Bank Negara maintains OPR at 3%

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KUALA LUMPUR — Bank Negara Malaysia (BNM) has maintained the overnight policy rate (OPR) at 3%.

BNM said at the current OPR level, the degree of monetary accommodativeness was consistent with policy stance to ensure the domestic economy continues on a steady growth path, amid stable core inflation, supported by sustained financial intermediation in the economy.

"While the risks of destabilising financial imbalances are contained, the Monetary Policy Committee (MPC) will monitor these risks to ensure the sustainability of the overall growth prospects," the central bank said in a statement, after the first MPC meeting for the year yesterday.

Even as it continues to highlight downside risks to growth due to global uncertainties, a recent upturn in some indicators including exports has allowed the central bank to breathe more easily, as well, said OCBC Bank Treasury Research & Strategy, Global Treasury, economist Wellian Wiranto.

"Indeed, combined with the facts that domestic inflation is bound to head up and that currency stability is a key focus in the near term, it is looking more likely now than before that BNM would keep its policy rate on hold this year.

"Overall, combining the fact that BNM appears to be slightly more relaxed about growth prospects and also more watchful of inflation uptick this year, we believe that it is likely to shy away from making tweaks to its overnight policy rate in the near term.

"Thus, the likelihood of the OPR staying unchanged at 3.0% for the whole of 2017 has risen, unless the global trade growth gets seriously derailed enough for the central bank to consider easing again," Wiranto said.