Producer Price Index (PPI) Information & Communication - Maldives

Price reference = January 2019 | Index reference = January 2019

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

KEY FIGURES 2021 Q3 — PPI INFO & COM SECTOR

Tab1: Monthly & Month on month change

Month	PPI –Information &		% Change month-on-month
	2021	2020	
Jul	80.63	85.90	-6.14
Aug	78.38	83.47	-6.10
Sep	75.34	82.26	-8.40

In quarter 3 (Q3) of 2021, the PPI for Information and Communication had an overall declining trend. However, the prices rose in July. Compared with 2020 Q3, the communication sector prices show negative growth in all three months, with September being the lowest at -8.40%.

Tab2:Monthly PPI and Percentage Change

Month	PPI– Information & Communication	% Change over previous month	% Change - month on month
Jul-20	85.90	2.23	-4.58
Aug-20	83.47	-2.83	-10.43
Sep-20	82.26	-1.45	-7.85
Oct-20	82.79	0.65	-10.81
Nov 20	81.50	-1.56	-14.60
Dec 20	83.21	2.10	-13.31
Jan-21	83.77	0.67	-12.06
Feb-21	81.48	-2.72	-14.20
Mar-21	79.39	-2.56	-9.15
Apr-21	83.08	4.65	-1.23
May-21	75.66	-8.93	-13.94
Jun-21	78.69	4.01	-6.35
Jul-21	80.63	2.46	-6.14
Aug-21	78.38	-2.79	-6.10
Sep-21	75.34	-3.87	-8.40

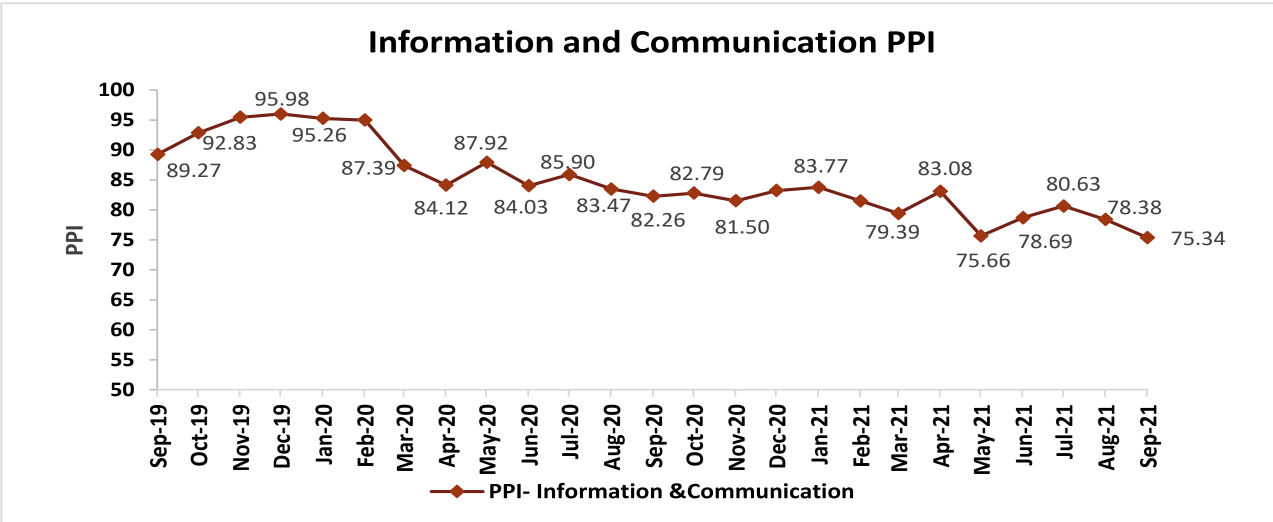
2021 Q3 & LONG TERM TREND

The 2021 Q3 prices started declining due to the change in government policy which lead to a significant fall in prices of mobile and internet data packages.

Table 1 illustrates the monthly and month-on-month changes in communication PPI during the past year. On average, the sector is experiencing a declining trend. This sector is highly prone to changes in consumer behaviour which causes most of the minor fluctuations throughout the period (Fig 2). However, special offers and promotions also have an impact on the trend. In the early 2020s, prices fell due to offers and free data provided during the Covid-19 pandemic. In early 2021, prices increased a little when the Covid situation improved.

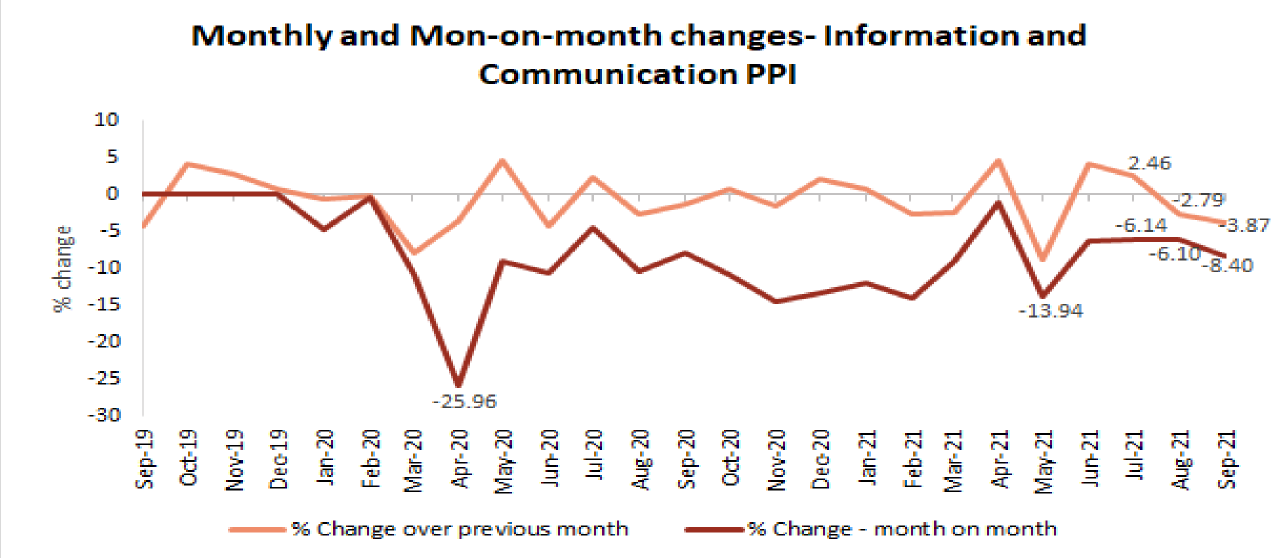
PRICE MOVEMENT IN INFO & COM SECTOR (Sept 2019–Sept 2021)

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



Information and Communication PPI

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



The Figure 2, shows percentage change in the Information and Communication sector during the past two years.

The monthly changes compare prices of each month with that of the previous month, whereas the month-on-month value compare prices of each month with that of the same month in the previous year.

The communication sector prices are expected to vary over time. However, the significant decrease in month-on-month prices between March and April 2020 reflects the impact of Covid-19 pandemic-related free data offers provided by the telecommunication sector. The month-on-month prices in April 2021 rose due to removal of special offers, as the Covid pandemic situation improved over the year. April to May 2021 prices also coincide with changes in consumer behaviour and telecommunication usage during Ramadan.

In July, prices rose compared to June by 2.46%. However, compared with the corresponding quarter of 2020, the prices fell by –6.14%. Similarly, even though the monthly prices fell by –3.87% in September, the month on month price had a more significant fall of –8.40. This is because the price in September 2020 was relatively higher compared to prices of September 2021.

Future plan for Information and Communication PPI

The Information and Communication PPI would be expended in the future, providing data users with information at more disaggregated levels, while maintaining the confidentiality of data providers. The Maldives Bureau of Statistics aims at publishing the index at programming and broadcasting, and telecommunication levels once sufficient data is available.

PPI weights and Price collection

The PPI for Information and Communication is introduced with a price reference of January 2019. The Communication sector index is compiled based on 55 transections from a sample of 6 establishments.

Future plan for PPI

PPI initiation works on 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 MBS 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)	Release date
October - December 2021	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
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 Shadeena; 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. Aisthath Hassan. All their valuable services are gratefully acknowledged.

The support rendered by all staff of ’National Accounts and Economics Statistics Division’ are appreciable.

Info & Com PPI - Percentage changes over previous month and month-on-month

Year	Month	Communication PPI	% change over previous month	Percent change- month-on-month
2019	Jan	100		
	Feb	95.43	-4.57	na
	Mar	98.17	2.87	na
	Apr	113.61	15.73	na
	May	96.60	-14.97	na
	Jun	94.13	-2.56	na
	Jul	90.02	-4.36	na
	Aug	93.19	3.52	na
	Sep	89.27	-4.21	na
	Oct	92.83	3.99	na
	Nov	95.44	2.81	na
	Dec	95.98	0.57	na
2020	Jan	95.26	-0.76	-4.74
	Feb	94.97	-0.30	-0.49
	Mar	87.39	-7.98	-10.98
	Apr	84.12	-3.74	-25.96
	May	87.92	4.52	-8.99
	Jun	84.03	-4.43	-10.73
	Jul	85.90	2.23	-4.58
	Aug	83.47	-2.83	-10.43
	Sep	82.26	-1.45	-7.85
	Oct	82.79	0.65	-10.81
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	Feb	81.48	-2.72	-14.20
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na: Not available

Source: Maldives Bureau of Statistics