

03 November 2025

# Malaysia Money & Credit

September M3 and deposits hit 14-month highs; loan growth edged higher

## Broad money (M3) growth expanded for the fourth straight month in September to 4.4% YoY (Aug: 4.1%), a 14-month high

- **Key drivers:** Stronger foreign currency deposits (17.2%; Aug: 10.5%), demand deposits (8.7%; Aug: 7.3%) and savings deposits (3.7%; Aug: 2.2%) contributed a combined of 4.0 ppts (Aug: 2.9 ppts) to overall M3 growth.
- MoM (0.4%; Aug: -0.2%): Rebounded, after a brief contraction in August, adding RM10.7b to the system.

## Higher private sector activity and net foreign assets lifted M3 growth, offsetting weaker government spending

- **Net claims on government** (-0.5%; Aug: -0.04%): Contracted for the second straight month, as higher government deposits (16.5%; Aug: 15.5%) outweighed government claims (2.6%; Aug: 2.8%).
- **Claims on private sector** (5.7%; Aug: 5.5%): Rose to the highest since March 2019 (7.9%) on stronger holdings of securities (9.1%; Aug: 5.3%) and positive loans (5.3%; Aug: 5.5%) growth.
- **Net foreign assets** (5.3%; Aug: -0.5%): Rebounded to a 13-month high, driven by higher BNM's net foreign assets (6.2%; Aug: -5.7%) despite slower foreign assets in the banking system (2.4%; Aug: 19.7%).

## Loan growth edged up to 5.5% YoY (Aug: 5.4%), an eight-month high

- **By purpose:** Higher growth in other purposes (10.4%; Aug: 4.1%) and construction (6.9%; Aug: 6.0%) led the expansion. Residential property loans (6.2%; Aug: 6.4%) slowed slightly, but its contribution to overall growth stayed at 2.3 ppts (Aug: 2.3 ppts).
- **By sector:** Faster growth in manufacturing (5.9%; Aug: 3.2%) sector, partly offset weaker growth in agriculture (-4.7%; Aug: -8.6%). Nevertheless, growth remain supported by household (5.5%; Aug: 5.7%) albeit slightly slower, contributing 3.3 ppts (Aug: 3.4 ppts) to overall loan growth.
- MoM (0.5%; Aug: 0.3%): Strongest in three months, adding RM11.2b (Aug: RM7.5b).

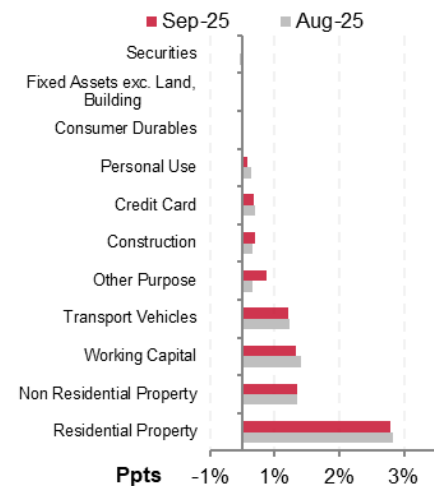
## Deposit growth rose to 4.0% YoY (Aug: 3.8%), a 14-month high

- **Reason:** Driven by higher foreign currency deposits (25.9%; Aug: 17.0%), followed by demand (10.0%; Aug: 7.9%), and saving (3.7%; Aug: 2.2%) deposits, contributing a combined 4.9 ppts (Aug: 3.5 ppts) to overall growth.
- MoM (0.9%; Aug: -0.3%): Rebounded sharply to 21-month high, adding RM24.2b (Aug: -RM6.6b).

## 2025 loan growth forecast maintained at 5.5% - 6.0% (2024: 5.5%) and projected to slow to 5.0% - 5.5% in 2026

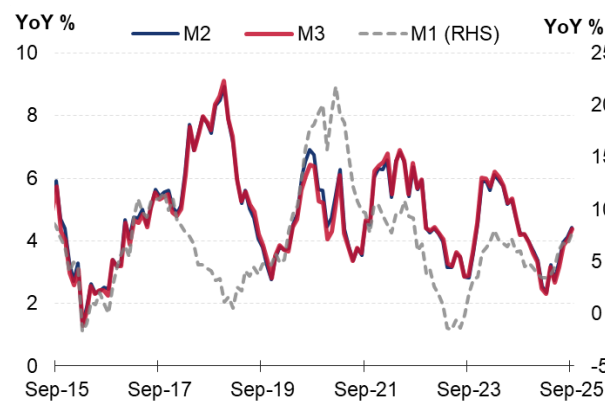
- **Drivers:** Loan growth is expected to expand steadily into year end, then ease slightly in 2026. Support comes from a favourable policy-rate setting and resilient domestic demand, underpinned by ongoing fiscal spending and a stable labour market.
- **OPR Outlook:** BNM is expected to keep its OPR unchanged in its final MPC meeting of the year, slated on 6 November. Growth momentum remains stable as shown by DOSM's 3Q25 Advance GDP estimate of 5.2% (KIBB: 5.0%). The impact of higher US tariffs may be delayed to 1H26, though domestic resilience should provide support.

Graph 1: Loan Growth by Purpose (ppts)



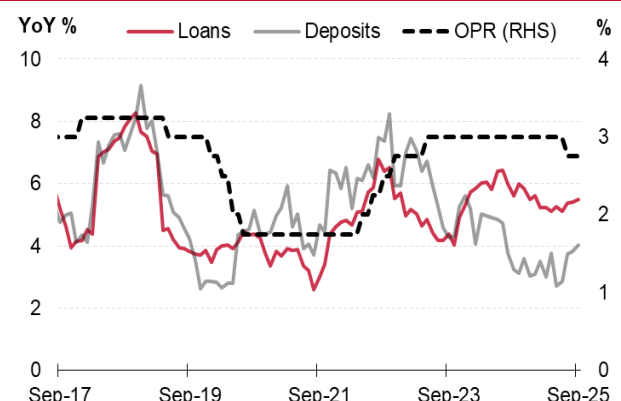
Source: BNM, Macrobond, Kenanga Research

Graph 2: Money Supply Growth



Source: BNM, Macrobond, Kenanga Research

Graph 3: Loan and Deposit Growth vs BNM OPR



Source: BNM, Macrobond, Kenanga Research

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**Table 1: Money Supply, Loan and Deposit Growth Trend**

|                |            | 2022  | 2023  | 2024  | Sep-24 | Apr-25 | May-25 | Jun-25 | Jul-25 | Aug-25 | Sep-25 |
|----------------|------------|-------|-------|-------|--------|--------|--------|--------|--------|--------|--------|
| <b>M1</b>      | % MoM      |       |       |       | 1.2    | -0.7   | 0.0    | 2.8    | -0.2   | -0.1   | 2.2    |
|                | Chg (RM b) | 24.7  | 35.5  | 28.0  | 7.4    | -4.6   | 0.3    | 18.5   | -1.4   | -0.7   | 14.8   |
|                | % YoY      | 4.3   | 5.9   | 4.4   | 6.0    | 3.8    | 4.4    | 6.1    | 6.8    | 6.6    | 7.7    |
| <b>M2</b>      | % MoM      |       |       |       | 0.1    | 0.5    | -0.3   | 0.4    | 0.5    | -0.1   | 0.4    |
|                | Chg (RM b) | 92.5  | 132.7 | 87.8  | 3.1    | 11.7   | -6.6   | 10.3   | 12.0   | -3.7   | 10.5   |
|                | % YoY      | 4.3   | 5.9   | 3.7   | 4.2    | 3.2    | 2.7    | 3.3    | 3.9    | 4.1    | 4.4    |
| <b>M3</b>      | % MoM      |       |       |       | 0.1    | 0.5    | -0.3   | 0.3    | 0.5    | -0.2   | 0.4    |
|                | Chg (RM b) | 93.9  | 136.4 | 86.4  | 3.1    | 12.6   | -7.2   | 7.9    | 12.8   | -4.1   | 10.7   |
|                | % YoY      | 4.3   | 6.0   | 3.6   | 4.2    | 3.2    | 2.7    | 3.2    | 3.8    | 4.1    | 4.4    |
| <b>Loans</b>   | % MoM      |       |       |       | 0.4    | 0.0    | 0.4    | 0.7    | 0.4    | 0.3    | 0.5    |
|                | Chg (RM b) | 108.9 | 107.4 | 117.3 | 9.0    | -1.1   | 9.7    | 15.0   | 8.9    | 7.5    | 11.2   |
|                | % YoY      | 5.7   | 5.3   | 5.5   | 5.6    | 5.1    | 5.3    | 5.1    | 5.4    | 5.4    | 5.5    |
| <b>Deposit</b> | % MoM      |       |       |       | 0.7    | 0.2    | -0.6   | 0.1    | 0.3    | -0.3   | 0.9    |
|                | Chg (RM b) | 132.0 | 132.1 | 75.3  | 18.5   | 5.8    | -14.5  | 3.5    | 6.9    | -6.6   | 24.2   |
|                | % YoY      | 5.9   | 5.6   | 3.0   | 3.3    | 3.8    | 2.7    | 2.9    | 3.7    | 3.8    | 4.0    |
| <b>LCR*</b>    | (%)        | 152.1 | 161.0 | 160.7 | 146.6  | 156.1  | 150.4  | 160.6  | 158.4  | 146.8  | 151.5  |

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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