MNI Bank Negara Malaysia Preview – November 2025.

Meeting Date: November 06, 2025.

Announcement Time: 09:00 GMT/16:00 MYT/ 18:00 AEDT

Link To Prior Statement: https://www.bnm.gov.my/-/monetary-policy-statement-04092025

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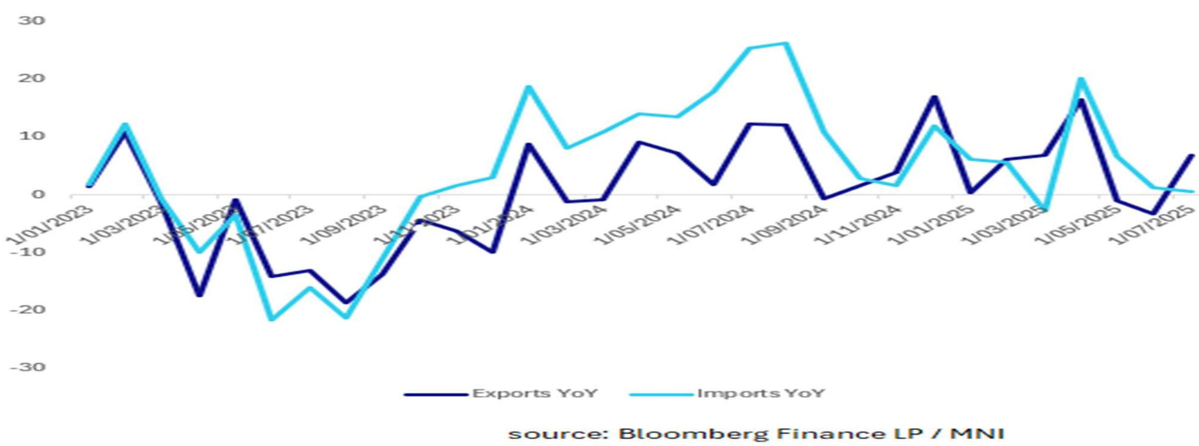
MNI POV (Point Of View): On Hold As Easing Cycle Ends

The Monetary Policy Committee meeting in September remained positive on global growth prospects, pointing to the ongoing conclusion of trade discussions between the US and many countries, suggesting it was a catalyst that will allow growth to continue.

On the domestic front, GDP estimates for the third quarter were ahead of expectations, and ahead of Q2. At 5.2% YoY, it exceeded the Bank Negara's growth projections of between 4.00% and 4.80% in 2025. Growth in Malaysia remains underpinned by resilient domestic demand, strong employment and wage growth that in turn have been supported by various government led policies. Domestic consumption received a further boost by a series of government measures to support the economy, including a cut in interest rates in July and a one-off disbursement of cash aid to eligible Malaysians in August. According to Bank Negara, household loan growth moderated slightly to 5.7% (August 2025: 5.9%) following slower growth in personal use loans. Notwithstanding, loan growth across other purposes was steady.

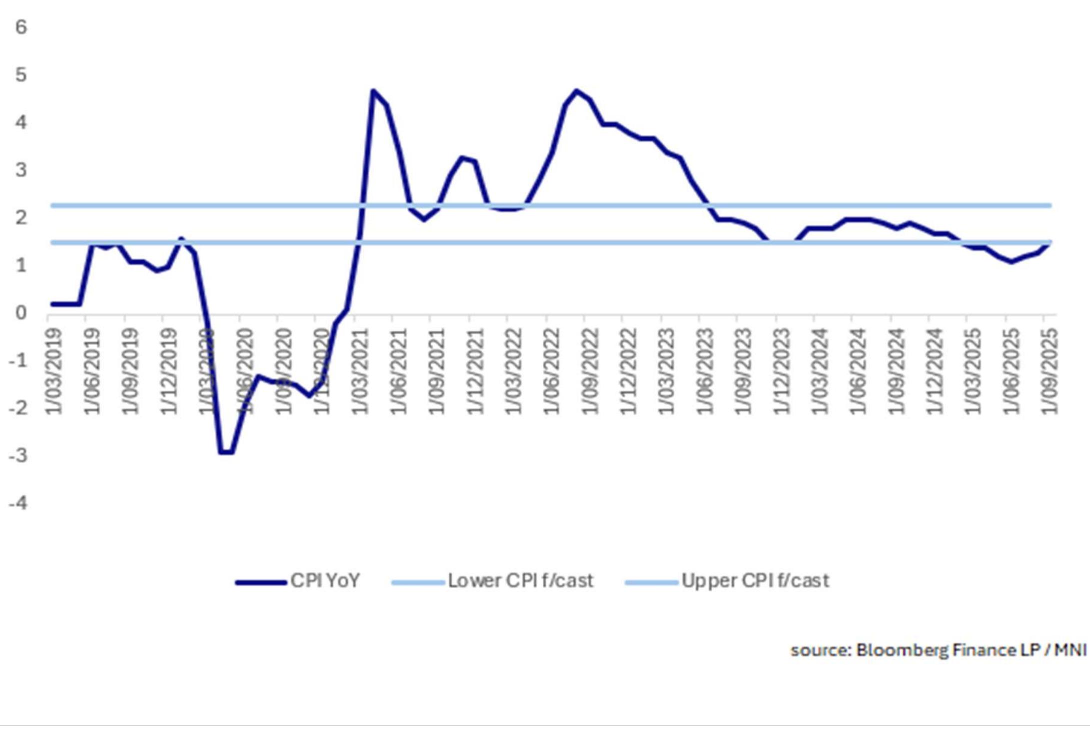
Exports rebounded strongly in the September data, and have been surprisingly resilient for much of 2025 supported by the electronics upcycle. The impact of tariffs on exports will only be felt from August 2025 onwards for goods with higher reciprocal tariffs and from October-November 2025 onwards for sector-specific tariffs, and likely show up in the data from October onwards. Imports have also been relatively stable, further underpinning the domestic demand cycle and it being supportive to overall economic growth.

Fig 1: Malaysia Exports and Imports YoY



Malaysia has seen moderating inflation for most of this year, causing the Central Bank to reduce inflation forecast ranges. The CPI for September result of +1.5% is the first time CPI YoY has printed in line with the bottom end of the new range since the beginning of the year. Moderating deflation is a thematic throughout the region, one that sees forecasters call for rate cuts now being challenged. The 3Q GDP surprising to the upside at +5.2% gives a modest increase in inflation came and a welcome surprise to policy makers.

Fig 2: Malaysia CPI vs BNM Upper and Lower Target Bands



From a market perspective, moves in recent weeks are indicating that investors are relatively comfortable with monetary policy. In the absence of a swaps market, we assess the 3-Yr MGS yield versus the BNM Overnight Policy Rate. The yield on the 3-Yr converged with the OPR earlier in the year as the BNM cut rates, but since has tracked wider. The yield differential is now back at February levels, a period when there were no expectations for rate cuts in Malaysia from investors or market forecasters.

The survey of economists on BBG agree also with not one of the 20 respondents, forecasting a cut.

We see the BNM on hold tomorrow, signalling the easing cycle is over and presenting a neutral stance looking ahead to 2026.

Monetary Policy Statement

At its meeting today, the Monetary Policy Committee (MPC) of Bank Negara Malaysia decided to maintain the Overnight Policy Rate (OPR) at 2.75%.

The latest indicators point towards continued expansion in global growth, supported by sustained consumer spending and front-loading activities. The conclusion of many trade negotiations has to some extent eased global uncertainty. The global growth outlook would remain supported by positive labour market conditions, less restrictive monetary policy and fiscal stimulus. Nonetheless, trade policy developments are still expected to weigh on global growth going forward, as announced tariff rates take effect and the frontloading activity dissipates. Downside risks remain, albeit to a lesser degree arising from potentially higher tariffs, especially product-specific ones, and escalations in geopolitical tensions. These lingering uncertainties could lead to greater volatility in the global financial markets and commodity prices. Upside potential includes favourable outcomes from remaining US trade negotiations and pro-growth policies in major economies.

The Malaysian economy expanded by 4.4% in the first half of 2025, underpinned by sustained spending and investment activities, and is on track to grow between 4% and 4.8% in 2025. Moving forward into 2026, growth will continue to be supported by resilient domestic demand. Employment, wage growth and income-related policy measures will remain supportive of household spending. The expansion in investment activity will be driven by the progress of multi-year projects in both the private and public sectors, the continued high realisation of approved investments, as well as the ongoing implementation of catalytic initiatives under the national master plans and the Thirteenth Malaysia Plan (RMK13). This outlook remains subject to uncertainties, in particular surrounding global developments. Downside risks to the growth outlook remain from slower global trade, weaker sentiment, as well as lower-than-expected commodity production. Meanwhile, favourable outcomes from remaining US trade negotiations, pro-growth policies in major economies, continued demand for electrical and electronic goods, and robust tourism activity could raise Malaysia's export and growth prospects.

Headline and core inflation averaged 1.4% and 1.9% in the first seven months of the year, respectively. Headline inflation for 2025 and 2026 is expected to remain moderate amid contained global cost conditions. The easing trend in global commodity prices is expected to contribute to moderate domestic cost conditions. Core inflation is expected to remain stable and close to the long-term average, reflecting continued expansion in economic activity and the absence of excessive demand pressures. This trend is expected to continue going into 2026. In this environment, the overall impact of the announced and upcoming domestic policy reforms on inflation is expected to be contained.

At the current OPR level, the MPC considers the monetary policy stance to be 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.

Sell-Side Analyst Views

ANZ (hold): "We expect BNM to maintain its policy rate at 2.75% at its monetary policy meeting on Thursday 6 November at 15:00 SGT. The 25bp rate cut in July was aimed at supporting growth amid rising external uncertainties. Advance estimates indicate that Malaysia's economy expanded by 5.2% y/y in Q3 2025, underscoring the resilience of domestic demand and reducing the urgency for further near-term policy support. The recently finalized Agreement on Reciprocal Trade between the US and Malaysia is expected to mitigate risks stemming from policy uncertainty and support external stability.

BNY (hold): "Malaysia, BNM (November 6, Thursday) – We expect Bank Negara Malaysia to keep rates unchanged at 2.75% at November meeting and maintain an upbeat assessment amid continued growth momentum and normalizing inflation toward 2%. Our view is that BNM is done with easing measures and is unlikely to follow the path of the Federal Reserve. BNM's latest macro 2025 GDP and CPI forecast are 4%–4.8% GDP (mid 4.4%), and 1.5–2.3% inflation (mid 1.9%), respectively."

DBS (hold): "Bank Negara Malaysia (BNM) (Nov 6): We expect BNM to maintain its Overnight Policy Rate (OPR) at 2.75% during its final meeting for 2025, amidst signs of economic growth resilience and ongoing price stability. The central bank's pre-emptive 25bps OPR cut in July, aimed at preserving Malaysia's steady growth path amid contained inflation, appears to be bearing fruit. This was evident as advance GDP growth for 3Q25 surprised positively despite US tariffs. BNM will likely assess the current monetary policy stance as appropriate and supportive of the economy. Therefore, in the absence of a severe and unexpected negative growth shock in the near term, we expect BNM to preserve ammunition and flexibility for further easing, opting for a wait-and-see approach for the time being."

JPMorgan (hold): "Growth outlook stays resilient as twin drivers of tech exports and data centre construction stay intact. However, private consumption growth has weakened considerably since the pandemic due to stagnant real wages, including in manufacturing. In the absence of a downshift in global growth, we expect BNM to remain on hold through 2026. The recent trade deal with the US is a net positive as it further reduces the effective tariff rate by over 2%pt., while the impact from import and investment commitments on the BOP appears manageable."

Scotia (hold): "Add Malaysia's central bank to the list of expected pauses when they opine on Thursday. The overnight rate is expected to remain at 2.75%. It came off the sidelines to cut 25bps in July and then held in September. Stronger than expected economic growth in Q3 when GDP grew by 5.2% y/y (4.2% consensus) was likely enough to cement a hold at this meeting. CPI inflation then mildly surprised higher at 1.5^ y/y but has recently been on a gentle upward trend."

UOB (hold): "Bank Negara Malaysia (BNM) will have its monetary policy decision on Thu (6 Nov, 3pm SGT). According to the Bloomberg survey (as of 31 Oct), all 4 analysts expect the BNM to keep the overnight policy rate (OPR) unchanged at 2.75%. Despite the recent inflation uptick, levels remain modest with headline inflation average of 1.4% in Jan-Sep 2025. With growth proving resilient as well, our economists, expect BNM to leave the OPR unchanged at 2.75% at its final meeting of the year, following an expansionary budget aimed at sustaining GDP growth of 4% or more in 2026.

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