

PRODUCER PRICE INDEX FOURTH QUARTER 2014

Kenya National Bureau of Statistics hereby releases the Producer Price Index (PPI) for the fourth 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 decreased by 1.28 per cent in the fourth quarter of 2014 compared to an increase of 0.69 per cent recorded in the third quarter of 2014. The ‘year on year’ PPI inflation, from December 2013 to December 2014 was 1.24 per cent.

The main contributors in the fourth quarter decreases were electricity, manufacture of coke and refined petroleum products, manufacture of food products and manufacture of rubber and plastics products. Under manufacture of food products, the producer prices of grain mill products, dairy products and vegetable oils and fats declined. This caused the index to drop by 0.68 per cent. Over the three months period, electricity decreased by 9.46 per cent while manufacture of coke and refined petroleum products declined by 4.16 per cent. Although the index on Food products dropped in the fourth quarter, prices of sugar, wheat flour and prepared animal feeds increased.

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

2-Digit ISIC	Descriptions	Weights	% Change over three months ago (December 2014/September 2014)	% Change over a year ago (December 2014/December 2013)
10	Manufacture of food products	31.53	-0.68	-2.10
11	Manufacture of beverages	6.02	0.57	8.97
12	Manufacture of tobacco products	1.27	0.42	0.83
13	Manufacture of textiles	2.09	2.33	3.54
14	Manufacture of wearing apparel	2.69	0.26	0.52
15	Manufacture of leather and related products	0.81	-0.20	0.11
16	Manufacture of wood and of products of wood and cork except furniture	2.02	-0.10	0.40
17	Manufacture of paper and paper products	2.85	0.58	3.62
18	Printing and reproduction of recorded media	5.23	0.00	0.00
19	Manufacture of coke and refined petroleum products	8.03	-4.16	-3.55
20	Manufacture of chemicals and chemical products	5.46	-0.03	6.64
22	Manufacture of rubber and plastics products	5.04	-2.11	-0.68
23	Manufacture of other non-metallic mineral products	4.00	0.81	2.02
24	Manufacture of basic metals	6.01	2.22	1.02
25	Manufacture of fabricated metal products except machinery and equipment	3.04	0.61	2.59
29	Manufacture of motor vehicles	1.07	0.11	2.53
35	Electricity	7.95	-9.46	8.92
36	Water	0.42	0.00	7.05
08	Mining and Quarrying	1.48	0.48	8.03
31	Manufacture of Furniture	1.69	-3.41	-2.46
33	Repair and installation of machinery and equipment	1.31	0.53	0.65
	Total	100.00	-1.28	1.24

As shown in Table 2, the overall PPI decreased from 109.62 points in the third quarter 2014 to 108.21 points in the fourth quarter 2014. The ‘year on year’ inflation was 1.24 per cent mainly driven by manufacture of Beverages, Manufacture of chemicals and chemicals products and mining and quarrying. Over the year, products with the highest increase in prices were beer, paints, sugar and paper.

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

2-Digit ISIC	Descriptions	Weights	Dec-13	Mar-14	Jun-14	Sep-14	Dec-14
10	Manufacture of food products	31.53	108.10	110.00	106.70	106.55	105.82
11	Manufacture of beverages	6.02	114.80	123.62	124.06	124.39	125.10
12	Manufacture of tobacco products	1.27	117.53	117.55	117.81	118.00	118.50
13	Manufacture of textiles	2.09	108.80	109.04	109.65	110.09	112.66
14	Manufacture of wearing apparel	2.69	100.04	100.05	100.19	100.29	100.56
15	Manufacture of leather and related products	0.81	101.94	101.79	102.21	102.26	102.06
16	Manufacture of wood and of products of wood and cork except furniture	2.02	105.03	105.03	105.56	105.56	105.45
17	Manufacture of paper and paper products	2.85	103.51	104.20	106.28	106.64	107.26
18	Printing and reproduction of recorded media	5.23	104.66	104.66	104.66	104.66	104.66
19	Manufacture of coke and refined petroleum products	8.03	107.06	107.56	107.70	107.74	103.26
20	Manufacture of chemicals and chemical products	5.46	106.97	111.18	113.64	114.10	114.07
22	Manufacture of rubber and plastics products	5.04	106.53	107.78	108.96	108.08	105.80
23	Manufacture of other non-metallic mineral products	4.00	115.08	115.60	116.09	116.46	117.40
24	Manufacture of basic metals	6.01	97.82	96.19	96.77	96.67	98.82
25	Manufacture of fabricated metal products except machinery and equipment	3.04	94.11	97.00	96.91	95.96	96.54
29	Manufacture of motor vehicles	1.07	114.67	116.88	117.41	117.45	117.58
35	Electricity	7.95	106.18	111.46	118.78	127.74	115.65
36	Water	0.42	120.30	120.30	120.30	128.78	128.78
08	Mining and Quarrying	1.48	115.80	119.22	123.56	124.50	125.10
31	Manufacture of Furniture	1.69	102.45	103.50	101.81	103.45	99.93
33	Repair and installation of machinery and equipment	1.31	100.08	99.72	100.00	100.20	100.73
	Total	100.00	106.89	108.90	108.86	109.62	108.21