

02 January 2026

# Malaysia Money & Credit

November liquidity and loan growth ease; outlook stays cautiously optimistic

## Broad money (M3) growth slowed to 3.9% YoY in November (Oct: 4.5%), marking a four-month low

- Key drivers:** A broad-based slowdown, led by foreign currency deposits (6.7%; Oct: 9.6%), followed by demand (7.5%; Oct: 8.2%), fixed (2.2%; Oct: 2.5%), and savings (1.4%; Oct: 3.2%) deposits. Their combined contribution eased to 3.4 ppts (Oct: 4.1 ppt).
- MoM (0.1%; Oct: 1.0%): Moderated to a three-month low, adding RM3.1b after a RM24.1b expansion in the preceding month.

## Slower private sector activity and net foreign assets, but partially supported by higher net claims on government

- Net claims on government** (1.3%; Oct: 0.8%): Rose to an 11-month high, driven by a decline in government deposits (-5.2%; Oct: 1.8%), while government claims slowed sharply (0.1%; Oct: 1.0%).
- Claims on private sector** (5.9%; Oct: 6.0%): Edged lower slightly, due to slower loans (5.2%; Oct: 5.4%), but partly offset by higher securities holdings (10.9%; Oct: 10.8%).
- Net foreign assets** (7.0%; Oct: 7.3%): Softened amid slower BNM's net foreign assets (7.8%; Oct: 8.4%), although banking system foreign assets rose (4.2%; Oct: 3.8%).

## Loan growth slowed to 5.2% YoY (Oct: 5.4%), a five-month low

- By purpose:** Construction (5.4%; Oct: 6.2%) and working capital (2.6%; Oct: 3.2%) moderated, reducing their combined contributions to 0.7 ppts (Oct: 0.9 ppts).
- By sector:** Weaker growth in manufacturing (2.3%; Oct: 3.2%) and finance & insurance (19.7%; Oct: 22.2%) lowered their combined contribution to 1.3 ppts (Oct: 1.5 ppts). Nevertheless, household lending remained steady at 5.4% (Oct: 5.4%), though its contribution to overall growth eased to 3.2 ppts (Oct: 3.3 ppts), a 28-month low.
- MoM (0.5%; Oct: 0.5%): Growth sustained for the third straight month, adding RM11.4b (Oct: RM12.6b).

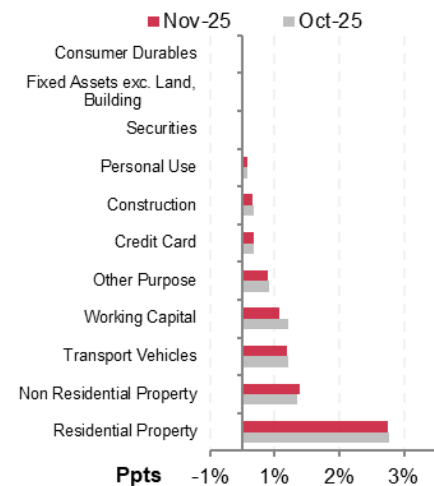
## Deposit growth moderated sharply to 2.7% YoY (Oct: 3.7%), a six-month low

- Reason:** A broad-based slowdown, led by foreign currency deposits (12.5%; Oct: 15.0%), followed by demand (6.7%; Oct: 8.8%), fixed (2.1%; Oct: 2.5%) and savings (1.4%; Oct: 3.2%) deposits. Their combined contribution fell to 3.7 ppts (Oct: 4.7 ppts). Meanwhile, repurchase agreement remained weak for the seventh straight month (-24.1%; Oct: -21.0%), while negotiable instruments of deposits fell sharply (-8.7%; Oct: 15.7%) for the first time in 13 months.
- MoM (-0.1%; Oct: -0.02%): Contracted for the second straight month, subtracting RM1.6b (Oct: -RM0.5b).

## 2025 loan growth may settle near the lower end of our target range at 5.5% - 6.0% (2024: 5.5%) if momentum holds through the final month. Growth is expected to ease further to 5.0% - 5.5% in 2026 amid global uncertainty

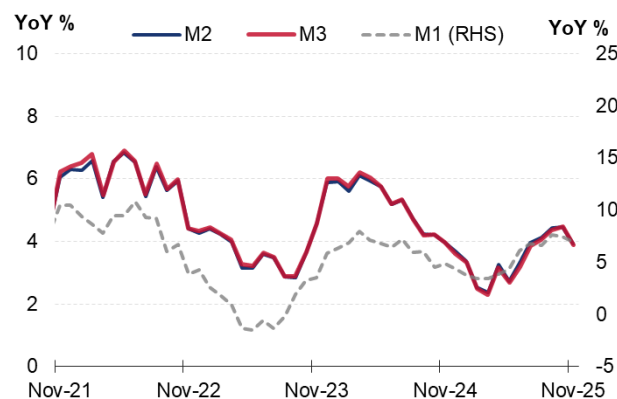
- Drivers:** Near-term loan growth is expected to stay above 5.0%, supported by seasonal factors such as year-end holiday spending and pre-festive demand ahead of Chinese New Year and Eid al-Fitr in February and March. The overall outlook remains cautiously optimistic, although lending activity may be constrained by global headwinds and ongoing regulatory prudence. Even so, domestic demand is expected to stay resilient, supported by Visit Malaysia 2026, the rollout of 13<sup>th</sup> Malaysia Plan and initiatives under Federal Budget 2026.
- OPR Outlook:** Likewise, we continue to expect BNM to keep the OPR unchanged throughout 2026, barring unexpected external shocks. With GDP growth holding steady and inflation contained, this gives BNM room to prioritise financial stability while supporting the government's structural reform agenda.

Graph 1: Loan Growth by Purpose (ppts)



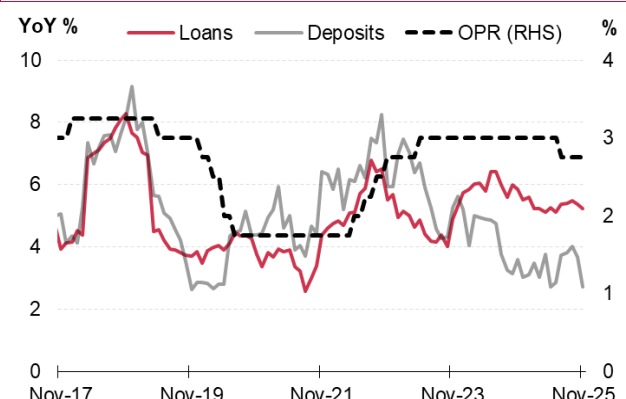
Source: BNM, Macrobond, Kenanga Research

Graph 2: Money Supply Growth



Source: BNM, Macrobond, Kenanga Research

Graph 3: Loan and Deposit Growth vs BNM OPR



Source: BNM, Macrobond, Kenanga Research

02 January 2026

Table 1: Money Supply, Loan and Deposit Growth Trend

		2023	2024	Nov-24	Dec-24	Jan-25	Feb-25	Mar-25	Apr-25	May-25	Jun-25	Jul-25	Aug-25	Sep-25	Oct-25	Nov-25
M1	% MoM			1.5	1.7	-0.5	-0.2	0.8	-0.7	0.0	2.8	-0.2	-0.1	2.2	-0.1	1.0
	Chg (RM b)	35.5	28.0	9.8	11.4	-3.1	-1.4	5.5	-4.6	0.3	18.5	-1.4	-0.7	14.8	-0.9	7.0
	% YoY	5.9	4.4	4.9	4.4	3.8	3.4	3.4	3.8	4.4	6.1	6.8	6.6	7.7	7.5	6.9
M2	% MoM			0.7	1.4	0.1	-0.4	0.3	0.5	-0.3	0.4	0.5	-0.1	0.4	0.9	0.2
	Chg (RM b)	132.7	87.8	16.7	34.0	2.3	-9.0	8.6	11.7	-6.6	10.3	12.0	-3.7	10.5	21.5	4.5
	% YoY	5.9	3.7	4.0	3.7	3.4	2.5	2.4	3.2	2.7	3.3	3.9	4.1	4.4	4.5	3.9
M3	% MoM			0.7	1.4	0.2	-0.4	0.3	0.5	-0.3	0.3	0.5	-0.2	0.4	1.0	0.1
	Chg (RM b)	136.4	86.4	16.7	33.4	3.8	-9.2	7.1	12.6	-7.2	7.9	12.8	-4.1	10.7	24.1	3.1
	% YoY	6.0	3.6	4.0	3.6	3.3	2.5	2.3	3.2	2.7	3.2	3.8	4.1	4.4	4.5	3.9
Loans	% MoM			0.6	0.8	0.3	0.1	0.6	0.0	0.4	0.7	0.4	0.3	0.5	0.5	0.5
	Chg (RM b)	107.4	117.3	13.5	17.2	7.7	2.5	14.1	-1.1	9.7	15.0	8.9	7.5	11.2	12.6	11.4
	% YoY	5.3	5.5	5.8	5.5	5.6	5.2	5.2	5.1	5.3	5.1	5.4	5.4	5.5	5.4	5.2
Deposit	% MoM			0.9	0.7	0.0	0.9	0.4	0.2	-0.6	0.1	0.3	-0.3	0.9	0.0	-0.1
	Chg (RM b)	132.1	75.3	22.5	19.0	0.1	23.0	9.5	5.8	-14.5	3.5	6.9	-6.6	24.2	-0.5	-1.6
	% YoY	5.6	3.0	3.6	3.0	3.1	3.5	3.0	3.8	2.7	2.9	3.7	3.8	4.0	3.7	2.7
LCR*	(%)	161.0	160.7	147.9	160.7	157.8	154.4	151.6	156.1	150.3	160.5	158.4	146.8	151.5	147.5	145.6

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%.

## For further information, please contact:

**Wan Suhaimie Wan Mohd Saidie**  
Head of Economic Research  
[wansuhaimi@kenanga.com.my](mailto:wansuhaimi@kenanga.com.my)

**Muhammad Saifuddin Sapuan**  
Economist  
[saifuddin.sapuan@kenanga.com.my](mailto:saifuddin.sapuan@kenanga.com.my)

**Afiq Asyraf Syazwan Abd. Rahim**  
Economist  
[afiqasyraf@kenanga.com.my](mailto:afiqasyraf@kenanga.com.my)

**Nurul Hanees Hairulkama**  
Economist  
[nurulhanees@kenanga.com.my](mailto:nurulhanees@kenanga.com.my)

This document has been prepared for general circulation based on information obtained from sources believed to be reliable but we do not make any representations as to its accuracy or completeness. Any recommendation contained in this document does not have regard to the specific investment objectives, financial situation and the particular needs of any specific person who may read this document. This document is for the information of addressees only and is not to be taken in substitution for the exercise of judgement by addressees. Kenanga Investment Bank Berhad accepts no liability whatsoever for any direct or consequential loss arising from any use of this document or any solicitations of an offer to buy or sell any securities. Kenanga Investment Bank Berhad and its associates, their directors, and/or employees may have positions in, and may affect transactions in securities mentioned herein from time to time in the open market or otherwise, and may receive brokerage fees or act as principal or agent in dealings with respect to these companies. Kenanga Investment Bank Berhad being a full-service investment bank offers investment banking products and services and acts as issuer and liquidity provider with respect to a security that may also fall under its research coverage.

Published by:

**KENANGA INVESTMENT BANK BERHAD (15678-H)**

Level 17, Kenanga Tower, 237, Jalan Tun Razak, 50400 Kuala Lumpur, Malaysia  
Telephone: (603) 2172 0880 Website: [www.kenanga.com.my](http://www.kenanga.com.my) E-mail: [research@kenanga.com.my](mailto:research@kenanga.com.my)