



Web Release

Producer's Price Index: March 2020 (Base: Fourth Quarter 2013=100)



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Introduction

The Producer's 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) has been releasing PPI quarterly from September, 2015 with time lag of 35 days. Giving due consideration for making the estimates available more frequently, it has now been arranged to release PPI monthly with a time lag of 45 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 & Water supply sectors of the economy.

Annual Changes of Producer's Price Index (PPI)

The PPI for all economic activities: agriculture, manufacturing and water supply & electricity, for the month of March is 142.6. The annual growth rate recorded for the overall PPI is 3.1 per cent. The PPI reported for the three major economic activities, agriculture, manufacturing and electricity & water supply are 163.2, 133.9 and 86.5 respectively. Agriculture activity reported a substantially high positive annual growth rate of 7.5 per cent followed by 1.4 per cent annual growth rate by manufacturing sector. However, electricity & water supply activity reported a negative annual growth rate of 0.6 per cent (Table 1)

Both of major sub activities of agriculture sector, "Growing crops" and "Farming of animals" reported positive growth rates of 7.6 per cent and 5.3 per cent respectively on annual basis. All activities related to "Growing of crops" posted positive growth rates. Moreover, "Growing of vegetables" activity recorded a high positive annual growth rate of 40.7 per cent. Other activities related to "Growing of crops", "Growing of cereals and other crops" (30.1%) and "Growing of fruits, nuts and beverage and spice crops" (3.2%) reported positive annual growth rates. Further, sub activities related to "Farming of animals": "Production of eggs" and "Production of dairy" recorded positive growth rates of 5.8 per cent and 4.5 per cent in March 2020 compared to the same month in 2019.

The sub activities of manufacturing sector, "Manufacturing of electrical machinery and apparatus not elsewhere classified" (8.1%), "Manufacturing of other non-metallic mineral products" (6.4%), "Manufacturing of chemicals and chemical products" (6.3%), "Manufacturing of furniture and Manufacturing of goods not elsewhere classified" (6.2%), "Manufacturing of rubber and plastics" (5.6%), "Manufacturing of wearing apparel, dressing, and dyeing of fur" (2.1%), "Manufacturing of food products and beverages" (1.4%), "Publishing, printing and reproduction of recorded media" (1.1%), "Manufacturing of tobacco products" (0.5%) reported positive annual growth rates. However "Manufacturing of coke, refined petroleum products and nuclear fuel" (16.4%), "Manufacturing of other transport equipment" (2.3%), "Manufacturing of basic metals" (0.3%) and "Manufacturing of Textiles" (0.1%) reported negative annual growth rates in March 2020 compared to that of in March 2019 (Table 4).

Both activities in utility sector, "Collection, purification and distribution of water" and "Generation and distribution of electricity" reported negative growth rates of 1.3 per cent and 0.4 per cent respectively in the month of March 2020 compared to the same month in 2019 (Table 4).

Table 1: PPI of March of 2019 & 2020 and Year on Year changes of PPI by Major Economic Activity (Base: 2013 Q4=100)

Major Economic Activity	PPI		Year on Year % change (Mar 2020**/ Mar 2019)
	2019 Mar	2020 Mar**	
All Activities	138.3	142.6	3.1
Agriculture	151.8	163.2	7.5
Manufacturing	132.1	133.9	1.4
Electricity & water supply	87.0	86.5	-0.6

* - Revised ** - Provisional

Monthly Changes of Producer's Price Index

The overall PPI decreased by 1.6 index points from 142.6 index points in February 2020 to 144.2 index points in March 2020. The overall monthly growth rate reported for the month of March 2020 is 1.1 per cent. The three major economic activities, agriculture, electricity & water supply and manufacturing reported negative growth rates of 3.1 per cent, 0.6 and per cent 0.1 respectively in the month of March of 2020 (Table 2).

The both sub activities of agriculture sector, "Growing of crops" (3.1%) and "Farming of animals" (1.7%) reported negative growth rates on monthly basis. The activities related to "Growing of crops": "Growing of cereal crops" (2.1%), "Growing of fruits, nuts and beverage crops" (1.7%) reported a positive growth rates on monthly basis. however, "Growing of vegetables" (34.3%) reported negative growth rate. Further, activities related to "Farming of animals": "Production of dairy" reported a positive growth rate of 0.3 per cent and "Egg production" reported negative growth rate of 2.7 per cent from February level.

In Manufacturing sector, the sub activities, "Manufacturing of wearing apparel, dressing, and dyeing of fur" (1.9%), "Manufacturing of food and beverages" (1.3%), "Manufacturing of rubber and plastics" (1.2%), "Manufacturing of furniture, Manufacturing of goods not elsewhere classified" (1.1%), "Manufacturing of other non-metallic mineral products"(0.5%), "Manufacturing of Textiles" (0.3%), "Publishing, printing and reproduction of recorded media" (0.1%) reported positive growth rates on monthly basis. The sub activities "Manufacturing of coke, refined petroleum products and nuclear fuel" recorded a highly negative growth rate of 19.9 per cent reported negative growth rate on monthly basis. The monthly growth rates of "Manufacturing of tobacco products", "Manufacturing of chemicals and chemical products", "Manufacturing of basic metals", "Manufacturing of electrical machinery and apparatus not elsewhere classified" and "Manufacturing of other transport equipment" activities remained unchanged in the month of March 2020 compared to February 2020 (Table 4).

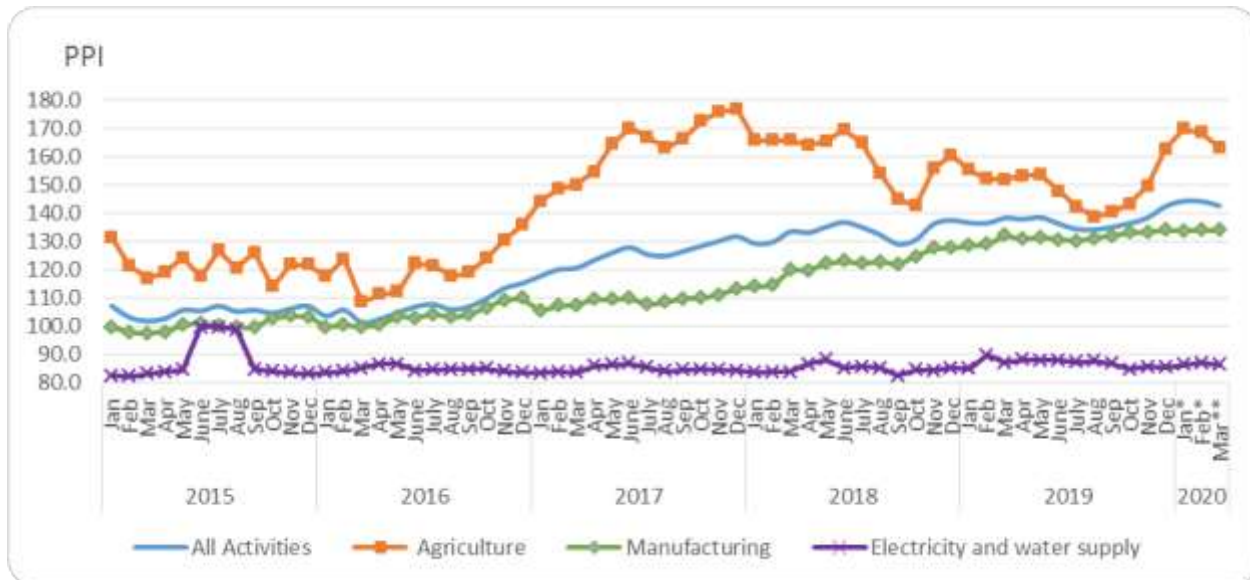
Both sub activities of the utility sector, "Collection, purification and distribution of water" and "Generation and distribution of electricity" reported the same negative growth rate of 0.6 per cent in the month of March 2020 on monthly basis. (Table 4).

Table 2: PPI of February & March of 2020 and Month to Month changes of PPI by Major Economic Activity (Base: 2013 Q4 =100)

Major Economic Activity	PPI		Month to Month % change (2020 Mar**/ 2020 Feb*)
	2020 Feb*	2020 Mar**	
All Activities	144.2	142.6	-1.1
Agriculture	168.4	163.2	-3.1
Manufacturing	134.0	133.9	-0.1
Electricity & Water Supply	87.0	86.5	-0.6

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Figure 1: Movements of Monthly Producer's Price Index by Major Economic Activity: February 2015 – March 2020 (Base: 2013 Q4=100)



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Table 4: PPI of February 2020 & March of 2019 & 2020 and percentage changes by two-digit level Economic Activity of ISIC (Base: 2013 Q4 = 100)

ISIC Rev.3.1	Description of the Economic Activity	2019	2020		% change	
		Mar	Feb*	Mar**	Mar** 2020/Feb* 2020	Mar** 2020/Mar 2019
	All Activities	138.3	144.2	142.6	-1.1	3.1
	Agriculture	151.8	168.4	163.2	-3.1	7.5
01	Agriculture and farming	151.8	168.4	163.2	-3.1	7.5
	Manufacturing	132.1	134.0	133.9	-0.1	1.4
15	Manufacture of food products and beverages	134.0	134.2	135.9	1.3	1.4
16	Manufacture of tobacco products	236.3	237.6	237.6	0.0	0.5
17	Manufacture of textiles	133.0	132.5	133.0	0.3	-0.1
18	Manufacture of wearing apparel, dressing, and dyeing of fur	139.3	139.6	142.2	1.9	2.1
22	Publishing, printing and reproduction of recorded media	130.6	131.9	132.1	0.1	1.1
23	Manufacture of coke, refine petroleum products and nuclear fuel	90.8	94.8	75.9	-19.9	-16.4
24	Manufacture of chemicals and chemical products	122.0	129.7	129.7	0.0	6.3
25	Manufacture of rubber and plastics	108.7	113.4	114.8	1.2	5.6
26	Manufacture of other non metallic mineral products	114.5	121.3	121.8	0.5	6.4
27	Manufacture of basic metals	115.9	115.6	115.6	0.0	-0.3
31	Manufacture of electrical machinery and apparatus n.e.c.	113.8	123.0	123.0	0.0	8.1
35	Manufacture of other transport equipments	129.5	126.5	126.5	0.0	-2.3
36	Manufacture of furniture, Manufacturing n.e.c.	128.3	134.7	136.2	1.1	6.2
	Electricity and water supply	87.0	87.0	86.5	-0.6	-0.6
40	Electricity	84.2	84.4	83.9	-0.6	-0.4
41	Collection, purification and distribution of water	112.8	112.0	111.3	-0.6	-1.3

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ISIC refers to International Standard Industrial Classification of all activities (Revision 3.1)

Revision Policy

PPI is compiled by collecting prices received by the domestic producers for about 514 products from 376 manufacturing and utility related establishments. Prices of 36 agricultural products are collected from 331 Divisional Secretariat Divisions covering the whole country. Electricity & 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.

Further details of Producer's Price Index compiled for the month of March 2020, are also published in the department web site : <http://www.statistics.gov.lk/page.asp?page=Inflation%20and%20Prices>

Producer's Price Index (PPI) is released monthly with 45 days time lag with effect from January, 2017. The PPI for month of April, 2020 will be released on 15th of June 2020.

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