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## Producer Price Index (PPI)

December, 2023

31-01-2024

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Department of Census and Statistics

Ministry of Finance, Economic Stabilization and National Policies

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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 December 2023 is 241.6.
  - On an annual basis, PPI has been compiled as a negative change of 3.9 percent.
  - Comparing the month-on-month changes, PPI in December 2023 has increased to 241.6 from 239.2 reported in November 2023.
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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 December 2023 is 241.6. PPI has been compiled as negative change of 3.9 percent on an annual basis. The PPI reported for the three major economic activities, "Agriculture", "Manufacturing" and "Utility Sector" ("Electricity, gas, steam and Air conditioning supply & Water supply") are 255.2, 240.3 and 231.0 respectively. All three major sectors, "Utility Sector" ("Electricity, gas, steam and Air conditioning supply & Water supply") and "Agriculture" reported positive changes of 32.6 percent and 7.0 percent while "Manufacturing" reported negative change of 6.5 percent on an annual basis (Table 1).

In the Agriculture sector, the sub-activities of "Growing of non-perennial crops", "Animal production" reported positive changes of 18.5 percent and 7.4 percent while "Growing of perennial crops" reported negative change of 5.1 percent on an annual basis (Table 3).

The sub-activities of the Manufacturing sector: "Manufacture of tobacco products (26.2%)", "Manufacture of beverages (17.0%)", "Manufacture of other transport equipment (7.7%)", "Printing and reproduction of recorded media (3.7%)", "Manufacture of rubber and plastics products (2.0%)" and "Manufacture of wearing apparel (0.7%)" reported positive changes while "Manufacture of coke and refined petroleum products (41.6%)", "Manufacture of basic metals (22.0%)", "Manufacture of textiles (12.5%)", "Manufacture of food products (12.2%)", "Manufacture of other non-metallic mineral products (12.0%)", "Manufacture of furniture (9.3%)", "Manufacture of chemicals and chemical products (6.5%)" and "Other manufacturing (0.6 %)" reported negative changes in the month of December 2023 compared to the same month of 2022 (Table 3).

For the month of December 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 37.0 percent and 9.4 percent respectively on an annual basis (Table3).

**Table 1: PPI of December 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 (December**2023/ December 2022)
	2022 December	2023 December**	
All Activities	251.4	241.6	-3.9
Agriculture	238.6	255.2	7.0
Manufacturing	257.0	240.3	-6.5
Utility (Electricity, gas, steam and Air conditioning supply & Water supply)	174.2	231.0	32.6

\*\* - Provisional

Source: Department of Census and Statistics

## Monthly Changes of Producer Price Index (PPI)

Comparing the month-on-month changes, PPI in December 2023 has increased to 241.6 from 239.2 reported in November 2023. This shows an increase of 2.4 index points or 1.0 percentage compared to November 2023. The economic activities of 'Agriculture' reported positive change of 9.0 percent and "Manufacturing" remained unchanged while "Utility Sector" ("Electricity, gas, steam and air conditioning supply & Water supply") reported negative change of 0.2 percent compared to the preceding month (Table2).

The sub-activities of the "Agriculture" sector, "Growing of non-perennial crops", "Animal production" and "Growing of perennial crops" reported positive changes of 14.5 percent, 12.0 percent and 0.8 percent respectively on a monthly basis in the month of December 2023 compared to November 2023 (Table 3).

In the Manufacturing sector, the sub-activities, "Manufacture of other transport equipment (10.0%)", "Manufacture of other non-metallic mineral products (1.4%)", "Manufacture of rubber and plastics products (1.0%)", "Manufacture of food products (0.2%)" and "Manufacture of chemicals and chemical products (0.2%)" reported positive changes on a monthly basis. "Manufacture of beverages", "Manufacture of tobacco products", "Manufacture of coke and refined petroleum products" and "Manufacture of furniture" remained unchanged compared to the preceding month while "Manufacture of basic metals (3.4%)", "Manufacture of wearing apparel (0.7%)", "Manufacture of textiles (0.2%)", "Printing and reproduction of recorded media (0.1%)" and "Other manufacturing (0.1%)" reported negative changes on a monthly basis (Table 3).

The Sub-activities of the Utility sector ("Electricity, gas, steam and Air conditioning supply & Water supply"), "Water collection, treatment and supply" reported positive change of 0.3 percent while "Electricity, gas, steam and Air conditioning supply" reported negative change of 0.2 percent on a monthly basis in the month of December 2023 (Table 3).

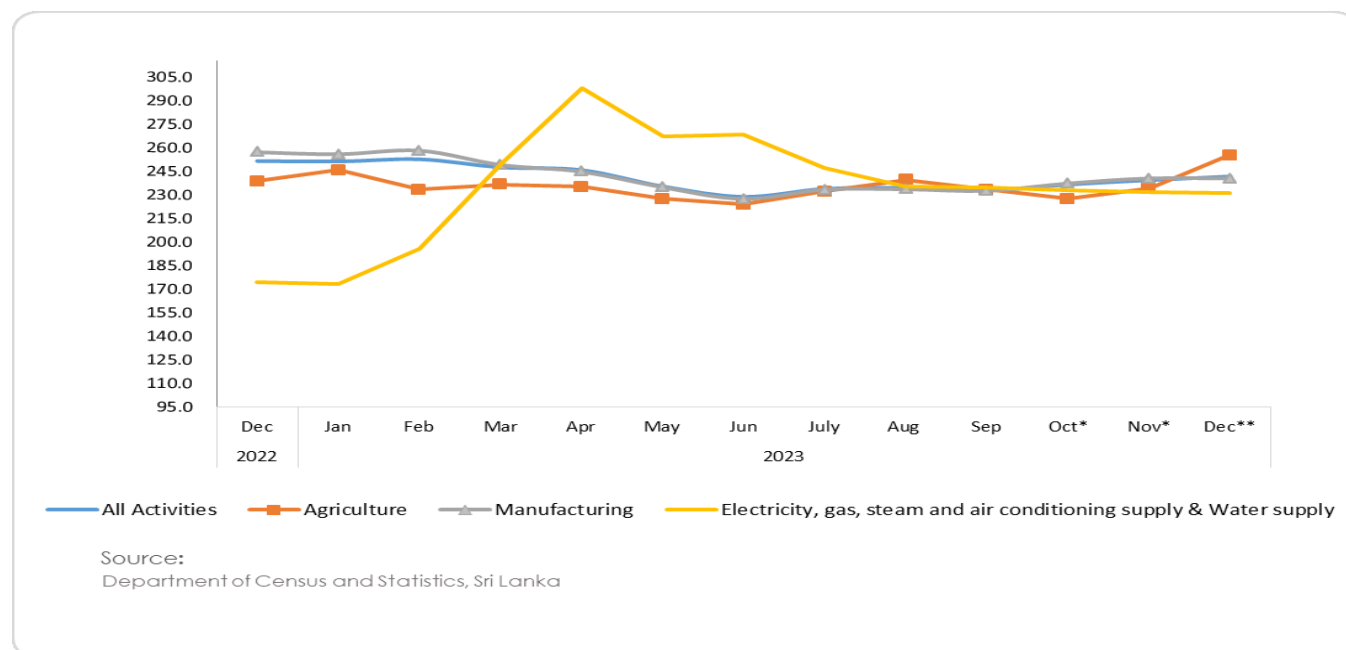
**Table 2: PPI of December & November 2023 and Month to Month changes of PPI by Major Economic Activity (Base: 2018 Q4=100)**

Major Economic Activity	PPI		Month to Month % change (2023 December**/ 2023 November*)
	2023 November*	2023 December**	
All Activities	239.2	241.6	1.0
Agriculture	234.2	255.2	9.0
Manufacturing	240.3	240.3	0.0
Utility (Electricity, gas, steam and Air conditioning supply & Water supply)	231.4	231.0	-0.2

\* - Revised \*\* - Provisional

Source: Department of Census and Statistics

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



\* - Revised \*\* - Provisional

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

Description of the Economic Activity	2022	2023		% change		
	December	November*	December**	2023 December**/ 2023 November*	2023 December**/ 2022 December	2022 December
<b>All Activities</b>	251.4	239.2	241.6	1.0	-3.9	
<b>Agriculture</b>	238.6	234.2	255.2	9.0	7.0	
011 Growing of non-perennial crops	244.4	253.0	289.6	14.5	18.5	
012 Growing of perennial crops	218.8	206.0	207.6	0.8	-5.1	
014 Animal production	265.6	254.6	285.2	12.0	7.4	
<b>Manufacturing</b>	257.0	240.3	240.3	0.0	-6.5	
Manufacture of food products	264.1	231.3	231.8	0.2	-12.2	
Manufacture of beverages	171.5	200.7	200.7	0.0	17.0	
Manufacture of tobacco products	175.1	220.9	221.0	0.0	26.2	
Manufacture of textiles	366.9	321.4	320.9	-0.2	-12.5	
Manufacture of wearing apparel	196.5	199.2	197.8	-0.7	0.7	
Printing and reproduction of recorded media	216.4	224.6	224.4	-0.1	3.7	
Manufacture of coke and refined petroleum products	403.2	235.5	235.5	0.0	-41.6	
Manufacture of chemicals and chemical products	308.7	287.8	288.5	0.2	-6.5	
Manufacture of rubber and plastics products	286.8	289.6	292.5	1.0	2.0	
Manufacture of other non-metallic mineral products	258.0	223.8	227.0	1.4	-12.0	
Manufacture of basic metals	434.4	350.9	338.9	-3.4	-22.0	
Manufacture of other transport equipment	218.2	213.7	235.1	10.0	7.7	
Manufacture of furniture	278.4	252.5	252.5	0.0	-9.3	
Other manufacturing	305.9	304.4	304.0	-0.1	-0.6	
<b>Electricity, gas, steam and Air conditioning suppl</b>	180.7	248.2	247.6	-0.2	37.0	
Electricity, gas, steam and Air conditioning supply	180.7	248.2	247.6	-0.2	37.0	
<b>Water collection, treatment and supply</b>	146.1	159.4	159.9	0.3	9.4	
Water collection, treatment and supply	146.1	159.4	159.9	0.3	9.4	

\* 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 January 2024 will be released on 29<sup>th</sup> of February 2024.

### 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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