



PRESS RELEASE

PRODUCER PRICE INDEX (2018=100) August 2021

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Table A. Year-on-Year and Month-on-Month Growth Rates
of Producer Price Index for Total Manufacturing (2018=100):
August 2020, July 2021^r, and August 2021^p

Category	August 2020	July 2021 ^r	August 2021 ^p
Producer Price Index (2018=100)	92.1	90.4	90.5
Year-on-Year Growth (%)	-5.1	-1.7	-1.8
Month-on-Month Growth (%)	0.2	0.4	0.1

p - preliminary, r – revised

Source: Philippine Statistics Authority

Year-on-Year

The Producer Price Index (PPI) for manufacturing continued its downtrend with an annual rate of -1.8 percent in August 2021. This decline was slightly faster than the -1.7 percent decline in July 2021. In August 2020, the PPI similarly registered an annual decrease but with a faster rate of -5.1 percent. (Table A)

The decline of the PPI in August 2021 can be attributed to the annual decreases in the indices of eight industry divisions led by **manufacture of wood, bamboo, cane, rattan articles and related products** which posted a double-digit annual decrement of -25.3 percent.

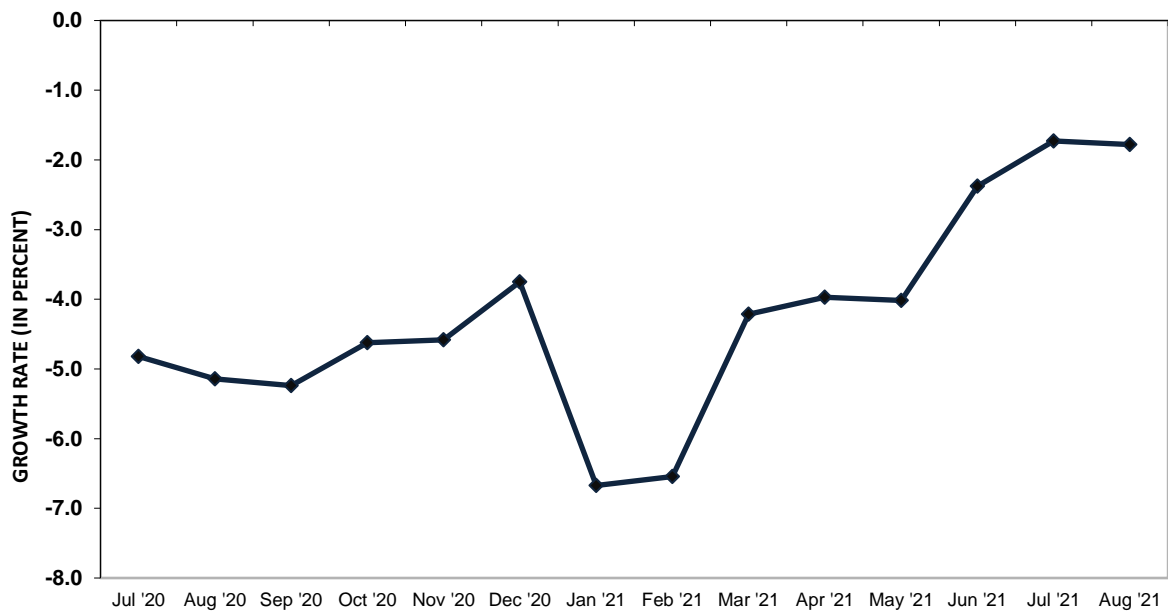
On the other hand, 14 industry divisions recorded positive annual growth rates which was led by **manufacture of coke and refined petroleum**



products with an annual increase of 15.1 percent. This heavily weighted industry division continuously registered an annual increases since March 2021.

In addition, **manufacture of chemical and chemical products** (7.8%) and **manufacture of food products** (2.1%) consistently posted positive growths since May 2021. (Tables A-1 and 1)

Figure 1. Year-on-Year Change in PPI for Total Manufacturing
July 2020 - August 2021^p
(2018 = 100)



p - preliminary
Source: Philippine Statistics Authority

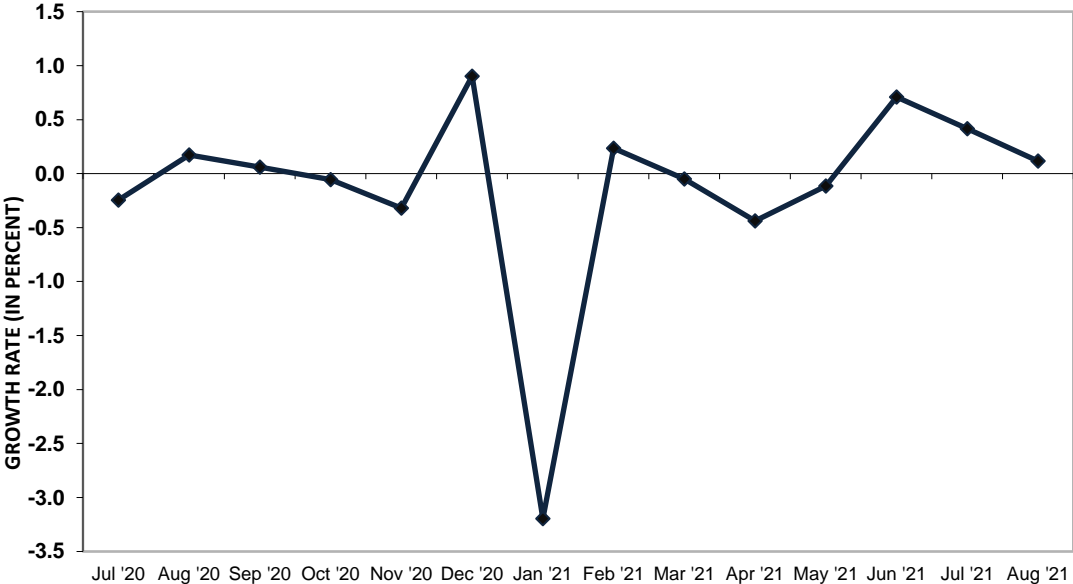
Month-on-Month

Month-on-month, the PPI for manufacturing posted a slight increase with a monthly growth rate of 0.1 percent in August 2021, following a higher growth rate of 0.4 percent in July 2021. In August 2020, the PPI also posted a monthly increase of 0.2 percent. (Table A)

Eleven (11) industry divisions recorded positive monthly growth rates in August 2021 led by **manufacture of chemical and chemical products** and **manufacture of coke and refined petroleum products**, with monthly increments of 1.3 percent and 1.1 percent, respectively.

On the contrary, the PPI of nine industry divisions recorded monthly decrements, with **manufacture of fabricated metal products, except machinery and equipment** posting the highest monthly drop of -3.5 percent. The monthly growth rates of the two remaining industry divisions were at 0.0 percent. (Tables A-2 and 1)

Figure 2. Month-on-Month Change in PPI for Total Manufacturing
 July 2020 - August 2021^p
 (2018 = 100)



p - preliminary
 Source: Philippine Statistics Authority

Table A-1. Year-on-Year Growth Rates of PPI in Percent
by Industry Division: July 2021 and August 2021^p
(2018=100)

INDUSTRY DIVISION	July 2021	Aug 2021 ^p
With Positive Growth Rates in August 2021		
1. Manufacture of coke and refined petroleum products	13.8 ^r	15.1
2. Manufacture of chemical and chemical products	6.0 ^r	7.8
3. Manufacture of food products	1.4 ^r	2.1
4. Manufacture of basic metals	7.0 ^r	4.1
5. Manufacture of rubber and plastic products	4.8 ^r	4.6
6. Manufacture of transport equipment	0.3 ^r	1.3
7. Manufacture of beverages	1.8	1.8
8. Manufacture of electrical equipment	2.4 ^r	3.4
9. Manufacture of paper and paper products	0.4	1.4
10. Manufacture of textiles	3.6 ^r	3.5
11. Printing and reproduction of recorded media	1.1	1.1
12. Manufacture of leather and related products, including footwear	0.2	0.7
13. Manufacture of fabricated metal products, except machinery and equipment	4.1 ^r	0.1
14. Manufacture of basic pharmaceutical products and pharmaceutical preparations	-0.6	0.1
With Negative Growth Rates in August 2021		
1. Manufacture of computer, electronic, and optical products	-17.8 ^r	-18.5
2. Manufacture of wood, bamboo, cane, rattan articles, and related products	-22.2 ^r	-25.3
3. Manufacture of other non-metallic mineral products	-2.9 ^r	-2.9
4. Manufacture of machinery and equipment except electrical	-5.5 ^r	-5.1
5. Manufacture of furniture	-17.1 ^r	-17.2
6. Other manufacturing and repair and installation of machinery and equipment	-4.7 ^r	-4.7
7. Manufacture of wearing apparel	0.9 ^r	-0.7
8. Manufacture of tobacco products	0.8	b/

p – preliminary, r – revised

b/ – less than 0.05 percent decrease

Source: Philippine Statistics Authority

Table A-2. Month-on-Month Growth Rates of PPI in Percent
by Industry Division: July 2021 and August 2021^P
(2018=100)

INDUSTRY DIVISION	July 2021	Aug 2021 ^P
With Positive Growth Rates in August 2021		
1. Manufacture of food products	0.5 ^r	0.8
2. Manufacture of coke and refined petroleum products	4.5 ^r	1.1
3. Manufacture of chemical and chemical products	1.3 ^r	1.3
4. Manufacture of basic metals	-0.5 ^r	0.9
5. Manufacture of paper and paper products	0.4	1.1
6. Manufacture of other non-metallic mineral products	0.1 ^r	0.5
7. Manufacture of electrical equipment	1.1 ^r	0.7
8. Manufacture of basic pharmaceutical products and pharmaceutical preparations	0.2	0.7
9. Manufacture of beverages	0.1	a/
10. Other manufacturing and repair and installation of machinery and equipment	0.1 ^r	0.2
11. Manufacture of textiles	-0.1 ^r	0.1
With Zero Growth Rates in August 2021		
1. Printing and reproduction of recorded media	0.0	0.0
2. Manufacture of tobacco products	0.0	0.0
With Negative Growth Rates in August 2021		
1. Manufacture of computer, electronic, and optical products	-1.3 ^r	-0.7
2. Manufacture of fabricated metal products, except machinery and equipment	0.4 ^r	-3.5
3. Manufacture of wood, bamboo, cane, rattan articles, and related products	-7.3 ^r	-3.1
4. Manufacture of transport equipment	1.0 ^r	-0.3
5. Manufacture of wearing apparel	3.3 ^r	-1.4
6. Manufacture of rubber and plastic products	0.4 ^r	-0.2
7. Manufacture of machinery and equipment except electrical	1.6 ^r	-0.1
8. Manufacture of furniture	1.9 ^r	-0.3
9. Manufacture of leather and related products, including footwear	-0.2	b/

p – preliminary, r - revised

a/ – less than 0.05 percent increase

b/ – less than 0.05 percent decrease

Source: Philippine Statistics Authority

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Undersecretary

National Statistician and Civil Registrar General

Attachments:

1. *Table 1. Producer Price Index (2018=100) Year-on-Year and Month-on-Month Growth Rates for Manufacturing Sector, January 2020 – August 2021^P*
2. *Table 2. Distribution of Samples and Responding Establishments by Major Industry Division: PPS, July 2021^P, July 2021^I, and August 2021^P*
3. *Technical Notes*

TECHNICAL NOTES

Introduction

Starting January 2021 reference period, the Producer Price Index (PPI) for Manufacturing uses 2018 as base year, from 2000 base period. The PPI for Manufacturing measures the changes in the producer price of key commodities produced by the Manufacturing sector. One of its uses is as a deflator to derive the Volume of Production Index (VoPI) and Volume of Net Sales Index (VoNSI).

The PPI for Manufacturing 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.

Method of Index Computation

The PPI utilizes the chained Paasche-type method of index computation where the base year is normalized. 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), whichever is the more recent. The weights are updated as soon as new results of the CPBI or ASPBI are available, and these are applied at the beginning of each survey year.

For the 2021 PPI, the base year is 2018 and the weights of the industry divisions and industry groups were computed based on the final results of the 2018 CPBI for Manufacturing establishments with total employment of 20 and over.

The computation of PPI adopts the following formula:

1) Computation of Index for Industry Group Level

a. Monthly Index at the base year

$$PPI_{ijm} = \frac{H_{ijm}}{H_{ij0}} \times 100$$

where:

PPI_{ijm} = PPI for industry group j in industry division i at current month m

H_{ijm} = harmonic mean of price relatives of products for industry group j in industry division i at month m of the base year computed as:

$$H_{ijm} = \frac{n_{ij}}{\sum_{h=1}^{n_{ij}} \frac{1}{p_{hijm}/p_{hij0}}} \times 100$$

H_{ij0} = average of the harmonic mean of price relatives of products for industry group j in industry division i at base year

p_{hijm} = producer price of commodity h for industry group j in industry division i at current month m

p_{hij0} = average monthly producer price of commodity h for industry group j in industry division i at base year

n_{ij} = total number of representative commodities for industry group j in industry division i

b. Monthly Index after the base year

$$PPI_{ijm} = PPI_{ij(m-1)} \times \frac{n_{ij}}{\sum_{h=1}^{n_{ij}} \frac{1}{p_{hijm}/p_{hij(m-1)}}}$$

where:

PPI_{ijm} = PPI for industry group j in industry division i at current month m

$PPI_{ij(m-1)}$ = PPI for industry group j in industry division i at previous month m-1

- p_{hijm} = producer price of commodity h for industry group j in industry division i at current month m
 $p_{hij(m-1)}$ = producer price of commodity h for industry group j in industry division i for the previous month m-1
 n_{ij} = total number of representative commodities for industry group j in industry division i

2) Computation of Index for Industry Division Level

$$PPI_{im} = \frac{1}{\sum_{j=1}^{p_i} \left(W_{ij} \times \frac{1}{PPI_{ijm}} \right)}$$

where:

- PPI_{im} = PPI for industry division i at current month m
 PPI_{ijm} = PPI for industry group j in industry division i at current month m
 W_{ij} = weight for industry group j in industry division i
 p_i = number of industry groups in industry division i

Note:

Industry divisions with no industry groups use the same computation of index as that for industry group level.

3) Computation of Index for Total Manufacturing

$$PPI_m = \frac{1}{\sum_{i=1}^{22} \left(W_i \times \frac{1}{PPI_{im}} \right)}$$

where:

- PPI_m = PPI for total manufacturing at current month m
 PPI_{im} = PPI for industry division i at current month m
 W_i = weight for industry division i

- **Computation of Growth Rates**

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

Month-on-month growth rates are computed by dividing the current month's 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 with 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 groups of the 2009 PSIC were grouped to form the 22 industry divisions of the 2021 PPS. These are presented in the table below.

2009 PSIC CODE	INDUSTRY DESCRIPTION
C10	Manufacture of food products *
C11	Manufacture of beverages
C12	Manufacture of tobacco products
C13	Manufacture of textiles
C14	Manufacture of wearing apparel
C15	Manufacture of leather and related products, including footwear
C16	Manufacture of wood, bamboo, cane, rattan articles, and related products products*

2009 PSIC CODE	INDUSTRY DESCRIPTION
C17	Manufacture of paper and paper products
C18	Printing and reproduction of recorded media
C19	Manufacture of coke and refined petroleum products
C20	Manufacture of chemical and chemical products*
C21	Manufacture of basic pharmaceutical products and pharmaceutical preparations
C22	Manufacture of rubber and plastic products*
C23	Manufacture of other non-metallic mineral products*
C24	Manufacture of basic metals*
C25	Manufacture of fabricated metal products, except machinery and equipment*
C26	Manufacture of computer, electronic, and optical products*
C27	Manufacture of electrical equipment*
C28	Manufacture of machinery and equipment except electrical*
C29, C30	Manufacture of transport equipment*

2009 PSIC CODE	INDUSTRY DESCRIPTION
C31	Manufacture of furniture
C32, C33	Other manufacturing

* Industry divisions categorized further into industry groups