

Key Developments in Asian Local Currency Markets

Consumer price inflation in Indonesia eased to 6.8% year-on-year (y-o-y) in September from 7.2% y-o-y in August, due mainly to lower food prices and a decline in transport costs. Bank Indonesia is confident that its 2015 inflation target range of 3.0%–5.0% will be met. Consumer price inflation in the Republic of Korea moderated to 0.6% y-o-y in September from 0.7% y-o-y in August. Thailand’s Consumer Price Index (CPI) fell 1.1% y-o-y in September, the ninth consecutive month of decline. The decline in the CPI in September stemmed from falling energy prices.

Economic growth in Viet Nam climbed to 6.5% y-o-y in the first 9 months of the year, compared with 5.1% y-o-y over the same 9-month period in 2014. By sector, industry and construction climbed 9.6% y-o-y, while services grew 6.2% y-o-y. Meanwhile, agriculture, forestry, and fishing grew at a much slower pace of 2.1% y-o-y.

The Republic of Korea’s trade surplus in goods amounted to US\$8.9 billion in September, up from its levels in August and in September of the previous year. Meanwhile, the current account surplus of the Republic of Korea narrowed to US\$8.5 billion in August from US\$9.3 billion in July.

Thailand’s current account surplus widened to US\$2.6 billion in August from US\$2.2 billion in July. A trade deficit amounting to US\$3.9 billion was recorded in Viet Nam for the 9-month period ending in September.

Industrial production in the Republic of Korea rebounded in August, rising 0.3% y-o-y following a 3.2% y-o-y contraction in July.

Industrial production in Japan decreased 0.5% month-on-month in August, but increased 0.2% y-o-y.

Thailand’s manufacturing production contracted 8.3% y-o-y in August, compared with a 6.3% y-o-y drop in July.

The People’s Republic of China’s manufacturing Purchasing Managers Index (PMI) rose slightly to 49.8 in September from 49.7 in August. In Singapore, the PMI reading was at 48.6 in September, down from a reading of 49.3 in August.

On 30 September, Bank Indonesia announced policy measures to help stabilize the rupiah exchange rate, including the central bank’s intervention in the forward market and the offering of 3-month Bank Indonesia

Asia Bond Monitor September 2015 [read more](#)

10-Year Selected LCY Government Security Yields Close of 2 October 2015
basis point change from

Markets	Latest Closing	Previous Day*	Previous Week*	1-Jan-15*
US	1.99	-4.39	-16.94	-17.83
EU	0.51	-2.60	-13.90	-3.10
Japan	0.32	-0.80	-0.70	-1.20
PRC	3.27	0.00	-8.00	-38.00
Hong Kong, China	1.58	1.10	-8.80	-32.10
India	7.56	0.10	-15.20	-31.80
Indonesia	9.38	-1.10	-17.30	155.70
Korea, Rep. of	2.08	-2.50	-5.00	-52.30
Malaysia	4.14	1.60	-17.20	-0.90
Philippines	3.77	-0.90	3.05	-9.57
Singapore	2.42	-11.41	-27.68	14.35
Thailand	2.75	-0.10	-5.40	2.00
Viet Nam	7.14	1.50	-1.00	-9.00

- TABLES & GRAPHS**
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 - 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

certificates of deposit and 2-week reverse repo tradable government securities.

In Thailand last week, Bank of Ayudhya issued a THB8 billion 2-year debenture on a 2.0% coupon and a THB7 billion 3-year debenture at 2.25%. The debentures were rated AAA(tha) by Fitch Ratings.

Thai Airways International raised THB8 billion from a multi-tranche debenture sale that comprised a THB1 billion 3-year tenor at 3.46%, a THB1.5 billion 5-year tenor at 4.14%, a THB2.5 billion 7-year tenor at 4.44%, and a THB3 billion 10-year tenor at 4.74%. The debentures were all rated A+ by TRIS Rating.

Government bond yields fell for most tenors in all markets except for the Philippines, on the back of slowing inflation for markets whose data was released last week. For other markets, such as Hong Kong, China, the drop in yields followed US interest rate movements. In the PRC, rates fell on continued weakness in the economy. The 2-year versus 10-year spread fell in all markets except Viet Nam.

Summary Text of News Articles

Consumer Price Inflation Eases in Indonesia and the Republic of Korea, Remains Negative in Thailand in September

Consumer price inflation in Indonesia eased to 6.8% year-on-year (y-o-y) in September from 7.2% y-o-y in August, due mainly to lower food prices and a decline in transport costs. On a month-on-month basis, deflation of 0.05% was recorded in September. Bank Indonesia is confident that its 2015 inflation target range of 3.0%–5.0% will be met.

Consumer price inflation in the Republic of Korea moderated to 0.6% y-o-y in September from 0.7% y-o-y in August, based on data from Statistics Korea. In September, four out of 12 expenditure categories in the Consumer Price Index (CPI) posted y-o-y declines, led by transport. Between August and September, the CPI slipped 0.2%.

Thailand's CPI fell 1.1% y-o-y in September, its ninth consecutive month of decline, according to the latest data from the Ministry of Commerce. Between August and September, the CPI slipped 0.1%. The decline in the CPI in September stemmed from falling energy prices.

For inflation rate trends in Indonesia, refer to this link:

http://asianbondsonline.adb.org/indonesia/data/marketwatch.php?code=policy_rate_and_inflation_trends

For inflation rate trends in the Republic of Korea, refer to this link:

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

For inflation rate trends in Thailand, refer to this link:

http://asianbondsonline.adb.org/thailand/data/marketwatch.php?code=policy_rate_and_inflation_trends

Viet Nam's GDP Growth Climbs to 6.5% y-o-y at end-September

Gross domestic product (GDP) growth in Viet Nam climbed to 6.5% y-o-y in the first 9 months of the year, compared with 5.1% y-o-y over the same 9-month period in 2014. By sector, industry and construction climbed 9.6% y-o-y, while services grew 6.2% y-o-y. Meanwhile, agriculture, forestry, and fishing grew at a much slower pace of 2.1% y-o-y.

The Republic of Korea's Merchandise Trade Surplus Widens in September, Current Account Surplus Narrows in August; Thailand's Current Account Surplus Widens in August; Trade Deficit Recorded in Viet Nam for First 9 Months of 2015

The Republic of Korea's trade surplus in goods amounted to US\$8.9 billion in September, up from its levels in August and in September of the previous year, according to the latest trade data from the Ministry of Trade, Industry, and Energy. Merchandise exports fell 8.3% y-o-y in September, following a 14.9% y-o-y drop in August, while importable items plunged 21.8% y-o-y in September after recording an 18.3% y-o-y decrease in August.

The current account surplus of the Republic of Korea narrowed to US\$8.5 billion in August from US\$9.3 billion in July, largely due to a monthly drop in the merchandise trade surplus, according to the latest balance of payments data from the Bank of Korea. Exports of goods fell 8.9% month-on-month (m-o-m), while merchandise imports declined 8.4% m-o-m in August, leading the trade surplus in goods to decline to US\$9.0 billion. Between July and August, the services account deficit narrowed from US\$1.9 billion to US\$1.3 billion, the primary income surplus fell from US\$1.3 billion to US\$0.9 billion, and the secondary income deficit remained unchanged at US\$0.1 billion.

Thailand's current account surplus widened to US\$2.6 billion in August from US\$2.2 billion in July, largely due to a monthly increase in the merchandise trade surplus, according to Bank of Thailand data. Exports of goods fell 2.9% m-o-m to US\$17.6 billion in August, while merchandise imports dropped 4.7% m-o-m to US\$14.7 billion, leading the trade in goods surplus to climb to US\$2.9 billion from US\$2.7 billion in the previous month. Meanwhile, the deficit in the net services, primary income, and secondary income account narrowed to US\$0.3 billion in August from US\$0.5 billion in July.

A trade deficit amounting to US\$3.9 billion was recorded in Viet Nam in the 9-month period ending September, due mainly to a slowdown in exports of major agricultural products. Export growth from Viet Nam slowed to 9.6% y-o-y in January–September from 14.1% y-o-y in the same 9-month period a year earlier. Imports, on the other hand, rose 15.9% y-o-y in the same 9-month period, up from 11.1% y-o-y growth in the same period a year earlier.

Summary Text of News Articles

**Manufacturing Production Expands in the Republic of Korea, Slows in Japan,
and Contracts in Thailand in August;
The PRC's Manufacturing PMI Improves in September;
Singapore's PMI Falls in September**

Industrial production in the Republic of Korea rebounded in August, growing 0.3% y-o-y following a 3.2% y-o-y contraction in July, according to data from Statistics Korea. The rebound was largely due to manufacturing output posting a 0.2% y-o-y uptick after a 3.5% y-o-y drop in the previous month. On a m-o-m basis, industrial production grew 0.4% in August, a reversal from a 0.3% decline in July.

Industrial production in Japan decreased 0.5% m-o-m in August, but increased 0.2% y-o-y. Industries that contributed the most to the monthly decrease were general purpose, production, and business-oriented machinery; electrical machinery; and transport equipment. The shipment index also decreased 0.5% m-o-m, while the inventories index increased 0.4% m-o-m.

Thailand's manufacturing production contracted 8.3% y-o-y in August, a faster pace of decline compared with a 6.3% y-o-y drop in July, according to Bank of Thailand data.

The People's Republic of China's (PRC) manufacturing Purchasing Managers Index (PMI) rose slightly to 49.8 in September from 49.7 in August. (A reading above 50 indicates a generally expanding manufacturing sector while a reading below 50 reflects a contracting manufacturing economy.) In Singapore, the PMI reading was at 48.6 in September, slipping from a reading of 49.3 in August. The Singapore Institute of Purchasing and Materials Management cited a decline in new orders, new export orders, and production output as the reasons for the lower PMI reading.

Bank Indonesia Announces Rupiah Exchange Rate Stabilization Policy

On 30 September, Bank Indonesia announced policy measures to help stabilize rupiah exchange rate. The new policy package supports the following objectives: (i) maintaining rupiah exchange rate stability, (ii) strengthening rupiah liquidity management, and (iii) strengthening foreign exchange supply and demand management. The new measures include Bank Indonesia's intervention in the forward market and the offering of 3-month Bank Indonesia certificates of deposit and two-week reverse repo tradable government securities. Various policy measures were also announced to help manage the supply and demand of foreign exchange, including, among others, issuing foreign currency Bank Indonesia certificates, reducing the holding period for Sertifikat Bank Indonesia to 1 week, and tax incentives on term deposits for exporters depositing their foreign exchange earnings with Indonesian banks or converting proceeds into rupiah.

**Bank of Ayudhya Raises THB15 Billion from Dual-Tranche Debenture Sale;
Thai Airways International Raises THB8 Billion from Multi-Tranche Debenture Sale**

In Thailand last week, Bank of Ayudhya issued a THB8 billion 2-year debenture on a 2.0% coupon and a THB7 billion 3-year debenture at 2.25%. The debentures were rated AAA(tha) by Fitch Ratings.

Thai Airways International raised THB8 billion from a multi-tranche debenture sale that comprised a THB1 billion 3-year tenor at 3.46%, a THB1.5 billion 5-year tenor at 4.14%, a THB2.5 billion 7-year tenor at 4.44%, and a THB3 billion 10-year tenor at 4.74%. The debentures were all rated A+ by TRIS Rating.

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	-0.01	2.03	1.52	-4.06
EU	-0.20	0.00	1.80	-16.40
Japan	-0.03	-0.70	1.00	-2.50
PRC	2.19	0.00	15.00	-147.00
Hong Kong, China	0.07	0.00	0.00	-0.80
India	8.31	0.00	0.00	0.00
Korea, Rep. of	1.50	-0.50	-1.00	-57.00
Malaysia	3.18	0.00	6.00	-18.10
Philippines	1.68	-0.17	9.83	-69.17
Singapore	1.22	-3.00	5.20	54.50
Thailand	1.50	-0.06	0.69	-54.58

Close of 2 October 2015

10-Year Selected LCY Government Bond Yields

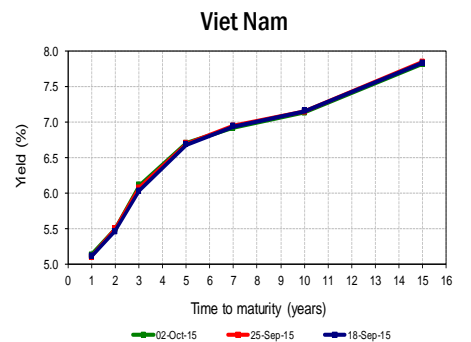
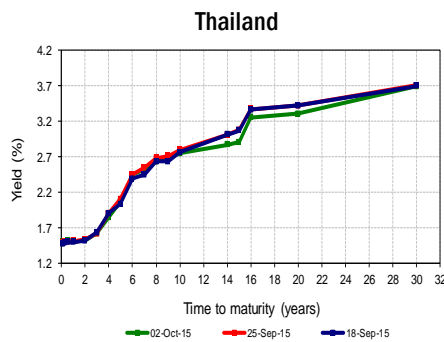
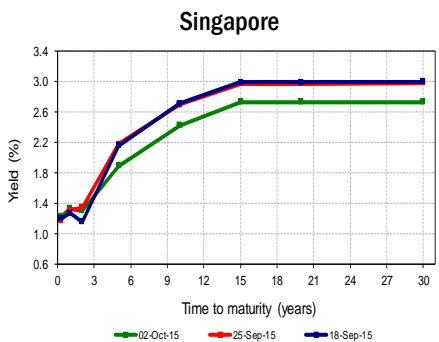
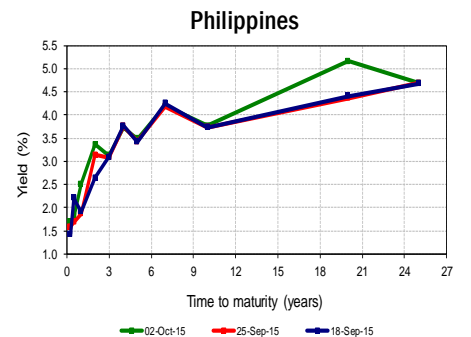
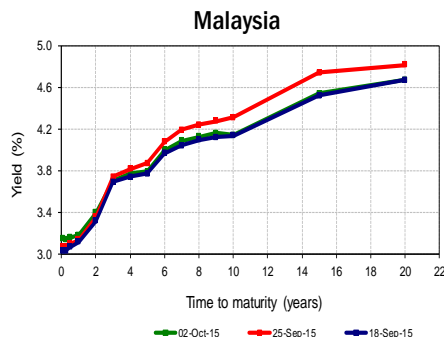
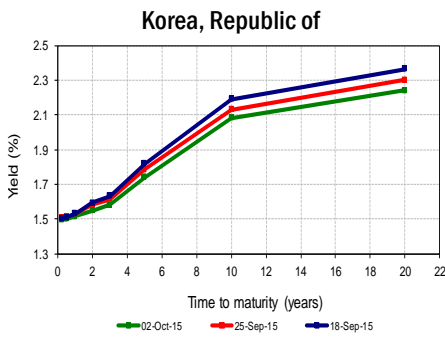
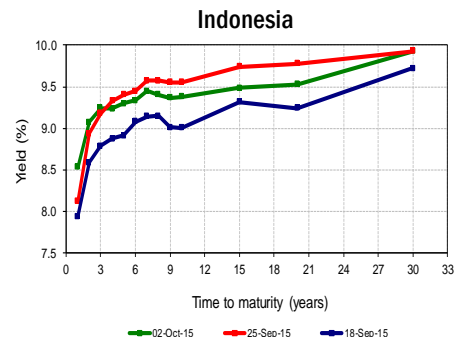
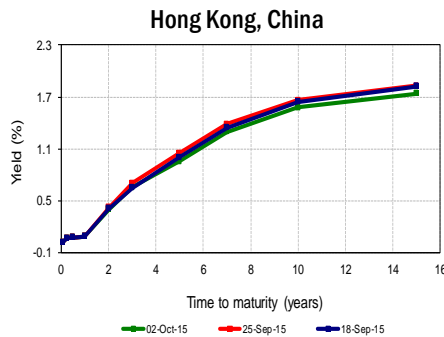
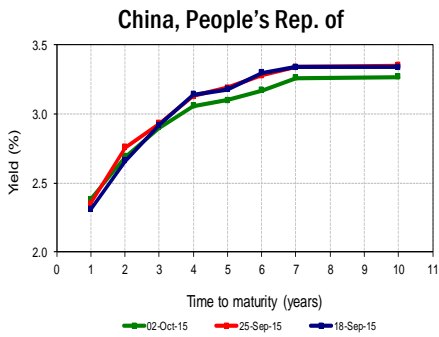
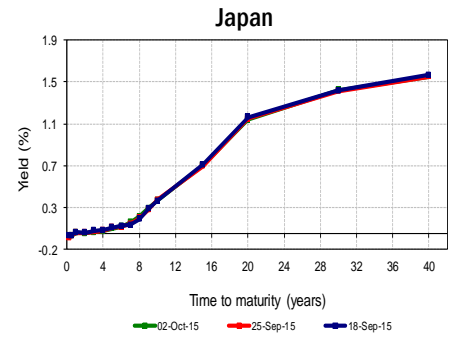
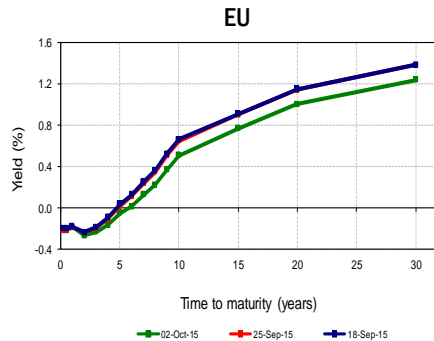
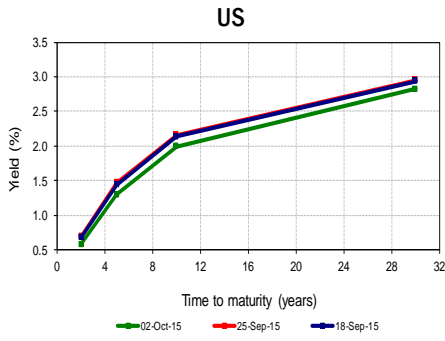
Markets	Latest Closing	basis point change from		
		Previous Day*	Previous Week*	1-Jan-15*
US	1.99	-4.39	-16.94	-17.83
EU	0.51	-2.60	-13.90	-3.10
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Hong Kong, China	1.58	1.10	-8.80	-32.10
India	7.56	0.10	-15.20	-31.80
Indonesia	9.38	-1.10	-17.30	155.70
Korea, Rep. of	2.08	-2.50	-5.00	-52.30
Malaysia	4.14	1.60	-17.20	-0.90
Philippines	3.77	-0.90	3.05	-9.57
Singapore	2.42	-11.41	-27.68	14.35
Thailand	2.75	-0.10	-5.40	2.00
Viet Nam	7.14	1.50	-1.00	-9.00

Close of 2 October 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

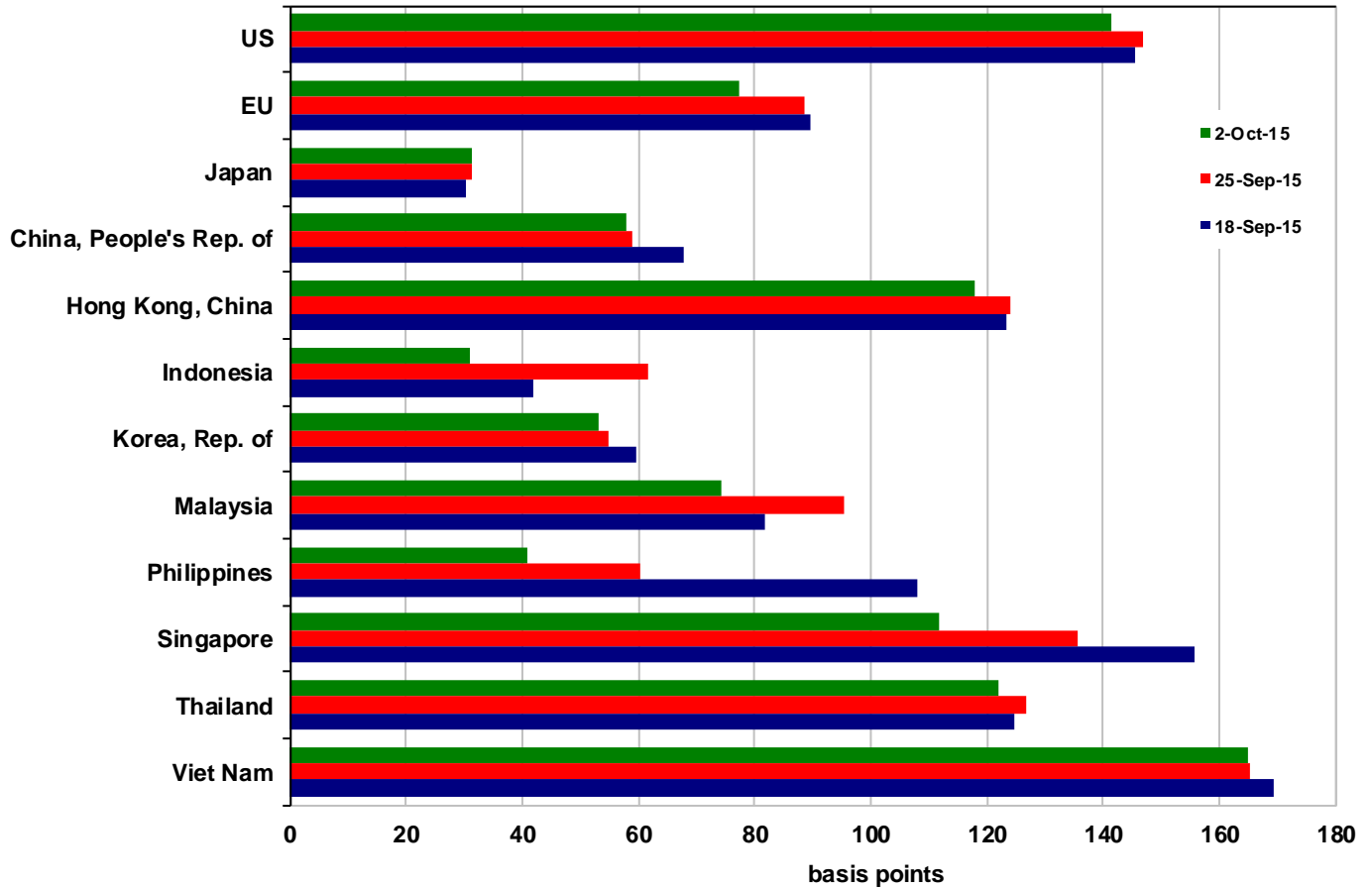
Tip: Zoom-in on the table using the Acrobat zoom tool



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

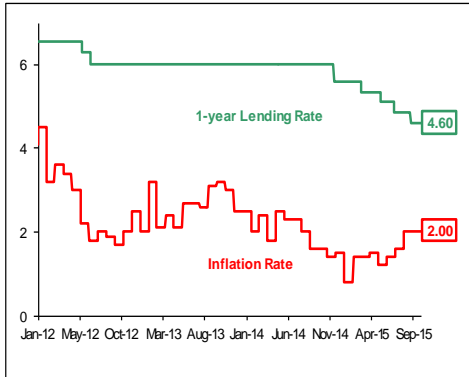


EU = European Union, US = United States.
 Source: Based on data from Bloomberg LP.

Policy Rate versus Inflation Rate

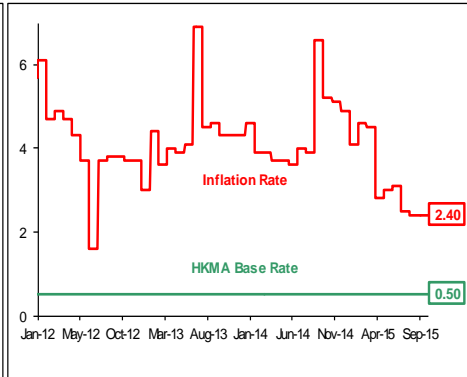
Tip: Zoom-in on the table using the Acrobat zoom tool

China, People's Rep. of



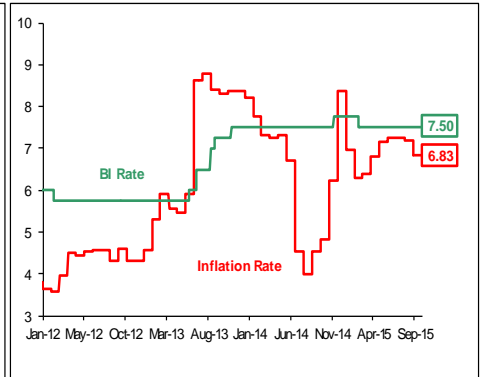
The PRC uses the 1-year lending rate as one of its policy rates.
Source: Bloomberg LP.

Hong Kong, China



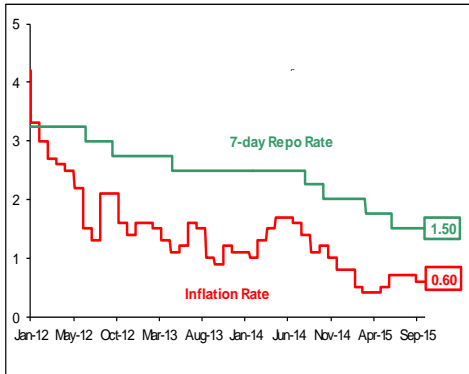
The Hong Kong Monetary Authority maintains a Discount Window Base Rate.
Source: Bloomberg LP.

Indonesia



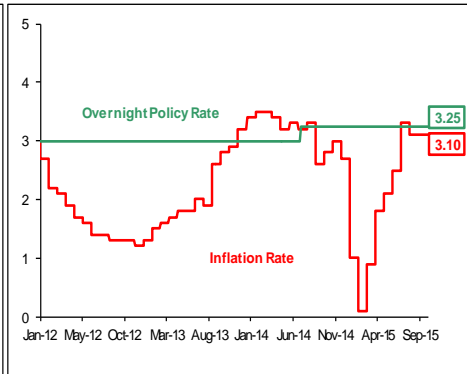
Bank Indonesia uses its reference interest rate (BI rate) as its policy rate.
Source: Bloomberg LP.

Korea, Republic of



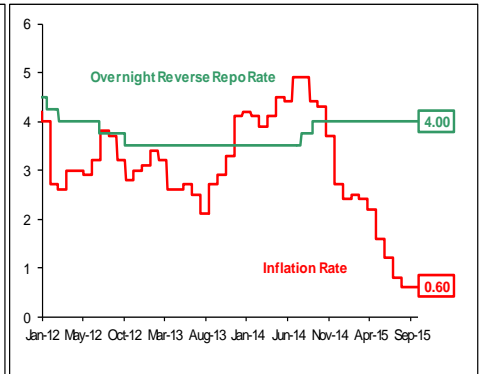
The Bank of Korea shifted its policy rate from the overnight repurchase (repo) rate to the 7-day repo rate in March 2008.
Source: Bloomberg LP.

Malaysia



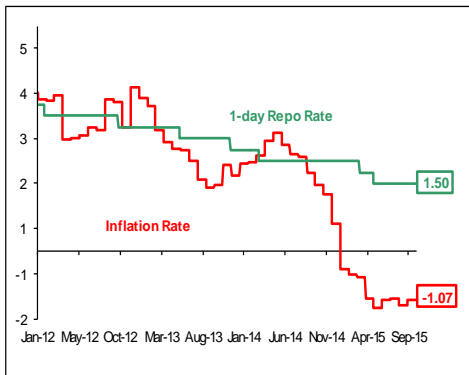
Bank Negara Malaysia uses the overnight policy rate (OPR) as its policy rate.
Source: Bloomberg LP.

Philippines



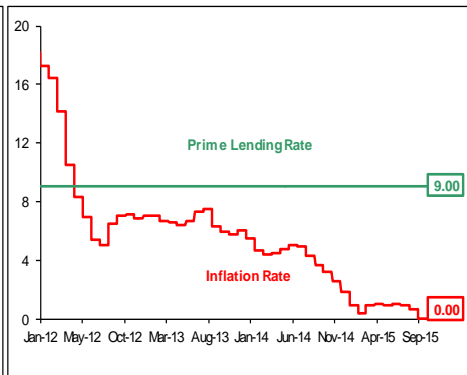
Bangko Sentral uses the Philippine overnight reverse repurchase agreement rate as one of its policy instruments.
Source: Bloomberg LP.

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

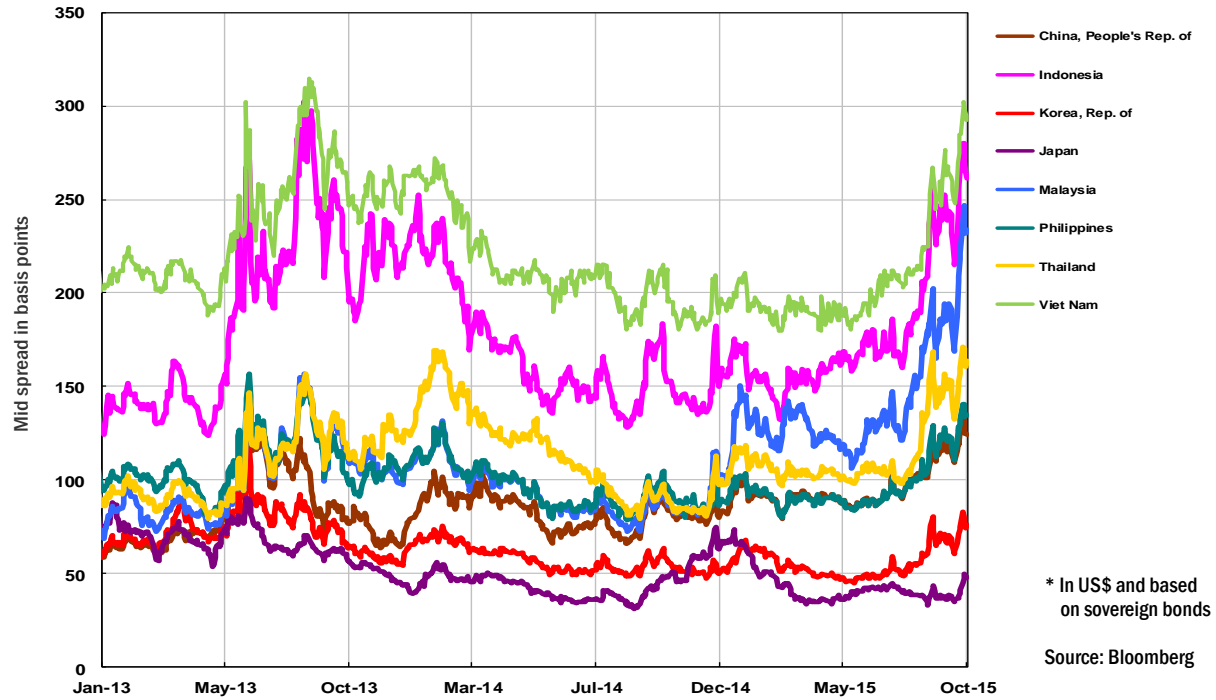


The State Bank of Viet Nam uses a benchmark prime lending rate as its policy rate.
Source: Bloomberg LP.

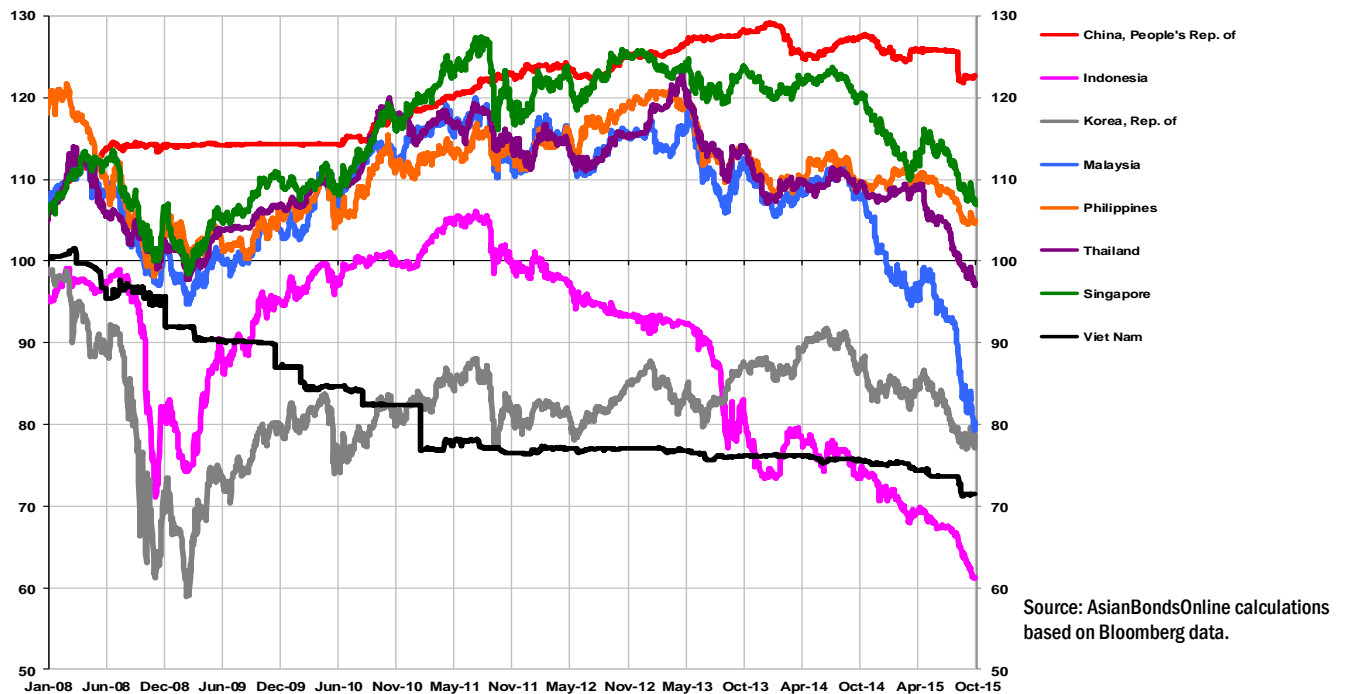
Credit Default Swap Spreads and Exchange Rate Indexes

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

Credit Default Swap Spreads – Senior 5-Year*



Exchange Rate Indexes (vis-à-vis US\$, 2 January 2007=100)



Selected Debt Security Issuances (28 September – 2 October 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)
HK	28-Sep	91-day Exchange Fund Bills	0.01		32.33	32.33
		182-day Exchange Fund Bills	0.03		11.00	11.00
ID	29-Sep	9-month Treasury Bills	7.97			550.00
		15-year Treasury Bonds	9.81	9.87	8,000.00	1,000.00
JP	28-Sep	2-year Japanese Government Bonds	0.11	0.10	2,500.00	2,498.90
	1-Oct	3-month Treasury Discount Bills	-0.02		4,800.00	4,749.94
		10-year Japanese Government Bonds	0.34	0.40	2,400.00	2,742.05
KR	30-Sep	91-day Monetary Stabilization Bonds	1.50		1,200.00	1,200.00
		1-year Monetary Stabilization Bonds		1.56	1,000.00	1,000.00
MY	30-Sep	12.5-year Malaysia Government Securities	4.79	4.50	2.00	2.00
SG	28-Sep	28-day MAS Bills	0.73		0.50	0.50
		87-day MAS Bills	0.72		4.20	4.20
		2-year SGS Bonds	1.30		2.50	2.50
TH	28-Sep	28-day Treasury Bills	1.50		20.00	20.00
	29-Sep	90-day Bank of Thailand Bonds	1.51		30.00	30.00
		182-day Bank of Thailand Bonds	1.51		30.00	30.00
	2-Oct	14-day Bank of Thailand Bonds	1.49		30.00	30.00

LCY = local currency, MAS = Monetary Authority of Singapore, SGS = Singapore Government Securities.

Sources: Local market sources and Bloomberg, LP.

Selected Asia Data Releases (6 – 12 October 2015)

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

Economy and Variable	Release Date	Historical Data	Recent Trends
Singapore GDP—Advanced y-o-y, % 3Q15	10/06	2Q14: 2.3% 3Q14: 2.8% 1Q15: 2.8% 2Q15: 1.8%	Economic growth in Singapore eased to 1.8% year-on-year (y-o-y) in 2Q15 from 2.8% y-o-y growth in 1Q15.
Japan Current Account Balance JPY billion AUG	10/07	7/14: 403.6 8/14: 249.4 6/15: 558.6 7/15: 1,808.6	Japan's current account surplus widened to JPY1.8 trillion in July from JPY559 billion in June.
Malaysia Trade Balance MYR billion AUG	10/07	7/14: 3.6 8/14: 3.9 6/15: 8.0 7/15: 2.4	Malaysia's trade surplus narrowed to MYR2.4 billion in July from MYR8.0 billion in June.
Malaysia Exports y-o-y, % AUG	10/07	7/14: 0.8% 8/14: 1.7% 6/15: 5.0% 7/15: 3.5%	Malaysia's exports rose 3.5% y-o-y in July following growth of 5.0% y-o-y in June.
Philippines Exports y-o-y, % AUG	10/08	7/14: 11.7% 8/14: 10.4% 6/15: -1.8% 7/15: -1.8%	The Philippines' exports contracted 1.8% y-o-y in July for the second month in a row.
People's Republic of China New Yuan Loans CNY billion AUG	10/09	8/14: 702.5 9/14: 857.2 7/15: 1,480.0 8/15: 809.6	New yuan loans in the People's Republic of China slowed to CNY809.6 billion in August from CNY1,480.0 billion a month earlier.
Malaysia Industrial Production y-o-y, % AUG	10/12	7/14: 0.6% 8/14: 6.5% 6/15: 4.3% 7/15: 6.1%	Malaysia's industrial production rose 6.1% y-o-y in July following growth of 4.3% y-o-y in June.

 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)

Consumer Price Inflation Eases in Indonesia and the Republic of Korea, Remains Negative in Thailand in September

- [Abundant Food Stuff Supply Drives Deflation in September 2015](#)
Bank Indonesia (1 October 2015)
- [Indonesia's September Inflation Slows to 6.8% on Lower Transport, Food Costs](#)
Jakarta Globe (1 October 2015)
- [Consumer Price Index in September](#)
Statistics Korea (2 October 2015)
- [Consumer Price Index and Core Consumer Price Index](#)
Ministry of Commerce (1 October 2015)

Viet Nam's YTD GDP Growth Climbs to 6.5% y-o-y in 3Q15

- [Gross Domestic Products in 9 months of 2015](#)
General Statistics Office (29 September 2015)
- [Viet Nam economy grows 6.5% in first nine months](#)
Viet Nam News (30 September 2015)

The Republic of Korea's Merchandise Trade Surplus Widens in September, Current Account Surplus Narrows in August; Current Account Surplus of Thailand Widens in August; Trade Deficit Recorded in Viet Nam for First Nine Months

- [S. Korea's exports fall 8.3 pct on-year in Sept.](#)
YONHAP News (1 October 2015)
- [Balance of Payments during August 2015 \(preliminary\)](#)
The Bank of Korea (2 October 2015)
- [Balance of Payments \(Summary\) \(US\\$\)](#)
Bank of Thailand (30 September 2015)
- [Table Attached to Press Release on Economic and Monetary Conditions in August 2015](#)
Bank of Thailand (30 September 2015)
- [Efforts needed to boost exports, reduce trade deficit](#)
Vietnam Plus (30 September 2015)

Manufacturing Production Expands in the Republic of Korea, Slows in Japan and Contracts in Thailand in August; PRC Manufacturing PMI Improves in September; Singapore PMI Falls

- [Indices of Industrial Production](#)
Ministry of Economy, Trade and Industry (30 September 2015)
- [Monthly Industrial Statistics, August 2015](#)
Statistics Korea (1 October 2015)
- [Table Attached to Press Release on Economic and Monetary Conditions in August 2015](#)
Bank of Thailand (30 September 2015)
- [China Sept official factory PMI contracts for second month](#)
Reuters (30 September 2015)
- [Singapore's manufacturing activity contracts for 3rd straight month](#)
Channel News Asia (1 October 2015)

Bank Indonesia Announces Rupiah Exchange Rate Stabilization Policy

- [Follow-Up Rupiah Exchange Rate Stabilisation Policy](#)
Bank Indonesia (30 September 2015)

Bank of Ayudhya Raises THB15 Billion from Dual-tranche Debenture Sale; Thai Airways International Raises THB8 Billion from Multi-tranche Debenture Sale

- [BAY179A and BAY189A are registered with ThaiBMA on September 30, 2015](#)
ThaiBMA (30 September 2015)
- [THAI189A, THAI209A, THAI229A and THAI259A are registered with ThaiBMA on September 30, 2015](#)
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