

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

Ref No : 11/17/05 / 09 Nov 2017 /

Embargo : Not for publication or broadcast before 1500 hours on Thursday 09 November 2017

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 strengthen. Growth has become more entrenched and synchronised across regions. Global trade has picked up significantly. Amid the sustained growth performance, economic slack is diminishing in the advanced economies. In Asia, growth is driven by sustained domestic activity and strong external demand. Financial markets have also been relatively calm in the recent period. For 2018, the global economy is projected to experience sustained growth. While there are risks arising from geopolitical and policy developments in major economies, economic prospects are expected to remain favourable.

For Malaysia, economic growth has become more entrenched. Both the domestic and external sectors continue to register strong performance. Growth momentum has been lifted by stronger spillovers from the external sector to the domestic economy as firms invest in productive capacity, raise wages and hire more workers. For 2018, domestic demand is expected to remain the key source of growth. Private consumption will remain the largest driver of growth, supported by continued improvements in income and overall labour market conditions. Investment will be sustained by infrastructure projects and higher capital investment in the manufacturing and services sectors. The external sector will provide additional impetus to the economy. Overall, the assessment is for growth to remain strong in 2018.

Domestic inflation has been driven mostly by movements in global oil prices. Consequently, headline inflation increased to 4.3% in September, arising from higher global prices of refined oil caused by disruptions in the global supply. For 2017 as a whole, headline inflation is expected to be at the upper end of the forecast range. Moving into 2018, headline inflation is projected to moderate on expectations of a smaller effect from global cost factors.

Nevertheless, the trend of headline inflation will be dependent on future global oil prices which remain highly uncertain. Underlying inflation, as measured by core inflation, will be sustained by robust domestic demand.

The domestic financial markets have been resilient. The ringgit has strengthened to better reflect the economic fundamentals. Banking system liquidity remains sufficient with financial

institutions continuing to operate with strong capital and liquidity buffers. The growth of financing to the private sector has been sustained and is supportive of economic activity.

At the current level of the OPR, the stance of monetary policy remains accommodative. Given the strength of the global and domestic macroeconomic conditions, the Monetary Policy Committee may consider reviewing the current degree of monetary accommodation. This is to ensure the sustainability of the growth prospects of the Malaysian economy.

The meeting also approved the schedule of MPC meetings for 2018. 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 2018</b>	
<b>MPC Meeting No.</b>	<b>Dates</b>
1st	24 and 25 January 2018 (Wednesday and Thursday)
2nd	6 and 7 March 2018 (Tuesday and Wednesday)
3rd	9 and 10 May 2018 (Wednesday and Thursday)
4th	10 and 11 July 2018 (Tuesday and Wednesday)
5th	4 and 5 September 2018 (Tuesday and Wednesday)
6th	7 and 8 November 2018 (Wednesday and Thursday)

**Bank Negara Malaysia**  
**09 Nov 2017**

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