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Key Developments in Asian Local Currency Markets

The People's Republic of China's (PRC) exports rose 10.9% year-on-year (y-o-y) and imports rose 4.5% y-o-y in December, resulting in a monthly trade surplus of USD54.7 billion. For full-year 2017, the PRC's exports rose 15.9% y-o-y and imports rose 18.7% y-o-y, generating an annual trade surplus of USD422.5 billion.

Exports from the Philippines grew 1.6% y-o-y in November, up from a growth of 7.1% y-o-y in October. Imports to the Philippines maintained their double-digit growth, increasing to 18.5% y-o-y from 13.1% y-o-y in October. A trade deficit of USD3.8 billion was recorded in November 2017.

Japan's current account surplus narrowed in November to JPY1.4 trillion from JPY2.2 trillion in October, mostly due to the lower primary income and goods account surpluses and a widening secondary income account deficit.

Malaysia's Index of Industrial Production increased 5.0% y-o-y in November, up from 3.4% y-o-y growth in October. The surge was mainly boosted by strong growth in the manufacturing sector despite a slowdown in output in the electricity and mining sectors.

Consumer prices in the PRC rose 1.8% y-o-y in December after gaining 1.7% y-o-y in the previous month. Producer price inflation rose 4.9% y-o-y in December, easing from 5.8% y-o-y growth in November. For full-year 2017, consumer price inflation rose 1.6% y-o-y and producer price inflation grew 6.3% y-o-y.

Retail sales in Singapore rose 5.3% y-o-y in November. The computer and telecommunications equipment industry posted the fastest growth at 16.6% y-o-y. Other industries that posted annual growth of nearly 10.0% y-o-y include supermarkets and petrol service stations. On a seasonally adjusted month-on-month basis, retail sales in Singapore rose 5.1% in November.

Indonesia's foreign exchange reserves reached a record-high of USD130.2 billion in December, up from USD126.0 billion in November. The increase was driven by the Indonesian government's issuances of global bonds as well as revenues from oil and gas exports.

Asia Bond Monitor November 2017

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10-Year Selected LCY Government Security Yields Close of 12 January 2018 basis point change from

Markets	Latest Closing	Previous Day*	Previous Week*	1-Jan-18*
US	2.55	0.95	6.99	14.08
EU	0.58	0.00	14.20	15.40
Japan	0.08	0.60	1.50	3.00
PRC	4.05	-1.00	2.00	3.00
Hong Kong, China	2.03	0.00	13.50	20.00
India	7.28	1.80	-0.60	-5.50
Indonesia	6.22	-3.70	7.10	-10.40
Korea, Rep. of	2.62	2.70	10.20	15.00
Malaysia	3.84	-4.10	-2.60	-7.00
Philippines	5.80	-2.46	0.04	9.64
Singapore	2.09	-1.28	5.28	8.05
Thailand	2.30	0.00	-4.20	-2.80
Viet Nam	4.91	6.50	-34.50	-29.90

TABLES & GRAPHS

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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

Based on figures released by the Bank of Thailand, total international foreign reserves rose to USD202.6 billion in December from USD171.9 billion in the same month a year earlier. The rise mainly reflected the increase in foreign currency reserves, which stood at USD194 billion in December, rising from USD164.1 billion in December 2016. Other components of Thailand's reserves, comprising less than 5% of the total, include gold, special drawing rights, and reserves with the International Monetary Fund.

In the past week, local currency government bond yields were mostly up in Indonesia, the Republic of Korea, Malaysia, and Singapore, while it fell for most tenors in the PRC, Philippines, and Thailand. Bond yields fell for all maturities in Viet Nam, while bond yields were mixed in Hong Kong, China. Yield spreads between 2- and 10-year tenors widened in most emerging East Asian markets except Malaysia, Philippines, and Viet Nam.

Summary Text of News Articles

Export and Import Growth Decelerate in the PRC in December; Trade Deficit Widens in the Philippines in November

The People's Republic of China's (PRC) exports rose 10.9% year-on-year (y-o-y) in December after climbing 12.3% y-o-y in November. Imports rose 4.5% y-o-y versus 17.7% y-o-y in the same period. For the month of December, the PRC reported a trade surplus of USD54.7 billion. For full-year 2017, the PRC's exports rose 15.9% y-o-y, while imports rose 18.7% y-o-y. The PRC also reported a trade surplus of USD422.5 billion for full-year 2017.

Exports from the Philippines grew 1.6% y-o-y in November, amounting to USD5.0 billion, slowing from growth of 7.1% y-o-y in October. Imports to the Philippines maintained double-digit growth in November, increasing 18.5% y-o-y to USD8.7 billion from growth of 13.1% y-o-y in October. A trade deficit of USD3.8 billion was recorded in November, higher than the USD2.8 billion deficit in the previous month. Hong Kong, China was the Philippines' top export destination in November while the PRC was the top import source.

Japan's Current Account Surplus Narrows in November

Japan's current account surplus narrowed in November to JPY1.4 trillion from JPY2.2 trillion in October, primarily due to the lower primary income surplus of JPY1.3 trillion versus JPY1.9 trillion in the previous month. Moreover, the goods account also posted a lower surplus of JPY181 billion in November, down from JPY430 billion in October, as imports increased at a faster pace than exports on a month-on-month (m-o-m) basis. The secondary income account deficit also widened in November from the previous month.

Malaysia's Index of Industrial Production Expands 5.0% y-o-y in November

Malaysia's Index of Industrial Production increased 5.0% y-o-y in November, up from 3.4% y-o-y in October. The surge was mainly boosted by the manufacturing sector, which recorded an increase of 6.7% y-o-y in November compared with 4.2% y-o-y in October. The electricity sector's output growth slowed to 3.9% y-o-y in November from 4.6% y-o-y in October, while the mining sector's output growth slowed to 0.2% y-o-y from 0.8% y-o-y in the same period.

The PRC's Consumer Price Inflation Rises and Producer Price Inflation Eases in December

Consumer prices in the PRC rose 1.8% y-o-y in December 2017 after gaining 1.7% y-o-y in the previous month. The fastest increase among major consumer price categories was in health care costs, which rose 6.6% y-o-y, followed by residences, which rose 2.8% y-o-y. On a m-o-m basis, consumer prices rose 0.3%. For full-year 2017, consumer prices rose 1.6% y-o-y. Producer prices rose 4.9% y-o-y in December 2017 after rising 5.8% y-o-y in November. The largest price increase came from inputs for mining and quarrying, which rose 9.1% y-o-y. Producer prices rose 0.8% on a m-o-m basis in December. For full-year 2017, producer prices rose 6.3% y-o-y.

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

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

Retail Sales in Singapore Rise 5.3% y-o-y in November

Retail sales in Singapore rose 5.3% y-o-y in November. The computer and telecommunications equipment industry posted the fastest growth at 16.6% y-o-y. Other industries that posted annual growth of nearly 10.0% y-o-y include supermarkets and petrol service stations. The industries that posted annual declines include mini-marts and convenience stores, and optical goods and books. On a seasonally adjusted m-o-m basis, retail sales in Singapore rose 5.1%.

Summary Text of News Articles

**Indonesia's Foreign Exchange Reserves Reach a Record-High in December;
Thailand's Foreign Reserves Rise in December**

Indonesia's foreign exchange reserves reached a record-high of USD130.2 billion in December, up from USD126.0 billion in November. The increase in reserves was driven by the Indonesian government's issuances of a global bond as well as revenues from oil and gas exports. According to Bank Indonesia, the reserves can finance 8.6 months of imports, or 8.3 months of imports and government foreign debt payments.

Based on figures released by the Bank of Thailand, total international foreign reserves rose to USD202.6 billion in December 2017 from USD171.9 billion in December 2016. The rise mainly reflects the increase in foreign currency reserves, which stood at USD194.0 billion in December versus USD164.1 billion in same period. Other components of the reserves include USD6.4 billion (3.2%) in the form of gold, USD1.4 billion (0.7%) in special drawing rights, and USD680.7 million (0.3%) in Thailand's reserve position with the International Monetary Fund.

Selected Government Security Yields

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

3-Month Selected LCY Government Security Yields

Markets	Latest Closing	basis point change from			1-Jan-18*
		Previous Day*	Previous Week*		
US	1.44	1.00		4.34	6.13
EU	-0.58	0.00		2.40	16.00
Japan	-0.14	-0.64		0.90	2.47
PRC	3.55	7.00	-8.00		-28.00
Hong Kong, China	0.33	0.00		0.00	0.00
India	8.31	0.00		0.00	0.00
Korea, Rep. of	1.51	0.00	-0.20		-0.50
Malaysia	3.00	0.70		4.00	4.00
Philippines	2.28	-85.24	-88.56		-14.97
Singapore	1.20	-0.80	-35.10		-58.60
Thailand	1.22	0.00		0.00	0.00

Close of 12 January 2018

10-Year Selected LCY Government Bond Yields

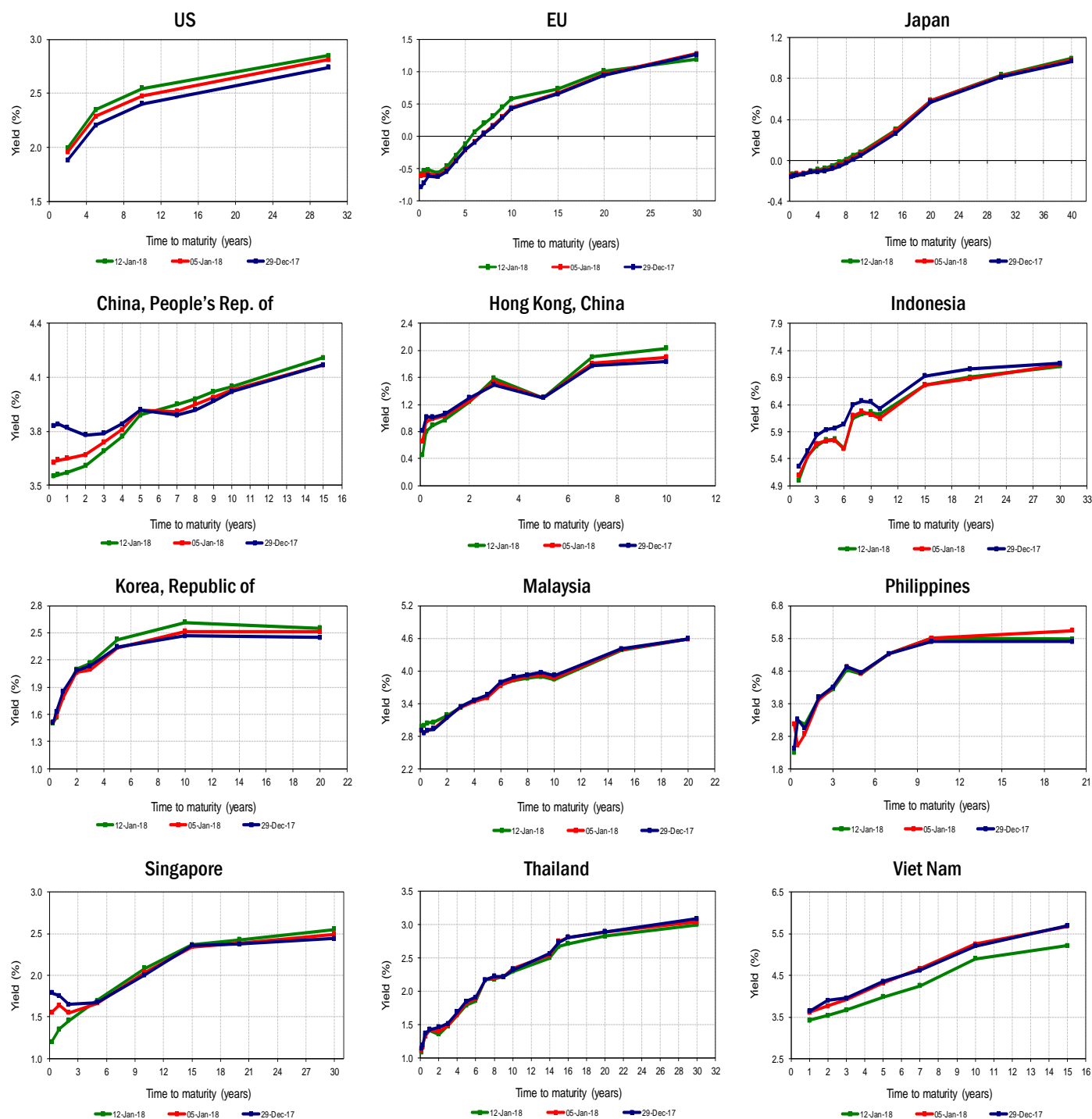
Markets	Latest Closing	basis point change from			1-Jan-18*
		Previous Day*	Previous Week*		
US	2.55	0.95		6.99	14.08
EU	0.58	0.00		14.20	15.40
Japan	0.08	0.60		1.50	3.00
PRC	4.05	-1.00		2.00	3.00
Hong Kong, China	2.03	0.00		13.50	20.00
India	7.28	1.80	-0.60		-5.50
Indonesia	6.22	-3.70		7.10	-10.40
Korea, Rep. of	2.62	2.70		10.20	15.00
Malaysia	3.84	-4.10	-2.60		-7.00
Philippines	5.80	-2.46		0.04	9.64
Singapore	2.09	-1.28		5.28	8.05
Thailand	2.30	0.00	-4.20		-2.80
Viet Nam	4.91	6.50	-34.50		-29.90

Close of 12 January 2018

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

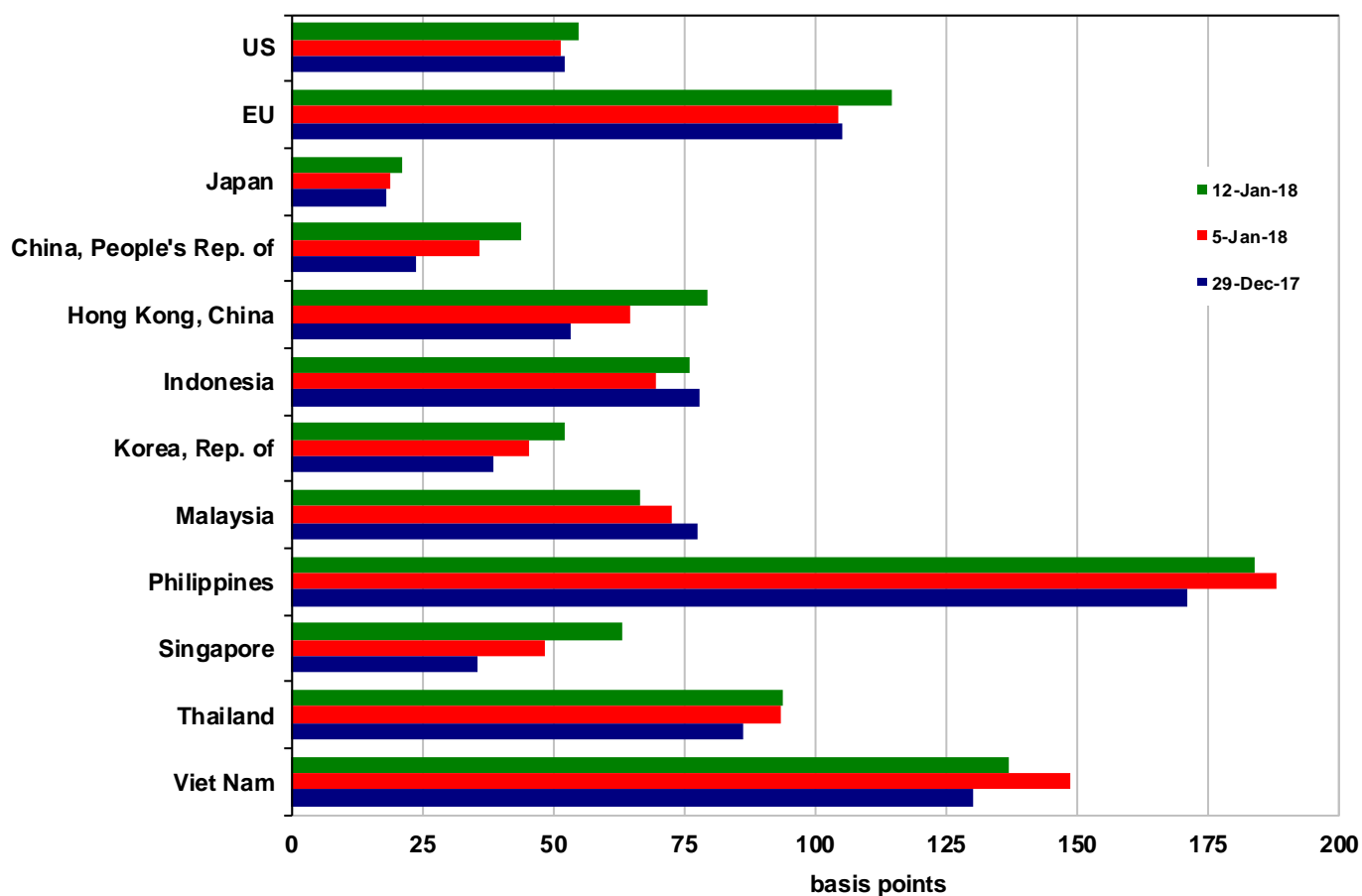


EU = European Union, LCY = local currency US = United States.

Source: Based on data from Bloomberg.

2- versus 10- Year Yield Spread Chart

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



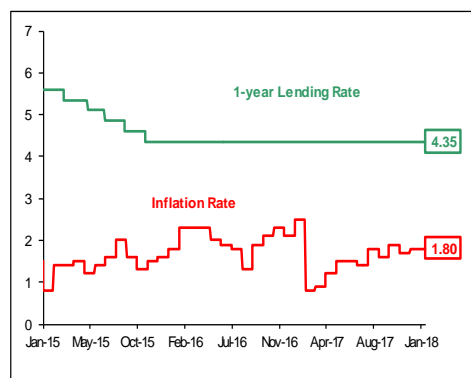
EU = European Union, US = United States.

Source: Based on data from Bloomberg LP.

Policy Rate versus Inflation Rate

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

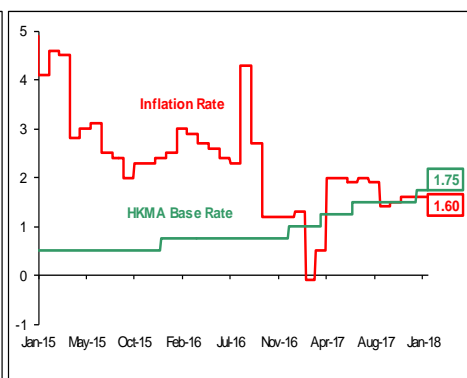
China, People's Rep. of



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

Source: Bloomberg LP.

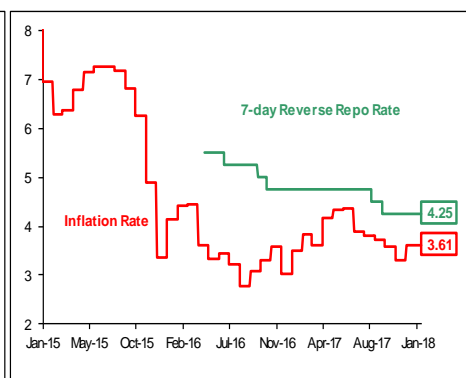
Hong Kong, China



The Hong Kong Monetary Authority maintains a Discount Window Base Rate.

Source: Bloomberg LP.

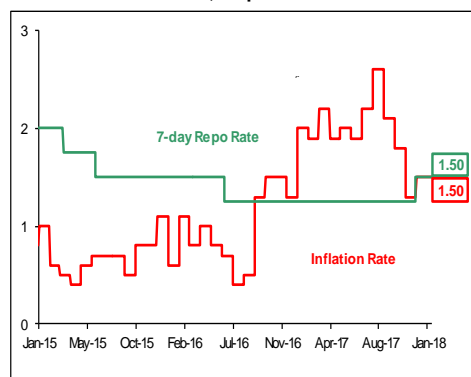
Indonesia



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

Source: Bloomberg LP.

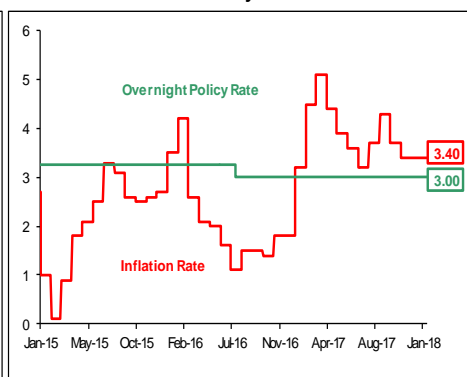
Korea, Republic of



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.

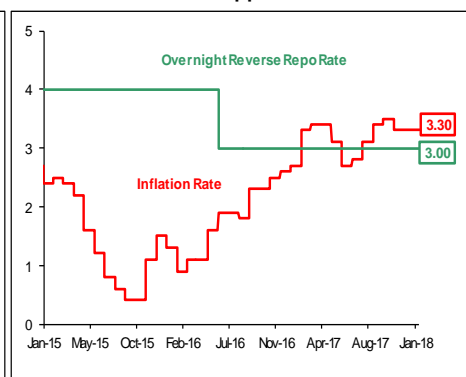
Malaysia



Bank Negara Malaysia uses the overnight policy rate (OPR) as its policy rate.

Source: Bloomberg LP.

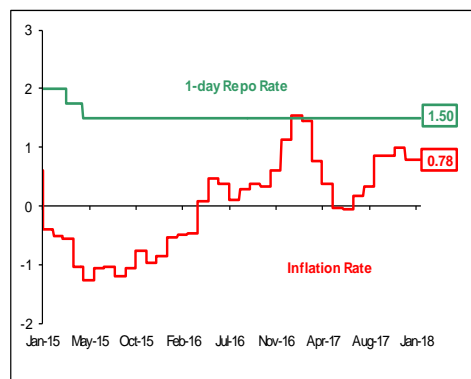
Philippines



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

Source: Bloomberg LP.

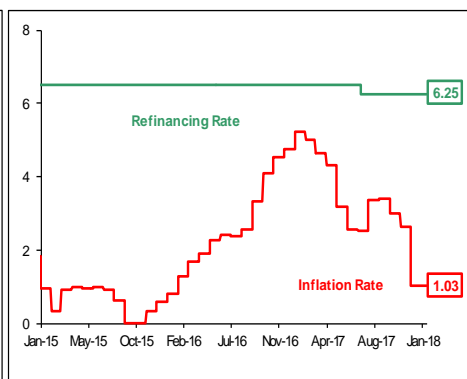
Thailand



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



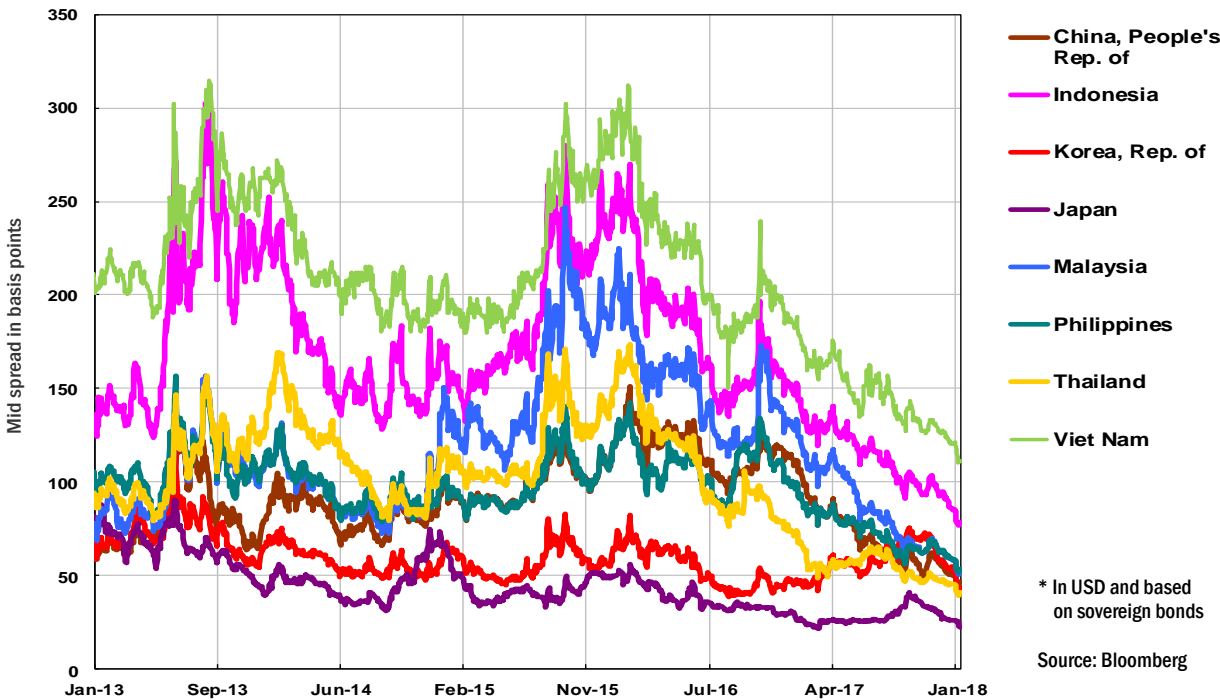
The State Bank of Viet Nam uses a benchmark prime lending rate as its policy rate.

Source: Bloomberg LP.

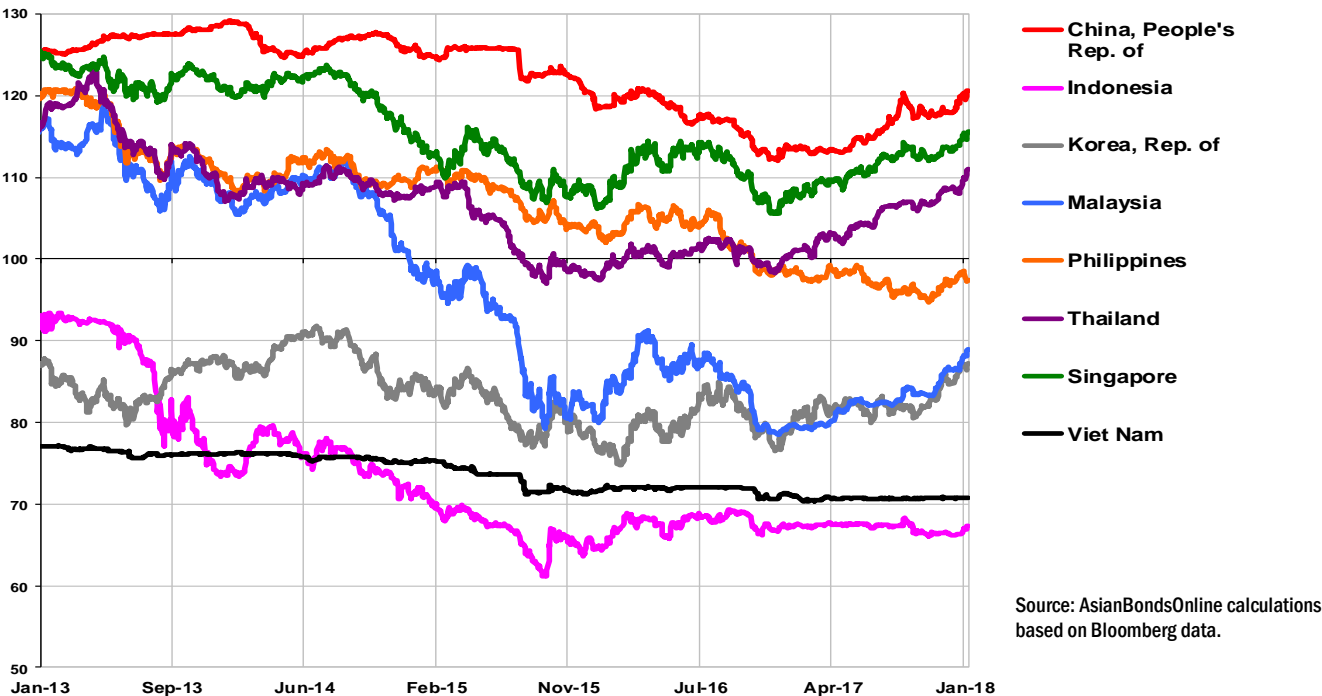
Credit Default Swap Spreads and Exchange Rate Indexes

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 (8 – 12 January 2018)

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	10-Jan	1-year Treasury Bond	3.50	3.54	20.00	20.00
		10-year Treasury Bond	3.85	3.82	20.00	20.00
HK	9-Jan	91-day Exchange Fund Bills	1.02		55.59	55.59
		364-day Exchange Fund Bills	1.04		18.00	18.00
ID	9-Jan	182-day Treasury Bills	4.43			2,000.00
		2-year Project-based <i>Sukuk</i>	5.57	6.25		4,370.00
		4-year Project-based <i>Sukuk</i>	5.90	5.45	8,000.00	1,550.00
		7-year Project-based <i>Sukuk</i>	6.31	6.13		2,570.00
		13-year Project-based <i>Sukuk</i>	6.97	8.88		870.00
		19-year Project-based <i>Sukuk</i>	7.29	6.10		1,640.00
JP	10-Jan	6-month Treasury Discount Bills	-0.13		2,300.00	2,299.94
		10-year Japanese Government Bonds	0.08	0.10	2,300.00	2466.3
	11-Jan	3-month Treasury Discount Bills	-0.13		4,400.00	4,359.96
KR	8-Jan	3-year Korea Treasury Bonds	2.13	1.75	1,600.00	1,600.00
		30-year Korea Treasury Bonds	2.53	2.13	1,650.00	1,650.00
MY	12-Jan	91-day Islamic Bills	3.22		1.50	1.50
		5-year Government Investment Issues	3.82	3.95	4.00	4.00
SG	9-Jan	28-day MAS Bills	0.92		1.60	1.60
		84-day MAS Bills	0.90		5.50	5.50
	11-Jan	168-day MAS Bills	0.79		2.60	2.60
TH	8-Jan	28-day Treasury Bills	1.01		12.50	12.50
	9-Jan	91-day Bank of Thailand Bills	1.11		30.00	30.00
		182-day Bank of Thailand Bills	1.29		30.00	30.00
		329-day Bank of Thailand Bills	1.43		60.00	65.42
	10-Jan	4.93-year Government Bonds	1.82	2.00	25.00	29.80
		49.46-year Government Bonds	3.39	3.60	13.00	14.30
VN	12-Jan	14-day Bank of Thailand Bills	1.06		20.00	20.00
		7-year Treasury Bond	4.35	4.35	3,000.00	3,000.00
		10-year Treasury Bond	4.90	4.90	1,000.00	1,000.00
		15-year Treasury Bond	5.20	5.20	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 (16 – 22 January 2018)

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

Economy and Variable	Release Date	Historical Data	Recent Trends
Japan PPI y-o-y, % DEC	01/16	11/16: -2.3% 12/16: -1.2% 10/17: 3.4% 11/17: 3.5%	Japan's Producer Price Index rose 3.5% year-on-year (y-o-y) in November following an increase of 3.4% y-o-y in October.
China, People's Republic of GDP y-o-y, % Q4 2017	01/18	Q3 2016: 6.7% Q4 2016: 6.8% Q2 2017: 6.9% Q3 2017: 6.8%	The People's Republic of China's (PRC) gross domestic product (GDP) grew 6.8% y-o-y in the third quarter (Q3) of 2017 after growing 6.9% y-o-y in the previous quarter.
China, People's Republic of Industrial Production y-o-y, % DEC	01/18	11/16: 6.2% 12/16: 6.0% 10/17: 6.2% 11/17: 6.1%	The PRC's industrial production grew 6.1% y-o-y in November from 6.2% y-o-y in October.
Indonesia 7-Day Reverse Repo Rate % 18 JAN	01/18	12/16: 4.75% 01/17: 4.75% 11/17: 4.25% 12/17: 4.25%	Bank Indonesia kept its 7-day reverse repo rate unchanged at 4.25% during its monetary policy meeting on 14 December.
Japan Industrial Production—Final y-o-y, % NOV	01/18	11/16: 4.4% 12/16: 3.1% 10/17: 5.9% 11/17: 3.7%	Based on preliminary figures, Japan's industrial production rose 3.7% y-o-y in November after expanding 5.9% y-o-y in October.
Korea, Republic of 7-Day Repo Rate % 18 JAN	01/18	12/16: 1.25% 01/17: 1.25% 11/17: 1.50% 12/17: 1.50%	In its 30 November monetary policy meeting, the Bank of Korea decided to raise its base rate by 25 basis points to 1.50%.
Singapore NODX y-o-y, % DEC	01/18	11/16: 15.6% 12/16: -2.8% 10/17: 20.5% 11/17: 9.1%	Singapore's non-oil domestic exports grew 9.1% y-o-y in November, following growth of 20.5% y-o-y in October.
Philippines BOP Balance USD million DEC	01/19	11/16: -1,671 12/16: -214 10/17: -368 11/17: -44	The Philippines' balance of payments deficit narrowed to USD44 million in November from USD368 million in October.

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)

Export and Import Growth Decelerate in the PRC in December; Trade Deficit Widens in the Philippines in November

- [China's 2017 exports rose 7.9% in dollar terms — imports jumped 15.9%](#)
CNBC (12 January 2018)
- [Booming Global Trade Helped China Exports Surge Last Year](#)
Bloomberg (12 January 2018)
- [Highlights of the Philippine Export and Import Statistics: November 2017](#)
Philippine Statistics Authority (10 January 2018)
- [Table I: Total Trade by Month and Year: 2015-2017](#)
Philippine Statistics Authority (10 January 2018)

Japan's Current Account Surplus Narrows in November

- [Balance of Payments Statistics, November 2017 \(Preliminary\)](#)
Ministry of Finance (12 January 2018)

Malaysia's Index of Industrial Production Expands 5.0% y-o-y in November

- [Index of Industrial Production, Malaysia November 2017](#)
Department of Statistics Malaysia (11 January 2018)

The PRC's Consumer Price Inflation Rises and Producer Price Inflation Eases in December

- [Consumer Prices for December 2017](#)
National Bureau of Statistics (11 January 2018)
- [Producer Prices for the Industrial Sector for December 2017](#)
National Bureau of Statistics (11 January 2018)

Retail Sales in Singapore Rise 5.3% y-o-y in November

- [Retail Sales Index](#)
Department of Statistics Singapore (12 January 2018)

Indonesia's Foreign Exchange Reserves Reach a Record-High in December; Thailand's Foreign Reserves Rise in December

- [Foreign Exchange Reserves Cover Eight Months of Imports: Bank Indonesia](#)
Jakarta Globe (09 January 2018)
- [International Reserves](#)
Bank of Thailand (5 January 2018)

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