

# INFLATION THE SILENT THIEF

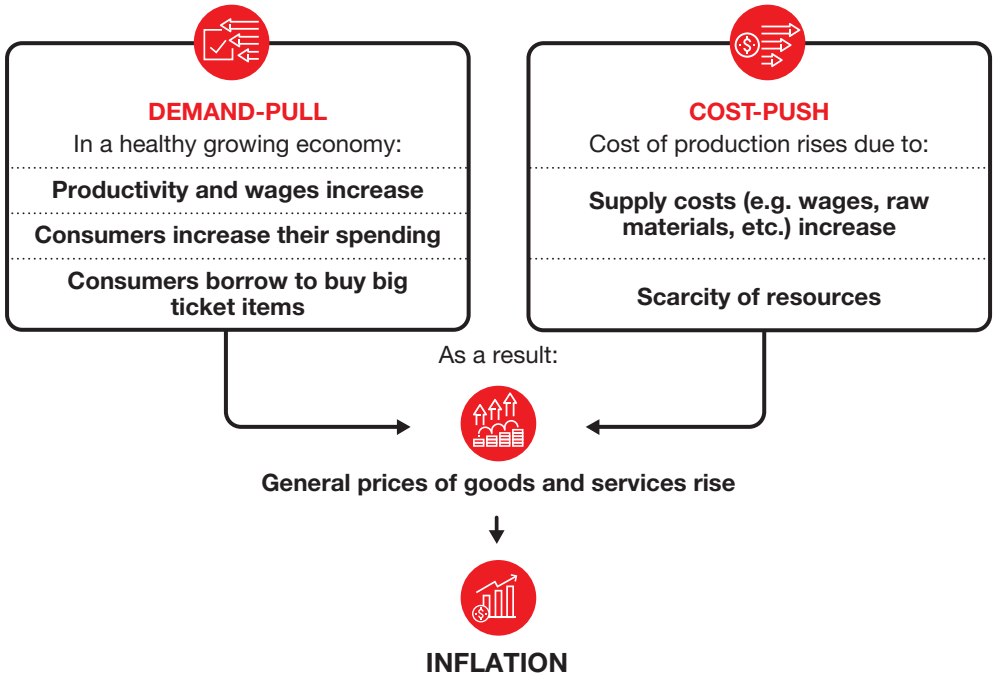


**PUBLIC MUTUAL**  
WHOLLY-OWNED SUBSIDIARY OF PUBLIC BANK

## What is Inflation?

Inflation is a general rise in prices of goods and services. It happens when there is too much cash chasing after too few goods or when the cost of production rises.

### Inflation Arises Due to Two Factors:



#### Example: Assuming inflation rate is 3%

If a 🍰 costs RM2.50 today

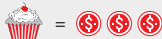
**5 years later:**  
It will cost **RM2.90**



**10 years later:**  
It will cost **RM3.36**



**20 years later:**  
It will cost **RM4.52**



#### The Rule of 72:

Calculate the Impact of Inflation on your money

$$72 \div \text{inflation rate} = \text{No. of years}$$

Example: Assuming inflation rate is 3%

$$72 \div 3 = 24$$

You can expect your money to lose half its value in **24 years**.

## Some Effects of Inflation on Consumers

1. Consumers suffer from **lower purchasing power** when prices increase.

**1970s** – RM2.00 can buy 4 cups



**1990s** – RM2.00 can buy 2 cups



**Today** – RM2.00 can buy 1 cup



2. Consumers may face **difficulty in maintaining their living standards** as more money is needed to buy the same quantity of goods and services than before.



3. **Higher borrowing cost** for borrowers as banks may increase interest rates if the central bank raises the rates to control inflation.



Prices increase (for instance, properties) in an overheating economy



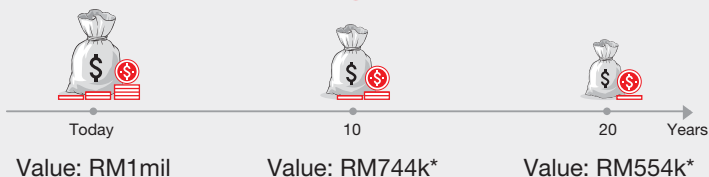
Central bank may raise interest rates



Dampens demand-pull inflation

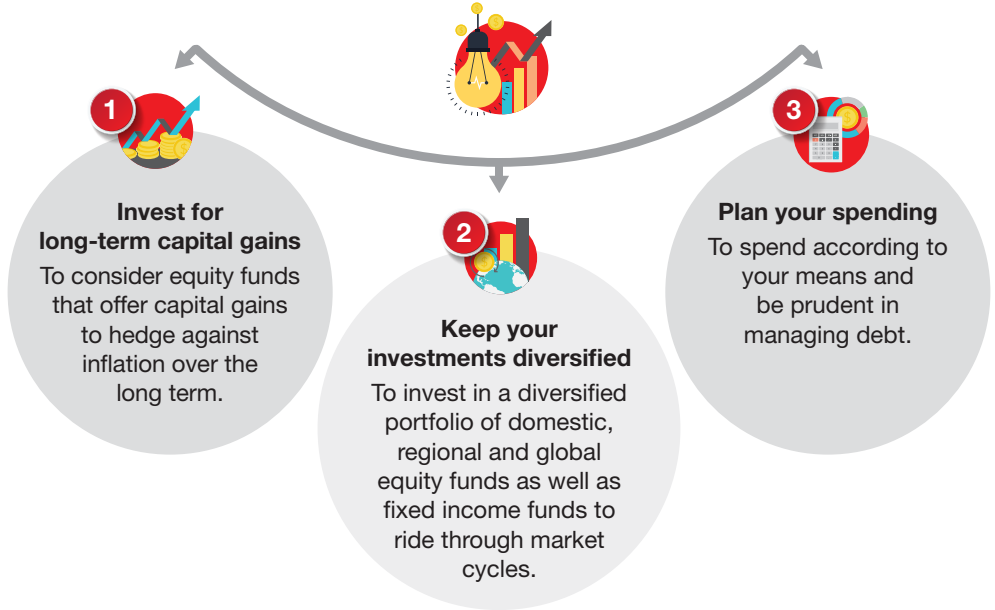
4. **Erodes your retirement fund** if it is not invested wisely because inflation reduces the real value of money over time.

Your retirement fund loses its value over time due to inflation.



\* Assuming inflation rate is 3%

## 3 Ways to Beat Inflation



---

## Get In Touch with Us



Unit Trust Consultant



Public Mutual Branch/Customer Service Centre



03-2022 5000



[www.publicmutual.com.my](http://www.publicmutual.com.my)

This material is prepared solely for educational and awareness purposes and should not be construed as an offer or a solicitation of an offer to purchase or subscribe to products offered by Public Mutual. No representation or warranty is made by Public Mutual, nor is there acceptance of any responsibility or liability as to the accuracy, completeness or correctness of the information contained herein.

Note: All copyright to this material belongs to Public Mutual and the material cannot be reproduced, distributed, transmitted, displayed, published or broadcast without the prior permission of Public Mutual.

## Branches/Customer Service Centres

### WEST MALAYSIA

#### Customer Service Centre

Tel: 03-2022 5000

#### Mutual Gold Centre

Tel: 03-2022 5000

#### 1 Utama Shopping Centre

Tel: 03-2022 5000

#### Alor Setar

Tel: 04-7366 500 Fax: 04-7364 655

E-mail: aor@publicmutual.com.my

#### Bangsar

Tel: 03-2022 5000 Fax: 03-2283 5739

E-mail: klsi@publicmutual.com.my

#### Batu Pahat

Tel: 07-4363 500 Fax: 07-4326 588

E-mail: bpt@publicmutual.com.my

#### Cheras

Tel: 03-2022 5000 Fax: 03-9132 1022

E-mail: chr@publicmutual.com.my

#### Damansara Perdana

Tel: 03-2022 5000 Fax: 03-7722 2475

E-mail: dsp@publicmutual.com.my

#### Ipoh

Tel: 05-2462 500 Fax: 05-2559 859

E-mail: iph@publicmutual.com.my

#### Johor Bahru

Tel: 07-3607 500 Fax: 07-3548 600

E-mail: jhb@publicmutual.com.my

#### Klang

Tel: 03-2022 5000 Fax: 03-3323 5632

E-mail: kel@publicmutual.com.my

#### Kluang

Tel: 07-7391 500 Fax: 07-7736 195

E-mail: klg@publicmutual.com.my

#### Kota Bharu

Tel: 09-7263 500 Fax: 09-7476 026

E-mail: kbr@publicmutual.com.my

#### Kuala Terengganu

Tel: 09-6321 500 Fax: 09-6317 030

E-mail: ktg@publicmutual.com.my

#### Kuantan

Tel: 09-5118 500 Fax: 09-5161 223

E-mail: ktn@publicmutual.com.my

#### Melaka

Tel: 06-2855 500 Fax: 06-2837 354

E-mail: mlk@publicmutual.com.my

#### Muar

Tel: 06-9562 500 Fax: 06-9536 830

E-mail: mua@publicmutual.com.my

#### Penang

Tel: 04-2196 500 Fax: 04-2295 171

E-mail: pen@publicmutual.com.my

#### Puchong

Tel: 03-2022 5000 Fax: 03-8065 3010

E-mail: pch@publicmutual.com.my

#### Seberang Perai

Tel: 04-5407 500 Fax: 04-5050 005

E-mail: sbp@publicmutual.com.my

#### Seremban

Tel: 06-6372 500 Fax: 06-7644 237

E-mail: sbm@publicmutual.com.my

#### Shah Alam

Tel: 03-2022 5000 Fax: 03-5513 9288

E-mail: sal@publicmutual.com.my

#### Sungai Petani

Tel: 04-4558 500 Fax: 04-4230 663

E-mail: sgp@publicmutual.com.my

#### Temerloh

Tel: 09-2955 500 Fax: 09-2968 060

E-mail: tml@publicmutual.com.my

### EAST MALAYSIA

#### Bintulu

Tel: 086-859 500 Fax: 086-330 221

E-mail: btu@publicmutual.com.my

#### Kota Kinabalu

Tel: 088-327 500 Fax: 088-238 389

E-mail: bki@publicmutual.com.my

#### Kuching

Tel: 082-226 500 Fax: 082-239 825

E-mail: kch@publicmutual.com.my

#### Miri

Tel: 085-323 500 Fax: 085-416 195

E-mail: mri@publicmutual.com.my

#### Sandakan

Tel: 089-231 500 Fax: 089-222 889

E-mail: sdk@publicmutual.com.my

#### Sibu

Tel: 084-363 500 Fax: 084-330 269

E-mail: sbw@publicmutual.com.my

#### Tawau

Tel: 089-982 500 Fax: 089-765 326

E-mail: twu@publicmutual.com.my

HEAD OFFICE

Menara Public Bank 2,  
No. 78, Jalan Raja Chulan,  
50200 Kuala Lumpur.

CUSTOMER SERVICE HOTLINE

03-2022 5000

TELEPHONE

03-2022 6800

FACSIMILE

03-2022 6900

WEBSITE

[www.publicmutual.com.my](http://www.publicmutual.com.my)

FOLLOW US

