



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

- Heavy rains wash out Kampot salt industry
- Malaysia inflation slows
- U.S. Federal Open Market Committee hikes interest rates

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

Heavy rains wash out Kampot salt industry

Heavy rain during the salt harvesting season has threatened the salt industry in Cambodia, and could exhaust reserves, [according to Cambodia's salt producers](#).

Normally the harvesting season would run from January to April, and farmers would be expected to have harvested up to 100,000 tonnes of salt by mid-March. However, farmers have not been able to collect salt since January.

If the rains continue until April, Cambodia will face a shortage of salt within the country and possibly deplete reserves before next year (existing reserves were roughly 60,000 tonnes going into this year and annual domestic demand is 90,000 tonnes).

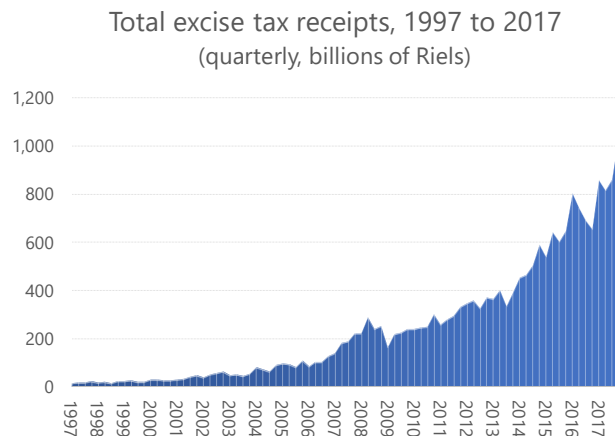
The salt industry is significant to Cambodia's economy. It brought in roughly \$22 million in revenue last year.

Chart of the week: excise tax receipts

Government revenues from excise taxes continue to grow over time at an average annual rate of 21.4 per cent—from 74.1 billion riels in 1997 to 3,574.8 billion riels in 2017.

Excise taxes include taxes imposed on tobacco, alcohol, fuel, and gambling, among others.

Chart 1: total excise tax revenues have growth by 21.4 per cent annually over 1997 to 2017



ASEAN and other trading partners news and data

Malaysia inflation slows

Prices rose 1.4 per cent year-on-year in February 2018 compared to February last year, falling short of market expectations of 1.9 per cent. This is down from 2.7 per cent in January 2018 and marks the lowest inflation rate since October 2016. The stall in price growth is the result of a slowdown in prices of food, non-alcohol beverages, housing, and transportation.

Prices were flat on a monthly basis following a 0.3 per cent rise in January. Inflation data was published Tuesday by the [Department of Statistics Malaysia](#).

Thailand balance of trade narrows

Thailand's trade surplus narrowed in February by 49.6 per cent (from \$1.6 billion in 2017 to \$0.8 Billion in 2018). Imports increased to \$19.6 billion year-on-year (up 16 per cent), above estimates of 15.4 per cent. Exports grew to \$ 20.4 billion (up 10.3 per cent), beating estimates of 9.2 per cent. The new data was reported on Tuesday by [the Ministry of Commerce](#).

U.S. economy and Federal Reserve

FOMC hikes rates

The U.S. federal reserve open market committee raised interest rates in an [announcement](#) on Wednesday. The announcement followed Chairman Jerome Powell's first Fed meeting. Officials raised the benchmark lending rate a quarter of a percentage point and outlined a steeper path of hikes in 2019 and 2020, citing a stronger economic outlook.

Although there were concerns over soft first-quarter economic reports, the upward revision in the rate path suggests Fed officials are not worried and are expecting a boost over the next two years from tax cuts passed by Republicans in December.

The announcement did, however, show that policy makers are divided over the outlook, with seven officials projecting at least four quarter-point hikes this year, while eight felt that only three or fewer increases were warranted.

U.S. current account deficit increases

The U.S. current account deficit increased to \$128.2 billion this week (rising 0.5 percentage points of GDP to 2.6 per cent of GDP) in the fourth quarter of 2017. It is the biggest current account deficit since 2008. The data was released by the [Bureau of Economic Analysis](#) on Wednesday.

The week ahead

Data highlights in the coming week include Thailand's unemployment rate and interest rate decision on Wednesday and Vietnam's GDP growth for 2018Q1 on Thursday.

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

Monday, 26 March

- Singapore industrial production for February
- U.S. Chicago Fed National Activity Index for February
- U.S. Dallas Fed Manufacturing Index for March

Tuesday, 27 March

- South Korea consumer confidence for March
- Thailand new car sales for February
- Europe M3 money supply for February
- Europe loan growth for February
- Europe economic sentiment for March

Wednesday, 28 March

- South Korea GDP growth final estimate for 2017Q4
- Thailand unemployment rate for February
- Thailand interest rate decision
- U.S. goods trade balance

Thursday, 29 March

- South Korea business confidence for March
- Vietnam GDP growth rate for 2018Q1
- England GDP growth rate final estimate for 2018Q4
- U.S. jobless claims

Friday, 30 March

- Japan Tokyo CPI for March
- Japan unemployment rate for February
- Thailand current account for February
- Thailand industrial production for February
- Thailand retail sales for January
- Malaysia M3 money supply growth for February
- South Korea industrial production for February