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STATISTICAL NEWS

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PRODUCER PRICE INDEX (GOODS) RE-BASE 2014

[Base: Average 4 quarters 2014 = 100.0]

The results of the 2014 Producer Price Index (PPI) Goods re-weighting exercise is presented in this release. The new weights are based on data gathered from the 2014 Census of Mining & Quarrying, Manufacturing and Electricity & Water.

The PPI Goods measures the changes in price levels of locally produced goods from the perspective of the producers. Whilst it can be a leading indicator for inflation, its major use is to eliminate the effect of price changes when estimating Real GDP.

The rebase updates the weight assigned to the various good/s based on their contribution to the total production value of goods in these industries. The higher the weight the greater the influence of the good/s to the movement of the index.

The New Base

The new Producer Price Index has been re-structured, re-weighted and re-classified and now has as its Base, Average 4 quarters 2014 = 100.0. It has adopted the Fiji Standard Industrial Classification (FSIC) to classify its production groups in line with recommended international best practices. The annual Producer Price Indexes based on the old and new bases move in a similar direction when comparing the figures from 2014 backwards, however, movements have been revised from 2014 onwards using the 2014 base.

The New Weights

In deriving the new weighting pattern, Fiji Standard Industrial Classification (FSIC) was used to group the items. As a result, some items have been moved to their new classification group due to changes in the business activity of establishments and this has had an effect on the weight of their previous group. Industries have been assigned weights based on the relative importance of that industry to total production in the sector. The combined weight of all industries equals 1000.0.

Table 1 shows the absolute change in weight from the base years 2011 and 2014.

Table 1: Comparison of PPI Weights

		Weights		Absolute change
FSIC	Commodities	2011	2014	
0729	Mining of non-ferrous metal ores	67.8	57.3	-10.5
0810	Quarrying of stone, sand and clay			
0899	Mining and quarrying nec			
1010	Processing and preserving of meat	81.1	69.3	-11.8
1020	Processing and preserving of fish, crustaceans and molluscs	25.5	23.3	-2.2
1030	Processing and preserving of fruit and vegetables			
1040	Manufacture of vegetable and animal oils and fats			
1050	Manufacture of dairy products			
1061	Manufacture of grain mill products	75.5	83.0	7.5
1071	Manufacture of bakery products	18.4	18.5	0.1
1072	Manufacture of sugar	77.2	67.9	-9.3
1073	Manufacture of cocoa, chocolate and sugar confectionery	31.0	29.3	-1.7
1074	Manufacture of marconi, noodles, couscous and similar farinaceous products			
1079	Manufacture of other food products n.e.c.			
1080	Manufacture of prepared animal feeds			
1101	Distilling, rectifying and blending of spirits	122.9	150.0	27.1
1103	Manufacture of malt liquors and malt			
1104	Manufacture of soft drinks; production of mineral waters and other bottled			
1105	Pounding and packing of Yaqona (Kava)			
1200	Manufacture of tobacco products			
1410	Manufacture of wearing apparel	68.9	68.5	-0.4
1520	Manufacture of footwear and leather products	44.0	47.9	3.9
1610	Sawmilling and planing of wood			
1620	Manufacture of products of wood, cork, straw and plaiting materials			
1701	Manufacture of pulp, paper and paperboard			
1702	Manufacture of corrugated paper and paperboard and of containers of paper and paperboard	45.0	47.0	2.0
1709	Manufacture of other articles of paper and paperboard	46.1	47.1	1.0
1811	Printing and service activities related to printing			
2012	Manufacture of fertilizers and nitrogen compounds			
2021	Manufacture of pesticides and other agrochemical products			
2022	Manufacture of paints, varnishes and similar coatings, printing ink and mastics			
2023	Manufacture of soap and detergents, cleaning and polishing preparations, perfumes and toilet preparations			
2029	Manufacture of other chemical products n.e.c.			
2100	Manufacture of pharmaceuticals, medicinal chemical and botanical products	13.9	13.1	-0.8
2211	Manufacture of rubber tyres and tubes; retreading and rebuilding of rubber tyres			
2220	Manufacture of plastic products			
2310	Manufacture of glass and glass products	27.3	28.3	1.0
2394	Manufacture of cement, lime and plaster	66.0	64.8	-1.2
2395	Manufacture of articles of concrete, cement and plaster			
2410	Manufacture of basic metals			
2431	Casting of metals	4.2	4.0	-0.2
2510	Manufacture of structural metal products, tanks, reservoirs and steam generators			
2590	Manufacture of other fabricated metal products; metalworking service activities			
2920	Manufacture of bodies (coachwork) for motor vehicles; manufacture of trailers			
3010	Building of ships and floating structures including building of pleasure and sporting boats	31.7	29.2	-2.5
3100	Manufacture of furniture	7.4	6.8	-0.6
3210	Manufacture of jewellery and related articles	5.8	6.0	0.2
3299	Other manufacturing not elsewhere specified			
3312	Repair of machinery			
3314	Repair of electrical equipment	140.3	138.7	-1.6
3510	Electricity, gas, steam and air conditioning supply			
3600	Water collection, treatment and supply			
	All Item	1000.0	1000.0	

Note: * Sub-class no longer part of the PPI basket.

Please find attached the following:

- Table 2:** Yearly & Quarterly PPI series;
Appendix I: 2011 Base and 2014 Base Comparison; and
Appendix II: Steps Involved in Re-weighting and Re-structuring the index

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The Producer Price Index for June quarter of 2018 on the new base will be released in September, 2018.

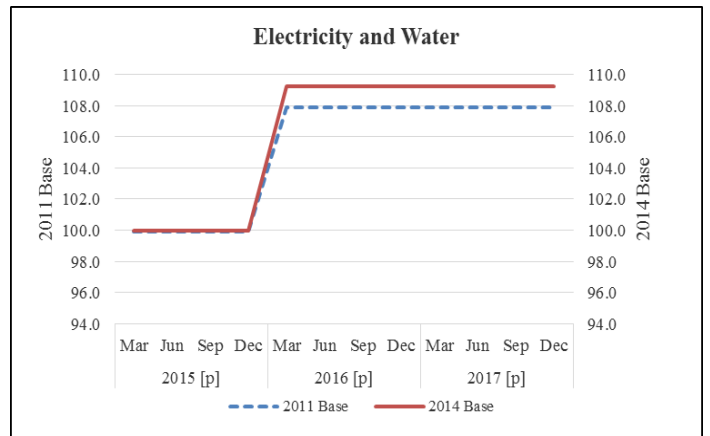
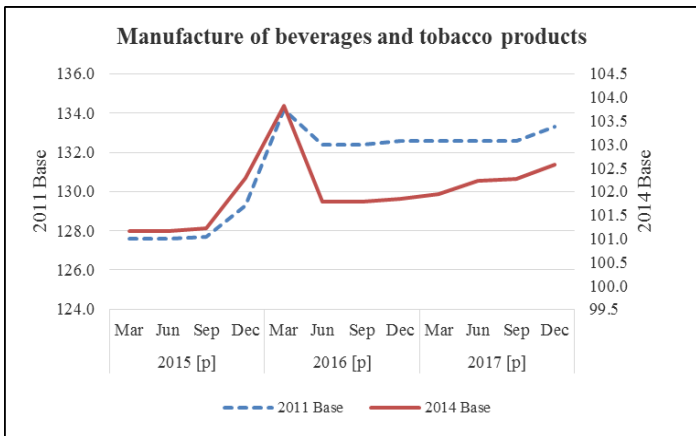
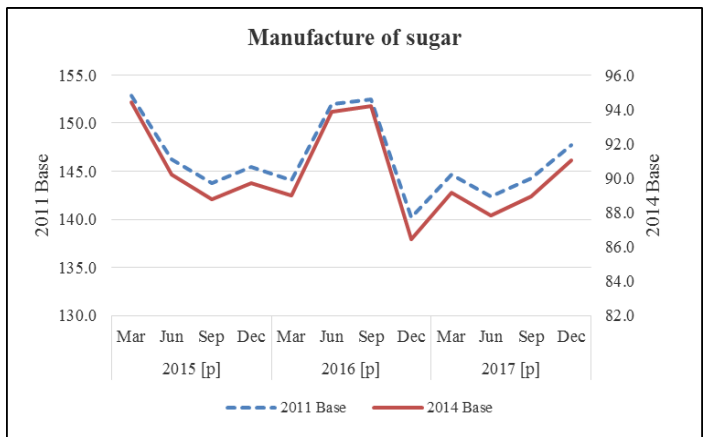
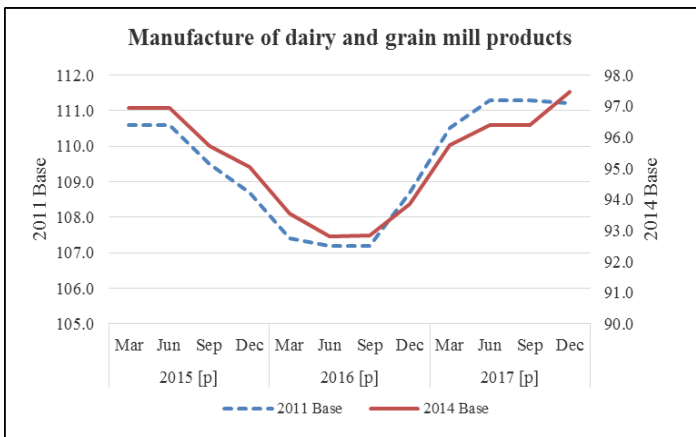
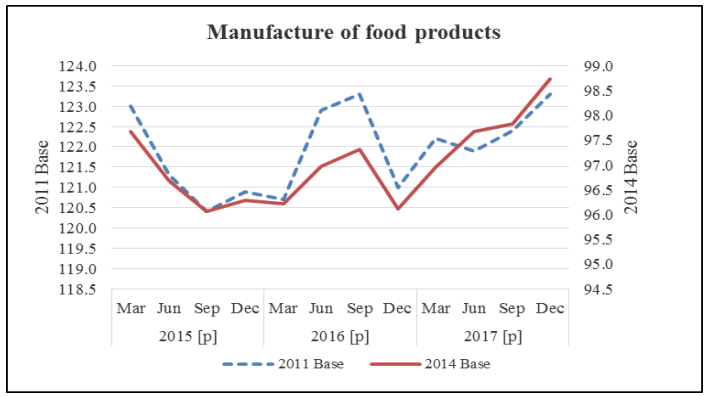
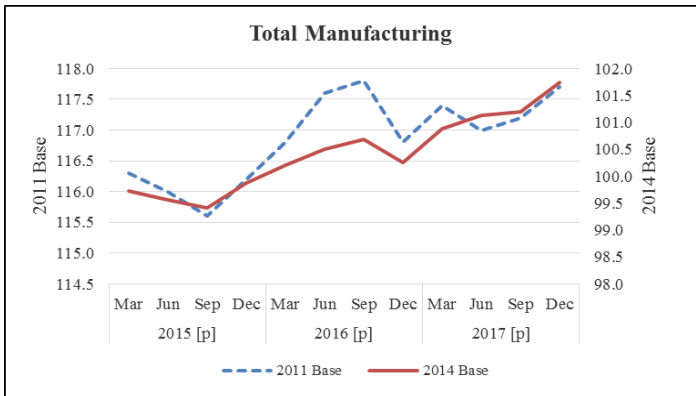
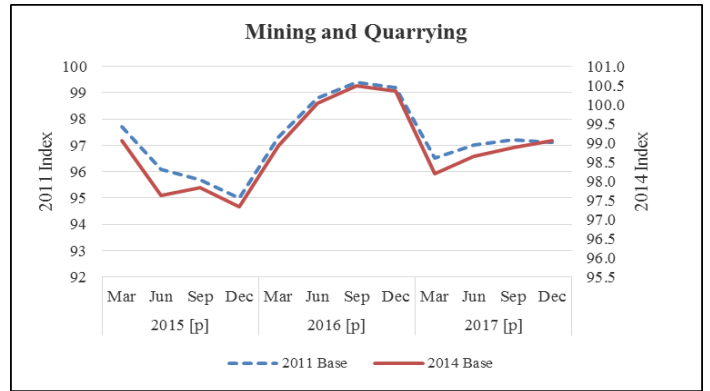
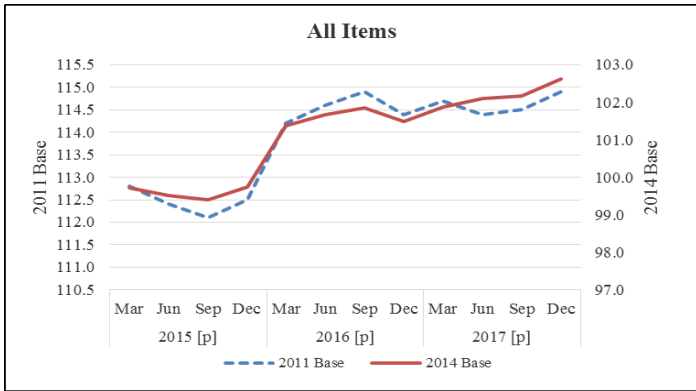


Epeli Waqavonovono [Mr]
Government Statistician

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Appendix I: 2011 Base & 2014 Base Comparison [2015 March Quarter to 2017 Dec Quarter]



APPENDIX II: STEPS INVOLVED IN RE-WEIGHTING AND RE-STRUCTURING THE INDEX

The following tasks were involved in re-basing the PPI from 2011 to 2014, compiling the new index on a reference base of Average 4 quarters 2014 = 100.0:

- i. A list of the establishments with their Gross Output was obtained from the 2014 Census of Mining and Quarrying, Manufacturing and Electricity and Water Survey as per 2010 FSIC;
- ii. A sampling method was used to allow sample selection at 5-digit sub-class level of the Fiji Standard Industrial Classification (FSIC) using a cut-off of 70% making the price observations more representative;
- iii. During the current base year shift, there were adjustments in the weights of both the product groups and establishments within a product group. The weights of the establishments among themselves better reflect the current market conditions;
- iv. The weighting patterns in terms of 1000.0 were calculated based on the relative contribution to the upper level weights;
- v. Weights were derived at the Section level, Division level, Group level, Class level and Sub-class level based on the Fiji Standard Industrial Classification;
- vi. Re-weighting was done and establishments below the cut – off were eliminated. Weights of the deleted establishments were re-allocated (distributed proportionally) to the remaining establishments within the Class;
- vii. List of index items were finalized - major new items for pricing were picked and old items that had gone out of the market dropped;
- viii. Prices were collected for the new items (from March quarter 2014); and
- ix. The indices were compiled up to December quarter 2017 for each published group.