

Key Developments in Asian Local Currency Markets

On 13 April, the Monetary Policy Board of the Bank of Korea decided to maintain its base rate at 1.25%. The central bank cited improvements in the global economic recovery but also noted risks, including the uncertain direction of policies in the United States and the eurozone, and the pace of Federal Reserve rate hikes. The Bank of Korea forecasts that annual gross domestic product (GDP) growth in 2017 will exceed the 2.5% estimate released in January. On 13 April, the Monetary Authority of Singapore decided to maintain the rate of appreciation of the Singapore dollar nominal effective exchange rate policy band at zero and held unchanged the width and level at which it is centered.

➤ The People's Republic of China's (PRC) real GDP growth rose to 6.9% year-on-year (y-o-y) in the first quarter (Q1) of 2017 from 6.8% in the fourth quarter (Q4) of 2016. Based on advanced estimates of the Ministry of Trade and Industry, Singapore's GDP growth eased to 2.5% y-o-y in Q1 2017 after expanding 2.9% y-o-y in Q4 2016. On a quarter-on-quarter and seasonally adjusted annualized basis, GDP growth fell 1.9% in Q1 2017 after jumping 12.3% in Q4 2016. In Malaysia, the Industrial Production Index grew 4.7% y-o-y in February compared with 3.5% y-o-y in January and 3.5% y-o-y in February 2016.

➤ The PRC's consumer prices rose 0.9% y-o-y in March from 0.8% y-o-y in February. On the other hand, producer prices edged lower, rising 7.6% y-o-y in March from 7.8% y-o-y in February, due to a slower rise in the prices of commodities such as iron ore and coal.

➤ The PRC's exports rose 16.4% y-o-y in USD terms in March, following a 1.3% y-o-y decline in February, due to a recovery in global demand. Import growth softened, gaining 20.3% y-o-y in March after rising 38.1% y-o-y in the previous month. The PRC reported a trade surplus of USD23.9 billion in March. In the Philippines, export sales in February amounted to USD4.8 billion on an 11.0% y-o-y increase. February import receipts climbed 20.3% y-o-y to USD6.5 billion from the same period a year earlier. A trade deficit of USD1.7 billion was recorded in February, narrower than the deficit of USD2.5 billion in January but wider than the deficit of USD1.1 billion in February 2016.

➤ Foreign demand for the Republic of Korea's local currency bonds slowed in March with foreign investors buying a net KRW2,607 billion of listed bonds, down from KRW5,186 billion in February. Net bond inflows amounted to KRW2,878 billion for Korean Treasury Bonds and KRW5 billion for corporate bonds. A net

Asia Bond Monitor March 2017

[read more](#)

10-Year Selected LCY Government Security Yields Close of 14 April 2017 basis point change from

Markets	Latest Closing	Previous Day*	Previous Week*	1-Jan-17*
US	2.24	0.00	-14.48	-20.69
EU	0.19	0.00	-4.10	-2.10
Japan	0.01	-2.10	-5.10	-3.60
PRC	3.40	0.00	-1.00	38.00
Hong Kong, China	1.60	0.00	-0.90	-37.10
India	6.82	0.00	0.10	30.70
Indonesia	7.04	0.00	-9.30	-92.90
Korea, Rep. of	2.18	0.90	-1.30	9.20
Malaysia	4.07	-4.30	-3.50	-15.50
Philippines	5.17	0.00	-3.21	53.98
Singapore	2.13	0.00	-6.96	-34.85
Thailand	2.66	0.00	1.20	1.20
Viet Nam	6.02	-3.00	-8.20	-35.50

- 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

outflow of KRW276 billion was recorded in March for Monetary Stabilization Bonds issued by the Bank of Korea. Cumulative bond inflows for Q1 2017 amounted to KRW9,458 billion.

➤ Last week, Indika Energy Capital issued a 5-year bond, which is callable after 3 years, amounting to USD265 million and carrying a coupon rate of 6.875%. Jingrui Holdings, a property developer based in the PRC, raised USD400 million through the sale of a 3-year bond. The bond was priced to yield 8.0% and carried a coupon rate of 7.75%.

➤ LCY government bond yields fell for all tenors in Indonesia, Malaysia, and Viet Nam and for most tenors in the Philippines and Singapore. Bond yields were mostly up in the PRC while yields were mixed in Hong Kong, China; the Republic of Korea, and Thailand. The spread between the 2- and 10-year tenors narrowed for most emerging East Asian markets except for Hong Kong, China; Indonesia; Malaysia; and Thailand.

Summary Text of News Articles

**The Bank of Korea Maintains Policy Rate at 1.25%;
MAS Maintains Neutral Monetary Policy Stance**

On 13 April, the Monetary Policy Board of the Bank of Korea decided to maintain its base rate at 1.25%. The central bank cited improvements in the global economic recovery but also noted risks, including the uncertain direction of policies in the United States and eurozone, and the pace of Federal Reserve rate hikes. The central bank noted moderate domestic economic growth supported by exports and investments as consumption remains weak. The economy is expected to maintain its moderate pace of expansion in 2017 with annual gross domestic product (GDP) growth forecast to exceed the 2.5% estimate released in January. Inflation is expected to stay close to the 2.0% year-on-year (y-o-y) short-term target level and full-year 2017 inflation is expected to exceed the 1.8% projection made in January.

On 13 April, the Monetary Authority of Singapore (MAS) decided to maintain the rate of appreciation of the Singapore dollar nominal effective exchange rate policy band at zero and held unchanged the width of the policy band and the level at which it is centered. Singapore's economy grew 2.5% y-o-y in the first quarter (Q1) of 2017 and is expected to modestly expand in full-year 2017 by 1.0%–3.0%, which closely follows the 2.0% GDP growth rate realized in 2016. Rising global oil prices will gradually push the inflation rate to 0.5%–1.5%, compared with deflation of 0.5% in 2016. MAS expects that core inflation will average slightly below 2.0% in 2017, higher than the 0.9% average in 2016. Given the gradual pick-up in the global economy and an improving outlook for Singapore's trade-driven economy, MAS noted that downside risks remain due to global policy uncertainties. Amid this backdrop, MAS deems that its neutral policy stance is appropriate and will be kept for an extended period to ensure price stability in the medium-term.

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

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

**Real GDP Growth in Singapore Up 2.5% in Q1 2017 Based on Advanced Estimates;
Malaysia's Industrial Production Growth Accelerates in February**

Based on advanced estimates of the Ministry of Trade and Industry, Singapore's GDP growth eased to 2.5% y-o-y in Q1 2017 after expanding 2.9% y-o-y in the fourth quarter (Q4) of 2016. The weaker growth in Q1 2017 was due largely to slower growth in the manufacturing sector, where growth eased to 6.6% y-o-y in Q1 2017 from 11.5% in Q4 2017. The construction sector continued to contract, albeit at a slower pace of –1.1% y-o-y in Q1 2017 versus –2.8% y-o-y in Q4 2016. On the other hand, services industries posted higher growth of 1.5% y-o-y in Q1 2017, up from 1.0% y-o-y in Q4 2016. On a quarter-on-quarter and seasonally adjusted annualized basis, GDP growth fell 1.9% in Q1 2017 after jumping 12.3% in Q4 2016.

Malaysia's Industrial Production Index grew 4.7% y-o-y in February compared with 3.5% y-o-y in January and 3.5% y-o-y in February 2016. Among its subindexes, manufacturing sector output increased 6.5% y-o-y in February, up from 4.6% y-o-y in January, and electricity sector output grew 1.5% y-o-y, up from 1.1% y-o-y. On the other hand, mining sector output slowed to 0.4% y-o-y in February from 1.1% y-o-y in January.

Consumer Price Inflation Rises, Producer Price Inflation Eases in the PRC in March

The People's Republic of China's (PRC) consumer prices rose 0.9% y-o-y in March, up from a 0.8% y-o-y increase in February. Producer price inflation edged lower to 7.6% y-o-y in March from 7.8% y-o-y in February due to a slower rise in the prices of commodities such as iron ore and coal.

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

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

Summary Text of News Articles

**Exports Recover and Import Growth Slows in the PRC in March;
The Philippines' Exports and Imports Climb in February**

The PRC's exports rose 16.4% y-o-y in USD terms in March, compared with a 1.3% y-o-y decline in February, due to a recovery in global demand. Import growth softened, gaining 20.3% y-o-y after rising 38.1% y-o-y. The PRC reported a trade surplus of USD23.9 billion in March.

The Philippines' export sales in February amounted to USD4.8 billion for an 11.0% y-o-y increase. Electronic products, which accounted for 51.6% of total export revenue in February, rose 15.9% y-o-y. February import receipts climbed 20.3% y-o-y to USD6.5 billion. Inward shipments of raw materials and intermediate goods, which comprise the single-largest share of total imports (37.8%), increased 7.9% y-o-y to USD2.5 billion. A trade deficit of USD1.7 billion was recorded in February, narrower than the deficit of USD2.5 billion in January but wider than the deficit of USD1.1 billion in February 2016.

Net Foreign Bond Investment in the Republic of Korea Slows in March

Foreign demand for the Republic of Korea's local currency bonds slowed in March, with foreign investors buying a net KRW2,607 billion of listed bonds, down from KRW5,186 billion in February. Net bond inflows amounted to KRW2,878 billion for Korean Treasury Bonds and KRW5 billion for corporate bonds. A net outflow of KRW276 billion was recorded in March for Monetary Stabilization Bonds issued by the Bank of Korea. Cumulative bond inflows for Q1 2017 amounted to KRW9,458 billion.

**Indika Energy Capital Issues a USD265 Million 5-Year Bond;
Jingrui Holdings Raises USD400 Million via a 3-Year Bond**

Last week, Indika Energy Capital issued a 5-year bond, which is callable after 3 years, amounting to USD265 million. The bond carries a coupon rate of 6.875%. The bond was well received with the orderbook reaching USD1.25 billion. The bond was rated B2e by Moody's Investors Service and B- by Fitch Ratings.

Jingrui Holdings, a property developer based in the PRC, raised USD400 million through the sale of a 3-year bond that was priced to yield 8.0% and carried a coupon rate of 7.75%. The bond was rated Caa1e by Moody's Investors Service.

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-17*
US	0.80	0.00	-1.02	30.51
EU	-0.57	0.00	-1.20	33.90
Japan	-0.11	0.60	3.20	28.30
PRC	2.92	2.00	7.00	19.00
Hong Kong, China	0.33	0.00	0.00	0.00
India	8.31	0.00	0.00	0.00
Korea, Rep. of	1.30	0.00	0.40	-1.50
Malaysia	3.10	-0.80	0.50	6.80
Philippines	2.25	0.00	-55.90	17.80
Singapore	0.97	0.00	3.90	-9.20
Thailand	1.35	0.00	0.00	0.00

Close of 14 April 2017

10-Year Selected LCY Government Bond Yields

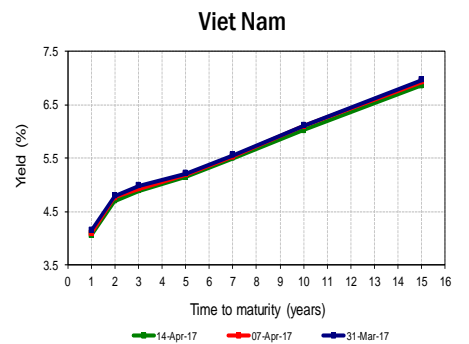
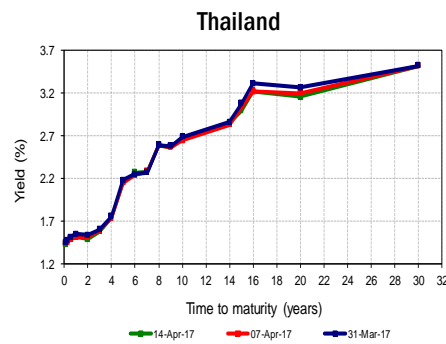
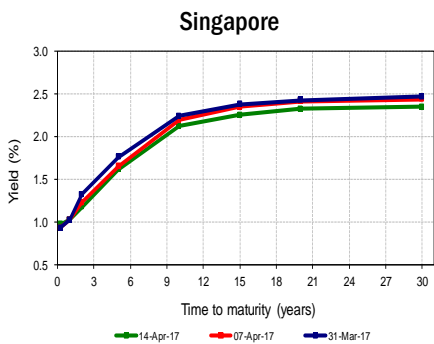
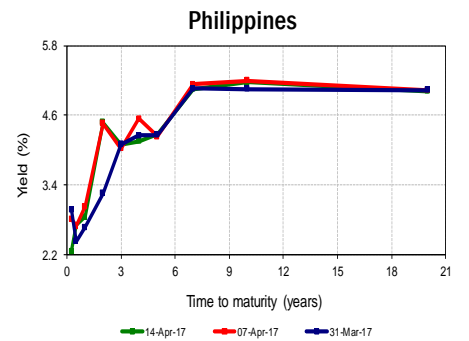
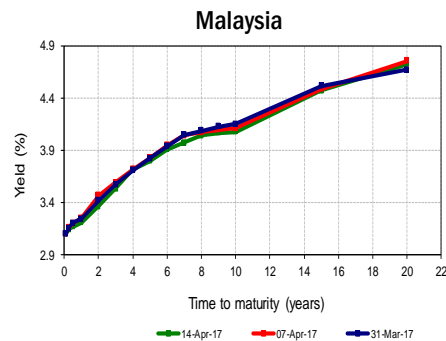
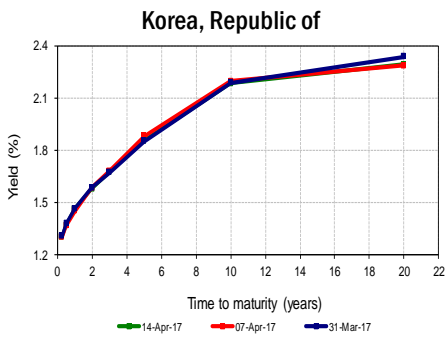
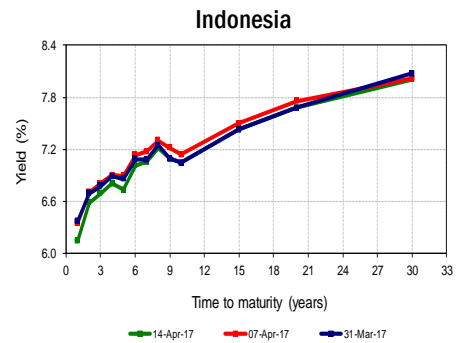
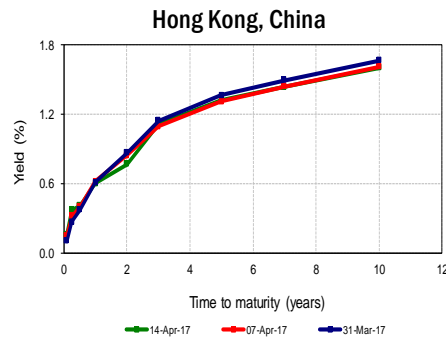
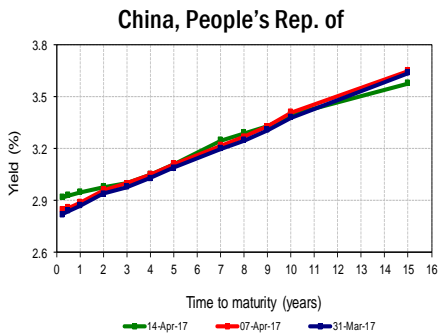
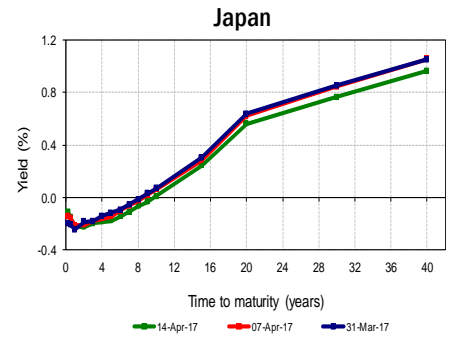
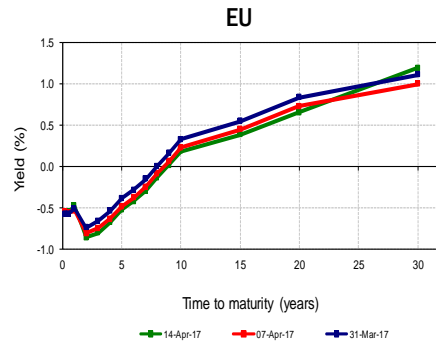
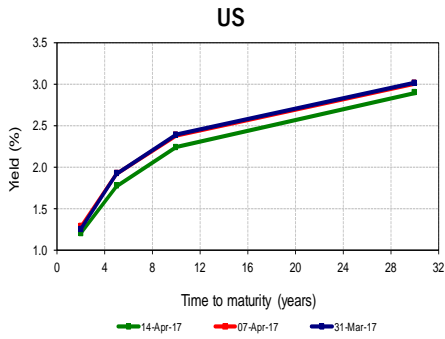
Markets	Latest Closing	basis point change from		
		Previous Day*	Previous Week*	1-Jan-17*
US	2.24	0.00	-14.48	-20.69
EU	0.19	0.00	-4.10	-2.10
Japan	0.01	-2.10	-5.10	-3.60
PRC	3.40	0.00	-1.00	38.00
Hong Kong, China	1.60	0.00	-0.90	-37.10
India	6.82	0.00	0.10	30.70
Indonesia	7.04	0.00	-9.30	-92.90
Korea, Rep. of	2.18	0.90	-1.30	9.20
Malaysia	4.07	-4.30	-3.50	-15.50
Philippines	5.17	0.00	-3.21	53.98
Singapore	2.13	0.00	-6.96	-34.85
Thailand	2.66	0.00	1.20	1.20
Viet Nam	6.02	-3.00	-8.20	-35.50

Close of 14 April 2017

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

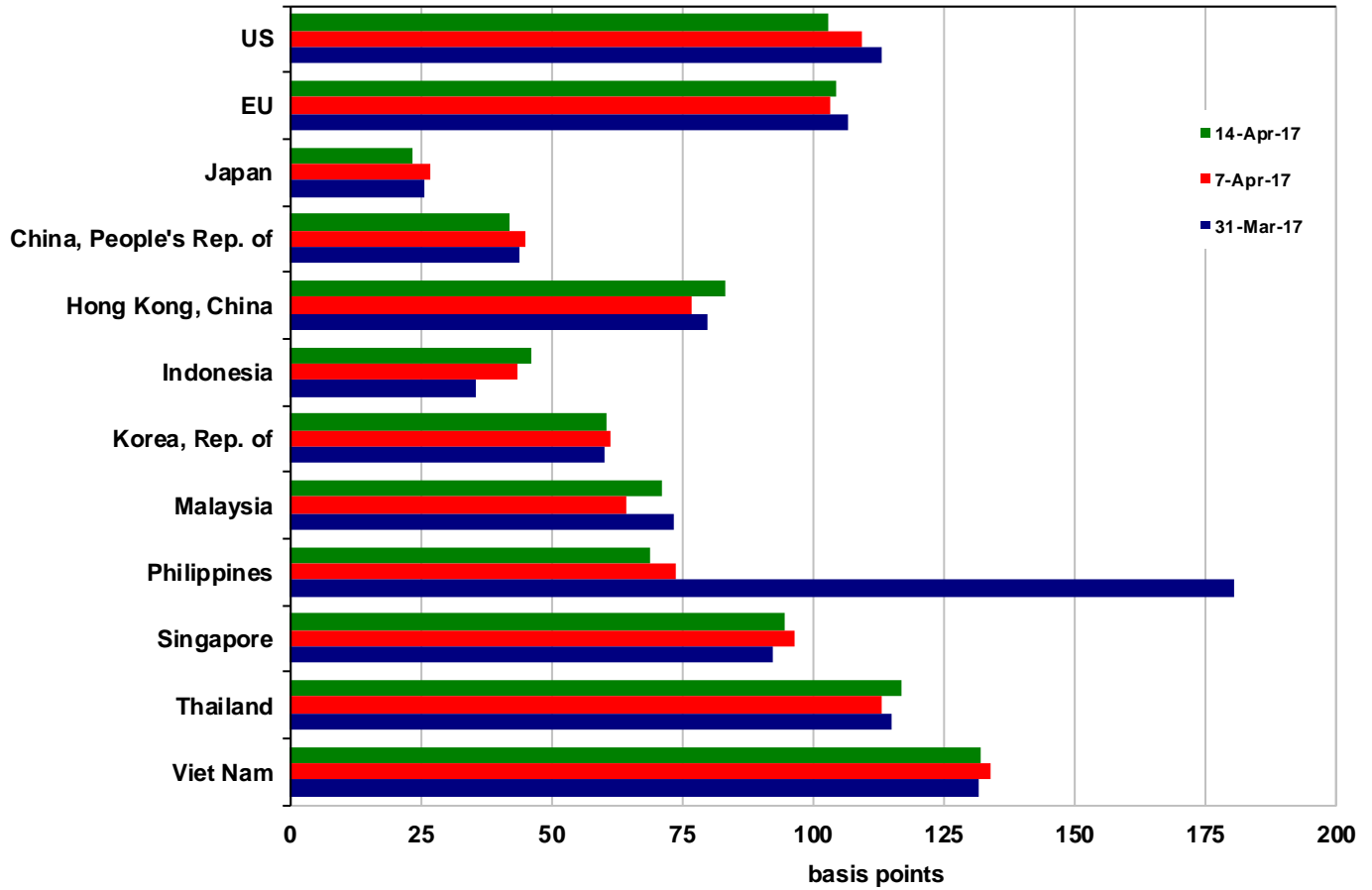
Tip: Zoom-in on the table using the Acrobat zoom tool



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

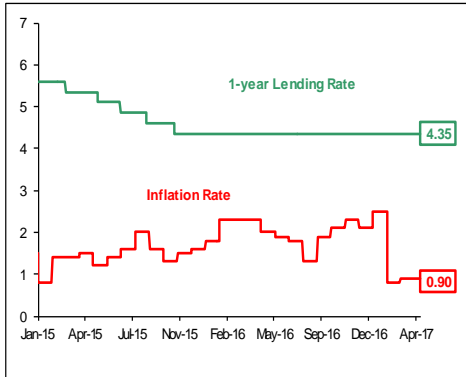


EU = European Union, US = United States.
 Source: Based on data from Bloomberg LP.

Policy Rate versus Inflation Rate

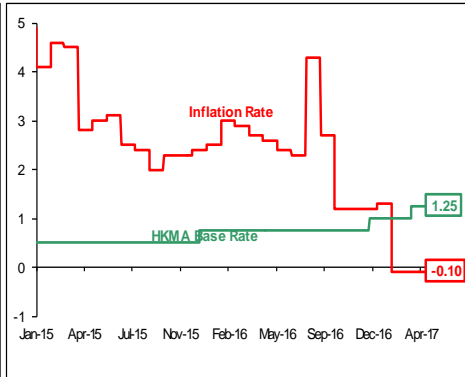
Tip: Zoom-in on the table using the Acrobat zoom tool

China, People's Rep. of



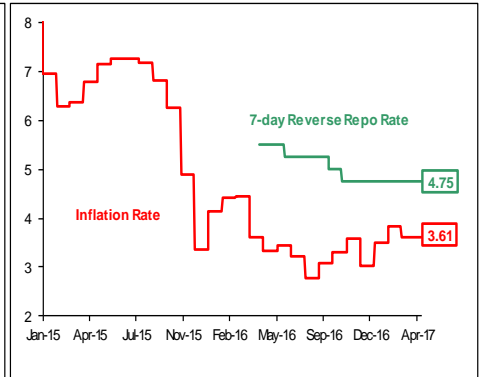
The PRC uses the 1-year lending rate as one of its policy rates.
Source: Bloomberg LP.

Hong Kong, China



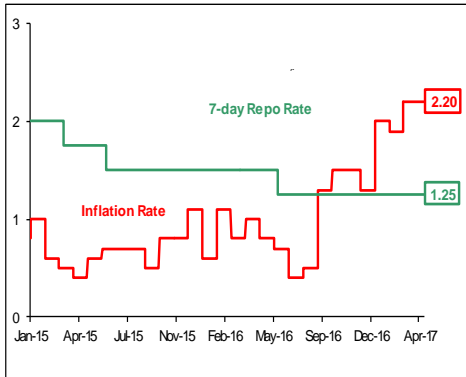
The Hong Kong Monetary Authority maintains a Discount Window Base Rate.
Source: Bloomberg LP.

Indonesia



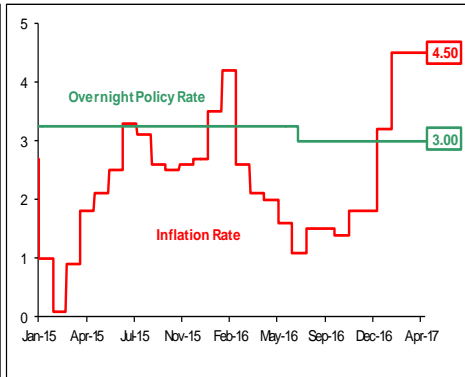
Bank Indonesia shifted its policy rate to the 7-day reverse repo rate effective 19 August 2016.
Source: Bloomberg LP.

Korea, Republic of



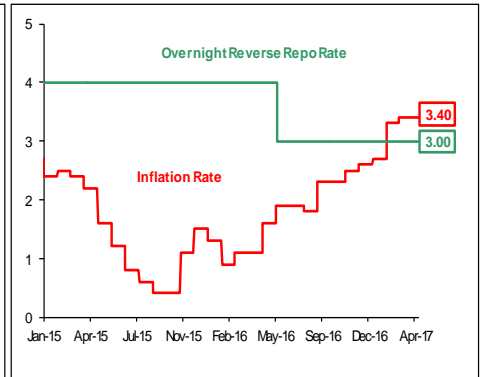
The Bank of Korea shifted its policy rate from the overnight repurchase (repo) rate to the 7-day repo rate in March 2008.
Source: Bloomberg LP.

Malaysia



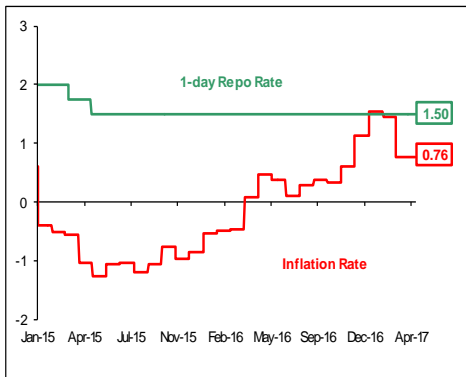
Bank Negara Malaysia uses the overnight policy rate (OPR) as its policy rate.
Source: Bloomberg LP.

Philippines



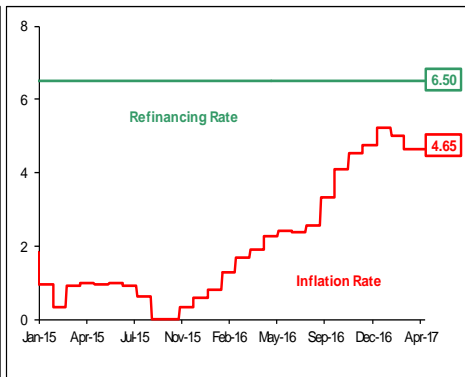
Bangko Sentral uses the Philippine overnight reverse repurchase agreement rate as one of its policy instruments.
Source: Bloomberg LP.

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

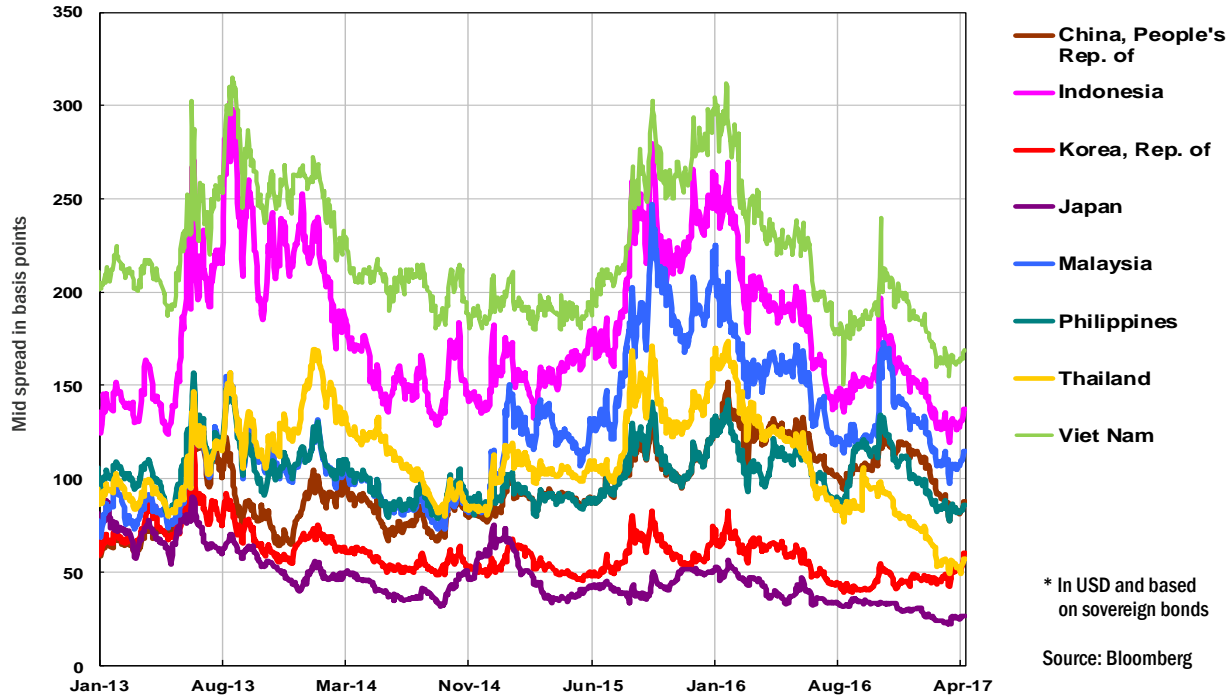


The State Bank of Viet Nam uses a benchmark prime lending rate as its policy rate.
Source: Bloomberg LP.

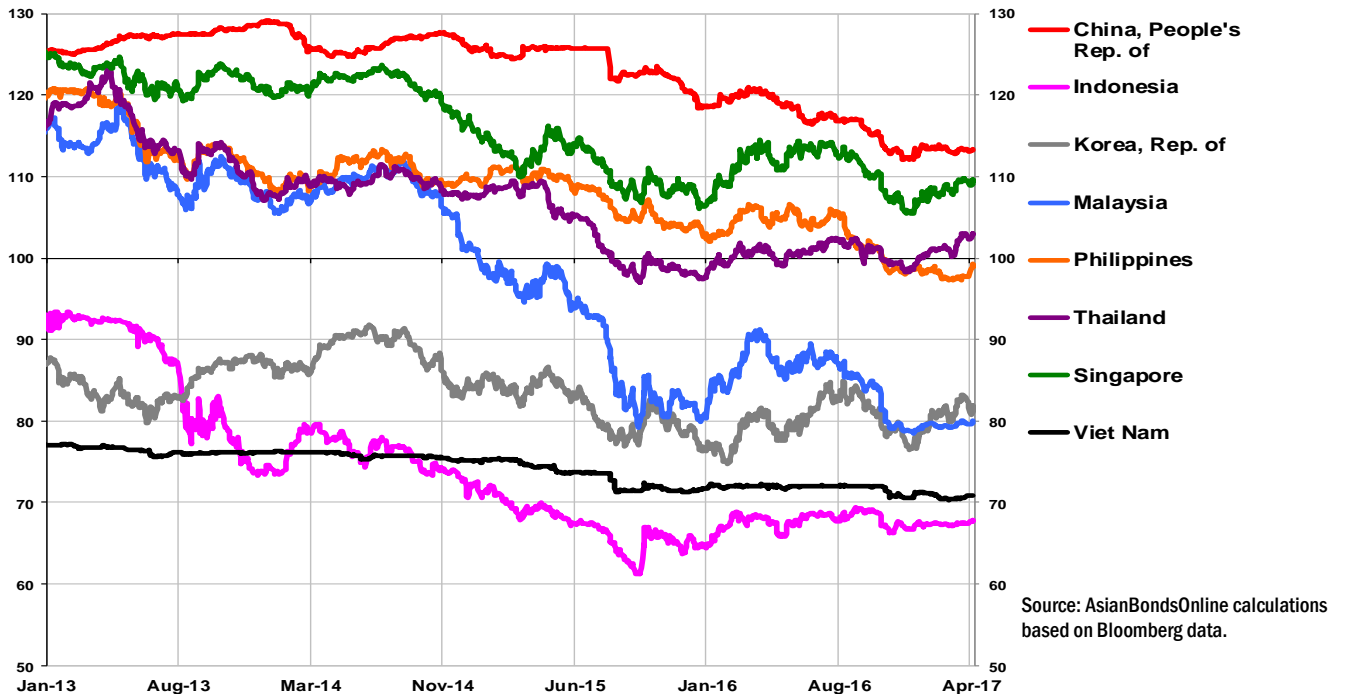
Credit Default Swap Spreads and Exchange Rate Indexes

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 (10 – 14 April 2017)

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	12-Apr	5-year Treasury Bonds	3.13	3.13	32.00	32.00
HK	11-Apr	91-day Exchange Fund Bills	0.38		47.47	47.47
		182-day Exchange Fund Bills	0.43		16.00	16.00
ID	11-Apr	91-day Treasury Bills	4.93			5,000.00
		365-day Treasury Bills	5.99			5,000.00
		5-year Treasury Bonds	6.81	7.00	15,000.00	2,750.00
		10-year Treasury Bonds	7.09	7.00		2,000.00
		15-year Treasury Bonds	7.47	7.50		2,250.00
JP	1-Apr	3-month Treasury Discount Bills	-0.12		4,400.00	4,409.96
		30-year Japanese Government Bonds	0.80	0.80	800.00	914.90
KR	10-Apr	1-year Monetary Stabilization Bonds	1.49		1,330.00	1,330.00
		5-year Korea Treasury Bonds	1.92	1.88	1,950.00	1,950.00
MY	13-Apr	5-year Islamic Bonds	3.95	3.95	4.00	4.00
PH	10-Apr	91-day Treasury Bills	2.39		6.00	6.00
	10-Apr	182-day Treasury Bills	2.61		5.00	5.00
	10-Apr	364-day Treasury Bills	2.95		4.00	3.15
SG	11-Apr	25-day MAS Bills	0.48		1.20	1.20
	11-Apr	81-day MAS Bills	0.55		4.50	4.50
TH	10-Apr	92-day BOT Bills	1.39		30.00	30.00
	10-Apr	183-day BOT Bills	1.46		30.00	30.00
	12-Apr	14-day BOT Bills	1.35		25.00	25.00
	12-Apr	29-year Government Bonds	3.45	2.88	13.00	14.30
VN	12-Apr	5-year Treasury Bonds	5.10		1,000.00	1,000.00
		7-year Treasury Bonds	5.43		1,000.00	610.00
		15-year Treasury Bonds	6.79		1,000.00	1,000.00
		20-year Treasury Bonds	7.36		1,000.00	1,000.00
		30-year Treasury Bonds	7.79		2,000.00	2,000.00

BOT = Bank of Thailand, LCY = local currency, MAS = Monetary Authority of Singapore.

Sources: Local market sources and Bloomberg, LP.

Selected Asia Data Releases (18 – 24 April 2017)

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

Economy and Variable	Release Date	Historical Data	Recent Trends
Republic of Korea PPI y-o-y, % MAR	04/19	02/16: -3.4% 03/16: -3.3% 01/17: 3.9% 02/17: 4.2%	Producer prices in the Republic of Korea climbed 4.2% year-on-year (y-o-y) in February after rising 3.9% y-o-y in January.
Malaysia CPI y-o-y, % MAR	04/19	02/16: 4.2% 03/16: 2.6% 01/17: 3.2% 02/17: 4.5%	Malaysia's consumer price inflation jumped to 4.5% y-o-y in February from 3.2% y-o-y in January due to a rise in transportation costs.
Philippines BOP Balance USD million MAR	04/19	02/16: -251 03/16: 854 01/17: -9 02/17: -436	The Philippines' balance of payments (BOP) deficit sharply widened to USD436 billion in February from USD9 billion in January.
Japan Trade Balance JPY billion MAR	04/20	02/16: 235.5 03/16: 744.9 01/17: -1,091.9 02/17: 813.5	Japan posted a trade surplus of JPY814 billion in February, a reversal from the JPY1.1 trillion deficit posted in January.
Indonesia 7-Day Reverse Repo Rate % Mar-20	04/20	02/16: 03/16: 02/17: 4.75% 03/17: 4.75%	In its meeting held on 15–16 March, Bank Indonesia's Board of Governors decided to keep steady the 7-day reverse repurchase (repo) rate at 4.75%.
Hong Kong, China CPI y-o-y, % MAR	04/21	02/16: 3.0% 03/16: 2.9% 01/17: 1.3% 02/17: -0.1%	Consumer prices in Hong Kong, China fell 0.1% y-o-y in February after rising 1.3% y-o-y in January.
Singapore CPI y-o-y, % MAR	04/24	02/16: -0.8% 03/16: -1.0% 01/17: 0.6% 02/17: 0.7%	Consumer price inflation in Singapore inched up to 0.7% y-o-y in February from 0.6% y-o-y a month earlier.
Viet Nam CPI y-o-y, % APR	04/24	02/16: 1.3% 03/16: 1.7% 02/17: 5.0% 03/17: 4.7%	Viet Nam's inflation rate eased to 4.7% y-o-y in March from 5.0% 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)

The Bank of Korea Maintains Policy Rate at 1.25%; MAS Maintains Neutral Monetary Policy Stance

- [Monetary Policy Decision](#)
Bank of Korea (13 April 2017)
- [MAS Monetary Policy Statement](#)
Monetary Authority of Singapore (13 April 2017)

Real GDP Growth in Singapore Up 2.5% in Q1 2017 Based on Advanced Estimates; Malaysia's Industrial Production Growth Accelerates in February

- [Singapore's GDP Grew by 2.5 Per Cent in the First Quarter of 2017](#)
Ministry of Trade and Industry Singapore (13 April 2017)
- [Index of Industrial Production, Malaysia February 2017](#)
Department of Statistics Malaysia (11 April 2017)

Consumer Price Inflation Rises, Producer Price Inflation Eases in the PRC in March

- [China March producer inflation cools, consumer inflation below forecast](#)
Reuters (11 April 2017)

Exports Recover and Import Growth Slows in the PRC in March; The Philippines' Exports and Imports Climb in February

- [China's economic picture brightens as trade beats forecasts, Trump softens tone](#)
Reuters (13 April 2017)
- [China Exports Jump the Most in Two Years as Imports Moderate](#)
Bloomberg LP (13 April 2017)
- [Merchandise Export Performance: February 2017](#)
Philippine Statistics Authority (11 April 2017)
- [External Trade Performance: February 2017](#)
Philippine Statistics Authority (11 April 2017)

Net Foreign Bond Investment in the Republic of Korea Slows in March

- [Foreign Investors' Stock and Bond Investment, March 2017](#)
Financial Supervisory Service (10 April 2017)

Indika Energy Capital Issues a USD265 Million 5-Year Bond; Jingrui Holdings Raises USD400 Million via a 3-Year Bond

- [Indika sets Triple C marker](#)
IFR Asia (8 April 2017)

Disclaimer: *AsianBondsOnline* Newsletter is available to users free of charge. ADB provides no warranty or undertaking of any kind with respect to the information and materials found on, or linked to, the *AsianBondsOnline* Newsletter. ADB accepts no responsibility for the accuracy of the material posted or linked to in the publication, or the information contained therein, or for any consequences arising from its use, and does not invite or accept reliance being placed on any material or information so provided. Views expressed in articles marked with *AsianBondsOnline* are those of the authors and not ADB. This disclaimer does not derogate from, and is in addition to, the general terms and conditions regarding the use of the *AsianBondsOnline* website, which also apply.