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## Producer Price Index (PPI)

May, 2022

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Department of Census and Statistics

Ministry of Finance, Economic Stabilization and National Policies

The Producer 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) changed the references of the PPI to 2018 - Q4 in 2021 and disseminate the figures effective from month of November 2021 with 40 days of lag time.

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, gas, steam and Air conditioning supply & Water supply" sectors of the economy under the rebased PPI also.

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- ❶ The PPI for all economic activities: "Agriculture", "Manufacturing" and "Electricity, gas, steam and Air conditioning supply & Water supply", for the month of May 2022 is 216.5.
  - ❷ The annual change in the PPI has been compiled as 75.9 percent.
  - ❸ Comparing the month-on-month changes, PPI in May 2022 has increased to 216.5 from 190.7 reported in April 2022.

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### Source Publication

<http://www.statistics.gov.lk/InflationAndPrices/StaticallInformation/PPI>

## Annual Changes of Producer Price Index (PPI)

The PPI for all economic activities: "Agriculture", "Manufacturing" and "Electricity, gas, steam and Air conditioning supply & Water supply", for the month of May 2022 is 216.5. The annual change in the PPI has been compiled as 75.9 percent. The PPI reported for the three major economic activities, "Manufacturing", "Agriculture" and "Utility sector" ("Electricity, gas, steam and Air conditioning supply & Water supply") are 224.0, 203.0 and 100.7 respectively. All three major sectors, "Manufacturing" and "Agriculture" reported positive changes of 83.5 percent and 56.2 percent while Utility ("Electricity, gas, steam and Air conditioning supply & Water supply") reported negative change of 2.5 percent on annual basis (Table 1).

In the Agriculture sector, the sub-activities of "Growing of non-perennial crops", "Animal production" and "Growing of perennial crops" reported positive changes of 89.0 percent, 68.5 percent and 37.1 percent respectively on annual basis (Table 3).

The sub-activities of the Manufacturing sector: "Manufacture of coke and refined petroleum products" (158.9%), "Manufacture of other non-metallic mineral products" (149.4%), "Manufacture of basic metals"(146.5%), "Manufacture of textiles"(137.4%), "Manufacture of chemicals and chemical products"(130.1%), "Manufacture of rubber and plastics products" (104.4%), "Manufacture of food products" (101.8%), "Manufacture of other transport equipment" (78.3%), "Manufacture of furniture" (71.8%), "Other manufacturing" (64.4%), "Manufacture of wearing apparel" (46.3%), "Printing and reproduction of recorded media" (45.6%), "Manufacture of beverages" (42.3%) and "Manufacture of tobacco products" (14.4%) reported positive growth rates in the month of May 2022 compared to the same month of 2021 (Table 3).

The sub-activities in the Utility sector ("Electricity, gas, steam, and Air conditioning supply & Water supply"), "Water collection, treatment, and supply" reported positive change of 1.9 percent on annual basis while "Electricity, gas, steam, and air conditioning supply" reported negative change of 3.4 percent in the month of May 2022 compared to the same month in 2021 (Table3).

**Table 1: PPI of May 2021 & 2022 and Year on Year changes of PPI by Major Economic Activity (Base: 2018 Q4=100)**

Major Economic Activity	PPI		Year on Year % change (May 2022**/ May 2021)
	2021 May	2022 May**	
All Activities	123.1	216.5	75.9
Agriculture	130.0	203.0	56.2
Manufacturing	122.1	224.0	83.5
Electricity, gas, steam and Air conditioning supply & Water supply	103.3	100.7	-2.5

\*\* - Provisional

Source: Department of Census and Statistics

## Monthly Changes of Producer Price Index

Comparing the month-on-month changes, PPI in May 2022 has increased to 216.5 from 190.7 reported in April 2022. This shows an increase of 25.8 index points or 13.5 percentage compared to April 2022. The economic activities of 'Agriculture', "Manufacturing" and "Electricity, gas, steam and air conditioning supply & Water supply" reported positive changes of 13.9 percent, 13.8 percent and 0.5 percent respectively on monthly basis (Table 2).

The sub-activities of the "Agriculture" sector, "Growing of perennial crops", "Growing of non-perennial crops" and "Animal production" reported positive changes of 16.5 percent and 14.4 percent and 8.2 percent respectively in the month of May 2022 (Table 3).

In the Manufacturing sector, the sub-activities, "Manufacture of coke and refined petroleum products" (50.0%), "Manufacture of textiles" (21.6%), "Manufacture of wearing apparel" (18.8%), "Manufacture of chemicals and chemical products" (17.5%), "Manufacture of rubber and plastics products" (17.4%), "Manufacture of other non-metallic mineral products" (17.3%), "Manufacture of basic metals" (15.0%), "Manufacture of furniture" (10.4%), "Manufacture of other transport equipment" (10.1%), "Manufacture of food products" (9.7%), "Other manufacturing" (5.6%), "Printing and reproduction of recorded media" (3.8%), "Manufacture of beverages" (3.1%) and "Manufacture of tobacco products" (1.3%) reported positive changes on monthly basis (Table 3).

The sub-activities of the Utility sector ("Electricity, gas, steam and Air conditioning supply & Water supply"), "Electricity, gas, steam and Air conditioning supply" and "Water collection, treatment, and supply" reported positive change of 0.5 percent and 0.2 percent respectively on monthly basis in the month of May 2022 (Table 3).

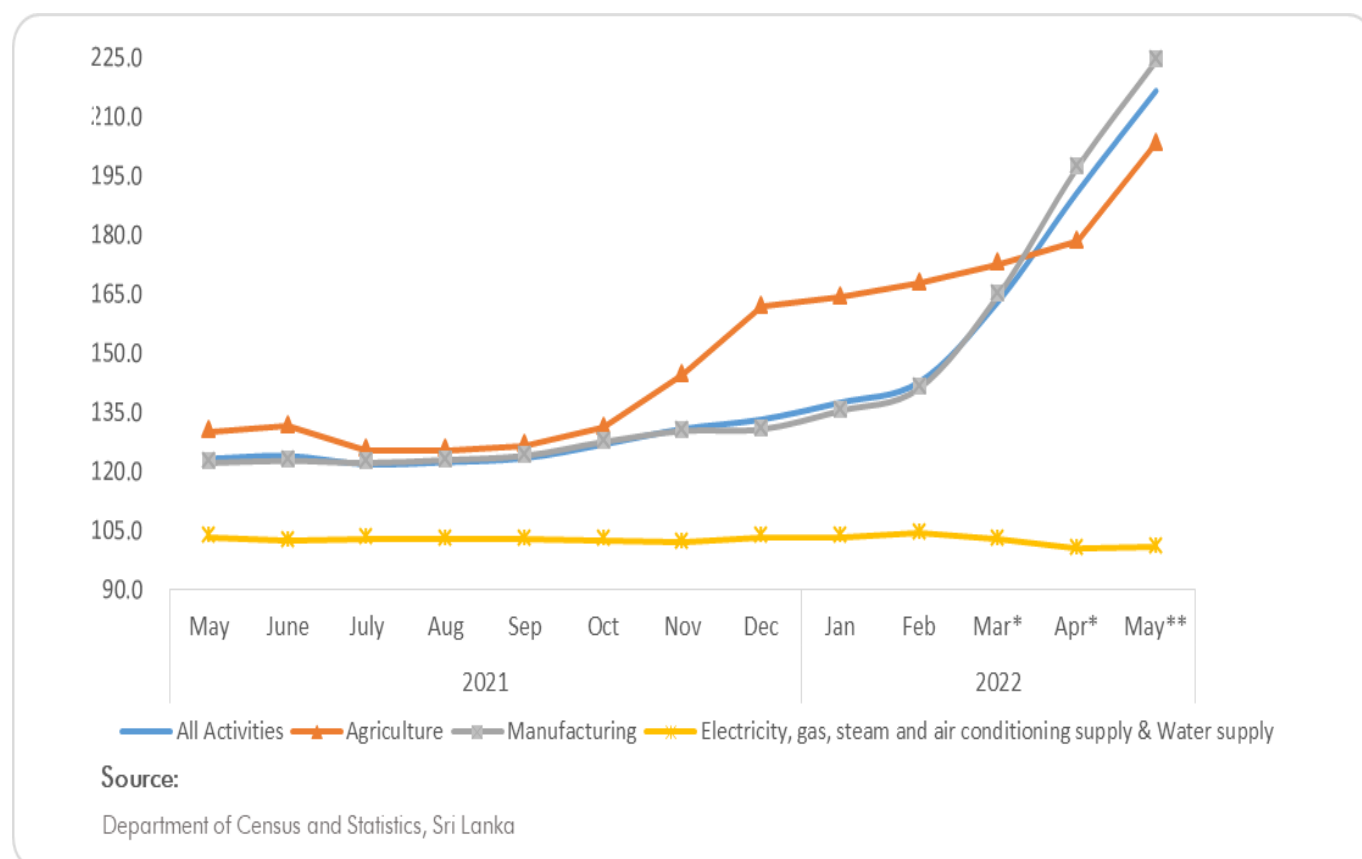
**Table 2: PPI of May and April 2022 and Month to Month changes of PPI by Major Economic Activity (Base: 2018 Q4=100)**

Major Economic Activity	PPI		Month to Month % change (2022 May**/ 2022 Apr*)
	2022 Apr*	2022 May**	
All Activities	190.7	216.5	13.5
Agriculture	178.2	203.0	13.9
Manufacturing	196.9	224.0	13.8
Electricity, gas, steam and Air conditioning supply & Water supply	100.2	100.7	0.5

\* - Revised    \*\* - Provisional

Source: Department of Census and Statistics

**Figure 1: Movements of Monthly Producer Price Index by Major Economic Activity: May 2021 – May 2022 (Base: 2018 Q4=100)**



\* - Revised    \*\* - Provisional

Table 3: PPI of April 2022 and May of 2021 & 2022 and percentage changes by two-digit level Economic Activity of ISIC (Base: 2018 Q4 = 100)

ISIC Rev.4.0	Description of the Economic Activity	2021	2022		% change	
		May	Apr*	May**	2022 May**/ 2022 Apr*	2022 May**/ May 2021
	<b>All Activities</b>	<b>123.1</b>	<b>190.7</b>	<b>216.5</b>	<b>13.5</b>	<b>75.9</b>
<b>A</b>	<b>Agriculture</b>	<b>130.0</b>	<b>178.2</b>	<b>203.0</b>	<b>13.9</b>	<b>56.2</b>
	011 Growing of non perianial crops	127.5	210.7	241.0	14.4	89.0
	012 Growing of perianial crops	133.9	157.6	183.6	16.5	37.1
	014 Animal production	103.5	161.2	174.4	8.2	68.5
<b>C</b>	<b>Manufacturing</b>	<b>122.1</b>	<b>196.9</b>	<b>224.0</b>	<b>13.8</b>	<b>83.5</b>
10	Manufacture of food products	113.4	208.5	228.8	9.7	101.8
11	Manufacture of beverages	106.1	146.4	151.0	3.1	42.3
12	Manufacture of tobacco products	118.4	133.7	135.4	1.3	14.4
13	Manufacture of textiles	112.6	219.8	267.3	21.6	137.4
14	Manufacture of wearing apparel	133.3	164.1	195.0	18.8	46.3
18	Printing and reproduction of recorded media	111.2	156.0	161.9	3.8	45.6
19	Manufacture of coke and refined petroleum product	93.1	160.7	241.0	50.0	158.9
20	Manufacture of chemicals and chemical products	126.9	248.5	292.0	17.5	130.1
22	Manufacture of rubber and plastics products	136.5	237.6	279.0	17.4	104.4
23	Manufacture of other non-metallic mineral products	114.7	244.0	286.1	17.3	149.4
24	Manufacture of basic metals	183.7	393.7	452.9	15.0	146.5
30	Manufacture of other transport equipment	122.0	197.5	217.5	10.1	78.3
31	Manufacture of furniture	119.0	185.2	204.5	10.4	71.8
32	Other manufacturing	129.6	201.8	213.0	5.6	64.4
<b>D</b>	<b>Electricity, gas, steam and Air conditioning supply</b>	<b>102.8</b>	<b>98.8</b>	<b>99.3</b>	<b>0.5</b>	<b>-3.4</b>
35	Electricity, gas, steam and Air conditioning supply	102.8	98.8	99.3	0.5	-3.4
<b>E</b>	<b>Water collection, treatment and supply</b>	<b>104.6</b>	<b>106.4</b>	<b>106.6</b>	<b>0.2</b>	<b>1.9</b>
36	Water collection, treatment and supply	104.6	106.4	106.6	0.2	1.9

\* Revised \*\* Provisional

Source: Department of Census and Statistics










ISIC refers to International Standard Industrial Classification of all activities (Revision 4)

## Revision Policy

PPI is compiled by collecting prices received by the domestic producers 277 manufacturing and utility related establishments. Prices of 42 agricultural products are collected from 331 Divisional Secretariat Divisions covering the entire country. Electricity, gas, steam and Air conditioning supply & 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.

Producer Price Index (PPI) is released monthly with 40 days time lag with effect from the month of November 2021. The PPI for the month of June 2022 will be released on 10<sup>th</sup> of August 2022.

The Vision of DCS		The Mission of DCS	
"To be the leader in the region in producing timely statistical information to achieve the country's development goals."		"Making contribution in the socioeconomic development of the country by providing accurate timely statistics, more Effectively by means of new technology, and utilising the services of dedicated staff under a strategic leadership to become a prosperous nation in the globalised environment."	
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