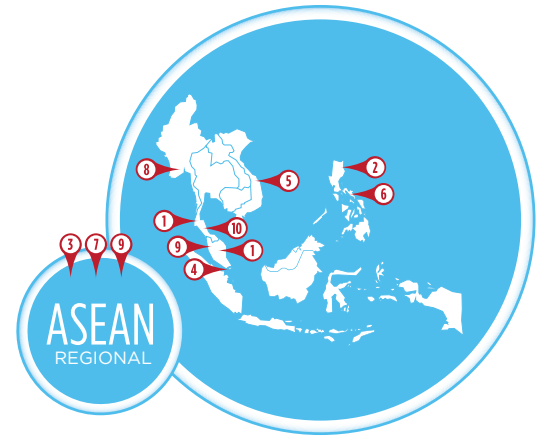


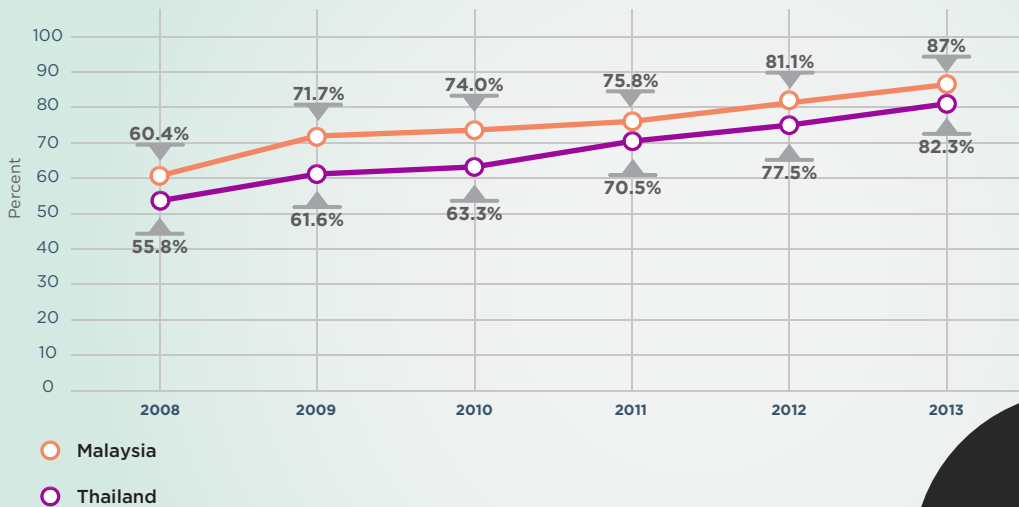
# CARI CAPTURES



## 01 CONSUMER DEBT AT RISK IN THAILAND, MALAYSIA



### Growing Consumer Debt in ASEAN



Bank Negara Malaysia

**As the US Federal Reserve concludes its current stimulus program and continues on its current course of tightening quantitative easing, high levels of consumer debt within Thailand and Malaysia face potential risks according to Moody's.**

▶ Household debt as a percentage share of GDP at the end of 2013 was at 87% for Malaysia and 82% for Thailand, thus touting the highest figures within the ASEAN region in terms of private debt

- ▶ According to Moody's, the increased levels of private debt pose a risk towards the financial integrity of said nations, as with a tightening global credit landscape, refinancing pressures on mortgages and consumer credit will no doubt increase
- ▶ However, it should be noted that the rating agency maintained its belief in the financial integrity of both nation's banking systems, stating that high capitalisation levels, robust profitability, and a low reliance on wholesale funding will insulate Southeast Asian banks from any drastic economic shifts

GMA News (7 October 2014)

## 02 PHILIPPINE CENTRAL BANK ORDERS LENDERS TO BOOST CAPITAL AMID COLLATERAL RESTRAINTS



**Central Bank of the Republic of Philippines, Bangko Sentral ng Pilipinas will order lenders to boost capital and cap the value of real estate that can be used as loan collateral in order to ensure banks squeeze themselves for increased risk taking.**

- ▶ The central bank approved a minimum capital requirement for larger banks that is as much as six times the current level. Banks must also limit the collateral value of real estate mortgages at 60 percent under a new credit standard to be implemented over two years
- ▶ Besides, bank directors and senior managers must ensure prudent lending by having a strong internal policy for controlling concentrations of credit risk, conduct regular stress tests and sufficiently provide for loan-loss allowances
- ▶ "The current environment naturally attracts more risk-taking by banks. We want to be sure banks have a higher level of capital to absorb the accompanying possible higher levels of shocks," Amando Tetangco, Governor of Bangko Sentral ng Pilipinas said
- ▶ He also stated that the new regulations promote better access to credit by those who are not necessarily collateral-heavy but do have the ability to pay from business operations or other regular cash flows

[Bloomberg \(19 October 2014\)](#)

## 03 HONG KONG EXPECTS TO FINALIZE FTA WITH ASEAN COUNTRIES BY 2016



**Hong Kong predicts having an FTA (Free Trade Agreement) with ASEAN in place by 2016. "All of the six rounds of negotiations for the free trade agreements between Hong Kong and Asean countries to be completed by 2016. The first round of talks was held in July 2014." Gregory So Kam-leung, Secretary for Commerce and Economic Development said.**

- ▶ In 2010, China and Asean joined the trade pact as "10 plus one". Consequently, Hong Kong manufacturers have been urging the city government to join the Asean-China free trade network in order to maintain the city's position as a transit hub for China's external trade
- ▶ Stanley Lau, Chairman of the Federation of Hong Kong Industries, said: "China exports can go directly to the Asean countries with tariffs reduced or eliminated, without going through Hong Kong. Hong Kong's position is being weakened. We need the '10 plus two'."
- ▶ However, Jonathan Choi, Honorary President of the Chinese General Chamber of Commerce, said negotiations with Asean countries have not been easy as Hong Kong is already a free port and does not impose tariffs on imports. That means there isn't much Hong Kong can offer as preferential treatment for Asean countries, which would reduce the city's bargaining power

[South China Morning Post \(21 October 2014\)](#)

## 04 TIGHTER FOREIGN LABOUR POLICIES MAY HURT SINGAPOREAN ECONOMY



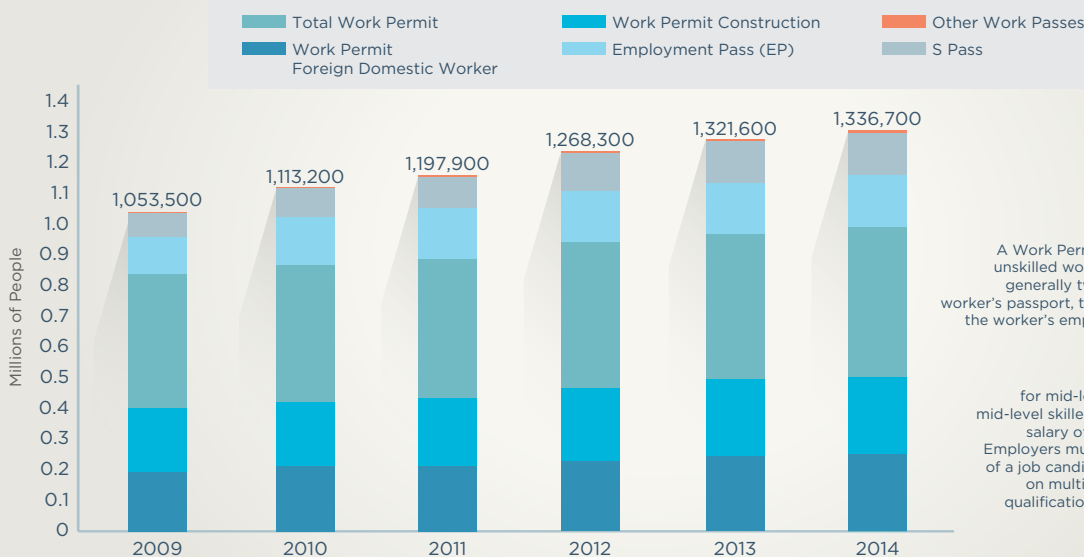
**According to a report issued by the IMF, Singapore's attempt to slow the inflow of foreign workers, combined with its aging population, may result in temporarily higher wages without productivity gains, hurting overall competitiveness.**

- ▶ The predicted increase in wages will also lead to increased inflation, a phenomenon that the IMF feels the Singaporean government can handle with its strong record of responsible fiscal and monetary management

- ▶ The IMF however also warned that Singapore is highly exposed to external risks related to slowing growth in both advanced and emerging economies, as well as the increasingly volatile market and associated geopolitical risks
- ▶ It should also be noted that whilst the IMF believes short and medium term risks pose potential problems to Singapore, the organisation continued to affirm Singapore's efforts in restructuring its labour force, which it felt would help to offset the effects of declining labour force growth

[The Economic Times \(20 October 2014\)](#)

### Singapore's Foreign Workforce



[Ministry of Manpower Singapore](#)



## 05 DEFENCE PACT BETWEEN INDIA AND VIETNAM AMID CHINA'S AGGRESSIVE GROWTH



**During Indian President Pranab Mukherjee's Vietnam visit in September, a defence Memorandum of Understanding (MoU) was signed. Another defence pact will be concluded when Vietnamese Prime Minister Nguyen Tan Dung is in India on October 27-28 amid China's growing aggression in the region.**

- ▶ India and Vietnam are planning to expand their defence partnership since becoming strategic partner in 2007
- ▶ "India and Vietnam are trusted partners and there has been steady growth in defence ties. India would like to further assist Vietnam

with the capacity building of its armed forces. The two countries are also looking at more joint exercises and training programs," said Anil Wadhwa, Secretary (East) of Indian Ministry of External Affairs

- ▶ However, it is not just defence that is driving two countries closer. As India intensifies its 'Act East Policy' where Vietnam forms a critical pillar of Delhi's engagement with ASEAN region, the two countries are keen to expand trade basket especially in investment

[The Economic Times \(20 October 2014\)](#)

## 06 PHILIPPINES EXPECTED TO OUTPERFORM ASEAN PEERS UNTIL 2015 – MAYBANK



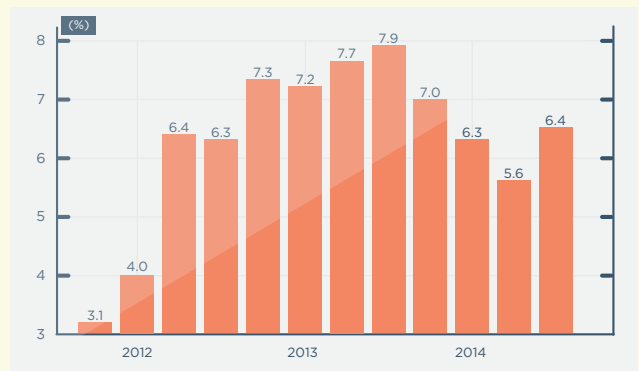
**In a report recently released by Maybank, the Filipino economy is expected to outperform its peers in 2014 and 2015 in terms of growth.**

- ▶ The report projected a 6.2% growth in 2014, and a 6.3% growth in 2015, which is aligned with the 6.5% growth in 2014 and 6.7% growth rate calculated by the ADB
- ▶ Amongst key metrics cited as reasons for the increased rate of growth, inflation was highlighted as having reduced since July and August, from 4.9% during said months to 4.4% in September; the Philippines was also touted to have a healthy banking system, as well as declining debt ratios
- ▶ Furthermore, declining prices in oil and other commodities are expected to continue to benefit the country, which has part of its substantial economic growth fuelled by recovery efforts since typhoon Haiyan

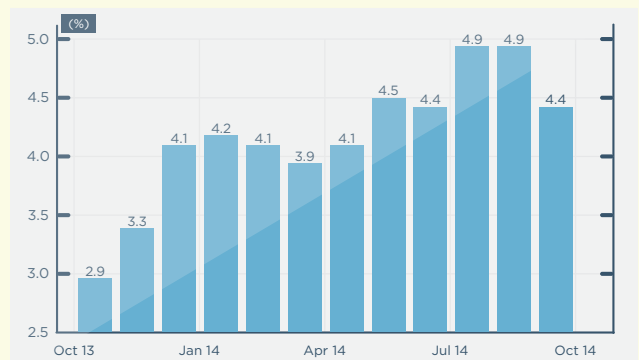
[Yahoo Malaysia News \(13 October 2014\)](#)

### Philippines' Positive Economic Outlook

**Philippines GDP Growth Rate**  
Percent Change in Gross Domestic Product



**Philippines Inflation Rate**  
Annual Change on Consumer Price Index



[TradingEconomics.com](#)

## 07 INDIA-JAPAN COOPERATION HELPS TO BOOST CONNECTIVITY BETWEEN SOUTH INDIA AND ASEAN



**On 18 October, Japanese Ambassador to India, Takeshi Yagi emphasised the importance of enhancing connectivity in India's North-eastern states, which would eventually link South India with Asean countries at a lecture at the Observer Research Foundation in Kolkata, India.**

- ▶ During Indian Prime Minister Narendra Modi's Japan visit earlier this year, Modi and his Japanese counterpart, Shinzo Abe, strongly emphasised on cooperation in enhancing connectivity and development in Northeast India

The cooperation is focused on connecting the region to other economic corridors in India and to Southeast Asia, which would catalyse economic development and increase prosperity in the region

- ▶ "This is a part of increasing connectivity between India and ASEAN. We already have concrete projects. Another aspect is the Chennai-Bangalore Industrial Corridor, the bigger picture we have in mind is to enhance connectivity between southern part of India and ASEAN." Mr. Yagi said

[SME Times \(20 October 2014\)](#)

# 08 MYANMAR MONITOR

## FOREIGN AFFAIRS

Plans are underway for additional security measures in Naypyidaw for the 25th ASEAN Summit in mid-November. Authorities acknowledge the meeting, which will be attended by several world leaders including US President Barack Obama, will be one of their toughest security challenges yet.

[Channel NewsAsia \(26 October 2014\)](#)

Myanmar President Thein Sein urged the United Nations on 24 October to further strengthen and expand the areas of cooperation for the people of ASEAN. He made the call in his message on the occasion of the 69th anniversary of the founding of the UN.

[First Post \(25 October 2014\)](#)

Myanmar will host an ASEAN conference on 29-30 October to discuss challenges for countries - Cambodia, Laos, Myanmar and Vietnam - in striving for access to finance. The conference is expected to see key stakeholders in the region including ASEAN finance ministers.

[The Philippine Star \(25 October 2014\)](#)

The European Union has refused to back away from plans to submit a resolution to the United Nations General Assembly on Myanmar's human rights record, despite President U Thein Sein's insistence that they are no longer needed.

[The Myanmar Times \(24 October 2014\)](#)

## POLITICS

The number of Rohingya Muslims who have fled by boat ago now topping 100,000, a leading expert said on 25 October. The mass exodus from Rakhine state, that stated when communal violence broke out two years, has seen a huge surge since 15 October, with an average of 900 people per day piling into cargo ships.

[The Irrawaddy \(27 October 2014\)](#)

## ECONOMY

Myanmar will need additional 2,500 megawatts of energy, equal to 500 million cubic feet of natural gas, in 2015, according to calculations by the Ministry of Electric Power. "Only 1,000MW would be required to be arranged if about 1,500MW can be gotten from the energy already sold to foreign countries," said Pyae Wa Htun, CEO of Parami Energy Group of Companies.

[The Nation \(28 October 2014\)](#)

Norway's Telenor launched its telecom network in Yangon on 26 October, becoming the third telecoms provider to offer services in Myanmar's biggest and increasingly connected city. The SIM cards cost US\$1.50 and will be sold in Mandalay and Naypyidaw as well.

[The Irrawaddy \(27 October 2014\)](#)

# 09 MALAYSIA TAKES THE LEAD IN ENCOURAGING ASEAN-EU FTA IN 2015



**At the end of the two-day 10th Asia-Europe Meeting (Asem) Summit at the Milano Congressi Conference Centre, Italy on October 17, Malaysian Prime Minister Datuk Seri Najib Razak stressed that Malaysia, as the chair of the ASEAN next year, will take the lead in pushing for ASEAN-EU Free Trade Agreement (FTA) negotiations in order to work towards regional integration.**

Najib said: "Malaysia will take the lead to encourage the FTA process, which was discontinued a few years ago. We hope there will be an Asean-EU FTA that will complete the regional integration. I see a lot of exciting possibilities and I agree with the view that the Asean-EU partnership will grow from strength to strength."

He also pointed out that the relationship between ASEAN and EU was extremely important as both ASEAN and EU leveraged on each other as main source of trade and investment

The trade pacts will enhance the ease of doing business in both regions and will be further improved on in the future, including the processes and procedures for foreign companies to do business in ASEAN member countries

[New Straits Times \(18 October 2014\)](#)

# 10 FOUNDATION OFFERS US1.5MILLION TO MAKE THAI ROADS SAFER



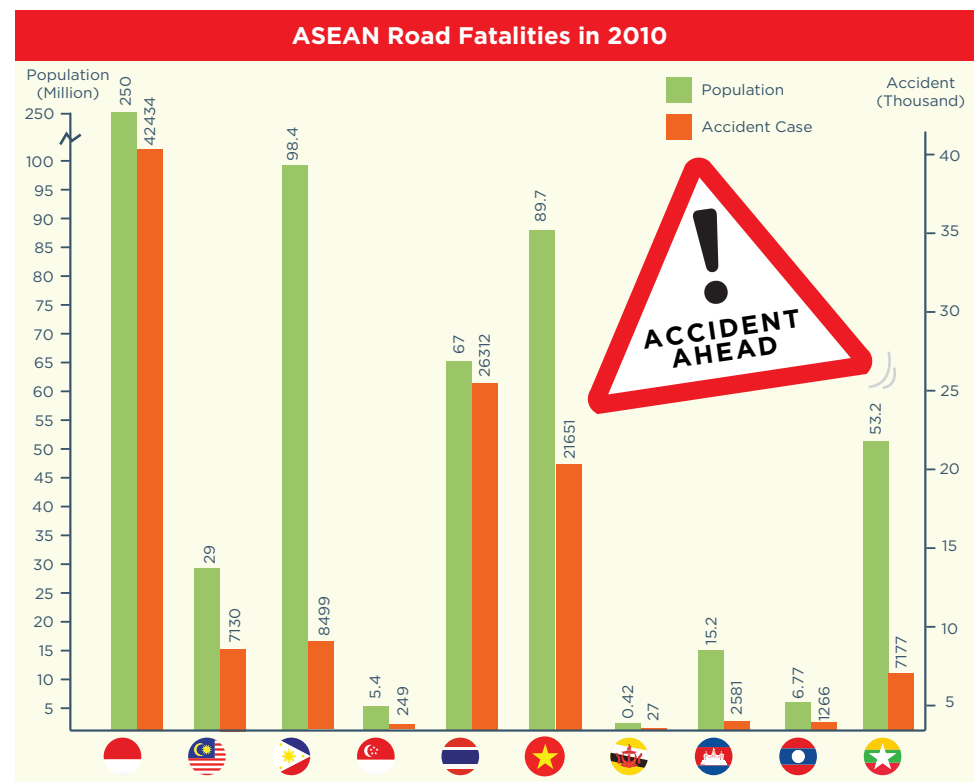
**The Safer Roads Foundation (SRF) has offered the sum of money to the Transport ministry and Thai Health Promotion Foundation in a bid to turn Thailand into a model of road safety.**

According to the World Health Organisation, Thailand had the third highest number of road fatalities in 2013, a key metric which highlights the necessity of SRF's mission in Thailand

Teerapong Rodprasert, director general of the Land Transport Department, said the road-accident issue was a serious problem that needs to be resolved; furthermore, he pointed out that though officials tried to implement new measures to control speed, it did not seem to work in practice

Whilst the sum of money was given in hopes to fast track efforts in making Thailand's roads safer, Michael Woodford, director of the SRF noted that "In order to reduce accidents, not only do individuals need to improve their behaviour on the road, but all relevant organisations also need to work together,"

[Channel News Asia \(13 October 2014\)](#)



[World Health Organization](#)

