

19 February 2026

Malaysia Consumer Price Index

Disinflation holds steady at 1.6% YoY in January but monthly momentum cools

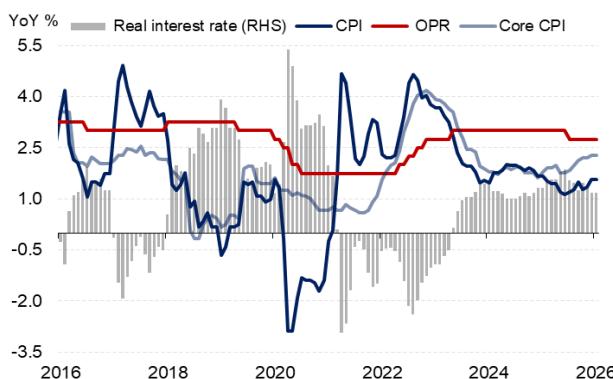
- Headline inflation held at 1.6% YoY in January, in line with consensus but slightly above our 1.5% forecast
 - Although the annual rate was unchanged, monthly price growth slowed to 0.15% (Dec: 0.30%), as food, transport and communication costs eased. Higher housing and miscellaneous expenses partly offset this moderation.
 - Core inflation remained at a 27-month high of 2.3% YoY. On a monthly basis, however, it rebounded to 0.4% from -0.1%, driven by increases in miscellaneous goods and services as well as education.
- Higher miscellaneous and housing costs offset transport deflation and slower food inflation
 - Insurance, Financial Services, Miscellaneous Goods & Services (6.6%; Dec: 5.7%): rose to the highest level on record, as jewellery & watches' prices surged 36.7% (Dec: 31.5%), tracking record gold and silver prices.
 - Housing, Water, Electricity, Gas and Other Fuels (1.2%; Dec: 0.9%): climbed to a four-month high. Prices rose 0.3% MoM (Dec: 0.2%), reflecting a 7.6% MoM rise in sewerage charges.
 - Transport (-0.7%; Dec: 0.1%): fell to its lowest since February 2021, led by a sharp decline in domestic airfares (-12.6%; Dec: -1.1%), alongside lower diesel (-2.8%; Dec: 1.3%) and petrol (-2.7%; Dec: -2.0%) prices.
 - Food and Beverages (1.5%; Dec: 1.5%): remained unchanged for a fourth consecutive month, largely due to base effects. On a monthly basis, prices slowed to 0.2% (Dec: 0.4%) as food-at-home costs eased to 0.1% (Dec: 0.9%).
- Disinflationary momentum extends across major economies
 - US (2.4%; Dec: 2.7%): eased unexpectedly, with core moderating to 2.5% (Dec: 2.6%). Even so, inflation remains above the Fed's 2.0% target, underscoring persistent price pressures. Together with labour market uncertainty, this strengthens the case for a cautious policy stance, with rate cuts now likely delayed to June.
 - UK (3.0%; Dec: 3.4%): lowest since March 2025, as petrol, airfares and food prices declined. Core inflation edged down to 3.1% from 3.2%, reinforcing expectations of a near term rate cut by the BoE, potentially as early as March or April.
 - China (0.2%; Dec: 0.8%): a three-month low, as producer price deflation persisted amid limited policy stimulus. Core inflation eased to 0.8% from 1.2%. While holiday distortions may have played a role, firmer policy support is needed to place prices on a sustainable recovery path.
- Energy subsidies and a firmer ringgit anchor prices as inflation stays subdued in 2026 (1.9%; 2025: 1.4%)
 - Inflation should remain contained in 2026 even as growth holds up. Fiscal transfers and credit guarantees will support household demand, but are unlikely to generate broad overheating. Targeted fuel and electricity subsidies continue to limit cost pass-through, while reforms have been gradual. The ringgit's appreciation reinforces imported disinflation through lower fuel, food and intermediate goods prices. Upside risks stem from SST expansion, migrant levy adjustments and potential geopolitical disruptions. Still, in the absence of a commodity shock or wage spiral, inflation should remain below its long-term average.
 - Policy outlook:** Policy is likely to stay steady. With growth easing and price pressures contained, BNM is likely to maintain the OPR at 2.75%. This preserves credibility and exchange-rate stability while retaining flexibility should external conditions deteriorate.

Table 1: Global Inflation (% YoY)

	Aug-25	Sep-25	Oct-25	Nov-25	Dec-25	Jan-26
US	2.9	3.0	N/A	2.7	2.7	2.4
EU	2.1	2.2	2.1	2.1	2.0	1.7
UK	3.8	3.8	3.6	3.2	3.4	3.0
Japan	2.7	2.9	3.0	2.9	2.1	N/A
S. Korea	1.7	2.1	2.4	2.4	2.3	2.0
Singapore	0.5	0.7	1.2	1.2	1.2	N/A
China	-0.4	-0.3	0.2	0.7	0.8	0.2
Indonesia	2.3	2.7	2.9	2.7	2.9	3.5
Thailand	-0.8	-0.7	-0.8	-0.5	-0.3	-0.7

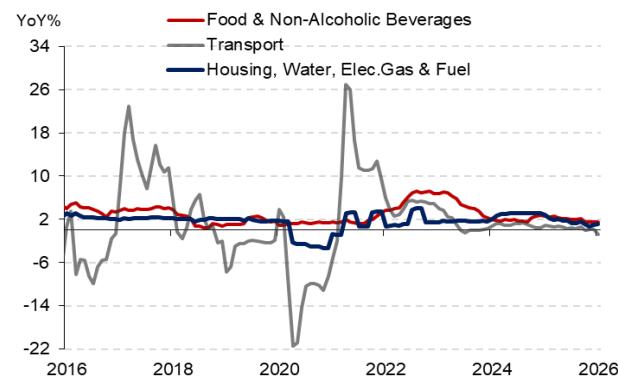
Source: Bloomberg, Kenanga Research

Graph 1: Real Interest Rate, Inflation Rates and OPR



Source: Macrobond, Kenanga Research

Graph 2: CPI Growth by Main Categories



Source: Macrobond, Kenanga Research

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Table 2: Malaysia Consumer Price Index Growth Trend (% YoY)

Base 2010=100	weight	2023	2024	2025	Jan -25	Aug -25	Sep -25	Oct -25	Nov -25	Dec -25	Jan -26
CPI	100.0	2.5	1.8	1.4	1.7	1.3	1.5	1.3	1.4	1.6	1.6
Core Inflation		3.0	1.8	2.0	1.8	2.0	2.1	2.2	2.2	2.3	2.3
Food & Beverages	29.8	4.8	2.0	2.0	2.5	2.0	2.1	1.5	1.5	1.5	1.5
Alcoholic Beverages & Tobacco	1.9	0.7	0.7	0.9	0.9	0.4	0.3	0.3	2.4	2.5	2.5
Clothing & Footwear	2.7	0.2	-0.3	-0.2	-0.3	-0.1	-0.2	-0.3	-0.1	0.1	0.0
Housing, Water, Electricity, Gas & Other Fuels	23.2	1.7	3.0	1.6	2.8	1.2	1.5	1.1	0.7	0.9	1.2
Furnishing, Household Equipment & Routine Household Maintenance	4.3	2.3	0.7	0.2	0.5	0.2	0.2	0.3	0.2	0.3	0.2
Health	2.7	2.1	1.8	1.2	1.2	1.1	1.3	1.5	1.5	1.5	1.4
Transport	11.3	1.1	0.9	0.5	0.9	0.2	0.7	-0.1	0.2	0.1	-0.7
Information & Communication	6.6	-2.9	-1.5	-4.2	-5.3	-5.6	-4.5	-2.4	-1.3	0.9	0.7
Recreation, Sport & Culture	3.0	1.5	1.8	1.1	1.8	0.9	0.9	1.2	1.2	0.8	0.9
Education	1.3	1.9	1.5	2.3	1.6	2.4	2.4	2.4	2.6	2.8	3.2
Restaurants & Accommodation Services	3.4	5.5	3.1	3.2	3.5	3.5	3.3	3.4	3.4	3.1	3.0
Insurance, Financial Services, Miscellaneous Goods & Services	9.8	2.5	3.0	4.4	3.3	4.0	4.8	6.0	5.6	5.7	6.6

Source: Macrobond, Kenanga Research

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