

KERATAN AKHBAR

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KUALA LUMPUR: Inflation in Malaysia is expected to range between 2.8 and 3.8 per cent this year following slower economic prospects as well as stable commodity prices.

According to the "Updates on Economic & Fiscal Outlook and Revenue Estimates 2023" report, the inflation outlook would also

be affected by fluctuations in foreign exchange rates and prolonged supply disruptions.

"Empirically, a one percentage point change in the exchange rate and crude oil price will have a 0.337 and 0.112 percentage point impact on inflation, respectively.

"The Producer Price Index (PPI)

growth is expected to moderate with the anticipation of stable global input costs," said the report.

The Consumer Price Index rose 3.3 per cent last year due to pressures on certain fresh food prices that were caused by rising non-energy commodity prices and improved demand post-Covid-19

pandemic.

The report said inflation of food and non-alcoholic beverages remained high at 5.8 per cent last year compared with 1.7 per cent previously.

"Nonetheless, the increase was contained by existing price controls and allocation of subsidies for some essential goods items."

It said the PPI for local production grew by 7.8 per cent due to higher global prices for commodities, primarily crude oil and natural gas.

The rise in PPI was attributed to gains in mining (12.6 per cent), manufacturing (8.4 per cent) as well as water supply (2.6 per cent).