

CONSUMER PRICE INDEX (AUGUST 2023)

Note: August 2023 July 2023

INFLATION BY MAIN GROUP



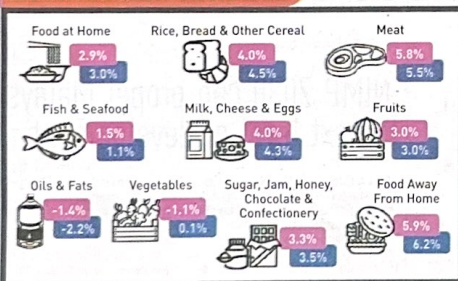
CORE INFLATION

2.5% 2.8%

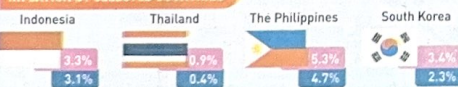
INFLATION

2.0% 2.0%

INFLATION FOR SUBGROUP FOOD & BEVERAGES



INFLATION BY SELECTED COUNTRIES



Percentage Change: Year-on-Year

Source: Malaysia's Consumer Price Index (2010=100)
Statistics Department

STATISTICS DEPARTMENT DATA

INFLATION STABILISES AT 2pc IN AUGUST

Bank Negara also likely to maintain OPR at 3pc till year end, say analysts

ASILA JALIL
KUALA LUMPUR
bt@nst.com.my

MALAYSIA'S inflation remained at two per cent last month as prices across the board stabilised, presenting no immediate need for Bank Negara Malaysia to raise the Overnight Policy Rate (OPR) beyond three per cent.

Malaysia University of Science and Technology economics professor Geoffrey Williams said the drop in core inflation from 2.8 per cent in July to 2.5 per cent last month was a good indicator to keep the benchmark interest rate unchanged.

"It also looks like inflation around the world is slowing and interest rates are on hold. So again, this eases pressure on the OPR," he added.

The Statistics Department said inflation in Malaysia was lower than that in the eurozone (5.3 per cent), the Philippines (5.3 per cent), South Korea (3.4 per cent), Indonesia (3.3 per cent) and Vietnam (3.0 per cent). However, it was higher than Thailand (0.9 per cent) and China (0.1 per cent).

Chief statistician Datuk Seri Dr Mohd Uzir Mahidin said price increases at restaurants and hotels slowed to 4.7 per cent last month (July: 5.0 per cent) while the food and non-alcoholic beverages group, which makes up 29.5 per cent of the total consumer price index (CPI) basket, dipped to 4.1 per cent (July: 4.4 per cent).

The food at home component recorded a 2.9 per cent increase (July: 3.0 per cent) while the food away from home component registered a 5.9 per cent rise (July: 6.2 per cent).

"Price increases for food, food at home and food away from home have all moderated slightly but there is still a lot of resistance in the food market, especially meat and seafood, so prices are not slowing as quickly and are certainly showing few signs of coming down."

"Nonetheless, there is a general slowdown across other categories, except health and education, so this looks like a sustainable slowdown in inflation for the rest of the year," said Williams.

Universiti Kuala Lumpur Business School economic analyst Assoc Prof Aimi Zulhazmi Abdul Rashid said the lower CPI served as a positive support for better real gross domestic product (GDP) growth in the third quarter.

"However should the third quarter growth fall below expectation or even below the second quarter's 2.9 per cent, then the government may need to look at boosters in its fiscal policy, vis-a-vis the upcoming 2024 Budget."

"Bank Negara may have to manage the OPR to be in synchronisation with the government's fiscal policy," he said.

He said the OPR was expected to be maintained at three per cent this year unless the national growth was not hitting the government's target of four to five per cent.

Meanwhile, only Sarawak (3.4 per cent), Putrajaya (2.7 per cent), Perlis (2.4 per cent), Perak (2.3 per cent), Selangor (2.3 per cent), Pahang (2.2 per cent) and Melaka (2.1 per cent) recorded inflation above the national level of two per cent.

