CPI AND INFLATION RATES FOR THE MONTH OF OCTOBER 2004

The Central Bureau of Statistics is pleased to release the Consumer Price Indices (CPI) and inflation rates for the month of October 2004, 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 the Kenyan urban households.

Consumer Price Index (CPI) rose by 0.8 per cent from 172 points in September 2004 to 173.4 points in October 2004. Month-on-month overall inflation rate was 18.3 per cent in October 2004 while month-on-month underlying inflation rate which excludes food items in the CPI basket, stood at 10.4 per cent.

Table 1 shows percentage changes in overall (Kenya) indices in October 2004 compared to September 2004 (previous month).

Table 1: One Month Change in Prices

Broad Item Group	% Change on Previous month
Food and Non-Alcoholic Drink	0.7
Alcohol & Tobacco	0.7
Clothing & Footwear	0.7
Housing Costs	1.3
Fuel & Power	2.9
Household Goods & Services	0.8
Medical Goods and Services	0.1
Transport & Communication	0.2
Recreation & Education	-0.1
Personal Goods	0.2

Food and non-alcoholic drink index rose by 0.7 per cent in October 2004 compared to September 2004, mainly as a result of increase in prices of maize grain, dry beans, cooking fat and sugar. On average, a kilogramme of dry maize was retailing at Kshs 22.7 in October compared with Kshs 21.3 in September an increase of 6.5 per cent.

Fuel and Power index increased by 2.9 per cent in mainly due to rise in prices of electricity. Electricity cost was high due to upward adjustment of fuel and forex tariffs. The cost of 200 kWh units of electricity was Kshs 1,528 in October 2004 compared to Kshs 1,290 in October 2003 an increase of 18.4 per cent. However, as announced by Electricity Regulation Board (ERB), fuel adjustment costs are expected to decline from next month due to increased use of hydro power after the onset of the rains.

The prices of petrol and diesel continued to rise in October 2004 and this caused the Transport and Communications index to increase compared to September 2004.

Inflation rate in some category groups has increased significantly over the past one year. For instance, between October 2003 and October 2004, Food and Non Alcoholic drinks has risen by 24.8 per cent, Fuel and Power 33.8 per cent, Transport and Communications 24.6 per cent.

Source: Kenya National Bureau of Statistics