



NATIONAL INSTITUTE OF  
STATISTICS OF RWANDA



NATIONAL BANK OF RWANDA

**PRODUCER PRICE INDEX FOR  
MANUFACTURING SECTOR (PPI-M)  
SECOND QUARTER 2012**

**Background**

This is the thirtieth publication of monthly Producer Price Index for the Manufacturing sector (PPI-M). Work on the development of the methodology for the construction of the PPI-M started in March 2003 with technical assistance from the IMF East AFRITAC and financial assistance from the UK DFID. The PPI project is a joint project between the National Institute of Statistics of Rwanda (NSIR) and the National Bank of Rwanda (NBR).

Table 1: Monthly Producer Price Indices by activity group: **Second Quarter 2012**  
**Goods Produced mainly for local sales**  
*(Base Period: Fourth Quarter 2003 = 100)*

Activity group	Weight	2011			2012			2011	2012
		Apr.	May	June	Apr.	May	June	2 <sup>nd</sup> Qrt	2 <sup>nd</sup> Qrt
<b>PPI for Mainly Local Sold products</b>	<b>1000</b>	<b>167.41</b>	<b>167.48</b>	<b>168.67</b>	<b>173.70</b>	<b>176.68</b>	<b>178.10</b>	<b>167.85</b>	<b>176.16</b>
<i>% change, previous month/quarter</i>		<i>0.97</i>	<i>0.04</i>	<i>0.71</i>	<i>-1.86</i>	<i>1.72</i>	<i>0.80</i>	<i>1.56</i>	<i>0.09</i>
<i>% change, 12 months</i>		<i>2.46</i>	<i>2.57</i>	<i>3.30</i>	<i>3.76</i>	<i>5.49</i>	<i>5.59</i>	<i>2.78</i>	<i>4.95</i>
<b>Food Products, Beverages and Tobacco</b>	<b>456</b>	<b>163.19</b>	<b>163.41</b>	<b>165.97</b>	<b>178.16</b>	<b>184.70</b>	<b>184.70</b>	<b>164.19</b>	<b>182.52</b>
<i>% change, previous month/quarter</i>		<i>0.84</i>	<i>0.13</i>	<i>1.57</i>	<i>-3.90</i>	<i>3.67</i>	<i>0.00</i>	<i>1.50</i>	<i>-0.38</i>
<i>% change, 12 months</i>		<i>-0.26</i>	<i>-0.04</i>	<i>1.65</i>	<i>9.17</i>	<i>13.03</i>	<i>11.28</i>	<i>0.45</i>	<i>11.16</i>
<b>Food Products</b>	<b>129</b>	<b>180.61</b>	<b>181.38</b>	<b>190.40</b>	<b>190.48</b>	<b>190.48</b>	<b>190.48</b>	<b>184.13</b>	<b>190.48</b>
<i>% change, previous month/quarter</i>		<i>2.73</i>	<i>0.43</i>	<i>4.97</i>	<i>0.00</i>	<i>0.00</i>	<i>0.00</i>	<i>4.86</i>	<i>0.00</i>
<i>% change, 12 months</i>		<i>-0.82</i>	<i>-0.13</i>	<i>5.25</i>	<i>5.47</i>	<i>5.02</i>	<i>0.05</i>	<i>1.42</i>	<i>3.45</i>
Production, processing and preserving of meat and meat products	3	220.92	220.92	220.92	221.17	221.17	221.17	220.92	221.17
Processing and preserving of fruits and vegetables	8	175.21	175.21	175.21	175.21	175.21	210.37	175.21	186.93
Manufacture of dairy products	32	217.47	217.47	217.47	239.10	239.10	239.10	217.47	239.10
Manufacture of grain mill and animal feeds products	27	146.97	148.75	182.25	179.26	178.60	178.45	159.32	178.77
Manufacture of bakery products, pastry, biscuits	13	191.77	191.77	191.77	191.77	191.77	191.77	191.77	191.77
Manufacture of sugar	45	169.68	170.83	176.52	196.45	187.91	165.13	172.34	183.16
<b>Beverages and Tobacco</b>	<b>327</b>	<b>156.29</b>	<b>156.29</b>	<b>156.29</b>	<b>173.27</b>	<b>182.40</b>	<b>182.40</b>	<b>156.29</b>	<b>179.36</b>
<i>% change, previous month</i>		<i>0.00</i>	<i>0.00</i>	<i>0.00</i>	<i>-5.51</i>	<i>5.27</i>	<i>0.00</i>	<i>0.00</i>	<i>-0.54</i>
<i>% change, 12 months</i>		<i>0.00</i>	<i>0.00</i>	<i>0.00</i>	<i>10.87</i>	<i>16.71</i>	<i>16.71</i>	<i>0.00</i>	<i>14.76</i>
<i>Manufacture of beer, soft drinks and tobacco</i>	<i>327</i>	<i>156.29</i>	<i>156.29</i>	<i>156.29</i>	<i>173.27</i>	<i>182.40</i>	<i>182.40</i>	<i>156.29</i>	<i>179.36</i>
<b>Other than Food, Beverages and Tobacco</b>	<b>544</b>	<b>170.94</b>	<b>170.89</b>	<b>170.92</b>	<b>169.96</b>	<b>169.96</b>	<b>172.57</b>	<b>170.92</b>	<b>170.83</b>
<i>% change, previous month/quarter</i>		<i>1.07</i>	<i>-0.03</i>	<i>0.02</i>	<i>0.00</i>	<i>0.00</i>	<i>1.54</i>	<i>1.62</i>	<i>0.52</i>
<i>% change, 12 months</i>		<i>4.75</i>	<i>4.76</i>	<i>4.69</i>	<i>-0.58</i>	<i>-0.54</i>	<i>0.96</i>	<i>4.73</i>	<i>-0.05</i>
Manufacture of textiles, wearing apparel, tanning and dressing of leather	47	185.07	185.01	185.59	182.58	182.58	182.58	185.22	182.58
Manufacture of paper and paper products, publishing of books, newspapers	40	147.33	147.33	147.33	147.13	147.13	147.13	147.33	147.13
Manufacture of chemical products	172	164.74	164.74	164.74	164.29	164.29	164.35	164.74	164.31
Manufacture of plastic products, tubes, retreading and rebuilding of rubber tyres	45	135.74	135.74	135.74	135.74	135.74	135.74	135.74	135.74
Manufacture of ceramic products, cement, lime and articles of concrete	126	196.08	196.08	196.10	196.76	196.76	207.97	196.08	200.50
Manufacture of fabricated metal products	70	177.29	176.90	176.76	173.37	173.37	173.37	176.98	173.37
Manufacture of furniture	43	156.08	156.08	156.08	152.74	152.74	152.74	156.08	152.74

**(\*) Only for quarterly figures**

Source: Quarterly Producer Price Index Surveys

Table 2: Monthly Producer Price Indices by activity group: **Second Quarter 2012**  
**Goods produced mainly for export**

(Base Period: Fourth Quarter 2003 = 100)

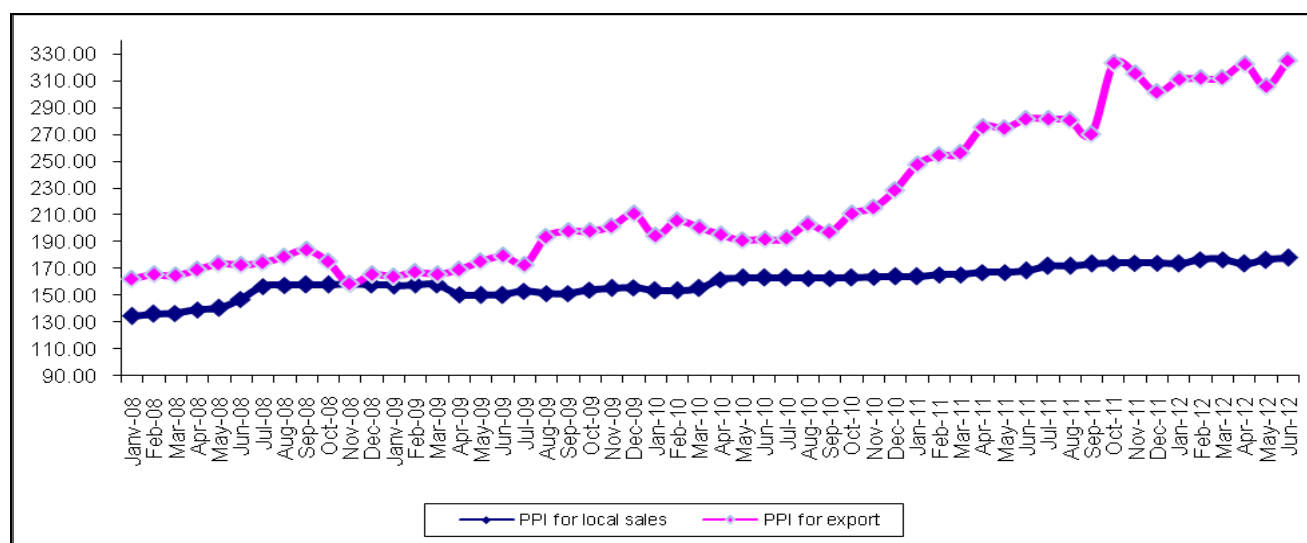
Activity group	Weight	2011			2012			2011	2012
		Apr.	May	June	Apr.	May	June	2 <sup>nd</sup> Qrt	2 <sup>nd</sup> Qrt
<b>PPI for Mainly Export Products</b>	<b>1000</b>	<b>275.62</b>	<b>274.61</b>	<b>281.90</b>	<b>322.36</b>	<b>305.67</b>	<b>325.13</b>	<b>277.38</b>	<b>317.72</b>
% change, previous month		7.70	-0.36	2.65	3.30	-5.18	6.37	9.70	1.92
% change, 12 months		41.07	43.51	0.00	16.96	11.31	15.33	43.88	14.54
<b>Manufacture of other food products n.e.c</b>	<b>978</b>	<b>270.54</b>	<b>269.51</b>	<b>276.97</b>	<b>318.22</b>	<b>301.12</b>	<b>320.99</b>	<b>272.34</b>	<b>313.44</b>
% change, previous month		7.23	-0.38	2.77	3.41	-5.37	6.60	9.30	1.97
% change, 12 months		41.87	44.45	0.00	17.62	11.73	15.89	44.83	15.09
<b>Production of tea</b>	<b>585</b>	<b>168.90</b>	<b>171.13</b>	<b>176.27</b>	<b>189.38</b>	<b>191.62</b>	<b>194.01</b>	<b>172.10</b>	<b>191.67</b>
% change, previous month		-4.95	1.32	3.00	10.20	1.18	1.25	-3.88	11.91
% change, 12 months		6.12	13.39	-1.70	12.13	11.97	10.06	12.34	11.37
<b>Production of coffee</b>	<b>392</b>	<b>422.12</b>	<b>416.23</b>	<b>427.14</b>	<b>510.35</b>	<b>464.41</b>	<b>510.35</b>	<b>421.83</b>	<b>495.04</b>
% change, previous month		16.10	-1.39	2.62	0.00	-9.00	9.89	19.24	-3.00
% change, 12 months		77.57	73.60	1.08	20.90	11.58	19.48	75.76	17.35
<b>Manufacture of pesticides and other agro-chemical products</b>	<b>22</b>	<b>499.26</b>	<b>499.26</b>	<b>499.26</b>	<b>504.99</b>	<b>506.29</b>	<b>507.43</b>	<b>499.26</b>	<b>506.24</b>
% change, previous month		20.26	0.00	0.00	0.26	0.26	0.22	20.26	0.51
% change, 12 months		24.38	24.38	0.02	1.15	1.41	1.64	24.38	1.40
<b>Production of pyrethrum</b>	<b>22</b>	<b>499.26</b>	<b>499.26</b>	<b>499.26</b>	<b>504.99</b>	<b>506.29</b>	<b>507.43</b>	<b>499.26</b>	<b>506.24</b>

(\* ) Only for quarterly figures

Source: Quarterly Producer Price Index Surveys

Graph1: PPI for local sales and export products

(Fourth quarter 2003=100)



Source: Quarterly Producer Price Index Surveys

## **I. Monthly PPI-M (Base period: 4<sup>th</sup> Quarter 2003 =100)**

### *1.1 PPI-M: Local sales (table 1a)*

In June 2012, the index for products manufactured for sale on the local market stood at 178.10, which reflects an increase of 0.8% compared to the index of May 2012 (176.68).

On annual basis, the index for June 2012 was 5.59 % higher. This increase is mainly attributable to price increases in the following subgroups: « Food products, beverages and tobacco» (+11.28%) and «Other than food, beverages and tobacco » (+0.96%).

Within the subgroup « Food products, beverages and tobacco», prices of « Food products » rose by 0.05% and that of « Manufacture of beer, soft drinks and tobacco» rose by 16.71%. The increase of 0.05% in food products is due to price changes of the food products of which: «Processing and preserving of fruits and vegetables» (+20.06%) and «Manufacture of dairy products» (9.95%).

The index of the subgroup « Other than food, beverages and tobacco » increased by (0.96%) in June 2012 compared to the index of the same month of the year 2011. This increase is mostly attributable to the effect of price changes in «Manufacture of ceramic products, cement, lime and articles of concrete» (+6.06%).

### **1.2 PPI-M Exports (table 2)**

As shown in the table 2, the index for goods mainly produced for exports stood at 322.36 in April, 305.67 in May and 325.13 in June 2012. Prices fetched for tea exports registered increases of 10.20%, 1.18% and 1.25% in April, May and June 2012, respectively. On the other hand, export price of coffee remained constant in April, and registered a decrease of 9.00% in May and an increase of 9.89% in June 2012.

On an annual basis, the index of export products registered an increase of 15.33% in June 2012 compared to the index of the same month of the previous year.

## II. Quarterly PPI-M (Base period: 4<sup>th</sup> Quarter 2003 =100)

### 2.1 PPI-M Local sales

The index for the second quarter 2012 registered a slight increase of 0.09% compared to the index of the previous quarter (second quarter of 2012) and an increase of 4.95% compared to the index of the second quarter of the year 2011.

### 2.2 PPI-M Exports

The quarterly index for manufacturing exports registered an increase of 1.92% in the second quarter of the year 2012 compared to the index of the previous quarter and an increase of 14.54% compared to the index of the same quarter of the previous year.

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## Technical Note on PPI-M

**1. Scope and composition:** For the purpose of these indices, manufacturing encompass all products produced for sale on the domestic market as well as for the exports that is divisions 15 to 36. The PPI-M will initially cover manufacturing establishments that operate with 10 or more workers.

**2. Items and weights:** These indices are fixed weight indices. The weights were obtained from the gross output value reported by manufacturers at the 2000 Census of Industrial Production conducted in 2001. Gross output is valued at basic prices, and thus excludes all taxes on products, namely excise duties and Value added tax. Each selected product is assigned a weight representing its share in the total turnover for the fourth quarter of 2003 as reported by the establishments.

**3. Price information:** The point of pricing is the establishment. The price is the selling price received by the producer for the selected product as it leaves the factory gate. In general prices are collected at *mid – point of each month*.

**4. Reference base period for PPI\_M:** The reference period for the calculation of PPI-M is the fourth quarter 2003. The base price for a particular product is an arithmetic mean of the fourth quarter monthly prices in 2003.

**5. Index formula:** The PPI is calculated according to the Laspeyres formula, which is the weighted average of price relatives.

$$I_c = \sum \frac{w_i * P_{ci} / P_{oi}}{\sum w_i} * 100$$

Where  $I_c$  = Index for current month

$W_i$  = Weight associated with product i

$P_{ci}$  = Price of product i for the current month

$P_{oi}$  = Price for product i for the reference period

### 6. Uses of the PPI

The main uses of the PPI are:

- As a leading indicator of inflationary trends.
- As deflators for national accounting at constant prices.
- As “escalators” to adjust prices of inputs in long term sales contracts.

**7. Dissemination of PPI-M:** The monthly PPI-M will be published in each quarter, about 8 weeks following the quarter under review.

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