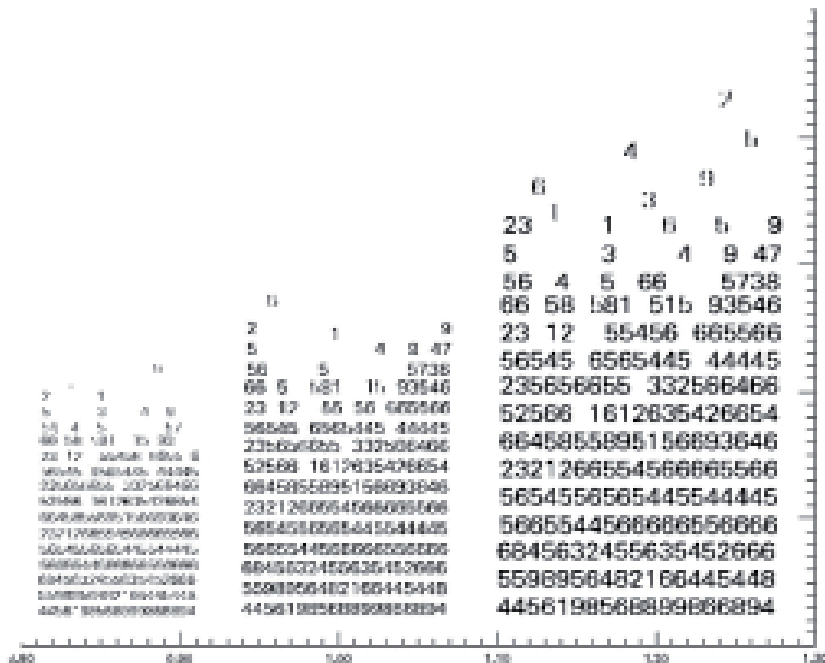


Third quarter 2013

PRODUCER PRICE INDEX



USERS

Producer price index measures the change in the prices of products at the first point of sale after production.

Producer Price Index is compatible with Eurostat methodology and covers following economic activities:

- Extracting industry, C: 10-14
- Manufacturing industry, D: 15-36
- Electric power, water and gas, E: 40-41

This index doesn't include Agriculture and Fisheries activity. According to Eurostat's methodology the Producer Price Index for these two economic activities is calculated separately.

INSTAT calculates Producer Price Index for Domestic Production and Export Price Index. Calculation and publication of Producer Price Index in Albania include:

- Producer Price Index in Total
- Producer Price Index for Domestic Production
- Export Price Index

These indices are calculated for each product classified according to the Classification of Products by Economic Activity (CPA) in 6 – digit level and are published in two digit level.

Renovation of the basket of enterprises and products is based on the results of Annual Structural Survey of Enterprises.

For calculation of products' weights of Producer Price Index for Domestic Production are used data coming from SBS while for calculation of products' weights of Export Price Index are used data coming from Foreign Trade Statistics.

The weights will be renovated every year, eliminating in this way price imputations of products that are not produced more from the producers.

PRODUCER PRICE INDEX THIRD QUARTER 2013

In the third quarter 2013, Producer Price Index reached 112.8 percent (Year 2005 = 100), signing a decrease by 0.7 percent compared with previous quarter.

Producer Price Index in "Mining and quarrying" decreased by 3.1 percent. Here we can mention the decrease of index prices in "Mining and quarrying, of non-energy producing materials" activity by 3.3 percent.

Producer price Index in "Manufacturing" sector is decreased by 0.6 percent. Within this sector we can mention the decrease of index price in "Manufacture of food" by 0.8 percent, "Manufacture of textile" by 0.4 percent, "Manufacture of furniture" by 2.1 percent.

While the index price in "Manufacture of coke, refined petroleum products" and "Manufacture of chemical products and man - made fibers" activities, signed an increase respectively by 0.2 percent and 1.3 percent.

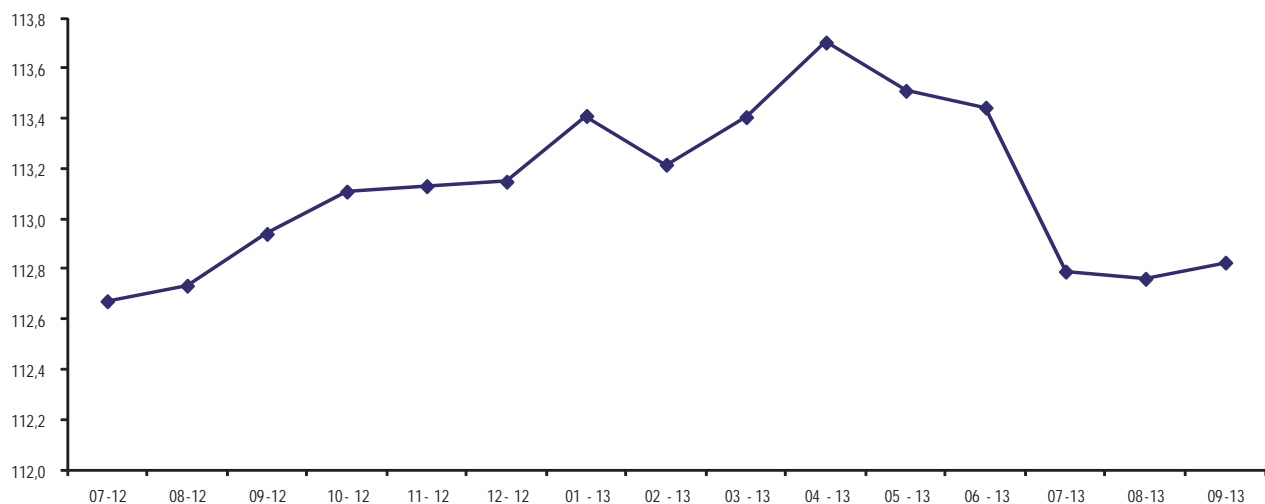
Producer Price Index for domestic production reached 111.3 percent signing a decrease by 0.3 percent compared with previous quarter. Here we can mention the decrease prices of "Manufacturing" industry by 0.4 percent.

Export Price Index (year 2005 = 100) reached 120.6 percent signing an increase price by 0.5 percent compared with previous quarter. Here we can mention the increase of index price in "Manufacturing" industry by 1.3 percent.

Compared with the same period of previous year Producer Price Index increased by 0.1 percent. Producer prices increased in "Manufacturing industry" by 0.2 percent, "Industry of food" by 0.4 percent, "Refinery of oil" by 0.3 percent and "Furniture industry" by 3.9 percent.

From third quarter 2012 to third quarter 2013 of current year, prices of products for export and domestic market increased respectively by 1.1 and 0.2 percent.

Monthly Produce Price Index from July 2012 to September 2013



**Producer Price Index
(By economic activity)**

2005 = 100

NACE	Description	Weights %	07 - 13	08 - 13	09 - 13	III - 13
Total		100.0	112.8	112.8	112.8	112.8
C	Mining and quarrying	8.9	136.4	136.5	136.5	136.5
CA	Mining and quarrying of energy producing materials	4.1	175.1	175.1	175.1	175.1
10	Mining of coal and lignite; extraction of peat	0.1	103.6	103.6	103.6	103.6
11	Extraction of crude petroleum and natural gas; serv. Acti. incidental to oil and gas extraction. exclud. surveying	4.0	175.4	175.4	175.4	175.4
CB	Mining and quarrying. except of energy producing materials	4.8	98.8	99.0	99.1	99.0
13	Mining of metal ores	2.9	99.6	99.9	99.9	99.8
14	Other mining and quarrying	1.9	96.2	96.2	96.3	96.3
D	Manufacturing	68.2	123.3	123.3	123.4	123.3
DA	Manufacture of food products. beverages and tobacco	11.4	129.2	129.3	129.2	129.2
15	Manufacture of food products and beverages	11.3	130.2	130.3	130.1	130.2
16	Manufacture of tobacco products	0.1	79.0	79.5	79.5	79.4
DB	Manufacture of textiles and textile products	3.3	125.6	125.6	125.4	125.5
17	Manufacture of textiles	0.1	122.0	122.3	122.5	122.3
18	Manufacture of wearing apparel; dressing and dyeing of fur	3.2	124.9	124.9	124.7	124.8
DC	19 Tanning and dressing of leather. manufacture of luggage. handbags. saddlery. harness and footwear	4.8	132.1	132.7	132.2	132.3
DD	20 Manufacture of wood and wood products	0.8	116.5	116.4	116.2	116.4
DE	Manufacture of pulp. paper and paper products; publishing and printing	4.1	111.3	111.5	111.4	111.4
21	Manufacture of pulp. paper and paper products	1.1	106.4	106.9	106.9	106.7
22	Publishing, printing and reproduction of recorded media	3.0	115.9	115.9	115.8	115.9
DF	23 Manufacture of coke. refined petroleum products and nuclear fuel	12.3	187.3	187.2	187.2	187.2
DG	24 Manufacture of chemical products and man - made fibres	2.1	92.2	91.9	92.0	92.0
DH	25 Manufacture of rubber and plastic products	1.1	118.3	119.0	118.7	118.7
DI	26 Manufacture of other non - metallic mineral products	10.7	92.6	92.7	92.7	92.7
DJ	Manufacture of basic metals and fabricated metal products	11.8	115.5	115.1	116.1	115.5
27	Manufacture of basic metals	8.8	112.3	111.5	113.3	112.4
28	Manufacture of fabricated metal products. except machinery and equipment	3.0	124.1	124.9	123.8	124.3
DK	29 Manufacture of machinery and equipment n.e.c	0.1	136.5	139.7	139.7	138.7
DL	Manufacture of electrical and optical equipment	3.3	125.6	124.6	124.6	124.9
31	Manufacture of electrical machinery and apparatus n.e.c	2.8	132.9	131.6	131.6	132.0
32	Manufacture of radio. television and communication equipment and apparatus	0.4	104.4	104.4	104.4	104.4
33	Manufacture of medical and optical equipment	0.1	93.4	93.4	93.4	93.4
DM	Manufacture of transport equipment	0.1	100.0	100.0	100.0	100.0
34	Manufacture of motor vehicles. trailers and semi - trailers	0.1	100.0	100.0	100.0	100.0
DN	Manufacturing n.e.c	2.4	129.1	128.2	128.2	128.5
36	Manufacturing n.e.c	1.8	134.5	133.3	133.3	133.7
37	Manufacture of reclamation metallic materials	0.6	95.1	95.1	95.1	95.1
E	EE Electricity. gas and water supply	22.9	77.4	77.4	77.4	77.4
40	Electricity. gas. steam and hot water supply	21.6	72.1	72.1	72.1	72.1
41	Collection. purification and distribution of water	1.3	123.0	122.9	122.6	122.8

**Percent Changes of Producer Price Index
(By economic activity)**

2005 = 100

NACE	Description	Weights %	Percent changes	
			III -13*	III - 13**
			II - 13	III - 12**
Total		100,0	-0,7	0,1
<i>C</i>	Mining and quarrying	8,9	-3,1	-1,5
<i>CA</i>	Mining and quarrying of energy producing materials	4,1	-3,0	-2,0
	10 Mining of coal and lignite; extraction of peat	0,1	0,0	0,0
	11 Extraction of crude petroleum and natural gas; serv. Acti. incidental to oil and gas extraction, exclud. surveying	4,0	-3,0	-2,0
<i>CB</i>	Mining and quarrying, except of energy producing materials	4,8	-3,3	-0,4
	13 Mining of metal ores	2,9	-5,8	-0,3
	14 Other mining and quarrying	1,9	0,9	-0,5
<i>D</i>	Manufacturing	68,2	-0,6	0,2
<i>DA</i>	Manufacture of food products, beverages and tobacco	11,4	-0,8	0,4
	15 Manufacture of food products and beverages	11,3	-0,8	0,4
	16 Manufacture of tobacco products	0,1	-0,2	1,2
<i>DB</i>	Manufacture of textiles and textile products	3,3	-0,4	1,0
	17 Manufacture of textiles	0,1	0,5	0,6
	18 Manufacture of wearing apparel; dressing and dyeing of fur	3,2	-0,5	0,9
<i>DC</i>	19 Tanning and dressing of leather, manufacture of luggage, handbags, saddlery, harness and footwear	4,8	-0,6	2,3
<i>DD</i>	20 Manufacture of wood and wood products	0,8	-0,8	0,5
<i>DE</i>	Manufacture of pulp, paper and paper products; publishing and printing	4,1	-0,4	-1,8
	21 Manufacture of pulp, paper and paper products	1,1	-0,8	3,1
	22 Publishing, printing and reproduction of recorded media	3,0	-0,2	-5,6
<i>DF</i>	23 Manufacture of coke, refined petroleum products and nuclear fuel	12,3	0,2	0,3
<i>DG</i>	24 Manufacture of chemical products and man - made fibres	2,1	1,3	-0,3
<i>DH</i>	25 Manufacture of rubber and plastic products	1,1	1,3	4,2
<i>DI</i>	26 Manufacture of other non - metallic mineral products	10,7	-2,1	-0,8
<i>DJ</i>	Manufacture of basic metals and fabricated metal products	11,8	-0,1	-0,9
	27 Manufacture of basic metals	8,8	-0,5	-2,1
	28 Manufacture of fabricated metal products, except machinery and equipment	3,0	0,8	2,7
<i>DK</i>	29 Manufacture of machinery and equipment n.e.c	0,1	-1,8	0,8
<i>DL</i>	Manufacture of electrical and optical equipment	3,3	0,0	5,3
	31 Manufacture of electrical machinery and apparatus n.e.c	2,8	0,1	8,6
	32 Manufacture of radio, television and communication equipment and app.	0,4	-0,3	2,4
	33 Manufacture of medical and optical equipment	0,1	-0,3	0,0
<i>DM</i>	Manufacture of transport equipment	0,1	0,0	0,0
	34 Manufacture of motor vehicles, trailers and semi - trailers	0,1	0,0	0,0
<i>DN</i>	Manufacturing n.e.c	2,4	-2,3	1,8
	36 Manufacturing n.e.c	1,8	-2,9	3,9
	37 Manufacture of reclamation metallic materials	0,6	-0,4	-2,7
<i>E</i>	<i>EE</i> Electricity, gas and water supply	22,9	0,0	0,1
	40 Electricity, gas, steam and hot water supply	21,6	0,0	0,0
	41 Collection, purification and distribution of water	1,3	0,0	2,7

* Quarterly change rate measures the price changes between the current quarter and previous quarter.

** Annual rate measures the price change between the current quarter and the same quarter of previous year.

**Producer Price Index for Domestic Supply
(By economic activity)**

2005 = 100

NACE	Description	Weights %	07- 13	08- 13	09- 13	III - 13	III - 13 II-13
Total		100.0	111.1	111.3	111.4	111.3	-0.3
C	Mining and quarrying	5.9	145.1	145.1	145.2	145.2	0.7
CA	Mining and quarrying of energy producing materials	1.8	195.1	195.1	195.1	195.1	2.2
10	Mining of coal and lignite; extraction of peat	0.1	103.6	103.6	103.6	103.6	0.0
11	Extraction of crude petroleum and natural gas; service activities incidental to oil and gas extraction. excluding surveying	1.7	195.5	195.5	195.5	195.5	2.2
CB	Mining and quarrying. except of energy producing materials	4.1	100.6	100.6	100.7	100.7	0.1
13	Mining of metal ores	1.7	114.0	114.0	114.0	114.0	0.0
14	Other mining and quarrying	2.4	93.9	93.9	94.0	93.9	0.2
D	Manufacturing	57.7	123.2	123.3	123.3	123.2	-0.4
DA	Manufacture of food products. beverages and tobacco	11.3	133.4	133.4	133.4	133.4	0.3
15	Manufacture of food products and beverages	11.2	134.2	134.3	134.3	134.3	0.3
16	Manufacture of tobacco	0.1	99.2	99.3	99.3	99.3	0.0
DB	Manufacture of textiles and textile products	1.0	121.7	121.9	121.9	121.8	0.3
17	Manufacture of textiles	0.1	121.9	121.9	122.6	122.1	-0.1
18	Manufacture of wearing apparel; dressing and dyeing of fur	0.9	120.7	120.8	120.8	120.8	0.3
DC	19 Tanning and dressing of leather. manufacture of luggage. handbags. saddlery. harness and footwear	1.4	137.3	137.0	137.0	137.1	0.2
DD	20 Manufacture of wood and wood products	0.2	103.7	103.0	102.2	103.0	-1.2
DE	Manufacture of pulp. paper and paper products; publishing and printing	4.4	118.7	118.7	118.6	118.7	-0.2
21	Manufacture of pulp. paper and paper products	0.1	115.7	115.2	115.2	115.3	0.1
22	Publishing. printing and reproduction of recorded media						
DF	23 Manufacture of coke. refined petroleum products and nuclear fuel	4.3	124.3	124.4	124.3	124.3	-0.2
DG	24 Manufacture of chemical products and man - made fibres	16.7	187.5	187.3	187.3	187.4	0.3
DH	25 Manufacture of rubber and plastic products	1.8	89.9	90.0	89.7	89.8	0.6
DI	26 Manufacture of other non - metallic mineral products	1.0	117.0	117.0	117.0	117.0	1.6
DJ	Manufacture of basic metals and fabricated metal products	11.4	91.6	91.8	91.8	91.7	-3.0
27	Manufacture of basic metals	6.9	114.8	115.3	115.3	115.1	0.3
28	Manufacture of fabricated metal products. except machinery and equipment	3.4	113.1	113.1	113.1	113.1	-0.1
		3.5	115.1	116.2	116.1	115.8	0.7
DK	29 Manufacture of machinery and equipment n.e.c	0.1	129.0	129.0	129.0	129.0	0.1
DL	31 Manufacture of electrical machinery and apparatus n.e.c	0.4	109.5	109.5	109.5	109.5	-0.8
DM	Manufacture of transport equipment	0.1	100.0	100.0	100.0	100.0	0.0
34	Manufacture of motor vehicles. trailers and semi - trailers	0.1	100.0	100.0	100.0	100.0	0.0
DN	Manufacturing n.e.c	0.9	110.8	110.8	110.8	110.8	-2.4
36	Manufacturing n.e.c	0.4	123.3	123.2	123.3	123.3	0.4
37	Manufacture of reclamation metallic materials	0.5	90.2	90.2	90.2	90.2	-5.0
E	EE Electricity. gas and water supply	36.4	77.4	77.4	77.4	77.4	0.0
40	Electricity. gas. steam and hot water supply	34.4	72.1	72.1	72.1	72.1	0.0
41	Collection. purification and distribution of water	2.0	123.0	122.9	122.6	122.8	0.0

**Export price Index
(By economic activity)**

2005 = 100

NACE	Description	Weights %	07 - 13	08- 13	09 - 13	III - 13	III - 13 II-13
Total		100.0	120.8	120.9	120.1	120.6	0.5
C	Mining and quarrying	14.0	110.5	110.5	110.5	110.5	-3.9
CA	Mining and quarrying of energy producing materials	8.1	95.2	95.2	95.2	95.2	-4.8
11	Extraction of crude petroleum and natural gas; service activities incidental to oil and gas extraction. excluding surveying	8.1	95.2	95.2	95.2	95.2	-4.8
CB	Mining and quarrying, except of energy producing materials	5.9	102.0	102.0	102.0	102.0	-2.8
13	Mining of metal ores	4.9	92.7	92.9	92.9	92.8	-6.1
14	Other mining and quarrying	1.0	108.4	108.4	108.4	108.4	3.7
D	Manufacturing	86.0	128.6	128.8	127.7	128.3	1.3
DA	Manufacture of food products, beverages and tobacco	11.5	119.4	120.3	120.3	120.0	-3.7
15	Manufacture of food products and beverages	11.4	121.9	122.2	121.7	121.9	-2.5
16	Manufacture of tobacco products	0.1	84.9	85.5	85.5	85.3	-0.3
DB	Manufacture of textiles and textile products	7.2	125.4	125.4	125.1	125.3	-0.4
17	Manufacture of textiles	0.2	122.0	122.4	122.4	122.3	0.7
18	Manufacture of wearing apparel; dressing and dyeing of fur	7.0	124.6	124.6	124.3	124.5	-0.5
DC	19 Tanning and dressing of leather, manufacture of luggage, handbags, saddlery, harness and footwear	10.3	130.8	131.7	131.1	131.2	-0.8
DD	20 Manufacture of wood and wood products	1.7	121.0	121.1	121.1	121.1	-0.3
DE	Manufacture of pulp, paper and paper products; publishing and printing	3.7	97.7	97.7	97.7	97.7	-2.7
21	Manufacture of pulp, paper and paper products	2.9	100.7	101.1	101.1	101.0	-0.8
22	Publishing, printing and reproduction of recorded media	0.8	91.0	91.0	91.0	91.0	0.0
23	Manufacture of coke, refined petroleum products and nuclear fuel	4.9	100.0	100.0	100.0	100.0	0.0
DG	24 Manufacture of chemical products and man-made fibres	2.7	102.2	101.5	102.0	101.9	2.1
DH	25 Manufacture of rubber and plastic products	1.2	130.4	132.3	131.5	131.4	1.0
DI	26 Manufacture of other non-metallic mineral products	9.4	109.6	109.4	109.4	109.5	5.0
DJ	Manufacture of basic metals and fabricated metal products	20.1	127.2	127.0	123.1	125.8	8.6
27	Manufacture of basic metals	17.8	113.0	111.9	114.3	113.0	-0.6
28	Manufacture of fabricated metal products, except machinery and equipment	2.3	126.2	126.0	122.1	124.8	1.0
DK	29 Manufacture of machinery and equipment n.e.c	0.2	139.8	147.3	147.3	144.8	-4.0
DL	Manufacture of electrical and optical equipment	8.2	120.5	120.5	120.5	120.5	-2.6
31	Manufacture of electrical machinery and apparatus n.e.c	6.8	129.5	128.2	128.2	128.6	0.6
32	Manufacture of radio, television and communication equipment and apparatus	1.1	104.4	104.4	104.4	104.4	-0.3
33	Manufacture of medical and optical equipment	0.3	93.4	93.4	93.4	93.4	-0.3
DM	Manufacture of transport equipment	0.1	100.0	100.0	100.0	100.0	0.0
34	Manufacture of motor vehicles, trailers and semi-trailers	0.1	100.0	100.0	100.0	100.0	0.0
DN	Manufacturing n.e.c	4.9	146.1	146.1	146.1	146.1	-2.4
36	Manufacturing n.e.c	4.1	147.9	146.4	146.4	146.9	-3.5
37	Manufacture of reclamation metallic materials	0.8	105.6	105.6	105.6	105.6	4.4

Method of index calculation

Producer Price Index (PPI) is calculated taking into consideration 2005 as base year (2005 = 100). Calculation's method used in compiling of this index is Laspayer chain – index. It means that each transaction will be compared with its previous year December price (y -1). Price ratio is calculated automatically whenever price is entered, adjusted or imputed. The price ratio is also automatically adjusted when the base price is adjusted. One price ratio is calculated for each product each month. It is the current price divided either by the actual base price or by an adjusted base price. These price relatives will be weighted together to give index numbers for each 6-digit product group. These index numbers are aggregated to give index numbers for the 2-digit NACE and so on to give the export, domestic and total PPI. Hence, we will end up with monthly indices having December previous year as a base. These indices will then be chained to the previous indices for each year all the way back to the base.

For 2005 and 2006 Producer Price Index for domestic suppliers and Export price index are missing. For calculation of them we have used the same indices used for calculation of Total Producer Price Index.

Weighting

Arithmetically weighted averages of individual observations will form the index numbers. The index (short-term-link) for a 6-digit NACE is calculated by multiplying all weights by their corresponding index numbers (price ratio) then divide by the sum of the weights.

Imputation

The imputation is done by multiplying the previous reported price by the average monthly price movement of the closest higher level of aggregation (6-digit or 2-digit).

Index calculation

For calculation of index is used Laspeyres type and is calculated as following:

$$I_{2005}^{y,m} = \frac{100}{\frac{1}{12} \sum_{M=JAN}^{DEC} I_{2004,DEC}^{2005,M}} \times \prod_{Y=2005}^{y-1} I_{Y-1,dec}^{Y,dec} \times I_{y-1,dec}^{y,m}$$

- The first part before the equal sign is stating the price level of December 2004 in percent of the average price level during 2005, hence adjusting the average of 2005 to 100.
- The second term is the chained index movement from December 2004 to December y-1 (a product of yearly index links [short-term-links] from December to December).
- The last part is showing the movement from December y-1 to month m year y.

Measures of index

The annual rate measures the price change between the current quarter and the same quarter of previous year. This measures is responsive to recent changes in price levels but can be influenced by one – off effects in either quarter.

Quarterly change measures the price changes between current quarter and previous quarter.