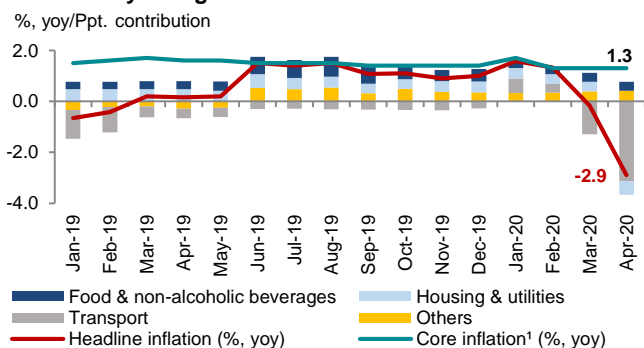


Headline inflation declined to -2.9% in April

Inflation by Categories



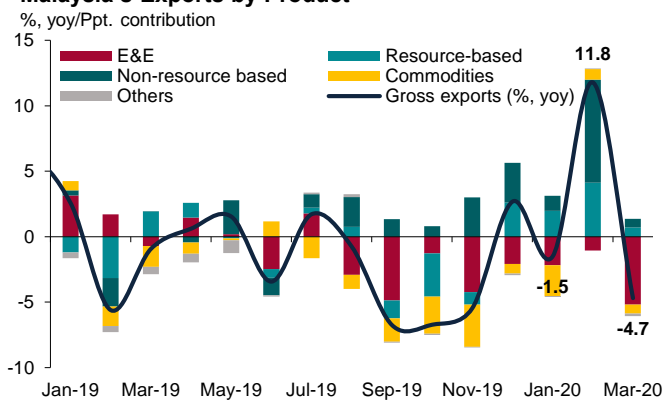
- The decline in headline inflation in April (-2.9%; March: -0.2%) reflected the lower retail fuel prices and the six-month electricity tariff discount beginning 1 April.
- Underlying inflation, as measured by core inflation, remained stable at 1.3% (March: 1.3%).

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

Exports contracted in March

Malaysia's Exports by Product

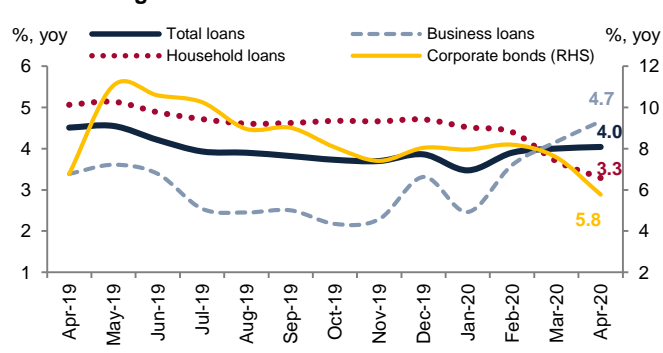


- Exports contracted by 4.7% in March (February: +11.8%) due to declines in both manufactured and commodities exports.
- Looking ahead, exports are expected to remain weak due to lower global demand following COVID-19 and low commodity prices.

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

Sustained loan growth, albeit with slower disbursements and repayments

Outstanding Loans and Bonds

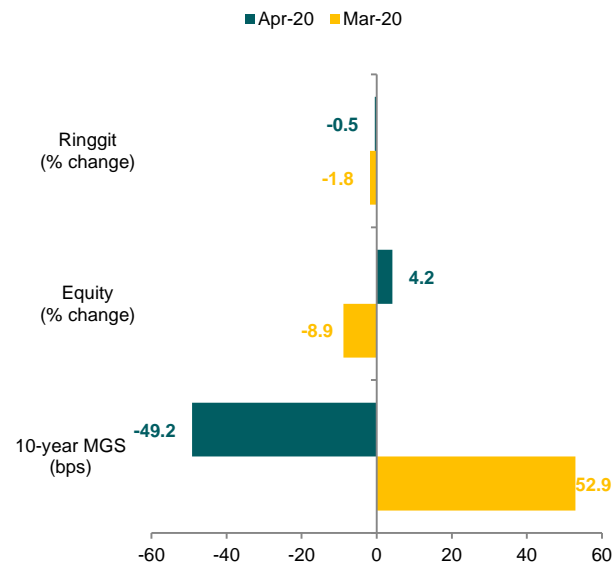


Source: Bank Negara Malaysia

- Outstanding loan growth was sustained at 4.0% (March: 4.0%), supported by an increase in outstanding business loan growth (April: 4.7%; March: 4.2%), as repayments contracted at a faster pace than disbursements. Meanwhile, outstanding household loan growth was lower (April: 3.3%; March: 3.7%), as disbursements contracted faster relative to repayments.
- Disbursements and repayments levels trended down across most business sectors and all household loan purposes due to the implementation of the Movement Control Order and moratorium on loan repayments.
- Outstanding corporate bond growth declined to 5.8% (March: 7.6%) amid lower issuances.

Domestic financial markets improved as risk aversion started to ease

Financial Markets Performance

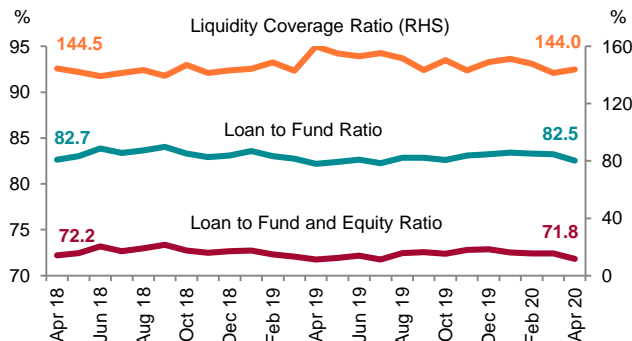


Source: Bank Negara Malaysia, Bursa Malaysia

- In April, investor risk aversion started to ease following continued large scale global monetary and fiscal stimulus efforts, and signs of easing of restrictions imposed to contain the COVID-19 pandemic globally. Nevertheless, sentiments remained driven by lingering uncertainties surrounding the implications of the pandemic to the global growth outlook.
- Amidst this recovery in sentiments, domestic financial markets broadly improved, in line with developments in regional financial markets.
- The FBM KLCI increased by 4.2% while the 10-year MGS yield decreased by 49.2 basis points, amid support from domestic institutional investors. The ringgit, however, depreciated marginally by 0.5% against the US dollar driven mainly by non-resident portfolio outflows.

Banks maintain sufficient liquidity to support intermediation and meet exigent needs

Banking System Liquidity and Funding Ratios



- Banking system liquidity coverage ratio (LCR) edged higher to 144.0%¹ in April (March: 141.4%).
- Annual growth in deposits accepted from individuals rebounded to 6.2%, the strongest since January 2019. The loan to fund ratio and the loan to fund and equity ratio stood at 82.5% and 71.8%, respectively.

¹ The Basel III LCR has been phased in since June 2015, with initial compliance set at 60% and progressive increments of 10% each year until 100% with effect from 2019. As of 1 January 2019, the minimum requirement is set at 100%.

Source: Bank Negara Malaysia



BANK NEGARA MALAYSIA
CENTRAL BANK OF MALAYSIA

SIARAN AKHBAR

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MONTHLY HIGHLIGHTS – APRIL 2020

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SIARAN AKHBAR

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