

CPI cools to lowest in 2 years while inflation comes in at 2.4pc

KUALA LUMPUR: Malaysia's Consumer Price Index (CPI) cooled to two per cent last month, the lowest in two years, said the Statistics Department.

The index value stood at 130.5, compared with 127.9 in the same period last year.

Inflation came in at 2.4 per cent in June and has shown a moderating trend since January, when it stood at 3.7 per cent.

Chief Statistician Datuk Seri Mohd Uzir Mahidin said the low

inflation was driven by the slower increase in restaurants and hotels at 5.0 per cent and food and non-alcoholic beverages at 4.4 per cent.

"This was followed by miscellaneous goods and services (2.6 per cent) and the health and education groups (two per cent)."

Mohd Uzir said nine states and federal territories recorded increases below the national inflation level of two per cent, with Labuan recording the lowest in-

crease of 1.1 per cent last month.

However, six recorded increases above the national inflation level, namely Pahang (2.6 per cent), Sarawak (2.6 per cent), Putrajaya (2.6 per cent), Perak (2.4 per cent), Selangor (2.4 per cent) and Melaka (2.2 per cent).

Bank Muamalat Malaysia Bhd chief economist and social finance head Dr Mohd Afzanizam Abdul Rashid said inflation should be low in the second half of the year owing to high base a

year ago, as well as no changes to the current subsidies, especially on fuel-related products.

As such, he said the real interest rate had turned positive for three consecutive months.

"This means that monetary policy is no longer too easy for the economy. Perhaps, we can expect the Overnight Policy Rate (OPR) to be kept at three per cent until the end of the year."

Malaysia University of Science and Technology economist Dr

Geoffrey Williams said inflation was continuing to slow with headline inflation at two per cent, in line with the long-term average.

"Hence, Bank Negara Malaysia will likely maintain the OPR because inflation is under control and growth is weaker than expected due to softer external demand. The lower inflation will also enable the government to move forward on subsidies reform," he added.