SASANA SYMPOSIUM 2025

STRUCTURAL REFORMS

BUILDING A RESILIENT MALAYSIA

Workshop 4

What's Behind The Consumer Price Index?

WHAT DOES THE CPI TELL US?

MOHD YAZID KASIM

Senior Director of Prices, Income and Expenditure Division
Department of Statistics Malaysia

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@StatsMalaysia

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20 October

2016 - 2030

This session will be focusing on the concept of Consumer Price Index (CPI) and inflation, compilation processes and statistics produced from CPI compilation. This session will also explain the uses of CPI, misconceptions about the CPI and dissemination of CPI statistics.

Outline Presentation

03 Overview of CPI and Inflation

05 Misconceptions of CPI

06 Compilation of CPI

11 CPI Statistics

20 Uses of CPI

22 Data Dissemination

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20 October
2016 - 2030

Purpose of CPI and Understanding Inflation

What is CPI and its purposes?

"A CPI is a measure of price changes of the goods and services purchased by households in their role as consumers. It is also widely used as a proxy measure of **inflation** for the economy as a whole, partly because of the frequency and timeliness with which it is produced. It has become a key statistic for purposes of economic policymaking, especially **monetary policy**."

Consumer Price Index Manual: Concepts and Methods, International Monetary Fund, 2020.

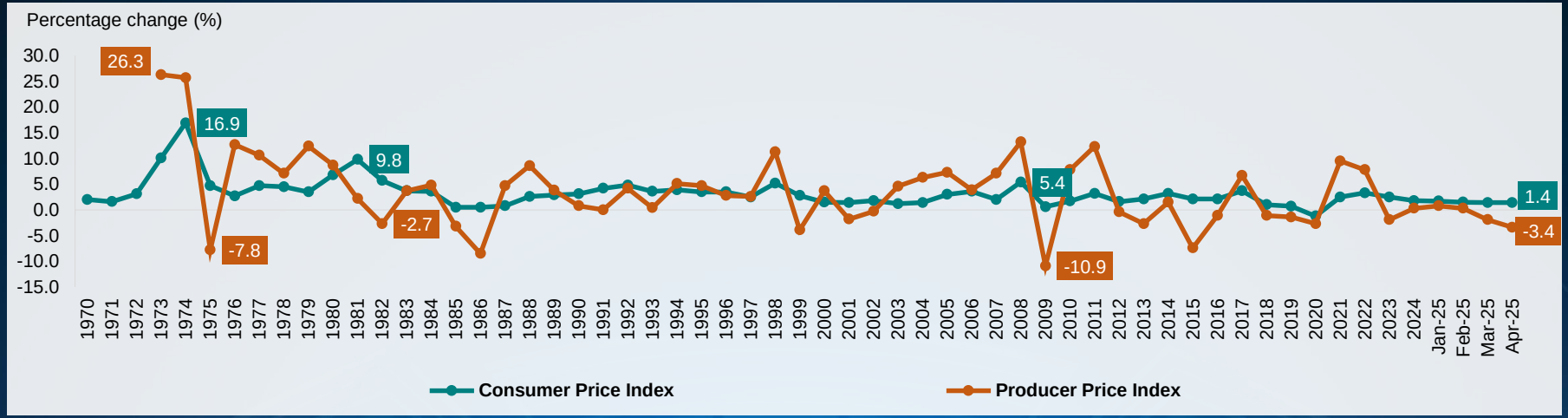
What is Inflation?

"Inflation is the rate of **increase in prices** over a given period of time. Inflation is typically a broad measure, such as the overall increase in prices or the increase in the cost of living in a country. But it can also be more narrowly calculated-for certain goods, such as food, or for services, such as a haircut. Whatever the context, inflation represents how much more expensive the relevant set of goods and/or services has become over a certain period, most commonly a year."

Ceyda Oner, "Inflation: Prices on the Rise." International Monetary Fund, 2024.

Perspective of Inflation: Producer and Consumer Prices

Chart 1: Consumer Price and Producer Price inflation since 1970



Inflation measures the continuous increase in prices from two perspectives

Consumer Price Index measures the average change in the cost of goods and services purchased by final consumers.

Producer Price Index measures the average change in the cost of goods and services produced by domestic producers.

- Producer Price Index
- Services Producer Price Index

Misconceptions of CPI

Common "Myths" of CPI

CPI is the only measure of inflation
Fact: CPI is a measure of inflation as experienced by consumers; other price indexes may be appropriate for different purposes, such as Producer Price Index (PPI).

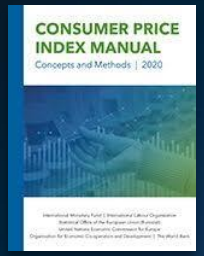
The CPI reflects the cost of living for all households.
Fact: basket of goods in the CPI reflects average Malaysian household spending/expenditure and does not represent personal or any specific household experiences.

CPI reflects changes in the cost of living.
Fact: CPI does not include factors such as substitution bias and the emergence of new products may not be immediately included in the basket.
"The cost of living is the **amount of money needed** to purchase a specified standard of living, which includes the consumption of goods and services required to maintain a certain quality of life." Consumer Price Index Manual: Theory and Practice 2020.

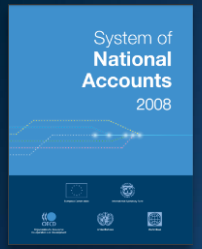
Price level (as reflected at the index level) and inflation should reflect exact trend.
Fact: Price level refers to the average of current prices goods and services in an economy, while Inflation is the rate of change or increase in the price level over time.

Compilation of CPI

Manuals for Compilation of CPI



Consumer Price Index Manual, Concepts and Methods 2020 by International Monetary Fund (IMF). The primary purpose of the Manual is to assist countries in producing CPIs that reflect internationally recommended concepts, methods and practices. It draws upon a wide range of experience and expertise to describe practical and suitable methods to guide countries in their efforts to improve the quality and international comparability of their CPIs and to meet user needs.



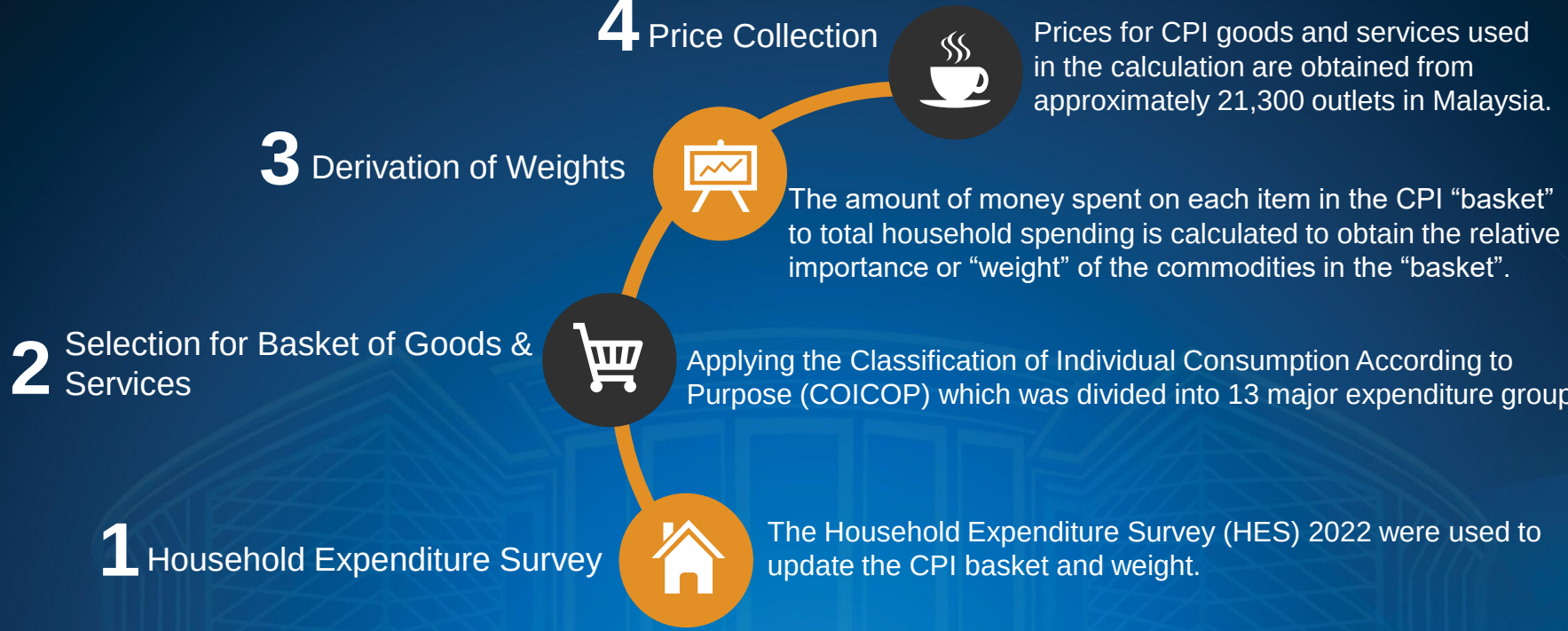
System of National Accounts (SNA) 2008 by IMF, European Commission (EC) & OECD. The 2008 SNA is a statistical framework that provides a comprehensive, consistent and flexible set of macroeconomic accounts for policymaking, analysis and research purposes.



Classification of Individual Consumption According to Purpose (COICOP) 2018 by United Nations (UN). The objective of COICOP is to provide a framework of homogeneous categories of goods and services, which are considered a function or purpose of household consumption expenditure.

Compilation of CPI

Updating Basket of Goods & Services and Price Collection



Pattern of CPI Weight

Table 1: CPI Weight, 1967 - 2024

Group	1967=100	1980=100	1990=100	1994=100	2000=100	2005=100	2010=100			
							2010	2016	2018	2024
Food & Beverages	46.8	36.9	33.7	34.9	33.8	31.4	30.3	30.2	29.5	29.8
Alcoholic Beverages & Tobacco	8.9	4.7	4.3	3.6	3.1	1.9	2.2	2.9	2.4	1.9
Clothing & Footwear	4.8	4.8	4.0	3.6	3.4	3.1	3.4	3.3	3.2	2.7
Housing, Water, Electricity, Gas & Other Fuels	9.4	18.7	20.2	21.1	22.4	21.4	22.6	23.8	23.8	23.2
Furnishings, Household Equipment & Routine Household Maintenance	6.6	5.8	5.8	5.6	5.3	4.3	4.1	3.8	4.1	4.3
Health	2.0	1.2	1.8	1.9	1.8	1.4	1.3	1.7	1.9	2.7
Transport	10.4	16.0	18.6	17.9	18.8	15.9	14.9	13.7	14.6	11.3
Information & Communication						5.1	5.7	5.2	4.8	6.6
Recreation, Sport & Culture	5.6	6.4	5.2	5.8	5.9	4.6	4.6	4.9	4.8	3
Education						1.9	1.4	1.1	1.3	1.3
Restaurant & Accommodation Services						3.00	3.2	2.9	2.9	3.4
Insurance & Financial Services	5.5	5.5	6.4	5.6	5.5	6.0	6.3	6.5	6.7	4.0
Personal Care, Social Protection & Miscellaneous Goods & Services										5.8
Total	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**

Malaysia's economic structure has undergone significant transformation over the past few decades, reflecting the country's progress across various sectors.

These changes in the economic structure have indirectly impacted the income of Malaysians.

As household income increases, household spending patterns have also shifted. This can be seen through the weights used in calculation of the CPI.

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20 October
2016 - 2030

Compilation of CPI

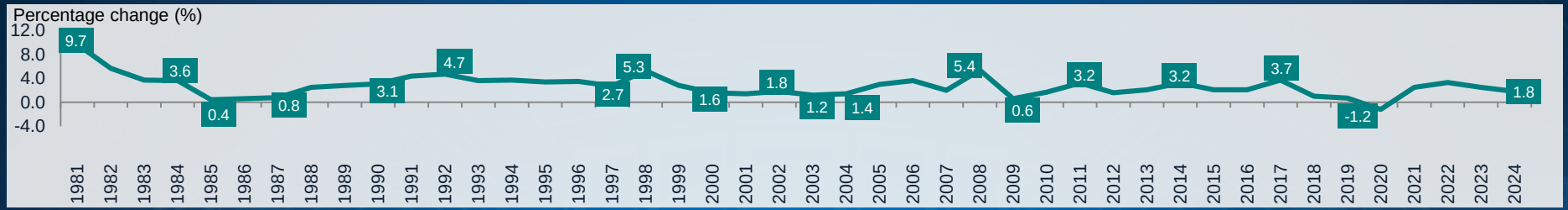
Adoption of Latest COICOP

Base Year:	1967	1980	1990	1994	2000	2005	2010
Classification:	CHGS	CHGS	CHGS	CHGS	CHGS	COICOP	COICOP

Level:

- 1967 - 1987: Peninsular Malaysia, Sabah & Sarawak
- 1987 – 2014: Malaysia
- 2015 – present: Malaysia & States

Chart 2: Malaysia's inflation, 1981 - 2024



Note:
CHGS : Classification of Households Goods and Services
COICOP : Classification of Individual Consumption According to Purpose

Updating CPI's basket and weights:

- 2024 (based on **HES 2022**)
- 2018 (based on **HES 2016/2017**); and
- 2016 (based on **HES 2014**).

Compilation of CPI

Computing CPI

1 Price Collection

Prices are collected every month.

2 Price Relative

Price Relative refers to price change of current price as compared to the previous price.

3 Computing the Index

Laspeyres formula is being used for the computation of CPI.



4 Inflation Rate

The inflation rate is calculated by the percentage change of CPI between two period. Example, year on year; month on month and quarter on quarter.

Index Point (CPI)

Current Index, *t*	125.4
Previous Index, *t-1*	124.3

$$\text{Inflation Rate} = \frac{125.4 - 124.3}{124.3} \times 100 = 0.9\%$$

CPI Statistics Published by DOSM

1 Headline Inflation

Malaysia's inflation by 13 groups

2 Core Inflation

Malaysia’s core inflation by 13 groups

3 Inflation without fuel

Inflation without fuel covers all goods and services except Unleaded petrol RON95, Unleaded petrol RON97 and Diesel.

4 Inflation by State

Inflation by 13 States and 3 Wilayah Persekutuan

5 Inflation by category of Goods and Services

Malaysia’s inflation by four (4) category:

- Durable Goods
- Semi-Durable Goods
- Non-Durable Goods
- Services

6 Inflation by Urban and Rural

Inflation for Urban and Rural by 13 groups

7 Average Price by Selected Items

Average price for 120 items by States level and 30 items by Districts level

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20 October
2016 - 2030

Headline Inflation

Table 2: Inflation by Group

Group	Wt	2023	2024	Apr 2024	Jan 2025	Feb 2025	Mar 2025	Apr 2025
Headline Inflation	**100.0**	**2.5**	**1.8**	**1.8**	**1.7**	**1.5**	**1.4**	**1.4**
Food & Beverages	29.8	4.8	2.0	2.0	2.5	2.5	2.5	2.3
Alcoholic Beverages & Tobacco	1.9	0.6	0.7	0.5	0.9	0.9	0.8	0.8
Clothing & Footwear	2.7	0.3	-0.3	-0.3	-0.3	-0.2	-0.2	-0.1
Housing, Water, Electricity, Gas & Other Fuels	23.2	1.7	3.0	3.0	2.8	2.3	1.9	2.0
Furnishings, Household Equipment & Routine Household Maintenance	4.3	2.3	0.7	1.0	0.5	0.3	0.2	0.1
Health	2.7	2.2	1.8	2.3	1.2	1.0	1.0	0.9
Transport	11.3	1.1	1.0	0.8	0.9	0.7	0.7	0.7
Information & Communication	6.6	-3.0	-1.5	-2.5	-5.3	-5.3	-5.4	-4.5
Recreation, Sport & Culture	3.0	1.5	1.8	2.0	1.8	1.5	1.7	1.3
Education	1.3	1.9	1.5	1.4	1.6	1.9	2.2	2.3
Restaurant & Accommodation Services	3.4	5.6	3.1	3.5	3.5	3.5	2.9	2.9
Insurance & Financial Services	4.0	0.1	0.3	-0.1	0.6	1.5	1.5	1.5
Personal Care, Social Protection & Miscellaneous Goods & Services	5.8	2.4	3.0	3.1	3.3	3.7	3.6	4.1

Malaysia's headline inflation increased 1.4 per cent in April 2025

Malaysia's inflation increased 1.4 per cent in April 2025.

The increase of inflation in April 2025 was driven by an increase in the group of Personal Care, Social Protection & Miscellaneous Goods Services (4.1%), followed by Education (2.3%) and Housing, Water, Electricity, Gas Other Fuels (2.0%).

Inflation for Restaurant & Accommodation Services (2.9%), Insurance & Financial Services (1.5%), Alcoholic Beverages & Tobacco (0.8%) and Transport (0.7%) increased at the same rate as recorded in the previous month.

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20 October
2016 - 2030

Food & Beverages Group

Table 3: Inflation for Food & Beverages

Expenditure Class	Wt	2023	2024	Apr 2024	Jan 2025	Feb 2025	Mar 2025	Apr 2025
Food & Beverages	**29.8**	**4.8**	**2.0**	**2.0**	**2.5**	**2.5**	**2.5**	**2.3**
Food at home	**15.6**	**3.5**	**0.6**	**0.4**	**0.4**	**0.5**	**0.6**	**0.5**
Cereals & cereal products	2.3	5.0	1.4	1.9	0.3	0.2	-0.2	-0.2
Meat	2.3	5.4	0.2	-0.9	-1.0	-0.3	-0.4	-0.1
Fish & other seafood	3.9	1.8	-1.6	-2.3	1.0	1.2	1.7	1.8
Milk, other dairy products & eggs	1.3	5.0	0.7	1.0	-0.4	-0.8	-1.1	-1.3
Oils & fats	0.7	-0.5	0.1	0.1	1.5	1.7	1.7	1.8
Fruits & nuts	1.1	3.5	1.2	0.9	0.3	0.3	-0.4	-0.7
Vegetables	1.8	0.8	2.5	3.2	-1.1	-1.0	-0.8	-1.8
Sugar, confectionery & desserts	0.5	3.3	1.0	1.3	0.8	1.1	1.1	1.2
Ready-made food & other food products n.e.c.	1.7	6.5	2.1	2.3	2.9	3.2	3.1	3.1
Food away from home	**13.4**	**6.7**	**3.6**	**4.0**	**5.0**	**4.6**	**4.5**	**4.3**
Non-alcoholic beverages	0.8	4.3	2.2	1.3	3.3	3.3	5.6	5.6

Food & Beverages group increased by 2.3 per cent in April 2025 as compared to 2.5 per cent in March 2025

The Food & Beverages group which contributes 29.8 per cent of the total CPI weight increased by 2.3 per cent in April 2025.

The subgroup of Food at home increased 0.5 per cent as compared to 0.6 per cent in the preceding month. The decrease of expenditure class for Vegetables; Milk, other dairy products & eggs; Fruits & nuts; Cereals & cereal products and Meat contributed to the slower increase of Food & Beverages group in April 2025.

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ODIN 2024-2025 OPEN DATA INVENTORY MALAYSIA NUMBER ONE IN THE WORLD
20 October
2016 - 2030

CPI Statistics

Housing, Water, Electricity, Gas & Other Fuels Group

Table 4: Inflation for Housing, Water, Electricity, Gas & Other Fuels

Expenditure Class	Wt	2023	2024	Apr 2024	Jan 2025	Feb 2025	Mar 2025	Apr 2025
Housing, Water, Electricity, Gas & Other Fuels	**23.2**	**1.7**	**3.0**	**3.0**	**2.8**	**2.3**	**1.9**	**2.0**
Actual rental for housing	17.7	1.9	1.7	1.5	1.7	2.3	2.3	2.3
Maintenance, repair & security of dwelling	1.2	1.6	0.7	0.4	3.8	3.7	3.7	4.7
Water supply & miscellaneous services relating to dwelling	1.2	1.6	29.1	31.6	21.0	2.4	0.9	0.9
Electricity, gas & other fuels	3.1	0.0	1.4	1.7	1.7	1.7	0.0	0.0

Housing, Water, Electricity, Gas & Other Fuels group increased by 2.0 per cent in April 2025 as compared to 1.9 per cent in March 2025

Inflation for the group of Housing, Water, Electricity, Gas & Other Fuels increased at 2.0 per cent in April 2025 as compared to 1.9 per cent in March 2025. This increase was driven by an increase in the subgroup of Maintenance, repair & security of dwelling (4.7%) and Actual rental for housing (2.3%).

Transport Group

Table 5: Inflation for Transport

Expenditure Class	Wt	2023	2024	Apr 2024	Jan 2025	Feb 2025	Mar 2025	Apr 2025
Transport	**11.3**	**1.1**	**1.0**	**0.8**	**0.9**	**0.7**	**0.7**	**0.7**
Purchase of vehicles	1.6	1.4	0.1	0.3	0.0	0.7	0.7	0.5
Operation of personal transport equipment	8.9	0.8	1.3	1.3	1.3	1.6	1.3	0.9
Public transport services	0.7	5.1	-2.0	-2.9	-3.2	-8.2	-5.3	-2.8
Transport services of goods	0.1	-	-	-	0.0	2.0	2.0	2.0

Transport group increased by 2.3 per cent in April 2025 as compared to 2.5 per cent in March 2025

Inflation for group of Transport increased at 0.7 per cent, the same rate as recorded in the previous month. The increase was contributed by the subgroup of Transport services of goods (2.0%), Operation of personal transport equipment (0.9%) and Purchase of vehicles (0.5%).

However, subgroup of Public transport services remained in the negative territory registering negative 2.8 per cent, and thus to a certain extent offset the inflation of this group from increasing further.

CPI Statistics

Headline Inflation vs Core Inflation

Core inflation registered a higher increase as compared to headline inflation

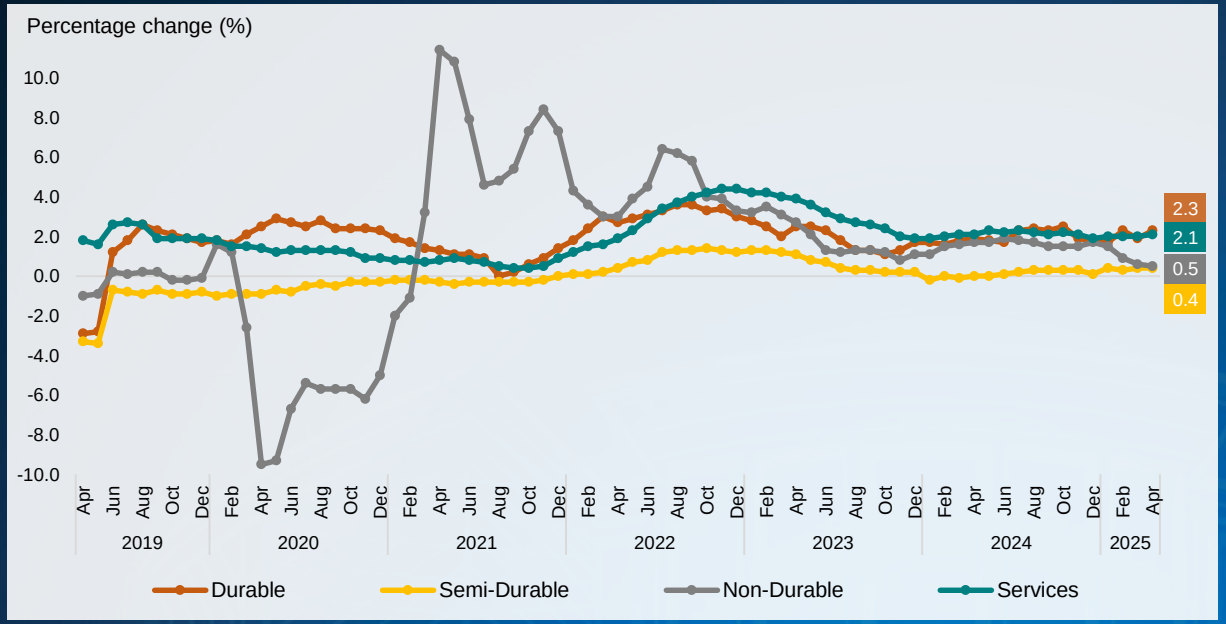
Chart 3: Headline Inflation vs Core Inflation



Core inflation measures changes in the prices of all goods and services, excluding volatile prices of items for fresh food as well as administered prices of goods by the government. Core inflation registered a higher increase by 2.0 per cent in April 2025 as compared to headline inflation (1.4%).

Inflation by category of Goods and Services

Chart 4: Inflation by category of Goods and Services



Consumer price increases vary by category of goods and services

Durable category recorded the highest increase with 2.3 per cent in April 2025, followed by Services (2.1%), Non-Durables (0.5%) and Semi-Durables (0.4%).

The increase in Durable category was contributed by expenditure class of Jewellery & watches that increased 19.5 per cent in April 2025.

	Durable	Semi-Durable	Non-Durable	Services
Wt	6.3%	7.6%	32.2%	53.9%
Items	50	86	291	146

Inflation by States

Chart 5: Headline Inflation by States

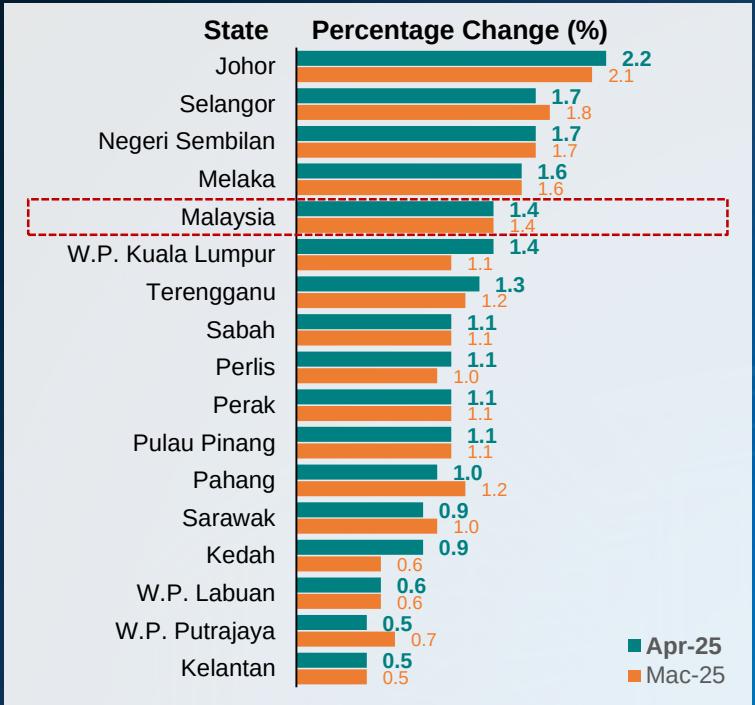
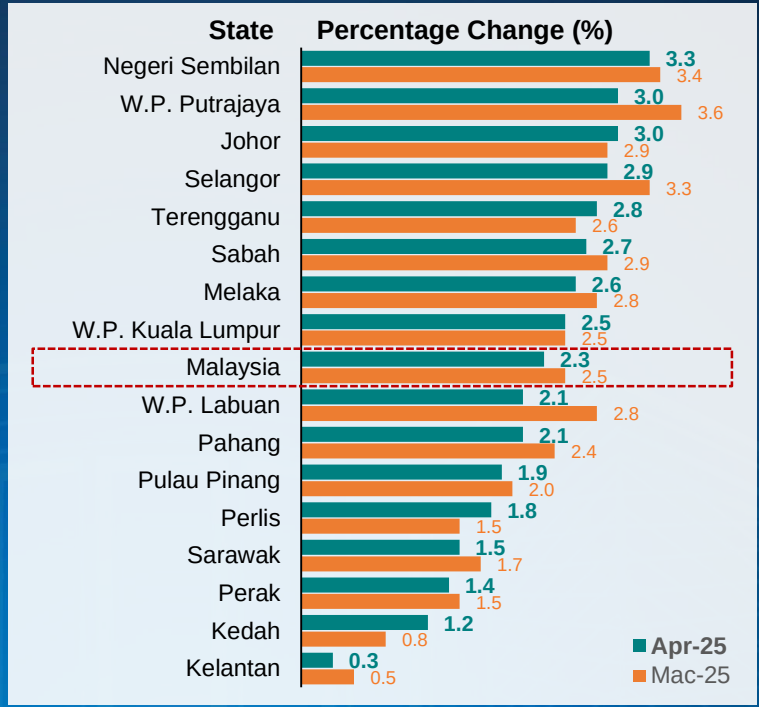


Chart 6: Inflation of Food & Beverages by States



Eleven states recorded increases below the national inflation rate of 1.4 per cent with both Kelantan and W.P. Putrajaya recording the lowest increase at 0.5 per cent in April 2025.

However, four states recorded increases above the national inflation level namely Johor, Negeri Sembilan. Selangor and Melaka.

All states registered an increase in the inflation of Food & Beverages.

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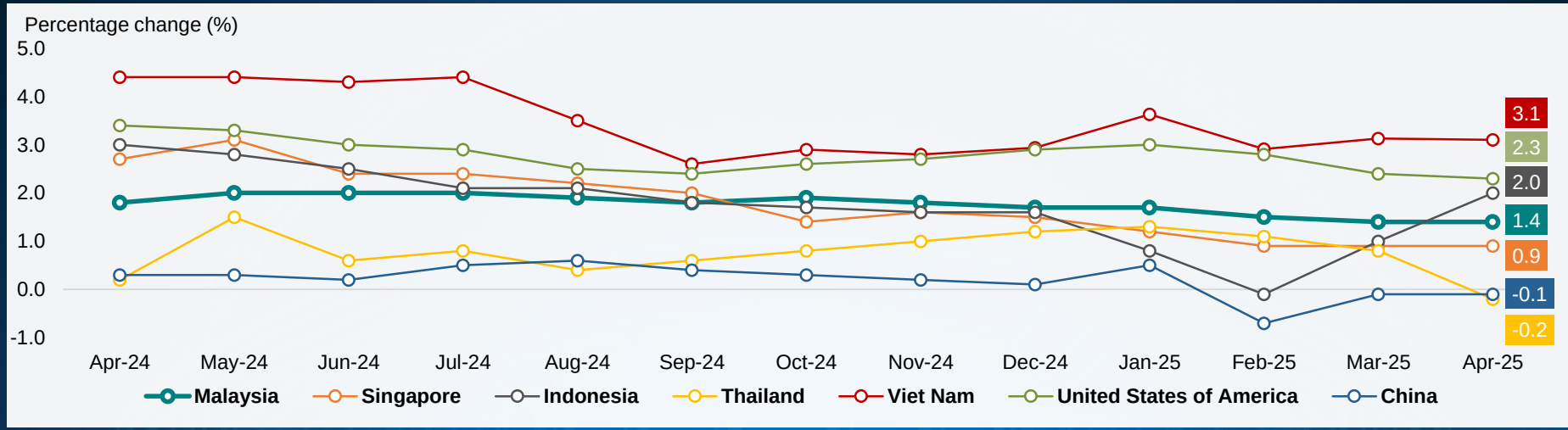
20 October
2016 - 2030

Inflation for Selected Countries

Among the selected ASEAN countries, Viet Nam recorded the highest inflation

Chart 7: Inflation of Selected Countries



Year-on-year percentage changes in inflation for selected countries in April 2025 ranging from -0.2 per cent to 3.1 per cent in April 2025. Among the ASEAN countries, Viet Nam recorded the highest inflation of 3.1 per cent, followed by Indonesia (2.0%) and Malaysia (1.4%). Malaysia's inflation trend in April 2025 is in line with the inflation trend of the Philippines, Viet Nam and Singapore.

Uses of CPI

Importance of CPI

The CPI is one of the important macroeconomic indicators in the economy by serving multiple functions that affect government policy, business decisions and well-being.



Deflator for the compilation of other statistics, especially the compilation of National Accounts Statistics (GDP) at real prices and volume indices.



Determine salaries/ wages, allowances and COLAs.
Input for monetary policy.



Analyzing future price trends.



Basis for estimating changes in household purchasing power.



One of the key indicators to measure the current economic situation.

Uses of CPI

Purchasing Power

Purchasing power describes the amount of products or services that a single unit of money can acquire. It can weaken over time due to inflation. That's because rising prices effectively decrease the number of goods or services that one unit of money can buy.

Table 6: Purchasing Power by Group

Group	2023	2024	Apr 2024	Mar 2025	Apr 2025
Total	**76.7**	**75.3**	**75.5**	**74.6**	**74.5**
Food & Beverages	65.8	64.5	64.9	63.4	63.4
Alcoholic Beverages & Tobacco	58.4	58.0	58.2	57.8	57.7
Clothing & Footwear	107.0	107.3	107.3	107.4	107.4
Housing, Water, Electricity, Gas & Other Fuels	79.8	77.5	77.8	76.3	76.3
Furnishings, Household Equipment & Routine Household Maintenance	79.6	79.1	79.1	78.9	79.0
Health	78.0	76.6	76.7	76.0	76.0
Transport	83.0	82.2	82.4	81.8	81.8
Information & Communication	105.7	107.3	106.7	112.7	111.7
Recreation, Sport & Culture	85.4	83.9	84.0	83.3	83.0
Education	80.2	79.0	79.3	77.7	77.5
Restaurant & Accommodation Services	67.9	65.8	66.2	64.5	64.3
Insurance & Financial Services	90.7	90.5	90.7	89.4	89.4
Personal Care, Social Protection & Miscellaneous Goods & Services	82.1	79.7	79.9	77.8	76.7

Table 7: Purchasing Power for Food & Beverages

Expenditure Class	2023	2024	Apr 2024	Mar 2025	Apr 2025
Food & Beverages	**65.8**	**64.5**	**64.9**	**63.4**	**63.4**
Food at home	**68.4**	**67.9**	**68.2**	**67.7**	**67.9**
Cereals & cereal products	81.0	79.9	80.1	80.3	80.3
Meat	67.0	66.9	67.2	67.0	67.3
Fish & other seafood	59.8	60.8	60.8	59.6	59.8
Milk, other dairy products & eggs	69.7	69.2	69.2	69.9	70.1
Oils & fats	78.9	78.8	79.1	77.8	77.7
Fruits & nuts	68.8	68.0	67.9	68.2	68.4
Vegetables	66.1	64.4	65.3	65.6	66.5
Sugar, confectionery & desserts	69.9	69.2	69.4	68.7	68.6
Ready-made food & other food products n.e.c.	64.1	62.7	63.1	61.3	61.2
Food away from home	**60.8**	**58.7**	**59.1**	**56.9**	**56.7**
Non-alcoholic beverages	82.6	80.8	81.8	77.4	77.4

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MALAYSIA MADANI kesejahteraan
ODIN 2024-2025 OPEN DATA INVENTORY MALAYSIA NUMBER ONE IN THE WORLD
20 October
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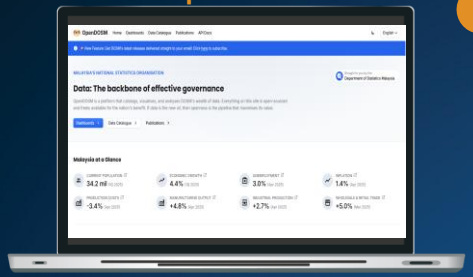
Data Dissemination

All statistics published by DOSM are accessible through our official portal

OpenDOSM



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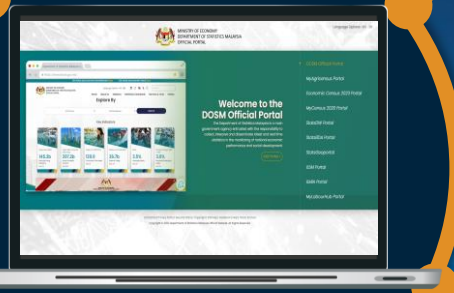
Portal DOSM



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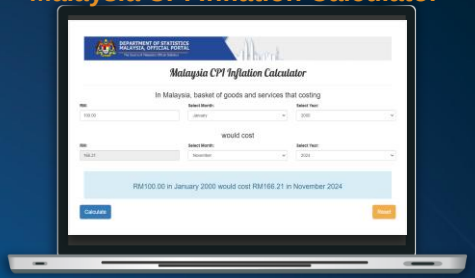
Malaysia CPI Inflation Calculator



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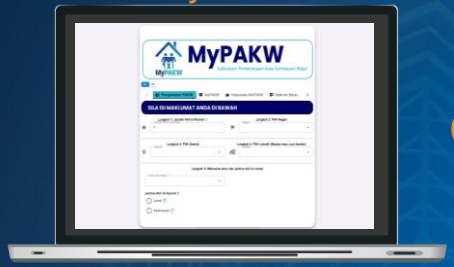
MyPAKW



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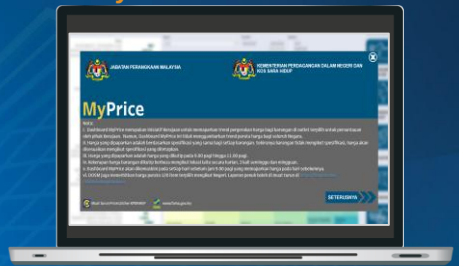
MyPrice Dashboard



https://www.dosm.gov.my/dashboardmyprice/

Malaysia, for the first time, ranked **first** in the world's biennial Open Data Inventory (ODIN) 2024/25 report released by Open Data Watch (ODW)

Thank You

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ASEAN MALAYSIA 2025 INCLUSIVITY AND SUSTAINABILITY

MALAYSIA MADANI kesejahteraan

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20 October

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