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*Agjencia e Statistikave të Kosovës - Agencija za Statistike Kosova - Kosovo Agency of Statistics*

## Series 3: Economic Statistics

# Producer Price Index Q3- 2016



## **F o r e w o r d**

Kosovo Agency of Statistics (KAS) has started to publish the Producer Price Index (PPI) in May 2009.

Prices and values of industrial products are collected by manufacturing enterprises with the most influence in Kosovo. Value of product and annual average price is referred for 2007, while since the first quarter of 2009 the index is monitored and calculated continuously in quarterly and annual periods.

PPI, or Producer Price Index is in accordance with the Standard Classification of Activities according to NACE rev.2, based on the "Regulation No.11/2013 Article 7, for the implementation of the Standard Classification of Activities. PPI is under construction and continuously seeks to include economic activities which currently are not active but gradually the product is expected from these activities.

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## Symbols and Abbreviations

PPI	-	Producer Price Index
KAS	-	Kosovo Agency of Statistics
EAN	-	Economic activity nomenclature
Q1	-	First Quarter
Q2	-	Second Quarter
Q3	-	Third Quarter
Q4	-	Fourth Quarter
:	-	Figure not available
0	-	Less than half the unit used
-	-	Not applicable
%	-	Percentage
W	-	Statistical weight
Ø	-	Average

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## **Producer Price Index (PPI) for the third quarter 2016**

The price index for total manufacturing in Kosovo decreases by -0.5% between Q2 2016 and Q3 2016. Compared with Q3 2015, production prices are without changes 0.0%.

### **Second quarter 2016 - Third quarter 2016 -0.5%**

Producer prices in Kosovo decreased by an average of -0.5% between Q2 2016 and Q3 2016. Largest decreases by economic activity are noticed to: production of food products (-1.9%), production of beverages (-1.6%) manufacture of chemical products (-1.3%), production of non-metallic mineral products (-0.8%), manufacture of fabricated metal products, except machinery and equipment (-0.5%) and manufacture of wood and of products of wood and cork, except furniture, manufacture of articles of straw and plaiting materials (-0.5%).

The decrease was counteracted by increases in prices of: manufacture of electrical equipment (3.5%), metal ore extraction (1.3%), production of metals (0.4%), electricity, gas, steam and air conditioning supply (0.3%), manufacture of rubber and plastic (0.2%), manufacture of furniture (0.1%) and collection, treatment and supply of water(0.1%).

### **Third quarter 2015 - Third quarter 2016 0.0%**

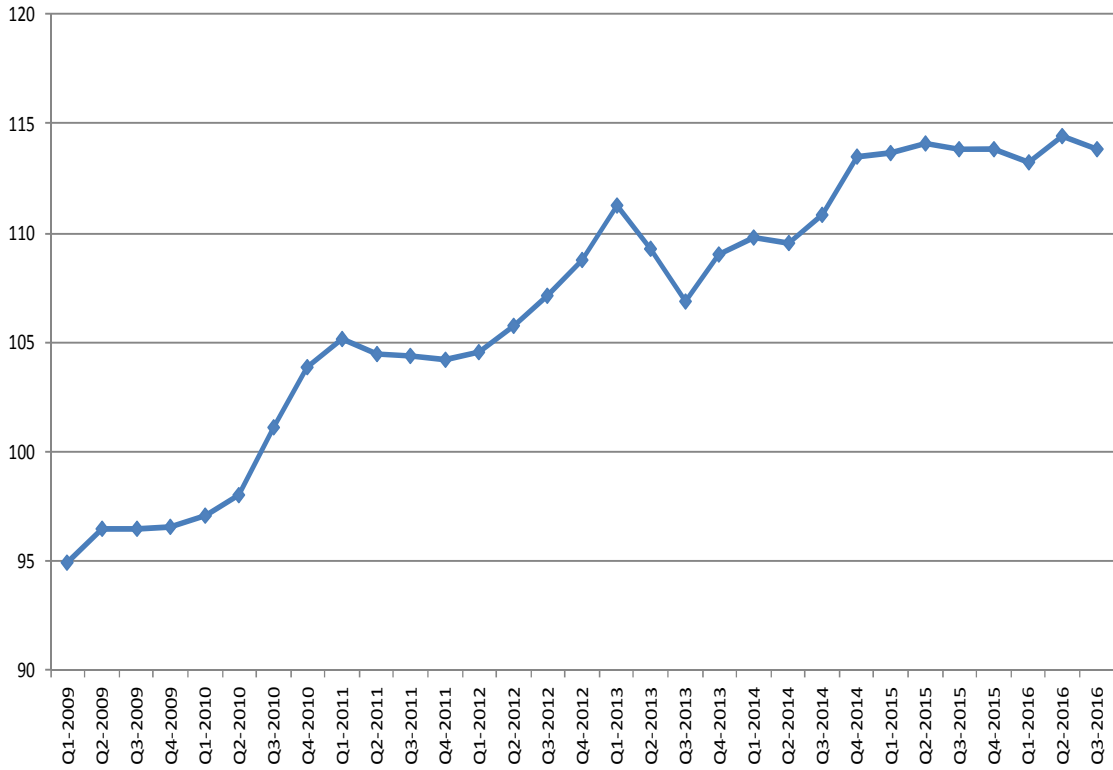
Despite non change of the price index for total production of 0.0% between Q3 2015 and Q3 2016, some changes in prices were observed in some economic activities, as: manufacture of motor vehicles (transport), trailers and semi-trailers (-12.9%), production of non-metallic mineral products (-6.4%), manufacture of wood and of products of wood and cork, except furniture, manufacture of articles of straw and plaiting materials (-2.4%), manufacture of furniture (-2.1%), manufacture of chemical products (-1.1%), production of beverages (-1.1%), production of food products (-0.8%), other ores and queries (-0.7%) and metal ore extraction (-0.7%).

The decrease was counteracted by rising prices in: manufacture of metals (3.1%), electricity, gas, steam and air conditioning supply (2.7%), manufacture of electrical equipment (2.4%), manufacture of fabricated metal products, except machinery and equipment (2.1%), manufacture of leather and products of leather products (1.8%), collection, treatment and supply of water (1.3%), manufacture of machinery and equipment p.k.t (0.4%), manufacture of rubber and plastic (0.3%) and manufacture of paper and paper products (0.1%).

**Table 1: Producer Price Index (PPI) Q1 2009 – Q3 2016 (2010=100), quarterly and annual changes in percentage**

Year	Quarter	Index (2010=100)	Quarterly change in per cent	Annual change in per cent
2009	Q1	94.9	:	:
	Q2	96.5	1.7	:
	Q3	96.5	0.0	:
	Q4	96.6	0.1	:
	<b>Annual average 2009</b>	<b>96.1</b>	:	:
2010	Q1	97.1	0.5	2.3
	Q2	98.0	0.9	1.6
	Q3	101.1	3.2	4.8
	Q4	103.9	2.8	7.6
	<b>Annual average 2010</b>	<b>100.0</b>	:	<b>4.1</b>
2011	Q1	105.2	1.3	8.3
	Q2	104.5	-0.7	6.6
	Q3	104.4	-0.1	3.3
	Q4	104.2	-0.2	0.3
	<b>Annual average 2011</b>	<b>104.6</b>	:	<b>4.5</b>
2012	Q1	104.6	0.4	-0.6
	Q2	105.8	1.2	1.2
	Q3	107.1	2.4	2.6
	Q4	108.8	1.6	4.4
	<b>Annual average 2012</b>	<b>106.6</b>	:	<b>1.9</b>
2013	Q1	111.3	2.3	6.4
	Q2	109.3	-1.8	3.3
	Q3	106.9	-2.2	-0.2
	Q4	109.0	2.0	0.2
	<b>Annual average 2013</b>	<b>109.1</b>	:	<b>2.4</b>
2014	Q1	109.8	0.7	-1.3
	Q2	109.5	-0.3	0.2
	Q3	110.8	1.2	3.6
	Q4	113.5	2.4	4.1
	<b>Annual average 2014</b>	<b>110.9</b>	:	<b>1.7</b>
2015	Q1	113.7	0.2	3.6
	Q2	114.1	0.4	4.2
	Q3	113.8	-0.3	2.7
	Q4	113.8	0.0	0.3
	<b>Annual average 2015</b>	<b>113.9</b>	:	<b>2.7</b>
2016	Q1	113.2	-0.5	-0.4
	Q2	114.4	1.1	0.3
	Q3	113.8	-0.5	0.0

Figure 1: PPI development, Q1 2009 – Q3 2016 (2010=100)



**Table 2: Weight, Producer Price Index (2010=100) quarterly and annual changes in percentage**

Code	Nomenclature of economic activity EAN rev.2	Weight	Q3 - 2016	Q3 - 2016	Q3 - 2016
			Ø2010=100	Q2 - 2016	Q3 - 2015
	<b>Total PPI</b>	<b>999.98</b>	<b>113.8</b>	<b>-0.5</b>	<b>0.0</b>
05	Extraction of coal and lignite	4.20	137.5	0.0	0.0
07	Mining of metal ore	14.90	156.7	1.3	-0.7
08	Other ores and quarries	28.60	132.1	0.0	-0.7
10	Food processing	187.70	106.3	-1.9	-0.8
11	Manufacture of beverages	89.00	104.1	-1.6	-1.1
13	Manufacture of textiles	11.40	0.0	0.0	0.0
14	Manufacture of clothing	4.90	0.0	0.0	0.0
15	Manufacture of leather and leather products	2.00	102.5	0.0	1.8
16	Manufacture of wood and of products of wood and cork, except furniture: production of articles of straw and plaiting materials - plaiting	12.90	98.5	-0.5	-2.4
17	Manufacture of paper and paper products	14.40	79.8	0.0	0.1
18	Printing and reproduction of recorded media	13.20	0.0	0.0	0.0
20	Manufacture of chemical products	21.10	140.3	-1.3	-1.1
21	Processing products and pharmaceutical preparations	0.50	0.0	0.0	0.0
22	Manufacture of rubber and plastics	52.10	99.4	0.2	0.3
23	Production of non-metallic mineral products	108.90	93.4	-0.8	-6.4
24	Production of metals	2.20	74.1	0.4	3.1
25	Manufacture of fabricated metal products, except machinery and equipment	67.20	91.4	-0.5	2.1
27	Manufacture of electrical equipment	4.20	98.4	3.5	2.4
28	Manufacture of machinery and equipment p.k.t	1.90	86.5	0.0	0.4
30	Production of motor vehicles (transport), trailers and semi-trailers	0.90	117.3	0.0	-12.9
31	Manufacture of furniture	22.30	94.6	0.1	-2.1
35	Electricity, gas, steam and air conditioning supply	297.20	133.4	0.3	2.7
36	Collection, treatment and supply of water	21.20	104.6	0.1	1.3
38	Activities of collection, treatment and disposal of waste; materials recovery	17.00	0.0	0.0	0.0



## Definition and the purpose of PPI

Producer Price Index (PPI) is a relative indicator that measures the degree to which prices of goods (products) produced and services vary in a certain period of time. This index is the statistical key for decision making process on economic policy, business and monitoring the inflator and deflator parameters. As a statistical parameter, PPI has a special significance for the estimation (calculation) of the Gross Domestic Product by product approach.

## Methodology

Prices and value of industrial products are collected from the most representative manufacturing enterprises in Kosovo. Value of products and average price are for Q1 2007, while since Q1 2009 the collection is made in regular quarterly bases.

Due to comparability of data with Eurostat, with the decision of the Government of the Republic of Kosovo, the Kosovo Statistical Agency from 01.09.2014 has started using the new nomenclature of economic activities (NACE Rev. 2) based on the "Regulation No.11/2013 on the implementation of standards for the classification of activities" so that the Producer Price Index has changed in accordance with this nomenclature.

At the same time the core index has changed moving from base year 2007=100 in base year **2010=100**. Sections 13, 14, 18, 21 and 38 take part in the calculation of the Index, but because prices for these sections have started to be collected after 2010 and they lack base index 2010=100 of which later will create base index and will calculate the following indicators.

Since 2016, PPI is calculated for 24 Sections (economic activities), about 180 manufacturing enterprises with about 600 items. As a project (GOPA - KAS) has started in 2007 in order to create the basis for establishing the PPI survey, while since the mid-2010 project is being supported by Swedish SIDA.

PPI from first quarter 2016 uses specific weights updated from the data of the Structural Business Survey (SBS), 2014.

For the calculation of PPI is used the Laspeyres formula.

Aggregation of PPI as a whole

$$PPI_0^q = 100 * \sum_{g=1}^h w_g * I_{0,g}^q$$

$PPI_0^q$  = Producer Price Index between quarter 0 and quarter q

$w_g$  = Weights per groups

$I_{0,g}^m$  = Rate of price for group g between quarter 0 and quarter q

$h$  = Number of economic activities according to NACE REV 2

$$PPI_{2010}^{Y,q} = \frac{PPI_{2010}^{Y-1,4}}{100} * PPI_0^{Y,q}$$

$PPI_{2010}^{Y,q}$  = Chain index of PPI between 2010 and quarter q in the current year

$PPI_{2010}^{Y-1,4}$  = Chain index of PPI between 2010 and quarter 4 of the previous year

$PPI_0^{Y,q}$  = Producer price index between quarter 0 and quarter q in the current year

### Calculation of changes

Changes between quarter q and quarter q-1 is calculated as follows:

$$\left[ \left( \frac{PPI_0^{Y,q}}{PPI_0^{Y,q-1}} \right) - 1 \right] * 100 = \text{Percentage of quarterly change}$$

$PPI_0^{Y,q}$  = PPI for the current quarter q

$PPI_0^{Y,q-1}$  = PPI for the previous quarter q-1

Annual changes are calculated:

$$\left[ \left( \frac{PPI_{2010}^{Y,q}}{PPI_{2010}^{Y-1,q}} \right) - 1 \right] * 100 = \text{Percentage of annual change}$$

$PPI_{2010}^{Y,q}$  = Producer price index for current quarter q

$PPI_{2010}^{Y-1,q}$  = Producer price index for previous year and quarter q

# Kosovo Agency of Statistics

## *short description*

**Kosovo Agency of Statistics** is a professional institution which deals with collection, processing and publication of official statistical data. As such acts since 1948 and has passed through several historical stages, structured according to state regulation of those times.

On 2 August 1999, the Agency has resumed his professional work (after nine years of interruption of all statistical series detrimental to the interest of Kosovo), as an independent institution under the Ministry of Public Administration. Since 12.12.2011 the Agency operates in the frames of the Prime Minister's Office. Office is funded by the Kosovo Consolidated Budget, but also by donors for specific projects and for technical professional support.

**Kosovo Agency of Statistics** acts according to the Law No. 04/L-036 which entered into force on 12.12.2011. Programme of Official Statistics 2013/2017 is in implementation for the development of statistical system in correlation with the European Union statistics (EUROSTAT).

**Kosovo Agency of Statistics** has this organizational structure: production departments; (Department of Economic statistics and National Accounts, Department of Agriculture and Environment statistics and Department of Social statistics. **Support Departments**; Department of Methodology and Information Technology, Department of Policy Planning, Coordination and Communication, Department of Census and survey and Department of Administration. **Within the Agency are also established Regional Offices**; Gjakove, Gjilan, Mitrovica, Peja, Prizren, Pristina and Ferizaj

Number of employees and budget are still limited. In KAS are employed in total 143 workers, of whom 98 (68,58 %) at the headquarters of the Agency, while in the Regional Offices, 45 (31,5%). Agency's educational qualifying structure is as follows: 61,7% with university education, 15,4% with non-tertiary education, and 17.5% with secondary education.

We have professional and technical cooperation with all Ministries of the Government of Kosovo, especially with the Ministry of Economy and Finance, Central Bank of Kosovo, with international institutions, EUROSTAT, International Monetary Fund, World Bank, Sweden's SIDA, DFID, UNFPA, UNDP, UNICEF, and with the statistical institutions of the countries in the region.

**Kosovo Agency of Statistics** almost completely covers the territory of Kosovo, based on the statistical structure of the enumeration areas as the basic unit and sole in the country from which it gets first hand information. All surveys conducted in the field use the extension of the samples in these enumeration areas but also a statistical methodology according to international recommendations. During the collection of statistical data and reports from reporting entities are involved professionals, technicians, administrators, servants of the country offices, field enumerators from regional offices, etc.

In 2011, the project of Population Census , Households and Dwellings was successfully implemented, and in 2014 was successfully carried out the Agriculture Census. The result obtained from these censuses will have an important role in the development policies.

**The mission of the Agency**; to meet the needs of users with qualitative statistical data, objective, in time and space so that users have reliable base to conduct regular analysis in the interest of planning and project development at the municipal and country level. To support government institutions, scientific institutes, research academies, businesses in order to provide proper information for decision-makers and other users in Kosovo.

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