

Producer Price Index (PPI) - Maldives

Education Sector

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

June 2020

TIME OF RELEASE: Wednesday, 30 September 2020

KEY FIGURES - Q2 2020

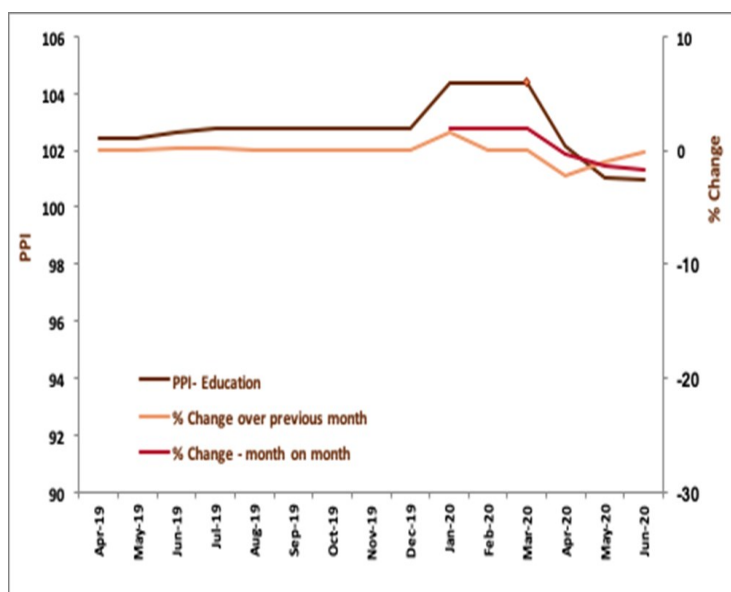
PPI and Month on month Percentage Change

PPI -EDUCATION			% Change
	2019	2020	2020/2019
Apr	102.40	102.13	-0.27
May	102.40	101.03	-1.34
June	102.62	100.94	-1.63

Monthly PPI and Percentage Change

	PPI- Education	% Change over previous month	% Change - month on month
Apr-19	102.40	0.00	na
May-19	102.40	0.00	na
Jun-19	102.62	0.21	na
Jul-19	102.77	0.15	na
Aug-19	102.77	0.00	na
Sep-19	102.77	0.00	na
Oct-19	102.77	0.00	na
Nov-19	102.77	0.00	na
Dec-19	102.77	0.00	na
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	101.03	-1.08	-1.34
Jun-20	100.94	-0.08	-1.63

F1: Monthly PPI and Percentage Change



KEY POINTS — PPI for Education - Quarter 2, 2020

The National Bureau of Statistics announces the first release of the new Producer Price Index (PPI). A monthly index will be disseminated on a quarterly basis. Plans for expanding coverage are detailed below.

The PPI for Education showed an overall decline in prices throughout quarter 2, 2020, with April as the highest index (102.13). Comparing Q2 2020 with the same period of 2019, the prices of all 3 months declined with June showing the highest decline (-1.63%).

Comparing April, May, and June 2020 to the previous month, all three months showed a decline of -2.16% (April), -1.08% (May) and -0.08% (June)

PRICE MOVEMENT IN EDUCATION SECTOR -DUE TO Covid-19

Figure 1 illustrates a price increase (1.58%) in Jan 2020 compared to December 2019. It is not unusual to see a price increase at the start of an academic year. After this increase in Jan 2020, February 2020 and March 2020 indexes remained unchanged. However, prices declined each month starting from April 2020. These declines were mainly a result of the many educational institutes discounting prices as a relief to students in response to the COVID-19 pandemic.

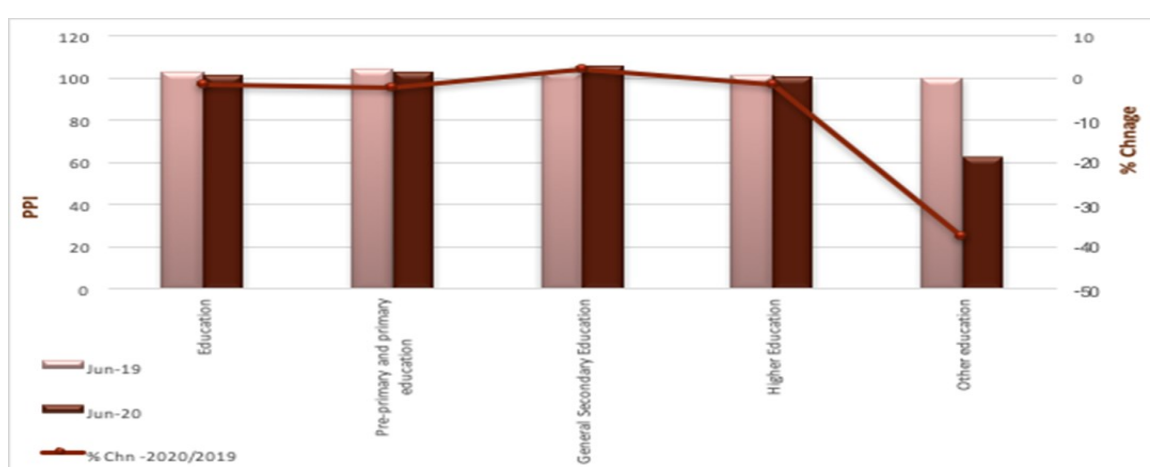
Education Level

PPI Education Levels Month on month percentage

Education levels	Jun-19	Jun-20	% Change - 2020/2019
Education	102.62	100.94	-1.63
Pre-primary and primary education	104.26	101.88	-2.28
General Secondary Education	102.86	104.78	1.87
Higher Education	101.20	99.68	-1.50
Other education	100.00	62.50	-37.50

As seen in Figure 2, Over the twelve months until June 2020, the prices for Primary Education, Higher Education and Other Education has fallen by -2.28%, -1.50% and -37.50% respectively. These declines reflect discounts provided in response to COVID-19. Conversely, over the same period Secondary education rose by 1.87% .

F2: PPI – Education Levels Month on month percentage change



F3: PPI – Preprimary and Primary Education (Dec 2018-Jun 2020)

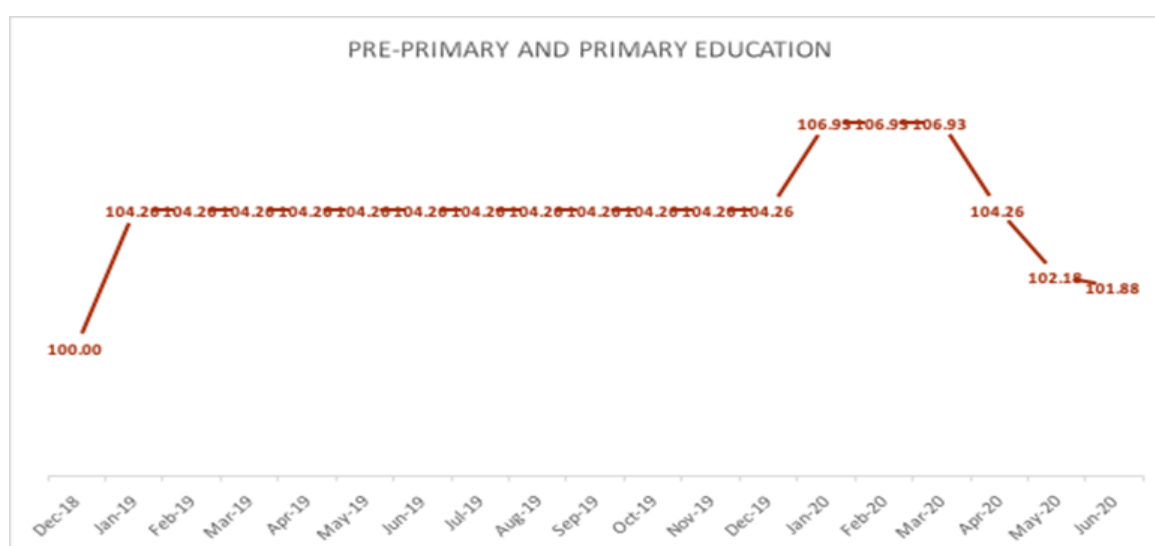


Figure 3, shows primary and pre-primary prices increased in Jan 2019 and remained unchanged throughout the rest of the academic year. Similar to the year 2019, there is an increase in Jan 2020. Although prices remained unchanged in February 2020 and March 2020 prices began to fall in April 2020. These declines continued in May 2020 and June 2020. These declines reflect discounts provided in response to COVID-19.

Education Level

F4: PPI – Secondary Education

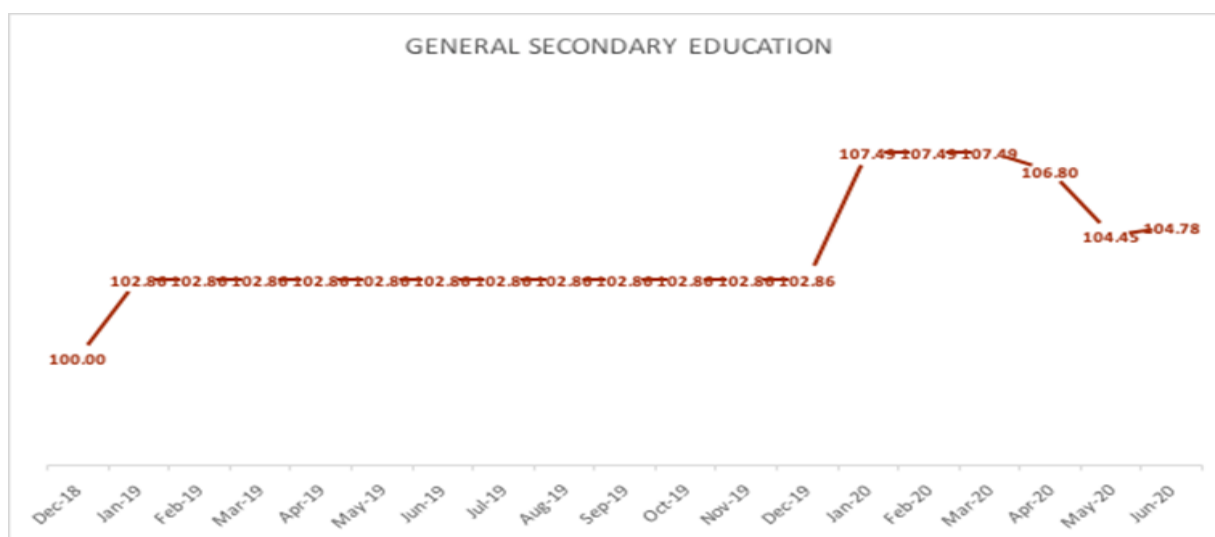


Figure 4, illustrates that prices for General Secondary Education remained unchanged during the period Feb 2019 to Dec 2019. There is an increase in price in Jan 2020 of 4.51% for secondary education and again prices stabilize for two months. However, in the first two months of the second quarter of 2020 prices falls but slightly increases in June 2020. These declines reflect discounts provided in response to COVID-19

F5: PPI – Higher Education

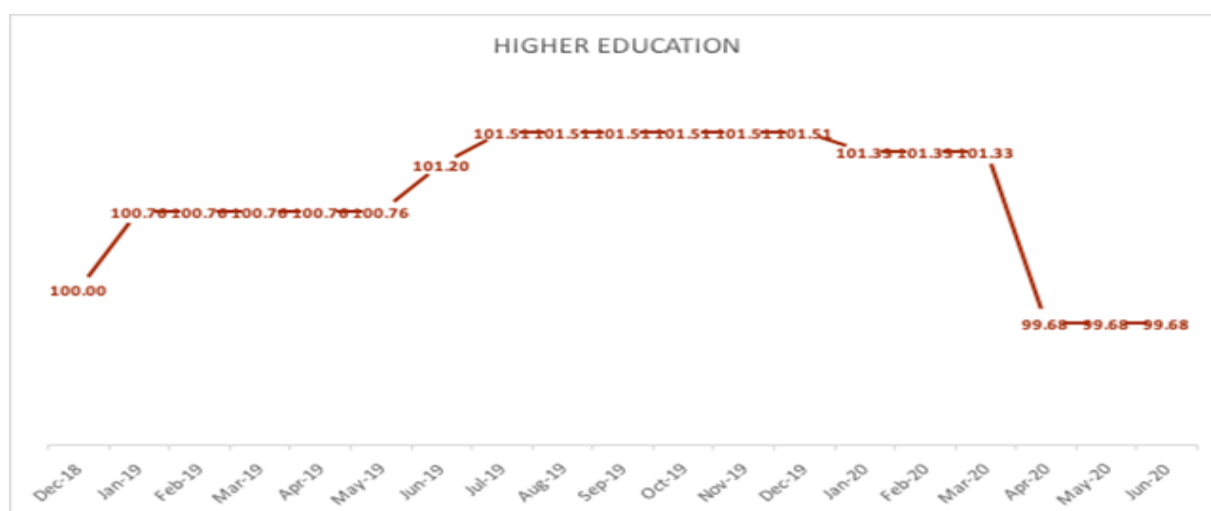


Figure 5 illustrates price changes for higher education. The largest increase in price is seen in June 2019 (0.44%). Although prices increase in July 2019 as well, prices remained unchanged for the succeeding 5 months. The highest decline in prices is seen in April 2020 due to discounts given to students as a result of Covid-19.

Education Level

F6: PPI – Other Education

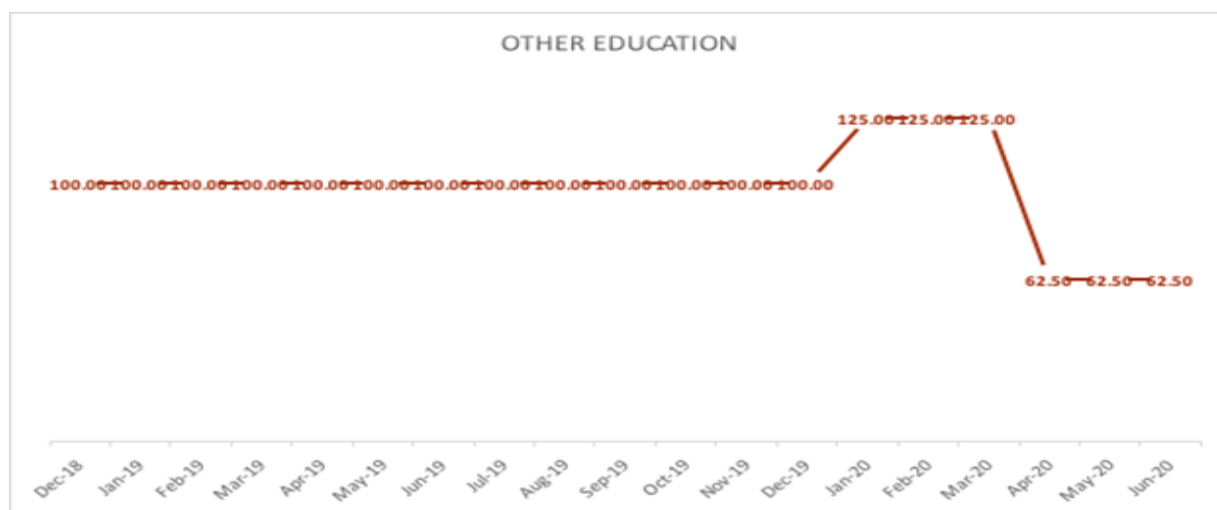


Figure 6 shows no change in prices paid for other education from December 2018 through December 2019. In January 2020, prices increased by 25%, and remained unchanged in February 2020 and March 2020. In April 2020, prices declined 50%. This decline is due to relief given in covid-19.

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

Telecommunication sector is targeted to be released on 29th of October 2020. The PPI for Resort sector is targeted to be released on 28th January 2021. Other sectors will be added on an ongoing basis.

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)

September 2020

December 2020

Release date

31 December 2020

31 March 2020

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; Analysis report was done by Ms.Sajida Ahmed 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
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	101.03	100.94
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	102.18	101.88
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	104.45	104.78
Higher Education	100	100.8	100.8	100.76	100.76	100.76	101.2	101.51	101.51	101.51	101.51	101.51	101.51	101.33	101.33	101.33	99.68	99.68	99.68
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

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
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	-1.08	-0.08
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	-2.00	-0.29
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	-2.21	0.32
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
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

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
Education	na	na	na	na	na	na	na	na	na	na	na	2.77	1.94	1.94	1.94	-0.27	-1.34	-1.63
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	-2.00	-2.28
General Secondary Education	na	na	na	na	na	na	na	na	na	na	na	2.86	4.51	4.51	4.51	3.84	1.54	1.87
Higher Education	na	na	na	na	na	na	na	na	na	na	na	1.51	0.57	0.57	0.57	-1.06	-1.06	-1.50
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

*na: Not available

Source: National Bureau of Statistics