

Key Developments in Asian Local Currency Markets

Japan's real gross domestic product (GDP) contracted at an annualized rate of 0.8% in 3Q15, following a decline of 0.7% in 2Q15. The accelerating contraction was mainly due to the faster annualized rate of decline in private nonresidential investment of 5.0% in 3Q15 compared with 4.8% in the previous quarter. Private residential investment and government consumption increased at slower annualized rates of 8.0% and 1.2% in 3Q15, respectively, versus 10.1% and 2.6% in 2Q15. Thailand's real GDP growth inched up to 2.9% year-on-year (y-o-y) in 3Q15 from 2.8% y-o-y in 2Q15, buoyed by improved growth in household spending and total exports.

Consumer price inflation in Malaysia eased to 2.5% y-o-y in October from 2.6% y-o-y in September, mainly due to the faster y-o-y decline in the transportation sub-index of 5.7% in October versus 3.8% in September. Producer prices in the Republic of Korea fell 4.5% y-o-y and 0.6% month-on-month (m-o-m) in October.

Bank Indonesia decided to keep the benchmark interest rate steady at 7.50% and to maintain the deposit facility rate at 5.50% and the lending facility rate at 8.00%. The central bank also decided to cut the primary reserve requirement ratio for rupiah to 7.50%. The Bank of Japan announced that it would maintain its monetary easing measures.

Exports from Indonesia slumped in October, contracting 21.0% y-o-y after declining 17.6% y-o-y in the previous month. Imports also declined 27.8% y-o-y in October to generate a trade surplus amounting to US\$1,019 million. Japan posted a trade surplus of JPY111.5 billion in October, reversing the trade deficit of JPY115.8 billion posted in September. In Singapore, non-oil domestic exports fell 0.5% y-o-y in October, after growing 0.3% y-o-y in September, due to a fall in demand from the economy's major trading partners.

Net bond investment by foreign investors in the Republic of Korea amounted to KRW110 billion in October, a reversal from an outflow of KRW937 billion from the local currency bond market in September.

Indonesia has finalized regulations that will allow shari'ah-compliant mutual funds to invest in offshore assets.

In the Philippines, personal remittances from overseas Filipinos rose 4.3% y-o-y in September to reach US\$2.4 billion. Personal remittances into the Philippines in the first 3 quarters of the year reached US\$20.4 billion, up 3.9% y-o-y.

Asia Bond Monitor September 2015

[read more](#)

10-Year Selected LCY Government Security Yields Close of 20 November 2015
basis point change from

Markets	Latest Closing	Previous Day*	Previous Week*	1-Jan-15*
US	2.26	1.41	-0.35	9.11
EU	0.48	0.00	-7.90	-6.20
Japan	0.32	2.40	1.90	-0.50
PRC	3.18	0.00	0.00	-47.00
Hong Kong, China	1.61	-3.80	-11.10	-28.20
India	7.70	2.50	4.80	-18.40
Indonesia	8.65	-1.10	1.00	82.40
Korea, Rep. of	2.27	1.00	-6.30	-33.80
Malaysia	4.28	-4.20	-5.70	12.90
Philippines	4.09	0.00	2.60	22.82
Singapore	2.54	-0.11	-8.01	25.86
Thailand	2.79	6.10	9.00	5.60
Viet Nam	7.14	-3.50	1.50	-9.00

- 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
 - Selected Asia Data Releases

Yields fell for most tenors in Malaysia, following lower consumer price inflation in October. Yields also fell for most tenors in Hong Kong, China and Singapore. Yields rose for most tenors in Thailand, due to slightly better 3Q15 GDP growth and also rose for most tenors in the PRC, the Philippines and Viet Nam. Yields were mixed in the Republic of Korea. The 2-year versus 10-year yields spreads fell for all markets, except in the Philippines and Thailand.

Watch out for the release of the November issue of the Asia Bond Monitor, which will be launched on 26 November in Tokyo, Japan, 14:30 (Tokyo time), Room B101, B1F of the The Aviation Building (Koku Kaikan). Please confirm your participation through email at acruz.consultant@adb.org.

Summary Text of News Articles

Japan's Real GDP Contracts and Thailand's Expands in 3Q15

Japan's real gross domestic product (GDP) contracted at an annualized rate of 0.8% in 3Q15, following a decline of 0.7% in 2Q15. The accelerating contraction was mainly due to the faster annualized rate of decline in private nonresidential investment of 5.0% in 3Q15 compared with 4.8% in the previous quarter. Private residential investment and government consumption increased at slower annualized rates of 8.0% and 1.2% in 3Q15, respectively, compared with 10.1% and 2.6% in 2Q15. Public investment also contracted 1.3%, reversing growth of 8.6% posted in 2Q15. These declines negated growth in private consumption of 2.1% in 3Q15, a reversal from a contraction of 2.3% in 2Q15, and growth in exports of 10.9%, also a reversal from a 16.1% decline in 2Q15. On a quarter-on-quarter (q-o-q) basis, Japan's economy contracted 0.2% in 3Q15.

Thailand's real GDP growth inched up to 2.9% year-on-year (y-o-y) in 3Q15 from 2.8% y-o-y in 2Q15, buoyed by improved growth in household spending and total exports, according to data from the Office of the National Economic and Social Development Board. On the expenditure side, growth in private final consumption increased to 1.7% y-o-y in 3Q15 from 1.6% y-o-y in 2Q15, while it also climbed for exports of goods and services to 1.8% y-o-y in 3Q15 from 1.0% y-o-y in 2Q15. In contrast, growth in government spending decelerated to 1.0% y-o-y in 3Q15 from 3.8% y-o-y in 2Q15, while domestic investment declined 1.2% y-o-y in 3Q15 after gaining 2.7% y-o-y in 2Q15. On the production side, agricultural output fell 5.7% y-o-y in 3Q15, compared with a 6.2% y-o-y drop in 2Q14, while growth in nonagricultural production slipped to 3.4% y-o-y in 3Q15 from 3.5% y-o-y in 2Q15. Meanwhile, on a seasonally adjusted quarter-on-quarter (q-o-q) basis, real GDP growth accelerated to 1.0% in 3Q15 from 0.3% in 2Q15.

Consumer Price Inflation Eases in Malaysia in October; Producer Prices Fall in the Republic of Korea in October

Consumer price inflation in Malaysia eased to 2.5% y-o-y in October from 2.6% y-o-y in September, mainly due to the faster y-o-y decline in the transportation sub-index of 5.7% in October versus 3.8% in September. The y-o-y rise in the food and nonalcoholic beverages sub-index, which accounts for the highest weight in the inflation index at 30.3%, inched up to 4.7% y-o-y in October from 4.3% y-o-y in September. All other sub-indices posted either the same or higher y-o-y rates of increase in October.

Producer prices in the Republic of Korea fell 4.5% y-o-y and 0.6% month-on-month (m-o-m) in October, according to data from the Bank of Korea. October marked the 15th consecutive month of y-o-y decline and the fourth consecutive month of m-o-m decline in the economy's Producer Price Index.

Bank Indonesia Holds Benchmark Rate Steady at 7.50%, Cuts Reserve Requirement Ratio; BOJ Maintains Monetary Easing Measures

Bank Indonesia's Board of Governors decided to keep the benchmark interest rate steady at 7.50% in its meeting held on 17 November. The benchmark rate has stayed at this level since February of this year. Bank Indonesia also held steady the deposit facility rate at 5.50% and the lending facility rate at 8.00%. In its meeting, the Board of Governors decided to cut the primary reserve requirement ratio for rupiah to 7.50%, effective 1 December 2015. Bank Indonesia took note of improving macroeconomic stability, which allowed some room for monetary easing. The central bank is confident that inflation in 2015 will come in at the lower end of its target range of 3.0%–5.0%, and estimates a current account deficit at 2.0% of GDP.

At its monetary policy meeting on 19 November, the Bank of Japan (BOJ) announced that it would maintain its monetary easing measures. The BOJ stated that the domestic economy is recovering moderately, but noted that exports and production have been affected by the slowdown in emerging economies. Inflation is expected to remain unchanged on a y-o-y basis in the short-term due to the decline in global energy prices.

For policy rate trends in Indonesia refer to this link:

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

For policy rate trends in Japan refer to this link:

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

Summary Text of News Articles

Indonesia and Japan Record Trade Surpluses in October; Singapore NODX Falls in October

Exports from Indonesia slumped in October, contracting 21.0% y-o-y after declining 17.6% y-o-y in the previous month. Imports declined 27.8% y-o-y in October, generating a trade surplus of US\$1,019 million, which was marginally lower than the trade surplus of US\$1,030 million in September.

Japan posted a trade surplus of JPY111.5 billion in October, a reversal from the trade deficit of JPY115.8 billion posted in September. Exports increased 2.0% m-o-m to JPY6.5 trillion in October from JPY6.4 trillion in September, while imports declined 1.5% m-o-m to JPY6.4 trillion from JPY6.5 trillion.

In Singapore, non-oil domestic exports (NODX) fell 0.5% y-o-y in October, after growing 0.3% y-o-y in September, due to a fall in demand from the economy's major trading partners, particularly the People's Republic of China (PRC) and the Republic of Korea. By product, electronic NODX fell 3.2% y-o-y in October after gaining 5.7% y-o-y in September, while non-electronic NODX rose 0.7% y-o-y in October after falling 1.9% y-o-y in September.

Positive Net Foreign Bond Investment in the Republic of Korea in October

Net foreign investment in the Republic of Korea's local currency (LCY) bond market amounted to KRW110 billion in October, reversing an outflow of KRW937 billion in September, based on data from the Financial Supervisory Service. By investor origin, Switzerland posted the highest level of investment in the Korean LCY bond market in October, followed by Kazakhstan, Thailand, and the PRC. By bond type, Korean Treasury Bonds were the most heavily purchased instrument. At the end of October, the largest holders of Korean LCY bonds by foreign investor country of origin were the United States (US) and the PRC.

Remittances from Overseas Filipinos Rise in September

In the Philippines, personal remittances from overseas Filipinos rose 4.3% y-o-y in September to reach US\$2.4 billion. The US; Saudi Arabia; United Arab Emirates; Singapore; United Kingdom; Japan; Hong Kong, China; and Canada remained the top sources of cash remittances coursed through banks. Personal remittances into the Philippines in the first 3 quarters of the year reached US\$20.4 billion, up 3.9% y-o-y.

OJK to Allow *Shari'ah* Mutual Funds to Invest Offshore

Indonesia's financial supervisory body, Otoritas Jasa Keuangan (OJK), has finalized regulations that will allow *shari'ah*-compliant mutual funds to invest in offshore assets. The new regulation is being made to boost Indonesia's *shari'ah* financing pool by allowing *shari'ah* mutual funds to invest 51%–100% of their funds in the offshore debt, equity, and currency markets of International Organization of Securities Commission members.

OJK disclosed plans to streamline regulations for corporate bond issuance to encourage firms to tap the bond market for their funding requirements. OJK has noted that corporates have raised concerns over costs and administrative issues related to issuing bonds. This move is expected to deepen Indonesia's bond market and help improve the liquidity of corporate bonds.

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	0.10	0.51	-2.03	6.11
EU	-0.33	-0.40	-4.60	-28.60
Japan	-0.10	0.80	-6.90	-10.40
PRC	2.26	0.00	-14.00	-140.00
Hong Kong, China	0.07	0.00	0.00	-0.80
India	8.31	0.00	0.00	0.00
Korea, Rep. of	1.56	0.90	0.30	-51.20
Malaysia	2.98	-1.30	-6.90	-37.80
Philippines	2.69	0.00	45.18	31.17
Singapore	1.04	0.00	-10.00	36.20
Thailand	1.48	0.39	0.71	-56.73

Close of 20 November 2015

10-Year Selected LCY Government Bond Yields

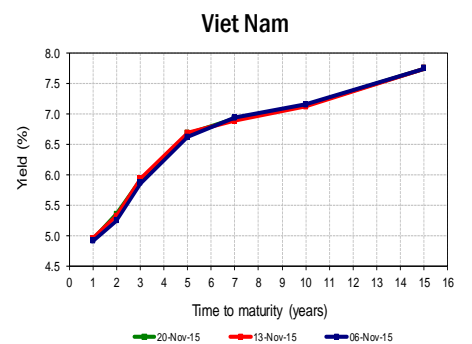
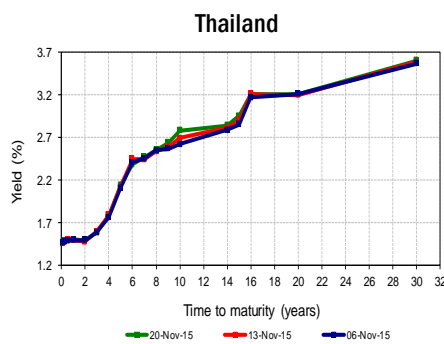
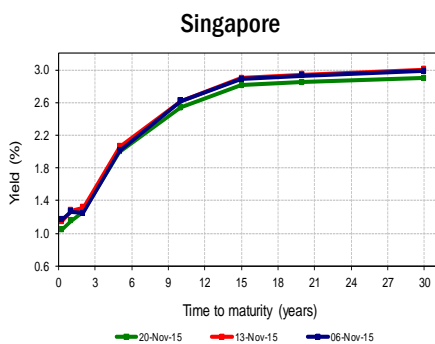
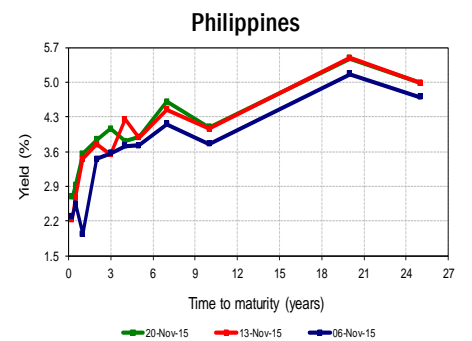
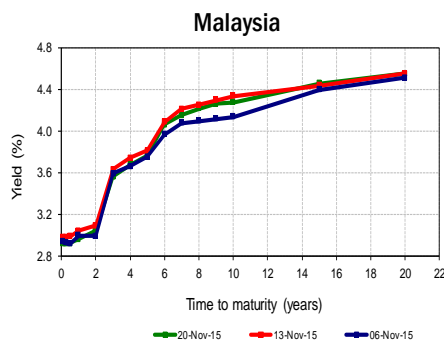
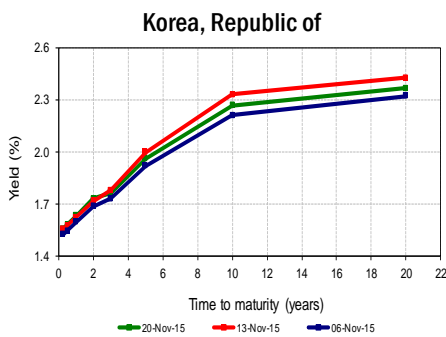
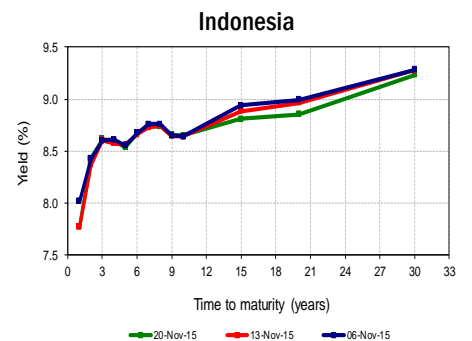
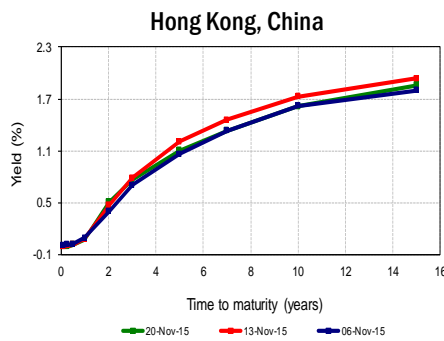
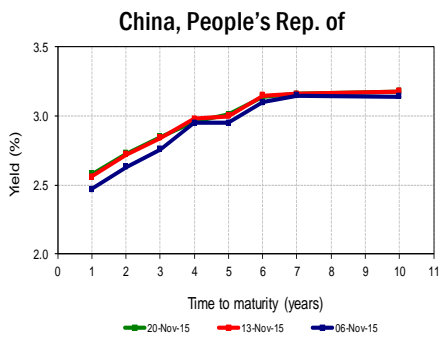
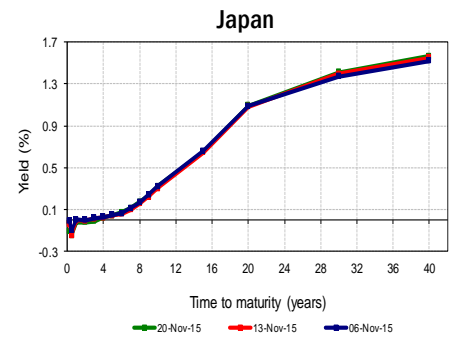
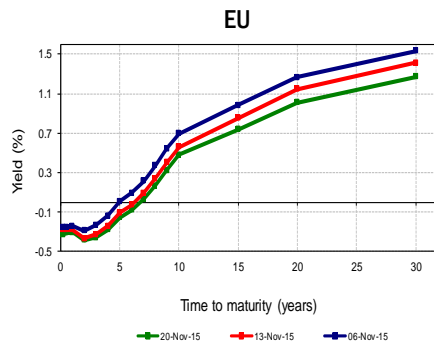
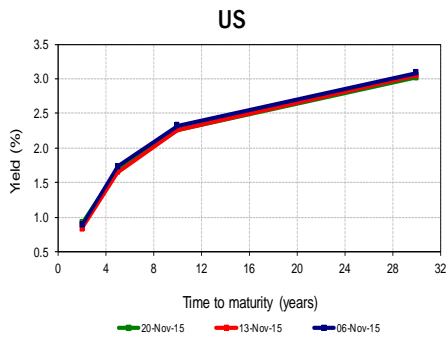
Markets	Latest Closing	basis point change from		
		Previous Day*	Previous Week*	1-Jan-15*
US	2.26	1.41	-0.35	9.11
EU	0.48	0.00	-7.90	-6.20
Japan	0.32	2.40	1.90	-0.50
PRC	3.18	0.00	0.00	-47.00
Hong Kong, China	1.61	-3.80	-11.10	-28.20
India	7.70	2.50	4.80	-18.40
Indonesia	8.65	-1.10	1.00	82.40
Korea, Rep. of	2.27	1.00	-6.30	-33.80
Malaysia	4.28	-4.20	-5.70	12.90
Philippines	4.09	0.00	2.60	22.82
Singapore	2.54	-0.11	-8.01	25.86
Thailand	2.79	6.10	9.00	5.60
Viet Nam	7.14	-3.50	1.50	-9.00

Close of 20 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

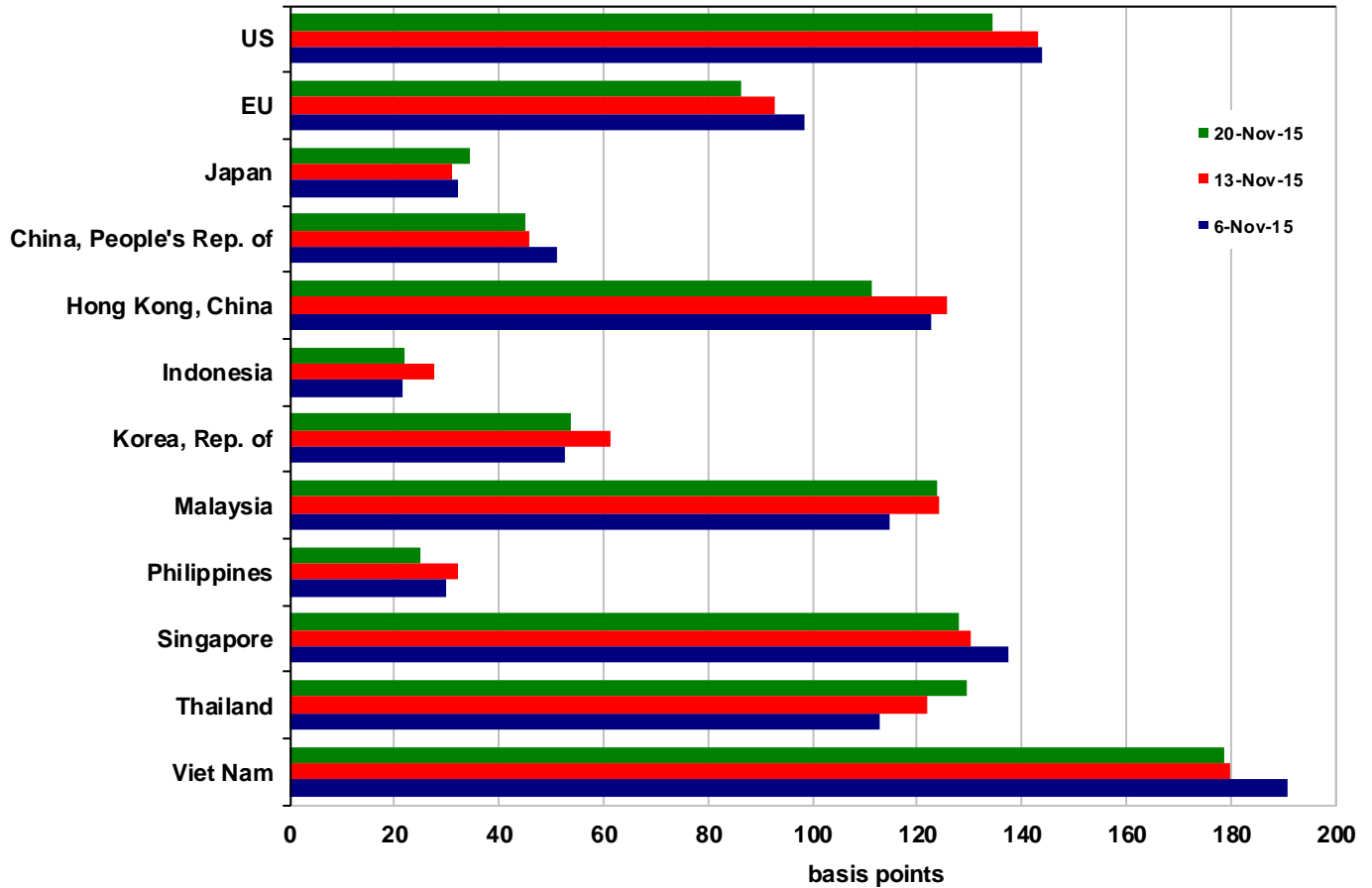
Tip: Zoom-in on the table using the Acrobat zoom tool



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

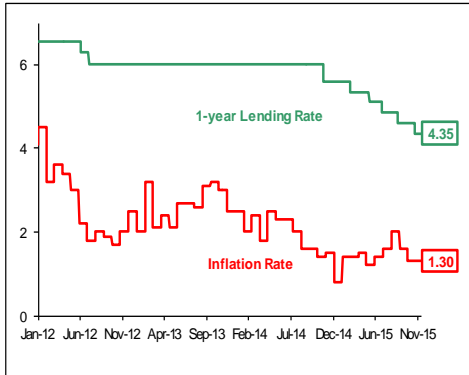


EU = European Union, US = United States.
 Source: Based on data from Bloomberg LP.

Policy Rate versus Inflation Rate

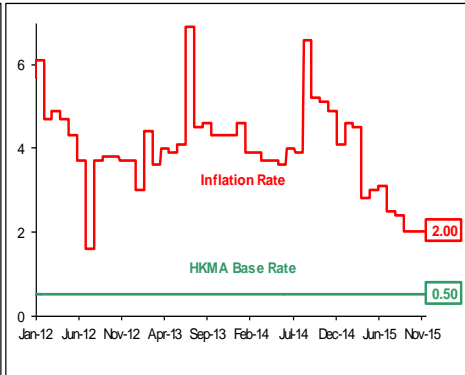
Tip: Zoom-in on the table using the Acrobat zoom tool

China, People's Rep. of



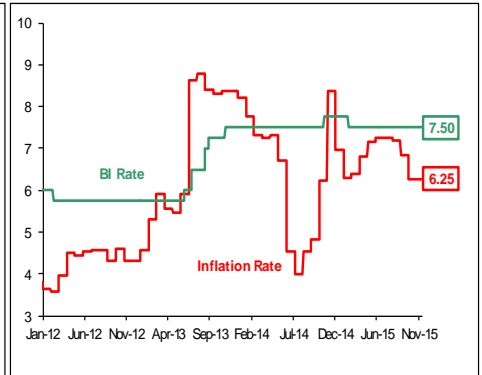
The PRC uses the 1-year lending rate as one of its policy rates.
Source: Bloomberg LP.

Hong Kong, China



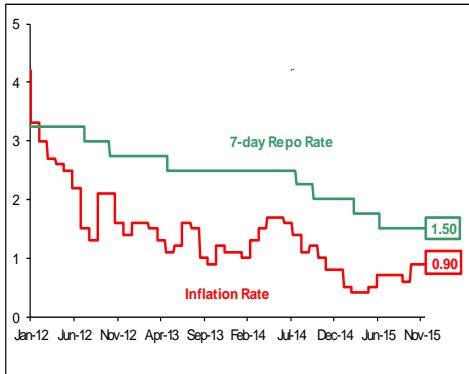
The Hong Kong Monetary Authority maintains a Discount Window Base Rate.
Source: Bloomberg LP.

Indonesia



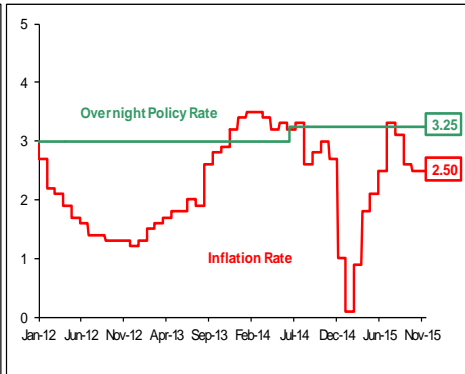
Bank Indonesia uses its reference interest rate (BI rate) as its policy rate.
Source: Bloomberg LP.

Korea, Republic of



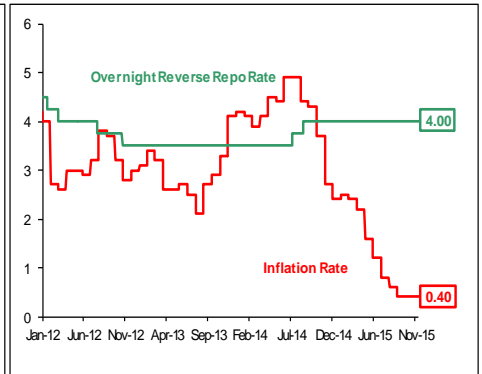
The Bank of Korea shifted its policy rate from the overnight repurchase (repo) rate to the 7-day repo rate in March 2008.
Source: Bloomberg LP.

Malaysia



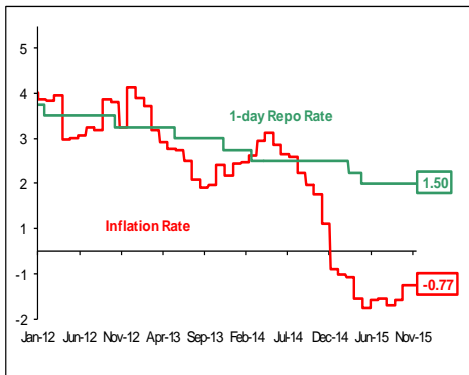
Bank Negara Malaysia uses the overnight policy rate (OPR) as its policy rate.
Source: Bloomberg LP.

Philippines



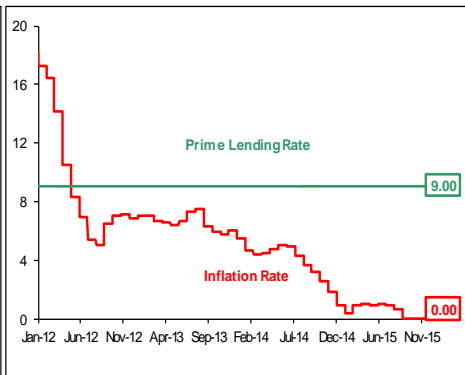
Bangko Sentral uses the Philippine overnight reverse repurchase agreement rate as one of its policy instruments.
Source: Bloomberg LP.

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

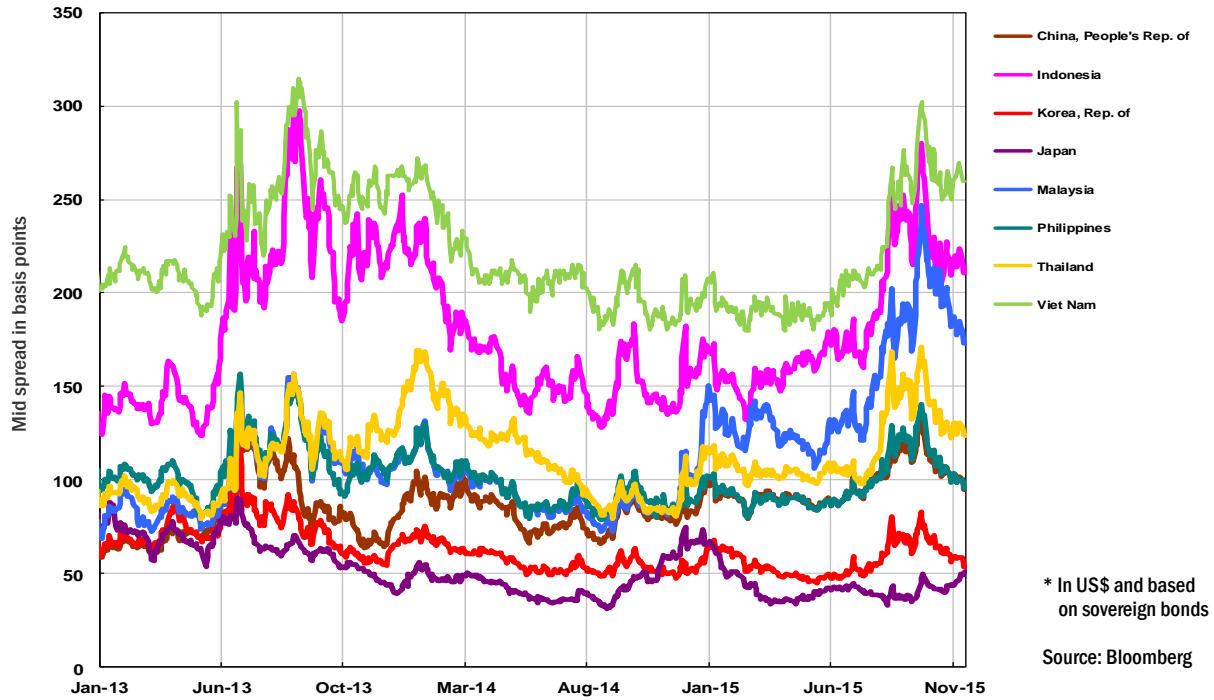


The State Bank of Viet Nam uses a benchmark prime lending rate as its policy rate.
Source: Bloomberg LP.

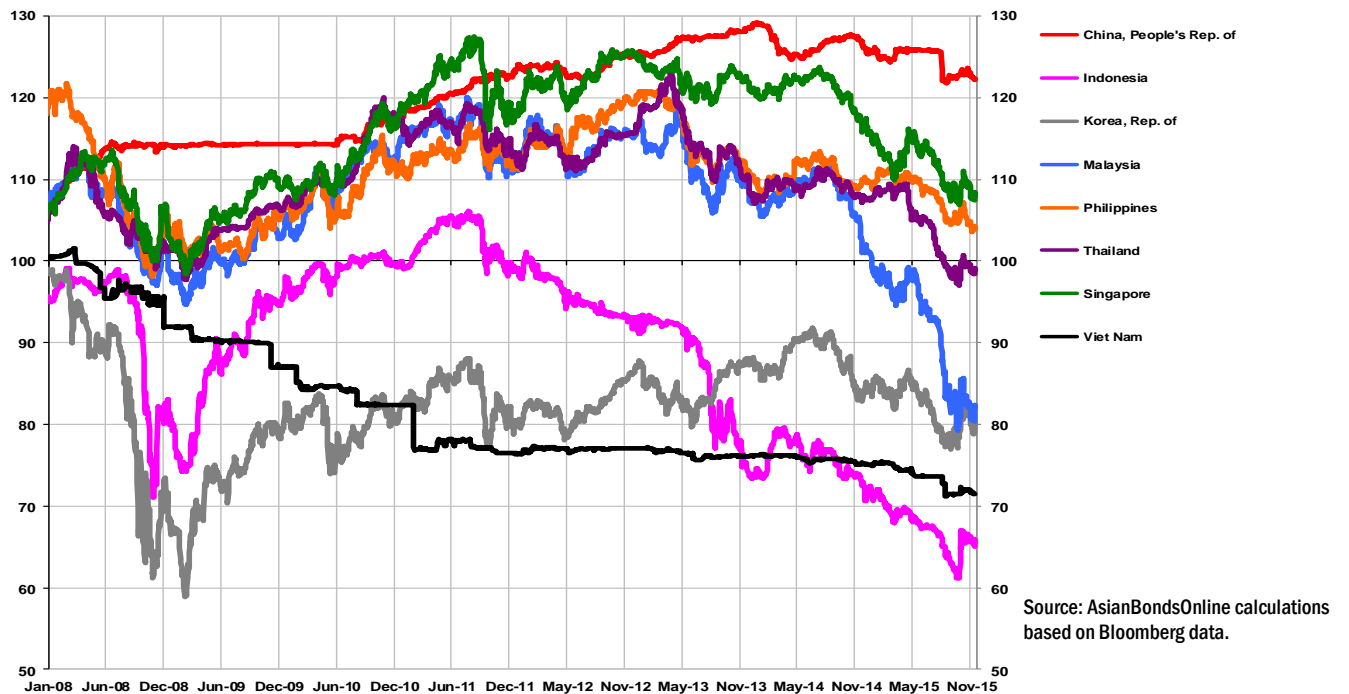
Credit Default Swap Spreads and Exchange Rate Indexes

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 (16 – 20 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	18-Nov	7-year Treasury Bonds	3.13	3.05	28.00	28.00
HK	17-Nov	91-day Exchange Fund Bills	0.01		38.58	38.58
		182-day Exchange Fund Bills	0.03		12.00	12.00
		2-year HKSAR Bonds	0.50	0.42	1.20	1.20
ID	17-Nov	6-month Islamic Treasury Bills	7.36			2,310.00
		3-year Islamic Treasury Bonds	8.76	7.75	2,000.00	210.00
		5-year Islamic Treasury Bonds	8.82	8.25		650.00
JP	17-Nov	1-year Treasury Discount Bills	-0.07		2,500.00	2,499.99
		5-year Japanese Government Bonds	0.04	0.10	2,500.00	2,784.10
	18-Nov	3-month Treasury Discount Bills	-0.04		4,800.00	4,799.94
KR	16-Nov	91-day Monetary Stabilization Bonds	1.57		1,200.00	1,200.00
		182-day Monetary Stabilization Bonds	1.58		500.00	500.00
		10-year Korean Treasury Bonds	2.29	2.25	1,244.00	1,244.00
		10-year Korean Treasury Bonds	2.30	2.25	800.00	800.00
SG	17-Nov	28-day MAS Bills	0.75		0.50	0.50
		84-day MAS Bills	0.65		4.00	4.00
TH	16-Nov	28-day Treasury Bills	1.44		14.32	14.32
		182-day Treasury Bills	1.50		15.00	15.00
	17-Nov	91-day Bank of Thailand Bonds	1.47		32.00	32.00
		182-day Bank of Thailand Bonds	1.50		25.00	25.00
VN	18-Nov	3-year Treasury Bonds	5.90		6,000.00	6,000.00
		10-year Treasury Bonds	6.95		500.00	10.00

HKSAR = Hong Kong Special Administrative Region, LCY = local currency, MAS = Monetary Authority of Singapore.

Sources: Local market sources and Bloomberg, LP.

Selected Asia Data Releases (24 – 30 November 2015)

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

Economy and Variable	Release Date	Historical Data	Recent Trends
Viet Nam CPI y-o-y, % NOV	11/24	10/14: 3.2% 11/14: 2.6% 09/15: 0.0% 10/15: 0.0%	Consumer price inflation in Viet Nam was flat for the second consecutive month in October.
Philippines Trade Balance US\$ million OCT	11/25	08/14: -373 09/14: 63 07/15: -1,519 08/15: -954	The Philippines' trade deficit narrowed to US\$954 million in August from US\$1.5 billion in July.
Viet Nam Exports YTD y-o-y, % NOV	11/25 to 11/30	10/14: 13.4% 11/14: 13.7% 09/15: 9.6% 10/15: 8.5%	Exports from Viet Nam rose 8.5% year-on-year (y-o-y) in January–October after rising 13.4% y-o-y in the same period a year earlier.
Hong Kong, China Exports y-o-y, % OCT	11/26	09/14: 4.5% 10/14: 2.7% 08/15: -6.1% 09/15: -4.6%	Exports in Hong Kong, China contracted 4.6% y-o-y in September after falling 6.1% y-o-y in August.
Philippines GDP y-o-y, % 3Q15	11/26	2Q14: 6.7% 3Q14: 5.5% 1Q15: 5.0% 2Q15: 5.6%	The Philippines' real gross domestic product (GDP) growth rose to 5.6% y-o-y in 2Q15 from 5.0% y-o-y in 1Q15.
Japan CPI y-o-y, % OCT	11/27	09/14: 3.2% 10/14: 2.9% 08/15: 0.2% 09/15: 0.0%	Consumer prices in Japan remained unchanged on an annual basis in September after gaining 0.2% y-o-y in August.
Singapore Industrial Production y-o-y, % OCT	11/30	09/14: -1.2% 10/14: 0.3% 08/15: -7.1% 09/15: -4.8%	Industrial production in Singapore contracted 4.8% y-o-y in September after declining 7.1% y-o-y in August.
Republic of Korea Industrial Production y-o-y, % OCT	11/30	09/14: 2.4% 10/14: -2.6% 08/15: 0.7% 09/15: 2.4%	The Republic of Korea's industrial production improved in September as growth accelerated to 2.4% y-o-y from 0.7% y-o-y in August.
Thailand Exports y-o-y, % OCT	11/30	09/14: 2.2% 10/14: 4.4% 08/15: -5.6% 09/15: -5.4%	Thailand's merchandise exports contracted 5.4% y-o-y in September following a 5.6% y-o-y decrease in August.
Thailand Current Account Balance US\$ million OCT	11/30	09/14: -542 10/14: 2,389 08/15: 2,650 09/15: 1,557	Thailand's current account surplus narrowed to US\$1.6 billion in September from US\$2.7 billion in August despite a monthly increase in the trade in goods surplus.

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)

Japan's Real GDP Contracts While Thailand's Improves in 3Q15

- [GROSS DOMESTIC PRODUCT: THIRD QUARTER 2015 \(First Preliminary\)](#)
Japan Cabinet Office (16 November 2015)
- [Gross Domestic Product: Q3/2015](#)
Office of the National Economic and Social Development Board (16 November 2015)

Consumer Price Inflation Eases in Malaysia while Producer Prices in the Republic of Korea Fall Further in October

- [Consumer Price Index Malaysia October 2015](#)
Department of Statistics Malaysia (20 November 2015)
- [Producer Price Index during October 2015](#)
The Bank of Korea (19 November 2015)

Bank Indonesia Holds Benchmark Rate Steady at 7.50%, Cuts Reserve Requirement Ratio; Bank of Japan Maintains Monetary Easing Measures

- [BI Rate Held at 7.50%, Primary Reserves in Rupiah Lowered by 0.50%](#)
Bank Indonesia (17 November 2015)
- [Value of Exports and Imports October 2015 \(Provisional\)](#)
Ministry of Finance (19 November 2015)

Indonesia and Japan Post Trade Surplus while Singapore NODX Falls in October

- [RI books another trade surplus in October](#)
The Jakarta Post (17 November 2015)
- [Value of Exports and Imports October 2015 \(Provisional\)](#)
Ministry of Finance (19 November 2015)
- [Singapore's External Trade – October 2015](#)
International Enterprise Singapore (17 November 2015)

Net Foreign Bond Investment into the Republic of Korea Turns Positive in October

- [Foreign Investors' Stock and Bond Investment, October 2015](#)
Financial Supervisory Service (17 November 2015)

Remittances from Overseas Filipinos Rise in September

- [Personal Remittances Rise to US\\$2.4 Billion in September 2015 January-September Level Reaches US\\$20.4 Billion](#)
Bangko Sentral ng Pilipinas (16 November 2015)

OJK to Allow Shari'ah Mutual Funds

- [OJK Allows Shari'ah Mutual Funds to Invest Offshore](#)
Jakarta Globe (19 November 2015)
- [OJK to Simplify Regulations for Corporate Bond Issuance](#)
Jakarta Globe (19 November 2015)

Disclaimer: *AsianBondsOnline* Newsletter is available to users free of charge. ADB provides no warranty or undertaking of any kind with respect to the information and materials found on, or linked to, the *AsianBondsOnline* Newsletter. ADB accepts no responsibility for the accuracy of the material posted or linked to in the publication, or the information contained therein, or for any consequences arising from its use, and does not invite or accept reliance being placed on any material or information so provided. Views expressed in articles marked with *AsianBondsOnline* are those of the authors and not ADB. This disclaimer does not derogate from, and is in addition to, the general terms and conditions regarding the use of the *AsianBondsOnline* website, which also apply.