

PRODUCER PRICE INDEX SECOND QUARTER 2017

Kenya National Bureau of Statistics hereby releases the Producer Price Index (PPI) for the second 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 second quarter year on year overall producer inflation was 6.44 per cent in June 2017 compared to 0.8 per cent recorded in June 2016.

Figure 1: Year on Year Percentage Changes on Producer Prices

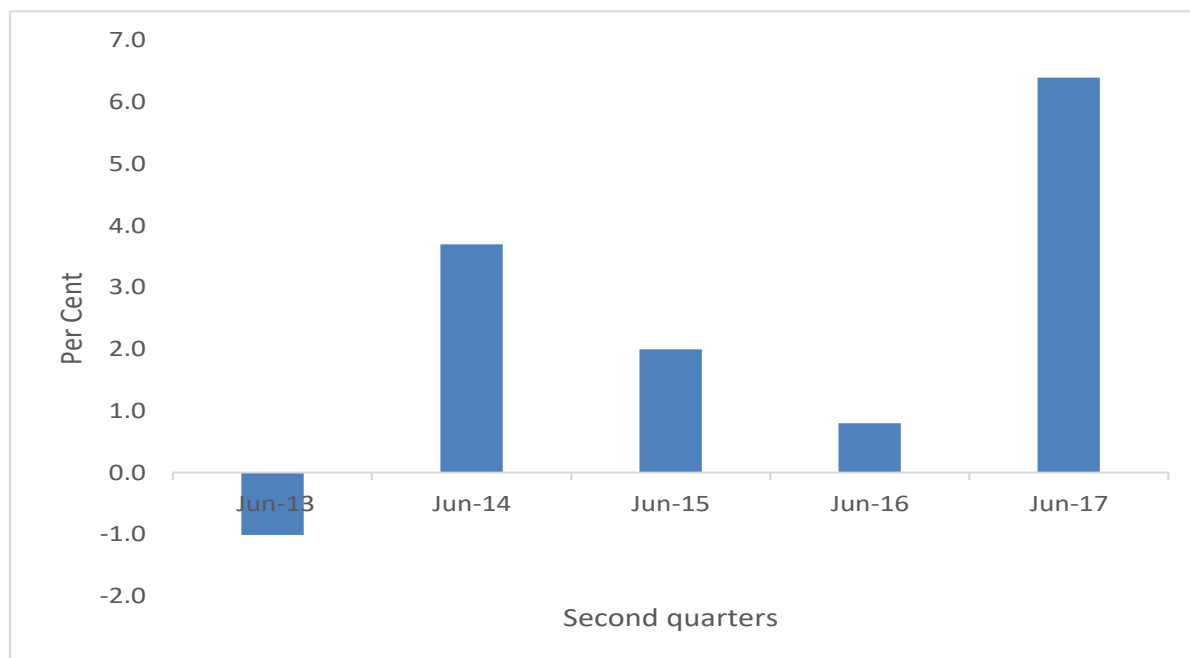


Table 1 presents percentage changes of producer prices over the previous quarter and the same quarter a year ago. The overall producer prices increased by 1.61 per cent compared with the previous quarter to reach 119.47 points. The increase was mainly driven by rise in the manufacture of food products and manufacture of chemicals and chemical products. However, during the same period producer prices of electricity, manufacture of other non-metallic mineral products and manufacture of basic metals declined.

The producer price index of food products increased due to rise in prices of sugar, grain mill products especially maize flour, tea and processed milk compared with the first quarter of 2017. Manufacture of furniture and manufacture of wood and of products of

wood and cork also increased in the review period. However, producer prices of cement, salt extracts and wearing apparel declined compared with the first quarter. The producer prices of some products especially cement have dropped due to competition.

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

2-Digit ISIC	Descriptions	Weights-**	% Change over three months ago (June 2017/March 2017)	% Change over a year ago (Jun2017/Jun 2016)
10	Manufacture of food products	34.24	4.48	15.93
11	Manufacture of beverages	6.54	-0.13	2.62
12	Manufacture of tobacco products	1.38	0.00	0.22
13	Manufacture of textiles	2.29	-0.24	-1.35
14	Manufacture of wearing apparel	2.91	-0.05	0.31
15	Manufacture of leather and related products	0.90	0.00	-0.06
16	Manufacture of wood and of products of wood and cork except furniture	2.19	3.74	10.29
17	Manufacture of paper and paper products	3.15	1.09	2.42
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	3.39	2.60
22	Manufacture of rubber and plastics products	5.47	0.15	-0.70
23	Manufacture of other non-metallic mineral products	4.32	-1.45	-0.33
24	Manufacture of basic metals	6.51	-0.33	4.51
25	Manufacture of fabricated metal products except machinery and equipment	3.31	-0.53	1.78
29	Manufacture of motor vehicles	1.20	0.03	1.05
35	Electricity	8.63	-0.91	2.58
36	Water	0.46	0.00	15.27
08	Mining and Quarrying	1.60	-6.05	-6.98
31	Manufacture of Furniture	1.83	0.00	0.69
33	Repair and installation of machinery and equipment	1.42	-0.11	0.63
	Overall	100.00	1.61	6.44

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

As shown in Table 2, the overall PPI increased from 117.58 in the first quarter 2017 to 119.47 in the second quarter 2017. The ‘year on year’ inflation was 6.44 per cent. Under manufacture of food, which has the highest weight in the PPI basket, the year on year inflation was 15.93 per cent in June 2017.

Table 2: Producer Price Indices at Division Level

Base June 2011=100

2-Digit ISIC	Descriptions	Weights- ^{**}	Jun-16	Sep-16	Dec-16	Mar-17	Jun-17
10	Manufacture of food products	34.24	109.77	112.28	117.51	121.80	127.25
11	Manufacture of beverages	6.54	135.85	136.87	138.77	139.58	139.41
12	Manufacture of tobacco products	1.38	124.92	125.11	125.19	125.19	125.19
13	Manufacture of textiles	2.29	127.04	127.66	124.16	125.63	125.33
14	Manufacture of wearing apparel	2.91	101.99	102.09	102.13	102.36	102.31
15	Manufacture of leather and related products	0.90	104.39	104.36	104.15	104.33	104.34
16	Manufacture of wood and of products of wood and cork except furniture	2.19	109.71	118.58	118.32	116.63	121.00
17	Manufacture of paper and paper products	3.15	112.40	111.52	113.56	113.88	115.13
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	119.27	118.40	116.94	118.36	122.37
22	Manufacture of rubber and plastics products	5.47	110.86	110.89	109.92	109.92	110.08
23	Manufacture of other non-metallic mineral products	4.32	112.77	113.06	113.24	114.04	112.39
24	Manufacture of basic metals	6.51	92.54	92.70	95.46	97.03	96.71
25	Manufacture of fabricated metal products except machinery and equipment	3.31	91.20	91.26	93.95	93.32	92.83
29	Manufacture of motor vehicles	1.20	123.37	123.11	123.45	124.63	124.67
35	Electricity	8.63	116.26	115.76	116.23	120.36	119.26
36	Water	0.46	143.63	143.63	143.63	165.56	165.56
08	Mining and Quarrying	1.60	137.88	139.58	136.52	136.52	128.26
31	Manufacture of Furniture	1.83	130.84	131.74	131.74	131.74	131.74
33	Repair and installation of machinery and equipment	1.42	103.62	103.62	103.90	104.38	104.27
	Overall	100.00	112.25	113.33	115.36	117.58	119.47

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