

PRODUCER PRICE INDICES (PPI)

A variety of tools are used to measure price changes taking place in an economy. These include consumer price indices (CPI), price indices relating to specific goods and/or services, GDP deflators and producer price indices (PPI). Whereas CPIs are designed to measure changes over time in average retail prices of a fixed basket of goods and services taken as representing the consumption habits of households, the purpose of PPIs is to provide measures of average movements of prices received by the producers of commodities.

Producer price indices measure changes in prices at an early stage in the production process. Because of this, they are often seen as advance indicators of price changes throughout the economy, including changes in the prices of consumer goods and services.

Definition

Producer prices are defined as “ex-factory prices” and exclude any taxes, transport and trade margins that the purchaser may have to pay. Manufacturing covers the production of semi-processed goods and other intermediate goods as well as final products such as consumer goods and capital equipment.

Long-term trends

Compared with consumer prices, producer prices have risen more quickly during the period 2004-2007, for OECD in total by 3.6%. Nine OECD countries recorded average annual increases of under 2.5% and in Ireland producer prices were even falling. All countries recorded unusually sharp rises in 1995, 2000 and 2005-2007 due to sharp movements in world commodity prices.

For the Czech Republic, Hungary, Mexico, Poland and Turkey, very high growth rates in the first 3-year period have been replaced by more moderate growth in 2004-2007.

Comparability

The price indices shown here are intended to be producer price indices for manufacturing. In practice many countries do not calculate such indices for the manufacturing sector alone. The indices for Austria, Greece, Italy, Luxembourg, Mexico, Spain, Switzerland and Turkey all have broader coverage, usually including (in addition to manufacturing) mining, electricity, gas and water and, in some countries, agriculture.

An additional problem is that Austria and Turkey calculate wholesale price indices rather than producer price indices. Wholesale prices include taxes and transport and trade margins in addition to the ex-factory cost of the goods.

There are also differences between countries in the ways in which they adjust prices for quality changes, in the frequency with which the weights are updated, and in the price index formulae used.

Source

- OECD (2008), *Main Economic Indicators*, OECD, Paris.

Further information

Analytical publications

- Brook, A.M. et al. (2004), *Oil Price Developments: Drivers, Economic Consequences and Policy Responses*, OECD Economics Department Working Papers, No. 412, OECD, Paris.
- OECD (2008), *OECD Economic Outlook, June No. 83 – Vol. 2008/1*, OECD, Paris.

Methodological publications

- IMF, ILO, OECD, Eurostat, UN, World Bank (2004), *Producer Price Index Manual: Theory and Practice*, IMF, Washington, DC.
- OECD (2002), “Comparative Methodological Analysis: Consumer and Producer Price Indices”, *Main Economic Indicators, Volume 2002, Supplement 2*, OECD, Paris.


Websites

- OECD Main Economic Indicators, www.oecd.org/std/mei.

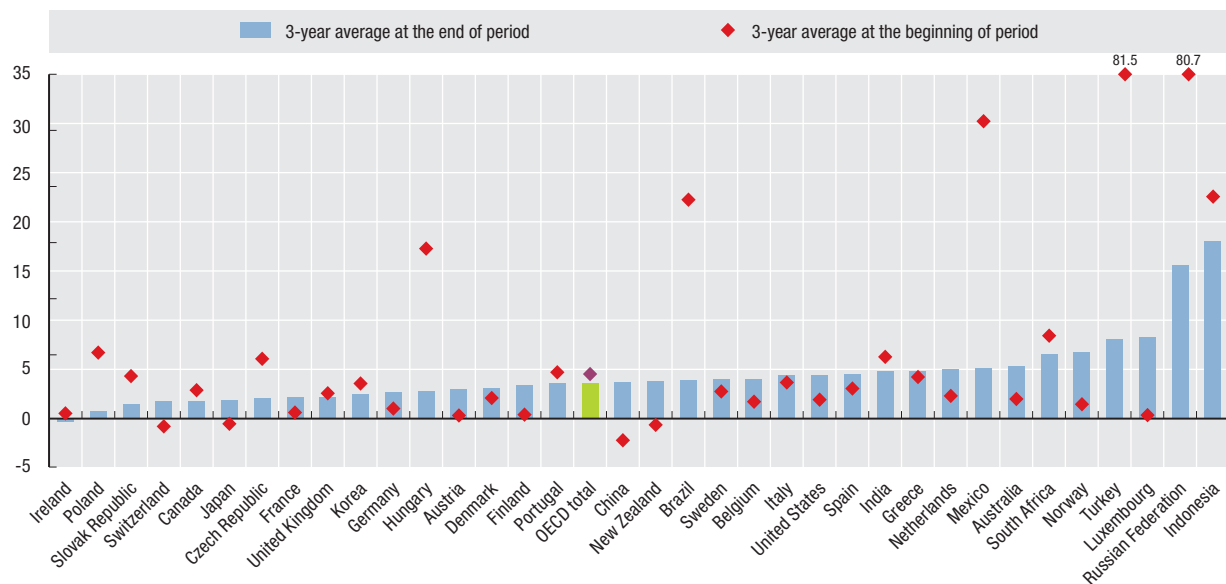

PPI: manufacturing

Year 2000 = 100

	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Australia	87.0	90.2	91.0	92.1	92.7	93.3	100.0	103.1	103.3	103.8	107.9	114.3	123.4	126.3
Austria	97.4	97.7	97.7	98.1	97.6	96.7	100.0	101.5	101.1	102.8	107.8	110.1	113.3	117.9
Belgium	88.0	90.0	90.7	92.4	91.0	91.1	100.0	99.5	99.2	98.8	102.9	105.6	110.9	115.9
Canada	86.4	92.8	93.2	93.9	94.2	95.9	100.0	101.0	101.0	99.7	102.8	104.3	106.8	108.5
Czech Republic	75.8	82.2	86.3	90.3	94.5	94.6	100.0	102.6	101.3	101.0	107.0	109.1	109.9	113.7
Denmark	90.7	93.5	94.8	96.3	95.7	96.0	100.0	102.9	103.9	104.0	105.1	108.2	111.6	115.2
Finland	92.4	94.1	92.3	93.3	91.7	91.2	100.0	98.9	96.6	95.5	95.3	98.0	101.5	105.4
France	98.9	103.9	101.1	100.5	99.6	98.0	100.0	101.2	101.0	101.3	102.5	104.3	106.9	109.3
Germany	94.7	96.7	96.8	97.4	97.2	97.0	100.0	101.3	101.5	102.1	103.9	106.8	109.7	112.6
Greece	..	80.0	85.3	87.9	90.4	92.3	100.0	102.9	104.8	106.3	110.2	116.2	123.6	126.9
Hungary	..	53.0	64.5	77.3	85.4	89.3	100.0	104.3	101.7	103.2	105.9	110.9	116.5	115.0
Ireland	88.3	89.6	89.2	89.5	91.9	93.6	100.0	101.7	100.5	92.4	90.1	90.7	89.2	89.2
Italy	84.9	91.5	93.2	94.4	94.6	94.3	100.0	101.9	102.1	103.7	106.5	110.8	117.0	121.1
Japan	104.6	103.8	102.1	102.7	101.3	99.8	100.0	97.7	95.6	94.8	95.9	97.8	99.9	101.5
Korea	79.2	83.0	84.9	87.8	100.5	97.2	100.0	97.9	96.4	98.1	105.5	112.6	112.8	113.7
Luxembourg	97.3	100.7	96.5	98.1	99.8	95.0	100.0	99.8	99.0	100.4	109.3	118.1	127.2	138.8
Mexico	31.3	44.3	59.6	69.1	78.6	90.9	100.0	103.3	107.8	115.9	126.7	132.0	140.7	147.3
Netherlands	86.2	88.1	89.4	92.1	89.9	90.1	100.0	101.0	99.8	100.5	104.7	111.2	116.5	121.2
New Zealand	93.6	93.7	92.9	91.6	92.4	93.3	100.0	104.8	105.1	103.5	105.5	109.3	114.2	117.9
Norway	83.3	84.9	86.1	86.8	87.6	90.6	100.0	100.6	97.5	99.2	105.5	112.5	121.5	128.3
Poland	76.6	83.1	88.4	92.9	100.0	99.9	99.9	102.3	109.1	108.8	109.6	111.6
Portugal	76.9	80.8	85.5	88.1	83.9	86.9	100.0	102.7	103.1	103.5	106.5	110.3	115.3	118.3
Slovak Republic	..	78.2	81.9	86.0	88.6	91.6	100.0	105.9	106.7	109.4	113.2	115.6	118.0	118.4
Spain	86.8	92.3	93.9	94.8	94.2	94.8	100.0	101.7	102.4	103.9	107.4	112.7	118.7	122.6
Sweden	89.5	98.3	96.1	96.9	96.4	95.9	100.0	101.5	100.9	99.8	100.7	104.5	108.6	113.2
Switzerland	104.0	103.9	102.0	101.3	100.1	99.1	100.0	100.5	100.0	100.0	101.2	102.0	104.1	106.6
Turkey	4.2	7.8	13.8	25.1	43.1	66.0	100.0	161.6	242.6	304.6	338.4	366.3	402.1	427.4
United Kingdom	91.1	94.7	97.2	98.1	98.1	98.5	100.0	99.7	99.7	100.8	102.2	104.1	106.4	109.1
United States	90.4	93.1	95.2	95.5	94.5	96.1	100.0	100.8	100.1	102.7	107.1	113.0	117.5	122.0
EU27 total	90.5	94.7	95.7	96.3	95.7	95.7	100.0	101.2	101.5	102.7	105.7	109.3	113.0	116.7
OECD total	80.1	85.3	88.6	91.3	93.1	95.1	100.0	101.9	102.7	104.7	108.4	112.8	117.0	120.6
Brazil	38.4	61.0	64.9	70.1	72.6	84.7	100.0	112.6	131.4	167.6	185.1	195.4	197.0	208.0
China	104.3	104.0	99.7	97.3	100.0	98.7	96.5	98.8	104.7	109.9	113.2	116.7
India	71.7	78.7	82.2	85.9	90.9	94.1	100.0	105.2	107.8	113.5	121.0	126.7	132.8	139.2
Indonesia	..	42.4	43.9	45.5	78.0	96.5	100.0	111.0	122.0	127.4	132.7	151.8	192.7	218.3
Russian Federation	6.8	23.1	34.9	40.1	42.9	68.3	100.0	118.2	130.5	151.9	187.4	225.9	253.9	289.7
South Africa	66.8	73.4	79.3	85.0	88.3	92.9	100.0	107.1	121.4	127.0	129.5	134.3	142.9	156.8

 StatLink  <http://dx.doi.org/10.1787/542027762677>
PPI: manufacturing

Average annual growth in percentage


 StatLink  <http://dx.doi.org/10.1787/536100454470>



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