

## STATEMENT ON DOMESTIC PRODUCER PRICE INDEX

The Producer Price Index (PPI) calculated by the Turkish Statistical Institute, measures the average change over time in the selling prices received by domestic producers for their output.

PPI (2003=100) has been calculated according to the NACE Rev.1 classification including agriculture and industry as chain index allowing more up-to-date products coverage and weights and released so far. A new producer price index was needed according to NACE Rev.2 for industry coverage, in order to produce comparable index with National Accounts, Industrial production, Industrial Turnover, Annual Industrial Product Statistics and the other related indicators and to ensure compliance with European Union (EU) norms. This indicator hereinafter referred to Domestic Producer Price Index (D-PPI) covers selling prices received by domestic producers in industry. Domestic Producer Price Index will be used instead of previously used Wholesale Price Index (WPI) and PPI.

Producer Price Index for industry is calculated separately for domestic and non-domestic market according to EU Short-Term Business Statistics regulations. Non-Domestic Producer Price Index (ND-PPI) will also be published in monthly basis to measure the average change over time in the export prices received by domestic producers for their output.

Agriculture Price Index compliant with EU Agricultural Price Statistics methodology is calculated and released according to the NACE Rev.2 classification and with 2010 base year from 2014. Agricultural price indices previously covered in PPI, which cover the agriculture and hunting, forestry, and fishing sectors are to be released separately from the industrial PPI.

The classification code and definitions of the sections of NACE Rev.2 covered by D-PPI are given below:

<b>Code</b>	<b>Definition</b>
B	Mining and quarrying
C	Manufacturing
D	Electricity, gas, steam and air conditioning
E	Water supply; sewerage, waste management and remediation

The weights and sample of the D-PPI, calculated according to the chain-linked Laspeyres Index formula, are to be updated annually. Average unit prices at the product level will not be calculated from now on, since the use of these price series would be misleading because of nonstandard product descriptions, quality changes and undisclosed confidential data.

D-PPI series was calculated by growth rates of General PPI previously published and used in contracts. The release of the WPI series (with base years 1981, 1987 and 1994=100), currently calculated using PPI growth rates, and PPI series including agriculture will be discontinued. Historic

PPI series will be published according to NACE Rev.2 main sectors (Agriculture, Industry, B- Mining and quarrying, C- Manufacturing, D- Electricity, gas, steam and air conditioning, E- Water supply; sewerage, waste management and remediation) and divisions (2 digit sub-sections, 10-Food products, 11- Beverages, etc.) calculated back to 1982 as 2003 reference year. The correspondence table of NACE Rev. 2 coverage of old series is ready for users. The historical series and related tables can be accessed from the [http://www.turkstat.gov.tr/PreTablo.do?alt\\_id=1076](http://www.turkstat.gov.tr/PreTablo.do?alt_id=1076) in “Producer Price Index (2003=100)” folder under “Statistical Tables” heading.

The D-PPI series and NACE Rev.2 groups (3-digit sub-divisions, 10.1-Preserved meat and meat products, 10.3- Processed and preserved fruit and vegetables, 10.4-Vegetable and animal oils and fats etc.) were calculated back to 1994 and released as 2003=100 on the TurkSTAT website. Furthermore D-PPI according to Main Industrial Groupings (Intermediate goods, Durable consumer goods, Undurable consumer goods, Energy, Capital goods) were produced as 2003=100. These tables can be accessed from the [http://www.turkstat.gov.tr/PreTablo.do?alt\\_id=1076](http://www.turkstat.gov.tr/PreTablo.do?alt_id=1076) in “Domestic Producer Price Index, NACE Rev.2 (2003=100)” folder under “Statistical Tables” heading.

A document has been prepared for guiding both parties of contracts based on the D-PPI growth rates. This document as “Guide For The Domestic Producer Price Index Users” including detailed information will be published on TurkSTAT website (only in Turkish) on February 3, 2014.

D-PPI news bulletin will be published on February 3, 2014, Agricultural Price Index news bulletin will be published February 14, 2014. ND-PPI monthly news bulletin will be published in February, 2014.

The tables which are given with press release of Domestic Producer Price Index are:

- (1) Domestic Producer Price Index and Rate of Change (%) by NACE Sections and and Division
- (2) Domestic Producer Price Index and Rate of Change (%) by Main Industrial Groupings
- (3) Domestic Producer Price Index and Rate of Change (%)

### D-PPI SECTION AND DIVISION WEIGHTS

Sections and divisions (NACE Rev.2)	Class. Codes	Weight (%)
<b>Domestic Producer Price Index</b>	<b>D-PPI</b>	<b>100.00</b>
<b>B-Mining and quarrying</b>	<b>B</b>	<b>3.97</b>
Coal and lignite	05	1.34
Crude petroleum and natural gas	06	0.64
Metal ores	07	0.35
Other mining and quarrying products	08	1.64
<b>C-Manufacturing</b>	<b>C</b>	<b>85.93</b>
Food products	10	20.66
Beverages	11	1.20
Tobacco products	12	0.45
Textiles	13	5.96
Wearing apparel	14	2.72
Leather and related products	15	0.86
Wood and products of wood and cork, except furniture	16	3.00
Paper and paper products	17	1.86
Printing and recording services	18	0.82
Coke and refined petroleum products	19	3.33
Chemicals and chemical products	20	4.63
Basic pharmaceutical products and pharmaceutic preparations	21	1.19
Rubber and plastic products	22	3.85
Other non-metallic mineral products	23	3.93
Basic metals	24	6.65
Fabricated metal products, except machinery and equipment	25	3.89
Computer, electronic and optical products	26	0.72
Electrical equipment	27	5.30
Machinery and equipment n.e.c.	28	4.94
Motor vehicles, trailers and semi-trailers	29	4.87
Other transport equipment	30	0.68
Furniture	31	2.00
Other manufactured goods	32	2.40
<b>D- Electricity, gas, steam and air conditioning</b>	<b>D</b>	<b>9.31</b>
Electricity, gas	35	9.31
<b>E- Water supply</b>	<b>E</b>	<b>0.79</b>
Water; water treatment and supply services	36	0.79