

**Key Developments in Asian Local Currency Markets**

The People's Republic of China's (PRC) real gross domestic product (GDP) growth rose to 7.5% year-on-year (y-o-y) in 2Q14 from 7.4% in 1Q14. On a seasonally adjusted quarter-on-quarter (q-o-q) basis, real GDP growth climbed to 2.0% in 2Q14 from 1.5% in 1Q14. For the first half of 2014, real GDP growth stood at 7.4% y-o-y. Meanwhile, industrial production growth accelerated to 9.2% y-o-y in June, while retail sales growth slipped to 12.4%.

In Singapore, economic growth slowed to 2.1% y-o-y in 2Q14 based on advanced estimates released by the Ministry of Trade and Industry (MTI). GDP fell 0.8% in 2Q14 on a seasonally adjusted q-o-q basis. Singapore's non-oil domestic exports (NODX) fell for the second consecutive month, declining 4.6% y-o-y in June. Electronic exports continued to post negative growth, falling 17.4% y-o-y, outweighing the 1.3% gain in non-electronic exports. However, on a seasonally adjusted m-o-m basis, NODX rebounded in June, recording growth of 1.5% after contracting 7.5% in May.

At its monetary policy meeting on 14-15 July, the Bank of Japan (BOJ) announced that it would maintain its monetary easing measures. BOJ stated that the domestic economy is continuing to recover moderately, although it observed a decline in demand prior to the hike in the consumption tax implemented in April. The Republic of Korea's Producer Price Index (PPI) inched up 0.1% y-o-y in June after remaining unchanged in May. In Malaysia, consumer price inflation picked up slightly to 3.3% y-o-y in June, after easing to 3.2% in May. On a month-on-month (m-o-m) basis, inflation inched up 0.2%.

Hong Kong, China's seasonally adjusted unemployment rate climbed to 3.2% for the 3-month period ending June from 3.1% for the 3-month period ending May. Meanwhile, the Republic of Korea's unemployment rate stood at 3.5% in June, down from 3.6% recorded in May, but higher than the 3.1% registered in June 2013.

In the Philippines, personal remittances from overseas Filipinos rose 5.5% y-o-y in May to reach US\$2.2 billion. For the first 5 months of the year, remittances totaled US\$10.4 billion, up 6.1% y-o-y.

Future Land Development, a Chinese property developer raised US\$350 million from the sale of 5-year bonds last week. The bonds

**Asia Bond Monitor June 2014**

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

Markets	Latest Closing	Previous Day*	Previous Week*	1-Jan-14*
US	2.48	3.51	-3.51	-54.73
EU	1.16	0.60	-4.80	-77.40
Japan	0.55	0.90	0.90	-19.50
PRC	4.32	8.00	16.00	-30.00
Hong Kong, China	1.95	-4.30	-7.20	-35.90
India	8.77	3.60	-0.20	-7.70
Indonesia	8.05	-1.90	-3.70	-36.10
Korea, Rep. of	2.98	-2.60	-8.50	-61.00
Malaysia	3.88	-2.80	-8.60	-24.60
Philippines	4.00	10.00	10.00	40.00
Singapore	2.25	-2.00	-4.00	-31.00
Thailand	3.71	0.00	-8.10	-18.90
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

were priced to yield 10.5% and carried a coupon of 10.25%. In Singapore, the Housing and Development Board raised SGD800 million from the sale of 10-year bonds last week. The bonds carried a coupon rate of 3.1%.

Government bond yields fell for all tenors in the Republic of Korea and fell for most tenors in Indonesia, Malaysia, and Viet Nam. Yields were mixed in Hong Kong China, Singapore and Thailand. Yields rose for all tenors in the PRC and climbed for most tenors in Japan, and the Philippines. The spread between the 2-year and 10-year bonds narrowed for most markets except for Japan, the Philippines and Viet Nam.

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**Summary Text of News Articles**

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**The PRC's Real GDP Growth Rises in 2Q14;  
Industrial Production Growth Accelerates and Retail Sales Growth Slips in the PRC in June**

Real gross domestic product (GDP) growth in the People's Republic of China (PRC) rose to 7.5% year-on-year (y-o-y) in 2Q14 from 7.4% in 1Q14. On a seasonally adjusted quarter-on-quarter (q-o-q) basis, real GDP growth climbed to 2.0% in 2Q14 from 1.5% in 1Q14. For the first half of 2014, real GDP growth stood at 7.4% y-o-y, buoyed by the secondary and tertiary industries, which grew 7.4% and 8.0%, respectively.

The PRC's industrial production growth accelerated to 9.2% y-o-y in June from 8.8% in May, while retail sales growth slipped to 12.4% y-o-y in June from 12.5% in May.

**Economic Growth in Singapore Expands in 2Q14;  
Singapore's Non-Oil Domestic Exports Fall in June**

Economic growth in Singapore grew at a slower pace of 2.1% y-o-y in 2Q14, based on advanced estimates released by the Ministry of Trade and Industry (MTI). All three goods-producing industries recorded lower growth in 2Q14 compared with 1Q14. Manufacturing growth dropped significantly to 0.2% y-o-y in 2Q14, after climbing 9.9% in 1Q14, on account of declines in electronics output, as well as slower growth in transport engineering output. Growth in construction and services-producing industries moderated to 5.0% (from 6.4%) and 2.8% (from 3.9%), respectively. On a seasonally adjusted q-o-q basis, GDP fell 0.8% in 2Q14.

Singapore's non-oil domestic exports (NODX) fell for the second consecutive month, declining 4.6% y-o-y in June. Electronic exports continued to post negative growth, falling 17.4% y-o-y, outweighing the 1.3% gain in non-electronic exports. Among Singapore's top 10 NODX markets, only Malaysia; Indonesia; the People's Republic of China (PRC); and Taipei, China recorded y-o-y increases in export volume. However, on a seasonally adjusted m-o-m basis, NODX rebounded in June, recording 1.5% growth after contracting 7.5% a month earlier.

**Bank of Japan Maintains Monetary Policy Easing Measures;  
The Republic of Korea's PPI Inches Up in June;  
Consumer Price Inflation Rises in Malaysia in June**

At its monetary policy meeting on 14-15 July, the Bank of Japan (BOJ) announced that it would maintain monetary easing measures. BOJ stated that the domestic economy is continuing to recover moderately, although it observed a decline in demand prior to the hike in the consumption tax implemented in April. Overseas economies are also starting to recover, although a lackluster performance in external demand was still noted. Inflation, excluding the effect of the consumption tax hike, is expected to remain at around 1.25% y-o-y and continue to rise.

The Republic of Korea's Producer Price Index (PPI) inched up 0.1% y-o-y in June after remaining unchanged in May. On a y-o-y basis, prices of manufacturing industry products continued to fall, recording a 1.4% y-o-y decrease in June following a 1.3% drop in May. In contrast, prices of agricultural, forestry, and marine products rose at a faster annual pace in June, climbing 2.9% y-o-y for the month, after exhibiting a 0.8% increase in May. Also, producer price increases for services continued to accelerate, rising 1.7% in June after posting a 1.6% hike in May.

Consumer price inflation picked up slightly to 3.3% y-o-y in Malaysia in June from 3.2% in May. Prices of food and non-alcoholic beverages grew 3.5%, while prices of non-food items rose 3.2%. On a month-on-month (m-o-m) basis, inflation inched up 0.2%.

For policy rate trends in Japan, refer to this link:

[http://asianbondsonline.adb.org/japan/data/marketwatch.php?code=policy\\_rate\\_and\\_inflation\\_trends](http://asianbondsonline.adb.org/japan/data/marketwatch.php?code=policy_rate_and_inflation_trends)

For inflation trends in Malaysia, refer to this link:

[http://asianbondsonline.adb.org/malaysia/data/marketwatch.php?code=policy\\_rate\\_and\\_inflation\\_trends](http://asianbondsonline.adb.org/malaysia/data/marketwatch.php?code=policy_rate_and_inflation_trends)

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**Summary Text of News Articles**

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**Unemployment Rises in Hong Kong, China in 2Q14;  
Unemployment in the Republic of Korea Dips m-o-m, Rises y-o-y in June**

The seasonally adjusted unemployment rate in Hong Kong China climbed to 3.2% for the 3-month period ending in June compared with 3.1% for the 3-month period ending in May. While an increase in unemployment was reported, the government considered it to still be at a low level. On the other hand, it noted that a decline in local consumption and an increase in labor supply may pose some pressure on the labor market in the near-term.

The unemployment rate of the Republic of Korea stood at 3.5% in June, down from 3.6% in May but up from 3.1% in June 2013.

**Personal Remittances from Overseas Filipinos Rise in May**

In the Philippines, personal remittances from overseas Filipinos rose 5.5% y-o-y in May to reach US\$2.2 billion. The United States; Saudi Arabia; United Arab Emirates; United Kingdom; Singapore; Japan; and Hong Kong, China remained the top sources of cash remittances coursed through banks. Personal remittances to the Philippines for the first 5 months of the year totaled US\$10.4 billion, up 6.1% y-o-y.

**Future Land Prices US\$350 Million 5-Year Bond;  
HDB Sells SGD800 Million 10-Year Bond**

Future Land Development, a PRC-based property developer, raised US\$350 million from the sale of 5-year bonds last week. The bonds were priced to yield 10.5% and carried a coupon of 10.25%. Strong investor demand resulted in an order book reaching almost US\$3 billion. Some 88% of the bonds were taken by Asian investors, with the remaining subscribed by European investors.

In Singapore, Housing and Development Board raised SGD800 million from the sale of 10-year bonds last week. The bonds carried a coupon rate of 3.1%.

## 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	0.01	0.00	-0.51	-5.58
EU	0.02	0.90	1.30	-14.30
Japan	0.02	0.20	-0.50	-4.10
PRC	3.50	0.00	14.00	-66.00
Hong Kong, China	0.08	0.00	0.00	-3.00
India	8.58	-5.00	0.00	-17.50
Korea, Rep. of	2.45	-2.40	-5.40	-11.20
Malaysia	3.00	0.80	3.00	3.30
Philippines	1.18	0.00	12.57	85.00
Singapore	0.30	0.00	0.00	-1.00
Thailand	2.04	-0.01	-1.28	-27.10

Close of 18 July 2014

### 10-Year Selected LCY Government Bond Yields

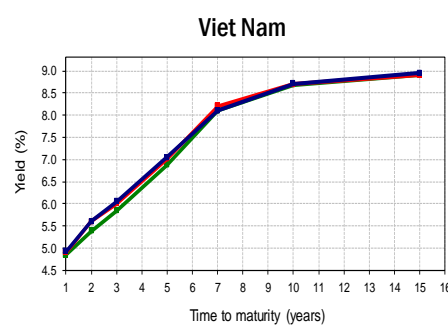
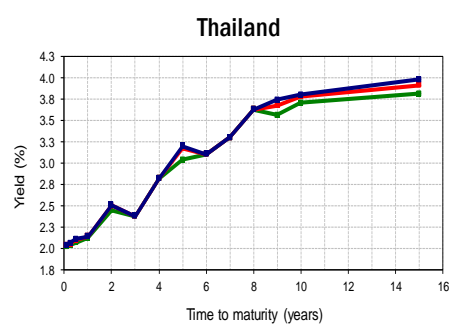
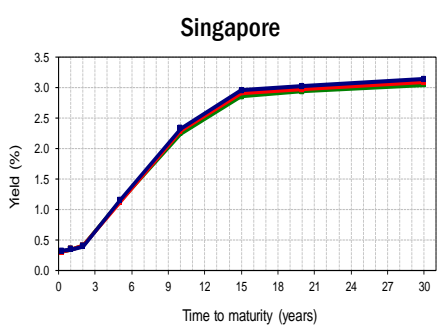
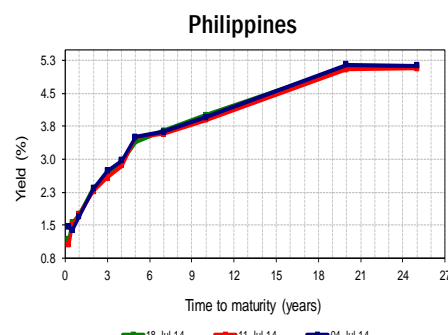
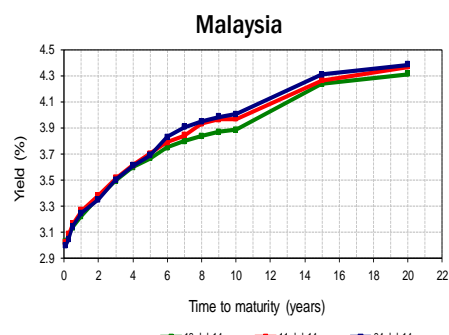
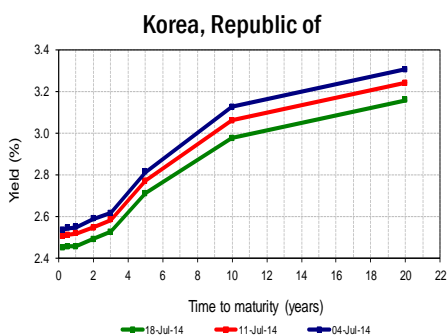
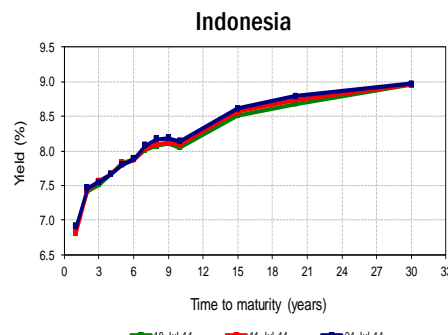
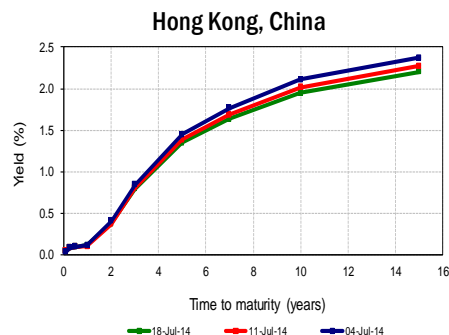
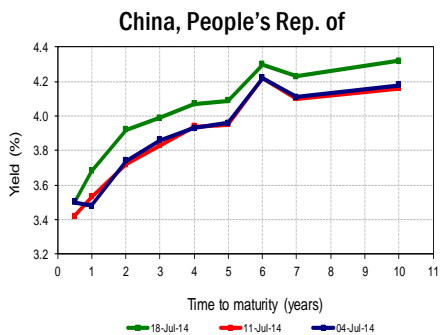
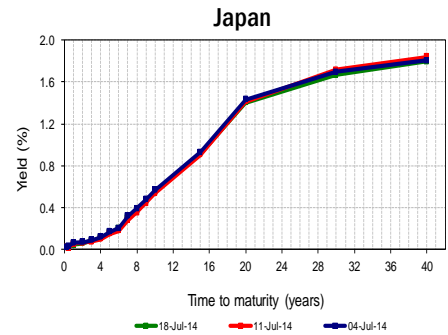
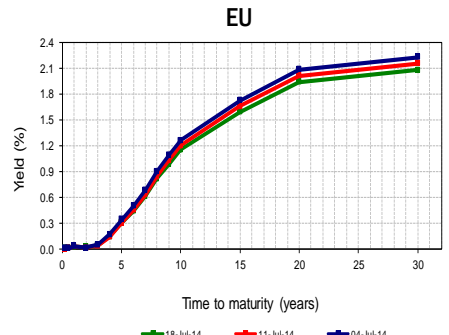
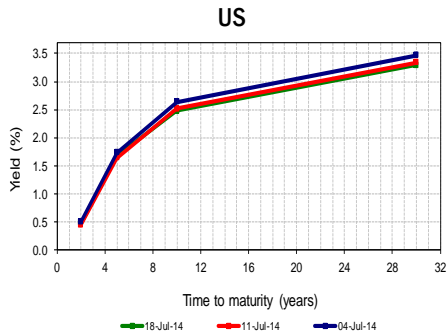
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Korea, Rep. of	2.98	-2.60	-8.50	-61.00
Malaysia	3.88	-2.80	-8.60	-24.60
Philippines	4.00	10.00	10.00	40.00
Singapore	2.25	-2.00	-4.00	-31.00
Thailand	3.71	0.00	-8.10	-18.90
Viet Nam	9.50	0.00	0.00	0.00

Close of 18 July 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**

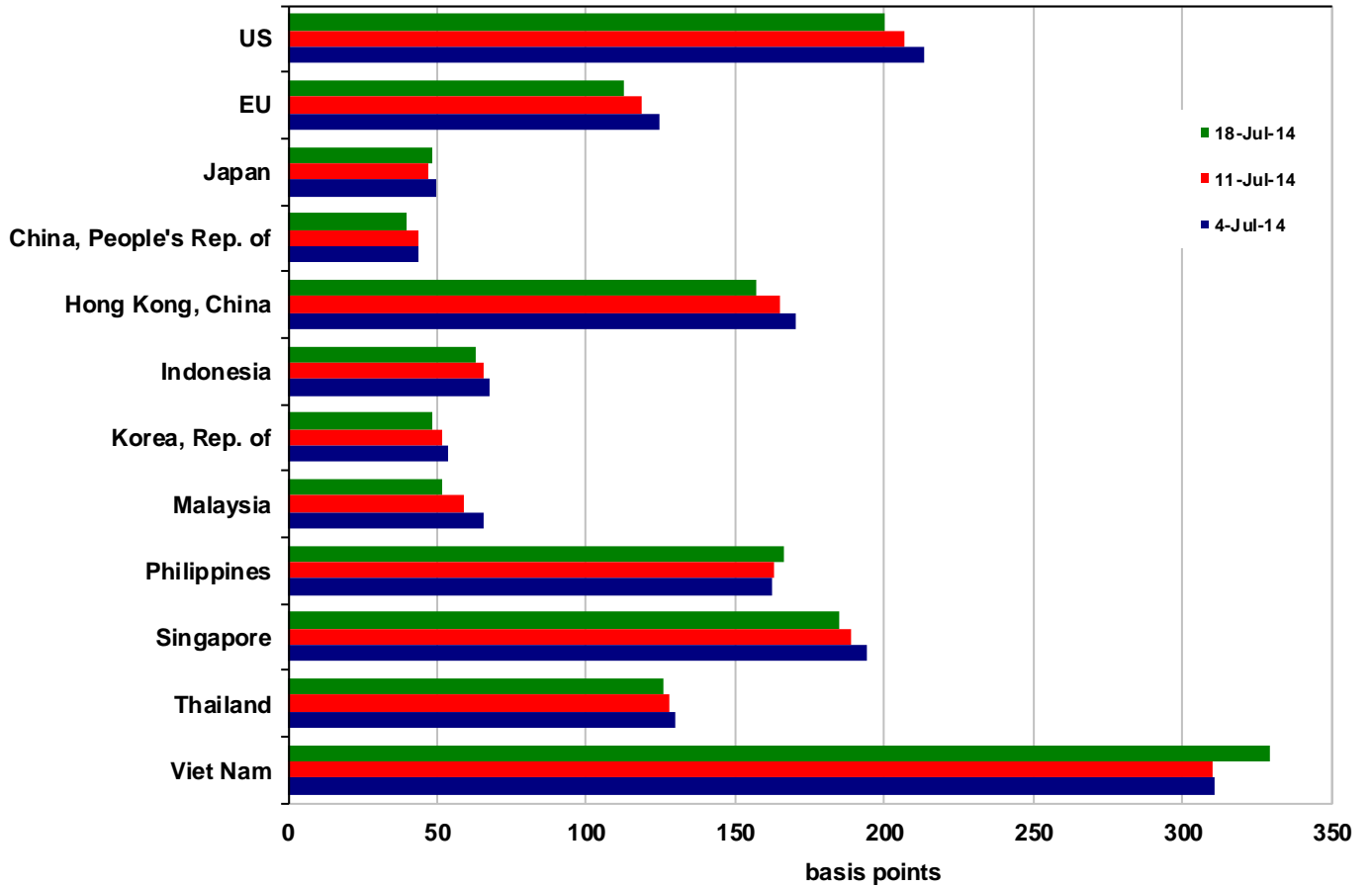
Tip: Zoom-in on the table using the Acrobat zoom tool



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

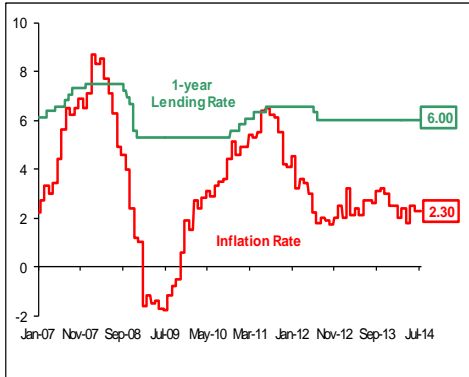


EU = European Union, US = United States.  
 Source: Based on data from Bloomberg LP.

**Policy Rate versus Inflation Rate**

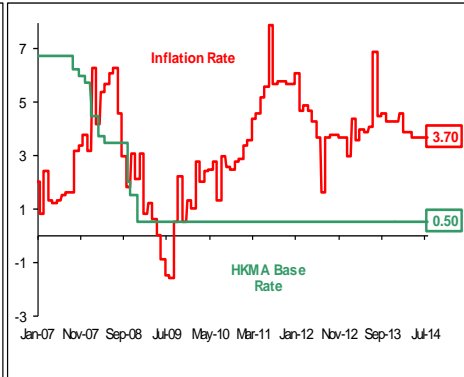
Tip: Zoom-in on the table using the Acrobat zoom tool

**China, People's Rep. of**



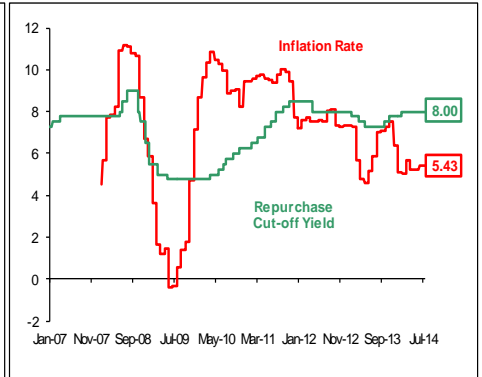
The PRC uses the 1-year lending rate as one of its policy rates.  
Source: Bloomberg LP.

**Hong Kong, China**



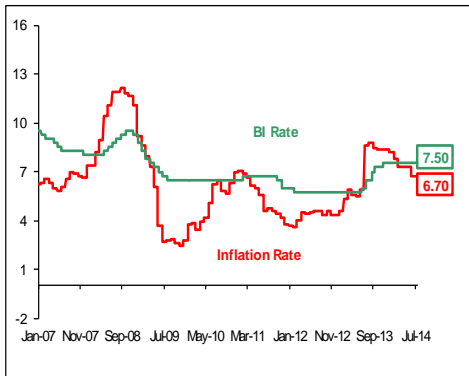
The Hong Kong Monetary Authority maintains a Discount Window Base Rate.  
Source: Bloomberg LP.

**India**



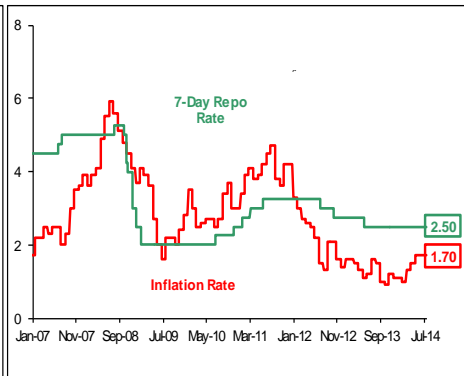
The Reserve Bank of India uses the repurchase (repo) cut-off yield as its policy rate.  
Source: Bloomberg LP.

**Indonesia**



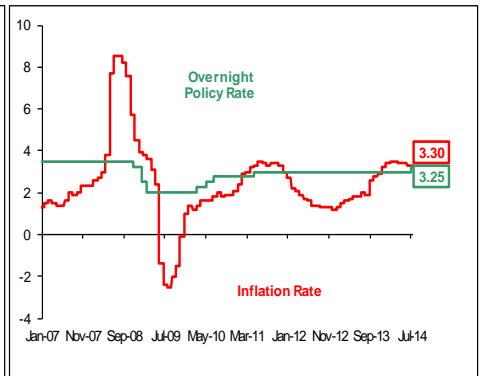
Bank Indonesia uses its reference interest rate (BI rate) as its policy rate.  
Source: Bloomberg LP.

**Korea, Republic of**



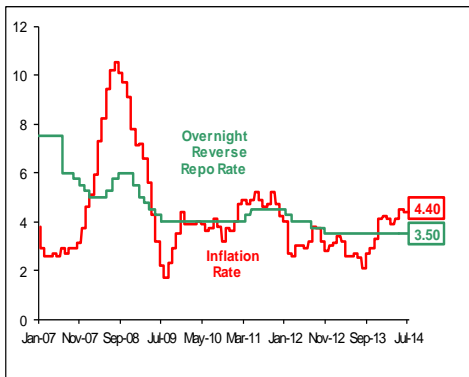
The Bank of Korea shifted its policy rate from the overnight repurchase (repo) rate to the 7-day repo rate in March 2008.  
Source: Bloomberg LP.

**Malaysia**



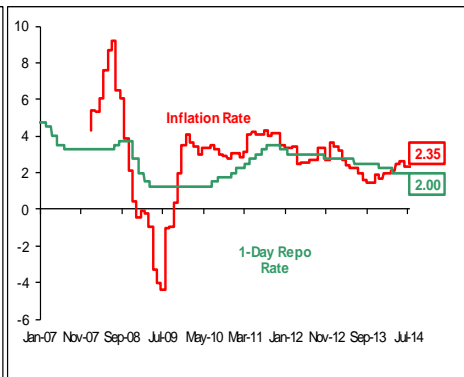
Bank Negara Malaysia uses the overnight policy rate (OPR) as its policy rate.  
Source: Bloomberg LP.

**Philippines**



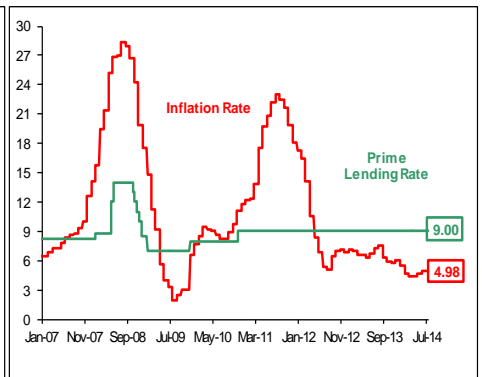
Bangko Sentral uses the Philippine overnight reverse repurchase agreement rate as one of its policy instruments.  
Source: Bloomberg LP.

**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**

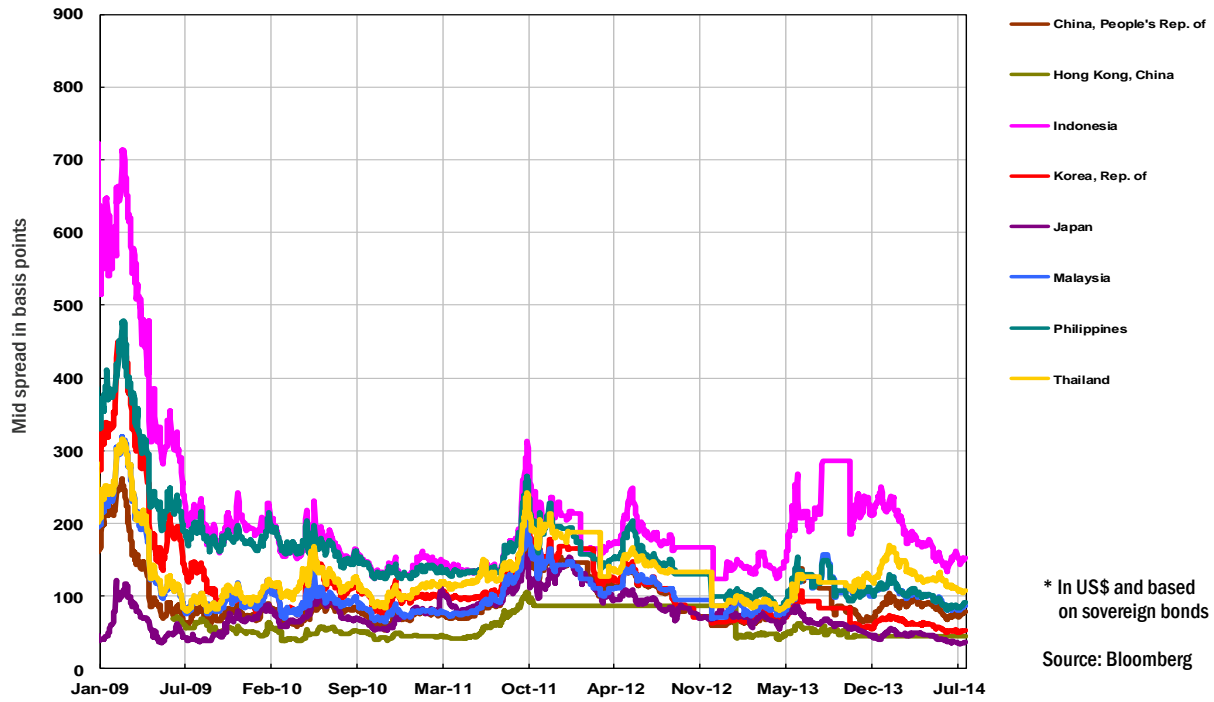


The State Bank of Viet Nam uses a benchmark prime lending rate as its policy rate.  
Source: Bloomberg LP.

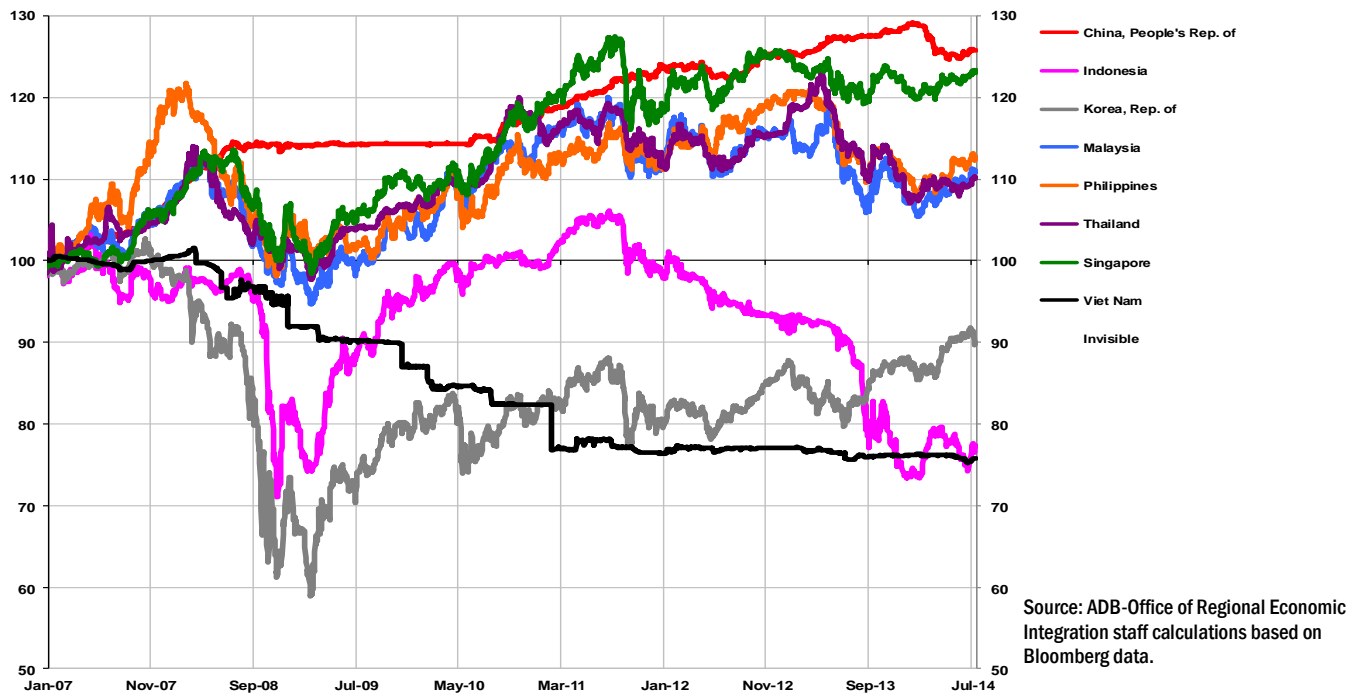
**Credit Default Swap Spreads and Exchange Rate Indexes**

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 July 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-Jul	10-year Treasury Bonds	4.18	4.00	28.00	28.00
	18-Jul	2-year Treasury Bonds	3.99		26.00	23.40
HK	15-Jul	91-day Exchange Fund Bills	0.09		30.45	30.45
		182-day Exchange Fund Bills	0.11		11.00	11.00
		364-day Exchange Fund Bills	0.12		3.00	3.00
ID	15-Jul	6-year Islamic Bonds	8.23	8.25	145.00	115.00
		29-year Islamic Bonds	9.29	6.75	179.00	130.00
JP	17-Jul	3-month Treasury Discount Bills	0.02		5,700.00	5,689.95
		5-year Japanese Government Bonds	0.15		2,700.00	2,698.40
KR	14-Jul	91-day Monetary Stabilization Bonds	2.53		1,400.00	1,290.00
		1-year Monetary Stabilization Bonds	2.52	2.52	1,000.00	1,000.00
		5-year Government Bonds	2.78	3.13	1,650.00	1,650.00
MY	16-Jul	96-day BNM Notes	3.02		1.00	1.00
		364-day BNM Notes	3.15		1.50	1.50
SG	15-Jul	28-day MAS Bills	0.12		1.00	1.00
		84-day MAS Bills	0.21		4.80	4.80
		168-day MAS Bills	0.25		2.30	2.30
TH	15-Jul	91-day Bank of Thailand Bonds	2.02		25.00	25.00
		182-day Bank of Thailand Bonds	2.07		25.00	25.00
	16-Jul	25-year Government Bonds	4.14	4.26	13.00	13.00
VN	17-Jul	3-year Treasury Bonds	5.79		2,000.00	2,000.00
		5-year Treasury Bonds	6.83		3,000.00	3,000.00

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

Sources: Local market sources and Bloomberg, LP.

## Selected Asia Data Releases (22 – 28 July 2014)

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

Economy and Variable	Release Date	Historical Data	Recent Trends
<b>Japan</b> <b>Trade Balance</b> JPY billion JUN	07/22	05/13: -991.3 06/13: -180.5 <b>04/14: -814.9</b> <b>05/14: -910.7</b>	Japan's trade deficit widened to JPY910.8 billion in May from JPY814.9 billion in April.
<b>Singapore</b> <b>CPI</b> y-o-y, % JUN	07/23	05/13: 1.6% 06/13: 1.8% <b>04/14: 2.5%</b> <b>05/14: 2.7%</b>	Consumer price inflation quickened in Singapore to 2.7% year-on-year (y-o-y) in May from 2.5% a month earlier.
<b>Rep. of Korea</b> <b>Real GDP</b> y-o-y, % 2Q14 Preliminary	07/24	1Q13: 2.1% 2Q13: 2.7% <b>4Q13: 3.7%</b> <b>1Q14: 3.9%</b>	The Republic of Korea's real gross domestic product (GDP) grew 0.9% quarter-on-quarter (q-o-q) and 3.9% y-o-y in 1Q14, according to preliminary estimates of The Bank of Korea.
<b>Hong Kong, China</b> <b>Trade Balance</b> HKD billion JUN	07/24	05/13: -44.3 06/13: -49.7 <b>04/14: -55.3</b> <b>05/14: -42.4</b>	Hong Kong, China's trade deficit narrowed to HKD45.4 billion in May from HKD55.3 billion in April.
<b>Viet Nam</b> <b>CPI</b> y-o-y, % JUL	07/24	06/13: 6.7% 07/13: 7.3% <b>05/14: 4.7%</b> <b>06/14: 5.0%</b>	Consumer price inflation in Viet Nam increased to 5.0% y-o-y in June from 4.7% in May.
<b>Singapore</b> <b>Industrial Production</b> y-o-y, % JUN	07/25	05/13: 2.6% 06/13: -4.7% <b>04/14: 5.3%</b> <b>05/14: -2.5%</b>	Singapore's industrial production slowed by 2.5% y-o-y in May after rising 5.3% in April.
<b>Philippines</b> <b>Trade Balance</b> US\$ million MAY	07/25	04/13: -647 05/13: -141 <b>03/14: -199</b> <b>04/14: -743</b>	The Philippines' trade deficit widened to US\$743 million in April from US\$199 million in March.
<b>Japan</b> <b>CPI</b> y-o-y, % JUN	07/25	05/13: -0.3% 06/13: 0.2% <b>04/14: 3.4%</b> <b>05/14: 3.7%</b>	Consumer price inflation in Japan increased to 3.7% y-o-y in May from 3.4% in April.
<b>Viet Nam</b> <b>Trade Balance</b> US\$ million JUL	07/25	06/13: 286 07/13: 379 <b>05/14: -369</b> <b>06/14: -200</b>	Viet Nam's trade deficit narrowed to US\$200 million in June from a deficit of US\$369 million in May.
<b>Viet Nam</b> <b>Industrial Production</b> y-o-y, % JUL	07/25	06/13: 6.5% 07/13: 7.0% <b>05/14: 5.9%</b> <b>06/14: 6.1%</b>	Viet Nam's industrial production increased 6.1% y-o-y in June following growth of 5.9% in the previous month.

 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)

### The PRC's Real GDP Growth Rises in 2Q14; Industrial Production Growth Accelerates and Retail Sales Growth Slips in the PRC in June

- [Preliminary Accounting Results of GDP for the First Half of 2014](#)  
National Bureau of Statistics of China (17 July 2014)
- [Industrial Production Operation in June 2014](#)  
National Bureau of Statistics of China (17 July 2014)
- [Total Retail Sales of Consumer Goods in June 2014](#)  
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