



Quarterly Report on Producer Price Index

Third Quarter, 2022

30th December 2022





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1. Introduction to Producer Price Index:

The Producer Price Index (PPI) measures average change overtime in domestic product prices. PPI is one of the key indicators used to reduce prices when estimating GDP at constant prices, where GDP is compared in a time series after excluding the impact of prices.

The Price and Indices Section also issued an updated series of producer price index, after recalculating them on the base year 2018. The change in the base year is a basic requirement due to the change in economic activities, especially the manufacturing sector, which witnessed significant changes during the previous five-year period, in addition to consensual The base year with other indexes and the national accounts indicators.

Noteworthy, The Producer Price Index was launched for the first time in 2010 on a quarterly basis, and later in 2013, it was launched on a monthly basis. The following economic activities are the main components of the producer prices index basket:

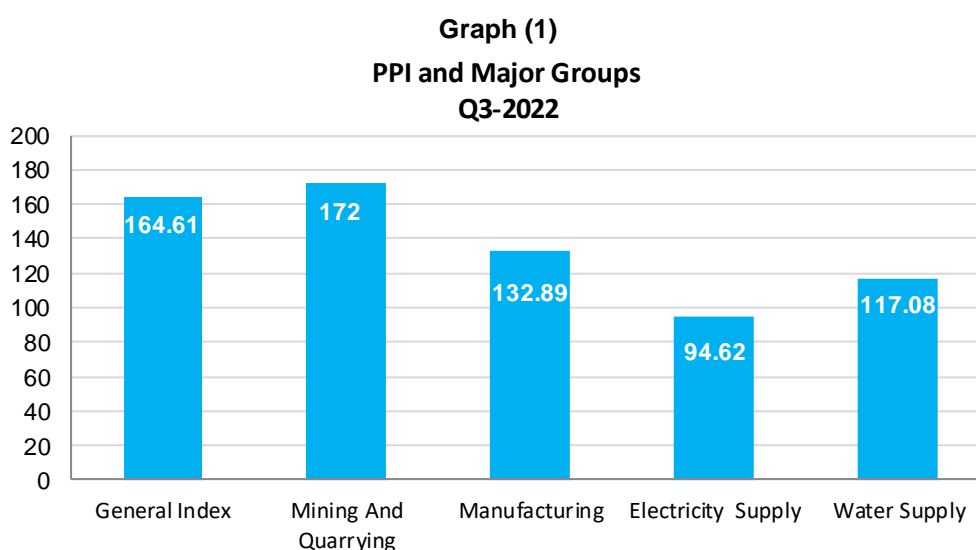
1. **Mining and quarrying activity** ; including oil and gas excavation with a 82.46% relative weight.
2. **Manufacturing activity**, which is produced locally, such as food industry, petroleum refining, iron and steel industry, petrochemicals and other industries; with a 15.85% relative weight.
3. **Electricity, gas, steam and air conditioning supply**: power plants with a 1.15% relative weight.
4. **Water Supply**: water desalination and purification stations, with a 0.52% relative weight.

The PPI basket has been graded into seven levels, where the lowest level is the level of goods (seventh level), then the upper level start with groups from fifth level to first level. Level seven and five classified by Central product Classification (CPC.2). from level four to level one are classified by international Standard Industrial Classification of All Economic Activities (ISIC.4). The added value of economic activities (from the national accounts section) was used to calculate the relative importance of the levels from the first to the fourth level, as it was calculated from the added value of economic.

2. Most important features of PPI in Q3, 2022

The Producer Price Index for Q3, 2022 reached 164.61 points, with an increase of 3.99% compared to the previous quarter (Q2, 2022), and an increase by 49.82% when compared to the corresponding quarter of the previous year (Q3, 2021).

It is noteworthy, that the Mining sector represents 82.64%, which is the largest percentage among the four main components of the producer price index after changing the base year to 2018, Thus, PPI is significantly affected by the prices of the (Crude petroleum and gas), so by reaching 172.00 points, there was direct effect of the overall PPI reaching to reach 164.61 points in Q3,2022. Manufacturing group amounted to 132.89 points due to the change in eight groups in this period. Graph(1).



3. Comparing Q3, 2022 to Q2, 2022(Q-O-Q):

The overall PPI stood at 164.61 points, with an increase of 3.99% compared to the previous quarter (Q2, 2022), as a result of several changes in the prices of the three major groups, namely:

- **Mining:**

In Q3,2022, the prices for this major sector increased by 7.38% compared to the previous quarter (Q2, 2021) due to rise in oil and natural gas prices by 7.39%, when the other mining and quarrying decreased 0.72%. Given the group's weightage of 82.46% in the PPI basket, the overall PPI change in Q3 was affected directly by the trend of this sector.

- **Manufacturing:**

The Manufacturing sector showed a decrease of 13.84% in the price compared to the previous quarter. This group consists of eight sub-groups. All of them recorded a decrease in price as a follow: "Manufacture of chemicals and chemical products" by 17.72%, was the highest decreases followed by "Manufacture of coke and refined petroleum products" by 12.05%, "Manufacture of basic metals" by 7.18%, "Manufacture of other non-metallic mineral products" by 1.35%, and "Manufacture of beverages" by 0.03%. while the increased notice in: "Rubber and plastics products" by 2.95%, "Manufacture of food products" by 0.88%, and "Printing and reproduction of recorded media" by 0.32%,

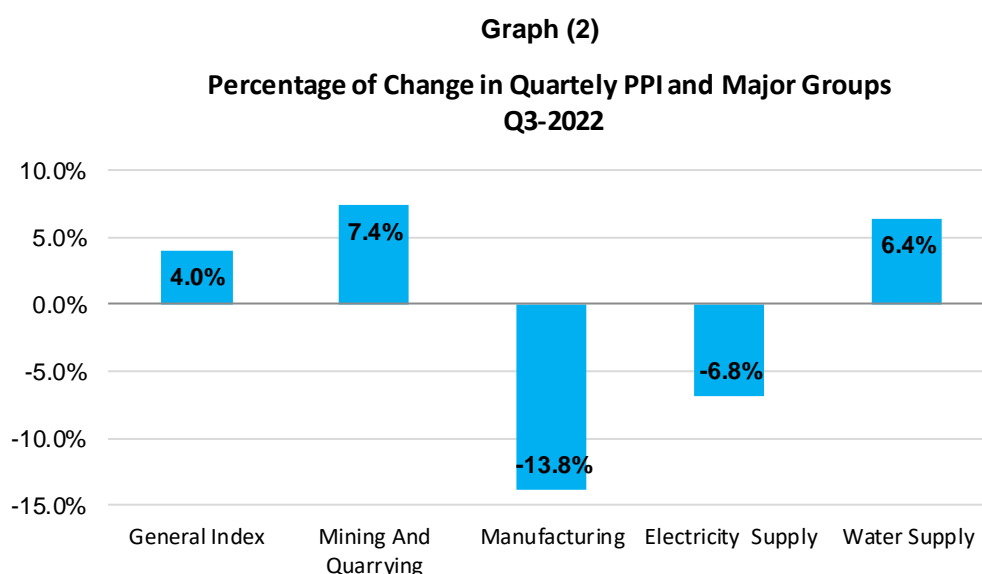
- **Electricity, gas, steam and air conditioning supply:**

The Electricity sector showed a decrease in this major group compared to the previous quarter by 6.84%, due to the decrease occurred in Electricity production prices. In given the group's slight weightage in the basket, it had a little impact on the overall PPI.

- **Water Supply:**

The Water sector showed an increase in this major group compared to the previous quarter by 6.41%, due to the increase occurred in water production prices. in given the group's slight weightage in the basket, it had a little impact on the overall PPI.

The following graph (2) shows the percentage of change in the overall index of major groups between the second quarter, and first quarter of 2022:



4. Comparing Q3, 2022 to the corresponding Quarter in 2021 (Y-o-Y):

The PPI for the second quarter of 2022 increase by 49.82% compared to the corresponding quarter of 2021. However, there was a variation in change percentages in the PPI major groups, as shown in the table (2) and graph (3).

- **Mining:**

The prices for this major group showed an increase of 58.31% due to an increase with prices of the "Crude petroleum and natural Gas" by 58.38%. It has been noticed that the annual changes of second quarter in 2022 is higher than the annual change of first quarter in 2021, which it was 68.58%.

- **Manufacturing:**

The Manufacturing group showed an increase of 13.30% between the production prices of Q3, 2022 and the corresponding quarter of 2021, due to various positive and negative changes in the eight sub-groups products. six sub-groups recorded an increase and other two were decreased.

Sub-groups witnessing an increase between the two quarters(Y-o-Y):

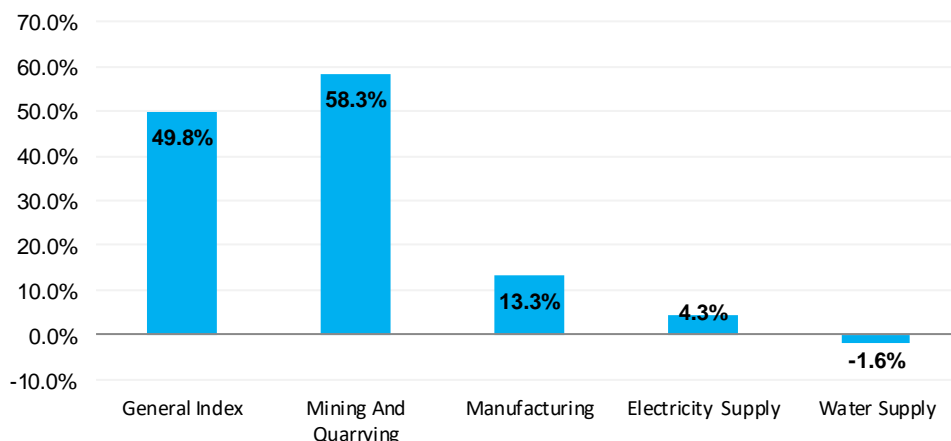
- "Manufacture of rubber and plastics products" by 35.92%.
- "Manufacture of coke and refined petroleum products" by 26.71%.
- "Manufacture of basic metals" by 15.28%.
- "Manufacture of chemicals and chemical products" by 10.35%.
- "Manufacture of other non-metallic mineral products" by 8.36%.
- "Manufacture of food products" by 3.10%.

Sub-groups witnessing a decrease between the two quarters(Y-o-Y):

Two sub-groups witnessed a varied decrease which had an impact on overall index. "Printing and reproduction of recorded media" by 4.19%, and "Manufacture Of Beverages" by 1.25%.

Graph (3)

Percentage of Change in Yearly PPI and Major Groups
Q3-2022

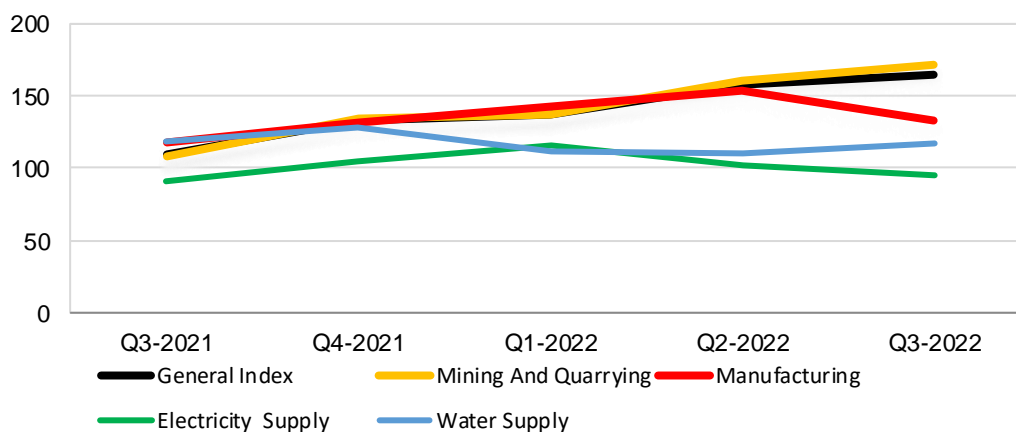


- Electricity, gas, steam and air conditioning supply:**
 The prices for this group recorded an increase of 4.32% in the annual change in prices of "Electricity production".
- Water Supply:**
 The prices for this group recorded a decrease of 1.63% in the annual change in prices of "Water production".

The following graph shows the trend of PPI and main groups during Q3 2021 and Q3 2022

Graph (4)

PPI and Major Groups
Q3-2021 - Q3-2022





4.Tables

**Table 1: Quarterly Producer Price Index Series
Q3-2022**

(2018=100)

Code	Activity	Q3-2022	Q3-2022	Q3-2021
PPI	General Index	164.61	158.3	109.87
B	Mining And Quarrying	172	160.18	108.65
06	Extraction Of Crude Petroleum And Natural Gas	172.13	160.29	108.68
061	Extraction Of Crude Petroleum	154.7	166.02	107.86
062	Extraction Of Natural Gas	179.69	157.81	109.04
08	Other Mining And Quarrying	100.5	101.23	90.38
081	Quarrying Of Stone, Sand And Clay	100.5	101.23	90.38
C	Manufacturing	132.89	154.24	117.29
10	Manufacture Of Food Products	103.87	102.96	100.75
105	Manufacture Of Dairy Products	105.5	104.29	103.08
106	Manufacture Of Grain Mill Products, Starches And Starch Products	107.95	106.3	99.58
107	Manufacture Of Other Food Products	98.91	98.91	98.93
11	Manufacture Of Beverages	99.23	99.26	100.49
110	Manufacture Of Beverages	99.23	99.26	100.49
18	Printing And Reproduction Of Recorded Media	117.62	117.25	122.76
181	Printing And Service Activities Related To Printing	117.62	117.25	122.76
19	Manufacture Of Coke And Refined Petroleum Products	128.97	146.64	101.78
192	Manufacture Of Refined Petroleum Products	128.97	146.64	101.78



Code	Activity	Q3-2022	Q3-2022	Q3-2021
20	Manufacture Of Chemicals And Chemical Products	139.92	170.05	126.8
201	Manufacture Of Basic Chemicals, Fertilizers And Nitrogen Compounds, Plastics And Synthetic Rubber In Primary Forms	139.67	169.97	126.91
202	Manufacture Of Other Chemical Products	188.32	185.86	104.46
22	Manufacture Of Rubber And Plastics Products	142.99	138.89	105.2
222	Manufacture Of Plastics Products	142.99	138.89	105.2
23	Manufacture Of Other Non-Metallic Mineral Products	99.9	101.27	92.19
239	Manufacture Of Non-Metallic Mineral Products N.E.C.	99.9	101.27	92.19
24	Manufacture Of Basic Metals	138.63	149.35	120.25
241	Manufacture Of Basic Iron And Steel	147.75	151.77	135.57
243	Casting Of Metals	128.03	146.54	102.44
D	Electricity Supply	94.62	101.57	90.7
35	Electricity, Gas, Steam And Air Conditioning Supply	94.62	101.57	90.7
351	Electric Power Generation, Transmission And Distribution	94.62	101.57	90.7
E	Water Supply	117.08	110.03	119.02
36	Water Collection, Treatment And Supply	117.08	110.03	119.02
360	Water Collection, Treatment And Supply	117.08	110.03	119.02



Table2: Change Percentages of Producer Price Index (%)
Q3-2022

(2018=100)

Code	Activity	Q o Q	Y o Y
PPI	General Index	3.99	49.82
B	Mining And Quarrying	7.38	58.31
06	Extraction Of Crude Petroleum And Natural Gas	7.39	58.38
061	Extraction Of Crude Petroleum	-6.82	43.43
062	Extraction Of Natural Gas	13.86	64.79
08	Other Mining And Quarrying	-0.72	11.2
081	Quarrying Of Stone, Sand And Clay	-0.72	11.2
C	Manufacturing	-13.84	13.3
10	Manufacture Of Food Products	0.88	3.1
105	Manufacture Of Dairy Products	1.16	2.35
106	Manufacture Of Grain Mill Products, Starches And Starch Products	1.55	8.41
107	Manufacture Of Other Food Products	0	-0.02
11	Manufacture Of Beverages	-0.03	-1.25
110	Manufacture Of Beverages	-0.03	-1.25
18	Printing And Reproduction Of Recorded Media	0.32	-4.19
181	Printing And Service Activities Related To Printing	0.32	-4.19
19	Manufacture Of Coke And Refined Petroleum Products	-12.05	26.71
192	Manufacture Of Refined Petroleum Products	-12.05	26.71



Code	Activity	-17.72	10.35
20	Manufacture Of Chemicals And Chemical Products	-17.72	10.35
201	Manufacture Of Basic Chemicals, Fertilizers And Nitrogen Compounds, Plastics And Synthetic Rubber In Primary Forms	-17.83	10.05
202	Manufacture Of Other Chemical Products	1.32	80.28
22	Manufacture Of Rubber And Plastics Products	2.95	35.92
222	Manufacture Of Plastics Products	2.95	35.92
23	Manufacture Of Other Non-Metallic Mineral Products	-1.35	8.36
239	Manufacture Of Non-Metallic Mineral Products N.E.C.	-1.35	8.36
24	Manufacture Of Basic Metals	-7.18	15.28
241	Manufacture Of Basic Iron And Steel	-2.65	8.98
243	Casting Of Metals	-12.63	24.98
D	Electricity Supply	-6.84	4.32
35	Electricity, Gas, Steam And Air Conditioning Supply	-6.84	4.32
351	Electric Power Generation, Transmission And Distribution	-6.84	4.32
E	Water Supply	6.41	-1.63
36	Water Collection, Treatment And Supply	6.41	-1.63
360	Water Collection, Treatment And Supply	6.41	-1.63