Flash Report on the Cambodian Economy

Phnom Penh, Cambodia
This report highlights a number of economic indicators of Cambodia and its partners. It compares recent figures with those of earlier periods.

Total fixed asset investments in agriculture in the third quarter of 2013 increased to USD133.1 m from USD57.1 m a quarter earlier, but year on year declined by 26.5 percent, indicating remaining challenges to be overcome to gain investors’ confidence in the sector.

In October, total foreign visitor arrivals rose by 18 percent from the preceding month (15 percent year on year). Holiday arrivals went up 17 percent (19 percent year on year). Business arrivals increased by 27 percent from a month earlier, but remained unchanged year on year. Political deadlock after the July national election has not affected the number of tourists.

In September, the total value of construction approvals increased to USD95.1 m from USD33.4 m a year earlier. The value of villa and house approvals declined 86.1 percent from the previous month (3.4 percent year on year) to USD3.6 m. The value of flats decreased by 60.7 percent from a month earlier, but year on year went up 6.8 percent to USD12.3 m.

In October, the consumer price index (all items) declined by 0.3 percent from the previous month (4.2 percent rise year on year). Prices of food and non-alcoholic beverages rose by 0.3 percent (5.5 percent increase year on year). Prices of clothing and footwear declined by 0.5 percent, but rose 5.2 percent year on year. Prices of housing and utilities increased by 0.3 percent from a month earlier (0.8 percent decrease year on year). The government needs to be vigilant in monitoring overall prices of food and non-alcoholic beverages and clothing and footwear. The increase also has to be factored into wages to keep the living standards of workers at least constant.

In November, the price of diesel fuel went up 0.8 percent from the preceding month, but dropped by 3.8 percent year on year to KHR4940/litre. The price of gasoline increased by 0.8 percent from a month earlier, but went down 2.6 percent year on year to KHR5140/litre.

In December, the riel appreciated 0.3 percent from the previous month against the US dollar, but remained unchanged year on year. The riel appreciated 1.5 percent from the previous month (4.6 percent year on year) against the Thai baht. The riel appreciated 0.5 percent from a month earlier (1.0 percent year on year) against the Vietnamese dong. The riel has been stable for the last decade—a contributor to macroeconomic stability.

In October, imports of cement declined 46.6 percent from a month earlier (38.9 percent year on year) to USD3.7 m and of construction equipment by 33.5 percent (47.7 percent year on year) to USD3.6 m. Imports of steel rose by 5.0 percent from the preceding month, but decreased 14.4 percent year on year to USD5.4 m. In the same month, exports of clothing (all kinds) declined by 16.1 percent from a month earlier, but rose 18.6 percent year on year to USD358.3 m. Exports of shoes decreased by 11.1 percent from the preceding month, but increased 13.9 percent year on year to USD23.4 m. Despite monthly fluctuations, exports of clothing and footwear have been good. However, representatives of GMAC have reported that garment factory owners have lost millions of dollars in the strikes demanding an increase of the minimum wage to USD1460 per month. Imports of gasoline in October rose by 16.4 percent from the preceding month (15.1 percent year on year) to USD29.5 m. Imports of diesel dropped by 80.8 percent from the preceding month (82.0 percent year on year) to USD7.8 m. Imports of fuel oil declined by 63.4 percent year on year to USD1.3 m.

In August, total government current revenue rose by 14.2 percent from the preceding month (12.8 percent year on year) to USD512.4 m. Government current expenditure rose by 9.8 percent from the preceding month (11.3 percent year on year) to USD516.2 m. The government recorded a current deficit of USD3.8 m for the month (USD10.8 m year on year). The government recorded a capital deficit of USD341.2 m for the month (USD160.6 m year on year) and a total deficit of USD345.0 m for the month (USD171.4 m year on year).
percent from the previous month (9.4 percent year on year) to KHR649.3 bn. Revenue from domestic taxes went up 5.8 percent (5.5 percent year on year) to KHR426.2 bn. Revenue from import and export taxes dropped by 11.8 percent from a month earlier, yet increased 4.9 percent year on year to KHR111.8 bn. Revenue from non-taxes rose to KHR111.3 bn from KHR38.9 bn the previous month. The government has shown commitment to strengthening fiscal space and revenue collection in its new mandate. However, implementation is still politically and economically challenging. In the same month, total current expenditure went down 42.2 percent from a month earlier (21.5 percent year on year) to KHR408.4 bn. Expenditure on wages declined 62.0 percent (39.7 percent year on year to KHR149.6 bn. Expenditure on subsidies and social assistance declined by 7.8 percent, but rose by 2.5 percent year on year to KHR95.4 bn. The decreased expenditure might be both positive and negative. The positive side is that the government might want to balance the budget by reducing wasteful spending whereas the negative side is under-spending on some important social programmes. Expenditure on wages of civil servants, for instance teachers, is expected to rise late this year and in subsequent years. However, this can be offset by reducing wage expenditure on “ghost” teachers.

In October, the price of Thai rice dropped by 8.2 percent from a month earlier (14.6 percent year on year) to USD579.1/tonne and of tapioca by 5.4 percent (0.7 percent year on year) to USD305.1/tonne. The price of rubber dropped 3.5 percent from the preceding month, but decreased year on year by 14.2 percent to USD221.4/tonne. In the same month, the price of Vietnamese rice increased by 0.1 percent from a month earlier, but dropped by 5.8 percent year on year to USD447.5/tonne. The price of rubber went down 1.3 percent from the preceding month (17.9 percent year on year) to USD2216.2/tonne and of cashew nuts 2.9 percent (4.5 percent year on year) to USD6080/tonne.

Exports of Thai natural rubber and similar natural gums in October went up 18.4 percent from a month earlier (9.2 percent year on year to USD7535.3 m and of tapioca 21.3 percent (6.5 percent year on year) to USD208 m. Exports of rice rose by 39.5 percent from the previous month, but declined 25.3 percent year on year to USD441.4 m. Exports of maize (US No. 2) increased by 11.1 percent from the previous month (13.3 percent year on year) to USD217.8 bn. Japanese exports rose by 2.8 percent from a month earlier, but decreased by 5.5 percent year on year to USD621.2 bn. Recovery in the US in 2013 has been solid despite concerns over federal politics that might drag down recovery efforts. Analysts are also optimistic about the US economic outlook in over federal politics that might drag down recovery efforts.
Main Economic Activities and Consumer Prices in Cambodia

Fixed Asset Investment Approvals by CDC*
Agriculture
2010 Q3–2013 Q3

Foreign Visitor Arrivals
October 2012–October 2013

*Including expansion projects.
Source: Council for the Development of Cambodia

Phnom Penh: Value of Construction Approvals
September 2012–September 2013

Source: Municipality of Phnom Penh

Phnom Penh: Gasoline & Diesel Prices
November 2012–November 2013

Source: CDRI

Consumer Price Index
(December 2006=100)
April 2011–October 2013

Source National Institute of Statistics

Interest Rates on 12-Month Bank Loans
August 2012–August 2013

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

**Riels per US Dollar**
October 2012–December 2013

**Riels per THB & VND**
October 2012–December 2013

**Monetary Survey (%)**
August 2012–August 2013

**Domestic Credit (%)**
August 2012–August 2013

**Monetary Survey**
August 2012–August 2013

**External Development Assistance Disbursement**
Education 2001–2011

Source: National Bank of Cambodia

Source: National Bank of Cambodia

Source: National Bank of Cambodia

Source: National Bank of Cambodia

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

**Cambodian Imports**
October 2012–October 2013

**Cambodian Exports**
October 2012–October 2013

**Imports: Energy**
October 2012–October 2013

**Current Budget Revenue**
August 2012–August 2013

**Current Budget Expenditure**
August 2012–August 2013

**Current Budget Balance**
August 2012–August 2013

Sources:
- Economic & Monetary Statistics, NBC
- MEF Bulletin
Provincial Food Prices

**Food Prices in Siem Reap Province**
September 2012–November 2013

**Food Prices in Battambang Province**
September 2012–November 2013

**Food Prices in Kompong Cham Province**
September 2012–November 2013

**Food Prices in Kampot Province**
September 2012–November 2013

**Food Prices in Svay Rieng Province**
September 2012–November 2013

**Food Prices in Kompong Speu Province**
September 2012–November 2013

Source: CDRI
Provincial Goods Prices in Cambodia

Cambodia: Rice Prices in Three Provinces

Cambodia: Fish Prices in Three Provinces

Cambodia: Pork Prices in Three Provinces

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

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

- Rice
- Rubber
- Tapioca

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

- Rice
- Rubber
- Cashew nuts

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

**Thailand: Exports**
October 2012–October 2013

- Rice (left)
- Natural rubber and similar natural gums (left)
- Tapioca (right)

Source: Customs Department of Thailand

**Vietnam: Exports**
October 2012–October 2013

- Rice (left)
- Rubber (left)
- Cashew nuts (right)

Source: General Statistics Office of Vietnam

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

- South Asia
- Europe
- East Asia

Source: Thailand Office of Tourism Development

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

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
October 2012–October 2013

- Manufactured goods
- Machinery
- Electrical machinery
- Transport equipment
- Total

Source: Japanese Trade and Investment Statistics

### Goods Exports: US, Eurozone & Japan
October 2012–October 2013

Source: BEA, Eurostat and OECD

### External Trade: Malaysia
October 2012–October 2013

- Exports
- Imports
- Trade balance

Source: Ministry of International Trade and Industry, Malaysia

### Inflation Rates: US, Eurozone & Japan
(percentage price change from a year earlier)
October 2012–October 2013

Source: IMF and Economist (14 December 2013)

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

Sources: IMF and Economist (14 December 2013)

### Inflation Rates: Selected ASEAN Countries
(percentage price change from a year earlier)
October 2012–October 2013

Sources: IMF and Economist (14 December 2013)
Exchange Rates and Commodity Prices in World Markets

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

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

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

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

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

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

Sources:
- Federal Reserve Bank of New York
- Food and Agriculture Organisation
- US Energy Information Administration
- FAO
Cambodia exports USD5.7 bn of goods in 10 months of 2013

Cambodia in the first 10 months of 2013 exported USD5.7 bn of goods, a 12.1 percent increase from a year earlier, according to data from the Ministry of Economy and Finance. Exports of clothes (all kinds) accounted for 72 percent of the total export value, followed by other products (14.2 percent), shoes (5.2 percent) and rice (3.5 percent).

The US and EU continued to be the major markets for Cambodian products, especially clothing and rice. Exports to the EU accounted for 33.5 percent of total export value, an 18.8 percent rise from a year earlier, followed by the US at 32.5 percent. Exports to the US declined by 3.7 percent from the same period a year earlier. Exports to ASEAN countries, accounting for 8.6 percent of the total, dropped by 74.3 percent. Exports to Japan increased by 58.6 percent from a year earlier.

Political deadlock and tension between the two parties since the July national election have not affected the economy significantly. The National Bank of Cambodia has announced that the 2013 economic growth rate was about 7 percent, and a similar rate is projected for 2014. The IMF also has an optimistic outlook on the economy this year and the next even though it has stated that further improvement in education and health are needed. Nonetheless, this political tension should be dealt with sooner rather than later to avoid any sudden drop in investor confidence that could seriously damage the economy.

Links to others economic news
1. “Cambodia to raise garment workers’ minimum wage from April, 2014”  
2. “Tourism potential of Greater Mekong Subregion untapped”  
3. “Vietnam, Cambodia sign financial agreement”  
(http://news.xinhuanet.com/english/world/2013-12/26/c_132999175.htm)