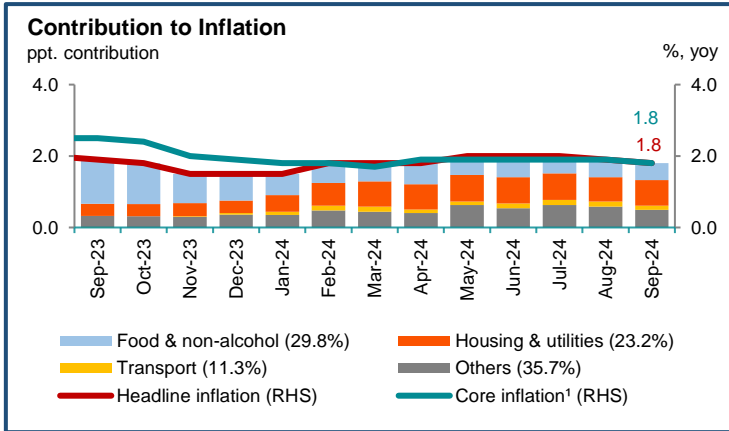


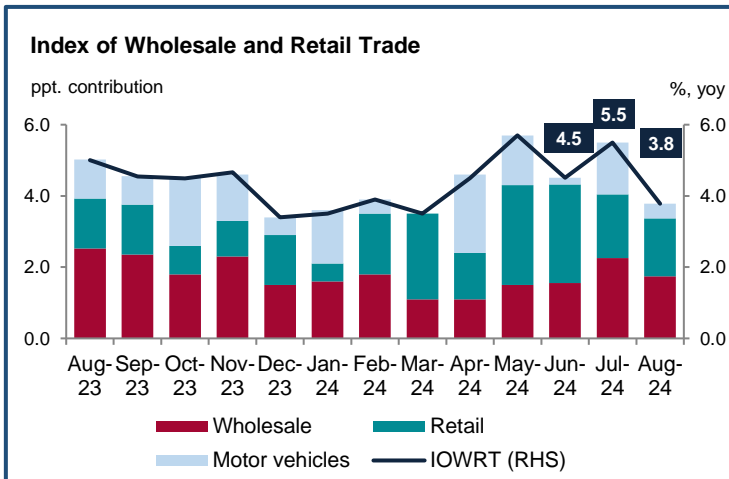
### Headline and core inflation edged lower



- In September, both headline and core inflation<sup>1</sup> declined marginally to 1.8% (August 2024: 1.9%).
- The decline was mainly contributed by lower inflation for fuel (i.e. both diesel and RON97), which was partly offset by higher fresh food inflation, including fresh seafood and fresh meat.

<sup>1</sup> Core inflation is computed by excluding price-volatile and price-administered items.  
Source: Department of Statistics, Malaysia (DOSM) and BNM estimates

### Wholesale and retail trade growth in August was slower

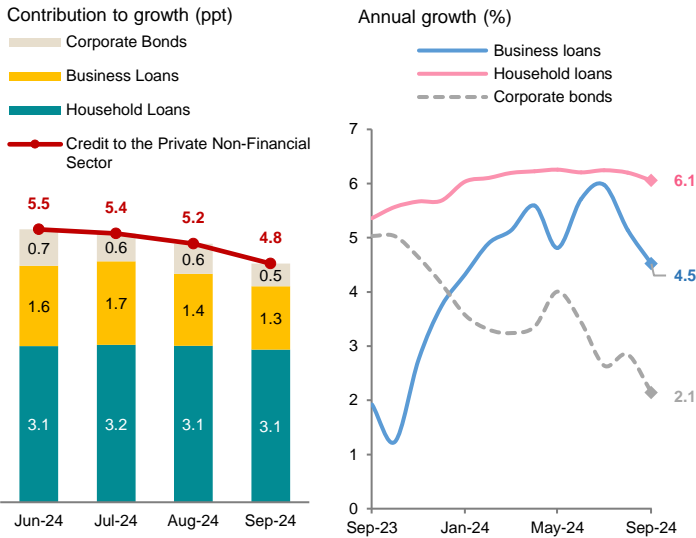


Source: Department of Statistics, Malaysia and Malaysian Automotive Association

- The Index of Wholesale and Retail Trade (IOWRT) grew by 3.8% in August 2024 (July 2024: 5.5%).
- All segments expanded albeit at a more moderate pace. In particular, growth in the wholesale and retail segment was driven by wholesale of food, beverages and tobacco and retail trade in non-specialised stores (e.g. supermarkets and department stores).
- In the motor vehicle segment, growth was largely weighed down by lower motor vehicle sales (-0.1%; July 2024: 13.2%), which was offset by the expansion in sales of motor vehicle parts and accessories (7.3%; July 2024: 8.5%).

### Growth in credit to the private non-financial sector moderated in September

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

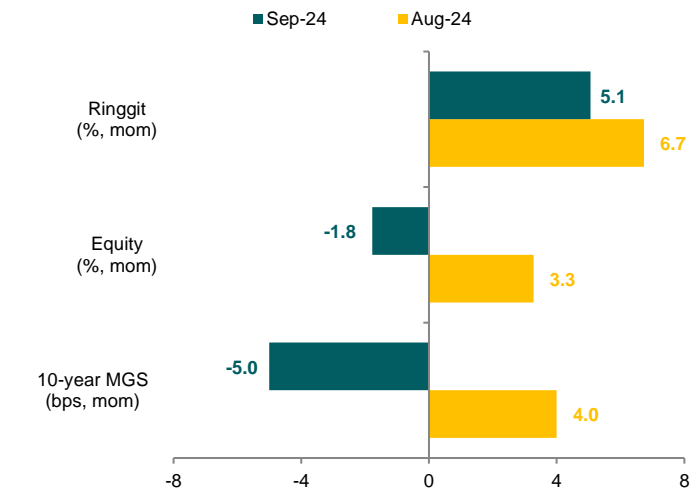


<sup>1</sup> Comprises loans to households and non-financial corporations from the banking system and development financial institutions (DFIs), and corporate bonds issued by non-financial corporations (including short-term papers)  
Note: Numbers may not add up due to rounding.  
Source: Bank Negara Malaysia

- Credit to the private non-financial sector grew by 4.8% as at end-September (August 2024: 5.2%), following slower growth in business loans (4.5%; August 2024: 5.1%) and corporate bonds (2.1%; August 2024: 2.8%).
- Growth in business loans moderated, following slower loan growth among non-SMEs, while loans to SMEs was broadly sustained. Notwithstanding the moderation in growth, overall loan disbursements was higher in September. Loan growth to the services sector remained forthcoming, while growth moderated for the manufacturing and construction sectors.
- For households, loan growth was sustained at 6.1% (August 2024: 6.2%), amid broadly steady growth in loans across all purposes.

### Domestic financial markets were largely driven by expectations of global monetary easing

#### Financial Market Performance in September 2024

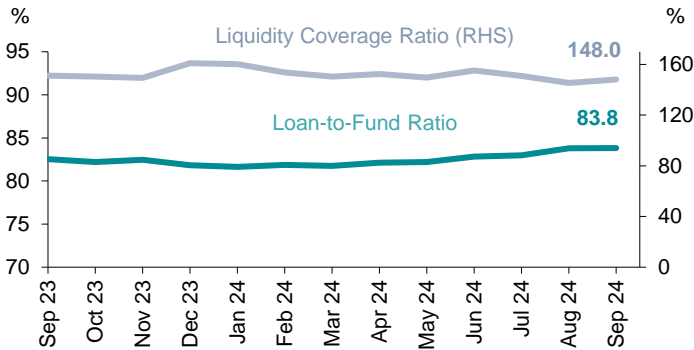


Note: The exchange rate data is the noon-rate in the Kuala Lumpur Interbank Foreign Exchange Market. Regional countries comprise: Singapore, Thailand, Philippines, Indonesia, and South Korea  
Source: Bank Negara Malaysia, Bursa Malaysia

- Global financial conditions eased amid increased market expectations for further policy rate cuts by the US Federal Reserve, following its 50 basis points (bps) rate cut in September.
- Against this backdrop, the US dollar weakened, exerting appreciation pressure on regional currencies, including the ringgit (6.1%). The 10-year Malaysian Government Securities (MGS) yield declined by a modest 6 bps amid non-resident inflows into the domestic bond market.
- The FTSE Bursa Malaysia Kuala Lumpur Composite Index (FBM KLCI) traded lower by 1.8%, reflecting cautious investor sentiment amid the Middle East geopolitical tensions and ahead of the US Presidential Election.

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

#### Banking System Liquidity and Funding Ratios

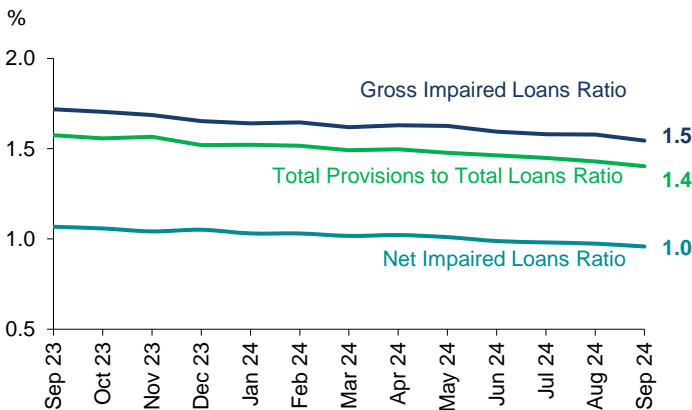


- The banking system continued to record healthy liquidity buffers with an aggregate Liquidity Coverage Ratio of 148.0% (August 2024: 145.4%).
- The aggregate loan-to-fund ratio remained broadly stable at 83.8% (August 2024: 83.8%)

Source: Bank Negara Malaysia

### Asset quality in the banking system remained sound

#### Banking System Asset Quality



- Overall gross impaired loans ratio improved slightly to 1.5% (August 2024: 1.6%) while net impaired loans ratio remained stable at 1.0%.
- Loan loss coverage ratio (including regulatory reserves) continued to be prudent at 125.1% of impaired loans (August 2024: 123.8%).

Source: Bank Negara Malaysia