



Web Release

Producer's Price Index: April 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 April is 143.7. The annual growth rate recorded for the overall PPI is 4.2 per cent. The PPI reported for the three major economic activities, agriculture, manufacturing and electricity & water supply are 160.2, 135.9 and 94.0 respectively. Electricity & water supply activity reported a positive annual growth rate of 6.5 per cent followed by 4.5 per cent and 3.9 per cent annual growth rates by agriculture and manufacturing sectors (Table 1).

The major sub activities of agriculture sector, "Growing crops" reported positive growth rate of 5.6 per cent and "Farming of animals" reported high negative growth rate of 19.6 per cent on annual basis. Activities related to "Growing of crops": "Growing of cereals and other crops" activity recorded a high positive annual growth rate of 28.6 per cent and "Growing of fruits, nuts and beverage and spice crops" reported positive annual growth rate of 4.4 per cent on annual basis. However, "Growing of vegetables" Other activity related to "Growing of crops", reported a negative annual growth rate of 1.6 per cent. Further, sub activities related to "Farming of animals": "Production of dairy" recorded positive growth rates of 3.1 per cent and "Production of eggs" reported significantly high negative growth rate of 30.9 per cent in April 2020 compared to the same month in 2019.

The sub activities of manufacturing sector, "Manufacturing of electrical machinery and apparatus not elsewhere classified"(10.0%), "Manufacturing of furniture and Manufacturing of goods not elsewhere classified" (8.8%), "Manufacturing of rubber and plastics" (7.4%), "Manufacturing of food products and beverages" (7.2%), "Manufacturing of other non-metallic mineral products" (7.1%), "Manufacturing of wearing apparel, dressing, and dyeing of fur"(5.2%), "Manufacturing of chemicals and chemical products"(3.8%), "Manufacturing of Textiles" (1.9%) , "Publishing, printing and reproduction of recorded media"(1.2%) and "Manufacturing of tobacco products" (0.3%) reported positive annual growth rates. However "Manufacturing of coke, refined petroleum products and nuclear fuel" (17.6%), "Manufacturing of basic metals" (1.8%) and "Manufacturing of other transport equipment" (1.2%) reported negative annual growth rates in April 2020 compared to that of in April 2019 (Table 4).

Both activities in utility sector, "Generation and distribution of electricity" and "Collection, purification and distribution of water" reported positive growth rates of 7.2 per cent and 1.0 per cent respectively in the month of April 2020 compared to the same month in 2019 (Table 4).

Table 1: PPI of April 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 (Apr 2020**/ Apr 2019)
	2019 April	2020 Apr**	
All Activities	137.9	143.7	4.2
Agriculture	153.3	160.2	4.5
Manufacturing	130.8	135.9	3.9
Electricity & water supply	88.3	94.0	6.5

* - Revised ** - Provisional

Monthly Changes of Producer's Price Index

The overall PPI increased by 0.4 index points from 143.3 index points in March 2020 to 143.7 index points in April 2020. The overall monthly positive growth rate reported for the month of April 2020 is 0.3 per cent. The three major economic activities, electricity & water supply and manufacturing reported positive growth rates of 3.8 per cent and 1.1 per cent. While, agriculture reported a negative growth rate of 1.9 per cent in the month of April of 2020 (Table 2).

The both sub activities of agriculture sector, "Farming of animals" (19.9%) and "Growing of crops" (1.2%) reported negative growth rates on monthly basis. The activities related to "Farming of animals": "Production of dairy" reported a positive growth rate of 0.3 per cent and "Egg production" reported significantly high negative growth rate of 30.3 per cent on monthly basis. Further, activities related to "Growing of crops": "Growing of cereal crops" (5.3%) and "Growing of fruits, nuts and beverage crops" (0.1%) reported a positive growth rates on monthly basis. however, "Growing of vegetables" reported negative growth rate of 18.0 per cent from March level.

In Manufacturing sector, the sub activities, "Manufacturing of Textiles" (4.7%), "Manufacturing of other transport equipment" (4.3%), "Manufacturing of food and beverages" (3.9%), "Manufacturing of wearing apparel, dressing, and dyeing of fur" (3.4%), "Manufacturing of furniture, Manufacturing of goods not elsewhere classified" (2.6%), "Publishing, printing and reproduction of recorded media" (1.3%), "Manufacturing of other non-metallic mineral products" (0.4%), reported positive growth rates on monthly basis. The sub activities "Manufacturing of coke, refined petroleum products and nuclear fuel" recorded a substantially high negative growth rate of 19.9 per cent on monthly basis. The "Manufacturing of chemicals and chemical products" (1.2%), "Manufacturing of basic metals" (0.7%), "Manufacturing of tobacco products" (0.3%) and "Manufacturing of rubber and plastics" (0.2%) also reported negative growth rates. Further, monthly growth rates of "Manufacturing of electrical machinery and apparatus not elsewhere classified" activity remained unchanged in the month of April 2020 compared to March 2020 (Table 4).

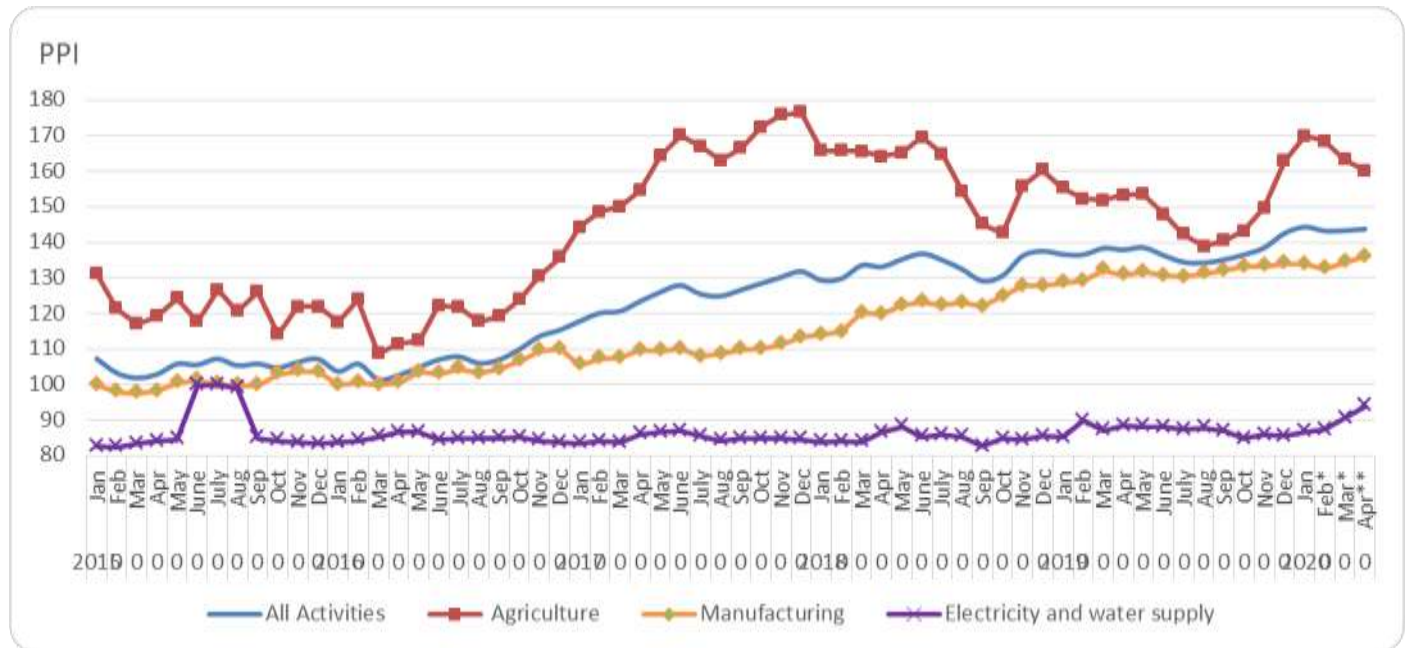
Both sub activities of the utility sector, "Collection, purification and distribution of water" and "Generation and distribution of electricity" reported same positive growth rate of 3.8 per cent in the month of April 2020 on monthly basis (Table 4).

Table 2: PPI of March & April 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 Apr**/2020 Mar*)
	2020 Mar*	2020 Apr**	
All Activities	143.3	143.7	0.3
Agriculture	163.3	160.2	-1.9
Manufacturing	134.4	135.9	1.1
Electricity & Water Supply	90.5	94.0	3.8

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



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Table 4: PPI of March 2020 & April 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	
		Apr	Mar*	Apr**	Apr**2020/Mar*2020	Apr** 2020/Apr 2019
	All Activities	137.9	143.3	143.7	0.3	4.2
	Agriculture	153.3	163.3	160.2	-1.9	4.5
01	Agriculture and farming	153.3	163.3	160.2	-1.9	4.5
	Manufacturing	130.8	134.4	135.9	1.1	3.9
15	Manufacture of food products and beverages	133.6	137.8	143.2	3.9	7.2
16	Manufacture of tobacco products	236.3	237.6	236.9	-0.3	0.3
17	Manufacture of textiles	127.8	124.3	130.2	4.7	1.9
18	Manufacture of wearing apparel, dressing, and dyeing of fur	136.1	138.5	143.2	3.4	5.2
22	Publishing, printing and reproduction of recorded media	130.5	130.4	132.0	1.3	1.2
23	Manufacture of coke, refine petroleum products and nuclear fuel	92.1	94.8	75.9	-19.9	-17.6
24	Manufacture of chemicals and chemical products	122.0	128.0	126.6	-1.2	3.8
25	Manufacture of rubber and plastics	106.7	114.8	114.6	-0.2	7.4
26	Manufacture of other non metallic mineral products	114.4	122.1	122.6	0.4	7.1
27	Manufacture of basic metals	116.4	115.1	114.3	-0.7	-1.8
31	Manufacture of electrical machinery and apparatus n.e.c.	123.0	135.2	135.2	0.0	10.0
35	Manufacture of other transport equipments	121.8	115.3	120.3	4.3	-1.2
36	Manufacture of furniture, Manufacturing n.e.c.	127.4	135.0	138.6	2.6	8.8
	Electricity and water supply	88.3	90.5	94.0	3.8	6.5
40	Electricity	85.5	88.3	91.7	3.8	7.2
41	Collection, purification and distribution of water	114.4	111.3	115.5	3.8	1.0

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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 April 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 May, 2020 will be released on 15th of July 2020.

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