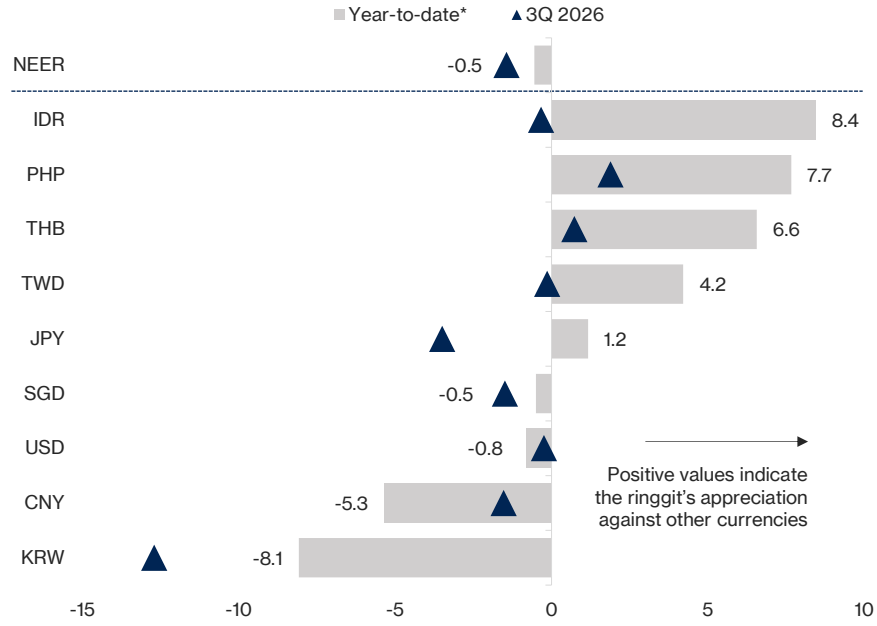
Financial Markets and Exchange Rate

The ringgit remained stable against currencies of major trading partners

The ringgit's overall performance remained broadly in line with the currencies of Malaysia's major trading partners.

Performance of the ringgit against selected major and regional currencies
% year-to-date and quarter-on-quarter



Note: *YTD as of 16 November 2026. The exchange rate data is the noon-rate in the Kuala Lumpur Interbank Foreign Exchange Market.
NEER refers to the ringgit nominal effective exchange rate, which measures the ringgit's performance against a basket of currencies of Malaysia's major trading partners.
Source: Bank Negara Malaysia

Domestic financial market developments were driven by both global and domestic factors

Higher bond yields
amid a broader repricing of interest rate expectations globally and an increase in global bond yields

MGS 10Y Yield +42 bps
(2Q 2026: -3 bps)

Equity market declined
driven by net foreign outflows from the domestic market

KLCI -0.8% QoQ
(2Q 2026: -1.6%)

Key factors influencing global and domestic markets in 3Q 2026

Higher global interest rates following central bank rate increases and expectations of further monetary policy tightening amid sustained inflationary pressures

Heightened global risk aversion in line with renewed escalation of the Middle East conflict

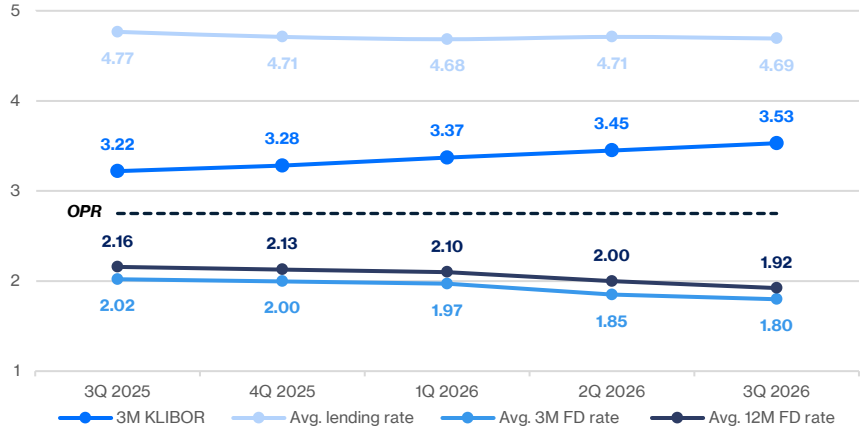
Positive domestic economic prospects, underpinned by resilient economic growth alongside the Government's commitment to ongoing structural reforms

Source: Bank Negara Malaysia, Electronic Trading Platform (ETP) and Bursa Malaysia

Interest Rates and Liquidity

Interbank rates increased while fixed deposit rates declined during the quarter

Interest rates,
End-period, %

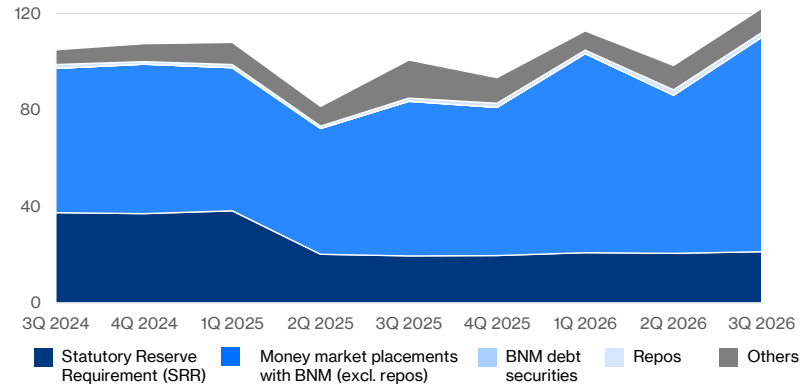


- **The 3M KLIBOR increased** by 8 basis points during the quarter, mainly reflecting higher funding demand by banks towards the end of the quarter.
- **Retail board fixed deposit (FD) rates declined** by 4 to 11 basis points across tenures during the quarter, reflecting banks' funding strategies to manage their cost of funds.
- **Average lending rate (ALR) on outstanding loans remained broadly stable** during the quarter.

Source: Bank Negara Malaysia and Bloomberg

Banking system liquidity remains adequate to support financial intermediation

Ringgit liquidity placed with BNM,
End-period, RM billion



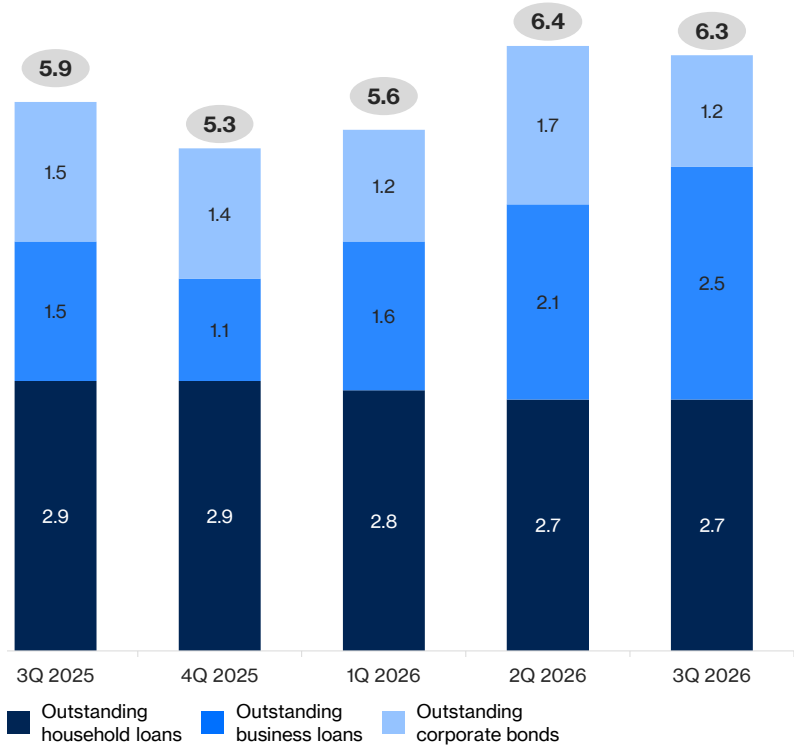
- **Total banking system liquidity increased** during the quarter, resulting in higher money market placements with BNM.
- Banking system liquidity remained sufficient to support financial intermediation. At the institutional level, most banks continued to maintain surplus overnight placements with BNM as at end-September 2026.

Source: Bank Negara Malaysia

Credit Conditions

Credit growth remained sustained amid strong business financing demand

Credit to the Private Non-Financial Sector,
Contribution to growth, ppt



Note: Figures may not add up due to rounding.
Source: Bank Negara Malaysia

Key developments

Credit to the Private Non-Financial Sector[4]

6.3%
2Q 2026: 6.4%

- Outstanding loans[5] grew by 6.5% (2Q 2026: 6%), attributed to higher business loan growth while household loan growth was sustained.
- Growth of outstanding corporate bonds moderated to 5.7% (2Q 2026: 8.1%), due to lower issuances in the quarter.

Business Loans

8.8%
2Q 2026: 7.3%

- Outstanding business loans expanded by 8.8% (2Q 2026: 7.3%), as stronger growth in working capital loans offset the moderation in investment-related loan growth.[6]
- Meanwhile, new financing demand among businesses increased, reflecting stronger working capital needs alongside sustained demand for investment-related loans.

Household Loans

5.3%
2Q 2026: 5.3%

- Household loan growth sustained at 5.3% (2Q 2026: 5.3%) amid broadly stable growth across most loan purposes.
- This was supported by continued loan disbursements and stable approval rates.

[4] All numbers quoted are in terms of annual change.
[5] Refers to loans from the banking system and development financial institutions (DFIs).
[6] Comprises loans for the purchase of non-residential properties, residential properties for business use, fixed assets as well as for construction activities
Source: Bank Negara Malaysia