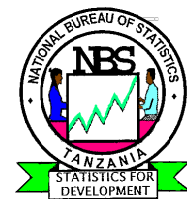




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PRESS RELEASE

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INDEX OF INDUSTRIAL PRODUCTION (IIP) FOR JANUARY-MARCH 2019

Definition

The Index of Industrial Production (IIP) measures volume changes in the production by different industrial sectors of an economy. IIP is the index that indicates the performance of various industrial sectors of the economy. The quarterly IIP shows the short-term fluctuations in the economy as well as identifying the turning points in economic development at the earlier stage. Furthermore, it is used in economic policy making and forecasting future economic performance in the industrial sector.

The volume of industrial production is collected every quarter (Q1: January-March), (Q2: April-June), (Q3: July-September) and (Q4: October-December).

Scope and Coverage

The IIP follows the recommended International Standards Industrial Classification of all economic activities (ISIC) Revision 4 to enhance international comparison. The ISIC classifies all the economic activities of the economy and uses the term 'industry' in a broad sense to mean any economic activity. However, in the compilation of IIP the scope is limited. IIP covers four broad sectors of the economy, namely; mining and quarrying, manufacturing; electricity, gas, steam and air conditioning supply; and water supply; sewerage, waste management and remediation activities. Moreover, IIP covers a total of 285 establishments, 50 industrial activities and a basket of 73 products.

Weighting and a Reference Period

The IIP uses industrial weighting approach for aggregating the elementary indices, this approach focuses on the way industrial production is organized and data is easily accessible. Weights used in IIP are value added for specific sub sectors from the Annual Survey of Industrial Production, 2015. The reference period for IIP is the fourth quarter (October-December) of 2018.

Methodology

A top down approach was adopted in deriving the structure and weights. Value Added was used in selecting industrial activities from Annual Survey of Industrial production of 2015. A top-down approach was adopted for the calculation of the weights in order to maximize the indirect representation of industries and items. In construction of any index weight is a key factor as it provides a measure of the relative importance of each index component.

During the process of weight calculations, industrial activities with a contribution of at least 80% of value added were selected in each ISIC Rev.4 Group. A sample of establishments for inclusion in the industrial production survey was then selected using cut-off sampling procedure. The volume relatives of the selected commodities on each four-digit level of ISIC was computed. The first level of aggregation is the class 4-digit ISIC; these indices are the un-weighted Elementary Aggregate (EA) and are being compiled using the Jevons geometric mean aggregation formula which refers to Geometric Mean. To arrive at the aggregate index figure, the elementary aggregates indices are then progressively combined to higher levels within the index structure (i.e. Group 3-digit, 2-digit division and 1-digit Section levels of the ISIC, and then all groups level) using the standard base-weighted Laspeyres formula to derive a weighted-average index.

Index Calculation Procedures

Indices are calculated by comparing the volume of production in the current period with that in reference (base) period. The result at first stage is a set of volume relatives for the elementary items in the index series. The elementary indices are subsequently aggregated as weighted averages to obtain the indices at higher levels. The base weighted Laspeyres index is used for calculation of index series.

Index of Industrial Production Broad Sectors

This index shows the performance of the industrial sector of the economy over a specified time period. The industrial sector is classified under the following four broad sectors: mining and quarrying; manufacturing; electricity, gas, steam and air conditioning supply, and water supply; sewerage, waste management and remediation activities.

The overall Index of Industrial Production (IIP) decreased from 100.0 the base period of 2018Q4 to 99.5 in the first quarter of 2019, recording a 0.5 percentage change over the period. The decrease is attributed to manufacturing subsector with a decrease of 3.3 percent. Results further, indicate that mining and quarrying recorded the highest growth rate of 4.6 percent followed by electricity, gas, steam and air conditioning supply subsector which increased by 0.8 percent and water supply; sewerage, waste management and remediation activities increased by 0.1 percent.

Index of Industrial Production by Industrial Activity

In manufacturing sub-sector, the decrease is attributed to decrease in manufacture of tobacco products (18.7 percent) followed by decrease in manufacture of food products (8.7 percent), and a decrease in printing and reproduction of recorded media (7.6 percent).

Quarterly Index of Industrial Production by Industrial Activity (2018Q4 = 100)

ISIC	Industrial Activity	Weight	Oct-Dec 2028Q4	Jan-Mar 2019Q1	Percentage Change 2018Q4 vs 2019Q3
B	Mining and quarrying	28.8	100.0	104.6	4.6
7	Mining of metal ores	23.8	100.0	104.4	4.4
8	Other mining and quarrying	5	100.0	105.6	5.6
C	Manufacturing	58	100.0	96.7	-3.3
10	Manufacture of food products	12.6	100.0	91.3	-8.7
11	Manufacture of beverages	14.5	100.0	100.1	0.1
12	Manufacture of tobacco products	4.8	100.0	81.3	-18.7
13	Manufacture of textiles	1.7	100.0	97.5	-2.5
15	Manufacture of leather and related products	0.1	100.0	109.6	9.6
16	Manufacture of wood and of products of wood and cork, except furniture; manufacture of articles of straw and plaiting materials	1.4	100.0	100.9	0.9
17	Manufacture of paper and paper products	3.3	100.0	95.9	-4.1
18	Printing and reproduction of recorded media	1.4	100.0	92.4	-7.6
19	Manufacture of coke and refined petroleum products	0.1	100.0	99.9	-0.1
20	Manufacture of chemicals and chemical products	2.6	100.0	109.8	9.8
21	Manufacture of basic pharmaceutical products and pharmaceutical preparations	0.4	100.0	103.3	3.3
22	Manufacture of rubber and plastics products	2.6	100.0	101.0	1.0
23	Manufacture of other non-metallic mineral products	5.6	100.0	99.1	-0.9
24	Manufacture of basic metals	3	100.0	100.7	0.7
25	Manufacture of fabricated metal products, except machinery and equipment	0.3	100.0	104.1	4.1
27	Manufacture of electrical equipment	0.6	100.0	101.6	1.6
28	Manufacture of machinery and equipment n.e.c.	0.1	100.0	104.9	4.9
29	Manufacture of motor vehicles, trailers and semi-trailers	0.4	100.0	95.9	-4.1
31	Manufacture of furniture	2.2	100.0	100.9	0.9
32	Other manufacturing	0.2	100.0	104.0	4.0
33	Repair and installation of machinery and equipment	0.2	100.0	106.3	6.3
D	Electricity, gas, steam and air conditioning supply	11.7	100.0	100.8	0.8
E	Water supply; sewerage, waste management and remediation activities	1.5	100.0	100.1	0.1
Overall Index		100	100.0	99.5	-0.5

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