

## **Inflation putting pressure on household budgets**

KUALA LUMPUR: Consumer purchasing behaviour is shifting as inflation, caused mainly by higher commodity prices, puts pressure on household budgets.

The increase in world oil prices and the Russia-Ukraine conflict are seen as the main causes disrupting the supply chain, creating a ripple effect across the global economy, according to the **Statistics Department**.

It said that in March, the country's consumer price index (CPI) increased moderately by 2.2% to 125.6 from 122.9 in the same month of the preceding year, due to an increase in food inflation.

The CPI is used to examine the weighted average of prices of a basket of consumer goods and services.

"We can see consumers' buying strategy changing. They are now very controlled and buy only necessary groceries or fresh goods such as vegetables, fruits, fish or chicken," Lulu Hypermarket regional director Asif Moidu Ahamed told Bernama. He also observed that customers were buying in smaller quantities, which would affect retail turnover.

SME Association of Malaysia national secretary-general Chin Chee Seong said the Russia-Ukraine war was affecting the supply chain, which in turn was raising the prices of goods.

"The issue is further compounded by increasing logistical costs due to the dearer price of oil, which puts pressure on the manufacturing sector," he said.

"The war has very much affected us in terms of our supply chain, but mainly the higher commodity price adds on to the manufacturing costs of production as well as the cost of the product."

Sunway University professor of economics Dr Yeah Kim Leng said household consumers would be less affected by the inflation with an increase in wages by 5% to 6%.

"The expected time for the price of goods to return to normal is still unpredictable as it depends on the duration of the Russia-Ukraine conflict as well as the ongoing sanctions on Russia that are affecting the global supply of key commodities," he said.

Yeah added that the government should ensure there was no shortage of consumer items and the supply chain remained intact to prevent a severe escalation of prices of goods.

"To ensure supplies are not disrupted, it could help by increasing production through incentives to boost production, for example, allowing the hiring of foreign workers to ensure that farm production continues," he said.

<https://www.thestar.com.my/news/nation/2022/05/05/inflation-putting-pressure-on-household-budgets>