

STATISTICAL RELEASE

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EXPORT AND IMPORT PRICE INDICES FOR JUNE, 2019

Background notes

Definition

The Export and Import Price Indices (XMPI) are measures of price changes of goods exported outside or imported into 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).

The Export and Import Price Index (XMPI), which are compiled on quarterly bases, covers both exports and imports of merchandise trade. These quarterly specification-based XMPI have been compiled and disseminated since the first quarter of 2013 up to the last quarter 2017 with reference base period of March quarter 2013. The updated XMPI has the fourth quarter of 2017 as the reference base period. The updating of the weights and the product sample for the XMPI used customs data for the years 2014 to 2016. Price collection for the updated XMPI was carried out during the period October-December 2017. This allowed for the compilation of the XMPI for the fourth quarter of 2017 using the new product and enterprise samples.

Weights and a reference period

The XMPI weights are based on values of imported and exported commodities for the years 2014 to 2016. A top-down approach was taken in the determination of the index structure, 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 the quarter ending December 2017.

Product Classification

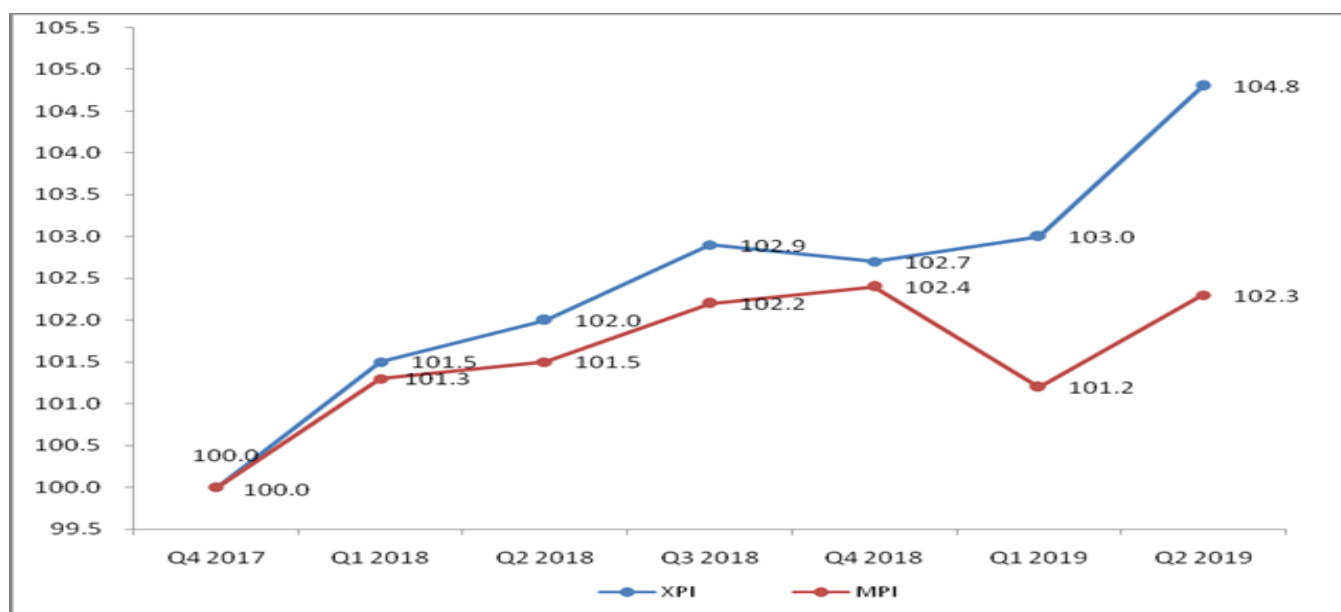
The products are classified according to the United Nations Harmonized Commodity Description and Coding System (HS). The HS is an international nomenclature for the classification of products.

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 2014 to 2016 were selected for direct inclusion in the indices 14 chapters (2 digit HS codes) were selected for imports and 12 chapters for exports out of 99 chapters representing 80 percent or more depending on the degree of concentration. Secondly, the process was repeated at 4 digit level of HS; 73 items were selected for imports and 19 items were selected for exports. Finally the procedure was repeated at 8 digit level of the HS by selecting 178 items for imports and 23 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** depicts trend of XPI and MPI in the selected quarters.

Chart 1: Quarterly Export and Import Price Indices (Q4 2017=100).



Q1=January-March, Q2=April-June, Q3=July-September, Q4=October-December

Export Price Index

Structure of the XPI

The XPI covers 12 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 and nuts, peel of citrus fruit or melons, (iv) Coffee, tea, mate and spices, (v) Oil seed, oleaginous fruits; miscell grain, seed, fruit etc, (vi) Animal/veg fats & oil & their cleavage products; etc, (vii) Residues & waste from the food industry; prepared animal fodder, (viii) Tobacco and manufactured tobacco substitutes, (ix) cotton, (x) Wadding, felt & nonwoven; yarns; twine, cordage, etc, (xi) Glass and glassware and (xii) Natural/cultured pearls, precious stones and metals, coins, etc. The sampled twelve chapters constitute 80 percent of total value of exports, aggregated from 2014 to 2016.

Quarterly Export Price Index

The overall export price index during the second quarter of 2019 increased by 1.8 percent to 104.8 compared to 103.0 recorded in the previous quarter. The rise was mainly explained by the increase in prices of oil seed, residues and waste from the food industries, natural precious stones and animal fats & oil. When compared to the corresponding quarter of 2018 the export price index increased by 2.7 percent (**Table1**).

Table 1: Quarterly Export Price Indices by Chapter (Q4 2017= 100)

HS Code	Description	Weight	Q2 2018	Q3 2018	Q4 2018	Q1 2019	Q2 2019	% Change Previous Quarter	% Change the same quarter las year
Overall		100	102.0	102.9	102.7	103.0	104.8	1.8	2.7
03	Fish & crustacean, mollusc & other aquatic invertebrate	6.2	101.9	103.6	102.4	102.8	101.3	-1.4	-0.5
07	Edible vegetables and certain roots and tubers	11.4	102.2	102.2	102.2	103.2	103.7	0.4	1.4
08	Edible fruit and nuts; peel of citrus fruit or melons	17.4	105.7	106.3	96.0	96.4	96.5	0.1	-8.7
09	Coffee, tea, mate and spices	4.3	98.6	96.0	96.0	91.2	88.2	-3.3	-10.5
12	Oil seed, oleagi fruits; miscell grain, seed, fruit etc	4.2	103.3	110.6	110.8	111.3	127.7	14.7	23.6
15	Animal/veg fats & oil & their cleavage products; etc	7.4	101.7	102.3	102.4	109.6	112.3	2.4	10.4
23	Residues & waste from the food indust; prepr ani fodder	6.2	102.1	99.5	97.7	98.1	103.7	5.8	1.6
24	Tobacco and manufactured tobacco substitutes	5.9	101.5	102.1	104.3	104.7	104.9	0.1	3.3
52	Cotton	1.0	100.9	103.6	103.4	103.6	103.3	-0.3	2.4
56	Wadding, felt & nonwoven; yarns; twine, cordage, etc	4.9	103.4	105.4	109.3	108.9	108.1	-0.8	4.5
70	Glass and glassware	2.2	101.1	101.7	107.0	104.6	104.3	-0.3	3.2
71	Natural/cultured pearls, prec stones & metals, coin etc	28.9	101.9	101.2	101.3	101.3	104.0	2.6	2.0

Q1=January-March, Q2=April-June, Q3=July-September, Q4=October-December

Sub indices by Chapter

In order to understand movements of export price indices, chapter by chapter analysis has been undertaken.

Chapter 03: Fish and crustacean, mollusk and other aquatic invertebrate

During the second quarter of 2019, the index for "Fish and crustacean, mollusk and other aquatic invertebrate" which account for 6.2 percent of the total weight decreased by 1.4 percent to 101.3 from 102.8. Similary, when compared to the corresponding quarter of 2018 the index decreased slightly by 0.5 percent.

Chapter 07: Edible vegetables and certain roots and tubers

This chapter contributed 11.4 percent of the total weight of the exported commodities and the index for this chapter increased slightly by 0.4 percent from 103.2 recorded in the first quarter of 2019 to 103.7. Likewise, when compared to the same quarter in the previous year, the index improved by 1.4 percent.

Chapter 08: Edible fruits and nuts, peel of citrus fruit or melons

The export price index for “Edible fruits and nuts”, which accounts for 17.4 percent of the total weight, increased marginally to 96.5 from 96.4 recorded in the first quarter of 2019. However, when compared to the same quarter of 2018 the index decreased by 8.7 percent.

Chapter 09: Coffee, tea, mate and spices

This chapter contributed 4.3 percent of the total weight of exported commodities. During the second quarter of 2019, the index for “Coffee, tea, mate and spices” decreased by 3.3 percent to 88.2 from 91.2 recorded in the previous quarter. The decrease was attributed by the decrease in the world-market price of coffee as a result of improved supply in Brazil –the leading coffee producer in the world. Similarly, when compared to the corresponding quarter of last year, the index declined by 10.5 percent.

Chapter 12: Oil seed, oleagi fruits; miscell grain, seed, fruit etc

This chapter accounts for 4.2 percent of the total weight. During the second quarter of 2019, index for “Oil seed, oleagi fruits; miscell grain, seed, fruit etc” increased by 14.7 percent to 127.7 from 111.3 recorded in the previous quarter. The performance was largely driven by the increase in the prices of sesame seeds. Likewise, when compared to the same quarter in the previous year, the index increased by 23.6 percent.

Chapter 15: Animal/veg fats & oil & their cleavage products; etc

The export price index for “Animal/veg fats & oil & their cleavage products; etc”, which accounts for 7.4 percent of the total weight, increased by 2.4 percent to 112.3 in the second quarter of 2019 when compared to the previous quarter. The performance was driven by the increase in the prices of sunflower crude oil. Likewise, when compared to the similar quarter of 2018 the index increased by 10.4 percent.

Chapter 23: Residues & waste from the food industries; prepared animal fodder

The export price index for “Residues & waste from the food industries; prepared animal fodder”, which accounts for 6.2 percent of the total weight, increased by 5.8 percent to 103.7 in the second quarter of 2019 when compared to 98.1 of the previous period. The performance was mainly attributed by the increase of prices of wheat bran. Similarly, when compared to the same quarter of 2018 the export price index increased by 1.6 percent.

Chapter 24: Tobacco and manufactured tobacco substitutes

This chapter accounts for 5.9 percent of the total weight. During the second quarter of 2019, index for "Tobacco and manufactured tobacco substitutes" increased slightly to 104.9 compared to 104.7 recorded in the preceding quarter. Likewise, when compared to the similar quarter in the previous year, the index increased by 3.3 percent.

Chapter 52: Cotton

During the second quarter of 2019 the export price index for "Cotton", which accounts for 1.0 percent of the total weight, decreased marginally by 0.3 percent to 103.3 compared to 103.6 recorded in the first quarter of 2019. However, when compared with the same quarter in the preceding year the index increased by 2.4 percent.

Chapter 56: Wadding, felt & nonwoven; yarns; twine, cordage, etc

This chapter contributed 4.9 percent of the total weight of exported commodities. During the second quarter of 2019, "Wadding, felt & nonwoven; yarns; twine, cordage, etc" recorded XPI of 108.1, equivalent to 0.8 percent decrease compared to 108.9 of the first quarter. However, when compared to the same quarter in the previous year, the index increased by 4.5 percent.

Chapter 70: Glass and glassware

During the second quarter of 2019 the export price index for "Glass and glassware", which accounts for 2.2 percent of the total weight, decreased slightly by 0.3 percent to 104.3 compared to 104.6 of the first quarter. However, when compared to the similar quarter in the previous year, the index increased by 3.2 percent.

Chapter 71: Natural/cultured pearls, precious stones and metals, coin etc

The export price index for "Natural/cultured pearls, precious stones and metals, coin etc", which account for 28.9 percent of the total weight of exported commodities improved by 2.6 percent to 104.0 in the second quarter of 2019 compared to 101.3 registered in the previous quarter. The increase was largely attributed by increase in the gold price in the world market. Similarly, When compared to the same quarter of 2018 the index increased by 2.0 percent.

Import Price Index

Structure of the MPI

The MPI covers 14 chapters out of 99 chapters, namely; (i) Cereals, (ii) Animal fats and oil & their cleavage product, (iii) Mineral fuels, oils and product of their distillation, (iv) Pharmaceutical products, (v) Fertilizers, (vi) Miscellaneous chemical products, (vii) Plastics and articles thereof, (viii) Rubber and articles thereof, (ix) Iron and steel, (x) Articles of iron and steel, (xi) Nuclear reactors, boilers, machinery and machinery appliance, parts, (xii) Electrical machinery equipments parts thereof; sound recorder etc, (xiii) Vehicles other than railway/transport way rool-stock, parts and accessories and (xiv) Optical, photo, cine, meas, checking, precision, etc. The sampled fourteen chapters constitute 80 percent of total value of imports aggregated from 2014 to 2016.

Quarterly Import Price Index

The overall Import Price Index for the second quarter of 2019 increased by 1.1 percent to 102.3 compared to the 101.2 percent of the first quarter, largely driven by increase in price of mineral fuels. When compared to the same quarter of 2018, the index improved slightly by 0.8 percent (**Table 2**).

Table 2: Quarterly Import Price Indices by Chapter (Q4 2017= 100)

HS Code	Description	Weight	Q2 2018	Q3 2018	Q4 2018	Q1 2019	Q2 2019	% Change Previous Quarter	% Change same Quarter last year
Overall		100.0	101.5	102.2	102.4	101.2	102.3	1.1	0.8
10	Cereals	4.1	100.6	101.7	101.8	103.1	103.3	0.1	2.7
15	Animal/veg fats & oil & their cleavage products; etc	4.2	97.9	97.1	97.8	97.2	97.9	0.7	0.0
27	Mineral fuels, oils & product of their distillation; etc	21.7	117.4	118.1	129.5	98.7	120.9	22.5	3.0
30	Pharmaceutical products	5.2	101.1	101.7	102.5	102.9	103.0	0.2	1.9
31	Fertilisers	1.8	105.7	107.9	108.7	108.9	102.8	-5.6	-2.7
38	Miscellaneous chemical products	2.0	100.3	98.0	92.0	97.9	93.1	-4.9	-7.2
39	Plastics and articles thereof	6.2	98.6	99.2	101.5	102.3	102.4	0.1	3.8
40	Rubber and articles thereof	2.8	89.4	93.5	95.2	96.4	97.8	1.4	9.3
72	Iron and steel	5.3	102.1	103.0	105.6	106.0	105.1	-0.9	2.9
73	Articles of iron and steel	4.0	101.3	104.4	102.5	103.0	103.1	0.0	1.7
84	Nuclear reactors, boilers, mchy & mech appliance; parts	15.2	102.0	105.9	109.7	109.8	110.4	0.5	8.2
85	Electrical mchy equip parts thereof; sound recorder etc	10.9	101.8	101.4	100.9	101.4	102.2	0.8	0.4
87	Vehicles o/t railw/tranw rool-stock, pts & accessories	14.4	101.2	97.3	97.3	97.7	98.3	0.6	-2.9
90	Optical, photo, cine, meas, checking, precision, etc	2.1	101.2	102.3	89.2	91.6	92.3	0.7	-8.9

1=January-March, Q2=April-June, Q3=July-September, Q4=October-December

Sub indices by Chapter

This section analyses movements of import price indices for each chapter.

Chapter 10: Cereals

This chapter accounts for 4.1 percent of the total weight. During the second quarter of 2019, the import price index for "Cereals" increased slightly by 0.1 percent to 103.3 from 103.1 recorded in the first quarter of 2019. Likewise, when compared to the same quarter in the previous year the index increased by 2.7 percent.

Chapter 15: Animal fats and oil and their cleavage product

This chapter contributes 4.2 percent of the total weight of the imported commodities and recorded MPI of 97.9 in the second quarter of 2019, representing a slightly increase of 0.7 percent from 97.2 of the first quarter of 2019. When compared to the same quarter in the preceding year, the index remained unchanged.

Chapter 27: Mineral fuels, oils and product of their distillation

During the second quarter of 2019, import price index for "Mineral fuels, oils and product of their distillation" which contributes 21.7 percent to the total weight of the imported commodities increased by 22.5 percent to 120.9 from 98.7 of the first quarter of 2019. The performance was largely attributed by the increase in oil prices in the world market. Similarly, when compared to the similar quarter of 2018 the index increased by 3.0 percent.

Chapter 30: Pharmaceutical products

The index for "Pharmaceutical products" which represent about 5.2 percent of the total weight increased marginally from 102.9 recorded in the first quarter of 2019 to 103.0 recorded in the second quarter of 2019. Similarly, when compared to the same quarter in the previous year the index increased by 1.9 percent.

Chapter 31: Fertilizers

The index for "Fertilizers" which accounts for 1.8 percent of the total weight of the imported commodities decreased by 5.6 percent to 102.8 during the second quarter of 2019 compared to 108.9 recorded in the first quarter of 2019. The decrease was largely attributed by the decline in price of urea in the world market. Likewise, when compared to the same quarter in the previous year the index decreased by 2.7 percent.

Chapter 38: Miscellaneous chemical products

The index for "Miscellaneous chemical products" which accounts for 2.0 percent of the total weight decreased by 4.9 percent to 93.1 during the second quarter of 2019 compared to 97.9 recorded in the first quarter of 2019. The decrease was mainly attributed by the decline in price of chemical products. Similarly, when compared to the similar quarter last year, the index declined by 7.2 percent.

Chapter 39: Plastics and articles thereof

This chapter contributes 6.2 percent to the total weight of imported commodities. The index increased slightly by 0.1 percent to 102.4 in the second quarter of 2019 from 102.3 recorded in the previous quarter. Similarly, when compared to the corresponding quarter in 2018, the index increased significantly by 3.8 percent.

Chapter 40: Rubber and articles thereof

During the second quarter of 2019, the index for "Rubber and articles thereof" which contributes 2.8 percent to the total weight of imported commodities, increased by 1.4 percent to 97.8 from 96.4 recorded in the first quarter of 2019. The performance was attributed by the increase in the prices of tyres for cars and trucks. Likewise, when compared to the same quarter in the previous year the index increased by 9.3 percent.

Chapter 72: Iron and steel

In the second quarter of 2019, the index for "Iron and steel", which accounts for 5.3 percent of the total weight, decreased slightly by 0.9 percent to 105.1 from 106.0 recorded in the first quarter of 2019. However, when compared to the similar quarter of 2018 the index increased by 2.9 percent.

Chapter 73: Articles of iron and steel

This chapter contributes 4.0 percent of the total weight. During the second quarter of 2019, the index for "Articles of iron and steel" remains unchanged as compared to the previous quarter. When compared to the same quarter in 2018, the index increased by 1.7 percent.

Chapter 84: Nuclear reactors, boilers, machinery and mechanical appliance and parts

The index for "Boilers, machinery and machinery appliance" which accounts for 15.2 percent of total weight of imported commodities increased marginally by 0.5 percent to 110.4 in the second quarter of 2019 from 109.8 recorded in the first quarter. Similarly, when compared with the corresponding quarter of 2018 the index rose by 8.2 percent.

Chapter 85: Electrical machinery equipment and parts thereof

The index for “Electrical machinery equipment and parts thereof” increased slightly by 0.8 percent to 102.2 in the second quarter of 2019 compared with 101.4 of the first quarter. Likewise, when compared to the same quarter in 2018, the index increased slightly by 0.4 percent.

Chapter 87: Vehicles other than railway/transport ways rool-stock

The index for “Vehicles other than railway/transport ways rool-stock” which accounts for 14.4 percent of total weight increased slightly to 98.3 in the second quarter of 2019 from 97.7 of the previous quarter, signifying an increase of 0.6 percent. However, when compared to the same quarter in the previous year the index declined by 2.9 percent.

Chapter 90: Optical, photo, cine, meas, checking, precision, etc

This chapter accounts for 2.1 percent of the total weight. The index for “Optical, photo, cine, meas, checking, precision, etc” marginally increased by 0.7 percent to 92.3 in the second quarter of 2019 from 91.6 of the first quarter. However, when compared to the similar quarter last year, the index declined by 8.9 percent.

Terms of Trade

The Terms of Trade Index is the ratio of export price index to import price index. During the second quarter of 2019, terms of trade index slightly improved making it favourable by an increase of 0.6 points when compared to the first quarter of 2019 (**Table 3**).

Table 3: Quarterly Terms of Trade (Q4 2017 = 100)

Indices	2017	2018				2019	
	Q4	Q1	Q2	Q3	Q4	Q1	Q2
EXPI	100	101.5	102.0	102.9	103.6	103.0	104.8
MPI	100	101.3	101.2	102.2	102.4	101.2	102.3
TOT	100	100.2	100.8	100.7	101.2	101.8	102.4

Note;

Q1=January-March, Q2=April-June, Q3=July-September, Q4=October-December

XPI = Export Price Index

MPI = Import Price Index

ToT = Terms of Trade

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