Highlights of August 2023 Consumer Price Index (CPI)

Overall year-on-year (annual) inflation rate as measured by the Consumer Price Index (CPI) was 6.7 per cent, in August 2023; a decline from an inflation rate of 7.3 per cent recorded in July 2023. The month of August 2023 recorded a negative monthly inflation rate of 0.1 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;

- **Food and Non-Alcoholic Beverages Index** increased by 7.5 per cent in the last 12 months (August 2022 - August 2023).
- **Housing, Water, Electricity, Gas and Other Fuels Index** increased by 7.5 per cent in the last 12 months.
- **Transport Index** increased by 13.1 per cent in the last 12 months.
- **Furnishings, Household Equipment and Routine Household Maintenance Index** increased by 4.0 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.
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.

For more information, please visit [www.knbs.or.ke](http://www.knbs.or.ke) or contact:
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