



وزارة التخطيط التنموي والإحصاء
Ministry of Development Planning and Statistics

Producer Price Index Fourth Quarter Report (Q4) 2016



State of Qatar

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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 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 producer prices basket includes the following economic activities:

1. Mining and quarrying; including oil and gas excavation with a 72.7% 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 26.8% relative weight.
3. Electricity and Water: namely; power plants, water desalination and purification stations, with a 0.5% relative weight.

Each basic activity falls into subgroups that are classified according to CPC.ver 2.1 The PPI is calculated by using Laspeyres formula, and the average of 2013 prices as base year, where the weightages (relative importance) of industrial products values are calculated for this year.

The following table shows the relative importance (weights) in the old basket (2006) and the new basket (2013), and also shows the composition and components of the two baskets:

Table (1)

Description	2013	2006
Relative Weight for PPI Basket	100.0	100.0
1. Mining	72.7	77.1
2. Manufacturing	26.8	21.0
3. Electricity and Water	0.5	1.9
Number of Group	3	3
Number of Sub group	15	11
Number of product	145	128
Suppliers	91	75

2. Most important features of PPI in Q4, 2016

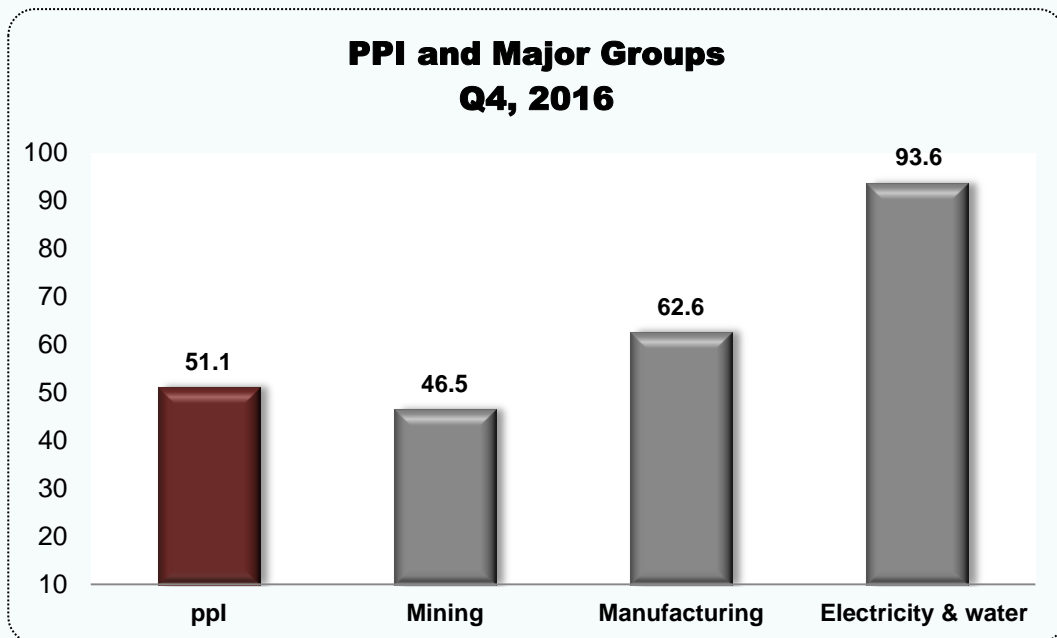
The Producer Price Index for Q4, 2016 reached 51.1 points, with an increase of 9.7% compared to the previous quarter (Q3, 2016), and a decrease of 3.0% compared to the corresponding quarter of the preceding year (Q4,2015).

It is noteworthy that the three main PPI components after moving the base year to 2013 are:

1. Mining and quarrying, with 72.7% weightage.
2. Manufacturing, with 26.8% weightage.
3. Electricity and Water, with 0.5% weightage.

Thus, PPI is significantly affected by the prices of the Mining Group (Gas and Oil), since Mining Group represents 72.7% of the relative importance of the PPI; and by reaching 46.5 points, it was a major cause of the overall PPI decline to 51.1 points in Q4, 2016. Manufacturing group amounted to 62.6 points due to the rise of refined petroleum products and basic chemicals products prices in this period. Graph(1).

Graph (1)



3. Comparing Q4, 2016 to Q3, 2016 (Q-O-Q)

The overall PPI stood at 51.1 points, with an increase of 9.7% compared to the previous quarter (Q3, 2016) as a result of several changes in the prices of the three major groups, namely: -

- **Mining:**

In Q4, 2016, the prices for this major sector increased by 12.6% compared to the previous quarter (Q3, 2016) due to growth in oil and natural gas prices. Given the group's weightage of 72.7% in the PPI basket, the increase led to a noticeable overall PPI increase in Q4, 2016 compared to Q3, 2016.

- **Manufacturing**

The Manufacturing sector showed an increased of 4.3% in the price compared to the previous quarter. This group consists of eleven sub-groups. There was an increase in four sub-groups and a decrease in six , while the "Paper and its Products" remained unchanged.

When comparing Q4, 2016 to Q4, 2016, the " Refined petroleum products " was the highest increase by 9.5%, which it was the mean reason for increasing the index of the manufacturing sector, followed by "Other chemical products " by 7.3%, "Rubber and plastics products" by 2.5%, and " Soft drink" by 0.3%.

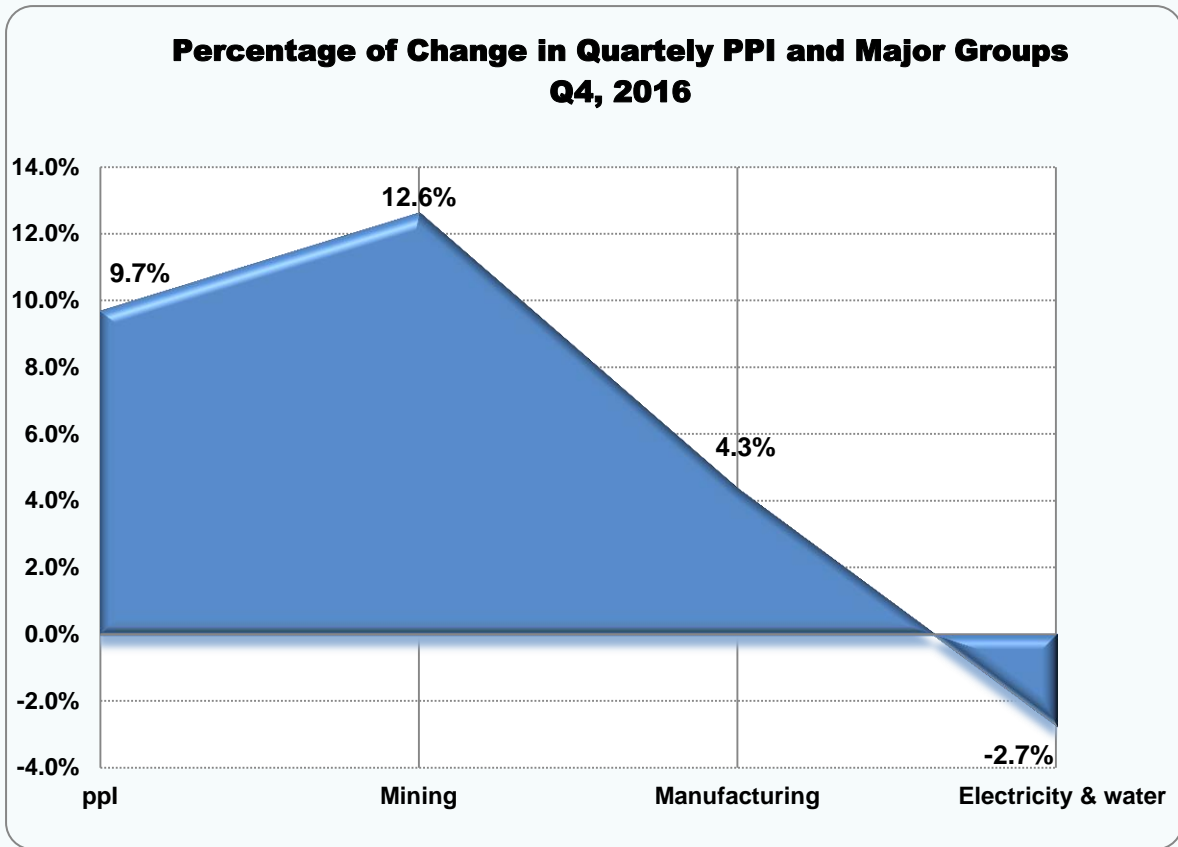
On the other hand a decline occurred in "Basic metals" by 11.0%, followed by " Juices" by 0.8%, " Dairy products" by 0.6%, "Basic chemicals " by 0.5%, "Grain mill products" by 0.4%, and "Cement and non-metalic products" by 0.3 %.

- **Electricity & Water**

The prices for this major group decreased by 2.7% compared to the previous quarter, due to a decrease Of 1.0% in electricity production prices and in water production prices by 4.8%. Given the group's slight weightage in the basket, it had 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 and third quarters of 2016:

Graph (2)



4. Comparing Q4, 2016 to the corresponding Quarter in 2015 (Y-o-Y):

The PPI for the fourth quarter of 2016 fell by 3.0% compared to the corresponding quarter of 2015. 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 a decline of 3.1% due to the declining prices of the “Crude Petroleum and Natural Gas” sub-group by 2.9%.

Note that the annual changes in Q4 2016 was less than the annual change in Q3 2016 (20.3%).

- **Manufacturing**

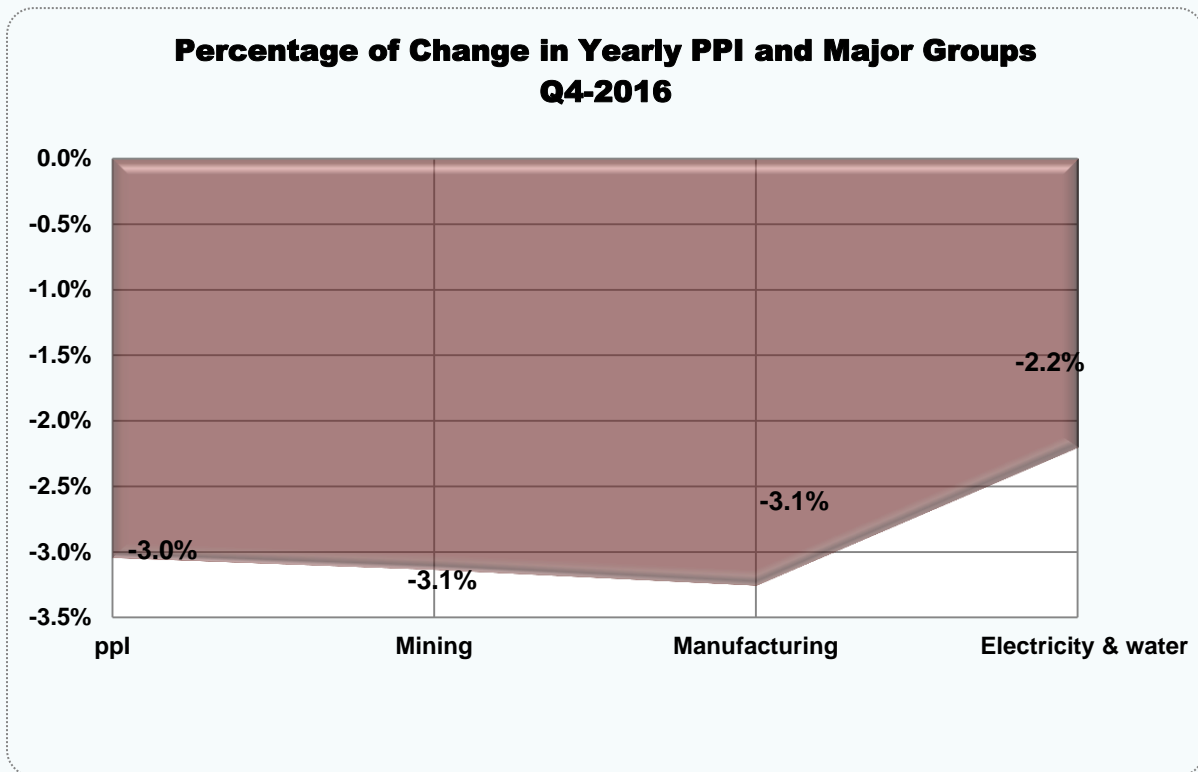
The Manufacturing group showed a decrease of 3.1% between the production prices of Q4, 2016 and the corresponding quarter of 2015, due to various positive and negative changes in the eleven sub-groups products, where six sub-groups recorded an increase, other four were declined, while stability noticed in “Paper and its Products” group.

It notes also that the annual changes (y-o-y) in Q4 2016 was less than the annual changes in Q3 2016, and that an indication of improvement in this period.

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

- Other chemicals Products increased by 18.3%.
- Food Products increased by 14.5%.
- Rubber and Plastic Products increased by 8.7% .
- Soft Drinks and Beverages (including mineral water) increased by 2.5%.
- Dairy product by 1.4%.
- Refined petroleum products by 0.7%

Graph (3)



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

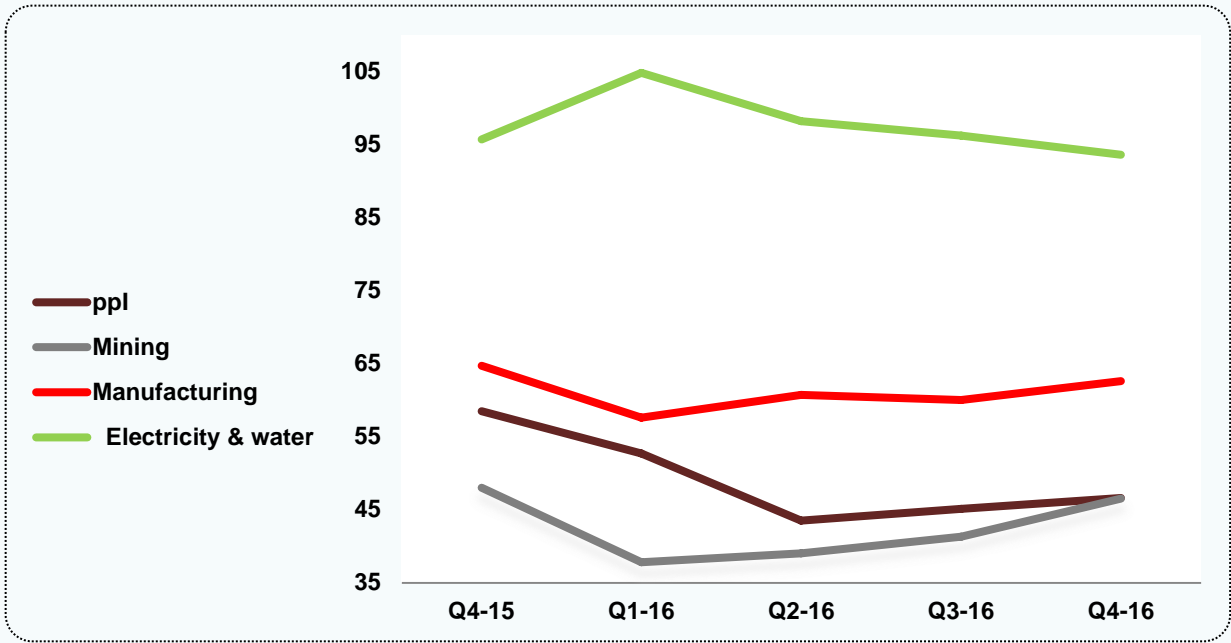
Four sub-groups witnessed a varied decline and impacted the overall index, where “Basic chemicals” declined by 12.1%, followed by “ Basic meatal” (effected by price decreased in Iron and aluminium production) by 9.5%, “Cement and non-metalic products” by 1.2%, and a sligt decrease in "Grain mill products” by 0.3%

- **Electricity & Water**

The prices for this group recorded a decrease of 2.2%, as a result of a rise of 5.8% in water production prices, and a decline of 7.7% in electricity production prices.

The following graph (4) shows the trend of PPI and main groups between the duration Q4 2015 – Q4 2016.

Graph (4)



5. Tables

**Table 2: Quarterly Producer Price Index Series
Q4, 2016**

(2013=100)

Code	Activity	Q4-16*	Q3-16*	Q4-15*
PPI	General	51.1	46.6	52.7
C	Mining	46.5	41.3	48.0
12	Crude petroleum and gas	46.5	41.2	47.9
15	Stone, sand and clay	104.5	104.9	103.7
152	Kind of lime stone	105.5	109.2	108.3
153	Stone, gravel and asphalt	104.3	104.3	103.2
D	Manufacturing	62.6	60.0	64.6
21	Food products	122.1	123.2	106.6
214	Prepared and preserved fruit and nuts	122.1	123.2	106.6
22	Dairy products and egg products	103.5	104.1	102.1
221	Processed liquid milk and cream	102.4	103.1	107.1
222	Other dairy products	104.7	105.2	101.4
23	Grain mill products, starches and products, Other food products	98.5	98.9	98.8
231	Grain mill products	97.5	98.2	99.9
234	Bakery products	99.5	99.5	97.9
24	Soft drinks	104.5	104.2	102.0
244	Soft drinks and bottled water	104.5	104.2	102.0
32	Pulp, paper and paper products	100.0	100.0	100.0
323	Newspapers and periodicals, daily, in print	100.0	100.0	100.0
33	Refined petroleum products	57.6	52.5	57.2
333	Petroleum oils	62.4	58.3	59.7
334	petroleum gases and hydrocarbon gases Except natural gas	47.8	40.9	51.1
335	Petroleum Jelly and similar Product	58.9	58.9	59.0
336	Radioactive element and isotopes and Compounds	74.3	68.3	112.0
34	Basic chemicals	66.0	66.3	75.0
341	Basic organic chemicals	68.4	60.4	60.6
342	Basic inorganic chemicals	113.6	104.9	104.5
346	Fertilizers and pesticides	49.4	54.5	76.2
347	plastic in primary forms	78.7	79.2	79.5
35	Other chemical products, man-made fibers	112.0	104.4	94.7
351	Paints, varnishes, artists colors, ink and related products	113.0	104.7	94.3
352	Pharmaceutical products	100.0	100.0	100.0
36	Rubber and plastics products	107.7	105.1	99.1
363	Semi-manufactures of plastics	95.3	95.9	97.7
364	Packaging products of plastics	97.8	98.0	100.0
369	Other plastic products	116.8	111.8	99.9
37	Cement and non-other metallic product	111.8	112.1	113.2
374	Plaster, lime and cement	104.5	105.5	106.3
375	Articles of concrete cement and plaster	115.3	115.4	116.6
41	Basic metals	67.7	76.1	74.8
411	Iron and steel	60.4	74.4	57.0
412	Iron and Steel products	62.3	76.2	76.6
414	Copper, Nickel, Aluminum, Alumina, Lead, Zinc, and tin, unwrought	77.3	77.0	83.5
E	Electricity, water, gas and steam	93.6	96.2	95.7
17	Electrical energy	88.4	89.3	95.8
171	Electrical energy	88.4	89.3	95.8
18	Water	101.0	106.1	95.5
180	Water	101.0	106.1	95.5

Q4-16 : 4th Quarter of 2016 – Q2-16: 2nd Quarter of 2016- Q4-15: 4th Quarter of 2015

Table 3: Q-O-Q and Y-O-Y Change Percentages of Producer Price Index (%) Q4. 2016

Code	Activity	Q-O-Q*	Y-O-Y*
PPI	General	9.7	-3.0
C	Mining	12.6	-3.1
12	Crude petroleum and gas	12.9	-2.9
15	Stone, sand and clay	-0.4	0.8
152	Kind of lime stone	-3.4	-2.6
153	Stone, gravel and asphalt	0.0	1.1
D	Manufacturing	4.3	-3.1
21	Food products	-0.8	14.5
214	Prepared and preserved fruit and nuts	-0.8	14.5
22	Dairy products and egg products	-0.6	1.4
221	Processed liquid milk and cream	-0.7	-4.4
222	Other dairy products	-0.5	3.3
23	Grain mill products, starches and products, Other food products	-0.4	-0.3
231	Grain mill products	-0.7	-2.4
234	Bakery products	0.0	1.6
24	Soft drinks	0.3	2.5
244	Soft drinks and bottled water	0.3	2.5
32	Pulp, paper and paper products	0.0	0.0
323	Newspapers and periodicals, daily, in print	0.0	0.0
33	Refined petroleum products	9.5	0.7
333	Petroleum oils	7.0	4.5
334	petroleum gases and hydrocarbon gases Except natural gas	16.9	-6.5
335	Petroleum Jelly and similar Product	0.0	-0.2
336	Radioactive element and isotopes and Compounds	8.8	-33.7
34	Basic chemicals	-0.5	-12.0
341	Basic organic chemicals	13.2	12.9
342	Basic inorganic chemicals	8.3	8.7
346	Fertilizers and pesticides	-9.4	-35.2
347	plastic in primary forms	-0.6	-1.0
35	Other chemical products, man-made fibers	7.3	18.3
351	Paints, varnishes, artists colors, ink and related products	7.9	19.8
352	Pharmaceutical products	0.0	0.0
36	Rubber and plastics products	2.5	8.7
363	Semi-manufactures of plastics	-0.5	-2.5
364	Packaging products of plastics	-0.2	-2.2
369	Other plastic products	4.5	16.9
37	Cement and non-other metallic product	-0.3	-1.2
374	Plaster, lime and cement	-0.9	-1.7
375	Articles of concrete cement and plaster	-0.1	-1.1
41	Basic metals	-11.0	-9.5
411	Iron and steel	-18.8	6.0
412	Iron and Steel products	-18.3	-18.7
414	Copper, Nickel, Aluminum, Alumina, Lead, Zinc, and tin, unwrought	0.4	-7.4
E	Electricity, water, gas and steam	-2.7	-2.2
17	Electrical energy	-1.0	-7.7
171	Electrical energy	-1.0	-7.7
18	Water	-4.8	5.8
180	Water	-4.8	5.8

* [Q-o-Q]: Comparing current quarter to the previous quarter of the same year: and [Y-o-Y]: Comparing current quarter to the same quarter of the previous year.