

# Malaysia Money & Credit (Apr-26)

M3 growth eases on foreign asset drag, but lending hits 15-month high

- Broad money (M3) growth moderated to 5.0% YoY in April (Mar: 5.5%)**

- **Key drivers:** The moderation was due to slower growth in demand deposits (10.6%; Mar: 13.3%), which had previously hit its highest level since May 2021, while foreign currency deposits eased (3.2%; Mar: 5.9%). Combined, these components' contribution to M3 growth fell to 2.5 ppts (Mar: 3.4%).
- **MoM (0.02%; Mar: 1.4%):** Near flat, with a marginal RM0.5b increase, after a strong prior month.

- Weaker foreign assets weighed on money supply growth**

- **Net claims on government (2.2%; Mar: 0.7%):** rose as government deposits fell sharply (-24.6%; Mar: -15.9%), declining more than claims (-2.9%; Mar: -2.5%).
- **Net claims on private sector (6.4%; Mar: 6.2%):** edged higher, supported by loans (5.7%; Mar: 5.5%) and securities (11.4%; Mar: 11.2%).
- **Net foreign assets (0.6%; Mar: 2.9%):** slowed sharply, as banking system foreign assets decelerated (3.2%; Mar: 19.3%) and BNM's net foreign assets declined for the fourth consecutive month (-0.1%; Mar: -1.5%).

- Loan growth rose to 5.6% YoY (Mar: 5.4%), a 15-month high**

- **By purpose:** Driven by stronger borrowing for non-residential property (7.5%; Mar: 6.9%), a 12-month high, alongside with working capital expansion (3.6%; Mar: 3.2%). These combined contributed 1.7 ppts (Mar: 1.5 ppts) to loan growth.
- **By sector:** Expansion was led by real estate (8.0%; Mar: 5.4%), and wholesale & retail trade of motor vehicles (4.7%; Mar: 2.7%) with combined contributions rising to 0.8 ppts (Mar: 0.5 ppts).
- **MoM (0.2%; Mar: 1.0%):** Slowed sharply, falling below the long-term average of 0.3%, adding just RM4.4b (Mar: RM24.2b).

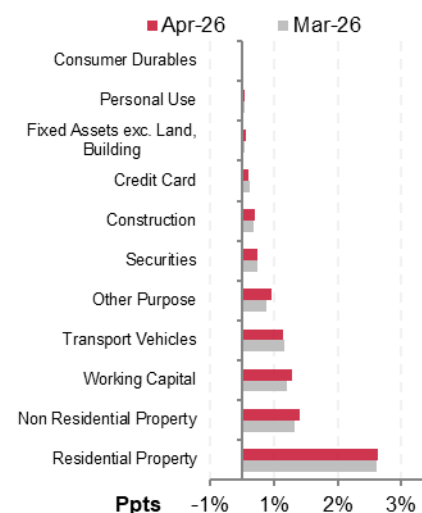
- Deposit growth eased to 3.4% YoY (Mar: 4.2%) after the prior month's spike**

- Growth moderation was driven by slower demand deposits (8.9%; Mar: 12.8%), and foreign currency deposits (6.5%; Mar: 7.4%), alongside weaker fixed deposits (-0.3%; Mar: 0.2%) and repurchase agreements (-14.9%; Mar: -7.5%). Their combined contribution to deposit growth declined to 1.7 ppts (Mar: 3.1 ppts).
- **MoM (-0.5%; Mar: 1.9%):** Contracted, declining by RM13.9b, reversing March's RM50.7b expansion.

- 2026 loan growth forecast retained at 5.0% – 5.5% (2025: 4.8%)**

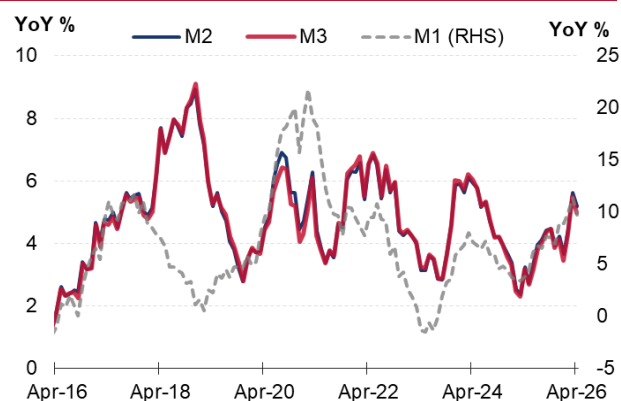
- **Drivers:** Household consumption remains the key anchor, supported by stable employment and income growth. Business lending may stay cautious given rising costs, softer sentiment, and global uncertainty. Higher energy prices are expected to lift living and operating costs, potentially weighing on discretionary spending and borrowing, particularly in 2H26. Household credit growth (5.2%; Mar: 5.2%) holds firm at 59.7% of overall loans (Mar: 59.6%), but external headwinds and softer business sentiment will cap the upside. BNM's policy support including the RM5.0b in MSME financing facility and the RM5.0b expansion in SJPP guarantees, should sustain SME credit access, and limit downside risks to business lending.
- **OPR Outlook:** We expect BNM to hold the OPR at 2.75% through 2026. Inflation is likely to edge higher in coming months on energy-related costs, but the pressure is largely supply-driven. With external risks still elevated, BNM is expected to stay on hold to support growth and preserve financial stability.

Graph 1: Loan Growth by Purpose (ppts)



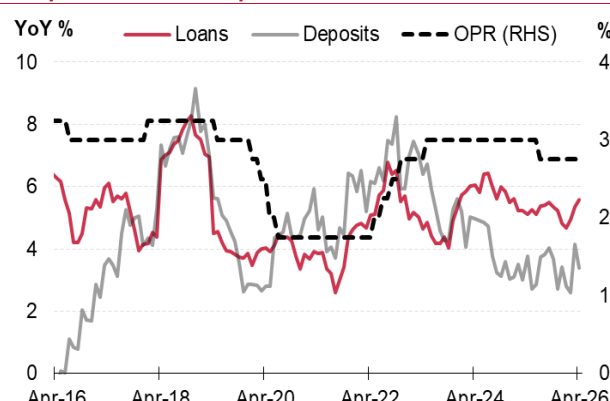
Source: BNM, Macrobond, Kenanga Research

Graph 2: Money Supply Growth



Source: BNM, Macrobond, Kenanga Research

Graph 3: Loan and Deposit Growth vs BNM OPR



Source: BNM, Macrobond, Kenanga Research

03 June 2026

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

	2024	2025	Apr-25	May-25	Jun-25	Jul-25	Aug-25	Sep-25	Oct-25	Nov-25	Dec-25	Jan-26	Feb-26	Mar-26	Apr-26
<b>M1</b>															
% MoM			-0.7	0.0	2.8	-0.2	-0.1	2.2	-0.1	1.0	3.7	-0.6	0.8	2.1	-2.1
Chg (RM b)	28.0	59.9	-4.6	0.3	18.5	-1.4	-0.7	14.8	-0.9	7.0	25.8	-4.1	5.6	15.6	-15.8
% YoY	4.4	9.0	3.8	4.4	6.1	6.8	6.6	7.7	7.5	6.9	9.0	8.9	10.0	11.4	9.8
<b>M2</b>															
% MoM			0.5	-0.3	0.4	0.5	-0.1	0.4	0.9	0.2	1.7	-0.5	0.4	1.5	0.0
Chg (RM b)	87.8	105.0	11.7	-6.6	10.3	12.0	-3.7	10.5	21.5	4.5	42.8	-11.9	10.7	37.9	1.3
% YoY	3.7	4.2	3.2	2.7	3.3	3.9	4.1	4.4	4.5	3.9	4.2	3.7	4.5	5.6	5.2
<b>M3</b>															
% MoM			0.5	-0.3	0.3	0.5	-0.2	0.4	1.0	0.1	1.6	-0.5	0.4	1.4	0.0
Chg (RM b)	86.4	102.9	12.6	-7.2	7.9	12.8	-4.1	10.7	24.1	3.1	41.3	-13.1	11.3	37.5	0.5
% YoY	3.6	4.1	3.2	2.7	3.2	3.8	4.1	4.4	4.5	3.9	4.1	3.4	4.3	5.5	5.0
<b>Loans</b>															
% MoM			0.0	0.4	0.7	0.4	0.3	0.5	0.5	0.5	0.4	0.2	0.4	1.0	0.2
Chg (RM b)	117.3	108.5	-1.1	9.7	15.0	8.9	7.5	11.2	12.6	11.4	9.0	5.0	8.3	24.2	4.4
% YoY	5.5	4.8	5.1	5.3	5.1	5.4	5.4	5.5	5.4	5.2	4.8	4.7	4.9	5.4	5.6
<b>Deposit</b>															
% MoM			0.2	-0.6	0.1	0.3	-0.3	0.9	0.0	-0.1	1.4	-0.6	0.7	1.9	-0.5
Chg (RM b)	75.3	87.3	5.8	-14.5	3.5	6.9	-6.6	24.2	-0.5	-1.6	37.5	-15.8	18.3	50.7	-13.9
% YoY	3.0	3.4	3.8	2.7	2.9	3.7	3.8	4.0	3.7	2.7	3.4	2.8	2.6	4.2	3.4
<b>LCR*</b>															
(%)	160.2	153.8	155.8	149.8	160.0	157.7	146.5	150.7	147.5	145.6	154.7	152.2	149.4	144.6	152.8

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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