



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

- Rice exports in Cambodia stall in 2018 but will be supported by China and Vietnam in 2019
- Singapore’s fiscal policy complicates next interest rate move
- U.S. asks China not to devalue yuan to counter trade pressure

FACT Sheet is a weekly newsletter that tracks the latest economic and fiscal developments in Cambodia and its trading partners. It is produced by the Fiscal Analysis Capacity Training (FACT) department of the Parliamentary Institute of Cambodia to practice research and drafting skills. Every effort is made to ensure that the analysis and insight is of high quality; however, readers should treat it as a training exercise. We cannot guarantee that it is free from error or omission.

Cambodia news and data

Rice exports stall in 2018 but will be supported by China and Vietnam in 2019

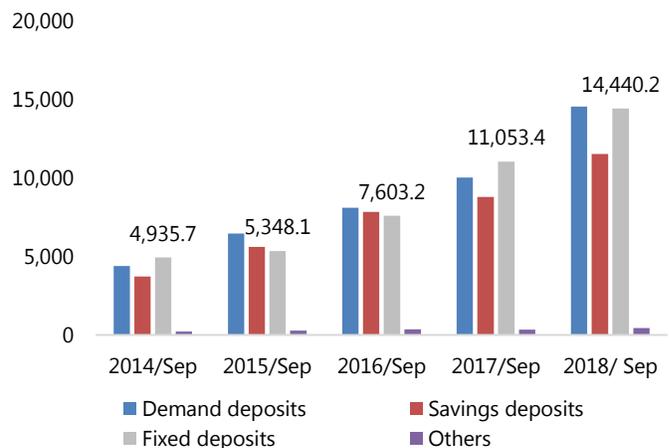
Cambodia’s rice exports fell 1.5 percent in 2018, according to the latest data from the [Ministry of Agriculture, Forestry and Fisheries](#). Rice exports were 626,225 tonnes in 2018 compared to 635,679 tonnes in 2017.

The industry is expected to face challenges in 2019, including the imposition of tariffs by the European Union—the largest importer of Cambodian rice—as well as higher production costs and a lack of quality infrastructure. However, [industry experts such as those at the Cambodia Rice Federation](#) expect an increase in quota for trade with China and Vietnam to prop up demand for the Kingdom’s rice in 2019 and prevent a repeat of 2018’s decline.

Chart of the week: riel deposits with banks

This week’s chart shows riel deposits with money banks from September 2014 to September 2018. The data shows that fixed deposits increased to 14,440 billion riels in September 2018, from 4,936 billion riels in the same period in 2014—an increase of 196%. Demand and savings deposits rose at a similar pace.

Deposits with money banks (billion KHR)



Source: National Bank of Cambodia

ASEAN and other trading partners news and data

Singapore's fiscal policy complicates next interest rate move

Economists [are calling](#) the upcoming April policy decision of Singapore's central bank a toss-up considering the tailwinds of accommodative fiscal policy and headwinds of greater external risks.

All else the same, Singapore's steady economic growth and greater fiscal spending would push the Monetary Authority of Singapore to continue to raise rates, as it did so in both of its scheduled decisions in 2018. However, the case for further increases has diminished in light of growing global risks, and many are now expecting the bank to take a wait-and-see approach.

The Monetary Authority of Singapore is unique among developed nations, in that it conducts monetary policy by targeting an exchange rate band against a basket of the currencies of its trading partners, rather than interest rates.

U.S. economy and Federal Reserve

U.S. asks China not to devalue yuan to counter trade pressure

The U.S. is asking China to keep the yuan stable as part of trade negotiations, according to [Bloomberg](#). If accepted, the clause would appear in a proposed memorandum of understanding, the details of which remain unclear.

Officials from both parties have met to discuss a resolution to the trade war between the world's two biggest economies. President Donald Trump has frequently accused China of manipulating its currency to take advantage of U.S. citizens. The next meeting is scheduled for March 01, 2019.

The week ahead

Next week, most countries in Asia will release inflation statistics and several, including Hong Kong and South Korea, will make interest rate decisions. Below is the complete calendar of data releases and developments that the FACT team will be following.

Monday, 25 February 2019

- Philippines budget balance for December
- Hong Kong interest rate decision
- Japan confidence index for December
- Singapore inflation for January

Tuesday, 26 February 2019

- South Korea consumer confidence for February
- Singapore industrial production for January
- Hong Kong trade balance for January
- Thailand unemployment for January
- Thailand industrial production for January

Wednesday, 27 February 2019

- South Korea business confidence for February
- China industrial profits for January
- Hong Kong GDP for 2018Q4
- U.S.-North Korea Summit

Thursday, 28 February 2019

- South Korean retail sales for January
- Japan foreign bond investment 23/February
- South Korea interest rate decision
- Vietnam industrial production for February
- Vietnam inflation rate for February
- Vietnam balance of trade for February
- Thailand retail sales for December

Friday, 01 March 2019

- Japan unemployment for January
- South Korean balance of trade for February
- Philippines Producer Price Index for January
- Thailand inflation for February
- Indonesia inflation for February