

Malaysia's September inflation eases for first time in six months to 4.5%

KUALA LUMPUR (Oct 21): Malaysia's headline inflation rate, as measured by the consumer price index, eased for the first time in six months to 4.5% year-on-year in September, compared to 4.7% in August 2022.

The faster-than-expected abatement was primarily thanks to lower prices of food, non-subsidised fuels, and maintenance and repair of dwelling despite a weaker currency and year-ago low base effects.

UOB global economics and market research senior economist Julia Goh said Malaysia's consumer price inflation will likely stay above the 4% level for the rest of the year before decelerating towards the 2% level by the fourth quarter of 2023.

"We maintain our full-year inflation forecast at 3.5% for 2022 and 2.8% for 2023, barring any changes in domestic policy, particularly the fuel and electricity subsidies as well as ceiling prices for staple food," she said in a statement on Friday (Oct 21).

The research outfit added that the Bank Negara Malaysia (BNM) will likely tread more cautiously in terms of its monetary policy despite a more aggressive US Federal Reserve rate hike path given domestic growth outlook is tilting to the downside.

"We expect BNM to take an intermittent pause to assess the effect of its cumulative 75bps rate hikes to date, domestic policy outcomes, as well as higher external risks and weaker global outlook. We expect the overnight policy rate (OPR) to be left unchanged at 2.50% at the coming Nov 2-3 meeting, which is the final monetary policy meeting for the year," said Goh.

According to a **Department of Statistics Malaysia (DOSM)** statement on Friday, food inflation increased at a slower rate of 6.8% as compared to August 2022 (7.2%).

"Apart from the food group, among [the] groups that recorded a high increase were restaurants and hotels (which) increased 6.9%, followed by transport (5.3%); furnishings, household equipment and routine household maintenance (4.4%); and housing, water, electricity, gas and other fuels (4%)," it said.

On a monthly basis, inflation moderated to 0.1% in September 2022 as compared with 0.2% in August 2022.

"Inflation in the period of January to September 2022 was 3.3% as compared to the same period of the previous year," the DOSM said.

Core inflation registered an increase of 4% in September as compared to 3.8% in August, the department added.

<https://www.theedgemarkets.com/article/malaysias-september-inflation-eases-first-time-six-months-45>