Bank Indonesia left its interest rates unchanged for the second-consecutive month in 2016, waiting for the recent easing measures to work on the economy.

- The Indonesian central bank reiterated there is still room to cut interest rates as inflation and the country’s current-account deficit are under control and the U.S. Federal Reserve isn’t expected to raise interest rates for the rest of the year.
- Bank Indonesia kept the seven-day repo rate, which became the official benchmark rate at 5.25%; It also cut the cost it charges commercial banks for loans by 100 basis point to 6.0%.
- Bank Indonesia embarked on a policy easing in January 2016 by slashing borrowing costs by one percentage point after growth in the Southeast Asia’s largest economy slowed to its lowest level in five years in 2015; the economic expansion picked up to 5.2% in the second quarter from 4.92% in the first quarter, but the recovery still looks fragile amid continued weakness in global demand for Indonesian raw commodities.

Wall Street Journal (22 August 2016)
**PETRONAS PROFITS CONTINUE TO LOOK BLEAK**

Malaysian state-owned oil firm Petronas Nasional Bhd (Petronas) has released a statement highlighting that low oil prices have dragged quarterly profit down 85%, and labelled the industry outlook “gloomy” well into 2017.

- Petronas has seen a global slump in oil prices squeeze finances, which make up a third of Malaysia’s oil and gas revenue; the benchmark Brent futures price, which hit a 12 year low earlier this year, rose 25% in the second quarter but remains lower than a year earlier.
- "We should expect to see volatility continue and Petronas will not bank on optimistic oil prices to ease up on pressure," President and Chief Executive Wan Zulkiflee Wan Ariffin said at a news conference; the CEO also said that Petronas planned for an average price this year of US$30 a barrel, unchanged from its February forecast.
- Petronas at the start of the year announced it would cut spending by up to US$12.4 billion over the next four years in response to the oil price slump; the CEO reiterated that Petronas would enforce "fiscal discipline" regardless of oil price movement and that the firm expects to meet its dividend commitment of US$3.9 billion to the government for this year.

**CAMBODIA SUPPORTING TIMOR-LESTE FOR ASEAN**

Cambodia re affirmed its support of Timor-Leste becoming the 11th member of Asean and a member of the World Trade Organization (WTO).

- During a recent visit to Timor-Leste on Friday and Saturday, Prime Minister Hun Sen also said Cambodia would provide Timor-Leste with technical assistance and expert help in its bid to become a member of the WTO and the United Nations Conference on Trade and Development.
- According to a statement released by the Ministry of Foreign Affairs, during the visit Mr. Hun Sen also told Timor-Leste Prime Minister Rui Maria de Araujo that Cambodia would offer 10 scholarships each year to students from the country also known as East Timor.
- In addition, both prime ministers witnessed the signing of three important documents related to trade and tourism, oil, visa exemptions for holders of diplomatic and service passports and cooperation in the field of labor.

**DUTERTE THREATENS TO PULL PHILIPPINES OUT OF UN**

President Rodrigo Duterte threatened to withdraw the Philippines from the United Nations, as he launched another profanity-laced tirade against the organisation for criticising his bloody war on crime.

- More than 1,500 people have been killed since Duterte took office and immediately began his law-and-order crackdown, according to police statistics, triggering fierce criticism from the UN and rights groups; Duterte, a lawyer famous for an acid tongue who has repeatedly told the UN not to interfere, stepped up his rhetoric against the organisation.
- The UN’s special rapporteur on summary executions, Agnes Callamard, last week said Duterte’s promise of immunity and bounties to security forces who killed drug suspects violated international law.
- UN Secretary-General Ban Ki-moon in June also strongly criticised Duterte, who during the election campaign promised to kill 100,000 people and dump so many bodies in Manila Bay that the fish would grow fat from feeding on them.
- And Duterte asked why police killings in the United States were not attracting the same kind of criticism as the Philippines; Duterte also accused the UN of doing nothing for the Philippines, ignoring its poverty reduction programmes and enormous help following typhoons and other natural disasters.
22 AUGUST 2016

CARI CAPTURES

MALAYSIA

MALAYSIA’S FELDA ON COURSE FOR RECORD MONTH ON PALM RALLY

The world’s largest crude palm oil producer, Felda Global Ventures Holdings Bhd., is headed for its best month on record after prices for the commodity entered a bull market.

- The stock has surged 24% in August 2016 before the release of quarterly results despite Felda having lost half its value since listing; Zakaria Arshad, the chief executive officer appointed in April 2016, said he’s not satisfied with the share price and “there’s still a long way more to go.

- Crude palm oil prices are seen averaging at US$869.68 per tonne in 2016, up nearly 18% from last year, boosted by demand from top consumer India and replenishment of stocks by China, according to the Malaysian Palm Oil Council (MPOC).

- Benchmark palm oil prices on the Bursa Malaysia Derivatives Exchange have surged 11.3% so far in August 2016 on the back of tight supplies and improving export data; India will maintain its position as the world’s largest consumer and importer of palm oil, while China is expected to import more oils and fats for the rest of the year according to Yusuf Basiron, chief of the MPOC.

06 LAOS

OBAMA TO NORMALISE RELATIONS WITH LAOS

President Barack Obama’s historic visit to Laos next month marks a new chapter in a complicated relationship previously marked by covert wars, political enmities and refugee flows that have changed the complexion of California’s Central Valley.

- Formally announced by the White House, Obama’s early September 2016 visit will be the first by a U.S. president to the country formally known as the Lao People’s Democratic Republic; in the still communist country, he’ll be touting free markets alongside Asian leaders.

- In 2015, total trade in goods between the two countries reached US$69.8 million, with Laos exporting more to the United States than it imports; currently, the United States is providing US$19.5 million a year to clear up unexploded US ordnance still in Laos, which has cut the number of fatalities to 50 deaths a year.

- Despite burgeoning trade and growing aid, Obama’s visit to Laos will represent a first step in the right direction in normalising foreign policy relations with the US; the visit will mark Obama’s 11th visit to Asia since 2009, and will coincide with the US-ASEAN Summit in September.

07 THAILAND

THAILAND BOMBINGS EXPOSE GUERRILLAS IN THE MIDST

A series of deadly bombings has brought to the fore a long-simmering conflict not far from some of Thailand’s most popular beaches.

- For a dozen years, guerrillas in southern Thailand’s three Muslim-majority provinces have waged a brutal campaign to break away from the rest of the mostly Buddhist country and revive the old Sultanate of Patani; nearly 7,000 people have been killed in bombings or drive-by shootings, but the insurgents rarely claim responsibility.

- But now, a growing catalog of forensic and other evidence is pointing to insurgents from the Barisan Revolusi Nasional, The National Revolutionary Front, as the most likely perpetrators behind a series of blasts this month that killed four people and wounded dozens more, security analysts said.

- Investigators have said there are similarities in the construction of the bombs and the improvised explosive devices that are typically planted by insurgents in southern Thailand, unlike some other militant groups in Southeast Asia, the militants in southern Thailand haven’t declared allegiance to Islamic State and instead focus on their own, more local objectives.

The News Tribune (18 August 2016)

Reuters (17 August 2016)

The Wall Street Journal (21 August 2016)
**ECONOMY**

Myanmar has racked up a US$1.5 billion trade deficit in the first four months of the 2016-2017 fiscal year. The total trade volume has fallen by almost US$700 million, with exports falling by US$91.78 million compared with last year. Myanmar's Lower House of parliament currently has seven vacant seats, and the Upper House has three. It is unclear if Shan State's Monghsu and Kyethi townships, which were excluded from the 2015 general election for security reasons, will be included in the by-elections.

The Nation (23 August 2016)

**POLITICS**

Myanmar plans to hold a by-election in early 2017, according to Aung Myint, a member of the Union Election Commission (UEC). Myanmar's Lower House of parliament currently has seven vacant seats, and the Upper House has three. It is unclear if Shan State’s Monghsu and Kyethi townships, which were excluded from the 2015 general election for security reasons, will be included in the by-elections.

ABC News (23 August 2016)

According to ITRI, the tin research body, the tin production by Myanmar has seen a more than 10-fold increase in 2011-2015, almost entirely due to the rapid growth in a major new mining centre in Wa county. According to ITRI China, it appears that Myanmar tin production is peaking at 50,000 tonnes per annum, although there is still significant potential for the discovery of new ore resources.

Mining Journal (23 August 2016)

**MALAYSIAN PMO ON CONDOLENCES TO SINGAPORE**

Former President S R Nathan, who held office in Singapore from 1999 to 2011, died on 22 August 2016 at the age of 92.

In its statement, the Prime Minister’s Office (PMO) said: “The Prime Minister and his Cabinet colleagues are sad to learn of the passing of Mr S R Nathan and would like to convey their condolences to his family. The late Mr Nathan had been warded at Singapore General Hospital since his stroke on 31 July 2016; his passing leaves behind his wife, daughter, son and three grandchildren.

After stepping down as President, Mr Nathan took up appointments as Distinguished Senior Fellow at the Institute of Southeast Asian Studies and at the Singapore Management University’s School of Social Sciences.

Prior to becoming President, he held key positions in the civil service, as well as in security, intelligence and foreign affairs. He was appointed as Singapore’s High Commissioner to Malaysia in 1988 and later Singapore’s Ambassador to the United States of America from 1990 to 1996.

Channel News Asia (22 August 2016)

**S.R. NATHAN’S SERVICE TO SINGAPORE**

1955  S.R. Nathan began his career in the Singapore Civil Service
1956  He is appointed Seamen’s Welfare Officer
1962  Seconded to the Labour Research Unit of the Labour Movement, first as Assistant Director and later as the Director of the Labour Research Unit
1966  Transferred to the Ministry of Foreign Affairs where he becomes the Deputy Secretary of Foreign Affairs
1971  Appointed as the Deputy Secretary of the Ministry of Home Affairs
1979  Appointed as the First Permanent Secretary of the Ministry of Foreign Affairs
1988  Appointed as Singapore’s High Commissioner to Malaysia
1990  Became Ambassador to the United States
1999  Elected unopposed to President for his first term
2005  Re-elected unopposed to President for his second term
2011  Left the Presidential office of Singapore without running for a third term, officially becoming Singapore’s longest serving president.

Channel News Asia (22 August 2016)

**VIETNAM**

**CORRUPTION BIGGEST BUSINESS OBSTACLE IN VIETNAM**

According to private equity firms, corruption, red tape and the lack of a long-term strategy are stifling businesses.

Most private equity investors say that “corruption” is the main obstacle they face in Vietnam, according to a survey conducted by business advisory firm Grant Thornton Vietnam of decision makers working in private equity both in and outside of Vietnam.

“Government red tape/processes” and “management’s lack of long-term strategies” are the second and third biggest obstacles for investors in Vietnam, the survey said; meanwhile, 20% more investors from a year ago consider constantly changing policies the “most critical issue”.

Corruption in Vietnam is perceived as “serious”, with the country ranking 112th out of 168 countries on the 2015 Corruption Perceptions Index compiled by Towards Transparency; this is reflected in the country’s business environment where companies need to offer bribes to get things done and suffer political interference.

Forbes (22 August 2016)