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MINISTRY OF ECONOMY
DEPARTMENT OF STATISTICS MALAYSIA

PRODUCER PRICE INDEX MALAYSIA JANUARY 2015

The January 2015 publication is the first issue using 2010 as the base year for Producer Price Index (PPI), Malaysia. For further details, please refer to the background notes at the end of this press release.

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

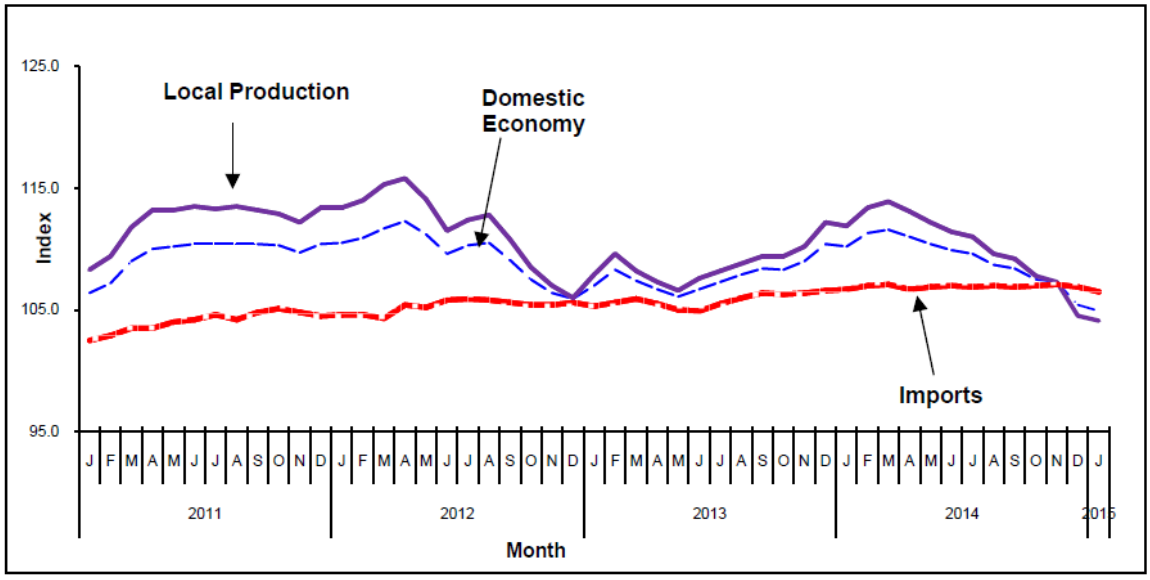
The PPI for domestic economy in January 2015 decreased by 0.4 per cent with the both local production and import price indices were moved down by 0.4 per cent. (Table 1).

Year-on-year comparison showed that the PPI for domestic economy decreased by 4.8 per cent with local production index dropped by 7.0 per cent and the import price index declined by 0.2 per cent.

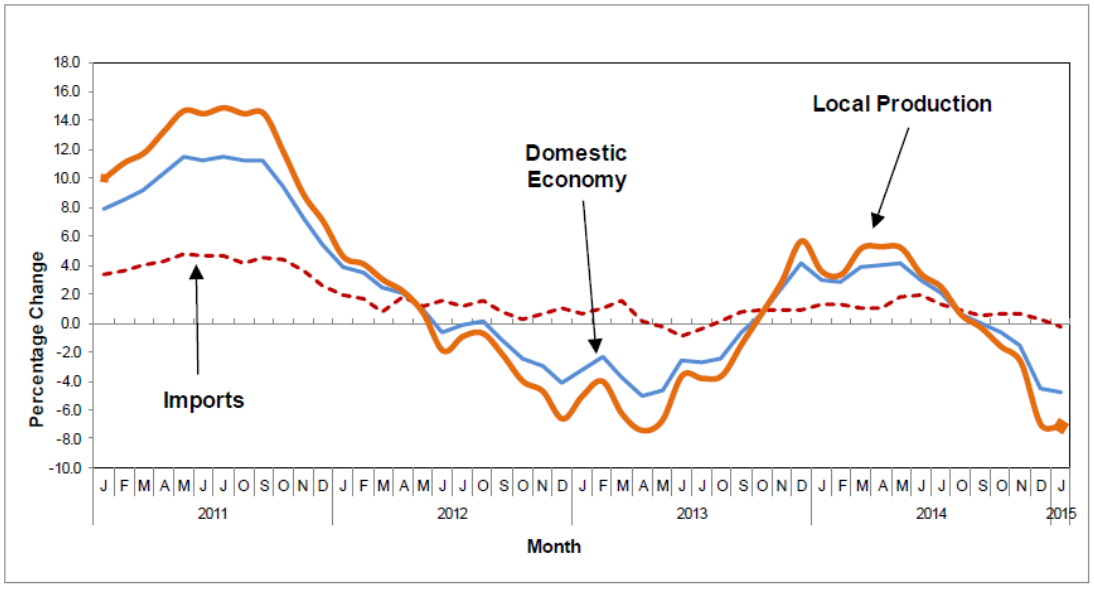
Table 1: Producer Price Index, Malaysia (2010=100)

PPI	Index			Percentage change	
	Jan 2014	Dec 2014	Jan 2015	Dec 2014 - Jan 2015	Jan 2014 - Jan 2015
Domestic Economy	110.2	105.3	104.9	-0.4	-4.8
- Local Production	111.9	104.5	104.1	-0.4	-7.0
- Import	106.7	106.9	106.5	-0.4	-0.2

Graph 1: Producer Price Index – Domestic Economy, Local Production and Imports, 2011-2015



Graph 2: Producer Price Index : Domestic Economy, Local Production and Imports, 2011-2015 - Percentage Change (year-on-year)



LOCAL PRODUCTION

The PPI for local production decreased by 0.4 per cent in January 2015 as compared to previous month. The decrease in the overall index was mainly due to the declining in two categories which is Mining (-10.0%) and Electricity & gas (-0.6%). In contrast, index for Agriculture, forestry & fishing increase (+4.7%), Manufacturing (+0.3%) and Water supply (+0.3%) [Table 2].

Year-on-year comparison revealed that the PPI for local production moved down by 7.0 per cent in January 2015. The highest drop was recorded by Mining (-38.5%), followed by Agriculture, forestry & fishing (-4.7%) and Manufacturing (-2.7%). However, index for Electricity & gas and Water supply surged by 4.9 per cent and 0.8 per cent respectively.

PPI for Local Production by Stage of Processing

The decrease of 0.4 per cent in PPI for local production by stage of processing (SOP) from previous month was due to the decline in Crude materials for further processing (-6.7%). However, Intermediate materials, supplies and components increase (+1.4%) and Finished goods (+0.2%).

As compared with the same month a year ago, the PPI for local production by SOP for January 2015 also dropped by 7.0 per cent. Crude materials for further processing decrease 29.9 per cent followed by index for Intermediate materials, supplies and components 1.1 per cent. However, Finished goods increased by 0.9 per cent.

Table 2: Percentage change of PPI (2010=100) for Local Production by category (MSIC 2008) and stage of processing, Malaysia

Category	Code	Weight	Index			Percentage change	
			Jan 2014	Dec 2014	Jan 2015	Dec 2014 – Jan 2015	Jan 2014 - Jan 2015
Total		**100.00**	**111.9**	**104.5**	**104.1**	**-0.4**	**-7.0**
Agriculture, forestry & fishing	**A**	8.15	99.9	90.9	95.2	4.7	-4.7
Mining	**B**	9.67	144.4	98.7	88.8	-10.0	-38.5
Manufacturing	**C**	78.79	109.3	106.1	106.4	0.3	-2.7
Electricity & gas	**D**	3.05	110.4	116.5	115.8	-0.6	4.9
Water supply	**E**	0.34	106.6	107.1	107.4	0.3	0.8
PPI by stage of processing		**100.00**	**111.9**	**104.5**	**104.1**	**-0.4**	**-7.0**
Crude materials for further processing	**1**	20.32	122.0	91.6	85.5	-6.7	-29.9
Intermediate materials, supplies and components	**2**	53.56	113.6	110.9	112.4	1.4	-1.1
Finished goods	**3**	26.12	100.6	101.3	101.5	0.2	0.9

IMPORTS

The import price index went down 0.4 per cent in January 2015 as compared to December 2014. The decrease in the index was attributed to the lower prices of goods transacted by importers for three (3) commodity sections as classified under SITC 4+ i.e Mineral fuels, lubricants etc. (-3.2%), Machinery and transport equipment (-0.2%) and Beverages & tobacco (-0.1%). However, Crude materials, inedible increase (+4.0%), Miscellaneous transactions and commodities (+1.7%), Animal and vegetable oils and fats (+0.9%), Food (+0.3%) and Chemicals (+0.2%). Meanwhile, Manufactured goods and Miscellaneous manufactured articles remained unchanged. [Table 3].

As compared with the same month of preceding year, the import price index for January 2015 moved down 0.2 per cent. The decrease in prices were found in three (3) commodity sections which comprised Mineral fuels, lubricants etc (-10.6%), Animal and vegetable oils and fats (-2.9%) and Chemicals (-0.1%). In contrast, indices for Miscellaneous transactions and commodities increase (+4.8%), Crude materials, inedible (+3.7%), Machinery and transport equipment (+1.7%), Food (+1.5%), Miscellaneous manufactured articles (+1.3%), Manufactured goods (+0.4%) and Beverages and tobacco (+0.1%).

Import Price Index by Stage of Processing

The decrease (-0.4%) in the import price index by stage of processing (SOP) for January 2015 as compared to previous month resulted from the decreases by the index for Crude materials for further processing (-2.3%) and Intermediate materials supplies and components (-0.3%). Mean while, index for Finished goods increase (+0.1%).

As compared with January 2014, the import price index by SOP for January 2015 went down by 0.2 per cent. The drop for overall index were recorded by the decrease in the index for Crude materials for further processing 7.9 per cent. However, indices for Intermediate materials, supplies and components increase 0.9 per cent and Finished goods 0.6 per cent.

Table 3: Percentage change of Import price index (2010=100) by comodity section (SITC 4) and stage of processing, Malaysia

Section	Code	Weight	Index			Percentage change	
			Jan 2014	Dec 2014	Jan 2015	Dec 2014 - Jan 2015	Jan 2014 - Jan 2015
Total		**100.000**	**106.7**	**106.9**	**106.5**	**-0.4**	**-0.2**
Food	**0**	5.524	113.7	115.0	115.4	0.3	1.5
Beverages and tobacco	**1**	0.396	102.6	102.8	102.7	-0.1	0.1
Crude materials, inedible	**2**	3.670	100.8	100.5	104.5	4.0	3.7
Mineral fuels, lubricants, etc.	**3**	10.474	117.1	108.2	104.7	-3.2	-10.6
Animal and vegetable oils and fats	**4**	1.406	100.0	96.2	97.1	0.9	-2.9
Chemicals	**5**	8.308	104.0	103.7	103.9	0.2	-0.1
Manufactured goods	**6**	11.455	102.0	102.3	102.3	0.0	0.3
Machinery and transport equipment	**7**	51.608	106.2	108.2	108.0	-0.2	1.7
Miscellaneous manufactured articles	**8**	5.237	105.4	106.8	106.8	0.0	1.3
Miscellaneous transactions and commodities	**9**	1.922	102.2	105.3	107.1	1.7	4.8
PPI by stage of processing		**100.00**	**106.7**	**106.9**	**106.5**	**-0.4**	**-0.2**
Crude materials for further processing	**1**	11.36	109.8	103.5	101.1	-2.3	-7.9
Intermediate materials, supplies and components	**2**	68.16	106.7	108.0	107.7	-0.3	0.9
Finished goods	**3**	20.48	104.9	105.4	105.5	0.1	0.6

Background notes

Rebasing The Producer Price Index To 2010=100

Prior to this, the PPI was compiled based on 2005 as the base year, reflecting the weighting patterns of industry and producer price in the respective year. Effective from January 2015 publication, the PPI will be using 2010 as the base year. The rebasing will ensure that the index weighting system better reflects recent structure of economy by updating weighting patterns to reflect prices in 2010.

The PPI (2010=100) covers Agriculture, forestry & fishing; Mining; Manufacturing; Electricity & gas and Water supply sectors under Local Production. Meanwhile, PPI for Domestic Economy and Import Price Indices are compiled by reclassifying the commodities according to the Standard International Trade Classification (SITC).

The new index series also includes the change to the most recent classifications which are Malaysia Standard Industrial Classification (MSIC) 2008, Ver. 1.0 and Standard International Trade Classification (SITC) Rev.4.

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