



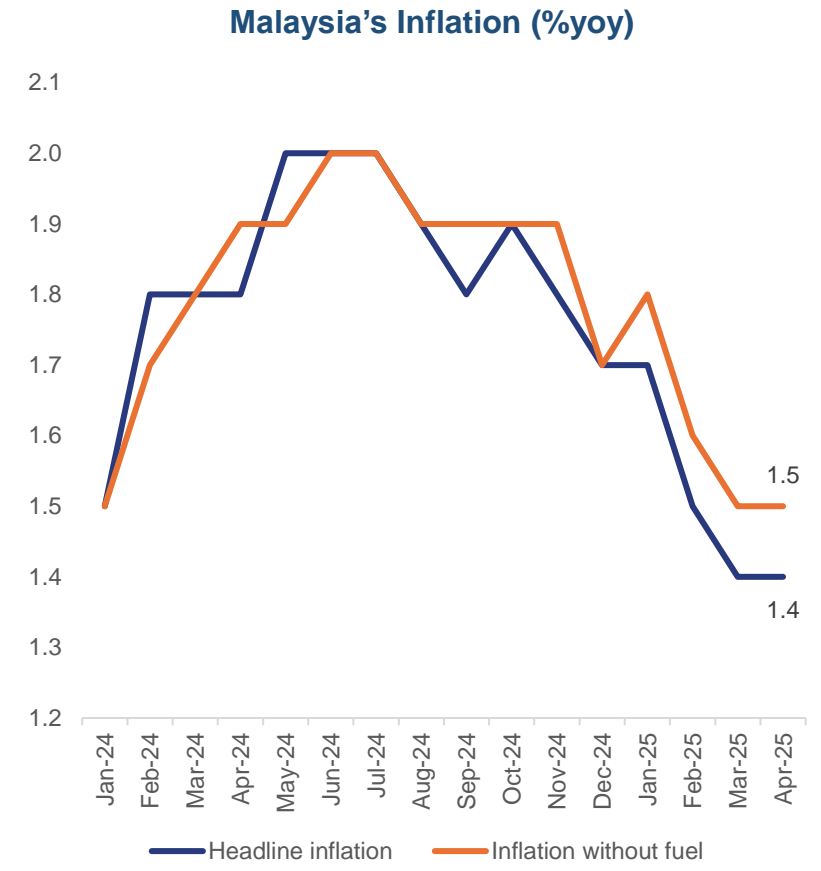


April 2025 Inflation: Headline Inflation Flat, Core Gathers Pace

Malaysia’s headline inflation held firm at **1.4% year-on-year in April 2025**, unchanged from March and in line with market expectations. This marks the **lowest rate since February 2021**, reinforcing the view that overall price pressures remain manageable. However, the **uptick in core inflation* to 2.0%** — the **highest since November 2023** — **points to a gradual build-up of cost pressures in essential services**, adding nuance to the broader disinflation narrative.

Key inflation drivers:

	Personal Care & Misc. Services	Prices in this category rose 4.1% y-o-y , up from 3.6% in March, contributing significantly to overall inflation.
	Education & Housing	Education costs increased by 2.3% (March: 2.2%), while housing, water, electricity, gas, and other fuels rose by 2.0% (March: 1.9%)
	Food & Beverages	With a 29.8% weight in the CPI basket, F&B inflation slowed to 2.3% in April (March: 2.5%)
	Regional Disparities	Inflation was highest in Johor (2.2%) , followed by Negeri Sembilan and Selangor (1.7%), while Kelantan and Putrajaya recorded the lowest rates at 0.5% — suggesting uneven pass-through and structural consumption differences .



Source: Department of Statistics Malaysia, BMMB Economics

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Core Pressures Emerge, But Bond Market Bets on July Cut

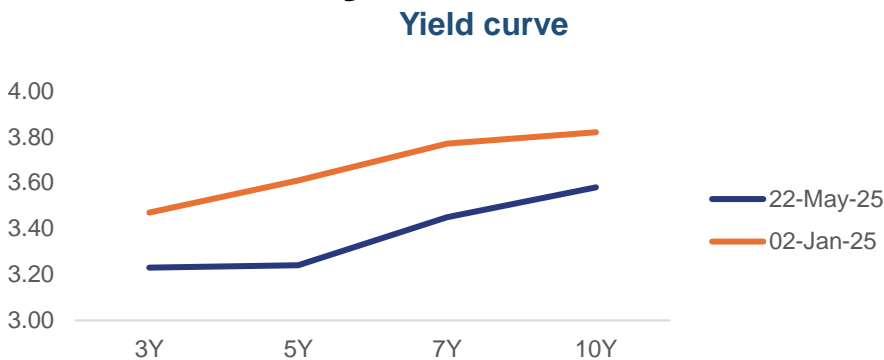
Core inflation in April edged higher to 2.0%, reflecting **firmer demand in urban-centric services** such as personal care, housing, and education — categories typically less sensitive to short-term policy levers. While this trend warrants attention, **broadier price pressures remain contained**, with headline inflation steady at 1.4% and food prices continuing to ease. The recent 100 basis point reduction in the Statutory Reserve Requirement (SRR), which injected RM19 billion into the banking system, reflects a tactical move by BNM to address tight liquidity conditions without compromising inflation stability.

Bond market positioning: Yield curve reflects easing expectations

Meanwhile, the bond market has responded decisively to the evolving policy landscape. Yields on short-term Malaysian Government Securities (MGS) have declined, supported **by improving liquidity and expectations of monetary accommodation**. A recent 3-year MGS auction saw a bid-to-cover ratio of 3.18 times highlighting robust demand amid expectations of a near-term rate cut. While Malaysia still offers an attractive real yield premium, this could narrow if underlying inflation trends persist or if global central banks accelerate their easing cycles.

Conclusion

Taken together, April’s inflation profile — with stable headline readings and gradually firming core — suggests that overall price pressures remain manageable. Combined with softening growth momentum and tighter domestic liquidity, these conditions support our **in-house view that a measured 25 basis point OPR cut is likely** at the upcoming July MPC meeting.

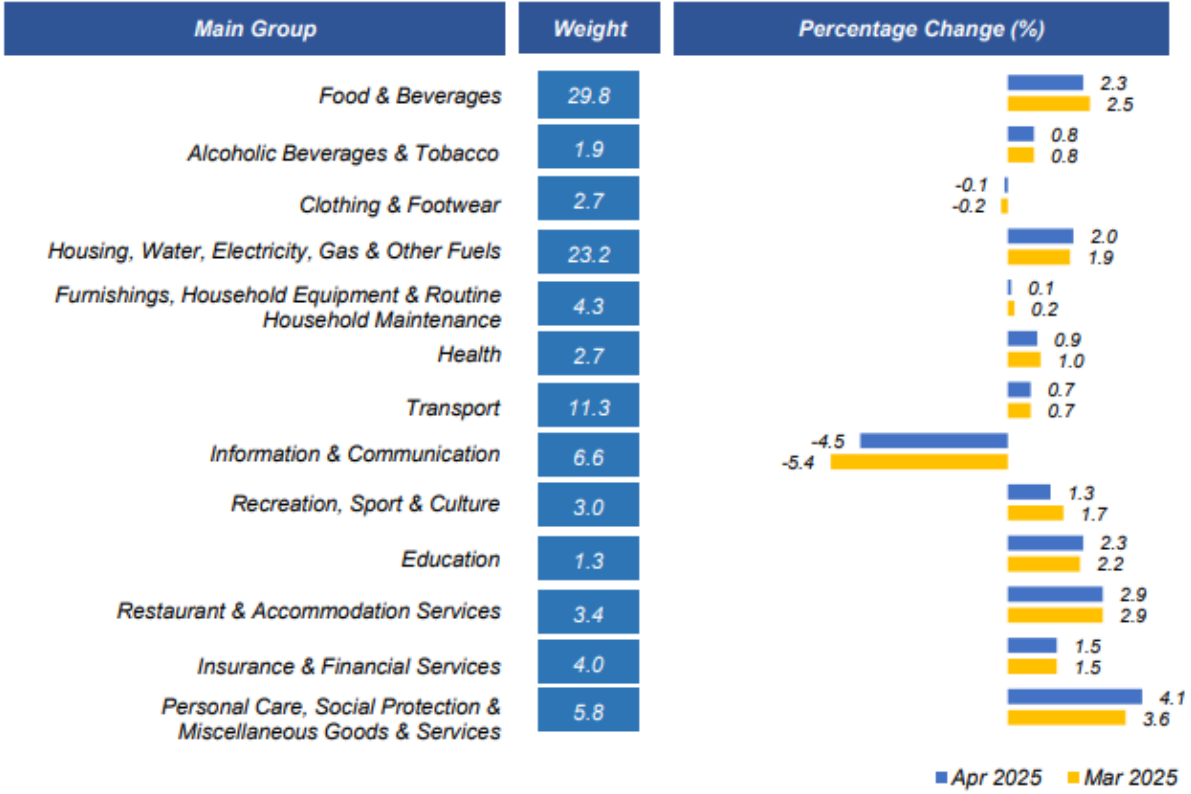


Issue date	Maturity date	Description	Amount (RM)	Bid to cover
10/03/2025	18/04/2039	MGS 1/2024 4.054% 18.04.2039	3,000.00	3.02
14/03/2025	23/03/2054	GII MURABAH 1/2024 4.280% 23.03.2054	3,000.00	3.08
28/03/2025	05/07/2034	MGS 4/2019 3.828% 05.07.2034	5,000.00	1.67
08/04/2025	16/07/2040	GII MURABAH 1/2025 3.974% 16.07.2040	3,000.00	3.36
15/04/2025	20/04/2028	MGS 2/2023 3.519% 20.04.2028	5,000.00	3.18
30/04/2025	30/04/2035	GII MURABAH 3/2025 30.04.2035	5,000.00	2.00
15/05/2025	15/05/2030	MGS 1/2025 15.05.2030	5,000.00	2.13

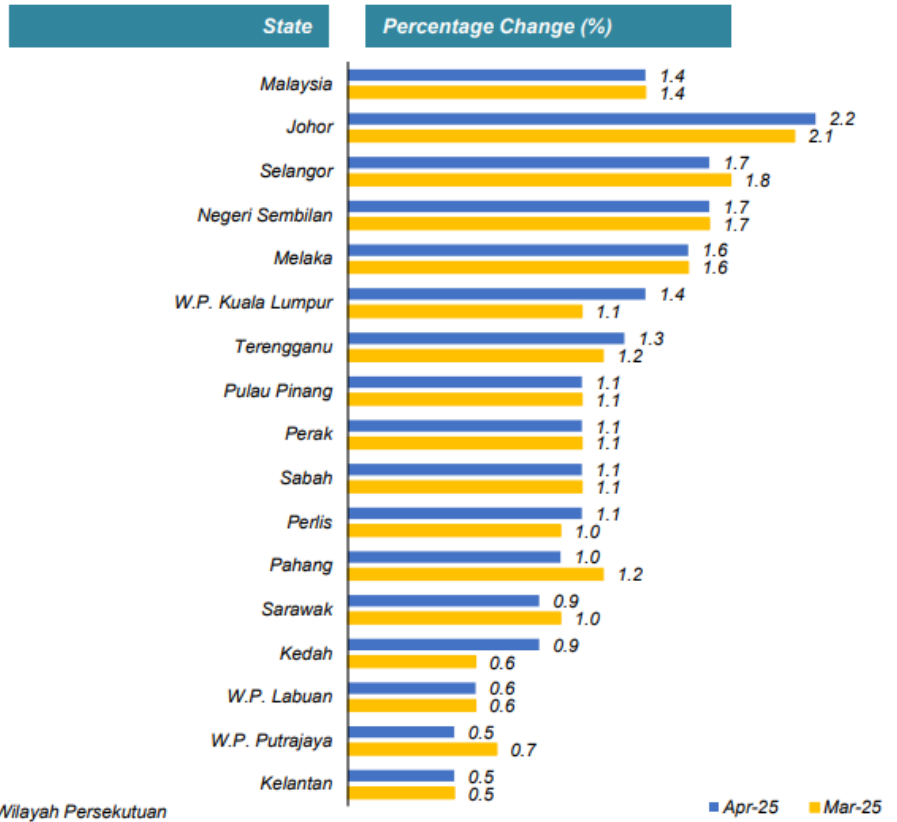
Source: BNM, BMMB Economics

Appendix: Inflation by Main Group and State

Inflation by Group, Mac 2025 & April 2025



Inflation by State, March 2025 & April 2025



W.P. : Wilayah Persekutuan

Extracted from DOSM Inflation Report– April 2025

Appendix: Avg. Price for Selected Items in April 2025

Ayam Chicken  RM 10.37 /kg <small>Mac 2025/ March 2025 RM50.56</small>	Daging Lembu Tempatan Local Beef  RM 35.87 /kg <small>Mac 2025/ March 2025 RM35.60</small>	Ikan Cencaru Torpedo Scud  RM 11.21 /kg <small>Mac 2025/ March 2025 RM11.34</small>
Ikan Kembung Indian Mackerel  RM 16.58 /kg <small>Mac 2025/ March 2025 RM17.01</small>	Ikan Bawal Hitam Black Pomfret  RM 28.08 /kg <small>Mac 2025/ March 2025 RM28.12</small>	Ikan Tongkol Hitam Longtail Tuna  RM 13.46 /kg <small>Mac 2025/ March 2025 RM13.79</small>
Ikan Tenggiri Papan Spanish Mackerel  RM 31.06 /kg <small>Mac 2025/ March 2025 RM31.44</small>	Ikan Tenggiri Batang Narrow-Barred Spanish Mackerel  RM 35.13 /kg <small>Mac 2025/ March 2025 RM35.02</small>	Ikan Selar Kuning Yellow Stripe Scud  RM 13.35 /kg <small>Mac 2025/ March 2025 RM13.46</small>
Ikan Selar Yellowtail Scud  RM 16.78 /kg <small>Mac 2025/ March 2025 RM17.00</small>	Ikan Merah Red Snapper  RM 38.11 /kg <small>Mac 2025/ March 2025 RM38.28</small>	Udang (8-12 sm) Prawn (8-12 cm)  RM 33.90 /kg <small>Mac 2025/ March 2025 RM33.70</small>
Kerang Cockles  RM 15.45 /kg <small>Mac 2025/ March 2025 RM15.12</small>	Ketam Bunga Crab  RM 34.95 /kg <small>Mac 2025/ March 2025 RM34.56</small>	Sotong (10-12 sm) Cuttlefish (10-12 cm)  RM 31.11 /kg <small>Mac 2025/ March 2025 RM32.71</small>

Bayam Spinach  RM 5.93 /kg <small>Mac 2025/ March 2025 RM5.80</small>	Kubis Bunga Cauliflower  RM 9.14 /kg <small>Mac 2025/ March 2025 RM9.29</small>	Cili Padi Burung Bird's Eye Chili  RM 2.72 /200g <small>Mac 2025/ March 2025 RM2.79</small>
Cili Merah (Kulai) Red Chili (Kulai)  RM 17.45 /kg <small>Mac 2025/ March 2025 RM18.57</small>	Cili Merah (Minyak) Red Chili (Minyak)  RM 15.68 /kg <small>Mac 2025/ March 2025 RM16.25</small>	Kacang Panjang Long Beans  RM 8.15 /kg <small>Mac 2025/ March 2025 RM8.49</small>
Kacang Buncis French Beans  RM 11.15 /kg <small>Mac 2025/ March 2025 RM11.05</small>	Kubis Bulat Round Cabbage  RM 4.97 /kg <small>Mac 2025/ March 2025 RM5.16</small>	Sawi Jepun Siew Pak Choy  RM 7.32 /kg <small>Mac 2025/ March 2025 RM7.09</small>
Tomato Tomato  RM 6.42 /kg <small>Mac 2025/ March 2025 RM7.95</small>	Lobak Merah Carrot  RM 4.87 /kg <small>Mac 2025/ March 2025 RM4.85</small>	Timun Cucumber  RM 4.09 /kg <small>Mac 2025/ March 2025 RM4.02</small>
Kailan Chinese Kale  RM 8.67 /kg <small>Mac 2025/ March 2025 RM8.39</small>	Bendi Lady's Finger  RM 9.44 /kg <small>Mac 2025/ March 2025 RM9.75</small>	Terung Brinjal  RM 9.66 /kg <small>Mac 2025/ March 2025 RM9.76</small>

Extracted from DOSM Inflation Report– April 2025