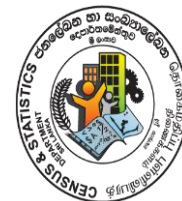


Web Release



Producer's Price Index: June 2018 (Base: Fourth Quarter 2013=100)



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Introduction

The Producer's Price Index (PPI) measures the average change over the time in prices received by domestic producers of goods and services. The introduction of the PPI in Sri Lanka provides a more complete picture of price movements and trends for making informed policy decisions. Department of Census and Statistics (DCS) has been releasing PPI quarterly from September, 2015 with time lag of 35 days. Giving due consideration for making the estimates available more frequently, it has now been arranged to release PPI monthly with a time lag of 45 days.

PPI is an important macroeconomic indicator. It serves as an indicator of short term inflationary trends and as a deflator of economic series. It is also used in productivity analysis, contract escalation, business analysis and current cost accounting etc. PPI covers the Agriculture, Manufacturing and Electricity & Water supply sectors of the economy.

Annual Changes of Producer's Price Index

The Producer's Price index of three major economic activities covering agriculture, manufacturing and electricity & water supply for the month of June 2018 is 135.9. The annual growth rate reported for the month of June 2018 is 6.3 per cent. PPI for agriculture, manufacturing and electricity & water supply sectors are 169.6, 121.7, and 86.4 respectively. Manufacturing sector has recorded a significant positive annual growth rate of 10.6 per cent; however, other two major activities in the economy, agriculture and electricity & water supply reported marginal negative annual growth rates of 0.2 per cent and 0.5 per cent respectively.

Domestic producers engaged in activities of "Growing of vegetables" (6.3%), "Production of eggs" (5.3%), and "Production of dairy" (1.9%) have received higher prices for their output in the month of June 2018 compared to that of in June 2017. However, producers engage in activities of "Growing of cereals" (12.0%) and "Growing of fruits" (0.1%) reported negative growth rates in the month of June, 2018 on annual basis. The major reason for the negative growth rate recorded for agriculture sector is highly due to lower prices received by the farmers in the cereal production, especially, producers of paddy, kurakkan and black gram.

The activity, "Manufacturing of coke, refined petroleum products and nuclear fuel" (39.7%) reported the highest positive growth rate in the month of June, 2018 on annual basis, while, "Publishing, printing and reproduction of recorded media" (10.3%), "Manufacturing of chemicals and chemical products" (9.2%), "Manufacturing of rubber and plastics" (7.9%), "Manufacturing of basic metals" (6.5%), "Manufacturing of electrical machinery and apparatus" (6.4%), "Manufacturing of wearing apparel, dressing, and dyeing of fur" (6.1%), "Manufacturing of other transport equipment" (5.4%) and "Manufacturing of textiles" (4.9%) activities also marked significantly higher growth rates on annual basis. None of the activities in the manufacturing sector have reported negative annual growth rates in the month of June 2018, compared to June, 2017.

“Generation and distribution of Electricity” and “Water supply” activities reported negative annual growth rates of 0.4 per cent and 1.1 per cent in the month of June 2018 compared to the same month in 2017.

Table 1: PPI of June of 2017 & 2018 and Year on Year changes of PPI by Major Economic Activity (Base: 2013 Q4=100)

| Major Economic Activity | PPI | | Year on Year % change (June 2018/ June 2017) |
|----------------------------|-----------|-------------|--|
| | 2017 June | 2018 June** | |
| All Activities | 127.9 | 135.9 | 6.3 |
| Agriculture | 170.0 | 169.6 | -0.2 |
| Manufacturing | 110.0 | 121.7 | 10.6 |
| Electricity & water supply | 86.8 | 86.4 | -0.5 |

** - Provisional

Monthly Changes of Producer’s Price Index

The overall PPI increased by 1.7 index points from 134.2 index points in May 2018 to 135.9 index points in June 2018. The overall monthly growth rate recorded for three major economic activities for month of June 2018 is 1.3 per cent. Agriculture and manufacturing sectors reported positive growth rates of 2.7 per cent and 0.7 per cent respectively. Even though, electricity & water supply sector recorded a negative growth rate of 2.0 per cent on monthly basis (Table 2).

“Growing of vegetables” (60.1%) and “Egg production” (7.8%) activities recorded positive growth rates , while, “Growing of fruits, nuts and beverage crops” (1.6%) and “Growing of cereal crops” (0.2%) activities recorded negative growth rates in the month of June 2018 on monthly basis.

“Manufacturing of coke, refined petroleum products and nuclear fuel” (20.2%) activity recorded the highest growth rate in manufacturing sector on monthly basis. Further, “Manufacturing of textiles” (1.6%), “Manufacturing of rubber and plastics” (1.1%), “Manufacturing of other transport equipment” (0.7%) and “Manufacturing of furniture & Manufacturing of goods not elsewhere classified” (0.6%) activities reported marginal positive growth rates in the month of June 2018 compared to the month of June in 2017. However, activities of “Manufacturing of food products and beverages” (1.5%), “Manufacturing of chemicals and chemical products” (1.5%), “Manufacturing of wearing apparel, dressing, and dyeing of fur” (0.7%) and “Manufacturing of basic metals” (0.2%) reported negative growth rates on monthly basis (Table 4).

PPI of the activities “Generation and distribution of electricity” and “Collection, purification and distribution of water” marked marginal negative growth rates of 2.0 per cent and 2.3 per cent in June 2018 compared to the price level of May 2018 (Table 4).

Table 2: PPI of May & June of 2018 and Month to Month changes of PPI by Major Economic Activity (Base: 2013 Q4 =100)

| Major Economic Activity | PPI | | Month to Month % change (2018 June/ 2018 May) |
|----------------------------|-----------|-------------|---|
| | 2018 May* | 2018 June** | |
| All Activities | 134.2 | 135.9 | 1.3 |
| Agriculture | 165.2 | 169.6 | 2.7 |
| Manufacturing | 120.8 | 121.7 | 0.7 |
| Electricity & Water Supply | 88.2 | 86.4 | -2.0 |

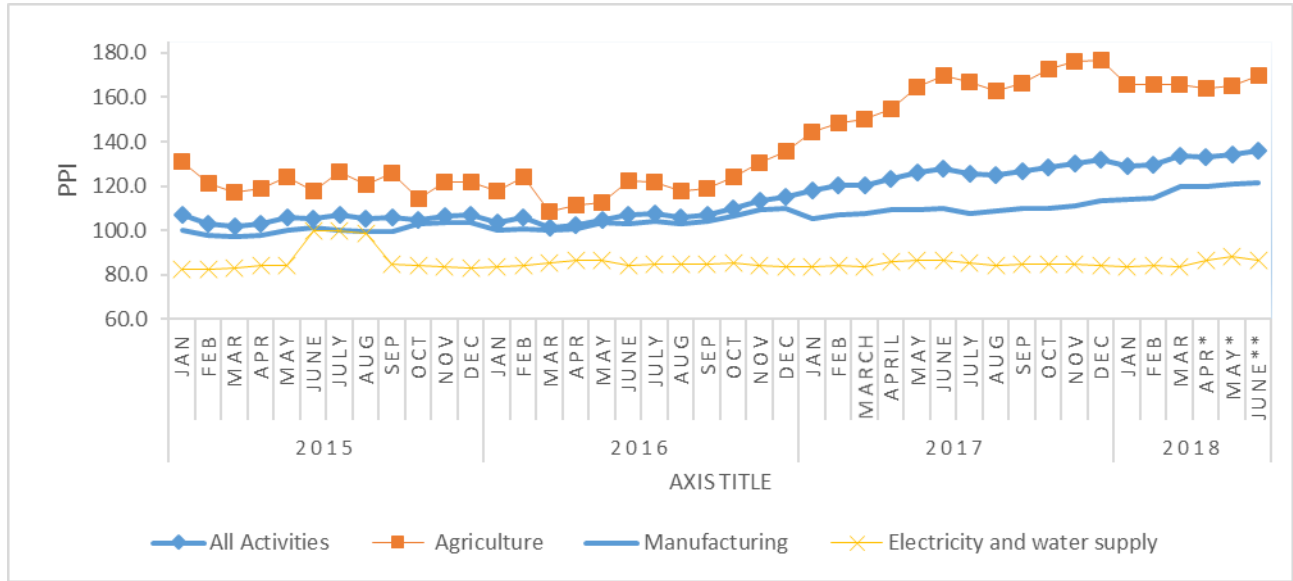
* - Revised ** - Provisional

**Table 3: Movements of Producer's Price Index by Major Economic Activity:
January 2014 – June 2018 (Base: 2013 Q4 = 100)**

| Year | Month | All activities | | | | Agriculture | | | | Manufacturing | | | | Electricity & Water Supply | | | |
|------|-----------|----------------|----------------|--------------|--------------------------|--------------|----------------|--------------|--------------------------|---------------|----------------|--------------|--------------------------|----------------------------|----------------|--------------|--------------------------|
| | | Index number | % changes | | | Index number | % changes | | | Index number | % changes | | | Index number | % changes | | |
| | | | Month to month | Year on year | 12 Months Moving Average | | Month to month | Year on year | 12 Months Moving Average | | Month to month | Year on year | 12 Months Moving Average | | Month to month | Year on year | 12 Months Moving Average |
| 2014 | January | 100.8 | | | | 100.7 | | | | 101.0 | | | | 99.2 | | | |
| | February | 101.1 | 0.3 | | | 103.3 | 2.5 | | | 100.5 | -0.5 | | | 98.6 | -0.6 | | |
| | March | 100.5 | -0.6 | | | 101.3 | -1.9 | | | 100.3 | -0.2 | | | 99.2 | 0.6 | | |
| | April | 102.3 | 1.8 | | | 106.4 | 5.0 | | | 100.9 | 0.6 | | | 100.2 | 0.9 | | |
| | May | 100.2 | -2.1 | | | 96.2 | -9.6 | | | 101.9 | 1.0 | | | 99.8 | -0.4 | | |
| | June | 100.1 | -0.1 | | | 98.4 | 2.3 | | | 100.9 | -1.1 | | | 100.0 | 0.2 | | |
| | July | 100.9 | 0.8 | | | 100.6 | 2.2 | | | 101.2 | 0.3 | | | 100.0 | 0.0 | | |
| | August | 104.5 | 3.6 | | | 113.9 | 13.3 | | | 101.3 | 0.1 | | | 98.9 | -1.0 | | |
| | September | 101.2 | -3.2 | | | 104.6 | -8.2 | | | 100.3 | -1.0 | | | 95.9 | -3.0 | | |
| | October | 103.5 | 2.3 | | | 109.8 | 5.0 | | | 102.1 | 1.8 | | | 91.7 | -4.4 | | |
| | November | 102.0 | -1.4 | | | 107.7 | -1.9 | | | 101.1 | -1.0 | | | 87.8 | -4.2 | | |
| | December | 102.1 | 0.1 | | | 112.8 | 4.8 | | | 99.6 | -1.4 | | | 82.5 | -6.0 | | |
| 2015 | January | 107.3 | 5.0 | 6.4 | | 131.2 | 16.3 | 30.3 | | 99.9 | 0.2 | -1.1 | | 82.5 | -0.1 | -16.9 | |
| | February | 103.2 | -3.7 | 2.1 | | 121.4 | -7.5 | 17.5 | | 97.9 | -2.0 | -2.6 | | 82.3 | -0.2 | -16.5 | |
| | March | 101.9 | -1.3 | 1.4 | | 117.0 | -3.7 | 15.5 | | 97.5 | -0.4 | -2.8 | | 83.3 | 1.2 | -16.1 | |
| | April | 102.9 | 1.0 | 0.5 | | 119.1 | 1.9 | 12.0 | | 98.0 | 0.5 | -2.8 | | 84.0 | 0.9 | -16.1 | |
| | May | 105.8 | 2.9 | 5.6 | | 124.1 | 4.2 | 29.1 | | 100.4 | 2.4 | -1.5 | | 84.5 | 0.6 | -15.3 | |
| | June | 105.5 | -0.3 | 5.4 | | 117.8 | -5.1 | 19.7 | | 101.1 | 0.7 | 0.2 | | 99.7 | 18.0 | -0.3 | |
| | July | 107.2 | 1.6 | 6.2 | | 126.6 | 7.5 | 25.9 | | 100.1 | -1.0 | -1.1 | | 99.9 | 0.2 | -0.1 | |
| | August | 105.3 | -1.8 | 0.7 | | 120.6 | -4.7 | 5.9 | | 99.7 | -0.4 | -1.6 | | 98.9 | -1.0 | 0.0 | |
| | September | 105.8 | 0.5 | 4.6 | | 126.0 | 4.4 | 20.5 | | 99.6 | 0.0 | -0.7 | | 84.9 | -14.2 | -11.5 | |
| | October | 104.7 | -1.0 | 1.2 | | 114.1 | -9.4 | 3.9 | | 102.9 | 3.3 | 0.8 | | 84.1 | -1.0 | -8.3 | |
| | November | 106.3 | 1.5 | 4.2 | | 121.8 | 6.8 | 13.1 | | 103.6 | 0.7 | 2.5 | | 83.6 | -0.6 | -4.8 | |
| | December | 107.2 | 0.9 | 5.0 | 3.6 | 121.8 | 0.0 | 8.0 | 16.4 | 103.5 | -0.1 | 3.9 | -0.6 | 83.2 | -0.5 | 0.7 | -8.9 |
| 2016 | January | 103.7 | -3.3 | -3.3 | 2.7 | 117.6 | -3.5 | -10.4 | 12.6 | 99.9 | -3.5 | 0.0 | -0.5 | 83.7 | 0.7 | 1.5 | -7.5 |
| | February | 105.8 | 2.0 | 2.5 | 2.8 | 123.9 | 5.4 | 2.1 | 11.2 | 100.5 | 0.6 | 2.7 | 0.0 | 84.2 | 0.6 | 2.3 | -6.0 |
| | March | 101.4 | -4.2 | -0.5 | 2.6 | 108.7 | -12.3 | -7.1 | 9.3 | 99.9 | -0.6 | 2.5 | 0.4 | 85.2 | 1.2 | 2.3 | -4.4 |
| | April | 102.6 | 1.2 | -0.3 | 2.6 | 111.4 | 2.5 | -6.5 | 7.6 | 100.5 | 0.6 | 2.5 | 0.8 | 86.6 | 1.6 | 3.1 | -2.8 |
| | May | 104.8 | 2.1 | -1.0 | 2.0 | 112.3 | 0.8 | -9.5 | 4.6 | 103.5 | 3.0 | 3.1 | 1.2 | 86.6 | 0.0 | 2.5 | -1.2 |
| | June | 107.0 | 2.1 | 1.4 | 1.7 | 122.2 | 8.8 | 3.8 | 3.4 | 103.0 | -0.5 | 1.9 | 1.4 | 84.4 | -2.5 | -15.4 | -2.6 |
| | July | 107.8 | 0.7 | 0.5 | 1.2 | 121.6 | -0.5 | -4.0 | 1.1 | 104.4 | 1.4 | 4.3 | 1.8 | 84.7 | 0.4 | -15.2 | -4.0 |
| | August | 106.0 | -1.7 | 0.7 | 1.2 | 117.7 | -3.2 | -2.4 | 0.4 | 103.2 | -1.1 | 3.5 | 2.3 | 84.8 | 0.1 | -14.3 | -5.3 |
| | September | 107.0 | 0.9 | 1.1 | 0.9 | 119.1 | 1.2 | -5.4 | -1.5 | 104.2 | 1.0 | 4.6 | 2.7 | 84.8 | 0.0 | -0.1 | -4.4 |
| | October | 109.9 | 2.7 | 4.9 | 1.3 | 124.0 | 4.1 | 8.7 | -1.1 | 106.5 | 2.2 | 3.5 | 2.9 | 85.1 | 0.4 | 1.2 | -3.6 |
| | November | 113.4 | 3.2 | 6.7 | 1.5 | 130.6 | 5.3 | 7.2 | -1.5 | 109.2 | 2.5 | 5.4 | 3.2 | 84.2 | -1.1 | 0.7 | -3.1 |
| | December | 115.3 | 1.7 | 7.5 | 1.7 | 135.8 | 4.0 | 11.5 | -1.1 | 110.0 | 0.7 | 6.2 | 3.4 | 83.7 | -0.6 | 0.7 | -3.1 |
| 2017 | January | 117.8 | 2.2 | 13.6 | 3.1 | 144.2 | 6.2 | 22.6 | 1.6 | 105.5 | -4.1 | 5.6 | 3.8 | 83.5 | -0.2 | -0.2 | -3.3 |
| | February | 120.1 | 2.0 | 13.5 | 4.0 | 148.6 | 3.1 | 19.9 | 3.2 | 107.3 | 1.7 | 6.8 | 4.2 | 84.0 | 0.6 | -0.2 | -3.5 |
| | March | 120.6 | 0.4 | 18.9 | 5.6 | 150.1 | 1.0 | 38.1 | 6.6 | 107.5 | 0.2 | 7.6 | 4.6 | 83.7 | -0.4 | -1.8 | -3.8 |
| | April | 123.4 | 2.3 | 20.3 | 7.3 | 154.6 | 3.0 | 38.8 | 10.2 | 109.6 | 2.0 | 9.1 | 5.1 | 86.0 | 2.7 | -0.7 | -4.1 |
| | May | 126.0 | 2.1 | 20.2 | 9.0 | 164.3 | 6.3 | 46.3 | 14.8 | 109.5 | -0.1 | 5.8 | 5.4 | 86.5 | 0.6 | -0.1 | -4.3 |
| | June | 127.9 | 1.5 | 19.5 | 10.6 | 170.0 | 3.5 | 39.1 | 17.8 | 110.0 | 0.5 | 6.8 | 5.8 | 86.8 | 0.3 | 2.8 | -2.6 |
| | July | 125.4 | -2.0 | 16.3 | 11.9 | 166.9 | -1.8 | 37.3 | 21.4 | 107.8 | -2.0 | 3.3 | 5.7 | 85.5 | -1.5 | 0.9 | -1.1 |
| | August | 124.9 | -0.4 | 17.8 | 13.3 | 163.0 | -2.3 | 38.5 | 24.8 | 108.6 | 0.7 | 5.2 | 5.8 | 84.1 | -1.6 | -0.8 | 0.2 |
| | September | 126.6 | 1.4 | 18.3 | 14.8 | 166.4 | 2.1 | 39.7 | 28.8 | 109.8 | 1.1 | 5.4 | 5.9 | 84.7 | 0.7 | -0.1 | 0.2 |
| | October | 128.4 | 1.4 | 16.8 | 15.8 | 172.4 | 3.6 | 39.0 | 31.3 | 110.0 | 0.2 | 3.3 | 5.8 | 84.8 | 0.1 | -0.4 | 0.1 |
| | November | 130.2 | 1.4 | 14.8 | 16.4 | 175.9 | 2.0 | 34.7 | 33.6 | 111.2 | 1.1 | 1.8 | 5.5 | 84.7 | -0.1 | 0.6 | 0.1 |
| | December | 131.8 | 1.2 | 14.3 | 17.0 | 176.5 | 0.3 | 30.0 | 35.2 | 113.3 | 1.9 | 3.0 | 5.2 | 84.5 | -0.2 | 1.0 | 0.1 |
| 2018 | January | 129.3 | -1.9 | 9.8 | 16.6 | 165.7 | -6.1 | 14.9 | 34.2 | 114.0 | 0.6 | 8.1 | 5.5 | 83.8 | -0.8 | 0.4 | 0.1 |
| | February | 129.8 | 0.4 | 8.1 | 16.1 | 165.8 | 0.1 | 11.6 | 33.1 | 114.6 | 0.5 | 6.8 | 5.5 | 84.0 | 0.2 | 0.0 | 0.1 |
| | March | 133.5 | 2.9 | 10.7 | 15.4 | 165.6 | -0.1 | 10.3 | 30.5 | 120.0 | 4.7 | 11.6 | 5.8 | 83.9 | -0.1 | 0.2 | 0.3 |
| | April* | 133.1 | -0.3 | 7.9 | 14.3 | 164.1 | -0.9 | 6.1 | 27.6 | 119.8 | -0.2 | 9.3 | 5.9 | 86.6 | 3.2 | 0.7 | 0.4 |
| | May** | 134.2 | 0.8 | 6.5 | 13.2 | 165.2 | 0.7 | 0.5 | 23.6 | 120.8 | 0.8 | 10.3 | 6.3 | 88.2 | 1.8 | 2.0 | 0.6 |
| | June** | 135.9 | 1.3 | 6.3 | 12.0 | 169.6 | 2.7 | -0.2 | 20.0 | 121.7 | 0.7 | 10.6 | 6.6 | 86.4 | -2.0 | -0.5 | 0.3 |

* - Revised ** - Provisional

Figure 1: Movements of Monthly Producer's Price Index by Major Economic Activity: January 2015 – June 2018 (Base: 2013 Q4=100)



* - Revised ** - Provisional

Table 4: PPI of May 2018 & June of 2017 & 2018 and percentage changes by two-digit level Economic Activity of ISIC (Base: 2013 Q4 = 100)

| ISIC Rev.3.1 | Description of the Economic Activity | 2017 | 2018 | | % change | |
|--------------|---|--------------|--------------|--------------|--------------------|---------------------|
| | | June | May* | June** | June 2018/May 2018 | June 2018/June 2017 |
| | All Activities | 127.9 | 134.2 | 135.9 | 1.3 | 6.3 |
| | Agriculture | 170.0 | 165.2 | 169.6 | 2.7 | -0.2 |
| 01 | Agriculture and farming | 170.0 | 165.2 | 169.6 | 2.7 | -0.2 |
| | Manufacturing | 110.0 | 120.8 | 121.7 | 0.7 | 10.6 |
| 15 | Manufacture of food products and beverages | 126.7 | 131.5 | 129.5 | -1.5 | 2.2 |
| 16 | Manufacture of tobacco products | 182.4 | 182.8 | 182.7 | -0.1 | 0.2 |
| 17 | Manufacture of textiles | 106.8 | 110.2 | 112.0 | 1.6 | 4.9 |
| 18 | Manufacture of wearing apparel, dressing, and dyeing of fur | 123.1 | 131.5 | 130.6 | -0.7 | 6.1 |
| 22 | Publishing, printing and reproduction of recorded media | 95.8 | 105.5 | 105.7 | 0.2 | 10.3 |
| 23 | Manufacture of coke, refine petroleum products and nuclear fuel | 76.6 | 89.0 | 107.0 | 20.2 | 39.7 |
| 24 | Manufacture of chemicals and chemical products | 96.1 | 106.5 | 104.9 | -1.5 | 9.2 |
| 25 | Manufacture of rubber and plastics | 91.1 | 97.2 | 98.3 | 1.1 | 7.9 |
| 26 | Manufacture of other non metallic mineral products | 109.8 | 110.4 | 110.5 | 0.1 | 0.6 |
| 27 | Manufacture of basic metals | 99.3 | 106.0 | 105.8 | -0.2 | 6.5 |
| 31 | Manufacture of electrical machinery and apparatus n.e.c. | 107.2 | 113.6 | 114.1 | 0.4 | 6.4 |
| 35 | Manufacture of other transport equipments | 105.2 | 110.1 | 110.9 | 0.7 | 5.4 |
| 36 | Manufacture of furniture, Manufacturing n.e.c. | 118.2 | 120.8 | 121.5 | 0.6 | 2.8 |
| | Electricity and water supply | 86.8 | 88.2 | 86.4 | -2.0 | -0.5 |
| 40 | Electricity | 85.2 | 86.6 | 84.9 | -2.0 | -0.4 |
| 41 | Collection, purification and distribution of water | 101.7 | 103.0 | 100.6 | -2.3 | -1.1 |

* - Revised ** - Provisional

ISIC refers to International Standard Industrial Classification of all activities (Revision 3.1)

Revision Policy

PPI is compiled by collecting prices received by the domestic producers for about 514 products from 376 manufacturing and utility related establishments. Prices of 36 agricultural products are collected from 331 Divisional Secretariat Divisions covering the whole country. Electricity & Water supply sector prices are collected from Ceylon Electricity Board and National Water Supply & Drainage Board respectively.

In certain circumstances, it is not possible to collect requested prices by the time of releasing PPI. Such prices are therefore statistically imputed. Therefore, indices of the latest month are released as provisional. These indices are finalized with time lag of two months.

Further details of Producer's Price Index compiled for the month of June of 2018, are also published in the department web site (www.statistics.gov.lk).

Producer's Price Index (PPI) is released monthly with 45 days time lag with effect from January, 2017. The PPI for month of July, 2018 will be released on 17th of September 2018.

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