PRODUCER PRICE INDEX THIRD QUARTER 2017

Kenya National Bureau of Statistics hereby releases the Producer Price Index (PPI) for the third 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 third quarter year on year overall producer inflation was 5.44 per cent in September 2017 compared to negative 2.76 per cent recorded in September 2016.

Figure 1: Year on Year Percentage Changes on Producer Prices

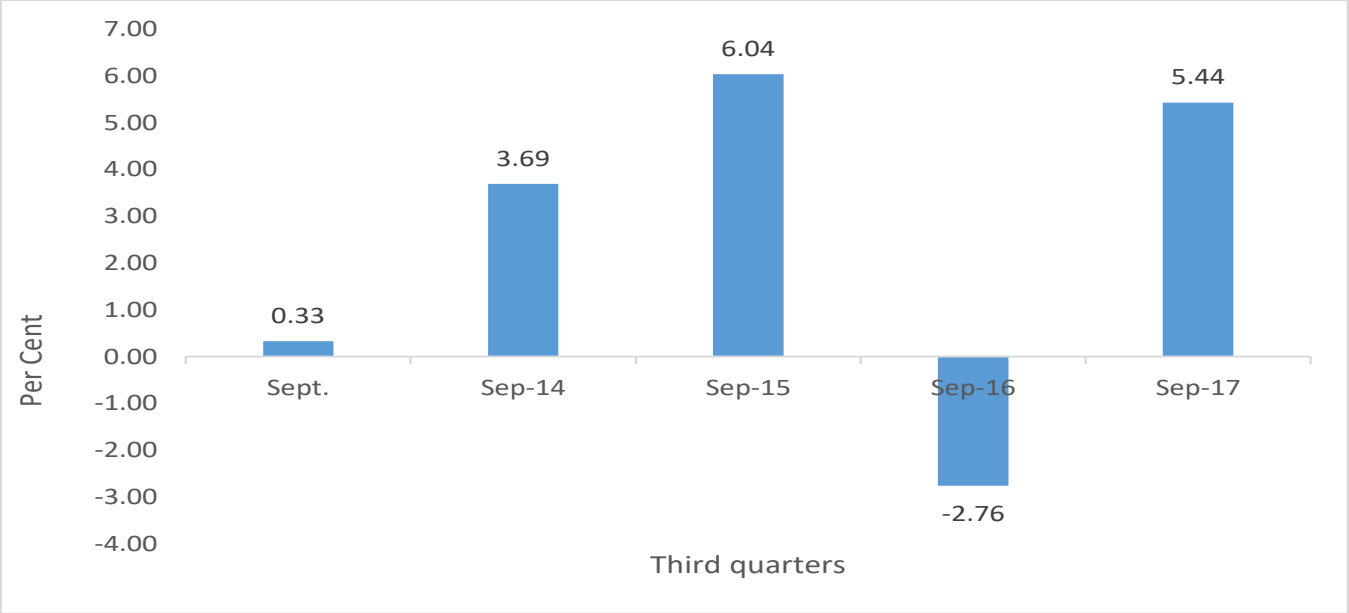


Table 1 presents percentage changes of producer prices over the previous quarter and the same quarter a year ago. The overall producer prices increased by 0.059 per cent from June 2017 to September 2017 while the 'year on year' inflation was 5.44 per cent. Over the last one year, the highest increase was on manufacture of food products which increased by 12.25 per cent followed by electricity which rose by 7.45 per cent. However, during the same period mining and quarrying and manufacture of other non-metallic metals declined by 7.79 per cent and 2.03 per cent, respectively.

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

2-Digit ISIC	Descriptions	Weight	% Change over three months ago (Sept 2017/June 2017)	% Change over a year ago (Sept2017/Sept 2016)
10	Manufacture of food products	**34.24**	-1.04	12.25
11	Manufacture of beverages	**6.54**	1.23	2.63
12	Manufacture of tobacco products	**1.38**	0.39	0.45
13	Manufacture of textiles	**2.29**	0.33	-1.50
14	Manufacture of wearing apparel	**2.91**	0.07	0.28
15	Manufacture of leather and related products	**0.90**	-0.06	-0.08
16	Manufacture of wood and of products of wood and cork except furniture	**2.19**	-4.33	-2.39
17	Manufacture of paper and paper products	**3.15**	-0.08	3.16
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**	1.71	5.12
22	Manufacture of rubber and plastics products	**5.47**	-0.45	-1.17
23	Manufacture of other non-metallic mineral products	**4.32**	-0.49	-2.03
24	Manufacture of basic metals	**6.51**	2.22	6.64
25	Manufacture of fabricated metal products except machinery and equipment	**3.31**	-0.06	1.66
29	Manufacture of motor vehicles	**1.20**	-3.26	-2.03
35	Electricity	**8.63**	4.30	7.45
36	Water	**0.46**	-13.29	-0.05
08	Mining and Quarrying	**1.60**	0.34	-7.79
31	Manufacture of Furniture	**1.83**	0.00	0.00
33	Repair and installation of machinery and equipment	**1.42**	0.13	0.76
	Overall	**100.00**	**0.059**	**5.44**

Table 2 shows the Producer Price Indices and inflation rates in 2016 and 2017. The producer index increased marginally by 0.06 per cent from 119.42 points in June to 119.49 in September 2017. However, the 'year on year' producer inflation rate stood at 5.44 per cent in September 2017 compared to 6.39 per cent recorded in June 2017.

Table 2: Overall PPI and Inflation Rates

Base Period June 2011=100

Quarter	Indices		PPI-Inflation Rate (%)
	Year-2016	Year-2017	
March	113.73	117.58	**3.38**
June	112.25	119.42	**6.39**
September	113.33	119.49	**5.44**
December	115.36		

Table 3 presents the producer prices of selected indices which had the highest changes in the last three months. Over the last three months the cost of electricity rose by 4.30 per cent mainly due to increase in Foreign Exchange Rate Fluctuation Adjustment (FERFA). During the same period, the prices of basic metals and chemicals and chemical products increased by 1.71 per cent. However, the producer prices of water, motor vehicles, wood products and manufacture of food declined during the period.

Table 3: Producer Prices of Selected Indices

Base June 2011=100

2-Digit ISIC	Descriptions	Weight	Sep-16	Dec-16	Mar-17	Jun-17	Sep-17	% Change (Sept 2017/June 2017)
35	Electricity	**8.63**	115.76	116.23	120.36	119.26	124.38	**4.30**
20	Manufacture of chemicals and chemical products	**5.97**	118.40	116.94	118.36	122.37	124.47	**1.71**
11	Manufacture of beverages	**6.54**	136.87	138.77	139.58	138.76	140.47	**1.23**
24	Manufacture of basic metals	**6.51**	92.70	95.46	97.03	96.71	98.86	**2.22**
29	Manufacture of motor vehicles	**1.20**	123.11	123.45	124.63	124.67	120.61	**-3.26**
36	Water	**0.46**	143.63	143.63	165.56	165.56	143.55	**-13.29**
16	Manufacture of wood and of products of wood and cork except furniture	**2.19**	118.58	118.32	116.63	121.00	115.75	**-4.33**
10	Manufacture of food products	**34.24**	112.28	117.51	121.80	127.37	126.04	**-1.04**