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## Producer Price Index (PPI)

June, 2024

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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 June 2024 is 240.4.
  - ❗ On an annual basis, PPI has been compiled as a positive change of 5.2 percent.
  - ❗ Comparing the month-on-month changes, PPI in June 2024 has increased to 240.4 from 238.6 reported in May 2024.

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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 June 2024 is 240.4. PPI has been compiled as a positive change of 5.2 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 251.1, 240.7 and 204.5 respectively. All three major sectors, "Agriculture" and "Manufacturing" reported positive changes of 12.2 percent and 5.9 percent while "Utility Sector" ("Electricity, gas, steam and Air conditioning supply & Water supply") reported a negative change of 23.8 percent on an annual basis (Table 1).

In the Agriculture sector, the sub-activities of "Growing of non-perennial crops" and "Growing of perennial crops" reported positive changes of 25.2 percent and 9.2 percent while "Animal production" reported a negative change of 0.7 percent on an annual basis (Table 3).

The sub-activities of the Manufacturing sector: "Manufacture of tobacco products (64.5%)", "Manufacture of beverages (16.4%)", "Manufacture of coke and refined petroleum products (13.3%)", "Other manufacturing (10.8%)", "Printing and reproduction of recorded media(7.6%)", "Manufacture of other transport equipment (6.9%)", "Manufacture of rubber and plastics products (4.2%)", "Manufacture of other non-metallic mineral products (3.2%)", "Manufacture of textiles (2.5%)", "Manufacture of wearing apparel (1.6%)" and "Manufacture of food products (1.2%)" reported positive changes on a monthly basis while "Manufacture of furniture (15.3%)", "Manufacture of chemicals and chemical products (14.9%)" and "Manufacture of basic metals (2.4%)" reported negative changes in the month of June 2024 compared to the same month of 2023 (Table 3).

For the month of June 2024, sub-activities of the Utility sector ("Electricity, gas, steam, and Air conditioning supply & Water supply"), "Water collection, treatment and supply" reported a positive change of 11.3 percent while "Electricity, gas, steam, and air conditioning supply" reported a negative change of 27.8 percent on an annual basis (Table 3).

Table 1: PPI of June 2024 & 2023 and Year on Year changes of PPI by Major Economic Activity (Base: 2018 Q4=100)

| Major Economic Activity  | PPI   |                | Year on Year<br>% change<br>(June**2024/<br>June 2023) |
|--|-------|----------------|--|
|  | 2023  | 2024<br>June** |  |
| All Activities   | 228.6 | 240.4          | 5.2  |
| Agriculture  | 223.7 | 251.1          | 12.2   |
| Manufacturing  | 227.3 | 240.7          | 5.9  |
| Utility (Electricity, gas, steam and Air conditioning supply & Water supply) | 268.3 | 204.5          | -23.8  |

\*\* - Provisional

Source: Department of Census and Statistics

Monthly Changes of Producer Price Index (PPI)

Comparing the month-on-month changes, PPI in June 2024 has increased to 240.4 from 238.6 reported in May 2024. This shows an increase of 1.8 index points or 0.8 percentages compared to May 2024.The economic activities of "Agriculture" and "Manufacturing" reported positive changes of 6.4 percent and 0.1 percent respectively while "Utility Sector" ("Electricity, gas, steam and air conditioning supply & Water supply") reported a negative change of 1.3 percent compared to the preceding month (Table 2).

The sub-activities of the "Agriculture" sector, "Growing of non-perennial crops" and "Animal production" reported positive changes of 21.1 percent and 1.5 percent respectively while "Growing of perennial crops" reported a negative change of 3.5 percent on a monthly basis in the month of June 2024 compared to May 2024(Table 3).

In the Manufacturing sector, the sub-activities, "Manufacture of other transport equipment (1.5%)", "Manufacture of tobacco products (1.1%)", "Other manufacturing (0.9%)", "Manufacture of textiles (0.4%)", "Printing and reproduction of recorded media (0.3%)" and "Manufacture of rubber and plastics products (0.3%)" reported positive changes on a monthly basis. "Manufacture of beverages", "Manufacture of coke and refined petroleum products", "Manufacture of chemicals and chemical products", "Manufacture of basic metals" and "Manufacture of furniture" remained unchanged while "Manufacture of other non-metallic mineral products (0.5%)", "Manufacture of food products (0.3%)" and "Manufacture of wearing apparel (0.3%)" reported negative changes on a monthly basis compared to the preceding month (Table 3).

The sub activities of Utility sector ("Electricity, gas, steam and Air conditioning supply & Water supply"), "Water collection, treatment and supply" reported positive change of 0.1 percent while "Electricity, gas, steam and Air conditioning supply" reported a negative change of 1.5 percent on a monthly basis in the month of June 2024 (Table 3).

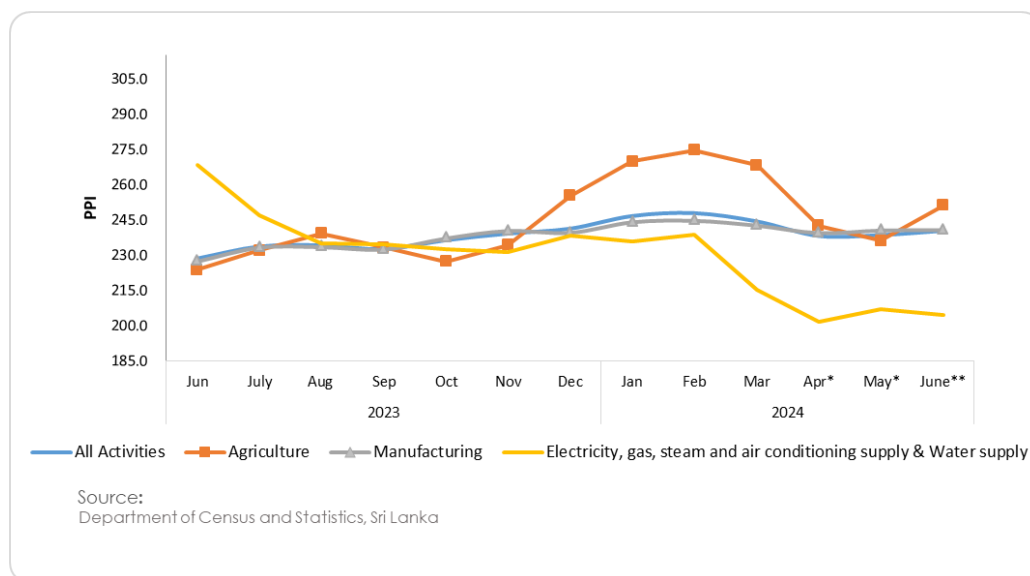
**Table 2: PPI of June & May 2024 and Month to Month changes of PPI by Major Economic Activity (Base: 2018 Q4=100)**

| Major Economic Activity  | PPI   |       | Month to Month % change (2024 June**/ 2024 May*) |
|--|-------|-------|--|
|  | 2024  | May*  |  |
| All Activities   | 238.6 | 240.4 | 0.8  |
| Agriculture  | 236.1 | 251.1 | 6.4  |
| Manufacturing  | 240.5 | 240.7 | 0.1  |
| Utility (Electricity, gas, steam and Air conditioning supply & Water supply) | 207.1 | 204.5 | -1.3   |

\* - Revised \*\* - Provisional

Source: Department of Census and Statistics

**Figure 1: Movements of Monthly Producer Price Index by Major Economic Activity: June 2023 - June 2024 (Base: 2018 Q4=100)**



\*- Revised \*\* - Provisional

**Table 3: PPI of May 2023 & 2024 and April 2024 and percentage changes by two-digit level Economic Activity of ISIC (Base: 2018 Q4 = 100)**

| ISIC Rev.4.0 | Description of the Economic Activity                       | 2023         | 2024         |              | % change                  |                           |
|--------------|--|--------------|--------------|--------------|---------------------------|---------------------------|
|              |  | June         | May*         | June**       | 2024 June**/<br>2024 May* | 2024 June**/<br>2023 June |
|              | <b>All Activities</b>                                      | <b>228.6</b> | <b>238.6</b> | <b>240.4</b> | <b>0.8</b>                | <b>5.2</b>                |
| <b>A</b>     | <b>Agriculture</b>   | <b>223.7</b> | <b>236.1</b> | <b>251.1</b> | <b>6.4</b>                | <b>12.2</b>               |
|              | 011 Growing of non-perennial crops                         | 214.7        | 221.9        | 268.7        | 21.1                      | 25.2                      |
|              | 012 Growing of perennial crops                             | 204.4        | 231.5        | 223.3        | -3.5                      | 9.2                       |
|              | 014 Animal production                                      | 274.8        | 269.0        | 273.0        | 1.5                       | -0.7                      |
| <b>C</b>     | <b>Manufacturing</b>                                       | <b>227.3</b> | <b>240.5</b> | <b>240.7</b> | <b>0.1</b>                | <b>5.9</b>                |
| 10           | Manufacture of food products                               | 230.6        | 234.0        | 233.3        | -0.3                      | 1.2                       |
| 11           | Manufacture of beverages                                   | 184.4        | 214.7        | 214.7        | 0.0                       | 16.4                      |
| 12           | Manufacture of tobacco products                            | 159.5        | 259.5        | 262.4        | 1.1                       | 64.5                      |
| 13           | Manufacture of textiles                                    | 304.9        | 311.1        | 312.4        | 0.4                       | 2.5                       |
| 14           | Manufacture of wearing apparel                             | 181.6        | 185.0        | 184.5        | -0.3                      | 1.6                       |
| 18           | Printing and reproduction of recorded media                | 237.9        | 219.1        | 219.8        | 0.3                       | -7.6                      |
| 19           | Manufacture of coke and refined petroleum products         | 232.7        | 263.7        | 263.7        | 0.0                       | 13.3                      |
| 20           | Manufacture of chemicals and chemical products             | 293.6        | 249.7        | 249.8        | 0.0                       | -14.9                     |
| 22           | Manufacture of rubber and plastics products                | 281.1        | 291.9        | 292.9        | 0.3                       | 4.2                       |
| 23           | Manufacture of other non-metallic mineral products         | 212.6        | 220.3        | 219.3        | -0.5                      | 3.2                       |
| 24           | Manufacture of basic metals                                | 339.7        | 331.4        | 331.4        | 0.0                       | -2.4                      |
| 30           | Manufacture of other transport equipment                   | 203.6        | 214.4        | 217.6        | 1.5                       | 6.9                       |
| 31           | Manufacture of furniture                                   | 283.6        | 240.1        | 240.1        | 0.0                       | -15.3                     |
| 32           | Other manufacturing  | 284.7        | 312.7        | 315.4        | 0.9                       | 10.8                      |
| <b>D</b>     | <b>Electricity, gas, steam and Air conditioning supply</b> | <b>296.9</b> | <b>217.7</b> | <b>214.4</b> | <b>-1.5</b>               | <b>-27.8</b>              |
| 35           | Electricity, gas, steam and Air conditioning supply        | 296.9        | 217.7        | 214.4        | -1.5                      | -27.8                     |
| <b>E</b>     | <b>Water collection, treatment and supply</b>              | <b>145.8</b> | <b>162.2</b> | <b>162.3</b> | <b>0.1</b>                | <b>11.3</b>               |
| 36           | Water collection, treatment and supply                     | 145.8        | 162.2        | 162.3        | 0.1                       | 11.3                      |

\* 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 July 2024 will be released on 30<sup>th</sup> of August 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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