

# 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% (Jul: 3.00%)

## ECONOMIC GROWTH AND RISKS

### GLOBAL



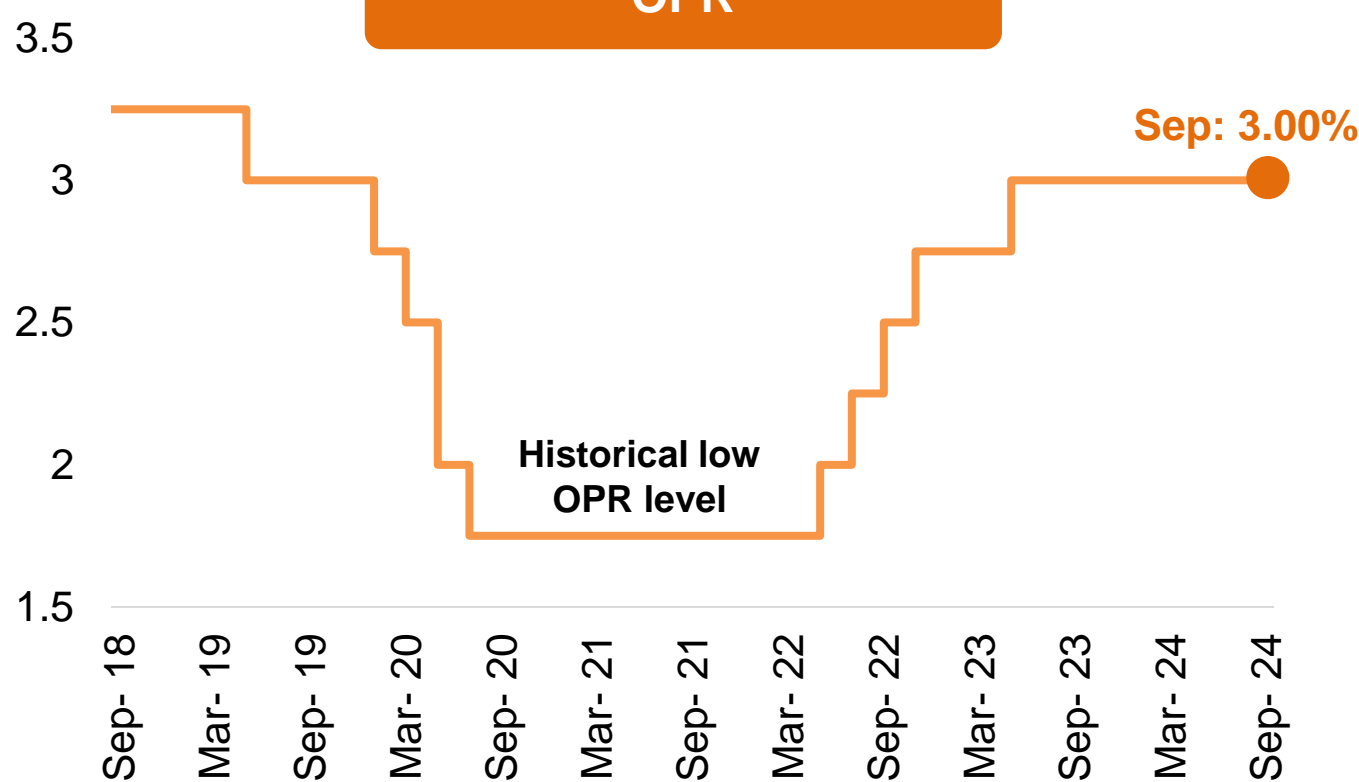
- Positive momentum in global tech upcycle
- Positive labour market conditions
- Moderating inflation
- Less restrictive monetary policy
- Continued recovery in global trade
- Further escalation of geopolitical tensions
- Slower growth momentum in major economies
- Volatility in global financial market

### DOMESTIC

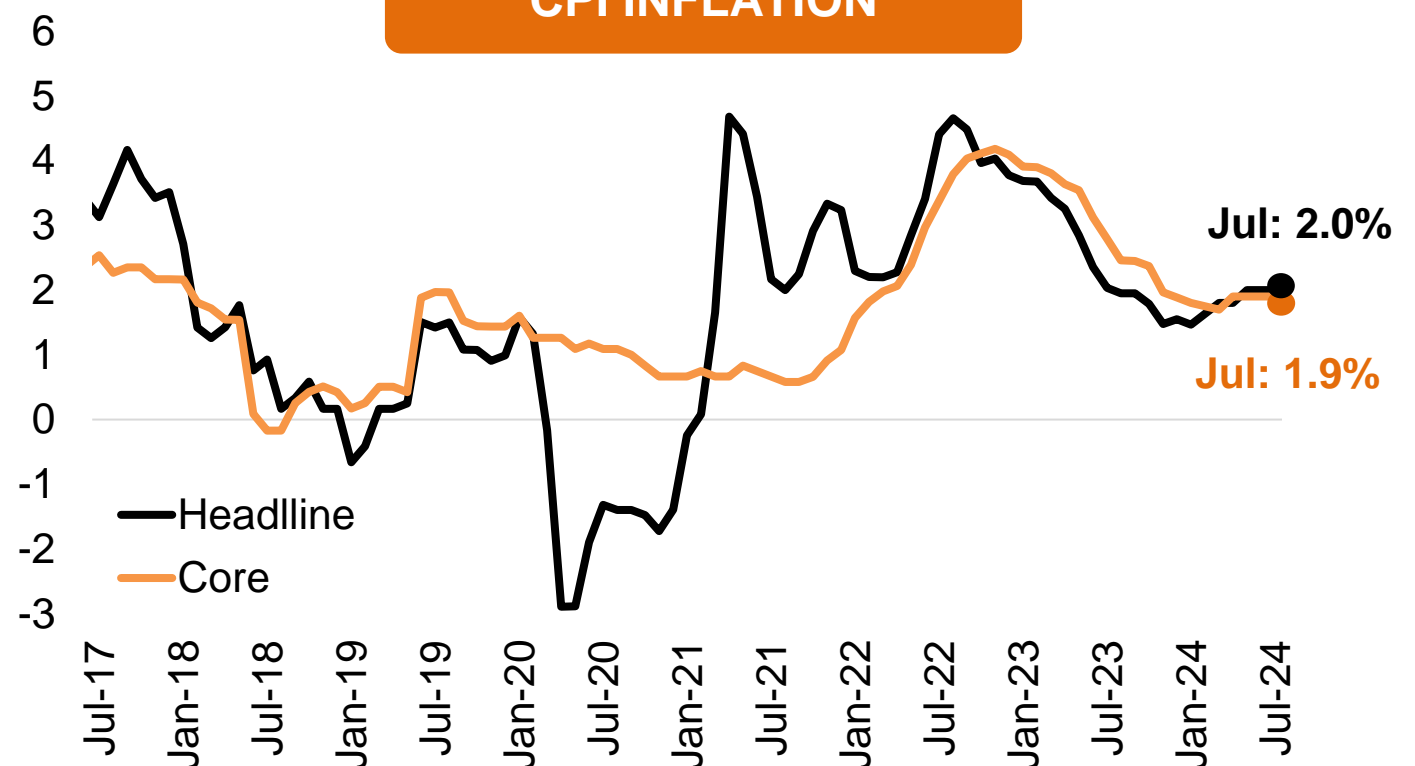


- Resilient domestic expenditure
- Greater spillover from tech upcycle
- Continued strength in non-E&E goods
- More robust tourism activity
- Continued employment and wage growth
- Faster implementation of investment projects
- Weaker-than-expected external demand
- Lower commodity production

### OPR



### CPI INFLATION



### KEY TAKEAWAY

- BNM has **maintained OPR at 3.00%** for the 5<sup>th</sup> meeting of 2024, in line with our expectation. At this juncture, we expect **BNM to hold this rate** for the rest of the year.
- Domestically, latest indicators point **towards continuous strength in economic activity**, driven by robust domestic expenditure and improved export performance. Notwithstanding some downside risks, the growth outlook moving forward has **more upside potential** (*refer above*) which brought to our **upward revision of 2024 GDP growth forecast to 4.3% - 5.3%** (previously: 4.0% - 5.0%).
- Both headline and core inflation averaged 1.8% YoY in the first 7 months of 2024. **Inflation is anticipated to trend slightly higher** in 2H 2024 following the spillover to broader prices arising from the rationalisation of diesel subsidies. Nonetheless, secondary effects have been contained **given mitigation measures** including targeted cash assistance. Despite BNM's 2024 forecast range of 2.0% - 3.5%, inflation is unlikely to exceed 3.0%. **Upside risks to inflation** include: 1) extent of spillover effects of further domestic policy measures on subsidies and price controls to broader price trends, 2) global commodity prices and 3) financial market developments.
- Shift in expectations of lower interest rates in major economies and Malaysia's strong economic performance has strengthened the ringgit recently. These factors, on top of domestic structural reforms and ongoing initiatives to encourage flows will continue to support Ringgit moving forward.

### 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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