

## Highlights of December 2022 Consumer Price Index (CPI)

Overall year-on-year (annual) inflation rate as measured by the Consumer Price Index (CPI) was 9.1 per cent, in December 2022; a decrease from an inflation rate of 9.5 per cent recorded in November 2022. Monthly inflation rate for December 2022 was 0.5 per cent.

The rise in annual inflation was mainly due to an increase in prices of commodities under the following Classification of Individual Consumption by Purpose (COICOP) divisions;

### Inflation Rate (December 2022): 9.1 per cent



Food and Non-Alcoholic Beverages Index **increased by 13.8 per cent** in the last 12 months (December 2021 - December 2022).

Housing, Water, Electricity, Gas and Other Fuels Index **increased by 6.2 per cent** in the last 12 months.



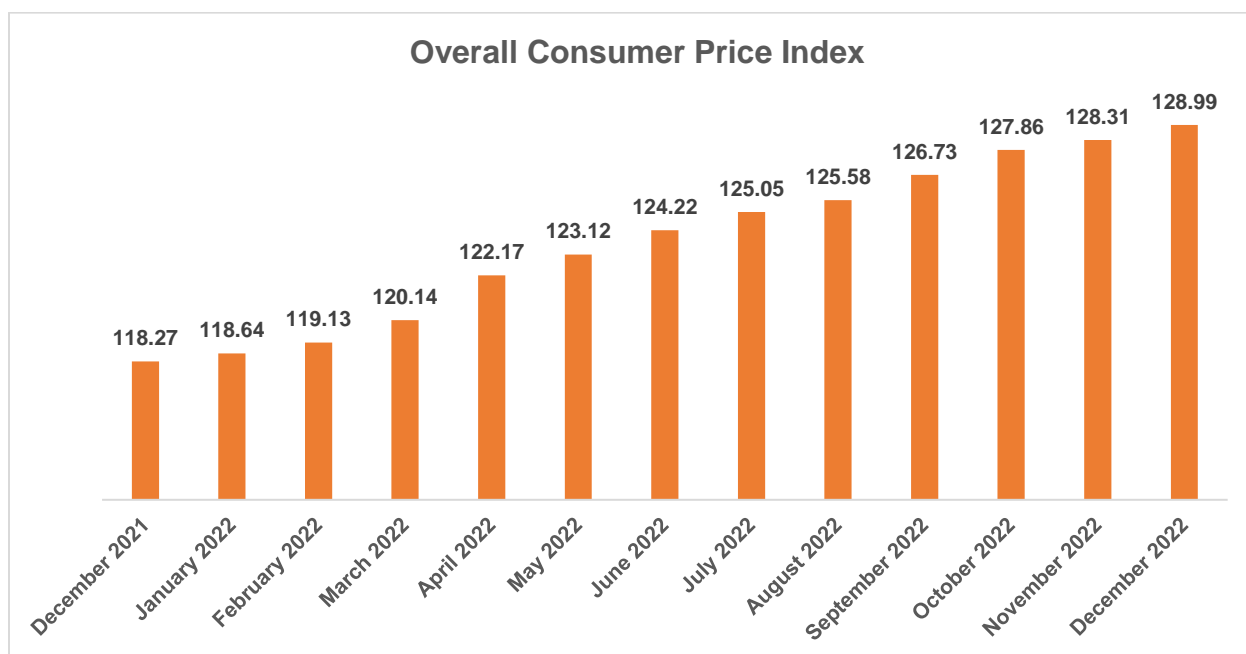
Transport Index **increased by 13.0 per cent** in the last 12 months.

Furnishings, Household Equipment and Routine Household Maintenance Index **increased by 9.9 per cent** in the last 12 months.

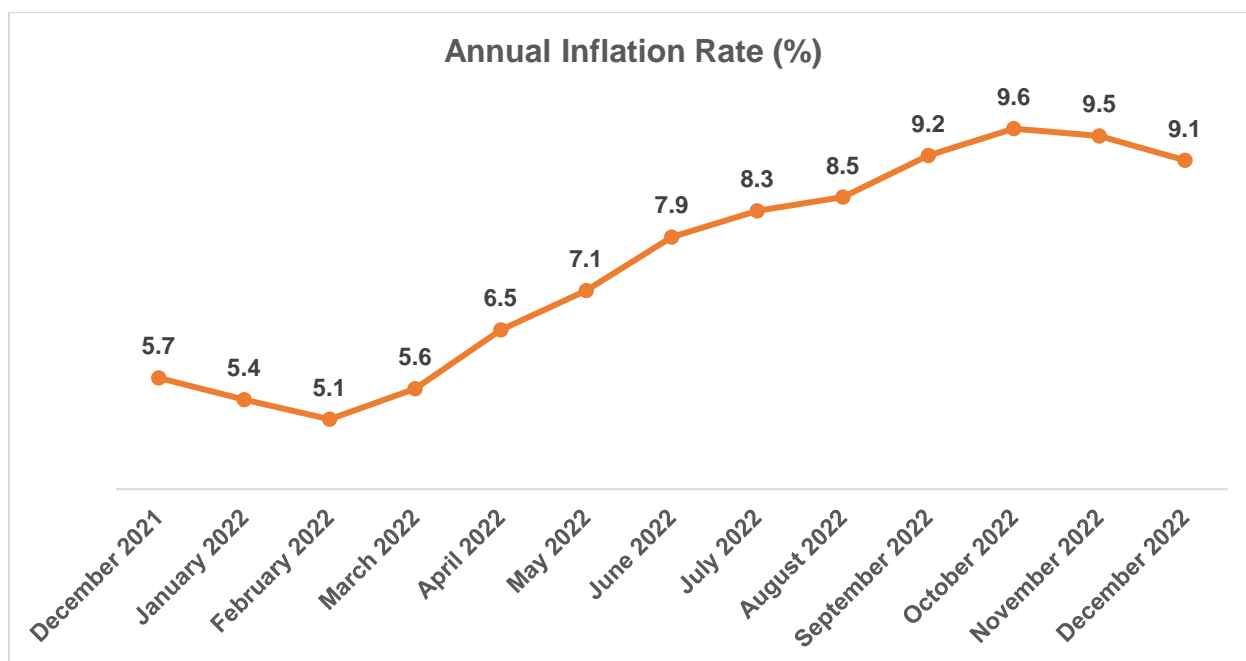


**Consumer Price Index (CPI)** is a key macroeconomic indicator used to monitor price movements and how they affect policy decisions. It is defined as a measure of the weighted aggregate change in retail prices paid by consumers for a given basket of goods and services. Year-on-year inflation is used mainly for economic decision making as current situation is compared to previous year situation, same period. **Inflation rate** is defined as a percentage change of the CPI between two periods.

Collection of retail prices for the compilation of the CPI is usually conducted during the second and third weeks of every month. Prices of different commodities are collected from selected retail outlets located in 50 data collection zones. Out of the 50 data collection zones, 14 are located in Nairobi City County while 36 are located in other urban areas. Nairobi zones cover outlets in lower income, middle income and upper income areas.



**Figure 1: Overall Consumer Price Index, December 2021 – December 2022**































**Figure 2: Annual Inflation Rate (%), December 2021 - December 2022**

Kenya Urban CPI was rebased in February 2019 using the weights derived from 2015/16 Kenya Integrated Household Budget Survey (KIHBS) data, which was conducted from September 2015 to August 2016. Current Kenya Urban CPI adopts 2018 Classification of Individual Consumption by Purpose (COICOP) categorization. Under the current CPI, Kenya has a total of 330 Elementary Aggregates (EAs) and in each EA, there are items/products for which prices are collected.

Lower level indices in particular Elementary Aggregate Indices are computed using Jevons (geometric mean) method whereas higher level indices are computed using the modified Laspeyres index formula where short term price relatives are used.

Changes in average retail prices of selected commodities in the last one year is shown below;

Commodity Name	Change Over Last Year (December 2021- December 2022)	Commodity Name	Change Over Last Year (December 2021- December 2022)
<b>FOOD ITEMS</b>			
 Maize Grain - Loose (1 Kg)	 37.7%	 Beef - With Bones (1 Kg)	 7.1%
 Fortified Maize Flour (2 Kgs)	 35.3%	 Mangoes (1 Kg)	 6.5%
 Cooking Oil-Salad (1 Litre)	 9.1%	 Spinach (1 Kg)	 2.7%
 Cabbages (1 Kg)	 8.9%	 Tomatoes (1 Kg)	 5.8%
<b>NON-FOOD ITEMS</b>			
 Diesel (1 Litre)	 46.1%	 Electricity (50 Kilowatts)	 7.7%
 Kerosene/Paraffin (1 Litre)	 38.0%	 Monthly House Rent - Single Room	 3.1%
 Petrol (1 Litre)	 36.4%	 Electricity (200 Kilowatts)	 1.4%

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Kenya National Bureau of Statistics; Real Towers, Upper Hill; P.O. Box 30266 - 00100 Nairobi, Kenya; Tel: +254-20-3317583 / +254-20-3317612 / +254-20-3317586; Email: [info@knbs.or.ke](mailto:info@knbs.or.ke) / [directorgeneral@knbs.or.ke](mailto:directorgeneral@knbs.or.ke); Facebook: @Kenya National Bureau of Statistics (KNBStats)

Twitter: @KNBStats