



Malaysia's External Trade Indices (2010=100) Basket Update

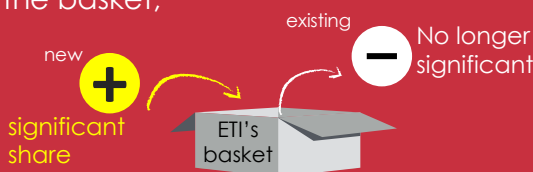
External Trade Indices (ETI) was updated based on the 2015 basket of goods to replace the previous 2013 basket and retained the same base year 2010. Updating basket is a **common procedure** to ensure the statistics reflect the changes in the structure of international trade.

Basket updates provides benefits in that it allows for new information on Malaysia international trade to be incorporated into ETI in a timely manner.

Criteria for the selection of the basket of goods

The basket of goods in ETI's compilation represent ten main sections of export and import goods. **786 of export** items and **1,583 of import** items were selected.

Updating basket allows new items to be incorporated into the ETI according to its significant contribution. New items with significant share of contribution to exports/imports value of the section will be added into the basket, while, existing items that no longer contribute significantly will be dropped.



The Laspeyres Chain Index Method

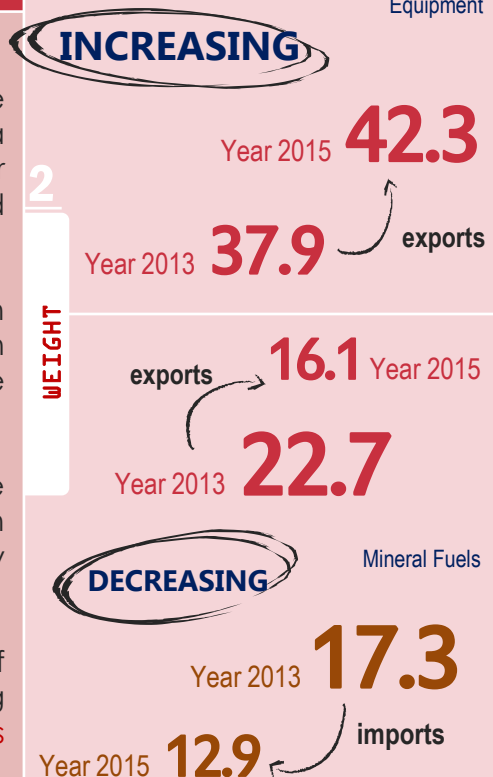
The ETI in particular the export and import unit value indices are calculated as a **chain of fixed-basket indices**. This means that a sequence of fixed-basket indices have been chained together to create a continuous time series. This is necessary to avoid having breaks in an index when a basket update is performed.

In order to create chain indices between the two weights, both must be expressed at the common period. The period is known as link period. The method of linking the series used is the **'monthly overlap'** approach.

In the month following the basket link period, the unit value index is calculated based on changes of index for that month over the link month (new basket) multiplied by the previously published index based on the old basket.

In the case of the chain index, the weighted averages of indices of sections do not match those of the corresponding upper level as overall exports and imports (**the chain index has no additivity**).

CHANGES



Commencing for reference month **January 2019**, 2015's basket of goods was used in calculating ETI using the Laspeyres chain index method where 2010 retained as an index reference period. Previous published ETI will not be revised. This is due to "index reference period" in which the index is given a value of 100 is still the year 2010.



Weights by Sections 2013 vs 2015 basket of goods

Sections		Exports		Imports	
		2013	2015	2013	2015
0	Food	3.0	3.5	6.2	6.8
1	Beverages & Tobacco	0.5	0.6	0.6	0.6
2	Inedible Crude Materials	2.6	2.7	3.8	3.3
3	Mineral Fuels	22.7	16.1	17.3	12.9
4	Animal & Vegetable Oils & Fats	6.9	6.0	0.7	1.1
5	Chemicals	7.2	7.8	9.6	10.5
6	Manufactured Goods	9.3	9.7	13.7	13.4
7	Machinery & Transport Equipment	37.9	42.3	40.1	41.8
8	Miscellaneous Manufactured Articles	9.3	10.9	6.0	7.6
9	Miscellaneous Transactions & Commodities	0.6	0.4	2.0	2.0
Total		100.0	100.0	100.0	100.0



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