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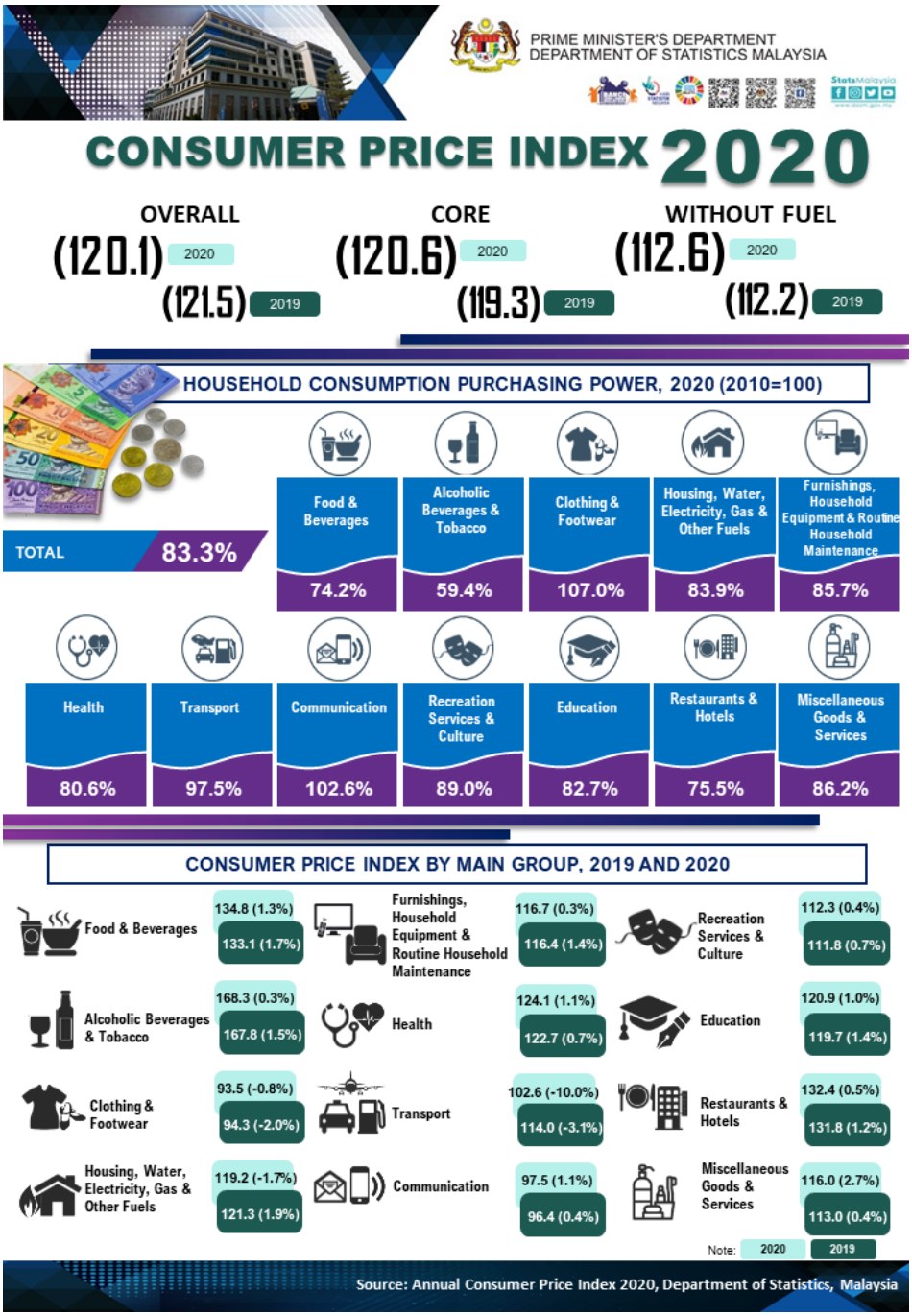
MINISTRY OF ECONOMY
DEPARTMENT OF STATISTICS MALAYSIA

# ANALYSIS OF ANNUAL CONSUMER PRICE INDEX 2020



**Summary of Findings**

Inflation as measured by Consumer Price Index (CPI) indirectly reflects the purchasing power of Malaysia's household consumption. Based on analysis of CPI 2020, purchasing power of Malaysia's household consumption recorded 83.3 per cent, declined 16.7 per cent over a decade. Within 12 main groups, two groups of goods and services recorded a purchasing power of more than 100.0 per cent namely Communication (102.6%) and Clothing & Footwear (107.0%). This illustrates that households were able to enjoy Communication services, Clothing & Footwear at cheaper prices as compared to 10 years ago. Meanwhile, the Alcoholic Beverages & Tobacco group recorded the highest decrease in purchasing power by 40.6 per cent. This is followed by the Food & Beverages (25.8%) and Restaurants & Hotels (24.5%).

The inflation for urban in 2020 rose more than the inflation for rural. It means that changes in the price of goods in the urban areas are faster than the rural areas. The inflation gap between urban and rural areas widened since 2014 and continued to increase up to 3.4 index points in 2020. At the same time, purchasing power by main group in urban areas was lower (17.1%) than in rural areas (14.7%). The main groups that recorded lower purchasing power in urban areas were Health (20.1%), Restaurants & Hotels (25.3%), Food & Beverages (27.0%) and Alcoholic Beverages & Tobacco (39.8%). These groups also contributed to the lower purchasing power in rural areas at 16.9 per cent, 20.1 per cent, 21.6 per cent and 42.7 percent respectively.

The COVID-19 pandemic that occurred in 2020 has indirectly reflected as Malaysia recorded a negative inflation of 1.2 per cent. Among the most affected groups were Transport (-10.0%), followed by Housing, Water, Electricity, Gas & Other Fuels (-1.7%) and Clothing & Footwear (-0.8%). However, Miscellaneous Goods & Services increased 2.7 per cent followed by Food & Beverages (1.3%) and Communication (1.1%). The index for all states decreased between negative 0.6 per cent to negative 1.9 per cent in 2020 as compared to 2019. The highest decrease was recorded by Melaka (-1.9%) followed by Sabah & Wilayah Persekutuan Labuan (-1.9%), Kedah & Perlis (-1.8%) and Sarawak (-1.8%).

Although the inflation in 2020 was negative, the inflation for Food & Beverages remained in the positive position (increment). The inflation of this group registered 1.3 percent. This was the lowest inflation rate recorded in a decade. The highest inflation for this group was in 2011 at 4.8 percent. As we know, households in Malaysia spend mostly on fresh fish and seafood. Over a decade, inflation for the subgroup fresh fish was volatile with the highest inflation recorded in 2012 (7.7%), while the lowest was in 2020 (0.1%). Meanwhile, fresh seafood also recorded a volatile inflation rate with the highest inflation in 2013 (8.9%) and the lowest in 2020 (2.2%).

The full publication of the Analysis of Annual Consumer Price Index 2020 can be download from eStatistik portal.

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