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# OVERNIGHT POLICY RATE

**INCREASE ↑ TO: 3.00%**

Bank Negara Malaysia (BNM) has increased the overnight policy rate (OPR) to 3.00% (March : 2.75%)

## ECONOMIC GROWTH AND RISKS

### GLOBAL



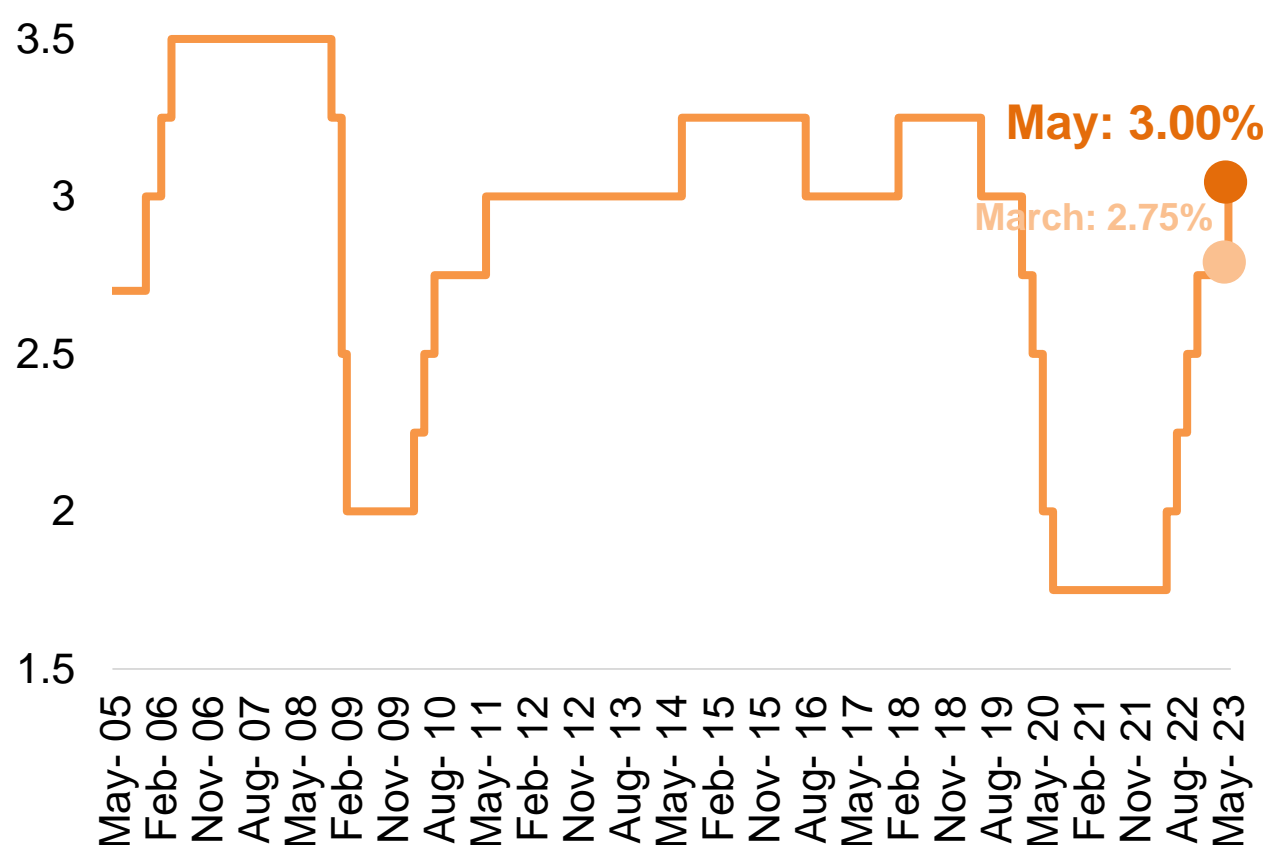
- Strong labour market conditions
  - Stronger-than-expected rebound of China's economy
- Escalation of geopolitical tensions
  - Higher-than-anticipated inflation outturns
  - Sharp tightening in financial market conditions including from further stress in the banking sector.

### DOMESTIC

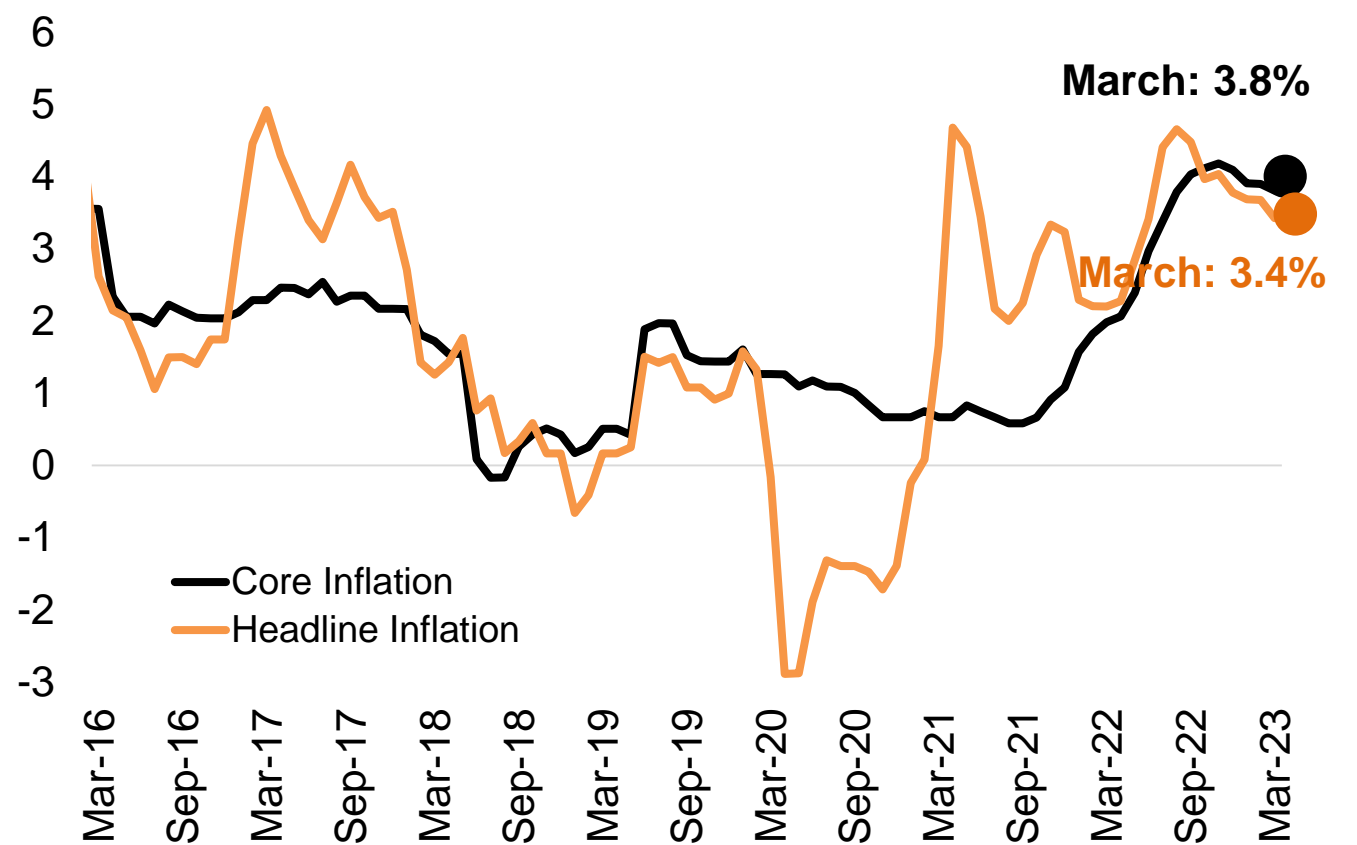


- better labour market conditions
  - pickup in tourist arrivals
  - Further progress of multi-year infrastructure projects
  - Still conducive financial conditions
- weaker-than-expected global growth
  - more volatile global financial market conditions.

### OPR



### CPI INFLATION



## KEY TAKEAWAY

- BNM resumed monetary normalisation by increasing the OPR by 25bps to 3.00% after pausing it at 2.75% in the last two consecutive Monetary Policy Committee (MPC) meetings (Jan & March 2023).
- With this surprise move (84% of economists surveyed by Bloomberg expected BNM to maintain OPR at 2.75%), the MPC has withdrawn the monetary stimulus intended to address the Covid-19 crisis as the OPR now returned to pre-pandemic level of 3.00%.
- The decision is viewed to be timely as BNM leverage on the still resilient domestic economy as latest developments point towards further expansion in economic activity in the 1Q 2023.
- BNM has also emphasized on the core inflation being sticky amid firm demand conditions and that the risk to the inflation outlook is tilted to the upside and remains highly subject to any changes to 1) domestic policy, 2) financial market developments, as well as 3) global commodity prices.

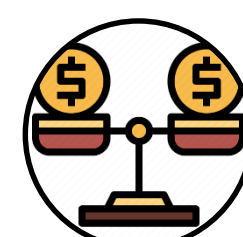
## The monetary policy stance...



...is slightly accommodative and remains supportive of the economy



...is appropriate to prevent the risk of future financial imbalances



...remains consistent with the outlook of domestic inflation and growth

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