



مركز الإحصاء
STATISTICS CENTRE

3 2014 The Emirate Of Abu Dhabi



Industrial Producers Price Index

(Manufacturing)

PPI

2013

(Base year: 2012)

Release Date: March 2014
Statistics Centre- Abu Dhabi

www.sca.d.ae

Table of Contents

Introduction.....	3
Key Points	4
The Industrial Producers Price Index for 2013.....	5
The Quarterly Prices of Industrial Producers for 2013, compared with 2012	6
Trends in the Producers Price Index (PPI) during 2013	7
Statistical Tables	8
PPI Methodology	11

Introduction

In light of the rapid economic and social changes, indices are considered an effective tool to measure the change in prices and quantities of industrial and commercial production and services. Indices are significant economic indicators that provide decision makers, economists and researchers with sound and accurate data.

The remarkable economic development-taking place in the Emirate of Abu Dhabi was the reason that led the Statistics Centre – Abu Dhabi (SCAD) to create a statistical index that reflects the rate of change in the prices of industrial production. Consequently, SCAD initiated the Industrial Producer Price Index (PPI) for the Emirate of Abu Dhabi.

The PPI, which will be calculated on a quarterly basis, will cover the manufacturing sector. The PPI calculation follows the International Standard Industrial Classification revision 4 (ISIC4) for the list of manufacturing economic activities.

The calculated figures build a time series that measure the changes in the production prices during a specific time period compared with the base year (2012). SCAD is following the best practices and methodologies adopted worldwide while calculating the PPI and processing the data. Further development of the PPI will cover more activities such as mining and quarrying, water and electricity.

Key Points

This publication presents the Producers Prices Index results for the manufacturing industry in 2013 (2012=100). The key findings are:

1. The PPI declined by 1.0 % in 2013 compared with the base year 2012, reaching 99.0 points.
2. The PPI increased by 1.1 % during the first quarter of 2013 compared with the base year 2012, reaching 101.1 points.
3. The PPI decreased by 2.7 % in the second quarter of 2013 compared with the base year 2012, reaching 97.3 points.
4. The PPI decreased by 1.6 % in the third quarter of 2013 compared with the base year 2012, reaching 98.4 points.
5. The PPI decreased by 0.7 % in the fourth quarter of 2013 compared with the base year 2012, reaching 99.3 points.

The Industrial Producers Price Index for 2013

The Industrial Producers Prices Index (PPI) decreased by 1.0% in 2013 compared with the base year (2012), the decline could be attributed to changes (increases and decreases) in the prices of manufacturing production.

The prices decreased significantly in five industrial activities; the largest decline was experienced by the “Manufacture of basic metals” activity which fell by 5.5%, contributing 34.2% to the total decline, followed by the “Other manufacturing” activity with a decrease of 4.2%, contributing 0.1%, the “Manufacture of electrical equipment” activity with 3.5% and the “Manufacture of coke and refined petroleum products” activity with -2.7%, contributing 97.0% to the decline.

At the same time, the prices of the “Manufacture of pharmaceuticals, medicinal chemical products” activity decreased by 2.3% and the “Manufacture of other non-metallic mineral products” activity by 1.9%.

Increases in the production prices of some activities contributed to a rise in the PPI. The “Manufacture of other transport equipment” activity, which contributed by 63.8% with a percent change of 38.9%, followed by the “Manufacture of motor vehicles, trailers and semi-trailers” activity with a 6.3% increase, the “Manufacture of textiles” activity with 2.7% and the “Printing and reproduction of recorded media” activity with 2.4%.

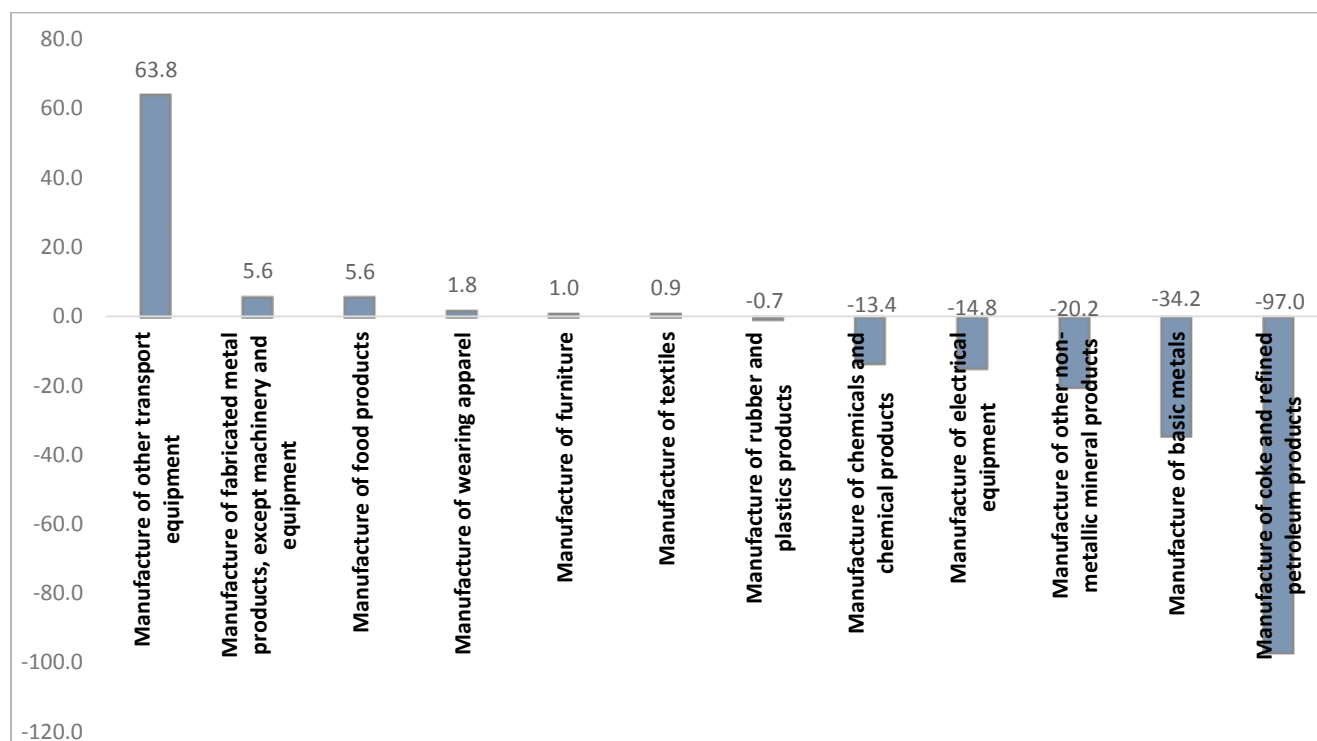
Table 1: PPI and relative change in the industrial producers prices in 2013 (2012= 100)

Period	PPI	Relative change % *
Quarter one 2013	101.1	1.1
Quarter two 2013	97.3	-2.7
Quarter three 2013	98.4	-1.6
Quarter four 2013	99.3	-0.7
Year 2013	99	-1.0

Source: Statistics Centre – Abu Dhabi

*Compare with the base year, 2012

Figure 1: Contributions of manufacturing activities in the 2013 PPI compared with 2012 (%)



Source: Statistics Centre – Abu Dhabi

The Quarterly Prices of Industrial Producers for 2013, compared with 2012

The Producers Price Index (PPI) rose by 1.1% in the first quarter of 2013 compared with the base year (2012); the PPI of the “Manufacture of other transport equipment” activity increased by 10.4%, followed by the “Manufacture of food products” activity and the “Manufacture of chemicals and chemical products” activities with 3.1% and 3.0% respectively.

The PPI decreased by 2.7% in the second quarter of 2013 compared with the base year (2012), mainly as result of price decreases in four manufacturing activities. The largest decrease 8.0% was in the “Manufacture of coke and refined petroleum products” activity), followed by the “Manufacture of basic metals” activity 4.3%. On the other hand, the “Manufacture of other transport equipment” activity and the “Manufacture of food products” activity increased by 27.6% and 2.8% respectively.

The PPI decreased by 1.6% in the third quarter of 2013 compared with the base year (2012). The “Manufacture of leather and related products” and the “Manufacture of basic metals” activities both decreased by 6.5%, followed by the “Manufacture of electrical equipment” activity with decreases of 5.8% , the “Manufacture of other non-metallic mineral products” activity and the “Manufacture of pharmaceuticals, medicinal chemical products” activity with decreases of 3.7% and 3.5% respectively. On the other hand, the PPI of the “Manufacture of other transport equipment” activity rose by 47.5% while the “Manufacture of motor vehicles, trailers and semi-trailers” activity rose by 9.4%.

During the fourth quarter of 2013, the PPI decreased by 0.7% compared with the base year (2012), while the decline occurred in four manufacturing activities; the largest declines were in “Manufacture of basic metals” 8.0%, “Other manufacturing activities” 6.0% and the “Manufacture of electrical equipment” activity with (5.2%).

The “Manufacture of other transport equipment” activity rose by 70.4% and the “Manufacture of motor vehicles, trailers and semi-trailers” activity by 15.6%.

Trends in the Producers Price Index (PPI) during 2013

The PPI declined by 3.8% in the second quarter of 2013 compared with the first quarter of the same year, dropping from 101.1 points in the first quarter to 97.3 points in the second quarter.

The PPI rose by 1.2% in the third quarter of 2013 compared with the second quarter of the same year, increasing from 97.3 points in the second quarter to 98.4 points in the third quarter.

The PPI rose by 0.9% in the fourth quarter of 2013 compared with third quarter of the same year, increasing from 98.4 points in the third quarter to 99.3 points in the fourth quarter, as shown in Table below.

Next Release

Will issue the Producers Price Index for the first quarter of 2014 in May 2014. For more information, please visit the website of the Statistics Centre Abu Dhabi: <http://www.scad.ae>.

Statistical Tables

Table 2: Producer Prices Index, quarterly 2013 (2012= 100)

<i>Eco.Act .2Dig.</i>	<i>Activity Name</i>	<i>Q1</i>	<i>Q2</i>	<i>Q3</i>	<i>Q4</i>	<i>Year 2013</i>
	Manufacturing	101.1	97.3	98.4	99.3	99.0
10	<i>Manufacture of food products</i>	103.1	102.8	101.1	100.8	101.9
11	<i>Manufacture of beverages</i>	100.0	100.0	100.0	100.0	100.0
13	<i>Manufacture of textiles</i>	101.2	99.8	103.4	106.1	102.6
14	<i>Manufacture of wearing apparel</i>	100.9	101.7	101.7	101.7	101.5
15	<i>Manufacture of leather and related products</i>	97.7	101.2	93.5	102.4	98.7
16	<i>Manufacture of wood and of products of wood and cork, except furniture^amanufacture</i>	100.1	100.1	100.0	100.0	100.1
17	<i>Manufacture of paper and paper products</i>	100.0	100.5	101.9	103.7	101.5
18	<i>Printing and reproduction of recorded media</i>	101.7	101.7	103.1	103.1	102.4
19	<i>Manufacture of coke and refined petroleum products</i>	101.6	92.0	97.5	98.3	97.3
20	<i>Manufacture of chemicals and chemical products</i>	103.0	98.9	96.5	98.5	99.2
21	<i>Manufacture of pharmaceuticals, medicinal chemical and botanical products</i>	98.4	97.1	97.1	98.4	97.7
22	<i>Manufacture of rubber and plastics products</i>	100.2	99.4	99.2	98.9	99.4
23	<i>Manufacture of other non-metallic mineral products</i>	99.5	100.5	96.3	96.3	98.2
24	<i>Manufacture of basic metals</i>	97.0	95.7	93.5	92.0	94.5
25	<i>Manufacture of fabricated metal products, except machinery and equipment</i>	100.4	101.3	100.8	99.9	100.6
26	<i>Manufacture of computer, electronic and optical products</i>	98.1	98.4	99.1	99.0	98.7
27	<i>Manufacture of electrical equipment</i>	99.1	97.6	94.2	94.8	96.4
28	<i>Manufacture of machinery and equipment n.e.c.</i>	100.3	100.1	99.8	100.0	100.0
29	<i>Manufacture of motor vehicles, trailers and semi-trailers</i>	99.5	100.6	109.4	115.6	106.3
30	<i>Manufacture of other transport equipment</i>	110.4	127.6	147.5	170.4	139.0
31	<i>Manufacture of furniture</i>	100.9	100.1	101.8	102.4	101.3
32	<i>Other manufacturing</i>	98.2	98.6	101.3	94.0	98.0
33	<i>Repair and installation of machinery and equipment</i>	100.1	100.0	100.1	100.1	100.1

Table 3: Percentage changes of Producers prices index, quarterly 2013 (2012=100)

Eco.Act .2Dig.	Activity Name	weight	base year 2012	Q 1	Q 2	Q 3	Q 4	Year 2013	Percentage Change (%)						
		2012	2012	2013	2013	2013	2013		Q1 / 2012	Q2 / 2012	Q3 / 2012	Q4 /2012	Q2 /Q1 2013	Q3 / Q2 2013	Q4 /Q3 2013
	Manufacturing	10,000.0	100.0	101.1	97.3	98.4	99.3	99.0	1.1	-2.7	-1.6	-0.7	-3.8	1.2	0.9
10	<i>Manufacture of food products</i>	287.4	100.0	103.1	102.8	101.1	100.8	101.9	3.1	2.8	1.1	0.8	-0.3	-1.7	-0.3
11	<i>Manufacture of beverages</i>	84.9	100.0	100.0	100.0	100.0	100.0	100.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
13	<i>Manufacture of textiles</i>	33.9	100.0	101.2	99.8	103.4	106.1	102.6	1.2	-0.2	3.4	6.1	-1.3	3.6	2.6
14	<i>Manufacture of wearing apparel</i>	118.4	100.0	100.9	101.7	101.7	101.7	101.5	0.9	1.7	1.7	1.7	0.8	0.0	0.0
15	<i>Manufacture of leather and related products</i>	5.3	100.0	97.7	101.2	93.5	102.4	98.7	-2.3	1.2	-6.5	2.4	3.5	-7.6	9.5
16	<i>Manufacture of wood and of products of wood and cork, except furniture; manufacture of articles of straw and plaiting materials</i>	65.8	100.0	100.1	100.1	100.0	100.0	100.1	0.1	0.1	0.0	0.0	0.0	0.0	0.0
17	<i>Manufacture of paper and paper products</i>	37.7	100.0	100.0	100.5	101.9	103.7	101.5	0.0	0.5	1.9	3.7	0.5	1.4	1.8
18	<i>Printing and reproduction of recorded media</i>	33.1	100.0	101.7	101.7	103.1	103.1	102.4	1.7	1.7	3.1	3.1	0.1	1.3	0.0
19	<i>Manufacture of coke and refined petroleum products</i>	3653.8	100.0	101.6	92.0	97.5	98.3	97.3	1.6	-8.0	-2.5	-1.7	-9.4	6.0	0.8
20	<i>Manufacture of chemicals and chemical products</i>	1690.4	100.0	103.0	98.9	96.5	98.5	99.2	3.0	-1.1	-3.5	-1.5	-4.0	-2.4	2.1
21	<i>Manufacture of pharmaceuticals, medicinal chemical and botanical products</i>	23.0	100.0	98.4	97.1	97.1	98.4	97.7	-1.6	-2.9	-2.9	-1.6	-1.3	0.0	1.3
22	<i>Manufacture of rubber and plastics products</i>	126.3	100.0	100.2	99.4	99.2	98.9	99.4	0.2	-0.6	-0.8	-1.1	-0.8	-0.2	-0.3
23	<i>Manufacture of other non-metallic mineral products</i>	1104.4	100.0	99.5	100.5	96.3	96.3	98.2	-0.5	0.5	-3.7	-3.7	1.0	-4.2	0.0
24	<i>Manufacture of basic metals</i>	626.5	100.0	97.0	95.7	93.5	92.0	94.5	-3.0	-4.3	-6.5	-8.0	-1.3	-2.3	-1.7
25	<i>Manufacture of fabricated metal products, except machinery and equipment</i>	960.1	100.0	100.4	101.3	100.8	99.9	100.6	0.4	1.3	0.8	-0.1	0.8	-0.5	-0.9
26	<i>Manufacture of computer, electronic and optical products</i>	11.7	100.0	98.1	98.4	99.1	99.0	98.7	-1.9	-1.6	-0.9	-1.0	0.3	0.7	-0.1
27	<i>Manufacture of electrical equipment</i>	410.9	100.0	99.1	97.6	94.2	94.8	96.4	-0.9	-2.4	-5.8	-5.2	-1.5	-3.5	0.7
28	<i>Manufacture of machinery and equipment n.e.c.</i>	59.0	100.0	100.3	100.1	99.8	100.0	100.0	0.3	0.1	-0.2	0.0	-0.2	-0.3	0.2
29	<i>Manufacture of motor vehicles, trailers and semi-trailers</i>	12.1	100.0	99.5	100.6	109.4	115.6	106.3	-0.5	0.6	9.4	15.6	1.1	8.8	5.6
30	<i>Manufacture of other transport equipment</i>	164.5	100.0	110.4	127.6	147.5	170.4	139.0	10.4	27.6	47.5	70.4	15.5	15.6	15.5
31	<i>Manufacture of furniture</i>	75.0	100.0	100.9	100.1	101.8	102.4	101.3	0.9	0.1	1.8	2.4	-0.8	1.7	0.6
32	<i>Other manufacturing</i>	7.5	100.0	98.2	98.6	101.3	94.0	98.0	-1.8	-1.4	1.3	-6.0	0.4	2.8	-7.2
33	<i>Repair and installation of machinery and equipment</i>	408.0	100.0	100.1	100.0	100.1	100.1	100.1	0.1	0.0	0.1	0.1	-0.1	0.0	0.0

Table 4: contribution rate of Manufacturing activities to the PPI quarterly 2013 (%)

Eco.Act .2Dig.	Activity Name	weights	Contribution rate (%)				
		base year 2012	Q 1 2013	Q 2 2013	Q 3 2013	Q 4 2013	Year 2013
	<i>Manufacturing</i>	10,000.0	100.0	100.0	100.0	100.0	100.0
10	<i>Manufacture of food products</i>	287.4	7.8	3.0	1.9	2.6	5.6
11	<i>Manufacture of beverages</i>	84.9	0.0	0.0	-1.3	-2.6	0.0
13	<i>Manufacture of textiles</i>	33.9	0.3	0.0	0.8	2.6	0.9
14	<i>Manufacture of wearing apparel</i>	118.4	0.9	0.7	2.7	2.6	1.8
15	<i>Manufacture of leather and related products</i>	5.3	-0.1	0.0	-0.2	0.4	-0.1
16	<i>Manufacture of wood and of products of wood and cork, except furniture; manufacture of articles of straw and plaiting materials</i>	65.8	0.0	0.0	0.0	0.0	0.0
17	<i>Manufacture of paper and paper products</i>	37.7	0.0	0.1	0.4	1.8	0.6
18	<i>Printing and reproduction of recorded media</i>	33.1	0.5	0.2	0.6	1.3	0.8
19	<i>Manufacture of coke and refined petroleum products</i>	3653.8	50.2	-106.4	-56.3	-79.7	-97.0
20	<i>Manufacture of chemicals and chemical products</i>	1690.4	46.0	-6.3	-36.2	-29.3	-13.4
21	<i>Manufacture of pharmaceuticals, medicinal chemical and botanical products</i>	23.0	-0.3	-0.2	-0.4	-0.5	-0.5
22	<i>Manufacture of rubber and plastics products</i>	126.3	0.2	-0.4	-0.6	-2.0	-0.7
23	<i>Manufacture of other non-metallic mineral products</i>	1104.4	-4.8	2.1	-25.2	-54.9	-20.2
24	<i>Manufacture of basic metals</i>	626.5	-16.8	-10.0	-25.5	-64.4	-34.2
25	<i>Manufacture of fabricated metal products, except machinery and equipment</i>	960.1	3.6	4.5	4.7	-1.8	5.6
26	<i>Manufacture of computer, electronic and optical products</i>	11.7	-0.2	-0.1	-0.1	-0.2	-0.2
27	<i>Manufacture of electrical equipment</i>	410.9	-3.4	-3.7	-14.3	-26.9	-14.8
28	<i>Manufacture of machinery and equipment n.e.c.</i>	59.0	0.1	0.0	-0.1	0.0	0.0
29	<i>Manufacture of motor vehicles, trailers and semi-trailers</i>	12.1	-0.1	0.0	0.7	2.4	0.8
30	<i>Manufacture of other transport equipment</i>	164.5	15.0	16.5	48.2	145.4	63.8
31	<i>Manufacture of furniture</i>	75.0	0.6	0.0	0.8	4.4	1.0
32	<i>Other manufacturing</i>	7.5	-0.1	-0.1	-0.1	-0.7	-0.1
33	<i>Repair and installation of machinery and equipment</i>	408.0	0.4	0.1	-0.7	-0.5	0.3

PPI Methodology

Definition

The Producers Price Index is an economic and statistical indicator that measures the change in the prices of industrial production between two periods, the base period and the comparison period.

PPI importance

- The PPI reflects the trends of the industrial producers' prices in the Emirate of Abu Dhabi, which help decision makers, planners and researchers to make sound decisions that support the industry sector.
- The PPI measures the change in the prices of industrial production and used by the government to create economic plans and strategies.
- The PPI used as a main deflator for economic indicators over time. It used to deflate nominal values of Gross Domestic Product components.
- The PPI used to measure the rise occurring in sales and purchases contracts, especially futures contracts in the derivatives market.
- Required by international organizations such as the International Monetary Fund for economic monitoring and comparison.

PPI representation and coverage level

The Producers Prices Index (PPI) covers all manufacturing activities in the Emirate of Abu Dhabi; the PPI represents all manufacturing activities (23 activities) based on the International Standard Industrial Classification, revision 4 (ISIC4/2-digit). At the current time, SCAD is developing the PPI to include the Mining and quarrying activities and water and electricity.

Data Collection

Prices are collected on a monthly basis from the selected establishments through field visits or e-mail; these establishments are carefully chosen to represent the manufacturing industry, (65) establishments. SCAD field researchers explain the items of the questionnaire and the required data to ensure accurate data are collected.

Data source

The prices of 290 products are collected from 65 establishments at the 2-digit level. The sample includes 52 establishments in the Abu Dhabi region and 13 establishments in the Al Ain region.

PPI periodicity

The PPI designed on a quarterly basis; while prices are collected on a monthly basis. The PPI sample is fixed; all establishments included in the sample are visited by enumerators to collect the prices of the important products.

Editing

The editing phase aims at validating all data to ensure consistency. It also includes comparing the prices against the quantities and the prices of the month with the previous month to avoid input errors, collection errors and incorrect specification of products.

PPI calculation

The PPI is calculated using the “Laspyer Equation”:

$$PPI_L = \sum \frac{P_{1i}}{P_{0i}} \times W_{0i}$$

The quarterly average price of the product is calculated using the arithmetic mean of the product during the three months. Then, the price level is calculated for the product in each establishment.

Base year

The year 2012 was adopted as a base for the prices, while 2009 was adopted as a base year for the weights used in the PPI.

Weights and relative importance

The weights used in the PPI calculation depend on the data of the economic establishment census, which was conducted in 2010. The census has provided a frame for the economic establishments in Abu Dhabi. This frame was used to design and select the 2009 Economic Survey's sample. The PPI sample was designed as a partial sample of the 2009 Economic Surveys sample to provide data on production and revenues. The weights have been calculated on both levels of economic activity (two digits), and establishment. The weights at the commodity level were calculated by distributing the establishment weight to all main products.

Table (4): Relative importance of manufacturing activities in 2012

Eco.Act .2Dig.	<i>Activity Name</i>	<i>weight 2012</i>
	<i>Manufacturing</i>	10,000.0
10	<i>Manufacture of food products</i>	287.4
11	<i>Manufacture of beverages</i>	84.9
13	<i>Manufacture of textiles</i>	33.9
14	<i>Manufacture of wearing apparel</i>	118.4
15	<i>Manufacture of leather and related products</i>	5.3
16	<i>Manufacture of wood and of products of wood and cork, except furniture; manufacture of articles of straw and plaiting materials</i>	65.8
17	<i>Manufacture of paper and paper products</i>	37.7
18	<i>Printing and reproduction of recorded media</i>	33.1
19	<i>Manufacture of coke and refined petroleum products</i>	3653.8
20	<i>Manufacture of chemicals and chemical products</i>	1690.4
21	<i>Manufacture of pharmaceuticals, medicinal chemical and botanical products</i>	23.0
22	<i>Manufacture of rubber and plastics products</i>	126.3
23	<i>Manufacture of other non-metallic mineral products</i>	1104.4
24	<i>Manufacture of basic metals</i>	626.5
25	<i>Manufacture of fabricated metal products, except machinery and equipment</i>	960.1
26	<i>Manufacture of computer, electronic and optical products</i>	11.7
27	<i>Manufacture of electrical equipment</i>	410.9
28	<i>Manufacture of machinery and equipment n.e.c.</i>	59.0
29	<i>Manufacture of motor vehicles, trailers and semi-trailers</i>	12.1
30	<i>Manufacture of other transport equipment</i>	164.5
31	<i>Manufacture of furniture</i>	75.0
32	<i>Other manufacturing</i>	7.5
33	<i>Repair and installation of machinery and equipment</i>	408.0

Producer's prices

Compiling PPI depends on monthly price data for the main products of establishments, using producer prices (at factory gate price) without any production tax. The prices covered local production and exports.

Publishing

SCAD publishes the PPI quarterly report 30 days after each quarter. SCAD also releases other periodical reports on PPI including inflation.

