



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

- Minimum wage for garment sector in Cambodia set at \$182 for 2019
- IMF cuts global growth outlook as trade wars escalate
- U.S. trade deficit widens as imports rise and exports fall

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

Minimum wage set at \$182 for 2019

Negotiations between the government, employers and unions in the textile, garment, and footwear industries went smoothly during a [Labour Advisory Committee meeting](#) on Friday last week, and the parties were able to reach a final decision on the minimum wage for 2019. The minimum wage in 2019 will be \$182.

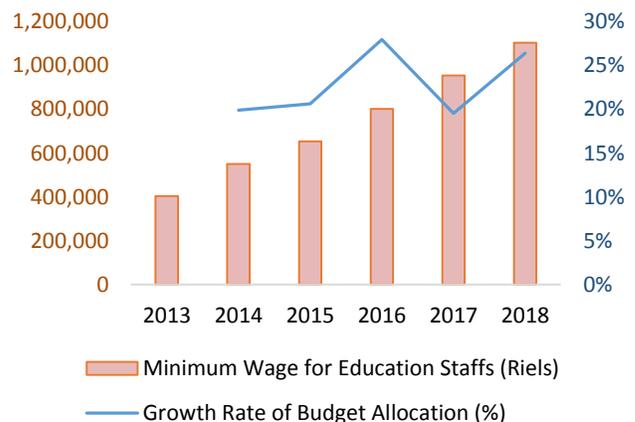
During the negotiation process, the employers proposed an increase to \$177, while the group of unions consisting of 16 members arrived at a counter offer of \$182. When the figure was put to a vote before the committee, the \$177 won out. However, prime Minister Hun Sen decided to add an extra \$5 to bring the total up to the \$182 sought by workers. It was agreed that there would be no changes to existing benefits and allowances.

Chart of the week: Spending on education and the minimum wage of education staff

According to Budget Laws from 2013 to 2018 and a report from the Ministry of Civil Service in 2018, the

total budget allocation for the education sector in Cambodia grew by around 23 percent per year on average. During the same period, the minimum wage of public education staffs in Cambodia more than doubled, from 402,800 riels in 2013 to 1,101,800 riels in 2018 with a similar annual growth rate of approximately 23 percent.

Spending on education and the minimum wage of education-sector staff from 2013-2018



Source: Ministry of Civil Service and Budget Laws, 2013-2018

ASEAN and other trading partners news and data

IMF cuts global growth outlook as trade wars escalate

The IMF recently released its [Global Economic Outlook](#), in which its forecast for global economic growth was reduced for 2018 and 2019 as a result of trade wars and an uncertain policy climate.

The trade environment is expected to reduce investment, result in more pessimistic market sentiment, and trigger financial market volatility.

Compared to the IMF's outlook in July, world economic growth has been lowered from 3.9 percent to 3.7 percent for 2018. U.S growth is forecast to be 2.4 percent this year but fall to 2.1 percent next year.

China's growth is forecast to be 6.6 percent in the current year but fall to 6.2 percent in the year coming.

Growth in the EU is expected to be 2 percent this year but fall to 1.9 percent in 2019.

U.S. economy and Federal Reserve

U.S. trade deficit widens as imports rise and exports fall

According to the latest Census Bureau [release](#), the U.S. trade deficit expanded from a revised \$50.0 billion in July to \$53.2 billion in August. The value of imports rose by 0.6 percent, equivalent to \$262.7 billion, while the value of exports declined by 0.8 percent, equivalent to \$209.4 billion.

The main drivers of the increase in U.S. imports were automotive vehicles, parts, and engines, cell phones and other household goods. The main drivers of the decline in exports were soybeans, crude oil and other petroleum products.

The week ahead

Data highlights in the coming week include Indonesia and Japan balance of trade data, China's inflation rate, and South Korea's interest rate decision.

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

Monday, 15 October

- Japan industrial production for August
- Indonesia balance of trade for September
- Malaysia unemployment rate for August
- U.S business inventories for August
- U.S. retail sales for September

Tuesday, 16 October

- South Korea import and export prices for September
- China inflation rate for September
- U.S industrial production for September

Wednesday, 17 October

- U.S foreign bond investment for August
- Indonesia car sales YoY for September
- Singapore balance of trade for September

Thursday, 18 October

- U.S FOMC minutes
- Japan balance of trade for September
- Japan foreign bond investment for 13/October
- South Korea interest rate decision
- Brunei balance of trade for June and July
- Brunei GDP growth for 2018Q2
- U.S jobless claims 06/October

Friday, 19 October

- Japan inflation for September
- China GDP growth rate for 2018Q3
- China industrial production for September
- Indonesia loan growth for September
- U.S existing home sales for September