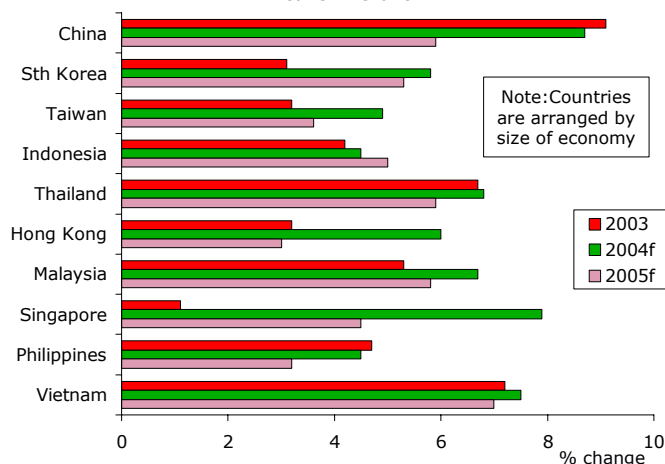


# East Asia Regional Report

Real GDP Growth

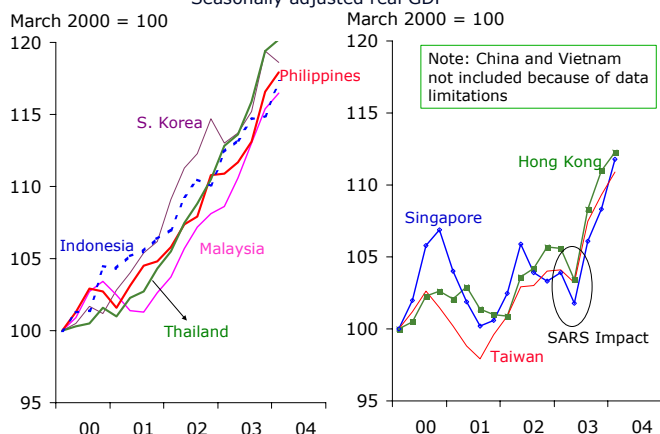


Sources: Datastream, Economist Intelligence Unit, ANZ Bank

## Economic growth

- Non-Japan East Asia is forecast to expand by 7.6% in 2004 from 7.3% in 2003. If China is excluded as well, the region is projected to grow by 5.6% compared with 4.2% in 2003. All except China and the Philippines are expected to post stronger growth this year.
- The strongest improvements in 2004 are expected to come from Hong Kong, South Korea and Singapore, which are forecast to expand by 6%, 5.8% and 7.9% respectively.
- China should continue to be the star performer with real GDP projected to expand by 8.7% in 2004. The main impact of government-initiated measures to engineer a slowdown is expected to be felt in 2005.
- Vietnam is expected to record steady economic growth, with real GDP rising by 7.5% in 2004.

Seasonally adjusted real GDP



Source: Datastream

Source: Datastream

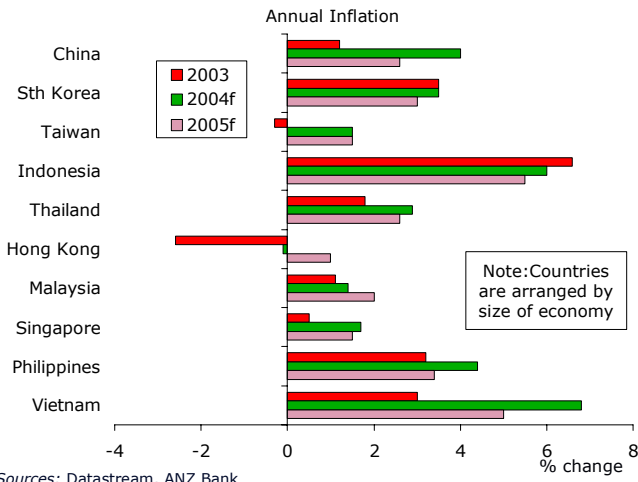
## Economic growth

- Countries can be divided into two groups based on economic performance since 2000:
- Hong Kong, Singapore and Taiwan, where the GDP trend was levelling off before SARS hit. Then, the epidemic caused all three to suffer a decline in GDP in the second quarter of 2003, after which they rebounded strongly, largely driven by exports.
- The other group grew more strongly throughout 2001 and 2002, was not affected by SARS, and is now clustered at a significantly higher level compared with the first group.

## East Asia – Economic forecasts

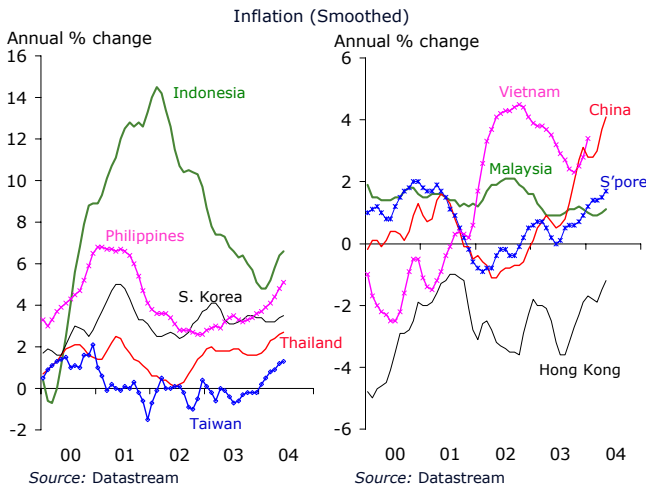
	Real GDP growth			Inflation		
	2003	2004(f)	2005(f)	2003	2004(f)	2005(f)
China	9.1	8.7	6.0	1.2	4.0	2.6
Hong Kong	3.2	6.0	3.0	-2.6	-0.1	1.0
Indonesia	4.2	4.5	5.0	6.6	6.0	5.5
Malaysia	5.3	6.7	5.8	1.1	1.4	2.0
Philippines	4.7	4.5	3.2	3.2	4.4	3.4
Singapore	1.1	7.9	4.5	0.5	1.7	1.5
South Korea	3.1	5.8	5.3	3.5	3.5	3.0
Taiwan	3.2	4.9	3.6	-0.3	1.5	1.5
Thailand	6.7	6.8	5.9	1.8	2.9	2.6
Vietnam	7.2	7.5	7.0	3.0	6.8	5.0

Sources: Datastream, ANZ Bank, Economist Intelligence Unit



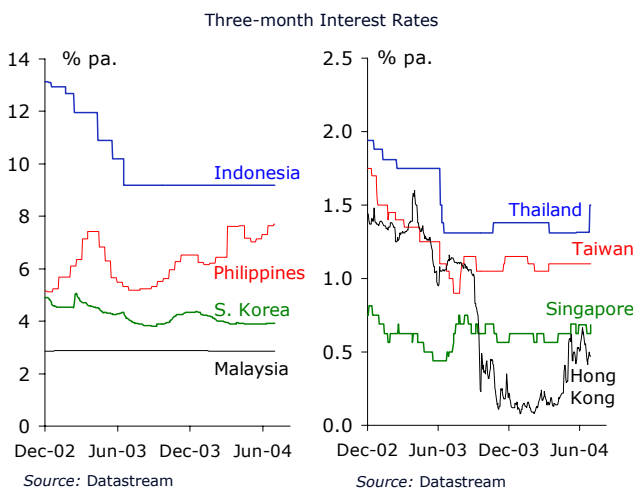
## Inflation

- Indonesia, which has been the only country to experience double-digit inflation in recent years, has seen a steady decline since 2001. Most others have experienced low inflation, or even deflation.
- Many countries will experience higher inflation in 2004, due to strengthening domestic demand and high oil prices.
- In annual average terms, Vietnam is likely to record the highest inflation rate in 2004. China's inflation is also projected to rise significantly, from an average of 1.2% in 2003 to 4% in 2004.
- After two years of deflation, Taiwan is expected to record positive inflation this year and next.
- Only Hong Kong is expected to continue in deflation this year, its sixth in succession.



## Inflation

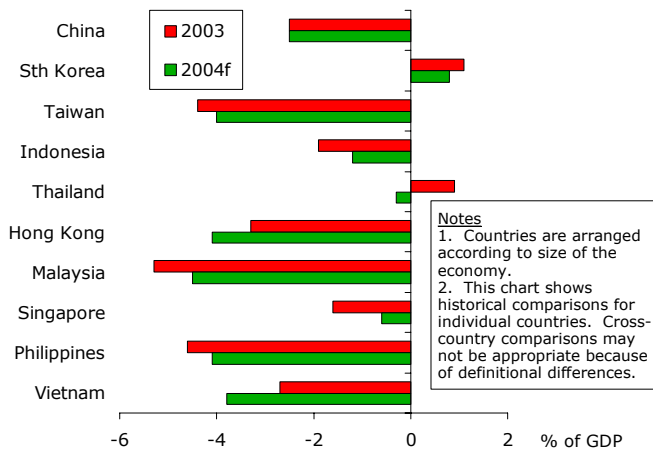
- Average inflation in Indonesia has declined significantly over the past few years. However, recent data indicate that it has edged up, due in part to the weaker rupiah and higher food prices.
- Inflation in Singapore remains benign but has edged up, due to the 1 percentage point increase in the GST, and higher food and petrol prices.
- Vietnam is experiencing sharply higher food prices.
- Inflation in the Philippines is on a rising trend, due to cost pressures arising from currency depreciation and high oil prices. In contrast, a good harvest is expected to offset some of the upward pressure.
- In China, the recent rise in inflation is significant, but administered price caps and freezes mean the CPI understates the upward pressure on prices.



## Interest rates

- Over the past year, interest rates have been low and fairly steady in most countries, against a backdrop of benign inflation and low world rates.
- Now, with several countries experiencing upward pressure on inflation in recent months, central banks are likely to consider raising interest rates.
- Another factor which will affect local policy settings is the pace of interest rate rises in the US. This will put upward pressure on Asian rates generally, with a direct impact on those countries with open capital accounts and which manage their currencies against the US dollar.
- Chinese authorities have taken steps to restrict the supply of credit, rather than using interest rates to discourage the demand for credit.

Fiscal Balances



**Notes**  
 1. Countries are arranged according to size of the economy.  
 2. This chart shows historical comparisons for individual countries. Cross-country comparisons may not be appropriate because of definitional differences.

Sources: Datastream, Economist Intelligence Unit, ANZ Bank

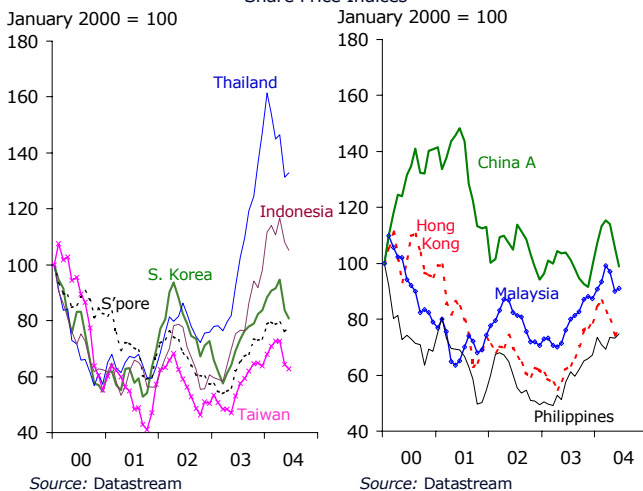
## Fiscal policy

- Markets have penalised the Philippines for its budget deficits in recent years. As a proportion of GDP, the deficit peaked at 5.4% in 2002 before easing to 4.6% last year. Further modest reductions are expected in 2004 and 2005.
- Malaysia's central government deficit is the largest shown in the chart, but the overall public sector deficit is much lower, officially projected at 0.9% of GDP this year.

## Stockmarket

- Thailand showed the steepest improvement in 2003 before losing some ground this year with the bird flu outbreak and violence in southern Thailand eroding confidence.
- The Indonesian stockmarket also recorded strong gains in 2003 but 2004 has been more volatile partly reflecting election uncertainty.
- After a steady climb in 2003 and early 2004, the South Korean stockmarket declined sharply in May as concerns over high oil prices, a possible US rate hike and China's efforts to engineer a slowdown (Korea's largest export market) weighed heavily on investor confidence.
- In Taiwan, uncertainty affected share prices ahead of the election, and after it investors were apparently disappointed by the result, which they believe will not hasten direct links with the PRC.

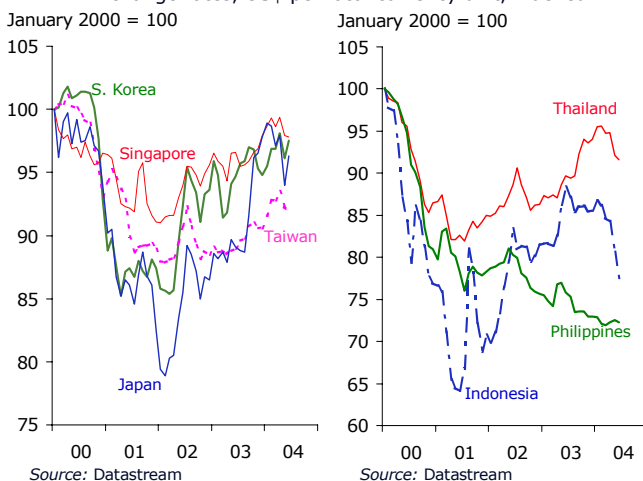
Share Price Indices



Source: Datastream

Source: Datastream

Exchange rates, US\$ per local currency unit, indexed



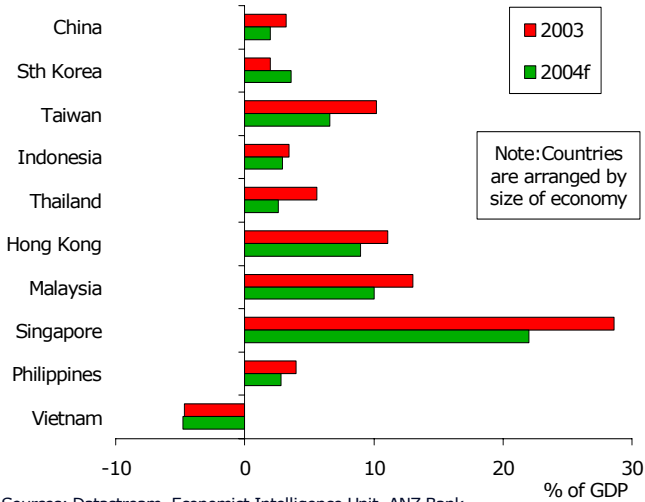
Source: Datastream

Source: Datastream

## Exchange rate

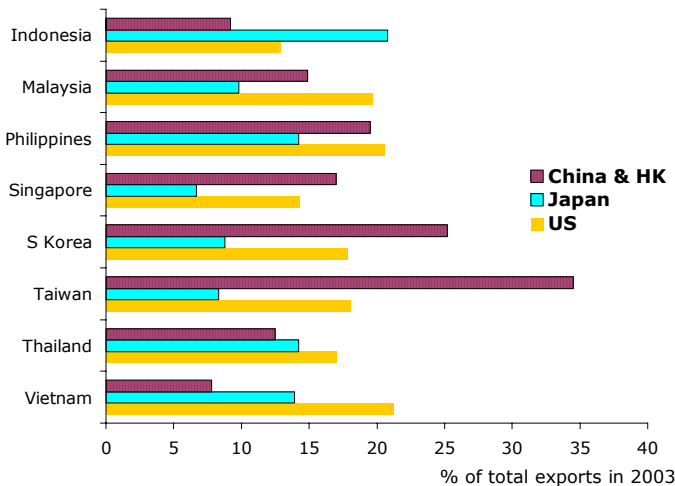
- The Indonesian rupiah has suffered from political uncertainty in the lead-up to parliamentary (April) and presidential (July) elections.
- The Philippine peso has been on a downward trajectory partly reflecting the deterioration in the current account surplus, recurring budget deficits, reduced investment flows, security concerns and uncertainty during the prolonged vote-count after the 2004 presidential elections.
- The Taiwan and Singapore dollar have appreciated gradually over 2003 and 2004, supported by recovering economies.

Current Account Balances



Sources: Datastream, Economist Intelligence Unit, ANZ Bank

Major Export Destinations



Oil data : 2003

	Production mn b/d	Consumption mn b/d	Ratio Prod/Cons
China	3.396	5.982	<b>56.8</b>
Hong Kong	na	0.271	
Indonesia	1.179	1.131	<b>104.2</b>
Japan	na	5.451	
Malaysia	0.875	0.519	<b>168.6</b>
Philippines	na	0.332	
Singapore	na	0.672	
S. Korea	na	2.303	
Taiwan	na	0.880	
Thailand	0.217	0.812	<b>26.7</b>
Vietnam	0.372	na	

Production in countries marked "na" is negligible or non-existent. Consumption in Vietnam not available.

Source: BP Statistical Review of World Energy 2004

## Current account

- Vietnam reverted to a deficit in 2002 and the shortfall widened from 1.7% of GDP in 2002 to an estimated 4.7% in 2003.
- All except South Korea are expected to see a reduction in the current account surplus in 2004 as domestic demand gains momentum.
- Singapore continues to chalk up substantial current account surpluses.

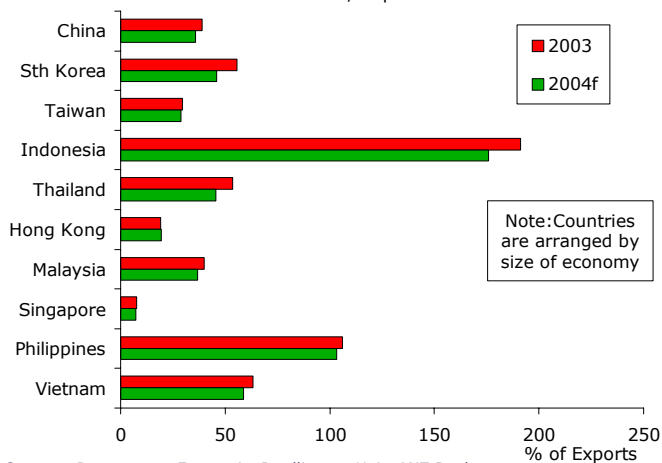
## Trade dependence

- China and Hong Kong collectively has emerged as one of the main export markets for East Asia. It was the top export destination for South Korea, Taiwan and Singapore and is edging up to the no.1 spot for the Philippines.
- Japan is the top export market for Indonesia with exports mainly comprising oil and gas products.
- Vietnam's exports to the US have grown substantially, rising by 90% in 2003 after a 121% increase in 2002, bolstered by the bilateral trade pact which came into effect in December 2001.

## Dependence on oil

- East Asia's high dependence on oil makes it vulnerable to hikes in oil prices.
- East Asia (including Japan) consumed about 23% of world oil supply while producing only 7.9% according to the latest BP Statistical Review of World Energy.
- In 2003, Malaysia and Indonesia were net oil exporters. However, Indonesia's status has come into question with the country's crude oil imports exceeding exports in recent months. Nevertheless, strong gas exports means that the country remains a net energy exporter.

External Debt / Exports Ratio

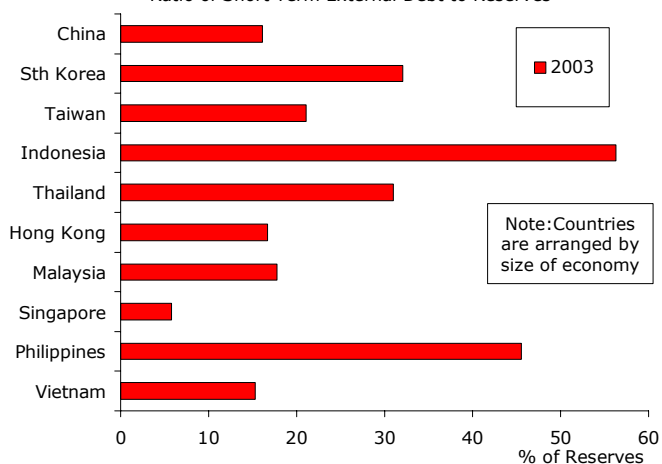


Sources: Datastream, Economist Intelligence Unit, ANZ Bank

### External debt to exports

- A country's external indebtedness is often gauged by debt-to-GDP or debt-to-exports ratios.
- Indonesia is the most highly indebted of the countries considered, with a debt-to-exports ratio estimated at 191% in 2003 but the outlook is for a further reduction in the ratio.
- Philippines has a legacy of high external debt. Its debt-to-exports ratio deteriorated in recent years as the government and public corporations placed international bonds to fund their deficits. The outlook, however, is for some improvement.
- China, South Korea, Thailand, Malaysia and Vietnam are also expected to make further inroads into reducing this ratio.

Ratio of Short Term External Debt to Reserves

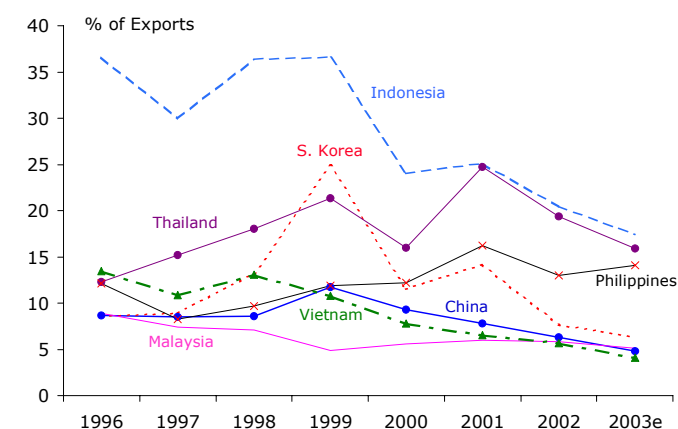


Sources: Datastream, Economist Intelligence Unit, ANZ Bank

### Short-term debt to reserves

- The ratio of short-term debt to reserves is an important indicator of a country's capacity to meet its liabilities.
- One of the factors that precipitated the "Asian crisis" in 1997 was a build-up of short-term debt (less than 12 months original maturity). In some cases, short-term debt exceeded reserves – clearly potentially dangerous.
- Indonesia and the Philippines are the only two economies with a short-term-debt-to-reserves ratio exceeding 40% and the outlook is for a further deterioration in the ratio.

External Debt Service Ratios



Sources: Datastream, Economist Intelligence Unit

### Debt service ratio

- A country's debt service ratio (i.e. the ratio of external debt interest and principal payments to exports of goods and services due in that year) is one of the most important criteria used in country risk assessment.
- Indonesia and South Korea have recorded significant improvements in their debt service ratios since the Asian crisis.

## Politics-Snapshot

### East Asia

- Democracy has been on show in East Asia this year. Elections in Malaysia, Taiwan, South Korea and the Philippines have been concluded without any change of leadership. Indonesia held legislative elections in April and its first direct presidential election in July with a run-off ballot in September, which does seem likely to produce a change. Still to come is Hong Kong's election, in September, for its Legislative Council.
- The region is receiving much greater political attention from the US and other developed countries in the wake of September 11 and several regional incidents of terrorism.
- North Korea, with its provocative attitude towards nuclear transparency, remains a concern, particularly for adjoining countries.

### Hong Kong

- There is rising public support for political self-determination in Hong Kong, and resentment over the control exerted by Beijing. Business has tended to shrug off this issue.
- The pro-democracy movement was encouraged by its success in mid-2003 when protests caused the administration to back down on the proposed "Article 23" security legislation. Recent demonstrations have attracted large crowds.
- Elections for the Legislative Council are due to be held on 12 September. Half of the sixty seats will be elected by proportional representation and half by narrowly based "functional groups".

### Malaysia

- Following the smooth political transition at end-October 2003, Prime Minister Abdullah Badawi sought to quickly establish his political authority by calling an early general election for March 2004. This move was successful with the ruling Barisan Nasional coalition securing an overwhelming majority in Parliament and victories in 11 of the 12 state elections that were contested.
- There are strong links between business and politics. Moves to improve transparency and tackle corruption are popular with the electorate and have also been welcomed by financial markets. At this stage it seems unlikely that reforms will extend to the media, which is under close state control, or the judiciary whose independence has been eroded over the past few years.

### China

- Political and social stability have the highest priority, and the leadership believes strong economic growth and rising living standards are the best way of achieving it. Unfortunately, job creation is falling short of requirements and the communist welfare system is proving to be unsustainable. In addition, there are regional and sectoral disparities, and discontent over public sector inefficiency and corruption.
- Longer term, there are concerns over the contradictions inherent in freeing up the economy while maintaining a communist political system.

### Indonesia

- The PDI-P saw its share of the vote fall to 18.5% in parliamentary elections held in April from 33.7% in 1999. Golkar suffered a smaller decline but secured the largest share of the vote of 21.6%. More than 10 new political parties have secured seats in the new parliament.
- The first direct presidential elections held on 5 July failed to produce an outright winner. A second round ballot scheduled for September will be fought between former chief security minister Susilo Bambang Yudhoyono (PD party) who secured the most votes in the first round, and either President Megawati or Golkar candidate, Wiranto.
- With the new parliament taking office only on 1 October and the new president on 27 October, any new economic initiatives will have to wait.

### Philippines

- Now that the election outcome has been settled, the president and her administration have six years to tackle the various reforms needed to accelerate the country's economic development.
- Legislative reform will require the building of broad support in both houses of Congress. Without it, there is potential for legislative deadlock and policy uncertainty.
- The long-running, low-level civil war in the south of the country remains a drain on resources and a disincentive for foreign investment. It is a factor (but not the only one) behind acts of terrorism, kidnapping and other security incidents.

## Politics-Snapshot

### Singapore

- Leadership changeover is imminent with an announcement on when BG Lee Hsien Loong will assume the post of Prime Minister expected in the next few months. BG Lee is currently the Deputy Prime Minister and Minister for Finance. A smooth transition is expected.
- Domestic political stability continues to underpin economic growth and investment.

### South Korea

- President Roh was re-instated as South Korea's president in May after the constitution court overruled the impeachment vote.
- He has returned in a stronger position than before the impeachment after parliamentary elections on 15 April saw the Roh-backed Uri party becoming the first centre-left party to secure a majority in the National Assembly.
- The Uri party, however, suffered heavy defeat in recent mayoral and gubernatorial elections with the main opposition Grand National Party winning three of the four posts and the Millennium Democratic Party the remaining one. While not directly impacting the URI party's position in the new parliament, the defeat signals the need to quell inter-party feuding and avoid complacency.

### Taiwan

- China maintains it has the right to intervene if Taiwan declares independence, is invaded by a foreign power, or is threatened by "internal chaos". Its possible reaction to any change is thus a dominant factor in Taiwanese politics, as was illustrated in the recent presidential election, narrowly won by the incumbent, Chen Shui-bian.
- Although it has diplomatic relations with only a few, small, countries, Taiwan enjoys strong commercial links with many countries, and political support from the USA.
- The often-stormy political scene hampers much-needed reform legislation. Other issues include corruption, and entrenched links between politics, business and crime.

### Thailand

- Democracy is maturing, but political institutions remain weak. Prime Minister Thaksin's popularity had benefited from strong economic recovery, but he has recently suffered a series of setbacks. He has been criticised for frequently changing his mind on several issues, which has damaged his reputation as a decisive 'can-do' leader.
- The government's handling of an outbreak of avian flu in January 2004 attracted international criticism and the security forces response to recent violence in southern Thailand struck many observers as heavy handed and likely to inflame the situation. Thaksin still appears set to become Thailand's first prime minister to serve a full term and is widely expected to be re-elected in the general election due by January 2005.

### Vietnam

- The mismatch between economic modernisation and the government's unwillingness to contemplate significant political reform creates tensions and uncertainties.
- Bureaucracy and corruption are hampering economic reform and are detrimental to foreign investment and the development of the private sector.

## Country Risks

### East Asia

- China has become an important growth driver for its neighbours. Investment spending has boosted its imports of capital equipment (benefiting, for example, Japan and South Korea), and energy and resources (boosting Australia and Russia).
- Some countries are highly dependent on exports to world markets, and are thus vulnerable to a global slowdown.
- The world economy is at the start of an upswing in interest rates. Those countries with significant external debt, budget deficits and rising inflation will be most adversely affected.
- In addition, there are political risks - eg terrorism and North Korea (see *Politics-Snapshot* above.)

### Hong Kong

- Disagreements with Beijing over the administration of Hong Kong.
- Hong Kong's high cost structure - may undermine its role as the services hub for the region. Competing cities such as Shanghai and Shenzhen are attracting investment.
- Emergence of a structural budget deficit - could eventually undermine the attributes which made Hong Kong special ie. low taxes, good infrastructure, and pegged exchange rate.

### Malaysia

- The current economic recovery seems soundly-based, but Malaysia remains highly exposed to the world economy and economic prospects could deteriorate rapidly if the current global recovery falters. There would also be a detrimental impact from a hard economic landing in China.
- Adherence to a fixed exchange rate against the US dollar restricts the flexibility of economic policy. Malaysia is likely to move to a float at some stage, and the change will need to be managed carefully.
- The government's efforts to create a more transparent business environment and its more cautious attitude towards large infrastructure projects, a policy hallmark of Dr Mahathir, are positive developments.

### China

- Potential for significant unrest, due to regional and sectoral disparities, poverty, corruption, job losses and inadequate socialist welfare system.
- Unbalanced economic growth produces both bottlenecks and excess capacity.
- Ongoing restructuring of state-owned businesses crystallises economic problems eg unemployment, unfunded pensions, bad debts, unsold stock.
- Poor health of major state-owned banks.
- Rapid growth of exports is causing tensions, both in foreign markets and with competitor countries.
- Weak profits, opaque legal system, and bureaucracy could discourage foreign investors.

### Indonesia

- Political and economic stability threatened by violent unrest with possible triggers being religion and separatism.
- Corruption, corporate governance concerns, confusion over regulations and security issues continue to impede long-term investment.
- High unemployment, which is estimated at around 40% of the workforce. Weak foreign direct investment and fiscal consolidation make it difficult for the economy to expand at a rate to make serious inroads to reducing unemployment.

### Philippines

- Terrorism and other security risks. Violent acts have been perpetrated by groups with diverse political and criminal agendas.
- Vulnerability to drought and storms. Agriculture comprises 20% of the economy.
- Exports heavily dependent on electronic goods and thus vulnerable to fluctuations in global demand in this sector.
- Competition for foreign investment. Electronics may lose ground to China; call centres and back-office services to India.
- Higher oil prices. Philippines is dependent on imported oil.

## Country Risks

### Singapore

- Regional tensions and terrorist activity in SE Asia undermine economic prospects. Singapore's high trade intensity makes it more vulnerable than its neighbours.
- Heavy reliance on electronics, although efforts are being made to diversify the manufacturing base. Electronic products account for around 53% of non-oil domestic exports in 2003.
- Increasing competition from trade and investment in the region, particularly from China and Malaysia.

### Taiwan

- Potential military conflict with China. Low risk. Intimidatory gestures, such as Chinese military exercises off Fujian, serve as a reminder.
- International relations constrained by implications of "One China" policy and ascendancy of PRC.
- "Hollowing out" of the economy as Taiwanese firms invest in China. Probably exaggerated, as economic integration with China will help diversify Taiwan's economy.
- The banking sector is fragmented and under-capitalised with high levels of NPLs. (Legislation governing a clean-up of NPLs is ineffective.)

### Vietnam

- The direct financial impact of the recent expiration of the IMF facility is likely to be limited, but there is a risk that economic reform efforts could slacken as a result.
- Slow reform of state-owned enterprises and the banking sector are major impediments to economic development and creditworthiness.
- Economic reform must be speeded up if plans for WTO membership in 2005 are to be realised and prevent the phasing out of quotas established under the Multi-Fibre Agreement having a significant detrimental impact on the textiles sector.

### South Korea

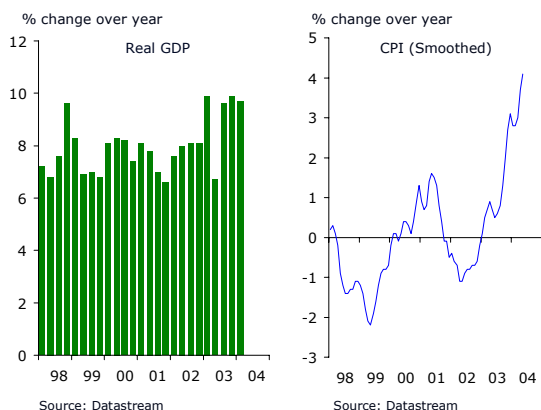
- North Korea poses a significant military and economic threat to South Korea, heightened by the unpredictable nature of the North. The expected partial US withdrawal of troops that could start next year is also likely to raise security concerns.
- Corporate and banking sector restructuring undermined by strong nationalist sentiment, difficulty in dismantling *chaebols* which has, in turn, reinforced concerns over corporate governance and transparency issues.
- Labour unrest. Strike action has disrupted production and is in danger of damaging prospects for manufacturing investment as competition from low-cost production bases (eg. China) intensify.

### Thailand

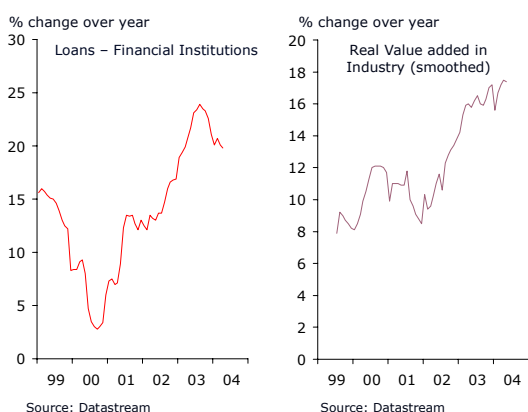
- Prime minister Thaksin's government is authoritarian and sensitive to criticism. Its record of economic growth is impressive, but several aspects of economic management are poor. The attitude towards foreign investment is ambivalent, with the government's recognition of the contribution that such investment makes to economic development at odds with its nationalistic sentiment. Privatisation has been slow and private banks are still burdened with high levels of NPLs. However, banking sector risk should be reduced later this year when non-bank financial institutions, which are aggressive lenders in the consumer credit market, become subject to regulatory oversight by the Bank of Thailand.
- Concerns about political stability are likely to escalate if recent violence in southern Thailand occurs in other parts of the country.

# Country Update: China

## Strong economy, rising inflation



## Growth rates of economic indicators peaking, but still high



- Signs of overheating in the strongly growing Chinese economy began last year, and intensified in the early months of 2004. These signs include infrastructural bottlenecks, shortages of critical materials, upward pressure on prices and soaring imports, leading to a rapid decline in the trade surplus. Strong demand has been fuelled by rapid growth in credit and money supply.
- The authorities have responded with measures aimed at reducing the supply of credit generally, and in particular to borrowers in the steel, cement, property and aluminium industries. Also, where provincial or municipal inflation reaches a certain level, price freezes are imposed.
- Officials claim that the measures are working and the economy is slowing, but it is hard to see in published indicators. In part this is because of the inherent volatility of the data, and partly due to base effects. One indicator that is easing is the growth in loans outstanding, which peaked at 23.9% over the 12 months to August 2003. Although it has eased to 19.8% over the year to April, this is still a very strong rate of growth relative to 3.8% inflation over the same period (or even the 4.4% May inflation). Retail sales growth, however, is still rising, reaching 19% over the year to May. The depressing impact of SARS a year ago is, of course, a major factor, but it makes it very difficult to read what is happening right now.
- While we may be uncertain whether the economy is currently slowing, there is no doubt the authorities are determined to bring about a moderation. If existing measures fail, more will be done, and there is a risk that growth will fall below the 7% target.

## Economic data and debt statistics

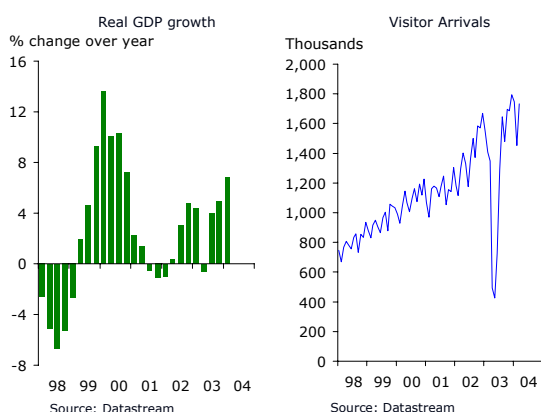
China	1998	1999	2000	2001	2002	2003e	2004f	2005f
Economic growth (%)	7.8	7.1	8.0	7.5	8.0	9.1	8.7	6.0
Inflation (yr av, %)	-0.8	-1.5	0.3	0.7	-0.8	1.2	4.0	2.6
Budget Balance (% of GDP)	-3.0	-4.0	-3.6	-3.0	-3.0	-2.5	-2.5	
Current Account Balance (% of GDP)	3.3	2.1	1.9	1.5	2.8	3.2	2.0	
External Debt (USD bn)	144.0	152.1	145.7	170.1	177.2	195.1	215.5	
External Debt/GDP Ratio (%)	15.2	15.3	13.5	14.5	14.0	13.5	12.9	
External Debt/Exports Ratio (%)	67.5	66.2	49.8	54.9	47.2	38.8	35.8	
Short-term Debt/Reserves (%)	11.6	9.6	7.8	20.4	18.4	16.1		
Debt Service Ratio (Paid) (%)	8.6	11.7	9.3	7.8	6.3	4.8		
Debt Service Ratio (Due) (%)	8.6	11.7	9.3	7.8	6.3	4.8	4.3	
International Reserves (USD bn)	149.0	158.0	168.0	216.0	291.0	408.0	453.5*	
Import Cover (g & s) (months)	11.0	10.0	8.1	9.7	10.8	10.9		

\*: April 2004

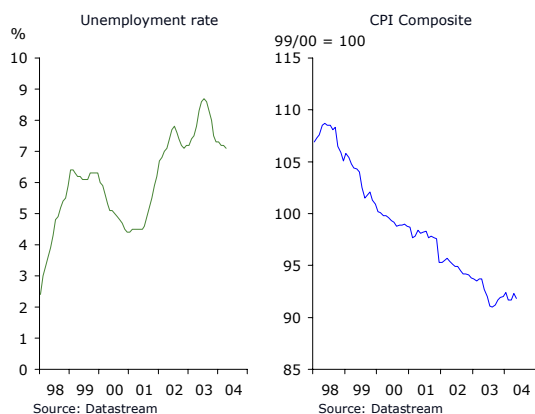
Sources: IMF, Economist Intelligence Unit, ANZ Bank

# Country Update: Hong Kong

## Economic recovery gains momentum



## Unemployment has begun to fall and prices may at last be bottoming



- The economy has continued to build momentum after rebounding from the impact of SARS last year. The composition of aggregate demand has changed, with private consumption and investment spending now quite robust, in contrast to their subdued performance as the economy recovered in 2002.
- Significant drivers of spending have been the free trade agreement (CEPA) with China, which took effect at the start of the year, and the rising numbers of mainland visitors to Hong Kong. Strong growth and rising disposable incomes in China are expected to be long term positives for Hong Kong, but could be volatile factors. For example, if China slows sharply in response to the measures currently in place to reduce overheating, Hong Kong would feel the shock too.
- The seasonally adjusted unemployment rate has eased significantly to 7.1%, measured over the three months to April, compared with a peak of 8.7% in mid-2003.
- Ahead of Legislative Council elections, due to be held in September, the political scene is warming up. There were large turnouts at the 4 June vigil (commemorating Tiananmen) and the march on 1 July (anniversary of the handover). The pro-democracy movement seems less united, however, than it was a year ago when it fought off the proposed "Article 23" security legislation.
- Inflation may surprise next year. Although the CPI is still lower than it was a year ago (change of -0.9% over the 12 months to May) the index appears to be bottoming, as the chart shows. With strong domestic demand, most goods and services are rising, but the overall index is held back by falling housing costs.

## Economic data and debt statistics

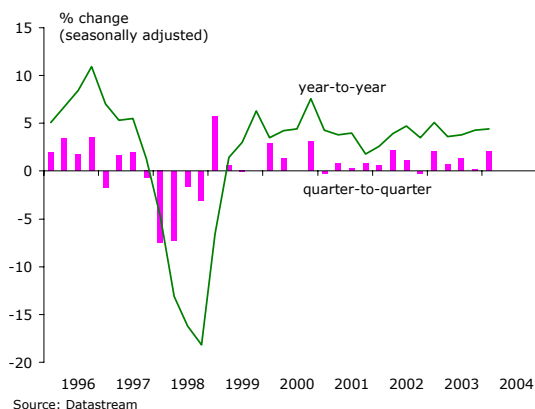
Hong Kong	1998	1999	2000	2001	2002	2003e	2004f	2005f
Economic growth (%)	-5.0	3.4	10.2	0.5	1.9	3.2	6.0	3.0
Inflation (yr av, %)	2.9	-4.0	-3.7	-1.6	-3.0	-2.6	-0.1	1.5
Budget Balance (% of GDP)	-1.8	0.8	-0.6	-5.0	-4.9	-3.3	-4.1	
Current Account Balance (% of GDP)	2.7	6.4	4.3	6.1	8.5	11.1	9.0	
External Debt (USD bn)	38.3	43.8	53.0	48.5	47.9	59.2	68.1	
External Debt/GDP Ratio (%)	23.2	27.3	32.0	29.8	30.0	37.8	41.3	
External Debt/Exports Ratio (%)	14.9	17.1	18.0	17.3	16.7	19.0	19.6	
Short-term Debt/Reserves (%)	17.9	17.2	18.5	16.5	16.2	16.7		
Debt Service Ratio (Paid) (%)	1.2	2.0	2.1	2.5	2.1	1.8		
Debt Service Ratio (Due) (%)	1.2	2.0	2.1	2.5	2.1	1.8	2.1	
International Reserves (USD bn)	90.0	96.0	108.0	111.0	111.9	118.4	122.1*	
Import Cover (g & s) (months)	5.2	5.7	5.5	6.0	5.8	5.6		

\*: April 2004

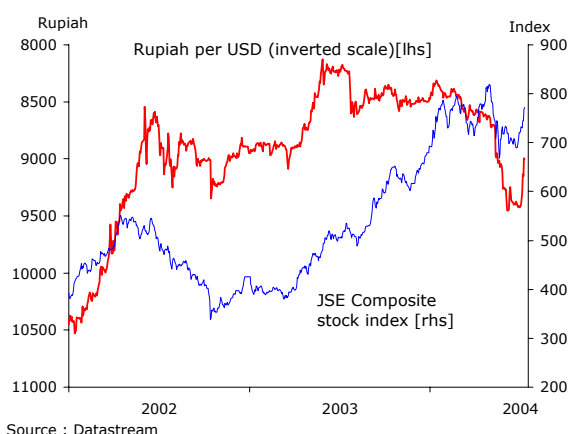
Sources: IMF, Economist Intelligence Unit, Institute of International Finance, ANZ Bank

# Country Update: Indonesia

## Steady economic growth



## Financial markets under some pressure in election year



- Real GDP grew by 4.5% over the year to the March quarter, with domestic consumption driving the economy. Despite a pick-up in global economic growth, exports have been sluggish. For the first five months of 2004, exports were up by only 2.2% while imports rose by 11.8%. The weak export performance largely reflects competitive pressures as well as low foreign investment.
- Indonesia is one of the few OPEC countries producing below its quota, which is 1.2 mn barrels per day. Indonesia has become a net importer of crude oil in recent months. Legal uncertainties in the oil and gas sector have hampered foreign investment. Without infrastructure upgrading and more investment in oil exploration, scope for an increase in future oil output is limited.
- While the high oil price has lifted budget revenue, expenditure has been adversely affected as fuel subsidies are still high, thereby putting pressure on finances. Nevertheless, the budget deficit for 2004 is still targeted at 1.2% of GDP.
- Inflation has edged up in recent months. Annual inflation was 6.8% in June compared with 4.8% in January. This partly reflects the impact of higher food prices and weakness in the rupiah.
- The rupiah was trading above Rp9,200/USD in the lead-up to the presidential election on 5 July, the last time it reached this level was in October 2002. The central bank attempted to slow the pace of decline but downward pressure on the currency persisted. While the smooth election produced a rally in the rupiah and stockmarket, financial markets are likely to continue to remain under some pressure ahead of the run-off ballot in September. With the new parliament and president assuming office only in October 2004, any new economic initiatives will have to wait.

## Economic data and debt statistics

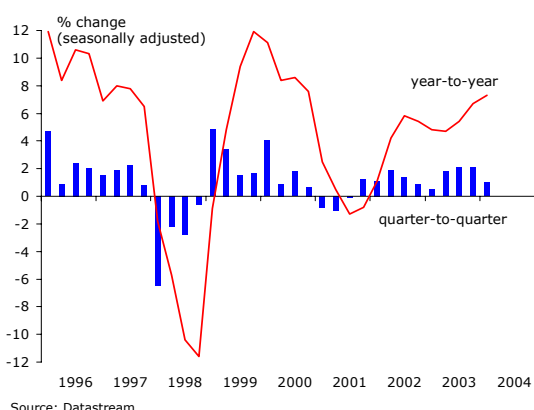
Indonesia	1998	1999	2000	2001	2002	2003e	2004f	2005f
Economic growth (%)	-13.1	0.8	4.9	3.5	3.7	4.2	4.5	5.0
Inflation (yr av, %)	58.5	20.5	3.7	11.5	11.9	6.6	6.0	5.5
Budget Balance (% of GDP)	-2.9	-1.1	-2.8	-1.2	-1.7	-1.9	-1.2	
Current Account (% of GDP)	4.3	4.1	5.3	4.8	4.5	3.4	2.9	
External Debt (USD bn)	151.2	151.0	144.1	135.7	134.7	135.7	134.6	
External Debt/GDP Ratio (%)	158.5	107.8	95.9	94.9	77.9	65.1	59.8	
External Debt/Exports Ratio (%)	262.0	256.6	194.0	205.9	197.9	191.4	175.9	
Short-term Debt/Reserves (%)	88.6	75.7	79.4	80.0	69.2	56.3		
Debt Service Ratio (Paid) (%)	31.7	30.0	22.5	23.6	20.5	17.4		
Debt Service Ratio (Due) (%)	36.4	36.5	24.0	25.1	20.5	17.4	17.6	
International Reserves (USD bn)	22.7	26.4	28.5	27.2	31.0	35.0	35.8*	
Import Cover (g & s) (months)	6.2	7.5	6.2	6.5	7.1	7.6		

\*: April 2004

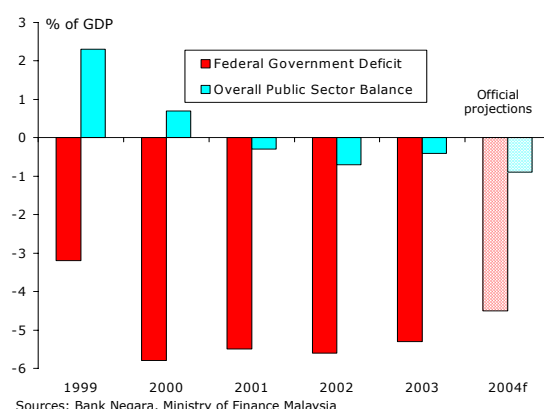
Sources: IMF, Economist Intelligence Unit, ANZ Bank

# Country Update: Malaysia

## Real GDP growth is at its strongest since 2000



## The Federal budget deficit is expected to narrow this year



- Prime Minister Abdullah Badawi secured a strong political mandate when the ruling Barisan Nasional coalition won 198 of the 219 seats in Parliament in the general election in March. Financial markets have welcomed the government's commitment to tackle corruption and shift away from 'crony capitalism' towards an open-bidding system for government contracts and privatisation. There was disappointment, however, that all the top ministers from the last administration have been reappointed.
- Real GDP rose by 7.6% in the year to March 2004, up from 6.6% in Q4 2003 and the strongest annual rise since mid-2000. The manufacturing sector is benefiting from strong external demand and expanded by 12.5% from a year earlier. GDP growth in 2004 is likely to be at the top of, or slightly above, the government's 6.0-6.5% projection. The authorities are very positive about the outlook for private sector investment, which is benefiting from the low level of interest rates. The government expects the federal government fiscal deficit to narrow from 5.3% of GDP in 2003 to 4.5% in 2004 as the fiscal stimulus of recent years is gradually withdrawn. In contrast, the much smaller overall public sector deficit is expected to rise slightly although strong GDP growth and high oil prices could produce a better fiscal outcome than official projections envisage.
- A new interest rate framework was unveiled in April. The ceiling on commercial bank lending rates has been scrapped with banks now able to set their own prime rate although the central bank continues to fix minimum deposit rates. The Overnight Policy Rate is the benchmark interest rate for monetary policy purposes and is currently 2.7%. While the authorities have indicated that they favour low interest rates to assist GDP growth, this is not inconsistent with a modest rise and the prospect of such a move has increased now that the Federal Reserve has started to raise US interest rates.

## Economic data and debt statistics

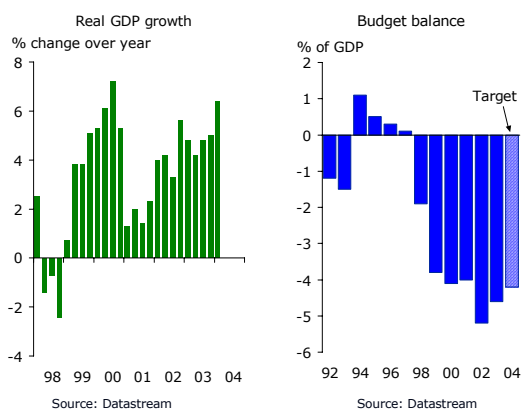
Malaysia	1998	1999	2000	2001	2002	2003e	2004f	2005f
Economic growth (%)	-7.2	6.1	8.9	0.4	4.1	5.3	6.7	5.8
Inflation (yr av, %)	5.3	2.8	1.5	1.4	1.8	1.1	1.4	2.0
Budget Balance (% of GDP)	-1.8	-3.2	-5.8	-5.5	-5.6	-5.3	-4.5	
Current Account Balance (% of GDP)	13.2	15.9	9.4	8.3	7.6	13.0	10.0	
External Debt (USD bn)	42.4	41.9	41.8	43.4	46.1	48.8	50.8	
External Debt/GDP Ratio (%)	58.8	52.9	46.4	49.3	48.5	47.3	44.7	
External Debt/Exports Ratio (%)	49.8	42.6	36.4	41.4	41.7	40.0	36.9	
Short-term Debt/Reserves (%)	33.1	19.7	15.7	16.7	20.7	17.8		
Debt Service Ratio (Paid) (%)	7.1	4.9	5.6	6.0	5.8	5.1		
Debt Service Ratio (Due) (%)	7.1	4.9	5.6	6.0	5.8	5.1	5.1	
International Reserves (USD bn)	25.6	30.6	29.5	30.5	34.2	44.5	53.6*	
Import Cover (g & s) (months)	4.5	4.8	3.8	4.2	4.5	5.5		

\*: May 2004

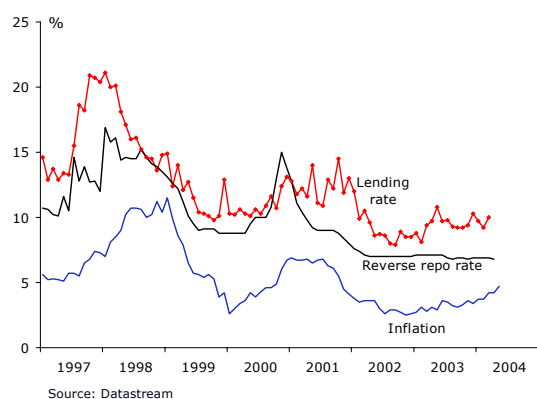
Sources: IMF, Economist Intelligence Unit, Bank Negara, Ministry of Finance Malaysia, ANZ Bank

# Country Update: Philippines

## Growth stronger than expected; budget deficit constrains development plans



## Inflation has begun to rise while monetary policy remains accommodative



GDP expanded by a strong 6.4% over the year to the first quarter. While there was an encouraging positive contribution from net exports, other components of demand appear to be tailing off at the margin, and there was a big build-up of inventories in the quarter. This suggests that the strong rate of growth may not be sustained through the remainder of 2004. ANZ expects full year growth of about 4½%.

- The result of the 10 May presidential election was delayed until late June by legal challenges and re-counts. At her inauguration, President Gloria Arroyo announced a programme to alleviate poverty by creating jobs, improving education and developing rural infrastructure. Another important challenge will be to achieve peace in the south of the country.
- The realisation of the president's laudable goals will be constrained by finance. The Philippines has in recent years been plagued by unsustainable budget deficits, due to erosion of the tax base, widespread evasion and inefficiencies in collection. After a run of five years of rising deficits, last year saw the first reduction. Another small reduction is targeted for 2004, to P197.8 bn or about 4.2% of GDP.
- Recent history in the Philippines shows that inflation can rise sharply and necessitate significant tightening of monetary policy. There is some speculation that rates may soon be raised, given that the CPI has risen 4.7% over the 12 months to May, boosted by energy costs and depreciation of the peso. However, a bumper harvest has been predicted, which should depress food prices which are heavily weighted in the CPI. The central bank has raised its official inflation forecast for 2004 to 4.5%, and indicated that interest rates will not be raised if inflation remains on target.

## Economic data and debt statistics

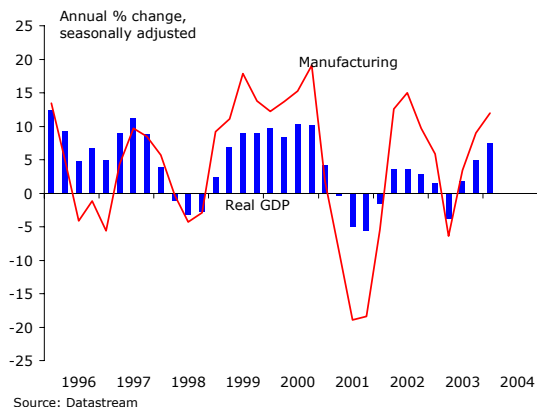
Philippines	1998	1999	2000	2001	2002	2003e	2004f	2005f
Economic growth (%)	-0.6	3.4	6.0	1.8	4.3	4.7	4.5	3.2
Inflation (yr av, %)	9.7	6.6	4.3	6.1	3.1	3.2	4.4	3.4
Budget Balance (% of GDP)	-1.9	-3.7	-4.1	-4.0	-5.4	-4.6	-4.2	
Current Account Balance (% of GDP)	2.4	9.4	8.4	1.8	5.5	4.0	2.8	
External Debt (USD bn)	48.3	53.0	50.4	52.4	53.2	57.3	60.1	
External Debt/GDP Ratio (%)	73.7	69.2	67.3	72.7	69.4	72.3	71.0	
External Debt/Exports Ratio (%)	99.4	98.2	91.2	109.3	100.7	106.0	103.1	
Short-term Debt/Reserves (%)	77.9	43.4	45.6	45.0	41.5	45.5		
Debt Service Ratio (Paid) (%)	9.7	11.9	12.2	16.2	13.0	14.1		
Debt Service Ratio (Due) (%)	9.7	11.9	12.2	16.2	13.0	14.1	13.5	
International Reserves (USD bn)	9.2	13.2	13.1	13.4	13.1	13.5	13.4*	
Import Cover (g & s) (months)	3.3	4.9	4.5	5.1	5.1	5.0		

\*: April 2004

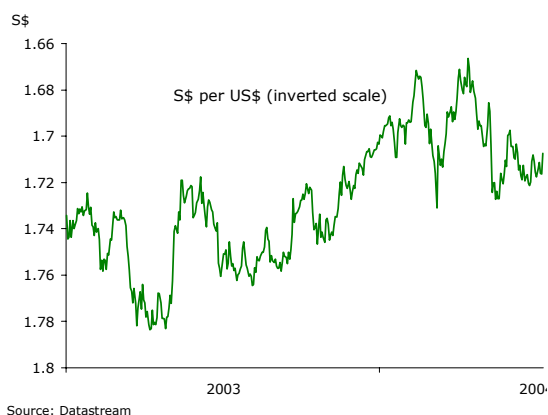
Sources: IMF, Economist Intelligence Unit, ANZ Bank

# Country Update: Singapore

## Strong economic recovery



## Singapore dollar gradually appreciates



- The economy has bounced back with real GDP expanding by 7.5% over the year to Q1 2004. Growth was driven by a 12% increase in manufacturing output, bolstered by robust external demand for electronic products and pharmaceuticals. The wholesale & retail sector and financial services sector also performed strongly, growing by 14% and 9.3% over the year to Q1 2004 respectively. Advance estimates of 11.7% growth in real GDP over the year to Q2 2004 reflect the low SARS-induced base effect as well as robust exports.
- The solid first quarter outcome as well as strong second quarter preliminary results have prompted an upward revision to the economic growth forecast. Real GDP is projected to rise by close to 8% this year and expand by a further 4.5% in 2005. The seasonally-adjusted unemployment rate was 4.5% in March 2004, unchanged from December 2003, but strong economic activity should improve employment prospects over coming quarters.
- Average annual inflation for the first five months of this year was 1.5%, up from just 0.5% in 2003. Higher food and oil prices, rising healthcare costs and the 1% point increase in the GST were the main factors behind the increase. Nevertheless, inflation remains subdued and is likely to average under 2% this year, supported by the prospect of lower oil prices and a stronger currency.
- In its April review, the Monetary Authority of Singapore shifted its monetary policy stance towards a modest and gradual appreciation of the trade-weighted Singapore dollar, as evidence of a stronger economy emerged. Against the US dollar, the Singapore dollar has regained some ground since mid-2003 with the currency currently trading at around S\$1.70/USD compared with a weak S\$1.78/USD in April 2003.

## Economic data and debt statistics

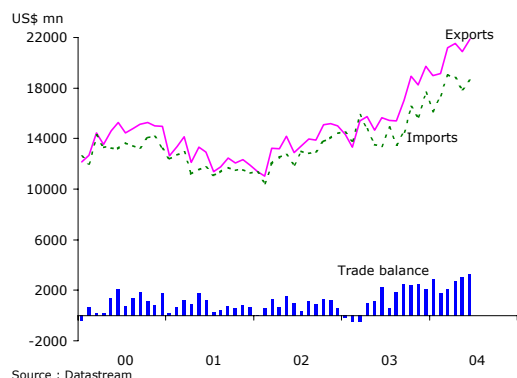
Singapore	1998	1999	2000	2001	2002	2003e	2004f	2005f
Economic growth (%)	-0.9	6.8	9.7	-1.9	2.1	1.1	7.9	4.5
Inflation (yr av, %)	-0.3	0	1.3	1.0	-0.4	0.5	1.7	1.5
Budget Balance (% of GDP)	2.5	0.5	2.0	1.6	-1.1	-1.6	-0.6	
Current Account Balance (% of GDP)	22.6	18.4	14.3	18.8	21.2	28.6	22.0	
External Debt (USD bn)	14.2	15.1	15.5	14.2	14.2	15.1	15.5	
External Debt/GDP Ratio (%)	17.3	18.4	16.7	16.6	16.1	16.5	15.4	
External Debt/Exports Ratio (%)	9.8	9.5	8.3	8.4	8.2	7.8	7.3	
Short-term Debt/Reserves (%)	3.6	7.8	7.1	6.9	6.3	5.8		
Debt Service Ratio (Paid) (%)	1.3	2.1	2.3	2.3	2.1	2.0		
Debt Service Ratio (Due) (%)	1.3	2.1	2.3	2.3	2.1	2.0	1.9	
International Reserves (USD bn)	74.9	76.8	80.1	75.4	82.0	95.7	98.8*	
Import Cover (g & s) (months)	7.8	7.2	6.2	6.6	7.2	7.6		

\*: April 2004

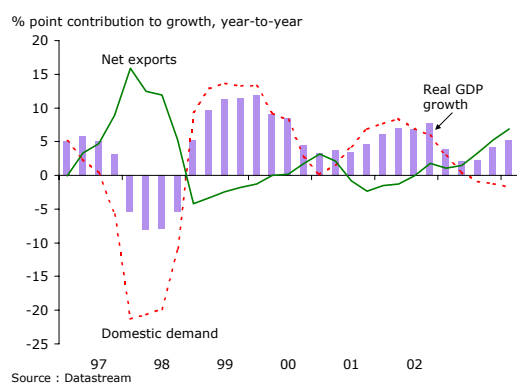
Sources: IMF, Economist Intelligence Unit, ANZ Bank

# Country Update: South Korea

## Trade surplus soars



## Economy driven by external demand



- South Korea's trade surplus for the first half of 2004 was a huge US\$15.7 bn compared with US\$3.2 bn for the same period in 2003. Export growth has taken off thanks largely to the surge in demand from China as well as strong demand from its other major export markets such as the US, Japan and Hong Kong. Exports to China grew by 53% during January-April 2004 against the same period in 2003. China is now the country's top export destination absorbing about 19% of total exports.
- Real GDP growth over the year to the first quarter was 5.3% and this was driven by external demand. For 2004, real GDP is forecast to expand by close to 6% from 3.1% in 2003. While exports are expected to grow at a healthy pace, the outlook has been clouded by China's efforts to engineer a slowdown of its economy. This has prompted a redoubling of efforts to revive domestic demand so as to maintain a steady economic growth momentum.
- The unemployment rate crept up to 3.5% in May 2004, the highest this year. This has renewed concerns over the impact on domestic consumption, which is already weak. In a bid to lift domestic demand, the government has agreed on a KRW4.5 tn (US\$3.9 bn) supplementary budget for the second half of the year. The central bank has kept its benchmark call rate unchanged at 3.75%.
- Import prices have edged up reflecting high commodity prices, particularly oil. However, some easing of price pressures is expected reflecting lower oil prices and a gradual appreciation of the currency. Consumer inflation has stayed relatively steady as flagging household demand has kept a lid on price increases. Annual inflation for the first six months of this year averaged 3.3%.

## Economic data and debt statistics

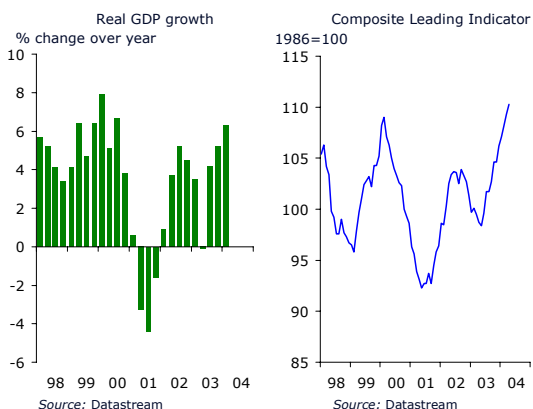
South Korea	1998	1999	2000	2001	2002	2003f	2004f	2005f
Economic growth (%)	-6.7	9.4	8.5	3.8	6.9	3.1	5.8	5.3
Inflation (yr av, %)	7.5	0.8	2.3	4.1	2.8	3.5	3.5	3.0
Budget Balance (% of GDP)	-3.9	-2.5	1.1	1.2	3.3	1.1	0.8	
Current Account Balance (% of GDP)	11.7	5.5	2.4	1.7	1.1	2.0	3.6	
External Debt (USD bn)	149.1	137.6	130.0	115.3	122.6	132.5	135.3	
External Debt/GDP Ratio (%)	43.2	31.0	25.4	23.9	22.4	21.9	20.0	
External Debt/Exports Ratio (%)	92.7	78.4	60.9	61.5	62.0	55.8	46.0	
Short-term Debt/Reserves (%)	73.1	56.5	43.8	39.2	38.4	32.1		
Debt Service Ratio (Paid) (%)	13.2	24.9	11.5	14.2	7.6	6.3		
Debt Service Ratio (Due) (%)	13.2	24.9	11.5	14.2	7.6	6.3	5.7	
International Reserves (USD bn)	51.9	74.0	96.1	102.8	121.3	155.3	166.5*	
Import Cover (g & s) (months)	5.4	6.2	6.0	7.2	7.9	8.6		

\*: May 2004

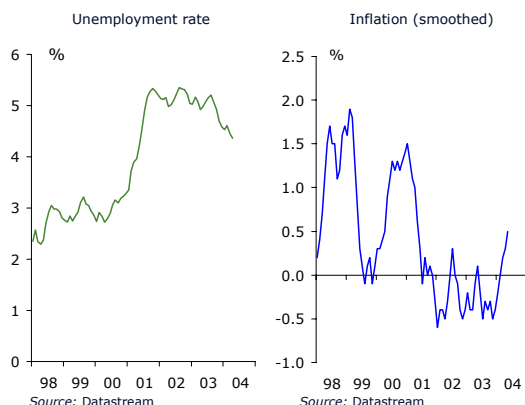
Sources: IMF, Economist Intelligence Unit, ANZ Bank

# Country Update: Taiwan

## Economic recovery gains momentum



## Falling unemployment and positive inflation – at long last!



- Since mid-2003, Taiwan's economy has performed strongly. The rebound after the SARS epidemic was one reason, but more positively, the recovery has broadened, with both private consumption and investment spending acting as drivers. The composite leading indicator is scaling new heights, portending continued strength. ANZ expects around 5% growth this year, although most other forecasts are somewhat higher, in line with the official projection of 5.4%.
- The unemployment rate had risen sharply during the 2001 recession, and remained stubbornly high despite an export-led recovery in 2002. Now, thanks to the broadening recovery, unemployment has at last begun to decline, reaching 4.4% in April. Similarly, a period of sustained deflation has come to an end. Food and oil prices have boosted consumer price inflation to its current level of 0.9%, but a strong rise in the PPI (up 6.8% over the year to May) suggests more upward pressure in the pipeline. Interest rates are likely to rise from record low levels, but given the close management of the currency, rate rises are likely to shadow those in the US.
- Longer term, Taiwan is likely to prosper, thanks to its ongoing economic integration with the export-orientated manufacturing sector in mainland China. This will stimulate Taiwan's services and high technology sectors, and will offset the "hollowing out" of the domestic economy as Taiwanese manufacturers continue to invest across the straits. Another driver will be a major programme of public investment – part of the "Challenge 2008" development plan.

## Economic data and debt statistics

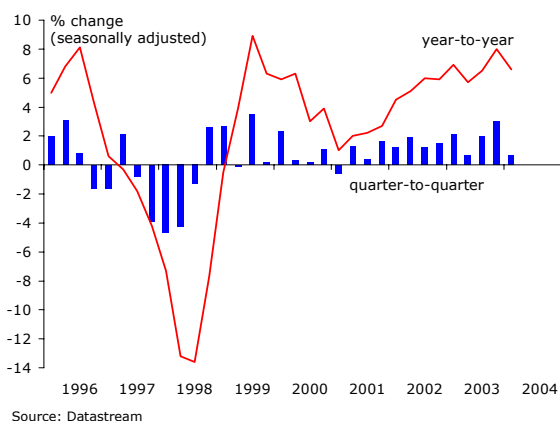
Taiwan	1998	1999	2000	2001	2002	2003e	2004f	2005f
Economic growth (%)	4.6	5.4	5.9	-2.2	3.6	3.2	4.9	3.6
Inflation (yr av, %)	1.7	0.2	1.3	0.0	-0.2	-0.3	1.5	1.5
Budget Balance (% of GDP)	-3.3	-5.9	-4.5	-6.6	-4.9	-4.4	-4.0	
Current Account Balance (% of GDP)	1.3	2.9	2.9	6.4	9.1	10.2	6.6	
External Debt (USD bn)	30.0	26.8	36.5	35.5	45.1	53.4	61.3	
External Debt/GDP Ratio (%)	11.2	9.3	11.8	12.6	16.0	18.7	19.5	
External Debt/Exports Ratio (%)	22.5	18.4	20.6	23.5	27.8	29.7	29.0	
Short-term Debt/Reserves (%)	21.4	15.3	24.7	21.5	21.9	21.1		
Debt Service Ratio (Paid) (%)	2.4	2.0	2.0	3.2	2.6	2.9		
Debt Service Ratio (Due) (%)	2.4	2.0	2.0	3.2	2.6	2.9	2.9	
International Reserves (USD bn)	90.3	106.2	106.7	122.0	162.0	203.0	229.0*	
Import Cover (g & s) (months)	9.2	10.2	8.3	12.0	15.3	17.2		

\*: May 2004

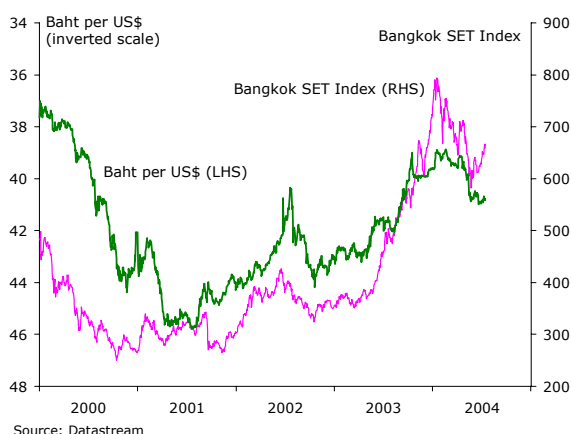
Sources: IMF, Economist Intelligence Unit, ANZ Bank

# Country Update: Thailand

## GDP growth is expected to reach 7% in 2004 despite recent setbacks



## The stock market and baht have fallen following strong gains in 2003



- An upsurge in violence in the Muslim-majority provinces of southern Thailand in April is raising concerns about political stability. There are conflicting opinions about whether the recent violence is primarily due to Islamic separatist groups, possibly assisted or infiltrated by terrorist groups, or to criminal gangs involved in activities such as drug trafficking and illegal gambling. The violence is partly responsible for the recent decline in the stock market, which fell by 16% in the first six months of 2004 following a strong 117% rise in 2003, and will also have an adverse, albeit localised, impact on tourism. The government's ambitious privatisation plans are behind schedule and this has also been a negative influence on the stock market.
- Economic growth dipped to 7.3% in the year to Q1 2004 from 7.8% in Q4 2003 mainly reflecting the detrimental impact of the outbreak of avian flu on the important poultry sector and higher international oil prices. With slower growth in China from around mid-2004 also likely to exert a downward influence, earlier ambitious projections of GDP growth in 2004 have been scaled down. Real GDP growth is now expected to rise by 6.5-7.0% in 2004 assisted by a generally favourable international environment and the prospect of a further strong rise in investment spending.
- Fiscal stimulus is being used to bolster the government's prospects in the general election due by January 2005 and is likely to produce a small public sector deficit in fiscal year 2003/04 following a surplus equivalent to almost 1% of GDP last year, the first since 1995/96. The central bank has held its benchmark 14-day repo rate steady at 1.25% since June 2003, but a modest rise in interest rates is expected soon to ensure that inflation, which rose to 3% in June, remains under control.

## Economic data and debt statistics

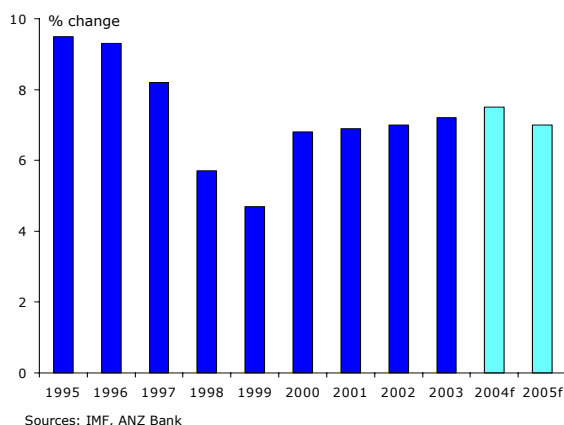
Thailand	1998	1999	2000	2001	2002	2003e	2004f	2005f
Economic growth (%)	-10.5	4.5	4.8	2.1	5.4	6.7	6.8	5.9
Inflation (yr av, %)	8.1	0.3	1.6	1.7	0.6	1.8	2.9	2.6
Budget Balance (% of GDP)	-2.4	-3.5	-2.9	-3.3	-3.0	0.9	-0.3	
Current Account (% of GDP)	12.7	10.1	7.6	5.4	6.0	5.6	2.6	
External Debt (USD bn)	104.9	96.8	79.7	67.4	59.7	52.3	50.5	
External Debt/GDP Ratio (%)	93.8	78.9	64.9	58.3	47.0	36.6	31.7	
External Debt/Exports Ratio (%)	148.5	127.4	90.9	82.9	68.6	53.4	45.5	
Short-term Debt/Reserves (%)	102.9	68.7	46.5	40.9	31.4	31.0		
Debt Service Ratio (Paid) (%)	18.0	21.3	16.0	24.7	19.4	15.9		
Debt Service Ratio (Due) (%)	18.0	21.3	16.0	24.7	19.4	15.9	8.8	
International Reserves (USD bn)	28.8	34.1	32.0	32.4	38.0	41.1	41.8*	
Import Cover (g & s) (months)	7.1	7.3	5.4	5.6	6.2	5.8		

\*: May 2004

Sources: IMF, Economist Intelligence Unit, Institute of International Finance, ANZ Bank

# Country Update: Vietnam

## Real GDP growth is steady around 7% according to official figures



## Inflation has risen sharply mainly due to higher food prices



- The latest economic news is mixed. Real GDP rose by 7% between the first 6 months of 2003 and 2004, with agricultural production growing by just 2% due to the outbreak of bird flu. The large trade deficit narrowed slightly in the first half of 2004 from the corresponding period of 2003 and the current high level of oil prices is boosting exports and reinforcing expectations of a further reduction. Inflation jumped from 2.9% in December 2003 to 8.3% in June, the fastest since early 1999. The sharp rise reflects higher food prices caused by bird flu and shortages of rice due to strong demand from China and bad weather.
- Vietnam's 3-year IMF Facility expired in April 2004 with no resolution of the dispute that rendered it inactive from late 2002. The dispute arose when the authorities opposed the IMF's routine request for an independent audit of the central bank's foreign reserves. The IMF remains positive about many aspects of recent economic performance including strong GDP and export growth, and a 10% increase in actual inflows of foreign direct investment in 2003. A sharp reduction in poverty is one of the most striking achievements. There has been progress in opening trade and global integration, but reform of state-owned enterprises and the banking sector has fallen short of expectations. Risks to the medium-term economic outlook include investment misallocation, weaknesses in the business environment that could deter private investment, and the threat to exports posed by protectionism and the phasing out of garment quotas established under the Multi-Fibre Agreement.
- The draft of Vietnam's first Competition Law was presented to the National Assembly in May. It is designed to create an environment in which all businesses – private, state and foreign-owned – can compete on an equal footing.

## Economic data and debt statistics

Vietnam	1998	1999	2000	2001	2002	2003e	2004f	2005f
Economic growth (%)	5.7	4.4	6.8	6.9	7.0	7.2	7.5	7.0
Inflation (yr av, %)	7.3	4.2	-1.7	-0.4	3.8	3.0	6.8	5.0
Budget Balance (% of GDP)	-0.1	-1.6	-2.8	-2.8	-1.8	-2.7	-3.8	
Current Account (% of GDP)	-3.9	4.1	3.5	2.1	-1.7	-4.7	-4.8	
External Debt (USD bn)	10.5	10.7	12.8	12.6	12.8	14.7	15.9	
External Debt/GDP Ratio (%)	38.7	37.3	41.2	38.5	36.5	37.7	36.9	
External Debt/Exports Ratio (%)	86.9	75.4	73.4	69.3	64.7	63.3	58.8	
Short-term Debt/Reserves (%)	49.6	23.8	27.1	21.4	19.1	15.3		
Debt Service Ratio (Paid) (%)	13.1	10.8	7.4	6.5	5.7	4.1		
Debt Service Ratio (Due) (%)	13.1	10.8	7.8	6.5	5.7	4.1	4.9	
International Reserves (USD bn)	2.0	3.3	3.4	3.7	4.1	6.2	6.3*	
Import Cover (g & s) (months)	1.8	2.9	2.4	2.5	2.3	2.8		

\*: March 2004

Sources: IMF, Economist Intelligence Unit, ANZ Bank

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