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Key Developments in Asian Local Currency Markets

At its monetary policy meeting on 29 November, the Bank of Korea decided to leave the base rate unchanged at 1.25%, following a 25-basis-points cut in October. The Bank of Korea noted the continued slowdown in global economic growth due to the decline in global trade. At the same time, global financial markets have been stable amid the slight easing of trade tensions between the People's Republic of China (PRC) and the United States (US). Meanwhile, domestic economic growth remained slow, due to weak consumption growth, and is expected to be around 2.0% for full-year 2019 and less than 2.0% in full-year 2020. Annual inflation fell to zero in November but is expected to moderately rise to 1.0% in 2020.

Prices of basic goods and services in Singapore increased 0.4% year-on-year (y-o-y) in October, down from the 0.5% y-o-y growth recorded in September, due to a more rapid decline in the cost of electricity and gas, and slower increase in services costs. In Viet Nam, consumer prices climbed 3.5% y-o-y in November after rising 2.2% y-o-y in October.

The Index of All-Industry Production in the Republic of Korea declined 0.5% y-o-y in October, following minimal growth of 0.5% y-o-y in September. The main driver of the decline was the 2.5% y-o-y contraction in industrial production. On a month-on-month (m-o-m) basis, industrial production in the Republic of Korea fell 0.4% in October. In Singapore, output in the manufacturing sector increased 4.0% y-o-y in October. On a m-o-m seasonally adjusted basis, growth in manufacturing output moderated to 3.4% in October. In Viet Nam, industrial production growth plummeted to 5.4% y-o-y in November from 9.2% y-o-y in the previous month. On a m-o-m basis, however, industrial production contracted 1.6%.

Hong Kong, China's merchandise exports dropped 9.2% y-o-y and imports fell 11.5% y-o-y in October. Hong Kong, China's trade deficit narrowed to HKD30.6 billion in October. In Thailand, exports contracted 5.0% y-o-y in October amid a continuing economic slowdown in its major trading partners, a downturn in the electronics cycle, and declining global oil prices. Imports dropped 9.2% y-o-y due to weakened demand for raw materials and intermediate goods. Thailand's trade surplus narrowed to USD2.1 billion in October. In Viet Nam, exports rose 3.8% y-o-y and imports climbed 4.5% y-o-y in November, resulting in a trade surplus of USD100 million.

The Government of the Philippines posted a budget deficit of PHP49.3 billion in October, which was down from the PHP59.9 billion

Asia Bond Monitor November 2019

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10-Year Selected LCY Government Security Yields Close of 29 November 2019 basis point change from

Markets	Latest Closing	Previous Day*	Previous Week*	1-Jan-19*
US	1.78	1.04	0.52	-90.84
EU	-0.36	0.10	-0.10	-60.20
Japan	-0.07	0.90	0.10	-7.60
PRC	3.18	-0.60	0.30	-13.50
Hong Kong, China	1.50	-1.00	-2.80	-53.70
India	6.47	0.90	-3.30	-95.10
Indonesia	7.11	5.40	3.90	-91.50
Korea, Rep. of	1.64	-3.00	-6.30	-32.10
Malaysia	3.43	-0.30	1.50	-65.10
Philippines	4.74	-1.40	2.10	-231.60
Singapore	1.74	-1.00	-0.52	-30.16
Thailand	1.60	-4.00	-8.10	-88.20
Viet Nam	3.59	5.60	-10.60	-153.30

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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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deficit posted in the same period in 2018. From January to October, the Philippines posted a budget deficit of PHP348.3 billion.

The Government of the PRC priced USD6.0 billion worth of USD-denominated sovereign bonds last week. The 3-year USD1.5 billion bond was priced at a coupon rate of 1.875%, the 5-year USD2.0 billion bond was priced at a coupon rate of 1.95%, and the USD2.0 billion 10-year bond was priced at a coupon rate of 2.125%. The issuance also included a USD500 million 20-year bond priced at a coupon rate of 2.75%.

Last week, local currency government bond yields fell for all tenors in the Republic of Korea and Thailand, and for most maturities in Malaysia, Viet Nam, and Hong Kong, China. Bond yield movements were mixed in the PRC, the Philippines and Singapore, while it edged higher for Indonesia. The spread between the 2-year and 10-year maturities widened for all markets except for Singapore, Thailand, and Hong Kong, China, where the spreads narrowed.

Summary Text of News Articles

The Bank of Korea Maintains Base Rate at 1.25%

At its monetary policy meeting on 29 November, the Bank of Korea decided to leave the base rate unchanged at 1.25%, following a 25-basis-points cut in October. The Bank of Korea noted the continued slowdown in global economic growth due to the decline in global trade. At the same time, global financial markets have been stable amid a slight easing of trade tensions between the People's Republic of China (PRC) and the United States (US). Meanwhile, domestic economic growth remained slow, due to weak consumption growth, and is expected to be around 2.0% in full-year 2019 and below 2.0% in 2020. Annual inflation reached zero in November, but is expected to moderately rise to 1.0% in 2020. Given these forecasts, the central bank stated that it will continue its accommodative monetary policy stance, while monitoring global and domestic developments. These include trade negotiations between the PRC and the US, the economic and monetary policies of major economies, domestic household debt levels, and geopolitical risks.

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

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

Consumer Price Inflation in Singapore Eases in October, Climbs in Viet Nam in November

Prices of basic goods and services in Singapore increased 0.4% year-on-year (y-o-y) in October, down from the 0.5% y-o-y growth recorded in September, due to a more rapid decline in the cost of electricity and gas, and a slower increase in services costs. The cost of electricity and gas declined 12.5% y-o-y, extending the decline of 8.3% y-o-y in the prior month, due to lower electricity tariffs. The cost of services increased 1.2% y-o-y in October, moderating from the 1.4% y-o-y growth posted in September, owing to slow growth in holiday expenditures. Core inflation, which excludes the prices of accommodation and private road transport, eased to 0.6% y-o-y in October.

Consumer price inflation in Viet Nam accelerated to 3.5% y-o-y in November from 2.2% y-o-y in October, driven by a faster increase in food prices. The food and foodstuff subindex rose 5.6% y-o-y in November, up from 2.7% y-o-y in the prior month, as the supply of pork was reduced due to the impact of African swine fever. All other consumer price subindexes posted y-o-y hikes in November, except for the contractions observed in the transport and communication subindexes. On a month-on-month (m-o-m) basis, inflation climbed to 1.0% in November.

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

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

Index of All-Industry Production in the Republic of Korea Declines in October; Singapore's Manufacturing Output Increases in October; Industrial Production Growth in Viet Nam Slows in November

The Index of All-Industry Production in the Republic of Korea declined 0.5% y-o-y in October, following minimal growth of 0.5% y-o-y in September. The main driver of the decline was a 2.5% y-o-y contraction in industrial production following a 0.4% y-o-y increase in September. Moreover, output in the construction industry continued to decline in October by 4.3% y-o-y after falling 7.9% y-o-y in the previous month. The service industry and public administration also posted slower growth rates of 0.7% y-o-y and 2.4% y-o-y, respectively, versus 1.0% y-o-y and 3.0% y-o-y in September. On a m-o-m basis, industrial production in the Republic of Korea fell 0.4% in October.

The output of Singapore's manufacturing industry increased 4.0% y-o-y in October, up from the 0.7% y-o-y growth recorded in September. The biomedical manufacturing cluster extended its growth to 24.0% y-o-y from 23.0% y-o-y in the prior month, owing to increased output in the pharmaceuticals and medical technology clusters. The general manufacturing and electronics clusters rebounded in October, posting growth of 7.3% y-o-y and 0.4% y-o-y, respectively, after falling 7.0% y-o-y and 8.9% y-o-y in September. General manufacturing expanded due to increased output in food, beverages, and tobacco. Meanwhile, electronic output climbed as a result of growth in computer peripherals, and ICT products and consumer electronics. On a m-o-m seasonally adjusted basis, the growth in Singapore's manufacturing output moderated to 3.4% in October.

Summary Text of News Articles

Index of All-Industry Production in the Republic of Korea Declines in October; Singapore's Manufacturing Output Increases in October; Industrial Production Growth in Viet Nam Slows in November (cont...)

In Viet Nam, industrial production growth slowed to 5.4% y-o-y in November from 9.2% y-o-y in the prior month as all subindexes posted weaker growth. Growth in the manufacturing subindex moderated to 6.5% y-o-y in November from 10.8% y-o-y in October. Growth in the electricity subindex (7.5% y-o-y versus 8.1% y-o-y) and the water supply subindex (6.3% y-o-y versus 6.9% y-o-y) also slowed during the review period. The mining and quarrying subindex continued to contract, falling 5.3% y-o-y in November after a decline of 0.2% y-o-y in October.

Hong Kong, China's Exports Drop 9.2% y-o-y in October; Thailand's Exports and Imports Continue to Contract in October; Viet Nam's Exports and Imports Rise in November

Hong Kong, China's merchandise exports dropped 9.2% y-o-y in October, contracting for the 12th straight month amid weak global demand and the prolonged trade dispute between the PRC and the US. Shipments to the PRC slipped 7.3% y-o-y, while exports to the US declined 21.1% y-o-y. Total exports to Asia contracted 6.4% y-o-y, led by contractions in shipments to the Republic of Korea (–14.5% y-o-y), India (–10.7% y-o-y), and Viet Nam (–10.3% y-o-y). Imports fell 11.5% y-o-y in October, marking the largest drop thus far in 11 consecutive months of contraction. Imports from the Republic of Korea, US, India, and the PRC dropped 24.7%, 23.9%, 16.3%, and 14.5% y-o-y, respectively. In terms of major commodity groups, the largest contractions in exports were seen in miscellaneous manufactures (19.6% y-o-y), textile products (18.9% y-o-y), and telecommunications equipment (16.9% y-o-y). Hong Kong, China's trade deficit narrowed to HKD30.6 billion in October from HKD31.6 billion in September.

Thailand's exports contracted 5.0% y-o-y in October amid a continuing economic slowdown among its major trading partners, a downturn in the electronics cycle, and declining global oil prices. Imports dropped 9.2% y-o-y due to weakened demand for raw materials and intermediate goods brought about by slowing manufacturing production, particularly in the oil and electronics sectors. Thailand's trade surplus narrowed to USD2.1 billion in October from USD2.7 billion in September. The overall balance-of-payments surplus inched up to USD1.1 billion in October from USD1.0 billion in the previous month.

Exports from Viet Nam rose 3.8% y-o-y in November after falling 0.8% y-o-y in October. Imports also climbed 4.5% y-o-y after rising 3.5% y-o-y in October. Exports totaled USD22.6 billion and imports reached USD22.5 billion in October, resulting in a trade surplus of USD0.1 billion.

The Philippines Posts a PHP49.3 Billion Budget Deficit in October

The Government of the Philippines posted a budget deficit of PHP49.3 billion in October, down from the PHP59.9 billion deficit posted in October 2018. The smaller deficit was due to the 6.0% y-o-y increase in revenues to PHP261.6 billion from PHP246.8 billion a year earlier, while expenditures rose at a slower pace of 1.4% y-o-y to PHP310.8 billion from PHP306.6 billion. The growth in revenue collections was driven by the 6.8% y-o-y rise in tax revenues to PHP237.5 billion, as nontax revenues declined 1.2% y-o-y to PHP24.1 billion. From January to October, the Philippines posted a budget deficit of PHP348.3 billion, which was also lower than the PHP438.1 billion deficit recorded in the same period in 2018.

The PRC Prices USD6 Billion Worth of US Dollar Sovereign Bonds

The Government of the PRC priced USD6.0 billion worth of USD-denominated sovereign bonds last week. The 3-year USD1.5 billion bond was priced at a coupon rate of 1.875%, the 5-year USD 2.0 billion bond was priced at a coupon rate of 1.95%, and the USD2.0 billion 10-year bond was priced at a coupon rate of 2.125%. There was also a USD500 million 20-year bond priced at a coupon rate of 2.75%.

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-19
		Previous Day	Previous Week		
US	1.57	-1.81	-0.94		-78.77
EU	-0.66	0.50	-5.00		15.10
Japan	-0.17	4.30		8.51	-1.72
PRC	2.44	-6.50	-6.50		-39.20
Hong Kong, China	1.83	8.00	-2.00		8.00
Indonesia	5.50	0.00		0.00	-220.28
Korea, Rep. of	1.25	-0.50	-0.30		-49.50
Malaysia	3.00	0.00	-0.70		-28.10
Philippines	3.18	0.20		0.40	-259.80
Singapore	1.66	0.00		6.40	-42.10
Thailand	1.27	-0.56	-1.64		-33.27

Close of 29 November 2019

10-Year Selected LCY Government Bond Yields

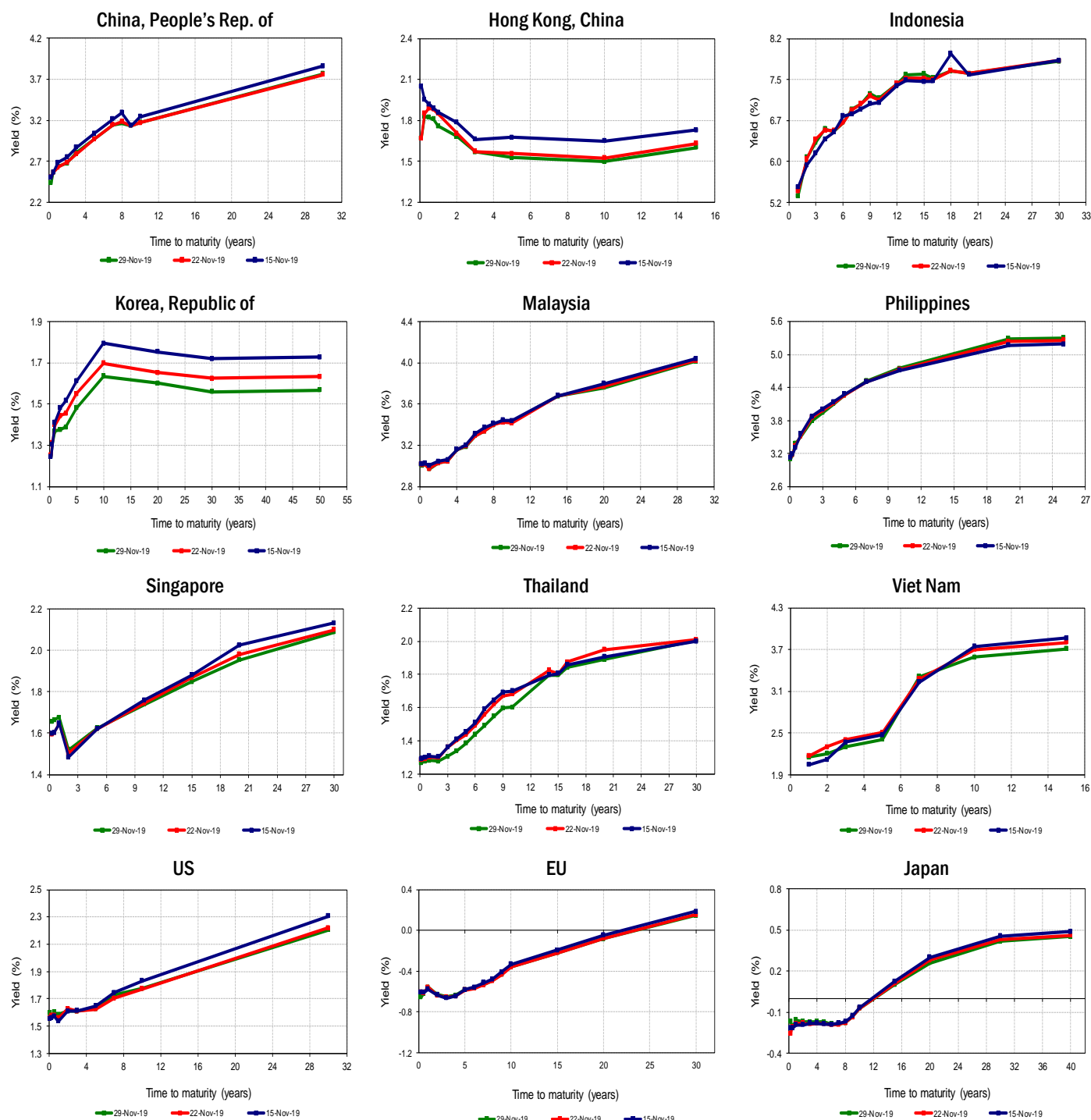
Markets	Latest Closing	basis point change from			1-Jan-19
		Previous Day	Previous Week		
US	1.78	1.04		0.52	-90.84
EU	-0.36	0.10	-0.10		-60.20
Japan	-0.07	0.90		0.10	-7.60
PRC	3.18	-0.60		0.30	-13.50
Hong Kong, China	1.50	-1.00	-2.80		-53.70
India	6.47	0.90	-3.30		-95.10
Indonesia	7.11	5.40		3.90	-91.50
Korea, Rep. of	1.64	-3.00	-6.30		-32.10
Malaysia	3.43	-0.30		1.50	-65.10
Philippines	4.74	-1.40		2.10	-231.60
Singapore	1.74	-1.00	-0.52		-30.16
Thailand	1.60	-4.00	-8.10		-88.20
Viet Nam	3.59	5.60	-10.60		-153.30

Close of 29 November 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

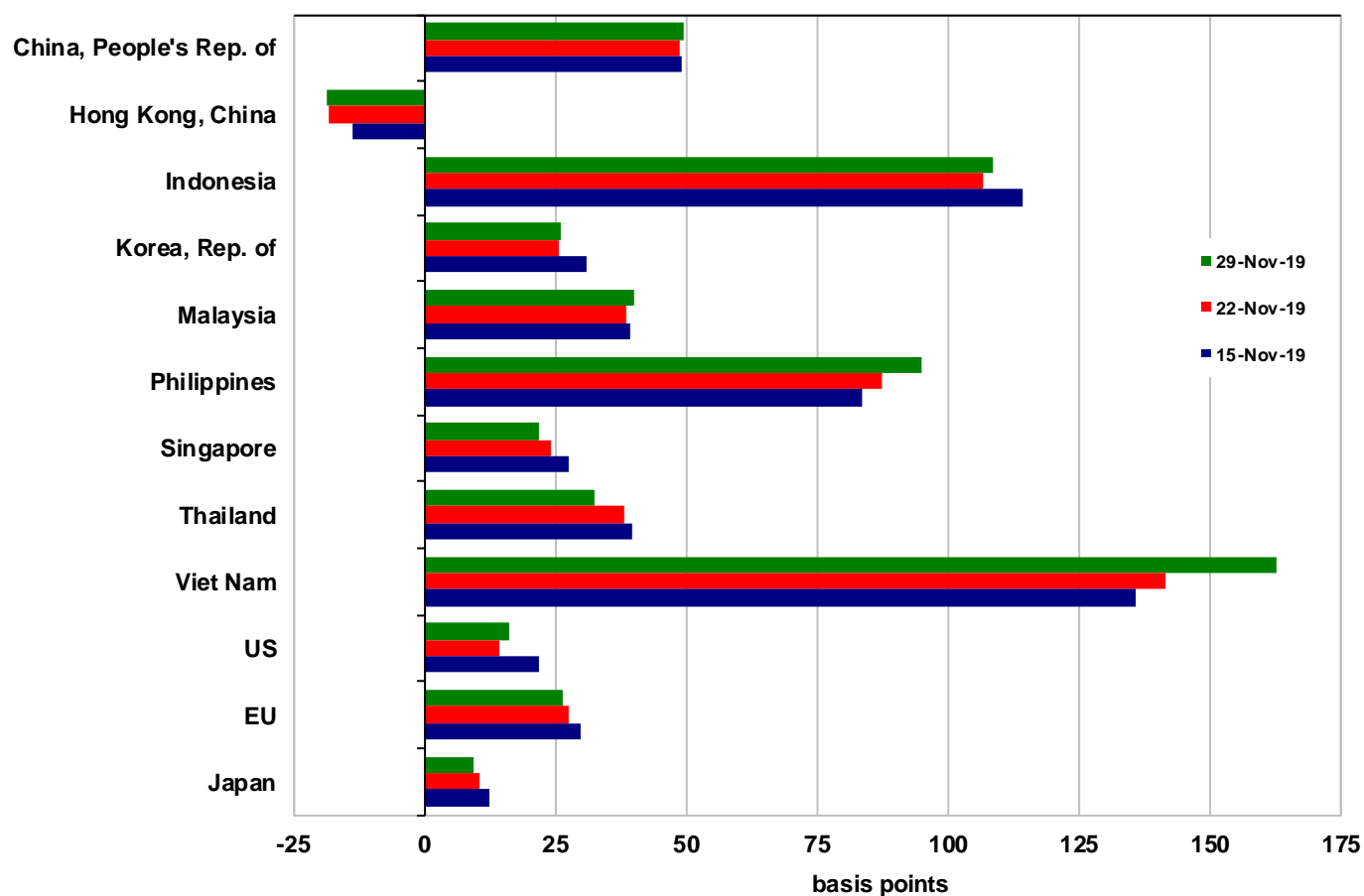


EU = European Union, LCY = local currency US = United States.

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



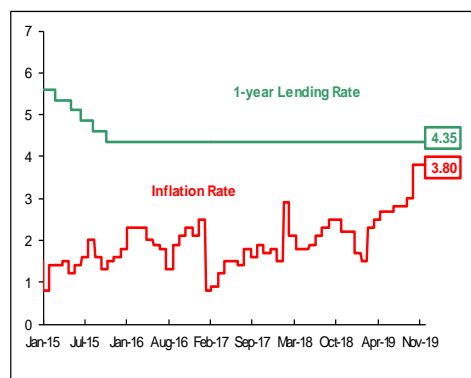
EU = European Union, US = United States.

Source: Based on data from Bloomberg LP.

Policy Rate versus Inflation Rate

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

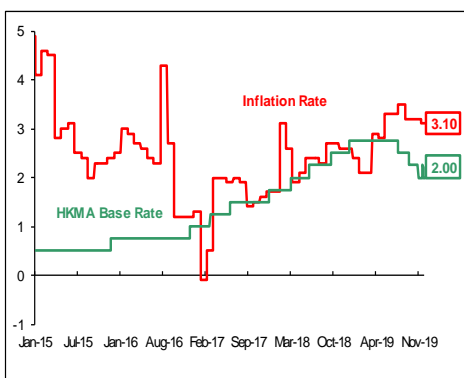
China, People's Rep. of



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

Source: Bloomberg LP.

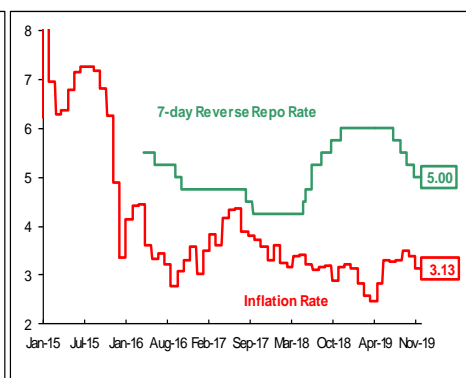
Hong Kong, China



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

Source: Bloomberg LP.

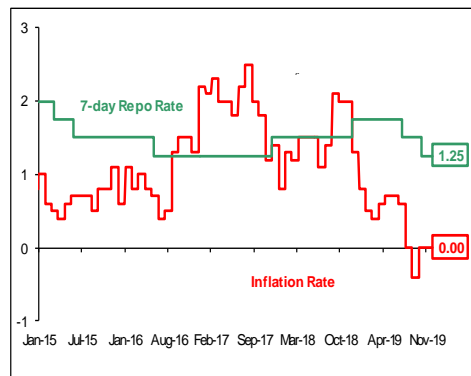
Indonesia



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

Source: Bloomberg LP.

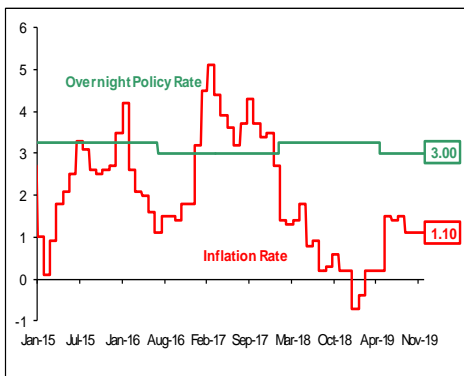
Korea, Republic of



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.

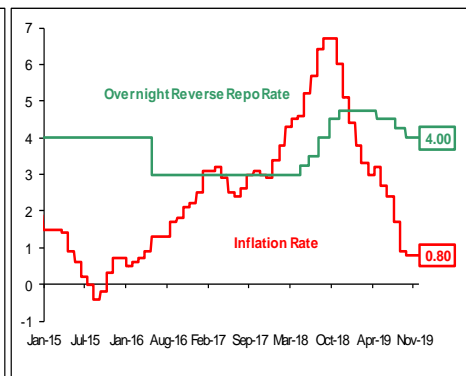
Malaysia



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

Source: Bloomberg LP.

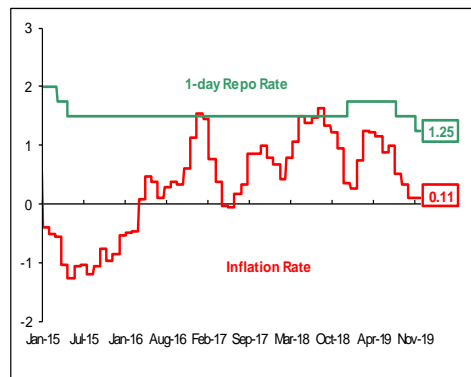
Philippines



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

Source: Bloomberg LP.

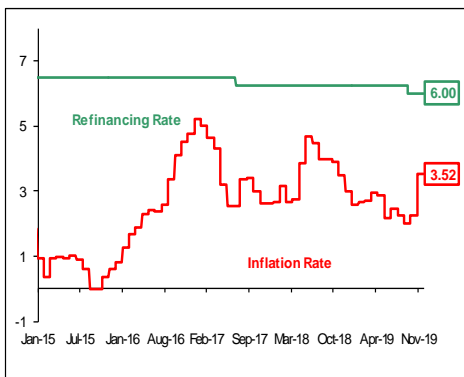
Thailand



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



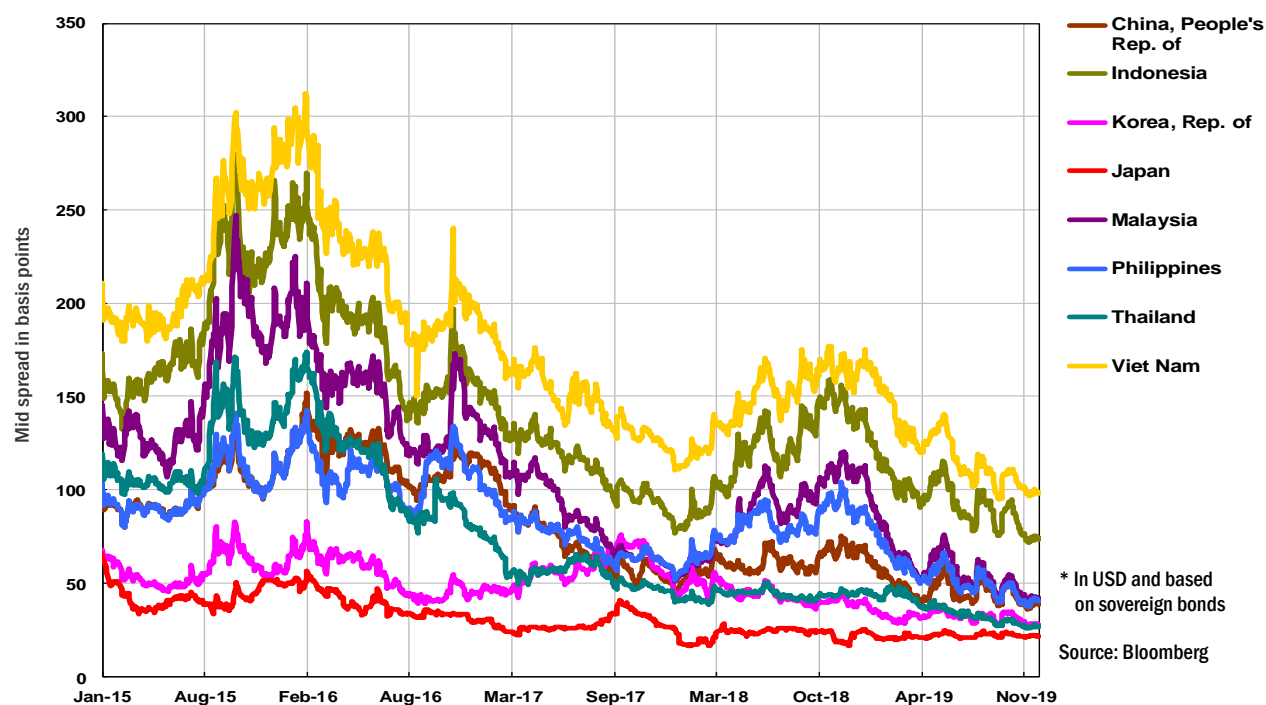
The State Bank of Viet Nam uses a benchmark prime lending rate as its policy rate.

Source: Bloomberg LP.

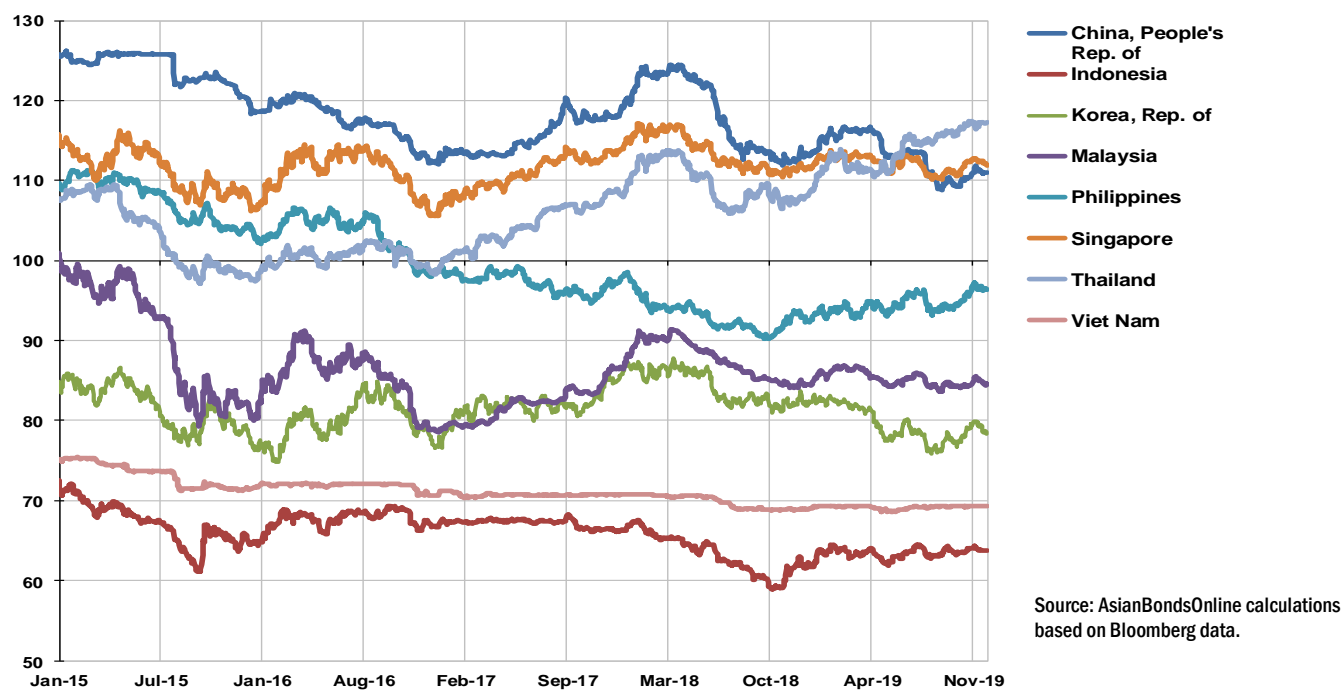
Credit Default Swap Spreads and Exchange Rate Indexes

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 (25 – 29 November 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)
HK	26-Nov	91-day Exchange Fund Bills	1.88		45.64	45.64
		182-day Exchange Fund Bills	1.93		15.00	15.00
		364-day Exchange Fund Bills	1.85		5.00	5.00
ID	26-Nov	6-month Islamic Treasury Bills	4.75			1,000.00
		3-year Project Based <i>Sukuk</i>	6.27	5.45		1,750.00
		5-year Project Based <i>Sukuk</i>	6.66	6.63	7,000.00	1,700.00
		15-year Project Based <i>Sukuk</i>	7.75	8.63		150.00
		28-year Project Based <i>Sukuk</i>	8.00	8.00		3,300.00
JP	26-Nov	40-year Japan Government Bonds	0.46	0.50	400.00	455.00
	28-Nov	2-year Japan Government Bonds	-0.19	0.10	2,000.00	1,999.50
KR	25-Nov	1-year Monetary Stabilization Bonds	1.41		600.00	600.00
		3-year Korea Treasury Bonds	1.43	1.25	750.00	750.00
	26-Nov	30-year Korea Treasury Bonds	1.64	2.00	1.06	1.06
MY	28-Nov	10-year Government Investment Issue	3.50	4.13	3.50	3.50
PH	26-Nov	20-year Treasury Bonds	5.34	6.75	20.00	12.27
SG	26-Nov	4-week MAS Bills	1.30		3.20	3.20
		12-week MAS Bills	1.37		7.90	7.90
	27-Nov	6-month SGS Bills	1.45		4.00	4.00
TH	26-Nov	91-day Bank of Thailand Bills	1.25		35.00	35.00
		182-day Bank of Thailand Bills	1.26		35.00	35.00
	27-Nov	5.05-year Government Bonds	1.42	1.45	25.00	29.16
	29-Nov	14-day Bank of Thailand Bills	1.24		35.00	35.00
VN	27-Nov	10-year Treasury Bonds	3.51		1,500.00	2,000.00
		15-year Treasury Bonds	3.65		1,500.00	2,000.00
		20-year Treasury Bonds	4.02		1,000.00	1,500.00

LCY = local currency, MAS = Monetary Authority of Singapore, SGS = Singapore Government Securities.

Sources: Local market sources and Bloomberg, LP.

Selected Asia Data Releases (3 – 9 December 2019)

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

Economy and Variable	Release Date	Historical Data	Recent Trends
Japan GDP—Final Annualized q-o-q, % Q3 2019	12/03	Q2 2018: 2.9% Q3 2018: 2.1% Q2 2019: 2.0% Q3 2019: 2.0%	Economic growth in Japan moderated to an annualized rate of 0.2% in Q3 2019 from 1.8% in Q2 2019.
Korea, Rep. of GDP y-o-y, % Q3 2019	12/03	10/18: 51.9 11/18: 51.5 9/19: 49.5 10/19: 49.6	Based on advance estimates, the Republic of Korea's real gross domestic product (GDP) grew 2.0% year-on-year (y-o-y) in the third quarter (Q3) of 2019, the same pace as in the second quarter (Q2).
Singapore PMI Index NOV	12/03	9/18: 7.0% 10/18: 8.6% 8/19: -0.8% 9/19: -6.8%	Singapore's Purchasing Managers Index marginally increased to 49.6 in October from 49.5 in September.
Malaysia Exports y-o-y, % OCT	12/04	9/18: 3.7 10/18: 3.9 8/19: 2.6 9/19: 2.0	Malaysia's exports contracted 6.8% y-o-y in September after falling 0.8% y-o-y in the previous month.
Malaysia Trade Balance MYR billion OCT	12/04	10/18: 6.7% 11/18: 6.0% 9/19: 0.9% 10/19: 0.8%	Malaysia's trade surplus shrank to MYR2.0 billion in September from MYR2.6 billion in August.
Philippines CPI y-o-y, % NOV	12/05	9/18: 11.0 10/18: 9.3 8/19: 5.3 9/19: 7.5	Consumer price inflation in the Philippines eased to 0.8% y-o-y in October from 0.9% y-o-y in September.
Korea, Rep. of Current Account Balance USD billion OCT	12/06	10/18: 14.3% 11/18: 3.9% 9/19: -3.2% 10/19: -0.9%	The Republic of Korea's current account surplus widened to USD7.5 billion in September from USD5.3 billion in August.
China, People's Rep. of Exports y-o-y, % NOV	12/06	10/18: 33.0 11/18: 41.9 9/19: 39.2 10/19: 43.0	Exports from the People's Republic of China (PRC) declined 0.9% y-o-y in October after falling 3.2% y-o-y in September.
China, People's Rep. of Trade Balance USD billion NOV	12/06	10/18: 115.2 11/18: 117.2 9/19: 124.3 10/19: 126.7	The PRC posted a trade surplus of USD43.0 billion in October, which was up from the USD39.2 billion surplus in September.
Indonesia Foreign Reserves USD billion NOV	12/06	Q2 2018: 2.2% Q3 2018: -2.0% Q2 2019: 1.8% Q3 2019: 0.2%	Indonesia's foreign exchange reserves climbed to USD126.7 billion at the end of October from USD124.3 billion at the end of September.

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 Maintains its Base Rate at 1.25%

- [Monetary Policy Decision \(Nov 29, 2019\)](#)
The Bank of Korea (29 November 2019)

Consumer Price Inflation in Singapore Eases in October, Climbs in Viet Nam in November

- [Consumer Price Developments in October 2019](#)
Monetary Authority of Singapore (25 November 2019)
- [Consumer price index, gold and USD price indexes, November 2019](#)
General Statistics Office of Viet Nam (29 November 2019)

Index of All-Industry Production in the Republic of Korea Declines in October; Singapore's Manufacturing Output Increases in October; Industrial Production Growth in Viet Nam Slows in November

- [Monthly Industrial Statistics, October 2019](#)
Statistics Korea (29 November 2019)
- [Monthly Manufacturing Performance October 2019](#)
Economic Development Board (26 November 2019)

Hong Kong's Exports Drops 9.2% y-o-y in October; Thailand's Exports and Imports Continue to Contract in October; Viet Nam's Exports and Imports Rise in November

- [External merchandise trade statistics for October 2019](#)
Census and Statistics Department (26 November 2019)
- [Press Release on the Economic and Monetary Conditions for October 2019](#)
Bank of Thailand (29 November 2019)
- [Balance of Payments \(Summary\) \(US\\$\)](#)
Bank of Thailand (29 October 2019)

The Philippine National Government Posts PHP49.3 Billion Budget Deficit in October

- [October Fiscal Deficit Down to P49.3 Billion](#)
Bureau of the Treasury (25 November 2019)

The People's Republic of China Prices USD6 Billion Worth of USD Sovereign Bonds

- [China raises \\$6 billion in its biggest ever international bond sale](#)
Reuters (26 November 2019)

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