

Producer Price Index (PPI) Education Sector - Maldives

Weight Reference= 2014 | Price reference =2018 | Index reference = Dec 2018

January-March 2021 TIME OF RELEASE: Sunday, 31st May 2021

KEY FIGURES Q1 , 2021 — PPI FOR EDUCATION

PPI , Month on month Percentage Change

Month	PPI -Education		% Change 2020-2021
	2021	2020	
Jan	103.01	104.39	-1.31
Feb	103.35	104.39	-0.99
Mar	103.34	104.39	-1.00

Monthly PPI and Percentage Change

Month	PPI- Educa- tion	% Change over previ- ous month	% Change - month on month
Jan-20	104.39	1.58	1.94
Feb-20	104.39	0.00	1.94
Mar-20	104.39	0.00	1.94
Apr-20	102.13	-2.16	-0.27
May-20	98.23	-3.82	-4.08
Jun-20	99.39	1.18	-3.15
Jul-20	98.39	-1.01	-4.26
Aug-20	98.69	0.31	-3.97
Sep-20	98.30	-0.39	-4.34
Oct-20	98.40	0.10	-4.25
Nov-20	97.76	-0.65	-4.88
Dec-20	97.54	-0.22	-5.09
Jan-21	103.01	5.61	-1.31
Feb-21	103.35	0.32	-0.99
Mar-21	103.34	-0.01	-1.00

The PPI for Education sector showed an overall increase in quarter 1 (Q1), 2021 compared to Q4, 2020, with a slight fall of -0.01% in March, at 103.34. Comparing Q1 2021 with the Q1 2020, the prices of all three months declined, with January showing the highest decline of -

LONG TERM TREND BY Q1 2021

Figure 1 below illustrates a rise in price of 5.61% in Jan 2021 compared to December 2020. The rise in price is due to the removal of special discounts offered by most of the educational institutes since April 2020 in response to COVID pandemic. However, the education sector PPI is still slightly below the pre-COVID level.

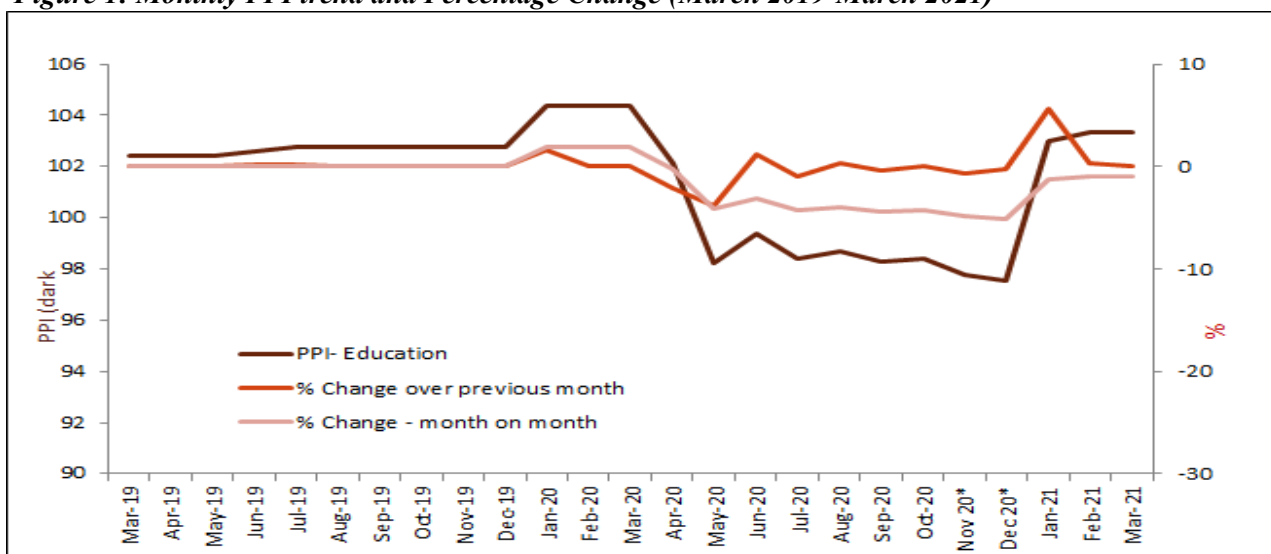
In February and March 2021 the education sector indices remained somewhat stable.

The education sector prices normally increase at the beginning of the academic year, and remain stable until a new intake is initiated.

The fluctuations since May 2020 (Figure 1) were due to various discount options offered by different institutions, which also varied between April 2020 and December 2021.

PRICE MOVEMENT IN EDUCATION SECTOR-(March 2019-March 2021)

Figure 1: Monthly PPI trend and Percentage Change (March 2019-March 2021)



Education Level

PPI -Education Levels, and Month on month percentage change

Education levels	Mar-20	Mar-21	% Change 2020/2021
Education	104.39	103.34	-1.00
Pre-primary and primary education	106.93	104.63	-2.16
General Secondary Education	107.49	106.27	-1.14
Higher Education	101.33	101.33	0.00
Other education	125.00	130.48	4.38

As illustrated in Figure 2, over the twelve months until March 2021, the prices for Pre-primary and Primary Education, and General Secondary education (including lower and higher secondary education), have fallen by -2.16%, and -1.14% respectively. This reflects the lower prices compared to pre-COVID period. Conversely, over the same period price of Other Education rose by 4.38% due to removal of most of the discounts, The Higher Education prices have remained stable during the period.

Figure 2: PPI – Education Levels , Month on month percentage change

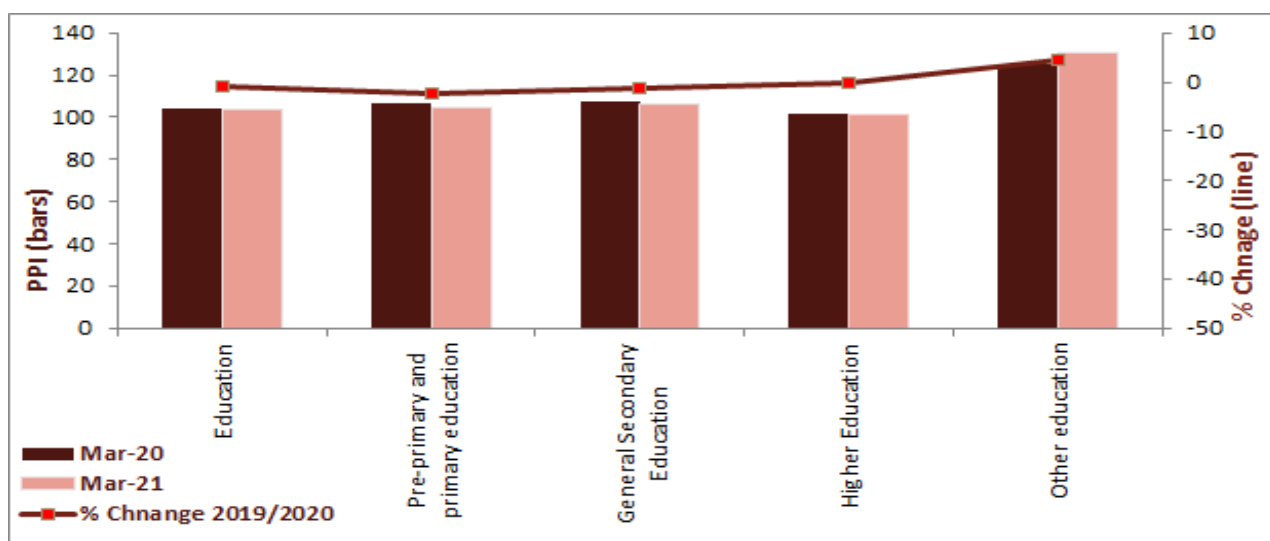


Figure 3: PPI – Preprimary and Primary Education Index (March 2019-March 2021)

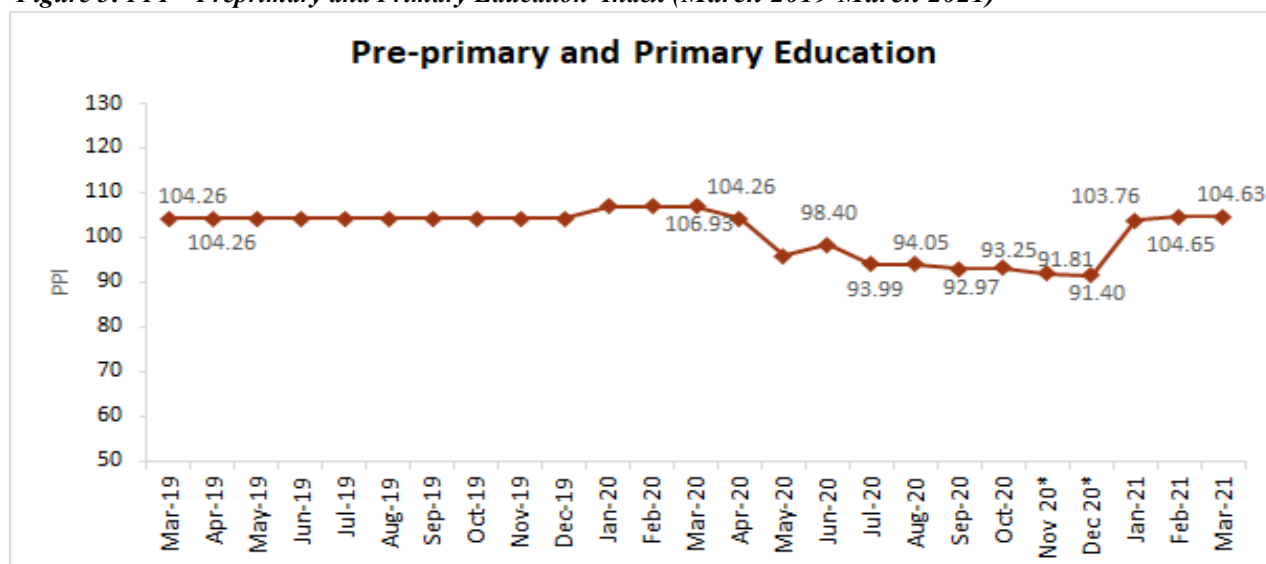


Figure 3, shows a significant increase in price of pre-primary and primary education (13.53%) in January compared to December 2020. Then, it slightly rose in February as well. This is due to the removal of most of the discounts offered due to COVID pandemic. There was a slight decline in the index in March 2021 due to the discounts offered in school fees by some educational institutions.

Education Level

Figure 4: PPI – General Secondary Education Index (March 2019-March 2021)
(includes Lower and Higher secondary education)

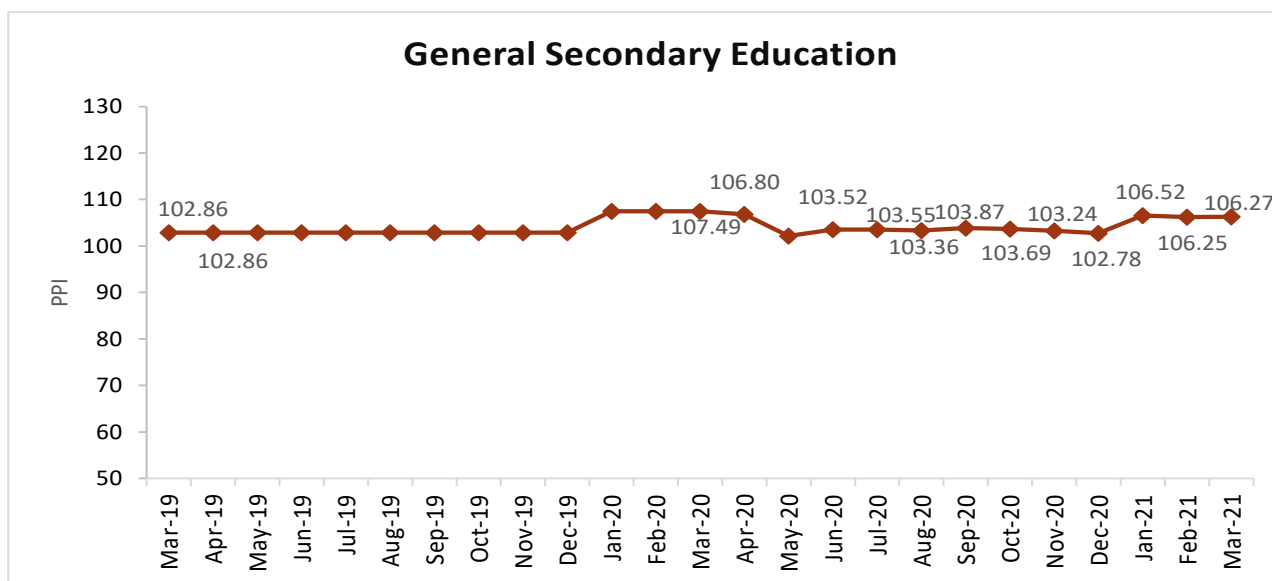


Figure 4, illustrates that prices for General Secondary Education has increased by 3.64% in January 2021, reflecting the removal of discount by most of the educational institutions. However, prices continue to fluctuate within a narrow margin until the end of Q1, 2021. These fluctuations show the impact of discounts offered by some institutions in response to COVID-19.

Figure 5: PPI – Higher Education Index (March 2019-March 2021)

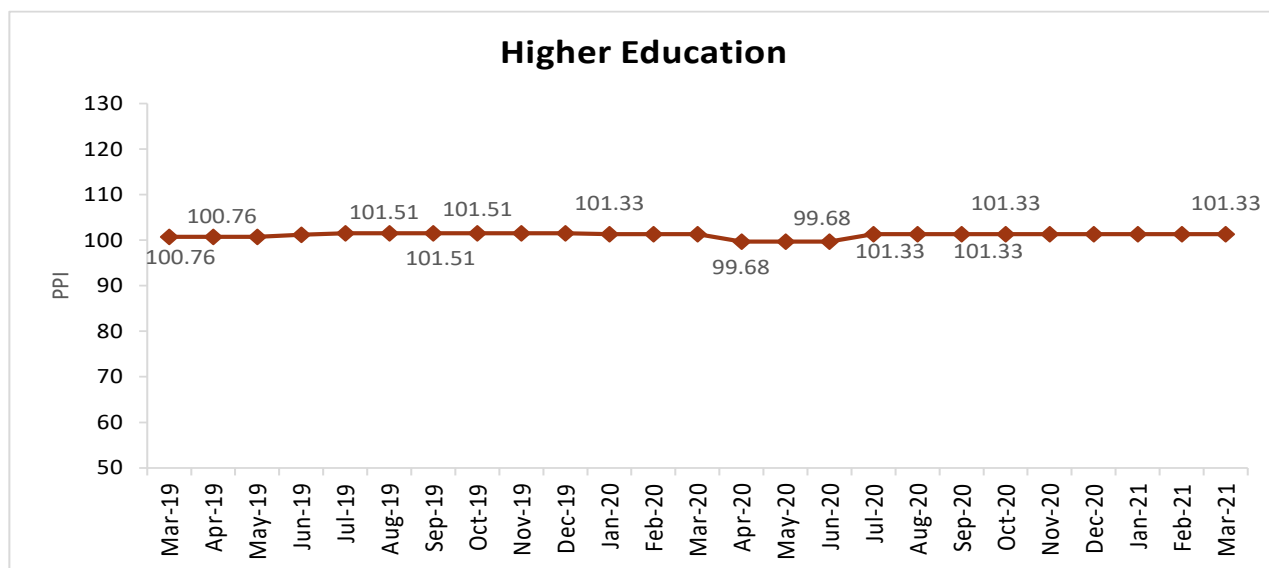


Figure 5 illustrates prices of higher education. There is no change in the higher education prices in Q1, 2021, when compared with Q4, 2020.

The higher education prices have remained somewhat steady for most of the period except from April to June 2020. The highest decline is seen in April 2020 due to discounts given to students as a result of Covid-19. However, in July 2020, higher education prices returned to the pre-Covid level.

Education Level

Figure 6: PPI – Other Education Index (March 2019-March 2021)

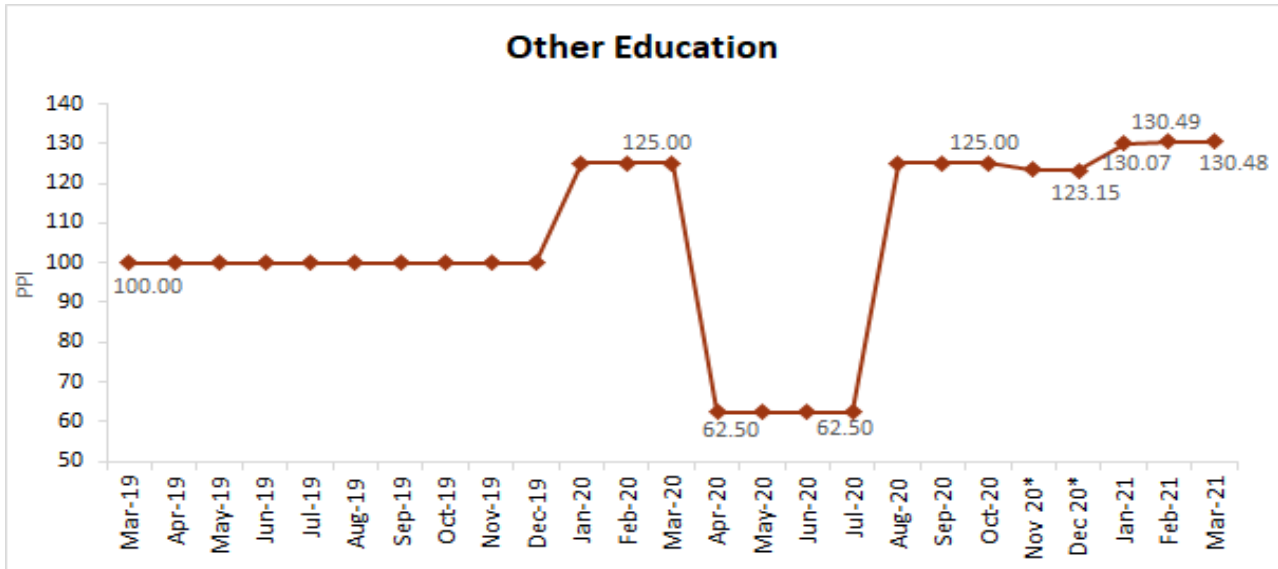


Figure 6 shows the trend for Other Education. From December 2018 through December 2019, there was no change in prices paid for other education. In January 2020, prices increased by 25%, and remained unchanged in February 2020 and March 2020. In April 2020, prices declined by 50%. This decline is due to relief given in covid-19. However, the discounts were removed in August 2020, resulting in prices to resume back to the level in the first quarter. After a slight decrease in quarter 4, 2020, the prices have increased again in Q1, 2021.

* The index for November and December 2020 has been revised with additional data inputs for pre-primary and primary education and other education. Hence, the overall education sector index for the period has also been revised.

PPI weights and Price collection

The PPI for Education is introduced with a price reference of 2018 and weights were derived from Maldives Supply and Use tables (SUT) 2014. The index for Education is compiled based on 110 transactions from a sample of 17 establishments.

Future plan for PPI

PPI initiation works on Telecommunication sector, Water, Sewerage and Waste Management sector and Electricity sectors are ongoing. Next we will be starting Tourism sector initiation process. Currently we are in the preparation process.

What is Producer Price Index

The Producer Price Index (PPI) measures the average change over time in the prices received by domestic producers of goods and services.

The PPI provides a weighted average of price change in a group of products between one time period and another. The average price change over time cannot be directly observed and must be estimated by measuring actual prices at different points in time. Price index numbers are compiled from the collected price observations through time. PPI is an index designed to measure the average change in the price of goods and services either as they leave the place of production or as they enter the production process.

PPI with detailed industry data will serve as a leading indicator of price change in the economy. The PPI enables business owners to make a comparison of trends in their own business with those of the industry group. It can be used as an escalator to index long-term contracts for goods and services. In this case, the PPI can be used to adjust the value of the monetary amounts stipulated in the goods and services based on the increase or decrease in the level of a specific index. Additionally, PPI could be used as an important tool during the design and formulation of policies and analysis of inflation by the Maldives Monetary Authority and other governmental ministries

Price instability inherently introduces ambiguity into economic analysis and decision making, so the main use of PPI relate to efforts to reduce the uncertainty. PPI is used as a short-term indicator of inflationary trends in a wide spectrum of countries. It is also used in current cost accounting, indexation in legal contracts and as a national accounts deflator. Furthermore, it is used by researchers as well as the business community as an analytical tool to understand the situation of business.

The PPI does not represent prices at the consumer level - this is left to the Consumer Price Index (CPI). CPI is compiled on a monthly basis by National Bureau of Statistics (NBS) and released every month.

Non-responding sample establishments are estimated by imputing the price changes at the establishment level or industry level. Revisions to the estimates are done upon receipts of actual reports from late respondents.

The current PPI produced by NBS is not without limitations. Those inbuilt in the system mainly arising from lack of adequate and clear information of the economic structure and players in the country, which determines the weight of the Index system and the sample frame. The limitations are stated in more detail in the methodology paper available on the website. To overcome these limitations, there is a need enhance the list of establishments in sample.

Producer' price indices are constructed from data collected through quarterly surveys of selected establishments. The establishment and product selection procedures and index calculation methods are available in the website www.statisticsmaldives.gov.mv.

Measurement of changes in the price index

Change over previous quarter (monthly) compares the index of the month with that of the preceding month. Such comparisons measure the change in the average prices between two consecutive months. They serve as useful short-term indicators of the price movements in the non-seasonal industries.

Change over previous quarter (Quarterly) compares the index of the quarter with that of the preceding quarter. Such comparisons measure the change in the average prices between two consecutive quarters. They serve as useful short-term indicators of the price movements.

Change over same month of previous year (month on month) compares the index of the month with same month of previous year. The measure gives how an industry is growing over 12 months. It reduces the seasonality effects in the indices.

Notes

FORTHCOMING ISSUES

Issue (monthly)
January - March 2021

Release date
31 May 2021

ROUNDING

Any discrepancies between totals and sum of components in this publication are due to rounding.

ABBREVIATIONS

NBS	National Bureau of Statistics
PPI	Producer Price Index
IMF	International Monetary Fund
SUT	Supply and Use Table
ADB	Asian Development Bank
RETA	Regional Technical Assistance
CPI	Consumer Price Index

ACKNOWLEDGEMENT

The release of the new PPI was made possible through the generous support of IMF South Asia Regional Training and Technical Assistance Centre (SARTTAC). Consultant from IMF, Mr Brian Graf guided in the formulation and compilation of the index.

The entire process of data validation, compilation and updating has been done in close collaboration with all the data providing establishments.

The quarterly Producer price Index is compiled by Ms. Sajida Ahmed and Ms. Lizama Faheem; Industry Weights were developed by Ms. Aishath Hassan and Ms. Mariyam Shadheena; Publication report was prepared by Ms. Lizama Faheem and methodology paper was reviewed by Mr. Brian Graf.

The PPI development process was carried out under overall technical support and guidance from Mr. Brian Graf and the supervision of senior management of statistics division Ms. Aishath Shahuda and Ms. Aishath Hassan. All their valuable services are gratefully acknowledged.

The support rendered by all staff of 'Prices and Economics statistics Section' and National accounts Section' are appreciable.

Producer Price Index- Price reference = 2018

	Dec-18	Jan-19	Feb-19	Mar-19	Apr-19	May-19	Jun-19	Jul-19	Aug-19	Sep-19	Oct-19	Nov-19	Dec-19	Jan-20	Feb-20	Mar-20	Apr-20	May-20	Jun-20	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20*	Dec-20*	Jan-21	Feb-21	Mar-21	
Education	100	102.40	102.40	102.40	102.40	102.40	102.62	102.77	102.77	102.77	102.77	102.77	102.77	104.39	104.39	104.39	102.13	98.23	99.39	98.39	98.69	98.30	98.40	97.76	97.54	103.01	103.35	103.34	
Pre-primary and primary education	100	104.26	104.26	104.26	104.26	104.26	104.26	104.26	104.26	104.26	104.26	104.26	104.26	106.93	106.93	106.93	104.26	95.91	98.40	93.99	94.05	92.97	93.25	91.81	91.40	103.76	104.65	104.63	
General Secondary Education	100	102.86	102.86	102.86	102.86	102.86	102.86	102.86	102.86	102.86	102.86	102.86	102.86	107.49	107.49	107.49	106.80	102.18	103.52	103.55	103.36	103.87	103.69	103.24	102.78	106.52	106.25	106.27	
Higher Education	100	100.76	100.76	100.76	100.76	100.76	101.20	101.51	101.51	101.51	101.51	101.51	101.51	101.33	101.33	101.33	99.68	99.68	99.68	101.33	101.33	101.33	101.33	101.33	101.33	101.33	101.33	101.33	101.33
Other education	100	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	125.00	125.00	125.00	62.50	62.50	62.50	62.50	125.00	125.00	125.00	123.43	123.15	130.07	130.49	130.48	

PPI - Percentage Change over previous month.

	Jan-19	Feb-19	Mar-19	Apr-19	May-19	Jun-19	Jul-19	Aug-19	Sep-19	Oct-19	Nov-19	Dec-19	Jan-20	Feb-20	Mar-20	Apr-20	May-20	Jun-20	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20*	Dec-20*	Jan-21	Feb-21	Mar-21
Education	2.40	0.00	0.00	0.00	0.00	0.21	0.15	0.00	0.00	0.00	0.00	0.00	1.58	0.00	0.00	-2.16	-3.82	1.18	-1.01	0.31	-0.39	0.10	-0.65	-0.22	5.61	0.32	-0.01
Pre-primary and primary education	4.26	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	2.57	0.00	0.00	-2.50	-8.01	2.60	-4.48	0.06	-1.15	0.30	-1.54	-0.45	13.53	0.85	-0.02
General Secondary Education	2.86	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	4.51	0.00	0.00	-0.64	-4.33	1.31	0.08	-0.18	0.50	-0.18	-0.43	-0.45	3.64	-0.26	0.02
Higher Education	0.76	0.00	0.00	0.00	0.00	0.44	0.31	0.00	0.00	0.00	0.00	0.00	-0.17	0.00	0.00	-1.63	0.00	0.00	1.65	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Other education	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	25.00	0.00	0.00	-50.00	0.00	0.00	0.00	100.00	0.00	0.00	-1.26	-0.22	5.61	0.32	-0.01

PPI - Percentage Change-month on month

	Jan-19	Feb-19	Mar-19	Apr-19	May-19	Jun-19	Jul-19	Aug-19	Sep-19	Oct-19	Nov-19	Dec-19	Jan-20	Feb-20	Mar-20	Apr-20	May-20	Jun-20	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20*	Dec-20*	Jan-21	Feb-21	Mar-21
Education	na	na	na	na	na	na	na	na	na	na	na	2.77	1.94	1.94	1.94	-0.27	-4.08	-3.15	-4.26	-3.97	-4.34	-4.25	-4.88	-5.09	-1.31	-0.99	-1.00
Pre-primary and primary education	na	na	na	na	na	na	na	na	na	na	na	4.26	2.57	2.57	2.57	0.00	-8.01	-5.62	-9.84	-9.79	-10.83	-10.56	-11.94	-12.34	-2.96	-2.14	-2.16
General Secondary Education	na	na	na	na	na	na	na	na	na	na	na	2.86	4.51	4.51	4.51	3.84	-0.66	0.65	0.67	0.49	0.99	0.81	0.37	-0.08	-0.91	-1.16	-1.14
Higher Education	na	na	na	na	na	na	na	na	na	na	na	1.51	0.57	0.57	-1.06	-1.06	-1.06	-1.50	-0.17	-0.17	-0.17	-0.17	-0.17	-0.17	0.00	0.00	0.00
Other education	na	na	na	na	na	na	na	na	na	na	na	0.00	25.00	25.00	25.00	-37.50	-37.50	-37.50	-37.50	25.00	25.00	25.00	23.43	23.15	4.05	4.39	4.38

na: Not available, May 2020 & June 2020 prices were revised in November 2020

*revised

Source: National Bureau of Statistics