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Key Developments in Asian Local Currency Markets

In a meeting held on 31 May, the Monetary Policy Board of the Bank of Korea kept the base rate steady at 1.75%. The board took note of moderating growth in the global economy and increasing volatility in global financial markets as sources of concern. The board also noted that incoming data suggest that economic growth in the second quarter of 2019 is accelerating from the previous quarter. Current projections show that the domestic economy will grow equal to or at its potential level.

Japan's industrial production rose 0.6% month-on-month (m-o-m), reversing March's 0.6% m-o-m decline. The rise in industrial production was driven by gains in motor vehicles, production machinery, and transport equipment. On a year-on-year (y-o-y) basis, Japan's industrial production fell 1.1%. The Republic of Korea's industrial production fell 0.1% year-on-year (y-o-y) in April versus a 0.5% y-o-y decline in March. Industrial production growth in Viet Nam rose 10.0% y-o-y in May after expanding 9.3% y-o-y in April. All major subindexes recorded faster y-o-y growth in May. The only exception was the mining and quarrying subindex, which contracted 1.5% y-o-y.

Consumer prices in Viet Nam rose 2.9% y-o-y in May, unchanged from April. On a m-o-m basis, inflation rose to 0.5% due largely to an increase in the prices of oil and electricity. Out of 11 consumer price subindexes, nine posted an uptick in prices on a m-o-m basis, led by transportation, which rose 2.6% m-o-m.

Hong Kong, China's exports declined 2.6% y-o-y in April to HKD321.5 billion, down from the 1.2% y-o-y contraction in March. Imports also declined, decelerating 5.5% y-o-y to HKD356.6 billion, from the 0.1% y-o-y contraction in the previous month. In April, Hong Kong, China's trade deficit stood at HKD35.1 billion. Thailand's merchandise exports contracted 2.9% y-o-y to USD18,648 million in April, following the 4.2% y-o-y decline in March. Merchandise imports, likewise, contracted 0.4% y-o-y to USD18,566 million in April, after dipping 5.8% y-o-y in March. Thailand's trade surplus narrowed to USD82 million in April from USD3,584 million in March, which led to a narrowing of the current account surplus to USD1,784 million from USD6,080 million during the same period. Export growth in Viet Nam was unchanged from April at 7.5% y-o-y in May, while import growth moderated to 8.3% y-o-y from 17.6% y-o-y. A trade deficit of

Asia Bond Monitor March 2019

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10-Year Selected LCY Government Security Yields Close of 31 May 2019 basis point change from

Markets	Latest Closing	Previous Day*	Previous Week*	1-Jan-19*
US	2.12	-8.87	-19.56	-55.96
EU	-0.20	-2.70	-8.50	-44.40
Japan	-0.09	-1.50	-2.40	-9.70
PRC	3.30	0.00	-1.40	-1.50
Hong Kong, China	1.63	0.00	0.00	-37.30
India	7.03	-10.30	-19.30	-38.60
Indonesia	7.96	-8.70	4.10	-6.30
Korea, Rep. of	1.67	-7.20	-12.60	-28.70
Malaysia	3.80	-1.00	-1.80	-28.30
Philippines	5.55	-7.20	-16.10	-150.90
Singapore	2.09	-4.24	-4.08	4.93
Thailand	2.36	-3.00	-3.00	-12.00
Viet Nam	4.75	0.00	-1.70	-37.70

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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
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USD1.3 billion was recorded in May versus a deficit of USD0.7 billion in April. For the first 5 months of the year, Viet Nam posted a trade deficit of USD548 million.

Provisional estimates for retail sales in April in Hong Kong, China amounted to HKD37.7 billion, down 4.5% y-o-y after a marginal decline of 0.2% y-o-y in March, as sales decreased for a number of retail products during the period, the largest of which was an 11.4% y-o-y decline in sales of jewelry and other valuable gifts. The government noted that retail sales remained weak in April on still-cautious consumption sentiment amid external uncertainties.

Last week, local currency government bond yields fell for all tenors in the Republic of Korea, Malaysia and the Philippines and for most tenors in Singapore, Thailand and Viet Nam, following the decline in US yields. Yield movements were mixed in the PRC; Hong Kong, China and rose for most tenors in Indonesia. The 2-year versus 10-year yield spread fell for most markets, except in the PRC; Hong Kong, China, Indonesia and Malaysia.

Summary Text of News Articles

The Bank of Korea Keeps Base Rate Steady at 1.75%

In a meeting held on 31 May, the Monetary Policy Board of the Bank of Korea decided kept the base rate steady at 1.75%. The board took note of moderating growth in the global economy and increasing volatility in global financial markets as sources of concern. The board also noted that incoming data suggest that economic growth in the second quarter of 2019 is accelerating from the previous quarter. Current projections show that the domestic economy will grow equal to or at its potential level.

For data on the Republic of Korea's policy rate, refer to this link:

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

Japan's Industrial Production Rises in April; The Republic of Korea's Industrial Production Falls in April; Industrial Production in Viet Nam Up 10.0% y-o-y in May

Japan's industrial production rose 0.6% month-on-month (m-o-m) in April, reversing March's 0.6% m-o-m decline. The rise in industrial production was driven by gains in motor vehicles, production machinery, and transport equipment. Shipments grew 1.7% m-o-m in April, while inventories were unchanged. On a year-on-year (y-o-y) basis, Japan's industrial production fell 1.1%.

The Republic of Korea's industrial production fell 0.1% y-o-y in April following a 0.5% y-o-y decline in March. Manufacturing dipped 0.1% y-o-y after falling 2.4% y-o-y during the same period. On a month-on-month basis, industrial production rose 1.6%.

Industrial production growth in Viet Nam rose 10.0% y-o-y in May after expanding 9.3% y-o-y in April. All major subindexes recorded faster y-o-y growth in May. The only exception was the mining and quarrying subindex, which contracted 1.5% y-o-y. On a m-o-m basis, industrial production growth accelerated to 4.6% in May.

Consumer Prices in Viet Nam Rise 2.9% y-o-y in May

Consumer prices in Viet Nam rose 2.9% y-o-y in May, unchanged from the inflation rate in April. On a m-o-m basis, inflation rose to 0.5% due largely to an increase in the prices of oil and electricity. Out of 11 consumer price subindexes, nine posted an uptick in April on a m-o-m basis, led by transportation, which rose 2.6% m-o-m. The cost of housing and construction materials (1.3% m-o-m), which includes rent and utilities, also contributed to the overall rise in inflation during the review period.

For inflation trends in Viet Nam, refer to this link:

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

Hong Kong, China's Exports Continued to Decline in April; Thailand's Trade Surplus Narrows in April; Viet Nam Posts USD1.3 Billion Trade Deficit in May

Hong Kong, China's exports declined 2.6% y-o-y in April to HKD321.5 billion, accelerating from a 1.2% y-o-y contraction in March. Imports also declined 5.5% y-o-y to HKD356.6 billion after a 0.1% y-o-y contraction in the previous month. Trade with major partners weakened in April, weighed down by the slowing global economy and trade tensions between the United States and the People's Republic of China. Exports have been on a downward trend since the beginning of 2019. In April, Hong Kong, China's monthly trade deficit stood at HKD35.1 billion.

Thailand's merchandise exports contracted 2.9% y-o-y to USD18,648 million in April, following a 4.2% y-o-y decline in March. Merchandise imports, likewise, contracted 0.4% y-o-y to USD18,566 million in April after dipping 5.8% y-o-y in March. Excluding gold, merchandise exports and imports contracted 1.5% y-o-y and 1.9% y-o-y, respectively. Weaker demand due to slower economic growth in Thailand's major trading partners, as well as the protectionist policies arising from trade tensions between the United States and the People's Republic of China, contributed to the weak trade

Summary Text of News Articles

**Hong Kong, China's Exports Continued to Decline in April;
Thailand's Trade Surplus Narrows in April;
Viet Nam Posts USD1.3 Billion Trade Deficit in May (cont...)**

performance. Imports have been on a downward trend since February, while exports have declined since January. Thailand's trade surplus narrowed to USD82 million in April from USD3,584 million in March, which led to a narrowing of the current account surplus to USD1,784 million from USD6,080 million during the period.

Export growth in Viet Nam was unchanged from April at 7.5% y-o-y in May, while import growth moderated to 8.3% y-o-y from 17.6% y-o-y. A trade deficit of USD1.3 billion was recorded in May versus a deficit of USD0.7 billion in April. For the first 5 months of the year, Viet Nam posted a trade deficit of USD548 million.

Hong Kong, China's Retail Sales Down in April

Provisional estimates of Hong Kong, China's retail sales amounted to HKD37.7 billion in April, down 4.5% y-o-y after a marginal decline of 0.2% y-o-y in March, as sales of a number of retail products decreased during the period, the largest of which was an 11.4% y-o-y decline in sales of jewelry and other valuable gifts. The government noted that retail sales remained weak in April on still-cautious consumption sentiment amid external uncertainties. The timing effect of the Labor Day holidays in the PRC, which arrived in early May this year but fell in late April and early May in 2018, slowed the growth rate of visitor arrivals and contributed to weak retail sales in April.

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-19*
US	2.34	-2.35	0.28	-1.50
EU	-0.54	0.00	-0.50	26.40
Japan	-0.16	0.51	-0.48	-0.69
PRC	2.31	0.00	0.00	-52.10
Hong Kong, China	1.88	13.00	8.00	13.00
Indonesia	7.24	0.34	-0.57	-46.07
Korea, Rep. of	1.62	-3.20	-4.80	-12.60
Malaysia	3.12	0.00	-1.20	-16.40
Philippines	5.30	0.20	-6.10	-47.80
Singapore	2.05	-1.30	-1.30	-3.00
Thailand	1.73	0.12	1.34	11.89

Close of 31 May 2019

10-Year Selected LCY Government Bond Yields

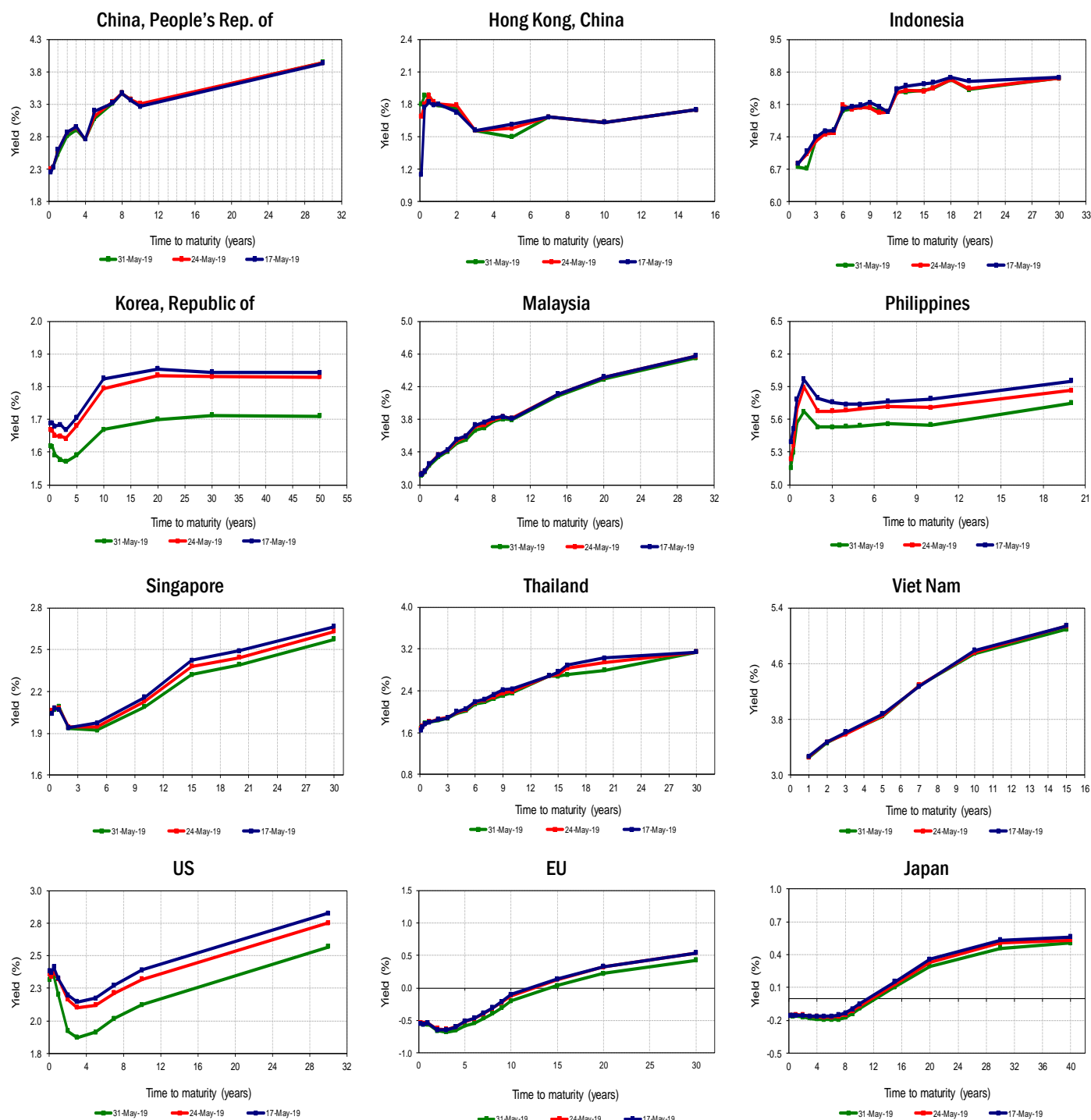
Markets	Latest Closing	basis point change from		
		Previous Day*	Previous Week*	1-Jan-19*
US	2.12	-8.87	-19.56	-55.96
EU	-0.20	-2.70	-8.50	-44.40
Japan	-0.09	-1.50	-2.40	-9.70
PRC	3.30	0.00	-1.40	-1.50
Hong Kong, China	1.63	0.00	0.00	-37.30
India	7.03	-10.30	-19.30	-38.60
Indonesia	7.96	-8.70	4.10	-6.30
Korea, Rep. of	1.67	-7.20	-12.60	-28.70
Malaysia	3.80	-1.00	-1.80	-28.30
Philippines	5.55	-7.20	-16.10	-150.90
Singapore	2.09	-4.24	-4.08	4.93
Thailand	2.36	-3.00	-3.00	-12.00
Viet Nam	4.75	0.00	-1.70	-37.70

Close of 31 May 2019

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

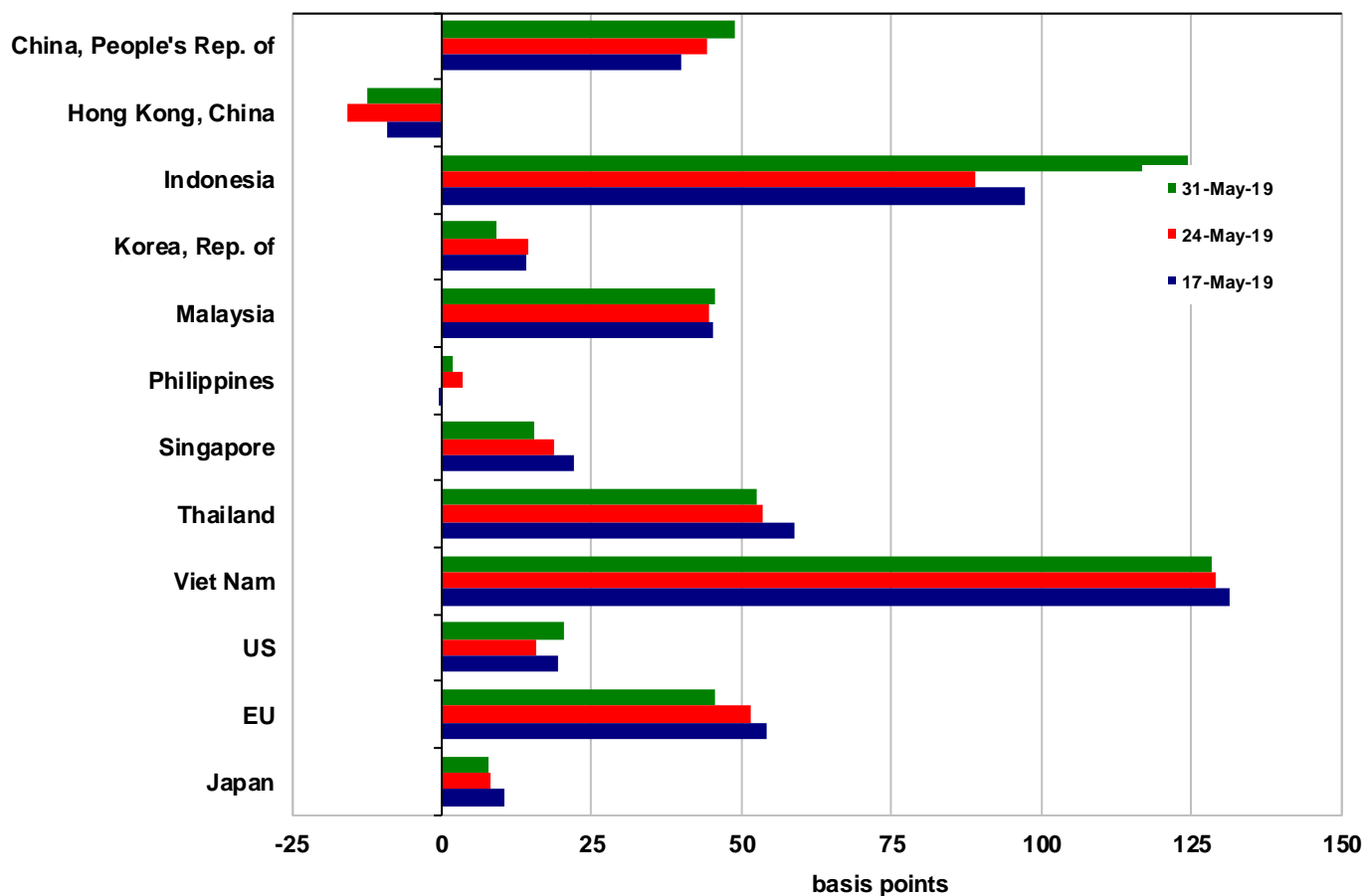


EU = European Union, LCY = local currency US = United States.

Source: Based on data from Bloomberg and Thai Bond Market Association.

2- versus 10- Year Yield Spread Chart

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



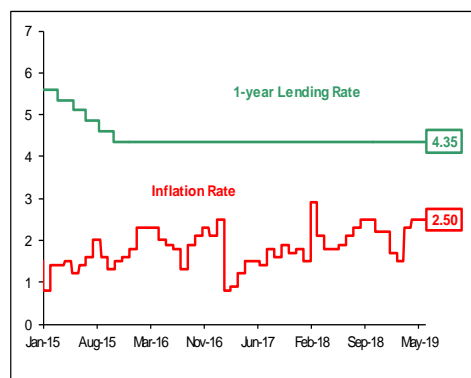
EU = European Union, US = United States.

Source: Based on data from Bloomberg LP.

Policy Rate versus Inflation Rate

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

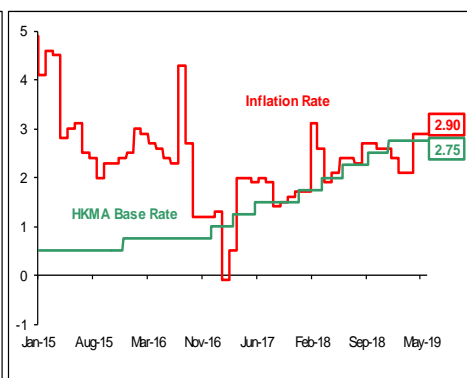
China, People's Rep. of



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

Source: Bloomberg LP.

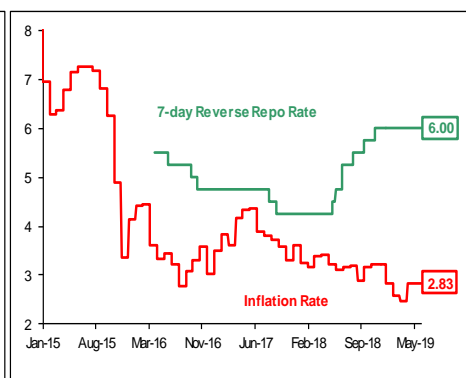
Hong Kong, China



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

Source: Bloomberg LP.

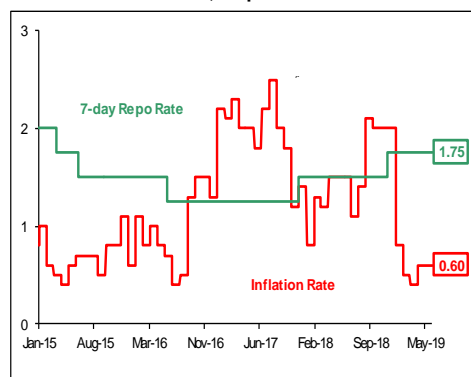
Indonesia



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

Source: Bloomberg LP.

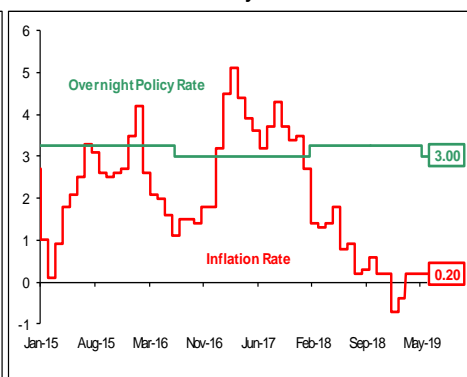
Korea, Republic of



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.

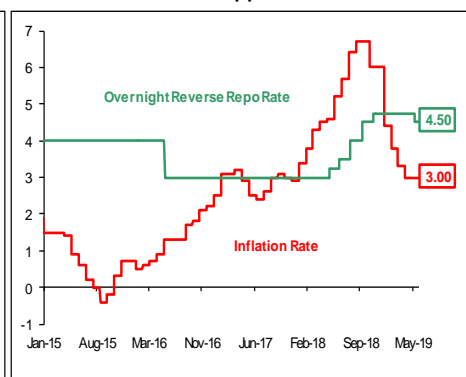
Malaysia



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

Source: Bloomberg LP.

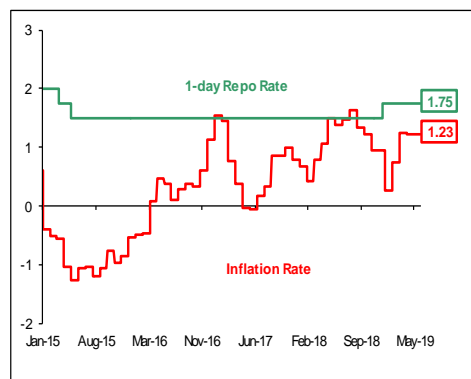
Philippines



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

Source: Bloomberg LP.

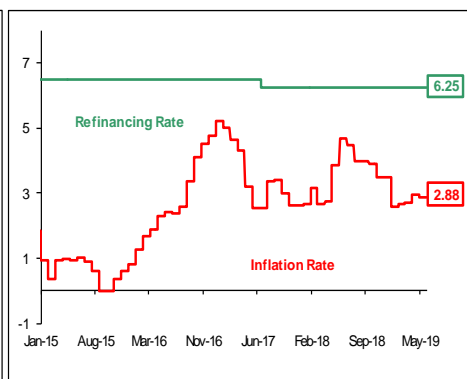
Thailand



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



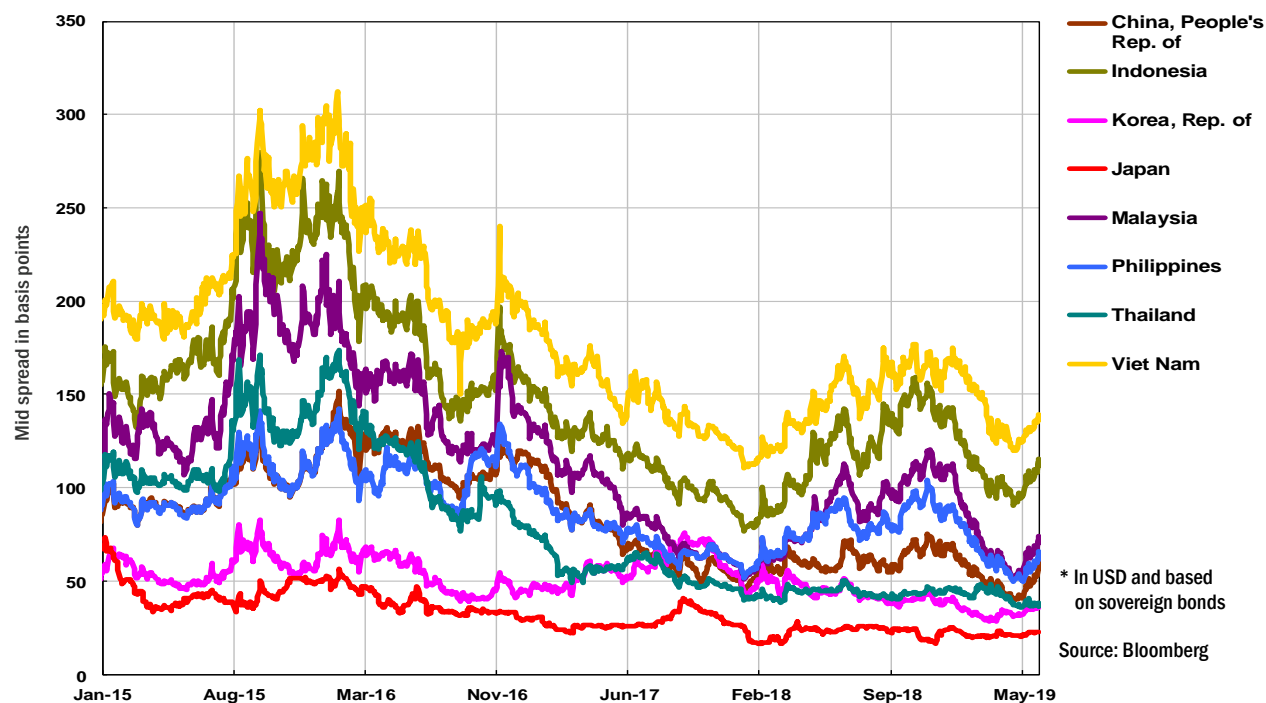
The State Bank of Viet Nam uses a benchmark prime lending rate as its policy rate.

Source: Bloomberg LP.

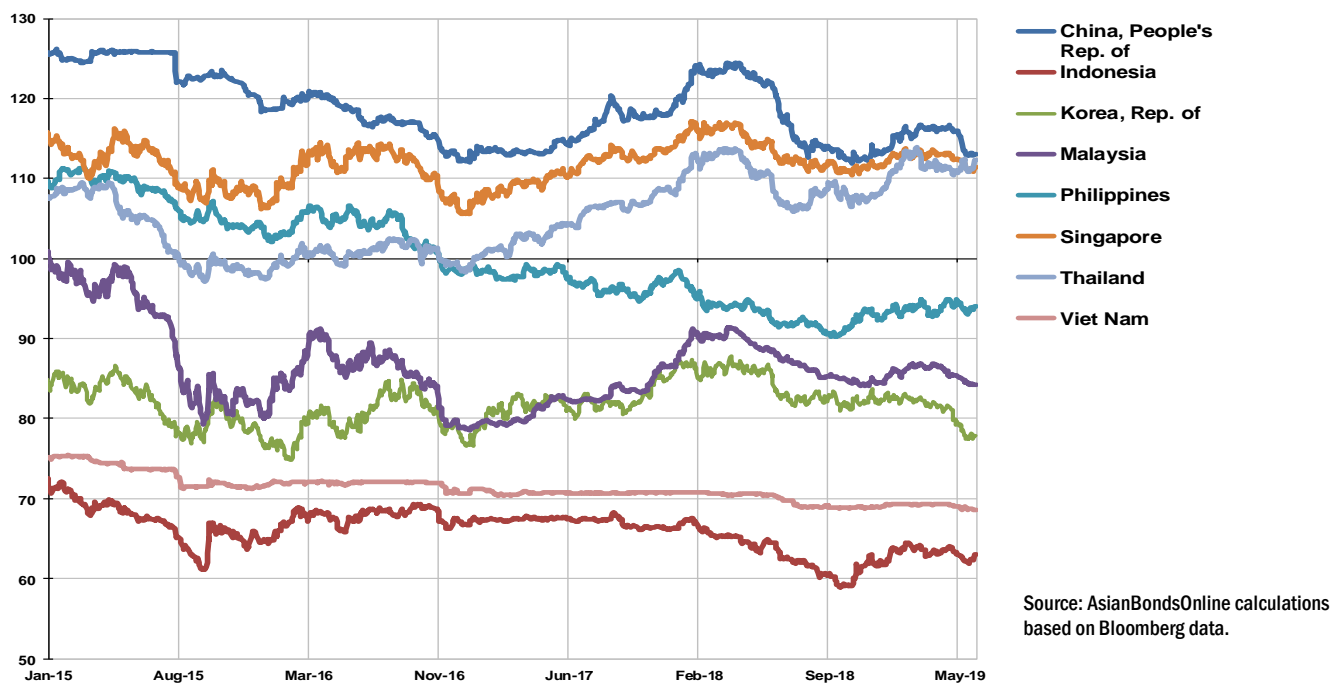
Credit Default Swap Spreads and Exchange Rate Indexes

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 (27 – 31 May 2019)

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	31-May	30-year Treasury Bonds	3.96	4.08	340.00	37.13
HK	28-May	91-day Exchang Fund Bills	1.88		44.61	44.61
		182-day Exchange Fund Bills	1.94		15.00	15.00
ID	28-May	6-month Islamic Treasury Bills	6.45		6,000.00	1,500.00
		2-year Project Based <i>Sukuk</i>	7.40	6.50		2,200.00
		4-year Project Based <i>Sukuk</i>	7.67	8.25		1,390.00
		7-year Project Based <i>Sukuk</i>	8.05	8.50		70.00
JP	28-May	40-year Japan Government Bond	0.54	0.50	400.00	404.50
	30-May	2-year Japan Government Bond	-0.17	0.10	2,000.00	1,999.20
	31-May	3-month Treasury Bill			4,280.00	
KR	27-May	1-year Monetary Stabilization Bond	1.69	1.72	1,000.00	1,000.00
		20-year Treasury bonds	1.83	2.38	508.00	508.00
		91-days Monetary Stabilization bills	1.67		700.00	700.00
		63-days Financial bills	1.70		2,000.00	2,000.00
MY	31-May	15.5-year Islamic Bonds	4.12	4.12	2.50	2.50
PH	27-May	91-day Treasury Bills	5.15		4.00	4.00
		182-day Treasury Bills	5.59		5.00	5.00
		364-day Treasury Bills	5.68		6.00	6.00
	28-May	10-year Treasury Bonds	5.64	6.88	20.00	20.00
SG	28-May	28-day MAS Bills	1.79		2.50	2.50
		84-day MAS Bills	1.66		6.20	6.20
	29-May	2-year Singapore Government Bonds	1.86	1.25	2.90	2.90
	30-May	168-day MAS Bills	1.62		3.50	3.50
TH	27-May	3.67-year State-Owned Enterprise Bond	2.01	2.13	3.00	3.00
	28-May	91-day Bank of Thailand Bond	1.76		40.00	40.00
		182-day Bank of Thailand Bond	1.80		45.00	45.00
	30-May	14-day Bank of Thailand Bond	1.75		40.00	40.00
VN	29-May	10-year Treasury Bonds	4.69		1,000.00	900.00
		50-year Treasury Bonds	5.04		1,000.00	1,000.00
		30-year Treasury Bonds	5.88		750.00	750.00

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

Sources: Local market sources and Bloomberg, LP.

Selected Asia Data Releases (4 – 10 June 2019)

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

Economy and Variable	Release Date	Historical Data	Recent Trends
Republic of Korea GDP y-o-y, % Q1 2019	06/04	Q4 2017: 2.8% Q1 2018: 2.8% Q3 2018: 2.0% Q4 2018: 3.1%	The Republic of Korea's gross domestic product (GDP) growth accelerated to 3.1% year-on-year (y-o-y) in Q4 2018 from 2.0% y-o-y in the previous quarter.
Republic of Korea CPI y-o-y, % MAY	06/04	04/18: 1.5% 05/18: 1.5% 03/19: 0.4% 04/19: 0.6%	Consumer price inflation in the Republic of Korea increased to 0.6% y-o-y in April from 0.4% y-o-y in March.
Republic of Korea BOP Current Account Balance USD million APR	06/05	03/18: 5,104 04/18: 1,356 02/19: 3,602 03/19: 4,820	The Republic of Korea registered a current account surplus of USD4,820 billion in March, up from USD3,602 billion in February.
Philippines CPI y-o-y, % MAY	06/05	04/18: 4.5% 05/18: 4.6% 03/19: 3.3% 04/19: 3.0%	Consumer price inflation in the Philippines eased to 3.0% y-o-y in April from 3.3% y-o-y in March.
People's Republic of China Exports y-o-y, % MAY	06/10	04/18: 11.9% 05/18: 11.9% 03/19: 13.8% 04/19: -2.7%	Exports from the People's Republic of China (PRC) contracted 2.7% y-o-y in April, following 13.8% y-o-y growth in March.
People's Republic of China Trade Balance USD billion MAY	06/10	04/18: 26.2 05/18: 23.4 03/19: 32.4 04/19: 13.8	The PRC's trade surplus declined to USD13.8 billion in April from USD32.4 billion in March.
Indonesia CPI y-o-y, % MAY	06/10	04/18: 3.4% 05/18: 3.2% 03/19: 2.5% 04/19: 2.8%	Consumer price inflation in Indonesia rose to 2.8% y-o-y in April from 2.5% y-o-y in March.
Japan GDP Final y-o-y, % Q1 2019	06/10	Q4 2017: 1.3% Q1 2018: -0.3% Q3 2018: -2.5% Q4 2018: 1.6%	Japan's GDP expanded 1.6% y-o-y in Q4 2019, a reversal of the 2.5% y-o-y contraction in the previous quarter.
Japan BOP Current Account Balance JPY billion APR	06/10	03/18: 3,122.3 04/18: 1,845.1 02/19: 2,676.8 03/19: 2,847.9	Japan's current account balance increased to JPY2,847.9 billion in March from JPY2,676.8 billion in February.

Sources: *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)

The Bank of Korea Keeps the Base Rate Steady at 1.75%

- [Monetary Policy Decision](#)
The Bank of Korea (31 May 2019)

Japan's Industrial Production Rises m-o-m; The Republic of Korea's Industrial Production Falls in April; Industrial Production in Viet Nam Up 10.0% y-o-y in May

- [Indices of Industrial Production](#)
Ministry of Economy, Trade, and Industry (31 May 2019)
- [Statistics Korea](#)
Monthly Industrial Statistics April 2019 (31 May 2019)

Consumer Prices in Viet Nam Rises 2.9% y-o-y in May

- [Consumer price index Gold and USD price indexes, whole country May 2019](#)
General Statistics Office (30 May 2019)
- [Vietnam consumer prices up 0.49% m/m in May](#)
Hanoi Times (30 May 2019)

Hong Kong, China's Exports Further Declines in April; Thailand's Trade Surplus Narrows in April ; Viet Nam Posts USD1.3 Billion Trade Deficit in May

- [External merchandise trade statistics for April 2019](#)
Census and Statistics Department (27 May 2019)
- [Press Release on the Economic and Monetary Conditions for April 2019](#)
Bank of Thailand (31 May 2019)
- [Vietnam's registers trade deficit for first time in 2019](#)
Hanoi Times (30 May 2019)

Hong Kong, China's Retail Sales Down in April

- [Provisional statistics of retail sales for April 2019](#)
Census and Statistics Department (31 May 2019)

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