

**PRESS RELEASES****Monetary Policy Statement**

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At the Monetary Policy Committee (MPC) meeting today, Bank Negara Malaysia decided to maintain the Overnight Policy Rate (OPR) at 3.00 percent.

The global economy continued to grow at a moderate pace. Economic activity in major advanced economies has improved but remains moderate. In Asia, growth has been supported by domestic demand amid persistent weakness in the external sector. Looking ahead, the baseline estimate is for global growth to improve slightly in 2017. The prospect of a shift towards progressive use of fiscal policy in the developed economies could lead to a more balanced policy environment that would support growth going forward. Nevertheless there is uncertainty arising from risks of protectionism and financial market volatility. Heightened financial market volatility in recent weeks has had an adverse effect on various asset classes, exchange rates and yields across many emerging economies. Global financial market conditions are likely to be susceptible to policy and market developments.

The domestic economy continued to expand in the third quarter of the year, driven mainly by private sector activity with some support from net exports. Going forward, private sector activity will remain the key driver of growth. Private consumption is expected to be sustained by continued wage and employment growth, with additional support from Government measures to increase disposable income. Investment activity, although moderating, will be supported by on-going infrastructure investments and capital expenditure in the manufacturing and services sectors. On the external front, exports are expected to expand but will be constrained by soft demand from Malaysia's key trading partners. Overall, the domestic economy remains on track to expand as projected in 2016 and 2017.

Headline inflation for 2016 is expected to be at the lower end of the projected range of 2.0% – 2.5%. Inflation is expected to remain relatively stable in 2017 given the environment of low global energy and commodity prices, and generally subdued global inflation.

The ringgit, along with most emerging market currencies, has experienced sharp adjustments and significant volatility due to continuing uncertainties in global economic and policy environment, and geopolitical developments. These factors could result in periods of volatility in the regional financial and foreign exchange markets. In this regard, Bank Negara Malaysia will continue to provide liquidity to ensure the orderly functioning of the domestic foreign exchange market. The capital market remains accessible, deep and liquid. Banking system

liquidity is ample. Financial institutions continue to operate with strong capital and liquidity buffers and the growth of financing to the private sector is consistent with the pace of economic activity.

At the current level of the OPR, the degree of monetary accommodativeness is consistent with the policy stance to ensure that the domestic economy continues on a steady growth path amid stable inflation, supported by continued healthy financial intermediation in the economy. The risk of destabilising financial imbalances has been contained. However, the MPC will be monitoring these risks to ensure the sustainability of the overall growth prospects.

The meeting also approved the schedule of MPC meetings for 2017. In accordance with the Central Bank of Malaysia Act 2009, the MPC will convene six times during the year. The meetings will be held over two days, with the Monetary Policy Statement released at 3 p.m. on the second day of the MPC meeting.

Schedule of Monetary Policy Committee Meetings for 2017	
MPC Meeting No.	Dates
1st	18 and 19 January 2017 (Wednesday and Thursday)
2nd	1 and 2 March 2017 (Wednesday and Thursday)
3rd	11 and 12 May 2017 (Thursday and Friday)
4th	12 and 13 July 2017 (Wednesday and Thursday)
5th	6 and 7 September 2017 (Wednesday and Thursday)
6th	8 and 9 November 2017 (Wednesday and Thursday)

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