

## Key Developments in Asian Local Currency Markets

Consumer price inflation in Indonesia eased to 3.7% year-on-year (y-o-y) in September from 3.8% y-o-y in August. On a month-on-month (m-o-m) basis, inflation stood at 0.1%. Bank Indonesia expects inflation to remain within the lower range of its target of 3.0%–5.0% for full-year 2017. Consumer price inflation in the Philippines accelerated to 3.4% y-o-y in September from 3.1% y-o-y in August. The rise in inflation was driven by rising food prices, which occupy a large weight in the consumer price basket. Food prices rose 3.6% y-o-y in September from 3.5% y-o-y in the previous month. Thailand's consumer price inflation rose 0.9% y-o-y in September after increasing 0.3% y-o-y in August. The rise came mainly from supply cuts in global crude, causing domestic oil prices to rise. Rising prices of fruits and vegetables (due to the floods), instant food, and tobacco and alcoholic beverages also contributed to the increase.

Malaysia's exports grew 21.5% y-o-y in August, down from 30.9% y-o-y growth in July. The slower y-o-y growth in August was mostly due to a slowdown in exports of electrical and electronic products, which grew 20.1% y-o-y versus 28.3% y-o-y in July. Exports of petroleum products also contributed to the slowdown, with exports growing 33.6% y-o-y in August versus 76.2% in July. Malaysia's import growth accelerated to 22.6% y-o-y in August from 21.8% y-o-y in July. Malaysia reported a trade surplus of MYR9.9 billion in August.

Hong Kong, China's retail sales grew 2.7% y-o-y in August after gaining 4.0% y-o-y in July. The slower retail sales growth was mostly driven by a slowdown in growth in sales of jewelry, watches and clocks, and valuable gifts to 7.3% y-o-y in August from 13.3% y-o-y in July. Department store retail sales growth also experienced a slight dip, with sales rising 5.2% y-o-y in August versus 5.5% y-o-y in July. Sales of food, alcoholic drinks, and tobacco declined 3.9% y-o-y in August after rising 4.5% y-o-y in the prior month.

For the 13th consecutive month, Singapore's manufacturing activity expanded in September with a rise in new orders, exports, and factory outputs. The Purchasing Managers Index (PMI) posted a reading of 52.0 in September after a PMI of 51.8 was recorded in August, boosted by growth in electronics manufacturing activity. The electronics sector PMI increased in September to 53.6 from 53.2 in August.

The Government of Viet Nam has approved a 3-year roadmap for bond market development, with the aim of aligning the development of the bond market with the money market and capital market. Under the roadmap, the share of bonds to gross domestic

### Asia Bond Monitor September 2017

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10-Year Selected LCY Government Security Yields Close of 6 October 2017  
basis point change from

Markets	Latest Closing	Previous Day*	Previous Week*	1-Jan-17*
US	2.36	1.09	2.53	-8.54
EU	0.46	0.30	-0.50	25.10
Japan	0.06	1.00	-1.20	1.00
PRC	3.77	0.00	0.00	75.00
Hong Kong, China	1.78	0.00	6.70	-19.50
India	6.76	2.80	9.40	24.20
Indonesia	6.53	3.40	3.30	-144.30
Korea, Rep. of	2.37	0.00	0.00	27.80
Malaysia	3.92	0.10	-0.70	-30.90
Philippines	4.64	1.35	3.04	1.08
Singapore	2.15	2.29	-0.68	-32.91
Thailand	2.29	1.50	-0.20	-35.80
Viet Nam	5.54	-1.00	-3.00	-83.10

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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

product is expected to increase to 45% by 2020 and to 65% by 2030.

The Government of Malaysia reported that its foreign exchange reserves rose to USD101.2 billion on 29 September from USD100.8 billion on 15 September.

Local currency government bond yields rose for most tenors in Hong Kong, China, Indonesia and Malaysia. Yields fell for all tenors in Viet Nam and for most tenors in Singapore and Thailand. Yields movements were mixed in the Philippines while yields were unchanged in the People's Republic of China and the Republic of Korea due to their respective long holidays. The 2-year versus 10-year yield spread rose for most markets except in Hong Kong, China, Malaysia, the Philippines and Thailand.

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## Summary Text of News Articles

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### Consumer Price Inflation in Indonesia Eases in September; Consumer Price Inflation Rises in the Philippines and Thailand in September

Consumer price inflation in Indonesia eased to 3.7% year-on-year (y-o-y) in September from 3.8% y-o-y in August. On a month-on-month (m-o-m) basis, inflation stood at 0.1%. Much of the inflation during the month stemmed from the core group and administered prices group. Core inflation inched up to 0.4% m-o-m in September from 0.3% m-o-m in August, due mainly to faster price increases in tuition fees and school-related expenses, and gold jewelry. Administered price inflation in September was 0.2% m-o-m following deflation of 0.5% m-o-m in August. Bank Indonesia expects inflation to remain within the lower range of its target range of 3.0%–5.0% for full-year 2017.

Consumer price inflation in the Philippines accelerated to 3.4% y-o-y in September from 3.1% y-o-y in August, driven by rising food prices, which occupy a large weight in the consumer price basket. Food prices rose 3.6% y-o-y in September from 3.5% in the previous month. Other contributors to rising inflation include utilities prices, which gained 3.8% y-o-y in September versus 3.4% y-o-y in August, and transport prices, which rose 4.8% y-o-y versus 4.4% y-o-y.

Thailand's consumer price inflation rose to 0.9% y-o-y in September from 0.3% y-o-y in August. The increase came mainly from supply cuts in global crude, causing domestic oil prices to rise. Rising prices of fruits and vegetables (due to the floods), instant food, and tobacco and alcoholic beverages also contributed to the increase. On a m-o-m basis, consumer price inflation rose 0.6% in September compared with 0.1% in August. For the first 9 months of 2017, Thailand's inflation averaged 0.6% y-o-y. Thailand's Ministry of Commerce has revised downward the inflation forecast range for full-year 2017 from 0.7%–1.7% to 0.4%–1.0%.

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

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

For inflation rate trends in Thailand, refer to this link:

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

### Malaysia's Export Growth Decelerates and Import Growth Accelerates in August

Malaysia's export growth slowed to 21.5% y-o-y in August from 30.9% y-o-y in July, mostly due to a slowdown in the export of electrical and electronic products, which grew 20.1% y-o-y in August versus 28.3% y-o-y in July. Exports of petroleum products also contributed to the slowdown, with exports rising 33.6% y-o-y in August versus 76.2% y-o-y in July. Malaysia's import growth accelerated to 22.6% y-o-y in August from 21.8% y-o-y in July. Malaysia reported a trade surplus of MYR9.9 billion in August.

### Hong Kong, China's Retail Sales Growth Slows in August

Hong Kong, China's retail sales growth declined to 2.7% y-o-y in August from 4.0% y-o-y in July, mainly due to slower growth in sales of jewelry, watches and clocks, and valuable gifts of 7.3% y-o-y in August from 13.3% y-o-y in July. Department store sales growth also experienced a slight dip to 5.2% y-o-y in August from 5.5% y-o-y in the prior month, while sales of food, alcoholic drinks, and tobacco declined 3.9% y-o-y after rising 4.5% y-o-y during the same period.

### Singapore's Manufacturing PMI Rises in September

For the 13th consecutive month, Singapore's manufacturing activity expanded in September on gains in new orders, exports, and factory output. The Purchasing Managers Index (PMI) posted a reading of 52.0 in September after recording a reading of 51.8 in August, boosted by growth in electronics manufacturing activity. The electronics sector PMI rose to 53.6 in September from 53.2 in August. A PMI reading above the 50-point threshold indicates the manufacturing economy is generally expanding.

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**Summary Text of News Articles**

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**Viet Nam Approves Roadmap for Bond Market Development**

The Government of Viet Nam has approved a 3-year roadmap for bond market development, with the aim of aligning the development of the bond market with the money market and capital market. Under the roadmap, the share of bonds to gross domestic product is expected to increase to 45% by 2020 and to 65% by 2030.

**Malaysia's Foreign Exchange Reserves Rise in the Second Half of September**

The Government of Malaysia reported that its foreign exchange reserves rose to USD101.2 billion on 29 September from USD100.8 billion on 15 September. In ringgit terms, there was a decline in the reserves due to the depreciation of the ringgit versus the US dollar. The reserves are sufficient to cover 7.6 months of retained imports and equivalent to 1.1 times Malaysia's short-term debt.

### 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	1.06	0.25	2.17	56.48
EU	-0.58	-1.00	1.30	32.60
Japan	-0.17	0.40	0.11	22.01
PRC	3.36	0.00	0.00	63.00
Hong Kong, China	0.33	0.00	0.00	0.00
India	8.31	0.00	0.00	0.00
Korea, Rep. of	1.28	0.00	0.00	-3.60
Malaysia	2.96	0.10	1.50	-6.90
Philippines	2.83	79.50	80.35	75.31
Singapore	1.19	0.00	0.90	13.10
Thailand	1.22	0.00	0.00	-23.92

Close of 6 October 2017

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

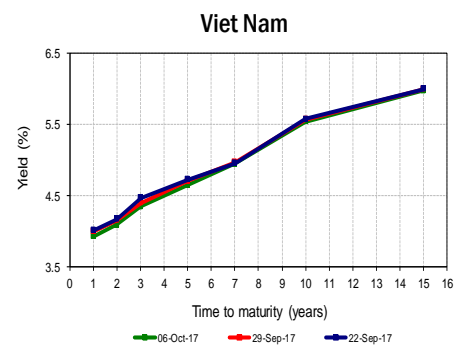
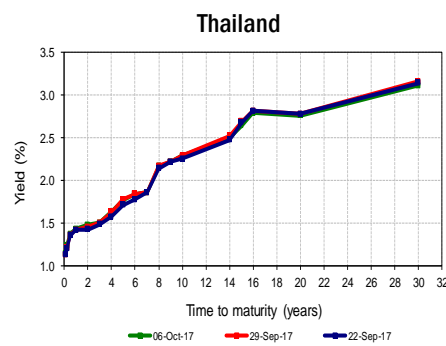
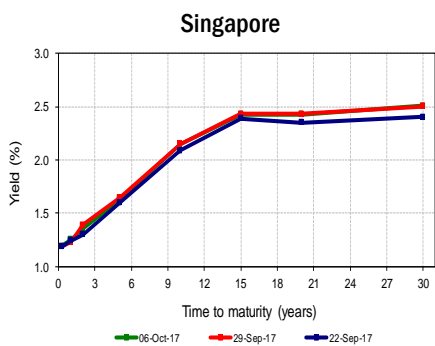
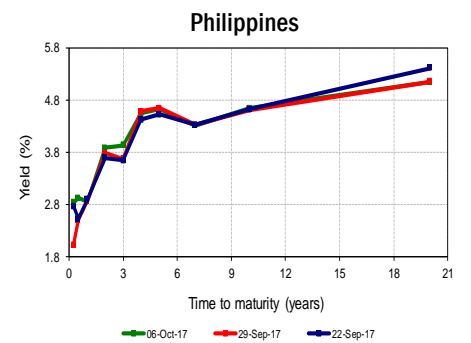
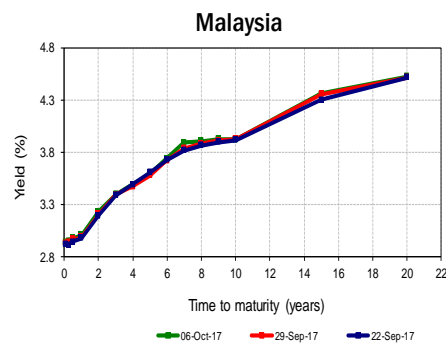
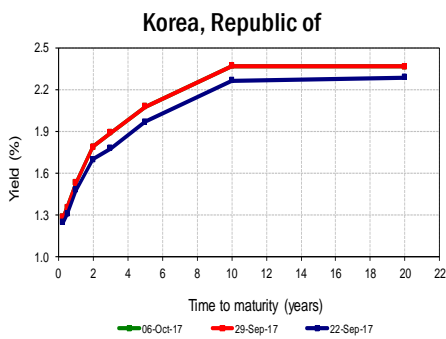
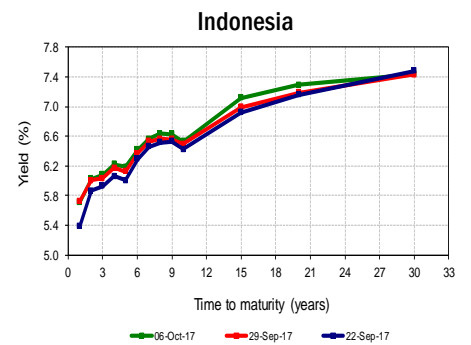
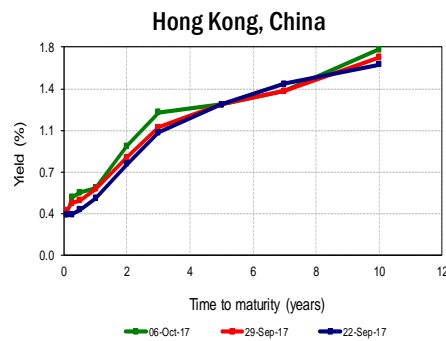
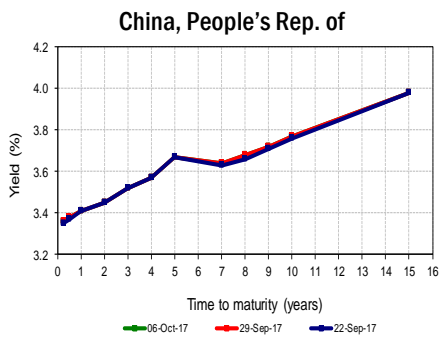
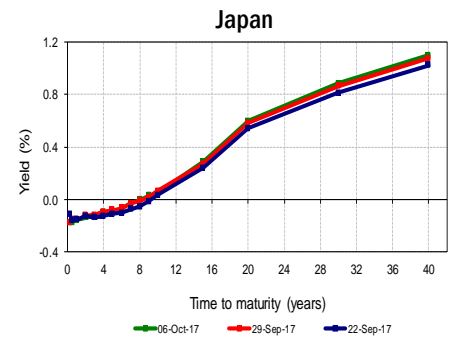
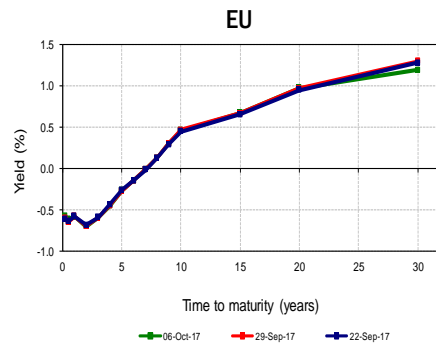
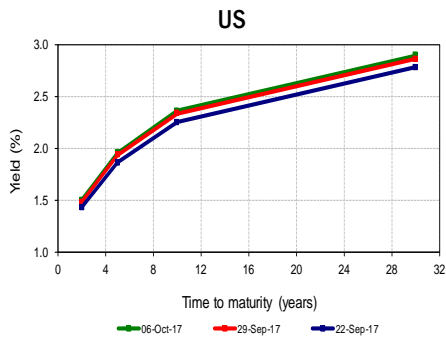
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PRC	3.77	0.00	0.00	75.00
Hong Kong, China	1.78	0.00	6.70	-19.50
India	6.76	2.80	9.40	24.20
Indonesia	6.53	3.40	3.30	-144.30
Korea, Rep. of	2.37	0.00	0.00	27.80
Malaysia	3.92	0.10	-0.70	-30.90
Philippines	4.64	1.35	3.04	1.08
Singapore	2.15	2.29	-0.68	-32.91
Thailand	2.29	1.50	-0.20	-35.80
Viet Nam	5.54	-1.00	-3.00	-83.10

Close of 6 October 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

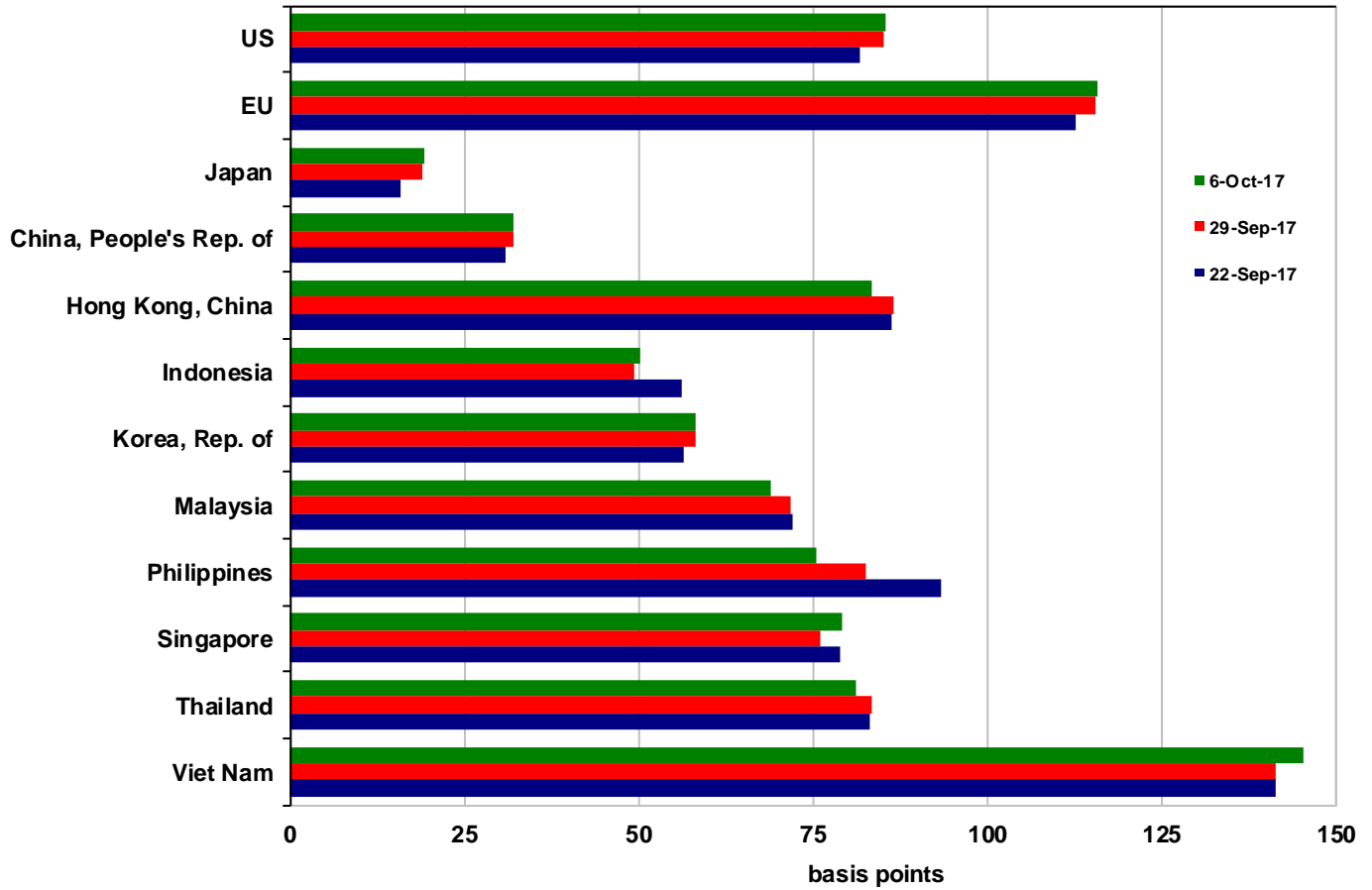
Tip: Zoom-in on the table using the Acrobat zoom tool



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

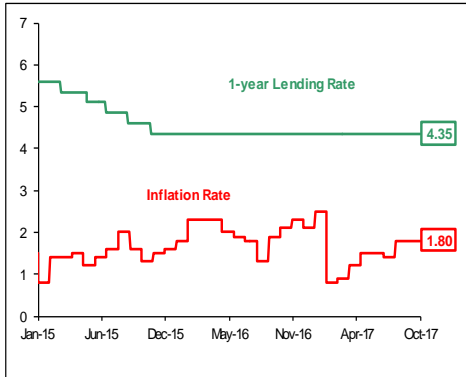


EU = European Union, US = United States.  
 Source: Based on data from Bloomberg LP.

**Policy Rate versus Inflation Rate**

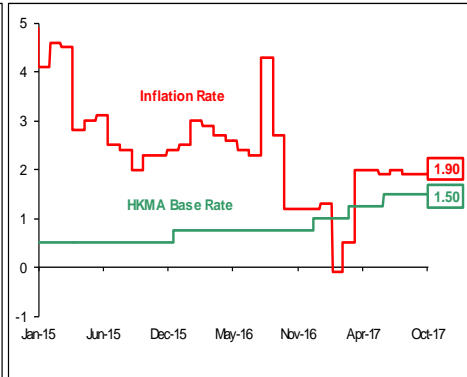
Tip: Zoom-in on the table using the Acrobat zoom tool

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



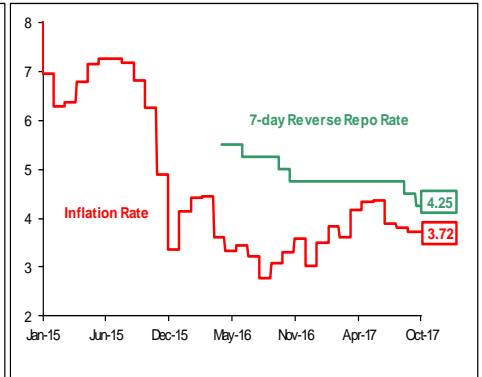
The PRC uses the 1-year lending rate as one of its policy rates.  
Source: Bloomberg LP.

**Hong Kong, China**



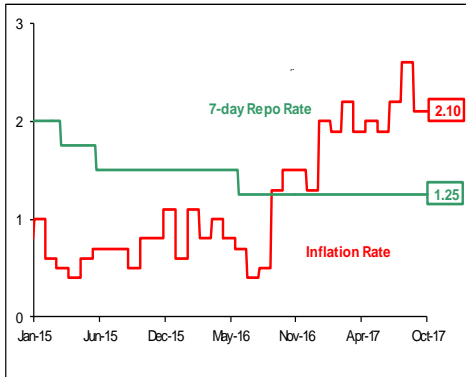
The Hong Kong Monetary Authority maintains a Discount Window Base Rate.  
Source: Bloomberg LP.

**Indonesia**



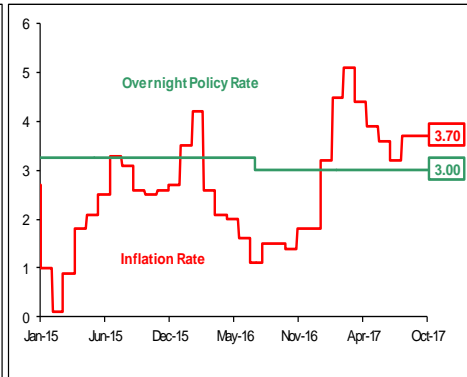
Bank Indonesia shifted its policy rate to the 7-day reverse repo rate effective 19 August 2016.  
Source: Bloomberg LP.

**Korea, Republic of**



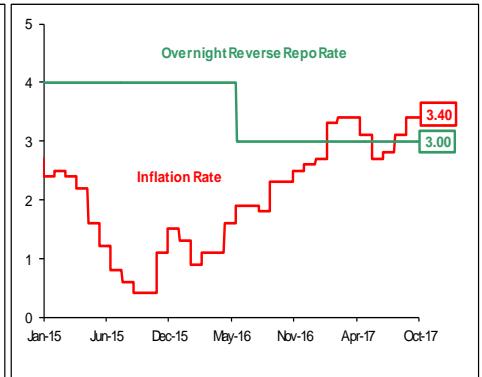
The Bank of Korea shifted its policy rate from the overnight repurchase (repo) rate to the 7-day repo rate in March 2008.  
Source: Bloomberg LP.

**Malaysia**



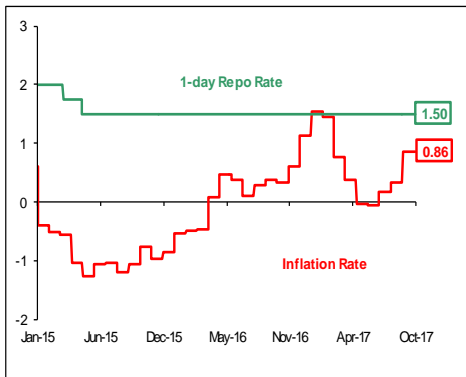
Bank Negara Malaysia uses the overnight policy rate (OPR) as its policy rate.  
Source: Bloomberg LP.

**Philippines**



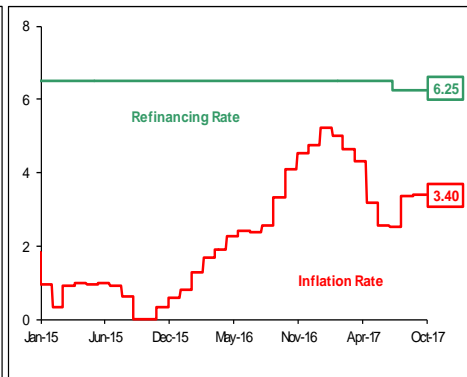
Bangko Sentral uses the Philippine overnight reverse repurchase agreement rate as one of its policy instruments.  
Source: Bloomberg LP.

**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**

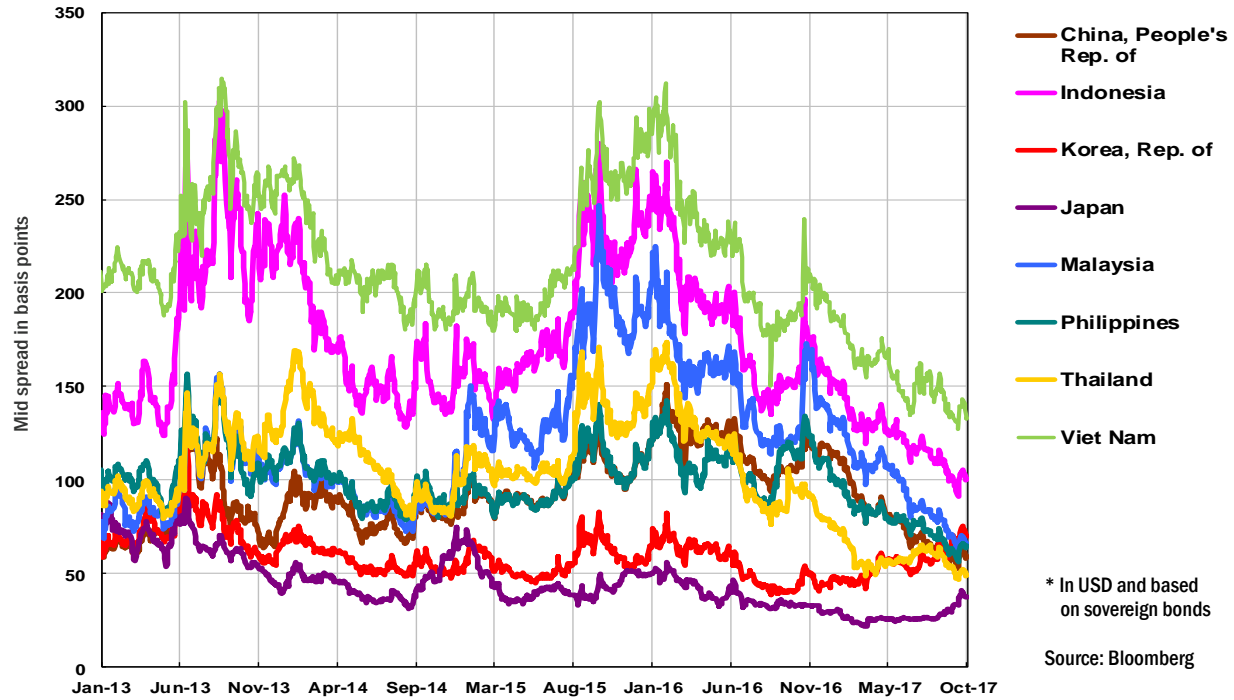


The State Bank of Viet Nam uses a benchmark prime lending rate as its policy rate.  
Source: Bloomberg LP.

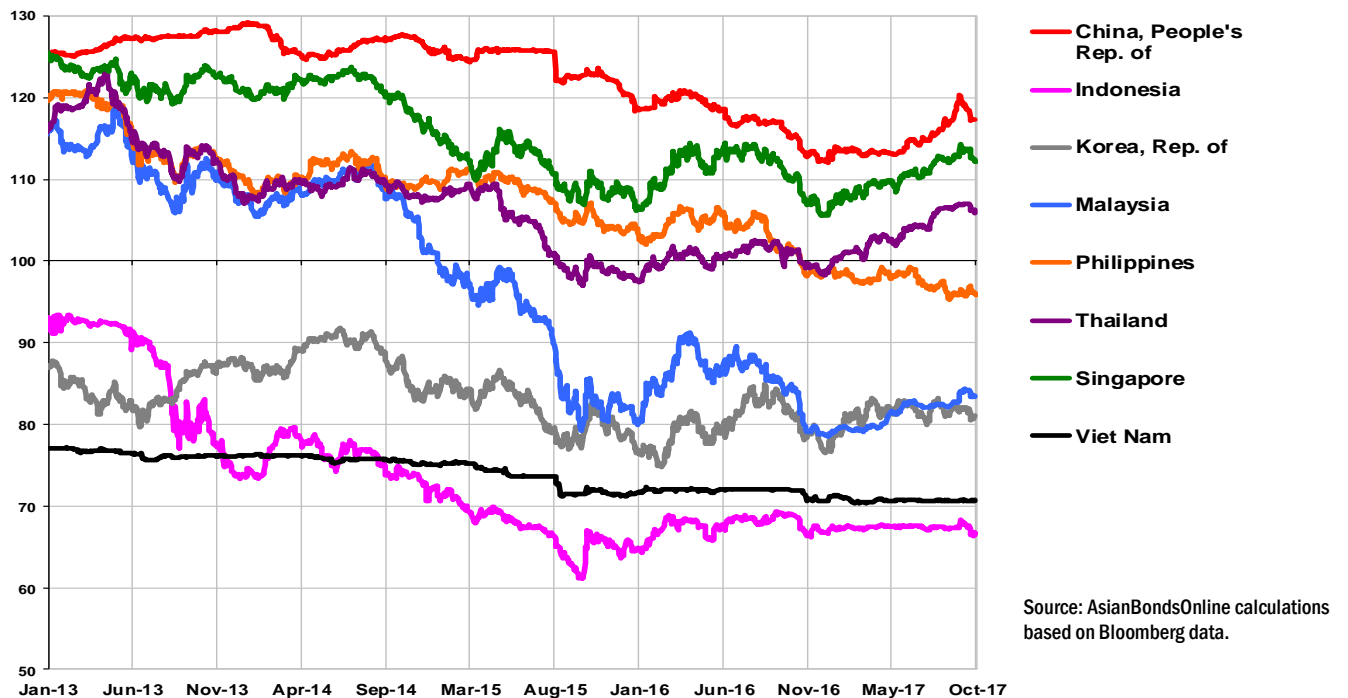
### Credit Default Swap Spreads and Exchange Rate Indexes

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 (2 – 6 October 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)
HK	3-Oct	91-day Exchange Fund Bills	0.53		54.73	54.73
		182-day Exchange Fund Bills	0.49		15.00	15.00
		364-day Exchange Fund Bills	0.56		5.00	5.00
ID	3-Oct	91-day Treasury Bills	4.68			5,000.00
		365-day Treasury Bills	5.16			3,000.00
		5-year Treasury Bonds	6.18	7.00	15,000.00	1,550.00
		15-year Treasury Bonds	7.05	7.50		3,650.00
		21-year Treasury Bonds	7.24	7.50		4,650.00
JP	3-Oct	10-year Japanese Government Bonds	0.08	0.10	2,300.00	2,299.00
	4-Oct	6-month Treasury Discount Bills	-0.16		2,300.00	2,299.95
	5-Oct	3-month Treasury Discount Bills	-0.16		4,400.00	4,399.98
MY	5-Oct	7-year Malaysian Government Securities	3.88	4.06	3.00	3.00
PH	3-Oct	4-year Treasury Bonds	3.98	4.00	15.00	15.00
SG	3-Oct	28-day MAS Bills	0.92		2.00	2.00
		84-day MAS Bills	0.74		5.30	5.30
	5-Oct	168-day MAS Bills	0.94		2.70	2.70
TH	3-Oct	91-day BOT Bills	1.26		30.00	30.00
		182-day BOT Bills	1.37		30.00	30.00
VN	4-Oct	5-year Treasury Bonds	4.65		1,000.00	700.00
		10-year Treasury Bonds	5.42			200.00

BOT = Bank of Thailand, LCY = local currency, MAS = Monetary Authority of Singapore.

Sources: Local market sources and Bloomberg, LP.

## Selected Asia Data Releases (10 – 16 October 2017)

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

Economy and Variable	Release Date	Historical Data	Recent Trends
<b>Singapore</b> <b>GDP</b> y-o-y, % Q3 2017	10/09-10/13	Q2 2016: 1.9% Q3 2016: 1.2% <b>Q1 2017: 2.5%</b> <b>Q2 2017: 2.9%</b>	Singapore's economy grew 2.9% year-on-year (y-o-y) in the second quarter of 2017, following a 2.5% y-o-y expansion in the previous quarter.
<b>Japan</b> <b>BOP Current Account</b> JPY billion AUG	10/10	07/16: 1,939.6 08/16: 1,970.4 <b>06/17: 934.6</b> <b>07/17: 2,320.0</b>	Japan's balance of payment surplus widened to JPY2.3 trillion in July from JPY934.6 billion in June.
<b>Malaysia</b> <b>Industrial Production</b> y-o-y, % AUG	10/12	07/16: 3.6% 08/16: 4.9% <b>06/17: 4.0%</b> <b>07/17: 6.1%</b>	Malaysia's industrial production growth rate accelerated to 6.1% y-o-y in July from 4.0% y-o-y in June.
<b>Singapore</b> <b>Retail Sales</b> y-o-y, % AUG	10/12	07/16: 2.9% 08/16: -0.5% <b>06/17: 2.0%</b> <b>07/17: 1.8%</b>	Retail sales in Singapore grew 1.8% y-o-y in August, slower than the 2.0% y-o-y increase posted in June.
<b>China, People's Republic of</b> <b>Imports</b> y-o-y, % SEP	10/13	08/16: 1.7% 09/16: -1.6% <b>07/17: 10.9%</b> <b>08/17: 13.5%</b>	The People's Republic of China's (PRC) imports rose 13.5% y-o-y in August, up from 10.9% y-o-y growth in July.
<b>China, People's Republic of</b> <b>Exports</b> y-o-y, % SEP	10/13	08/16: -3.8% 09/16: -10.4% <b>07/17: 6.8%</b> <b>08/17: 5.6%</b>	The PRC's exports increased 5.6% y-o-y in August after rising 6.8% y-o-y in July.
<b>China, People's Republic of</b> <b>Trade Balance</b> USD billion SEP	10/13	08/16: 50.1 09/16: 40.4 <b>07/17: 46.2</b> <b>08/17: 41.9</b>	The PRC's trade surplus narrowed to USD41.9 billion in August from USD46.2 billion in July.
<b>China, People's Republic of</b> <b>CPI</b> y-o-y, % SEP	10/13	08/16: 1.3% 09/16: 1.9% <b>07/17: 1.4%</b> <b>08/17: 1.8%</b>	The PRC's consumer price inflation accelerated to 1.8% y-o-y in August from 1.4% y-o-y in July.
<b>China, People's Republic of</b> <b>PPI</b> y-o-y, % SEP	10/13	08/16: -0.8% 09/16: 0.1% <b>07/17: 5.5%</b> <b>08/17: 6.3%</b>	The PRC's producer prices gained 6.3% y-o-y in August after rising 5.5% y-o-y in July.

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)

### Consumer Price Inflation in Indonesia Eases to 3.72% y-o-y in September; The Philippines' and Thailand's Consumer Price Inflation Rises in September

- [Inflation in September 2017 Controlled](#)  
Bank Indonesia (10 October 2017)
- [CPI in September 2017 was 130.08 or Inflated 0.13 Percent](#)  
Statistics Indonesia (2 October 2017)
- [Summary Inflation Report Consumer Price Index \(2006=100\) : September 2017](#)  
Philippine Statistics Authority (5 October 2017)
- [Consumer Price Index and Core Consumer Price Index September 2017 and average of nine month of year 2017](#)  
Bureau of Trade and Economic Indices, Ministry of Commerce (2 October 2017)

### Malaysia's Exports Growth Decelerates; Import Growth Accelerates in August

- [Malaysia's August export growth at 21.5 pct y/y, above f'cast](#)  
Reuters (6 October 2017)

### Hong Kong, China's Retail Sales Growth Slows in August

- [Provisional statistics of retail sales for August 2017](#)  
Census and Statistics Department (3 October 2017)

### Singapore's Manufacturing PMI Rises in September

- [Singapore's PMI expands for 13th straight month in September](#)  
Singapore Institute of Purchasing and Materials Management (3 October 2017)

### Viet Nam Government Approves Roadmap for Bond Market Development

- [Vietnamese bond market needs enlarging](#)  
Viet Nam News (5 October 2017)

### Malaysia's Foreign Exchange Reserves Rise at End-September

- [International Reserves of Bank Negara Malaysia as at 29 September 2017](#)  
Bank Negara Malaysia (6 October 2017)
- [International Reserves of Bank Negara Malaysia as at 15 September 2017](#)  
Bank Negara Malaysia (21 September 2017)

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