

Headline inflation remains stable in November

KUALA LUMPUR: Headline inflation continues to remain stable at 4% in November 2022, similar to October 2022, as the increase in core inflation was offset by lower inflation in other categories, namely fuel and fresh food, says Bank Negara.

The central bank said core inflation increased slightly to 4.2% during the month from 4.1% recorded in October, mainly due to the increase in prices for food away from home.

"The manufacturing industrial production index expanded in October 2022 by 4.2%, with growth driven mainly by the electrical and electronic cluster which recorded above-average expansion at 8.7%.

"The primary cluster, particularly refined petroleum products production, also supported the growth with the resumption of operations at an existing oil refinery that was previously under maintenance," the central bank said in a statement.

Meanwhile, Bank Negara said net financing moderated as repayments outpaced disbursements, with net financing growing by 4.7% as

of end-November (October: 5.7%), reflecting lower growth in both outstanding loans (November: 5.5%; October: 6.5%) and corporate bonds (November: 2.6%; October: 3.6%).

Household loan growth moderated to 6% (October: 6.3%) as loan repayment expansion outpaced that of disbursements across major loan purposes.

Outstanding business loan growth moderated to 3.4% (October: 5.2%), mainly due to strong expansion in repayments among large firms.

Loan disbursements continued to record double-digit growth (November: 13.7%; October: 13.4%), despite some moderation in growth in the consumer manufacturing and real estate sectors.

The central bank highlighted that domestic financial conditions had eased amid improved investor sentiment, while global financial conditions had also eased following expectations of a slower pace of monetary policy tightening as inflation continued to show signs of peaking, especially in the United States.

"The easing of Covid-19 restrictions in China also supported the overall investors' risk sentiment.

"Consequently, domestic financial conditions eased, with the 10-year Malaysian government bond yields declining by 26 basis points or bps (regional average: minus 44.4 bps) and the FBM KLCI rising by 1.9% (regional average: 5.2%)," it said.

It noted that Malaysia's financial markets' performance was also supported by improved political certainty following the formation of the new government.

As for the ringgit, the central bank said the local note appreciated by 6.3% against the US dollar, in line with a broad-based appreciation in major and regional currencies against the greenback.

"The banking system's liquidity coverage ratio remained healthy, and the banks are proactive in managing their buffers to address the year-end seasonal fluctuations in banking system liquidity and continue to be supportive of intermediation." — Bernama