Policy Considerations

Highlights of the November 2026 MPC meeting

- The Monetary Policy Committee (MPC) maintained the OPR at 2.75% at the September 2026 and November 2026 meetings.
- The MPC will remain vigilant to the evolving conditions and assess their implications on the balance of risks surrounding the outlook for domestic inflation and growth.

Monetary policy stance is consistent with the outlook of continued price stability and sustainable economic growth

At the September 2026 and November 2026 MPC meetings, the MPC maintained the OPR at 2.75%.

The latest indicators point to continued resilience in global growth, supported by strong global technology investment and stable labour markets. Inflation has edged up following higher energy costs and is expected to remain elevated given the ongoing pass-through of higher costs to consumer prices. Going forward, while uncertainties surrounding geopolitical developments will continue to weigh on global growth amid continued inflationary pressures, the impact is expected to be cushioned by sustained technology-related spending and the ongoing adaptation to supply constraints. Downside risks to global growth remain, stemming from prolonged geopolitical tensions as well as tighter global financial conditions from monetary policy adjustments, concerns over valuations in financial markets and fiscal vulnerabilities. Upside potential could come from stronger technology spending and a faster-than-expected recovery in supply chain conditions.

For the Malaysian economy, recent indicators point to continued strength in growth in the third quarter of 2026. Growth was underpinned by strong export performance amid sustained domestic demand. The solid growth momentum is expected to bring 2026 growth to above 5%. Looking ahead, the economy's sound fundamentals are expected to keep growth resilient in 2027. The external sector is expected to remain as a major driver of growth, supported by the ongoing global technology upcycle and firm tourist spending. Stable labour market conditions and ongoing investment activity will remain supportive of domestic demand, with measures under Budget 2027 providing further support to private consumption. This growth outlook remains subject to downside risks from a prolonged conflict in the Middle East and lower commodity production. Upside potential to growth could arise from better-than-expected global growth, stronger technology-related export demand and higher tourism activity.

Year-to-date, headline and core inflation averaged 1.8% and 1.9%, respectively. Going into 2027, geopolitical developments, elevated global commodity prices and adverse weather conditions are expected to exert upward pressure on inflation. Consequently, both headline and core inflation are expected to edge higher, albeit remaining contained amid continued domestic policy measures and stable demand conditions. The MPC will remain vigilant to cost pressures and domestic demand conditions given their impact on the inflation outlook.

Policy Considerations

At the current OPR level, the MPC considers the monetary policy stance to be consistent with the outlook of continued price stability and sustainable economic growth. The MPC will remain vigilant to the evolving conditions and assess their implications on the balance of risks surrounding the outlook for domestic inflation and growth.