CPI AND INFLATION RATES FOR THE MONTH OF AUGUST 2004

Overall Kenya CPI rose by 4.0 per cent from 162.1 points in July 2004 to 168.6 points in August 2004. Month-on-month overall inflation rate increased from 8.5 per cent in July 2004 to 15.8 per cent in August 2004. Month-on-month underlying inflation rate was 8.4 per cent.

Table 1 shows percentage changes in overall (Kenya) indices in August 2004 compared to July 2004 (previous month).

Table 1: One Month Change in Prices

Broad Item Group	% Change on Previous month
Food and Non-Alcoholic Drink	5.7
Alcohol & Tobacco	0.4
Clothing & Footwear	0.3
Housing Costs	1.3
Fuel & Power	11.4
Household Goods & Services	0.5
Medical Goods and Services	0.1
Transport & Communication	1.2
Recreation & Education	0.1
Personal Goods	0.5

Food and non-alcoholic drink index rose by 5.7 per cent in August 2004 compared to July 2004, mainly as a result of rise in prices of vegetables such as onions, tomatoes, kales (sukuma wiki) and cabbages. On average, a kilogramme of onions was retailing at Kshs 49.13 in August 2004 compared with Kshs 37.20 in July 2004 an increase of 32 per cent. A kilogramme of tomatoes was selling at Kshs 41.30 in August 2004 compared with Kshs. 36.00 last month.

Fuel and Power index increased by 11.4 per cent due to rise in prices of kerosene and electricity.
Transport and Communications index also rose as a result of increase in the prices of petrol and diesel.

Table 2 shows a set of selected items in the consumer basket. The data shows that prices of the items have risen variously in August 2004 compared to August 2003.

Table 2: Selected items and their Prices

Commodity	Unit	Price, July 2003	Price, July 2003	Percentage rise
Wheat floor	2 kg.	63.73	82.09	28.8
Sugar	1 kg.	20.71	23.92	15.5
Cooking fat	500 g.	34.12	40.98	20.1
Matatu fare	Short distance	34.83	40.69	16.8
Diesel	1 litre	41.96	51.64	23.1
Petrol (Super)	1 litre	56.59	66.18	16.9

Due to the ongoing drought, the rise in oil prices, the depreciation of the Kenya shilling and the proposed increase on electricity tariffs, month on month inflation rate is anticipated to increase further in September 2004.

Source: Kenya National Bureau of Statistics