

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

Ref No : 11/19/01 / 05 Nov 2019 /

Embargo : Not for publication or broadcast before 1500 hours on Tuesday 05 November 2019

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

The global economy is expanding at a more moderate pace, with the slowdown becoming more synchronised across both the advanced and emerging economies. There is also evidence of the weak global trade affecting domestic demand, particularly investment activity. Going forward, geopolitical tensions, policy uncertainty and the unresolved trade disputes could exacerbate financial market volatility and further weigh on the global growth outlook. Monetary easing and other policy measures are expected to provide some support to growth.

For the Malaysian economy, latest indicators are in line with expectations, suggesting moderate expansion of economic activity for the third quarter. Going forward, growth is expected to remain anchored by firm private sector expenditure. While private investment is projected to remain modest, household spending will be supported by continued employment and wage growth. The recent Government measures will provide additional impetus to economic activity. On the external front, while exports will continue to be affected by slower global demand, this will be partly mitigated by its diversified structure. Overall, growth of the Malaysian economy is expected to be within projections in 2019 and the pace sustained going into 2020. This projection remains subject to downside risks, mainly stemming from uncertainties in global economic and financial conditions as well as weakness in commodity-related sectors.

Average headline inflation in 2019 will be low. In 2020, headline inflation is expected to average higher but remain modest. This reflects mainly the lapse in the impact from consumption tax policy changes, the lifting of the domestic retail fuel price ceiling amid the relatively subdued outlook on global oil prices, and measures in place to contain food prices. The trajectory of headline inflation will, however, be dependent on global oil and commodity price developments. Underlying inflation is expected to remain stable, supported by the continued expansion in economic activity and in the absence of strong demand pressures.

At the current level of the OPR, the stance of monetary policy remains accommodative and supportive of economic activity. The MPC will continue to assess the balance of risks to domestic growth and inflation, to ensure that the monetary policy stance remains conducive to sustainable growth amid price stability.

The meeting also approved the schedule of MPC meetings for 2020. 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.

<b>Schedule of Monetary Policy Committee Meetings for 2020</b>	
<b>MPC Meeting No.</b>	<b>Dates</b>
1st	21 and 22 January 2020 (Tuesday and Wednesday)
2nd	2 and 3 March 2020 (Monday and Tuesday)
3rd	4 and 5 May 2020 (Monday and Tuesday)
4th	6 and 7 July 2020 (Monday and Tuesday)
5th	9 and 10 September 2020 (Wednesday and Thursday)
6th	2 and 3 November 2020 (Monday and Tuesday)

**Bank Negara Malaysia**

**05 Nov 2019**

© Bank Negara Malaysia, 2019. All rights reserved.