



PRESS RELEASE

PRODUCER PRICE INDEX June 2020

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Table A. Year-on-Year and Month-on-Month Growth Rates
of Producer Price Index for Total Manufacturing
June 2020, May 2020, and June 2019

Category	June 2020 ^p	May 2020 ^r	June 2019
Producer Price Index (2000=100)	130.5	130.9	135.7
Year-on-Year Growth (%)	-3.9	-3.7	1.4
Month-on-Month Growth (%)	-0.3	-0.5	-0.2

p - preliminary, r - revised

Source: Philippine Statistics Authority

Year-on-Year

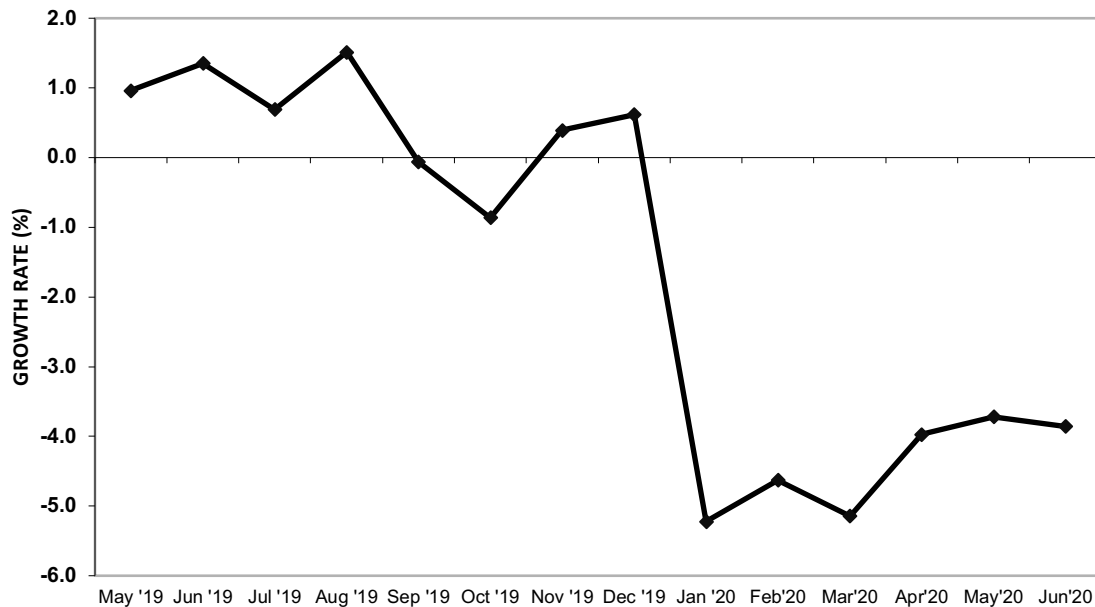
The Producer Price Index (PPI, 2000=100) for manufacturing continued to descend at an annual rate of 3.9 percent in June 2020. This decrease was slightly faster than the decline of 3.7 percent in May 2020. In June of the previous year, the PPI increased at an annual rate of 1.4 percent.

The downtrend of the PPI in June 2020 can be attributed to the decreases in the indices of 12 industry groups led by **paper and paper products** which posted a two-digit annual decrement (-12.5%). On the other hand, **furniture and fixtures**, which increased by 19.7 percent, led the eight



industry groups that recorded annual growth increments. (Tables A-1 and 1)

Figure 1. Year-on-Year Change in PPI for Total Manufacturing
May 2019 - June 2020^p
(2000 = 100)



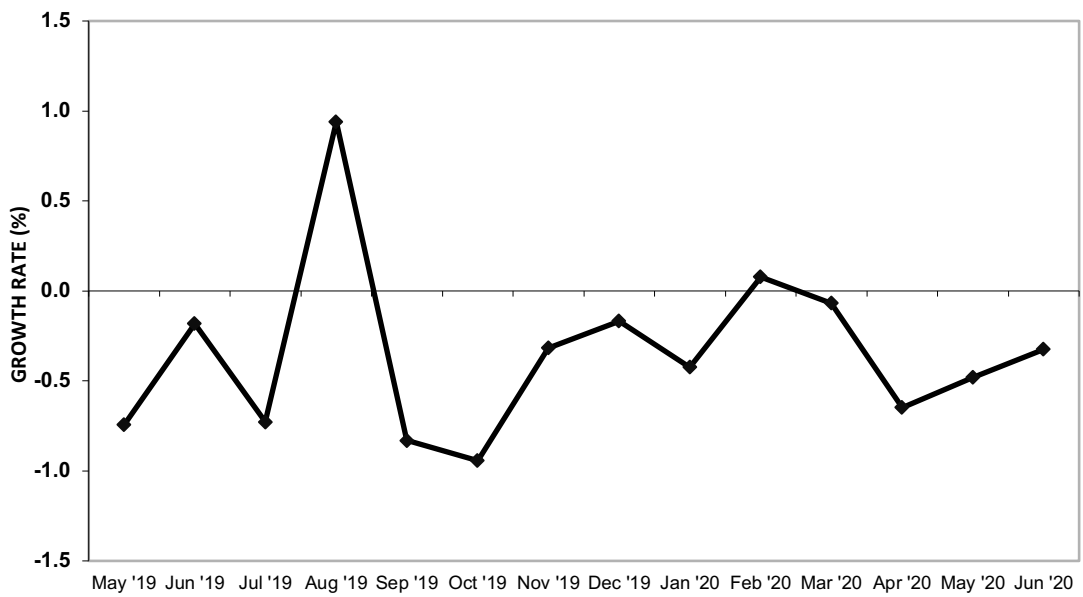
p - preliminary
Source: Philippine Statistics Authority

Month-on-Month

The PPI for manufacturing dropped by 0.3 percent month-on-month in June 2020, following a faster rate of decrease of 0.5 percent in May 2020. In June 2019, PPI also was at a downtrend with monthly rate of -0.2 percent.

Twelve industry groups recorded negative monthly growth rates in June 2020 with **leather products** posting the highest monthly decrement of 2.3 percent. On the other hand, the PPI for six industry groups posted monthly increments while the rest remained the same. (Tables A-2 and 1)

Figure 2. Month-on-Month Change in PPI for Total Manufacturing
May 2019 - June 2020^p
(2000 = 100)



p - preliminary

Source: Philippine Statistics Authority

Table A-1. Year-on-Year Growth Rates of PPI, in Percent
by Industry Group
May and June 2020
(2000=100)

INDUSTRY GROUP	June 2020 ^p	May 2020 ^r
With Positive Growth Rates in June 2020		
Beverages	3.8	3.8
Food manufacturing	0.7	0.5
Tobacco products	4.7	4.8
Furniture and fixtures	19.7	21.4
Leather products	2.9	-12.2
Fabricated metal products	0.4	4.1
Printing	1.8	1.8
Textiles	0.2	-2.6
With Negative Growth Rates in June 2020		
Transport equipment	-7.5	-5.7
Electrical machinery	-5.8	-4.6
Petroleum products	-7.5	-19.3
Chemical products	-5.0	-4.9
Basic metals	-5.2	-5.3
Machinery except electrical	-3.5	-2.3
Paper and paper products	-12.5	-12.3
Rubber and plastic products	-2.4	-2.2
Wood and wood products	-8.3	-10.5
Footwear and wearing apparel	-3.6	-9.2
Non-metallic mineral products	-0.9	-1.6
Miscellaneous manufactures	-1.0	-0.7

p - preliminary, r - revised
Source: Philippine Statistics Authority


Table A-2. Month-on-Month Growth Rates of PPI, in Percent
by Industry Group
May and June 2020
(2000=100)

INDUSTRY GROUP	June 2020 ^p	May 2020 ^r
With Positive Growth Rates in June 2020		
Petroleum products	11.0	6.8
Food manufacturing	0.3	-0.2
Textiles	2.4	-2.3
Footwear and wearing apparel	0.7	-0.7
Fabricated metal products	0.1	-0.2
Beverages	a/	0.0
Tobacco products	0.0	0.0
Printing	0.0	0.0
With Negative Growth Rates in June 2020		
Transport equipment	-1.6	-0.2
Electrical machinery	-1.1	-3.7
Machinery except electrical	-1.7	0.1
Paper and paper products	-1.2	-2.8
Miscellaneous manufactures	-1.3	-0.3
Non-metallic mineral products	-0.3	0.3
Leather products	-2.3	-0.7
Rubber and plastic products	-0.2	0.6
Furniture and fixtures	-1.1	0.2
Basic metals	-0.1	0.3
Chemical products	-0.1	-0.3
Wood and wood products	-0.1	-0.1

p - preliminary, r - revised

a/ - less than 0.05 percent increase

Source: Philippine Statistics Authority


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Technical Notes

- **Introduction**

The Philippine Statistics Authority generates various price indices, one of which is the Producer Price Index (PPI). The PPI is generated from the results of the Producer Price Survey (PPS) which is conducted nationwide. The survey gathers monthly producer prices of selected products included in the market basket of PPI from sample establishments.

The PPI is used as a deflator of the Monthly Integrated Survey of Selected Industries (MISSI) to derive indicators for the Volume of Production Index (VoPI), and Volume of Net Sales Index (VoNSI).

- **Method of Index Computation**

The PPI utilizes the Paasche-type method of index computation. The weights are computed from the value of production from the Census of Philippine Business and Industry (CPBI) or Annual Survey of Philippine Business and Industry (ASPBI). The weights are updated as soon as new results of the ASPBI or CPBI are available and these are applied at the beginning of each survey year.

For the 2020 PPI, the weights of the industry groups and industry classes were computed based on the final results of the 2017 ASPBI for Manufacturing establishments with total employment of 20 and over.

The computation of PPI adopts the following formula:

1) Computation of Index for Industry Class Level (4-digit PSIC)

a. Initial Index

$$PPI_{ijm} = \frac{N}{\sum_{h=1}^N \frac{1}{p_{hm}/p_{ho}}} \times 100$$

where:

- PPI_{ijm} = PPI for the i^{th} industry class (4-digit) of the j^{th} industry group (3-digit) at the current month m
- p_{hm} = producer price of commodity h at the current month m
- p_{ho} = average monthly producer price of commodity h at base year
- N = total number of representative commodities for the i^{th} industry class

b. Monthly Index

$$PPI_{ijm} = PPI_{ijm-1} \times \frac{N}{\sum_{h=1}^N \frac{1}{p_{hm}/p_{hm-1}}}$$

where:

- PPI_{ijm} = PPI for the i^{th} industry class (4-digit) of the j^{th} industry group (3-digit) at the current month m
- PPI_{ijm-1} = PPI for the i^{th} industry class of the j^{th} industry group for the previous month
- p_{hm} = producer price of commodity h at the current month m
- p_{hm-1} = producer price of commodity h for the previous month
- N = total number of representative commodities for the i^{th} industry class

2) Computation of Index for Industry Group Level (3-digit PSIC)

$$PPI_{jm} = \frac{1}{\sum_{i=1}^p \left(W_{ij} \times \frac{1}{PPI_{ijm}} \right)}$$

where:

PPI_{jm} = PPI for the j^{th} industry group (3-digit) at the current month m

PPI_{ijm} = PPI for the i^{th} industry class (4-digit) of the j^{th} industry group at the current month m

W_{ij} = Weight of the i^{th} industry class of the j^{th} industry group

p = number of industry classes

3) Computation of Index for Total Manufacturing (1-digit PSIC)

$$PPI_m = \frac{1}{\sum_{j=1}^q \left(W_j \times \frac{1}{PPI_{jm}} \right)}$$

where:

PPI_m = PPI for total manufacturing at the current month m

PPI_{jm} = PPI for the j^{th} industry group (3-digit) at the current month m

W_j = Weight of the j^{th} industry group

Note:

Starting with the January 2017 PPI, a link factor has been used to adjust weight effects to measure the correct price change.

- **Computation of Growth Rates**

Year-on-year growth rates are computed by dividing the current month index by the index in the same month of the previous year less 1.

Month-on-month growth rates are computed by dividing the current month index by the previous month's index less 1.

- **Imputation and Revision**

Imputation is done for sample establishments that are in operation during the reference period but no received response during the release date. Results are revised accordingly when the actual data are received and these revisions are reflected in the next release.

- **Industry Coverage**

Starting with the January 2013 reference month, PPI utilizes the 2009 Philippine Standard Industrial Classification (PSIC) to classify sectors and industries. Selected industry classes of the 2009 PSIC were grouped to form the 20 industry groupings of the 2020 PPS. These are presented in the table below.

2009 PSIC CODE	INDUSTRY DESCRIPTION
C10	Food manufacturing *
C11	Beverages
C12	Tobacco products
C13	Textiles*
C14, C152	Footwear and wearing apparel
C151	Leather products
C16	Wood and wood products*
C17	Paper and paper products

2009 PSIC CODE	INDUSTRY DESCRIPTION
C18	Printing
C19	Petroleum products*
C20, C21	Chemical products*
C22	Rubber and plastic products*
C23	Non-metallic mineral products*
C24	Basic Metals*
C25	Fabricated metal products
C262, C275, C28, C263, C268	Machinery except electrical*
C261, C264, C27, C29301	Electrical machinery*
C29 except C29301, C30	Transport equipment
C31	Furniture and fixtures
C265, C266, C267, C32	Miscellaneous manufactures

* - Industry groups categorized into industry classes