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Key Developments in Asian Local Currency Markets

Consumer price inflation slipped in Indonesia to 3.1% year-on-year (y-o-y) in June from 3.2% y-o-y in May. On a month-on-month (m-o-m) basis, however, the inflation rate climbed to 0.6% from 0.2% in the same period, due to seasonal increase in demand for goods and services coinciding with the Eid'l Fitr celebration. Consumer price inflation in the Republic of Korea was unchanged at 1.5% y-o-y in June from the previous month. The rise in prices of food and nonalcoholic beverages slowed to 1.8% y-o-y in June from 2.5% y-o-y in May. Prices of basic goods in the Philippines jumped by 5.2% y-o-y in June, higher than May's 4.6% y-o-y inflation. In Thailand, consumer price inflation eased to 1.4% y-o-y in June from 1.5% y-o-y in May. On a m-o-m basis, deflation of 0.09% was recorded in June versus 0.6% in May. Higher energy costs in June were more than offset by a decline in food prices.

Malaysia's exports grew 3.4% y-o-y in May, drastically slowing from 14.0% y-o-y in April. Imports also performed modestly in May compared with April, marginally increasing 0.1% y-o-y versus 9.2% y-o-y. Exports in May were valued at MYR82.1 billion and imports were valued at MYR74 billion, bringing the trade surplus to MYR8.1 billion. The May surplus was much lower than April's surplus of MYR13.0 billion.

The Republic of Korea's current account surplus widened to USD8.7 billion in May from USD1.8 billion in April. The goods account surplus increased to USD11.4 billion in May from USD10.4 billion in the previous month as exports rose at a faster pace than imports on a m-o-m basis.

Malaysia's foreign reserves lowered to USD104.7 billion at the end of June from USD108.5 billion at the end of May. The foreign reserves of the Philippines fell to the lowest level since June 2012. Gross international reserve of USD77.7 billion were recorded in June, down from USD79.2 billion in May.

Singapore's Purchasing Managers Index (PMI) declined to 52.5 in June from 52.7 in May. A PMI above 50 indicates manufacturing activity expansion, while a PMI reading below 50 signifies contraction. The slower expansion in June was due to slower growth in factory output, imports, and new orders.

Last week, the International Finance Corporation issued its first peso-denominated green bond known as a Mabuhay bond. The issuance was valued at approximately USD90 million with a 15-year maturity. The bond carries a coupon rate of 6.35% and is callable at a price of 102 after 7 years and is amortizing.

The new AsianBondsOnline website was launched last week. The new website features

Asia Bond Monitor June 2018

[read more](#)

10-Year Selected LCY Government Security Yields Close of 6 July 2018
basis point change from

Markets	Latest Closing	Previous Day*	Previous Week*	1-Jan-18*
US	2.82	-0.74	-3.84	41.63
EU	0.29	-0.70	-1.00	-13.50
Japan	0.03	-0.50	-0.30	-1.50
PRC	3.58	0.00	-1.00	-44.00
Hong Kong, China	2.19	-5.10	-5.60	35.70
India	7.87	-2.70	-3.10	53.30
Indonesia	7.63	-9.40	-16.80	131.00
Korea, Rep. of	2.56	0.60	0.00	8.80
Malaysia	4.13	-2.50	-7.40	21.20
Philippines	6.35	-0.04	-6.69	65.62
Singapore	2.41	-4.68	-12.37	40.65
Thailand	2.57	0.90	-1.10	24.60
Viet Nam	4.86	1.20	3.00	-34.90

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

a more user-friendly look and new options. Please check it out at <https://asianbondsonline.adb.org/new/>.

Local currency bond yields fell for most tenors in most markets in emerging East Asia with the exception of Thailand and Viet Nam, where yields mostly rose. The 2-year versus 10-year yield spread fell in most markets except in the PRC; Hong Kong, China and the Republic of Korea.

Summary Text of News Articles

Consumer Price Inflation Eases in Indonesia and Thailand in June; Consumer Price Inflation Accelerates in the Philippines and Remains Unchanged in the Republic of Korea in June

Consumer price inflation slipped in Indonesia to 3.1% year-on-year (y-o-y) in June from 3.2% y-o-y in May. On a month-on-month (m-o-m) basis, however, the inflation rate climbed to 0.6% from 0.2% in the same period, due to seasonal increase in demand for goods and services coinciding with the Eid'l Fitr celebration. The m-o-m inflation in June was lower compared with the average 0.8% m-o-m inflation posted in the past 4 years during the Eid celebration. All major subindexes posted upticks during the month. Bank Indonesia expects inflation to remain within its target range of 2.5%–4.5% for the year.

Consumer price inflation in the Republic of Korea was unchanged in June from the previous month at 1.5% y-o-y. The rise in prices of food and nonalcoholic beverages slowed to 1.8% y-o-y in June from 2.5% y-o-y in May. Other commodity groups that posted slower annual price increases include clothing and footwear, utilities, furnishings, health, and education. Meanwhile, transportation prices accelerated in June, rising 4.1% y-o-y from an increase of 2.6% y-o-y in May. Communication prices continued to contract in June. On a m-o-m basis, consumer prices fell 0.2% in June.

Prices of basic goods in the Philippines jumped by 5.2% y-o-y in June, higher than May's 4.6% y-o-y inflation. The increase in prices was mainly due to higher costs of food and nonalcoholic beverages. Notable increases in prices were also observed in the education sector as a tuition hike welcomed the new school year, which began in June. Growth in prices for housing, water, electricity, gas, and other fuels also supported June inflation, increasing to 4.6% y-o-y from 3.0% y-o-y in the previous month. On a seasonally adjusted basis, inflation increased to 0.6% m-o-m.

In Thailand, consumer prices eased to 1.4% y-o-y in June after rising 1.5% y-o-y in May. On a m-o-m basis, deflation of 0.09% was recorded in June versus 0.6% in May. Higher energy costs in June were more than offset by a decline in food prices.

For the historical trend of Indonesia's inflation rate, refer to this link:

<https://asianbondsonline.adb.org/new/market-watch/#policy-rate-and-inflation-trends-ino>

For the historical trend of the Republic of Korea's inflation rate, refer to this link:

<https://asianbondsonline.adb.org/new/market-watch/#policy-rate-and-inflation-trends-kor>

For the historical trend of the Philippines inflation rate, refer to this link:

<https://asianbondsonline.adb.org/new/market-watch/#policy-rate-and-inflation-trends-phi>

For the historical trend of Viet Nam's inflation rate, refer to this link:

<https://asianbondsonline.adb.org/new/market-watch/#policy-rate-and-inflation-trends-vie>

Malaysia's Trade Performance Moderates in May

Malaysia's exports grew 3.4% y-o-y in May, drastically slowing from 14.0% y-o-y in April. Imports also performed modestly in May compared with April, marginally increasing 0.1% y-o-y versus 9.2% y-o-y. Exports in May were valued at MYR82.1 billion and imports were valued at MYR74 billion, bringing the trade surplus to MYR8.1 billion. The May surplus was much lower than April's surplus of MYR13 billion. On a m-o-m basis, exports declined 2.5% while imports increased 3.9%.

The Republic of Korea's Current Account Surplus Widens in May

The Republic of Korea's current account surplus widened to USD8.7 billion in May from USD1.8 billion in April. The goods account surplus increased to USD11.4 billion in May from USD10.4 billion in the previous month as exports rose at a faster pace than imports on a m-o-m basis. The primary income account also reversed its USD6.0 billion deficit in April, posting a USD0.2 billion surplus in May. Meanwhile, the deficits in the services account and secondary income account widened in May.

Summary Text of News Articles

Malaysia's and the Philippine's Foreign Reserves Fall in June

Malaysia's foreign reserves fell to USD104.7 billion at the end of June from USD108.5 billion at the end of May. Bank Negara Malaysia accounted for the adjustment for foreign exchange revaluation changes following the strengthening of the US dollar. The economy's foreign reserves declined for the second consecutive month after reaching USD109.5 billion in April. This level is enough to fund 7.5 months of retained imports and is equivalent to 1.1 times the short-term external debt.

The foreign reserves of the Philippines fell to its lowest level since June 2012. Gross international reserves of USD77.7 billion were recorded in June, down from USD79.2 billion in May. The increase in foreign exchange reserves was not enough to offset the decreases in foreign investments and gold reserves. The level of special drawing rights remained unchanged from the previous month at USD1.2 billion.

Singapore's PMI Eases to 52.5 in June

Singapore's Purchasing Managers Index (PMI) declined to 52.5 in June from 52.7 in May. A PMI above 50 indicates manufacturing activity expansion, while a reading below 50 signifies contraction. The slower expansion in June was due to slower growth in factory output, imports, and new orders. Among all major components of the PMI, only order backlog reversed the expansion in May, posting a contraction in June.

IFC Issues USD90 Million Peso-Denominated Green Bond

Last week, the International Finance Corporation (IFC) issued its first peso-denominated green bond, which is known as a Mabuhay bond. The IFC's issuance, whose value is approximately USD90 million with a 15-year maturity, will be used by the renewable energy developer Energy Development Corporation to fund repairs at the earthquake-damaged Leyte geothermal power plant. The bond carries a coupon rate of 6.35% and is callable at a price of 102 after 7 years and is amortizing. The Mabuhay bond will also be used to make the geothermal power plant resilient to climate change impacts.

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	1.94	-0.29		2.81	56.47
EU	-0.60	0.00		2.90	14.40
Japan	-0.14	-0.08	-0.47		2.10
PRC	2.89	-7.00	-25.00		-94.00
Hong Kong, China	0.33	0.00		0.00	0.00
India	8.31	0.00		0.00	0.00
Korea, Rep. of	1.58	0.00	-0.30		6.60
Malaysia	3.25	0.00		0.20	29.60
Philippines	3.26	3.01	-64.32		83.23
Singapore	1.70	-0.90	-3.90		-9.20
Thailand	1.22	0.00		0.00	0.00

Close of 6 July 2018

10-Year Selected LCY Government Bond Yields

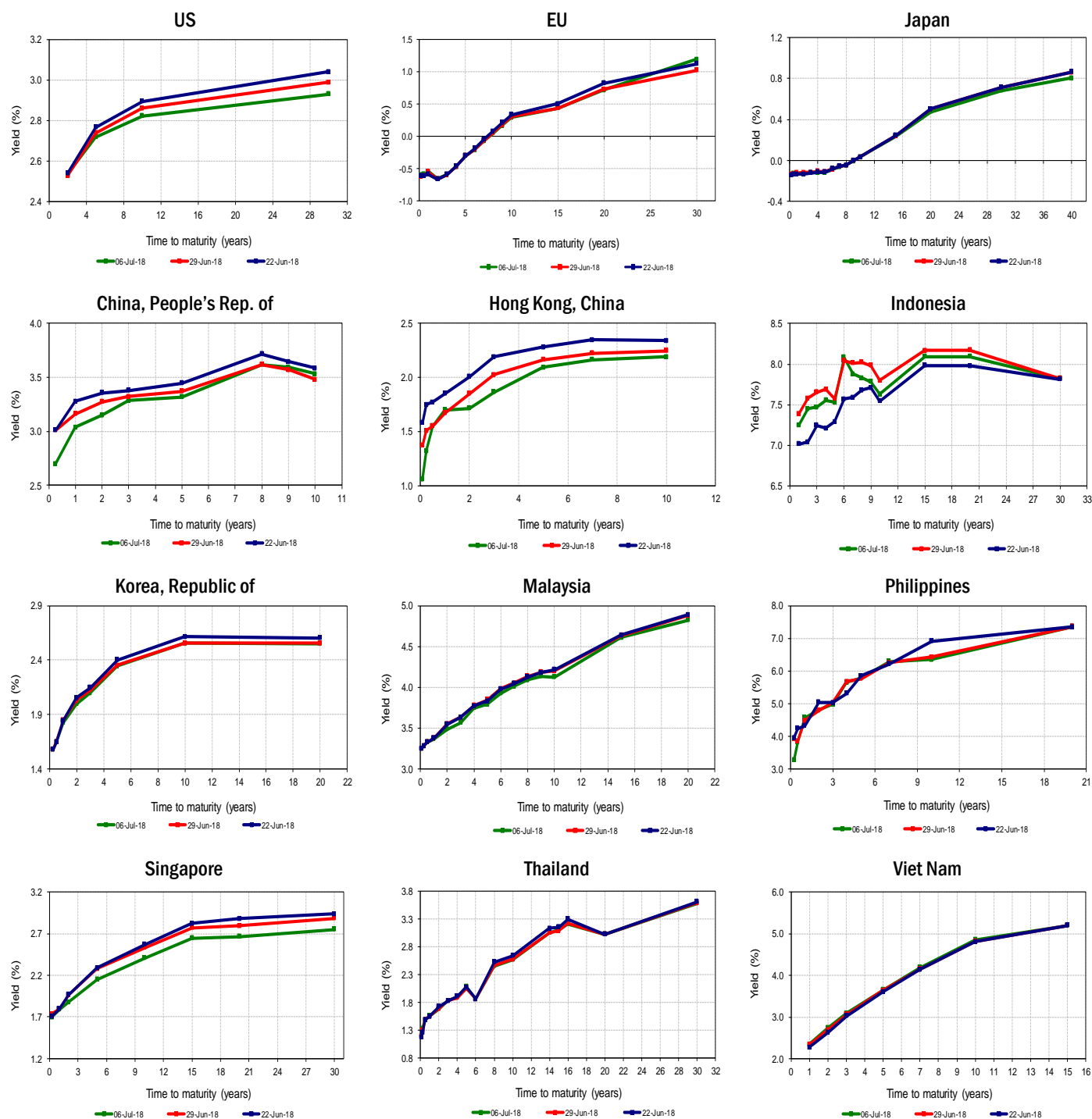
Markets	Latest Closing	basis point change from			1-Jan-18*
		Previous Day*	Previous Week*		
US	2.82	-0.74	-3.84		41.63
EU	0.29	-0.70	-1.00		-13.50
Japan	0.03	-0.50	-0.30		-1.50
PRC	3.58	0.00	-1.00		-44.00
Hong Kong, China	2.19	-5.10	-5.60		35.70
India	7.87	-2.70	-3.10		53.30
Indonesia	7.63	-9.40	-16.80		131.00
Korea, Rep. of	2.56	0.60		0.00	8.80
Malaysia	4.13	-2.50	-7.40		21.20
Philippines	6.35	-0.04	-6.69		65.62
Singapore	2.41	-4.68	-12.37		40.65
Thailand	2.57	0.90	-1.10		24.60
Viet Nam	4.86	1.20		3.00	-34.90

Close of 6 July 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

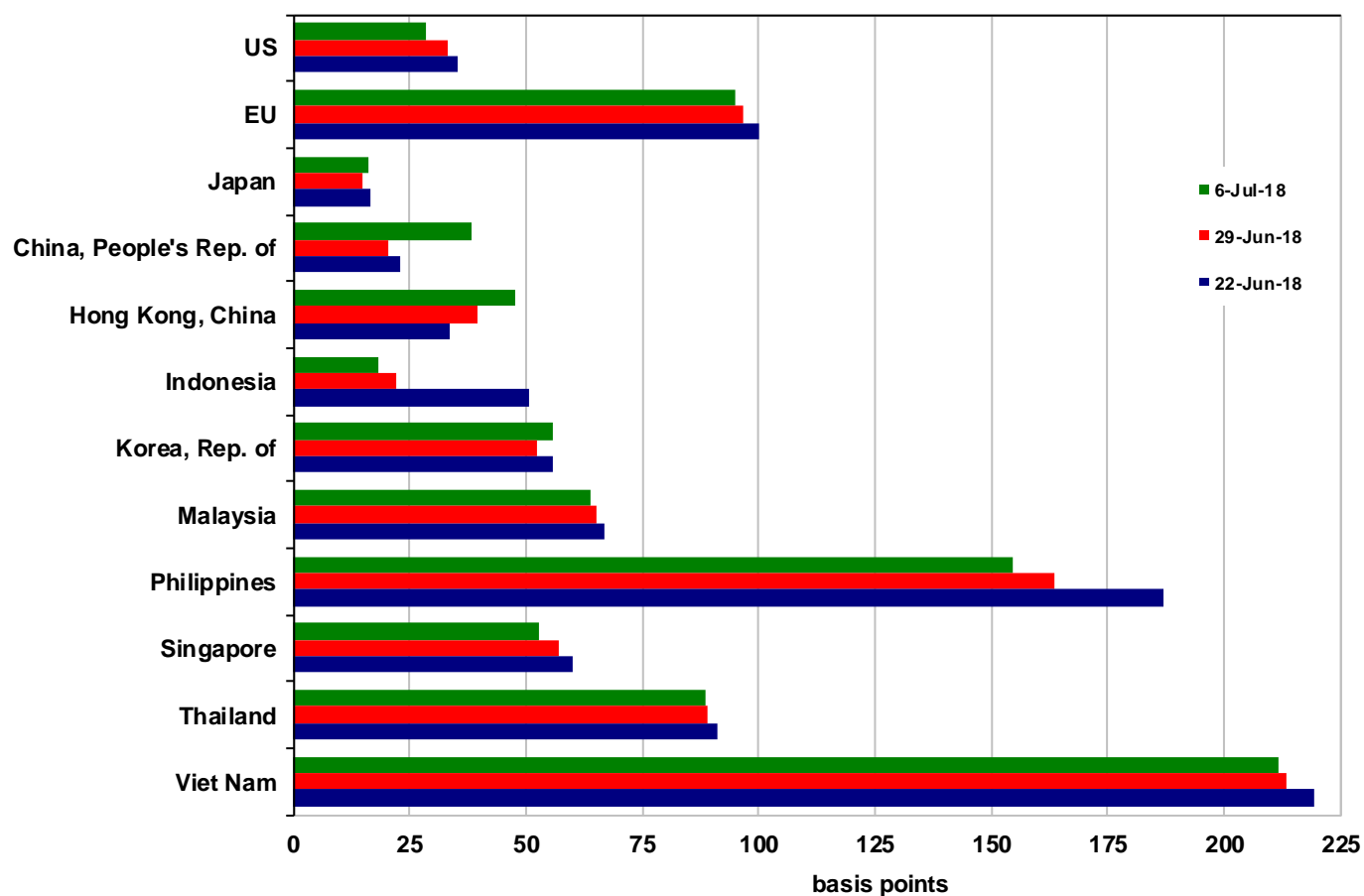


EU = European Union, LCY = local currency US = United States.

Source: Based on data from Bloomberg.

2- versus 10- Year Yield Spread Chart

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



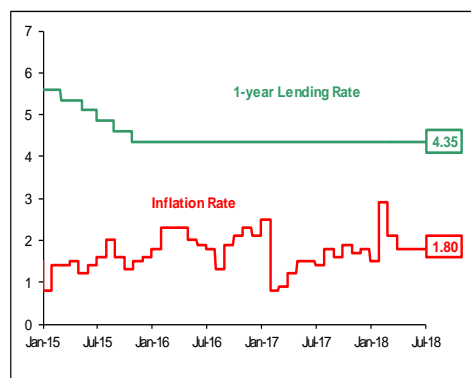
EU = European Union, US = United States.

Source: Based on data from Bloomberg LP.

Policy Rate versus Inflation Rate

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

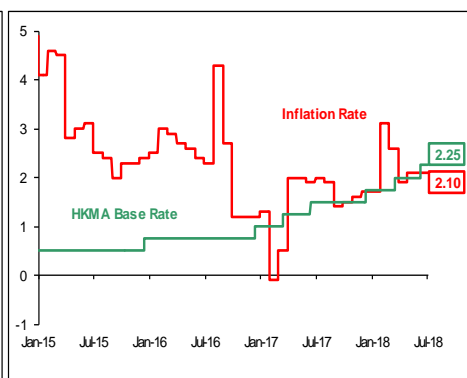
China, People's Rep. of



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

Source: Bloomberg LP.

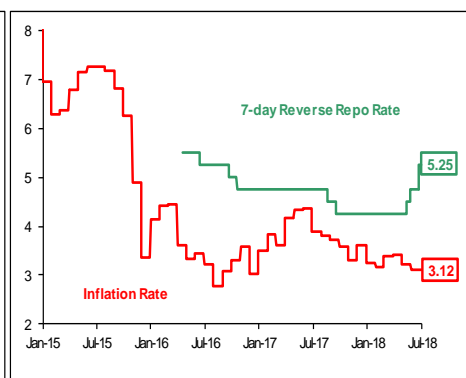
Hong Kong, China



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

Source: Bloomberg LP.

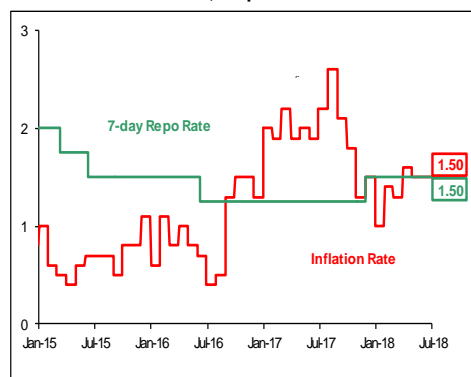
Indonesia



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

Source: Bloomberg LP.

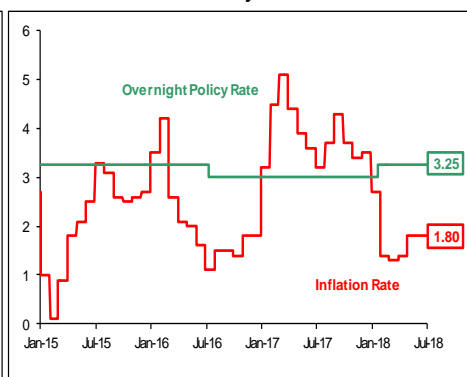
Korea, Republic of



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.

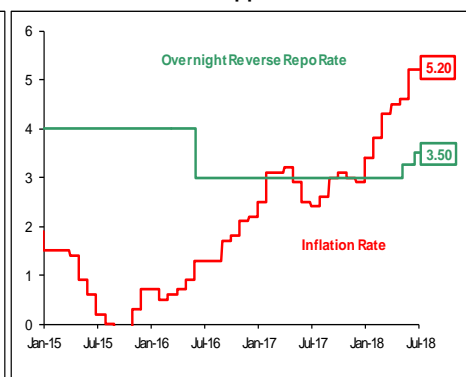
Malaysia



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

Source: Bloomberg LP.

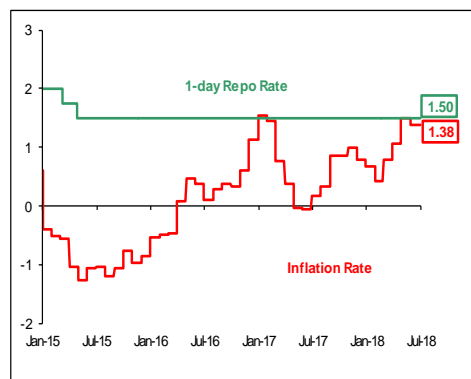
Philippines



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

Source: Bloomberg LP.

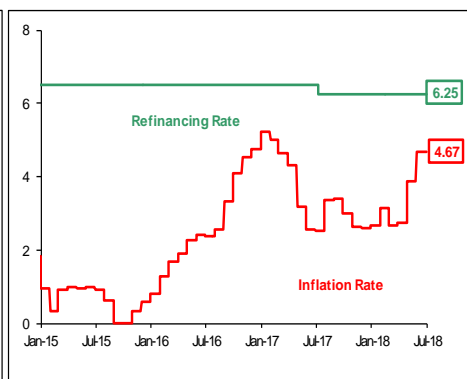
Thailand



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



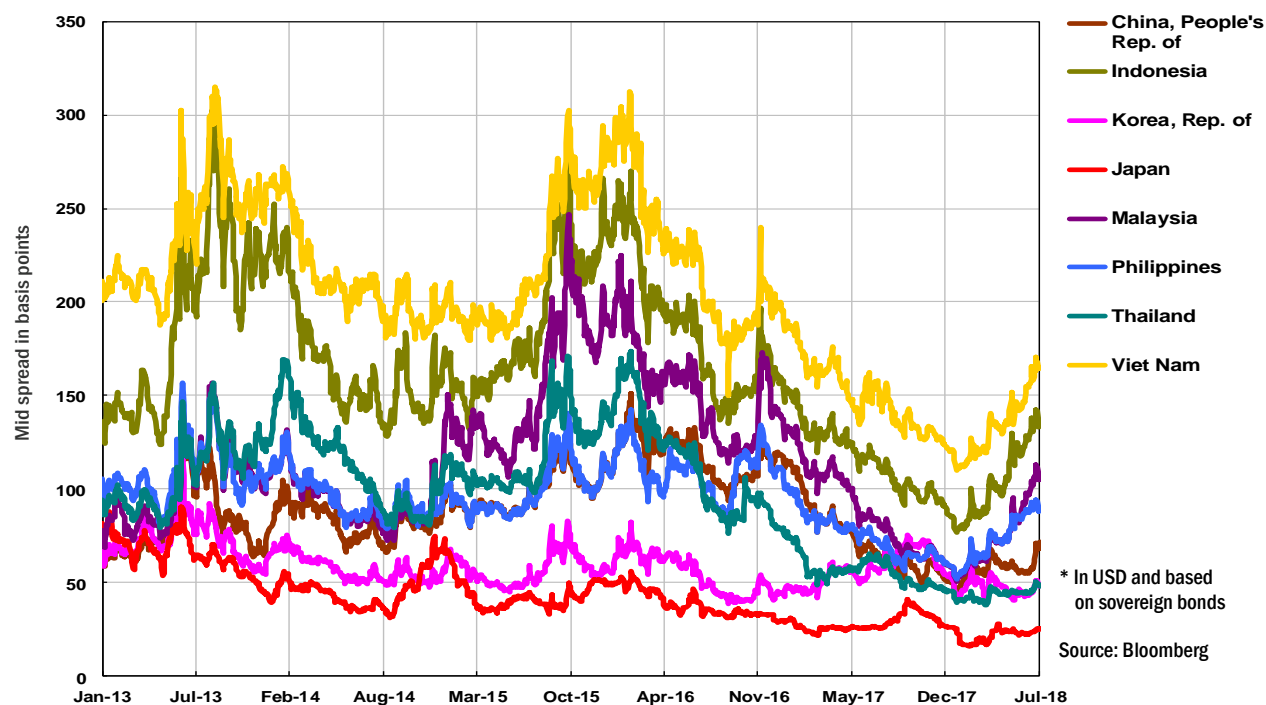
The State Bank of Viet Nam uses a benchmark prime lending rate as its policy rate.

Source: Bloomberg LP.

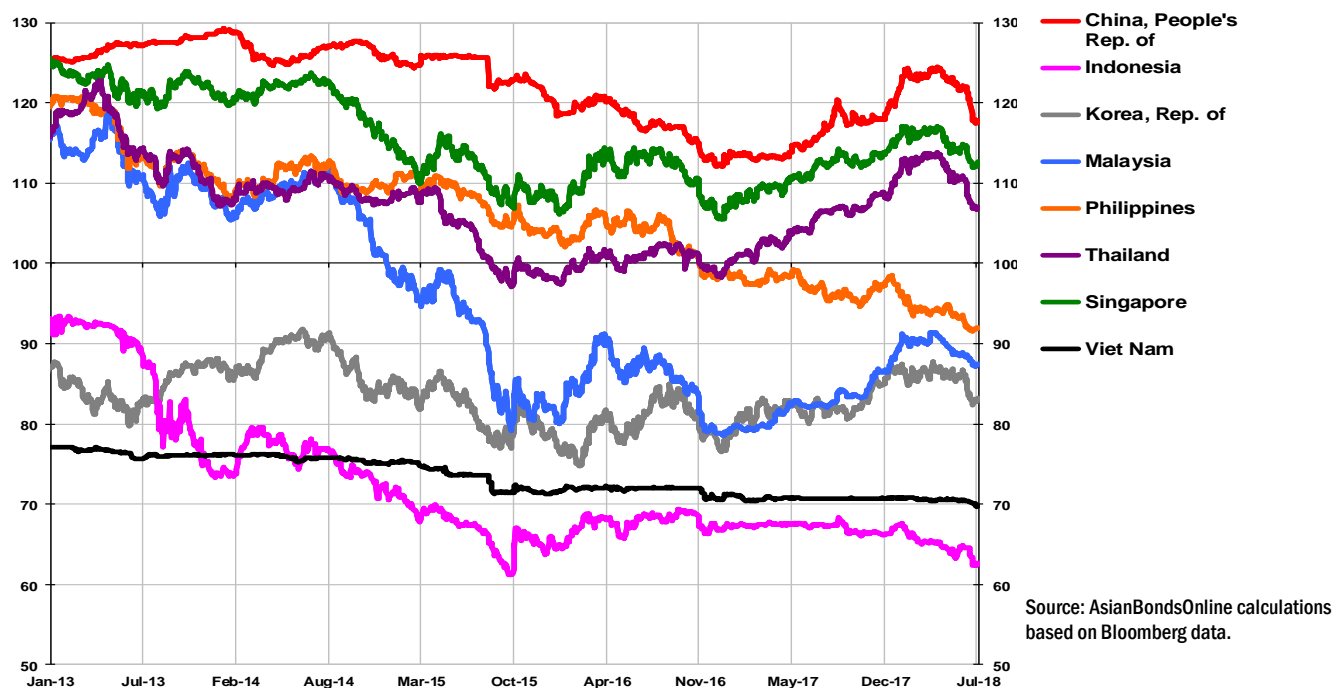
Credit Default Swap Spreads and Exchange Rate Indexes

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 (2 – 6 July 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	4-Jul	3-year Treasury Bonds	3.24	3.24	37.00	37.10
		7-year Treasury Bonds	3.47	3.61	37.00	37.01
	6-Jul	91-day Treasury Bills	2.42		10.00	10.00
HK	3-Jul	91-day Exchange Fund Bills	1.60		55.37	55.37
		182-day Exchange Fund Bills	1.69		15.00	15.00
ID	3-Jul	91-day Treasury Bills	5.69			3,000.00
		365-day Treasury Bills	6.56			3,500.00
		5-year Treasury Bonds	7.61	5.63	10,000.00	2,600.00
		15-year Treasury Bonds	8.29	6.63		1,700.00
		20-year Treasury Bonds	8.29	7.50		520.00
JP	3-Jul	10-year Japanese Government Bonds	0.04	0.10	2,200.00	2,477.00
	5-Jul	30-year Japanese Government Bonds	0.70	0.70	700.00	780.60
KR	2-Jul	3-year Korea Treasury Bonds	2.14	2.25	1,550.00	1,550.00
	3-Jul	30-year Korea Treasury Bonds	2.57	2.63	1,650.00	1,650.00
	4-Jul	2-year Korea Treasury Bonds	2.06		2,300.00	2,300.00
MY	5-Jul	30-year Malaysian Government Securities	4.92	4.92	2.00	2.00
PH	2-Jul	91-day Treasury Bills	3.40		4.00	4.00
		182-day Treasury Bills	3.94		5.00	3.04
		364-day Treasury Bills	4.57		6.00	4.03
SG	3-Jul	28-day MAS Bills	1.49		2.40	2.40
		84-day MAS Bills	1.14		5.90	5.90
TH	2-Jul	28-day Treasury Bills/Debt Restructuring Bills	1.33		20.00	4.83
	3-Jul	91-day Bank of Thailand Bills	1.40		35.00	35.00
		182-day Bank of Thailand Bills	1.50		35.00	35.00
		336-day Bank of Thailand Bills	1.57		45.00	46.50
	6-Jul	14-day Bank of Thailand Bills	1.17		25.00	25.00
VN	4-Jul	5-year Treasury Bonds	3.45		500.00	200.00
		10-year Treasury Bonds	4.40		2,000.00	1,000.00
		15-year Treasury Bonds	4.70		2,000.00	110.00
		20-year Treasury Bonds	5.20		500.00	300.00

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

Sources: Local market sources and Bloomberg, LP.

Selected Asia Data Releases (10 – 16 July 2018)

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

Economy and Variable	Release Date	Historical Data	Recent Trends
Singapore GDP %, y-o-y Q2 2018	07/9 – 07/13	Q1 2017: 2.5% Q2 2017: 2.8% Q4 2017: 3.6% Q1 2018: 4.4%	Singapore's economy expanded 4.4% year-on-year (y-o-y) in the first quarter (Q1) of 2018, up from 3.6% y-o-y in the fourth quarter (Q4) of 2017.
Philippines Exports %, y-o-y MAY	07/10	4/17: 30.4% 5/17: 24% 3/18: -6.8% 4/18: -8.5%	The Philippines' exports declined 8.5% y-o-y in April following a 6.8% y-o-y decrease in March.
Philippines Imports %, y-o-y MAY	07/10	4/17: 4.0% 5/17: 20.2% 3/18: 0.3% 4/18: 22.2%	Imports in the Philippines surged 22.2% y-o-y in April following growth of just 0.3% y-o-y in March.
Philippines Trade Balance USD million MAY	07/10	4/17: -1,554 5/17: -5,507 3/18: -2,532 4/18: -3,615	The Philippines posted a trade deficit of USD3,615 million in April, bigger than the deficit of USD2,532 recorded in March.
China, People's Republic of CPI %, y-o-y JUN	07/10	5/17: 1.5% 6/17: 1.5% 4/18: 1.8% 5/18: 1.8%	The People's Republic of China's (PRC) consumer price inflation was unchanged in May from April at 1.8% y-o-y.
China, People's Republic of PPI %, y-o-y JUN	07/10	5/17: 5.5% 6/17: 5.5% 4/18: 3.4% 5/18: 4.1%	The PRC's producer price inflation in May rose to 4.1% y-o-y from 3.4% y-o-y in the previous month.
Malaysia Industrial Production %, y-o-y MAY	07/12	4/17: 3.7% 5/17: 4.6% 3/18: 3.1% 4/18: 4.6%	Malaysia's industrial production posted growth of 4.6% y-o-y in April from 3.1% y-o-y in March.
Japan Industrial Production %, y-o-y MAY	07/13	4/17: 3.7% 5/17: 4.6% 3/18: 3.1% 4/18: 4.6%	Japan's industrial production grew 4.6% y-o-y in April following an increase of 3.1% y-o-y in March.
China, People's Republic of Exports %, y-o-y JUN	07/13	5/17: 7.6% 6/17: 10.3% 4/18: 12.6% 5/18: 12.6%	The PRC's export growth was unchanged in May from that of April at 12.6% y-o-y.
China, People's Republic of Imports %, y-o-y JUN	07/13	5/17: 14.0% 6/17: 16.9% 4/18: 21.5% 5/18: 26.0%	The PRC's imports grew 26.0% y-o-y in May after rising 21.5% y-o-y in April.
China, People's Republic of Trade Balance USD billion JUN	07/13	5/17: 39.8 17:41.3 4/18: 28.3 5/18: 24.9	The PRC reported a trade surplus of USD24.9 billion in May.
China GDP %, y-o-y Q2 2018	07/16	Q1 2017: 6.9% Q2 2017: 6.9% Q4 2017: 6.8% Q1 2018: 6.8%	The PRC's gross domestic product (GDP) grew 6.8% y-o-y in Q1 2018, the same rate as the previous quarter.
China, People's Republic of Industrial Production %, y-o-y JUN	07/16	5/17: 6.5% 6/17: 7.6% 4/18: 7.0% 5/18: 6.8%	The PRC's industrial growth rate fell to 6.8% y-o-y in May from 7.0% y-o-y in April.
Indonesia Exports %, y-o-y JUN	07/16	5/17: 24.5% 6/17: -11.7% 4/18: 9.0% 5/18: 12.5%	Export growth in Indonesia climbed to 12.5% y-o-y in May from 9.0% y-o-y in the previous month.
Indonesia Imports %, y-o-y JUN	07/16	5/17: 23.6% 6/17: -17.4% 4/18: 35.2% 5/18: 28.2%	Import growth in Indonesia eased to 28.2% y-o-y in May from 35.2% y-o-y in April.
Indonesia Trade Balance USD million JUN	07/16	5/17: 561.4 6/17: 1,669.8 4/18: -1,625.1 5/18: -1,523.6	Indonesia's trade deficit narrowed to USD1.5 billion in May from USD1.6 billion in April.

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)

Consumer Price Inflation Eases in Indonesia and Thailand in June, Accelerates in the Philippines and Remains Unchanged in the Republic of Korea

- [Inflation Controlled during Eid-ul-Fitr Statistics Indonesia](#)
Bank Indonesia (2 July 2018)
- [Consumer Price Index in June 2018](#)
Statistics Korea (3 July 2018)
- [Summary Inflation Report Consumer Price Index \(2012=100\): June 2018](#)
Philippine Statistics Office (5 July 2018)
- [Seasonally-Adjusted Consumer Price Index \(2012=100\): June 2018](#)
Philippine Statistics Office (5 July 2018)
- [June inflation down slightly from May](#)
The Nation (2 July 2018)

Malaysia's Trade Performance Moderates in May

- [Monthly External Trade Statistics May 2018](#)
Department of Statistics Malaysia (5 July 2018)

The Republic of Korea's Current Account Surplus Widens in May

- [Balance of Payments during May 2018 \(preliminary\)](#)
The Bank of Korea (5 July 2018)

Malaysia's and the Philippine's Foreign Reserves Falls in June

- [International Reserves of Bank Negara Malaysia as at 29 June 2018](#)
Bank Negara Malaysia (6 July 2018)
- [End-June 2018 GIR Level Stands at US\\$77.68 Billion](#)
Bangko Sentral ng Pilipinas (6 July 2018)

Singapore's PMI Eases to 52.5 in June

- [Singapore's manufacturing PMI falls to 52.5 in June](#)
Singapore Institute of Purchasing and Materials Management (5 July 2018)

IFC Issues USD90 million Peso-Denominated Green Bond

- [First Philippine peso green bond by IFC raises US\\$90 million](#)
Eco-Business (4 July 2018)

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