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## **PRESS RELEASE**

Date: 28<sup>th</sup> JULY, 2016

### **PRODUCER PRICE INDICES FOR JUNE, 2016**

#### **Introduction**

The National Bureau of Statistics hereby releases the Producer Price Index (PPI) for the April-June quarter of 2016. Producer Price Index measures the average change over time in the prices received by selected domestic producers for the production of their goods. A basket includes a list of selected commodities of goods that are being priced on quarterly basis. The producer prices are collected as at 15th of the mid-month of every quarter that is February, May, August and November for Quarters (January-March), (April-June), (July-September) and (October-December) respectively.

#### **Weights and a Reference Period**

The index weights are based on gross output derived from the 2008 Annual Survey of Industrial Production. The PPI on this release reports the price indices with reference to March 2013, as the base period. It shows the producer price changes since March 2013 on three major sub-sectors of industry (Mining, Manufacturing, and Utilities).

#### **Classification**

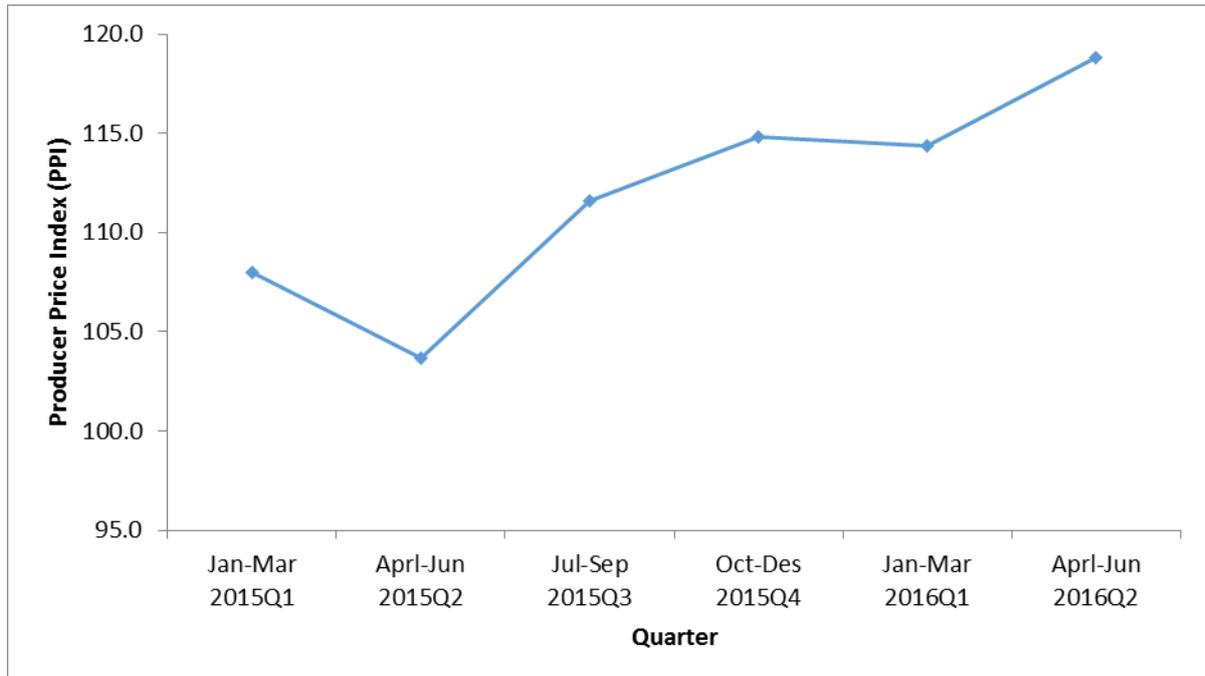
As shown on the Table 1, Commodities Classification follows the International Standard Industrial Classification of All Economic Activities (ISIC) Rev.4.

## Methodology

In the process of deriving the structure and weights, a top-down approach was adopted, the basket was selected and 2008-based weights calculated. A top-down approach was adopted for the calculation of the weights in order to maximize the indirect representation of industries and items. A sample of establishments for inclusion in the price survey was then selected using cut-off sampling procedures.

The price relatives of the selected commodities on each four digit level of ISIC was computed. The first level of aggregation is the class 4-digit ISIC; these indices are the un-weighted Elementary Aggregate (EA) and are being compiled using the Jevons geometric mean aggregation formula which refers to Geometric Mean of the price relatives. The Elementary Aggregates indices are then being progressively combined to higher levels within the index structure (i.e. Group 3-digit, 2-digit division and 1-digit Section levels of the ISIC, and then the all groups level) using the standard base-weighted Laspeyres formula.

### Producer Price Indices for June, 2016. (March 2013 = 100)



**Table 1: Producer Price Indices by Sectors and Major Groups (March 2013 = 100)**

ISIC Rev4	Industrial Group	Weight	Jan-Mar 2015Q1	Apr-Jun 2015Q2	Jul-Sept 2015Q3	Oct-Dec 2015Q4	Jan-Mar 2016Q1	Apr-Jun 2016Q2
07	Mining of metal ores	3.6	118.6	84.5	124.8	169.1	183.1	152.6
08	Other mining and quarrying	0.4	106.1	109.8	107.6	109.8	103.7	127.0
<b>B</b>	<b>Mining</b>	<b>4.0</b>	<b>116.9</b>	<b>86.6</b>	<b>122.6</b>	<b>163.4</b>	<b>175.5</b>	<b>153.4</b>
10	Manufacture of food products	20.0	107.7	106.2	104.9	104.9	108.8	113.1
11	Manufacture of beverages	15.2	114.1	108.0	106.6	107.7	108.0	108.3
12	Manufacture of tobacco products	5.1	115.7	132.6	132.6	158.3	142.2	158.0
13	Manufacture of textile	3.1	110.7	113.6	115.5	118.8	123.0	122.3
17	Manufacture of paper and paper products	2.9	107.4	92.8	94	100.5	99.4	104.4
20	Manufacture of chemical and chemical products	5.0	106.7	106.5	106.5	115.1	108.9	111.7
22	Manufacture of rubber and plastics products	1.5	100.5	100.5	104.9	104.1	104.9	104.9
23	Manufacture of other non-metallic mineral products	6.7	99.2	97.4	99.3	98.3	102.8	101.6
24	Manufacture of basic metals	8.5	95.6	96.0	95.9	91.3	88.7	97.4
25	Manufacture of fabricated metal products, except machinery and equipment	12.0	103.9	99.1	114.4	113.7	113.1	114.9
32	Other manufacturing	0.3	100.0	100.0	100.0	100.0	99.96	100.0
<b>C</b>	<b>Manufacturing</b>	<b>80.4</b>	<b>109.0</b>	<b>105.0</b>	<b>107.1</b>	<b>109.1</b>	<b>108.9</b>	<b>112.4</b>
35&36	Utilities	15.6	100.4	101.1	131.7	131.4	127.20	142.9
	<b>Overall Index</b>	<b>100.0</b>	<b>108.0</b>	<b>103.6</b>	<b>111.6</b>	<b>114.8</b>	<b>114.4</b>	<b>118.8</b>

\*Utilities includes; Electric power generation, transmission and distribution and Water collection, treatment and supply.

**Table 2: Percentage Change Over Quarter**

ISIC Rev4	Industrial Group	Weight	Jul-Sept 2015Q3	Oct-Dec 2015Q4	Jan-Mar 2016Q1	Apr-Jun 2016Q2	Percentage Change Over Previous quarter Jun 2016/Mar 2016
07	Mining of metal ores	3.6	124.8	169.1	183.1	152.6	(16.6)
08	Other mining and quarrying	0.4	107.6	109.8	103.7	127.0	22.5
<b>B</b>	<b>Mining</b>	<b>4.0</b>	<b>122.6</b>	<b>163.4</b>	<b>175.5</b>	<b>153.4</b>	<b>(14.4)</b>
10	Manufacture of food products	20.0	104.9	104.9	108.8	113.1	4.0
11	Manufacture of beverages	15.2	106.6	107.7	108.0	108.3	0.2
12	Manufacture of tobacco products	5.1	132.6	158.3	142.2	158.0	11.1
13	Manufacture of textile	3.1	115.5	118.8	123.0	122.3	(0.6)
17	Manufacture of paper and paper products	2.9	94	100.5	99.4	104.4	5.0
20	Manufacture of chemical and chemical products	5.0	106.5	115.1	108.9	111.7	2.6
22	Manufacture of rubber and plastics products	1.5	104.9	104.1	104.9	104.9	-
23	Manufacture of other non-metallic mineral products	6.7	99.3	98.3	102.8	101.6	(1.2)
24	Manufacture of basic metals	8.5	95.9	91.3	88.7	97.4	9.9
25	Manufacture of fabricated metal products, except machinery and equipment	12.0	114.4	113.7	113.1	114.9	1.6
32	Other manufacturing	0.3	100.0	100.0	99.96	100.0	-
<b>C</b>	<b>Manufacturing</b>	<b>80.4</b>	<b>107.1</b>	<b>109.1</b>	<b>108.9</b>	<b>112.4</b>	<b>3.3</b>
35&36	Utilities	15.6	131.7	131.4	127.2	142.9	12.3
	<b>Overall Index</b>	<b>100.0</b>	<b>111.6</b>	<b>114.8</b>	<b>114.4</b>	<b>118.8</b>	<b>3.9</b>

As shown above, all industry (overall index) recorded an increase from 114.4 for the first Quarter (January-March 2016) to 118.8 in second Quarter (April-June 2016). The main activities that lead to the increase in price for the second Quarter of year 2016 as shown in Table 2 were other mining and quarrying 22.5 percent and Manufacture of tobacco products 11.1 percent.

On the other hand, price of Mining of metal ores decreased by (16.6) percent, the price of metal ores is largely determined by world market, but specifically lower price of Mining of metal ores for (April-June quarter 2016) were due to quality of metal ores extracted during the reference Quarter, the price of non-metallic mineral products also decreased by (1.2) percent this were associated with the decrease in price of raw materials used.

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