



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

- Cambodia’s tax revenues up 12% year to date
- Indonesia faces rising trade deficits
- EU levies tariffs on U.S. goods as trade war escalates

*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

#### Tax revenues up 12% year to date

The Royal Government of Cambodia collected approximately one billion dollars in tax revenues over the first five months of the year (an increase of around 12 per cent compared to the same period last year), according to a monthly report from [the General Department of Taxation \(GDT\)](#),

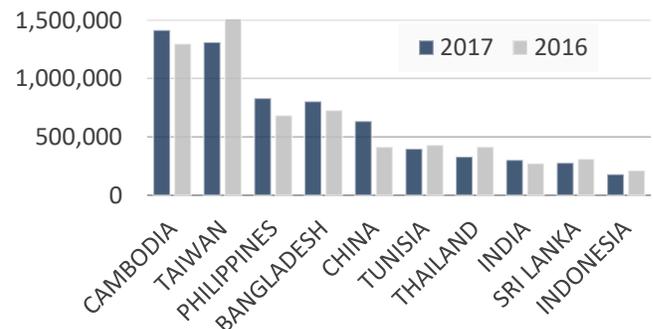
This amount is about 54 per cent of the GDT’s target for 2018, leaving it on pace for a very strong result for the year overall. Moreover, the GDT is committed to deepening reforms and increasing tax revenues further in the remainder of the year and coming years, including enhanced auditing activities and opening an online tax collection platform.

#### Chart of the week: Cambodia became the EU’s leading bicycle supplier in 2017

Cambodia became [the largest bike supplier](#) to the European Union (EU) last year, surpassing Taiwan, which held the number one spot for two decades.

Cambodia’s bike exports to the EU increased 9 per cent, from 1,299,747 units in 2016 to 1,416,150 units in 2017. All bike makers in Cambodia are Taiwanese companies. Taiwanese bike companies have shifted to lower labour cost countries such as Cambodia, the Philippines, and Bangladesh.

Top 10 bicycle suppliers to European Union (in units)



Source: Eurostat

## ASEAN and other trading partners news and data

### Indonesia faces rising trade deficits

According to [data](#) released by Statistics Indonesia on 25<sup>th</sup> June, the country's trade balance swung from a surplus of \$0.6 billion in May 2017 to a deficit of \$1.5 billion this year. Underlying the deficit were exports of \$16.1 billion and imports of \$17.6 billion.

Month over month, exports rose 10.9 per cent and imports increased 9.2 per cent.

Year to date, the trade balance resulted in a deficit of \$2.8 billion over the first five months of 2018, down from a surplus of \$6 billion surplus for the first five months of 2017. The deterioration is attributed to a 24.8 per cent increase in imports year-to-date.

## U.S. economy and Federal Reserve

### EU levies tariffs on U.S. goods as trade war escalates

The European Union (EU) introduced tariffs on several U.S. goods, notably bourbon whiskey, motorcycles, and orange juice in retaliation against Trump's trade policy. In total, tariffs on €2.8 billion (£2.4 billion) worth of U.S. goods came into force on Friday, according to the [BBC](#).

### U.S. yield curve hints at recession

Economists look at GDP, unemployment and inflation to understand the strength and trend of the national economy. But there is another important signal of an upcoming economic downturn: the yield curve. The yield curve is the difference between short-term government bonds and long-term bonds. If the economy is healthy, the rate of long-term bonds is higher than short-term bonds to compensate for higher future inflation in a strong economy as well as higher risk of holding a longer maturity.

But right now, despite the strong U.S. economy, long-term bond yields have been slow to rise—

suggesting that investors have some concerns over longer-term growth prospects. At the same time, the Federal Reserve has been raising short-term rates resulting in a flattening of the yield curve.

Although many factors continue to point to continued economic growth, the yield curve has at least some economists on the lookout for a potential downturn. Adapted from [The New York Times](#).

## The week ahead

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

### Monday, 2 July

- Philippines retail price index for May
- Thailand inflation for June
- Indonesian inflation for June
- Thailand business confidence for June
- Indonesia manufacturing PMI for June
- Malaysia manufacturing PMI for June
- South Korea manufacturing PMI for June
- Thailand manufacturing PMI for June
- Vietnam manufacturing PMI for June

### Tuesday, 3 July

- South Korea inflation rate for June

### Wednesday, 4 July

- South Korea foreign exchange reserves for June
- Brunei balance of trade for March and April
- Brunei GDP growth for 2018Q1
- Indonesia M2 money supply for May

### Thursday, 5 July

- South Korea current account for May
- Philippines inflation rate for June
- Philippines industrial production for May
- Thailand consumer confidence for June
- Malaysia balance of trade for May
- Brunei inflation rate for May

### Friday, 6 July

- Japan household spending for May
- Philippines foreign exchange reserves for June
- Thailand foreign exchange reserves for June
- Japan foreign exchange reserves for June
- Philippines foreign exchange reserves for June
- Singapore foreign exchange reserves for June
- Indonesia foreign exchange reserves for June
- China foreign exchange reserves for June