Republic of Zambia

The Monthly

Central Statistical Office

Volume 29 | Website: www.zamstats.gov.zm | August, 2005

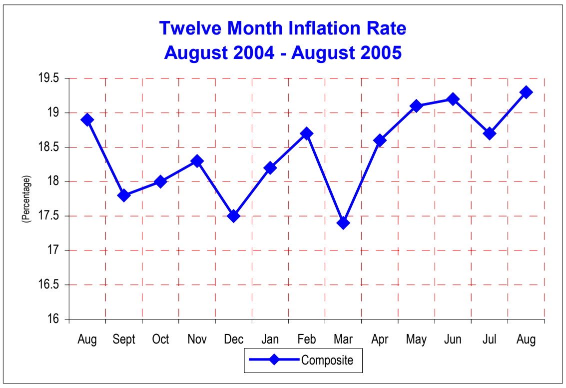
Economic Indicators

Serving Your Data Needs

August Inflation Increases

The annual rate of inflation was recorded at **19.3 percent** as at August 2005. This rate is 0.6 of a percentage point higher than the July rate of 18.7 percent. Compared with August 2004, the annual rate of inflation increased by 0.4 of a percentage point, from 18.9 percent in August 2004 to 19.3 percent in August 2005.

Annual inflation rates for the Metropolitan Low, High Income and Non-Metropolitan Groups are recorded at 19.2, 18.6 and 19.9 percent, respectively.



Source: *CSO, Consumer Price Index, August 2005*

Contributions of different items to overall inflation

The increase of 0.6 of a percentage point is accounted for by the increase in the cost of food and beverages. There were no shifts in the contribution of other groups to the increase in inflation between July and August 2005.

Furthermore, of the total 19.3 percent annual inflation in August 2005, increases in food prices accounted for 10.7 percentage points while non-food items in the CPI accounted for 8.6 percentage points.

Items	Percentage Points Contributions of different items to overall inflation							
	Jan-05	Feb-05	Mar-05	Apr-05	May-05	Jun-05	Jul -05	Aug-05
Food Beverages and Tobacco	9.6	9.8	8.6	9.6	10.1	10.1	9.8	10.7
Clothing and Footwear	1.3	1.2	1.1	1.0	1.0	1.1	1.0	1.1
Rent , Fuel and Lighting	1.8	2.2	2.1	2.5	2.4	2.7	2.8	2.8
Furniture and Household Goods	2.0	2.0	2.0	2.0	1.9	1.9	2.0	1.8
Medical Care	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Transport and Communication	1.9	1.9	2.0	1.9	2.1	1.8	1.5	1.3
Recreation and Education	0.9	0.9	0.9	0.9	0.9	0.9	0.9	0.9
Other Goods and Services	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6
All Items	**18.2**	**18.7**	**17.4**	**18.6**	**19.1**	**19.2**	**18.7**	**19.3**

Source: *CSO, Consumer Price Index, August 2005*

Higher food prices influence August inflation

Price increases were recorded for maize meal, maize grain, other cereals and cereal products, fresh meat, kapenta, dressed chicken, irish potatoes, raw cassava, eggs, alcoholic drinks and processed food products. Partially offsetting these increases were declines in the cost of fresh vegetables.

Annual food inflation was recorded at 20.4 percent, up by 1.7 percentage points on the July rate of 18.7 percent. Annual non-food inflation rate stood at 18.2 percent, declining by 0.5 of a percentage point on the July rate of 18.7 percent. Between July and August 2005, the non-food index increased by 0.6 percent. This increase was mainly due to the increase in the cost fuel (petrol and diesel), household appliances and house rent.

Your Monthly Food Basket

The food basket as at August 2005 was **K686,246** *for a family of six. The same family on average was expected to live on* **K985,439** *for all their food & basic needs.*

Maize Grain records higher prices

A comparison of prices between July and August 2005, shows that the average price of a 25kg bag of roller meal increased by 5.6 percent from K28,668 in July to K30,281 in August 2005. The average price of maize grain measured in a 20litre tin recorded an increase of 10.4 percent from K13,766 in July to K15,197 in August 2005.

The average price of 1kg of dried kapenta (Mpulungu) increased by 9.4 percent while the average price of 1kg of dressed chicken went up by 12.7 percent.

National Average Prices for Selected Products and Months

Product Description	2005								% Changes	
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Aug/Jan	Aug/Jul
White breakfast 25 Kg	34,679	35,826	35,704	35,760	35,885	36,443	36,780	38,363	10.6	4.3
White Roller 25Kg	27,156	28,365	28,282	28,497	28,393	27,966	28,668	30,281	11.5	5.6
White Maize 20 litre tin	14,055	15,377	15,853	14,146	12,892	13,272	13,766	15,197	8.1	10.4
Rice Local 1 Kg	3,548	3,504	3,594	3,621	3,767	3,661	3,725	3,820	7.7	2.6
Rice Imported 1 Kg	5,109	5,207	4,924	5,158	5,131	5,131	5,412	5,487	7.4	1.4
Wheat Plain Flour	12,391	12,183	12,642	13,295	14,329	14,511	15,315	16,110	30.0	5.2
Bread Regular loaf	2,585	2,611	2,613	2,641	2,602	2,651	2,646	2,672	3.4	1.0
Cornflakes Kellogs 300 gm	11,133	11,133	11,796	11,648	12,574	12,163	12,305	12,410	11.5	0.9
Fritters 1	188	201	189	190	208	200	185	194	3.2	4.9
T-bone 1 Kg	17,029	16,686	16,648	16,612	16,622	16,654	16,640	16,873	-0.9	1.4
Beef Sausages 1 Kg	16,439	16,432	16,462	16,683	16,466	16,697	16,990	17,102	4.0	0.7
Offals 1 Kg	8,410	8,518	8,484	8,594	8,389	8,227	8,315	8,413	0.0	1.2
Pork Sausages 1 Kg	17,282	16,843	17,391	17,524	17,212	17,212	16,662	17,200	-0.5	3.2
Dressed chicken 1 Kg	13,575	13,535	13,177	13,172	12,997	12,434	11,924	13,439	-1.0	12.7
Buka Buka 1 Kg	9,458	9,340	10,086	9,816	10,227	10,023	9,758	10,332	9.2	5.9
Dried Kapenta Mpulungu 1Kg	32,312	32,913	32,522	30,591	33,130	32,670	32,670	35,735	10.6	9.4
Dried Kapenta Siavonga 1Kg	32,373	32,931	34,412	34,606	34,228	34,566	34,589	36,052	11.4	4.2
Eggs 1 Unit	5,939	6,086	6,086	5,906	5,810	5,888	5,916	6,011	1.2	1.6
Tomatoes 1kg	2,575	2,878	2,184	2,445	2,648	2,664	2,710	2,511	-2.5	-7.3
Rape 1kg	2,324	1,844	1,798	2,002	1,840	1,944	1,725	1,633	-29.7	-5.3
Irish potatoes 1kg	2,930	2,656	2,551	2,611	2,530	2,742	2,874	3,344	14.1	16.4
Mosi 375 mls (bottle)	3,478	3,512	3,500	3,501	3,496	3,474	3,665	3,698	6.3	0.9
Castle Lager 375mls	3,906	3,910	3,882	3,894	3,933	3,862	4,087	4,135	5.9	1.2
Paraffin 1 litre	3,798	3,488	3,615	3,819	4,147	4,193	4,101	4,270	12.4	4.1
Petrol Premium 1 litre	5,300	4,896	5,186	5,619	5,856	5,714	5,561	5,856	10.5	5.3
Diesel 1 litre	4,824	4,500	4,590	4,749	5,099	5,069	5,005	5,408	12.1	8.1
Bed & Continental Breakfast 2 star Down to Motel	86,820	88,978	90,161	91,019	94,515	93,796	118,627	120,772	39.1	1.8
Nshima with Beef 2 Star Down to Motel	19,641	19,566	19,751	19,697	19,487	19,628	20,441	21,112	7.5	3.3
Nshima with Beef relish Restaurants	7,739	7,749	7,740	7,684	7,419	7,573	7,485	7,669	-0.9	2.5

International Merchandize Trade

Total Value of Trade Decreases!

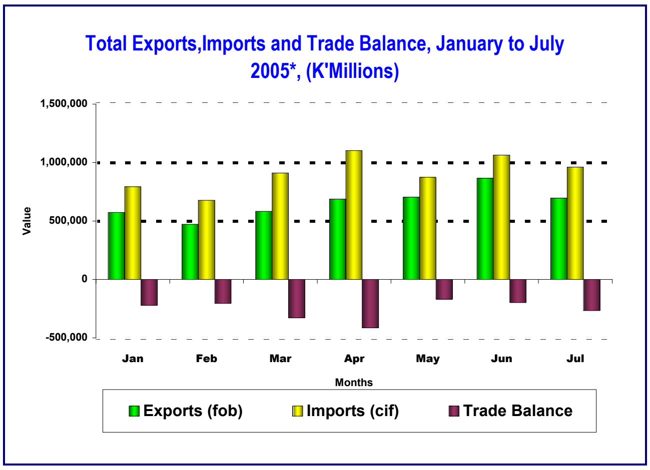
The total value of trade in July 2005 was K1,658.4 billion as compared to K1,930.3 billion in June 2005, which was equivalent to a 14 percent decrease. The major movements in terms of trade were recorded in exports which recorded K696,276 million in July 2005 and K866,323 million in June 2005. These dynamics in total value of exports are equivalent to about 20 percent decrease. However, imports also showed a fair decrease of about 10 percent in their total value recording K1,064.0 billion in June 2005 as compared to K962,158 million in July 2005. The net effect of these movements in terms of trade led to a significant increase in the trade deficit of about 35 percent; from K197,643 million in June to K265,882 million in July 2005. This indicates that there were more imports than exports during this period.

Total Exports, Imports and Trade Balance, January to July 2005* (K' Millions)

Month	Imports (cif)	Domestic Exports (fob)	Re-Exports (fob)	Total Exports (fob)	Trade Balance
Jan-05	794,145	567,700	5,432	573,132	-221,013
Feb-05	677,317	472,494	275	472,769	-204,548
Mar-05	911,541	583,149	398	583,547	-327,994
Apr-05	1,102,807	673,980	14,413	688,393	-414,414
May-05	874,150	691,611	13,272	704,883	-169,267
Jun-05	1,063,966	865,624	699	866,323	-197,643
Jul-05	962,158	694,692	1,584	696,276	-265,882
TOTAL:	**6,386,084**	**4,549,250**	**36,073**	**4,585,323**	**-1,800,761**

Note: *(*) =Provisional*
(cif) =Cost, Insurance and freight
(fob) = Free on Board
Source: *CSO, International Trade Statistics, 2005*

In the total value of exports for June and July 2005, the share of domestic exports was about 99 percent; with the remaining share of (1%) attributed to re-exports.



Note: *(*) =Provisional*
(cif) =Cost, Insurance and freight
(fob) = Free on Board
Source: *CSO, International Trade Statistics, 2005*

The decrease in the inflow of export revenue between June and July 2005 could mainly be attributed to the decline in the total value of exports of manufactured goods classified chiefly by material (*refined copper and articles, cobalt and articles*), food and live animals (*cane sugar, vegetables, coffee and fish*), crude materials (*cut flowers, copper and cobalt ores/concentrates, coniferous wood processed*) and mineral fuels, lubricants and related materials (*petroleum oils and oils from bituminous minerals*). These products accounted for about 85 percent in June as compared to 68 percent in July 2005. Other declines in the total export value were recorded in beverages and tobacco products category.

The low expenditure on imports during the same period could be as a result of decreased import values of crude materials, beverages and tobacco.

Export Percentage Market Shares by Major trading Partners, Jan – July 2005*

Partner	Jan	Feb	Mar	Apr	May	Jun	Jul
SADC	30	27	25	45	25	17	27
COMESA	1	1	1	1	1	0	1
EU^	32	32	26	20	35	27	17
ASIA	7	7	6	4	5	5	5
Others	31	33	42	30	34	50	50
Total World	100	100	100	100	100	100	100

Note: *Countries in both SADC and COMESA are excluded from each and recorded under Others.*
EU^ = The old 15 members
* July 2005 Figures are provisional
Source: *CSO, International Trade Statistics, 2005*

The major destination of Zambia's exports between June and July 2005 was the SADC region accounting for about 27 percent in July and 17 percent in June 2005. South Africa was the main market within SADC accounting for the largest proportion of trade followed by Congo (DR), Tanzania and Malawi.

The EU was another important outlet of Zambia's exports between June and July 2005. June recorded 27 percent share of exports while July recorded 17 percent. Despite the decline in the total value of export trade; this trading block still remains one of the key trading partners. In fact, the United Kingdom has remained to be one of the major trading partners within the EU followed by Belgium, France, Germany, Denmark and Holland.

The other important trading partners with Zambia in terms of export products were COMESA and the Asian market. They both accounted for about 5 percent share of export trade between June and July 2005. Within COMESA, Congo (DR) and Zimbabwe accounted for the largest shares; while in the Asian market, Japan, India and China were among the major outlets of Zambia's export products.

Import Percentage Market Shares by major trading Partners, Jan – July 2005*

Partner	Jan	Feb	Mar	Apr	May	Jun	Jul
SADC	42	44	46	59	45	41	40
COMESA	2	2	2	1	2	2	2
EU^	24	25	24	22	28	35	36
ASIA	22	17	17	9	11	10	13
OTHERS	10	11	11	9	13	12	9
Total World	100	100	100	100	100	100	100

Note: *Countries in both SADC and COMESA are excluded from each grouping and recorded under Others.*
EU^ = The old 15 members
*July 2005 Figures are provisional
Source: *CSO, International Trade Statistics, 2005*

The major sources of imports for Zambia during the period under review remained concentrated in SADC and the EU. These two key players in Zambia's trade profile together accounted for about 76 percent in both June and July 2005.

Between the two major trading partners, SADC dominated the market in terms of imports accounting for about 40 percent between June and July 2005; with South Africa again leading as the main source of Zambia's imports. The EU had a period share of about 35 percent; also with the United Kingdom dominating the European market.

The Asian and COMESA markets were also other outlets that supplemented Zambia's imports contributing an average share of about 14 percent between June and July 2005.

Industrial Production

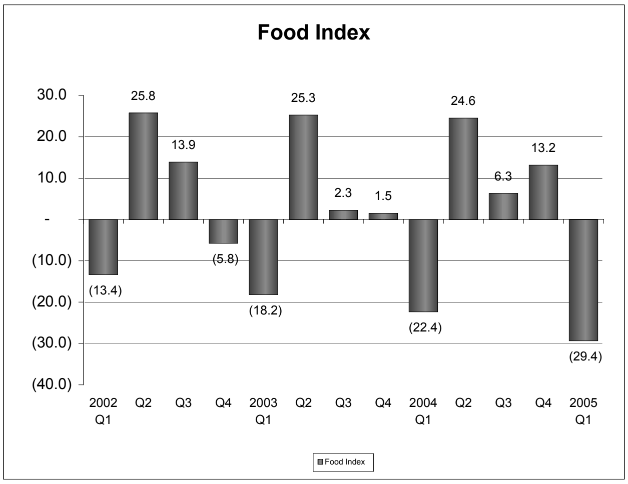
Food, Beverages and Tobacco Sub-Sector accounts for 6.4% of GDP

The Food, beverages and tobacco sub-sector of the economy mainly constitutes sugar products, grain mill products, malt liquor soft drinks and mineral water. This sub-sector accounted for an average of 6.4 percent of the total GDP in the last five years. Total manufacturing accounted for 10.7 percent of GDP at constant 1994 prices in the period 2000-

2004. This sub-sector has the largest share in the manufacturing sector. In 2004, the Food, Beverages and Tobacco sub-sector contributed K 198.6 Billion out of K 325.9 Billion of the total value of the Manufacturing GDP at constant 1994 prices.

During the first quarter of 2004, the sub-sector recorded a decrease in output of 22.4 percent. The sub-sector also recorded a decline of 29.4 percent in output in the first quarter of 2005 compared to the fourth quarter of 2004. The trend analysis shows that the index recorded declines in the first quarter of each year compared to the fourth quarter of the previous year. This may partly be attributed to the fact that the contribution, in terms of production, from the sugar production sector of the economy is always low in the first quarter of each year.

Quarter on Quarter Percentage Changes in the Food, Beverages and Tobacco Index (2002-2004)



The second quarter usually records highest growth in production after the resumption of sugar production. Sugar production has the largest weight of 27.2 percent in the total Food, Beverages and Tobacco index. Grain mill products follows with a weight of 20 percent, then beer production with a weight of 18.7 percent. Collectively, these three sub-sectors account for two-thirds of the production in the Food, beverages and tobacco index.

Living Conditions Monitoring Survey III (2002/2003)

Majority of Zambians live in their own Dwelling

The 2002/2003 LCMS Report revealed that at national level, majority of households (78 percent) lived in their own dwelling, 12 percent rented from private landlords and 8 percent occupied free housing. Home ownership was higher in rural (91 percent) than urban areas at 52 percent

Percent Distribution of Households by Tenancy Status, Rural/Urban, Stratum and Province, 2002-20032003

Residence/ Province	Tenancy Status							
	Owner Occupied	Rented from Local Government	Rented from Central Government	Rented from Private	Rented from Parastatal	Provided Free by employer	Other Free Housing	Other
All Zambia	78	0	1	12	0	4	4	0
Rural	91	0	0	2	0	3	4	0
Urban	52	0	2	34	1	6	4	1
Province								
Central	85	0	0	6	.	7	2	0
Copperbelt	67	0	1	21	2	4	5	0
Eastern	89	.	0	4	0	4	4	.
Luapula	85	.	0	5	0	2	7	.
Lusaka	44	0	3	43	.	5	5	1
Northern	89	0	0	5	0	2	3	.
North-Western	91	0	0	3	0	3	2	.
Southern	80	0	1	6	0	5	6	2
Western	92	.	1	1	0	2	3	0

Source: *Living Conditions Monitoring Survey III 2002/2003*

The survey took into account aspects of type of dwelling. On type of housing, results indicate that the most common type of housing is traditional housing (occupied by 66 percent of the households) and that only one third of the total households in Zambia live in conventional type of housing (detached houses, flat/apartments and semi-detached houses).

According to the survey, guest house/wing, hostels, non-residential buildings and unconventional buildings were used as dwellings by a very small proportion of households.

In rural areas, 91 percent of dwellings are traditional where as in urban areas 83 percent of the dwellings are conventional.

At provincial level, all the provinces except Lusaka and Copperbelt recorded higher traditional dwellings with over 75 percent. Western Province recorded the highest number of traditional dwelling with 94 percent followed by Northern Province with 93 percent. Copperbelt and Lusaka provinces recorded the lowest traditional dwelling with 22 percent and 12 percent, respectively.

Percent Distribution of Households by Type of Dwelling by Rural/Urban Stratum and Province, 2002-2003

	Type of Dwelling											
	Traditional Hut	Improved Traditional	Detached House	Flat/ Apartment	Semi detached	Servant Quarters	Guest House/ wing	House Attached to Shop	Hostel	Non-Residential	Uncon-ventional	Other
All Zambia	50	16	23	7	3	1	0	0	0	0	0	1
Residence												
Rural	71	20	7	1	0	0	.	0	.	0	0	0
Urban	9	7	55	18	7	2	0	0	0	0	0	1
Province												
Central	61	21	13	2	3	0	.	0	.	0	.	0
Copperbelt	12	10	57	8	7	2	0	.	.	.	.	3
Eastern	74	9	13	1	1	0	.	1	.	0	0	1
Luapula	53	37	8	0	1	0	.	.	0	0	.	0
Lusaka	7	5	50	32	4	2	0	0	.	.	.	0
Northern	70	23	5	1	1	0	.	.	0	0	.	0
North-Western	57	29	12	0	1	0	.	.	.	.	0	0
Southern	59	15	19	4	2	1	.	.	.	0	0	0
Western	90	4	5	1	0	0	0	.	.	0	0	0

Note: *a dot (.) means no cases*
A zero (0) means very few cases (below 0.1)
Source: *Living Conditions Monitoring Survey 111 2002/2003*

Agriculture & Environment

Soya beans Production Increases!

The overall Soya bean production in Zambia increased from 54,686 metric tonnes during the 2003/2004 agricultural season to 89,661 metric tonnes during the 2004/2005 agricultural season. That was an increase of 39.0 percent.

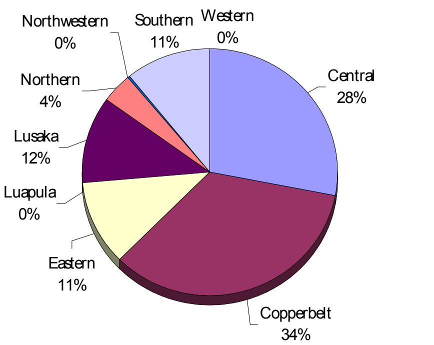
Percentage Change and Percent Contribution in Soya Beans Production by Province, 2003/2004-2004/2005 Agricultural Seasons

Province	2003/2004	2004/2005	Percentage Change From Last Year	Percent Contribution to Production by Province - 2004/2005
Central	18,024	25,159	39.6	28.1
Copperbelt	23,229	30,850	32.8	34.4
Eastern	4,142	9,852	137.9	11.0
Luapula	49	122	149.0	0.1
Lusaka	6,452	10,322	60.0	11.5
Northern	762	3,466	354.9	3.9
N/western	28	303	982.1	0.3
Southern	1,999	9,586	379.5	10.7
Western	1	1	0.0	0.0
NATIONAL	**54,686**	**89,661**	**39.0**	**100.0**

Large-scale farmers with irrigation equipment mainly grew the crop and therefore the effect of the drought on the crop was very minimal. The high increases in production were attributed to the attractive prices being offered to Soya bean growers and therefore, a number of farmers reduced the hectarage under maize in preference to Soya beans.

At provincial level, Copperbelt Province recorded the highest in Soya beans production at 34.4 percent (31,000metric tonnes) followed by Central Province with 28.1 percent at 25,150 metric tonnes during the 2004/2005 agriculture season. Lusaka, Eastern and Southern provinces recorded 11.5 percent (10,322 metric tonnes), 11.0 percent (9,852 metric tonnes) and 10.7 percent (9,586 metric tonnes) respectively. Luapula, Northwestern and Western provinces recorded very little production in Soya beans.

Distribution of Soyabeans Production by Province during 2004/2005 Agricultural Season



The Layman and Statistics

Total Value of Trade: *Refers to the Total Value of Imports and Exports of Merchandize.*

Provisional Trade Data: *Refers to Trade data that is subject to undergo further revision after receiving additional information, usually monthly.*

AVAILABLE AT CENTRAL STATISTICAL OFFICE

- **Living Conditions Monitoring Survey III Report, 2002/3 @ K40,000**
- **Provincial 2000 Census Reports @ K25, 000**
- **External Trade Statistics Bulletin 2004 @ K30, 000**
- **Selected Social Economic Indicators @ K30, 000**
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