

April BNNB Statement

16th May, 2022

STABILITY OF KEY MACROECONOMIC FUNDAMENTALS KEY TO REDUCING THE HIGH COST OF LIVING

The cost of living for a family of five in Lusaka as measured by the Jesuit Centre for Theological Reflection (JCTR) Basic Needs and Nutrition Basket (BNNB) in the month of April 2022 stood at K9, 326.41. This is an K85.13 decrease from K9, 411.50 that was recorded in March 2022. The total food cost decreased by a larger margin in comparison to the non-food cost. The food costs stood at K3, 659.19 from K3, 738.04 in March 2022, a K78.85 decrease. The downward movement in the basket is attributed to reduced prices of items such as 16kg of bananas which reduced by K138.62 from K256.00 (16.00/kg) to K177.38 (11.09/kg), 14kg of other fruits which reduced by K42.00 from K364.00 (26.00/kg) to K322.00 (23.00/kg) and 1Kg soya pieces which reduced by K3.27 from K56.60 to K53.33. However, the April basket also recorded price increases in items such as 2 25kg bags of roller mealie meal which went up by K2.00 from K276.00 (K138.00/per bag) to K280 (K140.00/per bag), 1kg of Kapenta which went down by K2.10 from K290.01 to K292.11.

JCTR notes a decline in the BNNB as seasonality continues to affect the price movements in selected items on the basket. For instance, the price of other fruits has gone down given the abundant availability of fruits such as apples and oranges. Other key contributing factors to the reduction include the slowdown in the annual inflation rate for the ninth month straight to 11.5 percent in April, from 13.1 percent in March of 2022. This has been the lowest recording since November 2019. Additionally, the Kwacha having come under immense pressure in 2020, given a weakening macroeconomic environment worsened by the COVID 19 pandemic, has broadly stabilised in 2022. We do commend government for this achievement. Nonetheless, it has been noted that majority of prices of items on the BNNB continue to increase partly due to rises in the price of fuel albeit at a much slower pace as seen by the reduced magnitude in price changes. Generally, the cost of living does remain out of the reach of many households that continue to compromise their standards of living given this state of affairs.

JCTR therefore makes the following recommendations in response to the findings from the April BNNB survey:

1. Government through the Bank of Zambia should sustain efforts to stabilise key macroeconomic variables such as the exchange rate.
2. Government through the Ministry of Agriculture should continue to facilitate abundance of both local and imported produce (in cases where we cannot produce) on the market as this has implications on food prices. For domestic produce, the need to ensure linkage to markets in this harvest period, reduction in fertiliser prices and timely delivery of inputs in the next farming season remains critical for food security in the nation.
3. Government should expedite the finalisation of recruitment of teachers and health professionals as an income support measure for the many households that are struggling to meet the high cost of living.

Consistent intervention on the above will go a long way to uplift the living standards and conditions of the marginalised, the vulnerable and the poor citizens.

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