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Saudi producer prices rise 8.5pc in June on manufacturing gains

SAUDI Arabia's Producer Price Index increased 8.5 per cent year on year in June, driven by higher prices in the manufacturing sector, official data showed, reports the *Arab News*.

Manufacturing prices rose 9pc, while prices in the electricity, gas, steam, and air-conditioning supply sector increased 2.4pc, according to a report by the General Authority for Statistics (GASTAT).

The report added that prices for water supply, sewerage, waste management, and remediation activities rose 7.9pc in June compared with the same month a year earlier.

The producer price data comes as Saudi Arabia's broader inflation environment remains relatively stable compared with other Gulf economies. Consumer prices in the kingdom rose 1.8pc year on year in July.

In the latest report, GASTAT stated: "Manufacturing prices increased by 9pc, driven by higher prices for manufacture of refined petroleum products 13.2pc, the manufacture of chemicals and chemical products 14.4pc, the manufacture of food products 4.6pc, the manufacture of basic metals 8.4pc, and the manufacture of wearing apparel 14.3pc."

Conversely, prices of manufactured fabricated metal products, excluding machinery and equipment, fell 3.5pc, the manufacture of other non-metallic mineral products dropped 2.1pc, and other economic activities decreased 3.5pc.

On a monthly basis, the kingdom's PPI rose 0.6pc in June from May.

Manufacturing prices increased 0.6pc, supported by higher prices for refined petroleum products, which rose 1.8pc; food products, up 1.3pc; other economic activities, up 2.2pc; and fabricated metal products, excluding machinery and equipment, up 0.1pc.

Offsetting some of the monthly gains, prices for chemicals and chemical products fell 1pc, while basic metals declined 0.5pc.

Prices in the electricity, gas, steam, and air-conditioning supply sector edged down 0.1pc month on month in June, while prices for water supply, sewerage, waste management, and remediation activities remained unchanged.

PPI, which is classified according to the Saudi Standard Industrial Classification, measures relative changes in domestic product prices. It is compiled from the Producer Price Survey of industrial establishments in manufacturing, electricity, gas, steam, and air-conditioning supply, and water supply, sewerage, and waste management activities.

■ *A drone view shows cityscape in Riyadh*