

## Key Developments in Asian Local Currency Markets

Based on advance estimates of the Ministry of Trade and Industry, Singapore's gross domestic product (GDP) rose 2.5% y-o-y in the second quarter (Q2) of 2017, the same pace of growth as in the first quarter (Q1) of 2017. The manufacturing sector grew 8.0% y-o-y in Q2 2017, easing from 8.5% y-o-y growth in Q1 2017, while the construction sector contracted at a slower pace of 5.6% y-o-y in Q2 2017, slightly better than the 6.1% y-o-y drop in Q1 2017. The services industries contributed to GDP growth with an expansion of 1.7% y-o-y in Q2 2017 versus 1.4% y-o-y growth in Q1 2017. In the People's Republic of China (PRC), GDP grew 6.9% y-o-y in Q2 2017, the same rate as in the previous quarter.

On 13 July, the Monetary Policy Board of the Bank of Korea decided to maintain its base rate at 1.25%. The central bank raised its 2017 GDP growth forecast to 2.8% from April projections of 2.6%, while 2.9% growth was maintained for 2018. Bank Negara Malaysia kept its overnight policy rate unchanged at 3.00% during its monetary policy meeting on 13 July.

Consumer prices in the PRC rose 1.5% y-o-y in June, the same rate of increase as in May. Producer prices rose 5.5% y-o-y in June for the second month in a row.

Malaysia's Index of Industrial Production increased 4.6% y-o-y in May, up from a 4.2% y-o-y gain in April, supported by output growth in the manufacturing and electricity sectors. Output growth in the manufacturing sector accelerated to 7.3% y-o-y in May from 6.7% y-o-y in April.

The PRC's exports grew 17.3% y-o-y in renminbi-denominated terms in June after rising 15.5% y-o-y in May. Import growth also accelerated, rising 23.1% y-o-y from 22.1% y-o-y in the same period. The PRC reported a trade surplus of CNY294.3 billion in June, up from CNY281.6 billion in May. The Philippines' exports sales increased 13.7% y-o-y in May, reaching USD5.5 billion. The Philippines posted a trade deficit of USD2.7 billion in May compared with a trade deficit of USD 2.2 billion in May 2016.

Japan's current account surplus narrowed to JPY1.65 trillion in May from JPY1.95 trillion in April, primarily driven by the reversal of the goods account to a deficit of JPY115.1 billion in May from a surplus of JPY553.6 in April. The secondary income account deficit widened to JPY197.3 billion from JPY155.1 billion during the same period.

### Asia Bond Monitor June 2017

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10-Year Selected LCY Government Security Yields Close of 14 July 2017  
basis point change from

Markets	Latest Closing	Previous Day*	Previous Week*	1-Jan-17*
US	2.33	-1.25	-5.37	-11.24
EU	0.60	-0.60	2.40	38.90
Japan	0.08	-0.10	-0.40	3.70
PRC	3.59	4.00	-2.00	57.00
Hong Kong, China	1.59	1.40	-5.70	-38.90
India	6.46	0.80	-6.80	-5.10
Indonesia	6.96	-1.70	-20.60	-101.10
Korea, Rep. of	2.25	0.50	-7.00	15.50
Malaysia	3.97	0.00	0.60	-25.90
Philippines	5.05	-5.29	35.07	42.19
Singapore	2.10	-1.22	-12.68	-37.42
Thailand	2.47	0.50	-3.50	-17.60
Viet Nam	5.51	3.20	-18.20	-86.50

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  - ▶ Benchmark Yield Curves - Local Currency Government Bonds
  - ▶ 2-versus-10 Yield Spread Chart
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  - ▶ Credit Default Swap Spreads & Exchange Rate Indexes
  - ▶ Selected Debt Security Issuances
  - ▶ Selected Asia Data Releases

Singapore's total retail sales in May amounted to SGD3.7 billion on growth of 0.9% y-o-y, which was down from 2.7% y-o-y growth in April. Excluding motor vehicles, retail sales rose 0.6% y-o-y in May after growing 5.0% y-o-y in April.

Local currency bond yields fell for all tenors in Hong Kong, China, the Republic of Korea and Viet Nam and for most tenors in the PRC, Indonesia, Singapore and Thailand, tracking a decline in US yields as the US inflation rate for June was unchanged from May. Yields rose for all tenors in Malaysia and for most tenors in the Philippines. The 2-year versus 10-year yield spread rose in Hong Kong, China, Indonesia, Philippines and Viet Nam but fell in other emerging East Asia markets.

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## Summary Text of News Articles

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### Singapore's Economy Grows 2.5% in Q2 2017

Based on advance estimates of the Ministry of Trade and Industry, Singapore's gross domestic product (GDP) rose 2.5% y-o-y in the second quarter (Q2) of 2017, the same pace of growth as in the first quarter (Q1) of 2017. The manufacturing sector grew 8.0% y-o-y in Q2 2017, easing from 8.5% y-o-y growth in Q1 2017, while the construction sector contracted at a slower pace of 5.6% y-o-y in Q2 2017, slightly better than the 6.1% y-o-y drop in Q1 2017. The services industries contributed with growth of 1.7% y-o-y in Q2 2017 versus 1.4% y-o-y growth in Q1 2017. On a quarter-on-quarter and seasonally adjusted annualized basis, GDP rose 0.4% in Q2 2017 after decreasing 1.9% in Q1 2017.

### The Bank of Korea Maintains Policy Rate at 1.25%, Raises 2018 GDP Growth Forecast; Bank Negara Malaysia Maintains Overnight Policy Rate at 3.00%

On 13 July, the Monetary Policy Board of the Bank of Korea decided to maintain its base rate at 1.25%. The central bank also raised its 2017 GDP growth forecast to 2.8% from April's projection of 2.6%, while the 2018 forecast of 2.9% growth was maintained. Domestic growth will continue to be supported by exports and investment, with consumption weakness expected to ease. Monthly inflation is expected to stay close to the 2.0% y-o-y target level, with full-year 2017 inflation expected to be near the 1.9% projection made in April. The central bank also cited continued recovery in the global economy and stability in global financial markets. However, volatility was noted due to fluctuations in oil prices and uncertainty in the direction of monetary policies in the major developed economies. The Bank of Korea will continue to monitor the process of monetary policy normalization in the United States, trade conditions with major countries, the new government's economic policies, the growth of the household debt, and geopolitical risks.

Bank Negara Malaysia kept its overnight policy rate unchanged at 3.00% during its monetary policy meeting on 13 July. Inflation has eased and, according to the central bank, is expected to moderate in the second half of 2017 as an effect of waning global cost factors. The Malaysian economy expanded faster than expected in Q1 2017, underpinned by strong domestic demand and exports, and is projected to post higher growth in 2017. Favorable global prospects will bolster external demand, translating into stronger exports. The Malaysian ringgit remained stable while liquidity remains sufficient in the banking system.

### Consumer and Producer Prices Rise in the PRC in June

Consumer prices in the People's Republic of China (PRC) rose 1.5% y-o-y in June, the same rate of increase as in May. The biggest price gains came from health care, with costs rising 5.7% y-o-y, followed by other articles and services, which rose 2.8% y-o-y. The prices of all major categories increased on a y-o-y basis except for food, tobacco, and liquor, which fell 0.2% y-o-y. Producer prices rose 5.5% y-o-y in June, the same rate as in May.

For inflation rate trends in the PRC, refer to this link:

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

### Malaysia's Index of Industrial Production Increases in May

Malaysia's Index of Industrial Production increased 4.6% y-o-y in May, up from 4.2% y-o-y growth in April, supported by output growth in the manufacturing and electricity sectors. Output growth in the manufacturing sector accelerated to 7.3% y-o-y in May from 6.7% y-o-y in April. The expansion was underpinned by growth in the electrical and electronics; food, beverages, and tobacco; and petroleum, chemical, rubber, and plastic products subsectors. Meanwhile, electricity sector output grew 2.5% y-o-y in May, reversing the 1.5% y-o-y contraction in April. On the other hand, mining sector output further contracted 2.3% y-o-y in May after a 2.0% y-o-y decline in April.

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**Summary Text of News Articles**

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**The PRC's Exports and Imports Rise in June as Trade Surplus Increases;  
Philippine Exports and Imports Increase in May;  
Philippine Trade Deficit Increases in Full-Year 2016**

The PRC's exports rose 17.3% y-o-y in renminbi-denominated terms in June after rising 15.5% y-o-y in May. Import growth increased to 23.1% y-o-y from 22.1% in the same period. The PRC reported a trade surplus of CNY294.3 billion in June, up from CNY281.6 billion in May.

The Philippines' exports increased 13.7% y-o-y in May, reaching USD5.5 billion. Outward shipments of manufactured goods grew 8.5% y-o-y to USD4.6 billion, or 84.0% of the total export receipts in May. The top three export destinations in May were Japan; the United States; and Hong Kong, China; which accounted for 17.1%, 14.1%, and 12.5% of total exports, respectively. Imports in May totaled USD8.2 billion, up 16.6% y-o-y. Imports of raw materials and intermediate goods, accounting for 38.9% of the total, increased 14.5% y-o-y to USD3.2 billion in May. The PRC remained the Philippines' largest import source, with payments to the PRC amounting to USD1.6 billion. The Philippines posted a trade deficit of USD2.7 billion in May compared with a trade deficit of USD 2.2 billion in May 2016. From January to May, total exports amounted to USD26.1 billion and total imports amounted to USD37.2 billion, up 16.3% y-o-y and 12.3% y-o-y, respectively. The Philippine Statistical Authority also released trade data for full-year 2016. During the year, total export receipts decreased 2.4% y-o-y to USD57.4 billion, while total imports increased 8.9% y-o-y to USD84.1 billion, resulting in an annual trade deficit of USD26.7.

**Japan's Current Account Surplus Narrows in May**

Japan's current account surplus narrowed to JPY1.65 trillion in May from JPY1.95 trillion in April. The lower surplus was primarily driven by the reversal of the goods account to a deficit of JPY115.1 billion in May from a surplus of JPY553.6 billion in April. The secondary income account deficit widened to JPY197.3 billion from JPY155.1 billion during the same period. The primary income account posted a larger surplus of JPY1.9 trillion in May versus JPY1.8 trillion in April.

**Singapore's Retail Sales Ease in May**

Singapore's total retail sales amounted to SGD3.7 billion in May, reflecting a rise of 0.9% y-o-y but down from 2.7% y-o-y growth in April. Excluding motor vehicles, retail sales rose 0.6% y-o-y in May after growing 5.0% y-o-y in April. On a month-on-month basis, retail sales declined 1.0% in May, while retail sales excluding motor vehicles declined 3.0%.

## 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	1.03	-0.01	0.51	53.42
EU	-0.58	0.20	1.20	32.60
Japan	-0.11	-1.50	-2.20	27.70
PRC	3.38	2.00	-4.00	65.00
Hong Kong, China	0.33	0.00	0.00	0.00
India	8.31	0.00	0.00	0.00
Korea, Rep. of	1.27	0.00	-1.40	-5.00
Malaysia	3.05	0.00	0.00	1.90
Philippines	2.83	61.16	67.83	75.09
Singapore	1.05	-5.70	1.30	-0.90
Thailand	1.35	0.00	0.00	0.00

Close of 14 July 2017

### 10-Year Selected LCY Government Bond Yields

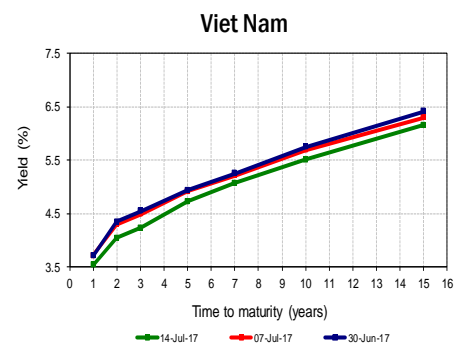
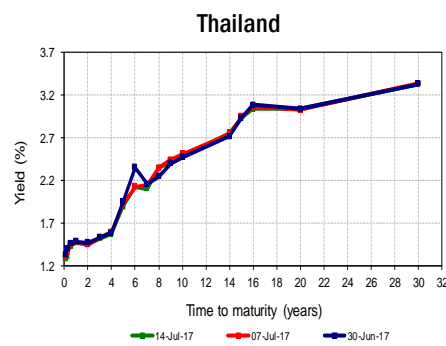
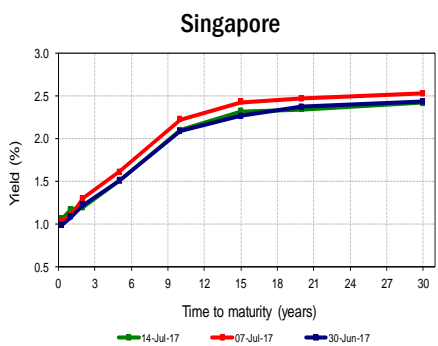
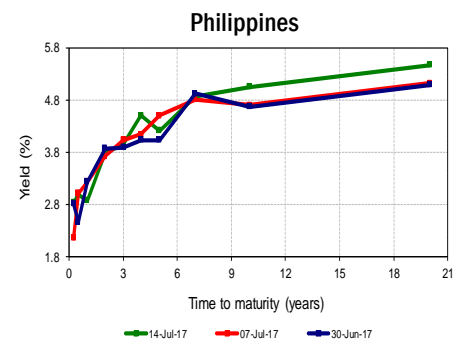
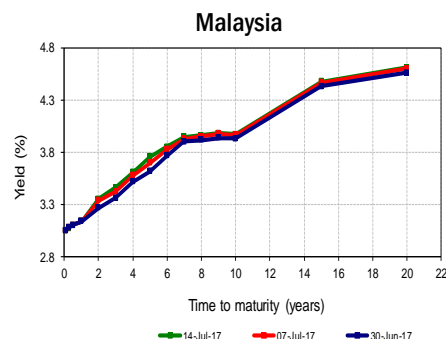
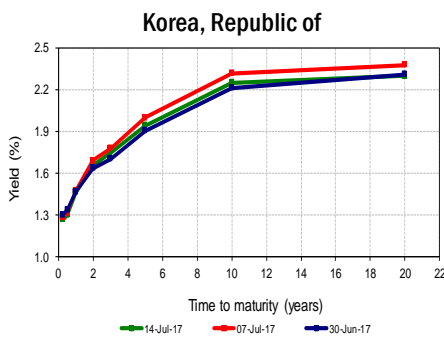
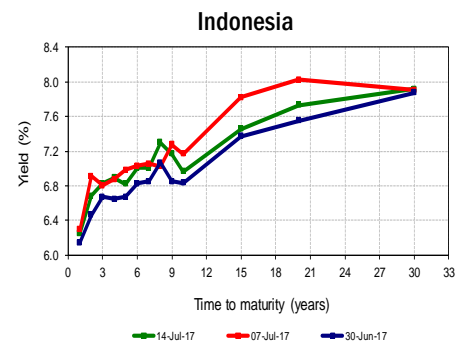
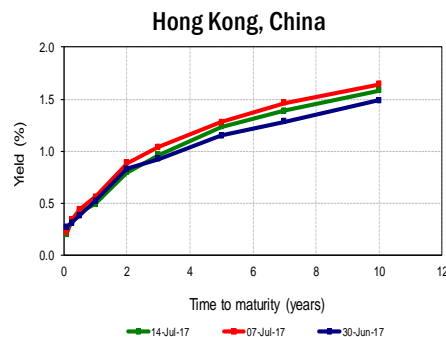
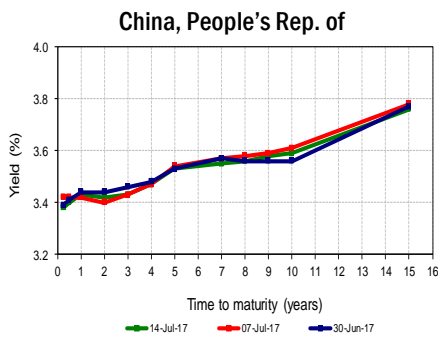
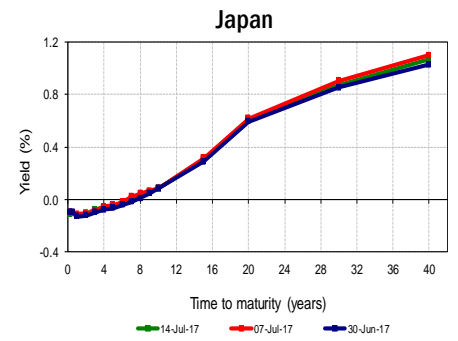
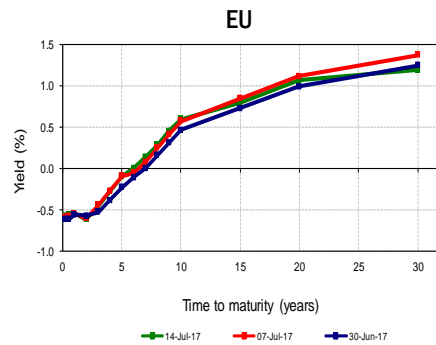
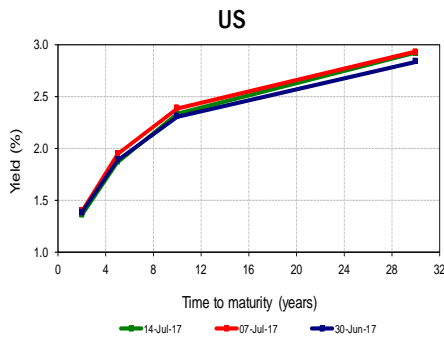
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Thailand	2.47	0.50	-3.50	-17.60
Viet Nam	5.51	3.20	-18.20	-86.50

Close of 14 July 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

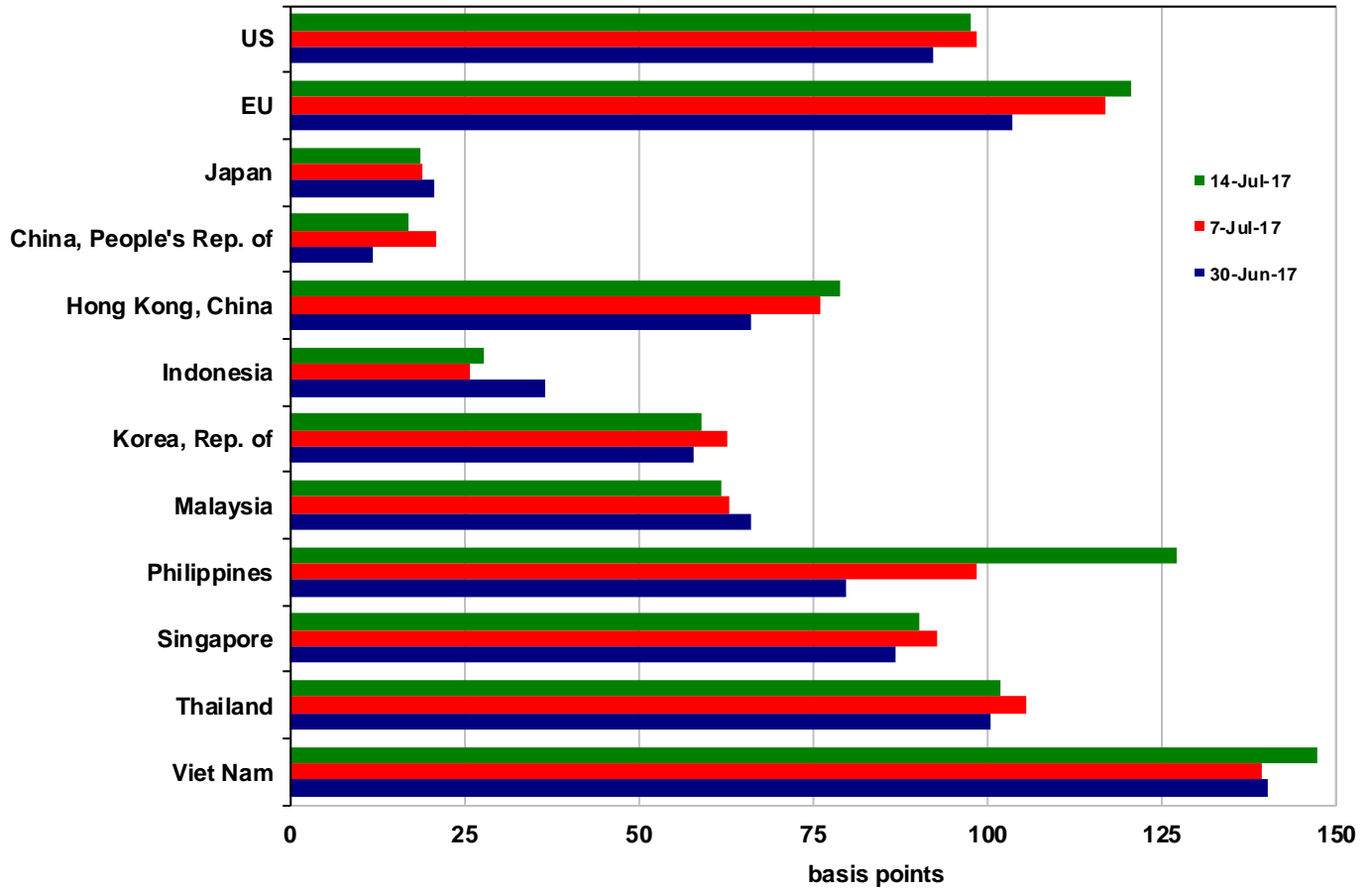
Tip: Zoom-in on the table using the Acrobat zoom tool



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

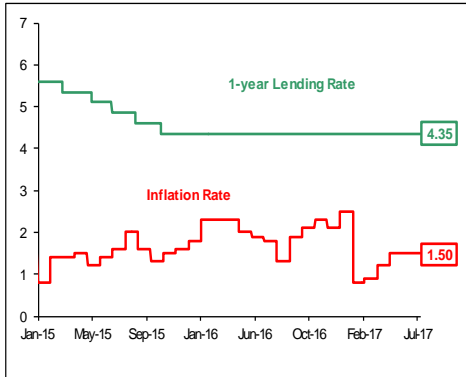


EU = European Union, US = United States.  
 Source: Based on data from Bloomberg LP.

**Policy Rate versus Inflation Rate**

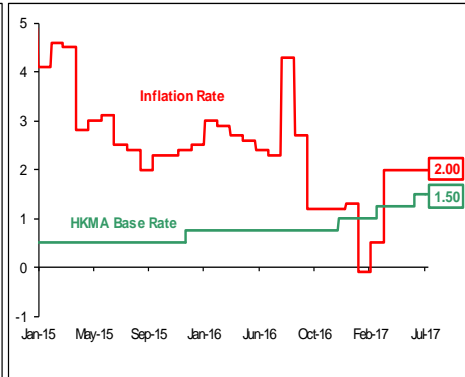
Tip: Zoom-in on the table using the Acrobat zoom tool

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



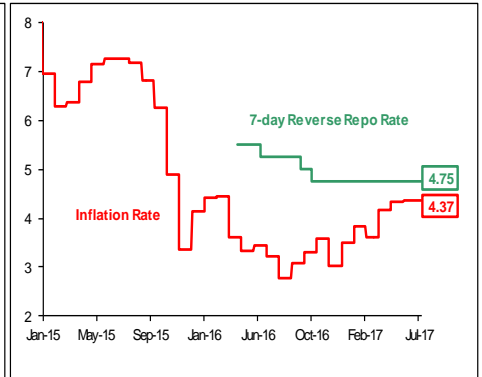
The PRC uses the 1-year lending rate as one of its policy rates.  
Source: Bloomberg LP.

**Hong Kong, China**



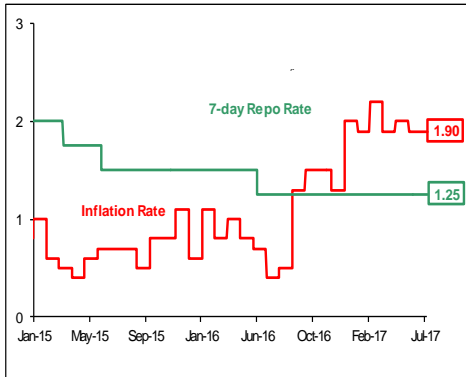
The Hong Kong Monetary Authority maintains a Discount Window Base Rate.  
Source: Bloomberg LP.

**Indonesia**



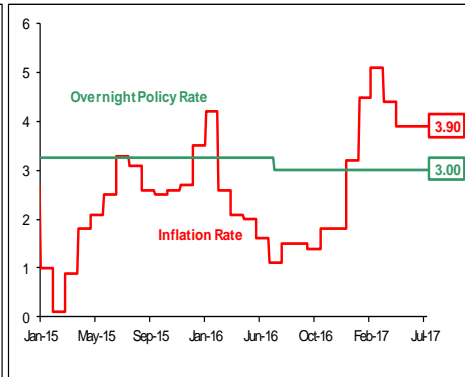
Bank Indonesia shifted its policy rate to the 7-day reverse repo rate effective 19 August 2016.  
Source: Bloomberg LP.

**Korea, Republic of**



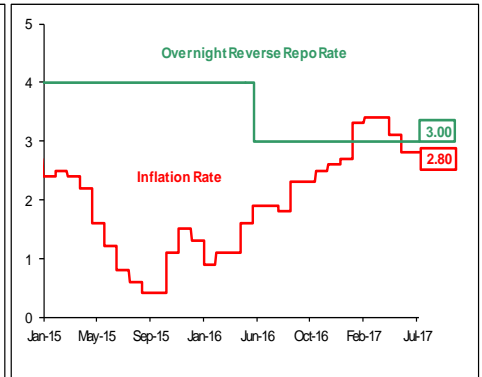
The Bank of Korea shifted its policy rate from the overnight repurchase (repo) rate to the 7-day repo rate in March 2008.  
Source: Bloomberg LP.

**Malaysia**



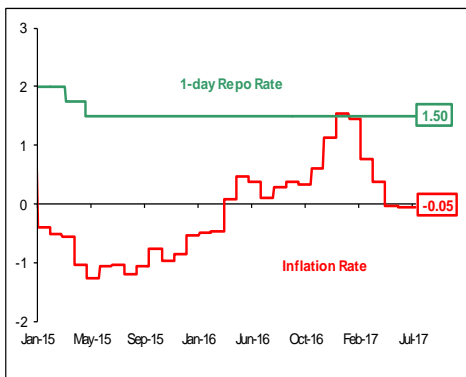
Bank Negara Malaysia uses the overnight policy rate (OPR) as its policy rate.  
Source: Bloomberg LP.

**Philippines**



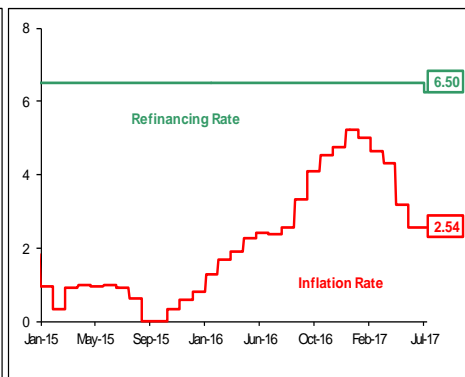
Banko Sentral uses the Philippine overnight reverse repurchase agreement rate as one of its policy instruments.  
Source: Bloomberg LP.

**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**

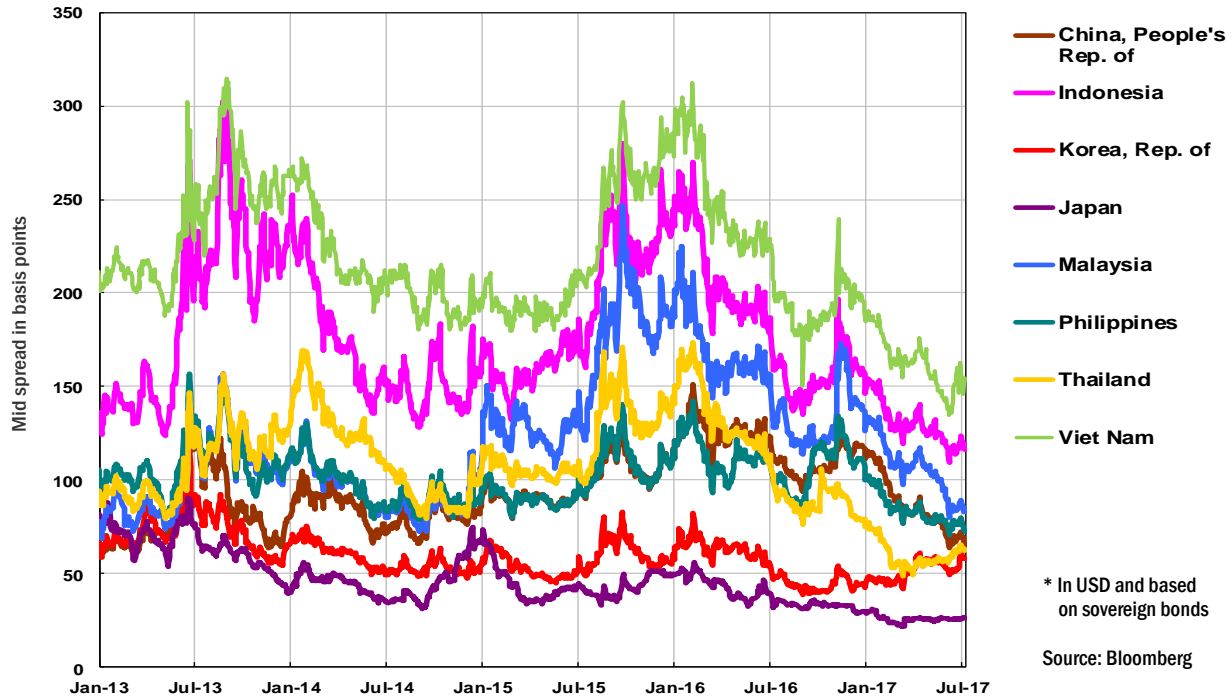


The State Bank of Viet Nam uses a benchmark prime lending rate as its policy rate.  
Source: Bloomberg LP.

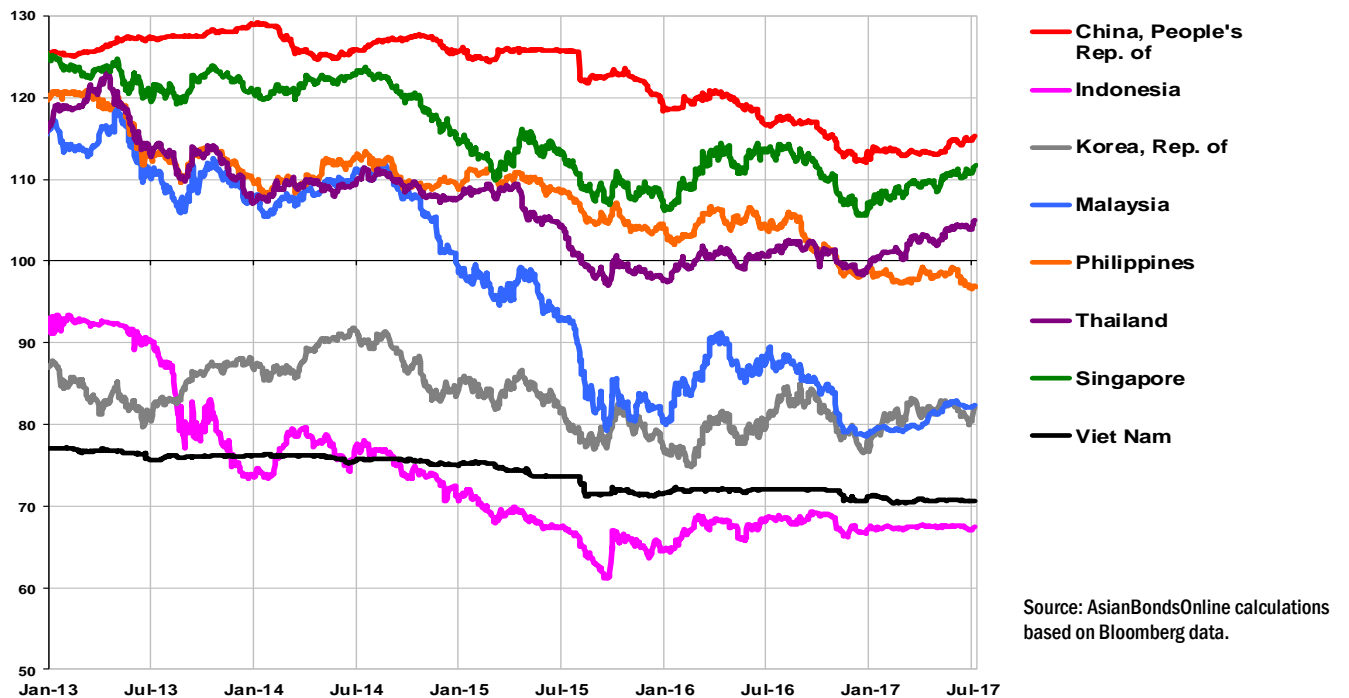
### Credit Default Swap Spreads and Exchange Rate Indexes

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 (10 – 14 July 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	12-Jul	2-year China Government Bond	3.62	3.46	28.00	28.00
		5-year China Government Bond	3.47	3.47	32.00	32.26
HK	11-Jul	91-day Exchange Fund Bills	0.36		47.54	47.54
		182-day Exchange Fund Bills	0.45		18.00	28.00
		34-day Exchange Fund Bills	0.57		5.00	5.00
ID	11-Jul	3-month Treasury Bills	5.08			3,150.00
		1-year Treasury Bills	5.95			3,100.00
		5-year Treasury Bonds	6.97	7.00	15,000.00	3,900.00
		10-year Treasury Bonds	7.14	7.00		2,600.00
		19-year Treasury Bonds	8.01	8.25		4,250.00
JP	11-Jul	5-year Japanese Government Bonds	-0.04	0.10	2,200.00	2,498.30
	13-Jul	3-month Treasury Discount Bills	-0.11		4,400.00	4,379.94
		20-year Japanese Government Bonds	0.61	0.60	1,000.00	1,128.10
KR	10-Jul	1-year Monetary Stabilization Bonds	1.46		1,200.00	1,200.00
		5-year Korea Treasury Bonds	1.99	1.88	950.00	950.00
MY	14-Jul	30-year Government Investment Issues	4.93	4.90	2.00	2.00
PH	11-Jul	5-year Treasury Bonds	4.23	4.00	15.00	15.00
SG	11-Jul	28-day MAS Bills	1.02		1.60	1.60
		84-day MAS Bills	0.74		5.00	5.00
	13-Jul	168-day MAS Bills	0.95		2.60	2.60
TH	11-Jul	91-day Bank of Thailand Bills	1.27		30.00	30.00
		182-day Bank of Thailand Bills	1.41		30.00	30.00
		329-day Bank of Thailand Bills	1.47		45.00	45.00
	12-Jul	13.94-year Government Bonds	3.00	3.65	14.00	14.00
	14-Jul	14-day Bank of Thailand Bills	1.11		20.00	20.00
VN	12-Jul	5-year Treasury Bonds	4.69		1,000.00	1,000.00
		7-year Treasury Bonds	4.95		1,000.00	1,000.00
		10-year Treasury Bonds	5.38		1,000.00	1,000.00
		30-year Treasury Bonds	6.65		1,000.00	1,000.00

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

Sources: Local market sources and Bloomberg, LP.

## Selected Asia Data Releases (18 – 24 July 2017)

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

Economy and Variable	Release Date	Historical Data	Recent Trends
<b>Malaysia</b>	07/19	05/16: 2.0%	Malaysia's inflation rate eased to 3.9% year-on-year (y-o-y) in May from 4.4% y-o-y in April.
<b>CPI</b>		06/16: 1.6%	
y-o-y, % JUN		<b>04/17: 4.4%</b> <b>05/17: 3.9%</b>	
<b>Republic of Korea</b>	07/19	05/16: -3.0%	The Republic of Korea's Producer Price Index rose 3.5% y-o-y in May following a 3.8% y-o-y rise in April.
<b>PPI</b>		06/16: -2.7%	
y-o-y, % JUN		<b>04/17: 3.8%</b> <b>05/17: 3.5%</b>	
<b>Japan</b>	07/20	05/16: -47.339	Japan posted a trade deficit of JPY204.2 billion in May, a reversal from the JPY479.2 billion surplus posted in April.
<b>Trade Balance</b>		06/16: 686.471	
JPY billions JUN		<b>04/17: 479.167</b> <b>05/17: -204.205</b>	
<b>Japan</b>	07/20	05/16: -11.3%	Japan's export growth accelerated to 14.9% y-o-y in June from 7.5% y-o-y in April.
<b>Exports</b>		06/16: -7.4%	
y-o-y, % JUN		<b>04/17: 7.5%</b> <b>05/17: 14.9%</b>	
<b>Hong Kong, China</b>	07/20	05/16: 2.6%	Consumer price inflation in Hong Kong, China was unchanged from the previous month at 2.0% y-o-y in May.
<b>CPI</b>		06/16: 2.4%	
y-o-y, % JUN		<b>04/17: 2.0%</b> <b>05/17: 2.0%</b>	
<b>Indonesia</b>	07/20	06/16: n/a	On 15 June, Bank Indonesia's Board of Governors decided to keep the 7-day reverse repurchase (repo) rate at 4.75%.
<b>Bank Indonesia 7-Day Repo Rate</b>		06/16: n/a	
% 20-July		<b>04/17: 4.75%</b> <b>05/17: 4.75%</b>	
<b>Malaysia</b>	07/21	17:37.2	Malaysia's foreign reserves increased to USD98.7 billion as of 15 June from USD98.0 billion on 31 May.
<b>Foreign Reserves</b>		17:37.3	
USD billions Jul-14		<b>18:38.0</b> <b>18:38.7</b>	
<b>Singapore</b>	07/24	06/16: -1.6%	Consumer price inflation in Singapore rose to 1.4% y-o-y in May from 0.4% y-o-y in April.
<b>CPI</b>		06/16: -0.7%	
y-o-y, % JUN		<b>04/17: 0.4%</b> <b>05/17: 1.4%</b>	
<b>Viet Nam</b>	07/24	06/16: 2.4%	Consumer price inflation in Viet Nam eased to 2.5% y-o-y in June from 3.2% y-o-y in the previous month.
<b>CPI</b>		07/16: 2.4%	
y-o-y, % JUN		<b>05/17: 3.2%</b> <b>06/17: 2.5%</b>	

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 Economy Grows 2.5% in Q2 2017

- [Singapore's GDP Grew by 2.5 Per Cent in the Second Quarter of 2017](#)  
Ministry of Trade and Industry Singapore (14 July 2017)

### The Bank of Korea Maintains Policy Rate at 1.25%, Raises 2018 GDP Growth Forecast; Bank Negara Malaysia Maintains Overnight Policy Rate at 3.00%

- [Monetary Policy Decision](#)  
Bank of Korea (13 July 2017)
- [Economic Outlook for the Second Half of 2017](#)  
Bank of Korea (13 July 2017)
- [Monetary Policy Statement](#)  
Bank Negara Malaysia (13 July 2017)

### Consumer and Producer Prices in the People's Republic of China Rise in June

- [Consumer Prices for June 2017](#)  
National Bureau of Statistics (11 July 2017)
- [Producer Prices for the Industrial Sector for June 2017](#)  
National Bureau of Statistics (11 July 2017)

### Malaysia's Index of Industrial Production Increases in May

- [Index of Industrial Production, Malaysia April 2017](#)  
Department of Statistics Malaysia (12 July 2017)

### The People's Republic of China's Exports and Imports Rise in June, Trade Surplus Also Increases; Philippine Exports and Imports Increase in May; Trade Deficit Increased for Full-year 2016

- [China June exports, imports higher than expected as global demand holds strong](#)  
CNBC (13 July 2017)
- [Highlights of the Philippine Export and Import Statistics: May 2017](#)  
Philippine Statistical Authority (11 July 2017)
- [Foreign Trade Statistics of the Philippines: 2016](#)  
Philippine Statistical Authority (10 July 2017)

### Japan's Current Account Surplus Narrows in May

- [Balance of Payments Statistics, May 2017 \(Preliminary\)](#)  
Ministry of Finance Japan (10 July 2017)

### Singapore Retail Sales Eases in May

- [Retail Sales and Food & Beverage Services Index May 2017](#)  
Department of Statistics Singapore (12 July 2017)

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