

# Economic & Financial News

Research & International Division

1/3/2016

*... China was successful in reducing rural poverty last year ...  
... UAE will reduce domestic prices for gasoline in March while raising them for diesel ...*

## South East Asia

**Indonesia's annual inflation rate in February slightly rose to 4.42% y-o-y** compared with January as food prices pick up. The February's annual rate was higher than the 4.14% recorded last month. The consumer price index fell 0.09% on monthly basis, slowing from 0.51% in January, as food prices and electricity tariff dipped. However, the pace of price declines was deeper last year, the annual rate still increased.

**The amount spent by tourists in Singapore fell last year** for the first time in six years, amid an uncertain economic outlook and the tightening of business travellers' budgets. While the number of visitors rose 0.9% to 15.2 million, their overall spending fell 6.8% to SGD22 billion for the full year, preliminary estimates by the Singapore Tourism Board (STB) showed.

**Thailand continued to register negative inflation in January**, though the pace of falling consumer prices eased slightly. The country's consumer price index fell 0.5% from a year earlier in January, improving slightly from a 0.85% y-o-y fall in December, the Commerce Ministry said. On a sequential basis, January headline CPI inched up 0.15%.

**Thailand's industrial output fell in January** and at the sharpest pace in more than a year, while private consumption slipped, showing the economy continues to struggle amid weak global and domestic demand. The manufacturing production index in January contracted 3.3% y-o-y after December's revised 1.4% gain.

**Foreign companies registered to invest more than USD2.8 billion in Vietnam** during the first two months of this year, up 135% y-o-y. According the General Statistics Office, of this sum, over USD1.9 billion came from 291 newly-licensed projects, surging 96.6% in the number of projects and 167.5% in the level of capital, while another 137 operating projects, which expanded their investments, contributed USD898.3 million.

**Vietnam's index of industrial production (IIP) in February rose by 7.9% y-o-y**, but decreased by 22.3% against January, according to the General Statistics Office (GSO). The reduction of the IIP in February, compared with January, was caused by the days off work for the traditional New Year.

## North East Asia

**China was successful in reducing rural poverty last year** with the number of rural poor falling by 14.42 million to 55.75 million. Over 17 million urban residents and 49 million rural people received minimum living allowances as of the end of 2015. Deducting price factors, the per capita disposable income of urban residents rose 6.6% y-o-y in 2015, while that of rural residents increased 7.5%. The per capita net income of rural residents stood at CNY10,772 (USD1,657) in 2015.

**China's labour productivity rose 6.6% y-o-y in 2015**, suggesting the economy has become more productive. Labour productivity stood at CNY76,978 (USD11,842) per person last year, up CNY4,733 from 2014, marking the fifth consecutive annual gain, the NBS said. At the end of 2015, China's total employed population stood at 774.51 million. China created 13.12 million new jobs for urban residents last year.

**Business activity in China's non-manufacturing sector expanded in February** with slightly slower pace from January. The purchasing managers' index (PMI) for the non-manufacturing sector came in at 52.7 in February, down from 53.5 in January, according to a report released jointly by the National Bureau of Statistics (NBS).

**China's manufacturing activity contracted for the seventh straight month in February**, signalling persistent weakness. The PMI came in at 49, down from January's 49.4, according to the NBS.

**The Chinese central bank will lower its reserve requirement ratio (RRR) for commercial banks by 0.5 percentage points**, effective Tuesday, the latest effort to bolster growth. To boost economic growth, which in 2015 slowed to its lowest level in a quarter of a century, the central bank lowered the RRR five times last year.

**Japan posted an unemployment rate of 3.2% in January**, the lowest reading in three months, from 3.3% logged in December in 2015. The number of the unemployed dropped a seasonally adjusted 4.1% to 2.12 million, while the number of workers was up 1% to 64.58 million. Meanwhile, the country's job availability improved to 1.28 in January, the highest level since December 1991, compared to the reading of 1.27 in December.

**Japan's industrial production rose in January** from the month before, beating forecasts, while retail sales fell, suggesting the recovery of the world's third-largest economy is still on the ropes. January's increase in factory output was a turnaround from m-o-m declines in November and December. But production was down 3.8% from January 2015, partly due to weak demand as the world economy slows.

**Macau posted its best monthly gambling revenue performance since October last year** and the smallest drop in growth in 20 months as an increase in Lunar New Year tourists boosted the world's largest casino hub. The growth in gambling revenue dropped 0.1% to MOP19.5 billion (USD2.4 billion), the 21st consecutive monthly fall but above analysts' expectations of a fall of 2-10%.

**Confidence among South Korean businesses over economic conditions worsened to the lowest in almost seven years in February** due to global economic slump and rising geopolitical risks. Business sentiment index (BSI) among manufacturers declined 2 points from the previous month to 63 in February, posting the lowest since March 2009.

**South Korea's exports extended its losing streak to 14 straight months by plunging 12.2% y-o-y in February** due to waning global demand. The country's overall outbound shipments reached USD36.4 billion last month, compared to USD41.5 billion from a year ago. The February decline narrowed from January's 18.8%, the largest on-year fall since August 2009.

## Australasia

**The Reserve Bank has kept the official cash rate on hold at 2%** amid growing concern about a slowdown in the Australian housing market. The central bank last moved in May 2015, when it cut the official cash rate by 25 basis points to its historic low, and was widely expected to hold in its second meeting of the year.

**The Australian manufacturing industry is growing at its strongest pace in nearly six years** thanks to a weaker Australian dollar. The Australian Industry Group's performance of manufacturing index lifted two points to 53.5 in February, its highest point since July 2010. The result was the eighth consecutive month of growth, marking the longest streak in a decade.

## Indian Sub-Continent

**India pledged to invest billions of dollars to improve the lives of farmers** and boost the rural economy, drive consumer demand and stimulate growth. Finance Minister Arun Jaitley proposed spending nearly USD13 billion on rural development, promising higher incomes for farmers who form the majority of India's 1.2 billion people. Special support will be given to rural population with increased government loans and funds for the Mahatma Gandhi National Rural Employment Guarantee Act (MNREGA).

**Sri Lanka's inflation rose to 2.7% in February 2016** from 0.9% in the previous month, the Department of Census and Statistics reported. The y-o-y inflation increase was mainly due to elimination of effect of price reduction of few essential food items, LP Gas, Kerosene Oil, Petrol, Diesel and bus fare.

## Middle East and North Africa

**Egypt's M2 money supply was up 17.4% at the end of January** from a year earlier, the central bank said. The money supply stood at EGP1.912 trillion.

**Qatar reported a 58% shrinkage y-o-y in trade surplus to QAR7.25 billion in January 2016**, led by substantially lower exports, especially of petroleum gases and crude; and higher imports. The shrinkage was rather due to precipitous decline in shipments to major Asian countries such as Japan, South Korea, India and China; while imports rose especially from the US, Germany, China and Switzerland, figures released by the Ministry of Development Planning and Statistics (MDPS) revealed.

**Turkish foreign trade deficit decreased by 13.4% from USD4.3 to USD3.8 billion in January 2016** when compared to January 2015, according to data released jointly by the Statistical Institute (TurkStat) and the Ministry of Customs and Trade. Thus, in January, exports were USD9.6 billion with a 22% decrease, and imports were USD13.4 billion with a 19.7% decrease compared to January 2015. Exports coverage imports were at 71.8% in January compared to 73.9% the same month of last year.

**The UAE will reduce domestic prices for gasoline in March while raising them for diesel**, the ministry of energy said. The price of a litre of octane 95 gasoline will fall to AED1.36 (USD0.37) from AED1.47 at the start of next month. It cited lower demand for gasoline at this time of the year as well as movements in international gasoline prices and higher supply. The domestic diesel price will rise to AED1.40 from AED1.37. Last July, the UAE said it was shifting from a system of fixed, subsidised fuel prices to adjusting prices monthly in response to global trends.

## Eastern Europe

**The volume of investments in the Hungarian national economy was up 7% in the Q4 of last year**, as compared to the same period a year earlier, while investment performance in 2015 as a whole was up 0.6%, Hungary's Central Statistical Office (KSH) reported.

**Activity in Poland's manufacturing sector expanded faster in February** as business confidence returned, Markit Economics said. A survey of 300 industrial companies showed that the manufacturing purchasing managers' index was at 52.8 in February compared with 50.9 in January.

## Northern Europe

**Denmark's GDP rose 1.2% in 2015 y-o-y.** The growth is largely attributed to household consumption which increased by 2.1%, according to Danmarks Statistik, the country's statistical agency. Exports, investment and government consumption also contributed to the annual growth, while exports of services recorded falls.

**Sweden's economy expanded faster than estimated in the Q4** after the central bank unleashed record stimulus to defend the credibility of its inflation target. The economy surged 1.3% from the Q3, Statistics Sweden said in a statement.

## Western Europe

**Austria's gross domestic product grew 0.3% in the Q4** compared with the previous three-month period, research institute WIFO said. GDP had also grown 0.3% in the previous two quarters. WIFO said public spending for migrants supported consumption..

**Greek retail sales by volume rose 0.4% in December** compared to the same month a year ago, led higher by clothing, footwear, books and stationery, statistics service ELSTAT said. Data on GDP have shown some resilience in Greek consumer spending, which declined by only 0.1% in the Q4. Tax hikes and capital controls, imposed at the end of June to stem a flight of deposits have weighed on the sector.

## North America

**Canada's current account deficit widened modestly in the Q4** from a revised Q3, while the gap increased substantially in 2015 overall from the year before, data from Statistics Canada showed. The current account gap increased to CAD15.38 billion in the Q4 of last year from a CAD15.31 billion deficit in the Q3. For 2015, the current account deficit expanded to CAD65.71 billion from 2014's CAD44.89 billion.

## South America

**Chile's government is scaling back spending plans for this year** after the price of copper slumped, as it looks to contain a widening budget deficit and bolster business confidence, Finance Minister Rodrigo Valdes said. Fiscal spending will rise by 1% less than originally planned, or CPL380 trillion (USD550 million). The healthcare ministry will spared the reductions.

**Peru's central bank increased sol reserve requirements for the first time since 2013** as economic growth picks up and inflation holds at a four-year high. The measure will reduce by PEN170 million (USD48 million) the amount of cash banks have available to lend, the Banco Central de Reserva del Peru said.

Date	Gold Spot	NYMEX Natural Gas (\$/MMBtu)	Brent Oil (\$/bbl)	oil/nat. gas ratio	EUR	GBP	USD	AUD	Indo RUP	YEN	MYS RM	Phil Peso	Thai Baht	SGX Index
27-Feb-16	1,223.46	1.79	35.1	19.61	1.55	1.96	1.40	0.99	9564.80	80.63	3.01	33.99	25.49	2,649.38
01-Mar-16	1,240.00	1.70	37	21.76	1.53	1.96	1.40	1.00	9523.81	80.17	2.99	33.76	25.37	2,673.03
% Change	1.35	-5.03	5.41		-1.40	-0.19	0.29	1.15	-0.43	-0.57	-0.96	-0.67	-0.51	0.89

# Economic & Financial News

Research & International Division

2/3/2016

*... Germany's unemployment rate dipped to 6.6% last month ...  
... Finland agreed to increase the annual working hours by three days ...*

## South East Asia

**The Indonesian government is considering allocating money from the state budget** to establish a petroleum fund to stockpile oil in times of need. Indonesia, which recently reactivated its membership in the Organization of Petroleum Exporting Countries (OPEC), has been suffering amid huge imports of crude oil and petroleum products to meet rising domestic demand.

## North East Asia

**Japan's monetary base stood at a record-high JPY358.80 trillion (USD3.15 trillion) in February**, up 28.7% y-o-y, as the Bank of Japan continued to provide more liquidity to bolster inflation.

**Japan's new car sales in February fell 6.4% y-o-y** for the 14th straight month of decline, due to continued sluggish performance of minicars. New vehicle sales stood at 451,330 units, according to the Japan Automobile Dealers Association and the Japan Light Motor Vehicle and Motorcycle Association.

**Macau's balance of trade deficit recorded a 21% improvement in January** due to a contraction of MOP1.579 billion in goods imports, reported the region's Statistics and Census Bureau. In January Macau imported goods worth MOP6.956 billion, against MOP9.493 billion a year earlier, which together with an increase 1.5% in exports to MOP973 million caused the trade deficit to contract from MOP7.576 billion in January 2015 to MOP5.982 billion this year.

**Industrial production in South Korea fell in the first month of this year**, after rebounding in the previous month, boosting concerns about economic slump amid bleak domestic demand and sluggish exports. Output in all industries shrank 1.2% m-o-m in January, according to Statistics Korea. It was a fall from a 1.3% growth in December when the output posted the first rebound in three months. Retail sales declined 1.4% m-o-m in January. Demand for non-durable and semi-durable goods, including food and beverage and clothing, gained, but sales in durables like cars tumbled 13.9%.

**South Korea posted USD7.06 billion U of current account surplus in January**, keeping the longest surplus trend in the country's history. The current account surplus increased to USD7.06 billion in January from USD6.26 billion a year earlier, keeping a surplus trend for 47 straight months since March 2012, according to the Bank of Korea. Exports tumbled 15.8% y-o-y to USD37.9 billion in January, while imports plunged 23.1% to USD29.79 billion. Trade surplus for goods came in at USD8.11 billion in January, up from USD6.31 billion a year earlier. It marked the biggest January figure thanks to faster fall in imports than exports.

## Australasia

**Auckland house values dropped nearly 1% in the latest quarter due** to government and central bank measures but are picked to shoot away again. Figures from Quotable Value out at midday showed a 0.7% decrease in Auckland values in the three months till the end of February, when the average value of a residential property stood at NZD925,656.

**Australia's economy outpaced all forecasts to grow at the fastest pace in almost two years last quarter** as strength in consumer and government spending offset the heavy drag from a global mining slump. GDP expanded by 0.6% in the Q4, from the previous quarter when it rose an upwardly revised 1.1%.

## Indian Sub-Continent

**Bangladesh's foreign exchange reserves hit a record USD28.06 billion in February**, the central bank said, fuelled by steady exports and lower import costs due to falling global commodities prices. The reserves are nearly 22% higher than during the same period last year. Rising garment exports and steady remittances from Bangladesh nationals working overseas, two mainstay revenue generators for the country of 160 million people, have helped foreign exchange reserves grow steadily in recent years.

## Middle East and North Africa

**Tunisia's central bank has kept its key interest rate unchanged at 4.25%**, an official in the bank said. The bank last cut its main interest rate in October from 4.75%, in a bid to boost economic growth as inflation fell.

## Eastern Europe

**Poland's economy grew by an annual rate of 3.9% in Q4 2015**, in line with an earlier flash release, estimates from the Central Statistical Office (GUS) showed. In seasonal adjusted quarterly terms, Q4 GDP increased by 1.1% q-o-q, after confirmed 0.9% quarterly growth in Q3. Q4 GDP growth was built on purely domestic factors, even taking one third of the total growth rate from investments.

## Northern Europe

**Finnish employers and unions clinched an agreement to increase the annual working hours by three days and reduce pension and unemployment benefits**, a deal assessed to improve the country's competitive edge. As a euro country, Finland cannot carry out external devaluation. The country has suffered a slowdown in exports and negative growth for three years in succession.

**Iceland saw its balance of services trade increase to a surplus of ISK190.7 billion (USD1.5 billion) in 2015**, up from ICK134.7 billion in 2014, Statistics Iceland said. According to preliminary figures, Iceland's export of services in 2015 was about ISK562.5 billion and the import of services was ISK371.8 billion. With a trade surplus of ISK141.2 billion, transport was the top earner of trade surplus in the country's service sector.

## Western Europe

**France sold more new cars in February** compared to the same month last year, the French car sales federation (CCFA) said. At the end of February, local car manufacturers sold 199,948 units across France, up from 176,993 vehicles sold the same month in 2015. Sales of French brands grew by 12.1% mainly due to growing sales of Renault.

**Germany's unemployment rate dipped to 6.6% last month** thanks to sustained growth in Europe's biggest economy and relatively mild winter weather. The Federal Labor Agency said Tuesday that 2.911 million people were registered as jobless in February, down 9,000 from the previous month and some 111,000 from a year earlier. The rate, which is unadjusted for seasonal effects, was down from 6.7% in January. In adjusted terms, the jobless rate was steady at 6.2% while the number of people out of work was down 10,000 from the previous month -- both figures in line with economists' expectations.

## North America

**The Canadian economy slowed substantially in the Q4 of last year** as exports fell and businesses held back on investments, suggesting the country was still hurting from low oil prices. The Q3 was also revised up slightly to 2.4% annualised, Statistics Canada said, while growth in December was modestly better than expected with a pickup of 0.2%.

**Factory activity in the US slowed in February**, reflecting and contributing to worldwide economic weakness. In the US, the Institute for Supply Management said that its manufacturing index rose to 49.5 last month from 48.2 in January. Manufacturing has now contracted in the US for five straight months.

## South America

**Brazil posted a USD3.04 billion trade surplus in February**, the Trade Ministry said. Brazil exported USD13.3 billion last month and had imports of USD10.3 billion. Brazil mainly exports commodities such as iron-ore, soybeans, sugar and meat. The recent decline in global commodity prices hurt trade, but a sharp fall in imports more than offset that factor on the overall trade balance.

**Venezuela's government will begin printing larger-denominated bank notes sometime this year**, a top finance official said, as runaway inflation has eroded the value of the nation's biggest bill to less than a US dime on the black market. Market economists have said bigger bills will only accelerate inflation that last year hit 181% - the highest in the world.

Date	Gold Spot	NYMEX Natural Gas (\$/MMBtu)	Brent Oil (\$/bbl)	oil/nat. gas ratio	EUR	GBP	USD	AUD	Indo RUP	YEN	MYS RM	Phil Peso	Thai Baht	SGX Index
01-Mar-16	1,240.00	1.70	37	21.76	1.53	1.96	1.40	1.00	9523.81	80.17	2.99	33.76	25.37	2,673.03
02-Mar-16	1,241.60	1.67	37.06	22.22	1.52	1.96	1.40	0.99	9468.80	81.23	2.97	33.69	25.38	2,726.96
% Change	0.13	-1.88	0.16		-0.29	0.03	-0.09	-1.16	-0.58	1.32	-0.62	-0.20	0.06	2.02

# Economic & Financial News

Research & International Division

3/3/2016

*... Indonesia's central bank has issued new rules authorizing shariah-compliant ...  
... Brazil's central bank kept interest rates at 14.25% ...*

## South East Asia

**Indonesia's central bank has issued new rules authorizing shariah-compliant hedging in the country**, citing the rapid growth of Islamic foreign exchange transactions and the rupiah's volatility. The new regulations are intended to "avoid potential losses from currency fluctuations" in Islamic financial institutions' financing activities. They are based on principles of Islamic finance, which permit spot transactions for foreign exchange, but prohibit speculation, swaps and options. Forward transactions are allowed only under a scheme called muwa'adah, which commits two parties to a future transaction at the spot rate.

**The resale prices of Singaporean Housing and Development Board (HDB) flats inched up in February** after a slight decline in January, SRX Property said. On a m-o-m basis, HDB resale prices were up 0.2% in February. In January, prices fell by 0.5% after rising for six consecutive months.

**Thailand's consumer confidence index dropped further in February** due to concerns over the local and global economic recovery outlook. The Thai consumer confidence index stood at 74.7 in February, down from 75.5 in January, according to a monthly report by the University of Thai Chamber of Commerce.

## North East Asia

**Business activity in China's service sector eased in February** as manufacturers reported a further fall in output, according to survey results published. The Caixin China General Services PMI (Purchasing Managers' Index) came in at 51.2 last month, down from January's six-month high of 52.4.

**South Korea's headline inflation rebounded in February**, rising above 1% in two months, on the back of fast rises in food and services prices. Consumer prices gained 1.3% in February from a year earlier, rebounding from a 0.8% rise in January, according to Statistics Korea.

## Australasia

**Australia posted a deficit in January** as exports recovered from a big fall the previous month. The seasonally-adjusted deficit was AUD2.94 billion (USD2.14 billion) in January, compared with a deficit of AUD3.52 billion in December, the Australian Bureau of Statistics said. Exports rose 1.0% in January, while imports fell 1%.

## Indian Sub-Continent

**India's economic growth slowed in February** and the services sector activity fell to a 3-month low amid subdued growth in new orders, a monthly survey showed, adding to expectations of a rate cut by the Reserve Bank. The Nikkei Services Business Activity index fell to a 3-month low of 51.4 in February, from 54.3 in January, as increase in prices led to muted demand.

## Middle East and North Africa

**At 48.1 in February, the headline seasonally adjusted Emirates NBD Egypt Purchasing Managers' Index (PMI) was little-changed** from January's reading of 48.0. The index was under the crucial 50.0 mark for the fifth month running, and pointed to a modest deterioration in overall business conditions.

**Fitch Ratings has revised the outlook on Iraq's Long-term foreign currency Issuer Default Rating (IDR) to negative** from stable and affirmed the IDR at 'B-'. The Country Ceiling has been affirmed at 'B-' and the Short-Term foreign currency IDR at 'B'.

**The headline Emirates NBD Saudi Arabia PMI figure snapshot of operating conditions in the non-oil private sector economy posted 54.4 in February**, up from January's survey-record low of 53.9. Though signalling a rebound in growth, the latest figure was well below the long-run series average (58.8). Nevertheless, it pointed to a solid improvement in business conditions overall.

**The Turkish annual inflation rate fell to 8.78% in February** from 9.58 percent in January, the Statistical

Institute reported. Inflation decreased 0.0% in February from the previous month. The highest monthly increase was 1.84% in health services. The highest annual increase was 13.12% in hotels, cafes and restaurants.

**The headline Emirates NBD UAE PMI climbed to 53.1 in February**, from 52.7 in January. With the previous reading being the lowest since March 2012, the latest figure was still below the series average (54.5). Nonetheless, it bucked the recent trend of slowing growth, and was consistent with a solid improvement in business conditions overall.

## Eastern Europe

**Ukraine's central bank left its benchmark interest rate unchanged** for a fourth meeting as the nation's worst government crisis since a pro-European coalition was swept to power two years ago added to risks inflation will remain above policy makers' target. The discount rate will stay at 22%, the National Bank of Ukraine said.

## Northern Europe

**Norwegian Labour and Welfare Administration (NAV) predicts that over 95,000 Norwegians are risking to become unemployed by the end of the year.** The region to be influenced most is Norwegian oil county Rogaland. According to the forecasts, from the next year the unemployment rate will decline, although there will still be slightly higher in average than the rate of 2016. There was around 80,600 unemployed last year.

## Western Europe

**Spain's unemployment queue inched up slightly in February**, due mainly to a rise in the number of jobless in the agriculture sector. The number of people registered as unemployed rose m-o-m by 2,231 people, or 0.05%, to 4.15 million in February, the Labour Ministry said. It was the first increase in the number of jobless during the month of February since 2013.

**Switzerland's GDP growth slowed in 2015** despite a pickup at the end of the year, as a steep rise in the Alpine country's currency last year weighed on its manufacturing sector. Swiss GDP grew 0.4% in the October to December period from the previous quarter in inflation-adjusted terms, the country's economic affairs department said, and also advanced 0.4% from the same quarter in 2014.

## North America

**US businesses added a healthy 214,000 jobs last month**, another sign that the US job market remains resilient despite economic weakness overseas and tumult in financial markets. Payroll processor ADP said that the better-than-expected hiring by private companies was up from 205,000 in January.

## South America

**Brazil's central bank kept interest rates at 14.25%** for the fifth straight time on Wednesday, opting to avoid inflicting more harm on an economy struggling with its worst recession in decades despite a spike in inflation.

Date	Gold Spot	NYMEX Natural Gas (\$/MMBtu)	Brent Oil (\$/bbl)	oil/nat. gas ratio	EUR	GBP	USD	AUD	Indo RUP	YEN	MYS RM	Phil Peso	Thai Baht	SGX Index
02-Mar-16	1,241.60	1.67	37.06	22.22	1.52	1.96	1.40	0.99	9468.80	81.23	2.97	33.69	25.38	2,726.96
03-Mar-16	1,241.33	1.68	36.85	21.93	1.51	1.96	1.39	0.98	9518.37	81.77	2.97	33.82	25.48	2,782.53
% Change	-0.02	0.72	-0.57	-0.64	0.23	-0.65	-0.36	0.52	0.66	0.21	0.38	0.41	2.04	

# Economic & Financial News

Research & International Division

5/3/2016

*... Malaysia's January exports fell for the first time in eight months ...  
... Italy's economy grew 0.1% in the Q4 of 2015 ...*

## South East Asia

**Malaysia's January exports fell for the first time in eight months** on weak global economic conditions and a slide in oil and gas shipments. Exports in January declined 2.8% y-o-y, compared with 1.4% growth in December. It last declined in May 2015. Imports in January rose 3.3% y-o-y, picking up from 3.2% the previous month. January's trade surplus was a smaller MYR5.39 billion (USD1.30 billion) compared with MYR7.99 billion in December.

**Indonesia's consumer confidence slipped in February** on the back of a less optimistic outlook on job availability in the country. Bank Indonesia released on a monthly survey based on 4,600 households in 18 cities across the country. The customer confidence index stood at 110 in February, down 2.6 points from the previous month.

## Australasia

**Australian retail sales rose in January**, supported by record low interest rates, and strong job creation in the H2 of 2015. Retail sales rose 0.3% in January from a month earlier, the Australian Bureau of Statistics said. Australia's central bank has left interest rates at 2.0% for nearly a year to support a transition in the economy from a reliance on mining to a broader set of growth drivers.

## Middle East and North Africa

**Algeria plans to issue local debt next month** as a source of financing to offset the collapse in world oil prices, which halved government energy revenues last year, Prime Minister Abdelmalek Sellal said. The North African OPEC member has already started to trim back some state-subsidised energy services, reduced 2015 and 2016 public spending and frozen some infrastructure projects. The government had no plans to issue foreign-currency bonds, but would issue local-currency debt in April with an interest rate of 5%.

**Egypt's net foreign reserves reached USD16.53 billion at the end of February**, slightly higher than in the

previous month, the central bank said. Foreign currency reserves totalled USD16.48 billion in January. Egypt's foreign reserves stood at about USD36 billion before the 2011 revolt which overthrew Hosni Mubarak but have dwindled since the uprising scared off tourists and foreign investors.

## Eastern Europe

**Russian Services PMI came in with surprising upside that bucked the trend in manufacturing posting a 50.9 reading in February**, up from 47.1 in January. On a 3-month basis, however, the 3-month average through February remains below the 50.0 expansion line at 48.6, which is actually poorer than the 49.6 3-month average through November 2015.

## Western Europe

**Jobless rate in France inched down by 0.1 percentage point to 10% during the last quarter of 2015** compared to a quarter earlier, the national statistics institute authority Insee said. With the overseas departments taken into account, the quarterly jobless rate stood at 10.3%. According to Insee, 2.860 million people were reported jobless in mainland France by the end of the previous year. On yearly basis, the joblessness decreased by 0.1%.

**Italy's economy grew 0.1% in the Q4 of 2015 from the third**, confirming a preliminary estimate. For the full year, GDP rose an unrevised 1% y-o-y. Italian consumer demand and investments rose and net exports were positive, but inventories dragged on growth.

**Switzerland's central bank confirmed it posted a record loss of CHF23.3 billion (USD23.45 billion) in 2015.** The loss was largely due to losses on the SNB's foreign currency holdings given the franc's surge in value when the Swiss National Bank ended its cap against the euro on Jan. 15 last year.

## North America

**Canada's trade deficit widened slightly in January** but export volumes rose at their fastest pace in nearly two years, a signal that the non-resource side of the economy is picking up momentum. Canada posted a trade deficit of CAD655 million (USD489 million) in January, Statistics Canada said. Canadian exports rose 1% to a record CAD46 billion in January, led by gains in consumer goods, and motor vehicles and parts. On a volume basis, exports were up 3.6% from the previous month, the largest monthly gain since May 2014.

## South America

**Brazil's economy shrank 3.8% in 2015**, marking its worst performance in 25 years, the state statistics institute (IBGE) reported. America's largest economy saw GDP contract by 1.4% in the Q4 last year, capping nine previous months of negative growth. According to IBGE, Brazilian goods and services generated a total of BRL5.9 trillion (some USD1.51 billion) in 2015.

**Industrial production in Brazil rose 0.4% in January** from December BRIO=ECI, ending seven straight months of declines that contributed to an 8.3% plunge in activity over 2015, government statistics agency IBGE said. Production in January, however, retreated 13.8% y-o-y BRIOY=ECI. Manufacturers and miners cut nearly one-fifth of their production since a 2013 peak after Brazil fell into a deep recession.

Date	Gold Spot	NYMEX Natural Gas (\$/MMBtu)	Brent Oil (\$/bbl)	oil/nat. gas ratio	EUR	GBP	USD	AUD	Indo RUP	YEN	MYS RM	Phil Peso	Thai Baht	SGX Index
03-Mar-16	1,241.33	1.68	36.85	21.93	1.51	1.96	1.39	0.98	9518.37	81.77	2.97	33.82	25.48	2,782.53
05-Mar-16	1,269.90	1.67	38.72	23.24	1.51	1.96	1.38	0.98	9497.58	82.21	2.98	33.95	25.60	2,787.93
% Change	2.30	-0.83	5.07		0.03	-0.18	-0.76	-0.16	-0.22	0.54	0.36	0.38	0.47	0.19

# Economic & Financial News

Research & International Division

17/3/2016

*... U.S. Federal Reserve keeps interest rates unchanged, citing global risks ...  
... China fiscal revenue up 6.3% in the first two months ...*

## South East Asia

**Singapore's exports rose in February from a year ago**, helped by a surge in shipments from the statistically volatile pharmaceuticals sector, but the broader trade outlook remains clouded by poor demand from Asian countries. Non-oil domestic exports (NODX) rose 2.1% in February from a year earlier, trade agency International Enterprise Singapore. In January, exports fell by a revised 10.1% from a year earlier.

**The Thai Industries Sentiment Index (TISI) fell for the second straight month to 85.1 in February**, amid the country's widespread droughts and global economic problems. February's TISI survey on 1,201 operators in 44 industries found that consumer products for daily life continued to see consistent demand, as manifested by fattening order books and sales in the food, sugar, palm-oil, cosmetics and chemical industries.

## North East Asia

**China's service outsourcing industry continued to grow in the first two months of this year** despite economic headwinds, the Ministry of Commerce said. Chinese companies inked service outsourcing contracts worth USD16.92 billion, up 7.5% y-o-y. Among the deals were offshore service outsourcing contracts valued at CNY75.54 billion (USD11.64 billion) in the first two months, rising 28.5% y-o-y.

**China's fiscal revenue growth improved in the first two months of this year**, driven by a turnaround in property market. National fiscal revenue growth grew 6.3% y-o-y hitting CNY2.74 trillion (USD420 billion, up from 5.8% in 2015, the Finance Ministry's data showed. Central government's revenue grew 1.6%, while regional and local government revenue rose 10%, up from 4.8% in 2015.

**Chinese banks continued to see net foreign exchange sales in February**, but the volume has kept narrowing in a sign of easing capital outflows. Chinese lenders bought USD93.7 billion worth of foreign currency last month and sold USD127.7 billion, resulting in a net sale of USD33.9 billion, the State Administration of Foreign Exchange said.

**China's power consumption rose 4% y-o-y in February**, reaching 381 billion kilowatt hours (kwh), the National Energy Administration (NEA) said. The pace of growth accelerated from the comparable decline of 6.3% for the same month last year.

**Japan's exports fell for the fifth month in a row in February**, and although shipments to China picked up worries remain that fragile overseas demand could tip the world's third-largest economy into its fourth recession in five years. Exports fell 4% y-o-y in February, Ministry of Finance data showed, more than the median estimate for a 3.1% annual decline. The improvement from January's 12.9% slump, the biggest decline in shipments since 2009, mainly reflected the bounce in sales to China.

**Japan posted its biggest trade surplus in over four years in February**, thanks to a strengthening in the yen and weak oil prices, though both imports and exports fell, suggesting persisting slack demand both in Japan and overseas. Preliminary data showed exports fell 4% y-o-y to JPY5.7 trillion (USD50.5 billion) in February and imports dropped 14% to JPY5.46 trillion (USD48.4 billion). The resulting JPY242.8 billion (USD2.2 billion) surplus compares with a deficit of JPY426 billion a year earlier and a deficit of JPY648.8 billion in January. It was the biggest surplus since September 2011.

**Unemployment among young Koreans between 15 and 29 reached a record 12.5% last month**, Statistics Korea said. The previous record was 14.5% in 1999, just after the onset of the Asian financial crisis. The overall jobless rate for February rose to 4.9%, which was the highest seen since January 2010. The number of newly hired workers totalled 223,000 last month, down 116,000 compared to January.

## Australasia

**Australia's unemployment rate dropped back to 5.8% in February**, as the job market grew marginally and the participation rate shrank. The Australian Bureau of Statistics said that employment edged up just 300 in the month, with almost 15,900 new full-time jobs offset by a fall of 15,600 in part-time jobs. The participation rate also slipped, by 0.2% to 64.9%.

**New Zealand's economy continued to grow at a steady clip in the Q4 of 2015**, powered by service-sector growth that outweighed weakness in agriculture and manufacturing. GDP expanded by 0.9% in the three months to December from the previous quarter, Statistics New Zealand, unchanged from the growth rate of the Q3. GDP in the quarter expanded 2.3% from a year earlier, also unchanged from the previous three-month period.

## Middle East and North Africa

**Algeria has decided to reduce its imports by 15% in 2016** to save foreign currency reserves as the crash of oil prices has put the OPEC state under financial pressure, according to a letter to banks from the prime minister. Algeria has already cut public spending, reduced some energy subsidies and frozen infrastructure projects since its energy revenues fell by almost half last year.

**Morocco's trade deficit rose 10.1%** to MAD21.16 billion (USD2.17 billion) in the first two months of 2016 compared with a year earlier, due to higher imports. The trade gap was up from MAD19.23 billion at the end of February 2015, as equipment imports rose 14.4% to MAD15 billion.

**Saudi oil output also increased 0.84% in January**, up to 10.23 million barrels per day, the database, which is run by several international organizations, including the Organization of the Petroleum Exporting Countries (OPEC), said. Oil processing also increased 6.74%, but remained low overall at only 2.428 million barrels being processed daily.

**Consumer expenditure in the UAE rose 13% y-o-y in 2015**, electronic and card payments solutions provider Network International said. The rise in consumer purchasing power came despite the fact that oil prices fell to an 11-year low last December. The report said restaurants saw purchasing power increase by 23%, followed by clothing and hotels, both 4% higher.

**The UAE's domestic non-cash consumer spend increased 13% in 2015** compared to 2014, according to Network International, a payment's solutions provider that processes more than 50% of all transactions across UAE. The report found that spending by UAE-issued cards has remained by far the largest in value over the past two years and has remained steady between AED9 billion and AED10 billion per month and the overall card spends in the UAE grew by 9% last year over 2014.

## Eastern Europe

**The net inflation of Polish food and energy prices stood at -0.1% in February**, according to the National Bank of Poland (NBP). The figure remained unchanged m-o-m, the central bank said. The February CPI index amounted to -0.8% y-o-y.

## Northern Europe

**Sweden's policy of using subzero interest rates to boost consumer prices risks fueling** an unsustainable rise in house prices and household debt levels in the country, Moody's Investors Service said in a report. Sweden's central bank, known as the Riksbank, has cut its main interest rate to minus 0.5%, aiming to end four years of sub-target inflation.

## North America

**The US Federal Reserve on Wednesday kept its benchmark short-term interest rates unchanged** as widely expected, noting that "global economic and financial developments continue to pose risks" to the US economy. The Fed raised its target range for the federal funds rate by 25 basis points to 0.25-0.5% in December, the first rate hike in nearly a decade, marking the end of an era of extraordinary easing monetary policy.

**Construction of new homes in the US climbed in February** to the highest level in five months, but applications for new construction were weak for a third month. Housing starts gained by 5.2% last month to a seasonally adjusted annual rate of 1.18 million units. Construction had fallen in January in December, declines that had been blamed in part on winter weather.

**US consumer prices fell in February**, dragged by another steep drop in energy prices. However, core inflation managed to tick higher, led by the biggest jump in clothing costs in seven years. Consumer prices edged down by 0.2% last month after no change in January and a small decline in December, the Labour Department reported.

**US factories produced more machinery, appliances and other goods last month**, the second straight increase in output and a sign manufacturing may be stabilising after a difficult year. The Federal Reserve said that factory production rose 0.2% in February, after rising 0.5% the previous month. The increases in the past two months follow four declines in the previous five months.

Date	Gold Spot	NYMEX Natural Gas (\$/MMBtu)	Brent Oil (\$/bbl)	oil/nat. gas ratio	EUR	GBP	USD	AUD	Indo RUP	YEN	MYS RM	Phil Peso	Thai Baht	SGX Index
16-Mar-16	1,259.90	1.87	40.19	21.45	1.53	1.95	1.38	0.97	9543.81	82.15	3.00	33.89	25.40	2,844.21
17-Mar-16	1,258.23	1.89	40.52	21.44	1.53	1.95	1.37	0.96	9630.20	82.47	2.99	34.03	25.48	2,881.31
% Change	-0.13	0.85	0.82	-0.04	-0.20	-1.11	-0.88	0.91	0.39	-0.09	0.43	0.31	1.30	

# Economic & Financial News

Research & International Division

19/3/2016

*... Indonesia's central bank cut its main interest rate for the third straight month ...  
... US trade deficit declined slightly in the Q4 of 2015 ...*

## South East Asia

**Bank Indonesia has recorded IDR46 trillion (USD3.5 billion) of foreign capital flowing into the country**, an increase of by IDR2 trillion from the same period last year. The increase in foreign capital inflow showed that foreign investors were still optimistic about Indonesia's economy. The central bank has projected economic growth for 2016 at 5.2% to 5.6%.

**Indonesia's total outstanding foreign debt grew at a slower pace in January** on the back of decelerating public debt and declining private debt as economic activity remained low at the beginning of the year. The country's total foreign debt rose 2.2% y-o-y to USD308 billion as of the end of January, a Bank Indonesia report showed. The growth was slower than December's pace of 5.8%.

**Indonesia's central bank cut its main interest rate for the third straight month** to boost growth, and signalled it will be more careful in any further policy easing. The central bank reference rate by 25 basis points to 6.75%, Bank Indonesia said. The monetary authority also cut its lending facility and deposit facility rates by 25 basis points each.

**The prices of diesel and all types of fuel in Thailand will be raised** by THB0.20-THB0.40 a litre, effective on Saturday. PTT Plc and Bangchak Petroleum Plc, the two state-owned market leader said that they would hike the diesel price and all types of gasohol, by THB0.40 a litre, except E85 of which price would increase by THB0.20.

## North East Asia

**China will cut fees on purchases made through bank cards from Sept. 6 on** and save businesses about CNY7.4 billion (USD1.2 billion) each year. The move will not affect consumers. Bank service fees will go down more than half, and will be different for debit and credit cards. Fees on debit cards will be no more than 0.35% of the total deal, while those on credit cards will be no more than 0.45%, according to the National Development and Reform Commission (NDRC) and the People's Bank of China on Friday. Previously, banks could charge up to 0.9% as service fees.

**China's central bank on Friday pumped more money into the market** to ease liquidity strain. The People's Bank of China conducted CNY110 billion (USD16.9 billion) of seven-day reverse repurchase agreements (repo), a process in which central banks purchase securities from banks with an agreement to resell them in the future.

**China's housing market continued to warm in February**, with more than half of surveyed major cities reporting m-o-m rises in new home prices. Of the 70 large and medium-sized cities surveyed in February, new home prices climbed month on month in 47, up from 38 the previous month, the National Bureau of Statistics (NBS) said. Meanwhile, 15 reported m-o-m price declines, down from 24 in January.

**Hong Kong's unemployment rate was steady at 3.3% in the three months to February**. The seasonally adjusted unemployment was 3.3% in December 2015 to February, same as that in November 2015 to January this year. The underemployment rate fell from 1.4% in November 2015 to January 2016 to 1.3% in December 2015 to February 2016. Total employment increased by 4,400 from 3.812 million in November 2015 to January 2016 to 3.816 million in December 2015 to February this year, the Census and Statistics Department reported.

**The estimated number of visitors to Japan increased 36.4% y-o-y** to 1,891,400 in February, marking the second-highest monthly total ever, the Japan National Tourism Organization said. The figure was second only to the 1,918,400 scored in July 2015. The growth was helped by the yen's depreciation and falls in fuel prices, which reduced the costs for trips to Japan, as well as an increase in flight services to Japan.

**South Korea's producer prices continued to suffer a slump in February**, but the pace of decline slowed on price hikes in agricultural and fisheries products. The producer price index came to 98.47 last month, slightly down from the previous month's 98.48. The index fell by 3.4% on-year in February.

## Australasia

**New Zealand consumer confidence dipped slightly in March**, but remained near the historical average, according to the latest ANZ-Roy Morgan Consumer Confidence Index. The index slipped 1.7 points to 118 in March, in line with the historical average of 119.

## Indian Sub-Continent

**The Indian government slashed the interest rates on all small savings schemes**, including Public Provident Fund, by 60 basis points, and Kisan Vikas Patra, by 90 basis points, to create conducive environment for the Reserve Bank of India to ease monetary policy rates further, and help banks transmit rate cuts to customers.

## Middle East and North Africa

**Egypt's central bank raised its key interest rates on** by 150 basis points to curb inflationary pressures, exceeding economists' and bankers' expectations three days after it devalued the pound. The bank's Monetary Policy Committee (MPC) raised the overnight deposit rate to 10.75% from 9.25% and the overnight lending rate rose to 11.75% from 10.25%, it said in a statement.

## Eastern Europe

**Poland's February retail sales rose by 3.9% against the prior year period**, on a 0.9% monthly increase, the Central Statistical Office said. In real terms, Polish retail sales were up by 6.2% in February after a 3.1% y/y growth in January.

**Russia agreed to slash funding for Russia's space program by 30%**, an effort to reign in state spending in the face of a deepening economic crisis. Approving a plan submitted by Russian space agency Roscosmos in January, Medvedev ordered Russia's space program budget for 2016-2025 to be cut from RUB2 trillion (USD29.2 billion) to RUB1.4 trillion.

**Russia's central bank has left its main lending rate at 11%** and signalled that it is not looking at cuts to the cost of borrowing anytime soon as it focuses on keeping inflation under control.

**Russian international reserves have risen to USD381.1 billion.** The Central Bank is continuing its policy to increasing international reserves rather than spending to prop up the ruble. The international reserves consist of foreign exchange, special drawing rights (SDR) holdings, the reserve position in the IMF and monetary gold.

## Northern Europe

**Standard & Poors has maintained the credit rating for Finland at AA plus.** The agency noted that the risks to the Finnish recovery persist because progress on competitiveness-enhancing measures is slow and external risks remain. The agency noted however that in 2015 Finland went out of its three-year recession. Weak growth was chiefly supported by slowly growing domestic demand on the back of low oil prices and weak inflationary trends.

**Norway's central bank has dropped its key rate by a quarter of a percentage point** to a record low of 0.5% and indicated that it could cut it further, even into negative territory. Norges Bank said the move was sparked by falling global interest rates, predictions of lower than expected world growth and "somewhat weakened" growth prospects for the Norwegian economy.

**Norway's monthly consumer sentiment index (CCI) fell to minus 9.6 points in March** from minus 8.0 points in February, surveying firm Opinion said. All subcomponent of the index were negative. It was the 18th consecutive month of negative numbers. The index hit an all-time low in December of minus 11.7 points. The sharp fall in oil prices since mid-2014 has resulted in lower investments and rising unemployment in Norway.

## Western Europe

**The Dutch consumer confidence index fell further into negative figures in March**, national statistics office CBS said. The index dropped to -4 this month, compared with -1 in February. Until then sentiment had been positive for almost a year. The decline is due to increasing pessimism about the Dutch economy, meaning the Dutch are less willing to make major purchases.

**The Bank of England opted to keep interest rates at a record low 0.5%** amid fears about global growth and uncertainty over a popular vote on whether Britain should leave the European Union. Policymakers have kept the rate steady for seven years.

**French lawmakers in the lower house of parliament have voted to slash a surtax on imported palm oil** which had been passed by the upper house as part of a bill on biodiversity. The French senate had approved a surtax of EUR300 per tonne for the next year on the palm oil, but Malaysia and Indonesia, two major palm oil exporters, protested

**Greece's unemployment rate stood at 24.4% in the Q4 of 2015**, compared to 24% in the previous quarter and 26.1% in the corresponding quarter in 2014, a survey published by the Hellenic Statistical Authority, ELSTAT, revealed. The number of unemployed reached 3,641,682 people, while those defined as unemployed came to 1,174,658 people.

**Switzerland's central bank left interest rates unchanged at record lows**, cut its economic outlook and forecast a longer bout of deflation as cheaper oil and slowing global growth weigh on the economy. The Swiss National Bank now expects consumer prices to rise just 0.1% in 2017, barely in positive territory and well within its target of less than 2% a year.

## North America

**Canadian retail sales surged in January**, recording the biggest one-month gain in roughly six years and reversing a steep decline in the previous month, on strong demand for new cars and footwear. The value of retail sales climbed 2.1% in January to a seasonally adjusted CAD44.2 billion (USD34.0 billion), Statistics Canada said.

**Lower prices at the pump helped cool Canada's annual inflation rate to 1.4% last month**, down from 2.0% in January, while offsetting increases in food prices. Gasoline prices dropped a whopping 13.1% y-o-y and 6.9% from January, Statistics Canada reported. Excluding gasoline, the annual inflation rate would have been 1.9% in February. The core inflation rate was 1.9%. Statistics Canada said food was a major inflationary factor in February, as it has been for several months.

**Mexico's central bank held borrowing costs steady on Friday**, noting that measures taken by financial authorities had helped spur a recovery in the peso. The Banco de Mexico left its key rate at 3.75%. In February, the central bank surprised markets with a hike that was aimed at supporting the battered peso.

**US trade deficit declined slightly in the Q4 of 2015**, but for the entire year the deficit jumped to the highest level in seven years. The deficit in the current account narrowed to USD125.3 billion in the Q4, down 3.6% from a deficit of USD129.9 billion in the Q3, the Commerce Department reported. The deficit for the entire year rose to USD484.1 billion, up 24.3% from a 2014 imbalance of USD389.5 billion. It was the biggest annual deficit since 2008 when the deficit totalled USD690.8 billion.

**More Americans applied for unemployment benefits last week**, but their numbers remained at low levels consistent with a healthy job market. The number of people seeking jobless aid rose by 7,000 to a seasonally adjusted 265,000, the Labor Department said. The less-volatile four-week average rose by 750 to 268,000. The number of people collecting unemployment checks was 2.24 million, down nearly 7% y-o-y.

## South America

**Chile's economy grew less than expected in the Q4**, expanding at the second-slowest pace in six years, as two years of weak growth was exacerbated by a renewed decline in manufacturing. GDP grew 1.3% from a year earlier, the central bank said. From the previous quarter, GDP expanded 0.1%.

**Chile's central bank held the benchmark interest rate at 3.5%**, as it weighed weak economic data against the need to cool above-target inflation. The bank has held the interest rate at 3.5% for three months, after last hiking it in December.

**Colombia's central bank raised its benchmark interest rate for a seventh straight month** as the inflation outlook continued to worsen and economic growth unexpectedly accelerated. In a split decision, the seven-member board voted to lift the key rate by a quarter point to 6.5%.

**Peru's central bank widened its view of this year's current account deficit to 3.9% of GDP** from 3.6% forecast in December, according to a quarterly report. It now sees a 3% current account deficit in 2017, up from 2.6%. The central bank trimmed its view of the budget deficit to 2.3% of GDP from 2.7%.

## Oil & Gas News

**Crude prices fall from 2016 highs as US oil rig count rises.** Brent crude LCOc1 finished down 34 cents, or 0.8%, at USD41.20 a barrel, having risen USD1 earlier to a 2016 high of USD42.54. US crude CLc1 settled down 76 cents, or 1.9%, at USD39.44, after also gaining USD1 to a year high of USD41.20.

Date	Gold Spot	NYMEX Natural Gas (\$/MMBtu)	Brent Oil (\$/bbl)	oil/nat. gas ratio	EUR	GBP	USD	AUD	Indo RUP	YEN	MYS RM	Phil Peso	Thai Baht	SGX Index
17-Mar-16	1,258.23	1.89	40.52	21.44	1.53	1.95	1.37	0.96	9630.20	82.47	2.99	34.03	25.48	2,881.31
19-Mar-16	1,255.40	1.91	41.2	21.57	1.53	1.96	1.35	0.96	9661.84	82.13	3.00	34.19	25.75	2,906.80
% Change	-0.22	1.06	1.68		0.07	0.59	-0.78	0.17	0.33	-0.41	0.09	0.46	1.09	0.88

# Economic & Financial News

Research & International Division

22/3/2016

*... The Indonesian government plans to launch an economic stimulus package this week ...  
... Iraq on Sunday exported the first shipment of natural gas in its history ...*

## South East Asia

**The Indonesian government plans to launch an economic stimulus package this week** to lure foreign capital and prop up economic growth. The government has unveiled a series of economic stimulus package since last September in a bid to boost growth. The country's GDP growth picked up to 5.0% at the Q4 of last year from 4.7% at the previous three months.

**Myanmar's parliament approved a proposal by the incoming government** to reduce the number of ministries in the nation's bloated bureaucracy in a move that will save more than MMK5 billion (USD4 million) over the next years. Lawmakers voted 611-3 in favour of the motion that cut the number of government ministries to 21 from 36 as well as trimmed the number of government ministers to 18.

**Myanmar's border trade picked by over USD500 million y-o-y in fiscal year 2015-2016**, according to the Ministry of Commerce. The border trade value for nearly 12 months (till March 11) stood at USD6.6 billion, while that for the same period of the previous fiscal year 2014-2015 was USD6.1 billion. The export value through border trade for nearly 12 months of the fiscal year 2015-2016 was USD4.2 billion while the import value for the same period was USD2.4 billion.

**Philippines petroleum companies raised a new pump prices for gasoline and kerosene products** after last week's mixed trading in the international market. The Pilipinas Shell Petroleum Corp. said it increased gasoline and kerosene prices by PHP0.10 per litre effective 6 a.m. today. Diesel products, on the other hand, will have no change in prices. In separate advisories, Eastern Petroleum Corp., Phoenix Petroleum Philippines and PTT Philippines implemented a similar price adjustment on gasoline prices.

**Vietnam's prices of RON 92 petrol and E5 bio-fuel increased VND670 (USD0.30) and VND570 per litre**, respectively, as of 4.30 pm on March 21. The ceiling prices of RON 92 petrol and E5 bio-fuel will be VND14,422 and VND13,819 per litre. The ceiling price of diesel oil also went up VND290 per litre to VND9,873 per litre. The maximum price of kerosene remains unchanged at VND8,905 per litre. This is the sixth petrol price adjustment this year.

**Vietnam's average GDP expansion during 2011-2015 period hit 5.91% annually.** Vietnam's GDP reached USD193.4 billion in 2015, with GDP per capita being USD2,109. Specifically, during the 2011-2015 period, the sector of industry, construction witnessed average growth of 6.9% annually. Average growth of agriculture hit 3% each year while the service expanded at 6.3% annually on average. In the meantime, total retail sales of goods and services increased 14.1% each year while the country's average labour productivity rose 4.2% annually. During the five-year period, Vietnam created some 7.8 million jobs, while reducing the proportion of poor households across the country from 14.2% in 2010 to below 4.5% in 2015.

## North East Asia

**Macau's composite CPI increased by 3.88% in February**, slightly higher than the 3.81% rise from a month earlier. The Statistics and Census Service indicated that the growth was mainly due to rising prices of vegetables and eating out, higher rentals for parking spaces and dwellings.

**Credit and debit card spending overseas by South Koreans hit an all-time high last year** helped by increases in travel to Japan and direct buying from overseas online shops. Overseas card spending reached a combined USD13.3 billion in 2015, up 8.7% y-o-y, according to the data compiled by the Credit Finance Association. The yen's weakness pushed up Koreans' outbound travel to Japan by 45% and they swiped their credit cards to download songs from Apple iTunes or to order products from Amazon.com.

**Taiwan's export orders dropped for the 11th-consecutive month in February** due to the recent holidays and a weak global economy. Export orders were valued at USD27.7 billion last month, down 7.4% y-o-y. The authority attributed the drop mainly to flagging global demand and fewer working days last month due to the Spring Festival holiday.

**Unemployment in Taiwan rose 0.08 percentage points in February to 3.95%**, the second lowest level for the month in eight years. The latest figure represents a 0.26-point increase from the same month of last year ago. In February, the number of unemployed stood at 462,000, adding the month's labour participation rate was 58.8%, or 0.04 points lower than in January.

## Australasia

**Australian consumer confidence remained elevated in the week ending March 20**, despite a small 0.3% retreat from the prior week, according to a survey by the ANZ Bank and Roy Morgan Research. Consumer confidence is now sitting 3% above its long run average, and the four-week moving average is on an upward trend.

## Indian Sub-Continent

**India's current account deficit (CAD) narrowed to 1.3% of the GDP in the fiscal Q3** from 1.5% y-o-y, as the country's trade deficit contracted. Data released by the Reserve Bank of India showed trade deficit in the Q4 narrowed to USD34 billion from USD38.6 billion in the same period in 2014-15. CAD narrowed to 1.4% of GDP in the nine months ended 31 December from 1.7% in the corresponding period of 2014-15. India's merchandise exports have been declining continuously since December 2014 because of sluggish global demand and low commodity prices, particularly that of oil.

**Pakistan's current account deficit slightly narrowed 4.5%** to USD1.9 billion during the eight months of the current fiscal year. The State Bank of Pakistan data showed that the current account deficit for July-February of 2015/16 stood at 0.9% of GDP. The current account deficit amounted to USD1.9 billion in the same period of the last fiscal year. The SBP said the current account deficit stood at USD157 million in February as compared to USD590 million in January.

**Sri Lanka's consumer prices rose 1.7% in February** from the 0.7% deflation reported a month earlier on y-o-y basis, data from the state statistics office showed. The main contributor towards the increase was the Non-food category.

## Middle East and North Africa

**Abu Dhabi's consumer prices rose 3.3% y-o-y in the first two months of 2016**, according to the latest report from the Statistics Centre. In February 2016 alone, prices were up 3.4% compared to February 2015, with the 'Housing, water, electricity, gas, and other fuels' group accounting for the largest rise in the CPI both in February specifically and in the first two months of this year. The group saw an 8.2% rise in prices, and accounted for 79.5 percentage points of the overall inflation rate.

**Algeria's car imports bill fell to USD306.8 million over the two first months of 2016**, against USD730 million during the same period in 2015, that is, a drop by about 58%. The imported volume declined by 63% with 21,380 cars imported in January and February 2016, against 57,696 units in the first two months of 2015, according to the figures of the Customs' National Statistics Centre. The biggest decline was recorded among the dealers of Asian and German cars.

**Algeria's trade gap increased to USD1.4 billion in February.** Exports significantly decreased to USD4.2 billion during the first two months of 2016 against USD6.9 billion during the same period a year earlier, down by 39.6%. Algeria's imports declined to USD7.5 billion against USD8.2 billion a year earlier, down by 8.4%.

**Iraq on Sunday exported the first shipment of natural gas in its history**, a key development for the OPEC member struggling to feed a cash-strapped economy amid an expensive fight against the ISIS. The move revives a long-sought ambition by Iraq to be a gas exporter, thanks to a joint venture with Anglo-Dutch Royal Dutch Shell PLC and Japan's Mitsubishi Corp. Iraq first planned to begin exporting gas in the late 1970s, but that timeline was delayed by the Iraq-Iran war.

**Oman is rescheduling about 5% of its liquefied natural gas (LNG) shipments in 2016** as rising domestic demand for power generation is impacting the amount of gas available for exports. Oman is seeking to industrialise rapidly to provide jobs and diversify its economy beyond oil, but these plans could be delayed if gas supplies do not keep up with surging demand for power generation.

**Oman's foreign exchange reserves fell to OMR6,439.10 million in January** this year from OMR6,745.80 million in December 2015, on the back of decline in the value of oil prices, compressed surplus in trade balance and widening deficits. The fall resulted from draw-down from the reserves to support the current account deficit. The reserves averaged OMR3,998.46 million from 2002 till 2016, reaching an all-time high of OMR7,503 million in May of 2015.

**Saudi Arabia's inflation edged down in February**, after the rate hit its highest level since September 2012 in the previous month. The consumer price showing annual inflation at 4.2%, just 0.1% off its highest since the data series began in September 2012. The government raised the price of 95 octane gasoline to SAR0.90 (USD0.24) per litre from SAR0.60 in late December as part of austerity measures in the 2016 state budget. Prices for utilities were also hiked.

**Overall tourist arrivals in Tunisia have dropped by 19.1%**, with only 468,320 visitors, from January 10 to March 10, 2016, compared with the same period of 2015, according to the latest statistics from the Tourism Ministry.

## Eastern Europe

**Russia's biggest drop in domestic demand under President Vladimir Putin eased further**, marking a respite after millions sank into poverty in 2015 as the country's economy headed for its second year of recession. The number of Russians considered poor grew by 3.1 million to 19.2 million last year, the most since 2006, the Federal Statistics Service in Moscow said. Real wages declined 2.6% y-o-y, dropping at the slowest pace since they started shrinking in late 2014.

**Russia's oil-dependent economy continued to contract in February** as its key drivers fell sharply, data from the Federal Statistics Service showed. Retail sales fell 5.9% y-o-y in February and by 2.5% m-o-m.

**Ukraine's GDP shrank for the second year in a row in 2015**, falling 9.9%. The contraction last year has accelerated from the 6.6% slump registered in 2014. The country's GDP dropped 1.4% in the Q4 2015 on an annual basis, compared with 7.2% in the Q3, the data released by the State Statistics Service showed. The Ukrainian economy sank into recession in the Q1 of 2014 due to anti-government street protests that toppled the previous authorities and ensuing military conflict in eastern Ukraine.

## Western Europe

**A British vote to leave the European Union could cost the economy GBP100 billion (USD145 billion) and 950,000 jobs by 2020**, according to research commissioned by employers' group the Confederation of British Industry (CBI). The CBI said Brexit would deliver a serious shock to the British economy, regardless of any trade deals the country could negotiate with its former European partners. Britons will vote in an in-out referendum on June 23.

## North America

**Americans retreated from home-buying in February**, reversing months of prior gains as low inventories push up prices to levels that restrict sales. The National Association of Realtors said Monday that sales of existing homes fell 7.1% last month to a seasonally adjusted annual rate of 5.1 million. The decline follows robust yearly sales rates of 5.5 million in January and 5.5 million in December, a new regulation had delayed closings in November.

## Oil & Gas News

**Natural gas futures slumped Monday** as bullish traders closed out positions and took profits from the recent rally that has come in the face of weakening supply-and-demand conditions. Natural gas futures for April delivery ended down 4.1% at USD1.8280 a million British thermal units on the New York Mercantile Exchange. Natural gas prices rallied 18% from a 17-year low early this month.

**Oil prices dipped in Asian trade on Tuesday**, giving up gains from the previous session after data showed US crude inventories fell for the first time since January and as commodity prices paused from their recent rally. US crude futures for May LCOK6, the front month from Tuesday, were down 6 cents at USD41.46 a barrel at 0245 GMT, after settling up 0.8% at USD41.52 on Monday. Brent crude futures for May delivery LCOc1 were 12 cents lower at USD41.42 a barrel after rising 0.8% on Monday. Brent has risen more than 50% from 12-year lows in January.

Date	Gold Spot	NYMEX Natural Gas (\$/MMBtu)	Brent Oil (\$/bbl)	oil/nat. gas ratio	EUR	GBP	USD	AUD	Indo RUP	YEN	MYS RM	Phil Peso	Thai Baht	SGX Index
19-Mar-16	1,255.40	1.91	41.2	21.57	1.53	1.96	1.35	0.96	9661.84	82.13	3.00	34.19	25.75	2,906.80
22-Mar-16	1,245.68	1.81	41.46	22.91	1.53	1.96	1.36	0.97	9708.74	82.20	2.97	33.98	25.64	2,889.21
% Change	-0.77	-5.24	0.63	-0.02	-0.05	0.53	0.34	0.49	0.08	-0.86	-0.63	-0.43	-0.61	

# Economic & Financial News

Research & International Division

23/3/2016

*... Turkey's tourism industry set to see USD12 billion loss in revenues this year ...  
... Canada sharply increase spending and run budget deficits in coming fiscal year ...*

## South East Asia

**The Philippines' imports rose nearly 31% y-o-y in January.** Merchandise imports in January were the highest since July last year, when shipments were valued at USD6.85 billion. On the other hand, exports slipped to their lowest in three years on weak demand in key markets such as China. The country had a trade deficit of USD2.638 billion in January, compared with a deficit of USD861.8 million in the same month last year.

**Thailand's cabinet approved a law change to allow the central bank to invest international reserves in equity instruments overseas** to help diversify risks. The main purpose of the change was to broaden the investment of international reserves amid new challenges and volatility in global financial markets. Thailand's international reserves stood at USD170.9 billion as of March 11.

**The Thai cabinet approved soft loans worth THB70 billion (USD2.0 billion) for lower-income first-home buyers,** as it seeks to stimulate a sluggish economy via increased household spending. Southeast Asia's second-largest economy is in a slump amid a global slowdown and a decline in exports. Mortgage approvals can be difficult to get as commercial banks have tightened their grip on lending as the number of nonperforming loans has risen.

## North East Asia

**Land prices in Japan as of January 1 rose for the first time in eight years,** reflecting a recovery trend in the country's economy, a land ministry survey showed. The average of posted land prices in 25,255 surveyed locations across Japan went up 0.1% y-o-y, reversing a downtrend that had been in place since 2009. While the average posted price of residential land fell 0.2%, prices of commercial land climbed 0.9%.

**Macau's inflation increased slightly last month,** by almost 3.9% y-o-y, slightly higher than in January. In fact, it was the smallest Lunar New Year increase in five years. The inflation was attributed to the extreme cold weather, especially for a huge jump in the price of vegetables. The government's decision to increase parking fees also weighed on residents' wallets, as well as home mortgage payments.

**South Korea's household debt last year grew at the second-fastest rate among 19 emerging economies.** The Institute of International Finance analysed the debt loads of emerging countries and found that Korea's household debt to GDP ratio stood at 87.75% in 2015, up 3.45 percentage points from the previous year.

**Moody's Investors Service maintained its rating on South Korea at a record high of Aa2,** citing its sound economic fundamental and reduced vulnerability to external risks, with its rating outlook also remaining stable.

## Middle East and North Africa

**Jordan's net public debt increased at the end of 2015 to JOD22.8 billion,** compared to JOD20.5 billion at the end of 2014. The net public debt accounted for 84.2% of the estimated GDP for 2015, compared to 80.8% of the 2014 GDP.

**Kuwait's state budget is expected to have a deficit of around KWD22 billion for the next three years** as a result of plummeting oil prices. That would average to an annual deficit of KWD7.3 billion. Kuwait's fiscal position has deteriorated as a result of lower energy prices.

**Capital inflows to Lebanon registered a drop of 27.3% y-o-y in January.** Financial inflows to the country dropped from USD811 million in January 2015 to USD589 million in January 2016, according to the Lebanon Weekly Monitor.

**The Moroccan central bank cut its benchmark interest rate by 25 basis points** to 2.25% for the first time since December 2014, in an attempt to stimulate an economy hurt by weak cereal production and non-agriculture activity.

**Morocco's annual consumer price inflation rose to 0.9% in February,** from 0.3% in January, mainly due to higher food prices, the High Planning Authority said. On a monthly basis, the consumer price index rose to 0.2% m-o-m in February, up from 0.1% in January.

**The total public spending in Oman's ninth five-year plan (2016-2020) is expected to reach OMR66 billion.** The total revenue is expected to touch OMR51.1 billion, including OMR36.665 billion from the oil and gas sector, and OMR14.435 billion from non-oil sources.

**Turkey's tourism industry is set to see a USD12 billion loss in revenues this year.** The current problems, which have risen amid escalating security concerns and a significant decrease in the number of Russian tourists, will likely impact other sectors, including the agriculture sector, and push up the unemployment rate across the country.

## Eastern Europe

**Hungary's central bank had lowered one of its interest rates into negative territory** for the first time, faced with a drastically weaker inflation outlook. The rate for funds parked by commercial banks with the central bank overnight now stands at -0.05%. The bank also cut its main interest rate to 1.20%, also a historic low, from 1.35% previously.

**Russia's GDP declined by 2.7% m-o-m last month,** as monthly growth is expected to enter positive territory at the turn of July-August this year, Economic Development Minister Alexei Ulyukayev said. The ministry said in late February that the Russian GDP registered a decline of 2.5% y-o-y in the previous month.

## Northern Europe

**Iceland's wage index posted an increase of 3.5% m-o-m in February,** according to figures released by Statistics Iceland. The figures showed that the wage index in February was 564, an increase of 3.5% compared with 545 in January.

## Western Europe

**British inflation rate as measured by the CPI rose by 0.3% in February,** unchanged from January 2016, the Office for National Statistics said. The largest downward contribution came from the transport sector, from price changes for items such as road passenger transport, second-hand cars and bicycles. Meanwhile, rising food prices, particularly for vegetables, offset the downward pressure on inflation.

**The Ifo Business Climate Index for industry and trade in Germany rose by one point in March** to 106.7 points, after three consecutive falls in the previous months. Assessments of the current business situation have improved, reaching their highest level in six months. The climate index in manufacturing, wholesaling and retailing all improved, with only construction registering a decline.

**Spain registered a productive investment of EUR21.724 billion in 2015,** which meant a 10.9% increase when compared with a year earlier. In the last month of the year, foreign investment fell by 49.1% to EUR2.687 billion, compared to the EUR5.274 billion of the same month in 2014. Regarding sectors, the construction sector received a foreign investment of EUR4.706 billion in 2015, which meant an increase of 167% y-o-y.

## North America

**Canada will sharply increase spending and run budget deficits.** In the 2016 budget plan, the country will introduce spending measures totalling more than CAD47 billion (USD35.92 billion) over the next five years, beginning with the 2016-2017 fiscal year starting April 1. The main features of the stimulus package are infrastructure spending and a revamped tax-relief package for households with children.

**Consumer prices in Mexico rose less in the first half of March** as cheaper fresh produce and gasoline offset increases in vacation costs and airfares ahead of the Easter holidays. The CPI rose 0.10% in the first two weeks of the month, slowing the annual rate of inflation to 2.71% from 2.87% at the end of February, the National Statistics Institute said.

## South America

**The Brazilian government will freeze an additional BRL21.2 billion (USD5.9 billion) in expenditures** from this year's federal budget, the Finance and Budget and Planning Ministries said, as the harshest recession in decades hampers tax collections. The amount of budget spending being withheld so far this year totals BRL44.6 billion.

**Brazil sheds more jobs than expected in February,** a net of 104,582 jobs, in the latest evidence of the massive job destruction caused by the country's worst recession in decades. According to a Labour Ministry report, the result was the worst for any month of February in the past 24 years.

Date	Gold Spot	NYMEX Natural Gas (\$/MMBtu)	Brent Oil (\$/bbl)	oil/nat. gas ratio	EUR	GBP	USD	AUD	Indo RUP	YEN	MYS RM	Phil Peso	Thai Baht	SGX Index
22-Mar-16	1,245.68	1.81	41.46	22.91	1.53	1.96	1.36	0.97	9708.74	82.20	2.97	33.98	25.64	2,889.21
23-Mar-16	1,243.20	1.86	41.37	22.24	1.53	1.93	1.36	0.96	9682.42	82.49	2.92	34.01	25.68	2,885.83
% Change	-0.20	2.76	-0.22		-0.41	-1.22	-0.01	-0.52	-0.27	0.36	-1.62	0.10	0.14	-0.12

# Economic & Financial News

Research & International Division

24/3/2016

*... Bank of Thailand keeps rates unchanged at 1.5% ...  
... New Zealand has posted a bigger than expected trade surplus ...*

## South East Asia

**Banking credit in Indonesia is projected to expand between 12 to 14% this year** as the country's central bank applies easing policy amid a good economic prospect. For next year, the credit growth is estimated at 14 to 16%, Perry Warjiyo, deputy governor of the central bank said. Indonesian financial services authority has issued a series of policies to spur expansion of the banking credit in the country. The central bank has also issued a policy to ease down payment for automobile and housing purchase.

**The Bangko Sentral ng Pilipinas decided to keep interest rates steady** amid robust domestic demand and a benign inflation environment. The Monetary Board has decided to maintain key policy rates at 4% for the overnight borrowing and 6% for the overnight lending. The interest rates on special deposit accounts remained at 2.5%, while the reserve requirement ratios were likely left unchanged.

**Bank Negara Malaysia's international reserves amounted to MYR412.3 billion** (equivalent to USD96.1 billion) as at March 15. It said that the reserves position was sufficient to finance 8.4 months of retained imports and was 1.2 times the short-term external debt. The main components of the international reserves were foreign currency (USD88.3 billion); International Monetary Fund reserves position (USD0.8 billion); special drawing rights (SDRs) (USD1.1 billion); gold (USD1.2 billion); and, other reserves (USD4.7 billion). Its total assets stood at MYR439.156 billion.

**Consumer prices in Singapore dropped 0.8% y-o-y in February**, the Ministry of Trade and Industry and the Monetary Authority of Singapore said in a joint release. The decline, which was due to a steeper fall in the costs of private road transport and accommodation, and came after a 0.6% drop in January, was the 16th straight month of fall.

**Thailand's central bank kept its key interest rate unchanged** for a seventh straight meeting and said it stands ready to curb volatility in the baht as the country seeks to avoid a fourth straight year of export contraction. The Bank of Thailand held its one-day bond repurchase rate at 1.5%, with Monetary Policy Committee members voting unanimously in favour. A stronger currency is hampering Thailand's recovery.

## North East Asia

**Japan's government lowered its assessment of the economy in March** for the first time in five months due to weakness in consumer spending, a move likely to reinforce views that more fiscal stimulus will be needed to keep the economy growing.

**South Korea's exports value declined in February to the lowest in six years** as cheaper crude oil led to lower export prices of oil products. The export value index came to 94.64 in February, posting the lowest since February 2010, according to the Bank of Korea. It went down 8% y-o-y and down 1% from the previous month. Export volume increased 4.8% y-o-y in February, but lower export prices of oil products resulted in the fall in export value.

**Taiwanese industrial production dropped 3.65% annually last month**, representing the smallest annual decline in the past seven months, supported mainly by rising output of stainless steel and chemical products, the Ministry of Economic Affairs said. The manufacturing sector, which contributed more than 90% of total industrial output, contracted 4.65% y-o-y last month.

## Australasia

**New Zealand posted a bigger trade surplus in February**, as exports were bolstered by a NZD267 million drilling platform. Statistics New Zealand said the country had a merchandise trade surplus of NZD339 million in February. The latest data compare with a NZD13 million surplus in January and an NZD84 million surplus in February last year. Exports in February increased 9.3% to NZD4.25 billion from the year earlier month.

**New Zealand's capital productivity rose by 0.7%** in the year to the end of March, the government's Statistics New Zealand agency said. Capital productivity measures the amount of capital inputs available per worker, including land and buildings, inventories and equipment. When industry output increases at a greater rate than capital inputs, capital productivity increases. This was largely due to the relatively stronger growth in labour inputs, up 3.7% in 2015.

## Middle East and North Africa

**The Bank of Algeria considers the modalities of increasing the ceilings on travel allowances** for tourism, studies or care abroad. The ceilings on change rates for travel abroad are currently low. There will be measures to increase the ceilings, but without allowing negative impacts on the country's balance of payments. The right to exchange for travel abroad is fixed at the value in foreign currency of DZD15,000, a threshold that has not changed for nearly twenty years.

**Kuwait will continue to spend on infrastructure projects** and not fall in the trap of economic stagnation, the Finance Minister said. Kuwait's capital expenditure stands at 16.16% to the whole budget. Al Saleh wants private sector participation in infrastructure projects in which it is planning to invest billions of dollars in road, transport and water projects. Last year, Kuwait awarded a record USD31 billion worth of contracts last year.

**Oman has been ranked as the seventh most popular destination in the global Muslim travel market**, according to the most comprehensive research released on this sector. The MasterCard-Crescent Rating Global Muslim Travel Index (GMTI) 2016, which covers 130 destinations, saw Oman maintain its position for the second consecutive year on the list of OIC destinations. Malaysia held on to its pole position followed by the UAE, Turkey, Indonesia and Qatar, which made up the top five.

**Oman is close to cutting state subsidies for liquefied petroleum gas (LPG)** that keep a lid on domestic prices of the fuel, Salim al-Aufi, undersecretary at the Ministry of Oil and Gas said. Low oil prices have saddled Oman with a big state budget deficit relative to the size of its economy, and it is looking for ways to cut its deficit to OMR3.3 billion (USD8.6 billion) this year from OMR4.5 billion last year.

**Saudi Arabia will strengthen its Haj and Umrah service sector as part of a diversification strategy** and reduce dependence on falling oil revenue. Analysts have emphasized that Haj/Umrah is the second most important economic sector after oil and gas. The tourism sector contributes SAR85 billion to the GDP with Haj and Umrah providing a whopping SAR45 billion. With the completion of expansion projects at the two holy mosques in Makkah and Madinah, the revenue from the sector is expected to double. Saudi Arabia currently receives nearly two million foreign Haj pilgrims annually. The figure is expected to reach 2.7 million by 2020.

**Saudi Arabia's banking sector remains liquid** despite low oil prices and there is no need to take special steps to increase the provision of funds, central bank governor said. The three-month Saudi interbank offered rate rose as high as 1.79% this week, its highest level since January 2009, from 0.78% in mid-2015. Low oil prices are reducing flows of fresh petrodollars into the economy and prompting the government to borrow to cover a big budget gap.

**The unemployment rate in Turkey rose 0.4 percentage points in 2015** to sit at 10.3%, hitting double digits for the first time since 2010, the Turkish Statistics Institute said in a statement. The number of unemployed persons rose to 3.057 million in 2015, an increase of 204,000 from the previous year. The unemployment rate for men in 2015 was 9.2%, while it was 12.6% for women, up from 11.9% in 2014.

## Eastern Europe

**Russia's consumer prices rose 0.1% in the week to March 21**, data from the Federal Service for State Statistics showed. Weekly inflation has been stable close to 0.1% in the recent weeks, suggesting that inflationary pressure is not mounting as expected following the ruble's drop to all-time lows earlier this year.

## Northern Europe

**Swedish lawmakers adopted a law limiting mortgage loans to 105 years** as the Scandinavian nation seeks to come to grips with high property prices and debt levels. There had previously been no legal limit on the duration of mortgages, and in fact many Swedish homeowners have been taking loans which only their grandchildren would have a chance to pay off. The practice developed as a strategy to cope with high property prices as a longer term means monthly payments are lower. But inheritors are left with repaying the balance of the mortgage, often by selling the home.

## Western Europe

**The German federal government would maintain a balanced budget until 2020** despite increasing spending on refugee costs. The government plans to spend EUR325.5 billion in 2017, 2.7% more than the target of EUR316.9 billion this year, according to the Finance Ministry. Among them, EUR33.7 billion will be spent on public investment next year. An additional EUR10 billion will be set aside to cover costs of accommodating and integrating asylum-seekers. Both are higher than current levels. Germany also plans to increase spending on other areas including defence, education and social welfare. All these expenditure increases will be supported by revenue hikes.

## North America

**Mexican retail sales rose in January by the most in more than two years**, delivering a boost to domestic spending in Latin America's No. 2 economy. Adjusted for seasonal swings, sales jumped 2.7% in January compared with December 2015, the biggest increase since November 2013. Compared with the same month in 2015, retail sales climbed 5.2%, its fastest pace in two months.

## South America

**Argentina recorded a USD98 million trade surplus in February**, the Finance Ministry said, after posting a USD132 million deficit in the same month a year earlier. Exports rose 7% to USD4.13 billion while imports edged up 1% to USD4.03 billion. The ministry revised the trade deficit for January to USD200 million from an earlier estimate of a USD160 million shortfall.

**Brazilians traveling abroad in February reduced their spending more than 40%** compared to the same month one year earlier. The central bank said that Brazilian travellers spent USD841 million last month. That's 43.5% less than the USD1.49 billion spent in February 2015. A contracting economy and the declining value of the Brazilian real, which last year fell almost 50% against the dollar, help explain the spending reduction. A devalued currency makes foreign air fares, hotel fees and products more expensive.

**Brazil posted a current account deficit of USD1.919 billion in February**, down from a shortfall of USD4.817 billion in January, central bank data showed. In the 12 months through February, the deficit was equivalent to 2.67% of Brazil's GDP, down from 2.94% of GDP the previous month. Brazil attracted USD5.920 billion in foreign direct investment last month.

**Brazil's inflation slowed in the 12 months through mid-March** as joblessness rises and the economy heads toward its second straight year of contraction. Annual inflation as measured by the IPCA-15 index decelerated for the first time in 16 months, to 9.95% from 10.84%, the national statistics agency said.

## Oil & Gas News

**Oil prices dropped in early Asian trading on Thursday**, adding to a slump in the previous session after US stockpiles rose for a sixth week to another record, sapping the strength of a two-month rally in prices. U.S. crude futures CLc1 were down 23 cents at USD39.56 a barrel at 0047 GMT (8.47 p.m. EDT), trading further below the important USD40 level. Brent crude futures LCOc1 were down 17 cents at USD40.30 a barrel. They finished the last session down USD1.32, or 3.2%, at USD40.47 a barrel.

## Commodity News

**Gold traded near the lowest level in almost a month as the dollar climbed**, hurting demand for the metal as an alternative investment asset. Bullion for immediate delivery was at USD1,221.98 an ounce at 8.59 am in Singapore, from USD1,220.11 on Wednesday, when it tumbled as much as 2.6% to USD1,215.43, the lowest price since Feb 26, according to Bloomberg generic pricing.

Date	Gold Spot	NYMEX Natural Gas (\$/MMBtu)	Brent Oil (\$/bbl)	oil/nat. gas ratio	EUR	GBP	USD	AUD	Indo RUP	YEN	MYS RM	Phil Peso	Thai Baht	SGX Index
23-Mar-16	1,243.20	1.86	41.37	22.24	1.53	1.93	1.36	0.96	9673.99	82.47	2.92	33.99	25.68	2,885.83
24-Mar-16	1,217.02	1.78	40.43	22.71	1.53	1.93	1.37	0.97	9674.92	82.28	2.94	33.93	25.77	2,861.22
% Change	-2.11	-4.30	-2.27		0.26	-0.18	0.57	1.12	0.01	-0.23	0.59	-0.19	0.32	-0.85

# Economic & Financial News

Research & International Division

26/3/2016

*... More tax incentives will be given to SMEs in Singapore ...  
... France had 3.591 million people without work in February ...*

## South East Asia

**The National Bank of Cambodia has doubled the minimum capital requirements for commercial banks** and significantly raised the requirements for microfinance institutions in a move experts say will protect and consolidate the country's banking sector. Commercial and specialised banks are required to double the minimum capital they have in reserve, to USD75 million and USD15 million, respectively.

**At least 2,000 foreign companies in Indonesia have been avoiding billions of dollars of tax in the last 10 years** by claiming that their companies are currently running at a loss, Finance Minister Bambang Brodjonegoro has reported. Each company should have paid a minimum average of IDR75 billion in tax liabilities per year. In total they have caused at least IDR100 trillion (USD7.5 billion) in state losses.

**The Indonesian government is planning to reduce the oil prices** as the global oil prices decrease. The Minister of Energy and Mineral Resources said a decision on the size of the decrease will be made within two days and the price reduction will be steep. Currently the price of a low-grade, RON88 petrol is IDR7,150 (or less than USD1) per litre and diesel fuel is IDR5,950 rupiah per litre.

**Malaysia's inflation rate rose 4.2% y-o-y in February** following higher food prices and a jump in alcoholic beverages and tobacco. The Statistics Department said the CPI for February rose to 114.5 compared with 109.9 a year ago. On a monthly basis, the CPI for February 2016 remained unchanged at 114.5. CPI for January to February in 2016 increased by 3.8% from the previous corresponding period.

**Myanmar's trade deficit in the fiscal year of April 2015 to March 2016 reached roughly USD5.3 billion**, increasing by USD1.12 billion y-o-y, the ministry of commerce said. The export value for the period was over USD10.5 billion while the import value surpassed USD15.8 billion. The country mainly exports natural gas, jade and rice while major import items are refined oil and fuel, industrial machines and automobile parts.

**More tax incentives will be given to SMEs in Singapore** while a cap on total amount of personal income tax relief was included in the new budget plan, announced by the Finance Minister Heng Swee Keat. In order to promote economic transformation and help more SMEs to seek opportunities both domestically and overseas, Heng announced multiple tax incentives in his first budget plan for FY2016. Under the plan, the government will raise the existing Corporate Income Tax (CIT) Rebate, from 30% of tax payable to 50% of tax payable, with a cap of SGD20,000 (USD14,600) rebate each year for 2016 and 2017.

**More than 95,000 employers in Singapore will receive about SGD1.9 billion in Wage Credit Scheme payouts** by the end of this month. SMEs will get around 70% of the disbursed sum, said the Ministry of Finance and Inland Revenue Authority of Singapore. Compared with last year, about 10,000 more employers will benefit from the Wage Credit Scheme this year. A total of SGD2.2 billion will be allocated this year for special transfers to businesses, including the Wage Credit Scheme and the Productivity and Innovation Credit Scheme.

**Thailand's exports in February swung back to positive territory** for the first time in 14 months, with a value of USD18.99 billion (THB670.37 billion). However, the increase was irregularly large due to significant exports of gold and military-drill equipment, neither of which strictly benefits the economy or trading. Excluding oil and gold, February exports grew by 2.4% y-o-y. Following the rise in gold prices last month, gold exports increased strongly by 1,051% y-o-y to USD1.89 billion. Exports of military-drill equipment were worth about USD683 million.

## North East Asia

**China would expand its value-added tax (VAT) pilot program to all industries** in order to deepen the country's fiscal and taxation reform. Starting from May 1, the replacement of business tax with VAT will be extended to construction, real estate, finance and consumer services, to ensure that the tax burdens on all industries be reduced, said a joint statement from the Ministry of Finance and the State Administration of Taxation. 11% VAT will be levied on construction and real estate companies, while a 6% rate will be imposed on finance and consumer service sectors.

**Japan's consumer prices were flat in February** from a year earlier for the second consecutive month on falling energy prices. The core CPI stood at 102.5 against the 2010 base of 100, the Internal Ministry said. Energy prices declined 10.9% y-o-y last month due to retreating crude oil prices.

**The Japanese government is considering reducing the upper limits of overtime allowed for workers** as part of a push to overhaul Japan's notoriously demanding labour culture. In Japan, companies can ask employees to work up to 45 hours of overtime work per month, or up to 360 hours per year, in addition to the standard 40-hour work week if a labour-management agreement is in place.

**The number of visitor arrivals in Macau has dropped by 1.2% y-o-y** in February despite the mainland's week-long Chinese New Year holiday during that month, according to figures released by the Statistics and Census Bureau. However, visitor arrivals rebounded by 8.1% m-o-m to 2.54 million in February.

**South Korea's per capita income fell from a year earlier in 2015**, marking the first on-year drop in six years. Last year, the country's per capita gross national income came to USD27,340, down 2.6% from USD28,071 in the previous year, according to preliminary data from the Bank of Korea. The fall was mostly caused by a decline in the Korean won, the bank said. The local currency had suffered a 7.4% drop in value against the dollar in 2015.

**South Korea's economy grew a seasonally adjusted 0.7% during the Q4 of last year** over the previous quarter, revised central bank data showed on Friday. It was better than a 0.6% rise estimated by the Bank of Korea in late January, although still slower than a revised 1.2% gain recorded for the quarter to September.

## Indian Sub-Continent

**Pakistan's foreign exchange reserves slipped USD197 million to USD20.521 billion in the week ended March 18**, from USD20.718 billion in the preceding week, the central bank said. The State Bank of Pakistan said its reserves decreased USD229 million to USD15.63 billion from USD15.859 billion. The decrease mainly to payment of USD223 million on account of external debt servicing. The reserves held by banks, however, increased USD32 million to USD4.891 billion as compared to USD4.859 billion.

## Middle East and North Africa

**A drop in the imports of raw steel materials in December 2015 largely contributed to the fall in Egypt's trade deficit by 4.8%** compared to the same month a year earlier, the official statistics agency CAPMAS said in a statement. Egypt's trade deficit fell to EGP31.25 billion in December 2015, down from EGP32.82 billion in the same month the prior year. During this period, imports fell 6% to EGP46.7 billion, down from EGP49.7 billion, driven mainly by a sharp decline in the import of raw materials for steel by 40.5%.

**Morocco welcomed 10.18 million visitors last year**, with foreign tourist influx down by 5.3%. The Moroccan expatriates visits was up by 3.7%, which soothed down the decrease of tourist influx to only 1%. Foreign tourist spending, according to the same source, reached MAD58.6 billion (USD5.886 billion), down 1.4% from MAD59.3 (USD 5.967 billion) recorded in 2014, the Morocco's Tourism Observatory announced.

**Turkey's index of economic confidence rose 9.5% in March**, the Turkish Statistics Institute said, rebounding after hitting an all-time low in February. The index was at 78.27 in March compared with 71.46 in February. It indicates an optimistic outlook about the economy when above 100 and a pessimistic one when below 100. In November it had risen sharply following the ruling AK Party's election victory.

**Turkey's central bank cut its overnight lending rate for the first time since February 2015**, following a chorus of calls from top politicians to revive the economy with lower borrowing costs. The bank reduced the overnight lending rate by 25 basis points to 10.5%. The bank maintained its one-week repo and overnight borrowing rates at 7.5% and 7.25% respectively, according to a statement posted on the bank's website.

## Eastern Europe

**Belarus is likely to raise the state retirement age by three years in gradual stages**, Social Security Minister Marianna Shchetkina said, a reform that would shore up its Soviet-style economy and help it qualify for foreign loans. Women currently retire at 55 in Belarus, and men at 60. Every fourth person in Belarus's population of 9.5 million is a pensioner and this will rise to one third by 2050 if the system isn't changed. The average pension in Belarus is around USD150 per month, while the average wage is USD300.

## Western Europe

**French national statistics institute (Insee) revised up growth rate** of the country's economy to 1.2% in 2015, up by 0.1% from a previous estimate and above government objective. For the last three months of last year, growth was unchanged at 0.3%. In 2015, France saw household consumption at 1.4%, up from 0.6% with purchasing power gained seven percentage points to 1.8%.

**France lowered its budget deficit in 2015 to 3.5% of the national output**, the smallest gap since 2008, data released by Insee. Last year's deficit was better than the 3.8% the government pledged for last year. It reached EUR77.4 billion (about USD87 billion). Under pressure to limit its public spending widely considered as the highest in the European bloc, the ruling Socialists squeezed expenditure to 56.8% of the GDP, down from 57.3% in 2014. However, the country's gross debt hit a record 95.7% of the GDP in 2015, up from 95.3% recorded a year earlier.

**France had 3.591 million people without work in February**, a record high since September 2013 and a strong blow to the government promised to create more jobs. In its monthly report, labour ministry said 38,400 more jobless claims were reported last month, or 1.1% more compared to a month earlier. Y-o-y, the joblessness rate was up by 2.5%.

**France's consumer confidence index about the economic and financial situation decreased by one point in March** from a month earlier to 94, the lowest level since August 2015, the Insee said.

**The German consumer climate is to fall slightly** with the predicted overall indicator at 9.4 points for April, following a value of 9.5 points in March. According to GfK, the overall optimism of German consumers has lessened somewhat in March. Both economic and income expectations, as well as propensity to buy, have suffered losses.

**Portugal's budget deficit last year was higher** due to the EUR2.8 billion rescue of Banco Internacional do Funchal (Banif). Portugal's budget deficit in 2015 was 4.4% of GDP. However, the country's deficit would have been 3% last year if it hadn't been for the bank rescue, closer to its 2.7% target. The EU considers any deficit over 3% to be excessive.

## North America

**Consumer spending and home construction are helping sustain modest US economic growth** despite problems caused by a strong dollar, low oil prices and an excess of business stockpiles. The economy grew at a 1.4% annual rate in the Q4 period. That was better than the 1% growth rate the government had estimated a month ago. Much of the new-found strength came from consumer spending on services such as recreation, which helped offset a manufacturing slump caused in part by a global economic slowdown.

**Orders to US factories for long-lasting manufactured goods fell in February** with a key category that tracks business investment dropping by the largest amount since December. Orders for durable goods fell by 2.8% in February following a 4.2% increase in January, the Commerce Department said. Commercial aircraft, a volatile category, fell by 27.1% after rising by 48.6% in January.

**More people sought US unemployment aid last week**, but applications are still at a low level consistent with steady job growth. The Labour Department said weekly applications for unemployment benefits increased by 6,000 to a seasonally adjusted 265,000. The four-week average, a less volatile figure, increased just 250 to 259,750. Applications are a proxy for layoffs, so the data indicates that businesses are holding tightly onto their staffs, despite overseas economic turmoil and modest growth in the US.

## South America

**The number of jobless Brazilians has risen by almost three million people since last year** as Brazil sinks deeper into its worst recession in a generation, according to the statistics agency IBGE. The unemployment rate in the three months through January rose to 9.5% from 6.8% for the same period a year ago, the IBGE said. The number of people out of work by the end of January rose to 9.6 million, an increase of 2.8 million or 42.4% from a year earlier, both record numbers for the IBGE's household unemployment survey. More than 2 million are set to lose unemployment benefits by June.

## Oil & Gas News

**Oil prices steadied on Thursday**, paring losses after a renewed drop in US oil rigs, but analysts and traders said there could be another selloff in the coming week if US crude stockpiles hit record highs again. US crude's front-month contract CLc1 settled down 33 cents at USD39.46 a barrel, recovering from a session low of USD38.33. For the week, it rose two cents, finishing up for a sixth straight week. Brent's front-month LCOc1 settled down 3 cents on the day at USD40.44 a barrel, after an earlier drop to USD39.22. For the week, it fell 76 cents, or nearly 2%, its first decline in six weeks.

**Natural gas prices shook off early losses Thursday** and climbed higher after weekly supply data was less bearish than expected. Natural gas futures rose 0.7% to settle at USD1.8060 a million British thermal units on the New York Mercantile Exchange, after trading in negative territory before the data release.

Date	Gold Spot	NYMEX Natural Gas (\$/MMBtu)	Brent Oil (\$/bbl)	oil/nat. gas ratio	EUR	GBP	USD	AUD	Indo RUP	YEN	MYS RM	Phil Peso	Thai Baht	SGX Index
24-Mar-16	1,217.02	1.78	40.43	22.71	1.53	1.93	1.37	0.97	9674.92	82.28	2.94	33.93	25.77	2,861.22
26-Mar-16	1,217.05	1.81	40.44	22.34	1.53	1.94	1.37	0.97	9661.46	82.40	2.94	33.83	25.70	2,847.39
% Change	0.00	1.69	0.02		0.14	0.45	0.22	-0.33	-0.14	0.15	-0.05	-0.29	-0.26	-0.48

# Economic & Financial News

Research & International Division

29/3/2016

*... Egypt unveiled a long-awaited economic program ...  
... The UAE will raise domestic prices for gasoline and diesel in April ...*

## South East Asia

**Brunei's CPI increased by 0.5% m-o-m in February 2016** due to higher prices in the Clothing and Footwear index, the Department of Economic Planning and Development (JPKE) said. Prices for Clothing and Footwear rose by 7.3%, an increase which was attributed to the prices of clothing materials, garments as well as shoes and other footwear. This is followed by a 1.1% increase in Furnishings, Household Equipment and Routine Household Maintenance due to higher costs of furniture and furnishings, household textiles, appliances and non-durable goods. The Transport index also increased by 0.4% due to the higher costs of passenger transport by air.

**Indonesia will announce today an easing of restrictions on imported raw materials** for the pharmaceutical industry and more credit opportunities for small export firms as part of a policy package to boost economic activity. Chief Economic Minister Darmin Nasution said the new package would consist of around five new policies involving some 18 government ministries. The administration will also announce a policy aimed at simplifying import and export procedures at Indonesia's ports to cut the dwelling time for vessels.

**The NUS Singapore Residential Price Index (SRPI) for the month of February saw a marginal 0.4% m-o-m increase in prices of resale private condos.** This is the second consecutive month of increase after January's revised 0.2% m-o-m upward tick. In February, prices for condos in the central region were up 0.5%, compared to 0.6% m-o-m decline in January. Prices for condos in the non-central region also saw a modest gain of 0.3%, after a 0.9% hike in January. Meanwhile, prices of small units (up to 506 sq. ft.) fell 1.1%, compared to the 0.2% increase in January.

**Foreign investors are registered to invest approximately USD4.0 billion in Vietnam in the Q1 of this year,** surging by 119% y-o-y. Statistics from the Foreign Investment Agency (FIA) revealed that South Korean investors took the lead with USD888.6 million, accounting for 22% of the nation's total FDI. Up to 473 new foreign-invested projects, totalling USD2.7 billion, received investment certificates during the reviewed period, up 125% y-o-y.

**Vietnam's foreign exchange reserves have soared to a new high of USD40 billion** thanks to the execution of some policy tools, especially monetary policy, said an official from the State Bank of Vietnam. The nation's balance of payments has run a huge surplus since 2012. Therefore, the SBV has acquired a large amount of foreign currencies, pushing up the country's forex reserves to a record high of USD35 billion in 2015.

## North East Asia

**China continued to see a deficit in foreign service trade in February** but the volume continued to narrow, data from the State Administration of Foreign Exchange showed. Income from trade in services stood at USD19.5 billion last month, while expenditure was USD35.5 billion, resulting in a deficit of USD16 billion. The deficit narrowed from the USD20.7 billion seen a month earlier.

**China's industrial profits returned to growth in the first two months of 2016,** despite weakening business conditions and slowing economic growth in the world's second-largest economy. Profits earned by Chinese industrial firms in January and February combined rose 4.8% y-o-y, totalling CNY780.7 billion (USD119.8 billion) in the two-month period, the National Bureau of Statistics said. That compared with an annual fall of 4.7% in December 2015, which was the seventh straight month of decline. The positive trend was driven in part by quicker product sales of industrial firms and a narrowing in the decline of industrial producer prices.

**Japan's seasonally adjusted unemployment rate inched up to 3.3% in February,** data by the Ministry of Internal Affairs and Communications showed. The jobs-applicants ratio was 1.28 in February, unchanged from the previous month, which was the highest in 24 years, separate data by the labour ministry showed. The median estimate was for the ratio to rise to 1.29.

**South Korean consumers' sentiment improved from a month earlier in March** with more people expecting generally better conditions for their livelihood and income, central bank data showed. The composite consumer sentiment index (CSI) came to 100 for March, compared with 98 for the previous month.

**South Korea has decided to cut the discretionary spending of government agencies by 10% next year** in a bid to focus its fiscal policy on job creation, the finance ministry said. The 2017 budget guidelines call for a thorough examination of spending earmarked for public works projects and welfare outlays. Out of the nearly KRW380 trillion (USD326.2 billion) of the state budget last year, some 53%, or KRW200 trillion, is discretionary spending set by the parliamentary legislation on a yearly basis that helps the government pursue fiscal policy.

**South Korean households' interest income from their deposits at banks and other financial institutes dropped to the lowest level in 20 years in 2015** as the central bank kept the rate historically low to bolster the slowing economy. Households earned KRW32.2 trillion (USD27.5 billion) in interest on their deposits last year, down 19.5% y-o-y.

**Taiwan's consumer confidence fell by 0.75 points** to 81.34 this month, from last month's 82.09, dragged mainly by a weaker demand for durable goods as concerns over a housing price correction deepen, a survey by National Central University showed.

## Middle East and North Africa

**The import bill of building materials totalled USD252.8 million in January and February 2016**, against USD356.42 million in January and February 2016, a 29.8% decline. The imported quantities declined for cement, iron and steel whereas it increased for wood and ceramic products, to establish at 1.3 million tons in January and February, against 1.4 million tons in January and February 2015, a 7.5% decline, said the National Centre for Statistics and Data Processing.

**Egypt unveiled a long-awaited economic program** in a bid to secure foreign aid and investment crucial to reviving its economy. The plan calls for the adoption of a value-added tax and the sale of stakes in government companies. Egypt is struggling to restore investor confidence and unlock more aid to plug a budget deficit that may reach 11.5% of economic output in the fiscal year that ends June.

**Qatar's trade surplus was QAR7.4 billion in February.** Qatar's exports in February were QAR17 billion, a 32.5% y-o-y decline. It represents a decline of 4.8% compared to January 2016. Revenue from gas and hydrocarbons exports declined in February to QAR10.2 billion. Imports meanwhile were QAR9.6 billion, a 10.1% decline compared to January 2016, the Ministry of Development Planning and Statistics said.

**The UAE will raise domestic prices for gasoline and diesel in April** after global oil prices increased, the ministry of energy said. The price of a liter of octane 95 gasoline will rise to AED1.51 at the start of next month from AED1.36. The domestic diesel price will increase to AED1.56 from AED1.40. Last July, the UAE said it was shifting from a system of fixed, subsidised fuel prices to adjusting prices monthly in response to global trends. Oil prices are about 50% higher than multi-year lows hit in January due to worries about an oversupply of crude.

## Eastern Europe

**The Russian authorities will not increase the tax burden on the population before 2018**, despite repeated calls for such a move amid the current economic crisis, Prime Minister Dmitry Medvedev said.

## North America

**Mexico's factory-made exports declined in February** while imports of non-oil consumer goods rose, painting a mixed picture for growth in Latin America's second-largest economy. Manufactured exports dipped 1.5% in February from January in seasonally adjusted terms, the national statistics agency said. Mexico registered an USD1.7 billion trade deficit in February, adjusted for seasonal swings. In non-adjusted terms, it posted a trade deficit of USD725 million.

**US consumer spending barely rose in February and inflation retreated**, suggesting the Federal Reserve could remain cautious about raising interest rates this year even as the labour market rapidly tightens. Consumer spending edged up 0.1% as households cut back on goods purchases after a downwardly revised 0.1% gain in January. Consumer spending was previously reported to have increased 0.5% in January.

## Oil & Gas News

**Oil prices fell in early Asian trade on Tuesday** as concerns mount that a rally since January is fizzling out, while analysts forecast another rise to record levels for US crude stockpiles. US oil CLc1 was down 13 cents at USD39.26 a barrel at 0211 GMT, after finishing down 7 cents at USD39.39, the previous session. Brent LCOc1 fell 16 cents to USD40.11. On Monday it settled down 17 cents at USD40.27 a barrel.

Date	Gold Spot	NYMEX Natural Gas (\$/MMBtu)	Brent Oil (\$/bbl)	oil/nat. gas ratio	EUR	GBP	USD	AUD	Indo RUP	YEN	MYS RM	Phil Peso	Thai Baht	SGX Index
26-Mar-16	1,217.05	1.81	40.44	22.34	1.53	1.94	1.37	0.97	9661.46	82.40	2.94	33.83	25.70	2,847.39
29-Mar-16	1,218.20	1.85	40.07	21.66	1.53	1.95	1.37	0.97	9764.67	82.86	2.92	33.83	25.83	2,819.13
% Change	0.09	2.21	-0.91		0.04	0.57	-0.21	-0.52	1.07	0.56	-0.59	0.01	0.50	-0.99

# Economic & Financial News

Research & International Division

30/3/2016

*... Kuwait and Saudi Arabia set to resume oil production at a joint offshore field ...  
... US January home prices climbed more than double the rate of income ...*

## South East Asia

**Brunei's economy contracted 0.5% in 2015** on back of slowdown in the services sector, the Department of Economic Planning and Development (JPKE) said. The GDP at constant prices continued to decline by 0.6% after falling by 2.3% in the previous year. This was due to a decrease of 1.6% in the services sector. For the Q4 alone, the economy fell by 17.3% y-o-y owing to decreases recorded in the oil and gas sector. Brunei's GDP at current prices fell to BND4.3 billion from BND5.2 billion in the Q4 of 2014. The oil and gas industry was valued at BND2.3 billion, accounting for 53% of total GDP while services made up 42%. The services sector declined by 0.4% in Q4 2015 as the slowdown in banking activities pushed down the financial services sector by 12.3% and government services fell by 2.1%. The primary sector grew by 2.5% thanks to a 15.5% increase in fishery production.

**Thailand's Cabinet approved a THB111 billion (USD3.14 billion) project to build two new rail lines in the Thai capital**, part of a wider infrastructure push by the ruling junta as it seeks to boost a sluggish economy. Thai Transport Minister Arkhom Termpittayapaisith said the Cabinet approved construction of a Pink Line and a Yellow Line. The government has said the rail links are needed to reduce traffic congestion in Bangkok, which currently has three Skytrain lines and one underground line.

**Thai industrial output contracted again in February**, as exports and consumption remained weak. The Industry Ministry said its manufacturing production index (MPI) in February dropped 1.62% y-o-y. In January, output contracted a revised 3.5% on the year. Industrial goods accounted for 83% of total exports in February, which rose 10.3% y-o-y due to unusual items, large gold shipments and helicopters brought in earlier for a war exercise. February's output fall was led by autos, steel, electronics and clothes. Capacity utilisation was 65.7% last month, up from January's 63.93%.

**Thailand's Cabinet has approved economic stimulus measures for the Songkran Festival** from April 9-17, encouraging people's spending and travel with a maximum tax deduction of THB15,000 per person. The Cabinet also agreed to extend the tax deduction for hotel accommodation until the end of this year after the measure expired on December 31, 2015. That deduction also has a THB15,000 maximum per person.

## North East Asia

**Japan's parliament enacted a record JPY96.72 trillion (USD852 billion) budget for fiscal 2016 starting Friday**, focusing on welfare measures to tackle a rapidly aging society while trying to restore fiscal health. Prime Minister Shinzo Abe said the early enactment of the budget would be "the biggest stimulus measures", but added he will consider compiling additional steps in order to realise "sustainable and powerful growth" as the chair of the Group of Seven summit in May.

**Japan's industrial output in February fell** a seasonally adjusted 6.2% m-o-m, as production of vehicles, electronic devices and manufacturing equipment dropped. The index of output at factories and mines stood at 93.6 against the base of 100 in 2010, the Ministry of Economy, Trade and Industry said.

**Japan's consumer spending in February rose for the first time in six months**, but the rise was partly because of the extra leap year day and did little to reduce pressure on the government to inject more economic stimulus. The propensity to consume rose 3.9 points in February, the biggest gain in nine months.

**South Korean credit and debit card spending jumped 8.8% y-o-y last year** as consumers increasingly favour using cards both for small-sized daily settlements and big tax payments. The card-based expenditure reached KRW667.1 trillion (USD572 million) in 2015, up from KRW613.2 trillion the previous year. A 16% increase in debit card spending outweighed a 7.1% rise in credit card spending last year.

**The government of Taiwan approved a plan by Taiwan Power Co. (Taipower) to lower the nation's electricity rates** to reflect declining generation costs due to continued falling international crude oil prices. Beginning April 1, Taipower will lower average electricity rates by 9.56% from TWD2.8181 to TWD2.5488 per kWh. The rates will be priced on a "user pays" basis and will be lowered according to improvements in energy use efficiency. According to the new pricing scheme, households using 120kWh or less per month will see their electricity rates drop by the steepest TWD1.63 per kWh, or 9.94%.

## Middle East and North Africa

**Kuwait and Saudi Arabia are set to resume oil production at a joint offshore field.** The oil production at the al-Khafji field in the neutral zone between the two countries will begin slowly in compliance with environmental considerations and later ramp up, Anas al-Saleh, Kuwait's Deputy Prime Minister and Finance Minister announced. Kuwait and Saudi Arabia signed a deal in 1965 to share the field. The field, which was producing under 300,000 barrels of oil per day, was shut in October 2014 over environmental issues. Resumption of production at the field comes amid low global oil prices.

**Saudi Arabian General Authority (SAGIA) is accelerating the licensing process and offering several flexible ways for entrepreneurs to obtain visas.** SAGIA has introduced several steps aimed at simplifying licensing procedures for foreign companies planning to invest in Saudi Arabia.

**Net foreign assets at Saudi Arabia's central bank in February dropped** by 1.7% m-o-m to USD584 billion, their lowest level since May 2012. Assets fell 17.3% y-o-y, according to central bank data. They reached a record high of USD737 billion in August 2014 before starting to shrink. The central bank has been drawing down its assets to cover a huge state budget deficit caused by low oil prices.

## Eastern Europe

**Russia raises minimum wage by 20%.** Prime Minister Dmitry Medvedev said pay for low wage workers will go up to RUB7,500 (USD109) a month in July, from the current RUB6,204 (USD90) a month. It will be the second raise this year after a 4% raise in January. The country has been struggling with a deep economic crisis, caused by the double whammy of low oil prices and western sanctions.

## Western Europe

**The Bank of England will raise the rate of capital buffer that it requires financial institutions to have** from 0% to 0.5%. This is an historic move, as it shows the bank's Financial Policy Committee (FPC) flexing its macroprudential muscles, and using this particular tool for the first time.

**Italian manufacturing and consumer confidence indexes increased in March.** The ISTAT monthly survey showed the morale among manufacturing firms rose slightly to 102.2 points, from 102 points in February, thanks to improved assessments on order books and inventories.

## North America

**Mexico's economic activity rose 2.9% m-o-m in January,** thanks to strong performances by all three sectors of the economy. The figure comes from the Global Economic Activity Index, which shows that the primary sector of the economy grew by 4.3%, while the secondary sector expanded by 1.8% and the tertiary sector grew 4.3%.

**US home prices climbed at more than double the rate of income in January,** a trend that could ultimately create affordability challenges for buyers. The Standard & Poor's/Case-Shiller 20-city home price index climbed by 5.7% y-o-y, a slight increase from the 5.6% increase in December. The pace of US home value growth has been picking up bit-by-bit over the past few months, driven in large part by stubbornly low inventory in most markets that creates competition and drives up prices for available homes.

## South America

**The Brazilian central government's primary budget deficit last month was wider,** underscoring the country's fiscal challenges amid a growing economic and political crisis. The gap, which excludes interest payments as well as municipalities and government-run companies, was BRL25.1 billion (USD6.9 billion) in February, the Treasury said. February's result was the second worst on record, following December's deficit of BRL60.7 billion.

## Oil & Gas News

**Oil futures rebounded in Asian trade on Wednesday,** buoyed by a forecast for a less than expected build in crude oil stockpiles last week. A weakening dollar also lent some support but concern that a two-month rally was fading in an oversupplied market put a ceiling on gains. Brent futures LCOc1 climbed 40 cents to USD39.54 a barrel as of 0104 GMT (09:04 a.m. EDT) after settling down USD1.13 in the previous session. US crude CLc1 rose 45 cents to USD38.73 a barrel after ending the previous session down USD1.11.

Date	Gold Spot	NYMEX Natural Gas (\$/MMBtu)	Brent Oil (\$/bbl)	oil/nat. gas ratio	EUR	GBP	USD	AUD	Indo RUP	YEN	MYS RM	Phil Peso	Thai Baht	SGX Index
29-Mar-16	1,218.20	1.85	40.07	21.66	1.53	1.95	1.37	0.97	9764.67	82.86	2.92	33.83	25.83	2,819.13
30-Mar-16	1,236.95	1.90	39.59	20.84	1.53	1.95	1.36	0.97	9846.40	82.94	2.92	34.01	26.02	2,862.24
% Change	1.54	2.70	-1.20	-0.10	-0.06	-0.96	0.18	0.84	0.09	-0.12	0.54	0.74	1.53	

# Economic & Financial News

Research & International Division

31/3/2016

*... China caps amount of local government debt ...  
... Indonesia cuts subsidised fuel prices ...*

## South East Asia

**The Indonesia government is cutting the tax on real estate investment trusts (REITs)** to boost local use of the financial mechanism that employs commercial properties like malls, hospitals, warehouses, hotels and office buildings as underlying assets. Indonesia only had two REITs created in the country in the past nine years, namely Lippo Malls Indonesia Retail Trust (created in November 2007) and DIRE Ciptadana Properti Ritel Indonesia (created in November 2012).

**The Indonesian government reduced subsidised-fuel prices** as the global prices of the commodity decrease. The reduction was conducted on two types of fuels, a low-grade RON88 fuel, locally known as premium fuel and diesel fuel, Indonesian Energy and Mineral Resources Minister Sudirman Said said. Premium fuel price was cut from IDR6,950 (some USD0.520) per litter to IDR6,450 (about USD0.484) per litter, and diesel fuel price was reduced from IDR5,650 (equal to USD0.423) per litter to IDR5,150 (some USD0.386) per litter.

**Households in Singapore can expect to pay less in electricity bills for the next three months**, with tariffs dropping by an average of 9.6% from April 1 to June 30. The new cost of electricity in the Q2 of the year is 17.68 cents per kWh before tax, down from 19.50 cents per kWh in the previous quarter, energy utility agency SP Services said on Wednesday (March 30). This drop in cost is the fourth consecutive one since the Q2 of 2015. The fall in price is because of the lower cost of natural gas needed for electricity generation, which fell by about 20% compared to the Q1 of the year.

**The Vietnam government plans to borrow VND116 trillion this year** to cover spending, as a report to the National Assembly shows a budget deficit. The total state budget revenue is not sufficient to ensure regular expenditures and debt repayment. The expenditure on development & investment has been relying on loans. The public debt has been increasing, while the repayment pressure is difficult.

## North East Asia

**China has put a ceiling on the amount of local government debt**, according to the central budget for 2016 released by the Ministry of Finance. The total outstanding debt of China's local governments must be kept under CNY17.2 trillion (USD2.6 trillion) at the end of 2016. China is trying to rein in local government debt mainly caused by borrowing during an investment and construction binge that followed the global financial crisis in 2008.

**The Chinese government announced retail goods purchased online will no longer be classified as "parcels"** and enjoy a "parcel tax" rate that is lower than that on other imported goods. Instead, online purchases from overseas will be charged the same as any other imported goods. Currently, the country levies parcel tax on imported goods worth less than CNY1,000 (USD150), and the rate can be as low as 10%. Taxes under CNY50 are generally waived. As a result, many online purchasing agents have sought to avoid paying higher taxes by repackaging and mailing products separately so they will only be charged the parcel tax, undercutting traditional retailers and importers who have to bear a heavier tax burden on their goods.

**Foreign currency borrowing by South Korean companies posted a double-digit fall last year** due to the weakening of the Japanese yen and delayed economic recovery. Foreign currency debts owed by local residents to banks reached USD19.76 billion as of end-2015, down 12.3% from the previous year, according to the Financial Supervisory Service (FSS).

**South Korea's working population is aging**, since this is the first time the number of elderly employed has outpaced that of the younger age group, according to Statistics Korea. People in their 50s or over and working totalled 9.65 million last year, equal to 37.2% of the working population. The size of this group was larger than that of the employed in their 20s and 30s combined, which came to 9.37 million, accounting for 36.1%. The reversal is the first since the agency began tracking the data in 2000, when twice as many in the younger group (10.63 million) had jobs compared to the elderly (4.86 million) to account for 50.2%.

## Middle East and North Africa

**The Algerian annual inflation rate remained almost stable at 4.7% in February 2016** compared to last January (4.8%), the National Statistics Office said. This annual inflation rate represents the growth rate of the CPI on a period going from March 2015 to February 2016, compared to that from March 2014 to February 2015.

**Egypt's current account deficit more than doubled to USD8.9 billion in the July-December H1 of the 2015/2016 FY.** Egypt devalued the pound this month as it wrestles with a shortage of dollars in the wake of the 2011 uprising that drove away tourists and foreign investors, two big sources of hard currency.

**Egypt's balance of payments deficit jumped 240% in the H1 of the current fiscal year** due to falling tourism receipts, Suez Canal revenues, and transfers, the Central Bank of Egypt said. The overall balance of payments deficit reached USD3.4 billion in the H1 of fiscal year 2015/2016, compared to USD1 billion in the same period of the previous year, as the current account deficit more than doubled to reach USD8.9 billion from USD4.3 billion. Tourism revenues fell by almost a third to USD2.7 billion, from USD4 billion in the July-December period, compared to the previous year.

## Northern Europe

**Norway's unemployment rate jumped to the highest in more than a decade** as a slump in oil prices weighs on an expansion in Western Europe's biggest crude producer. The surveyed unemployment rate surged to 4.8% in January, the highest since at least the start of 2006, from a revised 4.6% the previous month, according to Statistics Norway. The figure corresponds with roughly 134,000 people. The nation's petroleum producers and oil service companies have fired more than 30,000 workers to cope with the worst crude slump in a generation.

## Western Europe

**German annual inflation turned positive in March**, suggesting that the European Central Bank's expansionary monetary policy is helping buoy prices in the euro zone. German prices, harmonised to compare with other European countries (HICP), rose by 0.1% on the year after falling by 0.2% in February, the German Federal Statistics Office said (Destatis).

**The new 12-sided GBP1 coin has gone into production** a year before it starts to reach people's pockets. The coins have started rolling off the production line at a rate of more than 4,000 a minute as Chancellor George Osborne announced they will enter circulation in March 2017.

**Ireland's residential property prices at a national level rose by 8% y-o-y in February**, up from the y-o-y rises of 7.6% and 6.6% posted in January and December respectively. But the figures from the Central Statistics Office showed the country's residential property prices showed no change in the month of February. This compares with a decrease of 0.5% recorded in January and a decrease of 0.4% recorded in February of last year.

## South America

**Argentina's economy grew 2.1% in 2015** as a record soy harvest boosted the country's agricultural exports. GDP in South America's second-largest economy expanded by 0.9% in the Q4 and 3.5% in the Q3, the national statistics agency said. Last year's growth was led by a boom in agricultural exports following a record soybean harvest of 61.4 million metric tons. Agriculture grew 6.4% last year while construction expanded by 5%.

**The Peruvian government has decided to raise the minimum wage.** Thus, the amount was increased from PEN750 (about USD221) to PEN850 (about USD251). The measure will enter into force on May 1st. The Peruvian President, Ollanta Humala said his administration has led the highest minimum wage hike of the last 50 years.

## Oil & Gas News

**Oil futures fell in Asian trade on Thursday**, with U.S. crude hitting the lowest level in more than two weeks. Brent crude futures fell 45 cents to USD38.81 a barrel as of 0518 GMT. It ended up 12 cents in the previous session after touching a session peak of USD40.61.

## Commodity News

**Gold is heading for the biggest quarterly advance since Sept 1990** as demand for haven assets surged to make the metal this year's best performing commodity. Bullion for immediate delivery rose as much as 0.3% to USD1,228.50 an ounce, and traded at USD1,226.97 at 8:43 am in Singapore, according to Bloomberg generic pricing.

Date	Gold Spot	NYMEX Natural Gas (\$/MMBtu)	Brent Oil (\$/bbl)	oil/nat. gas ratio	EUR	GBP	USD	AUD	Indo RUP	YEN	MYS RM	Phil Peso	Thai Baht	SGX Index
30-Mar-16	1,236.95	1.90	39.59	20.84	1.53	1.95	1.36	0.97	9846.40	82.94	2.92	34.01	26.02	2,862.24
31-Mar-16	1,226.04	1.99	39.06	19.63	1.53	1.94	1.35	0.97	9834.78	83.19	2.90	34.06	26.07	2,839.79
% Change	-0.88	4.74	-1.34	-0.18	-0.61	-0.38	0.00	-0.12	0.31	-0.55	0.14	0.21	-0.78	