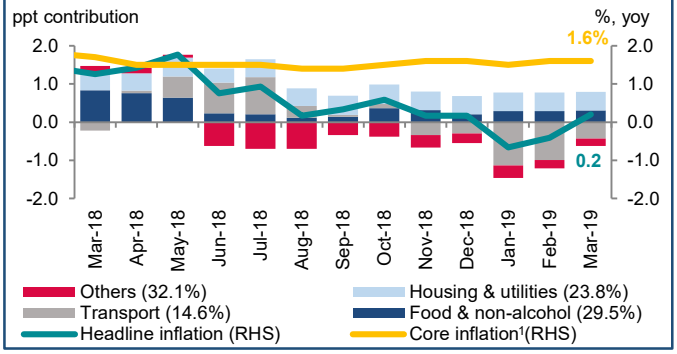
BANK NEGARA MALAYSIA
CENTRAL BANK OF MALAYSIA

Monthly Highlights
March 2019

Headline inflation turned positive, mainly reflecting higher domestic fuel prices

Contribution to Inflation



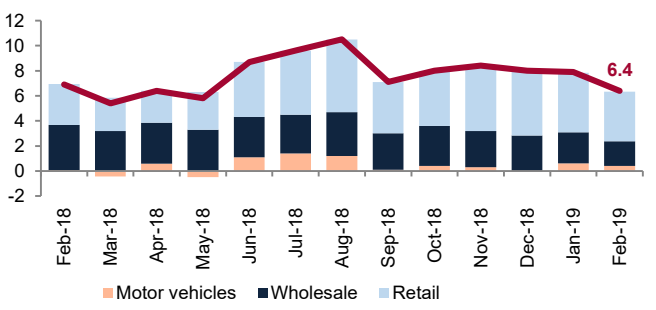
- Headline inflation increased to 0.2% (February: -0.4%) reflecting the less negative transport inflation (March: -3.0%; February: -6.8%). This was due to the higher global oil price which led to higher domestic fuel prices.
- Inflation in other categories were relatively stable.
- Excluding the impact of the changes in the consumption tax policy, core inflation[1] was unchanged at 1.6%.

[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 staff estimates

Slower wholesale and retail trade growth in February

Contribution to overall IOWRT

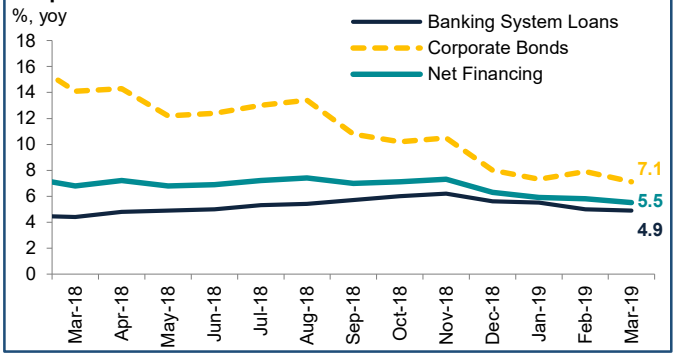


- The Index of Wholesale and Retail Trade (IOWRT) recorded a slower growth of 6.4% in February (January: 7.9%), reflecting broad-based moderation across all key segments.
- The retail segment remained the key growth driver, reflecting resilience in household consumption.
- However, growth in the wholesale segment softened further in tandem with slower manufacturing and trade activity.

Source: Department of Statistics, Malaysia

Continued growth in net financing to support economic activity

Net Financing through Banking System Loans and Corporate Bonds



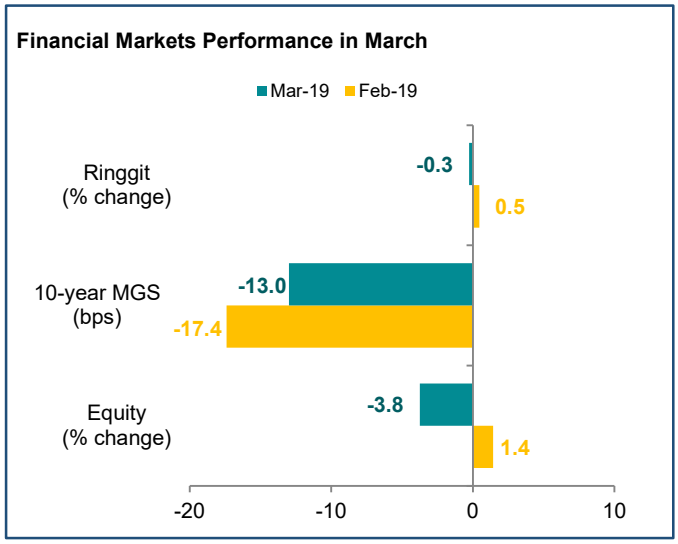
- Net financing[2] recorded an annual growth of 5.5% in March 2019 (February 2019: 5.8%). The growth in outstanding loans was sustained at 4.9% (February 2019: 5.0%) while outstanding corporate bond growth moderated to 7.1% (February 2019: 7.9%).
- Outstanding business loans grew by 4.1% (February 2019: 4.3%), driven mainly by lower growth in the construction; finance, insurance and business services; and real estate sectors.
- Outstanding household loans expanded by 5.3% (February 2019: 5.2%).

[2] Net financing refers to outstanding loans of the banking system (excluding development financial institutions (DFIs)), and outstanding corporate bonds.

Source: Bank Negara Malaysia

Monthly Highlights
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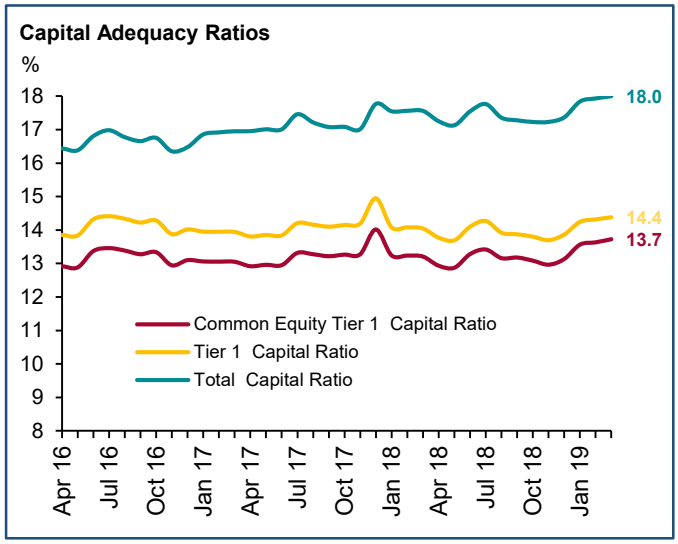
Mixed domestic financial markets performance amid global uncertainties



Source: Bank Negara Malaysia, Bursa Malaysia

- In March, the ringgit depreciated by 0.3% against the US dollar, in line with most regional currencies (between -0.5% and -1.7%). This was driven mainly by non-resident outflows from the equity market as investor sentiments were subdued following concerns over the global growth and geopolitical outlook, as well as domestic factors. Consequently, the FBM KLCI declined by 3.8%.
- The 10-year MGS yield declined by 13 basis points, driven by continued non-resident inflows of RM2.7 billion into the Government bond market. This was in line with the downward trend in global sovereign bond yields amid easier global financial conditions.

Banking system capitalisation remained strong



- Financial institutions are well-positioned to withstand severe macroeconomic and financial shocks, with excess capital buffers[3] of RM154 billion as at March 2019.
- The increase in CET-1 capital in the first quarter of 2019 was mainly attributable to an increase in retained earnings as several banks recognised profits for the financial year ending 2018.

[3] Refers to capital in excess of the minimum total capital requirement of 8% of risk-weighted assets
Source: Bank Negara Malaysia

BANK NEGARA MALAYSIA
CENTRAL BANK OF MALAYSIA

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MONTHLY HIGHLIGHTS – MARCH 2019

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Bank Negara Malaysia
30 April 2019

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Diterbitkan oleh:
Jabatan Komunikasi Strategik, Tingkat 14, Blok B, Bangunan Bank Negara Malaysia,
Jalan Dato' Onn, 50480 Kuala Lumpur, Malaysia.
Telefon: +60(3) 2698 8044 Faksimili: +60(3) 2693 6919
Web: www.bnm.gov.my