Inflationary pressures in Malaysia to remain high: Economists
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January 17 2006

INFLATIONARY pressures in Malaysia are expected to remain high in December due to the year-end holiday demand and residual effects of the price increases, economists said.

A Business Times poll of 13 research houses indicates that the inflation rate has eased to average 3.48 per cent in December year-on-year.

It is close to the CPI for November, which was at 3.5 per cent year-on-year, above the 3.3 per cent average rate polled by the Business Times.

The Statistics Department is expected to release the data tomorrow.

Economists expect inflationary pressures to surface again this year as the Government is expected to roll back on the subsidies.

Fuel prices and high inflation have put pressure on businesses and consumers during 2005, resulting in the CPI for January to November to increase by 3 per cent to 108.9 compared with that of 105.7 in the same period of 2004.

The surge in inflation was more apparent in May, when diesel and petrol prices were raised by 23 per cent and seven per cent respectively. A subsequent increase in pump prices was again seen in late July, when crude oil prices soared globally.

Despite warnings by the Government on indiscriminate price increases on goods and services, the slew of price increases in 2005 have pushed consumers and businessmen to be more cautious in their spending.

Lower oil prices had taken some heat off the CPI, which posted its strongest rise in five years in the 12 months through November.

Although there is no rise in schoolbus fares when the school session opened two weeks ago, it will be a matter of months before new fares are announced.

This was because the Government’s formula wants to make sure that new fare structure must last for five years, hence any new increases must take into account future petrol price increases.

Source: http://www.btimes.com.my/Current_News/BT/Tuesday/Corporate/20060116221107/Article/