

Key Developments in Asian Local Currency Markets

Based on advanced estimates, Singapore's gross domestic product growth rose to 4.6% year-on-year (y-o-y) in the third quarter (Q3) of 2017 from 2.9% y-o-y in the second quarter (Q2) of 2017. In Q3 2017, the manufacturing sector led the growth with an expansion of 15.5% y-o-y, supported by services-producing industries, which rose 2.6% y-o-y. Compared to Q2 2017, the construction sector posted a slower pace of decline of -6.3% y-o-y in Q3 2017. On a quarter-on-quarter and seasonally adjusted annualized basis, Singapore's economy grew 6.3% in Q3 2017, improving from a 2.4% expansion in Q2 2017.

On 13 October, the Monetary Authority of Singapore decided to maintain the rate of appreciation of the Singapore dollar nominal effective exchange rate policy band at zero. It also kept steady the policy band width and the level at which it is centered.

Malaysia's industrial production growth further strengthened in August, rising to 6.8% y-o-y from 6.1% y-o-y in July. It was the highest growth rate since industrial production increased 7.5% y-o-y in March 2015.

The People's Republic of China's (PRC) Caixin Composite Purchasing Managers Index fell to 51.4 in September from 52.4 in the prior month, led by weakness in both the manufacturing and services sectors.

Exports from the PRC rose 8.1% y-o-y in September after gaining 5.5% y-o-y in August. Imports into the PRC showed a big boost, growing 18.7% y-o-y versus 13.3% y-o-y in the same period. The PRC reported a trade surplus of USD28.5 billion in September.

Exports from the Philippines increased 9.4% y-o-y in August, amounting to a total of USD5.5 billion. Imports reversed a 3.2% y-o-y drop in July to grow 10.5% y-o-y in August, with the total valued at USD7.9 billion. The Philippines posted a trade deficit of USD2.4 billion in August compared with USD2.1 billion in August 2016.

Japan's current account surplus widened to JPY2.4 trillion in August from JPY2.3 trillion in July. The decline in the goods account surplus was offset by the higher primary income account surplus and the reversal of the services account to a surplus. In Q2 2017, Japan posted a current account surplus of JPY4.6 trillion.

Singapore's total retail sales amounted to SGD3.7 billion in August, reflecting a 3.5% y-o-y rise after increasing 1.8% y-o-y in July.

Asia Bond Monitor September 2017

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10-Year Selected LCY Government Security Yields Close of 13 October 2017 basis point change from

Markets	Latest Closing	Previous Day*	Previous Week*	1-Jan-17*
US	2.27	-4.47	-8.59	-17.13
EU	0.40	-4.20	-5.60	19.50
Japan	0.06	-0.30	0.80	1.80
PRC	3.74	0.00	-3.00	72.00
Hong Kong, China	1.75	-2.70	-3.40	-22.90
India	6.73	-1.90	-2.30	21.90
Indonesia	6.56	-0.50	3.40	140.90
Korea, Rep. of	2.39	1.00	2.00	29.80
Malaysia	3.91	0.00	-1.20	-32.10
Philippines	4.63	-1.02	-0.45	0.63
Singapore	2.07	-1.25	-7.43	-40.34
Thailand	2.22	0.00	-7.30	-43.10
Viet Nam	5.55	-1.00	0.20	-82.90

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

Excluding motor vehicles, retail sales rose 3.7% y-o-y in August after gaining 2.2% y-o-y in July.

On 6 October, the Bangko Sentral ng Pilipinas amended its regulations on the issuance of bonds and commercial paper by banks and quasi-banks in order to streamline requirements and provide greater flexibility in tapping the capital market as an alternative funding source. The amendments include the removal of minimum bond features such as the requirement on eligible collateral.

In the emerging East Asian markets last week, local currency government bond yields were mostly down in Hong Kong, China; Malaysia, Philippines, Singapore, Thailand, and Viet Nam. While it rose for all tenors in the Republic of Korea, and for most tenors in the PRC and Indonesia. Yield spreads between 2-year and 10-year maturities narrowed in the PRC, Indonesia, Malaysia, Singapore, and Thailand, while it widened in Hong Kong, China; the Republic of Korea, Philippines, and Viet Nam.

Summary Text of News Articles

Singapore's Economy Expands 6.3% in Q3 2017

According to advance estimates released by Singapore's Ministry of Trade and Industry, Singapore's gross domestic product (GDP) growth rose to 4.6% year-on-year (y-o-y) in the third quarter (Q3) of 2017 from 2.9% y-o-y in the second quarter (Q2) of 2017. The manufacturing sector led the growth with an expansion of 15.5% y-o-y in Q3 2017 after rising 8.2% y-o-y in Q2 2017. Services-producing industries also supported economic growth with a 2.6% y-o-y gain in Q3 2017, up from 2.5% y-o-y in Q2 2017, while the construction sector saw a softer pace of decline of -6.3% y-o-y in Q3 2017 versus -6.9% y-o-y in the previous quarter. On a quarter-on-quarter and seasonally adjusted annualized basis, Singapore's economy grew 6.3% in Q3 2017 after expanding 2.4% in Q2 2017.

MAS Maintains Monetary Policy Stance

On 13 October, the Monetary Authority of Singapore (MAS) decided to maintain the rate of appreciation of the Singapore dollar nominal effective exchange rate policy band at zero. It also kept steady the policy band width and the level at which it is centered. Singapore's economy grew 4.6% y-o-y in Q3 2017. GDP is now forecast to grow 2%–3% in full-year 2017, an improvement from MAS' previous forecast of 1%–3%. GDP growth in 2017 is expected to be firm, but the possibility of moderation remains. For full-year 2018, a slightly slower pace of growth is expected. MAS core inflation, which excludes the costs of private road transport and accommodations, averaged 1.5% y-o-y in July and August, slightly below the 1.6% y-o-y posted in Q2 2017. Core inflation is projected to remain stable in the near-term and average slightly below 2% for full-year 2017. MAS remarked that the external outlook remains bright for 2017 and 2018, with stable growth likely among Singapore's major trading partners, noting that only the People's Republic of China's (PRC) GDP growth may soften due to tighter credit conditions. With economic fundamentals improving on both the domestic and international fronts, along with stable core inflation, there was no indication in the MAS policy statement that the neutral policy stance would be maintained for an extended period.

Malaysia's Industrial Production Increases in August

Malaysia's industrial production further strengthened in August, growing 6.8% y-o-y versus 6.1% y-o-y in July. It was the highest growth rate since increasing 7.5% y-o-y in March 2015. By sector, mining had a sharp increase of 5.3% y-o-y in August compared with 0.2% y-o-y in July. Two other key sectors grew more slowly in August compared with July, but nonetheless contributed positively to August's industrial production: the manufacturing sector grew 7.6% y-o-y in August, down from 8.0% y-o-y growth in July, and the electricity sector grew 3.0% y-o-y, down from 7.9% y-o-y.

The PRC's Caixin Composite PMI Falls in September

The PRC's Caixin Composite Purchasing Managers Index (PMI) fell to 51.4 in September from 52.4 in the prior month. The PMI's decline was driven by weaknesses in both the manufacturing and service sectors. The Caixin Composite PMI was at a 3-month low in September.

The PRC's Exports and Imports Rise in September; Exports Slow, Imports Grow Faster in the Philippines in August

Exports from the PRC rose 8.1% y-o-y in September after increasing 5.5% y-o-y in August, due to increased demand from the PRC's major trading partners. Imports also showed a big boost, growing 18.7% y-o-y in September versus 13.3% y-o-y in August. The PRC reported a trade surplus of USD28.5 billion for the month of September.

Total export sales from the Philippines increased 9.4% y-o-y in August, amounting to USD5.5 billion, helped by the 3.5% y-o-y increase in the export of electronic products, which comprised 51.9% of the export revenue in August. However, growth was slightly slower compared to the 11.0% y-o-y increase in July. Exports have been growing for 9 months after a dip of 4.5% y-o-y in November 2016. Total imports reversed their 3.2% y-o-y drop in July to grow

10.5% y-o-y in August, with a total value of USD7.9 billion. Imports of raw materials and intermediate goods, and capital goods, which together have a total import share of 71.9%, increased 10.6% y-o-y and 10.0% y-o-y in August, respectively. During the month, the Philippines posted a trade deficit of USD2.4 billion, up from the USD2.1 billion deficit recorded in August 2016.

Summary Text of News Articles

Japan's Current Account Surplus Widens in August

Japan's current account surplus widened to JPY2.4 trillion in August from JPY2.3 trillion in July. The decline in the goods account surplus was offset by the higher primary income account surplus and the reversal of the services account to a surplus. The primary income account rose to JPY2.2 trillion in August from JPY2.1 trillion in July, while the services account posted a JPY20.2 billion surplus, reversing a deficit of JPY237.3 billion. Meanwhile, the goods account surplus narrowed to JPY318.6 billion in August from JPY566.7 billion in July as exports fell and imports grew on a month-on-month basis. The secondary income account deficit widened to JPY197 billion in August from JPY156.3 billion in the previous month. In Q2 2017, Japan posted a current account surplus of JPY4.6 trillion.

Singapore's Retail Sales Rise in August

Singapore's total retail sales amounted to SGD3.7 billion, reflecting a 3.5% y-o-y gain in August after increasing 1.8% y-o-y in July. Excluding motor vehicles, retail sales rose 3.7% y-o-y in August versus a 2.2% y-o-y gain in July. On a month-on-month basis, retail sales declined 0.3% in August, while retail sales excluding motor vehicles declined 1.2%.

Bangko Sentral ng Pilipinas Amends Regulations on Bond Issuance by Banks and Quasi-Banks

On 6 October, the Bangko Sentral ng Pilipinas amended its regulations on the issuance of bonds and commercial paper by banks and quasi-banks in order to streamline requirements and provide greater flexibility in tapping the capital market as an alternative funding source. According to the central bank, the amendments include removal of the minimum bond features, such as the requirement on eligible collateral, which can constrain banks and quasi-banks from issuing debt securities. The revised regulations, however, reiterate compliance with the securities law and its implementing rules and regulations.

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	1.07	-0.39		0.51	56.99
EU	-0.69	0.50	-11.50		21.10
Japan	-0.18	-1.21	-1.19		20.82
PRC	3.39	-2.00		3.00	66.00
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		0.90	-2.70
Malaysia	2.95	0.00	-0.70		-7.60
Philippines	2.05	0.02	-77.87		-2.56
Singapore	1.19	0.00		0.00	13.10
Thailand	1.22	0.00		0.00	-23.92

Close of 13 October 2017

10-Year Selected LCY Government Bond Yields

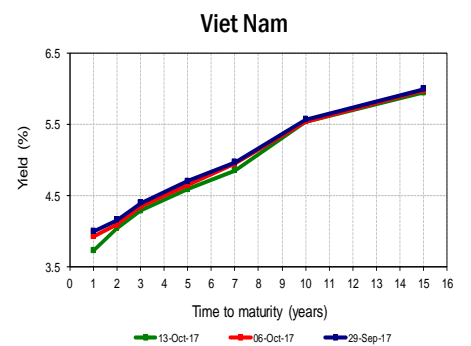
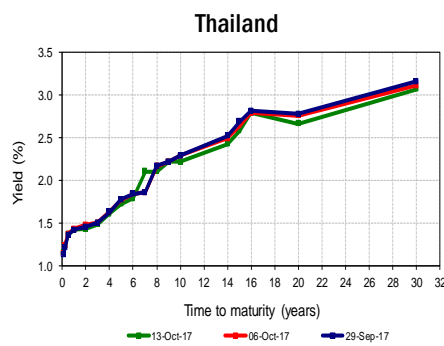
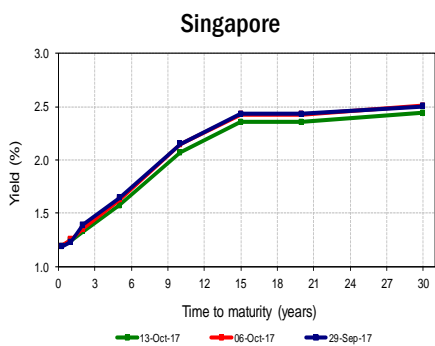
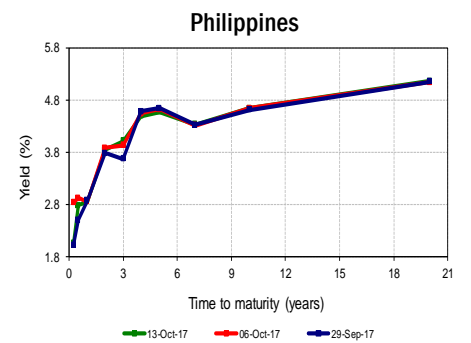
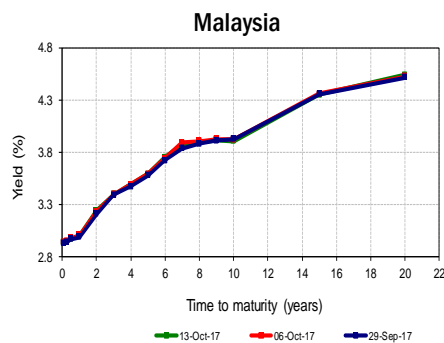
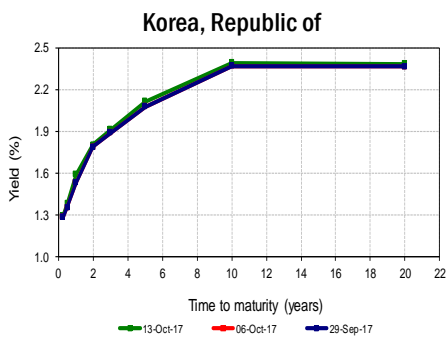
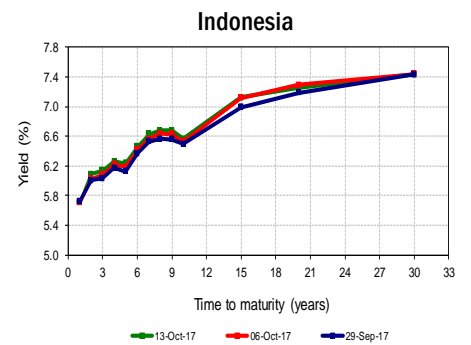
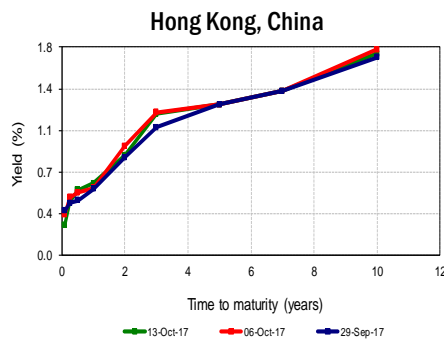
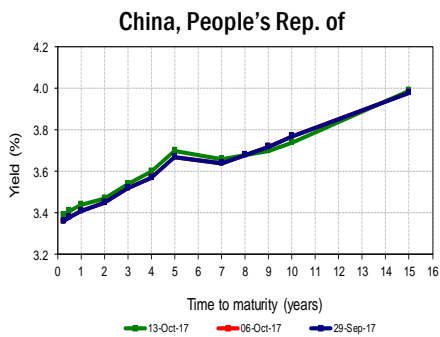
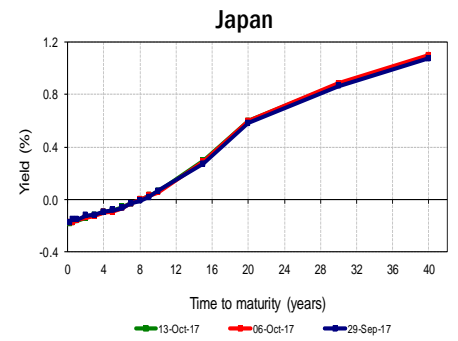
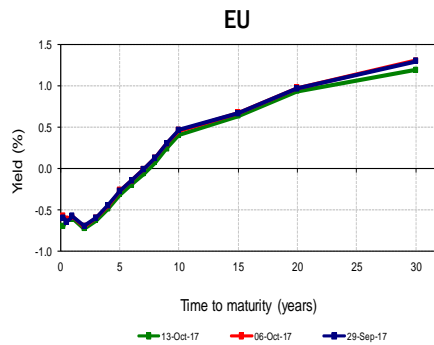
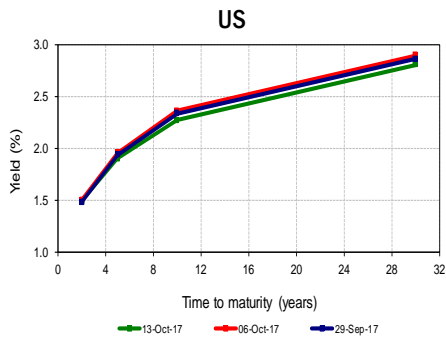
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EU	0.40	-4.20	-5.60		19.50
Japan	0.06	-0.30		0.80	1.80
PRC	3.74	0.00	-3.00		72.00
Hong Kong, China	1.75	-2.70	-3.40		-22.90
India	6.73	-1.90	-2.30		21.90
Indonesia	6.56	-0.50		3.40	-140.90
Korea, Rep. of	2.39	1.00		2.00	29.80
Malaysia	3.91	0.00	-1.20		-32.10
Philippines	4.63	-1.02	-0.45		0.63
Singapore	2.07	-1.25	-7.43		-40.34
Thailand	2.22	0.00	-7.30		-43.10
Viet Nam	5.55	-1.00		0.20	-82.90

Close of 13 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

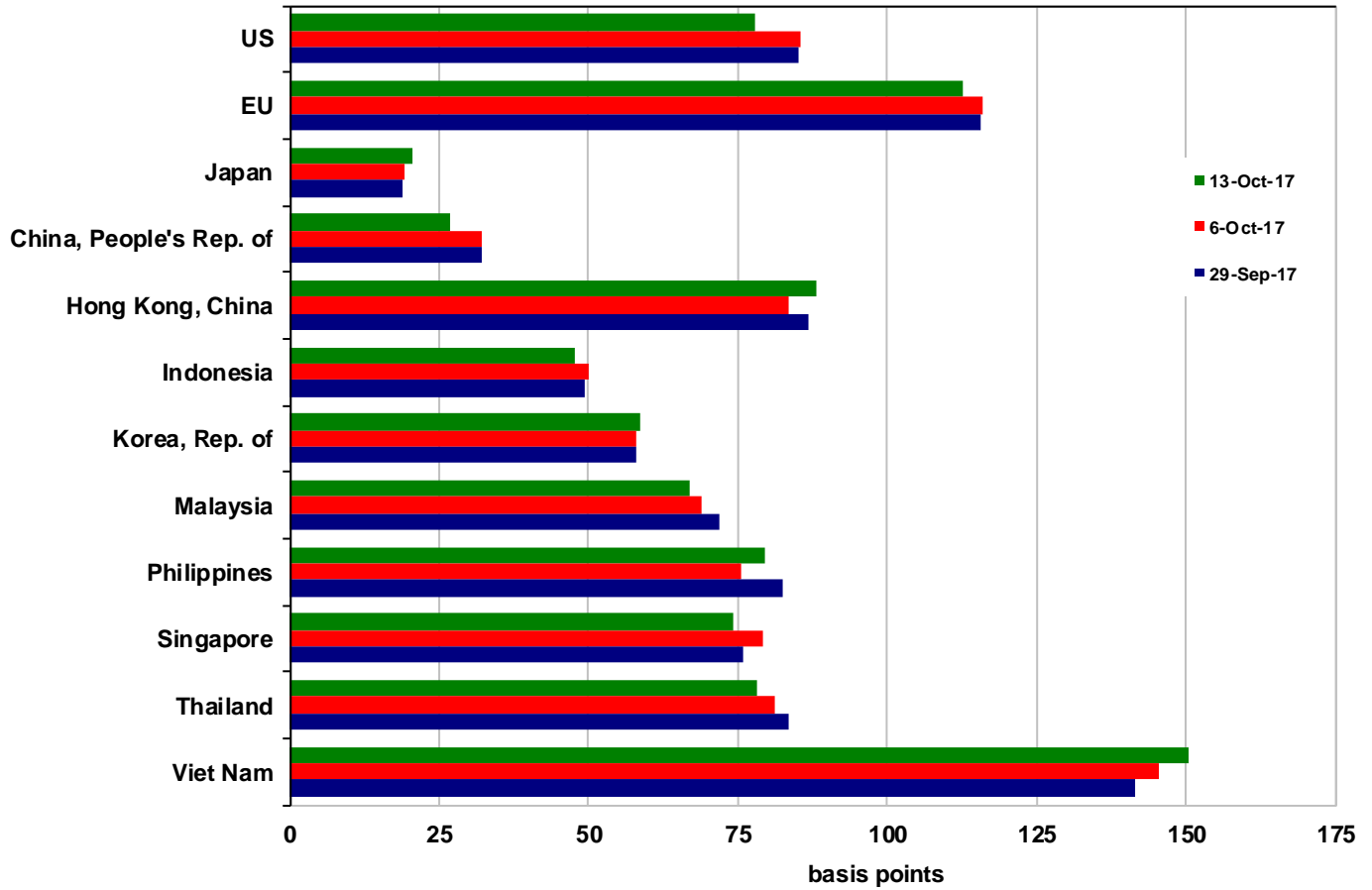
Tip: Zoom-in on the table using the Acrobat zoom tool



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

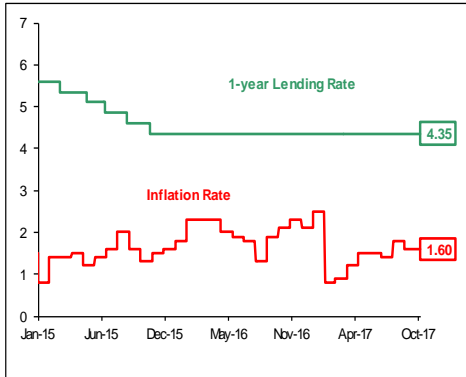


EU = European Union, US = United States.
 Source: Based on data from Bloomberg LP.

Policy Rate versus Inflation Rate

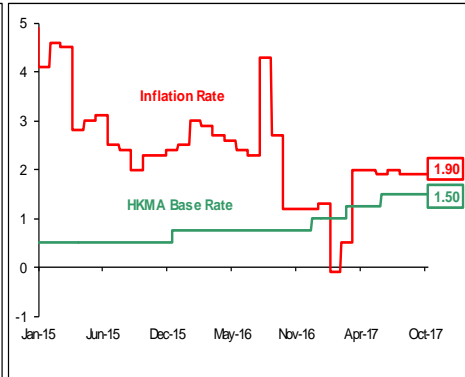
Tip: Zoom-in on the table using the Acrobat zoom tool

China, People's Rep. of



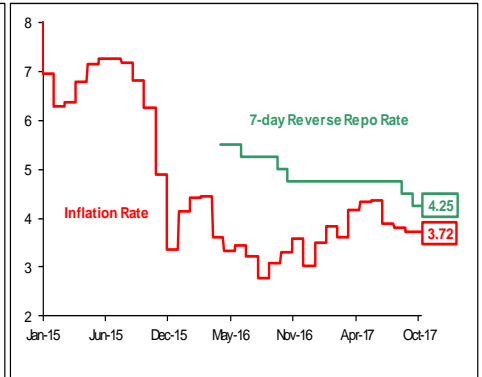
The PRC uses the 1-year lending rate as one of its policy rates.
Source: Bloomberg LP.

Hong Kong, China



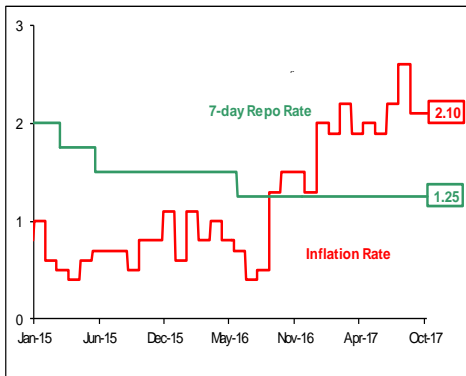
The Hong Kong Monetary Authority maintains a Discount Window Base Rate.
Source: Bloomberg LP.

Indonesia



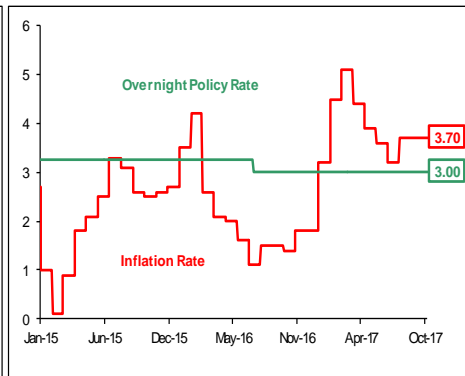
Bank Indonesia shifted its policy rate to the 7-day reverse repo rate effective 19 August 2016.
Source: Bloomberg LP.

Korea, Republic of



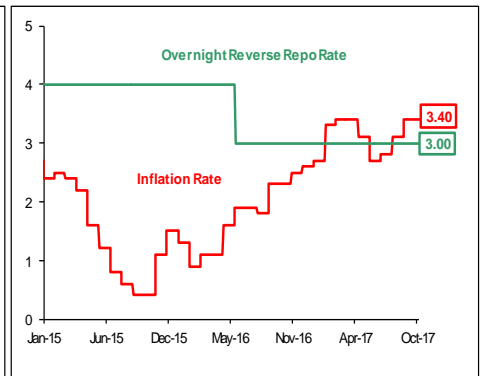
The Bank of Korea shifted its policy rate from the overnight repurchase (repo) rate to the 7-day repo rate in March 2008.
Source: Bloomberg LP.

Malaysia



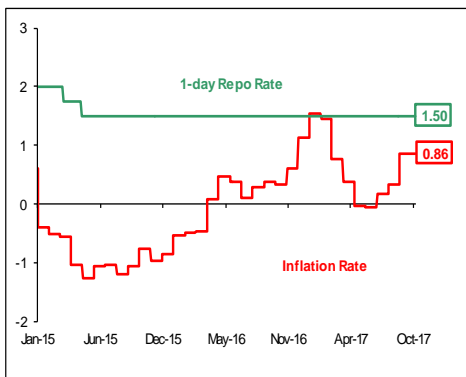
Bank Negara Malaysia uses the overnight policy rate (OPR) as its policy rate.
Source: Bloomberg LP.

Philippines



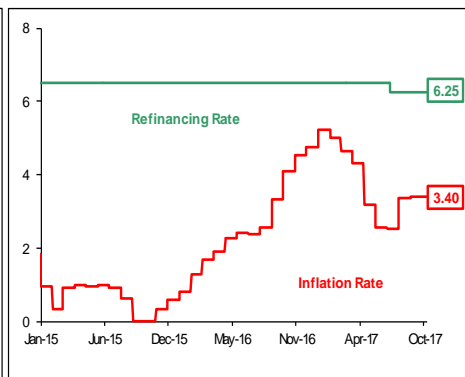
Bangko Sentral uses the Philippine overnight reverse repurchase agreement rate as one of its policy instruments.
Source: Bloomberg LP.

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

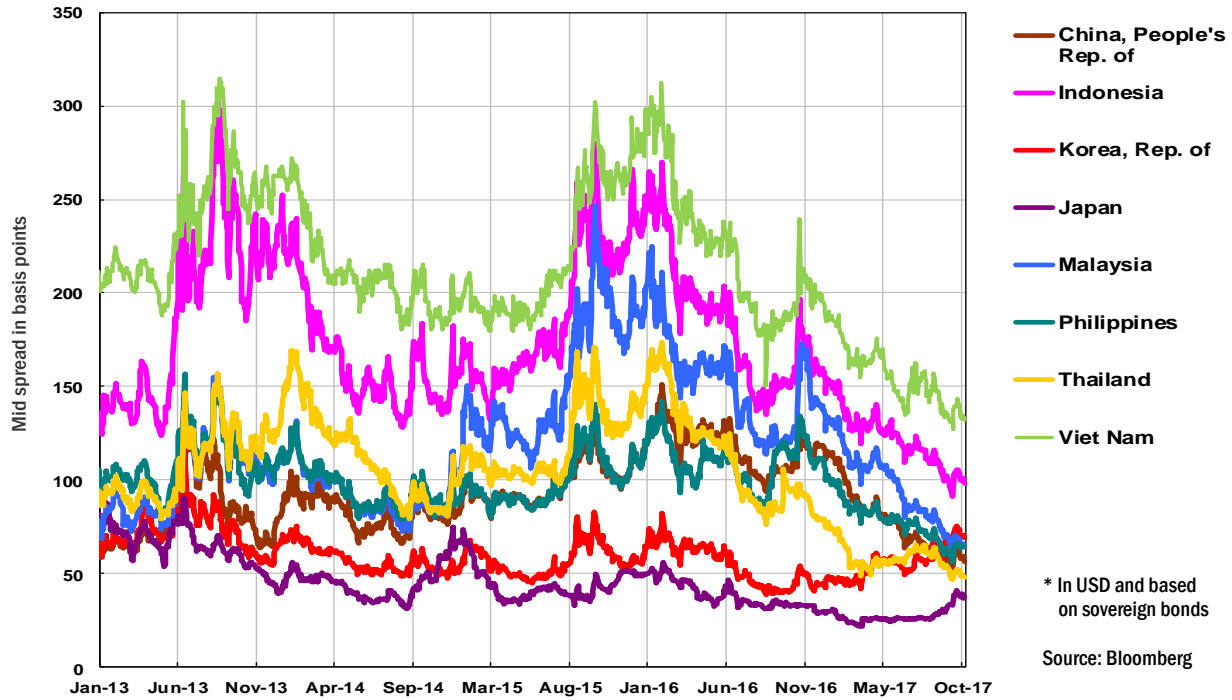


The State Bank of Viet Nam uses a benchmark prime lending rate as its policy rate.
Source: Bloomberg LP.

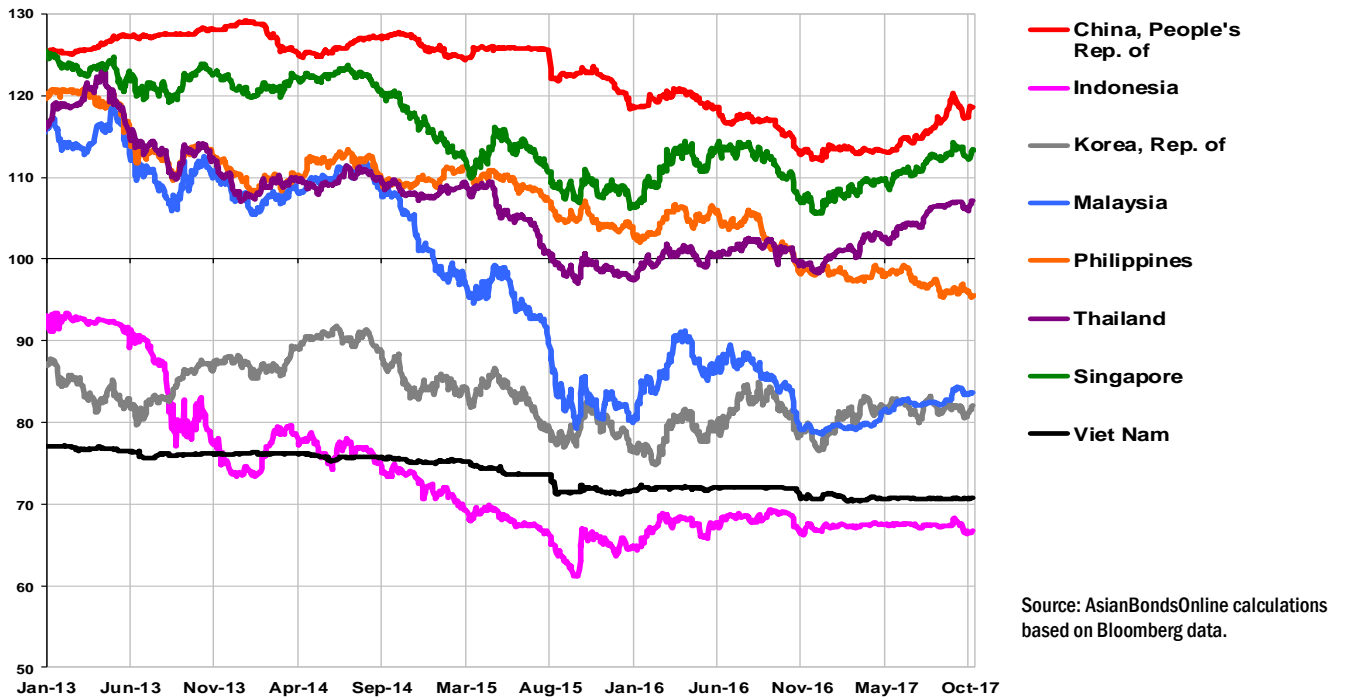
Credit Default Swap Spreads and Exchange Rate Indexes

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 (9 – 13 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)
CN	11-Oct	1-year Treasury Bond	3.49	3.33	36.00	36.00
		10-year Treasury Bond	3.63	3.59	36.00	36.10
HK	10-Oct	91-day Exchange Fund Bills	0.58		57.47	57.47
		182-day Exchange Fund Bills	0.60		16.00	16.00
ID	10-Oct	6-month Islamic Treasury Bills	4.64			2,000.00
		2-year Project-Based <i>Sukuk</i>	5.84	6.25	5,000.00	2,000.00
		4-year Project-Based <i>Sukuk</i>	6.27	6.50		2,000.00
		6-year Project-Based <i>Sukuk</i>	6.50	8.75		1,000.00
JP	11-Oct	30-year Japanese Government Bonds	0.88	0.80	800.00	868.00
	12-Oct	3-month Treasury Discount Bills	-0.19		4,400.00	4,439.97
KR	10-Oct	5-year Korea Treasury Bonds	2.14	2.00	1,350.00	1,350.00
		91-day Monetary Stabilization Bonds	1.31		1,120.00	1,120.00
	11-Oct	2-year Korea Treasury Bonds	1.85		2,770.00	2,770.00
MY	12-Oct	20-year Government Investment Issues	4.79	4.76	1.50	1.50
PH	9-Oct	91-day Treasury Bills	1.96		6.00	6.00
		182-day Treasury Bills	2.46		5.00	5.00
		364-day Treasury Bills	2.82		4.00	4.00
SG	10-Oct	28-day MAS Bills	0.82		1.80	1.80
		84-day MAS Bills	0.76		5.30	5.30
TH	10-Oct	91-day Bank of Thailand Bills	1.23		30.00	30.00
		182-day Bank of Thailand Bills	1.37		30.00	30.00
		329-day Bank of Thailand Bills	1.44		59.65	59.65
	11-Oct	9.18-year Government Bonds	2.26	2.13	15.40	15.40
	12-Oct	14-day Bank of Thailand Bills	1.12		20.00	20.00
VN	11-Oct	5-year Treasury Bonds	4.52		1,000.00	1,150.00
		7-year Treasury Bonds	4.83		500.00	650.00
		10-year Treasury Bonds	5.42		500.00	300.00

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

Sources: Local market sources and Bloomberg, LP.

Selected Asia Data Releases (17 – 23 October 2017)

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

Economy and Variable	Release Date	Historical Data	Recent Trends
Singapore Non-Oil Domestic Exports y-o-y, % SEP	10/17	08/16: 0.0% 09/16: -5.0% 07/17: 7.6% 08/17: 17.0%	Singapore's non-oil domestic exports expanded 17.0% year-on-year (y-o-y) in August after rising 7.6% y-o-y in July.
China, People's Republic of GDP y-o-y, % Q3 2017	10/19	Q2 2016: 6.7% Q3 2016: 6.7% Q1 2017: 6.9% Q2 2017: 6.9%	The People's Republic of China's (PRC) gross domestic product (GDP) grew 6.9% y-o-y in the second quarter (Q2) of 2017, the same rate as in the prior quarter.
China, People's Republic of Industrial Production y-o-y, % SEP	10/19	08/16: 6.3% 09/16: 6.1% 07/17: 6.4% 08/17: 6.0%	The PRC's industrial production growth rate fell to 6.0% y-o-y in August from 6.4% y-o-y in July.
Indonesia 7-Day Reverse Repo Rate % 19 OCT	10/19	09/16: 5.00% 10/16: 4.75% 08/17: 4.50% 09/17: 4.25%	On 22 September, Bank Indonesia's Board of Governors lowered the 7-day reverse repurchase rate by 25 basis points to 4.25%.
Japan Exports y-o-y, % SEP	10/19	08/16: -9.6% 09/16: -6.9% 07/17: 13.4% 08/17: 18.1%	Japan's exports rose 18.1% y-o-y in August, up from 13.4% y-o-y in July.
Japan Trade Balance JPY billion SEP	10/19	08/16: -34.6 09/16: 486.6 07/17: 422.0 08/17: 112.6	Japan's trade surplus narrowed to JPY 113 billion in August from JPY 422 billion in July.
Korea, Republic of 7-Day Repo Rate % Oct-19	10/19	09/16: 1.25% 10/16: 1.25% 08/17: 1.25% 09/17: 1.25%	In its monetary policy board meeting on 31 August, the Bank of Korea decided to leave its base rate unchanged at 1.25%.
Philippines Budget Balance USD Billion SEP	10/19 - 10/30	08/16: 0.7 09/16: -1.6 07/17: -1.0 08/17: 0.6	The Philippines' budget balance registered a surplus of USD600 million in August, reversing the USD1 billion budget deficit posted in July.
Malaysia CPI y-o-y, % SEP	10/20	08/16: 1.5% 09/16: 1.5% 07/17: 3.2% 08/17: 3.7%	Malaysia's consumer price inflation rose to 3.7% y-o-y in August from 3.2% y-o-y in July.
Hong Kong, China CPI y-o-y, % SEP	10/23	08/16: 4.3% 09/16: 2.7% 07/17: 2.0% 08/17: 1.9%	Hong Kong, China's consumer prices rose 1.9% y-o-y in August after gaining 2.0% y-o-y in July.
Singapore CPI y-o-y, % SEP	10/23	08/16: -0.3% 09/16: -0.2% 07/17: 0.6% 08/17: 0.4%	Singapore's consumer price inflation slightly decreased to 0.4% y-o-y in August from 0.6% y-o-y in July.

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 Expands 6.3% in Q3 2017

- [Singapore's GDP Grew by 4.6 Per Cent in the Third Quarter of 2017](#)
Ministry of Trade and Industry Singapore (13 October 2017)

MAS Maintains Monetary Policy Stance

- [MAS Monetary Policy Statement](#)
Monetary Authority of Singapore (13 October 2017)

Malaysia's Industrial Production Increases in August

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

The PRC's Caixin Composite PMI Falls in September

- [Caixin Purchasing Managers' Index](#)
PMI by IHS Markit (9 October 2017)

The PRC's Exports and Imports Rise in September; Exports Slow, Imports Grow Faster in the Philippines in August

- [China Exports Remain Resilient as Rising Imports Signal Strength](#)
Bloomberg (13 October 2017)
- [Highlights of the Philippine Export and Import Statistics: August 2017](#)
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Japan's Current Account Surplus Widens in August

- [Balance of Payments Statistics, August 2017 \(Preliminary\)](#)
Ministry of Finance Japan (10 October 2017)
- [Balance of Payments \(Second preliminary\)](#)
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Singapore's Retail Sales Rise in August

- [Retail Sales and Food & Beverage Services Indices, Aug 2017](#)
Department of Statistics Singapore (12 October 2017)

Bangko Sentral ng Pilipinas Amends Regulations on Bond Issuance by Banks and Quasi-Banks

- [BSP Streamlines Regulations on Bond Issuance by Banks and Quasi-banks](#)
Bangko Sentral ng Pilipinas (06 October 2017)

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