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Series 3: Economic Statistics

Producer Price Index Q4 2018



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 from manufacturing enterprises with the most influence in Kosovo. Value of product and annual average price is referred to 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
NEA	-	Nomenclature of economic activities
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 fourth quarter of 2018

The total producer price index in Kosovo increased by 0.1% between Q3 2018 and Q4 2018. Compared with Q4 2017, producer prices rose to an average of 1.3%.

Third quarter 2018 - Fourth quarter 2018 0.1%

Production prices in Kosovo rose to an average of 0.1% between Q3 2018 and Q4 2018. Largest increase by economic activity is noticed to: metal ore extraction (6.5%), production of food products (3.0%), manufacture of leather and articles thereof (1.1%), supply of electricity, gas, steam and air conditioning (0.4%), manufacture of beverages (0.1%), manufacture of paper and articles of paper (0.1%) and manufacture of chemical products (0.1%).

The rise was counteracted by the decline in prices: manufacture of metals (-5.3%), manufacture of electrical equipment (-3.3%), manufacture of wood and of products of wood and cork, except furniture, manufacture of articles of straw and plaiting materials - plating (-2.3%), manufacture of machinery and equipment p.k.t (-1.5%), production of non-metallic mineral products (-0.7%), other ores and quarries (-0.6%), manufacture of fabricated metal products, except machinery and equipment (-0.5%) manufacture of motor vehicles (transport), trailers and semi-trailers (-0.1%) and and manufacture of rubber and plastic (-0.1%).

Fourth quarter 2017 – Fourth quarter 2018 1.3%

Production prices in Kosovo rose to an average of 1.3% between Q4 2017 and Q4 2018. Largest increase by economic activity is noticed to: production of non-metallic mineral products (5.8%), manufacture of machinery and equipment p.k.t (5.8%), manufacture of metals (4.2%), manufacture of furniture (3.9%), production of food products (3.8%), manufacture of beverages (3.8%), manufacture of motor vehicles (transport), trailers and semi-trailers (3.2%), manufacture of paper and articles of paper (1.4%), manufacture of rubber and plastic (1.1%), collection, treatment and supply of water (0.8%) and supply of electricity, gas, steam and air conditioning (0.1%).

The rise was counteracted by the decline in prices: metal ore extraction (-10.3%), manufacture of electrical equipment (-6.9%), manufacture of chemical products (-2.5%), manufacture of wood and of products of wood and cork, except furniture, manufacture of articles of straw and plaiting materials – plating (-2.4%), manufacture of fabricated metal products, except machinery and equipment (-2.0%), manufacture of leather and articles thereof (-1.3%) and other ores and quarries (-0.8%).

After analyzing and re-checking some indexes (indicators), improvement was made in 2012, the quarterly period (Q3/Q2, instead of 2.4 is 1.2). By 2017, the one-year period (Q2 2017/Q2 2016, instead of 5.5 is -0.5) for (Q3 2017 /Q3 2016, instead of 5.6 is 0.4). Also in the quarterly period (Q2 2018 instead of 1.2 is 1.1).

Table 1: Producer Price Index (PPI) Q1 2009 – Q4 2018 (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	:	4,6
2012	Q1	104,6	0,4	-0,6
	Q2	105,8	1,1	1,2
	Q3	107,1	2,4 1.2*	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	:	2,4
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
	Q4	113,8	0,0	0,3
	Annual average 2015	113,9	:	2,7
2016	Q1	113,2	-0,5	-0,4
	Q2	114,4	1,1	0,3
	Q3	113,8	-0,5	0,0
	Q4	113,7	-0,1	-0,1
	Annual average 2016	113,8	:	-0,1
2017	Q1	114,2	0,4	0,9
	Q2	113,8	-0,4	5,5 -0,5*
	Q3	114,3	0,4	5,6 0,4*
	Q4	115,5	1,0	1,6
	Annual average 2017	114,5	:	0,6
2018	Q1	114,4	-1,0	0,2
	Q2	115,7	1,2 1,1*	1,7
	Q3	116,9	1,0	2,3
	Q4	117,0	0,1	1,3
	Annual average 2018	116,0	:	1,4

* Explanation: After the analysis and re-checking of some indices (indicators) has improved in 2012, the quarterly period (Q3/ Q2, instead of 2.4 is 1.2). By 2017, the one-year period (Q2 2017 / Q2 2016, instead of 5.5 is -0.5) for (Q3 2017/Q3 2016, instead of 5.6 is 0.4). Also in the quarterly period (Q2/2018 instead of 1.2 is 1.1).

Graph 1: PPI development, First quarter 2009-Fourth quarter 2018 (2010=100)

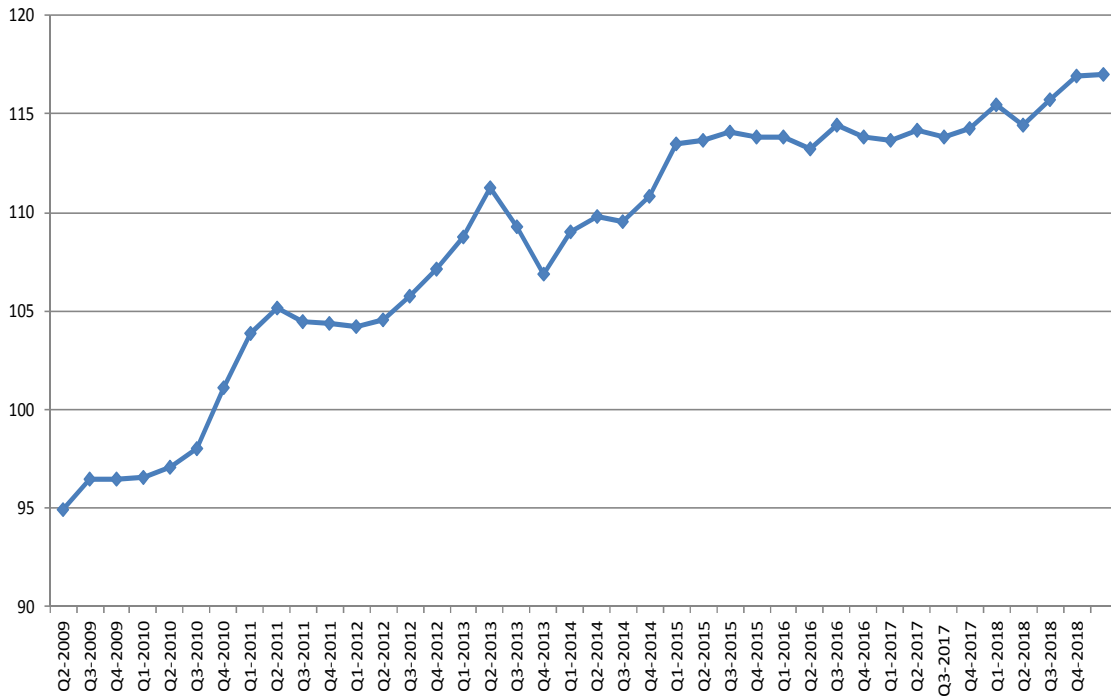


Table 2: Weight, Producer Price Index (2010=100) quarterly and annual changes in percentage

Code	Nomenclature of economic activity EAN rev.2	Weight	Q4 - 2018	Q4 - 2018	Q4 - 2018
			Ø2010=100	Q3 - 2018	Q4 - 2017
	Total PPI	999,63	117,0	0,1	1,3
05	Extraction of coal and lignite	3,97	137,5	0,0	0,0
07	Mining of metal ore	10,66	220,4	6,5	-10,3
08	Other ores and quarries	19,19	131,1	-0,6	-0,8
10	Food processing	134,07	109,7	3,0	3,8
11	Manufacture of beverages	57,62	104,5	0,1	3,8
13	Manufacture of textiles	13,09	0,0	0,0	0,0
14	Manufacture of clothing	3,82	0,0	0,0	0,0
15	Manufacture of leather and articles thereof	9,62	103,9	1,1	-1,3
16	Manufacture of wood and of products of wood and cork, except furniture: production of articles of straw and plaiting materials - plaiting	20,70	101,2	-2,3	-2,4
17	Manufacture of paper and articles of paper	8,18	80,8	0,1	1,4
18	Printing and reproduction of recorded media	5,75	0,0	0,0	0,0
20	Manufacture of chemical products	20,46	137,0	0,1	-2,5
21	Processing products and pharmaceutical preparations	1,24	0,0	0,0	0,0
22	Manufacture of rubber and plastics	77,19	99,6	-0,1	1,1
23	Production of non-metallic mineral products	139,98	98,5	-0,7	5,8
24	Production of metals	52,35	82,6	-5,3	4,2
25	Manufacture of fabricated metal products, except machinery and equipment	62,39	88,2	-0,5	-2,0
27	Manufacture of electrical equipment	5,52	104,3	-3,3	-6,9
28	Manufacture of machinery and equipment p.k.t	1,97	91,3	-1,5	5,8
30	Production of motor vehicles (transport), trailers and semi-trailers	1,91	118,1	-0,1	3,2
31	Manufacture of furniture	29,66	97,0	0,0	3,9
35	Supply of electricity, gas, steam and air conditioning	294,62	136,6	0,4	0,1
36	Collection, treatment and supply of water	17,09	105,4	0,0	0,8
38	Activities of collection, treatment and disposal of waste; materials recovery	8,56	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 production 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" therefore 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 2018, PPI is calculated for 24 Sections (economic activities), about 194 Manufacturing enterprise over 700 (concretely 731) 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 2018 uses specific weights updated from the data of the Structural Business Survey (SBS), 2016.

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

Calculating the PPI chain index

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

$PPI_{2010}^{Y,q}$ = 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 2018/2022 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

In KAS are employed in total 155 workers, of whom 100 (68,0 %) at the headquarters of the Agency, while in the Regional Offices, 47 (32,0%). Agency's educational qualifying structure is as follows: 75,5% with university education, 12,3% with non-tertiary education, and 12.3% 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, UNVEF, 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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