



NATIONAL INSTITUTE OF
STATISTICS OF RWANDA



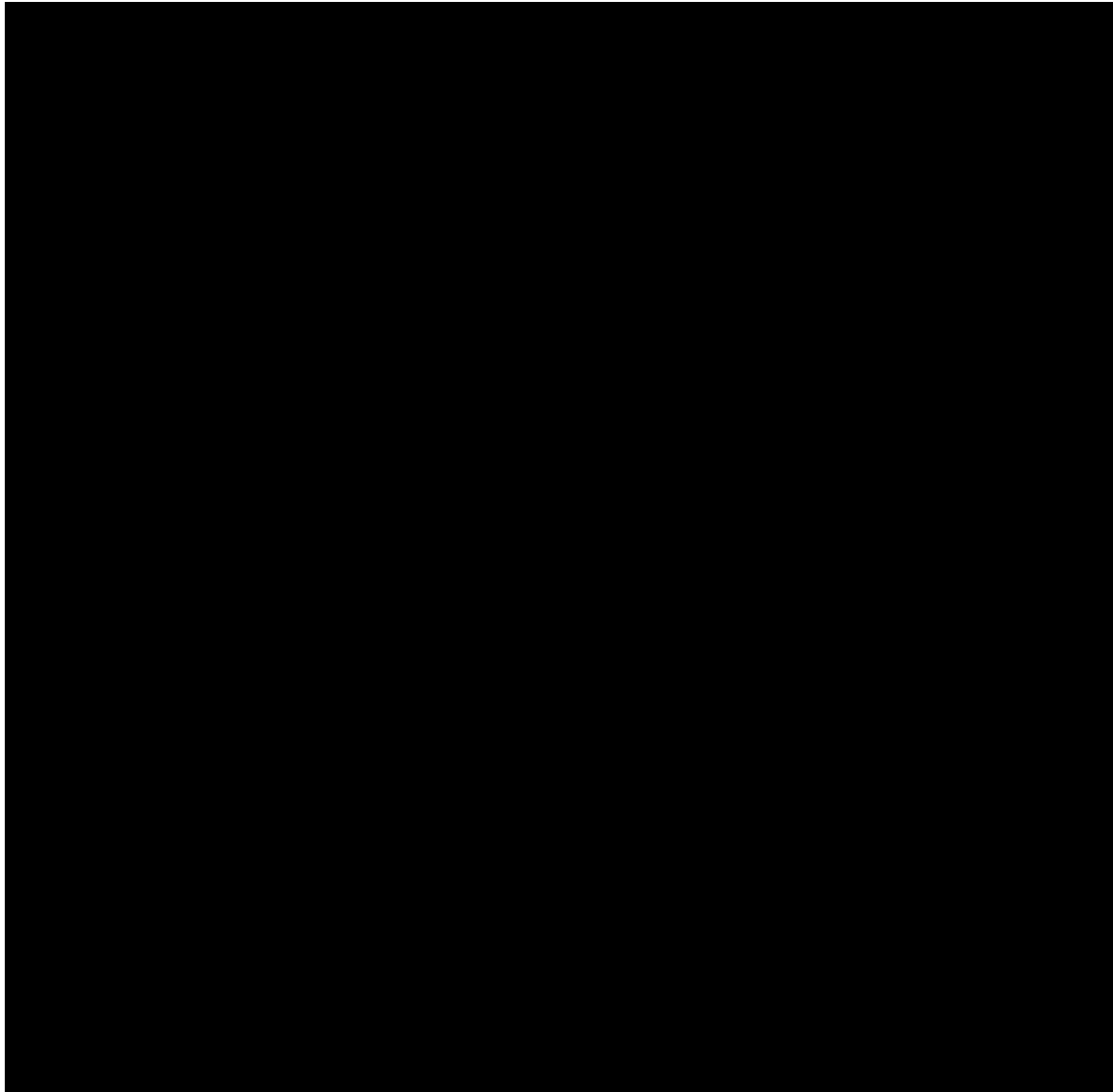
NATIONAL BANK OF RWANDA

**PRODUCER PRICE INDEX FOR
MANUFACTURING SECTOR (PPI-M)
SECOND QUARTER 2013**

Background

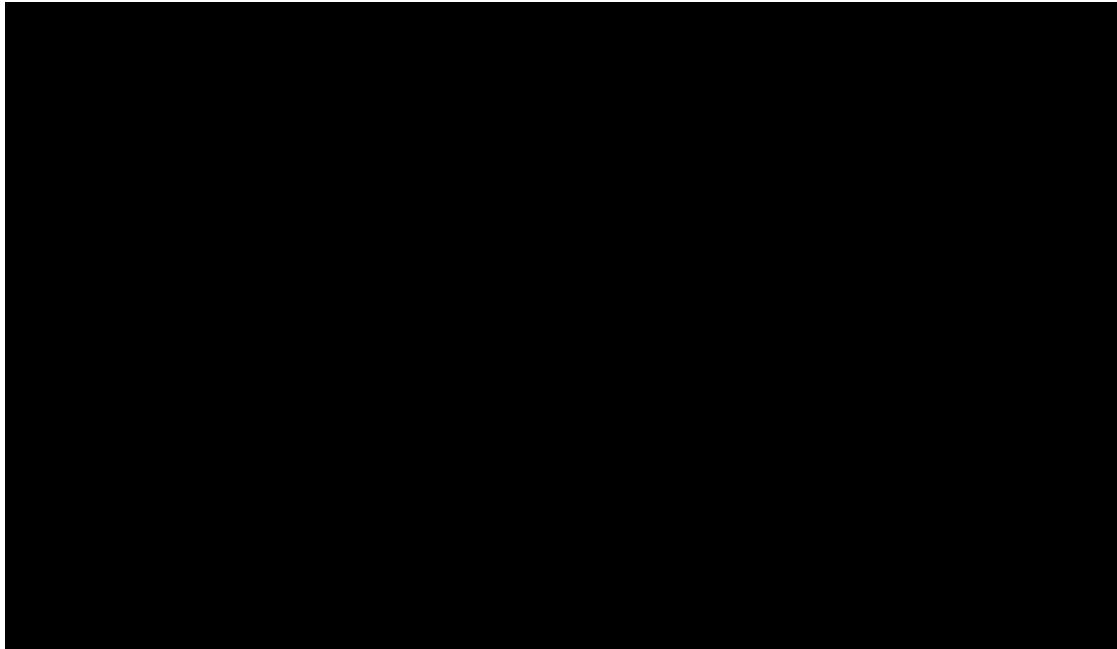
This is the thirty four publication of monthly Producer Price Index for the Manufacturing sector (PPI-M). Work on the development of the methodology for the construction of the PPI-M started in March 2003 with technical assistance from the IMF East AFRITAC and financial assistance from the UK DFID. The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

Table 1: Monthly Producer Price Indices by activity group: **Second Quarter 2013**
Goods for local sales (*Base Period: Fourth Quarter 2003 = 100*)



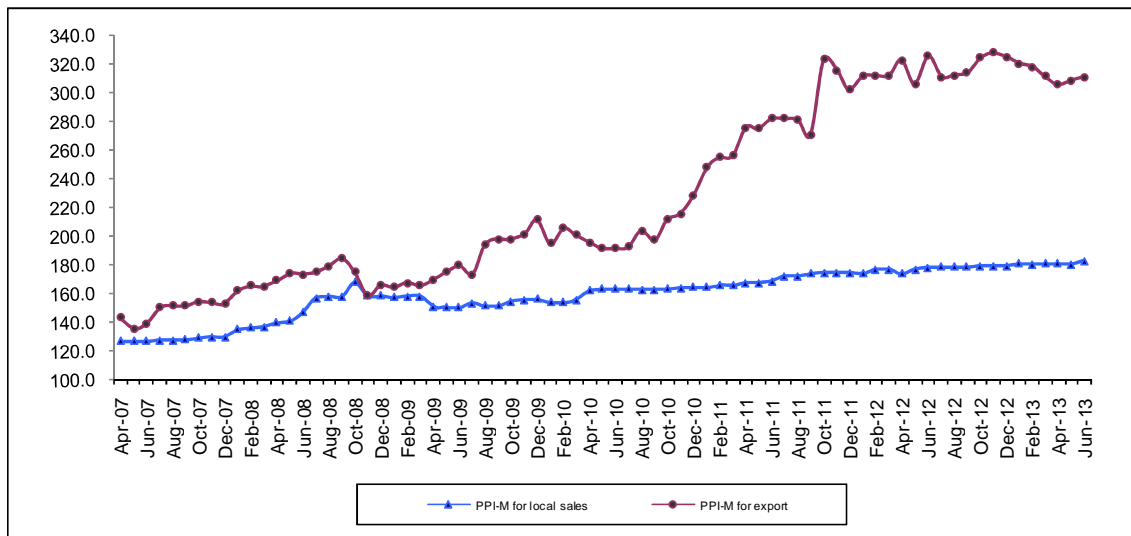
Source: Quarterly Producer Price Index Surveys

Table 2: Monthly Producer Price Indices by activity group: **Second Quarter 2013**
Goods for export (Base Period: Fourth Quarter 2003 = 100)



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: 4st Quarter 2003 =100)

I.1 PPI-M: Local sales (table 1)

In June 2013, the index for products manufactured for sale on the local market stood at 182.51, which reflects an increase of 1.10 percent compared to the index of the previous month which was 180.52.

On annual basis, the index for June 2013 was 2.47 percent higher. This increase is mainly attributable to price increases of 2.63 percent in food, beverages and tobacco products.

The annual index of food, beverages and tobacco increased by 2.63 percent in June 2013. This increase is mostly attributable to the effect of price changes by 6.95 percent in bakery products, pastry, biscuits manufacture, and 3.28 percent price increase in beverages and tobacco.

1.2 PPI-M Exports (table 2)

As shown in the table 2, the index for goods mainly produced for exports stood at 305.36 in April, 308.23 in May and 310.80 in June 2013. Prices fetched for tea exports registered a monthly decrease of 11.47 in April, and an increase of 2.80 and 2.47 percent in May and June respectively.

On an annual basis, the index of export products registered a decrease of 4.41 percent in June 2013 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 second quarter 2013 registered an increase of 1.13 percent compared to the index of the previous quarter (first quarter of 2013) and an increase of 2.91 percent compared to the index of the second quarter of the year 2012.

2.2 PPI-M Exports

The quarterly index for manufacturing exports registered a decrease of 2.60 percent in the second quarter of the year 2013 compared to the index of the previous quarter (first quarter 2013) and a decrease of 3.02 percent compared to the index of the same quarter of the previous year.

Contact Persons:

National Institute of Statistics of Rwanda (NISR):

Director General, MURANGWA Yusuf
E-mail: yusuf.murangwa@statistics.gov.rw

NISR: Department of Economic Statistics:

Director, MANZI Sébastien
E-mail: sebastien.manzi@statistics.gov.rw

Principal Research Statistician in charge of Prices, SIBOMANA Oscar
Tel.: (250) 788 893 288, E-mail: oscar.sibomana@statistics.gov.rw

NBR: Department of Statistics :

Senior Officer «Economic statistics », KAJIGIJA Eugène
Tel : (250) 788 417 427, E-mail : ekajigija@bnr.rw

Web sites: [http:// www.statistics.gov.rw](http://www.statistics.gov.rw)

[http:// www.bnr.rw](http://www.bnr.rw)

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.
