

Producer Price Index - Agriculture (PPI-A)

(April - June 2003)

1. Introduction

The Producer Price Index-Agriculture (PPI-A) gives a measure of the average change in the selling prices which producers receive for their agricultural products. It covers about 90% of total agricultural production, excluding forestry and fishing.

This issue of the Economic and Social Indicators presents monthly PPI-A indices for the months of April, May and June 2003 as well as figures for preceding months updated in the light of additional information that have now become available.

A technical note on the construction of the PPI-A is annexed.

2. Producer Price Index – Agriculture : 2nd Quarter 2003

2.1 Structure of the PPI-A (Base period: 1997=100)

The PPI-A covers two sub-groups, namely "Crop Products" and "Animals and Animal Products". "Crop Products" is further subdivided into "Sugar Cane" and "Other Crop Products". Sugar cane heavily influences both the "overall" index and that of sub-group "Crop Products", of which it constitutes 69.6% and 82.2% respectively. The price of sugar cane itself becomes available in final form only at the end of the crop year (July to June) and this price is assumed to have prevailed during the whole of the crop year.

2.2 Changes in the monthly index

The PPI-A stood at 126.7 at the end of June 2003, following a decrease of 0.2% in April, a rise of 1.3% in May and then a drop of 1.6% in June. Compared to 127.3 in March 2003, the index for June 2003 declined by 0.5% (Table 1).

The index for the sub-group "Crop Products", which carries 84.6% of the total weight, dropped by 1.3% or 1.7 points from 130.1 in March 2003 to 128.4 in June 2003.

The index for the sub-group "Other Crop Products" decreased by 5.4% or 9.6 points from 178.3 in March 2003 to 168.7 in June 2003. The index declined by 1.6% or 2.8 points to reach 175.5 in April 2003 following decreases of 4.0% and 1.2% in the prices of fresh vegetables and flowers respectively. The index rose by 5.8% or 10.2 points in May to reach 185.7, mainly due to a 9.7% increase in the prices of fresh vegetables. It then fell by 9.2% or 17.0 points to attain 168.7 in June, mainly influenced by drops in the prices of fresh vegetables and root crops: 12.2% and 5.1% respectively.

The index for the sub-group "Animals and Animal Products" registered three consecutive increases of 0.6%, 1.4% and 3.0% in April, May and June respectively, mainly due to the following reasons: in April and May the prices of eggs rose by 2.5% and 4.7% respectively and in June the prices of eggs, deer and poultry went up by 9.1%, 1.4% and 0.2% respectively.

More details of changes on a month-to-month basis are given in Table 2 and changes over the corresponding month of the previous year in Table 3.

2.3 Changes in the quarterly index

Table 4 gives the evolution of the Producer Price Index - Agriculture on a quarterly basis. The overall index for the second quarter of 2003 showed a rise of 4.1% over the previous quarter and an increase of 12.0% over the corresponding quarter of 2002.

Percentage changes on a quarterly basis and the net contributions of commodity groups and products to the change are presented in Table 5.

2.4 Annual index

The annual indices for the years 2000, 2001 and 2002, annual changes and the net contributions of commodity

groups and products to the change are presented in Table 6. The Producer Price Index - Agriculture for 2002 stood at 118.6, representing an increase of 10.4% over 2001.

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Monthly Producer Price Index -Agriculture (PPI-A)
(Base period:Year 1997=100)

Table 1: Monthly indices by commodity group and product, January 2001 - June 2003

Commodity Group	Weight	2003					
		January	February	March	April	May	June
Crop Products	846.2	119.4	125.0	130.1	129.6	131.4	128.4
Sugar cane ²	695.9	119.7	119.7	119.7	119.7	119.7	119.7
Other crop products	150.3	118.3	149.4	178.3	175.5	185.7	168.7
Root Crops	13.2	146.9	153.5	141.5	164.5	157.3	149.2
Fruits	18.7	157.9	134.3	106.0	109.7	101.2	102.2
Fresh vegetables	89.4	102.3	158.9	215.8	207.1	227.1	199.5
Flowers, Ornamental plants	14.2	115.4 ¹	113.0 ¹	109.2 ¹	107.9 ²	107.9 ²	108.0 ²
Tea ²	8.8	141.0	141.0	141.0	141.0	141.0	141.0
Tobacco ²	6.0	143.3	143.3	143.3	143.3	143.3	143.3
Animals & Animal Products	153.8	109.6	110.8	111.8	112.5	114.1	117.5
Cattle	4.2	84.8	84.8	84.8	84.8	84.8	84.8
Pigs	6.2	129.8	129.8	129.8	126.3	126.3	126.3
Goat	1.4	112.2	112.2	112.2	112.2	112.2	112.2
Deer	6.2	133.2	133.2	133.2	133.2	133.2	135.0
Poultry	86.2	108.1	108.1	108.1	108.1	108.1	108.3
Eggs	43.2	110.2	114.4	117.2	120.1	125.8	137.2
Milk	6.4	100.0	100.0	105.6	105.6	105.6	105.6
Overall Index	1,000.0	117.9	122.8	127.3	127.0	128.7	126.7

¹ Revised

² Provisional

Monthly Producer Price Index -Agriculture (PPI-A)
(Base period:Year 1997=100)

Table 1(cont'd) : Monthly indices by commodity group and product, January 2001 - June 2003

Commodity Group	Weight	2002											
		January	February	March	April	May	June	July	August	September	October	November	December
Crop Products	846.2	116.8	124.7	127.8	116.8	111.4	113.2	120.0	120.8	122.2	122.1	121.1	123.4
Sugar cane	695.9	107.8	107.8	107.8	107.8	107.8	107.8	119.7 ²	119.7 ²	119.7 ²	119.7 ²	119.7 ²	119.7 ²
Other crop products	150.3	158.4	202.7	220.6	158.6	128.0	138.1	121.5	125.9	133.9	133.5	127.8	140.4
Root Crops	13.2	139.7	164.2	179.2	142.2	170.2	160.0	157.3	155.9	157.7	156.2	154.5	157.0
Fruits	18.7	156.8	137.1	125.5	135.9	134.5	138.1	146.0	153.2	143.9	122.1	220.3	280.5
Fresh vegetables	89.4	171.3	246.3	277.8	177.4	121.7	139.2	109.6	115.4	130.4	133.9	106.2	113.4
Flowers, Ornamental plants	14.2	114.2	113.9	106.4	102.5	105.4	106.8	109.9	111.1	112.5	116.0	101.9	109.2
Tea	8.8	141.0 ¹	141.0 ¹	141.0 ¹	141.0 ¹	141.0 ¹	141.0 ¹	141.0 ²	141.0 ²	141.0 ²	141.0 ²	141.0 ²	141.0 ²
Tobacco ²	6.0	143.3	143.3	143.3	143.3	143.3	143.3	143.3	143.3	143.3	143.3	143.3	143.3
Animals & Animal Products	153.8	109.7	112.2	112.3	113.2	115.2	115.9	116.7	116.5	113.7	108.6	106.4	108.7
Cattle	4.2	84.8	84.8	84.8	84.8	84.8	84.8	84.8	84.8	84.8	84.8	84.8	84.8
Pigs	6.2	106.8	117.3	117.3	117.3	117.3	129.8	129.8	129.8	129.8	129.8	129.8	129.8
Goat	1.4	112.2	112.2	112.2	112.2	112.2	112.2	112.2	112.2	112.2	112.2	112.2	112.2
Deer	6.2	128.9	128.9	128.9	128.9	128.9	130.3	130.3	130.3	130.3	132.9	133.2	133.2
Poultry	86.2	106.5	106.7	106.7	106.7	106.7	106.3	106.3	106.3	106.3	106.3	106.3	106.3
Eggs	43.2	117.5	124.5	125.0	128.0	135.1	136.6	139.3	138.8	128.5	110.3	102.1	110.3
Milk	6.4	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Overall Index	1,000.0	115.7	122.8	125.4	116.2	112.0	113.6	119.5	120.1	120.9	120.0	118.8	121.1

¹ Revised

² Provisional

Monthly Producer Price Index -Agriculture (PPI-A)
(Base period:Year 1997=100)

Table 1 (cont'd) : Monthly indices by commodity group and product, January 2001 - June 2003

Commodity Group	Weight	2001											
		Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec
Crop Products	846.2	98.2	100.6	98.1	101.6	104.5	106.1	111.9	109.7	107.9	109.6	108.2	111.9
Sugar cane	695.9	97.2	97.2	97.2	97.2	97.2	97.2	107.8	107.8	107.8	107.8	107.8	107.8
Other crop products	150.3	102.9	116.1	102.3	122.2	138.4	147.4	130.7	118.6	108.1	118.2	110.3	130.9
Root Crops	13.2	118.4	101.5	96.4	113.6	114.2	121.1	140.6	140.5	140.8	140.2	140.3	141.0
Fruits	18.7	130.5	112.7	82.2	83.2	87.4	86.7	87.1	90.5	101.8	148.0	113.3	133.9
Fresh vegetables	89.4	87.7	116.4	101.0	132.6	159.0	172.7	137.7	116.2	95.4	105.5	99.9	129.9
Flowers, Ornamental plants	14.2	109.2	107.9	103.7	97.8	97.3	100.1	123.6	125.8	130.6	113.5	110.6	112.5
Tea	8.8	137.3	137.3	137.3	137.3	137.3	137.3	141.0 ¹	141.0 ¹	141.0 ¹	141.0 ¹	141.0 ¹	141.0 ¹
Tobacco	6.0	143.3	143.3	143.3	143.3	143.3	143.3	143.3	143.3	143.3	143.3	143.3	143.3
Animals & Animal Products	153.8	108.3	112.1	111.1	111.7	113.3	118.2	120.1	119.8	117.1	114.3	112.2	112.1
Cattle	4.2	82.1	82.1	82.1	84.8	84.8	84.8	84.8	84.8	84.8	84.8	84.8	84.8
Pigs	6.2	85.5	90.0	94.7	107.9	107.9	107.9	113.2	113.2	113.2	113.2	113.2	113.2
Goat	1.4	112.2	112.2	112.2	112.2	112.2	112.2	112.2	112.2	112.2	112.2	112.2	112.2
Deer	6.2	120.6	120.6	120.6	120.6	120.6	127.4	127.4	127.4	127.4	128.9	128.9	128.9
Poultry	86.2	106.3	106.3	106.3	106.3	106.3	106.3	106.3	106.3	106.3	106.3	106.5	106.5
Eggs	43.2	117.5	130.5	126.1	126.1	131.9	148.4	154.4	153.0	143.5	133.3	125.5	125.3
Milk	6.4	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Overall Index	1,000.0	99.8	102.4	100.1	103.2	105.9	108.0	113.2	111.3	109.3	110.3	108.8	111.9

¹ Revised

Monthly Producer Price Index -Agriculture (PPI-A)
(Base period:Year 1997=100)

Table 2 : Percentage changes from previous month by commodity group and product , July 2002 - June 2003

Commodity Group	Weight	Percentage changes from											
		June 02 to	July 02 to	Aug 02 to	Sept 02 to	Oct 02 to	Nov 02 to	Dec 02 to	Jan 03 to	Feb 03 to	Mar 03 to	Apr 03 to	May 03 to
		July 02	Aug 02	Sept 02	Oct 02	Nov 02	Dec 02	Jan 03	Feb 03	Mar 03	Apr 03	May 03	June 03
Crop Products	846.2	6.0	0.7	1.2	-0.1	-0.8	1.9	-3.2	4.7	4.1	-0.4	1.4	-2.3
Sugar cane	695.9	11.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other crop products	150.3	-12.0	3.6	6.4	-0.3	-4.3	9.9	-15.7	26.3	19.3	-1.6	5.8	-9.2
Root Crops	13.2	-1.7	-0.9	1.2	-1.0	-1.1	1.6	-6.4	4.5	-7.8	16.3	-4.4	-5.1
Fruits	18.7	5.7	4.9	-6.1	-15.1	80.4	27.3	-43.7	-14.9	-21.1	3.5	-7.7	1.0
Fresh vegetables	89.4	-21.3	5.3	13.0	2.7	-20.7	6.8	-9.8	55.3	35.8	-4.0	9.7	-12.2
Flowers,Ornamental plants	14.2	2.9	1.1	1.2	3.1	-12.2	7.2	5.7	-2.1	-3.4	-1.2	0.0	0.1
Tea	8.8	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Tobacco	6.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Animals & Animal Products	153.8	0.7	-0.2	-2.4	-4.5	-2.0	2.2	0.8	1.1	0.9	0.6	1.4	3.0
Cattle	4.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Pigs	6.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-2.7	0.0	0.0
Goat	1.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Deer	6.2	0.0	0.0	0.0	2.0	0.2	0.0	0.0	0.0	0.0	0.0	0.0	1.4
Poultry	86.2	0.0	0.0	0.0	0.0	0.0	0.0	1.7	0.0	0.0	0.0	0.0	0.2
Eggs	43.2	2.0	-0.4	-7.4	-14.2	-7.4	8.0	-0.1	3.8	2.4	2.5	4.7	9.1
Milk	6.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	5.6	0.0	0.0	0.0
Overall Change	1,000.0	5.2	0.5	0.7	-0.7	-1.0	1.9	-2.6	4.2	3.7	-0.2	1.3	-1.6

Monthly Producer Price Index -Agriculture (PPI-A)
(Base period:Year 1997=100)

Table 3 : Percentage changes from corresponding month of previous year by commodity group and product , July 2002 - June 2003

Commodity Group	Weight	Percentage changes from											
		Jul 01 to	Aug 01 to	Sept 01 to	Oct 01 to	Nov 01 to	Dec 01 to	Jan 02 to	Feb 02 to	Mar 02 to	Apr 02 to	May 02 to	Jun 02 to
		Jul 02	Aug 02	Sept 02	Oct 02	Nov 02	Dec 02	Jan 03	Feb 03	Mar 03	Apr 03	May 03	Jun 03
Crop Products	846.2	7.2	10.1	13.3	11.4	11.9	10.3	2.2	0.2	1.8	11.0	18.0	13.4
Sugar cane	695.9	11.0	11.0	11.0	11.0	11.0	11.0	11.0	11.0	11.0	11.0	11.0	11.0
Other crop products	150.3	-7.0	6.2	23.9	12.9	15.9	7.3	-25.2	-26.3	-19.2	10.8	45.3	22.2
Root Crops	13.2	11.9	11.0	12.0	11.4	10.1	11.3	5.2	-6.5	-21.0	15.7	-7.6	-6.8
Fruits	18.7	67.6	69.3	41.4	-17.5	94.4	109.5	0.7	-2.0	-15.5	-19.3	-24.8	-26.0
Fresh vegetables	89.4	-20.4	-0.7	36.7	26.9	6.3	-12.7	-40.3	-35.5	-22.3	16.7	86.6	43.3
Flowers,Ornamental plants	14.2	-11.1	-11.7	-13.9	2.2	-7.9	-2.9	1.1	-0.8	2.6	5.3	2.4	1.1
Tea	8.8	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Tobacco	6.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Animals & Animal Products	153.8	-2.8	-2.8	-2.9	-5.0	-5.2	-3.0	-0.1	-1.2	-0.4	-0.6	-1.0	1.4
Cattle	4.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Pigs	6.2	14.7	14.7	14.7	14.7	14.7	14.7	21.5	10.7	10.7	7.7	7.7	-2.7
Goat	1.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Deer	6.2	2.3	2.3	2.3	3.1	3.3	3.3	3.3	3.3	3.3	3.3	3.3	3.6
Poultry	86.2	0.0	0.0	0.0	0.0	-0.2	-0.2	1.5	1.3	1.3	1.3	1.3	1.9
Eggs	43.2	-9.8	-9.3	-10.5	-17.3	-18.6	-12.0	-6.2	-8.1	-6.2	-6.2	-6.9	0.4
Milk	6.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	5.6	5.6	5.6	5.6
Overall Change	1,000.0	5.6	7.9	10.6	8.8	9.2	8.2	1.9	0.0	1.5	9.3	15.0	11.5

Quarterly Producer Price Index -Agriculture (PPI-A)
(Base period:Year 1997=100)

Table 4: Quarterly indices¹ by commodity group and product, 3rd Quarter 2001 - 2nd Quarter 2003

Commodity Group	Weight	2001		2002				2003	
		3rd Qr	4th Qr	1st Qr	2nd Qr	3rd Qr	4th Qr	1st Qr	2nd Qr
Crop Products	846.2	109.8	109.8	122.4	113.5	121.0	122.9	124.5	129.7
Sugar cane	695.9	107.8	107.8	107.8	107.8	119.7 ³	119.7 ³	119.7 ³	119.7 ³
Other crop products	150.3	119.2	119.1	189.9	139.9	127.1	137.8	146.7	176.0
Root Crops	13.2	140.7	140.6	145.6	159.3	157.1	155.9	147.0	154.2
Fruits	18.7	93.3	130.4	146.6	136.2	147.5	242.2	143.5	104.2
Fresh vegetables	89.4	116.5	110.8	225.9	143.1	118.5	117.1	153.5	210.7
Flowers, Ornamental plants	14.2	126.7	112.2	111.5	104.9	111.2	109.0	112.6 ²	107.9 ³
Tea	8.8	141.0 ²	141.0 ²	141.0 ²	141.0 ²	141.0 ³	141.0 ³	141.0 ³	141.0 ³
Tobacco	6.0	143.3	143.3	143.3 ³	143.3 ³	143.3 ³	143.3 ³	143.3 ³	143.3 ³
Animals & Animal Products	153.8	119.0	112.8	111.4	114.8	115.6	107.9	110.8	114.8
Cattle	4.2	84.8	84.8	84.8	84.8	84.8	84.8	84.8	84.8
Pigs	6.2	113.2	113.2	113.8	121.5	129.8	129.8	129.8	126.3
Goat	1.4	112.2	112.2	112.2	112.2	112.2	112.2	112.2	112.2
Deer	6.2	127.4	128.9	128.9	129.4	130.3	133.1	133.2	133.8
Poultry	86.2	106.3	106.4	106.6	106.6	106.3	106.3	108.1	108.3
Eggs	43.2	150.3	128.0	122.3	133.2	135.5	107.6	113.9	127.7
Milk	6.4	100.0	100.0	100.0	100.0	100.0	100.0	101.9	105.6
Overall Index	1000.0	111.2	110.3	120.7	113.7	120.2	120.6	122.4	127.4

¹ using data for base period as weights, and not a simple average of the monthly indices

² Revised

³ Provisional

Quarterly Producer Price Index -Agriculture (PPI-A)
(Base period:Year 1997=100)

Table 5: Quarterly changes (%) and Net Contributions of commodity groups and products to the change, 2nd Quarter 2002 - 2nd Quarter 2003

Commodity Group	Weight	Percentage Changes from previous quarter				Percentage Changes from corresponding quarter of previous year				Net Contributions from			
		2nd Qr 02	3rd Qr 02	4th Qr 02	1st Qr 03	3rd Qr 01	4th Qr 01	1st Qr 02	2nd Qr 02	2nd Qr 02	3rd Qr 02	4th Qr 02	1st Qr 03
		to	to	to	to	to	to	to	to	to	to	to	to
		3rd Qr 02	4th Qr 02	1st Qr 03	2nd Qr 03	3rd Qr 02	4th Qr 02	1st Qr 03	2nd Qr 03	3rd Qr 02	4th Qr 02	1st Qr 03	2nd Qr 03
Crop Products	846.2	6.6	1.6	1.3	4.2	10.2	11.9	1.7	14.3	6.35	1.59	1.33	4.41
Sugar cane	695.9	11.0	0.0	0.0	0.0	11.0	11.0	11.0	11.0	8.28	0.00	0.00	0.00
Other crop products	150.3	-9.1	8.4	6.5	20.0	6.6	15.7	-22.7	25.8	-1.93	1.59	1.33	4.41
Root Crops	13.2	-1.4	-0.8	-5.7	4.9	11.7	10.9	1.0	-3.2	-0.03	-0.02	-0.12	0.10
Fruits	18.7	8.3	64.2	-40.8	-27.4	58.1	85.7	-2.1	-23.5	0.21	1.77	-1.85	-0.73
Fresh vegetables	89.4	-17.2	-1.2	31.1	37.3	1.7	5.7	-32.0	47.2	-2.20	-0.13	3.25	5.11
Flowers, Ornamental plants	14.2	6.0	-2.0	3.3	-4.2	-12.2	-2.9	1.0	2.9	0.09	-0.03	0.05	-0.07
Tea	8.8	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.00	0.00	0.00	0.00
Tobacco	6.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.00	0.00	0.00	0.00
Animals & Animal Products	153.8	0.7	-6.7	2.7	3.6	-2.9	-4.3	-0.5	0.0	0.13	-1.19	0.44	0.62
Cattle	4.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.00	0.00	0.00	0.00
Pigs	6.2	6.8	0.0	0.0	-2.7	14.7	14.7	14.1	4.0	0.05	0.00	0.00	-0.02
Goat	1.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.00	0.00	0.00	0.00
Deer	6.2	0.7	2.1	0.1	0.5	2.3	3.3	3.3	3.4	0.01	0.02	0.00	0.00
Poultry	86.2	-0.3	0.0	1.7	0.2	0.0	-0.1	1.4	1.6	-0.03	0.00	0.16	0.02
Eggs	43.2	1.7	-20.6	5.9	12.1	-9.8	-15.9	-6.9	-4.1	0.10	-1.21	0.27	0.60
Milk	6.4	0.0	0.0	1.9	3.6	0.0	0.0	1.9	5.6	0.00	0.00	0.01	0.02
Total	1,000.0	5.7	0.3	1.5	4.1	8.1	9.3	1.4	12.0	6.48	0.40	1.77	5.03

Technical Note

Producer Price Index - Agriculture (PPI-A)

Methodology for the construction of the PPI-A

Weighting scheme

The weights are derived by multiplying the average of production during 1996, 1997 and 1998 by the average of unit prices in 1997, the reference period. The weight is assigned to each commodity group on the basis of total production (as a proxy for sales) pertaining to the particular group. At commodity level, the weights are apportioned within the commodity group on the basis of production of each product.

Quarterly and annual indices have been computed using a weighting system based on the production value for the base period.

Price collection

In principle, prices collected should refer to farm-gate prices, but it is extremely difficult to obtain such prices for vegetables, not only because of the enormous resources to be mobilised but also because of the unavailability of a list of planters. Hence, in lieu of the farm-gate price, the wholesale price of the produce is recorded at the two auction markets (Vacoas and Port-Louis) once a week.

In the case of commodities for which prices are fairly stable, data suppliers are visited on a quarterly basis, but prices are collected for each month of the quarter.

Prices of the main commercial crops like sugarcane, tea leaf and tobacco leaf, which are normally fixed for the crop year, are supplied by the respective marketing agencies.

Index calculation

The PPI-A is calculated according to a modified Laspeyres formula:

$$I_t = \frac{\sum W_i (P_{ti}/P_{oi})}{\sum W_i} \times 100$$

where :

I_t is the index for the current period t

P_{ti} is the price of commodity i in the current period t

P_{oi} is the price of the commodity i in the reference period o (1997)

W_i is the weight associated with commodity i