



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

Monthly report on Industrial Production Index using TSE listed companies' data -May/2021

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Monetary and Banking Research Institute
Central Bank of the Islamic Republic of Iran
No.10, Africa Ave., Argentina Sq.,
Tehran.Iran.P.O.box:16765-1654
www.mbri.ac.ir

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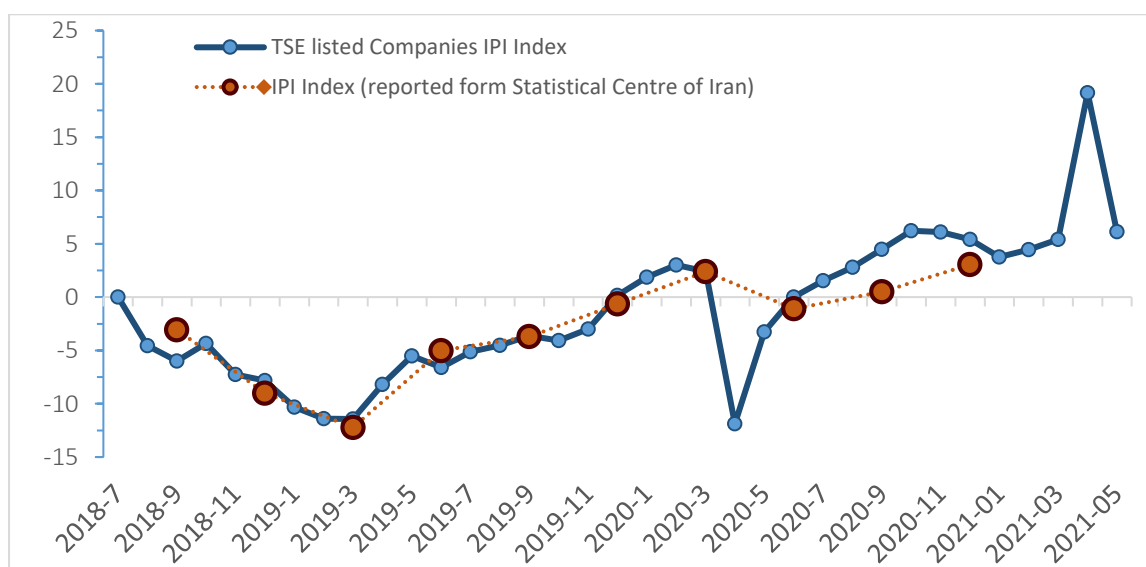
Sajad Ebrahimi

Executive summary

Following the upward trend of production in the industrial sector, the **Industrial Production Index** of TSE-listed companies in May of this year, compared to the same period last year, has grown by 6.1 percent. Comparison of production index in this month with production index in May 2018 (before the imposition of new sanctions), it shows that despite the growth of production in recent times, the production rate of TSE listed industrial companies is 3% less than its production in May 2018. Therefore, it can be said that the production capacity in the industry sector is underused, that the reduction of sanctions can lead to the use of these capacities and cause production growth in this sector.

Some important points about the growth of industrial production in May:

- The growth of output in the motor vehicles industry, as in previous periods, has the most positive effect on the growth of the overall index.
- Production of chemical products industry also experienced negative growth in May after nine months of positive growth.
- The lowest production growth in this month is also related to the electronic equipment and the machinery and equipment motor vehicles industries, that both industries produced capital goods.





	Growth of MAY compared to APR	MAY 2021	APR 2021	SIGNIFICANCE FACTOR IN THE TOTAL INDEX
CHEMICAL PRODUCTS	-10.7	-2.1	2.55	28.1
BASIC METALS	4.6	7.9	12.6	20.8
MOTOR VEHICLES	-24.3	15.4	118.5	13.8
FOOD AND BEVERAGE	11.6	5.6	-2.0	9.6
NON-METALLIC MINERAL PRODUCTS	-3.4	8.8	16.1	6.5
PHARMACEUTICALS	-1.8	-1.0	2.5	5.1
ELECTRONIC EQUIPMENT	-26.8	-2.9	13.8	3.1
RUBBER AND PLASTICS PRODUCTS	29.2	4.6	0.7	3.1
MACHINERY AND EQUIPMENT MOTOR VEHICLES	10.2	-3.0	56.7	2.7
REFINED PETROLEUM PRODUCTS	76.8	15.4	12.5	2.3
TEXTILES	297.4	62.3	25.7	1.9
FABRICATED METAL PRODUCTS	-13.8	22.9	52.1	1.8
PAPER PRODUCTS	24.9	26.8	22.9	1.2
TSE INDUSTRIAL PRODUCTION INDEX	-2.2	6.1	19.2	100



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 country's industry's production changes can be observed. Studies show that the index extracted from these companies' data is in line with the industrial production index of the whole country. Therefore, this index can be a good alternative for the official indicators 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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