



## Central Statistical Agency

### COUNTRY LEVEL AGRICULTURAL PRODUCTS PRODUCER PRICE INDEX

(Ag-PPI)

አገር አቀፍ የግብርና ምርቶች የአምራች ዋጋ መመዘኛ ኢንዱክስ

For the month of April 2010

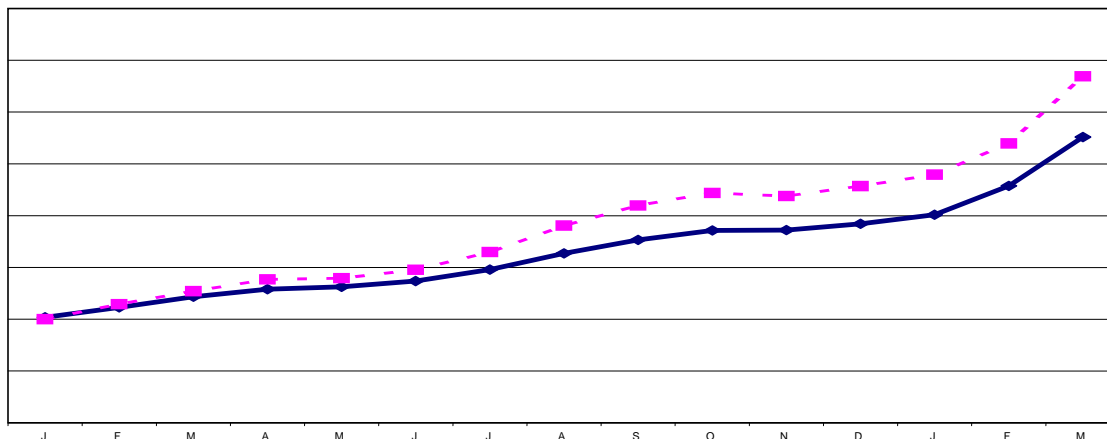
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Information No. 20

መረጃ ቁጥር 20

[December 2006 = 100]

[ታህሳስ 1999 = 100]



አዲስ አበባ

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Addis Ababa

July 15, 2010

## **Introduction**

Producer Price Indices (PPIs) are key economic indicators and critical inputs in policy decision-making processes in most countries. Among their several uses, monthly or quarterly PPIs with detailed product and industry data allow short-term price inflation to be monitored through different stages of production. As a result, they attract much attention from the media, governments, and the public in most countries.<sup>1</sup> Moreover, their construction employ's sophisticated concepts that draws on a great deal of economic and statistical theory and requires complex data manipulation. Therefore, this Ethiopian Agriculture Producer Price Index (Ag-PPI) is produced to benefit users such as policy makers, academics, the business community, and the general public.

The Ethiopian Agriculture Producer Price Index (Ag-PPI) measures the average change over time in the selling prices received by farmers for their output. The prices included in the Ag-PPI are obtained from the producer price survey conducted on a monthly basis by the Central Statistical Agency (CSA) for about 99 agricultural commodities from the first commercial transaction at the farm gate. The survey covers some 463 representative Farmers Associations identified as enumeration areas across the country.

The present Ag-PPI, as the country's first, begun to be produced by the Ethiopian Development Research Institute (EDRI) in January 2008 covering the years since 2002, with December, 2001 as the base year. However, in order to maintain consistency with the Consumer Price Index (CPI) produced by the CSA, the base period is revised to December, 2006. The index's original intent is to measure changes in prices received for agricultural commodities sold in primary markets of this country without the inclusion of transaction margins such as trade and transport costs. The conceptual framework and economic theory guiding the index concentrates on obtaining the price received by

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<sup>1</sup> Producer Price Index Manual. September, 2004. Statistical Department. International Monetary Fund (IMF)

farmers for the first commercial transaction at the farm gate. Hence, the index is also a measure of income received by agricultural producers.

### **Basic Concepts**

In computing the Ag-PPI, we have considered concepts such as “gross” and “net” production to avoid double counting. Hence, in order to obtain net production, items such as seeds and hatching eggs required as inputs for the production of similar outputs, are removed from the data used to estimate weights.

Crop production is the actual production harvested in a given year from private farms and producers’ cooperatives by excluding crop loss during harvest. It includes quantity of commodity sold in the market, consumed by producers, and the output produced in the given production year and kept as stock.

Crop production data is obtained for two periods. The 1994 (2001/02) agricultural census data is used to assign weights for the December 2001 base period of the index and the 1998 (2005/06) agricultural sample survey is used to re-base the index to December, 2006. Crop production data surveys are conducted in two major harvest seasons by the CSA. The main harvest season is the Meher, accounting for nearly 90 percent of the total production, while the Belg harvest season accounts for the remaining.

The producer Price of agricultural products is defined as the price received by the producer/farmer for a transaction carried out at the first point of sale for a clearly specified agricultural product. This first point of sale occurs at the nearest market to the producer’s farm (place of production), and is therefore assumed to be a farm gate price. Farm gate prices are prices received by the producer at or near his/her farm (place of production) and therefore are

assumed not to include transaction margins like trade and transport costs. From a strict definitional point of view, farm gate or factory gate price means prices received by producers at their production location without the inclusion of transaction margins. However, when the agriculture producer price survey is conducted, enumerators usually collect prices at the nearest rural markets and not exactly at the farm gate of the respondents. But it is assumed that the prices obtained in these rural markets approximate farm gate prices since they are the nearest markets to the producers and transaction costs are minimal.

## **የዘንድሮውና የአምናው ተመሳሳይ ወሮች የአምራች ዋጋ መመዘኛ ጠቋሚ አሀዝ ንፅፅር በአገር አቀፍ ደረጃ**

ከሠንጠረዥ 1 መረዳት እንደሚቻለው የሚያዝያ ወር 2002 ዓ.ም የአገር አቀፍ ጠቅላላ የግብርና ምርቶች የአምራች ዋጋ ኢንዱክስ ከሚያዝያ ወር 2001 ዓ.ም ጠቅላላ የግብርና ምርቶች የአምራች ዋጋ ኢንዱክስ ጋር ሲነፃፀር በ8.0 ከመቶ ቅናሽ አስመዝግቦአል። ለኢንዱክሱ መቀነስ አስተዋጽኦ ያደረጉት እህል በ21.2 ከመቶ፣ ጥራጥሬ በ5.3 ከመቶ፣ አትክልት በ0.5 ከመቶ፣ ፍራፍሬ በ7.8 ከመቶ፣ ድንችና ሌሎች ስራስሮች 9.7 ከመቶ፣ እና የእንስሳት ተዋጽኦ በ4.5 ከመቶ በየኢንዱስትሪው ላይ ቅናሽ በማሳፀፉ ነው። በሌላ በኩል የቅባት እህሎች በ20.4 ከመቶ፣ ቅመማ ቅመም በ9.7 ከመቶ፣ እንስሳት በ16.0 ከመቶ እና ወደ ውጭ የሚላኩ እህሎች በ18.9 ከመቶ በየኢንዱስትሪው ላይ ጭማሪ አድርገዋል።

### **Comparison of Ag-PPI Movements, Current vs. Last year's Similar Months at Country Level**

*The April 2010 Country Level Agricultural Products Producers' Price Index has decreased by 8.0 percent as compared to April 2009 as shown in Table 1. This decrease was attributed to the decline in the indices of its components namely: Cereals by 21.2 percent, Pulses by 5.3 percent, Vegetables by 0.5, Fruits by 7.8 percent, Potatoes and other tubers by 9.7 percent, and Livestock products by 4.5 percent. On the other hand increase was observed in the indices of Oil seeds by 20.4 percent, Spices by 9.7 percent, Livestock by 16.0 percent, and Cash crops by 18.9 percent.*

Table 1: Country level Agricultural Products Producers' Price Index and Its Components

December 2006 =100

ሠንጠረዥ 1: አገር አቀፍ የግብርና ምርቶች የአምራች ዋጋ ኢንዱክስ በስሩ የተካተቱ ክፍሎች  
 ህሳስ 1999 = 100

ወርና ዓመት	አጠቃላይ ኢንዱክስ All Items PPI	ክል Cereals	ጥራጥሬ Pulses	የቅባት ክሎች Oil seeds	አትክልት Vegetables	ፍራፍሬ Fruits	ድንችና ስራስሮች Potato and other tubers	ቅመማ ቅመም Spices	እስሳት Livestock	የእስሳት ተዋጽኦ Livestock Products	ወደ ዉጭ የሚላኩ ክሎች Cash Crop	Month/Year
ታህሳስ 1999	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	December 2006
፳፻ 2000 - ሰኔ 2001	168.2	181.9	124.2	219.1	150.3	128.5	150.7	314.3	121.0	151.2	148.9	January 2008 - June 2008
ሐምሌ 2000 - ሰኔ 2001	194.3	233.4	146.5	220.5	158.1	169.4	169.4	232.0	132.2	172.3	143.1	July*2008 - June 2009
2001												2008/2009
የካቲት 2001	177.6	207.7	137.4	175.2	146.3	177.9	168.0	162.5	129.1	170.2	143.1	February "
መጋቢት 2001	182.7	211.3	138.2	188.6	159.0	173.3	181.3	171.9	134.2	177.5	141.8	March "
ሚያዝያ 2001	183.3	208.7	136.0	193.1	173.9	179.1	178.6	158.9	138.0	187.3	137.2	April "
ግንቦት 2001	184.0	208.1	134.4	206.6	197.2	172.6	184.9	121.4	142.7	181.5	144.1	May "
ሰኔ 2001	184.5	212.8	135.9	210.4	167.0	157.9	176.2	119.2	137.2	177.3	154.8	June "
2002												2009/2010
ሐምሌ 2001	189.2	222.5	141.4	211.2	158.4	137.5	160.7	122.1	133.2	173.6	178.0	July 2009
ኦገስት 2001	191.7	222.4	138.5	209.3	150.5	147.8	164.1	133.5	130.1	182.7	189.6	August "
መስከረም	183.8	192.3	133.0	193.4	196.4	155.6	145.9	160.8	131.0	206.3	194.6	September "
ጥቅምት	177.7	188.6	130.1	189.6	182.2	159.2	160.6	154.5	134.2	191.8	174.3	October "
ኦገስት	172.7	183.5	122.3	200.9	153.9	158.6	165.5	138.2	136.3	183.8	168.2	November "
ታህሳስ 2002	176.8	184.9	127.2	214.7	164.9	146.7	176.1	142.9	138.0	188.3	174.7	December "
ጋንባር	173.9	179.8	128.6	237.9	156.8	154.8	166.2	149.0	145.0	183.8	162.3	January 2010
የካቲት 2002	170.9	169.2	125.3	230.7	159.0	158.9	168.4	145.4	142.2	187.7	176.2	February "
መጋቢት 2002	168.4	164.3	128.7	236.3	172.4	172.1	169.3	160.7	145.1	175.7	173.6	March "
ሚያዝያ 2002	168.7	164.4	128.8	232.5	173.0	165.1	161.4	174.2	160.0	178.9	163.1	April "

### Country Level Agricultural Products Producers' Price Index (Ag-PPI)

