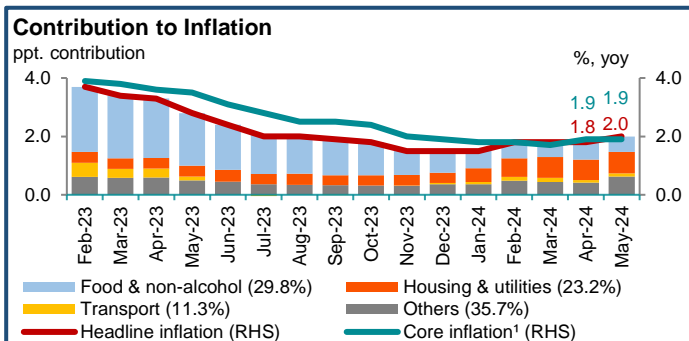




Monthly Highlights

May 2024

Headline inflation increased while core inflation remained stable

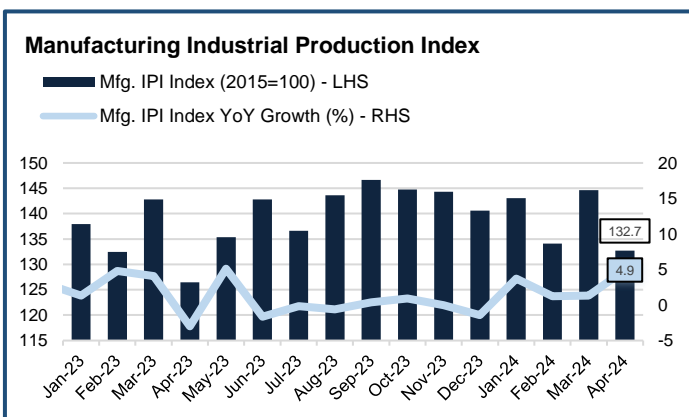


- Headline inflation edged higher to 2% in May (April 2024: 1.8%). Core inflation was unchanged at 1.9% (April 2024: 1.9%).
- The increase in headline inflation was driven mainly by selected necessities, notably fresh food and utilities.
- For core inflation, higher inflation for communication services was mostly offset by moderation in food-away-from-home inflation.

¹ 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 and Bank Negara Malaysia estimates

Manufacturing IPI advanced by 4.9% in April 2024



- The manufacturing industrial production index (IPI) advanced further by 4.9% in April 2024 (March 2024: 1.3%).
- Growth in the export-oriented cluster was lifted by improved production in the primary-related cluster such as petroleum, chemical, rubber and plastics products.
- Growth in the domestic-oriented cluster rose further, reflecting higher production of construction-related materials, transport equipment as well as food, beverages and tobacco products.

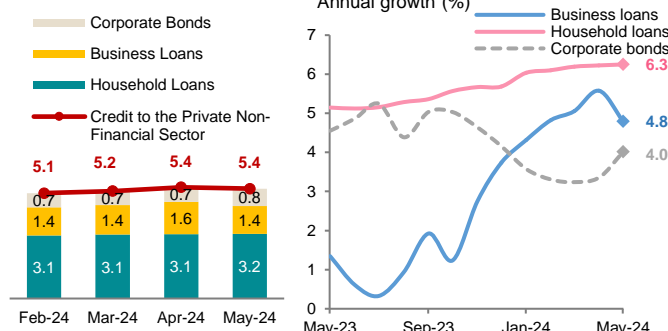
Source: Department of Statistics, Malaysia



Sustained growth in credit to the private non-financial sector

Credit to the Private Non-Financial Sector^{1,2}

Contribution to growth (ppt)



¹ 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).

² Starting with the publication of December 2022 Monthly Highlights and Statistics (MHS), this series was introduced to enhance the quality of financing data. This new data series is available in the MHS Table 2.18.

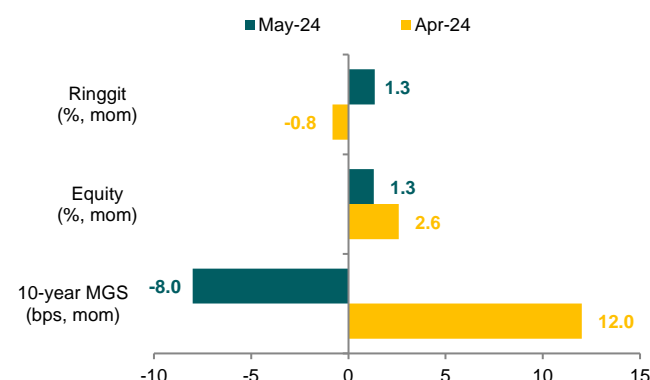
Numbers may not add up due to rounding.

Source: Bank Negara Malaysia

- Growth in credit to the private non-financial sector was sustained (5.4%; April 2024: 5.4%), as corporate bonds rose while loan growth moderated (5.7%; April 2024: 6%).
- Outstanding business loans grew at a more moderate pace (4.8%; April 2024: 5.6%) amid slower growth in working capital loans while investment-related loans expanded. Meanwhile, outstanding corporate bonds grew by 4% (April 2024: 3.4%).
- Household loan growth increased to 6.3% (April 2024: 6.2%), driven mainly by loans for the purchase of housing and cars. Loan applications and disbursements among household borrowers also continued to be forthcoming.

Domestic financial markets remained resilient amid global uncertainties over US monetary policy path

Financial Market Performance in May 2024



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

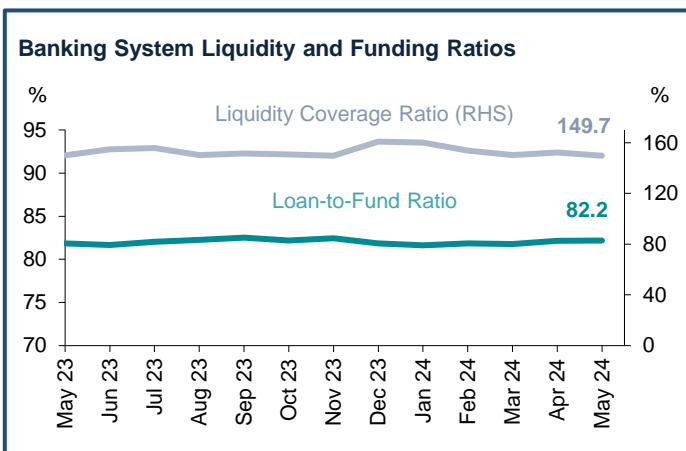
¹ Regional countries comprise: Singapore, Thailand, Philippines, Indonesia and Korea.

Source: Bank Negara Malaysia and Bursa Malaysia

- Several major central banks, including those of Switzerland and Sweden, have begun easing monetary policy amid signs of cooling inflation. However, global financial market volatility remained, stemming from uncertainty over the future path of US monetary policy.
- Against this backdrop, the ringgit continued to perform positively by appreciating by 1.2% against the US dollar (regional¹ average: -1.6%), amid non-resident inflows into the domestic bond and equity markets.
- The 10-year MGS yield decreased by 8 bps (regional¹ average: -18 bps), while the FBM KLCI traded higher by 1.3% (regional¹ average: -0.8%).



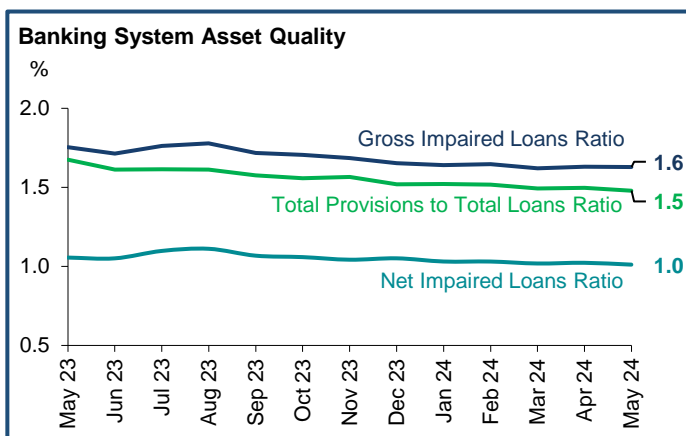
Banks liquidity and funding positions are strong to support intermediation



Source: Bank Negara Malaysia

- The banking system continued to record healthy liquidity buffers with the aggregate Liquidity Coverage Ratio of 149.7% (April 2024: 152.2%).
- The aggregate loan-to-fund ratio remained broadly stable at 82.2% (April 2024: 82.1%).

Asset quality in the banking system remained healthy



Source: Bank Negara Malaysia

- Overall gross and net impaired loans ratios remained stable at 1.6% and 1% respectively.
- As of end-May 2024, total provisions stood at RM32 billion (April 2024: RM32.4 billion).



BANK NEGARA MALAYSIA
CENTRAL BANK OF MALAYSIA

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¹ Regional countries comprise: Singapore, Thailand, Philippines, Indonesia and Korea.

Asset quality in the banking system remained intact

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- As of end-May 2024, total provisions stood at RM32 billion (April 2024: RM32.4 billion).

Bank Negara Malaysia

28 June 2024