



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

- Household chicken farming on the rise in Cambodia
- Philippines budget deficit widens
- U.S. federal funds rate raised as expected

*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

#### Household chicken farming on the rise

According to People in Need Cambodia (PIN), an NGO, household-based chicken farming is [on the rise](#) in Cambodia, partly thanks to a \$1.35 million project funded by the EU. More than 10,000 households have participated in the project over the past two years, raising 90 percent more chickens.

The goal of the project is to help farmers with production techniques to meet market demand and boost the domestic meat supply, raising Cambodian family income in the process.

While demand for meat has been increasing, the chicken industry has been in decline as young people have given up livestock farming to work in garment factories, according to Ok Savin, deputy director-general of the Directorate of Animal Health and Production.

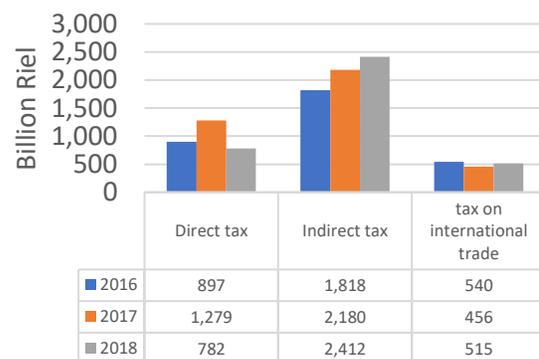
#### Chart of the week: Cambodia tax revenue in the first quarter of 2018

This week’s chart looks at Cambodia’s tax revenue in the first quarter of 2018 compared to the same pe-

riod in past years, broken out into revenue from direct tax, indirect tax, and tax on international trade.

Revenue from indirect taxes has increased significantly so far in 2018 to 2,412 billion. Tax on international trade has been relatively stable over the period. Direct tax collected so far in 2018 is less than in 2016 and 2017, however, it cannot be inferred to have underperformed yet; the data are not comparable as several components are left out until closer to the year’s end (2016 and 2017 have been restated to include all final year-end data).

**Cambodia tax revenue in the first quarter of 2018**



Source: Ministry of Economy and Finance, 2018 ([pdf](#))

## ASEAN and other trading partners news and data

### Philippines budget deficit widens

The Philippines posted a deficit of PHP 2.6 billion in the month of August, compared to a PHP 28.8 billion surplus in the same period last year ([press release](#)). Although revenues increased 11.5 percent, government spending increased even more, by 28.7 percent.

From January to August 2018, the budget deficit grew to PHP 282 billion from PHP 176.2 billion in the same period of 2017. For 2018, the government has projected a budget deficit of PHP 523.6 billion, amounting to 3 percent of GDP.

## U.S. economy and Federal Reserve

### Federal funds rate raised as expected

The Federal Open Market Committee (FOMC) decided to raise the target range for the federal funds rate by 25 basis points (bps) this week, from 2 percent to 2.25 percent ([press release](#)). The move was made in light of strong economic growth, low unemployment, and an inflation rate that remains below 2 percent.

The interest rate paid on required and excess reserve balances was also increased to 2.20 percent and the primary credit rate was raised to 2.75 percent (an increase of 0.25 percentage points).

The move is expected to lead to a stronger dollar and therefore a stronger Riel for Cambodia, making Cambodian exports less competitive.

## The week ahead

Data highlights in the coming week include inflation in Indonesia, Thailand, the Philippines, Taiwan, and South Korea; as well as balance of trade data in South Korea and Thailand.

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

### Monday, 01 October

- South Korea balance of trade for September
- Indonesia inflation rate for September
- Thailand inflation rate for September
- Thailand business confidence for September

### Tuesday, 02 October

- South Korea construction output for August
- South Korea industrial production for August
- Thailand retail sales for July
- Brunei balance of trade for June and July
- Brunei GDP growth for 2018Q2
- Hong Kong retail sales for August
- Japan consumer confidence for September

### Wednesday, 03 October

- Japan NiKei service PMI for September
- Singapore NiKei PMI for September
- Philippines retail price index for August

### Thursday, 04 October

- South Korea exchange reserves for September
- Japan foreign bond investment, 29 September
- Thailand consumer confidence for September
- Indonesia consumer confidence for September
- Hong Kong Nikkei service PMI for September

### Friday, 05 October

- South Korea inflation rate for September
- Japan household spending for August
- Philippine inflation rate for September
- Taiwan inflation rate for September
- Indonesia exchange reserves for September
- Malaysia balance of trade for August