

CPI AND INFLATION RATES FOR THE MONTH OF JULY 2006

The Central Bureau of Statistics is pleased to release the Consumer Price Indices (CPI) and inflation rates for the month of July 2006, 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) declined by 1.4 per cent from 202.5 points in June 2006 to 199.5 points in July 2006. Month-on-month overall inflation rate decelerated from 10.9 per cent in June 2006 to 10.1 per cent in July 2006. On the other hand, month-on-month *underlying* inflation rate which *excludes food items* from the CPI basket increased from 5.3 per cent to 5.5 per cent

Table 1 shows percentage changes in indices of broad categories of items in the month of July 2006 compared to June 2006 (previous month).

Table 1: One Month Change in Prices

Broad Item Group	% Change on Previous month
Food and Non-Alcoholic Drink	-2.6
Alcohol & Tobacco	0.1
Clothing & Footwear	0.3
Housing Costs	0.0
Fuel & Power	1.1
Household Goods & Services	0.3
Medical Goods and Services	0.0
Transport & Communication	0.8
Recreation & Education	0.1
Personal Goods	0.0

Food and non-alcoholic drink index declined by 2.6 per cent in July 2006 compared to June 2006. This was mainly attributed to fall in prices of vegetables such as tomatoes, cabbages, onions and carrots. The prices of English potatoes, maize grain and dry beans also dropped in July 2006 compared to June 2006. On average, a kilogramme of cabbages was retailing at Kshs 14.90 in July 2006 compared to Kshs 18.90 in June 2006 a decrease of 20.6 per cent. The average price of a kilogramme of tomatoes was Kshs 34.40 in July 2006 compared to Kshs 40.90 in June 2006.

Fuel and Power index increased by 1.1 per cent due to rise in the prices of kerosene and electricity costs.

Retail pump prices of petrol and diesel caused Transport and Communications index to increase by 0.8 in July 2006 compared to June 2006. On average, a litre of super gasoline has increased from Kshs 69.98 in July 2005 to Kshs 80.87 in July 2006 a rise of 15.5 per cent.

Table 2: One Year Change in Price Indices

Broad Item Group	% Change on Previous month
Food and Non-Alcoholic Drink	13.5
Alcohol & Tobacco	6.7

Clothing & Footwear	3.1
Housing Costs	4.3
Fuel & Power	12.8
Household Goods & Services	3.0
Medical Goods and Services	3.1
Transport & Communication	9.3
Recreation & Education	2.0
Personal Goods	2.3
Average All Groups	10.1

Over the last twelve months, Food and Non-alcoholic drinks index had the highest increase of 13.5 per cent followed by Fuel and Power.

Source: Kenya National Bureau of Statistics