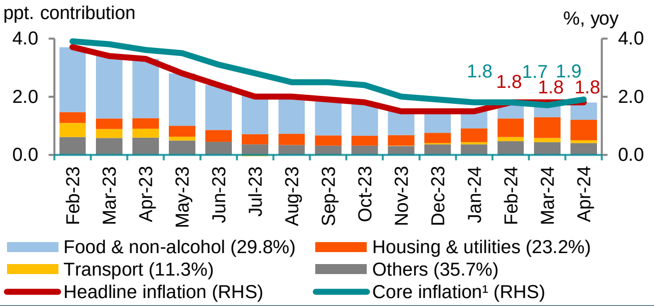
Monthly Highlights

April 2024

Headline inflation remained stable amid slight uptick in core inflation

Contribution to Inflation



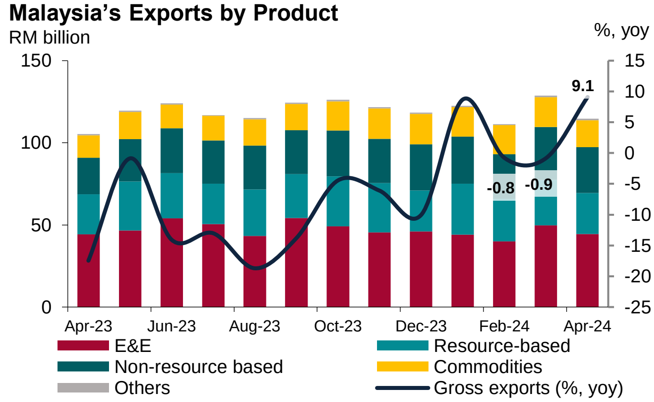
[1] Core inflation is computed by excluding price-volatile and price-administered items.
Note: Beginning January 2024, the goods and services in the CPI basket are reclassified based on a new set of weights

Source: Department of Statistics, Malaysia and Bank Negara Malaysia estimates

- Headline inflation remained stable at 1.8% in April (March 2024: 1.8%), while core inflation edged up to 1.9% (March 2024: 1.7%).
- The increase in core inflation during the month was mainly driven by higher food away from home inflation at 4% (March 2024: 3.5%).
- This increase, however, was partly offset by lower inflation recorded in the transport sector at 0.8% (March 2024: 1.3%).

Exports increased in April

Malaysia's Exports by Product



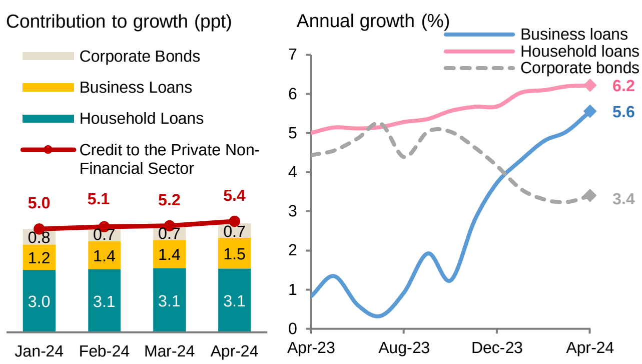
Source: Department of Statistics, Malaysia and Malaysia External Trade Development Corporation

- Exports growth rebounded to 9.1% (March 2024, -0.9%), driven by faster growth in manufactured exports and further expansion of commodities exports.
- Higher manufactured exports were driven by the recovery in electrical and electronics (E&E) exports, which recorded positive growth after 8 months of contraction since August 2023. Meanwhile, non-E&E exports continued to expand strongly, especially in machineries and construction-related materials.
- Looking ahead, exports are expected to improve gradually supported by ongoing recovery in E&E and sustained demand for non-E&E exports.

Monthly Highlights
April 2024

Higher growth in credit to the private non-financial sector

Credit to the Private Non-Financial Sector[1,2]

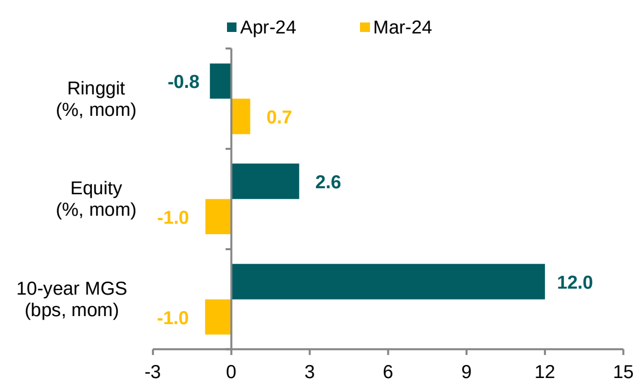


[1] Comprises loans to households and non-financial corporations from the banking system and development financial institutions (DFIs), and corporate bonds issued by non-financial corporations (including short-term papers).
[2] Starting with the publication of December 2022 Monthly Highlights and Statistics (MHS), this series was introduced to enhance the quality of financing data. This new data series is available in the MHS Table 2.18.
Numbers may not add up due to rounding.
Source: Bank Negara Malaysia

- Credit to the private non-financial sector grew by 5.4% as at end-April 2024 (March 2024: 5.2%), driven by higher growth in both outstanding loans (5.9%; March 2024: 5.7%) and corporate bonds (3.4%; March 2024: 3.2%).
- Business loan growth increased to 5.6% (March 2024: 5%) with higher growth in both working capital and investment-related loans. Higher loan growth was also recorded across most business sectors, including manufacturing and construction.
- For households, outstanding loan growth was sustained at 6.2% (March 2024: 6.2%), with stable loan growth across most purposes, including for the purchase of housing and cars.

Domestic financial markets were mostly influenced by global investors' expectations for the US policy rate to be high for longer

Financial Market Performance in April 2024



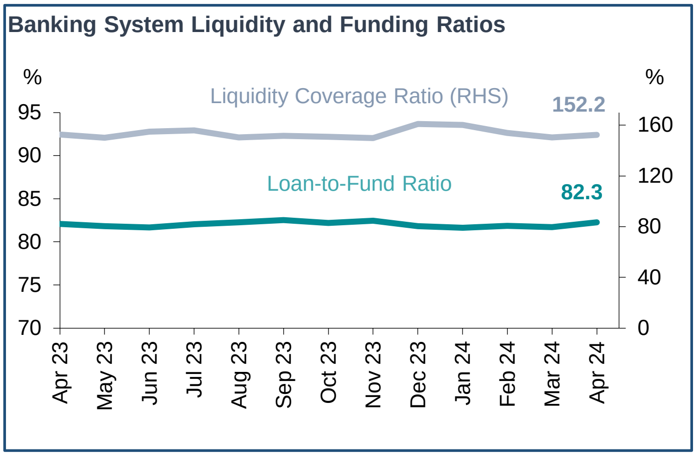
Note: The exchange rate data is the noon-rate in the Kuala Lumpur Interbank Foreign Exchange Market
[1] Regional countries comprise: Singapore, Thailand, Philippines, Indonesia, and Korea
Source: Bank Negara Malaysia and Bursa Malaysia

- Amid upside surprises to US inflation in April, financial market participants have further reduced their 2024 US policy rate expectations to only one to two cuts.
- Consequently, most regional currencies depreciated against the US dollar (regional[1] average: -1.6%), including the ringgit. The ringgit, however, depreciated by a smaller magnitude (-0.8%), amid the continued coordinated actions by the Government and BNM to encourage inflows into the domestic FX market.
- The 10-year MGS yield increased by 12 bps (regional[1] average: 44 bps) alongside a rise in US bond yields, while the FBM KLCI traded higher by 2.6% (regional[1] average: -0.9%).

Monthly Highlights

April 2024

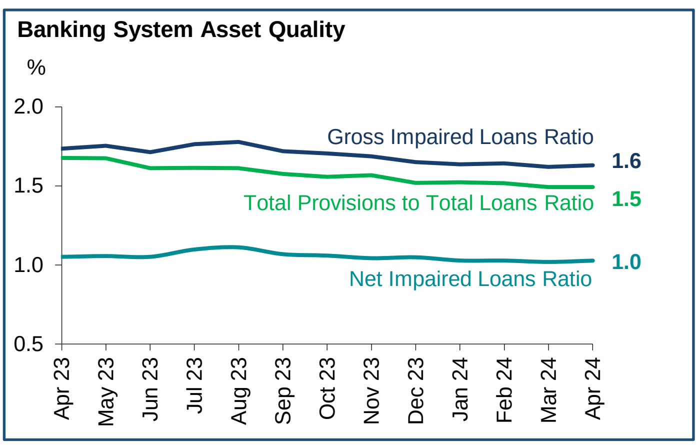
Banks liquidity and funding positions are strong to support intermediation



Source: Bank Negara Malaysia

- The banking system continued to record healthy liquidity buffers with an aggregate Liquidity Coverage Ratio of 152.2% (March 2024: 150.3%).
- Aggregate loan-to-fund ratio remained broadly stable at 82.3% (March 2024: 81.7%).

Asset quality in the banking system remained intact



Source: Bank Negara Malaysia

- Overall gross and net impaired loans ratios remained stable at 1.6% and 1% respectively.
- Loan loss coverage ratio (including regulatory reserves) continue to be at a prudent level of 120.4% (March 2024: 121.1%) of impaired loans, with total provisions accounting for 1.5% of total loans.