



Republic of Zambia

The Monthly

Central Statistical Office

Volume 18

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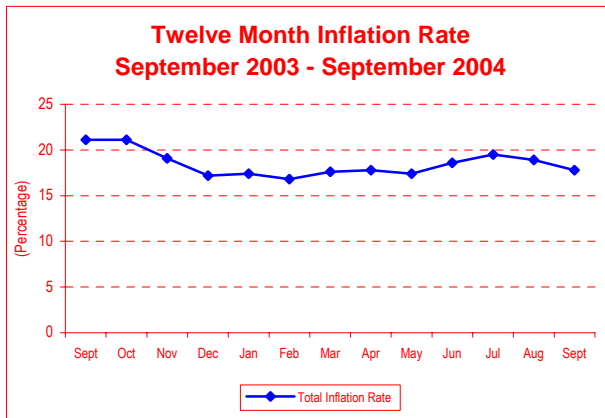
September, 2004

Economic Indicators

September Inflation Drops

The annual rate of inflation was recorded at 17.8 percent as at September 2004. This rate is 1.1 percentage points lower than the August rate of 18.9 percent. Compared with September 2003, the annual rate of inflation declined by 3.3 percentage points, from 21.1 percent in September 2003 to 17.8 percent in September 2004.

Annual inflation rates for the Metropolitan Low, High and Non-Metropolitan Income groups were recorded at 16.1, 18.5 and 18.2 percent respectively.



Source: CSO, Consumer Price Index, September 2004

Contribution of different Items to overall inflation

The food, beverages and tobacco sector contributed significantly to the drop in annual inflation of 1.1 percentage points. There were no significant shifts in the contribution of other items to the decrease in inflation between August and September 2004.

Of the total 17.8 percent annual inflation in September 2004, increases in food prices accounted for 8.3 percentage points while non-food items in the Consumer Price Index (CPI) accounted for 9.5 percentage points.

| Group | Percentage Points Contribution of different Items to overall inflation | |
|-------------------------------|--|-------------|
| | August | September |
| Food Beverages and Tobacco | 9.8 | 8.3 |
| Clothing and Footwear | 2.0 | 2.0 |
| Rent, Fuel and Lighting | 1.4 | 1.6 |
| Furniture and Household Goods | 2.5 | 2.4 |
| Medical Care | 0.2 | 0.1 |
| Transport and Communication | 1.1 | 1.5 |
| Recreation and Education | 1.3 | 1.3 |
| Other Goods and Services | 0.6 | 0.6 |
| All Items | 18.9 | 17.8 |

Source: CSO, Consumer Price Index, August 2004

Your Monthly Food Basket

The food basket as at September 2004 was K582, 213 for a family of six. The same family on average was expected to live on K836, 050 for all their food & basic needs.

Serving Your Data Needs

.... Food Items

Annual food inflation was recorded at 15.7 percent in September, declining by 3.0 percentage points over the August rate of 18.7 percent. From August to September 2004, the index for food increased by 0.6 percent.

Relatively stable prices were recorded for most food items including maize meal, maize grain, fish, fresh vegetables, dried beans, eggs, dried kapenta, sweet potatoes, irish potatoes, cassava tubers, other cereals and cereal products, milk and milk products, cooking oil and other processed food items.

A comparison of prices between August and September 2004, shows that the average price of a 25kg bag of Roller meal dropped by 0.4 percent, from K24,281 in August to K24,186 in September 2004. The average price of Maize Grain measured in a 20-litre tin however, recorded a marginal increase at K11,279 in September compared to K11,099 recorded in August 2004. The average price of 1kg of tomatoes decreased by 14.6 percent, while the price of 1kg of cassava meal went down by 20.3 percent. However, the price of fillet steak (beef) increased by 3.7 percent.

National Average Prices for Selected Products (K)

| Product | August | September | Percentage change(%) |
|-----------------------------|--------|-----------|----------------------|
| White breakfast 25kg | 32,114 | 32,480 | 1.1 |
| White roller 25kg | 24,281 | 24,186 | -0.4 |
| White maize 20 ltr tin | 11,099 | 11,279 | 1.6 |
| Cassava Meal 1kg | 2,438 | 1,942 | -20.3 |
| Tomatoes 1 kg | 2,111 | 1,802 | -14.6 |
| Onions 1kg | 3,921 | 3,356 | -14.4 |
| Rape 1kg | 1,136 | 1,084 | -4.6 |
| Dried Beans 1kg | 4,336 | 4,304 | -0.7 |
| Fillet Steak 1kg | 17,720 | 18,377 | 3.7 |
| Cooking oil imported 750 ml | 6,517 | 6,551 | 0.5 |
| Petrol 1ltr | 4,825 | 5,032 | 4.3 |
| Diesel 1ltr | 4,027 | 4,416 | 9.7 |
| Paraffin 1ltr | 3,140 | 3,454 | 10.0 |

.....Non-Food

Annual non-food inflation rate in September was recorded at 20.1 percent, increasing by 0.9 of a percentage point over the August rate of 19.2 percent. Between August and September 2004, the Non-Food index increased by 1.9 percent. Non-food inflation was attributed to increases in the cost of household energy (paraffin), fuel, house rent, furniture and household appliances, clothing and footwear. Overall, these increases in the cost of non-food items were counteracted by stable food prices.

International Merchandize Trade

August Records Drop in Imports and Exports

The downward movement in imports starting end of the second quarter continued, with August 2004 recording a drop, of slightly less than a quarter, to K766, 794 million from K966, 084 million in July 2004. This represents a decline of 21%.

Exports fell by 26% in August after a significant rise from June to July. The value of total exports at K773, 901 million in July, declined in August by almost a quarter. The net effect of these movements was a marginal increase in the trade deficit in August. The deficit fell from K411, 680 million in June, by 53 percent, to K192, 183 in July and increased by 2 percent to K195,097 million in August

Exports and Imports, January to August 2004 (K' Million)

| Month | Exports (FOB) | | | Total Trade Balance | |
|-------|---------------|-----------|------------|---------------------|------------|
| | Imports (CIF) | Domestic | Re-Exports | | |
| Jan | 602,992 | 444,808 | 2,160 | 446,968 | -156,024 |
| Feb | 597,390 | 431,473 | 1,282 | 432,755 | -164,635 |
| Mar | 840,480 | 861,585 | 9,948 | 871,533 | 31,053 |
| Apr | 769,553 | 613,992 | 11,906 | 625,898 | -143,655 |
| May | 937,075 | 709,658 | 6,093 | 715,751 | -221,324 |
| Jun | 983,451 | 568,719 | 3,052 | 571,771 | -411,680 |
| Jul | 966,084 | 766,482 | 7,419 | 773,901 | -192,183 |
| Aug* | 766,794 | 568,760 | 2,937 | 571,697 | -195,097 |
| TOTAL | 6,463,819 | 4,965,477 | 44,797 | 5,010,274 | -1,453,545 |

* Figures are provisional

Source: CSO, International Trade Statistics, 2004

Crude Petroleum and Transport Equipment Imports Fall

The August 2004 drop in total imports over July 2004 imports may be attributed mainly to the decline in imports of the following:

Mineral fuels and lubricants imports declined drastically, from K90, 804 million in July to K23, 860 million in August. Crude petroleum oil was the single most important mineral fuel accounting for the decline.

Machinery and Transport Equipment imports dropped from K323, 339 million in July to K257, 604 million in August, with motor vehicles being the dominant item.

Crude Materials, Chemicals and Beverages and Tobacco Exports Fall

Total exports fell by slightly more than a quarter from July to August 2004, with the following sections contributing in a major way to the drop:

Crude materials exports dropped to K46, 586 million in August from K153, 788 million in July. The major crude materials contributing to the drop included cotton (K23, 030 million in August and K 123, 166 million in July); Copper and Cobalt ores (K7, 627 million in August and K12, 878 million in July); Cottonseed (K628 million in August and K4, 033 million in July).

Chemical exports declined to K9, 042 million in August (K79, 858 million in July), with Ammonium nitrate (K705 million in August and K73, 825 million in July) being mainly accountable for the drop.

Exports of beverages and manufactured tobacco fell to K27, 393 million in August from K57, 386 million in July.

Exports (FOB) and Imports (CIF) by SITC Section (July to August 2004), K' Millions

| SITC Section | Imports | | | Exports | | |
|---|---------|---------|----------|---------|---------|----------|
| | July | Aug* | % Change | Jul | Aug | % Change |
| 0 Food & live animals | 26,857 | 35,783 | 33 | 43,483 | 32,063 | -26 |
| 1 Beverages & tobacco | 1,116 | 388 | -65 | 57,386 | 27,393 | -52 |
| 2 Crude materials, (exc. Fuels) | 20,982 | 31,974 | 52 | 153,788 | 46,586 | -70 |
| 3 Mineral fuels, lubricants & related materials | 90,804 | 23,860 | -74 | 10,343 | 15,313 | 48 |
| 4 Animal & vegetable oils, fats & waxes | 16,873 | 23,816 | 41 | 122 | 138 | 13 |
| 5 Chemicals | 174,900 | 135,189 | -23 | 79,858 | 9,042 | -89 |
| 6 Manufactured goods by material | 130,629 | 112,175 | -14 | 408,941 | 413,839 | 1 |
| 7 Machinery & transport equipment | 323,339 | 257,604 | -20 | 11,618 | 8,346 | -28 |
| 8 Miscellaneous manufactured articles | 180,583 | 146,005 | -19 | 8,057 | 18,883 | 134 |
| 9 Commodities & transactions NEC* in SITC | 0 | 0 | 0 | 305 | 93 | -70 |
| Total | 966,083 | 766,794 | -21 | 773,901 | 571,696 | -26 |

Note:

SITC - Standard International Trade Classification

NEC - Not Elsewhere Classified

FOB - Free on Board

CIF - Cost Insurance and Freight

* Provisional Figures

Zambia's Major Trading Partners

In July 2004, Zambia imported goods from South Africa worth K458, 493 million and K406, 128 million in August. The major imports being petroleum oils, motor vehicles, wheat, rice, fertilizers, machinery and parts. Imports from the United Kingdom at K192, 490 million in July dropped to K134, 419 million in August. Seventy two percent of total imports from the United Kingdom between January and August 2004 comprised mainly polymer bank notes.

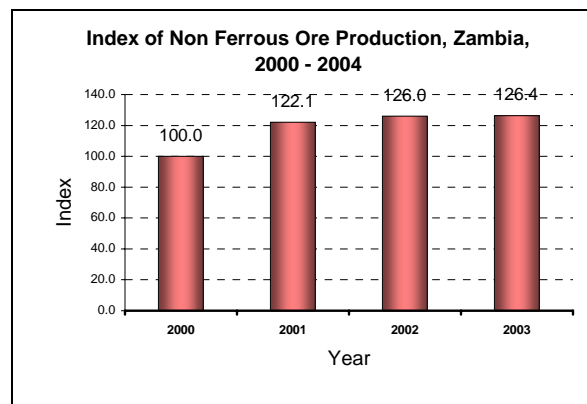
The total value of exports to South Africa declined from K237, 369 million in July to K109, 503 million in August. The major exports to South Africa during January to August 2004 included Cotton (32 percent), Refined copper (26 percent), cottonseed (11 percent) and Cobalt articles (10 percent).

The country exported K104, 562 million worth of goods in August, to the United Kingdom. Slightly over half of the exports to the UK between January and August 2004 comprised refined copper plates, sheets and strips, followed by refined copper (39 percent).

Industrial Production

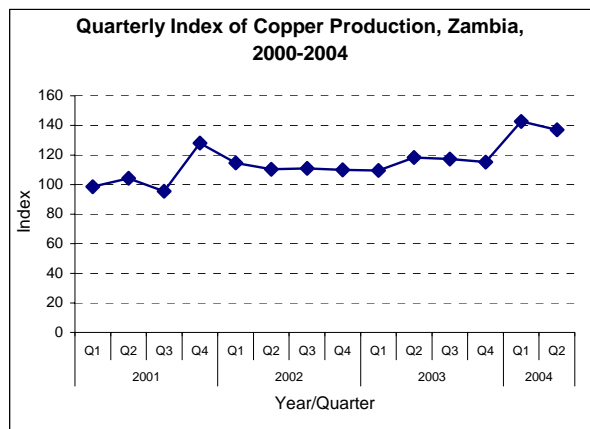
Zambia's Copper Production at Highest

Zambia's quarterly Copper production has continued to increase over the past three years, and was recorded at its highest in the second quarter of 2004, since 2001. The index of Industrial Production reveals that Non Ferrous Ore (copper and cobalt) production in 2003 was 26.4 percent higher than in 2000. This is in comparison to production in 2002 and 2001 that were 26.0 percent and 22.1 percent higher than production in 2000, respectively.



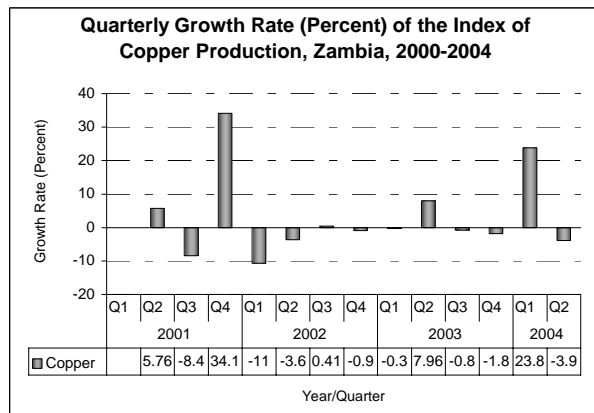
Source: Quarterly Industrial Production Inquiry

Production of Copper has been fairly consistent especially over the past two years recording two significant increases; the first between October and December 2001 and the second between January and March 2004.



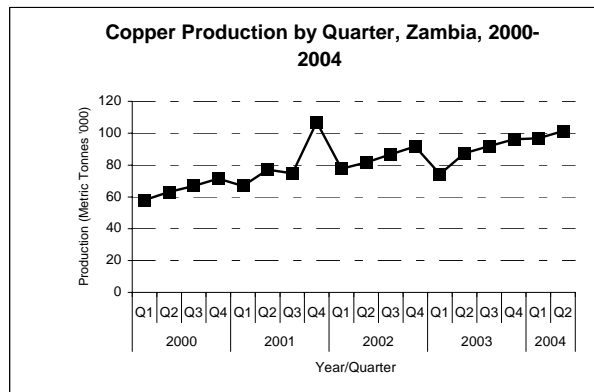
Source: Quarterly Industrial Production Inquiry

In terms of magnitude, Copper production grew by 34.1 percent between October and December 2001, 8.0 percent between April and June 2003 and 23.8 percent between January and March 2004.



Source: Quarterly Industrial Production Inquiry

The growth between January and March 2004 has taken copper production to its three-year peak at 101,355 tonnes (since October to December 2001).



Source: Quarterly Industrial Production Inquiry

If quarterly production of Copper continues at this rate, it may be anticipated that production will stay above the one hundred thousand metric tonne mark especially considering the expected contribution of the new Kansanshi mine in Solwezi.

National Accounts

Trends in the growth of the economy for the period 2000-2003

The real GDP growth rate for Zambia, ranged between 3 and 5 percent. The country recorded a growth in real GDP of 4.9 percent in 2001 from 3.6 percent in 2000. In 2002 the growth was recorded at 3.3 percent. In 2003, real GDP grew by 5.1 percent.

Percentage change of GDP by Economic activity at constant 1994 prices, 2000 and 2003

| Kind of Economic activity | 2000 | 2001 | 2002 | 2003 |
|---|------------|------------|------------|------------|
| Agriculture, Forestry, Fishing | 1.6 | -2.6 | -1.7 | 5.0 |
| Mining and Quarrying | 0.1 | 14.0 | 16.4 | 3.4 |
| Manufacturing | 3.6 | 4.2 | 5.7 | 7.6 |
| Electricity, Gas and Water | 1.2 | 12.6 | -5.2 | 0.6 |
| Construction | 6.5 | 11.5 | 17.4 | 21.6 |
| Wholesale and Retail Trade | 2.3 | 5.4 | 5.0 | 6.1 |
| Restaurants, Bars and Hotels | 12.3 | 24.4 | 4.9 | 6.9 |
| Transport, Storage and Communications | 2.4 | 2.8 | 1.8 | 5.0 |
| Financial Institutions and Insurance | -0.6 | 0.1 | 3.5 | 3.5 |
| Real Estate and Business Services | 17.0 | 3.5 | 4.4 | 4.0 |
| Community, Social and Personal Services | -0.5 | 5.8 | 1.6 | 1.6 |
| Less: FISIM | 2.5 | 2.5 | 2.5 | 2.5 |
| Taxes on products | 5.2 | 7.0 | -6.8 | -3.0 |
| Total Real Growth Rate | 3.6 | 4.9 | 3.3 | 5.1 |

Source: CSO National Accounts

Note:

FISIM – Financial Intermediation Services Indirectly Measured

In 2001, the major industries that recorded significant changes in growth were Mining and Quarrying with real GDP growth rate of 14.0 percent, Construction with growth of 11.5 percent and Restaurants, Bars and Hotels at 24.4 percent, from 0.1, 6.5 and 12.3 percent in 2000 respectively. During 2001 exceptional events such as the occurrence of the solar eclipse contributed to Restaurants, Bars and Hotels sector favourable performance.

However in 2002, the picture was different with real GDP growth rate of Restaurants, Bars and Hotels industry growing by only 4.9 percent.

Electricity, Gas and Water declined from 12.6 percent in 2001 to -5.2 percent in 2002. The performance of electricity sub-sector was as a result of equipment failure at Kafue Gorge Power station, which resulted in reduction of generation of power for three months.

The Agriculture industry also recorded a slight growth of 0.9 percentage points from -2.6 percent to -1.7 percent. The 2001/2002 rainy season was generally characterized by scanty rains in the southern half and normal rains in the northern half of the country. Consequently the production of crops was affected.

Mining, one of Zambia's main economic activities registered a marginal growth of 3.4 percent in 2003 compared to the growth of 16.4 percent in 2002. The relatively smaller growth in mining was due to marginal increases in the production of copper, cobalt and coal.

Agriculture, Forestry and Fishing industry recorded a growth rate of 5.1 percent from -1.7 percent in 2002. This could be attributed mainly to good weather conditions prevailing at that time. Electricity, Gas and Water industry increased to 0.6 percent in 2003 from -5.2 percent in 2002. Other industries such as Financial Institutions and Insurance, Real Estate and Business Services and Community, Social and Personal Service did not register major changes from 2002.

Agriculture

Bumper Harvest Confirmed

The final maize production figure for the 2003/2004 agricultural season, according to findings from the Crop Forecasting Survey conducted jointly by Ministry of Agriculture and Cooperatives and Central Statistical Office, is 1,213,601 metric tonnes. This is an increase of 4.8%, from the production figure of 1,157,860 metric tonnes in 2002/2003 Agricultural Season.

The Maize Balance Sheet for 2004/05 Marketing Season

| | |
|------------------------------|----------------|
| Availability: | |
| Opening stocks (May 2004) | 179,735 |
| Total production (2003/2004) | 1,213,601 |
| Total availability | 1,393,336 |
| Requirement: | |
| Human consumption | 1,020,156 |
| National reserve stocks | 55,000 |
| Stock feed | 50,000 |
| Breweries | 15,000 |
| Seed | 7,500 |
| Losses | 60,680 |
| Total requirement | 1,208,336 |
| Surplus | 185,000 |

Source: MACO based on the Zambia National Food Balance sheet for 2004/05

The total maize available is able to meet the country's requirement and leave a surplus of 185,000MT.

Labour

Formal Sector Employment Trends

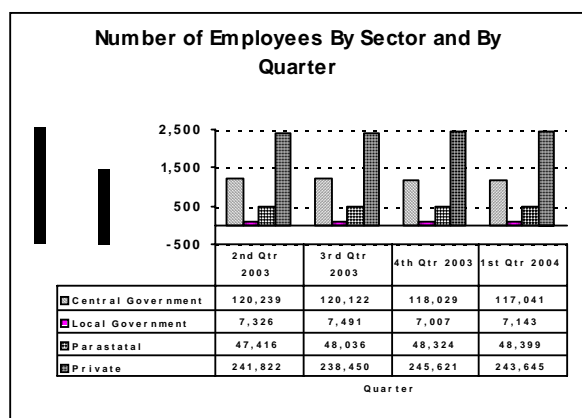
Total formal employment in Zambia was estimated at 416,228 as at March 2004. It decreased from 418,981 observed at December 2003 to 416,228 at March 2004 representing a decline of 0.7 percent. This decrease can largely be attributed to the downsizing of the Civil Service as the Community and Personal Services industrial sector registered a decrease in employment share. Other industrial sectors whose employment levels declined include Trade and Mining. For instance, Trade registered reductions throughout successive quarters in 2003 as seen in table below. The table further shows that between fourth quarter 2003 and first quarter 2004, Trade recorded a 2.4 percent decline (from 45,575 to 44,460) while Mining recorded a decline of 9.0 percent over the same period (from 50,581 to 46,078). However, there was an increase of 0.5 percent in total employment between second quarter 2003 and fourth quarter 2003.

Number of Employees By Industry and By Quarter.

| Industry | 2nd Qtr 2003 | 3rd Qtr 2003 | 4th Qtr 2003 | 1st Qtr 2004 |
|---------------------|----------------|----------------|----------------|----------------|
| Agriculture | 64,096 | 65,141 | 65,157 | 65,136 |
| Mining | 48,597 | 49,054 | 50,581 | 46,078 |
| Manufacturing | 39,385 | 42,830 | 45,107 | 45,340 |
| Electricity & Water | 10,832 | 10,747 | 11,234 | 12,346 |
| Construction | 3,467 | 3,578 | 6,300 | 5,787 |
| Trade | 53,450 | 46,006 | 45,575 | 44,460 |
| Transport | 26,725 | 26,529 | 26,774 | 26,510 |
| Business services | 28,555 | 28,219 | 29,159 | 31,880 |
| Pers Community | 141,697 | 141,994 | 139,094 | 138,691 |
| Grand Total | 416,804 | 414,099 | 418,981 | 416,228 |

Source: Quarterly Employment and Earnings Inquiry

Personal community has the largest share of formal employment with 33.3 percent followed by Agriculture with 15.6 percent as at March 2004. The least proportion of employees were in the construction industry with 1.4 percent



Source: Quarterly Employment and Earnings Inquiry

The Central Government sector is the second largest contributor of employees after the private sector. It accounted for 120,239 employees in June 2003. Its share did not change much as it was 120,122 employees in the second quarter 2003. A decline of 1.7 percent was recorded in the fourth quarter, bringing the total number of employees in December 2003 to 118,029. A further decline from 118,029 employees in December 2003 to 117,041 employees in March 2004 was observed; this could have been attributed to the Civil Service Reform Programmes being implemented by Government. The graph above also shows that the parastatal sector constitutes the least number of employees. The second quarter 2003 recorded the highest number of employees in the parastatal sector totalling 7,491. By first quarter 2004, total number of persons employed in the parastatal sector had reduced to 7,143

In terms of average monthly earnings, the parastatal sector registered the highest in all successive quarters. Total average monthly earnings amounted to K713,384 in the second quarter 2003 and gradually increased to K739,258 in the third quarter 2003. By the fourth quarter 2003 and first quarter 2004 average earnings had further increased to K784,043 and K809,375, respectively as evidenced in the table below.

Average Monthly Earnings By sector and By quarter

| Sector | 2nd Qtr 2003 | 3rd Qtr 2003 | 4th Qtr 2003 | 1st Qtr 2004 |
|--------------------|----------------|----------------|----------------|----------------|
| Central Government | 384,031 | 675,380 | 675,327 | 676,489 |
| Local Government | 423,869 | 305,395 | 346,101 | 410,410 |
| Parastatal | 1,162,698 | 1,670,318 | 1,873,516 | 1,924,071 |
| Private | 401,085 | 595,407 | 632,833 | 659,646 |
| Total | 713,384 | 739,258 | 784,043 | 809,375 |

Note: All earnings are quoted in Zambian Kwacha
Source: Quarterly Employment and Earnings Inquiry

The Central Government shows a huge percentage increase in average monthly earnings of 75.9 percent between second quarter 2003 and third quarter 2003. The Local Government average monthly earnings, on

the other hand, fluctuated from the second quarter of 2003 through to fourth quarter of 2003. They nevertheless registered an increase of 18.5 percent between the fourth quarter of 2003 and the first quarter of 2004 (K346, 101 to K410, 410). The average monthly earnings for all sectors in the first quarter of 2004 were K809, 375, increasing from K713, 384 of the second quarter of 2003.

Health

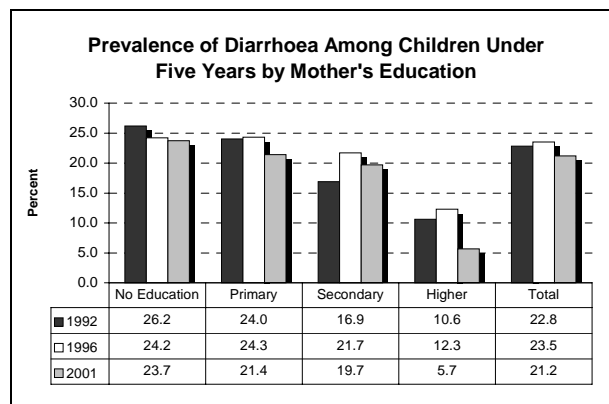
Prevalence of Diarrhoea Among Children Under Five Remains High

Children below the age of five are susceptible to a lot of diseases. Prominent amongst the diseases affecting children is diarrhoea. In Zambia, the prevalence of diarrhoea in children under five has remained high, in the past ten years.

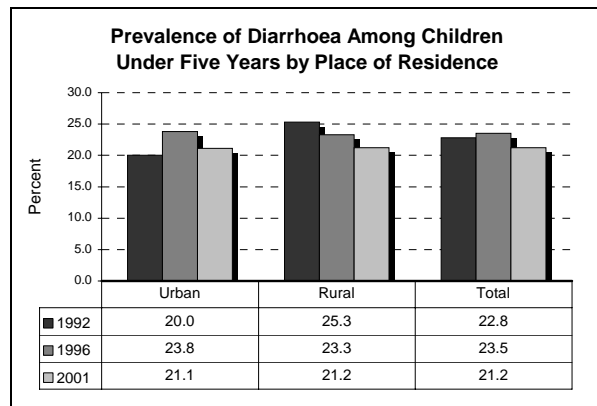
In the 1992, 1996 and 2001-2002 Zambia Demographic and Health Surveys (ZDHS), mothers were asked whether any of their children under five years of age had diarrhoea, at any time during the two week period prior to the survey. About one out of five children below the age of five suffered from diarrhoea two weeks prior to the surveys

The 1992 survey revealed that 22.8 percent of children under five suffered from diarrhea. In 1996, the proportion rose to 23.5 percent and it then declined to 21.2 percent in 2001/2002.

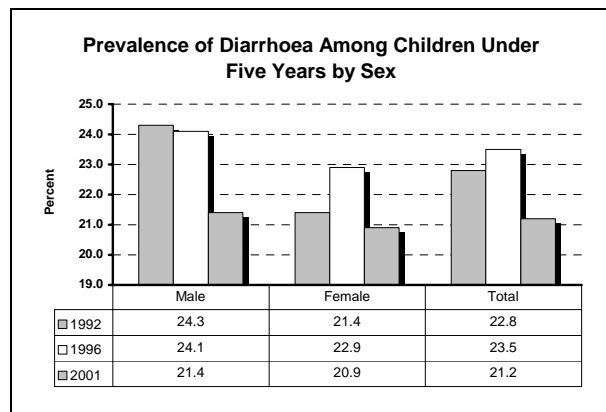
Diarrhoea can be associated with or caused by a number of factors. Among these factors are place of residence, mother's level of education and sex of child.



The level of education of a mother can be a proxy indicator for level of knowledge and practice of good hygiene. Data in all the three surveys suggests that children born to mothers with no education had the higher probability of suffering from diarrhoea. In 1992, the proportion stood at 26.2 percent while in 1996 it dropped to 24.2 percent and to 23.7 percent in 2001/2002. The data also reveals that children born to mothers with secondary and higher education were less prone to diarrhoea.



The urban-rural differentials show that in 1992, among the children living in rural areas, 25 percent suffered from diarrhoea compared to 20 percent of their urban counterparts. The 1996 and 2001 data show insignificant differences in the proportions of children having suffered from diarrhoea between rural and urban.



Considering the sex of the child, prevalence of diarrhoea was higher among male children. The 1992 data reveals that among male children, 24.3 percent suffered from diarrhoea compared to 21.4 percent of their female counterparts. In 1996, proportions were still high among male (24.1 percent) than female children (22.9 percent). In the 2001 survey, males (at 21.4 percent) have

proportions almost the same as for females (at 20.9 percent).

Available at the CSO!!

- ZamSED Version 1.2 CD
- Zambia Sexual Behavior Survey Report, 2003
- Zambia Demographic and Health Survey 2001-2002
- 2000 Census Reports

The Layman and Statistics

The Metropolitan Low Income Group: This covers Low Income households in the urban areas.

The Metropolitan High Income Group: This covers High Income households in the urban areas.

The Non-Metropolitan Group: This covers households in rural areas.

The Metropolitan areas comprise the 10 major towns. These include Livingstone, Lusaka urban, Kabwe urban and all the Copperbelt towns. The Metropolitan areas were further classified into Low and High Income households. All the small towns and the rural parts form the Non-Metropolitan.

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.

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