



PRESS RELEASE

PRODUCER PRICE INDEX March 2020

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Table A Year-on-Year and Month-on-Month Growth Rates of Producer Price Index for Total Manufacturing
March 2020, February 2020 and March 2019

Category	March 2020	February 2020	March 2019
Producer Price Index (2000=100)	132.0	132.3 ^r	139.6
Year-on-Year Growth (%)	-5.4	-4.8 ^r	4.8
Month-on-Month Growth (%)	-0.2	0.2 ^r	0.5

r - revised

Year-on-Year

The Producer Price Index (PPI, 2000=100) for manufacturing continued to descend at an annual rate of 5.4 percent in March 2020. This rate of decrease is faster than the downward trend of 4.8 percent in February 2020. In March of the previous year, PPI increased at an annual rate of 4.8 percent.

The decline in the PPI in March 2020 can be attributed to the decreases in the indices of 15 major industry groups, with four major industry groups posting double-digit decrements namely:

- **leather products** (-14.8%),
- **transport equipment** (-12.4%),
- **wood and wood products** (-11.9%), and
- **fabricated metal products** (-10.4%).

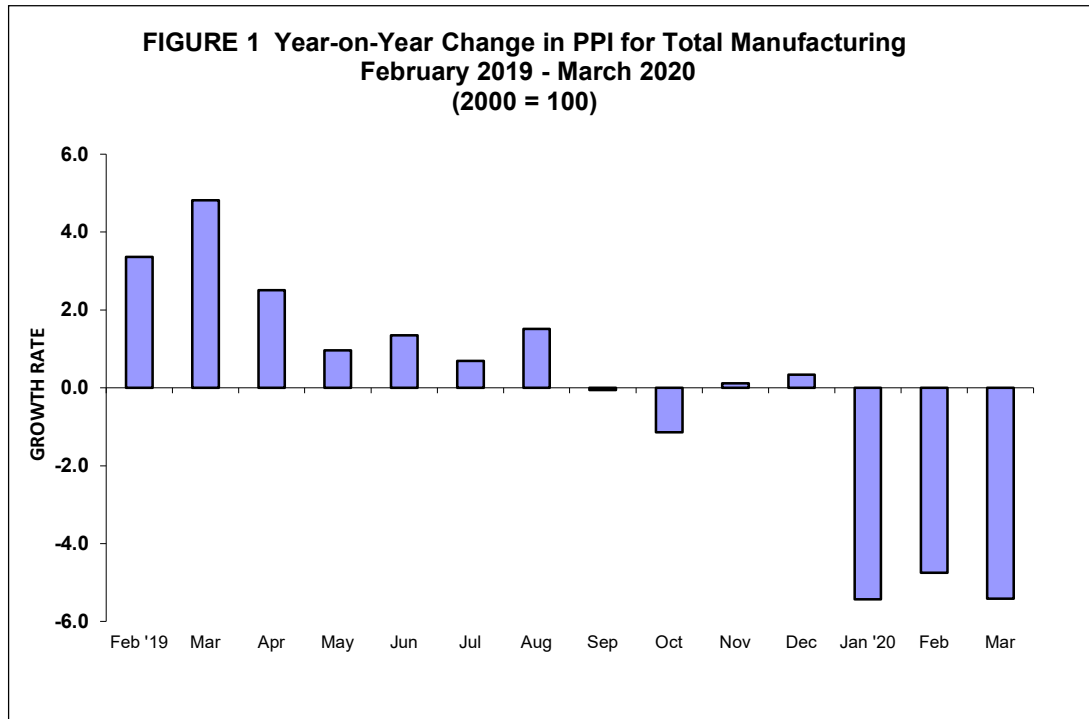


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On the other hand, **furniture and fixtures**, which climbed by 20.2 percent, led the five major industry groups that posted annual increases (*Tables 1 and A-1*).

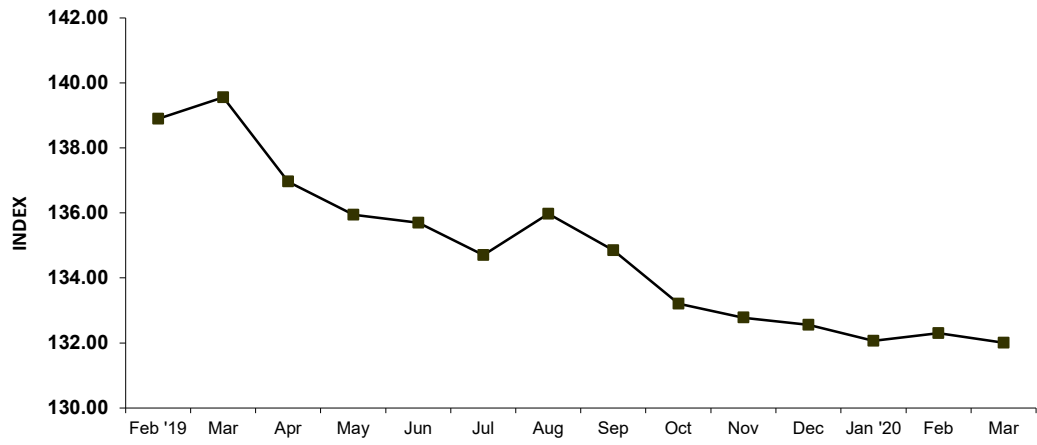


Month-on-Month

Month-on-month, the PPI posted a slight decrement of 0.2 percent in March 2020, after a 0.2 percent increment in the previous month. In March 2019, the PPI grew by 0.5 percent.

Eleven of the 20 major industry groups posted negative monthly growth rates in March 2020 which was led by **petroleum products** with a monthly rate of -6.5 percent. Furthermore, PPI for six major industry groups posted monthly increments while indices for three major industry groups remained the same (*Tables 1 and A-2*).

**FIGURE 2 Producer Price Index (PPI) for Total Manufacturing
February 2019 - March 2020
(2000 = 100)**



**TABLE A-1 Year-on-Year Growth Rate (%) of Producer Price Index
by Major Industry Group
February 2020 and March 2020
(2000=100)**

MAJOR INDUSTRY GROUP	March 2020	February 2020
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Gainers

Tobacco Products	4.8	4.8
Beverages	2.9	2.8 ^r
Furniture & Fixtures	20.2	20.1
Food Manufacturing	0.3	-0.5 ^r
Printing	1.8	1.8

Losers

Transport Equipment	-12.4	-11.3
Electrical Machinery	-5.4	-3.3 ^r
Petroleum Products	-9.5	0.8 ^r
Chemical Products	-7.9	-10.0 ^r
Basic Metals	-7.2	-5.0 ^r
Fabricated Metal Products	-10.4	-10.2 ^r
Machinery Except Electrical	-2.8	-3.4 ^r
Non - Metallic Mineral Products	-3.6	-3.2 ^r
Footwear & Wearing Apparel	-9.7	-10.3 ^r
Wood & Wood Products	-11.9	-9.8 ^r
Rubber and Plastic Products	-2.3	-2.8
Paper & Paper Products	-3.8	-3.8 ^r
Leather Products	-14.8	-14.4
Textiles	-6.4	-4.6 ^r
Miscellaneous Manufactures	-1.8	-1.6 ^r

r - revised

Note:

1) Industry groups are ranked according to their contributions to the overall growth rate

**TABLE A-2 Month-on-Month Growth Rate (%) of Producer Price Index
by Major Industry Group
February 2020 and March 2020
(2000=100)**

MAJOR INDUSTRY GROUP	March 2020	February 2020
Gainers		
Food Manufacturing	0.7	0.4 ^r
Chemical Products	1.4	-0.5 ^r
Footwear & Wearing Apparel	0.8	1.5 ^r
Paper & Paper Products	0.3	-0.8 ^r
Beverages	0.1	0.3 ^r
Leather Products	0.1	-1.4
Tobacco Products	0.0	4.4
Furniture & Fixtures	0.0	0.2
Printing	0.0	0.0
Losers		
Petroleum Products	-6.5	-1.7 ^r
Electrical Machinery	-0.6	1.9 ^r
Basic Metals	-0.6	-1.7 ^r
Transport Equipment	-0.2	-0.9
Machinery Except Electrical	-0.3	-0.9 ^r
Non - Metallic Mineral Products	-0.4	-0.1 ^r
Textiles	-0.6	0.9 ^r
Fabricated Metal Products	-0.1	3.7 ^r
Rubber and Plastic Products	b/	0.3
Wood & Wood Products	b/	-1.6 ^r
Miscellaneous Manufactures	b/	-0.7 ^r

r - revised

b/ - Less than 0.05 percent decrease

Note:

1) Industry groups are ranked according to their contribution to the overall growth rate



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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

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 major industry groups and industry sub-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. For Base Year

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

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. For Current Months after the Base Year

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

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
 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

Same formula for industry groups without sub-group

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

$$PPI_{jm} = \frac{1}{\sum_{i=1}^p \left(W_{ij} \times \frac{1}{PPI_{ijm}} \right)} \times 100$$

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)

$$PPI_m = \frac{1}{\sum_{j=1}^q \left(W_j \times \frac{1}{PPI_{jm}} \right)} \times 100$$

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 major 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
C18	Printing
C19	Petroleum products*
C20, C21	Chemical products*
C22	Rubber and plastic products*

2009 PSIC CODE	INDUSTRY DESCRIPTION
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

* - Major industry groups categorized into industry sub-classes