

Beyond the Red Packet:

The Price of Celebrating Chinese New Year in Malaysia

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As the aroma of reunion feasts fills the air and vibrant decorations adorn homes, the joyous spirit of Chinese New Year in Malaysia grapples with a harsh reality: rising costs of living. While celebrating traditions and spending time with loved ones remains paramount, economic anxieties loom large, threatening to dampen the festive cheer.

The Price of Celebration

Understanding the cost-of-living landscape in Malaysia is crucial during this celebratory period. Food prices, a cornerstone of festive spending, have been steadily rising due to global disruptions and local factors like weather and fuel costs. This squeeze on wallets is expected to continue, potentially impacting the amount families allocate for reunion meals, celebratory treats, and gifting.

Transportation woes add another layer of concern. Fuel price hikes have translated into increased public transport fares and higher operating costs for personal vehicles. This not only strains daily commutes but also impacts discretionary travel, limiting visits to family and friends and potentially affecting spending in tourism-reliant areas.

The burden doesn't stop there. Increase taxes, rising electricity and water tariffs are anticipated in 2024, further tightening household budgets. Housing, especially in urban areas, remains a significant expense, leaving less disposable income for festive indulgences. Healthcare costs, including insurance premiums and medical bills, are also on the rise, forcing tough choices between essential needs and accessing proper care.

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Despite these challenges, the significance of Chinese New Year as a driver of economic activity cannot be understated. Consumer spending, traditionally at a peak during this period, fuels various sectors, creating jobs and boosting growth. However, rising costs can dampen consumer sentiment, leading to reduced spending and potentially impacting businesses and employment. This creates a delicate tightrope

walk for Malaysians – celebrating cherished traditions while navigating economic constraints.

Looking ahead, 2024 presents a moderate economic growth forecast, ranging from 4-5%. But within this outlook lies the concern that cost-of-living pressures will persist, potentially impacting consumer spending and economic growth. Targeted government measures aimed at addressing affordability and supporting specific sectors are crucial to mitigate the negative impacts.

Consumers, for their part, are likely to adopt a more cautious approach. Prioritizing essential needs and adjusting discretionary spending based on budget constraints will be key. This may mean smaller gatherings and understanding the economic landscape and making informed choices, INSAP believes that Malaysians can still embrace the festive spirit and contribute to a brighter future. Here are some key considerations:

- Stay informed by tracking inflation trends, monitor price changes, and analyse consumer sentiment surveys to make informed spending decisions.
- Prioritize wisely and differentiate between needs and wants, allocating resources effectively to ensure essential needs are met while still enjoying the festive spirit.
- Seek alternatives and explore cost-effective ways to celebrate, such as homemade meals, potluck gatherings, and virtual gift exchanges.

While economic anxieties may cast a shadow, the spirit of resilience and resourcefulness that defines Malaysians is sure to shine through. Embracing creativity, seeking value, and prioritizing meaningful connections over extravagant spending can ensure that the true essence of togetherness and joy remains at the heart of Chinese New Year celebrations.