



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

Monthly Report on Industrial Production Index Using TSE listed companies' data - July/2021

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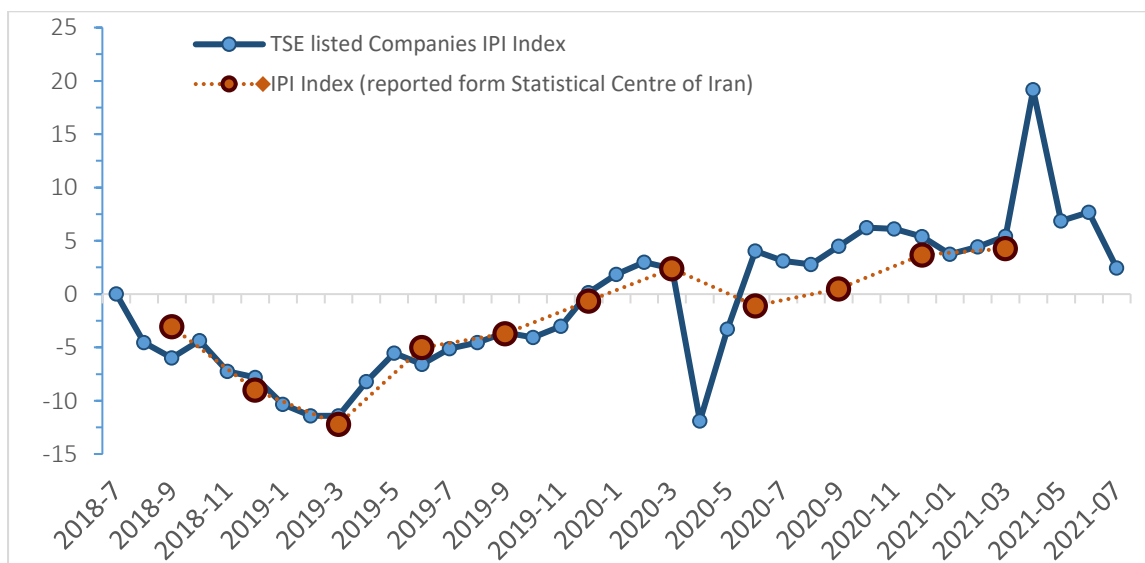
Sajad Ebrahimi

Executive summary

In July, the Industrial Production Index grew by 2.5 percent compared to the same period last year, the lowest growth rate over the previous 12 months. Given that this growth rate in June was 7.7 percent, It can be said that in July, there was a significant decrease in the growth of this index, and the increasing trend which existed in recent months has not been followed this month.

The most important reason for the positive growth of industrial production in July is the high growth of the **MOTOR VEHICLES** industry. On the other hand, **BASIC METALS** and **NON-METALLIC MINERAL PRODUCTS** were two industries whose production index growth was positive in June, but it was negative in July and had the largest share in reducing the growth of industrial production. Of course, this slowdown could be due to restrictions on the electricity supply of steel and cement industries (which are subdivisions of the above two industries) last month.

Also, the performance of companies shows that a major part of the decline in the industrial production index in July is due to negative growth of 2.3 percent in the production of export-oriented companies (This negative growth in recent year has been unprecedented). Also, the inventory stock in the industry in July and June shows an increase in inventory, given that this increase coincides with a downward trend in production growth in July, which can be signs of more decline in production growth in the coming months.





	Growth of JULY compared to JUNE	JULY 2021	JUNE 2021	SIGNIFICANCE FACTOR IN THE TOTAL INDEX
CHEMICAL PRODUCTS	-6.6	0.34	0.46	28.1
BASIC METALS	3.1	-2.6	3.5	20.8
MOTOR VEHICLES	1.7	20.1	16.3	13.8
FOOD AND BEVERAGE	8.0	8.0	6.8	9.6
NON-METALLIC MINERAL PRODUCTS	-5.5	-2.7	5.4	6.5
PHARMACEUTICALS	20.2	-4.4	-0.2	5.1
ELECTRONIC EQUIPMENT	10.6	-3.5	-7.4	3.1
RUBBER AND PLASTICS PRODUCTS	1.0	0.7	4.4	3.1
MACHINERY AND EQUIPMENT MOTOR VEHICLES	10.6	4.1	13.3	2.7
REFINED PETROLEUM PRODUCTS	30.8	-0.02	-4.3	2.3
TEXTILES	-1.3	15.3	-1.8	1.9
FABRICATED METAL PRODUCTS	40.6	11.3	1.9	1.8
PAPER PRODUCTS	-40.1	-15.8	28.7	1.2
TSE INDUSTRIAL PRODUCTION INDEX	-2.6	2.5	7.7	100



Introduction of TSE Industrial Production Index

In Iran, industry statistics are published by the two institutions: the 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 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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