PRODUCER PRICE INDEX SECOND QUARTER 2019

The Kenya National Bureau of Statistics hereby releases the Producer Price Index (PPI) for the second quarter of 2019. Producer Price Index measures the average changes in the prices of products at all stages of processing.

The price changes are measured from the perspective of the producer. The producer prices are collected as at 15th February, 15th May, 15th August and 15th November of the year. These dates correspond to the first, second, third and fourth quarters of the year, respectively.

The Producer Price Indices are grouped according to the International Standards of Industrial Classifications of All Economic Activities (ISIC) Rev 4. As shown in Figure 1, the second quarter year on year overall producer inflation was 1.35 per cent in June 2019 compared to negative 0.04 per cent recorded in June 2018.

Figure 1: Year on Year Percentage Changes on Producer Prices

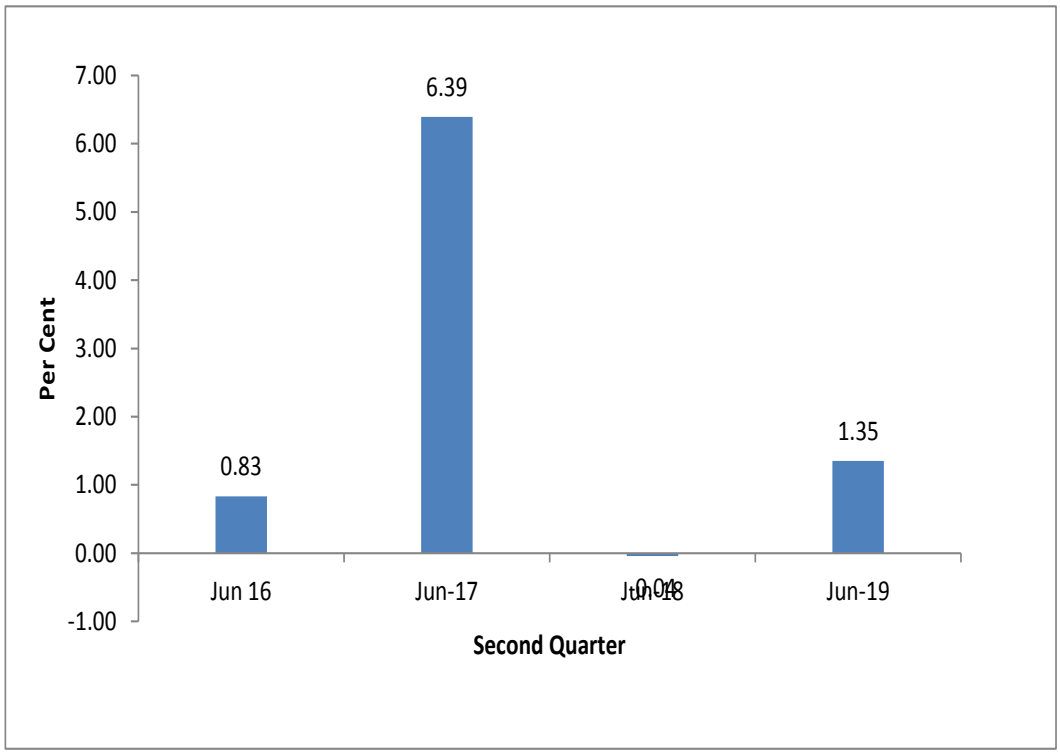


Table 1 presents percentage changes of producer prices over the previous quarter and the same quarter a year ago. The overall producer prices

increased by 1.71 per cent from March 2019 to June 2019 while the 'year on year' inflation was 1.35 per cent. The manufacture of food products had the highest increase in producer index from March 2019 to June 2019 at 4.57 per cent.

Over the last one year, the highest increase was on manufacture of wood and of products of wood which rose by 22.49 per cent followed by manufacture of rubber and plastic products at 9.26 per cent. However, during the same period manufacture of food products and electricity declined by 0.58 per cent and 1.03 per cent, respectively.

Table 1: Percentage Changes Over a Quarter and a Year Ago

2-Digit ISIC	Descriptions	Weight	% Change over three months ago (Jun 2019/Mar 2019)	% Change over a year ago (Jun 2019/Jun 2018)
10	Manufacture of food products	**34.24**	4.57	-0.58
11	Manufacture of beverages	**6.54**	0.26	2.65
12	Manufacture of tobacco products	**1.38**	0.00	-0.01
13	Manufacture of textiles	**2.29**	0.44	2.14
14	Manufacture of wearing apparel	**2.91**	0.11	0.10
15	Manufacture of leather and related products	**0.90**	0.06	0.24
16	Manufacture of wood and of products of wood and cork except furniture	**2.19**	1.02	22.49
17	Manufacture of paper and paper products	**3.15**	-0.16	4.92
18	Printing and reproduction of recorded media	**5.66**	0.00	0.00
19	Manufacture of lubricating petroleum oils	**0.01**	0.00	0.00
20	Manufacture of chemicals and chemical products	**5.97**	-0.92	-1.30
22	Manufacture of rubber and plastics products	**5.47**	-0.36	9.26
23	Manufacture of other non-metallic mineral products	**4.32**	0.33	-0.58
24	Manufacture of basic metals	**6.51**	0.17	4.23
25	Manufacture of fabricated metal products except machinery and equipment	**3.31**	0.00	0.41
29	Manufacture of motor vehicles	**1.20**	-1.53	1.74
35	Electricity	**8.63**	3.05	-1.03
36	Water	**0.46**	0.00	1.86
08	Mining and Quarrying	**1.60**	-0.80	2.27
31	Manufacture of Furniture	**1.83**	-2.25	1.80
33	Repair and installation of machinery and equipment	**1.42**	0.21	0.21
	Overall	**100.00**	**1.71**	**1.35**

Table 2 shows the Producer Price Indices from September 2016 to June 2019. The producer index increased by 1.71 per cent from 118.95 in March 2019 to 120.99 in June 2019 mainly due to increase in prices of milk, maize flour, sugar, tea and electricity.

Table 2: Overall PPI and Inflation Rates

Base Period June 2011=100

Year	Quarter	Indices	PPI-Inflation Rate (%)
2016	September	113.33	-2.76
	December	115.36	-0.47
2017	March	117.58	3.38
	June	119.42	6.39
	September	119.52	5.46
	December	119.03	3.18
2018	March	119.38	1.53
	June	119.37	-0.04
	September	120.17	0.54
	December	120.78	1.47
2019	March	118.95	-0.36
	June	120.99	1.35

Table 3 shows producer prices of selected products in June 2018, December 2018, March 2019 and June 2019. Prices of 20 litres of refined oil increased by 2.0 per cent from KSh 4,461 in March 2019 to KSh 4,550 in June 2019. During the same period, a tonne of sugar rose by 7.0 per cent from KSh 83,284 to KSh 89,083 while the highest increase was a bale of maize flour from KSh 978 to KSh 1,333.

Table 3: Producer Prices of Selected Products

Product	Unit of Measure	Price June 2018	Price December 2018	Price March 2019	Price June 2019	% Change over last three months	% Change over 12 months
Refined Oil	20 Litres	4,620	4,596	4,461	4,550	2.0	-1.5
Milk	Fresh milk 18 crates each 500 Ml	777	779	779	798	2.5	2.7
Maize Flour	Bale (12 packets each 2 Kg)	1,278	978	978	1,333	36.2	4.3
Wheat Flour	Bale (12 packets each 2 Kg)	1,200	1,350	1,421	1,470	3.5	22.5
Sugar	One Tonne	81,658	95,041	83,284	89,083	7.0	9.1

Table 4 presents quarterly producer indices from June 2018 to June 2019. The overall producer index increased from 118.95 points in March 2019 to 120.99 points in June 2019.

Table 4: Producer Indices

2-Digit ISIC	Descriptions	Jun-18	Sep-18	Dec-18	Mar-19	Jun-19
10	Manufacture of food products	122.564	121.38	121.025	116.526	121.853
11	Manufacture of beverages	143.37	143.776	147.979	146.778	147.165
12	Manufacture of tobacco products	124.817	124.93	124.93	124.809	124.809
13	Manufacture of textiles	123.812	127.388	128.37	125.908	126.457
14	Manufacture of wearing apparel	101.937	101.996	102.269	101.934	102.042
15	Manufacture of leather and related products	105.85	105.985	106.072	106.045	106.105
16	Manufacture of wood and of products of wood and cork except furniture	126.671	157.629	159.79	153.587	155.155
17	Manufacture of paper and paper products	119.764	123.914	126.952	125.866	125.66
18	Printing and reproduction of recorded media	104.664	104.664	104.664	104.664	104.664
19	Manufacture of lubricating petroleum oils	114.764	117.297	114.764	114.764	114.764
20	Manufacture of chemicals and chemical products	128.087	132.36	132.642	127.591	126.421
22	Manufacture of rubber and plastics products	107.599	114.035	114.035	117.989	117.563
23	Manufacture of other non-metallic mineral products	110.096	110.29	107.39	109.1	109.456
24	Manufacture of basic metals	100.141	100.387	102.339	104.203	104.38
25	Manufacture of fabricated metal products except machinery and equipment	100.35	101.251	100.625	100.762	100.762
29	Manufacture of motor vehicles	122.719	123.827	124.363	126.802	124.856
35	Electricity	121.895	115.326	115.866	117.075	120.643
36	Water	145.881	147.599	148.596	148.596	148.596
08	Mining and Quarrying	136.826	141.343	143.595	141.056	139.932
31	Manufacture of Furniture	142.274	147.193	148.18	148.18	144.842
33	Repair and installation of machinery and equipment	103.516	103.634	104.19	103.508	103.728
	Total	119.37	120.167	120.611	118.952	120.987