

Malaysia Consumer Price Index (Apr-26)

Transport costs drive inflation to a near two-year high as global pressures build

- **Headline inflation rose to 1.9% YoY in April (Mar: 1.7%), driven primarily by higher transport costs. The print matched our forecast and consensus**

- Prices increased 0.37% MoM (Mar: 0.29%), largely due to a 2.5% MoM rise in transport inflation. Despite the firmer reading, food prices were broadly flat while housing recorded monthly deflation, partially offsetting the upside pressure.
- Core inflation eased marginally to 2.0% YoY (Mar: 2.1%), with prices rising 0.15% MoM (Mar: 0.22%), suggesting underlying price pressures remain contained.

- **Price pressures remained concentrated in transport, while food and housing stayed broadly stable**

- **Transport** (4.1% YoY; Mar: 1.6%): climbed to its highest level since 2022, driven by sharp increases in diesel (24.6% MoM) and petrol (3.5% MoM) prices, alongside higher international airfares (6.2% MoM). Reduced BUDI95 allocations may have contributed to higher petrol prices.
- **Information & Communication** (2.0%; Mar: 1.4%): rose to its highest level since August 2019, supported by a 3.1% increase in mobile communication service charges.
- **Food and Beverages** (1.2%; Mar: 1.1%): edged higher while monthly prices stabilised at 0.0% (Mar: -0.1%).
- **Housing, Water, Electricity, Gas & Other Fuels** (1.1%; Mar: 1.2%): eased slightly and recorded a monthly decline, reflecting lower electricity costs (-0.5%; Mar: 0.6%).

- **Persistent Hormuz disruption reignites global inflation pressures**

- **US** (3.8%; Mar: 3.3%): inflation accelerated to its highest level since May 2023 as the US-Israel conflict involving Iran continued to lift gasoline and grocery prices. Core inflation rose more moderately to 2.8% (Mar: 2.6%). The firmer inflation backdrop reinforces the case for the Fed to keep rate on hold through 2026.
- **EU** (3.0%; Mar: 2.6%): inflation climbed to its highest level since 2023, driven mainly by soaring energy prices. The ECB faces an increasingly difficult policy trade-off as weaker growth coincides with rising inflation.
- **China** (1.2%; Mar: 1.0%): inflation edged higher following a 17.4% surge in energy costs. Core inflation also firmed alongside headline CPI. This momentum may keep PBoC cautious on further easing.

- **We maintain our 2026 inflation forecast at 2.1% (2025: 1.4%), although risks remain tilted toward a more persistent and broader-based food pass-through despite continued subsidy support and a firmer ringgit**

- Headline inflation averaged around 1.7% during the first four months of the year, but sustained disruptions around the Strait of Hormuz continue to pose upside risks through higher imported fuel and fertiliser costs. Transport inflation remains the most immediate transmission channel, although historical pass-through dynamics suggest food inflation typically follows with a lag as higher logistics, packaging, and farm-input costs gradually filter through supply chains. While targeted fiscal transfers and subsidies should cushion part of the near-term impact, rising transport and production costs are likely to erode household purchasing power over time. **We therefore retain our baseline forecast, although a broader and more persistent rise in food prices would materially increase upside inflation risks.**
- **Policy outlook:** We expect BNM to maintain the OPR at 2.75% throughout 2026, with policy stability as the central policy objective. Domestic demand conditions remain resilient, while underlying inflation pressures are still relatively manageable despite renewed geopolitically driven commodity risks. At the same time, heightened external uncertainty and continued ringgit resilience should BNM sufficient space to remain flexibility.

Table 1: Global Inflation (% YoY)

	Nov-25	Dec-25	Jan-26	Feb-26	Mar-26	Apr-26
US	2.7	2.7	2.4	2.4	3.3	3.8
EU	2.1	2.0	1.7	1.9	2.6	3.0
UK	3.2	3.4	3.0	3.0	3.3	N/A
Japan	2.9	2.1	1.5	1.3	1.5	N/A
S. Korea	2.4	2.3	2.0	2.0	2.2	2.6
Singapore	1.2	1.2	1.4	1.2	1.8	N/A
China	0.7	0.8	0.2	1.3	1.0	1.2
Indonesia	2.7	2.9	3.5	4.8	3.5	2.4
Thailand	-0.5	-0.3	-0.7	-0.9	-0.1	2.9

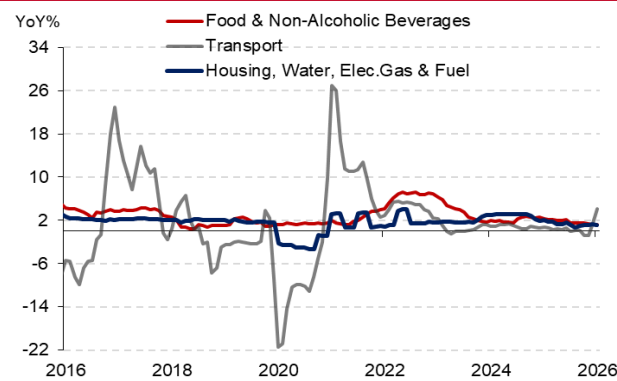
Source: Bloomberg, Kenanga Research

Graph 1: Real Interest Rate, Inflation Rates and OPR



Source: Macrobond, Kenanga Research

Graph 2: CPI Growth by Main Categories



Source: Macrobond, Kenanga Research

19 May 2026

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

Base 2010=100	weight	2023	2024	2025	Apr -25	Nov -25	Dec -25	Jan -26	Feb -26	Mar -26	Apr -26
CPI	100.0	2.5	1.8	1.4	1.4	1.4	1.6	1.6	1.4	1.7	1.9
Core Inflation		3.0	1.8	2.0	2.0	2.2	2.3	2.3	2.0	2.1	2.0
Food & Beverages	29.8	4.8	2.0	2.0	2.3	1.5	1.5	1.5	1.3	1.1	1.2
Alcoholic Beverages & Tobacco	1.9	0.7	0.7	0.9	0.8	2.4	2.5	2.5	2.6	2.7	2.8
Clothing & Footwear	2.7	0.2	-0.3	-0.2	-0.1	-0.1	0.1	0.0	0.0	-0.1	-0.1
Housing, Water, Electricity, Gas & Other Fuels	23.2	1.7	3.0	1.6	2.0	0.7	0.9	1.2	1.1	1.2	1.1
Furnishing, Household Equipment & Routine Household Maintenance	4.3	2.3	0.7	0.2	0.1	0.2	0.3	0.2	0.2	0.1	0.4
Health	2.7	2.1	1.8	1.2	0.9	1.5	1.5	1.4	1.2	1.4	1.4
Transport	11.3	1.1	0.9	0.5	0.7	0.2	0.1	-0.7	-0.7	1.6	4.1
Information & Communication	6.6	-2.9	-1.5	-4.2	-4.5	-1.3	0.9	0.7	0.5	1.4	2.0
Recreation, Sport & Culture	3.0	1.5	1.8	1.1	1.3	1.2	0.8	0.9	0.8	1.0	0.9
Education	1.3	1.9	1.5	2.3	2.3	2.6	2.8	3.2	2.8	2.5	2.4
Restaurants & Accommodation Services	3.4	5.5	3.1	3.2	2.9	3.4	3.1	3.0	2.5	2.6	2.6
Personal Care, Social Protection & Miscellaneous Goods & Services	9.8	2.5	3.0	4.4	4.1	5.6	5.7	6.6	6.9	7.0	4.8

Source: Macrobond, Kenanga Research

For further information, please contact:

Wan Suhaimie Wan Mohd Saidie
Head of Economic Research
wansuhaimi@kenanga.com.my

Muhammad Saifuddin Sapuan
Economist
saifuddin.sapuan@kenanga.com.my

Afiq Asyraf Syazwan Abd. Rahim
Economist
afiqasyraf@kenanga.com.my

Nurul Hanees Hairulkama
Economist
nurulhanees@kenanga.com.my

This document has been prepared for general circulation based on information obtained from sources believed to be reliable but we do not make any representations as to its accuracy or completeness. Any recommendation contained in this document does not have regard to the specific investment objectives, financial situation and the particular needs of any specific person who may read this document. This document is for the information of addressees only and is not to be taken in substitution for the exercise of judgement by addressees. Kenanga Investment Bank Berhad accepts no liability whatsoever for any direct or consequential loss arising from any use of this document or any solicitations of an offer to buy or sell any securities. Kenanga Investment Bank Berhad and its associates, their directors, and/or employees may have positions in, and may affect transactions in securities mentioned herein from time to time in the open market or otherwise, and may receive brokerage fees or act as principal or agent in dealings with respect to these companies. Kenanga Investment Bank Berhad being a full-service investment bank offers investment banking products and services and acts as issuer and liquidity provider with respect to a security that may also fall under its research coverage.

Published by:

KENANGA INVESTMENT BANK BERHAD (15678-H)

Level 17, Kenanga Tower, 237, Jalan Tun Razak, 50400 Kuala Lumpur, Malaysia
Telephone: (603) 2172 0880 Website: www.kenanga.com.my E-mail: research@kenanga.com.my

