

Key Developments in Asian Local Currency Markets

On 21 April, Bank Indonesia’s Board of Governors decided to keep the benchmark interest rate steady after having reduced it by a cumulative 75 basis points (bps) between January and March. The central bank maintained the benchmark rate at 6.75% and also left unchanged the deposit facility rate (4.75%) and lending facility rate (7.25%). Bank Indonesia announced that it is maintaining the 7-day repo rate at 5.50%. Bank Indonesia noted that its decision to keep the policy rate on hold was consistent with efforts to keep inflation within its target range of 3.0%–5.0% for 2016. The Bank of Korea’s Monetary Policy Board decided on 19 April to keep the base rate unchanged at 1.50%.

➤ Hong Kong, China’s inflation rate eased to 3.0% year-on-year (y-o-y) in March, after rising 3.1% y-o-y in February, due to a moderation in price increases for food brought about by improvements in the weather. In Malaysia, consumer price inflation decelerated to 2.6% y-o-y in March from 4.2% y-o-y in February, primarily due to the 8.2% y-o-y contraction in transport prices in March.

➤ The Bank of Korea reported last week that it has revised downward its 2016 economic growth and inflation outlook for the Republic of Korea, lowering its gross domestic product growth forecast to 2.8% from its previous projection of 3.0% made in January, and its headline consumer price inflation forecast to 1.2% from 1.4%.

➤ The Producer Price Index in the Republic of Korea fell 3.3% y-o-y and 0.1% month-on-month (m-o-m) in March, according to the latest data from the Bank of Korea released last week. The drop in the index was largely induced by falling producer prices for utilities.

➤ Japan’s trade surplus widened to JPY755 billion in March from JPY242 billion in February. Exports of goods rose 13.2% m-o-m to JPY6.5 trillion in March and imports increased 4.4% m-o-m to JPY5.7 trillion. In Singapore, non-oil domestic exports (NODX) fell 15.6% y-o-y in March, reversing the 2.0% y-o-y growth posted in April. Both electronic NODX (–9.1% y-o-y) and non-electronic NODX (–18.0% y-o-y) recorded declines in March.

➤ Standard & Poor’s announced last week that it has affirmed its sovereign credit ratings for the Philippines. The long-term and short-term ratings were maintained at BBB and A-2, respectively, and the outlook remained stable. The agency stated that the rating affirmation resulted from its assessment of the Philippines

Asia Bond Monitor March 2016 [read more](#)

10-Year Selected LCY Government Security Yields Close of 22 April 2016

basis point change from

Markets	Latest Closing	Previous Day*	Previous Week*	1-Jan-16*
US	1.89	2.68	13.60	-38.16
EU	0.23	-0.80	10.40	-39.80
Japan	-0.11	0.40	0.50	-37.50
PRC	2.95	0.00	1.00	9.00
Hong Kong, China	1.36	-6.30	-0.80	-21.90
India	7.46	-1.80	2.30	-27.20
Indonesia	7.61	15.50	19.60	-114.70
Korea, Rep. of	1.83	0.50	-0.80	-25.50
Malaysia	3.80	0.40	2.30	-38.70
Philippines	4.70	-1.34	22.86	59.83
Singapore	1.99	-0.01	0.17	-61.09
Thailand	1.78	2.00	6.90	-71.70
Viet Nam	7.06	1.80	6.00	-11.50

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
- ▶ Selected Debt Security Issuances
- ▶ Selected Asia Data Releases

as having a strong external position, which is counterbalanced by the economy’s “low-income status and... vulnerabilities in its institutional and governance framework.”

➤ BOC Aviation, a Singapore-based company engaged in aircraft leasing, priced a 10-year USD750 million bond last week with a coupon rate of 3.875%. Total orders for the bond reached USD3.2 billion and a majority of the bond was purchased by Asian-based investors.

➤ Local currency government bond yields in emerging East Asia mostly rose in Hong Kong, China; Indonesia; Malaysia; Philippines; Singapore; and Thailand, and for all tenors in the People’s Republic of China (PRC), ahead of the United States Federal Reserve meeting scheduled this week. On the other hand, yields fell for all tenors in the Republic of Korea, following downward revision in its economic growth and inflation outlook. Yields were mixed in Viet Nam. The spread between the 2- and 10-year yields widened for most emerging East Asian markets except for the PRC; Hong Kong, China; Philippines; and Thailand where spreads narrowed last week.

Summary Text of News Articles

Policy Rates Held Steady in Indonesia and the Republic of Korea

On 21 April, Bank Indonesia's Board of Governors decided to keep the benchmark interest rate steady after having reduced it by a cumulative 75 basis points (bps) between January and March. The central bank maintained the benchmark rate at 6.75% and also held unchanged the deposit facility rate (4.75%) and lending facility rate (7.25%). Bank Indonesia announced that it is maintaining the 7-day repo rate at 5.50%. Bank Indonesia noted that the decision to keep the policy rate on hold was consistent with efforts to keep inflation within its target range of 3.0%–5.0% for 2016.

The Bank of Korea's Monetary Policy Board decided on 19 April to keep the base rate unchanged at 1.50%. The board projects that the global economic recovery will persist and that the economy of the Republic of Korea will exhibit modest improvement. Consumer price inflation is expected to fall below the inflation target of 2.0% in the short-term.

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

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

For policy rate trends in the Republic of Korea, refer to this link:

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

Consumer Price Inflation Decelerates in Hong Kong, China and Malaysia in March

Hong Kong, China's inflation rate eased to 3.0% year-on-year (y-o-y) in March after rising 3.1% y-o-y in February, due to a moderation in price increases for food brought about by improvements in the weather. Food prices rose 5.6% y-o-y in March after rising 8.8% y-o-y in February. The moderation in food prices, however, was partially offset by the difference in the timing of the Easter holiday compared with last year. The government said that inflation is expected to remain benign in the short-term because of low global inflation and weak domestic economic growth.

Consumer price inflation in Malaysia decelerated to 2.6% y-o-y in March from 4.2% y-o-y in February, primarily due to the 8.2% y-o-y contraction in transport prices in March following a 3.6% y-o-y increase in the previous month. Meanwhile, the sub-indices of food and non-alcoholic beverages and utilities, the two top contributors to the Consumer Price Index (CPI), posted higher annual increases in March than in February. On a month-on-month (m-o-m) basis, consumer prices fell 0.6% in March.

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

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

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

2016 Economic Outlook for the Republic of Korea Revised Downward

The Bank of Korea reported last week that it has revised downward its 2016 economic growth and inflation outlook for the Republic of Korea, lowering its gross domestic product growth forecast to 2.8% from its previous projection of 3.0% made in January and its headline consumer price inflation forecast to 1.2% from 1.4%.

Producer Prices Fall in the Republic of Korea in March

The Producer Price Index in the Republic of Korea fell 3.3% y-o-y and 0.1% m-o-m in March, according to the latest data from the Bank of Korea released last week. The decline in the index was largely induced by falling producer prices for utilities.

Summary Text of News Articles

**Japan's Trade Surplus Widens in March, Trade Deficit Posted in Fiscal Year 2015;
Singapore NODX Falls 15.6% y-o-y in March**

Japan's trade surplus widened to JPY755 billion in March from JPY242 billion in February as exports rose at a faster pace than imports. Exports of goods rose 13.2% m-o-m to JPY6.5 trillion in March from JPY5.7 trillion in February, while imports increased 4.4% m-o-m to JPY5.7 trillion from JPY5.5 trillion. In fiscal year 2015, Japan posted a trade deficit of JPY1.1 trillion.

In Singapore, non-oil domestic exports (NODX) fell 15.6% y-o-y in March, reversing the 2.0% y-o-y growth posted in April. Both electronic NODX (-9.1% y-o-y) and non-electronic NODX (-18.0% y-o-y) recorded declines in March. With the exception of Japan and Hong Kong, China, all of Singapore's top 10 NODX markets recorded y-o-y contractions.

Standard & Poor's Affirms Sovereign Credit Ratings for the Philippines

Standard & Poor's announced last week that it has affirmed its sovereign credit ratings for the Philippines. The long-term and short-term ratings were maintained at BBB and A-2, respectively, and the outlook remained stable. The agency stated that its rating affirmation was due to its assessment of the Philippines as having a strong external position, which is counterbalanced by the economy's "low-income status and... vulnerabilities in its institutional and governance framework." Standard & Poor's also stated that its stable outlook was based on expectations of continued improvements in "key economic fiscal, external, and monetary credit measures."

BOC Aviation Prices 10-Year USD750 Million Bond

BOC Aviation, a Singapore-based company engaged in aircraft leasing, issued a 10-year USD750 million bond last week with a coupon rate of 3.875%. Total orders for the bond reached USD3.2 billion and the majority of the bond was purchased by Asian investors.

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	0.23	0.00		1.02	6.62
EU	-0.49	0.30		1.30	-3.80
Japan	-0.30	-7.40	-11.70		-26.10
PRC	2.12	0.00		3.00	-6.00
Hong Kong, China	0.10	0.00		0.00	3.00
India	8.31	0.00		0.00	0.00
Korea, Rep. of	1.50	-0.20	-0.20		-5.20
Malaysia	2.52	0.00	-0.20		-34.40
Philippines	1.73	-7.50	-18.80		-94.00
Singapore	0.63	-0.90	-9.20		-26.20
Thailand	1.35	0.00		0.00	-14.24

Close of 22 April 2016

10-Year Selected LCY Government Bond Yields

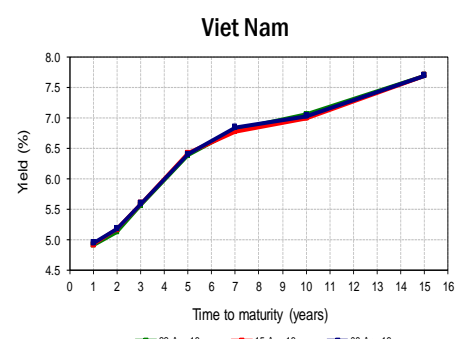
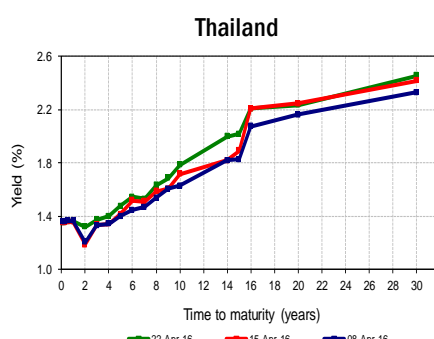
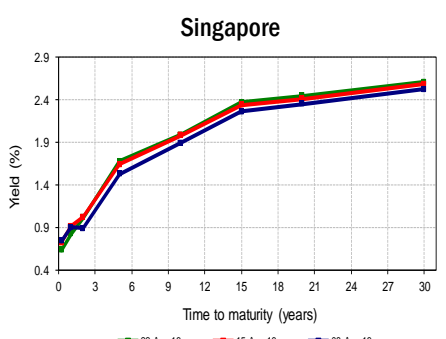
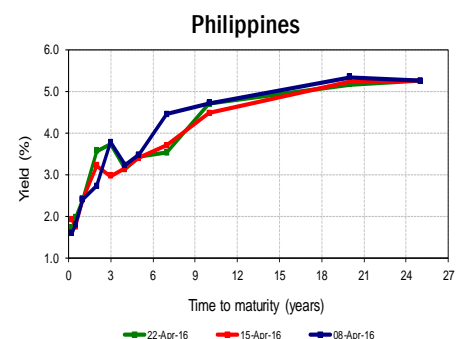
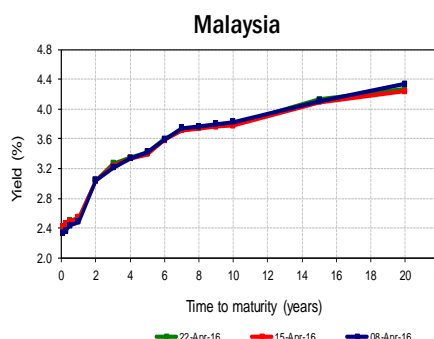
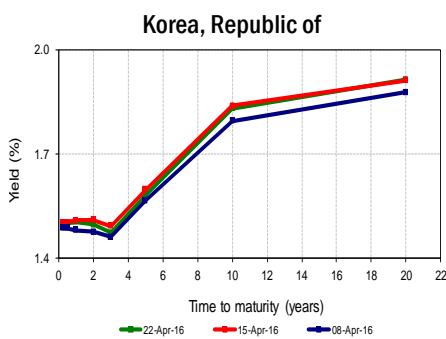
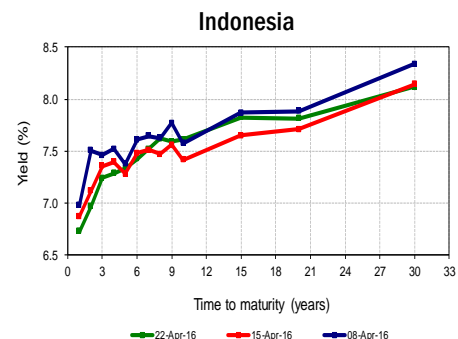
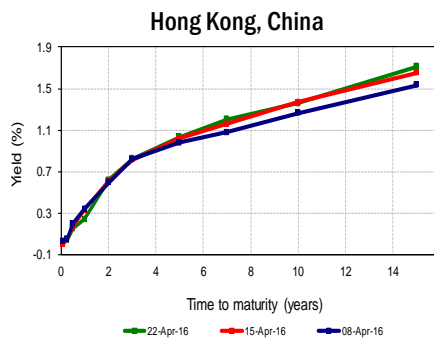
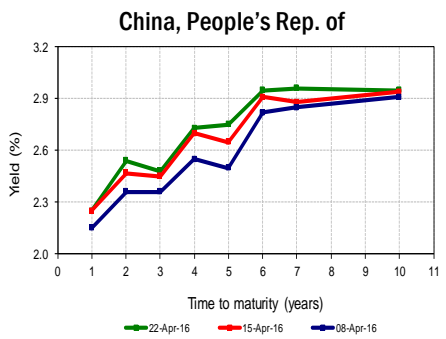
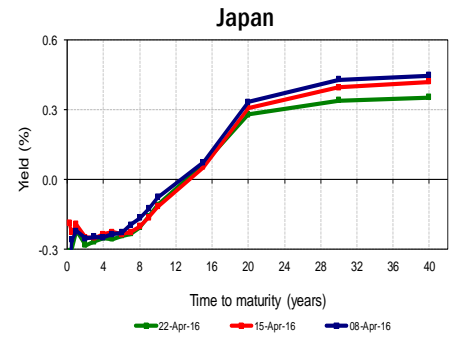
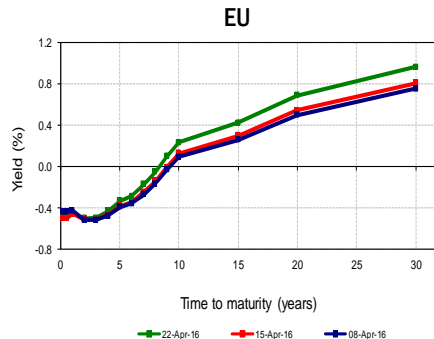
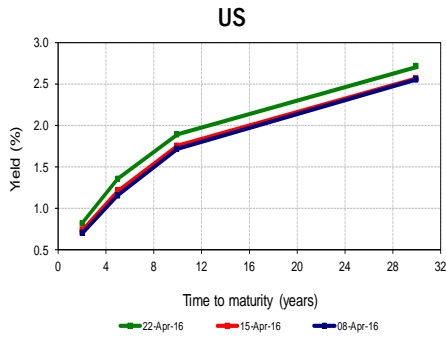
Markets	Latest Closing	basis point change from		
		Previous Day*	Previous Week*	1-Jan-16*
US	1.89	2.68	13.60	-38.16
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PRC	2.95	0.00	1.00	9.00
Hong Kong, China	1.36	-6.30	-0.80	-21.90
India	7.46	-1.80	2.30	-27.20
Indonesia	7.61	15.50	19.60	-114.70
Korea, Rep. of	1.83	0.50	-0.80	-25.50
Malaysia	3.80	0.40	2.30	-38.70
Philippines	4.70	-1.34	22.86	59.83
Singapore	1.99	-0.01	0.17	-61.09
Thailand	1.78	2.00	6.90	-71.70
Viet Nam	7.06	1.80	6.00	-11.50

Close of 22 April 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

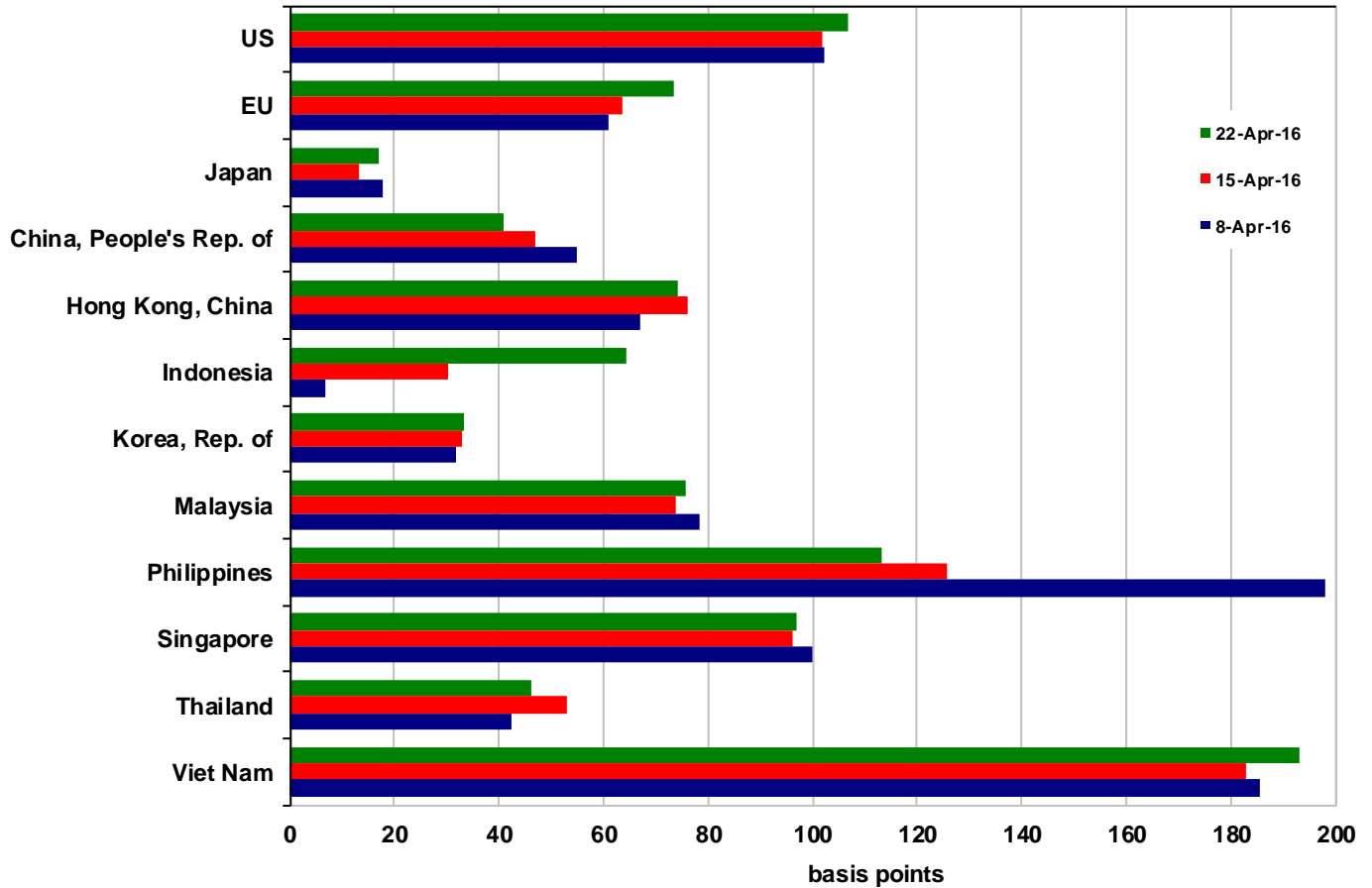
Tip: Zoom-in on the table using the Acrobat zoom tool



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

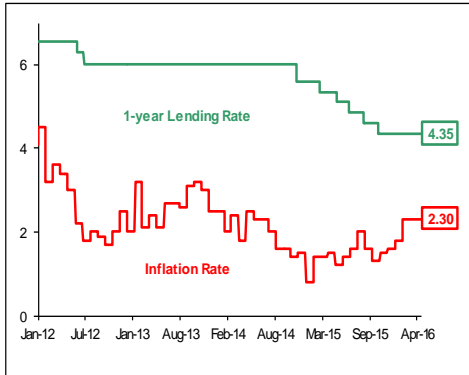


EU = European Union, US = United States.
 Source: Based on data from Bloomberg LP.

Policy Rate versus Inflation Rate

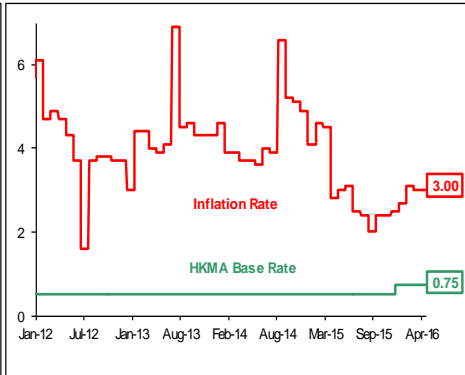
Tip: Zoom-in on the table using the Acrobat zoom tool

China, People's Rep. of



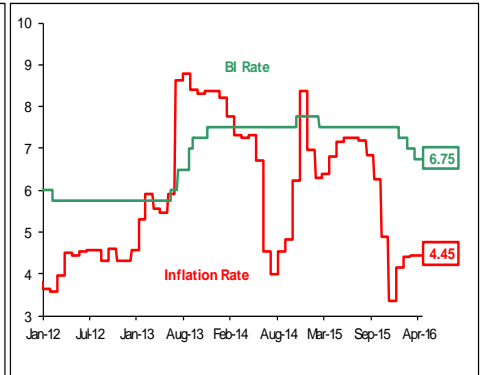
The PRC uses the 1-year lending rate as one of its policy rates.
Source: Bloomberg LP.

Hong Kong, China



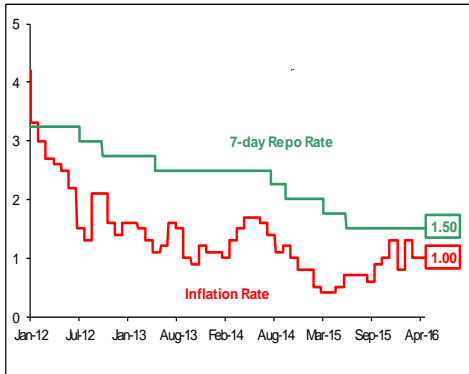
The Hong Kong Monetary Authority maintains a Discount Window Base Rate.
Source: Bloomberg LP.

Indonesia



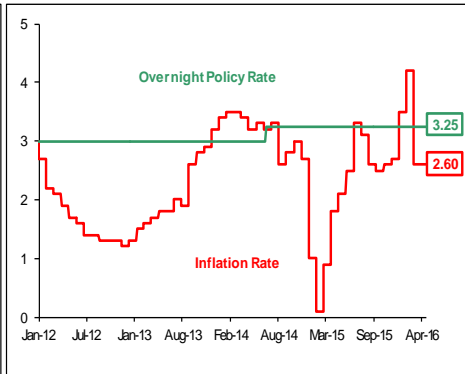
Bank Indonesia uses its reference interest rate (BI rate) as its policy rate.
Source: Bloomberg LP.

Korea, Republic of



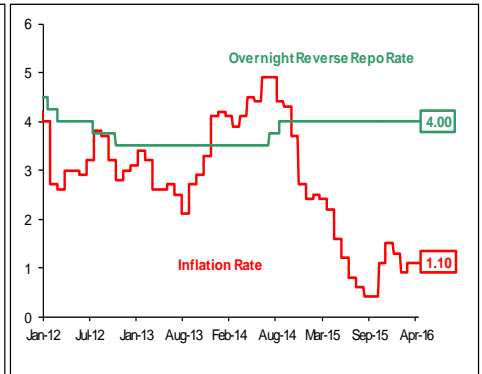
The Bank of Korea shifted its policy rate from the overnight repurchase (repo) rate to the 7-day repo rate in March 2008.
Source: Bloomberg LP.

Malaysia



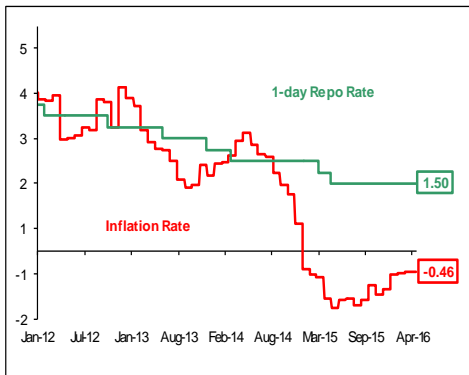
Bank Negara Malaysia uses the overnight policy rate (OPR) as its policy rate.
Source: Bloomberg LP.

Philippines



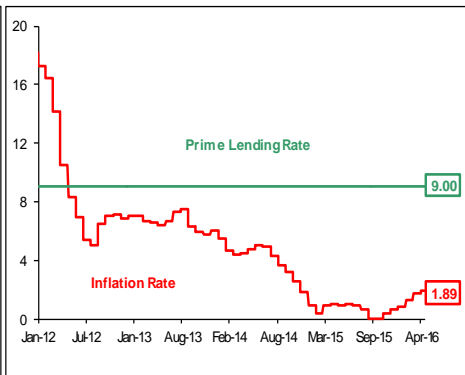
Bangko Sentral uses the Philippine overnight reverse repurchase agreement rate as one of its policy instruments.
Source: Bloomberg LP.

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

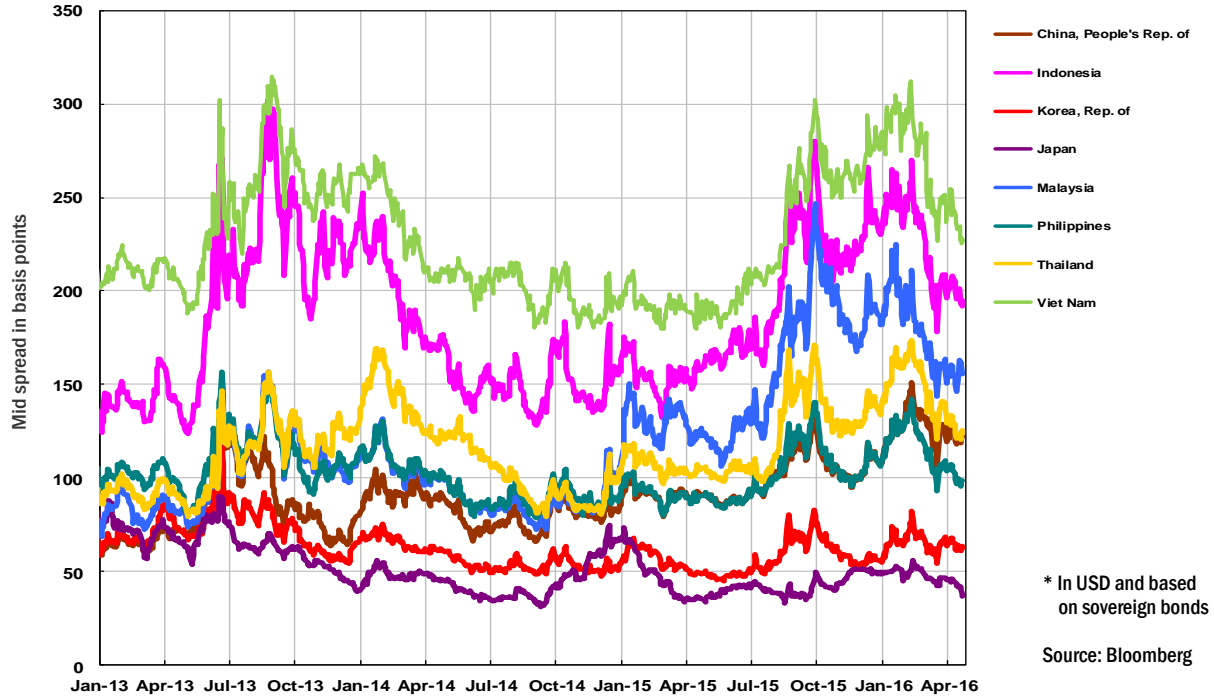


The State Bank of Viet Nam uses a benchmark prime lending rate as its policy rate.
Source: Bloomberg LP.

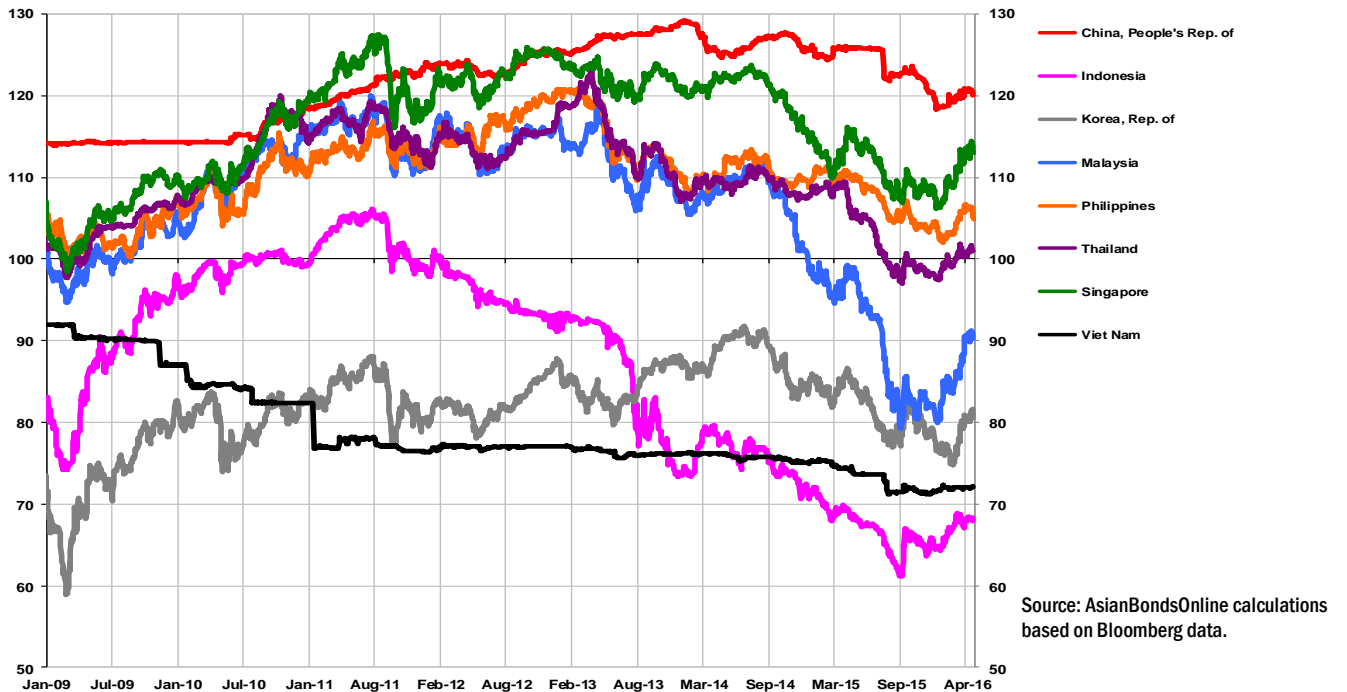
Credit Default Swap Spreads and Exchange Rate Indexes

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

Credit Default Swap Spreads – Senior 5-Year*



Exchange Rate Indexes (vis-à-vis USD, 2 January 2007=100)



Selected Debt Security Issuances (18 – 22 April 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	20-Apr	7-year Treasury Bonds	2.94	2.75	33.00	33.13
	22-Apr	30-year Treasury Bonds	3.52	3.52	26.00	28.20
HK	19-Apr	91-day Exchange Fund Bills	0.07		44.69	44.69
		182-day Exchange Fund Bills	0.21		14.00	14.00
		364-day Exchange Fund Bills	0.32		3.00	3.00
ID	19-Apr	6-month Islamic Treasury Bills	5.55			1,000.00
		2-year Project-Based <i>Sukuk</i>	7.42			1,010.00
		4-year Project-Based <i>Sukuk</i>	7.60		4,000.00	1,370.00
		7-year Project-Based <i>Sukuk</i>	7.72			1,585.00
		15-year Project-Based <i>Sukuk</i>	8.00			1,220.00
JP	18-Apr	1-year Treasury Discount Bills	-0.22		2,500.00	2,499.99
	19-Apr	5-year Japanese Government Bonds	-0.23	0.10	2,400.00	2,757.70
	21-Apr	3-month Treasury Discount Bills	-0.20		4,400.00	4,409.98
KR	18-Apr	91-day Monetary Stabilization Bonds	1.52		900.00	900.00
		182-day Monetary Stabilization Bonds	1.53		600.00	600.00
		10-year Korea Treasury Bonds	1.83	2.25	1,200.00	1,238.00
	20-Apr	63-day Treasury Bills	1.52		1,000.00	1,000.00
		2-year Monetary Stabilization Bonds	1.51	1.46	2,500.00	2,500.00
PH	19-Apr	7-year Treasury Bonds	3.46	3.50	25.00	25.00
SG	19-Apr	28-day MAS Bills	0.09		0.50	0.50
		84-day MAS Bills	0.31		3.80	3.80
	21-Apr	168-day MAS Bills	0.48		2.30	2.30
TH	19-Apr	91-day Bank of Thailand Bonds	1.33		40.00	40.00
		182-day Bank of Thailand Bonds	1.34		40.00	40.00
	20-Apr	9.65-year Government Bonds	1.69	3.85	16.00	16.00
	21-Apr	1.83-year Bank of Thailand Bonds	1.36	1.49	40.00	40.00
VN	20-Apr	3-year Treasury Bonds	5.52		3,000.00	3,000.00
		5-year Treasury Bonds	6.40		4,000.00	4,000.00
		15-year Treasury Bonds	7.65		1,000.00	691.00
		20-year Treasury Bonds	7.75		1,000.00	7.00

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

Sources: Local market sources and Bloomberg, LP.

Selected Asia Data Releases (26 April – 2 May 2016)

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

Economy and Variable	Release Date	Historical Data	Recent Trends
Hong Kong, China Exports y-o-y, % MAR	04/26	02/15: 7.2% 03/15: -1.8% 01/16: -3.8% 02/16: -10.4%	Exports from Hong Kong, China fell 10.4% year-on-year (y-o-y) in February after contracting 3.8% y-o-y in January.
Republic of Korea GDP y-o-y, % Q1 2016—Preliminary	04/26	Q4 2014: 2.7% Q1 2015: 2.4% Q3 2015: 2.8% Q4 2015: 3.1%	The Republic of Korea's real gross domestic product (GDP) growth climbed to 3.1% y-o-y in the fourth quarter of 2015 (Q4 2015) from 2.8% y-o-y in the third quarter of 2015 (Q3 2015), buttressed by faster y-o-y growth in domestic demand, construction, and manufacturing production.
Philippines Imports y-o-y, % FEB	04/26	01/15: -13.1% 02/15: 10.2% 12/15: -26.0% 01/16: 30.8%	Philippine merchandise imports soared 30.8% y-o-y in January, a reversal from the 26.0% y-o-y plunge in December. Nine out of the top ten imported items recorded positive y-o-y growth in January.
Singapore Industrial Production y-o-y, % MAR	04/26	02/15: -3.3% 03/15: -10.4% 01/16: 0.1% 02/16: -4.7%	Industrial production in Singapore declined 4.7% y-o-y in February compared with 0.1% y-o-y growth in January.
Japan CPI y-o-y, % MAR	04/28	02/15: 2.2% 03/15: 2.3% 01/16: 0.0% 02/16: 0.3%	Consumer prices in Japan increased 0.3% y-o-y in February after remaining unchanged in January.
Republic of Korea Industrial Production y-o-y, % MAR	04/29	02/15: -4.7% 03/15: 0.6% 01/16: -2.2% 02/16: 2.4%	Industrial production in the Republic of Korea grew 2.4% y-o-y in February, a recovery from the 2.2% y-o-y contraction in January, led by an improvement in manufacturing output.
Thailand Exports y-o-y, % MAR	04/29	02/15: -6.0% 03/15: -4.3% 01/16: -9.3% 02/16: 6.2%	Exports from Thailand rose 6.2% y-o-y in February after contracting 9.3% y-o-y in January.
Thailand BOP Current Account Balance USD million MAR	04/29	02/15: 3,549 03/15: 2,292 01/16: 4,066 02/16: 7,401	Thailand's current account surplus widened to USD7.4 billion in February from USD4.1 billion in January.
People's Republic of China Manufacturing PMI Index APR	05/01	03/15: 50.1 04/15: 50.1 02/16: 49.0 03/16: 50.2	The People's Republic of China's manufacturing Purchasing Managers Index (PMI) stood at 50.2 in March, indicating a generally expanding manufacturing sector.
Republic of Korea Exports y-o-y, % APR	05/01	03/15: -4.6% 04/15: -8.0% 02/16: -12.2% 03/16: -8.1%	Merchandise exports from the Republic of Korea fell 8.1% y-o-y in March, a slower pace of y-o-y decline compared to the 12.2% y-o-y decline in February.
Republic of Korea BOP Current Account Balance USD million MAR	05/01	02/15: 6,081.1 03/15: 10,101.0 01/16: 6,820.9 02/16: 7,507.7	The Republic of Korea's current account surplus widened to USD7.5 billion in February from USD6.8 billion in January, largely due to a monthly decrease in the services account deficit.
Thailand CPI y-o-y, % APR	05/01	03/15: -0.6% 04/15: -1.0% 02/16: -0.5% 03/16: -0.5%	Thailand's Consumer Price Index (CPI) declined 0.5% y-o-y in March, the 15th consecutive month of deflation.
Indonesia CPI y-o-y, % APR	05/02	03/15: 6.4% 04/15: 6.8% 02/16: 4.4% 03/16: 4.5%	Consumer price inflation in Indonesia rose marginally to 4.45% y-o-y in March from 4.42% y-o-y in February.

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)

Policy Rates Held Steady in Indonesia and the Republic of Korea

- [BI Rate held at 6.75%](#)
Bank Indonesia (21 April 2016)
- [Monetary Policy Decision \(April 19, 2016\)](#)
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