



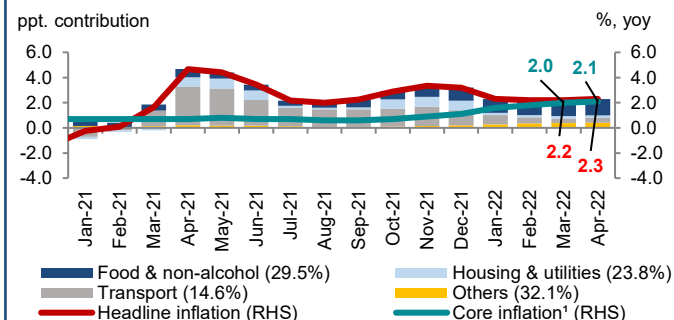
BANK NEGARA MALAYSIA
CENTRAL BANK OF MALAYSIA

Monthly Highlights

April 2022

Headline inflation increased to 2.3% in April

Contribution to Inflation



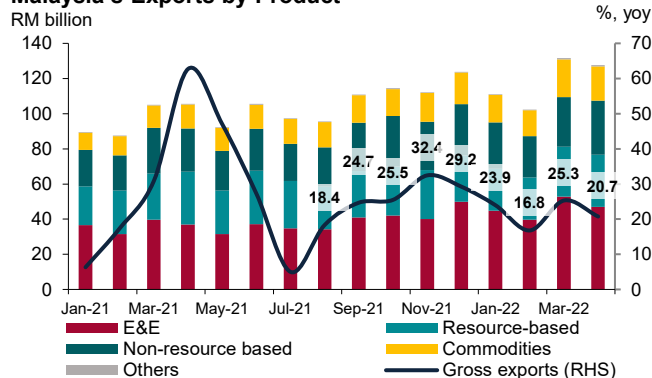
¹ Core inflation is computed by excluding price-volatile and price-administered items. It also excludes the estimated direct impact of tax policy changes.

Source: Department of Statistics Malaysia (DOSM), Bank Negara Malaysia estimates

- Headline inflation increased to 2.3% (March: 2.2%), while core inflation was marginally higher at 2.1% (March: 2.0%).
- The increase in inflation was due mainly to higher inflation for food away from home, air travel fares, and repair and maintenance for personal transport.

Continued strength in export growth

Malaysia's Exports by Product

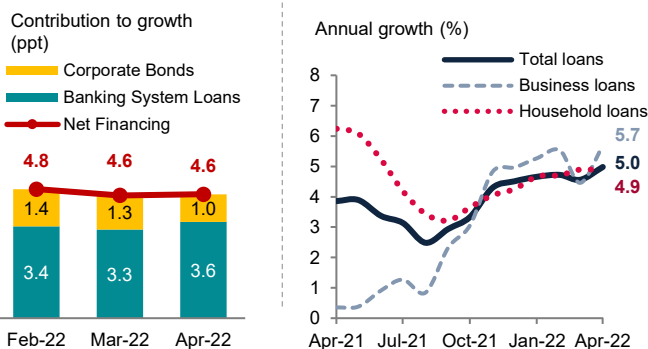


Source: Department of Statistics, Malaysia (DOSM), MATRADE

- Exports grew by 20.7% (March: 25.3%), reflecting continued strength across Malaysia's export products.
- Moving forward, export performance will continue to benefit from external demand and global technology upcycle. In addition, high commodity prices and improving production will provide further impetus to exports.
- Nonetheless, the trade outlook remains contingent on the global supply chain disruptions and the military conflict in Ukraine.

Sustained net financing growth in April

Contribution to Net Financing¹ Growth and Outstanding Loan Growth



¹ Refers to outstanding loans of the banking system (excluding development financial institutions (DFIs)) and outstanding corporate bonds.

Source: Bank Negara Malaysia

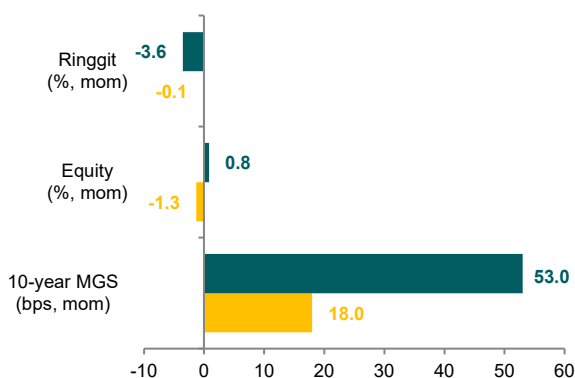
- Net financing continued to grow at 4.6%, supported by higher growth in outstanding loans (5.0%; March: 4.6%), amid some moderation in the growth of outstanding corporate bonds (3.7%; March: 4.6%).
- Outstanding household loan growth was sustained at 4.9%, reflecting steady growth across most purposes. Growth in loan disbursements during the month was slightly higher (10.8%; March: 10.2%) amid a pickup in loan repayments growth (8.5%; March: 3.2%).
- For businesses, outstanding loan growth increased (5.7%; March: 4.5%), reflecting higher growth in working capital loans (8.3%; March: 6.3%) as the growth in working capital disbursements outpaced that of repayments.



Bond yields increased, driven mainly by external developments

Financial Markets Performance in April

■ Apr-22 ■ Mar-22

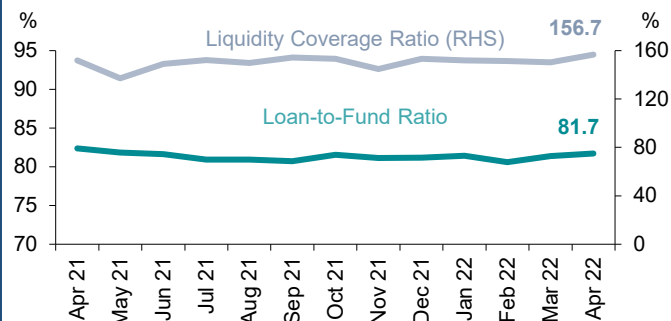


Source: Bank Negara Malaysia, Bursa Malaysia

- In April, global financial conditions tightened due to expectations of faster US monetary policy normalisation and higher investor risk aversion due to the military conflict in Ukraine. Despite spillovers to the domestic financial markets, adjustments remained orderly amid healthy average trading volumes.
- The 10-year MGS yields rose by 53 basis points, alongside higher bond yields globally. The FBM KLCI increased marginally by 0.8% due to improved prospects for the domestic economy as Malaysia transitioned into endemicity.
- The ringgit depreciated, in line with major and regional currencies, following foreign portfolio outflows during the month, as investors re-allocated their funds into safe-haven assets such as in the US.

Banks' liquidity and funding positions remain supportive of intermediation activities

Banking System Liquidity and Funding Ratios

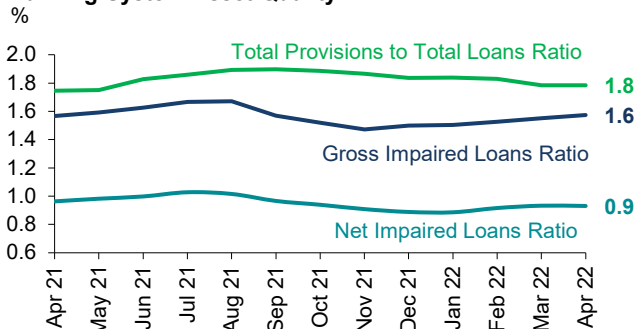


Source: Bank Negara Malaysia

- The banking system continued to maintain healthy liquidity positions and recorded a strong Liquidity Coverage Ratio of 156.7%.
- Stable funding growth, in particular of retail deposits, continue to support banks' intermediation activities.
- The aggregate Net Stable Funding Ratio (NSFR) stood at 119.0% as of March 2022.

Asset quality in the banking system remained intact

Banking System Asset Quality



Source: Bank Negara Malaysia

- Overall gross impaired and net impaired loans ratios remained stable at 1.6% and 0.9% respectively.
- Banks continue to be prudent in loan provisioning to buffer against potential credit losses, with total provisions and regulatory reserves amounting to RM 40.2 billion (Mar-22: RM 39.8 billion).
- Total provisions stood at 1.8% as a share of total banking system loans and 113.4% of impaired loans.