

MIDF Research expects supply-drive inflationary pressures on consumer prices to ease

KUALA LUMPUR: MIDF Research expects the supply-driven inflationary pressures on consumer prices would ease as businesses have reduced pressures to pass on cost increases to customers.

This was following the data from **Department of Statistics Malaysia (DoSM)** which reported that Malaysia's Producer Price Index (PPI) for local production for September 2022 increased by 4.9 per cent year on year (y-o-y), which is the slowest increase since February 2021.

The research house said with PPI inflation slowing further in September 2022, this signals slower cost pressures on local businesses particularly because of improving supply condition and the effect of commodity price correction.

It said as a result of correction in global commodity prices, the PPI for the mining sector was unchanged from a year ago (zero per cent y-o-y; August 2022: 5.8 per cent y-o-y), while PPI for the agriculture sector fell sharper by 15.5 per cent y-o-y (August 2022: -10.6 per cent y-o-y).

Meanwhile, the increase in overall PPI is attributable to the continued rise in manufacturing PPI (8.1 per cent y-o-y) and higher PPI inflation for utilities: electricity & gas (1.2 per cent y-o-y) and water (4.3 per cent y-o-y).

The PPI fell by 1.4 per cent month-on-month, the fourth straight month of declines as PPIs for all sectors except water were lower than August 2022. – Bernama

<https://www.thestar.com.my/business/business-news/2022/10/31/midf-research-expects-supply-drive-inflationary-pressures-on-consumer-prices-to-ease>