

Bank Negara maintains OPR at 3pct

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Bank Negara Malaysia's (BNM) Monetary Policy Committee (MPC) announced the maintenance of the overnight policy rate (OPR) at 3 percent.

In a statement today, the central bank said at this OPR level, the monetary policy stance remains supportive of the economy and is consistent with the assessment of inflation and growth prospects.

"The MPC remains vigilant... (and) will ensure that the monetary policy stance remains conducive to sustainable economic growth amid price stability," BNM said.

The OPR was last raised in last May and has remained at 3 percent since.

The bank added that the global economy continues to expand, albeit moderately, supported by domestic demand amid improvement in trade activity.

Efforts to strengthen ringgit

It noted that the country's economy expanded by 3.7 percent in 2023, and is expected to improve this year - driven by the recovery in exports and resilient domestic expenditure.

"Export growth is turning positive after contracting since March 2023 and will continue to be supported by stronger global trade.

"Tourist arrivals and spending are poised to rise further. Continued employment and wage growth remain supportive of household spending," said BNM, adding that investment would be supported by multi-year projects in both the private and public sectors.

According to the central bank, headline and core inflation stood at 1.5 percent and 1.8 percent in January this year, and is expected to remain moderate throughout 2024.

"However, this outlook continues to be highly dependent on the implementation of domestic policy on subsidies and price controls, as well as global commodity prices and financial market developments."

On the ringgit, BNM said it, and the government, are taking coordinated actions to encourage repatriation and conversion of foreign investment income by government-linked companies (GLCs) and government-linked investment

companies (GLICs), to encourage greater inflows, which in turn will strengthen the currency.

“Over the medium term, ongoing structural reforms will provide more enduring support to the ringgit.”

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