

Producer Price Index (PPI) Education Sector - Maldives

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

July-September 2021 TIME OF RELEASE: Tuesday, 30th November 2021

KEY FIGURES Q3 , 2021 — PPI FOR EDUCATION

Tab1: Monthly & Month on month change

Month	PPI -Education 2021	2020	% Change 2020-2021
Jul	102.62	98.39	4.31
Aug	106.45	98.69	7.86
Sep	106.45	98.30	8.28

Tab2: Monthly PPI and Percentage Change

Month	PPI- Education	% Change over previous month	% Change - month on month
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
Apr-21	103.35	0.01	1.20
May-21	103.36	0.01	5.22
Jun-21	103.43	0.07	4.07
Jul-21	102.62	-0.78	4.31
Aug-21	106.45	3.73	7.86
Sep-21	106.45	0.00	8.28

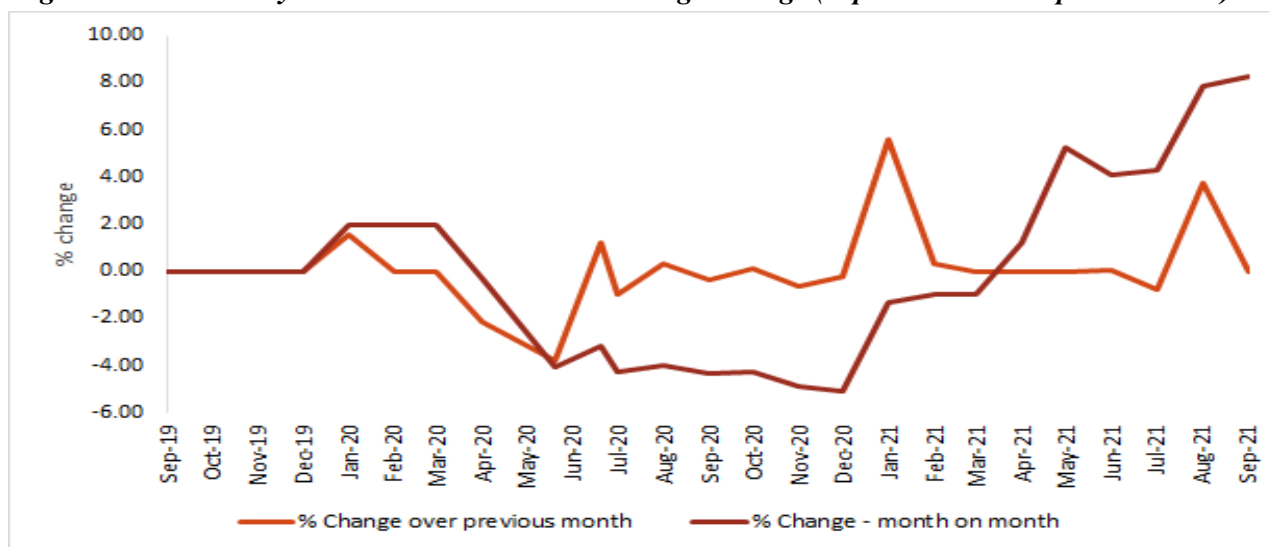
In quarter 3 (Q3) 2021, the Producer Price Index for Education sector experienced fluctuations in prices before stabilizing in September at an index of 106.45. This is the highest the PPI has been since the outbreak of COVID-19 pandemic. Compared with Q3 2020, the prices show positive growth in all three months, with September peaking at 8.28%.

LONG TERM TREND IN PPI

Figure 1 below illustrates the monthly and month-on-month changes in PPI over the past two years. The indices increased from 102.62 in July to 106.45 in August (Figure 2), stabilizing in September with no further price change. The falling prices in July were caused by special offers provided to the students by some institutions. However, those offers as well as the COVID-19 related discounts were removed by most of the institutions by August 2021, leading to more stable prices in September 2021. The rising month-on-month prices from 4.31% to 8.28% between July and September are signals of prices returning to the pre-pandemic trend where prices usually rise at the beginning of the academic year.

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

Figure 1: PPI Monthly and Month-on-month Percentage Change (September 2019-September 2021)



Education Level

Table 3: PPI -Education Levels, and Month on month percentage change

Education levels	Sep-20	Sep-21	% Change 2020/2021
Education	98.30	106.45	8.28
Pre-primary and primary education	92.97	111.99	20.46
General Secondary Education	103.87	107.49	3.49
Higher Education	101.33	101.33	0.00

As illustrated in Table 3, except for Higher education, all other education levels show price increases over the twelve months from September 2020 to September 2021. The Pre-primary and Primary education had the most significant increase of 20.46%. This is due to changes in fee structures implemented by some of the educational institutions. The General Secondary education had a relatively low growth at 3.49% during the period.

Figure 2: PPI – Education Sector PPI (September 2019-September 2021)

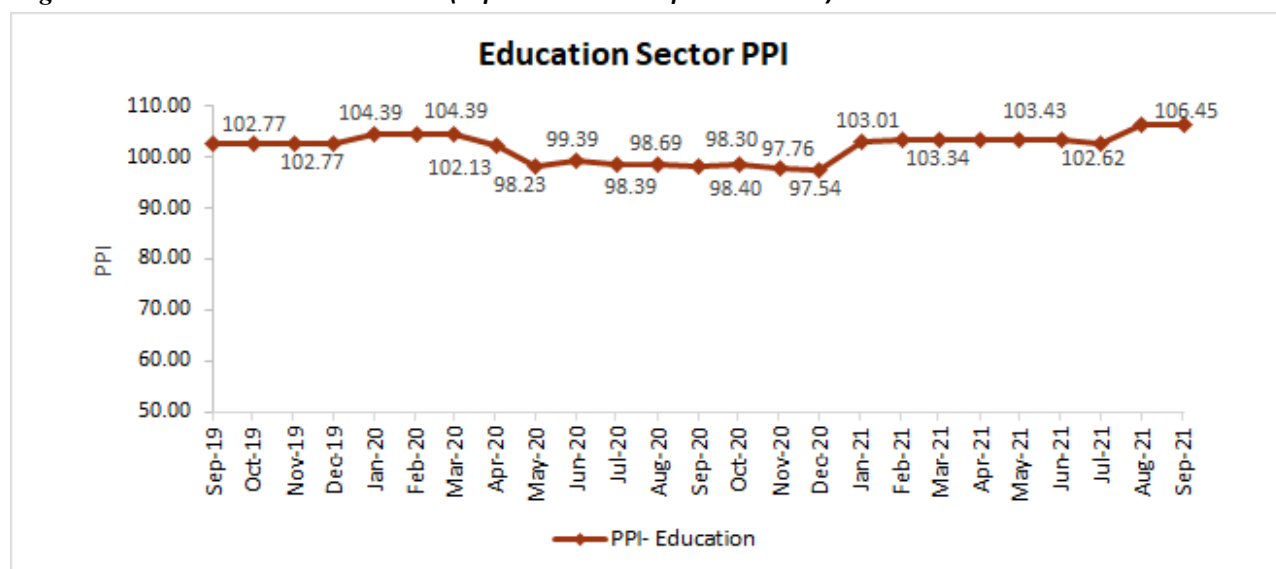


Figure 3: PPI – Preprimary and Primary Education Index (September 2019-September 2021)

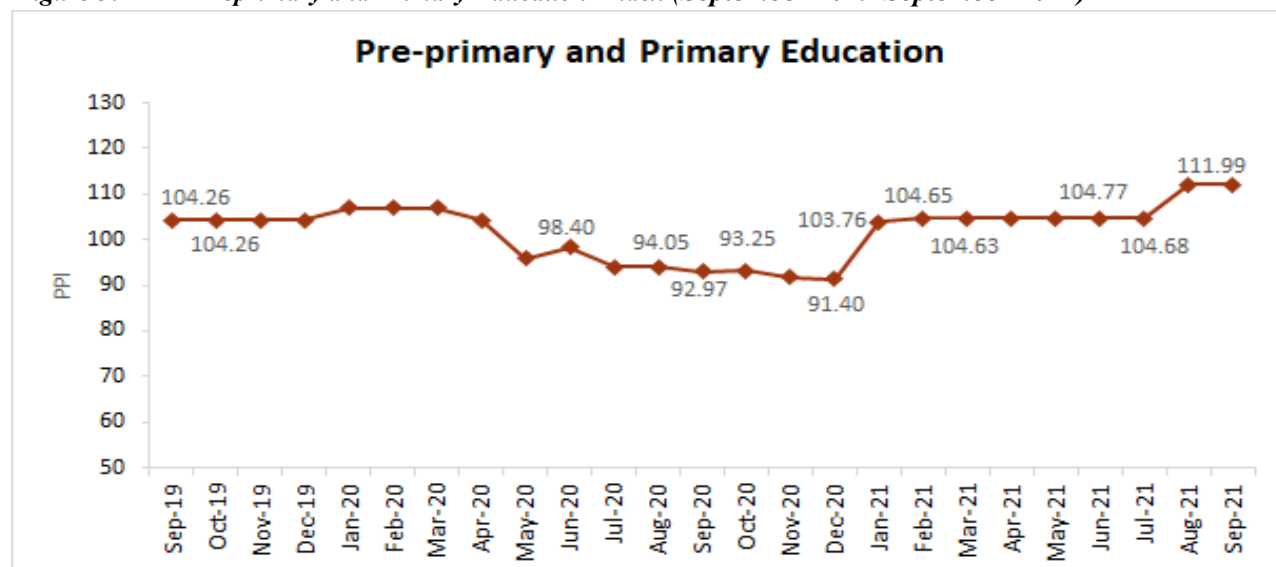


Figure 3, shows that the price of pre-primary and primary education stabilized in September, after a jump in August from 104.68 in July to 111.99, with a monthly growth of 6.98%. This movement is caused by changes in fee structures in some educational institutions. Compared to September 2020, the twelve month growth rate is 20.46%, making this the largest upward contributor to the overall education sector PPI in Q3 compared to Q3 2020.

Education Level

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

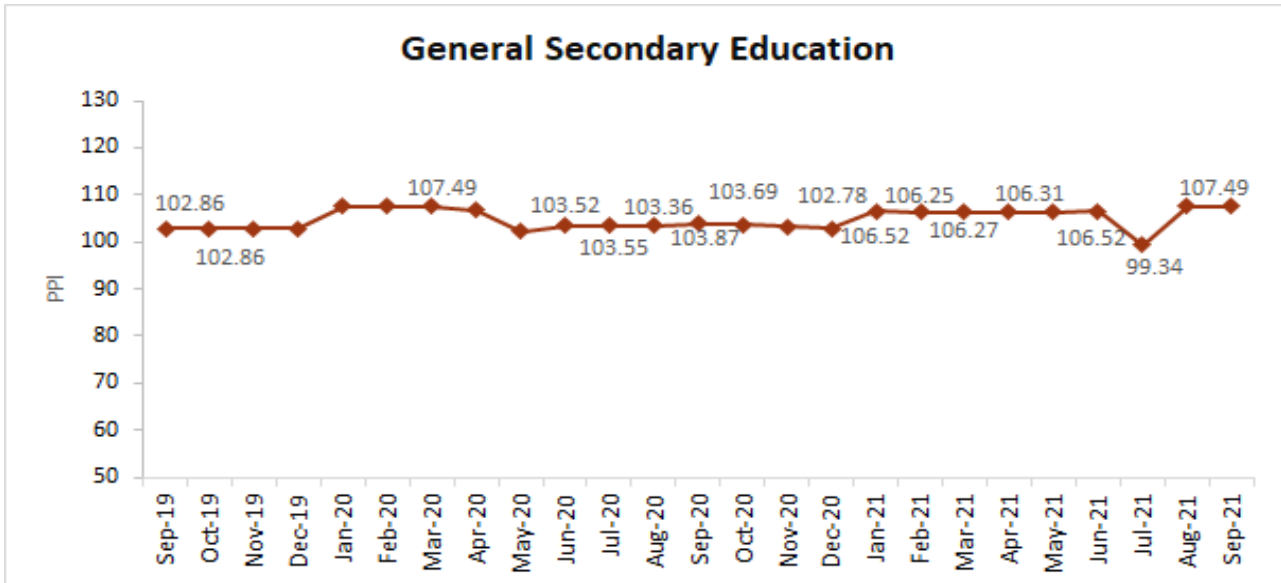


Figure 4, illustrates that prices for general secondary education fell by –6.75% in July 2021 due to special offers provided by some institutions. However, prices stabilized from August 2021 at an index of 107.49. The month-on-month price has a positive growth of 3.49% in September 2021. With this change, the current price level is at the pre-COVID index of 107.49 as in March 2020.

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

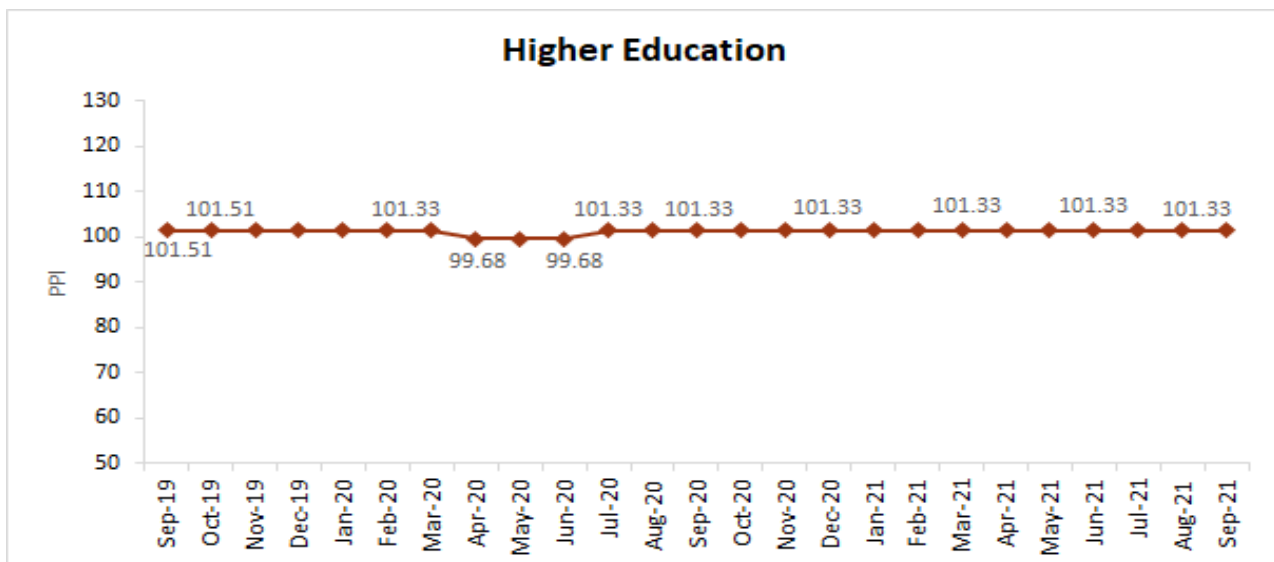


Figure 5 illustrates prices of higher education. There is no change in the higher education prices in Q3, 2021, when compared with Q2, 2021.

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 offered to students when the COVID-19 pandemic situation initially worsened in the country. However, in July 2020, higher education prices returned to the pre-COVID level and has remained the same till September 2021.

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; Water, Sewerage and Waste Management; Electricity; Construction; as well as Tourism sectors are ongoing.

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 Maldives Bureau of Statistics (MBS) 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.

FORTHCOMING ISSUES

Issue (monthly)

October - December 2021

Release date

28 February 2022

ROUNDING

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

ABBREVIATIONS

MBS

Maldives 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	Apr-21	May-21	Jun-21	Jul-21	Aug-21	Sep-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	103.3498	103.3589	103.429	102.6235	106.4479	106.4479	
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	99.99	99.45	92.97	93.25	91.81	91.40	103.76	104.65	104.63	104.64	104.66	104.77	104.68	111.99	111.99	
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	106.3061	106.3149	106.5232	99.33767	107.495	107.495	
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	101.33	101.33	101.33	101.33	101.33	101.33	101.33	101.33	101.33	101.33	101.33	101.33	101.33	101.33	101.33	101.33	101.33

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	Apr-21	May-21	Jun-21	Jul-21	Aug-21	Sep-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	0.01	0.01	0.07	-0.78	3.73	0.00
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	0.66	-1.15	0.30	-1.54	-0.45	13.53	0.85	-0.02	0.01	0.02	0.11	-0.09	6.98	0.00
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	0.03	-0.18	0.50	-0.18	-0.43	-0.45	3.64	-0.26	0.02	0.03	0.01	0.20	-6.75	8.21	0.00
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	0.00	0.00	0.00	0.00	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	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20	Jan-21	Feb-21	Mar-21	Apr-21	May-21	Jun-21	Jul-21	Aug-21	Sep-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	1.20	5.22	4.07	4.31	7.86	8.28
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	0.36	9.12	6.48	11.37	19.07	20.46
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	0.66	0.67	0.49	0.99	0.81	0.37	-0.08	-0.91	-1.16	-1.14	-0.47	4.05	2.90	-4.07	4.00	3.49
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	-0.17	-0.17	-0.17	-0.17	-0.17	-0.17	0.00	0.00	0.00	1.65	1.65	1.65	0.00	0.00	0.00

na: Not available

Source: Maldives Bureau of Statistics