

CPI AND INFLATION RATES FOR THE MONTH OF JULY 2005

The Central Bureau of Statistics is pleased to release the Consumer Price Indices (CPI) and inflation rates for the month of July 2005, for your information and use. This data is generated through monthly data collection from retail outlets in 13 urban centres in Kenya. The data is perceived to be representative of the spending behaviour of Kenyan urban households. The price data is collected in the second and third week of the month of review in the selected retail outlets. This is in order to maintain consistency in price variations.

Consumer Price Index (CPI) decreased by 0.8 per cent from 182.5 points in June 2005 to 181.1 points in July 2005. The month-on-month overall inflation rate declined marginally from 11.9 per cent in June 2005 to 11.8 per cent in July 2005. However, during the same period, month-on-month underlying inflation rate which excludes food items from the CPI basket increased from 8.2 per cent to 8.3 per cent.

Table 1 shows percentage changes in indices of broad categories in July 2005 compared to June 2005 (previous month).

Table 1: One Month Change in Prices

Broad Item Group	% Change on Previous month
Food and Non-Alcoholic Drink	-1.4
Alcohol & Tobacco	0.0
Clothing & Footwear	-0.1
Housing Costs	0.4
Fuel & Power	0.2
Household Goods & Services	0.4
Medical Goods and Services	0.7
Transport & Communication	-0.2
Recreation & Education	0.1
Personal Goods	0.2

Food and non-alcoholic drink index decreased by 1.4 per cent in July 2005 compared to June 2005. This was mainly attributed to decline in prices of milk, sugar, English potatoes, tomatoes and onions. On average, a kilogramme of sugar was retailing at Kshs 69 in July 2005 compared to Kshs 73 in June 2005 a decline of 5.2 per cent. Price of half litre packet of milk dropped by 4.9 per cent from an average of Kshs 26.90 in June 2005 to Kshs 25.60 in July 2005 .

The cost of electricity decreased due to lower fuel and forex adjustment costs and this caused Fuel and Power index to drop by 0.2 per cent.

Medical Goods and services index rose by 0.7 per cent in July 2005 compared to June 2005 as a result of rise in prices of some selected drugs.

Most of the other items in the CPI basket remained relatively stable in July 2005 compared to June 2005.

Source: Kenya National Bureau of Statistics