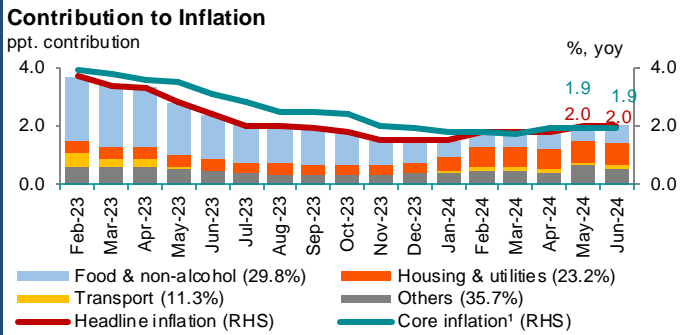




### Headline and core inflation unchanged



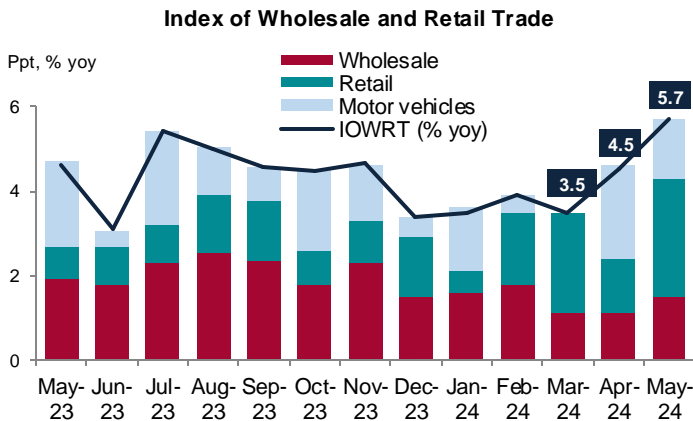
<sup>1</sup> Core inflation is computed by excluding price-volatile and price-administered items.

Note: Beginning January 2024, the goods and services in the CPI basket are reclassified based on a new set of weights

Source: Department of Statistics, Malaysia (DOSM) & BNM estimates

- Headline inflation and core inflation remained unchanged in June at 2% and 1.9%, respectively.
- Transport inflation increased to 1.2% (May 2024: 0.9%), mainly due to the diesel price adjustment. At the same time, food at home also recorded higher inflation (June 2024: 0.9%; May 2024: 0.5%), driven mainly by fresh seafood and vegetables. However, these were offset by lower inflation in the clothing and footwear as well as food away from home categories.

### Higher wholesale and retail trade growth in May



- The Index of Wholesale and Retail Trade (IOWRT) grew faster by 5.7% in May 2024 (April 2024: 4.5%).
- The expansion was driven mainly by higher retail trade in non-specialised stores (e.g. supermarkets, department stores). Wholesale trade also improved driven by higher growth in other specialised wholesale components.<sup>1</sup>
- Growth in the motor vehicle segment moderated but remained high at 9.6% (April 2024: 17.1%).

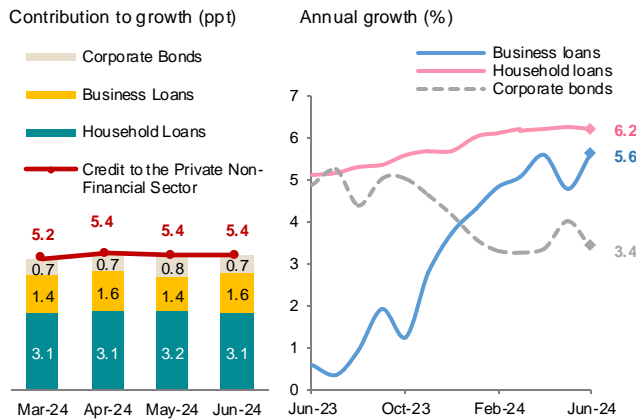
<sup>1</sup> Other specialised wholesale components include petrol, lubricants, metals, paints, construction materials, as well as fittings and fixtures

Source: Department of Statistics, Malaysia



### Sustained growth in credit to the private non-financial sector

#### Credit to the Private Non-Financial Sector<sup>1</sup>

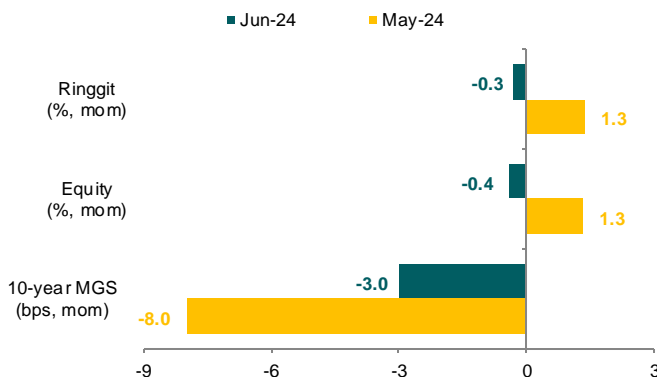


<sup>1</sup> Comprises loans to households and non-financial corporations from the banking system and development financial institutions (DFIs), and corporate bonds issued by non-financial corporations (including short-term papers). Numbers may not add up due to rounding.  
Source: Bank Negara Malaysia

- Growth in credit to the private non-financial sector was sustained at 5.4% in June (May 2024: 5.4%), following higher outstanding loan growth (6%; May 2024: 5.7%) while outstanding corporate bonds grew at a more moderate pace (3.4%; May 2024: 4%).
- Outstanding business loan growth was stronger (5.6%; May 2024: 4.8%), supported by both working capital and investment-related loans. By sector, the higher loan growth was observed across the construction and services sectors.
- For households, outstanding loan growth was steady at 6.2% (May 2024: 6.3%) amid sustained growth recorded across most loan purposes.

### Domestic financial markets remained influenced by external drivers, including shifting expectations on US monetary policy

#### Financial Market Performance in June 2024



Note: The exchange rate data is the noon-rate in the Kuala Lumpur Interbank Foreign Exchange Market

\*Regional countries comprise: Singapore, Thailand, Philippines, Indonesia, and Korea

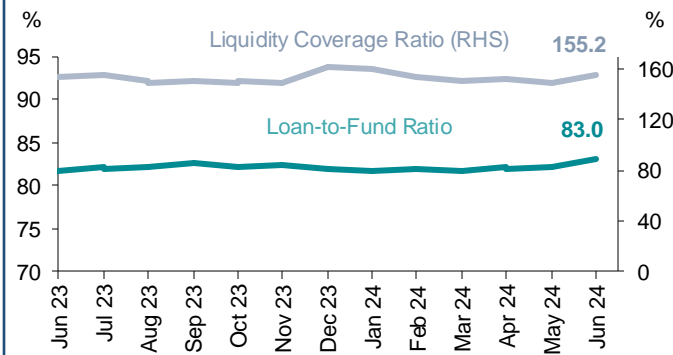
Source: Bank Negara Malaysia, Bursa Malaysia

- In June, US Federal Reserve officials reiterated their patience in allowing monetary policy to remain restrictive while awaiting further progress on both US inflation and the labour market. In this environment, financial market participants continued to expect only one to two Fed rate cuts by the end of 2024.
- The ringgit depreciated by 0.3% against the US dollar, in line with most regional currencies (regional\* average: -0.4%). The 10-year MGS yield decreased by 3 basis points alongside a decline in US bond yields, while the FBM KLCI traded lower by 0.4%.



### Banks' liquidity and funding positions remained supportive of intermediation activity

Banking System Liquidity and Funding Ratios

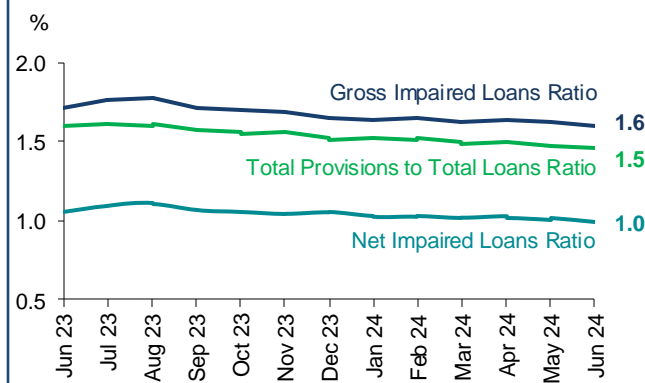


Source: Bank Negara Malaysia

- The banking system continued to record healthy liquidity buffers with an aggregate Liquidity Coverage Ratio of 155.2% (May 2024: 149.7%).
- Aggregate loan-to-fund ratio remained broadly stable at 83% (May 2024: 82.2%).

### Asset quality in the banking system remained sound

Banking System Asset Quality



Source: Bank Negara Malaysia

- Overall gross and net impaired loans ratios remained stable at 1.6% and 1%, respectively.
- As of end-June 2024, total provisions maintained at RM 32 billion.