

PRODUCER PRICE INDEX FOURTH QUARTER 2017

Kenya National Bureau of Statistics hereby releases the Producer Price Index (PPI) for the fourth quarter of 2017. 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 Figure 1, the fourth quarter year on year overall producer inflation was 3.18 per cent in December 2017 compared to negative 0.47 per cent recorded in December 2016.

Figure 1: Year on Year Percentage Changes on Producer Prices

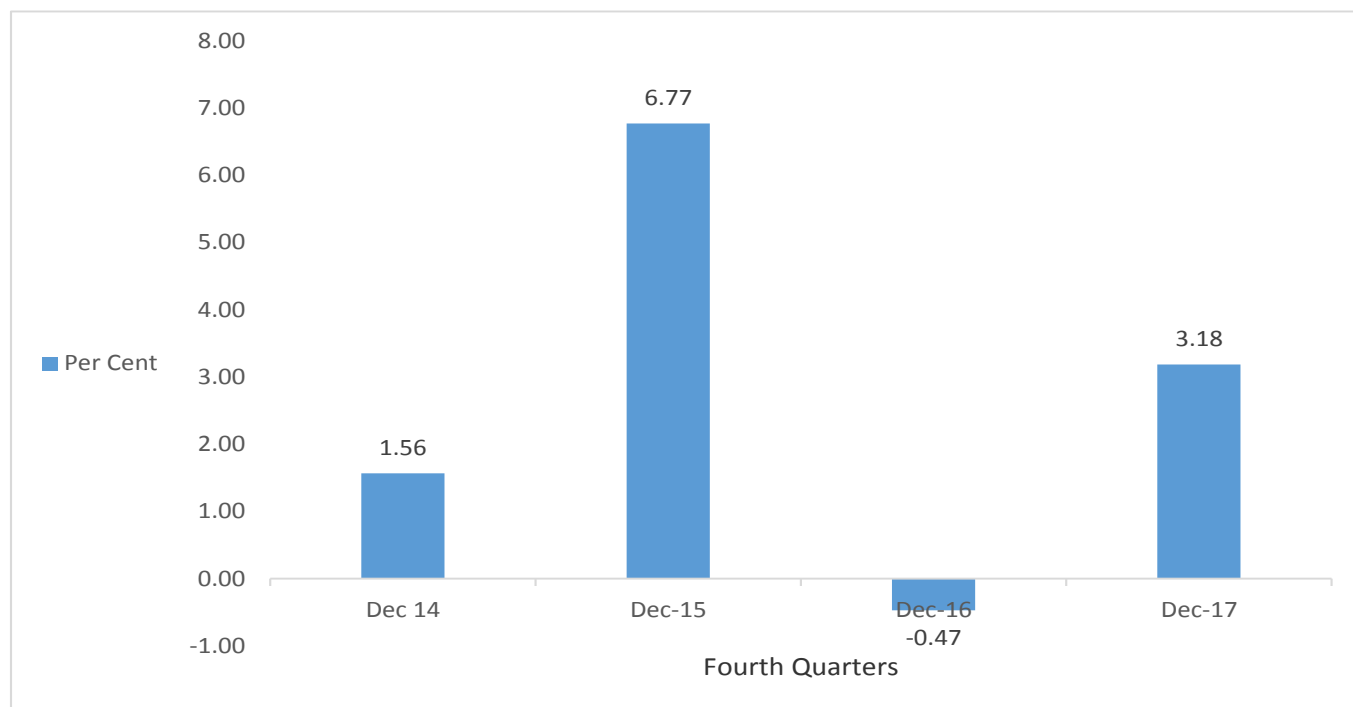


Table 1 presents percentage changes of producer prices over the previous quarter and the same quarter a year ago. The overall producer prices decreased by 0.41 per cent from September 2017 to December 2017 while the ‘year on year’ inflation was 3.18 per cent.

Over the last one year, the highest increase was on manufacture of chemicals and chemical products which increased by 8.83 per cent followed by manufacture of furniture which rose by 8.0 per cent. However, during the same period manufacture of non-metallic products and manufacture of wood and of products of wood and cork except furniture declined by 2.21 per cent and 1.22 per cent, respectively.

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

2-Digit ISIC	Descriptions	Weight	% Change over three months ago (Dec 2017/Sept 2017)	% Change over a year ago (Dec2017/Dec 2016)
10	Manufacture of food products	34.24	-3.80	3.18
11	Manufacture of beverages	6.54	3.12	4.38
12	Manufacture of tobacco products	1.38	-0.02	0.37
13	Manufacture of textiles	2.29	1.15	2.44
14	Manufacture of wearing apparel	2.91	-0.01	0.23
15	Manufacture of leather and related products	0.90	0.36	0.48
16	Manufacture of wood and of products of wood and cork except furniture	2.19	0.97	-1.22
17	Manufacture of paper and paper products	3.15	2.14	3.47
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	2.25	8.83
22	Manufacture of rubber and plastics products	5.47	0.00	-0.30
23	Manufacture of other non-metallic mineral products	4.32	-0.03	-2.21
24	Manufacture of basic metals	6.51	0.15	3.71
25	Manufacture of fabricated metal products except machinery and equipment	3.31	7.77	6.41
29	Manufacture of motor vehicles	1.20	0.27	-0.34
35	Electricity	8.63	-0.11	6.90
36	Water	0.46	0.00	-0.05
08	Mining and Quarrying	1.60	6.31	0.22
31	Manufacture of Furniture	1.83	8.00	8.00
33	Repair and installation of machinery and equipment	1.42	-0.02	0.47
	Overall	100.00	-0.41	3.18

Table 2 shows the Producer Price Indices in 2016 and 2017. The producer index decreased by 0.41 per cent from 119.52 points in September to 119.03 in December 2017. The 'year on year' producer inflation rate declined from 5.46 per cent recorded in September 2017 to 3.18 per cent in December 2017. The decline in the food index during the quarter was mainly due to lower producer prices of sugar and tea.

Table 2: Overall PPI and Inflation Rates

Quarter	Indices		PPI-Inflation Rate (%)
	Year-2016	Year-2017	
March	113.73	117.58	3.38
June	112.25	119.42	6.39
September	113.33	119.52	5.46
December	115.36	119.03	3.18

As shown in Table 3, the producer prices of selected indices which had the highest changes in the last three months. Over the last three months manufacture of furniture rose by 8.0 per cent followed by manufacture of fabricated metal products which increased by 7.77 per cent. However, the producer prices of food products, electricity and manufacture of other non-metallic mineral products declined during the period.

Table 3: Producer Prices of Selected Indices

		Base June 2011=100						
2-Digit ISIC	Descriptions	Weights	Dec-16	Mar-17	Jun-17	Sep-17	Dec-17	% Change Dec 2017/Sept 2017
31	Manufacture of Furniture	1.83418	131.74	131.74	131.74	131.74	142.27	8.00
25	Manufacture of fabricated metal products except machinery and equipment	3.31456	93.95	93.32	92.83	92.77	99.98	7.77
08	Mining and Quarrying	1.60123	136.52	136.52	128.26	128.70	136.83	6.31
11	Manufacture of beverages	6.54138	138.77	139.58	138.76	140.47	144.84	3.12
20	Manufacture of chemicals and chemical products	5.97463	116.94	118.36	122.37	124.47	127.26	2.25
17	Manufacture of paper and paper products	3.15381	113.56	113.88	115.13	115.04	117.50	2.14
23	Manufacture of other non-metallic mineral products	4.31932	113.24	114.04	111.31	110.77	110.73	-0.03
35	Electricity	8.62886	116.23	120.36	119.26	124.38	124.25	-0.11
10	Manufacture of food products	34.2353	117.51	121.80	127.37	126.04	121.25	-3.80