

**Key Developments in Asian Local Currency Markets**

Local currency (LCY) government bond yields in emerging East Asia declined in recent months as concerns about a September rate hike by the United States (US) Federal Reserve eased and inflationary pressures remained largely muted, according to the Asian Development Bank's latest Asia Bond Monitor. While bond markets have stabilized, risks remain from lower market liquidity and slowing economic growth. At end September, the region's LCY bond market expanded to US\$8.8 trillion from US\$8.6 trillion at the end of June. The report also presented the results of the 2015 AsianBondsOnline Annual Bond Market Liquidity Survey. For a copy of the full report, please click on the following link: [https://asianbondsonline.adb.org/documents/abm\\_nov\\_2015.pdf](https://asianbondsonline.adb.org/documents/abm_nov_2015.pdf).

➤ Hong Kong' China's consumer prices rose 2.4% year-on-year (y-o-y) in October, up from a 2.0% y-o-y hike in September, led by price increases in food and housing. Consumer price inflation in Japan climbed 0.3% y-o-y, after remaining unchanged in September, buoyed by faster growth in food prices. In Singapore, consumer prices fell 0.8% y-o-y in October, the 12th consecutive month of y-o-y decline. Viet Nam's consumer price inflation rose 0.3% y-o-y in November after remaining unchanged in October.

➤ Real gross domestic product (GDP) growth in the Philippines rose to 6.0% y-o-y in 3Q15 from 5.8% y-o-y in 2Q15, buoyed by faster growth in domestic demand and the services sector. Singapore's real GDP growth slipped to 1.9% y-o-y in 3Q15 from 2.0% y-o-y in 2Q15, due to a larger contraction in manufacturing output and slower growth in the construction, information and communications, and financial sectors.

➤ Hong Kong, China's merchandise exports fell 3.7% y-o-y in October after posting a 4.6% y-o-y decline in September. Imports of goods declined 8.5% y-o-y in October after recording a 7.6% y-o-y decrease in September. Philippine exports of goods plunged 15.5% y-o-y in September after a 6.3% y-o-y fall in August, while merchandise import growth accelerated to 6.7% y-o-y in September from 5.7% y-o-y in August.

➤ Singapore's manufacturing production dropped 5.4% y-o-y in October, the ninth consecutive month of y-o-y decline, amid output reductions in electronics, biomedical manufacturing, precision engineering, and transport engineering.

➤ Local currency corporate debt issuance in the Republic of Korea contracted to KRW9.6 trillion in October from KRW10.5 trillion in

**Asia Bond Monitor November 2015**

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**10-Year Selected LCY Government Security Yields** Close of 27 November 2015  
basis point change from

Markets	Latest Closing	Previous Day*	Previous Week*	1-Jan-15*
US	2.22	-1.40	-4.22	4.89
EU	0.46	-1.00	-1.90	-8.10
Japan	0.31	0.80	-1.60	-2.10
PRC	3.18	0.00	0.00	-47.00
Hong Kong, China	1.57	-0.90	-4.50	-32.70
India	7.77	4.30	7.00	-11.40
Indonesia	8.62	2.80	-2.80	79.60
Korea, Rep. of	2.27	3.00	0.00	-33.80
Malaysia	4.22	2.60	-6.00	6.90
Philippines	4.07	-3.88	-2.15	20.67
Singapore	2.47	-0.36	-7.14	18.72
Thailand	2.70	0.20	-8.90	-3.30
Viet Nam	7.21	-2.20	6.80	-2.20

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- ▶ 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

September, due to monthly decreases in the issuance of asset-backed securities, bank debentures, and nonfinancial corporate bonds.

➤ The Bank of East Asia in Hong Kong, China priced a US\$650 million perpetual bond to yield 5.5% last week. The Korea Development Bank priced a 3-year dim sum bond worth CNY1.3 billion to yield 4.2% yield last week.

➤ Local currency government bond yields fell for all tenors in Indonesia as inflation is expected to come within Bank Indonesia's target inflation range. Yields also fell for all tenors in Singapore on slowing economic growth. Yields fell for most tenors in Malaysia, Thailand, and the Philippines while it rose for all tenors in the Republic Korea and for most tenors in Viet Nam. Yields were mixed in Hong Kong, China. The spread between the 2- and 10-year tenors widened for most markets except for Hong Kong, China; the Republic of Korea; and Thailand.

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## Summary Text of News Articles

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### Consumer Price Inflation Accelerates in Hong Kong, China and Japan in October, and in Viet Nam in November; Singapore's Consumer Prices Fall in October

Hong Kong, China's Composite Consumer Price Index (CPI) rose 2.4% year-on-year (y-o-y) in October, following an uptick of 2.0% y-o-y in September, according to data from the Census and Statistics Department. The index's increase in October was on the back of increases in food prices and housing rentals.

Consumer price inflation in Japan climbed to 0.3% y-o-y in October, after remaining unchanged in September, according to the latest CPI data from Statistics Japan. The uptick in the inflation rate was on the back of an accelerating increase in food prices.

In Singapore, consumer prices fell 0.8% y-o-y in October, the 12th consecutive month of y-o-y decline. Five out of the ten product items in the CPI recorded y-o-y price decreases in October: housing and utilities, household durables and services, telecommunications, transport, and miscellaneous goods and services.

Consumer price inflation in Viet Nam climbed to 0.3% y-o-y in November, after remaining unchanged in October, based on the latest CPI data from the General Statistics Office of Viet Nam. Nine out of eleven product groups in the CPI posted positive y-o-y growth in November. Between October and November, the CPI inched up 0.1%.

For inflation rate trends in Hong Kong, China, refer to this link:

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

For inflation rate trends in Viet Nam, refer to this link:

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

### Real GDP Growth Accelerates in the Philippines, Moderates in Singapore in 3Q15

Real GDP growth in the Philippines rose to 6.0% y-o-y in 3Q15 from 5.8% y-o-y in 2Q15 amid faster growth in domestic demand and in the services sector, according to the latest GDP data from the Philippine Statistics Authority. On the expenditure side, y-o-y growth in household spending inched up to 6.3% in 3Q15 from 6.2% in 2Q15, growth in government expenditure accelerated to 17.4% from 3.9%, growth in domestic investment moderated to 8.9% from 17.2%, export growth hastened to 6.4% from 2.1%, and import growth quickened to 13.5% from 10.4%. Output in the agriculture, hunting, forestry, and fishing sector inched up 0.4% y-o-y in 3Q15, following a 0.2% y-o-y contraction in 2Q15; industrial growth decelerated to 5.4% y-o-y from 5.9% y-o-y; and services sector growth accelerated to 7.3% y-o-y from 6.6% y-o-y.

Singapore's real GDP grew 1.9% y-o-y in 3Q15, slightly lower than the 2.0% y-o-y growth posted in 2Q15, according to data from the Ministry of Trade and Industry. The slower y-o-y growth in 3Q15 was caused by a larger contraction in the manufacturing sector and slower growth in the construction, information and communications, finance and insurance, and business services sectors. On a quarter-on-quarter (q-o-q) and seasonally adjusted annualized basis, real GDP grew 1.9% y-o-y in 3Q15 following a 2.6% y-o-y contraction in 2Q15.

### Merchandise Trade Deficits Recorded in Hong Kong, China in October and the Philippines in September

In October, Hong Kong, China's merchandise exports and imports fell 3.7% y-o-y and 8.5% y-o-y, respectively, according to the Census and Statistics Department. The October drop in exports was of less magnitude than the 4.6% y-o-y decrease in September. The October decrease in imports, however, was larger than the 7.6% y-o-y drop in September. Hong Kong, China posted a merchandise trade deficit of HKD29.7 billion in October.

The Philippines recorded a trade in goods deficit in September amounting to US\$1.2 billion, driven by a drop in merchandise exports and an increase in importable items, according to the latest trade data from the Philippine Statistics Authority. Goods exports fell 15.5% y-o-y in September after a 6.3% y-o-y decrease in August, while merchandise import growth accelerated to 6.7% y-o-y in September from 5.7% y-o-y in August.

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**Summary Text of News Articles**

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**Singapore's Manufacturing Production Declines in October**

Singapore's manufacturing production fell 5.4% y-o-y in October, the ninth consecutive month of y-o-y decline, based on data from the Economic Development Board. Four out of six industry clusters recorded y-o-y decreases in October: electronics, biomedical manufacturing, precision engineering, and transport engineering.

**LCY Corporate Debt Issuance in the Republic of Korea Falls in October**

Local currency (LCY) corporate debt issuance in the Republic of Korea fell to KRW9,578 billion in October from KRW10,500 billion in September, according to data from the Financial Supervisory Service. Three of the four types of LCY corporate debt recorded monthly issuance decreases: asset-backed securities, bank debentures, and nonfinancial corporate debt. Between September and October, asset-backed securities issues slipped from KRW1,626 billion to KRW1,621 billion, issuance of bank debentures decreased from KRW3,515 billion to KRW2,067 billion, and nonfinancial corporate debt issuance fell from KRW2,500 billion to KRW2,250 billion. In contrast, financial bond issues rose to KRW3,640 billion in October from KRW2,860 billion in September.

**Bank of East Asia Prices US\$650 Million Perpetual Bond;  
Korea Development Bank Prices CNY1.3 Billion Dim Sum Bond**

The Bank of East Asia in Hong Kong, China priced a US\$650 million perpetual bond to yield 5.5% last week. The bond qualifies as additional Tier 1 capital under Basel III capital requirements. The Korea Development Bank priced a 3-year dim sum bond worth CNY1.3 billion carrying a yield of 4.2% last week.

## 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	0.17	-0.51		7.12	13.23
EU	-0.34	-0.80	-1.80		-30.40
Japan	-0.05	3.50		5.40	-5.00
PRC	2.60	0.00		0.00	-80.00
Hong Kong, China	0.07	0.00		0.00	-0.80
India	8.31	0.00		0.00	0.00
Korea, Rep. of	1.65	2.80		9.40	-41.80
Malaysia	2.90	0.00	-8.70		-46.50
Philippines	2.23	0.14	-45.86		-14.69
Singapore	0.97	0.00	-7.00		29.20
Thailand	1.49	0.09		1.59	-55.15

Close of 27 November 2015

### 10-Year Selected LCY Government Bond Yields

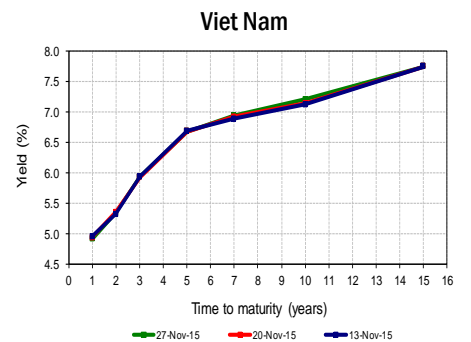
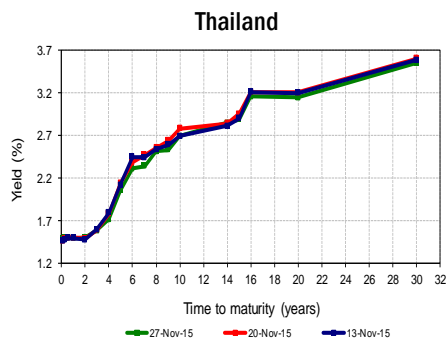
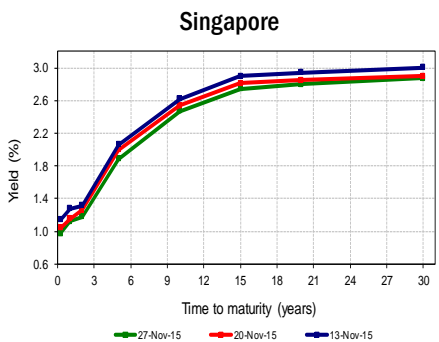
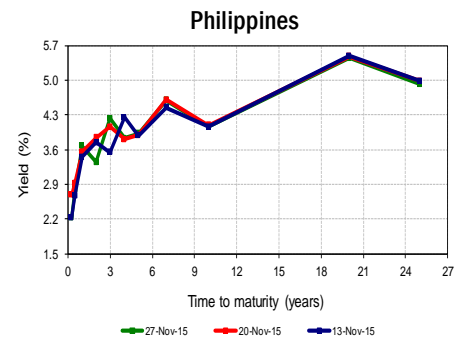
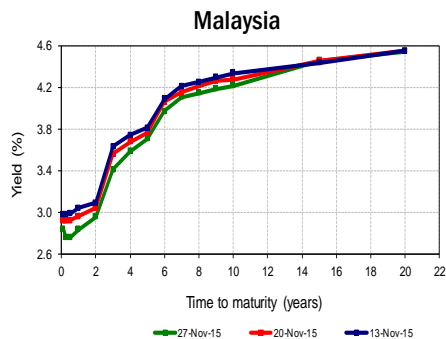
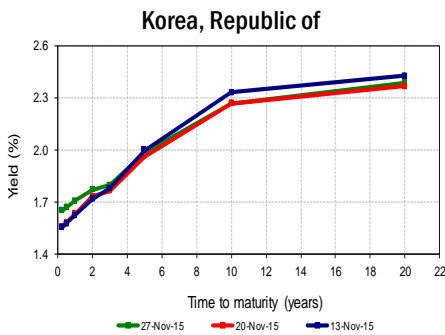
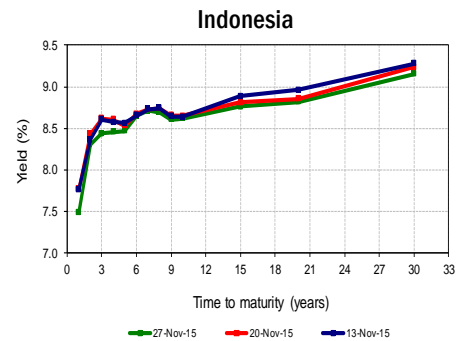
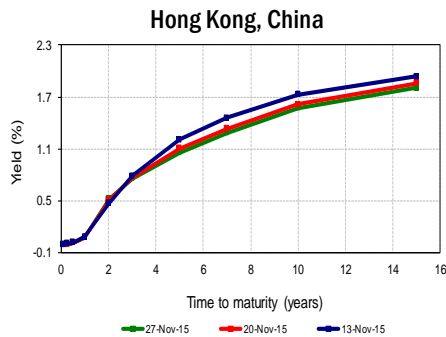
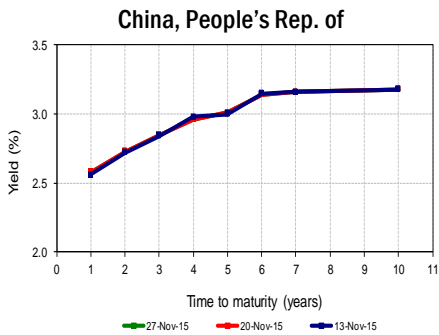
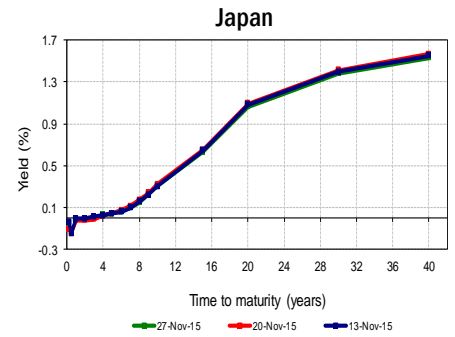
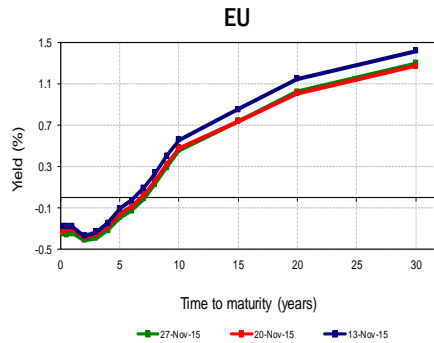
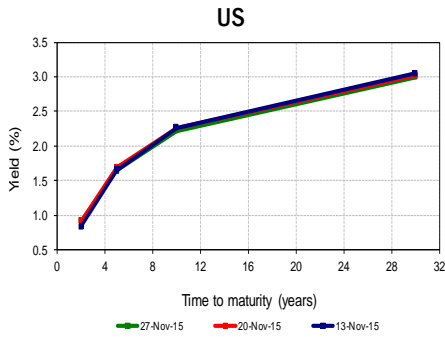
Markets	Latest Closing	basis point change from			
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Japan	0.31	0.80	-1.60		-2.10
PRC	3.18	0.00		0.00	-47.00
Hong Kong, China	1.57	-0.90	-4.50		-32.70
India	7.77	4.30		7.00	-11.40
Indonesia	8.62	2.80	-2.80		79.60
Korea, Rep. of	2.27	3.00		0.00	-33.80
Malaysia	4.22	2.60	-6.00		6.90
Philippines	4.07	-3.88	-2.15		20.67
Singapore	2.47	-0.36	-7.14		18.72
Thailand	2.70	0.20	-8.90		-3.30
Viet Nam	7.21	-2.20		6.80	-2.20

Close of 27 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**

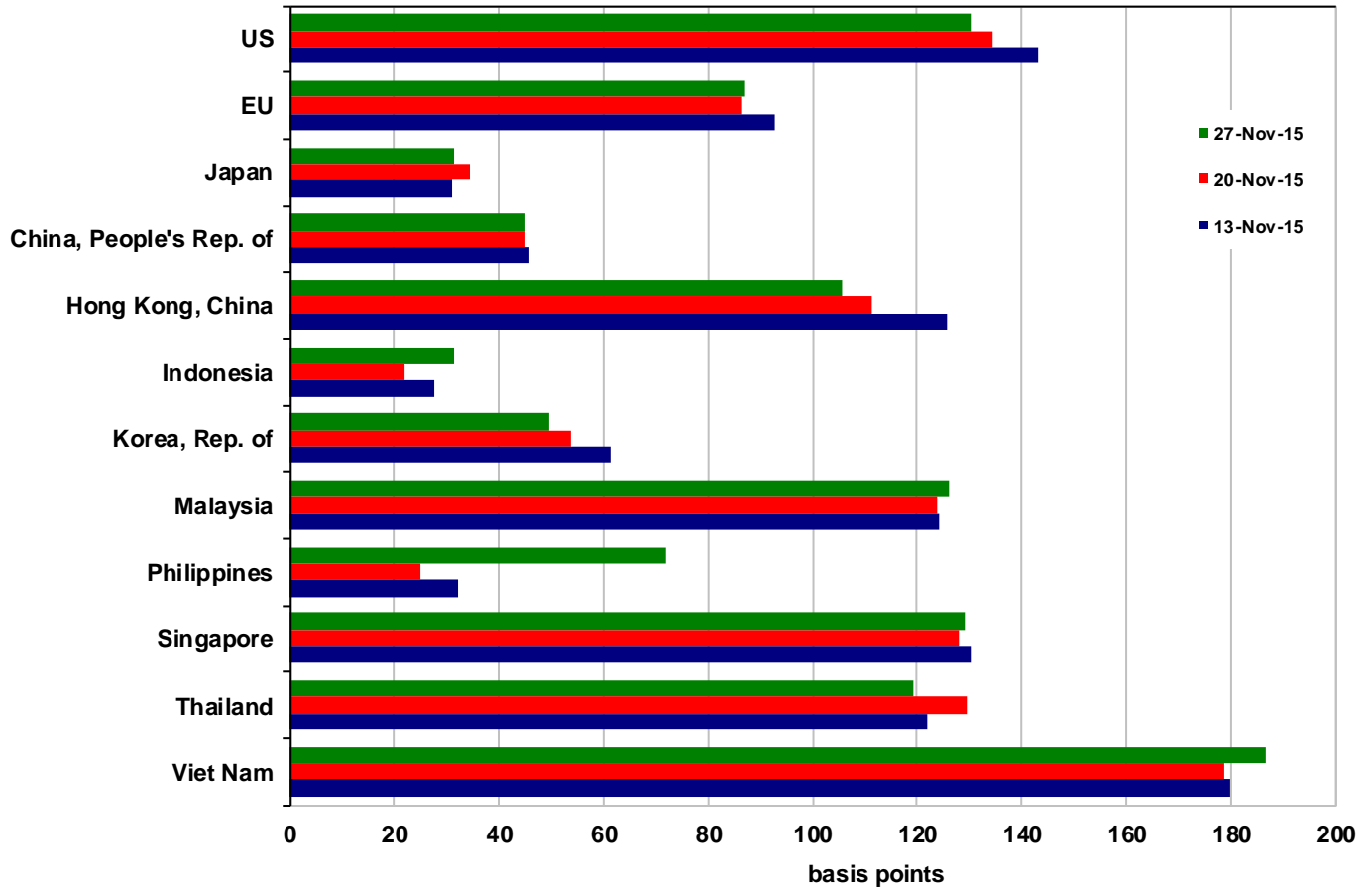
Tip: Zoom-in on the table using the Acrobat zoom tool



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

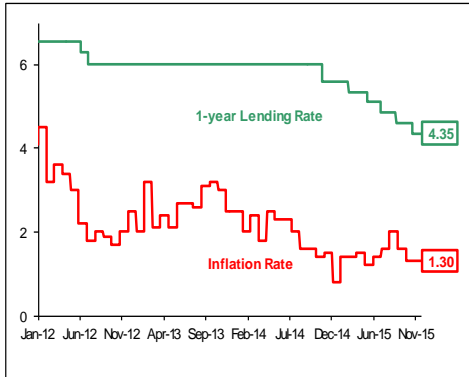


EU = European Union, US = United States.  
Source: Based on data from Bloomberg LP.

**Policy Rate versus Inflation Rate**

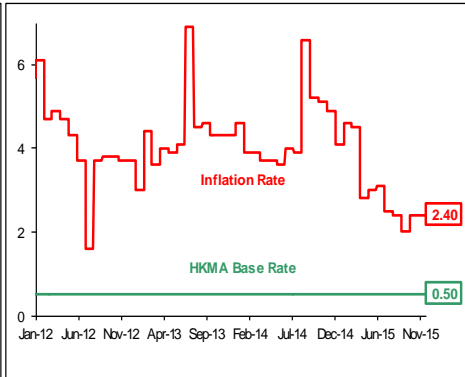
Tip: Zoom-in on the table using the Acrobat zoom tool

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



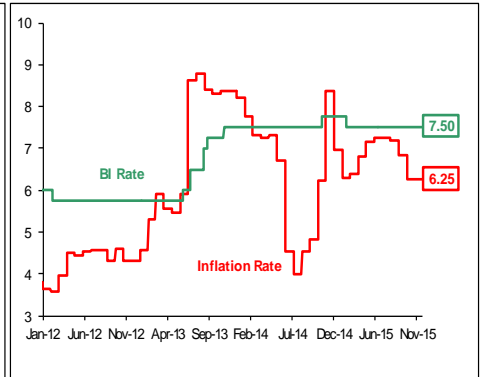
The PRC uses the 1-year lending rate as one of its policy rates.  
Source: Bloomberg LP.

**Hong Kong, China**



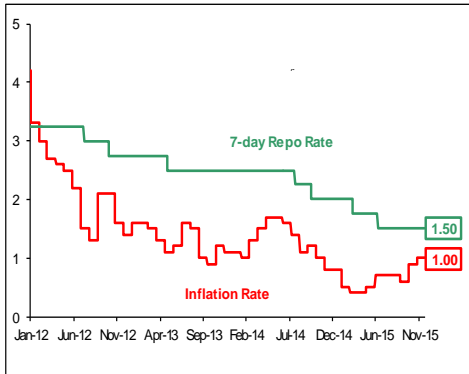
The Hong Kong Monetary Authority maintains a Discount Window Base Rate.  
Source: Bloomberg LP.

**Indonesia**



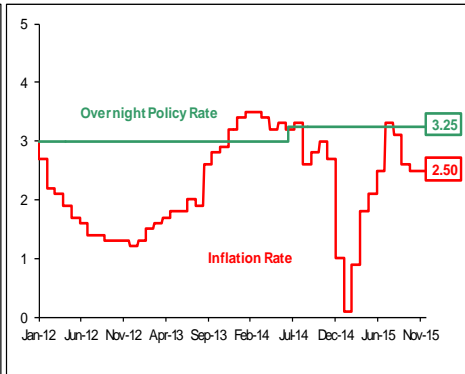
Bank Indonesia uses its reference interest rate (BI rate) as its policy rate.  
Source: Bloomberg LP.

**Korea, Republic of**



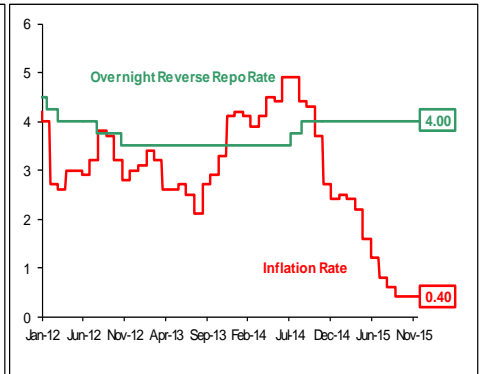
The Bank of Korea shifted its policy rate from the overnight repurchase (repo) rate to the 7-day repo rate in March 2008.  
Source: Bloomberg LP.

**Malaysia**



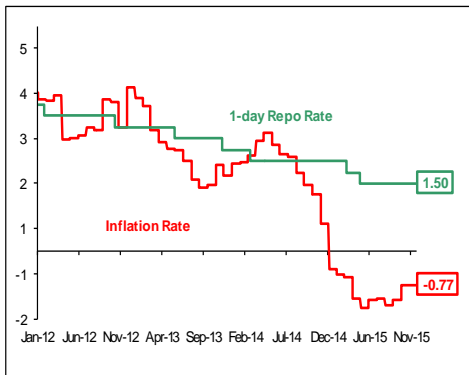
Bank Negara Malaysia uses the overnight policy rate (OPR) as its policy rate.  
Source: Bloomberg LP.

**Philippines**



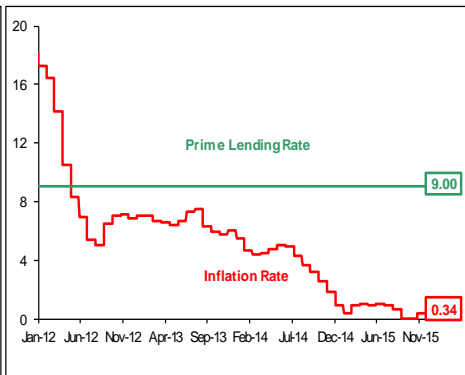
Bangko Sentral uses the Philippine overnight reverse repurchase agreement rate as one of its policy instruments.  
Source: Bloomberg LP.

**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**

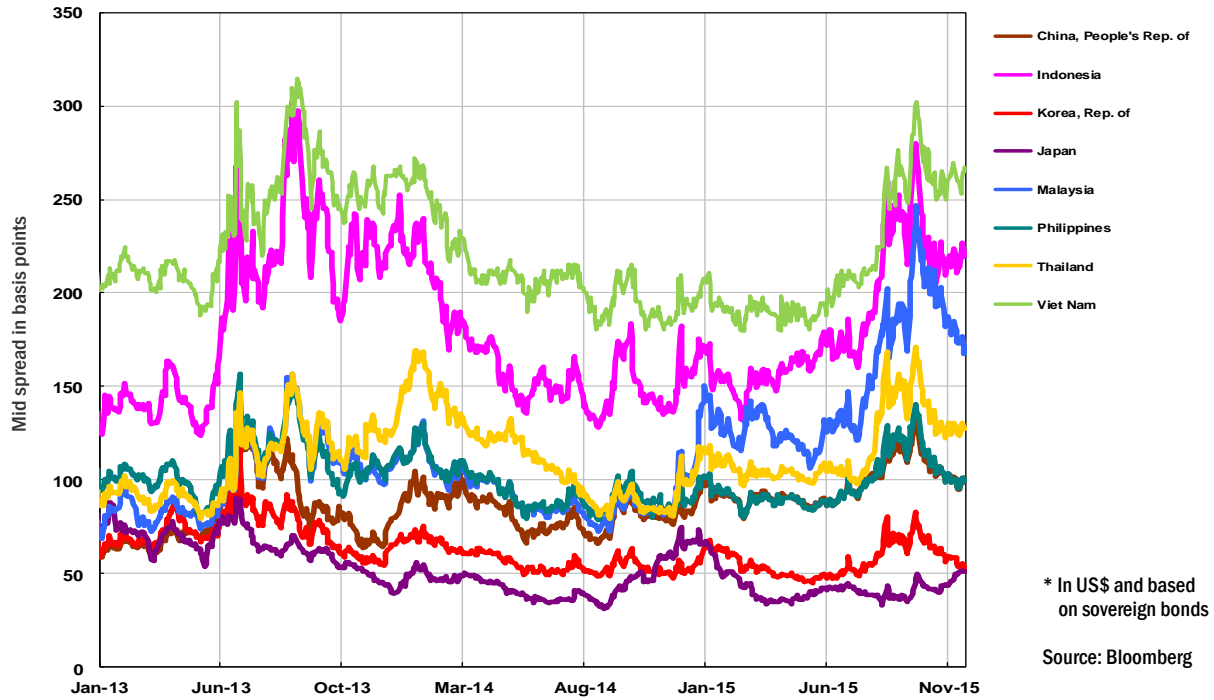


The State Bank of Viet Nam uses a benchmark prime lending rate as its policy rate.  
Source: Bloomberg LP.

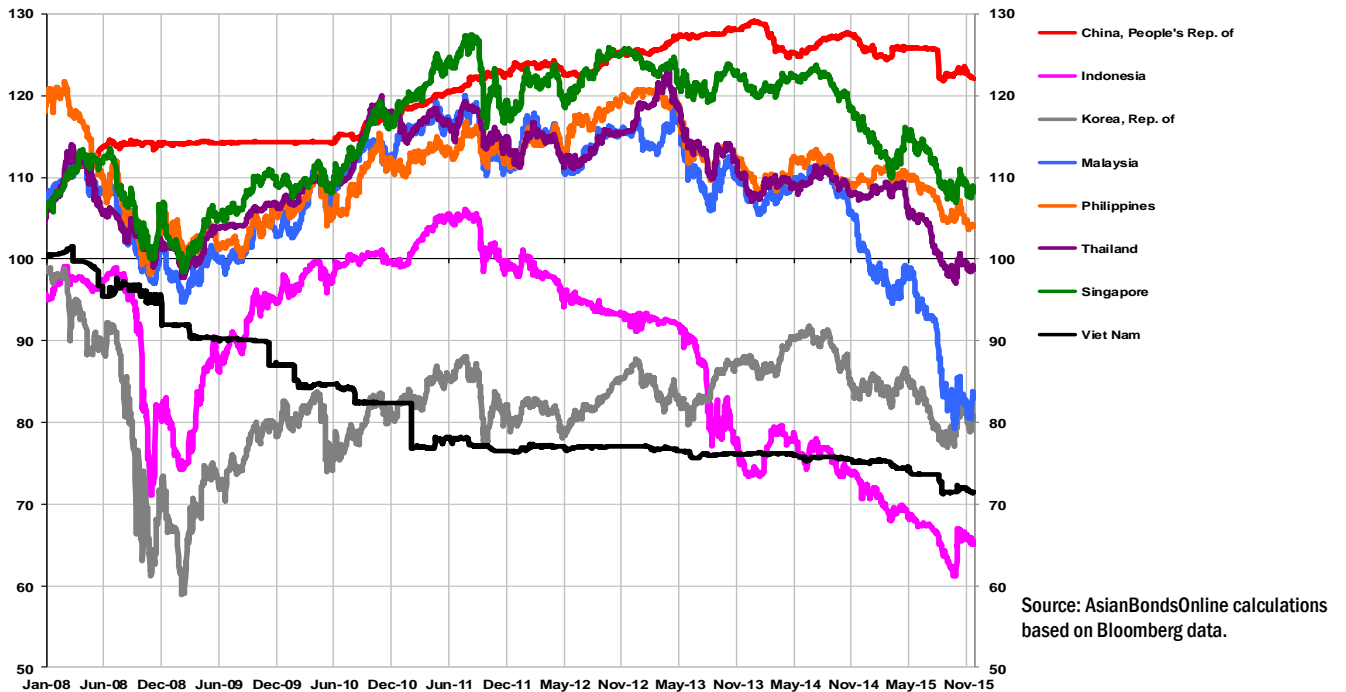
**Credit Default Swap Spreads and Exchange Rate Indexes**

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 (23 – 27 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	25-Nov	3-year Treasury Bonds	2.80	2.92	28.00	28.00
HK	24-Nov	91-day Exchange Fund Bills	0.01		36.91	36.91
		182-day Exchange Fund Bills	0.02		14.00	14.00
ID	24-Nov	9-month Treasury Bills	7.11			1,000.00
		5-year Treasury Bonds	8.53	8.25	6,000.00	1,350.00
		10-year Treasury Bonds	8.60	8.38		4,750.00
		15-year Treasury Bonds	8.87	8.75		1,900.00
JP	26-Nov	3-month Treasury Discount Bills	-0.09		4,780.00	4,779.97
KR	23-Nov	91-day Monetary Stabilization Bonds	1.60		1,200.00	1,200.00
		1-year Monetary Stabilization Bonds	1.63		1,000.00	1,000.00
		20-year Korean Treasury Bonds	2.40	2.63	800.00	769.00
MY	25-Nov	3-year Government Investment Issues	3.58	3.51	3.50	3.50
SG	24-Nov	31-day MAS Bills	0.63		0.50	0.50
		84-day MAS Bills	0.59		4.00	4.00
TH	23-Nov	28-day Treasury Bills	1.49		15.00	15.00
		182-day Treasury Bills	1.50		15.00	15.00
	24-Nov	91-day Bank of Thailand Bonds	1.49		32.00	32.00
		182-day Bank of Thailand Bonds	1.50		25.00	25.00
	25-Nov	50.59-year Government Bonds	3.86	4.00	9.00	8.00
27-Nov	14-day Bank of Thailand Bonds	1.48		30.00	30.00	
VN	25-Nov	3-year Treasury Bonds	5.88		6,000.00	6,000.00
		15-year Treasury Bonds	7.65		1,000.00	1,000.00

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

Sources: Local market sources and Bloomberg, LP.

## Selected Asia Data Releases (1 – 7 December 2015)

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

Economy and Variable	Release Date	Historical Data	Recent Trends
<b>Indonesia</b> <b>CPI</b> y-o-y, % NOV	12/01	10/14: 4.8% 11/14: 6.2% <b>09/15: 6.8%</b> <b>10/15: 6.3%</b>	Consumer price inflation in Indonesia eased to 6.3% year-on-year (y-o-y) in October from 6.8% y-o-y in September.
<b>Republic of Korea</b> <b>Exports</b> y-o-y, % NOV	12/01	10/14: 2.3% 11/14: -2.7% <b>09/15: -8.4%</b> <b>10/15: -15.9%</b>	The Republic of Korea's merchandise exports plunged 15.9% y-o-y in October, the 10th consecutive month of decline.
<b>Republic of Korea</b> <b>Imports</b> y-o-y, % NOV	12/01	10/14: -3.3% 11/14: -4.1% <b>09/15: -21.8%</b> <b>10/15: -16.6%</b>	Merchandise imports in the Republic of Korea contracted for the 13th consecutive month in October, posting a 16.6% y-o-y drop.
<b>Thailand</b> <b>CPI</b> y-o-y, % NOV	12/01	10/14: 1.5% 11/14: 1.3% <b>09/15: -1.1%</b> <b>10/15: -0.8%</b>	Thailand's Consumer Price Index (CPI) decreased 0.8% y-o-y in October, the 10th consecutive month of y-o-y decline, due to falling energy prices.
<b>Republic of Korea</b> <b>CPI</b> y-o-y, % NOV	12/01 to 12/05	10/14: 1.2% 11/14: 1.0% <b>09/15: 0.6%</b> <b>10/15: 0.9%</b>	Consumer price inflation in the Republic of Korea accelerated to 0.9% y-o-y in October from 0.6% y-o-y in September.
<b>Republic of Korea</b> <b>Current Account</b> US\$ million OCT	12/02	09/14: 7,448.9 10/14: 8,883.2 <b>08/15: 8,400.6</b> <b>09/15: 10,610.8</b>	The Republic of Korea's current account surplus widened to US\$10.6 billion in September from US\$8.4 billion in August as a result of a monthly increase in the merchandise trade surplus.
<b>Republic of Korea</b> <b>GDP</b> y-o-y, % 3Q15 Final	12/03	3Q14: 3.3% 4Q14: 2.7% <b>2Q15: 2.2%</b> <b>3Q15: 2.6%</b>	Real gross domestic product (GDP) growth in the Republic of Korea accelerated to 2.6% y-o-y in 3Q15 from 2.2% y-o-y in 2Q15, according to advance estimates of the Bank of Korea, buoyed by relatively strong growth in domestic demand and in the construction, manufacturing, and utilities sectors.
<b>Malaysia</b> <b>Exports</b> y-o-y, % OCT	12/04	09/14: 1.9% 10/14: -3.3% <b>08/15: 4.1%</b> <b>09/15: 8.8%</b>	Malaysia's merchandise export growth accelerated to 8.8% y-o-y in September from 4.1% y-o-y in August.
<b>Malaysia</b> <b>Imports</b> y-o-y, % OCT	12/04	09/14: 1.1% 10/14: 9.1% <b>08/15: -6.1%</b> <b>09/15: 9.6%</b>	Malaysia's imports of goods climbed 9.6% y-o-y in September following a 6.1% y-o-y fall in August.
<b>Philippines</b> <b>CPI</b> y-o-y, % NOV	12/04	10/14: 4.3% 11/14: 3.7% <b>09/15: 0.4%</b> <b>10/15: 0.4%</b>	Consumer price inflation in the Philippines stood at 0.4% y-o-y in October, unchanged from the previous month.
<b>Republic of Korea</b> <b>Short-Term External Debt</b> US\$ billion 3Q15	12/07	2Q14: 128.6 3Q14: 121.5 <b>1Q15: 112.8</b> <b>2Q15: 121.2</b>	The Republic of Korea's short-term external debt jumped to US\$121.2 billion at end-June from US\$112.8 billion at end-March.

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 Accelerates in Hong Kong, China and Japan in October, and in Viet Nam in November; Singapore's Consumer Prices Fall in October

- [Consumer Price Indices for October 2015](#)  
Census and Statistics Department (23 November 2015)
- [Japan October 2015, Ku-area of Tokyo November 2015](#)  
Statistics Bureau, Ministry of Internal Affairs and Communication (27 November 2015)
- [Consumer Price Developments in October 2015](#)  
Monetary Authority of Singapore and Ministry of Trade and Industry Singapore (23 November 2015)
- [Consumer price index: Gold and USD price indexes, whole country: November 2015](#)  
General Statistics Office of Viet Nam (25 November 2015)

### Real GDP Growth Accelerates in the Philippines, Moderates in Singapore in 3Q15

- [Philippine Economy Posts 6.0 Percent GDP Growth](#)  
Philippine Statistics Authority (26 November 2015)
- [MTI Forecasts GDP to Grow by "Close to 2.0 Per Cent" in 2015 and "1.0 to 3.0 Per Cent" in 2016](#)  
Ministry of Trade and Industry Singapore (25 November 2015)

### Merchandise Trade Deficits Recorded in Hong Kong, China in October and the Philippines in September

- [External merchandise trade statistics for October 2015](#)  
Census and Statistics Department (26 November 2015)
- [External Trade Performance: September 2015](#)  
Philippine Statistics Authority (25 November 2015)

### Singapore's Manufacturing Production Declines in October

- [Monthly Manufacturing Performance: October 2015](#)  
Singapore Economic Development Board (26 November 2015)

### LCY Corporate Debt Issuance in the Republic of Korea Falls in October

- [Corporate Debt and Equity Issues, October 2015](#)  
Financial Supervisory Service (26 November 2015)

### Bank of East Asia Prices US\$650 Million Perpetual Bond; Korea Development Bank Prices CNY1.3 Billion Dim Sum Bond

- [Bank of East Asia seals \\$650m AT1 issue](#)  
FinanceAsia (26 November 2015)
- [KDB back for more dim sum with \\$203m bond](#)  
FinanceAsia (23 November 2015)

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