



Key Developments in Asian Local Currency Markets

The People's Republic of China's (PRC) gross domestic product (GDP) grew 6.7% year-on-year (y-o-y) in the third quarter (Q3) of 2016, the same rate as in the prior quarter. In the first 9 months of the year, GDP grew 6.7% y-o-y. By sector, agriculture grew 3.5% y-o-y, manufacturing expanded 6.1% y-o-y, and services gained 7.6% y-o-y. On a quarter-on-quarter (q-o-q) basis, GDP grew 1.8% in Q3 2016. Industrial production in the PRC grew 6.1% y-o-y in September, up from 6.3% y-o-y in August. The slower y-o-y growth in September was due to a slight decrease in the growth rate for manufacturing, which fell to 6.5% y-o-y from 6.8% y-o-y in August.

In its Board of Governors meeting held on 19–20 October, Bank Indonesia decided to lower its 7-day reverse repo rate by 25 basis points (bps) to 4.75%. The central bank has lowered the 7-day reverse repo rate by a cumulative 50 bps since it switched to using this rate as its policy rate in August. The deposit facility rate and lending facility rate were reduced by 25 bps each to 4.00% and 5.50%, respectively.

Consumer price inflation in Hong Kong, China eased to 2.7% y-o-y in September from 4.3% y-o-y in August. The decline in inflation was due largely to a low base effect resulting from the government's one-off relief measure for public housing tenants in August 2015. In Malaysia, consumer price inflation remained unchanged in September from the previous month at 1.5% y-o-y. The prices of food and nonalcoholic beverages, which account for almost a third of the Consumer Price Index, posted a smaller annual increase of 3.0% y-o-y in September compared with 3.5% y-o-y in August.

The Producer Price Index in the Republic of Korea fell 1.1% y-o-y but rose 0.2% month-on-month in September, according to the latest report of the Bank of Korea released last week. The decline was spurred by y-o-y decreases in product prices in the manufacturing and utility sectors.

Overseas Filipino workers' personal remittances to the Philippines rebounded in August, surging 16.0% y-o-y following a 5.4% y-o-y contraction in July, per the latest remittance data from the Bangko Sentral ng Pilipinas released last week. Between July and August, personal remittances increased from USD2.4 billion to USD2.6 billion, with the cumulative total for January–August reaching USD19.5 billion.

Asia Bond Monitor September 2016 read more

10-Year Selected LCY Government Security Yields Close of 21 October 2016 basis point change from

Table with 5 columns: Markets, Latest Closing, Previous Day*, Previous Week*, 1-Jan-16*. Rows include US, EU, Japan, PRC, Hong Kong, China, India, Indonesia, Korea, Rep. of, Malaysia, Philippines, Singapore, Thailand, Viet Nam.

- 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

BDO Unibank in the Philippines priced USD300 million worth of 5-year fixed-rate senior notes on a 2.63% coupon last week, the lowest rate on record for a USD-denominated bond from a Philippine issuer. The issuance is part of the bank's Medium-Term Note Program. Asian investors bought 87% of the total, while the remaining 13% went to European investors. The bonds were rated Baa2 by Moody's Investors Service.

For the past week, local currency government bond yields rose for all tenors in the Republic of Korea and for most tenors in Indonesia and the Philippines. On the other hand, bonds yields were mostly down in the People's Republic of China; Malaysia, Thailand and Viet Nam. Bond yields were mixed in Singapore and Hong Kong, China. The 2-year versus 10-year yield spread narrowed for all emerging East Asian markets except Indonesia and the Republic of Korea.

Summary Text of News Articles

**The PRC's GDP Growth Rate Remains Unchanged in Q3 2016;
The PRC's Industrial Production Growth Slows in September**

The People's Republic of China's (PRC) gross domestic product (GDP) grew 6.7% year-on-year (y-o-y) in the third quarter (Q3) of 2016, the same rate as in the prior quarter. In the first 9 months of the year, GDP grew 6.7% y-o-y. By sector, agriculture grew 3.5% y-o-y, manufacturing expanded 6.1% y-o-y, and services gained 7.6% y-o-y. On a quarter-on-quarter (q-o-q) basis, GDP grew 1.8% in Q3 2016.

Industrial production in the PRC grew 6.1% y-o-y in September, down from 6.3% y-o-y in August. The slower y-o-y growth in September was due to a slight decrease in the manufacturing industry's growth rate, which fell to 6.5% y-o-y from 6.8% y-o-y in August. Mining and quarrying, however, rose 0.1% y-o-y in September after falling 1.3% y-o-y in August. The production and distribution of electricity, heating power, gas, and water increased 7.3% y-o-y in September after rising 7.0% y-o-y in August.

Bank Indonesia Cuts 7-Day Repo Rate by 25 bps to 4.75%

In its Board of Governors meeting held on 19–20 October, Bank Indonesia decided to lower the 7-day reverse repurchase (repo) rate by 25 basis points (bps) to 4.75%. The central bank has lowered the 7-day reverse repo rate by a cumulative 50 bps since it switched to using this rate as its policy rate in August. The deposit facility rate and lending facility rate were reduced by 25 bps each to 4.00% and 5.50%, respectively. Bank Indonesia's monetary easing move is expected to stimulate domestic demand and credit expansion to help boost economic growth. For full-year 2016, Bank Indonesia projects the economy to grow at the lower-end of its forecast of 4.9%–5.3%.

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

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

**Hong Kong, China's Consumer Price Inflation Falls in September;
Consumer Price Inflation in Malaysia Remains Unchanged in September**

Consumer price inflation in Hong Kong, China eased to 2.7% y-o-y in September from 4.3% y-o-y in August. The decline in inflation was due largely to a low base effect resulting from the government's one-off relief measure for public housing tenants in August 2015. Netting out the impact of the one-off relief measure, inflation rose 2.1% in August. The largest price increase in September came from the utilities sector, which rose 10.3% y-o-y. Housing costs rose 4.2% y-o-y and the cost of meals bought away from home rose 2.9% y-o-y. The government said it does not expect significant inflationary pressures given low global inflation and contained domestic costs.

Consumer price inflation in Malaysia remained unchanged from the previous month at 1.5% y-o-y in September. The prices of food and nonalcoholic beverages, which account for almost a third of the Consumer Price Index, posted a smaller annual increase of 3.0% y-o-y in September compared with 3.5% y-o-y in August. The transport index posted a slower annual decline of 5.5% y-o-y in September compared with 6.7% y-o-y in August. On a month-on-month (m-o-m) basis, consumer prices fell 0.3% in September after an increase of 0.4% in August.

The Republic of Korea's PPI Rises 0.2% m-o-m, Falls 1.1% y-o-y in September

The Producer Price Index (PPI) in the Republic of Korea fell 1.1% y-o-y but rose 0.2% m-o-m in September, according to the latest PPI report of the Bank of Korea released last week. The PPI's y-o-y decline in September—spurred by decreases in the manufacturing and utility sectors—was smaller than August's 1.8% y-o-y drop. The PPI's m-o-m hike in September—which was buttressed by increases in the agricultural, forestry, and marine and services sectors—was up from the previous month's 0.1% m-o-m rise.

Summary Text of News Articles

OFW Remittances to the Philippines Surge in August

Overseas Filipino workers' (OFW) personal remittances to the Philippines rebounded in August as growth surged to 16.0% y-o-y following a 5.4% y-o-y contraction in July, per the latest remittance data from the Bangko Sentral ng Pilipinas released last week. Between July and August, OFW personal remittances increased from USD2.4 billion to USD2.6 billion. Over the January–August period, OFW personal remittances stood at USD19.5 billion, up 4.4% on a y-o-y basis.

BDO Unibank Sells USD300 Million 5-Year Bond

BDO Unibank in the Philippines priced USD300 million worth of 5-year US fixed-rate senior notes on a 2.63% coupon last week, the lowest rate on record for a USD-denominated bond from a Philippine issuer. The issuance is part of the bank's Medium-Term Note Program. Asian investors bought 87% of the total and the remaining 13% went to European investors. The bond was rated Baa2 by Moody's Investors Service. The bank will use the bond's proceeds to refinance its US\$300 million worth of outstanding bonds maturing in February 2017 and effectively support its USD-denominated projects.

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	0.32	-0.51	3.55	16.20
EU	-0.69	-0.70	-2.40	-24.60
Japan	-0.30	-2.30	-1.30	-26.30
PRC	2.63	0.00	0.00	45.00
Hong Kong, China	0.33	0.00	0.40	25.80
India	8.31	0.00	0.00	0.00
Korea, Rep. of	1.31	1.30	2.80	-24.40
Malaysia	2.80	-0.30	0.00	-6.30
Philippines	1.63	41.88	11.60	-103.28
Singapore	0.84	0.00	0.80	-5.30
Thailand	1.35	0.00	0.00	-14.85

Close of 21 October 2016

10-Year Selected LCY Government Bond Yields

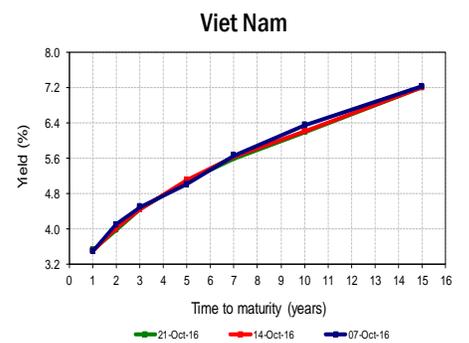
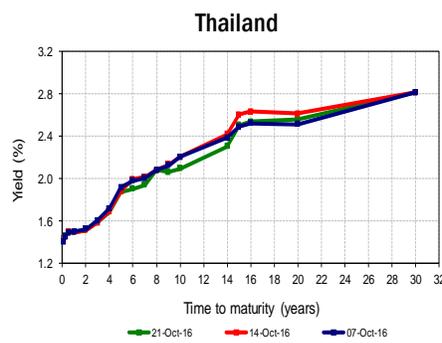
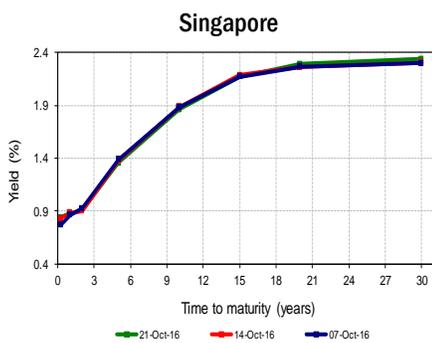
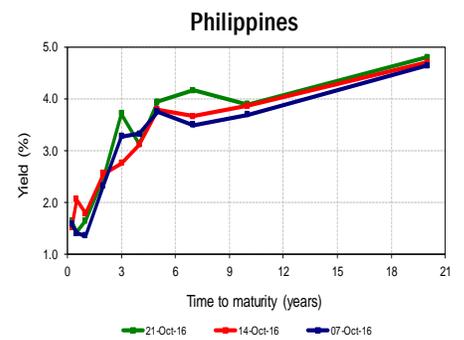
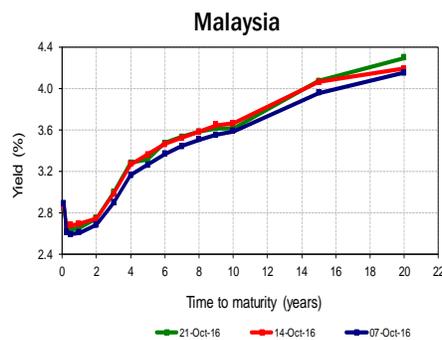
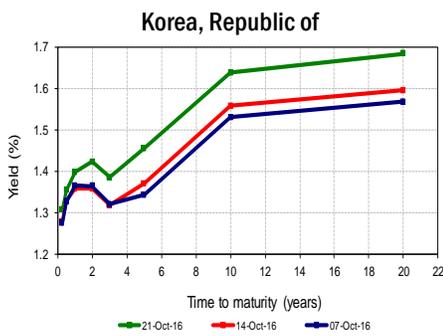
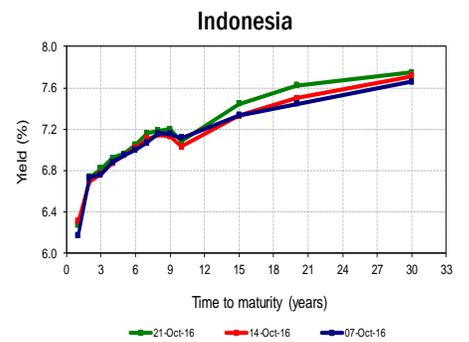
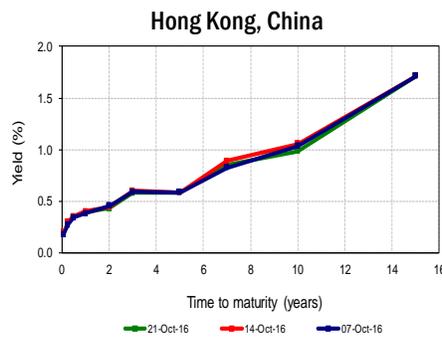
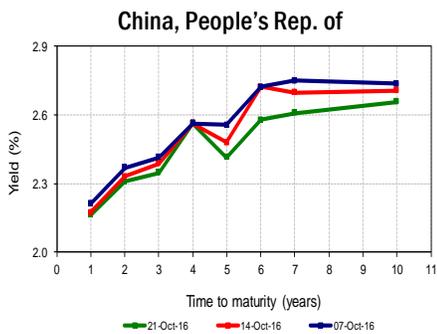
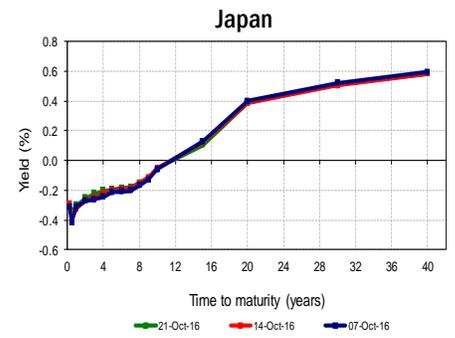
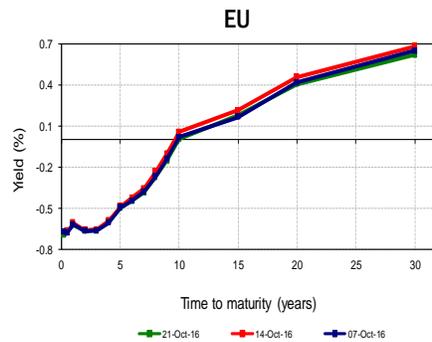
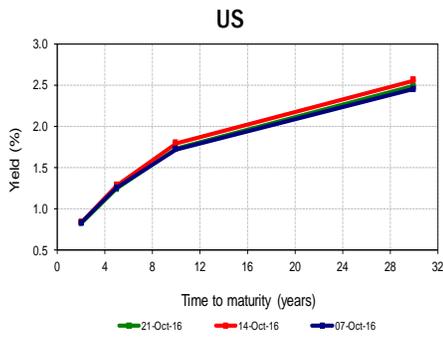
Markets	Latest Closing	basis point change from		
		Previous Day*	Previous Week*	1-Jan-16*
US	1.73	-2.09	-6.30	-53.47
EU	0.01	0.30	-5.20	-62.30
Japan	-0.05	1.30	0.20	-31.70
PRC	2.66	-0.70	-5.10	-20.30
Hong Kong, China	0.98	-0.10	-7.00	-59.80
India	6.76	0.10	0.70	-96.90
Indonesia	7.08	-5.00	5.20	-167.80
Korea, Rep. of	1.64	2.50	8.00	-44.80
Malaysia	3.62	-2.00	-4.30	-57.00
Philippines	3.89	2.88	3.52	-20.78
Singapore	1.86	-0.11	-2.41	-73.51
Thailand	2.10	0.70	-11.00	-40.50
Viet Nam	6.20	0.00	-1.30	-97.50

Close of 21 October 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

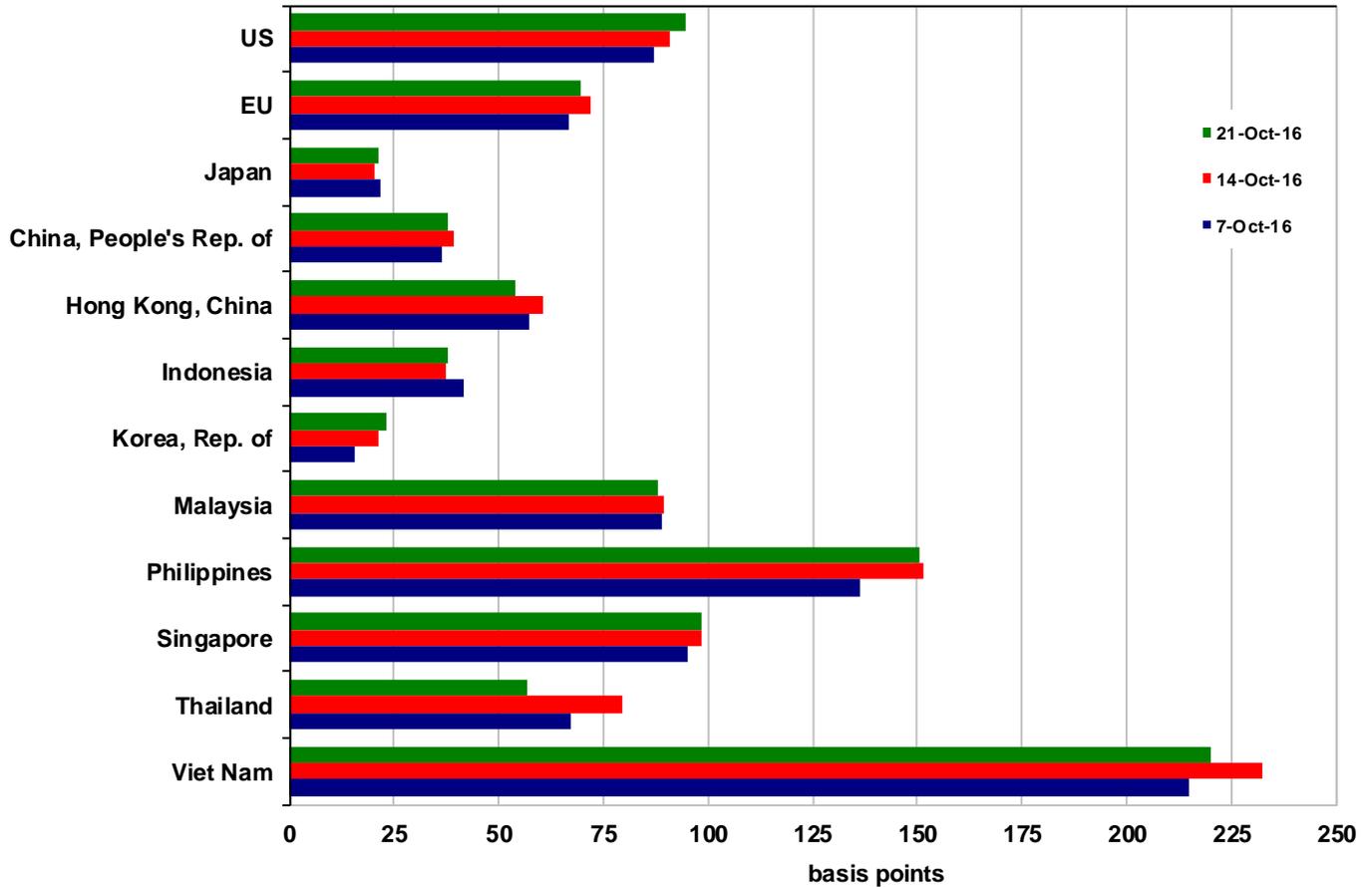
Tip: Zoom-in on the table using the Acrobat zoom tool



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

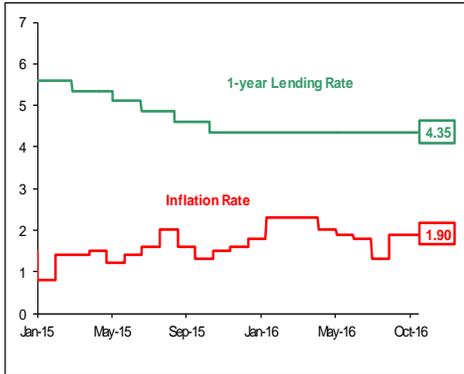


EU = European Union, US = United States.
 Source: Based on data from Bloomberg LP.

Policy Rate versus Inflation Rate

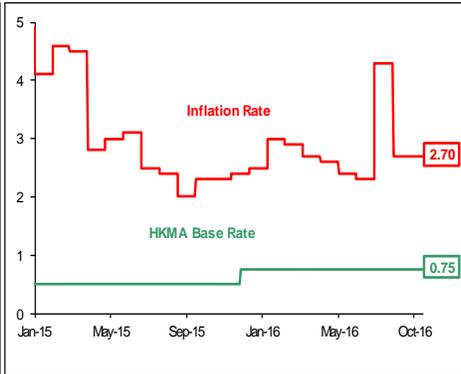
Tip: Zoom-in on the table using the Acrobat zoom tool

China, People's Rep. of



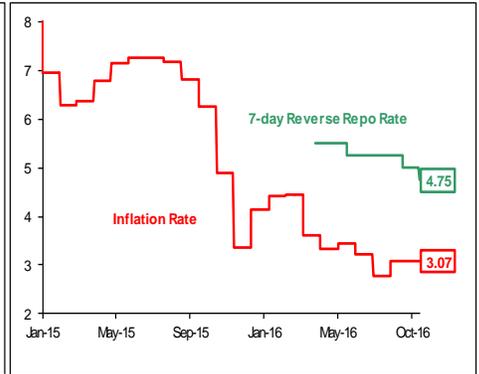
The PRC uses the 1-year lending rate as one of its policy rates.
Source: Bloomberg LP.

Hong Kong, China



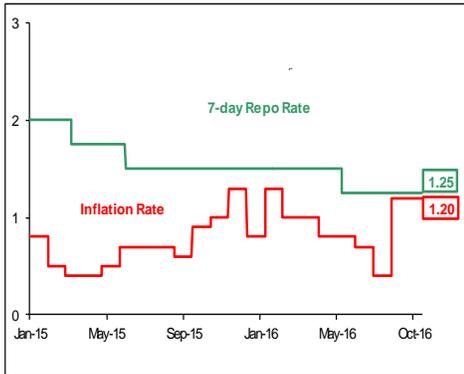
The Hong Kong Monetary Authority maintains a Discount Window Base Rate.
Source: Bloomberg LP.

Indonesia



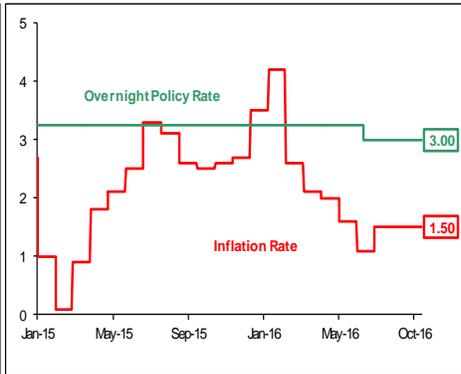
Bank Indonesia shifted its policy rate to the 7-day reverse repo rate effective 19 August 2016.
Source: Bloomberg LP.

Korea, Republic of



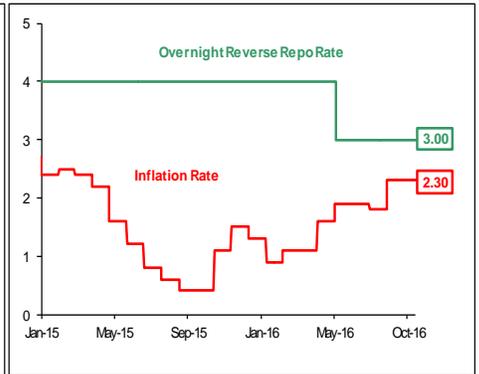
The Bank of Korea shifted its policy rate from the overnight repurchase (repo) rate to the 7-day repo rate in March 2008.
Source: Bloomberg LP.

Malaysia



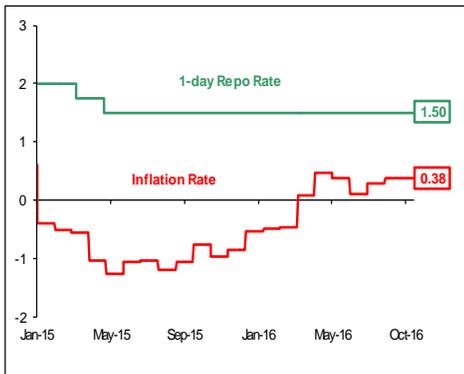
Bank Negara Malaysia uses the overnight policy rate (OPR) as its policy rate.
Source: Bloomberg LP.

Philippines



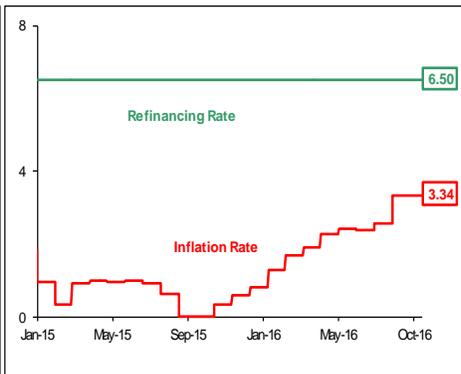
Bangko Sentral uses the Philippine overnight reverse repurchase agreement rate as one of its policy instruments.
Source: Bloomberg LP.

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

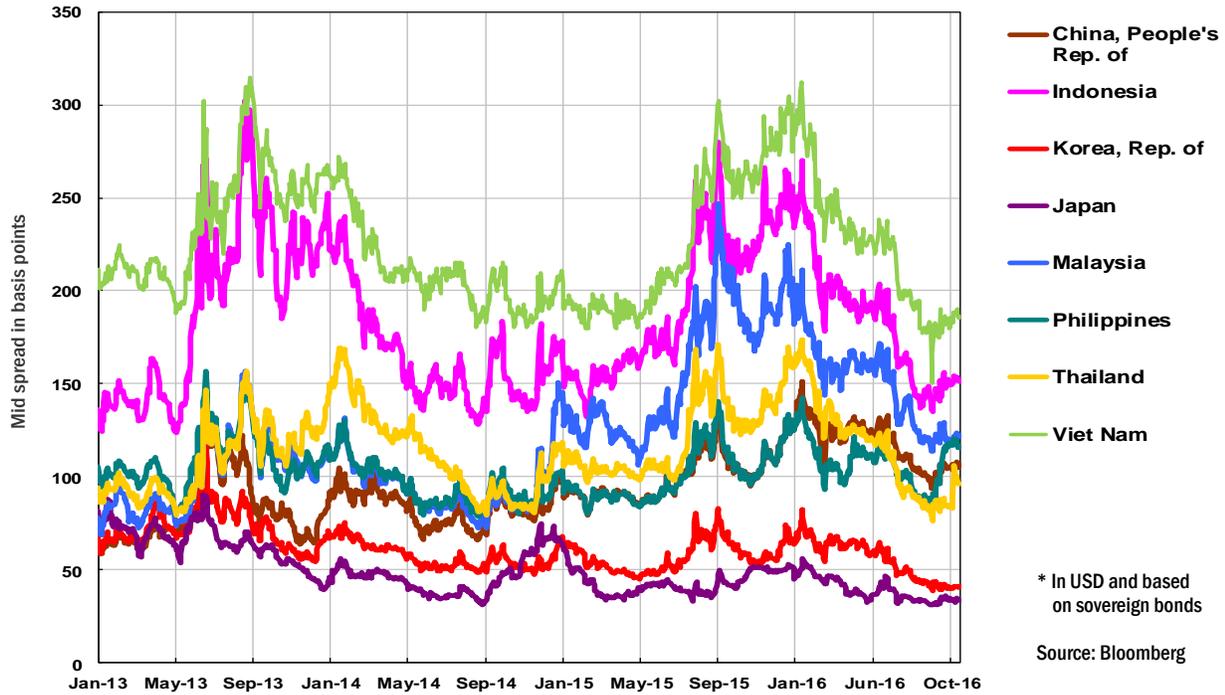


The State Bank of Viet Nam uses a benchmark prime lending rate as its policy rate.
Source: Bloomberg LP.

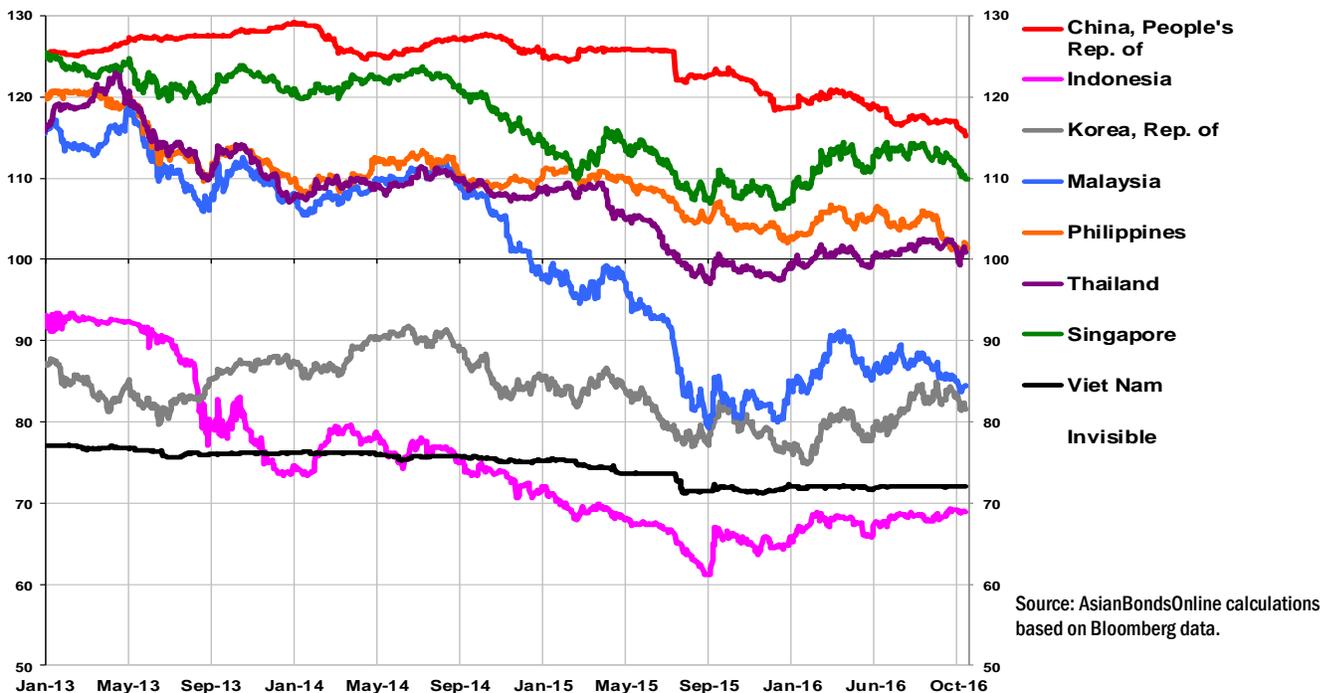
Credit Default Swap Spreads and Exchange Rate Indexes

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 (17 – 21 October 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	19-Oct	5-year Treasury Bonds	2.39	2.39	28.00	30.31
HK	18-Oct	91-day Exchange Fund Bills	0.33		49.01	49.01
		182-day Exchange Fund Bills	0.40		16.00	16.00
ID	18-Oct	6-month Islamic Treasury Bills	6.01			1,000.00
		3-year Treasury Bonds	6.82		3,000.00	400.00
		5-year Treasury Bonds	7.12			300.00
		15-year Treasury Bonds	7.58			820.00
JP	18-Oct	1-year Treasury Discount Bills	-0.32		2,500.00	2,499.99
		3-month Treasury Discount Bills	-0.25		4,400.00	4,379.97
KR	17-Oct	91-day Monetary Stabilization Bonds	1.34		1,000.00	1,000.00
		182-day Monetary Stabilization Bonds	1.37		600.00	600.00
		10-year Korea Treasury Bonds	1.62	1.88	1,050.00	1,050.00
	19-Oct	2-year Monetary Stabilization Bonds	1.36	1.33	2,000.00	2,000.00
PH	17-Oct	91-day Treasury Bills	1.28		8.00	8.00
		182-day Treasury Bills	1.51		6.00	6.00
		364-day Treasury Bills	1.88		6.00	3.91
SG	18-Oct	28-day MAS Bills	0.18		0.70	0.70
		84-day MAS Bills	0.53		4.20	4.20
	20-Oct	168-day MAS Bills	0.64		2.50	2.50
TH	17-Oct	28-day Treasury Bills	1.43		2.50	2.50
	18-Oct	28-day Bank of Thailand Bonds	1.44		10.00	10.00
		91-day Bank of Thailand Bonds	1.46		35.00	35.00
		182-day Bank of Thailand Bonds	1.49		45.00	45.00
	19-Oct	49.69-year Government Bonds	3.26	4.00	14.00	14.00
	20-Oct	14-day Bank of Thailand Bonds	1.44		45.00	44.08
21-Oct	28-day Treasury Bills	1.44		2.50	2.50	
VN	19-Oct	10-year Treasury Bonds	6.14		1,000.00	1,000.00
		15-year Treasury Bonds	7.20		1,000.00	1,000.00
		20-year Treasury Bonds	7.71		1,000.00	707.00

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

Sources: Local market sources and Bloomberg, LP.

Selected Asia Data Releases (25 – 31 October 2016)

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

Economy and Variable	Release Date	Historical Data	Recent Trends
Korea, Rep. of GDP—preliminary y-o-y, % Q3 2016	10/25	Q2 2015: 2.2% Q3 2015: 2.8% Q1 2016: 2.8% Q2 2016: 3.3%	Real gross domestic product (GDP) growth in the Republic of Korea accelerated to 3.3% year-on-year (y-o-y) in the second quarter (Q2) of 2016 from 2.8% y-o-y in the first quarter (Q1) 2016 due to stronger annual growth in household spending, domestic investment, exports, construction, manufacturing, and services.
Singapore Industrial Production y-o-y, % SEP	10/26	08/15: -4.7% 09/15: -6.3% 07/16: -3.5% 08/16: 0.1%	Singapore's industrial production expanded 0.1% y-o-y in August after contracting 3.5% y-o-y in July.
Hong Kong, China Exports y-o-y, % SEP	10/27	08/15: -6.1% 09/15: -4.6% 07/16: -5.1% 08/16: 0.8%	Merchandise exports from Hong Kong, China rose 0.8% y-o-y in August after falling 5.1% y-o-y in July.
Hong Kong, China Imports y-o-y, % SEP	10/27	08/15: -7.4% 09/15: -7.6% 07/16: -3.3% 08/16: 2.8%	Hong Kong, China's imports climbed 2.8% y-o-y in August following a 3.3% y-o-y decline in July.
Japan CPI y-o-y, % SEP	10/28	08/15: 0.2% 09/15: 0.0% 07/16: -0.4% 08/16: -0.5%	The Consumer Price Index (CPI) in Japan fell 0.5% y-o-y in August after a decline of 0.4% y-o-y in July.
Japan Industrial Production y-o-y, % SEP	10/31	08/15: -0.9% 09/15: -1.2% 07/16: -4.2% 08/16: 4.5%	Industrial production in Japan rose 4.5% y-o-y in August, a reversal from the decline of 4.2% y-o-y in July.
Korea, Rep. of Industrial Production y-o-y, % SEP	10/31	08/15: 0.8% 09/15: 3.1% 07/16: 1.6% 08/16: 2.3%	Industrial production growth in the Republic of Korea quickened to 2.3% y-o-y in August from 1.6% y-o-y in July, buoyed by stronger manufacturing production.
Thailand Current Account USD million SEP	10/31	08/15: 2,637 09/15: 1,550 07/16: 3,557 08/16: 3,805	Thailand's current account surplus widened to USD3.8 billion in August from USD3.6 billion in July.
Thailand Exports y-o-y, % SEP	10/31	08/15: -5.5% 09/15: -5.4% 07/16: -5.0% 08/16: 2.8%	Thailand's exports grew 2.8% y-o-y in August after contracting 5.0% y-o-y in July.
Viet Nam Exports—YTD y-o-y, % OCT	10/25 to 10/31	09/15: 9.6% 10/15: 8.5% 08/16: 5.5% 09/16: 6.7%	Export growth in Viet Nam slowed to 6.7% y-o-y in the first 9 months of the year from 9.6% y-o-y in the same period a year earlier.
Viet Nam Industrial Production y-o-y, % OCT	10/25 to 10/31	09/15: 10.1% 10/15: 8.8% 08/16: 7.3% 09/16: 7.6%	Industrial production growth in Viet Nam climbed 7.6% y-o-y in September, up from 7.3% y-o-y in August.

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)

The PRC's GDP Growth Rate Remains Unchanged in Q3 2016; The PRC's Industrial Production Growth Slows in September

- [National Economy Grew Steadily with Progress Made and Quality Improved in the First Three Quarters of 2016](#)
Census and Statistics Bureau (19 October 2016)
- [Industrial Production Operation in September 2016](#)
Census and Statistics Bureau (20 October 2016)
- [Industrial Production Operation in August 2016](#)
Census and Statistics Bureau (20 September 2016)

Bank Indonesia Cuts 7-Day Repo Rate by 25 bps to 4.75%

- [Macroeconomic Stability Maintained, BI Cuts 7-Day \(Reverse\) Repo Rate from 5.00% to 4.75%](#)
Bank Indonesia (20 October 2016)

Hong Kong, China's Consumer Price Inflation Falls in September; Consumer Price Inflation in Malaysia Remains Unchanged in September

- [Consumer Price Indices for September 2016 \[20 Oct 2016\]](#)
Census and Statistics Department (20 October 2016)
- [Consumer Price Index Malaysia September 2016](#)
Department of Statistics (21 October 2016)

The Republic of Korea's PPI Rises 0.2% m-o-m, Falls 1.1% y-o-y in September

- [The Producer Price Index during September 2016](#)
The Bank of Korea (19 October 2016)

OFW Remittances to the Philippines Surge in August

- [Personal Remittances Climb to US\\$19.5 Billion in the First Eight Months of 2016](#)
Bangko Sentral ng Pilipinas (17 October 2016)

BDO Unibank Sells USD300 Million 5-Year Bond

- [BDO issues USD300 million Senior Notes](#)
BDO Unibank (18 October 2016)
- [BDO defies Philippines CDS with tight bond](#)
FinanceAsia (18 October 2016)

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