



RCI INFORMATION PACK

NOVEMBER 2013 • ISSUE NO. 7

- ▲ **RCI NEWS AND EVENTS**
- ▲ **MONETARY, FINANCIAL, AND TRADE INDICATORS**
- ▲ **SPECIAL FEATURE: Asia's rising reliance on intraregional bank lending**

Office of Regional Economic Integration
Asia Regional Integration Center

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).

Download the RCI Information Pack at <http://www.aric.adb.org/publications/rci-infopack>

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, the Lao People's Democratic Republic, Malaysia, Myanmar, the Philippines, Singapore, Thailand, and Viet Nam; Azerbaijan; Bangladesh; the People's Republic of China; Hong Kong, China; India; Kazakhstan; the Republic of Korea; 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.

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AT A GLANCE

NOVEMBER 2013 • ISSUE NO. 7

RCI NEWS AND EVENTS¹

- APEC leaders seek a resilient Asia-Pacific as engine of global growth.
- ASEAN Leaders discuss progress toward ASEAN Community 2015 and reaffirm target commitments.
- Free trade agreements continue to grow rapidly in Asia and the Pacific—now total 261; with 113 legally effective.
- CAREC announces plan to develop key new routes linking Central Asia to the PRC and South Asia.
- APEC study says improved connectivity strengthens regional linkages; but gaps remain.
- Trade ministers meet to review progress toward finalizing TPP trade agreement by year-end.
- Southeast Asian central banks push for greater financial stability and integration.
- ADB report warns against the threats of climate change in East Asia.

MONETARY, FINANCIAL, AND TRADE INDICATORS¹

- Signs of global recovery—global equity indexes up, gold and oil prices down.
- Asian equities continue to rally.
- Growth in remittances to Bangladesh continues to decline.
- Asian currencies rebound against the US dollar.
- Inflation remained stable across the region—except in Indonesia and Pakistan.
- India, Indonesia, and Sri Lanka raise key policy rates; others unchanged.
- Bank lending remained stable across developing Asia; Kazakhstan growth continues.
- Asia's supply-chains show signs of growth.
- Recovery in advanced economies continues to push export growth.
- US growth was likely affected by the partial government shutdown; the eurozone continues its gradual recovery; while Japan is recovering moderately.
- Rising export orders and an upturn in purchasing managers' indexes create optimism for Asia's economic growth.

SPECIAL FEATURE: Asia's rising reliance on intraregional bank lending

- Asia's rising reliance on intraregional bank lending—in particular from Japanese and Australian banks—is both an emerging source of economic growth as well as potential financial volatility.
- In 2012, Japanese banks' exposure to Asia was more than double that in 1997; while the size of Australian bank lending to the region rose steeply in 2009 and 2010 and appears to be continuing its rising trend.
- The hard-learned lesson from the global financial crisis is that the behavior of bank credit flows is procyclical and more volatile than portfolio investment flows. Asia's policymakers should further financial coordination and cooperation—to promote financial stability as much as boost regional economic and financial integration.

¹Covers October news and data.

RCI NEWS AND EVENTS

NOVEMBER 2013 • ISSUE NO. 7

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

APEC Economic Leaders' Week stresses free trade.

Under the theme of a "Resilient Asia-Pacific, Engine of Global Growth," 21 leaders and ministers of Pacific-Rim economies met 1–8 October in Bali, Indonesia for the [Asia Pacific Economic Cooperation \(APEC\) Economic Leaders' Week](#). The joint [declaration](#) highlighted four agenda: (i) support for the multilateral trading system and the 1994 Bogor goals, (ii) promote connectivity, (iii) achieve sustainable growth with equity, and (iv) strengthen APEC. The [4th APEC Business Advisory Council Meeting \(ABAC\)](#) held 2–5 October called on APEC leaders "to have a more ambitious agenda on trade, investment, and services liberalization targets." ABAC stressed its belief that the ultimate expression of regional connectivity remains creating a Free Trade Area of the Asia-Pacific. Current negotiations to create a Trans Pacific Partnership (TPP), a Regional Comprehensive Economic Partnership (RCEP), and an Pacific Alliance (a regional free trade agreement (FTA)) in Latin America are driving this process forward.

Leaders reaffirm ASEAN Community targets at the 23rd ASEAN Summit. Progress toward establishing an [ASEAN Community](#) by 2015 dominated discussions at the [23rd ASEAN Summit](#) held 9 October in Brunei Darussalam. At a post-summit briefing 16 October in Jakarta, Deputy Secretary-General Nyan Lynn said that "the leaders [reaffirmed](#) their commitment to intensify efforts toward realizing the ASEAN Community 2015."

Asian FTAs now total 261, with 113 legally effective. The number of FTAs continues to grow rapidly in Asia and the Pacific. From 55 FTAs in 2000, there are 261 in different stages of development as of July 2013, according to the [Asia Regional Integration Center's \(ARIC\) FTA database](#). Of these, 113 are in effect, while the others are either proposed, under negotiation, or signed.

WTO seeks APEC help for Bali package. On 4 October, the World Trade Organization (WTO) [asked APEC ministers to help](#) build consensus for the 3–6 December

[9th Ministerial Conference](#), to be held in Bali. The multilateral agency cited APEC's track record on trade facilitation as one area where it can give important support. The WTO also welcomed [pledges by the World Bank, International Monetary Fund \(IMF\), and four regional development banks](#)—including the Asian Development Bank (ADB)—in supporting discussions on streamlining trade. On 13 October, the heads of these seven institutions [reiterated their collective commitment to support trade facilitation](#). Meanwhile, the [WTO released latest trade and tariff data](#) 24 October, including a comprehensive review of developments in 2012.

CROSS-BORDER INFRASTRUCTURE

CAREC Senior Officials' Meeting announces plan to develop key new routes. Senior officials of the Central Asia Regional Economic Cooperation (CAREC) program [met](#) 23 October in Astana, Kazakhstan to discuss refinements in transport, trade facilitation, and trade policy strategies; along with updates on energy cooperation. At the CAREC 12th Ministerial Conference held 24 October, ministers [endorsed](#) a plan to develop key new road and rail routes linking Central Asia to the People's Republic of China (PRC) and South Asia by 2020. The plan includes projects in priority corridors for road, rail, logistics, and border facilities—a \$38.8 billion investment over the next 7 years. ADB President Nakao gave the [keynote address](#).

ASEAN-[Republic of] Korea Centre organizes 2013 ASEAN Connectivity Forum. On 21–22 October in Seoul, Republic of Korea, the [ASEAN-Korea Centre](#) [hosted](#) the 2013 ASEAN Connectivity Forum to discuss ways to enhance [ASEAN Connectivity](#)—and how the Republic of Korea can contribute to ASEAN's infrastructure development. The forum focused on physical connectivity—infrastructure financing, construction, and operations. Strengthening ASEAN connectivity is important both for ASEAN and its Dialogue Partners, which includes the Republic of Korea.

APEC study says improved connectivity strengthens regional linkages; but gaps remain. A comprehensive study reviewing the current state of connectivity in APEC—and its key challenges—was [presented](#) to APEC Senior Officials 2 October by the APEC Policy Support Unit. The study—[Improving Connectivity in the Asia Pacific Region](#)—analyzes institutional, physical, and people-to-people connectivity in the region. It also maps out other regional initiatives and identifies gaps and opportunities for APEC moving forward. On institutional connectivity, for example, APEC has made progress in trade facilitation and behind-the-border issues—although critical gaps remain. The study also cites challenges and opportunities in promoting structural reform, customs, multi-modal connectivity, public-private partnerships for infrastructure, and visa facilitation.

TRADE AND INVESTMENT

TPP progress reviewed; members aim to close deal by end-2013. Trade ministers [met](#) alongside the APEC Ministerial Meeting 8 October to review progress on the TPP. The meeting moved discussions forward on comprehensive market access, regional agreements, cross-cutting trade issues, new trade issues, and engagement of additional Asia-Pacific countries in the TPP. Outstanding issues remain, for example, on market access and intellectual property, although negotiators hope to seal a deal by the end of the year.

PRC seeks deeper cooperation with ASEAN, India. The PRC reaffirmed its commitment to deepen ties with ASEAN—particularly trade and investment. On 9 October, the [16th ASEAN-PRC Summit](#) underscored the value of the ASEAN-PRC Free Trade Area and the need for discussions to upgrade the agreement. Among other targets, the PRC and ASEAN want to reach \$500 billion in bilateral trade by 2015 and \$1 trillion by 2020. Bilateral investment flows should reach \$150 billion over the next 8 years. The PRC and India also discussed trade during the [official visit](#) of India's Prime Minister Manmohan Singh 22–24 October. The leaders discussed prospects of a bilateral trade agreement; the state of RCEP negotiations; and the Bangladesh, PRC, India, and Myanmar Economic Corridor, among others.

EU, Japan hold third round of FTA negotiations. The European Union (EU) and Japan held [negotiations](#) 21–25 October in Brussels, Belgium. Working group negotiations covered goods trade, technical barriers to

trade and non-tariff measures, rules of origin, customs and trade facilitation, sanitary and phytosanitary measures, and service trade, among others. Negotiations focused on EU concerns over non-tariff barriers and the further opening of Japan's public procurement. The fourth round of negotiations are planned for early 2014.

India and Indonesia discuss WTO negotiations. The trade ministers of India and Indonesia [met](#) 11 October in Bali on the prospects of an “Early Harvest” WTO agreement on trade facilitation. The ministers said a partial agreement at this stage would give a boost to the multilateral trading system. They also discussed fulfilling food security commitments.

MONEY AND FINANCE

Southeast Asian central banks push for greater financial stability and integration. At the [South-East Asian Central Banks \(SEACEN\) 30th Anniversary Conference](#) held 20 October in Kuala Lumpur, Malaysia, governors and deputy governors discussed macro-financial linkages—greater cross-border financial integration, supervisory policy challenges, financial integration, and the new global financial architecture. The SEACEN Research and Training Centre launched a new semiannual publication—the [SEACEN Financial Stability Journal](#)—part of SEACEN's strategic initiative to manage financial stability. The journal will be a knowledge-sharing platform to promote new thinking and collaboration on financial stability issues; to share and strengthen practical implementation of ways to promote financial stability and systemic risk management among SEACEN members.

Swap arrangements continue to expand. The [People's Bank of China \(PBC\)](#) and the [Central Bank of Iceland](#) renewed a CNY3.5 billion/ISK66 billion swap agreement in September for another 3 years. Similarly, the [PBC and Bank Indonesia](#) renewed a CNY100 billion/IDR175 trillion swap agreement 1 October for another 3 years. A landmark 3-year CNY350 billion/EUR45 billion swap agreement was also signed between the [PBC and the European Central Bank](#) 9 October. The agreement provides liquidity support to expand the renminbi market in the eurozone, promote renminbi use outside the PRC, and facilitate bilateral trade and investment. On 12 October, the [Bank of Korea \(BOK\)](#) and [Bank Indonesia](#) signed a KRW10.7 trillion/IDR115 trillion/USD10 billion 3-year swap agreement. A 3-year KRW5.8 trillion/AED20 billion swap agreement was signed 13 October between

the [BOK and the Central Bank of the United Arab Emirates](#). And a KRW5 trillion/MYR15 billion 3-year swap agreement was signed 20 October between the [BOK and Bank Negara Malaysia](#). Currency swaps offer additional liquidity when needed and reduce exposure to exchange rate fluctuations that affect trade. They also diversify reliance on the US dollar in conducting bilateral trade.

The PRC moves to expand international renminbi use.

On 15 October, a groundbreaking deal capped the [5th United Kingdom-PRC Economic Financial Dialogue](#) with an agreement to establish London as a global offshore hub for renminbi trading and direct renminbi investment into the PRC. Under the PRC's Renminbi Qualified Foreign Institutional Investor (RQFII) program, London was given an initial quota of CNY80 billion. On 22 October, the [10th Joint Council for Bilateral Cooperation \(JCBC\) between the PRC and Singapore](#) extended the RQFII program to Singapore with an aggregate quota of CNY50 billion, with both agreeing to establish direct currency trading. On 24 October, a Memorandum of Understanding (MOU) was signed between the [PBC and the US Federal Deposit Insurance Corporation](#) to expand mutual cooperation—which began in 2007—in financial services, depositor protection, cross-border resolution of financial institutions, crisis management, and international financial stability policy deliberations.

Integrated ASEAN capital market advances. [Malaysia, Thailand, and Singapore](#) signed an MOU 1 October to establish an ASEAN collective investment scheme (CIS) framework that will allow retail investors access to these three markets. The CIS is expected to be implemented the first half of 2014.

REGIONAL PUBLIC GOODS

ADB report warns against the threats of climate change in East Asia. The ADB report, '[Economics of Climate Change in East Asia](#)', says East Asia's estimated \$864 billion in assets are at risk due to rising sea levels, more severe storms and intense droughts caused by climate change. The most vulnerable sectors are infrastructure, coastal protection, and agriculture. The estimated aggregate annual cost to protect these sectors is below 0.3% of East Asia's annual GDP between 2010 and 2050. The report, written by experts from Asia, North America, and Europe—using the best databanks and models on climate change available—examines how the

PRC, Japan, Republic of Korea, and Mongolia can respond to climate change challenges through a combination of adaptation and mitigation measures.

Asia-Pacific alliance aims to fight malaria. Targeting a 75% reduction in [malaria](#) cases and deaths by 2015, the [Asia Pacific Leaders Malaria Alliance \(APLMA\)](#) was created during the East Asia Summit 9–10 October with the endorsement of 18 Asia-Pacific leaders. ADB will serve as APLMA's secretariat. Two groups were established—the Regional Financing Taskforce and Improving Access to Quality Medicines and Other Technologies Taskforce—to develop sustainable funding mechanisms until malaria transfer is eradicated, to increase regional production of and access to quality medicines, and to reduce availability and use of low-quality anti-malaria medicines.

ADB funds energy efficiency projects in Southeast Asia.

ADB granted a \$20 million [multicurrency loan](#) to Cofely Southeast Asia to invest in energy efficiency projects in the region. The loan allows Cofely to build, upgrade, and expand energy efficiency infrastructure across the region. Cofely will use a business model proven effective in the US, Europe, and several other markets. Once proven effective in Southeast Asia, business establishments like hospitals, hotels, shopping malls, and many others are expected to adopt more cost-effective and energy-saving solutions. In addition to the loan, ADB approved \$600,000 in technical assistance to advance awareness on energy efficiency—by gathering senior business owners and leaders from Southeast Asia to discuss the role of energy efficiency in improving business and sustaining economic growth. ADB will hold workshops for senior executives on energy efficiency services in Kuala Lumpur, Manila, Bangkok, and Phnom Penh within 2 months.

NOVEMBER-DECEMBER 2013 EVENTS

- 4–8 November: [2nd Meeting of Forum of Asian Ministers of Transport, Second Meeting](#) (Bangkok, Thailand)
- 5 November: [Clean Fuels and Vehicles Forum in the ASEAN Region](#) (Singapore)
- 7–8 November: [G20 Financial Stability Board Plenary Meeting](#) (Moscow, Russia)
- 11–13 November: [APEC Climate Symposium 2013](#) (Jakarta, Indonesia)
- 11–15 November: [Secretariat of the Pacific Community 43rd Meeting of the Committee of Representatives of Governments and Administrations](#) (Suva, Fiji)
- 11–15 November: [ASEAN 13th Telecommunications and IT Ministers Meeting, 14th Telecommunications Senior Officials Meeting and Dialogue Partners' Meetings](#) (Singapore)
- 11–22 November: [19th Conference of the Parties to the UN Framework Convention on Climate Change](#) (Warsaw, Poland)
- 14–15 November: [2nd Meeting of the Greater Mekong Subregion \(GMS\) Urban Development Task Force](#) (Yunnan Province, PRC)
- 18–19 November 2013: [Global Trade Facilitation Conference 2013](#) (Bangkok, Thailand)
- 18–19 November 2013: [Aid for Trade Regional Expert Dialogue](#) (Bangkok, Thailand)
- 18–22 November 2013: [Asia-Pacific Trade and Investment Week](#) (Bangkok, Thailand)
- 18–22 November: [The 11th International Congress on AIDS in Asia and the Pacific](#) (Bangkok, Thailand)
- 19 November 2013: [3rd Meeting of the Asia-Pacific Foreign Direct Investment \(FDI\) Network for Least Developed and Landlocked Developing Countries](#) (Bangkok, Thailand)
- 19–23 November: [2nd Peer Review on Low-Carbon Energies - Feed-in Tariff \(FIT\) System for Renewable Energy](#) (Philippines)
- 20–22 November 2013: [3rd Session of UNESCAP Committee on Trade and Investment](#) (Bangkok, Thailand)
- 20–22 November 2013: [UNESCAP Training on Evidence-based Policymaking in Trade and Investment](#) (Bangkok, Thailand)
- 21–22 November: [6th OECD Meeting of the Global Forum on Transparency and Exchange of Information for Tax Purposes](#) (Jakarta, Indonesia)
- 26 November: [Steering Committee on Facilitation of Road Transport of Goods in the BSEC region](#) (Istanbul, Turkey)
- 3–4 December: [Federation of Euro-Asian Stock Exchanges General Assembly](#) (Muscat, Oman)
- 3–6 December 2013: [9th WTO Ministerial Conference](#) (Bali, Indonesia)
- 14–15 December 2013: [ASEAN-Japan Commemorative Summit for the 40th anniversary of the establishment of ASEAN-Japan relations](#) (Japan)

MONETARY, FINANCIAL, AND TRADE INDICATORS

GLOBAL MARKETS

- Equity Indexes—eurozone, Japan, and the United States
- Equity Indexes—Emerging Markets
- Commodity Price Indexes
- 10-yr Government Bond Yields—eurozone, Japan, and the United States

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
- Inward Remittances—Georgia and Kyrgyz Republic

MONETARY INDICATORS

Exchange Rate Indexes

- ASEAN-4 plus Viet Nam
- Central Asia
- 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

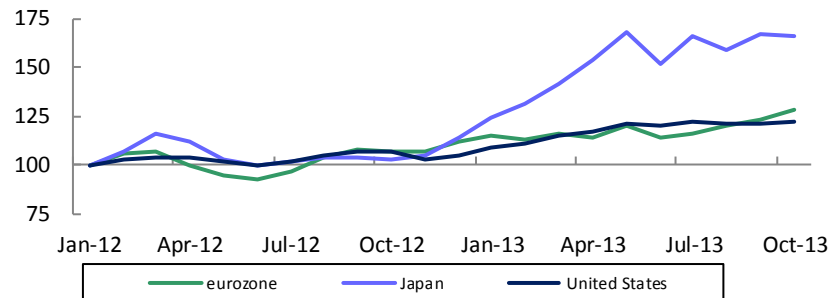
- ASEAN-4 plus Viet Nam
- Central Asia
- NIEs and People’s Republic of China
- South Asia

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GLOBAL MARKETS

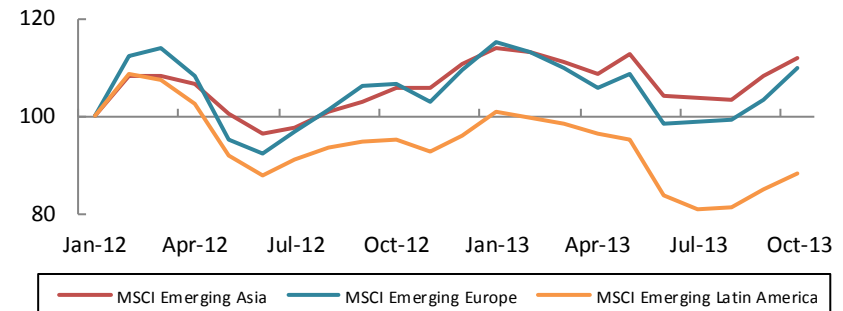
Signs of global recovery—global equity indexes up, gold and oil prices down. Stock markets rose with bond yields down as the G3 economies continued their fragile economic recovery. Emerging markets gained as the US Fed maintained its \$85 billion QE and Japan continued its massive stimulus program. Gold prices fell on improving global economic data, while oil prices fell on easing Middle East tensions—with some upward pressure from expectations of possibly stronger PRC growth.

Equity Indexes¹—G3
(Jan 2012 = 100)



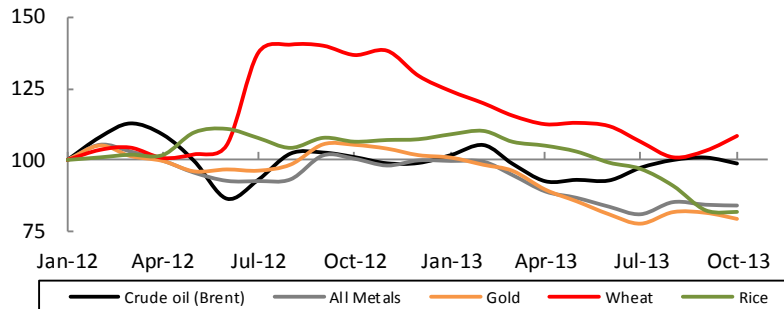
¹Monthly average equity indexes refer to Morgan Stanley Capital International (MSCI), European Monetary Union (EMU) Index for eurozone, Nikkei 225 Index for Japan, and Dow Jones Industrial Average Index for the United States. Data up to 30 October 2013.
Source: ADB calculations using data from Datastream.

Equity Indexes¹—Emerging Markets
(Jan 2012 = 100)



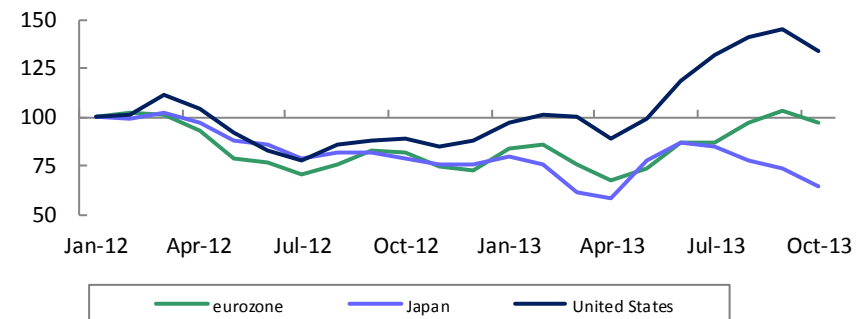
¹Monthly average of Morgan Stanley Capital International (MSCI) Emerging Market Indexes. Data up to 30 October 2013.
Source: ADB calculations using data from Datastream.

Commodity Price Indexes
(Jan 2012 = 100)



Note: Data up to 30 October 2013.
Source: ADB calculations using data from Bloomberg.

10-yr Government Bond Yields—G3
(Jan 2012 = 100)



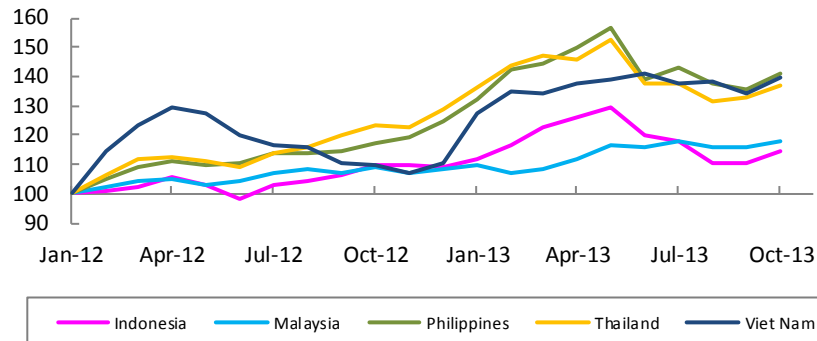
Note: Data up to 30 October 2013.
Source: ADB calculations using data from Bloomberg.

EQUITY INDEXES

Asian equities continue to rally. The likely postponement of the US Fed's QE tapering and avoidance of a possible US debt default lifted markets across Asia; except in Bangladesh where equities continue to suffer from domestic political uncertainty. The gradual decline of Kazakhstan's equity index is partly due to the government's planned unification of pension funds under state ownership in 2014—which lowered demand for pension fund instruments while giving muscle to central bank's open market operations.

Equity Indexes¹—ASEAN-4 plus Viet Nam

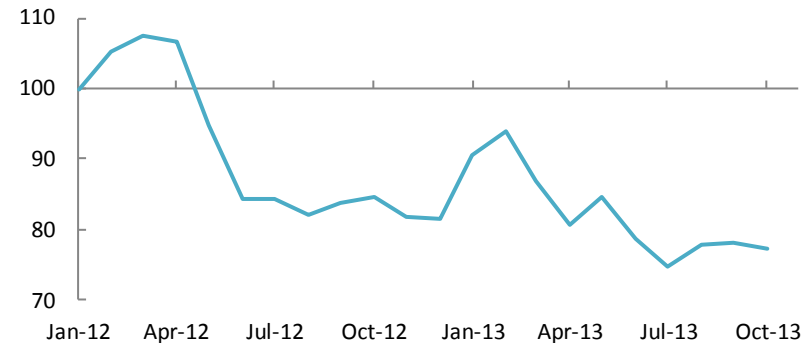
(Jan 2012 = 100)



¹Monthly average, data up to 30 October 2013.
Source: ADB calculations using data from Bloomberg.

Equity Index¹—Kazakhstan

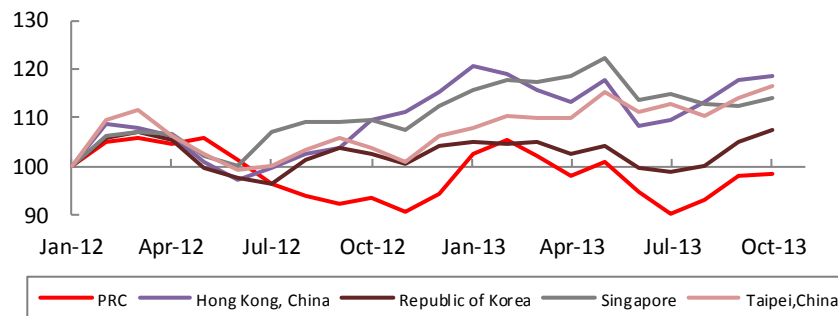
(Jan 2012 = 100)



¹Monthly average, data up to 30 October 2013.
Source: ADB calculations using data from Bloomberg.

Equity Indexes¹—NIEs and People's Republic of China

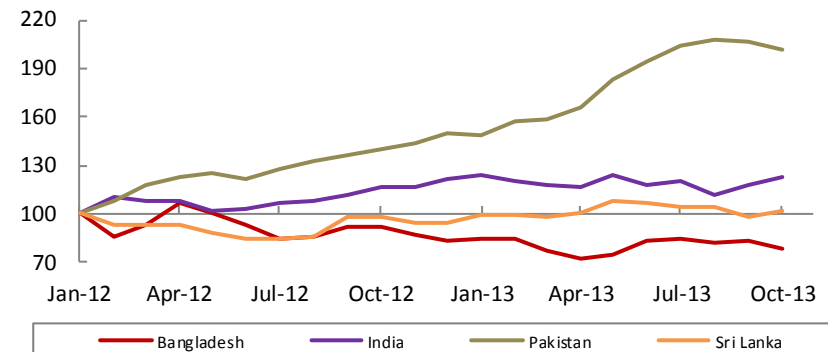
(Jan 2012 = 100)



PRC= People's Republic of China, NIE = newly-industrialized economy.
¹Monthly average, data up to 30 October 2013. For the 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 2012 = 100)

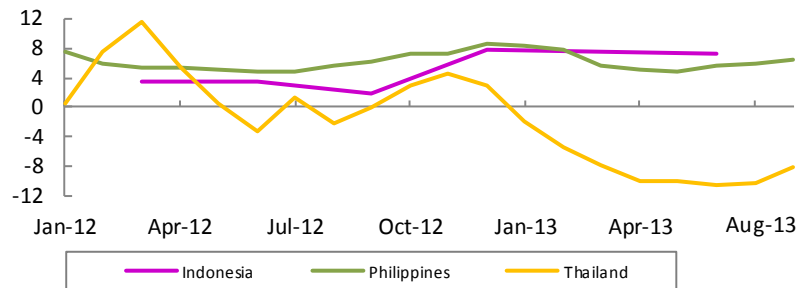


¹Monthly average, data up to 30 October 2013.
Source: ADB calculations using data from Bloomberg.

REMITTANCES

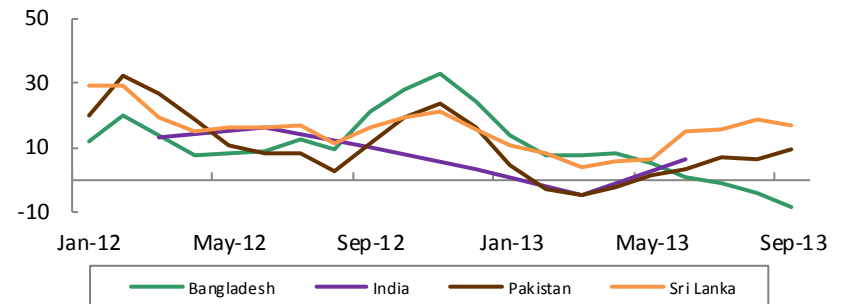
Growth in remittances to Bangladesh continues to decline. Remittances to Bangladesh fell further due to a strong local currency and a large drop in overseas workers from Saudi Arabia’s crackdown on illegal workers—the Nitaqat Saudization program. Meanwhile, remittances to the Philippines continue to rise from the Middle East because of its more diversified labor base.

Inward Remittances—Southeast Asia
(y-o-y, %)



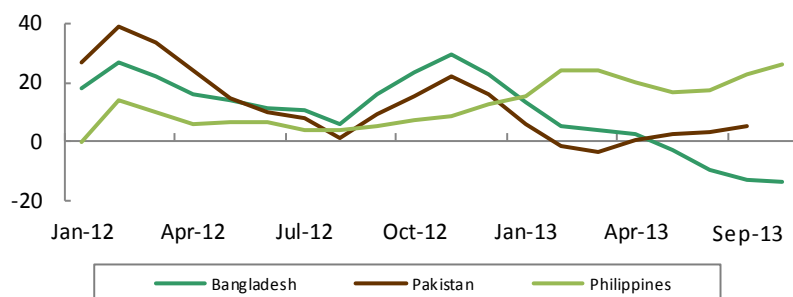
Notes: Quarterly data for Indonesia. Monthly data for the Philippines and Thailand, based on 3-month moving average. Data until June 2013 for Indonesia.
Source: ADB calculations using data from CEIC and Haver Analytics.

Inward Remittances—South Asia
(y-o-y, %)



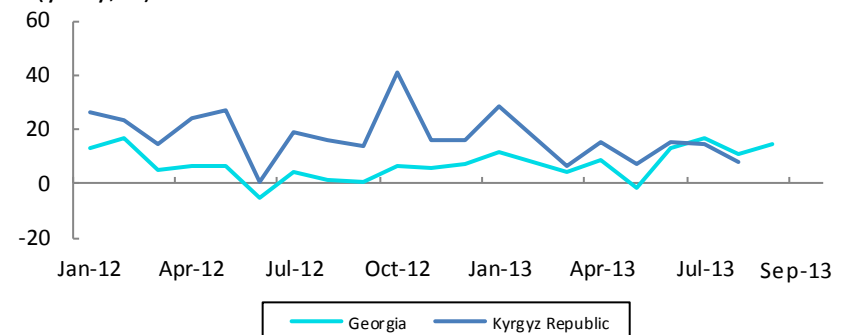
Notes: Based on 3-month moving average except for India. Quarterly data for India. Data for India until June 2013.
Source: ADB calculations using data from CEIC and Haver Analytics.

Inward Remittances from Middle East—Bangladesh, Pakistan, and 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 August 2013.
Source: ADB calculations using data from CEIC.

Inward Remittances—Georgia and Kyrgyz Republic
(y-o-y, %)



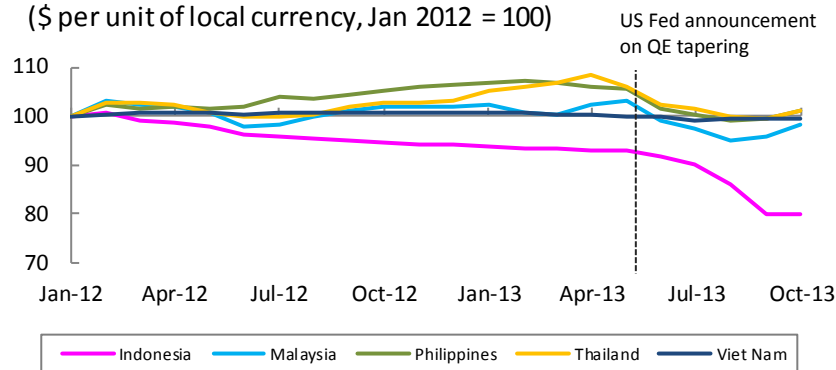
Note: Based on quarterly data. Data for Kyrgyz Republic up to August 2013.
Source: ADB calculations using data from CEIC.

EXCHANGE RATES

Asian currencies rebound against the US dollar. With the US government avoiding default and the postponement of QE tapering, Asian currencies gained against the US dollar in October. The Korean won led the pack, while rate hikes and fiscal austerity measures in India and Indonesia—which have large underlying imbalances—also helped avert a potential balance of payments crisis. The renminbi appreciated—partly an effect of credit-driven investments.

Exchange Rate Indexes—ASEAN-4 plus Viet Nam

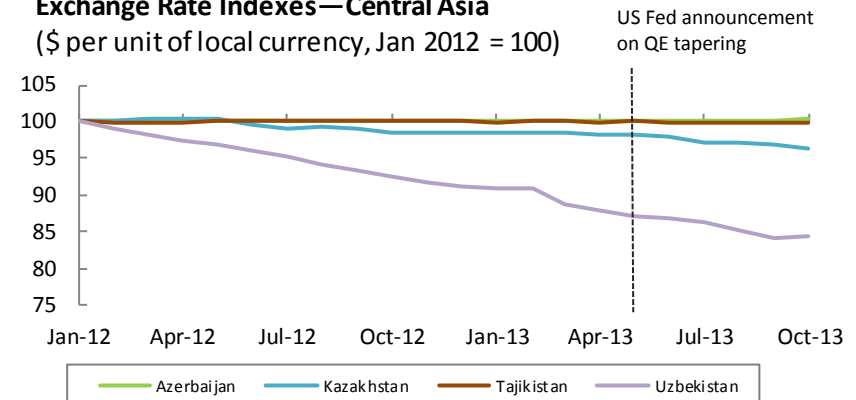
(\$ per unit of local currency, Jan 2012 = 100)



Note: An increase means appreciation. A decrease means depreciation. Data up to 30 October 2013.
Source: ADB calculations using data from Datastream.

Exchange Rate Indexes—Central Asia

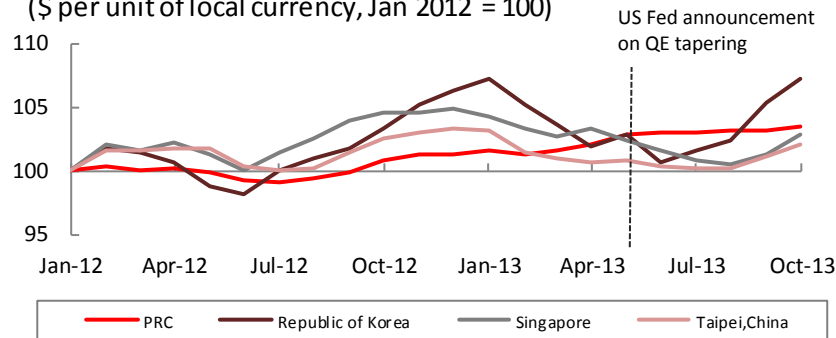
(\$ per unit of local currency, Jan 2012 = 100)



Note: An increase means appreciation. A decrease means depreciation. Data up to 30 October 2013.
Source: ADB calculations using data from Datastream.

Exchange Rate Indexes—NIEs and People's Republic of China

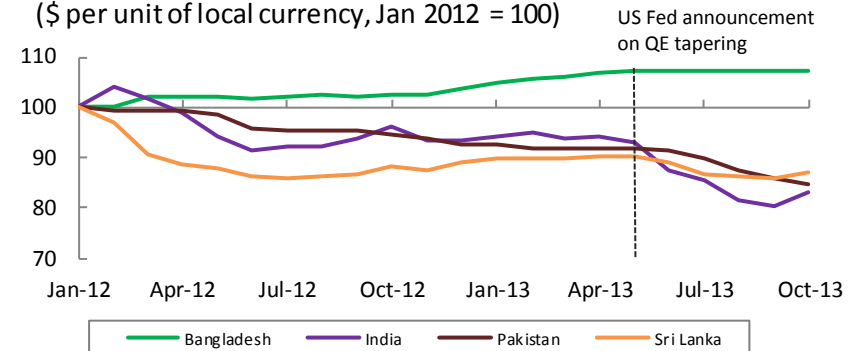
(\$ per unit of local currency, Jan 2012 = 100)



PRC = People's Republic of China, NIE = newly industrialized economy.
Note: An increase means appreciation. A decrease means depreciation. Data up to 30 October 2013.
Source: ADB calculations using data from Datastream.

Exchange Rate Indexes—South Asia

(\$ per unit of local currency, Jan 2012 = 100)

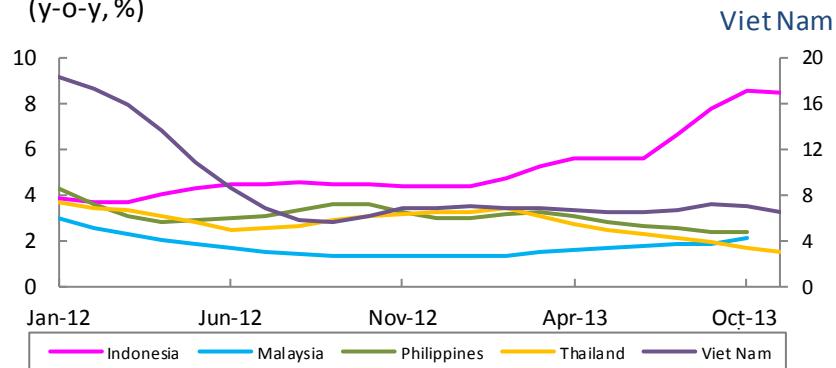


Note: An increase means appreciation. A decrease means depreciation. Data up to 30 October 2013.
Source: ADB calculations using data from Datastream.

INFLATION

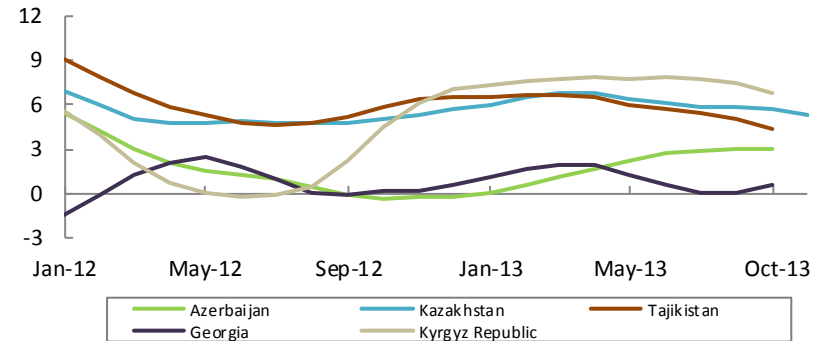
Inflation remained stable across the region—except in Indonesia and Pakistan. Pakistan's growing inflation was largely driven by rising food prices; while Indonesia's inflation—mainly due to a planned cut in government fuel subsidies—has started to stabilize as prices for food and clothing eased in October. Private housing rentals is on the uptrend in Hong Kong, China, adding upward pressure on inflation.

Headline Inflation¹—ASEAN-4 plus Viet Nam
(y-o-y, %)



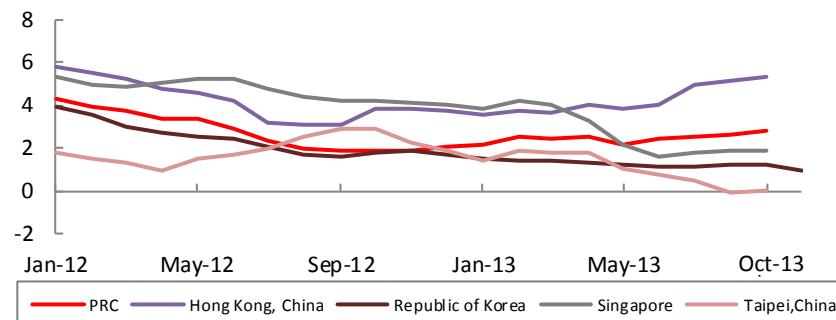
RHS = right-hand side
¹3-month moving average. Data as of September 2013 for Malaysia and the Philippines.
 Source: ADB calculations using data from CEIC.

Headline Inflation¹—Central Asia
(y-o-y, %)



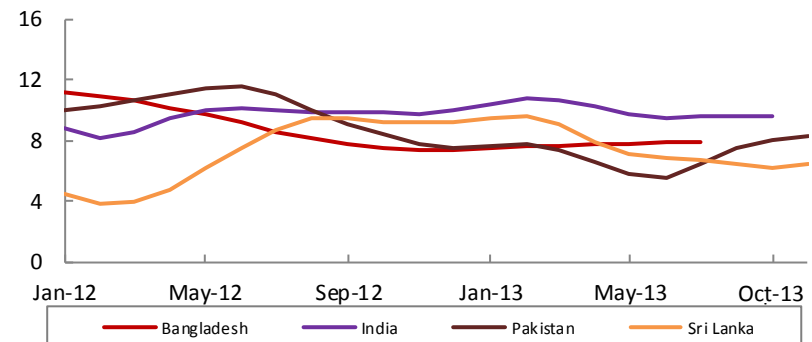
¹3-month moving average. Data as of September 2013 for Azerbaijan, Georgia, Kyrgyz Republic, and Tajikistan.
 Source: ADB calculations using data from CEIC.

Headline Inflation¹—NIEs and People's Republic of China
(y-o-y, %)



NIE = newly-industrialized economy. Data as of September 2013 for the PRC; Hong Kong, China; Singapore; and Taipei, China.
¹3-month moving average.
 Source: ADB calculations using data from CEIC.

Headline Inflation¹—South Asia
(y-o-y, %)

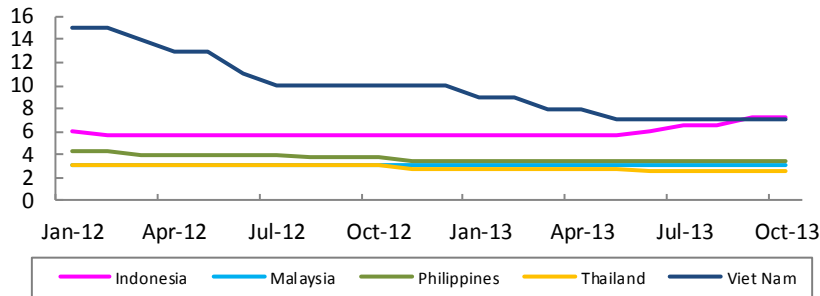


¹3-month moving average. Data as of July 2013 for Bangladesh and September 2013 for India.
 Source: ADB calculations using data from CEIC.

POLICY RATES

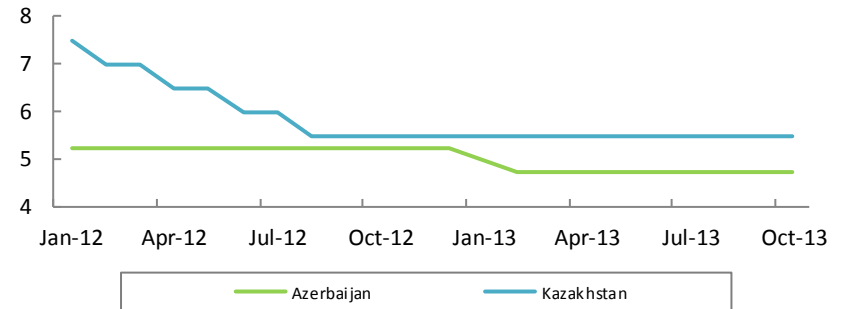
India, Indonesia, and Sri Lanka raise key policy rates; others unchanged. Inflation expectations remained well anchored across much of the region, leading most central banks to maintain policy rates. India raised its key policy rates to 7.75% (up 25bp) as inflation continued to rise. As the rupiah stabilized, Indonesia left policy rates unchanged at 7.25% after a cumulative 150bp hike since the US Fed's May announcement of the possibility of QE tapering. In contrast, Sri Lanka unexpectedly cut policy rates from 7.0% to 6.5% to encourage bank lending and maintain growth momentum.

Policy Rates¹—ASEAN-4 plus Viet Nam
(% per annum)



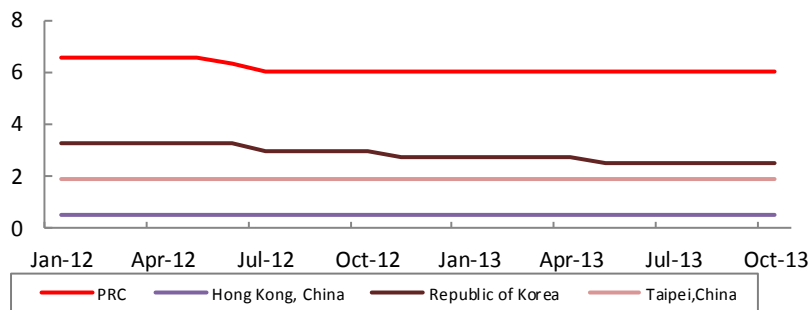
¹Bank Indonesia rate (Indonesia); overnight policy rate (Malaysia); reverse repurchase (repo) rate (Philippines); one-day repo rate (Thailand); and refinancing rate (Viet Nam). Data as of 30 October 2013. Source: Datastream.

Policy Rates¹—Central Asia
(% per annum)



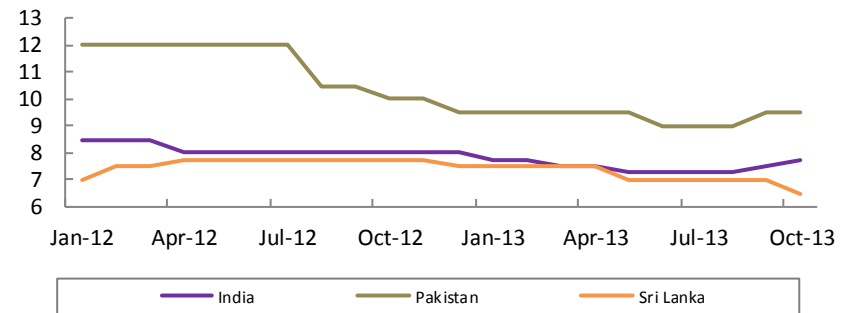
¹Refinancing rate (Azerbaijan); repurchase (repo) rate (Kazakhstan). Data as of 30 October 2013. Source: Datastream.

Policy Rates¹—NIEs and People's Republic of China
(% per annum)



PRC = People's Republic of China, NIE = newly-industrialized economy.
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 30 October 2013. Source: Datastream.

Policy Rates¹—South Asia
(% per annum)

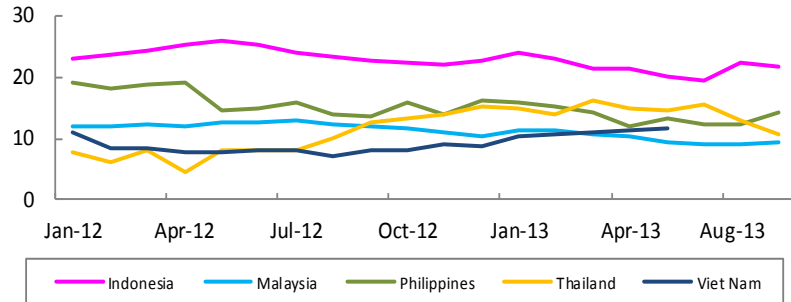


¹Repurchase (repo) rate (India); discount rate (Pakistan); and Sri Lanka Central Bank repurchase rate (Sri Lanka). Data as of 30 October 2013. Source: Datastream.

BANK LENDING

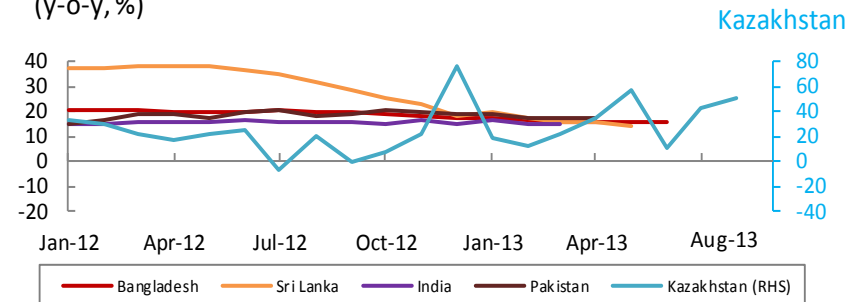
Bank lending remained stable across developing Asia; Kazakhstan's growth continue. Bank lending remained healthy in most of developing Asia. However, Thailand's bank lending continues to decline as economic growth slows. Kazakhstan's bank lending continues to expand after the central bank instituted reforms and prudent measures to reduce toxic assets.

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 Viet Nam until May 2013.
Source: ADB calculations using data from CEIC.

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

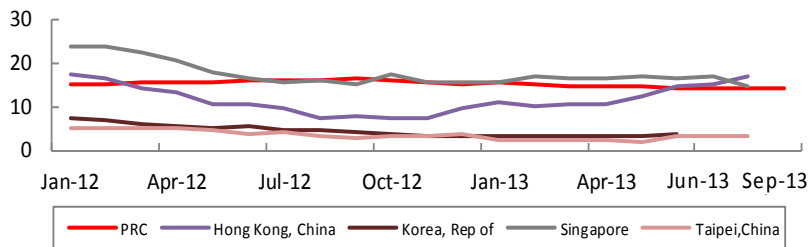


RHS = right-hand scale.

¹Data refer to credit of deposit money banks (Bangladesh), commercial bank loans (Sri Lanka), domestic credit (India and Pakistan), and loans of other depository corporations (Kazakhstan). Data for India up to March 2013; Pakistan up to April 2013; Sri Lanka up to May 2013.

Source: ADB calculations using data from CEIC for Bangladesh, and Sri Lanka; ADB calculations using data from Haver for India and Pakistan.

Bank Lending Growth¹—NIEs and People's Republic of China
(y-o-y, %)

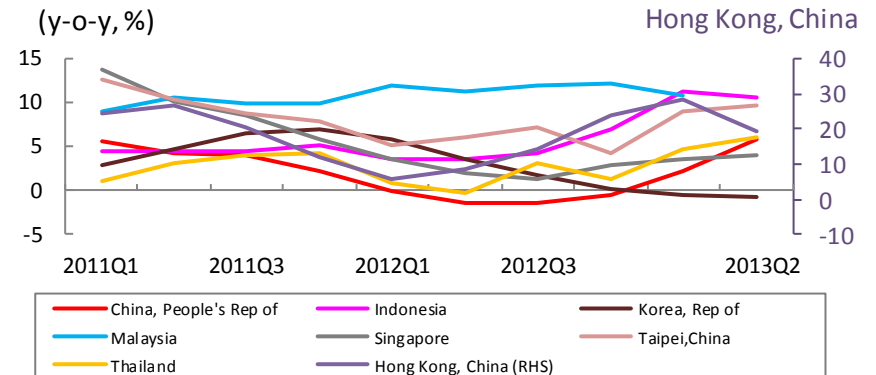


PRC = People's Republic of China, NIE = newly-industrialized economy, RHS = right-hand-scale.

¹Data 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 June 2013. Data for Hong Kong, China; Singapore; and Taipei, China until August 2013.

Source: ADB calculations using data from CEIC and Bank of Korea.

House Price Growth—East and Southeast Asia
(y-o-y, %)

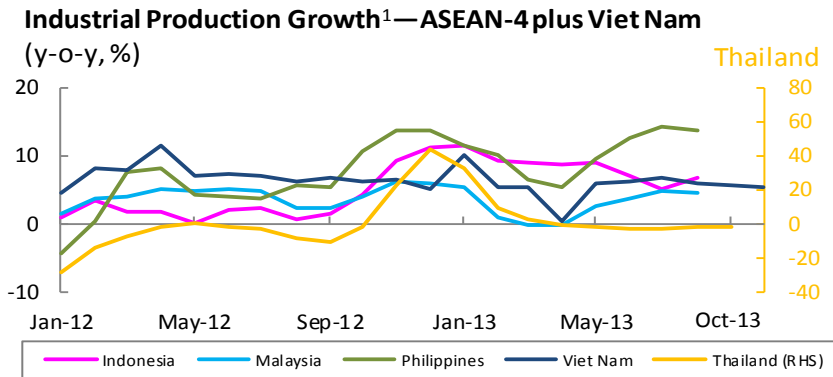


RHS = right-hand scale.

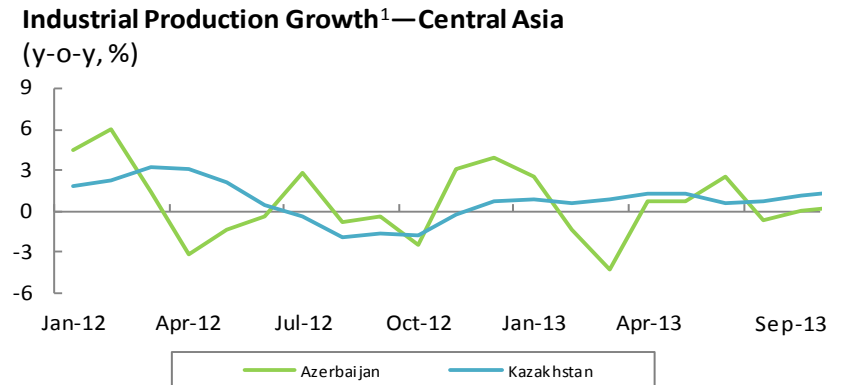
Source: ADB calculations using data from CEIC and Datastream.

INDUSTRIAL PRODUCTION

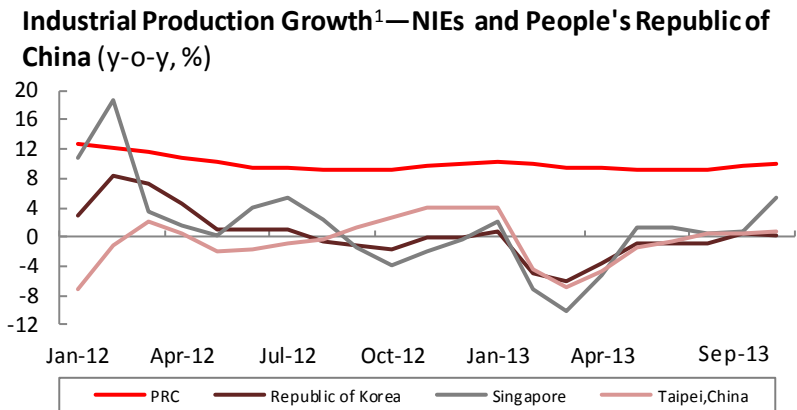
Asia's supply chains show signs of growth. Global demand may finally be turning up. New export orders have given some bounce to many Asian industrial production indexes. Singapore industrial production growth was highest, while most other NIEs, South Asian, and Southeast Asian economies showed slight gains.



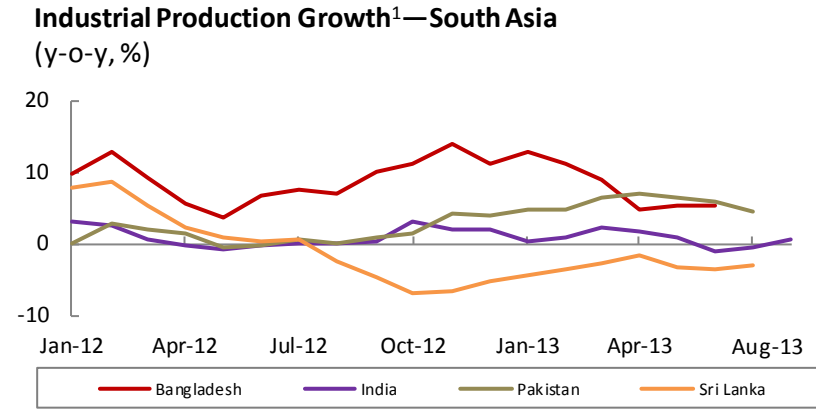
RHS = right-hand scale.
¹3-month moving average. Data for Thailand until September 2013; data for Indonesia, Malaysia, and the Philippines until August 2013.
 Source: ADB calculations using data from CEIC.



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



NIE = newly industrialized economy.
¹3-month moving average.
 Source: ADB calculations using data from CEIC.



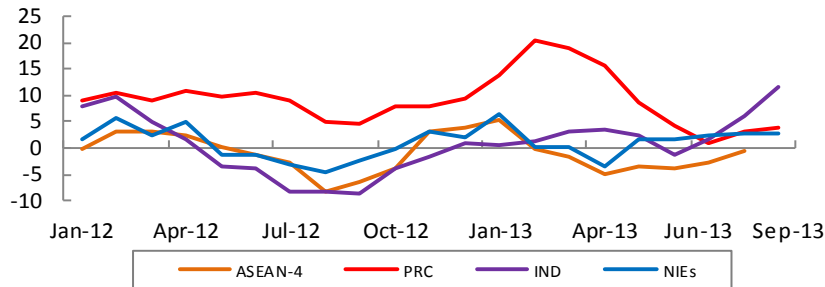
¹3-month moving average.
 Note: Data for Bangladesh until June 2013. Data for Pakistan and Sri Lanka until July 2013.
 Source: ADB calculations using data from CEIC.

TRADE GROWTH

Recovery in advanced economies continues to push export growth. Manufacturing activity and export orders rose in the PRC, India, and ASEAN-4. Higher-than-expected third quarter growth in the PRC also helped boost import demand from India and the ASEAN-4. PRC's imports from the NIEs slowed but remains robust. ASEAN-4's import demand remains muted as governments introduce measures to strengthen fiscal and financial positions.

Total Exports¹ by Origin

(y-o-y, %)



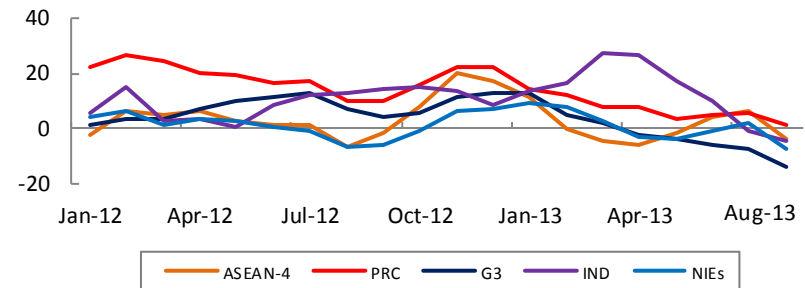
ASEAN-4 = Indonesia, Malaysia, Thailand, and the Philippines. PRC = People's Republic of China. IND = India. NIEs = Hong Kong, China; the Republic of Korea; Singapore; and Taipei, China. Data for ASEAN-4 until August 2013.

¹3-month moving average.

Source: ADB calculations using data from CEIC.

Import Growth¹ by Origin—ASEAN-4

(y-o-y, %)



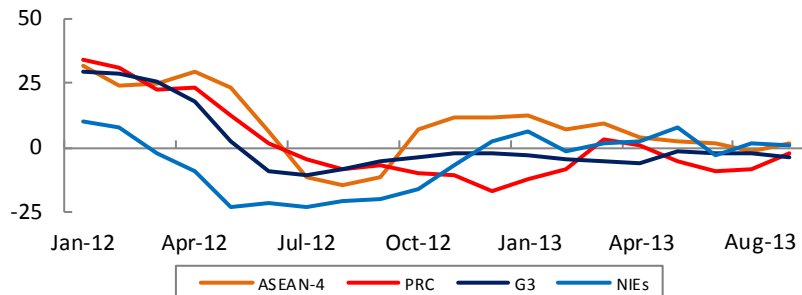
ASEAN-4 = Indonesia, Malaysia, Thailand, and the Philippines. PRC = People's Republic of China. G3 = EU, Japan, and US. IND = India. NIEs = Hong Kong, China; the Republic of Korea; Singapore; and Taipei, China.

¹3-month moving average.

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.

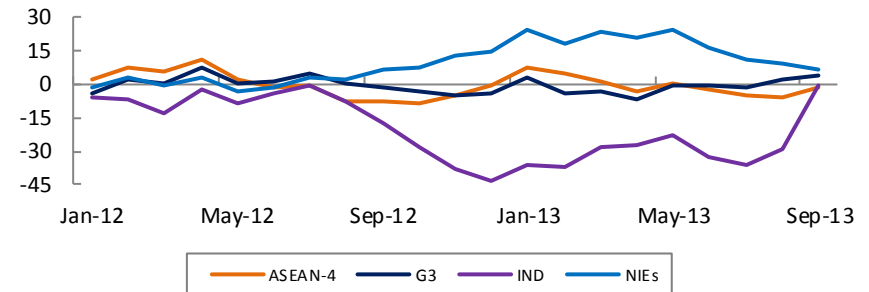
NIEs = Hong Kong, China; the Republic of Korea; Singapore; and Taipei, China. G3 = EU, Japan, and the US.

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.

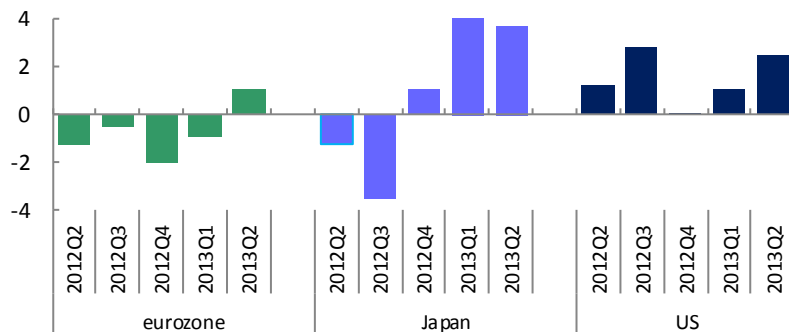
Source: ADB calculations using data from CEIC.

GDP GROWTH—G3

US growth was likely affected by the partial government shutdown; the eurozone continues its gradual recovery; while Japan is recovering moderately. The US Fed will likely maintain QE into 2014 to support the recovery amid weak employment data and consumer confidence. The eurozone's fragile recovery faces 12.2% unemployment and a 0.7% inflation rate—well below the ECB's 2% target. Japan's recovery continues as data show rising retail sales, consumer prices, and consumer spending—coupled by a lower September jobless rate (4%) and an uptick in manufacturing.

GDP Growth—G3

(q-o-q, saar, %)

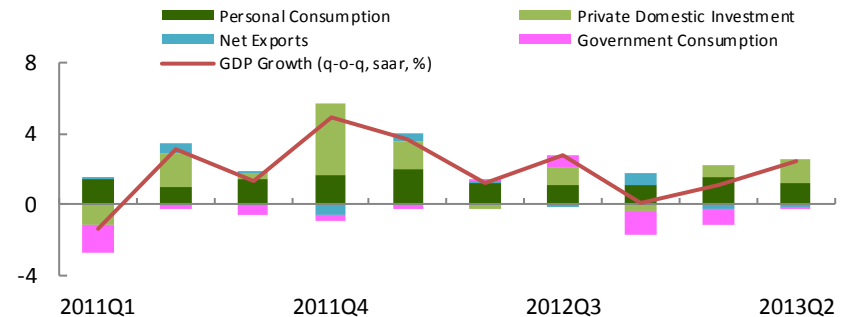


q-o-q = quarter-on-quarter, saar = seasonally adjusted annualized rate.

Sources: US Bureau of Economic Analysis, Eurostat, and Cabinet Office, Government of Japan.

Contributions to GDP Growth²—United States

(percentage points¹, saar)



q-o-q = quarter-on-quarter, saar = seasonally adjusted annualized rate.

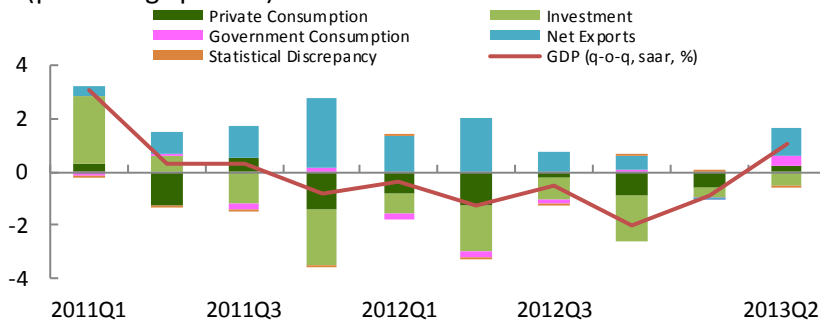
¹Based on saar, q-o-q changes.

²Second quarter third estimate as of 26 September 2013.

Source: US Bureau of Economic Analysis.

Contributions to GDP Growth²—eurozone

(percentage points¹)



q-o-q = quarter-on-quarter, saar = seasonally adjusted annualized rate.

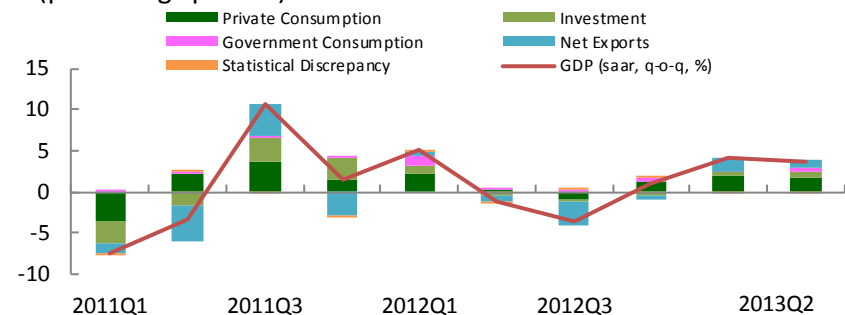
¹Based on saar, q-o-q changes.

²Third estimate for 2013Q2 as of 7 October 2013.

Source: Eurostat.

Contributions to GDP Growth—Japan

(percentage points¹)



q-o-q = quarter-on-quarter, saar = seasonally adjusted annualized rate.

¹Based on saar, q-o-q changes.

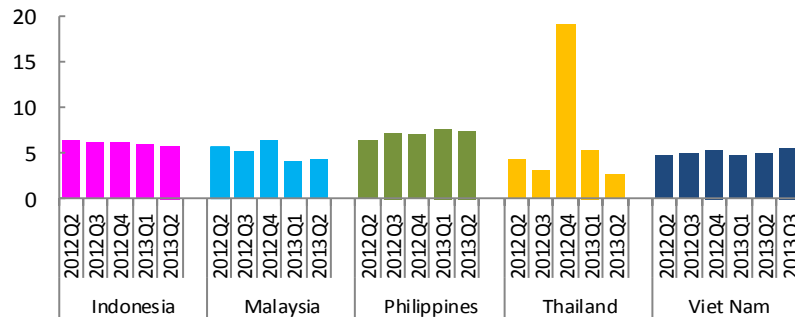
²Second preliminary estimates as of 9 September 2013.

Source: Cabinet Office, Government of Japan.

GDP GROWTH—ASIA

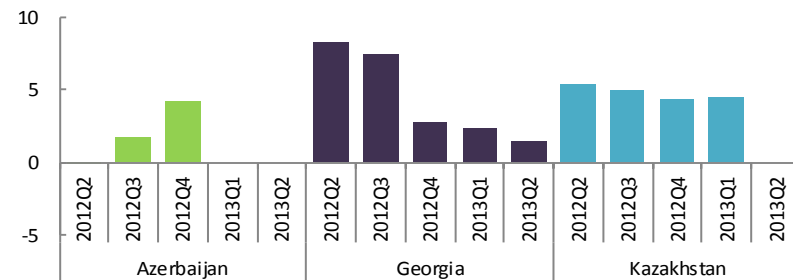
Rising export orders and an upturn in purchasing managers' indexes create optimism for Asia's economic growth. After absorbing the shocks from the US debt drama, rising export orders and PMIs are filtering through the region, led by the PRC, Republic of Korea, and Taipei, China. However, India continues to slow as growth in manufacturing and services declined. ASEAN-4 plus Viet Nam remained buoyant—led by then Philippines' 7.6% first half growth. Indonesia and Thailand, however, continue to face the headwinds of poor export demand—especially from the PRC—and decreasing domestic consumption.

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



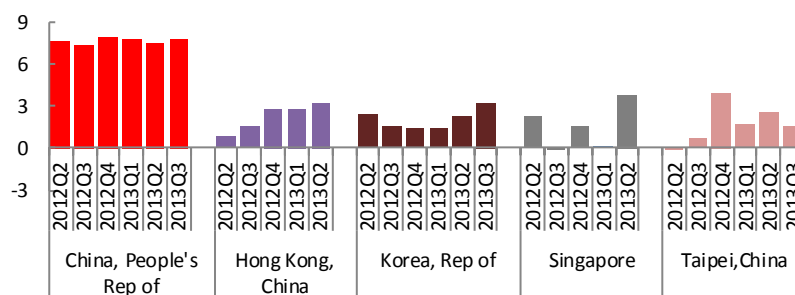
¹Based on quarterly data.
Source: ADB calculations using data from CEIC.

GDP Growth¹—Central Asia
(y-o-y, %)



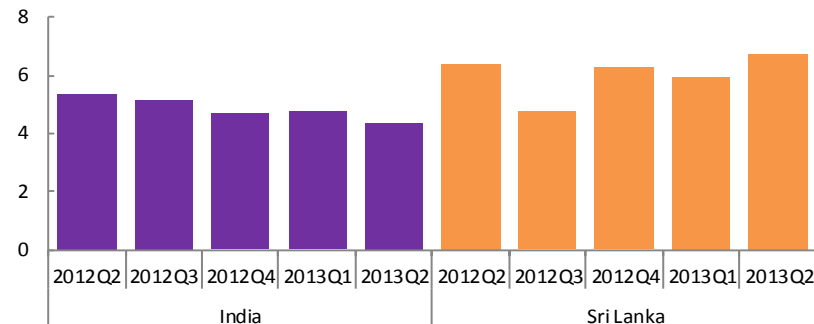
¹Based on quarterly data.
Source: ADB calculations using data from CEIC.

GDP Growth¹—NIEs and People's Republic of China
(y-o-y, %)



NIE = newly-industrialized economy.
¹Based on quarterly data.
Source: ADB calculations using data from CEIC.

GDP Growth¹—South Asia
(y-o-y, %)



¹Based on quarterly data.
Source: ADB calculations using data from CEIC.

SPECIAL FEATURE: Asia's rising reliance on intraregional bank lending

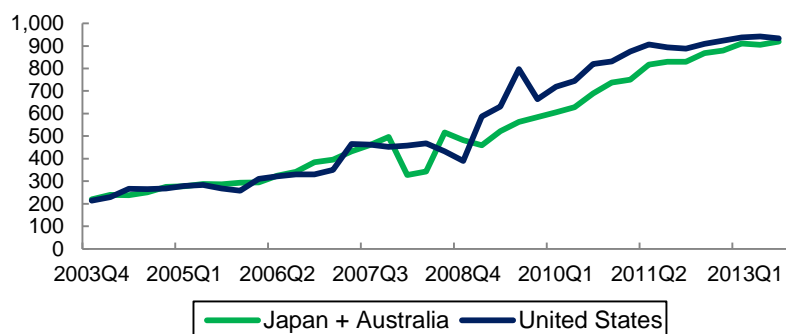
Since 2009, Asia's rising reliance on intraregional bank lending—in particular from Japanese and Australian banks—is both an emerging source of economic growth as well as potential financial volatility.

- The sizable increase in Japan's bank credit to the region is increasingly evident: (i) In 2012, Japanese bank credit to Asia was more than double that in 1997; and (ii) Japan's December 2012 bank lending to Asia reached \$511 billion, surpassing the 1997 peak and 2008 pre-crisis level.
- Australian bank lending to the region rose steeply in 2009 and 2010: (i) its rising trend appears to be continuing; and (ii) its \$393.8 billion in December 2012 was almost double the December 2006 level.

In practice, cross-border bank credit flows still account for a substantial portion of total cross-border flows in emerging Asia (32.1% in 2010; 45.2% in 2011; 32.9% in 2012). The hard-learned lesson from the global financial crisis is that the behavior of bank credit flows is procyclical and more volatile than portfolio investment flows.

- Since 2002, there has been a highly correlated positive movement between major regional and global liquidity—specifically among Japanese, Australian and US bank credit flows to the region. This warrants renewed policy attention.
- While crises strengthened Asia's financial integration and cooperation, rising contagion risks stem from potential sudden reversals from either regional or global liquidity shocks.
- Considering the May-September financial turmoil in emerging Asia, the region's appetite for intraregional bank credit flows should lead Asia's policymakers toward further financial coordination and cooperation—to promote financial stability as much as boost regional economic and financial integration.

Bank Credit Flows to Asia—Co-movement of Japan plus Australia and the United States (\$ billion)



Source: ADB calculations using data from Table 9B (Consolidated foreign claims of reporting banks—immediate borrower basis), Bank for International Settlements.

Developing Asia's Private External Financing (% of total)

	2006	2007	2008	2009	2010	2011	2012
Bonds	12.9	9.1	8.3	15	18.7	30.1	36.6
Equities	50.2	47.1	23.1	51.1	49.2	24.6	30.5
Loans	36.9	43.8	68.6	34	32.1	45.2	32.9

Note: Developing Asia refers to: a) Bonds- the People's Republic of China, Fiji, India, Indonesia, Malaysia, the Philippines, Sri Lanka, Thailand, and Viet Nam; b) Equities- Bangladesh, Cambodia, the People's Republic of China, Fiji, India, Indonesia, Lao PDR, Malaysia, Maldives, the Philippines, Sri Lanka, Thailand, and Viet Nam; c) Loans- Bangladesh, Bhutan, Brunei Darussalam, Cambodia, the People's Republic of China, India, Indonesia, Lao PDR, Malaysia, Maldives, Marshall Islands, Myanmar, Pakistan, Papua New Guinea, the Philippines, Sri Lanka, Thailand, and Viet Nam.

Source: *Global Financial Stability Report*, various issues, International Monetary Fund.

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	7.8 (Jul13)	-4.8	10.2	78.9 (Aug13)	16.0 (Jun13)
Brunei Darussalam	0.3 (Aug13)	23.6	–	51.6 (Aug13)	–
Cambodia	3.3 (Aug13)	-5.2	–	106.2 (Aug13)	–
China, People's Rep. of	3.1 (Sep13)	-1.6	22.0	77.9 (Aug13)	14.3 (Sep13)
Hong Kong, China	4.6 (Sep13)	3.2	4.4	62.8 (Jul13)	16.9 (Aug13)
India	9.8 (Sep13)	-4.9	40.5	78.3 (May13)	15.4 (Mar13)
Indonesia	8.3 (Oct13)	-1.8	23.5	98.3 (Aug13)	21.7 (Aug13)
Kazakhstan	4.9 (Oct13)	-3.0	12.2	–	–
Korea, Republic of	0.7 (Oct13)	-2.9	38.4	124.5 (Aug13)	3.9 (Jun13)
Lao PDR	6.9 (Sep13)	-7.9	53.4	71.1 (Dec10)	–
Malaysia	2.6 (Sep13)	-4.5	51.7	93.4 (Jul13)	9.3 (Aug13)
Myanmar	7.3 (Aug13)	-5.4	–	40.8 (Sep11)	–
Pakistan	9.1 (Oct13)	-8.5	55.8	50.7 (Aug13)	17.1 (Apr13)
Philippines	2.7 (Sep13)	-2.3	54.4	64.3 (Aug13)	14.2 (Aug13)
Singapore	1.6 (Sep13)	1.1	110.2	98.1 (Aug13)	14.8 (Aug13)
Sri Lanka	6.7 (Oct13)	-6.2	72.4	83.3 (May13)	14.2 (May13)
Taipei,China	0.8 (Sep13)	-1.6	34.0	63.3 (Sep13)	3.3 (Aug13)
Thailand	1.5 (Oct13)	-4.1	43.5	102.3 (Aug13)	10.6 (Aug13)
Viet Nam	5.9 (Oct13)	-6.9	48.4	93.0 (May13)	11.8 (May13)

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.

¹Latest 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; 2011 data for Brunei Darussalam.

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

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

⁴Loans 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.

⁵Data 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 Update 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 (2012)	Short-Term External Debt/Reserves (1Q2013) ²	Broad Money ³ / Foreign Reserves (latest available)	Import Cover ⁴ (latest available)	Foreign Liabilities/ Foreign Assets ⁵ (latest available)
Bangladesh	1.9 (2013)	21.5	36.3	5.1 (Aug13)	5.5 (Aug13)	81.0 (Aug13)
Brunei Darussalam	47.0 (2012)	10.7	46.3	3.3 (Apr13)	5.7 (Apr13)	1.2 (Aug13)
Cambodia	-8.4 (2012)	22.0	19.0	2.0 (Jul13)	3.3 (May13)	80.4 (Aug13)
China, People's Rep. of	2.4 (2Q13)	7.5	15.4	4.8 (Sep13)	23.0 (Sep13)	48.4 (Aug13)
Hong Kong, China	-0.5 (2Q13)	239.7	77.3	4.0 (Aug13)	7.0 (Aug13)	74.5 (Jul13)
India	-4.9 (2Q13)	19.4	53.2	1.2 (Sep13)	6.3 (Sep13)	—
Indonesia	-4.4 (2Q13)	18.4	54.5	3.6 (Aug13)	5.7 (Aug13)	157.9 (Aug13)
Kazakhstan	-0.5 (2Q13)	13.9	17.7	4.1 (Sep13)	5.0 (Aug13)	—
Korea, Republic of	6.7 (2Q13)	3.7	45.5	5.2 (Aug13)	7.8 (Sep13)	113.8 (Aug13)
Lao PDR	-22.6 (2012)	27.1	20.8	4.6 (Jun12)	1.6 (Jun12)	75.3 (Dec10)
Malaysia	1.1 (2Q13)	29.3	23.3	3.2 (Aug13)	7.9 (Aug13)	118.3 (Jul13)
Myanmar	-4.4 (2012)	3.0	3.2	—	9.2 (Jan13)	—
Pakistan	-0.9 (2012)	18.1	72.3	13.6 (Aug13)	1.5 (Sep13)	43.4 (Aug13)
Philippines	3.6 (2Q13)	35.2	22.5	1.8 (Aug13)	14.4 (Aug13)	103.5 (Aug13)
Singapore	20.0 (2Q13)	237.2	79.0	1.5 (Aug13)	8.4 (Aug13)	109.5 (Aug13)
Sri Lanka	-4.8 (2Q13)	32.2	51.6	4.0 (Jul13)	3.5 (Jul13)	350.2 (May13)
Taipei,China	11.9 (2Q13)	20.7	13.5	2.9 (Sep13)	18.4 (Sep13)	58.4 (Sep13)
Thailand	-6.7 (2Q13)	19.5	18.6	3.0 (Aug13)	7.8 (Sep13)	150.0 (Aug13)
Viet Nam	4.6 (4Q12)	31.7	51.1	6.6 (May13)	2.7 (May13)	93.9 (May13)

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, Lao PDR = Lao People's Democratic Republic, y-o-y = year-on-year, — = unavailable.

¹Data are estimates for Brunei Darussalam, Cambodia, Japan, Republic of Korea, Lao PDR, 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. June 2012 for Lao PDR and December 2012 for Myanmar.

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 PDR; Malaysia; Pakistan; and Sri Lanka refer to M2; for Myanmar and Viet Nam to money plus quasi-money; for India M3.

⁴Refers to number of months of import that can be covered by official reserves; computed as reserves (excluding gold) divided by 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.

⁵ 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 Update 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	US	JPN	EUZ	BAN	PRC	HKG	IND	INO	KAZ	KOR	MAL	PAK	PHI	SIN	SRI	TAP	THA	VIE
GDP Growth (y-o-y, %) ¹	2013Q2	1.6	1.2	-0.5	6.0	7.8	3.3	4.4	5.8	4.5	3.3	4.3	3.2	7.5	5.1	6.8	1.6	2.8	5.5
IPI Growth (y-o-y, %) ²	Sep	3.2	5.4	-1.1	7.2	10.2	0.3	0.6	12.4	1.7	-3.6	2.3	2.5	18.3	9.3	0.3	1.1	-0.9	5.9
Retail Sales Growth (y-o-y, %) ³	Sep	3.1	3.1	-0.3	—	13.3	8.1	—	3.1	15.0	-1.4	7.8	—	30.3	-7.8	—	3.9	-3.5	12.9
Headline Inflation Rate (y-o-y, %) ⁴	Sep	1.2	1.1	1.1	7.8	3.1	4.6	9.8	8.3	4.9	0.7	2.6	7.4	2.7	1.6	6.7	0.8	1.5	5.9
Policy Rate (% per annum)	Oct	0.25	0.1	0.5	—	6.0	0.5	7.75	7.3	5.5	2.5	3.0	9.5	3.5	—	6.5	1.875	2.5	7.0
Stock Price Index Growth (% YTD) ⁵	02Jan-30Oct	16.4	39.5	12.4	-4.7	-4.8	0.0	2.5	5.3	-5.9	1.4	8.5	35.3	12.6	0.9	4.4	8.8	1.7	19.3
Export Growth (\$ value, y-o-y, %) ⁶	Sep	3.1	-11.0	-5.4	18.3	-0.3	1.5	11.2	-6.3	0.6	-1.5	6.8	19.2	20.2	6.5	10.7	-7.0	-7.1	13.4
Import Growth (\$ value, y-o-y, %) ⁷	Sep	0.8	-8.2	-7.2	-1.9	7.4	0.4	-18.1	-5.7	-7.8	-3.6	8.4	8.1	6.9	5.9	-7.7	-0.7	-5.2	17.1
Current Account (% of GDP) ⁸	2013Q2	-2.5	1.5	2.2	1.9	2.4	-0.5	-4.9	-4.4	-0.5	6.7	1.1	-0.9	3.6	20.0	-4.8	11.9	-6.7	4.6
Capital and Financial Account (% of GDP) ⁹	2013Q2	-0.8	1.9	-2.1	2.6	1.4	5.3	4.7	3.6	-4.9	-7.9	2.2	-0.1	0.0	-15.4	7.5	-12.0	3.7	-7.3
International Reserves (\$ billion) ¹⁰	Sep	136.7	1240.8	332.5	15.6	3681.0	303.8	257.8	92.3	18.3	332.1	134.9	5.9	75.3	261.7	5.5	412.6	165.7	27.0

— = 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.

¹GDP=gross domestic product. Refers to 2013 Q3 for PRC, KOR, SIN (advance estimates), TAP, and VIE; 2013Q1 for KAZ. Fiscal year 2013 (ended June 2013) for BAN and PAK. ²Refers to Industrial/Manufacturing Production. EUZ and US data are seasonally adjusted. Refers to June 2013 for BAN; July 2013 for PAK and SRI; August 2013 for IND, INO, MAL, PHI, and EUZ; October 2013 for VIE; 2013 Q2 for HKG. ³Refers to July 2013 for THA; August 2013 for HKG, PHI, SIN, and EUZ; October 2013 for VIE; 2013 Q1 for MAL. ⁴Refers to July 2013 for BAN; October 2013 for INO, KOR, THA, and VIE. ⁵Refers to US Dow Jones Ind Avg; JPN Nikkei 225; EUZ United Kingdom FTSE 100; BAN Dhaka; PRC-Shanghai Composite; HKG Hang Seng; IND BSE 100; INO JCI; KOR KOSPI; MAL KLCI; PAK KSE100; PHI PSEi; SIN STI; SRI Lanka CSEALL; TAP TWSE; THA SET; and VIE VNINDEX. ⁶\$ value of merchandise trade; euro value for EUZ. Refers to August 2013 for BAN, MAL, KAZ, PHI, SRI, US, EUZ; October 2013 for VIE. ⁷\$ value of merchandise trade; euro value for EUZ. Refers to August 2013 for BAN, INO, MAL, PHI, KAZ, SRI, US, and EUZ; October 2013 for VIE. ⁸Refers to 2012 Q4 for VIE. Fiscal year 2012 for BAN (ended June 2013) and PAK. ⁹Refers to 2012 Q4 for VIE; 2013Q1 for US; 2013 Q2 for KAZ; 2013 H1 for PRC. Fiscal year 2012 for BAN (ended June 2013) and PAK. ¹⁰Excludes gold. US, EUZ, and IND sourced from IFS. Refers to May 2013 for VIE; July 2013 for SRI. ¹¹Refinancing rate.

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