

Key Developments in Asian Local Currency Markets

Consumer price inflation in the People’s Republic of China (PRC) rose to 1.5% year-on-year (y-o-y) in November from 1.3% y-o-y in October. Although both food and non-food prices rose at a faster pace in November, the increase in y-o-y inflation was driven mostly by food prices, particularly vegetable prices. Food prices rose 2.3% y-o-y in November, up from 1.9% y-o-y in October. Non-food prices rose 1.1% y-o-y in November, up from 0.9% y-o-y in October.

The PRC’s exports fell 6.8% y-o-y in November after declining 6.9% y-o-y in October. Imports declined 8.7% y-o-y in November after dipping 18.8% in October. Philippine merchandise exports decreased 10.8% y-o-y in October.

The Bank of Korea’s Monetary Policy Board decided on 10 December to keep the base rate unchanged at 1.50%. The board took note of the Republic of Korea’s persistently declining exports and inadequate improvement in economic sentiment.

Japan’s current account surplus stood at JPY1,458.4 billion in October, slightly down from September’s JPY1,468.4 billion but substantially more than October 2014’s JPY846.4 billion. The monthly decline mainly stemmed from an increase in the services account deficit, while the annual jump resulted from the trade balance in goods shifting to a surplus from a deficit and the secondary income deficit posting a y-o-y decline.

Japan’s 3Q15 real gross domestic product growth was revised upward last week to an annualized rate of 1.0%—from an 0.8% contraction—indicating that the economy was not in a recession as previously reported.

Industrial production in the PRC rose 6.2% y-o-y in November from 5.6% in October. Industrial production in Malaysia expanded 4.2% y-o-y in October, buoyed by output growth in manufacturing and electricity.

The Republic of Korea’s external debt fell to US\$409.1 billion at end-September from US\$423.6 billion at end-June. Short-term external debt decreased by US\$5.6 billion in 3Q15 to level off at US\$119.6 billion at end-September. Similarly, long-term external debt declined US\$8.9 billion in 3Q15 to US\$289.5 billion at end-September.

The Indonesian government will continue its frontloading debt issuance policy in 2016,

Asia Bond Monitor November 2015

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10-Year Selected LCY Government Security Yields Close of 11 December 2015
basis point change from

Markets	Latest Closing	Previous Day*	Previous Week*	1-Jan-15*
US	2.13	-10.35	-14.23	-4.42
EU	0.54	-2.80	-13.80	-0.10
Japan	0.32	1.00	-1.90	-0.70
PRC	3.05	-1.00	-3.00	-60.00
Hong Kong, China	1.59	5.80	2.90	-30.20
India	7.78	-0.10	2.20	-10.20
Indonesia	8.72	12.90	16.70	89.90
Korea, Rep. of	2.24	2.30	-5.70	-36.20
Malaysia	4.32	6.10	10.60	16.90
Philippines	4.12	-1.23	3.90	25.26
Singapore	2.47	3.35	-7.77	19.23
Thailand	2.66	1.20	-2.70	-6.50
Viet Nam	7.21	0.00	-1.70	-2.20

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

targeting more than 60% of its planned bond issuance to be completed within the first half of the year. In early December, the Indonesian government raised US\$3.5 billion in a two-tranche bond sale in order to pre-fund its 2016 fiscal requirements ahead of an expected rate hike by the United States Federal Reserve. The issue comprised a US\$2.25 billion 10-year bond carrying a coupon rate of 4.75% and priced to yield 4.80%, and a US\$1.25 billion 30-year bond with a coupon rate of 5.95% and a yield of 6.00%.

Yields rose for all tenors in Indonesia, following the depreciation of the rupiah as the Federal Reserve meeting neared. Yields rose for most tenors in Hong Kong, China, Malaysia—following the decline of the ringgit due to lower oil prices and Thailand. Yields fell for all tenors in Singapore and for most tenors in the PRC, the Republic of Korea, the Philippines and Viet Nam. The 2-year versus 10-year yields spread fell for all markets except for Hong Kong, China, Indonesia, Malaysia and Singapore.

Summary Text of News Articles

Consumer Price Inflation Rises, Producer Price Deflation Remains Unchanged in the PRC

Consumer price inflation in the People's Republic of China (PRC) rose to 1.5% year-on-year (y-o-y) in November from 1.3% y-o-y in October. Although both food and non-food prices rose at a faster pace in November, the increase in y-o-y inflation was driven mostly by food prices, particularly vegetable prices. Food price inflation accelerated to 2.3% y-o-y in November from 1.9% y-o-y in October. Non-food price inflation rose to 1.1% y-o-y in November from 0.9% y-o-y in October. The y-o-y decline in producer prices was unchanged in November at -5.9%.

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

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

The PRC's Exports and Imports Decline in November; Philippine Exports Decline in October

The PRC's exports fell 6.8% y-o-y in November after declining 6.9% y-o-y in October, the fifth straight month of decline. Imports declined 8.7% y-o-y after falling 18.8% y-o-y in October. The fall in exports continued to be driven by weak global demand in advanced economies, with exports to the United States falling 5.3% y-o-y and exports to the European Union falling 9.0% y-o-y.

Philippine merchandise exports decreased 10.8% y-o-y in October, the seventh consecutive month of y-o-y decline, due to negative growth in seven out of 10 major export items, according to the Philippine Statistics Authority. The commodities that posted export decreases were articles of apparel and clothing accessories, chemicals, coconut oil, machinery and transport equipment, metal components, other manufactures, and other mineral products.

Policy Rate in the Republic of Korea Unchanged

The Bank of Korea's Monetary Policy Board decided on 10 December to keep the base rate unchanged at 1.50%. The board took note of the Republic of Korea's persistently declining exports and inadequate improvement in economic sentiment. It also forecast inflation to remain low.

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

Japan Records Current Account Surplus for 16th Consecutive Month in October

Japan's current account surplus stood at JPY1,458.4 billion in October, slightly down from September's JPY1,468.4 billion, but substantially greater than October 2014's JPY846.4 billion, according to the latest balance of payments data from the Ministry of Finance. The monthly decline mainly stemmed from an increase in the services account deficit, while the annual jump was brought about by the trade balance in goods shifting to a surplus from a deficit and the secondary income deficit posting a y-o-y decline. October was the 16th consecutive month that a current account surplus was recorded.

Japan's 3Q15 GDP Growth Revised

According to the latest data from the Cabinet Office, Japan's 3Q15 real gross domestic product (GDP) growth was revised upward last week to an annualized rate of 1.0%—from an 0.8% contraction—indicating that the economy was not in a recession as previously reported. On a quarter-on-quarter (q-o-q) basis, 3Q15 real GDP growth was revised upward to 0.3% from -0.2%, largely due to a shift in private nonresidential investment growth to 0.6% from -1.3%.

Industrial Production in Malaysia Expands in October

Industrial production in Malaysia expanded 4.2% y-o-y in October, buoyed by growth in manufacturing and electricity output, according to the Department of Statistics, Malaysia. Between September and October, industrial production contracted 0.4% due to a contraction in mining output.

Summary Text of News Articles

External Debt Falls in the Republic of Korea in 3Q15

The Republic of Korea's external debt fell to US\$409.1 billion at end-September from US\$423.6 billion at end-June, according to the Bank of Korea. Short-term external debt decreased US\$5.6 billion in 3Q15 to level off at US\$119.6 billion at end-September. Similarly, long-term external debt declined US\$8.9 billion in 3Q15 to reach US\$289.5 billion at end-September.

Indonesia to Continue Frontloading Debt Issuance in 2016, Sells US\$3.5 Billion Dual-Tranche Bond in December

The Indonesian government will continue its frontloading debt issuance policy in 2016, targeting completion of about 60% of its annual bond issuance within the first half of the year. The government plans to issue a total of IDR532.4 trillion in government bonds next year to help fund its budget shortfall, comprising IDR402.4 trillion in local currency bonds and IDR130.0 trillion in foreign currency bonds.

In early December, the Indonesian government raised US\$3.5 billion in a two-tranche bond sale to pre-fund its 2016 fiscal requirements ahead of widely expected rate hike by the United States Federal Reserve. The issue comprised a US\$2.25 billion 10-year bond carrying a coupon rate of 4.75% and priced to yield 4.80%, and a US\$1.25 billion 30-year bond with a coupon rate of 5.95% and a yield of 6.00%.

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	0.22	-1.02		0.51	18.32
EU	-0.32	-0.30	-0.80		-27.80
Japan	-0.02	2.00		5.40	-1.70
PRC	2.31	-19.00		0.00	-135.00
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	-0.10	-1.20		-50.70
Malaysia	2.91	0.20		0.00	-45.10
Philippines	1.57	-1.11	-58.68		-80.87
Singapore	0.81	-1.30	-7.40		13.10
Thailand	1.50	-0.05		0.06	-54.81

Close of 11 December 2015

10-Year Selected LCY Government Bond Yields

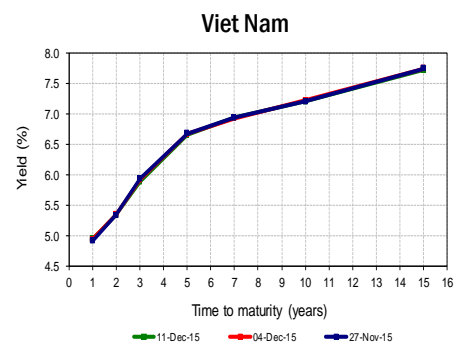
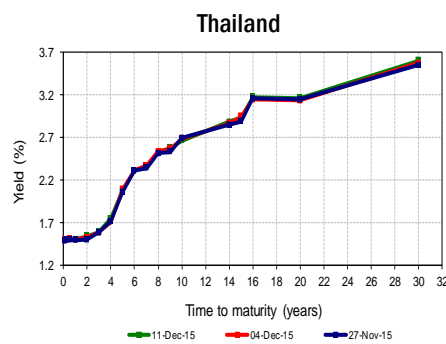
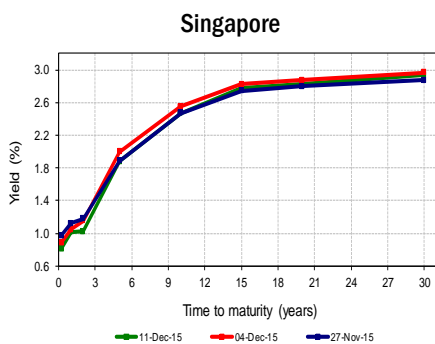
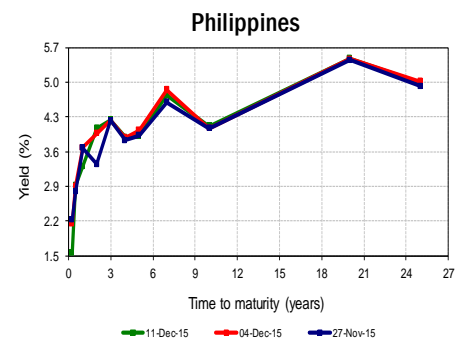
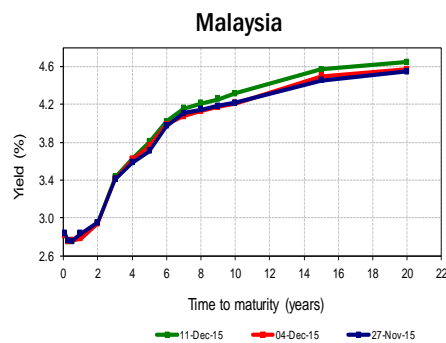
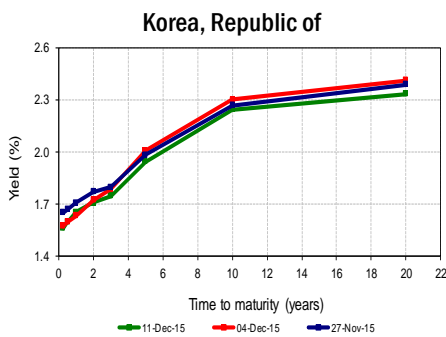
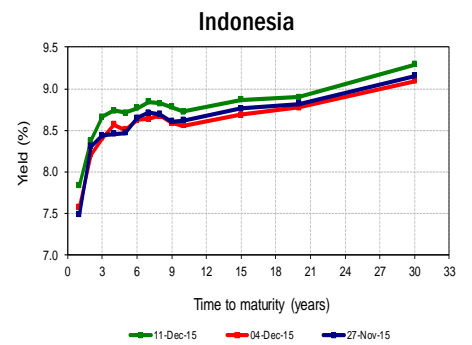
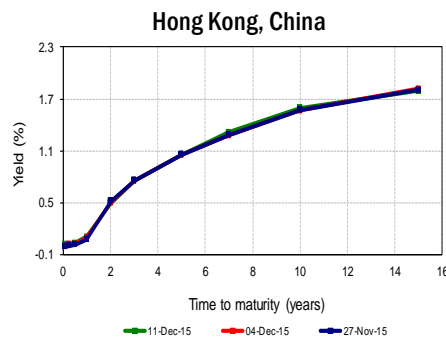
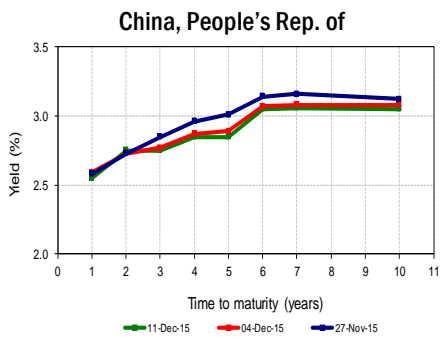
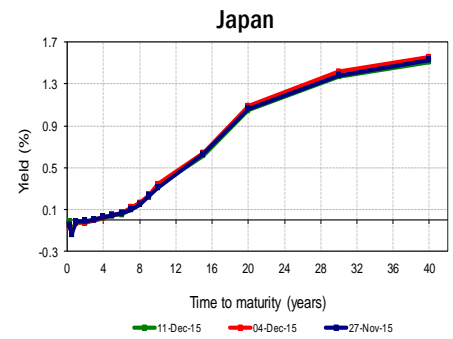
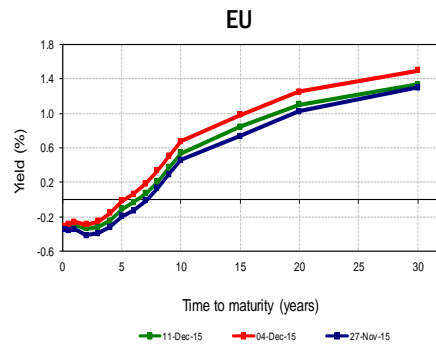
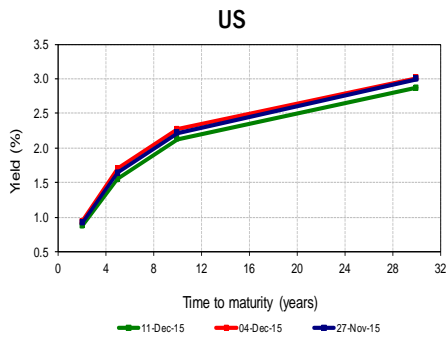
Markets	Latest Closing	basis point change from			
		Previous Day*	Previous Week*	1-Jan-15*	
US	2.13	-10.35	-14.23		-4.42
EU	0.54	-2.80	-13.80		-0.10
Japan	0.32	1.00	-1.90		-0.70
PRC	3.05	-1.00	-3.00		-60.00
Hong Kong, China	1.59	5.80		2.90	-30.20
India	7.78	-0.10		2.20	-10.20
Indonesia	8.72	12.90		16.70	89.90
Korea, Rep. of	2.24	2.30	-5.70		-36.20
Malaysia	4.32	6.10		10.60	16.90
Philippines	4.12	-1.23		3.90	25.26
Singapore	2.47	3.35	-7.77		19.23
Thailand	2.66	1.20	-2.70		-6.50
Viet Nam	7.21	0.00	-1.70		-2.20

Close of 11 December 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

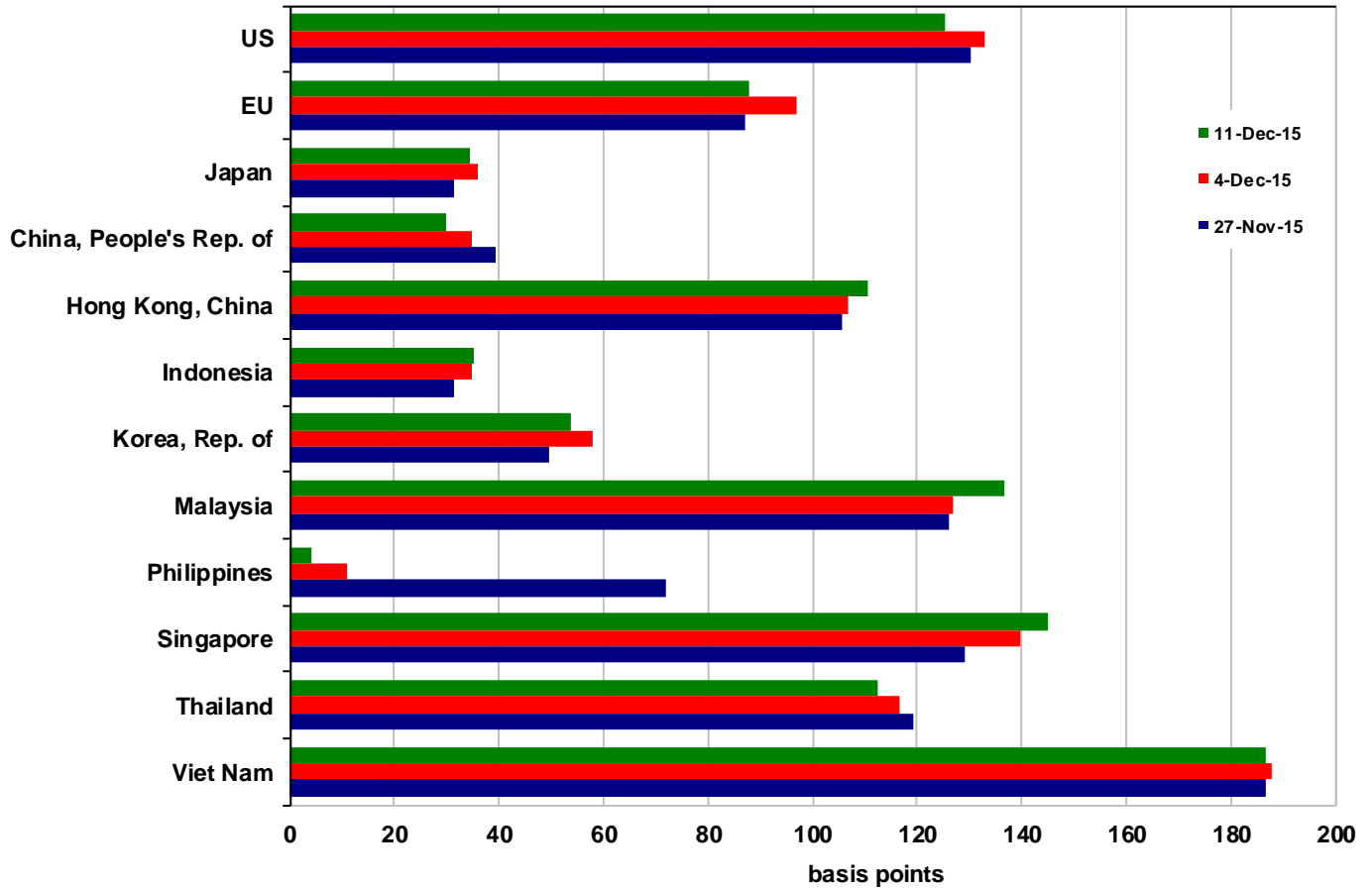
Tip: Zoom-in on the table using the Acrobat zoom tool



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

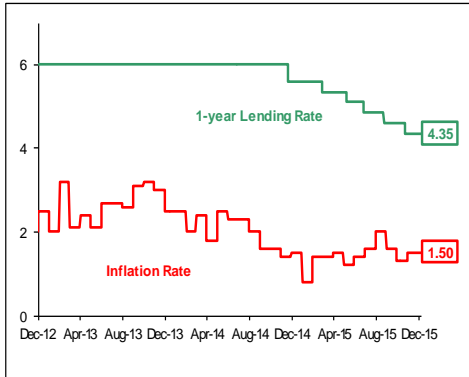


EU = European Union, US = United States.
Source: Based on data from Bloomberg LP.

Policy Rate versus Inflation Rate

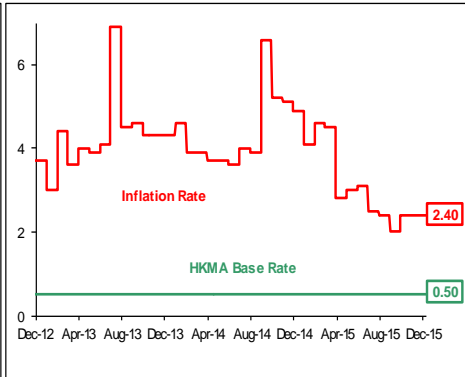
Tip: Zoom-in on the table using the Acrobat zoom tool

China, People's Rep. of



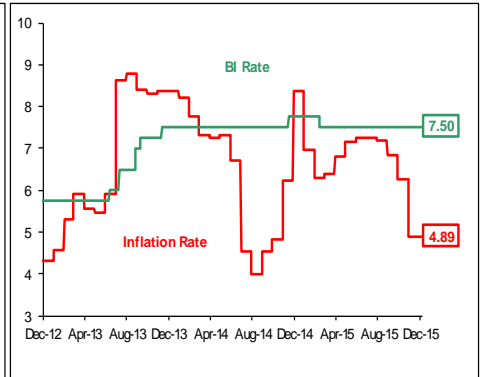
The PRC uses the 1-year lending rate as one of its policy rates.
Source: Bloomberg LP.

Hong Kong, China



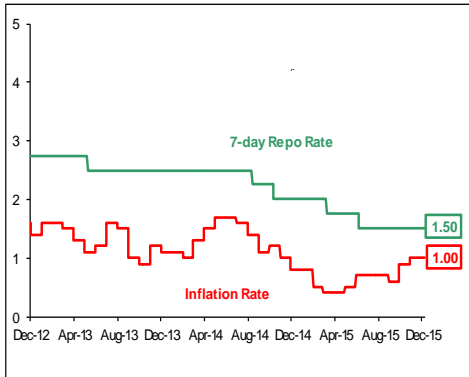
The Hong Kong Monetary Authority maintains a Discount Window Base Rate.
Source: Bloomberg LP.

Indonesia



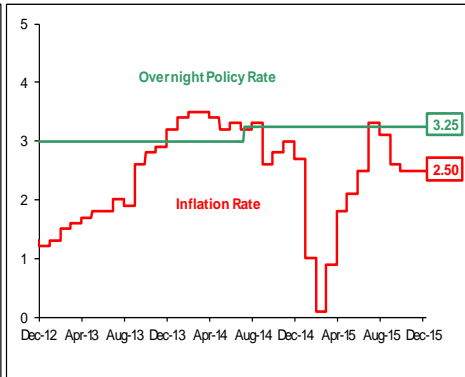
Bank Indonesia uses its reference interest rate (BI rate) as its policy rate.
Source: Bloomberg LP.

Korea, Republic of



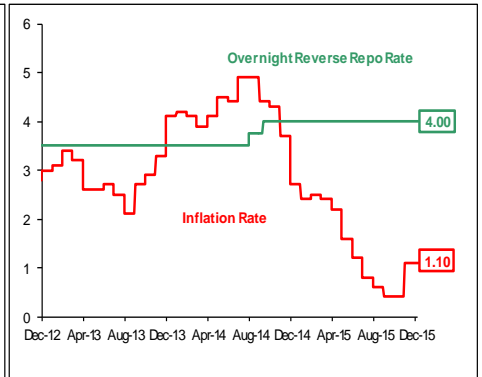
The Bank of Korea shifted its policy rate from the overnight repurchase (repo) rate to the 7-day repo rate in March 2008.
Source: Bloomberg LP.

Malaysia



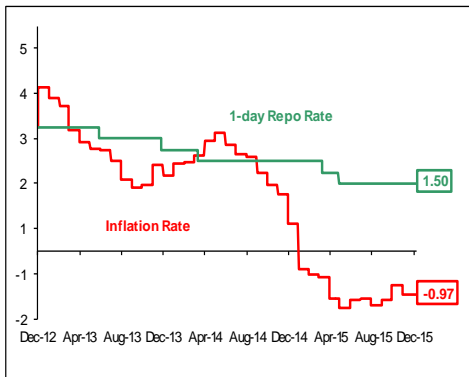
Bank Negara Malaysia uses the overnight policy rate (OPR) as its policy rate.
Source: Bloomberg LP.

Philippines



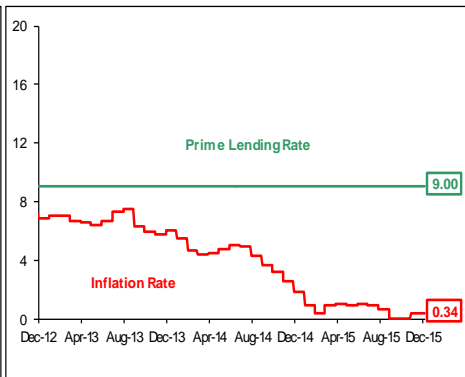
Banko Sentral uses the Philippine overnight reverse repurchase agreement rate as one of its policy instruments.
Source: Bloomberg LP.

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

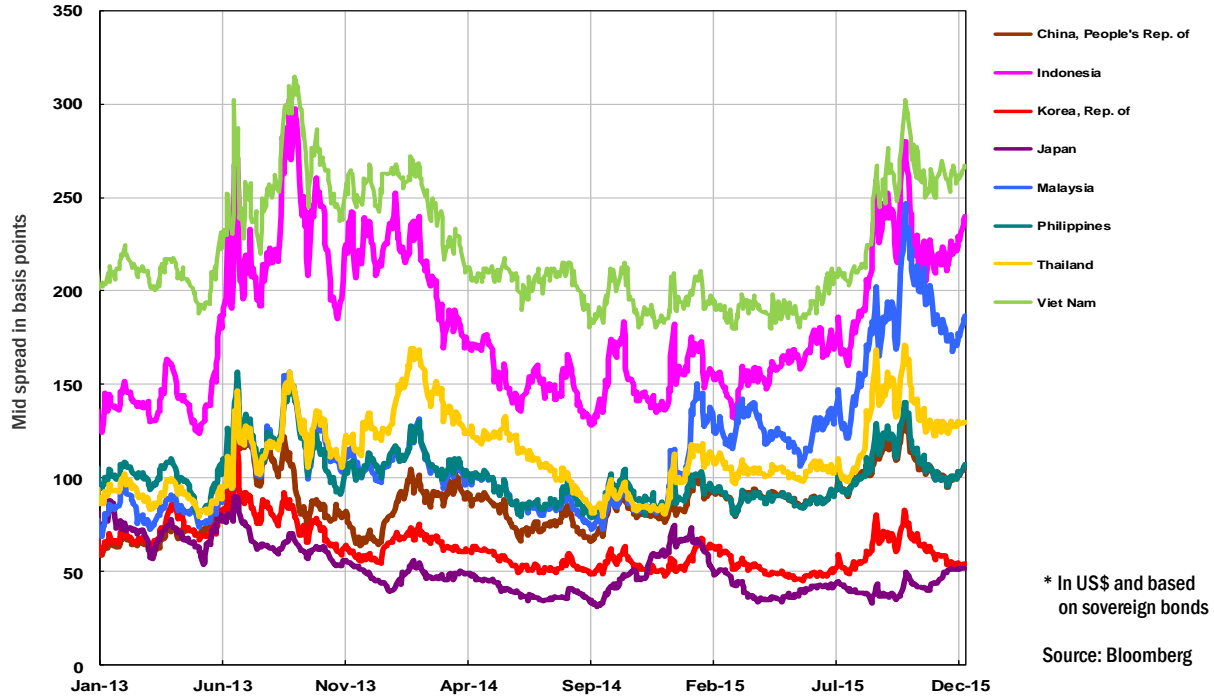


The State Bank of Viet Nam uses a benchmark prime lending rate as its policy rate.
Source: Bloomberg LP.

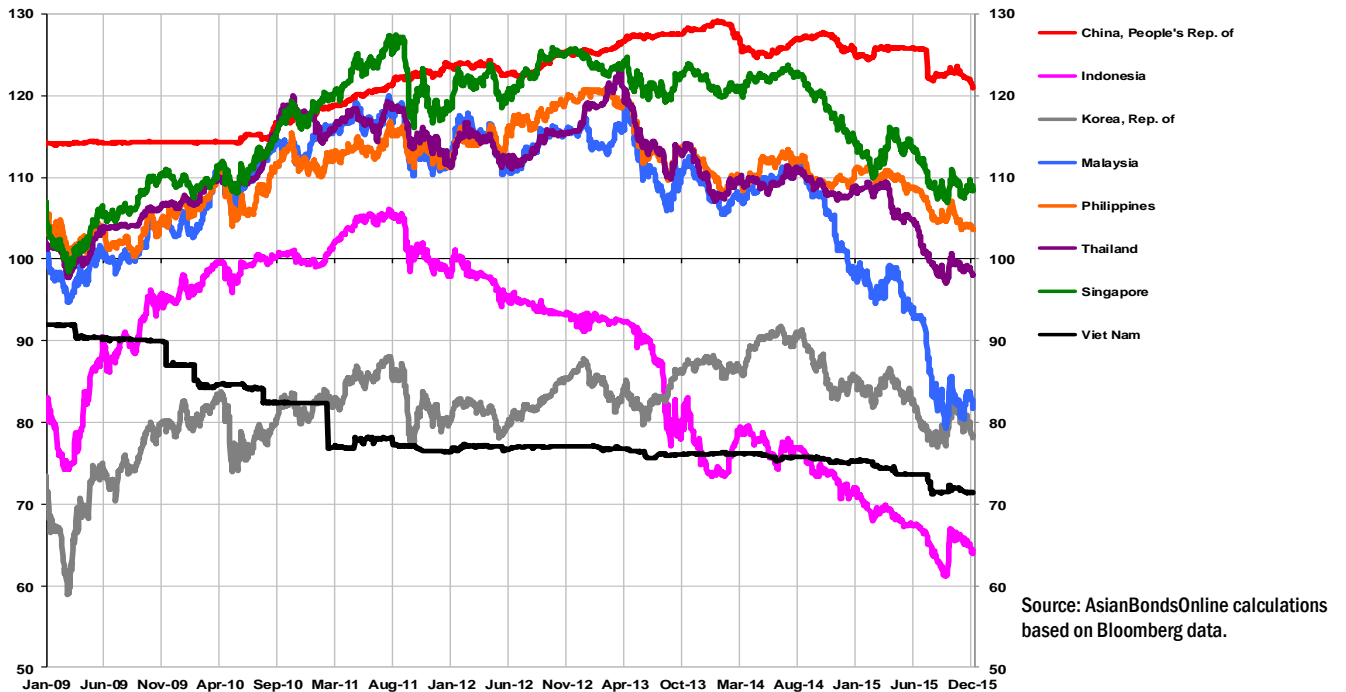
Credit Default Swap Spreads and Exchange Rate Indexes

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 (7 – 11 December 2015)

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

Markets	Auction Date	Type of Security	Average Yield (%)	Coupon (%)	Amount Offered (LCY billion)	Amount Issued (LCY billion)
CN	9-Dec	10-year Treasury Bonds	2.98	2.99	28.00	28.00
HK	8-Dec	91-day Exchange Fund Bills	0.01		32.55	0.00
		182-day Exchange Fund Bills	0.03		12.00	12.00
JP	8-Dec	6-month Treasury Discount Bill	0.05		3,500.00	3,499.98
		30-year JGB	1.40		800.00	866.30
	10-Dec	3-month Treasury Discount Bills	-0.04		4,800.00	4,749.98
KR	7-Dec	91-day Monetary Stabilization Bonds	1.57		1,200.00	1,200.00
		182-day Monetary Stabilization Bonds	1.59		500.00	500.00
		5-year Korean Treasury Bonds	2.01	2.00	1,100.00	945.00
MY	10-Dec	10-year GII	4.51	3.99	3.00	3.00
SG	8-Dec	28-day MAS Bills	0.08		0.50	0.50
		84-day MAS Bills	0.40		4.00	4.00
TH	8-Dec	90-day Bank of Thailand Bonds	1.49		30.00	30.00
		181-day Bank of Thailand Bonds	1.50		30.00	30.00
		28.57-year Government Bonds	3.60	4.68	10.00	9.10
VN	9-Dec	3-year Treasury Bonds	5.89		8,000.00	8,000.00
		15-year Treasury Bonds	7.65		1,500.00	1,420.00

GII = Government Investment Issue, JGB = Japanese Government Bond, LCY = local currency, MAS = Monetary Authority of Singapore.

Sources: Local market sources and Bloomberg, LP.

Selected Asia Data Releases (15 – 21 December 2015)

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

Economy and Variable	Release Date	Historical Data	Recent Trends
Indonesia Exports y-o-y, % NOV	12/15	10/14: -2.6% 11/14: -14.6% 09/15: -17.6% 10/15: -21.0%	Exports from Indonesia contracted 21.0% year-on-year (y-o-y) in October following a decline of 17.6% y-o-y in September.
Philippines OFW Remittances y-o-y, % OCT	12/15	09/14: 8.1% 10/14: 6.9% 08/15: -0.6% 09/15: 4.3%	Overseas Filipino Workers (OFW) remittances into the Philippines climbed 4.3% y-o-y in September after declining 0.6% y-o-y in August.
Singapore Non-Oil Domestic Exports y-o-y, % NOV	12/15	10/14: -1.5% 11/14: 0.8% 09/15: 0.3% 10/15: -0.5%	Non-oil domestic exports in Singapore contracted 0.5% y-o-y in October following 0.3% y-o-y growth in September.
Thailand BOT Benchmark Rate % 16-Dec	12/16	11/14: 2.00% 12/14: 2.00% 10/15: 1.50% 11/15: 1.50%	The Bank of Thailand's (BOT) Monetary Policy Committee decided on 4 November to keep the policy rate steady at 1.50%.
Indonesia BI Rate % 17-Dec	12/17	11/14: 7.75% 12/14: 7.75% 10/15: 7.50% 11/15: 7.50%	Bank Indonesia (BI) held steady its benchmark interest rate at 7.5% at its Board of Governors meeting on 17 November.
Japan Exports y-o-y, % NOV	12/17	10/14: 9.6% 11/14: 4.9% 09/15: 0.5% 10/15: -2.2%	Exports from Japan contracted 2.2% y-o-y in October following 0.5% y-o-y growth in September.
Philippines Overnight Borrowing Rates % 17-Dec	12/17	11/14: 4.00% 12/14: 4.00% 10/15: 4.00% 11/15: 4.00%	The Monetary Board of the Bangko Sentral ng Pilipinas decided on 12 November to keep its overnight borrowing rate steady at 4.00%.
Republic of Korea PPI y-o-y, % NOV	12/18	10/14: -0.8% 11/14: -0.9% 09/15: -4.6% 10/15: -4.5%	The Republic of Korea's Producer Price Index (PPI) dropped 4.5% y-o-y in October, the 15th consecutive month of y-o-y decline.
Hong Kong, China CPI y-o-y, % OV	12/21	10/14: 5.2% 11/14: 5.1% 09/15: 2.0% 10/15: 2.4%	Inflation in Hong Kong, China, as measured by the Consumer Price Index (CPI), inched up to 2.4% y-o-y in October from 2.0% y-o-y in September.

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 Rises in the PRC while Producer Price Deflation Remains Unchanged

- [Consumer Prices for November 2015](#)
National Bureau of Statistics of China (9 December 2015)
- [Consumer Prices for October 2015](#)
National Bureau of Statistics of China (11 November 2015)
- [Producer Prices for the Industrial Sector for November 2015](#)
National Bureau of Statistics of China (9 December 2015)

PRC Exports and Imports Decline in November, Philippine Exports Decline in October

- [China Exports Decline for Fifth Month, Import Slump Moderates](#)
Bloomberg (8 December 2015)
- [Merchandise Export Performance: October 2015](#)
Philippine Statistics Authority (10 December 2015)

Policy Rate in the Republic of Korea Kept Unchanged

- [Monetary Policy Decision](#)
The Bank of Korea (10 December 2015)

Japan Records Current Account Surplus for Sixteenth Consecutive Month in October

- [Balance of Payment Statistics, October 2015](#)
Ministry of Finance (8 December 2015)
- [Japan logs current account surplus in October for 16th month](#)
The Japan Times (8 December 2015)

Japan's 3Q15 GDP Growth Revised Upward

- [Quarterly Estimates of GDP: Jul – Sep. 2015 \(The 2nd Preliminary Estimates\)](#)
Cabinet Office, Government of Japan (8 December 2015)
- [Japan's Economy Wasn't in Recession in 3rd Quarter, Data Show](#)
Bloomberg (8 December 2015)

Industrial Production in Malaysia Expands in October

- [Index of Industrial Production, Malaysia October 2015](#)
Department of Statistics, Malaysia (10 December 2015)

External Debt of Republic of Korea Falls in 3Q15

- [International Investment Position \(End of September 2015\)](#)
The Bank of Korea (7 December 2015)

Indonesian Government to Continue Frontloading Policy, Sells US\$3.5 Billion in Dual Tranche Sale

- [Government of Indonesia to Front Load Bonds in 2016](#)
Indonesia-Investments (8 December 2015)
- [Transaksi Penjualan Surat Utang Negara dalam Valuta Asing Tahun 2015 dalam Rangka Pre-funding Tahun Anggaran 2016 Sebesar US\\$3,5 Miliar \(in Bahasa\)](#)
Directorate General of Budget Management and Risk Financing Ministry of Finance (2 December 2015)

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