

Key Developments in Asian Local Currency Markets

Consumer price inflation eased in Indonesia to 3.6% year-on-year (y-o-y) in April after climbing to 4.5% y-o-y in March. Consumer price inflation in the Republic of Korea remained unchanged at 1.0% y-o-y in April, with nine out of twelve expenditure categories in the Consumer Price Index (CPI) reporting y-o-y increases. In the Philippines, the CPI gained 1.1% y-o-y in April, the same rate of increase as in March, driven by price hikes in nine out of eleven commodity groups in the index. Thailand's CPI increased 0.07% y-o-y in April, following 15 consecutive months of deflation, primarily due to the larger annual increase in the food and non-alcoholic beverages index.

Real gross domestic product (GDP) growth in Indonesia slowed to 4.9% y-o-y in the first quarter (Q1) of 2016 from 5.0% y-o-y growth posted in the fourth quarter (Q4) of 2015. Domestic consumption, which accounted for about 58% of GDP in Q1 2016, rose 4.9% y-o-y, while government spending expanded 2.9% y-o-y.

The People's Republic of China's (PRC) manufacturing Purchasing Managers Index (PMI) fell slightly to 50.1 in April from 50.2 in March. While manufacturing activity weakened, the reading was still above the 50-point demarcation indicating an expansion. In Singapore, the PMI stood at 49.8 in April, up from 49.4 in March but still below the 50-point threshold, reflecting continued weakness in the manufacturing economy.

The Republic of Korea's current account surplus widened to USD10.1 billion in March from USD7.2 billion in February, buoyed by a monthly increase in the goods account surplus and a month-on-month (m-o-m) decrease in the services account deficit. Malaysia's trade surplus widened to MYR11.2 billion in March from MYR7.4 billion a month earlier as exports increased at a faster pace than imports. Exports rose 17.4% m-o-m in March to MYR66.6 billion from MYR56.7 billion in February, while imports increased 12.2% m-o-m to MYR55.4 billion from MYR49.3 billion.

Last week, Tianjin Rail Transit in the PRC issued a dual-tranche USD500 million bond. The 3-year USD200 million tranche was priced at a coupon rate of 2.50%, while the 5-year USD300 million tranche was priced at a coupon rate of 2.875%. Total orders reached USD2.4 billion. The Singapore branch of Industrial Commercial Bank of China issued a USD800 million 3-year bond priced at a coupon rate of 2.0%.

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

10-Year Selected LCY Government Security Yields Close of 6 May 2016

basis point change from

Markets	Latest Closing	Previous Day*	Previous Week*	1-Jan-16*
US	1.78	3.36	-5.44	-49.05
EU	0.14	-1.70	-12.70	-48.50
Japan	-0.11	1.00	-3.90	-37.90
PRC	2.93	2.00	1.00	7.00
Hong Kong, China	1.32	-0.10	-4.00	-25.90
India	7.43	-0.20	-0.30	-29.70
Indonesia	7.78	0.00	4.20	-97.50
Korea, Rep. of	1.77	0.00	-2.10	-31.10
Malaysia	3.90	-1.20	-0.50	-29.00
Philippines	4.70	-2.50	11.97	60.17
Singapore	1.99	-2.03	-1.14	-61.11
Thailand	1.78	0.00	-1.50	-72.00
Viet Nam	6.99	-3.00	-2.20	-18.50

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

Last week, Viet Nam's Ministry of Finance announced that S&P Global Ratings affirmed Viet Nam's BB- long-term sovereign debt ratings and B short-term sovereign debt ratings. Both ratings were given a stable outlook.

Government bond yields fell last week for all tenors in the Rep. of Korea; and for most tenors in Singapore, Thailand, and Viet Nam. Yields rose for all tenors in Indonesia; and for most tenors in Malaysia and the Philippines. Meanwhile, yield movements were mixed in the PRC and Hong Kong, China. Yield spreads between the 2-year and 10-year tenors widened for all markets except for Hong Kong, China; Singapore; and Viet Nam; and was unchanged in the PRC.

Summary Text of News Articles

Consumer Price Inflation Eases in Indonesia in April; Consumer Price Inflation Remains Unchanged in the Republic of Korea and the Philippines in April; Thailand Posts Inflation in April

Consumer price inflation eased in Indonesia to 3.6% year-on-year (y-o-y) in April from 4.5% y-o-y in March. On a month-on-month (m-o-m) basis, however, deflation of 0.5% was recorded in April as food prices fell amid the harvest season, which also led to lowered transportation costs. Bank Indonesia projects inflation for 2016 to stay within its target range of 3.0%–5.0%.

Consumer price inflation in the Republic of Korea remained unchanged at 1.0% y-o-y in April, according to the latest Consumer Price Index (CPI) report of Statistics Korea released last week. Nine out of twelve expenditure categories in the CPI reported positive y-o-y increases in April. On a month-on-month (m-o-m) basis, the CPI inched up 0.1% in April after it registered no change in March.

In the Philippines, the CPI gained 1.1% y-o-y in April, the same rate of increase as in March, driven by price hikes in nine out of eleven commodity groups in the index. On a m-o-m basis, the CPI inched up 0.2% in April after posting a 0.1% rise in March.

Thailand's CPI increased 0.07% y-o-y in April, following 15 consecutive months of deflation, primarily due to the larger annual increase in the food and non-alcoholic beverages index of 1.6% in April versus 1.0% in March. The index for transportation prices also posted a slower decline of –2.9% y-o-y in April versus –4.3% y-o-y in the previous month.

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

Indonesia's Q1 2016 GDP Growth Slows to 4.9% y-o-y

Real gross domestic product (GDP) growth in Indonesia slowed to 4.9% y-o-y in the first quarter (Q1) of 2016 from 5.0% y-o-y in the fourth quarter (Q4) of 2015. Domestic consumption, which accounts for about 58% of GDP, rose 4.9% y-o-y, while government spending expanded 2.9% y-o-y. On a quarter-on-quarter basis, the economy contracted 0.3% in Q1 2016.

April PMI Falls in the PRC, Rises in Singapore

The People's Republic of China's (PRC) manufacturing Purchasing Managers Index (PMI) fell slightly to 50.1 in April from 50.2 in March, but remained above the 50-point demarcation indicating expansion. The non-manufacturing PMI also fell to 53.5 in April from 53.8 in March.

In Singapore, the PMI stood at 49.8 in April, up from 49.4 in March but still below the 50-point threshold, reflecting continued weakness in the manufacturing economy. The Singapore Institute of Purchasing & Materials Management noted improvements in almost all indicators, including a slower rate of contraction for new orders, new export orders, and employment. Also, imports rose at a faster pace and order backlog grew in April. Meanwhile, the electronics PMI stood at 49.5 in April compared with a reading of 49.0 a month earlier.

Summary Text of News Articles

**The Republic of Korea's Current Account Surplus Widens in March;
Malaysia's Trade Surplus Widens in March**

The Republic of Korea's current account surplus widened to USD10.1 billion in March from USD7.2 billion in February, buoyed by a monthly increase in the goods account surplus and a m-o-m decrease in the services account deficit, according to the latest current account data of the Bank of Korea released last week. The goods account surplus rose to USD12.4 billion in March from USD7.5 billion in February due to a sharper monthly increase in goods exports than in imports, while the services account deficit narrowed to USD1.0 billion from USD1.2 billion in the same period. These more than offset the monthly reversals in the primary income and secondary income accounts, both of which shifted to deficit positions in March from surpluses in February.

Malaysia's trade surplus widened to MYR11.2 billion in March from MYR7.4 billion a month earlier as exports increased at a faster pace than imports. Exports rose 17.4% m-o-m in March to MYR66.6 billion from MYR56.7 billion in February, led by m-o-m increases in exports of electrical and electronics products, palm oil and palm-based products, refined petroleum products, timber and timber-based products, and crude petroleum. Imports increased 12.2% m-o-m to MYR55.4 billion in March from MYR49.3 billion in the previous month, driven by higher imports of intermediate goods, consumption goods, and capitals goods.

Tianjin Rail Transit and ICBC Singapore Issue US Dollar Bonds

Last week, Tianjin Rail Transit in the PRC issued a dual-tranche USD500 million bond. The 3-year USD200 million tranche was priced at a coupon rate of 2.50%, while the 5-year USD300 million tranche was priced at a coupon rate of 2.875%. Total orders reached USD2.4 billion.

Also last week, the Singapore branch of Industrial Commercial Bank of China issued a USD800 million 3-year bond. The bond was priced at a coupon rate of 2.0%.

S&P Affirms Viet Nam's Ratings

Last week, Viet Nam's Ministry of Finance announced that S&P Global Ratings (S&P) affirmed Viet Nam's BB- long-term sovereign debt ratings and B short-term sovereign debt ratings. The ratings were given a stable outlook. Some factors cited for the ratings affirmation include Viet Nam's relatively diverse and flexible economy, and stable macroeconomic conditions.

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	0.51	-1.52	3.06
EU	-0.48	0.30	-0.20	-3.60
Japan	-0.29	0.00	0.00	-24.40
PRC	2.24	-1.00	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	1.47	0.00	-2.50	-8.20
Malaysia	2.61	0.90	8.10	-24.70
Philippines	1.90	30.93	-1.20	-76.50
Singapore	0.70	0.00	0.00	-19.20
Thailand	1.35	0.00	0.00	-14.24

Close of 6 May 2016

10-Year Selected LCY Government Bond Yields

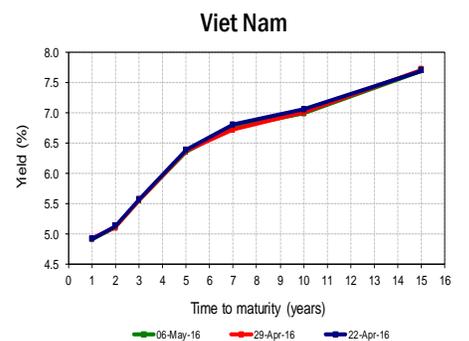
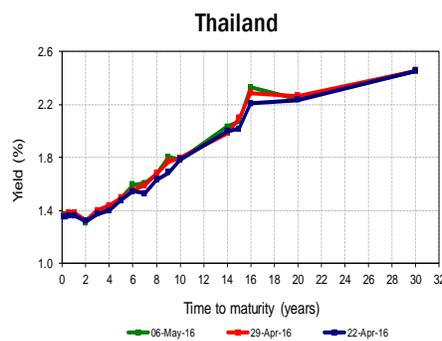
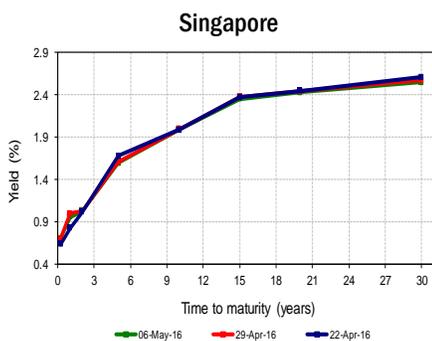
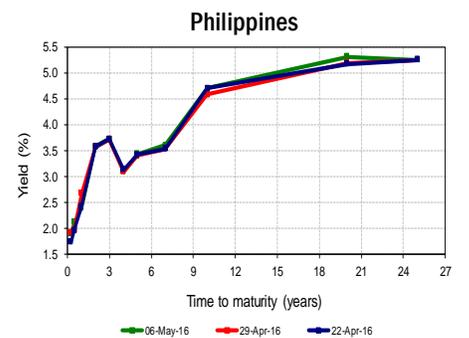
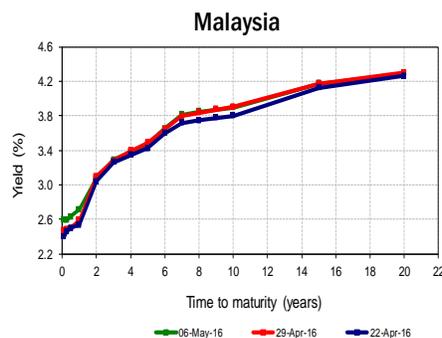
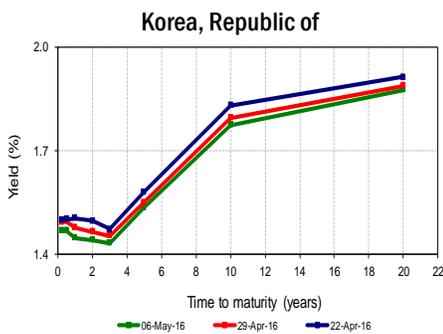
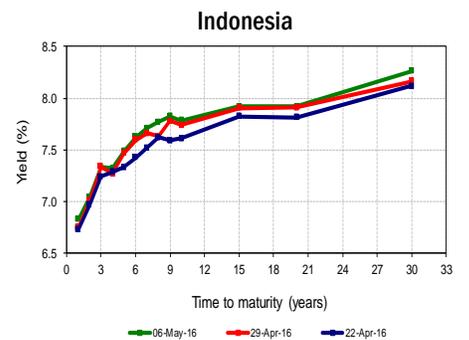
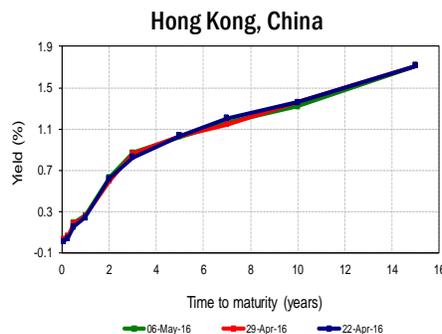
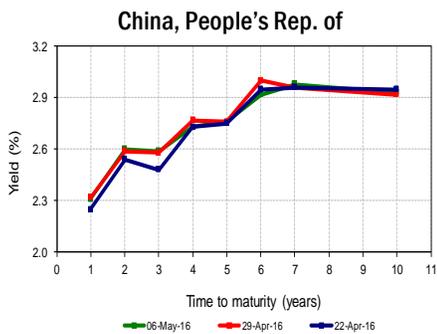
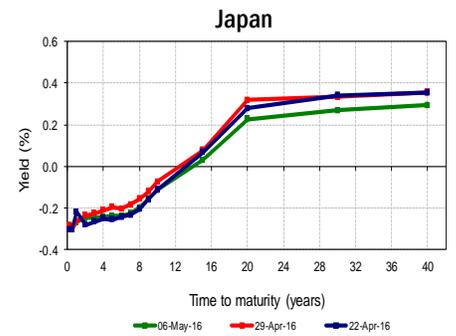
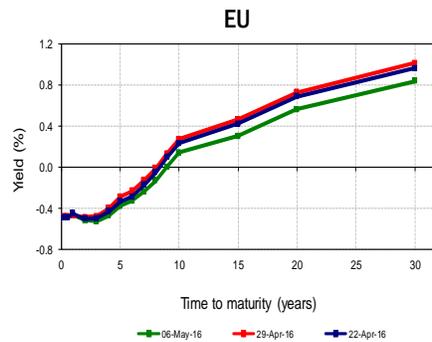
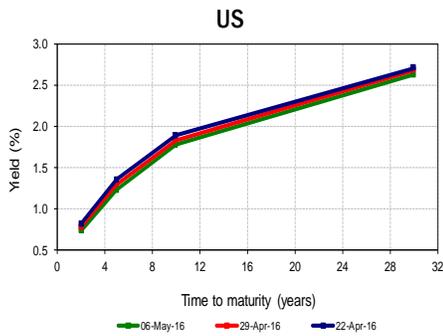
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US	1.78	3.36	-5.44	-49.05
EU	0.14	-1.70	-12.70	-48.50
Japan	-0.11	1.00	-3.90	-37.90
PRC	2.93	2.00	1.00	7.00
Hong Kong, China	1.32	-0.10	-4.00	-25.90
India	7.43	-0.20	-0.30	-29.70
Indonesia	7.78	0.00	4.20	-97.50
Korea, Rep. of	1.77	0.00	-2.10	-31.10
Malaysia	3.90	-1.20	-0.50	-29.00
Philippines	4.70	-2.50	11.97	60.17
Singapore	1.99	-2.03	-1.14	-61.11
Thailand	1.78	0.00	-1.50	-72.00
Viet Nam	6.99	-3.00	-2.20	-18.50

Close of 6 May 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

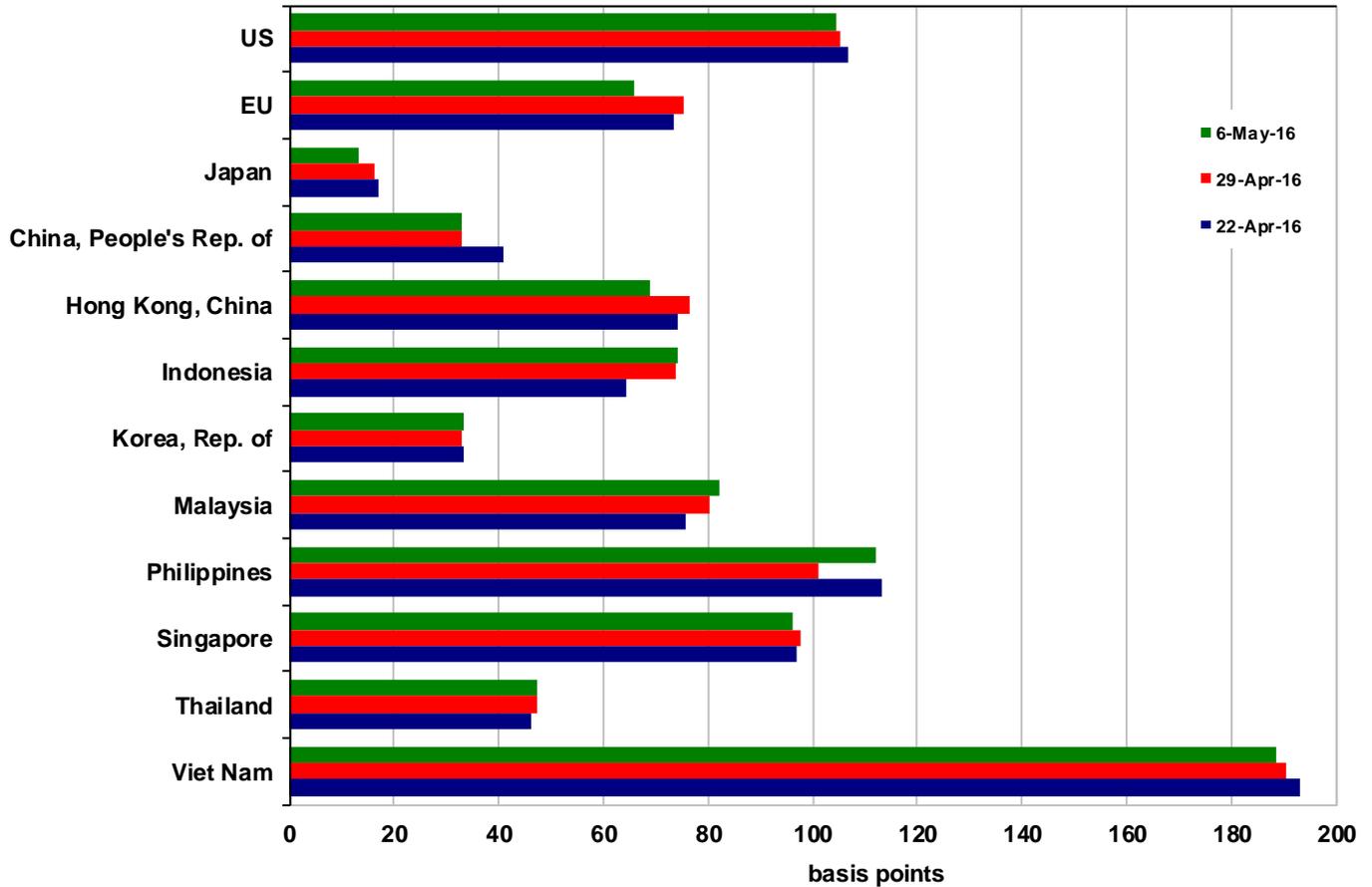
Tip: Zoom-in on the table using the Acrobat zoom tool



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

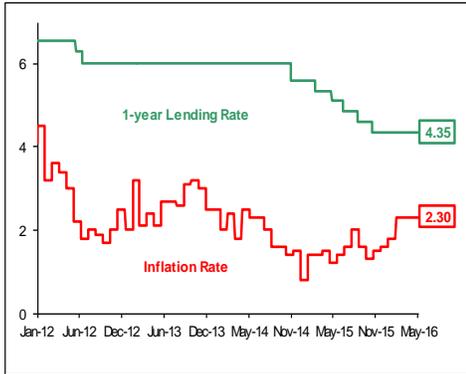


EU = European Union, US = United States.
 Source: Based on data from Bloomberg LP.

Policy Rate versus Inflation Rate

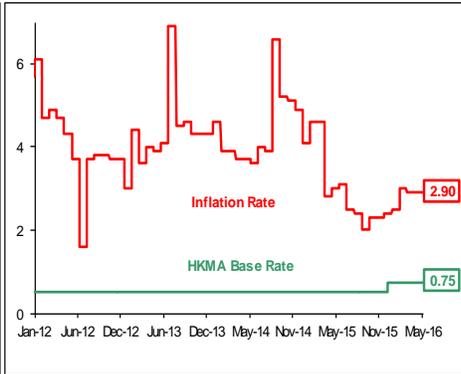
Tip: Zoom-in on the table using the Acrobat zoom tool

China, People's Rep. of



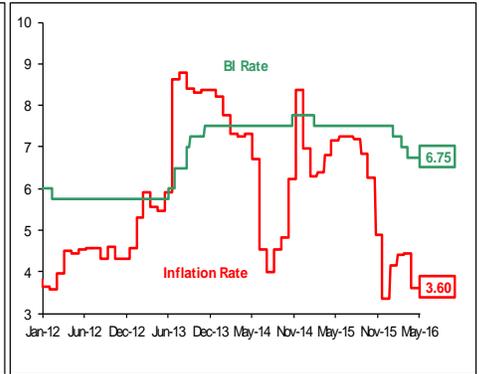
The PRC uses the 1-year lending rate as one of its policy rates.
Source: Bloomberg LP.

Hong Kong, China



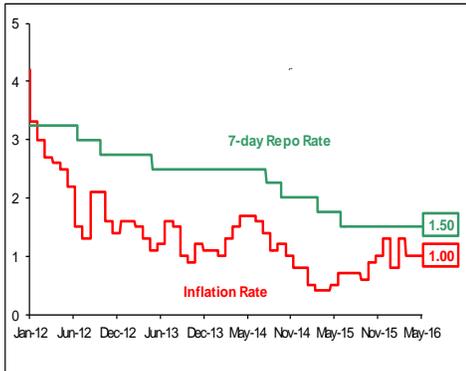
The Hong Kong Monetary Authority maintains a Discount Window Base Rate.
Source: Bloomberg LP.

Indonesia



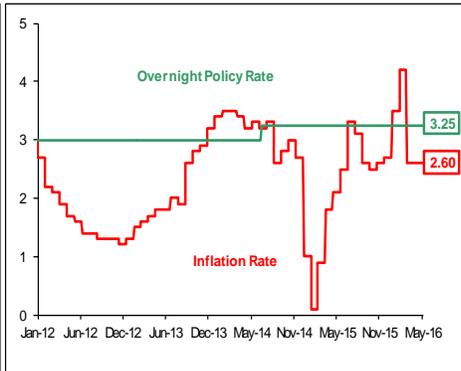
Bank Indonesia uses its reference interest rate (BI rate) as its policy rate.
Source: Bloomberg LP.

Korea, Republic of



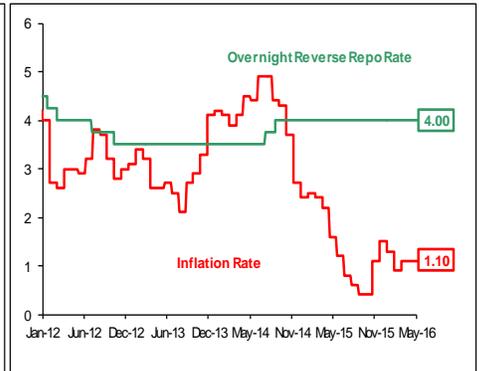
The Bank of Korea shifted its policy rate from the overnight repurchase (repo) rate to the 7-day repo rate in March 2008.
Source: Bloomberg LP.

Malaysia



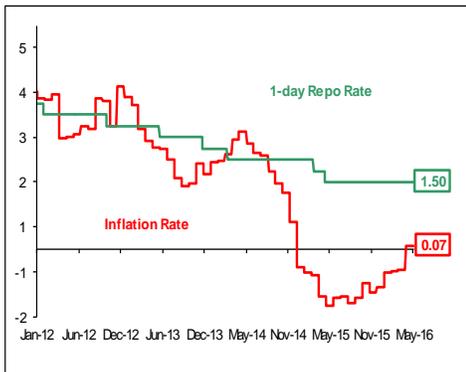
Bank Negara Malaysia uses the overnight policy rate (OPR) as its policy rate.
Source: Bloomberg LP.

Philippines



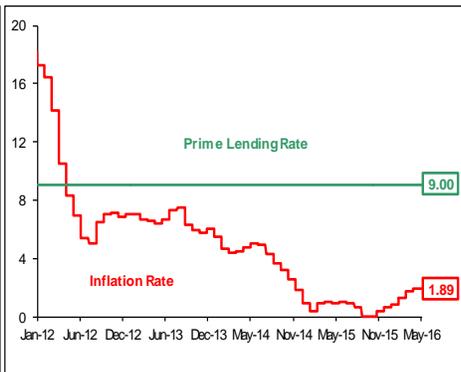
Banko Sentral uses the Philippine overnight reverse repurchase agreement rate as one of its policy instruments.
Source: Bloomberg LP.

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

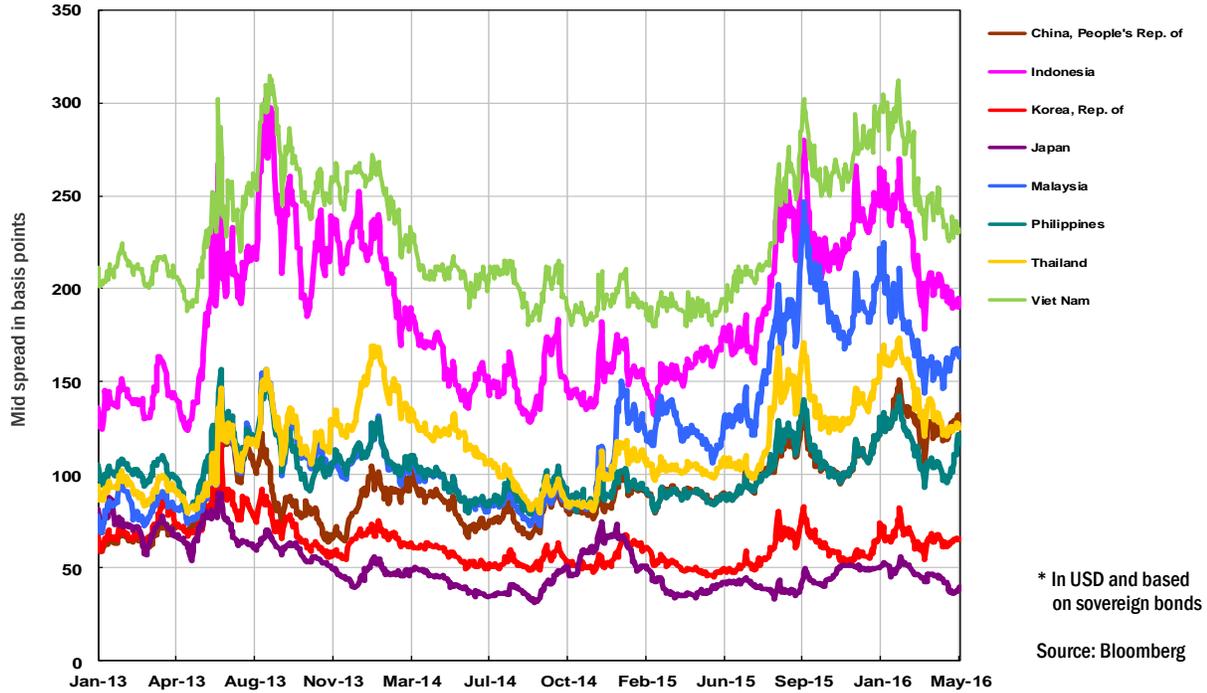


The State Bank of Viet Nam uses a benchmark prime lending rate as its policy rate.
Source: Bloomberg LP.

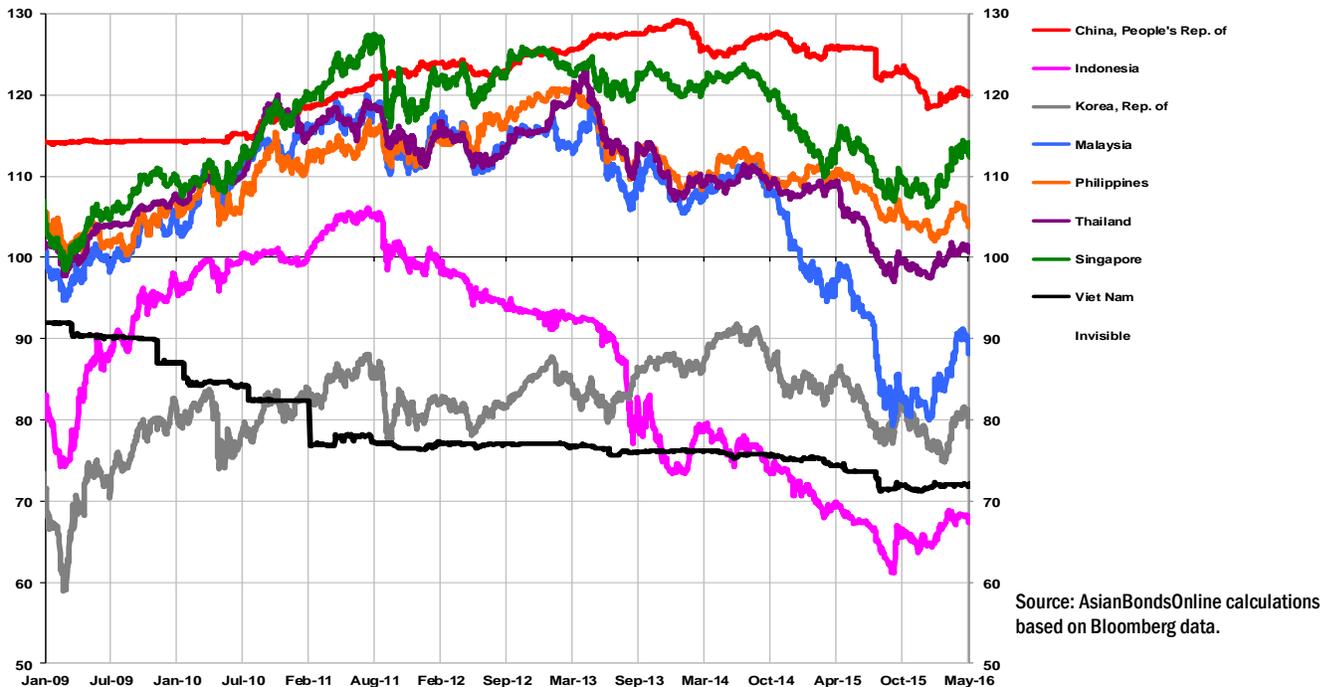
Credit Default Swap Spreads and Exchange Rate Indexes

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

Credit Default Swap Spreads – Senior 5-Year*



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



Selected Debt Security Issuances (2 – 6 May 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	4-May	1-year Treasury Bonds	2.30	2.30	28.00	28.27
		10-year Treasury Bonds	2.90	2.90	35.00	35.90
HK	3-May	91-day Exchange Fund Bills	0.08		30.41	30.41
		182-day Exchange Fund Bills	0.21		11.00	11.00
ID	3-May	6-month Islamic Treasury Bills	5.66			710.00
		2-year Project-Based <i>Sukuk</i>	7.41	7.75		1,000.00
		4-year Project-Based <i>Sukuk</i>	7.66	8.25	4,000.00	1,165.00
		7-year Project-Based <i>Sukuk</i>	7.94	8.75		1,660.00
KR	2-May	15-year Project-Based <i>Sukuk</i>	8.15	8.88		1,790.00
		91-day Monetary Stabilization Bonds	1.52		900.00	900.00
		182-day Monetary Stabilization Bonds	1.52		600.00	600.00
	3-May	3-year Korea Treasury Bonds	1.46	1.75	1,100.00	1,100.00
		2-year Monetary Stabilization Bonds	1.45	1.46	2,700.00	2,700.00
MY	5-May	15-year Government Investment Issue	4.42	4.25	2.50	2.50
SG	4-May	28-day MAS Bills	0.33		0.60	0.60
		84-day MAS Bills	0.44		4.00	4.00
	5-May	168-day MAS Bills	0.59		2.30	2.30
TH	4-May	14-day Bank of Thailand Bonds	1.35		60.00	60.00
VN	4-May	3-year Treasury Bonds	5.50		3,000.00	2,900.00
		5-year Treasury Bonds	6.36		4,000.00	4,000.00

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

Sources: Local market sources and Bloomberg, LP.

Selected Asia Data Releases (10 – 16 May 2016)

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

Economy and Variable	Release Date	Historical Data	Recent Trends
China, People's Rep. of CPI y-o-y, % APR	05/10	03/15: 1.4% 04/15: 1.5% 02/16: 2.3% 03/16: 2.3%	Consumer price inflation in the People's Republic of China's (PRC) remained at 2.3% year-on-year (y-o-y) in March.
Philippines Exports y-o-y, % MAR	05/11	02/15: -3.0% 03/15: 2.1% 01/16: -3.9% 02/16: -4.5%	Philippine merchandise export growth remained negative for the 11th consecutive month in February at -4.5% y-o-y, with exports contracting at a faster pace than in the previous month.
Thailand BOT Rate % 11-May	05/11	04/15: 1.50% 05/15: 1.50% 03/16: 1.50% 04/16: 1.50%	The Monetary Policy Committee of the Bank of Thailand decided on 23 March to keep the policy rate unchanged at 1.50%.
Japan Current Account Balance JPY billion MAR	05/12	02/15: 99.2 03/15: 2,787 01/16: 520.8 02/16: 2,434.9	Japan's current account surplus widened to JPY2.4 trillion in February from JPY521 billion in January.
Philippines Overnight Borrowing Rate % 12-May	05/12	04/15: 4.00% 05/15: 4.00% 03/16: 4.00% 04/16: 4.00%	The Monetary Board of the Bangko Sentral ng Pilipinas decided on 23 March to keep unchanged the overnight borrowing rate at 4.00%.
Korea, Rep. of 7-Day Repo Rate % 13-May	05/13	04/15: 1.75% 05/15: 1.75% 03/16: 1.50% 04/16: 1.50%	The Bank of Korea's Monetary Policy Board decided on 19 April to keep the base rate unchanged at 1.50%.
Hong Kong, China GDP y-o-y, % Q1 2016	05/13	Q4 2014: 2.5% Q1 2015: 2.4% Q3 2015: 2.2% Q4 2015: 1.9%	Real gross domestic product (GDP) growth in Hong Kong, China eased to 1.9% y-o-y in the fourth quarter (Q4) of 2015 from 2.2% y-o-y growth in the third quarter (Q3) of 2015.
Malaysia GDP y-o-y, % Q1 2016	05/13	Q4 2014: 5.7% Q1 2015: 5.6% Q3 2015: 4.7% Q4 2015: 4.5%	Malaysia's real GDP growth slowed to 4.5% y-o-y in Q4 2015 from 4.7% y-o-y in Q3 2015.
Singapore Retail Sales y-o-y, % MAR	05/13	02/15: 14.4% 03/15: 2.0% 01/16: 7.6% 02/16: -3.2%	Retail sales in Singapore contracted 3.2% y-o-y in February after climbing 7.6% y-o-y in January.
Thailand GDP y-o-y, % Q1 2016	05/13	Q4 2014: 2.1% Q1 2015: 3.0% Q3 2015: 2.9% Q4 2015: 2.8%	Thailand's real GDP growth slowed to 2.8% y-o-y in Q4 2015 from 2.9% y-o-y in Q3 2015.
Indonesia Trade Balance USD million APR	05/16	03/15: 1,025.3 04/15: 477.4 02/16: 1,136.4 03/16: 497.0	Indonesia reported a trade surplus amounting to USD497 million in March, compared with USD1,136.4 million 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)

Consumer Price Inflation Eases in Indonesia in April; Consumer Price Inflation Remains Unchanged in the Republic of Korea and the Philippines in April; Thailand Posts Inflation in April

- [Cheaper Fuel and Harvesting Season drive Deflation](#)
Bank Indonesia (2 May 2016)
- [CPI in April 2016 was 123.19 or deflated 0.45 percent](#)
Statistics Indonesia (2 May 2016)
- [Consumer Price Index in April 2016](#)
Statistics Korea (3 May 2016)
- [Summary Inflation Report Consumer Price Index \(2006=100\): April 2016](#)
Philippine Statistics Authority (5 May 2016)
- [Consumer Price Index and Core Consumer Price Index](#)
Ministry of Commerce Thailand (2 May 2016)

Indonesia's Q1 2016 GDP Growth Slows to at 4.92% y-o-y

- [Economic Growth of Indonesia First Quarter 2016](#)
Statistics Indonesia (4 May 2016)

April PMI Falls in the PRC.; Rises in Singapore

- [China April official factory activity expands but at slower pace](#)
Reuters (30 April 2016)
- [China April official services PMI eases to 53.5](#)
Reuters (30 April 2016)
- [April PMI reading edged up to 49.8 on the back of an improved reading in Electronics Index at 49.5](#)
Singapore Institute of Purchasing & Materials Management (3 May 2016)

The Republic of Korea's Current Account Surplus Widens in March; Malaysia's Trade Surplus Widens in March

- [Balance of Payments during March 2016 \(preliminary\)](#)
The Bank of Korea (2 May 2016)
- [Monthly External Trade Statistics March 2016](#)
Department of Statistics Malaysia (6 May 2016)

Tianjin Rail Transit and ICBC Singapore Issue US Dollar D Bonds

- [BONDS: Tianjin Rail sets itself apart from troubled peers](#)
IFRAsia (5 May 2016)
- [BONDS: ICBC Singapore prices tight dollar deal, despite modest book](#)
IFRAsia (5 May 2016)

S&P Affirms Viet Nam's Ratings

- [VN rating outlook remains stable: S&P](#)
Viet Nam News (5 May 2016)

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