

## KERATAN AKHBAR

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Inflation moderates to 3.3% in April: BNM

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► But central bank expects broad slowdown in exports to continue in tandem with the still-sluggish performance of regional economies

**PETALING JAYA:** Inflation has been moderated to 3.3% in April 2023 compared to 3.4% in March, mainly due to lower food inflation such as fresh vegetables coupled with lower fuel inflation given the lower RON 97 price compared to last year, according to Bank Negara Malaysia (BNM).

In a statement released yesterday, the central bank also said that underlying inflation as measured by core inflation also declined to 3.6% (March: 3.8%) mainly attributed to lower inflation for some discretionary services, particularly food away from home.

Meanwhile, exports contracted by 17.4% (March: -1.4%) in April 2023 reflecting weaker external demand and decline in commodity prices.

"Manufactured export growth was weighed mainly by manufactures of metal and chemical products. Meanwhile, commodities exports declined due to lower shipments of palm oil and crude petroleum," said the central bank.

Moving forward, it expects the broad slowdown in exports to continue. This is in

tandem with the performance of regional economies and slower global growth outlook amid high base effects from robust global demand for goods last year.

Credit to the private non-financial sector grew by 3.7% as at end-April (March: 4.1%), mainly due to slower growth in credit to businesses (2.4%; March: 3.2%) while outstanding business loans grew at a slower pace at 1% (March: 2.4%) amid weaker growth in working capital loans, particularly in the non-SME segment at 1.6% (March: 5.9%).

BNM added that growth in outstanding corporate bonds was sustained at 4.4% (March: 4.4%). As for households, outstanding loan growth expanded by 4.9% (March: 5.1%), supported by higher growth in consumption-related credit (5.2%; March: 4.8%). This reflected sustained growth in credit card spending and loans for the purchase of cars.

Meanwhile, the growth in loans for the purchase of houses moderated slightly to 6.7% (March: 7%).

In April, global investors maintained a

cautious outlook, particularly for advanced economies, as the IMF downgraded its global economic growth expectations. At the same time, global financial conditions continued to be affected by US banking sector developments, as policy rate expectations for the US Federal Reserve shifted lower.

Reflecting global investors' mixed sentiment, the 10-year MGS yields declined by 18 basis points (bps) (regional average: -8.9 bps). On another note, the ringgit depreciated against the US dollar by 1.1%, in line with the movement in regional currencies (average: -0.8%).

Meanwhile, the FBM KLCI fell by 0.5% amid declines mainly in the technology and healthcare sectors, as several semiconductor and glove firms reported weaker quarterly earning results.

The central bank also said banks continue to record strong capital buffers to absorb any unexpected shocks while preserving their ability to provide financing to the economy.

The banking system excess capital buffer stood at RM136.2 billion.

Banks maintained strong liquidity and funding positions to support intermediation. The banking system continues to record healthy liquidity buffers with the aggregate liquidity coverage ratio at 154.3% (March: 157.5%) while the aggregate loan-to-fund ratio remained largely stable at 82.4% (March: 85.1%).