CPI AND INFLATION RATES FOR THE MONTH OF DECEMBER 2008

Kenya National Bureau of Statistics is pleased to release the Consumer Price Indices (CPI) and inflation rates for the month of December 2008, for your information and use. This data is generated through monthly data collection from retail outlets in 13 urban centers in Kenya and is perceived to represent the spending behaviour of Kenyan urban households. The prices are collected in the second and third weeks of the month of review in the selected retail outlets. This is in order to maintain consistency in the price variations.

The CPI increased by 1.5 percent from 301.79 points in November 2008 to 306.28 points in December 2008. Month-on-month overall inflation rate decreased from 29.4 percent in November 2008 to 27.7 percent in December 2008. On the other hand, month-on-month *underlying* inflation rate which *excludes food items* from the CPI basket decreased from 12.3 percent in November 2008 to 10.6 per cent in December 2008.

Table 1 shows Weights and the percentage changes to the indices of broad categories of items in the month of December 2008 compared to November 2008 (previous month) and the month of December 2008 compared to December 2007 (previous year).

Table 1: One Month and twelve months Change in Price Indices

Broad Item Group	% Weights	% Change on Previous month (Dec 08/Nov 08)	% Change on Previous year (Dec 08/Dec 07)
Food & Non-alcoholic drink	50.50	2.6	37.5
Alcohol & Tobacco	2.97	0.3	14.6
Clothing & Footwear	9.00	0.6	6.1
Housing Costs	11.74	0.3	7.2
Fuel & Power	4.18	-6.4	18.0
Household Goods & Services	5.82	0.5	12.9
Medical Goods and Services	1.59	1.0	15.7
Transport & Communication	5.75	-1.2	10.9
Recreation & Education	6.02	0.0	7.0
Personal Goods	2.45	0.3	9.9
Average all Groups	100.00	**1.5**	**27.7**

Food and non alcoholic drinks index, increased by 2.6 percent from 405.03 in November 2008 to 415.76 in December 2008 mainly due to increase in the prices of tomatoes, cabbages and beef with bones among other food items. The average price of a kilogram of tomatoes for instance, increased by 11.31 percent from KSh.48.50 in November to KSh. 53.98 in December 2008. Prices of Cabbages and beef with bones, similarly increased by 8.67 and 3.60 percents, respectively. There were however some notable falls in the prices of maize flour (10.87 percent), mangoes (4.67 percent) and carrots (2.34 percent).

The Fuel and power index decreased by 6.4 percent from 383.49 in November 2008 to 358.91 in December 2008. This was mainly due to decreases in the cost of diesel, petrol and paraffin. The average cost of a litre of diesel decreased by 14.36 percent from KSh. 90.20 in November to KSh 77.24 in December 2008. Similarly, the prices of regular, supper petrol and paraffin decreased by 10.86, 13.03 and 10.63 percents, respectively. The cost of electricity likewise, dropped by 6.88 percent in December compared

to November 2008.

Table 2: Overall CPI movement from January 2008 to December 2008: (October 1997=100)

Month	Overall CPI	% Change on Previous month	% Change over the same month one year ago
January-2008	260.94	8.8	
February-2008	266.37	2.1	19.1
March-2008	274.55	3.1	21.8
April-2008	281.88	2.7	26.6
May-2008	291.79	3.5	31.5
June-2008	290.75	-0.4	29.3
July-2008	286.62	-1.4	26.5
August-2008	288.06	0.5	27.6
September-2008	292.57	1.6	28.2
October-2008	295.38	1.0	28.4
November-2008	301.79	2.2	29.4
December-2008	306.28	1.5	27.7

Source: Kenya National Bureau of Statistics