

Key Developments in Asian Local Currency Markets

In the Philippines, consumer price inflation eased to 2.4% year-on-year (y-o-y) in March from 2.5% y-o-y in February. The lower inflation rate was mainly due to a slower annual price increase in the food and non-alcoholic beverages index of 4.3% y-o-y compared with 4.8% y-o-y in February. The People’s Republic of China’s (PRC) consumer price inflation rose 1.4% y-o-y in March, the same pace as in February. On a month-on-month (m-o-m) basis, consumer prices fell 0.5% due to seasonal effects from the Lunar New Year. Meanwhile, the decline in producer prices slowed to -4.6% y-o-y in March from -4.8% y-o-y in February.

At its monetary policy meeting on 8 April, the Bank of Japan (BOJ) announced that it would maintain its monetary easing measures. Inflation, excluding the effects of the consumption tax hike, is expected to remain unchanged in the short-term on a y-o-y basis due to the decline in energy prices, though it is expected to rise in the long-term. The Bank of Korea’s Monetary Policy Committee decided on 9 April to maintain the base rate at 1.75%. The committee forecasts that inflation will continue to remain at a low level amid falling oil prices and that the domestic economy will post a modest recovery going forward.

Japan’s current account surplus expanded to JPY1.4 trillion in February from JPY61.4 billion in January. This was mainly due to the lower goods and services deficit posted in February of JPY251.8 billion compared with JPY1.3 trillion in January. Moreover, the primary income account surplus also increased to JPY1.9 trillion in February from JPY1.4 trillion in January. In the Philippines, merchandise exports contracted 3.1% y-o-y to US\$4.5 billion in February due to declines in export earnings among six major commodity product categories.

Industrial production growth in Malaysia decelerated to 5.2% y-o-y in February from 7.0% y-o-y in January due to moderating manufacturing growth. The increase in the manufacturing index eased to 4.0% y-o-y in February from 6.6% y-o-y in January, and the electricity index growth also declined to 1.9% y-o-y from 6.3% y-o-y in the previous month.

Last week, Japan’s Diet enacted a JPY96.3 trillion budget for fiscal year 2015. The Bank of Korea last week reported that it has revised downward its 2015 gross domestic product (GDP) growth forecast for the Republic of Korea to 3.1% from an earlier estimate of 3.4% made in January. The central bank also revised

Asia Bond Monitor March 2015 [read more](#)

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

Markets	Latest Closing	Previous Day*	Previous Week*	1-Jan-15*
US	1.95	-1.23	10.84	-22.39
EU	0.16	-0.50	-3.90	-38.60
Japan	0.35	-2.20	-2.30	1.60
PRC	3.70	0.00	12.00	5.00
Hong Kong, China	1.47	6.30	6.10	-42.30
India	7.80	2.40	6.00	-8.30
Indonesia	7.25	-2.00	-13.10	-57.50
Korea, Rep. of	2.08	1.30	-1.00	-53.00
Malaysia	3.87	0.10	0.00	-28.10
Philippines	4.16	-1.17	-1.00	29.17
Singapore	2.07	0.09	-7.64	-20.93
Thailand	2.66	-0.50	2.50	-6.60
Viet Nam	6.67	11.70	15.50	-56.30

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
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downward its 2015 consumer price inflation forecast to 0.9% from 1.9%.

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

Summary Text of News Articles

**Philippine Consumer Price Inflation Eases in March;
The PRC's CPI Rises, PPI Slows in March**

In the Philippines, consumer price inflation eased to 2.4% year-on-year (y-o-y) in March from 2.5% y-o-y in February. The lower inflation rate was mainly due to the slower annual price increase in the food and non-alcoholic beverages index of 4.3% y-o-y compared with 4.8% y-o-y in February. Other indices that posted lower annual price increases include clothing and footwear; furnishing, equipment, and routine household maintenance; and health, recreation, and culture. Meanwhile, the indices that posted lower annual decreases include housing, water, electricity, gas, and other fuels; and transport. The remaining commodity groups posted the same annual price changes in March as in February.

The People's Republic of China's (PRC) consumer price inflation rose 1.4% y-o-y in March, the same pace as in February. On a month-on-month (m-o-m) basis, consumer prices fell 0.5% due to seasonal effects from the Lunar New Year. Meanwhile, the decline in producer prices slowed to -4.6% y-o-y in March from -4.8% in February. On a m-o-m basis, producer prices fell 0.1% in March.

For inflation trends in the Philippines, refer to this link:

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

For inflation trends in the People's Republic of China, refer to this link:

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

**BOJ Maintains Monetary Easing Measures;
Policy Rate Unchanged in the Republic of Korea**

At its monetary policy meeting on 8 April, the Bank of Japan (BOJ) announced that it would maintain its monetary easing measures. The BOJ stated that the domestic economy is recovering moderately and was expected to continue this trend. Inflation, excluding the effects of the consumption tax hike, is expected to remain unchanged on a y-o-y basis in the short-term due to the decline in energy prices, though it is expected to rise in the long-term.

The Bank of Korea's Monetary Policy Committee decided on 9 April to maintain the base rate at 1.75%. In its monetary policy decision, the committee assessed that consumer price inflation had moderated in March amid falling prices for agricultural, fishery, and petroleum products, and that domestic demand had improved while exports continued to decline. The committee forecasts that inflation will continue to remain at a low level amid falling oil prices and that the domestic economy will post a modest recovery.

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

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

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

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

**Japan's Current Account Surplus Expands in February;
Philippine Merchandise Exports Contract in February**

Japan's current account surplus expanded to JPY1.4 trillion in February from JPY61.4 billion in January. This was mainly due to the lower goods and services deficit posted in February of JPY251.8 billion from JPY1.3 trillion in January. Moreover, the primary income account surplus also increased to JPY1.9 trillion in February from JPY1.4 trillion in January. Meanwhile, the secondary income account deficit increased to JPY170.2 billion in February from JPY86.1 billion in January.

In the Philippines, merchandise exports contracted 3.1% y-o-y to US\$4.5 billion in February. This was due to declining export earnings among six major commodity product categories: woodcrafts and furniture, other mineral products, metal components, electronic equipment and parts, other manufactures, and machinery and transport equipment. Japan remained the Philippines' largest export market, accounting for a 20.9% share of total merchandise exports, followed by the United States (16.2%); the PRC (9.9%); Hong Kong, China (9.4%); and Singapore (5.9%).

Summary Text of News Articles

Malaysia's Industrial Production Growth Decelerates in February

Industrial production growth in Malaysia decelerated to 5.2% y-o-y in February from 7.0% y-o-y in January due to moderating manufacturing growth. The increase in the manufacturing index eased to 4.0% y-o-y in February from 6.6% y-o-y in January. Growth in the electricity index also declined to 1.9% y-o-y from 6.3% y-o-y in January. Meanwhile, the mining index posted a y-o-y increase of 9.2% in February, up from 8.3% in January. On a seasonally adjusted basis, industrial production contracted 0.1% m-o-m.

**Japan's Diet Enacts Fiscal Year 2015 Budget;
Economic Outlook for the Republic of Korea Revised Downward**

Last week, Japan's Diet enacted a JPY96.3 trillion budget for fiscal year 2015. In terms of allocation, JPY31.5 trillion will be for social security costs (32.7% of the total), JPY23.5 trillion for debt-servicing (24.3%), JPY15.5 trillion for local tax grants (16.1%), JPY6.0 trillion for public works (6.2%), JPY5.4 trillion for education and science (5.6%), JPY5.0 trillion for national defense (5.2%), and JPY9.5 trillion for other expenditures.

The Bank of Korea last week reported that it has revised downward its 2015 gross domestic product (GDP) growth forecast for the Republic of Korea to 3.1% from its earlier estimate of 3.4% made in January. The central bank also revised downward its 2015 consumer price inflation forecast to 0.9% from 1.9%.

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	0.02	-0.51	0.51	-2.03
EU	-0.19	-0.20	-3.50	-15.00
Japan	-0.01	-1.00	-1.10	-0.90
PRC	3.14	-10.00	-12.00	-36.00
Hong Kong, China	0.07	0.00	0.00	-0.80
India	8.31	0.00	0.00	0.00
Korea, Rep. of	1.67	0.00	-3.30	-39.50
Malaysia	3.19	0.00	-0.40	-16.70
Philippines	2.48	81.99	14.07	10.74
Singapore	0.98	-0.90	-5.00	30.50
Thailand	1.75	-0.57	-1.48	-29.75

Close of 10 April 2015

10-Year Selected LCY Government Bond Yields

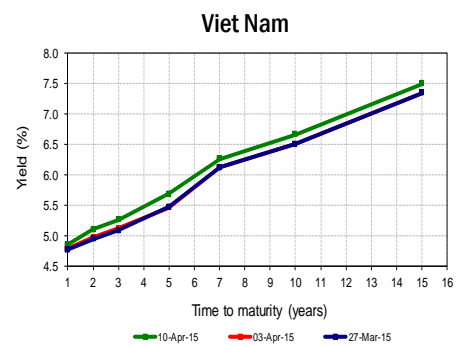
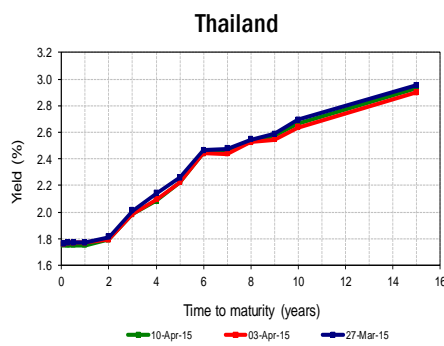
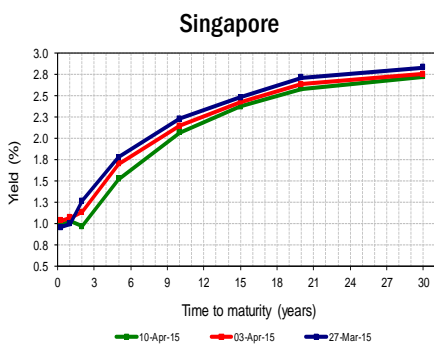
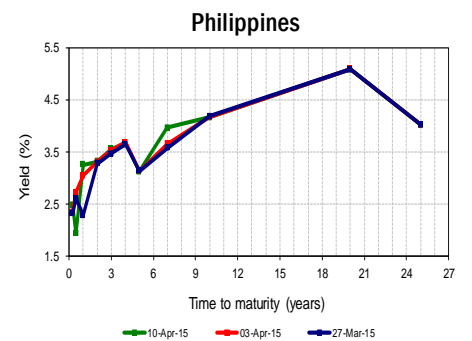
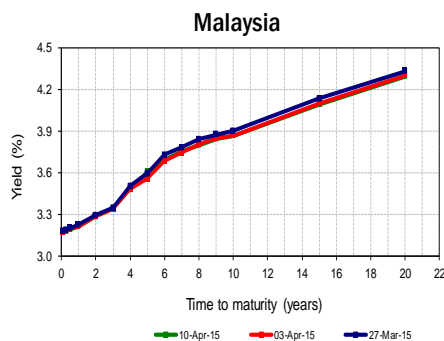
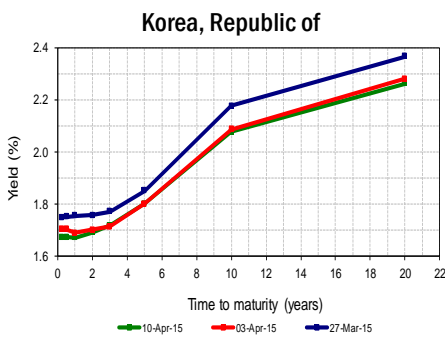
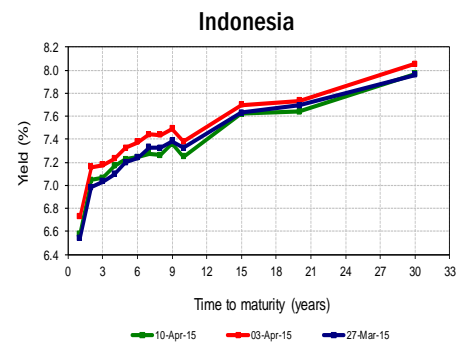
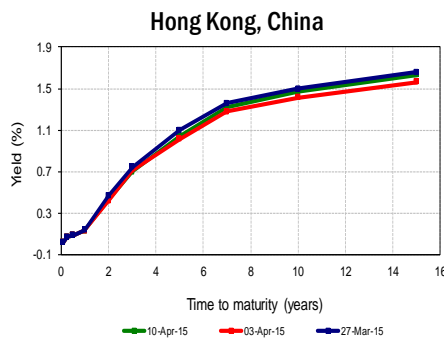
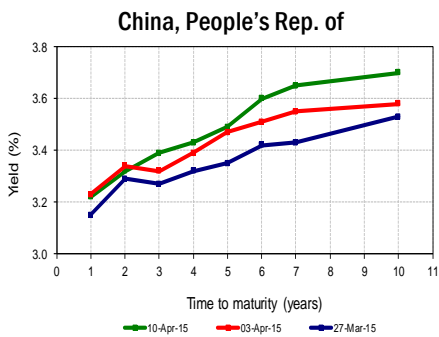
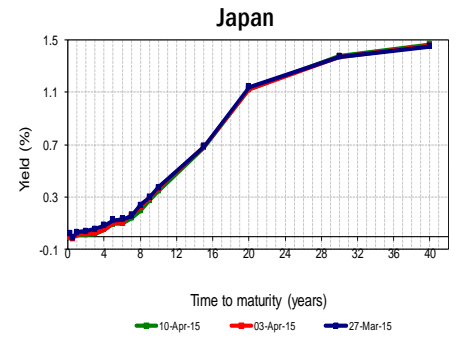
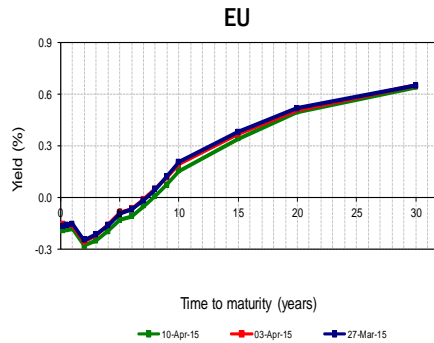
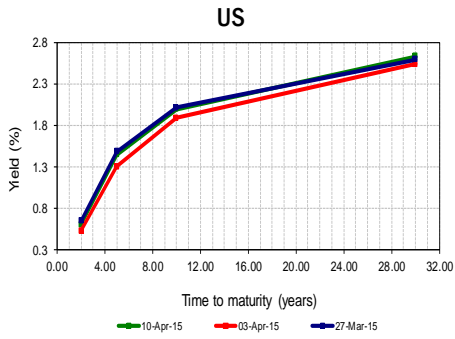
Markets	Latest Closing	basis point change from		
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EU	0.16	-0.50	-3.90	-38.60
Japan	0.35	-2.20	-2.30	1.60
PRC	3.70	0.00	12.00	5.00
Hong Kong, China	1.47	6.30	6.10	-42.30
India	7.80	2.40	6.00	-8.30
Indonesia	7.25	-2.00	-13.10	-57.50
Korea, Rep. of	2.08	1.30	-1.00	-53.00
Malaysia	3.87	0.10	0.00	-28.10
Philippines	4.16	-1.17	-1.00	29.17
Singapore	2.07	0.09	-7.64	-20.93
Thailand	2.66	-0.50	2.50	-6.60
Viet Nam	6.67	11.70	15.50	-56.30

Close of 10 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

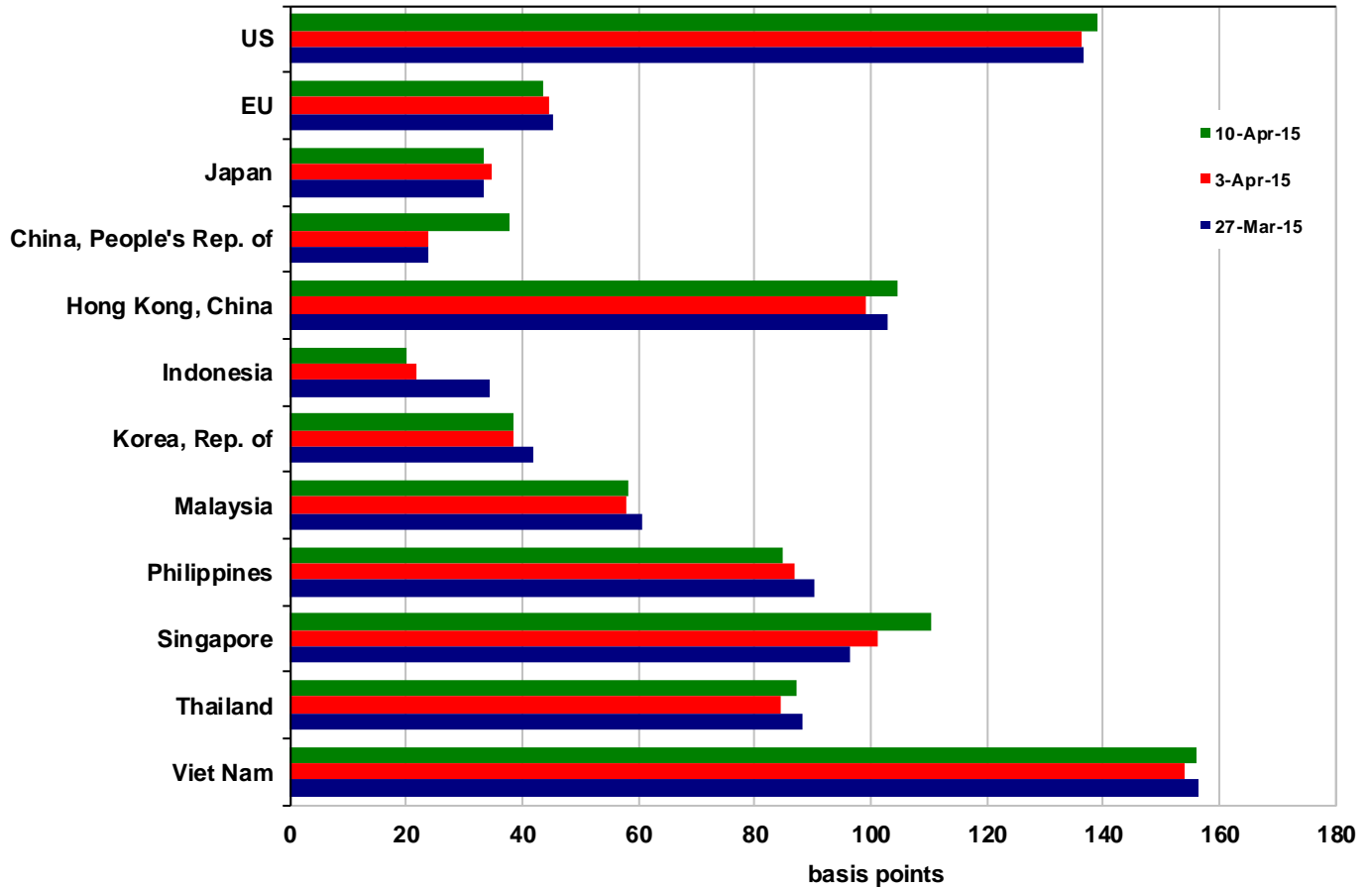
Tip: Zoom-in on the table using the Acrobat zoom tool



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

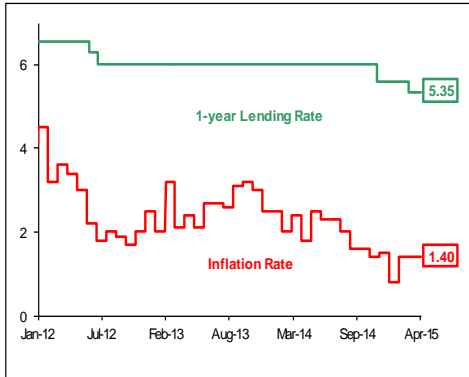


EU = European Union, US = United States.
 Source: Based on data from Bloomberg LP.

Policy Rate versus Inflation Rate

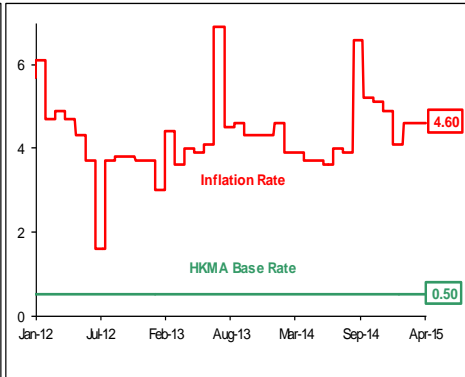
Tip: Zoom-in on the table using the Acrobat zoom tool

China, People's Rep. of



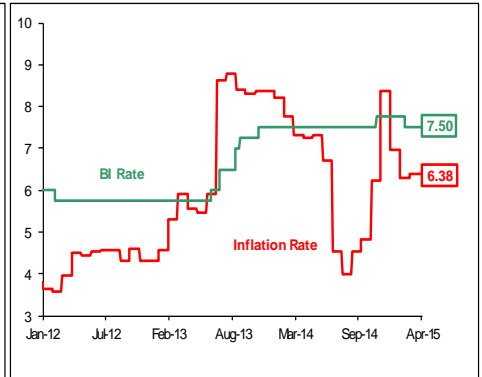
The PRC uses the 1-year lending rate as one of its policy rates.
Source: Bloomberg LP.

Hong Kong, China



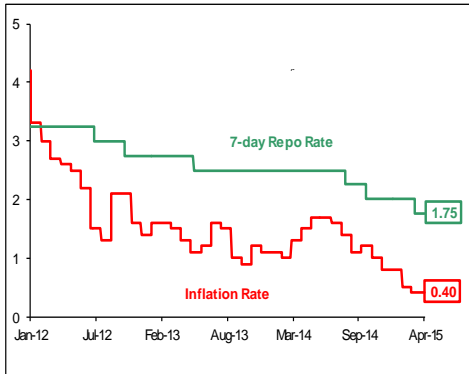
The Hong Kong Monetary Authority maintains a Discount Window Base Rate.
Source: Bloomberg LP.

Indonesia



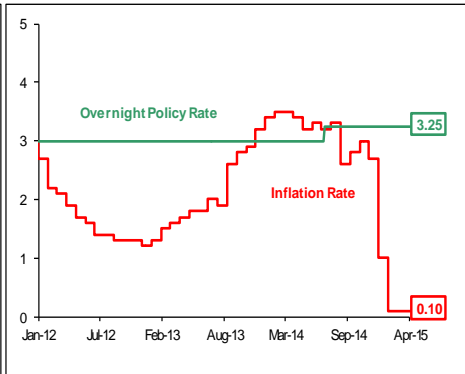
Bank Indonesia uses its reference interest rate (BI rate) as its policy rate.
Source: Bloomberg LP.

Korea, Republic of



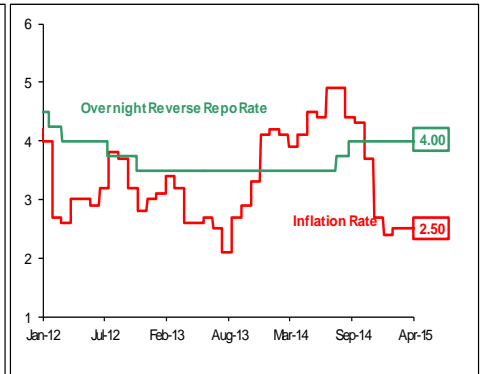
The Bank of Korea shifted its policy rate from the overnight repurchase (repo) rate to the 7-day repo rate in March 2008.
Source: Bloomberg LP.

Malaysia



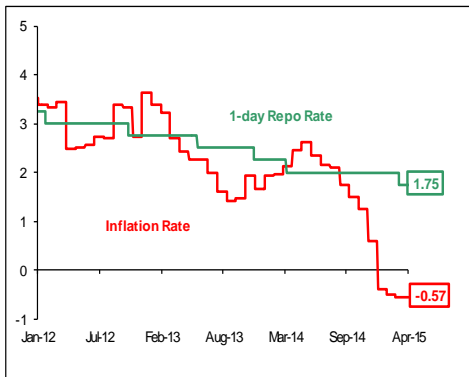
Bank Negara Malaysia uses the overnight policy rate (OPR) as its policy rate.
Source: Bloomberg LP.

Philippines



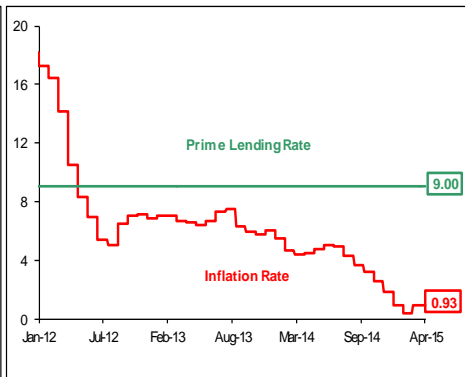
Banko Sentral uses the Philippine overnight reverse repurchase agreement rate as one of its policy instruments.
Source: Bloomberg LP.

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

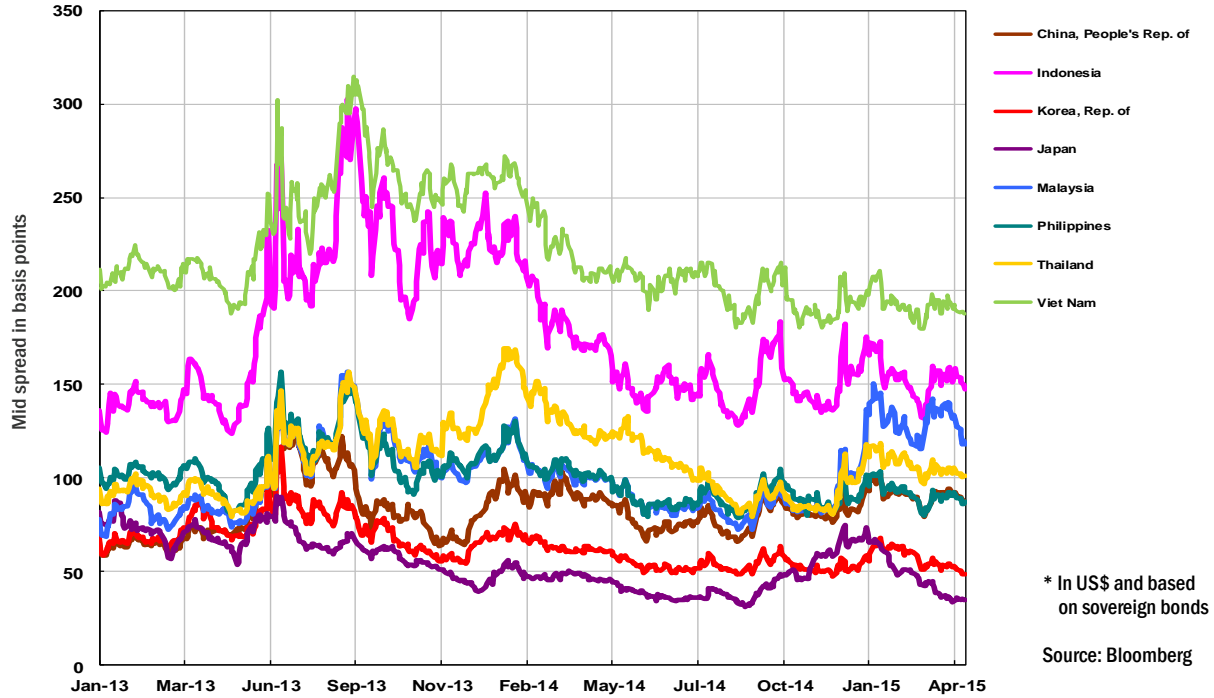


The State Bank of Viet Nam uses a benchmark prime lending rate as its policy rate.
Source: Bloomberg LP.

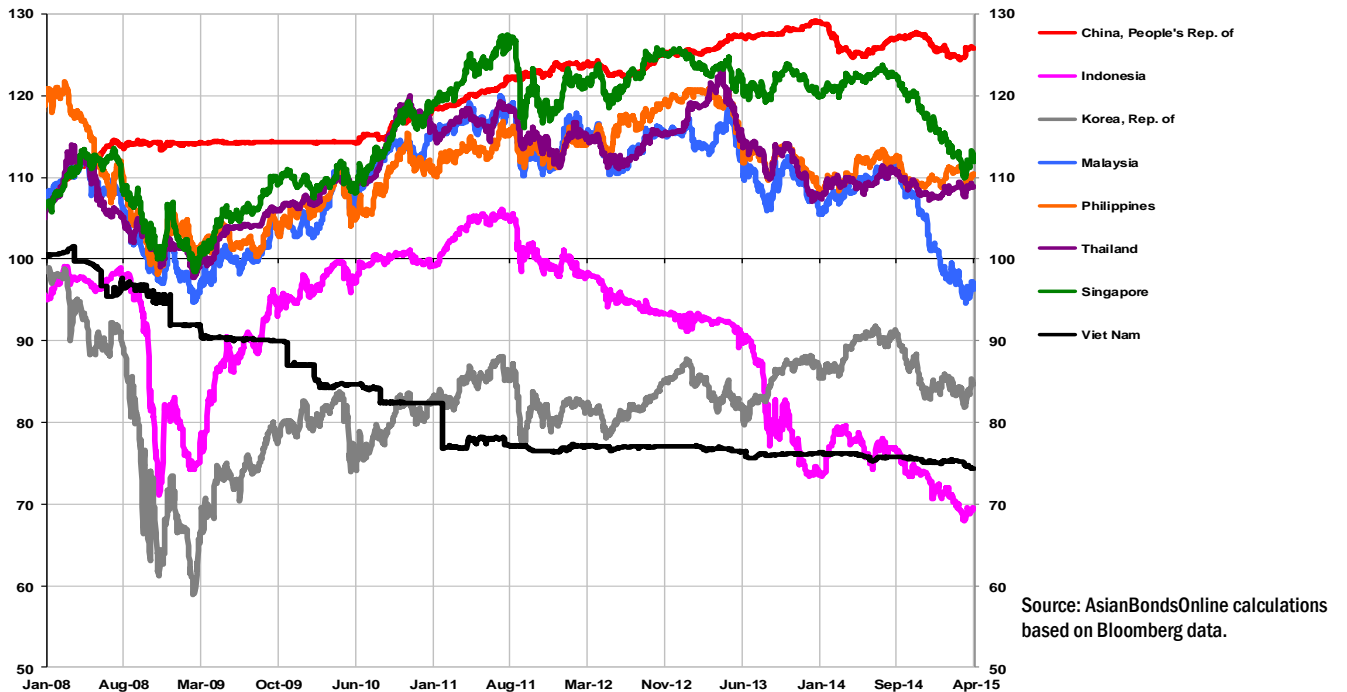
Credit Default Swap Spreads and Exchange Rate Indexes

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 (6 – 10 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)
CN	8-Apr	10-year Treasury Bonds	3.64	3.64	30.00	30.00
ID	7-Apr	6-month Islamic Treasury Bills	5.79			500.00
		1-year Project-Based <i>Sukuk</i>	7.07	7.00	2,000.00	1,000.00
		5-year Project-Based <i>Sukuk</i>	7.41	8.25		135.00
		25-year Project-Based <i>Sukuk</i>	8.21	9.00	1,000.00	
JP	7-Apr	6-month Treasury Discount Bills	0.00		3,500.00	3,499.95
	9-Apr	3-month Treasury Discount Bills	0.00		5,400.00	5,369.95
		30-year Japanese Governments Bonds	1.38	1.50	800.00	918.00
KR	6-Apr	91-day Monetary Stabilization Bonds	1.68		1,300.00	1,350.00
		182-day Monetary Stabilization Bonds	1.69		1,000.00	1,110.00
		3-year Treasury Bonds	1.71	2.00	1,900.00	1,900.00
	8-Apr	30-year Treasury Bonds	2.35	2.75	900.00	900.00
MY	7-Apr	10-year Islamic Treasury Bonds	3.99	3.99	4.00	4.00
PH	6-Apr	91-day Treasury Bills	1.66		8.00	8.00
		182-day Treasury Bills	1.92		6.00	3.75
		364-day Treasury Bills	2.00		6.00	2.71
SG	7-Apr	28-day MAS Bills	0.49		0.80	0.80
		84-day MAS Bills	0.70		4.60	4.60
TH	7-Apr	91-day Bank of Thailand Bonds	1.73		32.00	32.00
		182-day Bank of Thailand Bonds	1.75		30.00	30.00
		364-day Bank of Thailand Bonds	1.75		45.00	45.00
	8-Apr	14.21-year Government Bonds	2.92	4.88	9.00	9.00
VN	8-Apr	5-year Treasury Bonds	5.48		2,000.00	900.00
		15-year Treasury Bonds	7.40		1,500.00	925.00

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

Sources: Local market sources and Bloomberg, LP.

Selected Asia Data Releases (14 – 20 April 2015)

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

Economy and Variable	Release Date	Historical Data	Recent Trends
Indonesia Bank Indonesia Rate % 14-Apr	04/14	03/14: 7.50% 04/14: 7.50% 02/15: 7.75% 03/15: 7.50%	The Board of Governors of Bank Indonesia held steady the benchmark interest rate at 7.5% in a meeting held on 17 March.
Singapore GDP—Advance y-o-y, % 1Q15	04/14	4Q13: 5.4% 1Q14: 4.6% 3Q14: 2.8% 4Q14: 2.1%	Economic growth in Singapore slowed to 2.1% year-on-year (y-o-y) in 4Q14 from 2.8% y-o-y in 3Q14 due to weakness in the manufacturing sector.
Philippines OFW Remittances y-o-y, % FEB	04/15	01/14: 6.2% 02/14: 5.9% 12/14: 6.3% 01/15: 0.5%	Remittances from overseas Filipino workers increased 0.5% y-o-y in January, compared with 6.3% y-o-y growth posted in December.
China, People's Rep. of Retail Sales—YTD y-o-y, % MAR	04/15	02/14: 11.8% 03/14: 12.0% 01/15: 10.7% 02/15: 10.7%	Retail sales growth in the People's Republic of China (PRC) fell to 10.7% y-o-y in January–February from 11.8% in the same period last year.
China, People's Rep. of Industrial Production—YTD y-o-y, % MAR	04/15	02/14: 8.6% 03/14: 8.7% 01/15: 6.8% 02/15: 6.8%	Industrial production growth in the PRC slowed to 6.8% y-o-y in January–February, due mainly to slower growth in the manufacturing sector, from 8.6% in the same period last year.
China, People's Rep. of GDP y-o-y, % 1Q15	04/15	4Q13: 7.6% 1Q14: 7.4% 3Q14: 7.3% 4Q14: 7.3%	The PRC's gross domestic product (GDP) growth remained unchanged in 4Q14 at 7.3% y-o-y.
Indonesia Trade Balance US\$ million MAR	04/15	02/14: 843.4 03/14: 668.9 01/15: 743.5 02/15: 738.3	Indonesia recorded a trade surplus for the third month in a row in February at US\$738.3 million, compared with a surplus of US\$743.5 million in January.
Singapore Retail Sales y-o-y, % FEB	04/15	01/14: 2.6% 02/14: –8.8% 12/14: 4.6% 01/15: –5.0%	Retail sales in Singapore contracted 5.0% y-o-y in February after climbing 4.8% y-o-y in December.
Singapore Non-Oil Domestic Exports y-o-y, % MAR	04/15	02/14: 8.9% 03/14: –6.6% 01/15: 4.3% 02/15: –9.7%	Singapore's non-oil domestic exports (NODX) fell 9.7% y-o-y in February following 4.3% y-o-y growth January.
Korea, Rep. of Unemployment Rate % MAR	04/15	02/14: 3.9% 03/14: 3.5% 01/15: 3.4% 02/15: 3.9%	The Republic of Korea's unemployment rate climbed 0.5 percentage points to 3.9% in February.
Korea, Rep. of PPI y-o-y, % MAR	04/20	02/14: –0.9% 03/14: –0.5% 01/15: –3.6% 02/15: –3.6%	The Republic of Korea's Producer Price Index (PPI) fell 3.6% y-o-y in February, the same rate of decline as in the preceding 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)

Philippine Consumer Price Inflation Eases in March; The PRC's CPI Rises, PPI Slows in March

- [Summary Inflation Report Consumer Price Index \(2006=100\) : March 2015](#)
National Statistics Office (7 April 2015)
- [China March inflation grows 1.4 pct year on year](#)
Xinhua (10 April 2015)
- [China's producer prices continue to slide in March](#)
Xinhua (10 April 2015)

BOJ Maintains Monetary Easing Measures; Policy Rate Unchanged in the Republic of Korea

- [Statement on Monetary Policy](#)
Bank of Japan (8 April 2015)
- [Monetary Policy Decision \(April 9, 2015\)](#)
The Bank of Korea (9 April 2015)

Japan's Current Account Surplus Expands in February; Philippine Merchandise Exports Contract in February

- [Balance of Payments Statistics, February 2015 \(Preliminary\)](#)
Ministry of Finance (8 April 2015)
- [Merchandise Exports Performance : February 2015](#)
National Statistics Office (8 April 2015)

Malaysia's Industrial Production Growth Decelerates in February

- [Index of Industrial Production Malaysia February 2015](#)
Department of Statistics Malaysia (10 April 2015)

Japan's Diet Enacts Fiscal Year 2015 Budget; Economic Outlook for the Republic of Korea Revised Downward

- [Diet enacts record ¥96.34 trillion budget](#)
The Japan Times (9 April 2015)
- [Highlights of the Draft Budget for FY2015](#)
Ministry of Finance (9 April 2015)
- [Economic outlook for 2015 \(revised\)](#)
The Bank of Korea (9 April 2015)

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