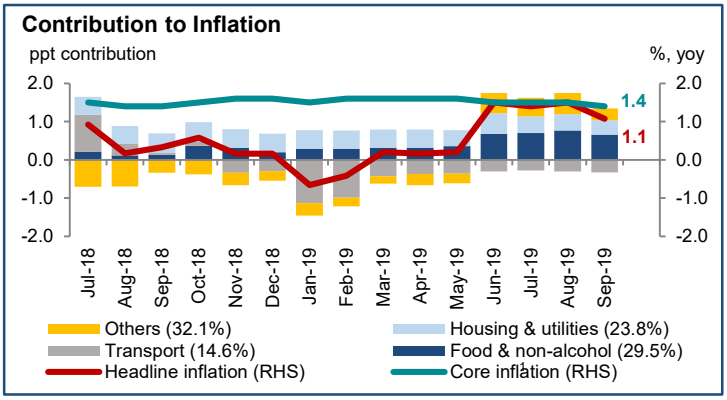
BANK NEGARA MALAYSIA
CENTRAL BANK OF MALAYSIA

Monthly Highlights
September 2019

Headline inflation declined in September

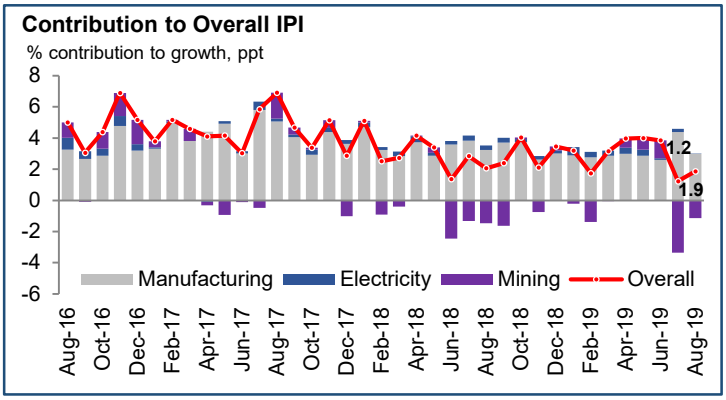


- Headline inflation declined to 1.1% (August: 1.5%) during the month, reflecting the lapse in the impact of Sales and Services Tax (SST) implementation.
- The lapse in the impact of the SST was evident for food away from home, internet and broadband charges, and paid television services.
- Excluding the impact of the changes in the consumption tax policy, core inflation[1] was relatively stable at 1.4% (August: 1.5%).

[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

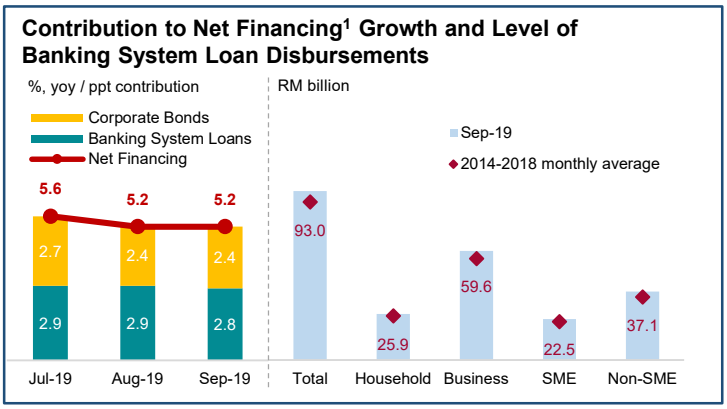
Overall IPI improved to 1.9% in August 2019



- The Overall Industrial Production Index (IPI) recorded a higher growth of 1.9% in August (July: 1.2%). The manufacturing and electricity subsectors moderated while the mining subsector experienced a smaller contraction.
- The manufacturing sector grew by 3.7% in August (July: 4.0%) as the closure of gas facility in Sarawak affected the production of refined petroleum products.

Source: Department of Statistics, Malaysia (DOSM)

Sustained financing of economic activity



- Net financing[2] growth was sustained at 5.2% in September (August: 5.2%), amid sustained growth in outstanding corporate bonds (September, August: 9.0%) and outstanding loans (September: 3.8%, August: 3.9%) across the business and household segments.
- Total loans disbursed by the banking system moderated to RM99.5 billion (August: RM101.4 billion), but remained higher than the historical monthly average of RM93.0 billion. The moderation from August was mainly in disbursements to households, particularly for the purchase of securities and residential properties.

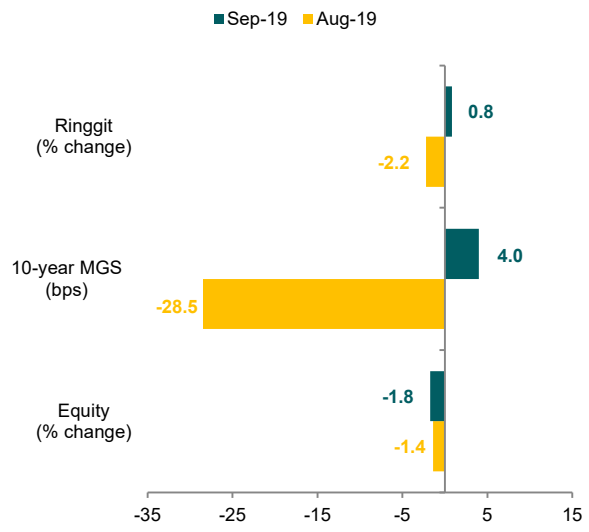
[2] Net financing refers to outstanding loans of the banking system (excluding development financial institutions (DFIs)), and outstanding corporate bonds.

Source: Bank Negara Malaysia

Monthly Highlights
September 2019

Performance of domestic financial markets were affected by global developments

Financial Markets Performance in September

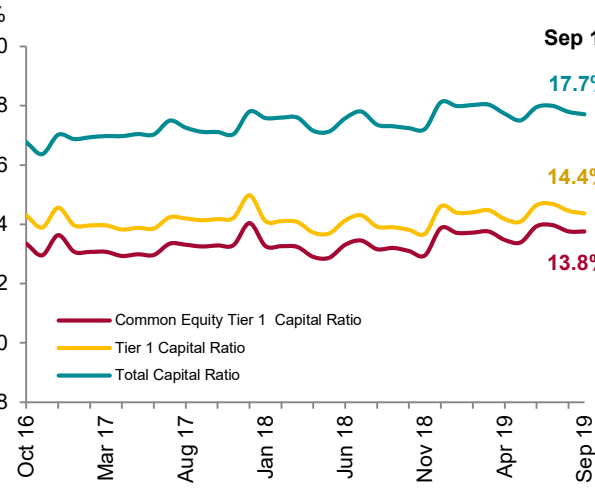


Source: Bank Negara Malaysia, Bursa Malaysia

- In September, domestic financial markets continued to be affected by global developments and shifts in investor sentiments. Early in the month, signs of progress in global trade talks contributed to improved investor sentiments, leading to broad gains across financial market indicators.
- However, sentiments deteriorated towards the end of the month as investors turned cautious from heightened concerns over the global growth outlook and a potential escalation in global trade disputes.
- As a result, the ringgit appreciated by 0.8% against the US dollar, driven by net portfolio inflows by non-residents during the month. Adjustments in domestic bond yields were also marginal amid sustained demand by non-resident investors. However, the domestic equity market continued to be affected by global uncertainties with the FBM KLCI declining by 1.8% during the month.

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[3] of approximately RM110 billion as at September 2019.

[3] 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

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MONTHLY HIGHLIGHTS – SEPTEMBER 2019

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Bank Negara Malaysia
31 October 2019

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