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# OVERNIGHT POLICY RATE

**MAINTAIN ↔ AT: 3.00%**

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

## ECONOMIC GROWTH AND RISKS

### GLOBAL



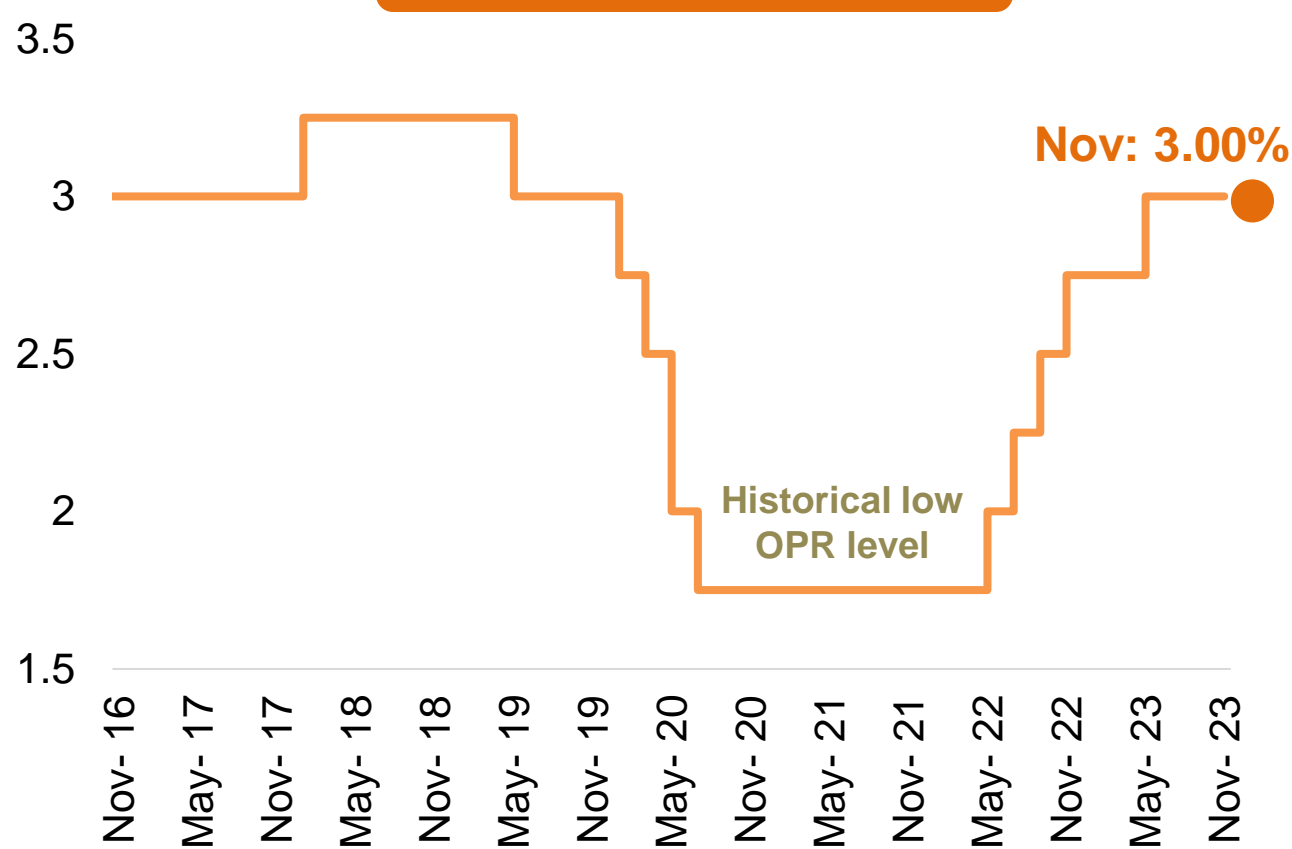
- Resilient domestic demand
- Strong labour market conditions
- Signs of recovery in the E&E sector
- Signs of improvement in China's growth
- Slowing growth momentum in major economies
- Persistently elevated inflation
- Escalation of geopolitical tensions
- Sharp tightening in financial market conditions

### DOMESTIC

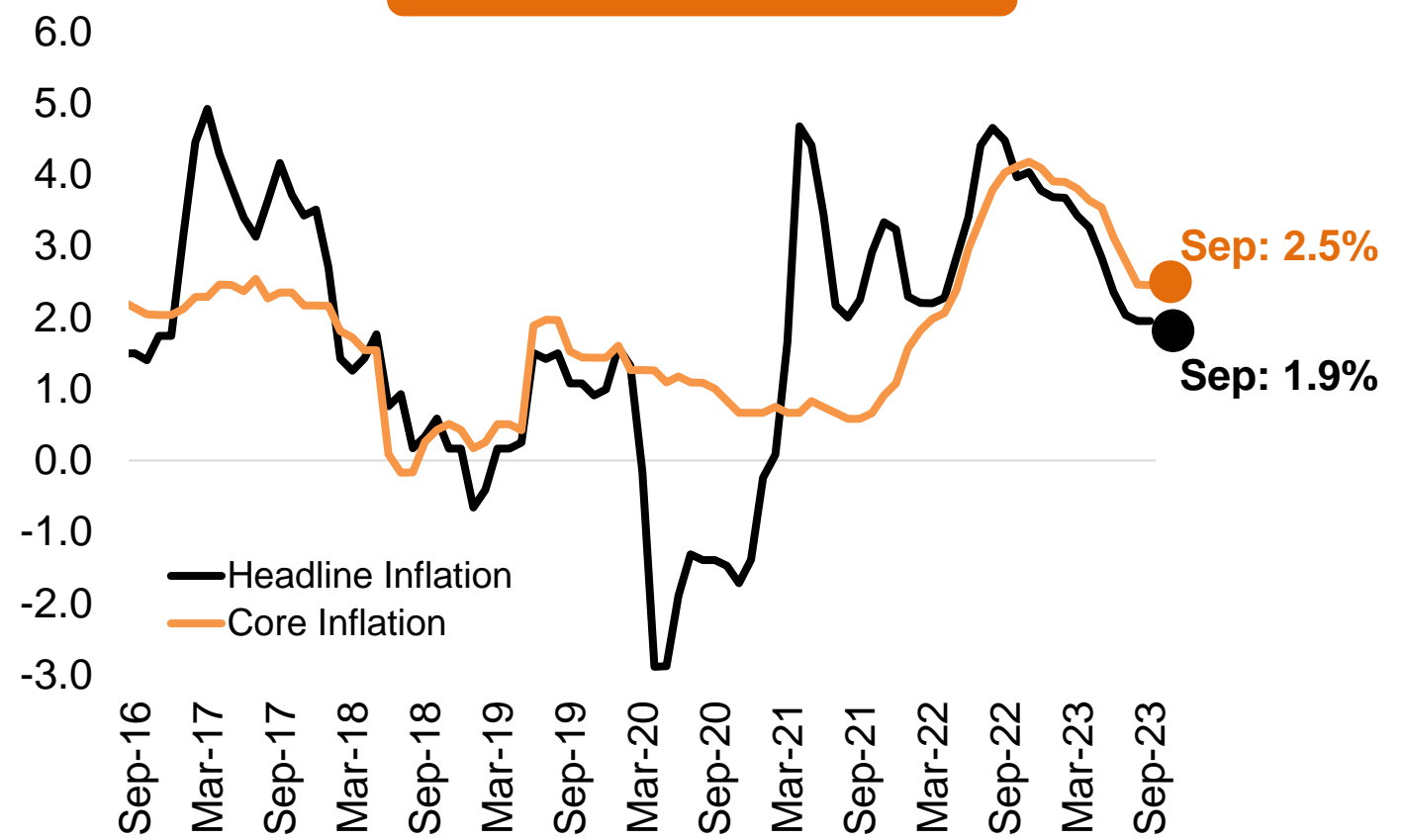


- Further improvement in the tourism sector
- Support from the expected recovery in E&E exports
- Continued employment and wage growth
- Progressing multi-year infrastructure projects
- Implementation of catalytic initiatives under the national master plans
- Weaker-than-expected external demand
- Larger and protracted declines in commodity production

### OPR



### CPI INFLATION



### KEY TAKEAWAY

- BNM has **maintained OPR at 3.00%** for the 3<sup>rd</sup> straight meeting, **in line with our expectation amid moderation in inflation.**
- In 3Q 2023, headline and core inflation averaged at 2.0% and 2.6% (2Q: 2.8% and 3.4%) respectively.
- Nonetheless, risk to inflation outlook is highly subjected to (1) changes to domestic policy on subsidies and price controls, (2) global commodity prices, and 3) financial market developments.
- Meanwhile, advance GDP estimate for 3Q 2023 points to a slight improvement (3.3% vs 2.9% in 2Q). Official GDP forecast for 2023 was revised to 4% from 4% to 5% range, previously – indicating a modest economic performance in the 4Q.
- Going into 2024, the economic growth will be driven mainly by resilient domestic expenditure while inflation is expected to remain modest.
- **At this juncture, we expect BNM will continue to hold rates at 3.00% in 2024.**

### The monetary policy committee...



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



...remains vigilant to ongoing developments



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

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