

PPI to continue easing in coming months: MIDF Research

PPI to continue easing in coming months: MIDF Research

KUALA LUMPUR: Malaysia's producer price index (PPI), which measures the costs of goods at the factory gate, is expected to continue easing in the coming months, said MIDF Amanah Investment Bank Bhd Research (MIDF Research).

In a note yesterday, the research arm of MIDF said the PPI's expected easing, after dropping to 10.9% year-on-year (y-o-y) in June 2022 from 11.2% y-o-y in the previous month, was due to

the improved supply of intermediate materials following the decline in the Baltic Dry Index.

The index, which measures the cost of shipping goods worldwide, slipped to 2,240 points in June 2022 from 2,566 in May 2022, signalling signs of easing pressure on the global supply chain.

"On another note, the cost pressures would cause producers to keep prices high, with PPI inflation remaining above the consumer price index (of 3.4% in

June) for the 17th consecutive month," it said.

Citing data from the Department of Statistics Malaysia released on Wednesday, MIDF Research said the PPI for local production grew 10.9% y-o-y in June, easing to the slowest rise since March, due to the correction in commodity prices.

However, it said the PPI inflation for crude materials continue to expand to 16.9% y-o-y in June 2022, albeit at the lowest

reading since March 2021, while the cost of intermediate materials continued to rise at a double-digit rate of 13% y-o-y for the 12th consecutive month.

"The continued rise in raw materials and intermediate inputs signal higher inflationary pressures on local producers.

"As a result, producer prices for finished goods increased faster at 1.6% y-o-y in June, the highest since December 2015," it said. - Bernama