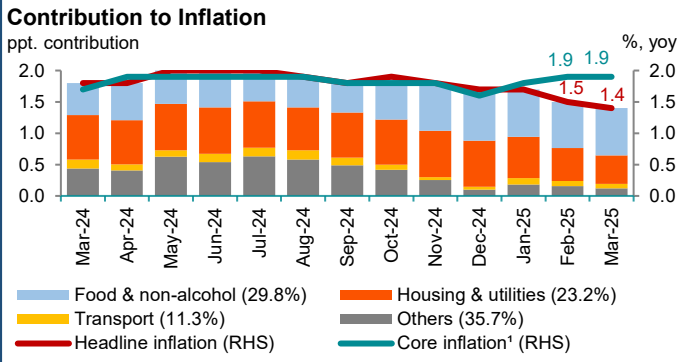


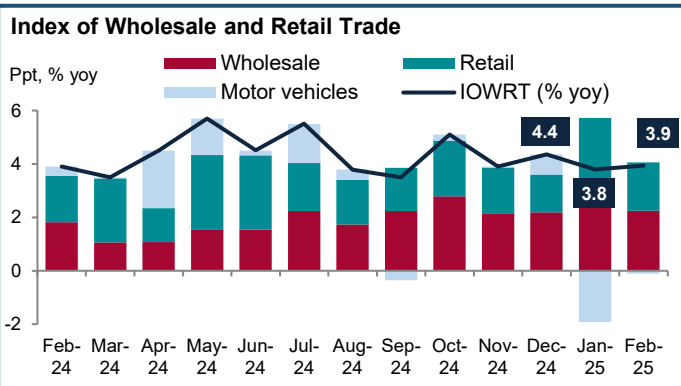
### Headline inflation declined in March



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

- In March, headline inflation declined to 1.4% (February 2025: 1.5%) while core inflation<sup>1</sup> remained stable at 1.9% (February 2025: 1.9%).
- The divergence was partly due to the dissipation of policy effects on non-core Consumer Price Index (CPI) components, including water and electricity tariffs, which increased in the corresponding period last year. As such, this posed a drag on headline inflation.
- Furthermore, inflation for other non-core CPI components such as fresh food and RON97 trended lower in line with moderating commodity prices.

### Continued growth in wholesale and retail trade in February



<sup>1</sup> Wholesale of machinery, equipment and supplies include computer hardware, agriculture machinery, as well as office furniture.

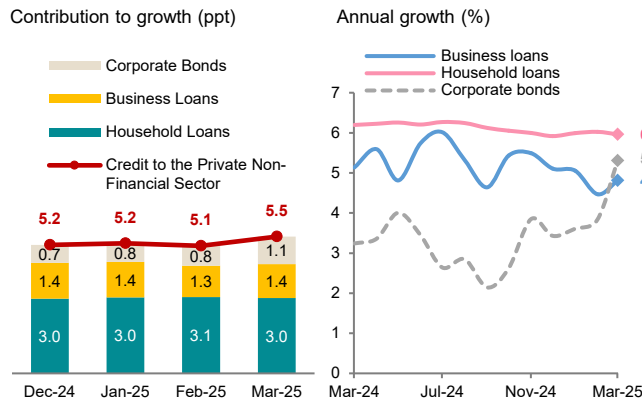
<sup>2</sup> Refers to supermarkets and department stores.

Source: Department of Statistics, Malaysia and Malaysian Automotive Association

- The Index of Wholesale and Retail Trade (IOWRT) grew by 3.9% in February 2025 (January 2025: 3.8%).
- Higher growth in wholesale segment was driven by wholesale of machinery, equipment and supplies.<sup>1</sup> The retail segment continued to expand, albeit moderately, supported by retail sale in non-specialised stores.<sup>2</sup>
- Meanwhile, the motor vehicle segment continued to contract, albeit by a smaller magnitude. This reflects normalisation in car sales after registering historical high for the past three years.

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

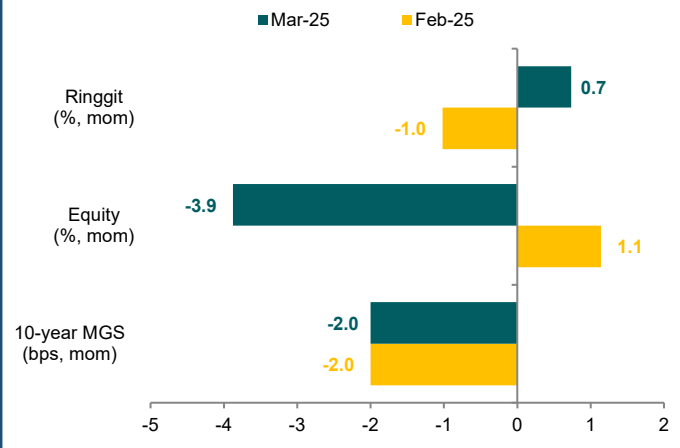
#### Credit to the Private Non-Financial Sector



- Credit to the private non-financial sector grew by 5.5% as at end-March 2025 (February 2025: 5.1%), driven by higher growth in outstanding corporate bonds (5.3%; February 2025: 3.8%) and sustained growth in outstanding loans (5.6%; February 2025: 5.5%).
- Business outstanding loan growth increased to 4.8% (February 2025: 4.5%), following higher growth for working capital purposes, mainly among non-SMEs.
- Household loan growth remained steady at 6% (February 2025: 6%), with sustained growth across most loan purposes.

### Domestic financial markets continued to be driven by uncertainties surrounding the impact of US trade policies

#### Financial Market Performance in March 2025



- Global financial markets experienced heightened volatility driven by increased uncertainties surrounding US trade policies. Investors' sentiment deteriorated amid rising concerns about a global economic slowdown and increased market expectations for larger US policy rate cuts.
- Amid concerns about the US economy and the USD, the ringgit appreciated by 0.7% against the US dollar (NEER: 0.2%; regional average\*: 0.4%).
- Meanwhile, the 10-year MGS yields declined by 2 basis points (bps) (regional average\*: 3.6 bps). The FBM KLCI edged lower by 3.9% (regional average\*: 1.4%) amid net foreign outflows, driven by increased investor risk aversion.

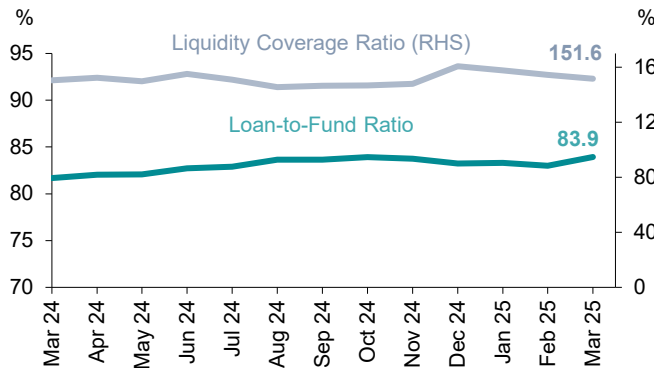
Note: The exchange rate data is the noon-rate in the Kuala Lumpur Interbank Foreign Exchange Market. NEER refers to the ringgit nominal effective exchange rate.

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

Source: Bank Negara Malaysia, Bursa Malaysia

### Banking system liquidity position remained healthy to facilitate financial intermediation

**Banking System Liquidity and Funding Ratios**

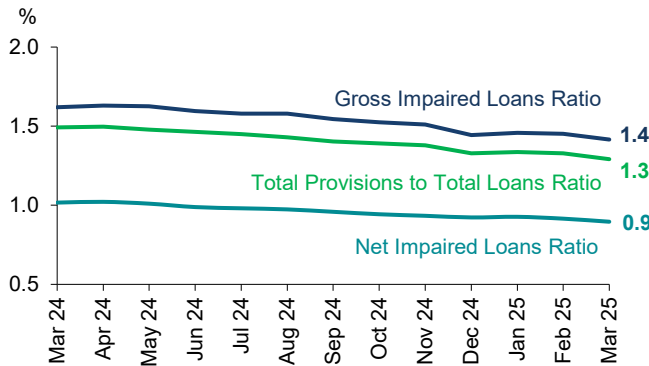


- The banking system continued to record healthy liquidity buffers with an aggregate Liquidity Coverage Ratio of 151.6% (February 2025: 154.4%).
- The aggregate loan-to-fund ratio increased slightly to 83.9% (February 2025: 83%) driven by sustained loan growth.

Source: Bank Negara Malaysia

### Banks' asset quality remained healthy

**Banking System Asset Quality**



- Gross impaired loans ratio inched lower to 1.4% (February 2025: 1.5%), but net impaired loans ratio remained stable at 0.9%.
- Loan loss coverage ratio (including regulatory reserves) remained prudent at 131.3% of gross impaired loans (February 2025: 130.3%).

Source: Bank Negara Malaysia