



Highlights from this week’s economic and fiscal developments in ASEAN member states and abroad:

- Cambodia’s central bank injects 238 billion riels of liquidity into loans program
- Vietnam passes Malaysia as China’s largest ASEAN trading partner
- U.S. GDP growth in second quarter hits 4.1%

FACT Sheet is a weekly newsletter that tracks the latest economic and fiscal developments in Cambodia and its trading partners. It is produced by the Fiscal Analysis Capacity Training (FACT) department of the Parliamentary Institute of Cambodia to practice research and drafting skills. Every effort is made to ensure that the analysis and insight is of high quality; however, readers should treat it as a training exercise. We cannot guarantee that it is free from error or omission.

Cambodia news and data

NBC injects 238 billion riels of liquidity into loans program

As part of increasing efforts to promote the use of Cambodia’s local currency, the National Bank of Cambodia (NBC) has disbursed more than 238 billion riels to commercial banks and microfinance institutions for liquidity-providing collateralized operation (LPCO). The NBC has required recipients of the funds to provide at least 10 per cent of their loans in riels.

Riel liquidity provided by the LPCO was 2.6 times higher in the first six months of 2018 relative to the same period in 2017, according to the NBC’s recent statements to the press, Facebook updates, and the [latest statistics](#) publications.

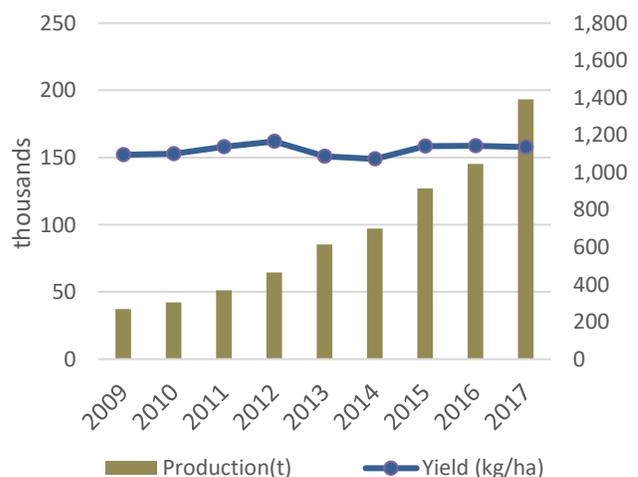
Chart of the week: total rubber production 2009-2017

This week’s chart shows steady growth in Cambodia’s rubber sector over the past decade, as reported in the [Annual Report for Agriculture Forestry and Fisheries 2016-2017](#). Although average rubber yield

has stayed roughly constant over the period, production has grown enormously, speaking to a rapid rise in cultivated area, which has growth by an average of 16.6 per cent each year.

Almost all rubber produced in Cambodia is exported. Exports of rubber have growth by 22.0 per cent each year, on average.

Rubber production in Cambodia (yield on right axis)



Source: Ministry of Agriculture, Forestry and Fisheries

ASEAN and other trading partners news and data

Vietnam passes Malaysia as China's largest ASEAN trading partner

Trade between China and Vietnam hit \$11.2 billion in June, surpassing trade of \$9.3 billion between China and Malaysia. Malaysia had held the title of China's largest ASEAN trade partner for several years, as reported by the [Phnom Penh Post](#).

Bilateral trade between China and Vietnam grew by 28.8 per cent in the first half of 2018, while trade between China and Malaysia grew at 15.5 per cent.

The rapid growth of China's trade with Vietnam has been attributed to border policies to enhance the importation of agricultural product into China.

U.S. economy and Federal Reserve

U.S. GDP growth in second quarter hits 4.1%

The American economy rose at an annual rate of 4.1% in the second quarter of 2018, its highest growth in nearly four years ([Bureau of Economic Analysis](#)). The growth was at least partly driven by the rush of U.S. farmers to export soy beans ahead of retaliatory tariffs that started in early July.

President Trump was quick to take credit for the growth, saying "we have accomplished an economic turnaround of historic proportions." Several news outlets such as the [New York Times](#) have questioned the veracity of Trump's words.

The week ahead

Highlights from next week's data releases and economic events include central bank interest rate decisions in Thailand and the Philippines.

Below is the complete calendar of data releases and developments that the FACT team will be following next week.

Monday, 06 August

- Indonesia GDP for 2018Q2
- Indonesia business confidence for 2018Q2
- Indonesia consumer confidence for July
- Taiwan foreign exchange reserves for July

Tuesday, 07 August

- Japan household spending for June
- Philippines inflation for July
- Philippines industrial production for June
- Brunei balance of trade for May
- Philippines retail price index for June
- Taiwan inflation for July
- Taiwan balance of trade for July
- Singapore foreign exchange reserves for July

Wednesday, 08 August

- Japan current account for June
- Philippines balance of trade for June
- China balance of trade for July
- Thailand interest rate decision
- Indonesia retail sales for June

Thursday, 09 August

- China inflation rate for July
- Philippines GDP growth for 2018Q2
- Philippines interest rate decisions
- Indonesia property price index for 2018Q2

Friday, 10 August

- Japan GDP growth for 2018Q2
- Japan PPI for July
- Malaysia industrial production for June
- Malaysia unemployment for June
- Singapore retail sales for June
- Thailand foreign exchange reserves for July
- Hong Kong GDP growth for 2018Q2
- Indonesia current account for 2018Q2