



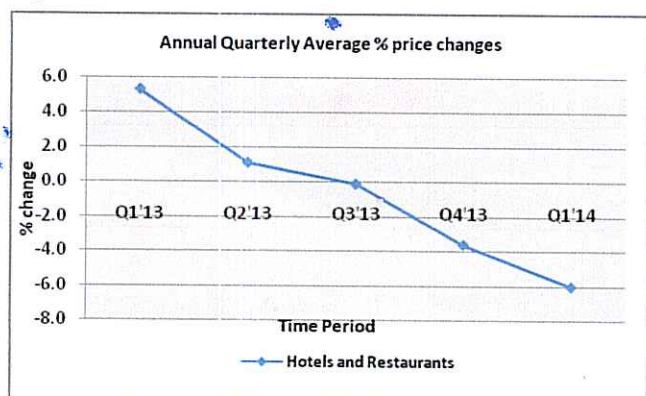
HIGHLIGHTS

Annual change (-6.0%)

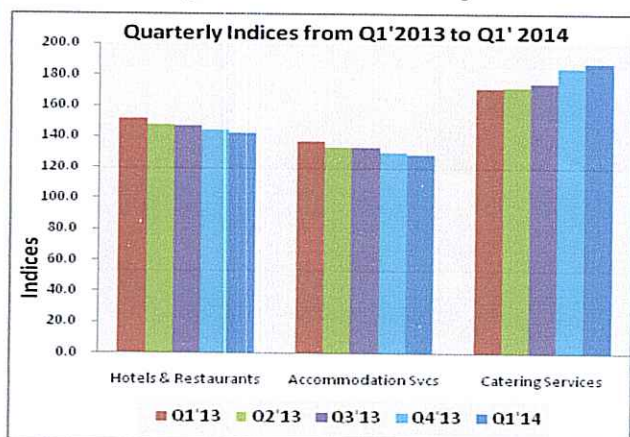
The Annual Producer Prices for Services in the Hotels & Restaurants sector on average fell by 6.0% in the 1st Quarter of 2014 compared with the 1st Quarter of 2013. The fall was mainly due to a drop in the average prices for Accommodation services (-6.1%). However during the same period, the average prices for Catering Services rose by 9.6%.

Figure 1 below shows the average annual price changes over the period under review. Overall, average prices progressively dropped in the five quarter period of analysis:

Fig: 1



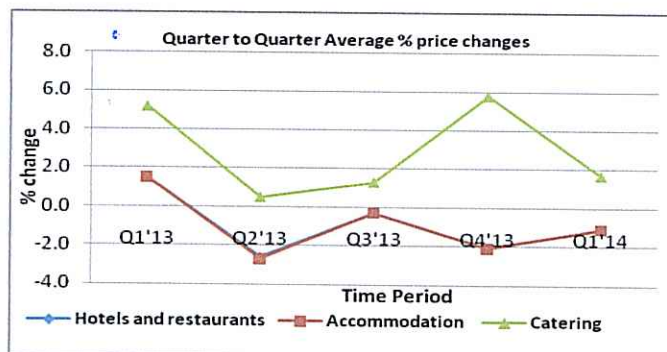
The graph below shows the price level changes over the period under review. Whereas average Prices for the whole Hotel & Restaurants sector were observed to be dropping, prices of Catering Services were increasing.



Quarter to Quarter Change

Quarter to Quarter changes showed that the overall average Producer Prices for the Hotel & Restaurants sector fell by 1.1% in the 1st Quarter of 2014, following a previous fall of 2.1% in the 4th Quarter of 2013. The 1.1% fall was due to a 1.1% reduction in the average prices of Accommodation Service which was mainly attributed to the reduction in average prices for Short Stay Accommodation. The reduction in average prices of Short-stay accommodation was mainly attributed to the fluctuations in shilling to dollar exchange rate given that major Hotels charge rates in dollars. Within Accommodation Services, the Conference Services registered a rise in average prices of 9.9% in the 1st Quarter of 2014 compared with the 4th Quarter of 2013. The rise was attributed to continued demand for these services.

The figure below shows price changes across the quarters under review for the overall Hotels & Restaurants sector. It can be observed that prices for Catering Services consistently increased across the review period while Accommodation services prices dropped consistently after the first quarter of 2013.



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