



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

- National Bank of Cambodia conference cites weak fintech sector as headwind for economy
- Inflation falls in Vietnam
- U.S. government shutdown costs economy \$3 billion

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

National Bank of Cambodia conference cites weak fintech sector as headwind for economy

Several senior Bank of Cambodia officials expressed concern over the Kingdom's slow embrace of financial technologies (fintech) during the annual conference of National Bank of Cambodia [last week](#). They pointed to Cambodia's slow adoption of fintech as holding back economic progress and hampering the bank's management of the financial system.

Fintech includes a broad array of services such as mobile payment platforms, online financial disintermediation and credit services, peer-to-peer lending, and other technologies designed to reduce transaction costs and improve the efficiency of capital employed by firms and consumers.

The NBC is developing a regulatory framework and other policies to promote the fintech sector. But there

were some shining lights: Cambodia has been quick to embrace smartphones and internet technologies.

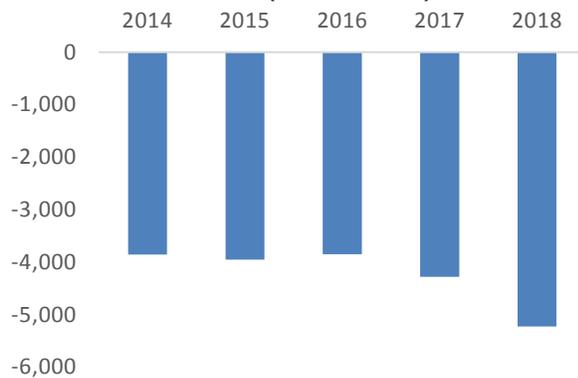
Last year, 24 banks offered online banking systems, while 19 offered mobile banking. Furthermore, 80 thousand transactions valued at \$3.8 billion used internet banking platforms, and 12.3 million transactions valued at \$5.7 billion used mobile banking systems.

Chart of the week: Cambodia's trade deficit

This week's chart shows Cambodia's trade deficit from 2014 to 2018. The trade deficit last year was \$5,222 million, an increase of 22% from 2017 (\$4,278 million).

According to the balance of payments identity, any trade deficit must be offset by surpluses of financial flows such as foreign direct investment, official development assistance, and tourism dollars flowing into Cambodia.

Cambodia trade deficit (USD million)



Source: the 2018 Report of National Bank of Cambodia

ASEAN and other trading partners news and data

Inflation falls in Vietnam

Inflation in Vietnam fell to 2.6 percent in January 2019, down from 3.0 percent in December and the lowest since July 2017, according to the General Statistics Office of Vietnam ([pdf](#)).

The decline was driven by an ease in the rise of prices in housing and construction materials, household appliances, and goods, and a fall in transportation prices.

U.S. economy and Federal Reserve

U.S. government shutdown costs economy \$3 billion

According to [new research](#) from the Congressional Budget Office (CBO), President Trump's shutdown of the federal government over border wall funding cut economic activity by \$3 billion permanently. The economy is expected to be 0.02 percent smaller this year compared to the CBO's baseline projection.

Overall, the CBO estimates the economy lost \$11 billion during the five weeks that federal workers went without pay; however, \$8 billion is expected to be recovered as the government reopens and workers receive back pay.

The week ahead

Economic highlights next week include interest rate decisions in Thailand and the Philippines, and data on fourth-quarter GDP in Indonesia.

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

Monday, 4 February 2019

- Malaysia Nikkei Manufacturing PMI for January
- Singapore Manufacturing PMI for January

Tuesday, 5 February 2019

- Japan 10-year JGB auction
- Japan Nikkei Services PMI for January
- Philippines inflation for January
- Philippines industrial production for December
- Japan Nikkei service PMI for January

Wednesday, 6 February 2019

- Indonesia business confidence for 2018Q4
- Thailand interest rate decision
- Indonesia consumer confidence for January
- Indonesia GDP for 2018Q4

Thursday, 7 February 2019

- Japan foreign bond investment, FEB/02
- Japan foreign exchange reserves for January
- Thailand consumer confidence for January
- China foreign exchange reserves for January
- Philippines interest rate decision
- Singapore foreign exchange reserves for January

Friday, 8 February 2019

- South Korea exchange reserves for January
- Japan current account for December
- Japan household spending for December
- Indonesia retail sales for December
- Malaysia retail sales for December