## CPI AND INFLATION RATES FOR THE MONTH OF AUGUST 2005

The Central Bureau of Statistics is pleased to release the Consumer Price Indices (CPI) and inflation rates for the month of August 2005, 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) decreased by 0.5 per cent from 181.1 points in July 2005 to 180.2 points in August 2005. Month-on-month overall inflation rate declined from 11.8 per cent in July 2005 to 6.9 per cent in August 2005. During the same period, month-on-month underlying inflation rate which excludes food items from the CPI basket also decreased from 8.3 per cent to 6.7 per cent.

Table 1 shows percentage changes in indices of broad categories in August 2005 compared to July 2005 (previous month).

Table 1: One Month Change in Prices

| Broad Item Group | % Change on Previous month |
|---|---|
| Food and Non-Alcoholic Drink | -1.2 |
| Alcohol & Tobacco | 0.4 |
| Clothing & Footwear | 0.3 |
| Housing Costs | 0.0 |
| Fuel & Power | 1.5 |
| Household Goods & Services | 0.3 |
| Medical Goods and Services | 0.3 |
| Transport & Communication | 0.6 |
| Recreation & Education | 0.1 |
| Personal Goods | 0.1 |

Food and non-alcoholic drink index decreased by 1.2 per cent in August 2005 compared to July 2005. This was mainly attributed to decline in prices of sugar, cabbages, maize grain and dry beans. On average a kilogramme of sugar was selling at Kshs 65 in August 2005 compared with Kshs 69 in July 2005, a decline of 5.8 per cent.

Fuel and Power index rose by 1.5 per cent in August compared in July due to increases in the prices of kerosene and electricity. Fuel and Power index has increased by 17.7per cent from August 2004 to August 2005. On average, a litre of kerosene was retailing at Kshs 50.8 in August 2005 compared to Kshs 40.9 in August 2004 an increase of 24 per cent. Electricity cost has gone up by 9.5 per cent from August 2004 to August 2005 due to rise in fuel and forex adjustment costs.

Transport and Communications index increased by 0.6 per cent in August 2005 compared to July 2005 due to rise in prices of petrol and diesel. A litre of premium gasoline was selling at an average price of Kshs 72.4 in August 2005 compared with Kshs 66.2 in August 2004 a rise of 9.4 per cent

*Source: Kenya National Bureau of Statistics*