



SERVICES PRODUCER PRICE INDEX MALAYSIA FIRST QUARTER OF 2018

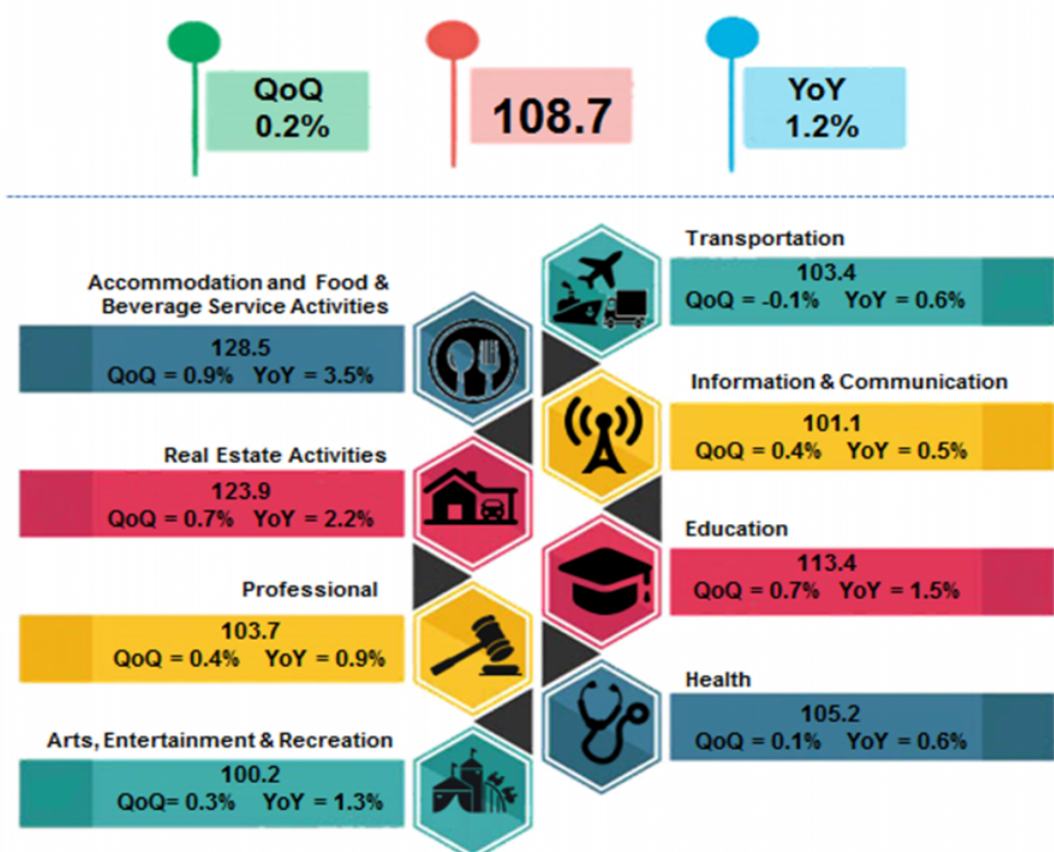
Commencing First Quarter of 2018, the Producer Price Index (IHPPrP) uses an updated industry basket based on the Economic Census of 2016. There are four additional industries involved (48 industries in 2018 compared to 44 industries previously). The updating of the industrial basket will ensure that the products selected for SPPI compilation can measure the price changes imposed by an industry.



SERVICES PRODUCER PRICE INDEX

Q1 2018

SPPI increased 0.2% in the first quarter, 2018



**QoQ = Quarter-on-Quarter
YoY = Year-on-Year

Source: Services Producer Price Index (2010=100) First Quarter 2018

SERVICES PRODUCER PRICE INDEX (2010=100)

FIRST QUARTER 2018

The Services Producer Price Index (SPPI) is designed to measure the average changes in the prices of

services charged by the local services industry in Malaysia and used as a deflator in the compilation of the Service Index and the Gross Domestic Product.

SPPI for the first quarter of 2018 registered an increase of 0.2 per cent compared to the previous quarter. The main sub-sectors that contributed were Accommodation and Food & Beverage Service Activities (+0.9%), Education and Real Estate Activities both increased 0.7 per cent.

Based year-on-year comparison for SPPI also showed an increase of 1.2 per cent. The positive growth was contributed by the following sub-sectors: Accommodation and Food & Beverage Service Activities (+3.5%), Real Estate Activities (+2.2%), Arts, Entertainment & Recreation (+1.3%) and Professional (+0.9%).

TRANSPORTATION

The SPPI for Transportation^[1] for the first quarter 2018 decreased 0.1 percent as compared to the previous quarter. The decrease was driven by the index of Other Land Transport (-0.3%), Freight Transport By Air and Postal Activities both decreased by 0.2 per cent. [Table 3.1]

The year-on-year comparison showed that the SPPI for Transportation registered an increase of 0.6 per cent supported by Passenger Air Transport (+1.4%) and Courier Activities (+0.4%). [Table 3.2]

ACCOMMODATION & FOOD AND BEVERAGE SERVICE ACTIVITIES

As compared to the previous quarter, the SPPI for Accommodation & Food and Beverage Service Activities^[2] increased 0.9 percent in the first quarter 2018. The increase was driven by the Restaurants and Mobile Food Service Activities and Beverage Serving Activities at 1.0 per cent respectively. Meanwhile, the Short-term Accommodation Activities declined by 0.6 per cent. [Table 3.1]

The increase of 3.5 percent for year on year was driven by Restaurants and Mobile Food Service Activities (+4.3%), Beverage Services Activities (+3.3%), Event Catering and other Food Service Activities (+1.0%) and Short-term Accommodation Activities remained unchanged. [Table 3.2]

INFORMATION AND COMMUNICATION

In the first quarter 2018, the SPPI for Information & Communication^[3] rose to 0.4 per cent compared to the previous quarter. Year-on-year, SPPI for Information & Communication recorded an increase of 0.5 percent due to the increase in the index of Computer Programming, Consultancy & Related Activities (+0.9%). Meanwhile, the following indices declined: Wireless Telecommunications Activities (-0.1%), Wired Telecommunications Activities (-0.2%), Data Processing Hosting and Related Activities; Web Portals (-0.4 %). [Table 3.2]

REAL ESTATE ACTIVITIES

The SPPI for Real Estate Activities^[4] grew 0.7 percent in the first quarter 2018 as compared to the fourth quarter, 2017 and increased 2.2 per cent for year-on-year.

PROFESSIONAL

The SPPI for Professional^[5] recorded an increase of 0.4 percent in the first quarter 2018 as compared to the

previous quarter. It was contributed by Architectural and Engineering Activities and Related Technical Consultancy (+0.5%); Accounting, Bookkeeping & Auditing Activities; Tax Consultancy (+0.4%) and Legal Activities (+0.3%). [\[Table 3.1\]](#)

Year-on-year SPPI for professional grew by 0.9 percent driven by Legal Activities and Architectural & Engineering Activities & Related Technical Consultancy, 1.1 percent respectively. [\[Table 3.2\]](#)

EDUCATION

As compared to the previous quarter, the SPPI for Education^[6] increased 0.7 per cent in the first quarter of 2018. Meanwhile, year-on-year comparison showed the index increased 1.5 per cent supported by Secondary Education (+5.0%), Pre-Primary & Primary Education and Other Education which increased 1.3 per cent respectively. [\[Table 3.2\]](#)

HEALTH

The SPPI for Health^[7] increased 0.1 per cent for the first quarter of 2018 as compared to the fourth quarter of 2017. Meanwhile, year-on-year comparison showed the index inclined 0.6 per cent induced by Medical & Dental Practice Activities (+1.2%), Other Human Health Activities (+1.1%) and Hospital Activities (+0.7%). [\[Table 3.2\]](#)

ARTS, ENTERTAINMENT AND RECREATION

In the first quarter 2018, the SPPI for Arts, Entertainment and Recreation^[8] rose 0.3 percent as against the fourth quarter 2017 due to the increases in the index of Gambling and Betting Activities (+1.1%), as well as Other Amusement & Recreation (+0.4%). [\[Table 3.1\]](#)

Year-on-year, the rise 1.3 per cent in Arts, Entertainment and Recreation was contributed by Gambling and Betting Activities (+2.2%) and Other Amusement & Recreation Activities (+0.9%). [\[Table 3.2\]](#)

UPDATING BASKET

The weights for updating SPPI (2010=100) is obtained from the Economic Census (BE) 2016.

The SPPI (2010=100) was prepared using the "Fixed Basket" method. The compilation of the indices uses the Chain Index method, which updates its basket without changing the base year.

Starting the first quarter 2018 (January - March, 2018), the index uses Laspeyres chain index method. The updating of SPPI basket (2010=100) used the findings of the Economics Cencus (BE) 2016.

Rebasing is different from the process of updating basket. It only changes its base period and it is purely a mechanical operation in forming a more convenient series for presentations and comparisons or estimates. Whereas, SPPI basket updates are using the old basket (2010=100) and updating products and its weight to become a new basket (2015=100).

Weights

The item weights are assigned in proportion of their contributions to the total value of output in the economy. The weights by MSIC and sector are as follows:

Weights for Services Producer by MSIC

<i>Sector (2015=100)</i>	<i>Weights</i>		<i>Sector (2010=100)</i>
	<i>2010</i>	<i>2015</i>	
<i>Transportation</i>	<i>24.24</i>	<i>22.40</i>	<i>Transportation</i>
<i>Information and Communication</i>	<i>29.31</i>	<i>39.59</i>	<i>Information and Communication</i>
<i>Professional</i>	<i>5.58</i>	<i>4.66</i>	<i>Professional</i>
<i>Real Estate Activities</i>	<i>0.48</i>	<i>0.54</i>	<i>Real Estate Activities</i>
<i>Accommodation and Food Service Activities</i>	<i>22.92</i>	<i>19.96</i>	<i>Accommodation and Food Service Activities</i>
<i>Arts, Entertainment and Recreation</i>	<i>7.71</i>	<i>4.92</i>	<i>Arts, Entertainment and Recreation</i>
<i>Education</i>	<i>4.51</i>	<i>3.60</i>	<i>Education</i>
<i>Health</i>	<i>5.25</i>	<i>4.33</i>	<i>Health</i>
<i>Total</i>	<i>100</i>	<i>100</i>	<i>Total</i>

Notes:

[1] The industries covered are Freight Transport by Road; Transport of freight overseas and coastal waters, whether scheduled or not; Transport of passengers by air over regular routes and on regular schedules; Freight transport by air over regular routes and on regular schedules; Postal Activities; and Courier Activities other than National Post Activities.

[2] The industries covered are Hotels and Resort Hotels; Restaurants and Restaurant cum Night Clubs; Cafeteria/Canteens; Fast-food Restaurants; Food Stalls/Hawkers; Event catering; Event/Food Caterers; Pubs, Bars, Discotheques, Coffee-houses, Cocktail Lounges and Karaoke; and Coffee Shops

[3] The industries covered are Wired Telecommunication Services; Internet Access Providers by the Operator of the Wired Infrastructure; Wireless Telecommunication Services; Internet Access Providers by the Operator of the Wireless Infrastructure; Computer Consultancy; Data Processing Activities; and Web Portals

[4] The industry covered is Activities of Real Estate Agents and Brokers for Buying, Selling and Renting of Real Estate

[5] The industries covered are Legal Activities; Accounting, Bookkeeping and Auditing Activities; Tax Consultancy; and Engineering Services

[6] The industries covered are Pre-primary Education (Private); Primary Education (Private); General School Secondary Education (Private); College and University Education (Private); Music and Dancing School; and Tuition Centre

[7] The industries covered are Hospital Activities; General Medical Services; Specialized Medical Services; Dental Services; Dialysis Centres; and Medical Laboratories

[8] The industries covered are Gambling and Betting Activities; Equestrian Clubs; Golf Courses; Bowling Centre; Fitness Centres; Activities of Amusement Parks and Theme Parks; and Cyber Café/Internet Centre

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