

Mining keeps producer inflation up

High Gold prices on the world market kept the Producer Price Inflation (PPI) up from the previous month.

The PPI, which measures the average change over time in the prices received by domestic producers for the production of goods and services, recorded 19.34 percent in November 2009 as compared with 15.26 percent in October.

Apart from the mining and quarrying sector, the other sectors recorded annual inflation rate less than the all industry inflation rate.

Throughout the year, gold prices have been escalating on the world market, setting new record each month.

There is indication that the mining sub-sector of the Gross Domestic Product (GDP) of the country would perform well this year.

Currently Gold trade at \$1,111 on the world market. Mining and quarrying recorded the highest inflation rate of 67.05 percent for November compared with 56.56 percent in October.

It has exhibited the highest inflation rate since January 2009. With regard to manufacturing, the most important industrial sub sector with 69.75 percent share of industry, it recorded an inflation rate of 14.57 percent as against 10.50 percent in October.

About four percent increase in the sub-sector could push the Consumer Price Index (CPI) up in December. There was an appreciable inflation rate of 110.05 percent in publishing, printing reproduction of recorded media group, while negative rates were recorded in the manufacture of basic metals and wood products groups.

Utilities, which include production, transmission and distribution of electricity and collection, purification and distribution of water, recorded 1.02 percent inflation as against 1.21 percent in October.

Petroleum inflation had a major influence in the manufacturing sector. During the first 10 months of 2009, inflation in the petroleum group recorded negative rates but the first positive rate was however recorded last month.

The all industry year-on-year inflation had been relatively stable for the first five month of 2009, averaging 11.87 percent.

There was however an upsurge in inflation rate in June after it recorded 17.77 percent before reducing to 14.12 percent in August.

Source: Daily Guide, Monday December 21, 2009, Pages 8.