Flash Report on the Cambodian Economy

August 2013

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Pon Dorina

Phnom Penh, Cambodia
In the second quarter, total fixed asset investments in industry approved by the Council for the Development of Cambodia jumped by 887 percent from a quarter earlier (993.6 percent year on year) to USD1.9 bn, overwhelmingly in garments.

In June, total foreign visitor arrivals rose 3 percent from the preceding month (20 percent year on year). Holiday arrivals went up 4 percent (24 percent year on year), while business arrivals dropped by 7 percent, but year on year increased by 13 percent. “Other” arrivals dropped 5 percent from the previous month (72 percent year on year).

In June, the total value of construction approvals in Phnom Penh increased by 2650 percent from a month earlier (1826 percent year on year) to USD240.5 m. The value of villas and houses approved went up 1921 percent from the previous month (187 percent year on year) to USD41.1 m, of flats 922 percent (244 percent year on year) to USD25.1 m and of "other" 3373 percent (5524 percent year on year) to USD211.2 m.

The consumer price index (all items) in June increased by 0.2 percent from the previous month (2.9 percent year on year). Prices of food and non-alcoholic beverages rose 0.4 percent (2.7 percent year on year) and of clothing and footwear 0.9 percent (5.1 percent year on year). Prices of housing and utilities dropped by 0.6 percent from a month earlier, but remained unchanged year on year.

In July, the price of diesel fuel went up 1.6 percent from the preceding month (8.1 percent year on year) to KHR5129/litre and of gasoline 1.5 percent (8.4 percent year on year) to KHR5379/litre. In April, interest rates on 12-month riel and dollar deposits remained unchanged from a month earlier, but the interest rate on riel deposits dropped 0.1 percentage points year on year, and the dollar rate increased by 0.04 percentage points year on year. In August, the riel remained unchanged from the previous month against the US dollar, but year on year depreciated by 0.3 percent. The riel appreciated against the Thai baht by 1.1 percent from the previous month, but depreciated 0.9 percent year on year. The riel depreciated against the Vietnamese dong by 0.6 percent from a month earlier, but year on year appreciated 0.5 percent.

In May, total liquidity went up 1.7 percent from a month earlier (22.5 percent year on year) to KHR31,708.5 bn. Net foreign assets rose 0.9 percent (24.5 percent year on year) to KHR22,563.9 bn, and credit to the private sector went up 27 percent (26.5 percent year on year) to KHR24,898.3 bn.

In May, imports of steel dropped by 7.9 percent from the preceding month (36.7 percent year on year) to USD79.9 m. Imports of cement went down 10.4 percent to USD8.7 m, but year on year rose 9.4 percent.

In June, exports of clothing (all kinds) went up 18.1 percent from a month earlier (12.9 percent year on year) to USD464.1 m, of shoes 4.8 percent (20.1 percent year on year) to USD33.5 m and of other textile products 97 percent (171.1 percent year on year) to USD14.3 m.

In June, imports of fuel oil went up 36.1 percent from the previous month (14.7 percent year on year) to USD98.5 m. Imports of diesel dropped 4.0 percent from a month earlier, but increased by 14.4 percent year on year to USD45.2 m. Imports of gasoline declined 6.9 percent from the previous month (8.3 percent year on year) to USD24.1 m.

In May, total government current revenue declined 25.4 percent from a month earlier to KHR665.2 bn, but rose 7.3 percent.
percent year on year. Revenue from import and export taxes went up 27.8 percent from the preceding month (29.1 percent year on year) to KHR131.6 bn. Revenue from domestic taxes dropped 33.8 percent from a month earlier to KHR471.2 bn, but rose 8.5 percent year on year. Non-tax revenue declined by 19.6 percent from a month earlier (25.3 percent year on year) to KHR62.4 bn. In the same month, total current expenditure decreased by 1.6 percent from the preceding month to KHR610 bn, but increased by 13.7 percent year on year. Expenditure on wages went down 6.9 percent from the previous month (28.6 percent year on year) to KHR21.3 bn. Expenditure on subsidies and social assistance rose 7.6 percent from the previous month (146.3 percent year on year) to KHR234.6 bn. Expenditure on other services dropped by 6.3 percent from a month earlier to KHR158.8 bn, but went up 14.9 percent year on year.

In June, the price of Thai rice went up 0.1 percent from a month earlier to USD714/tonne, but dropped 3.3 percent year on year. The price of rubber declined by 3.8 percent from the preceding month (20.7 percent year on year) to USD2461/tonne. The price of tapioca went up 6.0 percent from the previous month, but declined 3.2 percent year on year to USD327/tonne. In the same month, the price of Vietnamese rice dropped 3.0 percent from a month earlier (1.4 percent year on year) to USD431/tonne, of rubber by 4.1 percent (20.1 percent year on year) to USD2265/tonne and of cashew nuts by 2.1 percent (11 percent year on year) to USD6227/tonne.

Exports of Thai rice in June decreased 19 percent from the preceding month (0.5 percent year on year) to USD305 m and of natural rubber and similar natural gums by 7.7 percent from (20.5 percent year on year) to USD519 m. Exports of tapioca declined 34.4 percent from the previous month, but rose 0.9 percent year on year to USD122 m. In the same month, exports of Vietnamese rice dropped 11.5 percent from a month earlier (27.7 percent drop year on year) to USD277 m, and of cashew nuts by 13.8 percent (11 percent decrease year on year) to USD137 m. Exports of rubber rose by 10.6 percent (10.6 percent year on year) to USD188 m.

In June, US exports rose 3.1 percent from a month earlier (1.1 percent year on year) to USD1343.3 bn and those of the euro zone by 4.3 percent (4.0 percent year on year) to USD221 bn. Exports of Japan went up 4.9 percent from the preceding month, but decreased by 14.6 percent year on year to USD608.9 bn. In June, Malaysian exports declined by 2.2 percent from a month earlier (5.7 percent year on year) to USD181 bn. Imports went down 4.7 percent from the previous month, but rose by 2.6 percent year on year to USD16.7 bn. The Malaysian trade surplus increased by 44.2 percent from the previous month, but declined by 52.4 percent year on year to USD14 bn.

In July, the price of USA 2/4 rice dropped 0.5 percent from the preceding month, but rose by 11.7 percent year on year to USD639/tonne. The price of Thai rice declined by 1.9 percent from the preceding month (7.5 percent year on year) to USD540/tonne. Prices of soybeans (US No. 1) went down 1.9 percent from a month earlier (11.1 percent year on year) to USD577/tonne, of maize (US No. 2) by 3.5 percent (11.5 percent rise year on year) to USD289.5/tonne, of palm oil (crude) rose by 3.4 percent from the previous month (18 percent year on year) to USD833/tonne and of rubber by 3.8 percent (22.7 percent year on year) to USD2278.4/tonne. In July, the OPEC spot price of crude oil rose 3.1 percent from a month earlier (4.9 percent year on year) to USD104.5/barrel, of diesel fuel (low sulphur No. 2) by 4.2 percent (3.5 percent year on year) to USD0.79/litre and of gasoline (US Gulf Coast) by 6.1 percent (7.9 percent year on year) to USD0.75/litre.
Main Economic Activities and Consumer Prices in Cambodia

**Fixed Asset Investment Approvals by CDC**

*Including expansion projects.*

Source: Council for the Development of Cambodia

**Phnom Penh: Value of Construction Approvals**

Source: Municipality of Phnom Penh

**Foreign Visitor Arrivals**

Source: Ministry of Tourism

**Consumer Price Index**

Source: National Institute of Statistics

**Phnom Penh: Gasoline & Diesel Prices**

Source: CDRI

**Interest Rates on 12-Month Bank Deposits**

Source: Economic & Monetary Statistics, NBC
Exchange Rates, Money and Credit

Riel per US Dollar
June 2012–August 2013

Source: National Bank of Cambodia

Riel per THB & VND
June 2012–August 2013

Source: National Bank of Cambodia

Monetary Survey (%)
April 2012–April 2013

Source: National Bank of Cambodia

Domestic Credit (%)
April 2012–April 2013

Source: National Bank of Cambodia

Monetary Survey
April 2012–April 2013

Source: National Bank of Cambodia

External Development Assistance Disbursement
Education
2001–2011

Source: The Cambodia Development Effectiveness Report 2011, CDC
External Trade and National Budget Operations

**Cambodian Imports**
June 2012–June 2013

- Steel: AUD $2.02 USD
- Cement: AUD $6.35 USD
- Construction equipment: AUD $8.05 USD

**Cambodian Exports**
June 2012–June 2013

- Other textile products: AUD $6.3 USD
- Shoes: AUD $27.9 USD
- Clothing (all kinds): AUD $339.8 USD

**Imports: Energy**
June 2012–June 2013

- Gasoline: AUD $23.3 USD
- Diesel: AUD $24.1 USD
- Fuel oil: AUD $47.7 USD

**Current Budget Revenue**
May 2012–May 2013

- Non-tax: KHR 100.0 bn
- Import and export taxes: KHR 500.0 bn
- Domestic taxes: KHR 600.0 bn

**Current Budget Expenditure**
May 2012–May 2013

- Other services: KHR 100.0 bn
- Subsidies and social assistance: KHR 200.0 bn
- Wages: KHR 300.0 bn

**Current Budget Balance**
May 2012–May 2013

- Balance: KHR 0.0 bn
Provincial Food Prices

Food Prices in Siem Reap Province
May 2012 – July 2013

Food Prices in Battambang Province
May 2012 – July 2013

Food Prices in Kompong Cham Province
May 2012 – July 2013

Food Prices in Kampot Province
May 2012 – July 2013

Food Prices in Svay Rieng Province
May 2012 – July 2013

Food Prices in Kompong Speu Province
May 2012 – July 2013

Source: CDRI
Provincial Goods Prices in Cambodia

Cambodia: Rice Prices in Three Provinces

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<th>Province</th>
<th>Apr 13</th>
<th>May 13</th>
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Source: CDRI

Cambodia: Fish Prices in Three Provinces

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Source: CDRI

Cambodia: Pork Prices in Three Provinces

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Source: CDRI
Goods Prices, Exports and International Tourist Arrivals to Partners of Cambodia

**Thailand: Prices of Rubber, Rice and Tapioca**  
June 2012–June 2013

**Vietnam: Prices of Rubber, Rice and Cashew Nuts**  
June 2012–June 2013

**Thailand: Exports**  
June 2012–June 2013

**Vietnam: Exports**  
June 2012–June 2013

**Thailand: International Arrivals**  
July 2012–July 2013

**Vietnam: International Arrivals**  
July 2012–July 2013

Source: Bank of Thailand, Foreign Trade and Balance of Payments

Source: General Statistics Office of Vietnam

Source: Customs Department of Thailand

Source: General Statistics Office of Vietnam

Source: Thailand Office of Tourism Development

Source: Estimates by General Statistics Office of Vietnam
Economic Activity and Inflation Rates of Selected Economic Partners of Cambodia

Year-on-Year Growth of Main Exports: Japan
June 2012–June 2013

Goods Exports: US, Euro Zone & Japan
June 2012–June 2013

External Trade: Malaysia
June 2012–June 2013

Inflation Rates: US, Euro Zone & Japan
(percent price change from a year earlier)
June 2012–June 2013

Inflation Rates: China, Hong Kong & South Korea
(percent price change from a year earlier)
June 2012–June 2013

Inflation Rates: Selected ASEAN Countries
(percent price change from a year earlier)
June 2012–June 2013

Source: Japanese Trade and Investment Statistics
Sources: BEA, Eurostat and OECD
Source: Ministry of International Trade and Industry, Malaysia
Sources: IMF and Economist (28 June 2013)
Sources: IMF and Economist (28 June 2013)
Cambodia Economic Flash Report – August 2013

Exchange Rates and Commodity Prices in World Markets

**KRW & HKD per USD**
July 2012–July 2013

**EUR & JPY per USD**
July 2012–July 2013

**THB & SGD per USD**
July 2012–July 2013

**International Rice Price Index & Export Prices**
July 2012–July 2013

**Prices: Soybeans, Maize, Rubber & Palm Oil**
July 2012–July 2013

**Prices: Gasoline & Diesel Fuel**
July 2012–July 2013

Source: Federal Reserve Bank of New York

Source: Federal Reserve Bank of New York

Source: Federal Reserve Bank of New York

Source: FAO

Source: Food and Agriculture Organisation

Source: US Energy Information Administration
### Economic News Highlights

**Investments in garments and footwear decline 29.8 percent in first half of year**

Total fixed asset investments in garment and footwear manufacture approved by the Council for the Development of Cambodia dropped by 29.8 percent in the first six months of 2013 compared to the same period last year, to USD235.1 m. Investments in this area accounted for 10.2 percent of the total investment value. Investments were also approved in wood processing (0.7 percent of the total value), engineering (0.7 percent), construction (0.9 percent), hotels (4.6 percent) and agro-industry (2.6 percent).

Top investors in garments and footwear were China, accounting for 38.8 percent of total investment value or USD91.3 m, followed by South Korea (19.3 percent), the United Kingdom (13.3 percent), Taiwan (5.7 percent) and Thailand (4.7 percent). Domestic investments accounted for 1.7 percent.

In the first half of 2013, total investments approved jumped 233.7 percent from the same period last year to USD2.3 bn, a remarkable achievement signifying continued investor confidence in political and economic conditions of the country and a desire to diversify and explore profitability in other sectors.

### Links to other economic news

1. “Cambodia's inflation stands at 2.9 pctl in first half of 2013: central bank”  
2. “Cambodia expects double growth in rice exports this year: minister”  
3. “ADB lends 70 mln USD to Cambodia for rice commercialization, finance reforms”  