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PRODUCER PRICE INDEX FOR SECOND QUARTER 2020

The second quarter year on year producer inflation, as measured by the Producer Price Index (PPI), was negative 0.89 per cent in June 2020 compared to 2.20 per cent recorded in June 2019. The PPI measures the average changes in price of products at all stages of processing from the perspective of the producer. The second quarter prices reference date was 15th May 2020. Figure 1 shows percentage changes in the PPI for the second quarter year on year from 2017 to 2020.

Figure 1: Year on Year Percentage Changes on Producer Prices

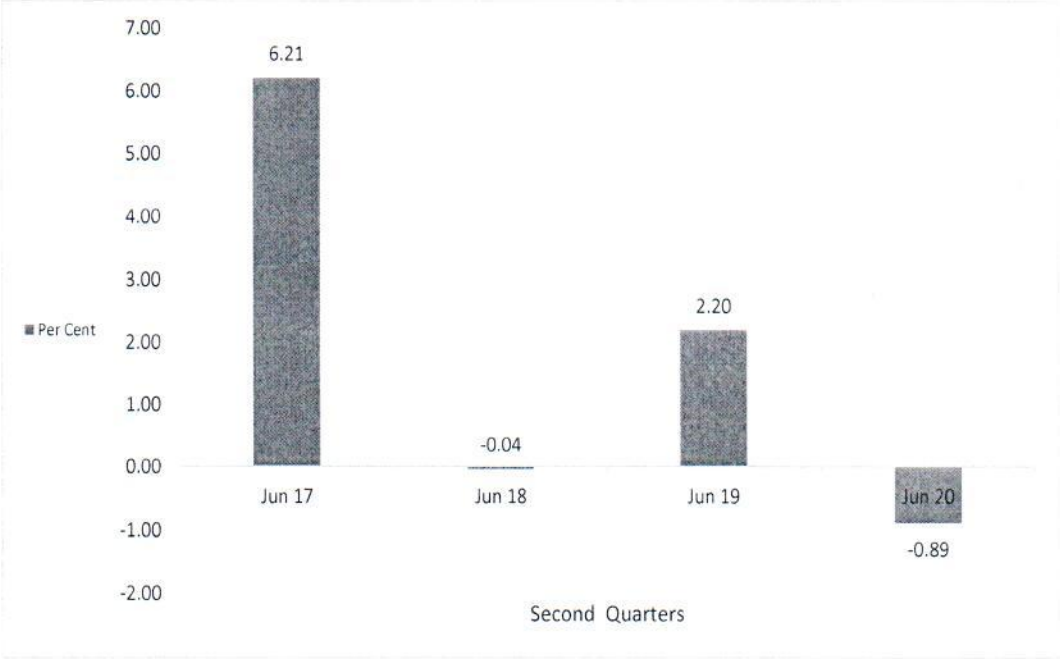


Table 1 shows the producer price indices and the corresponding inflation rates from December 2016 to June 2020. The index rose from 101.07 in March 2020 to 101.48 in June 2020 while the inflation dropped from 1.07 per cent to negative 0.89 per cent in the same period respectively.

Table 1: Overall PPI and Inflation Rates, December 2016 – June 2020

Base Period March 2019=100

Year	Quarter	Produce Price Indices	PPI-Inflation Rate (%)
2016	December	96.82	-0.47
2017	March	98.68	3.38
	June	100.22	6.39
	September	100.30	5.46
	December	99.90	3.18
2018	March	100.19	1.53
	June	100.18	-0.04
	September	100.85	0.54
	December	101.22	1.33
2019	March	100.00	-0.19
	June	102.39	2.20
	September	102.26	1.40
	December	102.58	1.34
2020	March	101.07	1.07
	June	101.48	-0.89

The percentage changes of producer prices over the previous quarter and the same quarter a year ago based on the International Standards of Industrial Classifications of All Economic Activities (ISIC) Rev 4, are presented in Table 2. The overall producer prices increased by 0.4 per cent in June 2020 from 1.07 per cent in March 2020. The manufacture of pharmaceuticals, medicinal chemical and botanical products and manufacture of other non-metallic mineral products registered the highest increase in prices in the last three months at 22.03 per cent and 1.59 per cent, respectively. Over the same quarter, the manufacture of chemicals and chemical products registered the highest decline of -2.54 per cent. Further, over the last one year, the highest decline (-4.61%) in prices was in the cost of electricity.

Table 2: Percentage Changes Over a Quarter and a Year Ago

2-Digit ISIC	Descriptions	Weights	% Change over three months ago (Jun 2020/Mar 2020)	% Change over a year ago (Jun 2020/Jun 2019)
07	Mining of metal ores	1.52	-1.96	2.99
08	Mining and Quarrying	0.81	-1.03	0.07
10	Manufacture of food products	37.30	0.43	-2.29
11	Manufacture of beverages	5.61	-0.12	6.06
12	Manufacture of tobacco products	1.01	1.21	1.28
13	Manufacture of textiles	1.34	1.03	1.73
14	Manufacture of wearing apparel	2.47	0.61	-3.19
15	Manufacture of leather and related products	1.10	0.40	2.07
16	Manufacture of wood and of products of wood and cork except furniture	1.02	-1.34	0.88
17	Manufacture of paper and paper products	3.74	0.27	-3.18
18	Printing and reproduction of recorded media	2.64	0.00	0.10
20	Manufacture of chemicals and chemical products	6.41	-2.54	3.31
21	Manufacture of pharmaceuticals, medicinal chemical and botanical products	1.52	22.03	20.04
22	Manufacture of rubber and plastics products	4.41	-0.61	-1.29
23	Manufacture of other non-metallic mineral products	5.91	1.59	0.23
24	Manufacture of basic metals	6.99	0.37	-4.56
25	Manufacture of fabricated metal products except machinery and equipment	2.02	-0.77	-1.33
27	Manufacture of electrical equipment	1.30	-0.15	0.08
29	Manufacture of motor vehicles	1.92	-1.23	1.15
35	Electricity	9.23	0.19	-4.61
36	Water	1.72	1.30	1.30
	Total	100.00	0.40	-0.89

Table 3 presents the quarterly Producer Indices at 2-digit ISIC level from June 2019 to June 2020. The overall producer index increased from 101.07 points in March 2020 to 101.48 points in June 2020.

Table 3: Quarterly Producer Indices, June 2019- June 2020

2-Digit ISIC	Descriptions	Weights	Jun-19	Sep-19	Dec-19	Mar-20	Jun-20
07	Mining of metal ores	1.52	100.81	102.54	107.91	105.90	103.83
08	Mining and Quarrying	0.81	99.24	104.57	104.68	100.34	99.31
10	Manufacture of food products	37.30	105.64	104.06	104.80	102.78	103.22
11	Manufacture of beverages	5.61	100.69	101.03	105.89	106.92	106.79
12	Manufacture of tobacco products	1.01	100.00	100.60	100.36	100.07	101.28
13	Manufacture of textiles	1.34	100.28	100.52	99.84	100.97	102.01
14	Manufacture of wearing apparel	2.47	100.18	100.16	99.79	96.40	96.99
15	Manufacture of leather and related products	1.10	100.10	100.13	101.67	101.71	102.11
16	Manufacture of wood and of products of wood and cork except furniture	1.02	98.26	95.28	94.36	100.47	99.13
17	Manufacture of paper and paper products	3.74	99.42	99.01	95.40	96.00	96.26
18	Printing and reproduction of recorded media	2.64	100.09	100.30	100.18	100.18	100.18
20	Manufacture of chemicals and chemical products	6.41	100.45	106.15	106.08	106.48	103.78
21	Manufacture of pharmaceuticals, medicinal chemical and botanical products	1.52	99.45	99.99	98.13	97.83	119.38
22	Manufacture of rubber and plastics products	4.41	99.40	97.31	100.82	98.71	98.11
23	Manufacture of other non-metallic mineral products	5.91	100.52	100.30	99.91	99.18	100.75
24	Manufacture of basic metals	6.99	99.97	100.33	100.44	95.06	95.41
25	Manufacture of fabricated metal products except machinery and equipment	2.02	100.00	101.20	100.88	99.44	98.67
27	Manufacture of electrical equipment	1.30	100.07	100.25	100.15	100.30	100.15
29	Manufacture of motor vehicles	1.92	95.11	97.87	97.53	97.40	96.20
35	Electricity	9.23	103.64	103.99	101.22	98.67	98.86
36	Water	1.72	100.00	100.00	100.00	100.00	101.30
	Total	100.00	102.39	102.26	102.58	101.07	101.48

Producer prices of selected products from June 2019 to June 2020 are presented in Table 4. During the last three months a bale of maize flour and 20 litres of refined oil declined by 0.6 per cent and 0.7 per cent, respectively. However, prices of a crate of fresh milk, a bale of wheat flour and a tonne of sugar increased by 2.2, 2.7 and 2.9 per cent, respectively from the last quarter prices.

Table 4: Producer Prices of Some Selected Products

Product	Unit of Measure	Price June 2019	Price Sep 2019	Price Dec 2019	Price Mar 2020	Price June 2020	% Change over last three months	% Change over 12 months
Refined Oil	20 Litres	4,550	4,480	4,665	4,665	4,634	-0.7	1.8
Milk	A crate of fresh milk (18 packets each 500 Ml)	798	798	784	793	810	2.2	1.5
Maize Flour	Bale (12 packets each 2 Kg)	1,333	1,384	1,476	1,404	1,395	-0.6	4.7
Wheat Flour	Bale (12 packets each 2 Kg)	1,470	1,470	1,407	1,357	1,394	2.7	-5.2
Sugar	One Tonne	89,083	83,190	84,533	79,753	82,058	2.9	-7.9

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