports, recording K401,699 million in August and K375,129 million in September 2004. The notable products in this category accounting for the decline include refined copper and copper alloys not worked, Plates and sheets of copper, Tungsten, molybdenum, tantalum, magnesium, cobalt and cadmium. These products contributed about 70 percent and 67 percent in total

monthly exports for August and September 2004, respectively.

National Accounts

Gross Domestic Product 2004

Preliminary estimates for the year 2004 show that the Gross Domestic Product in real terms stood at 4.6 percent. This growth mostly emanates from Agriculture, Mining, Manufacturing, Construction, Trade and Hotels, Bars and Restaurants.

Percentage Change of GDP at Constant Economic Activity at Constant 1994 Prices of 2003 and 2004 1st and 2nd Quarters

Kind of economic activity	2003	2004**
Agriculture, Forestry & Fishing	5.0	4.4
Mining & Quarrying	3.4	13.7
Manufacturing	7.6	5.1
Electricity & Water	0.6	(2.6)
Construction	21.6	9.8
Wholesale & Retail Trade	6.1	5.5
Hotels, Bars & Restaurants	6.9	5.1
Transport & Communications	5.0	4.6
Financial Institutions & Insurance	3.5	3.5
Real Estate & Business Services	4.0	4.0
Community, Social & Personal Services	1.6	0.6
Less: FISIM	2.5	2.5
Total Gross Value Added	6.0	5.4
Taxes on Product	(2.8)	(2.6)
Total GDP at Market Prices	5.1	4.6

** Preliminary estimates
() Negative Growth Rate
Source: National Accounts statistics, CSO

The Agriculture, Forestry and Fishing sector has increased by 4.4 percent compared to the growth of 5.0 percent for 2003. Growth in this industry is largely driven by the increase in crop output. The main sources of growth are Maize, Cotton and Tobacco production.

The Mining and Quarrying industry has recorded a growth of 13.7 percent in 2004, compared to 3.4 percent growth in 2003. The growth in this industry is largely attributed to the output of copper, which has shown a growth of about 23 percent in the first half of the year compared to the first half of 2003. Cumulative output to June 2003 was 161, 730 MT, while the cumulative output up to June 2004 was 198, 143 MT.

The Manufacturing industry has shown an increase of 5.1 percent in the first half of 2004. This is 2.5 percentage points lower than the growth recorded in 2003. Most of the growth is

from the production of non-metallic mineral products (notably increased cement production), fabricated metal products and Wood and Wood Products.

The construction industry has recorded an increase of 9.8 percent in the first half of 2004 compared to the growth of 21.6 percent in 2003. This is 11.8 points lower than the growth recorded in 2003.

The Wholesale and Retail Trade has registered a growth of 5.5 percent in the first half of 2004 compared to a growth of 6.1 percent in 2003. The growth is largely emanating from the increase in imports of consumption goods and the favourable growth in agriculture and manufacturing.

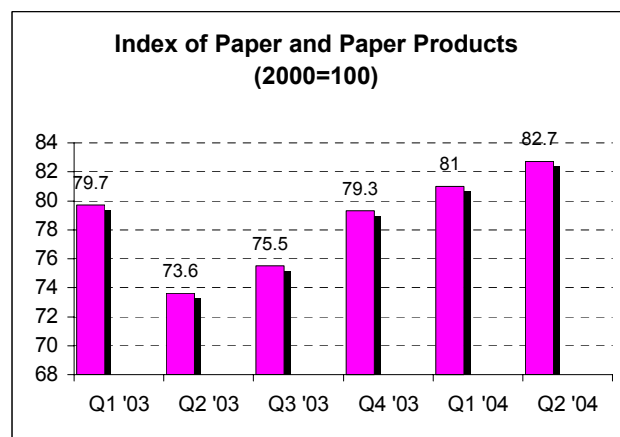
The value of imports increased by 27 percent in the first half of 2004 compared to the first half of 2003, from 3, 700,828 Million Kwacha up to June 2003 to 4, 730,941 Million Kwacha up to June 2004.

Industrial Production

Paper and Paper Products Sub-sector grows in first half of 2004

The overall output in this sub-sector registered an increase of 6.7 percent in the first half of 2004 compared with the first half of 2003. This is lower than the growth rate of the whole manufacturing sector, of 7.4 percent during the same reference period.

The Paper and paper products sub-sector has generally recorded constant growth in production since the start of 2003. The recorded growth is as a result of a steady quarterly increase in production of products such as cartons, cardboard boxes, and labels.



Printed materials also rank high among the products that have shown continued growth over the last 18 to 20 months. The contribution of printed material to this sector has been especially seen during the first two quarters of 2004.

Furthermore, the paper and paper products sub-sector registered a growth of 2.1 percent between the first and the second quarters of 2004. This further shows the continued increase in production in the sector.

Agriculture

Sorghum Production In Zambia

The 2003/2004 Crop Forecast Survey results show that sorghum production has continued to increase in Zambia. During the just ended agricultural season, sorghum production recorded an increase of 20.5 percent over the previous season. Compared to the 2001/2002 agricultural season, the 2003/2004 sorghum production was 45.6 percent higher. Production of sorghum in 2003/2004 was recorded at 24,466 metric tonnes compared to 20,300 metric tonnes reported in 2002/2003 agricultural season. In the 2001/2002 agricultural season, sorghum output was estimated at 16,802 metric tonnes.

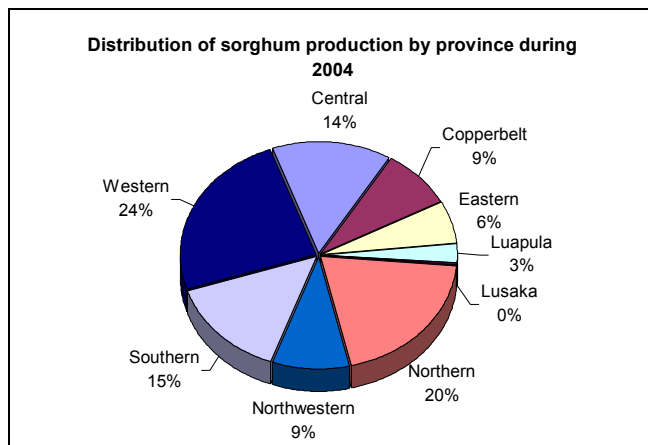
Sorghum Production Over The Past Three Seasons. (Production in Metric Tonnes)

Province	2002	2003	2004	% Change between 2003 and 2004	% Change between 2004 and 2004	% Change between 2004 and 2004

				2002	2003	2002
Central	1,835	3,972	3,459	116.5	- 12.9	88.5
Copperbelt	4,297	1,388	2,143	-67.7	54.4	- 50.1
Eastern	854	1,768	1,438	107.0	- 18.7	68.4
Luapula	363	976	707	168.9	- 27.6	94.8
Lusaka	32	135	64	321.9	- 52.6	100.0
Northern	2,487	1,868	2,240	-24.9	19.9	-9.9
North-western	3,359	4,239	4,896	26.2	15.5	45.8
Southern	735	3,610	3,564	391.2	- 1.3	384.9
Western	2,840	2,344	5,955	-17.5	154.1	109.7
National Total	16,802	20,300	24,466	20.8	20.5	45.6

Source: 2003/2004 Crop Forecast Survey, CSO

At provincial level, Western Province leads in sorghum production with 5,954 metric tonnes followed by North-Western Province, which produced 4,896 metric tonnes. Southern and Central Provinces produced 3,564 and 3,459 metric tonnes, respectively. Production of sorghum has been on the increase. This could be attributed to Government and NGOs efforts in promoting the growing of this crop, as it is a drought-resistant crop.



Source: 2003/2004 Crop Forecast Survey, CSO

The graph above shows the graphical presentation of the 2003/2004 production data.

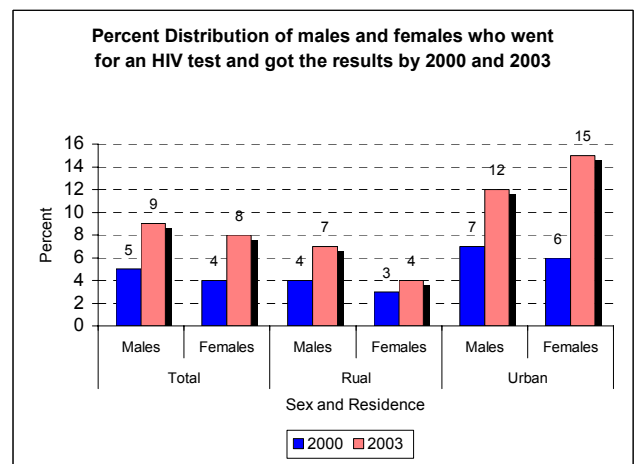
Health

Voluntary Counselling and testing increases!

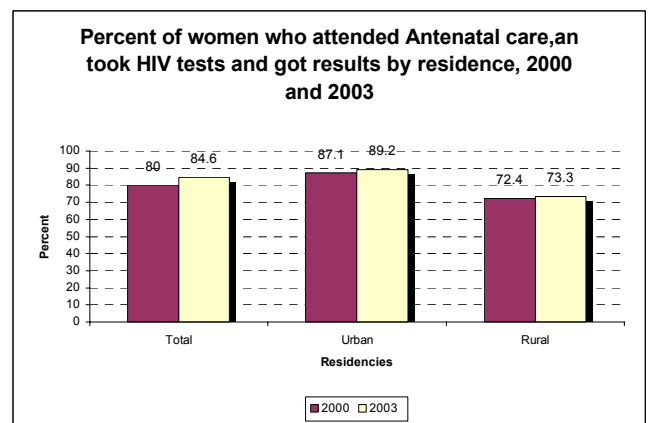
The 2003 Zambia Sexual Behavior Survey (ZSBS) reveals that there has been an increase in the percentage of persons who voluntarily asked for and received HIV test and know their results, from 4.4 percent among females and 4.9 percent

among males in 2000 to 7.9 percent for females and 8.5 percent for males in 2003. In both cases the proportion appears to be larger in urban than in rural residences. There were also more male respondents who went for an HIV test and were given the results than female respondents.

Knowing one's HIV status is one of the surest ways of helping people plan for the future.. It also gives one the chance to live positively and come up with the ways of contributing to society. The decision to go for a test is a personal one and has to come from an individual.



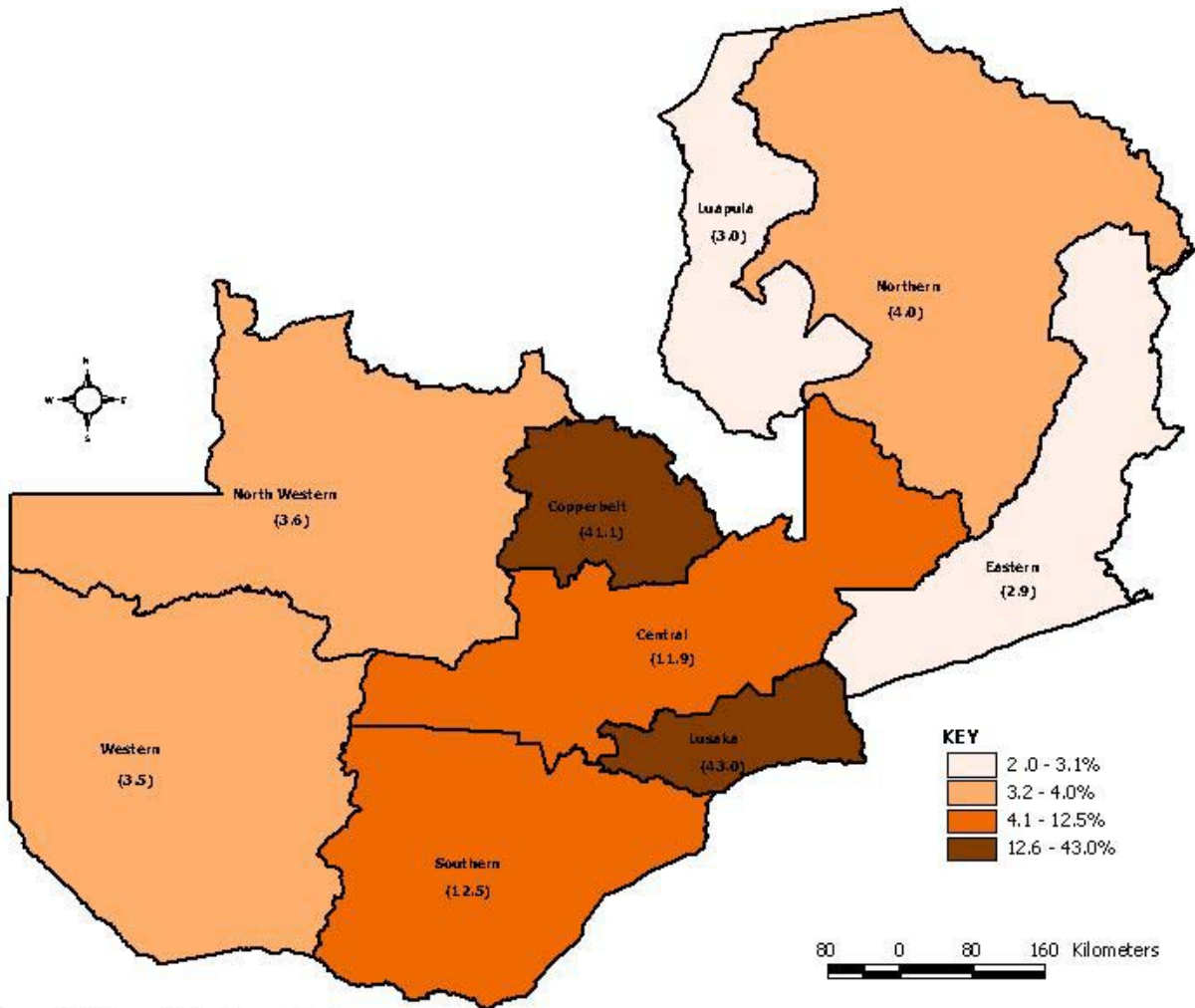
On the other hand, women who attended antenatal clinics were counseled and offered HIV tests. The proportion of women who took HIV test and got their test results increased from 80% in 2000 to 84.6% in 2003, according to the 2003 ZSBS. Urban residence recorded a larger proportion than rural in both 2000 and 2003 surveys.



Source: Zambia Sexual Behaviour Survey, 2003

Households with Access to Electricity

The map below shows percentages of households with access to electricity by province in 2000. Five provinces namely, Eastern, Western, North Western, Luapula and Northern had less than five percent of households with access to electricity. Of these Eastern Province was lowest with only 2.9 percent. The most urbanised provinces Lusaka, Copperbelt, Central and Southern have relatively higher percentages of households with access to electricity. Lusaka had the highest percentage at 43 percent followed by Copperbelt with 41 percent. Central Province was least with 11.9 percent.



The Layman and Statistics

Gross Domestic Product (GDP): This is the key economic indicator for a country. It is the total value of goods and services produced by a nation, over a given period, usually a year.

Inflation is the tendency for prices and wages to go either upwards or downwards. Business companies and individuals tend to pay attention to inflation mainly out of fear that the Central Bank will try to fight it by tightening the money supply through monetary policy.

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