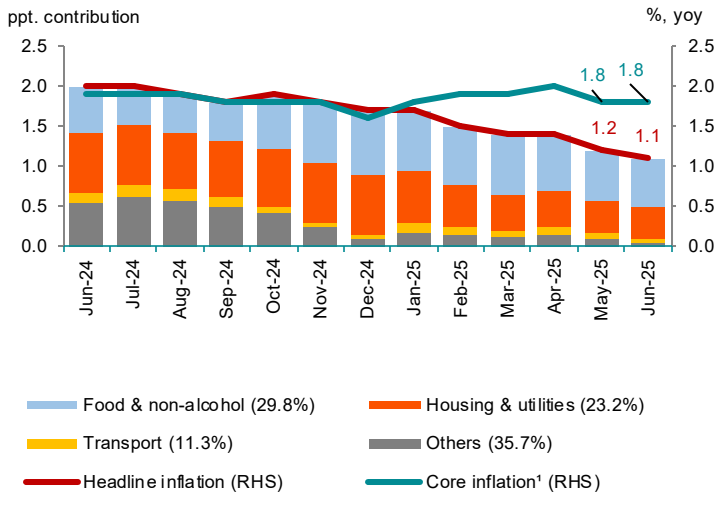


Headline inflation edged lower, while core inflation remained unchanged

Contribution to Inflation

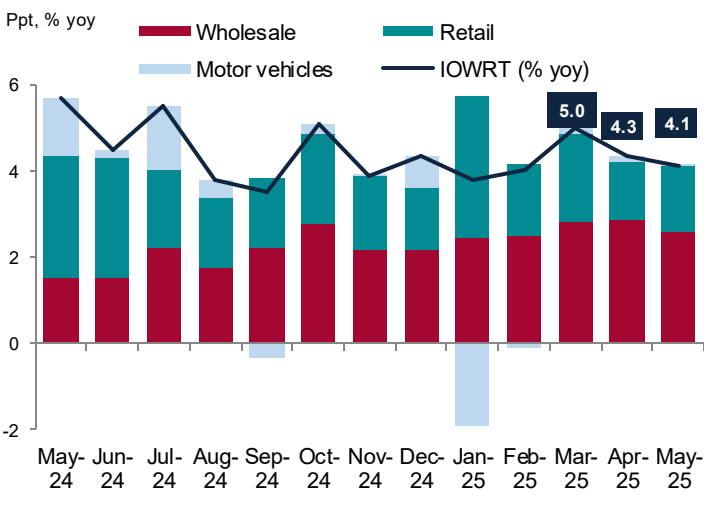


¹Core inflation is computed by excluding price-volatile and price-administered items.
Source: Department of Statistics, Malaysia (DOSM) and BNM estimates

- In June, headline inflation eased further to 1.1% (May 2025: 1.2%), while core inflation¹ remained unchanged at 1.8% (May 2025: 1.8%).
- The decline in headline inflation was largely driven by lower inflation in non-core components, particularly fresh food, diesel and air passenger transport.
- Meanwhile, higher inflation in selected core items, such as food away from home and streaming services, was largely offset by lower inflation for mobile communication services and video games consoles.

Sustained growth in wholesale and retail trade in May

Index of Wholesale and Retail Trade



- The Index of Wholesale and Retail Trade (IOWRT) grew by 4.1% in May (April 2025: 4.3%).
- Higher growth in retail segment was driven by retail sale of other household equipment in specialised stores². Expansion in wholesale segment was supported by wholesale of household goods³.
- Meanwhile, the motor vehicle segment grew marginally, driven by sale, maintenance and repair of motorcycles-related parts and accessories.

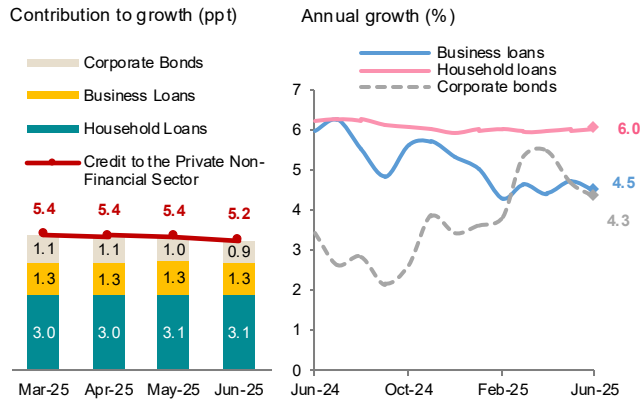
² Refers to household equipment such as textiles, household appliances and construction materials.

³ Refers to wholesale of household equipment such as clothing, pharmaceutical goods, jewellery and household equipment.

Source: Department of Statistics, Malaysia

Growth in credit to the private non-financial sector was broadly sustained

Credit to the Private Non-Financial Sector

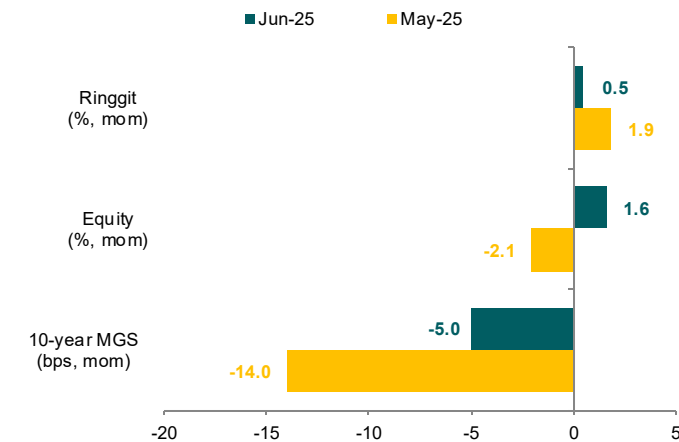


- Credit to the private non-financial sector grew by 5.2% (May 2025: 5.4%), following steady growth in outstanding loans (5.5%; May 2025: 5.5%), while growth in outstanding corporate bonds moderated (4.3%; May 2025: 4.7%).
- Outstanding business loan growth was broadly steady at 4.5% (May 2025: 4.7%) amid sustained growth in loans for investment-related⁴ purposes, particularly among the SMEs.
- Household loan growth remained stable at 6% (May 2025: 6%), amid sustained growth in loans across most purposes.

⁴ Comprises loans for the purchase of non-residential properties, residential properties for business use, fixed assets as well as for construction activities.
Source: Bank Negara Malaysia

Domestic financial markets remained largely driven by ongoing global uncertainties

Financial Market Performance in June 2025



- Global financial markets remained heavily influenced by ongoing uncertainties surrounding US tariff policies, particularly ahead of the July expiry of the 90-day trade truce. Increased geopolitical tensions have also added to global financial market uncertainties amid concerns on oil supply disruptions.
- Against this backdrop, the ringgit appreciated by 0.5% against the US dollar (NEER: -0.2%; regional average⁵: 0.3%), supported by continued broad-based US dollar weakness. The coordinated efforts by BNM and the Government to encourage FX flows remain ongoing.
- The FBM KLCI gained by 1.6% (regional average⁵: 1.5%), in line with movements of regional equity markets. Meanwhile, the 10-year MGS yield decreased by 5.0 bps (regional average⁵: -11.5 bps).

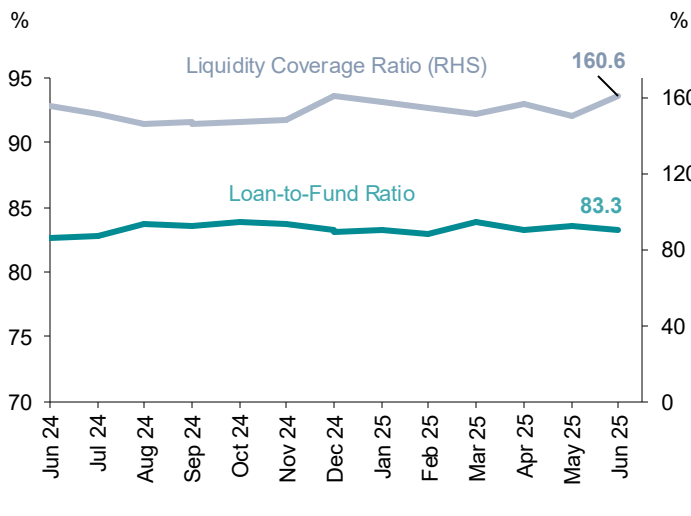
Note: The exchange rate data is the noon-rate in the Kuala Lumpur Interbank Foreign Exchange Market.

⁵ Regional countries comprise Singapore, Thailand, the Philippines, Indonesia and South Korea.

Source: Bank Negara Malaysia, Bursa Malaysia

Banking system liquidity position remained supportive of financial intermediation

Banking System Liquidity and Funding Ratios

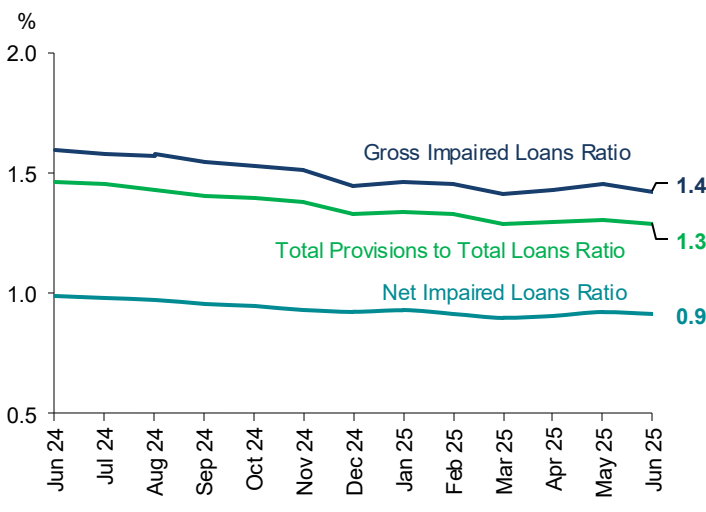


Source: Bank Negara Malaysia

- The banking system continued to record healthy liquidity buffers with an aggregate Liquidity Coverage Ratio of 160.6% (May 2025: 150.4%).
- The aggregate loan-to-fund ratio remained broadly stable at 83.3% (May 2025: 83.6%).

Banks' asset quality remained intact

Banking System Asset Quality



Source: Bank Negara Malaysia

- Gross impaired loans ratio declined slightly to 1.4% (May 2025: 1.5%), but net impaired loans ratio remained stable at 0.9%.
- Loan loss coverage ratio (including regulatory reserves) remained prudent at 130.3% of gross impaired loans (May 2025: 129%).