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## Producer Price Index (PPI)

September, 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 September 2023 is 233.6.
  - ❏ On annual basis, PPI has been compiled as negative change of 6.9 percent.
  - ❏ Comparing the month-on-month changes, PPI in September 2023 has decreased to 233.6 from 233.7 reported in August 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 September 2023 is 233.6. PPI has been compiled as negative change of 6.9 percent on annual basis. The PPI reported for the three major economic activities, "Utility Sector" ("Electricity, gas, steam and Air conditioning supply & Water supply"), "Agriculture" and "Manufacturing" are 242.1, 233.2 and 233.2 respectively. All three major sectors, "Utility Sector" ("Electricity, gas, steam and Air conditioning supply & Water supply") reported positive change of 38.7 percent while "Manufacturing" and "Agriculture" reported negative changes of 8.6 percent and 5.1 percent on an annual basis (Table 1).

In the Agriculture sector, the sub-activities of "Animal production" reported positive change of 3.9 percent while "Growing of non-perennial crops" and "Growing of perennial crops" reported negative changes of 13.1 percent and 2.4 percent on an annual basis (Table 3).

The sub-activities of the Manufacturing sector: "Manufacture of beverages (14.6%)", "Manufacture of tobacco products (13.3%)" and "Printing and reproduction of recorded media (9.0%)" reported positive changes while "Manufacture of coke and refined petroleum products (27.9%)", "Manufacture of other non-metallic mineral products (22.2%)", "Manufacture of basic metals (21.8%)", "Manufacture of chemicals and chemical products (19.0%)", "Manufacture of food products (11.1%)", "Manufacture of other transport equipment (9.3%)", "Manufacture of textiles (8.7%)", "Manufacture of furniture (6.3%)", "Manufacture of rubber and plastics products (5.2%)", "Manufacture of wearing apparel (5.1%)" and "Other manufacturing (2.9%)" reported negative changes in the month of September 2023 compared to the same month of 2022 (Table 3).

For the month of September 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 38.9 percent and 37.2 percent respectively on an annual basis (Table3).

**Table 1: PPI of September 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 (September**2023/ September 2022)
	2022 Septem ber	2023 Septem ber**	
All Activities	250.8	233.6	-6.9
Agriculture	245.8	233.2	-5.1
Manufacturing	255.2	233.2	-8.6
Utility (Electricity, gas, steam and Air conditioning supply & Water supply)	174.6	242.1	38.7

\*\* - Provisional

Source: Department of Census and Statistics

## Monthly Changes of Producer Price Index (PPI)

Comparing the month-on-month changes, PPI in September 2023 has decreased to 233.6 from 233.7 reported in August 2023. This shows a decrease of 0.1 index points or 0.0 percentage compared to August 2023. The economic activities of "Utility Sector" ("Electricity, gas, steam and air conditioning supply & Water supply") and "Manufacturing" reported positive changes of 3.0 percent and 0.1 percent while "Agriculture" reported negative change of 2.5 percent compared to the preceding month on a monthly basis (Table2).

The sub-activities of the "Agriculture" sector, "Growing of non-perennial crops" reported positive change of 2.4 percent while "Growing of perennial crops" and "Animal production" reported negative changes of 6.7 percent and 2.1 percent on a monthly basis in the month of September 2023 compared to August 2023(Table 3).

In the Manufacturing sector, the sub-activities, "Manufacture of tobacco products (1.8%)", "Manufacture of rubber and plastics products (1.7%)", "Manufacture of food products (1.2%)", "Other manufacturing (0.3%)" and "Manufacture of textiles (0.2%)"

reported positive changes while "Manufacture of beverages", "Manufacture of coke and refined petroleum products", "Manufacture of other non-metallic mineral products", "Manufacture of basic metals" and "Manufacture of furniture" remained unchanged compared to the preceding month and "Manufacture of chemicals and chemical products (7.9%)", "Manufacture of other transport equipment (2.2%)", "Printing and reproduction of recorded media (1.1%)" and "Manufacture of wearing apparel (0.1%)" 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"), "Electricity, gas, steam and Air conditioning supply & Water supply" and "Water collection, treatment and supply" reported positive changes of 3.3 percent and 0.6 percent respectively on a monthly basis in the month of September 2023 (Table 3).

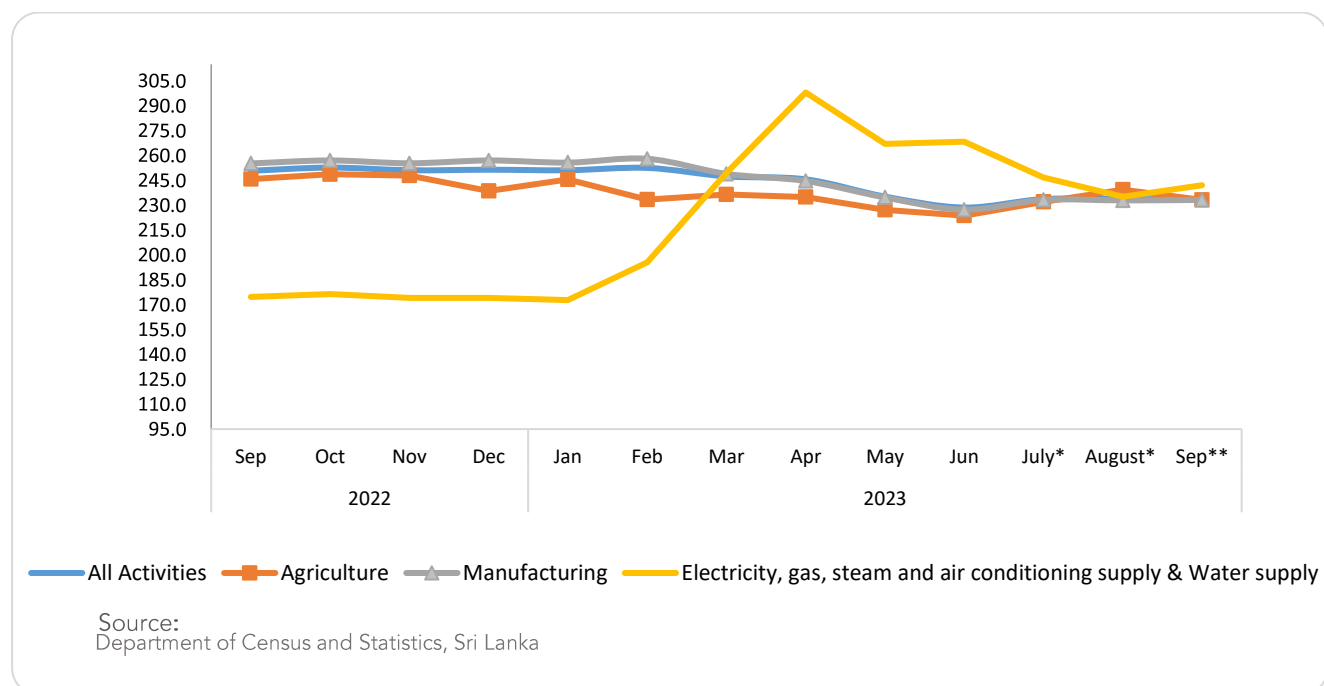
**Table 2: PPI of September & August 2023 and Month to Month changes of PPI by Major Economic Activity (Base: 2018 Q4=100)**

Major Economic Activity	PPI		Month to Month % change (2023 September**/ 2023 August*)
	2023 August*	2023 September**	
All Activities	233.7	233.6	0.0
Agriculture	239.3	233.2	-2.5
Manufacturing	232.9	233.2	0.1
Utility (Electricity, gas, steam and Air conditioning supply & Water supply)	235.1	242.1	3.0

\* - Revised \*\* - Provisional

Source: Department of Census and Statistics

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



\* - Revised \*\* - Provisional

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

ISIC Rev.4.0	Description of the Economic Activity	2022	2023		% change	
		September	August*	September**	2023 September**/ 2023 August*	2023 September**/ 2022 September
	<b>All Activities</b>	250.8	233.7	233.6	0.0	-6.9
<b>A</b>	<b>Agriculture</b>	245.8	239.3	233.2	-2.5	-5.1
	011 Growing of non-perennial crops	253.7	215.3	220.5	2.4	-13.1
	012 Growing of perennial crops	236.9	247.7	231.1	-6.7	-2.4
	014 Animal production	249.1	264.5	258.9	-2.1	3.9
<b>C</b>	<b>Manufacturing</b>	255.2	232.9	233.2	0.1	-8.6
10	Manufacture of food products	263.6	231.6	234.3	1.2	-11.1
11	Manufacture of beverages	167.4	191.9	191.9	0.0	14.6
12	Manufacture of tobacco products	151.1	168.1	171.2	1.8	13.3
13	Manufacture of textiles	350.0	318.9	319.5	0.2	-8.7
14	Manufacture of wearing apparel	208.4	197.9	197.7	-0.1	-5.1
18	Printing and reproduction of recorded media	206.1	227.2	224.7	-1.1	9.0
19	Manufacture of coke and refined petroleum products	331.3	238.9	238.9	0.0	-27.9
20	Manufacture of chemicals and chemical products	321.1	282.3	260.1	-7.9	-19.0
22	Manufacture of rubber and plastics products	304.9	284.2	289.1	1.7	-5.2
23	Manufacture of other non-metallic mineral products	279.2	217.1	217.2	0.0	-22.2
24	Manufacture of basic metals	434.4	339.7	339.7	0.0	-21.8
30	Manufacture of other transport equipment	230.1	213.5	208.8	-2.2	-9.3
31	Manufacture of furniture	269.7	252.8	252.8	0.0	-6.3
32	Other manufacturing	305.3	295.5	296.3	0.3	-2.9
<b>D</b>	<b>Electricity, gas, steam and Air conditioning supply</b>	190.3	255.8	264.3	3.3	38.9
35	Electricity, gas, steam and Air conditioning supply	190.3	255.8	264.3	3.3	38.9
<b>E</b>	<b>Water collection, treatment and supply</b>	107.2	146.2	147.1	0.6	37.2
36	Water collection, treatment and supply	107.2	146.2	147.1	0.6	37.2

\* 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 October 2023 will be released on 30<sup>th</sup> of November 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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