



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

- Cambodia’s consumer spending on electronics surges by 30% in 2018
- Laos looks to increase sugar exports to China
- Federal Reserve expects inflation in U.S. to continue to fall below target

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

Consumer spending on electronics surges by 30% in 2018

Cambodians spent \$413 million on electronics last year, up from \$323 million in 2017, according to market research firm GfK as quoted by G-Gear CEO and LG Electronics Sok Piseth in the [Phnom Penh Post](#). Almost 70% of spending (\$282 million) was on mobile phones.

The increase was driven by rapidly rising incomes and living conditions, boosting demand for appliances such as televisions, refrigerators, and washing machines. Flexible instalment plans also contributed to higher sales, allowing consumers unable to pay for the full amount up-front to receive the goods immediately and pay gradually over time.

Chart of the week: HDI score of ASEAN countries in 2017

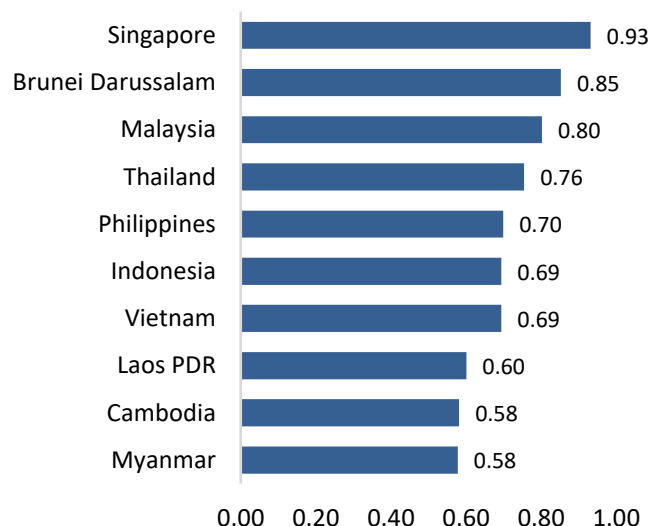
This week’s chart compares the Human Development Index (HDI) score of ASEAN countries in 2017. HDI is a measure of average achievement across three dimensions of human development: health outcomes, education, and standards of living.

The higher a country's HDI score, the better its level of human development and vice versa.

Singapore had the highest HDI score among ASEAN countries in 2017, while Cambodia and Myanmar were behind their ASEAN peers.

Cambodia’s HDI score of 0.58 places it at 146th out of 189 countries.

HDI Score of ASEAN Countries in 2017



Source: [UNDP](#)

ASEAN and other trading partners news and data

Laos looks to increase sugar exports to China

Laos has asked China to open its market to more agricultural products from Laos, particularly sugar, increasing import permits from 55,000 tonnes in 2018 to 100,000 tonnes in 2019. Laos officials [raised the request](#) during a recent Chinese delegation to Laos.

Laos's Minister of Industry and Commerce has proposed the increase against the context of several mega projects between Laos and China, such as the Laos-China railway.

The trade value of Laos exports to China in the first six months of last year was \$619 million, much less than the \$1.27 billion in goods Laos sold to Thailand.

Sales of rice from Laos to China have been dropping—from \$14.2 million in 2016, to \$5.6 million in 2017, and further to \$5 million in 2018. Despite the decline, China remains the largest rice export market for Laos and the second biggest trading partner of the country.

U.S. economy and Federal Reserve

Federal Reserve expects inflation in U.S. to continue to fall below target

On Tuesday, Federal Reserve Chairman Jerome Powell [announced](#) that his bureau expects inflation will fall further below the bank's 2% inflation target, despite robust economic growth and job gains.

The Fed's subdued inflation outlook suggests that the open market committee's 'wait-and-see' approach to further rate hikes will continue longer than anticipated, with many economists no longer expecting increases this year.

Although market reaction has been slow, fewer rate increases will mean a weaker U.S. dollar over the coming year. As Cambodia ties its currency to the U.S. dollar, this means a weaker riel, with positive implications for Cambodia's export and GDP outlook.

The week ahead

Data highlights in the coming week include GDP for South Korea and Japan and inflation in South Korea, the Philippines, and Brunei.

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

Monday, 04 March

- Malaysia balance of trade for January
- U.S. construction spending for December

Tuesday, 05 March

- South Korea GDP for 2018q4
- South Korea inflation for February
- Philippines inflation for February
- Philippines industrial production for January
- Malaysia interest rate decision

Wednesday, 06 March

- Indonesia consumer confidence for February
- South Korea exchange reserves for February
- U.S. balance of trade for December

Thursday, 07 March

- Japan foreign bond investment for 02 March
- Philippines unemployment rate for 2019Q1
- Brunei inflation for January
- China foreign exchange reserves for February

Friday, 08 March

- South Korea current account for January
- Japan household spending for January
- Japan GDP for 2018 Q4, final estimate
- U.S. unemployment for February