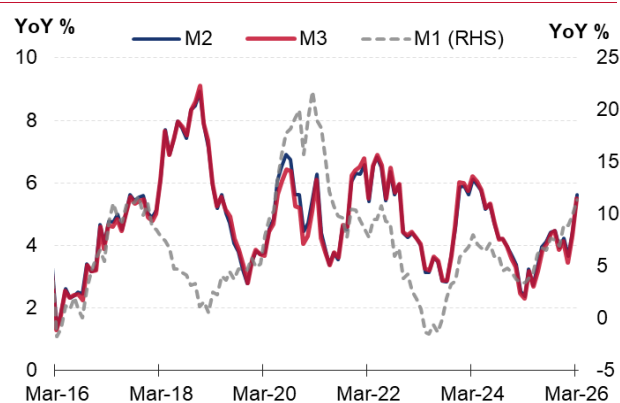


# Malaysia Money & Credit (Mar 2026)

Liquidity surges, strong loan growth backs BNM's steady hand on OPR

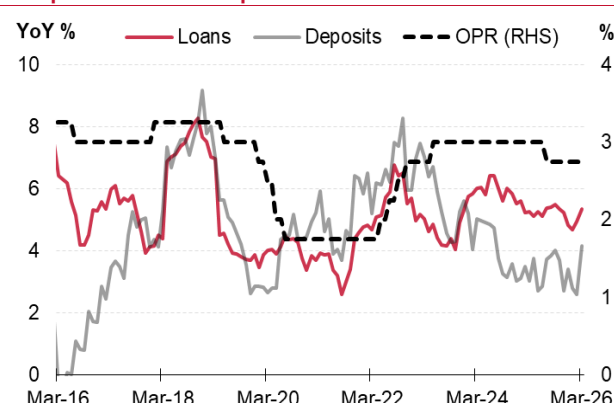
- Broad money (M3) growth accelerated to 5.5% YoY in March (Feb: 4.3%), marking a 22-month high**
  - Key drivers:** Growth was boosted by a sharp expansion in demand deposits (13.3%; Feb: 10.9%), highest since May 2021, and a rebound in foreign currency deposits (5.9%; Feb: -2.6%). Together, these components contributed 3.4 ppts (Feb: 1.9%) to overall M3 growth.
  - MoM (1.4%; Feb: 0.4%): Expanded sharply, adding RM37.5b, the largest monthly increase in four months.
- Foreign assets lift overall money supply growth**
  - Net claims on government** (0.7%; Feb: 1.3%): Moderated due to weaker government deposits (-15.9%; Feb: -9.2%) and claims (-2.5%; Feb: -0.8%).
  - Net claims on private sector** (6.2%; Feb: 6.2%): Remained unchanged as firmer loan growth (5.5%; Feb: 5.3%) was partly offset by slower securities (11.2%; Feb: 13.0%).
  - Net foreign assets** (2.9%; Feb: 1.4%): Expanded further, driven by strong growth in banking system foreign assets (19.3%; Feb: 11.6%). This was partly offset by a third consecutive monthly decline in BNM's net foreign assets (-1.5%; Feb: -1.6%).
- Loan growth rose to 5.4% YoY (Feb: 4.9%) on business borrowing**
  - By purpose:** Mainly due to higher borrowing for other purposes (10.7%; Feb: 8.3%), securities (7.3%; Feb: 6.3%) and working capital (3.2%; Feb: 1.6%), contributing a combined 1.3 ppts (Feb: 0.9 ppts) to overall loan growth.
  - By sector:** Led by strong information & communication (29.3%; Feb: 23.0%), construction (9.8%; Feb: 7.7%), manufacturing (2.5%; Feb: 1.4%) and a rebound in education, health & others (1.9%; Feb: -8.6%). Combined sectoral contribution rose to 0.9 ppts (Feb: 0.5 ppts).
  - MoM (1.0%; Feb: 0.4%): Expanded above long-term average of 0.5%, adding RM24.2b (Feb: RM8.3b).
- Deposit growth jumped sharply to 4.2% YoY (Feb: 2.6%), the fastest pace in 20 months**
  - Mainly driven by strong growth in demand deposits (12.8%; Feb: 9.9%), and a sharp rebound in foreign currency deposits (7.4%; Feb: -0.3%), with combined contribution rising to 3.4 ppts (Feb: 2.0 ppts).
  - MoM (1.9%; Feb: 0.7%): Rose sharply, adding RM50.7b (Feb: RM18.3b), a record monthly increase.
- We maintain our 2026 loan growth forecast at 5.0% – 5.5% (2025: 4.8%), supported by steady household demand**
  - Drivers:** Credit expansion is expected to be underpinned by domestic demand, particularly household consumption, alongside supportive labour market conditions. This is consistent with our unemployment rate forecast of 2.9% in 2026 (2025: 3.0%), steady income growth and a largely unchanged interest rate environment. Nevertheless, domestic risks persist. Elevated energy prices are expected to raise living costs and may erode households' purchasing power, dampening discretionary spending and borrowing appetite. On the business side, cautious sentiment among SMEs, amid cost pressures, may weigh on loan demand. In addition, reduced government spending due to subsidy-related adjustment or delays in public infrastructure projects could temper credit expansion, particularly in construction and supply-chain-related segments.
  - OPR Outlook:** Despite higher energy-related inflation risks (KIBB 2026 inflation forecast: 2.1%; 2025: 1.4%), we expect BNM to keep the OPR unchanged at 2.75% throughout 2026. BNM is unlikely to hike as inflation remains largely cost-driven and domestic growth still faces external headwinds. Hence, BNM is expected to prioritise growth support over pre-emptive tightening. A stable policy rate should continue to provide certainty for households and businesses, limiting credit stress and supporting borrowing activity. Further policy support is more likely to come via targeted fiscal and financial measures, including an additional RM5.0b in MSME financing under BNM and a RM5.0b expansion in SJPP guarantees, which should help sustain SME credit access, particularly in energy-sensitive sectors, and cushion downside risks to business loan growth.

Graph 2: Money Supply Growth



Source: BNM, Macrobond, Kenanga Research

Graph 3: Loan and Deposit Growth vs BNM OPR



Source: BNM, Macrobond, Kenanga Research

04 May 2026

**Table 1: Money Supply, Loan and Deposit Growth Trend**

	2024	2025	Mar-25	Apr-25	May-25	Jun-25	Jul-25	Aug-25	Sep-25	Oct-25	Nov-25	Dec-25	Jan-26	Feb-26	Mar-26
<b>M1</b>															
% MoM			0.8	-0.7	0.0	2.8	-0.2	-0.1	2.2	-0.1	1.0	3.7	-0.6	0.8	2.1
Chg (RM b)	28.0	59.9	5.5	-4.6	0.3	18.5	-1.4	-0.7	14.8	-0.9	7.0	25.8	-4.1	5.6	15.6
% YoY	4.4	9.0	3.4	3.8	4.4	6.1	6.8	6.6	7.7	7.5	6.9	9.0	8.9	10.0	11.4
<b>M2</b>															
% MoM			0.3	0.5	-0.3	0.4	0.5	-0.1	0.4	0.9	0.2	1.7	-0.5	0.4	1.5
Chg (RM b)	87.8	105.0	8.6	11.7	-6.6	10.3	12.0	-3.7	10.5	21.5	4.5	42.8	-11.9	10.7	37.9
% YoY	3.7	4.2	2.4	3.2	2.7	3.3	3.9	4.1	4.4	4.5	3.9	4.2	3.7	4.5	5.6
<b>M3</b>															
% MoM			0.3	0.5	-0.3	0.3	0.5	-0.2	0.4	1.0	0.1	1.6	-0.5	0.4	1.4
Chg (RM b)	86.4	102.9	7.1	12.6	-7.2	7.9	12.8	-4.1	10.7	24.1	3.1	41.3	-13.1	11.3	37.5
% YoY	3.6	4.1	2.3	3.2	2.7	3.2	3.8	4.1	4.4	4.5	3.9	4.1	3.4	4.3	5.5
<b>Loans</b>															
% MoM			0.6	0.0	0.4	0.7	0.4	0.3	0.5	0.5	0.5	0.4	0.2	0.4	1.0
Chg (RM b)	117.3	108.5	14.1	-1.1	9.7	15.0	8.9	7.5	11.2	12.6	11.4	9.0	5.0	8.3	24.2
% YoY	5.5	4.8	5.2	5.1	5.3	5.1	5.4	5.4	5.5	5.4	5.2	4.8	4.7	4.9	5.4
<b>Deposit</b>															
% MoM			0.4	0.2	-0.6	0.1	0.3	-0.3	0.9	0.0	-0.1	1.4	-0.6	0.7	1.9
Chg (RM b)	75.3	87.3	9.5	5.8	-14.5	3.5	6.9	-6.6	24.2	-0.5	-1.6	37.5	-15.8	18.3	50.7
% YoY	3.0	3.4	3.0	3.8	2.7	2.9	3.7	3.8	4.0	3.7	2.7	3.4	2.8	2.6	4.2
<b>LCR*</b>															
(%)	160.2	153.8	151.5	155.8	149.8	160.0	157.7	146.5	150.7	147.5	145.6	154.7	152.2	149.4	144.6

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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