



PRESS RELEASE

PRODUCTION INDEX AND NET SALES INDEX (Monthly Integrated Survey of Selected Industries) September 2020

Date of Release: 05 November 2020
Reference No. 2020 - 381

Table A. Year-on-Year Growth Rates of Production Index, Net Sales Index, and Producer Price Index for Total Manufacturing (2000=100): September 2020^p, August 2020^r, and August 2019 (in Percent)

TOTAL MANUFACTURING	SEPTEMBER 2020 ^p	AUGUST 2020 ^r	SEPTEMBER 2019
Production Index (2000=100)			
Value (VaPI)	-11.9	-13.3	-6.5
Volume (VoPI)	-8.4	-9.0	-6.5
Net Sales Index (2000=100)			
Value (VaNSI)	-9.7	-11.7	-3.5
Volume (VoNSI)	-6.1	-7.4	-3.4
Producer Price Index (2000=100)	-3.9	-4.7	-0.1

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



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PRODUCTION

Value of Production Index contracts slower

The Value of Production Index (VaPI) for Manufacturing continued to exhibit a downtrend at an annual rate of -11.9 percent in September 2020, from a faster decline of -13.3 percent in the previous month. The September 2020 figure was the seventh consecutive month that VaPI had a negative growth and the fifth straight month that it was declining at a slower rate. In September 2019, VaPI dropped by -6.5 percent. (*Table A*)

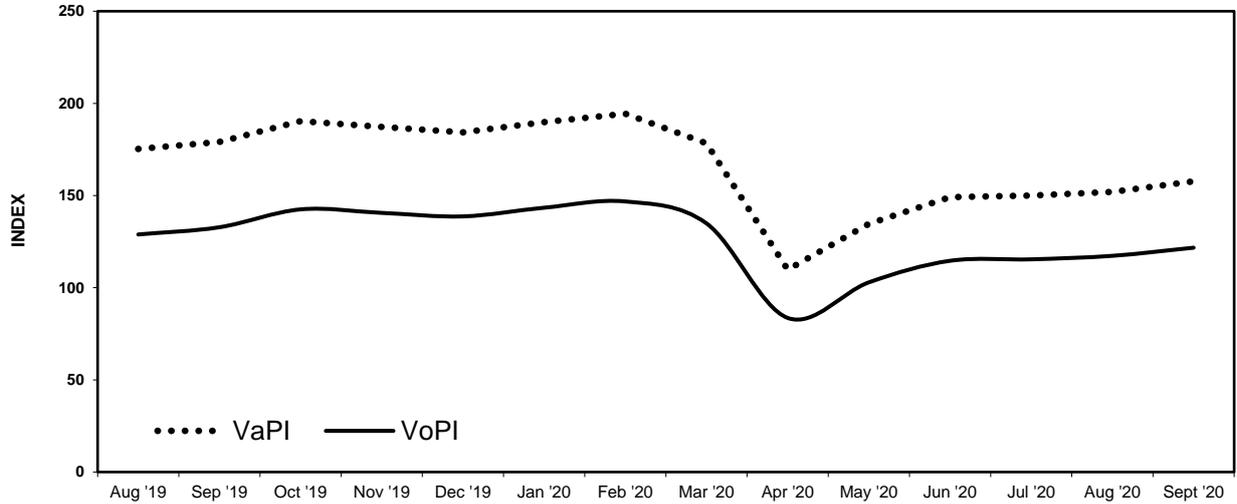
The slower downturn in the VaPI for the sector was influenced by the increases in the indices of four industry groups, namely, basic metals (12.3%), food manufacturing (11.6%), chemical products (5.6%), and miscellaneous manufactures (1.6%). Contributing further to the slower drop in September 2020 for the sector was the slower decreases in the indices of 10 industry groups. (*Tables 1-A and 1*)

Volume of Production Index continues to drop but at a slower rate

The Volume of Production Index (VoPI) for manufacturing sector in September 2020 likewise contracted at a slower rate of -8.4 percent compared with the -9.0 percent decrease in August 2020. In September of the previous year, year-on-year rate was at -6.5 percent. (*Table A*)

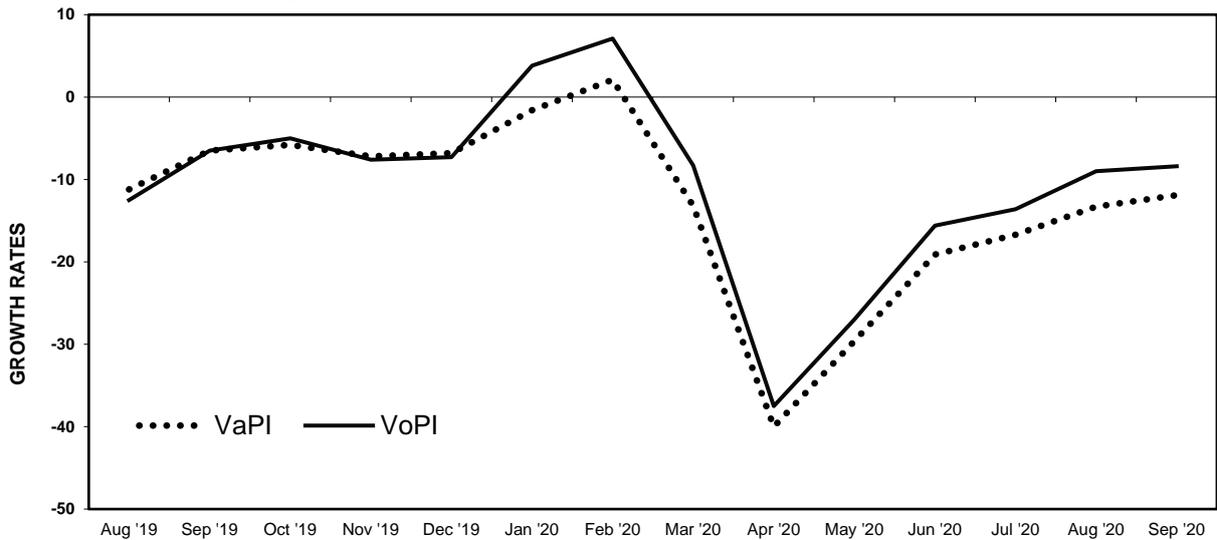
The major contributory to the slower decline in VoPI for manufacturing sector in September 2020 were the two-digit expansions observed in basic metals and food manufacturing with annual increases of 14.4 percent and 10.2 percent, respectively. The slower drop in the indices of 10 industry groups also tapered off the rate of decline in the index for the sector. (*Tables 1-B and 2*)

Figure 1. Value and Volume of Production Index for Total Manufacturing August 2019 - September 2020^p (2000 = 100)



p - preliminary
Source: Philippine Statistics Authority

Figure 2. Year-on-Year Growth Rates of Value and Volume of Production Index for Total Manufacturing August 2019 - September 2020^p (2000 = 100)



p - preliminary
Source: Philippine Statistics Authority

NET SALES

Value of Net Sales Index posts a slower negative rate

The Value of Net Sales Index (VaNSI) remained to drop at an annual rate of -9.7 percent in September 2020. This decline, however, was slower than the reported annual decrease of -11.7 percent in the previous month. The decline of VaNSI in September 2020 was the seventh consecutive month of contraction. In September 2019, the annual rate of VaNSI was recorded at -3.5 percent. (*Table A*)

Of the 20 industry groups, positive growths were observed in four industry groups, namely, tobacco products (39.3%), food manufacturing (22.5%), chemical products (8.9%), and basic metals (4.9%) in September 2020.

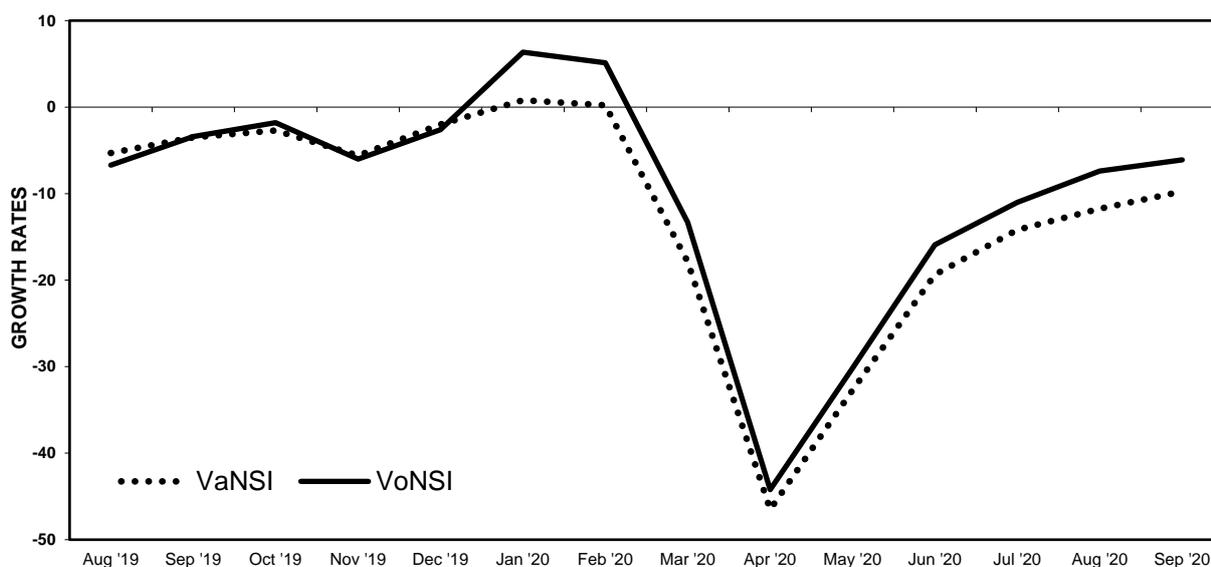
Contributing further to the narrower decline in VaNSI for the manufacturing sector in September 2020 were the slower annual decreases in the indices of 11 industry groups. Of the 11 groups, four (4) were heavily weighted industry groups. (*Tables 2-A and 3*)

Volume of Net Sales Index also drops

The Volume of Net Sales Index (VoNSI) posted an annual decrement of -6.1 percent in September 2020 compared with the faster drop of -7.4 percent in the previous month. In September 2019, the annual decrease was observed at -3.4 percent. (*Table A*)

Contributory to the slower decline of VoNSI in September 2020 were the improvements for tobacco products with annual increase of 34.3 percent compared to the 6.5 percent increase in August 2020. Further tapering off the annual decline in VoNSI for manufacturing were the five (5) industry groups that also posted positive growth rates and 11 industry groups with slower annual drops in their indices. (*Tables 2-B and 4*)

Figure 3. Year-on-Year Changes in Net Sales:
August 2019 - September 2020^p (2000 = 100)



p - preliminary

Source: Philippine Statistics Authority

CAPACITY UTILIZATION

Average capacity utilization rate for manufacturing slightly increases

Based on responding establishments with responses on capacity utilization, average capacity utilization rate for manufacturing sector in September 2020 slightly increased to 67.6 percent from 67.2 percent in the previous month.

In the same month, eight (8) of the 20 industry groups had at least 80 percent average capacity utilization rate which was led by machinery except electrical (92.0%), followed by furniture and fixtures (88.4%), and paper and paper products (86.8%). (*Table 6*)

Almost twenty percent of responding establishments operated at full capacity

The proportion of establishments that operated at full capacity (90% to 100%) was 17.7 percent of the total number of responding establishments with responses on capacity utilization. Further, 40.3 percent operated at 70 to 89 percent capacity, while 42.0 percent operated below 70 percent capacity. (*Table B*)

**Table B. Distribution of Responding Establishments
by Capacity Utilization for Total Manufacturing: September 2020^P**

Capacity Utilization	Number of Responding Establishments	Percent Share to Responding Establishments
TOTAL	327	100.0
Below 50%	61	18.7
50% - 59%	33	10.1
60% - 69%	43	13.2
70% - 79%	60	18.3
80% - 89%	72	22.0
90% - 100%	58	17.7

p – preliminary

Details may not sum up to totals due to rounding

Notes:

- 1) Results are based on the responses of establishments which were in operation during the reference month.
- 2) There were 24 establishments which responded but were not included in the tabulation as they temporarily or permanently ceased business operations.

Source: Philippine Statistics Authority



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Attachments:

1. Table 1. Value of Production Index (2000=100), Year-on-Year Growth Rates for Manufacturing Sector, January 2019 – September 2020^P
2. Table 2. Volume of Production Index (2000=100), Year-on-Year Growth Rates for Manufacturing Sector, January 2019 – September 2020^P
3. Table 3. Value of Net Sales Index (2000=100), Year-on-Year Growth Rates for Manufacturing Sector, January 2019 – September 2020^P
4. Table 4. Volume of Net Sales Index (2000=100), Year-on-Year Growth Rates for Manufacturing Sector, January 2019 – September 2020^P
5. Table 5. Producer Price Index (2000=100), Year-on-Year and Month-on-Month Growth Rates for Manufacturing Sector, January 2019 – September 2020^P
6. Table 6. Average Capacity Utilization Rate by Major Industry Group: MISSI, September 2019 - September 2020^P
7. Table 7. Distribution of Samples and Responding Establishments by Major Industry Group: MISSI, August 2020 and September 2020^P
8. Table 8. Distribution of Samples and Responding Establishments by Major Industry Group: PPS, August 2020 and September 2020^P
9. Technical Notes

TABLE 1-A. Year-on-Year Growth Rate (%) of Value of Production Index
by Industry Group: August and September 2020
(2000 =100)

INDUSTRY GROUP	September 2020 ^p	August 2020
Gainers		
Food manufacturing	11.6	-2.5 ^r
Basic metals	12.3	-4.6 ^r
Chemical products	5.6	12.7 ^r
Miscellaneous manufactures	1.6	-2.9 ^r
Losers		
Petroleum products	-98.7	-96.6
Machinery except electrical	-36.7	-38.4 ^r
Electrical machinery	-10.3	-17.3 ^r
Transport equipment	-43.3	-41.6 ^r
Footwear and wearing apparel	-37.2	-40.3 ^r
Tobacco products	-46.3	-37.5 ^r
Printing	-46.7	-43.1
Non-metallic mineral products	-16.3	-23.7
Textiles	-25.5	-28.3 ^r
Rubber and plastic products	-14.0	-11.9 ^r
Paper and paper products	-15.2	-15.8 ^r
Fabricated metal products	-19.3	-23.5 ^r
Furniture and fixtures	-32.1	-26.4 ^r
Wood and wood products	-41.1	-43.8 ^r
Beverages	-3.4	-8.5
Leather products	-55.8	-57.5 ^r

p - preliminary, r - revised

Source: Philippine Statistics Authority

TABLE 1-B. Year-on-Year Growth Rate (%) of Volume of Production
Index by Industry Group
August and September 2020
(2000 = 100)

INDUSTRY GROUP	September 2020 ^p	August 2020
Gainers		
Food manufacturing	10.2	-3.3 ^r
Basic metals	14.4	-2.6 ^r
Chemical products	8.1	18.7 ^r
Miscellaneous manufactures	4.6	1.0 ^r
Losers		
Petroleum products	-98.6	-96.3 ^r
Machinery except electrical	-31.8	-32.7 ^r
Transport equipment	-38.6	-34.6 ^r
Electrical machinery	-6.8	-14.4 ^r
Footwear and wearing apparel	-33.8	-36.4 ^r
Tobacco products	-48.2	-39.6 ^r
Printing	-46.0	-42.3
Textiles	-23.8	-27.5 ^r
Non-metallic mineral products	-14.1	-22.7 ^r
Beverages	-8.0	-13.0
Furniture and fixtures	-42.4	-36.8 ^r
Rubber and plastic products	-10.7	-8.4 ^r
Fabricated metal products	-20.5	-23.2 ^r
Wood and wood products	-36.3	-37.6 ^r
Leather products	-55.2	-55.8 ^r
Paper and paper products	-3.3	-6.3 ^r

p - preliminary, r - revised

Source: Philippine Statistics Authority

TABLE 2-A. Year-on-Year Growth Rate (%) of Value of Net Sales Index
by Industry Group: August and September 2020
(2000 =100)

INDUSTRY GROUP	September 2020 ^p	August 2020
Gainers		
Food manufacturing	22.5	18.3 ^r
Chemical products	8.9	17.6 ^r
Tobacco products	39.3	10.3 ^r
Basic metals	4.9	-14.2 ^r
Losers		
Petroleum products	-52.6	-53.8
Electrical machinery	-14.6	-14.9 ^r
Machinery except electrical	-21.4	-25.4 ^r
Transport equipment	-23.5	-26.9 ^r
Non-metallic mineral products	-33.9	-33.0 ^r
Footwear and wearing apparel	-32.7	-36.1 ^r
Textiles	-23.9	-28.2 ^r
Paper and paper products	-21.8	-20.1 ^r
Furniture and fixtures	-52.9	-39.1 ^r
Printing	-29.0	-9.4 ^r
Rubber and plastic products	-26.5	-26.9 ^r
Fabricated metal products	-15.0	-20.8 ^r
Beverages	-4.3	-17.0 ^r
Miscellaneous manufactures	-2.5	9.6 ^r
Leather products	-21.3	-35.2 ^r
Wood and wood products	-5.7	-14.3 ^r

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

TABLE 2-B. Year-on-Year Growth Rate (%) of Volume of Net Sales Index by Industry Group: August and September 2020
(2000 = 100)

INDUSTRY GROUP	September 2020 ^p	August 2020
Gainers		
Food manufacturing	21.0	17.4 ^r
Chemical products	11.5	23.8 ^r
Tobacco products	34.3	6.5 ^r
Basic metals	6.9	-12.5 ^r
Wood and wood products	2.0	-4.9 ^r
Miscellaneous manufactures	0.4	14.0 ^r
Losers		
Petroleum products	-46.1	-49.4 ^r
Electrical machinery	-11.2	-11.9 ^r
Machinery except electrical	-15.4	-18.5 ^r
Non-metallic mineral products	-32.1	-32.1 ^r
Footwear and wearing apparel	-29.0	-31.9 ^r
Transport equipment	-17.3	-18.3 ^r
Furniture and fixtures	-60.1	-47.7
Beverages	-9.0	-21.0 ^r
Textiles	-22.1	-27.4 ^r
Printing	-28.1	-8.1 ^r
Rubber and plastic products	-23.8	-24.1 ^r
Fabricated metal products	-16.3	-20.5 ^r
Paper and paper products	-10.8	-11.1 ^r
Leather products	-20.3	-32.7 ^r

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

Technical Notes

I. Introduction

The Monthly Integrated Survey of Selected Industries (MISSI) is one of the designated statistical activities undertaken by the Philippine Statistics Authority with the objective of providing flash indicators on the performance of growth-oriented industries in the manufacturing sector. The survey gathers monthly data on employment, compensation, production, net sales, inventories, and capacity utilization from manufacturing establishments.

The indicators generated from the 2020 MISSI at the 3/4-digit 2009 Philippine Standard Industrial Classification (PSIC) level are Value of Production Index (VaPI), Volume of Production Index (VoPI), Value of Net Sales Index (VaNSI), Volume of Net Sales Index (VoNSI) and capacity utilization of industries. The VoPI and VoNSI, however, are derived indicators using the 2020 Producer Price Index (PPI) as deflator.

II. Method of Index Computation

The MISSI utilizes the Laspeyres-type method of index computation where the weights are based on the value of production from the Census of Philippine Business and Industry (CPBI).

For the 2020 MISSI index series with base year of 2000, the weights of the major industries and sub-industries are based from the results of the 2000 CPBI for manufacturing establishments with average total employment of 20 and over. The weights are computed from the value of products sold plus change in inventories.

The formula in the computation of indices and growth rates are as follows:

1. Value of Production Index (VaPI)

a. Computation of Index for Industry Class Level

i. Initial Index

$$VaPI_{ijm} = \frac{V_{ijm}}{V_{ij0}} \times 100$$

where:

- $VaPI_{ijm}$ = VaPI for the i^{th} industry class of the j^{th} industry group at the current month m
- V_{ijm} = total value of production for all sample establishments in the i^{th} industry class of the j^{th} industry group at the current month m
- V_{ij0} = average monthly value of production at base year 0

ii. Monthly Index

$$VaPI_{ijm} = \frac{V_{ijm}}{V_{ij(m-1)}} \times VaPI_{ij(m-1)}$$

where:

- $VaPI_{ijm}$ = VaPI for the i^{th} industry class of the j^{th} industry group at the current month m
- $VaPI_{ij(m-1)}$ = VaPI for the i^{th} industry class of the j^{th} industry group for the previous month $m-1$
- V_{ijm} = total value of production for all sample establishments in the i^{th} industry class of the j^{th} industry group at the current month m
- $V_{ij(m-1)}$ = total value of production for all sample establishments in the i^{th} industry class of the j^{th} industry group for the previous month $m-1$

b. Computation of Index for Industry Group Level

$$VaPI_{jm} = \sum_{i=1}^n W_{ij} \times VaPI_{ijm}$$

where:

- $VaPI_{jm}$ = VaPI for j^{th} industry group at current month m
- $VaPI_{ijm}$ = VaPI for the i^{th} industry class of the j^{th} industry group at the current month m
- W_{ij} = Weight for the i^{th} industry class of the j^{th} industry group
- n = Number of industry class in the j^{th} industry group

Same formula for industry groups without industry class

c. Computation of Index for Total Manufacturing

$$VaPI_m = \sum_{j=1}^p W_j \times VaPI_{jm}$$

where:

- $VaPI_m$ = VaPI for the current month m
- $VaPI_{jm}$ = VaPI for j^{th} industry group (2/3-digit) at current month m
- W_j = Weight for the j^{th} industry group
- p = Number of industry groups = 20

2. Value of Net Sales Index (VaNSI)

The same methodology is used to compute the Value of Net Sales Index (VaNSI).

3. Volume of Production Index (VoPI)

a. Computation for Index for Industry Class Level

$$\text{VoPI}_{ijm} = \frac{\text{VaPI}_{ijm}}{\text{PPI}_{ijm}}$$

where:

VoPI_{ijm} = VoPI for the i^{th} industry class of the j^{th} industry group at the current month m

VaPI_{ijm} = VaPI for the i^{th} industry class of the j^{th} industry group at the current month m

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

b. Computation of Index for Industry Group Level

$$\text{VoPI}_{jm} = \frac{\text{VaPI}_{jm}}{\text{PPI}_{jm}}$$

where:

VoPI_{jm} = VoPI for the j^{th} industry group at the current month m

VaPI_{jm} = VaPI for the j^{th} industry group at the current month m

PPI_{jm} = PPI for the j^{th} industry group at the current month m

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

$$\text{VoPI}_m = \frac{\text{VaPI}_m}{\text{PPI}_m}$$

where:

VoPI_m = VoPI for total manufacturing at the current month m

VaPI_m = VaPI for total manufacturing at the current month m

PPI_m = PPI for total manufacturing at the current month m

4. Volume of Net Sales Index (VoNSI)

The same methodology is used to compute the Volume of Net Sales Index (VoNSI).

5. Capacity Utilization Rate

Capacity Utilization Rate is the ratio of total output to the maximum rated capacity of the establishment. Rated Capacity refers to the largest volume of output possible at which the factory can operate with an acceptable degree of efficiency taking into consideration unavoidable losses of productive time (i.e., vacation, holiday, and repair of equipment) and availability of raw materials.

The formulas in obtaining the Average Capacity Utilization Rate are the following:

a. Computation of Index for Industry Class Level

$$\text{AveCU}_m = \sum_{k=1}^n \left(\text{CU}_{ikjm} \times \frac{\text{Prod}_{kijm}}{\text{Prod}_{ijm}} \right)$$

where:

AveCU_{ijm} = Average capacity utilization rate for the i^{th} industry class in the j^{th} industry group at the current month m

CU_{kijm} = Midpoint of the capacity utilization range reported by the k^{th} sample establishment in the i^{th} industry class of the j^{th} industry group at the current month m

Prod_{kijm} = Value of production for the k^{th} sample establishment in the i^{th} industry class for the j^{th} industry group at the current month m

Prod_{ijm} = Total value of production for the i^{th} industry class of the j^{th} industry group at the current month m

b. Computation of Index for Industry Group Level

- **With Industry Classes**

$$\text{AveCU}_{jm} = \sum_{j=1}^{20} (\text{Ave CU}_{ijm} \times W_{ij})$$

where:

- AveCU_{jm} = Average capacity utilization rate of the j^{th} industry group at the current month m
- AveCU_{ijm} = Average capacity utilization rate of the i^{th} industry class 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

- **Without Industry Classes**

$$\text{AveCU}_m = \sum_{k=1}^n \left(\text{CU}_{kjm} \times \frac{\text{Prod}_{kjm}}{\text{Prod}_{jm}} \right)$$

where:

- AveCU_{jm} = Average capacity utilization rate of the j^{th} industry group at the current month m
- CU_{kjm} = Midpoint of the capacity utilization range reported by the k^{th} sample establishment in the j^{th} industry group at the current month m
- Prod_{kjm} = Value of production for the k^{th} sample establishment in the j^{th} industry group at the current month m
- Prod_{jm} = Value of production for the j^{th} industry group at the current month m

c. Computation of Index for Total Manufacturing

$$\text{AveCU}_m = \sum_{j=1}^{20} (\text{Ave CU}_{jm} \times W_j)$$

where:

AveCU_m = Average capacity utilization rate for total manufacturing at the current month m

CU_{jm} = Average capacity utilization rate of the j^{th} industry group at the current month m

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

III. 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.

IV. Imputation and Revision

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

V. Industry Coverage

The 2020 MISSI utilizes the 2009 PSIC to classify major industries and sub-industries. Twenty major industries of the 2009 PSIC were formed to comprise the industry coverage of the 2020 MISSI.

The table below presents the industry coverage of 2020 MISSI by 2009 PSIC code.

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
C18	Printing
C19	Petroleum products*
C20,C21	Chemical products*
C22	Rubber and plastic products*
C23	Non-metallic mineral products*
C24	Basic metals*
C25,C3311	Fabricated metal products
C262,C275,C28, C263,C268,C3312,C332	Machinery except electrical*
C261,C264,C27, C29301,C3314,C332	Electrical machinery*
C29 except C29301, C30,C3315	Transport equipment
C31	Furniture and fixtures
C265,C266,C267,C32, C3313,C3319	Miscellaneous manufactures

* Industry groups categorized into industry classes