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ANALYSIS OF ANNUAL PRODUCER PRICE INDEX, 2023



Malaysia's Producer Price Index decreased by 1.9 per cent, while Services Price Index continued to increase by 2.1 per cent in 2023

Producer Price Index (PPI) Local Production

- PPI Local Production decreased by 1.9 per cent in 2023 (2022: 7.8%) mainly due to the contraction in the Agriculture, forestry & fishing by 13.8 per cent from an increase of 1.3 per cent in 2022. As the largest component in this sector, the double-digit decline in the Growing of perennial crops index by negative 23.1 per cent (2022: -0.7%) led to the downturn of the overall sector. The Mining sector also decreased by 5.9 per cent as compared to 12.6 per cent in 2022. The Extraction of crude petroleum decreased by double-digit of 10.1 per cent after an increase of 6.4 per cent in 2022. Meanwhile, the Extraction of natural gas increased at a slower rate of 9.9 per cent as against 43.7 per cent in 2022.
- In the meantime, the Manufacturing sector recorded a marginal decrease of 0.2 per cent as against 8.4 per cent increase in 2022. The decrease was underpinned by the decline in the index of Manufacture of food products (-5.9%), Manufacture of coke & refined petroleum products (-5.4%) and Manufacture of chemicals & chemical products (-3.3%). However, the decrease in this sector was balanced with the incline in Manufacture of motor vehicles, trailers and semi-trailers (8.9%) and Manufacture of computer, electronic & optical products (6.9%). Meanwhile, the utility sector remained positive in 2023, with Electricity & gas supply and Water supply increased by 0.4 per cent and 2.4 per cent, respectively.
- The Intermediate materials, supplies & components index rebounded to negative 1.2 per cent from 10.9 per cent increase in 2022, and the index of Crude materials for further processing declined by 9.6 per cent from an increase of 6.2 per cent in 2022. Meanwhile, Finished goods index increased by 3.1 per cent in 2023 as compared to 1.8 per cent in 2022.

Services Producer Price Index (SPPI)

- SPPI recorded an increase of 2.1 per cent, the same rate as recorded in 2022. All subsectors recorded an increase this year, except the Information & communication, which remained unchanged. Accommodation and food & beverage service activities subsector rose by 5.6 per cent (2022: 5.4%), while Transportation went up by 2.9 per cent (2022: 3.0%). Concurrently, the other subsectors that recorded increases were Arts, entertainment & recreation (2.3%), Education (1.0%), Professional (0.4%), Health (0.3%) and Real estate activities (0.2%).

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