

Key Developments in Asian Local Currency Markets

Japan's real gross domestic product (GDP) growth accelerated to 0.5% quarter-on-quarter in the third quarter (Q3) of 2016 from 0.2% quarter-on-quarter in the second quarter (Q2) of 2016. On an annualized basis, Japan's economy expanded 2.2% in Q3 2016, up from 0.7% in Q2 2016. The Philippines' real GDP rose 7.1% year-on-year (y-o-y) in Q3 2016, surpassing the 7.0% y-o-y growth posted in Q2 2016 and the 6.2% y-o-y growth recorded in Q3 2015. By expenditure type, capital formation posted the highest growth rate at 20.0% y-o-y and government expenditure posted the lowest rate at 3.1% y-o-y.

✎ In its meeting on 16–17 November, the Board of Governors of Bank Indonesia decided to keep the 7-day reverse repurchase rate at 4.75%. The decision to keep the policy rate steady was made in response to ongoing volatility in global financial markets following the United States presidential election.

✎ Exports from Indonesia climbed 4.6% y-o-y in October to USD12.7 billion. Imports also rose 3.3% y-o-y in October to USD11.5 billion. A trade surplus amounting to USD1.2 billion was recorded in October. Singapore's non-oil domestic exports (NODX) fell again in October, contracting 12.0% y-o-y after decreasing 5.0% y-o-y a month earlier. Both electronic NODX and non-electronic NODX declined in October. On a month-on-month and seasonally adjusted basis, NODX contracted 3.7% in October.

✎ The People's Republic of China's industrial production rose 6.1% y-o-y in October, the same rate of increase as in September.

✎ The Producer Price Index in the Republic of Korea increased 0.2% m-o-m in October, led by higher growth rates in the manufacturing subindex and the electricity power, gas, and water supply subindex. On a y-o-y basis, however, the Producer Price Index fell 0.2.

✎ Monthly personal remittances from overseas Filipinos increased 6.3% y-o-y to USD2.6 billion in September. Cumulative personal remittances totaled USD22.1 billion through the first 9 months of the year. Monthly cash remittances from overseas Filipinos coursed through banks increased 6.7% y-o-y to USD2.4 billion in September.

✎ Upcoming data releases this week include final Q3 2016 GDP data for Singapore and consumer price inflation data for Hong Kong, China; Japan; Malaysia; Singapore; and Viet Nam. In addition, a monetary policy meeting will be held by Bank Negara Malaysia.

Asia Bond Monitor September 2016

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10-Year Selected LCY Government Security Yields Close of 18 November 2016 basis point change from

Markets	Latest Closing	Previous Day*	Previous Week*	1-Jan-16*
US	2.35	5.22	20.47	8.54
EU	0.27	-0.70	-3.60	-35.70
Japan	0.04	2.90	6.20	-22.50
PRC	2.90	-0.10	6.50	4.10
Hong Kong, China	1.41	7.20	-1.20	-16.80
India	6.43	0.90	-29.70	-130.10
Indonesia	7.83	7.20	-5.90	-92.70
Korea, Rep. of	2.14	8.60	18.60	5.10
Malaysia	4.42	7.90	44.60	22.90
Philippines	4.54	23.76	-40.11	44.00
Singapore	2.35	11.95	21.79	-24.43
Thailand	2.60	3.80	30.90	10.40
Viet Nam	6.23	-2.50	2.50	-95.00

- TABLES & GRAPHS
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 - ▶ 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

✎ Watch out for the release of the November edition of the Asia Bond Monitor, which will be launched at a conference held in partnership with the Directorate General of Budget Financing and Risk Management of the Indonesian Ministry of Finance and the Centre for Strategic and International Studies on 29 November 2016 in Jakarta.

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

Summary Text of News Articles

Japan Posts 0.5% q-o-q and 2.2% Annualized GDP Growth in Q3 2016; Philippine GDP Growth Rises to 7.1% y-o-y in Q3 2016

Japan's real gross domestic product (GDP) growth accelerated to 0.5% quarter-on-quarter (q-o-q) in the third quarter (Q3) of 2016 from 0.2% q-o-q growth in the second quarter (Q2) of 2016. The increase was primarily due to a rise in exports of 2.0% q-o-q, a reversal from the 1.5% q-o-q contraction in Q2 2016, and the higher annual increase in government consumption. On an annualized basis, Japan's economy grew at an accelerated pace of 2.2% in Q3 2016 compared with 0.7% in Q2 2016.

The Philippines' GDP grew 7.1% year-on-year (y-o-y) in Q3 2016, surpassing the 7.0% y-o-y growth recorded in Q2 2016 and the 6.2% y-o-y growth posted in Q3 2015. By expenditure type, capital formation posted the highest growth rate at 20.0% y-o-y, while government expenditure posted the lowest growth rate at 3.1% y-o-y. The Philippines exceeded the growth rates of all other major emerging East Asian economies that have released data for Q3 2016, including the People's Republic of China (6.7%), Viet Nam (6.4%), Indonesia (5.0%), and Malaysia (4.3%). The Government of the Philippines has targeted annual GDP growth 6.0%–7.0% for full-year 2016.

Bank Indonesia Leaves Policy Rate Unchanged at 4.75%

In its meeting held on 16–17 November, the Board of Governors of Bank Indonesia decided to keep its 7-day reverse repurchase rate at 4.75%. The deposit facility rate (4.00%) and the lending facility rate (5.50%) were also left unchanged. The decision to keep policy rate steady was in response to ongoing volatility in global financial markets following the United States presidential election. Bank Indonesia noted that domestic macro indicators remain stable given subdued inflation and an improving current account deficit. The central bank said that it will continue to ensure stability of the rupiah versus the US dollar.

For the historical trend of Indonesia's policy rate, refer to this link:

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

Indonesia Posts USD1.2 Billion Trade Surplus in October; Singapore NODX Down 12.0% y-o-y in October

Exports from Indonesia climbed 4.6% y-o-y in October to USD12.7 billion, a reversal from the 0.2% y-o-y decline in September. Imports rose 3.3% y-o-y in October to USD11.5 billion after contracting 2.3% y-o-y a month earlier. A trade surplus amounting to USD1.2 billion was recorded in October.

Singapore's non-oil domestic exports (NODX) fell in October, contracting 12.0% y-o-y after decreasing 5.0% y-o-y a month earlier. Both electronic NODX (–6.0% y-o-y) and non-electronic NODX (–14.6% y-o-y) declined in October after decreasing 6.6% y-o-y and 4.2% y-o-y in September, respectively. NODX declined to all of Singapore's top 10 trading partners except for Hong Kong, China; the Republic of Korea; and Taipei, China. NODX to emerging markets dropped 37.1% y-o-y in October following a 0.7% y-o-y decline in September. On a month-on-month and seasonally adjusted basis, NODX contracted 3.7% in October, a reversal from the 2.2% increase the previous month.

The People's Republic of China's Industrial Production Rises 6.1% y-o-y in October

The People's Republic of China's industrial production rose 6.1% y-o-y in October, the same rate of increase as in September. By sector, the fastest gains came from the distribution of electricity, heating power, gas and water, which rose 7.9% y-o-y; followed by manufacturing, which rose 6.7% y-o-y. In contrast, mining and quarrying fell 2.2% y-o-y in October.

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

The Producer Price Index (PPI) in the Republic of Korea increased 0.2% m-o-m in October, led by higher growth rates in the manufacturing subindex and the electricity power, gas, and water supply subindex. On a y-o-y basis, however, the PPI fell 0.2% due to contractions in both subindexes.

Summary Text of News Articles

Overseas Filipinos' Remittances Up in September

Monthly personal remittances from overseas Filipinos increased 6.3% y-o-y to USD2.6 billion in September. Cumulative personal remittances through the first 9 months of the year reached USD22.1 on 4.7% growth compared with the same period in 2015. On the other hand, monthly cash remittances from overseas Filipinos coursed through banks increased 6.7% y-o-y to USD2.4 billion in September. However, this was down significantly from the 16.3% y-o-y growth posted in August. Cumulative cash remittances through the first 9 months of the year totaled USD20.0 billion on 4.8% growth compared with the same period in 2015.

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	0.43	0.50	-3.56	26.86
EU	-0.69	-0.70	5.10	-23.90
Japan	-0.29	-1.50	-1.10	-24.70
PRC	2.63	0.00	0.00	45.00
Hong Kong, China	0.33	0.00	0.00	25.80
India	8.31	0.00	0.00	0.00
Korea, Rep. of	1.46	3.80	13.30	-8.70
Malaysia	3.03	-1.50	17.60	17.20
Philippines	1.82	3.04	26.43	-84.88
Singapore	0.85	0.00	10.00	-4.00
Thailand	1.35	0.00	0.00	-14.85

Close of 18 November 2016

10-Year Selected LCY Government Bond Yields

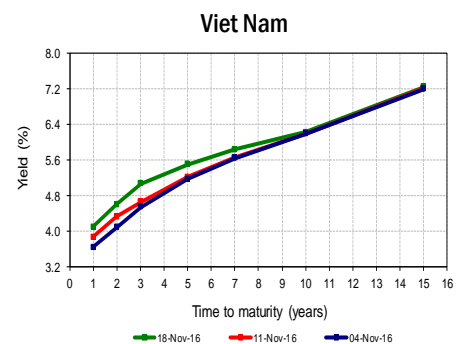
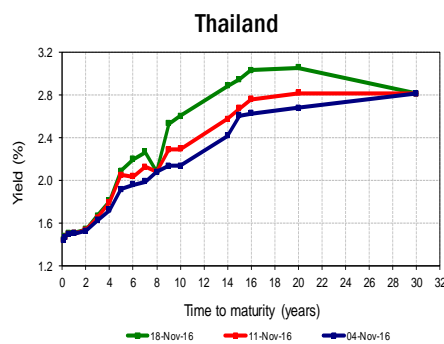
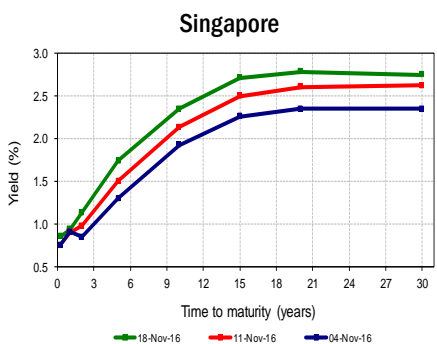
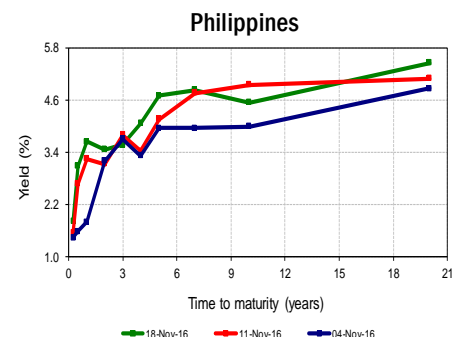
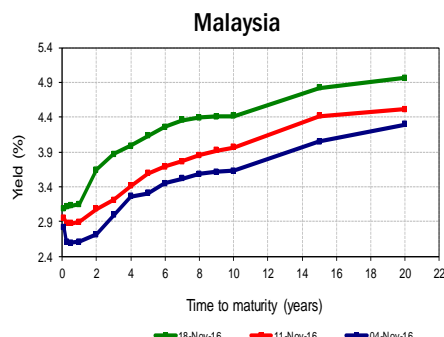
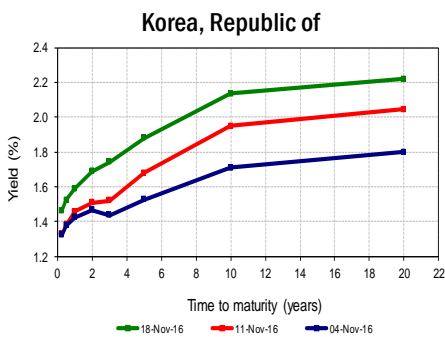
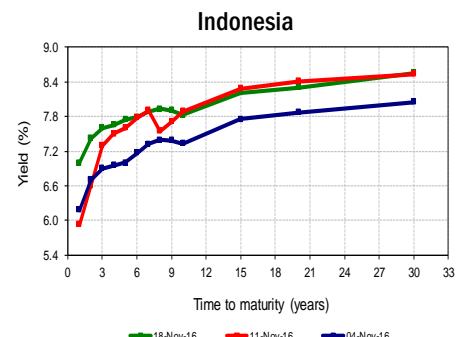
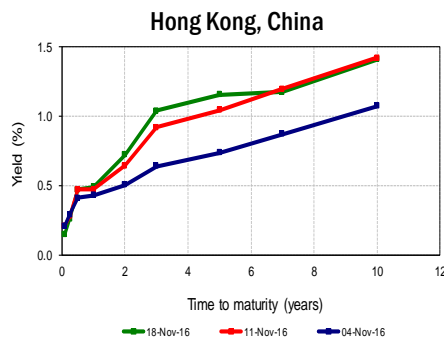
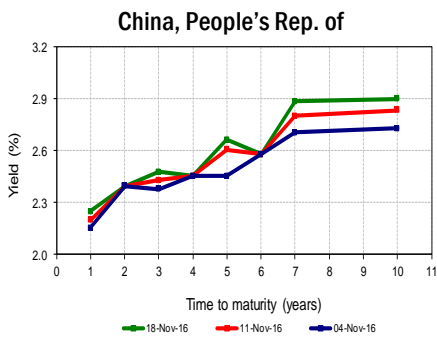
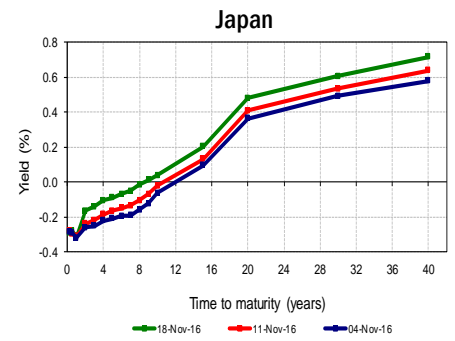
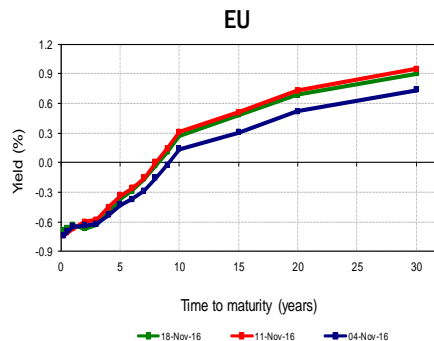
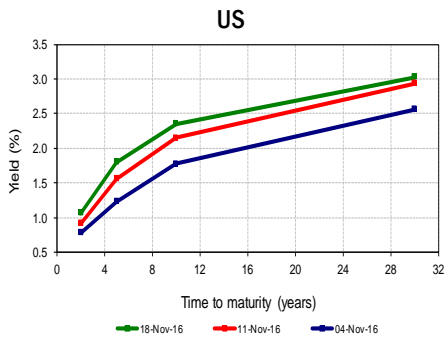
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Hong Kong, China	1.41	7.20	-1.20	-16.80
India	6.43	0.90	-29.70	-130.10
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Korea, Rep. of	2.14	8.60	18.60	5.10
Malaysia	4.42	7.90	44.60	22.90
Philippines	4.54	23.76	-40.11	44.00
Singapore	2.35	11.95	21.79	-24.43
Thailand	2.60	3.80	30.90	10.40
Viet Nam	6.23	-2.50	2.50	-95.00

Close of 18 November 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

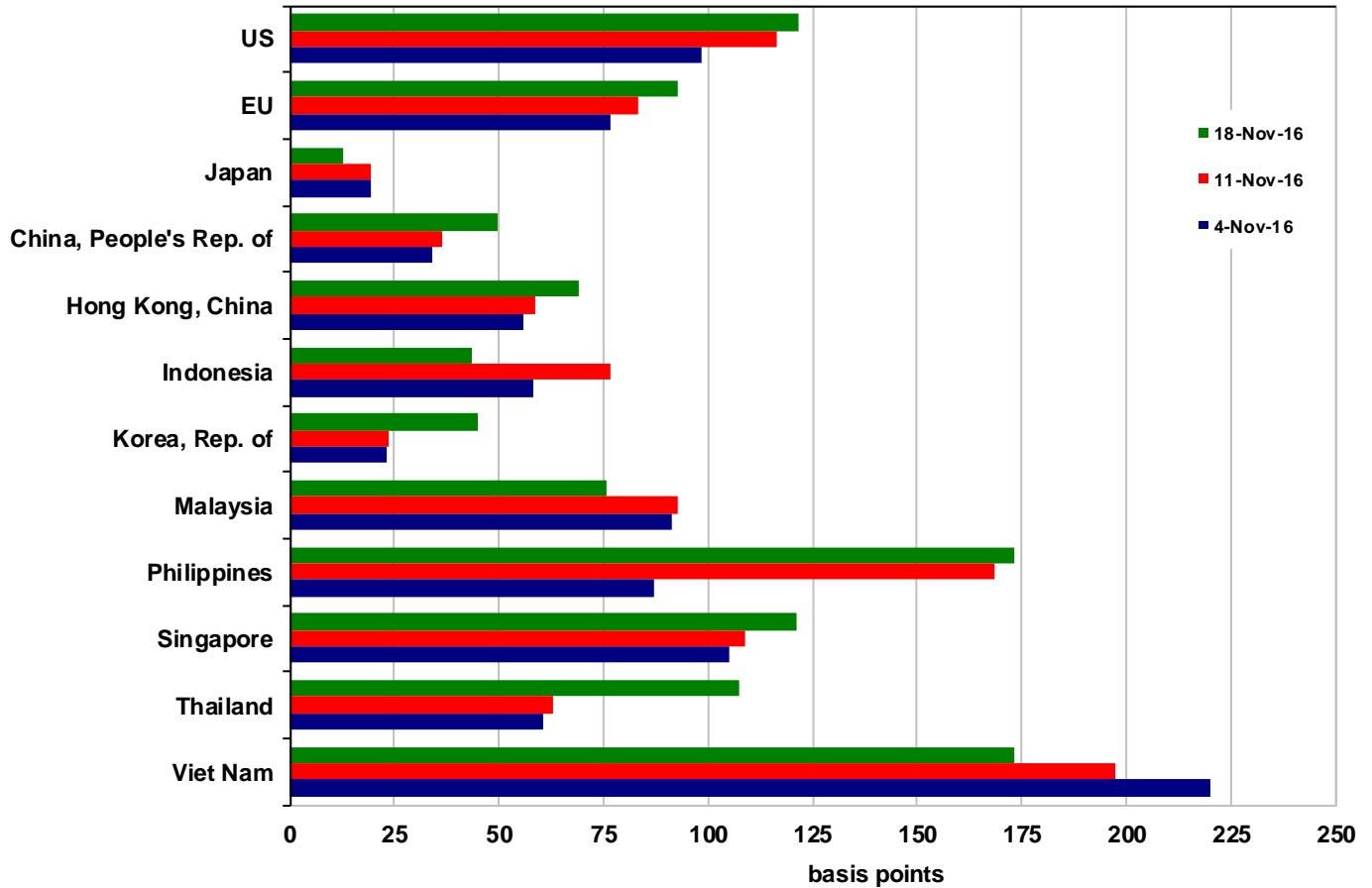
Tip: Zoom-in on the table using the Acrobat zoom tool



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

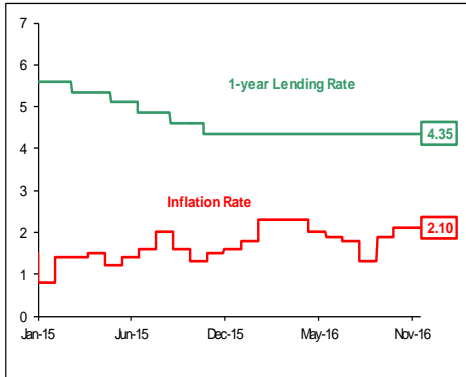


EU = European Union, US = United States.
 Source: Based on data from Bloomberg LP.

Policy Rate versus Inflation Rate

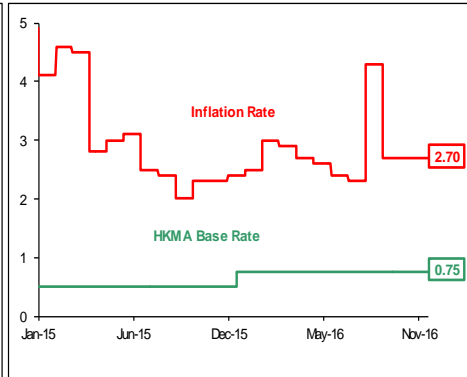
Tip: Zoom-in on the table using the Acrobat zoom tool

China, People's Rep. of



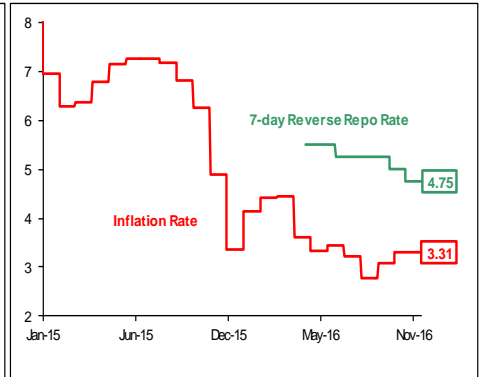
The PRC uses the 1-year lending rate as one of its policy rates.
Source: Bloomberg LP.

Hong Kong, China



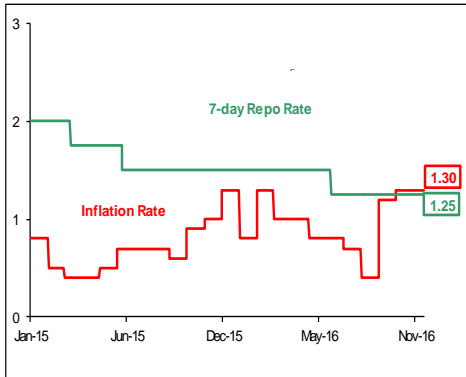
The Hong Kong Monetary Authority maintains a Discount Window Base Rate.
Source: Bloomberg LP.

Indonesia



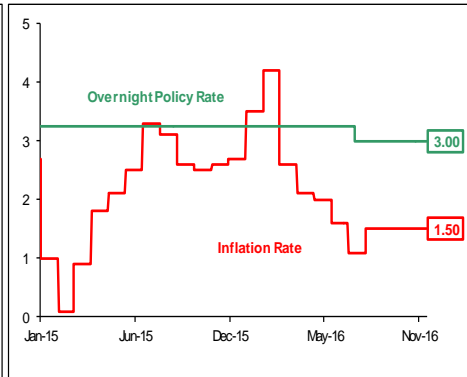
Bank Indonesia shifted its policy rate to the 7-day reverse repo rate effective 19 August 2016.
Source: Bloomberg LP.

Korea, Republic of



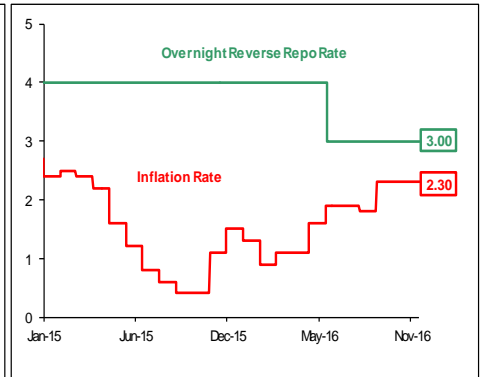
The Bank of Korea shifted its policy rate from the overnight repurchase (repo) rate to the 7-day repo rate in March 2008.
Source: Bloomberg LP.

Malaysia



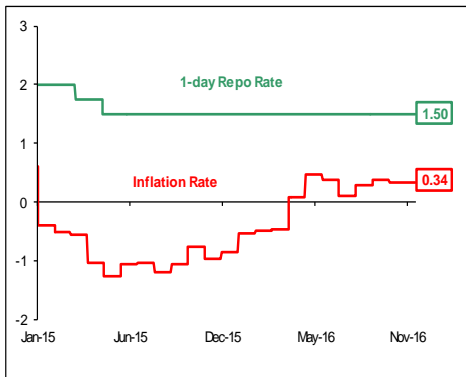
Bank Negara Malaysia uses the overnight policy rate (OPR) as its policy rate.
Source: Bloomberg LP.

Philippines



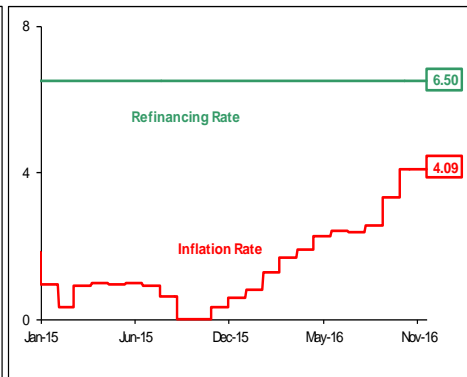
Bangko Sentral uses the Philippine overnight reverse repurchase agreement rate as one of its policy instruments.
Source: Bloomberg LP.

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

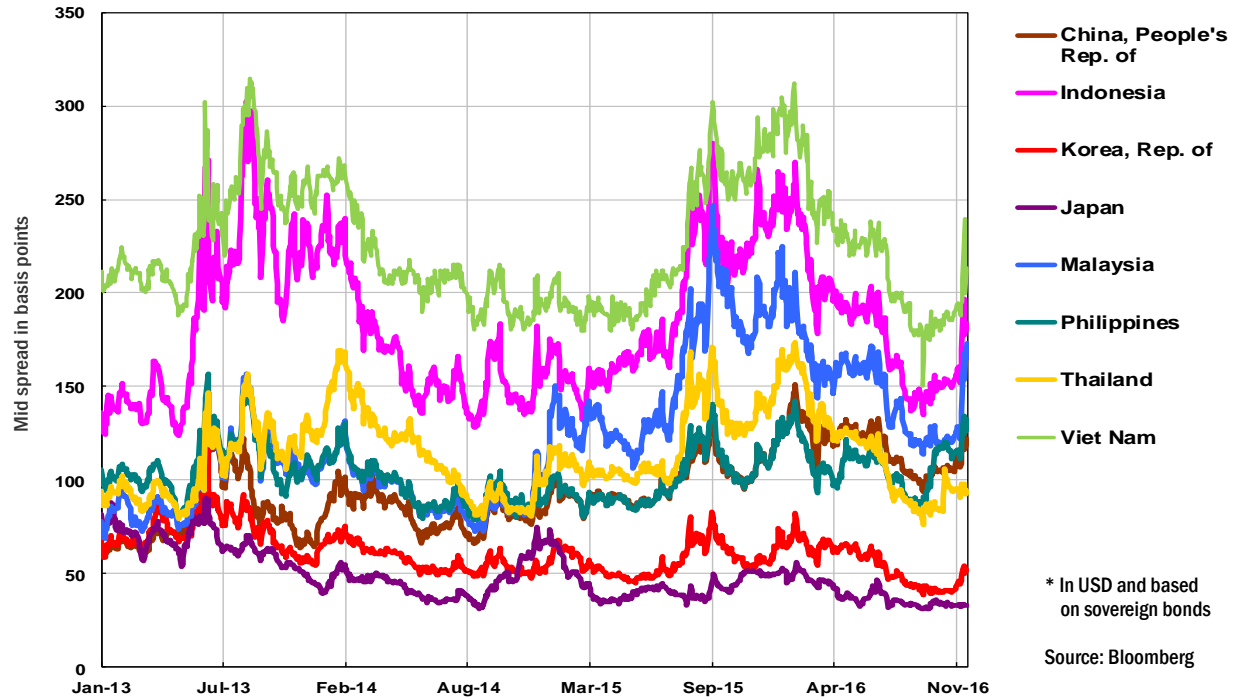


The State Bank of Viet Nam uses a benchmark prime lending rate as its policy rate.
Source: Bloomberg LP.

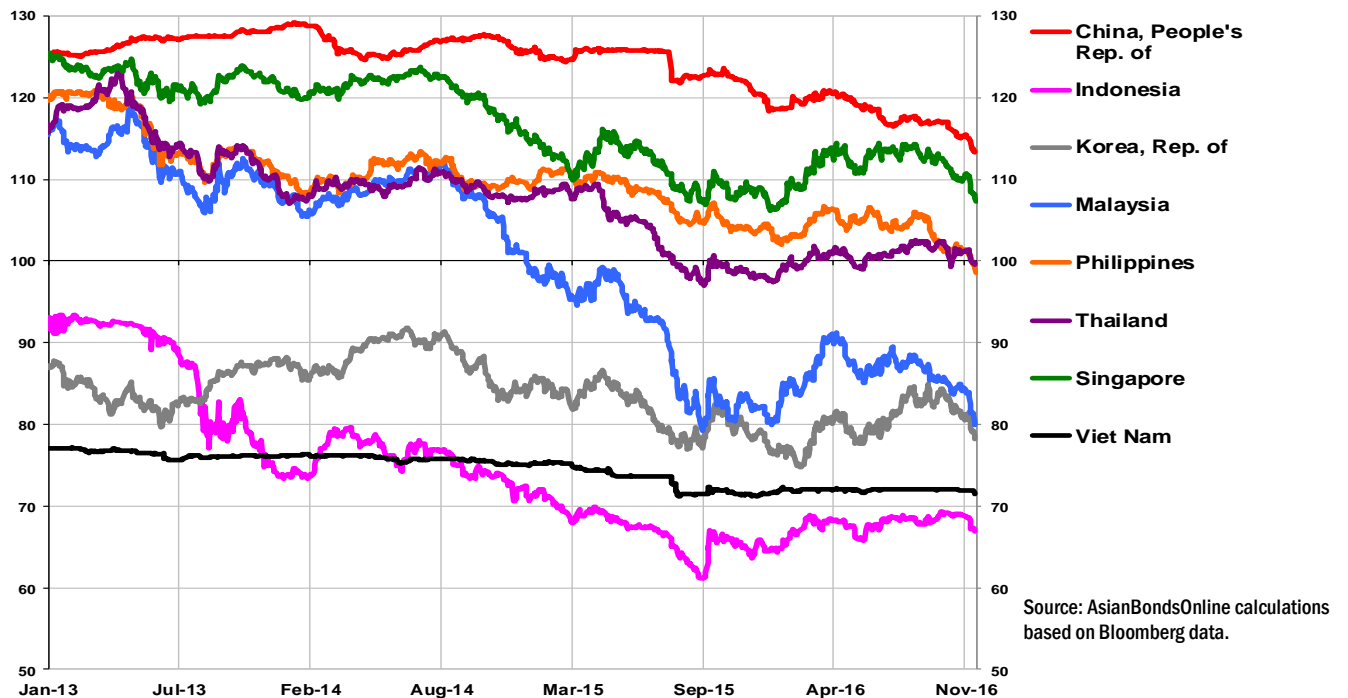
Credit Default Swap Spreads and Exchange Rate Indexes

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 (14 – 18 November 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	16-Nov	7-year Treasury Bonds	2.79	2.79	26.00	26.06
	18-Nov	50-year Treasury Bonds	3.48	3.48	19.00	24.20
HK	15-Nov	91-day Exchange Fund Bills	0.32		42.79	42.79
		182-day Exchange Fund Bills	0.51		15.00	15.00
	18-Nov	2-year Exchange Fund Notes	0.78	0.55	1.20	1.20
JP	15-Nov	5-year Japanese Government Bonds	-0.16	0.10	2,400.00	2,399.60
	16-Jan	1-year Treasury Discount Bills	-0.27		2,500.00	2,499.99
	17-Nov	3-month Treasury Discount Bills	-0.29		4,400.00	4,369.95
		20-year Japanese Government Bonds	0.46	0.50	1,100.00	1,231.30
KR	14-Nov	1-year Monetary Stabilization Bills	1.48		990.00	990.00
		91-day Monetary Stabilization Bills	1.36		700.00	700.00
		10-year Korean Treasury Bonds	2.00	1.88	1,050.00	1,066.00
	16-Nov	2-year Monetary Stabilization Bonds	1.61		2,000.00	2,000.00
MY	14-Nov	7-year Government Investment Issue	4.09	4.39	3.00	3.00
PH	14-Nov	91-day Treasury Bills	1.48		8.00	8.00
		182-day Treasury Bills	1.81		6.00	4.40
SG	15-Nov	28-day MAS Bills	0.17		0.80	0.80
		84-day MAS Bills	0.51		4.40	4.40
	17-Nov	168-day MAS Bills	0.55		2.40	2.40
TH	14-Nov	28-day Treasury Bills	1.44		5.00	5.00
		364-day Treasury Bills	1.51		10.00	10.00
	15-Nov	28-day Bank of Thailand Bills	1.44		10.00	10.00
		91-day Bank of Thailand Bills	1.47		40.00	35.43
		182-day Bank of Thailand Bills	1.50		40.00	40.00
	16-Nov	10.08-year Government Bonds	2.57		16.00	16.00
	18-Nov	14-day Bank of Thailand Bills	1.44		40.00	40.00

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

Sources: Local market sources and Bloomberg, LP.

Selected Asia Data Releases (22 – 28 November 2016)

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

Economy and Variable	Release Date	Historical Data	Recent Trends
Singapore GDP-Final y-o-y, % Q3 2016	11/21 to 11/25	Q2 2015: 1.7% Q3 2015: 1.8% Q2 2016: 2.0% Q3 2016: 0.6%	Based on preliminary estimates, gross domestic product (GDP) growth in Singapore eased to 0.6% year-on-year (y-o-y) in the third quarter (Q3) of 2016 from 2.0% y-o-y in Q2 2016.
Hong Kong, China CPI y-o-y, % OCT	11/22	09/15: 2.0% 10/15: 2.3% 08/16: 4.3% 09/16: 2.7%	Consumer price inflation eased to 2.7% y-o-y in September from 4.3% y-o-y in August.
Malaysia Overnight Policy Rate % Nov-23	11/23	10/15: 3.25% 11/15: 3.25% 09/16: 3.00% 10/16: 3.00%	At its 7 September monetary policy meeting, Bank Negara Malaysia decided to maintain its overnight policy rate at 3.0%.
Singapore CPI y-o-y, % OCT	11/23	09/15: -0.6% 10/15: -0.8% 08/16: -0.3% 09/16: -0.2%	Singapore's consumer price inflation remained negative for the 23rd consecutive month, falling 0.2% y-o-y in September after decreasing 0.3% y-o-y in August.
Hong Kong, China Trade Balance HKD billions OCT	11/24	09/15: -36.4 10/15: -29.7 08/16: -32.1 09/16: -39.7	Hong Kong, China's trade deficit widened to HKD39.7 billion in September from HKD32.1 billion a month earlier.
Viet Nam CPI y-o-y, % NOV	11/24	10/15: 0.0% 11/15: 0.3% 09/16: 3.3% 10/16: 4.1%	Consumer price inflation in Viet Nam rose to 4.1% y-o-y in October from 3.3% y-o-y in September.
Japan CPI y-o-y, % OCT	11/25	09/15: 0.0% 10/15: 0.3% 08/16: -0.5% 09/16: -0.5%	Consumer prices in Japan continued to contract in Japan, falling 0.5% y-o-y in September, the same pace as in the previous month.
Malaysia CPI y-o-y, % OCT	11/25	09/15: 2.6% 10/15: 2.5% 08/16: 1.5% 09/16: 1.5%	Malaysia's consumer prices rose 1.5% y-o-y in September, the same pace as in August.
Singapore Industrial Production y-o-y, % OCT	11/25	09/15: -6.3% 10/15: -3.3% 08/16: 0.5% 09/16: 6.7%	Singapore's manufacturing output rose 6.7% y-o-y in September after an increase of only 0.5% y-o-y in August.
Viet Nam Trade Balance USD millions NOV	11/25 to 11/30	10/15: 500 11/15: -200 09/16: -100 10/16: -200	Viet Nam posted a trade deficit amounting to USD200 billion in November, up from USD100 billion in the previous month.
Viet Nam Industrial Production y-o-y, % NOV	11/25 to 11/30	10/15: 8.8% 11/15: 8.9% 09/16: 7.6% 10/16: 7.0%	Viet Nam's industrial production growth slowed to 7.0% y-o-y in October from 7.6% y-o-y in September.

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)

Japan Posts 0.5% q-o-q and 2.2% Annualized GDP Growth in Q3 2016; Philippine GDP Growth Rises to 7.1% y-o-y in Q3 2016

- [Gross Domestic Product: Third Quarter 2016](#)
Cabinet Office (14 November 2016)
- [Philippine Economy Posts 7.1 Percent GDP Growth in the Third Quarter of 2016](#)
Philippine Statistics Authority (17 November 2016)
- [Philippine economy grows fastest in Asia](#)
Philippine Daily Inquirer (18 November 2016)

Bank Indonesia Leaves Policy Rate Unchanged at 4.75%

- [BI 7-day Reverse Repo Rate Held at 4.75%; BI Responds to External Uncertainty against a Stable Domestic Backdrop](#)
Bank Indonesia (17 November 2016)

Indonesia Posts USD1.2 Billion Trade Surplus in October; Singapore NODX Down 12.0% y-o-y in October

- [Indonesia Export and Import October 2016](#)
Statistics Indonesia (15 November 2016)
- [Singapore External Trade – October 2016](#)
International Enterprise Singapore (17 November 2016)

The People's Republic of China's Industrial Production Rises 6.1% y-o-y in October

- [Industrial Production Operation in October 2016](#)
National Bureau of Statistics of China (15 November 2016)

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

- [Producer Price Index during October 2016](#)
The Bank of Korea (18 November 2016)

Overseas Filipinos' Remittances Up in September

- [Personal Remittances Increase to US\\$2.6 Billion in September 2016; First Nine Months Level Reaches US\\$22.1 Billion](#)
Bangko Sentral ng Pilipinas (15 November 2016)

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