



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

- Cambodia moves to create new provinces
- Philippines unemployment rate falls by 0.2 percentage points
- U.S. trade deficit jumps by most in 3 years

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 moves to create new provinces

On 30 August, Prime Minister Hun Sen [authorized a request](#) by the Ministry of Interior to study the creation of two new provinces. One will be formed by parts of Mondulkiri and Ratanakkiri provinces, while the other will be split off from Kandal province.

The justification for new provinces was made on the grounds of enhancing administration efficiency, maintaining public order, promoting local development, and improving service delivery. The new administrations could commence operations as early as 2019.

Chart of the week: fiscal performance 2018

Given that Budget 2019 is fast-approaching, in lieu of a chart this week we thought that it would be helpful to provide a stock take of fiscal aggregates from Budget 2018.

The table below shows Budget Law 2018 compared to a recent update by the Ministry of Economy and Finance on budget implementation. Revenues have performed much better than anticipated so far this

year, leading to a revised estimate of 19.5 percent of GDP compared to 18.8 per cent expected in Budget 2018. Expenses have been implemented roughly as expected. As a result, parliamentarians can expect a larger current surplus this year, at 3.3 percent of GDP compared to 2.5 percent, and a smaller overall deficit of 5.0 percent compared to 5.9 percent.

Fiscal aggregates, Budget 2018 and revised estimates

Indicator	2018 (law)	2018 (revised est)
GDP (in billion Riel)	99,332.2	
Revenue (percent of GDP)	18.75%	19.53%
Current revenue (percent of GDP)	18.57%	19.35%
Expenditure (percent of GDP)	24.59%	24.56%
Current expenditure (percent of GDP)	16.09%	16.08%
Current surplus (percent of GDP)	2.48%	3.27%
Total deficit (percent of GDP)	-5.84%	-5.03%

Source: Ministry of Economy and Finance [Report](#) on the Performance of Budget Implementation for the first semester

ASEAN and other trading partners news and data

Philippines unemployment rate falls by 0.2 percentage points

Unemployment in the Philippines dropped to 5.4 percent in July, down from 5.6 percent the same month last year, according to a release this week from the [Philippines Statistics Authority](#).

The data was mixed, however, with the participation rate falling 0.5 percentage points from 60.6 percent to 60.1 percent over the same period, suggesting the fall in unemployment could be partly the result of discouraged workers exiting the labour force.

U.S. economy and Federal Reserve

U.S. trade deficit jumps by most in 3 years

The U.S trade deficit increased 9.5 percent to a five-month high of \$50.1 billion in July, as exports of soybeans and civilian aircraft fell and imports hit a record high, according to releases by the [Commerce Department and Census Bureau](#) this week. It was the largest single-month increase since 2015.

Data for June was revised to show a trade deficit of \$45.7 billion, instead of the previously reported \$46.3 billion.

After adjusting for inflation, the trade gap increased to a five-month high of \$82.5 billion in July from \$79.3 billion in June. July's real trade deficit is above the second-quarter average of \$77.5 billion, and if the result holds for the remaining months of the quarter, international trade could subtract from third-quarter GDP.

The week ahead

Next week's data highlights include inflation and industrial production in the U.S. and unemployment data in Singapore and South Korea.

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

Monday, 10 September

- Japan current account for July
- Japan GDP for 2018Q2 final estimate
- China inflation for August
- Philippines foreign direct investment for June
- Indonesia retail sales for July
- U.S. consumer inflation expectations for August

Tuesday, 11 September

- Philippines balance of trade for July
- Japan 30-year JGB auction
- U.S. job openings for July

Wednesday, 12 September

- U.S. API crude oil stock change 7/Sep
- South Korea unemployment for August
- Japan tertiary industry index for July
- Singapore retail sales for July
- U.S. core PPI and PPI for August

Thursday, 13 September

- Japan stock investment by foreigners 8/Sep
- Japan PPI for August
- Singapore unemployment rate for Q2
- Malaysia retail sales for July
- China M2 money supply for August
- U.S. inflation for August

Friday, 14 September

- South Korea balance of trade for August
- China industry production for August
- Malaysia unemployment for July
- U.S. industrial production for August