

Inflation and food prices in Malaysia

The international economy is jolted by the drumbeats of war, rising commodity prices, and the return of the inflation bugbear, just when the pandemic seems to be giving way to optimism and healing.

When Russia invaded Ukraine in February, the first panic was largely felt in global energy and financial markets. However, as the carnage continues, people all around the world are horrified not just by the human tragedy of the war, but also by the mounting cost of feeding their families.

The Consumer Price Index (CPI) in April 2022 climbed by 2.3 percent to 125.9%, up from 123.1 % the previous month, according to the **Malaysian Department of Statistics**. While food inflation grew by 4.1 % in April 2022, with increases in 89.1 % of food and beverage items.

The irony is that Malaysians continue to enjoy a low inflation rate of less than 3%, compared to the US's more than 8% and other less fortunate nations such as Venezuela (1,198%) and Sudan (340%), whose rates are significantly higher than the global average of 7.4%, according to a world population survey conducted in January of this year.

Indeed, based on the previous month's CPI or the inflation rate, experts estimate consumers' purchasing power will continue to shrink in the future months.

In layman's terms paying more for food and other basics is inflation. It has contributed to increased household expenditure and shrinking savings.

Food and other basic item prices, which have allegedly risen by 60%, are causing alarm since the consequences are being felt not just by B40 households but also by persons in the middle-income group, particularly those residing in larger cities.

We don't want such issues to persist since it might lead to more M40 people sliding into the B40 group, as happened during the epidemic's peak.

According to the government's Household Income Estimates and Incidence of Poverty Report Malaysia, 2020, 12.8% of T20 families and 20% of M40 households have moved into the low-income group.

As a result of layoff exercises and wage cutbacks, 600,000 to one million M40 households have transferred to the B40 category, according to its data.

It wouldn't surprise if some B40 families have begun to practice food rationing, which is something Malaysians should not be doing. As a result of the current scenario, some households may be forced to give up some of the foods they have been enjoying for years.

Those on the lowest end of the income scale would be the worst hurt when food costs rise. When compared to middle- and high-income families, low-income households spend a larger percentage of their income on food. In addition, low-income households spend more on food items that have seen the greatest price increases.

Poor households, for example, consume a greater proportion of staple items such as rice, cooking oil, and chicken, all of which have experienced rapid price increases.

With rising food prices, we must promote inexpensive nutritious food through public awareness campaigns to maintain a healthy and balanced diet.

We should assist non-governmental organizations' efforts to provide a social safety net for people living in poverty to prevent famine and malnutrition.

As a result, the government must develop an efficient system to manage growing costs and shortages in the supply of particular food products, as well as implement new policies to combat hunger among citizens.

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