CPI AND INFLATION RATES FOR THE MONTH OF MARCH 2010

Kenya National Bureau of Statistics hereby releases the geometric Consumer Price Indices (CPI) and inflation rates pertaining to the month of March 2010, base period February 2009. The monthly indices are based on baskets of goods and services derived from findings of the 2005/06 Kenya Integrated Household Budget Survey (KIHBS). The numbers have been generated through data collected within the second and third weeks of the month of review from selected retail outlets in 25 zones countrywide.

As indicated in Tables 1 and 2 below and as in the previous month, all commodities whose retail prices were used to compile these new Indices were classified into 12 instead of the previous 10 broad groups as recommended in the ILO CPI manual 2004. Therefore the CPI computed using the geometric mean approach and the new baskets decreased by 0.2 per cent from 105.2 points in February 2010 to 105.0 points in March 2010. Month-on-month overall inflation rate also declined to 4.0 per cent in March 2010 from 5.2 per cent in February 2010.

Table 1: One Month and Twelve Months' Changes in the Price Indices

Broad Commodity Group	New CPI Weight	% Change on Previous Month (March 2010 / February 2010)	% Change on Previous Year (March 2010/ March 2009)
Food & Non-Alcoholic Beverages	36.04	-0.8	4.5
Alcoholic Beverages, Tobacco & Narcotics	2.06	-0.6	8.5
Clothing & Footwear	7.43	0.2	3.5
Housing, Water, Electricity, Gas and other Fuels	18.30	0.4	5.3
Furnishings, Household Equipment and Routine Household Maintenance	6.16	0.1	1.6
Health	3.13	0.1	3.3
Transport	8.66	0.2	4.3
Communication	3.82	-0.2	-0.1
Recreation & Culture	2.25	-0.2	0.9
Education	3.14	0.0	0.7
Restaurant & Hotels	4.48	0.0	3.7
Miscellaneous Goods & Services	4.52	0.0	2.8
Total	**100.00**	**-0.2**	**4.0**

The decline in inflation was as a result of fall in the indices of Food and non alcoholic beverages, Alcoholic Beverages, Tobacco & Narcotics, Recreation & Culture and communication. Food and non alcoholic beverages' index which accounts for 36.04 percent of all the weight in the new CPI fell by 0.80 percent from 107.3 points in February 2010 to 106.4 points in March 2010. This was mainly due to fall in prices of milk, maize flour, potatoes, *sukuma wiki* (kale) and cabbages

On the other hand the indices of Clothing & Footwear, Housing, Water, Electricity, Gas and other Fuels increased during the month under review. The index for Housing, Water, Electricity and Gas rose by 0.4 per cent as a result of rise in the cost of electricity. The indices of Education, Restaurant and Hotels and Miscellaneous Goods and Services remained stable during the month of March compared to February 2010.

Table 2: Overall Geometric new CPI and Inflation

Month	Geometric Overall CPI	Geometric Overall Inflation
March-2009	101.0	
April-2009	101.8	
May-2009	101.8	
June-2009	102.1	
July-2009	102.3	
August-2009	102.9	
September-2009	103.4	
October-2009	103.7	
November-2009	103.9	
December-2009	104.7	
January-2010	104.9	
February-2010	105.2	5.2
March-2010	105.0	4.0

Source: Kenya National Bureau of Statistics