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## PRODUCER PRICE INDEX JUNE QUARTER 2015

Kenya National Bureau of Statistics hereby releases the Producer Price Index (PPI) for the June quarter of 2015. 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 15<sup>th</sup> February, 15<sup>th</sup> May, 15<sup>th</sup> August and 15<sup>th</sup> November of the year. These dates corresponds to the first, second, third and fourth quarters respectively. The Kenya Petroleum Refineries Limited (KPRL) stopped operations in September 2013. As such, the weights have been re-adjusted accordingly.

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 1.22 per cent in the second quarter of 2015 compared to an increase of 1.31 per cent recorded in the first quarter of 2015. The ‘year on year’ PPI inflation, from June 2014 to June 2015 was 1.98 per cent.

The main contributors in the second quarter increases were manufacture of food products, manufacture of beverages and manufacture of textiles. Under manufacture of food products the producer prices for dairy products and grain mill products had the highest increase while under manufacture of beverages increase in prices of mineral water and other bottled water caused the index to rise. Although the index under manufacture of food increased over the three months, prices of sugar and tea declined during the period under review. Over the three months period, prices of basic iron and steel and fabricated metals decreased by 5.01 per cent and 3.18 per cent, respectively.

**Table 1: Percentage Changes Over a Quarter and a Year Ago**

2-Digit ISIC	Descriptions	Weights-**	% Change over three months ago (June 2015/March 2015)	% Change over a year ago (June 2015/June 2014)
10	Manufacture of food products	34.24	1.93	2.36
11	Manufacture of beverages	6.54	3.59	7.08
12	Manufacture of tobacco products	1.38	2.23	3.21
13	Manufacture of textiles	2.29	7.85	10.87
14	Manufacture of wearing apparel	2.91	0.61	1.21
15	Manufacture of leather and related products	0.90	0.31	1.46
16	Manufacture of wood and of products of wood and cork except furniture	2.19	1.31	1.06
17	Manufacture of paper and paper products	3.15	1.59	2.10
18	Printing and reproduction of recorded media	5.66	0.00	0.00
19	Manufacture of lubricating petroleum oils	0.01	0.00	-13.60
20	Manufacture of chemicals and chemical products	5.97	2.13	4.61
22	Manufacture of rubber and plastics products	5.47	1.54	1.40
23	Manufacture of other non-metallic mineral products	4.32	1.90	0.49
24	Manufacture of basic metals	6.51	-5.01	-5.10
25	Manufacture of fabricated metal products except machinery and equipment	3.31	-3.18	-4.05
29	Manufacture of motor vehicles	1.20	0.42	1.93
35	Electricity	8.63	0.71	-3.99
36	Water	0.46	0.00	8.01
08	Mining and Quarrying	1.60	-1.36	0.60
31	Manufacture of Furniture	1.83	0.00	30.52
33	Repair and installation of machinery and equipment	1.42	1.23	2.44
	<b>Total</b>	<b>100.00</b>	<b>1.22</b>	<b>1.98</b>

\*\* Weights re-adjusted after closure of Kenya Petroleum Refineries Limited (KPRL)

As shown in Table 2, the overall PPI increased from 109.99 points in the first quarter 2015 to 111.33 points in the second quarter 2015. The ‘year on year’ inflation was 1.98 per cent mainly caused by manufacture of textile and manufacture of furniture. However, manufacture of lubricating petroleum oils declined by 13.6 per cent over the year.

**Table 2: Producer Price Indices at Division Level**

**Base**  
**2011=100**      **June**

2-Digit ISIC	Descriptions	Weights	Jun-14	Sep-14	Dec-14	Mar-15	Jun-15
10	Manufacture of food products	<b>34.24</b>	107.30	106.92	105.86	107.75	109.84
11	Manufacture of beverages	<b>6.54</b>	124.02	124.35	125.05	128.20	132.80
12	Manufacture of tobacco products	<b>1.38</b>	117.81	118.00	118.50	118.93	121.59
13	Manufacture of textiles	<b>2.29</b>	109.65	110.09	111.07	112.72	121.56
14	Manufacture of wearing apparel	<b>2.91</b>	100.19	100.29	100.56	100.79	101.40
15	Manufacture of leather and related products	<b>0.90</b>	102.33	102.38	102.17	103.51	103.82
16	Manufacture of wood and of products of wood and cork except furniture	<b>2.19</b>	105.56	105.56	105.45	105.30	106.68
17	Manufacture of paper and paper products	<b>3.15</b>	106.33	106.69	107.32	106.87	108.56
18	Printing and reproduction of recorded media	<b>5.66</b>	104.66	104.66	104.66	104.66	104.66
19	Manufacture of lubricating petroleum oils	<b>0.01</b>	132.83	132.83	132.83	114.76	114.76
20	Manufacture of chemicals and chemical products	<b>5.97</b>	113.63	114.10	114.07	116.38	118.86
22	Manufacture of rubber and plastics products	<b>5.47</b>	108.96	108.09	105.79	108.81	110.48
23	Manufacture of other non-metallic mineral products	<b>4.32</b>	116.09	116.46	115.84	114.48	116.66
24	Manufacture of basic metals	<b>6.51</b>	96.77	96.67	98.82	96.68	91.83
25	Manufacture of fabricated metal products except machinery and equipment	<b>3.31</b>	96.93	95.97	96.56	96.05	93.00
29	Manufacture of motor vehicles	<b>1.20</b>	117.34	117.42	117.55	119.11	119.60
35	Electricity	<b>8.63</b>	118.78	127.74	115.65	113.24	114.04
36	Water	<b>0.46</b>	120.30	128.78	128.78	129.93	129.93
08	Mining and Quarrying	<b>1.60</b>	123.56	124.50	125.10	126.02	124.31
31	Manufacture of Furniture	<b>1.83</b>	101.81	103.45	99.93	132.88	132.88
33	Repair and installation of machinery and equipment	<b>1.42</b>	100.00	100.20	100.73	101.19	102.44
	<b>Total</b>	<b>100.00</b>	<b>109.17</b>	<b>109.91</b>	<b>108.56</b>	<b>109.99</b>	<b>111.33</b>

*\*\* Weights re-adjusted after closure of Kenya Petroleum Refineries Limited (KPRL)*