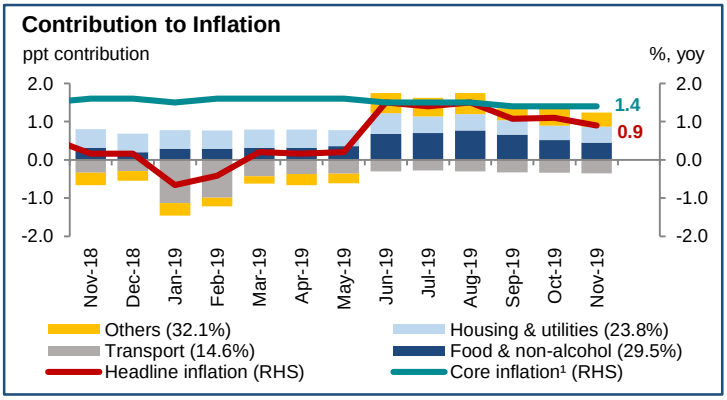
BANK NEGARA MALAYSIA
CENTRAL BANK OF MALAYSIA

Monthly Highlights
November 2019

Headline inflation was lower in November

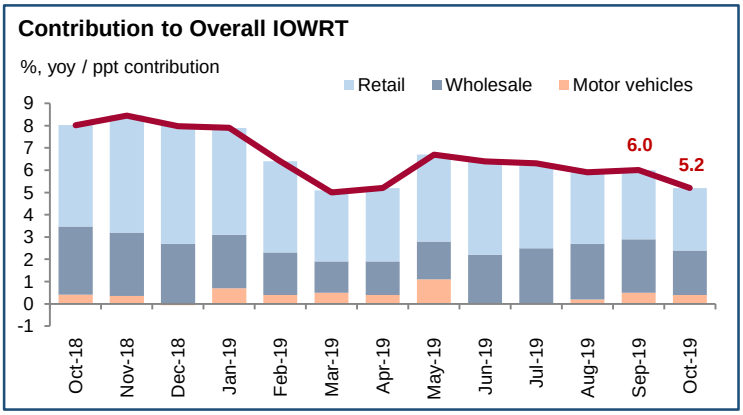


- Headline inflation was lower at 0.9% in November.
- The lower headline inflation reflected mainly the lapse in the price increases of fast food and cigarettes in November 2018.
- Core inflation was stable at 1.4%.

[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 and Bank Negara Malaysia estimates

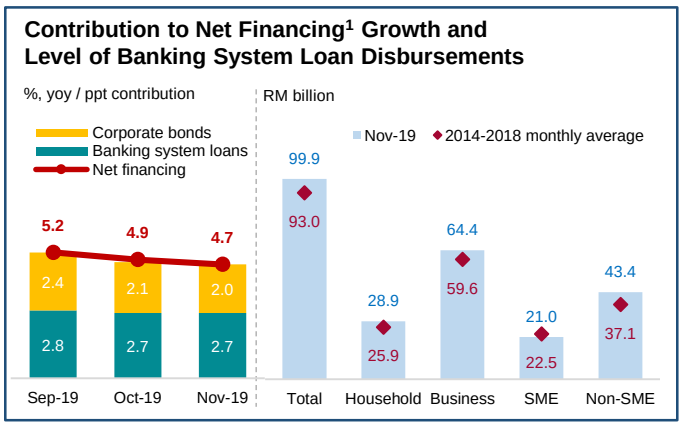
Slower wholesale and retail trade growth in October



- The Index of Wholesale and Retail Trade (IOWRT) recorded a slower growth in October (5.2%; September: 6.0%), due to moderation across all segments.
- The motor vehicles segment expanded by 3.3% in October (September: 4.5%), supported by high car sales amid new launches and year-end promotions.

Source: Department of Statistics, Malaysia

Continued expansion in net financing



- Net financing[1] expanded by 4.7% in November (October: 4.9%), as growth in outstanding corporate bonds declined to 7.4% (October: 8.1%). Outstanding loan growth was sustained at 3.7% (October: 3.7%).
- Total loans disbursed by the banking system was stable at levels higher than the historical monthly average (November: RM99.9 billion, October: RM99.7 billion).
- Disbursements remained forthcoming to businesses, including to the real estate and primary agriculture sectors. Following a significant increase in October, there was a slight moderation in household loan disbursements for the purchase of residential property.

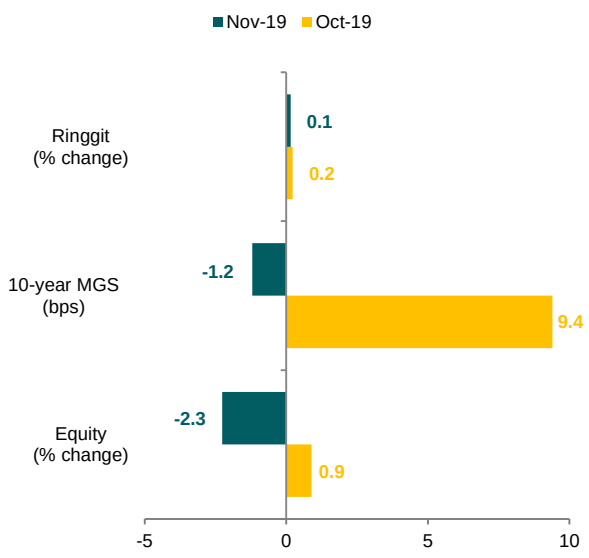
[1] Net financing refers to outstanding loans of the banking system (excluding development financial institutions (DFIs)), and outstanding corporate bonds.

Source: Bank Negara Malaysia

Monthly Highlights
November 2019

Performance of domestic financial markets in November was mixed

Financial Markets Performance in November

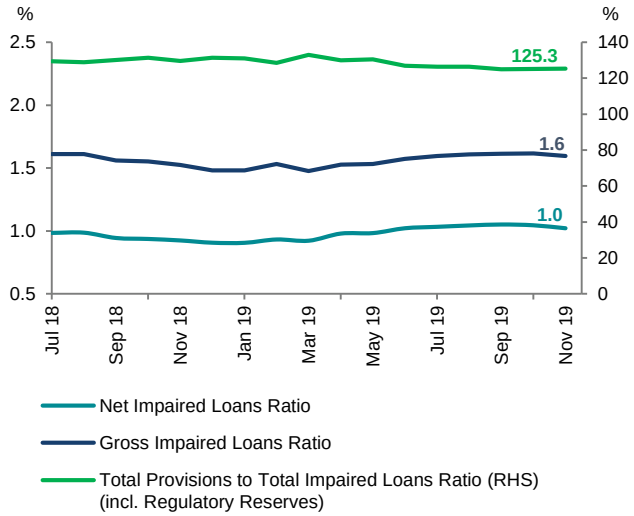


Source: Bank Negara Malaysia and Bursa Malaysia

- In November, sentiments in the international financial markets were mixed, driven mainly by ongoing developments in international trade negotiations. During the earlier part of the month, investors' risk-appetite improved due to optimism on a potential US-China trade deal. Towards the end of the month, however, sentiments on trade tensions turned cautious following the passing of US legislation in support of pro-democracy movements in Hong Kong.
- The ringgit appreciated by 0.1% against the US dollar in November, driven by non-resident portfolio inflows to the domestic bond market. These inflows led the 10-year MGS yield to decline by 1.2 basis points.
- The KLCI, however, declined by 2.3% during the month, in line with regional equity markets. This was partly due to the cautious outlook on global trade developments towards the end of November. Additionally, regional equity markets, including Malaysia, were affected by foreign investors' portfolio rebalancing, following changes to the composition of the benchmark MSCI EM index.

Banking system asset quality remains healthy

Banking System: Asset Quality



Source: Bank Negara Malaysia

- Banks' asset quality remain sound with overall net impaired loans ratio remaining stable at 1.0%.
- Banks continued to maintain sufficient buffers against potential credit losses with total provisions (including regulatory reserves) at 125.3% of total impaired loans.

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MONTHLY HIGHLIGHTS – NOVEMBER 2019

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Bank Negara Malaysia
31 December 2019

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