PRESS RELEASE ON SELECTED DEVELOPMENTS
24th September 2020

1. **INFLATION**

**Annual Inflation Rate**

- The annual inflation rate for September 2020 increased to **15.7%** from **15.5%** in August 2020.

  - The rise in the annual rate of inflation was attributed to the increase in Non-Food inflation to **17.7%** from **15.4%** in August 2020.

  - Rise in prices is attributed to price increases in Purchase of motor Vehicles, Household Furniture and Housing (Actual rentals for housing).

  - Food inflation for the month reviewed saw a drop in prices of food items such as cereals (Breakfast mealie meal, Roller mealie meal, Maize grain, Millet, Sorghum) at 14.0%.

- In terms of contribution to Annual inflation, Food and Non-alcoholic beverages accounted for **7.5** percentage points, while non-food items accounted for **8.0** percentage points.
Year- to- date August 2020 Inflation

- Year- to- date inflation was recorded at 11.7% in September 2020 (Corresponding period in 2019 at 7.9%).

- 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

- August 2020 monthly overall inflation increased to 1.4% from 0.5% in September 2020. This was mainly due to general price increases of Non-food items.

  - Monthly food inflation reduced to 0.6 from 0.7% in August 2020.
    - Increases in prices of food items such as Dried kapenta (mpulungu and chisense), Butter, Peanut butter and cooking oil.
    - However, monthly non-food inflation increased to 2.4% from 0.2% in August 2020.
  
    - Rise mainly attributed to price movements of Housing rentals and Purchase of vehicles.

Provincial Annual Inflation Rates

- Northern province recorded the highest annual inflation at 19.6%, followed by Western province at 17.3%.

- Eastern province recorded the lowest annual rate of inflation at 13.2%.

- Contribution - Lusaka (4.8 percentage points) and Copperbelt (3.0 percentage points) provinces made the highest contributions to the overall annual inflation of 15.7%.
• North-western provinces had the lowest contribution of 0.5 percentage points.

2. INTERNATIONAL TRADE DEVELOPMENTS

• **Total trade** in August 2020 increased by 13.1% to K 22,619.2 million from K 19,991.5 million in July 2020.

• The Total trade for the period from January 2020 to August 2020 increased by 14.4% to K139,629.6 million from K122,041.1 million.

• A **trade surplus** of K5,318.1 million was recorded in August 2020 indicating a 15.7% increase from a July 2020 surplus of K 4,595.6 million, driven by an increase in exports.

**Exports**

• Exports increased by 13.6% to K13,968.6 in August 2020 from K12,293.6 million in July 2020 Imports increased by 12.4% to K 8,650.6 million in August 2020 from K7,698.0 million in July 2020.

  ✓ Exports mainly increased due to a 17.3% rise in Intermediate goods exports earnings to K11,683.0 million in August 2020 from K9,963.5 million in July 2020.

**Refined Copper exports**

• Refined Copper export earnings in August 2020 rose by 20.2% to K 10,533.3 million from K8,764.8 million in July 2020.

  ✓ Refined Copper export volumes in August 2020 increased by 14.3% to 89,195.3 mt from 78,023.1 mt in July 2020.
LME copper prices increased by 2.2% to US$6,496.70 per mt from US$6,353.8 per mt in July 2020.

**Non-Traditional Exports**
- NTEs decreased by 1.7% to K3,433.4 million in August 2020 from K3,491.3 million in July 2020.
- During August 2020, Agricultural NTEs increased by 7.8% while Non-Agricultural NTEs decreased by 6.8%.
  - Agric Major NTEs: ‘Tobacco’ (Switzerland and Malawi) Other raw cane sugar (Congo DR), and Maize seed (Zimbabwe)
  - Non-Agric Major NTEs: ‘Electrical energy’ (Congo DR), Cement (Congo DR), and Other non-alcoholic beverages (Congo DR).

**Imports**
- Imports increased by 12.4% to K 8,650.6 million in August 2020 from K7,698.0 million in July 2020.
  - Driven by increases in import bills for Consumer goods (55.8%) and Raw materials (7.1%).

**Direction of Trade - Exports**
- Major export destination in August 2020 continued to be Switzerland (44.5%) followed by China (20.0%) - Copper products.
- Singapore was third accounting for 12.4% of the total export earnings - Copper products.
- These three countries accounted for 76.9% of Zambia’s total export earnings.

**Direction of Trade - Imports**
- Major source of imports in August 2020 was South Africa (33.8%) – Other medicaments of mixed or unmixed products, for retail sale.
Followed by:

- China (14.8%) - Prepared diagnostic/lab.reagents
- United Arab Emirates (11.7%) - Petroleum oils and oils obtained from bituminous minerals

These three countries collectively accounted for 60.3% of Zambia’s imports.

3. GDP Estimates for Q2

- GDP estimates for Q2 2020 show that the economy contracted by 2.1% from a 0.3% growth in Q1 2020. This is also lower than the 2.3% growth recorded in the corresponding period of 2019.

  - Negative contributions from Wholesale and retail trade (-3.7), Construction (-1.8), Accommodation and food (-0.6), Manufacturing (-0.4), Arts, entertainment and recreation (-0.4) and Education (-0.2).

- Four (4) Industry accounted for over 50% of the Overall GDP at Current Prices, Q2 2020 (Wholesale and Retail Trade; Mining and Quarrying; Construction; and Manufacturing)