

2009 COST OF LIVING MUCH BETTER THAN 2008 AND 2007- BASED ON THE CFSC BASIC NEEDS BASKET ANALYSIS FOR THE YEAR

As far as cost of living is concerned, the just ended year was a good year, not only in terms of food availability, but in terms of the pace at which the general prices of basic commodities in the urban areas were increasing/decreasing (inflation). Although cost of living generally increased in December 2009 in all the four cities, the trend for the whole year is more favourable than in the past three years.

December 2009 Cost of Living Trend

Cost of living has increased in the month of December in all the four cities. In Blantyre, it slightly went up by 1.2% from MK51,092 in November to MK51,730 in December. Cost of basic food items rose to MK25,269. Blantyre has the highest cost of living. In Lilongwe, the average cost of basic needs went up by 3.3% from MK49,805 in November to MK51,445 in December. Cost of food was at MK25,269, which is slightly lower than Blantyre. In Zomba city, cost of living went up by 2.8% from MK45,001 to MK46,243 in December. Basic food items now cost MK23,289 on average. Mzuzu has the lowest cost of living at MK44,554, and it has gone up in December by 9.9% from MK40,542 in November. However, food during the month of December, food was very expensive in Mzuzu. It was the highest among all the four cities. An average family living in Mzuzu had to have at least MK26,258 in order to meet the minimum food requirements. This high cost in food is not influenced by the price of maize because in Mzuzu, the price of maize is declining while prices of other food items are increasing. There was a shortage of sugar and cooking oil in Mzuzu during the month as a result of the just ended fuel crisis, which affected distribution of these food items to all parts of Malawi.

Urban Inflation in 2009

Despite the major events that took place in 2009 in Malawi, such as the general elections, the foreign exchange problems and the fuel crisis, this was a better year than 2008. Although, many people are struggling to find employment and others are struggling to make profits from their small businesses, and many others are still far from getting an income that would enable them to at least afford food requirements, prices of basic commodities in 2009 were rising at a more acceptable rate than last year. Analysis of a cost of living trend for Lilongwe shows that the average year-on-year urban inflation (in real terms) has declined from 39.1% in 2008 to **10.96%** in 2009. This is also lower than the 15.3% average urban rate of inflation for Lilongwe in 2007. The rate was highest at the beginning of the year in January and February (at 33.9%) and lowest in the second half of the year, especially in November at -4.23%. More details in Table 1 and Figure 1 below:

Table 1: Urban Inflation Rate for Lilongwe

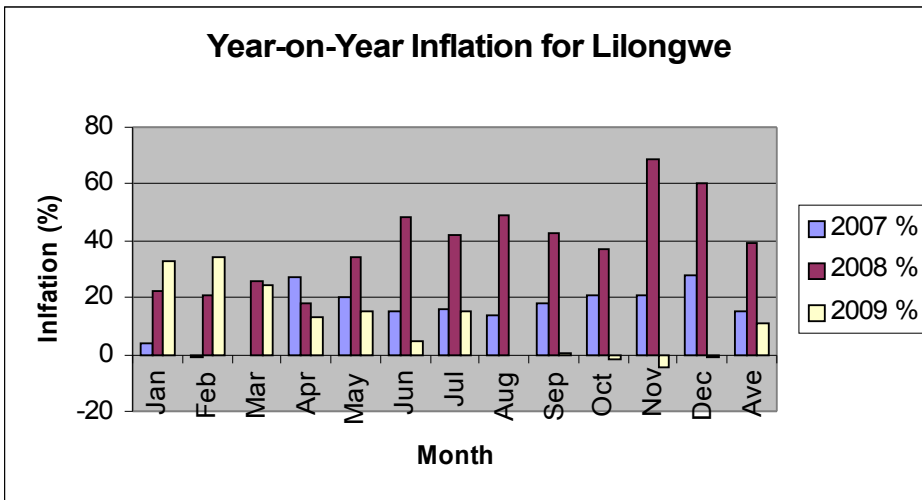
Year on Year Inflation for Lilongwe (real) (%)

Month	2007	2008	2009
Jan	4	22	32.5
Feb	-1	21	33.9
Mar	0	26	24.3
Apr	27	18	12.9
May	20	34	15.1
Jun	15	48	4.3
Jul	16	42	14.9
Aug	14	49	-0.1
Sep	18	43	0.2
Oct	21	37	-1.7
Nov	21	69	-4.2
Dec	28	60	-0.7
Ave	15.25	39.08	10.95

Month-to-Month Urban Inflation for Lilongwe (%)

Month	2007	2008	2009
Jan	14.3	9.3	1.5
Feb	4.3	3.2	3.7
Mar	-0.2	4.4	-3.2
Apr	7.6	1.1	-8.3
May	-7	5.2	6.7
Jun	-2.3	6.7	-3.7
Jul	1.9	1.6	1.6
Aug	-1.6	3.3	-1.7
Sep	4.5	1.1	1.2
Oct	3.9	-0.7	-2.9
Nov	0.9	13.6	7.5
Dec	5.5	-0.1	3.3
Average	2.65	4.06	0.48

Figure 1: Year-on-Year Urban Inflation Rate for Lilongwe



The same trend is observed on month-to-month inflation rates for 2007, 2008 and 2009. The average month-to-month urban inflation rate for the capital city in 2009 was at 0.47%, compared to 4.07% in 2008, 2.8% in 2007 and 0.2% in 2006 (See Table 1 above). Things were even much better in terms of average food inflation for the city of Lilongwe. As can be observed in [Table 2](#) and [Table 3](#) below, the Lilongwe year-on-year average food inflation for 2009 was as low as **7.24%**, compared to 61.3% in 2008 and 9.15% in 2007.

Table 2.1: 2007 Food Inflation Rates

Mnth	Food Basket (MK)	Yr-on-Yr Urban Inflation %	Month To Month Inflation
Jan	14,579	-5.84	4.64
Feb	15,645	-12.95	7.31
Mar	15,474	-12.12	-1.09
Apr	17,002	27.18	9.87
May	14,968	9.57	-11.96
Jun	14,933	13.15	-0.23
Jul	15,364	13.95	2.89
Aug	14,876	8.02	-3.18
Sep	15,925	12.88	7.05
Oct	15,899	14.10	-0.16
Nov	16,178	14.61	1.75
Dec	17,726	27.23	9.57
Avge Food Inflation rate for 2007		9.15	2.21

Table 2.2: 2008 Food Inflation

Mnth	Food Basket (MK)	Yr-on-Yr Urban Inflation	Mnth To Month Inflation
Jan	20,384	39.82	14.99
Feb	21,411	36.86	5.04
Mar	23,033	48.85	7.58
Apr	21,981	29.28	-4.57
May	23,546	57.31	7.12
Jun	25,943	73.73	10.18
Jul	26,121	70.01	0.69
Aug	26,990	81.43	3.33
Sep	26,991	69.49	0.00
Oct	27,755	74.57	2.83
Nov	30,216	86.77	8.87
Dec	29,689	67.49	-1.74
Avge Food Inflation rate for 2008		61.30	4.53

Table 2.3: 2009 Food Inflation

Month	Food Basket (MK)	Yr-on-Yr Urban Inflation %	Month To Month Inflation
Jan	28,566	40.14	-5.46
Feb	30,366	48.97	6.30
Mar	28,759	34.32	-5.29
Apr	24,183	4.99	-15.91
May	26,050	18.51	7.72
Jun	24,062	2.19	-7.63
Jul	25,003	-3.62	3.91
Aug	24,112	-7.69	-3.56
Sep	24,696	-8.50	2.42
Oct	23,479	-13.01	-4.93
Nov	24,135	-13.04	2.79
Dec	25,269	-16.37	4.70
Avge Food Inflation Rate for 2009		7.24	-1.25

Cost of Living Trend in Different Cities

During the year, Blantyre’s cost of living was the highest, with an average cost of MK48, 729 per month, while Mzuzu was the least expensive city, with an average cost of living of MK39, 168 per month. Average cost of living in 2009 for Lilongwe and Zomba were MK48, 729 and MK48, 137 per month, respectively. You will see more details in [Table 3](#) below. However, in terms of inflation, Zomba had the highest average month-to-month inflation rate of 0.84% while Mzuzu had the lowest at -09%. The average inflation rates for Lilongwe and Blantyre were 0.47% and 0.43%, respectively.

Table 3: Cost of Living Trend by City

Cost of living trend for 2009 by City

Month	Lilongwe	Inflation Rate	Blantyre	Inflation Rate	Mzuzu	Inflation Rate	Zomba	Inflation Rate
Dec. 08	49,225		49,342		46,258		42,152	
January	49,982	1.54	50,270	1.88	50,484	9.14	43,091	2.23
February	51,812	3.66	49,743	-1.05	43,767	-13.31	43,691	1.39
March	50,159	-3.19	49,327	-0.84	45,476	3.90	95,635	-0.48
April	45,987	-8.32	47,038	-4.64	42,783	-5.92	41,672	-4.16
May	49,052	6.66	49,686	5.63	41,532	-2.92	44,715	7.30
June	47,237	-3.70	49,937	0.51	40,671	-2.07	41,353	-7.52
July	48,009	1.63	48,163	-3.55	41,271	1.48	42,918	3.78
August	47,172	-1.74	48,622	0.95	39,263	-4.87	43,730	1.89
September	47,730	1.18	49,560	1.93	42,263	7.64	45,169	3.29
October	46,353	-2.88	49,259	-0.61	41,966	-0.70	44,423	-1.65
November	49,805	7.45	51,092	3.72	40,542	-3.39	45,001	1.30
December	51,445	3.29	51,730	1.25	44,554	9.90	46,243	2.76
Average	48,729	0.47	49,536	0.43	39,168	-0.09	48,137	0.84

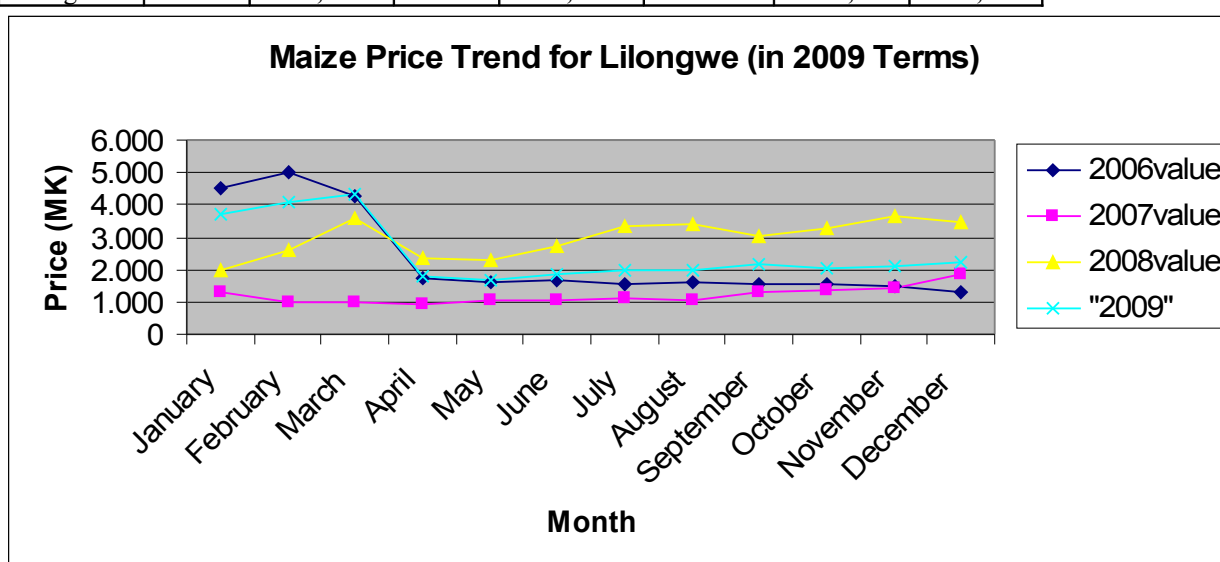
Maize Price Trend for Lilongwe

The average price of a 50 kg bag of maize was lower in 2009 than in 2008, in real terms. In Lilongwe, the average price for the bag of maize in 2009 was MK2, 491 while in 2008 it was at MK2, 978. The price of maize was highest in the months of January to March and significantly decreased immediately after harvest in April. For more details, please see [Table 4](#) and [Figure 2](#) below.

Table 4: Maize Price Trend for Lilongwe

Price of maize Trend for Lilongwe (inflated to 2009 values)

Month	"2006"	2006value	"2007"	2007value	"2008"	2008value	"2009"
January	3,015	4,510	1,000	1,270	1,780	2,001	3,725
February	3,368	5,021	775	988	2,270	2,572	4,056
March	2,840	4,242	775	1,009	3,142	3,575	4,350
April	1,179	1,734	750	951	2,063	2,340	1,785
May	1,114	1,606	850	1,063	2,020	2,271	1,663
June	1,171	1,667	850	1,062	2,450	2,736	1,844
July	1,100	1,565	890	1,103	2,860	3,350	2,000
August	1,100	1,580	825	1,026	3,072	3,409	1,950
September	1,100	1,571	1,025	1,273	2,760	3,046	2,150
October	1,100	1,558	1,092	1,357	2,980	3,292	2,050
November	1,100	1,498	1,200	1,429	3,450	3,663	2,088
December	1,000	1,285	1,600	1,872	3,350	3,487	2,225
Average		2,320		1,200		2,978	2,491



Maize Price Trend by City

The average price of a bag of 50 kg for maize was the lowest in Zomba at MK2, 145 and highest in Blantyre at MK2, 699. The average price for Mzuzu was MK2, 381 while for Lilongwe was MK2, 491. Please see details in Table 5 below.

Table 5: Maize Price Trend for the Four Cities

2009 Price of maize by city

Month	Blantyre	Lilongwe	Mzuzu	Zomba
January	4,000	3,725	3,600	2,933
February	4,000	4,056	3,900	2,907
March	4,000	4,350	3,250	2,979
April	2,292	1,785	2,140	1,333
May	1,850	1,663	1,970	2,429
June	2,000	1,844	1,930	1,736
July	2,125	2,000	1,930	1,573
August	2,125	1,950	1,830	1,675
September	2,500	2,150	2,100	2,000
October	2,500	2,050	2,070	2,200
November	2,500	2,088	1,913	2,000
December	2,500	2,225	1,939	1,978
Average	2,699	2,491	2,381	2,145

The Social Conditions Research Program of the CFSC, the Director and all staff members of the CFSC would like to sincerely thank you for your feedback and words of encouragement throughout the year. We are looking more to your support in using the BNB as a tool of promoting social justice. We wish you all a Happy and Successful 2010.

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