

Key Developments in Asian Local Currency Markets

Real gross domestic product (GDP) growth in the Republic of Korea was 0.8% quarter-on-quarter (q-o-q) and 2.4% year-on-year (y-o-y) in 1Q15. Real q-o-q growth in 1Q15 was up from the previous quarter's 0.3% due to faster growth in household consumption and domestic investment. On the other hand, real y-o-y growth in 1Q15 was down from the preceding quarter's 2.7% due to slower growth in household consumption and domestic investment, zero growth in total exports, and slower growth in the manufacturing sector.

➤ Hong Kong, China's consumer prices rose 4.5% y-o-y in March, after gaining 4.6% y-o-y in February, due to slower price increases for most consumer prices. Electricity, gas, and water prices rose 21.0% y-o-y in March compared with 21.8% y-o-y in February. Housing rose 8.1% y-o-y in March compared with 8.2% y-o-y in February.

➤ The Republic of Korea's Producer Price Index (PPI) fell 0.1% month-on-month (m-o-m) and 3.7% y-o-y in March. The m-o-m drop in the PPI was due to price declines in agricultural, forestry, and marine products; and utilities.

➤ Consumer price inflation in Malaysia increased to 0.9% y-o-y in March from 0.1% y-o-y in February. The slight increase in inflation was mainly due to higher annual increases posted in the furnishings, household equipment, and routine household maintenance index (0.2% vs 0.1%); and the health index (3.6% vs 3.4%).

➤ Singapore recorded deflation of -0.3% in March, the same pace as in February, on account of a slowdown in food inflation and lower accommodation costs.

➤ In Singapore, manufacturing output contracted 5.5% y-o-y in March after declining 3.3% y-o-y in February. Four out of the six manufacturing clusters recorded a decline in output, led by the transport engineering cluster (-15.6%). Also, the biomedical manufacturing cluster (-8.5%), electronics cluster (-5.2%), and general manufacturing industries cluster (-0.8%) all recorded lower output on a y-o-y basis.

➤ Japan posted a trade surplus of JPY229.3 billion in March, a reversal from the trade deficit of JPY1.5 trillion posted in the same month a year earlier, as exports of goods increased and imports contracted. Exports of goods increased 8.5% y-o-y to JPY6.9 trillion, while imports contracted 14.5% y-o-y to JPY6.7 trillion.

Asia Bond Monitor March 2015

[read more](#)

10-Year Selected LCY Government Security Yields Close of 24 April 2015
basis point change from

Markets	Latest Closing	Previous Day*	Previous Week*	1-Jan-15*
US	1.91	-4.91	4.33	-26.26
EU	0.16	-1.00	7.70	-38.60
Japan	0.29	-2.50	-1.80	-3.90
PRC	3.47	3.00	-23.00	-18.00
Hong Kong, China	1.43	-4.00	3.90	-46.80
India	7.79	3.30	-0.60	-9.10
Indonesia	7.55	0.90	1.80	-27.20
Korea, Rep. of	2.30	3.00	18.00	-31.00
Malaysia	3.84	-1.00	-5.00	-30.40
Philippines	4.12	2.46	0.63	25.30
Singapore	2.15	-1.39	1.10	-13.08
Thailand	2.49	-2.50	-15.00	-23.60
Viet Nam	6.65	0.00	3.70	-58.00

- 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

➤ Corporate debt issuance in the Republic of Korea climbed to KRW12,488.9 billion in March from KRW7,975.6 billion in February. In 1Q15, issuance rose to KRW27,644.4 billion, up 11.5% y-o-y.

➤ Last week, Bumi Serpong Damai, an Indonesian property developer, priced US\$225 million of 5-year bonds. The bonds were priced to yield 6.75% and were rated BB- by Fitch Ratings. Also last week, Industrial Bank of Korea sold a US\$700 million 5-year bond at a coupon rate of 2.0%.

➤ Yields fell for all tenors in the PRC, Malaysia and Thailand but rose for all tenors in the Republic of Korea due to better GDP growth and Indonesia. Yields mostly rose in Hong Kong, China, Singapore and Viet Nam but were mixed for the Philippines. The 2-year versus 10-year spread rose for Hong Kong, China, the Republic of Korea and Viet Nam but fell for other markets.

Summary Text of News Articles

The Republic of Korea's Economy Grows 0.8% q-o-q, 2.4% y-o-y in 1Q15

Real gross domestic product (GDP) growth in the Republic of Korea was 0.8% quarter-on-quarter (q-o-q) and 2.4% year-on-year (y-o-y) in 1Q15, according to advance estimates of The Bank of Korea released last week. Real q-o-q growth in 1Q15 was faster compared to the previous quarter's 0.3% due to faster growth in household consumption and domestic investment on the expenditure side and better output performances in the agriculture, forestry, and fishing; construction; and services sectors on the production side. On the other hand, real y-o-y growth in 1Q15 was slower than the preceding quarter's 2.7% growth, due to a slowdown in household consumption and domestic investment, zero growth in total exports, and slower growth in the manufacturing sector.

Hong Kong, China's CPI Falls in March The Republic of Korea's PPI Falls in March; Consumer Price Inflation in Malaysia Inches Up in March; Singapore Posts Deflation in March

Hong Kong, China's consumer prices rose 4.5% y-o-y in March, after gaining 4.6% y-o-y in February, due to slowing increases for most consumer prices. Housing-related expenses, such as utilities and rent, remained elevated due to the expiration of government subsidies and concessions. Electricity, gas, and water prices rose 21.0% y-o-y in March compared with 21.8% y-o-y in February, housing rose 8.1% y-o-y in March compared with 8.2% y-o-y in February, and alcoholic drinks and tobacco prices fell 0.2% y-o-y in March after rising 6.3% y-o-y in February. The government said that inflationary pressures remained contained in March due to low imported inflation and low domestic price pressures.

The Republic of Korea's Producer Price Index (PPI) fell 0.1% month-on-month (m-o-m) and 3.7% y-o-y in March, according to The Bank of Korea. The m-o-m drop in the PPI was due to monthly declines in the sub-indices for agricultural, forestry, and marine products; and utilities (electric power, gas, and water). Meanwhile, the y-o-y fall in the index was brought about by decreases in the sub-indices for agriculture, forestry, and marine products; manufacturing industry products; and utilities.

Consumer price inflation in Malaysia increased to 0.9% y-o-y in March from 0.1% y-o-y in February, mainly due to higher annual increases in the furnishings, household equipment, and routine household maintenance index (0.2% vs 0.1%); and the health index (3.6% vs 3.4%). On a m-o-m basis, consumer price inflation increased 0.9% in March.

Singapore recorded deflation of -0.3% in March on account of a slowdown in food inflation and lower accommodation cost. Food inflation eased to 2.1% y-o-y in March from 2.5% y-o-y in February as demand slowed after the Lunar New Year. Accommodation cost deflation fell further to 2.2% y-o-y in March from 2.1% y-o-y in February on the back of weakness in the housing rental market. March deflation was same pace as in February and marked the fifth straight month of deflation. Between February and March, however, consumer price inflation inched up 0.2%.

Manufacturing Output in Singapore Contracts 5.5% y-o-y in March

In Singapore, manufacturing output contracted 5.5% y-o-y in March after declining 3.3% y-o-y in February. Four out of the six manufacturing clusters recorded an annual decline in output, led by the transport engineering cluster (-15.6%). Also, the biomedical manufacturing cluster (-8.5%), electronics cluster (-5.2%), and general manufacturing industries cluster (-0.8%) all recorded lower output on a y-o-y basis. On a seasonally adjusted m-o-m basis, manufacturing output grew 1.2% in March.

Japan Posts Trade Surplus in March

Japan posted a trade surplus of JPY229.3 billion in March, a reversal from a trade deficit of JPY1.5 trillion in the same month a year earlier, as exports of goods increased and imports contracted. Exports of goods increased 8.5% y-o-y to JPY6.9 trillion, while imports contracted 14.5% y-o-y to JPY6.7 trillion. On a m-o-m basis, the trade surplus was also a reversal from a trade deficit of JPY425.0 billion in February, as exports increased at a faster m-o-m pace (16.6%) than imports (5.2%). For fiscal year 2014, the trade deficit amounted to JPY9.1 trillion, which was down from a trade deficit of JPY13.8 trillion posted in fiscal year 2013.

Summary Text of News Articles

The Republic of Korea Sees Higher Corporate Debt Issuance in March and 1Q15

Corporate debt issuance in the Republic of Korea climbed to KRW12,488.9 billion in March from KRW7,975.6 billion in February, and its 1Q15 level of KRW27,644.4 billion was up 11.5% y-o-y, according to the Financial Supervisory Service (FSS). The increased issuance in March was driven by asset-backed securities, bank debentures, financial bonds, and non-financial corporate debt. Meanwhile, the y-o-y increase in 1Q15 issuance was led by bank debentures, financial bonds, and non-financial corporate bonds.

**Bumi Serpong Damai Prices US\$225 Million of 5-Year Bonds;
Malaysia Prices US\$1.5 Billion Dual-Tranche Sovereign *Sukuk*;
IBK Sells US\$700 Million 5-Year Bond**

Last week, Bumi Serpong Damai, an Indonesian property developer, priced US\$225 million worth of 5-year bonds. The bonds were priced to yield 6.75% and were rated BB– by Fitch Ratings.

Industrial Bank of Korea sold a US\$700 million 5-year bond at a coupon rate of 2.0% last week. Asian investors garnered the largest allocation at 49%, followed by European investors (30%) and investors from the United States (21%). Insurance companies and pension funds were the largest investor group with a 30% share, followed by fund managers (25%), banks (22%), central banks (20%), and retail investors (3%).

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		0.00	-2.03
EU	-0.18	0.20		0.20	-14.30
Japan	-0.02	0.20		0.20	-1.80
PRC	2.75	0.00	-31.00		-91.00
Hong Kong, China	0.07	0.00		0.00	-0.80
India	8.31	0.00		0.00	0.00
Korea, Rep. of	1.69	1.00		1.50	-38.00
Malaysia	3.18	-1.60	-1.30		-18.30
Philippines	2.00	-41.99	-70.32		-37.49
Singapore	0.93	1.20		9.30	25.40
Thailand	1.72	-0.03	-1.38		-32.34

Close of 24 April 2015

10-Year Selected LCY Government Bond Yields

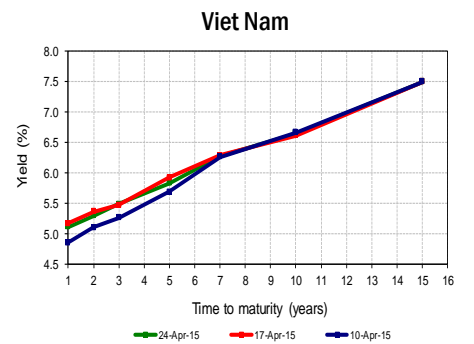
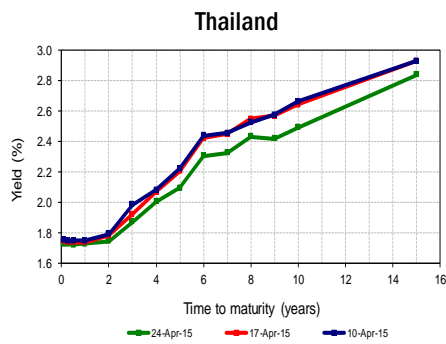
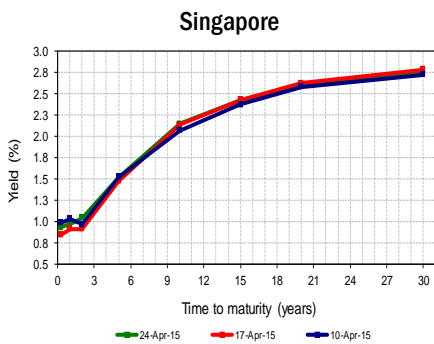
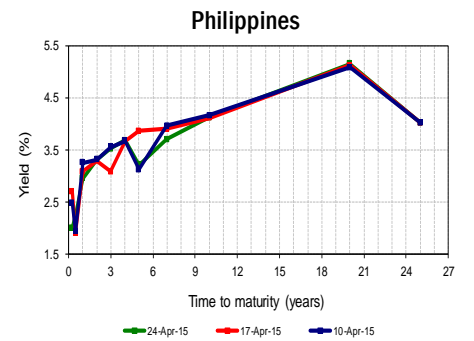
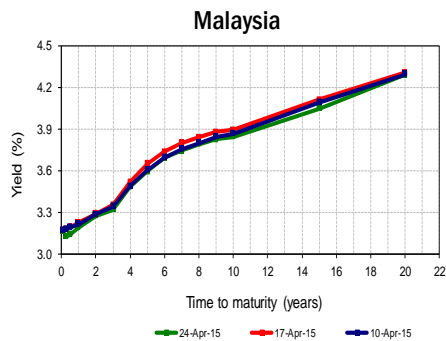
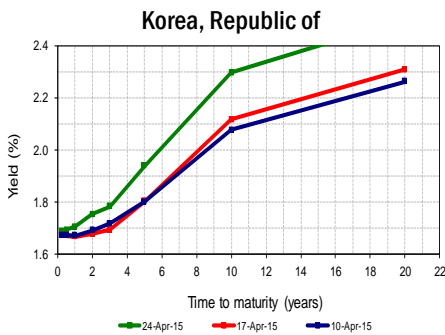
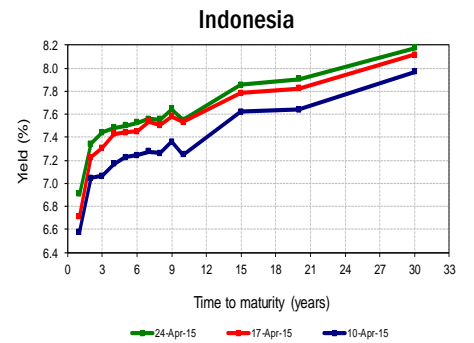
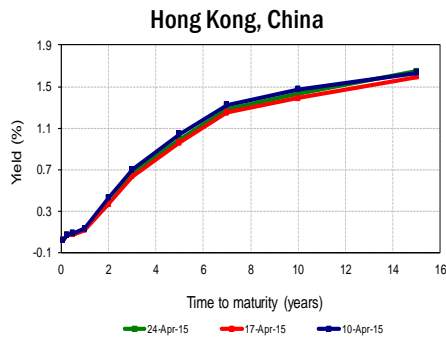
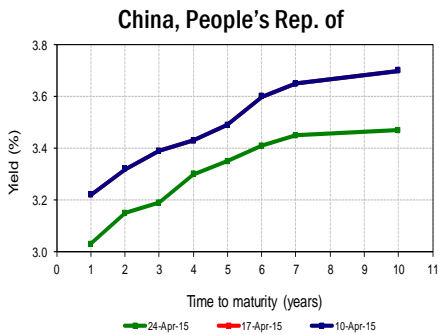
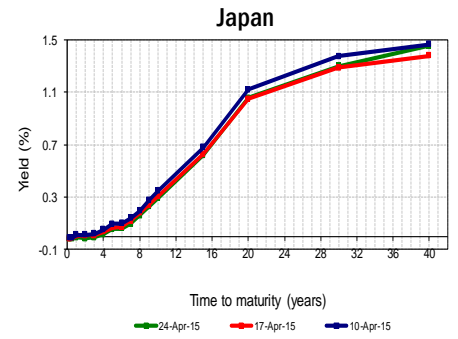
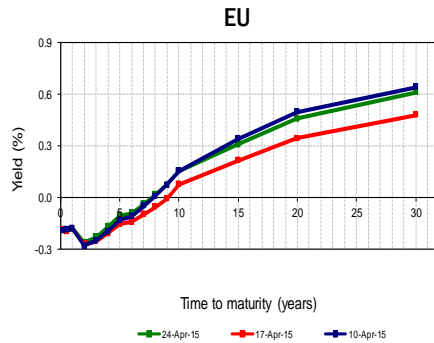
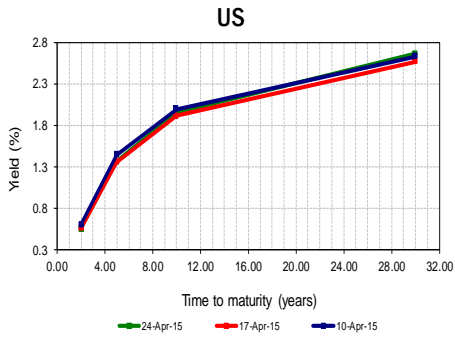
Markets	Latest Closing	basis point change from			
		Previous Day*	Previous Week*	1-Jan-15*	
US	1.91	-4.91	4.33		-26.26
EU	0.16	-1.00	7.70		-38.60
Japan	0.29	-2.50	-1.80		-3.90
PRC	3.47	3.00	-23.00		-18.00
Hong Kong, China	1.43	-4.00	3.90		-46.80
India	7.79	3.30	-0.60		-9.10
Indonesia	7.55	0.90	1.80		-27.20
Korea, Rep. of	2.30	3.00	18.00		-31.00
Malaysia	3.84	-1.00	-5.00		-30.40
Philippines	4.12	2.46	0.63		25.30
Singapore	2.15	-1.39	1.10		-13.08
Thailand	2.49	-2.50	-15.00		-23.60
Viet Nam	6.65	0.00	3.70		-58.00

Close of 24 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

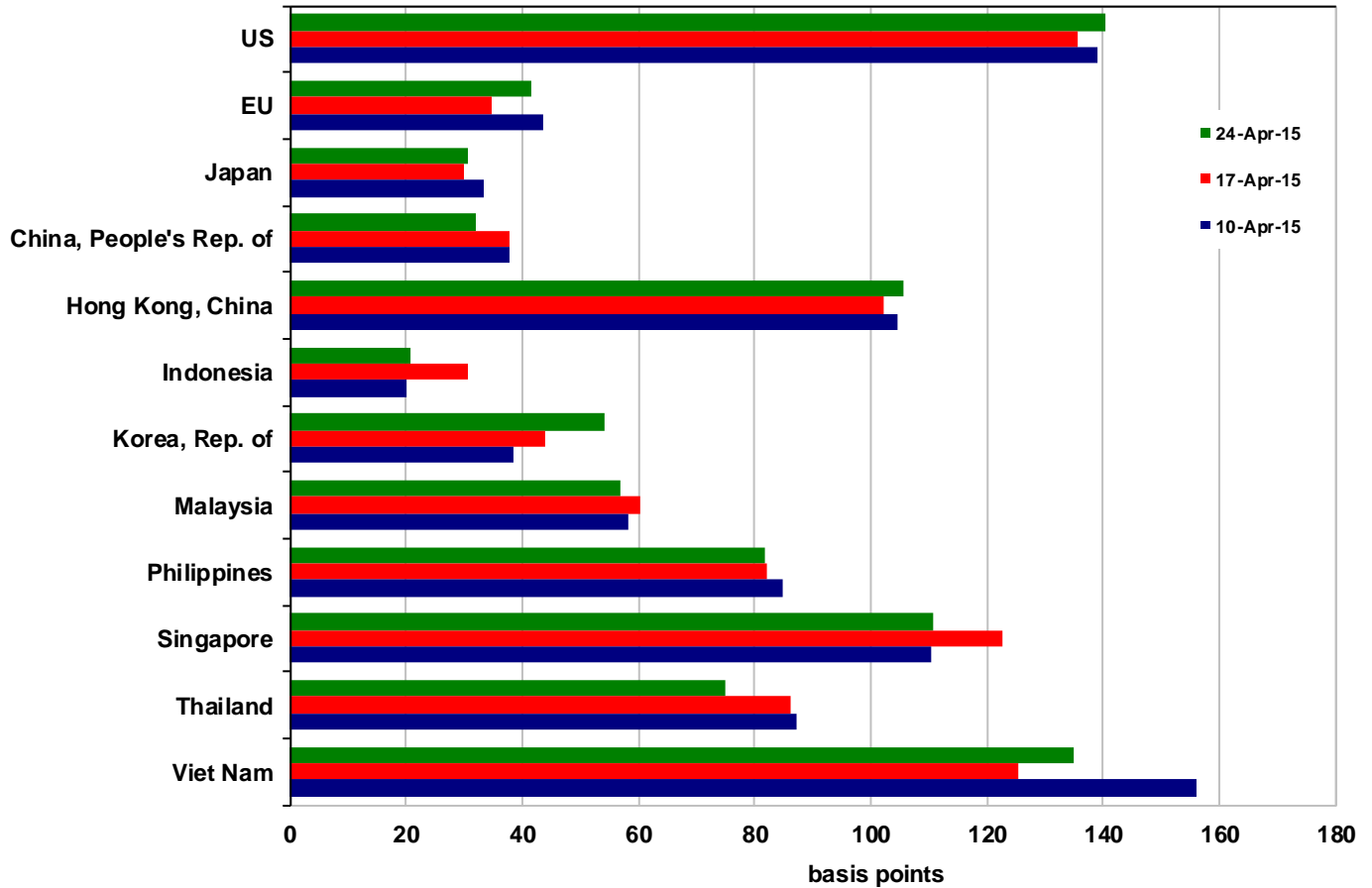
Tip: Zoom-in on the table using the Acrobat zoom tool



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

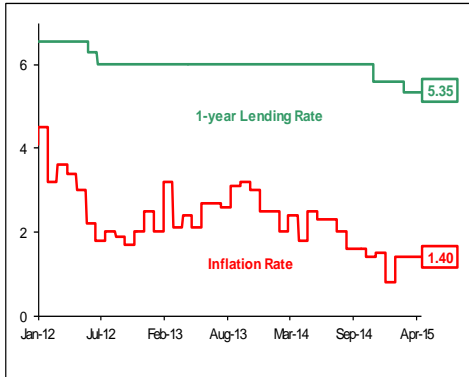


EU = European Union, US = United States.
 Source: Based on data from Bloomberg LP.

Policy Rate versus Inflation Rate

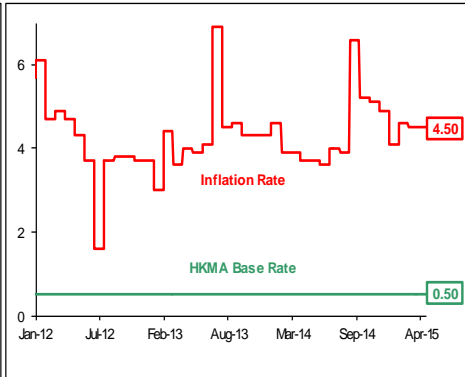
Tip: Zoom-in on the table using the Acrobat zoom tool

China, People's Rep. of



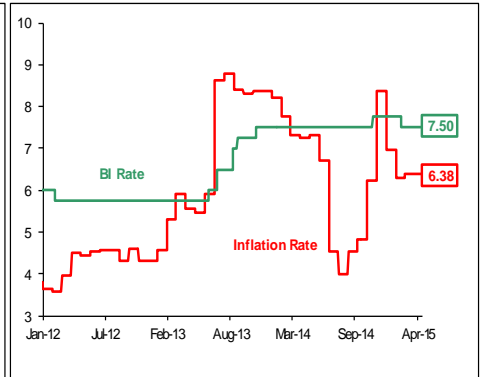
The PRC uses the 1-year lending rate as one of its policy rates.
Source: Bloomberg LP.

Hong Kong, China



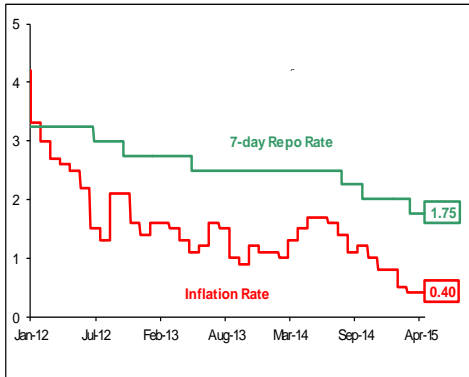
The Hong Kong Monetary Authority maintains a Discount Window Base Rate.
Source: Bloomberg LP.

Indonesia



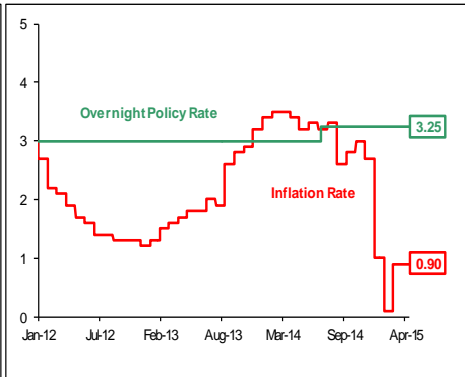
Bank Indonesia uses its reference interest rate (BI rate) as its policy rate.
Source: Bloomberg LP.

Korea, Republic of



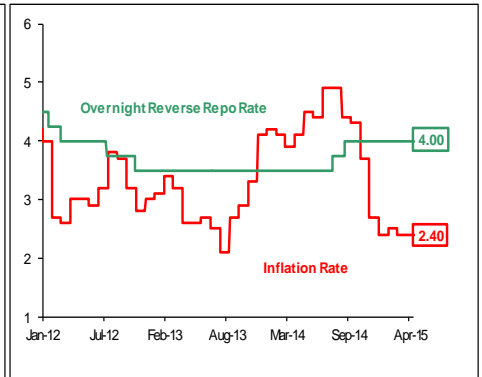
The Bank of Korea shifted its policy rate from the overnight repurchase (repo) rate to the 7-day repo rate in March 2008.
Source: Bloomberg LP.

Malaysia



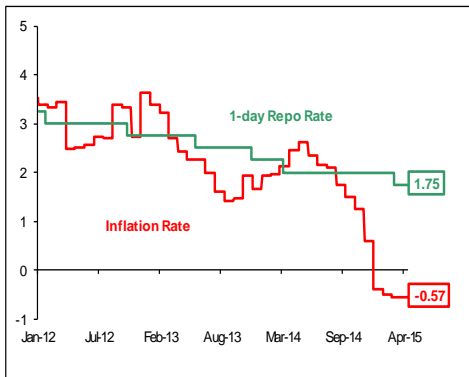
Bank Negara Malaysia uses the overnight policy rate (OPR) as its policy rate.
Source: Bloomberg LP.

Philippines



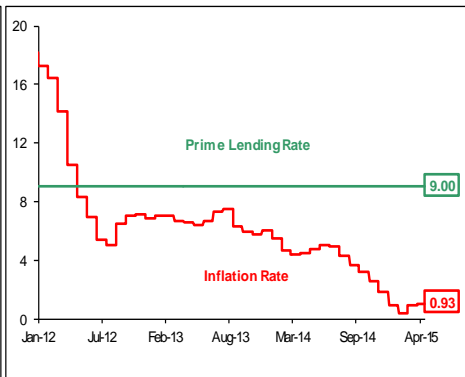
Banko Sentral uses the Philippine overnight reverse repurchase agreement rate as one of its policy instruments.
Source: Bloomberg LP.

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

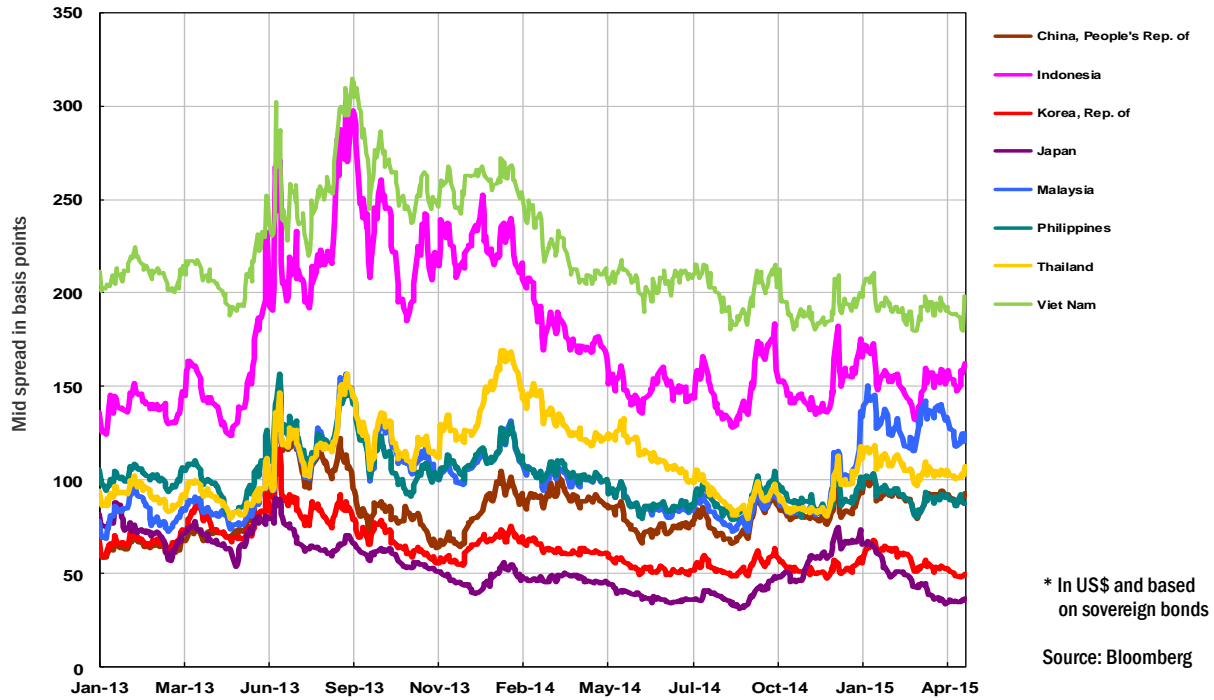


The State Bank of Viet Nam uses a benchmark prime lending rate as its policy rate.
Source: Bloomberg LP.

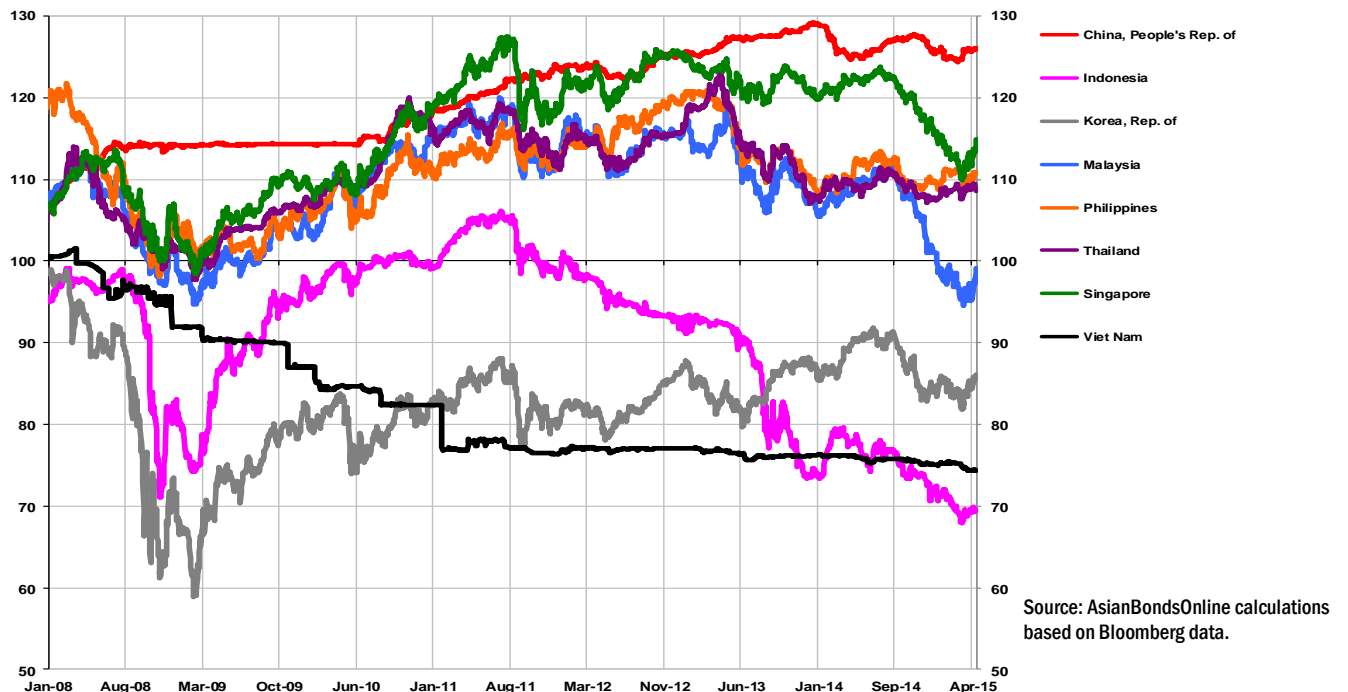
Credit Default Swap Spreads and Exchange Rate Indexes

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 (20 – 24 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	22-Apr	5-year Treasury Bonds	3.24	3.31	30.00	30.41
	24-Apr	20-year Treasury Bonds	4.09	4.09	26.00	26.00
HK	21-Apr	91-day Exchange Fund Bills	0.03		32.44	32.44
		183-day Exchange Fund Bills	0.05		10.00	10.00
		364-day Exchange Fund Bills	0.11		3.00	3.00
ID	21-Apr	6-month Islamic Treasury Bills	5.75			500.00
		1-year Project-based <i>Sukuk</i>	7.18		2,000.00	655.00
		25-year Project-based <i>Sukuk</i>	8.31			870.00
JP	23-Apr	3-month Treasury Discount Bills	-0.01		5,400.00	5,379.93
		40-year Japanese Government Bonds	1.47	1.40	400.00	458.70
KR	20-Apr	91-day Monetary Stabilization Bonds	1.67		1,300.00	1,300.00
		182-day Monetary Stabilization Bonds	1.65		1,000.00	1,000.00
		10-year Treasury Bonds	2.14	3.00	1,000.00	1,000.00
	22-Apr	63-day Treasury Bills	1.72		1,500.00	1,500.00
SG	21-Apr	28-day MAS Bills	0.41		0.60	0.60
		87-day MAS Bills	0.63		5.50	5.50
TH	20-Apr	28-day Treasury Bills	1.70		20.00	20.00
	21-Apr	91-day Bank of Thailand Bonds	1.70		32.00	32.00
		182-day Bank of Thailand Bonds	1.71		30.00	30.00
	22-Apr	6.65-year Government Bonds	2.42	3.65	20.00	20.00
		22.65-year Government Bonds	3.53	4.26	9.00	8.60

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

Sources: Local market sources and Bloomberg, LP.

Selected Asia Data Releases (28 April – 4 May 2015)

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

Economy and Variable	Release Date	Historical Data	Recent Trends
Hong Kong, China Exports y-o-y, % MAR	04/28	02/14: -1.3% 03/14: 3.4% 01/15: 2.8% 02/15: 7.2%	Exports from Hong Kong, China climbed 7.2% year-on-year (y-o-y) in February following 2.8% y-o-y growth in January.
Philippines Imports y-o-y, % FEB	04/28	01/14: 24.7% 02/14: 1.7% 12/14: 0.0% 01/15: -14.2%	The Philippines' imports contracted 14.2% y-o-y in January after remaining unchanged in December on a y-o-y basis.
Thailand BOT Benchmark Rate % 29-Apr	04/29	03/14: 2.00% 04/14: 2.00% 02/15: 2.00% 03/15: 1.75%	The Bank of Thailand's Monetary Policy Committee decided on 11 March to reduce the 1-day repurchase rate by 25 basis points to 1.75% in order to buttress Thailand's economic recovery and reinforce private sector confidence.
Republic of Korea Industrial Production y-o-y, % MAR	04/30	02/14: 3.9% 03/14: 2.8% 01/15: 1.8% 02/15: -4.7%	Industrial production in the Republic of Korea contracted 4.7% y-o-y in February, a reversal from its 1.8% y-o-y growth in January, as manufacturing output fell 4.8% y-o-y.
Thailand Exports y-o-y, % MAR	04/30	02/14: 2.2% 03/14: -3.5% 01/15: -2.6% 02/15: -6.0%	Thailand's merchandise exports fell 6.0% y-o-y in February, a faster drop compared to January's 2.6% y-o-y decrease.
Thailand Current Account Balance US\$ million MAR	04/30	02/14: 4,229 03/14: 1,875 01/15: 2,506 02/15: 3,508	Thailand's current account surplus widened to US\$3.5 billion in February from US\$2.5 billion in January due to a monthly increase in the merchandise trade surplus.
People's Republic of China PMI index APR	05/01	03/14: 50.3 04/14: 50.4 02/15: 49.9 03/15: 50.1	The Purchasing Managers Index (PMI) in the People's Republic of China (PRC) rose to 50.1 in March from 49.9 in February.
Japan CPI y-o-y, % MAR	05/01	02/14: 1.5% 03/14: 1.6% 01/15: 2.4% 02/15: 2.2%	Consumer price inflation in Japan eased to 2.2% y-o-y in February from 2.4% y-o-y in January.
Republic of Korea CPI y-o-y, % APR	05/01	03/14: 1.3% 04/14: 1.5% 02/15: 0.5% 03/15: 0.4%	The Republic of Korea's consumer price inflation moderated to 0.4% y-o-y in March from 0.5% in February; the relatively low inflation rate in March was largely due to decreases in four out of 12 product categories, with the biggest drop felt in transport prices.
Republic of Korea Exports y-o-y, % APR	05/01	03/14: 3.7% 04/14: 8.9% 02/15: -3.3% 03/15: -4.3%	The Republic of Korea's merchandise exports contracted 4.3% y-o-y in March after a 3.3% y-o-y decline in February.
Indonesia CPI y-o-y, % APR	05/04	03/14: 7.3% 04/14: 7.3% 02/15: 6.3% 03/15: 6.4%	Consumer price inflation inched up to 6.4% y-o-y in March from 6.3% y-o-y in February on higher price hikes for processed food and utilities.
Republic of Korea Current Account Balance US\$ million MAR	05/04	02/14: 4,537.5 03/14: 7,324.7 01/15: 6,583.0 02/15: 6,442.2	The current account surplus of the Republic of Korea dipped to US\$6.4 billion in February from US\$6.6 billion in January.
Singapore PMI index APR	05/04	03/14: 50.8 04/14: 51.1 02/15: 49.7 03/15: 49.6	Singapore's PMI remained below the 50-point threshold in March at a reading of 49.6, indicating a generally contracting manufacturing sector.
Thailand CPI y-o-y, % APR	05/04	03/14: 2.1% 04/14: 2.5% 02/15: -0.5% 03/15: -0.6%	Thailand's consumer price inflation was negative for the third consecutive month in March at -0.6% y-o-y, driven by falling transportation costs.

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 Republic of Korea's Economy Grows 0.8% q-o-q, 2.4% y-o-y in 1Q15

- [Real Gross Domestic Product: 1st Quarter of 2015 \(Advance Estimate\)](#)
The Bank of Korea (23 April 2015)

Hong Kong, China's CPI Falls in March; The Republic of Korea's PPI Falls in March; Consumer Price Inflation in Malaysia Inches Up in March; Singapore Posts Deflation in March

- [Consumer Price Indices for March 2015](#)
Census and Statistics Department (21 April 2015)
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