

CPI AND INFLATION RATES FOR THE MONTH OF MAY 2006

The Central Bureau of Statistics is pleased to release the Consumer Price Indices (CPI) and inflation rates for the month of May 2006, for your information and use. This data is generated through monthly data collection from retail outlets in 13 urban centres in Kenya. The data is perceived to be representative of the spending behaviour of Kenyan urban households. The price data is collected in the second and third week of the month of review in the selected retail outlets. This is in order to maintain consistency in price variations.

Consumer Price Index (CPI) declined by 1.0 per cent from 210.7 points in April 2006 to 208.6 points in May 2006. Month-on-month overall inflation rate decelerated from 14.9 per cent in April 2006 to 13.1 per cent in May 2006. On the other hand, month-on-month *underlying* inflation rate which *excludes food items* from the CPI basket also eased from 5.0 per cent to 4.7 per cent.

Table 1 shows percentage changes in indices of broad categories of items in the month of May 2006 compared to April 2006 (previous month).

Table 1: One Month Change in Prices

Broad Item Group	% Change on Previous month
Food and Non-Alcoholic Drink	-1.8
Alcohol & Tobacco	-0.7
Clothing & Footwear	0.1
Housing Costs	-0.1
Fuel & Power	2.8
Household Goods & Services	0.2
Medical Goods and Services	1.2
Transport & Communication	0.2
Recreation & Education	0.1
Personal Goods	0.0

Food and non-alcoholic drink index declined by 1.8 per cent in May 2006 compared to April 2006. This was mainly attributed to fall in prices of cabbages, kales (*sukuma wiki*) and English potatoes. On average, a kilogramme of kale was retailing at Kshs 20.50 compared with Kshs 23.70 in April 2006 a fall of 13.6 per cent. A kilogramme of English potatoes was selling at an average price of Kshs 27.10 in May 2006 compared to Kshs 33.70 in April 2006.

Fuel and Power index increased by 2.8 per cent in May 2006 compared with April 2006 due to rise in the prices of paraffin and electricity.

Transport and Communications rose by 0.2 per cent due to increases in the prices of petrol and diesel. On average, a litre of premium gasoline was retailing at Kshs 75.8 compared with Kshs 74.4 in April 2006 an increase of 2.0 per cent.

Table 2 shows percentage changes in indices of broad categories of items in the month of May 2006 compared to last year (May 2005).

Table 2: One Year Change in Price Indices

Broad Item Group	% Change on Previous month
Food and Non-Alcoholic Drink	18.9
Alcohol & Tobacco	8.7
Clothing & Footwear	1.6

Housing Costs	3.4
Fuel & Power	12.3
Household Goods & Services	2.6
Medical Goods and Services	5.3
Transport & Communication	5.4
Recreation & Education	2.0
Personal Goods	2.4
Average All Groups	13.1

Over the last twelve months, Food and Non-alcoholic drinks index had the highest increase of 18.9 per cent. For instance, in May 2006 a kilogramme of green grams was selling at Kshs 101.70 compared with Kshs 54.80 in May 2005 a rise of 85 per cent. During the period under review, a kilogram of carrots was selling at an average price of Kshs 43.0 in 2006 compared with 29.30 in May 2005 .

Source: Kenya National Bureau of Statistics