



**stats sa**

Department:  
Statistics South Africa  
**REPUBLIC OF SOUTH AFRICA**

## Reweighting and rebasing of the producer price index

19 February 2021

The producer price indices (PPIs) for January 2021 will reflect updates to the basket and weights, and will be rebased to December 2020 = 100.

Tracking price changes of locally produced goods, the PPIs cover the following industries: manufacturing; water and electricity; mining and quarrying; and agriculture, forestry and fishing. Industry-level weights are updated each year based on the value added of each sector to the overall economy as recorded in the GDP. Product weights for industries other than manufacturing are updated each year based on sales data sourced through government departments and industry bodies.

### Weight changes in manufacturing

Weights for products which serve either as an input to manufacturing processes (intermediate manufactured goods), or as a final output (final manufactured goods), are based on Stats SA's large sample survey of the manufacturing industry. The most recent survey was published in 2019 and covers the financial years of producers ending between July 2016 and June 2017. The current PPI product weights are based on the 2014 large sample survey, released in 2016.

Tables 1 and 2 show the current and new weights for the main sectors of the manufacturing industry. Changes at publication level are marginal.

*Table 1. Current and new weights: Final manufactured goods (%)*

<b>Final manufactured goods</b>	<b>Weight 2020</b>	<b>Weight 2021</b>
Food products, beverages and tobacco products	36,28	36,07
Textiles, clothing and footwear	4,87	4,98
Paper and printed products	7,35	7,49
Coke, petroleum, chemical, rubber and plastic products	19,38	19,56
Non-metallic mineral products	2,78	2,77
Metals, machinery, equipment and computing equipment	14,22	14,13
Electrical machinery and communication and metering equipment	3,72	3,68
Transport equipment	9,25	9,19
Furniture and other manufacturing	2,15	2,14

*Table 2. Current and new weights: Intermediate manufactured goods (%)*

<b>Intermediate manufactured goods</b>	<b>Weight 2020</b>	<b>Weight 2021</b>
Textiles and leather goods	4,60	4,10
Sawmilling and wood	24,74	25,50
Chemicals, rubber and plastic products	32,07	30,65
Glass and glass products	3,39	3,49
Basic and fabricated metals	32,01	32,98
Recycling and manufacturing not elsewhere classified	3,19	3,28

### **Basket changes in manufacturing**

The weights determine what products should comprise the basket of goods that create the elementary indices of the PPI. The number of products in final and intermediate manufacturing combined will increase from 215 to 228, as broken down in Table 3.

*Table 3. Number of products in current and new PPI manufacturing baskets*

	<b>Current basket</b>	<b>New basket</b>
Final manufacturing	180	192
Intermediate manufacturing	35	36

The following items have been included in the PPI product basket:

#### Final manufactured goods

- Frozen fish
- Canned fruit
- Oilseed cake
- Ice cream
- Rice
- Nuts and nut products
- Sacks and bags of paper
- Charcoal
- Filters for engines
- Chemical catalyst
- Mining chemicals
- Irrigation pipe systems
- Assembling machines and apparatus
- Communication equipment

Intermediate manufactured goods

- Tanning extracts
- Recycling of non-metal waste and scrap

The following items have been dropped from the PPI product basket:

Final manufactured goods

Expectorants

Intermediate manufactured goods

Synthetic rubber

The product classification of the PPI has been updated to version 2.1 of the Central Product Classification. This has no material impact on the calculation of the indices.

**Rebasing**

All five PPIs will be rebased so that the index level for December 2020 = 100. Periodic rebasing of indices is good practice to remove the impact of historical index levels on aggregate indices. Rebasing when introducing new weights facilitates the creation of a continuous timeseries between old and new sets of weights. Monthly and annual rates of change as reported prior to January 2021 are unaffected by rebasing.

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