

Key Developments in Asian Local Currency Markets

Singapore's third quarter (Q3) gross domestic product (GDP) expanded 1.1% year-on-year (y-o-y) after growing 2.0% y-o-y in the second quarter (Q2) of 2016. The easing was mainly due to a slowdown in the service sector, which recorded zero growth in Q3 2016 after expanding 1.2% y-o-y in Q2 2016. The manufacturing and construction sectors expanded 1.3% y-o-y and 1.6% y-o-y in Q3 2016, respectively, easing from 1.4% y-o-y and 2.0% y-o-y growth in the previous quarter. The Ministry of Trade and Industry now expects GDP growth of 1.0%–1.5% in 2016, which is down from earlier forecasts in May (1.0%–2.0%) and August (1.0%–2.0%).

After expanding 3.5% y-o-y in Q2 2016, Thailand's GDP grew 3.2% y-o-y in Q3 2016. In terms of production, growth was led by expansion in the non-agriculture sector, where growth eased to 3.2% y-o-y in Q3 2016 from 3.8% y-o-y in the previous quarter. Manufacturing sector growth eased to 0.9% y-o-y in Q3 2016 from 2.1% y-o-y in Q2 2016. Thailand's economy remains on track to exceed annual growth of 2.8% in 2015 and is projected to expand 3.0%–3.5% in 2016 and 3.0%–4.0% in 2017.

Based on preliminary data from the Singapore Economic Development Board, Singapore's manufacturing output increased 1.2% y-o-y in October after jumping 7.7% y-o-y in September.

Hong Kong, China's inflation rate rose at a slower pace of 1.2% y-o-y in October compared with 2.7% y-o-y in September. Consumer prices in Japan inched up in October, rising 0.1% y-o-y, following 6 consecutive months of deflation. The return to inflation was primarily driven by higher annual increase in food prices. Malaysia's consumer price inflation eased to 1.4% y-o-y in October from 1.5% y-o-y in September. For the 24th consecutive month, Singapore experienced consumer price deflation, albeit at a slower pace of 0.1% y-o-y in October compared with 0.2% y-o-y in September.

Bank Negara Malaysia decided to keep the overnight policy rate at 3.0% in its monetary policy meeting on 23 November. The overnight policy rate has been unchanged since July when the central bank lowered it by 25 basis points.

Hong Kong, China's exports fell 1.8% y-o-y in October after rising 3.6% y-o-y in September. Imports rose 0.5% y-o-y in October, down from 4.1% y-o-y growth in September. Hong Kong, China reported a trade deficit of HKD37.2

Asia Bond Monitor September 2016

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10-Year Selected LCY Government Security Yields Close of 25 November 2016 basis point change from

Markets	Latest Closing	Previous Day*	Previous Week*	1-Jan-16*
US	2.36	0.74	0.24	8.78
EU	0.24	-1.90	-3.20	-38.90
Japan	0.04	1.00	0.20	-22.30
PRC	2.87	1.50	-2.70	1.40
Hong Kong, China	1.48	2.00	7.10	-9.70
India	6.23	4.60	-19.60	-149.70
Indonesia	8.32	9.20	49.40	-43.30
Korea, Rep. of	2.19	-1.00	4.90	10.00
Malaysia	4.39	2.50	-3.00	19.90
Philippines	4.86	39.09	31.54	75.54
Singapore	2.35	-7.17	-0.44	-24.87
Thailand	2.61	1.20	0.20	10.60
Viet Nam	6.23	-0.50	0.00	-95.00

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 - Selected Debt Security Issuances
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billion. Japan's exports fell 10.3% y-o-y to JPY5.9 trillion in October from JPY6.5 trillion a year earlier. Imports declined 16.5% y-o-y to JPY5.4 trillion in October from JPY6.4 trillion a year earlier. Japan recorded a trade surplus of JPY497.2 billion in October.

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.

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

Summary Text of News Articles

Singapore's GDP Growth Slows to 1.1% y-o-y in Q3 2016; Thailand's GDP Growth Eases to 3.2% y-o-y in Q3 2016

Singapore's gross domestic product (GDP) expanded 1.1% year-on-year (y-o-y) in the third quarter (Q3) of 2016 after growing 2.0% y-o-y in the second quarter (Q2) of 2016. The easing was mainly due to the slowdown in the service sector, which recorded zero growth in Q3 2016 after expanding 1.2% y-o-y in Q2 2016. The manufacturing and construction sectors expanded 1.3% y-o-y and 1.6% y-o-y in Q3 2016, respectively, easing from growth of 1.4% y-o-y and 2.0% y-o-y in the previous quarter. On a quarter-on-quarter and seasonally adjusted annualized basis, Singapore's GDP contracted 2.1% in Q3 2016 after marginally growing 0.1% in the previous quarter. The Ministry of Trade and Industry now expects GDP growth of 1.0%–1.5% in 2016, which is a downward revision from May and August forecast ranges of 1.0%–3.0% and 1.0%–2.0%, respectively.

After growing 3.5% y-o-y in Q2 2016, Thailand's GDP growth eased to 3.2% y-o-y in Q3 2016. In terms of production, economic growth was led by the non-agriculture sector, where output growth eased to 3.2% y-o-y in Q3 2016 from 3.8% y-o-y in the previous quarter. Manufacturing sector growth eased to 0.9% y-o-y in Q3 2016 from 2.1% y-o-y in Q2 2016. The agriculture sector grew 0.9 y-o-y in Q3 2016, reversing a pattern of contraction over the previous 8 quarters. On the expenditure side, private consumption growth eased to 3.5% y-o-y and government consumption dropped 5.8% y-o-y in Q3 2016, compared with growth of 3.8% y-o-y and 1.5% y-o-y in Q2 2016, respectively. Exports of goods rebounded from a decline of 0.9% y-o-y in Q2 2016 to growth of 0.4% y-o-y in Q3 2016, while growth in exports of services accelerated to 14.7% y-o-y in Q3 2016 from 12.6% y-o-y in Q2 2016. Thailand's economy remains on track to exceed the annual growth of 2.8% attained in 2015 and is projected to expand 3.0%–3.5% in 2016 and 3.0%–4.0% in 2017.

Singapore's Manufacturing Output Rises in October

Based on preliminary data from the Singapore Economic Development Board, manufacturing output increased 1.2% y-o-y in October after jumping 7.7% y-o-y in September. Output in the electronics manufacturing sector increased 24.6% y-o-y in October after rising 17.9% y-o-y in September. Sectoral growth in biomedical manufacturing (11.3% y-o-y) and precision engineering (2.7% y-o-y) also contributed to manufacturing output growth. Excluding the biomedical cluster, manufacturing output decreased 1.4% y-o-y in October, a reversal from its rise of 4.4% y-o-y in September.

Hong Kong, China's Inflation Rate Slows in October; Consumer Price Inflation Inches Up in Japan in October; Malaysia and Singapore's Inflation Marginally Eases in October

Hong Kong, China's consumer price inflation slowed to 1.2% y-o-y in October from 2.7% y-o-y in September due to the base effect of rental housing subsidies that were offered in 2015. The largest increase came in prices for electricity, gas, and water, which rose 4.9% y-o-y, and meals bought away from home, which rose 3.0% y-o-y.

Consumer prices in Japan inched up 0.1% y-o-y following 6 consecutive months of deflation. The return to inflation was primarily driven by an accelerated increase in food prices of 2.3% y-o-y from 0.6% y-o-y in September. The subindexes for housing; fuel, light, and water charges; furniture and household utensils; and transport and communications continued to contract in October, albeit at much slower paces. On a month-on-month basis, consumer prices rose 0.6%.

Malaysia's consumer price inflation slowed in October to 1.4% y-o-y from 1.5% y-o-y recorded in September. The decline was mainly due to decreases in prices for transportation (5.5% y-o-y), communication (2.6% y-o-y), and clothing and footwear (0.5% y-o-y). Meanwhile, inflation for food and nonalcoholic beverages eased to 2.5% y-o-y in October from 3.0% y-o-y in September, while gains in the cost of housing, water, electricity, gas and other fuels remained unchanged at 2.1% y-o-y.

For the 24th consecutive month, Singapore's consumer price inflation declined in October, albeit at a slower pace of 0.1% y-o-y compared with 0.2% y-o-y in September due to a smaller decline in housing and utilities costs of 3.8% y-o-y compared with 4.3% y-o-y. The decline in transportation costs also moderated to 0.2% y-o-y in October from 0.5% y-o-y in September. The Monetary Authority of Singapore's core inflation measure, which excludes private transport and accommodation costs, rose 1.1% y-o-y in October after gaining 0.9% y-o-y in September. According to the Monetary

Summary Text of News Articles

**Hong Kong, China's Inflation Rate Slows in October;
Consumer Price Inflation Inches Up in Japan in October;
Malaysia and Singapore's Inflation Marginally Eases in October (cont...)**

Authority of Singapore, overall inflation is expected to slowly rise as global demand recovers and domestic cost pressures remain subdued.

For inflation 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 trends in Japan, refer to this link:

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

For inflation trends in Malaysia, refer to this link:

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

BNM Keeps Overnight Policy Rate Unchanged

Bank Negara Malaysia (BNM) decided to keep the overnight policy rate at 3.0% in its monetary policy meeting on 23 November. The overnight policy rate has been unchanged since July when BNM lowered it by 25 basis points. BNM's decision reflects its policy stance of supporting Malaysia's economic growth while keeping inflation stable and minimizing the risk of financial destabilization through continued monetary interventions.

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

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

**Hong Kong, China's Exports Fall, Imports Rise in October;
Japan's Exports and Imports Fall in October**

Hong Kong, China's exports fell 1.8% y-o-y in October after rising 3.6% in September. Import growth slowed to 0.5% y-o-y in October from 4.1% y-o-y in September. Hong Kong, China reported a trade deficit of HKD37.2 billion in October. The decline in exports was due to reductions in exports to Germany (15.3%), the United Kingdom (13.5%), and Asia (0.9%). The government said that risks in the global economy remain and that it will continue to monitor the external environment.

Japan's exports fell 10.3% y-o-y to JPY5.9 trillion in October from JPY6.5 trillion a year earlier. Imports declined 16.5% y-o-y to JPY5.4 trillion in October from JPY6.4 trillion a year earlier. A trade surplus of JPY497.2 billion was recorded in October.

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			1-Jan-16*
		Previous Day*	Previous Week*		
US	0.49	0.00		6.10	32.96
EU	-0.79	-5.70	-10.10		-34.00
Japan	-0.30	-1.00	-1.20		-25.90
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	1.58	1.30		11.50	2.80
Malaysia	3.05	0.00		1.40	18.60
Philippines	1.69	-9.64	-13.04		-97.92
Singapore	0.85	0.00		0.00	-4.00
Thailand	1.35	0.00		0.00	-14.85

Close of 25 November 2016

10-Year Selected LCY Government Bond Yields

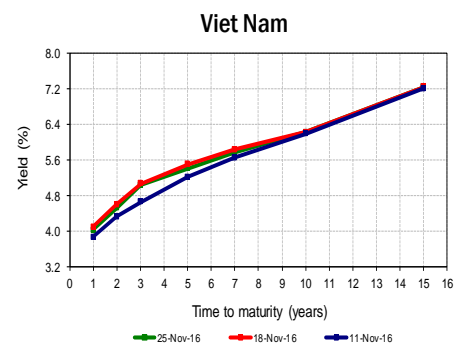
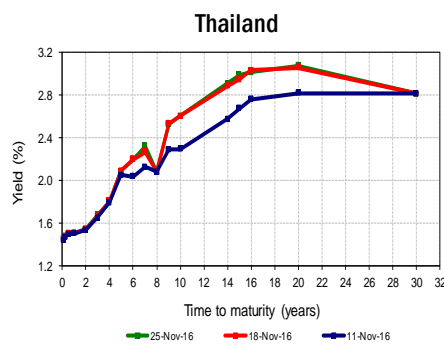
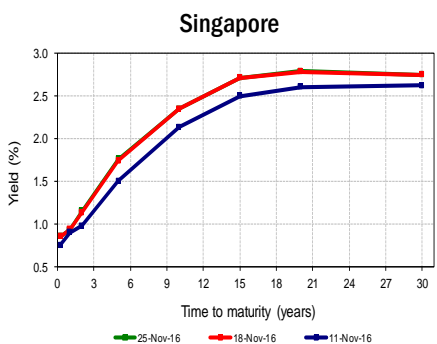
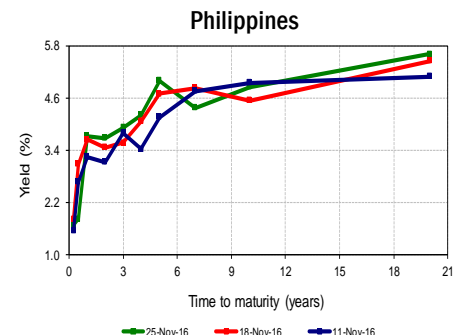
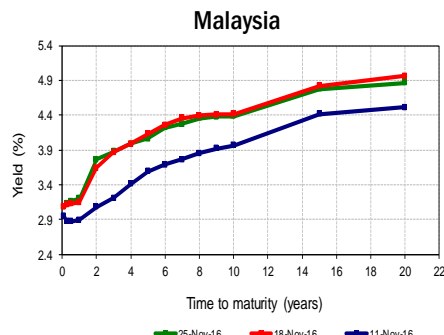
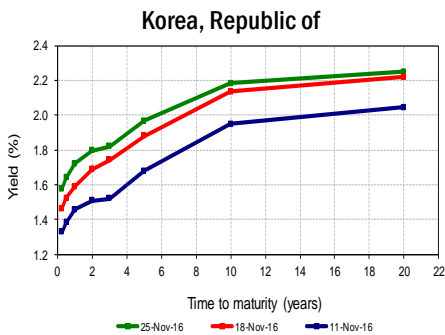
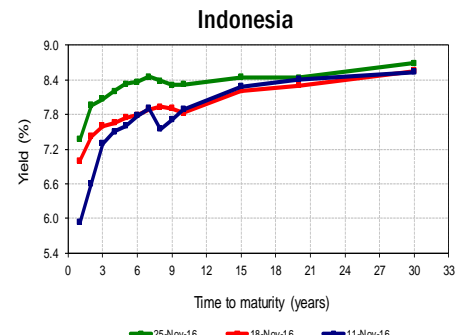
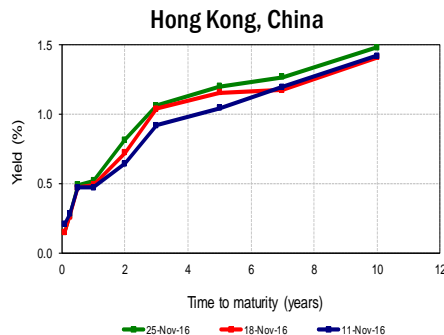
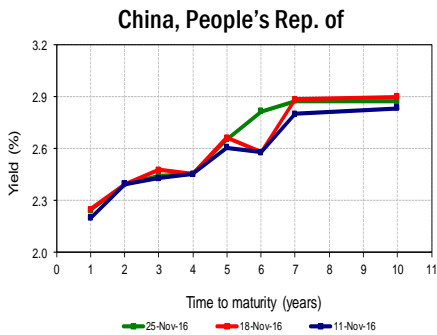
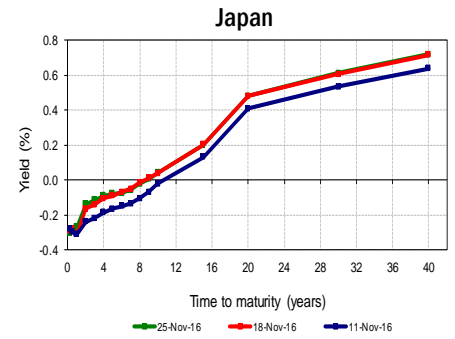
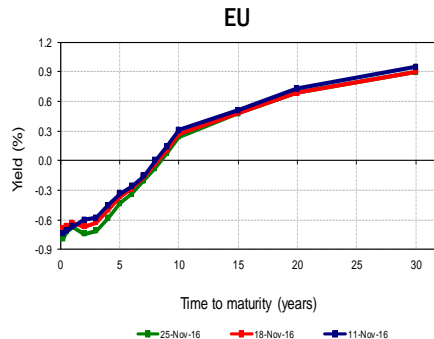
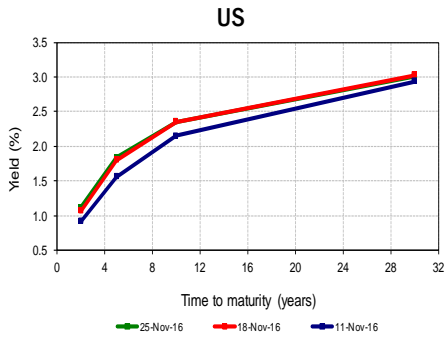
Markets	Latest Closing	basis point change from			1-Jan-16*
		Previous Day*	Previous Week*		
US	2.36	0.74		0.24	8.78
EU	0.24	-1.90	-3.20		-38.90
Japan	0.04	1.00		0.20	-22.30
PRC	2.87	1.50	-2.70		1.40
Hong Kong, China	1.48	2.00		7.10	-9.70
India	6.23	4.60	-19.60		-149.70
Indonesia	8.32	9.20		49.40	-43.30
Korea, Rep. of	2.19	-1.00		4.90	10.00
Malaysia	4.39	2.50	-3.00		19.90
Philippines	4.86	39.09		31.54	75.54
Singapore	2.35	-7.17	-0.44		-24.87
Thailand	2.61	1.20		0.20	10.60
Viet Nam	6.23	-0.50		0.00	-95.00

Close of 25 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

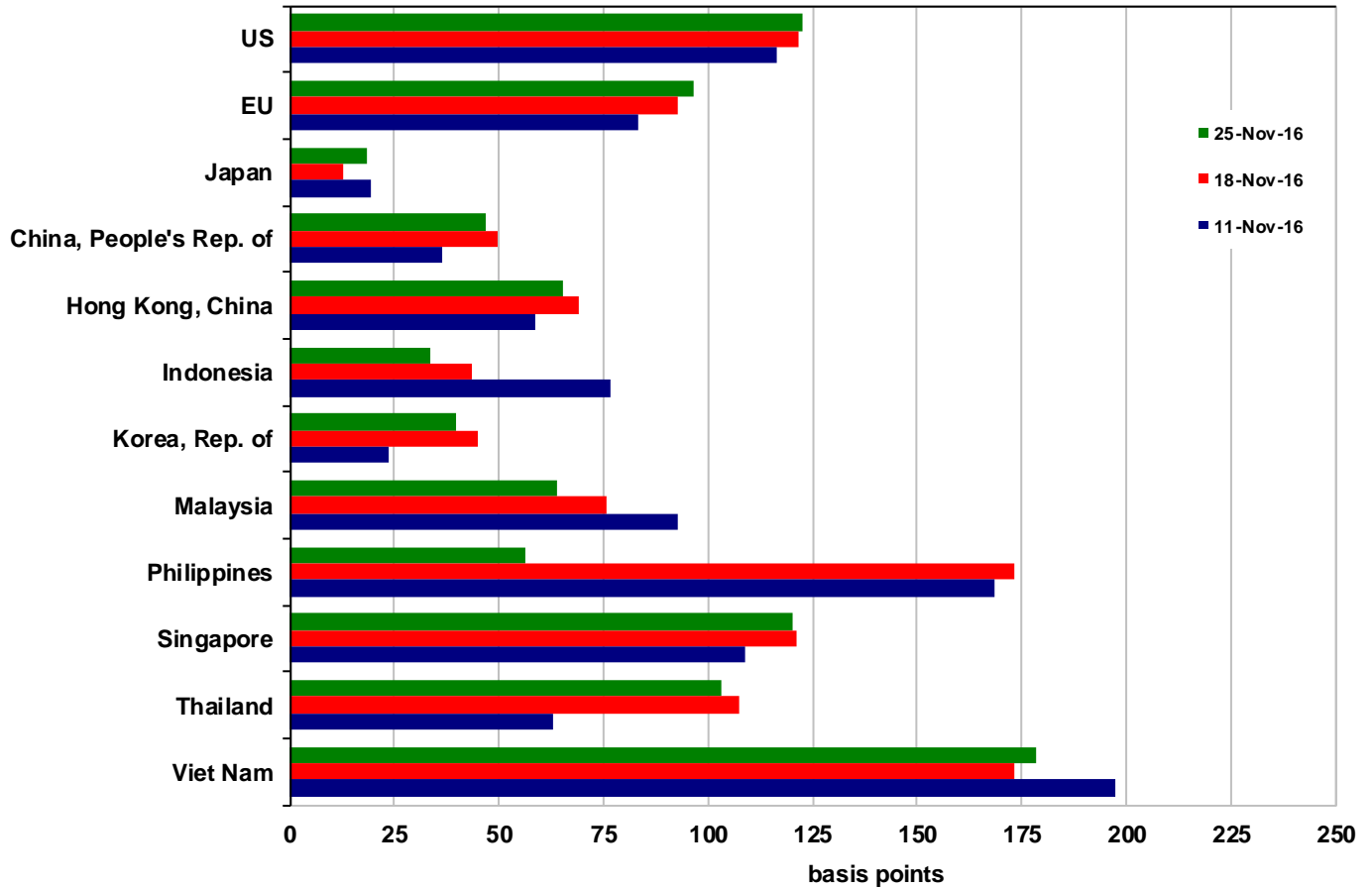
Tip: Zoom-in on the table using the Acrobat zoom tool



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

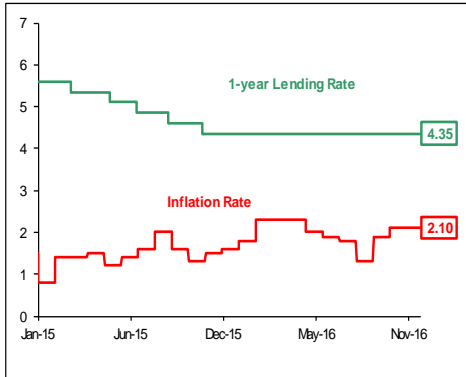


EU = European Union, US = United States.
 Source: Based on data from Bloomberg LP.

Policy Rate versus Inflation Rate

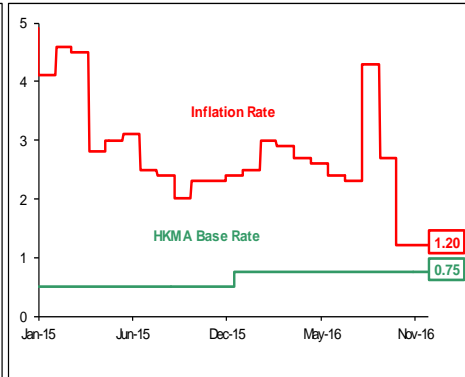
Tip: Zoom-in on the table using the Acrobat zoom tool

China, People's Rep. of



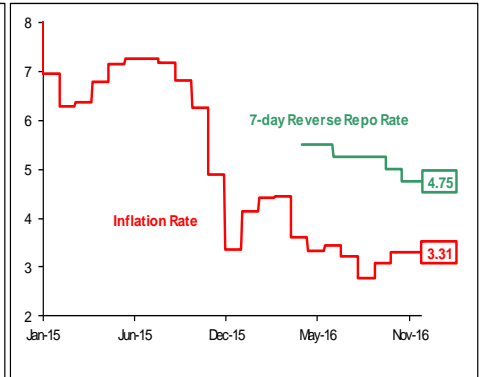
The PRC uses the 1-year lending rate as one of its policy rates.
Source: Bloomberg LP.

Hong Kong, China



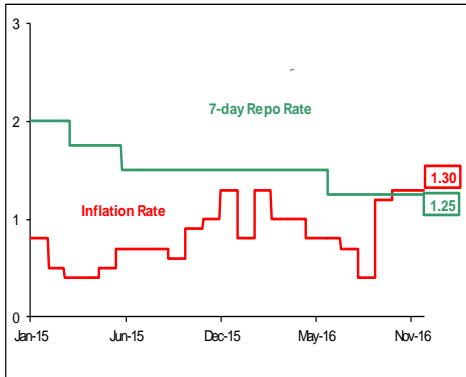
The Hong Kong Monetary Authority maintains a Discount Window Base Rate.
Source: Bloomberg LP.

Indonesia



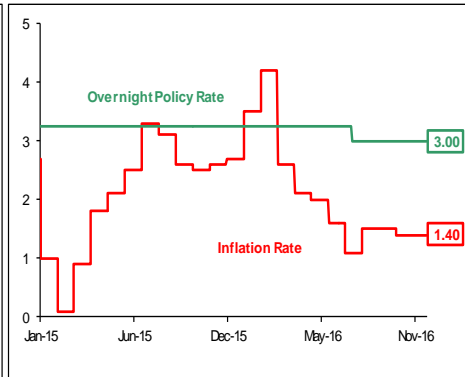
Bank Indonesia shifted its policy rate to the 7-day reverse repo rate effective 19 August 2016.
Source: Bloomberg LP.

Korea, Republic of



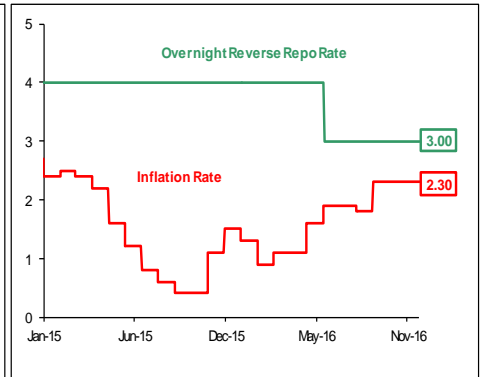
The Bank of Korea shifted its policy rate from the overnight repurchase (repo) rate to the 7-day repo rate in March 2008.
Source: Bloomberg LP.

Malaysia



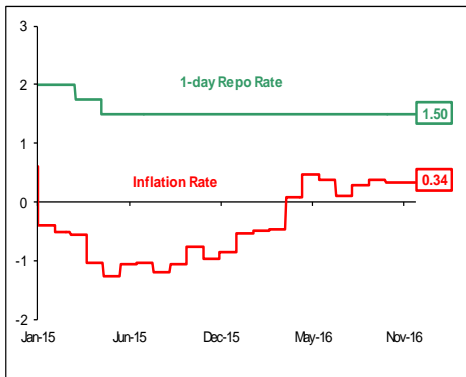
Bank Negara Malaysia uses the overnight policy rate (OPR) as its policy rate.
Source: Bloomberg LP.

Philippines



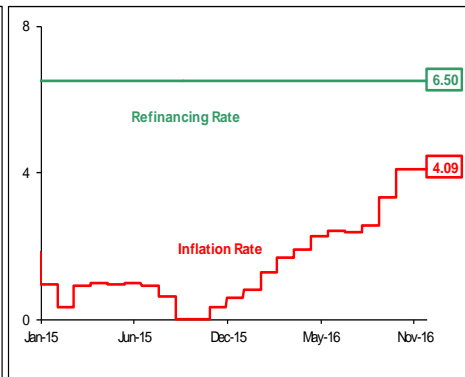
Bangko Sentral uses the Philippine overnight reverse repurchase agreement rate as one of its policy instruments.
Source: Bloomberg LP.

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

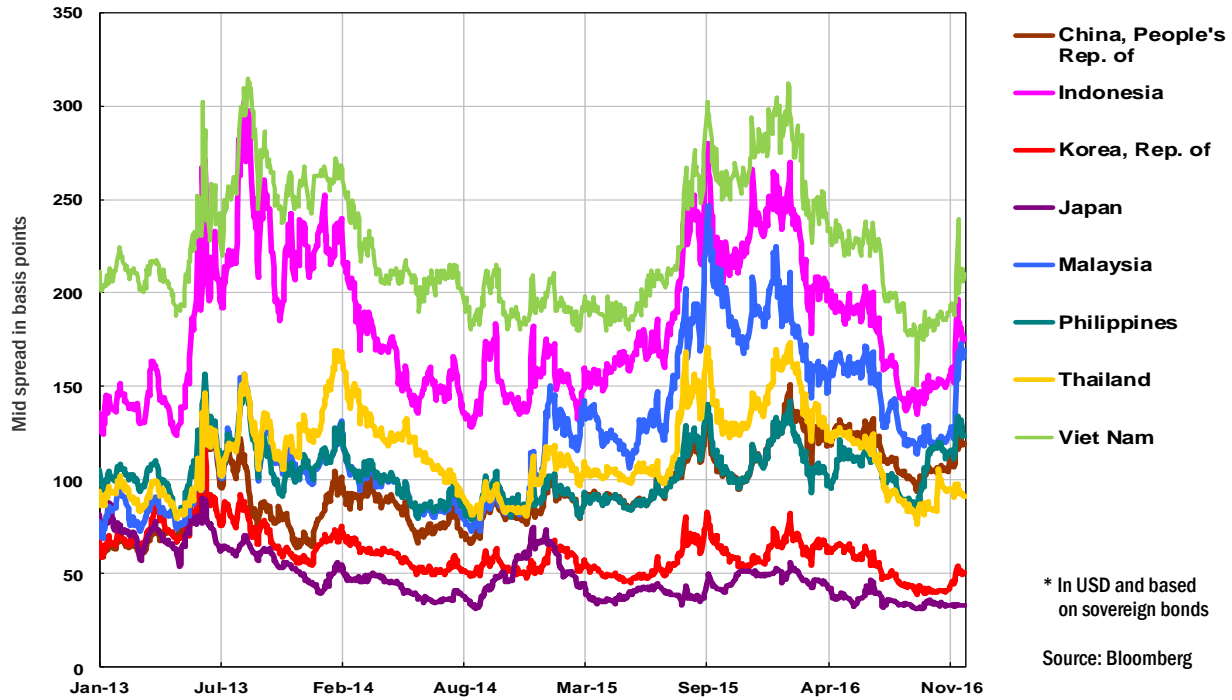


The State Bank of Viet Nam uses a benchmark prime lending rate as its policy rate.
Source: Bloomberg LP.

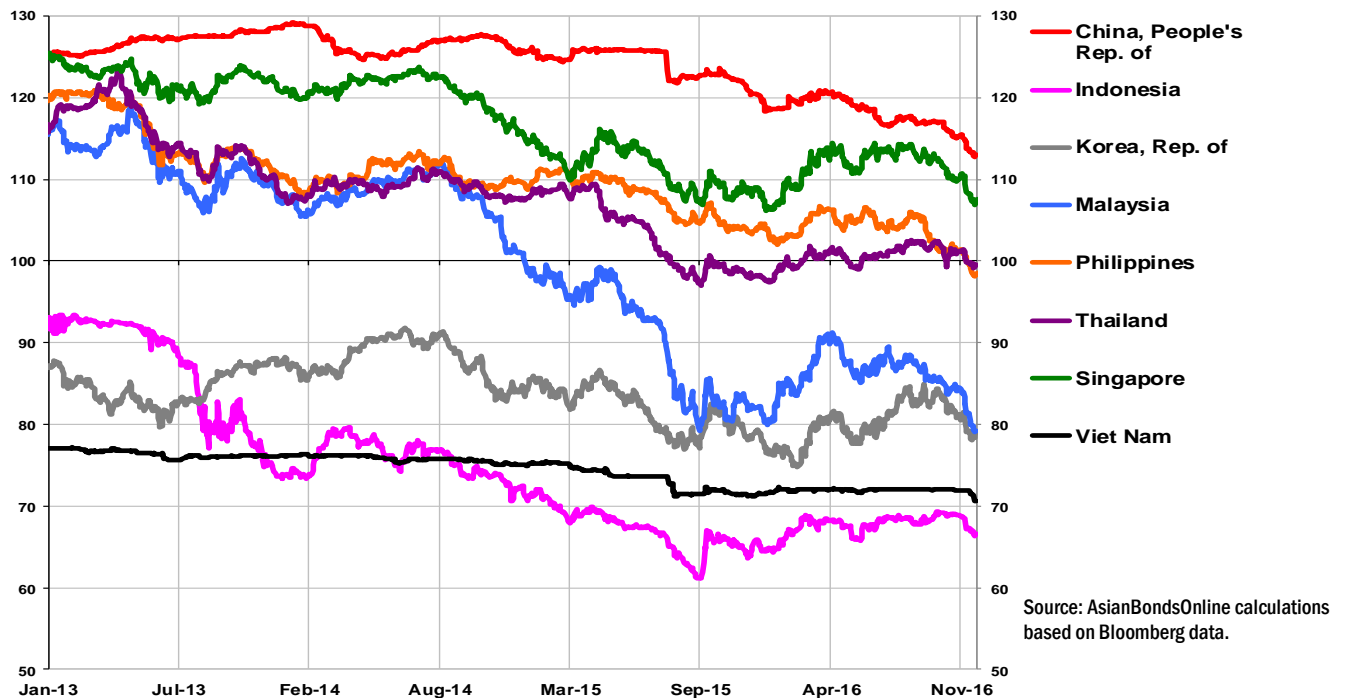
Credit Default Swap Spreads and Exchange Rate Indexes

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 (21 – 25 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	23-Nov	3-year Treasury Bonds	2.43	2.29	26.00	26.03
HK	22-Nov	91-day Exchange Fund Bills	0.28		41.14	41.14
		182-day Exchange Fund Bills	0.51		17.00	17.00
JP	24-Nov	3-month Treasury Discount Bills	-0.29		4,400.00	4,419.94
KR	21-Nov	20-year Korean Treasury Bond	2.24	1.50	600.00	462.00
		182-day Monetary Stabilization Bond	1.52			320.00
		91-day Monetary Stabilization Bond	1.46			500.00
PH	22-Nov	4-Year Treasury Bond	3.98	3.38	25.00	25.00
SG	22-Nov	28-day MAS Bills	0.41		0.90	0.90
		84-day MAS Bills	0.52		4.50	4.50
TH	21-Nov	28-day Treasury Bills	1.45		5.00	5.00
		28-day Bank of Thailand Bills	1.45		10.00	10.00
		91-day Bank of Thailand Bills	1.49		40.00	35.76
	24-Nov	182-day Bank of Thailand Bills	1.50		40.00	40.00
		2.79-year Bank of Thailand Bonds	1.73	1.65	30.00	30.00
25-Nov	14-day Bank of Thailand Bills	1.46		40.00	40.00	
VN	23-Nov	5-year Treasury Bonds	5.20		2,000.00	1,375.00
		15-year Treasury Bonds	7.20		1,000.00	100.00
		30-year Treasury Bonds	7.98		500.00	500.00

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

Sources: Local market sources and Bloomberg, LP.

Selected Asia Data Releases (29 November – 5 December 2016)

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

Economy and Variable	Release Date	Historical Data	Recent Trends
Viet Nam Trade Balance USD million NOV	11/25 to 11/30	10/15: 500 11/15: -200 09/16: -100 10/16: -200	Viet Nam reported a trade deficit of USD200 million in October after posting a deficit of USD100 million in September.
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%	Industrial production growth in Viet Nam eased to 7.0% year-on-year (y-o-y) in October from 7.6% y-o-y in September.
Japan Industrial Production y-o-y, % OCT	11/30	09/15: -1.2% 10/15: -1.6% 08/16: 4.5% 09/16: 1.5%	Japan's industrial production growth slowed to 1.5% y-o-y in September from 4.5% y-o-y in August.
Republic of Korea Industrial Production y-o-y, % OCT	11/30	09/15: 3.1% 10/15: 2.4% 08/16: 2.2% 09/16: -2.0%	Industrial production in the Republic of Korea fell 2.0% y-o-y in September following growth of 2.2% y-o-y in August.
Thailand Trade Balance USD million OCT	11/30	09/15: 3,328 10/15: 3,678 08/16: 2,736 09/16: 3,721	Thailand's trade balance rose to USD3.7 billion in September from USD2.7 billion in August.
Thailand Current Account Balance USD million OCT	11/30	09/15: 1,550 10/15: 4,688 08/16: 3,805 09/16: 2,929	Thailand's current account balance dropped to USD2.9 billion from USD3.8 billion in August.
Indonesia CPI y-o-y, % NOV	12/01	10/15: 6.3% 11/15: 4.9% 09/16: 3.1% 10/16: 3.3%	Consumer price inflation in Indonesia rose to 3.3% y-o-y in October from 3.1% y-o-y in September.
Republic of Korea Current Account Balance USD million OCT	12/01	09/15: 10,846.4 10/15: 9,120.4 08/16: 5,275.7 09/16: 8,260.5	The Republic of Korea's current account surplus widened to USD8.3 billion in September from USD5.3 billion in August.
Republic of Korea CPI y-o-y, % NOV	12/01	10/15: 0.9% 11/15: 1.0% 09/16: 1.2% 10/16: 1.3%	Consumer price inflation in the Republic of Korea inched up to 1.3% y-o-y in October from 1.2% y-o-y in September.
Republic of Korea Exports y-o-y, % NOV	12/01	10/15: -16.0% 11/15: -5.0% 09/16: -5.9% 10/16: -3.2%	The Republic of Korea's exports continued to contract in October, falling 3.2% y-o-y after declining 5.9% y-o-y in September.
Thailand CPI y-o-y, % NOV	12/01	10/15: -0.8% 11/15: -1.0% 09/16: 0.4% 10/16: 0.3%	Thailand's consumer price inflation remained positive for the 7th consecutive month at 0.3% y-o-y in October, which was down slightly from 0.4% y-o-y in September.
Republic of Korea GDP—Final y-o-y, % Q3 2016	12/02	Q2 2015: 2.2% Q3 2015: 2.8% Q2 2016: 3.3% Q3 2016: 2.7%	Based on advance estimates, the Republic of Korea's gross domestic product (GDP) growth slowed to 2.7% y-o-y in the third quarter (Q3) of 2016 from 3.3% y-o-y in the previous quarter.
Singapore PMI Index NOV	12/02	10/15: 48.9 11/15: 49.2 09/16: 50.1 10/16: 50.0	Singapore's Purchasing Managers Index (PMI) for manufacturing stood at 50.0 in October compared with a reading of 50.1 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)

Singapore's 3rd Quarter GDP expands 1.1%; Thailand's 3rd Quarter GDP growth at 3.2%

- [MTI Forecasts GDP to Grow by "1.0 to 1.5 Per Cent" in 2016 and "1.0 to 3.0 Per Cent" in 2017](#)
Ministry of Trade and Industry Singapore (24 November 2016)
- [Gross Domestic Product: Q3/2016 Report](#)
Office of the National Economic and Social Development Board (21 November 2016)
- [Thai Economic Performance in Q3 and Outlook for 2016 - 2017](#)
Office of the National Economic and Social Development Board (21 November 2016)

Singapore's Manufacturing Output Rises in October

- [Monthly Manufacturing Performance – October 2016](#)
Singapore Economic Development Board (25 November 2016)

Hong Kong, China's Inflation Rate Slows in October; Consumer Price Inflation Inches Up in Japan in October; Malaysia and Singapore's Inflation Marginally Eases in October

- [Consumer Price Indices for October 2016](#)
Census and Statistics Department (22 November 2016)
- [Japan October 2016, Ku-area of Tokyo November 2016 \(preliminary\)](#)
Statistics Bureau (25 November 2016)
- [Consumer Price Index Malaysia October 2016](#)
Department of Statistics, Malaysia (25 November 2016)
- [Singapore Consumer Price Index \(2014=100\) October 2016](#)
Singapore Department of Statistics (23 November 2016)

BNM Keeps Overnight Policy Rate Unchanged

- [Monetary Policy Statement](#)
Bank Negara Malaysia (23 November 2016)

Hong Kong, China's Exports Fall, Imports Rise in October; Japan's Exports and Imports Fall in October

- [External Merchandise Trade Statistics for October 2016](#)
Census and Statistics Department (24 November 2016)
- [Value of Exports and Imports October 2016 \(Provisional\)](#)
Ministry of Finance (21 November 2016)

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