

RCI INFORMATION PACK

MAY 2013 • ISSUE NO. 1

▲ RCI NEWS AND EVENTS

▲ MONETARY, FINANCIAL, AND TRADE INDICATORS

Office of Regional Economic Integration
Asia Regional Integration Center

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The monthly **Regional Cooperation and Integration (RCI) Information Pack** monitors RCI news and events, categorized under the four RCI pillars of (i) cross-border infrastructure, (ii) trade and investment, (iii) money and finance, and (iv) regional public goods. It also presents high-frequency monetary, financial, and trade indicators, which—taken together—can help monitor the economic links between the economies of Asia and the Pacific, and major partners outside the region. The RCI Information Pack is published by the Asian Development Bank (ADB), produced by ADB's Office of Regional Economic Integration (OREI).

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RCI NEWS AND EVENTS

RCI News and Events keeps track of activities and events related to regional cooperation and integration (RCI) covering ADB's 48 regional members. It follows initiatives under ADB's four RCI pillars: (i) cross-border infrastructure, (ii) trade and investment, (iii) money and finance, and (iv) regional public goods.

MONETARY, FINANCIAL, AND TRADE INDICATORS

Monetary, Financial, and Trade Indicators offers a picture of the economic links between the economies of Asia and the Pacific and its major partners outside the region. Leading indicators are tracked monthly and include recent historical trends to help assess individual economies' growth prospects and potential vulnerabilities. The economies covered include the 10 members of the Association of Southeast Asian Nations (ASEAN)—Brunei Darussalam, Cambodia, Indonesia, the Lao People's Democratic Republic (Lao PDR), Malaysia, Myanmar, the Philippines, Singapore, Thailand, and Viet Nam; Azerbaijan; Bangladesh; the People's Republic of China; the Republic of Korea; Hong Kong, China; India; Kazakhstan; Pakistan; Sri Lanka; Taipei, China; Tajikistan; and Uzbekistan. The advanced economies of the eurozone, Japan, and the US are likewise included.

The views expressed in this publication are those of the authors and do not necessarily reflect the views and policies of the Asian Development Bank (ADB) or its Board of Governors or the governments they represent.

Note:

In this publication, "\$" refers to US dollars.

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RCI NEWS AND EVENTS

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RCI News and Events follows regional initiatives under ADB's four RCI pillars: (i) cross-border infrastructure, (ii) trade and investment, (iii) money and finance, and (iv) regional public goods.

IN THE NEWS

ADB holds roundtable on regional cooperation in Asia.

At its headquarters in Manila, Philippines on 5 March, ADB held a [High-Level Round Table Discussion: Regional Cooperation in a Changing Global Economic Landscape](#). The Secretary-General of the [Pacific Islands Forum](#), the Director of the [ASEAN+3 Macroeconomic Research Office](#), the Chief Economist of [ASEAN](#), and senior officials from [CAREC](#) and [SAARC](#) members joined the roundtable. The [March 2013 issue](#) of the *Asian Economic Integration Monitor* and the [Kunming Conference Report](#) were launched during the event.

ASEAN moves toward AEC 2015. The 19th ASEAN Economic Ministerial Meeting and related meetings were held in Ha Noi, Viet Nam 7–9 March, discussing [initiatives and recommendations](#) to meet the target of an ASEAN Economic Community (AEC) by 2015. The ministers discussed trends and priorities for 2013 and agreed to accelerate implementing commitments in goods and services trade and investment. The ministers also approved a legal framework for negotiations this year on the Regional Comprehensive Economic Partnership Agreement (RCEP).

CROSS-BORDER INFRASTRUCTURE

ASEAN strengthens customs risk management; pushes for stronger links with the People's Republic of China (PRC) and BIMP-EAGA. [ASEAN Customs Officials joined a workshop on modern risk management](#) practices, methodology, and analytical tools in Kuala Lumpur, Malaysia the first week of March. The workshop tackled risk management in the context of Single Window customs implementation. Meanwhile, the [14th ASEAN–PRC Joint Cooperation Committee Meeting reviewed dialogue relations and cooperation](#) over the past year. The PRC said it was committed to the ASEAN–PRC Plan of Action (2011–2015) highlighting maritime cooperation and ASEAN connectivity. [ASEAN is also pushing for stronger links with BIMP-EAGA](#) to accelerate

implementation of BIMP-EAGA projects under the Master Plan on ASEAN Connectivity.

CAREC holds workshop on optimizing use of monitoring data. The [Corridor Performance Measurement and Monitoring \(CPMM\) International Workshop: CAREC Experience and International Prospects](#) was held 1 March in Almaty, Kazakhstan. Participants discussed the use of CPMM data to better facilitate trade. They also discussed how to introduce the CPMM in other subregions.

Mongolia–PRC and Myanmar–Thailand promote cross-border trade facilitation. [Mongolia plans to expedite customs clearance with the PRC](#). Prime Minister Norovyn Altankhuyag recently called for immediate steps to facilitate customs clearance, while the PRC invested \$2.1 million last year on a 1.15-km freight line in Mongolia to increase cross-border transport and trade. Meanwhile, [Myanmar will open another border trade outpost with Thailand](#). The new Mawtaung outpost—in Myeik in southern Taninthayi Region—is the fifth with Thailand, in addition to border crossings in Myawady, Tachikeik, Myeik, and Kawthaung.

APEC seeks unified connectivity framework. During a 17 April [APEC symposium in Surabaya, Indonesia](#), senior officials and economic experts agreed to pursue a unified connectivity framework that could lower business costs, bring people together, and enhance economic resilience in the Asia-Pacific region. Guided by a set of specific goals and timelines, the connectivity framework will include mechanisms that support long-term infrastructure development, elimination of trade barriers, and harmonization of standards and cross-border processes.

TRADE AND INVESTMENT

ASEAN's CLMV countries enhance trade cooperation. On the sidelines of the ASEAN Economic Ministers' Retreat Meeting, the [Cambodia—Lao PDR—Myanmar—Viet Nam \(CLMV\) Senior Economic Officials Meeting](#) was held 7 March to boost economic and trade cooperation. The ministers reviewed existing CLMV action plans and discussed additional ways to boost trade and investment, develop human resources, and enhance coordination mechanisms. The CLMV meeting was preparatory to the [6th CLMV Summit](#), held 12 March in Vientiane, Lao PDR and to the [6th CLMV Economic Minister's Meeting](#), to be held later this year.

ASEAN and EU discuss the process of integration. Senior officials and experts from ASEAN and the European Union (EU) discussed past developments and future prospects of EU and ASEAN integration at the [EU—ASEAN Economic & Policy Forum](#) 18 April in Jakarta, Indonesia. The two groups agreed that the new ASEAN-EU Plan of Action should help address the challenges of deeper integration in the context of the current slow global economic recovery.

FTA talks begin. [Representatives from Viet Nam and the Customs Union of Russia, Belarus, and Kazakhstan began free trade negotiations](#) under the rules of the World Trade Organization in Ha Noi, Viet Nam on 28 March. This coincided with the first round of the [PRC—Japan—Republic of Korea Free Trade Agreement \(FTA\)](#) negotiations held in Seoul, Republic of Korea from 26–28 March. Meanwhile, Thailand and EU [began](#) FTA talks on 6 March.

PRC signs more FTAs. The PRC Minister of Commerce Gao Hucheng and Iceland Minister for Foreign Affairs and External Trade Ossur Skarpheoinsson signed a [PRC—Iceland FTA](#) at the Great Hall of the People in Beijing, PRC on 15 April. The Agreement is the first FTA the PRC has signed with a member of the EU. The FTA covers trade in goods and services as well as investment.

Japan joins Trans-Pacific Partnership negotiations. The [Trans-Pacific Partnership \(TPP\) welcomed Japan](#) as its 12th negotiating member on the sidelines of the APEC Trade Ministers' meeting 21 April in Surabaya, Indonesia. With Japan, the TPP would account for almost 40% of global GDP and about 33% of world trade. The group concluded its [16th round of negotiations](#) 13 March in Singapore. The group hopes to conclude negotiations this year. The next round will be held in Lima, Peru on 15–24 May.

APEC reiterates the need for greater integration. [APEC Ministers Responsible for Trade](#) reaffirmed the need for an "integrated, seamless Asia-Pacific" during its 20–21 April meeting in Surabaya, Indonesia. Facing slow global economic growth resulting in decreasing world trade, the ministers reaffirmed their commitment to the [1994 Bogor Goals](#) of free trade and investment by 2020. They agreed to monitor FTA development in the region and prepare for an eventual [Free Trade Area of the Asia-Pacific](#)—while continuing support for the [multilateral trading system](#).

New Zealand bolsters trade partnerships. The first [New Zealand Trade and Enterprise trade mission](#) to the [ADB Business Opportunities Fair](#) 21–22 March in Manila also met with Philippine trade and finance secretaries to discuss business opportunities. New Zealand also announced it will continue to strengthen trade and economic ties with TPP member [Chile](#) after bilateral talks 8 March between Prime Minister John Key and President Sebastian Piñera. The two leaders discussed the ongoing TPP negotiations. Prime Minister Key likewise met 6 March with [Mexico](#) President Enrique Peña Nieto (Mexico is another TPP member), where the two leaders committed to strengthen trade.

MONEY AND FINANCE

ASEAN commits to stronger financial cooperation. The 17th ASEAN Finance Ministers' Meeting held in Brunei Darussalam on 3–4 April focused on regional economic developments and explored ways to strengthen the ASEAN surveillance process and regional finance cooperation, and promote initiatives under the ASEAN Central Bank Governors' forum and the ASEAN Economic Community. The joint ADB–ASEAN study, [The Road to ASEAN Financial Integration](#), was also launched during the meeting.

India and Bhutan sign currency pact. On 8 March, the [Reserve Bank of India \(RBI\)](#) signed a [Currency Swap Agreement with the Royal Monetary Authority of Bhutan](#). Valid for 3 years, the agreement allows Bhutan to withdraw US dollars, euros, or Indian rupees up to \$100 million (or equivalent). The pact is the first under the \$2 billion swap facility the RBI announced at the South Asia Association for Regional Cooperation (SAARC) Finance Governor's meeting in May 2012.

PRC central bank signs agreements with Australia, Brazil, and South Africa. On 9 April, [PRC and Australian monetary authorities](#) agreed to allow direct trading between the renminbi and Australian dollar. This should enhance trade and economic links between the two countries. Similarly, [PRC and Brazil](#) central banks signed a 3-year bilateral local currency pact worth CNY190 billion/BRL60 billion. And on 26 March, [PRC and South Africa](#) central banks signed an agreement to allow South African Reserve Bank investment in the PRC interbank bond market.

Central bank cooperation intensifies. On 5 March, the central banks of [India and Fiji](#) signed a memorandum of understanding (MOU) to enhance cooperation and information-sharing on bank supervision. Likewise, the RBI signed MOUs with financial and monetary authorities in [Belgium and Germany](#) to promote greater cooperation and sharing of supervisory information. On 22 March, senior officials of [Bank Indonesia and the Bank of Thailand](#) discussed sharing information and experience on monetary affairs, banking, and payment systems.

Asian stock markets join forces to develop financial products. [Singapore Exchange \(SGX\)](#) and [Korea Exchange \(KRX\)](#) signed an MOU on 13 March to collaborate in developing over-the-counter financial derivatives clearing. [SGX and the Philippines Stock Exchange](#) agreed 20 March to cooperate in developing Philippine-linked derivatives products. On the same day, [SGX and the Philippine Dealing System Holdings Corp.](#) signed an MOU to develop fixed income access between Singapore and the Philippines. The MOU includes developing trading platforms to support cross-border fixed income trading. SGX also signed an MOU with PRC's [China Financial Futures Exchange](#) to develop derivative markets.

Viet Nam cooperates with other countries on financial and fiscal projects. On 4 March, officials from [Viet Nam and Myanmar](#) agreed to negotiate a bilateral customs cooperation plan for 2013. Viet Nam also discussed with the [Japan Bank for International Cooperation](#) to provide loans for Viet Nam's Private Public Partnership projects to develop infrastructure. On 12 March, [Canada](#) announced assistance in modernizing and strengthening Viet Nam's banking system and financial regulatory environment. The [Russian state-owned VTB Bank](#) is exploring participation in Viet Nam's debt market and financing Russian investment projects in Viet Nam, among others. [Luxembourg](#) and Viet Nam officials also met to discuss financial cooperation.

Singapore expands financial cooperation. During the 17th ASEAN Finance Ministers' Meeting in Bandar Seri Begawan, Brunei Darussalam, 3–4 April, [Singapore signed an MOU on financial cooperation with Cambodia](#). And on 19 April, [Singapore and Japan](#) reaffirmed financial cooperation and agreed to strengthen it further.

REGIONAL PUBLIC GOODS

ASEAN collaborates with civil society and the scientific community for effective disaster resilience. On 27 March, the [ASEAN Committee on Disaster Management \(ACDM\)](#) and civil society representatives discussed potential areas of cooperation, including disaster risk assessment and early warning systems. The partnership dialogue follows a 25–27 March ACDM workshop in Bangkok, Thailand on institutionalizing the [ASEAN Agreement on Disaster Management and Emergency Response](#). The ACDM also held [capacity building workshops](#) 19–22 March in Bangkok, where discussions on strengthening collaboration with the scientific community and workshops on risk assessment tools were held.

Pacific Islands report progress on renewable energy. Leaders from Pacific Island countries and territories gathered at the [Pacific Energy Summit](#) 24–26 March in Auckland, New Zealand to review cooperation and take stock of renewable energy targets. During the event, the Director-General of the [Secretariat of the Pacific Regional Environment Programme](#) analyzed the results of its [renewable energy project](#)—citing the importance of political leadership, clear and effective policy, and sustainable investment in successfully reducing greenhouse gas emissions through renewable energy. The [Secretariat of the Pacific Community](#) reported progress in the [North Pacific ACP Renewable Energy and Energy Efficiency Project](#), including finalizing installation contracts and agreements.

WHO and Global Fund cite urgent need for international financing to fight TB. On 18 March, officials of the [World Health Organization \(WHO\)](#) and [Global Fund to Fight HIV/AIDS, TB and Malaria](#) said at least \$1.6 billion a year was needed to tackle the spread of tuberculosis (TB). In addition, they said \$1.3 billion in additional funds are needed for TB research and development for 2014–2016.

Malaysia ratifies an agreement to establish a permanent Secretariat for the Coral Triangle Initiative. On 16 April, Malaysia said it would join Indonesia, Solomon Islands, and Timor-Leste in supporting the [agreement](#), bringing the number of signatories to four out of the six Coral Triangle members.

MAY 2013 EVENTS

- 29 Apr–3 May: [Bonn Climate Change Conference — April 2013](#) (Bonn, Germany)
- 2 May: [SPECA 18th Session of Project Working Group on Transport and Border Crossing](#) (Almaty, Kazakhstan)
- 2 May: [ASEAN Plus Three Finance and Central Bank Deputies Meeting](#) (New Delhi, India)
- 3 May: [16th ASEAN Plus Three Finance Ministers and Central Bank Governors Meeting](#) (New Delhi, India)
- 3 May: [7th Informal Meeting of SAARC Finance Ministers](#) (New Delhi, India)
- 3 May: [SASEC Nodal Officials' Meeting](#) (New Delhi, India)
- 7–9 May: [18th ASEAN Meeting of the Coordinating Committee on Customs](#) (Manila, Philippines)
- 7–10 May: [Expert Group Meeting on the Finalisation of ASEAN CBTP and 25th ASEAN Transport Facilitation Working Group Meeting](#) (Langkawi, Malaysia)
- 9–13 May: [1st RCEP Trade Negotiating Committee and RCEP Working Groups Meeting](#) (Brunei Darussalam)
- 14–17 May: [4th Meeting of ASEAN Multisector Road Safety Special Working Group and 22nd ASEAN Land Transport Working Group Meeting](#) (Lao PDR)
- 15–24 May: [17th Round of Trans-Pacific Partnership Negotiations](#) (Lima, Peru)
- 20–21 May: [EE Global 2013—Energy Efficiency Global Forum](#) (Washington DC, USA)
- 22–23 May: [APEC Senior Finance Officials' Meeting](#) (Manado, Indonesia)
- 22–23 May: [4th ASEM Environment Ministers' Meeting](#) (Ulaanbaatar, Mongolia)
- 23–24 May: [APEC Workshop on Financial Inclusion](#) (Manado, Indonesia)
- 28 May: [35th ASEAN Senior Transport Officials Meeting](#) (Lao PDR)
- 29–31 May: [3rd CTI–CFF Regional Exchange on Climate Change Adaptation](#) (Dili, Timor-Leste)

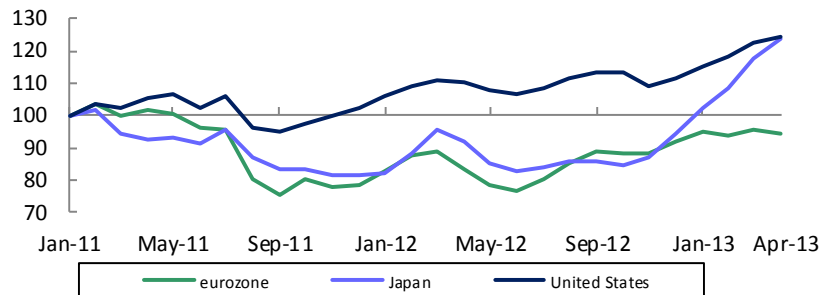
MONETARY, FINANCIAL, AND TRADE INDICATORS

GLOBAL MARKETS	6	Bank Lending	12
■ Equity Indexes—eurozone, Japan, and the United States		■ ASEAN-4 plus Viet Nam	
■ Equity Indexes—Emerging Markets		■ Kazakhstan	
■ Commodity Price Indexes		■ NIEs and People’s Republic of China	
■ Exchange Rate Indexes—euro and yen		■ South Asia	
FINANCIAL INDICATORS		OUTPUT INDICATORS	
Equity Indexes	7	Industrial Production	13
■ ASEAN-4 plus Viet Nam		■ ASEAN-4 plus Viet Nam	
■ Kazakhstan		■ Central Asia	
■ NIEs and People’s Republic of China		■ NIEs and People’s Republic of China	
■ South Asia		■ South Asia	
Remittances	8	TRADE LINKAGES	
■ Inward Remittances—Southeast Asia		Export Growth by Destination	14
■ Inward Remittances—South Asia		■ ASEAN-4	
■ Inward Remittances from the Middle East—Bangladesh, Pakistan, and the Philippines		■ India	
■ Outward Remittances—Kazakhstan		■ NIEs	
		■ People’s Republic of China	
MONETARY INDICATORS		Import Growth by Origin	15
Exchange Rate Indexes	9	■ ASEAN-4	
■ ASEAN-4 plus Viet Nam		■ India	
■ Kazakhstan		■ NIEs	
■ NIEs and People’s Republic of China		■ People’s Republic of China	
■ South Asia		VULNERABILITY INDICATORS	
Headline Inflation	10	■ Assessment of Financial Vulnerabilities	16
■ ASEAN-4 plus Viet Nam		■ Assessment of External Vulnerabilities	17
■ Central Asia			
■ NIEs and People’s Republic of China		KEY INDICATORS	18
■ South Asia			
Policy Rates	11		
■ ASEAN-4 plus Viet Nam			
■ Central Asia			
■ NIEs and People’s Republic of China			
■ South Asia			

GLOBAL MARKETS

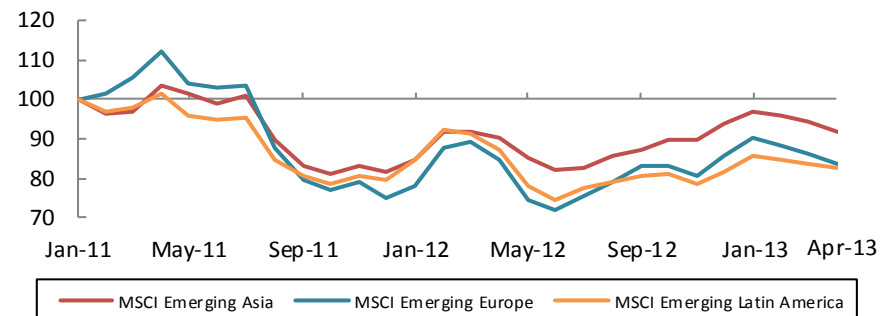
Since February, G3 stocks have performed better than emerging market equities. The US stock market continues to hit record highs. The Bank of Japan's new easing policies announced 4 April led stock prices higher and the yen depreciating further. In recent months, despite increased global liquidity, emerging equity market indexes and commodity prices have declined marginally.

Equity Indexes¹—eurozone, Japan, and the United States
(Jan 2011 = 100)



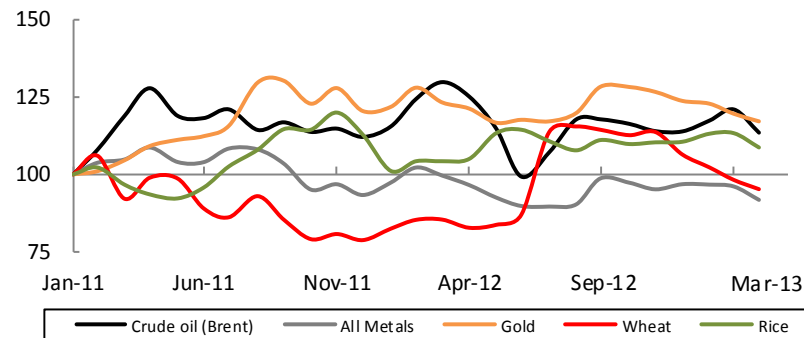
¹Monthly average equity indexes refer to Morgan Stanley Capital International (MSCI), European Monetary Union (EMU) Index for eurozone, Nikkei 225 Index for Japan, and Dow Jones Industrial Average Index for the United States. Data up to 15 April 2013.
Source: ADB calculations using data from Datastream.

Equity Indexes¹—Emerging Markets
(Jan 2011 = 100)



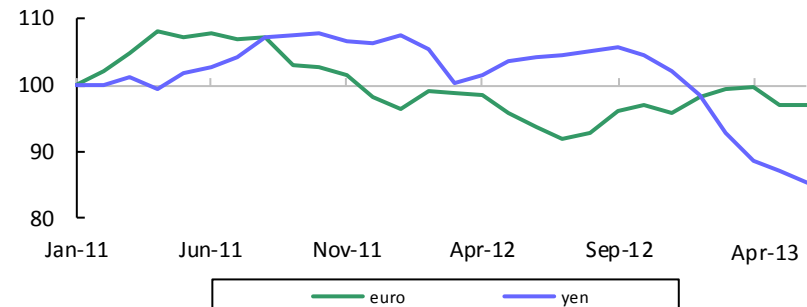
¹Monthly average of Morgan Stanley Capital International (MSCI) Emerging Market Indexes. Data up to 15 April 2013.
Source: ADB calculations using data from Datastream.

Commodity Price Indexes
(Jan 2011 = 100)



Source: ADB calculations using data from Bloomberg.

Exchange Rate Indexes—euro and yen
(USD against local currency, Jan 2011 = 100)



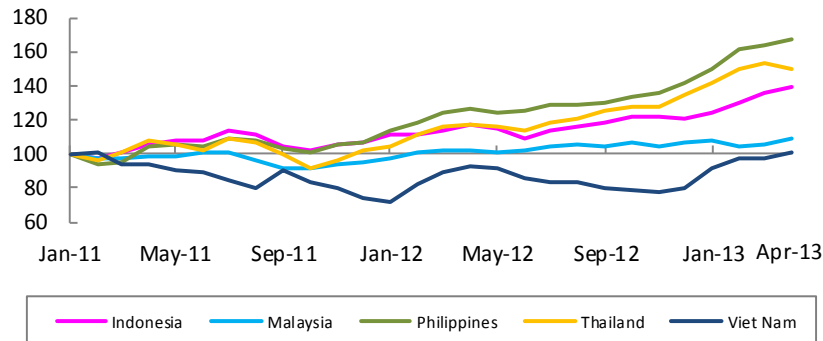
Note: Monthly average. An increase means appreciation. A decrease means depreciation. Data up to 15 April 2013.
Source: ADB calculations using data from Datastream.

EQUITY INDEXES

Asian markets have been uneven. Major ASEAN indexes and Pakistan’s KSE100 continue to perform well, but others were down slightly in early April. ASEAN’s robust economies and outlook drove equities higher, while telecommunication and other sector-specific stocks drove Pakistan’s index up despite the country’s subdued economic performance (see page 13).

Equity Indexes¹—ASEAN-4 plus Viet Nam

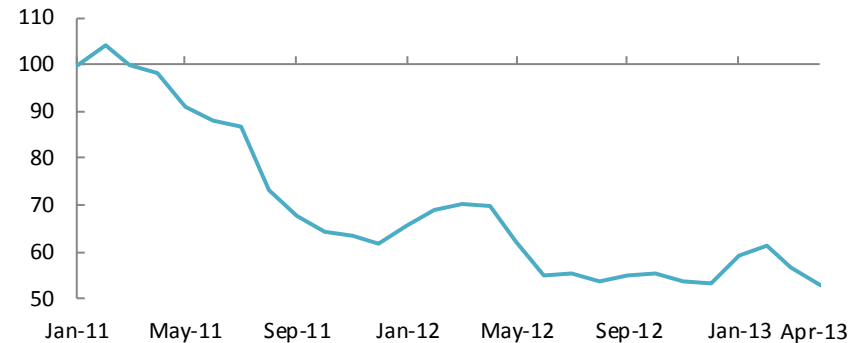
(Jan 2011 = 100)



¹Monthly average, data up to 16 April 2013.
Source: ADB calculations using data from Bloomberg.

Equity Index¹—Kazakhstan

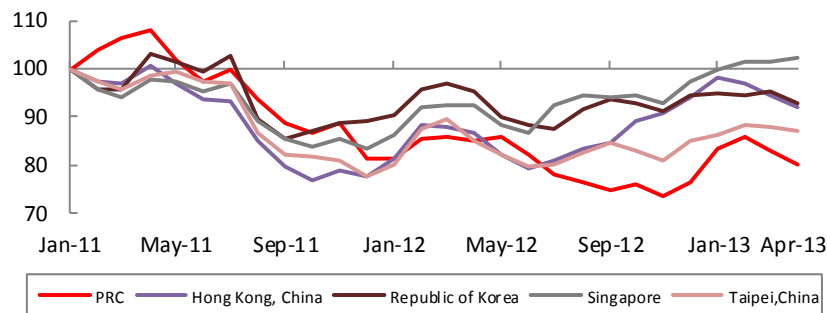
(Jan 2011 = 100)



¹Monthly average, data up to 16 April 2013.
Source: ADB calculations using data from Bloomberg.

Equity Indexes¹—NIEs and PRC

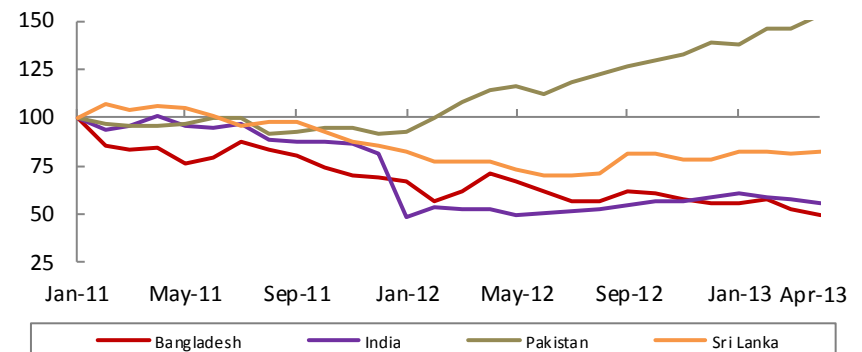
(Jan 2011 = 100)



PRC= People's Republic of China, NIEs = newly-industrialized economies.
¹Monthly average, data up to 16 April 2013. For PRC, stock price indexes of combined Shanghai and Shenzhen composites weighted by their market capitalization in US dollars.
Source: ADB calculations using data from Bloomberg.

Equity Indexes¹—South Asia

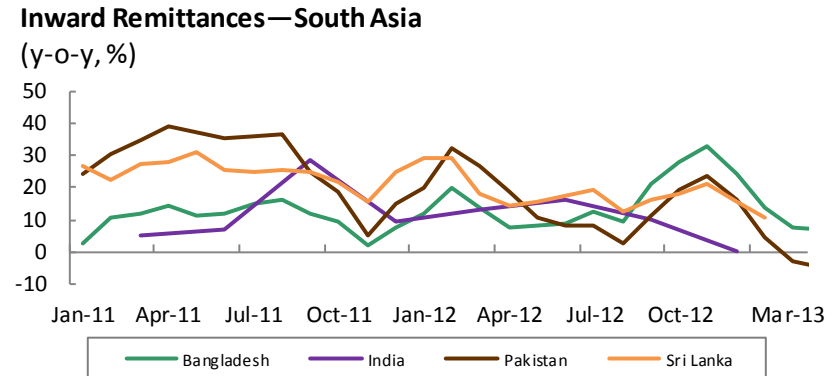
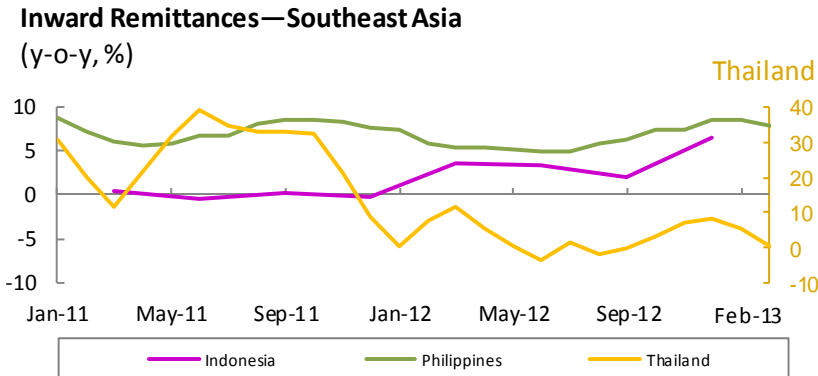
(Jan 2011 = 100)



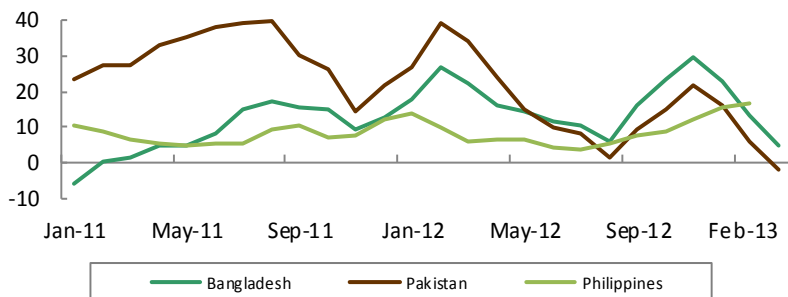
¹Monthly average, data up to 16 April 2013.
Source: ADB calculations using data from Bloomberg.

REMITTANCES

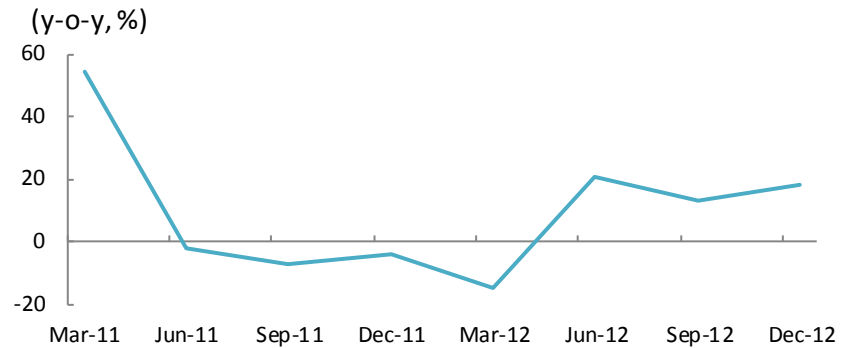
Growth in remittance inflows to South Asia slowed, particularly from the Middle East. Since late 2012, remittances from the Middle East—a strong source of inflows to Asia generally—dramatically slowed in South Asia, while remittances to the Philippines remained steady.



Inward Remittances from Middle East—Bangladesh, Pakistan, and the Philippines (y-o-y, %)



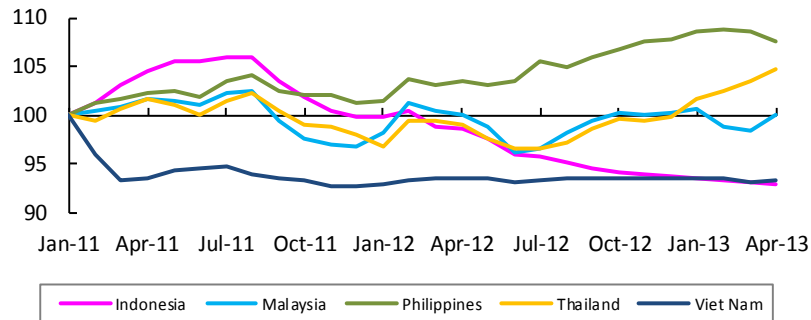
Outward Remittances—Kazakhstan (y-o-y, %)



EXCHANGE RATES

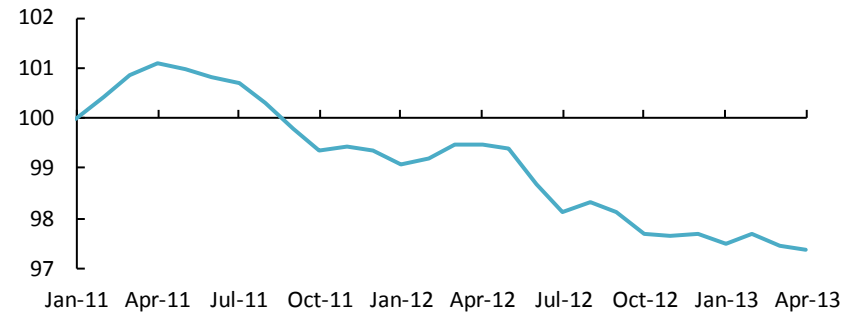
Asia's currencies have been mixed. Thai baht, Malaysian ringgit, and Singapore dollar all appreciated sharply in recent months, mostly due to capital inflows. The PRC renminbi, Sri Lanka rupee and Bangladesh taka appreciated on improved current account and trade balances. On the other hand, the Korean won and Taipei,China TWD depreciated. Other currencies remained stable.

Exchange Rate Indexes—ASEAN-4 plus Viet Nam
(USD against local currency, Jan 2011 = 100)



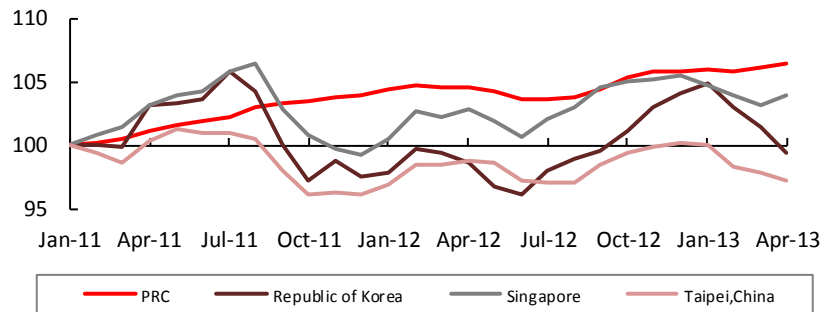
Note: An increase means appreciation. A decrease means depreciation. Data up to 16 April 2013.
Source: ADB calculations using data from Datastream.

Exchange Rate Index—Kazakhstan
(USD against local currency, Jan 2011 = 100)



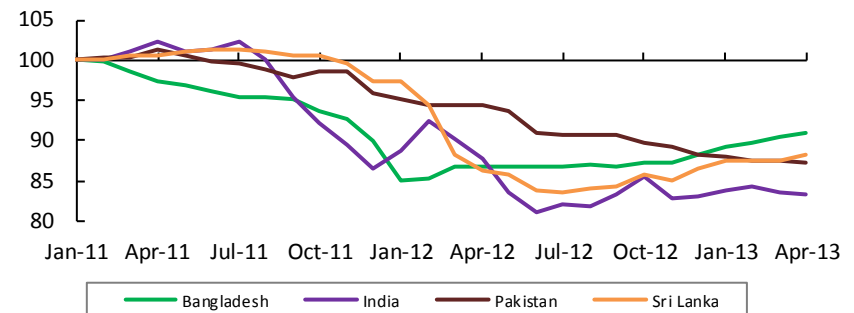
Note: An increase means appreciation. A decrease means depreciation. Data up to 16 April 2013.
Source: ADB calculations using data from Datastream.

Exchange Rate Indexes—NIEs and PRC
(USD against local currency, Jan 2011 = 100)



PRC = People's Republic of China, NIEs = newly industrialized economies.
Note: An increase means appreciation. A decrease means depreciation. Data up to 16 April 2013.
Source: ADB calculations using data from Datastream.

Exchange Rate Indexes—South Asia
(USD against local currency, Jan 2011 = 100)



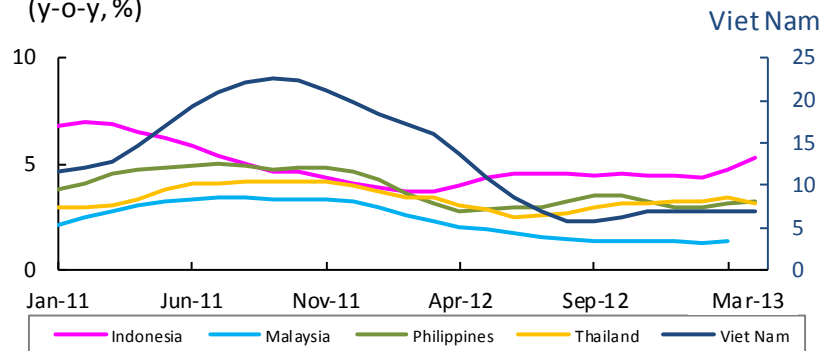
Note: An increase means appreciation. A decrease means depreciation. Data up to 16 April 2013.
Source: ADB calculations using data from Datastream.

INFLATION

With some exceptions, inflation has remained relatively stable. With relatively mild economic growth and stable commodity prices, inflation has remained under control. However, pressures are appearing in middle-income ASEAN given their strong growth and monetary easing, with Indonesian prices rising since February. Overall, inflation remains high in Central and South Asia.

Headline Inflation¹—ASEAN-4 plus Viet Nam

(y-o-y, %)



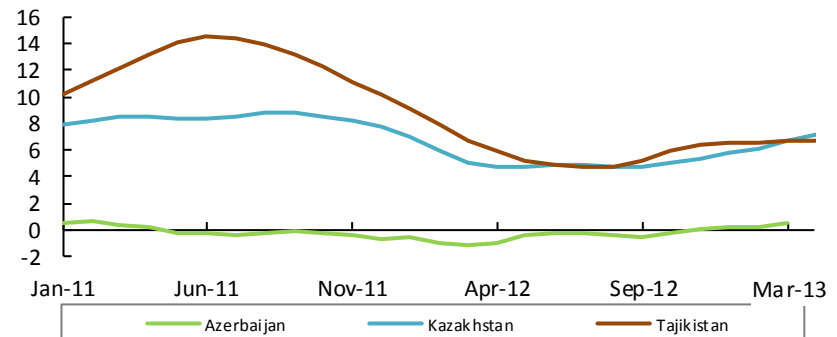
Note: Data as of February 2013 for Malaysia.

¹3-month moving average.

Source: ADB calculations using data from CEIC.

Headline Inflation¹—Central Asia

(y-o-y, %)



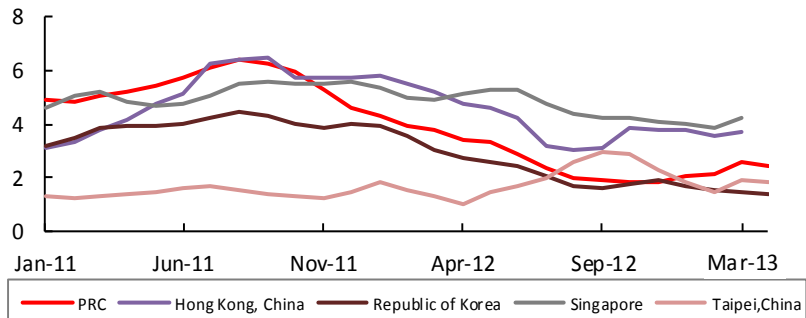
Note: Data as of December 2012 for Afghanistan and February 2013 for Azerbaijan.

¹3-month moving average.

Source: ADB calculations using data from CEIC.

Headline Inflation¹—NIEs and PRC

(y-o-y, %)



PRC = People's Republic of China; NIEs = newly-industrialized economies.

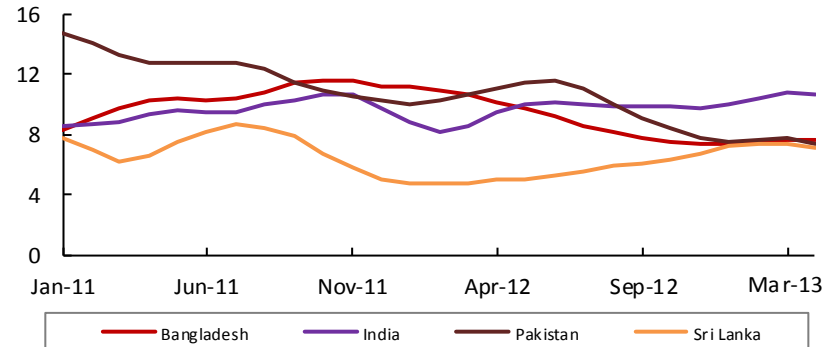
Note: Data as of February 2013 for Hong Kong, China and Singapore.

¹3-month moving average.

Source: ADB calculations using data from CEIC.

Headline Inflation¹—South Asia

(y-o-y, %)



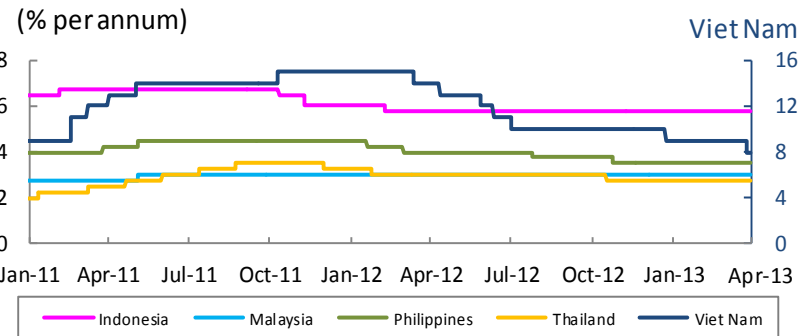
¹3-month moving average.

Source: ADB calculations using data from CEIC.

POLICY RATES

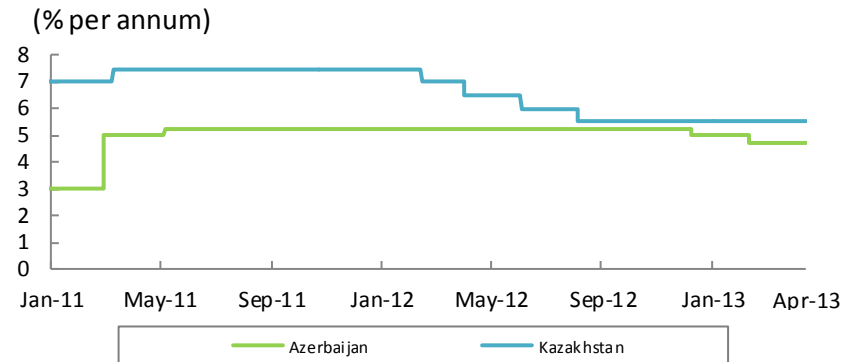
Most central banks are continuing accomodative policies with inflation muted. As inflation declined, Viet Nam has cut its policy rate to boost demand for lending and to stimulate growth.

Policy Rates¹—ASEAN-4 plus Viet Nam



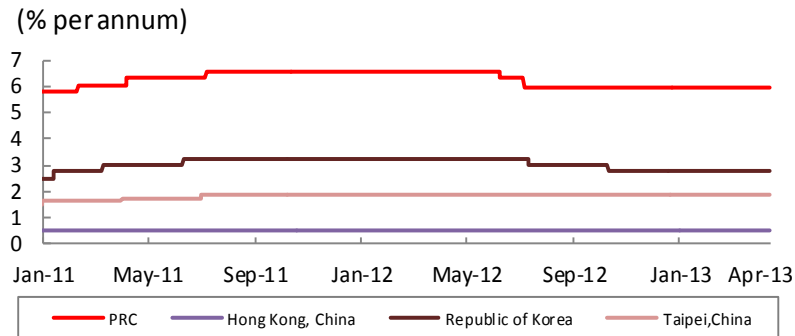
¹Bank Indonesia rate (Indonesia); overnight policy rate (Malaysia); reverse repurchase (repo) rate (Philippines); one-day repo rate (Thailand); and refinancing rate (Viet Nam). Data as of 15 April 2013. Source: Datastream.

Policy Rates¹—Central Asia



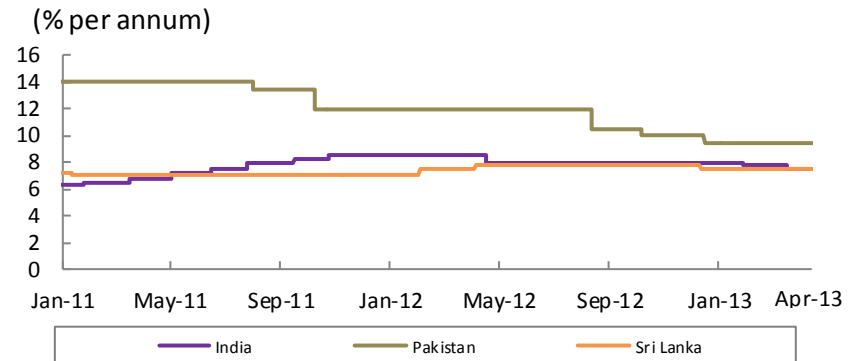
¹Refinancing rate (Azerbaijan); repurchase (repo) rate (Kazakhstan). Data as of 15 April 2013. Source: Datastream.

Policy Rates¹—NIEs and PRC



PRC = People's Republic of China, NIEs = newly-industrialized economies. ¹One-year lending rate (PRC), Hong Kong base rate (Hong Kong, China); the Bank of Korea base rate (Republic of Korea); and discount rate (Taipei,China). Data as of 15 April 2013. Source: Datastream.

Policy Rates¹—South Asia

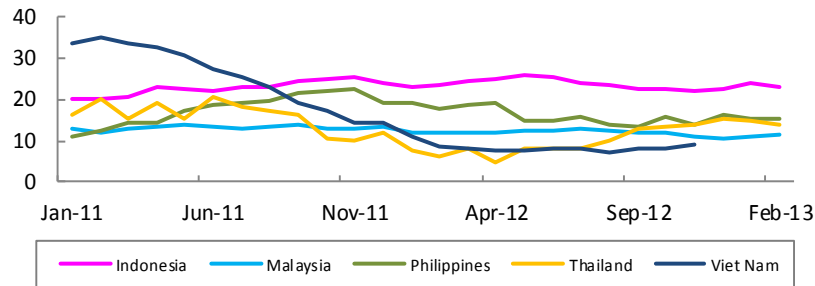


¹Repurchase (repo) rate (India); discount rate (Pakistan); and Sri Lanka Central Bank repurchase rate (Sri Lanka). Data as of 15 April 2013. Source: Datastream.

BANK LENDING

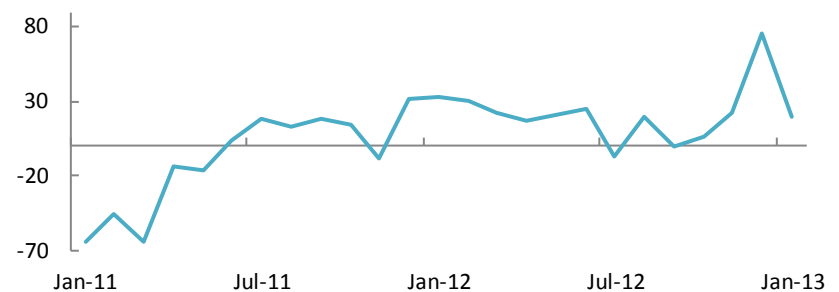
Credit growth has remained steady in most economies despite several countries easing monetary policy last year. However, some economies—including the PRC; Hong Kong, China; Pakistan; and Thailand—have seen a rise in lending growth since mid-to-late 2012. Importantly, credit expansion in the ASEAN-4 are already above their long term averages (see page 16).

Bank Lending Growth¹—ASEAN-4 plus Viet Nam
(y-o-y, %)



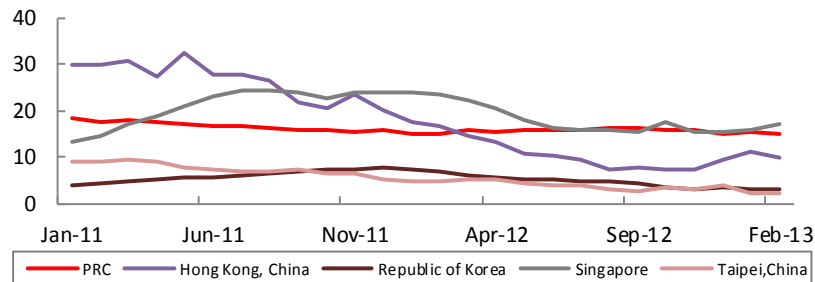
¹Data refer to commercial bank loans (Indonesia and Thailand); commercial bank loans and advances (Malaysia); commercial and universal bank loans net of RRAs (Philippines); and claims on private sector of banking institutions (Viet Nam). Data for Indonesia until January 2013; Viet Nam until November 2012. Source: ADB calculations using data from CEIC.

Bank Lending Growth¹—Kazakhstan
(y-o-y, %)



¹Data refer to loans of other depository corporations. Source: ADB calculations using data from CEIC.

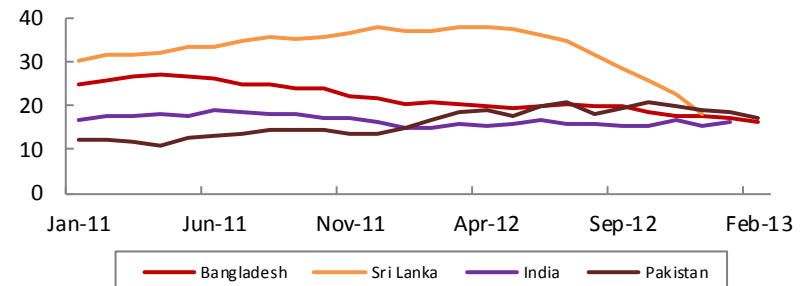
Bank Lending Growth¹—NIEs and PRC
(y-o-y, %)



PRC = People's Republic of China, NIEs = newly industrialized economies.

¹Data refer to authorized institutions' loans and advances (Hong Kong, China); commercial and specialized bank loans (Republic of Korea); domestic and specialized bank loans (Republic of Korea); domestic banking unit loans and advances (Singapore); and domestic bank loans and advances (Taipei, China). Data for Republic of Korea until December 2012. Source: ADB calculations using data from CEIC and Bank of Korea.

Bank Lending Growth¹—South Asia
(y-o-y, %)

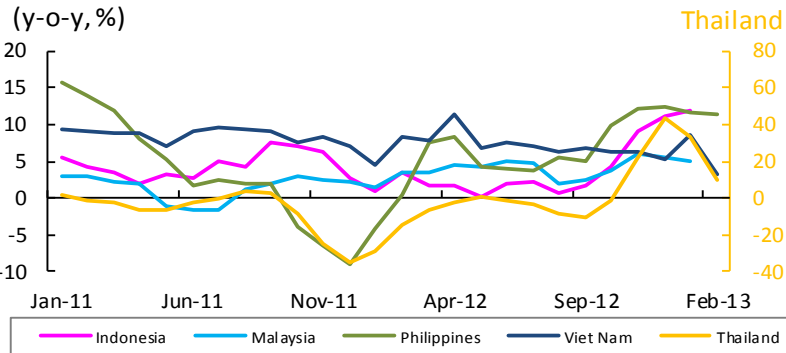


¹Data refer to credit of deposit money banks (Bangladesh), commercial bank loans (Sri Lanka), and domestic credit (India and Pakistan). Data for Sri Lanka until December 2012; data for India until January 2013. Source: ADB calculations using data from CEIC for Bangladesh and Sri Lanka; ADB calculations using data from Haver for India and Pakistan.

INDUSTRIAL PRODUCTION

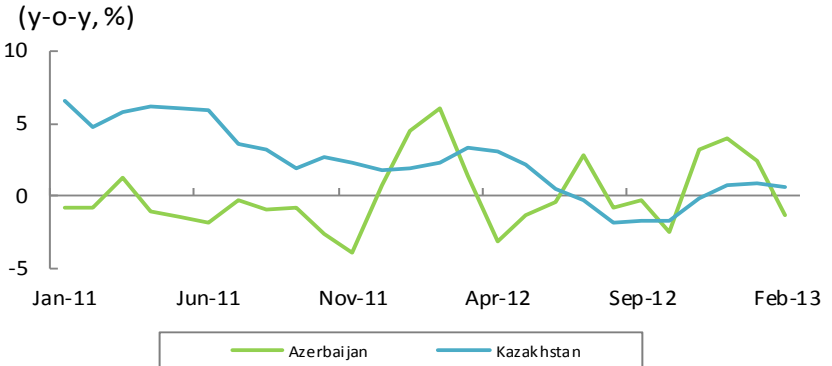
Industrial production growth has been subdued in most countries. Exceptions are Indonesia, the Philippines, and Bangladesh, where industrial production grew over 10%. Thailand's sharp decline was part base effect (following a sharp recovery after the 2011 floods) combined with weak exports and currency appreciation driven by capital inflows.

Industrial Production Growth¹—ASEAN-4 plus Viet Nam



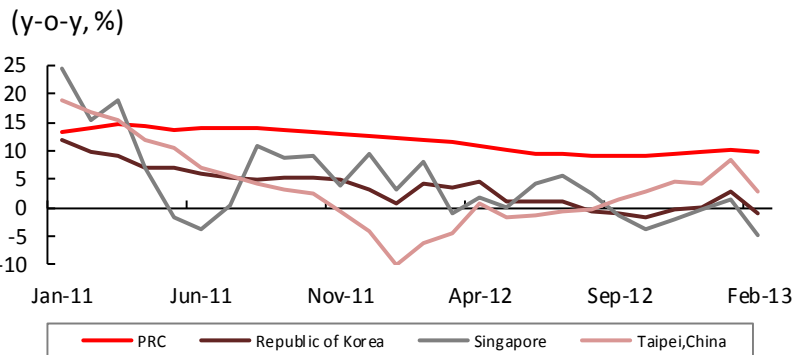
¹3-month moving average. Data for Indonesia and Malaysia until January 2013.
Source: ADB calculations using data from CEIC.

Industrial Production Growth¹—Central Asia



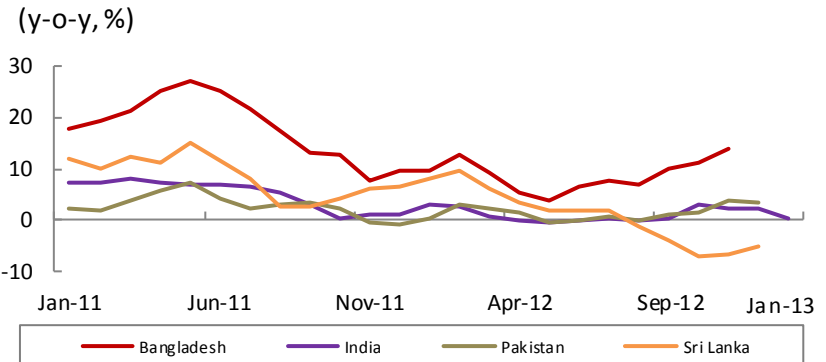
¹3-month moving average.
Source: ADB calculations using data from CEIC.

Industrial Production Growth¹—NIEs and PRC



PRC = People's Republic of China, NIEs= newly industrialized economies.
Note: Does not include Hong Kong, China due to unavailable monthly data.
¹3-month moving average.
Source: ADB calculations using data from CEIC.

Industrial Production Growth¹—South Asia

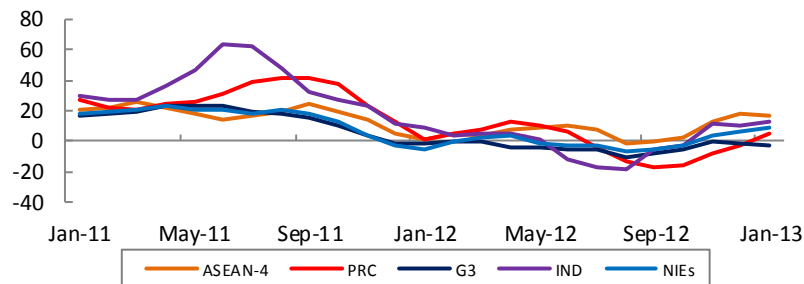


¹3-month moving average.
Note: Data for Pakistan and Sri Lanka until December 2012; and Bangladesh until November 2012.
Source: ADB calculations using data from CEIC.

EXPORT GROWTH BY DESTINATION

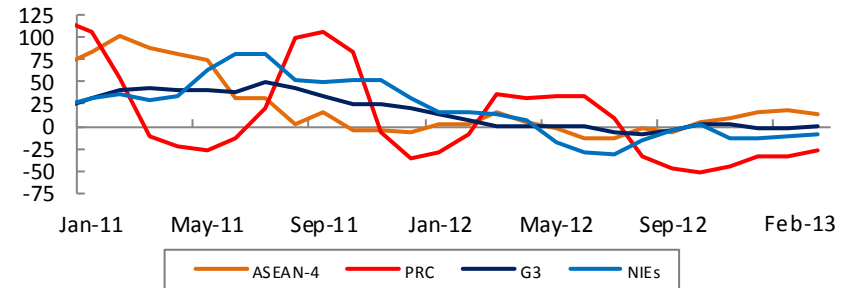
In general, Asian exports to emerging markets grew faster than to the G3. In particular, exports to ASEAN-4 countries were higher than those to other regions. PRC export growth was strongest to Hong Kong, China and Taipei,China.

Export Growth¹ by Destination—ASEAN-4
(y-o-y, %)



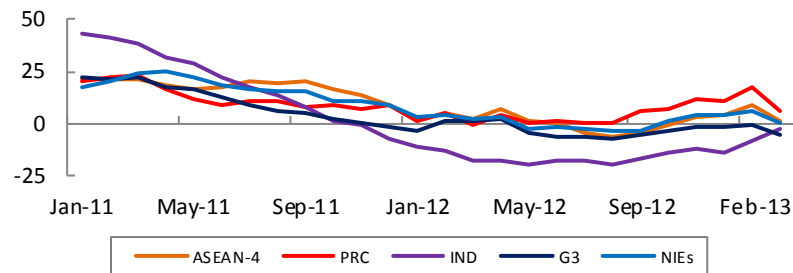
ASEAN-4 = Indonesia, Malaysia, Thailand, and the Philippines; PRC = People's Republic of China; G3 = European Union, Japan, and the United States; IND = India; NIEs = Hong Kong, China; the Republic of Korea; Singapore; and Taipei,China.
¹3-month moving average.
Source: ADB calculations using data from CEIC.

Export Growth¹ by Destination—India
(y-o-y, %)



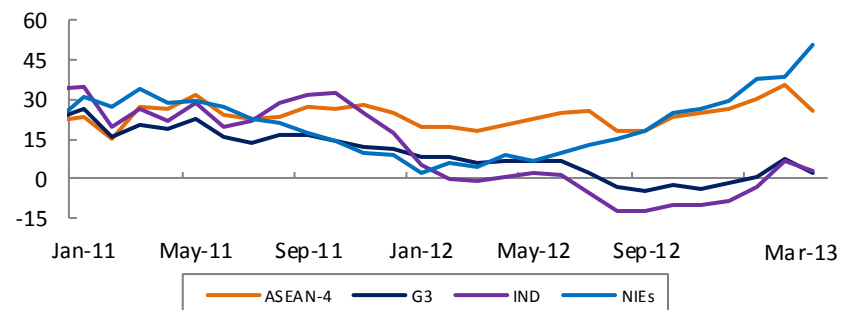
ASEAN-4 = Indonesia, Malaysia, the Philippines and Thailand; PRC = People's Republic of China; G3 = European Union, Japan, and the United States; NIEs = Hong Kong, China; the Republic of Korea; Singapore; and Taipei,China.
¹3-month moving average.
Source: ADB calculations using data from CEIC.

Export Growth¹ by Destination—NIEs
(y-o-y, %)



ASEAN-4 = Indonesia, Malaysia, the Philippines and Thailand; PRC = People's Republic of China; G3 = European Union, Japan, and the United States; IND = India; NIEs = Hong Kong, China; the Republic of Korea; Singapore; and Taipei,China.
¹3-month moving average.
Source: ADB calculations using data from CEIC.

Export Growth¹ by Destination—People's Republic of China
(y-o-y, %)

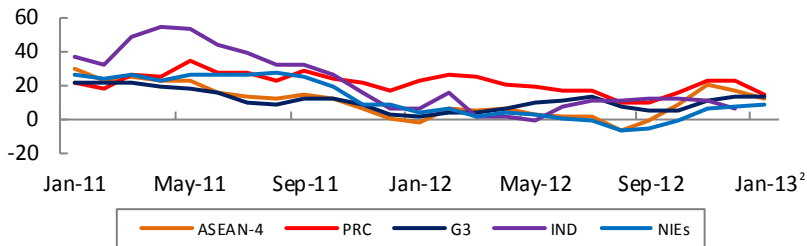


ASEAN-4 = Indonesia, Malaysia, the Philippines and Thailand; G3 = European Union, Japan, and the United States; IND = India; NIEs = Hong Kong, China; the Republic of Korea; Singapore; and Taipei,China.
¹3-month moving average.
Source: ADB calculations using data from CEIC.

IMPORT GROWTH BY ORIGIN

The ASEAN-4 is supporting Asian demand. Most subregions show weak demand for imported goods, with ASEAN-4 the exception. Import growth in ASEAN-4 remains high, though moderating somewhat thus far this year. Other subregions' imports from ASEAN-4, however, remain weak.

Import Growth¹ by Origin—ASEAN-4
(y-o-y, %)



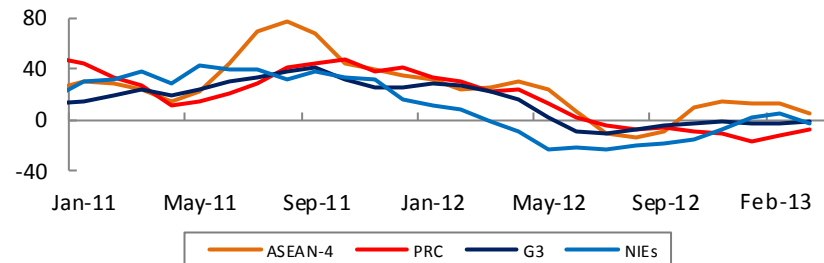
ASEAN-4 = Indonesia, Malaysia, the Philippines and Thailand; PRC = People's Republic of China; G3 = European Union, Japan, and United States; IND = India; NIEs = Hong Kong, China; the Republic of Korea; Singapore; and Taipei,China.

¹3-month moving average.

²Data for India until Dec 2012.

Source: ADB calculations using data from CEIC.

Import Growth¹ by Origin—India
(y-o-y, %)

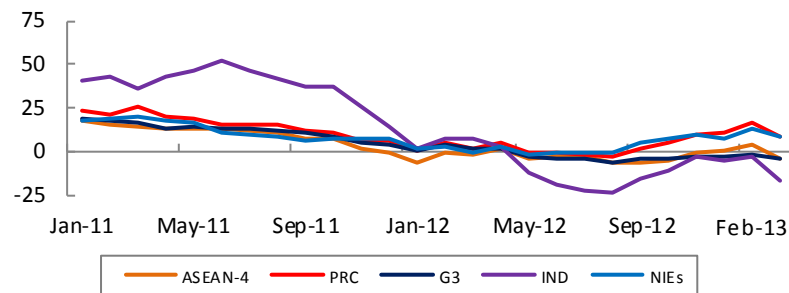


ASEAN-4 = Indonesia, Malaysia, the Philippines and Thailand; PRC = People's Republic of China; NIEs = Hong Kong, China; the Republic of Korea; Singapore; and Taipei,China; G3 = European Union, Japan, and the United States.

¹3-month moving average.

Source: ADB calculations using data from CEIC.

Import Growth¹ by Origin—NIEs
(y-o-y, %)

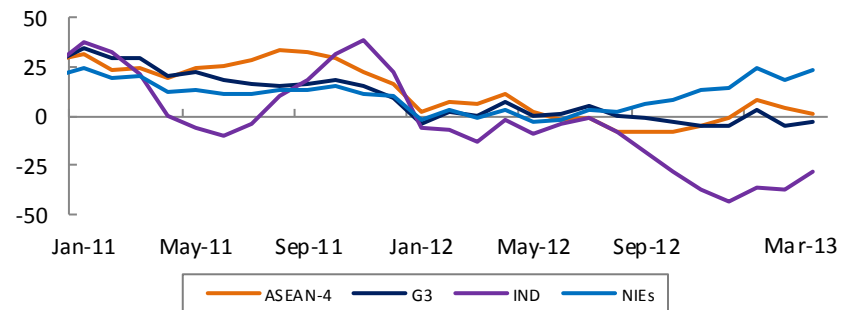


ASEAN-4 = Indonesia, Malaysia, the Philippines and Thailand; PRC = People's Republic of China; G3 = EU, Japan, and the United States; IND = India; NIEs = Hong Kong, China; the Republic of Korea; Singapore; and Taipei,China.

¹3-month moving average.

Source: ADB calculations using data from CEIC.

Import Growth¹ by Origin—People's Republic of China
(y-o-y, %)



ASEAN-4 = Indonesia, Malaysia, the Philippines and Thailand; G3 = EU, Japan, and the United States; IND = India; NIEs = Hong Kong, China; the Republic of Korea; Singapore; and Taipei,China.

¹3-month moving average.

Source: ADB calculations using data from CEIC.

Assessment of Financial Vulnerabilities

	Inflation Rate (latest available)	Fiscal Balance/GDP (2012) ¹	Public Sector Debt/GDP ² (2012) ³	Loans/Deposits of Banks ⁴ (latest available)	Bank Lending Growth ⁵ (y-o-y, latest available)
Bangladesh	7.7 (Mar13)	-5.1	10.2	80.4 (Jan13)	16.4 (Feb13)
Brunei Darussalam	0.7 (Feb13)	23.6	–	48.5 (Nov12)	–
Cambodia	1.8 (Jan13)	-5.2	–	90.8 (Jan13)	–
China, People's Rep. of	2.1 (Mar13)	-1.6	22.0	76.2 (Dec12)	15.0 (Feb13)
Hong Kong, China	4.4 (Feb13)	3.2	4.4	58.4 (Dec12)	10.1 (Feb13)
India ⁶	6.8 (Feb13)	-6.9	40.5	78.8 (Nov12)	16.3 (Jan13)
Indonesia	5.9 (Mar13)	-1.8	23.5	92.4 (Jan13)	22.9 (Feb13)
Kazakhstan	7.3 (Mar13)	-3.0	12.2	–	–
Korea, Republic of	1.3 (Mar13)	-2.9	38.4	113.9 (Dec12)	3.1 (Feb13)
Lao PDR	5.8 (Mar12)	-7.9	53.4	71.1 (Dec10)	–
Malaysia	1.5 (Feb13)	-4.5	51.7	92.4 (Jan13)	11.3 (Feb13)
Myanmar	6.0 (Dec12)	-5.4	–	40.8 (Sep11)	–
Pakistan	6.6 (Mar13)	-8.5	55.8	57.5 (Jan13)	17.3 (Feb13)
Philippines	3.2 (Feb13)	-2.3	54.4	70.6 (Dec12)	15.1 (Feb13)
Singapore	4.9 (Feb13)	1.1	110.2	92.3 (Jan13)	17.2 (Feb13)
Sri Lanka	7.6 (Mar13)	-6.2	72.4	89.2 (Oct12)	18.3 (Dec12)
Taipei, China	1.4 (Mar13)	-1.6	34.0	62.9 (Feb13)	2.2 (Feb13)
Thailand	2.7 (Mar13)	-4.1	43.5	101.2 (Jan13)	14.1 (Feb13)
Viet Nam	6.6 (Mar13)	-6.9	48.4	97.1 (Nov12)	9.0 (Nov12)

Note: The latest figure is compared with the indicator's long-run average (2000–2012). Blue implies a decline in vulnerability; red means an increase in vulnerability.

GDP = gross domestic product, y-o-y = year-on-year, – = unavailable.

¹ 2011 for Brunei Darussalam. Data for Bangladesh; Hong Kong, China; India; Lao PDR; Pakistan; Singapore; Sri Lanka; Taipei, China; and Thailand are fiscal year.

² Central government debt for Indonesia, Republic of Korea, and Taipei, China; federal government debt for Malaysia; and national government debt for the Philippines.

³ Data are projections for Indonesia and Lao PDR; estimates for Viet Nam. 2011 figures for Kazakhstan and Sri Lanka, 2010 for Pakistan. Data start 2004 for Bangladesh, India, Kazakhstan, Pakistan, and Sri Lanka.

⁴ Loans to private sector and non-financial institutions; and deposits (demand, time, savings, foreign currency, bond, and money market instruments—where available) of banking institutions, deposit money banks, and other depository corporations of each economy.

⁵ Data for Brunei Darussalam and Cambodia refer to claims on private sector and nonbank financial institutions of other depository corporations; for People's Republic of China to financial institution loans; Hong Kong, China to domestic credit; Indonesia to commercial bank loans; Republic of Korea to loans of commercial and specialized banks; Lao People's Democratic Republic to claims on private sector of deposit money banks; Malaysia to commercial bank loans and advances; Philippines to commercial and universal bank loans net of reverse repurchase arrangements; Singapore to loans and advances of domestic banking units; Taipei, China to domestic banks' loans and advances; Thailand to commercial bank loans; and Viet Nam to claims on private sector of banking institutions.

⁶ Inflation rate for India uses Wholesale Price Index as it has a longer time series than Consumer Price Index.

Source: ADB calculations using data from CEIC; national sources; *Asian Development Outlook 2013*, Asian Development Bank; Joint External Debt Hub, BIS-IMF-OECD-WB; *International Financial Statistics*, *World Economic Outlook* and *Article IV Consultations*, International Monetary Fund.

Assessment of External Vulnerabilities

	Current Account/ GDP (latest available)	External Debt/GDP ¹ (2011)	Short-Term External Debt/Reserves (3Q2012) ²	Broad Money ³ / Foreign Reserves (latest available)	Foreign Reserves (number of months of imports) ⁴	Foreign Liabilities/ Foreign Assets ⁵ (latest available)
Bangladesh	-0.4 (2012)	21.1	42.6	5.6 (Nov12)	4.7 (Dec12)	83.3 (Jan13)
Brunei Darussalam	50.0 (2011)	10.6	56.9	3.8 (Oct12)	6.8 (Nov12)	2.0 (Nov12)
Cambodia	-7.1 (2011)	22.0	21.8	1.7 (Nov12)	3.0 (Nov12)	74.1 (Jan13)
China, People's Rep. of	2.5 (4Q12)	7.6	12.6	4.6 (Dec12)	21.0 (Jan13)	34.4 (Dec12)
Hong Kong, China	1.7 (4Q12)	232.4	54.2	3.9 (Jan13)	9.5 (Feb13)	73.6 (Dec12)
India	-6.7 (4Q12)	18.7	69.8	1.2 (Dec12)	5.9 (Jan13)	—
Indonesia	-3.6 (4Q12)	17.2	47.7	3.3 (Feb13)	7.0 (Jan13)	142.9 (Jan13)
Kazakhstan	9.0 (2Q12)	13.9	16.2	3.2 (Dec12)	7.4 (Jan13)	—
Korea, Republic of	5.1 (3Q12)	3.8	54.9	5.3 (Feb13)	7.3 (Mar13)	178.4 (Dec12)
Lao PDR	-15.9 (2011)	31.1	20.8	4.6 (Jun12)	1.6 (Jul12)	75.3 (Dec10)
Malaysia	9.4 (4Q12)	29.3	31.7	3.2 (Feb13)	7.8 (Jan13)	91.1 (Jan13)
Myanmar	-2.7 (2011)	3.1	3.3	—	7.9 (Mar12)	—
Pakistan	-2.0 (2012)	21.1	54.9	8.1 (Dec12)	2.7 (Jan13)	40.1 (Jan13)
Philippines	3.1 (4Q12)	34.4	24.3	1.6 (Feb13)	15.6 (Jan13)	125.9 (Jan13)
Singapore	14.5 (4Q12)	230.7	75.1	1.5 (Jan13)	9.5 (Feb13)	102.1 (Jan13)
Sri Lanka	-4.2 (3Q12)	32.4	53.5	2.7 (Sep12)	4.4 (Oct12)	291.3 (Oct12)
Taipei,China	12.7 (4Q12)	19.4	12.0	2.8 (Feb13)	21.6 (Feb13)	60.5 (Jan13)
Thailand	1.0 (4Q12)	17.2	16.1	3.0 (Feb13)	8.9 (Feb13)	144.4 (Jan13)
Viet Nam	5.1 (3Q12)	32.5	71.9	7.0 (Sep12)	2.1 (Oct12)	97.1 (Nov12)

Note: The latest figure is compared with the indicator's long-run average (2000–2012). Blue implies a decline in vulnerability; red means an increase in vulnerability.

GDP = gross domestic product, y-o-y = year-on-year, — = unavailable.

¹Data are estimates for Brunei Darussalam, Cambodia, Republic of Korea, Lao PDR = Lao's People's Democratic Republic, and Myanmar.

²Short-term external debt includes loans and credits due and debt securities due within a year as defined in the Joint External Debt Hub. Data start 2004 for all countries.

³Data for Brunei Darussalam, Philippines, Taipei,China; and Thailand refer to broad money; for Bangladesh, Cambodia, People's Republic of China; Hong Kong, China; Indonesia, Kazakhstan; Republic of Korea; Lao People's Democratic Republic; Malaysia; Pakistan; and Sri Lanka refer to M2; for Myanmar and Viet Nam to money plus quasi-money; for India M3.

⁴Refers to reserves minus gold over a 12-month moving average of imports (cost of insurance, freight). Latest month when reserves data is available. Import data may be earlier, the same, or later than period indicated.

⁵Foreign liabilities and assets of banking institutions, deposit money banks, and other depository corporations.

Source: ADB calculations using data from CEIC; national sources; *Asian Development Outlook 2013*, Asian Development Bank; Joint External Debt Hub, BIS-IMF-OECD-WB; *International Financial Statistics*, Direction of Trade Statistics, *World Economic Outlook and Article IV Consultations*, International Monetary Fund.

Key Indicators

	Period	USA	JPN	EUZ	BAN	PRC	HKG	IND	INO	KAZ	KOR	MAL	PAK	PHI	SIN	SRI	TAP	THA	VIE
GDP Growth (y-o-y, %) ¹	2012Q4	1.7	0.5	-0.9	6.3	7.9	2.5	4.5	6.1	3.9	1.5	6.4	3.7	6.8	1.5	6.3	3.7	18.9	4.9
IPI Growth (y-o-y, %) ²	Feb	2.5	-11.0	-2.5	10.4	9.9	-0.1	2.4	11.5	0.0	-9.3	4.5	0.9	8.7	-16.6	-3.4	-11.4	-1.2	5.6
Retail Sales Growth (y-o-y, %) ³	Jan	4.7	-2.3	-0.7	—	12.3	10.5	—	7.1	14.0	-2.3	4.5	—	19.6	-2.5	—	3.1	20.7	11.8
Headline Inflation Rate (y-o-y, %) ⁴	Mar	2.0	-0.7	1.8	7.7	2.1	4.4	10.4	5.9	7.3	1.3	1.5	6.6	3.2	4.9	7.6	1.4	2.7	6.6
Policy Rate (% per annum)	Apr	0.25	0.10	0.75	—	6.00	0.50	7.50	5.75	5.50	2.75	3.00	9.50	3.50	—	7.50	1.875	2.75	8.00
Stock Price Index Growth (% YTD) ⁵	02Jan-29Mar	8.7	19.3	6.4	-8.3	-1.5	-4.3	-6.5	13.7	0.0	-1.3	-0.2	9.4	16.8	3.3	0.9	1.8	10.9	17.4
Export Growth (\$ value, y-o-y, %) ⁶	Feb	2.4	-18.3	5.3	18.1	21.8	-17.0	4.2	-1.2	-20.4	0.4	6.0	-9.8	-2.7	-18.5	-6.7	-15.8	-5.8	16.0
Import Growth (\$ value, y-o-y, %) ⁷	Feb	-1.1	-5.8	1.4	0.7	-15.2	-18.3	2.6	6.8	8.7	-2.0	18.8	-2.3	-8.0	-13.6	-19.4	-8.5	5.3	24.8
Current Account (% of GDP) ⁸	2012Q4	-3.2	-0.1	2.5	-0.4	3.6	1.7	-6.7	-3.6	9.0	5.1	9.4	-2.0	3.1	14.5	-4.2	12.7	1.0	5.1
Capital and Financial Account (% of GDP) ⁹	2012Q4	-2.6	0.0	0.2	1.2	-2.6	-5.8	6.5	5.2	1.8	-3.3	-3.6	-0.6	3.2	-0.6	10.1	-12.1	3.9	4.9
International Reserves (\$ billion) ¹⁰	Feb	137.8	1219.7	331.0	13.2	3331.1	304.7	266.8	101.3	20.4	322.6	138.4	9.7	74.0	258.9	7.0	404.1	171.5	23.6

— = data unavailable; USA=United States; JPN=Japan; EUZ=eurozone; BAN=Bangladesh; PRC=People's Republic of China; HKG=Hong Kong, China; IND=India; INO=Indonesia; KAZ=Kazakhstan; KOR=Republic of Korea; MAL=Malaysia; PAK=Pakistan; PHI=Philippines; SIN=Singapore; SRI=Sri Lanka; TAP=Taipei,China; THA=Thailand; VIE=Viet Nam.

¹GDP=gross domestic product. 2013Q1 for VIE. Fiscal year 2012 (ended June 2012) for BAN and PAK. ²Refers to Industrial/Manufacturing Production. EUZ and USA data are seasonally adjusted. Refers to November 2012 for BAN; December for PAK and SRI; January 2013 for IND, INO, MAL, PHI and EU; March for VIE and 2012Q3 for HKG. ³Refers to February 2013 for PRC (year-to-date), JAP, KAZ, TAP and USA; March for VIE and 2012Q4 for MAL. ⁴Refers to March for IND, INO, KOR, SRI, THA and VIE. For IND, consumer price index (rural and urban) was used. ⁵Refers to US Dow Jones Ind Avg; Japan Nikkei 225; United Kingdom FTSE 100; PRC-Shanghai Composite; Hong Kong, China Hang Seng; India BSE 100; Indonesia JCI; Korea KOSPI; Malaysia KLCI; Philippines PCOMP; Singapore STI; Taipei,China TWSE; Thailand SET; and Viet Nam VNINDEX. ⁶\$ value of merchandise trade; euro value for EUZ. Refers to December 2012 for SRI; January 2013 for BAN, EU, INO, KAZ, MAL, PHI, USA; March for KOR and VIE. ⁷\$ value of merchandise trade; euro value for EUZ. Refers to December 2012 for SRI; January 2013 for BAN, EUZ, INO, KAZ, MAL, PHI, USA; March for KOR and VIE. ⁸Refers to 2012Q2 for KAZ and USA; 2012Q3 for KOR, PRC, SRI and VIE; fiscal year 2011 (ended June 2012) for BAN and PAK. ⁹Refers to 2012Q2 for KAZ and USA; 2012Q3 for KOR, PRC, SRI and VIE; fiscal year 2011 (ended June 2012) for BAN and PAK. ¹⁰Excludes gold. USA, EUZ, BAN, IND, KAZ, PAK, SRI sourced from IMF, which defines total reserves (minus gold) as the sum of foreign exchange, reserve position in the IMF, and the US dollar equivalent of SDR holdings by monetary authorities. Refers to September for SRI and November for VIE. ¹¹Refinancing rate.

Source: Staff calculations using data from CEIC, Bloomberg, Datastream, European Central Bank, Eurostat, International Monetary Fund, and national sources.