WORKSHOP FOR DEVELOPING COUNTRIES ON THE REVISION OF THE INTERNATIONAL RECOMMENDATIONS FOR IMTS

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MALAYSIA EXTERNAL TRADE INDICES & SEASONAL ADJUSTMENT

DEPARTMENT OF STATISTICS, MALAYSIA

MALAYSIA
EXTERNAL TRADE INDICES

Department Of Statistics, Malaysia

INTRODUCTION

- External trade indices measure changes in the level of price/unit values and volumes of Malaysia's imports and exports

- The index numbers were first constructed with 1970 as the base year (1970=100).

- The present base year is 1999=100

- Now developing 2005=100, expected to be released in January 2009.

SOURCES OF DATA

- Derived from Malaysia's monthly external trade data

- Import indices use 'cost, insurance and freight' (c.i.f) values

- Export indices are calculated using free on board (f.o.b) values

EXTERNAL TRADE INDICES SERIES

Export index series   Unit value indices of exports
Volume indices of exports

Import index series   Unit value indices of imports
Volume indices of imports

Term of trade index series

TYPES OF MALAYSIA EXTERNAL TRADE INDICES

- **Unit value indices** — Measure changes in prices/unit value

- **Volume indices** — Measure production and output changes

- **Term Of Trade** — Ratio of unit value export/ unit value import

PRINCIPLES AND PRACTICE OF CALCULATING EXTERNAL TRADE INDICES

- **Selection of SITC commodities to be covered (1-digit SITC section 0-9)**
  - should be relatively homogenous
  - also selection of the indicator of price change is to be done at 9 digit SITC level

- **Setting the base period and weighting system**

- **Selection of the formula and type of indices**

- **Calculation of indices-unit value and volume indices**

PRINCIPLES AND PRACTICE OF CALCULATING EXTERNAL TRADE INDICES

🌐 **External trade indices using Laspeyres formula:**

$$P^L = \frac{\sum (P_n / P_o) P_o Q_o}{\sum P_o Q_o} \times 100$$

Where:

P^L = Laspeyres unit value indices

P_n = Commodity unit values in the given period

P_o = Commodity unit values in the base period

$P_o Q_o$ = Base year weight

PROBLEMS/LIMITATION

- Data used in calculating the indices are not obtained from price survey. It derived from Malaysia external trade statistics.

- Changes in SITC Classification
  - changing of an existing code to new code
  - breaking up of a single code to or more codes
  - berging of two or more codes into one codes

- No transaction

- Base weighted; new products excluded

SEASONAL ADJUSTMENT

Department Of Statistics, Malaysia

SEASONAL ADJUSTMENT

- Malaysia has problem with moving holiday
- `Eid Al Fitr' is celebrated by muslims every year
- many companies close business (four to seven days)
- problem; every year this public holiday become early
- Malaysia would like to seek opinion on how to overcome this matter (in terms of software and expertise).

Thank You

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