



# RCI INFORMATION PACK

**JULY 2013 • ISSUE NO. 3**

▲ **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 under the Asian Development Bank's (ADB) four RCI pillars: (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 economic links between the economies of Asia and the Pacific and major partners outside the region. The RCI Information Pack is published by ADB, produced by the 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 economies of Asia and the Pacific and 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, 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 also included.

## SPECIAL FEATURE

The **Special Feature** explores a relevant economic or RCI issue affecting the region.

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.

6 ADB Avenue, Mandaluyong City  
1550 Metro Manila, Philippines  
Tel +63 2 632 4444  
Fax +63 2 636 2444  
[www.adb.org](http://www.adb.org)

How to reach us:  
Office of Regional Economic Integration  
Tel +63 2 632 6302  
Fax +63 2 636 2183  
[aric\\_info@adb.org](mailto:aric_info@adb.org)

# AT A GLANCE

JULY 2013 • ISSUE NO. 3

## RCI NEWS AND EVENTS<sup>1</sup>

- ASEAN and ADB jointly published the ASEAN Corporate Governance Scorecard: Country Reports and Assessments 2012-2013.
- ASEAN and OECD organized Training on Investment Policy Making for CLMV.
- ASEAN and the World Health Organization urged public and private sectors to join in fighting dengue.
- Myanmar successfully hosted the World Economic Forum on East Asia.
- The 4th World Islamic Banking Conference and the Brunei Darussalam Islamic Investment Summit discussed ways of promoting Islamic finance.
- Kiribati joined Vanuatu in signing the MOU to establish the Pacific Regional Trade and Development Facility.

## MONETARY, FINANCIAL, AND TRADE INDICATORS<sup>2</sup>

- Global and Asian stock markets fell sharply in response to hints of a QE slowdown in the US.
- Most Asian currencies depreciated due to the steady US recovery, weaker PRC growth outlook, and some capital outflow from the region.
- Growth in remittances continued to ease across Southeast and South Asia.
- Inflation continued to moderate on softer commodity prices.
- Most Asian central banks held policy rates steady.
- Activity indicators were weak across much of the region.
- Industrial production growth remained mixed.
- Bank lending and export growth stabilized with some indication of further softening.

## SPECIAL FEATURE: Assessing the monetary policy stance in Asia

- Despite hints of an early slowdown in quantitative easing by the US Fed—and the ensuing market reaction—the region's central banks kept their monetary stance in tune with national issues.
- Seven central banks cut policy rates in 2013 amid growth concerns, while others held rates steady as they wait for the impact of previous cuts. Indonesia is the only country that raised rates this year due to rising inflation.
- With the exception of the Philippines and Indonesia, output growth stayed below trend in 2013Q1.
- That said, policy rates across developing Asia remain well below their 2008/09 peaks, suggesting there is room to follow any US Fed rise if needed.

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<sup>1,2</sup>Covers June news and data.

*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

**ASEAN continues work on improving the investment climate.** To ease the regulatory environment in attracting both domestic and foreign investment, the Association of Southeast Asian Nations (ASEAN) and ADB—under the ASEAN Capital Markets Forum Initiative—jointly published the first [ASEAN Corporate Governance Scorecard: Country Reports and Assessments 2012–2013](#). Also, on 12–14 June, ASEAN and the Organization for Economic Co-operation and Development (OECD) organized [Training on Investment Policy Making for CLMV](#) (Cambodia, Lao PDR, Myanmar, and Viet Nam) under the Initiative for ASEAN Integration (IAI).

**CAREC trade connectivity and energy work plan endorsed.** Energy officials from Central Asia Regional Economic Cooperation (CAREC) members gathered 6–7 June in Ashgabat, Turkmenistan to review an [energy work plan](#) later endorsed at the 27–28 June [Mid-Year Senior Officials' Meeting](#). World Customs Organization (WCO) Secretary General Kunio Mikuriya spoke at ADB 11 June, stressing the need to harmonize customs procedures to [boost trade connectivity](#) in CAREC.

## CROSS-BORDER INFRASTRUCTURE

**Japan and the Republic of Korea boost ASEAN cooperation.** At the [17th ASEAN-Republic of Korea Dialogue](#) 10–11 June in Surabaya, Indonesia, the Republic of Korea said it was committed to the [Master Plan on ASEAN Connectivity](#). Also discussed was its active participation in [ASEAN's disaster management programs](#). To celebrate the [40th anniversary of the ASEAN-Japan Dialogue](#), starting 1 July Japan will waive tourist visa requirements for [Thailand](#) and [Malaysia](#) and offer multiple-entry visas to travelers from the [Philippines](#) and [Viet Nam](#). The move is expected to increase tourist inflows from fast-growing ASEAN economies to spur economic growth in Japan.

**ASEAN, Australia, and New Zealand hold integration forum.** The [3rd Closer Economic Relations \(CER\)-ASEAN Integration Partnership Forum](#) was held 17–21 June in Cairns, Australia to discuss lessons-learned from the CER-ASEAN Agreement. This year the focus was on competition policy and how to build on the success of the 2010 ASEAN-Australia-New Zealand free trade agreement (FTA) (AANZFTA). The [Regional Patent Examination Training](#) (RPET) program was also discussed.

**APEC wants to further ease border entry for air travelers.** On 6 June, the [Russian Federation](#) opened visa-free entry under the Asia-Pacific Economic Cooperation (APEC) [Business Travel Card scheme](#) (ABTC), which allows pre-cleared businesspeople to travel visa-free within the APEC region. APEC also wants to further [ease border entry](#) through partnerships with the aviation industry.

## TRADE AND INVESTMENT

**East Asia gears for more FTA negotiations.** The preparatory meeting for the second round of FTA negotiations between the [People's Republic of China \(PRC\)](#), [Japan](#), and [Republic of Korea](#) was held 3–4 June in Tokyo, Japan. Also, the PRC and Hong Kong, China held their first Joint Working Group meeting under the [Closer Economic Partnership Agreement \(CEPA\)](#) on 18 June in Guangzhou, PRC. The PRC also concluded its [19<sup>th</sup> round of FTA negotiations with Australia](#) 4–6 June in Beijing, PRC. Second round negotiations on a [Japan-EU Economic Partnership Agreement](#) was held 24 June–3 July in Tokyo.

**Pacific countries commit to trade development.** Kiribati became the second country to sign the Memorandum of Understanding (MOU) to establish a [Pacific Regional Trade and Development Facility](#) on 12 June in Suva, Fiji. Vanuatu was the first to sign in May 2013. The facility aims to improve the delivery of aid to Pacific island countries in support of the Aid-for-Trade Initiative.

**ASEAN to enhance trade ties with US, Australia.** A high-level delegation from [ASEAN visited the United States \(US\)](#) 10–14 June to enhance trade and investment relations. The delegation met top government officials, visited several multinational corporations, and held consultations with the private sector. On 17 June, during a reception for an Australian delegation, Malaysia's Minister of International Trade and Industry said the [Malaysia-Australia Free Trade Agreement \(MAFTA\)](#) should widen and deepen bilateral trade between the two. Under MAFTA, Australian exporters enjoy significantly reduced tariffs for goods, reaching up to 99% coverage by 2020.

## MONEY AND FINANCE

**ASEAN+3 financial cooperation deepens.** On 23 June, the [5th Trilateral Governors' Meeting of People's Republic of China, Japan, and Republic of Korea](#) was held in Basel, Switzerland. The governors discussed the current state of their economies and financial outlook. On 28 May, the Monetary Authority of Singapore (MAS) officially opened its [Beijing Representative Office](#) in the PRC. The office should further strengthen bilateral collaboration between MAS and the People's Bank of China (PBC) and other PRC financial regulators. On 6 June, the [Philippine Stock Exchange \(PSE\)](#) announced ties with the Korea Exchange for the PSE's new disclosure engine.

**Countries continue to push Islamic finance.** At the [4<sup>th</sup> World Islamic Banking Conference: Asia Summit](#) held 3–5 June in Singapore, MAS unveiled measures to boost [Islamic finance in Singapore](#) and increase cooperation between the Middle East and Asia. During the [Brunei Darussalam Islamic Investment Summit 2013](#) held 18–19 June, [Bank Negara Malaysia](#) stressed the need for more cross-border collaboration between supervisors due to increasing spread of Islamic finance. On 18 June, officials from [Malaysia and Kuwait](#) signed an MOU to enhance research and development within the Islamic finance industry.

**The Philippines upholds global cooperation in deposit insurance.** The Philippine Deposit Insurance Corporation (PDIC) hosted the [39th International Association of Deposit Insurers Executive Council Meeting and International Conference](#) from 17–21 June. PDIC also signed cooperation agreements with its counterparts from [Japan, Malaysia, and the US](#).

**Pakistan hosts SAARCFINANCE and ACU meetings.** The State Bank of Pakistan (SBP) hosted the [26<sup>th</sup> South Asia Association for Regional Cooperation Finance \(SAARCFINANCE\) Group Meeting, the 9<sup>th</sup> Governors' Symposium, and the 42<sup>nd</sup> Asian Clearing Union \(ACU\) Board of Directors Meeting](#). During the Governors' symposium, the impact of the eurozone debt crisis on the SAARC region was discussed. At the ACU meeting, the need for more trade and a better integrated financial system was highlighted.

**PRC signs financial agreements with UK and Nepal.** On 22 June, the central banks of the [PRC and United Kingdom \(UK\)](#) signed a bilateral CNY200 billion/£20 billion local currency swap. The 3-year agreement is expected to promote bilateral trade, boost economic ties, and bolster financial stability. On 21 June, the central banks of the [PRC and Nepal](#) signed an Agency Agreement allowing the PBC to manage Nepal's investments on the PRC's interbank bond market. The [PRC and the Republic of Korea](#) agreed to extend their CNY360 billion/KRW64 trillion/\$56 billion bilateral currency swap to October 2017. However, [Japan and the Republic of Korea](#) agreed not to renew their bilateral won-yen currency swap arrangement (\$3 billion), which expired 3 July.

**More Asian support to Myanmar.** With “realizing regional integration” as one of the main themes, Myanmar successfully hosted the [World Economic Forum on East Asia](#) 5–7 June. On 9 June, [India agreed to provide Myanmar \\$150 million](#) to create a special economic zone. India thanked Myanmar allowing Indian banks to operate in the county. With plans to develop industrial complexes and a think-tank in Myanmar, the [First \[Republic of\] Korea-Myanmar Joint Committee for Economic Cooperation](#) was held 19 June. [Viet Nam](#) likewise pledged strengthened financial cooperation with Myanmar.

## REGIONAL PUBLIC GOODS

**Officials call for urgent action to improve air quality.** The United Nations Economic and Social Commission for Asia and the Pacific (UNESCAP) is urging the region to [act on the critical issues of air quality](#). It estimates that about 500,000 premature deaths each year are due to urban air pollution in Asian cities. A report released by the [Ministry of Environmental Protection of the PRC](#) shows improved environmental monitoring, with 496 sites in 74 cities.

**ASEAN strengthens health cooperation.** ASEAN and the World Health Organization Western Pacific Region observed [ASEAN Dengue Day](#) 15 June in Hanoi, Viet Nam. The two organizations called on the public and private sectors to join in the fight against dengue. [Thailand and Lao PDR](#) enhanced bilateral cooperation to prepare for the possible outbreak of the H7N9 strain of avian influenza. A workshop organized 17 June in Thailand reviewed responses against a possible outbreak in areas along their common border. [Singapore and Indonesian](#) officials met 20 June to address the severe transboundary haze caused by forest fires in Sumatra, Indonesia.

**Climate change agreements moving forward.** The [United Nations Framework Convention on Climate Change \(UNFCCC\)](#) reported that the [Bonn Climate Change Conference](#) held 3–14 June made significant progress in designing and implementing solutions. During the conference, governments discussed the immediate shift toward low-carbon and energy efficient systems. The United Nations Environment Programme (UNEP) welcomed the decision by the [PRC and US](#) to phase down production of hydrofluorocarbons to combat climate change. The 14<sup>th</sup> Least Developed Countries Fund and the Special Climate Change Fund Council announced 20 June that it received [\\$198 million](#) in new pledges for investment in climate change adaptation programs.

**Renewable energy initiatives strengthened in Asia.** In the [Philippines](#), the Department of Energy approved selection rules for renewable projects to be eligible for “feed-in-tariff” rates. ADB is providing a [\\$10 million](#) grant for an Access to Green Finance project to help families in Tajikistan increase power access and efficiency through financing “smart” green energy solutions. ADB aims to boost investment in end-user energy efficiency to help [Asia and the Pacific](#) tackle surging power demand and growing environmental threats from greenhouse gas emissions. Part of a \$9 million approved loan, ADB is funding grid-connected solar panels to be installed on about 21 government buildings across the island of Yap, [Federated States of Micronesia](#). In the [Philippines](#), a P2.9 billion 30-megawatt solar farm project in Leyte received approval from the Department of Energy.

**Conservation, natural disasters, and health on the RPG Pacific agenda.** The Secretariat of the Pacific Community (SPC) and the International Union for Conservation of Nature signed an [memorandum of understanding](#) 18 July to provide a more holistic and sustainable approach to regional development. The SPC, together with Geoscience Australia, developed a [Tsunami Inundation Model](#) to assess the impact of a tsunami in the Tonga Trench and to help Tonga prepare for possible disaster. The SPC also convened with the [Global Fund to Fight HIV/AIDS, Tuberculosis and Malaria](#) to find ways to improve the fight against these diseases.

## JULY 2013 EVENTS

- 27 Jun–2 Jul: [ASEAN Senior Officials’ Meeting; 46th ASEAN Foreign Ministers’ Meeting / Post Ministerial Conference / 20th ASEAN Regional Forum / ASEAN Plus Three Foreign Ministers’ Meeting/ 3rd East Asia Summit Foreign Ministers’ Meeting](#) (Brunei Darussalam)
- 1 Jul: [APEC Workshop on Trade Finance](#) (Lombok Island, Indonesia)
- 1–2 Jul: [CAREC Federation of Carrier and Forwarder Associations Logistics Training](#) (Dushanbe, Tajikistan)
- 1–5 Jul: [APEC 38th Transportation Working Group Meeting](#) (Bali, Indonesia)
- 2–3 Jul: [APEC Workshop on Treasury Reform](#) (Lombok Island, Indonesia)
- 3–5 Jul: [Pacific Climate Change Roundtable](#) (Nadi, Fiji)
- 8–11 Jul: [Joint Meeting of the Pacific Platform for Disaster Risk Management and the Pacific Climate Change Round Table](#) (Nadi, Fiji)
- 16–17 Jul: [First Meeting of Experts on Long-Term Finance](#) (Manila, Philippines)
- 18–19 Jul: [G20 Finance Ministers’ and Central Bank Governors’ Deputies Meeting](#) (Moscow, Russia)
- 19 Jul: [ASEAN Workshop on “Enhancing Connectivity through Multi-layered Regional Frameworks: The Roles of Dialogue Partners”](#) (Bangkok, Thailand)
- 22–26 Jul: [Fifth ASEAN Fisheries Consultative Forum \(AFCF\) Meeting and 21<sup>st</sup> ASWGFI Meeting](#) (Lao PDR)



# MONETARY, FINANCIAL, AND TRADE INDICATORS

## GLOBAL MARKETS

- Equity Indexes—eurozone, Japan, and the United States
- Equity Indexes—Emerging Markets
- Commodity Price Indexes
- Exchange Rate Indexes—euro and yen

## FINANCIAL INDICATORS

### Equity Indexes

- ASEAN-4 plus Viet Nam
- Kazakhstan
- NIEs and People's Republic of China
- South Asia

### Remittances

- Inward Remittances—Southeast Asia
- Inward Remittances—South Asia
- Inward Remittances from the Middle East—Bangladesh, Pakistan, and the Philippines
- Outward Remittances—Kazakhstan

## MONETARY INDICATORS

### Exchange Rate Indexes

- ASEAN-4 plus Viet Nam
- Kazakhstan
- NIEs and People's Republic of China
- South Asia

### Headline Inflation

- ASEAN-4 plus Viet Nam
- Central Asia
- NIEs and People's Republic of China
- South Asia

### Policy Rates

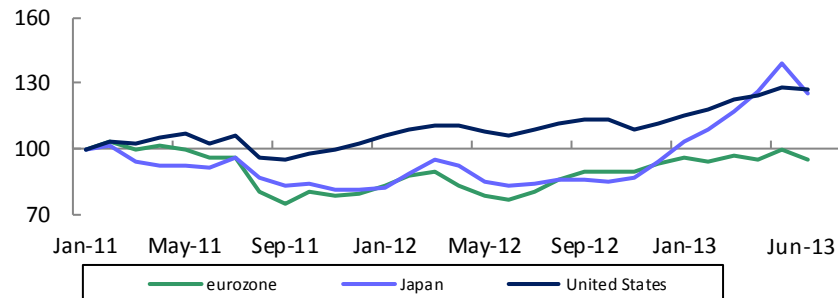
- ASEAN-4 plus Viet Nam
- Central Asia
- NIEs and People's Republic of China
- South Asia

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## GLOBAL MARKETS

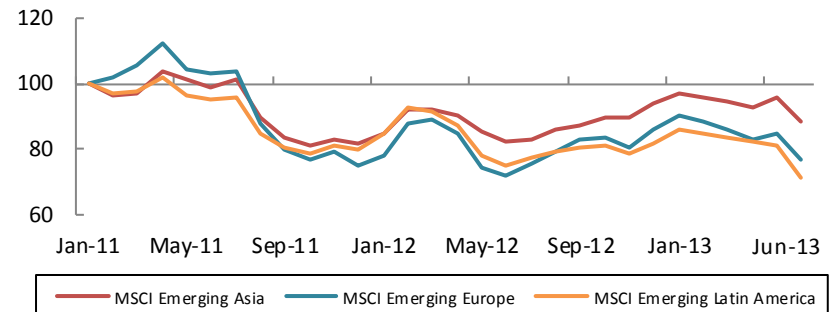
**Global stock markets fall sharply in June.** Eurozone and Japan stock indexes declined on growing expectations over the likely pull back of US Federal Reserve (Fed) quantitative easing while US markets remain stable. Emerging markets followed suit due to heightened risk aversion and flight-to-quality assets in the US and Japan. Commodity prices continued to ease led by gold and metals, although the pace of decline in crude oil and wheat prices slowed slightly.

**Equity Indexes<sup>1</sup>—G3**  
(Jan 2011 = 100)



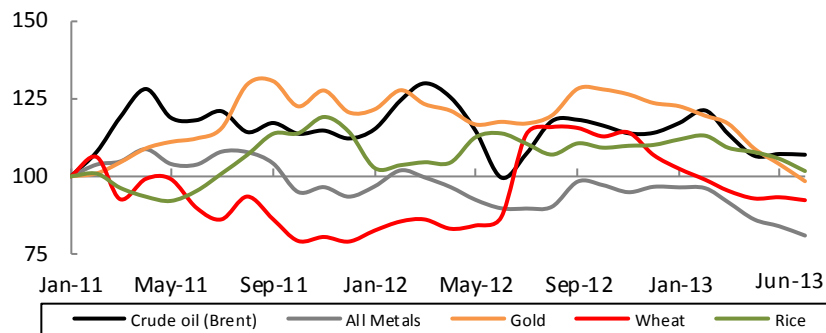
<sup>1</sup>Monthly average equity indexes refer to Morgan Stanley Capital International (MSCI), European Monetary Union (EMU) Index for eurozone, Nikkei 225 Index for Japan, and Dow Jones Industrial Average Index for the United States. Data up to 28 June 2013.  
Source: ADB calculations using data from Datastream.

**Equity Indexes<sup>1</sup>—Emerging Markets**  
(Jan 2011 = 100)



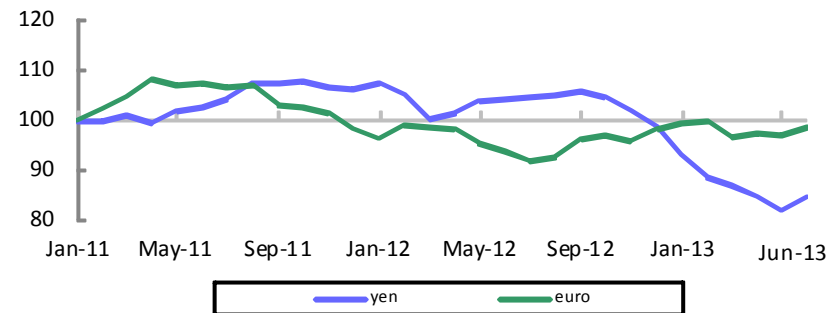
<sup>1</sup>Monthly average of Morgan Stanley Capital International (MSCI) Emerging Market Indexes. Data up to 28 June 2013.  
Source: ADB calculations using data from Datastream.

**Commodity Price Indexes**  
(Jan 2011 = 100)



Note: Data up to 28 June 2013  
Source: ADB calculations using data from Bloomberg.

**Exchange Rate Indexes—euro and yen**  
(USD per unit of local currency, Jan 2011 = 100)



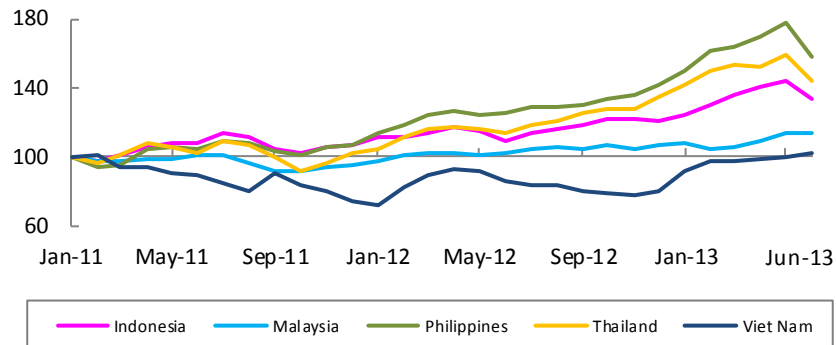
EU = European Union  
Note: Monthly average. An increase means appreciation. A decrease means depreciation.  
Data up to 28 June 2013.  
Source: ADB calculations using data from Datastream.



## EQUITY INDEXES

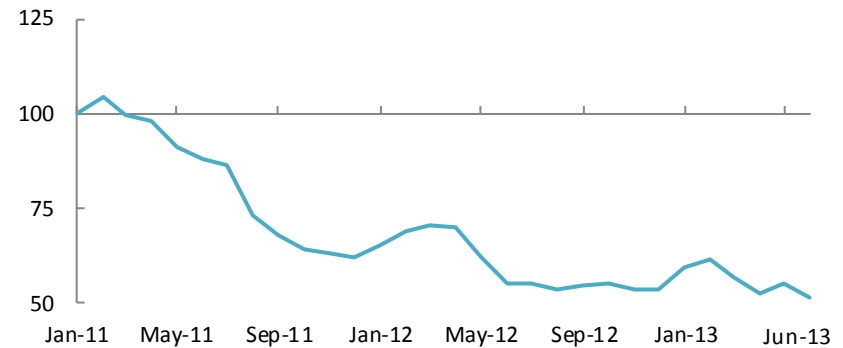
Asian equities were down, except for bourses in Pakistan, Bangladesh, and Viet Nam. Indexes in ASEAN, the NIEs, and PRC fell in reaction to the US Fed's hints of a possible early slowdown in quantitative easing.

**Equity Indexes<sup>1</sup>—ASEAN-4 plus Viet Nam**  
(Jan 2011 = 100)



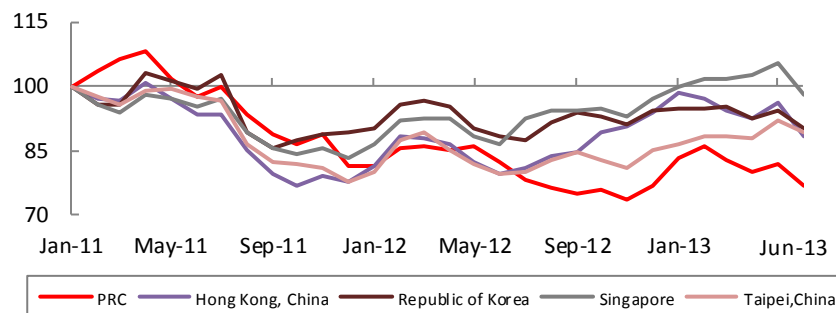
<sup>1</sup>Monthly average, data up to 28 June 2013.  
Source: ADB calculations using data from Bloomberg.

**Equity Index<sup>1</sup>—Kazakhstan**  
(Jan 2011 = 100)



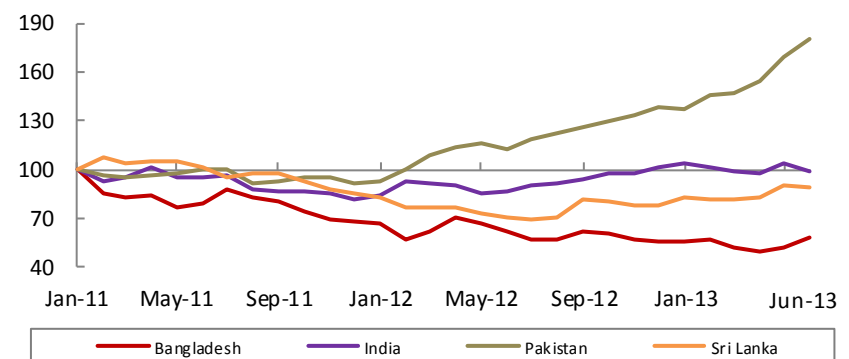
<sup>1</sup>Monthly average, data up to 28 June 2013.  
Source: ADB calculations using data from Bloomberg.

**Equity Indexes<sup>1</sup>—NIEs and People's Republic of China**  
(Jan 2011 = 100)



PRC= People's Republic of China, NIE = newly-industrialized economy.  
<sup>1</sup>Monthly average, data up to 28 June 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 Indexes<sup>1</sup>—South Asia**  
(Jan 2011 = 100)



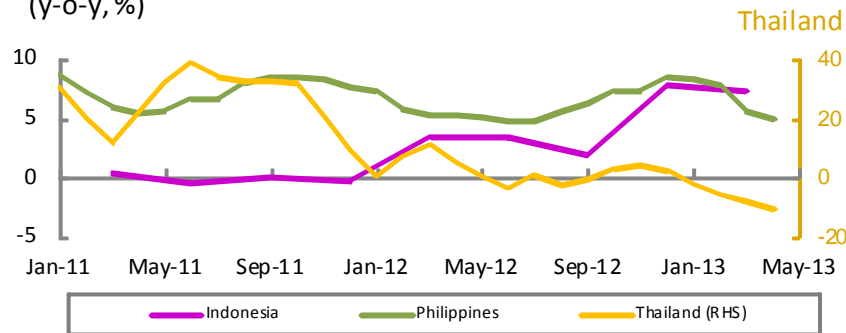
<sup>1</sup>Monthly average, data up to 28 June 2013.  
Source: ADB calculations using data from Bloomberg.

## REMITTANCES

**Growth in remittance inflows continued to ease across Southeast and South Asia.** The upward trend in Pakistan’s remittance inflows countered its recent massive drop. The growth in remittances from the Middle East softened in step with weaker economic conditions in the region.

### Inward Remittances—Southeast Asia

(y-o-y, %)



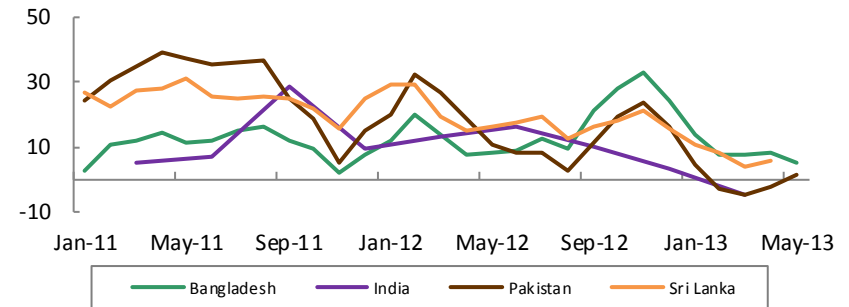
RHS = right-hand scale.

Notes: Quarterly data for Indonesia. Monthly data for the Philippines and Thailand, based on 3-month moving average. Data until March 2013 for Indonesia.

Source: ADB calculations using data from CEIC and Haver Analytics.

### Inward Remittances—South Asia

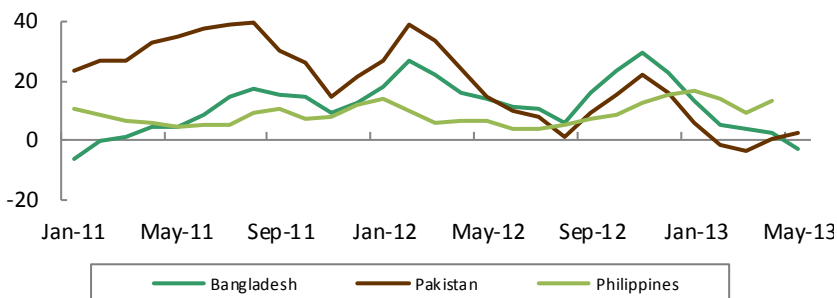
(y-o-y, %)



Notes: Based on 3-month moving average except for India. Quarterly data for Bangladesh, India, and Pakistan. Monthly data for Sri Lanka. Data for India until March 2013; for Sri Lanka until April 2013.

Source: ADB calculations using data from CEIC and Haver Analytics.

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

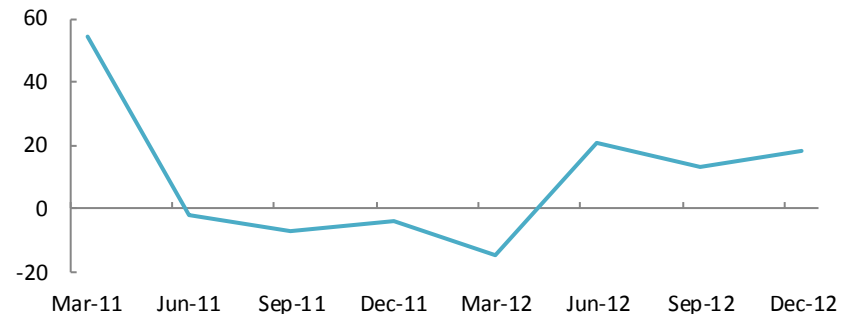


Notes: Based on 3-month moving averages. Middle East includes Bahrain, Kuwait, Qatar, Saudi Arabia, and United Arab Emirates. Data for the Philippines until April 2013.

Source: ADB calculations using data from CEIC.

### Outward Remittances—Kazakhstan

(y-o-y, %)



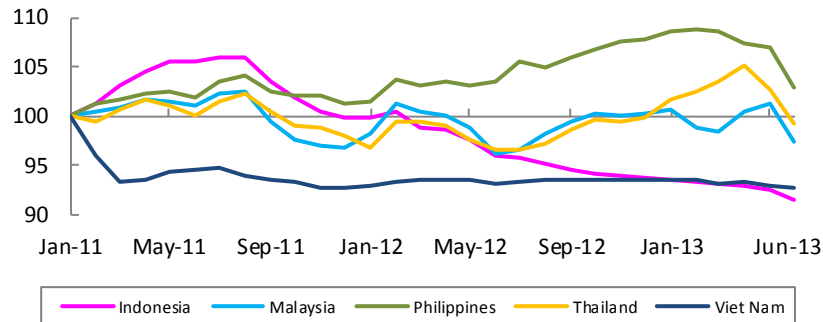
Note: Based on quarterly data.

Source: ADB calculations using data from CEIC.

## EXCHANGE RATES

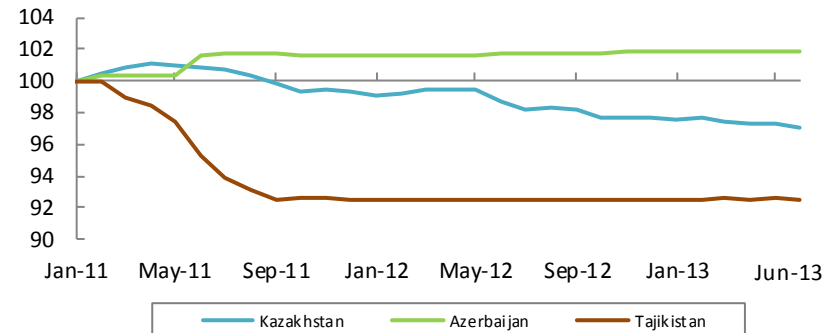
**Most Asian currencies depreciated in June.** Currencies in ASEAN-4 depreciated due to capital outflow from expectations of early US exit from QE. Weakness of India rupiah reflected weak economic outlook and deteriorating trade and fiscal deficit. The trend for NIE-3 reflect weak economic outlook.

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



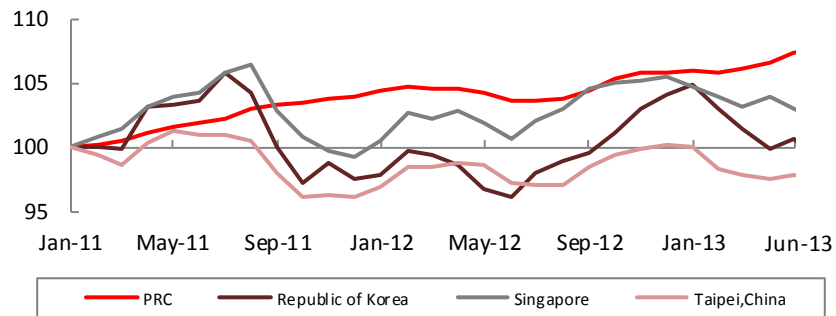
Note: An increase means appreciation. A decrease means depreciation. Data up to 28 June 2013.  
Source: ADB calculations using data from Datastream.

**Exchange Rate Indexes—Central Asia**  
(USD per unit of local currency, Jan 2011 = 100)



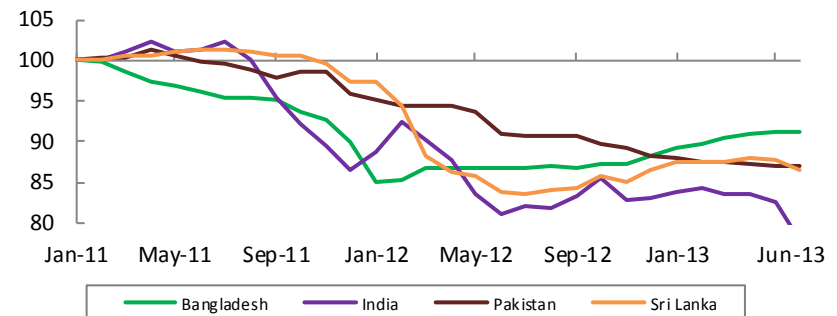
Note: An increase means appreciation. A decrease means depreciation. Data up to 28 June 2013.  
Source: ADB calculations using data from Datastream.

**Exchange Rate Indexes—NIEs and People's Republic of China**  
(USD per unit of local currency, Jan 2011 = 100)



PRC = People's Republic of China, NIE = newly industrialized economy.  
Note: An increase means appreciation. A decrease means depreciation. Data up to 28 June 2013.  
Source: ADB calculations using data from Datastream.

**Exchange Rate Indexes—South Asia**  
(USD per unit of local currency, Jan 2011 = 100)

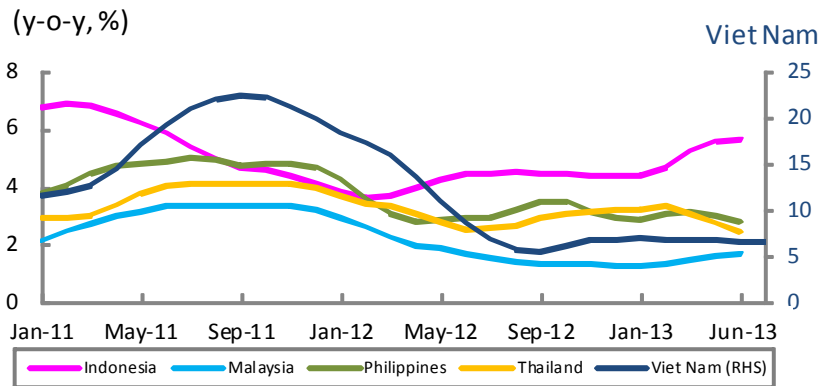


Note: An increase means appreciation. A decrease means depreciation. Data up to 28 June 2013.  
Source: ADB calculations using data from Datastream.

## INFLATION

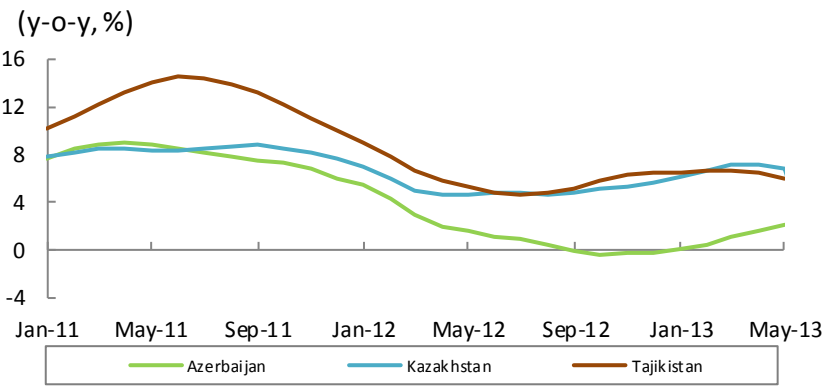
**Inflation remained moderate in most Asian countries due to softening commodity prices.** Central and South Asian inflation, however, was considerably high, if easing somewhat. Inflation in Indonesia and Azerbaijan rose slightly.

**Headline Inflation<sup>1</sup>—ASEAN-4 plus Viet Nam**



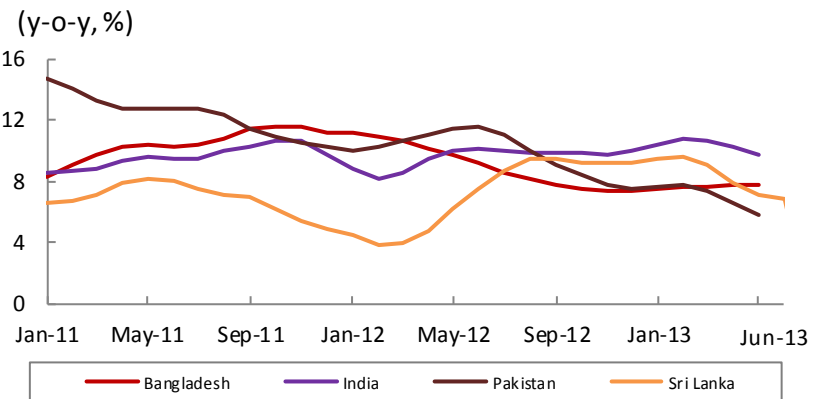
RHS = right-hand side  
<sup>1</sup>3-month moving average. Data as of May 2013 for Indonesia, Malaysia, the Philippines, and Thailand.  
 Source: ADB calculations using data from CEIC.

**Headline Inflation<sup>1</sup>—Central Asia**



<sup>1</sup>3-month moving average.  
 Source: ADB calculations using data from CEIC.

**Headline Inflation<sup>1</sup>—South Asia**

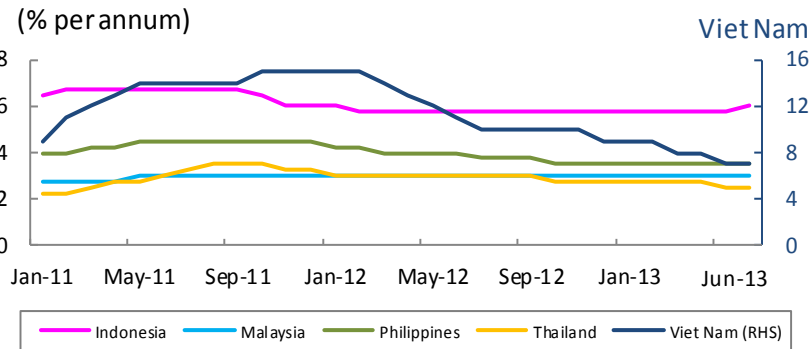


<sup>1</sup>3-month moving average. Data as of May 2013 only for Bangladesh, India, and Pakistan.  
 Source: ADB calculations using data from CEIC.

## POLICY RATES

With the exception of Indonesia and Pakistan, Asia's central banks maintained policy rates given the region's relatively stable prices. Indonesia raised policy rates as a preemptive response to rising inflation expectations and to avert possible capital flight. Pakistan cut policy rates to boost economic growth.

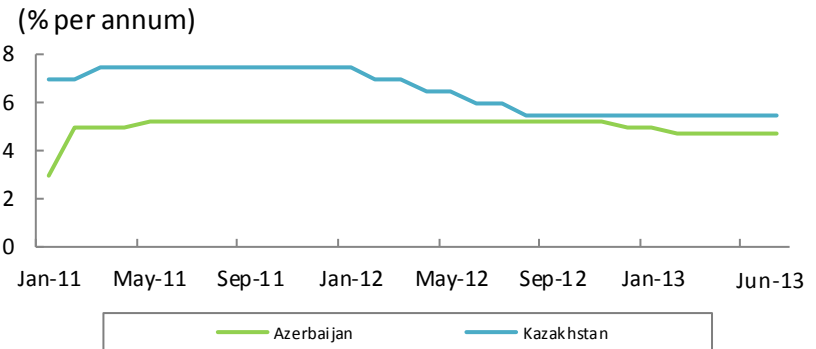
**Policy Rates<sup>1</sup>—ASEAN-4 plus Viet Nam**



RHS = right-hand scale.

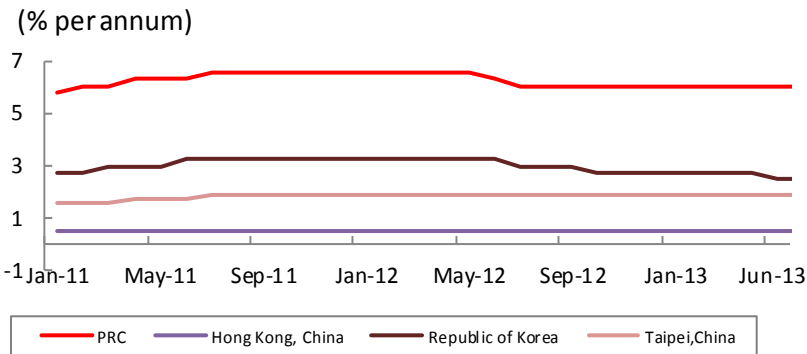
<sup>1</sup>Bank Indonesia rate (Indonesia); overnight policy rate (Malaysia); reverse repurchase (repo) rate (Philippines); one-day repo rate (Thailand); and refinancing rate (Viet Nam). Data as of 28 June 2013. Source: Datastream.

**Policy Rates<sup>1</sup>—Central Asia**



<sup>1</sup>Refinancing rate (Azerbaijan); repurchase (repo) rate (Kazakhstan). Data as of 28 June 2013. Source: Datastream.

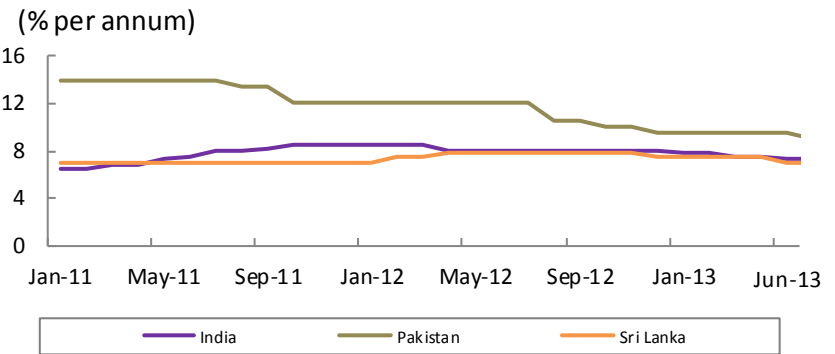
**Policy Rates<sup>1</sup>—NIEs and People's Republic of China**



PRC = People's Republic of China, NIE = newly-industrialized economy.

<sup>1</sup>One-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 28 June 2013. Source: Datastream.

**Policy Rates<sup>1</sup>—South Asia**

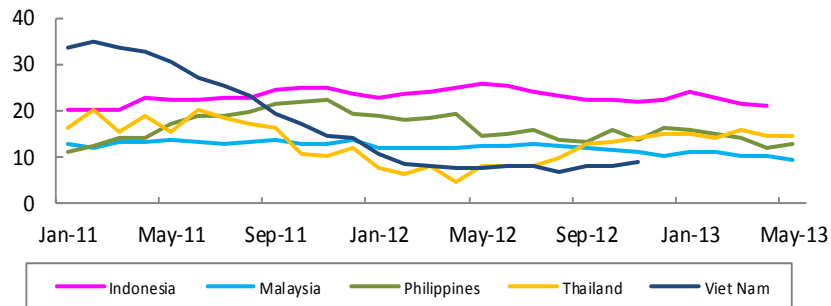


<sup>1</sup>Repurchase (repo) rate (India); discount rate (Pakistan); and Sri Lanka Central Bank repurchase rate (Sri Lanka). Data as of 28 June 2013. Source: Datastream.

## BANK LENDING

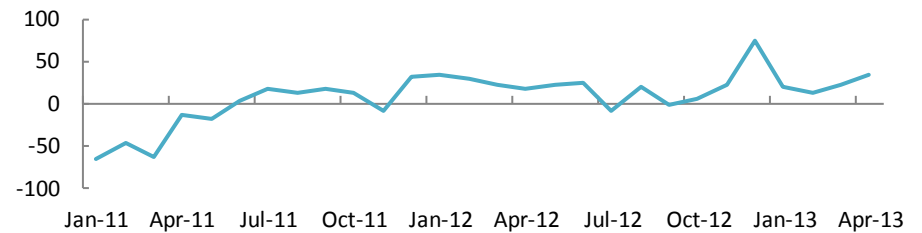
**Growth in bank lending stabilized in developing Asian markets.** However, bank lending levels remained high in Indonesia, Kazakhstan, and the PRC.

**Bank Lending Growth<sup>1</sup>—ASEAN-4 plus Viet Nam**  
(y-o-y, %)



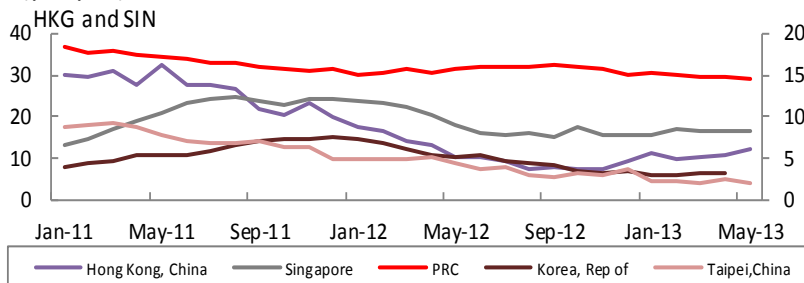
<sup>1</sup>Data refer to commercial bank loans (Indonesia and Thailand); commercial bank loans and advances (Malaysia); commercial and universal bank loans net of RRAs (Philippines); and claims on private sector of banking institutions (Viet Nam). Data for Indonesia until April 2013; Viet Nam until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

**Bank Lending Growth<sup>1</sup>—Kazakhstan**  
(y-o-y, %)



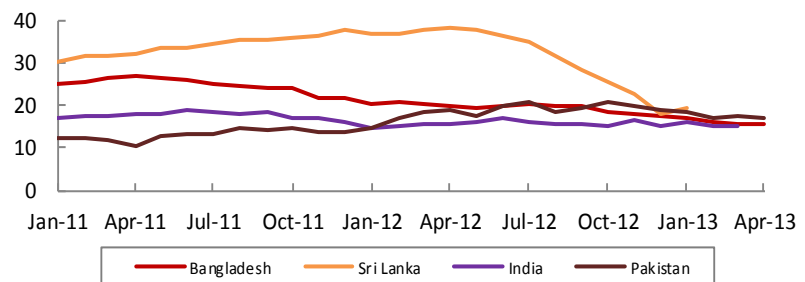
<sup>1</sup>Data refer to loans of other depository corporations.  
Source: ADB calculations using data from CEIC.

**Bank Lending Growth<sup>1</sup>—NIEs and People's Republic of China**  
(y-o-y, %)



PRC = People's Republic of China, NIE = newly industrialized economy.  
<sup>1</sup>Data refer to authorized institutions' loans and advances (Hong Kong, China); commercial 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 April 2013.  
Source: ADB calculations using data from CEIC and Bank of Korea.

**Bank Lending Growth<sup>1</sup>—South Asia**  
(y-o-y, %)

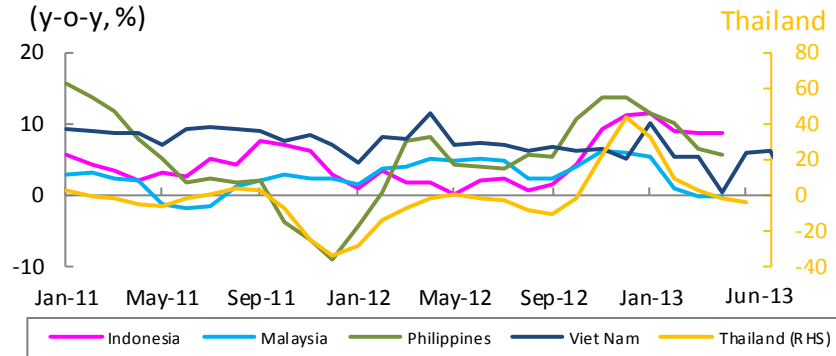


<sup>1</sup>Data refer to credit of deposit money banks (Bangladesh), commercial bank loans (Sri Lanka), and domestic credit (India and Pakistan). Data for Sri Lanka until January 2013; data for India until March 2013.  
Source: ADB calculations using data from CEIC for Bangladesh and Sri Lanka; ADB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

## INDUSTRIAL PRODUCTION

**Industrial production growth in the region remained mixed.** Industrial production growth in ASEAN-4 plus Viet Nam and the PRC declined, while the pace of decline eased in the NIEs. Central and South Asia remained stable, but weak in India and Sri Lanka.

**Industrial Production Growth<sup>1</sup>—ASEAN-4 plus Viet Nam**  
(y-o-y, %)

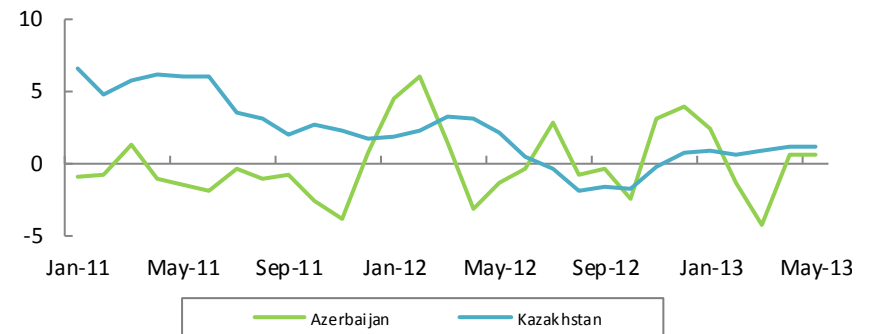


RHS = right-hand scale.

<sup>1</sup>3-month moving average. Data for Indonesia, Malaysia, and the Philippines until April 2013; data for Thailand until May 2013.

Source: ADB calculations using data from CEIC.

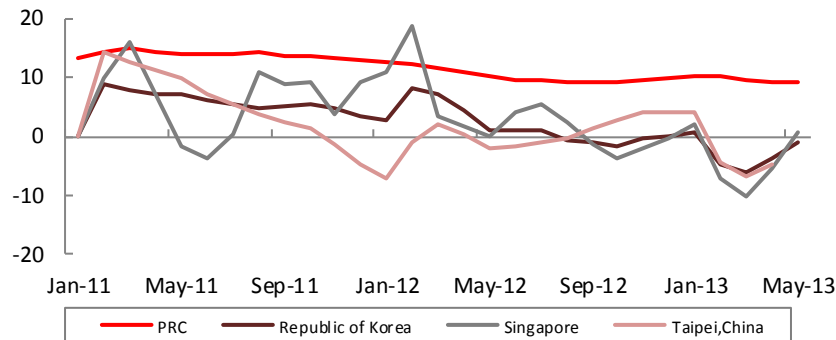
**Industrial Production Growth<sup>1</sup>—Central Asia**  
(y-o-y, %)



<sup>1</sup>3-month moving average.

Source: ADB calculations using data from CEIC.

**Industrial Production Growth<sup>1</sup>—NIEs and People's Republic of China**  
(y-o-y, %)

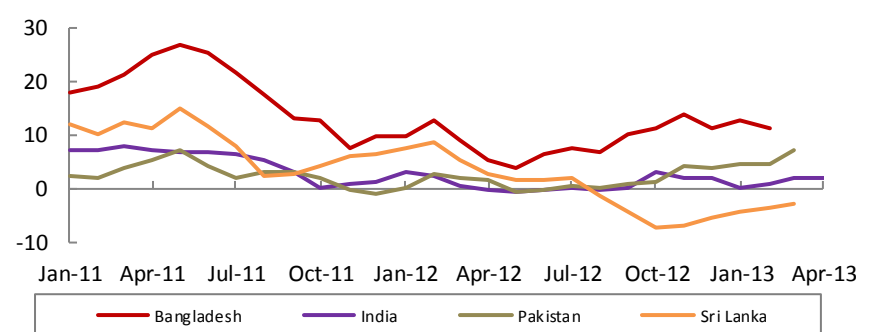


NIE = newly industrialized economy.

<sup>1</sup>3-month moving average.

Source: ADB calculations using data from CEIC.

**Industrial Production Growth<sup>1</sup>—South Asia**  
(y-o-y, %)



<sup>1</sup>3-month moving average.

Note: Data for Pakistan and Sri Lanka until March 2013; and Bangladesh until February 2013.

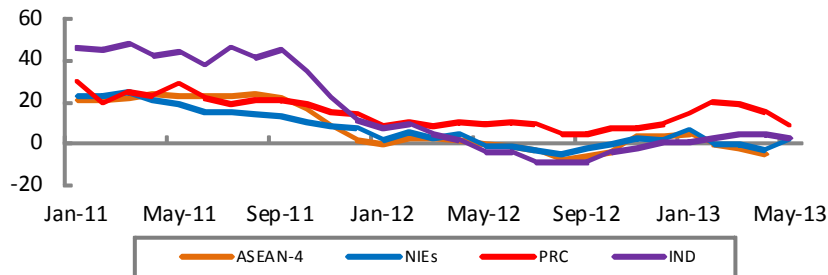
Source: ADB calculations using data from CEIC.



## TRADE GROWTH

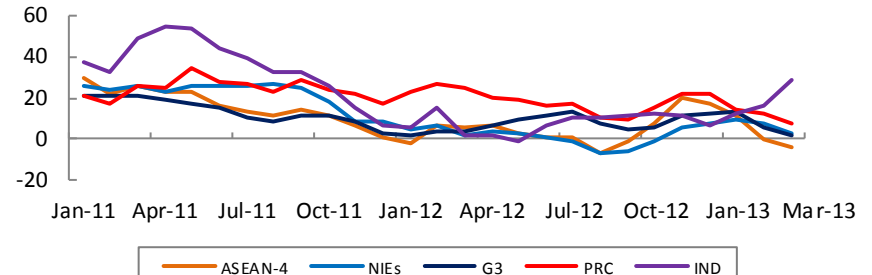
Export growth in most Asian economies remained stable, but are showing signs of a slight slowdown. Import growth rose in several economies. In India, imports from the PRC rose significantly, while those from ASEAN-4 and the G3 increased marginally. PRC imports are steadily rising.

**Total Exports<sup>1</sup> by Origin**  
(y-o-y, %)



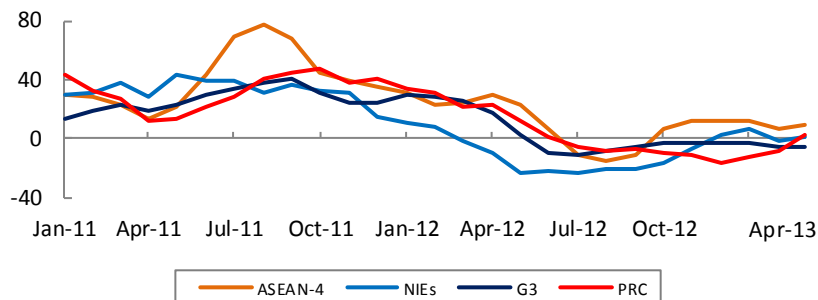
ASEAN-4 = Indonesia, Malaysia, Thailand, and the Philippines. PRC = People's Republic of China. IND = India. NIEs = Hong Kong, China; the Republic of Korea; Singapore; and Taipei,China. Data for ASEAN-4 until April 2013.  
<sup>1</sup>3-month moving average.  
 Source: ADB calculations using data from CEIC.

**Import Growth<sup>1</sup> by Origin—ASEAN-4**  
(y-o-y, %)



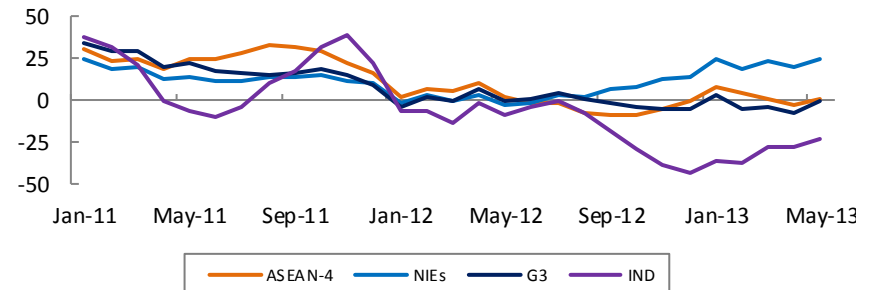
ASEAN-4 = Indonesia, Malaysia, Thailand, and the Philippines. PRC = People's Republic of China. G3 = EU, Japan, and US. IND = India. NIEs = Hong Kong, China; the Republic of Korea; Singapore; and Taipei,China.  
<sup>1</sup>3-month moving average.  
 Source: ADB calculations using data from CEIC.

**Import Growth<sup>1</sup> 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 = EU, Japan, and the US.  
<sup>1</sup>3-month moving average.  
 Source: ADB calculations using data from CEIC.

**Import Growth<sup>1</sup> 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.  
<sup>1</sup>3-month moving average.  
 Source: ADB calculations using data from CEIC.

## SPECIAL FEATURE: *Assessing the monetary policy stance in Asia*

Global expectations of an early US exit from quantitative easing—with the possibility that interest rates may rise before year-end—could affect monetary policy across the region. An assessment of the monetary stance around the region offers a hint at whether rates could rise in parallel.

Monetary policies in the region remained accommodative. Seven countries have cut policy rates this year on growth concerns: Azerbaijan, India, the Republic of Korea, Pakistan, Thailand, Sri Lanka, and Viet Nam. Other central banks have held rates steady since 2011/2012, due to general price stability. And Indonesia is the only country that raised rates this year amid rising inflation.

With the rate cuts, all policy rates in the region remain below the 2008/09 peak. The differential is particularly large for Azerbaijan; Viet Nam; Hong Kong, China; Kazakhstan; Pakistan; Sri Lanka; and Indonesia—ranging from 3.50 to 10.25 percentage points (ppt). For the Philippines and the Republic of Korea, the differential is moderate (2.50 ppt, 2.80 ppt); and modest for the remainder (below 1.75 ppt).

With the exception of the Philippines and Indonesia, output growth in the region has also remained below trend in 2013Q1. The output gap also shifted negative for Malaysia; Taipei,China; Thailand; and Viet Nam. The general price stability in the region combined with downside risks to second quarter growth suggests that there is further room for monetary easing in the short-run. In the medium-term, however, interest rates may move closer to their 2008/09 peaks following any rise in US Fed rates and as a precaution against buildup of asset bubbles.

### Policy Rate Movement—Asia

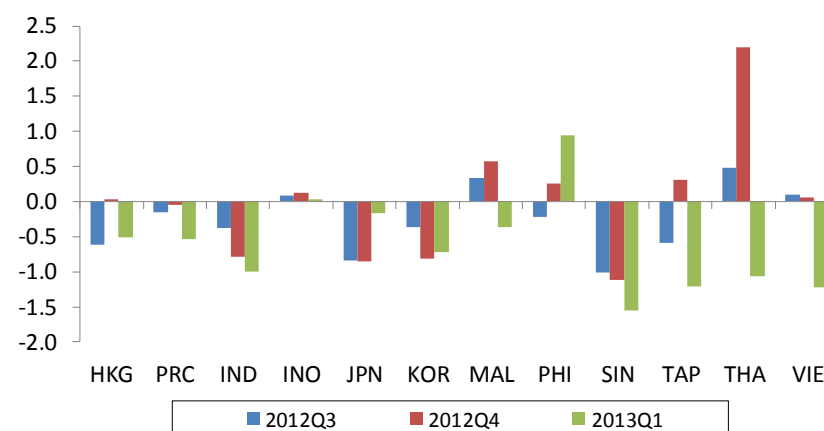
Economy	Current	Difference from 2008-09 peak	Direction of Last Change	Date of change
Azerbaijan	4.75	-10.25	●	11-Feb-2013
China, People's Rep. of	6.0	-1.50	●	06-Jul-2012
Hong Kong, China	0.5	-5.30	●	17-Dec-2008
India	7.25	-1.75	●	03-May-2013
Indonesia	6.0	-3.50	●	13-Jun-2013
Japan	0.1	-0.40	●	19-Dec-2008
Kazakhstan	5.5	-5.50	●	06-Aug-2012
Korea, Rep. of	2.5	-2.80	●	09-May-2013
Malaysia	3.0	-0.50	●	05-May-2011
Pakistan	9.0	-6.00	●	24-Jun-2013
Philippines	3.5	-2.50	●	25-Oct-2012
Sri Lanka	7.0	-3.50	●	10-May-2013
Taipei,China	1.875	-1.75	●	01-Jul-2011
Thailand	2.5	-1.30	●	29-May-2013
Viet Nam	7.0	-8.00	●	13-May-2013

Red = up, Green = down.

Note: Refinancing rate (Azerbaijan); one year lending rate (People's Republic of China); base rate (Hong Kong, China); repurchase (repo) rate (India); Bank Indonesia rate (Indonesia); target policy rate (Japan); repo rate (Kazakhstan); The Bank of Korea base rate (Republic of Korea); overnight policy rate (Malaysia); discount rate (Pakistan); reverse repo rate (Philippines); central bank repo (Sri Lanka); discount rate (Taipei,China); and one-day repo rate (Thailand); and refinancing rate (Viet Nam).

Source: ADB calculations using data from Datastream and Bloomberg.

### Output Deviation from Trend (%)



HKG = Hong Kong, China; PRC = People's Republic of China; IND = India; INO = Indonesia; JPN = Japan; KOR = Republic of Korea; MAL = Malaysia; PHI = Philippines; SIN = Singapore; TAP = Taipei,China; THA = Thailand; VIE = Viet Nam. Note: Output gap is computed as the percentage deviation of actual real gross domestic product (GDP) from trend. A positive value denotes that actual output is above its trend. Real GDP series ending 2013Q1 are extended to 2014Q4 using forecasts from Consensus Economics. Output gap is calculated using the Hodrick-Prescott filter with a smoothing parameter of 1600.

Source: ADB calculations using data from CEIC, Consensus Economics, and Oxford Economics for PRC data only.

## Assessment of Financial Vulnerabilities

	Inflation Rate (latest available)	Fiscal Balance/GDP (2012) <sup>1</sup>	Public Sector Debt/GDP <sup>2</sup> (2012) <sup>3</sup>	Loans/Deposits of Banks <sup>4</sup> (latest available)	Bank Lending Growth <sup>5</sup> (y-o-y, latest available)
Bangladesh	7.9 (May13)	-5.1	10.2	79.7 (Apr13)	15.8 (Apr13)
Brunei Darussalam	1.0 (Apr13)	23.6	–	51.0 (Apr13)	–
Cambodia	1.0 (Mar13)	-5.2	–	90.4 (Mar13)	–
China, People's Rep. of	2.1 (May13)	-1.6	22.0	76.0 (Apr13)	14.5 (May13)
Hong Kong, China	3.9 (May13)	3.2	4.4	59.0 (Mar13)	12.3 (May13)
India	9.3 (May13)	-6.9	40.5	78.7 (Dec12)	16.3 (Jan13)
Indonesia	5.5 (May13)	-1.8	23.5	93.5 (Mar13)	21.2 (Apr13)
Kazakhstan	6.4 (May13)	-3.0	12.2	–	–
Korea, Republic of	1.0 (Jun13)	-2.9	38.4	115.2 (Jan13)	3.2 (Apr13)
Lao PDR	5.8 (Mar13)	-7.9	53.4	71.1 (Dec10)	–
Malaysia	1.8 (May13)	-4.5	51.7	92.3 (Apr13)	9.3 (May13)
Myanmar	4.7 (Mar13)	-5.4	–	40.8 (Sep11)	–
Pakistan	5.1 (May13)	-8.5	55.8	56.1 (Apr13)	17.4 (Mar13)
Philippines	2.6 (May13)	-2.3	54.4	70.9 (Mar13)	13.1 (May13)
Singapore	1.6 (May13)	1.1	110.2	93.7 (Apr13)	16.7 (May13)
Sri Lanka	6.8 (Jun13)	-6.2	72.4	85.0 (Feb13)	19.6 (Jan13)
Taipei, China	0.7 (May13)	-1.6	34.0	63.1 (May13)	2.1 (May13)
Thailand	2.3 (May13)	-4.1	43.5	100.4 (Apr13)	14.6 (May13)
Viet Nam	6.7 (Jun13)	-6.9	48.4	97.1 (Nov12)	9.0 (Nov12)

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

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

<sup>1</sup>Latest International Monetary Fund Article IV Consultation projections of overall primary balance (excludes interest and investment income) for Brunei Darussalam and of overall balance (including grants and off-budget investment expenditures) for Lao People's Democratic Republic (Lao PDR). Data for Bangladesh; Hong Kong, China; India; Lao PDR; Pakistan; Singapore; Sri Lanka; Taipei, China; and Thailand are fiscal year.

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

<sup>3</sup>Data are projections for Indonesia and Lao PDR; estimates for Viet Nam. 2011 figures for Kazakhstan and Sri Lanka, 2010 for Pakistan.

<sup>4</sup>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.

<sup>5</sup>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.

Source: ADB calculations using data from CEIC; national sources; *Asian Development Outlook 2012*, 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 <sup>1</sup> (2012)	Short-Term External Debt/Reserves (3Q2012) <sup>2</sup>	Broad Money <sup>3</sup> / Foreign Reserves (latest available)	Foreign Reserves (number of months of imports) <sup>4</sup>	Foreign Liabilities/ Foreign Assets <sup>5</sup> (latest available)
Bangladesh	0.9 (2012)	20.9	42.6	5.3 (Apr13)	4.7 (Apr13)	86.3 (Apr13)
Brunei Darussalam	50.0 (2011)	10.6	56.9	3.3 (Apr13)	5.0 (Feb13)	1.7 (Apr13)
Cambodia	-7.1 (2011)	22.0	21.5	1.7 (Mar13)	3.7 (Feb13)	74.1 (Mar13)
China, People's Rep. of	-0.9 (1Q13)	7.5	12.5	4.8 (Mar13)	20.5 (Apr13)	44.4 (Apr13)
Hong Kong, China	-1.9 (1Q13)	233.4	68.0	3.9 (May13)	7.1 (May13)	73.1 (Mar13)
India	-3.6 (1Q13)	18.8	53.7	1.3 (Apr13)	6.1 (May13)	—
Indonesia	-3.5 (4Q12)	17.4	46.9	3.3 (Apr13)	6.2 (May13)	143.5 (Apr13)
Kazakhstan	9.0 (2Q12)	13.9	16.8	3.6 (Apr13)	5.2 (Apr13)	—
Korea, Republic of	3.5 (1Q13)	3.8	48.4	5.1 (May13)	7.8 (Jun13)	182.7 (Jan13)
Lao PDR	-15.9 (2011)	31.2	20.8	4.6 (Jun12)	1.6 (Jul12)	75.3 (Dec10)
Malaysia	3.7 (1Q13)	29.6	30.4	3.3 (May13)	7.7 (Apr13)	91.9 (Apr13)
Myanmar	-2.7 (2011)	3.1	3.7	—	7.9 (Dec12)	—
Pakistan	-2.0 (2012)	19.2	54.9	10.3 (Apr13)	1.9 (May13)	41.7 (Apr13)
Philippines	2.2 (1Q13)	34.5	21.0	1.7 (May13)	14.4 (Apr13)	114.2 (Apr13)
Singapore	15.6 (1Q13)	230.2	73.9	1.5 (May13)	8.2 (May13)	104.2 (Apr13)
Sri Lanka	-7.2 (4Q12)	32.4	46.4	3.6 (Mar13)	3.9 (Apr13)	328.5 (Feb13)
Taipei,China	9.2 (1Q13)	19.5	11.7	2.8 (May13)	18.5 (May13)	56.8 (Apr13)
Thailand	1.3 (1Q13)	17.6	15.8	3.0 (May13)	7.7 (May13)	151.6 (Apr13)
Viet Nam	5.1 (3Q12)	32.5	69.9	6.6 (Nov12)	2.4 (Dec12)	97.1 (Nov12)

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

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

<sup>1</sup>Data are estimates for Brunei Darussalam, Cambodia, Japan, Republic of Korea, Lao People's Democratic Republic, and Myanmar.

<sup>2</sup>Short-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.

<sup>3</sup>Data 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.

<sup>4</sup>Refers 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.

<sup>5</sup>Foreign 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 2012*, 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, %) <sup>1</sup>	2013Q1	1.6	0.4	-1.6	6.0	7.7	2.8	4.8	6.0	4.4	1.5	4.1	4.2	7.8	0.2	6.0	1.7	5.3	5.0
IPI Growth (y-o-y, %) <sup>2</sup>	May	1.6	-1.0	-0.7	5.7	9.2	-0.1	2.3	11.0	0.2	-1.4	4.8	9.3	10.3	2.1	-1.6	-0.1	-7.8	6.5
Retail Sales Growth (y-o-y, %) <sup>3</sup>	May	4.3	0.8	-0.8	—	12.9	20.7	—	9.7	12.8	-0.2	7.8	—	17.7	-0.5	—	5.3	8.5	12.3
Headline Inflation Rate (y-o-y, %) <sup>4</sup>	May	1.4	-0.3	1.4	7.9	2.1	3.9	9.3	5.5	6.4	1.0	1.8	5.1	2.6	1.6	6.8	0.7	2.3	6.7
Policy Rate (% per annum)	May	0.3	0.1	0.5	—	6.0	0.5	7.3	5.8	5.5	2.5	3.0	9.5	3.5	—	7.0	1.875	2.5	7.0 <sup>11</sup>
Stock Price Index Growth (% YTD) <sup>5</sup>	02Jan-28Jun	11.2	31.6	3.1	6.9	-12.8	-10.8	-4.5	10.9	-9.2	-8.3	5.9	27.4	10.3	-1.6	7.7	3.6	3.2	15.0
Export Growth (\$ value, y-o-y, %) <sup>6</sup>	May	0.6	-13.2	9.1	7.2	1.0	-1.0	-1.1	-4.5	-4.0	-0.9	-3.0	0.8	-11.1	2.8	-6.8	0.9	-5.2	15.3
Import Growth (\$ value, y-o-y, %) <sup>7</sup>	May	-2.2	-13.2	1.2	-2.1	-0.3	1.8	7.0	-2.2	20.5	-1.8	9.7	11.7	7.4	-3.4	5.7	-8.0	-2.1	21.7
Current Account (% of GDP) <sup>8</sup>	2013Q1	-2.8	1.3	1.3	0.9	2.5	-1.9	-3.6	-3.5	9.0	3.5	3.7	-2.2	2.2	15.6	-7.2	9.3	1.3	5.1
Capital and Financial Account (% of GDP) <sup>9</sup>	2013Q1	-1.9	-0.1	0.2	1.3	4.8	-2.5	6.5	5.2	1.8	-2.5	0.4	-0.6	2.3	-5.3	6.2	-9.8	4.5	4.9
International Reserves (\$ billion) <sup>10</sup>	May	133.0	1215.9	324.6	13.9	3461.6	305.6	267.2	101.6	22.5	323.3	139.6	7.6	73.3	258.2	5.9	406.6	168.4	23.6

— = data unavailable; US=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.

<sup>1</sup>GDP=gross domestic product. 2012Q4 for KAZ and SRI. Fiscal year 2012 (ended June 2012) for BAN and PAK. <sup>2</sup>Refers to Industrial/Manufacturing Production. EUZ and US data are seasonally adjusted. Refers to February 2013 for BAN; March 2013 for PAK, SRI, TAP; April 2013 for IND, INO, MAL, PHI, and EUZ; June 2013 for VIE; 2012Q3 for HKG. <sup>3</sup>Refers to March 2013 for THA; April 2013 for HKG, INO, PHI, SIN, and EUZ; June 2013 for VIE; 2012Q1 for MAL. <sup>4</sup>Refers to June 2013 for KOR, SRI, and VIE. <sup>5</sup>Refers 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. <sup>6</sup>\$ value of merchandise trade; euro value for EUZ. Refers to April 2013 for BAN, MAL, PHI, SRI, KAZ, US, and EUZ; Jun 2013 for KOR. <sup>7</sup>\$ value of merchandise trade; euro value for EUZ. Refers to June 2013 for KOR; April 2013 for BAN, MAL, PHI, SRI, KAZ, US and EUZ. <sup>8</sup>Refers to 2012Q4 for INO, SRI, and US; 2012Q3 for VIE; 2012Q2 for KAZ; fiscal year 2011 (ended June 2012) for BAN and PAK. <sup>9</sup>Refers to 2012Q4 for IND, INO, SRI, and US; 2012Q3 for VIE; 2012Q2 for KAZ; fiscal year 2011 (ended June 2012) for BAN and PAK. <sup>10</sup>Excludes gold. US, EUZ, and IND sourced from IFS. Refers to March 2013 for PRC and SRI; and November 2012 for VIE. <sup>11</sup>Refinancing rate.

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