



Monetary and Banking Research Institute
Central Bank of the Islamic Republic of Iran

Monthly report on Industrial Production Index using TSE listed companies' data -Oct/2020

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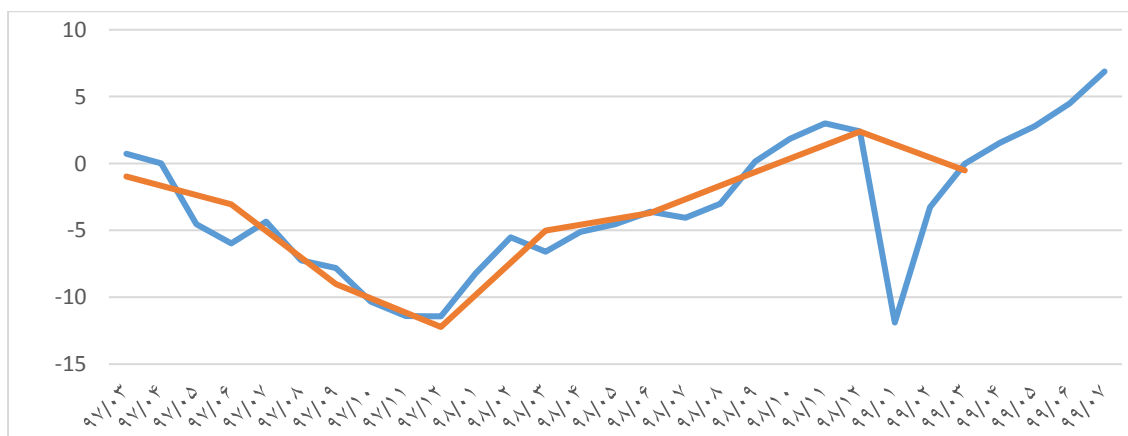
Monthly report on Industrial Production Index using TSE listed companies' data - Oct/2020

Executive summary

In October, as in the last six months, the upward trend in TSE industrial production index¹ continued. This index's growth compared to the same period last year reached 6.9 percent, unprecedented in the last two years.

A significant part of the increase in growth rate this month can be attributed to the increase in **chemical products** production, which grew 2.9 percent in September (compared to the same period) to 7.7 percent in October. Of course, considering that this industry's sales growth has increased more than the growth of its production, the strengthening of demand for this sector can be considered a stimulus for growth. Of course, as in previous months, production in the motor vehicles industry has grown by about 20%, which has contributed significantly to the positive growth of industrial production in recent months.

The production index in the **electronic equipment** and **machinery and equipment motor vehicles** industries in October compared to the same period last year shows negative growth. However, this negative growth in these industries has been repeated in recent months. Given that these industries are producers of capital goods, the continuous decline in production in these industries can be considered a sign of weakening investment in the country's economy. A survey of TSE listed companies' profitability in the first six months of 2020 also shows that 419 companies have experienced a total nominal growth of 64.8% in net profit compared to the same period last year. Among those, 51 were loss-making, down from 71 companies in the same period last year.



¹ At the end of this report the Industrial Production Index has been defined.



	SIGNIFICANCE FACTOR IN THE TOTAL INDEX	GROWTH COMPARED TO THE SAME PERIOD LAST YEAR		SEPTEMBER GROWTH COMPARED TO AUGUST
		SEP 2020	OCT 2020	
CHEMICAL PRODUCTS	28.1	2.9	7.7	6.3
BASIC METALS	20.8	0.1	0.8	3.5
MOTOR VEHICLES	13.8	18.9	20.2	9.9
FOOD AND BEVERAGE	9.6	1.8	3.0	1.4
NON-METALLIC MINERAL PRODUCTS	6.5	8.7	10.9	6.2
PHARMACEUTICALS	5.1	8.9	9.5	14.6
ELECTRONIC EQUIPMENT	3.1	-5.9	-3.8	-2.3
RUBBER AND PLASTICS PRODUCTS	3.1	24.8	25.0	1.6
MACHINERY AND EQUIPMENT MOTOR VEHICLES	2.7	-3.2	-1.5	0.5
REFINED PETROLEUM PRODUCTS	2.3	-2.0	-0.8	4.6
TEXTILES	1.9	-23.6	-25.9	24.9
FABRICATED METAL PRODUCTS	1.8	13.0	19.2	-2.3
PAPER PRODUCTS	1.2	-13.8	-11.7	80.4
TSE INDUSTRIAL PRODUCTION INDEX	۱۰۰	4.5	6.9	3.1

Introduction of TSE Industrial Production Index

In Iran, industry statistics are published by the two institutions: Central Bank and the Statistical Center of Iran. While the Central Bank reports the value-added information of the industrial sector in national accounts on a quarterly basis, it also publishes a report on large



industrial plants quarterly. The Statistical Center of Iran also publishes the results of surveys of industrial plants of 10 employees and more on an annual and quarterly basis. The most important weakness of these statistics is that the published information is not up-to-date (periods of delays in the publication of data and sometimes the cessation of their publication) and lack monthly frequency.

More than 240 industrial companies listed on the TSE and OTC, which publish their production reports on a monthly basis, own more than half of the country's production. Therefore, according to these companies' statistics, the production changes in the country's industry can be observed. Studies show that the index extracted from the data of these companies is in line with the industrial production index of the whole country. Therefore, this index can be a good alternative for the official indicators that are published with a delay or have a seasonal frequency. It shows the status of monthly changes in the industry.

There are three main advantages to this index:

1. Acceptable compliance with official statistics (based on comparison of the calculated index and official statistics in previous periods)
2. The index can be updated monthly and be prepared in two weeks (after the end of the month)
3. Ability to prepare a deeper analysis on the sub-components of the production sector and do why-analysis for variations (given that this index is linked to the rich financial and economic information of TSE listed companies)



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