

KENYA NATIONAL BUREAU OF STATISTICS

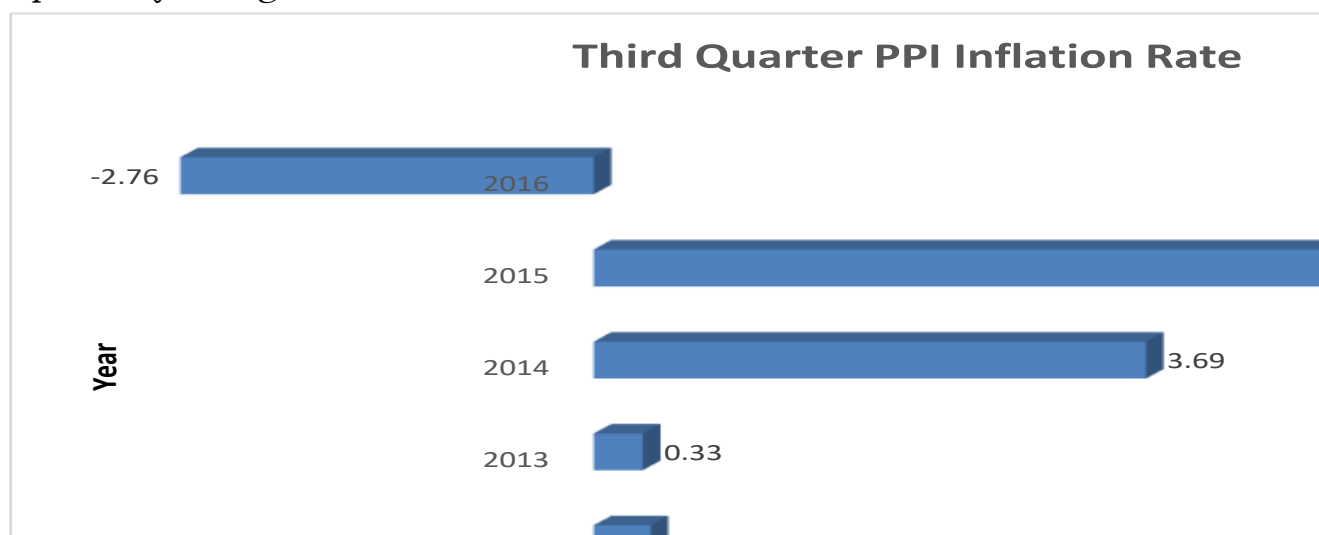


PRODUCER PRICE INDEX THIRD QUARTER 2016

Kenya National Bureau of Statistics hereby releases the Producer Price Index (PPI) for the third 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 increased by 0.94 per cent from 112.24 recorded in the second quarter of 2016 to 113.33 in the third quarter of 2016. The 'year on year' PPI inflation rate, from September 2015 to September 2016 decreased by 2.76 per cent. The trend of the third quarter PPI inflation rates over the last five years is as depicted by the figure below.



The main contributors for the third quarter increase over the second quarter was the manufacture of food products as a result of the increase in the prices of sugar, grain mill and dairy products. Other increases were recorded in the producer prices of mining and quarrying, manufacture of textiles and manufacture of furniture. On the other hand, producer prices of Electricity; manufacture of paper and paper products;

manufacture of chemicals and manufacture of fabricated metal products declined. Under food products, producer prices of vegetable and animal oils also declined.

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

2-Digit ISIC	Descriptions	Weights	% Change over three months ago (Sep 2016/Jun 2016)	% Change over a year ago (Sep 2016/Sep 2015)
10	Manufacture of food products	34.24	2.30	-6.77
11	Manufacture of beverages	6.54	0.75	3.06
12	Manufacture of tobacco products	1.38	0.15	1.63
13	Manufacture of textiles	2.29	0.48	0.02
14	Manufacture of wearing apparel	2.91	0.10	-0.10
15	Manufacture of leather and related products	0.9	-0.03	0.64
16	Manufacture of wood and of products of wood and cork except furniture	2.19	8.09	9.89
17	Manufacture of paper and paper products	3.15	-0.66	0.35
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	-0.73	-2.53
22	Manufacture of rubber and plastics products	5.47	-0.05	0.51
23	Manufacture of other non-metallic mineral products	4.32	0.26	-5.36
24	Manufacture of basic metals	6.51	0.17	-0.43
25	Manufacture of fabricated metal products except machinery and equipment	3.31	-1.15	-3.42
29	Manufacture of motor vehicles	1.2	-0.21	0.80
35	Electricity	8.63	-0.43	-4.59
36	Water	0.46	0.00	10.54
8	Mining and Quarrying	1.6	1.23	1.19
31	Manufacture of Furniture	1.83	0.69	-0.86
33	Repair and installation of machinery and equipment	1.42	0.00	-0.39
	Total	100	0.94	-2.76

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

As shown in Table 2, the overall PPI increased from 112.24 in the second quarter 2016 to 113.33 in the third quarter 2016. The 'year on year' inflation was negative 2.76 per cent mainly caused by manufacture of food products, electricity and; manufacture of non- metallic mineral products.

Table 2: Producer Price Indices at Division Level

Base June 2011=100

2-Digit ISIC	Descriptions	Weights	Sep-15	Dec-15	Mar-16	Jun-16	Sep-16
10	Manufacture of food products	34.24	120.44	118.65	114.54	109.76	112.28
11	Manufacture of beverages	6.54	132.81	135.63	135.85	135.85	136.87
12	Manufacture of tobacco products	1.38	123.10	123.35	125.20	124.92	125.11
13	Manufacture of textiles	2.29	127.63	128.96	127.92	127.04	127.66
14	Manufacture of wearing apparel	2.91	102.19	102.19	102.13	101.99	102.09
15	Manufacture of leather and related products	0.90	103.69	104.07	104.02	104.39	104.36
16	Manufacture of wood and of products of wood and cork except furniture	2.19	107.91	107.78	107.78	109.71	118.58
17	Manufacture of paper and paper products	3.15	111.13	111.99	112.74	112.40	111.52
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	121.48	122.13	118.78	119.27	118.40
22	Manufacture of rubber and plastics products	5.47	110.33	110.42	109.43	110.86	110.89
23	Manufacture of other non-metallic mineral products	4.32	119.47	118.83	113.17	112.77	113.06
24	Manufacture of basic metals	6.51	93.10	93.11	91.14	92.54	92.70
25	Manufacture of fabricated metal products except machinery and equipment	3.31	94.49	93.86	91.74	91.20	91.26
29	Manufacture of motor vehicles	1.20	122.14	123.84	121.86	123.37	123.11
35	Electricity	8.63	121.33	117.49	116.59	116.26	115.76
36	Water	0.46	129.93	136.92	143.63	143.63	143.63
08	Mining and Quarrying	1.60	137.93	138.44	138.44	137.88	139.58
31	Manufacture of Furniture	1.83	132.88	132.88	130.84	130.84	131.74
33	Repair and installation of machinery and equipment	1.42	104.03	104.04	103.91	103.62	103.62
	Total	100.00	116.55	115.91	113.73	112.24	113.33

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