

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

Ref No : 07/19/02 / 09 Jul 2019 /

Embargo : Not for publication or broadcast before 1500 hours on Tuesday 09 July 2019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 continues to expand moderately. Labour conditions in the advanced economies remain firm, while domestic demand continues to support growth in Asia. Leading indicators, however, point to a softening of the near term global economic outlook, with considerable downside risks remaining primarily from prolonged trade tensions. While the prospects of monetary easing in the major economies have somewhat eased global financial conditions, heightened policy uncertainty could lead to excessive financial market volatility.

The Malaysian economy grew within expectations in the first quarter of the year, supported by both domestic and external factors. Looking ahead, while the external sector performance is likely to be weighed down by slower global growth and trade tensions, economic growth will be supported by domestic demand. Household and capital spending will continue to be driven by stable labour market conditions and capacity expansion in key sectors such as manufacturing and services. The baseline projection remains within the range of 4.3% - 4.8%. This projection, however, is subject to downside risks from ongoing uncertainties in the global and domestic environment, worsening trade tensions and extended weakness in commodity-related sectors.

While headline inflation has remained low in the recent period, it is projected to rise in the coming months as the impact of the changes in consumption tax policy lapses. For 2019 as a whole, average headline inflation is expected to be broadly stable compared to 2018. The trajectory of headline inflation will be dependent on global oil prices and policy measures such as the timing of the lifting of the price ceiling on domestic retail fuel prices. 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.

**Bank Negara Malaysia**  
**09 Jul 2019**

