

## **PRESS RELEASE ON SELECTED DEVELOPMENTS**

### **29<sup>th</sup> October 2020**

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#### **1. INFLATION**

##### **Annual Inflation Rate**

- The annual inflation rate for October 2020 increased to **16.0%** from **15.7%** in September 2020.
  - The rise in the annual rate of inflation was attributed to price increases in food inflation to **14.6%** from **14.0%** in September 2020.
  - Food inflation for the month reviewed recorded an increase in prices of food items such as Meats (Fillet, Rump steak, Brisket, Mixed cut), Chicken, Fats and Oil (Margarine, Peanut butter, Butter, Cooking Oil) and Sugar.
- In terms of contribution to annual inflation, food and non-alcoholic beverages accounted for **7.9** percentage points, while non-food items accounted for **8.1** percentage points.

## Year- to- date October 2020 Inflation

- Year- to- date inflation was recorded at **13.1%** in October 2020 (Corresponding period in 2019 at 8.9%).
- 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

- October 2020 monthly overall inflation decreased to **1.3%** from **1.4%** in September 2020. This was mainly due to general price movements of non-food items.
  - Monthly non-food inflation decreased to **0.9%** from **2.3%** in September 2020.
    - ✓ mainly attributed to price movements of purchase of vehicles.
  - However, monthly food inflation increased to **1.6%** from **0.6%** in September 2020.
    - ✓ Increases in prices of food items such as Maize grain, Rice, Rumpsteak, Brisket, Chicken, T-bone, Sugar, Butter, Peanut butter and cooking oil.

## Provincial Annual Inflation Rates

- Northern province recorded the highest annual inflation at **18.2%**, followed by Central province at **17.7%**.
- Eastern province recorded the lowest annual rate of inflation at **13.1%**.
- **Contribution** - Lusaka (**4.8** percentage points) and Copperbelt (**3.3** percentage points) provinces made the highest contributions to the overall annual inflation of **16.0%**.

- North-western province had the lowest contribution of **0.5** percentage points.

## 2. INTERNATIONAL TRADE DEVELOPMENTS

- **Total trade** in September 2020 increased by **16.0%** to **K26,241.3 million** from **K22,619.2 million** in August 2020.
- The **Total trade** for the period from January 2020 to September 2020 increased by **22.5%** to **K165,870.9 million** from **K 135,358.6 million**.
- A **Trade Surplus** of **K7,069.3 million** was recorded in September 2020 indicating a **32.9%** increase from an August 2020 surplus of **K5,318.1 million**, driven by an increase in exports.

### Exports

- Exports increased by 19.2% to K16,340.7 million in September 2020 from K13,968.6 million in August 2020. Imports increased by 10.8% to K9,586.0 million in September 2020 from K8,650.6 million in August 2020.
  - ✓ Exports mainly increased due to a **21.9%** rise in **Intermediate goods exports** earnings to **K14,237.0 million** in September 2020 from **K11,683.0 million** in August 2020.

### Refined Copper exports

- Refined Copper export earnings in September 2020 rose by **20.8%** to **K12,725.7 million** from **K10,533.3 million** in August 2020.
  - ✓ Refined Copper export volumes in September 2020 increased by 10.4% to **98,428 mt** from **89,195.3 mt** in August 2020.

- ✓ LME copper prices increased by **3.3%** to **US\$6,712** per mt in September 2020 from **US\$6,496.7** per mt in August 2020.

### **Non-Traditional Exports**

- NTEs increased by **14.1%** to **K3,919.8 million** in September 2020 from **K3,433.4 million** in August 2020.
  - ✓ During September 2020, Agricultural NTEs decreased by 17.5% while Non-Agricultural NTEs increased by 33.8%.
  - ✓ Agric Major NTEs: 'Other raw cane sugar' (South Africa and Congo DR), Tobacco, not stemmed/stripped (Switzerland), and Oil-cake and other solid residues, of soya-bean (Zimbabwe and Tanzania).
  - ✓ Non-Agric Major NTEs: Portland cement (excl. white) '(Congo DR), Electrical energy (Congo DR), and other non-alcoholic beverages (Congo DR, Zimbabwe and Tanzania).

### **Imports**

- Imports increased by 10.8% to K9,586.0 million in September 2020 from K8,650.6 million in August 2020.
  - ✓ Driven by increases in import bills for Intermediate goods (17.3%) and Capital goods (11.2%).

### **Direction of Trade – Exports**

- Major export destination in September 2020 continued to be Switzerland (45.2%) followed by China (20.3%) – Mainly Copper products.

- Singapore was third accounting for **11.4%** of the total export earnings – Mainly Copper products.
- These three countries accounted for **76.9%** of Zambia’s total export earnings.

### **Direction of Trade – Imports**

- Major source of imports in September 2020 was South Africa (36.6%) – Mainly Other medicaments of mixed or unmixed products, for retail sale.
- Followed by:
  - ✓ China (12.5%) – Mainly bars and rods of Alloy Steel.
  - ✓ United Arab Emirates (9.6%) – Mainly Petroleum oils and oils obtained from bituminous minerals.
- These three countries collectively accounted for 58.7 % of Zambia’s imports.

## **3. PROVINCIAL GDP ESTIMATES 2019**

- The estimates show that Lusaka and Copperbelt provinces have continued to dominate in terms of shares accounting for over 50 percent of the National GDP in 2019.
- Western, Muchinga and Luapula provinces are the least in terms of shares, contributing less than 10% collectively at 2.9, 2.9 and 3.2 percent, respectively.

### **Focus on 2019**

- Lusaka and Copperbelt Provinces accounted for over 50 percent of the National GDP at current prices in 2019, contributing 30.7 and 22.3 percent respectively.

- Western and Muchinga Provinces had the least share of the National GDP at 2.9 percent each.
- Looking at the National picture, the industry with the highest contribution to GDP is the Wholesale and Retail Trade, accounting for 1/5 of the GDP, followed by Mining & Quarrying and Construction.

### **Percentage Distribution of Industrial Activity Across Provinces, 2019**

- Lusaka and Copperbelt were the highest contributors in almost all the industries.
- North-Western and Copperbelt provinces dominated the mining and quarrying industry
- Southern province dominated the Electricity industry.

### **Percentage Distribution of Industrial Activity within Provinces, 2019**

- The wholesale and retail trade was the dominant industry in eight out of the ten provinces.
- The Mining & quarrying industry is the dominant industry in North Western province accounting for 76.8 percent of GDP.
- The Electricity generation industry is the dominant industry in Southern provinces accounting for 23.5 percent of its GDP.