



Republic of Zambia

# The Monthly

## Central Statistical Office

Volume 20

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November, 2004

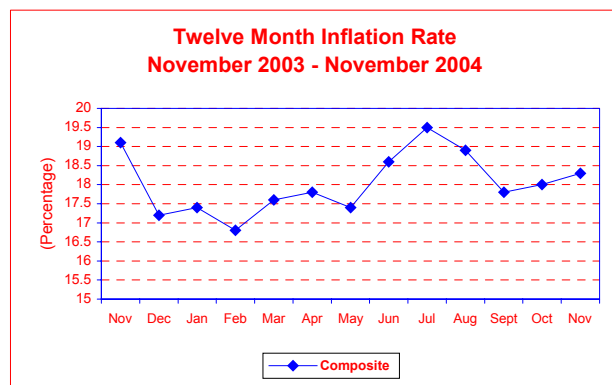
### Economic Indicators

#### November Inflation Records an Increase

The annual rate of inflation was recorded at 18.3 percent as at November 2004. This rate is 0.3 of a percentage point higher than the October rate of 18.0 percent. Compared with November 2003, the annual rate of inflation declined by 0.8 of a percentage point, from 19.1 percent in November 2003 to 18.3 percent in November 2004.

Annual inflation rates for the Metropolitan Low, High Income and Non-Metropolitan Groups are recorded at 17.1, 18.8 and 18.7 percent respectively.

Between October and November 2004, the Consumer Price Index increased by 2.3 percent.



Source: CSO, Consumer Price Index, November 2004

#### Contributions of different Groups to overall inflation

The annual inflation rate for November is 0.3 of a percentage point higher than the October rate of 18.0 percent. This increase of 0.3 of a percentage point is mainly accounted for by food, beverages and tobacco. There were no significant shifts in the contribution of other groups to the increase in inflation between October and November 2004.

Further more, of the total 18.3 percent annual inflation in November 2004, increases in food prices accounted for 9.0 percentage points while non-food items in the CPI accounted for 9.3 percentage points.

Group	Percentage Points Contributions of different Groups to overall inflation	
	October	November
Food Beverages and Tobacco	8.6	9.0
Clothing and Footwear	1.8	1.6
Rent, Fuel and Lighting	1.6	1.7
Furniture and Household Goods	2.4	2.3
Medical Care	0.1	0.1
Transport and Communication	1.8	1.9
Recreation and Education	1.3	1.2
Other Goods and Services	0.4	0.5
All Items	18.0	18.3

Source: CSO, Consumer Price Index, November 2004

#### Your Monthly Food Basket

The food basket as at November 2004 was K607, 642.00 for a family of six. The same family on average was expected to live on K872,565.00 for all their food & basic needs.

Serving Your Data Needs

## Relatively Higher Food Prices Influence November Inflation

Annual food inflation was recorded at 16.8 percent, increasing by 0.8 of a percentage point on the October rate of 16.0 percent. From October to November 2004, the index for food increased by 2.6 percent.

Relatively higher prices were recorded for most food items including maize grain, roller meal, other cereals and cereal products, fresh meat, dried kapenta, fish, fresh vegetables, shelled groundnuts, dried beans, sweet potatoes, irish potatoes, dressed chicken, eggs, cooking oil and other processed food items. Relatively stable prices were, however, recorded for breakfast meal.

Annual non-food inflation rate stood at 20.0 percent, declining by 0.3 of a percentage point on the October rate of 20.3 percent. Between October and November 2004, the Non-Food index increased by 1.9 percent. Non-food inflation was attributed to increases in the cost of fuel, house rent, household energy (paraffin), furniture and household appliances, clothing and footwear.

## Maize Grain Prices Continue to Rise

A comparison of prices between October and November 2004 shows that the average price of Maize Grain measured in a 20-litre tin increased by 2.6 percent, from K11, 462 in October to K11, 763 in November. The average price of a 25kg bag of roller meal increased by 1.2 percent. The average price of 1Kg dried Kapenta (Siavonga) went up by 1.9 percent, while the average price of 1kg rape increased by 26.8 percent. However, the average price of a 25kg bag of breakfast meal declined by 0.2 percent.

### National Average Prices for selected products

Product	October	November	Percentage Change (%)
White breakfast 25kg	32,330	32,276	-0.2
White roller 25kg	24,172	24,463	1.2
White maize 20 ltr tin	11,462	11,763	2.6
Mixed cut(Beef)	12,875	13,272	3.1
Dried Kapenta (Siavonga)	27,707	28,238	1.9
Rape 1kg	1,134	1,438	26.8
Dressed Chicken 1kg	13,307	14,027	5.4
Dried Beans 1kg	4,469	4,719	5.6
Petrol 1ltr	5,287	5,318	0.6
Diesel 1ltr	4,609	4,877	5.8

Paraffin 1ltr	3,557	3,783	6.4
Charcoal 50kg bag	13,127	13,400	2.1

## International Merchandize Trade

### Imports Up in October!

The total value of imports in October 2004 was K943, 949 million as compared to K930, 547 million in September 2004. This is equivalent to about 1.4% increase in the total value of expenditure on imports. On the other hand, exports showed a marginal increase in total value, recording K560, 289 million in September as compared to K563, 264 million in October 2004. In general, imports have shown an upward trend while exports have recorded a slight increase leading to about 2.8 percent increase in the trade deficit from K370, 259 million in September to K380, 685 million in October 2004.

### Total Exports, Imports & Trade Balance, January to October 2004, (K' Millions)

Period	Imports (cif)*	Domestic Exports (fob)	Re-Exports (fob)	Total Exports (fob)*	Trade Balance
January	600,902	444,799	2,160	446,959	-153,943
February	587,700	431,473	1,282	432,755	-154,945
March	814,284	637,604	9,948	647,552	-166,732
<b>Sub - Total Q1</b>	<b>2,002,886</b>	<b>1,513,876</b>	<b>13,390</b>	<b>1,527,266</b>	<b>-475,620</b>
April	757,199	608,389	11,906	620,295	-136,904
May	932,676	709,643	6,093	715,736	-216,940
June	983,451	568,719	3,052	571,771	-411,680
<b>Sub - Total Q2</b>	<b>2,673,326</b>	<b>1,886,751</b>	<b>21,051</b>	<b>1,907,802</b>	<b>-765,524</b>
July	968,864	766,482	7,419	773,901	-194,963
August	799,373	568,760	2,937	571,697	-227,676
September	930,548	558,202	2,087	560,289	-370,259
<b>Sub - Total Q3</b>	<b>2,698,785</b>	<b>1,893,444</b>	<b>12,443</b>	<b>1,905,887</b>	<b>-792,898</b>
<b>October<sup>(p)</sup></b>	<b>943,949</b>	<b>554,476</b>	<b>8,788</b>	<b>563,264</b>	<b>-380,685</b>
<b>Grand Total</b>	<b>8,318,946</b>	<b>5,848,547</b>	<b>55,672</b>	<b>5,904,219</b>	<b>-2,414,727</b>

Note: (p) = Provisional

(cif)\* Cost, Insurance and Freight, (fob)\* Free on Board

Source: CSO, International Trade Statistics, 2004

Domestic exports decreased to K554, 476 million in October from K558, 202 million in September 2004. The share of Domestic exports in total exports was about 99 percent in both September and in October 2004; with re-exports accounting for the remaining share (1%).

## Imports

The increase in October import values over those of September was mainly due to significant levels in expenditure on machinery and transport equipment (K257, 525 million to K281, 005 million) and Chemicals (K152, 799 million to K183, 219 million). The outstanding commodities among the machinery and transport equipment that contributed to the

increase include: machinery for crushing (earth stones, ores etc), DC-Motors and generators, electric saws among others.

**Total Imports (cif) by (SITC) sections, September – October 2004, K' Millions**

Section	Product	Total	Sept - 04	Oct - 04*
0	Food & Live Animals	88,525	59,633	28,892
1	Beverages & Tobacco	1,480	941	539
2	Crude Materials, (Exc. Fuels)	57,534	29,196	28,338
3	Mineral Fuels, Lubricants & Related Materials	251,119	113,177	137,942
4	Animal & Vegetable Oils, Fats & Waxes	42,951	23,253	19,698
5	Chemicals	336,018	152,799	183,219
6	Manufactured Goods Classified Chiefly By Material	255,931	122,440	133,491
7	Machinery & Transport Equipment	538,530	257,525	281,005
8	Miscellaneous Manufactured Articles	302,372	171,583	130,789
9	Commodities & Transactions Nec In Sitic	35	0	35
<b>Total</b>		<b>1,874,495</b>	<b>930,547</b>	<b>943,948</b>

Note: (\*) Provisional, (SITC)\* Standard International Trade Classification, Source: CSO, International Trade Statistics, 2004

The major sources of these commodities include South Africa (with the largest proportion), followed by India, United Kingdom and United Arab Emirates. Other sources are Japan, USA, Zimbabwe and Finland. From these sources, Zambia spent about 89 percent in terms of expenditure on importation of machinery and transport equipment.

## Exports

The total values of exports increased marginally by about 0.5 percent, from K560,289 million in September to K563,264 million in October 2004.

**Total Exports (fob) by (SITC) sections, September – October 2004, K' Millions**

Section	Product	Total	Sept - 04	Oct - 04*
0	Food & Live Animals	112,472	56,629	55,843
1	Beverages & Tobacco	59,936	37,664	22,272
2	Crude Materials, (Exc. Fuels)	99,281	50,219	49,062
3	Mineral Fuels, Lubricants & Related Materials	13,757	8,658	5,099
4	Animal & Vegetable Oils, Fats & Waxes	232	207	25
5	Chemicals	8,293	5,310	2,983
6	Manufactured Goods Classified Chiefly By Material	796,024	390,496	405,528
7	Machinery & Transport Equipment	14,220	6,929	7,291
8	Miscellaneous Manufactured Articles	19,240	4,121	15,119
9	Commodities & Transactions Nec In Sitic	97	55	42
<b>Total</b>		<b>1,123,552</b>	<b>560,288</b>	<b>563,264</b>

Note: (\*) Provisional, (SITC)\* Standard International Trade Classification, Source: CSO, International Trade Statistics, 2004

The main products exported are manufactured goods classified by material recording K390,496 million in September and K405,528 million in October 2004. The major commodities exported include refined copper (including articles), cobalt, precious/semi-precious stones, cotton yarn and Portland cement. These commodities accounted for about 69.2 percent and 71.7 percent in total exports of manufactured goods in September and October 2004 respectively.

## Total Value of Trade by Customs Port Office

During the month of October 2004, the amount of trade in terms of values for imports and exports by port of entry/exit was structured as follows:

The customs port office through which the largest value of imports left Zambia in October was Chirundu accounting for about 32 percent, followed by Lusaka International Airport accounting for about 17 percent. Other Customs office with significant values of import values recorded through them include Livingstone Port office with 16 percent and Ndola port office with about 9 percent.

**Total Exports, Imports by Customs Port Office, K' Millions October 2004**

Customs Port Office	Exports (fob)		Imports (cif)	
	Value (fob)	%Share	Value (cif)	%Share
Chingola	17,860	3.2	6,562	0.7
Chingola Airport	-	0.0	2,623	0.3
Chirundu	82,984	14.7	299,128	31.7
Kapiri Mposhi	35,446	6.3	16,122	1.7
Kariba	20	0.0	1,025	0.1
Kasumbalesa	20,035	3.6	2,889	0.3
Kazungula	1,677	0.3	6,439	0.7
Kitwe Port Office	252,204	44.8	34,619	3.7
Livingstone Airport	12	0.0	25	0.0
Livingstone Port Office	22,222	3.9	147,919	15.7
Lusaka International Airport	48,047	8.5	161,655	17.1
Lusaka Port Office	2,841	0.5	42,818	4.5
Mwami Border Post	13,914	2.5	6,473	0.7
Nakonde	9,156	1.6	112,641	11.9
Ndola Airport	16	0.0	3,794	0.4
Ndola Port Office	56,743	10.1	93,671	9.9
Victoria Falls	87	0.0	5,545	0.6
<b>Total</b>	<b>563,264</b>	<b>100.0</b>	<b>943,948</b>	<b>100.0</b>

In terms of exports, Kitwe port office recorded the largest proportion of revenue from exports of about 45 percent (*mainly copper and cobalt*). Chirundu recorded the second largest proportion of about 15 percent followed by Ndola port office and Lusaka International Airport recording about 10 percent and 9 percent respectively. The rest of the customs port offices accounted for the remaining proportion of 21 percent in total revenue from exports in October 2004.

However, the map of Zambia attached at the back of this report provides a clear picture of locations of these customs port offices.

## Public Finance

### Money Supply

At the end of September, 2004 Narrow money also known as 'M1' declined by 3 percent to K2, 009,555 million from K2, 071,511 million as recorded at the end of August. A comparison of M1 between January and September, 2004, however, shows that there was an increase of 10.4 percent from K1, 682,911 million recorded at the end of January. The value of currency in circulation in September decreased by 4.5 percent to K734, 396 million from K769, 033 million recorded in August. Kwacha demand deposits stood at K1, 274,950 million in September, representing a 2.1 percent decline from K1, 302,336 million in August.

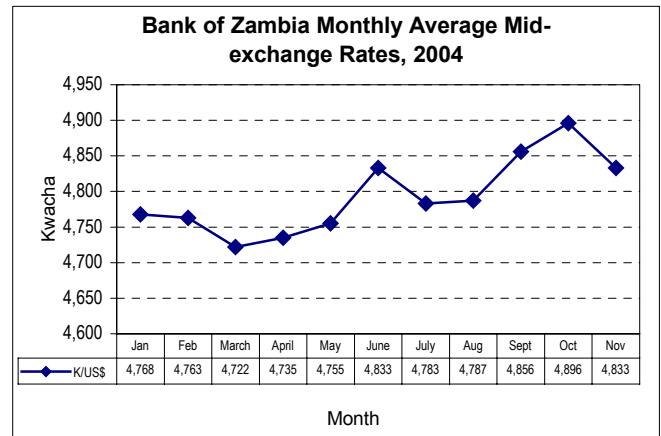
#### Money supply (Narrow money (M1))- 2004 (K' Million)

Month	Currency with non-bank	Demand deposits	Bills payable	Narrow money
January	558,801	1,124,002	108	1,682,911
February	557,383	1,109,943	108	1,667,434
March	564,016	1,131,125	54	1,695,195
April	607,054	1,255,130	76	1,862,260
May	629,397	1,268,153	104	1,897,654
June	701,501	1,296,193	155	1,997,849
July	785,430	1,309,161	126	2,094,717
August	769,033	1,302,336	142	2,071,511
September	734,396	1,274,950	209	2,009,555

Source: Bank of Zambia

### Exchange Rates

The Bank of Zambia monthly average mid-exchange rate depreciated by 2.7 percent to K4, 896 per US Dollar in October from K4, 768 per US Dollar as recorded in January, 2004. However, a comparison of the exchange rate in October to that recorded during the first week of November shows that the Kwacha against the Dollar appreciated by 1.3 percent to K4, 833.



Note: November Exchange rate is for the first week

Source: Bank of Zambia

### Commercial Banks' Interest Rates

In the period between January and October 2004, there was a significant decline in the commercial banks' interest rates. A steady decline was observed in the weighted lending base rate from 36.2 percent in January to 29.8 percent in October.

#### Commercial Banks' Interest Rates, 2004

Month	Weighted Lending base rates	Savings		Deposits over K20million	
		<K100,000	>K100,000	30 days	180 days
January	36.2	6.2	7.2	15.1	18.1
February	33.7	6.2	7.0	11.5	15.3
March	31.8	5.3	6.8	9.9	11.9
April	30.0	4.9	6.6	8.5	9.2
May	29.8	4.9	6.6	8.3	10.0
June	29.8	4.9	6.6	8.3	10.0
July	30.0	4.1	7.2	8.1	9.7
August	29.6	3.9	6.1	8.0	9.6
September	30.0	3.9	6.1	8.0	9.6
October	29.8	3.9	5.9	8.2	10.0

Source: Bank of Zambia

During the same period (January to October 2004), interest on savings showed a decline on savings of less than K100, 000 from 6.2 percent in January to 3.9 percent in October. Interest on savings of more than K100, 000 remained fairly stable with 7.2 percent in January to 5.9 percent in October. However, a significant decline was observed in interest rates on deposits of over K20 million. Rates on 30 days deposits declined from 15.1 percent in January to 8.2 percent in October. Similarly, rates on 180 days deposits decreased from 18.1 percent in January to 10 percent in October.

## Industrial Production

### *CSO Conducts Economic Sector Comprehensive Surveys in 2004/2005*

The Central Statistical Office will in the months of November, December 2004 and January 2005, be conducting two Comprehensive Surveys: the Comprehensive Survey of Industrial Production and the Comprehensive Survey of Construction. This is in accordance with the Census and Statistics Act, Chapter 127 of the Laws of Zambia - Section 15. Under this act, the Central Statistical Office is mandated to collect statistical information on behalf of the Government of the Republic of Zambia from any institution, establishment or individual in Zambia for the purposes of evaluating and monitoring the performance of the economy. Response to this inquiry is obligatory on the part of establishments.

By the same Act, information supplied is kept **STRICTLY CONFIDENTIAL** and will be used only for statistical purposes.

#### Scope and Coverage

The Comprehensive Survey of Industrial Production (CIP) and Comprehensive survey of Construction (COC) cover establishments that are involved in the economic activities classified in the following sectors:

- *Mining and Quarrying;*
- *Manufacturing;*
- *Electricity, water and Gas; and*
- *Construction*

The reference year for the current Comprehensive Survey is 2003.

One of the most basic purposes of these surveys is to determine the Gross (Total) value added to the economy by the manufacturing, mining and quarrying, electricity, gas and water as well as the construction sectors. The surveys are intended to help government determine the structure of these industries in terms of the main establishments contributing to production.

The Central Statistical Office, therefore, appeals to establishments involved in manufacturing, mining and quarrying, electricity, gas and water as well as the construction sectors in Zambia to welcome and cooperate with its officers in providing the relevant information, as it is critical to national planning and development.

The results of the Comprehensive Surveys will be published during the first quarter of 2005.

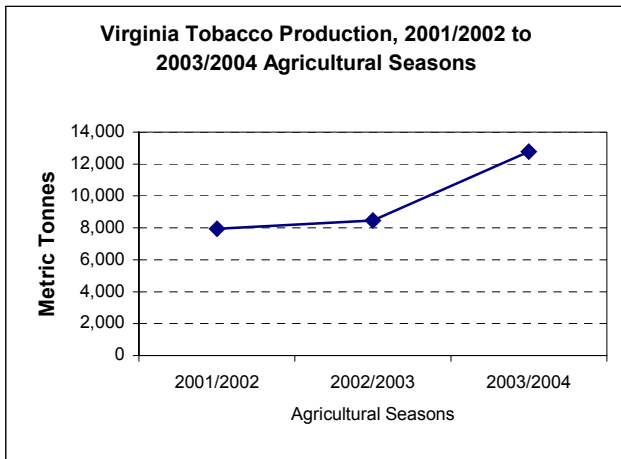
## Agriculture

### *Virginia Tobacco Production Continues to Increase*

The 2003/2004 Crop Forecast Survey results show that Virginia Tobacco production has continued to increase. During the just ended agricultural season, Virginia Tobacco production recorded an increase of 50.9 percent over the previous season. Compared to the 2001/2002 agricultural season, the 2003/2004 Virginia Tobacco production was 60.8 percent higher. Production of Virginia Tobacco in 2003/2004 was recorded at 12,769 metric tonnes compared to 8,462 metric tonnes reported during the 2002/2003 agricultural seasons. In the 2001/2002 agricultural season, Virginia Tobacco output was estimated at 7,941 metric tonnes.

Virginia Tobacco Production (Metric Tonnes), 2001/2002 to 2003/2004 Agricultural Seasons				
Agricultural Seasons			Percentage Change 2003/2004 from 2002/2003	Percentage Change 2003/2004 from 2001/2002
2001/2002	2002./2003	2003/2004		
7,941	8,462	12,769	50.9	60.8

The graph shows a graphical presentation of Virginia Tobacco production in the country over the past three agricultural seasons.



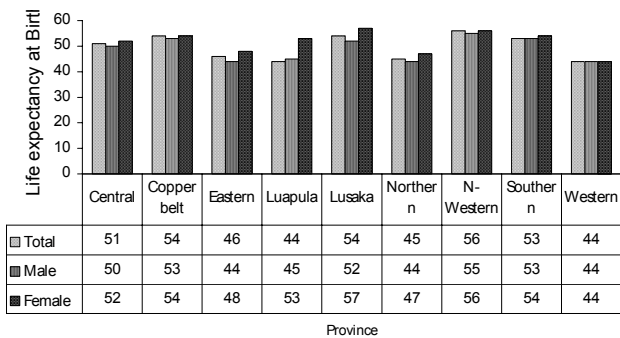
## Population and Demography

### *Life Expectancy by Province*

Life expectancy at birth, i.e. the average number of years a newly born child is expected to live, if the current existing mortality conditions were to prevail for a long time, shows variations by province.

The 2000 census results indicate that North-western Province had the highest life expectancy at birth (56 years) compared to other provinces. Copperbelt and Lusaka provinces had the next highest life expectancy at birth of 54 years. Luapula and Western provinces, both with a life expectancy at birth of 44 years had the lowest.

**Life Expectancy at Birth by Province and sex, Zambia, 2000**

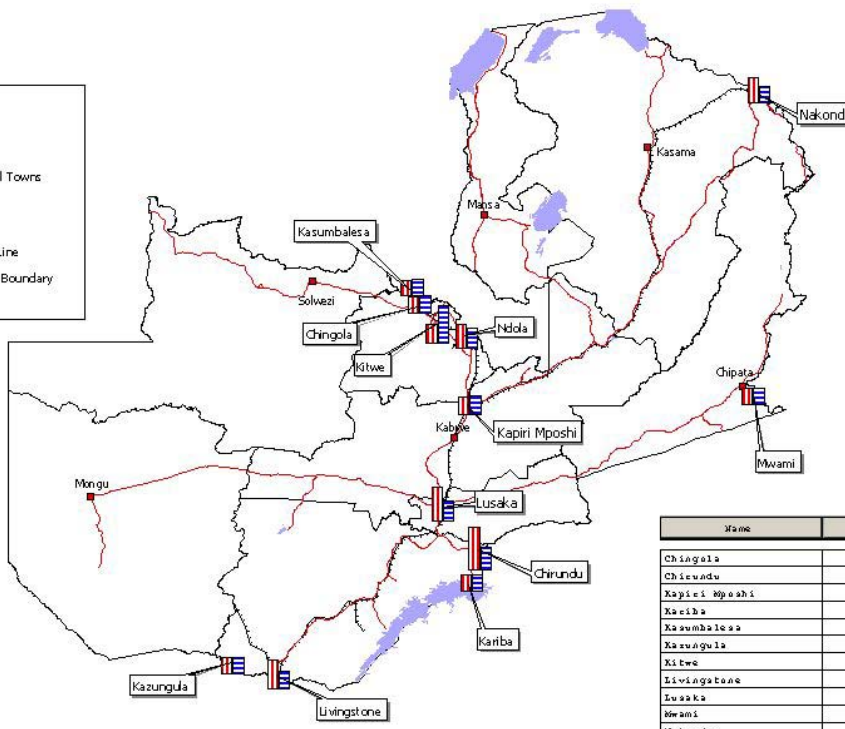


Life expectancy variations by sex are also apparent. In all the provinces, life expectancy is higher among females than males; except Western province in which it is the same for males and females at 44 years.

**Values of Imports and Exports by Customs Office in K'Million, October 2004**

**KEY**

- Import
- Exports
- Provincial Towns
- Roads
- Lakes
- Railway Line
- Province Boundary



Name	Imports	Exports
Chingola	9225	17560
Chiewandu	289120	82904
Kapiri Mposhi	16122	25446
Kaibisa	1025	20
Kasumbalesa	2888	20035
Kasungula	6438	1677
Kitwe	34618	252204
Livingstone	153488	22321
Lusaka	204472	58885
Mwami	6473	13914
Nakonde	112641	9156
Ndola	97465	56758

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## The Layman and Statistics

**Inflation:** is the rate of change in prices of goods and services.

**Money:** A medium that can be exchanged for goods and services and is used as a measure of their values on the market, and may include commodities such as gold and the official currency i.e. coins and negotiable paper notes issued by the government as legal tender.

**Narrow Money (M1):** One measure of money supply that includes coins, currency held by the public in cash demands deposits, traveller's cheques etc.

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