Hoping that 2016 will be a better year

AS the curtain comes down on 2015, Malaysians at large are hoping for a better year ahead amid a volatile socioeconomic and political landscape.

Malaysians generally have little to cherish about 2015. In a nutshell, the prolonged low price of crude oil caused a severe dip in revenue for the Government from the second part of the year.

Implementation of the goods and services tax (GST) helped to cushion the impact with a RM30bil collection to date for the Government's coffers, but Malaysians were left to feel the pinch as GST led to price hikes in consumer goods and services.

Subsidy rationalisation, rise in transport cost and toll rates added to the gloom, which was further aggravated by errant businesses behaving unethically and retrenchments in the job sector.

Retail businesses reported sluggish sales due to reduced consumer spending. It is worth noting that the Malaysia Retail Association (MRA) has almost halved its sales growth projection in 2015 to 3.1% from 6% last year. In fact, the Nielsen Global Survey of Consumer Confidence and Spending's November 2015 report indicated that the Consumer Price Index (CPI) plunged to a 10-year low, recording a 78% dip in the third quarter. This was largely a consequence of the rising concerns over the sluggish economic outlook, declining value of the ringgit and seemingly heightening political instability.

The Malaysian Institute of Economic Research's (MIER) figures are equally discouraging. MIER's Consumer Sentiments Index fell to a new low of 70.2 points in the third quarter of 2015, from 70.1 in the quarter before.

Politically, Malaysia is undergoing persistent turbulence, denting consumer and investor confidence in our economy, resulting in massive outflow of foreign funds from our stock market. Perhaps a more decisive response from the national administration could reinstall stakeholders' confidence and help put things to rest.

The question looming now is if a recession is brewing.

Although the regulators tell us otherwise, economic indicators and news reports indicate red alerts. In fact, more than ever before business reports are citing portfolio rationalisation exercises, especially in the oil and gas industries.

Taking everything into consideration, the Malaysia Consumers Movement is calling on the Government to immediately postpone all future price increase announcements. Instead, the Government should consider reversing some of the increases which have already been made, including toll, public transport and electricity tariffs. It should also reduce the GST until consumers are better prepared to deal with its impact. Social stability is a rising concern especially as more individuals are finding it difficult to support basic living expenses.

On a brighter note, the current scenario would offer an opportunity for all, be it consumers, businesses or the Government, to look again at their cost elements so that leakages can be plugged by increasing efficiency.

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