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.
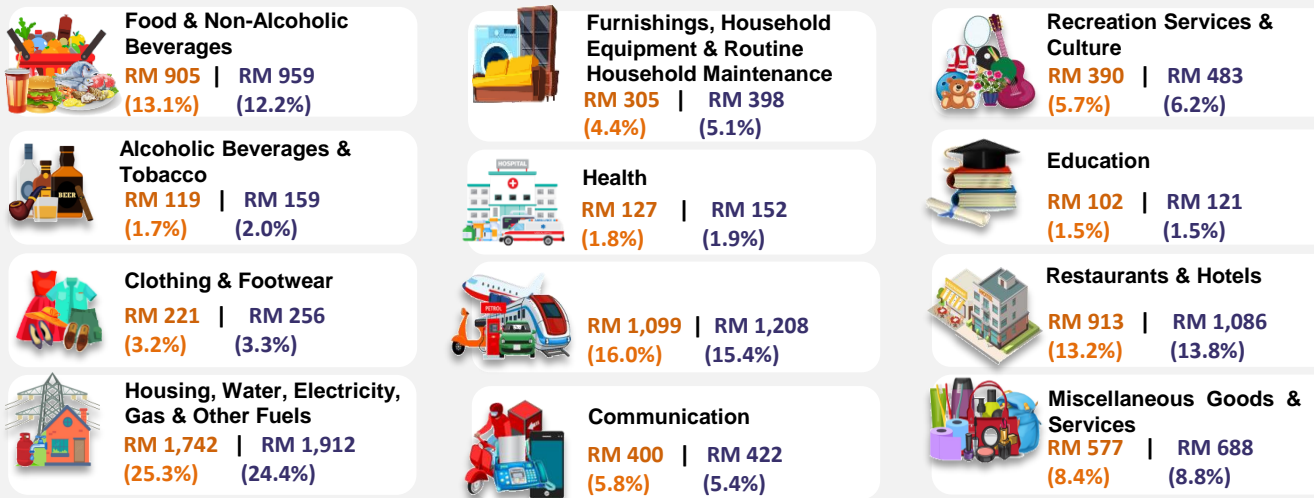
Who is the T20 Households?

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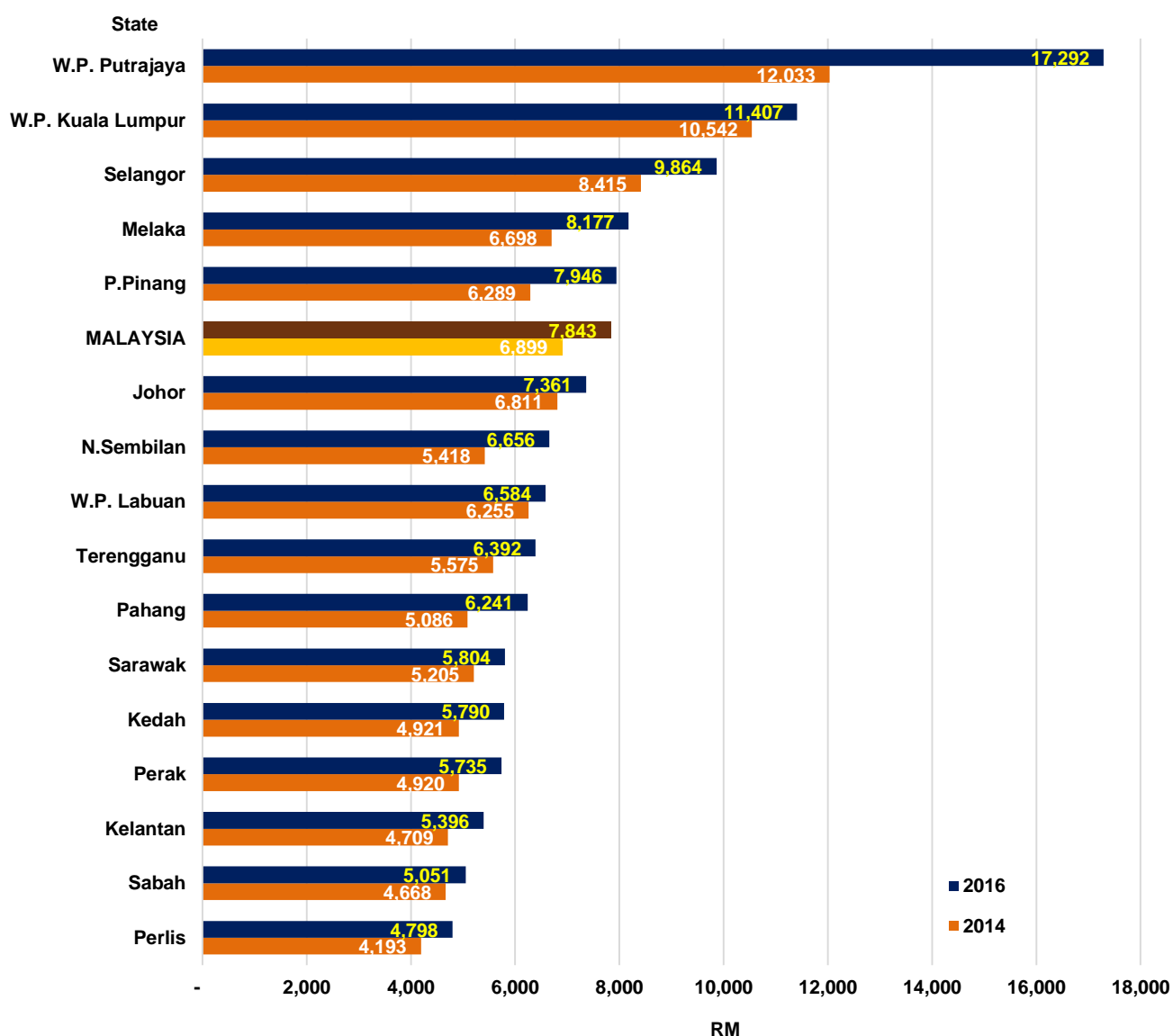
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The consumption expenditure for Restaurants & Hotels and Miscellaneous Goods & Services increased to 13.8 per cent (RM1,086) and 8.8 per cent (RM688) respectively from 13.2 per cent (RM913) and 8.4 per cent (RM577) in 2014.

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%).

State	2016	2014
W.P. Putrajaya	17,292	12,033
W.P. Kuala Lumpur	11,407	10,542
Selangor	9,864	8,415
Melaka	8,177	6,698
P.Pinang	7,946	6,289
MALAYSIA	7,843	6,899
Johor	7,361	6,811
N.Sembilan	6,656	5,418
W.P. Labuan	6,584	6,255
Terengganu	6,392	5,575
Pahang	6,241	5,086
Sarawak	5,804	5,205
Kedah	5,790	4,921
Perak	5,735	4,920
Kelantan	5,396	4,709
Sabah	5,051	4,668
Perlis	4,798	4,193

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Composition of Mean Monthly Household Consumption Expenditure of T20 Households by State
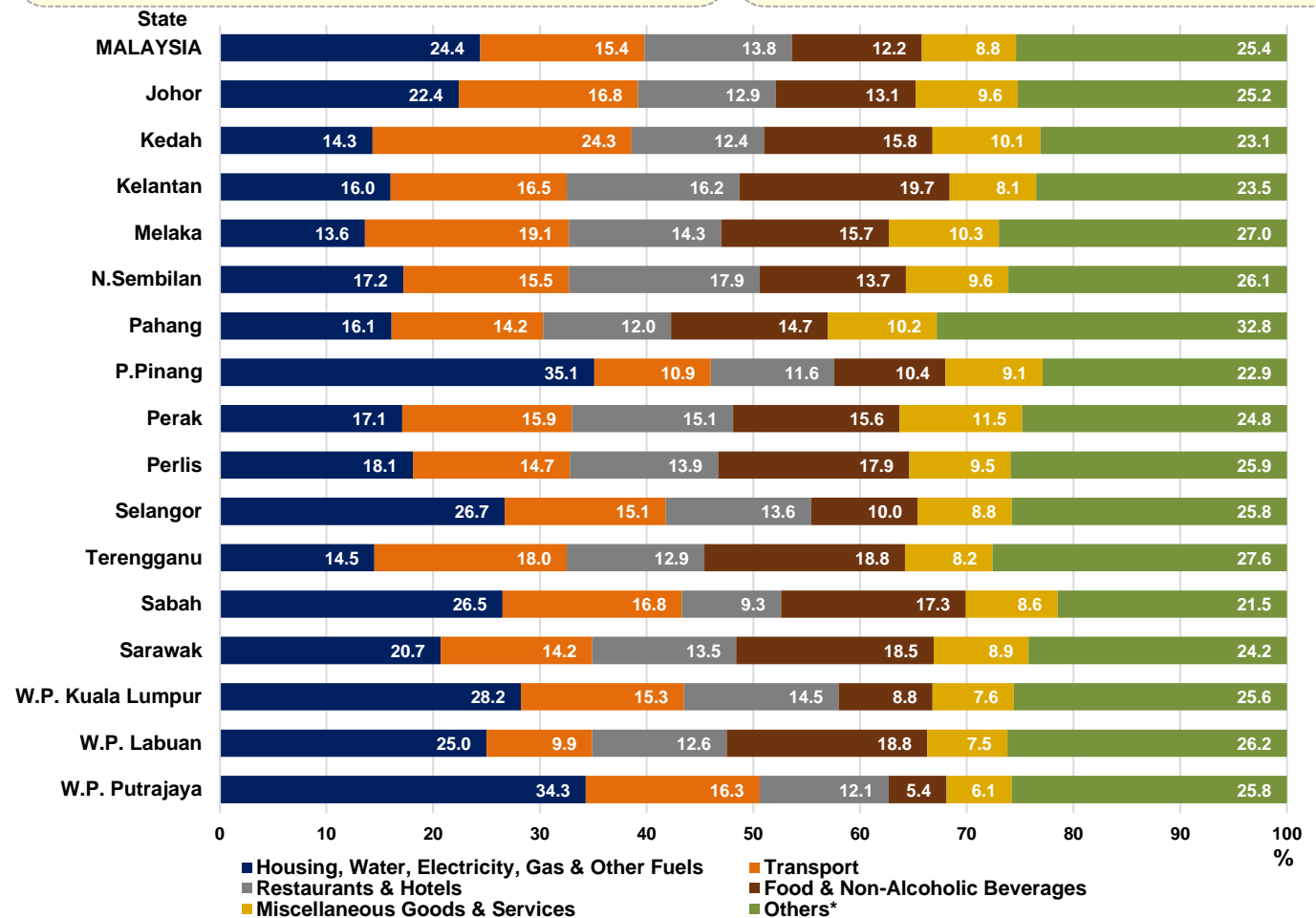
Pulau Pinang registered the highest composition of mean monthly household consumption expenditure (35.1%) in Housing, Water, Electricity, Gas & Other Fuels.

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.

State	Housing, Water, Electricity, Gas & Other Fuels	Transport	Restaurants & Hotels	Food & Non-Alcoholic Beverages	Miscellaneous Goods & Services	Others*
MALAYSIA	24.4	15.4	13.8	12.2	8.8	25.4
Johor	22.4	16.8	12.9	13.1	9.6	25.2
Kedah	14.3	24.3	12.4	15.8	10.1	23.1
Kelantan	16.0	16.5	16.2	19.7	8.1	23.5
Melaka	13.6	19.1	14.3	15.7	10.3	27.0
N.Sembilan	17.2	15.5	17.9	13.7	9.6	26.1
Pahang	16.1	14.2	12.0	14.7	10.2	32.8
P.Pinang	35.1	10.9	11.6	10.4	9.1	22.9
Perak	17.1	15.9	15.1	15.6	11.5	24.8
Perlis	18.1	14.7	13.9	17.9	9.5	25.9
Selangor	26.7	15.1	13.6	10.0	8.8	25.8
Terengganu	14.5	18.0	12.9	18.8	8.2	27.6
Sabah	26.5	16.8	9.3	17.3	8.6	21.5
Sarawak	20.7	14.2	13.5	18.5	8.9	24.2
W.P. Kuala Lumpur	28.2	15.3	14.5	8.8	7.6	25.6
W.P. Labuan	25.0	9.9	12.6	18.8	7.5	26.2
W.P. Putrajaya	34.3	16.3	12.1	5.4	6.1	25.8

Legend:
- Housing, Water, Electricity, Gas & Other Fuels
- Transport
- Restaurants & Hotels
- Food & Non-Alcoholic Beverages
- Miscellaneous Goods & Services
- Others*

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

POPULATION & HOUSING CENSUS MALAYSIA 2020
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