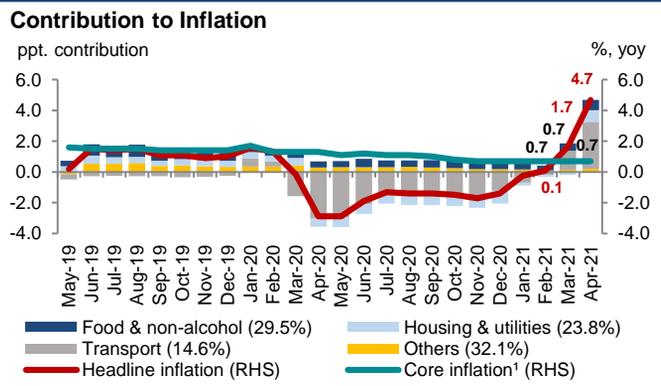


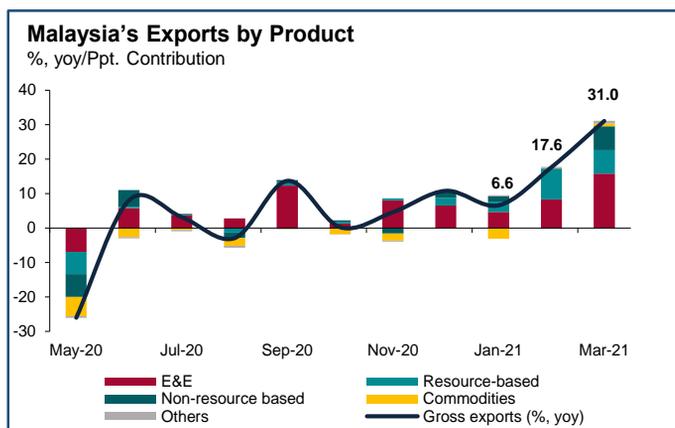
### Headline inflation increased to 4.7% in April



- Headline inflation increased to 4.7% in April (1.7% in March).
- The main contribution to headline inflation was from higher domestic fuel prices, following the low base last year (RON95 petrol prices April 2021: RM 2.05/litre; April 2020: RM 1.27/litre).
- Headline inflation is expected to temporarily spike in the second quarter, and moderate thereafter as the base effect subsides.
- Underlying inflation, as measured by core inflation, remained stable at 0.7%.

<sup>1</sup> Core inflation is computed by excluding price-volatile and price-administered items. It also excludes the estimated direct impact of tax policy changes.  
Source: Department of Statistics Malaysia (DOSM), Bank Negara Malaysia estimates

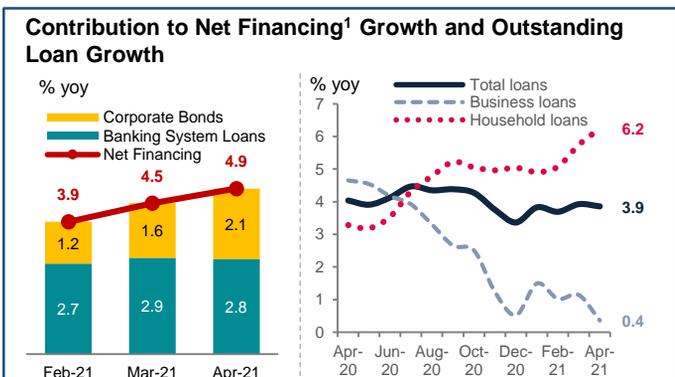
### Exports grew at a faster pace in March



- Exports expanded further by 31.0% in March 2021 (February 2021: 17.6%), driven primarily by robust manufactured exports. By destination, the expansion was supported by exports to China, the US and Singapore.
- Looking ahead, exports are expected to be supported by the rebound in global growth, continued demand for electronics exports and higher commodity prices. Nonetheless, the trade outlook remains contingent on the path of the COVID-19 pandemic.

Source: Department of Statistics, Malaysia (DOSM), MATRADE

### Continued expansion in net financing

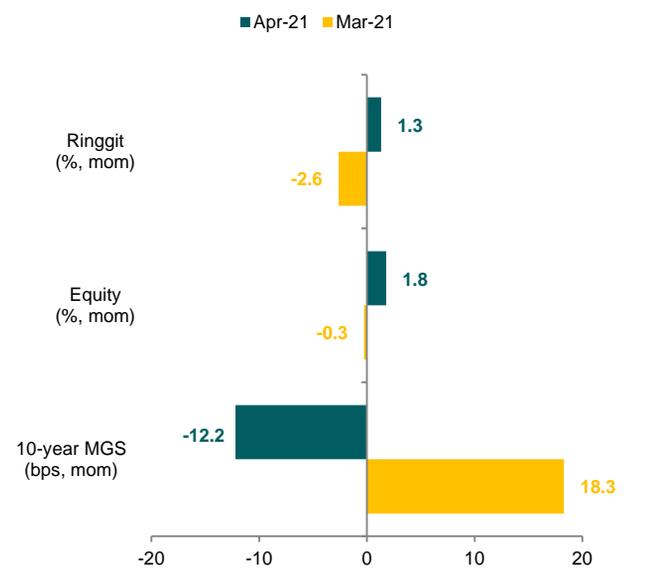


- Net financing expanded by 4.9%. This reflected an increase in outstanding corporate bond growth (April: 7.7%, March: 5.9%) while outstanding loan growth was sustained (April: 3.9%, March: 3.9%).
- Outstanding household loan growth increased to 6.2% (March: 5.7%) as loan disbursements grew at a higher pace compared to loan repayments across most purposes.
- For businesses, outstanding loan growth moderated to 0.4% (March: 1.1%) mainly reflecting lower growth in loans for working capital purpose.

<sup>1</sup> Refers to outstanding loans of the banking system (excluding development financial institutions (DFIs)).  
Source: Bank Negara Malaysia

### Conditions in domestic financial markets improved in April

#### Financial Markets Performance in April

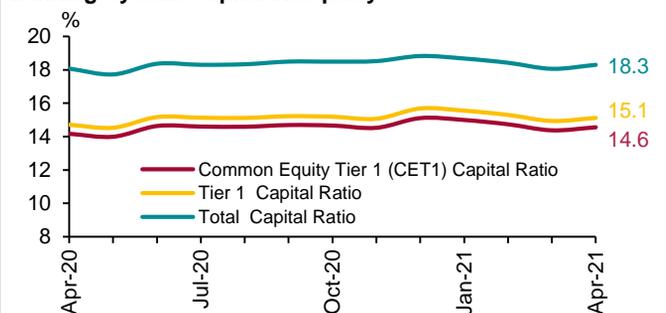


Source: Bank Negara Malaysia, Bursa Malaysia

- In April, domestic financial market conditions improved amid a confluence of external and domestic factors.
- Domestic bond yields moderated amid positive investor sentiments driven by Malaysia's retention in the FTSE Russell World Government Bond Index and the decline in longer-term sovereign bond yields in most advanced economies after the sharp increase earlier in the year. Specifically, the 10-year MGS yield declined by 12.2 basis points during the month.
- The ringgit appreciated by 1.3% against the US dollar supported by portfolio inflows to the domestic bond market and broad weakening in the US dollar.
- The FBM KLCI increased by 1.8%, supported mainly by the *healthcare* sector amid concerns surrounding the global and domestic resurgence of COVID-19 cases.

### Banks continued to maintain strong capitalisation levels

#### Banking System Capital Adequacy



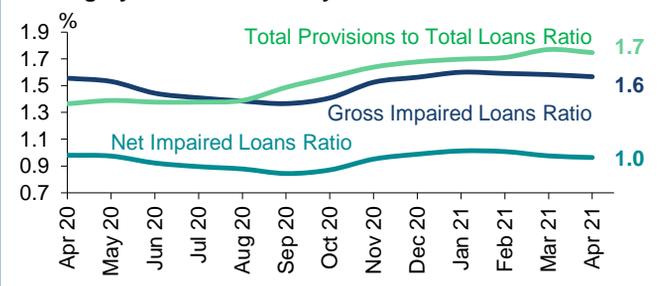
Source: Bank Negara Malaysia

- All banks remained well-capitalised to withstand potential shocks and to continue supporting credit flows to the economy.
- Banks' excess capital buffers<sup>1</sup> currently amount to RM124.2 billion as at April 2021.

<sup>1</sup> Refers to total capital above the regulatory minimum, which includes the capital conservation buffer (2.5%) and bank-specific higher minimum requirements

### Banking system asset quality remained sound

#### Banking System Asset Quality



Source: Bank Negara Malaysia

- Overall gross and net impaired loans ratios were sustained at 1.6% and 1.0%, as impairments moderated slightly during the month.
- However, banks continued to set aside additional provisions against potential credit losses, which currently stand at 1.7% of total banking system loans.



## SIARAN AKHBAR

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Ref. No.: 05/21/06

**EMBARGO: Not for publication or broadcast before 1500 hours on Monday, 31 May 2021**

### Monthly Highlights – April 2021

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**Bank Negara Malaysia**  
**31 May 2021**

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