

# Highlights

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## Key Trends

- Local currency government bond yields edged lower in most emerging East Asian markets between 1 June and 15 August amid a weakening global growth outlook, easing monetary stances, and heightened investor risk aversion.<sup>1</sup>
- The trade dispute between the People's Republic of China (PRC) and the United States (US) continued to weigh on global growth. In response, many central banks in advanced economies and the region eased their respective monetary policy stance.
- Equity markets declined, risk premiums widened, and regional currencies weakened vis-à-vis the US dollar during the review period, as slowing global growth and looming uncertainties soured investor sentiment.
- The size of emerging East Asia's local currency bond market reached USD15.3 trillion at the end of June, posting quarter-on-quarter growth of 3.5% and year-on-year growth of 14.2%.
- In August, Advanced Bank of Asia, a Cambodia-based bank, marked the third company to list its bonds on the Cambodia Securities Exchange. The 3-year bonds had an issuance size of KHR84.8 billion and carried a coupon rate of 7.75%.

## Risks to Financial Stability

- The persistence of PRC-US trade tensions remains the biggest threat to the region's economic outlook and financial stability.
- Other downside risks include a faster-than-expected slowdown in the PRC economy, a budding trade conflict between Japan and the Republic of Korea, and global investors' risk aversion toward emerging markets.

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<sup>1</sup> Emerging East Asia comprises the People's Republic of China; Hong Kong, China; Indonesia; the Republic of Korea; Malaysia; the Philippines; Singapore; Thailand; and Viet Nam.