



Republika e Kosovës
Republika Kosova-Republic of Kosovo
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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 - 2015)



F o r e w o r d

Kosov 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-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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December 2015

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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 2015

The producer price index in Kosovo decreases by -0.3% between the Q2 2015 and Q3 2015. Compared to the Q3 2014 the producer prices increased by an average of 2.7%.

Second quarter 2015 – Third quarter 2015 -0.3%

Producer price in Kosovo decreases by an average of -0.3% between the Q2 2015 and the Q3 2015. The largest decreases by economic activities were manufacture of electrical equipment (-6.6%), manufacture of machinery and equipment p.k.t (-2.9%), mining of metal ore (-2.3%), production of metals (-1.3%), food processing (-1.1%), manufacture of furniture (-0.4%), manufacture of fabricated metal products, except machinery and equipment (-0.2%), manufacture of chemical products (-0.2%) and manufacture of paper and paper products (-0.1%).

The decreases was counteracted mainly by increase in the items of economic activity in manufacture of rubber and plastics (0.9 %), manufacture of wood and of products of wood and cork, except furniture: production of items of straw and plaiting materials – plaiting (0.6%), manufacture of beverages (0.5%), manufacture of leather and leather products (0.3%) and electricity, gas, steam and air conditioning supply (0.1%).

Third quarter 2014 – Third quarter 2015 2.7 %

Producer price in Kosovo increased by an average of 2.7% between the Q3 2014 and Q3 2015. The largest increases by economic activity were in electricity, gas, steam and air conditioning supply (14.9%), production of motor vehicles (transport), trailers and semi-trailers (8.3%), manufacture of wood and of products of wood and cork, except furniture: production of items of straw and plaiting materials – plaiting (2.8%), manufacture of chemical products (2.5%), mining of metal ore (2.1%), manufacture of beverages (1.5%), manufacture of electrical equipment (1.4%), collection, treatment and supply of water (0.8%) and production of non-metallic mineral products (0.4%).

The increase was counteracted by decreases in the items of economic activity manufacture of machinery and equipment p.k.t (-9.3%), manufacture of leather and leather products (-5.3%), production of metals (-3.8%), manufacture of paper and paper products (-3.0%), manufacture of rubber and plastics (-2.1%), manufacture of furniture (-2.0 %), manufacture of fabricated metal products, except machinery and equipment (-1.6%) and food processing (-1.5%).

Table 1: Producer Price Index (PPI) Q1 2009 – Q3 2015 (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	:
	Annual average 2009	96,1	:	:
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
	Annual average 2010	100,0	:	4,1
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
	Annual average 2011	104,6	:	4,5
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
	Annual average 2012	106,6	:	1,9
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
	Annual average 2013	109,1	:	2,5
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
	Annual average 2014	110,9	:	1,7
2015	Q1	113,7	0,2	3,6
	Q2	114,1	0,4	4,2
	Q3	113,8	-0,3	2,7

Figure 1: PPI development, Q1 2009 – Q3 2015 (2010=100)

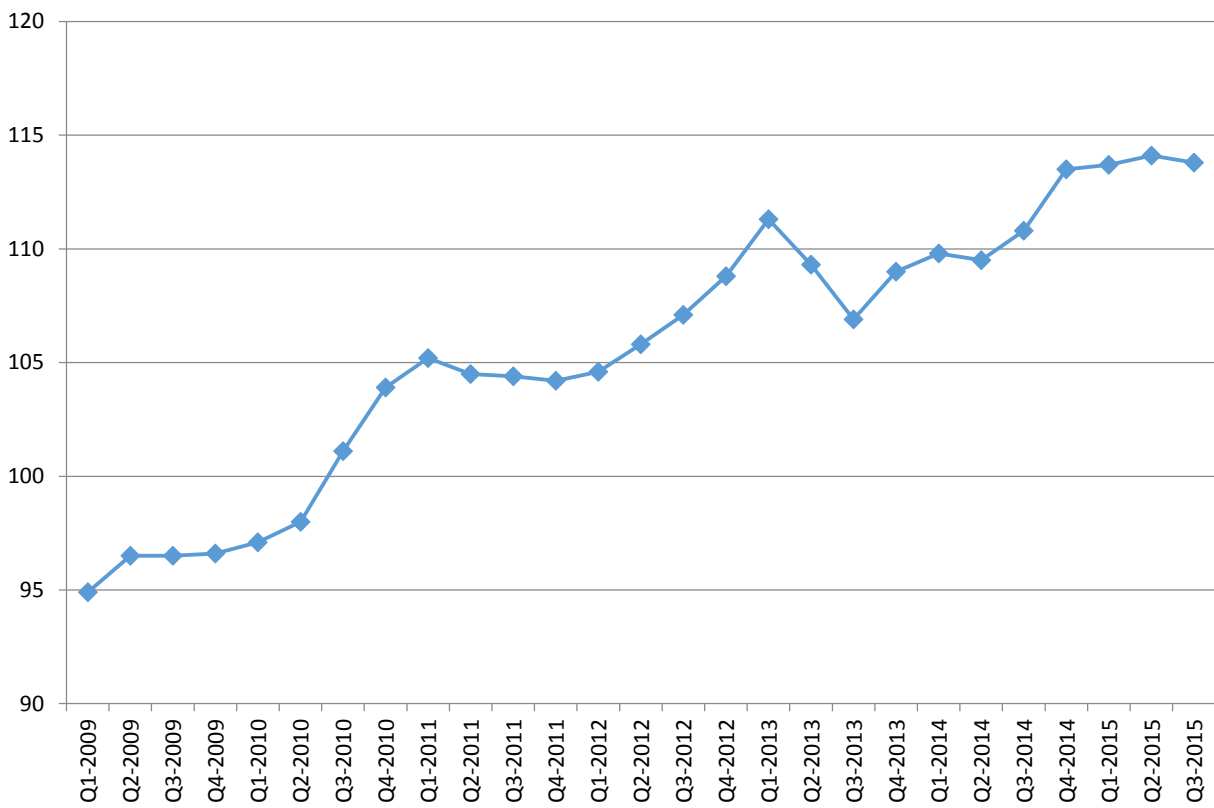


Table 2: Weight, Producer Price Index (2010=100) quarterly and annual changes in percentage

Code	Nomenclature of economic activity EAN rev.2	Weight	<u>Q3 - 2015</u>	<u>Q3 - 2015</u>	<u>Q3 - 2015</u>
			Ø2010=100	Q2 - 2015	Q3 - 2014
Total PPI		1000,0	113,8	-0,3	2,7
05	Extraction of coal and lignite	4,2	137,5	0,0	0,0
07	Mining of metal ore	14,9	157,9	-2,3	2,1
08	Other ores and quarries	26,6	133,0	0,0	0,0
10	Food processing	187,3	107,1	-1,1	-1,5
11	Manufacture of beverages	83,0	105,2	0,5	1,5
13	Manufacture of textiles	11,5	0,0	0,0	0,0
14	Manufacture of clothing	4,9	0,0	0,0	0,0
15	Manufacture of leather and leather products	2,0	100,7	0,3	-5,3
16	Manufacture of wood and of products of wood and cork, except furniture: production of articles of straw and plaiting materials - plaiting	12,9	100,9	0,6	2,8
17	Manufacture of paper and paper products	13,2	79,8	-0,1	-3,0
18	Printing and reproduction of recorded media	13,2	0,0	0,0	0,0
20	Manufacture of chemical products	21,1	141,9	-0,2	2,5
22	Manufacture of rubber and plastics	52,1	99,1	0,9	-2,1
23	Production of non-metallic mineral products	108,9	99,8	0,0	0,4
24	Production of metals	2,1	71,9	-1,3	-3,8
25	Manufacture of fabricated metal products, except machinery and equipment	77,1	89,5	-0,2	-1,6
27	Manufacture of electrical equipment	4,2	96,1	-6,6	1,4
28	Manufacture of machinery and equipment p.k.t	1,9	86,2	-2,9	-9,3
30	Production of motor vehicles (transport), trailers and semi-trailers	0,9	134,6	0,0	8,3
31	Manufacture of furniture	22,3	96,6	-0,4	-2,0
35	Electricity, gas, steam and air conditioning supply	297,2	129,9	0,1	14,9
36	Collection, treatment and supply of water	21,2	103,3	0,0	0,8
38	Activities of collection, treatment and disposal of waste; materials recovery	17,0	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 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 2015, PPI is calculated for 23 Sections (economic activities), around 160 manufacturing enterprises with about 500 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 2015 uses specific weights updated from the data of the Structural Business Survey (SBS), 2013.

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. Strategic development plan 2009-2013 is the middle term 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.

In ASK are employed in total 139 workers, of them 104 (74,8 %) at the headquarters of the Agency, while in the Regional Offices, 35 (25,2%), with qualifying structure, 70,5% with university education to 29,5% 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.

We have successfully implemented the project of Population Census, Households and Dwellings in 2011, Census that was not carried out since 1981. Results obtained from the Census will have an important role in compiling 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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