



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

- Negotiations for 2019 garment sector minimum wage ongoing in Cambodia
- World’s richest economies enjoying rising wages
- Most U.S. states lack reserves to weather next recession

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

Negotiations for 2019 garment sector minimum wage ongoing

The [Labor Advisory Committee](#), composed of government, union and employer representatives, continue to negotiate next year’s minimum wage for workers in the garment, textile and footwear industries at the Ministry of Labor and Vocational Training.

The unions are proposing \$189 a month while employers have offered \$176. The government has attempted to steer the talks and has proposed a figure of \$177.

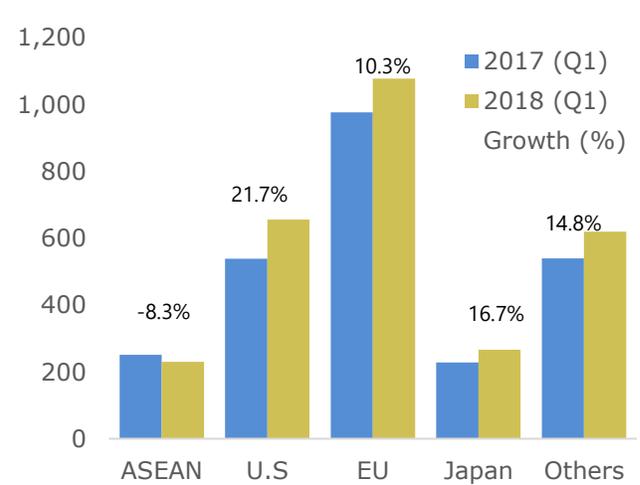
Chart of the week: Cambodia’s exports to international markets in the first quarter of 2018

According to the [Ministry of Economy and Finance](#), the EU was Cambodia’s largest export market, reaching \$1,077 million in the first quarter of 2018, an increase of 10.3 percent compared to the same period last year. At the same time, exports to the United States also grew significantly to \$655 million

in the first quarter of 2018 from \$538 million in the first quarter of 2017, an increase of 22 percent.

Japan and ASEAN also continue to be large markets for Cambodia exports, mostly for garment and footwear products.

Cambodia’s exports to international markets in the first quarter of 2018 (in million USD)



Source: Ministry of Economy and Finance, 2018

ASEAN and other trading partners news and data

World's richest economies enjoying rising wages

According to analysts with [JP Morgan Chase & Co.](#), wage growth reached 2.5 percent in the second quarter of 2018 in the U.S., Europe, and Japan. The rise in wages is the fastest growth since the global recession in 2009.

The analysts attribute the drop to record lows in unemployment. They also predict that wage growth will pick up to around 3 percent next year.

Rising consumption in the western world should benefit developing countries who manufacture consumer goods, such as garments in Cambodia.

Japan exports rise as U.S.-bound shipments grow amid trade war fears

According to trade data from the [Japanese Ministry of Finance](#), Japan's exports climbed 6.6 percent in August compared to the previous year. The growth was driven by a rise in exports to the U.S., which grew by 5.3 percent, led by medicine, construction and mining machinery.

U.S. economy and Federal Reserve

Most U.S. states lack reserves to weather next recession

According to an [S&P Global Ratings report](#) on Monday, fewer than half of the U.S. states have enough financial reserves to push back against a moderate recession, were one to happen in the near future, although their financial health has strengthened in 2018. Only 20 states' reserves can withstand an economic downturn without cutting spending or raising taxes. The majority of states face limited reserves due to decreasing revenues and higher expenditures, particularly debt payments, pension contributions, and social spending.

The week ahead

Data highlights in the coming week include interest rate decisions in the United States, Indonesia, Philippines, and Taiwan.

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

Monday, 24 September

- Singapore inflation rate for August
- Philippines budget balance for August
- U.S. Dallas Fed Manufacturing Index for September

Tuesday, 25 September

- Japan monetary policy meeting minutes
- Thailand industrial production for August
- Taiwan retail sales for August
- Taiwan unemployment rate for August
- U.S. Redbook for 22/September

Wednesday, 26 September

- Singapore industrial production for August
- Vietnam foreign direct investment for September
- U.S. API crude oil stock for 21/September

Thursday, 27 September

- U.S. Federal Reserve interest rate decision
- China industrial profits for August
- Thailand unemployment rate for August
- Philippines interest rate decision
- Indonesia interest rate decision
- Taiwan interest rate decision
- U.S. GDP for 2018Q2

Friday, 28 September

- Japan inflation for September
- Japan unemployment rate for August
- Vietnam GDP growth for 2018Q3 and industrial production, inflation, and retail sales for September
- U.S. personal income and personal spending for August
- Malaysia Producer Price Index for August
- Thailand current account for August
- Thailand retail sales for June and July
- Brunei balance of trade for June and July
- Brunei GDP growth for 2018Q2