



## **PRODUCERS' PRICE INDEX (PPI)**

### **PRESS RELEASE FOR 2020 Q2**

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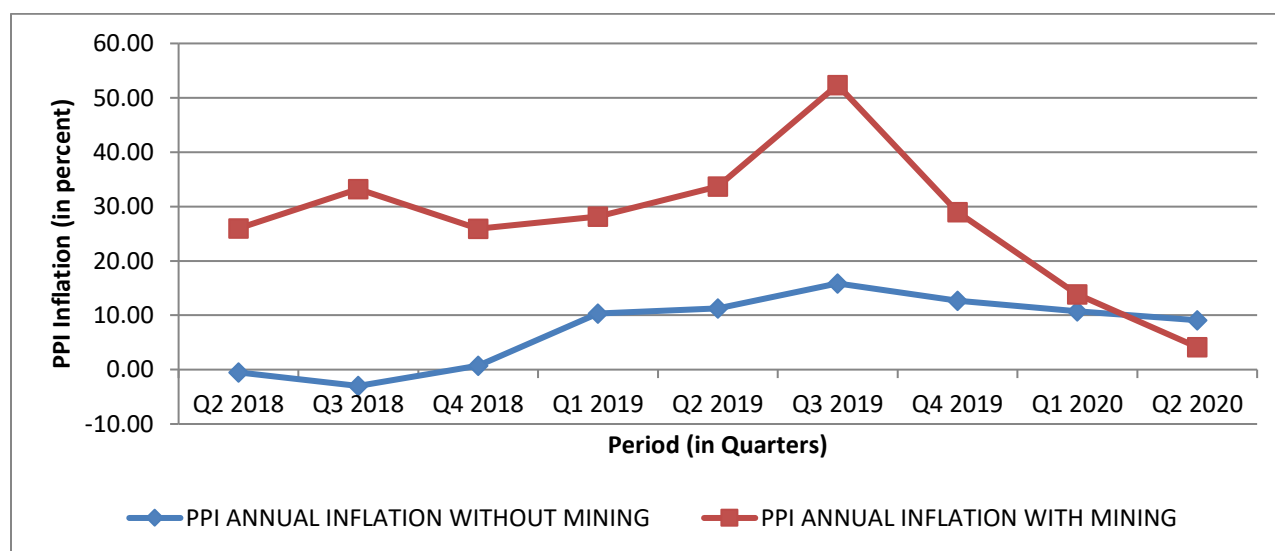
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## Key Findings of the Producers' Price Index (PPI) Inflation

The Annual Producers' Price Index (PPI) Inflation without Mining decreased by 1.67 percentage points from 10.72 percent in 2020 Q1 to 9.05 percent in 2020 Q2. The declining rate of inflation was due mainly to the falling prices of some manufacturing goods such as bakery products, distilling, rectifying and blending of spirits, alcoholic beverages and furniture.

On the other hand, the Annual Producers' Price Index (PPI) Inflation with Mining decreased by 9.73 percentage points from 13.87 percent in 2020 Q1 to 4.14 percent in 2020 Q2. The declining trend of the PPI inflation with mining was due to the fact that Iron Ore was not marketed in both 2020 Q1 and 2020 Q2. Also, the declining inflation was the result of the falling prices of artisanal diamonds and bauxite at the international market. Hence, it was observed that the US Dollar exchange rate was relatively stable compared to 2019.

**Figure 1: Annual Producers' Price Index (PPI) Inflation**



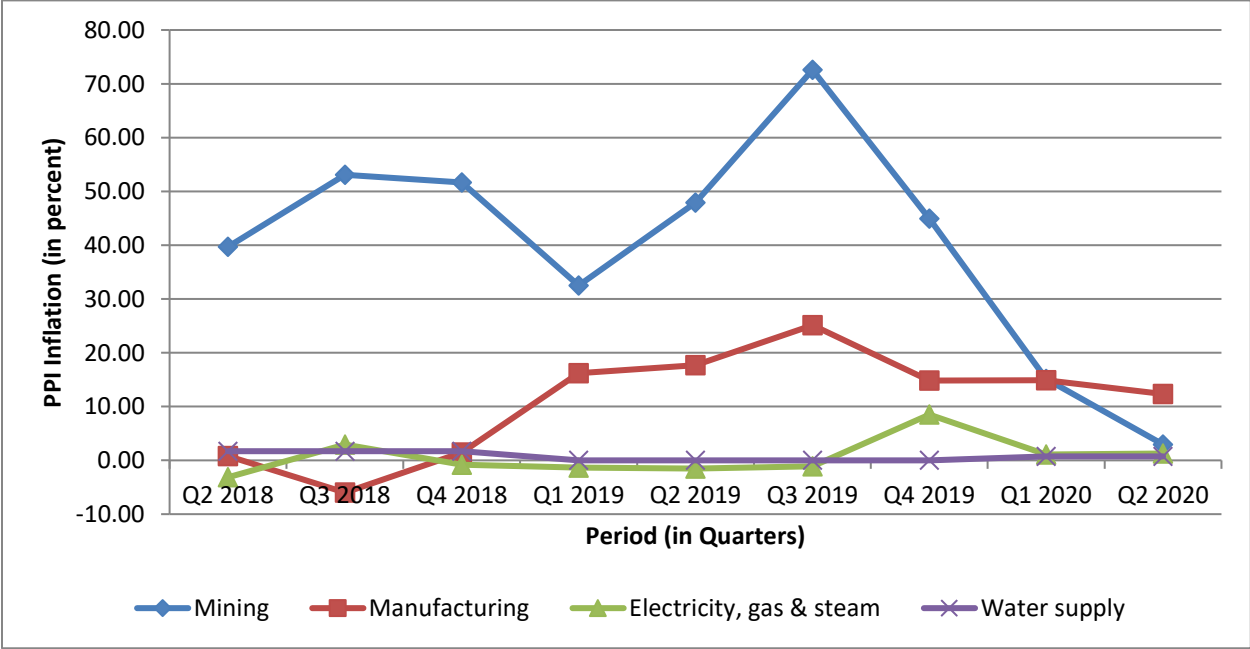
The figure above shows the trends of PPI Inflation without Mining compared to PPI Inflation with Mining. The observed fact is that both are moving in the same direction with a decreasing trend. This shows that Exchange Rate dynamics was not the principal anchor of the economy during the period under consideration.

## Changes in the Components of Annual Producers' Price Index (PPI) Inflation

The Annual PPI Inflation for the Mining Industry decreased by 12.17 percentage points from 15.13 percent in 2020 Q1 to 2.96 percent in 2020 Q2. This trend resulted from the fact that Iron Ore was not marketed throughout the period under consideration. Also, the falling prices of artisanal diamonds and bauxite at the international market contributed to the decreasing mining inflation.

The Annual PPI Inflation for the Manufacturing Industry decreased by 2.52 percentage points from 14.88 percent in 2020 Q1 to 12.36 percent in 2020 Q2. The declining rate of inflation for the manufacturing industry was due to the falling prices of bakery products, alcoholic beverages and furniture. The figure below shows the components of Annual PPI Inflation with Mining. The 2020 Q2 PPI series was updated as a result of additional products by some manufacturing enterprises such as the Red Lion Bakery which reported on additional products.

**Figure 2: Components of Annual Producers' Price Index (PPI) Inflation**



The Annual PPI Inflation for the Electricity and steam Industry increased by 0.16 percentage points from 1.09 percent in 2020 Q1 to 1.25 percent in 2020 Q2. The result of the PPI Inflation for the Electricity and Steam Industry is provisional since the requested data was not received from the Electricity Distribution and Supply Authority (EDSA) for the period under consideration.

The Annual PPI Inflation for the Water supply Industry was stationary at 0.76 percent from 2020 Q1 to 2020 Q2. Price movements for the Water supply industry were relatively stable when compared to the other industries. There were also some improvements in the determination of prices for the Water supply industry.

**Table 1: Quarterly Producers Price Index (PPI) by economic activities**

<b>PRODUCERS' PRICE INDEX (PPI) QUARTERLY AGGREGATION OF DATA</b>									
<b>Economic Activities @ISIC group</b>	<b>2018</b>				<b>2019</b>			<b>2020</b>	
	<b>Q2</b>	<b>Q3</b>	<b>Q4</b>	<b>Q1</b>	<b>Q2</b>	<b>Q3</b>	<b>Q4</b>	<b>Q1</b>	<b>Q2</b>
Mining of Iron Ores	159.42	168.40	172.21	181.45	310.12	1005.182	1005.182	905.91	905.91
Mining of other non-ferrous metal ores	199.44	224.69	236.50	313.43	359.34	447.98	347.16	371.68	387.96
Mining of ferrous and non-ferrous metal ores	180.12	202.02	212.09	277.48	331.61	456.80	372.25	384.80	398.51
Mining of Diamonds	168.13	178.29	154.69	177.39	161.83	164.00	148.47	116.85	93.24
<b>MINING INDUSTRY</b>	<b>175.03</b>	<b>191.80</b>	<b>190.00</b>	<b>235.09</b>	<b>258.85</b>	<b>331.02</b>	<b>275.37</b>	<b>270.67</b>	<b>266.51</b>
Manufacture of soap and detergents	116.51	140.99	140.99	153.38	156.02	160.36	160.36	160.36	160.36
Manufacture of flour and bakery products	162.45	130.10	126.56	118.36	150.98	157.63	157.63	167.69	171.04
Manufacture of cocoa, chocolate and sugar confectionery	186.44	186.44	186.44	186.44	201.18	201.18	201.18	201.18	201.18
Manufacture of other food products n.e.c.	128.07	128.07	117.15	117.15	274.97	274.97	274.97	286.96	294.29
Distilling, rectifying and blending of spirits	68.75	68.74	68.52	63.08	151.99	152.84	153.27	178.82	177.69
Manufacture of malt liquors and malt	135.92	163.21	162.21	174.36	174.36	174.36	174.36	174.36	174.36
Manufacture of alcoholic beverages	125.37	148.37	147.49	156.88	170.85	170.98	171.05	175.06	174.88
Manufacture of soft drinks; production of mineral waters and other bottled waters	142.27	143.06	143.67	211.84	207.48	207.58	207.63	206.37	206.82
Manufacture of wearing apparel; weaving and finishing of textiles	106.23	136.71	108.20	118.81	106.19	112.38	125.87	238.01	238.01
Manufacture of pesticides and other agrochemical products	233.29	280.00	280.00	290.00	290.00	290.00	290.00	500.00	500.00
Manufacture of paints, varnishes and similar coatings, printing ink and mastics	117.21	111.55	116.08	113.34	113.34	113.34	113.34	113.58	113.58
Manufacture of cement, lime and plaster	130.00	109.16	131.00	140.04	142.74	142.74	142.74	178.43	178.43
Manufacture of articles of concrete, cement and plaster	234.05	234.05	229.12	227.98	227.98	227.98	227.98	228.30	228.30
Manufacture of structural metal products	200.02	182.91	150.01	159.48	159.48	159.48	159.48	160.91	160.91
Manufacture of cutlery, hand tools and general hardware	194.13	200.90	190.25	179.60	189.05	189.05	189.05	164.71	164.71
Manufacture of other fabricated metal products n.e.c.	240.84	261.57	336.66	246.14	246.14	246.14	246.14	263.00	276.98
Manufacture of agricultural and forestry machinery	232.43	232.43	228.06	350.78	350.78	350.78	350.78	362.29	362.29
Manufacture of furniture	150.76	159.02	184.36	250.40	253.53	253.62	253.69	279.34	279.34

**Table 1: Contd.**

Economic Activities @ISIC group	2018				2019			2020	
	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
<b>MANUFACTURING INDUSTRY</b>	<b>138.53</b>	<b>130.41</b>	<b>142.09</b>	<b>159.40</b>	<b>163.05</b>	<b>163.17</b>	<b>163.19</b>	<b>183.12</b>	<b>183.20</b>
Electric power generation, transmission and distribution	211.32	216.38	208.19	208.02	208.05	213.95	226.15	210.07	210.43
Steam and air conditioning supply	129.81	129.81	129.81	129.81	129.81	129.81	129.81	140.57	140.57
<b>ELECTRICITY AND STEAM INDUSTRY</b>	<b>209.45</b>	<b>214.40</b>	<b>206.39</b>	<b>206.22</b>	<b>206.25</b>	<b>212.02</b>	<b>223.94</b>	<b>208.47</b>	<b>208.83</b>
<b>WATER SUPPLY INDUSTRY</b>	<b>130.14</b>	<b>130.14</b>	<b>130.14</b>	<b>130.14</b>	<b>130.14</b>	<b>130.14</b>	<b>130.14</b>	<b>131.14</b>	<b>131.14</b>
<b>QUARTERLY PPI WITHOUT MINING</b>	<b>155.50</b>	<b>150.65</b>	<b>157.42</b>	<b>170.30</b>	<b>173.03</b>	<b>174.53</b>	<b>177.39</b>	<b>188.55</b>	<b>188.70</b>
<b>QUARTERLY PPI WITH MINING</b>	<b>171.66</b>	<b>181.02</b>	<b>186.65</b>	<b>212.29</b>	<b>229.52</b>	<b>275.83</b>	<b>240.78</b>	<b>241.75</b>	<b>239.04</b>

**Table 2: Annual Producers Price Index (PPI) Inflation by economic activities**

<b>ANNUAL PRODUCERS' PRICE INDEX (PPI) INFLATION - ANNUAL PPI INFLATION</b>									
<b>Economic Activities @ISIC group</b>	<b>2018</b>			<b>2019</b>				<b>2020</b>	
	<b>Q2</b>	<b>Q3</b>	<b>Q4</b>	<b>Q1</b>	<b>Q2</b>	<b>Q3</b>	<b>Q4</b>	<b>Q1</b>	<b>Q2</b>
Mining of Iron Ores	-46.10	-43.07	-41.78	36.05	94.53	496.92	483.71	399.26	192.11
Mining of other non-ferrous metal ores	20.32	35.56	42.69	38.93	80.18	99.38	46.79	18.58	7.96
Mining of ferrous and non-ferrous metal ores	10.59	24.04	30.22	38.78	84.10	126.12	75.51	38.68	20.17
Mining of Diamonds	120.48	133.80	102.86	19.95	-3.75	-8.02	-4.03	-34.13	-42.38
<b>MINING INDUSTRY</b>	<b>39.69</b>	<b>53.07</b>	<b>51.63</b>	<b>32.53</b>	<b>47.89</b>	<b>72.58</b>	<b>44.93</b>	<b>15.13</b>	<b>2.96</b>
Manufacture of soap and detergents	-0.55	20.34	13.69	25.97	33.91	13.74	13.74	4.55	2.78
Manufacture of flour and bakery products	34.36	5.20	0.45	-16.85	-7.06	21.16	24.55	41.68	13.29
Manufacture of cocoa, chocolate and sugar confectionery	0.28	-3.15	-9.67	0.32	7.90	7.90	7.90	7.90	0.00
Manufacture of other food products n.e.c.	3.21	3.21	-8.81	-8.81	114.70	114.70	134.72	144.96	7.03
Distilling, rectifying and blending of spirits	36.48	37.08	26.73	23.29	121.07	122.35	123.70	183.49	16.91
Manufacture of malt liquors and malt	7.63	29.23	25.60	35.01	28.28	6.84	7.49	0.00	0.00
Manufacture of alcoholic beverages	9.63	29.78	25.69	34.21	36.27	15.24	15.97	11.59	2.36
Manufacture of soft drinks; production of mineral waters and other bottled waters	2.04	1.42	1.35	48.66	45.83	45.10	44.52	-2.58	-0.32
Manufacture of wearing apparel; weaving and finishing of textiles	-8.86	17.29	3.09	15.55	-0.04	-17.80	16.33	100.32	124.14
Manufacture of pesticides and other agrochemical products	1.43	7.69	0.00	31.82	24.31	3.57	3.57	72.41	72.41
Manufacture of paints, varnishes and similar coatings, printing ink and mastics	8.09	2.26	2.44	-3.30	-3.30	1.61	-2.36	0.21	0.21
Manufacture of cement, lime and plaster	-4.97	-21.06	-5.27	7.72	9.80	30.76	8.97	27.41	25.00
Manufacture of articles of concrete, cement and plaster	15.53	15.43	10.90	-2.59	-2.59	-2.59	-0.49	0.14	0.14
Manufacture of structural metal products	1.12	-7.81	-21.07	-13.61	-20.27	-12.81	6.31	0.90	0.90
Manufacture of cutlery, hand tools and general hardware	-1.37	-4.76	-9.80	-10.62	-2.62	-5.90	-0.63	-8.29	-12.87
Manufacture of other fabricated metal products n.e.c.	56.49	70.97	112.30	55.22	2.20	-5.90	-26.89	6.85	12.53
Manufacture of agricultural and forestry machinery	-26.81	-28.08	-29.43	53.81	50.92	50.92	53.81	3.28	3.28
Manufacture of furniture	-4.89	0.13	14.60	44.54	68.17	59.49	37.61	11.56	10.18

**Table 2: Contd.**

	2018			2019			2020		
	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
<b>MANUFACTURING INDUSTRY</b>	<b>0.80</b>	<b>-5.99</b>	<b>1.45</b>	<b>16.22</b>	<b>17.70</b>	<b>25.12</b>	<b>14.85</b>	<b>14.88</b>	<b>12.36</b>
Electric power generation, transmission and distribution	-3.19	3.00	-0.82	-1.39	-1.55	-1.13	8.63	0.99	1.15
Steam and air conditioning supply	0.00	0.00	0.00	0.00	0.00	0.00	0.00	8.29	8.29
<b>ELECTRICITY AND STEAM INDUSTRY</b>	<b>-3.14</b>	<b>2.96</b>	<b>-0.81</b>	<b>-1.37</b>	<b>-1.53</b>	<b>-1.11</b>	<b>8.50</b>	<b>1.09</b>	<b>1.25</b>
<b>WATER SUPPLY INDUSTRY</b>	<b>1.71</b>	<b>1.71</b>	<b>1.71</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.76</b>	<b>0.76</b>
<b>PPI ANNUAL INFLATION WITHOUT MINING</b>	<b>-0.51</b>	<b>-3.00</b>	<b>0.73</b>	<b>10.31</b>	<b>11.27</b>	<b>15.85</b>	<b>12.69</b>	<b>10.72</b>	<b>9.05</b>
<b>PPI ANNUAL INFLATION WITH MINING</b>	<b>25.98</b>	<b>33.20</b>	<b>25.93</b>	<b>28.17</b>	<b>33.71</b>	<b>52.37</b>	<b>29.00</b>	<b>13.87</b>	<b>4.14</b>

**Table 3: Components of Annual Producers Price Index (PPI) Inflation**

	Weights	2018			2019			2020		
		Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
Mining Industry	64.69	39.69	53.07	51.63	32.53	47.89	72.58	44.93	15.13	2.96
Manufacturing Industry	26.35	0.80	-5.99	1.45	16.22	17.70	25.12	14.85	14.88	12.36
Electricity and Steam Industry	8.5	-3.14	2.96	-0.81	-1.37	-1.53	-1.11	8.50	1.09	1.25
Water Supply Industry	0.46	1.71	1.71	1.71	0.00	0.00	0.00	0.00	0.76	0.76
Annual PPI Inflation	100	25.98	33.20	25.93	28.17	33.71	52.37	29.00	13.87	4.14