

## Key Developments in Asian Local Currency Markets

On 14 June, the United States (US) Federal Reserve decided during its Federal Open Market Committee meeting to raise the target range of its key policy rate by 25 basis points to between 1.00% and 1.25%. The Federal Reserve noted that economic activity has been rising moderately, with household spending picking up and business fixed investment continuing to expand. The Federal Reserve noted some slowdown in job growth, but employment gains are still strong and the unemployment rate has continued to decline. The Federal Reserve expects the economy to continue to expand and the labor market to improve. However, the Federal Reserve noted that inflation needs to be closely monitored as recent data showed declines in the inflation rate.

In its meeting on 15 June, Bank Indonesia's Board of Governors kept the 7-day reverse repurchase rate unchanged at 4.75%. The deposit facility rate and lending facility rate were also kept unchanged at 4.00% and 5.50%, respectively. At its monetary policy meeting on 15–16 June, the Bank of Japan announced that it would continue its “qualitative and quantitative monetary easing with yield curve control” program. The central bank stated that the economy is expected to continue to expand moderately, supported by domestic demand and exports. On 15 June, the Hong Kong Monetary Authority raised its base rate by 25 basis points to 1.50%.

Industrial production in the People's Republic of China grew 6.5% year-on-year (y-o-y) in May, the same pace as in April. On a year-to-date basis, industrial production grew 6.7% y-o-y. By sector, the fastest growth came from the manufacturing sector, which rose 6.9% y-o-y.

Exports from Indonesia totaled USD14.3 billion in May, higher by 24.1% y-o-y, while imports rose to USD13.8 billion for a 24.0% y-o-y hike. The trade surplus narrowed to USD474 million in May from USD1.3 billion a month earlier. Singapore's non-oil domestic exports decreased 1.2% y-o-y in May after dipping 0.8% y-o-y in April.

Personal remittances sent by overseas Filipinos amounted to USD2.3 billion in April, 5.2% lower compared to the amount sent in April 2016. The April level is the lowest since USD2.2 billion was posted in January 2016. Cumulative personal remittances in January–April amounted to USD10.0 billion, a 4.7% y-o-y increase from the same period in 2016.

Foreign demand for the Republic of Korea's local currency bonds strengthened in May, with foreign investors buying a net KRW2,136 billion

### Asia Bond Monitor March 2017

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10-Year Selected LCY Government Security Yields Close of 16 June 2017  
basis point change from

Markets	Latest Closing	Previous Day*	Previous Week*	1-Jan-17*
US	2.15	-1.23	-4.91	-29.29
EU	0.28	-0.60	1.20	6.80
Japan	0.06	0.30	0.00	1.00
PRC	3.61	-1.00	-2.00	59.00
Hong Kong, China	1.35	2.40	5.40	-62.40
India	6.49	0.70	-1.40	-2.60
Indonesia	6.82	-1.80	-8.10	-115.10
Korea, Rep. of	2.16	3.40	-1.10	6.70
Malaysia	3.88	1.60	1.80	-34.90
Philippines	4.64	1.33	-29.63	1.31
Singapore	2.09	3.38	-2.37	-38.75
Thailand	2.41	1.10	-9.50	-23.70
Viet Nam	5.88	-4.00	-4.00	-49.50

- 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

of listed bonds, up from KRW1,375 billion in April. Cumulative bonds inflows for the first 5 months of 2017 amounted to KRW12,969 billion.

We are pleased to invite you to attend the conference for the release of the June edition of the Asia Bond Monitor, which will be launched in partnership with the Asian Development Bank Institute on 23 June in Tokyo. For further details, please check the [invitation](#) and [meeting agenda](#).

Yields fell for most markets in emerging East Asia, following a decline in US bond yields after weaker housing data. Yields fell for all tenors in Viet Nam and for most tenors in the People's Republic of China, Indonesia, the Philippines, Singapore and Thailand. Yields rose for all tenors in Hong Kong, China and for most tenors in the Republic of Korea and Malaysia. The 2-year versus 10-year spread fell for most markets except in Hong Kong, China, Malaysia, the Philippines and Viet Nam.

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**Summary Text of News Articles**

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**The Federal Reserve Raises Its Key Policy Rate Target**

On 14 June, the United States (US) Federal Reserve decided during its Federal Open Market Committee meeting to raise the target range of its key policy rate by 25 basis points to between 1.00% and 1.25%. The Federal Reserve noted that economic activity has been rising moderately, with household spending picking up and business fixed investment continuing to expand. The Federal Reserve also noted some slowdown in job growth, but employment gains are still strong and the unemployment rate has continued to decline. The Federal Reserve expects the US economy to continue to expand and the labor market to improve. However, the Federal Reserve noted that inflation needs to be closely monitored as recent data showed declines in the inflation rate.

**Bank Indonesia Leaves Policy Rate Unchanged at 4.75%;  
BOJ Maintains Monetary Easing Program**

In its meeting on 15 June, Bank Indonesia's Board of Governors kept the 7-day reverse repurchase rate unchanged at 4.75%. The deposit facility rate and lending facility rate were also kept unchanged at 4.00% and 5.50%, respectively. At their current levels, Bank Indonesia deemed these rates consistent with efforts to maintain economic and financial stability.

At its monetary policy meeting on 15–16 June, the Bank of Japan (BOJ) announced that it would continue its “qualitative and quantitative monetary easing with yield curve control” program. The BOJ stated that the economy is expected to continue to expand moderately, supported by domestic demand and exports. Year-on-year inflation is expected to continue to rise toward 2.0%. The BOJ also took note of the following risks to its outlook: developments in US economic policies, the economic consequences of Brexit, the European debt problem, and developments in emerging and commodity-exporting countries.

For information on the policy rate in Indonesia, refer to this link:

[https://asianbondsonline.adb.org/indonesia/data/marketwatch.php?code=policy\\_rate\\_and\\_inflation\\_trends](https://asianbondsonline.adb.org/indonesia/data/marketwatch.php?code=policy_rate_and_inflation_trends)

For information on the policy rate in Japan, refer to this link:

[https://asianbondsonline.adb.org/japan/data/marketwatch.php?code=policy\\_rate\\_and\\_inflation\\_trends](https://asianbondsonline.adb.org/japan/data/marketwatch.php?code=policy_rate_and_inflation_trends)

**Industrial Production in the PRC Rises in May**

Industrial production in the People's Republic of China (PRC) grew 6.5% year-on-year (y-o-y) in May, the same pace as in April. On a year-to-date basis, industrial production grew 6.7% y-o-y. By sector, the fastest growth came from the manufacturing sector, which rose 6.9% y-o-y. Heating, gas, and power rose 6.4% y-o-y, and mining and quarrying rose 0.5% y-o-y.

**Export Growth in Indonesia Climbs to 24.1% y-o-y in May;  
Singapore's NODX Decrease in May**

Exports from Indonesia totaled USD14.3 billion in May, higher by 24.1% y-o-y, following a 13.6% y-o-y expansion from a month earlier. In the same period, imports rose to USD13.8 billion for a 24.0% y-o-y hike. The trade surplus narrowed to USD474 million in May from USD1.3 billion a month earlier.

Singapore's non-oil domestic exports (NODX) contracted 1.2% y-o-y in May after declining 0.8% y-o-y in April. The decline mainly came from the 9.0% y-o-y drop in non-electronic NODX in May, due to a high base from the previous year. On the other hand, electronic NODX continued to grow for the seventh consecutive month in May, expanding 23.3% y-o-y after rising 4.8% y-o-y in April. NODX to all of Singapore's top 10 trading partners rose in May with the exception of Hong Kong, China. On a month-on-month seasonally adjusted basis, NODX rose 8.1% in May, a reversal from the 9.0% drop in April.

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**Summary Text of News Articles**

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**Overseas Filipino Remittances Decline in April**

Personal remittances sent by overseas Filipinos amounted USD2.3 billion in April, representing a decline of 5.2% y-o-y. The April level is the lowest since registering USD2.2 billion in January 2016. Cumulative personal remittances in January–April amounted to USD10.0 billion, a 4.7% y-o-y increase from the same period in 2016. Cash remittances posted a 5.9% y-o-y decline to USD2.1 billion in April. The April cash remittances brought the January–April tally to USD9.0 billion versus USD8.7 billion in January–April 2016. On a month-on-month basis, both personal and cash remittances saw a decline of 20.5% and 20.3%, respectively, due to record-high amounts posted in the preceding month. According to the Bangko Sentral ng Pilipinas, the lower US dollar value of remittances in April could be partly due to the depreciation of major host countries' currencies against the US dollar, such as the Singapore dollar, Australian dollar, pound sterling, and euro.

**Net Foreign Bond Investment in the Republic of Korea Rose in May**

Foreign demand for the Republic of Korea's local currency bonds strengthened in May, with foreign investors buying a net KRW2,136 billion of listed bonds, up from KRW1,375 billion in April. Net bond inflows amounted to KRW817 billion for Korea Treasury Bonds and KRW1,325 billion for Monetary Stabilization Bonds issued by the Bank of Korea. A KRW6 billion net outflow was recorded for corporate bonds. Cumulative bonds inflows for the first 5 months of 2017 amounted to KRW12,969 billion.

### 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-17*
US	1.00	0.00	0.51	50.37
EU	-0.60	-0.10	-0.30	30.30
Japan	-0.10	0.10	0.10	28.80
PRC	3.59	3.00	11.00	86.00
Hong Kong, China	0.33	0.00	0.00	0.00
India	8.31	0.00	0.00	0.00
Korea, Rep. of	1.29	0.00	0.70	-2.90
Malaysia	3.05	0.10	0.30	2.10
Philippines	2.68	73.68	66.67	60.49
Singapore	0.97	0.00	0.80	-9.20
Thailand	1.35	0.00	0.00	0.00

Close of 16 June 2017

#### 10-Year Selected LCY Government Bond Yields

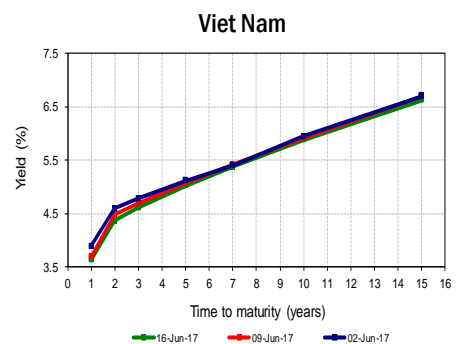
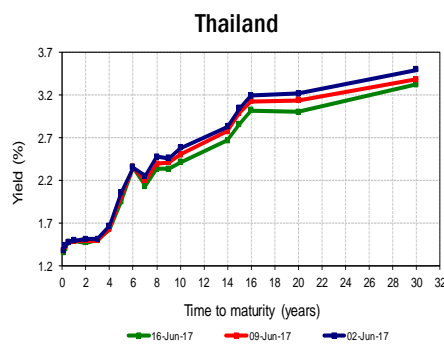
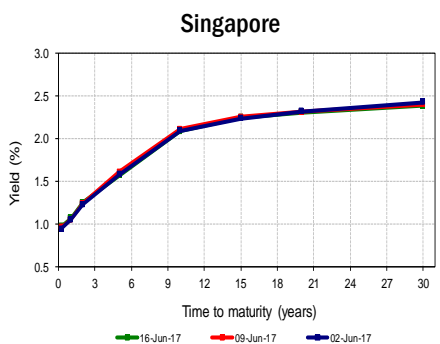
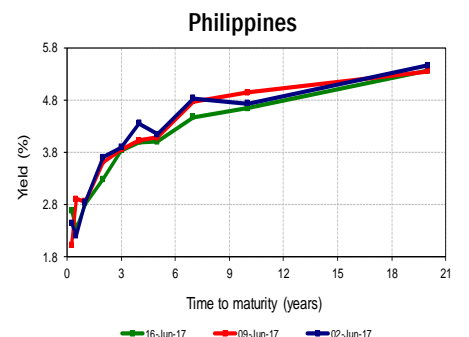
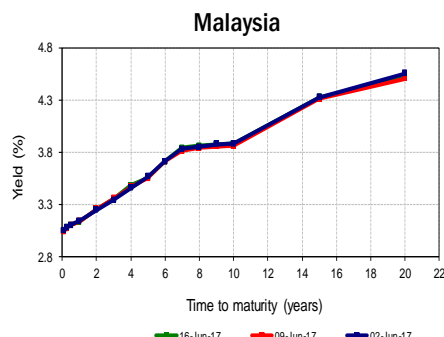
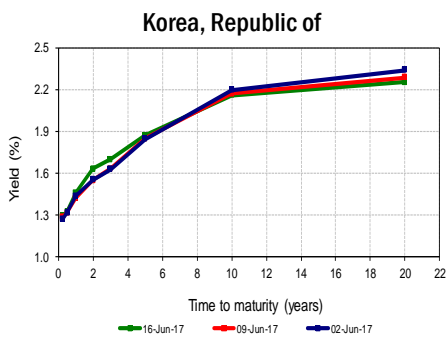
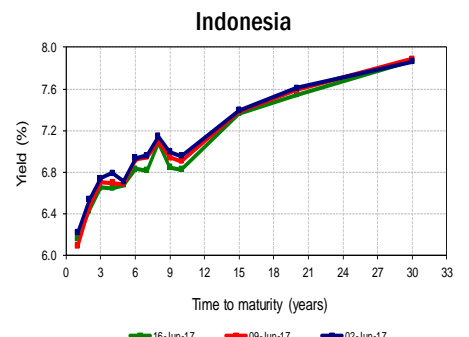
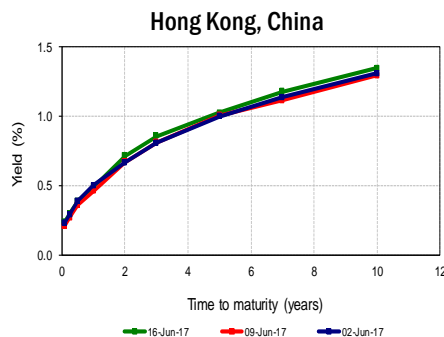
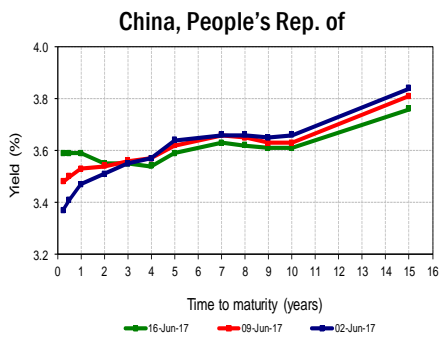
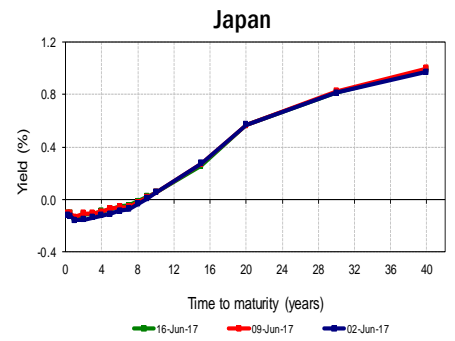
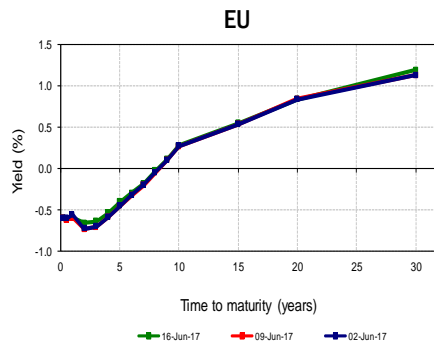
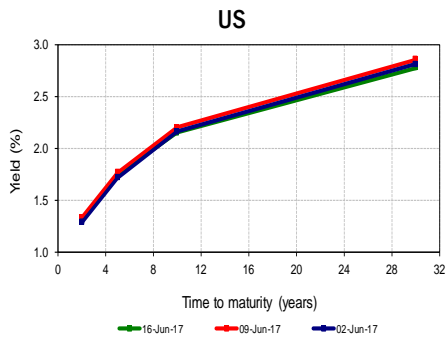
Markets	Latest Closing	basis point change from		
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Korea, Rep. of	2.16	3.40	-1.10	6.70
Malaysia	3.88	1.60	1.80	-34.90
Philippines	4.64	1.33	-29.63	1.31
Singapore	2.09	3.38	-2.37	-38.75
Thailand	2.41	1.10	-9.50	-23.70
Viet Nam	5.88	-4.00	-4.00	-49.50

Close of 16 June 2017

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**

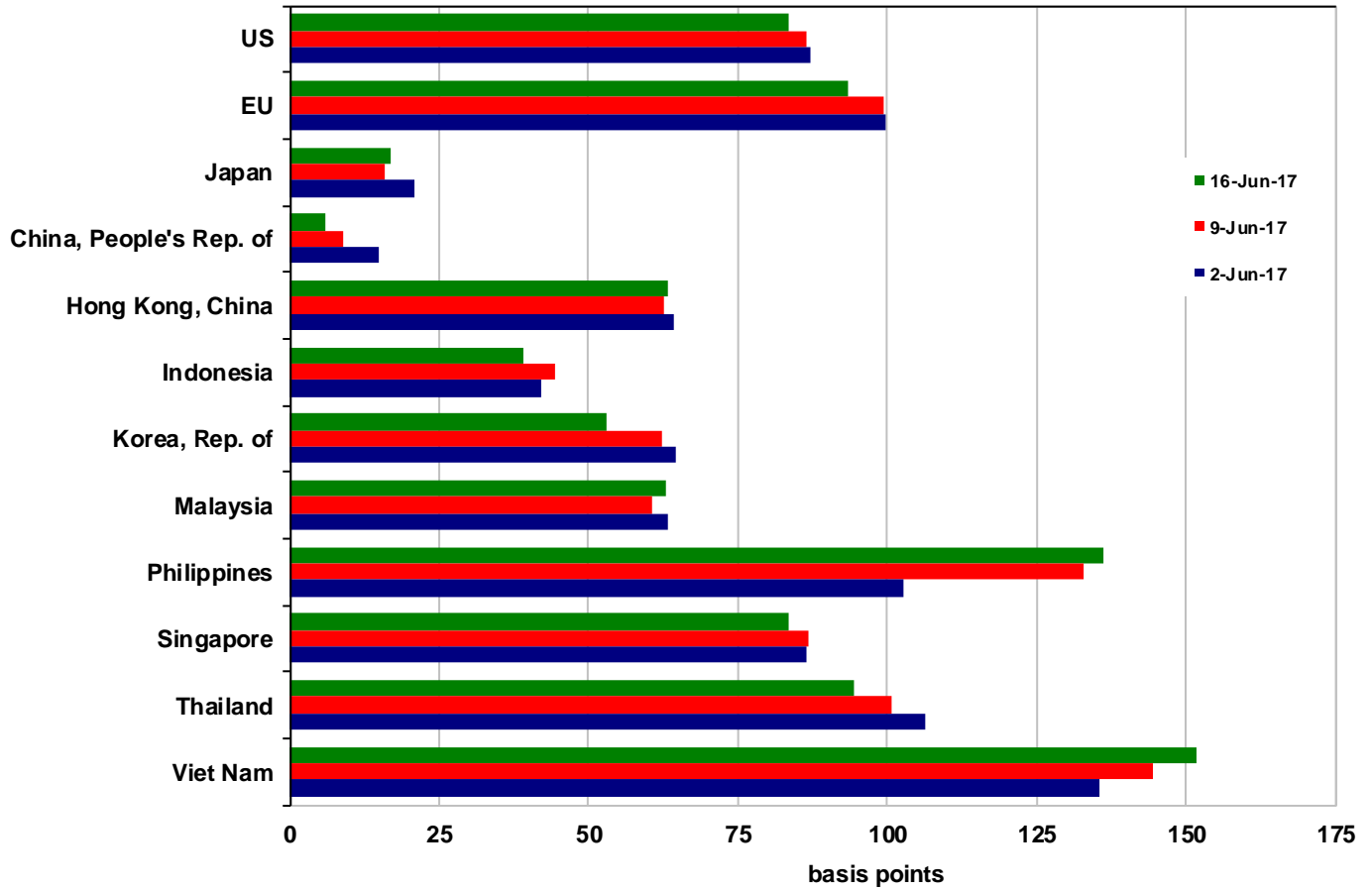
Tip: Zoom-in on the table using the Acrobat zoom tool



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

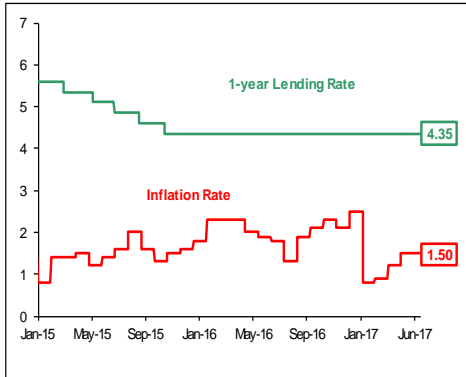


EU = European Union, US = United States.  
 Source: Based on data from Bloomberg LP.

**Policy Rate versus Inflation Rate**

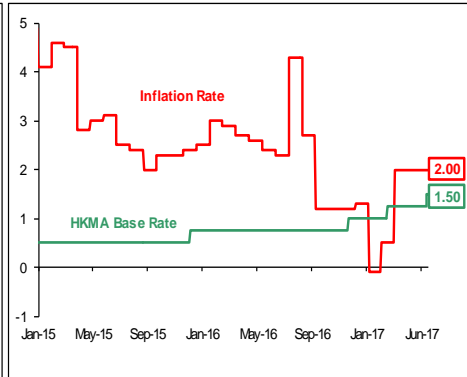
Tip: Zoom-in on the table using the Acrobat zoom tool

**China, People's Rep. of**



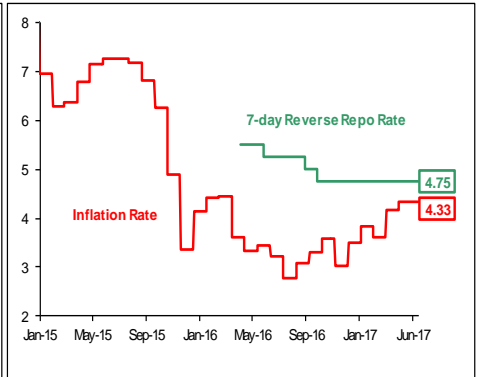
The PRC uses the 1-year lending rate as one of its policy rates.  
Source: Bloomberg LP.

**Hong Kong, China**



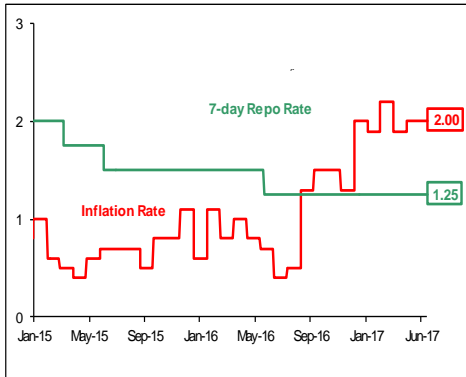
The Hong Kong Monetary Authority maintains a Discount Window Base Rate.  
Source: Bloomberg LP.

**Indonesia**



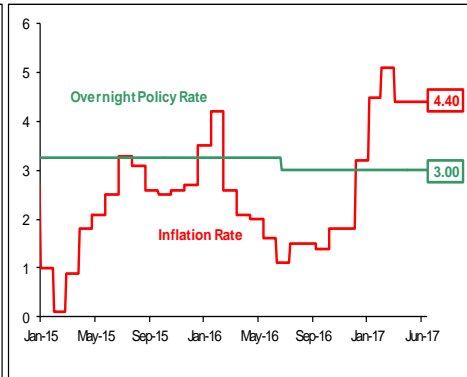
Bank Indonesia shifted its policy rate to the 7-day reverse repo rate effective 19 August 2016.  
Source: Bloomberg LP.

**Korea, Republic of**



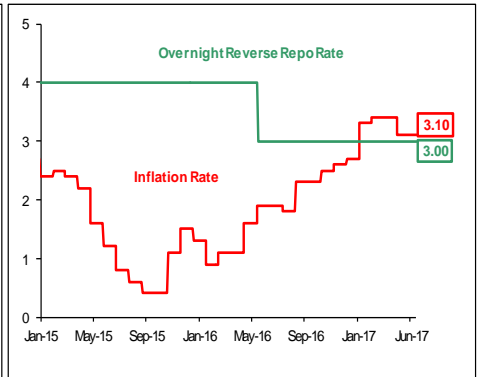
The Bank of Korea shifted its policy rate from the overnight repurchase (repo) rate to the 7-day repo rate in March 2008.  
Source: Bloomberg LP.

**Malaysia**



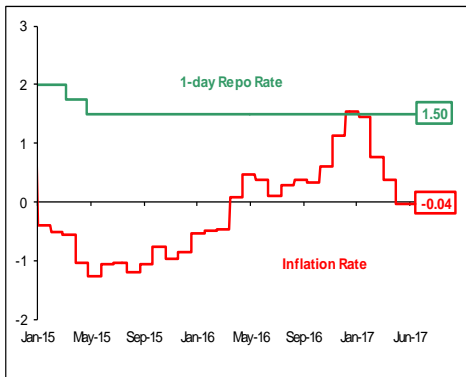
Bank Negara Malaysia uses the overnight policy rate (OPR) as its policy rate.  
Source: Bloomberg LP.

**Philippines**



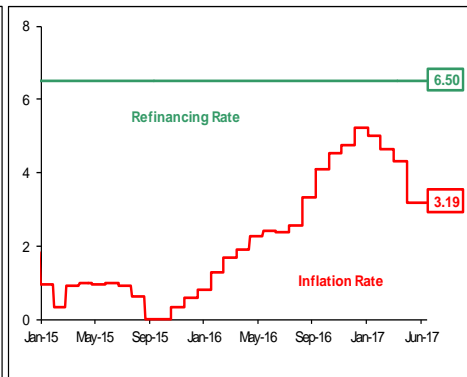
Banko Sentral uses the Philippine overnight reverse repurchase agreement rate as one of its policy instruments.  
Source: Bloomberg LP.

**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**

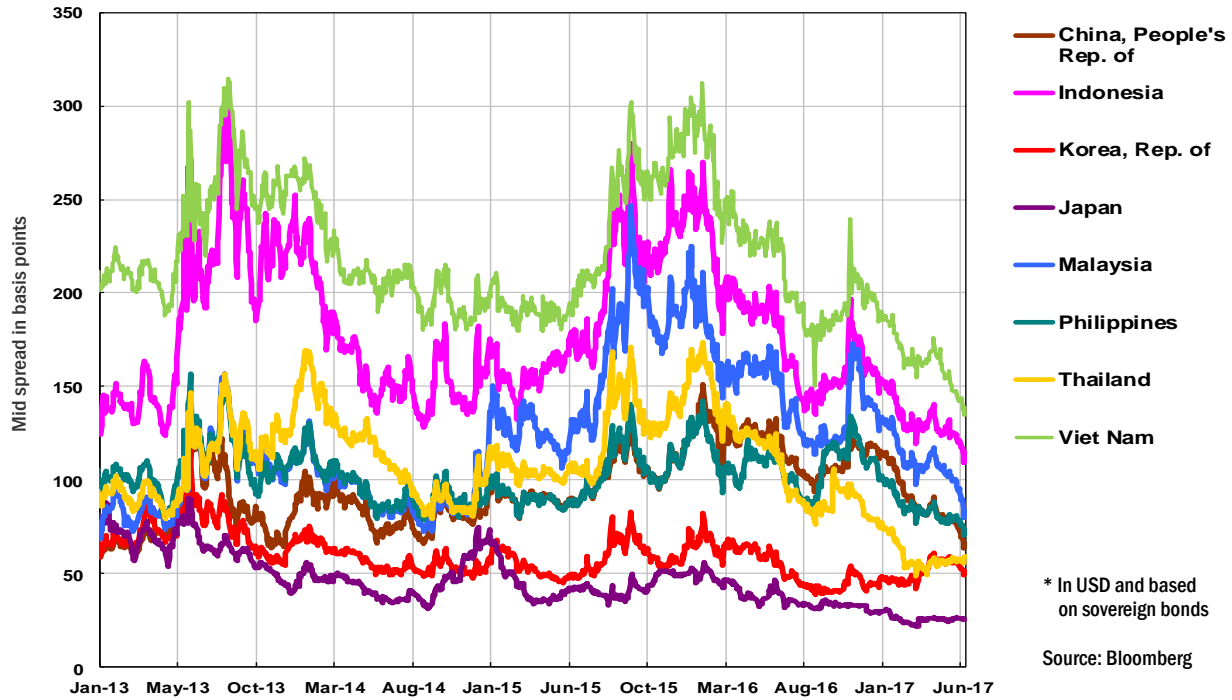


The State Bank of Viet Nam uses a benchmark prime lending rate as its policy rate.  
Source: Bloomberg LP.

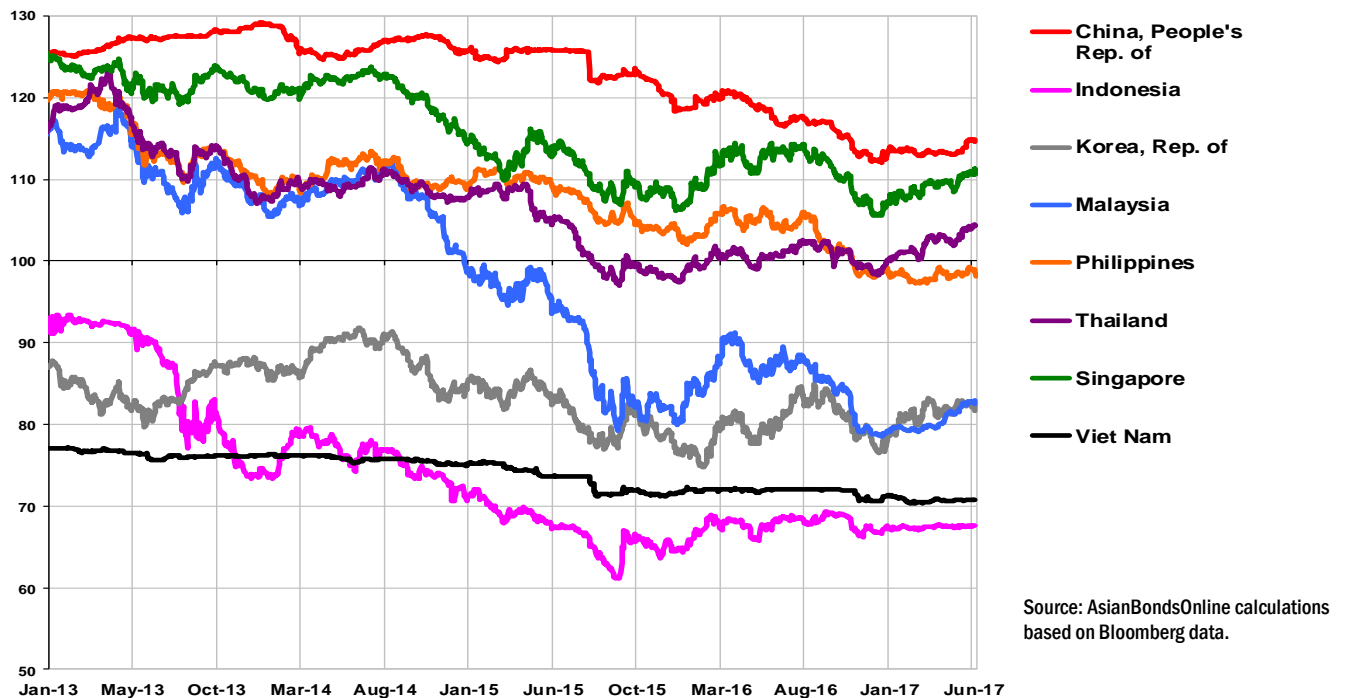
### Credit Default Swap Spreads and Exchange Rate Indexes

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 (12 – 16 June 2017)

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	14-Jun	2-year Treasury Bonds	3.62	3.62	28.00	28.19
		5-year Treasury Bonds	3.57	3.13	40.00	42.00
	16-Jun	30-year Treasury Bonds	3.98	3.77	28.00	28.70
HK	13-Jun	91-day Exchange Fund Bills	0.31		36.18	36.18
		182-day Exchange Fund Bills	0.41		9.00	9.00
		364-day Exchange Fund Bills	0.50		3.00	3.00
ID	13-Jun	6-month Islamic Treasury Bills	5.36			2,500.00
		2-year Project-Based <i>Sukuk</i>	6.80	6.25	5,000.00	250.00
		14-year Project-Based <i>Sukuk</i>	7.27	8.75		280.00
JP	13-Jun	20-year Japanese Government Bonds	0.58	0.60	1,000.00	1,135.70
	14-Jun	1-year Treasury Discount Bills	-0.10		4,400.00	4,379.94
	15-Jun	1-year Treasury Discount Bills	-0.12		2,300.00	2,299.95
KR	12-Jun	5-year Korea Treasury Bonds	1.89	1.88	1,900.00	1,900.00
		1-year Monetary Stabilization Bonds	1.46		1,400.00	1,400.00
		91-day Monetary Stabilization Bonds	1.27		1,270.00	1,270.00
MY	14-Jun	10-year Islamic Bonds	4.01	4.26	3.00	3.00
PH	13-Jun	10-year Treasury Bonds	4.69	4.75	15.00	15.00
SG	13-Jun	28-day MAS Bills	0.60		1.50	1.50
		84-day MAS Bills	0.67		5.00	5.00
	15-Jun	168-day MAS Bills	0.93		2.60	2.60
TH	14-Jun	28-day Treasury Bills	1.26		5.00	5.00
	15-Jun	91-day Bank of Thailand Bills	1.36		30.00	30.00
		182-day Bank of Thailand Bills	1.45		30.00	30.00
	20-Jun	14-day Bank of Thailand Bills	1.26		20.00	20.00
VN	14-Jun	5-year Treasury Bonds	5.00		1,500.00	1,950.00
		7-year Treasury Bonds	5.29		1,500.00	1,900.00
		10-year Treasury Bonds	5.79		1,000.00	1,300.00
		30-year Treasury Bonds	7.38		1,000.00	1,300.00

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

Sources: Local market sources and Bloomberg, LP.

## Selected Asia Data Releases (20 – 26 June 2017)

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

Economy and Variable	Release Date	Historical Data	Recent Trends
<b>Hong Kong, China</b> <b>CPI</b> y-o-y, % MAY	06/20	04/16: 2.7% 05/16: 2.6% <b>03/17: 0.5%</b> <b>04/17: 2.0%</b>	Consumer price inflation in Hong Kong, China accelerated to 2.0% year-on-year (y-o-y) in April from 0.5% y-o-y a month earlier.
<b>Malaysia</b> <b>CPI</b> y-o-y, % MAY	06/21	04/16: 2.1% 05/16: 2.0% <b>03/17: 5.1%</b> <b>04/17: 4.4%</b>	Malaysia's inflation rate eased to 4.4% y-o-y in April after surging to 5.1% y-o-y in March.
<b>Philippines</b> <b>Overnight Borrowing Rate</b> %	06/22	05/16: 3.00% 06/16: 3.00% <b>04/17: 3.00%</b> <b>05/17: 3.00%</b>	The Bangko Sentral ng Pilipinas kept its overnight borrowing rate unchanged at 3.00% during its monetary policy meeting on 11 May.
<b>Singapore</b> <b>CPI</b> y-o-y, % MAY	06/23	04/16: -0.5% 05/16: -1.6% <b>03/17: 0.7%</b> <b>04/17: 0.4%</b>	Consumer price inflation in Singapore eased to 0.4% y-o-y in April after rising 0.7% y-o-y in March.
<b>Singapore</b> <b>Industrial Production</b> y-o-y, % MAY	06/23	04/16: 3.3% 05/16: 0.4% <b>03/17: 11.0%</b> <b>04/17: 6.7%</b>	Singapore's industrial production rose 6.7% y-o-y in April, easing from growth of 11.0% y-o-y in March.
<b>Viet Nam</b> <b>CPI</b> y-o-y % JUN	06/24	05/16: 2.3% 06/16: 2.4% <b>04/17: 4.3%</b> <b>05/17: 3.2%</b>	Consumer price inflation in Viet Nam eased to 3.2% y-o-y in May from 4.3% y-o-y in April.
<b>Viet Nam</b> <b>GDP - YTD</b> y-o-y % Q2 2017	6/25 to 6/30	Q1 2016: 5.5% Q2 2016: 5.5% <b>Q4 2016: 6.2%</b> <b>Q1 2017: 5.1%</b>	Real gross domestic product growth in Viet Nam slowed to 5.1% y-o-y in the first quarter of 2017 compared with 5.5% y-o-y hike in the same period in 2016.
<b>Viet Nam</b> <b>Exports - YTD</b> y-o-y % JUN	6/25 to 6/30	05/16: 6.6% 06/16: 5.9% <b>04/17: 15.4%</b> <b>05/17: 17.4%</b>	Exports in Viet Nam climbed 17.4% y-o-y in January–May, compared with a 6.6% y-o-y expansion in the same 5-month period a year earlier.
<b>Viet Nam</b> <b>Trade Balance</b> USD million JUN	6/25 to 6/30	05/16: -400 06/16: -100 <b>04/17: -800</b> <b>05/17: -800</b>	Viet Nam posted a trade deficit of USD800 million for the second consecutive month in May.
<b>Hong Kong, China</b> <b>Exports</b> y-o-y % MAY	06/26	04/16: -2.3% 05/16: -0.1% <b>03/17: 16.9%</b> <b>04/17: 7.1%</b>	Export growth in Hong Kong, China eased to 7.1% y-o-y after rising 16.9% y-o-y in March.
<b>Hong Kong, China</b> <b>Trade Balance</b> HKD billion MAY	06/26	04/16: -4.0 05/16: -3.4 <b>03/17: -5.4</b> <b>04/17: -4.4</b>	Hong Kong, China's trade deficit narrowed to HKD4.4 billion in April from a deficit of HKD5.4 billion in March.

Source: *AsianBondsOnline*, Bloomberg LP, and Reuters.

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## 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 Federal Reserve Raises Its Key Policy Rate Target

- [Federal Reserve issues FOMC statement](#)  
Board of Governors of the Federal Reserve System (14 June 2016)

### Bank Indonesia Leaves Policy Rate Unchanged at 4.75%; BOJ Maintains Monetary Easing Program

- [Bank Indonesia Stays With 'Neutral' Policy, Holds Key Rate](#)  
Jakarta Globe (15 June 2017)
- [Statement on Monetary Policy](#)  
Bank of Japan (16 June 2017)

### Industrial Production in the PRC Rises in May

- [Industrial Production Operation in May 2017](#)  
National Bureau of Statistics (15 June 2016)

### Export Growth in Indonesia Climbs to 24.1% y-o-y in May; Singapore's NODX Decrease in May

- [Exports in May 2017 reached US\\$14,29 billion and Imports in May 2017 amounted to US\\$13,82 billion](#)  
Statistics Indonesia (15 June 2017)
- [Singapore's External Trade – May 2017](#)  
International Enterprise Singapore (16 June 2017)

### Overseas Filipino Remittances Decline in April

- [January to April 2017 Remittances Reach US\\$10 billion](#)  
Bangko Sentral ng Pilipinas (15 June 2017)

### Net Foreign Bond Investment in the Republic of Korea Rose in May

- [Foreign Investors' Stock and Bond Investment, May 2017](#)  
Financial Supervisory Service (14 June 2017)

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