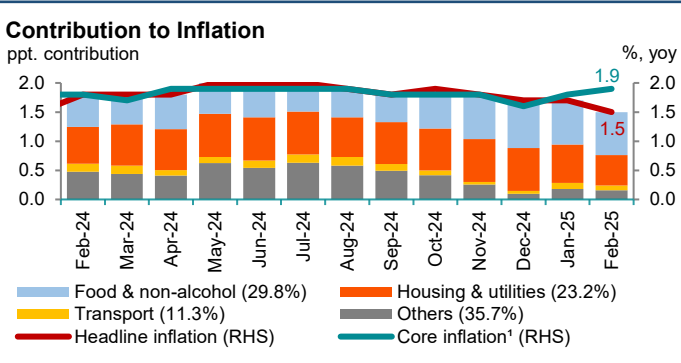


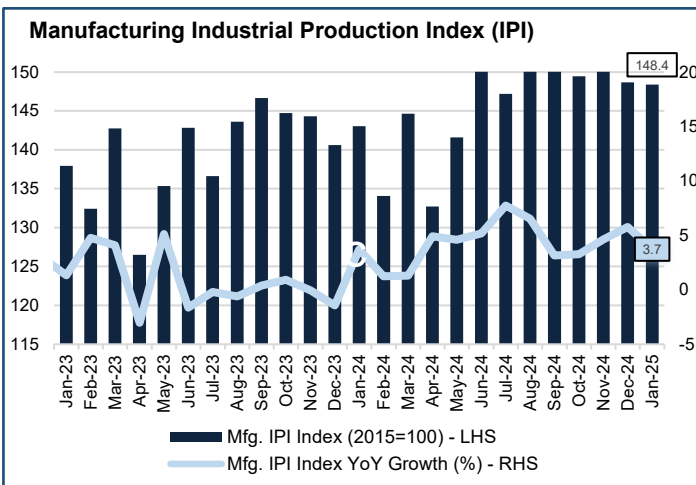
Headline inflation declined in February



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

- In February, headline inflation declined to 1.5% (January: 1.7%) while core inflation¹ edged up to 1.9% (January: 1.8%).
- In terms of components, inflation was higher for rental housing, personal transport insurance, as well as jewellery and watches.
- This was offset by lower inflation for water supply and miscellaneous dwelling services, food away from home, as well as air passenger transport services.

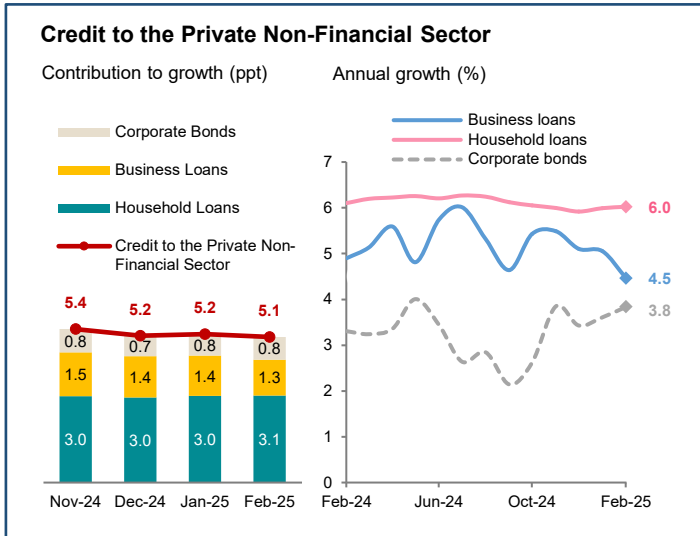
Moderate growth in manufacturing production



Source: Department of Statistics, Malaysia

- The manufacturing industrial production index registered slower growth of 3.7% in January (December 2024: 5.8%) due to deceleration in domestic-oriented industries.
- Export-oriented clusters grew 5.6% (December 2024: 6.8%) amid expansions in the computer and electronics (7.9%) and vegetable oils and fats (8.9%) manufacturing sub-sectors.
- Growth of domestic-oriented clusters moderated to 0.2% (December 2024: 3.7%) mainly due to a substantial contraction in transport equipment manufacturing (-9.4%), following fewer working days due to public holidays during the month. This factor is likely to be temporary as February automotive production data suggests an improving trend compared to January.

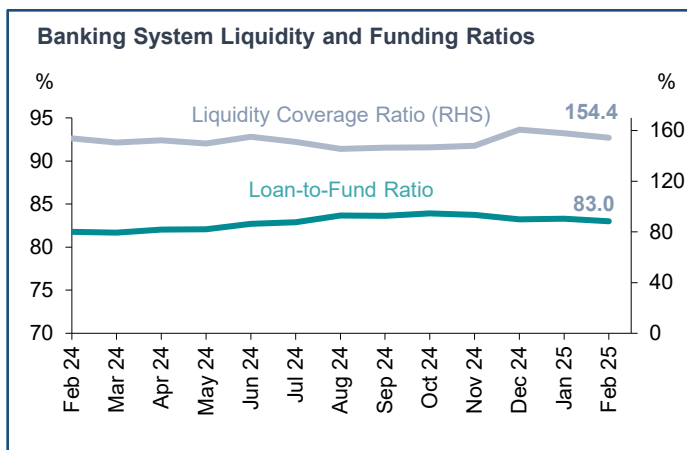
Sustained growth in credit to the private non-financial sector



- Credit to the private non-financial sector grew by 5.1% (January: 5.2%), supported by steady growth in household loans (6.0%; January: 6.0%) and higher growth in outstanding corporate bonds (3.8%; January: 3.6%).
- Growth in business loans moderated to 4.5% (January: 5.1%), amid slower loan growth for both working capital and investment-related purposes¹. Notwithstanding, investment-related loan growth for SMEs was stable, amid sustained loan applications in this segment.
- For households, outstanding loan growth was stable at 6% (January: 6%), with sustained growth across most loan purposes.

¹ 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

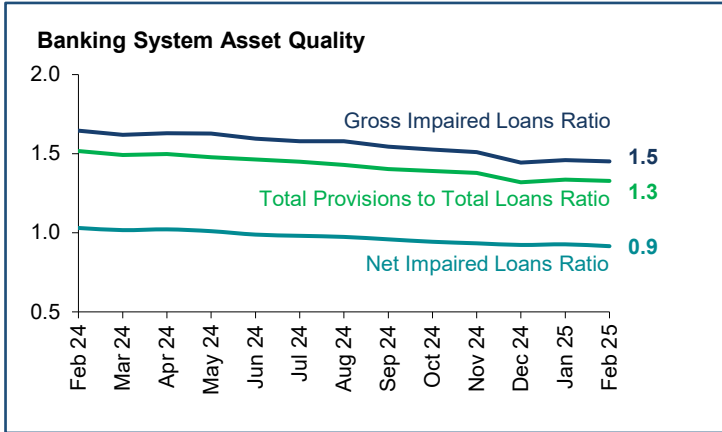
Banking system liquidity position remains healthy to facilitate financial intermediation



Source: Bank Negara Malaysia

- The banking system continued to record healthy liquidity buffers with an aggregate Liquidity Coverage Ratio of 154.4% (January: 157.8%).
- The aggregate loan-to-fund ratio remained broadly stable at 83% (January: 83.3%).

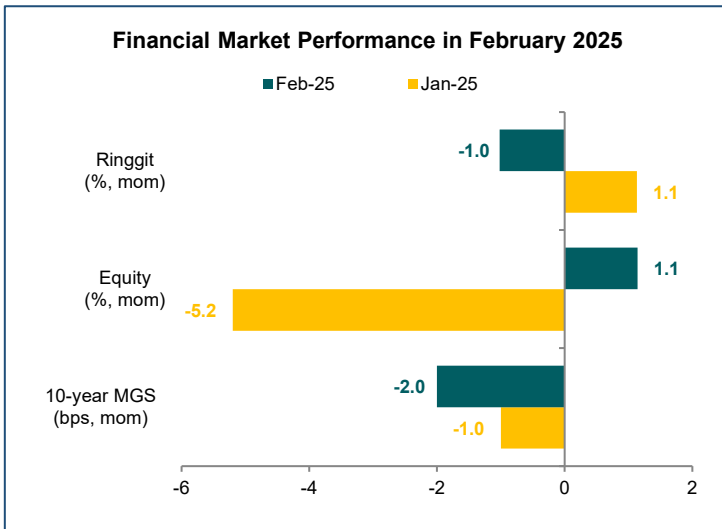
Asset quality in the banking system remained intact



- Gross and net impaired loans ratios were maintained at 1.5% and 0.9%, respectively.
- Loan loss coverage ratio (including regulatory reserves) remained prudent at 130.3% of gross impaired loans (January: 128.5%).

Source: Bank Negara Malaysia

Domestic financial markets continued to be driven by concerns and uncertainties over US trade policies



- Global financial markets experienced heightened volatility following the announcement of US tariffs on imported goods from Mexico, Canada, China and the EU. These policies raised concerns on inflationary pressures and potential slowdown in economic growth in the US.
- Amid these global uncertainties, the ringgit depreciated by 1% against the US dollar (NEER: -1.0%), in line with movements in other regional currencies (average*: -0.5%).
- The 10-year MGS yield decreased marginally by 2.0 basis points (bps) (regional average*: -13.4 bps), while the FBM KLCI gained 1.1% (regional average*: -3.3%) amid robust corporate earnings prospects.

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