Effect of Changing Energy Prices on Household Expenditure with Emphasis on Industry and Transportation: Preliminary Evidence from Malaysia

Topic: Energy input-output analysis II
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Abstract
This paper evaluates change in prices of different kinds of energy such as crude oil, natural gas & coal, petroleum production and electricity & gas on the household expenditure especially in the industrial and transportation sectors which are major users of energy in Malaysia. We use the IO table of Malaysia for the year 2000* as a reference point and close input-output model applied in this paper. This paper separated primary and secondary energy. The results show that doubling the price of primary energy more affected the prices of other goods and household expenditure compared to doubling electricity prices. By doubling all kinds of energy prices the bottom quintile of the population is more than vulnerable than the top quintile in the housing, water, electricity & gas group but in the transportation top quintile is more affected than bottom quintile, without considering absolute amount of their expenditure.
Key word: input-output technique, energy prices, household expenditure, Malaysia
* By January 2010, maybe the input-output table of 2005 published so we'll apply that table.