

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 slowly throughout the period 1993-2006, for OECD in total by 3%. More than half of OECD countries recorded average annual increases of under 2.5% and in two countries – Japan, and Switzerland – producer prices were actually lower at the end of the period than in 1993. All countries recorded unusually sharp rises in 1995, 2000 and 2005-2006 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For the Czech Republic, Hungary, Mexico, Poland and Turkey, very high growth rates in the first 3-year period have been replaced by moderate growth in 2003-2006.

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 (2007), *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 (2007), *OECD Economic Outlook: December No. 82 – Volume 2007 Issue 2*, 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.

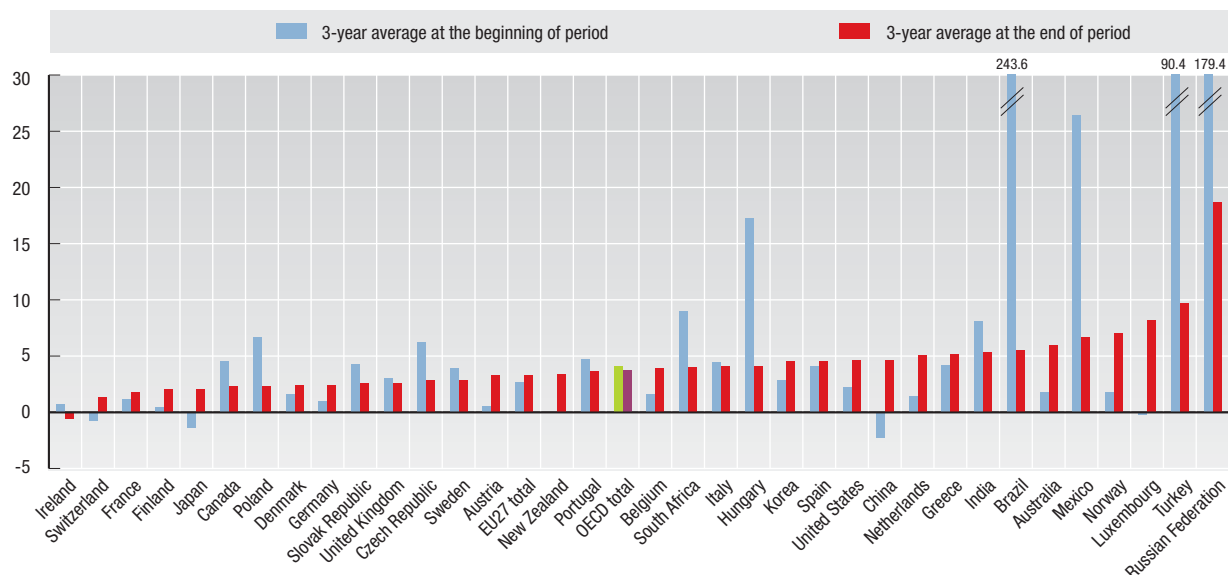

PPI: manufacturing

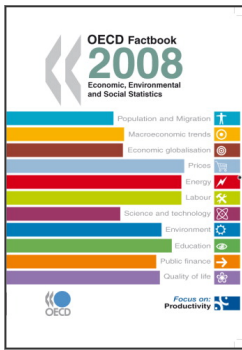
Year 2000 = 100

	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Australia	86.4	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
Austria	96.1	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
Belgium	86.5	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
Canada	81.5	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
Czech Republic	72.0	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
Denmark	90.4	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
Finland	91.0	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
France	97.6	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
Germany	94.0	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
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
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
Ireland	87.3	88.3	89.6	89.2	89.5	91.9	93.6	100.0	101.7	100.5	92.4	90.2	90.1	90.7
Italy	81.8	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
Japan	106.5	104.6	103.8	102.1	102.7	101.3	99.9	100.0	97.7	95.6	94.8	95.9	97.8	100.8
Korea	78.4	79.6	83.5	85.3	88.2	101.0	97.7	100.0	97.9	96.4	98.1	105.5	108.8	112.0
Luxembourg	97.1	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
Mexico	29.5	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
Netherlands	85.6	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
New Zealand	93.0	93.7	93.8	93.0	91.7	92.5	93.4	100.0	104.8	105.1	103.8	105.8	109.7	114.6
Norway	81.6	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
Poland	..	..	..	76.6	83.1	88.4	92.9	100.0	99.9	99.9	102.3	109.1	108.8	109.6
Portugal	74.5	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
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
Spain	83.2	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
Sweden	85.6	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
Switzerland	104.5	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
Turkey	2.0	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
United Kingdom	88.8	91.1	94.8	97.2	98.1	98.1	98.5	100.0	99.7	99.8	101.3	103.8	106.7	109.4
United States	89.2	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
EU27 total	88.4	90.3	94.7	95.7	96.3	95.7	95.7	100.0	101.2	101.5	102.8	105.8	109.5	113.3
OECD total	79.9	82.3	87.1	90.0	92.3	93.7	95.4	100.0	101.5	101.9	103.8	107.4	111.7	115.9
Brazil	1.6	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
China	..	..	..	104.3	104.0	99.7	97.3	100.0	98.7	96.5	98.8	104.7	109.9	113.2
India	65.0	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
Russian Federation	1.6	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
South Africa	61.2	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

 StatLink  <http://dx.doi.org/10.1787/273524812843>
PPI: manufacturing

Average annual growth in percentage


 StatLink  <http://dx.doi.org/10.1787/267518425102>



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