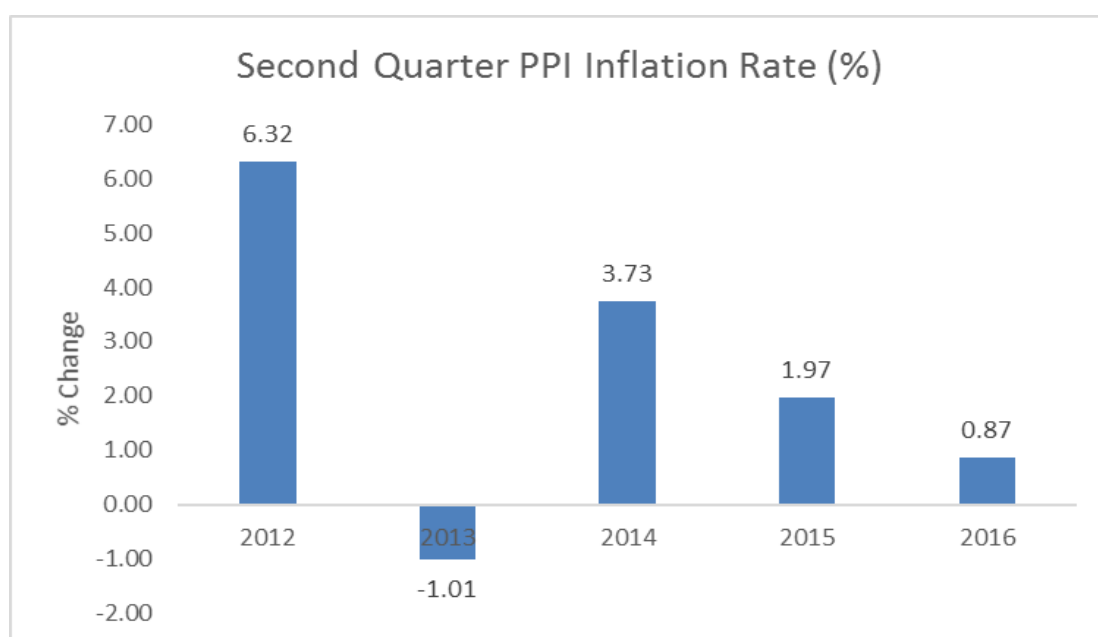


PRODUCER PRICE INDEX SECOND QUARTER 2016

Kenya National Bureau of Statistics hereby releases the Producer Price Index (PPI) for the second 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 1.28 per cent in the second quarter of 2016 compared to a decrease of 1.85 per cent recorded in the first quarter of 2016. The 'year on year' PPI inflation rate, from June 2015 to June 2016 was 0.87 per cent. Trend of the second quarter PPI inflation rates over the last five years is as depicted by the figure below.



The main contributors for the second quarter decline were Manufacture of food products and Manufacture of vegetable and animal oils and fat which declined by 11.6 per cent and 4.1 per cent, respectively. In the manufacture of food products the producer prices of tea, liquid oil and processed milk recorded declines. However, juices, maize flour and confectionaries recorded price increases during the period. Other declines were recorded in the manufacture of cement, lime and plaster and manufacture of chemicals.

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

2-Digit ISIC	Descriptions	Weights	% Change over three months ago (Jun 2016/Mar 2016)	% Change over a year ago (Jun 2016/Jun 2015)
10	Manufacture of food products	34.24	-4.17	-0.07
11	Manufacture of beverages	6.54	0.00	2.29
12	Manufacture of tobacco products	1.38	-0.23	2.74
13	Manufacture of textiles	2.29	-0.69	4.51
14	Manufacture of wearing apparel	2.91	-0.14	0.58
15	Manufacture of leather and related products	0.90	0.36	0.55
16	Manufacture of wood and of products of wood and cork except furniture	2.19	1.79	2.84
17	Manufacture of paper and paper products	3.15	-0.43	3.40
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	0.41	0.51
22	Manufacture of rubber and plastics products	5.47	1.39	0.42
23	Manufacture of other non-metallic mineral products	4.32	-0.35	-3.34
24	Manufacture of basic metals	6.51	1.53	0.77
25	Manufacture of fabricated metal products except machinery and equipment	3.31	0.63	-0.73
29	Manufacture of motor vehicles	1.20	1.24	3.15
35	Electricity	8.63	-0.28	1.94
36	Water	0.46	0.00	10.55
08	Mining and Quarrying	1.60	-0.40	10.92
31	Manufacture of Furniture	1.83	0.00	-1.54
33	Repair and installation of machinery and equipment	1.42	-0.28	1.16
	Total	100.00	-1.28	0.87

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

As shown in Table 2, the overall PPI declined from 113.73 in the first quarter 2016 to 112.28 in the second quarter 2016. The ‘year on year’ inflation was 0.87 per cent mainly caused by manufacture textiles, manufacture of motor vehicles 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	Jun-15	Sep-15	Dec-15	Mar-16	Jun-16
10	Manufacture of food products	34.24	109.84	120.44	118.65	114.54	109.76
11	Manufacture of beverages	6.54	132.80	132.81	135.63	135.85	135.85
12	Manufacture of tobacco products	1.38	121.59	123.10	123.35	125.20	124.92
13	Manufacture of textiles	2.29	121.56	127.63	128.96	127.92	127.04
14	Manufacture of wearing apparel	2.91	101.40	102.19	102.19	102.13	101.99
15	Manufacture of leather and related products	0.90	103.82	103.69	104.07	104.02	104.39
16	Manufacture of wood and of products of wood and cork except furniture	2.19	106.68	107.91	107.78	107.78	109.71
17	Manufacture of paper and paper products	3.15	108.56	111.13	111.99	112.74	112.26
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	118.67	121.48	122.13	118.78	119.27
22	Manufacture of rubber and plastics products	5.47	110.48	110.33	110.42	109.43	110.95
23	Manufacture of other non-metallic mineral products	4.32	116.66	119.47	118.83	113.17	112.77
24	Manufacture of basic metals	6.51	91.83	93.10	93.11	91.14	92.54
25	Manufacture of fabricated metal products except machinery and equipment	3.31	93.00	94.49	93.86	91.74	92.32
29	Manufacture of motor vehicles	1.20	119.60	122.14	123.84	121.86	123.37
35	Electricity	8.63	114.04	121.33	117.49	116.59	116.26
36	Water	0.46	129.93	129.93	136.92	143.63	143.63
08	Mining and Quarrying	1.60	124.31	137.93	138.44	138.44	137.88
31	Manufacture of Furniture	1.83	132.88	132.88	132.88	130.84	130.84
33	Repair and installation of machinery and equipment	1.42	102.44	104.03	104.04	103.91	103.62
	Total	100.00	111.32	116.55	115.91	113.73	112.28

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

Table 3 gives quarterly indices and year on year inflation rates from June 2013 to June 2016. During the last three year PPI inflation was highest in December 2015 mainly due to depreciation of the Kenya shilling.

TABLE 3: PPI INDICES AND INFLATION RATES. BASE JUNE 2011=100

Month/Year	PPI Index	Year on Year PPI Inflation
Jun-13	105.24	-1.01
Sep-13	106.00	0.33
Dec-13	106.89	0.61
Mar-14	109.02	2.48
Jun-14	109.17	3.73
Sep-14	109.91	3.69
Dec-14	108.56	1.56
Mar-15	109.98	0.88
Jun-15	111.32	1.97
Sep-15	116.55	6.04
Dec-15	115.91	6.77
Mar-16	113.73	3.41
Jun-16	112.28	0.87