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PRESS RELEASE

PRODUCER PRICE INDICES FOR Sept, 2016

Introduction

The National Bureau of Statistics hereby releases the Producer Price Index (PPI) for the July-September 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.

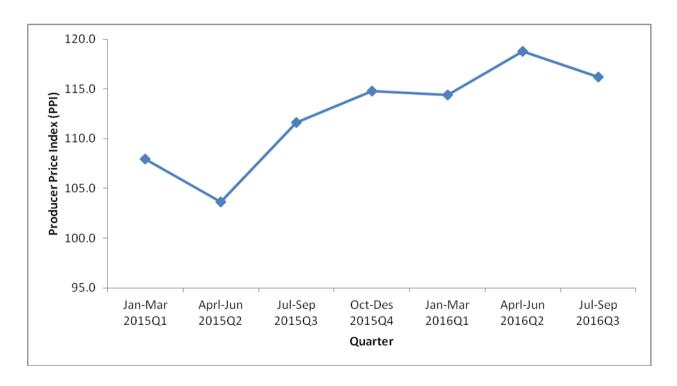### Producer Price Indices for September, 2016. (March 2013 = 100)

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

ISIC Rev4	Industrial Group	Weight	Apr-Jun 2015Q2	Jul-Sept 2015Q3	Oct-Dec 2015Q4	Jan-Mar 2016Q1	Apr-Jun 2016Q2	July-Sept 2016Q3
07	Mining of metal ores	3.6	84.5	124.8	169.1	183.1	152.6	106.5
08	Other mining and quarrying	0.4	109.8	107.6	109.8	103.7	127.0	126.4
B	**Mining**	**4.0**	**86.6**	**122.6**	**163.4**	**175.5**	**153.4**	**108.5**
10	Manufacture of food products	20.0	106.2	104.9	104.9	108.8	113.1	115.8
11	Manufacture of beverages	15.2	108.0	106.6	107.7	108.0	108.3	108.6
12	Manufacture of tobacco products	5.1	132.6	132.6	158.3	142.2	158.0	161.4
13	Manufacture of textile	3.1	113.6	115.5	118.8	123.0	122.3	123.3
17	Manufacture of paper and paper products	2.9	92.8	94	100.5	99.4	104.4	105.0
20	Manufacture of chemical and chemical products	5.0	106.5	106.5	115.1	108.9	111.7	105.7
22	Manufacture of rubber and plastics products	1.5	100.5	104.9	104.1	104.9	104.9	104.0
23	Manufacture of other non-metallic mineral products	6.7	97.4	99.3	98.3	102.8	101.6	101.4
24	Manufacture of basic metals	8.5	96.0	95.9	91.3	88.7	97.4	91.3
25	Manufacture of fabricated metal products, except machinery and equipment	12.0	99.1	114.4	113.7	113.1	114.9	114.6
32	Other manufacturing	0.3	100.0	100.0	100.0	99.96	100.0	100.0
C	**Manufacturing**	**80.4**	**105.0**	**107.1**	**109.1**	**108.9**	**112.4**	**112.3**
35&36	Utilities	15.6	101.1	131.7	131.4	127.20	142.9	138.6
	Overall Index	**100.0**	**103.6**	**111.6**	**114.8**	**114.4**	**118.8**	**116.2**

*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	Oct-Dec 2015Q4	Jan-Mar 2016Q1	Apr-Jun 2016Q2	July-Sept 2016Q3	Percentage Change Over Previous quarter Sept 2016/Jun 2016
07	Mining of metal ores	3.6	169.1	183.1	152.6	106.5	(30.2)
08	Other mining and quarrying	0.4	109.8	103.7	127.0	126.4	(0.5)
B	**Mining**	**4.0**	**163.4**	**175.5**	**153.4**	**108.5**	**(27.8)**
10	Manufacture of food products	20.0	104.9	108.8	113.1	115.8	2.4
11	Manufacture of beverages	15.2	107.7	108.0	108.3	108.6	0.3
12	Manufacture of tobacco products	5.1	158.3	142.2	158.0	161.4	2.2
13	Manufacture of textile	3.1	118.8	123.0	122.3	123.3	0.8
17	Manufacture of paper and paper products	2.9	100.5	99.4	104.4	105.0	0.1
20	Manufacture of chemical and chemical products	5.0	115.1	108.9	111.7	105.7	(5.4)
22	Manufacture of rubber and plastics products	1.5	104.1	104.9	104.9	104.0	(0.8)
23	Manufacture of other non-metallic mineral products	6.7	98.3	102.8	101.6	101.4	(0.1)
24	Manufacture of basic metals	8.5	91.3	88.7	97.4	91.3	(6.3)
25	Manufacture of fabricated metal products, except machinery and equipment	12.0	113.7	113.1	114.9	114.6	(0.3)
32	Other manufacturing	0.3	100.0	99.96	100.0	100.0	0.0
C	**Manufacturing**	**80.4**	**109.1**	**108.9**	**112.4**	**112.3**	**(0.1)**
35&36	Utilities	15.6	131.4	127.2	142.9	138.6	(3.0)
	Overall Index	**100.0**	**114.8**	**114.4**	**118.8**	**116.2**	**(2.1)**

As shown above, all industry (overall index) recorded a decrease from 118.8 for the second Quarter (April-June 2016) to 116.2 in third Quarter (July-Sept 2016). The main activities that lead to the decrease in price for the third Quarter of year 2016 as shown in Table 2 were mining of metal ores which recorded a decrease of (30.2) percent and Manufacture of basic metal (6.3) percent. The price of metal ores is largely determined by world market, but specifically decrease in price of Mining of metal ores for (July-September quarter 2016) were due to quality of metal ores extracted during the reference Quarter.

On the other hand, the rise of price in manufacture of food products 2.4 percent were associated with the availability and price of raw materials while the increase in price of manufacture of tobacco products 2.2 percent were largely due to fluctuations of price in the world market.

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