



NEWSLETTER

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EXPENDITURE PATTERNS OF T20 HOUSEHOLDS BY STATE IN MALAYSIA

Introduction

It is a well-known fact that the T20 households dedicated a significant proportion of their income not on basic needs as they afford to purchase items that were considered as luxurious/ exclusive associated with more comfortable lifestyles. But these spending patterns may well be specific to certain states in Malaysia. Or more simply, do consumers in the central region states make different choices about how to spend their incomes than do those in the east coast states. Just how similar or diverse a state's expenditure choices are will depend, at least in part, on the mix of consumer characteristics, tastes and needs.

By using the latest data from the Household Income & Expenditure Survey (HIES) 2016, the analysis focusses on the expenditure patterns of T20 households (measured using the state-level income thresholds) and by states in Malaysia.

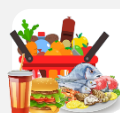
Who is the T20 Households?

Based on the Report of Household Income & Basic Amenities Survey, 2016, the T20 households refer to households earnings above RM9,620 per month.

In 2016, the T20 households' income share was nearly half to total Malaysian households with 46.2 per cent. Out of 6.92 million Malaysian households, 1.38 million were the T20 households.



Composition of Monthly Household Consumption Expenditure of T20 Households, Malaysia



Food & Non-Alcoholic Beverages

RM 905 | RM 959
(13.1%) (12.2%)



Furnishings, Household Equipment & Routine Household Maintenance

RM 305 | RM 398
(4.4%) (5.1%)



Recreation Services & Culture

RM 390 | RM 483
(5.7%) (6.2%)



Alcoholic Beverages & Tobacco

RM 119 | RM 159
(1.7%) (2.0%)



Health

RM 127 | RM 152
(1.8%) (1.9%)



Education

RM 102 | RM 121
(1.5%) (1.5%)



Clothing & Footwear

RM 221 | RM 256
(3.2%) (3.3%)



RM 1,099 | RM 1,208
(16.0%) (15.4%)



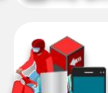
Restaurants & Hotels

RM 913 | RM 1,086
(13.2%) (13.8%)



Housing, Water, Electricity, Gas & Other Fuels

RM 1,742 | RM 1,912
(25.3%) (24.4%)



Communication

RM 400 | RM 422
(5.8%) (5.4%)



Miscellaneous Goods & Services

RM 577 | RM 688
(8.4%) (8.8%)

2014 | 2016

The annual growth rate for monthly household consumption expenditure of T20 in Malaysia for the period of 2014 to 2016 was 6.4 per cent which increased from RM6,899 to RM7,843. The findings in 2016 showed that the T20 households consumption expenditure was mainly on Housing, Water, Electricity, Gas & Other Fuels (24.4%); Transport (15.4%); Restaurants & Hotels (13.8%), Food & Non-Alcoholic Beverages (12.2%) and Miscellaneous Goods & Services (8.8%).

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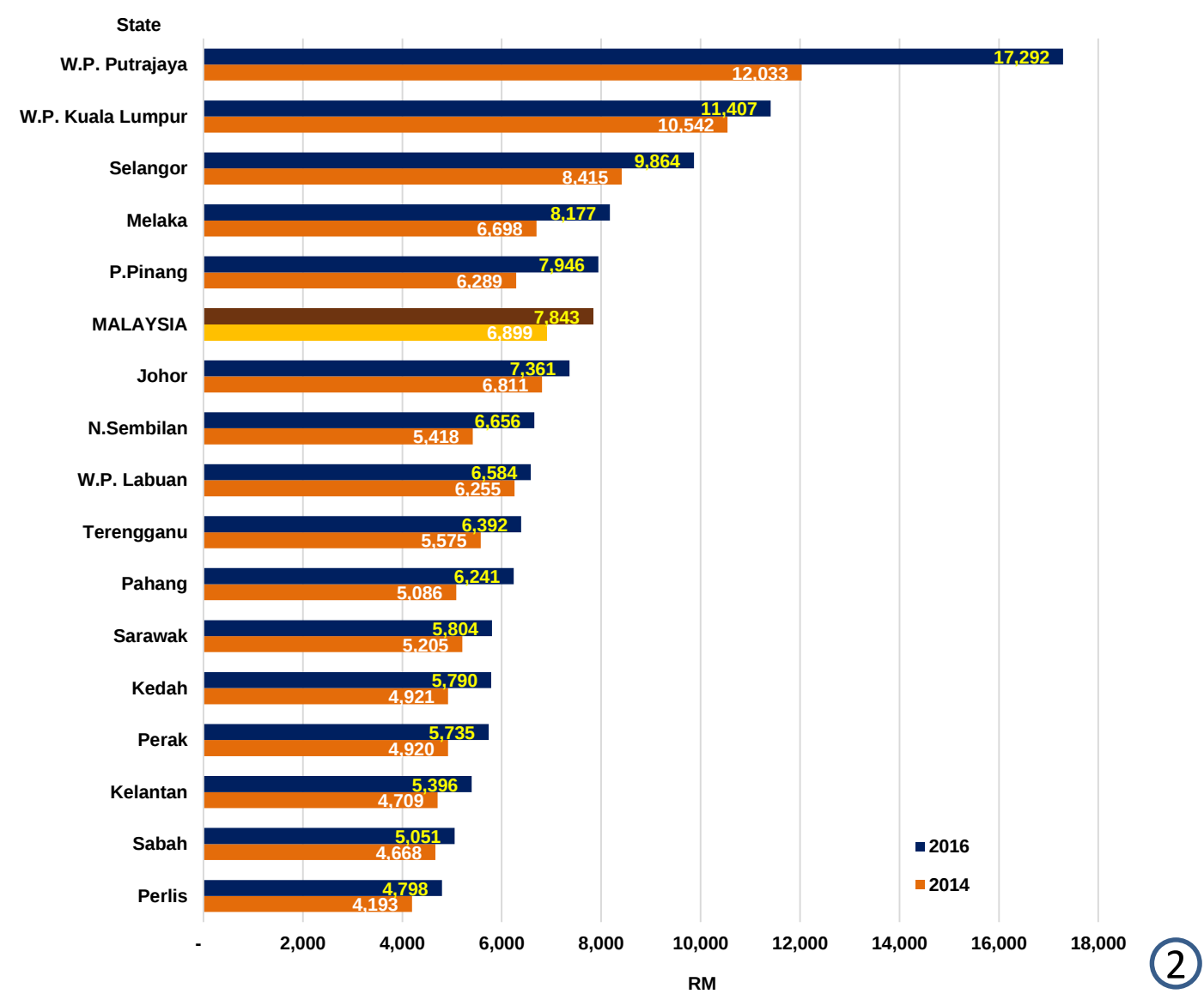
The consumption expenditure for Restaurants & Hotels and Miscellaneous Goods & Services increased to 13.8 per cent (RM1,086) and 8.8 per cent (RM688) respectively from 13.2 per cent (RM913) and 8.4 per cent (RM577) in 2014.

In contrast, the composition of Housing, Water, Electricity, Gas & Other Fuels; Transport and Food & Non-Alcoholic Beverages declined to 24.4 per cent (RM1,912), 15.4 per cent (RM1,208) and 12.2 per cent (RM959) respectively.

Mean Monthly Household Consumption Expenditure of T20 Households by State

Findings in 2016 reveals that the T20 households in W.P. Putrajaya recorded the highest mean monthly household consumption expenditure with an increase of 18.1 per cent to RM17,292 from RM12,033 in 2014. This was followed by W.P. Kuala Lumpur (RM11,407), Selangor (RM9,864), Melaka (RM8,177) and Pulau Pinang (RM7,946). Other states recorded the mean monthly household consumption expenditure below the national level (RM7,843).

All states recorded an increase in the mean monthly household consumption expenditure. During the period, 11 states exceeded the national growth rate of 6.4 per cent. W.P. Putrajaya recorded the highest growth rate, followed by Pulau Pinang (11.7%), Negeri Sembilan (10.3%), Pahang (10.2%), Melaka (10.0%), Kedah (8.1%), Selangor (7.9%), Perak (7.7%), Terengganu (6.8%), Kelantan (6.8%) and Perlis (6.7%).



Composition of Mean Monthly Household Consumption Expenditure of T20 Households by State



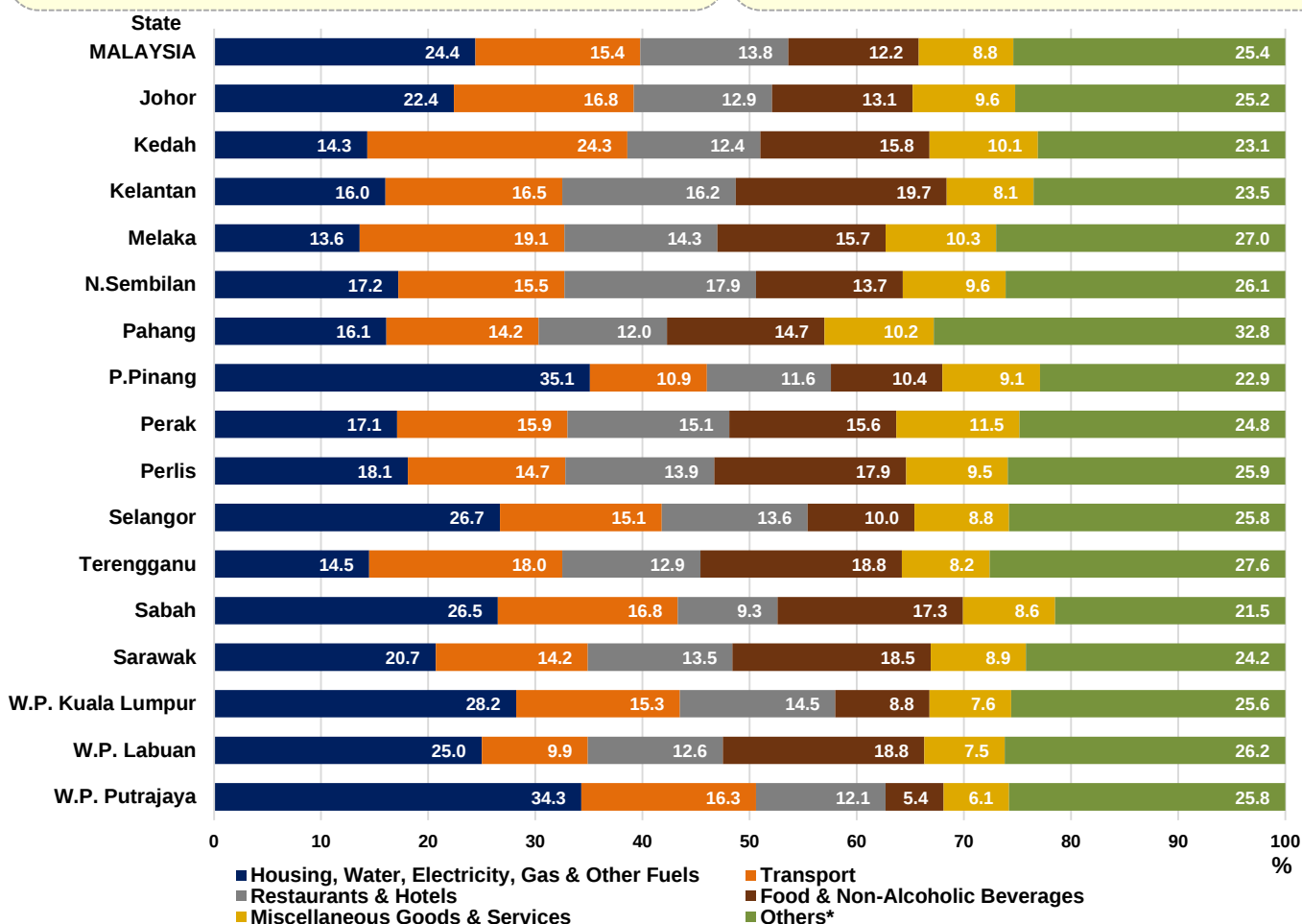
Pulau Pinang registered the highest composition of mean monthly household consumption expenditure (35.1%) in Housing, Water, Electricity, Gas & Other Fuels.

Kedah and Melaka allocated most of their households income on Transport. Kedah was the state with the highest consumption with 24.3 per cent.



Negeri Sembilan allocated 17.9 per cent of their households income on Restaurants & Hotels. The share of consumption of Kelantan, Perak, W.P. Kuala Lumpur, Melaka and Perlis surpassed the national level of 13.8 per cent.

Kelantan and Terengganu dedicated the highest share of their households income on Food & Non-Alcoholic Beverages at 19.7 per cent and 18.8 per cent respectively.



Conclusion

The expenditure patterns of T20 households are starkly different between states in Malaysia. Pulau Pinang and W.P. Putrajaya spent more than one-third of their income on Housing, Water, Electricity, Gas & Other Fuels group, while Kelantan and Terengganu allocated almost one-fifth of their budget on Food & Non-Alcoholic Beverages group. Despite the differences, consumers in Selangor, W.P. Kuala Lumpur and W.P. Putrajaya had more similar spending patterns with the national composition of mean monthly household consumption expenditure of T20 households.

Note: Others* - include Alcoholic Beverages & Tobacco; Clothing & Footwear; Furnishings, Household Equipment & Routine Household Maintenance; Health; Communication; Recreation Services & Culture and Education

DISCLAIMER: The article in this newsletter is the initiative of DOSM officers based on ad-hoc observation and collection of brief information in the field during the Movement Control Order. It does not meet the country's official statistics released standards. Therefore, the content of this newsletter cannot be interpreted as DOSM's official statistics.

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