

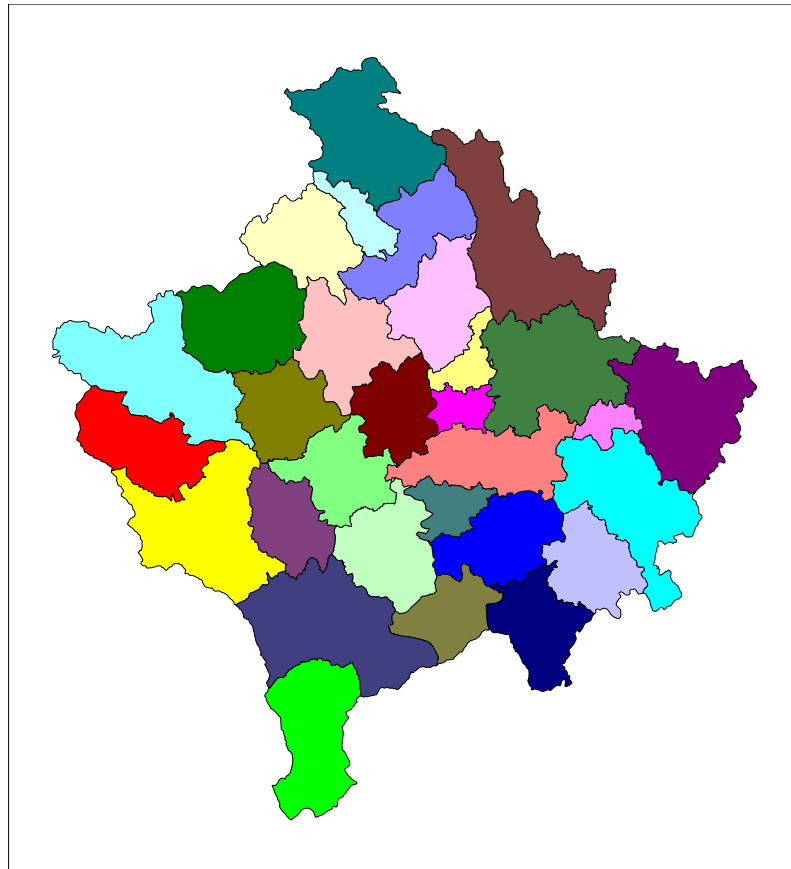


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Producer Price Index (Q₁ – 2010)



F o r e w o r d

Statistical Office of Kosovo (SOK), Department of Economic and National Accounts has started to publish the Producer Price Index (PPI) in May 2009 with preliminary data.

Prices and value of industrial products are collected by manufacturing enterprises that are most representative in Kosovo. Value of product and annual average price is for 2007, while since first quarter 2008 the index is monitored and calculated continuously in quarterly and annual periods.

PPI-Producer Price Index is in accordance with the Standard Classification of Activities according to NACE rev.1, is under construction and continuously seeks to include economic activities which currently are not active, but gradually the product is expected from these activities.

Suggestions, comments and remarks can be sent to E-mail: economic@ks-gov.net

Publication was prepared by,

Ilir T.Berish - Director of Economic Department,
Ibish Asllani - Head of the Price statistics division
Hamdi Jupolli - Head of section
Raif Gashi - Senior officer for price statistic
Hasan Berisha - Senior officer for price statistic
Arlinda Mataj - Senior officer for price statistic

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Chief Executive Officer, SOK
Nait Vrenezi

Symbols and Abbreviations

PPI	Producer Price Index
NACE-rev1	Economic activity nomenclature
SOK	Statistical Office of Kosovo
Q ₁	Quarter 1
Q ₂	Quarter 2
Q ₃	Quarter 3
Q ₄	Quarter 4

:	Figure not available
0	Less than half the unit used
-	Not applicable
%	Percentage
W	Statistical weight
Ø	Average

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Producer Price Index (PPI) for first quarter 2010

The producer price index in Kosovo decreased by 0,1 % between the Q₄ of 2009 and Q₁ of 2010. Compared to the Q₁ of 2009 the producer prices increased by an average of 5.0 %.

Fourth quarter 2009 - first quarter 2010 - 0,1 %

Producer price in Kosovo decreased by an average of 0,1 % between the Q₄ of 2009 and the Q₁ of 2010. The largest decreases by economic activities were production of chemicals and chemical products (-5.6 %), production of metal products except machinery and equipment (-2.5 %), production of metals (-1.3 %) dhe industry food and beverage (-0.7 %).

The decrease was counteracted mainly by decreases in the articles of economic activity in production of machinery and equipmeny (7.1 %) and collection purification and distribution of water (3.0 %).

First quarter 2009 – first quarter 2010 5.0 %

Producer price in Kosovo increased by an average of 5.0 % between the Q₁ of 2009 and Q₁ of 2010. The largest increases by economic activity were production of machinery and equipmeny (21.1 %), production of machinery and electrical appliances (20.9 %) electricity, gas, steam and heated water supply (10,4 %), collection, purification and distribution of water (3.0 %) and other extractive industrie (1.4 %).

The increase was counteracted mainly by decrease in articles in the economic activity of production of metals (-10.0 %), production of chemicals and chemical products (-9.1 %), production of metal products except machinery and equipment (-7.3 %), wood processing and manufacturing of wood articles (-5.5 %) and production of mineral products other than metal (-1.7 %).

Table 1: Producer Price Index (PPI) First quarter 2008 – First quarter 2010 (2007=100), quarterly and annual changes in percent

Year	Quarter	Index (2007=100)	Quarterly change in (%)	Annual change in (%)
2008	Q ₁	101,2	:	
	Q ₂	101,4	0,2	:
	Q ₃	102,3	0,9	:
	Q ₄	100,3	-2,0	:
	Annual average 2008	101,3	:	:
2009	Q ₁	101,3	1,0	0,1
	Q ₂	106,4	5,0	4,9
	Q ₃	106,4	0,0	4,0
	Q ₄	106,5	0,1	6,2
	Annual average 2009	105,2	:	3,8
2010	Q1	106,4	-0,1	5,0

Figure 1: PPI development, Q1 2008 – Q1 2010 (2007=100)

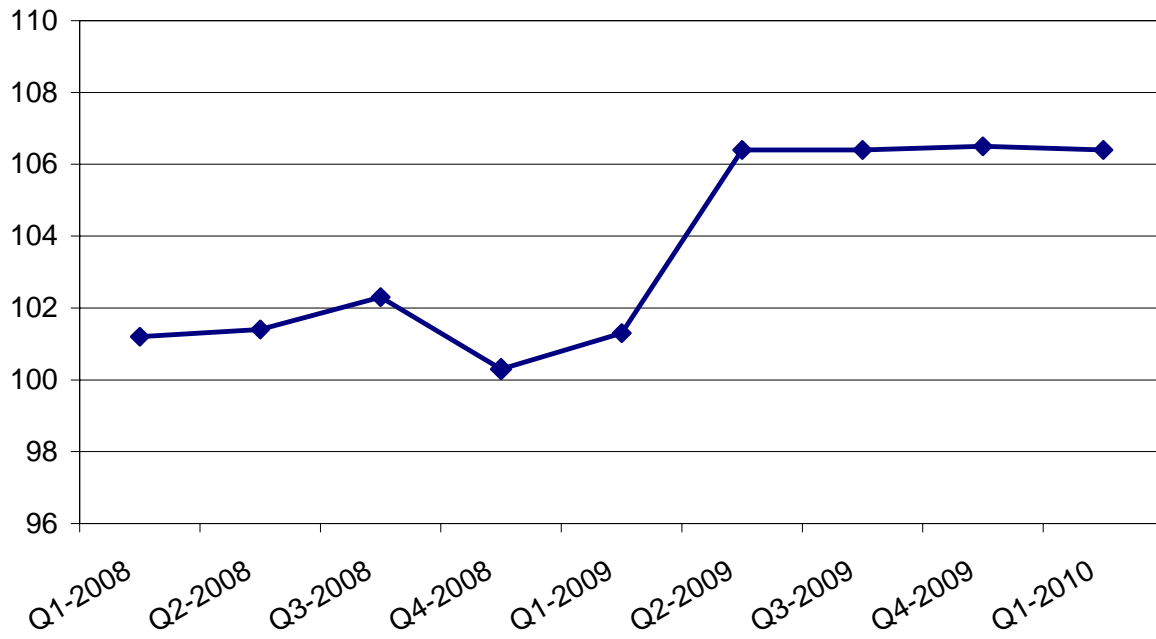


Table 2: Weight, Producer Price Index (2007=100) and annual changes based indices

Code	NACE REV.1 economic activity nomenclature	Weight	Q ₁ - 2010	Q ₁ - 2010	Q ₁ - 2010	PPI - 2009
			Ø2007=100	Q ₄ - 2009	Q ₁ - 2009	(2007=100)
	Total PPI	1000	106,4	99,9	105,0	105,2
10	Extraction of coal lignite and poor coal - bed mining	2,4	100,0	100,0	100,0	100,0
14	Other extractive industrie	24,8	102,2	100,0	101,4	101,5
15	Industry food and beverage	151	102,8	99,3	100,0	103,4
16	Tobacco industry	0,3	58,4	100,0	100,0	58,4
19	Preparation leather tannin, production of travel goods and fancy a articles, production equipment and production of horse shoes	1,5	100,0	100,0	100,0	100,0
20	Wood processing and manufacturing of wood articles	25	83,7	100,0	94,5	84,9
21	Production of dough of paper and paper articles	1,8	100,0	100,0	100,0	100,0
24	Production of chemicals and chemical products	27,7	93,3	94,4	90,9	99,8
25	Production of rubber and plastic	31,1	100,3	100,3	99,8	100,6
26	Production of mineral products other than metal	119	101,6	99,7	98,3	102,4
27	Production of metals	8,9	87,7	98,7	90,0	90,2
28	Production of metal products except machinery and equipment	20,3	106,0	97,5	92,7	110,2
29	Production of machinery and equipmeny	16,3	121,1	107,1	121,1	104,6
31	Production of machinery and electrical appliances	2	96,7	100,0	120,9	87,1
36	Production of furniture, other processing industry	14,5	100,0	100,0	100,0	100,0
40	Electricity supply,gas,steam and warm water	526,6	110,7	100,0	110,4	108,1
41	Collection,purification and distribution of water	26,8	112,8	103,0	103,0	109,5

Definition and the purpose of PPI

Producer Price Index (PPI) is a relative indicator that measures the degree to which prices of goods (products) produced and services vary in a certain period of time. This index is the statistical key for decision making process on economic policy, business and monitoring the inflator and deflator parameters. As a statistical parameter, PPI has a special significance for the estimation (calculation) of the Gross Domestic Product by product approach.

Methodology

Prices and value of products are collected from the most representative manufacturing enterprises in Kosovo. Value of products and average price are for 2007, while since the Q₁ of 2008 the collection is made in regular quarterly bases.

PPI-producer price index is in consistency with the Standard Classification of Activities according to NACE REV., is under construction, are not included many economic items or articles that depend from the economic development of the country, and is based on the standards of the European Union.

PPI is calculated for 17 economic activities from 100 product enterprises and for more than 280 articles/items. As project (GOPA-SOK) has started during 2007 in order to create the basis for the establishment of PPI survey.

The specific weight are calculated by the value of product collected for this research in 2007, in the absence of data on the statistics of the production value, these weights do not represent overall product value in the country.

Aggregation of PPI as a whole

$$PPI_0^q = 100 * \sum_{g=1}^h w_g * I_{0,g}^q$$

PPI_0^q = Producer Price Index between quarter 0 and quarter q

w_g = Weights per groups

$I_{0,g}^m$ = Rate of price for group g between quarter 0 and quarter q

h = Number of economic activities according to NACE REV.1

$$PPI_{2007}^{Y,q} = \frac{PPI_{2007}^{Y-1,4}}{100} * PPI_0^{Y,q}$$

$PPI_{27007}^{Y,q}$ = Chain index of PPI between 2007 and quarter q in the current year

$PPI_{2007}^{Y-1,4}$ = Chain index of PPI between 2007 and quarter 4 of the previous year

$PPI_0^{Y,q}$ = Producer price index between quarter 0 and quarter q in the current year

Calculation of changes

Changes between quarter q and quarter q-1 is calculated as follows:

$$\left[\left(\frac{PPI_0^{Y,q}}{PPI_0^{Y,q-1}} \right) - 1 \right] * 100 = \text{Percentage of quarterly change}$$

$PPI_0^{Y,q}$ = PPI for the current quarter q

$PPI_0^{Y,q-1}$ = PPI for the previous quarter q -1

Annual changes are calculated:

$$\left[\left(\frac{PPI_{2007}^{Y,q}}{PPI_{2007}^{Y-1,q}} \right) - 1 \right] * 100 = \text{Percentage of annual change}$$

$PPI_{2007}^{Y,q}$ = Producer price index for current quarter q

$PPI_{2007}^{Y-1,q}$ = Producer price index for previous year and quarter q

Statistical Office of Kosovo, a brief description

The Statistical Office of Kosovo (SOK) is a professional office operating since 1948. The SOK passed through some of the historic phases and it has been structured by the state rule of that time. SOK restarted its work on August 2, 1999, as an independent and professional office working in the frames of the Ministry of Public Administration (MPA). SOK is financed by the Kosovo Consolidated Budget and by donors for the various projects.

The Statistical Office of Kosovo acts pursuant the UNMIK Regulation 2001/14 that entered into force on July 2, 2001. A medium-term Master Plan is being developed for the statistical system of Kosovo compatible with the European Statistics.

The SOK Organization Structure; composes of four departments for production of statistics (Department of Economic Statistics and National Accounts, Department of Population Statistics, Department of Social Statistics and Department of Agricultural and Environment Statistics), seven Regional Offices (located in Gjakova, Gjilan, Mitrovica, Peja, Prizren, Pristina and Ferizaj), two support departments (Department of Methodology and Information Technology, and Department of Administration), as well as the Office of the Population Census.

Total number employees is 134, of them 96 (71.6%) within the SOK offices whilst 38 (28.4%) in regional offices.

There is also a support and cooperation with the international institutions.

The Statistical Office of Kosova covers Kosovo entirely. For implementation of the surveys in the field, the SOK uses appropriate sampling and methodology approach. In the collection of the reports from the reporting units, the SOK engages professionals, technicians, administrators and civilians form the local offices and regional field population census.

Recently, a team of national and international experts is working in the project of the population census.

SOK Mission is to fulfill the needs of the users with the reliable statistical data and with regular analyses in order to support and provide government departments with the proper information for decision-making process including other users as well.

- **Address: Statistical Office of Kosovo, Str. Zenel Salihu, No. 4, Pristina**
- **Telephones:**
Head-Quarters: +381 (0) 38 235 111
Director: +381 (0) 38 235 545
- **Fax: +381 (0) 38 235 033**
- **E-mail: economic@ks-gov.net**
- **Web-site: www.ks-gov.net/esk**