

Socio-Economic Trends, June 2016

Executive summary

1. Phnom Penh Consumer Price Index in April 2016 rose 1.5% compared to the previous month, and rose 2.8% in twelve months before. Price level indices of some product groups have increased remarkably from last month. Price level of food and nonalcoholic beverage increased by 2.4%, in which rice price rose by 1.0%, chicken price rose 1.7%, fresh fish price rose 2.6%, vegetable price rose 7.3%, fruit price rose 6.5%; and price level of clothes and footwear increased by 1.4%. The increase is due to dramatic increase in demand of those products during Khmer New Year period. On the other hand, the price level of furnishings and household maintenance decreased by 0.8%. By observation, Consumer Price Index in 2016 is likely to increase remarkably due to pressure caused by the rising food price and international crude.
2. As of April 2016, broad money M2 reached KHR 52,768 billion, in which proportion of Riel notes outside banks was 11.6%, Riel deposits 4.2% and foreign currency deposits 84.2%. The broad money rose 3.7% compared with last month, higher than the increase in last month, due to continuous growth of Riel deposits and foreign currency deposits; and compared with 12 months earlier, the broad money rose 19.8%.

Volume of loans granted by commercial banks as of April 2016 reached KHR 54,073 Billion, with high increase of 6.3% compared with last month, or increase of 34.3% compared with twelve months before. The growth is mainly driven by Sathapana Limited, a big microfinance institution, becoming commercial bank, and relevant statistics changed due to reclassification of the financial institution. Loans to non-financial institutions increased by 6.2% compared to the previous month, with significant increase in loans to agriculture sector and service sector, while loans to construction sector maintain growth at 3.2% despite certain restriction. Loans to the financial sector decreased by 3.1% compared with March, but rose 76% compared with twelve months before, partly due to the tightening regulation of the National Bank of Cambodia, which from April 2015 demanding the institution maintain reserve deposit 12.5% on deposits and borrowings from non-resident financial institutions, making financial institutions turning for local sources of fund, especially from large international banks, and

moreover, the number of MFIs increased significantly after announcement requiring lending associations to officially register with the Ministry of Economy and Finance, and the NBC, in February 2015.

Interest rates of commercial banks in April 2016 had little change, in which KHR deposit interest rate decreased by 0.12 percentage point and lending interest rate rose 0.32 percentage point, USD deposit interest rate decreased by 0.02 percentage point and lending interest rate up 0.02 percentage point. By observation, Cambodian banking sector has been growing rapidly, but the interest rates are higher than in regional neighbors, in which partly reflecting that Cambodia has strong potential in maintaining economic growth and be in need of capital, but also required to more cautious attention on management of capital inflows and improvement of banking operation efficiency.

3. Imports: In May 2016, total import amounted to USD 1,163 million, up 11% compared to the previous month, and up 7.8% compared to the same month last year, in which import of construction equipment increased notably, with a growth rate of 46% compared with the previous month and were up 33% compared to the same month last year.

Exports: In May, total exports amounted to USD746 million, up 7.9% compared with the previous month, and up 4.8% compared with the same month last year, with remarkable growth in export garment and footwear products, worth 529 million dollars, increased 5.1% compared with the previous month and increased 4.4% compared to the same month last year. Monthly export in May decreased considerably, the total rice export amounted USD 17 million, down 27% percent compared with the previous month and down 27.5 percent compared with the same month last year, due to intense competition and a decline in the price of rice on the international market.

4. Execution of revenue: In May 2016, national level administration executed revenue of KHR 1,341.96 billion, increased 2.0% compared with the previous month, up 32.7% compared to the same month last year, in which current revenue was KHR 1,336.16 billion, up 1.6% compared with the previous month, or up 34.6% compared to the same month last year. The monthly tax revenue was KHR 1,080.34 million, decreased 12.5% compared to the previous

month, with significant decrease in income tax after the end the profit tax return period of companies. If compared with the same month last year, monthly tax revenue of May increased 24.9%.

Execution of expenditure: In May 2016, the national level administration expenditure was KHR 878.60 million, increased 4.6% compared with previous month, and increased of 32.6% compared with the same month last year. The current expenditure was KHR 751.08 million, up 21.6% compared to the previous month, and up 77.8% compared with the same month last year, with remarkable increase in spending on social support to the people. In overall, the current account balance in May 2016 has surplus of KHR 538.78 million, and balance of general budget has surplus of KHR 417.06 million.

5. In April 2016, number of investment proposals approved by the Council was 17 (increased 11 projects compared to last month) with total capital investment of USD 783 million, increased 26 times compared to the previous month, with significant increase in investment in industrial and service sectors, creating 14 thousand jobs, increased 1.4% compared with the previous month.

In four months of 2016, there were 54 investment projects (up 12 projects, compared to the same period last year), with total capital investment of USD 1,738 million, with proportion of investments into tourism sector 38.1%, service sector 20.2%, industrial sector 38.9% and agriculture sector 2.9%, in total creating approximately 57 thousand jobs. If compared with the same period last year, the amount of investment capital decreased 39.9%, with remarkable decline of investment in agriculture and service sectors.

6. In April 2016, number of international tourist arrivals was 368 thousands, decreased 14.1% compared to last month, in which arrival by air decreased 24.9%, and arrival on land and waterway increased only 0.4%. The decrease compared to the previous month happens seasonally, after the end of holiday season in Northeast Asia and Europe, and this number will maintain its level, or with little increase, until September. Comparing with April 2015, the number of international tourist arrival rose 1.8%.

7. In April 2016, number of construction projects was 240, with area of 4,594 thousand square meters, up 8-fold compared to the previous month; in value worths USD 4,113 million, increased 19 times compared to the previous month. By observation, construction proposal for industrial, commercial and residential purposes jumped in this April.

In four months of 2016, total number of construction projects was 713 (increased 166 compared to the same period last year), equivalent in area of 8,394 billion square meters, having increased three times compared to the same period last year, with investment capital of USD 5,760 million, increased eight times from the same period last year. The increase is supported by remarkable growth in investment in trade industry, which increased 10 times compared to the same period last year.

8. In May 2016 (1) Crude oil price: in May 2016, one-month crude future price increased 12.7% compared with last month (from USD40.75/Barrel to USD45.94/Barrel), in which monthly average price of Brent crude rose from USD42.25/barrel to USD47.13/barrel, WIT crude from USD40.96/barrel to USD46.73/barrel and Dubai crude from USD39.04/barrel to USD43.95/barrel. This increase of oil prices is due to rising oil demand for production in China, also with expectation view that oil prices will continue to rise.

(2) Rice price: 1) Cambodian rice export price (5% broken) was USD450/ton, up 7.1% compared with the previous month and increased 3.2% compared with the same month last year due to orders from European markets such as France, who had come to visit the production chain of Rice Mekong Oryza (Mekong Oryza). 2) Thai rice Bangkok rice export price (5% broken) was USD433/ton, rose 9.6% compared with the previous month and increased 13.6% compared to the same month last year, due to purchase for reserve stock to meet local demand, for facing drought, and as restrictions on domestic market for export as well. 3) Vietnamese rice export price (5% broken) was USD377.31/ton, up 1.7% compared with the previous month and increased 7.5% compared with the same month last year, due to increased demand from the domestic market to reserve for losses by natural disaster and drought that the country faces every year, and causing fall in rice output.

(3) Rubber price: As of May 2016, natural rubber TSR20 price was USD1,368.10/ton, down 7.8% compared with previous month and down 12% compared with the same month last year. Rubber (SGP/mys) price was USD1,673.70/ton, down 2.7% compared with previous month and down 9.1% compared with the same month last year. The decline of rubber price is due raw material costs in rubber producing countries such as Thailand and Indonesia have decreased and recent months is rubber harvesting period in countries producing rubber of ASEAN region, which leads to increased supply, while there is decrease in tire production, leading at the same time downward in demand.

Statistics Department
General Department of Economic and Public Finance Policy
Ministry of Economy and Finance