

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

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At its meeting today, the Monetary Policy Committee (MPC) of Bank Negara Malaysia decided to maintain the Overnight Policy Rate (OPR) at 3.25 percent.

The global economic expansion continues, although with signs of moderating momentum. In the advanced economies, growth will continue to be mainly driven by positive labour market conditions and policy support. Growth in Asia will be supported by domestic activity amid weaker external demand. Risks to the global growth outlook remain tilted to the downside, with trade tensions continuing to be a key source of downside risk. Continued volatility in international financial markets and monetary policy normalisation in some advanced economies could lead to further capital outflows and financial market adjustments in emerging economies.

For the Malaysian economy, latest indicators point towards continued expansion in private sector activity. Private consumption will remain the main driver of growth, supported by conducive labour market conditions. Investment activity is projected to be sustained by continued capacity expansion in key sectors, driven by positive demand and efforts to enhance automation. Public sector spending, however, is likely to weigh on growth, amid continued reprioritisation of expenditure by the Government. The recent announcements by the Government have provided more clarity on fiscal and economic development policies. On the external front, exports are projected to provide an additional lift to growth, albeit to a lesser extent, due to moderating global growth momentum. The domestic economy continues to face downside risks stemming from any further escalation in trade tensions and prolonged weakness in the mining and agriculture sectors. Nevertheless, on balance, the Malaysian economy is expected to remain on a steady growth path in 2018 and 2019.

The annual average headline inflation will be low in 2018. Moving into 2019, headline inflation is projected to increase primarily due to higher projected global oil prices and the floating of domestic fuel prices. While the impact of the consumption tax policy will contribute to higher headline inflation in 2019, it will lapse towards the end of 2019. Underlying inflation is expected to remain contained in the absence of strong demand pressures.

In line with regional economies, the domestic financial markets continue to experience non-resident portfolio outflows due to global developments. Nevertheless, the financial markets remain orderly with domestic monetary and financial conditions supportive of economic growth.

The financial sector is sound, with financial institutions operating with strong capital and liquidity buffers. Importantly, the domestic economy maintains its underlying fundamental strength, with steady economic growth, low unemployment and surplus in the current account of the balance of payments. Bank Negara Malaysia's monetary operations will continue to ensure sufficient liquidity to support the orderly functioning of money and foreign exchange markets and intermediation activity.

At the current level of the OPR, the degree of monetary accommodativeness is consistent with the intended policy stance. The MPC will continue to monitor and assess the balance of risks surrounding the outlook for domestic growth and inflation.

The meeting also approved the schedule of MPC meetings for 2019. 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 2019</b>	
<b>MPC Meeting No.</b>	<b>Dates</b>
1st	23 and 24 January 2019 (Wednesday and Thursday)
2nd	4 and 5 March 2019 (Monday and Tuesday)
3rd	6 and 7 May 2019 (Monday and Tuesday)
4th	8 and 9 July 2019 (Monday and Tuesday)
5th	11 and 12 September 2019 (Wednesday and Thursday)
6th	4 and 5 November 2019 (Monday and Tuesday)

**Bank Negara Malaysia**  
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