



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

- Cambodia to tap Laos for growing energy needs
- Xi upbeat about China’s economic health, says risks manageable
- Airlines predict tumbling profits over trade war and higher oil prices

*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

#### Cambodia to tap Laos for growing energy needs

The Laos government has struck deals to supply its ASEAN neighbours with hydropower, and is involved in ongoing negotiations and feasibility studies to increase its regional energy exports exponentially. The deals include an agreement with Cambodia, which is struggling to meet its growing energy needs, according to the [Phnom Penh Post](#).

The Laos government has agreed to sell electricity to Cambodia via 22KV and 115KV transmission lines along border provinces. The agreements are to sell 195MW of electricity to Cambodia starting next year. This could rise to more than 1,800MW if ongoing negotiations prove successful.

#### Table of the week: domestic credit growth

This week’s table shows that the credit Cambodia’s banking sector supplies to the private sector has grown quickly in recent history, and is rapidly catching up to its ASEAN peers. Credit as a percentage of GDP increased from 47 percent in 2013 to 74 percent in 2017. The credit growth accompanied Cambodia’s economic boom, and stems largely from lending to the construction and real estate sector, according to the [World Bank’s](#) Cambodia Economic Update released in May 2019.

Domestic credit provided by financial sector (% of GDP)					
Country	2013	2014	2015	2016	2017
Vietnam	108	114	128	140	142
Singapore	110	125	117	130	141
Malaysia	138	141	145	145	140
<b>Cambodia</b>	<b>47</b>	<b>56</b>	<b>65</b>	<b>71</b>	<b>74</b>
Philippines	52	56	59	63	66
Indonesia	43	43	47	48	47
Myanmar	27	29	33	39	43

Source: [World Bank development indicators](#).

## ASEAN and other trading partners news and data

### Xi upbeat about China's economic health, says risks manageable

In the face of a growth slowdown and ongoing trade tensions with the U.S., China's economy is improving and stable, said President Xi Jinping during an interview with Russian media reported by [Bloomberg](#).

Despite Xi's comments, several prominent economic forecasters continue to have concerns about China's prospects. Bank of America Merrill Lynch analysts cut their growth forecast this week to 6.0% in 2020, and the World Bank has cut its forecast to 6.1%. The consensus growth outlook for 2019 is 6.2%.

## Global economy

### Airlines predict tumbling profits over trade war and higher oil prices

Trade frictions between the U.S. and China and growing fuel prices will hurt airline profits in 2019, [according to the International Air Transport Association](#), which represents 290 carriers or about 80% of global air traffic.

The trade group forecasts profits to decline by about 21 percent to US\$28 billion, down from an earlier forecast of US\$36 billion. The revision was driven by increasing costs, including labor, fuel and infrastructure, as well as weakening global trade, which will impact the cargo business and could spread to passenger traffic.

## The week ahead

Economic data highlights next week include China and European balance of trade releases, unemployment in South Korea, and U.S. consumer inflation expectations.

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

### Monday 10 June 2019

- China balance of trade for May
- Japan GDP growth for 2019Q1
- Indonesia inflation for May
- Philippines foreign direct investment for May
- U.S. consumer inflation expectations for May

### Tuesday 11 June 2019

- Philippines balance of trade for April
- Malaysia industrial production for April
- Malaysia retail sales for April
- Japan machine tool orders for May

### Wednesday 12 June 2019

- South Korea unemployment for May
- Japan machinery orders for April
- China Inflation for May
- Indonesia consumer confidence for May
- Singapore retail sales for April
- Brunei balance of trade for March

### Thursday 13 June 2019

- Singapore unemployment for 2019Q1
- Indonesia foreign exchange reserves for May
- Thailand new car sales for May

### Friday 14 June 2019

- Indonesia retail sales for April
- Malaysia unemployment for April
- Japan industrial production for April
- China retail sales for May
- China industrial production for May