

PRODUCER PRICE INCREASES TO 19.51%

The producer price index which measures the average change over time in the prices set by domestic producer for the production of their goods and services has inched up slightly in August 2010 to 19.51 percent from 18.93 percent the previous month, representing a 0.58 percent increase.

The monthly change rate recorded 0.74 percent from negative 0.15 percent in July. The manufacturing sector, which is the largest industrial subsector with 69.75 percent share of all industry, recorded an inflation rate of 7.38 percent. The mining and quarrying with 13.97 percent share of all industry recorded inflation rate of 20.17 percent.

The utilities which include production, transmission and distribution of electricity, collection, purification and distribution of water, recorded inflation rate of 71.14 percent.

The PPI inflation for August 2010 was higher than the rate recorded the same period in 2009. The all industry year-on-year average inflation for the first eight months of 2010 was 19.80 percent.

During the 13 months period, industry index recorded the highest inflation rate in December 2009 which was 27.71 percent. The rate however began declining from January 2010 to May 2010 before it increased in June 2010.

Between July 2009 and May 2010, mining and quarrying sector exhibited the highest inflation rate, except in February and May 2010 when manufacturing and utilities respectively recorded the highest.

Eleven out of the sixteen major groups in the manufacturing sector recorded inflation rate higher than the manufacturing sector average.

The manufacture of electrical equipment recorded the highest inflation rate of 49.26 percent, while manufacture of motor vehicles, trailers and semi-trailers, manufacture of woods and wood product; manufacture of chemical and chemical products recorded negative inflation rates of 13.13, 12.17 and 4.85 percent respectively.

Between October 2009 and December 2009, producer inflation in the manufacture of petroleum products group recorded a sharp increase. Inflation in the petroleum sector stabilizes for the first two months of 2010, but dropped between March and June 2010.

Source: Economy Times Monday, 27 September-Sunday 3 October 2010