Flash Report on the Cambodian Economy

September 2013

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Phnom Penh, Cambodia

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

In the second quarter, total fixed asset investments in industry approved by the Council for the Development of Cambodia jumped to USD1.9 bn from USD195.7 m a quarter earlier and USD176.3 m a year earlier.

In July, total foreign visitor arrivals increased 12.4 percent from the previous month (19.2 percent year on year). Holiday arrivals jumped up 12.7 percent (24.4 percent year on year) and business arrivals by 8.4 percent (9.7 percent year on year). The increase came amid security warnings from foreign embassies regarding the July national election. "Other" arrivals dropped by 0.7 percent from the previous month (78.4 percent year on year).

In June, the total value of construction approvals skyrocketed to USD240.5 m from USD78.7 m a month earlier and USD125.2 m in the previous year. The value of villas and houses rose to USD41.1 m from USD20.2 m the previous month and that of flats to USD25.1 m from USD22.5 m. The rise signified continued recovery in the sector, which was indirectly impacted by the global financial crisis. Recently, there have been construction mega-projects from Hong Kong and South Korea.

The consumer price index (all items) in July increased by 1.1 percent from the preceding month (4.0 percent year on year). Although 4 percent might still be manageable, the government needs to be vigilant on two factors (costs of important raw materials and money supply) that could raise overall prices. The price of food and non-alcoholic beverages rose 1.0 percent (4.8 percent year on year), of clothing and footwear 0.7 percent (5.1 percent year on year) and of housing and utilities 0.5 percent (0.6 percent year on year). The price of health care services went up 2.3 percent from a month earlier (6.3 percent year on year) and of education 4.1 percent (6.6 percent year on year). The price increase in these important services could potentially affect access to quality health care and education by poor and lower middle income households.

In August, the price of diesel fuel declined by 2.5 percent from the preceding month (1.1 percent year on year) to KHR4999/litre and of gasoline by 3.0 percent (2.3 percent year on year) to KHR5074/litre. A continued decrease in the crude oil price might partly explain the drop. In September, the riel was unchanged from the previous month against the US dollar, but depreciated 0.5 percent year on year. The riel appreciated 0.9 percent from the previous month (1.3 percent year on year) against the Thai baht.

In July, imports of construction equipment increased by 1.3 percent from the preceding month (12.7 percent year on year) to USD61.1 m. Imports of cement dropped 4.4 percent from a month earlier to USD8.4 m, but rose by 1.6 percent year on year. Imports of steel went down 4.0 percent from the previous month (16.6 percent year on year) to USD7.6 m. The decrease happened amid a continued recovery in construction. In the same month, exports of clothing (all kinds) dropped by 2.4 percent from a month earlier (15.1 percent rise year on year) to USD453.1 m and of shoes by 2.7 percent (15.7 percent increase year on year) to USD32.6 m and of other textile products by 49.2 percent (50.8 percent rise year on year) to USD7.2 m. Although there were monthly fluctuations possibly due to labour strikes and investments held up because of the July national election, year on year performance was still satisfactory. There are still business opportunities in garments that continue to attract local and foreign investors. Imports of gasoline in July declined by 9.5 percent from the preceding month (23.4 percent year on year) to USD21.8 m and of fuel oil by 36.7 percent (13.2 percent year on year) to USD5.4 m. Imports of diesel rose 15.9 percent from a month earlier (13.0 percent year on year) to USD52.3 m. This reflects the increased preference for diesel because of its cost efficiency.

In April, total government current revenue rose by 33.1 percent from the previous month (21.2 percent year on year) to KHR892 bn. Revenue from domestic taxes went up 53.7 percent (25.4...
In July, the price of Thai rice declined by 9.5 percent from a month earlier (4.1 percent year on year) to USD645.9/tonne, of rubber by 17.4 percent (27.7 percent year on year) to USD2033.6/tonne and of tapioca by 10.8 percent (10.3 percent year on year) to USD291.7/tonne. In the same month, the price of Vietnamese rice decreased by 1.8 percent from a month earlier (2.4 percent year on year) to USD2423.1/tonne, of rubber by 3.7 percent (23.0 percent year on year) to USD2180.3/tonne and of cashew nuts by 0.9 percent from a month earlier (11.1 percent year on year) to USD6172.4/tonne.

Exports of Thai rice in July went up 43.1 percent from the preceding month (8.2 percent year on year) to USD436 m and of tapioca by 87.3 percent (69.4 percent year on year) to USD229.4 m. Exports of natural rubber and similar natural gums rose by 7.9 percent from a month earlier to USD560.4 m, but year on year dropped by 20.5 percent. In the same month, exports of Vietnamese rice decreased 0.7 percent from a month earlier (30.4 percent year on year) to USD275. Exports of cashew nuts went up 30.7 percent from the preceding month (43.2 percent year on year) to USD179 m. Exports of rubber rose by 41.5 percent from a month earlier to USD266 m, but decreased by 2.2 percent year on year.

In July, US exports declined 1.2 percent from a month earlier to USD327.2 bn, but rose 1.5 percent year on year. Exports of the euro zone dropped by 2.5 percent from the preceding month to USD205.3 bn, but increased by 7.5 percent year on year. Thus, there has been recovery in the US and the EU despite fluctuation. Japanese exports went down 0.8 percent from the preceding month (9.7 percent year on year) to USD603.9 bn. This indicates that there remained uncertainty in the Japanese economy even with the “Abenomics” programs to restore business investment. In July, Malaysian exports increased by 5.3 percent from a month earlier (3.7 percent year on year) to USD19.0 bn. Imports went up 8.6 percent from the previous month (5.4 percent year on year) to USD18.1 bn. The trade surplus decreased by 35.3 percent from the previous month (21.7 percent year on year).

In August, the price of USA 2/4 rice declined by 3.3 percent from the preceding month to USD618/tonne, but increased by 5.6 percent year on year. The price of Thai 100% B rice dropped 6.8 percent from the preceding month (16.0 percent year on year) to USD505/tonne. The price of soybeans (US No. 1) dropped by 9.3 percent from a month earlier (20.3 percent year on year) to USD523.6/tonne and of maize (US No. 2) by 17.0 percent (27.4 percent year on year) to USD240.3/tonne. The price of rubber increased 6.2 percent from the previous month to USD2419.6/tonne, but dropped 9.1 percent year on year. In August, the price of crude oil rose by 2.9 percent from a month earlier to USD107.5/barrel, but declined 1.8 percent year on year. The price of gasoline (US Gulf Coast) went up 0.3 percent (3.6 percent decrease year on year) to USD0.76/litre and of diesel fuel by 2.0 percent (3.3 percent decline year on year) to USD0.80/litre.
Main Economic Activities and Consumer Prices in Cambodia

Fixed Asset Investment Approvals by CDC*
Industry
2010 Q3–2013 Q2

Foreign Visitor Arrivals
July 2012–July 2013

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

Source: Ministry of Tourism

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

Source: Municipality of Phnom Penh

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

Source: CDRI

Consumer Price Index
(December 2006=100)
January 2012–July 2013

Source: National Institute of Statistics

Interest Rates on 12-Month Bank Deposits
May 2012–May 2013

Source: Economic & Monetary Statistics, NBC

*Including expansion projects.
Exchange Rates, Money and Credit

Riels per US Dollar
July 2012– September 2013

Source: National Bank of Cambodia

Riels per THB & VND
July 2012– September 2013

Source: National Bank of Cambodia

Monetary Survey (%)
May 2012– May 2013

Source: National Bank of Cambodia

Domestic Credit (%)
May 2012– May 2013

Source: National Bank of Cambodia

Monetary Survey
May 2012– May 2013

Source: National Bank of Cambodia

External Development Assistance Disbursement
Education
2001–2011

Source: The Cambodia Development Effectiveness Report 2011, CDC

Source: National Bank of Cambodia
External Trade and National Budget Operations

Cambodian Imports
July 2012–July 2013

Cambodian Exports
July 2012–July 2013

Imports: Energy
July 2012–July 2013

Current Budget Revenue
April 2012–April 2013

Current Budget Expenditure
April 2012–April 2013

Current Budget Balance
April 2012–April 2013

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

Food Prices in Siem Reap Province
June 2012–August 2013

Food Prices in Battambang Province
June 2012–August 2013

Food Prices in Kompong Cham Province
June 2012–August 2013

Food Prices in Kampot Province
June 2012–August 2013

Food Prices in Svay Rieng Province
June 2012–August 2013

Food Prices in Kompong Speu Province
June 2012–August 2013

Source: CDRI
Provincial Goods Prices in Cambodia

Cambodia: Rice Prices in Three Provinces

Source: CDRI

Cambodia: Fish Prices in Three Provinces

Source: CDRI

Cambodia: Pork Prices in Three Provinces

Source: CDRI

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

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

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

**Thailand: Exports**
July 2012– July 2013

**Vietnam: Exports**
July 2012– July 2013

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

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

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

External Trade: Malaysia
July 2012–July 2013

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

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

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

Sources:
- Japanese Trade and Investment Statistics
- BEA, Eurostat and OECD
- Ministry of International Trade and Industry, Malaysia
- IMF and Economist (07 September 2013)
Exchange Rates and Commodity Prices in World Markets

### KRW & HKD per USD
August 2012–August 2013

Source: Federal Reserve Bank of New York

### EUR & JPY per USD
August 2012–August 2013

Source: Federal Reserve Bank of New York

### THB & SGD per USD
August 2012–August 2013

Source: Federal Reserve Bank of New York

### International Rice Price Index & Export Prices
August 2012–August 2013

Sources: FAO

### Prices: Soybeans, Maize, Rubber & Palm Oil
August 2012–August 2013

Source: Food and Agriculture Organisation

### Prices: Gasoline & Diesel Fuel
August 2012–August 2013

Source: US Energy Information Administration
### Economic News

**Economic News Highlights**

**Exports of garments and other textile products increase 0.2 percent in first seven months**

Cambodia exported USD2.9 bn worth of garments and other textile products in the first seven months of 2013, a 0.2 percent increase from a year earlier, according to data of the Ministry of Economy and Finance. The slight rise could be attributable to uncertainty resulting from the July national election and frequent strikes this year that may delay investment and orders.

Clothing (all kinds), shoes and other textiles accounted for 78.1 percent of the total export value. The US and the EU continued to be top destinations, accounting for 39.6 percent and 35.7 percent of total garment exports, respectively. Exports to other ASEAN countries are still relatively small, reflecting the need to diversify markets to avoid severe external shocks.

Total exports in the first seven months increased by 6.6 percent from a year earlier to USD3.8 bn. The Asian Development Bank maintains its projection for this year’s growth at 7.2 percent because most important sub-sectors have performed as expected. Recovery in the US and EU markets is among important factors increasing exports. The ADB also has an optimistic outlook for 2014, putting annual growth at 7.5 percent.

**Links to others economic news**

1. “Cambodia sees 56 pct drop in cassava exports in 8 months”  
2. “Cambodia imports 1.1 million tons of oil in 8 months”  
3. “Selected Elaborations during the Presentation of the Rectangular Strategy Phase III for the First Cabinet Meeting of the Royal Government in the Fifth Legislature of the National Assembly”  
   (http://cnv.org.kh/en/?p=3710)