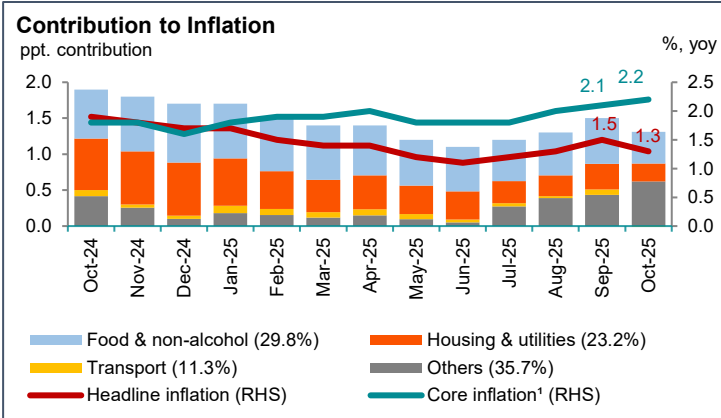


Monthly Highlights

October 2025



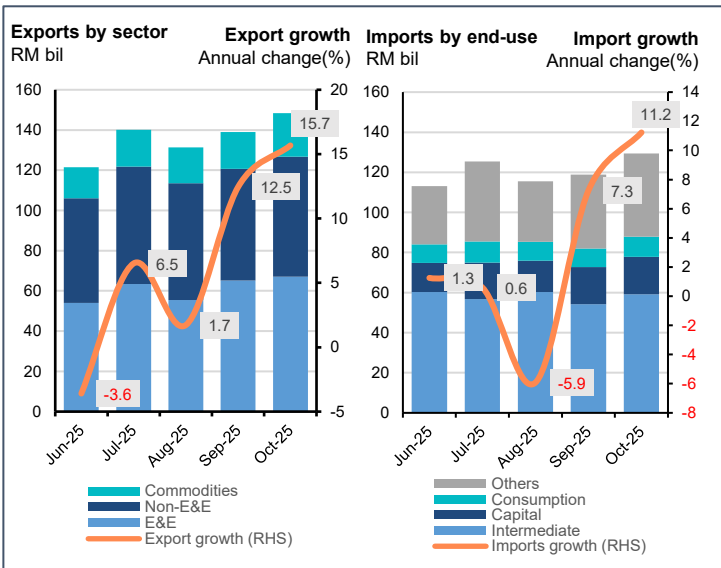
Headline inflation was lower in October, while core inflation increased slightly



¹ Core inflation is computed by excluding price-volatile and price-administered items.
² Fuel is reflected under the 'Transport' category.
³ Mobile communication services are reflected under the 'Others' category.
 Source: Department of Statistics, Malaysia (DOSM) and BNM estimates

- In October, headline inflation was lower at 1.3% (September 2025: 1.5%), while core inflation increased marginally to 2.2% (September 2025: 2.1%).
- The decline in headline inflation was largely driven by lower inflation for non-core items. These included continued decline in electricity inflation, reflecting rebates following lower generation costs, as well as lower fuel² prices during the month.
- The higher core inflation was driven by an increase in mobile communication services inflation.³ This reflected the dissipation of negative base effects following large declines of postpaid mobile prices in October 2024, rather than changes to underlying price pressures.

Robust export growth supported trade surplus



Source: Department of Statistics, Malaysia (DOSM), MATRADE

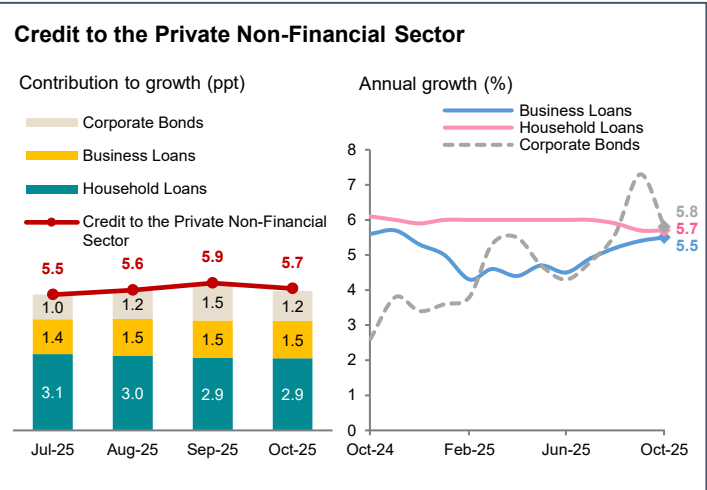
- Exports grew by 15.7% (September 2025: 12.5%), amid robust growth in the electrical and electronics (E&E) sector of 26.5% (September 2025: 19.5%).
- Imports growth increased to 11.2% (September 2025: 7.2%) due to higher growth in imports of capital goods related to data-centre investments.
- The trade surplus remained sizeable at RM19 billion given strong export performance (September 2025: RM20.2 billion).

Monthly Highlights

October 2025



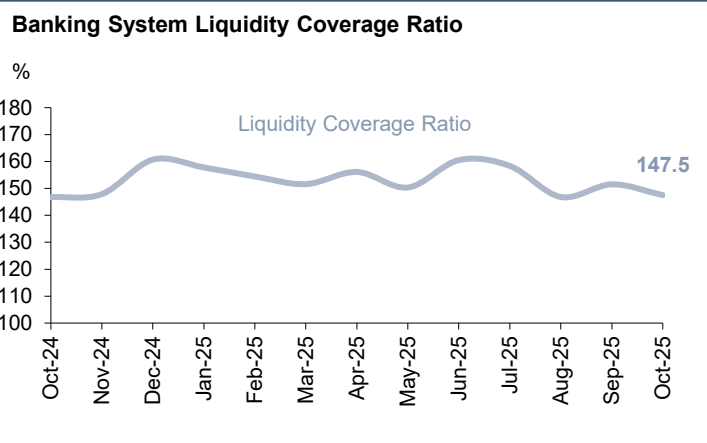
Broadly sustained growth in credit to the private non-financial sector



Source: Bank Negara Malaysia

- Credit to the private non-financial sector grew by 5.7% (September 2025: 5.9%) following steady growth in outstanding loans (5.6%; September 2025: 5.7%), while growth in outstanding corporate bonds moderated to 5.8% (September 2025: 7.3%).
- Outstanding business loans expanded by 5.5% (September 2025: 5.4%), supported by higher growth for working capital loans, particularly among non-SMEs.
- Household loan growth was stable at 5.7% (September 2025: 5.7%) amid sustained loan growth across most purposes.

Banks maintained adequate liquid assets to buffer against potential liquidity shocks



Source: Bank Negara Malaysia

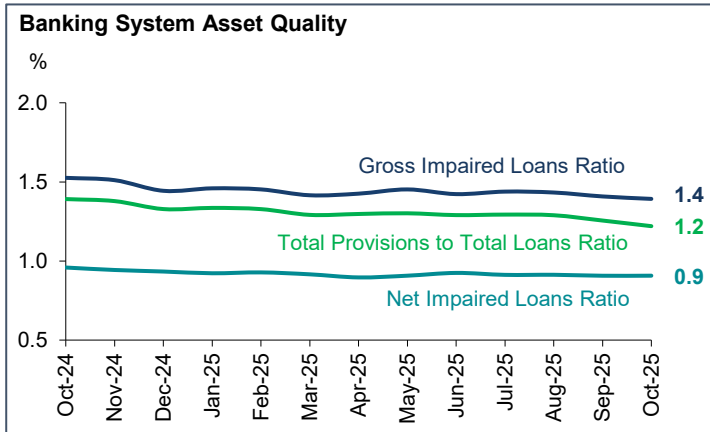
- The banking system continued to record healthy liquid asset buffers with an aggregate Liquidity Coverage Ratio of 147.5% (September 2025: 151.5%).

Monthly Highlights

October 2025



Asset quality in the banking system remained sound



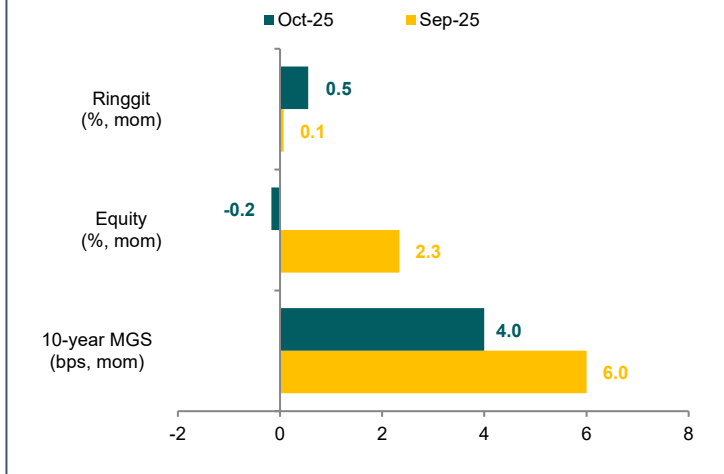
- Both gross and net impaired loans ratios remained stable at 1.4% and 0.9% respectively.

- Loan loss coverage ratio (including regulatory reserves) remained prudent at 126.4% of gross impaired loans (September 2025: 129.1%).

Source: Bank Negara Malaysia

Domestic financial markets remained influenced by expectations of US monetary policy easing and lower tariff-related uncertainties

Financial Market Performance in October 2025



- Global financial markets remained anchored by expectations of a US Federal Reserve (Fed) policy rate reduction in October, with the Fed delivering the anticipated cut at the end of the month.

- Against this backdrop, the ringgit appreciated against the US dollar by 0.5% (NEER: 1.1%; regional average*: -0.6%) supported by narrowing interest rate differentials and lower tariff-related uncertainties following the US-Malaysia trade deal announcement.

- Meanwhile, the 10-year MGS yield increased by 4 bps (regional average*: 0.4 bps) amid fading expectations of future OPR rate cuts. The FBM KLCI declined by 0.2% (regional average*: 5.3%) reflecting profit-taking activities by non-resident investors.

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

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

Source: Bank Negara Malaysia, Bursa Malaysia