



PRESS RELEASE ON SELECTED DEVELOPMENTS

30th July 2020

1. INFLATION

Annual Inflation Rate

- The annual inflation rate for July 2020 slows down to **15.8%** from **15.9%** in June 2020.
 - The decrease in the annual rate of inflation was mainly attributed to price decreases in Food items.
 - Food inflation decreased to **16.1%** from **16.3%**. The decrease in the annual food inflation was mainly attributed to decreases in prices of food items such as cereals (Breakfast Mealie meal, Roller meal, Maize grain, Samp) and Vegetables (Rape, Tomatoes, Cabbage, Onion).
 - Non-Food inflation decreased to **15.4%** from **15.5%**. The decrease in the annual non-food inflation was mainly attributed to price movements of Purchase of Motor Vehicles.
- In terms of contribution to Annual inflation, Food and Non-alcoholic beverages accounted for **8.6** percentage points, while non-food items accounted for **7.2** percentage points.

Year to date inflation rate, July 2020

- Year- to- Date inflation was recorded at 9.7 percent in July 2020; higher than that of the corresponding period in 2019 of 5.8 percent.
- This means that, the average prices of goods and services increased at a faster rate in 2020 compared to the same period in 2019.

Monthly Inflation

- The July 2020 monthly overall inflation rate increased to **0.3%** from **0.2%** the previous month. The increase in the monthly inflation rate was mainly due to general price movements of food items.
 - Monthly food inflation in July increased to **0.2%** from **-0.6%** in June 2020. The increase in the monthly food inflation was mainly attributed to increases in prices of food items such as Fish (Frozen fish, Bukabuka, Fresh kapenta, Dried Bream, Dried kapenta), Eggs, Fresh milk, Sugar and Jam.
 - Monthly non-food inflation decreased to **0.5%** from **1.1%** in June 2020. The decrease in the monthly food inflation rate was mainly attributed to price movements of Purchase of Motor Vehicles.

Provincial Annual Inflation Rates

- Northern province recorded the highest annual inflation at **19.8%**, followed by Central province at **18.1%**.
- Eastern province recorded the lowest annual rate of inflation at **12.3%**.
- In terms of influence, Lusaka (**5.0** percentage points) and Copperbelt (**3.0** percentage points) provinces made the highest contributions to the overall annual inflation of **15.8%** in July 2020.
- North-western provinces had the lowest contribution of **0.5** percentage points.

2. INTERNATIONAL TRADE DEVELOPMENTS

- **Total trade** in June 2020 decreased by **0.8%** to **K17,072.5 million** from **K17,205.7 million** in May 2020.
- The **Total trade** for the period from January 2020 to June 2020 increased by 5.4% to **K96,864.8 million** from **K 91,888.2 million** recorded in the same period of 2019.
- A **Trade Surplus** of **K1,561.8 million** was recorded in June 2020 from a May 2020 surplus of **K3,843.4 million** indicating a 59.4 percent decrease, driven by a decrease in exports and increase in imports.

Exports

- Exports decreased by 11.5% to K9,317.2 in June 2020 from K10,524.5 million in May 2020 while imports increased by 16.1% to K7,755.4 million in June 2020 from K6,681.1 million in May 2020.
 - Exports mainly decreased due to a **18.6%** decline in **Intermediate goods exports** earnings to **K7,041.5 million** in June 2020 from **K8,645.9 million** in May 2020.

Refined Copper exports

- Refined Copper export earnings in June 2020 declined by **21.0%** to **K6,226.8 million** from **K7,883.0 million** in May 2020
 - Refined Copper export volumes in June 2020 declined by **25.8%** to **61,052.6 mt** from **82,287.5 mt** in May 2020.
 - LME copper prices increased by **9.7%** to **US\$5,742.4** per mt in June 2020 from **US\$5,233.8** per metric tonne in May 2020.

Non-Traditional Exports

- NTEs increased by **11.3%** to **K2,519.7million** in June 2020 from **K2,263.3 million** in May 2020.
 - During June 2020, Agricultural NTEs increased by 68.8% while Non-Agricultural NTEs decreased by 5.6 %.
 - Agric NTEs: 'Raw cane sugar' (Congo DR), 'Tobacco, not stemmed/stripped' (Malawi) and 'Groats and meal of maize corn' (Congo DR).
 - Non-Agric NTEs: ' Bullion semi-manufactured forms ' (South Africa), 'Portland cement (excl. white) ' (Congo DR) and 'Other non-alcoholic beverages' (Congo DR)

Imports

- Imports rose by 16.1% to K7,755.4 million in June 2020 from K6,681.1 million in May 2020.
 - The increase in imports was driven by increases in import bills for Capital goods (**29.1%**) and Raw materials (**54.3%**).

Direction of Trade – Exports

- Major export destination in June 2020 continued to be Switzerland (47.5%) followed by Congo DR (18.0%) - Copper products.
 - Singapore was third accounting for **12.0%** of the total export earnings - Copper products.
 - These three countries accounted for **77.5%** of Zambia's total export earnings.

Direction of Trade – Imports

- Major source of imports in June 2020 was South Africa (34.5 %) – Other medicaments of mixed or unmixed products, for retail sale.

➤ Followed by:

- ✓ China (16.6%) – Mainly vehicles (diesel engine) for the transport of goods.
- ✓ Congo DR (6.1%) – Mainly Copper ores.

These three countries collectively accounted for 57.2 % of Zambia's imports.