

Policy and Regulatory Developments

People's Republic of China

[The People's Bank of China Cuts Reserve Requirement Ratio](#)

On 14 September, the People's Bank of China announced that it would cut the reserve requirement ratio of financial institutions by 25 basis points, effective 15 September. The central bank estimated that the move would reduce the weighted average reserve requirement ratio of financial institutions to 7.4%.

[The People's Republic of China Announces CNY1.0 trillion of Special Bond Issuance](#)

On 25 October, the People's Republic of China announced that it would issue an additional CNY1.0 trillion of government bonds to help support fiscal stimulus measures. Under the plan, the proceeds of the government bonds will be transferred to local government units. In addition, the government raised its budget deficit target for 2023 from 3.0% to 3.8%.

Hong Kong, China

[Hong Kong Monetary Authority Announces Government Bond Issuance Schedule](#)

On 16 October, the Hong Kong Monetary Authority announced the tentative issuance schedule for Hong Kong Special Administrative Region government bonds for the 6-month period between October 2023 and March 2024. The schedule listed seven issuances of bonds with tenors ranging from 1 year to 20 years, and a total issuance size of HKD14 billion. The monetary authority noted that the schedule and issuance details may be adjusted based on market conditions.

Indonesia

[Bank Indonesia Commences Sale of New Monetary Operation Instrument](#)

On 15 September, Bank Indonesia held its first auction of Bank Indonesia Rupiah Securities (SRBI), a new monetary operation instrument that utilizes the central bank's holdings of government bonds as the underlying asset. The new instrument aims to deepen the money market, attract foreign capital flows, and optimize the government bond holdings of Bank Indonesia. The SRBI will be denominated in Indonesian rupiah and offered in maturities of 6 months, 9 months, and 12 months. Both domestic and foreign investors can participate in SRBI trades in the secondary market. The initial auction was well-received, attracting bids amounting to IDR29.9 trillion versus a target of IDR7.0 trillion.

[Indonesian Parliament Approves 2024 State Budget](#)

In September, the Indonesian Parliament approved the government's proposed 2024 state budget, which projects state revenue at IDR2,802.3 trillion, while expenditures are programmed at IDR3,325.1 trillion. The 2024 budget was higher by about 6.5% compared with the 2023 budget and estimates a deficit equivalent to 2.3% of gross domestic product (GDP). Among the underlying macroeconomic assumptions for the budget include (i) GDP growth of 5.2%, (ii) an inflation rate of 2.8%, and (iii) an exchange rate of IDR15,000–USD1.

Republic of Korea

The Bank of Korea, Financial Services Commission, and the Financial Supervisory Service Announce Central Bank Digital Currency Pilot Project

On 4 October, the Bank of Korea, the Financial Services Commission, and the Financial Supervisory Service announced the Central Bank Digital Currency (CBDC) pilot project for the development of a future monetary system. The Bank for International Settlements provided technical advice. The project is intended to assess the possibility of a future monetary system where commercial banks will utilize a wholesale CBDC for interbank fund transfers and final settlements among financial institutions. This will be done via the issuance of payment instruments in the form of tokenized deposits that will be available to the general public and circulated within the CBDC network established by the Bank of Korea.

Malaysia

Government of Malaysia Reduces Fiscal Deficit

On 13 October, the Government of Malaysia unveiled its fiscal policies in its budget for 2024. The budget projects the 2024 fiscal deficit to be 4.3% of Malaysia's GDP, which is lower than the projected 5.0% for 2023. This is in line with one of the objectives of the Public Finance and Fiscal Responsibility Act, which was passed on 11 October to limit the economy's fiscal deficit to 3.0% of GDP and the debt-to-GDP ratio to 60% in 3–5 years. Malaysia's Ministry of Finance projections put the debt-to-GDP ratio at 62% in 2023.

Philippines

Bureau of the Treasury Issues Its Second Onshore Retail Dollar Bond

On 11 October, the Bureau of the Treasury issued its second Retail Dollar Bond with a tenor of 5.5 years and a 5.75% coupon rate. Through this offering, the government raised a total of USD1.3 billion, of which USD611.2 million was awarded at the rate-setting auction on 27 September and an additional USD650.7 million was raised during the 10-day offer period. The proceeds of the bond will be used to fund the government's key expenditures as approved by the 2023 National Budget. The Philippines' last issuance of a USD-denominated Retail Treasury Bond was in September 2021 when it raised almost USD1.6 billion.

Singapore

Monetary Authority of Singapore Changes Schedule of Monetary Policy Statements

On 13 October, the Monetary Authority of Singapore announced that it will be releasing four regular monetary policy statements starting in 2024, two more than the usual statements currently released. The statements will be released in January, April, July, and October. This change is meant to improve the central bank's communications about its policy decisions. Even though the statements will be released quarterly, the central bank's decisions will continue to be based on the medium-term outlook of Singapore's economy to maintain low and steady consumer price inflation.

Thailand

Government of Thailand Announces Larger Fiscal Budget and Borrowing Plan for 2024

On 13 September, Thailand's new cabinet approved a plan for a budget of THB3.48 trillion for fiscal year 2024, up 9.0% from the previous fiscal year's budget of THB3.19 trillion. The higher budget is intended to accommodate the new government's stimulus programs, which include a digital cash handout worth THB500 billion, to boost economic growth. The government also announced that it would borrow about THB2.4 trillion for fiscal year 2024, which is 9.0% higher than the previous fiscal year's borrowing plan. The government plans to issue bonds worth THB1.25 trillion for fiscal year 2024.

Viet Nam

State Bank of Vietnam Issues New Circular on Foreign Borrowing Not Guaranteed by the Government

Effective 15 August, Circular No. 8 replaced the existing circular (Circular No. 12), which set out conditions for nongovernment-guaranteed foreign borrowings. The new circular limits the permitted use of foreign loans and international bonds issued by Vietnamese enterprises. Under the new circular, short-term foreign borrowings can only be used for payment and restructuring the borrower's own short-term and foreign debts, while medium- or long-term foreign borrowings can only be used for the borrower's own business plans and projects. In addition, Circular No. 8 requires the borrower to submit a detailed usage plan or debt restructuring plan that justifies the purpose of foreign borrowings to the central bank for review and loan registration process. Circular No. 8 may potentially help in preventing bond defaults by allowing short-term borrowings to serve as bridge loans in refinancing scenarios.