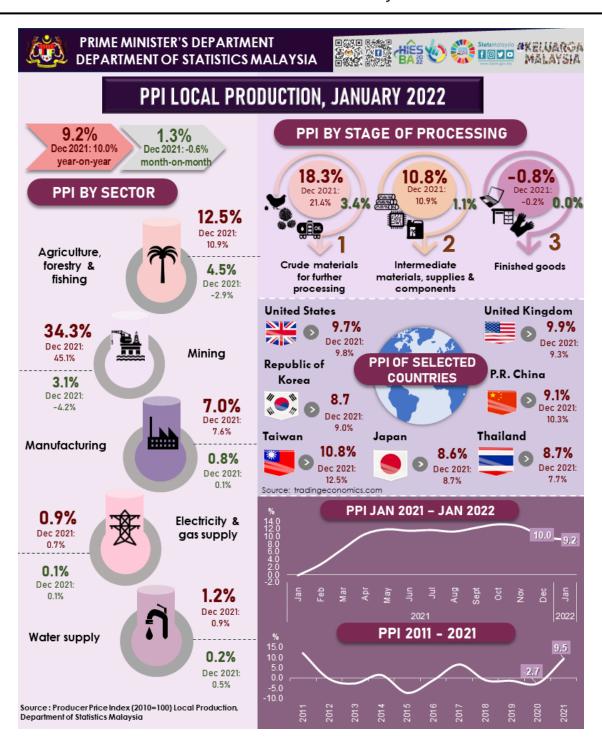


#### MINISTRY OF ECONOMY DEPARTMENT OF STATISTICS MALAYSIA

# PRODUCER PRICE INDEX MALAYSIA JANUARY 2022



### PRODUCER PRICE INDEX (2010=100) BY SECTOR (MSIC 2008)

The Producer Price Index (PPI) local production which measures the costs of goods at factory gate increased 9.2 per cent in January 2022 as compared to a decrease of 0.1 per cent recorded in January 2021. The increase was lower than a 10.0 per cent year-on-year incline registered in December last year. The increase in the PPI local production in January 2022 was supported by Mining index that rose 34.3 per cent from a decline of 28.3 per cent recorded in January last year. The prices of Crude oil and Natural gas that registered an increase of 33.5 per cent and 39.0 per cent respectively contributed to the increase. The index of Agriculture, forestry & fishing increased moderately at 12.5 per cent as opposed to an increase of 22.6 per cent recorded in January 2021. The increase was due to the incline in the indices of Growing of perennial crops (14.6%) and Fishing (13.3%). Manufacturing index also registered an increase of 7.0 per cent (January 2021: 1.1%), largely due to the increase in the indices of subsectors namely Manufacture of refined petroleum products (19.2%), Manufacture of vegetable & animal oils & fats (17.0%) and Manufacture of electronic components & boards (0.4%). In addition, the indices of other subsectors such as Manufacture of basic chemicals, fertilizers & nitrogen compounds, plastics & synthetic rubber in primary forms, Manufacture of basic iron & steel and Manufacture of plastics products also inclined. Similarly, the indices of Water supply and Electricity & gas supply increased 1.2 per cent and 0.9 per cent respectively.

In terms of month-on-month comparison, the PPI local production registered an increase of 1.3 per cent after posting a decline for the first time in 14 months in December 2021. The increase was supported by a marginal incline of 4.5 per cent in Agriculture, forestry & fishing index. The increase in this sector was mainly attributed to a rise in the price of Oil palm fresh fruit bunches that recorded an increase of 7.1 per cent. Similarly, the indices of Tomatoes, Round cabbages, Black pepper and Natural rubber & latex also contributed to the increase. However, the decline in the indices of Chicken and Hen's eggs has offset the increase in the index of this sector. In addition, Mining index registered an increase of 3.1 per cent in January 2022. The price of Crude oil rose in January 2022 after recorded a decline in two months in a row, underpinned by demand that outstripped supply. It is expected that demand on this commodity would continue to be strong despite worries on the spread of Omicron variant as many countries reluctant to implement strict restriction again. Meanwhile, Manufacturing index edged up 0.8 per cent attributed by the increase in indices of subsectors of Manufacture of vegetable & animal oils & fats (2.4%) and Manufacture of refined petroleum products (1.7%). The price of Crude palm oil rose in January 2022 largely underpinned by concerns over reduction in export availabilities from the world's leading exporter, Indonesia as well as the rise in Crude oil prices. The indices of Water supply and Electricity & gas supply rose 0.2 per cent and 0.1 per cent respectively.

Table 1: Producer Price Index (PPI) Local Production by Sector, Malaysia

Sector	Weight	Index	Percentage Change (%)					
			Year-on-Year			Month-on-Month		
		Jan	Jan	Dec	Jan	Jan	Dec	Jan
		2022	2021	2021	2022	2021	2021	2022
Total	100.00	117.1	-0.1	10.0	9.2	2.0	-0.6	1.3
Agriculture, forestry & fishing	6.73	154.0	22.6	10.9	12.5	3.0	-2.9	4.5
Mining	7.93	100.2	-28.3	45.1	34.3	11.3	-4.2	3.1
Manufacturing	81.57	115.7	1.1	7.6	7.0	1.3	0.1	0.8
Electricity & gas supply	3.44	116.6	-1.9	0.7	0.9	-0.1	0.1	0.1
Water supply	0.33	113.7	0.5	0.9	1.2	-0.2	0.5	0.2

The index of Crude materials for further processing increased 18.3 per cent in January 2022 as opposed to a decrease of 3.4 per cent recorded in the same month of the preceding year due to the increase in primary commodities prices. The indices of Non-food materials and Foodstuffs & feedstuffs increased 20.9 per cent and 5.4 per cent respectively. Similarly, the index of Intermediate materials, supplies & components rose 10.8 per cent supported by the increase in the indices of Processed fuel & lubricants (17.7%) and Materials & components for manufacturing (11.4%). Among the products that also contributed to the increase were Liquefied Natural Gas (LNG), Crude palm oil, Naphtha, Integrated Circuits and Aluminium. However, the index of Finished goods decreased 0.8 per cent due to a decrease in the index of Capital equipment (-2.7%).

For a monthly comparison, the index of Crude materials for further processing posted a 3.4 per cent increase as compared to a decline of 3.3 per cent recorded in December 2021. The index of Intermediate materials, supplies & components increased marginally by 1.1 per cent, while the index of Finished goods remained unchanged as in the previous month.

Table 2: Producer Price Index (PPI) Local Production by Stage of Processing, Malaysia

Stage of Processing	Weight	Index	Percentage Change (%)					
			Year-on-Year			Month-on-Month		
		Jan 2022	Jan 2021	Dec 2021	Jan 2022	Jan 2021	Dec 2021	Jan 2022
Total	100.00	117.1	-0.1	10.0	9.2	2.0	-0.6	1.3
Crude materials for further processing	16.41	130.1	-3.4	21.4	18.3	6.2	-3.3	3.4
Intermediate materials, supplies and components	56.12	120.5	1.1	10.9	10.8	1.2	0.3	1.1
Finished goods	27.47	101.1	0.1	-0.2	-0.8	0.6	-0.2	0.0

The full publication of the Producer Price Index Malaysia, January 2022 can be downloaded from **eStatistik** portal.

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