

Key Developments in Asian Local Currency Markets

Indonesia's gross domestic product (GDP) growth rose marginally to 4.73% year-on-year (y-o-y) in 3Q15 from 4.67% in 2Q15. On an expenditure basis, the fastest rising component of GDP was government spending, which rose 6.6% y-o-y. Domestic consumption rose 5.0% y-o-y and investments rose 4.6% y-o-y. By industry, the fastest growing sector was the information and communications sector, which grew 10.8% y-o-y, followed by financial services, which rose 10.4% y-o-y.

Consumer price inflation in the Republic of Korea climbed to 0.9% y-o-y in October from 0.6% y-o-y in September. Nine out of 12 expenditure categories in the index recorded y-o-y price hikes in October, led by food and non-alcoholic beverages, restaurants and hotels, and education. In the Philippines, consumer price inflation was unchanged at 0.4% y-o-y. The food and non-alcoholic beverages sub-index, which accounts for the largest weight in the index, posted an annual increase of 0.7% in October compared with 0.8% in September.

Last week, the Monetary Policy Committee of Bank Negara Malaysia decided to maintain the overnight policy rate at 3.25%. The committee expects Malaysia's economy to grow 4.5%–5.5% in 2015 and 4.0%–5.0% in 2016. Inflation is expected to rise in early 2016 and moderate thereafter. The Bank of Thailand's Monetary Policy Committee decided on 4 November to maintain the policy rate at 1.50%. The committee stated that headline inflation remains negative but is projected to climb gradually and turn positive in 1Q16.

Malaysia's trade surplus narrowed to MYR9.7 billion in September from MYR10.2 billion in August as imports increased at a faster pace than exports. Exports increased 5.5% month-on-month (m-o-m) to MYR70.2 billion in September from MYR66.5 billion the previous month. Imports rose 7.3% m-o-m to MYR60.5 billion in September from MYR56.3 billion in August.

Hong Kong, China's retail sales fell 6.4% y-o-y in September after declining 5.3% in August. The Purchasing Managers Index (PMI) in Singapore fell below the 50-point threshold in October to a reading of 48.9, indicating a contracting manufacturing economy. It was the fourth month in a row that the PMI posted a reading below 50.

Last week, Fitch Ratings (Fitch) affirmed Viet Nam's foreign currency and local currency

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

10-Year Selected LCY Government Security Yields Close of 6 November 2015
basis point change from

Markets	Latest Closing	Previous Day*	Previous Week*	1-Jan-15*
US	2.33	9.29	18.31	15.40
EU	0.69	8.60	17.60	15.20
Japan	0.32	0.50	1.50	-0.50
PRC	3.14	0.00	6.00	-51.00
Hong Kong, China	1.62	0.80	8.20	-27.50
India	7.69	0.50	4.50	-19.50
Indonesia	8.64	-3.30	-24.50	81.40
Korea, Rep. of	2.21	5.50	9.80	-39.50
Malaysia	4.14	-0.80	1.10	-1.00
Philippines	3.75	-3.30	3.20	-11.14
Singapore	2.62	2.29	16.01	34.06
Thailand	2.63	0.30	-2.70	-10.40
Viet Nam	7.16	-2.30	2.00	-7.00

- 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

issuer default ratings at BB-. The outlook for both ratings was stable. Fitch in its decision took note of Viet Nam's strong macroeconomic outlook against high public debt levels, a sizeable budget deficit, and relatively weak structural indicators.

Government bond yields rose last week for all tenors in the PRC; Hong Kong, China; and the Republic of Korea; and for most tenors in Malaysia, the Philippines, and Singapore. Yields fell for most tenors in Indonesia, Thailand, and Viet Nam. Yield spreads between the 2-year and 10-year tenors widened in the PRC; Hong Kong, China; the Republic of Korea; Singapore; and Viet Nam; while spreads narrowed in Indonesia, Malaysia, the Philippines, and Thailand.

Summary Text of News Articles

Indonesia's GDP Growth Accelerates in 3Q15

Indonesia's gross domestic product (GDP) growth rose marginally to 4.73% year-on-year (y-o-y) in 3Q15 from 4.67% in 2Q15. On an expenditure basis, the fastest rising component of GDP was government spending, which rose 6.6% y-o-y. Domestic consumption rose 5.0% y-o-y and investments rose 4.6% y-o-y. By industry, the fastest growing sector was the information and communications sector, which grew 10.8% y-o-y, followed by financial services, which rose 10.4% y-o-y.

Consumer Price Inflation Rises in the Republic of Korea, Remains Unchanged in the Philippines in October

Consumer price inflation in the Republic of Korea climbed to 0.9% y-o-y in October from 0.6% y-o-y in September, according to data from Statistics Korea. Nine out of 12 expenditure categories in the Consumer Price Index recorded y-o-y price hikes in October, led by food and non-alcoholic beverages, restaurants and hotels, and education. The Consumer Price Index remained unchanged from the previous month in October.

Consumer price inflation in the Philippines was unchanged at 0.4% y-o-y in October. The food and non-alcoholic beverages sub-index, which accounts for the largest weight in the Consumer Price Index, posted an annual increase of 0.7% in October compared with 0.8% in September. The transport sub-index posted an increase of 0.1% y-o-y, a reversal from the 0.3% y-o-y contraction in September. The utilities sub-index posted a slower y-o-y decline in October of 2.1% from 2.2% in the previous month.

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

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

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

Policy Rates Kept Unchanged in Malaysia and Thailand

Last week, the Monetary Policy Committee of Bank Negara Malaysia decided to maintain the overnight policy rate at 3.25%. The central bank stated that while the global economy was continuing to grow moderately, there were still downside risks to the global economic outlook, including concerns over growth momentum in major emerging market economies, volatile commodity prices, and uncertainties in financial markets due to policy shifts in the major economies. The committee expects Malaysia's economy to continue to grow 4.5%–5.5% in 2015 and 4.0%–5.0% in 2016. Inflation is expected to rise in early 2016 and moderate thereafter.

The Bank of Thailand's Monetary Policy Committee decided on 4 November to maintain the policy rate at 1.50%. In its monetary policy decision, the committee stated that the economy of Thailand "gradually recovered" in 3Q15 but faces downside risks from the global economy. It also said that headline inflation remains negative but is projected to climb gradually and turn positive in 1Q16.

For policy rate trends in Malaysia, refer to this link:

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

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

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

Malaysia's Trade Surplus Narrows in September

Malaysia's trade surplus narrowed to MYR9.7 billion in September from MYR10.2 billion in August as imports increased at a faster pace than exports. Exports increased 5.5% month-on-month (m-o-m) to MYR70.2 billion in September from MYR66.5 billion in the previous month. The items that posted m-o-m increases include electrical and electronic products, and crude petroleum. Imports rose 7.3% m-o-m to MYR60.5 billion in September from MYR56.3 billion in August, driven by increasing imports of capital goods, consumption goods, and intermediate goods.

Summary Text of News Articles

**Hong Kong, China's Retail Sales Fall in September;
Singapore's PMI at 48.9 in October**

Hong Kong, China's retail sales fell 6.4% y-o-y in September after declining 5.3% y-o-y in August. The biggest decline (based on total sales value) came from jewelry, watches, and clocks, which fell 22.9% y-o-y, followed by department store commodities, which fell 5.1% y-o-y. Garments fell 12.3% y-o-y. The government said that the retail sales decline was driven by continued weak tourism receipts despite seasonal effects from the Mid-Autumn Festival. The government expects the retail sales performance to continue to be negatively affected by weak tourist spending.

The Purchasing Managers Index (PMI) in Singapore fell below the 50-point threshold in October to a reading of 48.9, indicating a contracting manufacturing economy. It was the fourth month in a row that the PMI posted a reading below 50. According to the Singapore Institute of Purchasing and Materials Management, the low reading in October was due to continued weakness in new export orders and production.

Fitch Affirms Viet Nam's BB- Rating

Last week, Fitch Ratings (Fitch) affirmed Viet Nam's foreign currency and local currency issuer default ratings at BB-. The outlook on the ratings was stable. Fitch in its decision took note of the balance in Viet Nam's strong macroeconomic outlook against high public debt levels, a sizeable budget deficit, and relatively weak structural indicators. Fitch now estimates Viet Nam's budget deficit will be 6.0% of GDP this year compared with an earlier estimate of 6.2%.

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	0.08	4.06	0.49	4.06
EU	-0.25	0.40	1.60	-21.20
Japan	-0.01	0.00	-0.40	-0.50
PRC	2.12	0.00	0.00	-156.00
Hong Kong, China	0.07	0.00	0.00	-0.80
India	8.31	0.00	0.00	0.00
Korea, Rep. of	1.52	1.20	1.30	-54.30
Malaysia	3.02	0.20	-2.20	-33.70
Philippines	2.29	57.96	-1.23	-8.93
Singapore	1.16	-0.90	0.00	48.40
Thailand	1.47	0.06	-0.08	-57.77

Close of 6 November 2015

10-Year Selected LCY Government Bond Yields

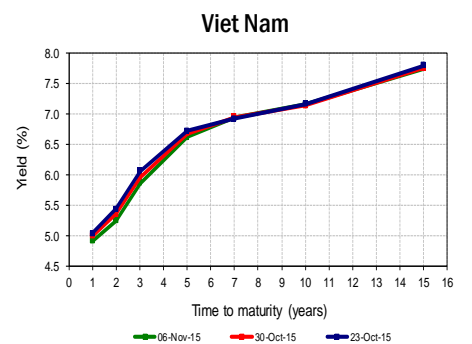
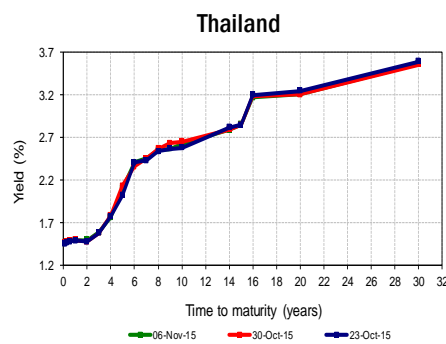
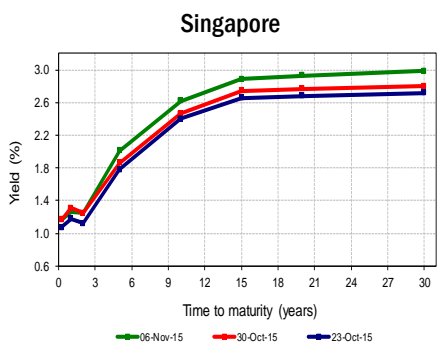
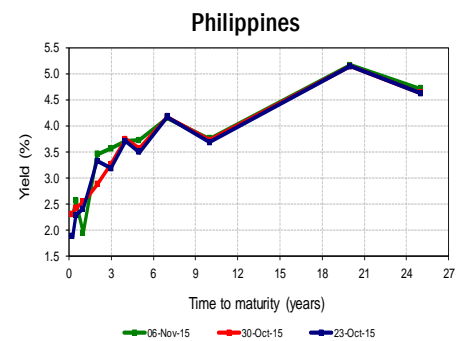
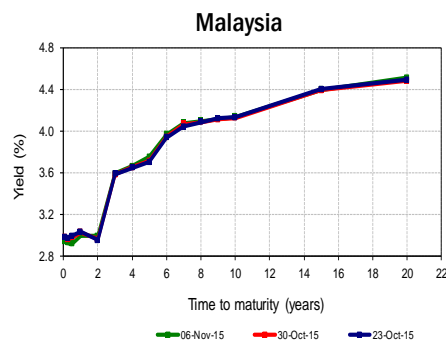
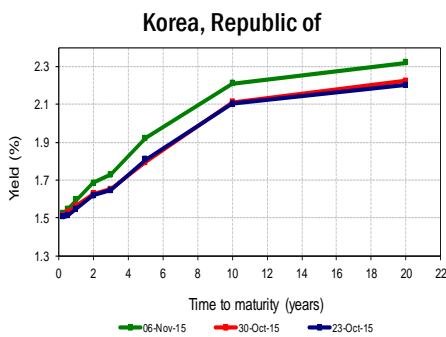
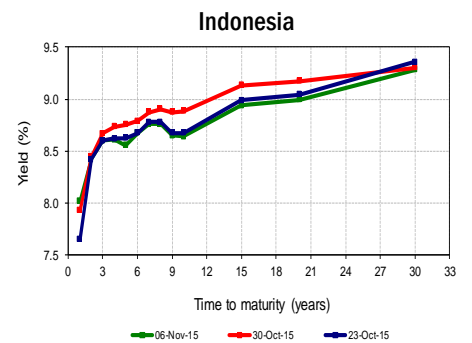
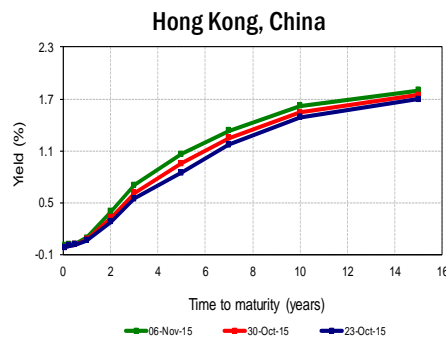
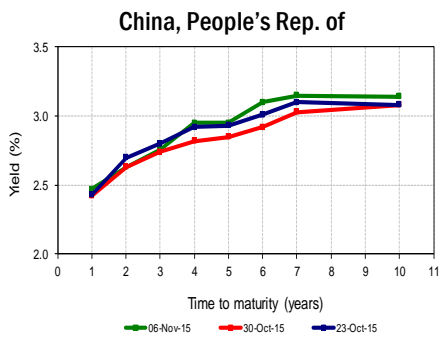
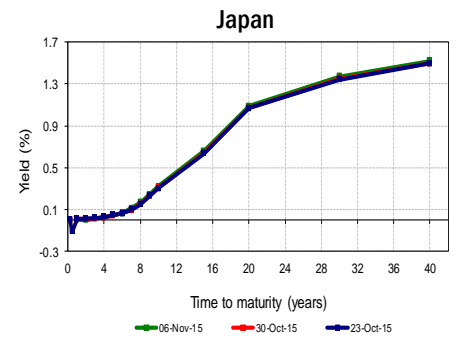
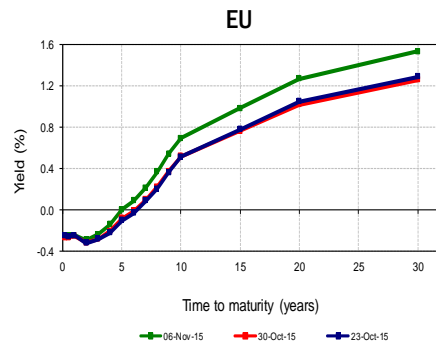
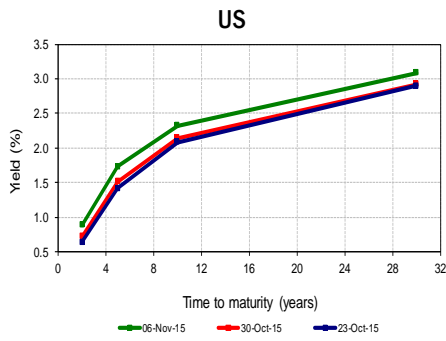
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		Previous Day*	Previous Week*	1-Jan-15*
US	2.33	9.29	18.31	15.40
EU	0.69	8.60	17.60	15.20
Japan	0.32	0.50	1.50	-0.50
PRC	3.14	0.00	6.00	-51.00
Hong Kong, China	1.62	0.80	8.20	-27.50
India	7.69	0.50	4.50	-19.50
Indonesia	8.64	-3.30	-24.50	81.40
Korea, Rep. of	2.21	5.50	9.80	-39.50
Malaysia	4.14	-0.80	1.10	-1.00
Philippines	3.75	-3.30	3.20	-11.14
Singapore	2.62	2.29	16.01	34.06
Thailand	2.63	0.30	-2.70	-10.40
Viet Nam	7.16	-2.30	2.00	-7.00

Close of 6 November 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

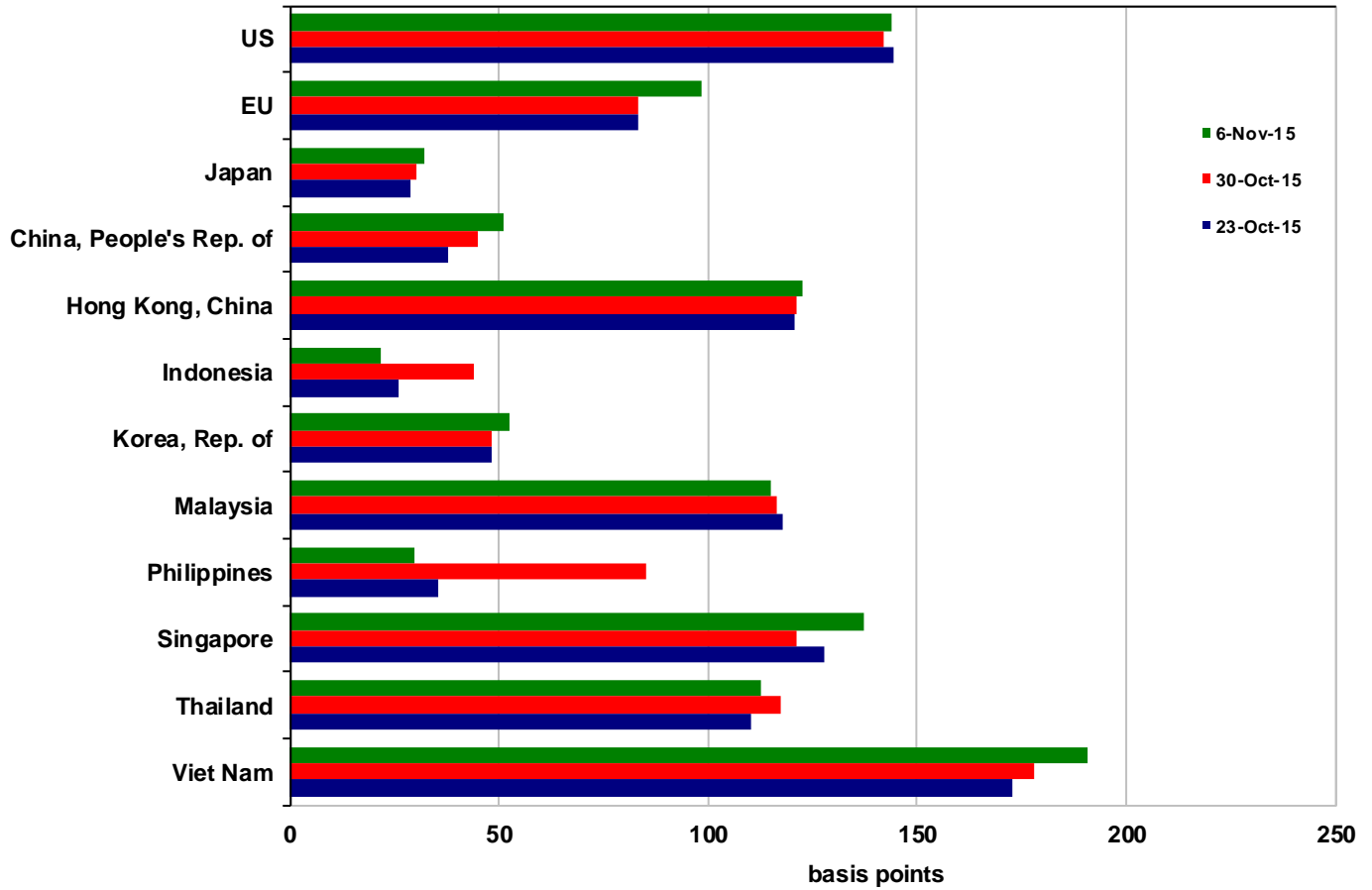
Tip: Zoom-in on the table using the Acrobat zoom tool



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

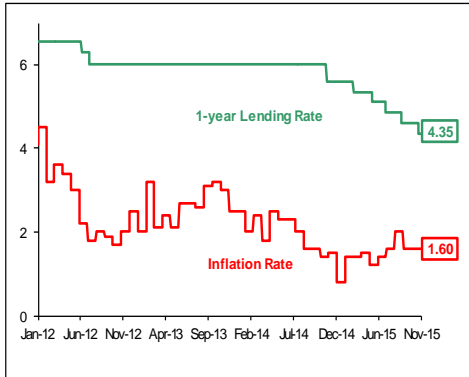


EU = European Union, US = United States.
Source: Based on data from Bloomberg LP.

Policy Rate versus Inflation Rate

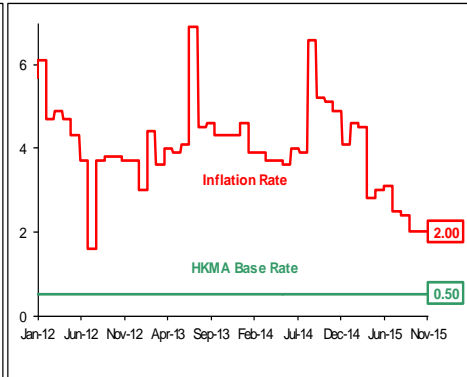
Tip: Zoom-in on the table using the Acrobat zoom tool

China, People's Rep. of



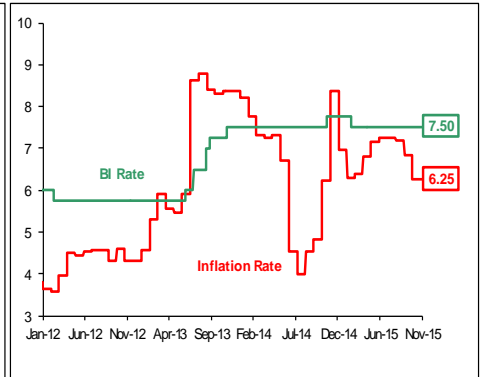
The PRC uses the 1-year lending rate as one of its policy rates.
Source: Bloomberg LP.

Hong Kong, China



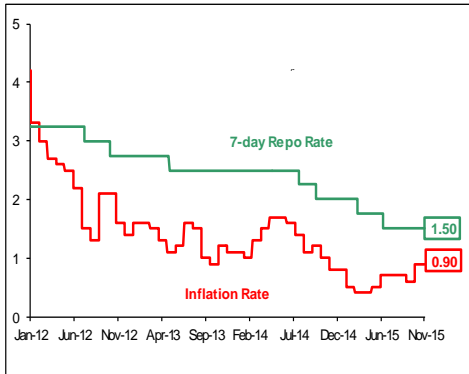
The Hong Kong Monetary Authority maintains a Discount Window Base Rate.
Source: Bloomberg LP.

Indonesia



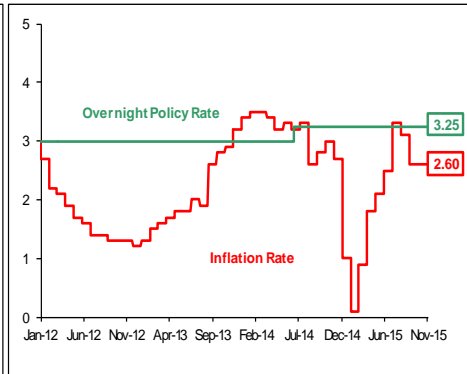
Bank Indonesia uses its reference interest rate (BI rate) as its policy rate.
Source: Bloomberg LP.

Korea, Republic of



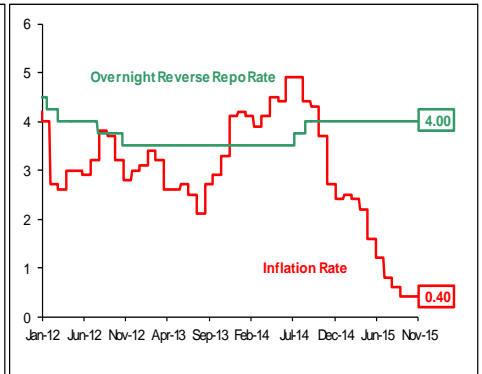
The Bank of Korea shifted its policy rate from the overnight repurchase (repo) rate to the 7-day repo rate in March 2008.
Source: Bloomberg LP.

Malaysia



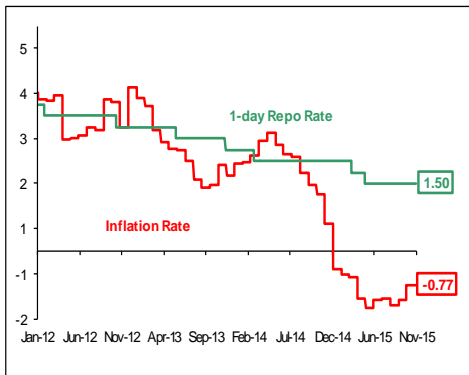
Bank Negara Malaysia uses the overnight policy rate (OPR) as its policy rate.
Source: Bloomberg LP.

Philippines



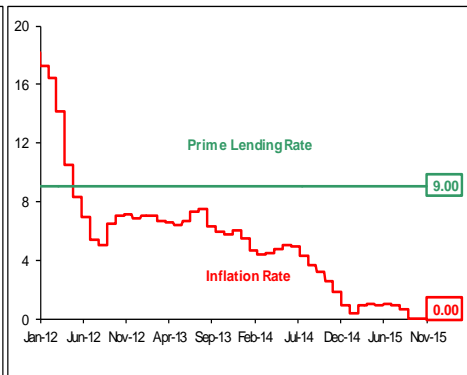
Bangko Sentral uses the Philippine overnight reverse repurchase agreement rate as one of its policy instruments.
Source: Bloomberg LP.

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

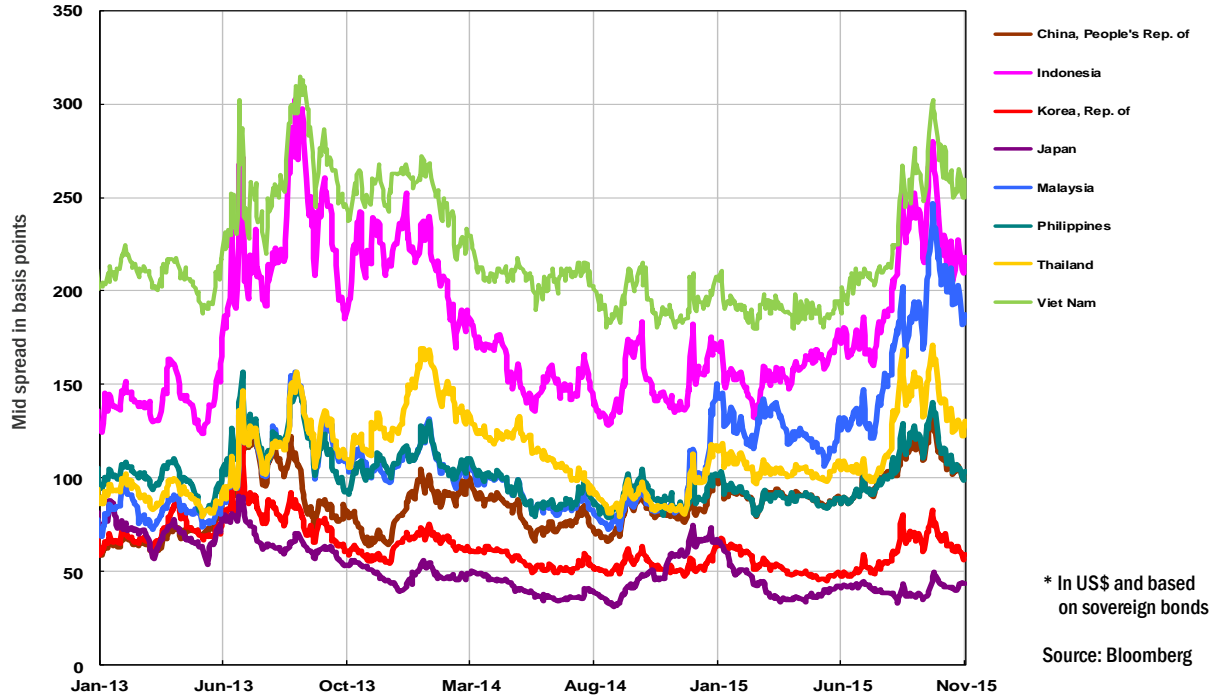


The State Bank of Viet Nam uses a benchmark prime lending rate as its policy rate.
Source: Bloomberg LP.

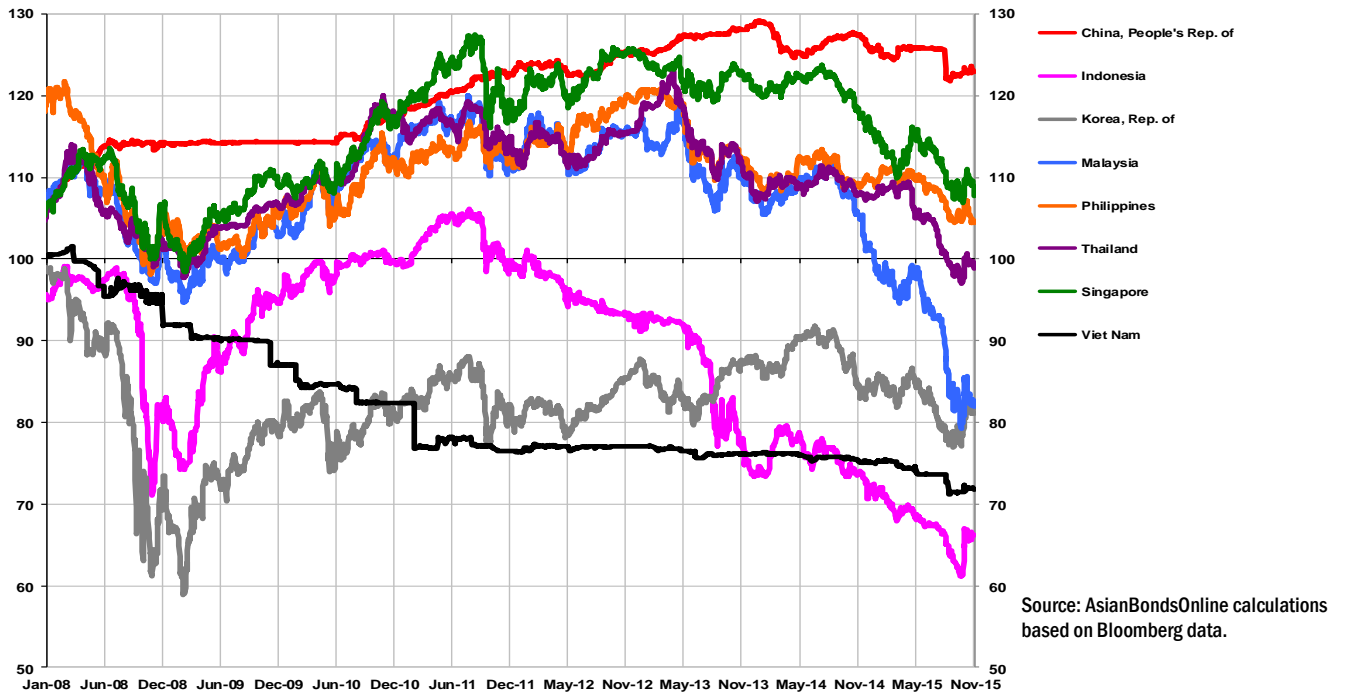
Credit Default Swap Spreads and Exchange Rate Indexes

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 (2 – 6 November 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	4-Nov	10-year Treasury Bonds	3.09	2.99	28.00	28.00
	6-Nov	1-year Treasury Bonds	2.41	2.41	22.00	22.00
HK	3-Nov	91-day Exchange Fund Bills	0.01		30.31	30.31
		182-day Exchange Fund Bills	0.02		11.00	11.00
		364-day Exchange Fund Bills	0.08		5.00	5.00
	4-Nov	5-year HKSAR Bonds	1.25		3.00	3.00
ID	3-Nov	6-month Islamic Treasury Bills	7.22			1,250.00
		2-year Project-Based <i>Sukuk</i>	8.77	7.75	2,000.00	480.00
		5-year Project-Based <i>Sukuk</i>	8.83	8.25		150.00
JP	5-Nov	3-month Treasury Discount Bills	-0.01		4,800.00	4,749.93
		10-year Japanese Government Bonds	0.32	0.40	2,400.00	2,582.00
	6-Nov	6-month Treasury Discount Bills	-0.04		3,500.00	3,499.97
KR	2-Nov	91-day Monetary Stabilization Bonds	1.55		1,200.00	1,200.00
		182-day Monetary Stabilization Bonds	1.53		500.00	500.00
	3-Nov	3-year Korea Treasury Bonds	1.66	1.63	1,200.00	1,200.00
		30-year Korea Treasury Bonds	2.30	2.75	950.00	950.00
	4-Nov	2-year Monetary Stabilization Bonds	1.65	1.56	2,000.00	2,000.00
SG	3-Nov	28-day MAS Bills	0.62		0.50	0.50
		84-day MAS bills	0.67		4.20	4.20
	5-Nov	167-day MAS Bills	0.90		2.50	2.50
TH	2-Nov	28-day Treasury Bills	1.43		15.00	15.00
		182-day Treasury Bills	1.48		15.00	15.00
	3-Nov	91-day Bank of Thailand Bonds	1.46		32.00	32.00
		181-day Bank of Thailand Bonds	1.48		25.00	25.00
VN	4-Nov	5-year Treasury Bonds	6.53		3,000.00	3,000.00

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

Sources: Local market sources and Bloomberg, LP.

Selected Asia Data Releases (10 – 16 November 2015)

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

Economy and Variable	Release Date	Historical Data	Recent Trends
China, People's Republic of CPI y-o-y, % OCT	11/10	09/14: 1.6% 10/14: 1.6% 08/15: 2.0% 09/15: 1.6%	Consumer price inflation in the People's Republic of China (PRC) eased to 1.6% year-on-year (y-o-y) in September from 2.0% y-o-y in August.
China, People's Republic of PPI y-o-y, % OCT	11/10	09/14: -1.8% 10/14: -2.2% 08/15: -5.9% 09/15: -5.9%	Producer prices in the PRC fell 5.9% y-o-y in September, the same pace of decline as in August.
Japan Current Account Balance JPY billion SEPT	11/10	08/14: 249 09/14: 978 07/15: 1,809 08/15: 1,653	Japan's current account surplus narrowed to JPY 1.7 trillion in August from JPY 1.8 trillion in July.
Philippines Exports y-o-y, % SEPT	11/10	08/14: 10.4% 09/14: 15.6% 07/15: -1.8% 08/15: -6.3%	Philippine exports contracted 6.3% y-o-y in August following a decline of 1.8% y-o-y in July.
China, People's Republic of Retail Sales y-o-y, % OCT	11/11	09/14: 11.6% 10/14: 11.5% 08/15: 10.8% 09/15: 10.9%	Retail sales growth in the PRC inched up to 10.9% y-o-y in September from 10.8% y-o-y growth in August.
China, People's Republic of Industrial Production y-o-y, % OCT	11/11	09/14: 8.0% 10/14: 7.7% 08/15: 6.1% 09/15: 5.7%	Industrial production growth in the PRC eased to 5.7% y-o-y in September from 6.1% y-o-y in August.
Korea, Rep. of Unemployment Rate % OCT	11/11	09/14: 3.5% 10/14: 3.5% 08/15: 3.6% 09/15: 3.5%	The Republic of Korea's unemployment rate dipped to 3.5% in September from 3.6% in August.
Korea, Rep. of 7-Day Repurchase Rate % 12-Nov	11/12	10/14: 2.00% 11/14: 2.00% 09/15: 1.50% 10/15: 1.50%	The Bank of Korea's Monetary Policy Board decided on 15 October to hold the 7-day repurchase rate steady at 1.50%.
Philippines Overnight Borrowing Rate % 12-Nov	11/12	10/14: 4.00% 11/14: 4.00% 09/15: 4.00% 10/15: 4.00%	The Bangko Sentral ng Pilipinas (BSP) decided to leave unchanged its overnight policy rate at its monetary board meeting held on 24 September.
Hong Kong, China GDP y-o-y, % 3Q15	11/13	2Q14: 2.0% 3Q14: 2.9% 1Q15: 2.4% 2Q15: 2.8%	Economic growth in Hong Kong, China rose to 2.8% y-o-y in 2Q15 after posting 2.4% y-o-y growth in 1Q15.
Indonesia Current Account Balance US\$ million 3Q15	11/13	2Q14: -9,587 3Q14: -7,035 1Q15: -4,097 2Q15: -4,477	Indonesia's current account deficit widened to US\$4,477 million in 2Q15 from US\$4,097 million in 1Q15.
Malaysia GDP y-o-y, % 3Q15	11/13	2Q14: 6.5% 3Q14: 5.6% 1Q15: 5.6% 2Q15: 4.9%	Malaysia's real gross domestic product (GDP) growth slowed to 4.9% y-o-y in 2Q15 from 5.6% y-o-y in 1Q15.
Singapore Retail Sales y-o-y, % OCT	11/13	09/14: 2.1% 10/14: 8.0% 08/15: 5.2% 09/15: 6.1%	Retail sales growth climbed to 6.1% y-o-y in September from 5.2% y-o-y in August.
Japan GDP (Preliminary) y-o-y, % 3Q15	11/16	2Q14: -7.6% 3Q14: -1.1% 1Q15: 4.5% 2Q15: -1.2%	Japan's economy contracted 1.2% y-o-y in 2Q15, a reversal from the growth of 4.5% y-o-y posted in 1Q15.
Philippines Overseas Remittances y-o-y, % SEPT	11/16	08/14: 6.1% 09/14: 8.1% 07/15: 0.5% 08/15: -0.6%	Remittances from overseas Filipino workers contracted 0.6% y-o-y in August following an increase of 0.5% y-o-y in July.
Indonesia Trade Balance US\$ million OCT	11/16	09/14: -270 10/14: 21 08/15: 323 09/15: 1,017	Indonesia reported a trade surplus amounting to US\$1,017 million in September, up from US\$323 million in August.
Thailand GDP y-o-y, % 3Q15	11/16	2Q14: 0.9% 3Q14: 1.0% 1Q15: 3.0% 2Q15: 2.8%	Thailand's real GDP growth eased to 2.8% y-o-y in 2Q15 from 3.0% y-o-y in 1Q15 amid slower growth in private consumption, domestic investment, and non-agricultural production, as well as negative growth in agricultural output.

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)

Indonesia's GDP Growth Accelerates in 3Q15

- [Indonesia's GDP at 4.73 percent in Q3](#)
Jakarta Post (5 November 2015)
- [Indonesia's Economy Expanded Less Than Estimated Last Quarter](#)
Bloomberg (5 November 2015)

Consumer Price Inflation Rises in the Republic of Korea, Remains Unchanged in the Philippines in October

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