

Key Developments in Asian Local Currency Markets

Consumer price inflation in the People’s Republic of China (PRC) rose to 1.6% year-on-year (y-o-y) in December from 1.5% y-o-y in November. Indonesia’s consumer price inflation decelerated to 3.4% y-o-y in December from 4.9% y-o-y in November, largely due to slower annual price hikes in most expenditure groups in the CPI. Between November and December, the CPI rose 1.0%. In the Philippines, consumer price inflation climbed to 1.5% y-o-y in December from 1.1% y-o-y in November amid relatively strong growth in food prices. Inflation in full-year 2015 stood at 1.4%, down from 4.1% in 2014. Thailand’s CPI fell 0.9% y-o-y in December amid falling energy prices, the 12th consecutive month of a y-o-y decrease, and was down 0.9% for full-year 2015 following a 1.9% increase in 2014.

Singapore’s economy expanded at a faster pace in 4Q15, with the gross domestic product (GDP) growth rate climbing to 2.0% y-o-y from 1.8% y-o-y in 3Q15, based on advance estimates of the Ministry of Trade and Industry. On a quarter-on-quarter (q-o-q) and seasonally adjusted annualized basis, GDP growth accelerated to 5.7% in 4Q15 from 1.7% in 3Q15. For full-year 2015, GDP expanded 2.1%.

The Republic of Korea’s current account surplus rose to US\$9.4 billion in November from US\$9.1 billion in October despite a monthly decrease in the merchandise trade surplus.

Malaysia’s trade-in-goods surplus fell to MYR10.2 billion in November. Merchandise exports increased 6.3% y-o-y to MYR67.6 billion and goods imports rose 9.1% y-o-y to MYR57.4 billion in November. On a m-o-m basis, exports and imports fell 10.8% and 9.8%, respectively, in November.

The Republic of Korea’s official foreign reserves slipped to US\$368.0 billion at the end of December from US\$368.4 billion a month earlier. Malaysia’s international reserves climbed to US\$95.3 billion at the end of December from US\$94.6 billion a month earlier. In the Philippines, gross international reserves rose to US\$80.6 billion at the end of December from US\$80.2 billion a month earlier.

The Asian Development Bank issued a US\$3.25 billion 3-year global benchmark bond last week. The bond carries a coupon of 1.375% and was priced at 99.655% to yield 23.2 basis points over the 1.250% US Treasury notes due December 2018.

Korea Development Bank raised US\$1.5 billion from a dual-tranche US\$-denominated bond sale last week. The transaction comprised a US\$500 million 5-year bond priced to yield

Asia Bond Monitor November 2015

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10-Year Selected LCY Government Security Yields Close of 8 January 2016

| Markets | Latest Closing | basis point change from | | |
|------------------|----------------|-------------------------|----------------|-----------|
| | | Previous Day* | Previous Week* | 1-Jan-16* |
| US | 2.12 | -2.99 | -15.38 | -15.38 |
| EU | 0.51 | -2.50 | -11.50 | -11.50 |
| Japan | 0.23 | -1.50 | -3.60 | -3.60 |
| PRC | 2.87 | -3.00 | 1.00 | 1.00 |
| Hong Kong, China | 1.54 | 1.60 | -3.60 | -3.60 |
| India | 7.74 | 0.70 | 1.40 | 1.40 |
| Indonesia | 8.81 | -1.40 | 5.20 | 5.20 |
| Korea, Rep. of | 2.06 | 4.10 | -2.80 | -2.80 |
| Malaysia | 4.21 | -0.50 | 2.30 | 2.30 |
| Philippines | 4.11 | -1.22 | 1.40 | 1.40 |
| Singapore | 2.51 | 7.35 | -8.94 | -8.94 |
| Thailand | 2.61 | -2.00 | 10.80 | 10.80 |
| Viet Nam | 7.20 | 0.00 | 2.50 | 2.50 |

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
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2.503% and a US\$1 billion 10-year bond at 3.07%.

Local currency (LCY) government bond yields fell last week for most tenors in Hong Kong, China; the Republic of Korea; and the Philippines. Yields rose for most tenors in Indonesia, Malaysia, Thailand, and Viet Nam. Yield movements were mixed in the PRC and Singapore. Yield spreads between 2- and 10-year tenors widened in Hong Kong, China; Indonesia; the Philippines; Thailand; and Viet Nam, while spreads narrowed in the PRC, the Republic of Korea, Malaysia, and Singapore.

Summary Text of News Articles

Consumer Prices Up in Indonesia and the Philippines, Down in Thailand in December

Consumer price inflation in Indonesia decelerated to 3.4% year-on-year (y-o-y) in December from 4.9% y-o-y in November amid slower annual price hikes in most expenditure groups in the Consumer Price Index (CPI) and a y-o-y decline in the group for transportation, communication, and financial services, according to the latest CPI data of Badan Pusat Statistik (Statistics Indonesia). Between November and December, the CPI rose 1.0%.

The Philippine inflation rate, based on the CPI, climbed to 1.5% y-o-y in December from 1.1% y-o-y in November, according to the Philippine Statistics Authority. The uptick in the y-o-y inflation rate for December largely stemmed from relatively strong growth in food prices. In full-year 2015, inflation stood at 1.4%, down from 4.1% in 2014. On a month-on-month (m-o-m) basis, the inflation rate fell to 0.2% in December from 0.5% in November.

Thailand's CPI fell 0.9% y-o-y in December, the 12th consecutive month of a y-o-y decrease, amid falling energy prices, based on latest CPI data of the Ministry of Commerce. Between November and December, the CPI decreased 0.4%. The CPI was down 0.9% in full-year 2015 following a 1.9% increase in 2014.

For inflation rate trends in Indonesia, refer to this link:

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

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

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

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

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

Singapore's GDP Growth Accelerates in 4Q15, Remains Positive in 2015

Singapore's economic expansion accelerated in 4Q15 as gross domestic product (GDP) growth climbed to 2.0% y-o-y from 1.8% y-o-y in 3Q15, based on advance GDP estimates of the Ministry of Trade and Industry. On a quarter-on-quarter (q-o-q) and seasonally adjusted annualized basis, GDP growth accelerated to 5.7% in 4Q15 from 1.7% in 3Q15. For full-year 2015, GDP growth stood at 2.1%, which was down from 2014's growth of 2.9%. By sector, services grew 3.2% y-o-y in 4Q15 and by 6.5% on a q-o-q and annualized basis, manufacturing contracted 6.0% y-o-y and by an annualized 3.1% q-o-q, and construction expanded 2.2% y-o-y and by an annualized 7.0% q-o-q.

The Republic of Korea's Current Account Surplus Rises in November; Malaysia's Trade-in-Goods Surplus Falls in November

The Republic of Korea's current account surplus rose to US\$9.4 billion in November from US\$9.1 billion in October despite a monthly decrease in the merchandise trade surplus, based on the latest balance of payments data from the Bank of Korea. The trade-in-goods surplus fell to US\$10.0 billion in November from US\$10.6 billion in October. Meanwhile, the deficit in the services account narrowed to US\$1.3 billion from US\$1.7 billion, the primary income surplus climbed to US\$0.9 billion from US\$0.6 billion, and the deficit in the secondary income account declined to US\$0.2 billion from US\$0.4 billion.

Malaysia's merchandise exports increased 6.3% y-o-y to MYR67.6 billion and goods imports rose 9.1% y-o-y to MYR57.4 billion in November, according to the Department of Statistics. On a m-o-m basis, exports and imports fell 10.8% and 9.8%, respectively, in November. As a result, Malaysia's trade-in-goods surplus fell to MYR10.2 billion in November.

Foreign Reserves Fall in the Republic of Korea, Rise in Malaysia and the Philippines in December

The Republic of Korea's official foreign reserves slipped to US\$368.0 billion at the end of December from US\$368.4 billion at the end of November, according to data from the Bank of Korea. Meanwhile, Malaysia's international reserves climbed to US\$95.3 billion at the end of December from US\$94.6 billion at the end of November, per data from Bank Negara Malaysia. In the Philippines, gross international reserves rose to US\$80.6 billion at the end of December from US\$80.2 billion at the end of November, according to the Bangko Sentral ng Pilipinas.

Summary Text of News Articles

**ADB Prices US\$3.25 Billion Global Benchmark Bond;
KDB Raises US\$1.5 Billion from Dual-Tranche Bond Sale**

The Asian Development Bank (ADB) priced a US\$3.25 billion 3-year US\$-denominated bond last week. The global benchmark bond carries a coupon of 1.375% and was priced at 99.655% to yield 23.2 basis points over the 1.250% US Treasury notes due December 2018. Of the total issuance amount, 35% went to Asia; 34% to Europe, the Middle East, and Africa; and 31% to the Americas.

Korea Development Bank (KDB) raised US\$1.5 billion from a dual-tranche US\$-denominated bond sale last week. The transaction comprised a US\$500 million 5-year bond carrying a coupon of 2.5% that was priced to yield 2.503% and a US\$1 billion 10-year bond with a 3.0% coupon that was priced to yield 3.07%. For the 5-year bond, 65% of the total issuance amount went to investors in Asia, 18% to Europe, and 17% to the United States. For the 10-year bond, 88% was allocated to investors in Asia, while investors in Europe and the United States took 7% and 5%, respectively.

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-16* |
| US | 0.19 | -0.50 | 3.06 | 3.06 |
| EU | -0.40 | 1.20 | 4.80 | 4.80 |
| Japan | -0.03 | 0.60 | 1.40 | 1.40 |
| PRC | 2.33 | 11.00 | 15.00 | 15.00 |
| Hong Kong, China | 0.07 | 0.00 | 0.00 | 0.00 |
| India | 8.31 | 0.00 | 0.00 | 0.00 |
| Korea, Rep. of | 1.51 | 0.00 | -3.80 | -3.80 |
| Malaysia | 2.95 | 0.70 | 9.20 | 9.20 |
| Philippines | 2.40 | 30.50 | -26.84 | -26.84 |
| Singapore | 0.92 | 1.30 | 3.00 | 3.00 |
| Thailand | 1.45 | -0.93 | -4.26 | -4.26 |

Close of 8 January 2016

10-Year Selected LCY Government Bond Yields

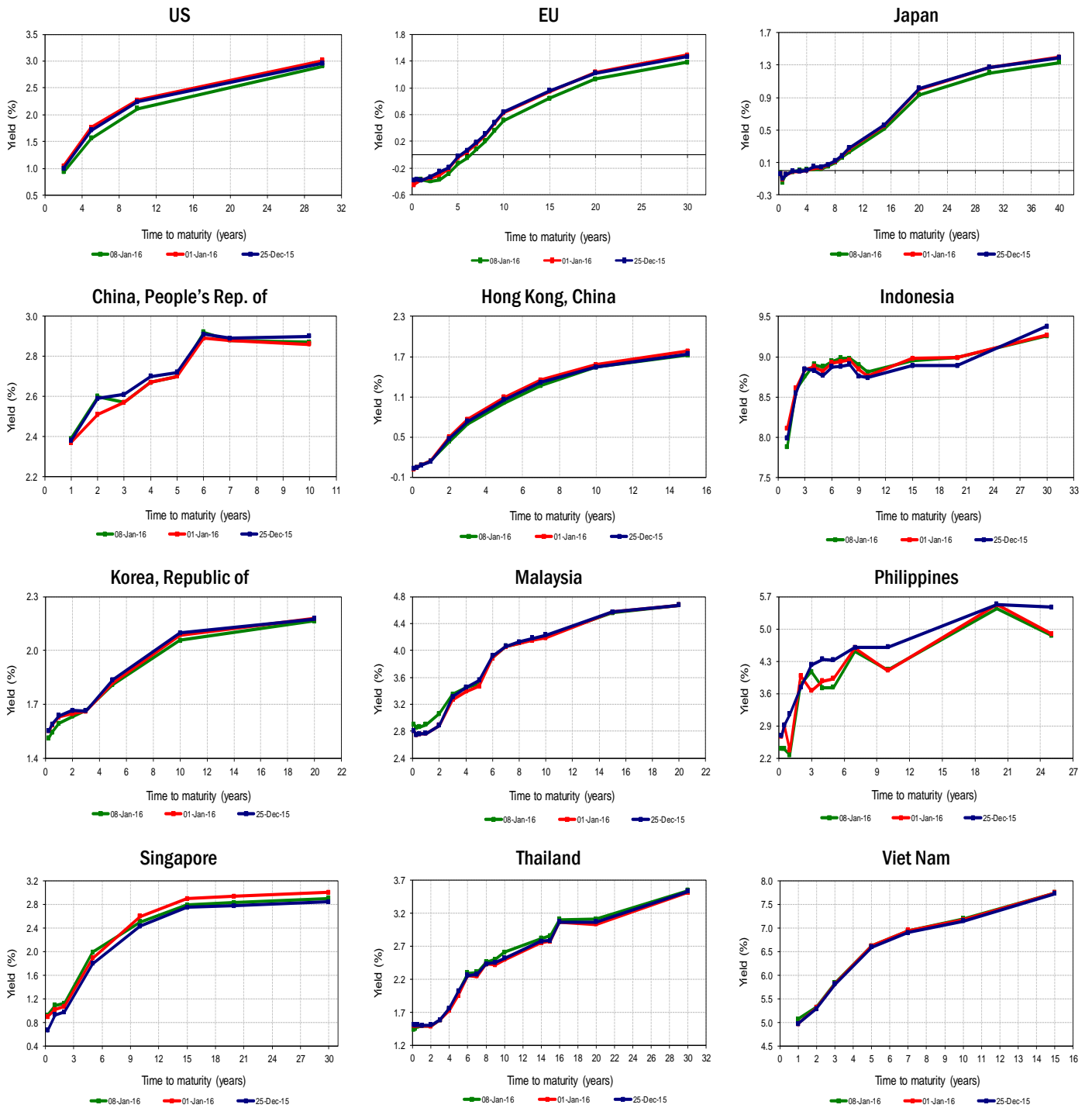
| Markets | Latest Closing | basis point change from | | |
|------------------|----------------|-------------------------|----------------|-----------|
| | | Previous Day* | Previous Week* | 1-Jan-16* |
| US | 2.12 | -2.99 | -15.38 | -15.38 |
| EU | 0.51 | -2.50 | -11.50 | -11.50 |
| Japan | 0.23 | -1.50 | -3.60 | -3.60 |
| PRC | 2.87 | -3.00 | 1.00 | 1.00 |
| Hong Kong, China | 1.54 | 1.60 | -3.60 | -3.60 |
| India | 7.74 | 0.70 | 1.40 | 1.40 |
| Indonesia | 8.81 | -1.40 | 5.20 | 5.20 |
| Korea, Rep. of | 2.06 | 4.10 | -2.80 | -2.80 |
| Malaysia | 4.21 | -0.50 | 2.30 | 2.30 |
| Philippines | 4.11 | -1.22 | 1.40 | 1.40 |
| Singapore | 2.51 | 7.35 | -8.94 | -8.94 |
| Thailand | 2.61 | -2.00 | 10.80 | 10.80 |
| Viet Nam | 7.20 | 0.00 | 2.50 | 2.50 |

Close of 8 January 2016

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

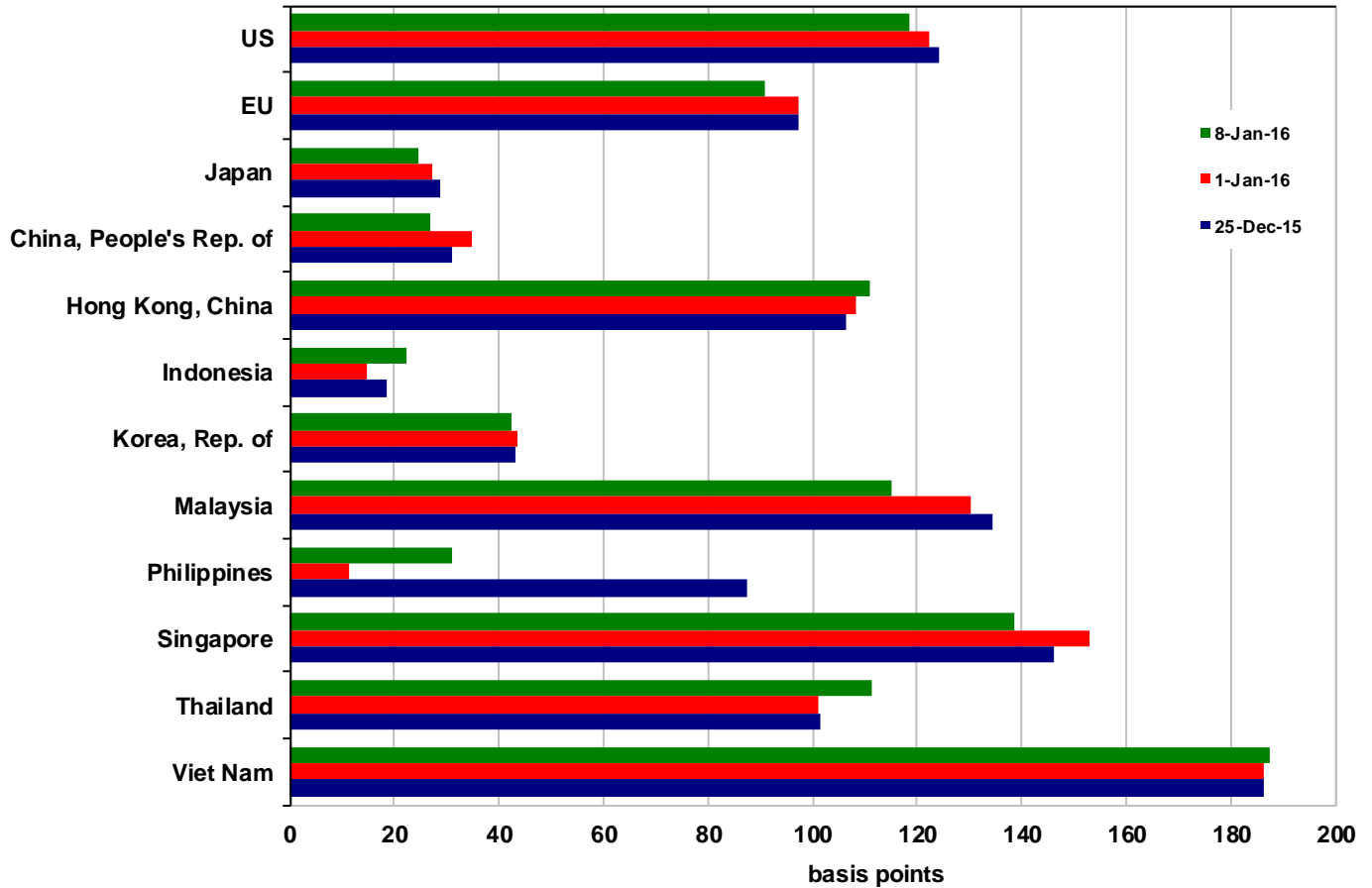
Tip: Zoom-in on the table using the Acrobat zoom tool



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

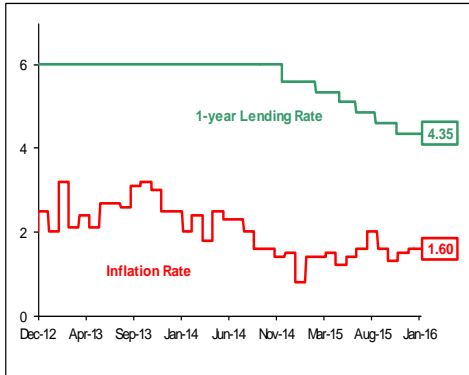


EU = European Union, US = United States.
Source: Based on data from Bloomberg LP.

Policy Rate versus Inflation Rate

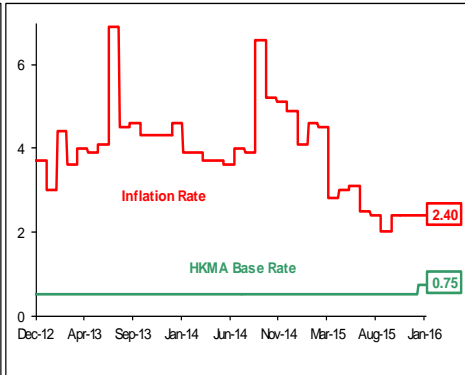
Tip: Zoom-in on the table using the Acrobat zoom tool

China, People's Rep. of



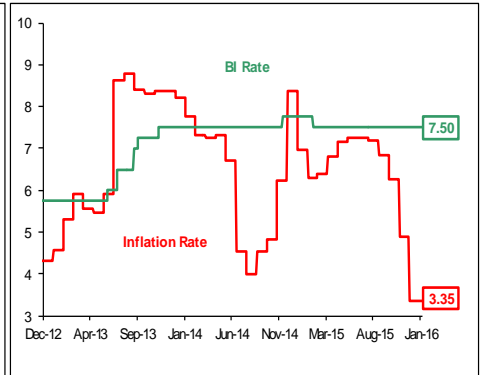
The PRC uses the 1-year lending rate as one of its policy rates.
Source: Bloomberg LP.

Hong Kong, China



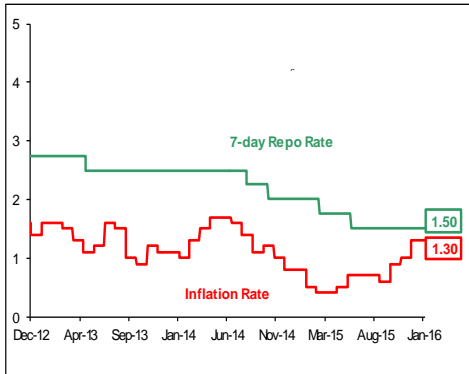
The Hong Kong Monetary Authority maintains a Discount Window Base Rate.
Source: Bloomberg LP.

Indonesia



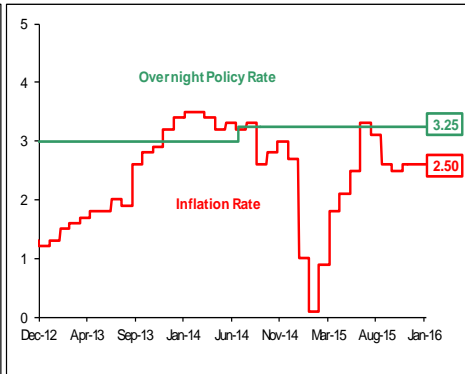
Bank Indonesia uses its reference interest rate (BI rate) as its policy rate.
Source: Bloomberg LP.

Korea, Republic of



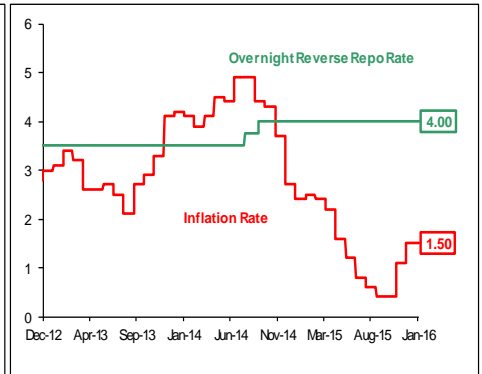
The Bank of Korea shifted its policy rate from the overnight repurchase (repo) rate to the 7-day repo rate in March 2008.
Source: Bloomberg LP.

Malaysia



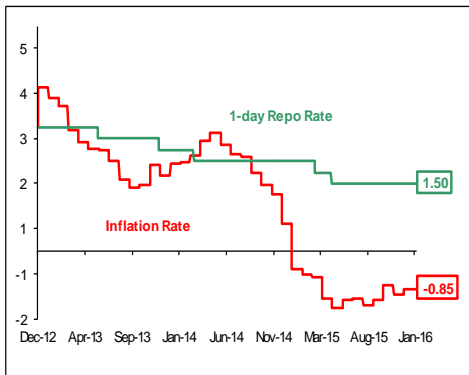
Bank Negara Malaysia uses the overnight policy rate (OPR) as its policy rate.
Source: Bloomberg LP.

Philippines



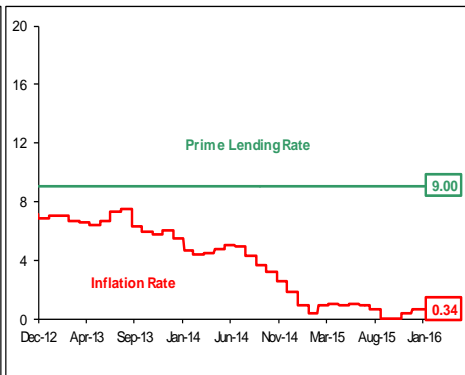
Banko Sentral uses the Philippine overnight reverse repurchase agreement rate as one of its policy instruments.
Source: Bloomberg LP.

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

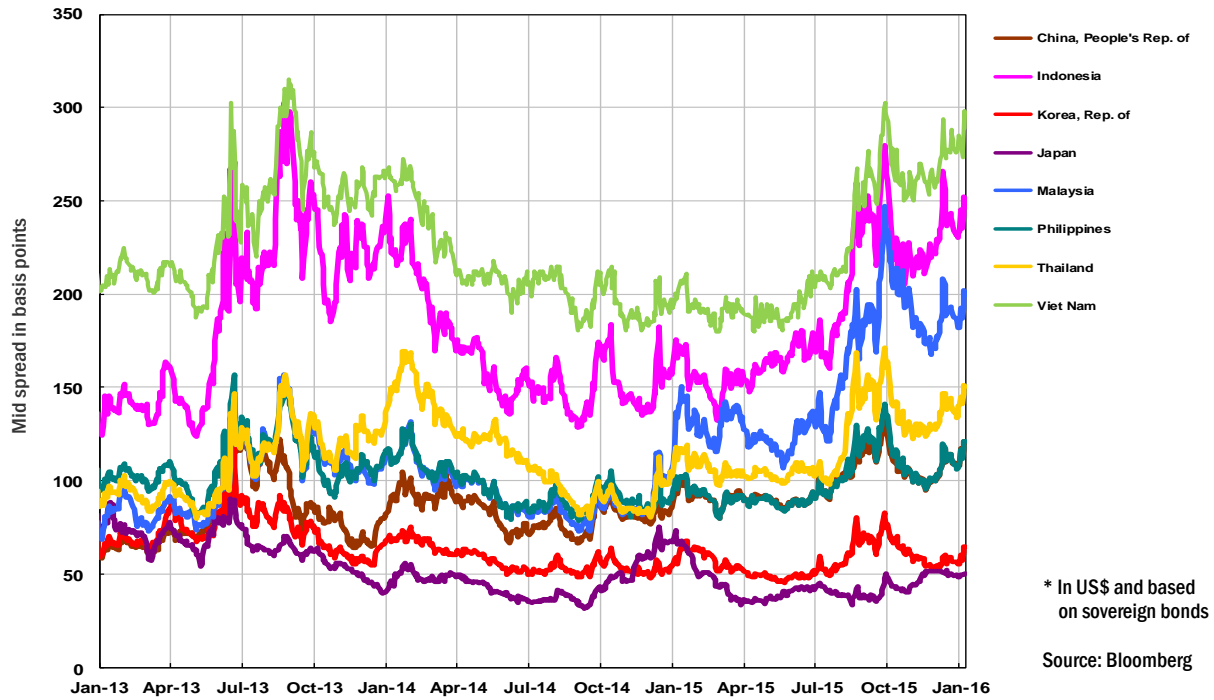


The State Bank of Viet Nam uses a benchmark prime lending rate as its policy rate.
Source: Bloomberg LP.

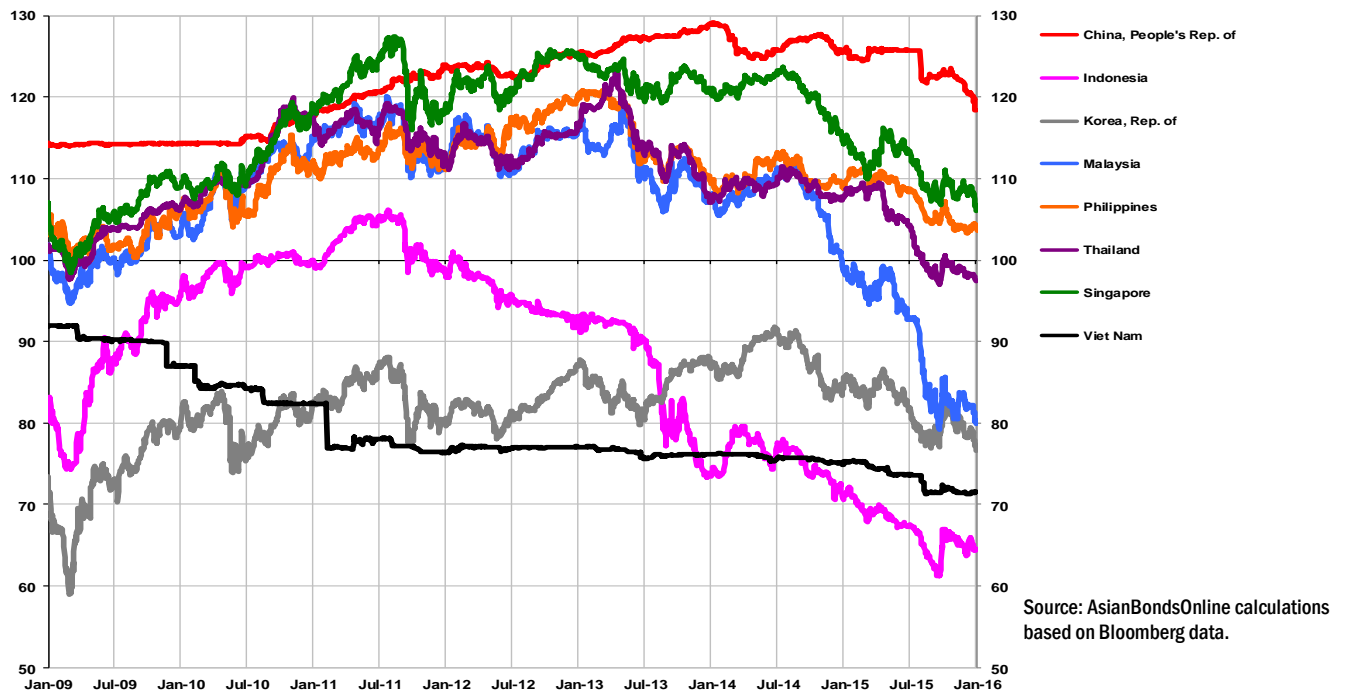
Credit Default Swap Spreads and Exchange Rate Indexes

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 (4 – 8 January 2016)

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 | 6-Jan | 1-year Treasury Bonds | 2.32 | 2.32 | 20.00 | 20.00 |
| | | 10-year Treasury Bonds | 2.86 | 2.99 | 20.00 | 20.00 |
| HK | 5-Jan | 91-day Exchange Fund Bills | 0.05 | | 39.33 | 39.33 |
| | | 182-day Exchange Fund Bills | 0.09 | | 12.00 | 12.00 |
| ID | 5-Jan | 91-day Treasury Bills | 6.56 | | | 1,000.00 |
| | | 365-day Treasury Bills | 7.52 | | | 1,750.00 |
| | | 5-year Treasury Bonds | 8.82 | 8.25 | 12,000.00 | 3,300.00 |
| | | 10-year Treasury Bonds | 8.83 | 8.38 | | 4,650.00 |
| | | 15-year Treasury Bonds | 9.03 | 8.25 | | 1,300.00 |
| JP | 5-Jan | 10-year Japanese Government Bonds | 0.25 | 0.30 | 2,400.00 | 2,702.20 |
| | 7-Jan | 3-month Treasury Discount Bills | -0.02 | | 4,500.00 | 4,469.97 |
| | | 30-year Japanese Government Bonds | 1.22 | 1.40 | 800.00 | 904.20 |
| KR | 4-Jan | 91-day Monetary Stabilization Bonds | 1.54 | | 1,300.00 | 1,300.00 |
| | | 3-year Korea Treasury Bonds | 1.67 | 1.75 | 1,800.00 | 1,800.00 |
| | 5-Jan | 30-year Korea Treasury Bonds | 2.21 | 2.75 | 950.00 | 950.00 |
| MY | 6-Jan | 7.5-year Government Investment issue | 4.39 | | 4.00 | 4.00 |
| SG | 5-Jan | 28-day MAS Bills | 0.31 | | 0.60 | 0.60 |
| | | 84-day MAS Bills | 0.52 | | 3.80 | 3.80 |
| TH | 4-Jan | 28-day Treasury Bills | 1.41 | | 5.00 | 5.00 |
| | 5-Jan | 91-day Bank of Thailand Bonds | 1.42 | | 40.00 | 40.00 |
| | | 182-day Bank of Thailand Bonds | 1.47 | | 40.00 | 24.71 |
| | | 1-year Bank of Thailand Bonds | 1.50 | | 40.00 | 39.66 |
| 6-Jan | 9.93-year Government Bonds | 2.62 | 3.85 | 14.00 | 10.00 | |
| VN | 6-Jan | 3-year Treasury Bonds | 5.76 | | 2,000.00 | 1,600.00 |
| | | 5-year Treasury Bonds | 6.58 | | 4,000.00 | 490.00 |
| | | 15-year Treasury Bonds | 7.65 | | 1,000.00 | 303.00 |

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

Sources: Local market sources and Bloomberg, LP.

Selected Asia Data Releases (12 – 18 January 2016)

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

| Economy and Variable | Release Date | Historical Data | Recent Trends |
|--|--------------|--|---|
| Japan Current Account Balance JPY billion NOV | 01/12 | 10/14: 846.4 11/14: 440.2 09/15: 1,468.4 10/15: 1,458.4 | Japan's current account surplus narrowed to JPY1.46 trillion in October from JPY 1.47 trillion in September. |
| People's Republic of China Exports y-o-y, % DEC | 01/13 | 11/14: 4.7% 12/14: 9.7% 10/15: -6.9% 11/15: -6.8% | Exports from the People's Republic of China (PRC) contracted 6.8% year-on-year (y-o-y) in November after falling 6.9% y-o-y in October. |
| People's Republic of China Imports y-o-y, % DEC | 01/13 | 11/14: -6.8% 12/14: -2.4% 10/15: -18.8% 11/15: -8.7% | Imports in the PRC contracted 8.7% y-o-y in November after falling 18.8% y-o-y in October. |
| People's Republic of China Trade Balance US\$ billion DEC | 01/13 | 11/14: 54.7 12/14: 49.6 10/15: 61.6 11/15: 54.1 | The PRC reported a trade surplus in November of US\$54.1 billion, down from US\$61.6 billion in October. |
| Indonesia BI Rate % 13-14 | 1/13 to 1/14 | 12/14: 7.75% 01/15: 7.75% 11/15: 7.50% 12/15: 7.50% | Bank Indonesia's Board of Governors decided to keep its benchmark interest rate steady at 7.50% in a meeting held on 17 December. |
| Republic of Korea 7-Day Repurchase Rate % 14-Jan | 01/14 | 12/14: 2.00% 01/15: 2.00% 11/15: 1.50% 12/15: 1.50% | The Bank of Korea's Monetary Policy Board decided on 10 December to keep the 7-day repurchase rate unchanged at 1.50%. |
| Indonesia Exports y-o-y, % DEC | 01/15 | 11/14: -14.6% 12/14: -13.8% 10/15: -20.7% 11/15: -17.6% | Exports from Indonesia contracted 17.6% y-o-y in November after falling 20.7% y-o-y a month earlier. |
| Indonesia Imports y-o-y, % DEC | 01/15 | 11/14: -7.31% 12/14: -6.61% 10/15: -27.53% 11/15: -18.03% | Indonesian imports fell 18.0% y-o-y in November after contracting 27.5% y-o-y in October. |
| Indonesia Trade Balance US\$ million DEC | 01/15 | 11/14: -425.4 12/14: 186.8 10/15: 1,013.2 11/15: -346.4 | Indonesia reported a trade deficit amounting to US\$346.4 million in November, a turnaround from a trade surplus of US\$1,013.2 million in October. |
| Singapore Non-Oil Domestic Exports y-o-y, % DEC | 01/18 | 11/14: 0.8% 12/14: 2.3% 10/15: 0.0% 11/15: -3.3% | Non-oil domestic exports in Singapore slumped in November, falling 3.3% y-o-y after remaining unchanged in October. |

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 Prices Up in Indonesia and the Philippines, Down in Thailand in December

- [Inflation in 2015 within BI Inflation Target](#)
Bank Indonesia (4 January 2016)
- [Consumer Price Index](#)
Statistics Indonesia (4 January 2016)
- [Summary Inflation Report Consumer Price Index \(2006=100\): December 2015](#)
Philippine Statistics Authority (5 January 2016)
- [2015 Inflation Averages at 1.4 Percent](#)
Bangko Sentral ng Pilipinas (5 January 2016)
- [Consumer Price Index and Core Consumer Price Index: December 2015 \(2011=100\)](#)
Ministry of Commerce (4 January 2016)

Singapore's GDP Growth Accelerates in 4Q15, Remains Positive in 2015

- [Singapore's GDP Grew by 2.0 Per Cent in the Fourth Quarter of 2015](#)
Ministry of Trade and Industry Singapore (4 January 2016)

The Republic of Korea's Current Account Surplus Rises in November; Malaysia's Trade-in-Goods Surplus Falls in November

- [Balance of Payments during November 2015](#)
The Bank of Korea (5 January 2016)
- [Monthly External Trade Statistics November 2015](#)
Department of Statistics Malaysia (7 January 2016)

Foreign Reserves Fall in the Republic of Korea, Rise in Malaysia and the Philippines in December

- [Korea's Official Foreign Reserves \(December 2015\)](#)
The Bank of Korea (6 January 2016)
- [International Reserves of Bank Negara Malaysia as at 31 December 2015](#)
Bank Negara Malaysia (7 January 2016)
- [End-December 2015 GIR Level Rises to US\\$80.61 Billion](#)
Bangko Sentral ng Pilipinas (7 January 2016)

ADB Prices US\$3.25 Billion Global Benchmark Bond; KDB Raises US\$1.5 Billion from Dual-Tranche Bond Sale

- [ADB Sells US\\$3.25 Billion 3-year Global Benchmark Bond](#)
Asian Development Bank (7 January 2016)
- [KDB launches 2016 funding with a bank](#)
FinanceAsia (7 January 2016)

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