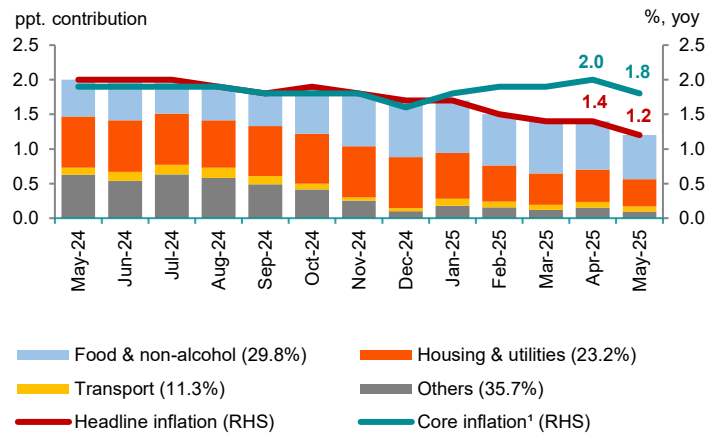


Both headline inflation and core inflation were lower in May

Contribution to Inflation

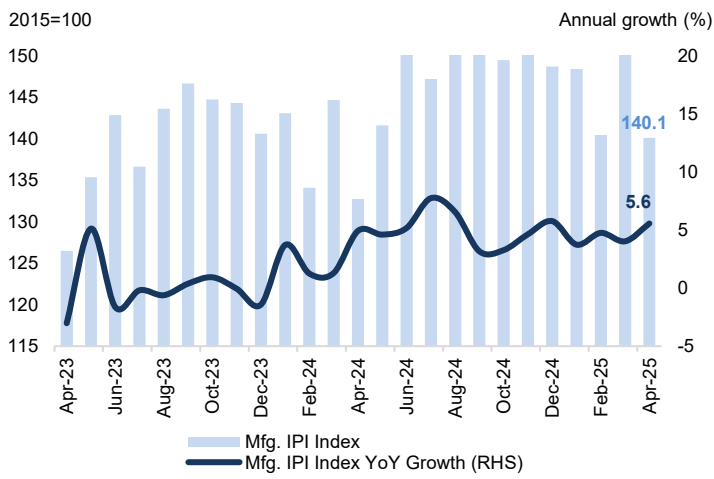


- In May, headline inflation slowed to 1.2% (April 2025: 1.4%), while core inflation¹ moderated to 1.8% (April 2025: 2%).
- Selected non-core items contributed to the lower headline inflation, including fresh vegetables and petrol, in line with lower commodity prices.
- The decline in core inflation was largely driven by lower inflation for rental and streaming services.

¹ Core inflation is computed by excluding price-volatile and price-administered items
Source: Department of Statistics, Malaysia and Bank Negara Malaysia estimates

Higher growth in manufacturing production

Manufacturing Industrial Production Index (IPI)

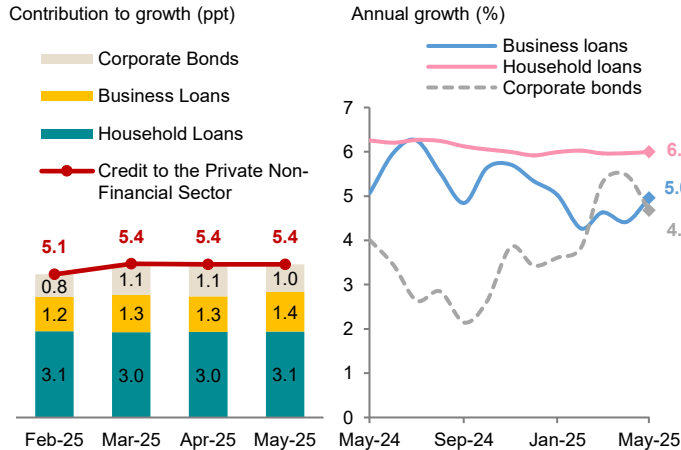


Source: Department of Statistics, Malaysia

- The manufacturing industrial production index registered strong growth of 5.6% in April (March 2025: 4%).
- Export-oriented clusters expanded by 6.4% in April (March 2025: 4.8%) driven by higher production of both electrical and electronics (E&E), and consumer-related goods such as vegetables as well as animal oils and fats.
- Growth in the domestic-oriented clusters expanded further by 3.9% in April (March 2025: 2.3%) reflecting higher production of food processing products, and construction materials such as basic and fabricated metals.

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

Credit to the Private Non-Financial Sector

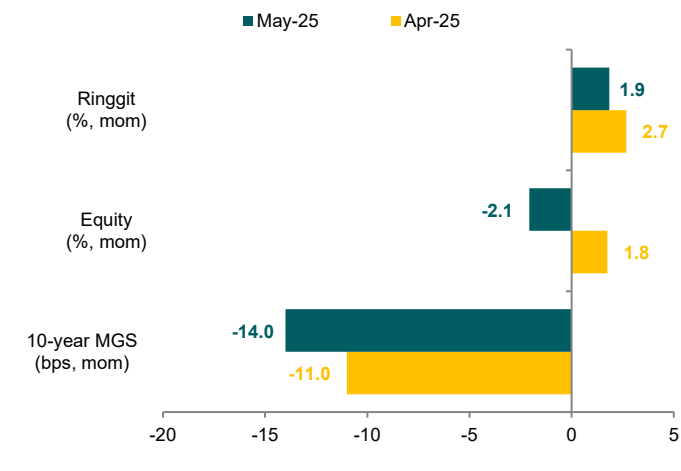


- Credit to the private non-financial sector grew by 5.4% in May (April 2025: 5.4%), following higher growth in outstanding business loans (5%; April 2025: 4.4%), while growth in outstanding corporate bonds moderated (4.7%; April 2025: 5.5%).
- Growth in business loans increased to 5% (April 2025: 4.4%) due mainly to higher growth in working capital loans, particularly among the non-SMEs. Investment-related² loan growth was sustained across segments.
- Household loan growth remained steady at 6% (April 2025: 6%) amid sustained growth across most loan purposes.

² Comprises 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 markets continued to be mainly influenced by developments surrounding US tariffs

Financial Market Performance in May 2025



- Global financial conditions eased in May following the 90-day truce announcement by the US administration. Investors remained cautious amid lingering uncertainties surrounding the tariff developments and risks of a global economic slowdown.
- The ringgit appreciated by 1.9% against the US dollar (NEER: 0.7%; regional average³: 2.1%), driven primarily by a broad-based weakness in the US dollar.
- The FBM KLCI declined by 2.1% (regional average³: 1.8%). The 10-year MGS yield decreased by 14 bps (regional average³: 0.4 bps), amid net foreign inflows into the domestic bond market.

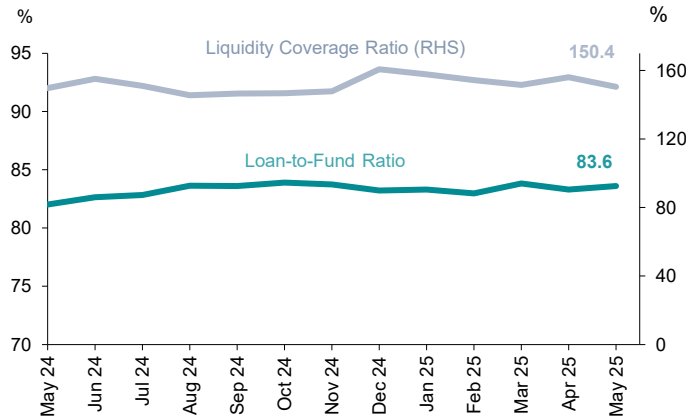
Note: The exchange rate data is the noon-rate in the Kuala Lumpur Interbank Foreign Exchange Market.

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

Source: Bank Negara Malaysia, Bursa Malaysia

Banking system liquidity position remained healthy to support financial intermediation

Banking System Liquidity and Funding Ratios

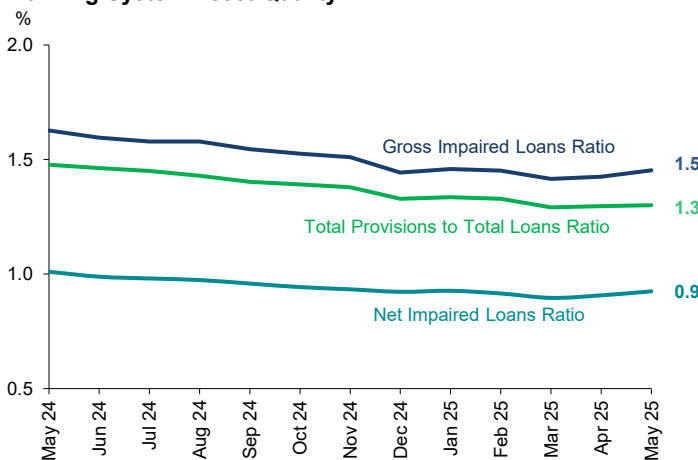


Source: Bank Negara Malaysia

- The banking system continued to record healthy liquidity buffers with an aggregate Liquidity Coverage Ratio of 150.4% in May (April 2025: 156.1%).
- The aggregate loan-to-fund ratio increased slightly to 83.6% (April 2025: 83.3%) driven by sustained loan growth.

Asset quality of the banking system remained sound

Banking System Asset Quality



Source: Bank Negara Malaysia

- Gross impaired loans ratio inched marginally higher to 1.5% in May (April 2025: 1.4%), but net impaired loans ratio remained stable at 0.9%.
- Loan loss coverage ratio (including regulatory reserves) remained prudent at 128.9% of gross impaired loans (April 2025: 131.1%).