

# Monthly Update of the ASEAN+3 Regional Economic Outlook (AREO)

**ASEAN+3 Macroeconomic Research Office (AMRO)**

Singapore

July 2019

---

This Monthly Update of the AREO was prepared by Anthony Tan, Vanne Khut and Edmond Choo (Regional Surveillance team), reviewed by Li Lian Ong (Group Head) and approved by Hoe Ee Khor (Chief Economist).

Unless otherwise indicated, the analysis in this report is based on information available up to 5 July 2019. For the sake of brevity, “Hong Kong, China” will be referred to as “Hong Kong” in the text and figures.

Disclaimer: The findings, interpretations, and conclusions expressed in this report represent the views of the staff of ASEAN+3 Macroeconomic Research Office (AMRO) and are not necessarily those of its members. Neither AMRO nor its members shall be held responsible for any consequence of the use of the information contained therein.

## Global Economic Developments

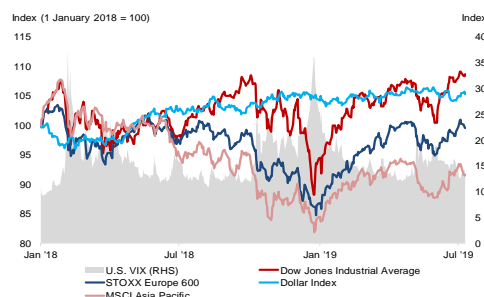
**Global stock markets continued to rally and volatility receded going into July.** The improvement in sentiments was largely supported by the easing in U.S.-China trade tensions and the accommodative tone adopted by major central banks. The dollar index rose, and markets rallied on July 5 after the release of stronger-than-expected jobs data (Figure 1).

**U.S. employment numbers surged in June, smashing market expectations, while core inflation ticked up** (Figure 2). Non-farm payrolls rebounded to 224,000, following the disappointing 72,000 jobs added in May, largely driven by hiring at professional and business services, and in the health industry. The strong job and solid inflation data have tempered expectations of an aggressive Fed rate cut at the upcoming July FOMC meeting. The unemployment rate rose slightly to 3.7 percent from 3.6 percent, while hourly wages remained largely flat.

**The latest Eurozone data point to continuing weakness in economic performance.** The economic sentiment index slipped to 103.3 in June, down from 105.2 the previous month, while the business climate indicator continued to deteriorate, down to 0.17 from 0.3 in May (Figure 3). Germany's factory orders were hardest hit in almost a decade, down 8.6 percent yoy in May, from -5.3 percent in April.

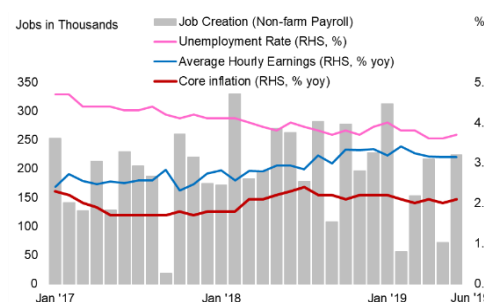
**In the United Kingdom, fears of a Q2 recession mounted following a sharp downturn in private sector activity amid Brexit stagnation.** The composite PMI declined to 49.7 in June, from 50.9 in May, its worst performance since 2016 (Figure 4). Weakness in overall recruitment activity persisted, with the index on permanent staff appointments staying below 50 for the fourth consecutive month.

**Figure 1. Global Stock Markets, U.S. Volatility, and Dollar Index**



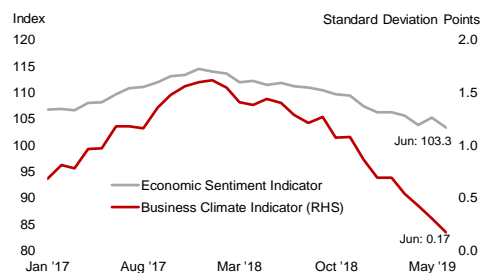
Sources: Haver Analytics; and AMRO staff calculations.

**Figure 2. United States: Job Creation, Inflation, Unemployment Rate and Earnings**



Sources: Haver Analytics; and AMRO staff calculations.

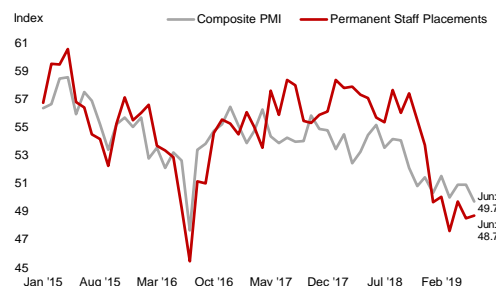
**Figure 3. Eurozone: Economic Sentiment and Business Climate Indicators**



Source: Haver Analytics.

Note: Business Climate Indicator evaluates monthly development conditions of Eurozone's manufacturing sector based on European Commission's monthly business surveys with sample size of around 20 thousand companies.

**Figure 4. United Kingdom: Composite PMI and Permanent Staff Placements**



Source: IHS Markit.

Note: The Permanent Staff Placements Index is one of the job PMI indices. The indices vary between 0 and 100, with a reading above 50 indicating an overall increase compared to the previous month, and below 50 an overall decrease.

In commodity markets, oil prices edged up, while agricultural commodity prices dropped going into July (Figure 5). Brent oil prices settled at USD 67.0 per barrel in mid-July, up from USD 60.0 in the corresponding period of last month, in the face of a tropical storm at the Gulf of Mexico and ongoing Middle East tensions. Palm oil prices fell, attributable in part to anticipation of increased production in the second half of the year.

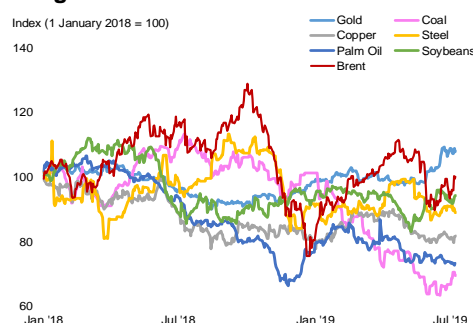
### Regional Economic Developments

AMRO staff have revised baseline forecasts downward, following continued weakness in manufacturing and export outturns (Annex 1). The region's export value continued to contract in May (Figure 6), with the exception of some countries, i.e. Vietnam and the Philippines (Annex 3). Vietnam's strong performance in the processing and manufacturing sectors helped to drive its robust Q2 GDP growth of 6.7 percent yoy. However, the imposition of U.S. tariffs on Vietnam's steel could exert near-term pressure on its exports.

In Japan, confidence among large manufacturers weakened. The business conditions index continued to fall, to 7 in Q2 from 12 in Q1, while the Sentix Overall Economic Index plummeted in June to 2.2, from 9.0 in May (Figure 7). Private sector machinery orders registered a contraction of 3.7 percent yoy in May, after expanding by 2.5 percent in April, raising concerns whether solid domestic demand would be able to help offset pressures on the external sector.

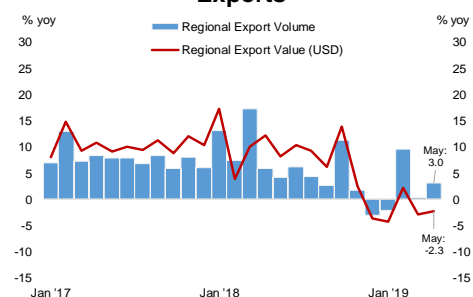
Notwithstanding external headwinds, China's Q2 GDP grew at a robust 6.3 percent yoy, in H1, supported by strong fiscal stimulus and improved credit conditions. Factory activity contracted, with PMI readings slipping to 49.4 in June from 50.4 in May (Annex 2). In tandem with falling exports, the index of new export orders also declined, to 46.3, compared to 46.5 in May, hinting at a further weakening in exports going forward (Figure 8).

Figure 5. Global Commodities Prices



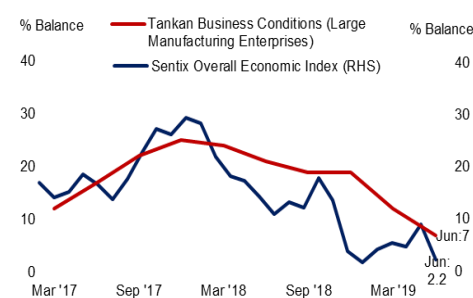
Sources: Haver Analytics; and AMRO staff calculations.

Figure 6. Selected Regional Economies: Total Exports



Sources: National authorities; and AMRO staff calculations.

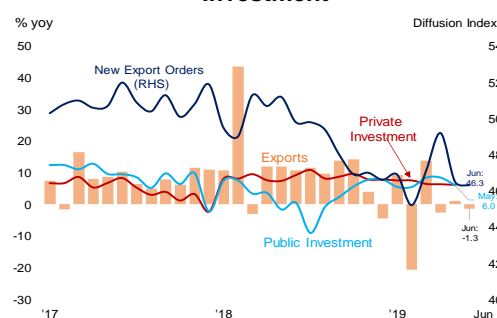
Figure 7. Japan: Tankan Business Conditions and Sentix Overall Economic Index



Source: Haver Analytics.

Note: The Sentix Overall Economic Index is used to compare changes in sentiment as a result of new events, perception of investors and investor behavior. The survey is taken from different groups (individual investors and institutional investors).

Figure 8. China: Exports, New Export Orders and Investment



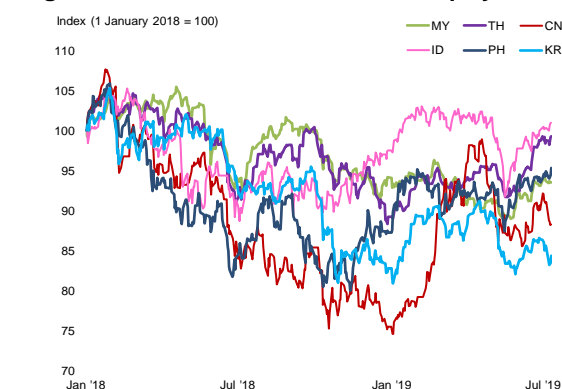
Sources: National authority; and AMRO staff calculations.

Despite the recent rally on Wall Street, the performance of regional equities have been mixed (Figure 9). ASEAN stock markets have been largely subdued, while China's equities retreated after President Trump tweeted (on 11 July) that China had not been living up to its promise to buy agricultural products from U.S. farmers. Weaker June export data for China and uncertainty over the prospects for Korea's tech industry, after Japan imposed licensing policies and procedures on exports of controlled items to Korea (Annex 6), further dampening sentiment.

Foreign portfolio capital flows to regional EMs spiked up in June 2019, driven mainly by bond inflows (Figure 10 and Annex 4). The region received foreign capital flows of USD 13.6 billion in June, of which USD 11.1 billion of inflows went into the bond markets. Inflows were largely driven by Korea, reflecting market expectations of a policy rate cut by the Bank of Korea, which took place on July 18.

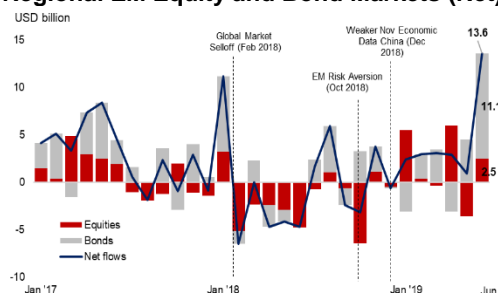
Regional EM currencies traded mostly weaker against the USD (Figure 11). The THB was the best performing currency, but its appreciation against the USD was capped after the Bank of Thailand (BOT) introduced measures to enhance surveillance of short-term capital flows. It reduced the limit on the outstanding balance of non-residents to prevent THB speculation and strengthened reporting requirements for non-residents' holdings of debt securities (Annex 6). In contrast, the KRW extended its weakness over concerns about Korea's tech exports.

Figure 9. ASEAN-4, China and Korea: Equity Markets



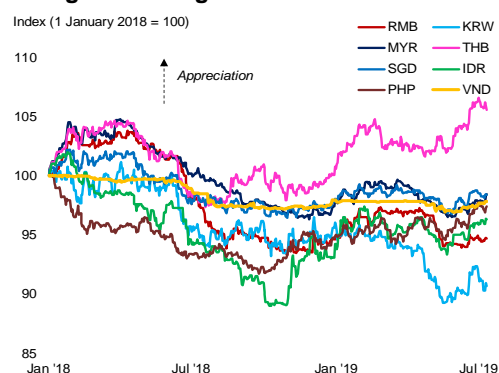
Sources: Haver Analytics; and AMRO staff calculations.

Figure 10. Foreign Portfolio Capital Flows into Regional EM Equity and Bond Markets (Net)



Sources: National authorities; and AMRO staff calculations.

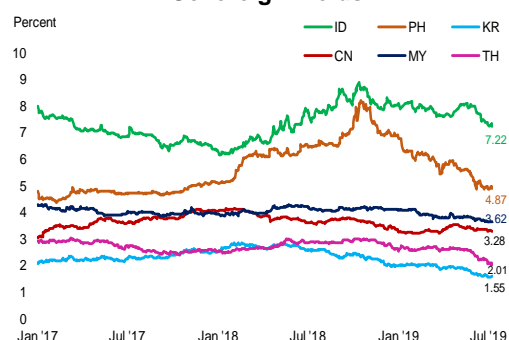
Figure 11. Regional EM Currencies



Sources: Haver Analytics; and AMRO staff calculations.

**Long-term borrowing costs in regional EMs continue to be supported by easy global monetary conditions, tracking U.S. Treasuries closely (Figure 12). Regional 10Y sovereign bond yields have been mostly steady. In Indonesia, borrowing costs fell to the low 7-percent level (from 7.7 percent in mid-June), while sovereign yields in the Philippines declined to below 5 percent. In view of low domestic inflation and easier financial conditions, BI cut its policy rate by 25 bps to 5.75 percent to support the economy.**

**Figure 12. Selected Regional Economies: 10-Year Sovereign Yields**



Sources: Haver Analytics; and AMRO staff calculations.

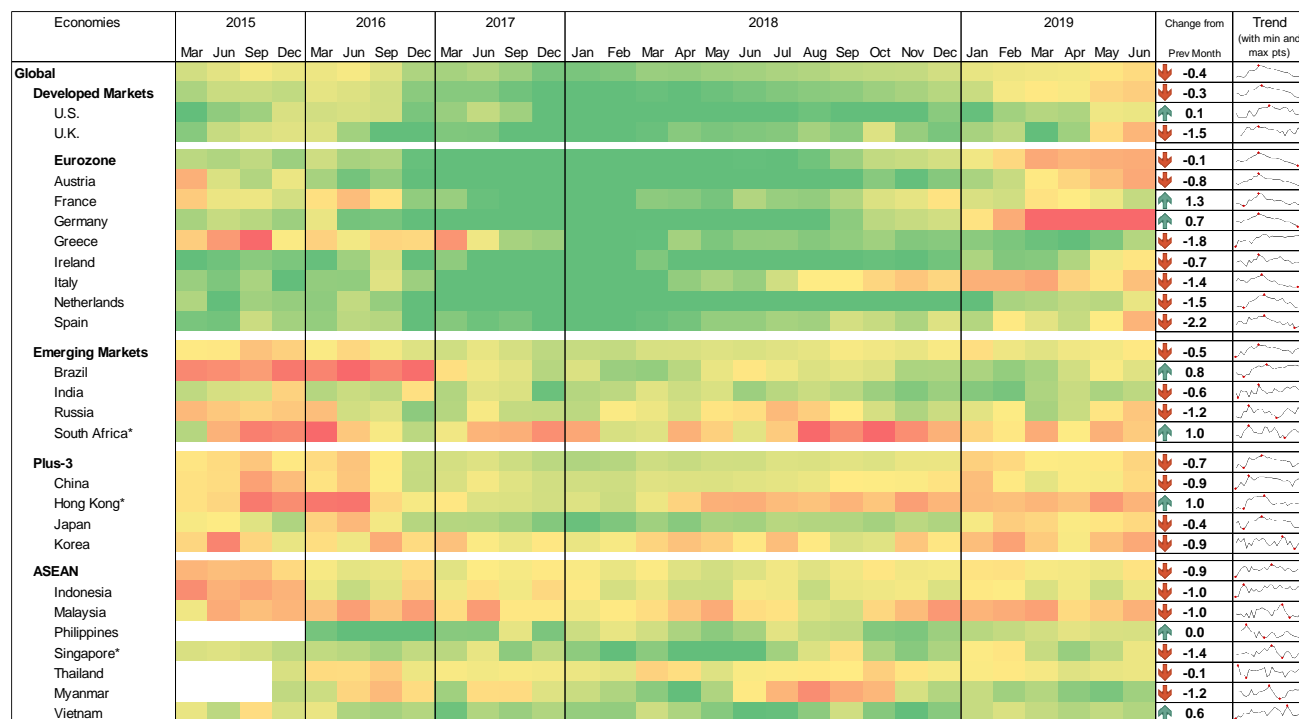
### Annex 1: Revised Projection of GDP Growth for ASEAN+3 Economies

% year-on-year	May 2019 Projection		July 2019 Projection	
	2019 p/	2020 p/	2019 p/	2020 p/
<b>ASEAN+3</b>	<b>5.1</b>	<b>5.0</b>	<b>↓ 4.9</b>	<b>↓ 4.9</b>
Brunei Darussalam	2.1	2.0	↔ 2.1	↔ 2.0
Cambodia	7.1	7.0	↔ 7.1	↔ 7.0
China	6.3	6.2	↓ 6.2	↓ 6.1
Hong Kong, China	2.7	2.7	↓ 1.4	↓ 2.0
Indonesia	5.1	5.1	↔ 5.1	↔ 5.1
Japan (Fiscal Year)	0.6	0.5	↓ 0.5	↔ 0.5
Korea	2.6	2.6	↓ 2.4	↓ 2.4
Lao PDR (Fiscal Year)	6.6	6.9	↔ 6.6	↔ 6.9
Malaysia	4.6	4.7	↓ 4.5	↓ 4.6
Myanmar (Fiscal Year)	7.3	7.4	↓ 6.8	↓ 7.1
The Philippines (Fiscal Year)	6.4	6.6	↓ 6.3	↓ 6.5
Singapore	2.5	2.6	↓ 1.3	↓ 1.5
Thailand	3.8	3.7	↓ 3.3	↓ 3.3
Vietnam	6.6	6.7	↔ 6.6	↔ 6.7

Sources: AMRO staff projections.

Notes: GDP Growth: refers to calendar year, unless otherwise stated.

## Annex 2: Global Manufacturing PMI Heatmap



Sources: IHS Markit; and JPMorgan.

Notes: Global PMI is as aggregated by JP Morgan. Plus-3 PMI is calculated by AMRO and weighted by individual's GDP. China's PMI refers to Caixin/ Markit PMI. These seasonally adjusted PMI readings are coded by colors:

- Darker shades of red in the reading denote readings further below (< 45) the diffusion level of 50; conversely, greener shades in the readings denote readings further above (> 55) the diffusion level of 50.
- The trend lines shown in the right-most column represent the PMI readings since January 2015, the red dots denote minimum and maximum points in that period.
- Global PMI is as aggregated by JP Morgan. China's PMI refers to Caixin/ Markit PMI.
- (\*) denotes whole economy PMI.

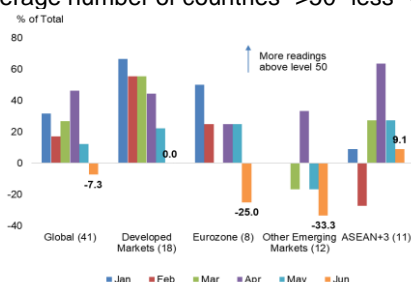
**Global manufacturing activity contracted further in June, reaching its lowest PMI level since October 2012.** Out of the 25 economies shown above in Annex 2, 14 experienced contractions in their PMI levels. Manufacturing activity continued to deteriorate in Europe. Brexit uncertainty and softening global economic conditions put a dent in U.K. production and demand. Trade uncertainty continued to pressure German exporters' orders while manufacturing activity in Ireland and Spain contracted for the first time this year, in June. The United States remains one of the few developed economies with a still-expanding manufacturing, albeit marginally at 50.6, amid declines in the production and employment sub-indices.

**The outlook for the manufacturing sector in the ASEAN+3 region, particularly the Plus-3 economies, is lackluster, underpinned by the uncertainties surrounding global trade.** The slowdown in output and the dip in new orders were reflected in a contraction in China's headline PMI (49.4), amid continuing uncertainties over the outcome of the resumed U.S.-China trade negotiation, post the G20 meeting in Osaka. Japan's PMI deteriorated for the second consecutive month at 49.3; the latest decline in new export orders was the sharpest for the past three years. Similarly for Korea, the manufacturing PMI, particularly the export orders sub-index, continued to contract.

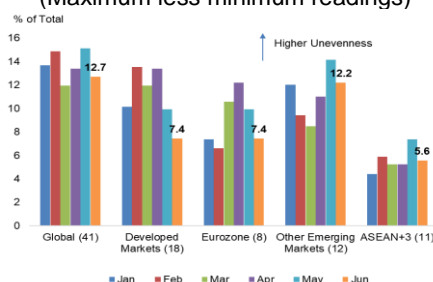
**The two additional sets of indicators show further weakening in global manufacturing activity:**

- *Changes in relative activity levels* (Figure A2). Globally, the average number of economies with PMIs above 50 less those below 50 moved into negative in June 2019. The sharp shift in the Eurozone highlights the striking pace of slowdown in that region. The PMI reading for the ASEAN+3 region remains positive but has shrunk considerably. Going forward, the re-escalation in trade tensions remains a key near-term risk for manufacturing and growth in the region.
- *Degree of unevenness in activity levels* (Figure A3). Within the ASEAN+3 region, the average range between the maximum and minimum PMI readings remained at 5.6 index points in June, similar to those of the previous five months. The historically smaller difference for this region suggests that manufacturing activities of the countries are more closely correlated through the regional supply chain, compared to other regions. In developed markets, the rapidly narrowing range since April, taken together with the sharp deterioration in relative activity levels (Figure A2), point to contraction in their manufacturing sector going forward. If realized, this outcome could have significant implications for the ASEAN+3 region.

**Figure A2. Change in Relative Activity Levels**  
(Average number of countries ">50" less "<50")



**Figure A3. Degree of Unevenness in Activity Levels**  
(Maximum less minimum readings)



Sources: IHS Markit; and AMRO staff calculations.

Notes: LHS: This indicator shows the relative change in activity levels in a particular group of countries; it is calculated by subtracting the number of economies whose readings are above 50 by the number of economies whose readings are lower than 50, all divided by the total number of economies for that particular region. RHS: This indicator shows the degree of unevenness in manufacturing activity across a particular region; it is calculated by subtracting the minimum reading among countries in the region from the maximum reading.



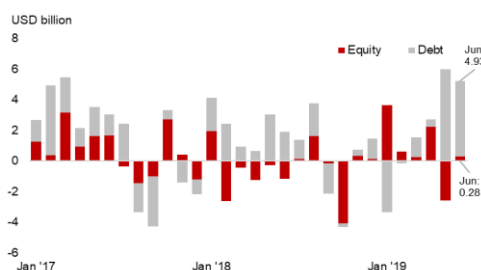
### Annex 3: Regional Exports

Volume, Monthly Growth (% YoY)	2018												2019					
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
China	5.4	38.9	12.9	27.7	2.5	2.6	5.0	3.7	9.4	9.8	2.6	-4.9	10.3	-23.9	18.7	-0.8	4.1	-
Hong Kong	15.7	-0.4	5.4	5.5	13.0	0.7	7.5	10.5	1.9	11.9	-2.8	-7.5	-2.1	-8.7	-3.0	-4.2	-4.0	-
Korea	14.7	-1.1	2.8	6.0	11.8	6.9	10.6	9.5	-6.3	23.7	0.6	-1.3	-0.4	-4.3	-3.3	2.2	-3.1	-
Japan	8.8	1.6	3.2	8.2	3.2	2.6	1.7	0.8	0.5	3.7	-2.7	0.0	-6.1	-0.5	-1.0	-3.1	-4.8	-0.3
Malaysia	17.4	-1.5	2.6	14.9	2.9	5.4	6.0	-3.4	3.0	13.9	-1.4	2.3	1.7	-6.6	-2.3	-1.0	0.8	-
Singapore	11.6	0.9	-0.6	9.6	5.8	1.9	6.1	5.9	3.5	9.6	1.6	-3.8	-0.3	-0.6	-6.5	-3.9	-4.1	-8.0
Thailand	12.9	4.6	2.9	10.5	9.1	6.1	4.9	3.3	-7.1	6.1	-1.0	-1.8	-5.2	-2.6	-5.2	-3.4	-7.2	-
Philippines	-58.3	-4.5	-24.8	-20.3	-10.1	7.3	-11.7	-12.4	-31.3	-3.8	20.7	-9.4	19.4	-14.5	18.7	39.3	-	-
Indonesia	10.6	22.9	9.5	7.1	17.1	24.1	20.9	2.1	4.3	11.6	6.9	7.5	14.6	6.0	10.0	10.7	12.1	-6.2
Vietnam	76.0	-11.0	17.2	26.3	23.8	10.7	11.2	3.5	-7.5	15.9	5.9	-2.4	14.3	14.5	2.5	12.0	11.9	-
Value, Monthly Growth (% YoY)	2018												2019					
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
China	10.6	43.5	-3.0	11.9	11.9	10.7	11.6	9.5	13.9	14.3	3.9	-4.6	9.3	-20.8	13.8	-2.7	1.1	-1.3
Hong Kong	17.2	0.9	7.0	7.1	15.0	2.7	9.4	12.7	4.2	14.1	-1.1	-5.8	-0.7	-7.2	-1.3	-2.6	-2.4	-
Korea	22.3	3.1	5.5	-2.0	12.8	-0.4	6.1	8.7	-8.1	22.5	3.6	-1.7	-6.2	-11.3	-8.4	-2.1	-9.7	-13.7
Japan	16.3	6.5	8.7	10.2	10.6	7.6	4.7	5.4	-2.5	8.4	-0.4	-3.2	-6.8	-3.4	-6.9	-5.9	-8.0	-4.9
Malaysia	32.8	11.0	15.9	28.6	13.0	15.5	15.9	4.4	8.3	19.7	1.3	2.8	-1.0	-9.2	-4.8	-4.5	-2.7	-
Singapore	18.0	6.0	5.8	16.9	14.6	10.8	14.0	12.8	9.6	16.4	4.6	-4.2	-1.7	-0.2	-5.8	-3.5	-5.8	-10.2
Thailand	19.5	11.2	8.5	11.7	9.9	6.0	5.0	7.0	-4.2	8.2	-2.6	-1.4	-5.7	5.5	-7.5	-3.0	-4.0	-
Philippines	1.1	1.3	0.4	-1.9	1.7	3.7	2.3	4.0	1.1	6.7	1.0	-12.2	-6.7	-0.1	-1.8	1.0	1.0	-
Indonesia	8.8	12.0	5.4	9.2	13.0	11.0	19.6	4.5	2.6	4.3	-3.1	-3.9	-4.4	-11.2	-9.0	-9.5	-8.5	-9.0
Vietnam	40.6	9.0	23.0	5.3	11.6	11.6	16.9	18.3	9.3	10.8	8.7	0.3	8.9	-3.3	7.2	10.4	9.5	7.7

Sources: National authorities; and AMRO staff calculations.

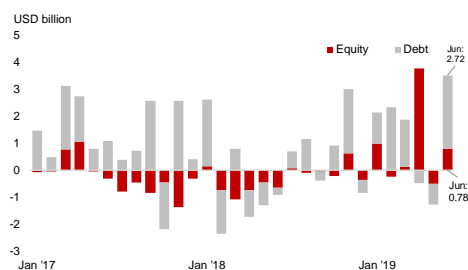
## Annex 4: Capital Flows into Regional Equity and Bond Markets, Selected ASEAN+3 Economies

### Korea



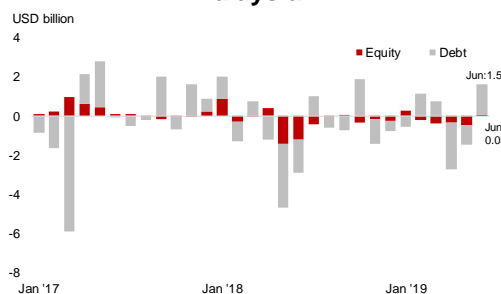
Sources: National authorities; and AMRO staff calculations.

### Indonesia



Sources: National authorities; and AMRO staff calculations.

### Malaysia



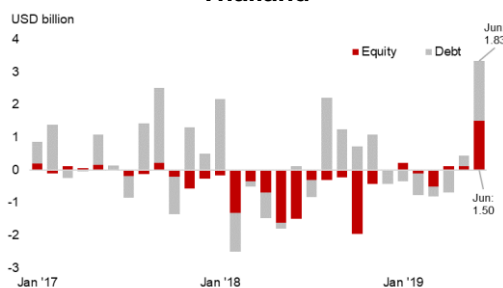
Sources: National authorities; and AMRO staff calculations.

### Philippines



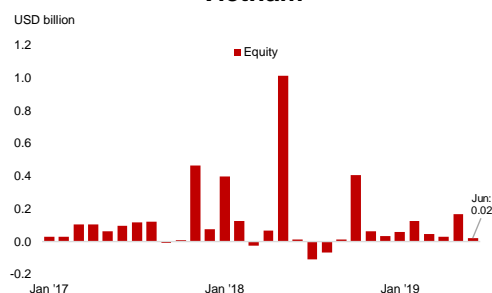
Sources: National authorities; and AMRO staff calculations.

### Thailand



Sources: National authorities; and AMRO staff calculations.

### Vietnam



Sources: National authorities; and AMRO staff calculations.

## Annex 5: Market Data

### Foreign Currency Exchange Rates

Countries	% change (22-23 July)	2019 YTD (% change)
China	-0.04	-0.08
Hong Kong, China	-0.02	0.27
Indonesia	-0.19	3.01
Japan	-0.16	1.52
Korea	-0.37	-5.75
Malaysia	-0.08	0.41
Philippines	-0.13	2.75
Singapore	-0.11	0.04
Thailand	-0.09	4.71
Vietnam	-0.06	-0.28
Lao PDR	-0.72	-2.32
Cambodia	0.02	-1.01
Myanmar	0.00	1.02
Brunei	-0.05	0.62
U.S. Dollar Index	0.14	1.27

Sources: Haver Analytics; and AMRO staff calculations.

Note: Negative values indicate depreciation and positive values indicate appreciation.

### Stock Market Index

Stock Markets	% change (22-23 July)	2019 YTD (% change)
China (SSE Composite)	0.00	15.76
Hong Kong, China (Hang Seng)	0.00	9.77
Indonesia (JCI)	0.00	3.86
Japan (Nikkei 225)	0.87	7.93
Korea (KOSPI 200)	0.25	2.87
Malaysia (FBMKLIC)	0.07	-2.01
Philippines (PSEi)	-0.06	10.39
Singapore (STI)	0.31	9.74
Thailand (SET)	0.00	10.47
Vietnam (VNINDEX)	0.00	10.03

Sources: Haver Analytics; and AMRO staff calculations.

### Lending Rate

Countries	Overnight Lending Rate (bps change, 22-23 July)	3-Month Interbank Lending Rate (bps change, 22-23 July)
China	-16.00	0.00
Hong Kong, China	0.00	0.00
Indonesia	0.00	0.00
Japan	0.00	0.00
Korea	0.00	0.00
Malaysia	0.00	0.00
Philippines	0.00	0.00
Singapore	0.00	0.00
Thailand	0.00	0.00
Vietnam	0.00	0.00

Sources: Haver Analytics; and AMRO staff calculations.

### Credit Default Swap

Countries	bps change (19-22 July)
China	0.18
Hong Kong, China	1.53
Indonesia	0.41
Japan	0.00
Korea	-0.09
Malaysia	0.04
Philippines	-0.02
Thailand	0.13
Vietnam	5.65

Sources: Haver Analytics; and AMRO staff calculations.

Notes: Negative values indicate lower pricing of risk and positive values indicate higher pricing of risk. Latest data are available with a one-day lag.

### Credit Ratings

Countries	S&P	Moody's	Fitch
China	A+	A1	A+
Hong Kong, China	AA+	Aa2	AA+
Indonesia	BBB	Baa2	BBB
Japan	A+	A1	A
Korea	AA	Aa2	AA-
Malaysia	A	A3	A-
Philippines	BBB+	Baa2	BBB
Singapore	AAA	Aaa	AAA
Thailand	A-	Baa1	BBB+
Vietnam	BB	Ba3	BB

Sources: Haver Analytics.

Note: Investment grade begins at Baa3 for Moody's and BBB minus for both S&P and Fitch.

### External Liquidity Ratios

International Reserves	Import Cover (No. of Months)	Reserve over Short-term Debt
China	15.4	2.6
Hong Kong, China	7.8	0.4
Indonesia	7.1	2.6
Japan	20.8	0.5
Korea	7.9	3.1
Malaysia	5.9	1.0
Philippines	7.9	6.4
Singapore	6.1	0.2
Thailand	9.1	3.8
Vietnam	2.7	2.5
Lao PDR	1.4	1.3
Cambodia	5.7	4.9
Myanmar	3.9	6.3
Brunei	10.8	na.

Sources: Haver Analytics; and AMRO staff calculations.

Notes: Short-term debts are liabilities due in 1 year or less. International Reserve of Cambodia does not include restricted reserve for foreign currency deposits. Import cover is computed by dividing international reserves by trailing average 12-month worth of imports of goods and services using latest available data from balance of payments statistics.

### Sovereign Bond Rates (% , 10-Year Sovereign)

Countries	bps change (22-23 July)	2019 YTD (bps)
China	-1.3	-16.7
Hong Kong, China	-3.1	-54.4
Indonesia	5.2	-74.8
Japan	-0.6	-14.3
Korea	0.0	-49.4
Malaysia	-0.1	-47.4
Philippines	-3.9	-217.8
Singapore	0.9	-8.7
Thailand	1.1	-53.0
Vietnam	0.0	-60.0

Sources: Haver Analytics; and AMRO staff calculations.

## Annex 6: Major Policy Developments (21 June – 18 July 2019)

<b>Cambodia</b>	<p>[12 July 2019] The Council of Ministers approved two draft laws, a national strategy bill for financial inclusion, and four solar energy projects:</p> <ol style="list-style-type: none"> <li>(1) Draft Law on Consumer Protection: aimed at protecting the benefits of consumers and promote market competitiveness in terms of price and quality of certain products or services.</li> <li>(2) Draft Law on E-commerce: aimed at facilitating and regulating online business operations for investors and consumers both domestic and international.</li> <li>(3) National Financial Inclusion Strategy (2019 – 2025): aimed at increasing formal financial inclusion from 59 percent to 70 percent and reducing women financial exclusion from 27 percent to 13 percent.</li> <li>(4) Four solar energy projects with a total expected installed capacity of 140 megawatts: The plants will be built in Pursat, Battambang, Banteay Meanchey and Svay Rieng provinces.</li> </ol>
<b>Indonesia</b>	<p>[18 July 2019] The BI Board of Governors agreed on 17<sup>th</sup> and 18<sup>th</sup> July 2019 to lower the BI 7-day Reverse Repo Rate by 25 bps to 5.75 percent, Deposit Facility (DF) rates lowered 25 bps to 5.00 percent and Lending Facility (LF) rates lowered 25 bps to 6.50 percent.</p>
<b>Japan</b>	<p>[1 July 2019] To ensure appropriate implementation of export control and regulation based on Article 25(1) and Article 48(1) of the Foreign Exchange and Foreign Trade Act, the Ministry of Economy, Trade and Industry (METI) applied updated licensing policies and procedures on the export and transfer of controlled items and their relevant technologies to Korea:</p> <ol style="list-style-type: none"> <li>(1) Removal of Korea from Table III (so called “white countries”) of the Export Trade Control Order: On July 1, METI began the public comments process for the amendment of the Cabinet Order removing Korea from the Appended Table III.</li> <li>(2) Individual export licenses for certain items and their relevant technologies: From July 4, exporters shall apply for an individual export license for export of Fluorinated polyimide, Resist, and Hydrogen Fluoride, and their relevant technologies, which may include technology transferred with exports of manufacturing equipment to Korea, as the relevant bulk licenses for those three items will no longer be applicable.</li> </ol>
<b>Korea</b>	<p>[3 July 2019] Ministry of Economy and Finance announced the Economic Policies for the second half of 2019. The main objectives of the policies are to boost the economy amid domestic and external uncertainties, to promote innovation and the new industries, as well as to pursue the government’s more inclusive growth goal.</p> <p>[18 July 2019] The Bank of Korea lowered its benchmark interest rate to 1.5 percent from 1.75 percent.</p>
<b>Lao PDR</b>	<p>[26 June 2019] At the conclusion of the recent National Assembly (NA), several important laws were passed or amended that would enhance the fiscal strength of the government.</p> <ol style="list-style-type: none"> <li>(1) Law on Taxation Management: puts into one law the management and administration of taxes, streamlining procedures, closing loop holes and enabling a transition towards a more modernized tax system.</li> <li>(2) Law on Income Taxes: raised the threshold for income not subject to income tax, from 1 million to 1.3 million Kip. It also raised the highest income tax rate to 28 percent from 24 percent, while preserving the progressive tax brackets, with tax rates from 5-28 percent. Meanwhile, the standard Corporate Income Tax (CIT) rate was reduced from 24 percent to 20 percent.</li> <li>(3) Law on Excise Taxes: to increase taxes on several leisure and amusement activities, particularly gambling and golf and also raised taxes on several goods such as alcohol and vehicles. The new laws will still need to be promulgated by the President, and would be ready for implementation in six months.</li> </ol>

	(4) Law on Anti-Dumping: to promote a level playing field for trade and safeguard domestic industries from the effects of dumping.
<b>Malaysia</b>	[9 July 2019] The Monetary Policy Committee (MPC) of Bank Negara Malaysia decided to maintain the Overnight Policy Rate (OPR) at 3.00 percent.
<b>Thailand</b>	<p>[26 June 2019] The Bank of Thailand Monetary Policy Committee decided to maintain the official policy rate at 1.75 percent.</p> <p>[12 July 2019] The Bank of Thailand introduced measures to enhance surveillance of short-term capital flows:</p> <ol style="list-style-type: none"> <li>(1) Enhance “Measures to Prevent Thai Baht Speculation” by reducing the limit on the outstanding balance of Non-resident Baht Account (NRBA) and Non-resident Baht Account for Securities (NRBS) from 300 million baht per non-resident to 200 million baht per non-resident. This measure will become effective on 22<sup>nd</sup> July 2019.</li> <li>(2) Strengthen the reporting requirements for non-residents’ holdings of debt securities issued in Thailand where the names of end beneficiaries shall be reported for all non-residents’ holdings of Thai debt securities. This measure will help improve the BOT’s surveillance of non-residents’ investment behaviours. This measure will become effective as of July 2019 reporting period.</li> </ol>

Source: National authorities.