



STATISTICAL RELEASE

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EXPORT AND IMPORT PRICE INDICES FOR SEPTEMBER, 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

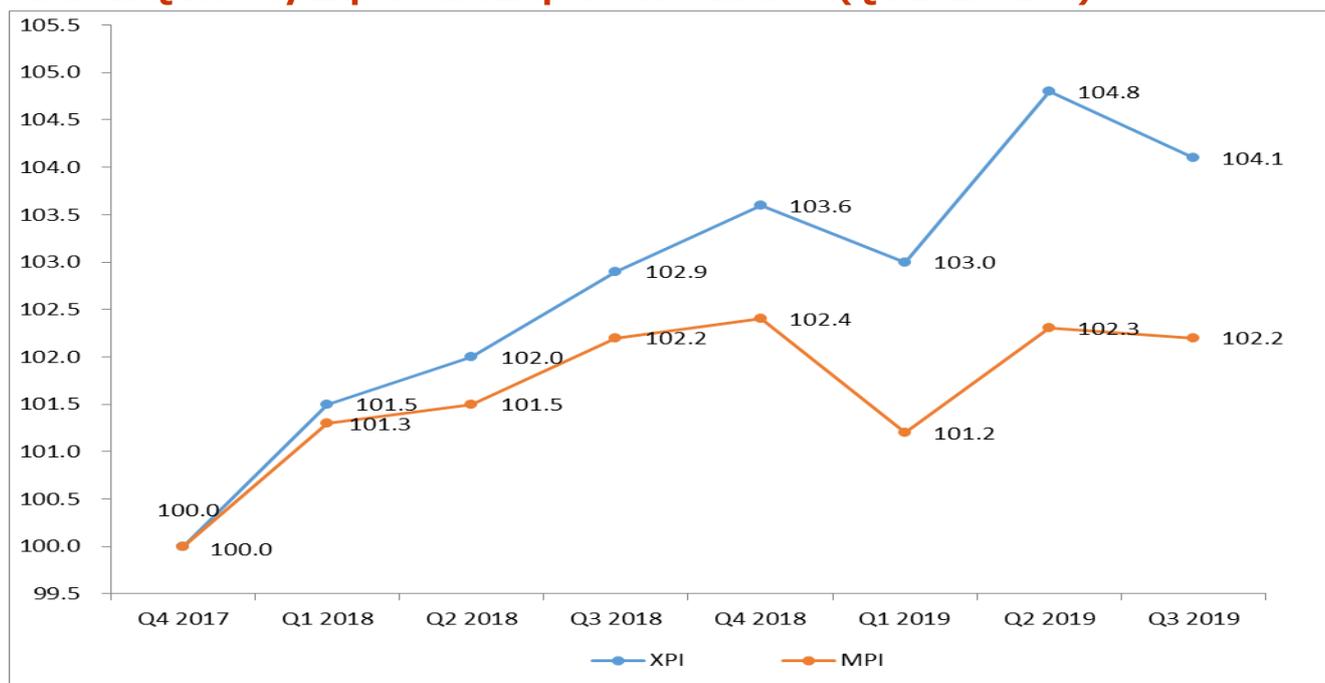
The products are classified according to the United Nations Harmonized Commodity Description and Coding System (HS). The HS is an international nomenclature for the classification of products.

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; prepacked foodstuffs, (viii) Tobacco and manufactured tobacco substitutes, (ix) cotton, (x) Wadding, felt & nonwovens; 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 third quarter of 2019 decreased slightly by 0.7 percent to 104.1 compared to 104.8 recorded in the previous quarter. Nevertheless, when compared to the corresponding quarter of 2018 the export price index increased by 1.2 percent (**Table1**).

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

HS Code	Description	Weight	Q3 2018	Q4 2018	Q1 2019	Q2 2019	Q3 2019	% Change Previous Quarter	% Change the same quarter last year
Overall		100	102.9	102.7	103.0	104.8	104.1	-0.7	1.2
03	Fish & crustacean, mollusc & other aquatic invertebrates	6.2	103.6	102.4	102.8	101.3	98.3	-3.0	-5.1
07	Edible vegetables and certain roots and tubers	11.4	102.2	102.2	103.2	103.7	104.0	0.3	1.8
08	Edible fruit and nuts; peel of citrus fruit or melons	17.4	106.3	96.0	96.4	96.5	77.4	-19.8	-27.2
09	Coffee, tea, mate and spices	4.3	96.0	96.0	91.2	88.2	84.6	-4.1	-11.9
12	Oil seed, oleaginous fruits; miscell grain, seed, fruit	4.2	110.6	110.8	111.3	127.7	136.9	7.2	23.7
15	Animal/veg fats & oil & their cleavage products	7.4	102.3	102.4	109.6	112.3	112.3	0.0	9.7
23	Residues & waste from the food industry; prepared	6.2	99.5	97.7	98.1	103.7	100.3	-3.3	0.9
24	Tobacco and manufactured tobacco substitutes	5.9	102.1	104.3	104.7	104.9	104.9	0.0	2.7
52	Cotton	1.0	103.6	103.4	103.6	103.3	102.8	-0.4	-0.8
56	Wadding, felt & nonwoven; yarns; twine, cordage	4.9	105.4	109.3	108.9	108.1	109.2	1.0	3.6
70	Glass and glassware	2.2	101.7	107.0	104.6	104.3	108.4	3.9	6.6
71	Natural/cultured pearls, precious stones & metal	28.9	101.2	101.3	101.3	104.0	109.7	5.5	8.4

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 third 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 3.0 percent to 98.3 from 101.3. The performance was largely attributed by the decrease in the prices of Nile perch fillets. Similarly, when compared to the corresponding quarter of 2018 the index decreased by 5.1 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 103.7 recorded in the second quarter of 2019 to 104.0. Likewise, when compared to the same quarter in the previous year, the index improved by 1.8 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, decrease by 19.8 to 77.4 in the third quarter of 2019 from 96.5 recorded in the

previous quarter. This was mainly attributed by the decrease in the prices of raw cashew nuts. Similarly, when compared to the same quarter of 2018 the index decreased by 27.2 percent.

Chapter 09: Coffee, tea, mate and spices

This chapter contributed 4.3 percent of the total weight of exported commodities. During the third quarter of 2019, the index for "Coffee, tea, mate and spices" decreased by 4.1 percent to 84.6 from 88.2 recorded in the previous quarter. The performance was attributed by the decrease in the world-market price of tea as a result of a surge in global tea production following favorable weather in key producing countries, including India and some East African producers, as well as weakening demand by several countries in the Middle East. Similarly, when compared to the corresponding quarter of last year, the index declined by 11.9 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 third quarter of 2019, index for "Oil seed, oleagi fruits; miscell grain, seed, fruit etc" increased by 7.3 percent to 136.9 from 127.7 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 23.8 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, remain unchanged in the third quarter of 2019 from 112.3 recorded in the previous quarter. When compared to the similar quarter of 2018 the index increased by 9.8 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, decreased by 3.3 percent to 100.3 in the third quarter of 2019 when compared to 103.7 recorded in the previous quarter. The performance was mainly attributed by the decrease of prices of cotton seed

cake. However, when compared to the same quarter of 2018 the export price index increased slightly by 0.9 percent.

Chapter 24: Tobacco and manufactured tobacco substitutes

This chapter accounts for 5.9 percent of the total weight. During the third quarter of 2019, index for "Tobacco and manufactured tobacco substitutes" remained unchanged at 104.9 recorded in the preceding quarter. When compared to the similar quarter in the previous year, the index increased by 2.8 percent.

Chapter 52: Cotton

During the third quarter of 2019 the export price index for "Cotton", which accounts for 1.0 percent of the total weight, decreased marginally by 0.4 percent to 102.8 compared to 103.3 recorded in the second quarter of 2019, consistent with the development of the world market price. Similarly, when compared with the same quarter in the preceding year the index decreased by 0.8 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 third quarter of 2019, "Wadding, felt & nonwoven; yarns; twine, cordage, etc" recorded XPI of 109.2, equivalent to a 1.0 percent increase compared to 108.1 of the second quarter. Similarly, when compared to the same quarter in the previous year, the index increased by 3.5 percent.

Chapter 70: Glass and glassware

During the third quarter of 2019 the export price index for "Glass and glassware", which accounts for 2.2 percent of the total weight, increased by 4.0 percent to 108.4 compared to 104.3 of the second quarter. The performance was largely attributed by the increase in the prices of empty bottles. Similarly, when compared to the similar quarter in the previous year, the index increased by 6.6 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 5.5 percent to 109.7 in the third quarter of 2019 compared to 104.0 registered in the previous quarter. This was largely attributed by increase in the gold price in the world market as a

result of weak global outlook which drove investors towards gold as an alternative asset. Similarly, When compared to the same quarter of 2018 the index increased by 8.4 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 third quarter of 2019 declined marginally by 0.1 percent to 102.2 compared to the 102.3 percent of the second quarter. When compared to the same quarter of 2018, the index remained unchanged (**Table 2**).

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

HS Code	Description	Weight	Q3 2018	Q4 2018	Q1 2019	Q2 2019	Q3 2019	% Change Previous Quarter	% Change same Quarter last year
Overall		100.0	102.2	102.4	101.2	102.3	102.2	-0.1	0.0
10	Cereals	4.1	101.7	101.8	103.1	103.3	100.6	-2.6	-1.1
15	Animal/veg fats & oil & their cleavage produc	4.2	97.1	97.8	97.2	97.9	97.9	0.0	0.8
27	Mineral fuels, oils & product of their distillatic	21.7	118.1	129.5	98.7	120.9	109.4	-9.5	-7.4
30	Pharmaceutical products	5.2	101.7	102.5	102.9	103.0	103.0	0.0	1.3
31	Fertilisers	1.8	107.9	108.7	108.9	102.8	105.6	2.7	-2.1
38	Miscellaneous chemical products	2.0	98.0	92.0	97.9	93.1	92.3	-0.9	-5.8
39	Plastics and articles thereof	6.2	99.2	101.5	102.3	102.4	102.7	0.3	3.5
40	Rubber and articles thereof	2.8	93.5	95.2	96.4	97.8	97.2	-0.6	3.9
72	Iron and steel	5.3	103.0	105.6	106.0	105.1	103.8	-1.2	0.8
73	Articles of iron and steel	4.0	104.4	102.5	103.0	103.1	107.2	4.0	2.7
84	Nuclear reactors, boilers, mchy & mech applica	15.2	105.9	109.7	109.8	110.4	114.3	3.6	7.9
85	Electrical mchy equip parts thereof; sound rec	10.9	101.4	100.9	101.4	102.2	102.2	0.0	0.7
87	Vehicles o/t railw/tranw rool-stock, pts & acco	14.4	97.3	97.3	97.7	98.3	102.2	4.0	5.1
90	Optical, photo, cine, meas, checking, prei	2.1	102.3	89.2	91.6	92.3	92.3	0.1	-9.8

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 third quarter of 2019, the import price index for “Cereals” decreased by 2.6 percent to 100.6 from 103.3 recorded in the second quarter of 2019. The performance was largely attributed by the decrease in the price of wheat in the world market as a result of increase of global production of wheat. Likewise, when compared to the same quarter in the previous year the index decreased by 1.1 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. During the third quarter, the MPI remained unchanged after recording an index of 97.9 same as second quarter of 2019. When compared to the same quarter in the preceding year, the index increased slightly by 0.8 percent.

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

During the third 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 decreased by 9.5 percent to 109.4 from 120.9 of the second quarter. The performance was largely attributed by the decrease in crude oil prices in the world market as a result of excess global supply. Similarly, when compared to the similar quarter of 2018 the index decreased by 7.4 percent.

Chapter 30: Pharmaceutical products

The index for "Pharmaceutical products" which represent about 5.2 percent of the total weight remained unchanged from 103.0 recorded in the second quarter of 2019. When compared to the same quarter in the previous year the index increased by 1.3 percent.

Chapter 31: Fertilizers

The index for "Fertilizers" which accounts for 1.8 percent of the total weight of the imported commodities increased by 2.7 percent to 105.6 during the third quarter of 2019 compared to 102.8 recorded in the second quarter of 2019. This was mainly driven by the increase in the price of urea in the world market due to strong demand in Brazil, India, and the United States. However, when compared to the same quarter in the previous year the index decreased by 2.1 percent.

Chapter 38: Miscellaneous chemical products

The index for "Miscellaneous chemical products" which accounts for 2.0 percent of the total weight decreased slightly by 0.8 percent to 92.3 during the third quarter of 2019 compared to 93.1 recorded in the second quarter of 2019. Similarly, when compared to the similar quarter last year, the index declined by 5.7 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 0.3 percent to 102.7 in the third quarter of 2019 from 102.4 recorded in the previous quarter. Similarly, when compared to the corresponding quarter in 2018, the index increased significantly by 3.5 percent.

Chapter 40: Rubber and articles thereof

During the third quarter of 2019, the index for "Rubber and articles thereof" which contributes 2.8 percent to the total weight of imported commodities, decreased slightly by

0.6 percent to 97.2 from 97.8 recorded in the second quarter of 2019. However, when compared to the same quarter in the previous year the index increased by 3.9 percent.

Chapter 72: Iron and steel

In the third quarter of 2019, the index for "Iron and steel", which accounts for 5.3 percent of the total weight, decreased by 1.2 percent to 103.8 from 105.1 recorded in the second quarter of 2019. The performance was largely attributed by the decreased in price of rolled steel sheet. However, when compared to the similar quarter of 2018 the index increased slightly by 0.8 percent.

Chapter 73: Articles of iron and steel

This chapter contributes 4.0 percent of the total weight. During the third quarter of 2019, the index for "Articles of iron and steel" increased by 4.0 percent to 107.2 from 103.1 recorded in the second quarter. The performance was largely attributed by the increase in the price of chicken wire mesh. When compared to the same quarter in 2018, the index increased by 2.6 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 by 3.6 percent to 114.3 in the third quarter of 2019 from 110.4 recorded in the second quarter. The performance was largely attributed by the increase in prices of fan, fan ceiling, adapter, spacer and air condition. Similarly, when compared with the corresponding quarter of 2018 the index rose by 8.0 percent.

Chapter 85: Electrical machinery equipment and parts thereof

The index for "Electrical machinery equipment and parts thereof" increased remained unchanged in the third quarter of 2019 from 102.2 recorded in the second quarter. When compared to the same quarter in 2018, the index increased slightly by 0.8 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 to 102.2 in the third quarter of 2019 from 98.3 of the previous quarter, signifying an increase of 4.0 percent. The performance was attributed by

the increase in the prices of brand new vehicles. Similarly, when compared to the same quarter in the previous year the index declined by 5.1 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 0.1 percent from 92.3 of the second quarter of 2019. However, when compared to the similar quarter last year, the index declined by 9.8 percent.

Terms of Trade

The Terms of Trade Index is the ratio of export price index to import price index. During the third quarter of 2019, terms of trade remained favourable though it declined slightly by 0.5 points when compared to the second 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	Q3
EXPI	100	101.5	102.0	102.9	103.6	103.0	104.8	104.1
MPI	100	101.3	101.5	102.2	102.4	101.2	102.3	102.2
TOT	100	100.2	100.5	100.7	101.2	101.8	102.4	101.9

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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