

MNI Bank Negara Malaysia Preview – March 2026.**Meeting Date:** March 05, 2026.**Announcement Time:** 09:00 GMT/16:00 MYT/ 18:00 AEDT**Link To Prior Statement:** <https://www.bnm.gov.my/-/monetary-policy-statement-22012026>**Contents**

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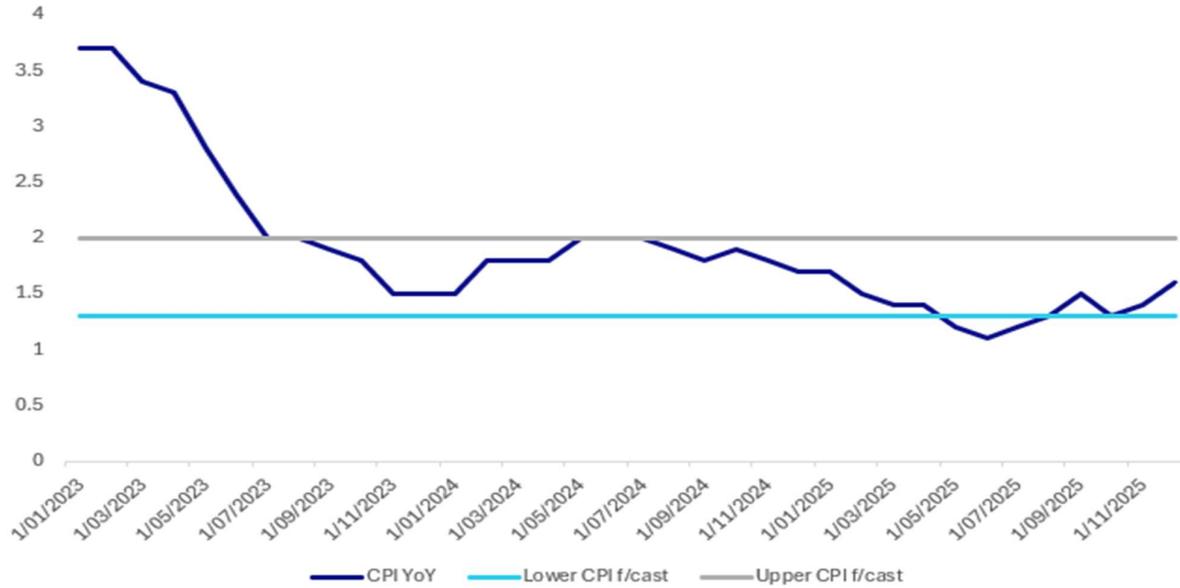
MNI POV (Point Of View): Wait and See Mode for the BNM

Bank Negara Malaysia (BNM) is widely expected to maintain the Overnight Policy Rate (OPR) at 2.75% during its upcoming Monetary Policy Committee (MPC) meeting on 5 March 2026. The central bank continues to signal a neutral stance, viewing current interest rate levels as "appropriate and supportive" of economic activity amidst stable price conditions.

Malaysia's economy outperformed expectations in 2025, growing +5.2% for the full year. Growth accelerated to +6.3% in the fourth quarter of 2025, providing a strong buffer against external risks and reducing the immediate need for monetary easing.

Headline inflation remained stable at +1.6% in January 2026 and within BNM forecasts. Whilst core inflation was slightly higher at +2.3%, BNM expects overall price pressures to remain moderate in 2026, averaging between 1.8% and 2.0%.

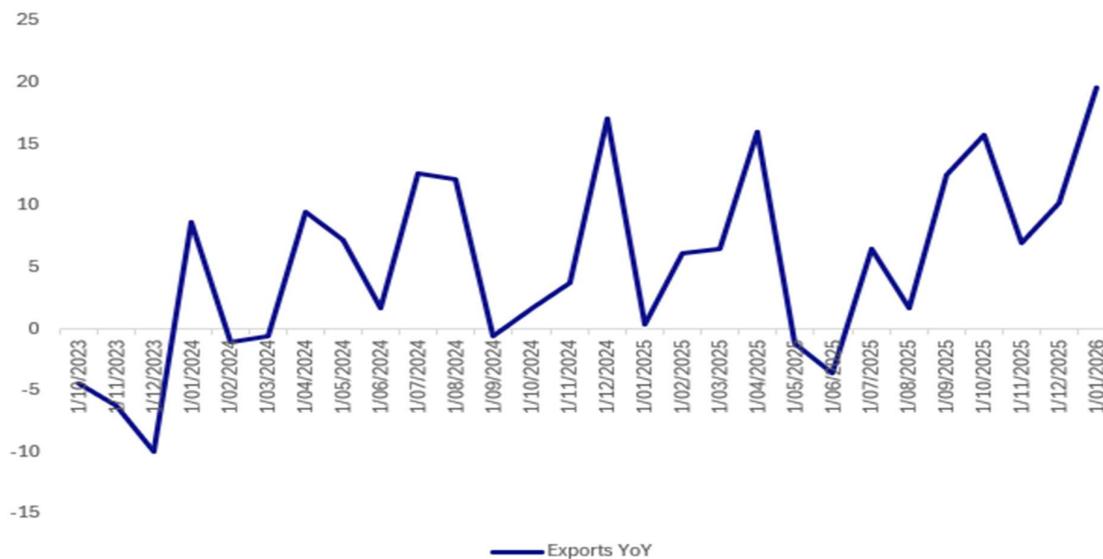
Fig 1: CPI YoY vs BNM Forecast Range.



source: Bloomberg Finance LP / MNI

Exports continue to benefit from the global technology upcycle, particularly in electrical and electronics (E&E) goods, alongside a recovery in the tourism sector boosted by Visit Malaysia Year 2026.

Fig 2: Exports YoY

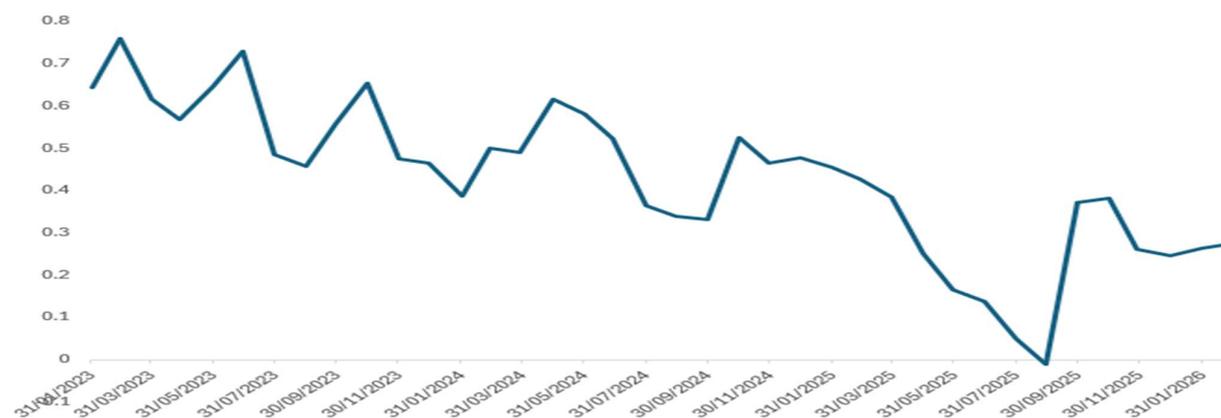


source: Bloomberg Finance LP / MNI

The Ringgit has shown ongoing strength, appreciating against major trading partners in 2025 and early 2026, which helps mitigate imported cost pressures and provides further flexibility for the BNM. Year to date the Ringgit is the best performer of its regional peers with gains of +3.2% and is trading at levels last seen in 2018.

From a market perspective, moves in recent weeks in a global context 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 2025 as the BNM cut rates, but since has tracked wider. The yield differential is now back at levels from earlier in 2025, when there were no expectations for rate cuts in Malaysia from investors or market forecasters.

Fig 3: MGS 3-Yr Yield minus BNM Rate



source: Bloomberg Finance LP / MNI

The survey of economists on BBG agree also with not one of the 23 respondents, forecasting a cut.

Whilst the baseline remains a "hold" through 2026, the MPC remains vigilant of several downside risks, including escalations in global protectionist trade measures / U.S. tariff developments. Recent developments in the Middle East potentially provides an unexpected boost for the Malaysian economy as it is an oil exporter.

We see the BNM on hold tomorrow and very comfortable with their growth outlook whilst pointing to the potential for further rising tensions from the Middle East which could help ease the rally in the Ringgit. This plays into their 'wait and see' approach which is expected to dominate in the first half of the year.

Monetary Policy Statement – January 22, 2026

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

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, 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. 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 electrical and electronics (E&E) exports and higher tourist spending. 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 2.0%, respectively, in 2025. For 2026, headline inflation is expected to remain moderate amid the 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 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

DBS (HOLD): “We expect Bank Negara Malaysia (BNM) to maintain its Overnight Policy Rate (OPR) at 2.75% at its March meeting, as the current monetary policy stance remains appropriate amid solid economic growth and contained inflation. The central bank anticipates resilient economic growth in 2026, following a strong 6.3% yoy expansion in 4Q25, driven by robust electrical & electronics exports amid global artificial intelligence-related tailwinds, as well as firm domestic demand underpinned by healthy household spending and continued investment momentum. Authorities also expect moderate inflation this year, helped by easing global cost conditions, while domestic policy reforms implemented in 2025 will exert only modest upside pressures on prices.”

BNY (HOLD) “Malaysia, Bank Negara Malaysia (Thursday, March 5): We expect BNM to keep its policy rate unchanged at 2.75% at the March meeting and throughout the year, maintaining an upbeat assessment supported by solid GDP growth and stable inflation. BNM projects 2026 GDP growth of around 4.0% to 4.5%, with inflation expected to remain “moderate” after headline and core averaged at 1.4% and 2.0%, respectively, in 2025.”

GOLDMAN SACHS (HOLD): “Bank Negara Malaysia decision (March 5): We expect BNM to keep the policy rate unchanged at 2.75% in the March meeting. Final Q4 2025 GDP was revised up to 6.3% yoy from 5.7% yoy in the advance estimate, reflecting sustained strength in exports and investment. Domestic demand also remained resilient, with consumption rising 5.4% yoy in Q4 2025 versus 5.0% yoy in Q3 2025. The main risk to our view is a more hawkish tone in BNM’s communication, but we see this as unlikely for now. The economy does not appear to be overheating. Inflation remains below its long-run average, and the labour market remains stable. Furthermore, tariff-related uncertainty may weigh on the outlook.”

MUFG (HOLD): “BNM held rates at 2.75% in January and noted that current interest rate is appropriate for growth and price stability. We look for BNM to stay on hold through next year, given favourable growth-inflation dynamics.”

SCOTIA (HOLD) “The only policy decision will be offered by Bank Negara Malaysia on Thursday. No action is expected as the policy rate is likely to stay at 2.75%. Growth is solid at 6.3% y/y. Inflation is low at 1.6% y/y. Negara has not changed its policy rate since July of last year. One thing to watch other than updated projections will be remarks about currency strength. The ringgit has appreciated by about 18% to the dollar since mid-2024 including a recent 8% move since September. Currency strength could challenge export growth and put downward pressure on inflation. To many Malaysians, approaching 3.80 to the dollar is of psychological importance and with a potential election call at some point this year.”

SEB (HOLD): “Against a backdrop of robust growth and benign inflation, Bank Negara Malaysia (BNM) is widely expected to maintain its policy rate at 2.75% at its upcoming monetary policy meeting (Thursday 5 March at 15:00 SGT). Malaysia's economy finished 2025 on a notably strong footing. The outlook remains positive, supported by a solid investment pipeline, healthy labour market and tech-related tailwinds. Accordingly, there is a strengthening case for BNM to roll back last July’s pre-emptive rate cut. However, with inflation still modest, BNM has scope to be patient

and monitor evolving trade dynamics as the Trump administration considers alternative tariff pathways. A key risk for Malaysia is the potential expansion of semiconductor tariffs by the US.”

UOB (HOLD): “According to Bloomberg survey (as of 27 Feb), all the 6 economists polled Expect BNM to keep its policy rate unchanged at 2.75%. Our economists, Julia Goh and Jasrine Loke, also expect BNM to continue leaving the OPR unchanged at 2.75% as the current stance is appropriate and continues to support growth amid modest inflation and lingering external uncertainties.”

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