

09 December 2019

asianbondsonline.adb.org

## Key Developments in Asian Local Currency Markets

**T**he Republic of Korea's gross domestic product grew 0.4% quarter-on-quarter (q-o-q) in the third quarter (Q3) of 2019, down from the 1.0% q-o-q growth posted in the second quarter (Q2). On the production side, the slowdown was mainly due to contractions of 13.6% q-o-q and 4.9% q-o-q, respectively, in electricity, gas, and water supply, and in construction. The declines reversed growth rates of 10.7% q-o-q and 1.6% q-o-q, respectively, in the previous quarter. Services registered slower growth of 0.6% q-o-q in Q3 2019 versus 0.8% q-o-q in Q2 2019. On the other hand, agriculture, forestry, and fishing output rebounded, and there was faster growth in manufacturing in Q3 2019 than in Q2 2019. On the consumption side, growth of final consumption expenditure eased, while gross fixed capital formation contracted after expanding in the prior quarter. On an annual basis, the Republic of Korea's economy grew 2.0% year-on-year (y-o-y) in Q3 2019.

Prices of basic goods and services in the Republic of Korea rose 0.2% y-o-y in November after remaining unchanged in October. Excluding food and energy items, consumer price inflation in the Republic of Korea expanded 0.5% y-o-y. Prices of basic goods and services in the Philippines increased 1.3% y-o-y in November, accelerating from the 0.8% y-o-y gain recorded in October. Thailand's consumer price inflation quickened slightly to 0.2% y-o-y in November from 0.1% y-o-y in October, driven by subdued deflationary pressure from oil prices.

Malaysia posted a trade surplus of MYR17.3 billion in October, up from the MYR8.3 billion surplus recorded in September, as imports contracted more than exports. Exports were down 6.7% y-o-y from a high base, but this was slower than the decline of 6.8% y-o-y in the previous month. Imports decreased 8.7% y-o-y, a reversal from the 2.4% y-o-y growth posted in the prior month. Imports of intermediate goods, capital goods, and consumption goods were all down in October after increasing in September.

The Republic of Korea's current account registered a surplus of USD7.83 billion in October, up from USD7.76 billion in September. This was spurred by the increase in primary income to USD1.83 billion from USD1.54 billion in the previous month as investment income jumped.

Last week, the Government of Japan announced JPY26 trillion worth of stimulus measures to support economic growth in the face of weakening exports, natural disasters, and the impact of a recent sales tax increase.

Singapore's Purchasing Managers Index increased to 49.8 in November from 49.6 in October. The (slowing) decline in the manufacturing industry was supported by the

### Asia Bond Monitor November 2019

[read more](#)

#### 10-Year Selected LCY Government Security Yields Close of 06 December 2019 basis point change from

Markets	Latest Closing	Previous Day*	Previous Week*	1-Jan-19*
US	1.84	2.60	6.05	-84.79
EU	-0.29	0.80	7.40	-52.80
Japan	-0.01	2.20	6.70	-0.90
PRC	3.21	1.50	3.00	-10.50
Hong Kong, China	1.57	0.00	7.30	-46.40
India	6.67	5.30	19.90	-75.20
Indonesia	7.11	-1.30	0.10	-91.40
Korea, Rep. of	1.69	3.00	5.00	-27.10
Malaysia	3.43	0.30	0.20	-64.90
Philippines	4.68	0.00	-5.70	-237.30
Singapore	1.76	0.51	2.40	-27.76
Thailand	1.57	0.20	-3.50	-91.70
Viet Nam	3.52	-0.20	-7.20	-160.50

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

electronics sector, where the subindex increased to 49.7 from 49.3.

Last week, yields in emerging East Asia rose for most tenors in the PRC, Indonesia, the Republic of Korea, Malaysia and Singapore. Yields fell for most tenors in Hong Kong, China; Philippines; Thailand and Viet Nam. The 2-year versus 10-year yield spread fell in Malaysia, Philippines, Singapore and Thailand and rose in the remaining markets.

## Summary Text of News Articles

### Growth in the Republic of Korea's Economy Slows in Q3 2019

The Republic of Korea's gross domestic product grew 0.4% quarter-on-quarter (q-o-q) in Q3 2019, which was slower than the 1.0% q-o-q expansion in the second quarter (Q2). On the production side, the slowdown was mainly due to contractions of 13.6% q-o-q and 4.9% q-o-q, respectively, in electricity, gas, and water supply, and in construction. The declines reversed growth rates of 10.7% q-o-q and 1.6% q-o-q, respectively, in the previous quarter. Services registered slower growth of 0.6% q-o-q in Q3 2019 versus 0.8% q-o-q in Q2 2019. On the other hand, agriculture, forestry, and fishing output rebounded, and there was faster growth in manufacturing in Q3 2019 than in Q2 2019. On the consumption side, growth of final consumption expenditure eased, while gross fixed capital formation contracted after expanding in the prior quarter. On an annual basis, the Republic of Korea's economy grew 2.0% year-on-year (y-o-y) in Q3 2019.

### Consumer Price Inflation in Indonesia Eases in November; Consumer Price Inflation Increases in the Republic of Korea, the Philippines, and Thailand in November

Consumer price inflation in Indonesia eased to 3.0% y-o-y in November from 3.1% y-o-y in October. While most major consumer price subindexes posted slower y-o-y inflation in November than in October, the food subindex posted a higher rate of 5.0% y-o-y in November versus 4.8% y-o-y in October. On a month-on-month basis, inflation rose to 0.1% in November from 0.02% in October. From January to November, inflation averaged 2.4%. Bank Indonesia projects inflation for full-year 2019 to level off at around 3.1%.

Prices of basic goods and services in the Republic of Korea rose 0.2% y-o-y in November after remaining unchanged in October. The cost of housing, water, electricity, gas, and other fuels jumped 1.1% y-o-y. This was partially offset by the 0.7% y-o-y decline in prices of food and nonalcoholic beverages. Restaurant and hotel prices increased 1.2% y-o-y. On the other hand, transport costs fell 1.2% y-o-y. Excluding food and energy items, consumer price inflation in the Republic of Korea expanded 0.5% y-o-y in November.

Prices of basic goods and services in the Philippines increased 1.3% y-o-y in November, up from the 0.8% y-o-y growth recorded in October. The accelerated inflation came after 5 consecutive months of deceleration. Consumer price inflation accelerated for alcoholic beverages and tobacco (17.6% y-o-y); housing, water, electricity, gas, and other fuels (1.2% y-o-y); furnishing, household equipment, and routine maintenance of the house (2.8% y-o-y); health (3.1% y-o-y); and communication (0.3% y-o-y). Core inflation, which excludes selected prices of food and energy, was 2.6% y-o-y in November, the same growth rate posted in the previous month.

Thailand's consumer price inflation marginally quickened to 0.2% y-o-y in November from 0.1% y-o-y in October, driven by subdued deflationary pressure from oil prices. The subindex for energy declined 4.7% y-o-y in November, recovering slightly from the 7.5% drop in the previous month. Similarly, the 2.0% y-o-y decline in the subindex for transportation in November was not as pronounced as the 3.4% y-o-y drop in October. Food prices rose 1.5% in November due to an uptick in the subindex for rice and flour products, which stemmed from underproduction. Core inflation rose 0.47% y-o-y in November, up from 0.44% y-o-y in the prior month. On a month-on-month (m-o-m) basis, consumer price inflation decelerated 0.1% y-o-y in November. Thailand's November headline inflation remained below the Bank of Thailand's full-year 2019 target range of 1.0%–4.0%.

For inflation trends in Indonesia, refer to this link:

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

For inflation trends in the Republic of Korea, refer to this link:

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

For inflation trends in the Philippines, refer to this link:

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

For inflation trends in Thailand, refer to this link:

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

---

**Summary Text of News Articles**

---

**Malaysia's Trade Surplus Expands in October**

Malaysia posted a trade surplus of MYR17.3 billion in October, up from the MYR8.3 billion surplus recorded in September, as imports contracted more than exports. Exports were down 6.7% y-o-y from a high base, but this was slower than the decline of 6.8% y-o-y in the previous month. Electrical and electronic products fell 3.2% y-o-y in October, compared with a 12.2% y-o-y contraction in September. Declines in exports of palm oil and palm-oil based products, and refined petroleum products accelerated to 9.3% y-o-y and 27.2% y-o-y, respectively, from 6.6% y-o-y and 14.7% y-o-y. Imports decreased 8.7% y-o-y in October, a reversal from the 2.4% y-o-y growth posted in the prior month. Imports of intermediate goods, capital goods, and consumption goods were all down in October after increasing in September.

**The Republic of Korea's Current Account Surplus Rises in October**

The Republic of Korea's current account surplus rose to USD7.83 billion in October from USD7.76 billion in September. This was spurred by the increase in primary income to USD1.83 billion from USD1.54 billion in the previous month as investment income jumped. Services posted a smaller decline of USD1.72 billion in October versus USD2.26 billion in September. The goods surplus fell slightly to USD8.03 billion from USD8.70 billion in the previous month as growth in imports outpaced that of exports in October. Secondary income declined USD0.31 billion in October after decreasing USD0.22 billion in September.

**Japan Unveils New Stimulus Measures**

Last week, the Government of Japan announced JPY26 trillion worth of stimulus measures to support economic growth in the face of weakening exports, natural disasters, and the impact of a recent sales tax increase. The stimulus package will be spread over a period of several years, of which JPY13.2 trillion will comprise fiscal measures and JPY7.6 trillion will comprise new central government spending measures. Of the latter figure, JPY4.3 trillion will be allocated during the current fiscal year through the passage of a special budget.

**Singapore's Purchasing Managers Index Increases in November**

Singapore's Purchasing Managers Index (PMI) increased to 49.8 in November from 49.6 in October. (A PMI of less than 50.0 indicates contraction in the manufacturing industry, while a value above 50.0 signifies expansion.) The slowing decline in manufacturing was supported by the electronics sector PMI, which increased to 49.7 from 49.3. The orders backlog rebounded in November, with this subindex rising to 50.1 from 49.6 in September. Meanwhile, imports, inventory, and input prices all continued to increase.

## 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	1.50	-2.07	-6.23		-85.00
EU	-0.65	0.10	0.60		15.70
Japan	-0.14	0.97	3.48		1.76
PRC	2.44	0.00	0.10		-39.10
Hong Kong, China	1.75	0.00	-8.00		0.00
Indonesia	5.50	0.00	0.00		-220.28
Korea, Rep. of	1.25	-0.30	-0.50		-50.00
Malaysia	3.00	0.00	-0.30		-28.40
Philippines	3.18	-0.10	0.10		-259.70
Singapore	1.71	0.00	4.90		-37.20
Thailand	1.24	-0.35	-2.88		-36.15

Close of 6 December 2019

### 10-Year Selected LCY Government Bond Yields

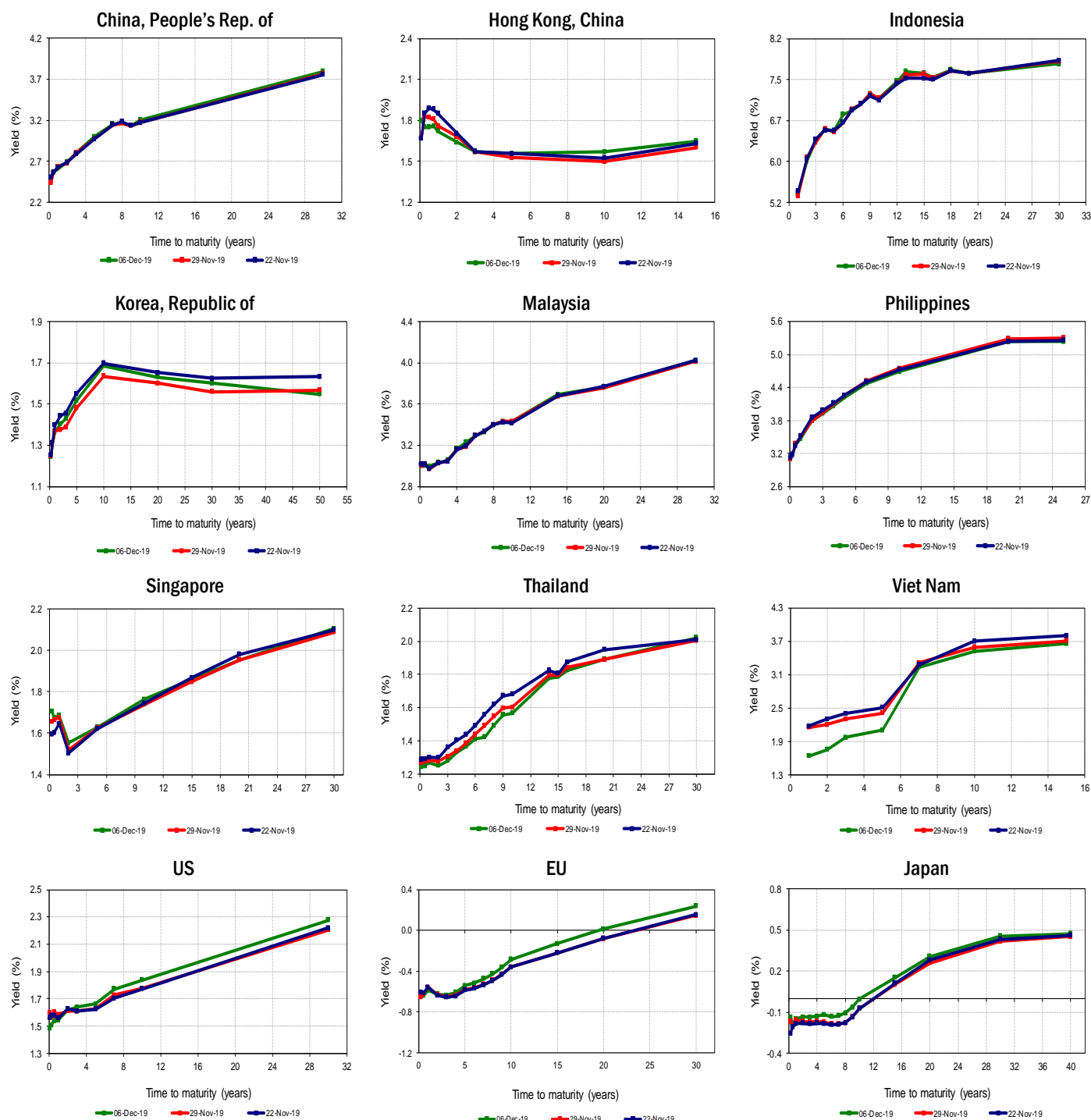
Markets	Latest Closing	basis point change from			1-Jan-19
		Previous Day	Previous Week		
US	1.84	2.60	6.05		-84.79
EU	-0.29	0.80	7.40		-52.80
Japan	-0.01	2.20	6.70		-0.90
PRC	3.21	1.50	3.00		-10.50
Hong Kong, China	1.57	0.00	7.30		-46.40
India	6.67	5.30	19.90		-75.20
Indonesia	7.11	-1.30	0.10		-91.40
Korea, Rep. of	1.69	3.00	5.00		-27.10
Malaysia	3.43	0.30	0.20		-64.90
Philippines	4.68	0.00	-5.70		-237.30
Singapore	1.76	0.51	2.40		-27.76
Thailand	1.57	0.20	-3.50		-91.70
Viet Nam	3.52	-0.20	-7.20		-160.50

Close of 6 December 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

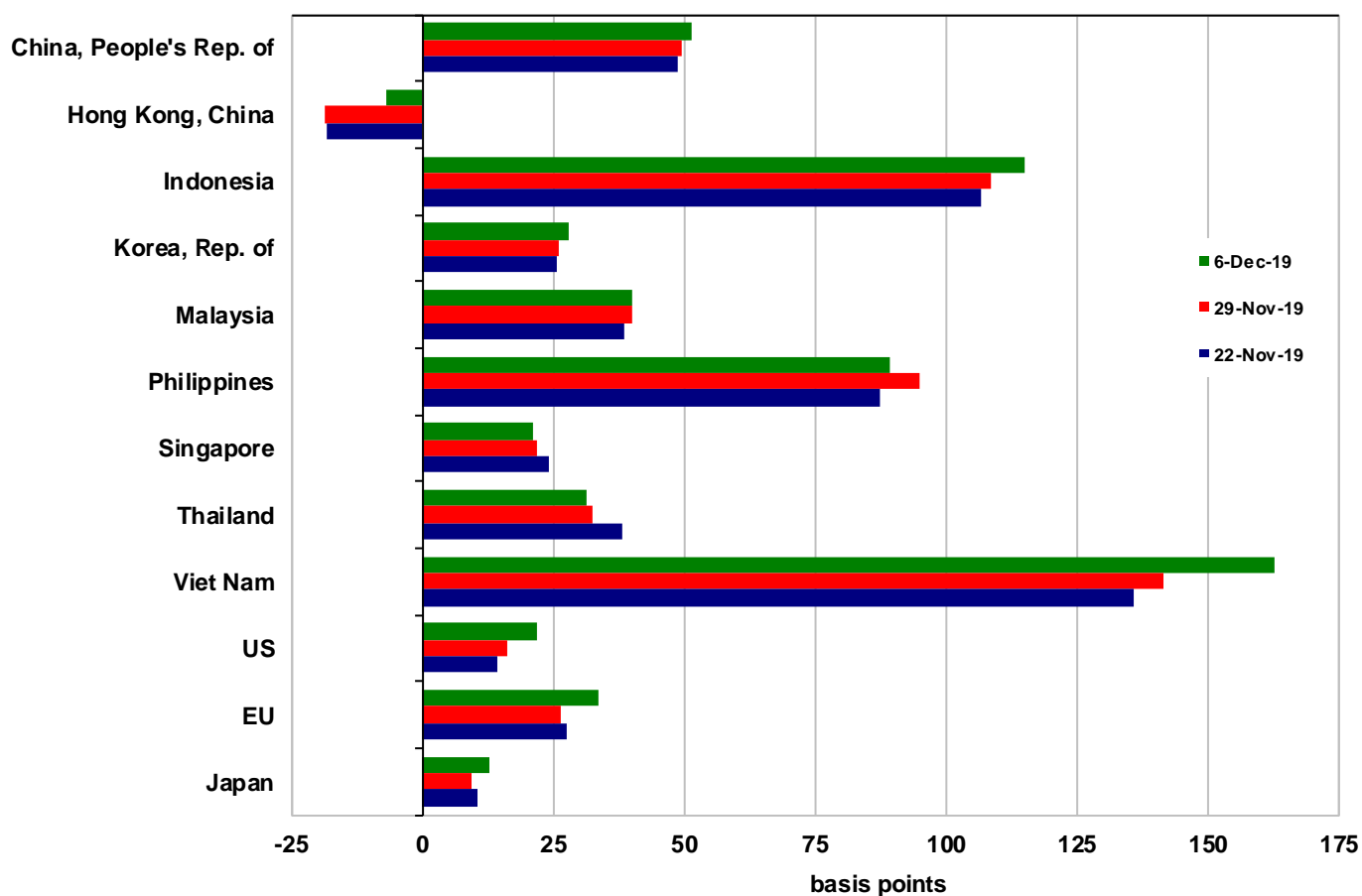


EU = European Union, LCY = local currency US = United States.

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



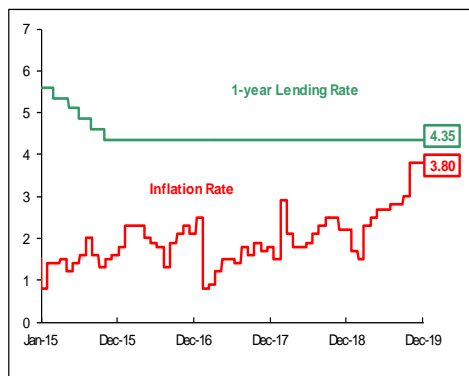
EU = European Union, US = United States.

Source: Based on data from Bloomberg LP.

## Policy Rate versus Inflation Rate

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

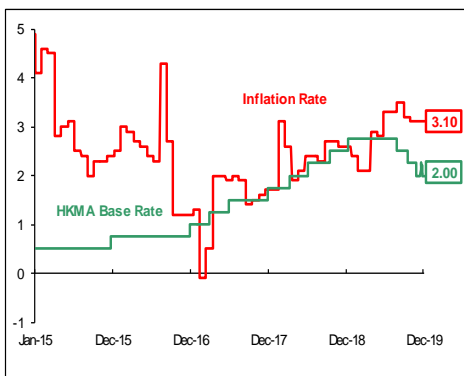
### China, People's Rep. of



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

Source: Bloomberg LP.

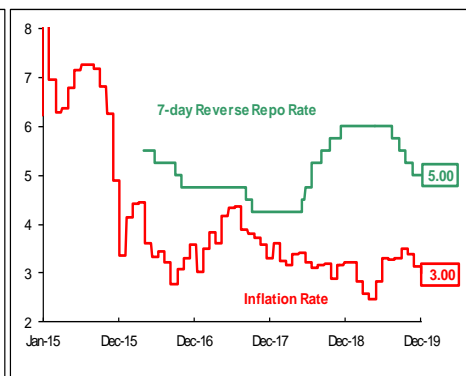
### Hong Kong, China



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

Source: Bloomberg LP.

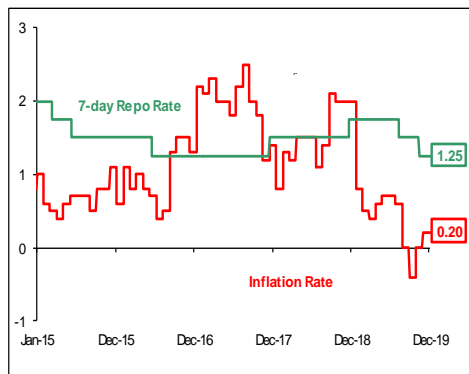
### Indonesia



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

Source: Bloomberg LP.

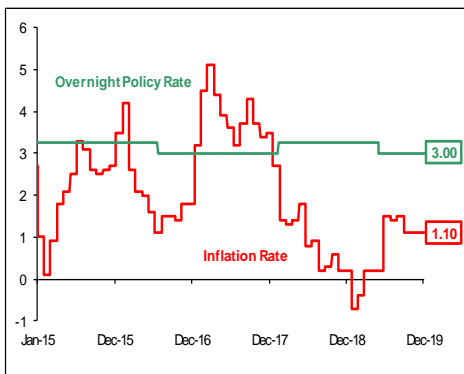
### Korea, Republic of



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.

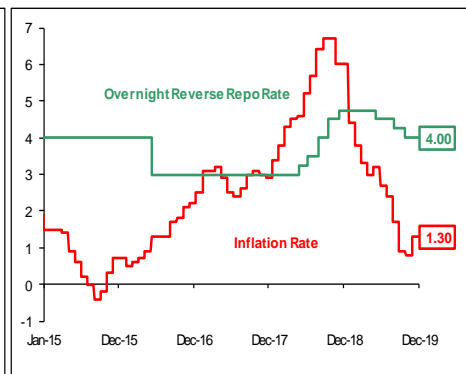
### Malaysia



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

Source: Bloomberg LP.

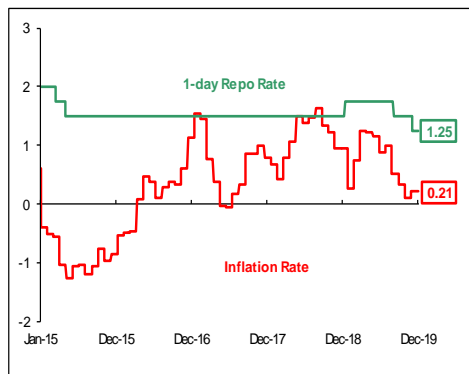
### Philippines



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

Source: Bloomberg LP.

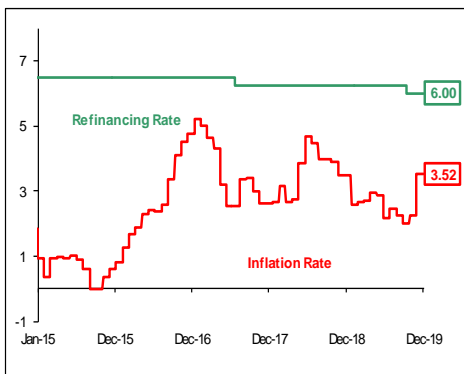
### Thailand



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.

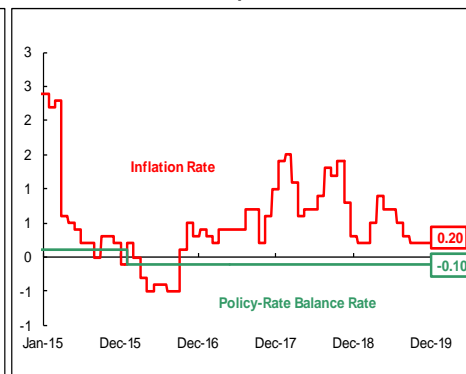
### Viet Nam



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

Source: Bloomberg LP.

### Japan



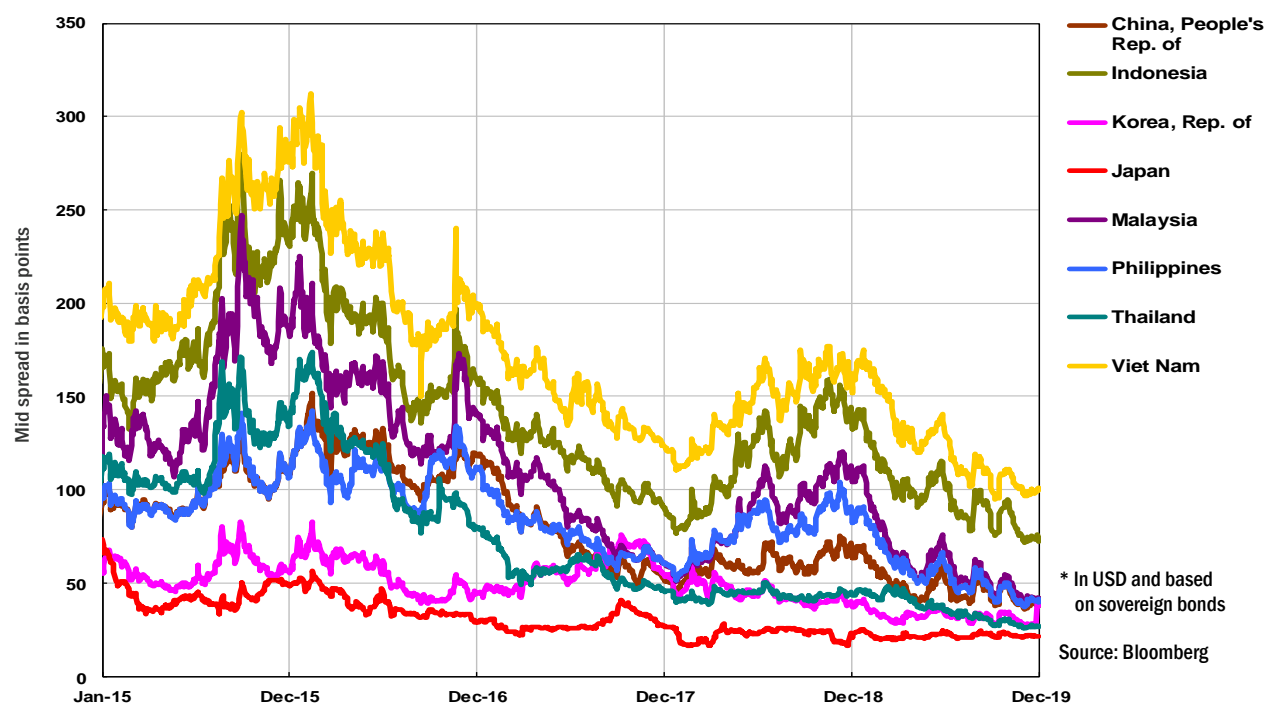
The Bank of Japan uses the policy-rate balance rate as its policy rate.

Source: Bloomberg LP.

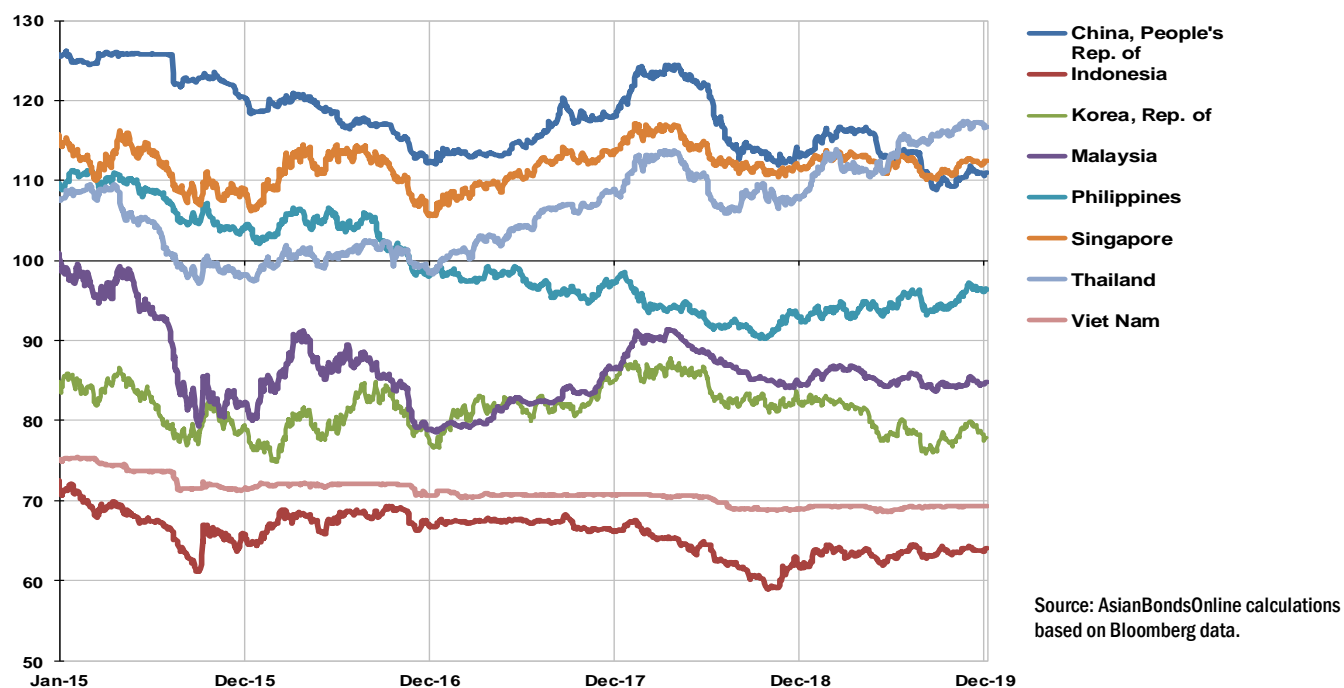
## Credit Default Swap Spreads and Exchange Rate Indexes

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 December 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	4-Dec	3-year China Government Bond	2.75	2.75	47.00	47.21
		7-year China Government Bond	3.12	3.12	47.00	47.13
HK	3-Dec	91-day Exchange Fund Bills	1.81		50.82	50.82
		182-day Exchange Fund Bills	1.83		15.00	15.00
JP	3-Dec	10-year Japan Government Bond	0.10	-0.04	2,100.00	2,100.40
	5-Dec	30-year Japan Government Bond	0.40	0.43	700.00	802.50
	6-Dec	3-month Treasury Bill	-0.12		4,320.00	4,319.89
KR	2-Dec	91-day Monetary Stabilization Bills	1.32		600.00	720.00
		182-day Monetary Stabilization Bills	1.32		300.00	300.00
		5-year Korea Treasury Bonds	1.50	1.38		762.00
	4-Dec	2-year Monetary Stabilization Bonds	1.40	1.40	2,200.00	2,200.00
MY	5-Dec	15-year Malaysia Government Securities	3.68	3.83	3.00	3.00
PH	2-Dec	91-day Treasury Bills	3.19		8.00	8.00
		182-day Treasury Bills	3.35		6.00	6.00
		364-day Treasury Bills	3.48		6.00	6.00
SG	3-Dec	4-week MAS Bills	1.51		3.50	3.50
		12-week MAS Bills	1.37		7.70	7.70
TH	3-Dec	90-day Bank of Thailand Bills	1.23		35.00	35.00
		181-day Bank of Thailand Bills	1.24		35.00	35.00
		363-day Bank of Thailand Bills	1.26		45.00	52.61
	4-Dec	15.53-year Government Bonds	1.80	1.60	15.00	15.00
		29.54-year Government Bonds	2.00	1.88	3.00	3.60
VN	4-Dec	10-year Treasury Bonds	3.50		1,500.00	2,000.00
		15-year Treasury Bonds	3.64		1,500.00	2,000.00
		30-year Treasury Bonds	4.55		1,500.00	1,000.00

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

Sources: Local market sources and Bloomberg, LP.

## Selected Asia Data Releases (10 – 16 December 2019)

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

Economy and Variable	Release Date	Historical Data	Recent Trends
<b>Philippines</b> <b>Trade Balance</b> USD million OCT	12/10	9/18: -4,024 10/18: -4,415 8/19: -2,679 9/19: -3,119	The Philippines posted a trade deficit of USD3.1 billion in September, which was larger than the USD2.7 billion deficit recorded in August.
<b>Philippines</b> <b>Exports</b> y-o-y, % OCT	12/10	9/18: 1.1% 10/18: 5.5% 8/19: 0.8% 9/19: -2.6%	Exports from the Philippines declined 2.6% year-on-year (y-o-y) in September, reversing the 0.8% y-o-y growth recorded in the prior month.
<b>China, People's Rep. of</b> <b>CPI</b> y-o-y, % NOV	12/10	10/18: 2.5% 11/18: 2.2% 9/19: 3.0% 10/19: 3.8%	Consumer price inflation in the People's Republic of China (PRC) rose to 3.8% y-o-y in October from 3.0% y-o-y in September.
<b>China, People's Rep. of</b> <b>PPI</b> y-o-y, % NOV	12/10	10/18: 3.3% 11/18: 2.7% 9/19: -1.2% 10/19: -1.6%	Producer prices in the PRC fell 1.6% y-o-y in October after a decline of 1.2% y-o-y in the prior month.
<b>Japan</b> <b>PPI</b> y-o-y, % NOV	12/11	10/18: 3.0% 11/18: 2.3% 9/19: -1.1% 10/19: -0.4%	Producer prices in Japan fell 0.4% y-o-y in October following a 1.1% y-o-y decline a month earlier.
<b>Malaysia</b> <b>Industrial Production</b> y-o-y, % OCT	12/12	9/18: 2.4% 10/18: 4.0% 8/19: 1.7% 9/19: 1.7%	Malaysia's industrial production increased 1.7% y-o-y in September, the same growth rate as in the previous month.
<b>Philippine</b> <b>Overnight Borrowing Rate</b> % 12 DEC	12/12	11/18: 4.75% 12/18: 4.75% 10/19: 4.00% 11/19: 4.00%	Bangko Sentral ng Pilipinas kept its overnight borrowing rate steady at 4.00% in November.
<b>Japan</b> <b>Industrial Production—Final</b> y-o-y, % OCT	12/13	9/18: -2.5% 10/18: 4.2% 8/19: -4.7% 9/19: 1.3%	Industrial production in Japan expanded 1.3% y-o-y in September after contracting 4.7% y-o-y in August.
<b>Hong Kong, China</b> <b>Industrial Production</b> y-o-y, % Q3 2019	12/13	Q2 2018: 1.6% Q3 2018: 1.2% Q1 2019: 1.4% Q2 2019: 0.3%	Industrial production growth in Hong Kong, China decelerated to 0.3% y-o-y in the second quarter (Q2) of 2019 from 1.4% y-o-y in the first quarter (Q1).
<b>China, People's Republic of</b> <b>Industrial Production</b> y-o-y, % NOV	12/16	10/18: 5.9% 11/18: 5.4% 9/19: 5.8% 10/19: 4.7%	Industrial production growth in the PRC moderated to 4.7% y-o-y in October from 5.8% y-o-y in September.
<b>China, People's Republic of</b> <b>Fixed-Asset Investment</b> YTD y-o-y, % NOV	12/16	10/18: 5.7% 11/18: 5.9% 9/19: 5.4% 10/19: 5.2%	Fixed-asset investment in the PRC for the January–October period rose 5.2% y-o-y, compared with a 5.7% hike in the same period a year earlier.
<b>Indonesia</b> <b>Trade Balance</b> USD million NOV	12/16	10/18: -1,758.5 11/18: -2,050.1 9/19: -163.9 10/19: 161.3	Indonesia posted a trade surplus of USD161.3 million in October, reversing a trade deficit of USD163.9 million in September.
<b>Indonesia</b> <b>Exports</b> y-o-y, % NOV	12/16	10/18: 4.3% 11/18: -3.2% 9/19: -5.7% 10/19: -6.1%	Exports from Indonesia continued to contract in October, falling 6.1% y-o-y in October after a decline of 5.7% y-o-y in 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 Republic of Korea's Economy Grows in the Third Quarter of 2019

- [Gross National Income: 3rd Quarter of 2019 \(Preliminary\)](#)  
Bank of Korea (3 December 2019)

### Consumer Price Inflation in Indonesia Eases to 3.0% y-o-y in November; Consumer Price Inflation in the Republic of Korea Increases in November; Consumer Price Inflation in the Philippines Increases in November; Thailand's Consumer Price Inflation Rises to 0.21% y-o-y in November

- [Inflation in November 2019 was 0.14 percent. The highest inflation occurred in Manado at 3.30 percent.](#)  
Statistics Indonesia (2 December 2019)
- [Low Inflation Kept Under Control in November 2019](#)  
Bank Indonesia (2 December 2019)
- [Consumer Price Index, November 2019](#)  
Ministry of Economy and Finance (2 December 2019)
- [Summary Inflation Report Consumer Price Index \(2012=100\): November 2019](#)  
Philippine Statistics Authority (5 December 2019)
- [Consumer Price Index and Core Consumer Price Index November 2019](#)  
Ministry of Commerce (1 December 2019)
- [Inflation Report Summary – November 2019](#)  
Ministry of Commerce (1 December 2019)

### Malaysia's Trade Balance Records a Surplus in October

- [Malaysia External Trade Statistics October 2019](#)  
Department of Statistics (4 December 2019)

### The Republic of Korea Posts a Current Account Surplus in October

- [Balance of Payments during October 2019 \(preliminary\)](#)  
Bank of Korea (5 December 2019)

### Japan Unveils New Stimulus Measures

- [Japan Leans on Fiscal Stimulus to Keep Recession at Bay](#)  
Bloomberg (5 December 2019)

### Singapore's Purchasing Managers' Index Increases in November

- [Singapore Purchasing Managers' Index \(PMI\)](#)  
Singapore Institute of Purchasing and Materials Management (3 December 2019)

Disclaimer: *AsianBondsOnline* Newsletter is available to users free of charge. ADB provides no warranty or undertaking of any kind with respect to the information and materials found on, or linked to, the *AsianBondsOnline* Newsletter. ADB accepts no responsibility for the accuracy of the material posted or linked to in the publication, or the information contained therein, or for any consequences arising from its use, and does not invite or accept reliance being placed on any material or information so provided. Views expressed in articles marked with *AsianBondsOnline* are those of the authors and not ADB. This disclaimer does not derogate from, and is in addition to, the general terms and conditions regarding the use of the *AsianBondsOnline* website, which also apply.