

MALAYSIA BUSINESS CYCLE COMPOSITE INDICATORS (MBCCI)

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**ECONOMIC INDICATORS DIVISION
DEPARTMENT OF STATISTICS, MALAYSIA
19 MAY 2015
BEIJING, CHINA**

PRESENTATION OUTLINE

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B. COMPILATION AND COMPONENTS

C. METHODOLOGY TO IDENTIFY CYCLE

**D. HOW IS USED & DISSEMINATED AND WHO IS THE
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A. INTRODUCTION

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A. INTRODUCTION

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The Composite Indexes in the MBCCI consists of:

- ❖ Leading Index (LI)
- ❖ Coincident Index (CI)
- ❖ Lagging Index (LG)

Diffusion Indexes (DI):

- ❖ Helps to determine turning points of business cycle reference period

B. COMPILATION AND COMPONENTS

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- i. **SELECTION CRITERIA**
- ii. **COMPILATION METHOD**
- iii. **LIST OF COMPONENTS**

B. COMPILATION AND COMPONENTS

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i. SELECTION CRITERIA

Selection of each component is based on the guideline in the Business Cycle Indicators Handbook, The Conference Board, United States, namely:

- ❖ Conformity to business cycle
- ❖ Consistent timing
- ❖ Economic significance
- ❖ Statistical adequacy
- ❖ Smoothness
- ❖ Promptness

B. COMPILATION AND COMPONENTS

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ii. COMPILATION METHOD

- ❖ Composite Indexes

Adopted The Conference Board's (TCB) approach

- ❖ Diffusion Index

Adopted the Economic And Social Research Institute's (ESRI),
Japan approach

B. COMPILATION AND COMPONENTS

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iii. LIST OF COMPONENTS

| Leading Index | Coincident Index | Lagging Index |
|---|---|---|
| <ol style="list-style-type: none">1. Real Money Supply, M12. Bursa Malaysia Industrial Index3. Real Imports of Semi Conductors4. Real Imports of Other Basic Precious & Other Non-ferrous Metal5. Number of Housing Units Approved6. Expected Sales Value, Mfg7. Number of New Companies Registered | <ol style="list-style-type: none">1. Total Employment, Mfg2. Real Salaries & Wages, Mfg3. Industrial Production Index4. Real Contributions, EPF5. Capacity Utilisation, Mfg6. Volume Index of Retail Trade | <ol style="list-style-type: none">1. Unit Labour Cost, Mfg2. Number of Investment Projects Approved3. Number of New Vehicles Registered4. Exports of Natural Gas & Crude Oil5. CPI for Services |

C. METHODOLOGY TO IDENTIFY CYCLE

C. METHODOLOGY TO IDENTIFY CYCLE

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Growth Cycle Reference Period

- ❖ Trend estimation by using the Hodrick Prescott (HP) Filter method
- ❖ The determination of growth cycle peak and trough is generated through the deviation of the index from its long term trend
- ❖ Thus, Department establish the growth cycle reference period

Business/Classical Cycle Reference Period

- ❖ Fluctuation (expansions and contractions) in the levels of aggregate economic activity
- ❖ The phase of business/classical cycle recession is determined by declining of the level of Coincident Index (CI) for at least 6 months successively

D. HOW IS USED & DISSEMINATED AND WHO IS THE MAIN USERS

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- i. LEAD/LAG ANALYSIS**
- ii. DATA DISSEMINATION**
- iii. THE MAIN USERS**

I. LEAD LAG ANALYSIS

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LEAD/LAG TABLE FOR LEADING INDEX (LI)

| Growth Cycle Reference Period | | Leading Index (LI) | |
|-------------------------------|--------|--------------------|--------------|
| Peak | Trough | Peak | Trough |
| Jan-92 | Jan-93 | Jul-91 -6 | Oct-92 -3 |
| Jan-98 | Jan-99 | Jan-97 -12 | Aug-98 -5 |
| Aug-00 | Feb-02 | Aug-00 0 | Aug-01 -6 |
| Apr-04 | Nov-05 | Mar-04 -1 | Apr-06 5 |
| Jan-08 | Mar-09 | Dec-07 -1 | Jan-09 -2 |
| Mar-12 | Sep-12 | Dec-10 -15 | Sep-12 0 |
| Average (lead/lag) | | -6 | -2 |
| Overall (lead/lag) | | -4 | |

I. LEAD LAG ANALYSIS

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LEAD/LAG TABLE FOR LEADING INDEX (LI)

| Business Cycle Reference Period | | Leading Index (LI) | |
|---------------------------------|--------|--------------------|---------------|
| Peak | Trough | Peak | Trough |
| Dis-97 | Nov-98 | Jan-97 -11 | Ogos-98 -3 |
| Feb-01 | Feb-02 | Ogo-00 -6 | Apr-01 -10 |
| Jan-08 | Mac-09 | Dis-07 -1 | Jan-09 -2 |
| Average (lead/lag) | | -6 | -5 |
| Overall (lead/lag) | | -6 | |

II. DATA DISSEMINATION

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The MBCCI disseminated via Department website
(www.statistics.gov.my):

- ❖ [Statistical released](#)
- ❖ [Free download of full publication](#)

III. THE MAIN USERS

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The main users of MBCCI:

- ❖ Central Bank of Malaysia (BNM)
- ❖ Economic Planning Unit
- ❖ Ministry of Finance

E. ISSUE AND CHALLENGES

E. ISSUE AND CHALLENGES

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- ❖ It is difficult to obtain a quality indicators that reflect the overall economic activity
 - ❖ The limited indicators
 - ❖ The issue of obsolete indicators
- ❖ Continue review the existing components as well as the potential components
- ❖ To develop the business cycle clock for Malaysia

THANK YOU

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**ECONOMIC INDICATORS DIVISION
DEPARTMENT OF STATISTICS, MALAYSIA
19 MAY 2015
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STATS WEBMAIL



Jabatan Perangkaan
MALAYSIA

Highlight

Online Services



“...we're just providing information for the businesses themselves.
Otherwise, it will be like walking in the dark with no (walking) stick”

Datuk Dr. Hj. Abdul Rahman Hasan - Chief Statistician
The Edge (24 October 2011)

STATISTICS

Censuses / Surveys
Conducted by Department of
Statistics Malaysia In The Year
2015»

GENERAL

Sebut Harga Bagi
Perkhidmatan Pusat Data
(Hosting) Secara Co-Location
Bagi Peralatan Server dan
Storan Aplikasi Newss dan

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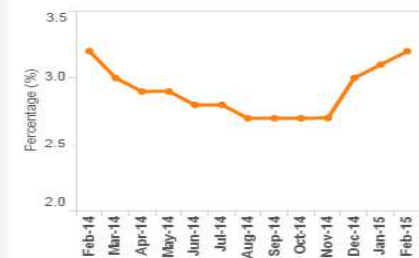
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KEY INDICATORS

STATISTICS BY THEMES

▶ Life Expectancy At Birth

▼ Unemployment Rate



▶ Consumer Price Index [2010=100]

▶ Industrial Production Index [2010=100]

▶ Exports and Imports

▶ Producer Price Index [2010=100]

▶ Gross Domestic Product

POPULATION CLOCK

Server Clock

Thursday, 30 April 2015 08:56:15 GMT +08:00

STATISTICAL RELEASED



Statistics

By Themes

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Malaysian Economic Indicators: Leading, Coincident & Lagging Indexes February 2015

Home » Statistics » By Themes » Economic Indicators » Malaysian Economic Indicators: Leading, Coincident & Lagging Indexes February 2015

Release Date : Friday 24, April 2015 1200

Highlights

The Leading Index (LI) which monitors the economic performance in advance dropped in February 2015. The LI posted a decrease of 1.4% to 117.9 points as compared to 119.6 points in January 2015. This was due to the decreases recorded in Number of Housing Units Approved (-0.7%), Real Imports of Other Basic Precious & Other Non-ferrous Metal (-0.6%) and Number of New Companies Registered (-0.5%). The annual change of LI slowed to 0.9% as compared to 2.3% recorded in the previous month.

The Coincident Index (CI) which measures the current economic activity, declined slightly by 0.2% in February 2015. Capacity Utilisation in Manufacturing Sector (-0.6%) and Volume Index of Retail Trade (-0.5%) were the components that accounted to the decrease. The annual change of CI decreased slightly to 2.5% from 2.8% recorded in January 2015.

The annual change of LI and CI registered a lower growth as compared to the previous month. The level of Diffusion Index for LI reached 42.9% in February 2015. Taken together the current behavior of the composite indexes, this indicates that the Malaysian economy will continue to expand at a slower rate in the months ahead.

(The complete indicators on Leading, Coincident and Lagging Indexes are shown in the following Table 4 .

Released By:

THE OFFICE OF CHIEF STATISTICIAN MALAYSIA
DEPARTMENT OF STATISTICS, MALAYSIA
24 April 2015