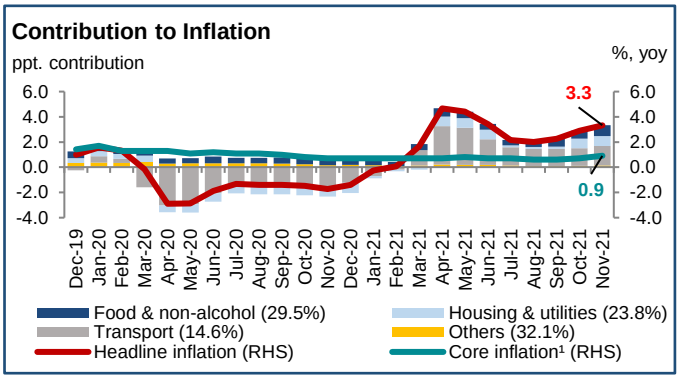
BANK NEGARA MALAYSIA
CENTRAL BANK OF MALAYSIA

# Monthly Highlights
## November 2021

## Headline inflation increased to 3.3% in November

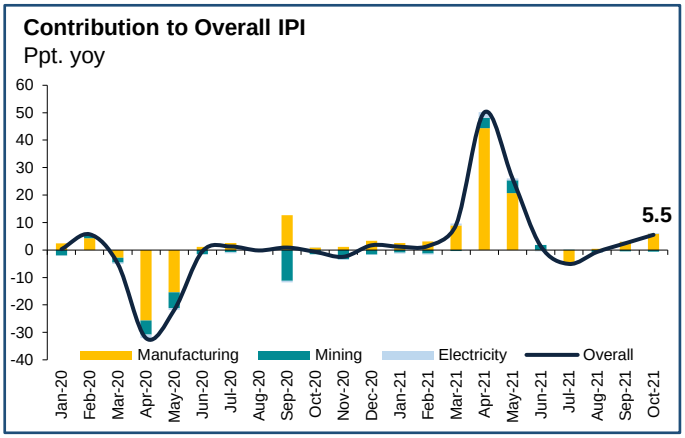



- Headline inflation increased to 3.3% in November (October: 2.9%), mainly reflecting higher inflation in the food and non-alcoholic beverages (November: 2.7%; October: 1.9%) and transport (November: 12.7%; October: 11.3%) segments.
- Underlying inflation, as measured by core inflation, was also higher at 0.9% during the month (October: 0.7%), driven mainly by discretionary items (for example, food away from home), in line with the gradual reopening of the economy.

[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

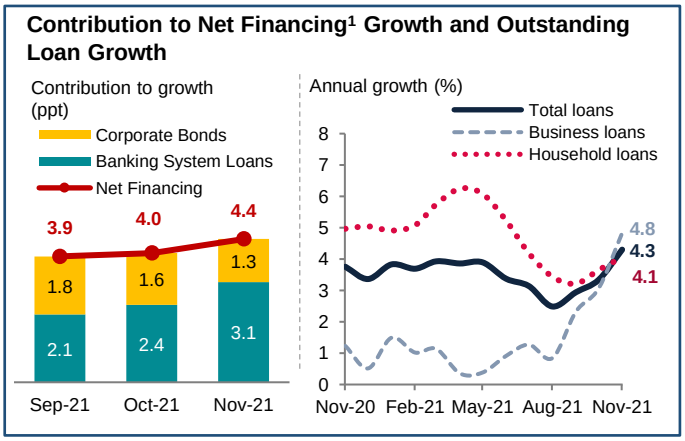
## IPI registered faster growth of 5.5% in October




- Overall IPI recorded a faster growth of 5.5% in October driven by strong recovery in manufacturing activity and electricity generation.
- The recovery in manufacturing was driven mainly by the domestic-oriented sectors (such as food and transport), which registered broad based improvement following the reopening of the economy. Meanwhile, production of exports remained strong.

Source: Department of Statistics, Malaysia

## Continued increase in net financing growth




- Net financing growth increased to 4.4% (October: 4.0%), driven by higher growth in outstanding loans (November: 4.3%; October: 3.3%), while outstanding corporate bond growth moderated (November: 4.8%; October: 5.9%).
- Growth in outstanding household loans increased to 4.1% (October: 3.7%), amid higher loan disbursements for credit card spending and the purchase of residential properties and passenger cars.
- For businesses, outstanding loan growth increased to 4.8% (October: 3.1%) amid continued growth in outstanding working capital loans (November: 8.0%; October: 5.9%).

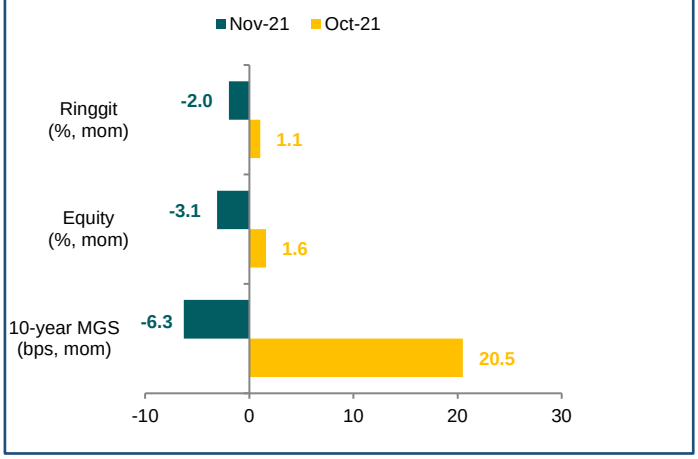
[1] Refers to outstanding loans of the banking system (excluding development financial institutions (DFIs)) and outstanding corporate bonds.
[2] Source: Bank Negara Malaysia

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# Monthly Highlights
## November 2021

## Domestic financial markets affected by concerns surrounding the Omicron variant

**Financial Markets Performance in November**

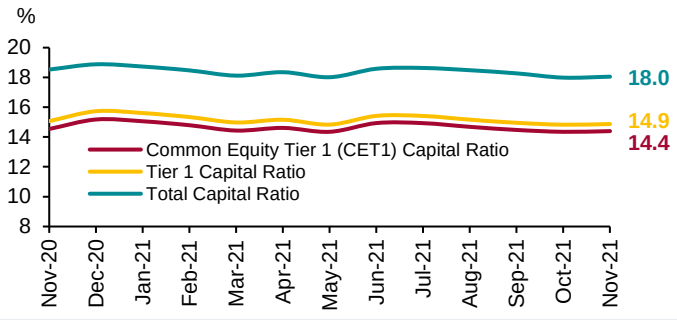



Source: Bank Negara Malaysia, Bursa Malaysia

- In end-November, global investor sentiments were driven mainly by the emergence of a new variant of concern, Omicron, which largely outweighed concerns surrounding persistent inflationary pressures in advanced economies.
- Consequently, global bond yields, including the benchmark 10-year MGS yield, fell concurrently with the decrease in long-term US Treasury yields.
- The FBM KLCI declined by 3.1% and the ringgit depreciated by 2.0% against the US dollar, in line with most regional currencies. Weaker commodity prices amid worries surrounding the new variant had also affected the ringgit exchange rate.

## Banking system capitalisation remains strong

**Banking System Capital Adequacy**

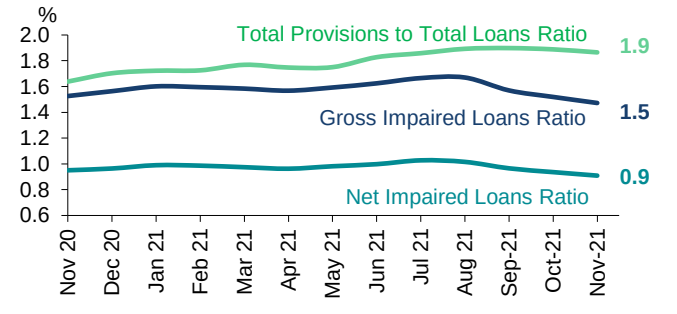



- Banks remain well-capitalised to withstand potential stress and to support credit growth in the economy.
- The banking system excess capital buffers[1] remained strong at RM122.3 billion as at November 2021.

[1] Refers to total capital above the regulatory minimum, which includes the capital conservation buffer (2.5%) and bank-specific higher minimum requirements
Source: Bank Negara Malaysia

## Asset quality in the banking system remained intact

**Banking System Asset Quality**




Source: Bank Negara Malaysia

- Banks continue to facilitate repayment assistance to viable borrowers facing temporary financial difficulties.
- While overall gross and net impaired loans ratios remained broadly stable at 1.5% and 0.9%, impaired loans amount recorded a marginal decline (-2.1%) compared to the previous month.
- Total provisions set aside against potential credit losses currently stand at 1.9% of total banking system loans.