



مركز الإحصاء
STATISTICS CENTRE

INDUSTRIAL PRODUCTION INDEX (IPI)

Manufacturing

Third Quarter 2020

(Base Year 2012)

(Preliminary)

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Briefing

In the light of the rapid economic and social development in the Emirate of Abu Dhabi, production indices and indicators are considered key tools that express changes in the volumes of industrial and commercial production and services. These indices are also considered important economic indicators that provide accurate data to decision makers, economists, researchers, policy makers and other users of official statistics.

The remarkable economic development witnessed by Abu Dhabi Emirate has called for the construction of a statistical index that reflects the growth of the economic production sectors. Therefore, Statistics Centre – Abu Dhabi constructed the industrial production and price index for the Emirate of Abu Dhabi.

The Industrial Production Index (IPI), which is calculated on a quarterly basis, cover the manufacturing sector. The IPI design is based on the main list of products of the industrial manufacturing activities in the International Standard Industrial Classification-revision 4 (ISIC4) which covers all manufacturing economic activities.

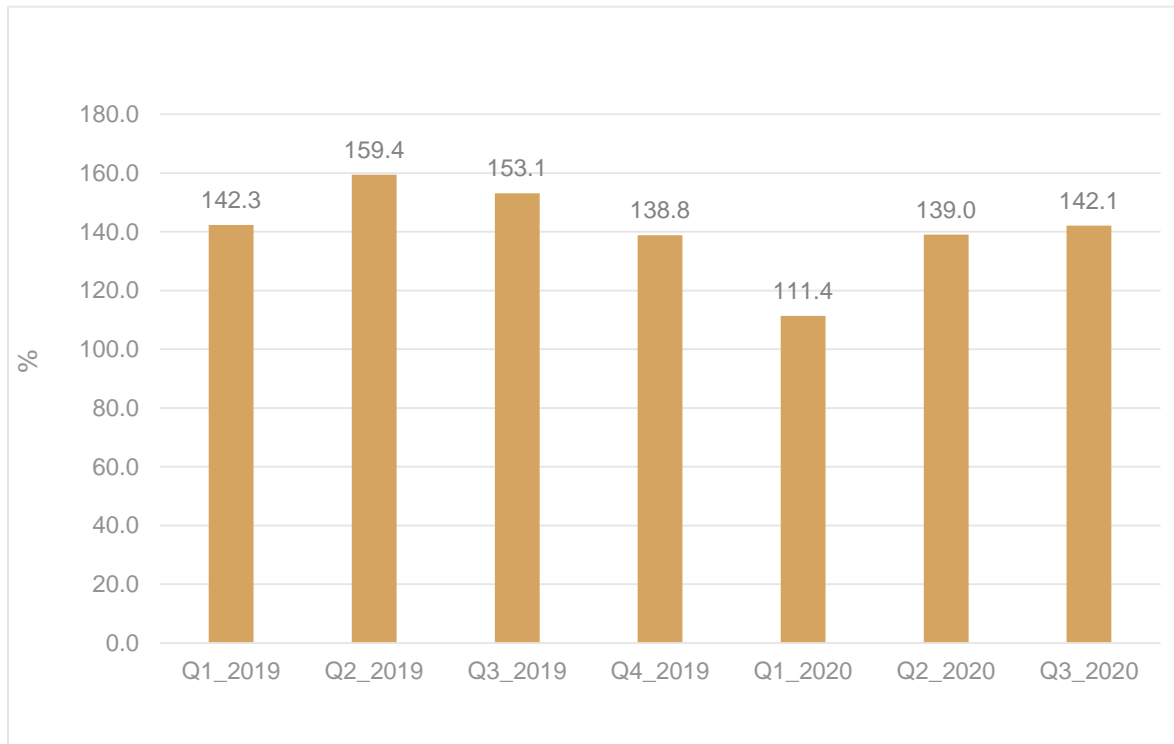
During the next phase development of the IPI, separate indices will be compiled for producers in extractive industries and in the electricity and water sectors.

Key Points

- The IPI decreased by 7.2% from 153.1% in the third quarter of 2019 to 142.1% in the third quarter of 2020.
- The IPI increased by 2.2% in the third quarter of 2020 from 139.0% in the second quarter of 2020.
- The key activity that recorded a decrease in the IPI during the third quarter of 2020 compared with the third quarter of 2019, was 'Manufacture of fabricated metal products, except machinery and equipment' for which the production quantity decreased by 49.0% while contributing 155.8% to the overall decrease in the IPI.
- During the third quarter of 2020 compared with the third quarter of 2019, the group 'Manufacture of coke and refined petroleum products' for which the production quantity decreased by 11.4%, contributed 62.4% to the overall decrease. The production quantity for the group 'Manufacture of electrical equipment' decreased by 8.7% and contributed 4.5% to the overall decrease.
- The key activity that recorded an increase in its quantity, during the third quarter of 2020 compared with the second quarter in 2020 was the 'Manufacture of machinery and equipment n.e.c.' for which quantity produced increased by 43.0%, while contributing 200.5% to the overall change.
- During the third quarter of 2020 compared with the second quarter of 2020, production quantities for the group 'Manufacture of fabricated metal products, except machinery and equipment' increased by 10.0% and contributed 52.8% to the overall increase.

Figures

Figure 1: Quarterly Industrial Production Index (IPI) for 2019,2020(2012=100)



Source: Statistics Centre - Abu Dhabi

Methodology

Overview

The Industrial Production Index is a statistical economic indicator that measures the change in industrial production (manufacturing industries) between two time periods. These are; the base period, which is the period for which the value of the index is set at 100 and the comparison period for which prices are compared with the prices of the base period.

Importance

- Identify trends in the output of production activities of industrial producers within the Emirate of Abu Dhabi to help decision-makers, policy-makers and researchers to take decisions in support of the industrial sector and develop economic plans.
- An economic indicator that monitors the change in the quantities of production of industrial producers. The government employs this figure in processing and formulating economic policies and plans.
- It is considered as a statistical measurement tool to monitor the change of a series of economic indicators over time by using it to calculate the national accounts time series of quantitative changes in the volume of production.
- A tool for monitoring and estimating the total demand for raw materials for the inputs in the intermediate consumption of industrial production in the sale and purchase contracts, especially in contracts in which a future date (point) for payment is determined.
- It is used by international economic organizations, such as the International Monetary Fund, as an evaluation and comparison tool.

Objectives

1. Provide the necessary data to assist decision-makers, policy-makers and researchers in planning and making decisions that support the industrial sector.
2. Providing the necessary data to process and formulate economic policies and plans.
3. Provide the necessary data to process the time series of contributing economic data
4. Monitoring the emergency escalation in the sale and purchase contracts.

Concepts and definitions used

The publication contains technical terms related to index numbers and the income and prices section. To understand the publication, the reader is encouraged to read the methodology section, including the following terms:

Index Number: A number which shows by its variations the changes of a magnitude over time or space.

Quantity: The quantity produced during the reference time period.

Comparison Period: It is the period of time for the index number, which is compared with the base period.

Base Period: It is the period for which the value of the index is set at 100.

Coverage

The Industrial Production Index covers all activities of the manufacturing sector in the Emirate of Abu Dhabi, and represents all manufacturing activities at the two-digit level according to the International Standard Industrial Classification of All Economic Activities (ISIC4). The number of activities that were selected to represent the manufacturing sector covered 23 industrial activities.

Periodicity

Quarterly.

Classifications

The International Standard Industrial Classification of All Economic Activities (ISIC4) and represents all manufacturing activities at the two-digit level.

Data sources

The prices of 284 products are collected through 65 establishments representing economic activity at the two-digit level. The establishments sample is distributed in Abu Dhabi and Al Ain: 52 establishments in Abu Dhabi and 13 establishments in Al Ain.

Data collection forms

Prices are collected through field visits (form) or by e-mail communication (form).

Sample design

Sample proportional to size

Data collection

Prices data are collected on a monthly basis through field visits to a specific sample of 65 establishments that have been identified to represent the activities of the manufacturing industry, and by communicating via e-mail according to prior coordination with the facility and explaining the items of the form and the data required. The field researchers have been prepared and trained to collect the data. In addition, the field researchers were provided with the forms prepared for this purpose.

Data auditing

The audit stage aims to follow the logic and consistency of numbers by checking the data entry, as the production quantities of the industrial producers for each product are linked with the specified measurement unit and with the prices of each product on a monthly basis. Entry errors and errors of product collection that do not meet the specified specifications are identified and corrected.

The index is calculated using the Laspeyres formula
$$IPI_L = \sum \frac{P_{li}}{P_{0i}} \times W_{oi}$$

Output indicators

The index of quantities of industrial production quarterly for each economic activity of the transformational industrial activities at the two-digit level according to the ISIC4 classification.

Timeline

The Industrial Production Index is issued during the following quarter after the end of the reference quarter.

Dissemination

Data for the Industrial Production Index are published on the Abu Dhabi Statistics Center website. Through the link: <https://www.scad.gov.ae/ar/pages/GeneralPublications.aspx>

Improvement

- Work is currently underway to develop the industrial production index to include extractive activities, water and electricity.
- Update of the base year, which will include updating the sample of economic establishments and the index commodity basket and their weights.

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Source: Statistics Centre – Abu Dhabi, year of publication, name of product, catalogue number, reference period and page(s).

For more information about the IPI and other official statistics, please visit the statistics link on the SCAD website at www.scad.gov.abudhabi