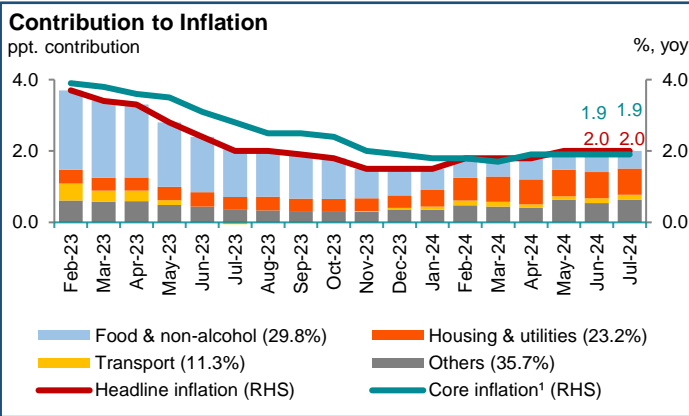


Headline and core inflation remained stable



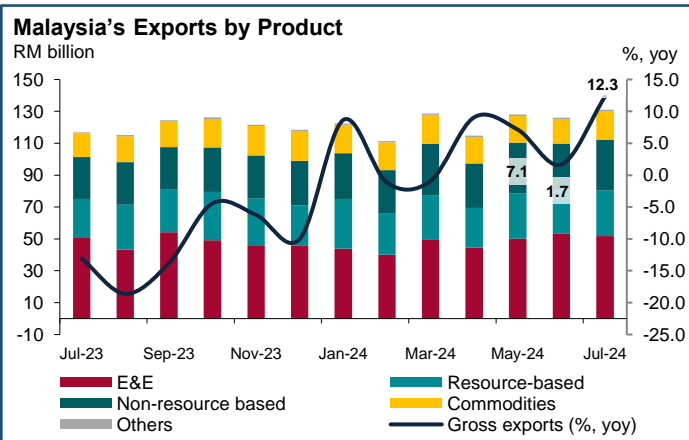
- Headline inflation and core inflation¹ remained stable in July 2024 at 2% and 1.9% respectively.
- While there were pockets of inflationary pressures during the month, such as higher inflation for jewelry and watches and selected Consumer Price Index (CPI) services², these were mostly offset by lower inflation in food categories such as food away from home and fresh food.

¹ Core inflation is computed by excluding price-volatile and price-administered items.

² Including *personal insurance services and recreation and cultural services*.

Source: Department of Statistics, Malaysia (DOSM), BNM estimates

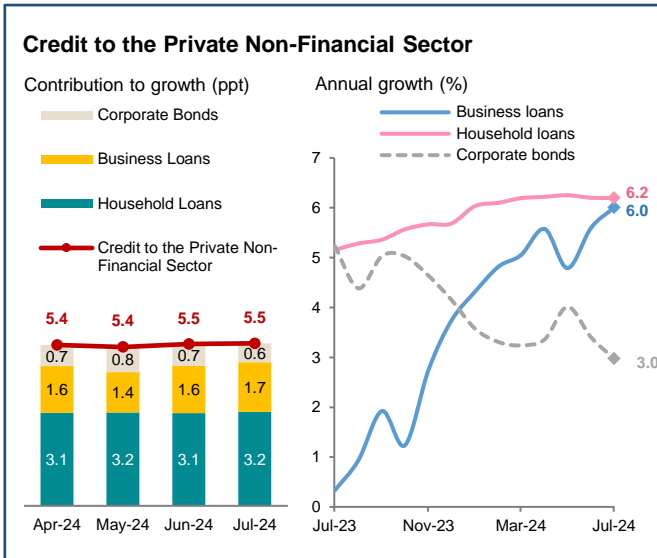
Strong exports growth in July 2024



- Exports grew by 12.3% (June 2024: 1.7%), driven by broad-based improvement in both manufactured and commodities exports.
- Manufactured exports recorded a double-digit growth, supported primarily by higher non-electrical and electronics (E&E) exports and positive E&E exports growth. Commodities exports also increased, driven mainly by higher exports of palm oil and liquefied natural gas (LNG).
- Looking ahead, exports are expected to expand further amid improving external demand and the global tech upcycle.

Source: Department of Statistics, Malaysia (DOSM), Malaysia External Trade Development Corporation (MATRADE)

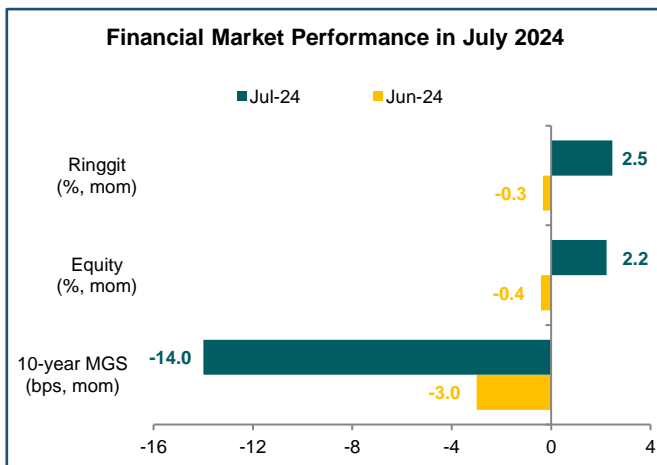
Growth in credit to the private non-financial sector remained sustained



Note: Numbers may not add up due to rounding.
Source: Bank Negara Malaysia

- Growth in credit to the private non-financial sector was sustained at 5.5% as at end-July 2024 (June 2024: 5.5%), following higher outstanding loan growth (6.2%; June 2024: 6%) while outstanding corporate bonds grew more moderately (3%; June 2024: 3.4%).
- For businesses, outstanding loan growth increased to 6% (June 2024: 5.7%), driven mainly by higher growth in working capital loans, particularly across the manufacturing and services sectors. Investment-related loan growth remained forthcoming.
- Household loan growth was sustained at 6.2% (June 2024: 6.2%) amid steady expansion in loans for the purchase of housing and cars. Loan applications were higher, reflecting the demand for financing among households.

Domestic financial markets were mostly driven by global developments, particularly shifting expectations over the US monetary policy path



*Regional countries comprise: Singapore, Thailand, Philippines, Indonesia, and South Korea.

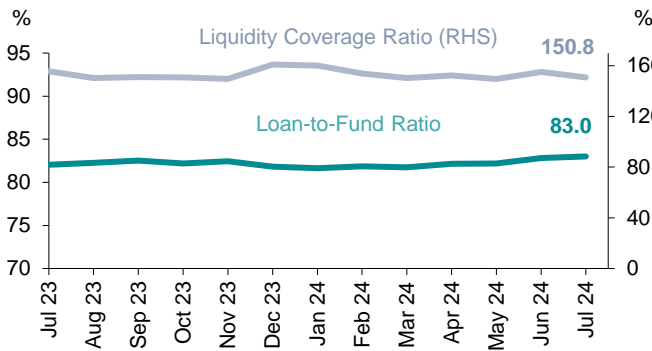
Note: The exchange rate data is the noon-rate in the Kuala Lumpur Interbank Foreign Exchange Market.

Source: Bank Negara Malaysia, Bursa Malaysia

- US Federal Reserve officials expressed confidence that recent readings indicated progress towards their target inflation, suggesting a potential policy rate reduction may come as early as September 2024. Consequently, financial market participants revised their 2024 US policy rate expectations to two to three cuts (June 2024: one to two cuts).
- In turn, the ringgit appreciated by 2.5% against the US dollar in July 2024, in line with most regional currencies (regional* average: 1%).
- The 10-year Malaysian Government Securities (MGS) yield decreased by 14 basis point (bps) (regional* average: -25 bps) alongside a decline in US bond yields, while the FBM KLCI traded higher by 2.2% (regional* average: 2%).

Banks' liquidity and funding positions remained supportive of intermediation activities

Banking System Liquidity and Funding Ratios

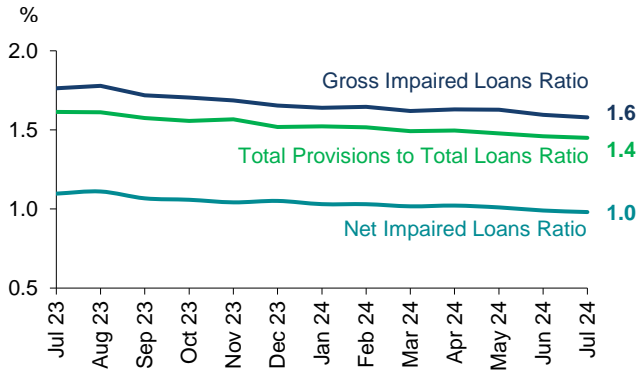


Source: Bank Negara Malaysia

- The banking system continued to record healthy liquidity buffers with aggregate Liquidity Coverage Ratio of 150.8% (June 2024: 155.1%).
- Aggregate loan-to-fund ratio remained broadly stable at 83% (June 2024: 82.8%).

The banking system resilience continues to be underpinned by sound asset quality

Banking System Asset Quality



Source: Bank Negara Malaysia

- Overall gross and net impaired loans ratios remained stable at 1.6% and 1% respectively.
- Loan loss coverage ratio (including regulatory reserves) continued to be at a prudent level of 124.5% of impaired loans (June 2024: 124.1%), with total provisions accounting for 1.4% of total loans.



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CENTRAL BANK OF MALAYSIA

PRESS RELEASE

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Monthly Highlights – July 2024

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Bank Negara Malaysia

30 August 2024