



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

- Economic Freedom Index places Cambodia in the middle of ASEAN members states
- Fourth-quarter GDP reports published for Japan, Malaysia, and Singapore
- New Fed Chair Powell signals rate hikes despite volatile markets

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

Heritage foundation releases annual Economic Freedom Index

U.S. think tank The Heritage Foundation released its [2018 Index of Economic Freedom](#) this week, in which Cambodia fell slightly to 101 out of 180 countries, down from the 94 spot last year. This puts Cambodia in the middle of ASEAN member states, ahead of Vietnam and Laos but behind Malaysia and Thailand. The organization cites a decline in Cambodia's score on property rights, fiscal health, and labour freedom as the reason for the decrease in rank.

Senior advisor to the government's Supreme National Economic Council Mey Kalyan [stated](#) that the rank was a reasonable reflection of the strengths and weaknesses of Cambodia's economy, and that institutional improvements require further time to develop.

ASEAN and other trading partners news and data

Fourth-quarter GDP reports for Japan, Malaysia, and Singapore

The Japanese economy expanded 0.5 per cent on an annualized basis in the fourth quarter of 2018, according to the Cabinet Office's [preliminary estimate](#). Growth is down significantly from 2.2 per cent in the third quarter. The result fell short of market expectations of a 0.9 per cent expansion. The disappointing results was nonetheless the eighth straight quarter of expansion—the longest period of growth since the 1980s. The expansion was driven primarily by higher household consumption and capital expenditure.

Malaysian GDP grew 5.9 per cent year-on-year, according to the [Department of Statistics](#), compared to a 6.2 per cent growth in the previous quarter. The result beat market expectations of 5.7 per cent growth. The expansion was driven by robust government spending.

Singapore's final estimate for GDP in the fourth quarter reported growth of 3.6 per cent year-on-year, according to SingStat ([pdf](#)), down from 5.5 per cent in the previous quarter but above the preliminary estimate of 3.1 per cent.

U.S. economy and Federal Reserve

Newly sworn-in Chairman Powell suggests rate hikes despite plunging markets

During his swearing-in ceremony on Tuesday to replace Janet Yellen, Federal Reserve Chairman Jerome Powell suggested that the U.S. central bank would increase interest rates gradually in the coming year, even though the financial system has experienced setbacks following a stock market downturn. The speech received widespread coverage, including from [Bloomberg](#).

Rising interest rates in the U.S. would mean a stronger U.S. dollar and an appreciation of the Cambodian Riel against its other trading partners, as Cambodia ties its currency to the American currency.

The week ahead

Data releases next week will include several releases on inflation and trade data from our trading partners, as well as an important fourth-quarter GDP print from Thailand.

The complete calendar of data releases and developments that the FACT team will be following next week includes:

Monday, 19 February

- Japan imports, exports, and the balance of trade for January
- Thailand GDP growth for fourth quarter 2017

Tuesday, 20 February

- No known significant data releases for Cambodia or our trading partners

Wednesday, 21 February

- South Korea producers price index for January
- Japan manufacturing PMI for February

Thursday, 22 February

- Japan foreign bond investment for February
- Singapore business confidence for first quarter 2018
- Hong Kong inflation rate and unemployment for January
- Thailand imports, exports, and balance of trade for January

Friday, 23 February

- Japan inflation rate for January
- Singapore current account for fourth quarter 2017
- Singapore inflation rate for January
- Taiwan current account for fourth quarter 2017