

CPI AND INFLATION RATES FOR THE MONTH OF JUNE 2006

The Central Bureau of Statistics is pleased to release the Consumer Price Indices (CPI) and inflation rates for the month of June, 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 3.0 per cent from 208.6 points in May 2006 to 202.5 points in June 2006. Month-on-month overall inflation rate decelerated from 13.1 per cent in May 2006 to 10.9 per cent in June 2006. On the other hand, month-on-month *underlying* inflation rate which *excludes food items* from the CPI basket increased from 4.7 per cent to 5.3 per cent.

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

Table 1: One Month Change in Prices

Broad Item Group	% Change on Previous month
Food and Non-Alcoholic Drink	-5.6
Alcohol & Tobacco	3.7
Clothing & Footwear	1.2
Housing Costs	1.3
Fuel & Power	1.1
Household Goods & Services	0.7
Medical Goods and Services	0.0
Transport & Communication	2.8
Recreation & Education	0.2
Personal Goods	0.3

Food and non-alcoholic drink index declined by 5.6 per cent in June 2006 compared to May 2006. This was mainly attributed to fall in prices of potatoes, green grams and onions. On average, a kilogram of English potatoes was selling at Kshs 20 in June 2006 compared with Kshs 27 in May 2006 a decrease of 25 per cent. The average price of green grams was Kshs 77 in June 2006 compared with Kshs 101.7 in May a fall of 24.2 per cent. The Alcohol and Tobacco index increased by 3.7 per cent in June 2006 compared to May 2006 due to increases in the prices of cigarettes and beer. Kerosene prices increased in June compared to May and this caused Fuel and Power index to rise by 1.1 per cent. Transport and Communications index rose by 2.8 per cent in June 2006 compared to May 2006 as a result of increase in the prices of public transport, petrol and diesel Table 2 shows percentage changes in indices of broad categories of items in the month of June 2006 compared to last year (June 2005).

Table 2: One Year Change in Price Indices

Broad Item Group	% Change on Previous month
Food and Non-Alcoholic Drink	14.9
Alcohol & Tobacco	6.5
Clothing & Footwear	2.8
Housing Costs	4.8
Fuel & Power	11.4
Household Goods & Services	3.1

Medical Goods and Services	3.8
Transport & Communication	8.3
Recreation & Education	2.1
Personal Goods	2.5
Average All Groups	10.9

Over the last twelve months, Food and Non-alcoholic drinks index had the highest increase of 14.9 per cent. For instance, a kilogram of green grams was retailing at Kshs 77 in June 2006 compared with Kshs 55.40 in June 2005 while the average price of carrots was Kshs 34.90 in June 2006 compared with Kshs 29.50 in June 2005 a rise of 18.4 per cent .

Source: Kenya National Bureau of Statistics