



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

- Cambodia’s new monetary policy program results in lower purchases of U.S. dollars
- Thailand’s monetary policy committee votes to hold rate steady
- U.S. services sector drops second month in a row with government shutdown

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

New monetary program results in lower purchases of U.S. dollars

To achieve its exchange rate target, the National Bank of Cambodia (NBC) purchased 875 million U.S. dollars in 2018, down 9 percent compared to 2017.

The lower purchases of the dollar [have been attributed](#) to the NBC’s new monetary policy tool called the Liquidity-Providing Collateralized Operation (LPCO). For the LPCO, the NBC engages in transactions with commercial banks and financial institutions to increase the liquidity of Riel to encourage its use.

The NBC’s annual report shows that the exchange rate against the U.S. dollar was successfully held stable at the target of 4,050 riels per dollar in 2018.

Chart of the week: International trade in ASEAN countries

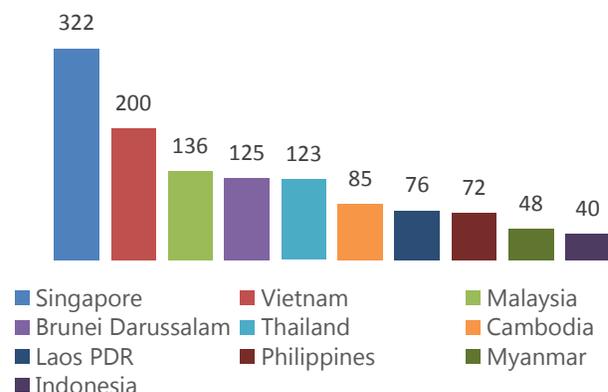
This week’s chart shows the relative importance of international trade in ASEAN countries in 2017, expressed as a share of GDP. Singapore’s unique position in global trade places the sum of its exports and

imports at over 300 percent of GDP (the sum can be greater than GDP because the two cancel out as net exports in the calculation of GDP). Vietnam’s imports and exports are also greatly important to its economic activity, at 200 percent.

Economic activity in Myanmar and Indonesia were least reliant on trade, with imports and exports accounting for less than 50 percent of GDP.

Cambodia is roughly in the middle of the pack, with imports and exports worth around 85 percent of GDP.

International trade as a share of GDP in 2017 (%)



Source: [The World Bank](#)

ASEAN and other trading partners news and data

Thailand's monetary policy committee votes to hold rate steady

Last week, Thailand's monetary policy committee voted four to two to maintain the Bank of Thailand's policy rate at 1.75 percent ([PDF press announcement](#)). One member was unable to attend the meeting.

In deliberations, the four who voted for holding the rate steady cited that the economy was continuing to gain traction from domestic demand, despite a slowdown in external demand, and that headline inflation was restrained by lower energy prices, with core inflation in-line with projections.

Two members voted instead for a 0.25 percentage point increase in the policy rate, citing that the economy was expanding above its potential and that financial conditions would remain accommodative even if the rate were raised.

The Bank recently raised its policy rate for the first time in seven years on December 18, 2018.

U.S. economy and Federal Reserve

U.S. services sector drops second month in a row with government shutdown

Concerns over the partial shutdown of the U.S. federal government has led to a slowdown in economic activity in the non-manufacturing sector, according to the Institute for Supply Management's [latest survey](#) of purchasing and supply executives last week.

The ISM's non-manufacturing activity index fell 1.3 points in January to 56.7—the lowest figure since July 2018. Despite the decline in the index, the result remains consistent with a continued economic expansion (results over 50 indicate an expansion in the service sector, which accounts for more than two-thirds of U.S. economic activity).

Survey respondents also expressed frustration and concern at the higher costs they are facing following

the imposition of tariffs but remained generally optimistic about business prospects.

The week ahead

Data highlights in the coming week include fourth-quarter GDP for Japan and Malaysia, and balance of trade data for most of the ASEAN region.

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

Monday, 11 February

- Brunei inflation for December
- Malaysia industrial production for December
- Malaysia unemployment for December
- China foreign exchange reserves for January
- Philippines FDI for November
- Indonesia retail sales for December

Tuesday, 12 February

- China FDI for January
- Philippines balance of trade for December
- Singapore retail sales for December
- Indonesia property prices for 2018Q4
- Japan machine tool orders for January

Wednesday, 13 February

- South Korea unemployment for January
- Indonesia balance of trade for January
- Malaysia retail sales for December
- United States inflation for January

Thursday, 14 February

- United States monthly budget for January
- Japan GDP for 2018Q4, preliminary estimate
- France unemployment for 2018Q4
- Malaysia GDP for 2018Q4

Friday, 15 February

- South Korea current account for December
- Japan foreign bond investment for February/09
- China inflation for January
- Japan industrial production for December
- Brunei balance of trade for November