

Key Developments in Asian Local Currency Markets

The People's Republic of China's (PRC) gross domestic product (GDP) growth rate slowed to 7.4% year-on-year (y-o-y) in 1Q14 from 7.7% in 4Q13. The GDP growth rate in 1Q14 was the slowest since 3Q12. Industrial production growth, as indicated by the industrial value-added of companies of a certain size, slowed to 8.7% y-o-y in 1Q14 from 10.0% in 4Q13. Growth in fixed asset investment slowed to 17.6% y-o-y in 1Q14 from 20.9% in 1Q13 and full-year 2013's growth rate of 19.6%. Also, the PRC reported that in 1Q14 new loans reached CNY3.01 trillion and additional total social financing reached CNY5.6 trillion. For the month of March alone, new loans granted reached CNY1.05 trillion and total social financing provided was CNY2.07 trillion.

➤ The Monetary Authority of Singapore (MAS) last week chose to maintain the current trajectory of the Singapore Dollar Nominal Effective Exchange Rate (S\$NEER) policy band. MAS will maintain a steady appreciation of the band and maintain the current slope, as well as the price level at which it is centered. MAS deemed its current policy to be appropriate given the need to balance risks between uncertainties in external demand versus increasing local inflationary pressures.

➤ Consumer price inflation in Malaysia rose 3.5% y-o-y in March, the same pace of inflation recorded in February. In the Republic of Korea, the producer price index fell 0.5% y-o-y in March after contracting 0.9% in February.

➤ Retail sales in Singapore declined 9.5% y-o-y in February mainly due to a drop in sales of food and beverage products as a result of the different timing of Chinese New Year this year compared with 2013. On a seasonally adjusted month-on-month (m-o-m) basis, retail sales increased 3.0% in February, driven by motor vehicles sales.

➤ In the Philippines, personal remittances from overseas Filipinos rose 6.0% y-o-y in February to reach US\$1.99 billion. This was mainly driven by the continued increase in transfers of land-based workers with long-term contracts (4.3%) and sea-based and land-based workers with short-term contracts (10.3%). The United States (US), Saudi Arabia, United Arab Emirates (UAE), United Kingdom (UK), Singapore, Canada, and Japan remained the top sources of cash remittances coursed through banks.

➤ Last week KT Corporation in the Republic of Korea priced a 3-year US\$-denominated bond worth US\$650 million at a coupon rate of 1.75% and a 5-year US\$350 million bond carrying a 2.625% coupon.

Asia Bond Monitor March 2014

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10-Year Selected LCY Government Security Yields Close of 18 April 2014
basis point change from

Markets	Latest Closing	Previous Day*	Previous Week*	1-Jan-14*
US	2.72	0.00	9.68	-30.67
EU	1.52	0.00	1.10	-41.40
Japan	0.60	-0.40	-0.40	-14.00
PRC	4.41	0.00	-13.00	-21.00
Hong Kong, China	2.16	0.00	-2.50	-15.00
India	8.85	-0.10	-9.20	0.50
Indonesia	7.95	2.60	11.00	-46.70
Korea, Rep. of	3.52	0.00	-1.70	-6.80
Malaysia	4.09	0.00	0.60	-4.10
Philippines	4.15	0.00	0.00	55.00
Singapore	2.42	0.00	-1.00	-14.00
Thailand	3.53	-0.50	-5.80	-37.20
Viet Nam	9.50	0.00	0.00	0.00

TABLES & GRAPHS

- ▶ Selected Government Security Yields
- ▶ Benchmark Yield Curves - Local Currency Government Bonds
- ▶ 2-versus-10 Yield Spread Chart
- ▶ Policy Rate versus Inflation Rate Charts
- ▶ Credit Default Swap Spreads & Exchange Rate Indexes
- ▶ Selected Debt Security Issuances
- ▶ Selected Asia Data Releases

➤ Guosen Securities issued a 3-year bond worth CNH1.2 billion at a yield of 6.4%. ICBC sold a CNH2.5 billion dual-tranche bond. The CNH2.0 billion 2-year tranche was priced to yield 3.2% and the CNH500 million 5-year tranche was priced to yield 3.9%.

➤ Government bond yields fell last week for most tenors in the PRC, Singapore, Thailand and Viet Nam, while yields rose for most tenors in Hong Kong, China; Indonesia; the Republic of Korea; Malaysia and the Philippines. Yield spreads between 2- and 10- year maturities widened in Indonesia, Malaysia and Viet Nam, while spreads narrowed in most other emerging East Asian markets.

Summary Text of News Articles

Growth in GDP, Industrial Production, and Fixed Asset Investment Slow in the PRC in 1Q14; The PRC Reports New Loan and Social Financing Totals for 1Q14

The People's Republic of China's (PRC) gross domestic product (GDP) growth rate slowed to 7.4% year-on-year (y-o-y) in 1Q14 from 7.7% in 4Q13. The GDP growth rate in 1Q14 was the slowest since 3Q12. Industrial production growth, as indicated by the industrial value-added of companies of a certain size, slowed to 8.7% y-o-y in 1Q14 from 10.0% in 4Q13. Growth in fixed asset investment also slowed to 17.6% y-o-y in 1Q14 from 20.9% in 1Q13 and full-year 2013's growth rate of 19.6%. Also, the PRC reported that in 1Q14 new loans reached CNY3.01 trillion and additional total social financing was CNY5.6 trillion. For the month of March alone, new loans granted reached CNY1.05 trillion and total social financing provided was CNY2.07 trillion.

MAS Maintains Monetary Policy, Expects Modest Economic Growth in 2014

The Monetary Authority of Singapore (MAS) last week chose to maintain the current trajectory of the Singapore Dollar Nominal Effective Exchange Rate (S\$NEER) policy band. MAS will maintain a steady appreciation of the band and maintain the current slope, as well as the price level at which it is centered. MAS deemed its current policy to be appropriate given the need to balance risks between uncertainties in external demand versus increasing local inflationary pressures. MAS also expects the Singaporean economy to grow modestly in 2014 due to improvements in developed markets.

Consumer Price Inflation in Malaysia Rises 3.5% y-o-y in March; The Republic of Korea's Producer Prices Contract 0.5% y-o-y in March

The inflation rate in Malaysia remained at 3.5% y-o-y in March, the same pace as it was in February. The price index for food and non-alcoholic beverages gained 3.9%, while transport and housing and utility-related costs inched up 5.1% and 3.6%, respectively. Between February and March, consumer price inflation rose 0.1%.

In the Republic of Korea, producer price index (PPI) slowed 0.5% y-o-y after declining 0.9% in February. Prices for all major sub-indices rose in March except for manufacturing industry products, which declined 2.0% y-o-y.

For inflation trends in Malaysia, refer to this link:

http://asianbondsonline.adb.org/malaysia/data/marketwatch.php?code=policy_rate_and_inflation_trends

Retail Sales in Singapore Contract in February

Singapore's retail sales declined 9.5% y-o-y in February mainly due to a drop in the sales of food and beverage products as a result of the timing of Chinese New Year, which fell in January this year compared with February in 2013. On a seasonally adjusted month-on-month (m-o-m) basis, retail sales increased 3.0% in February, driven by motor vehicles sales.

Personal Remittances from Overseas Filipinos Rise in February

In the Philippines, personal remittances from overseas Filipinos rose 6.0% y-o-y in February to reach US\$1.99 billion. This was mainly driven by the continued increase in transfers of land-based workers with long-term contracts (4.3%) and sea-based and land-based workers with short-term contracts (10.3%). The United States (US), Saudi Arabia, United Arab Emirates (UAE), United Kingdom (UK), Singapore, Canada, and Japan remained the top sources of cash remittances coursed through banks. Personal remittances for the first 2 months of the year totaled US\$3.4 billion, up 6.4% y-o-y.

Summary Text of News Articles

KT Corporation Raises US\$1 Billion from Dual Tranche US\$-Denominated Bond Sale

Last week KT Corporation based in the Republic of Korea priced a 3-year US\$-denominated bond worth US\$650 million at a coupon rate of 1.75% and a 5-year US\$-denominated bond worth US\$350 million carrying a 2.625% coupon. The largest investor groups by geographical location were US-based investors for the 3-year tranche, with 70% of the total, and Asian investors for the 5-year tranche, with 40% of the total. By investor type, the largest investor group for both the 3- and 5-year tranches were asset managers, with shares of 78% and 51%, respectively.

Guosen Securities and ICBC sell CNH Bonds

Last week, Guosen Securities issued a 3-year CNH1.2 billion bond at a yield of 6.4%. Demand for the bond reached CNH1.84 billion. The bulk of the issue was purchased by Asian investors, who took 99% of the deal. European investors took the remainder. Meanwhile, ICBC sold a CNH2.5 billion multi-tranche bond. The CNH2.0 billion 2-year tranche was priced to yield 3.2% and the CNH500 million 5-year tranche was priced to yield 3.9%. Total orders reached CNH5.7 billion.

Selected Government Security Yields

Tip: Zoom-in on the table using the Acrobat zoom tool

3-Month Selected LCY Government Security Yields

Markets	Latest Closing	basis point change from		
		Previous Day*	Previous Week*	1-Jan-14*
US	0.02	0.00	-1.52	-4.56
EU	0.20	0.60	0.10	3.40
Japan	0.06	0.40	0.90	-0.10
PRC	3.26	0.00	0.00	0.00
Hong Kong, China	0.15	0.00	0.00	4.00
India	8.83	0.00	5.00	7.50
Korea, Rep. of	2.58	0.00	0.50	1.20
Malaysia	2.97	0.00	-1.00	-0.10
Philippines	1.30	0.00	12.07	97.50
Singapore	0.32	0.00	0.00	1.00
Thailand	2.03	-0.10	-0.73	-27.26

Close of 18 April 2014

10-Year Selected LCY Government Bond Yields

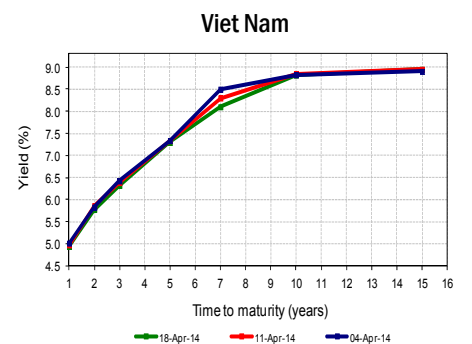
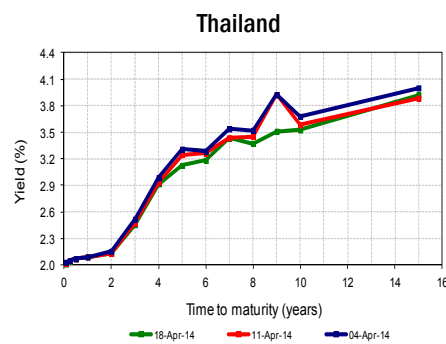
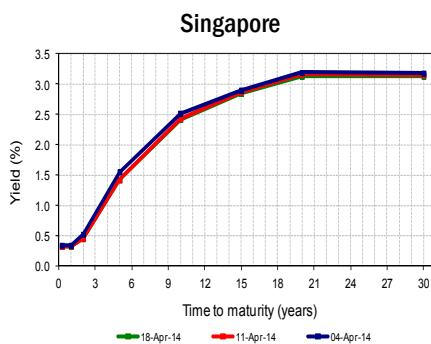
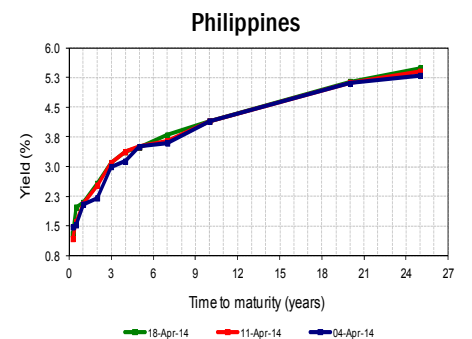
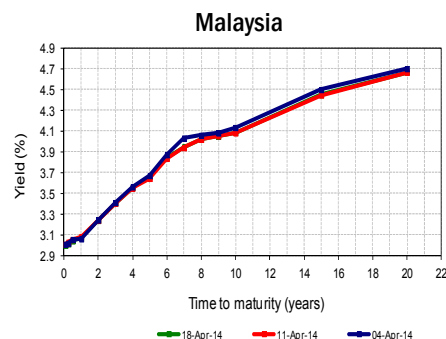
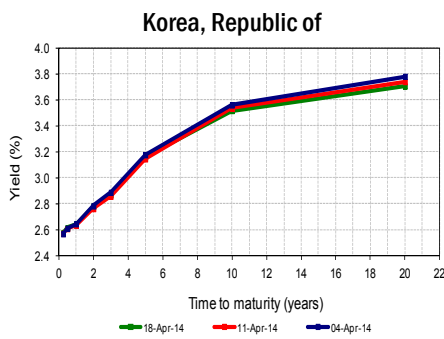
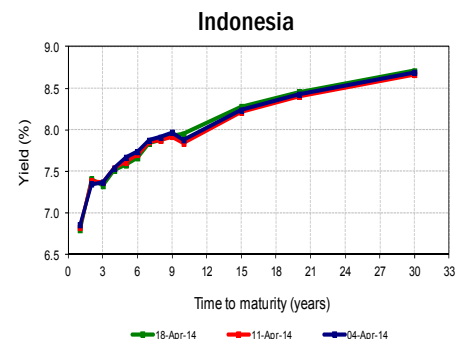
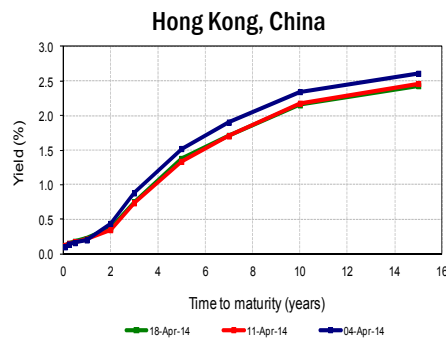
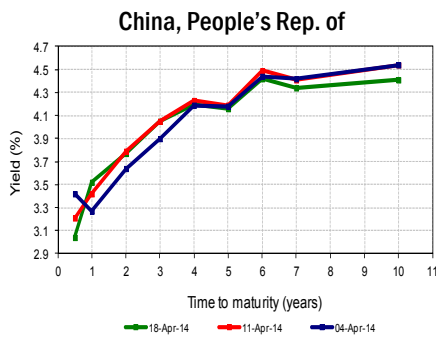
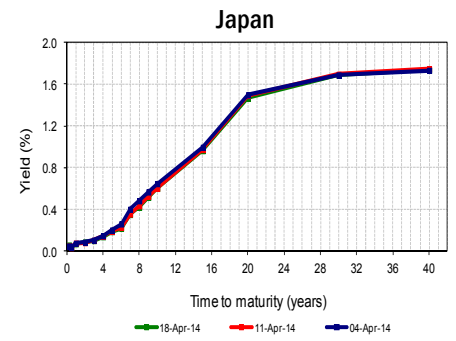
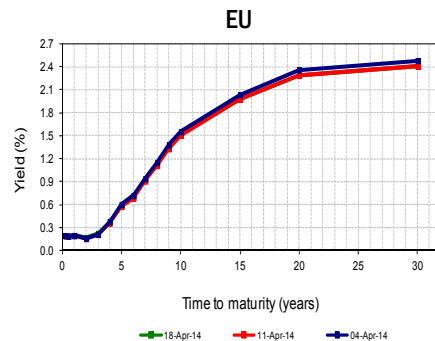
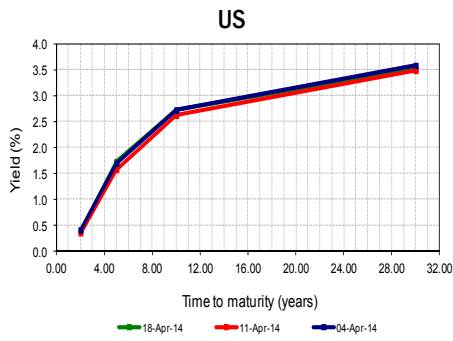
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PRC	4.41	0.00	-13.00	-21.00
Hong Kong, China	2.16	0.00	-2.50	-15.00
India	8.85	-0.10	-9.20	0.50
Indonesia	7.95	2.60	11.00	-46.70
Korea, Rep. of	3.52	0.00	-1.70	-6.80
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Philippines	4.15	0.00	0.00	55.00
Singapore	2.42	0.00	-1.00	-14.00
Thailand	3.53	-0.50	-5.80	-37.20
Viet Nam	9.50	0.00	0.00	0.00

Close of 18 April 2014

EU = European Union, LCY = local currency, PRC = People's Republic of China, US = United States.
 Source: Based on data from Bloomberg, LP.

Benchmark Yield Curves – LCY Government Bonds

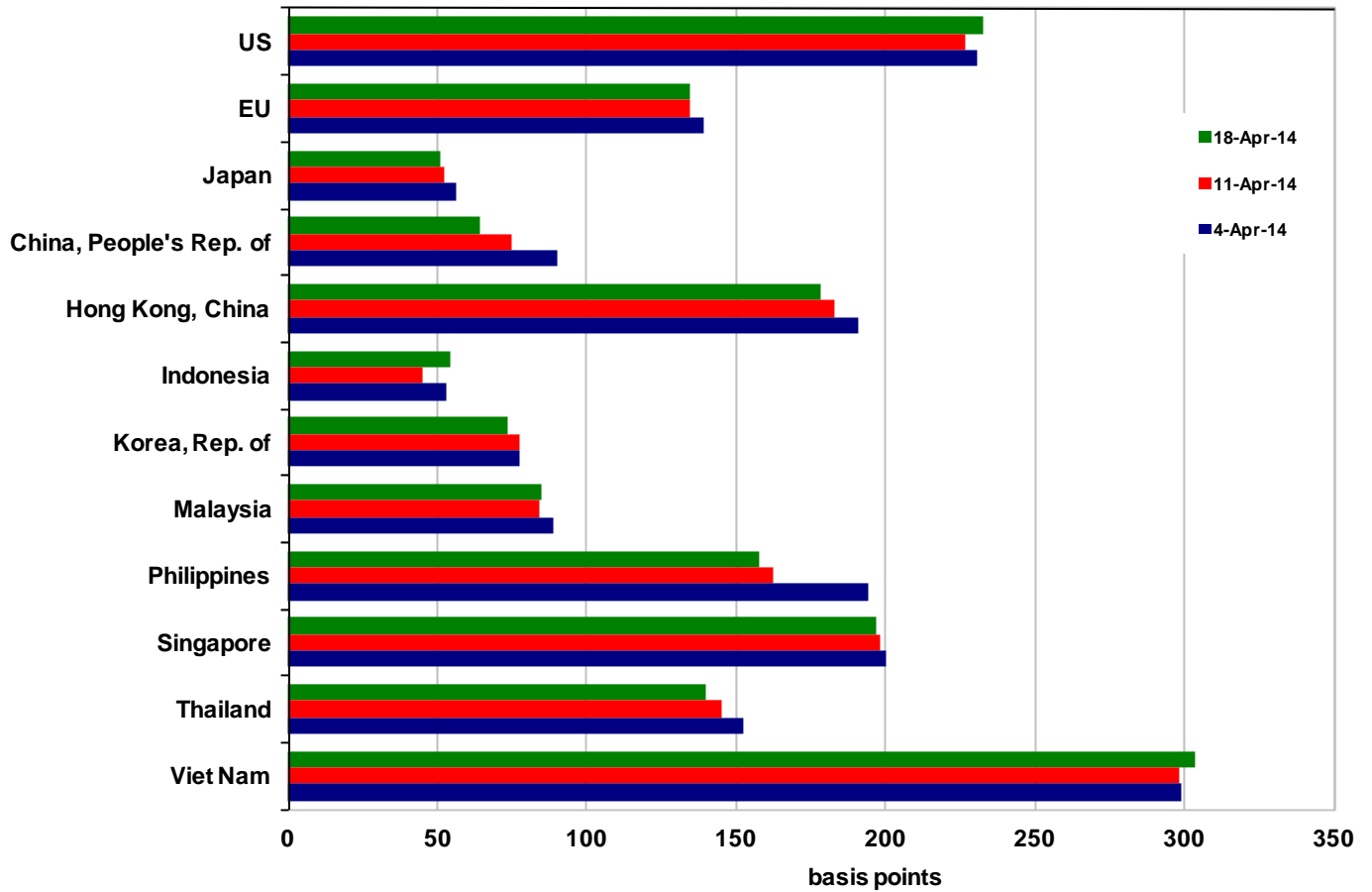
Tip: Zoom-in on the table using the Acrobat zoom tool



EU = European Union, LCY = local currency US = United States.
Source: Based on data from Bloomberg.

2- versus 10- Year Yield Spread Chart

Tip: Zoom-in on the table using the Acrobat zoom tool

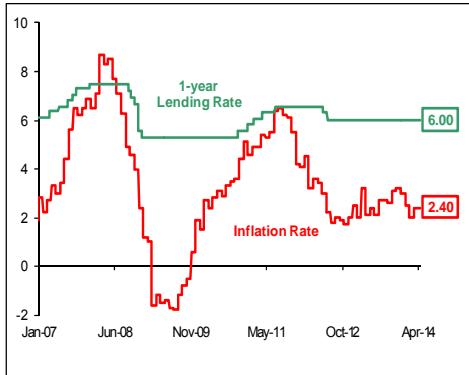


EU = European Union, US = United States.
 Source: Based on data from Bloomberg LP.

Policy Rate versus Inflation Rate

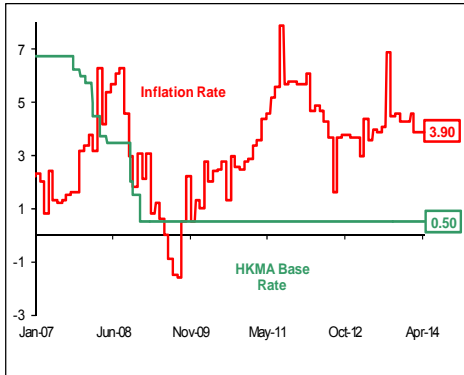
Tip: Zoom-in on the table using the Acrobat zoom tool

China, People's Rep. of



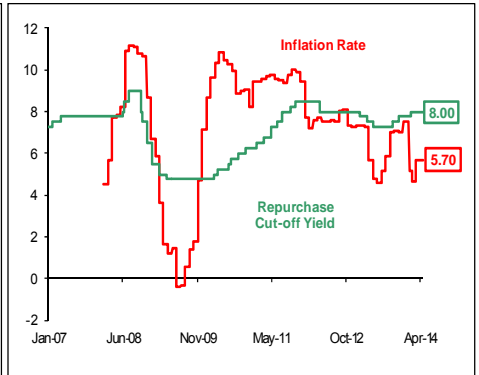
The PRC uses the 1-year lending rate as one of its policy rates.
Source: Bloomberg LP.

Hong Kong, China



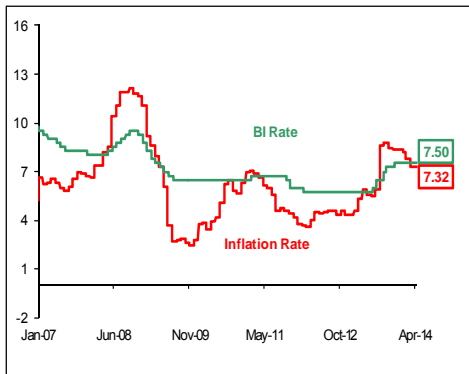
The Hong Kong Monetary Authority maintains a Discount Window Base Rate.
Source: Bloomberg LP.

India



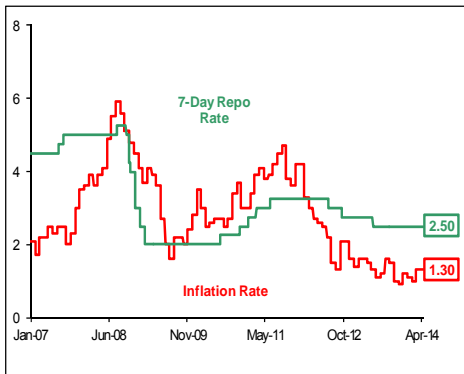
The Reserve Bank of India uses the repurchase (repo) cut-off yield as its policy rate.
Source: Bloomberg LP.

Indonesia



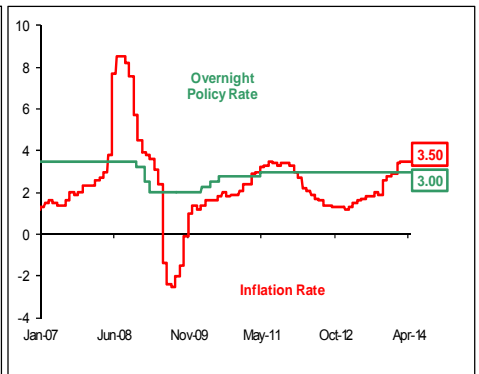
Bank Indonesia uses its reference interest rate (BI rate) as its policy rate.
Source: Bloomberg LP.

Korea, Republic of



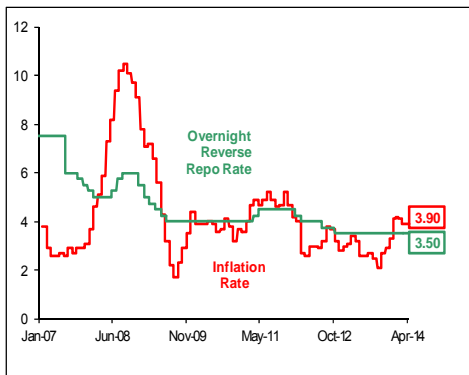
The Bank of Korea shifted its policy rate from the overnight repurchase (repo) rate to the 7-day repo rate in March 2008.
Source: Bloomberg LP.

Malaysia



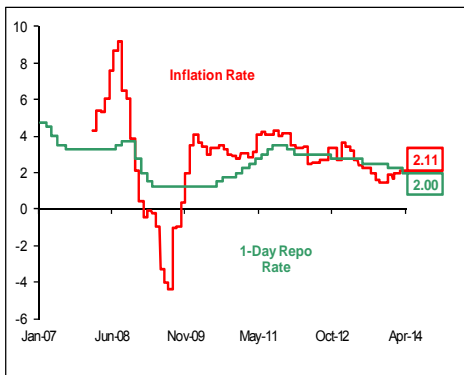
Bank Negara Malaysia uses the overnight policy rate (OPR) as its policy rate.
Source: Bloomberg LP.

Philippines



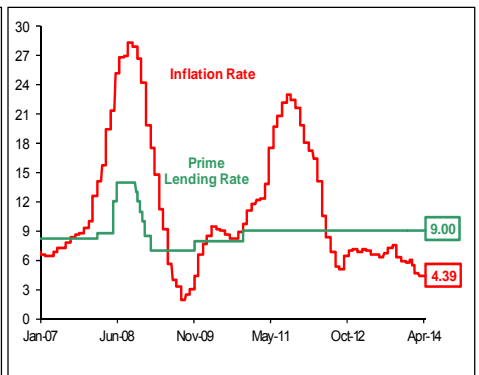
Bangko Sentral uses the Philippine overnight reverse repurchase agreement rate as one of its policy instruments.
Source: Bloomberg LP.

Thailand



The Bank of Thailand replaced the 14-day repurchase rate with the 1-day repurchase rate in January 2007 as its policy rate.
Source: Bloomberg LP.

Viet Nam

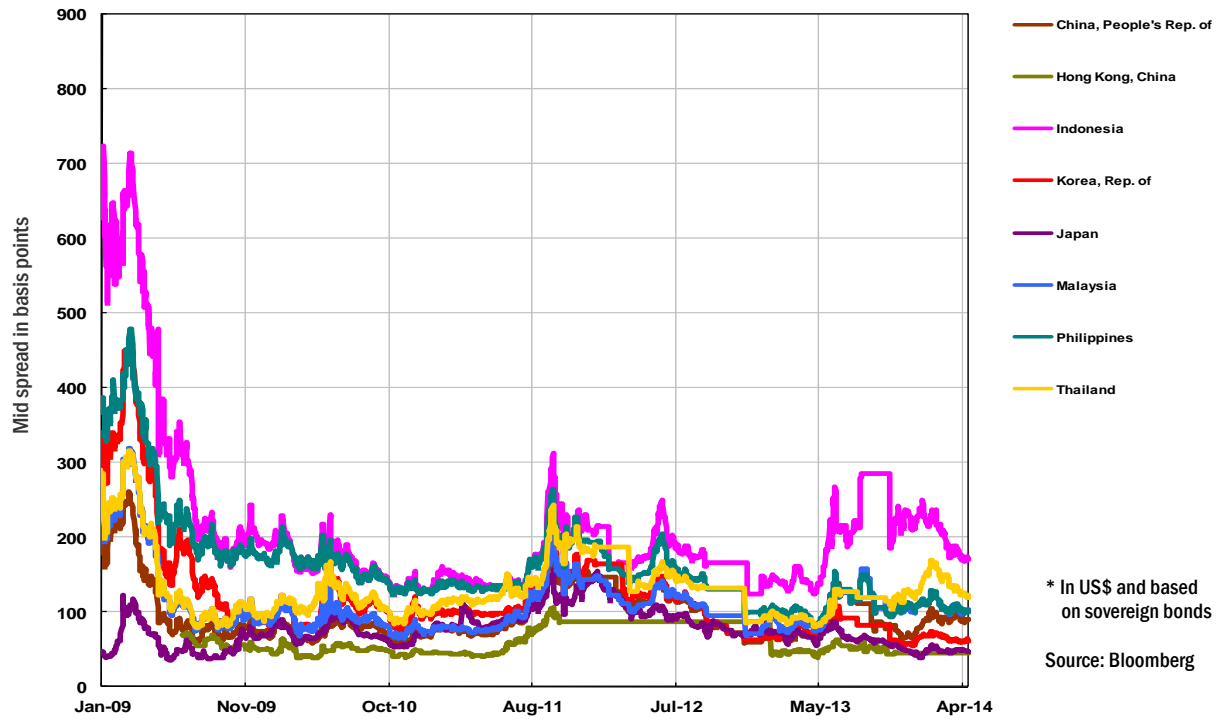


The State Bank of Viet Nam uses a benchmark prime lending rate as its policy rate.
Source: Bloomberg LP.

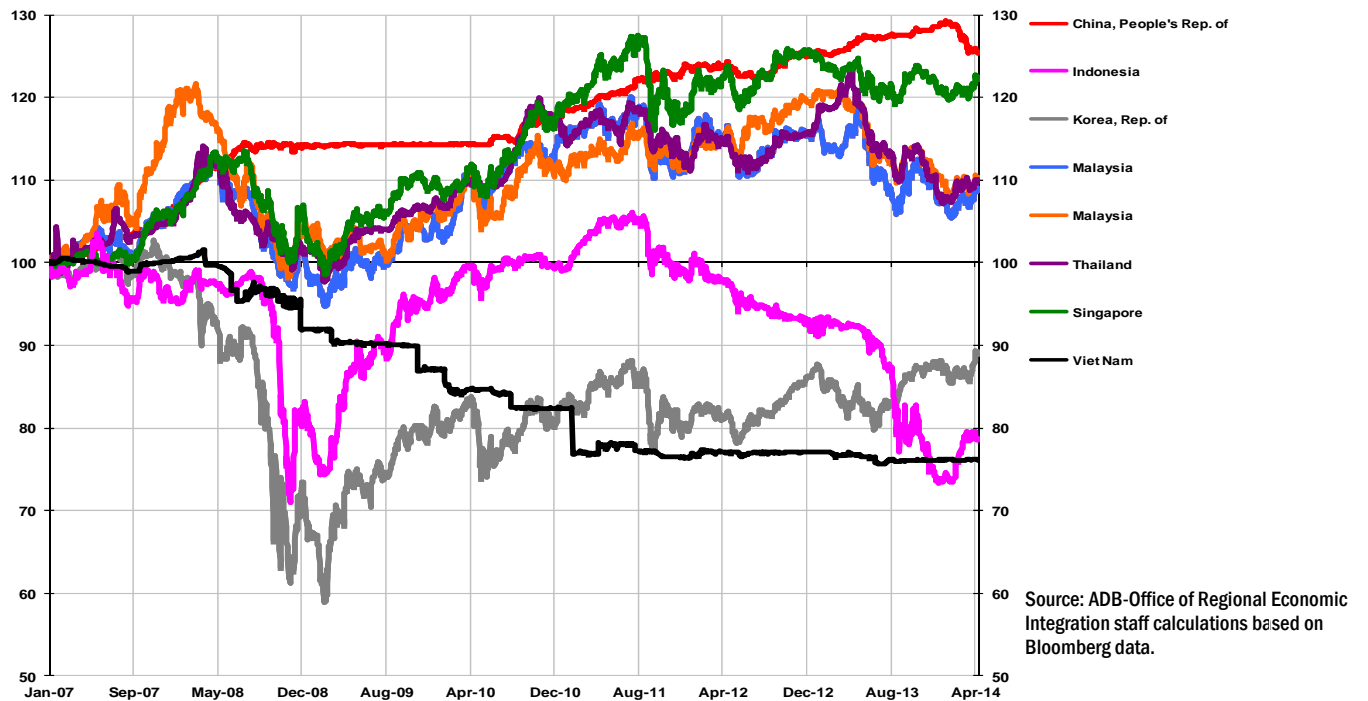
Credit Default Swap Spreads and Exchange Rate Indexes

Tip: Zoom-in on the table using the Acrobat zoom tool

Credit Default Swap Spreads – Senior 5-Year*



Exchange Rate Indexes (vis-à-vis US\$, 2 January 2007=100)



Selected Debt Security Issuances (14 – 18 April 2014)

Tip: Zoom-in on the table using the Acrobat zoom tool

Markets	Auction Date	Type of Security	Average Yield (%)	Coupon (%)	Amount Offered (LCY billion)	Amount Issued (LCY billion)
CN	16-Apr	10-year Treasury Bonds	4.32	4.42	28.97	28.97
HK	15-Apr	91-day Exchange Fund Bills	0.16		30.44	30.44
		182-day Exchange Fund Bills	0.18		8.00	8.00
ID	15-Apr	10-month Treasury Bills	6.15			450.00
		1-year Treasury Bills	6.35			550.00
		10-year Treasury Bonds	7.84	8.38	8,000.00	3,400.00
		15-year Treasury Bonds	8.22	9.00		1,500.00
		20-year Treasury Bonds	8.40	8.38		2,100.00
JP	15-Apr	5-year Japanese Government Bonds	0.19	0.20	2,700.00	3,089.10
KR	14-Apr	91-day Monetary Stabilization Bonds	2.62		1,400.00	1,400.00
		1-year Monetary Stabilization Bonds	2.64	2.64	1,000.00	1,100.00
		5-year Treasury Bonds	3.16	3.13	2,000.00	2,057.00
	16-Apr	2-year Monetary Stabilization Bonds	2.80	2.80	2,300.00	2,300.00
MY	14-Apr	63-day BNM Islamic Notes	2.94		1.00	1.00
		86-day BNM Islamic Notes	2.93		1.00	1.00
SG	15-Apr	4-week MAS Bills	0.13		1.00	1.00
		12-week MAS Bills	0.21		5.60	5.60

BNM = Bank Negara Malaysia, BOT = Bank of Thailand, LCY = local currency, MAS = Monetary Authority of Singapore.

Sources: Local market sources and Bloomberg, LP.

Selected Asia Data Releases (22 – 28 April 2014)

Tip: Zoom-in on the table using the Acrobat zoom tool

Economy and Variable	Release Date	Historical Data	Recent Trends
Hong Kong, China CPI y-o-y, % MAR	04/22	02/13: 4.4% 03/13: 3.6% 01/14: 4.6% 02/14: 3.9%	Hong Kong, China's consumer price inflation fell to 3.9% in February from 4.6% in January due to the seasonal effects of the Lunar New Year.
Hong Kong, China Unemployment Rate % MAR	04/22	02/13: 3.4% 03/13: 3.5% 01/14: 3.1% 02/14: 3.1%	Hong Kong, China's labor market remained steady as the unemployment rate was unchanged in February at 3.1%.
Singapore CPI y-o-y, % MAR	04/23	02/13: 4.9% 03/13: 3.5% 01/14: 1.4% 02/14: 0.4%	Singapore's consumer price inflation eased to 0.4% y-o-y in February from 1.4% in January, mainly due to declines in transport prices.
Thailand BOT Benchmark Interest Rate % 23-Apr	04/23	03/13: 2.75% 04/13: 2.75% 02/14: 2.25% 03/14: 2.00%	The Bank of Thailand's (BOT) Monetary Policy Committee decided on 12 March to reduce the policy rate by 25 basis points from 2.25% to 2.00%. This was based on an assessment of heightened downside risks to growth in the domestic economy amid political uncertainty.
Republic of Korea GDP Growth (advance) y-o-y, % 1Q14	04/24	4Q12: 2.1% 1Q13: 2.1% 3Q13: 3.4% 4Q13: 3.7%	The real gross domestic product (GDP) growth rate of the Republic of Korea accelerated to 3.7% y-o-y in 4Q13 from 3.4% in 3Q13, based on The Bank of Korea's report on preliminary GDP growth estimates released on 26 March. The faster y-o-y growth in 4Q13 stemmed from stronger performances in agriculture, forestry, and fishing; manufacturing; utilities; and services; as well as more robust domestic demand.
Viet Nam CPI y-o-y, % APR	04/24	03/13: 6.6% 04/13: 6.6% 02/14: 4.7% 03/14: 4.4%	Consumer price inflation in Viet Nam slowed to 4.4% y-o-y in March from 4.7% in February. Price inflation for food and foodstuffs eased to 2.9% y-o-y in March from 3.3% in the previous month.
Japan CPI y-o-y, % MAR	04/25	02/13: -0.7% 03/13: -0.9% 01/14: 1.4% 02/14: 1.5%	Japan's consumer price inflation increased slightly to 1.5% y-o-y in February from 1.4% y-o-y in January.
Philippines Trade Balance US\$ million FEB	04/25	01/13: -716 02/13: -967 12/13: -813 01/14: -1,376	The Philippines' trade deficit increased to US\$1.4 billion in January from US\$813 million in December.
Singapore Industrial Production y-o-y, % MAR	04/25	02/13: -15.5% 03/13: -3.6% 01/14: 4.4% 02/14: 12.8%	Singapore's industrial production rose a substantial 12.8% y-o-y in February—partly due to output growth in electronics, petrochemicals, and pharmaceuticals—compared with 4.4% growth in the previous month.
Hong Kong, China Export y-o-y, % MAR	04/28	02/13: -16.9% 03/13: 11.2% 01/14: -0.4% 02/14: -1.3%	Hong Kong, China's exports further contracted in February, declining 1.3% in February following January's decline of 0.4%.

Source: *AsianBondsOnline*, Bloomberg LP, and Reuters.

News Articles: Sources for Further Reading

Tip: Click on link to open a new browser (Acrobat Reader 8); for older versions right-click to open a new browser)

Growth in GDP, Industrial Production, and Fixed Asset Investment Slow in the PRC in 1Q14; The PRC Reports New Loan and Social Financing Totals for 1Q14

- [Economic Development in the First Quarter of 2014: Stable and Sound](#)
Census and Statistics Department (16 April 2014)
- [China's Q1 fixed-asset investment up 17.6%](#)
China Daily (16 April 2014)
- [China's Q1 industrial value added up 8.7%](#)
China Daily (16 April 2014)

MAS Maintains Monetary Policy, Expects Modest Economic Growth in 2014

- [MAS Monetary Policy Statement](#)
Monetary Authority of Singapore (14 April 2014)

Consumer Price Inflation in Malaysia Rises 3.5% y-o-y in March; The Republic of Korea's Producer Prices Contract 0.5% y-o-y in March

- [Consumer Price Index Malaysia March 2014](#)
Department of Statistics Malaysia (16 April 2014)
- [Producer Price Index during March 2014](#)
Bank of Korea (17 April 2014)

Retail Sales in Singapore Contract in February

- [Retail Sales Index Food & Beverage Services Index February 2014](#)
Singapore Department of Statistics (15 April 2014)

Personal Remittances from Overseas Filipinos Rise in February

- [Personal Remittances Increase to US\\$4.0 Billion in First Two Months of 2014](#)
Bangko Sentral ng Pilipinas (16 April 2014)

KT Corporation Raises US\$1 Billion from Dual Tranche US\$-Denominated Bond Sale

- [KT bonds attract large US investors' participation](#)
The Asset (15 April 2014)

Guosen Securities and ICBC sell CNH Bonds

- [BONDS: Guosen Securities sells debut Dim Sum](#)
IFRAsia (16 April 2014)
- [BONDS: ICBC Rmb2.5bn dual-tranche attracts Rmb5.7bn in orders](#)
IFRAsia (16 April 2014)

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