

# Web Release



## Producer's Price Index: July 2017 (Base: Fourth Quarter 2013=100)



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### Introduction

The Producer's Price Index (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 policy decisions. Department of Census and Statistics (DCS) has been releasing PPI quarterly from September, 2015 with time lag of 5 weeks. Giving due consideration for making the estimates available more frequently, it has now been arranged to release PPI monthly with a time lag of 45 days.

PPI is an important macroeconomic indicator. It serves as an indicator of short term inflationary trends and as a deflator of economic series. It is also used in productivity analysis, contract escalation, business analysis and current cost accounting etc. PPI covers the Producer's prices of Agriculture, Manufacturing and Electricity & Water supply sectors of the economy.

PPI for all economic activities decreased to 126.7 index points in July from 127.9 index points in June of 2017 by 1.2 index points. The Producer's Price Index for three major economic activities of the economy namely, "Agriculture", "Manufacturing" and "Electricity & Water Supply" are 166.9, 109.4 and 87.8 respectively. The growth rate of overall index for July, 2017 is 17.5 per cent, while the major three activities reported positive growth rates of 37.3 per cent, 4.8 per cent and 3.7 per cent respectively for "Agriculture", "Manufacturing" and "Electricity & Water Supply" activities (Table 1).

Agriculture sector recorded positive growth rate incessantly during last eleven months on year on year basis. This is due to the increase in prices received by the domestic producers of sub activities in agriculture namely, "Growing of cereals", "Growing of fruits, nuts & beverage crops" and "Production of fresh milk".

The positive growth rate reported in the manufacturing sector is mainly due to the growth of prices received for activities of "Manufacturing of food products and beverages", "Manufacturing of tobacco products", "Manufacturing of wearing apparel, dressing and dyeing of fur", "Manufacturing of textiles", "Publishing, printing and reproduction of recorded media", "Manufacturing of coke, refined petroleum products and nuclear fuel", "Manufacture of basic metals", "Manufacture of other transport equipments" and "Manufacturing of furniture & manufacturing of other products not elsewhere classified" in the month of July 2017 compared to that of in the same month in 2016. However, activities of "Manufacture of rubber and plastic products" and "Manufacture of other non-metallic products", reported negative growth rates in July 2017 on year on year basis (Table 4).

Activities of "Electricity generation and distribution" recorded a positive growth rate of 4.2 per cent while, activity of "Collection, purification and distribution of water" reported a decrease of 0.4 per cent in July 2017 compared to the same month in 2016 (Table 4).

**Table 1: PPI of July of 2016 & 2017 and Year on Year changes of PPI by Major Economic Activity (Base: 2013 Q4=100)**

Major Economic Activity	PPI		Year on Year % change (July 2017/ July 2016)
	2016 July	2017 July**	
All Activities	107.8	126.7	17.5
Agriculture	121.6	166.9	37.3
Manufacturing	104.4	109.4	4.8
Electricity & water supply	84.7	87.8	3.7

\*\* - Provisional

### Monthly Changes of Producer's Price Index

Overall, PPI for three major activities declined by 0.9 per cent in July from the June level. "Agriculture" and "Manufacturing" activities contributed to this decline; these two sectors reported negative growth rates of 1.8 per cent and 0.5 per cent respectively. However, "Electricity & Water Supply" sector reported a positive growth rate of 1.2 per cent in July, 2017 compared to previous month (Table 2).

The "Growing of crops" activity contributed significantly for the negative growth in agriculture sector in July on monthly basis, while sub activities of "Dairy production" and "Egg production" under "Farming of animal" activity recorded positive growth rates.

The activities of "Manufacturing of wearing apparel", "Manufacturing of coke, refined petroleum products and nuclear fuel", "Manufacturing of other non-metallic mineral products", "Manufacture of rubber and plastics" and "Manufacturing of basic metals" reported negative growth rates while, activities of "Manufacture of food products and beverages", "Manufacture of textiles" and "Publishing, printing and reproduction of recorded media", activities reported a slight positive growth rates (Table 4).

PPI for the activity of "Generation and distribution of Electricity" and "Collection, purification and distribution of water" sectors marked a positive growth rates of 1.2 per cent and 1.3 per cent respectively in July from June level (Table 4).

**Table 2: PPI of June & July of 2017 and Month to Month changes of PPI by Major Economic Activity (Base: 2013 Q4 =100)**

Major Economic Activity	PPI		Month to Month % change (2017 July / 2017 June)
	2017 June*	2017 July**	
All Activities	127.9	126.7	-0.9
Agriculture	170.0	166.9	-1.8
Manufacturing	110.0	109.4	-0.5
Electricity & Water Supply	86.8	87.8	1.2

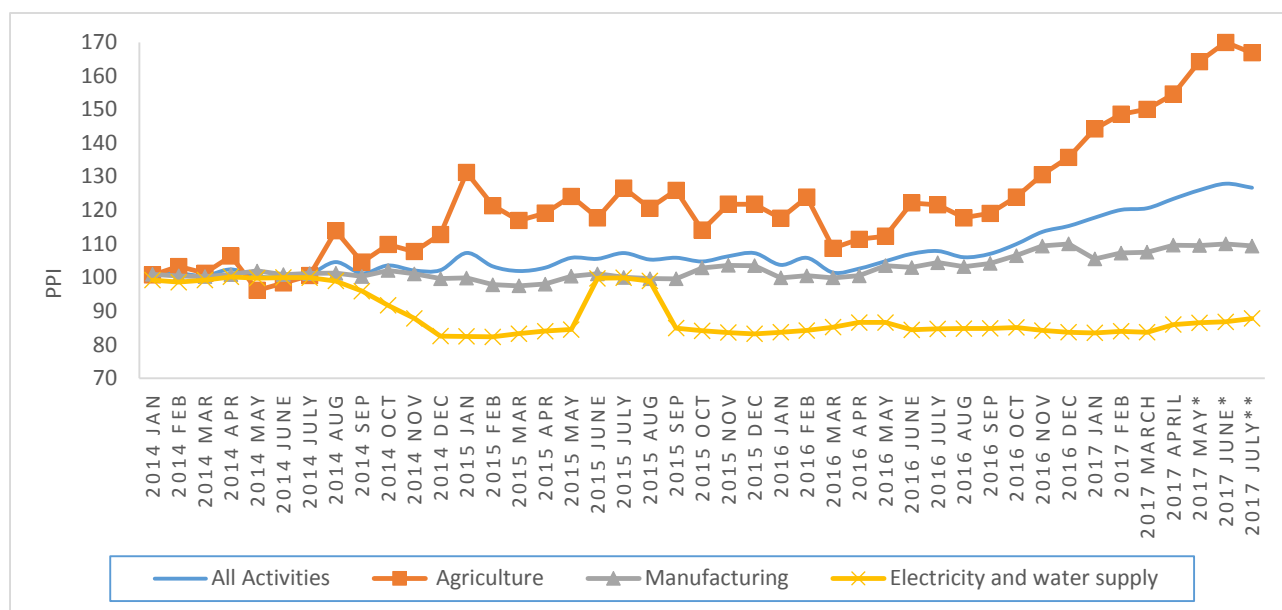
\*- Revised    \*\* - Provisional

**Table 3: Movements of Producer's Price Index by Major Economic Activity: January 2014 - July 2017 (Base: 2013 Q4=100)**

Year	Month	All activities				Agriculture				Manufacturing				Electricity & Water Supply			
		Index number	% changes			Index number	% changes			Index number	% changes			Index number	% changes		
			Month to month	Year on year	12 Months MA		Month to month	Year on year	12 Months MA		Month to month	Year on year	12 Months MA		Month to month	Year on year	12 Months MA
2014	January	100.8				100.7				101.0				99.2			
	February	101.1	0.3			103.3	2.5			100.5	-0.5			98.6	-0.6		
	March	100.5	-0.6			101.3	-1.9			100.3	-0.2			99.2	0.6		
	April	102.3	1.8			106.4	5.0			100.9	0.6			100.2	0.9		
	May	100.2	-2.1			96.2	-9.6			101.9	1.0			99.8	-0.4		
	June	100.1	-0.1			98.4	2.3			100.9	-1.1			100.0	0.2		
	July	100.9	0.8			100.6	2.2			101.2	0.3			100.0	0.0		
	August	104.5	3.6			113.9	13.3			101.3	0.1			98.9	-1.0		
	September	101.2	-3.2			104.6	-8.2			100.3	-1.0			95.9	-3.0		
	October	103.5	2.3			109.8	5.0			102.1	1.8			91.7	-4.4		
	November	102.0	-1.4			107.7	-1.9			101.1	-1.0			87.8	-4.2		
	December	102.1	0.1			112.8	4.8			99.6	-1.4			82.5	-6.0		
2015	January	107.3	5.0	6.4		131.2	16.3	30.3		99.9	0.2	-1.1		82.5	-0.1	-16.9	
	February	103.2	-3.7	2.1		121.4	-7.5	17.5		97.9	-2.0	-2.6		82.3	-0.2	-16.5	
	March	101.9	-1.3	1.4		117.0	-3.7	15.5		97.5	-0.4	-2.8		83.3	1.2	-16.1	
	April	102.9	1.0	0.5		119.1	1.9	12.0		98.0	0.5	-2.8		84.0	0.9	-16.1	
	May	105.8	2.9	5.6		124.1	4.2	29.1		100.4	2.4	-1.5		84.5	0.6	-15.3	
	June	105.5	-0.3	5.4		117.8	-5.1	19.7		101.1	0.7	0.2		99.7	18.0	-0.3	
	July	107.2	1.6	6.2		126.6	7.5	25.9		100.1	-1.0	-1.1		99.9	0.2	-0.1	
	August	105.3	-1.8	0.7		120.6	-4.7	5.9		99.7	-0.4	-1.6		98.9	-1.0	0.0	
	September	105.8	0.5	4.6		126.0	4.4	20.5		99.6	0.0	-0.7		84.9	-14.2	-11.5	
	October	104.7	-1.0	1.2		114.1	-9.4	3.9		102.9	3.3	0.8		84.1	-1.0	-8.3	
	November	106.3	1.5	4.2		121.8	6.8	13.1		103.6	0.7	2.5		83.6	-0.6	-4.8	
	December	107.2	0.9	5.0	3.6	121.8	0.0	8.0	16.4	103.5	-0.1	3.9	-0.6	83.2	-0.5	0.7	-8.9
2016	January	103.7	-3.3	-3.3	2.7	117.6	-3.5	-10.4	12.6	99.9	-3.5	0.0	-0.5	83.7	0.7	1.5	-7.5
	February	105.8	2.0	2.5	2.8	123.9	5.4	2.1	11.2	100.5	0.6	2.7	0.0	84.2	0.6	2.3	-6.0
	March	101.4	-4.2	-0.5	2.6	108.7	-12.3	-7.1	9.3	99.9	-0.6	2.5	0.4	85.2	1.2	2.3	-4.4
	April	102.6	1.2	-0.3	2.6	111.4	2.5	-6.5	7.6	100.5	0.6	2.5	0.8	86.6	1.6	3.1	-2.8
	May	104.8	2.1	-1.0	2.0	112.3	0.8	-9.5	4.6	103.5	3.0	3.1	1.2	86.6	0.0	2.5	-1.2
	June	107.0	2.1	1.4	1.7	122.2	8.8	3.8	3.4	103.0	-0.5	1.9	1.4	84.4	-2.5	-15.4	-2.6
	July	107.8	0.7	0.5	1.2	121.6	-0.5	-4.0	1.1	104.4	1.4	4.3	1.8	84.7	0.4	-15.2	-4.0
	August	106.0	-1.7	0.7	1.2	117.7	-3.2	-2.4	0.4	103.2	-1.1	3.5	2.3	84.8	0.1	-14.3	-5.3
	September	107.0	0.9	1.1	0.9	119.1	1.2	-5.4	-1.5	104.2	1.0	4.6	2.7	84.8	0.0	-0.1	-4.4
	October	109.9	2.7	4.9	1.3	124.0	4.1	8.7	-1.1	106.5	2.2	3.5	2.9	85.1	0.4	1.2	-3.6
	Nov	113.4	3.2	6.7	1.5	130.6	5.3	7.2	-1.5	109.2	2.5	5.4	3.2	84.2	-1.1	0.7	-3.1
	Dec	115.3	1.7	7.5	1.7	135.8	4.0	11.5	-1.1	110.0	0.7	6.2	3.4	83.7	-0.5	0.7	-3.1
2017	January	117.8	2.2	13.6	3.1	144.2	6.2	22.6	1.6	105.5	-4.1	5.6	3.8	83.5	-0.3	-0.2	-3.3
	Feb	120.1	2.0	13.5	4.0	148.6	3.1	19.9	3.2	107.3	1.7	6.8	4.2	84.0	0.6	-0.2	-3.5
	March	120.6	0.4	18.9	5.6	150.1	1.0	38.1	6.6	107.5	0.2	7.6	4.6	83.7	-0.4	-1.8	-3.8
	April	123.4	2.3	20.3	7.3	154.6	3.0	38.8	10.2	109.6	2.0	9.1	5.1	86.0	2.7	-0.7	-4.1
	May*	126.0	2.1	20.2	9.0	164.3	6.3	46.3	14.8	109.5	-0.1	5.8	5.4	86.5	0.6	-0.1	-4.3
	June*	127.9	1.5	19.5	10.6	170.0	3.5	39.1	17.8	110.0	0.5	6.8	5.8	86.8	0.3	2.8	-2.6
	July**	126.7	-0.9	17.5	12.0	166.9	-1.8	37.3	21.4	109.4	-0.5	4.8	5.8	87.8	1.2	3.7	-0.9

\*- Revised    \*\* - Provisional

**Figure 1: Movements of Monthly Producer's Price Index: January 2014 - July 2017**  
(Base: 2013 Q4=100)



\* - Revised \*\* - Provisional

**Table 4: PPI of July of 2016 & 2017, June 2017 and percentage changes by two digit level Economic Activity of ISIC (Base: 2013 Q4=100)**

ISIC Rev.3.1	Description of the Economic Activity	2016	2017		% change	
		July	June*	July**	July 2017/June 2017	July 2017/July 2016
	<b>All Activities</b>	<b>107.8</b>	<b>127.9</b>	<b>126.7</b>	<b>-0.9</b>	<b>17.5</b>
	<b>Agriculture</b>	<b>121.6</b>	<b>170.0</b>	<b>166.9</b>	<b>-1.8</b>	<b>37.3</b>
01	Agriculture and farming	121.6	170.0	166.9	-1.8	37.3
	<b>Manufacturing</b>	<b>104.4</b>	<b>110.0</b>	<b>109.4</b>	<b>-0.5</b>	<b>4.8</b>
15	Manufacture of food products and beverages	105.7	126.7	128.1	1.1	21.2
16	Manufacture of tobacco products	124.2	182.4	182.4	0.0	46.9
17	Manufacture of textiles	99.5	106.8	108.6	1.7	9.1
18	Manufacture of wearing apparel, dressing, and dyeing of fur	118.0	123.1	120.8	-1.9	2.4
22	Publishing, printing and reproduction of recorded media	95.1	95.8	97.1	1.4	2.1
23	Manufacture of coke, refine petroleum products and nuclear fuel	63.6	76.6	71.5	-6.7	12.4
24	Manufacture of chemicals and chemical products	95.3	96.1	96.1	0.0	0.8
25	Manufacture of rubber and plastics	92.3	91.1	90.1	-1.1	-2.4
26	Manufacture of other non metallic mineral products	115.6	109.8	108.9	-0.8	-5.8
27	Manufacture of basic metals	96.7	99.3	98.6	-0.7	2.0
31	Manufacture of electrical machinery and apparatus n.e.c.	106.8	108.0	108.0	0.0	1.1
35	Manufacture of other transport equipments	102.4	105.2	105.2	0.0	2.7
36	Manufacture of furniture, Manufacturing n.e.c.	105.0	118.2	118.1	-0.1	12.5
	<b>Electricity and water supply</b>	<b>84.7</b>	<b>86.8</b>	<b>87.8</b>	<b>1.2</b>	<b>3.7</b>
40	Electricity	82.7	85.2	86.2	1.2	4.2
41	Collection, purification and distribution of water	103.4	101.7	103.0	1.3	-0.4

\* - Revised \*\* - Provisional

ISIC refers to International Standard Industrial Classification of all activities (Revision 3.1)

## **Revision Policy**

PPI is compiled by collecting producer's prices for about 514 product items from 376 manufacturing and utility related establishments. Prices of 36 agricultural products are collected from 331 Divisional Secretariat Divisions covering whole country. Electricity & Water supply sector prices are collected from Ceylon Electricity Board and National Water Supply & Drainage Board respectively.

In certain circumstances, it is not possible to collect requested prices by the time of releasing PPI. Such prices are therefore statistically imputed. Therefore, indices of the latest month are released as provisional. These indices are finalized with time lag of two months.

Further details of Producer's Price Index compiled for the month of July of 2017, are also published in the department web site ([www.statistics.gov.lk](http://www.statistics.gov.lk)).

Producer's Price Index (PPI) is released monthly with 45 days time lag with effect from January, 2017. The PPI for month of August, 2017 will be released on 16<sup>th</sup> of October 2017.

Director General

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