

# **EXPORT AND IMPORT PRICE INDICES**

## **2015**

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## Contents

Introduction .....	2
Uses of Export and Import Price Indices .....	3
Export Price Indices .....	5
Import Price Indices .....	8
Terms of Trade .....	12

## Introduction

Import and Export indices that are published here are pure price indices. They measure the average change in the prices of imported and exported goods.

The base year is 2015. Data on 2015 prices by month was collected from exporters and importers in 2016. For exports, 25 products, which accounted for 89% of total value of exports in the base year were selected. Export prices were recorded for 21 of the 25 selected products which is 84% coverage of the sampled products. For imports, 55 products which accounted for 70% of total value of imports in the base year were selected. Import prices were recorded for 49 of the 55 selected products which is 89% coverage of the sampled products. Price data was analysed in USD.

The classification of commodities used is the Harmonised System (HS) 2012. Data was collected and processed at the 8-digit level but is disseminated at the 2-digit level commodity groups which are referred to as Chapters in the HS nomenclature. Adjustments were made for quality changes between time periods where necessary.

## Uses of Export and Import Price Indices

- *Deflating foreign trade statistics:* In the compilation of Gross Domestic Product at constant prices using the expenditure approach, the export index is used to deflate the nominal value of exports while the import index is used to deflate the nominal value of imports.
- *Measuring inflation:* Movement in import prices can often be an indicator of future price trends since some inputs to domestic production, as well as consumption, are imported.
- *Formulating fiscal and monetary policy:* The central bank can use Import/Export Price Indexes as a resource when formulating the nation's monetary policy. Import/Export Price Index data may also assist policymakers in determining the impact of trade legislation on fiscal policy.
- *Forecasting future prices:* Anticipating future price trends is important to business leaders and those doing research on international prices. A major input into any model used to forecast price trends is past prices. Although past price behavior is not a perfect predictor of future trends, historical patterns and relationships in the Import/Export Price indices can contribute knowledge about the future price levels.

- *Measuring industrial competitiveness:* The Import/Export Price Indices can be used as inputs when measuring industrial competitiveness. These measures include terms of trade indices and export price comparisons.
- *Analyzing the effects of exchange rates:* The Import/Export Price Indexes can be used to construct pass-through rates to measure how much of an exchange rate change is passed through to an import or export price.
- *Negotiating trade contracts:* Import/Export Price Indices data are useful in both multilateral and bilateral trade negotiations which are normally done by the Ministry of Industry and Commerce, as well as trade contracts between private entities resident in different economies.

## Export Price Indices

The all-items export price index is an overall measure of the change in prices received by residents of the home country from residents of other countries. Export prices are valued on an f.o.b basis. The individual group indices show the changes in average export prices for the respective groups on a monthly basis.

Table 1: Export Price Indices by HS Chapter by month in 2015

Commodity Groups by HS Chapter	Weight	Jan-15	Feb-15	Mar-15	Apr-15	May-15	Jun-15	Jul-15	Aug-15	Sep-15	Oct-15	Nov-15	Dec-15
Fish and crustaceans, mollusc and other aquatic	3.8	100	100.0	100.0	109.3	100.0	100.0	100.0	100.0	100.0	89.1	101.9	100.0
Coffee, tea, mate and spices	6.8	100	102.0	94.5	99.6	101.5	98.2	101.0	102.2	94.9	102.0	105.2	97.3
Sugar and sugar confectionery	37.0	100	101.1	101.4	101.8	98.4	102.3	97.5	98.5	100.2	100.0	98.9	96.7
Tobacco and manufactured tobacco substitutes	317.6	100	99.8	100.7	90.0	121.0	93.4	114.6	85.1	90.2	126.2	83.9	106.7
Salt, sulphur; earths and stone; plastering mater	13.9	100	92.1	103.4	100.8	90.4	112.5	100.5	96.2	101.0	99.8	96.0	101.1
Mineral fuels, mineral oils and products of their	7.7	100	105.7	116.5	84.4	103.5	110.6	100.2	104.4	105.7	105.8	84.4	91.0
Raw hides and skins (other then furskins) and le	6.0	100	128.7	83.0	101.1	99.9	95.6	129.5	96.9	89.2	125.0	101.2	82.3
Wood and articles of wood; wood charcoal	3.9	100	107.5	97.6	97.5	99.1	100.5	111.5	96.6	99.7	101.0	103.8	95.9
Paper or paperboard; articles of paper pulp, of p	3.5	100	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Cotton	26.1	100					101.9	103.6	117.7	103.0	102.7	100.9	102.3
Natural or cultured pearls, precious or semi-pre	333.9	100	98.3	95.9	97.9	99.6	96.6	108.6	97.6	99.5	101.8	95.8	90.9
Iron and steel	71.0	100	90.5	102.5	93.3	107.2	92.4	99.2	97.7	98.7	98.3	102.0	95.7
Nickel and articles thereof	53.9	100	97.8	98.5	94.3	102.7	99.7	101.4	90.3	94.9	98.3	108.7	90.0
<b>ALL ITEMS EXPORT PRICE INDEX</b>	<b>1000</b>	<b>100</b>	<b>98.6</b>	<b>98.9</b>	<b>94.5</b>	<b>108.2</b>	<b>96.1</b>	<b>108.8</b>	<b>93.4</b>	<b>95.9</b>	<b>110.1</b>	<b>93.2</b>	<b>97.7</b>

Fig 1: All Items Export Price Index by month in 2015

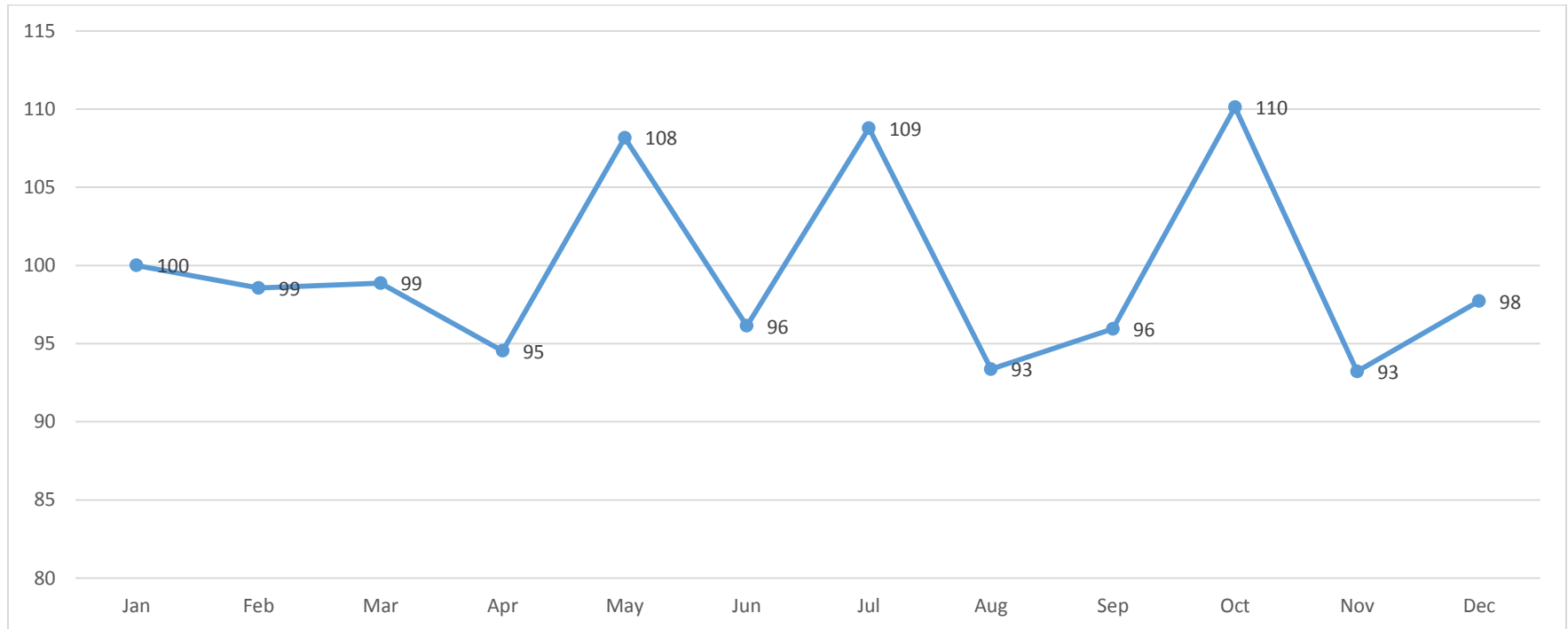


Table 2: Percentage change of Export Price Indices by HS Chapter by month in 2015

Commodity Groups by HS Chapter	Weight	Jan-15	Feb-15	Mar-15	Apr-15	May-15	Jun-15	Jul-15	Aug-15	Sep-15	Oct-15	Nov-15	Dec-15
Fish and crustaceans, mollusc and other aquatic	3.8		0.0	0.0	9.3	-8.5	0.0	0.0	0.0	0.0	-10.9	14.4	-1.9
Coffee, tea, mate and spices	6.8		2.0	-7.4	5.4	1.9	-3.3	2.9	1.2	-7.1	7.4	3.1	-7.5
Sugar and sugar confectionery	37.0		1.1	0.3	0.5	-3.3	4.0	-4.7	1.0	1.7	-0.1	-1.1	-2.3
Tobacco and manufactured tobacco substitutes	317.6		-0.2	0.9	-10.7	34.5	-22.8	22.6	-25.8	6.0	40.0	-33.5	27.1
Salt, sulphur; earths and stone; plastering materi	13.9		-7.9	12.2	-2.5	-10.3	24.4	-10.7	-4.2	5.0	-1.2	-3.8	5.3
Mineral fuels, mineral oils and products of their d	7.7		5.7	10.3	-27.5	22.5	6.9	-9.4	4.3	1.2	0.1	-20.3	7.9
Raw hides and skins (other then furskins) and lea	6.0		28.7	-35.5	21.8	-1.2	-4.3	35.4	-25.1	-8.0	40.2	-19.0	-18.7
Wood and articles of wood; wood charcoal	3.9		7.5	-9.2	-0.1	1.6	1.4	10.9	-13.3	3.2	1.3	2.8	-7.5
Paper or paperboard; articles of paper pulp, of pa	3.5		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Cotton	26.1							1.7	13.6	-12.5	-0.3	-1.7	1.4
Natural or cultured pearls, precious or semi-prec	333.9		-1.7	-2.4	2.1	1.7	-3.0	12.5	-10.2	2.0	2.3	-5.8	-5.1
Iron and steel	71.0		-9.5	13.3	-9.0	14.9	-13.7	7.3	-1.5	1.0	-0.4	3.8	-6.2
Nickel and articles thereof	53.9		-2.2	0.7	-4.2	8.9	-2.9	1.7	-11.0	5.2	3.6	10.6	-17.2
<b>ALL ITEMS EXPORT PRICE INDEX</b>	<b>1000</b>		<b>-1.4</b>	<b>0.3</b>	<b>-4.4</b>	<b>14.4</b>	<b>-11.1</b>	<b>13.2</b>	<b>-14.2</b>	<b>2.8</b>	<b>14.8</b>	<b>-15.3</b>	<b>4.8</b>

The all items export price index declined by 2.3% between January and December 2015. However during the year there were sharp increases in May, July and October. The index rose in May by 14.4%. Notable increases were posted by tobacco (34.5%), mineral fuels (22.5%) and iron and steel (14.9%). The increase in July was 13.2%. Main increases were in raw hides and skins (35.4%) and tobacco (22.6%). In October the index rose by 14.8% registering 40.2% increase in raw hides and skins and 40% in tobacco.



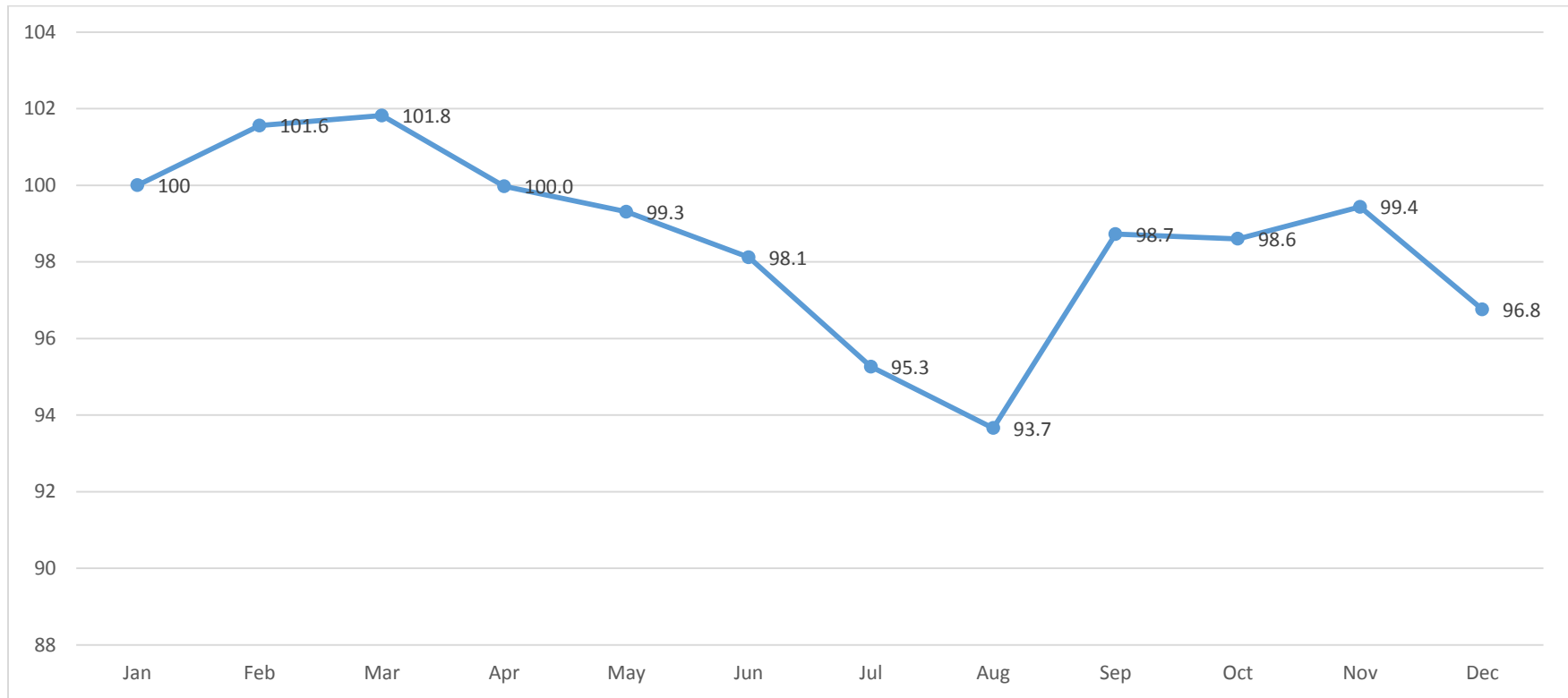
## Import Price Indices

The all-items import price index is an overall measure of the change in prices received by residents of other countries from residents of the home country. Import prices are valued on a c.i.f basis. The individual group indices show the changes in average import prices for the respective groups on a monthly basis.

Table 3: Import Price Indices by HS Chapter by month in 2015

Commodity Groups by HS Chapter	Weight	Jan-15	Feb-15	Mar-15	Apr-15	May-15	Jun-15	Jul-15	Aug-15	Sep-15	Oct-15	Nov-15	Dec-15
Cereals	75.4	100	99.9	99.6	98.1	99.8	99.8	100.2	98.1	104.8	98.3	97.9	100.2
Products of the milling industry; malt; starches; in	11.8	100	98.9	97.3	103.0	101.3	98.1	98.8	99.9	96.9	101.7	97.0	96.3
Animal or vegetable fats and oils and their cleavag	22.5	100	100.0	101.7	95.5	101.4	99.3	100.0	100.2	98.5	93.4	102.3	99.0
Sugar and sugar confectionery	10.3	100	100.0	101.0	100.0	99.5	101.1	100.0	101.0	100.2	99.9	99.9	100.0
Beverages, spirits and vinegar	4.4	100	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Residues and waste from the food industries; prep	10.8	100	98.6	99.5	100.2	100.0	99.6	98.4	108.0	98.9	98.6	98.9	99.6
Mineral fuels, mineral oils and products of their d	516.7	100	101.9	102.8	103.9	104.0	100.3	94.9	93.1	96.0	97.5	97.5	93.2
Pharmaceutical products	53.2	100	100.0	99.2	100.2	99.7	100.4	99.8	99.3	98.2	95.9	101.3	100.3
Fertilisers	28.6	100	98.9	99.3	98.9	99.9	100.5	100.4	100.1	100.0	95.7	107.7	100.0
Essential oils and resinoid; perfumery, cosmetic o	15.7	100	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Soap, organic surface active agents, washing and	17.3	100	100.0	93.9	99.9	99.1	100.9	97.2	99.0	87.0	93.1	106.1	98.9
Miscellaneous chemical products	10.3	100	100.0	100.3	100.0	99.7	100.7	97.4	100.0	99.8	99.9	100.5	101.8
Plastics and articles thereof	20.4	100	132.4	128.0	100.0	99.1	102.5	98.7	100.7	99.6	99.2	98.9	98.9
Rubber and articles thereof	6.9	100			201.5	86.3	195.3	159.5	138.4	139.1	142.8	134.1	122.2
Ceramic products	6.7	100	101.0	99.6	114.2	99.7	99.7	101.2	100.0	98.9	90.0	97.3	95.6
Natural or cultured pearls, precious or semi-prec	3.9	100	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Iron and steel	9.2	100	100.0	105.3	116.0	96.3	103.1	99.5	100.0	93.9	83.2	92.3	66.6
Articles of iron or steel	4.6	100	93.5	97.7	100.0	99.4	100.1	101.1	99.8	100.0	98.3	96.0	100.3
Nuclear reactors, boilers, machinery and mechani	18.2	100	100.0	100.0	100.0	100.0	101.3	100.6	100.6	100.2	100.6	99.8	100.6
Electrical machinery and equipment and parts the	28.5	100	98.3	100.4	100.0	104.8	97.5	100.0	100.0	100.0	98.7	98.1	100.0
Vehicles others than railway or tramway rolling-st	111.1	100	100.3	99.3	69.2	69.3	69.3	72.3	67.3	99.7	99.2	99.1	98.4
Optical, photographic, cinematographic, measurin	9.0	100	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	80.7	100.0
Miscellaneous manufactured articles	4.5	100	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
<b>ALL ITEMS IMPORT PRICE INDEX</b>	<b>1000</b>	<b>100</b>	<b>101.6</b>	<b>101.8</b>	<b>100.0</b>	<b>99.3</b>	<b>98.1</b>	<b>95.3</b>	<b>93.7</b>	<b>98.7</b>	<b>98.6</b>	<b>99.4</b>	<b>96.8</b>

Fig 2: All Items Import Price Index by month in 2015



The all items import price index declined by 3.2% between January and December 2015. There is a consistent downward trend between March and August. The steepest decline was in July (-2.9%). There was a notable decrease in the import price index for rubber (-18.3%).

Table 4: Percentage change of Import Price Indices by HS Chapter by month in 2015

Commodity Groups by HS Chapter	Weight	Jan-15	Feb-15	Mar-15	Apr-15	May-15	Jun-15	Jul-15	Aug-15	Sep-15	Oct-15	Nov-15	Dec-15
Cereals	75.4		-0.1	-0.3	-1.5	1.6	0.0	0.4	-2.1	6.8	-6.3	-0.3	2.3
Products of the milling industry; malt; starches; in	11.8		-1.1	-1.6	5.9	-1.6	-3.2	0.8	1.0	-3.0	4.9	-4.6	-0.7
Animal or vegetable fats and oils and their cleavag	22.5		0.0	1.7	-6.1	6.2	-2.1	0.7	0.2	-1.7	-5.2	9.6	-3.2
Sugar and sugar confectionery	10.3		0.0	1.0	-1.0	-0.5	1.6	-1.1	1.0	-0.8	-0.3	0.0	0.1
Beverages, spirits and vinegar	4.4		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Residues and waste from the food industries; prep	10.8		-1.4	0.9	0.7	-0.2	-0.4	-1.2	9.7	-8.4	-0.3	0.3	0.7
Mineral fuels, mineral oils and products of their di	516.7		1.9	0.9	1.0	0.1	-3.5	-5.4	-1.9	3.0	1.6	0.0	-4.4
Pharmaceutical products	53.2		0.0	-0.8	1.0	-0.5	0.7	-0.6	-0.5	-1.1	-2.3	5.6	-1.0
Fertilisers	28.6		-1.1	0.4	-0.4	1.0	0.6	0.0	-0.3	-0.1	-4.3	12.5	-7.1
Essential oils and resinoid; perfumery, cosmetic or	15.7		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Soap, organic surface active agents, washing and l	17.3		0.0	-6.1	6.5	-0.9	1.8	-3.7	1.8	-12.1	6.9	14.0	-6.8
Miscellaneous chemical products	10.3		0.0	0.3	-0.3	-0.3	1.1	-3.4	2.7	-0.2	0.1	0.6	1.3
Plastics and articles thereof	20.4		32.4	-3.3	-21.9	-0.9	3.5	-3.7	2.0	-1.0	-0.4	-0.3	0.0
Rubber and articles thereof	6.9					-57.2	126.2	-18.3	-13.3	0.5	2.7	-6.1	-8.9
Ceramic products	6.7		1.0	-1.3	14.6	-12.7	0.0	1.6	-1.2	-1.1	-9.0	8.1	-1.7
Natural or cultured pearls, precious or semi-precio	3.9		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Iron and steel	9.2		0.0	5.3	10.2	-17.0	7.1	-3.5	0.5	-6.1	-11.4	10.9	-27.8
Articles of iron or steel	4.6		-6.5	4.5	2.3	-0.6	0.8	0.9	-1.2	0.2	-1.7	-2.4	4.5
Nuclear reactors, boilers, machinery and mechanic	18.2		0.0	0.0	0.0	0.0	1.3	-0.7	0.0	-0.4	0.4	-0.9	0.9
Electrical machinery and equipment and parts ther	28.5		-1.7	2.1	-0.4	4.8	-6.9	2.5	0.0	0.0	-1.3	-0.6	2.0
Vehicles others than railway or tramway rolling-sto	111.1		0.3	-1.0	-30.3	0.0	0.0	4.3	-6.9	48.2	-0.5	-0.1	-0.7
Optical, photographic, cinematographic, measurin	9.0		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-19.3	23.8
Miscellaneous manufactured articles	4.5		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>ALL ITEMS IMPORT PRICE INDEX</b>	<b>1000</b>		<b>1.6</b>	<b>0.3</b>	<b>-1.8</b>	<b>-0.7</b>	<b>-1.2</b>	<b>-2.9</b>	<b>-1.7</b>	<b>5.4</b>	<b>-0.1</b>	<b>0.8</b>	<b>-2.7</b>

## Terms of Trade

A country's terms of trade measures that country's export prices in relation to its import prices, and is expressed as:

$$\frac{\text{Index of Export Prices}}{\text{Index of Import Prices}} \times 100$$

For example, if, over a given period, the index of export prices rises by 10% and the index of import prices rises by 5%, the terms of trade are:

$$110 \times 100 / 105 = 104.8$$

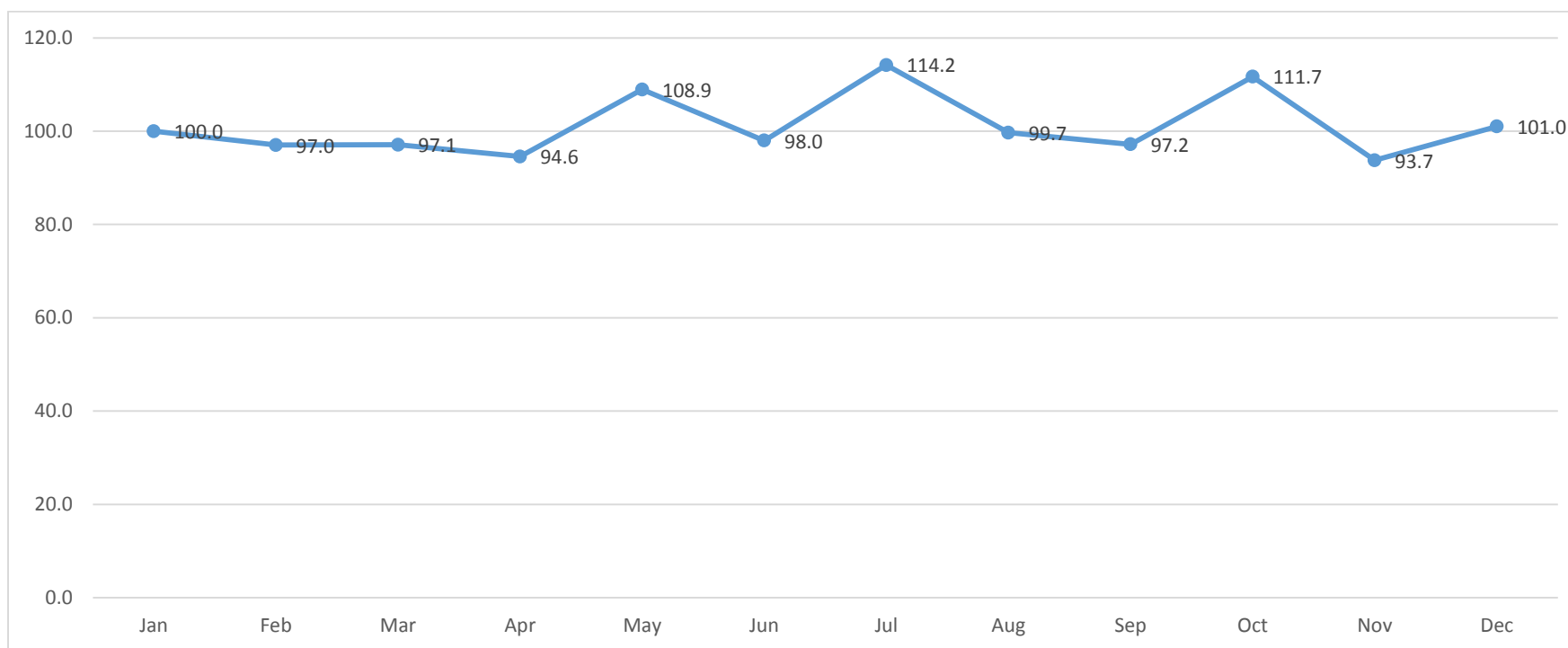
This means that the terms of trade have improved by 4.8%. When the terms of trade rise above 100, they are said to be improving (favourable) and when they fall below 100, they are said to be worsening (unfavourable). If a country's terms of trade improve, it means that for every unit of exports sold it can buy more units of imported goods. So potentially, a rise in the terms of trade creates a benefit in terms of how many goods need to be exported to buy a given amount of imports. A worsening terms of trade indicates that a country has to export more to purchase the same quantity of imports.

The Prebisch-Singer hypothesis states that a number of emerging markets, or developing countries, have experienced worsening terms of trade, based on a generalized decline in the price of primary commodities, relative to the price of goods that are manufactured. In the past two decades, however, a rise in globalization has reduced the price of manufactured goods, thus the advantage that industrialized countries have over developing countries is growing less significant.

Table 5: Terms of Trade in 2015

	Jan-15	Feb-15	Mar-15	Apr-15	May-15	Jun-15	Jul-15	Aug-15	Sep-15	Oct-15	Nov-15	Dec-15	Annual Average
<b>ALL ITEMS EXPORT PRICE INDEX</b>	100	98.6	98.9	94.5	108.2	96.1	108.8	93.4	95.9	110.1	93.2	97.7	99.6
<b>ALL ITEMS IMPORT PRICE INDEX</b>	100	101.6	101.8	100.0	99.3	98.1	95.3	93.7	98.7	98.6	99.4	96.8	98.6
<b>TERMS OF TRADE</b>	<b>100.0</b>	<b>97.0</b>	<b>97.1</b>	<b>94.6</b>	<b>108.9</b>	<b>98.0</b>	<b>114.2</b>	<b>99.7</b>	<b>97.2</b>	<b>111.7</b>	<b>93.7</b>	<b>101.0</b>	<b>101.0</b>

Fig 3: Terms of Trade by month in 2015



The average all items export price index was 99.6 while the average all items import price index was 98.6. This implies favourable terms of trade for the year 2015 of 101. The terms of trade worsened between January and April by 5.4% moving from the base period 100 down to 94.6 in April. This means that during this period, the average price of Zimbabwe’s imports increased at a higher rate than the average price of its exports. The country therefore needed to export more in each subsequent month in order to be able to import the same quantity of imports as the previous month. The terms of trade improved significantly in May (8.9%), July (14.2%), and October (11.7%). This is in line with the periods where sharp increases in the export price index were recorded. In December they improved slightly by 1%. For these months the average price of Zimbabwe’s exports increased at a higher rate than the average price of its imports. It means that, in comparison with the previous period (month), the country could buy more imports with earnings from the same amount of exports.

Fig 4: Comparison of Export Price Index, Import Price Index, and Terms of Trade by month in 2015

