

Key Developments in Asian Local Currency Markets

Consumer price inflation in Indonesia stood at 6.4% year-on-year (y-o-y) in March, up slightly from 6.3% y-o-y in February, amid relatively high price hikes in processed food and utilities. In the Republic of Korea, consumer price inflation eased to 0.4% y-o-y in March from 0.5% y-o-y in February; four out of 12 expenditure categories in the Consumer Price Index (CPI) recorded price decreases in March, led by transport. In Thailand, the CPI fell 0.6% y-o-y in March, after posting a 0.5% y-o-y drop in February, due to falling transportation costs.

➤ The Republic of Korea's merchandise trade surplus reached a record monthly high of US\$8.4 billion in March. Exports of goods fell 4.2% y-o-y to US\$47.0 billion and merchandise imports fell 15.3% y-o-y to US\$38.6 billion in March. Meanwhile, the Republic of Korea's current account surplus stood at US\$6.4 billion in February, lower than the surplus of US\$6.6 billion in January, but higher than the surplus of US\$4.5 billion in February 2014, according to The Bank of Korea data.

➤ Thailand's current account surplus amounted to US\$3.5 billion in February, higher than the previous month's surplus of US\$2.5 billion, but lower than the surplus of US\$4.2 billion in February 2014, according to Bank of Thailand data.

➤ Manufacturing activity in the People's Republic of China (PRC) rebounded in March as the Purchasing Managers Index (PMI) for the manufacturing sector inched up to 50.1 from 49.9 in February. Meanwhile, Singapore's PMI stood at 49.6 in March, reflecting a contraction in its manufacturing sector. A PMI above 50 reflects an expansion in manufacturing activity.

➤ Industrial production in Japan contracted 2.6% y-o-y and 3.4% month-on-month (m-o-m) in February, based on data from the Ministry of Economy, Trade, and Industry. In the Republic of Korea, industrial production fell 4.7% y-o-y, but grew 2.6% m-o-m in February, according to Statistics Korea. Manufacturing production in Thailand expanded 3.6% y-o-y and 1.7% m-o-m in February, per data from Bank of Thailand.

➤ Hong Kong Telecommunications (HKT) priced a US\$500 million 10-year bond at a coupon rate of 3.625% last week. The bond was rated Baa2 by Moody's Investor Service and BBB by Standard and Poor's. Meanwhile, Grand China Air (Hong Kong) priced a US\$300 million 2-year bond at a coupon rate of 5.5% last week.

Asia Bond Monitor March 2015

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10-Year Selected LCY Government Security Yields Close of 3 April 2015
basis point change from

Markets	Latest Closing	Previous Day*	Previous Week*	1-Jan-15*
US	1.84	-7.28	-12.26	-33.23
EU	0.19	0.00	-1.30	-34.70
Japan	0.37	2.70	-0.70	3.90
PRC	3.58	-5.00	5.00	-7.00
Hong Kong, China	1.41	0.00	-8.40	-48.40
India	7.74	0.00	-3.90	-14.30
Indonesia	7.38	-0.10	5.30	-44.40
Korea, Rep. of	2.09	-2.50	-9.00	-52.00
Malaysia	3.87	0.30	-3.30	-28.10
Philippines	4.17	0.00	-1.00	30.17
Singapore	2.15	0.00	-8.31	-13.29
Thailand	2.64	0.80	-5.70	-9.10
Viet Nam	6.51	-0.50	0.00	-71.80

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

➤ Siam Cement in Thailand raised THB30 billion from a dual-tranche debenture sale last week: a THB15 billion 3-year debenture carrying a coupon rate of 3.75% and a THB15 billion 4-year debenture at 3.9%. The bonds were rated A(th) by Fitch Ratings (Thailand). Land and Houses in Thailand issued a THB7 billion 3-year debenture at a coupon rate of 2.81% and a THB1 billion 5-year debenture at 3.31% last week. The bonds were rated A+ by TRIS Rating.

➤ Government bond yields fell last week for all maturities in the Republic of Korea and Malaysia and for most tenors in Hong Kong, China; Singapore; and Thailand. On the other hand, yields rose for all maturities in the PRC and Indonesia, and for most tenors in the Philippines. Meanwhile, yield movements were mixed in Viet Nam. Yield spreads between 2- and 10-year tenors widened in Singapore while spreads narrowed in Hong Kong, China; Indonesia; the Republic of Korea; Malaysia; the Philippines; Thailand; and Viet Nam.

Summary Text of News Articles

Consumer Price Inflation Rises in Indonesia, Eases in the Republic of Korea, Turns Negative in Thailand in March

Consumer price inflation inched up slightly in Indonesia to 6.4% year-on-year (y-o-y) in March from 6.3% y-o-y in February. The inflation rate for processed food rose the most at 8.3% y-o-y, while housing and utilities gained 7.6% y-o-y. On a month-on-month (m-o-m) basis, consumer prices rose 0.2% in March, after declining 0.4% in February. Bank Indonesia targets inflation to range between 3.0% and 5.0% for 2015.

Consumer price inflation in the Republic of Korea remained low in March; inflation based on the Consumer Price Index (CPI) slipped to 0.4% for the month from 0.5% in February, according to Statistics Korea data released last week. The low y-o-y rate of increase in the CPI was largely due to decreases in four out of 12 product categories in the index, with the biggest drop felt in transport prices.

In Thailand, the inflation rate was negative for the third consecutive month in March, with the CPI decreasing 0.6% y-o-y, driven by falling transportation costs, according to data from the Ministry of Commerce. Between February and March, the CPI inched up 0.2% m-o-m.

For inflation trends in Indonesia, refer to this link:

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

For inflation trends in the Republic of Korea, refer to this link:

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

For inflation trends in Thailand, refer to this link:

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

The Republic of Korea's Merchandise Trade Surplus Reaches a Record High in March; Thailand's Current Account Surplus Up m-o-m, Down y-o-y in February

The Republic of Korea's merchandise trade surplus reached a record monthly high of US\$8.4 billion in March, buoyed by a relatively sharper fall in imports than in exports. Overseas shipments fell 4.2% y-o-y to US\$47.0 billion in February and merchandise imports plunged 15.3% y-o-y to US\$38.6 billion.

Thailand's current account surplus amounted to US\$3.5 billion in February, up from the previous month's surplus of US\$2.5 billion but lower than February 2014's surplus of US\$4.2 billion, according to Bank of Thailand data. The country's merchandise trade surplus stood at US\$2.6 billion in February, up from US\$1.4 billion in January but down from US\$3.9 billion in February 2014. The monthly increase stemmed from a lower m-o-m drop in merchandise exports vis-à-vis imports: merchandise exports decreased 0.5% m-o-m to US\$17.1 billion while merchandise imports dropped 8.1% m-o-m to US\$14.5 billion. The y-o-y decline was on the back of a 6.0% y-o-y fall in merchandise exports and a 1.6% y-o-y increase in imported goods.

The PRC's Manufacturing Activity Rebounds in March; Singapore's Manufacturing Sector Contracts in March; February's Industrial Production Down in Japan, Mixed in the Republic of Korea, Up in Thailand

Manufacturing activity in the People's Republic of China (PRC) rebounded in March, as the Purchasing Managers Index (PMI) rose to 50.1 from 49.9 in February.

Industrial production in Japan was down in February, with its PMI contracting 2.6% y-o-y and 3.4% m-o-m, based on data from the Ministry of Economy, Trade, and Industry. The shipments index fell 3.1% y-o-y and 3.4% m-o-m in February. In contrast, the index for inventories climbed 7.3% y-o-y and 0.5% m-o-m.

In the Republic of Korea, industrial production exhibited a mixed performance in February per Statistics Korea data released last week. On a y-o-y basis, industrial production contracted 4.7% for the month—amid a 4.8% y-o-y fall in manufacturing production—following a 1.7% increase in January. On the other hand, industrial production expanded 2.6% m-o-m in February—led by a 2.8% y-o-y hike in manufacturing production—after recording a 3.8% m-o-m decline in January.

Summary Text of News Articles

**The PRC's Manufacturing Activity Rebounds in March;
Singapore's Manufacturing Sector Contracts in March;
February's Industrial Production Down in Japan, Mixed in the Republic of Korea, Up in Thailand (cont...)**

Singapore's PMI fell below the 50-point threshold for the fourth month in a row in March to a reading of 49.6, indicating a generally contracting manufacturing economy. The continued weakness in overall PMI was due mainly to lower new orders and new export orders in March. Meanwhile, the electronics PMI returned to a generally expanding condition with the reacting at 50.1 in March due to an increase in new orders.

Manufacturing production in Thailand improved its performance in February. According to data from the Bank of Thailand released last week, the country's non-seasonally adjusted Manufacturing Production Index rose to 171.9 in February from 169.1 in January on a 1.7% monthly increase, and rose 3.6% y-o-y in February after recording a 0.8% y-o-y decline in January. The Bank of Thailand reported that the improvement in manufacturing during February was driven by inventory investment and increased production of hard disk drives.

**Hong Kong Telecom Prices US\$500 Million 10-Year Bond;
Grand China Air Prices US\$300 Million 2-Year Bond;
Siam Cement Raises THB30 Billion from Dual-Tranche Bond Sale**

Hong Kong Telecommunications priced a US\$500 million 10-year bond at a coupon rate of 3.625% last week. Investors in Asia bought 79% of the bonds while the rest went to investors in Europe. The bond was rated Baa2 by Moody's Investor Service and BBB by Standard and Poor's.

Grand China Air (Hong Kong) priced a US\$300 million 2-year bond at a coupon rate of 5.5% last week. Proceeds from the bond sale will be used for working capital and general corporate purposes.

Siam Cement in Thailand raised THB30 billion from a dual-tranche debenture sale last week: a THB15 billion 3-year debenture carrying a coupon rate of 3.75% and a THB15 billion 4-year debenture at 3.9%. The bonds were rated A(th) by Fitch Ratings (Thailand).

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-15*
US	0.01	0.00	-2.54	-2.54
EU	-0.15	1.10	1.20	-11.50
Japan	0.00	-0.20	-1.80	0.20
PRC	3.15	12.00	10.00	-51.00
Hong Kong, China	0.07	0.00	0.00	-0.80
India	8.31	0.00	0.00	0.00
Korea, Rep. of	1.71	0.00	-4.30	-36.20
Malaysia	3.20	0.00	-1.30	-16.30
Philippines	2.34	0.00	2.67	-3.33
Singapore	1.03	0.00	8.00	35.50
Thailand	1.76	-0.23	-0.30	-28.27

Close of 3 April 2015

10-Year Selected LCY Government Bond Yields

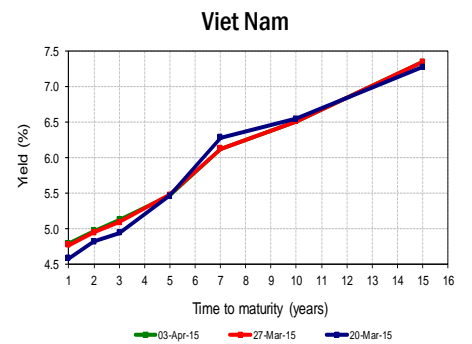
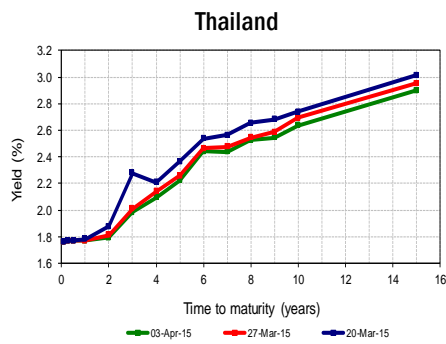
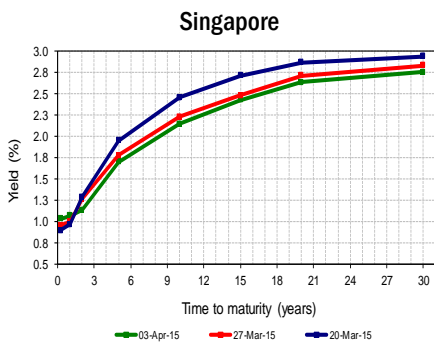
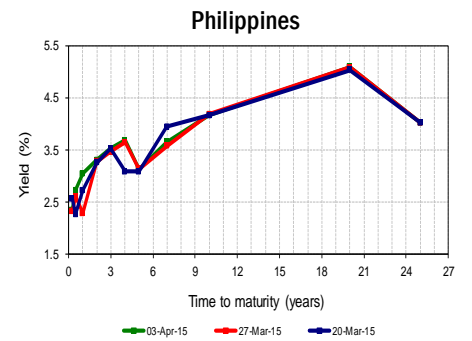
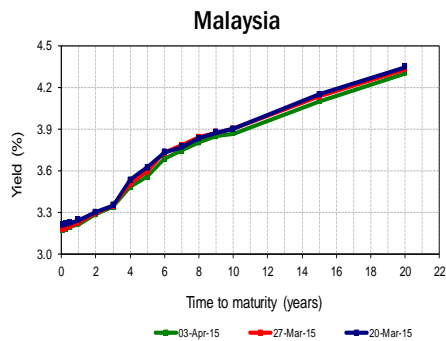
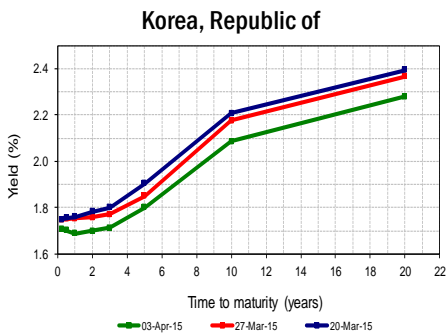
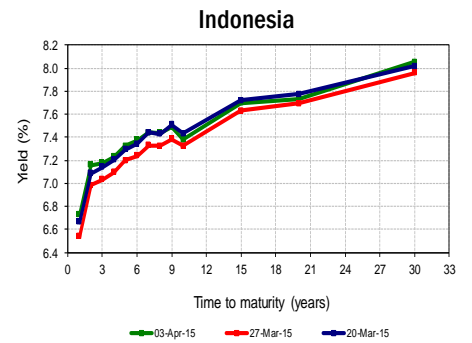
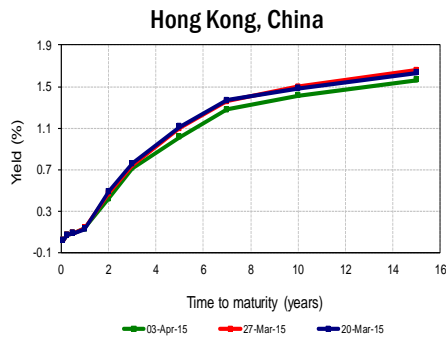
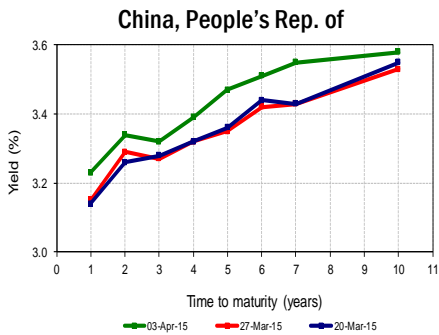
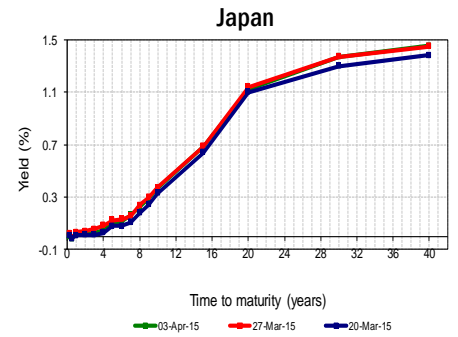
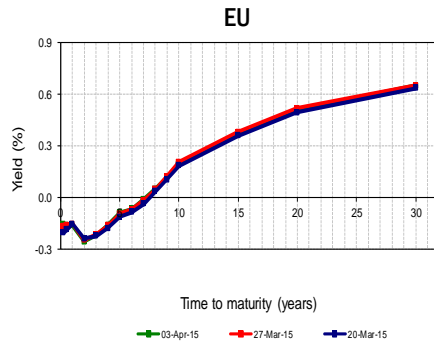
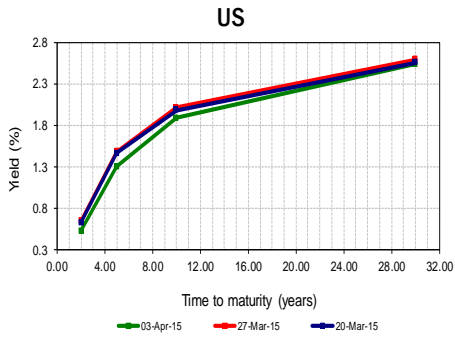
Markets	Latest Closing	basis point change from		
		Previous Day*	Previous Week*	1-Jan-15*
US	1.84	-7.28	-12.26	-33.23
EU	0.19	0.00	-1.30	-34.70
Japan	0.37	2.70	-0.70	3.90
PRC	3.58	-5.00	5.00	-7.00
Hong Kong, China	1.41	0.00	-8.40	-48.40
India	7.74	0.00	-3.90	-14.30
Indonesia	7.38	-0.10	5.30	-44.40
Korea, Rep. of	2.09	-2.50	-9.00	-52.00
Malaysia	3.87	0.30	-3.30	-28.10
Philippines	4.17	0.00	-1.00	30.17
Singapore	2.15	0.00	-8.31	-13.29
Thailand	2.64	0.80	-5.70	-9.10
Viet Nam	6.51	-0.50	0.00	-71.80

Close of 3 April 2015

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

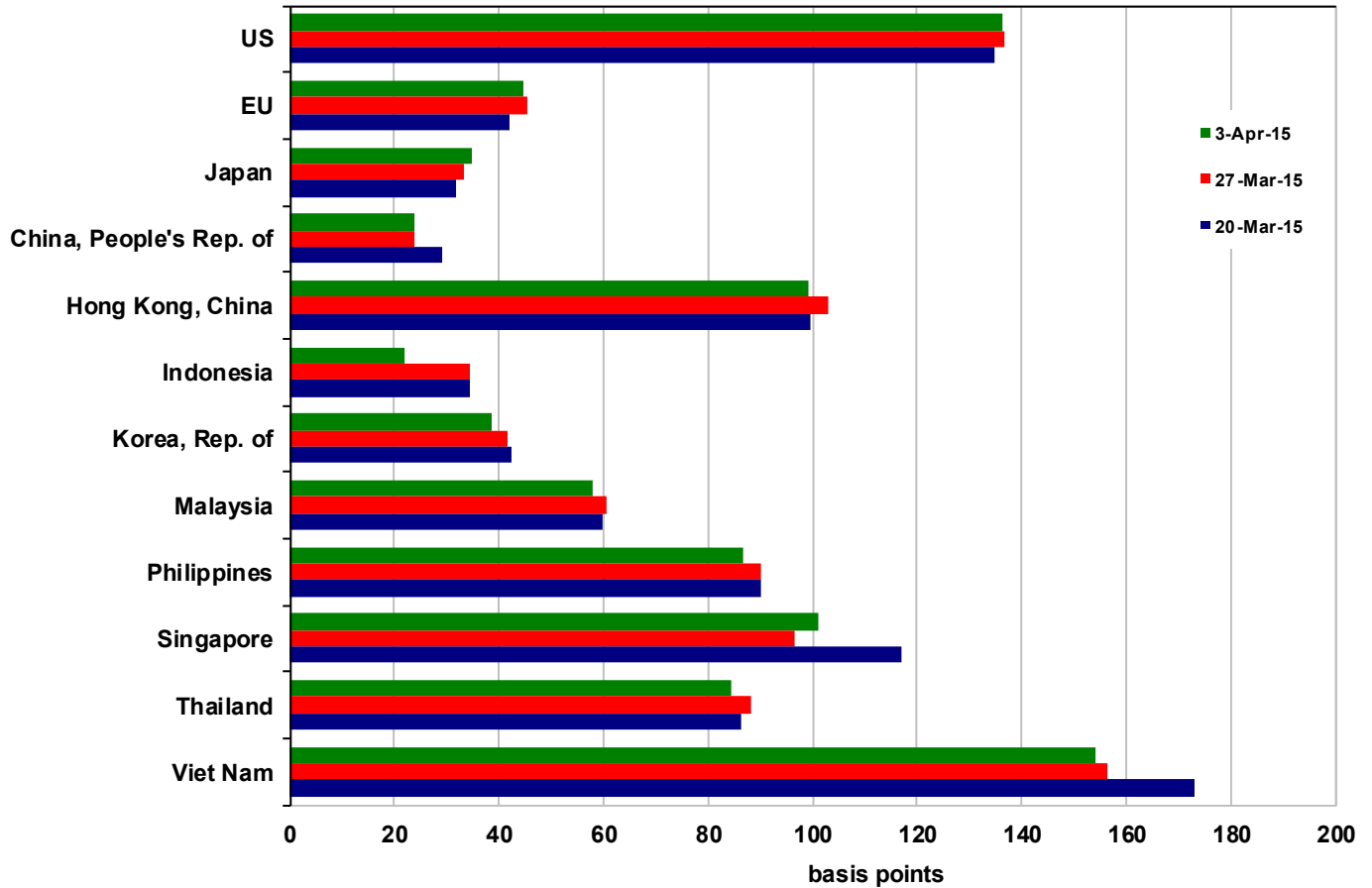
Tip: Zoom-in on the table using the Acrobat zoom tool



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

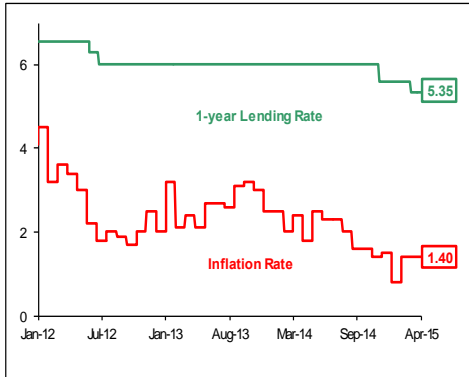


EU = European Union, US = United States.
 Source: Based on data from Bloomberg LP.

Policy Rate versus Inflation Rate

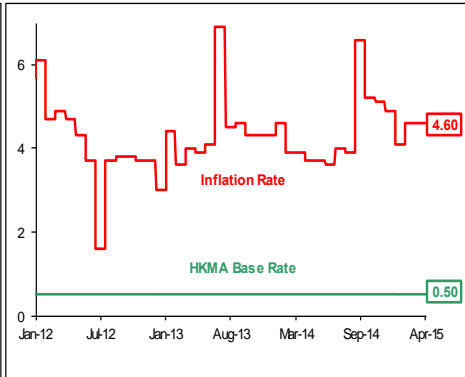
Tip: Zoom-in on the table using the Acrobat zoom tool

China, People's Rep. of



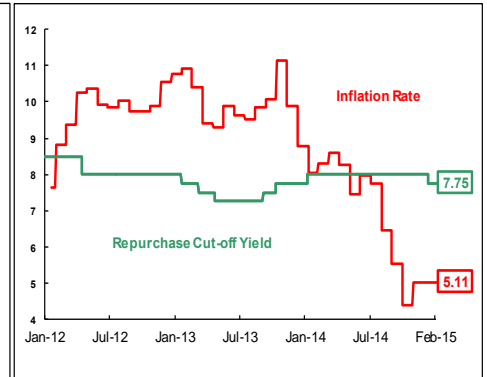
The PRC uses the 1-year lending rate as one of its policy rates.
Source: Bloomberg LP.

Hong Kong, China



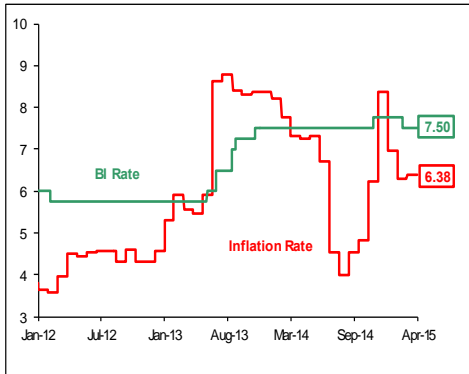
The Hong Kong Monetary Authority maintains a Discount Window Base Rate.
Source: Bloomberg LP.

India



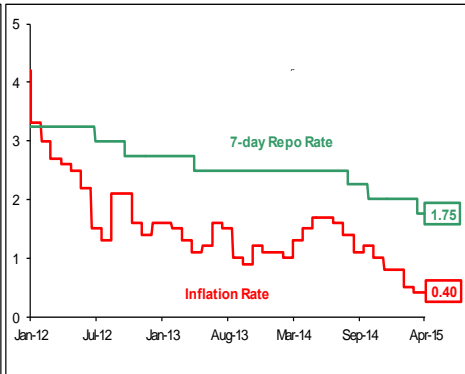
The Reserve Bank of India uses the repurchase (repo) cut-off yield as its policy rate.
Source: Bloomberg LP.

Indonesia



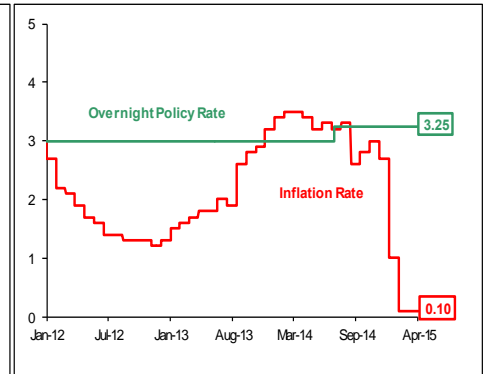
Bank Indonesia uses its reference interest rate (BI rate) as its policy rate.
Source: Bloomberg LP.

Korea, Republic of



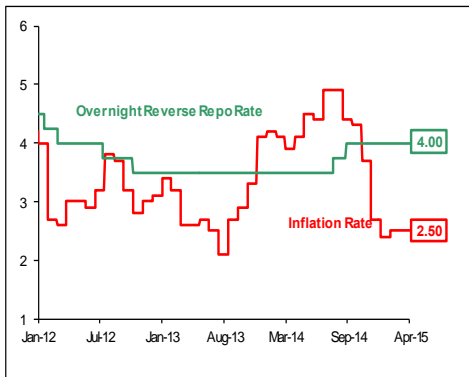
The Bank of Korea shifted its policy rate from the overnight repurchase (repo) rate to the 7-day repo rate in March 2008.
Source: Bloomberg LP.

Malaysia



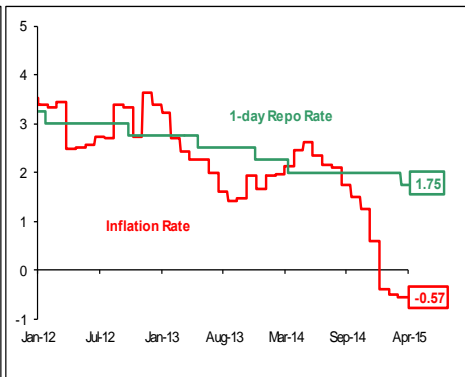
Bank Negara Malaysia uses the overnight policy rate (OPR) as its policy rate.
Source: Bloomberg LP.

Philippines



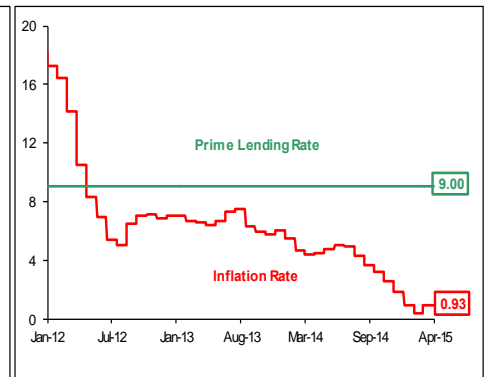
Bangko Sentral uses the Philippine overnight reverse repurchase agreement rate as one of its policy instruments.
Source: Bloomberg LP.

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

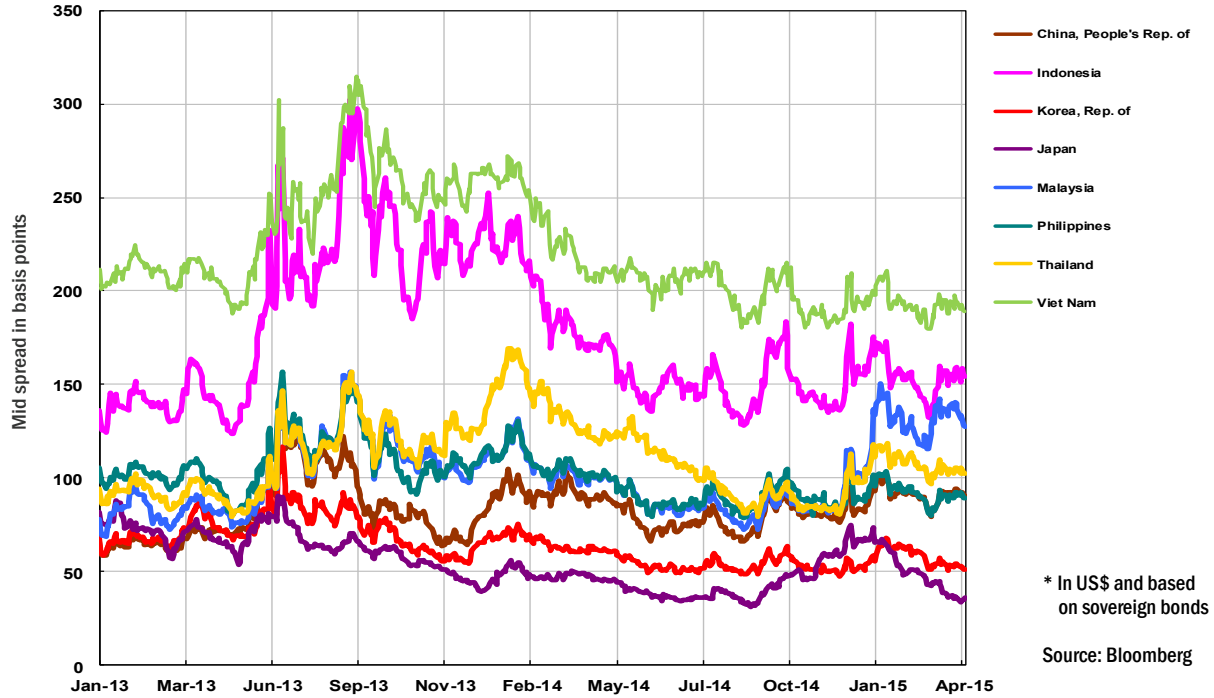


The State Bank of Viet Nam uses a benchmark prime lending rate as its policy rate.
Source: Bloomberg LP.

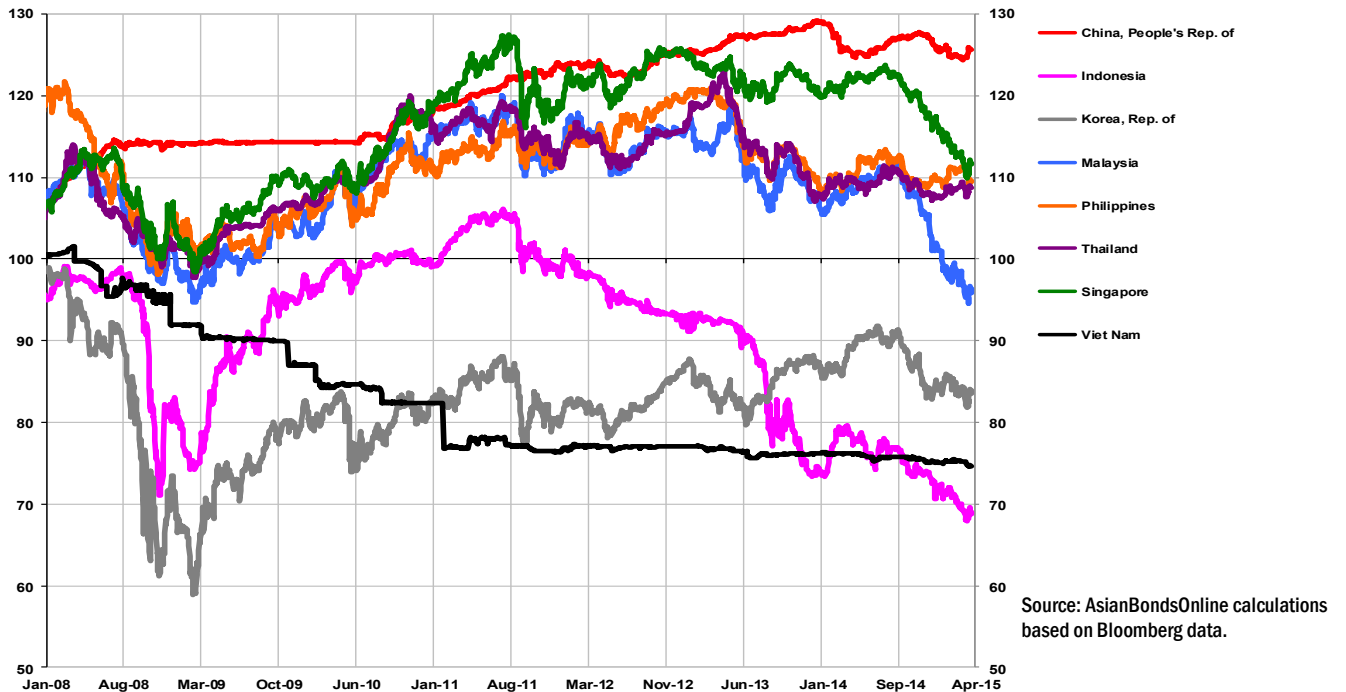
Credit Default Swap Spreads and Exchange Rate Indexes

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 (30 March – 3 April 2015)

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)
HK	31-Mar	92-day Exchange Fund Bills	0.03		32.29	32.29
		182-day Exchange Fund Bills	0.06		11.00	11.00
ID	31-Mar	3-month Treasury Bills	5.40			1,000.00
		1-year Treasury Bills	6.11			2,000.00
		9-year Treasury Bonds	7.44	8.38	10,000.00	3,900.00
		19-year Treasury Bonds	7.78	8.38		3,100.00
KR	30-Mar	91-day Monetary Stabilization Bonds	1.77		1,300.00	1,300.00
	1-Apr	2-year Monetary Stabilization Bonds	1.71	1.71	2,500.00	2,500.00
		63-day Treasury Bills	1.77		1,500.00	1,500.00
MY	30-Mar	7.5 year Treasury Bonds	3.80	3.80	4.00	4.00
SG	31-Mar	28-day MAS Bills	0.18		0.60	0.60
		81-day MAS Bills	0.71		4.80	4.80
TH	30-Mar	28-day Treasury Bills	1.75		20.00	20.00
	31-Mar	91-day Bank of Thailand Bonds	1.75		30.00	30.00
		182-day Bank of Thailand Bonds	1.76		30.00	30.00

LCY = local currency, MAS = Monetary Authority of Singapore.

Sources: Local market sources and Bloomberg, LP.

Selected Asia Data Releases (7 – 13 April 2015)

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

Economy and Variable	Release Date	Historical Data	Recent Trends
Philippines CPI y-o-y, % MAR	04/07	02/14: 4.1% 03/14: 3.9% 01/15: 2.4% 02/15: 2.5%	Consumer price inflation in the Philippines rose to 2.5% year-on-year (y-o-y) in February from 2.4% y-o-y in January.
Japan Current Account JPY billion FEB	04/08	01/14: -1,586.1 02/14: 607.7 12/14: 187.2 01/15: 61.4	Japan's current account surplus declined to JPY61.4 billion in January from JPY 187.2 billion in December.
Philippines Exports y-o-y, % FEB	04/08	01/14: -3.0% 02/14: 11.6% 12/14: -3.0% 01/15: -0.5%	Merchandise exports from the Philippines fell 0.5% y-o-y in January after contracting 3.0% y-o-y in December.
Republic of Korea 7-Day Repurchase Rate % 9-Apr	04/09	03/14: 2.50% 04/14: 2.50% 02/15: 2.00% 03/15: 1.75%	The Bank of Korea's Monetary Policy Committee decided on 12 March to reduce the 7-day repurchase rate by 25 basis points to 1.75% in order to support economic growth amid low inflationary pressures.
People's Republic of China CPI y-o-y, % MAR	04/10	02/14: 2.0% 03/14: 2.4% 01/15: 0.8% 02/15: 1.4%	Consumer price inflation in the People's Republic of China (PRC) inched up to 1.4% y-o-y in February from 0.8% y-o-y in January.
People's Republic of China PPI y-o-y, % MAR	04/10	02/14: -2.0% 03/14: -2.3% 01/15: -4.3% 02/15: -4.8%	The Producer Price Index (PPI) of the PRC fell 4.8% y-o-y in February following a 4.3% y-o-y drop in January.
Malaysia Industrial Production y-o-y, % FEB	04/10	01/14: 3.1% 02/14: 6.7% 12/14: 7.4% 01/15: 7.0%	Industrial production growth in Malaysia slipped to 7.0% y-o-y in January, down from 7.4% y-o-y in December, on the back of slower growth in manufacturing production.
People's Republic of China Exports y-o-y, % MAR	04/13	02/14: -18.1% 03/14: -9.2% 01/15: -3.2% 02/15: 48.3%	Exports from the PRC recovered strongly in February, posting 48.3% y-o-y growth after contracting 3.2% y-o-y in January.
People's Republic of China Trade Balance US\$ billion MAR	04/13	02/14: -22.6 03/14: 8.0 01/15: 60.0 02/15: 60.6	The PRC reported a trade surplus amounting to US\$60.6 billion in February, almost the same level as the surplus posted in January.
Japan PPI y-o-y, % MAR	04/13	02/14: 1.8% 03/14: 1.7% 01/15: 0.3% 02/15: 0.5%	Japan's PPI rose 0.5% y-o-y in February following 0.3% y-o-y growth in January.

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)

Consumer Price Inflation Rises in Indonesia, Eases in the Republic of Korea, Turns Negative in Thailand in March

- [Indonesia Update: Inflation Up, Manufacturing Activity Contracts](#)
Indonesia Investments (1 April 2015)
- [Consumer Price Index](#)
Statistics Indonesia (1 April 2015)
- [Consumer Price Index in March 2015](#)
Statistics Korea (1 April 2015)
- [Consumer Price Index and Core Consumer Price Index: March 2015 and first quarter of year 2015](#)
Ministry of Commerce (1 April 2015)

Hong Kong Telecom Prices US\$500 Million 10-Year Bond; Grand China Air Prices US\$300 Million 2-Year Bond; Siam Cement Raises THB30 Billion from Dual-Tranche Bond Sale

- [Hong Kong Telecom wires up \\$500m bond](#)
FinanceAsia (30 March 2015)
- [Grand China Air debuts \\$300m bond](#)
FinanceAsia (31 March 2015)
- [SCC184B and SCC194A are registered with ThaiBMA on April 1, 2015](#)
ThaiBMA (1 April 2015)

The Republic of Korea's Merchandise Trade Surplus Reaches a Record High in March; Thailand's Current Account Surplus Up m-o-m, Down y-o-y in February

- [S. Korea's trade surplus widens to record high on shrinking imports](#)
YONHAP News (1 April 2015)
- [Press Release on Economic and Monetary Conditions for February 2015](#)
Bank of Thailand (31 March 2015)
- [Table Attached to Press Release on Economic and Monetary Conditions for February 2015](#)
Bank of Thailand (31 March 2015)
- [Balance of Payments \(Summary\) \(US\\$\)](#)
Bank of Thailand (31 March 2015)

The PRC's Manufacturing Activity Rebounds in March; Singapore's Manufacturing Sector Contracts in March; February's Industrial Production Down in Japan, Mixed in the Republic of Korea, Up in Thailand

- [Chinese Manufacturing Gauge Rebounds in March After Stimulus](#)
Bloomberg (1 April 2015)
- [Indices of Industrial Production](#)
Ministry of Economy, Trade and Industry (30 March 2015)
- [Monthly Industrial Statistics, February 2015](#)
Statistics Korea (31 March 2015)
- [March PMI contracted further at 49.6 – The electronics index returned to expansion at 50.1](#)
SIPMM Academy (2 April 2015)
- [Press Release on Economic and Monetary Conditions for February 2015](#)
Bank of Thailand (31 March 2015)
- [Table Attached to Press Release on Economic and Monetary Conditions for February 2015](#)
Bank of Thailand (31 March 2015)

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