Bank Of Zambia

Monetary Policy Statement

JAN - JUN 2016

Bank of Zambia

MISSION STATEMENT

The principal purpose of the Bank of Zambia is to achieve and maintain price and financial system stability for balanced macro-economic development.

This Monetary Policy Statement is made pursuant to Part II, Section 9 of the Bank of Zambia Act Chapter 360 of the Laws of Zambia

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Executive Summary

1. This statement presents an economic outlook for the first half of 2016, outlines macroeconomic objectives for 2016 that will guide monetary policy implementation and reviews the performance of monetary policy during the second half of 2015.

2. Global economic activity is expected to pick up slowly in 2016, especially in emerging market and developing economies. The economic downturn in China and lower commodity prices are expected to weigh on growth prospects in emerging market and developing economies. Recovery in developed economies is also expected, albeit moderately.

3. Zambia's GDP growth is expected to remain positive, with only marginal improvement over the 2015 outturn. This growth is expected to be driven mainly by construction, Information and Communications Technology, and accommodation and food services.

4. However, unfavourable weather conditions, continued electricity supply constraints, and low copper prices are expected to weigh on the projected GDP growth for 2016.

5. Monetary operations over the first half of 2016 will continue to focus on the need to anchor inflation expectations following the sharp rise in inflation over the second half of 2015. Annual inflation is projected to remain elevated over the first half of the year, but to decelerate sharply over the second half, as the monthly changes in inflation drop to levels that are consistent with single digit inflation on an annualised basis. The Bank of Zambia remains mindful of the need to ensure that domestic economic activity is not severely constrained.

6. However, significant upside risks remain to achieving the end-year inflation target and these include, the pass-through effects of the depreciation of the Kwacha exchange rate in 2015, the decline in agricultural production, continued power deficits and high fiscal deficit.

7. With respect to developments in the second half of 2015, monetary policy in the second half of 2015 was focussed on achieving the end-year inflation target of 7.0%. Thus, monetary operations aimed at maintaining the 5-day weighted average interbank rate within a corridor of +/- 2 percentage points of the Bank of Zambia (BoZ) Policy Rate, which stood at 12.5% until November 2015 when it was raised to 15.5% amid rising inflationary pressures.

8. However, monetary policy implementation was faced with a number of challenges, which limited the attainment of the 2015 end-year target of 7.0%. The major challenges were the volatility in the exchange rate, rising food prices, increase in fuel prices and the energy crisis which raised the cost of production and resulted in a general increase in consumer prices.

9. Annual CPI inflation accelerated to 21.1% in December 2015 from 7.1% in June 2015. The key drivers of inflation were mainly the sharp depreciation in the exchange rate of the Kwacha, power rationing and the increase in electricity tariffs as well as food prices which remained elevated throughout the review period.

10. Money market liquidity conditions remained tight during the second half of 2015, as the Policy Rate was raised to 15.5% and access to the overnight lending facility (OLF) was limited to once a week. In order to supplement their liquidity requirements, commercial banks sought recourse on the interbank market, OLF and re-discount of Treasury bills.

11. Broad money grew by 28.2% over the second half to K47.3 billion in December 2015 on account of the increase in net foreign assets following the receipt of the US$1.25 billion third sovereign Eurobond proceeds. Net domestic assets however, fell mainly due to the depreciation of the Kwacha against the US dollar which led to a rise in the shares and equity of the Bank of Zambia.

12. All the nominal market interest rates rose during the second half of 2015 on account of tight liquidity conditions and the hike in the Policy Rate. However, real interest rates declined sharply due to the acceleration in inflation.

13. Volatility in the foreign exchange market increased during the second half largely due to adverse sentiments emanating from the general adverse developments in the economy. Thus, the Kwacha depreciated against all traded currencies.

14. The Bank of Zambia took a number of measures to minimize volatility, including heightened monitoring of commercial banks' activities, strengthening the market code of conduct and publication of individual commercial banks' interbank rates to the public. In addition, the Bank supplied US$533.0 million to the market.

15. Both the current and fiscal deficits widened further. The trade deficit expanded mainly on account of strong growth in demand for petroleum products and chemicals. The rise in the fiscal deficit reflected higher spending on infrastructure projects, crude oil procurement, Farmer Input Support Programme, strategic food reserve and interest payments on both domestic and external debt.

1.0 Introduction

1. This Monetary Policy Statement provides an economic outlook, inflation projection and describes the monetary policy objectives for the first half of 2016. The macroeconomic objectives that will guide monetary policy for the year 2016 are also presented. The statement also reviews the performance of monetary policy during the second half of 2015.

2.0 Global Economic Outlook for 2016

Economic Growth

2. The January World Economic Outlook (WEO) projects global economic growth at 3.4% in 2016. A modest recovery is expected to continue in advanced economies with growth projected at 2.1%, driven by strong private consumption supported by employment growth, higher wages and house price gains in the US. This will be reinforced by increased investment, improving financial conditions and government spending. While the US Federal Reserve Bank has started to tighten monetary policy, the level of real interest rates is likely to remain accommodative.

3. The euro area is expected to continue to benefit from the policy of quantitative easing which should support annual growth of 1.7% in 2016. The economy will be bolstered by monetary policy expansion, improving credit conditions and consumer demand, supported by lower oil prices. However, the on-going refugee and security crisis remains a threat to growth and social stability.

4. Growth prospects in emerging and developing economies are positive but challenges remain. Growth is projected to increase to 4.3% in 2016 from 4.0% in 2015. The structural slowdown in China remains a constraint to global growth prospects in the medium-term.

5. The Chinese economy is forecast to slowdown to 6.3% in 2016 from 6.9% in 2015. The downward growth trajectory is largely explained by the continuing process of restructuring the economy to one that is more service-driven and that expands at a sustainable pace. The deceleration in China's economic growth suggests that demand for commodities is likely to remain subdued and that commodity prices are likely to remain low.

6. A gradual pick-up in growth is expected in most countries in sub-Saharan Africa (SSA) despite lower commodity prices and deteriorating terms of trade. However, for some commodity exporters such as Angola, Nigeria and South Africa, twin fiscal and current account deficits have emerged that are constraining growth.

Commodity Prices

7. Crude oil prices are expected to remain subdued on account of high supplies. Additional supply from Iraq, Iran and Libya will more than offset the decline in US shale production, resulting in net market surplus. Similarly, copper prices are likely to remain low in 2016. Agricultural commodity prices may however, face upward pressure which could restrict supply, amid more damaging weather in 2016. The impact of El Niño is likely to vary widely across regions. However, prices of some crops such as wheat are likely to fall for the fifth consecutive year in 2016 due to expected increased supply.

3.0 Domestic Economic Outlook for 2016

8. Real GDP growth in 2016 is expected to remain positive, with only a marginal improvement over the 2015 outturn of 3.6%. The revised projections for GDP growth in 2016 is 3.7%, expected to be driven mainly by the construction, Information and Communications Technology (ICT), and accommodation and food services sectors. Risks to this growth projection include unfavourable weather conditions, electricity supply constraints and low commodity prices. In this regard, the electricity, agriculture and mining sectors are projected to register negative growth.

9. The construction sector is projected to grow by 9.5% in 2016, reflecting the continued strong investment in public infrastructure, coupled with residential housing construction and commercial property development. The accommodation and food services sector is also projected to register strong growth underpinned by the hosting of the African Development Bank (AfDB) annual conference and the Inter-Parliamentary Union conference. Further, increased domestic flights will aid access to tourist sites. The continued investments in the fibre optic communication facilities and construction of communication towers (GSM sites) across the country is expected to boost growth in the ICT sector and its contribution to overall economic growth.

10. In the mining sector, output in 2016 is expected to contract by 3.6% on account of some mining companies being placed on care and maintenance and others scaling down production as a result of electricity challenges and low commodity prices. The agriculture sector is also projected to post a weak performance with growth being slightly negative, whilst electricity generation is expected contract by over 30% on account of low water levels at major hydro power stations, implying a sharp contraction in growth for the electricity sector.

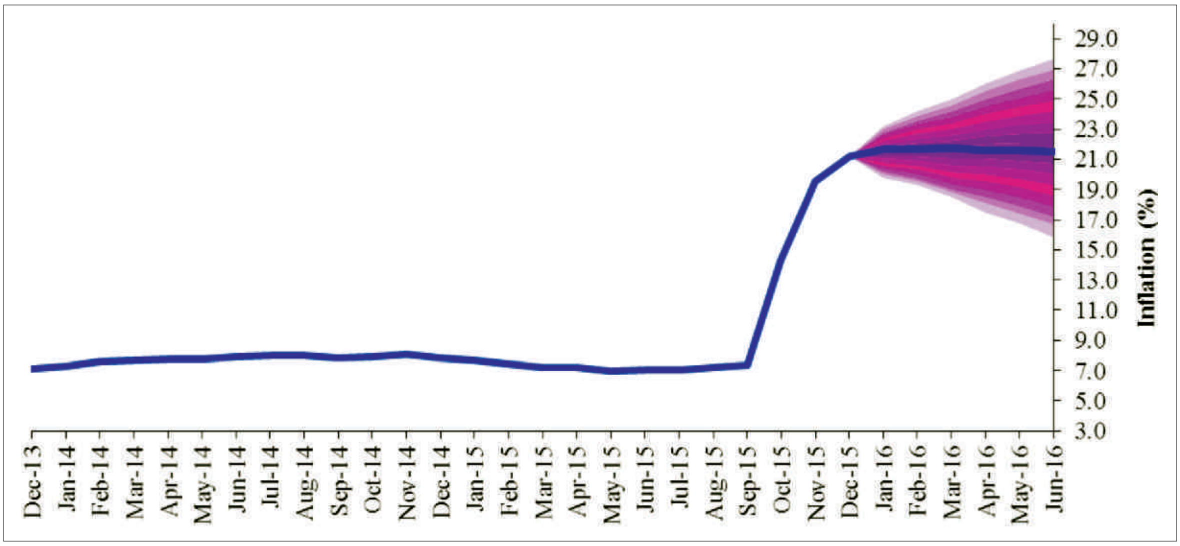
4.0 Inflation Projections

11. Inflation is projected to remain at elevated levels in the first half of 2016, averaging 21.6% (Chart A below and Table 1 - Appendix). Persistent inflationary pressures, driven mainly by the depreciation of the exchange rate and high costs of production induced by power rationing largely account for the inflation outlook. In addition, food prices are expected to remain high over the forecast horizon, a situation that is likely to be worsened by the effects of El Niño which has resulted in reduced rainfall in some parts of the country. The anticipated low crop harvest during the 2015/2016 farming season is likely to push the prices of some food items higher, particularly maize grain and related products, thereby contributing to sustained inflationary pressures in the first half of 2016.

12. The risks to inflation are more on the upside than the downside. Thus, the relatively high inflation projected for June is partly a reflection of supply-side factors associated with high food prices due to the anticipated low crop output in the 2015/2016 farming season. Typically, inflation tends to trend downwards during the second quarter on account of abundant supply of food items as the fresh crop is harvested.

13. Factors that are likely to moderate inflationary pressures during the forecast period include the relatively tight monetary policy that the Bank of Zambia is expected to continue pursuing. This is anticipated to help in containing excessive growth in money supply and contribute to relative stability in the exchange rate.

Chart A: Actual and Projected Inflation, Dec 2013 – Jun 2016



Source: Central Statistical Office and Bank of Zambia

5.0 Monetary Policy Objectives and Instruments for the First Half of 2016

14. Monetary operations over the first half of 2016 will continue to focus on the need to anchor inflationary expectations following the sharp rise in inflation over the second half of 2015. Annual inflation is projected to remain elevated over the first half of the year but decelerate sharply over the second half, as the monthly changes in inflation drop to levels that are consistent with single digit inflation on an annualised basis.

15. The Bank of Zambia will maintain a tight monetary policy stance and will continue to use market based instruments of monetary policy to realign market interest rates to the Policy Rate. The Bank of Zambia also remains mindful of the need to ensure that domestic economic activity is not severely constrained and that financial stability is maintained.

16. Monetary policy formulation and implementation will also continue to support Government's broader economic objectives (Table 2 - Appendix) outlined in the MTEF 2016-2018, which include:

i. Achieving a revised real GDP growth rate of at least 3.7% in 2016;

ii. Achieving an end year inflation rate of no more than 7.7% in 2016;

iii. Containing domestic borrowing to no more than 1.2% in 2016; and

iv. Increasing international reserves to at least 4 months of import cover.

6.0 Review of Global Developments in 2015

Economic Growth

17. Global growth declined in 2015 due to low commodity prices, weakening trade, declining capital flows and financial volatility. The January 2016 IMF WEO estimates 2015 global growth at 3.1%, down from 3.4% recorded in 2014. Advanced countries and the Euro area exhibited some recovery while emerging market economies particularly China, sub-Saharan Africa (SSA) and developing economies, registered weaker growth. The Chinese economy faced a number of challenges that included stock market volatility, declining exports and capital outflows.

United States

18. The US economy continued with its steady recovery. The economy is estimated to have grown by 2.5% in 2015, up from 2.4% recorded in 2014. Confidence in the overall health of the US economy increased in October and November due to rising domestic demand supported by the boost from lower oil prices and improved labour market conditions. Export growth however, weakened, reflecting subdued external demand and the appreciation of the US dollar mainly against emerging market currencies.

19. In light of these developments, the Federal Reserve lifted its short-term interest rate by 0.25 percentage point at its mid-December 2015 Meeting. The Fed monetary policy decisions had an impact, even ahead of the decision in December, as the expectations of a rate rise and a gradual tightening cycle thereafter led to capital outflows from emerging economies, depreciation of their national currencies against the US dollar, inflationary pressures, and lower industrial activities, particularly in China. The strengthening of the US dollar also weighed heavily on oil prices and global trade.

Euro area

20. The Euro-area registered a growth rate of 1.5% in 2015, a rise from 0.9% recorded in 2014. The recovery was as a result of a weak euro that boosted the volume of exports, improved credit conditions and stronger private consumption supported by lower energy prices.

Emerging Economies

21. Growth across emerging economies was weaker than expected, recording a 4.0% growth in 2015 – the lowest growth rate since the 2008-09 financial crisis. In Brazil, GDP is estimated to have contracted by 3.8% in 2015, while Russia's GDP is estimated to have contracted by 3.7%. The Chinese economy slowed down to 6.9% in 2015 on account of reduced investment and contraction in the manufacturing sector and the stock market turmoil, resulting in reduced commodity demand and a drop in global commodity prices. However, India's GDP picked up to 7.3%, driven by stronger manufacturing.

Sub-Saharan Africa

22. The sub-Saharan African region is estimated to have grown by 3.5% in 2015, down from 5.0% in 2014, as the downward trend in commodity prices continued to negatively affect economies. Further, a strong US dollar and the slowdown in the Chinese economy continued to depress foreign direct investment flows to the region. The weak economic performance in Nigeria and South Africa - the largest economies in SSA – weighed on overall growth in the region. The benefits of declining oil prices on the international market were therefore offset to a large extent.

Inflation

23. Inflation generally trended upwards in advanced, emerging and selected African economies in the second half of 2015. In advanced economies, the rise in inflation mainly reflected strengthening economic growth, and rising costs of food and services. In selected emerging market economies, China and South Africa in particular, inflation rose mainly due to higher food prices and the depreciation of the currencies. The weakening of domestic currencies vis-à-vis major foreign currencies for most of 2015 largely account for the rise in inflation in selected African frontier economies.

Commodity Prices

24. A downward trend for most commodities was observed in the second half of 2015, with larger drops occurring on energy commodities. Declining demand, particularly for metals, strengthening of the US dollar and higher US interest rates were generally sources of declining prices.

25. Crude oil prices continued to decline due to excess production by OPEC Members amidst reduced demand. This was exacerbated by warm weather conditions in the Northern Hemisphere due to the impact of El Niño and a stronger US dollar. The prices of crude oil declined sharply in December 2015 to US $34.8per barrel from US $61.7 per barrel at end-June 2015.

26. Copper prices fell 25% to US$4,705 per tonne at the end of the 2015 as China's demand for the commodity declined following a slowdown in economic activity.

27. Prices for agricultural products decreased on average. For instance, the price of maize and wheat declined to US$163.9 and US$173.7m/tonne at the end of Q4 2015, respectively. Abundant world supplies and slow trade contributed to declines in the prices.

7.0 Review of Domestic Developments in the Second Half of 2015

7.1 Assessment of Monetary Policy Implementation

7.1.1 Monetary Policy Operations

28. Monetary policy during the second half of 2015 was focused on achieving the end-year inflation target of 7.0%. Thus, monetary operations were aimed at maintaining the interbank interest rate within a corridor of +/- 200 basis points of the BoZ Policy Rate. The Policy Rate was maintained at 12.5% until November when it was raised to 15.5%. The hike in the Policy Rate was in view of rising inflationary pressures as inflation rose sharply in October to 14.3% from 7.7% in September and was projected to remain high over the 2-year forecast horizon. The caps on lending rates were also lifted to allow for better functioning of the credit market.

7.1.2 Challenges to Monetary Policy

29. The implementation of monetary policy during the second half of 2015 was faced with a number of challenges which constrained the attainment of the end-year inflation target of 7.0%. These challenges emanated both from external forces and the domestic environment.

30. On the external side, the unfavourable global economic environment impacted the country in a number of ways. For example, the slowdown in China had a dampening effect on demand for commodities resulting in a slump in copper prices. Being a major exporter of copper, this resulted in a deterioration of the country's external position which ultimately put pressure on the exchange rate.

31. On the domestic scene, the country faced a severe energy deficit resulting from poor rainfall in the 2014/15 season which resulted in power rationing across the country. This has had a negative impact on productivity, and contributed to higher production costs as businesses resorted to using alternative and expensive sources of energy, which translated into higher consumer prices.

32. The emergency imports of power and fuel, including financing of infrastructure projects put a strain on the National Budget, resulting in a higher than projected fiscal deficit. This was further compounded by the slowdown in economic activity which resulted in reduced revenue collections.

33. The sharp depreciation of the Kwacha in the second half following weaknesses in the international environment and adverse sentiments on the Zambian economy in general, had a direct impact on prices of goods and services, which translated into inflation rising sharply to 14.3% in October 2015 from 7.7% in September 2015.

34. Monetary policy implementation was also faced with the challenge of misalignment in interest rates in the market reflected in the interbank rate rising above the upper corridor of the Policy Rate and the overnight lending facility rate particularly in the fourth quarter as liquidity conditions tightened.

35. However, the BoZ did not carry out monetary operations to steer the interbank rate back into the Policy Rate corridor and below the OLF rate as it assessed the impact of the measures already taken to tighten monetary policy on the volatility in the foreign exchange market. Injecting liquidity in the market may have caused further depreciation of the Kwacha and hence added to inflationary pressures.

7.2 Inflation Outturn

36. Inflation was projected to average 11.7% in the second half of 2015, up from the average outturn of 7.3% during the first half of 2015. The projection was premised on anticipated increases in food prices due to low supply and higher production costs resulting from the pass-through effects of the depreciation of the exchange rate, power rationing and the increase in electricity tariffs. The tight monetary policy during the second half of the year was however, expected to moderate inflationary pressures.

37. The annual overall CPI inflation accelerated to 21.1% in December 2015 from 7.1% in June 2015 (Chart 1 - Appendix). Inflation in the second half of the year averaged 12.8%, 1.1 percentage points higher than the projection. The drivers of inflation were mainly the pass-through from the sharp depreciation in the Kwacha exchange rate which raised the prices of imported items, the increase in electricity tariffs, and power rationing, which raised the cost of production as firms resorted to using alternative and expensive sources of energy such as diesel-powered generators. Food prices also remained elevated during the review period due to the low supply of maize grain attributable to regional shortages as well as logistical challenges of transporting some food items from surplus to deficit areas.

38. Month-on-month overall CPI inflation rose to 6.2% in October 2015 and was significantly higher than the 0.7% average noted over the period January 2014 to September 2015 (Chart 2 - Appendix). However, momentum in the month-on-month inflation rate eased from November with inflation declining to 2.1% in December 2015. Underlying the deceleration in inflation was the appreciation of the Kwacha exchange rate in the last two months of the year and an increase in the seasonal supply of some food items.

7.3 Financial Markets, Monetary and Credit Developments

Money Market Liquidity

39. The BoZ maintained a tight monetary policy stance during the second half of the year, which weighed on Kwacha liquidity. The average liquidity levels ended the period 30% lower at K1.1 billion. Bank of Zambia support to the market to stem the rapid fall of the Kwacha coupled with 3 percentage point rise in the Policy Rate, had limiting effects on commercial banks' local currency liquidity (Charts 3 and 4 - Appendix). Nonetheless, the market got relief as liquidity conditions eased on net Government spending as well as Treasury bills and Bond maturities towards the end of the period.

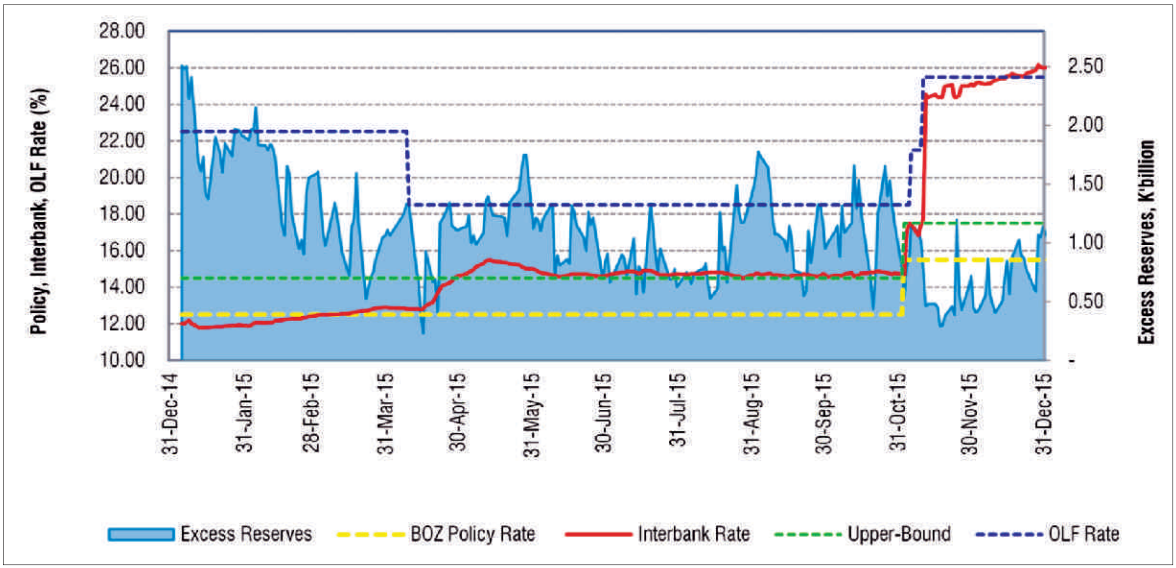
40. Commercial banks turned to the interbank market, the overnight lending facility (OLF) as well as their core assets to supplement their liquidity requirements.

Interbank Market

41. Interbank trading activity soared by 28% to K45.3 billion as banks looked for additional sources of funding to cover their liquidity deficits due to tight liquidity conditions (Chart B below). The average interbank lending rate for overnight funds rose by 11.4 percentage points to 26% at end-December 2015. The overnight interbank rate traded above the BoZ Policy Rate corridor throughout the fourth quarter and exceeded the OLF rate towards the end of the year. The BoZ resisted bringing the interbank rate back into the Policy Rate corridor and

below the OLF rate as injecting liquidity risked triggering further depreciation of the Kwacha and hence inflationary pressures.

Chart B: Market Liquidity & Interbank rate



Source: Bank of Zambia

Reserve Money

42. Reserve money grew by 15% to K14.3 billion mainly on account of a sharp increase in Government spending and the BoZ's placements in the market in terms of OLF accessed by commercial banks especially in the last quarter (Charts 5 and 6 - Appendix). Government spending was largely boosted by Eurobond proceeds.

Broad Money

43. Broad money (M3) increased by 28.2% to K47.3 billion in December 2015 compared to 5.4% growth in the first half of the year (Table 3 - Appendix). The growth in M3 was on account of the increase in net foreign assets (NFA) mainly as a result of the issuance of the third sovereign Eurobond of US$1.25 billion. Net domestic assets (NDA) however, declined mainly due to the depreciation of the kwacha against the US dollar which led to a rise in the shares and equity of the Bank of Zambia.

Domestic Credit

44. Domestic credit (including foreign currency loans) rose by 10.2% to K40.4 billion in December 2015 compared to a growth of 14.7% in June 2015 (Table 4 - Appendix). The rise in credit was mainly due to the increase in lending to private enterprises and households by 31.6% and 5.7%, respectively. Excluding foreign currency denominated credit which rose by 41.7%, domestic credit slowed down by 2.8% to K30.6 billion mainly on account of tight liquidity in the market and high lending rates following the hike in the Policy Rate and general.

Sectorial Distribution of Commercial Bank Credit to the Private Sector

45. The household (personal loans) category continued to account for the largest share of commercial bank credit at 29.0% in December 2015 compared with 33.2% in June 2015. The agricultural sector remained second at 17.3% (16.3%) followed by manufacturing 13.5% (11.4%) (Table 5 – Appendix).

7.4 Government Securities Market

Stock of Government Securities

46. The amount of funds raised through Government securities continued to fall in the second half of 2015 due to tight liquidity conditions. Consequently, the outstanding stock of Government securities (at cost) fell by 7.7% to K20.3 billion. Treasury bills accounted for 49.7% of the total outstanding Government securities while Government bonds accounted for 50.3%.

Government Securities Yield Rates

47. Government securities yields generally edged up on account of low demand resulting from the tight liquidity conditions and volatility experienced in the foreign exchange market that led to reduced appetite by foreign investors. The composite Treasury bill yield rate however, declined to 20.7% from 23.3% in the previous

period, dragged down by the relatively stronger investor demand for the longer maturity tenors (Chart 7 - Appendix). The composite bond yield rate rose to 25.9% from 23.8% (Chart 8 - Appendix).

7.5 Interest Rates

Commercial Bank Interest Rates

48. Commercial banks' nominal interest rates generally trended upwards during the second half of 2015 following the hike in the Policy Rate and tight liquidity conditions. The average lending rate (ALR) rose to 23.9% in December 2015 from 20.6% in June 2015, while the average 30-day deposit rate for amounts exceeding K20,000.0 rose to 6.8% from 6.4%. Similarly, the average savings rate (ASR) for amounts above K100.0 also increased marginally to 3.4 from 3.3% previously (Chart 9 - Appendix).

Commercial Banks Real Interest Rates

49. With inflation rising sharply in the second half of 2015, all the real interest rates declined. The real average lending rate fell to 2.8% in December 2015 from 13.5% in June 2015. Similarly, the real deposit and savings rates declined further to -14.3% (-0.7%) and -17.7% (-3.8%), respectively (Chart 10 - Appendix).

Non-Bank Financial Institutions Lending Rates

50. The cost of credit in the non-bank financial institutions (NBFIs) sector (the average effective annual interest rate) increased to 37.7% in the second half of 2015 from 32.3% in the first half of 2015 (Table 6 - Appendix). The increase in the cost of credit is attributed to the removal of interest rate caps by the Bank of Zambia in November 2015 which led to NBFIs adjusting their lending rates upwards to allow for better functioning of the credit market.

7.6 Capital Market

51. The level of trading activity at the Lusaka Securities Exchange (LuSE) waned in the second half of 2015. Market capitalization fell by 0.7 % to K64.3 billion while the All-share index declined by 1.8% to 5,734.68 at end-December 2015 (Chart 11 - Appendix). The fall in market capitalisation and the All-share index was mainly attributed to the drop in share prices of Lafarge, Stanchart, BATZ and Airtel. Investor's negative industry specific perceptions weighed on the All-share index. The entry of Dangote Cement into the cement industry shaped investor's perception of Lafarge's market share. Other factors such as power rationing, widening current account and fiscal deficits, continuous fall in copper prices and volatility in the foreign exchange market experienced in the last half of 2015 contributed to shaping investors' perceptions of the stock market performance. Consequently, the Exchange recorded a net out flow of US$0.2 million against US$0.9 million in the first six months of 2015.

7.7 Foreign Exchange Market

52. The foreign exchange market was under strain during the second half of 2015 from the turmoil that hit most emerging and developing economies. Thus, the Kwacha posted losses that were largely driven by negative sentiments stemming from weak copper prices, power rationing and concerns over Zambia's rising fiscal deficit (details in the Box below). These factors weighed on the Kwacha which depreciated to an all-time low of K14.0923 per US dollar in November before recovering and stabilising towards the end of the year. The Kwacha fell sharply by 46.2% to end the review period at K10.9806 per US dollar. The Kwacha also depreciated against other trade-partner currencies: British Pound sterling, euro and the South African rand (Table 7 - Appendix).

53. Despite the huge depreciation, the Kwacha stabilised after the BoZ tightened monetary policy and sold foreign exchange to dampen volatility. However, throughout the review period, the market continued to contend with low foreign currency liquidity and mismatches between supply and demand caused by the negative external shocks as well as some adverse developments in the domestic economy.

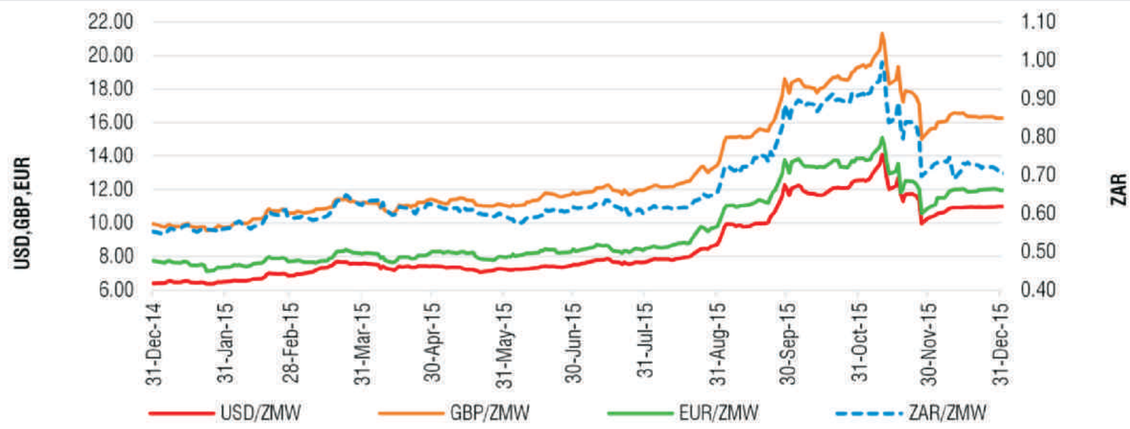
54. Information on the continuous fall in commodity prices and the associated negative outlook on Zambia by rating agencies continued to influence the domestic foreign exchange market and contributed to the weakening of the currency. Foreign exchange supply into the domestic market also reduced during the review period. The low supply of foreign exchange was largely attributable to lower exports of copper and non-traditional goods that were affected by the power deficit, while imports remained strong.

55. Due to the reduction in the supply in the last half of 2015, commercial bank's net purchases of US dollars from the non-bank public significantly declined to US$79.7 million compared with US$535.9 million in the first half of the year (Chart 12 - Appendix). Similarly sales of US dollars to bureaux declined to US$159.2 million from US$223.8 million. Commercial banks also traded a reduced amount of US$500.6 million in inter-currency transactions against US$544.2 million in the previous period. Inter-currency transactions continued to be dominated by the South African rand at ZAR5,771.0 million compared to ZAR5,820.5 million previously.

56. Mining companies and foreign financial institutions were the main suppliers of foreign exchange, providing about 18.9% (US$847.5 million) and 17.4% (US$779.98 million) of the total market supply. On the demand side, foreign financial institutions and the public sector led with purchases of about 18.1% (US$811.7 million) and 11.4% (US$508.7 million), respectively.

Foreign Exchange Market

In the last half of 2015, extreme volatility characterised the foreign exchange market mainly due to a combination of adverse domestic and international developments. Challenges in fiscal policy execution in part due to production shocks such as a fall in power supply, and the adverse spill-over effects from a cooling global economy shaped sentiments in the foreign exchange market. Specifically, falling copper prices attributed to slower-than-expected growth in China, and the consequent uncertainty over the performance of Zambia's mining sector implied a widening current account deficit and reduced inflows of foreign exchange. In addition, a strengthening US dollar in the international markets on the back of an increase in the US interest rates unleashed a wave of capital outflows from emerging markets including Zambia. Consequently, the Kwacha weakened against all major trading partner currencies and volatility increased to an all-time high as market participants speculated on the adequacy foreign exchange liquidity in the market. Starkly, the Kwacha sharply fell by 16% in a trading session on 28 September 2015. The currency continued to fall and reached a lowest level of K14.4106 per US dollar by 10 November 2015. By the end of the year, the currency had depreciated by 46.2% at K10.9806 per US dollar.



The Kwacha also weakened an average of 31.1% against other major currencies to K16.2761 per British Pound, K11.9530 per Euro and K0.7052 per South African Rand.

In response to these developments, the Bank of Zambia undertook the following measures to curb the rapid depreciation of the Kwacha and moderate intra-day volatility:

a) Raising the Policy Rate to 15.5% from 12.5%;

b) Restricting commercial banks' access to the Overnight Lending Facility window to once per week from unlimited access only constrained by collateral quality;

c) Introducing new foreign exchange measures that included the publication of individual commercial bank's interbank exchange rates to the public, heightened monitoring of commercial banks activities by BoZ, and strengthening the interbank market's code of conduct.

In addition, the Bank of Zambia supplied a total of US $533.0 million to ease the tightened foreign exchange market liquidity.

Nominal and Real Effective Exchange Rate

57. The real effective exchange rate (REER) rose by 14.3% to 120 in December 2015 (Table 8 - Appendix). The real depreciation of the Kwacha was largely driven by a 32.6% rise in the nominal effective exchange rate (NEER) of which the South African Rand, Swiss Franc and Euro accounted for 9.3, 12.4 and 4.1 percentage points, respectively. However, relative prices (foreign prices relative to domestic prices) decreased by 13.6%, dampening the depreciation of the real depreciation of the Kwacha.

7.8 International Trade Developments[1]

58. The trade deficit widened further to US$0.74 billion from US$0.23 billion due to strong import growth (Table 9 - Appendix).

59. Merchandize imports expanded by 15.2% to US$4.43 billion mainly due to the surge in demand for petroleum products and chemicals attributed to the rise in the use of diesel and petrol powered generators as rationing of hydro-generated electricity continued (Table 10 -Appendix).

60. Export earnings only increased by 2.1% to US$3.69 billion in the second half of 2015. Copper export earnings rose by 0.9% to US$2.63 billion due to higher export volumes. Export volumes increased by 19.2% to 556,848.2 metric tonnes (MT). However, average realised prices of copper fell by 15.7% to US$4,719.5 due to low global demand (Table 11 - Appendix).

61. Cobalt export earnings fell by 6.4% to US$34.2 million largely due to an 18.4% drop in the average realised prices to US$21,474.7 per tonne. However, export volumes surged to 1,592.0 MT from 1,386.8 MT recorded in the first half of 2015 (Table 11 - Appendix).

[1]Export volumes refer to Gross volumes exported which include, but is not restricted to production from Zambian mines.

62. Gold export earnings at US$85.0 million were 25.6% higher in the second half of 2015, driven by an increase in export volumes by 20.9% to 76,755.0 ounces. In addition, realised gold prices rose by 5.5% to US $1,108.4 per ounce.

63. Non-traditional export earnings (NTEs) increased by 4.1% to US$0.94 billion in the second half of 2015. This was on account of high earnings from maize, gemstones, burley tobacco, soaps, fresh fruits and vegetables as well as scrap of precious metal. Maize exports at US$143.9 million accounted for the largest proportion of NTEs (Table 9 - Appendix). Zimbabwe was the major export destination of maize.

7.9 Fiscal Developments

64. The fiscal deficit widened further in the second half of 2015 to almost K9.0 billion from K5.8 billion in the first half of the year (Table 12 - Appendix). The rise in the deficit reflects higher spending mainly on infrastructure projects, crude oil procurement, Farmer Input Support Programme, strategic food reserve and interest payment on both domestic and external debt.

65. Revenue performance was however, stronger as K18.3 billion was collected, up from K15.8 billion in the preceding period. Areas of revenue over performance included user fees, fines and charges, import value added tax, custom and excise duties, and mineral royalties. User fees, fines and charges were revised during the year to help close the revenue gap. The over performance of VAT on imports and customs and excise duties were as a result of increased imports during the fourth quarter on account of seasonal factors coupled with stability in the exchange rate. The pick-up in collections of mineral royalties reflected deferment from the first half of the year coupled with stock piles by some mines.

66. The major source of fiscal financing was external, mainly the proceeds from the Eurobond, as domestic financing remained constrained on account of tight liquidity conditions. This was evidenced by under subscription on Treasury bills and bond auctions.

8.0 Conclusion

67. The second half of 2015 saw a build-up in inflationary pressures mainly due to the sharp depreciation of the exchange rate on account of developments in the global environment, coupled with negative sentiments about the Zambian economy stemming from weak copper prices, power rationing and the country's worsening fiscal position. This resulted in prices of imported goods rising substantially, thereby contributing to the high cost of production. In addition, food prices, particularly for essential commodities such as maize, rose above their five year average. This was worsened by power rationing and the increase in electricity tariffs, which elevated the cost of production and translated into higher prices of commodities. Consequently, inflation jumped to 14.3% in October 2015 from 7.7% in September and closed the year higher at 21.1%.

68. In the first half of 2016, inflationary pressures are expected to remain at elevated levels mainly from the pass-through from the depreciation of the Kwacha exchange rate, high costs of production induced by mainly power rationing, and higher food prices following expected lower maize yield.

69. Monetary policy formulation and implementation will therefore continue to face challenges in meeting the Government's broad economic objectives set at the beginning of the year. The attainment of the end-year inflation target for 2016 will remain a challenge as current inflation projections already exceed the end-year target. The Bank of Zambia however, recognises that the achievement of the 2016 end-year inflation target of no more than 7.7% as outlined in the 2016 budget would entail further tightening of monetary policy, which would result in considerable loss to the already weak economic growth prospects. The Bank will therefore conduct monetary policy with the view to achieving the inflation objective over a medium-term horizon whilst being mindful of the impacts on growth and financial system stability.

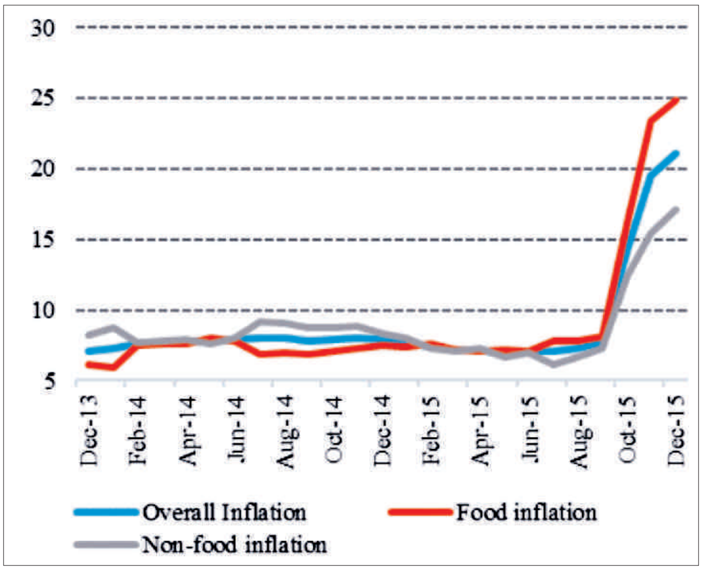
70. Further, the attainment of real GDP growth may remain constrained in light of continued power rationing, which if not addressed, will affect productivity across all sectors of the economy. In addition, the poor rainfall during the 2015/16 agricultural season will most likely impact on the maize harvest, which may compound inflationary pressures as food inflation is a key driver of overall inflation.

71. Developments in the global economic environment also present a significant challenge to monetary policy implementation. Global growth is expected to remain modest, and commodity prices are expected to remain subdued, which may adversely affect output in the mining sector, export earnings and thereby the foreign exchange market.

72. Monetary policy will thus be directed at anchoring inflation expectations in order to steer it back to single digit levels in the medium-term, while minimising the adverse effects of tight monetary policy on growth. The Bank of Zambia will continue to monitor domestic and external developments and stands ready to take appropriate monetary policy measures to support macroeconomic stability.

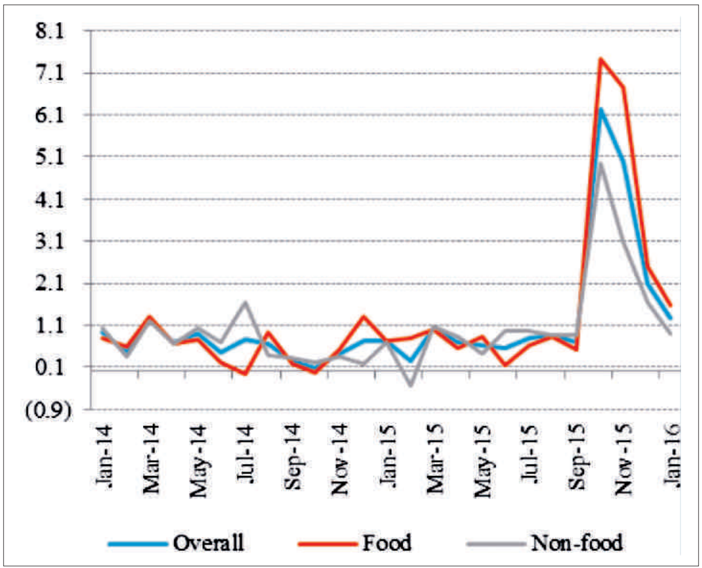
Appendix

Chart 1: Annual CPI Inflation Developments (%): Dec 2013 – Dec 2015



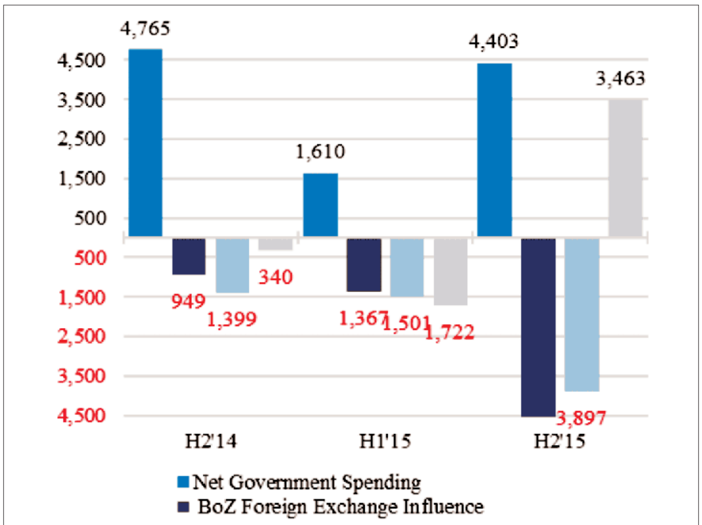
Source: Bank of Zambia, Central Statistical Office (CSO)

Chart 2: Monthly Inflation Developments (%)



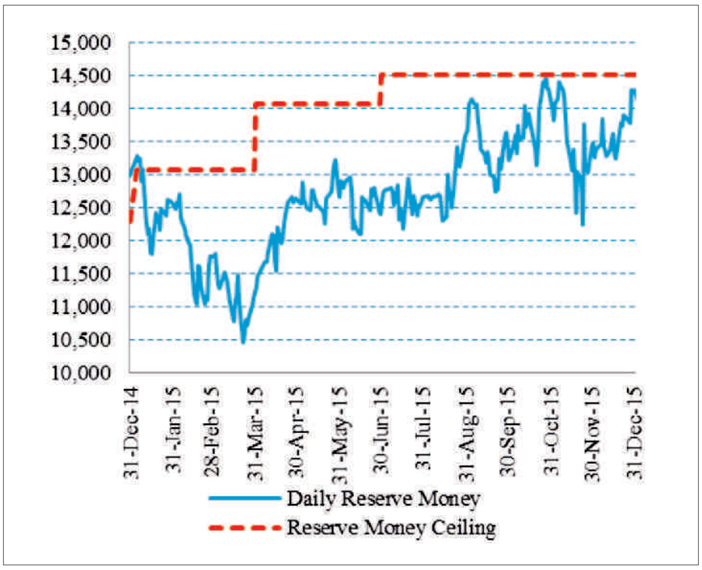
Source: Bank of Zambia

Chart 3: Liquidity influences (K'million)



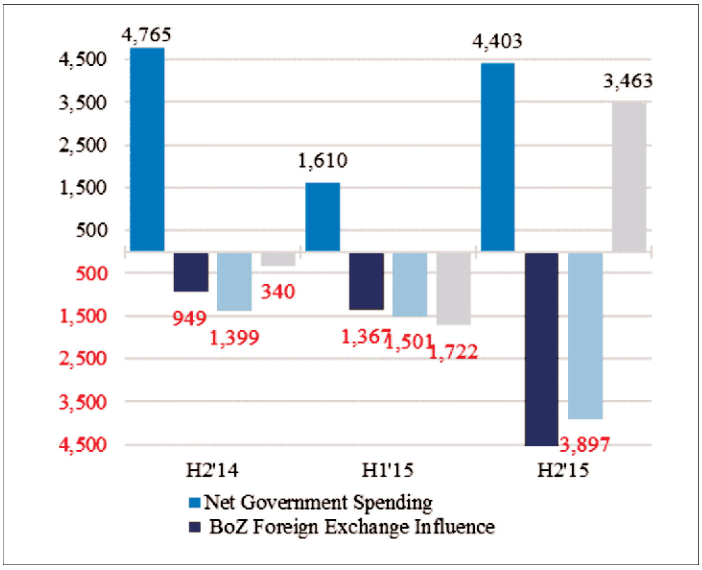
Source: Bank of Zambia

Chart 5: Reserve Money (K' Million)



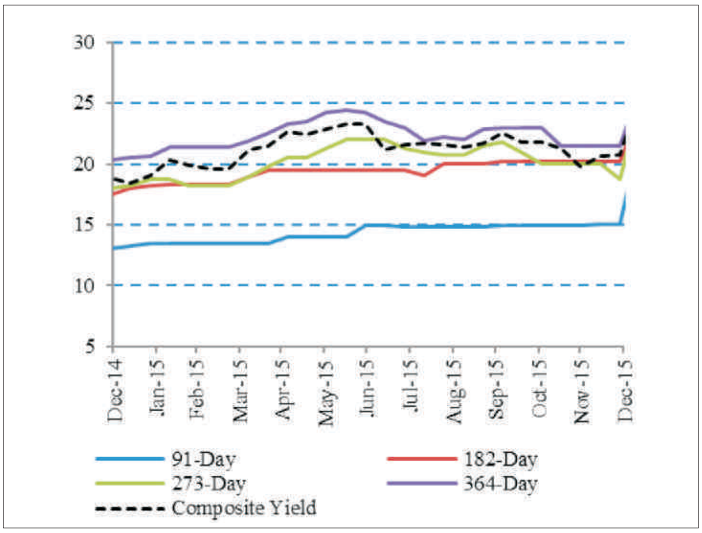
Source: Bank of Zambia

Chart 6: Reserve Money Influences



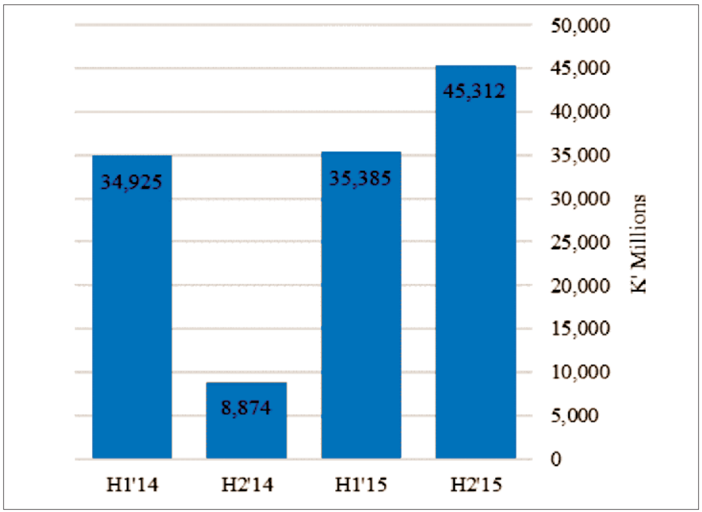
Source: Bank of Zambia

Chart 7: Treasury Bill Yield Rates (%)



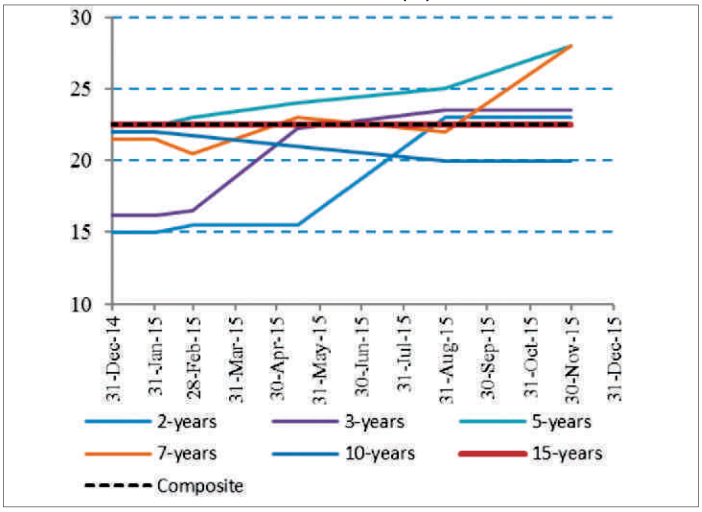
Source: Bank of Zambia

Chart 4: Interbank Money Market Trading Activity (K 'Million)



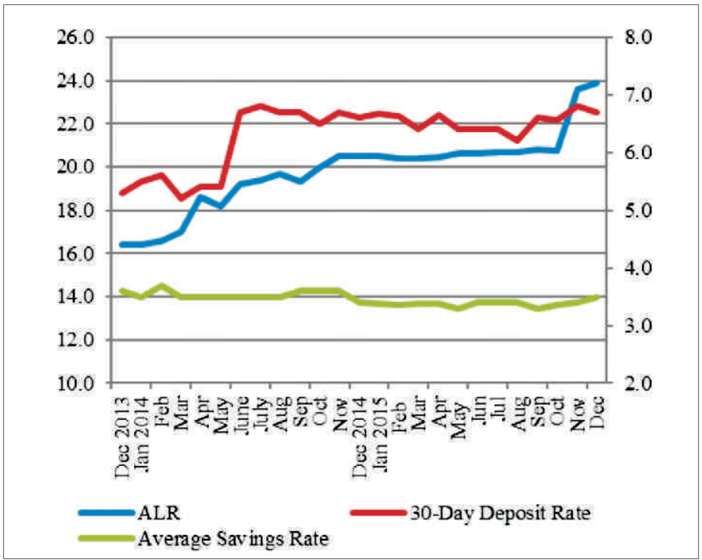
Source: Bank of Zambia

Chart 8: Government Bond Yield Rates (%)



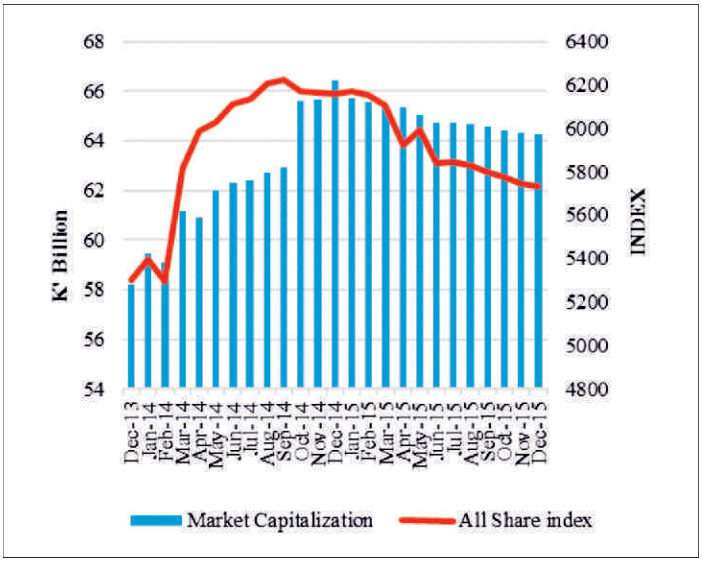
Source: Bank of Zambia

Chart 9: Nominal Lending and Saving Rates, (%) Dec 2013- Dec 2015



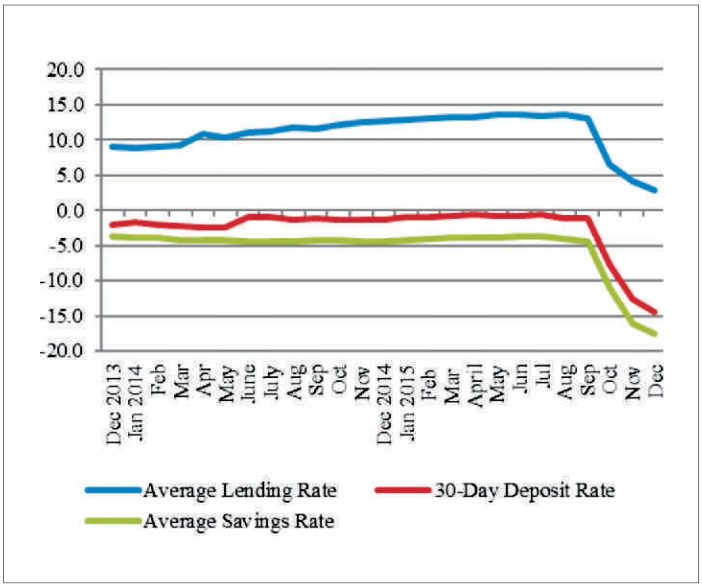
Source: Bank of Zambia

Chart 11: LuSE Indicators, Dec 2013 – Dec 2015



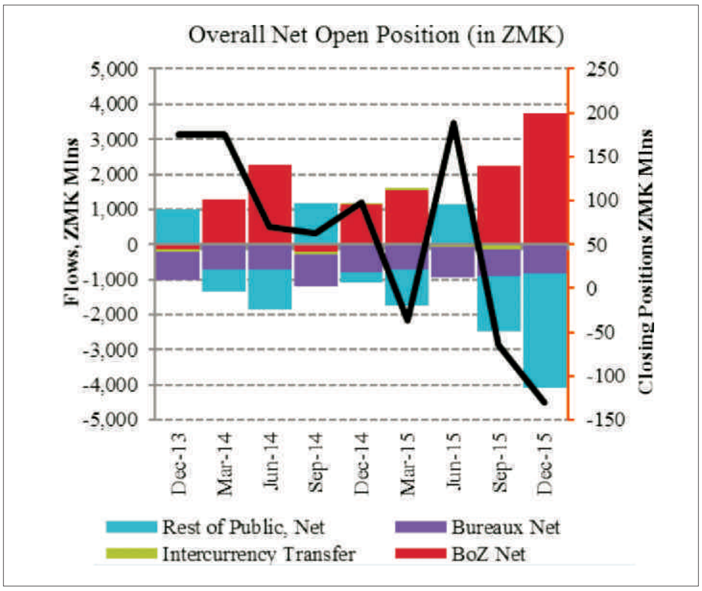
Source: Lusaka Stock Exchange

Chart 10: Real Interest Rates, Dec 2013 – Dec 2015



Source: Bank of Zambia

Chart 12: Commercial Banks' Sources of Foreign Exchange Dec 2013 - Jun 2015



Source: Bank of Zambia

Table 1: Actual Inflation and Projections, Jan 2014 – Jun 2016

Month	Projection (a)	Actual (b)	Forecast Error (b-a)
Jan 2014	7.2	7.3	0.1
February	7.4	7.6	0.2
March	7.1	7.7	0.6
April	7.0	7.8	0.8
May	6.9	7.8	0.9
June	6.8	7.9	1.1
July	7.8	8.0	0.2
August	8.1	8.0	-0.1
September	8.0	7.8	-0.2
October	7.9	7.9	0.0
November	7.8	8.1	0.3
December	8.3	7.9	-0.4
Jan 2015	8.0	7.7	-0.3
February	7.8	7.4	-0.4
March	7.6	7.2	-0.4
April	7.3	7.2	-0.1
May	7.2	6.9	-0.3
June	7.1	7.1	0.0
July	7.2	7.1	-0.1
August	7.2	7.3	0.1
September	7.5	7.7	0.2
October	7.9	14.3	6.4
November	19.9	19.5	-0.4
December	20.3	21.1	0.8
Jan 2016	21.9		
February	21.7		
March	21.5		
April	21.6		
May	21.2		
June	21.5		

Source: Bank of Zambia/ Central Statistical Office

Table 2: Table 4: Macroeconomic Outturn and Targets in 2015 and Targets for 2016

Description	2015 Targets	2015 Outturn	2016 Targets
Real GDP growth rate (%)	7.0	3.6	3.7
CPI Inflation, end period (%)	7.0	21.1	7.7
Gross Official Reserves (in months of imports)	4.0	3.7	4.0
Broad Money growth (%)	15.2	35.2	18.0
Budget deficit, excluding grants (% of GDP)	4.6	8.1	3.9
Domestic financing of the Budget (% of GDP)	2.0	1.9	1.2

Source: Bank of Zambia, Ministry of Finance, IMF Macro framework for Article IV Consultations, Nov. 2015

Table 3: Broad Money (in K' million unless otherwise stated), Dec 2013 – Dec 2015

Description	Dec 2013	Jun 2014	Dec 2014	Jun 2015	Dec 2015
Broad Money (M3)	31,136.6	32,685.7	34,959.1	36,862.9	47,262.1
Foreign Exchange Deposits	7,626.9	9,987.01	9,938.8	12,156.1	20,762.2
M3 (excl. Foreign Exchange Deposits)	23,509.8	22,698.7	25,020.4	24,706.8	26,499.9
6-Month Change in M3 (%)	12.0	5.0	7.0	5.4	28.2
6-Month Change in Forex deposits (%)	3.4	30.9	-0.5	22.3	70.8
6-Month Change in M3 (excl. Forex deposits) [%]	15.1	-3.4	10.2	-1.3	7.3
Annual Change in M3 (%)	21.2	17.6	12.3	12.8	28.2
Annual Change in Forex deposits (%)	23.3	35.4	30.3	21.7	102.8
Annual Change in M3 (excl. Forex Deposits) (%)	20.5	10.7	6.4	8.8	3.5

Source: Bank of Zambia

Table 4: Domestic Credit (in K' billion unless otherwise stated), Dec 2013 – Dec 2015

Description	Dec 2013	Jun 2014	Dec 2014	Jun 2015	Dec 2015
Domestic Credit (DC)	28,728.2	24,842.1	31,986.7	36,686.3	40,415.8
O/w Foreign Exchange Credit	4,916.2	5,479.2	6,951.9	6,917.4	9,801.4
DC (Excl. FX Credit)	23,812.0	19,363.0	25,034.8	29,768.8	30,614.4
6-Month Change in Domestic Credit	14.3	-13.5	28.8	14.7	10.2
6-Month Change in Forex Credit	3.5	11.5	26.9	-0.5	41.7
6-Month Change in DC (Excl. Forex Credit)	16.9	-18.7	29.3	18.9	2.8
Annual Change in Domestic Credit	45.5	-1.1	11.3	47.7	23.0

Source: Bank of Zambia

Table 5: Shares of Total Loans and Advances by Sector, Dec 2013 – Dec 2015 (%)

Sector	Dec-13	Jun-14	Dec-14	Jun-15	Dec-15
Agric, forestry, fishing & hunting	19.7	17.6	16.6	16.3	17.3
Mining & Quarrying	6.4	5.8	5.0	5.0	6.4
Manufacturing	9.2	10.5	11.5	11.4	13.5
Electricity, Gas, Water & Energy	1.6	1.9	2.2	1.6	1.7
Construction	3.4	3.2	3.4	3.0	3.4
Wholesale & Retail Trade	9.0	9.3	7.8	9.6	10.8
Restaurants & Hotels	1.7	1.8	1.6	1.5	1.6
Transport, Storage & Comms	4.4	5.0	5.6	5.4	5.1
Financial Services	2.0	2.0	2.5	2.7	2.7
Community, Social & Personal	2.0	2.9	2.1	1.9	1.7
Real Estate	2.1	3.0	2.3	2.6	2.9
Personal Loans	34.5	34.5	34.9	33.2	29.0
Others	3.8	2.4	4.5	5.7	4.0

Source: Bank of Zambia

Table 6: Average Annual Effective Interest Rates (%)

Description	First Half 2015	Second Half 2015
Microfinance Institutions	45.9	56.1
Leasing Finance Institutions	34.1	34.4
Building Societies	30.1	34.3
Development Bank of Zambia	19.6	27.0
National Savings and Credit Bank	31.8	36.5
Overall for the sector	32.3	37.7

Source: Bank of Zambia

Table 7: Kwacha Exchange Rate against Major Trading Partner Currencies

Date	ZMW/USD	ZMW/GBP	ZMW/EUR	ZMW/ZAR
Jun 2015	7.5117	11.8459	8.4397	0.6172
Dec 2015	10.9806	16.2761	11.953	0.7052
% Change	46.2%	37.4%	41.6%	14.3%

Source: Bank of Zambia

Table 8: Real Effective Exchange Rate, Dec 2013 - Dec 2015

	Dec 2013	Jun 2014	Dec 2014	Jun 2015	Dec 2015	% Change	
						(Jun-15/ Dec-14)	(Dec-15/ Jun-15)
Domestic CPI(2005=100)	200.1	209.7	215.9	224.7	261.4	4.1	16.3
Weighted Foreign CPI(2005=100)	127.4	129.7	130.2	130.9	132.6	0.5	1.3
NEER Index	1.98	2.23	2.07	2.33	3.09	12.6	32.6
REER Index (2005=100)	96.5	105.8	95.9	105.0	120	9.5	14.3

Source: Bank of Zambia

Table 9: Trade Data in US $ million (c.i.f), Dec 2013 – Dec 2015

	Dec 2013 – Jun 2014	Jun 2014-Dec 2014	Dec 2014 -Jun 2015	Jun 2015-Dec 2015	% Change
Trade Balance	347.6	273.3	-231.7	-847.1	220.8
Total Exports, c.i.f. (including Gold)	4,966.6	5,200.1	3,615.4	3,690.2	2.1
General Exports, c.i.f.	4,878.6	5,135.9	3,547.7	3,605.2	1.6
Metals	3,764.5	3,977.9	2,642.1	2,662.2	0.8
Copper	3,704.0	3,914.5	2,605.6	2,628.1	0.9
Cobalt	60.5	63.4	36.5	34.2	-6.4
Non -Traditional Exports	1,114.0	1,158.0	905.6	942.9	4.1
Exporter Audit Adjustor	-13.2	-13.2	-13.2	-13.2	0.0
Sub Total	1,127.2	1,171.2	918.8	956.1	4.1
Gemstones	69.2	86.9	44.6	66.6	49.2
Sulphuric acid	111.4	109.5	32.1	25.2	-21.6
Industrial Boilers and Equipment	87.1	73.5	48.7	46.9	-3.7
Cane Sugar	97.0	123.2	72.1	74.5	3.3
Gasoil/Petroleum Oils	16.8	11.5	8.3	3.9	-53.1
Cement & Lime	59.8	49.2	34.9	30.3	-13.2
Electricity	42.2	36.6	39.0	0.0	-100.0
Raw hides, Skins & Leather	47.6	7.5	5.7	6.8	18.8
Sulphur, sublimed or precipitated; colloidal	33.7	23.7	15.0	4.6	-69.3
Burley Tobacco	47.8	93.8	38.5	67.9	76.4
Copper Wire	40.9	43.4	34.3	24.3	-29.0
Scrap of precious metals	27.5	30.0	25.0	24.1	-3.7
Maize & Maize Seed	30.2	35.3	72.0	143.9	99.9
Electrical Cables	25.2	27.3	10.2	10.5	3.7
Cotton Lint	21.2	46.4	8.2	45.9	462.3
Soap, Active Agents, Washing Preps etc	16.6	51.7	24.6	26.9	9.5
Fresh Fruits & Vegetables	9.2	7.8	5.6	6.9	23.2
Manganese Ores/Concentrates	9.7	1.8	1.3	0.1	-89.5
Wheat & Meslin	7.8	8.6	6.7	5.4	-19.4
Fresh Flowers	8.6	5.3	8.6	4.7	-45.1
Other	317.9	295.8	383.4	336.6	-12.2
Gold	88.0	64.2	67.7	85.0	25.6
Imports c.i.f./1	-4,619.0	-4,926.8	-3,847.1	-4,433.4	15.2

Source: Bank of Zambia

Table 10: Imports by Commodity Groups in US $ millions (c.i.f.); Dec 2013 – Dec 2015

Description	Dec 2013- Jun 2014	Jun 2014-Dec 2014	Dec 2014-Jun 2015	Jun 2015 - Dec 2015	% Change
Food Items	225.6	253.6	243.2	251.6	3.4
Petroleum Products	648.4	773.3	560.6	975.8	74.1
Fertilizer	158.1	175.9	155.9	205.5	31.8
Chemicals	346.3	403.3	428.1	611.1	42.8
Plastic and Rubber Products	201.9	222.3	190.4	173.3	-9.0
Paper and paper products	56.2	69.9	64.8	57.8	-10.7
Iron and Steel and items thereof	386.9	353.6	302.3	225.1	-25.5
Industrial Boilers and Equipment	711.8	768.3	639.0	588.2	-7.9
Electrical Machinery & Equipment	266.8	437.9	282.6	258.4	-8.6
Vehicles	370.8	430.7	271.2	272.5	0.4
Other Imports	1,246.2	1,037.9	709.2	814.1	14.8
Total	4,619.1	4,926.8	3,847.1	4,433.4	15.2

Source: Bank of Zambia

Table 11: Metal Export Volumes, Values and Prices; Dec 2013 – Dec 2015

Period	Copper				Cobalt			
	Export Volumes (MT)	**Export US $'000**	**Price/ Tonne**	**Price/ Pound**	**Export Volumes (MT)**	**Export US $'000**	**Price/ Tonne**	**Price/ Pound**
Quarter 1	279,899.0	1,873,456.0	6,693.3	3.0	1,193.6	30,682.6	25,706.4	11.7
Quarter 2	277,555.2	1,830,578.7	6,595.4	3.0	1,080.6	29,815.5	27,591.7	12.5
Dec 2013-Jun 2014	557,454.1	3,704,034.7	6,644.6	3.0	2,274.2	60,498.1	26,602.2	12.1
Quarter 3	292,302.2	1,978,838.4	6,769.8	3.1	1,999.0	33,154.8	27,652.1	12.5
Quarter 4	296,559.1	1,935,638.7	6,527.0	3.0	1,089.0	30,234.7	27,763.7	12.6
Jun 2014-Dec 2014	588,861.2	3,914,477.1	6,647.5	3.0	2,288.0	63,389.5	27,705.2	12.6
Quarter 1	232,587.5	1,277,217.6	5,491.3	2.5	990.0	26,090.6	26,345.1	12.0
Quarter 2	232,660.9	1,328,336.3	5,709.3	2.6	396.8	10,426.7	26,278.6	11.9
Dec 2014-Jun 2015	465,248.3	2,605,553.8	5,600.4	2.5	1,386.8	36,517.3	26,332.5	11.9
Quarter 3	275,944.6	1,374,487.0	4,981.0	2.3	573.0	14,288.4	24,936.1	11.3
Quarter 4	280,905.5	1,253,574.2	4,462.7	2.0	1,019.0	19,528.4	19,528.4	8.9
Jun 2015- Dec 2015	556,848.2	2,628,061.2	4,719.5	2.1	1,592.0	34,187.8	21,474.7	9.74

Source: Bank of Zambia

Table 12: Central Government Fiscal Operations, Second Half 2015 (K'mn, unless otherwise stated)

	2015 Budget		First Half			Second Half		
	Projection	% of GDP	Target	Prelim	Var	Target	Prelim	Var
Total Revenue & Grants	35,364	19.5	16,074	15,830	-1.5	17,123	18,274	6.7
Tax Revenue	25,345	13.6	12,007	12,877	7.2	13,243	13,559	2.4
Non-Tax Revenue	8,805	5.2	3,460	2,792	-19.3	3,273	4,560	39.3
Grants	1,214	0.7	607	160.7	-73.5	606	155	-74.4
Total Expenditure	44,815.0	24.1	29,059	21,621	-25.6	32,256	27,239	-15.6
Current Expenditure	33299	18.1	24,287	16,954	-30.2	27,180	21,533	-20.8
Personal Emoluments	16,549	8.9	8,132	8,362	2.8	8,464	7,729	-8.7
Use of Goods & Services	6,266	3.4	10,999	2,225	-79.8	7,456	2,498	-66.5
Interest	3,436	1.8	1,798	1,933	7.5	3,174	3,384	6.6
Grants & Other Payments	5,005	2.7	2,534	3,502	38.2	5,854	6,049	3.3
Social Benefits	1,000	0.5	500.0	435	-12.9	677	400	40.9
Other Expenses	1,043	0.6	325.0	498	53.2	1,555	1,472	-5.4
Liabilities	350	0.2	201	203	1.1	102	132	28.7
Assets	11,166	6.0	4,570	4,463	-2.3	4,973	5,575	12.1
Non- Financial Assets	10,552	5.7	4,302	4,104	-4.6	4,761	5,534	16.2
Financial Assets	614	0.3	268.0	359	34	203	41	-80.7
Change in Balances & Statistical discrepancy	0	-0.0	9,033	-244	-103	10,956	-421	-104
Fiscal Balance	-9,451	-4.6	-12,984	-5,791.	-55.4	-15,133	-8,964	-40.8
Financing	9,451	4.6	3,951	6,035	52.7	4,176	9,385	124.7
Domestic	3,772	1.7	1,966	2,192	11.5	1,918	529	-72.4
Foreign	5,425.3	2.9	2,278	1,769	-22.3	2,954	10,124	242.7

Source: Bank of Zambia