

OVERNIGHT POLICY RATE

MAINTAIN ↔ AT: 3.00%

Prepared by:

- Lynette Lee
- Mazlina Abdul Rahman
- Uswatun Hasanah Zaini

Bank Negara Malaysia (BNM) has maintained the overnight policy rate (OPR) at 3.00% (Jan: 3.00%)

ECONOMIC GROWTH AND RISKS

GLOBAL



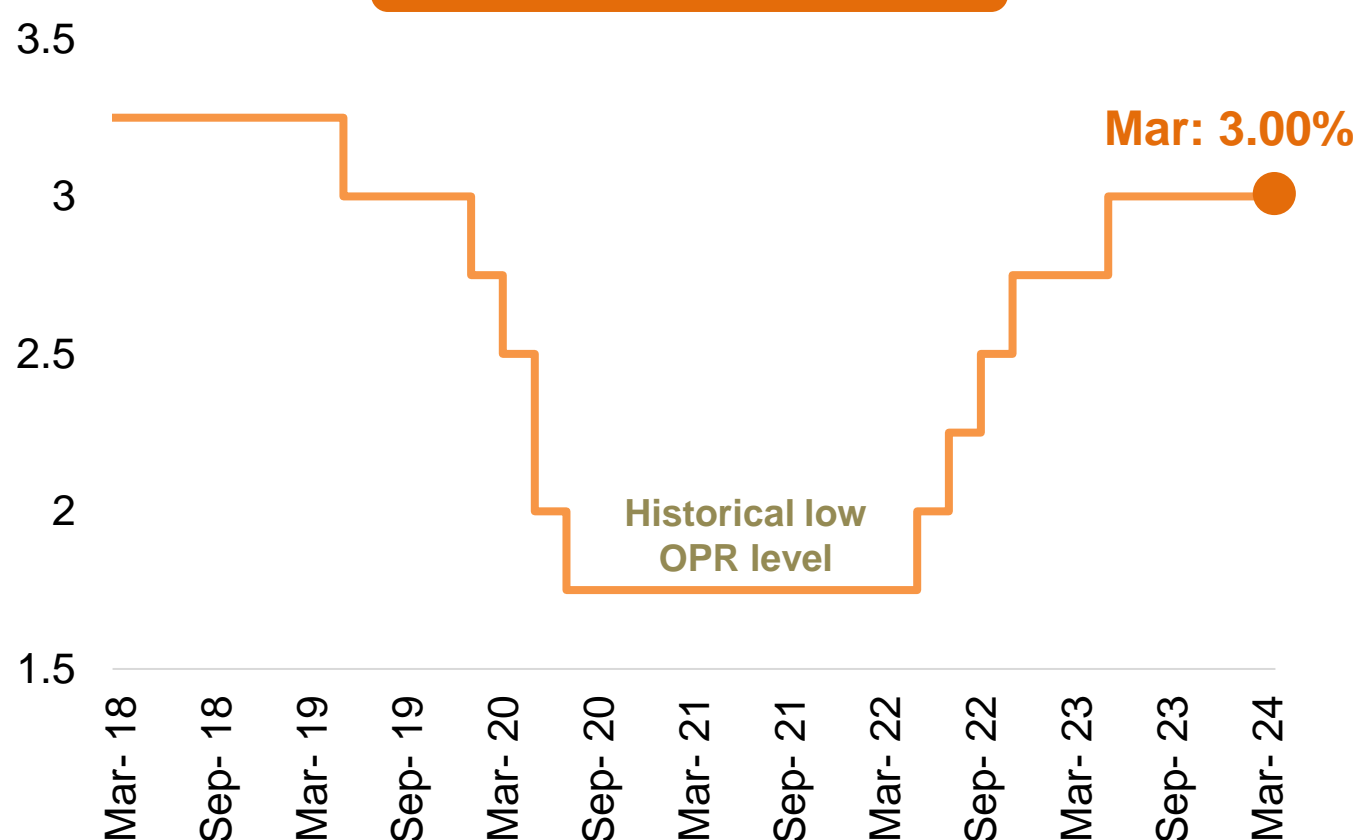
- Robust domestic demand
- Favourable labour market conditions
- Better momentum in global tech upcycle
- Escalation of geopolitical tensions
- Higher-than-anticipated inflation outturns
- Volatility in global financial markets
- Continued weakness in China's property market
- Tight global monetary policy stance

DOMESTIC

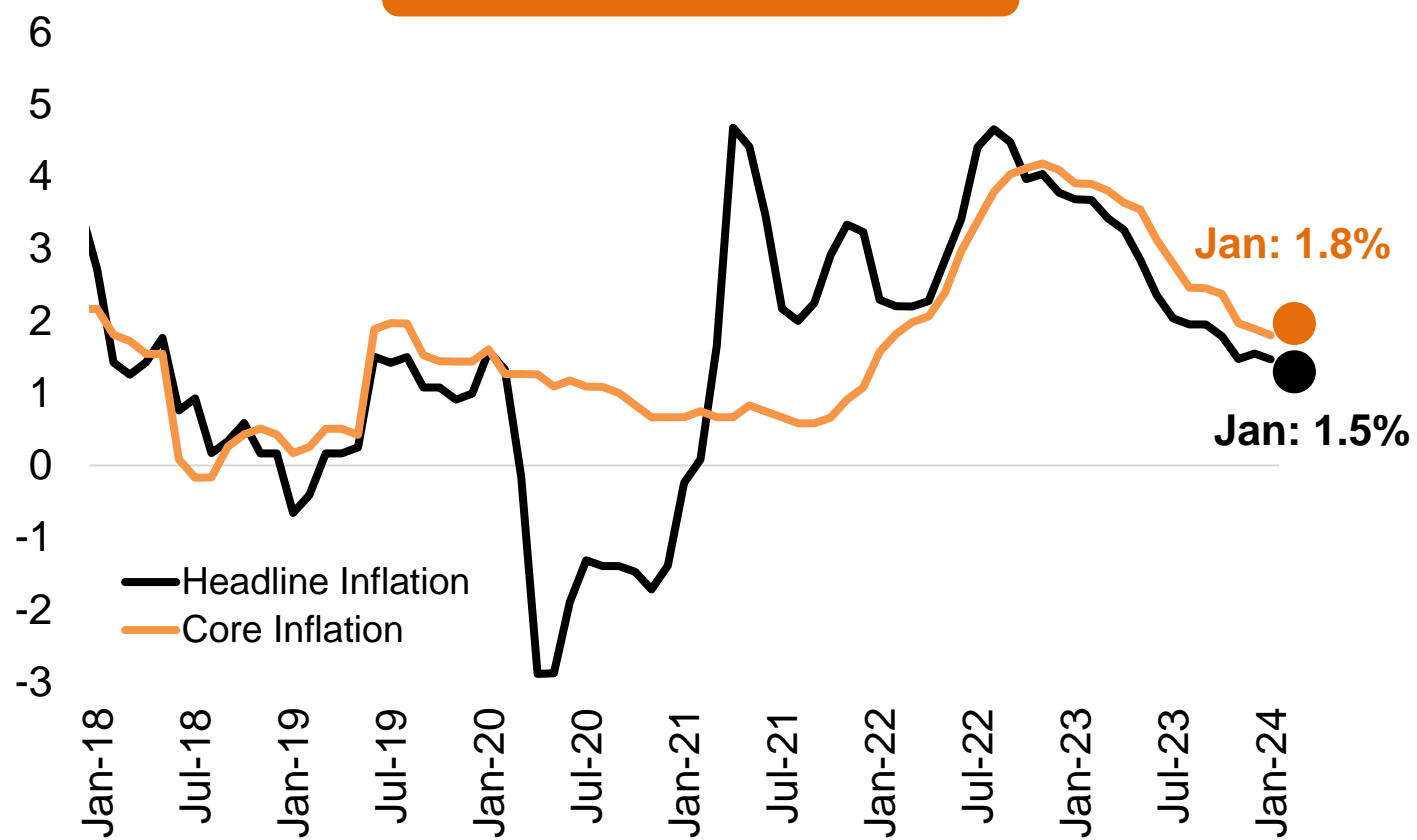


- Continued employment and wage growth
- More robust tourism activity
- Recovery in exports
- Greater spillover from the tech upcycle
- Continued progress of multi-year projects
- Catalytic initiatives under the national master plans
- Weaker-than-expected external demand
- Larger declines in commodity production

OPR



CPI INFLATION



KEY TAKEAWAY

- BNM has **maintained OPR at 3.00%** for the 2nd meeting of 2024, in line with our expectation amid steady inflation.
- Both headline and core inflation in Jan are **within expectations** and **likely to remain moderate** for this year, depending on the 1) implementation of domestic policy on subsidies and price controls; 2) global commodity prices and 3) financial market developments.
- Economic growth for this year is anticipated to improve (SME Bank's 2024f: 4.0% to 5.0% YoY; 2023: 3.7%), supported by **resilient domestic expenditure and recovery in exports**.
- Ringgit is deemed to be **undervalued** hence **short-term measure** to support Ringgit are carried out such as repatriation and conversion of foreign investment income by Government-Linked Companies (GLCs) and Government-Linked Investment Companies (GLICs).
- **At this juncture, we expect BNM will continue to hold rates at 3.00% in 2024.**

The monetary policy committee...



...reiterates that monetary policy stance remains supportive of the economy



...remains vigilant to ongoing developments



...ensures that monetary policy stance remains conducive to sustainable economic growth amid price stability

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