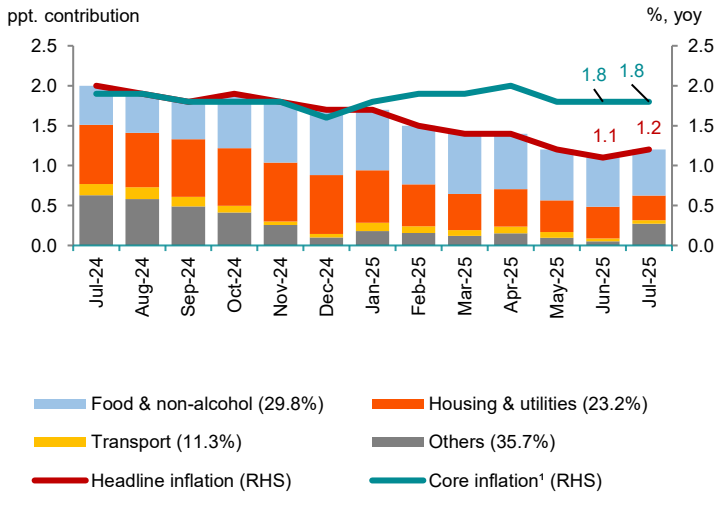


Headline inflation increased, while core inflation remained unchanged

Contribution to Inflation

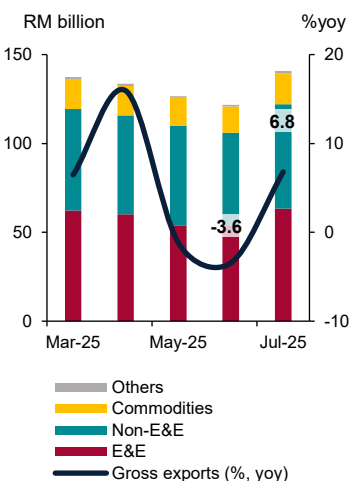


¹Core inflation is computed by excluding price-volatile and price-administered items
Source: Department of Statistics, Malaysia (DOSM) and BNM estimates

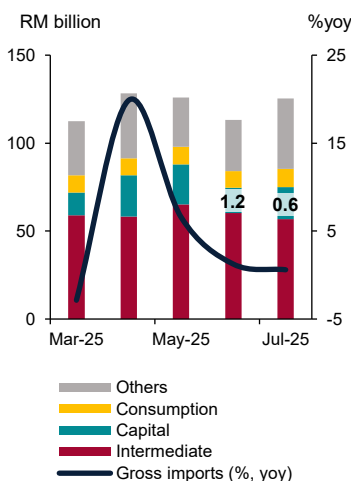
- In July, headline inflation increased slightly to 1.2% (June: 1.1%), while core inflation¹ remained unchanged at 1.8% (June: 1.8%).
- The higher headline inflation reflected sustained core inflation and increases in selected non-core components, such as fresh vegetables and air fares.
- This was partly offset by a decline in electricity CPI, reflecting the restructuring of electricity tariffs during the month. In particular, electricity bills were lower for most households following lower domestic tariff rates and rebates for lower electricity usage under the Energy Efficiency Incentive.

Export growth turned positive, while import growth moderated in July

Malaysia's Exports by Product



Malaysia's Imports by End Use

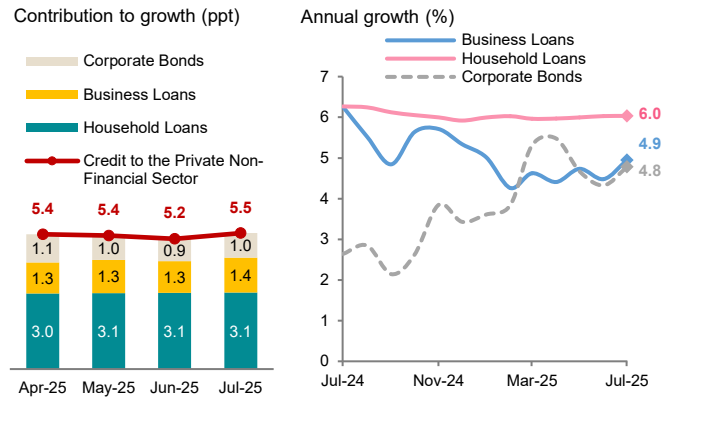


Source: DOSM, MATRADE

- Gross exports grew by 6.8% (June: -3.6%), primarily driven by a strong growth of electrical and electronic (E&E) exports. Non-E&E exports contracted mainly due to petroleum and chemical products, while lower commodity exports were driven by palm oil and liquefied natural gas (LNG).
- Imports growth moderated to 0.6% (June: 1.2%) amid the decline of intermediate imports.
- Going forward, moderating external demand is expected to continue weighing on exports.

Higher growth in credit to the private non-financial sector

Credit to the Private Non-Financial Sector

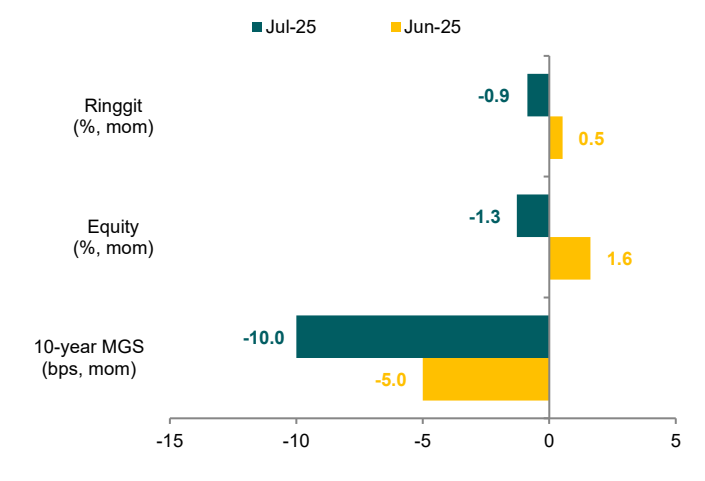


- Credit to the private non-financial sector grew by 5.5% (June: 5.2%), driven by higher growth in outstanding business loans (4.9%; June: 4.5%) and outstanding corporate bonds (4.8%; June: 4.3%).
- Growth of outstanding business loans increased, driven by higher loan growth for investment-related² purposes among the non-SMEs. SME loan growth increased following the higher growth of working capital loans.
- Household loan growth remained steady at 6% (June: 6.0%), with sustained loan growth across most purposes.

²Comprises loans for the purchase of non-residential properties, residential properties for business use, fixed assets as well as for construction activities.
Source: Bank Negara Malaysia

Domestic financial market developments were influenced by US monetary policy expectations and trade uncertainties

Financial Market Performance in July 2025



- Ongoing tariff developments continued to weigh on global financial markets. Moreover, an uptick in US inflation in June, alongside stronger-than-expected US economic data, prompted market participants to reduce expectations for a policy rate cut by the US Federal Reserve (Fed) in September.
- Against this backdrop, the ringgit depreciated by 0.9% against the US dollar (NEER: 0.3%; regional average³: -1.9%). Meanwhile, the 10-year MGS yield decreased by 10.0 bps (regional average³: -7.2 bps) amid the OPR cut in July MPC and a positive fiscal outlook.
- On the other hand, the FBM KLCI declined by 1.3% (regional average³: 6.2%) amid foreign equity outflows.

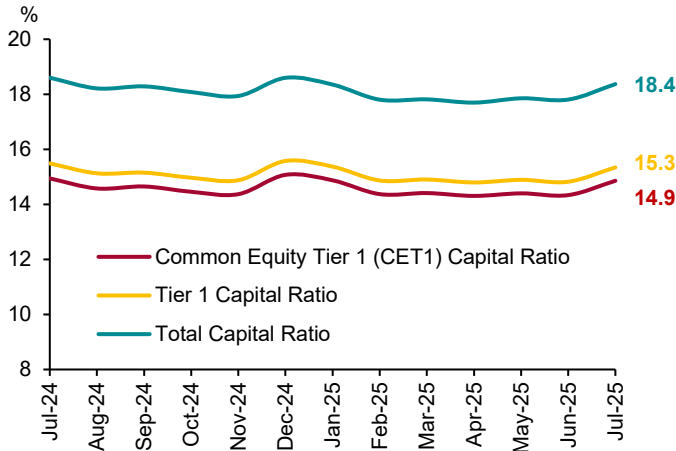
Note: The exchange rate data is the noon-rate in the Kuala Lumpur Interbank Foreign Exchange Market.

³Regional countries comprise Singapore, Thailand, the Philippines, Indonesia and South Korea.

Source: Bank Negara Malaysia, Bursa Malaysia

Banks remain well-capitalised to support economic growth

Banking System Capital Adequacy

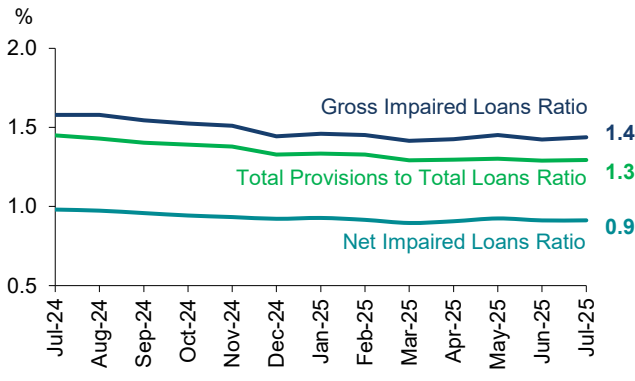


- Banks' capital remains strong at 18.4%, ensuring continued support to credit intermediation and the ability to withstand potential shocks in the economy.
- The banking system recorded excess capital buffers⁴ of RM143.3 billion as of July 2025.

⁴Refers to total capital above the regulatory minimum, which includes the capital conservation buffer (2.5%) and bank-specific higher minimum requirements.
Source: Bank Negara Malaysia

Asset quality in the banking system remained stable

Banking System Asset Quality



- Gross and net impaired loans ratios remained low at 1.4% and 0.9%, respectively, as borrowers' repayment capacity continued to be sustained.
- Loan loss coverage ratio (including regulatory reserves) remained prudent at 128.9% of gross impaired loans (June: 130.4%).

Source: Bank Negara Malaysia