

**Key Developments in Asian Local Currency Markets**

**H**ong Kong, China's gross domestic product (GDP) growth slowed to 2.3% year-on-year (y-o-y) in 3Q15 from 2.8% in 2Q15. The slower growth was driven by declines in both external and domestic demand. Growth in domestic consumption fell to 4.3% y-o-y in 3Q15 from 6.1% y-o-y in 2Q15, while government expenditure growth slowed to 2.6% y-o-y from 3.3% y-o-y. The government expects Hong Kong, China's GDP growth to be constrained in 4Q15 with risks coming from emerging markets and the weak recovery in developed economies. In Malaysia, GDP growth slowed to 4.7% y-o-y in 3Q15 from 4.9% y-o-y in 2Q15. By type of expenditure, the slower rate of expansion was driven by weakening growth in private final consumption expenditure of 4.1% y-o-y in 3Q15 compared with 6.4% y-o-y in 2Q15.

Industrial production growth in the People's Republic of China (PRC) slowed to 5.6% y-o-y in October from 5.7% y-o-y in September. The slower decline was driven by a contraction in the electricity, gas and water distribution sector, whose production fell 0.3% y-o-y in October following growth of 0.7% y-o-y in September. In Malaysia, industrial production growth rose to 5.1% y-o-y in September from 2.3% y-o-y in August, driven by increases in manufacturing, electricity, and mining.

Consumer prices in the PRC rose 1.3% y-o-y in October, down from a 1.6% y-o-y gain in September. The lower inflation rate in October was driven by slower food price increases of 1.9% y-o-y in October versus 2.7% y-o-y in September, mostly due to softening vegetable prices. Producer prices declined at the same rate of 5.9% y-o-y in both October and September.

On 12 November, the Bank of Korea's Monetary Policy Board decided to hold the base rate steady at 1.50%. Bangko Sentral ng Pilipinas (BSP) decided to keep policy rates unchanged at 4.0% for the overnight borrowing rate and 6.0% for the overnight lending facility. Interest rates on special deposit accounts and reserve requirement ratios were also maintained by the BSP.

Indonesia's current account deficit narrowed to US\$4.0 billion (1.9% of GDP) in 3Q15 from US\$4.2 billion (2.0% of GDP) in 2Q15. Compared with a year earlier, the current account deficit in 3Q15 narrowed sharply from US\$7.0 billion (3.0% of GDP) in 3Q14.

Merchandise exports from the Philippines contracted 24.7% y-o-y to US\$4.4 billion in September. The drop in exports was largely contributed by the y-o-y decline in exports of chemicals (-85.5%); mineral products (-72.8%); other manufacture goods (-66.1%); and metal

**Asia Bond Monitor September 2015**

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**10-Year Selected LCY Government Security Yields** Close of 13 November 2015  
basis point change from

Markets	Latest Closing	Previous Day*	Previous Week*	1-Jan-15*
US	2.27	-4.58	-5.94	9.46
EU	0.56	-5.00	-13.50	1.70
Japan	0.31	0.40	-1.90	-2.40
PRC	3.18	-1.00	4.00	-47.00
Hong Kong, China	1.73	-1.00	10.40	-17.10
India	7.65	-3.50	-3.70	-23.20
Indonesia	8.64	-2.50	0.00	81.40
Korea, Rep. of	2.33	0.00	12.00	-27.50
Malaysia	4.33	0.00	19.60	18.60
Philippines	4.07	0.20	31.36	20.22
Singapore	2.62	-1.68	-0.19	33.87
Thailand	2.70	1.60	7.00	-3.40
Viet Nam	7.13	-10.50	-3.50	-10.50

- TABLES & GRAPHS**
- Selected Government Security Yields
  - 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
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components (-55.8%). Exports of electronic products, which accounted for the largest share of total monthly merchandise exports in September (54.3%), contracted 2.1% y-o-y in September.

On 6 November, Fitch Ratings affirmed Indonesia's BBB-sovereign credit rating. The rating was given a stable outlook.

Yields rose for all tenors in the PRC due to an increased supply of local government bonds and rising credit concerns due to recent corporate defaults. Yields rose for all tenors in the Republic of Korea and Malaysia, and for most tenors in Hong Kong, China; the Philippines; Singapore; Thailand; and Viet Nam. The rise in yields in the Republic of Korea and the Philippines occurred as their respective central banks indicated there was no need to cut policy rates. Yields fell for most tenors in Indonesia due to improved investor sentiments as the current account deficit shrank. The 2-year versus 10-year yield spread rose in all markets in the region except the PRC, Singapore, and Viet Nam.

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## Summary Text of News Articles

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### GDP Growth in Hong Kong, China and Malaysia Slows in 3Q15

Hong Kong, China's gross domestic product (GDP) growth slowed to 2.3% year-on-year (y-o-y) in 3Q15 from 2.8% y-o-y in 2Q15. The slower growth was driven by declines in both external and domestic demand. The growth of domestic consumption fell to 4.3% y-o-y in 3Q15 from 6.1% y-o-y in 2Q15, while government expenditure growth slowed to 2.6% y-o-y from 3.3% y-o-y. Investments also showed a decline, falling 6.5% y-o-y in 3Q15 following growth of 5.2% y-o-y in the previous quarter. Exports of goods showed slight improvement but still declined 3.2% y-o-y in 3Q15 after dipping 3.6% y-o-y in 2Q15, while imports of goods fell 4.1% y-o-y in 3Q15 compared with 3.2% y-o-y in the previous quarter. The government expects Hong Kong, China's GDP growth to be constrained with risks coming from emerging markets and the weak recovery of developed economies.

In Malaysia, GDP growth slowed to 4.7% y-o-y in 3Q15 from 4.9% y-o-y in 2Q15. By type of expenditure, the slower rate of expansion was due to weaker growth in private final consumption expenditure at 4.1% y-o-y in 3Q15 compared with 6.4% y-o-y in 2Q15. The annual increase in gross fixed capital formation accelerated to 4.2% in 3Q15 from 0.5% in 2Q15. By sector, both services and mining and quarrying posted lower y-o-y increases in 3Q15 than in the previous quarter, while manufacturing posted a higher annual increase in 3Q15.

### Industrial Production Slows in the PRC in October; Industrial Production Growth in Malaysia Rises in September

Industrial production growth in the People's Republic of China (PRC) slowed to 5.6% y-o-y in October from 5.7% y-o-y in September. The slower decline was due a contraction in the electricity, gas, and water distribution sector, whose production fell 0.3% y-o-y in October following growth of 0.7% y-o-y in September. Growth in mining and quarrying production also fell to 0.4% y-o-y in October from 1.2% y-o-y in September. Manufacturing production growth remained unchanged at 6.7% y-o-y.

Industrial production growth in Malaysia rose to 5.1% y-o-y in September from 2.3% y-o-y in August, driven by annual increases in all three sub-indices. The manufacturing sub-index posted an increase of 5.6% y-o-y in September, up from 4.3% y-o-y in August; the electricity index increased 2.6% y-o-y after growing 2.3% y-o-y in the previous month; and the mining index posted a 4.4% y-o-y increase in September, a reversal from the 3.4% y-o-y contraction in August.

### Consumer Price Inflation Slows in the PRC in October, Producer Price Inflation Unchanged

Consumer prices in the PRC rose 1.3% y-o-y in October, down from 1.6% y-o-y inflation in September. The lower inflation was driven by slower food price increases of 1.9% y-o-y in October versus 2.7% y-o-y in September, mostly due to softening vegetable prices. On a month-on-month basis, consumer prices fell 1.0% y-o-y in October after a 0.1% y-o-y decline in September. Producer prices declined 5.9% y-o-y in October, the same rate of decline as in September.

### Policy Rates Held Steady in the Republic of Korea and the Philippines

On 12 November, the Bank of Korea's Monetary Policy Board decided to hold the base rate steady at 1.50%. In its assessment, the board took note of the continued decline in exports despite improvements in consumption and investment. The board said that it will closely monitor increasing household debt and external risk factors such as any changes in the United States (US) Federal Reserve's monetary policy or economic conditions in emerging markets, including the PRC, and trends in capital flows.

Bangko Sentral ng Pilipinas (BSP) decided on 12 November to keep policy rates unchanged at 4.0% for the overnight borrowing rate and 6.0% for the overnight lending facility. Interest rates on special deposit accounts and reserve requirement ratios were also maintained. The BSP stated that inflation for 2015 could settle in the range of 2.0%–4.0%. The BSP noted upward pressures on inflation, such as the impact of El Niño-related weather on food prices and utility rates, and downside risks from possible slower global economic activity.

For policy 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](https://asianbondsonline.adb.org/korea/data/marketwatch.php?code=policy_rate_and_inflation_trends)

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**Summary Text of News Articles**

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**Policy Rates Held Steady in the Republic of Korea and the Philippines (cont...)**

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

[https://asianbondsonline.adb.org/philippines/data/marketwatch.php?code=policy\\_rate\\_and\\_inflation\\_trends](https://asianbondsonline.adb.org/philippines/data/marketwatch.php?code=policy_rate_and_inflation_trends)

**Indonesia's Current Account Deficit Narrows to US\$4 billion in 3Q15**

Indonesia's current account deficit narrowed to US\$4.0 billion (1.9% of GDP) in 3Q15 from US\$4.2 billion (2.0% of GDP) in 2Q15. Compared with a year earlier, the current account deficit in 3Q15 narrowed sharply from US\$7.0 billion (3.0% of GDP) in 3Q14. The improved performance was due largely to a stronger non-oil and gas trade balance on weak imports. The capital and financial account reported a surplus despite growing uncertainty in global financial markets. However, the capital and financial account surplus was more than offset by the current account deficit, resulting in the balance of payments deficit widening to US\$ 4.6 billion in 3Q15.

**Philippine Merchandise Exports Contract in September**

In the Philippines, merchandise exports contracted 24.7% y-o-y to US\$4.4 billion in September, due to y-o-y decreases in exports of eight major commodity product categories. The drop in exports was largely contributed by the y-o-y decline in exports of chemicals (-85.5%); mineral products (-72.8%); other manufacture goods (-66.1%); and metal components (-55.8%). Also, exports of electronic products, which accounted for the largest share of total monthly merchandise exports in September (54.3%), contracted 2.1% y-o-y in September. Japan remained the Philippines' largest export market, accounting for a 20.6% share of total merchandise exports, followed by the US (14.5%); Hong Kong, China (13.9%); the PRC (9.9%); and Singapore (6.4%).

**Fitch Affirms Indonesia's BBB– Sovereign Credit Rating**

On 6 November, Fitch Ratings (Fitch) affirmed Indonesia's BBB– sovereign credit rating. The rating was given a stable outlook. In making its decision, Fitch cited (i) stronger and more stable growth relative to peer markets, (ii) ongoing policy reforms to invigorate the investment climate, (iii) controlled public debt, and a (iv) robust and resilient banking sector.

## 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	0.12	-1.02	4.08	8.14
EU	-0.28	-0.30	-2.80	-24.00
Japan	-0.04	-3.00	-3.00	-3.50
PRC	2.40	13.00	13.00	-126.00
Hong Kong, China	0.07	0.00	0.00	-0.80
India	8.31	0.00	0.00	0.00
Korea, Rep. of	1.55	0.00	2.80	-51.50
Malaysia	3.05	0.00	2.80	-30.90
Philippines	2.23	56.11	-5.08	-14.01
Singapore	1.14	0.00	-2.20	46.20
Thailand	1.47	0.10	0.33	-57.44

Close of 13 November 2015

### 10-Year Selected LCY Government Bond Yields

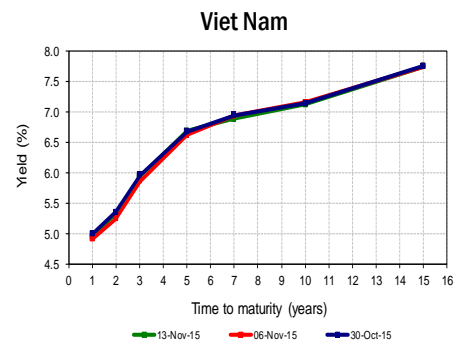
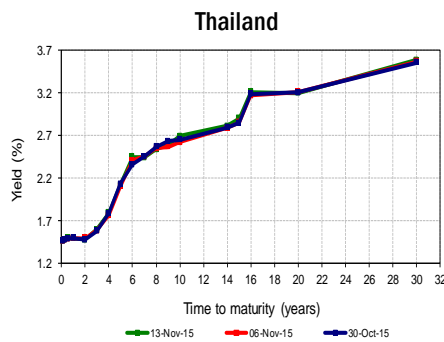
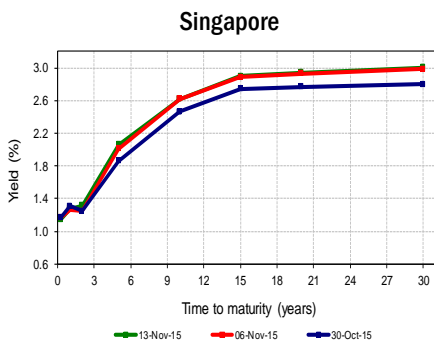
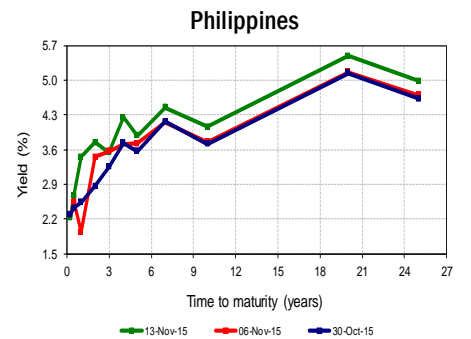
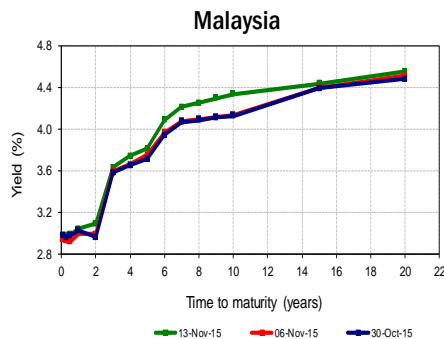
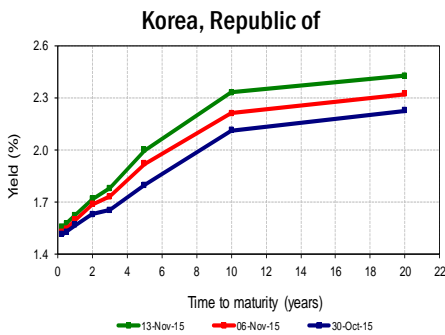
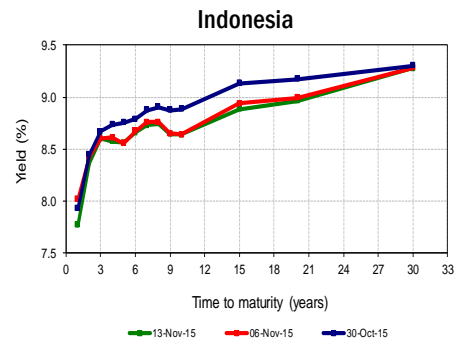
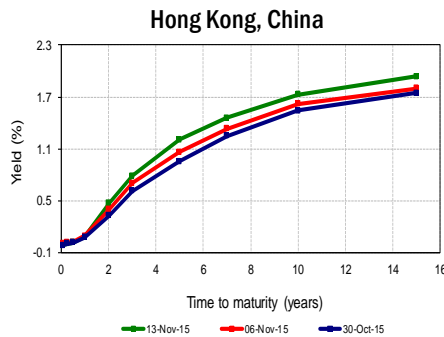
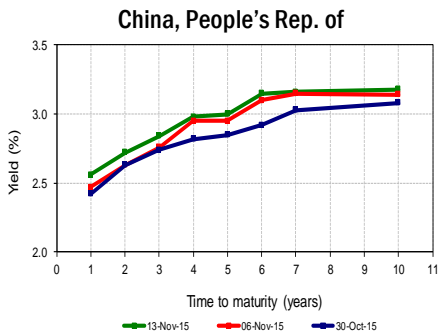
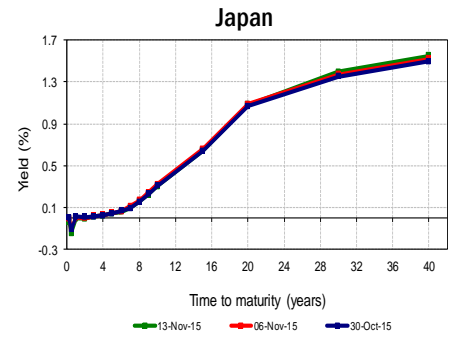
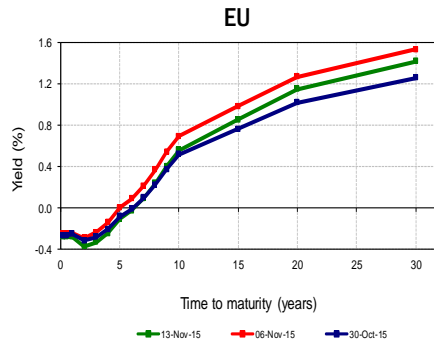
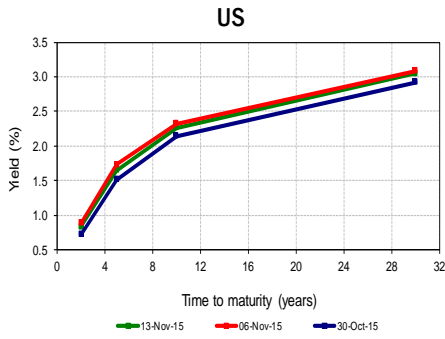
Markets	Latest Closing	basis point change from		
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EU	0.56	-5.00	-13.50	1.70
Japan	0.31	0.40	-1.90	-2.40
PRC	3.18	-1.00	4.00	-47.00
Hong Kong, China	1.73	-1.00	10.40	-17.10
India	7.65	-3.50	-3.70	-23.20
Indonesia	8.64	-2.50	0.00	81.40
Korea, Rep. of	2.33	0.00	12.00	-27.50
Malaysia	4.33	0.00	19.60	18.60
Philippines	4.07	0.20	31.36	20.22
Singapore	2.62	-1.68	-0.19	33.87
Thailand	2.70	1.60	7.00	-3.40
Viet Nam	7.13	-10.50	-3.50	-10.50

Close of 13 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

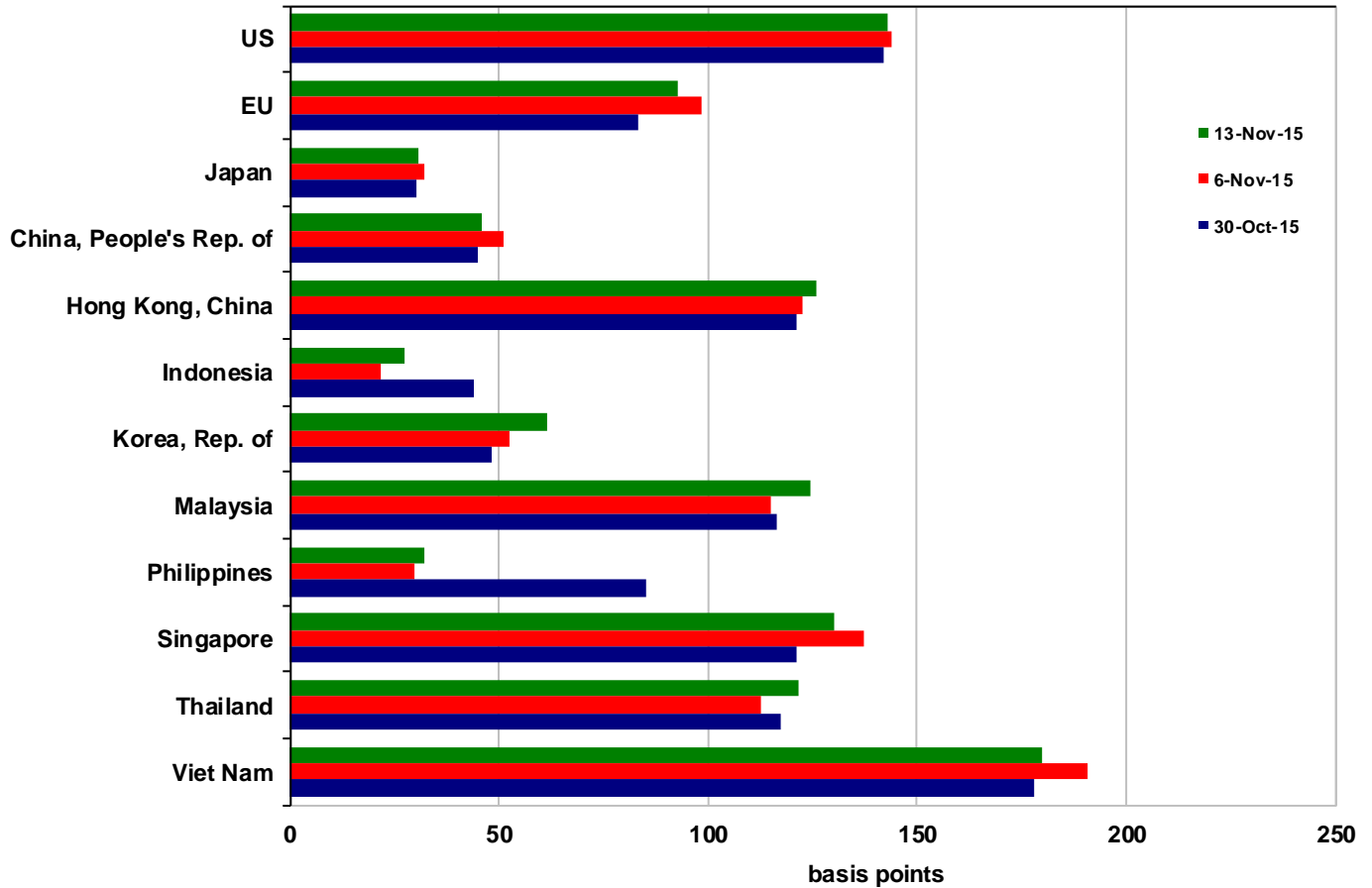
Tip: Zoom-in on the table using the Acrobat zoom tool



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

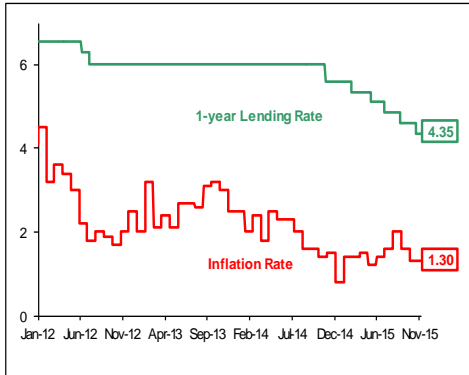


EU = European Union, US = United States.  
 Source: Based on data from Bloomberg LP.

**Policy Rate versus Inflation Rate**

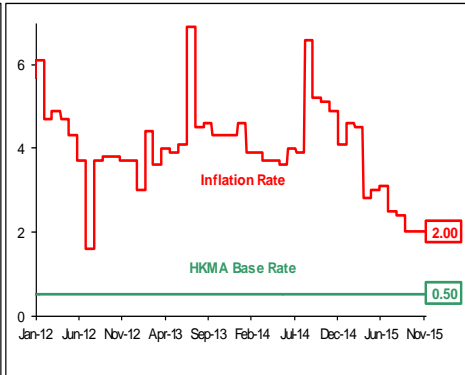
Tip: Zoom-in on the table using the Acrobat zoom tool

**China, People's Rep. of**



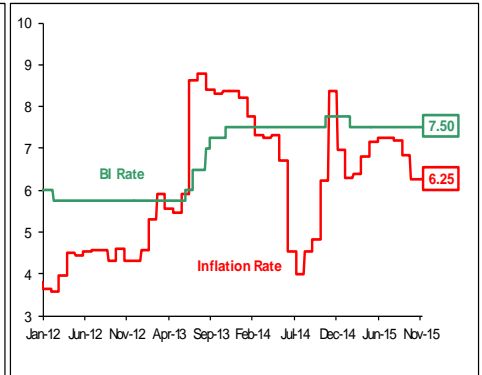
The PRC uses the 1-year lending rate as one of its policy rates.  
Source: Bloomberg LP.

**Hong Kong, China**



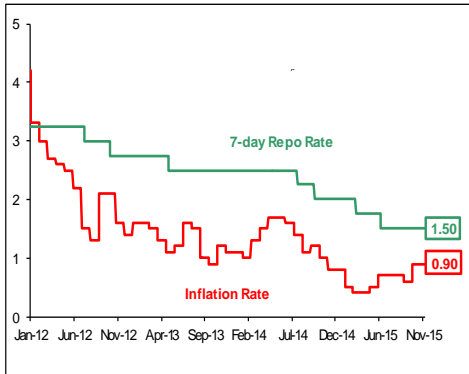
The Hong Kong Monetary Authority maintains a Discount Window Base Rate.  
Source: Bloomberg LP.

**Indonesia**



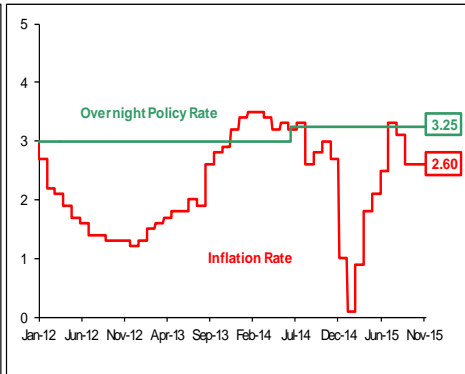
Bank Indonesia uses its reference interest rate (BI rate) as its policy rate.  
Source: Bloomberg LP.

**Korea, Republic of**



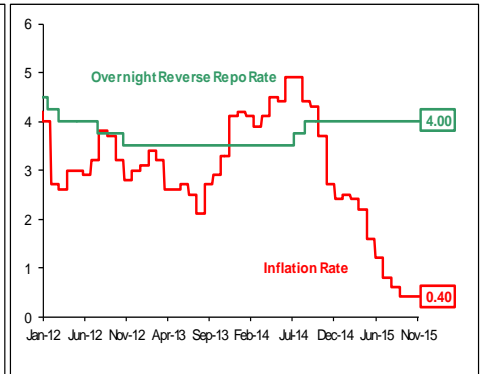
The Bank of Korea shifted its policy rate from the overnight repurchase (repo) rate to the 7-day repo rate in March 2008.  
Source: Bloomberg LP.

**Malaysia**



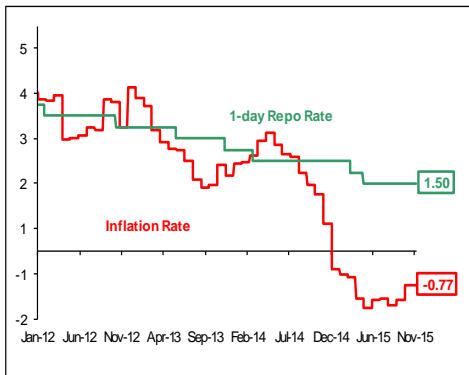
Bank Negara Malaysia uses the overnight policy rate (OPR) as its policy rate.  
Source: Bloomberg LP.

**Philippines**



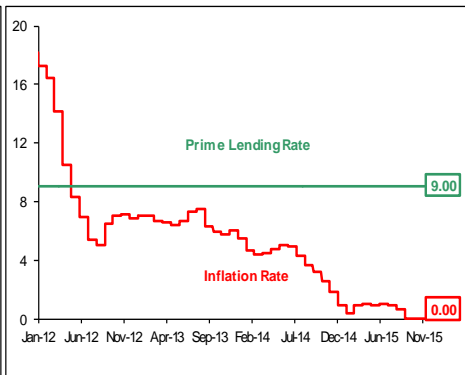
Banko Sentral uses the Philippine overnight reverse repurchase agreement rate as one of its policy instruments.  
Source: Bloomberg LP.

**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**

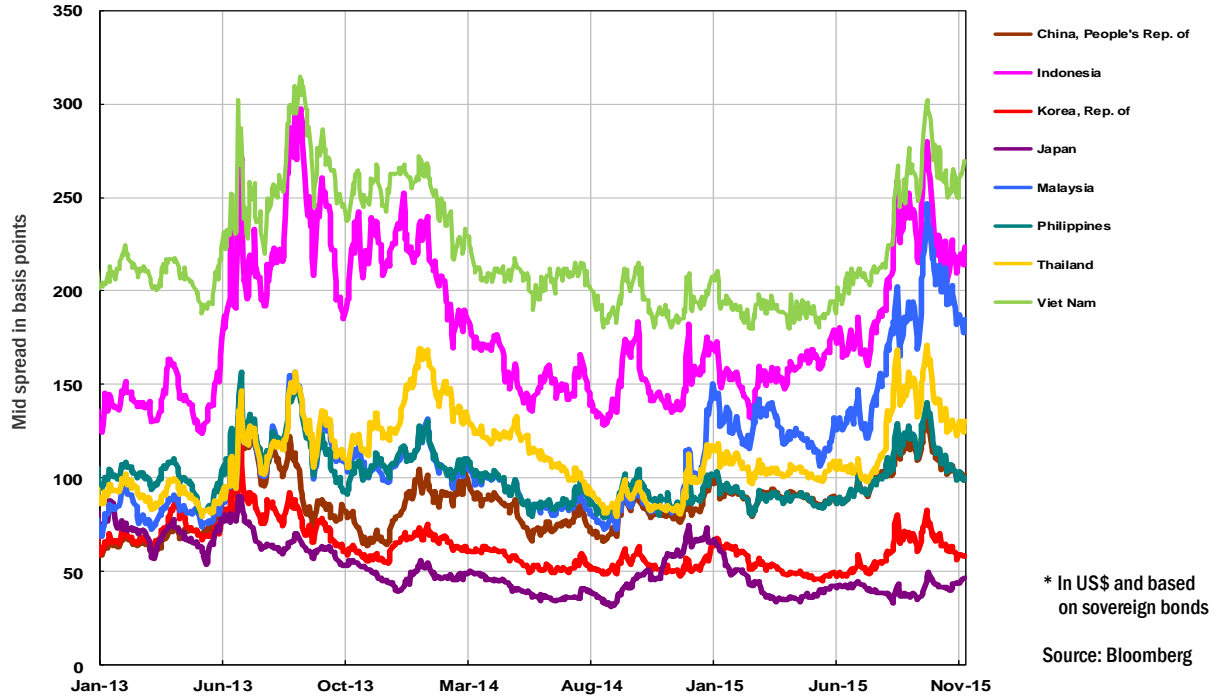


The State Bank of Viet Nam uses a benchmark prime lending rate as its policy rate.  
Source: Bloomberg LP.

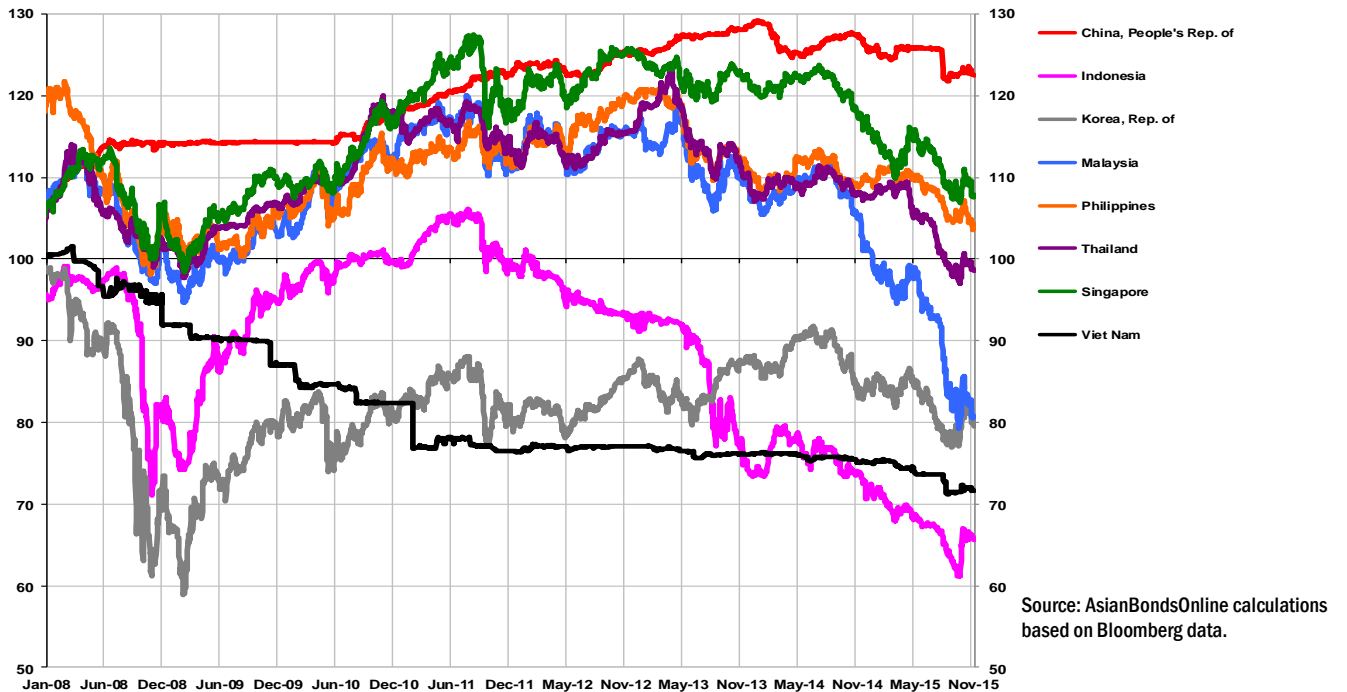
**Credit Default Swap Spreads and Exchange Rate Indexes**

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 (9 – 13 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	11-Nov	5-year Treasury Bonds	2.98	3.14	28.00	28.05
	13-Nov	182-day Treasury Bills	2.45		10.00	10.00
HK	10-Nov	92-day Exchange Fund Bills	0.01		32.88	32.88
		182-day Exchange Fund Bills	0.02		12.00	12.00
ID	10-Nov	3-month Treasury Bills	6.34			800.00
		1-year Treasury Bills	7.22			950.00
		10-year Treasury Bonds	8.65	8.38	6,000.00	5,100.00
		20-year Treasury Bonds	9.07	8.25		2,150.00
JP	12-Nov	3-month Treasury Discount Bills	-0.03		4,800.00	4,759.97
		30-year Japanese Government Bonds	1.39		800.00	904.20
KR	9-Nov	1-year Monetary Stabilization Bonds		1.61	1,000.00	1,000.00
		5-year Treasury Bonds	2.00	2.00	2,100.00	2,087.00
MY	12-Nov	10-year Malaysia Government Securities	4.32	3.96	3.50	3.50
PH	10-Nov	5-year Treasury Bonds	3.80	3.38	25.00	9.73
SG	11-Nov	28-day MAS Bills	0.27		0.50	0.50
		84-day MAS Bills	0.52		4.20	4.20
TH	10-Nov	91-day BOT Bills	1.47		32.00	32.00
		182-day BOT Bills	1.49		25.00	25.00
		364-day BOT Bills	1.50		35.00	35.00
	13-Nov	14-day BOT Bills	1.43		35.00	35.00
VN	9-Nov	5-year Treasury Bonds	6.60		5,000.00	4,650.00
	11-Nov	5-year Treasury Bonds	6.60		4,000.00	910.00
		15-year Treasury Bonds	7.65		1,500.00	1,210.00

BOT = Bank of Thailand, LCY = local currency, MAS = Monetary Authority of Singapore.

Sources: Local market sources and Bloomberg, LP.

## Selected Asia Data Releases (17 – 23 November 2015)

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

Economy and Variable	Release Date	Historical Data	Recent Trends
<b>Hong Kong, China</b> <b>Unemployment Rate</b> % OCT	11/17	09/14: 3.3% 10/14: 3.3% <b>08/15: 3.3%</b> <b>09/15: 3.3%</b>	Unemployment rate in Hong Kong, China stood at 3.3% in September, same pace as that in August.
<b>Indonesia</b> <b>BI Reference Rate</b> % 4-Nov	11/17	10/14: 7.50% 11/14: 7.75% <b>09/15: 7.50%</b> <b>10/15: 7.50%</b>	Bank Indonesia's Board of Governors kept its benchmark rate steady at 7.50% in its meeting held on 15 October.
<b>Singapore</b> <b>Non-Oil Domestic Exports</b> y-o-y % OCT	11/17	09/14: 0.9% 10/14: -1.5% <b>08/15: -8.4%</b> <b>09/15: 0.3%</b>	Non-oil domestic exports in Singapore rose a marginal 0.3% year-on-year (y-o-y) in September after contracting 8.4% y-o-y in August.
<b>Singapore</b> <b>GDP - Final</b> y-o-y % 3Q15	11/18	2Q14: 2.3% 3Q14: 2.8% <b>2Q15: 2.0%</b> <b>3Q15: 1.4%</b>	Economic growth in Singapore eased to 1.4% y-o-y in 3Q15 after posting 2.0% y-o-y growth in 2Q15.
<b>Japan</b> <b>Trade Balance</b> JPY billion OCT	11/19	09/14: -962.0 10/14: -741.8 <b>08/15: -571.5</b> <b>09/15: -115.8</b>	Japan's trade deficit narrowed to JPY115.8 billion in September from JPY571.5 billion in August.
<b>Malaysia</b> <b>CPI</b> y-o-y % OCT	11/20	09/14: 2.6% 10/14: 2.8% <b>08/15: 3.1%</b> <b>09/15: 2.6%</b>	Malaysia's consumer price inflation eased to 2.6% y-o-y in September from 3.1% y-o-y in August.
<b>Hong Kong, China</b> <b>CPI</b> y-o-y % OCT	11/23	09/14: 6.6% 10/14: 5.2% <b>08/15: 2.4%</b> <b>09/15: 2.0%</b>	Consumer price inflation in Hong Kong, China eased to 2.0% y-o-y in September from 2.4% y-o-y in August.
<b>Singapore</b> <b>CPI</b> y-o-y % OCT	11/23	09/14: 0.7% 10/14: 0.2% <b>08/15: -0.8%</b> <b>09/15: -0.6%</b>	Singapore reported deflation for the eleventh consecutive month in September as consumer prices contracted 0.6% y-o-y.

Source: *AsianBondsOnline*, Bloomberg LP, and Reuters.

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## 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)

### GDP Growth in Hong Kong, China and Malaysia Slows in 3Q15

- [Gross Domestic Product for the 3rd Quarter of 2015](#)  
Census and Statistics Department (14 November 2015)
- [Gross Domestic Product Third Quarter of 2015](#)  
Department of Statistics Malaysia (13 November 2015)

### Industrial Production Slows in the PRC in October; Industrial Production Growth in Malaysia Rises in September

- [Industrial Production Operation in October 2015](#)  
National Bureau of Statistics (11 November 2015)
- [Industrial Production Operation in September 2015](#)  
National Bureau of Statistics (19 October 2015)
- [Index of Industrial Production, Malaysia September 2015](#)  
Department of Statistics Malaysia (9 November 2015)

### Consumer Price Inflation Slows in the PRC in October, Producer Price Inflation Unchanged

- [Consumer Prices for October 2015](#)  
National Bureau of Statistics (10 November 2015)
- [Consumer Prices for September 2015](#)  
National Bureau of Statistics (14 October 2015)
- [Producer Prices for the Industrial Sector for October 2015](#)  
National Bureau of Statistics (10 November 2015)

### Policy Rates Held Steady in the Republic of Korea and the Philippines

- [Monetary Policy Decision](#)  
The Bank of Korea (12 November 2015)
- [Monetary Board Maintains Policy Settings](#)  
Bangko Sentral ng Pilipinas (12 November 2015)

### Indonesia's Current Account Deficit Narrows to US\$4 billion in 3Q15

- [Further Progress on Current Account Performance in Q3/2015](#)  
Bank Indonesia (13 November 2015)

### Philippine Merchandise Exports Contract in September

- [Merchandise Export Performance: September 2015](#)  
Philippine Statistics Authority (10 November 2015)

### Fitch Affirms Indonesia's BBB- Sovereign Credit Rating

- [Fitch Ratings Affirms Investment Grade for Indonesia \(BBB-\)](#)  
Bank Indonesia (6 November 2015)

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