

# KENYA NATIONAL BUREAU OF STATISTICS



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## PRODUCER PRICE INDEX SEPTEMBER QUARTER 2015

Kenya National Bureau of Statistics hereby releases the Producer Price Index (PPI) for the September quarter of 2015. Producer Price Index measures the gross changes in the trading price of products on the domestic and the 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 15<sup>th</sup> February, 15<sup>th</sup> May, 15<sup>th</sup> August and 15<sup>th</sup> November of the year. These dates corresponds to the first, second, third and fourth quarters respectively.

As shown in Table 1, the Producer Price Indices are grouped according to the International Standards of Industrial Classifications of All Economic Activities (ISIC) Rev 4. The overall producer prices increased by 4.70 per cent in the second quarter of 2015 compared to an increase of 1.22 per cent recorded in the third quarter of 2015. The 'year on year' PPI inflation, from September 2014 to September 2015 was 6.04 per cent.

The main contributors in the third quarter increases were manufacture of food products, electricity and Mining and Quarrying. Under manufacture of food products the producer prices of tea, manufacture of sugar and processing and preserving of fruit and vegetables had the highest increase while under Mining and Quarrying extraction of salt caused the index to rise. Although the index under manufacture of food increased over the three months, prices of prepared animal feeds and dairy products declined during the period under review. Over the three months period, prices of leather and related products and rubber and plastic products decreased by 0.13 per cent and 0.14 per cent, respectively.

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

2-Digit ISIC	Descriptions	Weights-**	% Change over three months ago (Sept 2015/June 2015)	% Change over a year ago (Sept 2015/Sept 2014)
10	Manufacture of food products	34.24	9.65	12.64
11	Manufacture of beverages	6.54	0.01	6.81
12	Manufacture of tobacco products	1.38	1.25	4.32
13	Manufacture of textiles	2.29	4.99	15.93
14	Manufacture of wearing apparel	2.91	0.78	1.89
15	Manufacture of leather and related products	0.90	-0.13	1.28
16	Manufacture of wood and of products of wood and cork except furniture	2.19	1.15	2.23
17	Manufacture of paper and paper products	3.15	2.36	4.17
18	Printing and reproduction of recorded media	5.66	0.00	0.00
19	Manufacture of lubricating petroleum oils	0.01	0.00	-13.60
20	Manufacture of chemicals and chemical products	5.97	2.37	6.47
22	Manufacture of rubber and plastics products	5.47	-0.14	2.07
23	Manufacture of other non-metallic mineral products	4.32	2.41	2.59
24	Manufacture of basic metals	6.51	1.39	-3.69
25	Manufacture of fabricated metal products except machinery and equipment	3.31	1.60	-1.55
29	Manufacture of motor vehicles	1.20	2.12	4.02
35	Electricity	8.63	6.39	-5.02
36	Water	0.46	0.00	0.89
08	Mining and Quarrying	1.60	10.96	10.79
31	Manufacture of Furniture	1.83	0.00	28.44
33	Repair and installation of machinery and equipment	1.42	1.56	3.82
	<b>Total</b>	<b>100.00</b>	<b>4.70</b>	<b>6.04</b>

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

As shown in Table 2, the overall PPI increased from 111.32 points in the second quarter 2015 to 116.55 points in the third quarter 2015. The ‘year on year’ inflation was 6.04 per cent mainly caused by manufacture of food products, specifically tea. The increase in producer prices was mainly due to depreciation of the Kenya shilling against major foreign currencies.

Table 2: Producer Price Indices at Division Level

Base  
2011=100      June

2-Digit ISIC	Descriptions	Weights-**	June				
			Sep-14	Dec-14	Mar-15	Jun-15	Sep-15
10	Manufacture of food products	34.24	106.92	105.86	107.75	109.84	120.44
11	Manufacture of beverages	6.54	124.35	125.05	128.20	132.80	132.81
12	Manufacture of tobacco products	1.38	118.00	118.50	118.93	121.59	123.10
13	Manufacture of textiles	2.29	110.09	111.07	112.72	121.56	127.63
14	Manufacture of wearing apparel	2.91	100.29	100.56	100.79	101.40	102.19
15	Manufacture of leather and related products	0.90	102.38	102.17	103.51	103.82	103.69
16	Manufacture of wood and of products of wood and cork except furniture	2.19	105.56	105.45	105.30	106.68	107.91
17	Manufacture of paper and paper products	3.15	106.69	107.32	106.87	108.56	111.13
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	132.83	132.83	114.76	114.76	114.76
20	Manufacture of chemicals and chemical products	5.97	114.10	114.07	116.18	118.67	121.48
22	Manufacture of rubber and plastics products	5.47	108.09	105.79	108.81	110.48	110.33
23	Manufacture of other non-metallic mineral products	4.32	116.46	115.84	114.48	116.66	119.47
24	Manufacture of basic metals	6.51	96.67	98.82	96.68	91.83	93.10
25	Manufacture of fabricated metal products except machinery and equipment	3.31	95.97	96.56	96.05	93.00	94.49
29	Manufacture of motor vehicles	1.20	117.42	117.55	119.11	119.60	122.14
35	Electricity	8.63	127.74	115.65	113.24	114.04	121.33
36	Water	0.46	128.78	128.78	129.93	129.93	129.93
08	Mining and Quarrying	1.60	124.50	125.10	126.02	124.31	137.93
31	Manufacture of Furniture	1.83	103.45	99.93	132.88	132.88	132.88
33	Repair and installation of machinery and equipment	1.42	100.20	100.73	101.19	102.44	104.03
	<b>Total</b>	<b>100.00</b>	<b>109.91</b>	<b>108.56</b>	<b>109.98</b>	<b>111.32</b>	<b>116.55</b>

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