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## Producer Price Index (PPI)

June, 2022

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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.

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 2022 is 226.9.
  - ▣ The annual change in the PPI has been compiled as 83.1 percent.
  - ▣ Comparing the month-on-month changes, PPI in June 2022 has increased to 226.9 from 215.3 reported in May 2022.

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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 2022 is 226.9. The annual change in the PPI has been compiled as 83.1 percent. The PPI reported for the three major economic activities, "Agriculture", "Manufacturing" and "Utility sector" ("Electricity, gas, steam and Air conditioning supply & Water supply") are 240.6, 231.0 and 104.8 respectively. All three major sectors, "Manufacturing", "Agriculture" and Utility ("Electricity, gas, steam and Air conditioning supply & Water supply") reported positive changes of 88.4 percent, 83.1 percent and 2.5 percent respectively on annual basis (Table 1).

In the Agriculture sector, the sub-activities of "Growing of non-perennial crops", "Animal production" and "Growing of perennial crops" reported positive changes of 116.0 percent, 100.7 percent and 61.3 percent respectively on annual basis (Table 3).

The sub-activities of the Manufacturing sector: "Manufacture of coke and refined petroleum products" (153.1%), "Manufacture of textiles"(147.2%), "Manufacture of chemicals and chemical products"(144.3%), "Manufacture of other non-metallic mineral products" (131.7%), "Manufacture of basic metals"(126.6%), "Manufacture of rubber and plastics products" (125.2%), "Manufacture of furniture" (123.1%), "Manufacture of food products" (110.4%), "Manufacture of other transport equipment" (75.2%), "Other manufacturing" (63.7%), "Manufacture of beverages" (61.1%), "Printing and reproduction of recorded media" (54.6%), "Manufacture of wearing apparel" (46.9%) and "Manufacture of tobacco products" (13.7%) reported positive growth rates in the month of June 2022 compared to the same month of 2021 (Table 3).

The sub-activities in 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 2.8 percent and 1.8 percent on annual basis in the month of June 2022 compared to the same month in 2021 (Table3).

Table 1: PPI of June 2021 & 2022 and Year on Year changes of PPI by Major Economic Activity (Base: 2018 Q4=100)

Major Economic Activity	PPI		Year on Year % change (Jun 2022**/ Jun 2021)
	2021 Jun	2022 Jun**	
All Activities	123.9	226.9	83.1
Agriculture	131.4	240.6	83.1
Manufacturing	122.6	231.0	88.4
Electricity, gas, steam and Air conditioning supply & Water supply	102.2	104.8	2.5

\*\* - Provisional

Source: Department of Census and Statistics

## Monthly Changes of Producer Price Index

Comparing the month-on-month changes, PPI in June 2022 has increased to 226.9 from 215.3 reported in May 2022. This shows an increase of 11.6 index points or 5.4 percentage compared to May 2022. The economic activities of 'Agriculture', "Electricity, gas, steam and air conditioning supply & Water supply" and "Manufacturing" reported positive changes of 18.5 percent, 4.1 percent and 3.8 percent respectively on monthly basis (Table 2).

The sub-activities of the "Agriculture" sector, "Growing of non-perennial crops", "Animal production" and "Growing of perennial crops" reported positive changes of 26.0 percent and 23.7 percent and 6.8 percent respectively in the month of June 2022 (Table 3).

In the Manufacturing sector, the sub-activities, "Manufacture of furniture" (29.5%), "Manufacture of beverages" (13.1%), "Manufacture of rubber and plastics products" (10.6%), "Manufacture of textiles" (6.5%), "Printing and reproduction of

recorded media” (5.3%), “Manufacture of food products” (3.6%), “Manufacture of other non-metallic mineral products” (2.5%), “Manufacture of chemicals and chemical products” (1.8%), “Manufacture of basic metals” (1.6%), “Manufacture of other transport equipment” (0.7%) and “Manufacture of tobacco products” (0.1%) reported positive changes while “Manufacture of wearing apparel” (1.3%), “Other manufacturing” (0.8%) and “Manufacture of coke and refined petroleum products” (0.1%) reported negative changes on monthly basis (Table 3).

The 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 change of 5.1 percent and 0.1 percent respectively on monthly basis in the month of June 2022 (Table 3).

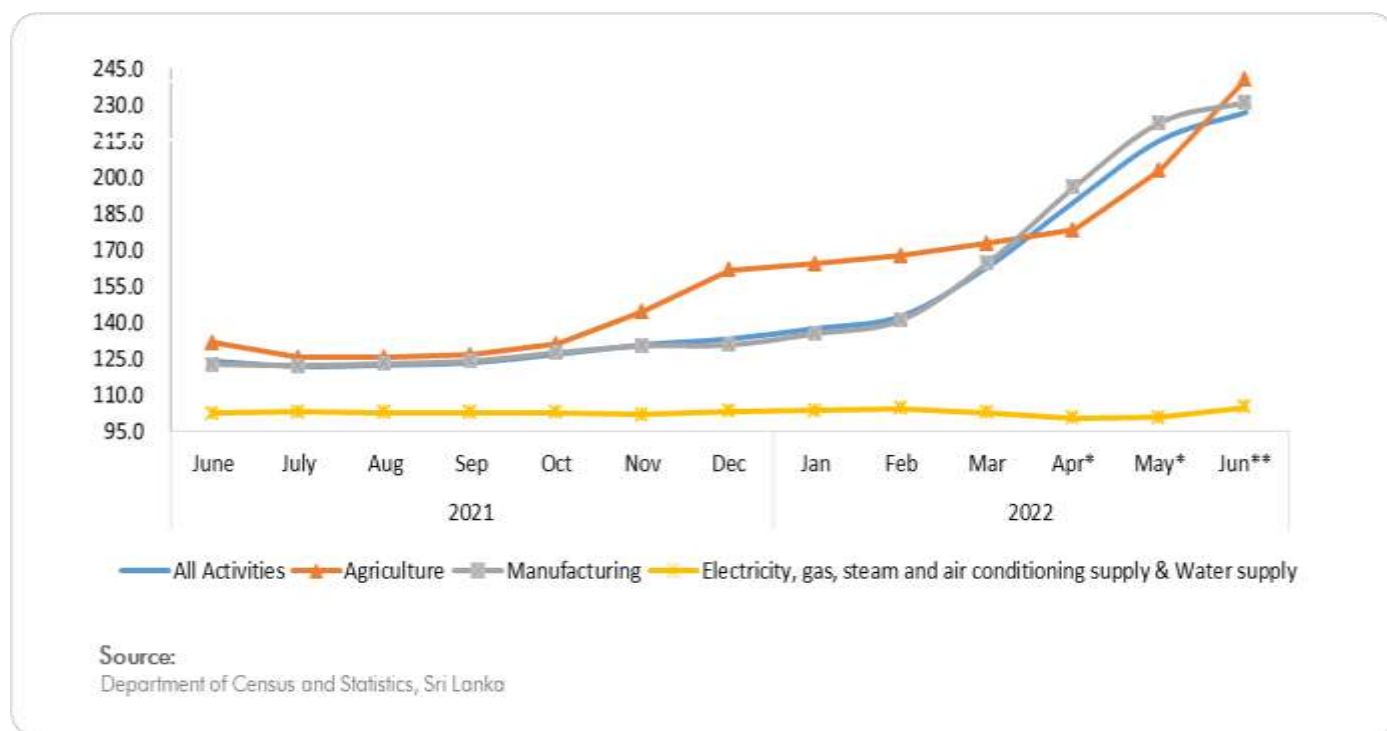
Table 2: PPI of June and May 2022 and Month to Month changes of PPI by Major Economic Activity (Base: 2018 Q4=100)

Major Economic Activity	PPI		Month to Month % change (2022 Jun**/ 2022 May*)
	2022 May*	2022 Jun**	
All Activities	215.3	226.9	5.4
Agriculture	203.0	240.6	18.5
Manufacturing	222.6	231.0	3.8
Electricity, gas, steam and Air conditioning supply & Water supply	100.7	104.8	4.1

\* - Revised    \*\* - Provisional

Source: Department of Census and Statistics

Figure 1: Movements of Monthly Producer Price Index by Major Economic Activity: June 2021 – June 2022 (Base: 2018 Q4=100)



\* - Revised    \*\* - Provisional

Table 3: PPI of May 2022 and June of 2021 & 2022 and percentage changes by two-digit level Economic Activity of ISIC (Base: 2018 Q4 = 100)

ISIC	Description of the Economic Activity	2021			2022		% change	
		Jun	May*	Jun**	2022 Jun**/2022 May*	2022 Jun**/June 2021		
	All Activities	<b>123.9</b>	<b>215.3</b>	<b>226.9</b>	<b>5.4</b>	<b>83.1</b>		
A	Agriculture	<b>131.4</b>	<b>203.0</b>	<b>240.6</b>	<b>18.5</b>	<b>83.1</b>		
	011 Growing of non perianial crops	140.6	241.0	303.7	26.0	116.0		
	012 Growing of perianial crops	121.6	183.6	196.1	6.8	61.3		
	014 Animal production	107.5	174.4	215.7	23.7	100.7		
C	Manufacturing	<b>122.6</b>	<b>222.6</b>	<b>231.0</b>	<b>3.8</b>	<b>88.4</b>		
10	Manufacture of food products	113.2	229.9	238.2	3.6	110.4		
11	Manufacture of beverages	107.4	153.0	173.0	13.1	61.1		
12	Manufacture of tobacco products	118.9	135.1	135.2	0.1	13.7		
13	Manufacture of textiles	114.8	266.5	283.8	6.5	147.2		
14	Manufacture of wearing apparel	131.0	195.0	192.4	-1.3	46.9		
18	Printing and reproduction of recorded media	112.2	164.7	173.5	5.3	54.6		
19	Manufacture of coke and refined petroleum products	95.1	241.0	240.7	-0.1	153.1		
20	Manufacture of chemicals and chemical products	127.6	306.1	311.7	1.8	144.3		
22	Manufacture of rubber and plastics products	131.5	267.8	296.1	10.6	125.2		
23	Manufacture of other non-metallic mineral products	114.7	259.4	265.8	2.5	131.7		
24	Manufacture of basic metals	203.1	452.9	460.3	1.6	126.6		
30	Manufacture of other transport equipment	123.3	214.5	216.0	0.7	75.2		
31	Manufacture of furniture	118.4	204.0	264.2	29.5	123.1		
32	Other manufacturing	129.1	213.1	211.3	-0.8	63.7		
D	Electricity, gas, steam and Air conditioning supply	<b>101.6</b>	<b>99.3</b>	<b>104.4</b>	<b>5.1</b>	<b>2.8</b>		
35	Electricity, gas, steam and Air conditioning supply	101.6	99.3	104.4	5.1	2.8		
E	Water collection, treatment and supply	<b>104.8</b>	<b>106.6</b>	<b>106.7</b>	<b>0.1</b>	<b>1.8</b>		
36	Water collection, treatment and supply	104.8	106.6	106.7	0.1	1.8		

\* 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.

Producer Price Index (PPI) is released monthly with 40 days time lag with effect from the month of November 2021. The PPI for the month of July 2022 will be released on 12<sup>th</sup> of September 2022.

#### 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."

Department of Census & Statistics,  
Sankyana Mandiraya  
No. 306/71, Polduwa  
Road, Battaramulla

info@statistics.gov.lk  
+94 11 2147001  
+94 11 2147011  
statistics.gov.lk

This publication is produced by the Prices & Wages Division  
5<sup>th</sup> floor, Department of Census and Statistics  
prices@statistics.gov.lk  
+94 11- 2147414 +94 11- 2877945