

KUALA LUMPUR (Nov 28): Malaysia's producer price index (PPI), which measures the prices of goods at the factory gate, declined by 0.3% year-on-year (y-o-y) in October 2023, after recording a 0.2% growth in September, the Department of Statistics Malaysia (DOSM) said.

Chief statistician Datuk Seri Dr Mohd Uzir Mahidin said the decline was mainly due to the manufacturing sector's PPI, which contracted by 0.7% last month (September: -0.8%).

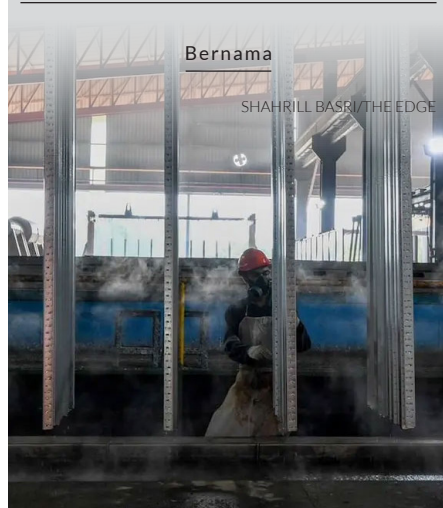
"Subsectors that contributed to the decrease were the manufacture of coke and refined petroleum products (-8.8%), manufacture of food products (-4.2%), and manufacture of chemicals and chemical products (-2.0%)," he said in a statement.

Apart from the manufacturing sector, the electricity and gas supply index also dropped by 0.5%, he added.

Meanwhile, the agriculture, forestry and fishing sector recorded a 3.8% y-o-y growth (September: 3.2%), due to increases in the animal production index (4.3%) and the growing of perennial crops index (3.8%).

The mining sector also recorded a slight increase of 0.5% in October, as opposed to 6.9% in the previous month, supported by the

Malaysia's October producer price index slips by 0.3%



extraction of crude petroleum index (5.6%).

On a month-on-month basis, the PPI's local production decreased by 0.3% in October, after recording a 0.9% increase in the previous month.

Commenting on the Middle East conflict, Mohd Uzir said the series of extraordinary shocks had raised geopolitical risks for commodity markets amid an already volatile global landscape.

"Before the conflict erupted, based on the World Bank's commodity price index, energy prices during the third quarter of 2023 went up due to voluntary oil supply cuts by Organization of the Petroleum Exporting Countries (Opec) producers.

"Up to this point, however, the war's impact on commodity prices has been muted. Oil and gold prices may have increased slightly, but most commodity prices have stayed relatively stable," he said.

However, he said, history suggests an escalation of conflict poses a major risk to commodity prices, as it could send prices of oil and other commodities soaring.

According to the baseline forecast from the World Bank's Commodity Markets Outlook report for October 2023, commodity prices are expected to decline modestly over the next two years, Mohd Uzir said.