

KENYA NATIONAL BUREAU OF STATISTICS

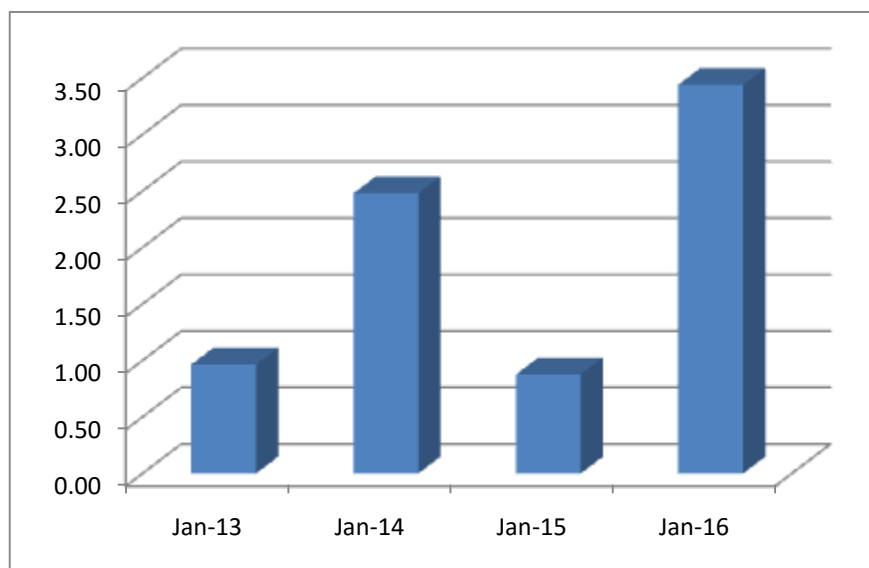


PRODUCER PRICE INDEX FIRST QUARTER 2016

Kenya National Bureau of Statistics hereby releases the Producer Price Index (PPI) for the first quarter of 2016. Producer Price Index measures the gross changes in the trading price of products on the domestic and 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 correspond to the first, second, third and fourth quarters of the year respectively.

The Producer Price Indices are grouped according to the International Standards of Industrial Classifications of All Economic Activities (ISIC) Rev 4. As shown in Table 1, the overall producer prices decreased by 1.85 per cent in the first quarter of 2016 compared to a decrease of 0.55 per cent recorded in the fourth quarter of 2015. The 'year on year' PPI inflation rate, from March 2015 to March 2016 was 3.44 per cent. Trend of the first quarter PPI inflation rates over the last four years is as depicted by the figure below.

PPI Inflation Rate (%)



The main contributors for the first quarter decline were Manufacture of food products and Manufacture of non-metallic mineral products which declined by 3.35 per cent and 4.77 per cent, respectively. In the manufacture of food products the producer prices of maize flour, wheat flour, sugar and tea recorded high declines. Other major declines were recorded in the manufacture of chemicals and chemical products and manufacture of basic metals. The reason for these reductions was mainly due to lower costs of fuel compared with the previous quarter. However, collection and treatment of water supply

and manufacture of corrugated paper and paperboards recorded increases during the first quarter of the year.

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

2-Digit ISIC	Descriptions	Weights- **	% Change over three months ago (Mar 2016/Dec 2015)	% Change over a year ago (Mar 2016/Mar 2015)
10	Manufacture of food products	34.24	-3.35	6.43
11	Manufacture of beverages	6.54	0.16	5.96
12	Manufacture of tobacco products	1.38	1.50	5.27
13	Manufacture of textiles	2.29	-0.80	13.49
14	Manufacture of wearing apparel	2.91	-0.06	1.34
15	Manufacture of leather and related products	0.90	-0.05	0.50
16	Manufacture of wood and of products of wood and cork except furniture	2.19	0.00	2.35
17	Manufacture of paper and paper products	3.15	0.67	5.50
18	Printing and reproduction of recorded media	5.66	0.00	0.00
19	Manufacture of lubricating petroleum oils	0.01	0.00	0.00
20	Manufacture of chemicals and chemical products	5.97	-2.74	2.24
22	Manufacture of rubber and plastics products	5.47	-1.05	0.41
23	Manufacture of other non-metallic mineral products	4.32	-4.77	-1.15
24	Manufacture of basic metals	6.51	-2.11	-5.73
25	Manufacture of fabricated metal products except machinery and equipment	3.31	-2.61	-4.84
29	Manufacture of motor vehicles	1.20	-1.60	2.31
35	Electricity	8.63	-0.77	2.96
36	Water	0.46	4.90	10.55
08	Mining and Quarrying	1.60	0.00	9.86
31	Manufacture of Furniture	1.83	-1.54	-1.54
33	Repair and installation of machinery and equipment	1.42	-0.12	2.69
	Total	100.00	-1.85	3.44

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

As shown in Table 2, the overall PPI declined from 115.91 in the fourth quarter 2015 to 113.76 in the first quarter 2016. The ‘year on year’ inflation was 3.44 per cent mainly caused by manufacture soft drinks and production of mineral waters and extraction of salt. However, stability of the Kenya shilling against major foreign currencies helped the producer prices of most products to remain at the same level compared with the last quarter.

Table 2: Producer Price Indices at Division Level

Base June 2011=100

2-Digit ISIC	Descriptions	Weights- **	Mar-15	Jun-15	Sep-15	Dec-15	Mar-16
10	Manufacture of food products	34.24	107.75	109.84	120.44	118.65	114.68
11	Manufacture of beverages	6.54	128.20	132.80	132.81	135.63	135.85
12	Manufacture of tobacco products	1.38	118.93	121.59	123.10	123.35	125.20
13	Manufacture of textiles	2.29	112.72	121.56	127.63	128.96	127.92
14	Manufacture of wearing apparel	2.91	100.79	101.40	102.19	102.19	102.13
15	Manufacture of leather and related products	0.90	103.51	103.82	103.69	104.07	104.02
16	Manufacture of wood and of products of wood and cork except furniture	2.19	105.30	106.68	107.91	107.78	107.78
17	Manufacture of paper and paper products	3.15	106.87	108.56	111.13	111.99	112.74
18	Printing and reproduction of recorded media	5.66	104.66	104.66	104.66	104.66	104.66
19	Manufacture of lubricating petroleum oils	0.01	114.76	114.76	114.76	114.76	114.76
20	Manufacture of chemicals and chemical products	5.97	116.18	118.67	121.48	122.13	118.78
22	Manufacture of rubber and plastics products	5.47	108.81	110.48	110.33	110.42	109.26
23	Manufacture of other non-metallic mineral products	4.32	114.48	116.66	119.47	118.83	113.17
24	Manufacture of basic metals	6.51	96.68	91.83	93.10	93.11	91.14
25	Manufacture of fabricated metal products except machinery and equipment	3.31	96.05	93.00	94.49	93.86	91.40
29	Manufacture of motor vehicles	1.20	119.11	119.60	122.14	123.84	121.86
35	Electricity	8.63	113.24	114.04	121.33	117.49	116.59
36	Water	0.46	129.93	129.93	129.93	136.92	143.63
08	Mining and Quarrying	1.60	126.02	124.31	137.93	138.44	138.44
31	Manufacture of Furniture	1.83	132.88	132.88	132.88	132.88	130.84
33	Repair and installation of machinery and equipment	1.42	101.19	102.44	104.03	104.04	103.91
	Total	100.00	109.98	111.32	116.55	115.91	113.76

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