

## CPI AND INFLATION RATES FOR THE MONTH OF JANUARY 2006

The Central Bureau of Statistics is pleased to release the Consumer Price Indices (CPI) and inflation rates for the month of January 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) increased by 8.7 per cent from 185.2 points in December 2005 to 201.3 points in January 2006. Month-on-month overall inflation rate increased from 7.6 per cent in December 2005 to 15.4 per cent in January 2006 on account of steep rise in food prices occasioned by a severe drought prevailing in the country. On the other hand, month-on-month underlying inflation rate which excludes food items from the CPI basket declined from 6.0 per cent to 5.5 per cent.

Table 1 shows percentage changes in indices of broad categories of items in the month of January 2006 compared to December 2005 (previous month).

Table 1: One Month Change in Prices

| Broad Item Group             | % Change on Previous month |
|------------------------------|----------------------------|
| Food and Non-Alcoholic Drink | 14.7                       |
| Alcohol & Tobacco            | 1.7                        |
| Clothing & Footwear          | -0.2                       |
| Housing Costs                | 0.4                        |
| Fuel & Power                 | 0.6                        |
| Household Goods & Services   | 0.5                        |
| Medical Goods and Services   | -0.1                       |
| Transport & Communication    | 0.1                        |
| Recreation & Education       | 0.8                        |
| Personal Goods               | -0.3                       |

Food and non-alcoholic drink index increased by 14.7 per cent in January 2006 compared to December 2005. This was mainly attributed to rise in prices of cabbages, Kale (Sukuma wiki), dry beans, English potatoes and green grams. On average, a kilogramme of Kale was retailing at Kshs 38.83 in January 2006 compared to Kshs 24.45 in December 2005 an increase of 58.8 per cent..

Table 2 shows percentage changes in indices of broad categories of items in the month of December 2005 compared to last year (December 2004).

| Commodity          | Unit    | December 2005 Average Price | January 2006 Average Price | Percentage Change |
|--------------------|---------|-----------------------------|----------------------------|-------------------|
| Kale (Sukuma Wiki) | 1 Kg    | 24.45                       | 38.83                      | 58.8              |
| Cabbages           | 1 Kg    | 17.91                       | 25.57                      | 42.8              |
| English Potatoes   | 1 Kg    | 21.38                       | 27.13                      | 26.9              |
| Green gramss       | 1 Kg    | 58.07                       | 71.62                      | 23.4              |
| Milk               | ½ Litre | 25.60                       | 29.03                      | 13.4              |

Alcohol and Tobacco index increased by 1.7 per cent in January 2006 compared to December 2005 due to increase in price of miraa (Khat). Increase in cost of electricity caused the Fuel and Power index to rise by 0.6 per cent between December 2005 and January 2006.

Table 3 shows percentage changes in indices of broad categories of items in

the month of January 2006 compared to last year (January 2005).

Table 3: One Year Change in Price Indices

| <b>Broad Item Group</b>      | <b>% Change on Previous month</b> |
|------------------------------|-----------------------------------|
| Food and Non-Alcoholic Drink | 22.6                              |
| Alcohol & Tobacco            | 9.9                               |
| Clothing & Footwear          | 2.4                               |
| Housing Costs                | 3.9                               |
| Fuel & Power                 | 13.1                              |
| Household Goods & Services   | 4.1                               |
| Medical Goods and Services   | 4.5                               |
| Transport & Communication    | 7.0                               |
| Recreation & Education       | 3.2                               |
| Personal Goods               | 3.2                               |
| <hr/> Average All Groups     | 15.4                              |

Over the last twelve months, Food and Non-alcoholic drinks index had the highest increase of 22.6 per cent.

Source: Kenya National Bureau of Statistics