



Web Release

Producer's Price Index: September 2020 (Base: Fourth Quarter 2013=100)

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Introduction

The Producer's Price Index (PPI) measures the average change over the time in 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 35 days. 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 macro-economic 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 Agriculture, Manufacturing and Electricity & Water supply sectors of the economy.

Annual Changes of Producer's Price Index (PPI)

The PPI for all economic activities: agriculture, manufacturing and water supply & electricity, for the month of September is 144.6. The annual change in the PPI has been compiled as 7.0 per cent. The PPI reported for the three major economic activities, agriculture, manufacturing and electricity & water supply are 177.4, 136.5 and 87.5 respectively. Agriculture, manufacturing and electricity & water supply activities reported positive changes of 26.4 per cent, 3.5 per cent and 0.8 per cent on annual basis respectively (Table 1).

The major sub activities of agriculture sector, "Growing crops" and "Farming of animals" reported positive changes of 27.4 per cent and 5.1 per cent on annual basis. Activities related to "Growing of crops": "Growing of cereals and other crops", "Growing of fruits, nuts and beverage and spice crops" and "Growing of vegetables" recorded positive annual changes of 28.9 per cent, 28.5 per cent and 17.3 per cent respectively. Also, sub activities related to "Farming of animals": "Production of dairy" and "Production of eggs" recorded positive percentage changes of 5.6 per cent and 4.9 per cent in September 2020 compared to the same month in 2019.

The sub activities of manufacturing sector, "Manufacturing of wearing apparel, dressing, and dyeing of fur"(10.7%), "Manufacturing of electrical machinery and apparatus not elsewhere classified"(9.9%), "Manufacturing of rubber and plastics"(8.0%), "Manufacturing of basic metals" (6.4%), "Manufacturing of food products and beverages (5.3%), "Manufacturing of furniture and Manufacturing of goods not elsewhere classified" (3.0%), "Manufacturing of other non-metallic mineral products"(1.6%) and "Manufacturing of tobacco products"(0.7%) reported positive percentage changes on annual basis. However, "Manufacturing of coke, refined petroleum products and nuclear fuel" (23.6%), "Manufacturing of other transport equipment" (12.7%), "Manufacturing of chemicals and chemical products" (6.3%), "Manufacturing of Textiles" (4.2%) and "Publishing, printing and reproduction of recorded media" (2.6%) recorded negative percentage changes in September 2020 compared to September 2019 (Table 4).

Both activities in utility sector, "Collection, purification and distribution of water" and "Generation and distribution of electricity" reported positive changes of 4.1 per cent and 0.4 per cent respectively in the month of September 2020 compared to the same month in 2019 (Table 4).

Table 1: PPI of September of 2019 & 2020 and Year on Year changes of PPI by Major Economic Activity (Base: 2013 Q4=100)

Major Economic Activity	PPI		Year on Year % change (Sep 2020**/ Sep 2019)
	2019 Sep	2020 Sep**	
All Activities	135.1	144.6	7.0
Agriculture	140.4	177.4	26.4
Manufacturing	131.9	136.5	3.5
Electricity & water supply	86.8	87.5	0.8

** - Provisional

Monthly Changes of Producer's Price Index

Comparing the month on month changes, PPI in September 2020 has increased to 144.6 from 144.5 reported in August 2020. This shows an increase of 0.1 index points or 0.1 percentage as compared to August 2020. Out of the three major economic activities, agriculture sector reported a positive change of 2.3 per cent on monthly basis, however manufacturing and electricity and water supply activities reported same negative changes of 0.9 per cent compared to the previous month (Table 2).

The sub activities of agriculture sector, "Growing of crops (2.5%) reported positive percentage change and "Farming of animals" (3.1%) reported negative percentage change on monthly basis. Further, the sub activities related to. "Growing of crops": "Growing of vegetables" (9.9%), "Growing of cereal crops" (5.5%) and "Growing of fruits, nuts and beverage crops" (1.5%) reported positive percentage changes on monthly basis. "Farming of animals": "Production of dairy" (0.4%) reported positive percentage change and "Egg production" (4.8%) reported negative percentage change on monthly basis

In Manufacturing sector, the sub activities, "Manufacturing of coke, refined petroleum products and nuclear fuel" (1.2%), Manufacturing of wearing apparel, dressing, and dyeing of fur" (0.1%), Manufacturing of other transport equipment" (0.1%) and" Manufacturing of furniture" (0.1%) reported positive percentage changes on monthly basis. However, "Manufacturing of food and beverages" (2.8%), "Manufacturing of chemicals and chemical products" (1.8%), "Manufacturing of rubber and plastics"(1.0%) , "Manufacturing of Textiles" (0.5%), "Manufacturing of other non-metallic mineral products" (0.4%) reported negative percentage changes on monthly basis, while, "Manufacturing of tobacco products" , "Publishing, printing and reproduction of recorded media" , "Manufacturing of basic metals" and "Manufacturing of electrical machinery and apparatus not elsewhere classified" remained unchanged in the month of September 2020 compared to August 2020 (Table 4).

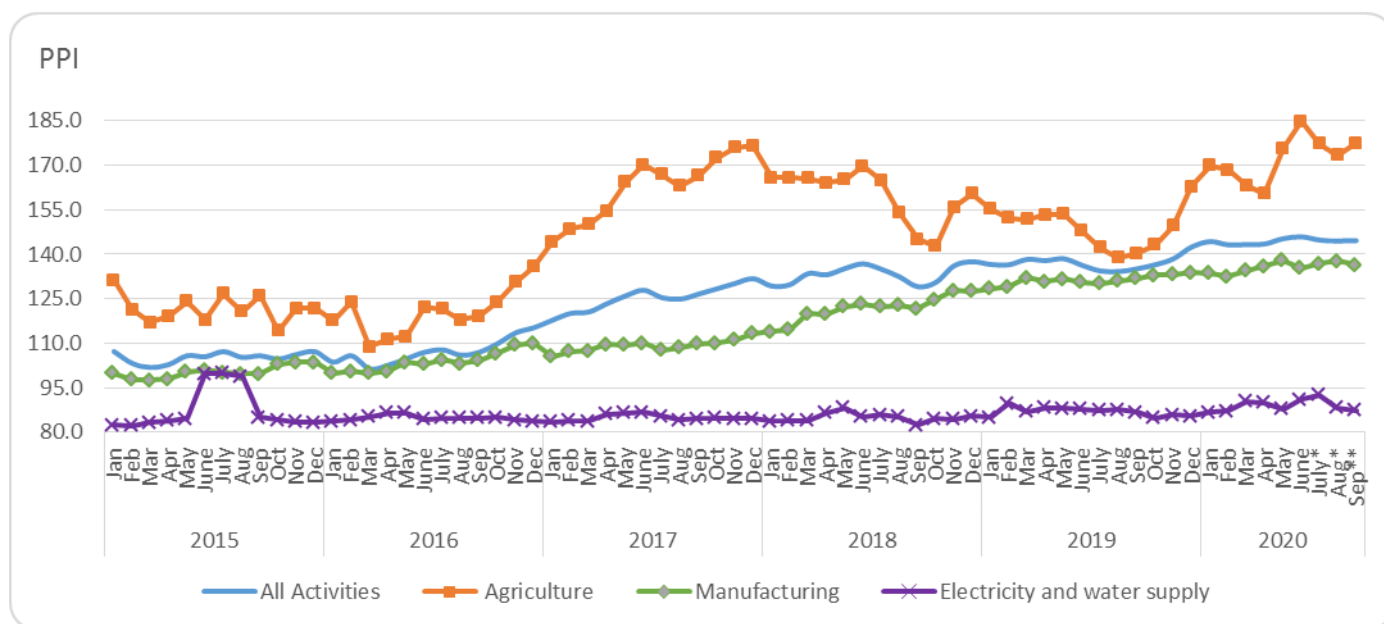
Both sub activities of the utility sector, "Generation and distribution of electricity" and "Collection, purification and distribution of water" reported negative changes of 0.9 per cent and 0.8 per cent in the month of September 2020 on monthly basis (Table 4).

Table 2: PPI of August & September of 2020 and Month to Month changes of PPI by Major Economic Activity (Base: 2013 Q4 =100)

Major Economic Activity	PPI		Month to Month % change (2020 Sep**/ 2020 Aug*)
	2020 Aug*	2020 Sep**	
All Activities	144.5	144.6	0.1
Agriculture	173.4	177.4	2.3
Manufacturing	137.8	136.5	-0.9
Electricity & Water Supply	88.3	87.5	-0.9

* - Revised ** - Provisional

Figure 1: Movements of Monthly Producer's Price Index by Major Economic Activity: January 2015 – September 2020 (Base: 2013 Q4=100)



* - Revised ** - Provisional

Table 4: PPI of August 2020 & September of 2019 & 2020 and percentage changes by two-digit level Economic Activity of ISIC (Base: 2013 Q4 = 100)

ISIC Rev.3.1	Description of the Economic Activity	2019	2020		% change	
		Sep	Aug*	Sep**	Sep** 2020/Aug* 2020	Sep** 2020/Sep 2019
	All Activities	135.1	144.5	144.6	0.1	7.0
	Agriculture	140.4	173.4	177.4	2.3	26.4
01	Agriculture and farming	140.4	173.4	177.4	2.3	26.4
	Manufacturing	131.9	137.8	136.5	-0.9	3.5
15	Manufacture of food products and beverages	131.7	142.7	138.7	-2.8	5.3
16	Manufacture of tobacco products	236.3	238.0	238.0	0.0	0.7
17	Manufacture of textiles	131.3	126.4	125.8	-0.5	-4.2
18	Manufacture of wearing apparel, dressing, and dyeing of fur	138.8	153.5	153.6	0.1	10.7
22	Publishing, printing and reproduction of recorded media	129.7	126.3	126.3	0.0	-2.6
23	Manufacture of coke, refine petroleum products and nuclear fuel	87.0	65.7	66.5	1.2	-23.6
24	Manufacture of chemicals and chemical products	129.9	123.9	121.7	-1.8	-6.3
25	Manufacture of rubber and plastics	111.2	121.3	120.1	-1.0	8.0
26	Manufacture of other non metallic mineral products	119.4	121.8	121.3	-0.4	1.6
27	Manufacture of basic metals	116.5	124.0	124.0	0.0	6.4
31	Manufacture of electrical machinery and apparatus n.e.c.	123.0	135.2	135.2	0.0	9.9
35	Manufacture of other transport equipments	125.9	109.8	109.9	0.1	-12.7
36	Manufacture of furniture, Manufacturing n.e.c.	131.9	135.8	135.9	0.1	3.0
	Electricity and water supply	86.8	88.3	87.5	-0.9	0.8
40	Electricity	83.9	85.0	84.2	-0.9	0.4
41	Collection, purification and distribution of water	113.9	119.6	118.6	-0.8	4.1

* - Revised ** - Provisional

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

Revision Policy

PPI is compiled by collecting prices received by the domestic producers for about 514 products from 376 manufacturing and utility related establishments. Prices of 36 agricultural products are collected from 331 Divisional Secretariat Divisions covering the 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.

Further details of Producer's Price Index compiled for the month of September 2020, are also published in the department web site: <http://www.statistics.gov.lk/InflationAndPrices/StaticallInformation/PPI>

Producer's Price Index (PPI) is released monthly with 45 days time lag with effect from January, 2017. The PPI for month of October, 2020 will be released on 15th of December 2020.

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