

## Central Statistical Agency

### COUNTRY LEVEL AGRICULTURAL PRODUCTS PRODUCER PRICE INDEX

(Ag-PPI)

አገር አቀፍ የግብርና ምርቶች የአምራች ዋጋ መመዘኛ ኢንዱክስ

For the month of June 2011

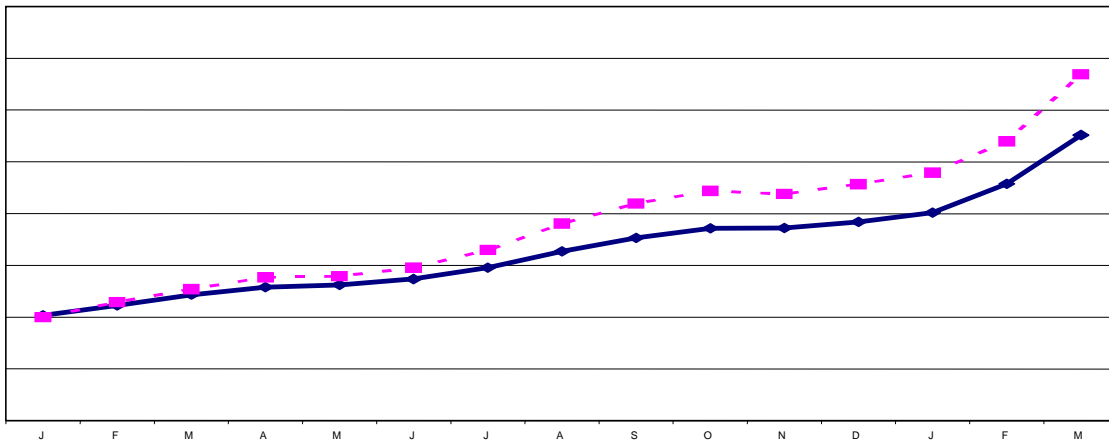
የሰኔ ወር 2011 ዓ.ም

Information No. 32

መረጃ ቁጥር 32

[December 2006 = 100]

[ህሳስ 1999= 100]



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Addis Ababa

July 29, 2011

## 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 ንደሚቻለው የሰኔ ወር 2003 ዓ.ም የአገር አቀፍ ጠቅላላ የግብርና ምርቶች የአምራች ዋጋ ኢንዱክስ ከሰኔ ወር 2002 ዓ.ም ጠቅላላ የግብርና ምርቶች የአምራች ዋጋ ኢንዱክስ ጋር ሲነፃፀር በ68.0 ከመቶ ጭማሪ አስመዝግቦአል። ለኢንዱክሱ መጨመር አስተዋጽኦ ያደረጉት ህል በ50.5 ከመቶ ፣ ጥራጥሬ በ122.4 ከመቶ፣ የቅባት ህሎች በ43.9 ከመቶ፣ አትክልት በ56.8 ከመቶ፣ ፍራፍሬ በ29.0 ከመቶ፣ ድንችና ሌሎች ስራሰሮች 61.9፣ ቅመማ ቅመም በ78.4 ከመቶ፣ ንስሳት በ34.1 ከመቶ፣ ንስሳት ተዋፅኦ በ71.1 ከመቶ ፣ ወደ ውጭ የሚላኩ ህሎች በ148.7 ከመቶ በየኢንዱክሶቻቸው ላይ ጭማሪ በማሳየቱ ነው።

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

*The June 2011 Country Level Agricultural Products Producers' Price Index has increased by 68.0 percent as compared to June 2010 as shown in Table 1. This increase was attributed to the incline observed in the indices of Cereals by 50.5 percent, Pulses by 122.4 percent, Oil seeds by 43.9 percent, Vegetables by 56.8 , Fruits by 29.0 percent, and Potatoes and other tubers by 61.9 percent, Spices by 78.4 percent, and Livestock by 34.1 percent, Livestock products by 71.1 and Cash crops by 148.7 percent.*

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

December 2006 =100

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

ወርና ዓመት	አጠቃላይ ኢንዱክሽን All Items PPI	ህል Cereals	ጥራጥራ Pulses	የቅባት ሀሎች Oil seeds	አትክልት Vegetables	ፍራፍሬ Fruits	ጽንጥና ስራስሮች Potato and other tubers	ቅመማ ቅመም Spices	ንስሳት Livestock	የንባተ- ተዋጽኦ Livestock Products	ውጭ ሕይወት የሚላኩ ሀሎች 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
ጥር 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
ሐምሌ 2001 - ሰኔ 2002	177.0	183.8	131.4	223.4	168.7	157.0	161.9	158.7	142.0	184.5	177.7	July 2009 - June 2010
2001												2008/2009
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
ሰኔ 2002	173.9	167.5	135.6	265.3	184.4	162.4	153.5	204.1	147.7	174.5	186.2	June "
ሐምሌ 2002	181.3	164.7	139.8	293.0	200.8	157.0	149.0	253.5	151.9	181.1	222.3	July "
ካሳ 2002	180.7	159.6	147.2	305.6	210.8	161.1	154.8	229.3	154.8	186.7	214.8	August "
መስከረም 2003	180.7	150.7	146.5	275.5	208.1	176.0	153.6	258.4	164.8	211.7	215.2	September "
ጥቅምት 2003	181.5	148.3	155.1	268.6	211.1	188.0	187.9	227.2	161.7	220.9	208.4	October "
ህዳር 2003	186.2	149.8	157.7	282.2	210.3	181.2	171.0	211.6	173.7	228.2	232.2	November "
ታህሳስ 2003	195.1	161.4	181.7	294.1	217.1	200.4	184.9	202.8	174.4	221.9	250.6	December "
ጥር 2003	209.7	169.4	182.8	291.6	251.1	186.8	182.0	204.2	184.6	242.1	309.1	January 2011
የካቲት 2003	216.2	163.4	170.8	305.7	252.9	180.5	177.3	203.6	184.9	274.4	346.5	February "
መጋቢት 2003	247.7	185.5	203.0	326.3	268.7	199.6	223.0	263.5	179.8	297.3	450.3	March "
ሚያዝያ 2003	263.3	207.9	234.7	365.6	280.3	187.7	219.0	332.0	194.1	294.8	447.1	April "
ግንቦት 2003	291.0	242.9	260.3	362.9	296.5	179.4	255.0	335.0	202.5	327.2	479.0	May "
ሰኔ 2003	292.1	252.0	301.7	381.8	289.1	209.5	248.5	364.1	198.0	298.6	463.2	June "

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

