

Key Developments in Asian Local Currency Markets

Consumer price inflation in Indonesia accelerated to 4.14% year-on-year (y-o-y) in January from 3.35% y-o-y in December, mainly on account of higher food prices. In the Republic of Korea, consumer price inflation moderated to 0.8% y-o-y in January from 1.3% y-o-y in December, induced by a decline in transport costs. Consumer price inflation in the Philippines decelerated to 1.3% y-o-y in January from 1.5% y-o-y in December on the back of a drop in the price index for housing and utilities. Thailand's Consumer Price Index decreased 0.5% y-o-y in January, its 13th consecutive month of y-o-y decline, buoyed by falling energy prices.

Indonesia's gross domestic product (GDP) growth climbed to 5.04% y-o-y in 4Q15 from 4.74% y-o-y in 3Q15. Economic expansion in 4Q15 was supported by positive growth in domestic consumption, investment, and government spending on the expenditure side. On an annual basis, Indonesia's GDP growth moderated to 4.79% in 2015 from 5.02% in 2014.

The Bank of Thailand's Monetary Policy Committee decided on 3 February to keep the policy rate unchanged at 1.50%.

The Republic of Korea's trade-in-goods surplus fell to US\$5.3 billion in January from US\$7.0 billion in December. In Malaysia, the trade surplus declined to MYR8.0 billion in December from MYR10.2 billion in November.

The Republic of Korea's current account surplus for the month of December stood at US\$7.5 billion, down from November's surplus of US\$9.9 billion, but up from a surplus of US\$7.0 billion in December 2014. On an annual basis, the current account surplus rose to US\$106.0 billion in 2015 from US\$84.4 billion in 2014.

The People's Republic of China's (PRC) manufacturing Purchasing Managers Index (PMI) posted a reading of 49.4 in January. In Singapore, the manufacturing PMI stood at 49.0 in January. A reading below (above) 50 reflects a contraction (expansion) in the manufacturing sector.

Fitch Ratings (Fitch) reported last week that it has affirmed the Republic of Korea's long-term foreign currency issuer default rating at AA- and long-term local currency issuer default rating at AA. Fitch maintained a stable outlook on both ratings.

Korea Eximbank priced a US\$400 million 5-year green bond last week. The bond carries a

Asia Bond Monitor November 2015

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10-Year Selected LCY Government Security Yields Close of 5 February 2016
basis point change from

Markets	Latest Closing	Previous Day*	Previous Week*	1-Jan-15*
US	1.84	-0.38	-8.52	-43.37
EU	0.30	-0.70	-2.90	-33.30
Japan	0.03	-3.00	-7.30	-23.80
PRC	2.89	-3.00	0.00	3.00
Hong Kong, China	1.62	4.70	-3.60	4.50
India	7.82	-1.70	3.80	9.10
Indonesia	8.02	-8.20	-23.60	-73.30
Korea, Rep. of	1.88	2.00	-10.00	-20.50
Malaysia	3.97	3.40	12.10	-21.50
Philippines	4.08	-5.29	-12.34	-1.61
Singapore	2.16	-3.66	-10.08	-43.94
Thailand	2.27	-1.20	-15.40	-23.40
Viet Nam	7.17	3.40	2.70	-0.80

- TABLES & GRAPHS**
- ▶ Selected Government Security Yields
 - ▶ Benchmark Yield Curves - Local Currency Government Bonds
 - ▶ 2-versus-10 Yield Spread Chart
 - ▶ Policy Rate versus Inflation Rate Charts
 - ▶ Credit Default Swap Spreads & Exchange Rate Indexes
 - ▶ Selected Debt Security Issuances
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2.125% coupon and was priced to yield 2.179%.

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

Summary Text of News Articles

January Consumer Price Inflation Accelerates in Indonesia, Moderates in the Republic of Korea and the Philippines; Deflation Persists in Thailand

Consumer price inflation accelerated in Indonesia to 4.14% year-on-year (y-o-y) in January from 3.35% y-o-y in December, mainly on account of higher food prices. The cost of food items rose 6.60% y-o-y in January. Prices of prepared food, beverages, cigarettes, and tobacco climbed 6.27% y-o-y over the same period. The month-on-month (m-o-m) inflation rate eased to 0.51% in January. Meanwhile, Bank Indonesia expects inflation to remain within its target range of 3.0%–5.0% in 2016.

In the Republic of Korea, consumer price inflation decelerated to 0.8% y-o-y in January from 1.3% y-o-y in December, according to the latest Consumer Price Index (CPI) data from Statistics Korea. In January, nine out of twelve expenditure categories in the CPI exhibited y-o-y increases; the remaining three, led by transport, posted y-o-y decreases. On a m-o-m basis, the CPI remained unchanged in January following a 0.3% hike in December.

Consumer price inflation in the Philippines eased to 1.3% y-o-y in January from 1.5% y-o-y in December, mainly due to the decline in the housing and utilities sub-index and slower price increases for most commodity groups. The housing and utilities sub-index decreased 0.5% y-o-y in January following an increase of 0.3% y-o-y in December. The other sub-indices that posted slower annual increases in January include clothing and footwear, furnishings and household equipment, health, transport, and recreation and culture. The alcoholic beverages and tobacco index posted a higher annual increase of 4.7% in January, up from 4.4% in December. The remaining sub-indices remained unchanged on a y-o-y basis.

Thailand's CPI decreased 0.5% y-o-y in January, the 13th consecutive month of y-o-y decline, largely induced by falling energy prices, based on the latest CPI data from the Ministry of Commerce. Between December and January, the CPI fell 0.3%.

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 Republic of Korea, refer to this link:

https://asianbondsonline.adb.org/korea/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

GDP Growth in Indonesia Climbs to 5.04% y-o-y in 4Q15

Economic growth in Indonesia climbed to 5.04% y-o-y in 4Q15 from 4.74% y-o-y in 3Q15. By expenditure basis, government spending rose 7.3% y-o-y in 4Q15, while domestic consumption grew 4.9% y-o-y and investments expanded 6.9% y-o-y. On the other hand, exports contracted 6.4% y-o-y. For full-year 2015, economic growth eased to 4.79% from 5.02% in 2014.

Thailand Keeps Policy Rate Unchanged

The Bank of Thailand's Monetary Policy Committee decided on 3 February to keep the policy rate unchanged at 1.50%, marking the sixth consecutive time the policy rate was maintained at its current level. In its monetary policy decision, the committee stated that it expects the economy of Thailand to grow in 2016 at a pace similar to its previous meeting's assessment, and that it forecasts headline inflation to climb gradually and turn positive in the first half of 2016.

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

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

Summary Text of News Articles

Trade Surplus Narrows in the Republic of Korea in January, in Malaysia in December

The Republic of Korea's exports of goods fell 18.5% y-o-y to US\$36.7 billion in January, while imports decreased 20.1% y-o-y to US\$31.4 billion. On a m-o-m basis, January's exports and imports were down 13.5% and 11.4%, respectively. The country's trade surplus in goods totaled US\$5.3 billion in January, down from US\$7.0 billion in December and US\$5.8 billion in January 2015.

Malaysia's trade-in-goods surplus narrowed to MYR8.0 billion in December from MYR10.2 billion a month earlier as imports increased at a faster pace than exports. Imports rose 5.1% m-o-m to MYR60.3 billion in December from MYR57.4 billion in November, driven by the rise in imports of intermediate goods and consumption goods. Exports rose 1.0% m-o-m in December to MYR68.3 billion from MYR67.6 billion in November. The items that posted m-o-m increases include electrical and electronics products, timber and timber-based products, and natural rubber.

The Republic of Korea's Current Account Surplus Falls m-o-m and Rises y-o-y in December, Up in 2015

The Republic of Korea's current account surplus stood at US\$7.5 billion in December, according to the latest balance of payments data from the Bank of Korea. This amount was lower compared with November's surplus of US\$9.9 billion—amid m-o-m increases in the deficit positions of the services account and secondary income account, as well as a monthly shift to a deficit from a surplus in the primary income account. On the other hand, the December surplus was higher compared with the US\$7.0 billion surplus posted in December 2014 amid a y-o-y increase in the merchandise trade surplus. For full-year 2015, the current account surplus totaled US\$106.0 billion, higher than its US\$84.4 billion surplus posted in 2014.

Manufacturing PMI in both the PRC and Singapore Falls Below 50-Point Threshold in January

The People's Republic of China's (PRC) manufacturing Purchasing Managers Index (PMI) posted a reading of 49.4 in January, marking the sixth month that the PMI fell below the 50-point demarcation. A reading below 50 reflects a contraction in the manufacturing economy, while a reading above 50 indicates an expansion. Non-manufacturing PMI stood at 53.5 in January, slightly lower compared with December's reading of 54.4.

In Singapore, the manufacturing PMI stood at 49.0 in January, down from 49.5 in December. The manufacturing PMI has stayed below the 50-point threshold since July of last year. According to the Singapore Institute of Purchasing & Materials Management, the contraction in the manufacturing economy was due to declines in new orders, factory output, and employment. The electronics PMI indicated further contraction in the electronics sector, with the January reading falling to 48.5 from 48.9 a month earlier.

Fitch Affirms the Republic of Korea's Ratings, Maintains Stable Outlook

Fitch Ratings (Fitch) announced on 2 February that it has affirmed the Republic of Korea's long-term foreign currency issuer default rating at AA- and long-term local currency issuer default rating at AA. It also maintained a stable outlook on both ratings. Fitch's decision was based on its assessment of the country's macroeconomic environment as being strong and its external finances robust, coupled with the country's geopolitical risk and gross domestic product per capita being low vis-à-vis its peers.

Korea Eximbank Prices US\$400 Million 5-Year Green Bond

Korea Eximbank priced a US\$400 million 5-year green bond last week. The bond carries a 2.125% coupon and was priced to yield 2.179%. Investors from Asia bought 48% of the total, followed by those from Europe (35%) and the United States (17%). By type of investor, asset managers took the largest share at 40%, followed by insurance companies (30%), banks (20%), and central banks (10%).

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	0.29	-0.01	-2.04	12.72
EU	-0.36	-0.70		8.80
Japan	-0.17	3.00	-6.20	-12.70
PRC	2.20	-3.00	-10.00	2.00
Hong Kong, China	0.07	0.00		0.00
India	8.31	0.00		0.00
Korea, Rep. of	1.48	0.00	-2.00	-7.40
Malaysia	2.81	0.00	-1.70	-4.70
Philippines	1.45	-4.70	-42.50	-121.67
Singapore	0.88	-0.90		-0.90
Thailand	1.40	0.18		-9.00

Close of 5 February 2016

10-Year Selected LCY Government Bond Yields

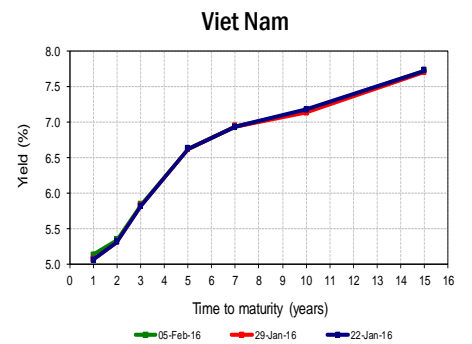
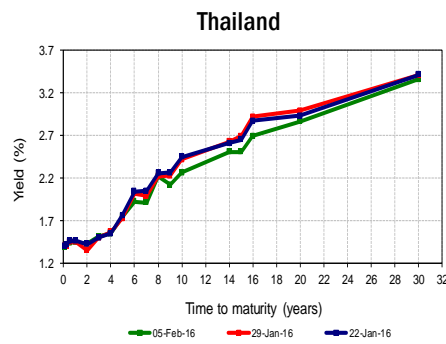
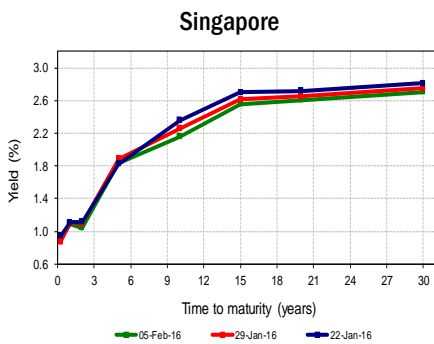
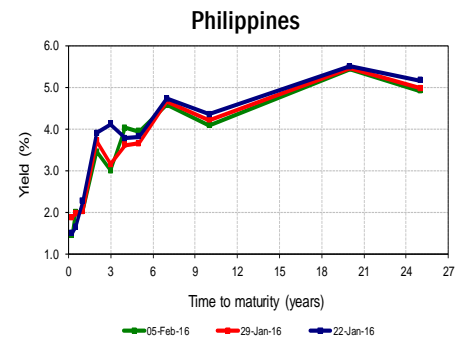
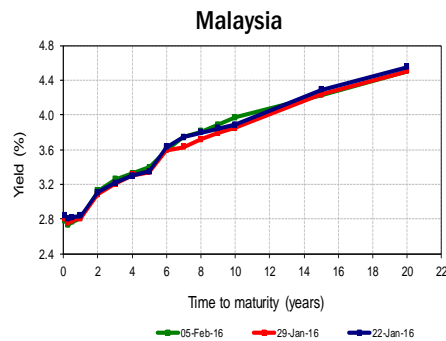
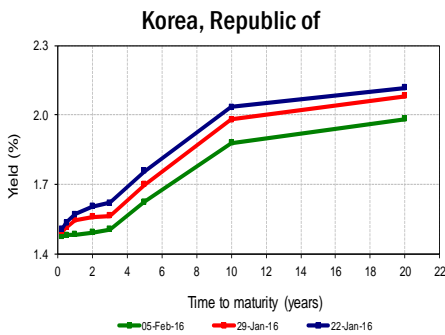
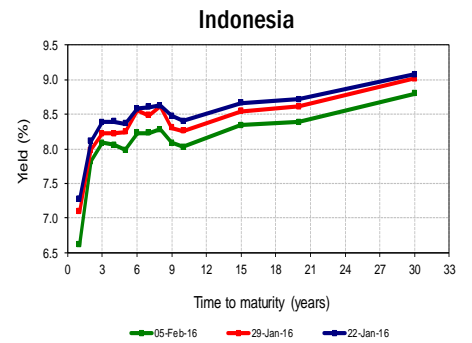
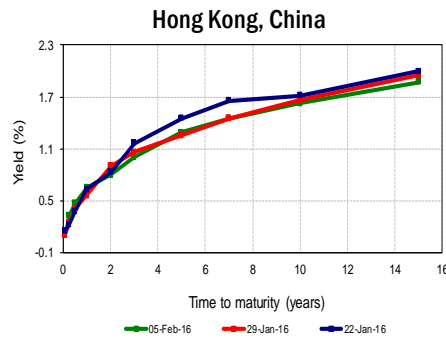
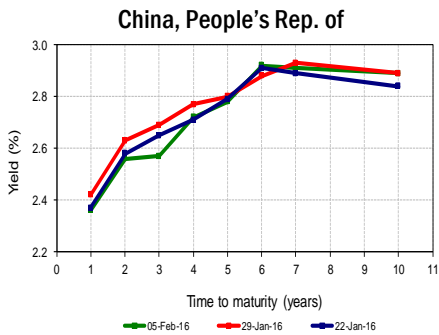
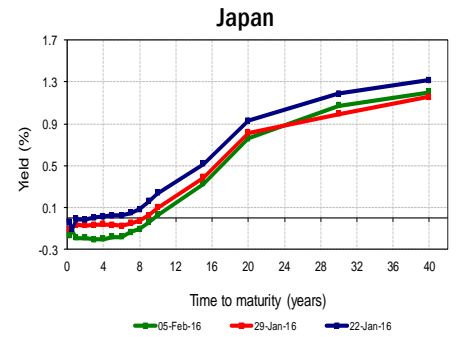
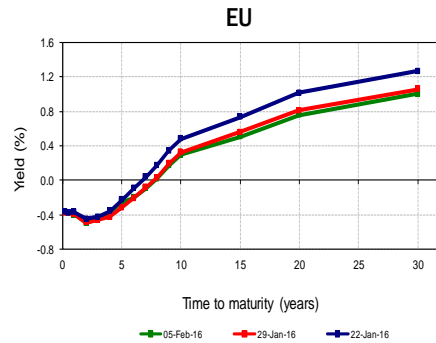
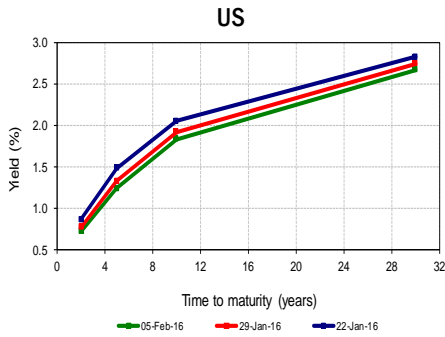
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EU	0.30	-0.70	-2.90	-33.30
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PRC	2.89	-3.00		3.00
Hong Kong, China	1.62	4.70	-3.60	4.50
India	7.82	-1.70		9.10
Indonesia	8.02	-8.20	-23.60	-73.30
Korea, Rep. of	1.88	2.00	-10.00	-20.50
Malaysia	3.97	3.40		-21.50
Philippines	4.08	-5.29	-12.34	-1.61
Singapore	2.16	-3.66	-10.08	-43.94
Thailand	2.27	-1.20	-15.40	-23.40
Viet Nam	7.17	3.40		-0.80

Close of 5 February 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

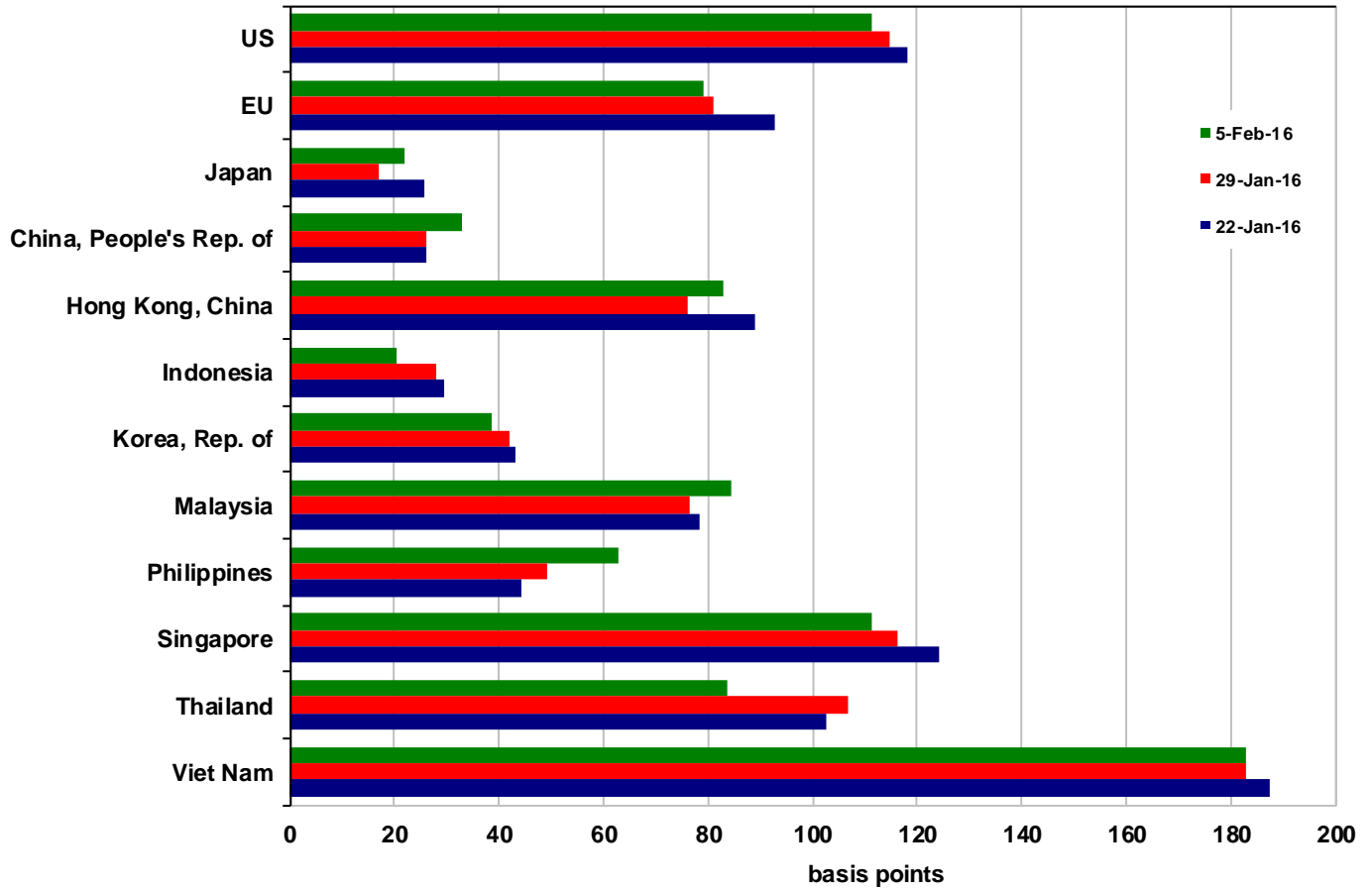
Tip: Zoom-in on the table using the Acrobat zoom tool



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

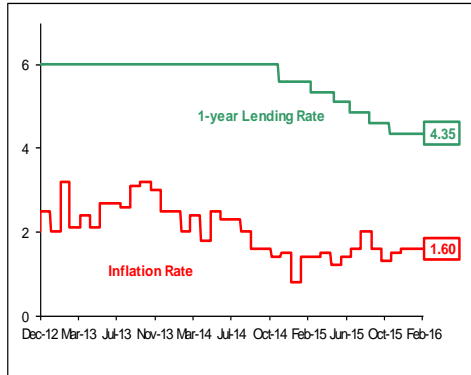


EU = European Union, US = United States.
Source: Based on data from Bloomberg LP.

Policy Rate versus Inflation Rate

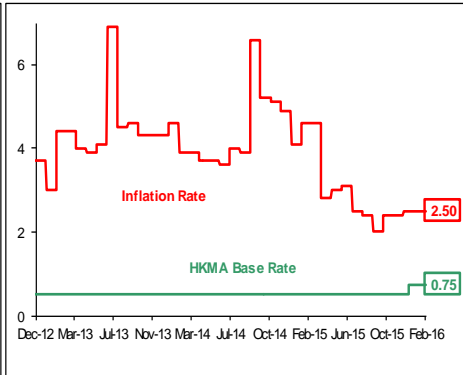
Tip: Zoom-in on the table using the Acrobat zoom tool

China, People's Rep. of



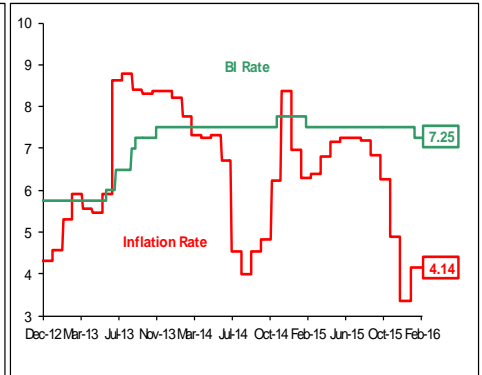
The PRC uses the 1-year lending rate as one of its policy rates.
Source: Bloomberg LP.

Hong Kong, China



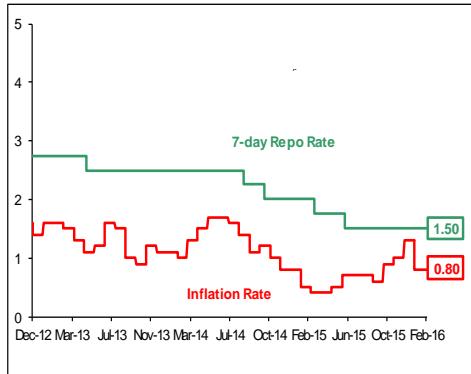
The Hong Kong Monetary Authority maintains a Discount Window Base Rate.
Source: Bloomberg LP.

Indonesia



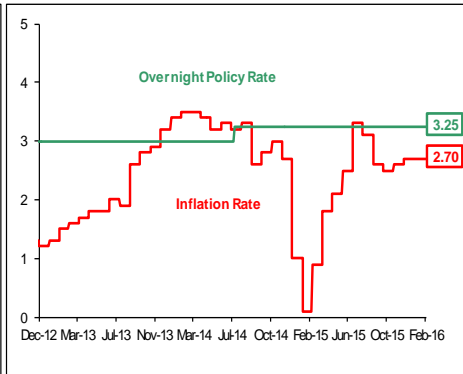
Bank Indonesia uses its reference interest rate (BI rate) as its policy rate.
Source: Bloomberg LP.

Korea, Republic of



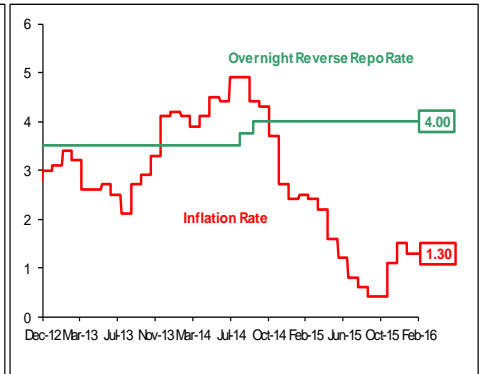
The Bank of Korea shifted its policy rate from the overnight repurchase (repo) rate to the 7-day repo rate in March 2008.
Source: Bloomberg LP.

Malaysia



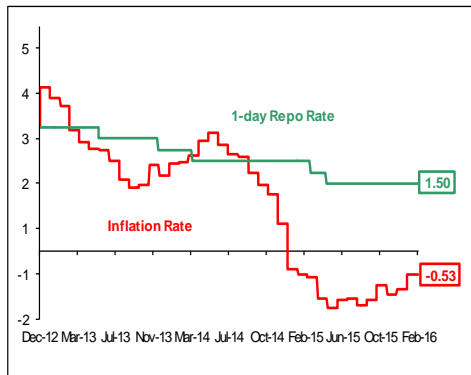
Bank Negara Malaysia uses the overnight policy rate (OPR) as its policy rate.
Source: Bloomberg LP.

Philippines



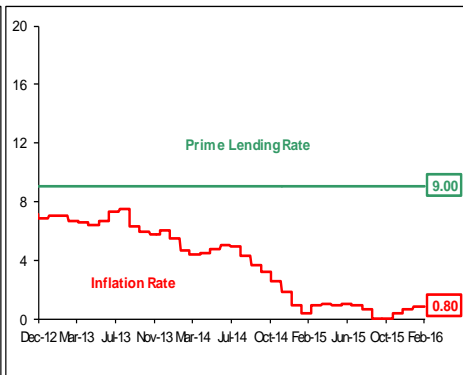
Bangko Sentral uses the Philippine overnight reverse repurchase agreement rate as one of its policy instruments.
Source: Bloomberg LP.

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

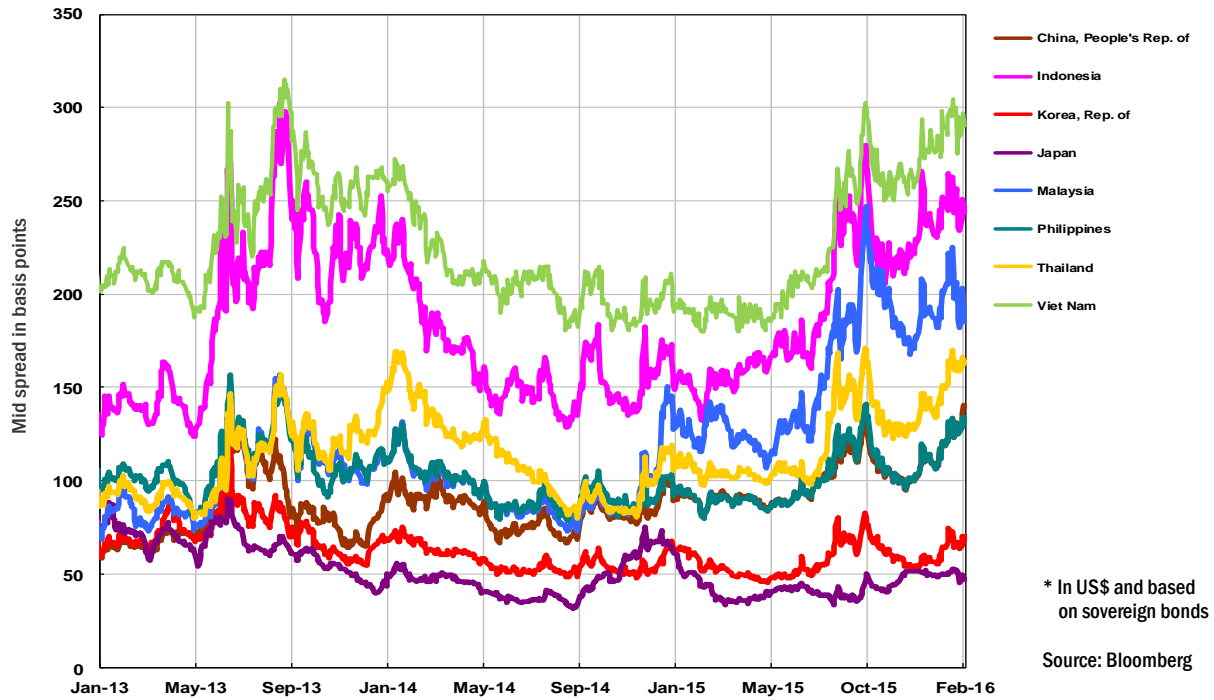


The State Bank of Viet Nam uses a benchmark prime lending rate as its policy rate.
Source: Bloomberg LP.

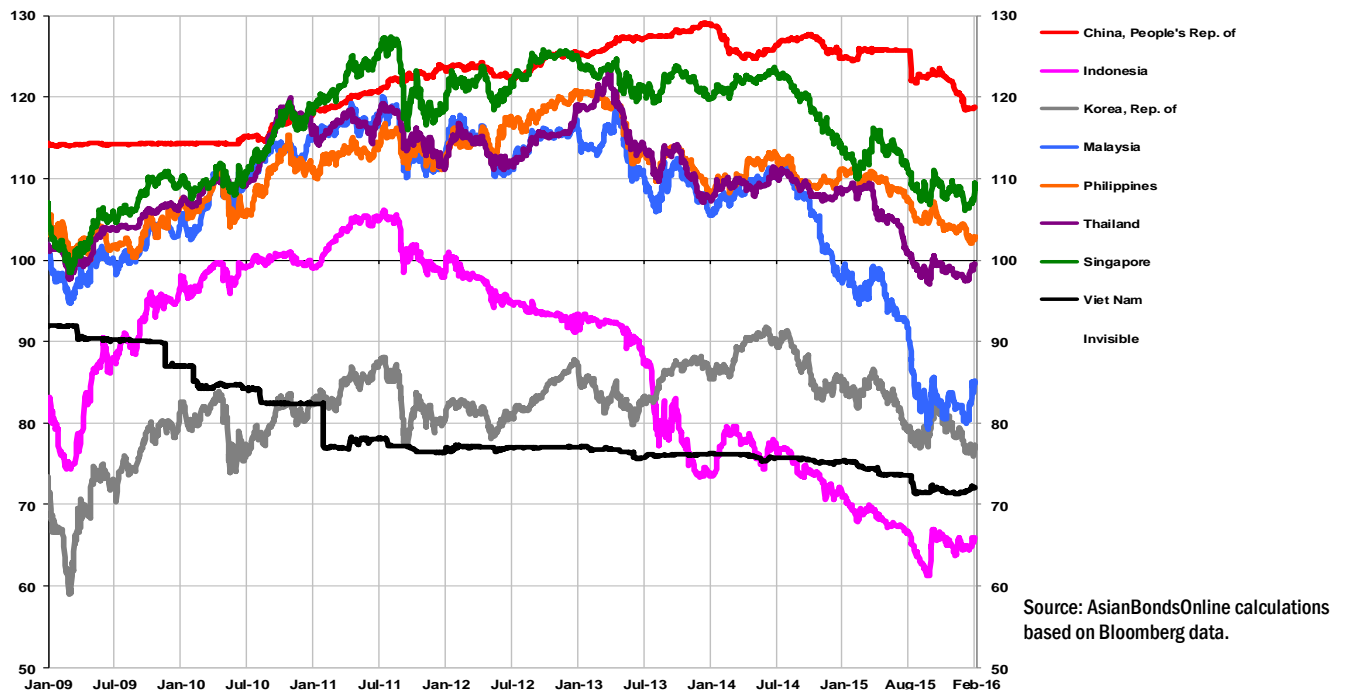
Credit Default Swap Spreads and Exchange Rate Indexes

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 (1 – 5 February 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)
HK	2-Feb	91-day Exchange Fund Bills	0.30		30.39	30.39
		182-day Exchange Fund Bills	0.40		9.00	9.00
ID	2-Jan	91-day Treasury Bills	5.59			1,000.00
		365-day Treasury Bills	6.82			2,000.00
		5-year Treasury Bonds	7.97	8.25	12.00	2,950.00
		10-year Treasury Bonds	8.08	8.38		3,300.00
		15-year Treasury Bonds	8.42	8.75		5,750.00
JP	2-Feb	10-year Japanese Government Bonds	0.08	0.30	2,400.00	2,398.40
		3-month Treasury Discount Bills	-0.13	-0.10	4,500.00	4,479.95
KR	1-Feb	91-day Monetary Stabilization Bonds	1.52		1,300.00	1,300.00
		182-day Monetary Stabilization Bonds	1.53		700.00	700.00
		3-year Korea Treasury Bonds	1.53	1.75	1,850.00	1,850.00
	3-Feb	63-day Treasury Bills	1.51		1,000.00	1,000.00
		2-year Monetary Stabilization Bonds	1.49	1.49	2,200.00	2,200.00
SG	4-Feb	28-day MAS Bills	0.23		0.50	0.50
		84-day MAS Bills	0.50		4.00	4.00
TH	1-Feb	28-day Treasury Bills	1.36		5.00	5.00
	2-Feb	90-day Bank of Thailand Bonds	1.41		40.00	40.00
		182-day Bank of Thailand Bonds	1.43		40.00	40.00
		343-day Bank of Thailand Bonds	1.45		40.00	40.00
VN	3-Feb	3-year Treasury Bonds	5.75		1,000.00	200.00
		5-year Treasury Bonds	6.60		3,000.00	2,950.00
		15-year Treasury Bonds	7.65		1,000.00	842.50

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

Sources: Local market sources and Bloomberg, LP.

Selected Asia Data Releases (9 – 15 February 2016)

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

Economy and Variable	Release Date	Historical Data	Recent Trends
Philippines Exports y-o-y, % DEC	02/10	11/14: 19.7% 12/14: -3.2% 10/15: -10.8% 11/15: -1.1%	Exports from the Philippines fell 1.1% year-on-year (y-o-y) in November following a contraction of 10.8% y-o-y in October.
Malaysia Industrial Production y-o-y, % DEC	02/11	11/14: 4.8% 12/14: 7.4% 10/15: 4.2% 11/15: 1.8%	Malaysia's industrial production growth eased to 1.8% y-o-y in November from 4.2% y-o-y in October.
Philippines Overnight Borrowing Rate % 11-Feb	02/11	01/15: 4.00% 02/15: 4.00% 12/15: 4.00% 01/16: 4.00%	At its monetary policy meeting on 17 December, the Bangko Sentral ng Pilipinas decided to leave its overnight borrowing rate at 4.00%.
China, People's Rep. of Exports y-o-y, % JAN	02/15	12/14: 9.7% 01/15: -3.2% 11/15: -6.8% 12/15: -1.4%	The People's Republic of China's (PRC) merchandise exports fell 1.4% y-o-y in December, a slower pace of decline compared with November's 6.8% y-o-y drop.
China, People's Rep. of Imports y-o-y, % JAN	02/15	12/14: -2.4% 01/15: -19.7% 11/15: -8.7% 12/15: -7.6%	Merchandise imports of the PRC declined 7.6% y-o-y in December following an 8.7% y-o-y decrease in November.
China, People's Rep. of Trade Balance US\$ billion JAN	02/15	12/14: 49.6 01/15: 60.0 11/15: 54.1 12/15: 60.1	The PRC's merchandise trade surplus rose to US\$60.1 billion in December from US\$49.6 billion a year earlier as imports fell at a faster y-o-y pace than exports.
Indonesia Exports y-o-y, % JAN	02/15	12/14: -13.8% 01/15: -7.7% 11/15: -17.97% 12/15: -17.7%	Exports from Indonesia declined 17.7% y-o-y in December after contracting 18.0% y-o-y a month earlier.
Indonesia Imports y-o-y, % JAN	02/15	12/14: -6.6% 01/15: -15.5% 11/15: -18.0% 12/15: -16.0%	Imports of Indonesia contracted 16.0% y-o-y in December following an 18.0% y-o-y decline in November.
Indonesia Trade Balance US\$ million JAN	02/15	12/14: 186.8 01/15: 743.5 11/15: -408.3 12/15: -235.8	Indonesia's trade deficit narrowed to US\$235.8 million in December from a trade deficit of US\$408.3 million in November.
Japan Annualized GDP q-o-q, % 4Q15	02/15	3Q14: -2.8% 4Q14: 1.8% 2Q15: -0.5% 3Q15: 1.0%	Japan's economy posted an annualized growth rate of 1.0% in 3Q15, a reversal from the 1.0% annualized contraction in 2Q15.
Philippines Overseas Remittances y-o-y, % DEC	02/15	11/14: 1.8% 12/14: 6.3% 10/15: 0.2% 11/15: 3.2%	Remittances from overseas Filipino workers grew 3.2% y-o-y in November after an increase of 0.2% y-o-y in October.
Thailand GDP y-o-y, % 4Q15	02/15	3Q14: 1.0% 4Q14: 2.1% 2Q15: 2.8% 3Q15: 2.9%	Thailand's real gross domestic product (GDP) growth inched up to 2.9% y-o-y in 3Q15 from 2.8% y-o-y in 2Q15, buoyed by improved growth in household spending and total exports.

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)

January Consumer Price Inflation Accelerates in Indonesia, Moderates in the Republic of Korea and the Philippines; Deflation Persists in Thailand

- [Controlled Inflation Slows in January 2016](#)
Bank Indonesia (1 February 2016)
- [Consumer Price Index](#)
Central Statistics Agency (1 February 2016)
- [Consumer Price Index in January 2016](#)
Statistics Korea (2 February 2016)
- [Summary Inflation Report Consumer Price Index \(2006=100\) : January 2016](#)
Philippine Statistics Authority (5 February 2016)
- [Consumer Price Index and Core Consumer Price Index: January 2016 \(2011=100\)](#)
Ministry of Commerce (2 February 2016)

GDP Growth in Indonesia Climbs to 5.04% y-o-y in 4Q15

- [Economic Growth in Indonesia Fourth Quarter 2015](#)
Central Statistics Agency (5 February 2016)

Thailand Keeps Policy Rate Unchanged

- [Monetary Policy Committee's Decision on 3 February 2016](#)
Bank of Thailand (3 February 2016)

Trade Surplus Narrows in the Republic of Korea in January, in Malaysia in December

- [S. Korea's Jan. exports suffer sharpest dip in over 6 yrs](#)
Yonhap News (1 February 2016)
- [Monthly External Trade Statistics December 2015](#)
Department of Statistics Malaysia (5 February 2016)

The Republic of Korea's Current Account Surplus Falls m-o-m and Rises y-o-y in December , Up in 2015

- [Balance of Payments during December 2015 \(preliminary\)](#)
The Bank of Korea (1 February 2016)

Manufacturing PMI in both the PRC and Singapore Falls Below 50-Point Threshold in January

- [Record China Factory Gauge Slump Adds to Monetary Policy Dilemma](#)
Bloomberg (1 February 2016)
- [China official PMI misses in January, Caixin PMI shows contraction](#)
CNBC (1 February 2016)
- [January PMI recorded further contraction at 49.0 – The electronics index continued to contract at 48.5](#)
Singapore Institute of Purchasing & Materials Management (1 February 2016)

Fitch Affirms the Republic of Korea's Ratings, Maintains Stable Outlook

- [Fitch Affirms Korea at 'AA-'; Outlook Stable](#)
Fitch Ratings (2 February 2016)

Korea Eximbank Prices US\$400 Million 5-Year Green Bond

- [BONDS: Kexim prices tight green bond in volatile market](#)
IFRAsia (3 February 2016)

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