

Key Developments in Asian Local Currency Markets

Consumer price inflation in the Philippines eased to 0.4% year-on-year (y-o-y) in September from 0.6% y-o-y in August, mainly due to a faster decline in the utilities sub-index and slower annual price increases for most commodity groups. The utilities sub-index decreased 2.2% y-o-y in September following a decline of 1.8% y-o-y in August. The food and non-alcoholic beverages sub-index, which accounts for the highest weight in the Consumer Price Index, posted an annual increase of 0.8% in September compared with a 1.2% gain in August. The transport sub-index posted a 0.3% y-o-y decline following a 0.6% y-o-y decrease in August.

At its monetary policy meeting on 7 October, the Bank of Japan (BOJ) announced that it would maintain its monetary easing measures. The BOJ stated that the domestic economy is recovering moderately and this trend is expected to continue.

Malaysia's trade surplus increased to MYR10.2 billion in August from MYR2.4 billion a month earlier. Exports rose 5.2% month-on-month (m-o-m) in August to MYR66.5 billion from MYR63.2 billion in July. Meanwhile, imports contracted 7.4% m-o-m to MYR56.3 billion in August from MYR60.8 billion in July, due to declining imports of intermediate goods, consumption goods, and capital goods.

The Philippines's exports fell 6.3% y-o-y in August to US\$5.1 billion after falling 1.8% y-o-y in July. The drop in exports was due to lowered demand from the economy's major trading partners.

Japan's current account surplus fell slightly to JPY1.7 trillion in August from JPY1.8 trillion in July, mainly due to the drop in the primary income account surplus to JPY2.1 trillion from JPY2.2 trillion. The goods account also posted a larger deficit of JPY326.1 billion in August compared with JPY108.0 billion in the previous month.

The People's Republic of China's (PRC) foreign exchange reserves fell for the fourth straight month to US\$3.5 trillion in September from US\$3.6 trillion in the prior month. The Republic of Korea's foreign reserves stood at US\$368.1 billion at the end of September, up from US\$367.9 billion at the end of August.

Viet Nam's Ministry of Finance plans to obtain approval from the National Assembly to issue government bonds for all maturities. Regulations passed in November 2014 limited issuance of Treasury bonds to those with maturities of 5 years or more, beginning this

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

10-Year Selected LCY Government Security Yields Close of 9 October 2015
basis point change from

Markets	Latest Closing	Previous Day*	Previous Week*	1-Jan-15*
US	2.09	-1.59		9.52 -8.31
EU	0.62	2.90		10.50 7.40
Japan	0.32	-1.30		0.30 -0.90
PRC	3.27	0.00		0.00 -38.00
Hong Kong, China	1.59	2.20		1.50 -30.60
India	7.55	0.90		-1.80 -33.60
Indonesia	8.62	-24.40	-76.30	79.40
Korea, Rep. of	2.09	0.00		0.80 -51.50
Malaysia	4.12	-3.30	-2.30	-3.20
Philippines	3.73	-0.57	-4.18	-13.75
Singapore	2.51	-1.18		8.13 22.48
Thailand	2.61	-4.70	-13.80	-11.80
Viet Nam	7.21	8.50		7.00 -2.00

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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

year. However, sluggish demand for longer-dated bonds (5 years and up) has made it difficult for the government to fulfill its issuance target.

Land & Houses, based in Thailand, raised THB6 billion last week from a triple-tranche debenture sale, comprising a THB4 billion 3-year debenture on a 2.41% coupon, a THB1 billion 4-year debenture at 2.66%, and a THB1 billion 5-year debenture at 2.99%. The debentures have been given a rating of A+ by TRIS Rating.

Local currency government bond yields fell for all tenors in Indonesia, Malaysia, and Thailand, and for most tenors in the Philippines on rising expectations that the United States Federal Reserve will hold off a possible rate hike this year. On the other hand, yields in the PRC rose for all tenors, and for most tenors in the Republic of Korea, while yields were mixed for Hong Kong, China; Singapore, and Viet Nam. The spread between the 2- and 10-year maturities rose for all maturities except for Indonesia, the Republic of Korea, and Thailand where the spreads narrowed, while remaining unchanged in the PRC.

Summary Text of News Articles

Consumer Price Inflation in the Philippines Eases in September

Consumer price inflation in the Philippines eased to 0.4% year-on-year (y-o-y) in September from 0.6% y-o-y in August, mainly due to a faster decline in the utilities sub-index and slower price increases for most commodity groups. The utilities sub-index decreased 2.2% y-o-y in September following a decline of 1.8% y-o-y in August. The food and non-alcoholic beverages sub-index, which accounts for the highest weight in the Consumer Price Index, posted an annual increase of 0.8% in September compared with 1.2% in August. The transport sub-index posted a 0.3% y-o-y decline following a 0.6% y-o-y decrease in August.

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

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

BOJ Maintains Monetary Easing Measures

At its monetary policy meeting on 7 October, the Bank of Japan (BOJ) announced that it would maintain its monetary easing measures. The BOJ stated that the domestic economy is recovering moderately and this trend is expected to continue. Inflation is expected to be flat in the short-term due to the decline in energy prices, but is likely to be on an upward trend in the long-term.

For policy rate data in Japan, refer to this link:

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

Malaysia's Trade Surplus Widens in August; Philippine Exports Fall in August

Malaysia's trade surplus increased to MYR10.2 billion in August from MYR2.4 billion a month earlier as exports rose and imports contracted. Exports rose 5.2% month-on-month (m-o-m) in August to MYR66.5 billion from MYR63.2 billion in July. The items that posted m-o-m increases include electrical and electronics products, and refined petroleum products. Meanwhile, imports contracted 7.4% m-o-m to MYR56.3 billion in August from MYR60.8 billion in July due to declining imports of intermediate goods, consumption goods, and capital goods.

The Philippines' exports fell 6.3% y-o-y in August to US\$5.1 billion after falling 1.8% y-o-y in July. The drop in exports was due to decreased demand from the economy's major trading partners. Exports to Japan fell 1.6% y-o-y and exports to the United States fell 4.0% y-o-y. Meanwhile, exports to the People's Republic of China fell 23.5% y-o-y.

Japan's Current Account Surplus Narrows in August

Japan's current account surplus fell slightly to JPY1.7 trillion in August from JPY1.8 trillion in July, mainly due to the drop in the primary income account surplus to JPY2.1 trillion from JPY2.2 trillion. The goods account posted a larger deficit of JPY326.1 billion in August from JPY108.0 billion in the previous month. Meanwhile, the services account posted a JPY57.8 billion surplus in August, a reversal from the JPY183.6 billion deficit posted in July. The secondary income account deficit narrowed to JPY130.5 billion from JPY130.9 billion in July.

The Republic of Korea's Foreign Reserves Inch Up in September

The Republic of Korea's foreign reserves stood at US\$368.1 billion at the end of September, up from US\$367.9 billion at the end of August. Of the end-September amount, US\$334.3 billion, or 90.8% of the total, was in the form of securities, US\$24.1 billion (6.5%) comprised deposits, US\$4.8 billion (1.3%) was in the form of gold, US\$3.5 billion (0.9%) comprised special drawing rights, and US\$1.4 billion (0.4%) was held in the country's reserve position with the International Monetary Fund.

Summary Text of News Articles

Viet Nam Plans to Resume Issuance of Treasury Bonds with Maturities of Less Than 5 Years

Viet Nam's Ministry of Finance plans to obtain approval from the National Assembly to issue government bonds for all maturities. Regulations passed in November 2014 limited issuance of Treasury bonds to those with maturities of 5 years or more, beginning this year. However, sluggish demand for longer-dated bonds (5 years and up) has made it difficult for the government to fulfill its issuance target.

Land & Houses Raises THB6 Billion from Triple-Tranche Debenture Sale

Land & Houses, based in Thailand, raised THB6 billion last week from a triple-tranche debenture sale, comprising a THB4 billion 3-year debenture on a 2.41% coupon, a THB1 billion 4-year debenture at 2.66%, and a THB1 billion 5-year debenture at 2.99%. The debentures have been given a rating of 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	0.00	0.00	0.51	-3.55
EU	-0.20	0.00	0.70	-15.70
Japan	-0.01	2.00	2.00	-0.50
PRC	2.12	7.00	-7.00	-154.00
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	0.00	0.20	-56.80
Malaysia	3.13	-0.60	-5.00	-23.10
Philippines	1.80	50.08	11.92	-57.25
Singapore	1.15	-0.80	-7.10	47.40
Thailand	1.46	-3.04	-3.84	-58.42

Close of 9 October 2015

10-Year Selected LCY Government Bond Yields

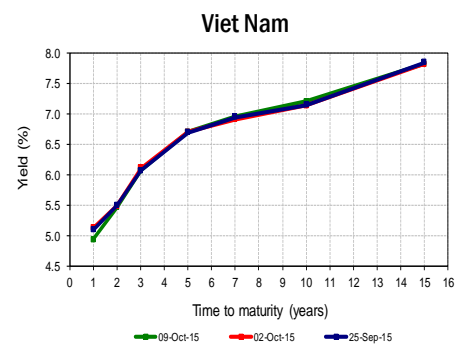
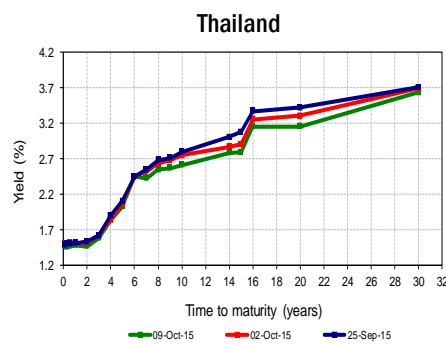
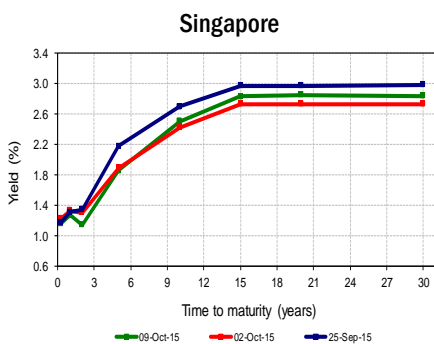
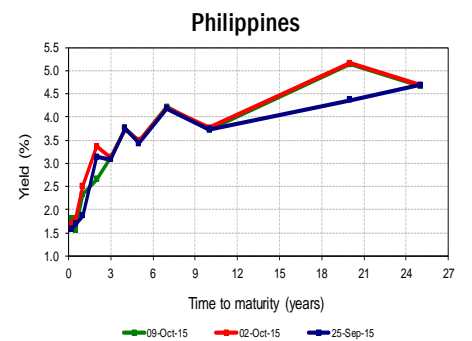
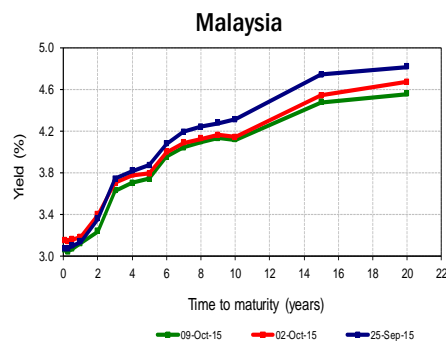
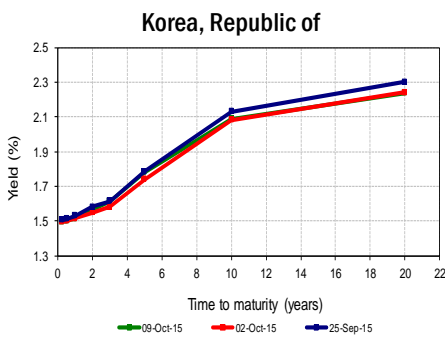
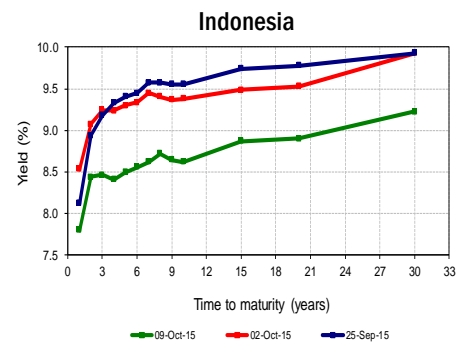
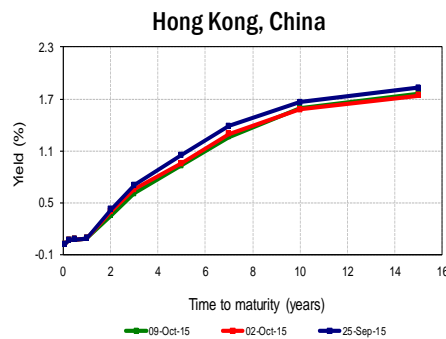
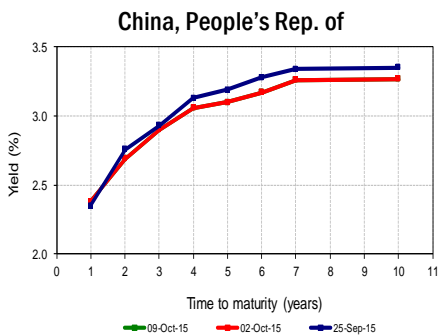
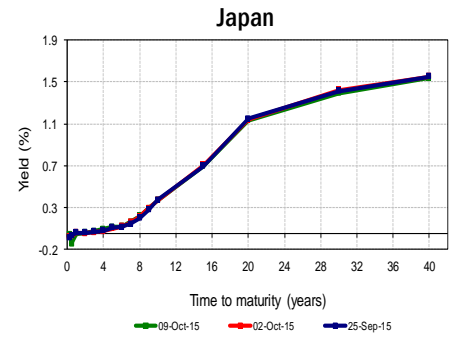
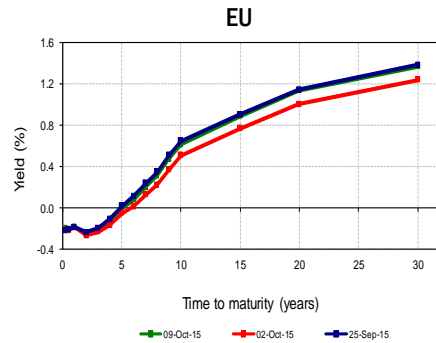
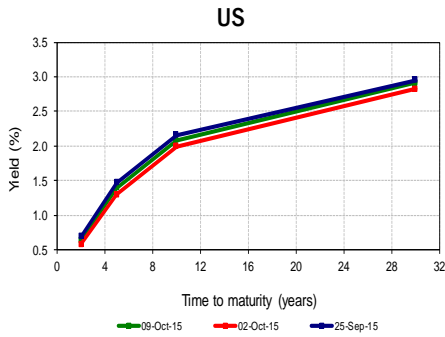
Markets	Latest Closing	basis point change from		
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US	2.09	-1.59	9.52	-8.31
EU	0.62	2.90	10.50	7.40
Japan	0.32	-1.30	0.30	-0.90
PRC	3.27	0.00	0.00	-38.00
Hong Kong, China	1.59	2.20	1.50	-30.60
India	7.55	0.90	-1.80	-33.60
Indonesia	8.62	-24.40	-76.30	79.40
Korea, Rep. of	2.09	0.00	0.80	-51.50
Malaysia	4.12	-3.30	-2.30	-3.20
Philippines	3.73	-0.57	-4.18	-13.75
Singapore	2.51	-1.18	8.13	22.48
Thailand	2.61	-4.70	-13.80	-11.80
Viet Nam	7.21	8.50	7.00	-2.00

Close of 9 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

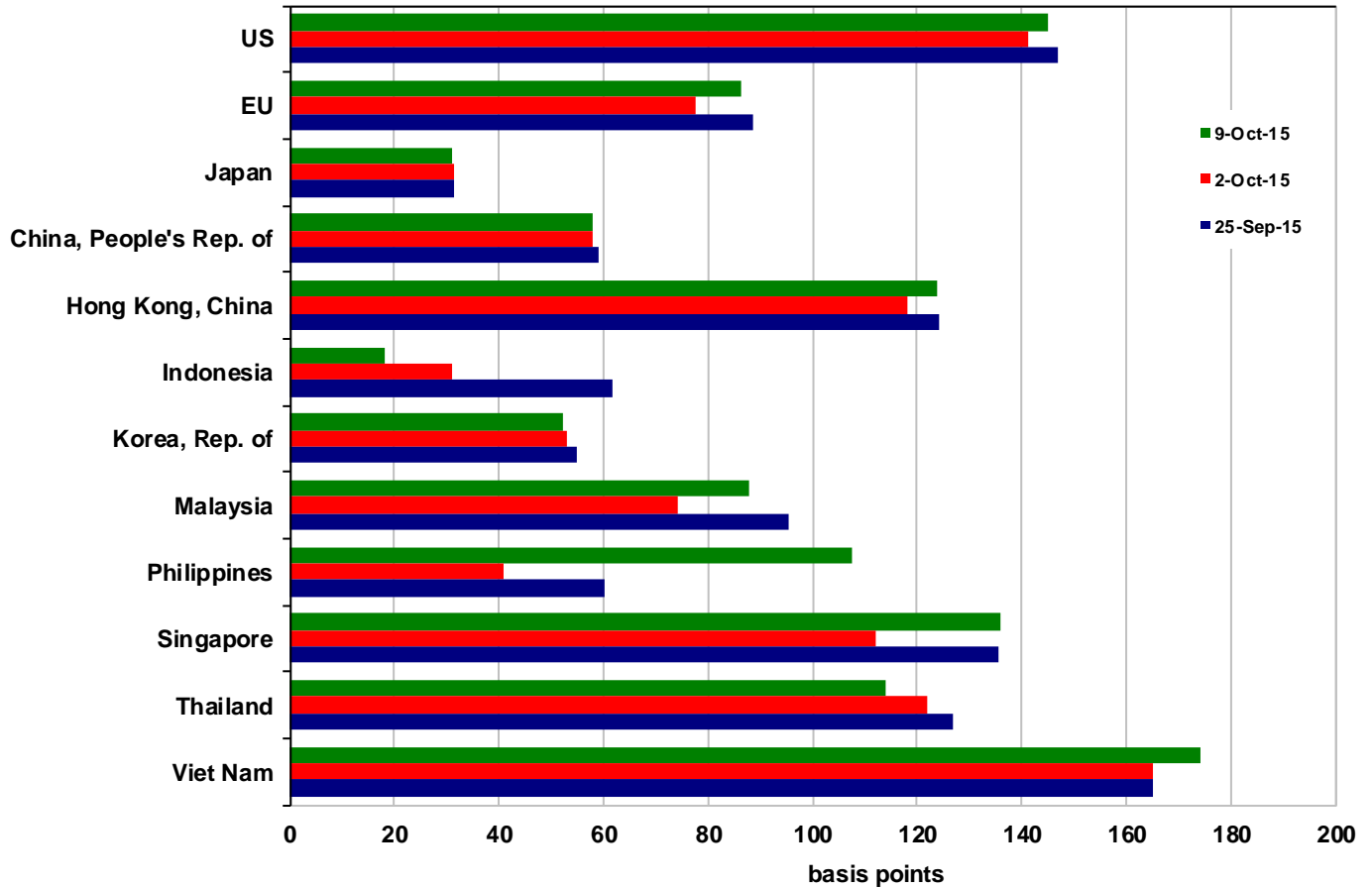
Tip: Zoom-in on the table using the Acrobat zoom tool



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

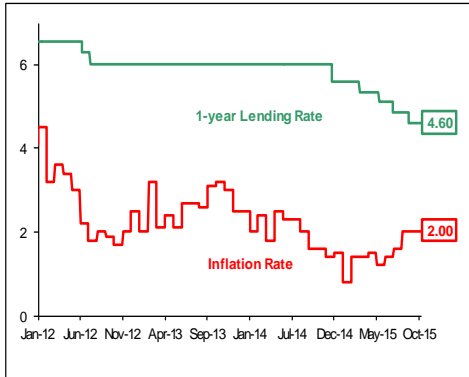


EU = European Union, US = United States.
Source: Based on data from Bloomberg LP.

Policy Rate versus Inflation Rate

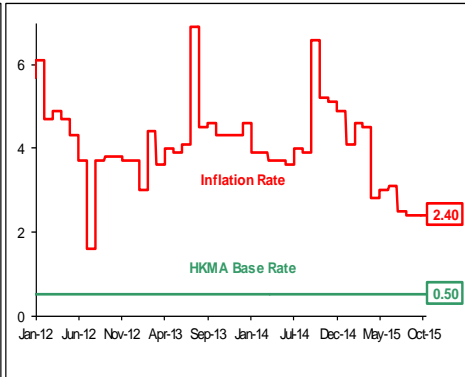
Tip: Zoom-in on the table using the Acrobat zoom tool

China, People's Rep. of



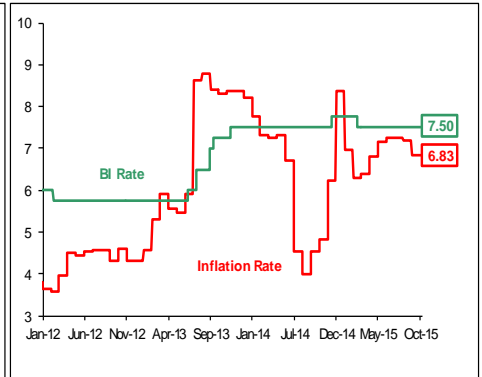
The PRC uses the 1-year lending rate as one of its policy rates.
Source: Bloomberg LP.

Hong Kong, China



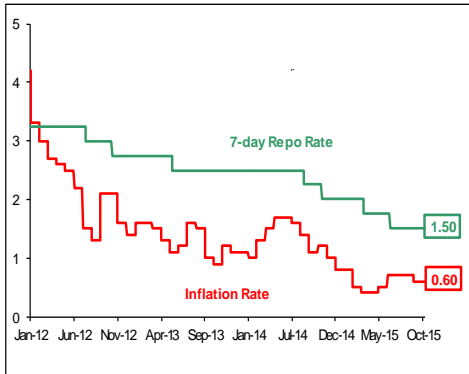
The Hong Kong Monetary Authority maintains a Discount Window Base Rate.
Source: Bloomberg LP.

Indonesia



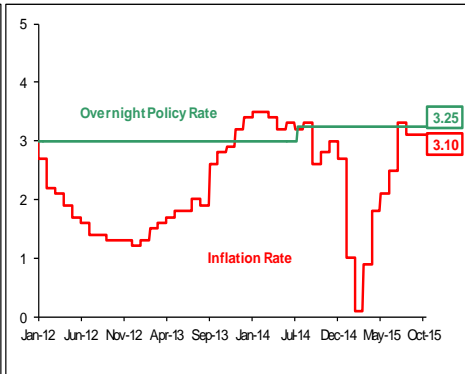
Bank Indonesia uses its reference interest rate (BI rate) as its policy rate.
Source: Bloomberg LP.

Korea, Republic of



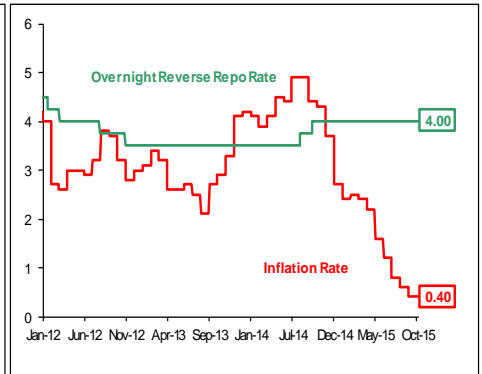
The Bank of Korea shifted its policy rate from the overnight repurchase (repo) rate to the 7-day repo rate in March 2008.
Source: Bloomberg LP.

Malaysia



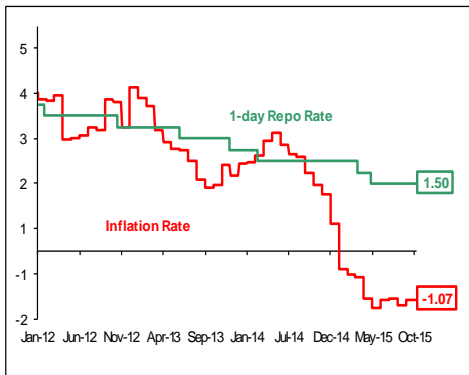
Bank Negara Malaysia uses the overnight policy rate (OPR) as its policy rate.
Source: Bloomberg LP.

Philippines



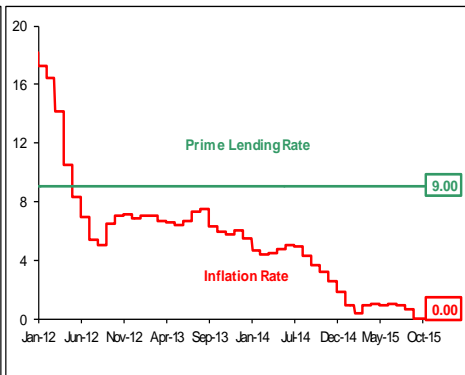
Bangko Sentral uses the Philippine overnight reverse repurchase agreement rate as one of its policy instruments.
Source: Bloomberg LP.

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

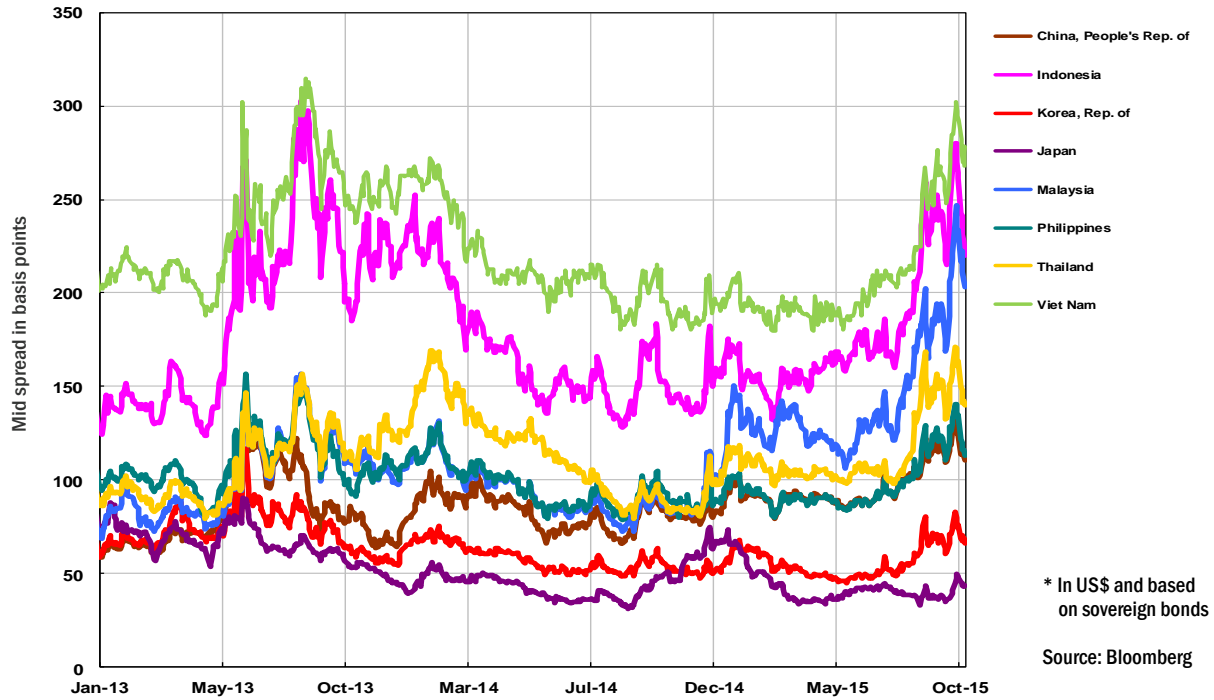


The State Bank of Viet Nam uses a benchmark prime lending rate as its policy rate.
Source: Bloomberg LP.

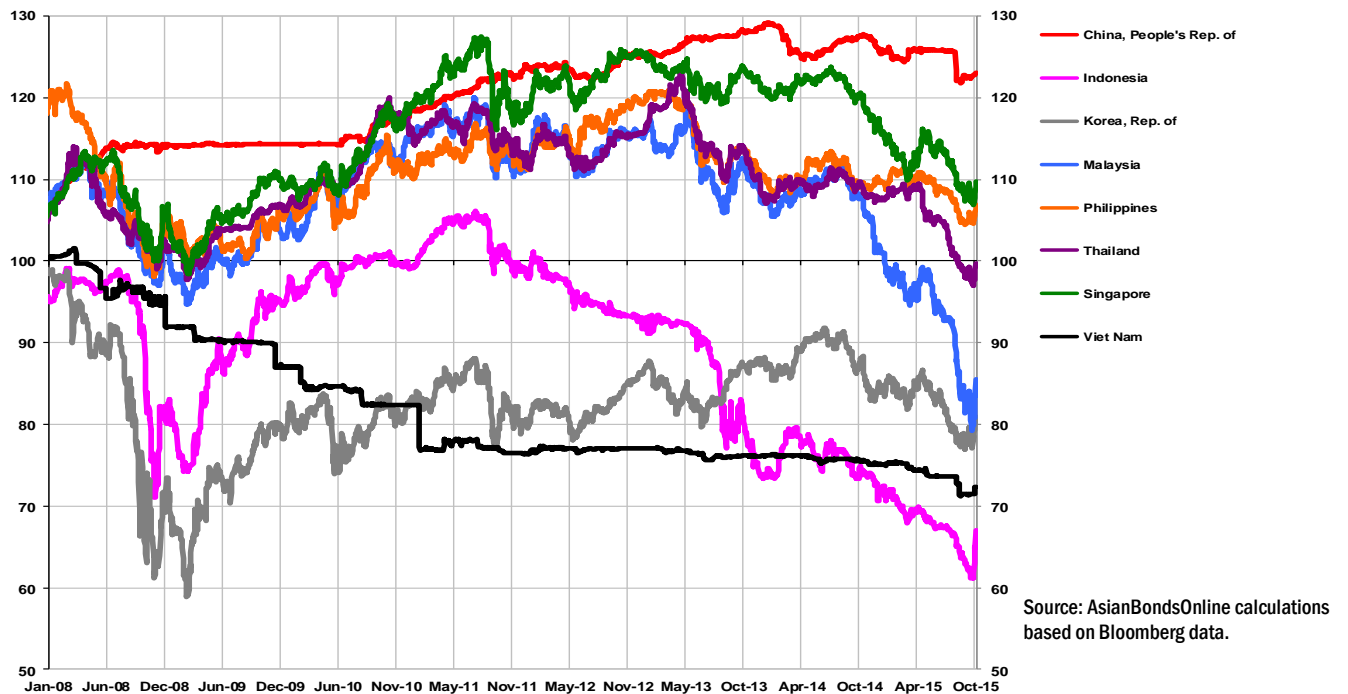
Credit Default Swap Spreads and Exchange Rate Indexes

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 (5 – 9 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)
CN	9-Oct	91-day Treasury Bills	2.29		10.00	10.00
HK	6-Oct	91-day Exchange Fund Bills	0.01		34.53	34.53
		182-day Exchange Fund Bills	0.03		13.00	13.00
		364-day Exchange Fund Bills	0.08		5.00	5.00
ID	6-Oct	6-month Islamic Treasury Bills	7.04			900.00
		3-year Project-Based <i>Sukuk</i>	8.63	7.75	2,000.00	430.00
		5-year Project-Based <i>Sukuk</i>	8.68	8.25		420.00
JP	6-Oct	6-month Treasury Discount Bills	-0.03		3,500.00	3,499.98
	8-Oct	3-month Treasury Discount Bills	-0.01		4,800.00	4,799.96
		3-year Japanese Government Bonds	1.35		800.00	918.00
KR	5-Oct	91-day Monetary Stabilization Bonds	1.50		1,200.00	1,200.00
		182-day Monetary Stabilization Bonds	1.50		500.00	500.00
		3-year Korea Treasury Bonds	1.58	1.63	1,200.00	1,200.00
	6-Oct	30-year Korea Treasury Bonds	2.28	2.75	850.00	869.00
	7-Oct	2-year Monetary Stabilization Bonds	1.56	1.56	2,000.00	2,000.00
PH	5-Oct	91-day Treasury Bills	1.49		8.00	4.41
		182-day Treasury Bills	1.51		6.00	6.00
		364-day Treasury Bills	1.88		6.00	6.00
SG	6-Oct	29-day MAS Bills	0.57		0.50	0.50
		87-day MAS Bills	0.77		4.20	4.20
	8-Oct	168-day MAS Bills	0.84		2.00	2.00
TH	5-Oct	28-day Treasury Bills	1.49		10.00	10.00
		183-day Treasury Bills	1.50		15.00	15.00
	6-Oct	91-day Bank of Thailand Bonds	1.48		35.00	35.00
		182-day Bank of Thailand Bonds	1.49		20.00	20.00
	8-Oct	1.87-year Bank of Thailand Bonds	1.54	1.51	30.00	30.00
VN	7-Oct	5-year Treasury Bonds	6.65		2,000.00	2,000.00
		10-year Treasury Bonds	6.90		1,000.00	12.80

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

Sources: Local market sources and Bloomberg, LP.

Selected Asia Data Releases (13 – 19 October 2015)

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

Economy and Variable	Release Date	Historical Data	Recent Trends
People's Republic of China Exports y-o-y, % SEP	10/13	08/14: 9.4% 09/14: 15.3% 07/15: -8.3% 08/15: -5.5%	Exports from the People's Republic of China (PRC) fell 5.5% year-on-year (y-o-y) in August after contracting 8.3% y-o-y in July.
People's Republic of China CPI y-o-y, % SEP	10/14	08/14: 2.0% 09/14: 1.6% 07/15: 1.6% 08/15: 2.0%	Consumer prices in the PRC rose 2.0% y-o-y in August compared with a 1.6% y-o-y gain in July.
Indonesia Exports y-o-y, % SEP	10/15	08/14: 10.7% 09/14: 3.9% 07/15: -18.8% 08/15: -12.3%	Exports from Indonesia contracted 12.3% y-o-y in August after declining 18.8% y-o-y in July.
Indonesia BI Rate % 15-Oct	10/15	09/14: 7.5% 10/14: 7.5% 08/15: 7.5% 09/15: 7.5%	Bank Indonesia's (BI) Board of Governors held steady its benchmark interest rate at 7.50% in its meeting on 17 September.
Republic of Korea BOK 7-Day Repo Rate % 15-Oct	10/15	09/14: 2.25% 10/14: 2.00% 08/15: 1.50% 09/15: 1.50%	The Bank of Korea's Monetary Policy Board decided on 11 September to keep the base rate steady at 1.50%.
Philippines Overseas Filipino Remittance y-o-y, % AUG	10/15	07/14: 6.2% 08/14: 6.1% 06/15: 6.1% 07/15: 0.5%	Remittances from overseas Filipino workers marginally grew 0.5% y-o-y in July, less than the 6.1% y-o-y increase recorded in June.
Malaysia CPI y-o-y, % SEP	10/16	08/14: 3.3% 09/14: 2.6% 07/15: 3.3% 08/15: 3.1%	Consumer price inflation in Malaysia eased to 3.1% y-o-y in August from 3.3% y-o-y in July.
Singapore Non-Oil Domestic Exports y-o-y, % SEP	10/16	08/14: 6.0% 09/14: 0.9% 07/15: -0.7% 08/15: -8.4%	Singapore's non-oil domestic exports fell 8.4% y-o-y in August after declining 0.7% y-o-y in July.
People's Republic of China Industrial Production y-o-y, % SEP	10/19	08/14: 6.9% 09/14: 8.0% 07/15: 6.0% 08/15: 6.1%	Industrial production growth in the PRC inched up to 6.1% y-o-y in August from 6.0% y-o-y growth in July.
People's Republic of China GDP y-o-y, % 3Q15	10/19	2Q14: 7.4% 3Q14: 7.2% 1Q15: 7.0% 2Q15: 7.0%	The PRC's economy grew 7.0% y-o-y in 2Q15, the same pace of growth as in 1Q15.

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 in the Philippines Eases in September

- [Summary Inflation Report Consumer Price Index \(2006=100\) : September 2015](#)
Philippine Statistics Authority (6 October 2015)
- [Year-on-Year Changes of the Consumer Price Index in Percent by Area, by Commodity Group, September 2014 - September 2015](#)
Philippine Statistical Authority (6 October 2015)

BOJ Maintains Monetary Easing Measures

- [Statement on Monetary Policy](#)
Bank of Japan (7 October 2015)

Malaysia's Trade Surplus Widens in August; Philippine Exports Fall in August

- [Monthly External Trade Statistics August 2015](#)
Department of Statistics Malaysia (7 October 2015)
- [Merchandise Export Performance: August 2015](#)
Philippine Statistical Authority (9 October 2015)

Japan's Current Account Surplus Narrows in August

- [Balance of Payments Statistics, August 2015 \(Preliminary\)](#)
Ministry of Finance Japan (8 October 2015)

The Republic of Korea's Foreign Reserves Inch Up in September

- [Korea's Official Foreign Reserves \(September 2015\)](#)
The Bank of Korea (5 October 2015)

Viet Nam Plans to Resume Issuance of Treasury Bonds with Maturities of Less Than 5 Years

- [Gov't Adopts State Bond Issuance With All Terms](#)
Viet Nam News (9 October 2015)

Land & Houses Raises THB6 Billion from Triple-Tranche Debenture Sale

- [LH180A, LH190A, and LH200A are registered with ThaiBMA on October 8, 2015](#)
ThaiBMA (8 October 2015)

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