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## STATISTICAL RELEASE

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### EXPORT AND IMPORT PRICE INDICES (XMPI) FOR SEPTEMBER, 2015

#### Background notes

#### Definition

The Export and Import Price Indices (XMPI) are measures of price changes of goods imported into or exported outside the country. The XMPI are used to analyse Terms of Trade (ToT) which is the ratio of Export Price Index (XPI) to the Import Price Index (MPI).

#### Weights and a reference period

The XMPI weights are based on values of imported and exported commodities for the years 2006 to 2010. A top-down approach was taken in the determination of the index structure and composition and the allocation of the weights. The aim was to maximize the indirect representation of un-priced commodities in the index, through a chain of representation. The price reference period is March quarter 2013 (January – March, 2013).

#### Classification

The products are classified according to the United Nations Harmonized Commodity Description and Coding System (HS). The HS is an international nomenclature for the classification of products.

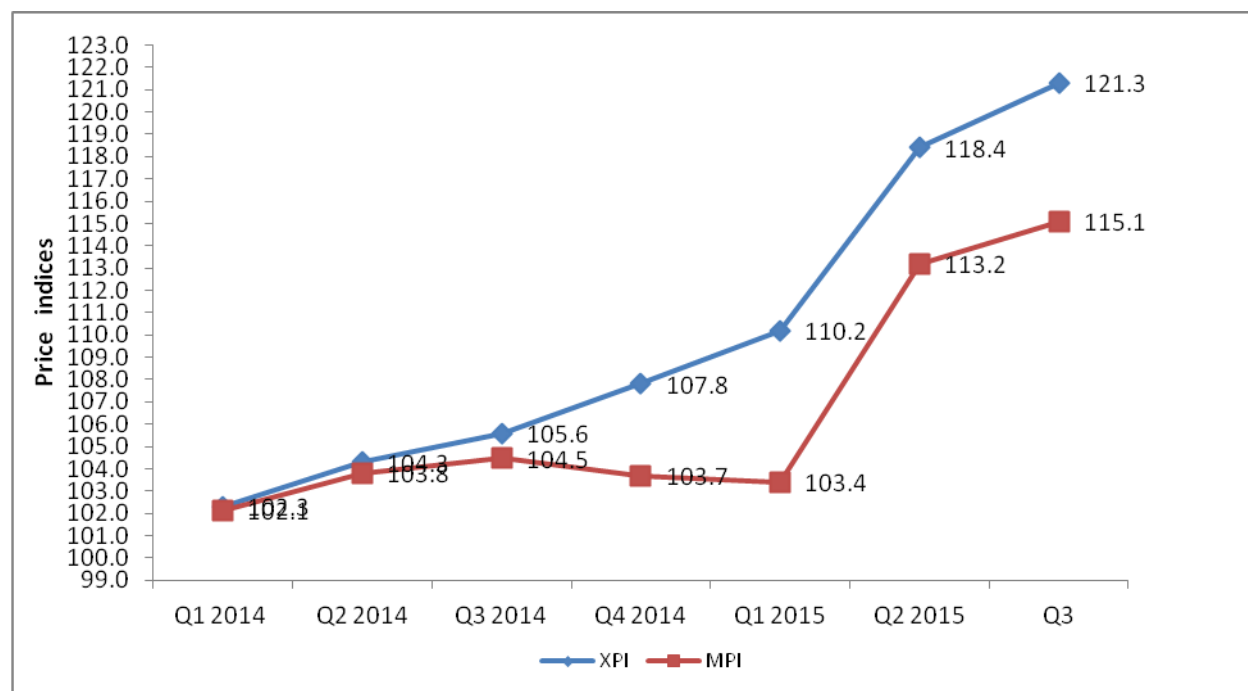
#### Methodology

**Selection of items:** In the selection of items, a top - down procedure was applied in three steps. First the major 2 digit HS chapters contributing to the total value of imports in terms of the sum of values for the year 2006 and 2010 were selected for direct inclusion in the indices. 12 chapters (2 digit HS codes) were selected for imports out of 99 chapters while 14 chapters were selected for exports out of 99 chapters representing 80 percent or more direct coverage depending on the degree of concentration. The process was repeated at 4 digit level of HS; 56 items were selected for imports and 10 items were selected for exports. Finally the procedure was repeated at 8 digit level of the HS by selecting 170 items for imports and 18 items for exports. The result of these procedures was the derivation of the structure and composition of the indices.

The XMPI has incorporated a number of methodological improvements including the use of geometric means for compiling elementary index aggregates, the use of an improved index compilation system,

and improved procedures for collecting and processing prices. The Laspeyres index formula was used to compute higher level aggregates for the XMPI.

**Chart 1: Quarterly Export and Import price indices (Q1 2013=100).**



Q1=First quarter, Q2=Second quarter, Q3=Third quarter, Q4=Fourth quarter

## Export Price Indices (XPI)

### Structure of the XPI

The XPI covers 8 chapters out of 99 chapters, namely; (i) Fish and crustacean, mollusk and other aquatic invertebrate, (ii) Edible vegetables and certain roots and tubers, (iii) Edible fruits or melons, (iv) Coffee, tea, mate and spices, (v) Tobacco and manufactured tobacco substitutes, (vi) Ores, slag and ash, (vii) cotton and (viii) Natural/cultured pearls, precious stones and metals, coin, etc. The sampled eight chapters constitute 80 percent of total exports.

### Quarterly Export Price Index

The overall export price index during the third quarter (July- September, 2015) was 121.3. When compared to the previous quarter (April – June, 2015) the XPI increased by 2.9 percent. When compared to the same quarter (July - September, 2014) last year the export index increased by 15.7 percent (Table1).

**Table 1: Quarterly Export Price Indices by Chapter (Q1 2013= 100)**

Chapter	Description	Weight	2014		2015			% Change on Previous Quarter	% Change the same Quarter last year
			Q3	Q4	Q1	Q2	Q3		
03	Fish & crustacean, mollusc & other aquatic invertebrate	9.5	111.8	114.1	114.0	120.8	121.2	0.4	9.4
07	Edible vegetables and certain roots and tubers	1.8	103.9	106.3	102.8	113.3	119.6	6.3	15.7
08	Edible fruit and nuts; peel of citrus fruit or melons	4.5	105.0	103.0	106.1	112.2	119.9	7.7	14.9
09	Coffee, tea, mate and spices	8.3	106.3	107.0	109.0	117.8	126.0	8.2	19.7
24	Tobacco and manufactured tobacco substitutes	11.6	107.5	123.7	132.6	139.7	146.7	7.0	39.2
26	Ores, slag and ash	16.7	103.3	103.0	105.0	116.4	117.2	0.8	13.9
52	Cotton	4.6	105.3	107.6	110.0	126.8	118.8	-8.0	13.5
71	Natural/cultured pearls, prec stones & metals, coin etc	43.0	101.9	97.9	102.4	100.1	101.0	0.9	-0.9
	Overall	100	105.6	107.8	110.2	118.4	121.3	2.9	15.7

*Q1=First quarter, Q2=Second quarter, Q3=Third quarter, Q4=Fourth quarter*

## Import Price Index (MPI)

### Structure of the MPI

The MPI covers 12 chapters out 99 chapters, namely; (i) Cereals, (ii) Animal fats & oil & their cleavage product, (iii) Mineral fuels, oils & product of their distillation, (iv) Pharmaceutical products, (v) Fertilizers, (vi) Plastics and articles thereof, (vii) Rubber and articles thereof, (viii) Iron and steel, (ix) Articles of iron and steel, (x) Nuclear reactors, boilers, machinery and machinery appliance, parts, (xi) Electrical machinery equipments parts thereof; sound recorder etc, and (xii) Vehicles other than railway/transport way rool-stock, parts and accessories. The sampled twelve chapters constitute 80 percent of total imports for the years 2006 - 2010.

### Quarterly Import Price Index

The overall import price index for the THIRD quarter (July- September, 2015) was 115.1 which was an increase of 1.9 percent compared to the previous quarter (April – June, 2015) (Table 2). When compared to the same quarter last year the index increased by 10.6 percent.

**Table 2: Quarterly Import Price Indices by Chapter (Q1 2013= 100)**

Chapter	Commodity Description	Weight	2014		2015			% change on Previous Quarter	% change in the same Quarter last year
			Q3	Q4	Q1	Q2	Q3		
10	Cereals	2.7	93.6	92.1	93.4	104.5	98.8	-5.7	5.2
15	Animal fats & oil & their cleavage product	2.1	103.4	101.9	102.2	122.3	123.0	0.7	19.6
27	Mineral fuels, oils & product of their distillation	24.2	103.4	93.0	72.9	80.2	77.9	-2.3	-25.5
30	Pharmaceutical products	2.2	106.2	107.9	110.2	112.2	119.3	7.1	13.1
31	Fertilizers	1.3	104.9	104.4	104.2	116.6	111.6	-5.0	6.7
39	Plastics and articles thereof	3.9	106.9	106.9	104.3	106.3	108.9	2.6	2.0
40	Rubber and articles thereof	1.9	102.6	99.7	103.2	108.6	107.3	-1.3	4.7
72	Iron and steel	4.4	104.8	106.1	108.7	114.0	109.6	-4.4	4.8
73	Articles of iron and steel	1.2	107.7	109.6	112.4	121.8	122.9	1.1	15.2
84	Nuclear reactors, boilers, machinery & mechanical appliance; parts	20.6	107.8	108.9	110.6	123.1	132.3	9.2	24.5
85	Electrical machinery equipment parts thereof; sound recorder etc	11.1	103.6	104.6	111.6	123.0	134.6	11.6	31.0
87	Vehicles o/t railw/tranw rool-stock, pts & accessories	20.3	108.2	109.8	106.5	125.9	134.8	8.9	26.6
	<b>Overall</b>	<b>100</b>	<b>104.4</b>	<b>103.7</b>	<b>103.4</b>	<b>113.2</b>	<b>115.1</b>	<b>1.9</b>	<b>10.6</b>

Q1=First quarter, Q2=Second quarter, Q3=Third quarter, Q4=Fourth quarter

### Terms of Trade Indices (Q1 2013= 100)

The terms of trade index is the ratio of the export price index to the import price index. The first quarter (January – March) for the year 2013 was used as the base period. In the third quarter 2015, the terms of trade index increased by 0.8 percent to 105.4 compared to the preceding quarter (Q2, 2015). When compared to the same quarter last year (Q3, 2015), the terms of trade increased by 4.3 percent.

**Table 3: Quarterly Terms of Trade (Q1 2013 = 100)**

Period		Price indices		Terms of trade
		Export	Import	
2013	Q1	100	100	100
	Q2	100.5	100.5	100
	Q3	100.5	100.2	100.3
	Q4	100.8	100.8	100
2014	Q1	102.3	102.1	100.2
	Q2	104.3	103.8	100.5
	Q3	105.6	104.4	101.1
	Q4	107.8	103.7	104
2015	Q1	110.2	103.4	106.6
	Q2	118.4	113.2	104.6
	Q3	121.3	115.1	105.4

Q1=First quarter, Q2=Second quarter, Q3=Third quarter, Q4=Fourth quarter

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