

OVERNIGHT POLICY RATE

MAINTAIN ↔ AT: 3.00%

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

ECONOMIC GROWTH AND RISKS

GLOBAL



- Positive labour market conditions
- Moderating inflation
- Less restrictive monetary policy
- Continued recovery in global trade
- Global tech upcycle



- Further escalation of geopolitical tensions
- Slower growth momentum in major economies
- Volatility in global financial market

DOMESTIC

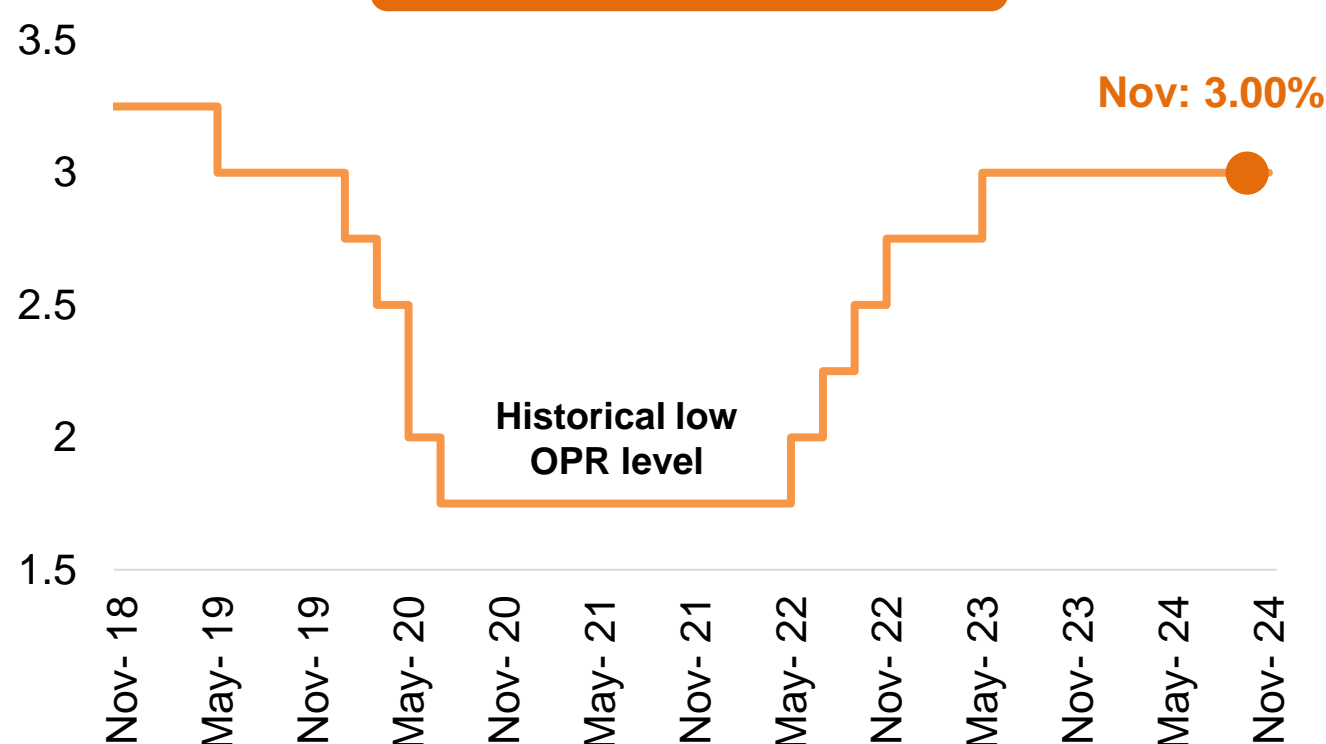


- Resilient domestic expenditure
- Greater spillover from tech upcycle
- Continued strength in non-E&E goods
- Robust tourism activity
- Faster implementation of investment projects
- Effective budget 2025 measures

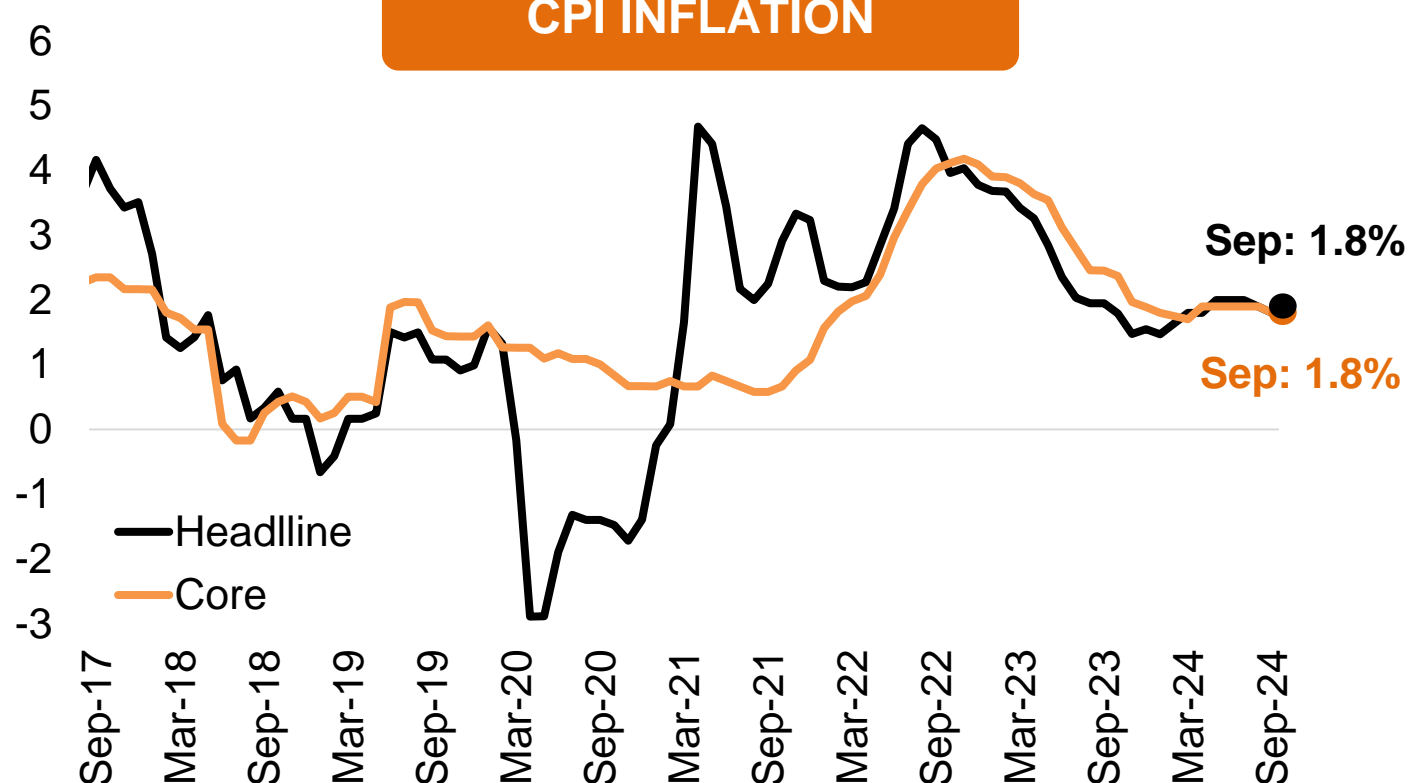


- Lower-than-expected external demand
- Lower commodity production

OPR



CPI INFLATION



KEY TAKEAWAY

- BNM has **maintained OPR at 3.00%** for the 6th (last) scheduled meeting of 2024, in line with our expectation.
- Domestically, latest indicators point towards **sustained strength in economic**, driven by resilient domestic expenditure and higher export activity, in line with IMF's upward revision of 2024 GDP growth forecast to 4.8% (July forecast: 4.4%; SME Bank: 4.3% - 5.3%; MOF: 4.8% - 5.3%). For 2025, we foresee the economy to grow better at 4.5% - 5.5% on the back of factors mentioned above including measures from Budget 2025.
- Both headline and core inflation averaged at 1.8% YoY in the first 9 months of 2024, likely to land at the lower tail of our 2024's forecast of 2.0% - 3.0% (MOF: 1.5% - 2.5%). For 2025, BNM has indicated that the **inflation will remain manageable** (SME Bank's forecast: ~3.0%; MOF: 2.0% - 3.5%) without excessive domestic demand pressures as well as easing global cost conditions. Nonetheless, the outlook is subject to the implementation domestic policy measures especially RON95 subsidy rationalisation and SST expansion.
- Narrowing interest rate differentials between Malaysia and advanced economies, Malaysia's favourable economic prospects and ongoing initiatives to encourage flows will continue to support Ringgit's performance. Nevertheless, **in the near term, Ringgit could be volatile**, influenced by the outcome of US elections.

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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