

# Producer Price Index (Apr-26)

PPI reached a 44-month high as mining sector inflation continued to accelerate

● **Malaysia's Producer Price Index (PPI) accelerated to 5.4% YoY in April (Mar: 1.1%), marking the highest reading since August 2022**

- The increase was broad-based across sectors, led primarily by the mining segment, reflecting the sharp rise in global energy prices following continued supply disruptions around the Strait of Hormuz.
- On a month-on-month (MoM) basis, producer prices rose at a slower pace of 3.2% (March: 4.1%), suggesting some moderation in sequential price pressures.

● **Price pressures were widespread across sectors, led by a substantial acceleration in mining inflation**

- **Mining (53.4%; Mar: 26.5%):** surged to the highest level since November 2021, driven mainly by a sharp increase in crude petroleum extraction (74.5%; Mar: 38.5%). On a MoM basis, however, mining inflation moderated to 19.8% (Mar: 32.9%).
- **Agriculture, Forestry & Fishing (2.7%; Mar: -5.6%):** rebounded strongly, supported by higher prices in fishing (17.5%; Mar: 16.3%) and a recovery in perennial crops (1.4%; Mar: -11.0%). On a MoM basis, the sector eased slightly to 2.4% MoM (Mar: 2.8%).
- **Manufacturing (1.1%; Mar: -0.8%):** returned to positive territory, largely driven by higher prices in computer, electronic & optical products (3.8%; Mar: 3.2%). On a MoM basis, manufacturing inflation moderated to 1.4% (Mar: 1.7%).

● **Strong rebound seen across all processing stages, led mainly by crude materials**

- **Crude Materials for Further Processing (26.1%; Mar: 9.8%):** soared to the highest level since November 2021, driven mainly by a substantial increase in non-food materials prices (31.2%; Mar: 10.7%).
- **Intermediate materials, Supplies & Components (0.8%; Mar: -1.3%):** rebounded, supported by higher prices in manufacturing industries (5.1%; Mar: 3.4%).
- **Finished Goods (0.7%; Mar: -0.1%):** turned positive, driven by a rebound in capital equipment prices (0.8%; Mar: -0.6%).

● **Major economies recorded firmer producer price pressures amid the prolonged Middle east conflict**

- **US (6.0%; Mar: 4.3%):** accelerated to the highest level since December 2022, driven by stronger input cost pressures.
- **Japan (4.9%; Mar: 2.9%):** rose further, supported mainly by higher energy prices.
- **China (2.8%; Mar: 0.5%):** increased sharply, reflecting the rise in global commodity prices.

● **We revised our 2026 PPI forecast to 3.7% from 1.9% (2025: -2.0%), reflecting sustained cost pressures amid the prolonged disruption around the Strait of Hormuz**

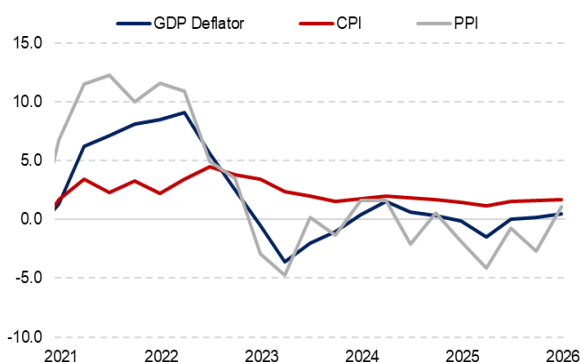
- Heightened tensions around the Strait of Hormuz have continued to keep oil prices elevated above USD100.0/barrel, while shipping disruptions have exposed supply chain vulnerabilities and increased energy and fertiliser costs. In Malaysia, rising upstream and logistics costs are gradually feeding into factory-gate prices. Near-term producer price pressures are likely to remain elevated, led primarily by the mining sector, before easing gradually in 2H26 amid our expectation of a permanent ceasefire in 3Q26. This, together with a relatively stable ringgit below 4.00/USD, should help limit further upside pressures. Nonetheless, risks remain skewed to the upside if a prolonged US-Iran conflict keeps energy prices elevated for longer.
- CPI pass-through remains relatively contained, although upside risks are gradually building. Consumer price transmission has so far remained limited due to existing subsidy measures, supporting our 2026 CPI forecast of 2.1%. However, persistent upstream cost pressures could eventually encourage firms to accelerate pass-through to retail prices. That said, a firmer ringgit and a gradual easing in supply-side disruptions in 2H26 should help contain broader inflationary pressures, although upside risks remain present.

Table 1: Global Producer Price Index (% YoY)

	Nov-25	Dec-25	Jan-26	Feb-26	Mar-26	Apr-26
Japan	2.7	2.4	2.3	2.1	2.9	4.9
Korea	1.9	1.9	1.9	2.5	4.1	6.9
Germany	-2.3	-2.5	-3.0	-3.3	-0.2	1.7
Indonesia	2.4	2.8	1.7	2.4	2.3	3.8
USA	3.0	3.0	3.1	3.4	4.3	6.0
China	-2.2	-1.9	-1.4	-0.9	0.5	2.8

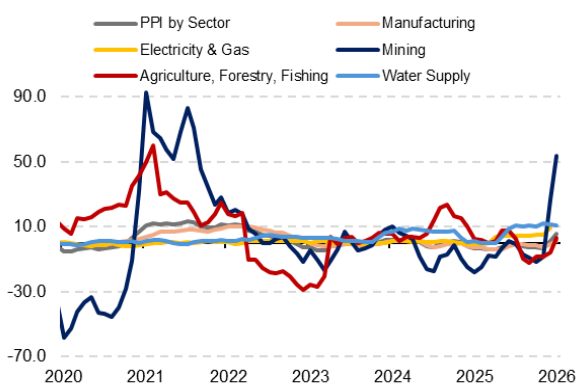
Source: Bloomberg, Kenanga Research

Graph 1: CPI, PPI and GDP Deflator



Source: Macrobond, Kenanga Research

Graph 2: PPI Growth by Sector



Source: Macrobond, Kenanga Research

26 May 2026

**Table 2: Malaysia Producer Price Index by Sector and Stage of Processing (% YoY)**

Base 2010=100	weight	2023	2024	2025	Apr -25	Nov -25	Dec -25	Jan -26	Feb -26	Mar -26	Apr -26
PPI by Sector	100.0	-1.9	0.3	-2.0	-3.4	-1.8	-2.7	-2.9	-3.4	1.1	5.4
Manufacturing	81.6	-0.2	-0.3	-2.1	-2.6	-0.6	-1.3	-1.7	-2.7	-0.8	1.1
Electricity & Gas Supply	3.4	0.4	0.6	1.9	-0.6	4.1	4.1	4.9	4.7	9.6	10.6
Mining	7.9	-5.9	-2	-8.2	-17.8	-7.2	-8.8	-11.7	-8.5	26.5	53.4
Agriculture, Forestry, Fishing	6.7	-13.8	7.9	3.2	2.6	-9.7	-12.1	-8.3	-8.7	-5.6	2.7
Water Supply	0.3	2.4	6.5	4.7	0.9	10.1	10.9	10.2	11.9	11.3	10.8
PPI by Stage of Processing	100.0	-1.9	0.3	-2.0	-3.4	-1.8	-2.7	-2.9	-3.4	1.1	5.4
Finished Goods	27.5	3.1	1.9	-1.2	-1.4	-0.2	-0.7	-0.6	-1.1	-0.1	0.7
Intermediate Materials, Supplies & Components	56.1	-1.2	-0.5	-1.8	-2.2	-1.1	-1.6	-2.3	-3.1	-1.3	0.8
Crude Materials for Further Processing	16.4	-9.6	0.7	-3.7	-9.2	-6.2	-8.3	-7.5	-7.0	9.8	26.1

Source: Macrobond, DOSM, Kenanga Research

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