



MINISTRY OF ECONOMY
DEPARTMENT OF STATISTICS MALAYSIA

PRODUCER PRICE INDEX MALAYSIA JANUARY 2018

Commencing reference month January 2018, Producer Price Index uses updated basket of goods based on the Economic Census of 2016 and from relevant government agencies. The new basket contains 1063 products. Updating of basket of goods will ensure that the products selected for PPI computation can measure the average price change as imposed by producers of goods in an industry. For further information, please refer to the baseline note at the end of the press release.

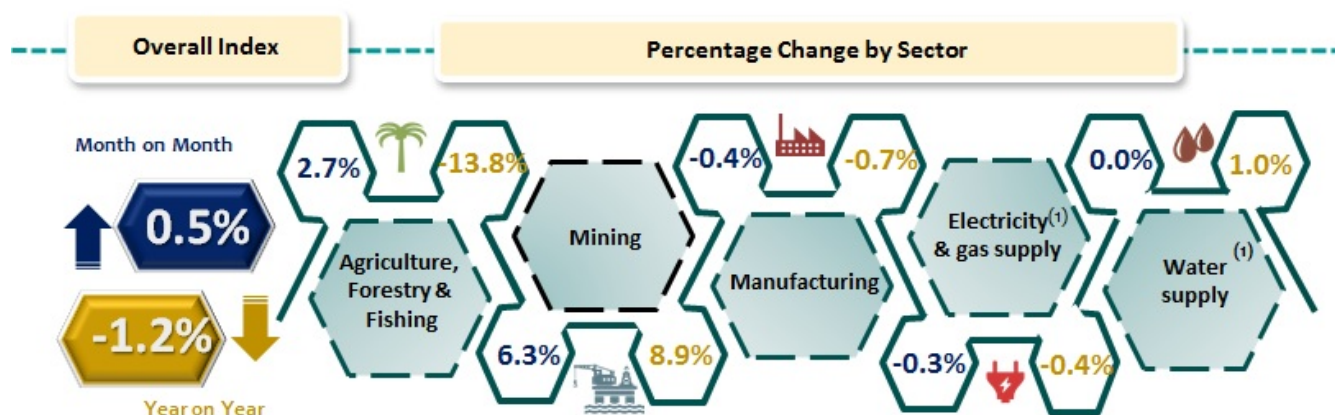


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PPI FOR LOCAL PRODUCTION , JANUARY 2018

PPI for Local Production **decreased -1.2%** in January 2018 compared to January 2017



Note:⁽¹⁾ The price used in the calculation of the index refers to the net transaction prices for sales of output received by producers

Producer Price Index (2010=100) by Sector (MSIC 2008)

The Producer Price Index (PPI) for local production decreased 1.2 per cent on a year-on-year basis in January 2018, 0.9 points upper as compared to 0.3 per cent in December 2017. Among the sectors which decreased during this period were Agriculture, forestry & fishing (-13.8%), Manufacturing (-0.7%) and Electricity & gas supply (-0.4%). Meanwhile, the index Mining (+8.9%) and Water supply (+1.0%) increased.

On a monthly basis, PPI for local production increased by 0.5 per cent in January 2018. This was due to increases in Mining (+6.3%) and Agriculture, forestry & fishing (+2.7%) sectors. Meanwhile, the index for Manufacturing decreased by 0.4 per cent and Electricity & gas supply 0.3 per cent. Index for Water supply remained unchanged. [Table I].

Table I: Producer Price Index (2010=100) Local Production by Sector (MSIC 2008), Malaysia

Sector	Code	Weights	Index	Percentage Change Month-on-Month			Percentage Change Year-on-Year		
			Jan. 2018	Nov. 2017/ Oct. 2017	Dec. 2017/ Nov. 2017	Jan. 2018/ Dec. 2017	Nov. 2017/ Nov. 2016	Dec. 2017/ Dec. 2016	Jan. 2018/ Jan. 2017
Total		100.000	108.3	▲ 0.7	▼ -0.5	▲ 0.5	▲ 4.3	▲ 0.3	▼ -1.2
Agriculture, Forestry & Fishing	A	6.730	110.1	▼ -0.3	▼ -5.3	▲ 2.7	▼ -1.8	▼ -13.8	▼ -13.8
Mining	B	7.927	104.0	▲ 4.6	▼ -0.6	▲ 6.3	▲ 30.7	▲ 8.9	▲ 8.9
Manufacturing	C	81.571	108.4	▲ 0.4	▲ 0.1	▼ -0.4	▲ 2.8	▲ 1.1	▼ -0.7
Electricity & gas supply	D	3.442	114.1	▲ 0.2	▼ -0.3	▼ -0.3	▲ 0.5	▼ -0.2	▼ -0.4
Water supply	E	0.330	114.1	▼ -0.3	▼ -0.3	⚡ 0.0	▲ 0.2	▼ -0.4	▲ 1.0

PRODUCER PRICE INDEX BY STAGE OF PROCESSING

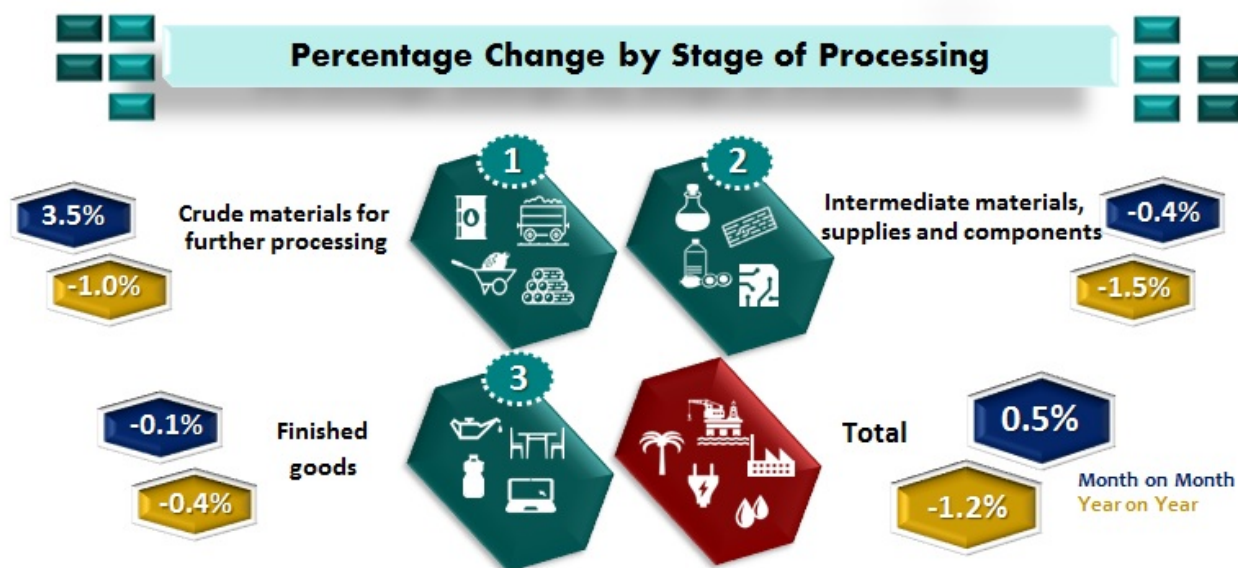


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Source: Producer Price Index Local Production (2010=100), January 2018

The PPI for local production by stage of processing (SOP) increased by 0.5 per cent in January 2018. This was due to the increase in the index for Crude materials for further processing (+3.5%). Meanwhile, Intermediate materials, supplies and components decreased (-0.4%) and Finished goods (-0.1%).

As compared with the same month a year ago, the PPI for local production by SOP for January 2018 decreased 1.2 per cent. The decreased was fuelled by the index for Intermediate materials, supplies and components (-1.5%) Crude materials for further processing (-1.0%) and Finished goods (-0.4%). [Table II].

TABLE II: PRODUCER PRICE INDEX (2010=100), LOCAL PRODUCTION BY STAGE OF PROCESSING

Stage of Processing	Code	Weights	Index	Percentage Change Month-on-Month			Percentage Change Year-on-Year		
			Jan. 2018	Nov. 2017/ Oct. 2017	Dec. 2017/ Nov. 2017	Jan. 2018/ Dec. 2017	Nov. 2017/ Nov. 2016	Dec. 2017/ Dec. 2016	Jan. 2018/ Jan. 2017
Total		100.000	108.3	▼ 0.7	▼ -0.5	▲ 0.5	▲ 4.3	▲ 0.3	▼ -1.2
Crude materials for further processing	1	16.410	113.9	▲ 3.2	▼ -2.4	▲ 3.5	▲ 13.6	▼ -1.3	▼ -1.0
Intermediate materials, supplies and components	2	56.119	108.9	⚡ 0.0	▲ 0.1	▼ -0.4	▲ 2.8	▲ 0.9	▼ -1.5
Finished goods	3	27.471	102.8	▲ 0.1	⚡ 0.0	▼ -0.1	▲ 0.3	▲ 0.1	▼ -0.4

UPDATING PRODUCER PRICE LOCAL PRODUCTION INDEX BASKET 2010=100

The weights for updating PPI 2010=100 is updated using data from Economic Census (BE) 2016 and relevant government agencies.

Preparation of the PPI (2010=100) used the "Fixed Basket" method. The PPI arrangement is used the Chain Index method by updating its basket without changing the base year each time the Economic Census (BE) is conducted. Starting January 2018, index is released using the Chain Link method. The updated PPI basket (2010 = 100) used the latest BE 2016.

Rebasing is very different from the process of updating basket. The rebasing is only changing its base period. It is a purely mechanical operation in forming a more convenient series for performances and comparisons or estimates. Products are selected based on relative product and contribution to the industry's sales value and only products with significant weights are selected for inclusion in the PPI basket.

The new weight of local production according to MSIC and the commodity section (SITC) for updating basket (2010 = 100) using the Economic Census 2016 is as follows:

Sector (2005=100)	Weights			Sector (2010=100)
	2005	2010	2015	
Agriculture	6.60	8.15	6.730	Agriculture, forestry and fishing
Fishing	0.81			
Mining	9.83	9.67	7.927	Mining
Manufacturing	80.00	78.79	81.571	Manufacturing
Electricity, gas and water supply	2.76	3.05	3.442	Electricity and gas supply
		0.34	0.330	Water supply
Total	100.00	100.00	100.000	Total

PPI (2010=100) Weights by Commodity Section (SITC)

Commodity Section	Weights	
	2010	2015
Food	5.71	7.45
Beverages and tobacco	1.36	1.31
Crude materials, inedible	8.24	5.77
Mineral fuels, lubricants, etc.	24.58	21.08
Animal and vegetable oils and fats	10.29	9.29
Chemicals	8.12	8.56
Manufactured goods	11.21	13.67
Machinery and transport equipment	25.04	25.61
Miscellaneous manufactured articles	5.45	7.27
Total	100.00	100.000

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28 February 2018

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