

ECONOMY AND FINANCE

NEWS DIGEST - WEEKLY



By: SRORN Korngty

Date: 12.01.2024

Issue 2024/No.01

Content:

1. Cambodia's trade declines 1.9% to \$46.82 billion in 2023
2. Cambodian, Thai leaders set goal of hitting \$15B in bilateral trade
3. China-Cambodia deal boosts rubber sector
4. Singapore bank UOB sees stronger 2024 outlook, third-quarter net profit trails estimate
5. Laos is spiraling toward a debt crisis as China looms large
6. Thursday's inflation report could challenge the market outlook for big Fed rate cuts
7. How will the UK economy compare to other countries in 2024?
8. Turkish lira hits fresh record low against the U.S. dollar
9. Inflation is down sharply, but getting to exactly 2% will be tough

The nation's trade imbalance for the previous year was \$1.53 billion. With \$12.26 billion in bilateral commerce, China remained Cambodia's largest trading partner, while the US remained the nation's top export market, taking in 39.3% of the nation's \$8.89 billion in total exports.

Source: [Khmer Times](#)

Cambodian, Thai leaders set goal of hitting \$15B in bilateral trade

With the bold objective of raising bilateral trade to an amazing \$15 billion in the next years, the leaders of Cambodia and Thailand have come together to strengthen trade and tourism, ushering in a new age of prosperity and cooperation between the two ASEAN neighbors. The newly appointed Thai ambassador to Cambodia, Cherdkiat Atthakor, acknowledged the improvement in bilateral trade between the two kingdoms during a courtesy call to Prime Minister Hun Manet at the Peace Palace in Phnom Penh on January 10. He also noted that the daily lives of the people have significantly improved. He underlined that the close and strong people-to-people and economic ties are the result of the leaders of both nations' unwavering dedication.

Source: [The Phnom Penh Post](#)

Cambodia's trade declines 1.9% to \$46.82 billion in 2023

In 2023, Cambodia's foreign trade was valued at \$46.82 billion, indicating a 1.9% decrease from the previous year. The General Department of Customs and Excise (GDCE) issued trade figures yesterday that indicated a 5% decrease in imports and a minor increase in exports of 1.8 percent. In 2023, the Kingdom's total export revenue was \$22.64 billion, compared to an estimated \$24.18 billion in imports.

China-Cambodia deal boosts rubber sector

Chinese investment and a partnership between the Chinese National Engineering Research Centre for Rubber and Tire (NERCRAT) have significantly boosted Cambodia's rubber sector. The cooperation seeks to increase market stability and lessen the nation's reliance on exports of raw latex throughout the world. One billion dollars will be invested in high-priority research in the field by the Chinese National Engineering Research Centre. Cart Tire Co Ltd plans to invest more than \$350 million to launch its first tire manufacturing operation in Cambodia. Increased exports to important markets like the US, Canada, and South Korea are the goal of the expansion. The partnership will also improve rubber latex quality, increasing output and creating a new local market for the sector.

Source: [The Phnom Penh Post](#)

Singapore bank UOB sees stronger 2024 outlook, third-quarter net profit trails estimate

United Overseas Bank (UOB) of Singapore anticipates improved loan and fee growth as well as a more positive outlook for the upcoming year. In contrast to low-to-mid single-digit loan growth and high single-digit fee increase for this year's view, the bank projects mid-single-digit loan growth and double-digit fee growth for its 2024 outlook. In addition, UOB projects that margins would stay the same through 2024, with credit costs estimated to be between 25 and 30 basis points that year. Wee Ee Cheong, the CEO and deputy chairman of the bank, believes that increased investment flows and positive consumer mood would keep the ASEAN area resilient.

Source: [CNBC](#)

Laos is spiraling toward a debt crisis as China looms large

Some media reports have warned of a so-called debt trap, a scenario in which Beijing would seize valuable infrastructure assets in Laos should the latter default or be unable to pay on time. "Laos should negotiate an upfront debt treatment with China, such as debt reduction in net present value terms, to enable Laos to meet debt services obligations sustainably," said Toshiro Nishizawa, a professor at The University of Tokyo who focuses on economic policy. An alarming debt crisis has unfolded in Laos in recent years, raising worries about the tiny nation's obligation to its biggest creditor, China. A majority of Laos' public debt, which the IMF estimates 122% of GDP this year, is owed to Beijing due to infrastructure deals under China's Belt and Road Initiative, or BRI.

Source: [CNBC](#)

Thursday's inflation report could challenge the market outlook for big Fed rate cuts

According to Dow Jones, the consumer price index will increase by 0.2% in the last month of 2023 or 3.2% over the course of the whole year.

The primary goal of the Federal Reserve is to balance policy in order to prevent a recession by either holding policy excessively tight or allowing inflation to rise again. The high prices could upset weak markets and cast doubt on the market's expectation that the Fed will cut interest rates this year. There hasn't been much discussion of the Fed's December policy change, which includes three quarter-percentage-point rate reduction by the end of 2024.

Source: [CNBC](#)

How will the UK economy compare to other countries in 2024?

In the UK, inflation has been high due to energy and food price shocks resulted by the war of Ukraine, but it is now starting to fall. In the UK, core inflation excluding food and energy remained stable, reflecting consumer satisfaction. Willingness to spend money. Bank of England interest rate hikes may be coming to an end, but UK borrowers could still face increased mortgage repayments. Growth in the UK is slower than before the 2008 financial crisis, leading to rising inequality and falling household incomes. Tax burden in the UK is high and employees need to reduce their tax burden. Tax burdens are increasing because tax increases have not kept up with inflation. The UK's tax burden is lower than the EU average, but higher than the US. Many countries face increasing fiscal pressure due to aging populations and existing debt.

Source: [BBC News](#)

Turkish lira hits fresh record low against the U.S. dollar

This is often the first time that the lira has surpassed 30 Lira against the US dollar. The ambushed lira has fallen approximately 37% against the U.S. benchmark over the past year as money related policymakers look for to combat double-digit swelling by proceeding to raise intrigued rates. Turkey's swelling rate topped at 85.5% in October 2022, which is still an advancement compared to final year. The Turkish lira has misplaced more than

80% of its esteem against the dollar over the past five a long time, raising moment costs and outside obligation and significantly diminishing the acquiring control of conventional Turkish citizens. The country's key intrigued rate was raised from 8.5% to 42.5%, up 0.17% against the Turkish cash from the past day's assembly.

Source: [CNBC](#)

Inflation is down sharply, but getting to exactly 2% will be tough

The Federal Reserve's preferred inflation rate was 2.6% in November. Fed officials predict it will take two more years to get to the 2% target. Many say it may not have been necessary to raise the rate to 2%. As inflation cools more, the remaining components that work to keep inflation above the Fed's target are increasingly "sticky," meaning they're the least responsive to changes in market conditions. Housing is one of the stickiest components, with prices up 5.2% for the 12 months that ended in November 2023, according to the latest Consumer Price Index data. In November 2022, prices were up 6.8% compared to a year prior. Many economists aren't buying the argument that the 'last mile' in the journey to 2% inflation will be the hardest. "Fewer and fewer items have inflation above 2%. Higher inflation is a story for a relatively narrow universe of services (and very few goods)" Paul Donovan, chief economist at UBS Global Wealth Management, said.

Source: [CNN](#)

Centre for Governance Innovation and Democracy, AVI

Address: #24, Street 566, Boeung Kok 2, Toul Kok, Phnom Penh, Cambodia

• Email: cgid.avi@gmail.com • Tel: 086 727 657 / 092 964 141

• Facebook: Asian Vision Institute • Twitter: Asian Vision Institute • Telegram: AVI