



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

- Cambodian and regional trade relations to strengthen with India
- Japan's trade surplus rises
- Fed's minutes point to imminent hike and downplays inflation concerns

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

Cambodian and regional trade relations strengthened with India

Cambodia hosted the 5th annual India-Cambodia, Laos, Myanmar and Vietnam (CLMV) Business Conclave in Phnom Penh [this week](#).

During Monday's opening ceremonies, Vietnam's Deputy Minister of Industry and Trade Cao Quoc Hung spelled out several measures to strengthen economic and trade relations between India and CLMV countries.

The deputy minister cited close geographic distance, fast-growing economies and large and young populations as drivers of trade ties with India.

The measures included investment in transport infrastructure to better connect northeastern India and Myanmar, efforts to harmonize trade and investment policies, and efforts to harmonize finance regulations.

India's trade with the region has growth from \$460 million in 2000 to \$14.5 billion in 2017.

Cambodia may import salt from Sri Lanka

Cambodia is looking to import salt from Sri Lanka and India after abnormally high rain this year wiped out domestic production, the Phnom Penh Post [reports](#). Cambodia may need to import up to 30,000 tonnes of its annual demand of 90,000 tonnes.

The fall in production has caused prices to rise from 15,000 riel to 17,000 riel per 50 kilograms (13.3%).

Phnom Penh real estate market surges on Chinese buyers but signs of softening ahead

Luxury apartments are expected to soar to nearly 23,000 units by the end of 2018, up from just 1,500 units five years ago, according to Cambodia real estate experts interviewed by [Reuters](#).

The increase has been driven almost entirely by an influx of Chinese investment. Many of the units are sitting empty, with few tenants able to afford the rents required to earn a return on the properties.

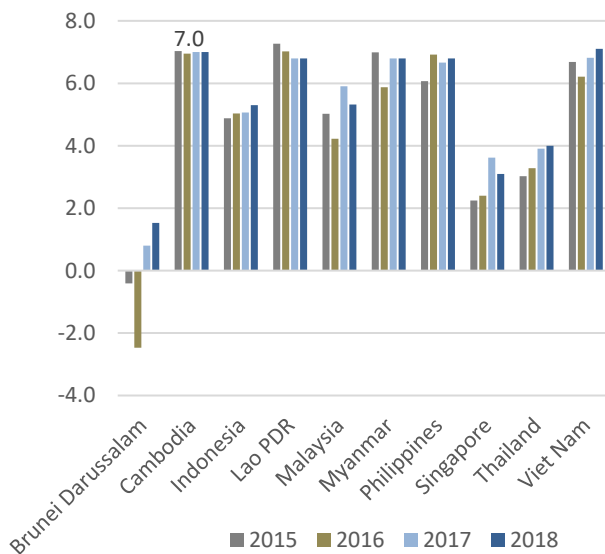
The lack of demand has led some to speculate that the market will soon soften; however, they suggest that it will leave the domestic economy largely unharmed, as few locals own the properties.

Chart of the week: GDP growth in ASEAN member states

This week's graph shows Cambodia's GDP growth in context with other ASEAN member states, from the latest [Asian Development Bank Outlook 2015-2018](#).

Cambodian GDP growth is stable at around 7 per cent over the four years. The CLMV countries have the highest GDP growth rates, along with the Philippines, while Brunei, Singapore and Thailand have lower growth rates.

GDP growth in ASEAN member states, 2015 to 2018



Source: Asian Development Bank Outlook 2015-2018

ASEAN and other trading partners news and data

Japan's trade surplus rises

Japan's trade surplus surged 30.9 per cent to JPY 626.0 billion in April 2018 from JPY 478.3 billion in April 2017, according to Japan's [Ministry of Finance statistics](#) released on Monday. This exceeded market expectations of a JPY 405.6 billion surplus.

Exports increased 7.8 per cent year-over-year to JPY 6,822 billion, driven by sales of transport equipment, particularly cars.

Imports increased by a softer 5.9 per cent to JPY 6,196 billion, driven by declining imports of transport equipment, particularly airplanes.

U.S. economy and Federal Reserve

Fed's minutes point to imminent hike and downplays inflation concerns

This week the Federal Reserve released its minutes from the Federal Open Market Committee meeting on May 1st to 2nd. The minutes reveal that the Federal Reserve officials believe that the economic outlook warrants another interest-rate hike "soon" and signals that are okay with overshooting the Fed's 2 per cent inflation target, suggesting a slower hike path in the future.

Allowing inflation to be "modestly above 2 per cent would be consistent with the committee's symmetric inflation objective and could be helpful in anchoring longer-run inflation expectations" say the minutes.

The next opportunity to raise interest rates will be at their June meeting.

The week ahead

The last week of the month will be particularly significant to watch, with most statistics offices in the region releasing their headline figures. The FACT team will be paying close attention to South Korea on Thursday and Friday, with releases for industrial production, retail sales, GDP, inflation, and the balance of trade.

Below is the complete calendar of regional data releases and developments for next week.

Monday, 28 May

- Taiwan consumer confidence for May
- Singapore import and export prices for April
- Hong Kong balance of trade for April

Tuesday, 29 May

- South Korea consumer confidence for May
- Japan unemployment for April
- Vietnam inflation for May
- Vietnam balance of trade for May
- Vietnam industrial production for May

Wednesday, 30 May

- Japan retail sales for April
- Thailand unemployment rate for April
- Japan consumer confidence for May

Thursday, 31 May

- South Korea business confidence for May
- South Korea construction output for April
- South Korea industrial production for April
- South Korea retail sales for April
- Japan industrial production for April
- China manufacturing PMI for May
- Malaysia producers' price index for April
- Thailand industrial production for April
- Thailand current account for April
- Thailand retail sales for April

Friday, 01 June

- South Korea GDP for 2018Q1 final estimate
- South Korea inflation rate for May
- South Korea balance of trade for May
- Philippines manufacturing PMI for May
- Philippines retail price index for April
- Thailand core inflation rate for May