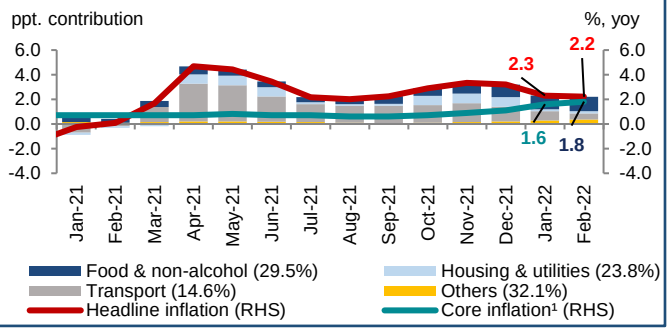
BANK NEGARA MALAYSIA
CENTRAL BANK OF MALAYSIA

Monthly Highlights
February 2022

Headline inflation moderated to 2.2% in February

Contribution to Inflation



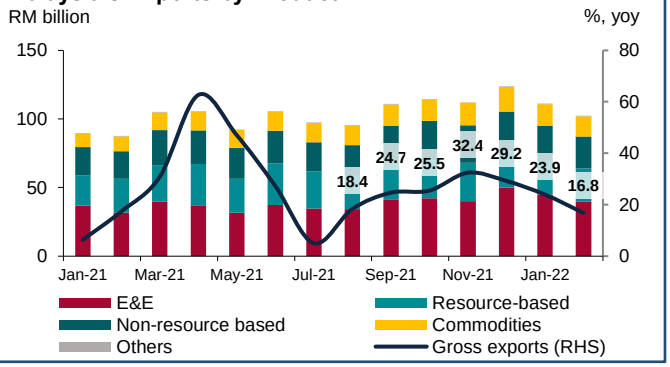
- Headline inflation moderated to 2.2% in February (Jan: 2.3%), mainly reflecting lower inflation in the *transport* (Feb: 3.9%; Jan: 6.0%) segment.
- Underlying inflation, as measured by core inflation, was higher at 1.8% during the month (Jan: 1.6%), driven mainly by food away from home and rental.

[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

Export growth remained strong in February

Malaysia's Exports by Product

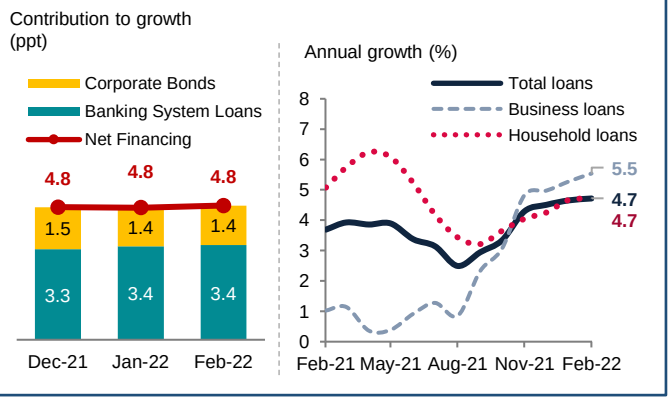


- Exports grew by 16.8% (Jan: 23.9%), reflecting continued strength across Malaysia's export products.
- Moving forward, export performance will continue to benefit from the expansion in external demand and global technology upcycle. In addition, high commodity prices will provide support to export growth.
- Nonetheless, the trade outlook remains contingent on the path of the pandemic, global supply chain disruptions as well as risks surrounding the global growth outlook amid the military conflict in Ukraine.

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

Net financing growth was sustained in February

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



- Net financing growth was sustained at 4.8%, as outstanding corporate bonds growth increased (Feb: 5.2%; Jan: 5.0%) while outstanding loan growth was stable at 4.7%.
- Outstanding household loans continued to expand at 4.7%, reflecting broadly sustained growth across most purposes.
- For businesses, outstanding loan growth increased (Feb: 5.5%; Jan: 5.3%) amid higher lending to SMEs and sustained growth in working capital loans (Feb: 8.3%; Jan: 8.2%; 2017-19 average: 4.3%).
- Growth in total loan disbursements moderated in February but remained high (Feb: 12.3%; Jan: 21.5%; 2017-19 average: 5.0%), as disbursements growth for businesses continued to be elevated.

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

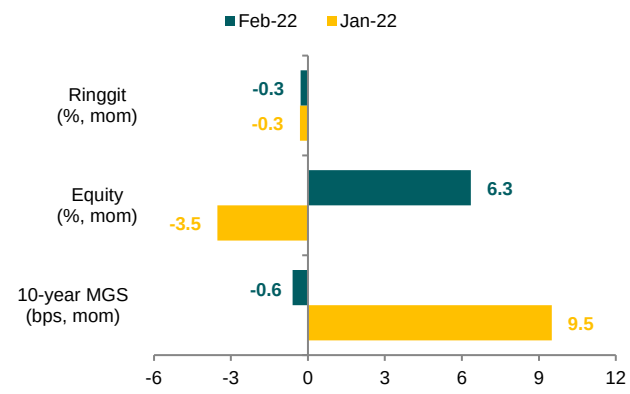
Source: Bank Negara Malaysia

BANK NEGARA MALAYSIA
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Monthly Highlights
February 2022

Domestic financial markets were orderly amid ongoing geopolitical conflict

Financial Markets Performance in February

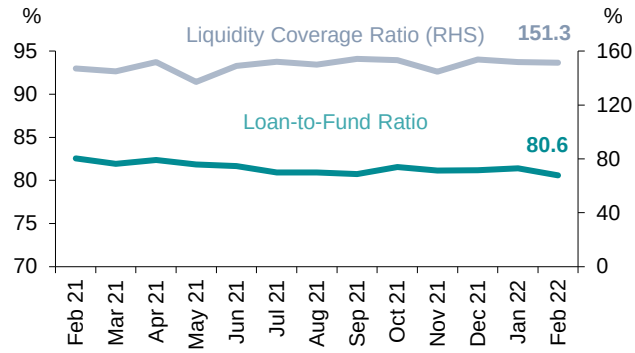


Source: Bank Negara Malaysia

- In February, the military conflict in Ukraine had affected global financial markets, resulting in increased volatility. Spillovers to domestic financial markets and broader financial conditions were however contained, reflecting positive investor sentiments, given Malaysia's position as a net commodities exporter amid higher global commodity prices.
- The domestic equity market had increased, driven by the plantation sector. The FBM KLCI rose by 6.3% to 1,608 points as at end-February.
- The 10-year MGS yields declined by 0.6 basis points while the ringgit depreciated by 0.3%.

Banks maintained sufficient liquidity to support intermediation activities

Banking System Liquidity and Funding Ratios

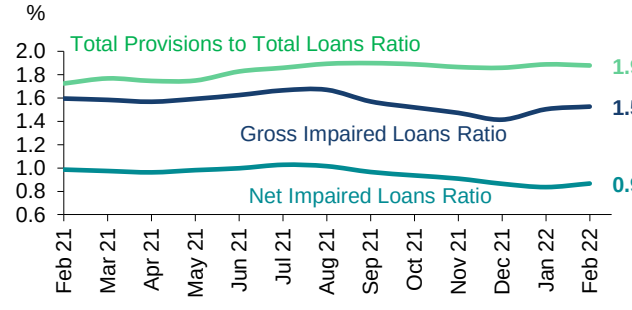


Source: Bank Negara Malaysia

- Banking system continued to maintain healthy liquidity positions with the Liquidity Coverage Ratio remaining strong at 151.3%.
- Banks' funding profile remained stable supported by sustained growth in deposits.
- The Net Stable Funding Ratio (NSFR) stood at 116.4% as at December 2021.

Banks' asset quality remained sound

Banking System Asset Quality



Source: Bank Negara Malaysia

- Gross and net impaired loans ratios remained low at 1.5% 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 RM41.1 billion (Jan-22: RM40.8 billion).
- Total provisions stood at 1.9% as a share of total banking system loans.