Bank Negara maintains OPR at 3%

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PETALING JAYA: Bank Negara decided to maintain the Overnight Policy Rate (OPR) at 3% at its Monetary Policy Committee (MPC) meeting yesterday.

The central bank said in a statement that while the risks of destabilising financial imbalances are contained, the MPC will monitor these risks to ensure the sustainability of the overall growth prospects. It will continue to assess the balance of risks surrounding the outlook for domestic growth and inflation.

"At the current level of the OPR, the degree of monetary accommodativeness is consistent with the policy stance to ensure that the domestic economy continues on a steady growth path amid a stable core inflation, supported by sustained financial intermediation in the economy," it noted.

Bank Negara said the latest indicators point to continued expansion in the fourth quarter of 2016, with private sector activity as the key driver of growth. Private consumption is expected to be sustained by continued wage and employment growth, with support from various policy measures to raise disposable income.

Bank Negara said Malaysia's headline inflation is expected to average higher in 2017 after having registered an average of 2.1% in 2016, amid the prospect of higher global oil prices. However, it said these cost factors are not expected to cause significant spillovers to the broader price trends, given the stable domestic demand conditions.

On the currency front, the central bank said while the implementation of financial market development measures has provided stability to the domestic foreign exchange market, uncertainties in the global economy, the policy environment and geopolitical developments may, however, result in bouts of volatility in the regional financial and foreign exchange markets.

"In this regard, Bank Negara will continue to provide liquidity to ensure the orderly functioning of the financial markets," it added.