

Key Developments in Asian Local Currency Markets

The People’s Republic of China’s (PRC) real gross domestic product (GDP) growth rate slowed to 6.7% year-on-year (y-o-y) in the first quarter (Q1) of 2016 from 6.8% y-o-y in the fourth quarter (Q4) of 2015. The decline was driven by a slowdown in growth in all three major GDP categories. Other economic indicators in the PRC showed improvement however. The growth rate of industrial production rose to 5.8% y-o-y in Q1 2016 from 5.4% y-o-y in January–February. Investment in fixed assets also showed improvement, with the growth rate accelerating to 10.7% y-o-y in Q1 2016 from 10.2% in January–February. Exports also gained, posting growth of 11.5% y-o-y in March, reversing February’s 25.4% y-o-y contraction. Meanwhile, the decline in imports slowed, with a negative growth rate of 7.6% y-o-y in March versus a negative growth rate of 13.8% y-o-y in February.

On 14 April, the Monetary Authority of Singapore set the rate of appreciation of the Singapore dollar nominal effective exchange rate policy band at zero. The monetary authority also kept unchanged both the width of the policy band and the level at which it is centered. On 15 April, Bank Indonesia announced that it will shift its policy rate from the current Bank Indonesia reference rate to the 7-day repo rate. The new policy rate will take effect on 19 August.

Singapore’s real GDP growth stood at 1.8% y-o-y in Q1 2016, the same pace of growth as in Q4 2015. Industrial production growth in Malaysia slightly rose to 3.9% y-o-y in February from 3.2% y-o-y in January. Manufacturing production in the Philippines in February posted 8.4% y-o-y growth in terms of volume and 2.8% y-o-y growth in terms of value.

The PRC’s consumer prices rose 2.3% y-o-y in March, the same pace as in February.

Indonesia reported a trade surplus amounting to USD497 million in March, compared with USD1,136 million a month earlier. Exports contracted 13.5% y-o-y in March to USD11.8 billion and imports fell 10.4% y-o-y to USD11.3 billion. In the Philippines, merchandise exports fell 4.5% y-o-y in February—the 11th consecutive month of y-o-y decline—as five out of ten major export items recorded y-o-y decreases.

Foreign investors’ net bond investment into the Republic of Korea turned positive in March—amounting to KRW0.6 trillion for the month—a reversal from net bond sales of KRW4.2 trillion in February. Foreign portfolio investments in the Philippines recorded net inflows of USD482 million in March, up from USD58 million in February, amid foreign

Asia Bond Monitor March 2016 [read more](#)

10-Year Selected LCY Government Security Yields Close of 15 April 2016
basis point change from

Markets	Latest Closing	Previous Day*	Previous Week*	1-Jan-16*
US	1.75	-4.01		-51.76
EU	0.13	-4.00		-50.20
Japan	-0.12	-2.30	-4.00	-38.00
PRC	2.94	-1.00		8.00
Hong Kong, China	1.37	4.10		-21.10
India	7.44	0.00	-1.30	-29.50
Indonesia	7.41	-5.00	-16.00	-134.30
Korea, Rep. of	1.84	-0.40		-24.70
Malaysia	3.78	1.00	-5.00	-41.00
Philippines	4.47	8.97	-23.70	36.97
Singapore	1.99	-2.74		-61.26
Thailand	1.71	0.00		-78.60
Viet Nam	7.00	0.80	-3.70	-17.50

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

investors’ positive sentiment and rising interest in Philippine government securities.

Korea Resources Corporation priced a USD500 million 5-year bond last week with a 2.25% coupon and yield of 2.27%. Kia Motors raised USD700 million from a dual-tranche USD-denominated bond sale last week, pricing a USD400 million 5-year bond on a 2.625% coupon and a USD300 million 10-year bond on a 3.25% coupon.

Yields rose for all tenors in the PRC as recent economic data showed strengthening in the economy and in the Republic of Korea. Yields rose for most tenors in Hong Kong, China and Singapore, following a rise in yields in the US, and in Thailand. Yields fell for all tenors in Indonesia, following news of Bank Indonesia’s plan to change its policy rate benchmark, and for most tenors in Malaysia and the Philippines. The 2-year versus 10-year yield spread rose in Hong Kong, China, Indonesia, the Republic of Korea, and Thailand and fell for the rest of emerging East Asia.

Summary Text of News Articles

The PRC's GDP Growth Slows in Q1 2016, Other Indicators Show Improvement

The People's Republic of China's (PRC) gross domestic product (GDP) growth rate slowed to 6.7% year-on-year (y-o-y) in the first quarter (Q1) of 2016 from 6.8% y-o-y in the fourth quarter (Q4) of 2015. The decline was driven by a slowdown in growth in all three major GDP categories. The agriculture sector growth rate slowed to 2.9% y-o-y in Q1 2016 from 4.1% in Q4 2015, the manufacturing and construction industry growth rate slowed to 5.8% y-o-y from 6.1% y-o-y, and the service industry growth rate fell to 7.6% y-o-y from 8.2% y-o-y.

Other economic indicators in the PRC showed improvements. The growth rate of industrial production, which measures the total value added of industrial enterprises, rose to 5.8% y-o-y in Q1 2016 from 5.4% in January–February. Investment in fixed assets also showed improvement, with the growth rate accelerating to 10.7% y-o-y in Q1 2016 from 10.2% in January–February. Exports also gained, posting growth of 11.5% y-o-y in March, compared with February's contraction of 25.4% y-o-y. The decline in imports also slowed, with a negative growth rate of 7.6% y-o-y in March following negative growth of 13.8% y-o-y in February.

**MAS Sets Zero Appreciation for S\$NEER;
Bank Indonesia to Shift Policy Rate to 7-Day Repo Rate**

In its monetary policy statement on 14 April, the Monetary Authority of Singapore (MAS) set the rate of appreciation of the Singapore dollar nominal effective exchange rate (S\$NEER) policy band at zero. The monetary authority kept unchanged both the width of the policy band and the level at which it is centered. MAS expects this move to support price stability over the medium-term.

On 15 April, Bank Indonesia announced that it would shift its policy rate from the current Bank Indonesia reference rate to the 7-day repo rate. According to the Governor of Bank Indonesia, "the move aims to improve the effectiveness of monetary policy transmission." The new policy rate will take effect on 19 August.

**Singapore's Q1 2016 GDP Growth at 1.8% y-o-y;
Industrial Production Growth in Malaysia Accelerates in February;
Philippine Manufacturing Production Grows in February**

Singapore's real GDP growth stood at 1.8% y-o-y in Q1 2016, the same pace of growth as that in Q4 2015. The manufacturing sector contracted 2.0% y-o-y on account of lower output in the transport engineering, precision engineering, and electronics cluster. On the other hand, the construction sector grew 6.2% y-o-y and output from services-producing industries rose 1.9% y-o-y in Q1 2016. On a quarter-on-quarter and seasonally adjusted basis, however, Singapore's economic growth was flat in Q1 2016.

Industrial production growth in Malaysia slightly rose to 3.9% y-o-y in February from 3.2% y-o-y in January. The increase was driven by higher annual increases in all sub-indices. The electricity index rose 10.5% y-o-y in February, compared with 7.7% y-o-y growth posted in January. The manufacturing index and mining index also increased 4.5% y-o-y and 1.1% y-o-y, respectively. However, on a month-on-month (m-o-m) basis, the industrial production index fell 6.9% in February.

Manufacturing production in the Philippines posted 8.4% y-o-y growth in February in terms of volume and 2.8% y-o-y growth in terms of value, according to the Philippine Statistics Authority. The manufacturing sector's growth in February was slower than in January, and was a reversal from a contraction 12 months earlier.

The PRC's Consumer Price Inflation Remains Unchanged in March

The PRC's consumer prices rose 2.3% y-o-y in March, the same pace as in February. On a m-o-m basis, the PRC's consumer prices fell 0.4%, due to lower food prices, partially brought about by high demand in February due to the Lunar New Year.

For inflation rate trends in the PRC, refer to this link:

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

Summary Text of News Articles

**Indonesia Posts USD497 Million Trade Surplus in March;
Merchandise Exports from the Philippines Fall in February**

Indonesia reported a trade surplus amounting to USD497 million in March, compared with USD1,136 million a month earlier. Exports contracted 13.5% y-o-y in March to USD11.8 billion and imports fell 10.4% y-o-y to USD11.3 billion. The declines in both exports and imports are reflective of weakening demand in domestic and global markets.

Philippine merchandise exports fell 4.5% y-o-y in February—the 11th consecutive month of y-o-y decline—as five out of ten major export items for the month recorded y-o-y decreases, according to the Philippine Statistics Authority. Articles of apparel and clothing accessories, chemicals, coconut oil, metal components, and other manufactures posted the five largest y-o-y declines. By export destination, Japan remained the top country and East Asia was the top region in February.

**Foreign Investors' Net Bond Investment in the Republic of Korea Positive in March;
Foreign Portfolio Investment in the Philippines Climbs in March**

Foreign investors' net bond investment in the Republic of Korea turned positive in March—amounting to KRW0.6 trillion—a reversal from net bond sales of KRW4.2 trillion in February, based on data from the Financial Supervisory Service. This growth stemmed from foreign investors' positive net bond purchases and fewer redemptions of Korean-listed bonds. By investor origin, Switzerland recorded the largest net bond investment for the month of March, while the PRC had the largest cumulative bond holdings at the end of March.

Foreign portfolio investments in the Philippines recorded net inflows of USD482 million in March, up from February's net inflow amount of USD58 million, amid foreign investors' positive sentiment and interest in Philippine government securities, according to the Bangko Sentral ng Pilipinas. Gross foreign portfolio investment inflows surged 58.1% m-o-m to USD1.7 billion in March, while gross foreign portfolio outflows increased 19.4% m-o-m to USD1.2 billion. In addition, USD405 million worth of net inflows from foreign portfolio transactions in March involved PHP-denominated government securities, while USD77 million were from equities listed on the Philippine Stock Exchange.

**Korea Resources Sells USD500 Million 5-Year Bond;
Kia Motors Raise USD700 Million from Dual-Tranche Bond Sale**

Korea Resources Corporation priced a USD500 million 5-year bond last week. The USD-denominated bond was priced with a 2.25% coupon to yield 2.27%. By type of investor, asset managers were the largest investor group with a 64% share. By investor origin, Asia comprised an 86% share and Europe had a share of 14%.

Kia Motors raised USD700 million from a dual-tranche USD-denominated bond sale last week, pricing a USD400 million 5-year bond on a 2.625% coupon and a USD300 million 10-year bond on a 3.25% coupon.

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-16*
US	0.22	0.00	-0.51	5.60
EU	-0.50	-0.60	-6.60	-5.10
Japan	-0.19	28.60	29.40	-14.40
PRC	2.09	-4.00	2.00	-9.00
Hong Kong, China	0.10	0.00	0.00	3.00
India	8.31	0.00	0.00	0.00
Korea, Rep. of	1.50	0.00	1.40	-5.00
Malaysia	2.52	-1.90	3.80	-34.20
Philippines	1.91	-0.20	31.54	-75.20
Singapore	0.72	-0.80	-1.70	-17.00
Thailand	1.35	0.00	-0.31	-14.24

Close of 15 April 2016

10-Year Selected LCY Government Bond Yields

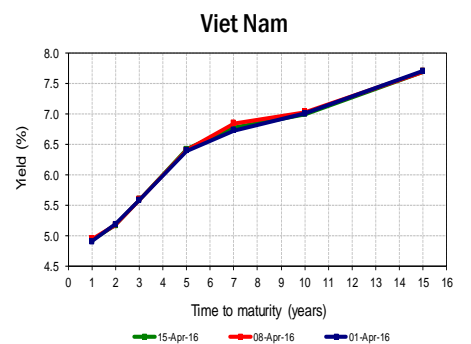
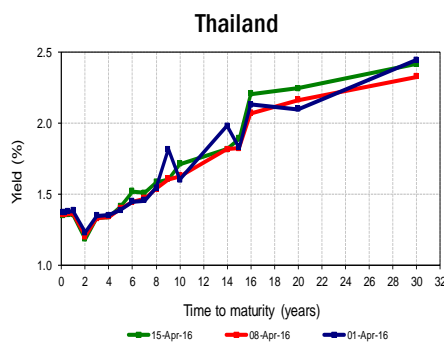
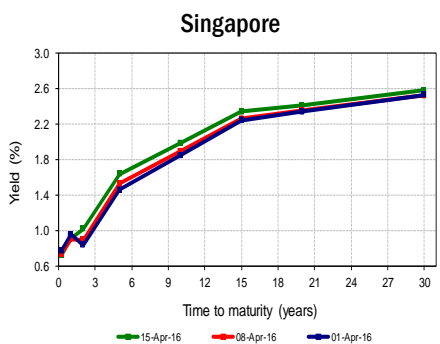
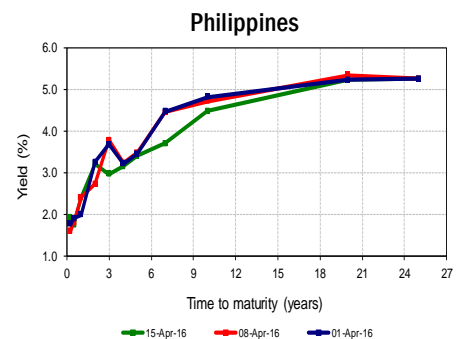
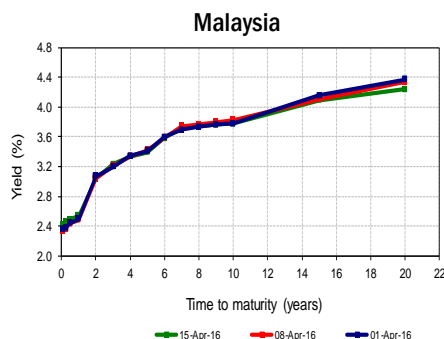
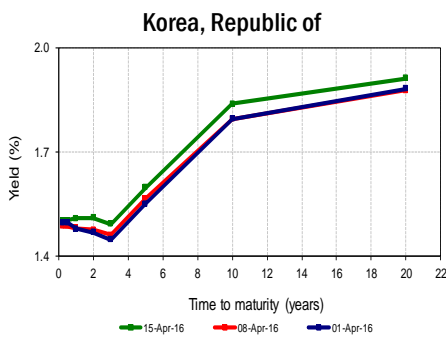
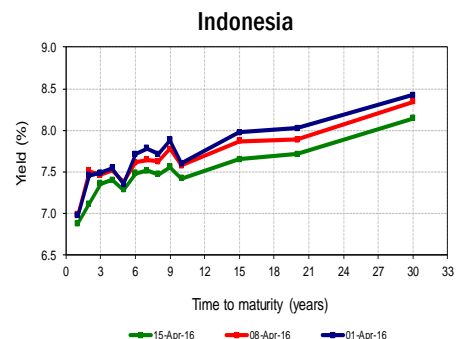
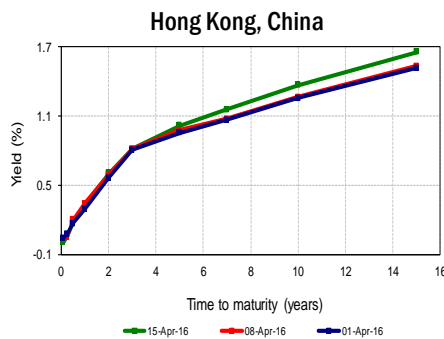
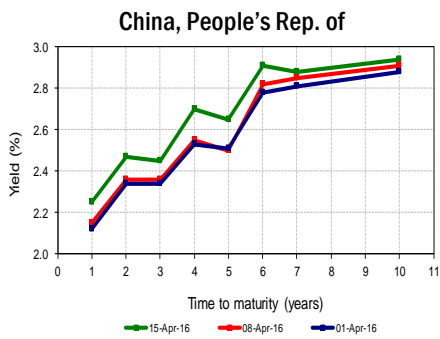
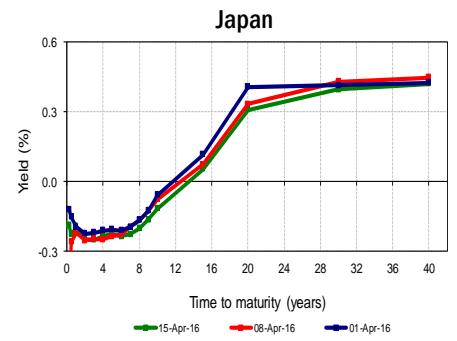
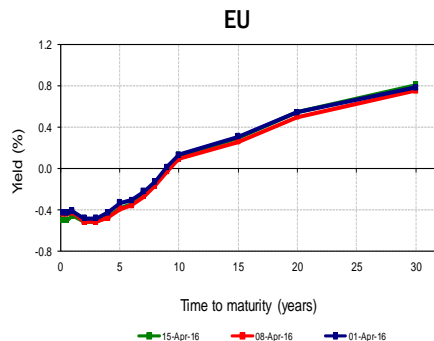
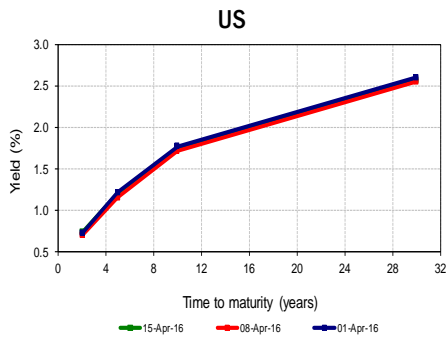
Markets	Latest Closing	basis point change from		
		Previous Day*	Previous Week*	1-Jan-16*
US	1.75	-4.01	3.51	-51.76
EU	0.13	-4.00	3.20	-50.20
Japan	-0.12	-2.30	-4.00	-38.00
PRC	2.94	-1.00	3.00	8.00
Hong Kong, China	1.37	4.10	10.30	-21.10
India	7.44	0.00	-1.30	-29.50
Indonesia	7.41	-5.00	-16.00	-134.30
Korea, Rep. of	1.84	-0.40	4.30	-24.70
Malaysia	3.78	1.00	-5.00	-41.00
Philippines	4.47	8.97	-23.70	36.97
Singapore	1.99	-2.74	9.08	-61.26
Thailand	1.71	0.00	8.60	-78.60
Viet Nam	7.00	0.80	-3.70	-17.50

Close of 15 April 2016

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

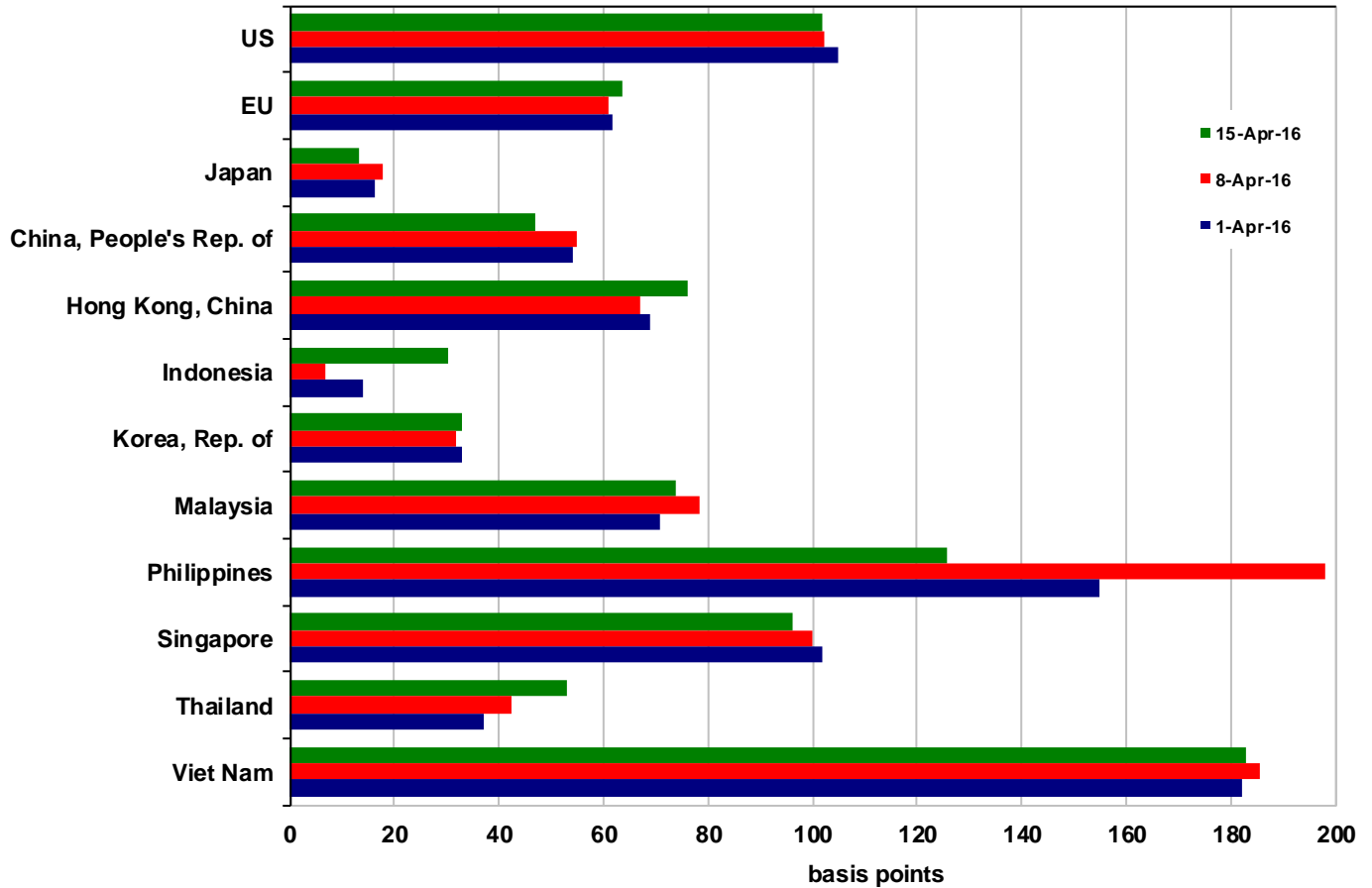
Tip: Zoom-in on the table using the Acrobat zoom tool



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

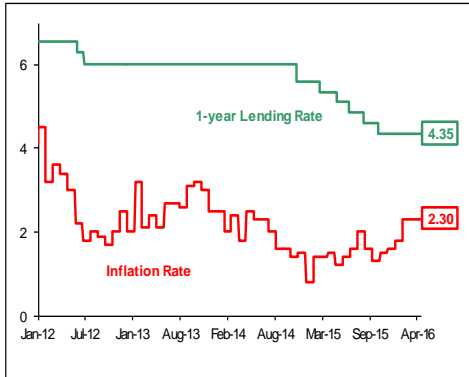


EU = European Union, US = United States.
 Source: Based on data from Bloomberg LP.

Policy Rate versus Inflation Rate

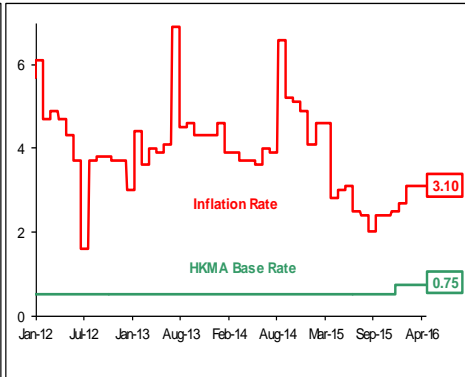
Tip: Zoom-in on the table using the Acrobat zoom tool

China, People's Rep. of



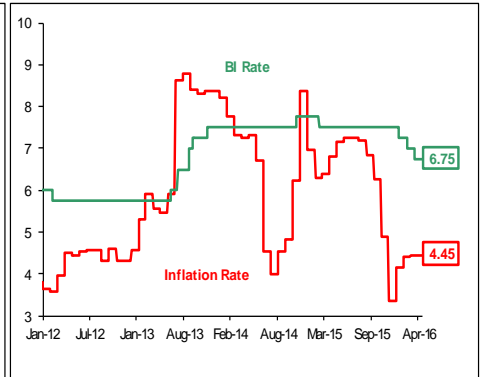
The PRC uses the 1-year lending rate as one of its policy rates.
Source: Bloomberg LP.

Hong Kong, China



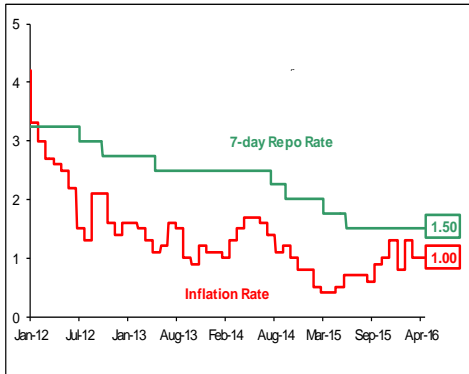
The Hong Kong Monetary Authority maintains a Discount Window Base Rate.
Source: Bloomberg LP.

Indonesia



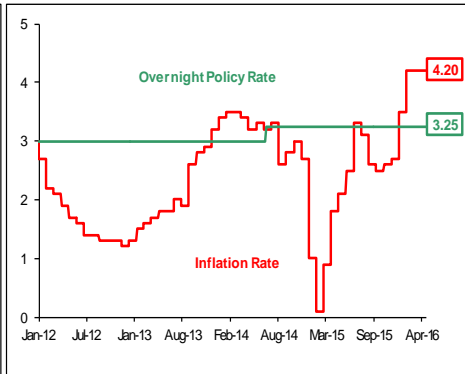
Bank Indonesia uses its reference interest rate (BI rate) as its policy rate.
Source: Bloomberg LP.

Korea, Republic of



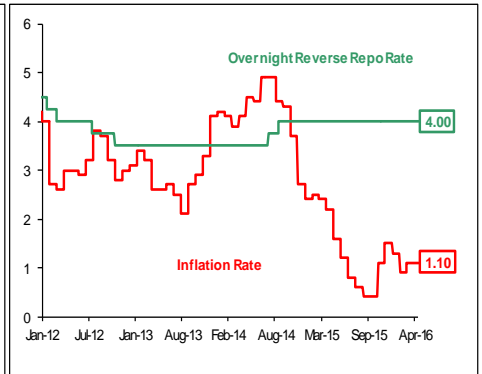
The Bank of Korea shifted its policy rate from the overnight repurchase (repo) rate to the 7-day repo rate in March 2008.
Source: Bloomberg LP.

Malaysia



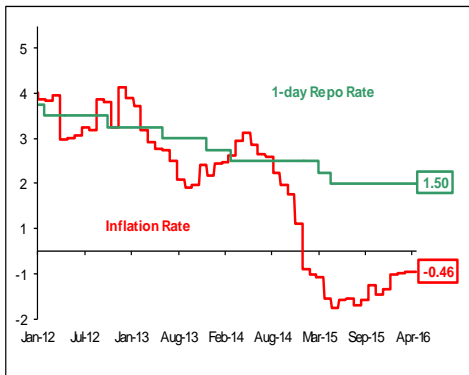
Bank Negara Malaysia uses the overnight policy rate (OPR) as its policy rate.
Source: Bloomberg LP.

Philippines



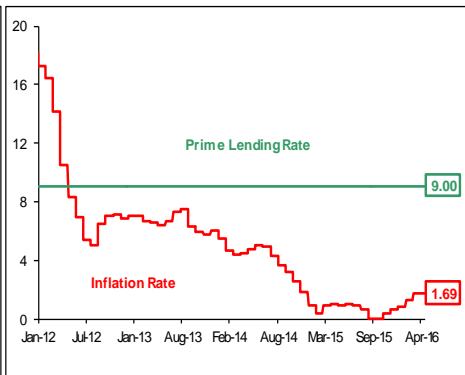
Bangko Sentral uses the Philippine overnight reverse repurchase agreement rate as one of its policy instruments.
Source: Bloomberg LP.

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

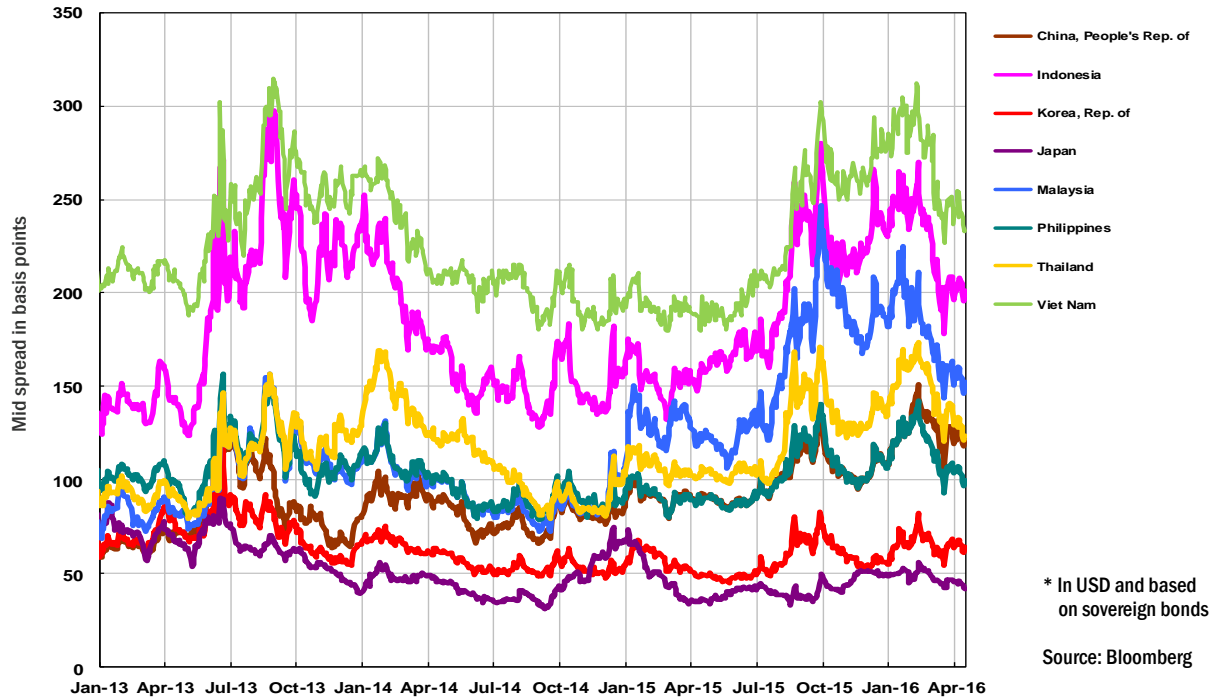


The State Bank of Viet Nam uses a benchmark prime lending rate as its policy rate.
Source: Bloomberg LP.

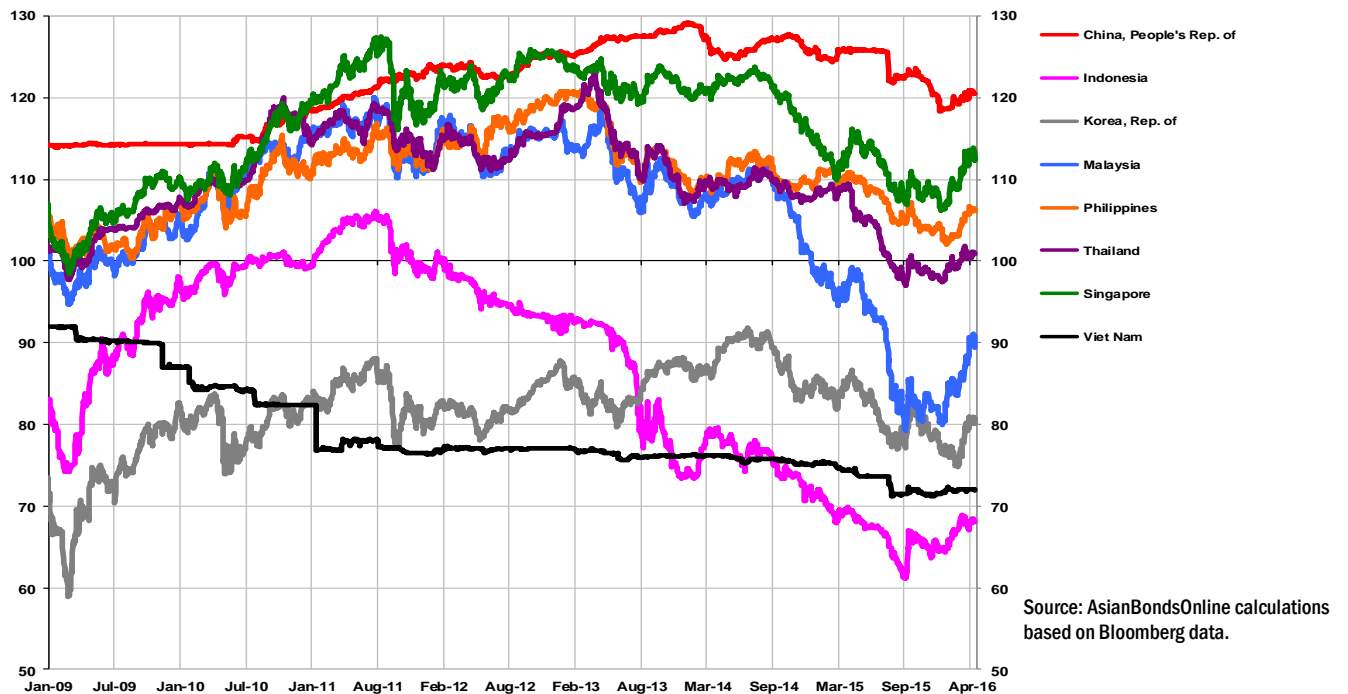
Credit Default Swap Spreads and Exchange Rate Indexes

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

Credit Default Swap Spreads – Senior 5-Year*



Exchange Rate Indexes (vis-à-vis USD, 2 January 2007=100)



Selected Debt Security Issuances (11 – 15 April 2016)

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	13-Apr	5-year Treasury Bonds	2.58	2.58	33.00	33.00
HK	12-Apr	91-day Exchange Fund Bills	0.07		41.93	41.93
		182-day Exchange Fund Bills	0.22		14.00	14.00
ID	12-Apr	3-month Treasury Bills	5.48		12,000.00	2,000.00
		365-day Treasury Bills	6.36			2,000.00
		5-year Treasury Bonds	7.33	8.25		1,300.00
		10-year Treasury Bonds	7.52	8.38		6,650.00
		15-year Treasury Bonds	7.80	8.75		6,050.00
JP	14-Apr	3-month Treasury Discount Bills	-0.17		4,400.00	4,359.98
		30-year Japanese Government Bonds	0.39	0.80	800.00	828.30
KR	11-Apr	91-day Monetary Stabilization Bonds	1.52		900.00	900.00
		5-year Korea Treasury Bonds	1.56	2.00	1,800.00	1,832.00
	12-Apr	63-day Treasury Bills	1.52		1,000.00	1,000.00
MY	14-Apr	20-year Malaysia Government Securities	4.24	4.25	2.50	2.50
SG	12-Apr	28-day MAS Bills	0.13		0.50	0.50
		84-day MAS Bills	0.40		3.80	3.80
TH	11-Apr	23-day Treasury Bills	1.33		10.00	10.00
		12-Apr	14-day Bank of Thailand Bonds	1.36		46.45
VN	13-Apr	3-year Treasury Bonds	5.55		3,000.00	3,000.00
		5-year Treasury Bonds	6.40		4,000.00	2,020.00
		10-year Treasury Bonds	6.94		1,000.00	303.00
		15-year Treasury Bonds	7.65		1,000.00	1,000.00

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

Sources: Local market sources and Bloomberg, LP.

Selected Asia Data Releases (19 – 25 April 2016)

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

Economy and Variable	Release Date	Historical Data	Recent Trends
Hong Kong, China Unemployment Rate % MAR	04/19	02/15: 3.3% 03/15: 3.3% 01/16: 3.3% 02/16: 3.3%	The unemployment rate in Hong Kong, China stood at 3.3% in February, the same pace as in January.
Republic of Korea BOK 7-Day Repo Rate % APR	04/19	03/15: 1.75% 04/15: 1.75% 02/16: 1.50% 03/16: 1.50%	The Bank of Korea's Monetary Policy Board decided on 10 March to keep the 7-day repurchase rate unchanged at 1.50%.
Philippines BOP USD million MAR	04/19	02/15: 985 03/15: -244 01/16: -813 02/16: -316	The Philippines' balance of payments (BOP) position in February was a deficit of USD316 million following a January deficit of USD813 million and a surplus of USD985 million posted 12 months earlier.
Republic of Korea PPI y-o-y, % MAR	04/20	02/15: -3.6% 03/15: -3.7% 01/16: -3.3% 02/16: -3.4%	The Republic of Korea's Producer Price Index (PPI) fell 3.4% year-on-year (y-o-y) in February, which was the index's 19th consecutive month of y-o-y decline.
Malaysia CPI y-o-y, % MAR	04/20	02/15: 0.1% 03/15: 0.9% 01/16: 3.5% 02/16: 4.2%	The Consumer Price Index (CPI) in Malaysia accelerated 4.2% y-o-y in February after rising 3.5% y-o-y in January.
Hong Kong, China CPI y-o-y, % MAR	04/21	02/15: 4.6% 03/15: 4.6% 01/16: 2.7% 02/16: 3.1%	Consumer price inflation in Hong Kong, China rose to 3.1% y-o-y in February from 2.7% y-o-y a month earlier.
Indonesia BI Rate % APR	04/21	03/15: 7.50% 04/15: 7.50% 02/16: 7.00% 03/16: 6.75%	In its meeting held on 17 March, Bank Indonesia reduced its benchmark interest rate by 25 basis points to 6.75%
Singapore CPI y-o-y, % MAR	04/25	02/15: -0.3% 03/15: -0.3% 01/16: -0.6% 02/16: -0.8%	Consumer prices in Singapore fell 0.8% y-o-y in February after declining 0.6% y-o-y in January.
Viet Nam Exports YTD % APR	4/25 to 4/30	03/15: 6.9% 04/15: 8.2% 02/16: 2.9% 03/16: 4.1%	Viet Nam's exports slowed to 4.1% y-o-y in January–March compared with a 6.9% y-o-y increase in the same period a year ago.
Viet Nam Industrial Production y-o-y, % APR	4/25 to 4/30	03/15: 9.1% 04/15: 9.5% 02/16: 7.9% 03/16: 6.2%	Industrial production growth in Viet Nam eased to 6.2% y-o-y in March from 7.9% y-o-y in February.

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)

PRC GDP Slows While Other Indicators Show Improvement

- [China's Economy Had a Good Start In the First Quarter of 2016](#)
National Bureau of Statistics (15 April 2016)
- [Preliminary Accounting Results of GDP for the Fourth Quarter and the Whole Year of 2015](#)
National Bureau of Statistics (21 January 2016)
- [China's jump in exports soothes growth fears, boosts markets](#)
Reuters (13 April 2016)

MAS Sets Zero Appreciation For S\$NEER; Bank Indonesia to Shift Policy Rate to 7-day Repo Rate

- [MAS Monetary Policy Statement](#)
Monetary Authority of Singapore (14 April 2016)
- [Governor of Bank Indonesia: BI Sets the 7-day Repo Rate as a New Policy Rate](#)
Bank Indonesia (15 April 2016)

Singapore Q1 2016 GDP at 1.8% y-o-y; Industrial Production in Malaysia Rises in February; Philippine Manufacturing Production Grows in February

- [Singapore's GDP Grew by 1.8 Per Cent in the First Quarter of 2016](#)
Ministry of Trade and Industry Singapore (14 April 2016)
- [Index Of Industrial Production, Malaysia February 2016](#)
Department of Statistics Malaysia (11 April 2016)
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