



PRESS RELEASE

Reduction of Overnight Policy Rate

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The Monetary Policy Committee (MPC) of Bank Negara Malaysia has decided to reduce the Overnight Policy Rate (OPR) by 0.25 basis points to 1.75 percent on 7 July 2020. This decision is driven by global economic conditions that are still in the early stages of recovery. Based on forecasts by various agencies, such as the World Bank and the International Monetary Fund, over 150 out of 195 countries globally are expected to record economic contraction in 2020.

The decision to reduce the OPR is aimed at accelerating the rate of recovery and further stimulate the country's economy. The Government believes that this move, combined with proactive measures deployed since March 2020 under the PRIHATIN and PRIHATIN SME+ economic stimulus packages and, more recently the National Economic Recovery Plan (PENJANA), will be able to regenerate the economy by creating jobs, restoring consumer and investor confidence, as well as containing the likelihood of a sharp economic contraction.

As at 7 July, the stimulus packages totalling RM295 billion have been able to benefit around 800,000 businesses and save an estimated 2.6 million jobs. The coming three to six months are crucial to the successful implementation of PENJANA initiatives which are expected to show results by the third or fourth quarter of 2020.

Malaysia's economic recovery is also subject to the collective effort of all parties including corporates, SMEs, businesses and consumers, particularly in ensuring that the Rakyat's lives and livelihoods are protected and the economy is strengthened.

In the past, Malaysia has demonstrated its resilience in managing various challenges, including the Asian Financial Crisis and the Global Financial Crisis, due to its sound economic fundamentals and robust institutional framework, as well as deep and well-regulated financial and capital markets.

The Government will continue to ensure that the nation's financial and investment ecosystems are well prepared to face short- and medium-term eventualities in order to secure Malaysia's economic resilience and sustainability.

YB Tengku Dato' Sri Zafrul Tengku Abdul Aziz

Minister of Finance

Putrajaya

7 July 2020

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