



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

- Cambodian exports to U.S. soar in first half of 2019
- Thailand cuts interest rate in surprise move
- U.S. names China a “currency manipulator”, accelerating trade war

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

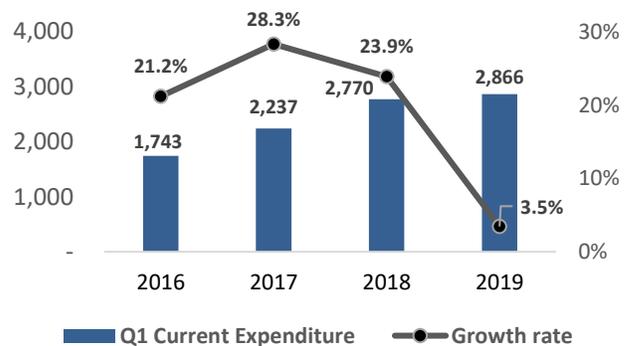
Cambodian exports to U.S. soar in first half of 2019

According to the latest [international trade data](#) from the U.S. Census Bureau, Cambodia’s exports to the U.S increased by 30% in the first half of 2019, compared to the same period in 2018. The U.S. purchased \$2.2 billion worth of Cambodian goods over the period, while Cambodia imported \$0.3 billion of U.S. goods, for total trade between the two countries valued at \$2.5 billion.

One significant contribution to the increase was the Generalized System Preferences (GSP) scheme granted by the U.S. in 2016, which allows Cambodia to export travel goods such as luggage, backpacks, handbags, and wallets to the U.S with duty-free benefits. Cambodian goods exported under the GSP scheme has grown from \$50 million to \$400 million according to the Ministry of Economy and Finance as reported in the [Phnom Penh Post](#).

Chart of the week: national expenditure in the first quarter, 2016 to 2019

This week’s chart shows the trends and annual growth of current national expenditure in the first quarter from 2016 to 2019. Current national expenditure has been increasing gradually from KHR 1,743 billion to KHR 2,866 billion from the first quarter of 2016 to the same period of 2019, with an average growth rate of 19.2% annually. However, growth slowed remarkably this year to around 3.5%.



Source: [Budget Implementation from 2015-2019](#)

ASEAN and regional news and data

Japanese car sales to South Korea plummet under trade tensions

Japanese automobile sales in South Korea fell 32% in July compared to the previous month, as trade tensions rose between the two countries.

South Korean consumers have begun to boycott Japanese products in response to restrictions that Japan's Prime Minister Shinzo Abe imposed on Japanese exports of high-tech components to South Korea.

Honda Motor Company's vehicle registrations fell by 42%, while Toyota Motor Corporation's fell 38%. On the year as a whole, Japanese car sales remain up by 6.7% from January to July, compared to the same period last year, according to the [Korea Automobile Importers and Distributors Association](#) and reported by [Bloomberg](#).

Thailand cuts interest rate in surprise move

The Bank of Thailand cut its policy rate by 25 basis points to 1.5% ([Reuters](#)). Analysts' consensus was nearly unanimous in predicting no change.

The outlook for Thailand's economy has been growing weaker for some time, but more recently the U.S.-China trade war and China's devaluation of the Yuan has had an appreciating effect on the Thai Baht. The implications of a strengthening currency for Thailand's exports is thought to have led to the surprise cut.

Global economy

U.S. names China a "currency manipulator", accelerating trade war

The U.S. has [labeled](#) China a currency manipulator after China's central bank devalued the Chinese Yuan in retaliation of new U.S. tariff sanctions. The move has been perceived as a dramatic escalation of the trade conflict between the world's two biggest economies.

It is the first time since 2008 that China's central bank has set the price of the yuan at a level weaker than the psychologically important 7-yuan-per-dollar level. The weaker currency will make China's exports cheaper and give them a boost to offset U.S. measures.

The week ahead

Data and economic highlights in the coming week include the release of industrial production in China and Japan, GDP in Malaysia and Hong Kong, and unemployment in South Korea.

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

Monday, 12 August

- Brunei balance of trade for May
- Philippines foreign direct investment for May
- U.S. consumer inflation expectations for July
- China vehicle sales for July

Tuesday, 13 August

- Singapore current account for 2019Q2
- Malaysia retail sales for June
- Japan machine tool orders for July
- U.S. monthly budget statement for July
- U.S. inflation for July

Wednesday, 14 August

- South Korea unemployment rate for July
- China industrial production for July
- Indonesia car sales for July

Thursday, 15 August

- China house price index for July
- Indonesia balance of trade for July
- Japan industrial production for June
- U.S. industrial production for July
- U.S. retail sales for July

Friday, 16 August

- Malaysia GDP for 2019Q2
- Malaysia inflation for July
- Japan stock investment by foreigners August/10
- Singapore balance of trade for July
- Hong Kong GDP for 2019Q2