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## Producer Price Index (PPI)

July, 2023

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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 up to December 2022. From the month of January 2023, the PPI is release with a time lag of 30 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, gas, steam and Air conditioning supply & Water supply" sectors of the economy under the rebased PPI also.

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- ❗ The PPI for all economic activities: "Agriculture", "Manufacturing" and "Electricity, gas, steam and Air conditioning supply & Water supply", for the month of July 2023 is 236.1.
  - ❗ On annual basis, PPI has been compiled as negative change of 3.2 percent.
  - ❗ Comparing the month-on-month changes, PPI in July 2023 has increased to 236.1 from 230.3 reported in June 2023.

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### Source Publication

<http://www.statistics.gov.lk/InflationAndPrices/StaticInformation/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 July 2023 is 236.1. PPI has been compiled as negative change of 3.2 percent on annual basis. The PPI reported for the three major economic activities, "Utility Sector" ("Electricity, gas, steam and Air conditioning supply & Water supply"), "Manufacturing" and "Agriculture" are 268.9, 235.0 and 232.0 respectively. All three major sectors, "Utility Sector" ("Electricity, gas, steam and Air conditioning supply & Water supply") and "Agriculture" reported positive changes of 157.1 percent and 1.0 percent while "Manufacturing" reported negative change of 7.0 percent on an annual basis (Table 1).

In the Agriculture sector, the sub-activities of "Animal production" and "Growing of perennial crops" reported positive changes of 31.0 percent and 5.1 percent while "Growing of non-perennial crops" reported negative change of 16.3 percent on an annual basis (Table 3).

The sub-activities of the Manufacturing sector: "Printing and reproduction of recorded media (37.7%)", "Manufacture of tobacco products (20.6%)", "Manufacture of beverages (8.8%)" reported positive changes while "Manufacture of other non-metallic mineral products (26.3%)", "Manufacture of food products (11.1%)", "Manufacture of furniture (9.9%)", "Manufacture of other transport equipment (7.6%)", "Manufacture of textiles (7.5%)", "Manufacture of rubber and plastics products (7.3%)", "Manufacture of wearing apparel (7.2%)", "Manufacture of chemicals and chemical products (7.1%)", "Manufacture of coke and refined petroleum products (5.8%)", "Manufacture of basic metals (5.0%) and "Other manufacturing (4.6%)" reported negative changes in the month of July 2023 compared to the same month of 2022 (Table 3).

For the month of July 2023, both 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 changes of 185.9 percent and 36.7 percent respectively on an annual basis (Table3).

**Table 1: PPI of July 2022 & 2023 and Year on Year changes of PPI by Major Economic Activity (Base: 2018 Q4=100)**

Major Economic Activity	PPI		Year on Year % change (July**2023/ July 2022)
	2022 July	2023 July**	
All Activities	243.8	236.1	-3.2
Agriculture	229.7	232.0	1.0
Manufacturing	252.6	235.0	-7.0
Utility (Electricity, gas, steam and Air conditioning supply & Water supply)	104.6	268.9	157.1

\*\* - Provisional

Source: Department of Census and Statistics

## Monthly Changes of Producer Price Index (PPI)

Comparing the month-on-month changes, PPI in July 2023 has increased to 236.1 from 230.3 reported in June 2023. This shows an increase of 5.8 index points or 2.5 percentage compared to June 2023. The economic activities of "Agriculture", "Manufacturing" and "Utility Sector" ("Electricity, gas, steam and air conditioning supply & Water supply") reported positive changes of 3.7 percent, 2.4 percent and 0.2 percent respectively on a monthly basis (Table2).

The sub-activities of the "Agriculture" sector, "Growing of non-perennial crops", "Animal production" and "Growing of perennial crops" reported positive changes of 5.9 percent, 4.3 percent and 1.3 percent respectively on a monthly basis in the month of July 2023 compared to June 2023 (Table 3).

In the Manufacturing sector, the sub-activities, "Manufacture of tobacco products (8.5%)", "Manufacture of wearing apparel (5.2%)", "Manufacture of textiles (5.0%)", "Manufacture of beverages (4.7%)", "Manufacture of other non-metallic mineral

products (4.2%)", "Other manufacturing (3.8%)" and "Manufacture of food products (0.8%)" reported positive changes while "Printing and reproduction of recorded media", "Manufacture of coke and refined petroleum products", "Manufacture of basic metals" and "Manufacture of other transport equipment" remained unchanged compared to the preceding month and "Manufacture of furniture (13.4%)", "Manufacture of rubber and plastics products (0.7%) and "Manufacture of chemicals and chemical products (0.2%)" reported negative changes on a monthly basis (Table 3).

Both sub-activities of the Utility sector ("Electricity, gas, steam and Air conditioning supply & Water supply"), both the "Electricity, gas, steam and Air conditioning supply & Water supply" and "Water collection, treatment and supply" reported same positive change of 0.2 percent on a monthly basis in the month of July 2023 (Table 3).

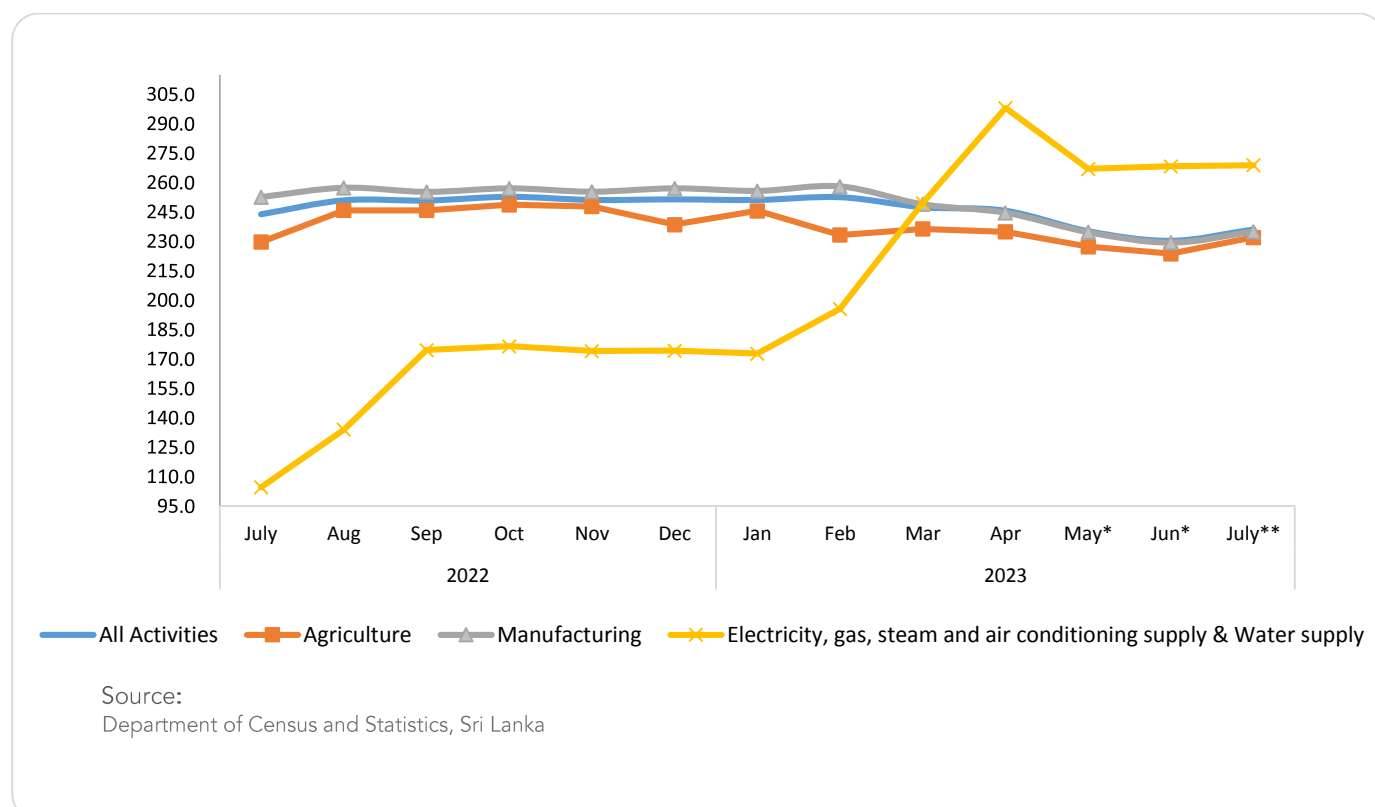
**Table 2: PPI of July & June 2023 and Month to Month changes of PPI by Major Economic Activity (Base: 2018 Q4=100)**

Major Economic Activity	PPI		Month to Month % change (2023 July**/ 2023 June*)
	2023 June*	2023 July**	
All Activities	230.3	236.1	2.5
Agriculture	223.7	232.0	3.7
Manufacturing	229.4	235.0	2.4
Utility (Electricity, gas, steam and Air conditioning supply & Water supply)	268.3	268.9	0.2

\* - Revised \*\* - Provisional

Source: Department of Census and Statistics

**Figure 1: Movements of Monthly Producer Price Index by Major Economic Activity: July 2022-July 2023 (Base: 2018 Q4=100)**



\* - Revised \*\* - Provisional

Table 3: PPI of July 2022 & 2023 and June 2023 and percentage changes by two-digit level Economic Activity of ISIC (Base: 2018 Q4 = 100)

Description of the Economic Activity	2022	2023		% change			
	July	June*	July**	2023 July**/ 2022	2023 June* 2022	2023 July**/ 2022	2023 June* 2022
<b>All Activities</b>	243.8	230.3	236.1		2.5		-3.2
<b>Agriculture</b>	229.7	223.7	232.0		3.7		1.0
011 Growing of non-perennial crops	271.8	214.7	227.4		5.9		-16.3
012 Growing of perennial crops	197.0	204.4	207.0		1.3		5.1
014 Animal production	218.7	274.8	286.5		4.3		31.0
<b>Manufacturing</b>	252.6	229.4	235.0		2.4		-7.0
Manufacture of food products	259.4	228.7	230.5		0.8		-11.1
Manufacture of beverages	177.5	184.4	193.1		4.7		8.8
Manufacture of tobacco products	143.5	159.5	173.0		8.5		20.6
Manufacture of textiles	346.2	304.9	320.2		5.0		-7.5
Manufacture of wearing apparel	206.0	181.6	191.1		5.2		-7.2
Printing and reproduction of recorded media	172.8	237.9	237.9		0.0		37.7
Manufacture of coke and refined petroleum products	247.0	232.7	232.7		0.0		-5.8
Manufacture of chemicals and chemical products	315.5	293.6	293.0		-0.2		-7.1
Manufacture of rubber and plastics products	305.3	285.0	282.9		-0.7		-7.3
Manufacture of other non-metallic mineral products	298.8	211.4	220.2		4.2		-26.3
Manufacture of basic metals	457.5	434.4	434.4		0.0		-5.0
Manufacture of other transport equipment	223.8	206.9	206.9		0.0		-7.6
Manufacture of furniture	272.8	283.6	245.7		-13.4		-9.9
Other manufacturing	309.8	284.7	295.6		3.8		-4.6
<b>Electricity, gas, steam and Air conditioning supply</b>	104.1	296.9	297.6		0.2		185.9
Electricity, gas, steam and Air conditioning supply	104.1	296.9	297.6		0.2		185.9
<b>Water collection, treatment and supply</b>	106.9	145.8	146.1		0.2		36.7
Water collection, treatment and supply	106.9	145.8	146.1		0.2		36.7

\* 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.


The Producer Price Index (PPI) (Base: 2018Q4=100) was released monthly with a lag of 40 days, with effect from November 2021 to December 2022. Also, the Producer Price Index (PPI) (Base: 2018Q4=100) will be released monthly, commencing with the PPI of January 2023, on the last working day of the following month. Accordingly, the PPI for the month of August 2023 will be released on 27<sup>th</sup> of September 2023.

### The Vision of DCS





"To be the leader in the region in producing timely statistical information to achieve the country's development goals."

### The Mission of DCS

"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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