



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

- Cambodia is the fastest growing market for China-based UnionPay transaction cards
- Vietnam and India set to take advantage of India-ASEAN free trade agreement
- Fed issues warning on financial stability

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

Cambodia is fastest growing market for China-based UnionPay transaction cards

The China-based payment processing network UnionPay has [revealed](#) that Cambodia is its fastest growing card market in Southeast Asia. The number of UnionPay card transactions has nearly doubled from 2016 to 2018. Much of the growth results from growing numbers of Cambodians going abroad on vacation.

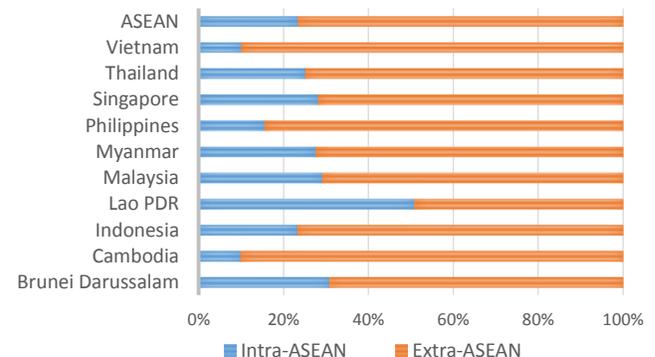
Cambodian UnionPay card users are mostly using the cards in China, Thailand and Singapore. Transactions both home and abroad by cards issued in Cambodia grew 49 percent over the first ten months of 2018. The number of transactions by foreign UnionPay card users in Cambodia increased more than 54 percent over the same period.

UnionPay is now accepted by 90 percent of point-of-sale systems and 80 percent of ATMs in Cambodia, having entered the market a decade ago.

Chart of the week: ASEAN member states’ exports within ASEAN versus abroad

This week’s chart shows exports by ASEAN states to each other versus countries outside of ASEAN in 2017, as a percentage of total exports.

Exports of goods by destination, 2017 (%)



Source: ASEAN Statistics Division ([ASEANstats](#))

The majority of most ASEAN countries’ exports went abroad, except for Lao PDR, whose intra-ASEAN exports accounted for 50.8% of total exports.

Cambodia exported a mere 10 percent of total exports to other ASEAN states, suggesting considerable growth opportunities within the trading region.

On average, ASEAN states export around 77 percent externally.

ASEAN and other trading partners news and data

Vietnam and India set to take advantage of India-ASEAN free trade agreement

Vietnam and India are looking to grow their bilateral textiles trade under the India-ASEAN free trade agreement that permits imports of cotton textiles duty free as of the start of 2019, according to industry professionals at an event [last week](#).

Vietnam is among the top five textile and clothing exporting countries and has huge demand for raw materials. It is looking to diversify its suppliers.

India's exports to Vietnam grew by nearly 50 percent in the last fiscal year to \$555 million. Vietnam's total exports of textiles exceeded \$31 billion over the same period, up 10 percent from the previous year.

U.S. economy and Federal Reserve

Fed issues warning on financial stability

On Wednesday this week, the Federal Reserve issued a [cautionary report](#) about risks to the financial system. It cited uncertainties such as ongoing trade tensions between the U.S. and China, an uncertain geopolitical environment and an accumulation of corporate debt among firms with weak balance sheets as threats to financial stability and the economy.

The report warned that the consequences of the risks developing could be a significant drop in asset prices. The Fed further noted that its own rate hikes could also pose threats to a market that has become too accustomed to low rates.

That said, the report concluded that the financial sector is in a much more resilient place compared to its state prior to the global financial crisis.

The week ahead

It's inflation week in Asia, with data releases from Indonesia, South Korea, Philippines, and Taiwan.

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

Monday 3 December 2018

- Japan capital spending for 2018Q3
- Indonesia Manufacturing PMI for November
- Thailand business confidence for November
- Indonesia inflation rate for November

Tuesday 4 December 2018

- U.S. total vehicle sales for November
- South Korea GDP growth for 2018Q3
- South Korea inflation for November
- Philippines retail price index for October
- Brunei balance of trade for September

Wednesday 5 December 2018

- South Korea exchange reserves for November
- Hong Kong Nikkei PMI for Nov
- Philippines inflation for November
- Philippines unemployment for 2018Q4
- Taiwan inflation for November
- Malaysia balance of trade for October

Thursday 6 December 2018

- U.S. Fed beige book
- Thailand consumer confidence for November
- Philippines consumer confidence 2018Q4
- Indonesia consumer confidence for November

Friday 7 December 2018

- Japan household spending for October
- Japan leading economic index for October
- Philippines exchange reserves for November
- Thailand exchange reserves for November
- Taiwan balance trade for November
- Singapore exchange reserves for November
- U.S. government payroll for November