

## PRODUCER PRICE INDEX MALAYSIA JANUARY 2015

The Producer Price Index (PPI) comprises of indices for local production, imports and domestic economy. The domestic economy price index is a composite index based on the price data derived from the local production and import price indices.

#### **DOMESTIC ECONOMY**

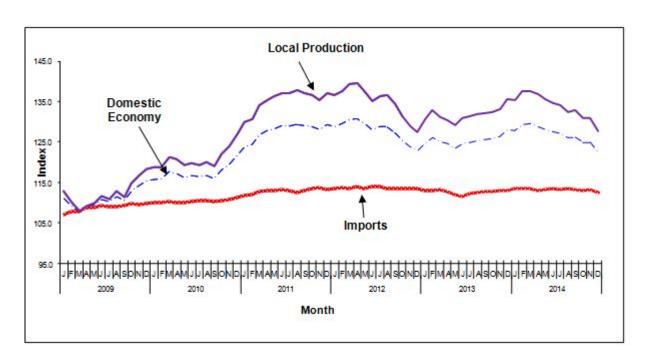
The PPI for domestic economy in December 2014 decreased by 1.9 per cent with the both PPI for local production and import price index were moved down by 2.4 and 0.7 per cent respectively. (Table 1).

Year-on-year comparison showed that the PPI for domestic economy index decreased by 4.4 per cent with local production index dropped by 6.0 per cent. While, the import price index moved down by 0.6 per cent.

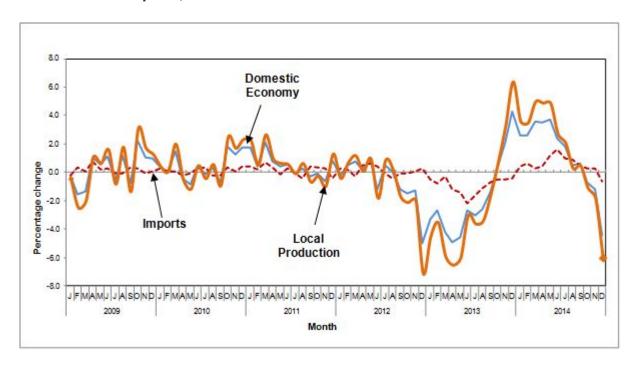
Table 1: Producer Price Index, Malaysia (2005=100)

PPI		Index		Percentage change			
	Dec 2013	Nov 2014	Dec 2014	Nov 2014 - Dec 2014	Dec 2013 - Dec 2014		
Domestic Economy	128.1	124.9	122.5	-1.9	-4.4		
-Local Production	135.7	130.8	127.6	-2.4	-6.0		
- Import	113.0	113.1	112.3	-0.7	-0.6		

Graph 1: Producer Price Index - Domestic Economy, Local Production and Imports, 2009-2014



Graph 2: Producer Price Index (year-on-year) Percentage Change - Domestic Economy, Local Production and Imports, 2009-2014



#### **LOCAL PRODUCTION**

The PPI for local production went down by 2.4 per cent in December 2014 as compared to previous month. The decrease in the overall index was mainly due to the negative changes in three categories (as per classified under MSIC 2000\*) which is Mining (-13.3%), Fishing (-1.6%) and Manufacturing (-1.1%). In contrast, index for Agriculture went up (+0.5%) and Electricity, gas & water supply (+0.4%) [Table 2].

Year-on-year comparison revealed that the PPI for local production moved down by 6.0 per cent in December 2014 over the same month of previous year. The index for Mining decrease 28.0 per cent, Agriculture 6.1 per cent, Manufacturing 2.2 per cent and Fishing 0.7 per cent. However, index for Electricity, gas & water supply surged by 6.6 per cent.

### **PPI for Local Production by Stage of Processing**

The decrease of 2.4 per cent in PPI for local production by stage of processing (SOP) from previous month was due to the negative changes in the index for all stage of processing namely, Crude materials for further processing (-9.2%), Intermediate materials, supplies and components (-1.4%) and Finished goods (-0.2%).

As compared with the same month a year ago, the PPI for local production by SOP for December 2014 also decreased by 6.0 per cent. Crude materials for further processing dropped 23.0 per cent followed by index for Intermediate materials, supplies and components 2.4 per cent. However, Finished goods went up by 0.2 per cent.

Table 2: Percentage change of PPI (2005=100) for Local Production by category (MSIC 2000) and stage of processing, Malaysia

	Code	Weight	Index			Percentage change	
Category			Dec 2013	Nov 2014	Dec 2014	Nov 2014 – Dec 2014	Dec 2013 - Dec 2014
Total		100.00	135.7	130.8	127.6	-2.4	-6.0
Agriculture	A	6.60	168.2	157.2	158.0	0.5	-6.1
Fishing	В	0.81	162.3	163.7	161.1	-1.6	-0.7
Mining	С	9.83	194.8	161.9	140.3	-13.3	-28.0
Manufacturing	D	80.00	125.9	124.5	123.1	-1.1	-2.2
Electricity, gas and water supply	E	2.76	122.0	129.6	130.1	0.4	6.6
PPI by stage of processing	(A. 15.300 25.300)	100.00	135.7	130.8	127.6	-2.4	-6.0
Crude materials for further processing	1	14.88	183.9	155.9	141.6	-9.2	-23.0
Intermediate materials, supplies and components	2	54.62	135.5	134.1	132.2	-1.4	-2.4
Finished goods	3	30.50	112.4	112.8	112.6	-0.2	0.2

#### **IMPORTS**

The import price index went down 0.7 per cent in December 2014 as compared to November 2014. The decrease in the overall index was attributed to the lower prices of goods transacted by importers for six (6) commodity sections as classified under SITC 3+. The commodity sections that showed decreases were Mineral fuels, lubricants etc. (-8.5%), Animal and vegetable oils and fats (-0.5%), Crude materials, inedible (-0.2%), Food (-0.1%), Beverages and tobacco (-0.1%) and Chemicals (-0.1%). However, Miscellaneous transactions and commodities increase (+0.7%), Manufactured goods (+0.3%), Miscellaneous manufactured articles (+0.3%) and Machinery and transport equipment (+0.1%) [Table 3].

As compared with the same month of preceding year, the import price index for December 2014 moved down 0.6 per cent to 112.3 from 113.0. The decrease in prices were found in three (3) commodity sections which comprised Mineral fuels, lubricants etc (-11.0%), Animal and vegetable oils and fats decreased (-2.4%) and Crude materials, inedible (-0.3%). In contrast, indices for Food increase (+1.6%), Miscellaneous transactions and commodities (+1.5%), Machinery and transport equipment (+0.6%), Miscellaneous manufactured articles (+0.5%), Manufactured goods (+0.3%) and Beverages and tobacco (+0.2%). Meanwhile, Chemicals remained unchanged at 111.8.

## Import Price Index by Stage of Processing

The decrease (-0.7%) in the import price index by stage of processing (SOP) for December 2014 as compared to previous month resulted from the negative change reported by the index for Crude materials for further processing (-9.7%). In contrast, index for Finished goods increase (+0.3%) followed

by Intermediate materials supplies and components (+0.2%).

As compared with December 2013, the import price index by SOP for December 2014 went down by 0.6 per cent. The negative changes for overall index was brought about by the decrease in the indices for Crude materials for further processing 9.2 per cent. However, index for Intermediate materials, supplies and components 0.3 per cent and Finished goods remained unchanged at 108.2.

Table 3: Percentage change of Import price index (2005=100) by comodity section (SITC 3) and stage of processing, Malaysia

	Code	Weight	Index			Percentage change	
Section			Dec 2013	Nov 2014	Dec 2014	Nov 2014 - Dec 2014	Dec 2013 - Dec 2014
Total		100.00	113.0	113.1	112.3	-0.7	-0.6
Food	0	3.961	146.8	149.3	149.2	-0.1	1.6
Beverages and tobacco	1	0.202	105.8	106.1	106.0	-0.1	0.2
Crude materials, inedible	2	2.323	120.2	120.0	119.8	-0.2	-0.3
Mineral fuels, lubricants, etc.	3	8.412	135.9	132.2	120.9	-8.5	-11.0
Animal and vegetable oils and fats	4	0.467	150.4	147.6	146.8	-0.5	-2.4
Chemicals	5	7.476	111.8	111.9	111.8	-0.1	0.0
Manufactured goods	6	9.867	106.1	106.1	106.4	0.3	0.3
Machinery and transport equipment	7	61.518	108.6	109.1	109.2	0.1	0.6
Miscellaneous manufactured articles	8	4.441	106.8	107.0	107.3	0.3	0.5
Miscellaneoustransactions and commodities	9	1.333	127.9	128.9	129.8	0.7	1.5
PPI by stage of processing		100.00	113.0	113.1	112.3	-0.7	-0.6
Crude materials for further processing	1	7.48	138.9	139.6	126.1	-9.7	-9.2
Intermediate materials, supplies and components	2	70.88	111.8	111.9	112.1	0.2	0.3
Finished goods	3	21.64	108.2	107.9	108.2	0.3	0.0

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