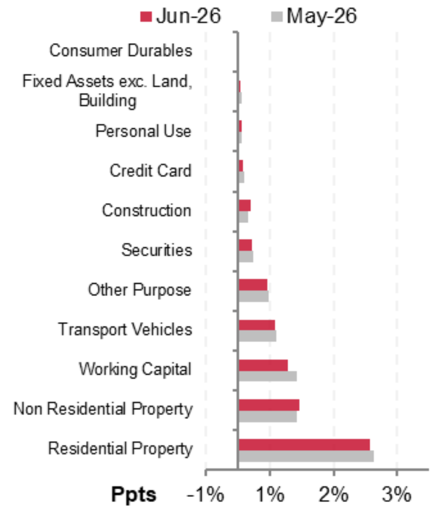
03 August 2026

Malaysia Money & Credit (Jun-26)

M3 hits 52-month high as foreign assets rebound, but loan growth cools into 2H26

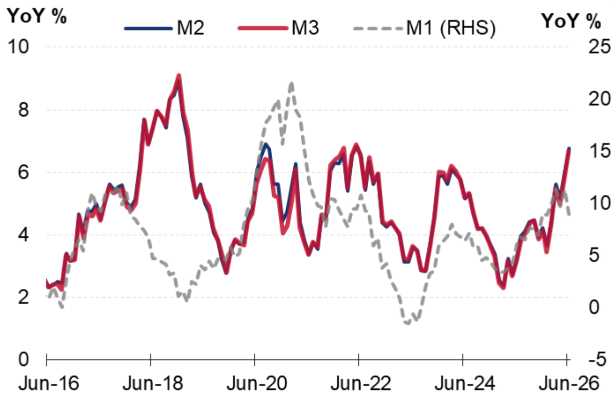
- **Broad money (M3) growth rose to 6.7% YoY in June (May: 5.8%), strongest pace in 52 months**
  - **Key drivers:** Attributable to a sharp acceleration in foreign currency deposits (18.7%; May: 6.0%), and stronger savings deposits (5.0%; May: 4.1%). Together, these added 2.8 percentage points (ppts) to M3 growth (May: 1.2%).
  - MoM (1.2%; May: 0.5%): Rose sharply for a second straight month, adding RM30.6b (May: RM12.2b).
- **A rebound in foreign assets drove the pickup in money supply growth.**
  - **Net claims on government** (5.1%; May: 6.1%): Growth slowed slightly as government claims eased (2.2%; May: 2.5%), though softer deposit withdrawals (-9.6%; May: -12.8%) partly offset this.
  - **Net claims on private sector** (6.3%; May: 6.6%): Growth eased to a three-month low on slower loan growth (5.6%; May: 5.9%) and securities holdings (11.4%; May: 11.7%).
  - **Net foreign assets** (7.0%; May: -0.2%): Growth rebounded sharply as both banking system foreign assets (10.4%; May: -0.3%) and BNM's net foreign assets (5.8%; May: -0.1%) turned positive.
- **Loan growth eased to 5.5% YoY (May: 5.7%), a three-month low**
  - **By purpose**: Working capital loans (3.6%; May: 4.2%) and residential property loans (5.4%; May: 5.6%) both slowed, lowering their combined contribution to 2.9 ppts (May: 3.1 ppts).
  - **By sector:** Electricity, gas, steam & aircond (11.1%; May: 45.9%) lending slowed sharply as did finance & insurance (2.5%; May: 4.8%). Household lending (5.0%; May: 5.2%) eased slightly too, leaving combined contribution lower at 3.3 ppts (May: 3.8 ppts).
  - MoM (0.4%; May: 0.5%): Growth slipped below the long-term average of 0.5%, adding just RM10.8b (May: RM12.4b).
- **Deposit growth jumped to 6.0% YoY (May: 4.4%), a 37-month high**
  - Foreign currency deposits (18.9%; May: 8.0%) surged and repurchase agreements (15.9%; May: -12.7%) rebounded, their first growth in 14 months. Saving deposits (5.0%; May: 4.1%) also strengthened, their fastest pace in 18 months. Together, these added 3.2 ppts (May: 0.7 ppts) to overall deposit growth.
  - MoM (1.7%; May: 0.4%): Rose to a three-month high, adding RM45.3b (May: RM11.9b).
- **2026 loan growth forecast maintained at 5.0% – 5.5% (2025: 4.8%)**
  - **Drivers**: Credit expansion has outpaced expectations, supported by resilient domestic demand, firm E&E exports, ongoing investment realisation and government support measures, including the RM5.0b MSME financing facility and RM5.0b expansion in SJPP guarantees, which aims to improve SMEs improve credit access. Still, we expect loan growth to stay within our target range in 2H26 as global growth softens, cost pressures build and normalisation effects fade.
  - **OPR Outlook**: We expect BNM to hold the OPR at 2.75% throughout 2026. Renewed geopolitical tensions and higher global commodity prices could push inflation up, but domestic price pressures remain contained, while external uncertainties keep growth risks skewed to the downside. We therefore expect BNM to maintain a neutral stance, supporting domestic activity while keeping inflation expectations well anchored.

Graph 1: Loan Growth by Purpose (ppts)



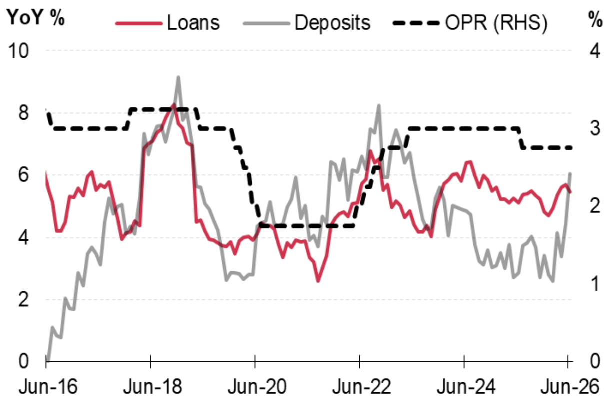
Source: BNM, Macrobond, Kenanga Research

Graph 2: Money Supply Growth



Source: BNM, Macrobond, Kenanga Research

Graph 3: Loan and Deposit Growth vs BNM OPR



Source: BNM, Macrobond, Kenanga Research

Table 1: Money Supply, Loan and Deposit Growth Trend

		2024	2025	Jun-25	Jul-25	Aug-25	Sep-25	Oct-25	Nov-25	Dec-25	Jan-26	Feb-26	Mar-26	Apr-26	May-26	Jun-26
	% MoM			2.8	-0.2	-0.1	2.2	-0.1	1.0	3.7	-0.6	0.8	2.1	-2.1	1.5	0.5
M1	Chg (RM b)	28.0	59.9	18.5	-1.4	-0.7	14.8	-0.9	7.0	25.8	-4.1	5.6	15.6	-15.8	10.9	3.6
	% YoY	4.4	9.0	6.1	6.8	6.6	7.7	7.5	6.9	9.0	8.9	10.0	11.4	9.8	11.4	8.9
	% MoM			0.4	0.5	-0.1	0.4	0.9	0.2	1.7	-0.5	0.4	1.5	0.0	0.5	1.2
M2	Chg (RM b)	87.8	105.0	10.3	12.0	-3.7	10.5	21.5	4.5	42.8	-11.9	10.7	37.9	1.3	13.1	30.5
	% YoY	3.7	4.2	3.3	3.9	4.1	4.4	4.5	3.9	4.2	3.7	4.5	5.6	5.2	6.0	6.8
	% MoM			0.3	0.5	-0.2	0.4	1.0	0.1	1.6	-0.5	0.4	1.4	0.0	0.5	1.2
M3	Chg (RM b)	86.4	102.9	7.9	12.8	-4.1	10.7	24.1	3.1	41.3	-13.1	11.3	37.5	0.5	12.2	30.6
	% YoY	3.6	4.1	3.2	3.8	4.1	4.4	4.5	3.9	4.1	3.4	4.3	5.5	5.0	5.8	6.7
	% MoM			0.7	0.4	0.3	0.5	0.5	0.5	0.4	0.2	0.4	1.0	0.2	0.5	0.4
Loans	Chg (RM b)	117.3	108.5	15.0	8.9	7.5	11.2	12.6	11.4	9.0	5.1	8.3	24.2	4.4	12.4	10.8
	% YoY	5.5	4.8	5.1	5.4	5.4	5.5	5.4	5.2	4.8	4.7	4.9	5.4	5.6	5.7	5.5
	% MoM			0.1	0.3	-0.3	0.9	0.0	-0.1	1.4	-0.6	0.7	1.9	-0.5	0.4	1.7
Deposit	Chg (RM b)	75.3	87.3	3.5	6.9	-6.6	24.2	-0.5	-1.6	37.5	-15.8	18.3	50.7	-13.9	11.9	45.3
	% YoY	3.0	3.4	2.9	3.7	3.8	4.0	3.7	2.7	3.4	2.8	2.6	4.2	3.4	4.4	6.0
LCR*	(%)	160.2	153.8	160.0	157.7	146.5	150.7	147.5	145.6	154.7	152.2	149.4	144.6	152.8	149.2	149.7

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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