

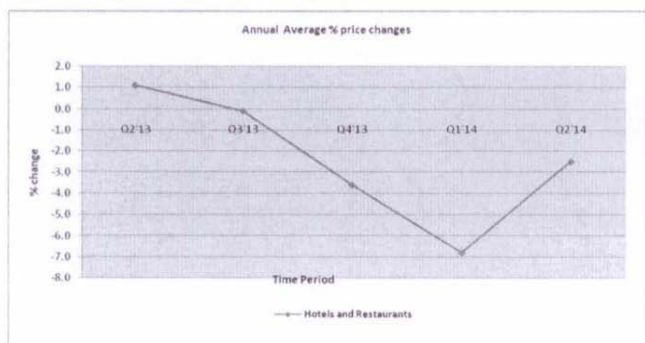


## HIGHLIGHTS

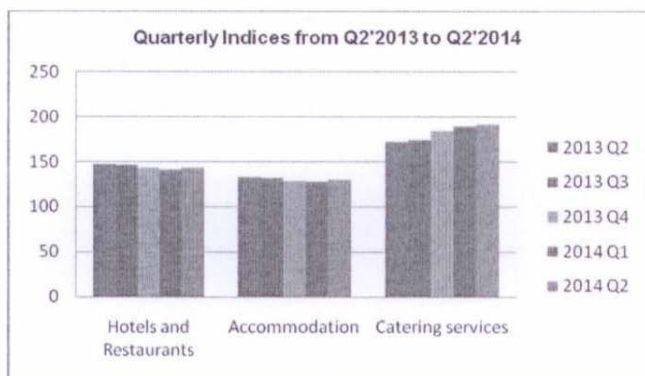
### Annual change (-2.5%)

The Annual Producer Prices for Services in the Hotels & Restaurants sector on average fell by 2.5% in the 2<sup>nd</sup> Quarter of 2014 compared with the 2<sup>nd</sup> Quarter of 2013. The fall was mainly as a result of the drop in prices for accommodation services (-1.8%). On the other hand catering services registered an 11.6% rise in the average prices over the same period.

Overall average prices were observed to be on a decreasing trend across the periods.



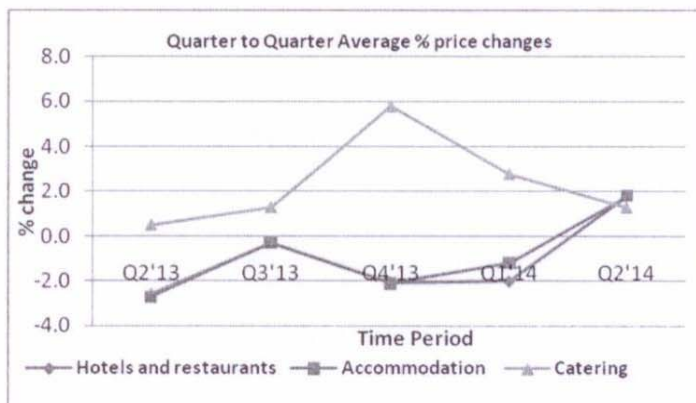
The graph below shows the price level changes for the period under review. Whereas average prices for the Accommodation Services are observed to be decreasing, average prices of Catering Services are observed to be increasing.



### Quarter to Quarter Change

Quarter to Quarter changes showed that the overall average Producer Prices for the Hotel & Restaurants sector rose by 1.8% in the 2<sup>nd</sup> Quarter of 2014, following a previous fall of 2.0% in the 1<sup>st</sup> Quarter of 2014. The rise in Average prices of Accommodation Services was mainly attributed to the increase in average prices for Short Stay Accommodation. The increment in the average prices of Short Stay Accommodation was mainly due to the depreciation of the shilling given that major Hotels charge rates in dollars. Other hotel services such as the Conference facilities registered a rise in average prices of 1.1% in the 2<sup>nd</sup> Quarter of 2014 compared with the 1<sup>st</sup> Quarter of 2014 due to increased demand. The average prices for Catering Services increased by 1.3% and this increase was driven by increases in average prices of Food and Snacks, (1.4%) and Drinks (1.2%).

The figure below shows price changes for the quarters under review for the Hotels & Restaurants sector. It can be observed that prices for Catering Services increased in the 3<sup>rd</sup> and 4<sup>th</sup> quarters of 2013 and dropped for the 1<sup>st</sup> and 2<sup>nd</sup> quarters of 2014.



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**Table 1a: Quarter to change: 2<sup>nd</sup> Quarter 2013 to 2<sup>nd</sup> Quarter 2014;**  
**(Base period Jan-Mar 2008).**

Industry Group	2013			2014	
	Q2	Q3	Q4	Q1	Q2
<b>Hotels and Restaurants</b>	-2.6	-0.3	-2.1	-2.0	1.8
Accommodation	-2.7	-0.3	-2.1	-1.2	1.8
Catering services	0.5	1.3	5.8	2.8	1.3
<b>Accommodation</b>	-2.7	-0.3	-2.1	-1.2	1.8
Hotel accommodation (rooms, suites etc)	-2.7	-0.3	-2.1	-1.0	1.8
Other hotel services (e.g. conference halls)	-2.2	-0.5	-1.3	8.8	1.1
<b>Catering services</b>	0.5	1.3	5.8	2.8	1.3
<b>Food and snacks</b>	1.7	1.1	8.2	2.2	1.4
Buffet	3.1	0.6	1.4	-0.5	-0.1
A' la carte (specific foods)	0.7	1.3	10.7	3.1	1.6
Snacks ( light bites, coffee, tea)	1.5	0.9	2.2	3.0	4.1
<b>Drinks</b>	-0.5	1.7	0.1	2.0	1.2
Beer	-0.3	0.6	1.1	3.5	1.8
Soft drinks (sodas & Mineral water)	1.3	3.9	-0.4	-0.5	1.5
Wines & Spirits	-1.5	0.6	0.1	1.8	1.4

**Table 1b: Annual Change: 2nd Quarter 2013 to 2nd Quarter 2014;**  
**(Base period Jan-Mar 2008)**

Industry Group	2013			2014	
	Q2	Q3	Q4	Q1	Q2
<b>Hotels and Restaurants</b>	1.1	-0.1	-3.5	-6.8	-2.5
Accommodation	-1.1	-2.5	-3.7	-6.2	-1.8
Catering services	7.0	7.4	13.4	10.7	11.6
<b>Accommodation</b>	-1.1	-2.5	-3.7	-6.2	-1.8
Hotel accommodation (rooms, suites etc)	-1.5	-3.0	-3.8	-6.0	-1.6
Other hotel services (eg conference halls)	7.9	7.3	3.2	4.6	8.1
<b>Catering services</b>	7.0	7.4	13.4	10.7	11.6
<b>Food and snacks</b>	8.2	8.9	17.3	13.6	13.3
Buffet	16.1	14.5	15.2	4.7	1.4
A' la carte (specific foods)	5.6	7.2	18.5	16.4	17.5
Snacks ( light bites, coffee, tea)	10.9	10.1	8.0	7.9	10.6
<b>Drinks</b>	6.2	6.3	6.3	3.3	5.1
Beer	7.5	6.6	6.5	4.9	7.1
Soft drinks (sodas & Mineral water)	5.9	7.7	7.1	4.3	4.5
Wines & Spirits	6.9	6.7	7.3	0.9	2.9

**Table 1c: Quarter to Quarter Producer Price Indices for Hotels & Restaurants: 2<sup>nd</sup> Quarter 2013 to 2<sup>nd</sup> Quarter 2014; (Base period Jan-Mar 2008).**

Industry Group	2013			2014	
	Q2	Q3	Q4	Q1	Q2
<b>Hotels and Restaurants</b>	147.3	146.8	143.8	140.9	143.5
Accommodation	132.8	132.5	129.6	128.0	130.4
Catering services	171.8	174.0	184.2	189.3	191.8
<b>Accommodation</b>	132.8	132.5	129.6	128.0	130.4
Hotel accommodation (rooms, suites etc)	132.7	132.4	129.5	128.3	130.6
Other hotel services (eg conference halls)	142.3	141.6	139.9	152.1	153.9
<b>Catering services</b>	171.8	174.0	184.2	189.3	191.8
<b>Food and snacks</b>	179.8	181.8	196.8	201.0	203.7
Buffet	197.0	198.2	200.8	199.9	199.7
A' la carte (specific foods)	171.8	174.0	192.7	198.6	201.7
Snacks ( light bites, coffee, tea)	223.5	225.5	230.6	237.5	247.3
<b>Drinks</b>	157.5	160.2	160.4	163.6	165.5
Beer	153.9	154.8	156.4	161.9	164.8
Soft drinks (sodas & Mineral water)	157.2	163.4	162.8	161.9	164.3
Wines & Spirits	162.6	163.6	163.8	166.7	167.3