



NATIONAL INSTITUTE OF
STATISTICS OF RWANDA



NATIONAL BANK OF RWANDA

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

Background

This is the thirty one 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: **Third Quarter 2012**
Goods for local sales (Base Period: Fourth Quarter 2003 = 100)

Activity group	Weight	2011			2012			2011	2012
		July	Aug.	Sept.	July	Aug.	Sept.	3 rd Qtr	3 rd Qtr
PPI for Mainly Local Sold products	1000	172.28	172.28	173.90	178.29	178.29	178.30	172.82	178.29
<i>% change, previous month/quarter</i>		2.14	0.00	0.94	0.10	0.00	0.00	2.96	1.21
<i>% change, 12 months</i>		5.57	5.82	6.74	3.49	3.49	2.53	6.04	3.17
Food Products, Beverages and Tobacco	456	178.85	178.85	177.69	184.76	184.77	184.77	178.46	184.77
<i>% change, previous month/quarter</i>		7.76	0.00	-0.65	0.04	0.00	0.00	8.69	1.23
<i>% change, 12 months</i>		9.46	9.94	9.21	3.31	3.31	3.99	9.53	3.53
Food Products	129	190.4751	190.475096	186.38	190.5	190.51	190.53	189.1097	190.5137
<i>% change, previous month/quarter</i>		0.04	0.00	-2.15	0.01	0.01	0.01	2.71	0.02
<i>% change, 12 months</i>		5.05	6.51	4.18	0.01	0.02	2.23	5.25	0.74
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	175.21	175.21	175.21
Manufacture of dairy products	32	217.47	217.47	201.27	239.10	239.10	239.10	212.07	239.10
Manufacture of grain mill and animal feeds products	27	182.62	182.62	182.10	177.13	178.15	177.13	182.45	177.47
Manufacture of bakery products, pastry, biscuits	13	191.77	191.77	191.77	191.77	191.77	198.66	191.77	194.07
Manufacture of sugar	45	176.52	176.52	176.52	171.97	176.52	182.22	176.52	176.90
Beverages and Tobacco	327	174.2418	174.241783	174.24	182.49	182.49	182.49	174.2418	182.4889
<i>% change, previous month</i>		11.49	0.00	0.00	0.05	0.00	0.00	11.49	1.75
<i>% change, 12 months</i>		11.49	11.49	11.49	4.73	4.73	4.73	11.49	4.73
Manufacture of beer, soft drinks and tobacco	327	174.24	174.24	174.24	182.49	182.49	182.49	174.24	182.49
Other than Food, Beverages and Tobacco	544	166.77	166.77	170.73	172.86	172.87	172.87	168.09	172.86
<i>% change, previous month/quarter</i>		-2.43	0.00	2.37	0.16	0.00	0.00	-1.65	1.19
<i>% change, 12 months</i>		2.31	2.37	4.68	3.65	3.65	1.25	3.12	2.84
Manufacture of textiles, wearing apparel, tanning and dressing of leather	47	185.82	185.82	185.82	182.58	182.58	182.58	185.82	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	152.26	152.26	164.74	164.39	164.39	164.39	156.42	164.39
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	196.66	196.66	196.66	207.97	207.97	207.97	196.66	207.97
Manufacture of fabricated metal products	70	174.08	174.08	174.08	175.55	175.57	175.57	174.08	175.56
Manufacture of furniture	43	156.08	156.08	156.08	152.75	152.76	152.77	156.08	152.76

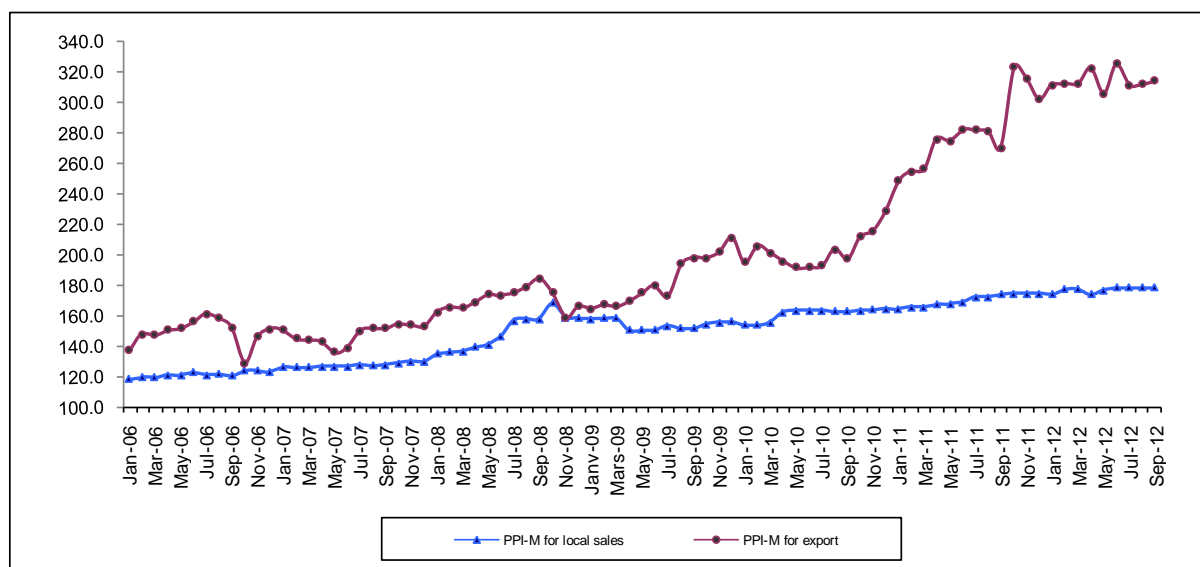
Source: Quarterly Producer Price Index Sur

Table 2: Monthly Producer Price Indices by activity group: **Third Quarter 2012**
Goods for export (Base Period: Fourth Quarter 2003 = 100)

Activity group	Weight	2011			2012			2011	2012
		July.	Aug.	Sept.	July.	Aug.	Sept.	3rd Qrt	3rd Qrt
PPI for Mainly Export Products	1000	281.89	280.72	270.00	310.94	311.86	313.79	277.54	312.20
% change, previous month		0.00	-0.42	-3.82	-4.36	0.30	0.62	0.06	-1.74
% change, 12 months		46.45	37.93	36.86	10.31	11.09	16.22	43.97	12.49
Manufacture of other food products n.e.c	978	276.96	275.76	264.80	306.42	307.35	309.24	272.51	307.67
% change, previous month		0.00	-0.43	-3.97	-4.54	0.30	0.61	0.06	-1.84
% change, 12 months		47.52	38.90	37.82	10.64	11.46	16.78	44.92	12.90
Production of tea	585	179.32	186.68	167.47	184.97	184.54	185.55	177.82	185.02
% change, previous month		1.73	4.11	-10.29	-4.66	-0.24	0.55	3.33	-3.47
% change, 12 months		20.68	14.58	4.17	3.15	-1.15	10.79	16.07	4.05
Production of coffee	392	422.57	408.60	409.95	487.54	490.51	493.71	413.71	490.59
% change, previous month		-1.07	-3.31	0.33	-4.47	0.61	0.65	-1.93	-0.90
% change, 12 months		71.69	62.38	71.58	15.37	20.05	20.43	72.37	18.58
Manufacture of pesticides and other agro-chemical products	22	499.18	499.18	499.18	509.96	510.47	514.31	499.18	511.58
% change, previous month		-0.02	0.00	0.00	0.50	0.10	0.75	-0.02	1.06
% change, 12 months		24.36	17.84	17.84	2.16	2.26	3.03	24.36	2.48
Production of pyrethrum	22	499.18	499.18	499.18	509.96	510.47	514.31	499.18	511.58

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: 4th Quarter 2003 =100)

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

In September 2012, the index for products manufactured for sale on the local market stood at 178.30, which reflects a slight increase compared to the index of the previous month which was 178.29.

On annual basis, the index for September 2012 was 2.53 percent higher. This increase is mainly attributable to price increases of 3.99 percent in food products, beverages and tobacco and an increase of 1.25 percent in other than food, beverages and tobacco.

Within food products, beverages and tobacco, prices of food products rose by 2.23 percent and that of beer, soft drinks and tobacco rose by 4.73 percent. The increase 2.23 percent in food products is due to price changes of dairy products by 18.80 percent and to the price change of bakery products, pastry and biscuits by 3.59 percent.

The index of other than food, beverages and tobacco increased by 1.25 percent in September 2012 compared to the index of the same month of the previous year. This increase is mostly attributable to the effect of price changes by 5.57 percent in manufacture of ceramic products, cement, lime and articles of concrete.

1.2 PPI-M Exports (table 2)

As shown in the table 2, the index for goods mainly produced for exports stood at 310.94 in July, 311.86 in August and 313.79 in September 2012. Prices fetched for tea exports registered decreases of 4.66 and 0.24 percent in July and August respectively, and an increase of 0.55 percent in September. On the other hand, export price of coffee decreased by 4.47 percent in July and increased by 0.61 and 0.65 percent in August and September respectively.

On an annual basis, the index of export products registered an increase of 16.22 percent in September 2012 compared to the index of the same month of the previous year.

II. Quarterly PPI-M (Base period: 4th Quarter 2003 =100)

2.1 PPI-M Local sales

The index for the third quarter 2012 registered an increase of 1.21 percent compared to the index of the previous quarter (second quarter of 2012) and an increase of 3.17 percent compared to the index of the third quarter of the year 2011.

2.2 PPI-M Exports

The quarterly index for manufacturing exports registered a decrease of 1.74 percent in the third quarter of the year 2012 compared to the index of the previous quarter and an increase of 12.49 percent 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.
