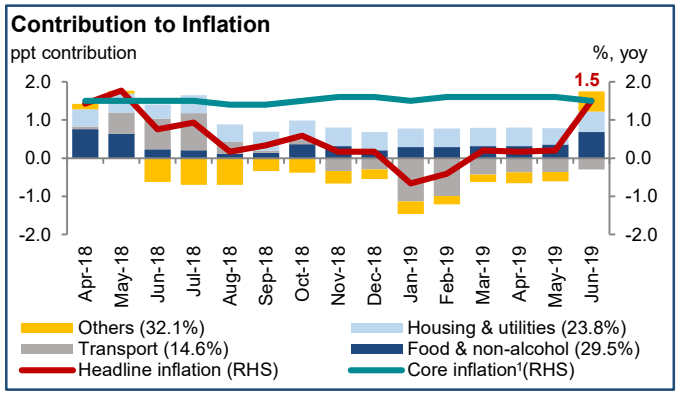
BANK NEGARA MALAYSIA
CENTRAL BANK OF MALAYSIA

Monthly Highlights
June 2019

Headline inflation increased in June

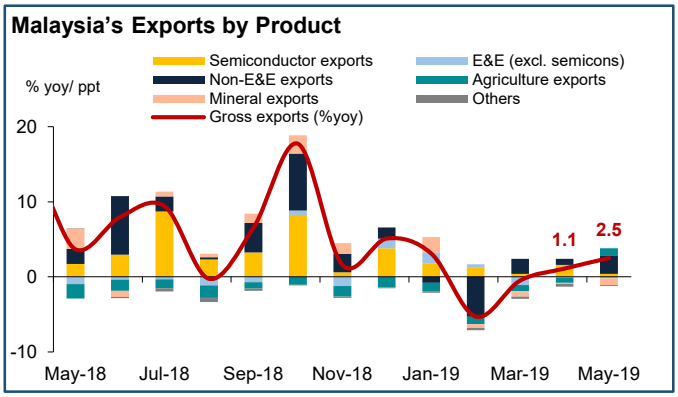


- Headline inflation increased to 1.5% in June (May: 0.2%) reflecting the lapse in the impact of the GST zerorisation that was implemented in June 2018.
- While the lapse in the impact of the GST zerorisation contributed to higher overall food inflation, inflation of fresh food items remained contained amid the festive season price controls.
- Excluding the impact of the changes in the consumption tax policy, core inflation[1] was relatively stable at 1.5% (May: 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

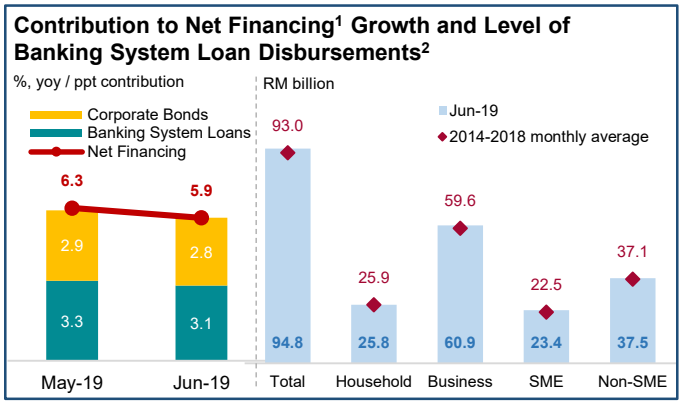
Higher export growth in May



- Exports registered a higher growth of 2.5% (April: 1.1%) due mainly to stronger non-E&E and agriculture exports.
- Going forward, export growth is expected to remain moderate on account of modest global growth and trade activity.

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

Net financing continued to support economic activity



- Net financing[1] expanded by 5.9% in June (May: 6.3%). Outstanding corporate bond growth moderated to 10.6% (May: 11.1%). Outstanding household loans grew by 4.9% (May: 5.1%) while outstanding business loan growth was sustained at 3.4% (May: 3.6%).
- Total loans disbursed[2] by the banking system remained near the historical monthly average of RM93.0 billion. The steady disbursements were across both the household and business segments, including SMEs.

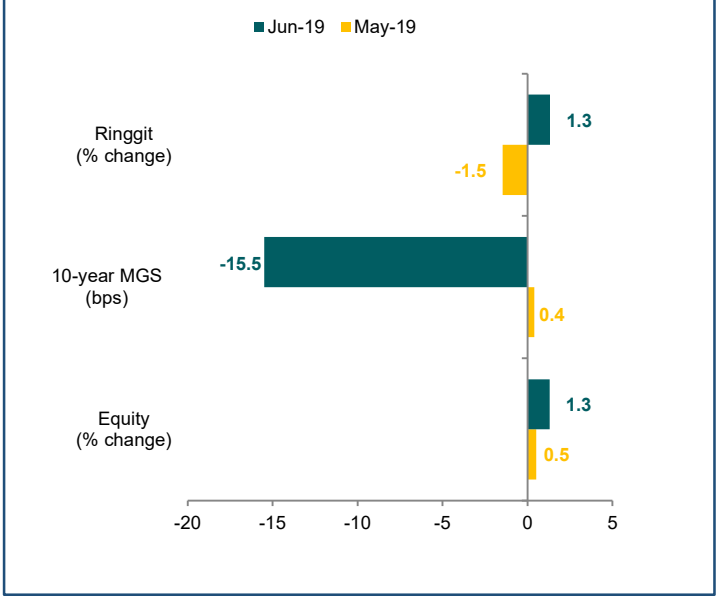
[1] Net financing refers to outstanding loans of the banking system (excluding development financial institutions (DFIs)), and outstanding corporate bonds.
[2] Total loan disbursements includes loans to the 'Others' segment.
Note: In June 2019, data for April 2018 onwards have been revised to include MBSB Bank Berhad.

Source: Bank Negara Malaysia

Monthly Highlights
June 2019

Performance of domestic financial markets improved in June

Financial Markets Performance in June

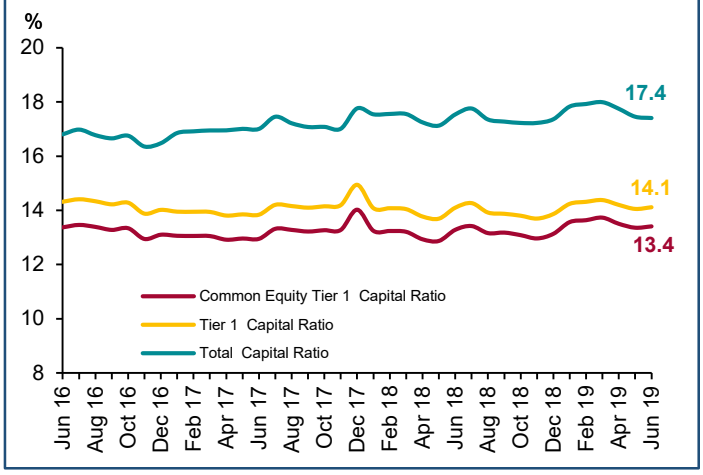


Source: Bank Negara Malaysia, Bursa Malaysia

- In June, domestic financial markets experienced a resumption of non-resident portfolio inflows. This was mainly driven by improved investors' risk appetite towards the region amid rising market expectations for an interest rate reduction in the US and easing trade tensions.
- Subsequent to these developments, the ringgit appreciated by 1.3% against the US dollar, in line with regional currencies. The FBM KLCI increased by 1.3% and the 10-year MGS yield decreased by 15.5 basis points.

Banking system capitalisation remained strong

Capital Adequacy Ratios



Source: Bank Negara Malaysia

- Banking institutions are well-positioned to withstand severe macroeconomic and financial shocks, with excess capital buffers[4] of RM103 billion as at June 2019.

[4] Excess total capital refers to total capital above the regulatory minimum, which includes the capital conservation buffer requirement and bank-specific higher minimum requirements

BANK NEGARA MALAYSIA
CENTRAL BANK OF MALAYSIA

SIARAN AKHBAR

Ref. No.: 07/19/06

EMBARGO: Not for publication or broadcast before 1500 hours on Wednesday, 31 July 2019

MONTHLY HIGHLIGHTS – JUNE 2019

Headline inflation increased in June

- Headline inflation increased to 1.5% in June (May: 0.2%) reflecting the lapse in the impact of the GST zerorisation that was implemented in June 2018.
- While the lapse in the impact of the GST zerorisation contributed to higher overall food inflation, inflation of fresh food items remained contained amid the festive season price controls.
- Excluding the impact of the changes in the consumption tax policy, core inflation[1] was relatively stable at 1.5% (May: 1.6%).

Higher export growth in May

- Exports registered a higher growth of 2.5% (April: 1.1%) due mainly to stronger non-E&E and agriculture exports.
- Going forward, export growth is expected to remain moderate on account of modest global growth and trade activity.

Net financing continued to support economic activity

- Net financing[2] expanded by 5.9% in June (May: 6.3%). Outstanding corporate bond growth moderated to 10.6% (May: 11.1%). Outstanding household loans grew by 4.9% (May: 5.1%) while outstanding business loan growth was sustained at 3.4% (May: 3.6%).

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

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

- Total loans disbursed[3] by the banking system remained near the historical monthly average of RM93.0 billion. The steady disbursements were across both the household and business segments, including SMEs.

Performance of domestic financial markets improved in June

- In June, domestic financial markets experienced a resumption of non-resident portfolio inflows. This was mainly driven by improved investors' risk appetite towards the region amid rising market expectations for an interest rate reduction in the US and easing trade tensions.
- Subsequent to these developments, the ringgit appreciated by 1.3% against the US dollar, in line with regional currencies. The FBM KLCI increased by 1.3% and the 10-year MGS yield decreased by 15.5 basis points.

Banking system capitalisation remained strong

- Banking institutions are well-positioned to withstand severe macroeconomic and financial shocks, with excess capital buffers[4] of RM103 billion as at June 2019.

Bank Negara Malaysia
31 July 2019

[3] Total loan disbursements includes loans to the 'Others' segment. Note: In June 2019, data for April 2018 onwards have been revised to include MBSB Bank Berhad.

[4] Excess total capital refers to total capital above the regulatory minimum, which includes the capital conservation buffer requirement and bank-specific higher minimum requirements.

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