



**JESUIT CENTRE FOR THEOLOGICAL REFLECTION**

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**Press Release**

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**JCTR predicts an upward rise in the cost of living for October**

The **September** 2018 JCTR Basic Needs Basket (BNB) for a family of five living in Lusaka which stood at **K5356.36** was **K46** less than the **August** BNB which stood at **K5, 402.31**. Significant changes in prices were noted in **Kapenta** which decreased by **K42** from **K229.75** in **August** to **K188** in **September per kg**. Charcoal decreased by **K25** from **K165** in **August** to **K140** in **September per 90 kg bag**. **Dry bream fish increased by K8** from **K124** in **August** to **K132** in **September per kg**. As can be seen from the BNB survey, even with the noted reduction, the cost of living has remained high and below incomes of many Zambians who continue to struggle to access basic needs of life. JCTR has noted that prices of basic commodities are sticky downwards and this has contributed to the high cost of living.

Amidst high cost of living the Energy Regulation Board (ERB) on 2<sup>nd</sup> October, 2018 announced an upward adjustment in fuel prices by K2.31 per litre of petrol, K2.61 per litre of diesel and K2.49 per litre of kerosene, due to changes in the fundamentals that determine fuel prices. According to ERB, the fundamentals that have adversely affected fuel prices are increased price of crude oil on the international market and the depreciation of the kwacha against major trading currencies, especially the US dollar. JCTR expects local producers to increase commodity prices as they try to cushion themselves against increased cost of production instigated by increased fuel prices and in the process the consumer will pay the brunt of fuel hike.

The importation of oil dominates many other expenditures and forms a major part of Zambia's import bill. Oil is one of the key drivers of industrial and commercial activities within the country. With regards to increased economic activities in the country, national consumption of oil has increased. It is for this reason that JCTR expects adjusted fuel rates to negatively impact the prices of essential goods and services such as food, water, sanitation, electricity, health care and housing.

JCTR therefore urges government to locally accelerate the process of exploration and production of oil as this will increase supply of oil and henceforth reduce fuel prices. Reduced fuel rates would cushion Zambia from the high cost of living due to the fact that fuel is a major determinant. Further on, we urge government to enhance transparency when procuring petroleum feedstock in accordance with the provisions of the Zambia Public Procurement Authority. Lastly, Indeni Petroleum Refinery Limited financial structures must be enhanced and strengthened to allow for efficient purchase of petroleum. Indeni should have a provision for reserves that can be used to stabilize fuel prices locally when international prices increase.

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