

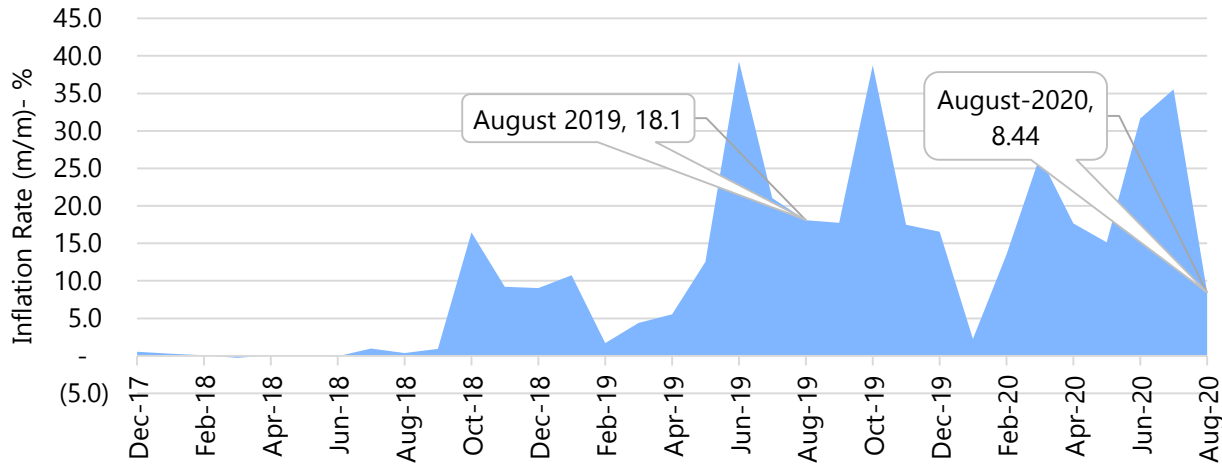
...headline inflation slows
down in August 2020...

INFLATION ALERT

August 2020



Graph 1: M/M Inflation Rate Trends



Graph 2: Sub Categories' Inflation Rates

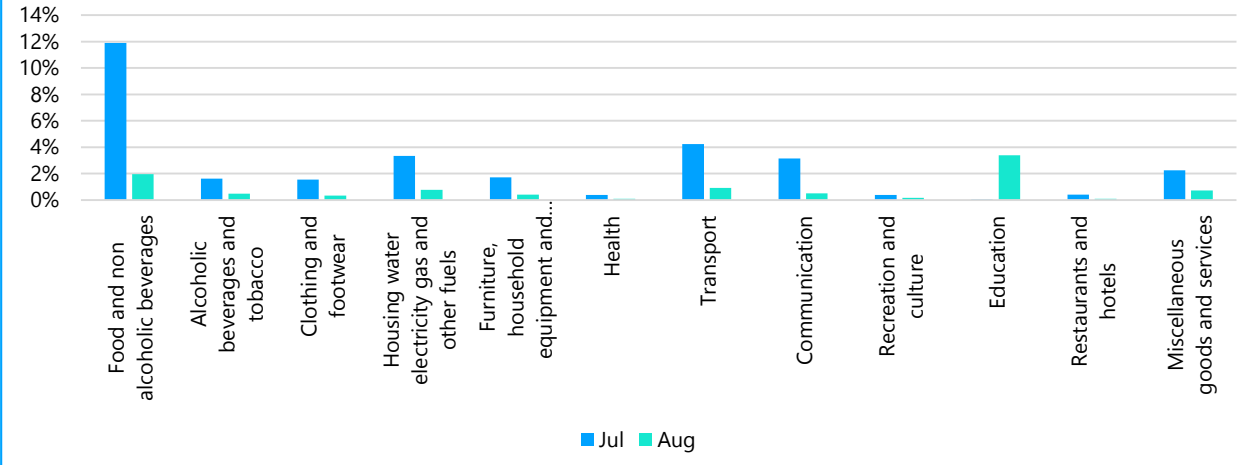


TABLE 1: COMPARATIVE REGIONAL INFLATION RATES

	M/M Inflation Rate (%)			Y/Y Inflation Rate (%)		
	June-2020	July-2020	August-2020	June-2020	July-2020	August-2020
South Africa	0.5	1.3	n/a	2.2	3.2	n/a
Kenya	(0.3)	0.1	0.2	4.6	4.4	4.4
Botswana	(1.2)	0.2	0.2	0.9	0.9	1.0
Tanzania	(0.2)	(0.2)	-0.5	3.2	3.3	3.3
Zambia	0.2	0.3	0.5	15.9	15.8	15.5
Zimbabwe	31.7	35.5	8.4	737.3	837.5	761.0
Uganda	1.2	0.2	0.3	4.1	4.7	4.6

- According to the ZimStat, the month-on-month “m/m” inflation rate declined by 27.09 percentage points “p/p” to a 7-months low of 8.4% in August 2020, from 35.5% in July 2020 - **Graph 1**. This reflected declines in both the food and non-food inflation rates to 6.3% and 10.0%, respectively. In fact, declines were recorded in all subcategories, with the exception of education – **Graph 2**.
- Resultantly, the annual inflation rate declined to 761.0% in August 2020, compared to 837.5% recorded in July 2020.
- Meanwhile, Zimbabwe’s inflation rate remained relatively above those of its major regional and trading partners, as shown in the Table 1.
- In the short term, inflationary pressures are expected to emanate from the recent upward adjustments in the prices of fuel, telecommunications tariffs and public transport fares. Additionally, rising producer and consumer prices in South Africa may also translate into imported inflation for Zimbabwe, given the countries’ strong trade links. However, ongoing policy interventions to stabilize the exchange rate and the prices of basic commodities will somewhat limit the inflationary pressures.

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