



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

- Remittance payments from Cambodians abroad reach \$1.4B
- 20 years in ASEAN brings remarkable economic benefits to Cambodia
- Federal Reserve keeps rates unchanged despite Trump’s demands

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

Remittance payments reach \$1.4B

Remittances repatriated to Cambodia reached \$1.4 billion in 2018, an increase of 11 percent compared to 2017, according to [data released](#) by the National Bank of Cambodia.

The two largest origins of remittances were Thailand and South Korea, accounting for 68.0 percent and 21.5 percent, respectively. Japan and Malaysia were also significant sources of remittances, at 3.3 per cent and 2.5 per cent, respectively. Remittances may be understated, as some migrant workers—particularly those in Thailand—send money through informal channels.

Mr. Ngeth Chou, an independent researcher, spoke to the [Phnom Penh Post](#), saying that the increase in remittances is attributable to the increase in formal cross-border transactions by financial institutions. He said that an increase in remittances is good for Cambodia in the short-run, as it improves the livelihoods of people in rural areas. But if the trend persists it may be a negative sign in the long-run, if Cambodia’s economy cannot fully absorb its labor resources.

Table of the week: Investment trends

Investment projects approved by the Council for the Development of Cambodia reached a total of \$3.1 billion in the first three quarters of 2018, a decline of almost 40% compared to the same period of 2017. Domestic investment accounted for 18% of total projects by value, while Chinese projects accounted for 74%. Thailand and Hong Kong were other significant investors.

\$ millions	2017			2018				%
	Q3	Q4	Total	Q1	Q2	Q3	Total	
Total	3,005	120	5,217	469	2,426	178	3,074	100%
Cambodia	2,550	6	3,176	134	337	94	565	18.4%
China	294	64	1,437	224	2,042	17	2,283	74.3%
Korea	124	3	150	4	5	1	10	0.3%
USA	0	0	0	7	0	0	7	0.2%
Thailand	0	0	16	19	0	48	67	2.2%
Taiwan	6	3	23	12	0	2	14	0.4%
Australia	0	0	0	2	0	0	2	0.1%
Hongkong	20	31	85	14	29	4	47	1.5%
Others	11	12	330	54	13	12	80	2.6%

Source: [National Bank of Cambodia](#).

ASEAN regional developments

20 years in ASEAN brings remarkable economic benefits to Cambodia

To mark the 20th anniversary of Cambodia's ASEAN membership, an [op-ed in the Khmer Times](#) concisely summarized the economic benefits that have resulted from access to the trade group.

Cambodia's membership in ASEAN brought considerable Foreign Direct Investment (FDI) from both ASEAN member countries and other supporters of ASEAN such as Japan, China, South Korea, Australia and the United States. Japan's FDI in Cambodia expanded from \$24.5 million in 2013 to \$1.6 billion in 2017, and China's FDI climbed from \$682 million in 2014 to \$6.2 billion in 2017. South Korea's and Austria's FDI rose from \$65 million and \$18 million in 2014 to \$1.6 billion and \$304 million in 2017, respectively.

In addition to this inflow of investment and successful tariff elimination and trade expansion in the region, ASEAN membership will also grant Cambodia significantly expanded market access to Australia, India and New Zealand if the Regional Comprehensive Economic Partnership (RCEP) is implemented soon.

Global economy

Federal Reserve keeps rates unchanged despite Trump's demands

The Federal Open Market Committee led by Chairman Jerome Powell unanimously agreed to leave the federal funds rate at the existing target range of 2.25% to 2.5% ([pdf](#)). This is consistent with Powell's wait-and-see approach he outlined earlier in the year to face uncertainty over a slowdown and trade tensions between the U.S. and China.

The announcement to hold rates steady came despite [repeated requests](#) by Trump to cut rates and do more quantitative easing. Public condemnations of monetary policy by a president have typically been avoided to observe the importance of central bank independence.

The week ahead

It's a big week for ASEAN monetary policy, with interest rate decisions in Malaysia, Thailand, and the Philippines. Indonesia and Philippines will also release their GDP growth statistics for the first quarter of 2019.

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

Monday, 06 May

- Brunei balance of trade for February
- Indonesia GDP growth for 2019Q1
- Indonesia consumer confidence for April
- Euro Area retail sales for March

Tuesday, 07 May

- Philippines inflation for April
- Philippines industrial production for March
- Brunei inflation for March
- Malaysia interest rate decision

Wednesday, 08 May

- Philippines balance of trade for March
- China balance of trade for April
- Thailand interest rate decision
- Indonesia foreign exchange reserves for April

Thursday, 09 May

- Philippines GDP growth for 2019Q1
- Philippines interest rate decision
- Thailand consumer confidence for April
- U.S. balance of trade for March

Friday, 10 May

- Malaysia industrial output for March
- Malaysia unemployment for March
- Philippines foreign investment for February
- U.S. inflation for April