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KENYA NATIONAL BUREAU OF STATISTICS
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PRODUCER PRICE INDEX FIRST QUARTER 2017

Kenya National Bureau of Statistics hereby releases the Producer Price Index (PPI) for the first quarter of 2017. Producer Price Index measures the gross changes in the trading price of products on the domestic and non-domestic markets, 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 first quarter year on year overall producer inflation was 3.39 per cent in March 2017 compared to 2.2 per cent recorded in March 2016.

Figure 1: Year on Year Percentage Changes on Producer Prices

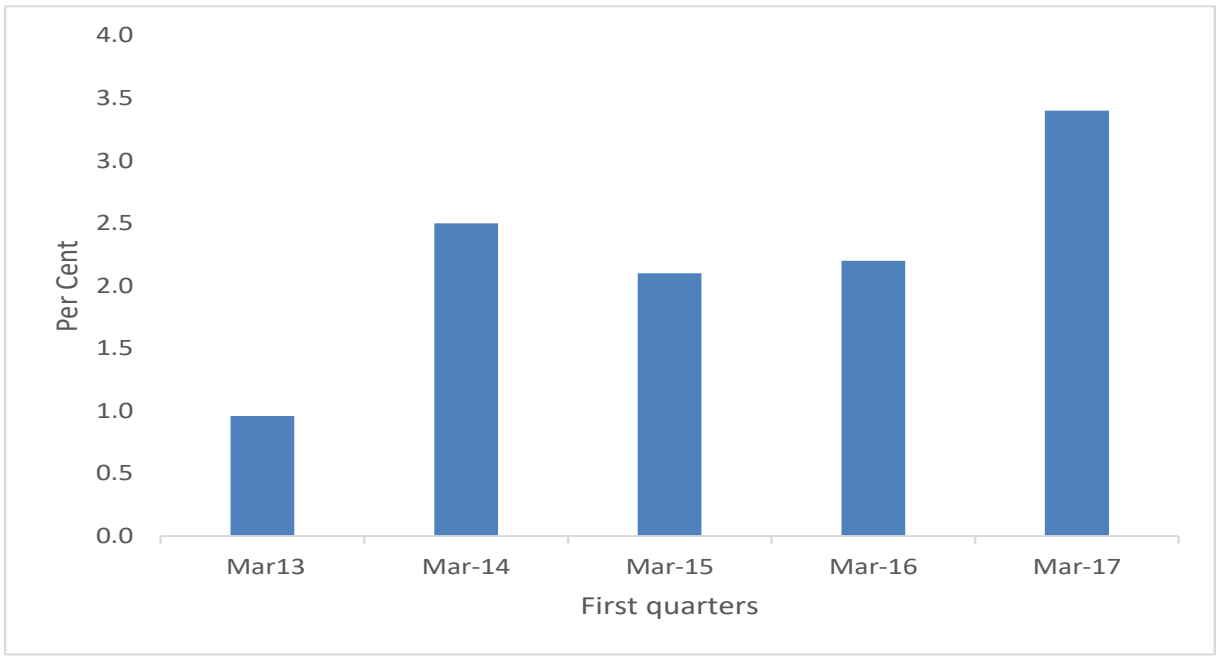


Table 1 presents percentage changes of producer prices over the previous quarter and the same quarter a year ago. The overall producer prices increased by 1.92 per cent compared with the previous quarter to reach 117.58 points. The increase was mainly driven by rise in the manufacture of food products, cost of electricity and water services. However, producer prices of manufacture of wood and products of wood and cork and manufacture of fabricated metal products declined over the same period.

The producer price index of food products increased due to rise in prices of sugar, grain mill products especially maize flour and tea compared with the fourth quarter of 2016.

Manufacture of prepared animal feeds, dairy products and manufacture of vegetable oils and fats also went up during the same period. Prices of basic metals also increased compared with March 2016.

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

2-Digit ISIC	Descriptions	Weights-**	% Change over three months ago (March 2017/Dec 2016)	% Change over a year ago (Mar 2017/Mar 2016)
10	Manufacture of food products	**34.24**	3.65	6.34
11	Manufacture of beverages	**6.54**	0.59	2.75
12	Manufacture of tobacco products	**1.38**	0.00	-0.01
13	Manufacture of textiles	**2.29**	1.19	-1.79
14	Manufacture of wearing apparel	**2.91**	0.23	0.22
15	Manufacture of leather and related products	**0.90**	0.18	0.30
16	Manufacture of wood and of products of wood and cork except furniture	**2.19**	-1.42	8.22
17	Manufacture of paper and paper products	**3.15**	0.29	1.01
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**	1.22	-0.35
22	Manufacture of rubber and plastics products	**5.47**	0.00	0.45
23	Manufacture of other non-metallic mineral products	**4.32**	0.71	0.78
24	Manufacture of basic metals	**6.51**	1.64	6.46
25	Manufacture of fabricated metal products except machinery and equipment	**3.31**	-0.67	1.72
29	Manufacture of motor vehicles	**1.20**	0.96	2.28
35	Electricity	**8.63**	3.56	3.24
36	Water	**0.46**	15.27	15.27
08	Mining and Quarrying	**1.60**	0.00	-1.38
31	Manufacture of Furniture	**1.83**	0.00	0.69
33	Repair and installation of machinery and equipment	**1.42**	0.46	0.45
	Overall	**100.00**	**1.92**	**3.38**

*** Weights re-adjusted after closure of Kenya Petroleum Refineries Limited (KPRL)*

As shown in Table 2, the overall PPI increased from 115.36 in the fourth quarter 2016 to 117.58 in the first quarter 2017. The 'year on year' inflation was 3.39 per cent. The increase in producer prices especially food products and water supply was mainly due to prevailing drought in most parts of the country.

Table 2: Producer Price Indices at Division Level

Base June 2011=100

2-Digit ISIC	Descriptions	Weights-**	Mar-16	Jun-16	Sep-16	Dec-16	Mar-17
10	Manufacture of food products	**34.24**	114.54	109.77	112.28	117.51	121.80
11	Manufacture of beverages	**6.54**	135.85	135.85	136.87	138.77	139.58
12	Manufacture of tobacco products	**1.38**	125.20	124.92	125.11	125.19	125.19
13	Manufacture of textiles	**2.29**	127.92	127.04	127.66	124.16	125.63
14	Manufacture of wearing apparel	**2.91**	102.13	101.99	102.09	102.13	102.36
15	Manufacture of leather and related products	**0.90**	104.02	104.39	104.36	104.15	104.33
16	Manufacture of wood and of products of wood and cork except furniture	**2.19**	107.78	109.71	118.58	118.32	116.63
17	Manufacture of paper and paper products	**3.15**	112.74	112.40	111.52	113.56	113.88
18	Printing and reproduction of recorded media	**5.66**	104.66	104.66	104.66	104.66	104.66
19	Manufacture of lubricating petroleum oils	**0.01**	114.76	114.76	114.76	114.76	114.76
20	Manufacture of chemicals and chemical products	**5.97**	118.78	119.27	118.40	116.94	118.36
22	Manufacture of rubber and plastics products	**5.47**	109.43	110.86	110.89	109.92	109.92
23	Manufacture of other non-metallic mineral products	**4.32**	113.17	112.77	113.06	113.24	114.04
24	Manufacture of basic metals	**6.51**	91.14	92.54	92.70	95.46	97.03
25	Manufacture of fabricated metal products except machinery and equipment	**3.31**	91.74	91.20	91.26	93.95	93.32
29	Manufacture of motor vehicles	**1.20**	121.86	123.37	123.11	123.45	124.63
35	Electricity	**8.63**	116.59	116.26	115.76	116.23	120.36
36	Water	**0.46**	143.63	143.63	143.63	143.63	165.56
08	Mining and Quarrying	**1.60**	138.44	137.88	139.58	136.52	136.52
31	Manufacture of Furniture	**1.83**	130.84	130.84	131.74	131.74	131.74
33	Repair and installation of machinery and equipment	**1.42**	103.91	103.62	103.62	103.90	104.38
	Overall	**100.00**	**113.73**	**112.25**	**113.33**	**115.36**	**117.58**

*** Weights re-adjusted after closure of Kenya Petroleum Refineries Limited (KPRL)*