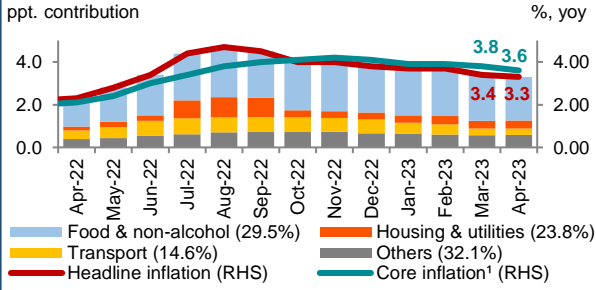


# Monthly Highlights

## April 2023

### Headline inflation continued to moderate

#### Contribution to Inflation



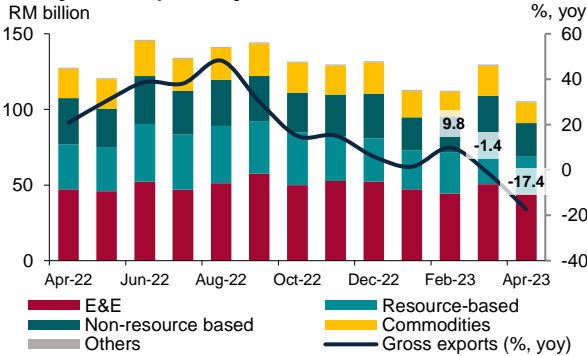
<sup>1</sup> Core inflation is computed by excluding price-volatile and price-administered items.

Source: Department of Statistics, Malaysia & Bank Negara Malaysia estimates

- Headline inflation moderated to 3.3% (March: 3.4%). This decline was mainly due to lower food inflation, such as fresh vegetables, and lower fuel inflation given the lower RON 97 price compared to last year (April 2023: RM 3.35/litre; April 2022: RM 3.84/litre).
- Underlying inflation as measured by core inflation also declined to 3.6% (March: 3.8%) mainly due to lower inflation for some discretionary services, particularly food away from home.

### Exports declined in April

#### Malaysia's Exports by Product

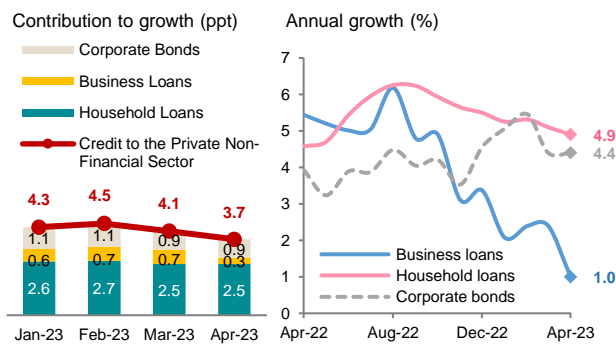


Source: Department of Statistics Malaysia (DOSM), MATRADE

- Exports contracted by 17.4% (March: -1.4%) in April 2023 reflecting weaker external demand and decline in commodity prices.
- Manufactured export growth was weighed mainly by manufactures of metal and chemical products. Meanwhile, commodities exports declined due to lower shipments of palm oil and crude petroleum.
- Moving forward, the broad slowdown in exports is expected to continue. This is in tandem with the performance of regional economies and slower global growth outlook amid high base effects from robust global demand for goods last year.

### Slower growth in credit to the private non-financial sector

#### Credit to the Private Non-Financial Sector<sup>1,2</sup>



<sup>1</sup> Comprises loans to households and non-financial corporations from the banking system and development financial institutions (DFIs), and corporate bonds issued by non-financial corporations (including short-term papers).

<sup>2</sup> Starting with the publication of December 2022 Monthly Highlights and Statistics (MHS), this series was introduced to enhance the quality of financing data. This new data series is available in the MHS Table 2.18.

Source: Bank Negara Malaysia

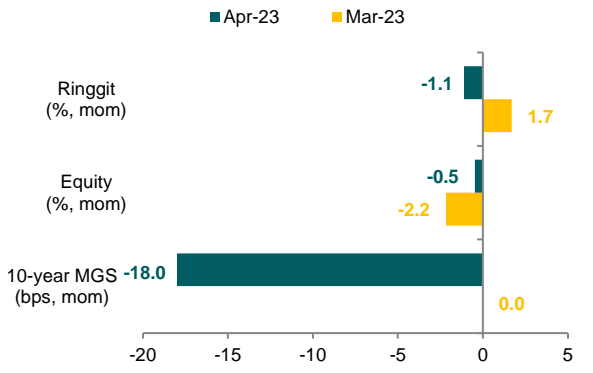
- Credit to the private non-financial sector grew by 3.7% as at end-April (March: 4.1%), due mainly to slower growth in credit to businesses (2.4%; March: 3.2%).
- Outstanding business loans grew at a slower pace (1.0%; March: 2.4%) amid weaker growth in working capital loans, particularly in the non-SME segment (1.6%; March: 5.9%). Growth in outstanding corporate bonds was sustained at 4.4% (March: 4.4%).
- For households, outstanding loan growth expanded by 4.9% (March: 5.1%), supported by higher growth in consumption-related credit (5.2%; March: 4.8%). This reflected sustained growth in credit card spending and loans for the purchase of cars. The growth in loans for the purchase of houses moderated slightly to 6.7% (March: 7.0%).

# Monthly Highlights

April 2023

## Domestic financial market adjustments were driven mainly by external developments

### Financial Market Performance in April 2023



Source: Bank Negara Malaysia, Bursa Malaysia

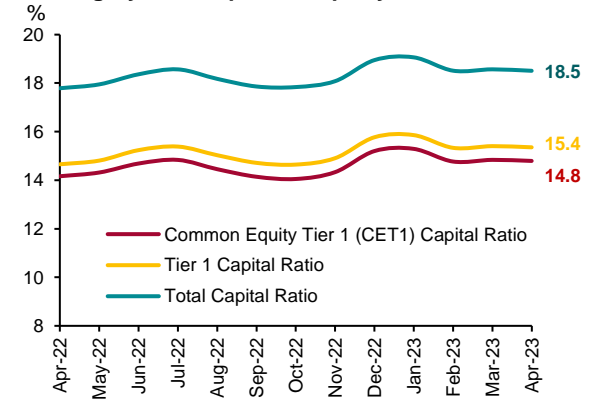
Note: The exchange rate data is the noon-rate in the Kuala Lumpur Interbank Foreign Exchange Market.

<sup>1</sup>Regional countries comprise Singapore, Thailand, Philippines, Indonesia, and Korea

- In April, global investors maintained a cautious outlook, particularly for advanced economies, as the IMF downgraded its global economic growth expectations. At the same time, global financial conditions continued to be affected by US banking sector developments, as policy rate expectations for the US Federal Reserve shifted lower.
- Reflecting global investors' mixed sentiment, the 10-year MGS yields declined by 18 bps (regional<sup>1</sup> average: -8.9 bps). The ringgit depreciated against the US dollar by 1.1%, in line with the movement in regional<sup>1</sup> currencies (average: -0.8%).
- Meanwhile, the FBM KLCI fell by 0.5% amid declines mainly in the technology and healthcare sectors, as several semiconductor and glove firms reported weaker quarterly earnings results.

## Banks remain well-capitalised to support economic recovery

### Banking System Capital Adequacy



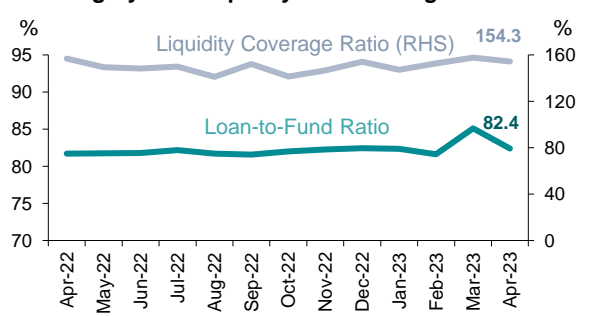
Source: Bank Negara Malaysia

- Banks continue to record strong capital buffers to absorb any unexpected shocks while preserving their ability to provide financing to the economy.
- The banking system excess capital buffer<sup>1</sup> stood at RM136.2 billion.

<sup>1</sup> Refers to total capital above the regulatory minimum, which includes the capital conservation buffer (2.5%) and bank-specific higher minimum requirements.

## Banks maintained strong liquidity and funding positions to support intermediation

### Banking System Liquidity and Funding Ratios



Source: Bank Negara Malaysia

- The banking system continues to record healthy liquidity buffers with the aggregate Liquidity Coverage Ratio at 154.3% (March: 157.5%).
- The aggregate loan-to-fund ratio remained largely stable at 82.4% (March: 85.1%).



**BANK NEGARA MALAYSIA**  
CENTRAL BANK OF MALAYSIA

## PRESS RELEASE

---

Ref. No.: 05/23/10

**EMBARGO: Not for publication or broadcast before 1500 hours on Wednesday, 31 May 2023**

### Monthly Highlights – April 2023

#### Headline inflation continued to moderate

- Headline inflation moderated to 3.3% (March: 3.4%). This decline was mainly due to lower food inflation, such as fresh vegetables, and lower fuel inflation given the lower RON 97 price compared to last year (April 2023: RM 3.35/litre; April 2022: RM 3.84/litre).
- Underlying inflation as measured by core inflation<sup>1</sup> also declined to 3.6% (March: 3.8%) mainly due to lower inflation for some discretionary services, particularly food away from home.

#### Exports declined in April

- Exports contracted by 17.4% (March: -1.4%) in April 2023 reflecting weaker external demand and decline in commodity prices.
- Manufactured export growth was weighed mainly by manufactures of metal and chemical products. Meanwhile, commodities exports declined due to lower shipments of palm oil and crude petroleum.
- Moving forward, the broad slowdown in exports is expected to continue. This is in tandem with the performance of regional economies and slower global growth outlook amid high base effects from robust global demand for goods last year.

---

<sup>1</sup> Core inflation is computed by excluding price-volatile and price-administered items.

## **Slower growth in credit to the private non-financial sector**

- Credit to the private non-financial sector<sup>2,3</sup> grew by 3.7% as at end-April (March: 4.1%), due mainly to slower growth in credit to businesses (2.4%; March: 3.2%).
- Outstanding business loans grew at a slower pace (1.0%; March: 2.4%) amid weaker growth in working capital loans, particularly in the non-SME segment (1.6%; March: 5.9%). Growth in outstanding corporate bonds was sustained at 4.4% (March: 4.4%).
- For households, outstanding loan growth expanded by 4.9% (March: 5.1%), supported by higher growth in consumption-related credit (5.2%; March: 4.8%). This reflected sustained growth in credit card spending and loans for the purchase of cars. The growth in loans for the purchase of houses moderated slightly to 6.7% (March: 7.0%).

## **Domestic financial market adjustments were driven mainly by external developments**

- In April, global investors maintained a cautious outlook, particularly for advanced economies, as the IMF downgraded its global economic growth expectations. At the same time, global financial conditions continued to be affected by US banking sector developments, as policy rate expectations for the US Federal Reserve shifted lower.
- Reflecting global investors' mixed sentiment, the 10-year MGS yields declined by 18 bps (regional<sup>4</sup> average: -8.9 bps). The ringgit depreciated against the US dollar by 1.1%, in line with the movement in regional<sup>4</sup> currencies (average: -0.8%).
- Meanwhile, the FBM KLCI fell by 0.5% amid declines mainly in the technology and healthcare sectors, as several semiconductor and glove firms reported weaker quarterly earnings results.

---

<sup>2</sup> Comprises loans to households and non-financial corporations from the banking system and development financial institutions (DFIs), and corporate bonds issued by non-financial corporations (including short-term papers).

<sup>3</sup> Starting with the publication of December 2022 Monthly Highlights and Statistics (MHS), this series was introduced to enhance the quality of financing data. This new data series is available in the MHS Table 2.18.

<sup>4</sup> Regional countries comprise Singapore, Thailand, Philippines, Indonesia, and Korea.

### **Banks remain well-capitalised to support economic recovery**

- Banks continue to record strong capital buffers to absorb any unexpected shocks while preserving their ability to provide financing to the economy.
- The banking system excess capital buffer<sup>5</sup> stood at RM136.2 million.

### **Banks maintained strong liquidity and funding positions to support intermediation**

- The banking system continues to record healthy liquidity buffers with the aggregate Liquidity Coverage Ratio at 154.3% (March: 157.5%).
- The aggregate loan-to-fund ratio remained largely stable at 82.4% (March: 85.1%).

**Bank Negara Malaysia**  
**31 May 2023**

---

<sup>5</sup> Refers to total capital above the regulatory minimum, which includes the capital conservation buffer (2.5%) and bank-specific higher minimum requirements.