

PRODUCER PRICE INDEX SECOND QUARTER 2018

Kenya National Bureau of Statistics hereby releases the Producer Price Index (PPI) for the second quarter of 2018. 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 second quarter year on year overall producer inflation was 0.65 per cent in June 2018 compared to 6.39 per cent recorded in June 2017.

Figure 1: Year on Year Percentage Changes on Producer Prices

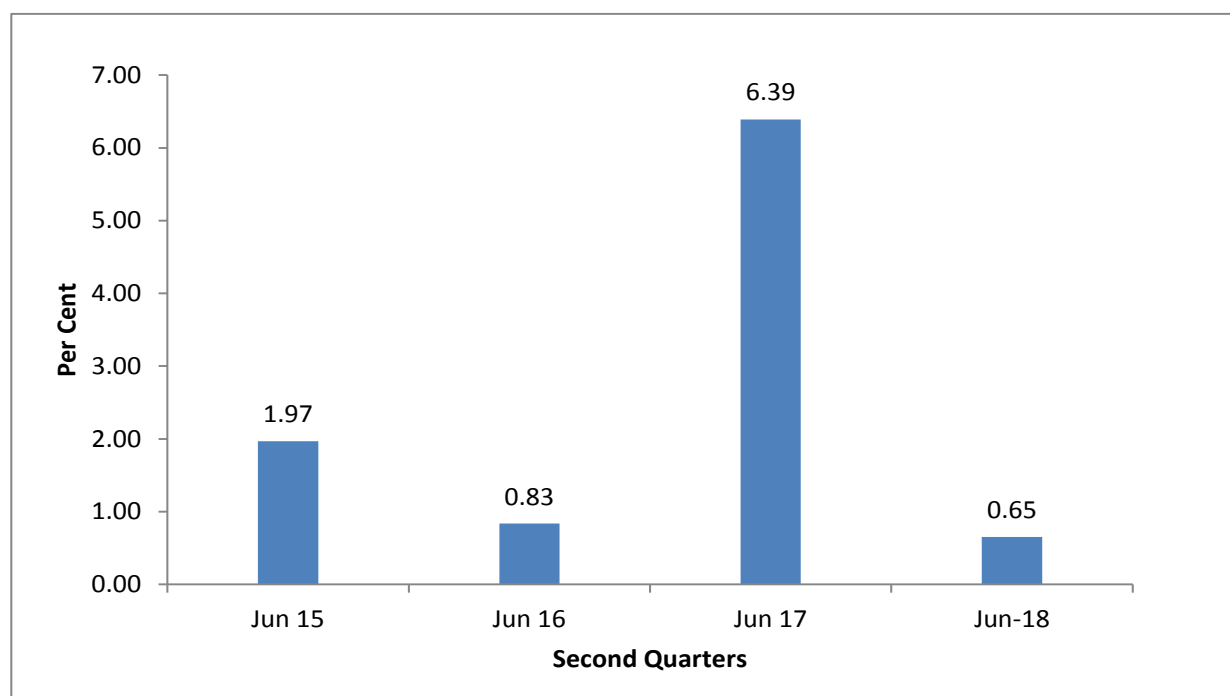


Table 1 presents percentage changes of producer prices over the previous quarter and the same quarter a year ago. The overall producer prices increased by 0.67 per cent from March 2018 to June 2018 while the ‘year on year’ inflation was 0.65 per cent. Over the last one year, the highest increase was on manufacture of wood and of products of wood which rose by 28.78 per cent followed by mining and quarrying which increased by 7.74 per cent. However, during the same period water, manufacture of food products and manufacture of other non-metallic mineral products declined by 10.85, 4.15 and 1.06 per cent, respectively.

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

2-Digit ISIC	Descriptions	Weight	% Change over three months ago (Jun 2018/Mar 2018)	% Change over a year ago (Jun 2018/Jun 2017)
10	Manufacture of food products	34.24	-0.48	-4.15
11	Manufacture of beverages	6.54	-0.26	3.36
12	Manufacture of tobacco products	1.38	-0.17	-0.28
13	Manufacture of textiles	2.29	0.54	-0.14
14	Manufacture of wearing apparel	2.91	-0.11	-0.35
15	Manufacture of leather and related products	0.90	-0.08	1.46
16	Manufacture of wood and of products of wood and cork except furniture	2.19	23.01	28.78
17	Manufacture of paper and paper products	3.15	1.06	5.31
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	0.70	5.48
22	Manufacture of rubber and plastics products	5.47	4.31	1.95
23				
	Manufacture of other non-metallic mineral products	4.32	-0.32	-1.06
24	Manufacture of basic metals	6.51	-0.18	3.57
25	Manufacture of fabricated metal products except machinery and equipment	3.31	-1.51	6.47
29	Manufacture of motor vehicles	1.20	0.96	-0.43
35	Electricity	8.63	0.97	1.95
36	Water	0.46	1.18	-10.85
08	Mining and Quarrying	1.60	1.00	7.74
31	Manufacture of Furniture	1.83	-1.00	6.92
33				
	Repair and installation of machinery and equipment	1.42	-0.21	-0.70
	Overall	100.00	0.67	0.65

Table 2 shows the Producer Price Indices from June 2016 to June 2018. The producer index increased by 0.67 per cent from 119.38 points in March 2018 to 120.20 in June 2018. The ‘year on year’ producer inflation rate declined from 6.39 per cent recorded in June 2017 to 0.65 per cent in June 2018. The decline in the index was mainly due to lower costs in the prices of maize flour, wheat flour and sugar.

Table 2: Overall PPI and Inflation Rates

Base Period June 2011=100

Year	Quarter	Indices	PPI-Inflation Rate (%)
2016	June	112.25	0.83
	September	113.33	-2.76
	December	115.36	-0.47
2017	March	117.58	3.38
	June	119.42	6.39
	September	119.52	5.46
	December	119.03	3.18
2018	March	119.38	1.53
	June	120.20	0.65

Table 3: Prices of Selected producer Products

Table 3 shows prices of selected producer products in June 2017, March 2018 and June 2018. Prices of 20 litres of refined oil increased by 6.6 per cent from KSh 4,333 in June 2017 to KSh 4,620 in 2018. During the same period, a tonne of sugar declined by 35.7 per cent from KSh 102,419 to KSh 81,658.

Product	Unit of Measure	Price June 2017	Price Mar 2018	Price June 2018	% Change over last three months	% Change over 12 months
Refined Oil	20 Litres	4,333	4,615	4,620	0.1	6.6
Milk	Fresh milk 18 crates each 500 Ml	804	785	777	-1.0	-3.4
Cement	One Tonne	12,952	12,856	12,814	-0.3	-1.1
Maize Flour	Bale (12 packets each 2 Kg)	1,544	1,280	1,278	-0.2	-17.2
Wheat Flour	Bale (12 packets each 2 Kg)	1,355	1,166	1,200	2.9	-11.4
Sugar	One Tonne	127,012	81,554	81,658	0.1	-35.7

Table 4 presents the producer prices of selected indices which had the highest changes in the last three months. Over the last three months manufacture of wood and of products of wood rose by 23.0 per cent followed by manufacture of rubber and plastic products which increased by 4.3 per cent. However, the producer prices of manufacture of fabricated metal products except machinery and equipment and manufacture of food products declined during the period.

Table 4: Producer Prices of Selected Indices

Base June 2011=100							
2-Digit ISIC	Descriptions	Jun-17	Sep-17	Dec-17	Mar-18	Jun-18	% Change
16	Manufacture of wood and of products of wood and cork except furniture	121.00	115.75	116.87	126.67	155.82	23.0
22	Manufacture of rubber and plastics products	110.08	109.59	109.59	107.60	112.23	4.3
36	Water	165.56	143.55	143.55	145.88	147.60	1.2
23	Manufacture of other non-metallic mineral products	111.31	110.77	110.73	110.50	110.14	-0.3
10	Manufacture of food products	127.37	126.04	121.25	122.68	122.09	-0.5
31	Manufacture of Furniture	131.74	131.74	142.27	142.27	140.86	-1.0
25	Manufacture of fabricated metal products except machinery and equipment	92.83	92.77	99.98	100.35	98.84	-1.5