



NEWS RELEASE

Producer's Price Index (Base: Fourth Quarter 2013=100)

Third Quarter of 2016

**Department of Census and Statistics
Ministry of National Policy and Economic Affairs**

The Department of Census and Statistics (DCS) disseminates a newly introduced Producer's Price Index (PPI) since second quarter of 2015 with a time lag of 5 weeks after each quarter. Along with the introduction of this index, DCS fully covers the price structure statistics for the economy through Producer's prices to Consumer prices.

PPI for all activities reported for July, August and September of third quarter, 2016 are 108.2, 106.2 and 107.5 respectively. The PPI for all activities recorded for all three months in the third quarter of 2016 are higher than those recorded for the months of the same quarter in 2015. Agriculture sector reported a negative growth rate of 3.7%, 2.7% and 5.8% in July, August and September respectively. While utility sector recorded negative growth rates in July (-15.2%) and August (-14.3%) and a zero growth rate in September. However, manufacturing sector reported positive growth rates, 4.7% in July, 4.0% in August and 5.5% in September.

PPI for all activities increased by 1.1 per cent in July 2016 compared to that of in June 2016. Further PPI for all activities decreased by 1.8 per cent in August and PPI for all activities in September increased by 1.2 per cent on monthly basis. Even if the PPI of agriculture sector reported negative growth rates for July and August, a positive growth rate has recorded for September on monthly basis. The electricity and water supply activity reported a positive growth rates for all three months of third quarter of 2016 on monthly basis.

The PPI measures the average change over the time in the prices received by domestic producers of goods and services. The introduction of the PPI in Sri Lanka provides a more complete picture of price movements and trends for making informed decisions.

Further, this is an important macroeconomic indicator. It serves as an indicator of short term inflationary trends and as a deflator. It is also used in productivity analysis, contract escalation, business analysis and current cost accounting etc.

Department of Census and Statistics stated that the full report on the PPI for third quarter, 2016 has published in the department website (www.statistics.gov.lk).

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