

# Economic & Financial News

Research & International Division

1/12/2015

*... Vietnam attracted FDI worth USD20.22 billion in the first 11 months ...  
... IMF includes China's yuan in reserve currency basket ...*

## South East Asia

**Cambodian parliament adopts USD4.3 billion for the government's spending in 2016** amid a boycott from the opposition's lawmakers. During the session, Finance Minister Aun Porn Moniroth said that the spending was equal to 21.31% of GDP and was up 16.1% compared to 2015's expenditure. The 2016 budget is to ensure the economic growth of around 7% per annum, and is also to contribute to the implementation of the recently-launched Industrial Development Policy 2015-2025.

**Malaysia's retail pump price for RON95 was reduced by MYR0.10 per litre for the month of December.** The retail pump price for RON97 and Diesel remain unchanged. This brings the new pump price of RON95 to MYR1.95 per litre, while RON97 and Diesel pump prices remain at MYR2.45 per litre and MYR1.90 per litre, respectively. Malaysia has been using a managed float system to calculate the pump prices of fuel since December 2014.

**Oil companies in the Philippines will be increasing fuel prices this week** to reflect the higher cost of refined petroleum products in the international market. Gasoline pump prices are set to increase by PHP0.45 per litre and diesel prices by PHP0.20 per litre.

**Real median income in Singapore jumped strongly by 5.4% this year**, thanks to the still-tight labour market and negative inflation. But the softer economy is starting to weigh down on jobs and employment growth eased in the first half of the year, the Ministry of Manpower cautioned at the release of its Singapore Workforce 2015 report. The nominal median income for full-time resident workers went up by 4.7% y-o-y to SGD3,949 in June. The consumer price index for all items is tipped to dip by around 0.5% for the year. In real terms, their income jumped 16% or 3.1% yearly.

**Fitch Ratings has affirmed Singapore's AAA sovereign ratings**, citing its strong economic fundamentals and stable political scene. The credit rating agency said its view weighs the country's exceptionally strong external balance sheet, robust fiscal framework, high levels of per capita income and strong governance against its high vulnerability to external shocks, given that Singapore is a small open economy.

**Singapore's bank lending fell in October.** Confronted with a generally weak economic environment and rising interest rates, businesses have turned cautious in their borrowing, data from the Monetary Authority of Singapore showed. Loans and advances by domestic banks in October fell by 1.1% m-o-m to SGD601.7 billion. On an annual basis, loans were down 0.4% y-o-y.

**Singapore's prices of completed non-landed private homes are showing signs of stabilising** after falling for five straight months, but downward pressures remain. Their values rose 0.1% m-o-m in October, after rising 0.3% m-o-m in September, according to flash estimates for the NUS Singapore Residential Price Index.

**Thailand's current account surplus hit a 10-month high in October**, propelled largely by a sharp decline in import value and burgeoning tourism. October's current account surplus tallied USD5.2 billion, putting this year's surplus at USD26.2 billion. Import value in October fell 21.3% y-o-y to USD14 billion due to contractions in almost all items, while foreign tourists visiting the country rose 3.7% m-o-m.

**Vietnam attracted FDI worth USD20.22 billion in the first 11 months**, an increase of 16.7% y-o-y. Of the amount, 1,855 new foreign-invested projects contributed USD13.55 billion while the remainder was from 692 operating projects which raised their capital.

## North East Asia

**China's official manufacturing purchasing managers' index fell to 49.6 in November** from a reading of 49.8 in October. The figure released by the National Bureau of Statistics indicates a fourth straight month of contraction in manufacturing activity, adding to fears that China's deceleration may continue to weigh on the global economy despite a raft of stimulus measures taken by Beijing.

**Capital spending by Japanese firms rose in the July to September period** by 11.2% y-o-y, a bright spot for the economy as it slipped back into recession in the second quarter of the fiscal year. Business investment by all non-financial sectors for purposes such as building plants and introducing new equipment totaled JPY10.49 trillion (USD85 billion), the Finance Ministry said.

**Japan's industrial production rose in October** by 1.4% m-o-m, rising for the second straight month, as the world's third-largest economy struggles to pull out of a second recession in two years. The figure followed a 1.1% rise in September. The index of production at factories and mines stood at 98.8 against a 2010 baseline of 100, said the Ministry of Economy, Trade and Industry.

**Auto production in Japan fell in October** by 0.5% y-o-y to 813,110 units, down for the 16th consecutive month, the Japan Automobile Manufacturers Association said. Production suffered from the lingering impact of the mini-vehicle tax hike in April, an association official said. For the first 10 months of the year, domestic vehicle production declined by 6.3% y-o-y to 7.74 million units. Auto exports in October were up by 3.8% to 416,472 units, growing for the second straight month.

**Japanese manufacturing activity expanded at its fastest pace in 20 months in November** as output and new export orders picked up, suggesting the economy is starting to turnaround from a recession. The Markit/Nikkei Japan Final Manufacturing Purchasing Managers Index (PMI) was a seasonally adjusted 52.6 in November, higher than a final 52.4 in the previous month.

**South Korea's consumer inflation inched up to a one-year high in November** as a drop in oil prices slowed. The country's consumer price index gained 1% y-o-y in November, up from a 0.9% y-o-y gain in October and the highest increase since November 2014, according to the report by Statistics Korea.

**South Korea's exports declined in November** by 4.7% y-o-y, keeping a downward trend for 11 straight months. Exports fell to USD44.43 billion in November, according to the Ministry of Trade Industry and Energy. The November decline improved from a 15.8% plunge in October. Imports tumbled 17.6% to USD34.07 billion, sending the November trade surplus to USD10.36 billion.

**Industrial production in South Korea fell for the first time in five months** due to weak exports that offset a recovery in private consumption. Output in all industries fell by 1.3% m-o-m in October, according to Statistics Korea.

**South Korea's retail sales rose to a 10-month high in October** as tax cuts and a large discount event propped up consumer spending. Retail sales topped KRW32.28 trillion (USD27.87 billion) in October, up a sharp 6.5% from KRW30.29 trillion a year earlier.

**Taiwanese manufacturing sector continued to see a contraction in October**, with a monthly index compiled by the Taiwan Institute of Economic Research (TIER) flashing its seventh blue light since April. TIER's manufacturing composite index climbed to 9.83 in October from 9.77 a month earlier, but still came in below 10.5 which indicates a contraction in the industry.

## Australasia

**Australia's current account deficit was AUD18.1 billion in Q3**, from AUD20.5 billion in Q2. The surplus on goods and services rose by AUD6.1 billion, which would contribute 1.5 percentage points to growth in the Q3 measure of GDP, the Australian Bureau of Statistics said.

**New Zealand's business confidence rose to a six-month high in November**, signalling a pick-up in the economy. A net 14.5% of businesses were confident about the general outlook for the economy over the coming year, up from 10.5% last month, according to the ANZ Business Outlook survey. A net 32% of firms see their own activity expanding in the coming year, up from a net 23.7% in October.

## Indian Sub-Continent

**India registered a 7.4% GDP growth in Q2 of the current fiscal year** (July to September), official statistics showed. Higher activity in manufacturing as well as in services sectors are major contributors to the growth, higher than the 7.1% reading in Q2 but lower than the 8.4% growth in the same quarter of the last fiscal year.

**The Reserve Bank of India approved a set of more liberal external commercial borrowing norms**, allowing Indian companies to raise rupee resources from overseas lenders, without incurring currency risks. The new norms will be effective April 1 next year.

**India's price of petrol and diesel were cut by INR0.58 per litre and INR0.25 per litre, respectively**, reversing the trend of increasing rates. Petrol will cost INR60.48 per litre from mid-night tonight in Delhi, against the current INR60.70 a litre. A litre of diesel will cost INR46.55 from tomorrow compared with the INR46.80 now, the nation's biggest fuel retailer Indian Oil Corporation said.

**Low oil prices in the international market helped Pakistan save around USD2.5 billion in imports of petroleum products** during the first four months (July to October) of this fiscal year, according to a latest report of the State Bank of Pakistan.

## Middle East and North Africa

**Algeria's parliament approved increases in subsidised gasoline, diesel, gas and electricity prices as part of its 2016 budget** in the latest attempt by the government to cope with a sharp fall in energy earnings. The 2016 budget law also included a 9% cut in spending, reversing an upward trend in government expenditure over the past years.

**Oman's producer price index (PPI) declined by 13.9% in Q2 2015** compared to the same quarter last year, according to the National Centre for Statistics and Information. Prices of oil and gas products posted a 15.7% y-o-y fall, while non-oil products prices fell by 3.6% in Q2.

**Turkey's foreign trade deficit declined in October** by 42.5% y-o-y due to a continuing decline in the country's imports, the Turkish Statistical Institute stated. The foreign trade gap dropped from USD6.3 billion to USD3.6 billion in October. Exports were USD13.3 billion with a 3.1% y-o-y increase, while imports fell by 11.9% to USD16.9 billion.

**The UAE's non-oil direct trade reached AED534.1 billion in H1 2015**, marking a 2% y-o-y increase from the AED521.8 billion recorded in the same period in 2014. According to the Federal Customs Authority, non-oil imports reached AED337.6 billion in H1 2015, a 1% drop from the AED340.6 billion recorded in the same period last year.

**The gross credit in UAE rose 7.3% in Q3** as the retail sector recorded a double-digit growth, according to the latest data. The report, issued by the Central Bank of the UAE, said asset classes including retail (10%), government (8.7%) and corporate (5.6%) led the credit growth in the country.

## Western Europe

**Consumer prices in Germany rose by 0.4% in November**, driven by higher costs for food, services and rents, after edging up 0.3% in October, the federal statistics office Destatis said.

**Greek retail sales by volume fell 3.2% y-o-y in September**, driven by lower sales of fuel and at department stores, statistics service ELSTAT said.

**Swiss economic growth stalled in Q3**, with momentum held back by weak performance in the energy, construction and financial sector. Output was unchanged in Q3, after increasing 0.2% in the prior period, the State Secretariat for Economic Affairs in Bern said.

## South America

**Brazil posted a primary budget deficit of BRL11.530 billion (USD3.00 billion) in October**, central bank data showed. In the 12 months through October, the primary budget deficit jumped to an equivalent of 0.71% of GDP from 0.45% in the 12 months through September.

**Brazil announced a freeze on spending**, as its fiscal picture worsens amid a deep recession and political gridlock. The frozen funds amount to BRL11.2 billion (USD2.9 billion) for the executive branch and BRL1.7 billion for the judiciary and legislative branches. The government said it was freezing all that is remaining in the 2015 budget, except earmarked, mandatory costs such as public-servant salaries, retirement benefits, jobless insurance and the administration's hallmark income-distribution program known as Bolsa Família.

**Chilean manufacturing contracted further in October**, dropping at the fastest pace in five months, as Latin America's wealthiest economy struggles to revive growth following a slump in copper prices. Unemployment unexpectedly fell. Manufacturing shrank 3% y-o-y, the National Statistics Institute said, while industrial production slid 0.6% and retail sales rose 1.7%.

## Currency News

**The International Monetary Fund (IMF) welcomed China's yuan into its elite reserve currency basket**, recognising the ascendance of the Asian power in the global economy. The yuan, also known as the renminbi, will join the US dollar, Euro, Japanese yen and British pound next year in the basket of currencies the IMF uses as an international reserve asset. IMF Managing Director Christine Lagarde called the decision "an important milestone in the integration of the Chinese economy into the global financial system".

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
28-Nov-15	1,057.46	2.21	44.86	20.30	1.50	2.13	1.41	0.98	9755.15	87.01	3.01	33.47	25.41	2,859.12
01-Dec-15	1,072.25	2.26	44.8	19.82	1.49	2.13	1.41	0.98	9792.40	87.15	3.01	33.46	25.41	2,873.33
% Change	1.40	2.26	-0.13		-0.26	-0.07	0.02	-0.65	0.38	0.17	0.09	-0.04	0.01	0.50

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*... Japan's public pension fund lost USD64 billion in Q3...  
... OPEC oil output rose in November ...*

## South East Asia

**The National Assembly of Cambodia approved a 2016 defence budget of USD383 million**, a 17% increase against spending in 2015. The defence allocation amounts to around 9% of total government expenditure for the year and about 2% of GDP.

**Indonesia's inflation rate stood at 0.21% in November.** From January to November, inflation stood at 4.89% y-o-y. This was due to increases in prices of several commodities, including rice, bred chicken, filtered cigarettes, bred chicken eggs and peas.

**Indonesia's central bank has lowered the interest rate it pays banks on their reserve requirement deposits** to 2.5%, from 3% previously, to encourage banks to lend more. The new interest rate on deposits with the central bank will be effective immediately.

**Bank Negara Malaysia will consider increasing its holdings of the yuan in its international reserves** following the inclusion of the Chinese currency in the International Monetary Fund's Special Drawing Rights currency basket.

**Myanmar will open its first major stock exchange next week** after months of delays, as the long-cloistered economy slowly opens up. Initially slated for October, the Yangon Stock Exchange (YEX) will now be launched on December 9, according to a statement by the Securities and Exchange Commission of Myanmar.

**Thailand's consumer price index (CPI) in November fell** 0.97% y-o-y, attributed mainly to the decline in oil and food prices. The oil price fell 21% y-o-y, according to the Thai Commerce Ministry.

## North East Asia

**The Asian Infrastructure Investment Bank plans to lend about USD10 billion to USD15 billion a year for the first five or six years.** The new lender, which will be inaugurated later this month, plans to conduct its first board meeting next month and will support infrastructure development and connectivity in Asia.

**China aims to establish a number of internationally competitive agricultural firms by 2020**, the State Council said. The reforms on land reclamation are not only important to national food security and the development of modern agriculture, but are also crucial for China to compete with multinationals in the agricultural field. China has spent USD3.2 billion in 2015 developing modern agriculture.

**China's central bank disbursed CNY51.75 billion (USD8.1 billion) worth of pledged supplementary loans (PSL)**, with an interest rate of 2.75%, to banks in November. There were CNY1.08 trillion worth of PSL in the banking system at the end of November. The latest PSL exercise is aimed at supporting China's urbanisation, infrastructure and the use of yuan overseas.

**China will cut the retail price of gasoline and diesel today**, tracking a slide in global crude prices. The National Development and Reform Commission announced gasoline prices will drop by CNY145 (USD22.67) per tonne while diesel prices will be cut by CNY140 per tonne or CNY0.11 per litre for gasoline and CNY0.12 per litre for diesel. The decrease marks the 12th cut in oil prices this year.

**Ten leading Chinese copper producers have announced that they will reduce refined copper output in 2016** by 350,000 tonnes, about 5% of China's annual production, in the latest move to reduce overcapacity in the struggling nonferrous metal industry.

**Japan's public pension fund, the world's biggest, lost a whopping USD64 billion in Q3**, as global equity markets plunged this summer on fears over China's economy. The drop in the JPY135 trillion (USD1.1 trillion) Government Pension Investment Fund, the worst quarterly fall since 2008, came after it decided last year to double the amount of equities in its bond-heavy portfolio to generate higher returns.

**Macau's economy contracted a fifth straight quarter in Q3** as the world's largest gambling hub was pummeled by an economic slowdown in the mainland and the central government's attack on corruption which scared off high-rollers. The city saw its GDP tumble 24.2% y-o-y in real terms in Q3, easing from the 26.4% drop in Q2, according to the Statistics and Census Bureau.

**South Korea posted a current account surplus for 44 months in a row** as imports fell at a faster pace than exports. Current account surplus reached USD8.96 billion in October, according to the Bank of Korea. It marked the longest surplus in the country's history. The October figure was down from the previous month's USD10.54 billion, but was up USD0.22 billion y-o-y.

## Australasia

**Australia's resource-rich economy expanded strongly in Q3** on the back of a surge in commodity exports. GDP rose by 0.9% q-o-q and by 2.5% y-o-y in Q3, the Australian Bureau of Statistics said. Q2 growth was revised upwards to 0.3% q-o-q, compared with an earlier estimated 0.2% q-o-q increase.

**Australia's central bank kept interest rates steady for a seventh month** as data showed exports provided a huge lift to the economy last quarter and helped fill a gaping hole left by business investment. The Reserve Bank of Australia did again note that low inflation meant there was room for a cut in the 2% cash rate should signs of recovery disappoint in coming months.

**Australia's apartment approvals jumped 10% in October**, pushing the total to a new 12-month record, even as the figure for standalone houses fell for a second month. Planning authorities gave the stamp to 10,218 new units, townhouses and apartments, up on the 9,277 they approved in September.

## Indian Sub-Continent

**Bangladesh's foreign exchange reserve reached USD26.4 billion in November**, said a central bank official. The country's foreign exchange reserves stood at USD26.4 billion on November 30, after reaching USD27.1 billion in October. Bangladesh, with a population of 153 million, needs a reserve of about USD10 billion to meet its import bills for three months in light of an internationally accepted standard.

**India's foreign direct investment grew by 13% to USD16.63 billion during the April-September period** of the current fiscal year. The foreign investment was USD14.69 billion in April-September 2014, according to the Department of Industrial Policy and Promotion. Sectors which attracted the highest foreign investment in the period included computer software and hardware (USD3.05 billion), trading (USD2.3 billion), services (USD1.46 billion), automobile (USD1.46 billion), and telecommunications (USD659 million).

**India's central bank kept interest rates on hold**, citing rising inflation and "weakness" in Asia's third-largest economy, despite recent growth. The Reserve Bank of India said the benchmark repo rate, the level at which it lends to commercial banks, would remain at 6.75%.

**Indian manufacturers indicated that new business inflows rose in November**. Growth of new work was hampered by subdued domestic demand and competitive pressures. The seasonally adjusted Nikkei India Manufacturing PMI fell for the fourth consecutive survey period to a 25-month low of 50.3 in November, from 50.7 in October.

**Pakistan's inflation rate has rebounded to 2.7% y-o-y in November**, after remaining at below 2% in four months (July to November) of the ongoing financial year, according to data released by Pakistan Bureau of Statistics. Inflation was recorded at 1.6% in October, 1.3% in September, 1.7% in August and 1.8% in July.

## Middle East and North Africa

**The Kuwaiti government asked parliament to approve a supplementary budget of KWD6.2 billion (USD20.4 billion)** to fund weapons purchases for the military over a 10-year period.

**The total value of Qatar's monthly exports of goods in October rose** by 6.7% m-o-m to QAR22.6 billion (USD6.21 billion), the Ministry of Development Planning and Statistics data showed. When compared to the corresponding month last year, exports in October fell by 33.3% y-o-y.

**The government of Qatar has invited banks to provide it with a USD5.5 billion loan**, as Doha became the latest Gulf government to seek funds as its finances are pressured by low energy prices. The five-year loan is smaller than the amount of up to USD10 billion which bankers said last month that the government aimed to borrow.

## Eastern Europe

**Polish economy grew by an annual rate of 3.5% in Q3**, led by investment growth which slowed to 4.6% and stable consumption growth rates, estimates from the Central Statistical Office showed.

**Poland's new government has approved a program of family bonuses** that is intended to reverse the declining birth rate. Families will get monthly bonuses of PLN500 (USD124) for every child beyond the first. The poorest families will be receiving bonuses for all children. The funding is to come from cutting VAT tax evasions and from new bank and supermarket taxes.

## Northern Europe

**Iceland saw its balance of services trade increase to a surplus of ISK90.4 billion (USD679.7 million) in Q3**, Statistics Iceland said. This marked an increase of 16.2% y-o-y compared with ISK77.8 billion in the same period of the previous year.

**The Swedish economy grew at a faster pace in Q3.** Sweden's GDP had grown 3.9% y-o-y in Q3, the government agency Statistics Sweden reported. Statistics Sweden cited an increase in household consumption and said consumers alone tacked on 0.3% q-o-q to the country's GDP quarterly growth.

## Western Europe

**The Austrian unemployment rate for the month of November has increased** by 5.6% y-o-y to reach 430,107 people without work. The figures released by the social affairs ministry were marked in particular by a massive 191% spike in long-term unemployment, increasing by 31,398 people y-o-y to a total 47,845 persons that have been out of work for the duration of a year or more.

**Germany's unemployment rate remained at 6% in November**, as the labour market in Europe's biggest economy remained strong. The Federal Labour Agency reported 16,000 fewer jobless in November, with 2.63 million Germans unemployed.

**Italy's unemployment rate was 11.5% in October**, the lowest level since December 2012, in a boost to expectations that the economic recovery is extending to the labour market, according to provisional data released by national statistics agency Istat. The number of employed Italians fell in October by 39,000 m-o-m but rose by 75,000 y-o-y.

**The UK's PMI registered 52.7 in November**, down from October's 16-month high of 55.2 (originally reported as 55.5), survey provider Markit released. Manufacturing production expanded for the thirty-second successive month in November. The consumer goods sector gained the strongest expansion while the investment goods sector also saw a solid growth.

## North America

**Canadian output expanded in Q3** on the strength of exports and consumer spending, as the economy attempts to shake off the negative fall-out from a commodity-price slump that led activity to shrink in H1 2015. GDP advanced 2.3% on an annualised basis in Q3, to CAD1.77 trillion (USD1.33 trillion), Statistics Canada said.

**Economic activity of the US manufacturing sector in November contracted** to the lowest level since June 2009, when the economy was caught up in the worst financial crisis in decades. The PMI fell to 48.6 in November after registering 50.1 in October, the Institute for Supply Management said.

## South America

**Argentina's tax revenue grew 27.2% in November** to a total of ARS129.49 billion. A government official explained salary hikes, a rise in transactions and profits from societies are among the causes of the revenue growth.

**Brazil posted a trade surplus of USD1.197 billion in November**, in another positive result that assures the commodities' powerhouse will record a surplus this year after a hefty deficit in 2014. A crippling recession and a weaker local currency have dragged down demand for imports in Brazil while improving conditions for local exporters.

## Oil & Gas News

**OPEC oil output rose in November** from the previous month, led by a rebound in Iraqi exports after bad weather had temporarily halted supply growth from the group's second-largest producer. OPEC supply has risen in November to 31.77 million barrels per day (bpd) from 31.64 million bpd in October, according to the Reuters' survey.

## Currency News

**China is ready to cope with possible risks arising from the renminbi being included in the IMF's reserve currencies basket.** The global financial body decided on Monday to include the Chinese currency in the basket. The decision will give the renminbi the third-highest weighting, 10.92%, after the US dollar and the Euro in the special drawing rights basket. The decision was taken after the IMF recognised the renminbi as being "freely usable".

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-Dec-15	1,072.25	2.26	44.8	19.82	1.49	2.13	1.41	0.98	9792.40	87.15	3.01	33.46	25.41	2,873.33
02-Dec-15	1,067.70	2.21	44.21	20.00	1.49	2.12	1.41	0.97	9795.28	87.47	3.00	33.52	25.42	2,898.92
% Change	-0.42	-2.21	-1.32		0.14	-0.29	-0.20	-0.45	0.03	0.36	-0.24	0.19	0.03	0.89

# Economic & Financial News

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*... Pakistan has introduced a mini budget ...  
... Ukraine aims to spend 5% of GDP on defence and security next year ...*

## South East Asia

**Indonesian consumers regained confidence in November** due to better economic conditions in the country. A monthly survey conducted by Bank Indonesia, which questioned 4,600 households in 18 cities across Indonesia, found that the country's consumer confidence index strengthened by 4.4 points to 103.7 in November.

**Malaysia's halal exports hit MYR19.5 billion in Q2 2015.** The country's halal exports in 2014 were valued at MYR37.7 billion amid growing demand in recent years. It is a massive market and the growth is exponential, also the number of Muslims worldwide is expected to increase by 73% from 1.6 billion in 2010 to 2.8 billion in 2050, Minister in the Prime Minister's Department said.

**The Philippine government's outstanding debt inched up by 0.4% m-o-m** to PHP5.958 trillion in October from PHP5.936 trillion on the back of additional borrowings at the start of the Q4, the Bureau of the Treasury said. Y-o-y, the government's outstanding debt was also higher than the PHP5.714 trillion recorded in October last year.

**Singapore's manufacturing activity contracted for the fifth straight month in November**, according to the latest data released by the Singapore Institute of Purchasing and Materials Management. Singapore's latest Purchasing Managers' Index (PMI) posted a reading of 49.2, slightly higher than October's 48.9.

**Viet Nam's total revenues were estimated at VND807 trillion** (USD35.88 billion), representing 86% of the annual plan, while expenditure was VND961.9 trillion (USD42.77 billion), or 84% of the annual plan, the General Statistics Office has released budget figures for the year to November 11. The budget was therefore in deficit by VND154.9 billion (USD6.88 billion)..

**The cooking gas price in Viet Nam has been hiked by VND16,000** (USD0.7) per 12kg canister from Tuesday. The retail price of a 12kg cooking gas canister now ranges between VND308,000 (USD13.6) and VND310,000 (USD13.7). Gas firms attributed the price increase to the rising world gas price, which is USD467.5 per tonne now, a surge of USD52.5 per tonne in comparison with last month.

## North East Asia

**Markit's PMI in Hong Kong was at 46.6 in November of 2015**, unchanged from the previous month. Amid reports of weak economic conditions both domestically and abroad, output and new orders continued to fall at marked rates.

**The number of Hong Kong's home deals plunged by 42% y-o-y in November**, data from the Land Registry revealed. There were 2,826 registered residential transactions for both new and old homes, down 14.4% from October. Total value of transactions stood at HKD20.8 billion, down 8% on October. This comes amid the potential interest rate hike and the sale of new low-priced projects.

**Hong Kong's Urban Renewal Authority cuts eligibility limits for single applicants** for its first subsidised housing project. Single applicants' monthly household income and asset limits are capped at HKD33,500 and HKD1.5 million respectively. The move was made after a public outcry erupted last Tuesday over a decision to allow single people, instead of only families of two people or more, to buy subsidised units.

**The Japanese government will halve the fixed asset tax for up to five years for farmers** who lease farmland via so-called farmland banks. The fixed asset tax will be halved for five years for farmers who conclude 15-year or longer lease contracts with farmland banks and for three years for those with shorter contracts of at least 10 years, the governments officials said.

**Japan's November monetary base rose 30.8% y-o-y**, as the Bank of Japan (BOJ) continued measures to bolster liquidity as part of its ongoing efforts to achieve its inflation target. The nation's monetary base stood at JPY343.67 trillion (USD2.80 trillion) at the end of November, following a 0.2% slide logged a month earlier.

**Gambling revenue in Macau plunged 32.3% y-o-y in November.** Revenues in Macau have fallen for 18 consecutive months due to slowing economic growth and a broader crackdown on corruption targeting the illicit money outflows. Gambling revenue dropped to MOP16.4 billion (USD2 billion) from MOP24.3 billion a year earlier, the lowest this year and down from MOP20.06 billion in October, according to the Macau government.

**South Korea's foreign exchange reserves dropped slightly m-o-m in November** but mostly due to a devaluation of non-US dollar assets. The country's foreign exchange reserves came to USD368.46 billion at the end of November, down USD1.14 billion from the previous month, according to the Bank of Korea.

**South Korea's economy grew a seasonally adjusted 1.3% during the Q3** from the Q2, revised central bank data showed, just above a 1.2% rise estimated earlier. Y-o-y, South Korea's GDP expanded by 2.7% in the Q3, the Bank of Korea data showed.

**The South Korean National Assembly approved a landmark bill that imposes income taxes on clergy members starting in 2018.** Under the revision to the income tax law, the government will begin collecting income taxes from the clergy starting on Jan. 1, 2018, after creating a "clergy income" category in the law. The bill allows for only 20 to 80% of a clergy member's income to be exempt by classifying it as necessary expenses.

**The National Assembly passed the South Korea government's 2016 budget bill during a plenary session Thursday,** failing to meet the legal deadline. The bill calls for increasing the government budget by 2.9% to KRW386.4 trillion (USD332 billion) next year from KRW375.4 trillion this year. It falls KRW300 billion short of the amount requested by the government in September.

**Taiwan's property market is showing signs of stabilising,** with the number of housing transactions in most of the six special municipalities rising about 10% y-o-y in October, according to figures from the land administration bureaus of the six cities. Housing transactions totalled 2,533 units in Taipei in November, representing an increase of 10.8% y-o-y and a 13% increase from October.

## Australasia

**Exports of services gave New Zealand a total trade surplus in September,** with Australia and China being the biggest export markets. New Zealand had a surplus of NZD2.8 billion (USD1.86 billion) on the back of total exports of NZD69 billion (USD45.97 billion), according to Statistics New Zealand. This was due to a services trade surplus of NZD3.3 billion (USD2.2 billion), while goods trade was in deficit of NZD500 million (USD333.1 million). Dairy remained the main export commodity, accounting for almost a sixth of total export values.

## Indian Sub-Continent

**The government of Pakistan has introduced a mini budget,** envisaging additional tax measures of over PKR40 billion by imposing 5-10% regulatory duty on the import of 61 items; increasing duty by 5% on another 289 items; and levying 1% additional customs duty on thousands of other items.

## Middle East and North Africa

**Tunisia's real GDP has posted an increase of 0.1% in the Q3 of 2015** compared to the Q2 after a decline of 0.7% and 0.2% in earlier quartets, the central bank said. GDP posted a 0.1% decrease in annual shift and at constant prices in Q3 2015, against a rise of 0.7% in the Q2 and 2.4% in the same period a year earlier. Slower growth is explained by falling activity in the industrial and market services sector.

## Eastern Europe

**The National Bank of Poland has left the country's benchmark interest rates unchanged** at a record-low 1.5%. In 2015 Q3 GDP rose slightly faster than in the previous quarter. Consumer demand remains the main driver of economic growth, supported by a robust labour market, strong consumer sentiment and increasing household lending. GDP growth is also driven by further; yet slower than in the previous quarter, rise in investment.

**Ukraine aims to spend 5% of GDP on defence and security next year,** although Ukraine's economy relies on money from international lenders to stay afloat. The government aims to spend about 14% of its budget, or UAH100 billion (USD4.2 billion), on defence and security.

## Northern Europe

**Denmark's GDP for the Q3 2015 was down by 0.1%** as compared to the previous quarter, falling for the first time in eight quarters. The drop was mainly due to decline in industry and exports of goods, said Danmarks Statistik.

## Western Europe

**Greek pensioners are privileged to receive 98% of their average income,** a new study by the Organization for Economic Co-operation and Development (OECD) showed. Only 7% of Greeks over the age of 65 live below poverty level, when the average in the 34 OECD member nations is 13%. Those considered poor are those having an income below 50% of their average household income.

**The Portugal government intends to free the country's middle-class from "suffocating taxes",** despite fears the belt-loosening could bring back the Eurozone country's debt problems. Easing the austerity measures imposed after a EUR78 billion (USD82.6 billion) bailout four years ago will put more money in Portuguese pockets and bring a fresh spurt of growth.

**The number of people registered as unemployed in Spain fell by 27,071 in November,** according to data unveiled by the Ministry of Employment and Social Security. The figure meant a 0.65% fall on a m-o-m basis that left the total number of unemployed people at 4.14 million. On a y-o-y basis unemployment fell by 8.04%, with 362,818 fewer unemployed people.



## North America

**The Bank of Canada left its trend-setting interest rate unchanged**, saying the economy is adjusting as expected to the bite of low commodity prices and weaker-than-anticipated U. demand. The central bank also said Canadian inflation remains within its target range, the key determinant in its policy decisions. As a result, its benchmark rate remains at 0.5%.

**US private sector job growth rose in November**, adding to the possibility that the Federal Reserve will raise rate in December. US private companies added 217,000 jobs in November, and the job creation in October was revised up to 196,000, said the National Employment Report released jointly by Automatic Data Processing (ADP) and Moody's Analytics, based on a monthly survey.

## South America

**Brazil's economy contracted 4.5% y-o-y in the Q3**, deepening the country's sharpest recession in 25 years and adding fuel to opposition fires targeting President Dilma Rousseff as she struggles to close a growing fiscal deficit and contain a vast corruption scandal, reported by government statistics agency IBGE.

**New-vehicle sales in Brazil dropped in November** for the eleventh consecutive month as the country's economic recession deepened, hurting consumer confidence. Sales of cars, light vehicles, trucks and buses plunged 33.74% in November from a year earlier to 195,212 units, the national auto dealers' association said.

## Oil & Gas News

**Crude prices inched up on Thursday** on a report suggesting that Saudi Arabia will propose a deal to balance oil markets, in the first sign the top OPEC producer is willing to compromise after a rout that has more than halved oil prices since June 2014. US crude was trading 29 cents higher at USD40.23 per barrel at 0517 GMT, while internationally traded Brent was up 48 cents at USD42.97. Saudi Arabia, which has so far resisted any intervention, will propose a cut of 1 million barrels per day (bpd) in OPEC output, Energy Intelligence reported.

## Commodity News

**Gold slumped to a near-six-year low** on Thursday after comments from Federal Reserve chair Janet Yellen virtually cemented the case for a US rate hike this month, while the strength in the dollar also pressured the metal. Spot gold fell 0.2% to USD1,051.26 an ounce by 0307 GMT. Earlier in the session, it dipped to as low as USD1,045.85, the lowest since February 2010.

## Currency News

**Malaysia's ringgit fell** after Brent crude's slide to a six-year low dimmed prospects for Asia's only major net exporter of oil. The ringgit weakened 0.3% to 4.2465 a dollar as of 9:40 a.m. in Kuala Lumpur, according to prices from local banks compiled by Bloomberg. It has weakened 18% in 2015.

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-Dec-15	1,067.70	2.21	44.21	20.00	1.49	2.12	1.41	0.97	9795.28	87.47	3.00	33.52	25.42	2,898.92
03-Dec-15	1,053.08	2.16	43.31	20.05	1.49	2.11	1.41	0.97	9814.12	87.52	2.99	33.41	25.42	2,876.16
% Change	-1.37	-2.26	-2.04		0.05	-0.61	0.30	-0.29	0.19	0.06	-0.24	-0.32	0.01	-0.79

# Economic & Financial News

Research & International Division

5/12/2015

*... Japan is considering to spend JPY97 trillion in its regular budget proposal for fiscal 2016...  
... Russian inflation decelerated to the slowest since January ...*

## South East Asia

**The Indonesian government will waive income tax for workers in labour-intensive industries.** The policy is part of part of the government's seventh economic stimulus package to jump-start the country's slowing economy. Employees eligible for exemption from paying income tax are those who are in industries that include footwear, textiles and tobacco, and who earn less than IDR50 million (USD3,700) per year. The government plans to implement the policy for two years, with an option to extend the tax exemption further if necessary.

**Myanmar's total trade volume has declined in value** for the first time since the switch to quasi-civilian rule, largely a result of the long and seemingly inexorable slide of the local currency. For the first eight months of the 2015-16 fiscal year, from April to November, total imports were valued at USD9.8 billion and total exports were USD7.2 billion. The figures mark a slight decline against the same period in 2014 imports were USD10.1 billion while exports were USD7.3 billion.

**Businesses' confidence in the Philippine economy grew for the Q4 of 2015,** hitting the highest level in two years on the back of firm demand as well as seasonal factors, the Bangko Sentral ng Pilipinas's survey said. It showed an overall confidence index of 51.3% for the Q4 period, rising from the 41.4% seen in the Q3 and the 48.3% tallied a year ago.

## North East Asia

**The Japanese government is considering to spend JPY97 trillion in its regular budget proposal for fiscal 2016.** The budget for the year starting next April is expected to hit a record high, topping the JPY96.3 trillion earmarked under the fiscal 2015 initial budget. The rise reflects higher social security costs and growth in defence outlays.

**The average pay among workers in Japan in October grew 0.7% y-o-y** to JPY266,309, up for the fourth consecutive month, the Ministry of Health, Labour and Welfare said in a preliminary report Friday. The growth reflected a pay-scale hike decided at this year's "shunto" spring labour-management negotiations and an increase in overtime pay.

**South Korean construction companies racked up 35% y-o-y more domestic orders in October,** aided by a continued recovery in the local property market. According to the data compiled by the Construction Association of Korea, local builders received KRW12.0 trillion (USD10.3 billion) in October.

**Taiwan's foreign exchange reserves decreased by USD2.2 billion** to USD424.6 billion as of the end of November, the first monthly drop since April, the central bank said. Meanwhile, there was a net outflow of USD6.3 billion in foreign funds during the month, the central bank added. The bank attributed the slight decline in reserves mainly to the depreciation of the euro and other reserve currencies against the US dollar, which caused dollar-denominated foreign exchange reserves to decrease.

## Australasia

**Australia's October trade deficit has blown out beyond market expectations,** which saw exports fall 3% while imports remained flat. Australia's trade deficit blew out to AUD3.3 billion (USD2.4 billion) in October, the Australian Bureau of Statistics showed. The October trade deficit was larger than the AUD2.6 billion (USD1.9 billion), while casting a shadow over September's AUD2.4 billion (USD1.8 billion) deficit. Australia's higher trade deficit was driven primarily from falls in goods exports.

## Indian Sub-Continent

**Foreign exchange reserves held by the State Bank of Pakistan (SBP) increased 0.7% on a weekly basis on November 27,** according to data released by the central bank. SBP's liquid foreign exchange reserves increased USD110 million to USD14,787 million compared to USD14,677 million in the previous week.

**Pakistan's overall spending under the Public Sector Development Programme (PSDP) increased by 82%** to PKR216 billion during the first five months of the current fiscal year. During the same period last year, an amount of PKR118.6 billion was spent under the PSDP. Some projects in road network and power generation are also being initiated under the USD46 billion China-Pakistan Economic Corridor (CPEC) this year.

**Sri Lanka's tourist arrivals rose 20.4% y-o-y** to 144,147 in the month of November 2015, driven by China, India, UK and Germany, data from the state tourism promotion office showed. In the eleven months of 2015 arrivals were up 18.1% to 1,592,266.

## Middle East and North Africa

**Egypt's foreign currency reserves rose to USD16.4 billion dollars in November** from USD16.4 billion the previous month, the central bank said. Egypt's foreign reserves stood at about USD36 billion before the 2011 revolt but have dwindled since the uprising scared off tourists and foreign investors.

**Turkey's annualised consumer prices rose 8.1% y-o-y in November**, reaching their highest level so far in 2015, the Turkish Statistics Institute (TurkStat) said. Turkish consumer prices rose 0.67% in November as clothes and food prices jumped, adding pressure on the central bank to raise interest rates.

**The jobless rate among Turkey's university graduates stands at 12.1%**, indicating that young, educated people are having a difficult time finding work in Turkey. Overall figures have increased throughout the year, with the 3 million unemployed in January rising to 3.1 million in August. Youth unemployment, referring to the 15-24 age group, remains persistently high at 18.3%.

**The UAE's fiscal balance improved in Q2 2015**, as the highly successful policy of doing away with petroleum subsidies has been a key contributory factor to greater fiscal stability. The general government deficit decreased by 26% compared to the Q1 of 2015 as it dropped from a deficit of AED12.1 billion to a smaller deficit of AED8.9 billion, the Central Bank of the UAE said.

## Eastern Europe

**Bulgaria's GDP recorded an increase of 2.9% in Q3 2015** compared to the same quarter last year and a growth of 0.7 % compared to the Q2 of 2015. According to preliminary figures of the National Statistical Institute (NSI), the GDP in the Q3 amounted to BGN23.5 billion or EUR12.0 billion, with the GDP per capita being BGN3,267 or EUR 1,671.

**Hungary's volume of GDP increased by a y-o-y 2.4% in Q3**, with the performance of manufacturing and services growing, while performance in agriculture fell, Hungary's Central Statistical Office reported.

**Russian inflation decelerated to the slowest since January** as trade restrictions imposed against Turkey cloud the outlook. Consumer-price growth slowed to 15% y-o-y in November from 15.6% in October, the Federal Statistics Service in Moscow said.

**Russia's credit-rating outlook was raised to stable from negative by Moody's Investors Service**, which cited a stabilisation of external finances and a diminished likelihood of the economy facing a further "intense shock" in the next 12 to 18 months after being sanctioned over Ukraine. Moody's affirmed Russia's Ba1 credit ranking, which is one step below investment grade. It lowered the rating to junk in February.

## Western Europe

**The French jobless rate rose in Q3 to 10.6%** from 10.3% in Q2, French national statistics agency Insee said. Excluding overseas districts, the unemployment rate in France rose to 10.2% in Q3, or 2.9 million people, from 10% in the previous quarter. The number of people who would like to work but aren't counted among the ranks of the unemployed was 1.4 million, 64,000 fewer than in Q3 2014.

**German factory orders rebounded in October**, increasing 1.8% after three months of declines and beating projections as both foreign and domestic demand rose. The Federal Statistical Office said that domestic orders in October increased 1.7% m-o-m while foreign orders were up 1.8% in seasonally adjusted terms.

**Spain's industrial production fell by 0.3% y-o-y in October**, according to the Index of Industrial Production (IPI) published by Spain's national statistics office. Production of consumer goods fell by 2.1% with production of durable and non-durable consumer goods falling by 2.4% and 2.1% respectively.

## North America

**Canada's trade deficit unexpectedly jumped to CAD2.8 billion (USD2.1 billion) in October** as exports to the crucial US market dropped by the most in almost two-and-a-half years, Statistics Canada data showed. October marked the 14th consecutive monthly trade deficit, reflecting Canadian exporters' continuing struggles amid a sharp fall in oil prices. Overall exports dropped by 1.8% to CAD43.0 billion as volumes fell by 1.5% and prices slipped by 0.4%.

**The Canadian economy shed 35,700 jobs in November** to reverse a rise in temporary work likely generated by October's federal election, Statistics Canada said. The number of public-administration jobs fell by 32,500 in November to offset an October increase of 32,000 positions in the same category.

**US job growth has increased solidly in November** in a show of the economy's resilience, which most likely paves the way for the Federal Reserve to raise interest rates this month for the first time in nearly a decade. Nonfarm payrolls increased 211,000 last month, the Labour Department said. September and October data was revised to show 35,000 more jobs than previously reported.

**The US trade deficit widened by 3.4% in October** to USD43.9 billion, compared to a revised USD42.5 billion deficit in September, a reflection of the impact of a weak global economy and stronger dollar. Exports of goods and services fell by 1.4% to USD184.1 billion while exports of just goods dropped by an even bigger 2.4% to USD123.8 billion, the lowest level since June 2011. Imports of goods and services were also down in October, dropping by 0.6% to USD228 billion.

## South America

**Brazilian industrial output fell at its fastest annual rate in more than 6 years in October**, contracting by 11.2% and adding to evidence that a deep recession in Latin America's largest economy has yet to reach bottom. M-o-m, industrial production fell a seasonally-adjusted 0.7% in October from September, its fifth straight monthly contraction, government statistics agency IBGE said.

**Inflation in Uruguay during the first eleven months of 2015 was double digit**, 10.04%, a figure which if confirmed by the end of the year, could trigger a rash of labor review demands from unions. According to the country's stats office INE, in November retail prices climbed 0.43%, and in the last twelve months reached 9.46%, ahead of October's 9.15%.

## Oil & Gas News

**OPEC on Friday did not set a new oil output ceiling**, with major oil producers reluctant to cut the supply and Iran said it would not consider any production curbs until it restores output scaled back for years under Western sanctions. Though OPEC maintained its production target of 30 million barrels per day, the actual oil output of the cartel has been exceeding 31.5 million barrels per day in the past months. Consequently, global oil prices have been falling, hitting a six-year low recently. OPEC is now pumping out around 33% of the crude in the world, at far lower levels than the past.

**Natural gas price remains low** as warm weather cools demand. Natural gas futures for January delivery traded about flat in advance of the EIA's report, at around USD2.16 per million BTUs, and traded at USD2.18 after the data release, compared with Wednesday's closing price of USD2.17.

## Commodity News

**Gold rose 1.6% to a two-week high on Friday**, after a US non-farm payrolls report, seen as likely to pave the way for the Federal Reserve to raise interest rates this month, failed to aid the dollar's ascent. Spot gold, weaker initially, rose as much as 1.6% to its highest since Nov. 20 at USD1,080.90 an ounce after the data and was up 1.5% at USD1,078.86 an ounce by 1453 GMT. It was on track for a 1.9% gain for the week.

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-Dec-15	1,053.08	2.16	43.31	20.05	1.50	2.11	1.41	0.97	9799.12	87.32	3.01	33.39	25.39	2,876.16
05-Dec-15	1,086.44	2.19	43	19.63	1.53	2.11	1.40	0.98	9897.07	87.76	3.02	33.72	25.63	2,879.05
% Change	3.17	1.39	-0.72		2.05	0.25	-1.11	0.85	1.00	0.50	0.27	0.99	0.93	0.10

# Economic & Financial News

Research & International Division

8/12/2015

*... Thailand is poised to cut import duty on up to 1,000 items ...  
... China's foreign trade in November dropped 4.5% y-o-y ...*

## South East Asia

**The Indonesian government will secure USD150 million in foreign loans to help finance preparations for infrastructure projects**, National Development Planning Minister said. The loans will provide the government with the necessary funding to accomplish all phases of the 2016 project preparations by the end of this year. The phases of project preparations include feasibility study, technical engineering design, land clearance, and project documentation.

**Singaporean resale prices of non-landed private homes rose 0.6% in November over October**, according to SRX Property. This contrasts with a 0.6% m-o-m drop in October. However, there was no revision to the October 2015 price index.

**Thailand will spend THB3.7 billion next year on driving flagship projects of the digital economy.** The Information and Communication Technology Ministry has said that the money left over is from the one-tablet-per-child project. It would also support tech start-ups and develop village commerce nationwide. The flagship projects covered five themes - hard infrastructure, soft infrastructure, service infrastructure, promotions and innovation, and the digital society and knowledge.

**Thailand is poised to cut import duty on up to 1,000 items**, the Finance Ministry said. The targeted items are intermediate and finished goods. The import duty cut was to beef up the country's competitiveness, as Thai products might lose their appeal if they were taxed at a higher rate than those from other countries, particularly under free trade agreement (FTA).

## North East Asia

**China's foreign exchange reserves fell to USD3.4 trillion in November.** The reserves dropped by USD87.2 billion from October, according to the People's Bank of China. Gold reserves decreased from USD63.3 billion at in October to USD59.5 billion at the end of November. China's FX reserves have declined for the last five quarters and posted a record quarterly fall in Q3.

**China's foreign trade in November dropped 4.5% y-o-y** to CNY2.2 trillion (USD337 billion), the ninth-consecutive monthly decline. The decline range in November significantly contracted when compared with the 9% y-o-y plunge registered in October. Exports dropped 3.7% to CNY1.3 trillion and imports fell by 5.6% to CNY910 billion. The trade surplus expanded by 2% to CNY343.1 billion.

**Japan's current account in October stayed in positive territory for the 16th consecutive month in October**, standing at a surplus of JPY1.5 trillion (about USD11.8 billion). Among key components in the current account, goods traded registered a surplus of JPY200.2 billion (about USD1.6 billion).

**The Japanese government revised its assessment on the world's third largest economy's growth in Q3 of this year** to an annualised 1% in inflation-adjusted terms. The growth in real GDP corresponded to a 0.3% increase from the Q2, the Cabinet Office said.

**South Korea will frontload 68% of its 2016 expenditure budget in the H1 of 2016** to help stimulate the economy by spending public funds early on, the finance ministry said. About KRW224.9 trillion (USD190.9 billion), or 68% of the 2016 annual expenditure budget of KRW330.7 trillion, will be spent in the H1 of next year.

**Taiwan's total exports contracted 16.9% y-o-y** to USD22.1 billion in November 2015. Waning international market demands, the semiconductor sector continuing to clear inventory, and dwindling prices of oil and copper have driven exports to contract, according to the finance ministry. Exports reached the lowest monthly level in November since May 2010, and the degree of reduction was the highest since September 2009.

## Australasia

**The Australian government has announced plans to reduce its dependency on industries that rely on natural resources** and increase its activities in areas such as IT. The federal government has launched its National Innovation and Science Agenda, which wraps up AUD1.1 billion of investment and 24 separate initiatives intended to help Australia transform from a resource-focused nation to an innovation economy.

**New Zealand manufacturing sales volumes rose at the fastest pace in almost two years in Q3**, driven by a pickup in meat and dairy activity. Total seasonally adjusted sales volumes increased 3.5% in the three months ended Sept. 30, after growth stalled in Q2, according to Statistics New Zealand.

**The New Zealand government deficit for the four months to the end of October** came in below forecast, putting the full-year accounts on the road to a second successive surplus. Overall the fiscal results had improved from the previous year with the operating deficit of NZD478 million (USD317.5 million) well under the NZD1 billion (USD664.2 million) at the same time last year, and net debt relatively constant. Core tax revenue was up by 5.8% while core expenses grew by 2.5% over that time.

## Indian Sub-Continent

**Bangladesh's exports rose 13.7% y-o-y to USD2.8 billion in November**, driven by stronger garment sales. Exports from July to November, the first five months of the country's 2015-16 financial year, rose 6.7% y-o-y to USD12.9 billion, the Export Promotion Bureau said. Sales of garments, comprising knitwear and woven items, totalled USD10.5 billion in July-to-November compared with USD9.7 billion a year earlier.

**Sri Lanka external trade continued to contract in September** with exports falling 5.9% to USD850 million and imports falling 5.1% to USD1,583 million, compared to the same month last year. The central bank said industrial exports fell 4.7% to USD636 million led by subdued performance of rubber products, gems, diamonds and jewellery, machinery and mechanical appliances and printing industry.

## Middle East and North Africa

**Egypt's NBD Emirates Purchasing Managers' Index (PMI) slipped to the lowest mark in 26 months during November** (45.0). Down from October's eight-month low (47.2), the reading pointed to a marked worsening in business conditions. The sector has now contracted in eight out of 11 months so far in 2015.

**Egyptian external debt declined by USD2 billion from June-September 2015**, going from USD48.1 billion to USD46.1 billion, a statement released by Central Bank of Egypt (CBE) revealed. The ratio of decline in the external debt was 12.6% by the end of September this year, compared to 13.3% in September 2014.

**Oman's trade balance during the first seven-months of 2015 registered a surplus of OMR1.6 billion**, despite the decline in merchandise exports by 31.7%. The National Center for Statistics and Information (NCSI) said that the merchandise exports, which includes oil and gas exports, non-oil exports and re-export registered a decline by 40%, 7.1% and 22.9%, respectively.

**Qatar's consumer prices expanded 1.9% y-o-y in November**, mainly on higher prices for education, tobacco, transport and food as well as higher rents. The overall inflation in November was up 0.3% against the October levels mainly on higher prices for recreation and rents, according to the figures released by the Ministry of Development Planning and Statistics (MDPS).

**Gulf states have agreed on key issues for implementing value-added tax in the region**, an official from the UAE finance ministry said, moving the six nations closer to introducing direct taxation for the first time. Introducing VAT would be a major economic reform in the Gulf Cooperation Council states, which have minimal tax systems and no tax on income, although some levy fees such as road tolls.

**Emirates NBD Saudi Arabia PMI posted 56.3 in November**, up from 55.7 in October. The latest reading pointed to an upturn in growth from the record low seen in the prior month, but it was still one of the lowest recorded in the series history.

## Western Europe

**German industrial production rose less than economists predicted in October** amid a slump in energy output. Output, adjusted for seasonal swings and inflation, rose 0.2% from September, when it declined 1.1%, data from the German Ministry for Economic Affairs and Energy showed.

**The Greek parliament approved a 2016 budget featuring sharp cuts in spending and some tax increases** to satisfy the country's international lenders at a time of growing austerity fatigue. The budget makes EUR5.7 billion (USD6.2 billion) in public spending cuts including EUR1.8 billion from pensions and EUR500 million from defence. The savings are greater than this year's EUR1.5 billion. It also included tax increases of just over EUR2 billion.

## North America

**Canada announced a tax-cut measure to strengthen the middle class.** The tax cut will provide some CAD3.4 billion (USD25.2 billion) in annual tax relief to the middle class and will benefit about CAD9 million (USD6.7 million) every year. Canadian Finance Minister Bill Morneau told that personal income tax rate will be reduced to 20.5% from 22%. Single individuals who benefit will see an average tax reduction of CAD330 (USD244.2) every year, and couples who benefit will see an average tax reduction of CAD540 every year.

**US consumers borrowed more heavily for auto and student loans in October**, taking out debt that helps them find jobs and commute to work. The Federal Reserve said Monday that consumer borrowing rose USD16 billion in October to USD3.5 trillion. But the pace of borrowing decelerated sharply from the USD28.5 billion increase in September.

## South America

**Inflation in Colombia continued to rise in November and stood at 6.4% y-o-y**, mainly due to the sustained rise in food prices and the pressures coming from the exchange rate. Inflation will continue in its upward trend until Q1 of next year as a result of El Niño, although the exchange rate pressures on prices in the coming months could abate.

## Oil & Gas News

**Oil prices steadied on Tuesday** but not before plumbing new lows seen during the 2009 financial crisis as an intensifying supply glut sparked fears the world will run out of storage for crude. Brent and US crude futures sunk beneath USD40 a barrel, hitting February 2009 levels and extending Monday's 6% rout. Brent LCOc1 was down 25 cents at USD40.48 a barrel by 12:00 p.m. EST (1700 GMT), after setting a session low at USD39.81.

**US natural gas prices extended heavy losses from the prior session on Tuesday** to hit a six-week low as unusually mild December weather weighed on the fuel. Natural gas for delivery in January on the New York Mercantile Exchange (NYMEX) dropped 1.8 cents, or 0.85%, to trade at USD2.050 per million British thermal units during US morning hours.

## Currency News

**Malaysia's ringgit halted a three-day gain as Brent crude fell to a six-year low**, damping the outlook for the nation's finances just as Prime Minister Najib Razak flagged a MYR30 billion (SGD9.8 billion) revenue shortfall in 2016 due to oil. The currency dropped 0.9% to 4.2517 a dollar as of 10:04 am in Kuala Lumpur, after climbing 0.4% in the previous three days.

## Commodity News

**Gold prices edged lower in range-bound trade on Tuesday**, as market players focused on the Federal Reserve's upcoming policy meeting later this month. Gold for February delivery on the Comex division of the NYMEX shed USD3.00, or 0.28%, to trade at USD1,072.20 a troy ounce during US morning hours.

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
05-Dec-15	1,086.44	2.19	43	19.63	1.53	2.11	1.40	0.98	9897.07	87.76	3.02	33.72	25.63	2,879.05
08-Dec-15	1,074.50	2.05	40.98	19.99	1.53	2.12	1.41	0.98	9843.49	87.44	3.03	33.50	25.48	2,876.30
% Change	-1.10	-6.39	-4.70		0.07	0.26	0.82	0.30	-0.54	-0.36	0.39	-0.65	-0.57	-0.10

# Economic & Financial News

Research & International Division

9/12/2015

*... Sentiment in Japan's service sector worsened for the first time in two months in November ...  
... Finland to take new approach to lift economy with record-high unemployment ...*

## South East Asia

**Standard & Poor's Ratings Services (S&P) is maintaining its 2015 growth forecast for the Philippines at 5.6%**, with the economy viewed as the strongest performer among its regional peers. A slight rise to 5.7% is expected for 2016. Both forecasts fall below the government's 7% to 8% target and are also lower than last year's actual growth of 6.1%. As of September, GDP growth averaged 5.6%.

**Thailand's cabinet approved a USD2.64 billion scheme to build a new elevated rail line** in the congested capital, as the government seeks to pick up the pace on USD50 billion of big-ticket infrastructure projects to boost the economy. The military government aims to get 20 rail, road, port and air transport projects underway by 2018 to help Southeast Asia's second-largest economy break a slow growth cycle and increase capacity.

**Salaries in Thailand are expected to increase next year** by 6.1%. Asia is forecast to increase by 6.4%, down 0.4% from last year. However, real wages are expected to rise by 4.2%, the highest globally. The largest real wage increases are forecast in Vietnam (7.3%) and China (6.3%).

## North East Asia

**China's 12-month consumer inflation in November accelerated** to 1.5%. The producer price index fell 5.9% in November, unchanged from October, the National Bureau of Statistics said.

**Slowing property investment and weakening manufacturing have dragged down Chinese steel demand this year.** Chinese domestic demand for steel will fall by 4.8% y-o-y to 668 million tonnes in 2015, said a report released by China Metallurgical Industry Planning and Research Institute.

**Sentiment in Japan's service sector worsened for the first time in two months in November**, the Cabinet Office said. Warmer weather restricted sales of winter-related goods, with the diffusion index of sentiment about current economic conditions dropping 2.1 points in the recording month to a reading of 46.1.

**South Korea's M2 money supply continued to expand in October**, but the rate of the growth slowed from the previous month ahead of an anticipated US rate hike, central bank data showed. The October reading marks an 8.8% rise from the same month last year, compared with a 9.4% on-year increase in September.

## Australasia

**Australian consumer sentiment eased from a six-month high in December** as worries about the economic outlook warred with a broad improvement in family finances. The survey of 1,200 people by the Melbourne Institute and Westpac Bank showed its index of consumer sentiment dipped a seasonally adjusted 0.8% in December, from November when it rose 3.9%.

## Middle East and North Africa

**Turkish industrial production rose sharply in October**, driven largely by healthy increases in manufacturing, energy and climatisation sectors, according to a report from the Turkish Statistical Institute. Industrial production rose 4.6% y-o-y in October, and rose 0.1% in October m-o-m. The increase in October was driven by a jump in capital goods production which advanced 11% y-o-y.

**The Turkish economy stands to lose USD9 billion** due to sanctions recently imposed by Russia, the country's Deputy Prime Minister Mehmed Simsek. Russia's ban on food imports from Turkey will cost the country's economy USD4 billion. The ban on package tours to Turkey will cause additional losses. The country is also very dependent on Russian energy supplies, which so far have not been affected by the conflict.

**Kuwait may raise the corporate tax rate to 10%** for local firms and impose limits on energy subsidies, part of a broad move to introduce fiscal reforms amid pressure from low oil prices, Minister of Commerce and Industry Yousuf al-Ali said.



## Eastern Europe

**The Czech headline unemployment rate in November was unchanged** at 5.9%, according to the Labour Office. This follows a continuous decline over the previous three months. The latest figure still shows the jobless total at its lowest level since March 2009.

**Hungary's inflation in November saw an increase** of 0.5% y-o-y, with the highest price being recorded for alcoholic beverages and tobacco, while motor fuel prices decreased significantly, Central Statistical Office reported.

**Ukrainian inflation accelerated for the first time in seven months in November**, spurred by higher utility tariffs and a weaker hryvnia (currency). Consumer prices advanced 46.6% y-o-y after rising 46.4% in October, the Kiev-based statistics committee said. Inflation rose 2% m-o-m, compared with -1.3 in October.

## Northern Europe

**Finland is taking a new approach to lift its economy** as it faces record-high unemployment. The nation is moving closer towards offering its citizens a tax-free payout of EUR800 (USD868 USD) per month, in place of current social welfare payments, child benefits, and state pensions.

## Western Europe

**France's trade deficit widened in October** as imports rose abruptly and exports declined slightly. The trade deficit rose to EUR4.58 billion (USD4.97 billion) in October, from EUR3.59 billion in September. Imports rose to EUR41.87 billion from EUR40.91 billion, and exports declined slightly to EUR37.29 billion from EUR37.32 billion.

**France's central state budget deficit narrowed in the first 10 months of 2015** as spending fell and tax revenues rose. The central state budget deficit, which does not include deficits in healthcare and local authorities, stood at EUR76.2 billion (USD82.7 billion) in October. The deficit was EUR84.7 billion in October 2014.

**UK manufacturing output fell in October**, denting hopes the sector might soon help to drive the country's economy towards a more balanced recovery. Manufacturing output fell 0.4% m-o-m in October, the Office for National Statistics said.

## North America

**Canadian housing starts rose in November and building permits surged in October**, fuelling Canada's prolonged housing boom even as the nation's weak economy contributed to underlying softness in some regions. Ground-breaking on new homes jumped to 211,916 units last month from a 197,712 units in October, the Canadian Mortgage and Housing Corp reported.

## South America

**Brazil's real estate prices in November fell** by 0.05%. However, the average price per square meter of properties advertised for sale in Brazil between January and November this year presents a real decrease of 7.44% after inflation is taken into account. The rate of inflation for the period was 9.47%, while the average price of real estate changed by only 1.32% in the year.

**Chile's inflation rate slipped within the target range for the first time in 20 months in November**, while core inflation remained high, keeping pressure on the central bank to raise rates. Consumer prices rose 3.9% y-o-y, the National Statistics Institute said.

**Chile's economic activity in October rose** 1.5% y-o-y, as a rise in value-added services was offset by a drop in the manufacturing and mining sectors, the central bank said. The IMACEC economic activity index, encompassing about 90% of the economy, tallied in GDP figures.

**Mexico's government said it will invest US\$23 billion in refineries** to slash greenhouse gas emissions from gasoline by 90% and cut several tonnes produced by four facilities. Another USD3 billion will be spent at three refineries and a gas processing plant so that they can produce their own electricity, cutting 3,000 tonnes of greenhouse gases per megawatts generated each year.

## Oil & Gas News

**US benchmark West Texas Intermediate for January delivery shed 14 cents at USD37.51 a barrel.** Brent North Sea oil for January delivery dropped 47 cents to finish at USD40.26 a barrel in London.

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
08-Dec-15	1,074.50	2.05	40.98	19.99	1.53	2.12	1.41	0.98	9843.49	87.44	3.03	33.50	25.48	2,876.30
09-Dec-15	1,077.09	2.08	40.84	19.63	1.53	2.11	1.41	0.99	9870.69	87.39	3.03	33.55	25.57	2,867.75
% Change	0.24	1.46	-0.34		0.26	-0.49	-0.21	0.47	0.28	-0.06	0.09	0.14	0.32	-0.30

# Economic & Financial News

Research & International Division

10/12/2015

*... Australia's unemployment rate up to 5.8% in November ...  
... Bank of Korea holds key rate at 1.5% ...*

## South East Asia

**The Philippines October budget balance stayed in deficit as state expenditures saw double-digit growth amid modest revenue gains**, the Finance department reported. October saw a budget gap of PHP27.02 billion, wider than September's PHP22.14 billion and the PHP2.53 billion recorded a year earlier. Expenditures amounted to PHP190.04 billion versus revenues of PHP163.02 billion.

## North East Asia

**New car sales in China rose 24% from a year earlier in November**, as auto makers capitalised on tax breaks to ramp up sales. The growth was largely due to a government move to slash the 10% purchase tax in half on small cars, the association said. About 70% of China's new cars fall into the category that qualifies for the tax break.

**Japan's core machinery orders unexpectedly jumped in October government data showed**, a strong resumption of investment and helping ease concerns about weakness in capital spending. Cabinet Office data showed core orders, 10.7% in October from the previous month. Wednesday's gain followed 7.5% growth in September, which had been the first m-o-m increase in four months.

**Korea's home sales rose 7.4% y-o-y in November** amid a recovering trend in the local real estate market, the government said. The number of housing purchase transactions reached 97,813 last month, compared with 91,050 tallied the previous year, according to the Ministry of Land, Infrastructure and Transport.

**South Korea's central bank kept its benchmark interest rate steady at 1.5%**. The decision comes amid growing concerns over a possible US rate hike, which could prompt a mass outflow of foreign capital from the country and other newly emerging market countries.

**South Korea's exports of information and communications technology (ICT) products reduced last month** due to weak demand for semiconductors and display panels, a government report showed. The ICT exports declined 7% from a year earlier to 14.34 billion U.S. dollars in November after reducing 1.6% in the previous month, according to the Ministry of Trade, Industry and Energy.

## Australasia

**Australia's unemployment rate fell slightly to 5.8% in seasonally adjusted terms in November**. Figures from the Australian Bureau of Statistics show 71,400 jobs were created in the penultimate month of the year, 41,000 of which were full time.

## Indian Sub-Continent

**Bangladesh Bureau of Statistics (BBS) reported November inflation fell to 6.05%**, a nine-month low figure since January when it was 6.04%. Planning Minister AHM Mustafa Kamal said softening vegetable prices and continued fall of oil and food prices on global market contributed to the further cooling of inflation.

**India's retail inflation rate likely rose above the Reserve Bank of India's medium-term 5% target in November as food prices climbed**. Falling commodity prices have fuelled a global disinflationary trend and pushed Indian inflation down, giving the RBI room to ease monetary policy four times this year, but rate cuts could now be less forthcoming.

**Sri Lanka trade deficit recorded a 3.8% y-o-y increase to USD6,145.2 million in the first nine months of the year** and a 4.1% contraction to USD764.5 million (still a negative trade balance) in September, largely led by the import of vehicles.

## Middle East and North Africa

**Egypt's annual inflation rate accelerated 11.8% in November** compared to 10.3% in October, official statistics agency CAPMAS said. The Egyptian government has introduced discounted foodstuff all over the nation in an effort to curb rising food prices.

**The United Arab Emirates central bank is to start engaging with banks in the country for full compliance with the Basel III set of global banking regulations**, the governor of the Gulf state's regulator said. The Basel III rules, which are aimed at making the global banking system more resilient following the financial crisis, include forcing banks to hold more and different types of capital to insulate themselves during downturns.

## Northern Europe

**Iceland's central bank kept its key deposit interest rate at 5.75%** and said the short-term inflation outlook has improved since its previous forecast. Iceland raised the seven-day deposit rate in November as wage increases during the summer increased inflationary pressures. But falling oil prices and a strengthening of the crown currency has slowed the pace of price rises, the central bank said.

## South America

**Brazil's inflation climbed above 10% in November the government said.** The state statistics organization said November inflation rose 1.01% for a y-o-y increase of 10.48. Brazil is currently going through a turbulent economic period with deep recession, rising unemployment, and a dramatic drop in investor confidence fuelled by an impeachment drive against President Dilma Rousseff.

## Oil & Gas News

**US benchmark West Texas Intermediate for January delivery fell 35 cents to USD37.16 a barrel** on the New York Mercantile Exchange. European benchmark Brent oil for January delivery shed 15 cents to USD40.11 a barrel in London.

## Currency News

**Philippines Peso fell to P47.16 to USD1**, losing 4 centavos from its PHP47.12 on Tuesday. Wednesday's finish was the weakest since December 1 when the peso slid to PHP47.18.

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
09-Dec-15	1,077.09	2.08	40.84	19.63	1.53	2.11	1.41	0.99	9870.69	87.39	3.03	33.55	25.57	2,867.75
10-Dec-15	1,073.43	2.07	40.52	19.57	1.54	2.13	1.40	0.98	9955.20	86.65	3.04	33.62	25.66	2,849.92
% Change	-0.34	-0.48	-0.78		0.82	0.99	-0.13	-0.89	0.86	-0.85	0.12	0.23	0.35	-0.62

# Economic & Financial News

Research & International Division

12/12/2015

*... China is to launch pilot reforms for state-owned enterprises (SOEs) in 10 areas in 2016 ...  
... Russia has officially launched its own rating agency ...*

## South East Asia

**Brunei car sales in decreased by 2.7% m-o-m in November**, the latest statistics from the Brunei Automobile Traders Association (BATA) showed. A total of 1,059 passenger and commercial vehicles were sold that month, which is down from the 1,088 vehicles sold in October. An industry insider said car sales are usually "very slow" towards the end of the year as consumers cut spending to prepare for next year's financial obligations.

**Indonesia is ready to cut routine spending in the 2015 state budget** to cope with a widening budget deficit caused by a shortfall in tax revenues. The government has already set out scenarios and several criteria for the spending cuts, especially in operational spending that is considered non-urgent and routine.

**Malaysia's industrial production grew in October**, though dragged down by lower output of natural gas and crude oil. The industrial production index rose 4.2% y-o-y in October, the Department of Statistics said in a statement.

**The Philippines net foreign direct investment (FDI) surged 123.4% y-o-y to USD1.5 billion in September** from USD680 million on the back of the country's sustained GDP growth, benign inflation environment, healthy foreign exchange reserves, and stable foreign exchange rate.

## North East Asia

**China is to launch pilot reforms for state-owned enterprises (SOEs) in 10 areas in 2016**, including ownership and executive hiring policy. China has about 150,000 SOEs, which hold over CNY100 trillion (about USD15.5 trillion) in assets and employ more than 30 million people.

**China has approved 248 fixed-asset investment projects with total investment reaching CNY2 trillion** (USD315 billion) in the first eleven months of the year. In November the National Development and Reform Commission (NDRC) approved 11 projects worth CNY101.2 billion, covering transportation, technology and energy.

**FDI into the Chinese mainland rose 1.9% y-o-y** to CNY64.9 billion (USD10.4 billion) in November, the Ministry of Commerce said. The growth slowed from a 4.2% rise in October. For the first 11 months, FDI, which excludes investment in the financial sector, stood at CNY704.3 billion, up 7.9% y-o-y.

**The amount of new loans in China accelerated in November**, the People's Bank of China reported, lending only weak support for an economic rebound. New loans grew by CNY708 billion (USD110 billion) in November, compared to a CNY513 billion increase in October. In November, outstanding yuan loans reached CNY93.36 trillion, a 14.9% y-o-y increase, though the growth rate was 0.5% points lower than the previous month.

**China's industrial output expanded 6.2% y-o-y in November**, picking up from the 5.6% growth recorded in October, the National Bureau of Statistics said. The figure ignited hopes that Beijing's stimulus measures have kicked in and are helping to prop up the slowing economy.

**Japan will draft an extra budget of JPY3.5 trillion (USD28.7 billion) for fiscal 2015** through March to underpin the economy and make necessary welfare provisions, help farmers and ensure enough financing for disaster and relief efforts. The government expected to have the extra budget enacted during a parliamentary session on Jan. 4 after it was approved by the Cabinet on Dec. 18.

**Japan's producer price index for November fell 3.6% y-o-y**, down for the eighth straight month, the Bank of Japan said. The pace of decline slowed for two consecutive months. The index stood at 101.4 against 100 for the base year of 2010.

**South Korea's export prices continued to slip at a fast rate in November** largely due to a sharp cut in raw material prices. Export prices, in local currency terms, dropped 8.6% y-o-y, quickening from a 6.2% cut in the previous month, according to preliminary data from the Bank of Korea. Import prices also continued to drop at a fast clip, plunging 15.6% y-o-y in November. The fall was again attributed to a large cut in global oil prices.

## Australasia

**New Zealand's central bank returned interest rates to a record low**, in a bid to spur the stalling economy and drive up weak inflation. The move takes the bank's benchmark rate to 2.5%, matching the low set between 2011-14 to help the economy recover after a major earthquake in Christchurch.

**Food prices in New Zealand eased 0.2% m-o-m in November**, Statistics New Zealand said, following the 1.2% decline in October. Meat, poultry, and fish prices rose 1.6%, reflecting higher prices for all types of meat, especially chicken (up 4.4%). Non-alcoholic beverage prices were also up, driven by higher prices for energy drinks.

**New Zealand manufacturing activity picked up in November**, suggesting the economy expanded at a faster pace in the H2 of the year. The BNZ-BusinessNZ performance of manufacturing index rose to a seasonally adjusted 54.7 last month, from 53.2 in October.

## Indian Sub-Continent

**India's factory output numbers for October has come at five year-high**, as spike is more on account of a seasonal jump in manufacturing. The index of industrial production (IIP) grew 9.8% in October compared with a growth of 3.8% in the preceding month.

**Pakistan's economy grew 4.2% in fiscal 2015**, but investors remain wary of systemic weaknesses, the central bank said, urging the government to adopt clearer, more consistent policies on industry and trade. The economy needs to expand at least 6% each year to absorb new entrants into the work force from Pakistan's growing population of 190 million.

## Middle East and North Africa

**Egypt's urban consumer inflation jumped to its highest level since June**, propelled by the rising cost of food. Prices rose 11.1% in November, up from 9.7% in October, CAPMAS said, compared with an 11.4% increase in June.

**Tunisia's parliament has approved a TND29.2 billion (USD14.5 billion) national budget for next year** forecasting economic growth of 2.5% and a narrowing in the budget deficit to 3.9%. The 2016 budget sees an increase in security spending through the defence and interior ministry.

**Turkey ran a current account deficit of USD133 million in October**, down from USD2.3 billion in the same month of the previous year, according to a report the Turkish Central Bank released on Dec. 10. This brought the 12-month rolling deficit to USD38.1 billion. The sharp narrowing came after a current account surplus of USD95 million was run in September.

**Turkey's economy grew at a surprising 4% in the Q3** from the same period in the previous year, the Turkish Statistics Institute (TÜİK) reported. The data confirmed that the economy continued to accelerate in the Q3 despite political uncertainty and rising terrorism.

**The Turkish government will raise the minimum wage in Turkey to TRY1,300 per month (USD446)** from the current TRY1,000 (USD343), Prime Minister Ahmet Davutoğlu announced. Ankara will also provide help to employers in adopting the wage hike, with Davutoğlu particularly pledging to reduce the burden on small and medium-sized enterprises (SMEs).

## Eastern Europe

**The surplus of Belarus' foreign trade in merchandise and services totalled USD1,055.2 million in January-October 2015**, 216.1% as against the same period of last year, data released by the National Bank of the Republic of Belarus.

**During the first ten months of 2015 Romania's trade deficit reached EUR6.4 billion**, EUR1.53 billion more than in the same period of the previous year, according to the National Institute for Statistics. While exports amounted to EUR45.9 billion, Romania imported goods worth EUR52.31 billion during the mentioned period, registering rises of 4.3% and 7.1% y-o-y.

**The Russian central bank held its key interest rate at 11%**, in recognition of growing inflation risks, while the risks of economic cooling remain.

**Russia has officially launched its own rating agency** as it seeks to counterbalance the influence of Western agencies which have taken a pessimistic line on the country's crisis-hit economy. Upon completion of the state registration of a legal entity, Analytical Credit Rating Agency (ACRA) starts its operating activities. The project by Russia's central bank is one of a number of attempts by emerging nations to fight back against the domination of Standard & Poor's, Moody's and Fitch.

## Northern Europe

**Iceland's government saw its financial balance decrease to ISK4.1 billion (USD31.8 million) deficit** in the Q3 of 2015, down from a ISK5.5 billion deficit in the same period of 2014. The total revenue of the general government amounted to ISK228 billion in the Q3 of 2015, an increase of 5% from the previous year.

## Western Europe

**French consumer prices fell in November** from October as oil prices declined, statistics agency Insee said. France's consumer price index fell 0.2% in November compared with the previous month. On year, prices were unchanged in November.

**Greece's jobless rate inched down to 24.6% in September** from an upwardly revised 24.7% in the previous month, statistics agency ELSTAT said. The reading in September, based on seasonally adjusted data, was the lowest since June 2012 when unemployment stood at 24.9%. The jobless rate hit a record high of 27.9% in September 2013.

**Italy's industrial production rose 0.5% m-o-m in October**, posting a gain in all sectors but one, giving a boost to the government's claims that the economy is picking up after its longest post-war recession.

**Unemployment fell in Italy as industrial production rose in the Q3**, Istat national statistics bureau reported. Q3 unemployment fell 0.6% to 11.7% over the previous quarter, with 247,000 more people in jobs (+1.1%) than in the same period last year.

**Ireland's economy grew 7% in of September**, leaving it on course to be the fastest-growing in Europe for the second year running. The economy expanded by 5.2% last year, its best performance since 2007, before a property crash plunged it into recession and triggered a fiscal and banking crisis.

**Spanish housing sales rose by 2.7% y-o-y in October**, according to data published by Spain's Statistical Office (INE). Sales of non-subsidised houses rose by 3% to 24,752 in October on a y-o-y basis and sales of subsidised houses decreased 0.6% to 2,542 purchases. Meanwhile, sales of new houses fell by 33.8% to 5,357 purchases and sales of second-hand houses rose by 18.6% to 21,937 purchases.

## North America

**Mexico's industrial production grew in October** at the slowest pace in five months as the oil sector shrank and manufacturing cooled. Total output climbed 0.5% y-o-y in October, the national statistics institute said.

**US retail sales rise in November as shopping picks up.** The Commerce Department said that retail sales rose a seasonally adjusted 0.2% to USD448 billion last month. This marks an improvement after months of lackluster spending as cheaper gasoline depressed overall sales volumes. Retail spending improved a mere 0.1% in October after a 0.1% drop in September.

**US wholesale businesses trimmed their stockpiles slightly in October** while sales were flat, possible signs of modest growth this quarter. The Commerce Department said wholesale inventories slipped 0.1% following a 0.2% rise in September.

**US producer prices rose in November** for the first time in four months, driven up by higher profit margins for retailers and wholesalers and a jump in shipping costs. The Labour Department said the producer price index (PPI) increased 0.3% in November.

## South America

**Annual inflation in Brazil rose to 10.5% y-o-y in November**, the highest rate recorded in 12 years, as the country's economy battles a deep recession amid ongoing political turmoil.

**The Central Reserve Bank of Peru approved to raise the monetary policy interest rate by 25 basis points to 3.75%.** This level of policy rate is compatible with an inflation that foresees it will converge to the target range in 2016.

## Oil & Gas News

**Natural-gas prices sink back to 2012 levels.** Natural gas for January delivery fell 2.5 cents, or 1.2%, to settle at USD1.99 per million British thermal units Friday, for a weekly loss of nearly 11%.

**Oil prices extended their freefall on Friday**, flirting with 11-year lows, after the International Energy Agency (IEA) warned that global oversupply of crude could worsen next year. Brent's front month slipped below USD38 a barrel for the first time since December 2008, settling down USD1.80, or 4.5%, at USD37.93. Brent's session low was USD37.36 - barely a dollar above the USD36.20 hit during the financial crisis. If Brent falls below that level in the coming week, that will be its lowest since mid-2004, when it traded at around USD34 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
10-Dec-15	1,073.43	2.07	40.52	19.57	1.54	2.13	1.40	0.98	9955.20	86.65	3.04	33.62	25.66	2,849.92
12-Dec-15	1,074.77	1.99	37.93	19.06	1.54	2.13	1.41	0.98	9913.75	86.84	3.04	33.58	25.62	2,834.63
% Change	0.12	-3.86	-6.39	-0.43	0.00	0.22	0.46	-0.42	0.22	0.18	-0.11	-0.14	-0.54	

# Economic & Financial News

Research & International Division

15/12/2015

*... Saudi Arabia's government is expected to announce spending cuts ...  
... US natural gas futures fell to a 13-year low in intraday trade on Monday ...*

## South East Asia

**Bank Indonesia has reaffirmed its commitment to a long-delayed master plan for an integrated payment system**, called the National Payment Gateway (NPG), as part of the central bank's drive to reduce cash transactions and boost efficiency. The road map for the NPG, which has been postponed since 2012 and expected to be completed next year, would focus on building interoperability between local interbank network providers, also known as switching companies, to support the rise of electronic payments.

**Philippines oil firms made substantial cuts in fuel prices this week as expected** amid continued weak demand for oil. Petron and Seaoil reduced prices of gasoline by PHP0.60 per litre and diesel by PHP1.45 per litre effective 12:01 a.m. Tuesday. Shell lowered its pump prices for gasoline and diesel by the same amount starting at 6 a.m. today. Phoenix Petroleum and PTT Philippines cut gasoline prices by PHP0.60 per litre and diesel prices by PHP1.45 per litre.

## North East Asia

**The Chinese government's spending surged in November at more than double the pace of gains in revenue**, a signal the government has stepped up its fiscal stimulus measures. Fiscal spending jumped 25.9% from the previous year to CNY1.6 trillion (USD249 billion), while revenue rose 11.4% to CNY1.1 trillion, the Ministry of Finance said. Revenue growth this year has slowed mainly because of slowing investment and industrial production, slumping general trade imports, falling producer prices, structural tax cuts and fee reductions.

**South Korea announced a plan to tighten requirements for mortgage loan to households from next year** as debts increased rapidly amid the record-low interest rates and eased regulations on mortgage financing. The tightened regulations will be implemented from February next year in Seoul and metropolitan areas, while those for provincial areas will be implemented in May. The tighter requirements for mortgage loan came amid surging household credit that reached nearly KRW1,200 trillion (USD1 trillion).

**South Korea posted a trade surplus for the 46th month in a row in November** as imports dropped at a much faster pace than exports. The country's trade surplus reached a record high of USD10.3 billion last month, up nearly two-fold from the USD5.3 billion reported a year earlier. The total was also up sharply from the USD6.6 billion reported for October.

**South Korea's home rental transactions contracted 6.1% m-o-m in November** mainly due to a drop in seasonal demand. In the one-month period, the number of home rental transactions reached 115,138 units, down from 122,617 transactions in October, the Ministry of Land, Infrastructure and Transport said.

## Australasia

**Activity in New Zealand's services sector expanded at its fastest pace in eight years in November**, underpinning expectations those industries drove growth through H2 2015. The BNZ-BusinessNZ performance of services index rose to a seasonally adjusted 59.8 points in November from 56.2 in October, the highest since November 2007.

## Indian Sub-Continent

**Bangladesh's annual inflation in November eased to its lowest since January** as prices of food and non-food items rose at a slower pace due to a drop in global commodities prices. Consumer prices last month rose 6.05% from a year earlier, slowing from 6.19% in October, the Bangladesh Bureau of Statistics said.

**India's consumer inflation rate accelerated to its highest level in five months in November**, largely driven by a surge in prices of pulses. The inflation rose 5.41% from a year earlier, compared with a 5% rise in October.

**Pakistan's trade deficit declined by 4.5% to USD9.9 billion for the July to November 2015 period**, compared with a deficit of USD10.4 billion for the same period last year. Exports declined to USD8.5 billion in the five month period from USD9.9 billion the previous year. Imports dropped to USD18.5 billion from USD20.3 billion.

## Middle East and North Africa

**Kuwait's inflation in consumer prices was just a tick higher in October**, rising from 3.1% y-o-y in September to 3.2% y-o-y. Inflation across most components remained broadly stable; clothing & footwear inflation appears to have gained the most momentum on a m-o-m basis.

**Oman's inflation registered an annual decline of 0.55% in November.** However, y-o-y average inflation for the first eleven months inched up 0.08%, according to latest data from the National Centre for Statistics and Information (NCSI). On a m-o-m basis, the sultanate's November inflation posted a decline of 0.02%.

**Production at refineries and petroleum industry companies in Oman reached 70.7 million barrels in October**, with a 2.6% increase over the same period of last year, when output stood at 68.93 million barrels, according to statistics issued by the National Centre for Statistics and Information (NCSI).

**Saudi Arabia's government is expected to announce spending cuts** and a drive to raise revenue from new sources as it lays out a strategy to cope with an era of cheap oil, people familiar with Saudi policy-making said. Markets in the world's top oil exporter are jittery because low crude prices have pushed state finances deep into deficit and so far, the government has not revealed a detailed, comprehensive plan to stem the flow of red ink.

**Saudi Arabia's imports increased by 10% y-o-y in October** from SAR 43.4 billion to SAR 57.2 billion, the highest since June when they amounted to SAR55.1 billion. The imports grew by 26% compared with SAR 43.4 billion in September.

**Sudan's annual inflation rate eased to 12.8% in November** from 13.4% in October. Prices soared in Sudan after South Sudan seceded in 2011, taking with it three-quarters of the country's oil output, the main source of foreign currency used to support the Sudanese pound and to pay for food and other imports.

**The UAE retained its first position in the global ranking for ease of tax payment**, according to a report released by the World Bank and PwC. With the least-demanding tax framework, well below the world average, the UAE has a total tax rate of 15.9%, four average number of payments and an average time to comply of 12 hours.

## Eastern Europe

**Bulgaria reported negative monthly consumer price inflation of -0.1% for November.** The inflation rate for the first 11 months of 2015 was negative at -0.4%, the statistics office NSI said in a monthly inflation report.

**The Hungarian government will lower the value-added tax on home building** to 5% from 27% next year if Parliament manages to discuss the related proposal in an accelerated procedure and passes it as soon as this week, Economy Minister Mihály Varga said. This is a measure that will boost willingness to build homes. And once more homes are constructed the budget will not lose tax revenues over this.

**Poland's public deficit will not exceed 2.8% of GDP next year** despite spending on childcare benefits, said Finance Minister Pawel Szalamacha. The new government has pledged to pay a new childcare allowance of PLN500 (USD125) per child per month.

## Western Europe

**Italy's annual inflation rate for November was 0.1%**, down from 0.3% in October, the lowest level since May. The national statistics agency added that its CPI in November was 0.4% lower than the previous month. Low or negative inflation is seen as a threat to recovery prospects. The Italian economy as whole endured periods of deflation both this year and in 2014.

## Oil & Gas News

**Brent lost around 4% on Monday morning**, as crude oil prices took another leg down amid further fears for the oversupplied oil market. The price of oil has dropped to the lowest level since the global financial crisis. In London trading, Brent was changing hands at USD36.55 by early afternoon while West Texas Intermediary futures fell back 2.3% at USD34.80.

**US natural gas futures fell to a 13-year low in intraday trade on Monday** on forecasts of continued unseasonably mild weather that is expected to keep heating demand low through late December. Front-month gas futures on the NYMEX fell for a fourth day in a row on Monday, closing down 9.6 cents, or 4.8%, at USD1.894 per million British thermal units.

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
12-Dec-15	1,074.77	1.99	37.93	19.06	1.54	2.13	1.41	0.98	9913.75	86.84	3.04	33.58	25.62	2,834.63
15-Dec-15	1,064.68	1.90	37.86	19.93	1.55	2.14	1.41	0.98	9973.67	85.83	3.07	33.64	25.61	2,826.26
% Change	-0.94	-4.52	-0.18		0.94	0.37	0.23	-0.46	0.60	-1.16	0.90	0.16	-0.05	-0.30



# Economic & Financial News

Research & International Division

16/12/2015

*... Thailand's cabinet approved plan to set up infrastructure fund ...  
... US consumer prices were unchanged in November ...*

## South East Asia

**Indonesia posted its first trade deficit in 12 months in November**, highlighting persistently weak demand at home and abroad, and the growing impact of slumping prices on economies of the world's major commodity exporters. Indonesia had a USD346.4 million trade deficit last month. In November, exports fell 17.58% y-o-y to USD11.16 billion, the lowest monthly value since November 2009 during the global financial crisis.

**Indonesia's economy took a USD16 billion hit this year from forest fires** that cloaked Southeast Asia in haze, more than double the sum spent on rebuilding Aceh after the 2004 tsunami, the World Bank said.

**Thailand's cabinet approved a plan to set up an infrastructure fund worth THB100 billion** (USD2.77 billion), as the military government ramps up investment projects to help boost a sputtering economy. The "Thailand Future Fund" is expected to be launched within one or two months, the Finance Ministry said.

## North East Asia

**China made around USD104 billion in non-financial investment in overseas markets in the first 11 months of 2015**, up 16% y-o-y, an official of the Ministry of Commerce said. Outbound direct investment (ODI) in the period covered almost all sectors, with USD11.8 billion going to the manufacturing sector, up 95.4% y-o-y. Chinese companies are building 75 economic and trade cooperation zones in 34 countries, which have generated USD18 billion of ODI and attracted 1,141 Chinese firms.

**The average price of a new condominium in the Tokyo metropolitan area in November was the highest in over 24 years.** A private research firm, the Real Estate Economic Institute, says the average price of a new condo put on the market in Tokyo and 3 neighbouring prefectures was JPY63 million, or about USD520,000, up 21% y-o-y, and the highest since June 1991.

**Job creation in South Korea slowed down in November**, with the jobless rate unchanged at 3.1%. The total number of those employed reached 26.253 million in November, up 285,000 from the same month of last year, according to Statistics Korea. The November growth decelerated after rising more than 300,000 in September and October. The economically active population, or the sum of those employed and unemployed, grew 296,000 in November from a year earlier.

**South Korea unveiled economic policy plans for 2016.** The measures are centred on fuelling the country's growth momentum and reaping the rewards of economic innovation undertaken in the past three years. Annual growth forecast was downgraded from 3.3% to 3.1% in 2016 to reflect economic uncertainties and weaker-than-expected growth in global trade that can hurt industrial production, consumption and investment. The amount of state funds to be committed in Q1 was to increase to KRW125 trillion (USD105.6 billion) from KRW117 trillion.

## Indian Sub-Continent

**India's exports declined for the twelfth month in November**, indicating that tepid global demand continues to be a drag on economic recovery. However, a sharper fall in imports helped keep the country's trade deficit in check. Exports fell 24.4% y-o-y in November at USD20 billion against USD26.4 billion in November last year, the commerce ministry. Imports declined 30.3% to USD29.7 billion from USD42.7 billion, yielding a trade deficit of USD9.7 billion, similar in October.

**The Indian finance ministry is ready to roll out the new indirect tax regime for goods and services in 2016**, even as an impasse in the Upper House of Parliament has prevented constitutional amendments to enable the new taxation system.

**Sri Lanka's GDP grew 4.8% in Q3 2015** with the three main pillars of the economy; agriculture, industry and services along with taxes less subsidies, contributing positively to the growth, government data showed.

## Middle East and North Africa

**Turkish unemployment increased slightly to 10.3% in September** from 10.1% the month before, with the figure hitting a six-month high. The number of unemployed people in Turkey rose to 3.103 million in September, from 3.058 million in the previous month. In September 2014, 2.944 million citizens were jobless.

## Eastern Europe

**Hungary's central bank held its benchmark rate at a record low 1.35%**, as expected, and flagged the possibility of further unconventional easing measures to help the economy, the National Bank of Hungary said.

**Poland's balance of payments for October was a deficit of EUR605 million.** Export figures for October were EUR15.45 billion compared to imports of EUR15.629 billion, leaving a trade balance of negative EUR179 million. Polish economy is in good shape with growth expected to top 3.5% in 2015.

**Russian President has signed a decree setting the minimum wage in Russia at RUB6,204 (USD87) a month beginning 1 January 2016.** In 2015, the minimum salary that employers in Russia pay workers stood at RUB5,965 (USD84). The minimum wage is set to rise by 4% from Jan. 1 next year.

## Northern Europe

**Sweden's central bank left its key interest rate unchanged** and said it did not plan to raise it again until 2017. The Riksbank kept the rate at -0.35% after sending it into negative territory for the first time ever earlier this year in a bid to bring inflation closer to its target of 2%.

## Western Europe

**French businesses slowed unexpectedly in December** as services suffered from last month's terrorist attacks in Paris. A Purchasing Managers' Index for manufacturing and services fell to 50.3 from 51 in November, Markit Economics said.

**Investor sentiment in Germany rose for the second month in a row in December,** amid confidence Europe's biggest economy is robust enough to withstand the refugee crisis. The investor confidence index calculated by the ZEW economic institute rose to 16.1 points, from just 10.4 points a month earlier.

**Spain's consumer prices fell by 0.3% in November** when compared with the same month of a year earlier, Statistical Office said. The rate is 0.4% higher than that of October, when consumer prices had fallen by 0.7% y-o-y, especially due to higher prices of electricity.

**UK inflation edged back above zero in November for the first time in four months,** a move that still leaves the rate a long way from the Bank of England's target. Prices rose an annual 0.1% in November after falling 0.1% in October, the Office for National Statistics said.

## North America

**US consumer prices were unchanged in November** as declines in energy and food held down overall costs. But core inflation was up 2% over the 12 months ending in November. The flat reading for consumer prices last month followed a modest 0.2% increase in October and outright declines in August and September, the Labour Department reported.

## South America

**Peruvian economy expanded by 3.01% in October,** showing greater dynamism compared to the previous month, driven by increased household consumption and sustained growth of mining and hydrocarbons sectors, National Institute of Statistics and Informatics informed.

**Venezuelan central bank gold holdings declined in value by 24% between January and October.** The value of the country's monetary gold decreased to VEF69.9 billion in October from VEF91.4 billion in January.

## Oil & Gas News

**Crude oil fell in Asian trade on Wednesday,** snapping gains that pulled prices back from testing 11-year lows, as investors awaited the outcome of a Federal Reserve meeting, where interest rates are likely to be raised. Brent LCOc1 was down 47 cents at USD37.98.

**Natural gas futures on Wednesday extended a slide from the lowest settlement since 1999.** The heating fuel closed at USD1.822 per million British thermal units on Tuesday and is poised to head below USD1.60, the lowest price since 1995, as an unseasonably warm December curtails demand for the heating fuel.

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
15-Dec-15	1,064.68	1.90	37.86	19.93	1.55	2.14	1.41	0.98	9975.06	85.84	3.07	33.62	25.60	2,826.26
16-Dec-15	1,064.90	1.80	38.07	21.15	1.54	2.12	1.41	0.99	9998.00	86.56	3.06	33.65	25.56	2,843.79
% Change	0.02	-5.26	0.55		-0.91	-0.99	-0.26	1.01	0.23	0.84	-0.31	0.09	-0.14	0.62

# Economic & Financial News

Research & International Division

17/12/2015

*... China will provide rewards instead of subsidies in a pilot scheme ...*  
*... US Federal Reserve's raised its benchmark rate by a quarter of a percentage point ...*

## South East Asia

**Indonesia plans more generous production-sharing arrangements for oil and gas companies** to spur exploration and lift a flagging economy. Oil companies that promise to spend more on exploration will get 20% of the proceeds after cost recovery, up from 15% currently. Oil and gas investment reached USD13.6 billion in the first 10 months of 2015, short of the government's full-year target of USD23.7 billion, according to energy ministry.

**Singapore's non-oil domestic exports (NODX) dipped 3.3% y-o-y in November**, compared to the flat growth in October, said the International Enterprise (IE). The decrease was mainly due to a contraction in non-electronic NODX which outweighed the increase in electronic NODX, said IE Singapore in the press release.

**Retail sales in Singapore increased 2.7% y-o-y in October**, mainly due a rise in motor vehicle transactions, the Department of Statistics said. Excluding motor vehicles, retail sales fell 4.6% compared with a year ago. The total retail sales value in October was estimated at SGD3.5 billion, up from SGD3.4 billion a year ago.

**The Bank of Thailand kept its policy interest rate unchanged**, seeing brighter prospects for upside risks to this year's economic growth. The seven-member rate-setting panel voted unanimously at this year's final meeting to maintain the current 1.5% benchmark interest.

## North East Asia

**China will provide rewards instead of subsidies in a pilot scheme that will start next year** to support public-private partnership (PPP) projects, the Ministry of Finance said. The three-year trial of the reward program will see the central government phasing out subsidy measures. For a PPP project with investment of under CNY300 million (USD46.3 million) the central government will provide CNY3 million in reward; for a project between CNY300 million and CNY1 billion, the reward will be CNY5 million; and for a project above CNY1 billion, the reward is CNY8 million.

**China's power use ended a two-month falling streak in November** by edging up 0.6% y-o-y as the economy showed signs of stabilisation. Electricity consumption totalled 465.8 billion kilowatt-hours last month, the National Energy Administration said.

**The Hong Kong Monetary Authority announced the base rate was adjusted upward by 25 basis points to 0.75%**, a move that is expected to pressure property prices in one of the world's most expensive housing markets. The increase follows the 25-basis point increase in the target range for the US federal funds rate on Wednesday.

**The estimated number of visitors to Japan totalled 17,964,400 between January and November**, up 47.5% from the same period last year, the Japan National Tourism Organization said. Visitors from abroad continued to soar thanks to the yen's weakness, increases in flight services to and from Japan and an expansion of consumption tax exemptions.

**Japan's trade balance narrowed last month** but exports fell again, particularly to major market China. The November's trade deficit shrunk by nearly 58% from a year ago to JPY379.7 billion (USD3.1 billion). In October, Japan posted its first on-year trade surplus in seven months as the value of energy imports slumped on falling oil prices. Total exports fell 3.3%, while imports were down 10.2% from the same month last year.

**Corporate revenue in South Korea reduced in the Q3** due to lower oil prices that pulled down prices of export products, central bank data showed. Corporate revenue fell 1.6% in the Q3 from a year earlier after reducing 4.3% in the Q2.

## Indian Sub-Continent

**Sri Lanka was able to attract estimated USD1.6 billion Foreign Direct Investment (FDI) inflows up to December 10 in 2015.** These FDI's were for 66 new projects and 45 expansions of existing projects. These investments also helped in generating an estimated 16,075 new employment opportunities.

## Middle East and North Africa

**The Central Bank of Bahrain (CBB) has decided to raise its key policy interest rate by 25 basis points.** Effective immediately, the CBB's rate on the overnight deposit facility is 0.50%, from 0.25% previously. The one-week deposit facility is 0.75% from 0.50% previously, and the central bank has decided to keep the repo and lending rates at 2.25%.

**Dubai's consumer price inflation rose 3.07% y-o-y in November** and declined 0.19% m-o-m, according to data published by the Dubai Statistics Centre. Transport costs dropped 1.29% y-o-y and 2.23% compared to October 2015. Food and beverage prices declined 0.44% y-o-y and decreased 1.52% m-o-m.

**Iraq's parliament approved a budget of IQD105.8 trillion** (USD96.01 billion) based on projected oil exports of 3.6 million barrels per day at a price of USD45 each. Oil exports, Iraq's main source of revenue, have risen above 3 million barrels per day this year but a global slump in prices for crude, compounded by the costs of financing a war against Islamic State, have battered the country's finances. The budget envisions government revenues of IQD81.7 trillion with a deficit of IQD24 trillion.

**Kuwait expects the actual 2015-16 budget deficit to be between KWD5 and KWD6 billion** (USD16.5-USD19.8 billion), lower than the KWD8.18 billion dinars the country was projecting previously. Kuwait planned to unify corporate taxes on local and foreign companies at 10%, and expected revenues from such a move to exceed KWD2 billion dinars a year.

**The UAE central bank decided to raise the interest rate by 25 basis points.** The announcement came a day after the US Federal Reserve raised rates for the first time in nine years. The UAE rate hike follows interest rate rises of a quarter of a percentage point by the central banks of Saudi Arabia, Kuwait and Bahrain.

## Eastern Europe

**Czech central bankers reaffirmed their outlook for maintaining a limit on koruna gains** for about one more year even after their euro-area counterparts expanded monetary stimulus. The Czech National Bank held its benchmark two-week interest rate at 0.05%.

**Hungary's central bank has kept its benchmark interest rate at a record low 1.35%**, and flagged off the possibility of further unconventional easing measures to help the economy.

**Russia currently holds total gold reserves worth USD47.7 billion**, down from USD50.6 billion in October, but with lower gold prices the implied change in the country's reserves in November is an additional 34.2mt. It means Russia's total gold reserves now stand at 1,404.8mt, up from 1,370.6mt at the end of October, and takes total additions by Russia this year to 197.1mt

## Western Europe

**German private sector activity grew at the slowest pace in two months in December**, dampening optimism over the health of the eurozone's largest economy. Markit said that its seasonally adjusted Flash Germany Composite Output Index declined from 55.2 in November to 54.9 in December.

**UK car production rose 9% in November**, helped by a strong increase in exports, the Society of Motor Manufacturers and Traders (SMMT) said. A total of 150,084 cars were built last month with an 11% rise in the number of vehicles headed overseas compared with a 3% increase in the amount of cars destined for the domestic market.

**UK unemployment fell to the lowest rate in 7 1/2 years** and the number of people in work climbed to a record as the labour market continued to strengthen. The jobless rate fell to 5.2%, the least since May 2008, from 5.3% in the Q3, the Office for National Statistics said on Wednesday. Employment jumped 207,000 to 31.3 million.

## North America

**Mexico's industrial sector slid 0.1% in October.** Slow oil production and low oil prices slammed Mexico, hurting President Pena Nieto's desire to ramp up energy production to improve the economy. Factory production grew 0.1%, with the utility sector expanding 0.6%, but construction yielded no growth.

**The US Federal Reserve's decided to raise the range of its benchmark rate by a quarter of a percentage point** to between 0.25% and 0.5%, its first move in nearly a decade. The US central bank is duty-bound to maximise employment and keep prices stable. With unemployment at a low 5%, the economy is strong enough after seven years of record-low rates to withstand modestly higher borrowing rates. But inflation has remained well below the Fed's 2% target. The increase will lead to slightly higher rates on credit cards and home equity lines of credit but it will have a little effect on rates for homes, cars or college debt, at least in the short run.

**US industrial output fell for the third straight month in November**, another sign that American manufacturers are under stress. American industrial production dropped 0.6% last month, the Federal Reserve said. It was the biggest drop since March 2012. Manufacturing output was flat after expanding 0.3% in October.

**The US total housing starts for both houses and apartments climbed 10.5% in November** to a seasonally adjusted annual rate of 1.17 million homes. The increase reversed much of drop in starts during October. A big jump in apartment construction in the Midwest and South boosted the pace of homebuilding in November, marking a solid bounce back after tumbling in October.

## South America

**The new Argentine government of President Mauricio Macri would eliminate foreign currency controls put in place** by former president. Argentina is also working to secure between USD15 billion and USD25 billion in credit over the next four weeks to bolster its foreign currency reserves.

**Argentina's central bank had hiked interest rates on its short- and medium-term fixed deposits** in pesos by 8 percentage points, as the market braced for a likely sharp devaluation of the currency later this week.

**Brazilian retail sales increased slightly in October** versus September, but not at a swift-enough pace to prompt a recovery on an annual basis, as the country's economic recession deepens. Retail sales increased 0.6% in October versus September, but it was down 5.6% versus the year-ago period, the country's statistics agency, said. In the meantime, inflation is at an annual level of 10.48%, well above the 4.5% target pursued by the central bank, which has raised interest rates to 14.25%.

**Brazil's central bank loosened reserve requirement rules for banks in need of financial assistance**, excluding emergency liquidity facilities from the calculation of reserve ratios. The central bank will also allow financial institutions to deduct up to BRL70 million (USD17.94 million) in cash deposits from the calculation of their reserve requirements, up from BRL44 million previously.

**Fitch cut Brazil's sovereign debt rating to junk status**, the second downgrade for the world's seventh economy as it struggles through a deep recession and a damaging political crisis. The rating agency lowered Brazil's status from "BBB-" to "BB+", the first step into "speculative" or "junk" territory.

## Oil & Gas News

**Crude futures fell in Asian trade on Thursday**, adding to sharp losses the previous session after the Federal Reserve raised rates for the first time in nearly a decade and official figures showed a surprise build in U.S. inventories. WTI for January delivery CLF6, the front-month contract, was down 5 cents to USD35.47 a barrel by 0742 GMT after finishing down nearly 5% on Wednesday. Brent crude for February delivery LCOc1, the front-month contract from Thursday, fell 12 cents to USD37.27. The global benchmark fell 3.3% the previous session.

**Natural gas prices fell again on Wednesday**, plunging to their lowest-ever price level (adjusted for inflation). Futures expiring in January declined 1.8% to settled at USD1.79 a million British thermal units.

## Commodity News

**Gold slipped on Thursday**, giving back some of its overnight gains, in choppy trading after the Federal Reserve raised US interest rates for the first time in nearly a decade. Spot gold XAU= dipped 0.2% to USD1,070.70 an ounce by 0037 GMT (7.37 p.m. EDT). The metal had rallied before the Fed decision on Wednesday and managed to hold on to most gains post the central bank statement, ending the day up 1.2%.

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-Dec-15	1,064.90	1.80	38.07	21.15	1.54	2.12	1.41	0.99	9998.00	86.56	3.06	33.65	25.56	2,843.79
17-Dec-15	1,067.65	1.81	37.21	20.56	1.54	2.12	1.42	0.98	9916.70	86.52	3.06	33.44	25.50	2,860.90
% Change	0.26	0.56	-2.26	-0.22	-0.04	0.72	-0.09	-0.81	-0.04	-0.15	-0.63	-0.24	0.60	

# Economic & Financial News

Research & International Division

19/12/2015

*... Hong Kong's retail sector facing mounting layoff pressure amid falling tourism ...  
... Richest 10% of households in UK hold nearly half of its wealth ...*

## South East Asia

**The Autoriti Monetari Brunei Darussalam has withdrawn directives issued to finance companies** which required customers to make down payment for vehicle financing. The directives, issued on December 2004 and October 2006, required customers to deposit a minimum of 12.5% of the vehicle price as down payment, have been withdrawn on September 8, 2015.

**The Indonesian government has reduced the ratio of deficit to GDP in the regional budgets** amid a widening revenue gap in the overall state budget. The regional budget has been reduced to 1% of GDP, from 3% previously.

**Indonesia's central bank held its benchmark interest rate steady at 7.5%**, in a widely expected decision following the US Federal Reserve's key interest rate hike on Wednesday. Bank Indonesia also decided to maintain its deposit facility rate at 5.5%, and the lending facility rate at 8%.

**Loans by Indonesian banks grew 10.4% y-o-y in October**, slower than September's 11.1% pace, central bank data showed. The central bank has made several easing moves this year, including relaxing rules on mortgages and automotive loans and lowering reserve requirement ratio, in an effort to boost loan growth.

**The Thai government's net revenue collection came in at 1.8% (Bt6.08 billion) higher than expected** to Bt345.24 billion for the first two months of fiscal 2016. This fiscal year's two-month figure rose 3% y-o-y. The fiscal year starts in October.

## North East Asia

**China's real estate sector showed signs of warming in November** as new home prices rose on a monthly basis in an increasing number of cities, buoyed by government policies. Of 70 large and medium-sized cities surveyed in November, new home prices rose 33 m-o-m, up from 27 in the previous month, the National Bureau of Statistics said.

**China is expected to account for 13% of the world's total export this year** as the country shipped more high-value products to both developed and emerging markets between January and November, the Ministry of Commerce said. China's proportion of exports amounted to 12.4% of the global market last year. The country's exports of rail equipment as well as power and telecommunications products to developed markets rose 10% y-o-y in the first 11 months.

**China said it would cut some import and export taxes next year** to boost its ailing trade sector, raising concerns that cheaper Chinese products could exacerbate a global oversupply of basic materials such as steel and chemicals. Trade tensions are already growing with Europe and the US which have accused China of dumping steel on world markets. Companies slashed prices for the 45th month in a row in November as they struggled to sell their goods, with the producer price index (PPI) down 5.9% y-o-y, the fastest since the global financial crisis.

**Hong Kong's retail sector is facing mounting layoff pressure amid falling tourism**, despite the unemployment rate staying relatively low in Q3 as the latest labour figures showed that another 1,700 retail employees recently lost their jobs. The Census and Statistics Department found that the unemployment rate of retail employees jumped to 4.5%, the second highest level in the last three years, with 16,100 persons unemployed in Q3. That was up from 4% in Q2.

**Prime Minister Shinzo Abe's Cabinet approved an extra budget worth JPY3.5 trillion for this fiscal year** through March to bolster the economy through enhanced welfare services and a more competitive farm sector. The fiscal 2015 supplementary budget plan is designed to realise Prime Minister's key policies, including steps to support child-rearing and prevent people from leaving their jobs to take care of their elderly family members.

**The Japanese central bank announced a round of new stimulus measures** to complement its vast asset-buying scheme, pushing the yen down sharply and giving a brief boost to Tokyo share prices. The move came soon after the US Federal Reserve's first interest rate rise in almost a decade. Bank of Japan policymakers said they would boost their holdings in firms dedicated to capital investment and hiring. They also made some other tweaks, including plans to buy slightly longer-term Japanese government bonds starting next year.

**Household financial assets in Japan totalled JPY1,684 trillion in September**, up 1.7% y-o-y, the Bank of Japan said. Steady growth in cash and deposits on the back of income increases led to the rise in the overall household asset balance.

**Producer prices in South Korea slipped to a new six-year low last month** although the rate of drop slowed from a month earlier. The producer price index came to 99.31 in November, down from a revised 99.65 in the previous month, according to the preliminary data. The decline was attributed to a continued drop in global energy prices.

**Moody's upgraded South Korea's sovereign credit rating to Aa2 from Aa3**, the highest-ever rating the fourth largest Asian economy has received from an international credit rating agency. Moody's changed the outlook from positive to stable. The key drivers of the upgrade are Moody's expectations that Korea's credit metrics will remain strong and resilient compared to rating peers and that Korea's very high institutional strength will support continued implementation of structural reforms.

## Australasia

**New Zealand's housing sales have been strong almost all year**, with median sale price up 7% nationally. The Real Estate Institute said between January and November, 23% more houses were sold compared to the same period last year.

**New Zealand businesses ended 2015 on an upbeat note**, with confidence rising to the highest level since April as recent data points to robust growth in the year ahead. A net 23% of firms were optimistic about the general outlook for the economy in 2016, rising from a net 14.6% a month earlier, according to the ANZ Business Outlook survey of 432 companies.

## Indian Sub-Continent

**India's housing prices increased by 13.7% y-o-y in July-September of this fiscal year** but the annual growth rate has slowed down, according to the Reserve Bank of India report. Delhi witnessed the maximum rise with nearly 22% y-o-y increase in prices.

**Pakistan's current account deficit sharply narrowed to USD1.005 billion (0.8% of GDP) in the first five months of the 2015/16 fiscal year** as the country's import and export gap shrank. The State Bank of Pakistan's data showed that the current account deficit stood at USD2.457 billion (2.2% of GDP) in the corresponding period of the last fiscal year.

**Pakistan attracted foreign direct investment (FDI) worth USD540.2 million during the first five months of the current fiscal year**, up 8.7% over the same period last year as the major inflows came from China in energy and infrastructure projects.

## Eastern Europe

**Hungary's government is planning to launch new incentives to revive bank lending next year**, including an expanded system of state guarantees. The National Bank of Hungary has extended its Funding for Growth Scheme into 2016 and launched a set of measures of its own to get commercial banks to lend more after years of steep losses and deleveraging. The government would also overhaul the tax law next year.

## Northern Europe

**The Swedish government would cut spending by SEK8 billion (USD933 million)** and reschedule other costs to bolster public finances strained by a record influx of refugees. The centre-left government has already allocated additional resources in a supplementary budget bill to cope with the cost of migrants fleeing war and poverty in the Middle East and elsewhere. By the end of last month, Sweden had received around 150,000 migrants this year.

## Western Europe

**French producer prices rose slightly in November** from October, as falling prices for food and manufactured goods tempered a rebound in energy prices. France's producer price index rose 0.1% in November from the previous month as energy and water prices rose 1.1%, while food and manufactured goods prices fell 0.3% and 0.1%, respectively.

**Confidence in France's manufacturing industry rose in December** as business leaders were more bullish about their order books and production outlook. Business confidence in manufacturing rose to 103, three points above the long-term average, from 102 in November, statistics agency Insee said.

**German business confidence weakened slightly in December** signalling a moderate slowdown in growth, survey results from the Munich-based IFO Institute revealed. The business climate index fell to 108.7 in December, from 109 in November.

**Greek unemployment rate was at 24% in Q3 2015.** The number of employed amounted to 3,671,096 persons in Q3 2015 while the number of unemployed amounted to 1,160,522, according to the national statistics service. The Greek unemployment rate was 24%, compared with 24.6% in Q2 and 25.5% in the corresponding quarter of 2014.

**The richest 10% of households in UK now hold nearly half of its wealth.** Wealth of the top 10% of households grew three times faster than the bottom 50% between 2012 and 2014, Office for National Statistics data showed. It meant the wealthiest 10% owned 45% of the country's private wealth, worth just under GBP5 trillion, while the poorest half owned just 9%, or just under GBP1 trillion.

## North America

**Canadian annual inflation rate picked up the pace last month to 1.4%** as the influence of last year's oil-price plunge faded in the economic data. Statistics Canada's November inflation reading accelerated from just 1% in October.

**New and renewal claims for unemployment insurance benefits in Canada rose 1.8% to 238,700 in October**, Statistics Canada said. On a 12-month basis, claims increased 5.8%. Canada's resource-dependent economy has been hit hard this year by the steep drop in commodity prices. The total number of people receiving jobless benefits was up 8.2% y-o-y.

**Mexico's central bank hiked borrowing costs for the first time in seven years**, flagging the need to protect the slumping peso after the US Federal Reserve raised rates. The Banco de Mexico raised its benchmark interest rate by 25 basis points to 3.25%.

**Fewer Americans applied for unemployment claims last week**, another sign of strength in the job market. Weekly applications for unemployment benefits fell 11,000 last week to a seasonally adjusted 271,000, the Labour Department said. The less volatile 4-week average was essentially unchanged at 271,000.

## South America

**Brazil's unemployment rate dropped in November**, surprising analysts who forecast joblessness would continue to climb amid the deepest recession in 25 years. The jobless rate fell to 7.5% last month from 7.9% in October, the national statistics institute said.

**Brazil's national monetary council raised for the fifth consecutive time the interest rate** at which state development bank BNDES pegs its loans. The country's highest economic body raised the so-called TJLP rate by another 50 basis points to 7.5% for Q1 2016.

**Chile's central bank joined the US Federal Reserve and other Latin American banks in raising its key interest rate**, as it seeks to tamp down above-target inflation. The bank raised the benchmark rate 25 basis points to 3.5% at its monthly meeting, but indicated that further rate rises would come at a slower pace.

**Colombia's central bank raised its policy rate for a fourth straight month** as it seeks to curb spending growth and cool the fastest inflation in almost seven years. The seven-member board voted to increase the policy a quarter percentage point to 5.75%.

## Oil & Gas News

**Oil prices fell about 0.5% on Friday** after the US oil rig count unexpectedly rose for the first time in five weeks, pressuring a market already at seven-year lows. WTI hit USD34.29 a barrel, the lowest since February 2009. It settled the day down 22 cents, or 0.6%, at USD34.73. For the week, WTI lost 2.5%. Brent LCOc1 finished the session down 18 cents, or 0.5%, at USD36.88. Its session low was USD36.41, just 21 cents above a 2004 bottom. Brent lost 3% on the week.

**Natural gas futures turned lower on Thursday**, erasing gains of more than 2% after data showed US natural gas supplies in storage fell less than expected last week. Natural gas for delivery in January on the NYMEX shed 0.4 cents, or 0.2%, to trade at USD1.786 per million British thermal units during US morning hours.

## Commodity News

**Gold steadied on Friday** but largely kept losses made a day earlier when the metal suffered its biggest slide in five months after US interest rates were raised for the first time in nearly a decade and the dollar surged. Spot gold ticked up 0.3% to USD1,054.40 an ounce by 0327 GMT, following a 2% slide in the previous session, its biggest one day slide since July.

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-Dec-15	1,067.65	1.81	37.21	20.56	1.54	2.12	1.42	0.98	9916.70	86.52	3.06	33.44	25.50	2,860.90
19-Dec-15	1,066.25	1.77	36.88	20.84	1.54	2.10	1.41	0.99	9803.92	85.77	3.04	33.46	25.58	2,852.84
% Change	-0.13	-2.21	-0.89	0.03	-0.53	-0.25	0.13	-1.14	-0.87	-0.78	0.08	0.31	-0.28	



# Economic & Financial News

Research & International Division

22/12/2015

*... Saudi Arabia has outlined new economic reforms ...  
... UK consumer morale in December edged up ...*

## South East Asia

**The Central Bank of Myanmar will issue more licenses to foreign banks** after July 2016 for operations in Myanmar. It will distribute banking license proposal forms to foreign banks in early July next year.

**Thailand is heading into 2016 with a tax-reform and investment-stimulus agenda** as various government ministries are set to implement measures to drive the national economy amid increased global uncertainties. The growth in GDP will be driven by government spending in infrastructure mega-projects worth up to THB1.796 trillion.

## North East Asia

**China unveiled economic blueprint for 13th Five-Year Plan (2016-20)**. China's economic work in 2016 will focus on five tasks, namely cutting industrial capacity, destocking, de-leveraging, lowering corporate costs and improving weak link. The Central Economic Work Conference has pledged to launch a series of policies next year that have been discussed for a long time, including more tax cuts, incentives for specific industries, regulatory reforms and more aid to lift people out of poverty.

**Hong Kong recorded a balance of payments (BoP) surplus of HKD71.5 billion** (about USD9.22 billion) (as a ratio of 11.6% to GDP) in the Q3 of 2015, Hong Kong's Census and Statistics Department announced. The BOP surplus in the Q2 was HKD76.7 billion (as a ratio of 13.5% to GDP). Reserve assets correspondingly increased by the same amount (HKD71.5 billion) in the Q3.

**Hong Kong's overall consumer prices rose 2.4% y-o-y in November**, the same as that in October, Census and Statistics Department announced. Netting out the effects of all government's one-off relief measures, the y-o-y rate of increase in the Composite CPI, i.e. the underlying inflation rate, in November was 2.4%, slightly larger than that in October, mainly due to dissipation of the effect of a special fuel rebate in electricity.

**Japan's national budget is expected to total JPY96.7 trillion** for next fiscal year, the largest ever, amid rising medical and nursing care spending. The overall budget will grow JPY380 billion. Social security spending will go up by JPY440 billion, driven by medical and senior care spending, to JPY31.9 trillion.

**Japan will lower the assumed long-term rate used to estimate interest payments in the fiscal 2016 budget** in light of the ultralow rates stemming from the country's monetary easing program. This will mark the first cut in the assumed rate in four years. The rate will be 1.6%, 0.2 percentage point lower than the fiscal 2015 assumption.

**South Korea's card spending grew sharply in November**, pointing to a gradual recovery in domestic demand. Purchases made with plastic cards reached KRW54.1 trillion (USD45.94 billion) last month, up 9.8% y-o-y, according to the Credit Finance Association. Of the amount, credit card spending increased 8.8% to KRW42.74 trillion, while those of debit cards advanced 14.2% to KRW11.22 trillion over the cited period.

**South Korean household debt rose in 2015** from a year earlier as people with high incomes moved to buy homes. According to Statistics Korea, the average household was KRW61.81 million (USD52,500) in debt as of late March of this year, up 2.2% compared to the year before. Data showed that 64.3% of all South Korean households had debt, down 1.6 percentage points from the previous year. Of the total debt, 57.3% were mortgage loans with the remainder being loans taken out on personal credit.

**Taiwan's rate of unemployment recorded a monthly rise** of 0.01 percentage point at 3.91% in November, the second lowest level in the last eight years, according to government statistics released.

**Taiwan's export orders fell** from the previous year for the eighth consecutive month in November. Taiwan's export orders in November fell 6.3% from the same month in 2014 to USD40.76 billion, a larger decline than the 5.3% year-on-year drop registered in October. The November figure was also down 4.2% from the total export orders received in October.

## Australasia

**New Zealand consumer confidence picked up in the Q4**, with low interest rates encouraging spending though consumers remain dubious about future economic conditions. The Westpac McDermott Miller consumer confidence index rose to 110.7 in the December quarter, from 106 in the September quarter, coming in slightly below the historical average of 111.5.

## Indian Sub-Continent

**Sri Lanka's consumer prices rose 4.8% in the 12-months to November** from a year earlier, from the 3% a month earlier, the state statistics office reported. Y-o-y inflation of food group has increased from 2.3% in October 2015 to 4.6% in November while Non-food Group also increased by 3.5% to 4.9% during this period.

## Middle East and North Africa

**Algeria's balance of trade recorded a deficit of USD12.626 billion in the first 11 months of 2015**, against a surplus of USD5.452 billion during the same period a year earlier, said the Algerian Customs' National Centre of Data Processing and Statistics. Exports stood at USD34.371 billion, against USD59.133 billion over the same period of reference, down by 41.88%. Imports totalled USD46.997 billion, against USD53.681 billion, down by 12.45%.

**Oman's total revenue touched OMR7.4 billion at in October**, dropping 35.6%, compared to OMR11.5 billion in the same period last year. The total revenue from oil, estimated to be OMR4.6 billion, fell 45.6% during the month, compared to OMR8.6 billion in the same period last year. Gas revenues, meanwhile, jumped 1.1% to OMR1.17 billion during October, compared to OMR1.16 billion in the corresponding period last year. Public spending stood at OMR9.7 billion in October, compared to OMR10.2 billion in the same month last year.

**Saudi Arabia's deputy crown prince has outlined new economic reforms** to withstand low oil prices. It includes state spending reforms and privatisations in the world's top oil exporting country. The government has been running an annual budget deficit of over USD100 billion, forcing it to liquidate over USD90 billion of foreign assets in the past 12 months to pay its bills - a pattern that is not sustainable for more than a few years, the International Monetary Fund has warned.

**Saudi Arabia's crude oil exports in October rose by 253,000 barrels per day** from September to 7.364 million bpd. The oil exporting heavyweight maintained high output and pumped 10.276 million bpd in October, slightly higher than September's 10.226 million. Domestic refineries processed 2.028 million bpd of crude, lower than the September level of 2.501 million bpd. Exports of refined oil products dropped to 1.093 million bpd from 1.190 million bpd in September.

**Saudi officials are considering plans to sell shares in state-owned entities and companies**, as the kingdom seeks to bolster revenue to counter the plunge in oil prices. The government may sell stakes in ports, railways, utilities and airports. State-owned hospitals may also be privatised as part of Deputy Crown Prince's plans to reduce the kingdom's reliance on oil revenue.

**Turkey's consumer confidence index dropped to 73.58 points in December** from 77.15 in November, amid growing concern of deteriorating general economic outlook. Data released by the Turkish Statistics Institute showed that economic outlook trumped all other concerns among Turkish consumers.

**Inflation across the UAE dipped to 3.5% in November** from 3.7% the previous month, on cuts to fuel prices. Housing costs remained the biggest driver of inflation, which were up 8.3% against the previous year, unchanged against the previous month. Dubai house prices are up around 62% against their lowest point in February 2011, but have been falling since June 2014.

## Eastern Europe

**The Czech central bank will require lenders to apply a countercyclical capital buffer (CCB) of 0.5%** from 2017 to cope with fast-growing lending, becoming the third European country to introduce the charge.

## Northern Europe

**Denmark's consumer confidence index rose to 6.1 points in December** from 5.6 points in November, the statistics office said.

**Iceland's wage index reported a m-o-m increase of 0.9% in November**, according to Statistics Iceland. The figures showed that the wage index in November was 537.6, an increase of 0.9% compared with 532.9 in October. In the past 12 months, the monthly wage index has increased by 8.7%.

## Western Europe

**Spanish home mortgages increase by 7.1% in October** when compared with the same month in 2014, according to data released by Spain's Statistical Office (INE). A total of 19,195 home mortgages were granted to prospective buyers in October, which meant a 7.1% rise y-o-y but a 19.4% fall on a m-o-m basis.

**Spain's vehicles production rises by 13.5% in first 11 months of 2015** when compared with the same period of a year earlier. Spanish factories manufactured a total of 2,551,688 vehicles in the first 11 months, and 256,709 in November alone, which meant 21.42% more when compared with the same month of a year earlier manufacturing more than 12,000 vehicles per day.

**Switzerland's current account surplus widened to CHF23 billion** (USD23.2 billion) in the Q3, up 12 billion francs from the year-earlier period, Swiss National Bank statistics published. The rise was mainly due to a higher surplus in investment income, which rose CHF8 billion y-o-y to CHF12 billion. The surplus on income from traded goods rose CHF5 billion to CHF15 billion.

**UK consumer morale in December edged up** from a six-month low in November, but households remain more worried about the economy than they were at the end of last year. Market research firm GfK said its monthly consumer sentiment indicator rose to +2 in December from +1 in November.

## South America

**Brazil posted a current account deficit of USD2.931 billion in November**, down from a shortfall of USD4.166 billion in October, central bank data showed. In the 12 months through November, the deficit was equivalent to 3.7% of Brazil's GDP, down from 4.02% of GDP the previous month. Brazil attracted USD4.930 billion in foreign direct investment last month.

## Oil & Gas News

**Oil prices edged away from multi-year lows on Tuesday** as the northern hemisphere moves into the peak-demand winter season, but mild weather and ballooning supplies mean that prices are expected to remain generally low well into 2016. The global crude benchmark Brent was at USD36.46 per barrel at 0213 GMT.

**Natural-gas prices posted on Monday their largest one-day percentage gain since January**, as signs of cold weather and stronger heating demand crept into forecasts, chasing out many investors who had bet on falling prices. Prices for the front-month January contract settled up 14.4 cents, or 8.1%, at USD1.911 a million British thermal units on the NYMEX.

## Commodity News

**Gold retained gains from a two-day rally on Tuesday** supported by a slide in the dollar, but a slump in oil prices and uncertainty over the pace of future US interest rate hikes capped the metal's advance. Spot gold was little changed at USD1,077.60 an ounce by 0047 GMT, after gaining 2.5% in the last two sessions.

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-Dec-15	1,066.25	1.77	36.88	20.84	1.54	2.10	1.41	0.99	9803.92	85.77	3.04	33.46	25.58	2,852.84
22-Dec-15	1,078.03	1.92	36.49	19.01	1.53	2.09	1.41	0.99	9743.74	86.23	3.05	33.62	25.67	2,853.51
% Change	1.10	8.47	-1.06		-0.05	-0.54	-0.49	0.14	-0.61	0.53	0.61	0.46	0.36	0.02



# Economic & Financial News

Research & International Division

23/12/2015

*... FDI in South Korea surpassed the USD15 billion mark this year ...  
... US home sales plunged sharply in November ...*

## South East Asia

**Brunei's personal loans totalled BND1.544 billion in Q3**, a decrease of BND109 million, or 6.59%, from the BND1.653 billion recorded in Q3 2014, the Autoriti Monetari Brunei Darussalam (AMBD) reported. Home renovation lending increased by 19.1% y-o-y to BND462 million in Q3 while property financing rose by 125.2% y-o-y to BND1,439 million. Out of BND1,439 million, housing purchases accounted for 48%, or BND692 million. This figure was higher than the previous year by 8.3%. Lending through credit cards remained unchanged at BND139 million. Car financing drastically dropped by 57.4% y-o-y to BND20 million.

**Brunei's total assets in the insurance sector increased by BND57 million in Q3** compared to the same period of last year, the AMBD said. The insurance sector increased by 4.09% to BND1.45 billion in Q3, up from BND1.393 billion in Q3 2014. Meanwhile, takaful assets went up to BND495 million, from BND452 million in Q3 2014. Gross claims for Q3 2015 in the insurance sector rose by BND7 million to BND40 million, from BND33 million in Q3 2014.

**The Indonesian government has scrapped its import tax on 21 categories of airplane spare parts** as part of its latest economic stimulus package to counter headwinds faced by the country's airlines. The move expands on a similar incentive in September that gave the airlines some relief amid a weakening rupiah against the US dollar, which has caused operational costs to spike.

**Indonesia plans to apply a "ceiling price" mechanism on the retail sales of fuel** which would be applied next month in a bid to cope with falling oil prices in the global market. Upper and lower limits will be applied, and the reserved exceeding amount would be used to cover losses when global oil prices go above the retail price.

**Lao's 8th national five-year socio-economic development plan (2016-2020) which is currently being drawn up sets annual GDP growth at not lower than 7.5%**, which should drive Laos out of the "Least Developed Country" status, the government said. Per capita GDP is expected to reach USD3,100 in 2020 when the Lao population is expected to reach 7.3 million.

**Bank Negara Malaysia's international reserves were up for a second time**, rising by MYR1.5 billion to MYR421.6 billion (USD94.9 billion) as at mid-December, compared to end-November. The reserves position is sufficient to finance 8.6 months of retained imports and is 1.1 times the short-term external debt. Between Nov. 30 and Dec. 15, the US dollar had strengthened about 1% against the ringgit, against the backdrop of weaker crude oil prices and market anticipation of a US interest rate hike.

**The Philippines' President Aquino signed the PHP3 trillion (USD63 billion) budget for 2016.** It was the biggest budget in the Philippines' history, and 15.2% higher than 2015's budget. Of the total budget, the largest portion would go to social services, with PHP1.106 trillion (USD23 billion) or 36.8%, followed by economic services covering areas such as infrastructure, agriculture, transport and communications, accounting for PHP829.6 billion (USD17 billion) or 27.6%.

**The Philippines' general government debt accounted for 36.8% of GDP as of Q3.** The figure was up slightly from 36.2% as of end-June, but was still an improvement from 37.2% in the same period a year ago. In absolute amounts, general government debt rose 5.1% to PHP4.8 trillion, from PHP4.6 trillion last year. GDP grew a faster 5.8% during the period.

**Thailand approved a combined budget of THB5 billion to THB6 billion** to fund financial infrastructure projects and national policies that are expected to become the foundations for Thailand's digital economy.

**The Thai government will allow shoppers a tax deduction of up to THB15,000 on receipted goods and services** purchased during the festive season, from Dec. 25-31, as a New Year's gift to the people.

## North East Asia

**Foreign direct investment (FDI) in South Korea surpassed the USD15 billion mark this year** for the first time ever, driven by a free trade pact with China and more favourable business conditions. The amount of FDI that arrived in the country reached USD15.19 billion, a surge of 28.6% y-o-y, the Ministry of Trade, Industry and Energy said. Total FDI pledged from Jan. 1 onwards also rose 11.2% on-year to USD20.43 billion.

**South Korea will frontload 29.2% of next year's budget in Q1** to help prop up economic growth. The finance ministry said it made the decision as the effect of the KRW11.53 trillion (USD9.84 billion) extra budget will end this year and could cause a drying up of state funds reaching the market.

## Indian Sub-Continent

**India's current account deficit for Q2 FY16 widened to 1.6% of GDP**, against 1.2% of GDP in Q1. The deficit at USD8.2 billion was lower than the USD10.9 billion (2.2% of GDP) reported last year, but higher than the USD6.2 billion in Q1. The overall balance of payments position for Q2 turned marginally negative as there was a drawdown of USD900 million from the foreign exchange reserves.

## Middle East and North Africa

**Algerian vehicle imports amounted to USD3.024 billion over the first 11 months of 2015**, against USD4.806 billion over the same period of 2014, down 37%, said the Algerian Customs. The number of imported vehicles totalled 255,236 units in 2015, against 370,549 in the same period in 2014, down 31%.

**Egypt's central bank will tighten import regulations from January** in a bid to support local manufacturing and better preserve its dwindling foreign currency reserves. Egypt, which depends on imports, has faced a currency crisis since a 2011 uprising that drove foreign investors and tourists away. Since then, hard currency reserves have more than halved.

**Iran has drafted a state budget for next fiscal year** that is 2.6% smaller than the budget planned for this year, as low oil prices put pressure on the country's finances. The budget for the year starting March 20 has been tentatively set at IRR2.670 trillion.

**Morocco's trade deficit fell 19.7% y-o-y to MAD140.02 billion (USD14.22 billion) in the first 11 months of 2015**, thanks to lower energy costs and higher exports. Energy imports fell by 29% y-o-y to MAD61.69 billion. Total imports fell 6% y-o-y while total exports rose 7.1% to MAD195.29 billion, led by a 18.5% rise in auto exports and 20.6% hike in phosphate sales.

**Morocco's consumer prices eased to an annual 0.9% in November**, from 1.4% in October as food prices dropped. Food inflation eased to 2.1%, from 3.6% in the 12 months to November.

**Morocco's central bank held its benchmark interest rate stable at 2.5%** and said economic growth was expected to slow to 2.1% next year, down sharply from this year's 4.5% which was boosted by a bumper grain harvest. Inflation was expected to remain stable with an average of 1.6% in 2015 and 1.2% in 2016. However, government's plan to start cutting sugar subsidies in January would add slightly to 2016 inflation.

**Turkey's central bank left interest rates unchanged**, a surprise move that reignited concern about political threats to its independence and put fresh pressure on the struggling lira currency. The central bank held fire for the 10th straight month, even though annual inflation spiked to 8.1% in November, well above an official 5% target.

**The UAE is not planning to start taxing individual incomes in the country**, Minister of State for Financial Affairs said. The ministry also said there is no plan to impose taxes on remittances. However, the government is considering introducing corporate taxes. A value-added tax (VAT) is also being discussed at the GCC level. If an agreement is reached by the beginning of next year, it may be implemented in 2018 or 2019.

## Eastern Europe

**Hungary's cash flow-based general government deficit reached HUF970.7 billion in November**, the National Economy Ministry said. The deficit reached 108.8% of the HUF892.4 billion full-year target. The ministry noted that the deficit rose from just HUF713.7 billion in the base period and attributed the difference to "disparate developments" related to EU funding.

**Poland's cabinet adopted the 2016 budget bill with a deficit cap of PLN54.74 billion**, built on assumption of a 3.8% GDP growth and average annual inflation of 1.7%. Net borrowing needs are estimated at PLN74.68 billion, with PLN51.20 billion to be financed domestically and PLN23.47 billion on foreign markets.

## Northern Europe

**Danish retail sales index rose in November** by 1.1% y-o-y and 0.2% m-o-m, bringing the index to its highest level since April 2011, Statistics Denmark said.

**Iceland's unemployment rate stood at 3.5% in November**, registering an increase of 0.4% y-o-y, according to Statistics Iceland. The data showed the number of people in the labour force market was 194,900 in November, among whom 6,800 people were unemployed.

**Iceland consumer prices as of the middle of December increased** by 0.33%, the Statistics Iceland reported. The CPI in December was 430.8 points, up 0.33%, compared with 429.4 points in the middle of November. Among factors influencing the CPI were the cost of housing, water and electricity that rose by 0.4%, and international airfares that increased by 16.9%.

## Western Europe

**Portuguese left-wing government announced it would decree a minimum wage boost**, after employers and union groups failed to reach a deal. The monthly minimum wage is to rise from the current EUR505 (USD544) to EUR530 on January 1.

## North America

**The US Commerce Department revised down its estimate for real GDP growth in Q3** to 2.0%, slightly lower than its last projection of 2.1%.

**US house prices increased 0.5% in October**, from 0.7% in September, the Federal Housing Finance Agency reported. From October 2014 to October 2015, house prices were up 6.1%.

**US home sales plunged sharply in November**, as buyers faced rising prices and new regulations that might have delayed some closings. The National Association of Realtors said that sales of existing homes collapsed 10.5% to a seasonally adjusted annual rate of 4.76 million. It was the weakest pace in 19 months.

## South America

**Brazil's public debt rose 2.66% in November** to nearly BRL2.71 trillion (USD694.8 billion), the National Treasury said. This figure includes both the domestic and foreign public debt, but the biggest increase occurred in the former, which rose 2.84% last month. Brazil's foreign public debt actually fell 0.84% to BRL141.6 billion (USD36.3 billion) in November.

## Oil & Gas News

**Brent crude touched an 11-year low on Tuesday**, rebounding slightly after settlement, as a bearish outlook for 2016 and weaker profits for refining oil products kept a lid on gains. Brent crude LCOc1 for February delivery settled at USD36.11 a barrel, after earlier dipping to USD35.98, below an eleven-year low.

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-Dec-15	1,078.03	1.92	36.49	19.01	1.54	2.09	1.41	0.98	9688.04	86.18	3.06	33.63	25.65	2,853.51
23-Dec-15	1,074.35	1.93	36.55	18.94	1.54	2.08	1.41	0.98	9731.41	86.10	3.07	33.67	25.67	2,864.75
% Change	-0.34	0.52	0.16		0.14	-0.47	-0.14	-0.10	0.45	-0.09	0.37	0.11	0.08	0.39

# Economic & Financial News

Research & International Division

29/12/2015

*... China's proactive fiscal policy will persist and become more forceful in 2016...  
... Saudi Arabia unveiled plans to cut expenditures and sharply raised domestic fuel prices ...*

## South East Asia

**Brunei consumer price for November increased by 0.6% m-o-m**, according to the Department of Economic Planning and Development (JPKE). An average price increase of 2.7% was recorded for items listed under the furnishing, household equipment and routine household maintenance category. Yearly CPI for November, however, increased by 0.1% y-o-y, primarily due to higher index of housing, water, electricity, gas and other fuels; food and non-alcoholic beverages; and recreation and culture.

**Over 4 million foreign nationals visited Laos this year**, despite challenging economic conditions globally, generating income of about USD670 million. According to a statement from the Ministry of Information, Culture and Tourism, tourist arrivals are predicted to reach 4.3 million by the end of this year, representing an increase of 4% over last year.

**Philippine imports grew at a faster pace in October 2015** due to strong domestic demand for raw materials and intermediate inputs, capital and consumer goods. Data from the Philippine Statistics Authority (PSA) showed that imports increased by 16.8% to USD6.5 billion in October this year from USD5.6 billion in the same month last year. The October figure is also a significant upsurge from 8.2% growth recorded in the previous month.

**The amount of debt paid by the Philippine government in October dropped by 15.5% y-o-y** to PHP19.8 billion mainly as amortisation payments fell by almost half, the latest Treasury data showed. The government settled a total of PHP23.4 billion in combined amortisation (principal) and interest in October last year.

**Thailand's trade surplus contracted sharply in November as exports remained weak** pinched by a global economic slowdown, official data released Monday showed. The Commerce Ministry said Thailand registered a trade surplus of USD299 million in November, easing considerably from the USD2.1 billion recorded in October. Imports fell 9.5% y-o-y in November, significantly slowing down from an 18.2% on-year plunge in the preceding month.

**Thailand's industrial production rebounded slightly in November**, thanks in part to increased manufacturing activity in the country's automotive sector, the Ministry of Industry's Office of Industrial Economics said. The manufacturing production index inched up 0.1% from a year ago in November, reversing from a revised 0.83% slide in October.

**Foreign direct investment (FDI) registered in Viet Nam saw a y-o-y increase of 12.5% in 2015** to reach USD22.8 billion, data from the General Statistics Office (GSO) revealed. Up to 2,013 projects with USD15.6 billion in foreign investment were granted licences as of December 15, surging 26.8% in terms of the number of projects, but plunging 0.4% in terms of capital over the same period last year.

**Viet Nam's retail sales of goods and services rose 9.5% this year**, the largest increase since 2011, as low inflation and strong economic growth bolstered consumer confidence, data from the GSO revealed. Sales were estimated at VND3,242 trillion (USD148 billion).

**Vietnam's GDP grew 6.7% in 2015**, the highest rise since 2008. The figures surpassed the country's target of 6.2%, Minister of Planning and Investment Bui Quang Vinh said. The growth was driven by a 9.6% rise in the industrial and construction sectors, fuelled by record foreign investments, which reached USD14.5 billion as of Dec 15.

**Vietnam's industrial production index increased 9.8% in 2015**, the biggest expansion in the past five years, according to the GSO. Power production and distribution posted the highest increase at 11.4%, followed by processing and manufacturing sector with 10.6%, water supply, wastewater and garbage treatment -7.4% and mining -6.5%.

**Vietnam's export turnover in 2015 is estimated at USD162.4 billion**, representing a y-o-y increase of 8.1%, the lowest pace over the past five years. According to the GSO, the figure is lower than that recorded in the year before and the set target of 10%. In December alone, Vietnam earned USD14.2 billion from exports, up 2.2% over the previous month.



## North East Asia

**Profits of China's major industrial firms fell 1.4% y-o-y in November**, narrowing from a 4.6% decline posted in October, the National Bureau of Statistics said. Profits at industrial companies with annual revenues of more than CNY20 million (about USD3.1 million) totalled CNY672.1 billion in November. Rebounding sales, lower costs and higher investment returns helped slow the profit decrease.

**China has provided more than CNY140 billion (USD21.6 billion) to low-income residents over the past 11 months**, according to the Ministry of Civil Affairs. China has some 66.5 million people, 5% of its total population, receiving subsistence allowances. The cash subsidy standard for each urban resident is CNY439 per month, and CNY255 for rural residents.

**China's proactive fiscal policy will persist and become more forceful in 2016**. China will increase its budget deficit next year, gradually raise its fiscal deficit ratio, increase government debt issuance and set a limit for newly increased local government debt. China will continue to cut taxes and avoid overcharging enterprises so they have more money at their disposal, and the government will spend the money more wisely.

**China's value-added tax (VAT) reforms will be implemented across all industries in 2016**, the Ministry of Finance said. The country will replace business tax with VAT in the remaining four industries namely finance, construction, property and consumer services. Business tax refers to a levy on the gross revenue of a business while VAT refers to a tax levied on the difference between a commodity's price before taxes and its cost of production.

**The values of Hong Kong's total exports of goods fell 3.5% y-o-y** to HKD315.3 billion (about USD40.5 billion) in November, 2015. Concurrently, the value of imports of goods went down 8.1% y-o-y earlier to HKD348.4 billion, and a visible trade deficit of HKD33.1 billion was recorded in November. Merchandise exports continued to fall in November, in tandem with the subdued export performance of many Asian economies amid the slack in global demand.

**Japan's retail sales in November fell 1% y-o-y** to JPY11.5 trillion, the first drop in two months, the Economy, Trade and Industry Ministry said. The drop reflected sluggish sales of winter clothing due to relatively warm weather in the reporting month and a drop in fuel sales reflecting lower gasoline prices.

**Japan's factory output fell 1% in November** from the previous month in the first decline since August, as the country struggles to stimulate its fragile economy. The decline was mainly due to stagnant production of general machinery, chemical engineering and metal industry, according to the ministry of economy, trade and industry.

**Auto production in Japan in November increased 6% y-o-y** to 788,344 units, up for the first time in 17 months, the Japan Automobile Manufacturers Association said. Auto exports in November rose 12.7% to 414,870 units, up for three months in a row, thanks mainly to robust demand in North America.

**The price of liquefied natural gas used by South Korean households and private firms will be reduced by an average 9%** from the start of next month. The rate reduction reflects recent cuts in global oil prices, the Ministry of Trade, Industry and Energy said.

**South Korea will increase the number of products on its flexible tariff list next year** to boost exports and spur growth in Asia's fourth-largest economy. The number of products eligible for preferential tariff rates will rise to 51 in 2016, up from 41 this year, according to the Ministry of Strategy and Finance.

**Loans extended to South Korean households and private firms reached a new high in the Q3**, accounting for over 180% of the country's overall GDP. Loans extended to households and private companies came to 182.6% of its total GDP at the end of September.

**South Korea imported over KRW10 trillion worth of cars** from January to November this year. According to the Korea Automobile Manufacturers Association, 284,172 vehicles were imported until November this year, worth a total USD8.7 billion.

**Prices in Macau registered annual growth of 3.77% in November**, due to the increase in housing rental and charges for meals bought outside the home. The Bureau also said the annual change in prices in November was significantly lower than that recorded a month earlier, in October, when inflation reached 4.16%.

## Middle East and North Africa

**The ruler of Dubai approved AED46.1 billion budget for the year 2016**. The zero deficit budget has been increased by 12% compared to AED41.17 billion in 2015. The budget for the year has a an operating surplus of AED3.4 billion and targets the creation of 3,000 new jobs and provides the fiscal stimuli necessary to boost the economic growth of the emirate.

**Egypt's Monetary Policy Committee (MPC) decided to raise benchmark interest rates by 50 basis points**, citing inflationary pressures, a week after it shocked markets by postponing its decision. The move has led a drive to indirectly support the Egyptian pound and supply banks with dollar liquidity to cover imports despite dwindling foreign reserves.

**Kuwait's credit saw a small decrease of KWD22 million in October** on the heels of an exceptionally large increase the month before (KWD 692 million). Despite the small decline, credit growth still rose to 6.6% y-o-y, the most rapid pace in over a year. A large decline in lending for securities weighed on the October figure.

**The Central Bank of Kuwait (CBK) increased its key policy rate in December** following the much anticipated policy rate hike by the US Federal Reserve. The CBK increased its discount rate by 25 basis points (bps) to 2.25%; the rate had remained unchanged at 2% for over three years.

**Qatar's foreign trade surplus shrank 54% y-o-y** to QAR10.9 billion (USD3.0 billion) in November. The value of Qatar's total export of goods stood at QAR21.3 billion in November, a 36.7% decrease on y-o-y and a 5.9% on m-o-m decline. On other hand, the imports of goods in November touched QAR10.4 billion, showing an increase of 2.8% over November 2014.

**Saudi Arabia's government ran a record budget deficit of SAR367 billion (USD97.9 billion) in 2015** because of low oil prices. State spending in 2015 totalled SAR975 billion, more than the SAR860 billion originally planned because of extra outlays such as a salary bonus for public employees that marked the accession of King Salman in January. Revenues this year totalled SAR608 billion, less than the original target of SAR715 billion riyals as prices for oil, on which the economy depends, fell further than expected.

**Saudi Arabia unveiled plans to cut expenditures and sharply raised domestic fuel prices** as the world's top oil exporter attempts to cope with a new era of cheap crude prices. Saudi Arabia is raising domestic gasoline prices by more than half from Tuesday in response to its budget deficit of almost USD98 billion. High-grade gasoline will increase by 50% to SAR0.90 (USD0.24) a liter, and lower-grade gasoline will see a 67% increase. Saudi Arabia also announced SAR840 billion spending plan for 2016.

**Saudi Arabia's government is to adjust subsidies for water, electricity and petroleum products over the next 5 years**, the Ministry of Finance said in its 2016 budget document. Any changes made to such prices would be aimed at achieving efficient use of energy and conserving natural resources, and would also be structured to minimise the negative effects on lower and middle-income citizens.

**Saudi Arabia has announced plans to reduce its reliance on foreign workers** by recruiting only highly-technical workers and monitoring investments closely. The Kingdom had made substantial progress in training and absorbing qualified Saudi professionals and workers in different sectors. The Kingdom is home for over 10 million foreign workers.

**Saudi Arabia increased its military and security spending in 2015 by about SAR20 billion** (USD5.3 billion). It was attributed to rise of kingdom's participation in Operation Decisive Storm, an intervention by a Saudi-led Gulf Arab coalition in Yemen's civil war.

**Sudan's parliament passed its 2016 budget** and projected a budget deficit of 1.6% of GDP for the coming year, up from 1.2% for 2015. The 2016 budget puts total revenues at SDG67.5 billion (USD11.1 billion) and total expenditures at SDG66.9 billion. It projects a growth rate of 6.4%, up from an expected 5.3% for 2015.

**Motorists in UAE will once again pay less for petrol and diesel next month.** From January 1, petrol products will be 6% lower compared with this month, while diesel will be 12% cheaper. This means that Super will cost AED1.69 a litre compared with AED1.79 in December, Special will be AED1.58 compared to AED1.68, diesel AED1.61 compared to AED1.83, and E Plus is to fall to AED1.51 from AED1.61.

## Eastern Europe

**Russia's economy contracted in November** after a short-lived recovery, the Economy Ministry said. Russia's GDP fell 4% on the year in November, taking the annual decline for the January-November period to 3.7%. The government expects GDP to shrink by up to 3.8% for full-year 2015. Given a recent drop in oil prices, Russia's economy is likely to contract further in 2016.

## Western Europe

**The Italian parliament gave its final approval to Prime Minister Matteo Renzi's tax-cutting 2016 budget.** It also eliminates levies on agricultural and industrial equipment and reduces the television licence fee. The budget's hallmark is the abolition of housing tax on primary residences, reviving a flagship policy of former prime minister at a cost of some EUR3.5 billion (USD3.83 billion) to the state.

## South America

**Peru is still attractive to domestic and foreign businessmen**, since its estimated mining investment portfolio, comprising 47 major projects, amounts to USD56.4 billion, Energy and Mines Ministry reported.

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-Dec-15	1,074.35	1.93	36.55	18.94	1.54	2.08	1.41	0.98	9731.41	86.10	3.07	33.67	25.67	2,864.75
29-Dec-15	1,073.78	2.25	36.64	16.28	1.55	2.10	1.41	0.98	9709.68	85.35	3.05	33.42	25.62	2,885.88
% Change	-0.05	16.58	0.25	0.60	0.83	0.33	-0.80	-0.22	-0.88	-0.67	-0.73	-0.19	0.74	

# Economic & Financial News

Research & International Division

30/12/2015

*... Net foreign assets in Saudi Arabia's central bank fell in November ...  
... Spanish retail sales rose for 16th month in November ...*

## South East Asia

**The Bank of Thailand will maintain its current headline inflation target of 1-4% next year** to guide its monetary policy, with a wide range giving it leeway to manoeuvre.

**Small and medium-sized enterprises (SMEs) in Thailand will be exempted from income tax for one year** and subject to a reduced rate of 10% for another year if they agree to pay taxes properly in the future. The Cabinet approved the incentives yesterday as part of a tax amnesty to encourage more SMEs, which total more than 2.7 million or 96% of Thai enterprises.

**Thais have been spending more on purchasing food and dining out**, despite continued declines in the prices of fuel and raw materials, according to a survey by the Commerce Ministry's Policies and Trade Strategies Bureau. The survey showed that the cost of dining out had increased consistently for 11 months from January to November, despite the Consumer Price Index declining.

## North East Asia

**South Korea's factory output missed estimates in November** as poor exports due to weak global demand continue to weigh on production in Asia's fourth-largest economy. Industrial production fell 0.3% y-o-y, Statistics Korea said. Output fell 2.1% m-o-m, the most since January this year. Exports declined in the first 11 months of this year and that trend is expected to continue, with an almost 12% drop forecast for this month.

**The minimum wage for South Korean workers will rise 8.1%**, or KRW450, to KRW6,030 (USD5.10) an hour next year, as posted by the Ministry of Employment and Labour. It is equivalent to KRW48,240 per day for eight hours' work, and KRW1.26 million per month for those who work 40 hours a week.

**South Korean manufacturers' business confidence continued to weaken** with a majority of non-manufacturing firms also expecting worse conditions in the upcoming month. The business survey index (BSI) for manufacturing companies came to 68 for January, down 1 point from December, according to the survey by the Bank of Korea.

**Macau received 28 million visitors from January to November 2015**, which represents a fall of 3.1% y-o-y, the region's Statistics and Census Bureau said. In November, 2.5 million visitors entered Macau, a reduction of 7.6% y-o-y.

## Middle East and North Africa

**Net foreign assets at Saudi Arabia's central bank fell in November** by 1.9% m-o-m to SAR2.356 trillion (USD628 billion), as the government liquidated assets to cover a huge budget deficit caused by low oil prices. Assets dropped 14.2% y-o-y to their lowest level since October 2012. They reached a record high of USD737 billion in August last year before starting to shrink.

**Turkey's economic confidence index decreased in December** by 3.8% m-o-m to 100.18, amid rising tension between Turkey and Russia, and uncertainties resulting from the rate hike decision by the US Federal Reserve, according to statement by the Turkish Statistics Agency.

**The removal of subsidies initiated by the UAE is spreading in the oil-rich region**, as Bahrain is likely to be next to follow the footsteps of its neighbours. Bahrain's cabinet on Tuesday approved a new pricing system for diesel and kerosene, which is set to start in January. Saudi Arabia surprised its citizens by hiking petroleum prices by 50%. Kuwait also lifted subsidies on diesel beginning January. Meanwhile, Oman is expected to register severe budget deficits in 2015 and 2016.

**The remittance industry in the UAE flourished in 2015** despite the 50% decline in oil prices. Remittances from the UAE are expected to cross USD19.5 billion this year.

## Eastern Europe

**Inflation will hit 44% in Ukraine this year**, as the embattled economy has seen prices soar amid economic collapse. Consumer prices have hit eye-watering levels in 2015 after averaging 24.9% in 2014, according to the central bank governor. Authorities were aiming to get inflation to around 5% by 2019.

## Western Europe

**Germany's federal states plan to spend about EUR17 billion in 2016** for the country's record refugee influx. The funds will go towards housing, food, education and care for the asylum seekers from Syria and other trouble spots across the Middle East and Africa who have flocked to Europe's biggest economy.

**German industrial companies plan to increase their investments by 6% in 2016**, a positive sign for an economy that has suffered from weak private investment in recent years. IFO Institute said the projected 6% rise is an increase from the 4% growth in 2015. It is expected to be driven by large manufacturing firms, as smaller companies said they intend to reduce their expenditure on new buildings and equipment.

**Spanish retail sales rose for the 16th straight month in November**, in the run-up to what was expected to be one of the best Christmas seasons in years for many shops. Sales rose 3.3% y-o-y, the National Statistics Institute said, a slower pace of growth than the 6% recorded in October. Low inflation, tax cuts and falling oil prices have helped boost Spanish families' income as the economy motors ahead following a deep recession.

## North America

**A stronger US job market lifted consumer confidence in December.** The Conference Board's consumer confidence index rose to 96.5 this month, from November's revised 92.6. Americans were more optimistic about current conditions and the future.

## South America

**Brazil's general price index (IGP-M) rose in 2015** at the fastest pace since 2010, underscoring the challenge inflation pose to President Dilma Rousseff's administration. The annual IGP-M figure finished the year with an annual increase of 10.54%, versus a rise of 3.69% in 2014, the Getulio Vargas Foundation said.

**Brazil posted a primary budget deficit of BRL39.52 billion (USD10.13 billion) during the first 11 months of 2015**, the largest deficit ever during an 11-month period, the Central Bank said. The combined deficit nearly doubled from the January-November 2014 period, when they totalled BRL19.64 billion (USD5.03 billion).

**Brazil decreed a minimum wage increase of 11.6% despite economic woes.** Starting from Jan. 1, monthly minimum wages will rise from the current BRL788 (USD204) to BRL880 (USD228). The increase tops Brazil's double-digit inflation of 10.28%. The measure would have a direct impact on some 40 million workers and retirees. Brazil bases its minimum wages on economic growth over the previous two years and the latest annual national consumer price index.

## Oil & Gas News

**Oil prices jumped 3% on Tuesday**, recouping the previous day's loss as colder weather encouraged buyers, but traders said prices remained under pressure due to slowing global demand and abundant supplies from OPEC members. Brent LCOc1 finished up USD1.17, or 3.2%, at USD37.79 a barrel.

**US natural gas prices extended a recent rally on Tuesday** to surge into a bull market as updated forecasts for January turned cooler. Natural gas for delivery in February on the New York Mercantile Exchange jumped 7.1 cents, or 3.13%, to trade at USD2.327 per million British thermal units during US morning hours. It earlier rose to USD2.344, the most since November 25.

## Commodity News

**Gold climbed on firmer oil**, but heads for a third annual decline. Spot gold was up 0.02% to USD1,069.60 an ounce at 2:17 p.m. EDT (1917 GMT), after losing 0.6% in the previous session. Volumes were thin during the last trading week of the year.

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-Dec-15	1,073.78	2.25	36.64	16.28	1.55	2.10	1.41	0.98	9709.68	85.35	3.05	33.42	25.62	2,885.88
30-Dec-15	1,070.06	2.31	37.46	16.22	1.55	2.10	1.41	0.97	9761.81	85.18	3.03	33.20	25.50	2,880.78
% Change	-0.35	2.67	2.24		-0.10	-0.20	0.33	-0.52	0.54	-0.20	-0.42	-0.66	-0.46	-0.18

# Economic & Financial News

Research & International Division

31/12/2015

*... China central bank to launch new macro-prudential regime to curb risks ...  
... Saudi Arabia plans to introduce VAT ...*

## South East Asia

**Brunei's GDP expanded by 1.9% in the Q3** on back of the slight growth in the oil and gas sector, the Department of Economic Planning and Development (JPKE) said. At current prices, GDP for the Q3 of 2015 is estimated at BND4.3 billion. The oil and gas sector posted a 6.6% growth. This was due to 4.4% growth in oil and gas mining and 15% growth in LNG and methanol manufacturing.

**Brunei's exports declined by 31.3%** to BND625.8 million on a m-o-m basis owing to sharp decrease in exports of Liquefied Natural Gas (LNG), JPKE said. Oil and gas exports decreased 14.5% in October. Brunei's imports declined by 23% to BND342.2 million in October. According to JPKE, there were decreases in imports of machinery and transport equipment by 56.7%. The total trade for the month of October comprising of both imports and exports was reported at BND968 million, or 15.3% lower than the previous month.

**International visitors to Vietnam witnessed a modest y-o-y decrease of 0.2% to 7.94 million in 2015**, the latest report from the General Statistics Office revealed.

## North East Asia

**China's central bank will introduce a new system to assess macro-prudential risks in the financial system in 2016** as the country's banking assets become more diversified. The Macro-Prudential Assessment (MPA) system will replace the current regime of dynamic adjustments in differentiated reserve requirements and desirable loan management that has been in place since 2011.

**China's external debt settled at USD1.53 trillion in September.** The State Administration of Foreign Exchange (SAFE) said it was attributed to the retreat of domestic market entities paying off debts to avert currency risks amid rising expectations for the US interest rate hike in the Q3.

**China continued to see a deficit in foreign service trade in November** but the volume has narrowed, data from the SAFE showed. The deficit came in at USD15.6 billion, retreating from USD89.2 billion in October. The State Council has pledged measures to accelerate development of trade in services, including gradually opening up the finance, education, culture and medical treatment sectors.

**China lowered its current account surplus for the Q3** and revised its estimate for the capital and financial account from a deficit to a surplus. The Q3 surplus under the current account was cut to USD60.3 billion from a preliminary estimate of USD63.4 billion, data from the SAFE showed. China reported a Q2 surplus of USD 73 billion. The country posted a USD11.4 billion surplus in its capital and financial account in the three months ending September, a revision from an initial deficit of USD63.4 billion for the period, the SAFE said.

**South Korea's consumer prices grew at the fastest pace in 16 months in December**, amid government-led efforts to stave off deflation concerns. The consumer price index rose 1.3% this month from a year earlier, according to the report by Statistics Korea, marking the highest level since August 2014, when it hit 1.4%.

**Bank lending rates on new South Korean household loans gained in November** for the first time in six months ahead of the widely-expected rate hike in the US. The average rate for new loans to households gained 0.1 percentage points from the previous month to 3.16% in November, according to the Bank of Korea.

**South Korea's industrial production fell at a faster clip in November** on sagging exports and sluggish activity in the chip industry, deepening concerns over the country's economic growth. Production in the mining, manufacturing, gas and electricity industries slipped 2.1% last month from a month earlier, further declining from a 1.3% m-o-m drop in October. Compared with a year earlier, industrial production edged down 0.3%.

**Confidence among South Korean manufacturers over economic conditions fell to the lowest in six months** due to a plunge in global oil prices. The business sentiment index (BSI) for manufacturers fell 1 point from a month earlier to 67 in December, logging the lowest since June when the Middle East Respiratory Syndrome (MERS) outbreak hit hardest.

## Indian Sub-Continent

**The number of foreign nationals employed in Bangladesh is on the rise** in the absence of adequate manpower with the technical know-how among a labour force of nearly 4.4 million and expanding economic activities. The majority of the foreign nationals are employed in the garment sector in top posts.

**Sri Lanka central bank has decided to maintain policy interest rates** but to increase the Statutory Reserve Ratio (SRR), the commercial banks' deposit requirement by 1.5%. Accordingly, the SRR applicable to all rupee deposit liabilities of commercial banks will be 7.5%. The change will be effective from 16 January 2016.

## Middle East and North Africa

**Egypt's current account deficit more than doubled to USD4 billion in the Q1** of its financial year as tourism revenues plunged. The deficit was USD1.6 billion in the same period a year earlier, the central bank said in a statement. The 2015/16 fiscal year started in July. The widening current account deficit was driven partly by a decline in the services surplus, which narrowed by 22.6% to USD1.7 billion.

**The total traded value of real estate in Oman stood in excess of OMR3.81 billion in November**, marking a rise of 43.2% from OMR2.66 billion recorded in the corresponding period of 2014, according to the data released by the National Centre for Statistics and Information (NCSI).

**Morocco's public debt reaches up to 64% of the country's GDP.** The Moroccan government aims to pursue structural reforms to improve the business climate, support production sectors, diversify the national economy, invest in human resources and promote balance between domestic and external resources, taking into account national and international contexts.

**Oman's cabinet has approved a series of spending cuts and tax hikes** to cope with the damage to state finances from low oil prices. The Cabinet will adjust the prices of petroleum products to be in line with global prices, starting from mid-January. The Cabinet agreed to reduce government spending as well as develop non-oil revenues by raising taxes on companies' profits. It will also raise fees on government services but will exclude education, health and basic services.

**Saudi Arabia finance minister expects to introduce value-added tax in two years**, aiming for a tax rate of around 5%. In its 2016 state budget announcement earlier this week, the ministry said it planned to introduce VAT in coordination with other countries in the region.

**The Turkish government will cover some 40% of the cost of a hike in the minimum wage** for 8.5 million employees due to come into effect on the first day of the new year but only for 2016, Labour and Social Security Minister said. The minimum wage has been increased from TRY1,000 to TRY1,300, a move expected to cost the private sector around TRY20 billion (USD9.2 billion), leading critics to warn of job losses.

## Eastern Europe

**Romania's government agreed with trade unions and employers to raise the minimum wage by 19%** to RON1,250 (USD300) a month before tax starting from May, sealing a deal with trade unions and employers after two-week talks.

**Russia's manufacturing industry contracted in December**, halting a two-month recovery as falling oil prices threaten to extend the country's recession into a second year. The Purchasing Managers' Index fell to 48.7 in December, a reversal from the positive 50.2 and 50.1 readings in October and November, according to a statement released by Markit Economics.

## South America

**Chilean retail sales rose at the fastest pace in 21 months** as rising employment helped revive consumer demand after almost two years in the doldrums. Sales leaped 5.5% y-o-y in November, the National Statistics Institute said. The jobless rate also fell to 6.1% in the Q3 from 6.3% in Q2.

## Oil & Gas News

**Crude prices fell more than 3%** on Wednesday, with Brent sliding towards 11-year lows, after an unusual build in US stockpiles and signs Saudi Arabia will keep adding to the global oil glut. Brent settled down USD1.33, or 3.5%, at USD36.46 a barrel. Its session low was USD36.35, less than 40 cents from an 11-year bottom struck last week.

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-Dec-15	1,070.06	2.31	37.46	16.22	1.55	2.10	1.41	0.97	9761.81	85.18	3.03	33.20	25.50	2,880.78
31-Dec-15	1,063.43	2.30	36.7	15.96	1.55	2.10	1.41	0.97	9772.31	85.16	3.04	33.18	25.53	2,882.73
% Change	-0.62	-0.43	-2.03	-0.01	-0.08	-0.04	-0.22	0.11	-0.03	0.09	-0.07	0.13	0.07	