

Wholesale prices up 5.1% in July 2020 as VAT rises

The Wholesale Price Index (WPI) increased by 5.1% in July 2020 on year-on-year basis, after falling 2.1% in both of the previous two months. The rise of the index originated mainly from higher prices of **metal products, machinery and equipment (+12.8%)**, given their weight in the index, in addition to an overall impact of the scaling up of the Value Added Tax (VAT) from 5% to 15% on July 1. On the other hand, the lower prices of *refined petroleum products*, which fell 17.9% from July 2019, came as the most offsetting factor on the wholesale price inflation.

The largest annual increase in prices registered by agricultural products

Of the main product categories, **agricultural and fishery products (+17.0%)** registered the largest increase in wholesale prices in the past twelve months through July, mainly due to a rise in prices of *products of agriculture (+15.4%)*, which had averaged +9.9% for the previous three months.

The increase in prices of **metal products, machinery and equipment (+12.8%)** resulted mainly from higher prices of *transport equipment (+16.4%)* and *basic metals (+11.9%)*.

Food products, beverages and tobacco and textiles (+11.9%) registered an increase in their wholesale prices as well, resulting from rising prices of *meat, fish, fruit, vegetables, oils and fats (+17.8%)* and *grain mills, starch and other food products (+11.3%)*.

Ores and minerals (+5.2%) registered a relatively lower rate of increase in wholesale prices, originating from rising prices of *stones and sand (+5.2%)*.

On the other hand, **other transportable goods (-6.1%)** registered a decline in their price's year-on-year in July 2020, mostly due to lower prices of *refined petroleum products (-17.9%)*.



Wholesale prices up 7.9% from June as Value Added Tax rises

On a monthly basis, the Wholesale Price Index increased by 7.9% in July 2020, after a slight increase of 0.1% in the previous month, mainly influenced by higher prices of *transport equipment* and *basic metals*, which increased 10.7% and 11.0% respectively from the previous month. For the same reason, average prices of **metal products, machinery and equipment** increased the most (+10.5%). All of the other major product categories also recorded an increase in their average prices as compared to the previous month; **food products, beverages and tobacco and textiles** by +9.7%, **ores and minerals** by +9.2%, **agricultural and fishery products** by +5.2%, and **other transportable goods** by +5.1%.

Methodology

The Wholesale Price Index (WPI) reflects the movements of pre-retail prices of goods against a fixed basket of 343 items. The prices are collected for three cities (Riyadh, Jeddah, and Dammam) through field visits to points of sale. The year 2014 was determined as the base year. WPI statistics are published on a monthly basis.



Annual and monthly change in wholesale price index by main product category, July 2020

Product Category	Percentage change (%) in July 2020 compared to:	
	July 2019	June 2020
General Index	5.1	7.9
Agriculture and fishery products	17.0	5.2
Ores and Minerals	5.2	9.2
Food products, beverages and tobacco and textiles	11.9	9.7
Other transportable goods	-6.1	5.1
Metal products, machinery and equipment	12.8	10.5

WPI by month (year-on-year, %)



Links: [All Tables](#); [Methodological Note](#)