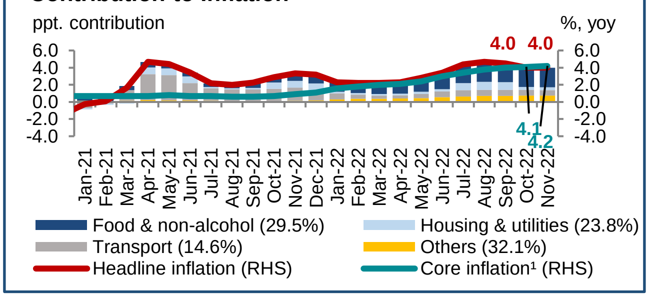
BANK NEGARA MALAYSIA
CENTRAL BANK OF MALAYSIA

Monthly Highlights

November 2022

Headline inflation was stable at 4.0% in November

Contribution to Inflation



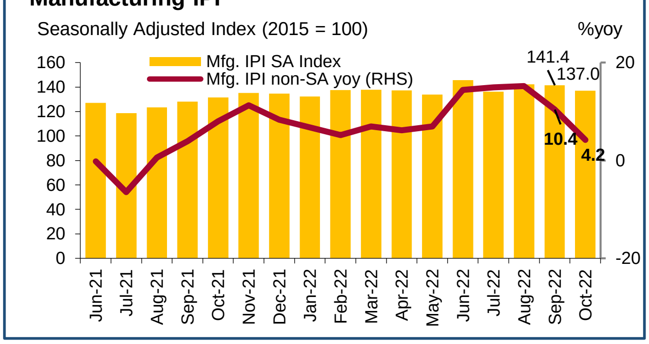
[1] Core inflation is computed by excluding price-volatile and price-administered items.
It also excludes the estimated direct impact of tax policy changes.

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

- Headline inflation was stable at 4.0% in November (October: 4.0%) as the increase in core inflation was offset by lower inflation in other categories, namely fuel and fresh food.
- Core inflation increased slightly to 4.2% (October: 4.1%) due mainly to the increase in prices for food away from home.

Continued manufacturing production growth in October 2022

Manufacturing IPI

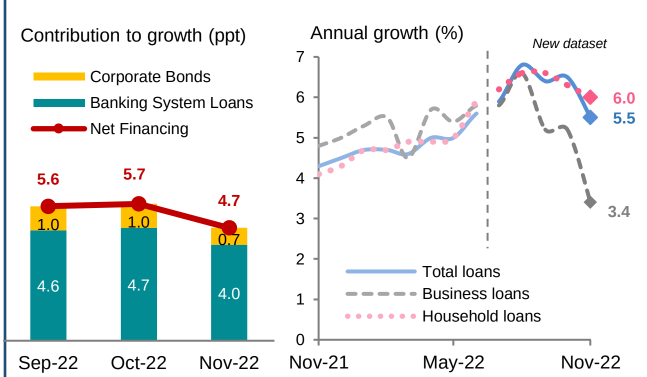


Source: Department of Statistics, Malaysia (DOSM),

- Manufacturing IPI expanded in October 2022 by 4.2%.
- Growth was driven mainly by the E&E cluster which recorded above average growth at 8.7% (2016-2019 avg.: 6.2%).
- The primary cluster, particularly refined petroleum products production, also supported growth with resumption of operations at an existing oil refinery that was previously under maintenance.

Net financing moderated, as repayments outpaced disbursements

Contribution to Net Financing[1] Growth and Outstanding Loan Growth



[1] Refers to outstanding loans of the banking system (excluding development financial institutions (DFIs)) and outstanding corporate bonds. Data from July 2022 onwards are based on the new set of loan/financing data reflecting the latest requirements.

Source: Bank Negara Malaysia

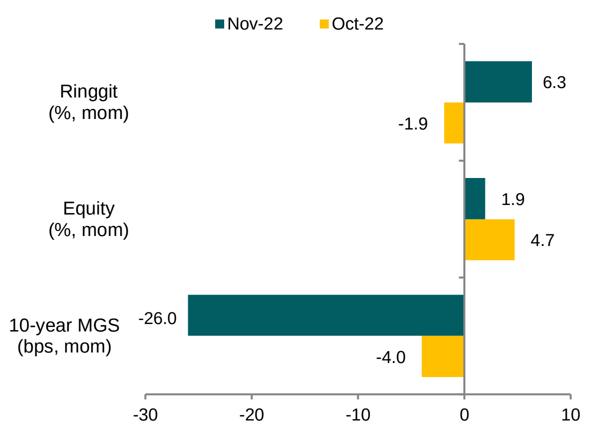
- Net financing grew by 4.7% as at end-November (October: 5.7%), reflecting lower growth in both outstanding loans (5.5%; October: 6.5%) and corporate bonds (2.6%; October: 3.6%).
- Household loan growth moderated to 6.0% (October: 6.3%) as loan repayments growth outpaced that of disbursements across major loan purposes.
- Outstanding business loan growth moderated to 3.4% (October: 5.2%), due mainly to strong growth in repayments among large firms. Loan disbursements continued to record double-digit growth (13.7%; October: 13.4%), despite some moderation in growth in the consumer manufacturing and real estate sectors.

Monthly Highlights
November 2022

BANK NEGARA MALAYSIA
CENTRAL BANK OF MALAYSIA

Domestic financial conditions eased amid improved investor sentiment

Financial Markets Performance in November 2022



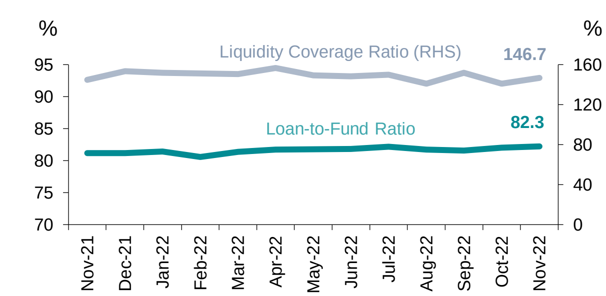
Source: Bank Negara Malaysia, Bursa Malaysia

*Regional countries comprise Singapore, Thailand, Philippines, Indonesia and Korea

- Global financial conditions eased following expectations for a slower pace of monetary policy tightening as inflation continued to show signs of peaking, especially in the US. Easing of COVID-19 restrictions in China also supported the overall investors' risk sentiment.
- Consequently, domestic financial conditions eased, with the 10-year MGS yields declining by 26 bps (regional* average: -44.4 bps) and the FBM KLCI rising by 1.9% (regional* average: +5.2%). Financial markets' performance was also supported by improved political certainty following the formation of the new Government.
- The ringgit appreciated by 6.3% against the US dollar, in line with a broad-based appreciation in major and regional* (average: +4.5%) currencies against the US dollar.

Banks maintained strong liquidity and funding positions to support intermediation

Banking System Liquidity and Funding Ratios

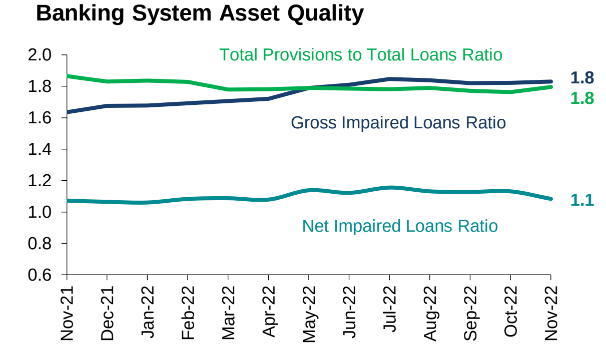


Source: Bank Negara Malaysia

- The banking system's Liquidity Coverage Ratio remained healthy. Banks are proactive in managing their buffers to address the year-end seasonal fluctuations in banking system liquidity and continue to be supportive of intermediation.
- The aggregate loan-to-fund ratio remained largely stable at 82.3% (Oct-22: 82.0%).

Asset quality in the banking system remained intact

Banking System Asset Quality



Source: Bank Negara Malaysia

- Overall gross and net impaired loans ratios remained unchanged at 1.8% (Oct-22: 1.8%) and 1.1% (Oct-22: 1.1%), respectively.
- Loan loss coverage ratio (including regulatory reserves) continues to record a prudent level of 116.5% of impaired loans, with total provisions accounting for 1.8% of total loans.

BANK NEGARA MALAYSIA
CENTRAL BANK OF MALAYSIA

PRESS RELEASE

Ref. No.: 12/22/07

EMBARGO: Not for publication or broadcast before 1500 hours on Friday, 30 December 2022

Monthly Highlights – November 2022

Headline inflation was stable at 4.0% in November

- Headline inflation was stable at 4.0% in November (October: 4.0%) as the increase in core inflation was offset by lower inflation in other categories, namely fuel and fresh food.
- Core inflation increased slightly to 4.2% (October: 4.1%) due mainly to the increase in prices for food away from home.

Continued manufacturing production growth in October 2022

- Manufacturing IPI expanded in October 2022 by 4.2%.
- Growth was driven mainly by the E&E cluster which recorded above average growth at 8.7% (2016-2019 avg.: 6.2%).
- The primary cluster, particularly refined petroleum products production, also supported growth with resumption of operations at an existing oil refinery that was previously under maintenance.

Net financing moderated, as repayments outpaced disbursements

- Net financing grew by 4.7% as at end-November (October: 5.7%), reflecting lower growth in both outstanding loans (5.5%; October: 6.5%) and corporate bonds (2.6%; October: 3.6%).

- Household loan growth moderated to 6.0% (October: 6.3%) as loan repayments growth outpaced that of disbursements across major loan purposes.
- Outstanding business loan growth moderated to 3.4% (October: 5.2%), due mainly to strong growth in repayments among large firms. Loan disbursements continued to record double-digit growth (13.7%; October: 13.4%), despite some moderation in growth in the consumer manufacturing and real estate sectors.

Domestic financial conditions eased amid improved investor sentiment

- Global financial conditions eased following expectations for a slower pace of monetary policy tightening as inflation continued to show signs of peaking, especially in the US. Easing of COVID-19 restrictions in China also supported the overall investors' risk sentiment.
- Consequently, domestic financial conditions eased, with the 10-year MGS yields declining by 26 bps (regional average*: -44.4 bps) and the FBM KLCI rising by 1.9% (regional average*: +5.2%). Financial markets' performance was also supported by improved political certainty following the formation of the new Government.
- The ringgit appreciated by 6.3% against the US dollar, in line with a broad-based appreciation in major and regional* (average: +4.5%) currencies against the US dollar.

Banks maintained strong liquidity and funding positions to support intermediation

- The banking system's Liquidity Coverage Ratio remained healthy. Banks are proactive in managing their buffers to address the year-end seasonal fluctuations in banking system liquidity and continue to be supportive of intermediation.
- The aggregate loan-to-fund ratio remained largely stable at 82.3% (Oct-22: 82.0%).

* Regional countries comprise Singapore, Thailand, Philippines, Indonesia and Korea

Published by:
Strategic Communications Department, Level 14, Block B, Bank Negara Malaysia,
Jalan Dato' Onn, 50480 Kuala Lumpur, Malaysia.
E-mail: communications@bnm.gov.my
Web: www.bnm.gov.my

Asset quality in the banking system remained intact

- Overall gross and net impaired loans ratios remained unchanged at 1.8% (Oct-22: 1.8%) and 1.1% (Oct-22: 1.1%), respectively.
- Loan loss coverage ratio (including regulatory reserves) continues to record a prudent level of 116.5% of impaired loans, with total provisions accounting for 1.8% of total loans.

Bank Negara Malaysia
30 December 2022

Published by:
Strategic Communications Department, Level 14, Block B, Bank Negara Malaysia,
Jalan Dato' Onn, 50480 Kuala Lumpur, Malaysia.
E-mail: communications@bnm.gov.my
Web: www.bnm.gov.my