

# Policy Considerations

## Highlights of the January 2026 MPC meeting

- The Monetary Policy Committee (MPC) maintained the OPR at 2.75% at the November 2025 and January 2026 MPC meetings.
- The MPC will continue to monitor ongoing developments and assess the balance of risks surrounding the outlook for domestic growth and inflation.

## Monetary policy is appropriate and supportive of the economy amid price stability

At the November 2025 and January 2026 MPC meetings, the MPC maintained the OPR at 2.75%.

As of the January 2026 meeting, global growth for 2025 turned out higher than expected, mainly reflecting lower-than-anticipated tariffs, higher artificial intelligence (AI)-led tech spending and stronger fiscal support. For 2026, the MPC assessed that while the impact of tariffs could weigh on global growth, the outlook remains resilient, supported by sustained domestic demand, moderating inflation, robust tech investments and supportive fiscal and monetary policies. Downside risks remain, arising from potentially higher tariffs, further escalation in geopolitical tensions and

heightened volatility in global financial markets. Additionally, there are continued concerns over the elevated valuations in financial markets. Upside potential includes stronger tech spending, a milder tariff impact on economic activity and pro-growth policies in major economies.

For the Malaysian economy, growth for 2025 is expected to be around the upper end of the forecast range. The MPC assessed that this growth momentum is expected to continue in 2026, supported by resilient domestic demand. Employment, wage growth and income-related policy measures will remain supportive of household spending. Investment activity will be driven by the progress of multi-year projects in both the private and public sectors, implementation of new smaller-scale public projects, continued high realisation of approved investments, as well as the ongoing implementation of national master plans. External sector will benefit from continued strength in E&E exports and higher tourist spending. The MPC assessed that this growth outlook remains subject to uncertainties, in particular surrounding global developments. Downside risks remain from slower global trade and lower-than-expected commodity production. Meanwhile, upside potential to growth could arise from a better global growth outlook, stronger demand for E&E goods and more robust tourism activity.

Headline and core inflation averaged 1.4% and 2%, respectively in 2025. For 2026, headline inflation is expected to remain moderate amid the

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continued easing in global cost conditions. Global commodity prices are expected to remain modest, contributing to contained domestic cost conditions. Meanwhile, core inflation in 2026 is expected to remain stable and close to its long-term average, reflecting continued expansion in economic activity and the absence of excessive demand pressures.

At the current OPR level, the MPC deemed that the monetary policy stance is appropriate and supportive of the economy amid price stability. The MPC will continue to monitor ongoing developments and assess the balance of risks surrounding the outlook for domestic growth and inflation.