

PRODUCER PRICE INDEX JUNE QUARTER 2014

Kenya National Bureau of Statistics hereby releases the Producer Price Index (PPI) for the June quarter of 2014. Producer Price Index measures the gross changes in the trading price of products on the domestic and the non-domestic markets, at all stages of processing. The price changes are measured from the perspective of the producer. The producer prices are collected as at 15th February, 15th May, 15th August and 15th November of the year. These dates corresponds to the first, second, third and fourth quarters respectively.

As shown in Table 1, the Producer Price Indices are grouped according to the International Standards of Industrial Classifications of All Economic Activities (ISIC) Rev 4. The overall producer prices increased by 0.73 per cent in the second quarter of 2014 compared to 0.36 per cent recorded in the first quarter of 2014. The 'year on year' PPI inflation, from June 2013 to June 2014 was 2.19 per cent.

The main contributors in the second quarter increases were manufacture of grain mill products, manufacture of vegetable and animal oils and fats and manufacture of prepared animal feeds. Under manufacture of grain mill products the producer prices of maize and wheat flour increased and this caused the index to rise by 8.1 per cent. Overall, manufacture of Food products rose by 0.93 per cent. The index on Mining and Quarrying rose by 3.65 per cent in the second quarter mainly due to rise in price of standard soda ash.

Table 1: Percentage changes over a Quarter and an Year ago

2-Digit ISIC	Descriptions	Weights	% Change over three months ago (June 2014/March 2014)	% Change over a year ago (June 2014/June 2013)
10	Manufacture of food products	31.53	0.93	-3.07
11	Manufacture of beverages	6.02	0.36	15.90
12	Manufacture of tobacco products	1.27	0.22	0.82
13	Manufacture of textiles	2.09	0.55	2.76
14	Manufacture of wearing apparel	2.69	0.14	0.51
15	Manufacture of leather and related products	0.81	0.42	0.75
16	Manufacture of wood and of products of wood and cork except furniture	2.02	0.50	0.76
17	Manufacture of paper and paper products	2.85	1.99	4.80
18	Printing and reproduction of recorded media	5.23	0.00	0.00
19	Manufacture of coke and refined petroleum products	8.03	0.13	7.57
20	Manufacture of chemicals and chemical products	5.46	1.33	6.10
22	Manufacture of rubber and plastics products	5.04	1.09	3.97
23	Manufacture of other non-metallic mineral products	4.00	0.43	5.28
24	Manufacture of basic metals	6.01	0.60	-2.28
25	Manufacture of fabricated metal products except machinery and equipment	3.04	0.44	4.92
29	Manufacture of motor vehicles	1.07	0.45	5.69
35	Electricity	7.95	1.12	4.19
36	Water	0.42	0.00	10.78
08	Mining and Quarrying	1.48	3.65	15.60
31	Manufacture of Furniture	1.69	-1.63	-0.63
33	Repair and installation of machinery and equipment	1.31	0.28	1.03
	Total	100.00	0.73	2.19

As shown in Table 2, the overall second quarter PPI increased from 106.56 points in the first quarter 2014 to 107.34 points in the second quarter 2014. The main drivers of the increase in the second quarter were manufacture of food and electricity. The ‘year on year’ inflation was 2.19 per cent mainly driven by manufacture of Beverages and Mining and Quarrying. However, manufacture of Food declined by 3.07 per cent compared to a year ago due to lower producer prices of tea and sugar. Producer prices of basic metals and furniture were also lower in June 2014 compared to June 2013. The index on Beverages rose from 107.04 points in June 2013 to 124.06 points in June 2014 an increase of 15.9 per cent.

Table 2: Producer Price Indices at Division level, Base June 2011=100

2-Digit ISIC	Descriptions	Weights	Jun-13	Sep-13	Dec-13	Mar-14	Jun-14
10	Manufacture of food products	31.53	110.56	108.28	108.10	106.18	107.16
11	Manufacture of beverages	6.02	107.04	115.05	114.80	123.62	124.06
12	Manufacture of tobacco products	1.27	116.84	117.88	117.53	117.55	117.81
13	Manufacture of textiles	2.09	106.70	109.62	108.80	109.04	109.65
14	Manufacture of wearing apparel	2.69	99.68	100.23	100.04	100.05	100.19
15	Manufacture of leather and related products	0.81	101.45	101.81	101.94	101.79	102.21
16	Manufacture of wood and of products of wood and cork except furniture	2.02	104.77	104.77	105.03	105.03	105.56
17	Manufacture of paper and paper products	2.85	101.41	102.23	103.51	104.20	106.28
18	Printing and reproduction of recorded media	5.23	100.00	100.00	100.00	100.00	100.00
19	Manufacture of coke and refined petroleum products	8.03	100.12	101.22	107.06	107.56	107.70
20	Manufacture of chemicals and chemical products	5.46	106.08	106.16	106.97	111.07	112.55
22	Manufacture of rubber and plastics products	5.04	104.80	106.41	106.53	107.78	108.96
23	Manufacture of other non-metallic mineral products	4.00	110.27	115.66	115.08	115.60	116.09
24	Manufacture of basic metals	6.01	99.02	99.02	97.82	96.19	96.77
25	Manufacture of fabricated metal products except machinery and equipment	3.04	92.86	90.89	94.11	97.00	97.43
29	Manufacture of motor vehicles	1.07	111.09	111.82	114.67	116.88	117.41
35	Electricity	7.95	97.34	101.74	100.22	100.31	101.43
36	Water	0.42	108.59	120.30	120.30	120.30	120.30
08	Mining and Quarrying	1.48	106.89	114.83	115.80	119.22	123.56
31	Manufacture of Furniture	1.69	102.45	102.45	102.45	103.50	101.81
33	Repair and installation of machinery and equipment	1.31	98.98	100.08	100.08	99.72	100.00
	Total	100.00	105.04	105.78	106.17	106.56	107.34