

MALAYSIA WEEKLY ECONOMIC NEWS

(18 December 2017 – 22 December 2017)

Topics	Highlights
<p>Analysts say food inflation still a big problem for many households</p>	<p>According to Socio Economic Research Centre, the main grouses of the man on the street are that they are not feeling any better off even as the economic growth has delivered a strong performance in recent quarters and is likely to continue in 2018. While better GDP growth numbers help to boost confidence, what really matters to the households is their real purchasing power and disposable income, as well as living standards. Contained cost of living, easing prices of goods and services and sustained income growth via better salary increments are key to lifting sentiment. The price of fish, like the Indian Mackerel, labelled the poor man's fish, cost RM13.84 a kg in October based on official statistics from RM12.39 in 2016. It is just one example of many food items that have experienced a jump in price. The food component of the consumer price index or CPI, apart from fuel prices, increased the most by 4.4%.</p> <p style="text-align: right;"><i>(The Star, 18 December 2017)</i></p>
<p>Malaysian consumer confidence stable in third quarter</p>	<p>Malaysian consumer confidence remained stable in the third quarter of 2017 but there remains the nagging worries about the nation's fiscal status, job security and debt, says a Nielsen consumer confidence survey. According to the findings of its Global Survey of Consumer Confidence and Spending Intentions issued on Tuesday, Malaysian consumer confidence dipped one point to 93 percentage points from the second quarter. The consumer confidence level for Malaysia remains on par with that of the second quarter this year, below the neutral threshold, but still remaining at its highest level for over two years. The higher trend in sentiment observed over the last couple of quarters, coupled with the continued improvement in key economic indicators has also led to the first quarter of growth in fast moving consumer goods (FMCG) this year.</p> <p style="text-align: right;"><i>(The Star, 19 December 2017)</i></p>
<p>IATA: Good to equalise passenger service charge</p>	<p>The Malaysian Aviation Commission's (Mavcom) move to equalise passenger service charge (PSC) rates at the Kuala Lumpur International Airport and KLIA2 has received the support of the main air body. International Air Transport Association (IATA) said a disparity could result in "commercial distortion" between the airlines that operated in the two terminals. The equalisation of the PSC will establish a level playing field for the airlines operating in Malaysia. Starting 1 January 2018, the PSC rate for all international destinations from any Malaysian airport will be RM73. Previously, the PSC rate applicable at non-Asean international destinations from KLIA2 is RM50.</p> <p style="text-align: right;"><i>(The Star, 20 December 2017)</i></p>

Inflation at 3.4% in November

Inflationary pressures continued to ease in November as transportation costs and prices of food and non-alcoholic beverages registered a slower increase on a year-on-year (y-o-y) basis. As measured by the consumer price index (CPI), Malaysia's headline inflation rose by 3.4% y-o-y, matching market consensus estimates. In comparison, the CPI recorded a higher growth of 4.3% and 3.7% in September and October respectively. According to the Statistics Department, transportation costs increased significantly by 10.8% y-o-y in November, after rising 12.1% in October. The average price of one litre of RON95 petrol was RM2.30 in November 2017 as compared to RM1.95 a year earlier. MIDF Research said in a report that the country's food inflation remained above 4% for 11 consecutive months.

(The Star, 21 December 2017)

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