

January Producer Price Index narrows to 0.6%

KUALA LUMPUR: The fall in Malaysia's Producer Price Index (PPI), which measures the prices of goods at the factory gate, has narrowed, declining a marginal 0.6% in January 2024 versus a negative 1.3% in December 2023, the Statistics Department says.

In a statement yesterday, chief statistician Datuk Seri Mohd Uzir Mahidin attributed the decline mainly to the mining sector's PPI, with a fall that has also narrowed by 1.3% against a 3.4% drop in December 2023, due to a 6.8% drop in the natural gas extraction index.

The PPI comprises indices from five sectors, that is, mining; agricultural, forestry and fishing; manufacturing; electricity and gas supply, and water supply.

January 2024's PPI for manufacturing also improved, declining by 0.9% versus a 1.5% fall in December 2023 while the agriculture, forestry and fishing sector continued to lend support to the

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Datuk Seri Mohd Uzir Mahidin

overall PPI, rising 3.2% versus a 1.3% growth in December 2023.

The water supply index also posted a 0.6% gain in January versus a 0.4% growth in the previous month, he said.

January's PPI for the electricity and gas supply sector saw a 0.8% decline versus a 0.6% fall in the prior month, the statement said.

The PPI for the different stages of processing comprises three stages, namely crude materials

for further processing, the intermediate stage, and the finished goods stage.

“Crude materials for further processing index rose by 2.3% in January 2024 (December 2023: 0.4%), with the foodstuffs and feedstuffs index posting a 3.5% gain.

“The finished goods index was up by 0.5% (December 2023: 1.1%), due to a rise in the capital equipment (1.4%) index.

“On the other hand, the intermediate materials, supplies and components index fell by 2% (December 2023: minus 3%) due to processed fuel and lubricants (minus 12.9%) and materials and components for manufacturing (minus 1.1%) indices,” he said.

Mohd Uzir also said crude palm oil (CPO) was traded at RM3,800 per tonne in January 2024 versus Malaysian Palm Oil Council's projection of RM4,000 per tonne for 2024.

“The positive outlook for CPO prices in 2024 was due to changing supply and demand patterns in Indonesia as well as seasonally low output and the El Nino impact.

“However, the January price was influenced by lukewarm demand from major importing countries and price competition from sunflower and rapeseed oil in the previous month,” he said.
— Bernama