

Web Release



Producer's Price Index: August 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.

The PPI for all economic activities declined to 125.2 index points in August, 2017 from 126.4 index points in July of 2017 by 1.2 index points. Year on year growth rate of overall index for August, 2017 is 18.1 per cent. The Producer's Price Index for three major economic activities of the economy: "Agriculture", "Manufacturing" and "Electricity & Water Supply" activities were reported as 163.0, 109.1 and 84.1 respectively. Further, "Agriculture" and "Manufacturing" activities reported positive growth rates of 38.5 per cent and 5.7 per cent respectively. However, "Electricity & Water Supply" sector recorded negative growth rate of 0.8 per cent (Table 1).

Almost all the sub activities of the Agriculture sector: "Growing of cereals and other crops", "Growing of vegetables" and "Growing of fruits, nuts & beverage crops" of "Growing of crops activity and "Production of fresh milk" of "Farming of animals" activity contributed immensely for the high positive growth rate in agriculture sector on year on year basis. "Production of eggs" is the only sub activity which has recorded a negative growth rate in August 2017 on year on year basis.

Except two sub activities of the Manufacturing activity: "Manufacture of rubber and plastics" and "Manufacture of other non-metallic mineral products", all other sub activities contributed to the overall positive growth rate of the Manufacturing activity in August, 2017 compared to that of the same month of 2016 (Table 4).

Activities of "Electricity generation and distribution" and "Collection, purification and distribution of water" recorded negative growth rates of 0.7 per cent and 0.6 per cent respectively, in August 2017 compared to August of 2016 (Table 4).

Table 1: PPI of August 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 (August 2017/ August 2016)
	2016 August	2017 August**	
All Activities	106.0	125.2	18.1
Agriculture	117.7	163.0	38.5
Manufacturing	103.2	109.1	5.7
Electricity & water supply	84.8	84.1	-0.8

** - Provisional

Monthly Changes of Producer's Price Index

PPI for all activities declined in August 2017 by 0.9 per cent from the level reported for the month of July 2017. The month on month changes of PPI of "Agriculture", "Manufacturing" and "Electricity & water supply" activities reported negative growth rates. Negative growth rates reported were 2.3 per cent, 0.1 per cent and 1.6 per cent respectively in August, 2017 (Table 2).

Except, the sub activity, "Growing of cereals", all other sub activities belongs to "Growing of crops" activity and the activity of "Farming of animals" recorded negative growth rates in agriculture sector in August 2017 compared to the previous month.

Due to the negative growth rates recorded in the "Manufacture of food products and beverages", "Manufacture of textiles", "Manufacture of coke refined petroleum products and nuclear power" and "Manufacture of chemicals & chemical products", of manufacturing activity reported a negative growth rate in August, 2017 when compared with previous month. On the other hand, "Manufacture of electrical machinery and apparatus" reported relatively higher positive growth rate of 2.4 per cent in August 2017 compared to previous month (Table 4).

PPI for the activity of "Generation and distribution of Electricity" and "Collection, purification and distribution of water" sectors marked negative growth rates of 1.8 per cent and 0.3 per cent respectively in the month of August 2017 from the level of July 2017 (Table 4).

Table 2: PPI of July & August 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 August / 2017 July)
	2017 July*	2017 August**	
All Activities	126.4	125.2	-0.9
Agriculture	166.9	163.0	-2.3
Manufacturing	109.2	109.1	-0.1
Electricity & Water Supply	85.5	84.1	-1.6

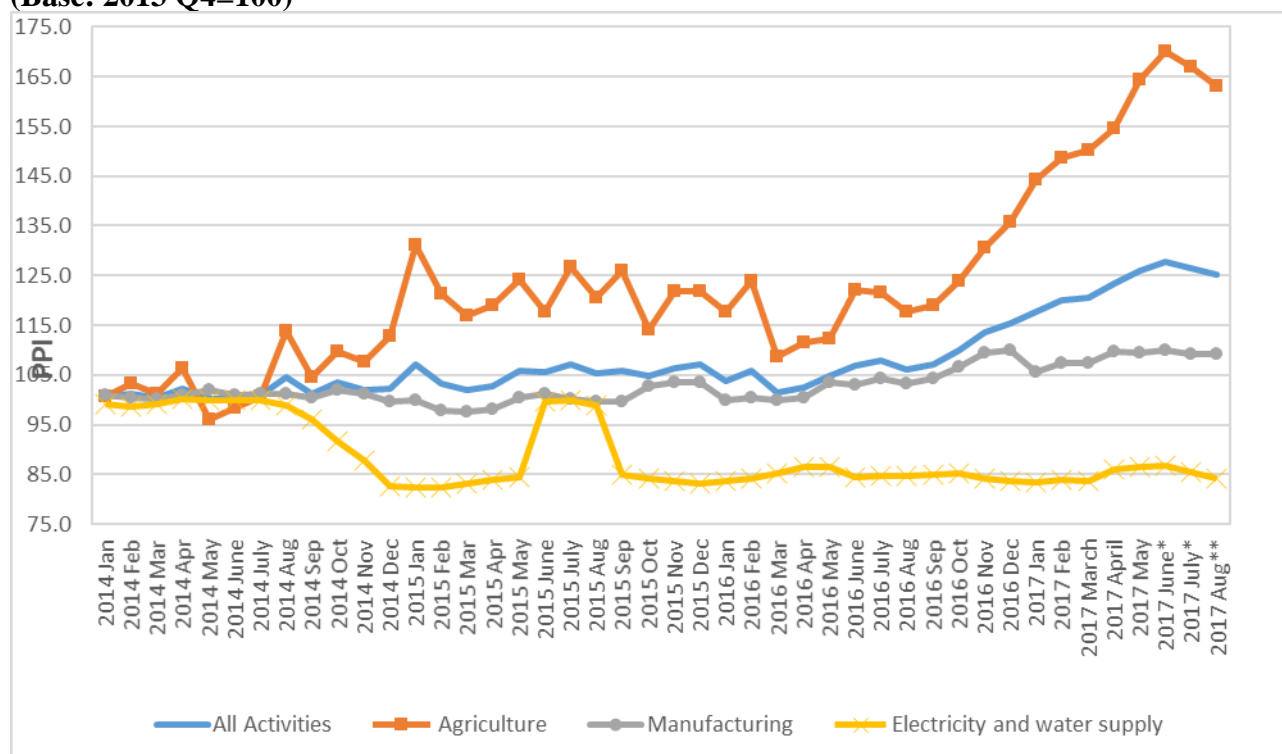
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Table 3: Movements of Producer's Price Index by Major Economic Activity: January 2014 - August 2017 (Base: 2013 Q4=100)

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			
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*	126.4	-1.2	17.3	12.0	166.9	-1.8	37.3	21.4	109.2	-0.7	4.6	5.8	85.5	-1.5	0.9	-1.1
	August**	125.2	-0.9	18.1	13.4	163.0	-2.3	38.5	24.8	109.1	-0.1	5.7	6.0	84.1	-1.6	-0.8	0.2

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



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Table 4: PPI of August of 2016 & 2017, July 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	
		August	July*	August**	August 2017/July 2017	August 2017/August 2016	
	All Activities	106.0	126.4	125.2	-0.9	18.1	
	Agriculture	117.7	166.9	163.0	-2.3	38.5	
01	Agriculture and farming	117.7	166.9	163.0	-2.3	38.5	
	Manufacturing	103.2	109.2	109.1	-0.1	5.7	
15	Manufacture of food products and beverages	107.1	126.8	126.6	-0.2	18.2	
16	Manufacture of tobacco products	124.2	182.4	182.4	0.0	46.9	
17	Manufacture of textiles	98.6	108.6	108.3	-0.3	9.8	
18	Manufacture of wearing apparel, dressing, and dyeing of fur	112.4	120.8	121.4	0.5	8.0	
22	Publishing, printing and reproduction of recorded media	95.2	97.1	97.4	0.3	2.3	
23	Manufacture of coke, refine petroleum products and nuclear fuel	63.0	71.5	69.4	-2.9	10.2	
24	Manufacture of chemicals and chemical products	95.7	96.0	95.9	-0.1	0.2	
25	Manufacture of rubber and plastics	91.8	91.3	91.5	0.2	-0.3	
26	Manufacture of other non metallic mineral products	115.5	109.0	109.4	0.4	-5.3	
27	Manufacture of basic metals	96.2	98.6	98.8	0.2	2.7	
31	Manufacture of electrical machinery and apparatus n.e.c.	106.8	108.0	110.6	2.4	3.6	
35	Manufacture of other transport equipments	102.5	105.2	105.2	0.0	2.6	
36	Manufacture of furniture, Manufacturing n.e.c.	105.4	118.1	118.3	0.2	12.2	
	Electricity and water supply	84.8	85.5	84.1	-1.6	-0.8	
40	Electricity	82.8	83.7	82.2	-1.8	-0.7	
41	Collection, purification and distribution of water	103.3	103.0	102.7	-0.3	-0.6	

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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 August of 2017, are also published in the department web site (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 September, 2017 will be released on 15th of November 2017.

Director General

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