

# MARKET COMMENTARY

## MONEY MARKET REVIEW AND OUTLOOK

January 2020



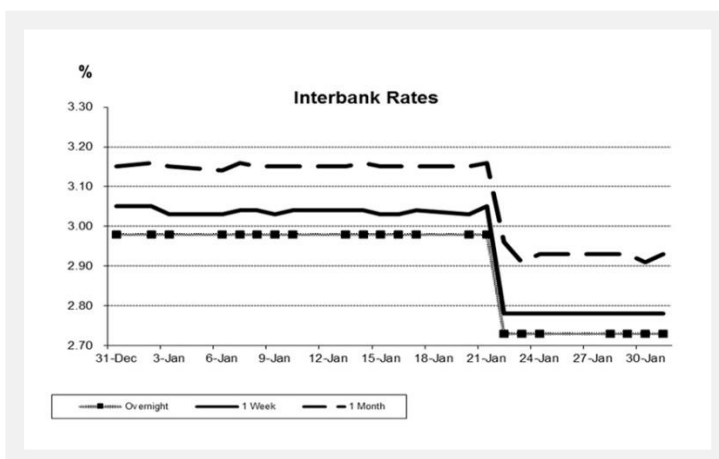


## REVIEW

- BNM surprised the market by an unexpected cut in OPR by 0.25% to 2.75% in its first MPC meeting of 2020 and kept rates at the lowest since Mar 2011. Following the OPR cut, the short-term rates were adjusted downwards with the overnight and 1-week rates traded from 2.98% - 3.05% to 2.73% - 2.78%, while the 1-month rates dropped from 3.16% to 2.91%.
- Similarly, the rate cut effect spilled over to the short-term bills market, shifting the yields lower across the curve. Both 1-month and 1-year yields plunged by 20-22bps to close the month at 2.78% and 2.80% respectively.

## OUTLOOK

- Short-term rates are expected to stay low on the account of ample liquidity in the system.



Source: Bloomberg Interbank Rates



Source: Bloomberg



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