

Malaysia Money & Credit (Feb 2026)

Money supply picks ups, pointing to firmer credit momentum

- **Broad money (M3) rose by 4.3% YoY in February (Jan: 3.4%), a four-month high**

- **Key drivers:** Growth was supported by faster expansion in other deposits (11.0%; Jan: 7.0%), followed by currency in circulation (7.0%; Jan: 2.0%), savings deposits (2.4%; Jan: 1.6%) and fixed deposits (1.8%; Jan: 1.6%). Together, these components contributed 2.4 ppts (Jan: 1.6%) to overall M3 growth.
- MoM (0.4%; Jan: -0.5%): Rebounded, adding RM11.3b after a brief contraction previously.

- **Broad-based expansion led by strong private sector activity**

- **Net claims on government** (1.3%; Jan: -1.6%): Rebounded as government deposits contracted more sharply (-9.2%; Jan: -2.3%) than claims (-0.8%; Jan: -1.7%).
- **Claims on private sector** (6.2%; Jan: 5.9%): Strengthened, driven by higher loan growth (5.3%; Jan: 4.9%) and sustained expansion in securities (13.0%; Jan: 13.0%), which reached a seven-year high.
- **Net foreign assets** (1.4%; Jan: 0.7%): Increased due to strong growth in banking system foreign assets (11.6%; Jan: 6.0%) but was partly offset by a third straight month of contraction in BNM net foreign assets (-1.6%; Jan: -1.0%).

- **Loan growth climbed to 4.9% YoY (Jan: 4.7%), a three-month high**

- **By purpose:** Mainly due to strong non-residential property (6.9%; Jan: 6.2%), securities (6.3%; Jan: 4.2%) and working capital (1.6%; Jan: 1.0%). These segments together contributed 1.4 ppts (Jan: 1.1 ppts) to loan growth.
- **By sector:** Attributed to expansion in information & communication (23.0%; Jan: 20.9%), finance & insurance (9.5%; Jan: 6.8%) and manufacturing (1.4%; Jan: 0.5%). Combined contribution rose to 1.0 ppts (Jan: 0.7 ppts).
- MoM (0.4%; Jan: 0.2%): Increased above long-term average of 0.2%, adding RM8.3b (Jan: RM5.0b).

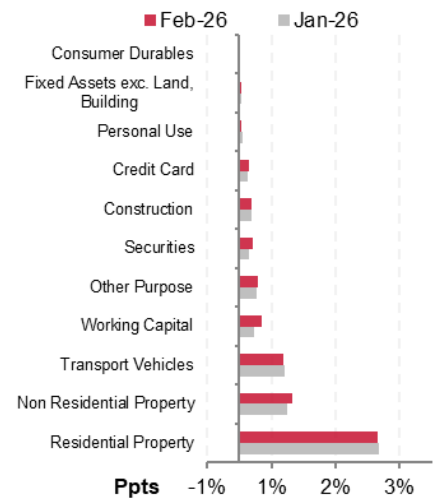
- **Deposit growth eased to 2.6% YoY (Jan: 2.8%), the slowest pace since November 2019**

- **Reason:** The deceleration was due to a contraction in foreign currency deposits (-0.3%; Jan: 1.8%) and slower growth in demand deposits (9.9%; Jan: 10.9%). Combined contribution fell to 2.0 ppts (Jan: 2.4 ppts).
- MoM (0.7%; Jan: -0.6%): Rebounded sharply, adding RM18.3b (Jan: -RM15.8b) after a large drawdown previously.

- **We maintain our loan growth forecast at 5.0% - 5.5% in 2026 (2025: 4.8%)**

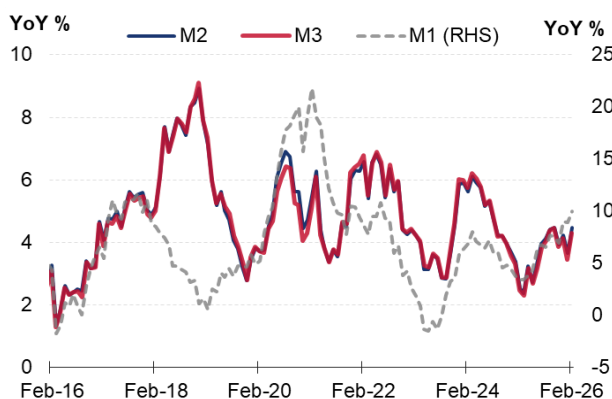
- **Drivers:** We expect domestic demand, especially household consumption to remain the main anchor for credit expansion. Stable labour market conditions in line with our unemployment rate forecast of 2.9% (2025: 3.0%), steady income growth, and a stable interest rate environment should continue to support borrowing. Household-related lending is expected to stay firm, underpinned by demand for hire purchase loans, personal financing, credit cards, and housing loans. With employment stable and debt-servicing costs broadly unchanged, household balance sheets remain resilient, supporting steady credit expansion.
- **OPR Outlook:** BNM is expected to keep the OPR at 2.75% throughout 2026, despite rising price pressure (KIBB inflation forecast: 2.1%; 2025: 1.4%) driven by escalating Middle East tensions and higher global energy prices. A stable policy rate supports loan demand by providing planning certainty for households and businesses. This reduces the risk of credit stress. While the lack of rate cuts limits upside, the stable policy backdrop prevents a meaningful drag on borrowing appetite.

Graph 1: Loan Growth by Purpose (ppts)



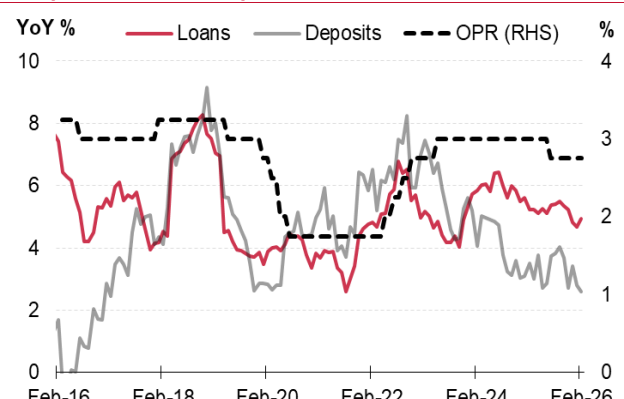
Source: BNM, Macrobond, Kenanga Research

Graph 2: Money Supply Growth



Source: BNM, Macrobond, Kenanga Research

Graph 3: Loan and Deposit Growth vs BNM OPR



Source: BNM, Macrobond, Kenanga Research

01 April 2026

Table 1: Money Supply, Loan and Deposit Growth Trend

	2024	2025	Feb-25	Mar-25	Apr-25	May-25	Jun-25	Jul-25	Aug-25	Sep-25	Oct-25	Nov-25	Dec-25	Jan-26	Feb-26
M1															
% MoM			-0.2	0.8	-0.7	0.0	2.8	-0.2	-0.1	2.2	-0.1	1.0	3.7	-0.6	0.8
Chg (RM b)	28.0	59.9	-1.4	5.5	-4.6	0.3	18.5	-1.4	-0.7	14.8	-0.9	7.0	25.8	-4.1	5.6
% YoY	4.4	9.0	3.4	3.4	3.8	4.4	6.1	6.8	6.6	7.7	7.5	6.9	9.0	8.9	10.0
M2															
% MoM			-0.4	0.3	0.5	-0.3	0.4	0.5	-0.1	0.4	0.9	0.2	1.7	-0.5	0.4
Chg (RM b)	87.8	105.0	-9.0	8.6	11.7	-6.6	10.3	12.0	-3.7	10.5	21.5	4.5	42.8	-11.9	10.7
% YoY	3.7	4.2	2.5	2.4	3.2	2.7	3.3	3.9	4.1	4.4	4.5	3.9	4.2	3.7	4.5
M3															
% MoM			-0.4	0.3	0.5	-0.3	0.3	0.5	-0.2	0.4	1.0	0.1	1.6	-0.5	0.4
Chg (RM b)	86.4	102.9	-9.2	7.1	12.6	-7.2	7.9	12.8	-4.1	10.7	24.1	3.1	41.3	-13.1	11.3
% YoY	3.6	4.1	2.5	2.3	3.2	2.7	3.2	3.8	4.1	4.4	4.5	3.9	4.1	3.4	4.3
Loans															
% MoM			0.1	0.6	0.0	0.4	0.7	0.4	0.3	0.5	0.5	0.5	0.4	0.2	0.4
Chg (RM b)	117.3	108.5	2.5	14.1	-1.1	9.7	15.0	8.9	7.5	11.2	12.6	11.4	9.0	5.0	8.3
% YoY	5.5	4.8	5.2	5.2	5.1	5.3	5.1	5.4	5.4	5.5	5.4	5.2	4.8	4.7	4.9
Deposit															
% MoM			0.9	0.4	0.2	-0.6	0.1	0.3	-0.3	0.9	0.0	-0.1	1.4	-0.6	0.7
Chg (RM b)	75.3	87.3	23.0	9.5	5.8	-14.5	3.5	6.9	-6.6	24.2	-0.5	-1.6	37.5	-15.8	18.3
% YoY	3.0	3.4	3.5	3.0	3.8	2.7	2.9	3.7	3.8	4.0	3.7	2.7	3.4	2.8	2.6
LCR*															
(%)	160.2	153.8	154.4	151.6	156.1	150.3	160.5	158.4	146.8	151.5	147.5	145.6	154.8	152.3	149.4

Source: Bank Negara Malaysia, Macrobond, Kenanga Research

*Liquidity Coverage Ratio (LCR) is based on Basel III requirement and was adopted since June 2015. As of 1 January 2018, the minimum requirement is set at 90%.

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