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Capital Inflows and Policy Responses in the ASEAN Region

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Abstract

This paper reviews the experience of four ASEAN countries in dealing with an unprecedentedly strong influx of foreign capital in the late 1980s and early 1990s. While there was some increase in inflation associated with the inflows, it was relatively minor, and real exchange rates did not appreciate. Countries responded in the first instance by using open market operations for sterilized intervention. Subsequently, the fiscal stance was tightened. There was reluctance to allow nominal currency appreciation and, with one exception, controls on capital inflows were avoided.

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Summary

This paper reviews the experience of the four net capital importers of the Association of Southeast Asian Nations (ASEAN)--Indonesia, Malaysia, the Philippines, and Thailand--in dealing with an unprecedentedly strong influx of foreign capital in the late 1980s and early 1990s.

First, the paper analyzes the nature of the inflows. While there was an important vshort-term component linked in part to positive interest rate differentials with industrial countries, a major part consisted of long-term capital, attracted by a track record of sound macroeconomic performance and structural reforms that were carried out immediately prior to the inflow period. (Some of these reforms continued into the late 1980s and 1990s.) Given the continued high productivity of capital in the region, and assuming maintenance of sound policies, these long-term inflows are likely to continue.

The paper then analyzes the macroeconomic impact of the inflows. Although there was some increase in inflation in all four countries, it was relatively small, and real exchange rates did not appreciate. In those countries whose nominal exchange rates were held close to the U.S. dollar, demand pressures were evident more in a widening of the current account deficit than in price levels.

A third section reviews countries' policy responses. All four countries first tightened the monetary policy stance. Open market operations were the instrument of choice, although in some cases reserve requirements also were raised and rediscounts cut. Three of the four countries improved the fiscal stance, principally through expenditure control; this proved difficult in the fourth country, whose initial position was one of fiscal surplus. There was a reluctance to allow nominal currency appreciation as a means of reducing demand pressures, even in the presence of important productivity gains. The move to trade and exchange liberalization, already under way, was accelerated and included lifting most controls on capital outflows. In contrast, with one exception, controls on capital inflows were avoided.

Finally, a number of conclusions are drawn, among them that the policy options to deal with sudden large capital inflows are limited, and it is important for authorities not to close out any of them ex ante.

I. Background

Since the late 1980s, Indonesia, Malaysia, the Philippines, and Thailand, all rapidly growing ASEAN economies, have experienced a marked increase in net capital inflows.² These inflows reflected a number of factors, both domestic and external. Among the domestic factors were renewed confidence in macroeconomic management in the wake of successful stabilization programs, which led both to a return of domestic capital and to increased investments by nonresidents; and productivity gains arising from structural reform. External factors included appreciation of the yen, which induced Japanese industries to relocate to lower-cost centers; the decline in interest rates in the U.S. and other industrial countries, which increased interest rate differentials in favor of developing countries; and portfolio shifts by institutional investors toward the so-called "emerging markets."³

In the ASEAN region, higher capital inflows were contemporaneous with high rates of domestic saving, investment, and economic growth and, to this extent, they could be absorbed with relatively little disruption to macroeconomic stability. However, higher inflows of the magnitude registered in the peak inflow years could not help but generate some demand pressures, which were manifested in a combination of higher inflation and increased imports of consumer, as well as capital, goods.

The reasons for higher capital flows, not only to the ASEAN economies but also to a number of other countries, particularly those in Latin America, have been examined in a number of studies conducted over the past two to three years. There in addition have been some attempts to analyze and evaluate countries' policy responses. The most detailed work on the latter has been done on a single-country basis or across regions and for economies in quite different circumstances.⁴ No study has yet attempted to compare in detail the experiences of a more homogeneous group of countries in a single region.

The present paper has two principal aims. It will first, for the four ASEAN capital importers, analyze the composition of capital flows and describe their macroeconomic impact. It will then proceed to describe briefly the countries' policy responses under four major rubrics (monetary, fiscal, exchange rate, and direct policies in respect of capital flows), pointing to commonalities and differences in the policies adopted.

²Brunei and Singapore, the other two members of ASEAN, are net investors abroad. Singapore has experienced sizable gross capital inflows in recent years, but in combination with large current account surpluses.

³Appreciation of the currencies of Korea and Taiwan Province of China also induced higher investment in the ASEAN region.

⁴See, for example, Schadler et al., December 1993, *Recent Experiences with Surges in Capital Inflows*, IMF Occasional Paper No. 108, which analyses the experience of five countries.

II. Capital Inflows and Their Impact

As Chart 1 indicates, the present period of heavy net capital inflow into the ASEAN countries began in 1988 with Thailand, followed by Malaysia in 1989. Although as a percentage of GDP Thailand's capital account surplus peaked in 1990-91, strong inflows continue to date. Net inflows into Malaysia increased very sharply until early 1994, when they reversed themselves as a consequence of measures undertaken to discourage short-term capital inflow. Indonesia experienced a period of relatively strong net capital inflow over 1990-92. Over 1993-94, Indonesia's capital account surplus declined, but not to the levels of the mid-1980s; as in Malaysia, partial data suggest that net capital inflow may have risen in 1995. Finally, in the Philippines, the last of the countries to stabilize its economy, the capital account, previously negative, turned positive in 1989, and there is evidence of a slow but steady increase in net inflows since that date. If net workers' remittances--a highly volatile part of the current account which are sensitive to swings in confidence--are treated as short-term capital inflows, the increase in net inflows since 1992 appears considerably more pronounced.⁵

Although disaggregated data on the capital account are quite deficient in all these countries, it is clear that long-term flows, particularly of direct investment, have been an important factor in the capital account surplus, and that the trend of higher long-term inflows has tended to be sustained. A major reason for this has been the success of adjustment programs adopted in Indonesia, Malaysia, and Thailand in the mid-1980s, after a period of instability. In the three countries, an overvalued currency was depreciated, large fiscal deficits were overcome, and the overall rate of credit expansion was brought down appreciably. This pattern was repeated in the Philippines in the early 1990s. In all four countries, macroeconomic stabilization was accompanied by policies to open the economy to foreign trade and reform the financial sector. The groundwork thus was laid for improved competitiveness and a tangible rise in investor confidence.

This period of stabilization and structural reform in the ASEAN region coincided with the appreciation of the Japanese yen in the wake of the 1985 Plaza Accord. The resulting rise in their production costs vis-à-vis those of the United States led Japanese manufacturers to begin shifting their operations westward to Southeast Asia, where the improved policy environment created fertile soil for the growth of export-oriented industries. This trend was bolstered by currency appreciation in Korea and Taiwan Province of China, which made these economies relatively less attractive for new manufacturing investment.

⁵This is not meant to advocate formal reclassification of net workers' remittances as a capital account item, but rather to provide additional insight into the Philippine balance of payments and in particular the resemblance between remittances and short-term capital flows of nonresidents.

SELECTED ASEAN COUNTRIES
Sources of Capital Flows, 1985-94
(In percent of GDP)

Sources: National authorities.

- 1/ Including errors and omissions.
- 2/ Including portfolio investment.
- 3/ Including workers' remittances.

These developments are reflected in the steadily rising level of direct investment throughout the ASEAN region. (It is masked in the case of Thailand where, as a consequence of the establishment of an offshore banking center in 1994, an important part of direct investment flows now is channeled through the domestic banking system and, consequently, is registered as short term.) Given the continued high marginal productivity of capital in the ASEAN economies, it is fair to expect that, as long as sound macroeconomic policies continue to be pursued, substantial net direct and portfolio investment will continue for some time.

The story with respect to net short-term inflows other than portfolio investment is less clear. Leaving aside Thailand, where classification problems distort the picture, it can be seen that short-term flows experience a not unexpected recovery in the case of the Philippines, the most recent of the countries to stabilize. (If the inflow of worker remittances is added to the capital account, net capital inflow to the Philippines reaches very large proportions beginning in 1993.) In Indonesia and Malaysia, short-term capital flows have been much more volatile. In Indonesia, short-term capital flows, which had been positive during 1990-92, turned negative in 1993-94, in response to a more expansionary monetary policy stance, which brought about a marked decline in domestic interest rates. In Malaysia, massive short-term inflows brought on by a tight monetary policy led to overheating during 1991-93 and ultimately threatened to result in a loss of monetary control. In 1994, the authorities relaxed the monetary policy stance and, at the same time, adopted a number of direct restrictions on short-term inflows, which are described in a following section. The easing in policy and control measures brought about a reversal of short-term flows, allowing most of the latter to be lifted before the end of 1994. In Indonesia, short-term capital flows, which had been positive during 1990-92, turned negative in 1993-94, in response to a more expansionary monetary stance, which brought about a marked decline in domestic interest rates. Notwithstanding these trends, the portfolio component of short-term capital remained positive and in some cases rising in all four countries.

In three of the four countries--Indonesia, Malaysia, and Thailand--the years of peak capital inflow were accompanied by very rapid economic growth. In Thailand, real GDP growth was in double digits in the years 1988-90 and averaged over 8 percent per annum in the succeeding years; in Indonesia and Malaysia it averaged over 9 percent during 1989-96, declining only marginally thereafter.⁶ In the Philippines, peak GDP growth rates were registered in 1988-89, considerably before the inflow period, which began only in 1993. Real growth in the Philippines, which had been very disappointing in the decade of the 1990s, began to recover in 1994, as a product of progress in stabilization.

⁶It would not appear that capital inflows were responsible for the acceleration in growth. As Appendix Tables 3, 9, 16, and 22 show, growth had picked up somewhat earlier in response to high domestic savings and investment, as well as productivity gains arising from structural reform.

Even though inflation showed a tendency to rise when capital inflows were at their highest, in the period covered by this paper (1988-94) it reached 6 percent only briefly in Thailand and remained below 5 percent in Malaysia (Chart 2). In these two countries, exchange rate policies tending to keep currency values close to the U.S. dollar (Thailand) or allowing for some limited appreciation vis-à-vis the dollar (Malaysia) deflected demand pressures onto the external sector. In contrast, in Indonesia and the Philippines, the exchange rate was depreciated frequently against the U.S. dollar. This policy protected the current account of the balance of payments (Chart 3), but accommodated higher inflation--especially in the Philippines, where monetary and fiscal policies were looser.

In contrast to what occurred in a number of Latin American countries experiencing sizable capital inflows during this period, none of the four ASEAN capital importers experienced significant real exchange rate appreciation during the period of peak capital inflow. In the cases of Malaysia and Thailand, this reflected the authorities' ability to keep inflation relatively in check. Indonesia's exchange rate rule (entailing depreciation of between 4 percent and 5 percent per year vis-à-vis the U.S. dollar) allowed for a small cumulative real effective depreciation, while only in the case of the Philippines was some real effective appreciation registered during 1993-94--a not inappropriate development, as flight capital returned in the wake of the stabilization process. A major reason why sizable net capital inflows did not lead to significant real appreciation in the ASEAN countries, whereas they did in Latin America, is that during the inflow period, Latin American countries were using currency appreciation actively in an effort to bring down double-digit inflation rates. This imperative did not exist in the ASEAN countries, all of which were experiencing much lower inflation when capital inflows rose.⁷

III. Monetary Policy Responses

Their concern with maintenance of low inflation led ASEAN authorities to respond swiftly and strongly to the increase in capital inflows. Since it could not be immediately determined whether this increase was of a temporary or a longer-term nature, sterilized intervention, intended to minimize their impact on the monetary aggregates, was the first course of action.

Indonesia, Malaysia, and Thailand all relied heavily on some form of money market intervention from the inception of heavy inflows--roughly in 1990 in all three cases--to minimize the monetary impact of their central banks' purchases of foreign exchange. Indonesia operated principally with sales of Bank Indonesia bills, and Malaysia with sales of both treasury and central bank bills, and intervention in the interbank market. Thailand made an initial issue of Bank of Thailand bonds and, from late 1990, shifted to repurchase

⁷Calvo, Leiderman, and Reinhart, op. cit. (1) suggests that this phenomenon also may reflect the link between capital inflows and higher investment in the case of Asian countries. See pages 360-361.

CHART 2

SELECTED ASEAN COUNTRIES
Inflation, 1985-94

Source: IMF, International Financial Statistics.

CHART 3

SELECTED ASEAN COUNTRIES

Main Balance of Payments Components, 1985-94
(In percent of GDP)

Sources: National authorities.

1/ Includes workers' remittances.

2/ Excludes workers' remittances.

operations of government paper. In all three countries, open market operations were complemented by other actions intended to bring about monetary tightening, including cuts in central bank credit and rediscounts, increases in the rediscount rate, increases in reserve requirements (Indonesia and Malaysia), and forced sales of central bank instruments to the state enterprise sector (Indonesia). Malaysia and Thailand extended reserve requirements to nonresident deposits and certain other capital inflows (see below). Thailand relied increasingly on an indicative credit plan governing the credit expansion by banks, supplemented by moral suasion.⁸

Concern about the prudential risks associated with heavy capital inflows intermediated through their financial systems lent new urgency to countries' ongoing efforts to strengthen supervision of banks and other financial institutions. During this period, all three countries implemented the capital adequacy standards of the Bank for International Settlements (BIS) and tightened rules on foreign exchange exposure, as did the Philippines. These actions--taken for prudential purposes--had the additional effect of somewhat attenuating banks' ability to expand credit with the proceeds of foreign capital inflows.⁹

Although not a recipient of major capital inflows during the very early 1990s, the Philippines was moving to lower the rate of credit expansion strongly in the context of its adjustment program. The principal instrument chosen was the net sale of treasury bills. The Philippines also raised reserve requirements and the rediscount rate and took measures to strengthen prudential supervision (including adoption of the BIS standards).

Much has been written about the openness of capital accounts in the ASEAN region and consequent limitations of a contractionary monetary policy, but all evidence suggests that in the short run at least these sterilization efforts met with success in the four countries. As Chart 4 indicates, base or reserve money growth was reduced very sharply during the period of monetary tightening and, more important still, the decline in high-powered money brought with it a fall in both the rate of broad money growth and in bank credit expansion to the private sector.

A measure of this success is the interest rate differential, here defined as the spread between a key market-determined short-term interest rate and the rate on 90-day U.S. treasury bills, corrected for variations in the exchange rate vis-à-vis the dollar. The differential increased in all four countries and became particularly pronounced in the case of

⁸In May 1995, indicative credit plans were extended to foreign bank branches and offices of the Bangkok International Banking Facility (BIBF), Bangkok's offshore center. In December 1995, large finance and securities companies were required to submit credit plans. In 1995 also, the Bank of Thailand imposed maximum loan/deposit ratios for banks.

⁹See Tivakul, *op. cit.*

CHART 4

SELECTED ASEAN COUNTRIES
Monetary Indicators, 1985-94
(Moving average quarterly change)

Sources: IMF, International Financial Statistics; and national authorities.

Indonesia, where the reduction in broad money growth and credit expansion to the private sector were the greatest (Chart 5).

By end-1992 or over 1993 (early 1994 in the case of Malaysia), signs that high interest rates increasingly were generating additional capital inflows, concerns about the fiscal or quasi-fiscal cost of money market interventions, political resistance to prolonged high rate levels and--in at least one case--a genuine cooling in economic activity caused the four central banks to modify the tight stance of policy. Operations in the money market became expansionary in all four countries and, over time, growth in the monetary aggregates responded accordingly. It is interesting to note, however, that, consistent with the shift toward reliance on open market operations to influence monetary conditions, central bank credit lines to banks--which had to be cut sharply in the period of tightening--generally were not increased during this period of relaxation, nor in the case of Malaysia--the only country to have increased reserve requirements on bank deposits--were these requirements lowered.¹⁰ Rather, where excess demand related to capital inflows was judged to remain a problem, the authorities turned to other policy areas for solutions.

IV. Fiscal Policy

It was logical that a tightening of monetary policies would be accompanied by a tightening of the other key element of demand management, fiscal policies. Even though discretionary fiscal actions normally need more time for their implementation than do monetary actions, some tightening should have come about in any event through the operation of the so-called "automatic stabilizers," which cause tax collections to exceed cyclically neutral levels at times of strong economic activity (and certain social welfare payments, such as unemployment benefits, to fall short of them).

Chart 6 abstracts from the operation of the stabilizers by showing the fiscal stance--the overall government deficit corrected for cyclical effects. It further shows the fiscal impulse, which is the change in the fiscal stance from one period to the next.¹¹

Here we see that for most of the countries discretionary fiscal tightening "kicked in" about the same time that tight monetary policies were beginning to be relaxed. For example, Malaysia made a major fiscal effort in the late 1980s and early 1990s--an effort badly needed since sizable deficits had been run earlier in the 1980s. Revenue collections were raised in relation to GDP, notwithstanding rate cuts principally for the corporate income tax, through

¹⁰In 1995, subsequent to the period covered by this report, Indonesia raised the reserve requirement from 2 percent to 3 percent; Thailand raised the requirement on short-term nonresident baht accounts from 2 percent to 7 percent.

¹¹Note that for the fiscal stance and fiscal policy, a positive sign indicates expansion, and a negative sign contraction.

CHART 5

SELECTED ASEAN COUNTRIES
Interest Rate Differentials, 1985-94 1/

Sources: IMF, International Financial Statistics; and staff calculations.

1/ In percentage points, measured as domestic rates adjusted for exchange rate changes minus the three-month U.S. Treasury bill rate.

SELECTED ASEAN COUNTRIES
Fiscal Indicators, 1985-94
(In percent of GDP)

Source: IMF, staff calculations.

major improvements in tax administration. Strict control meanwhile was instituted over most expenditure categories. As a consequence of this, the Government's fiscal position moved from a deficit of 3 percent in 1989 to a small surplus in 1993.

The Philippines also successfully improved fiscal performance in the context of its stabilization program, principally through strict expenditure control.

On the other hand, Thailand, which entered the late 1980s with a fiscal surplus, adopted an expansionary stance: tax collections fell in relation to GDP as a new value-added tax initially designed for implementation at a 10 percent revenue-neutral rate instead was implemented at a 7 percent rate. In addition, government salary scales were raised, and spending for transport infrastructure, especially road construction outside Bangkok, was appreciably increased. The raises in government pay scales were viewed as necessary to reduce the large gap between government and private sector salary levels, and increased investment in highways unquestionably was needed to relieve bottlenecks, but the injection of an expansionary impulse over a sustained period was hardly supportive of the effort to cool off the economy. In this respect, Thailand's experience shows the political difficulties authorities encounter in tightening--or even maintaining--the fiscal stance when economic conditions are strong and the fiscal position is in surplus.¹²

Finally, Indonesia in this period experienced considerable variation in its overall fiscal position, largely for the worse, because of the decline in government oil and gas revenues. But if only non-oil and gas revenues are considered, the fiscal stance is seen to have deteriorated over FY 1991/92 and FY 1992/93, and then to have improved over FY 1993/94 and FY 1994/95. This was mainly the consequence of improved expenditure control.¹³

V. Exchange Rate Policies

To the extent that a higher level of net capital inflow reflected an improvement in competitive position arising from structural reforms and the restoration of sound macroeconomic policies, it would entail some appreciation in the real equilibrium exchange rate. In countries with flexible exchange rates, real appreciation would occur naturally through upward movement of the nominal exchange rate; in those where exchange rates were fixed or only partially floating, and where the limitations of sterilization had been reached, real appreciation could be expected to result in any case from higher domestic inflation, which would erode the initial competitive advantage. From a policy standpoint, real appreciation brought about in this second manner normally would be less desirable than real appreciation

¹²Thailand had experienced marked improvement in fiscal performance in 1987-88, as had Malaysia, and this indeed may have encouraged investors to shift funds to the two countries.

¹³Indonesia's fiscal year runs from April 1 to March 31.

through nominal exchange rate change, as it would result in price distortions and possibly initiate an inflationary process.

Of the four Southeast Asian capital importers, three--Indonesia, Malaysia, and the Philippines--declare themselves to have an exchange rate system based on a managed float, while one, Thailand, pegs the baht to an undisclosed basket of currencies (and also allows it to move "in response to other considerations"). In none of them is the exchange rate determined through the unfettered play of market forces.

Indonesia pursues a policy targeting depreciation of its currency, the rupiah, against the U.S. dollar in small steps on an almost daily basis, with the cumulative annual depreciation vis-à-vis the dollar having tended to range between 3 percent and 5 percent since this policy was introduced in 1986; in other words, there has been little adjustment in exchange rate policy to compensate for changes in the dollar's strength.

While it is technically based on an undisclosed basket of currencies, the Thai baht has in fact been kept very close to the rate of B 25 per U.S. dollar. Malaysia and the Philippines have allowed their currencies to fluctuate somewhat more, but still have shown reluctance to allow nominal effective appreciation beyond a certain point, and in fact have managed their floats in such a way that their currencies depreciated somewhat in nominal effective terms when the U.S. dollar was particularly weak. This policy could be justified in the case of the Philippines, which remained prone to short-term capital outflow in the 1990s, but less so in that of Malaysia.

As a consequence of these exchange rate policies, the currencies of all four countries depreciated in nominal effective terms over the period 1986-94. The hesitancy to allow appreciation, even vis-à-vis the U.S. dollar, at a time of rising capital inflows, seems to have reflected deep-rooted concern about export competitiveness and, of equal importance, a conviction that it would be a mistake to "tinker" with exchange rate rules--substantial stability vis-à-vis the U.S. dollar in Malaysia, the Philippines, and Thailand, and a crawl of 3 percent to 5 percent in Indonesia--which were viewed as having been fundamental in achieving the restoration of investor confidence and locking in of low inflationary expectations during the early 1980s.¹⁴

Contrary to expectations, the nominal effective exchange rate depreciation registered in the four countries did not produce a measurable sustained increase in inflation in those countries and real exchange rates were stable or even slightly depreciating over the period. A number of reasons can be adduced for this, including the openness of the economies concerned and the structural reforms undertaken, which worked to lower production costs in the short run.

¹⁴In some quarters, the current account deficit itself was a source of concern.

VI. Trade and Payments Policies

In the 1980s, in the context of the move to freer markets and export-led development, trade and payments restrictions were lifted and/or relaxed throughout the ASEAN region. Actions taken included the elimination of nontariff barriers; reductions in import duty levels (which, in some cases, had been increased during the 1970s); and actions to liberalize profit remittances and outward capital movements. These steps were intended both to increase efficiency and to attract foreign investment. This opening of the economy had the additional effect of defusing inflationary pressures which might arise from large capital inflows.

As capital inflows grew in the late 1980s and 1990s, the various liberalization measures were accelerated. Remaining nontariff barriers were largely eliminated and tariffs were lowered further. In Thailand, for example, major tariff reductions on capital goods were implemented in 1990 and this was followed, in the succeeding years, by reductions on a very broad range of products including not only raw materials and intermediate goods, but also finished products. Malaysia's tariffs were subject to wide ranging cuts in the early 1990s, as were those of Indonesia and the Philippines. Moreover, commitments had been made entailing further reductions well into the next century in the context of the ASEAN Common Effective Preferential Tariff (CEPT), APEC, and the Uruguay Round.

At the same time as trade restrictions were being relaxed, barriers to outward capital flows were, as mentioned earlier, also being lowered in those countries where they still existed.¹⁵ This process was stepped up markedly in the 1990s. The extent to which the relaxation of controls on capital outflows actually mitigated net inflows is, however, debatable, as the increase in gross outflows resulting from the liberalization is likely to have been at least offset by higher inflows arising from the increase in investor confidence.

In the context of surging inflows of short-term capital, in the early 1990s, direct controls on such inflows offered themselves as a complement to monetary, fiscal, and exchange rate policies. However, because of the strong tradition of an open capital account, the ASEAN countries generally eschewed the imposition of such controls, even when balance of payments statistics suggested that an important part of inflows was of a short-term nature. To the extent that actions to discourage inflows were taken, they more frequently had the character of measures of a prudential nature related to the banking system and/or actions to limit public sector foreign borrowing. For example, Bank Indonesia, after unwinding the so-called "swap premium," which had provided an incentive for Indonesian banks to engage in foreign exchange swaps with the monetary authority, supplemented this in late 1991 by a reduction on banks' net open foreign exchange positions. At the same time, Indonesia introduced the requirement of government approval of all foreign commercial borrowing by state-owned enterprises, and established annual ceilings for such borrowing. Similarly, in

¹⁵Indonesia and Malaysia were totally free of such barriers by this time.

1994, the Central Bank of the Philippines moved to discourage forward cover arrangements of domestic banks with their foreign correspondents.

Only in the case of Malaysia were major restrictions adopted on the inflow of foreign capital, this in the context of the authorities' growing concern about possible loss of monetary control and their inability to appreciably reduce the level of inflows by other means.¹⁶ Measures adopted by Malaysia in January and February 1994 included the extension of bank reserve requirements to banks' foreign liabilities, a ceiling on their net external liability position (excluding trade-related and direct investment inflows), a prohibition on the sale to nonresidents of monetary instruments of less than one year's maturity, and the requirement that commercial banks transfer to the Central Bank the noninterest-bearing accounts of foreign banking institutions and the punitive extension to these accounts of the standard legal reserve requirement. Also introduced was a prohibition on banks' forward transactions (on the bid side) and nontrade-related swaps with their foreign customers. These measures were viewed as being of a strictly temporary nature, and their possible costs--in terms of introducing uncertainty in the minds of investors and leading to higher effective interest rates--were seen as far outweighed by the benefits for macroeconomic stability.

The introduction of these direct controls coincided with an easing off in Bank Negara's sterilization operations as a result of which interest rate differentials were lowered and even became negative. In response, short-term capital inflow fell off quickly and net outflow was registered at mid-year. By August 1994, Bank Negara had lifted most of the controls which had been introduced and, as of end-January 1995, only the reserve requirements on foreign liabilities remained in effect, as these were viewed as a leveling of the playing field rather than as controls. Since imposition of the controls on short-term inflows coincided with the period of monetary easing, it is difficult to quantify their effect. Undoubtedly, they were supportive of the change in policy stance. However, the easing in monetary policy stance itself may have contributed to continued strong demand pressures even as net short-term inflows were reversed.

VII. Conclusions

The foregoing account of the ASEAN experience with capital inflow in the late 1980s and early to mid-1990s suggests a number of conclusions.

First, while in certain countries inflow of short-term capital other than portfolio investment appears to be past its peak--in part, perhaps, because of lesser reliance on aggressive sterilization policies--it seems equally clear that longer term flows remain substantial and are likely to continue strong for a considerable period. This reflects the fact that, while some element of the inflows was linked to interest rate differentials with industrial countries, a major part was in response to improved competitive conditions in the ASEAN

¹⁶See Aziz, *op. cit.*

region. In view of these countries' continued strong competitive position, sizable inflows of long-term loans and direct and portfolio investment should continue for some time, provided sound macroeconomic policies continue to be pursued.

The substantial positive interest rate differentials which led to heavy short-term inflows, especially in Malaysia and Thailand, probably were set off by the decline in U.S. and other industrial country interest rates but subsequently were sustained by massive use of sterilized intervention, which was effective in maintaining monetary control in the short run. Even after such intervention was abandoned, inflows continued strong in Malaysia as market participants bet on an appreciation of the ringgit; flows were reversed only when monetary policy was relaxed further and direct controls on short-term inflows were introduced for a transitory period.

In general, ASEAN governments were quite successful in preventing a major buildup of inflationary pressures during the peak inflow period. Growing labor productivity, stable exchange rates, and very open economies all played a role in this. There was a tendency for current account deficits to increase, especially in Malaysia and Thailand, but again the increase was attenuated by rising labor productivity, which was reflected in robust export growth. Also, an important part of the rise in current account deficits reflected imports of capital goods linked to increased investment, and to that extent would be less a source of concern than one mainly reflecting higher consumption.

Regarding policy responses, open market operations were the instrument of choice during the first one to two years of the inflow period. Initially, these were quite successful in controlling money supply growth and limiting demand pressures.

As monetary policy tightening began to lose its "bite" (and the fiscal costs of sterilization mounted), most governments moved to tighten the fiscal stance. Major improvements were made in expenditure control (Indonesia, Malaysia, and the Philippines) tax administration (Malaysia), and the control of public enterprise operations (Thailand and the Philippines). However, the case of Thailand illustrates the difficulty of tightening or even maintaining a tight fiscal stance when government finances already are in surplus and there is a perceived need for higher expenditure.

Out of concern for export competitiveness and fear of producing uncertainty, governments shied away from exchange rate flexibility (nominal appreciation) to support the anti-inflationary effort. However, such appreciation where it did occur was a useful adjunct to fiscal and monetary policies. Over the longer run, the introduction of a greater degree of exchange rate flexibility would be helpful in moderating the amplitude of swings in short-term capital flows and in supporting other policy instruments.

With the exception of Malaysia--the magnitude of whose inflows of short-term capital in relation to GDP exceeded the others--the ASEAN countries also avoided adopting direct controls on such inflows. The controls adopted by Malaysia, while broad-ranging, were

targeted to short-term nonstock market inflows, and they were lifted after a brief period. To what extent these controls, rather than the simultaneous relaxation of monetary policy, caused short-term flows to reverse cannot readily be determined. Undoubtedly, they reinforced the actions taken in the monetary policy area, and only time will tell whether they entailed any costs in terms of an adverse impact on confidence, as some observers have suggested.

All in all, there exist a limited number of options as regards the policy areas available to deal with the macroeconomic problems caused by a sudden large increase ("surge") in capital inflows. Unquestionably, the mix of policies chosen in a particular case will be influenced by the nature of the inflows, by the authorities' judgment as to whether their increase is transitory or more enduring, and by other policy objectives. In general, it would seem desirable that no policy options be closed off *ex ante*.

Finally, even though in this writer's judgment long-term capital inflows into the ASEAN region are likely to continue for the foreseeable future, assuming the countries' pursuit of sound macroeconomic policies, openness to these inflows inevitably increases countries' exposure to sudden shifts in market sentiment arising from exogenous developments (e.g., Mexico) or unforeseen domestic events. This increased vulnerability would appear to be an unavoidable consequence of integration into world capital markets. Countries' best response is policy consistency, careful monitoring of developments, and timely policy action when conditions require.

Table 1. Indonesia: Balance of Payments, 1985-95 1/, 2/
(In millions of U.S. dollars)

	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	Est. 1995
Current account	-2,000	-4,200	-2,032	-2,280	-1,798	-4,029	-4,612	-2,891	-3,003	-3,643	-5,290
Capital account	2,100	2,600	3,832	575	2,231	8,637	7,410	7,703	3,265	2,196	5,429
Direct investment (net)	299	252	544	585	722	1,424	1,531	1,705	1,971	2,566	3,400
Portfolio investment (net) 3/	...	...	...	...	...	...	...	1,201	3,413	-700	1,200
Government bonds (including central bank)	...	...	...	...	...	...	...	...	1,432	-1,474	...
Less than one year	...	...	...	...	...	...	...	...	1,432	-1,474	...
One year or more	...	...	...	...	...	...	...	...	...	...	...
Corporate bonds (including public enterprise)	...	...	...	...	...	...	...	...	...	...	...
Corporate equities (including public enterprise)	...	...	...	...	...	...	...	1,201	1,981	774	1,200
Other long-term loans (net)	1,500	2,900	1,418	2,895	1,268	647	1,739	1,412	1,330	437	664
General government	1,500	2,900	1,418	2,895	1,268	647	1,739	1,412	1,330	437	664
Deposit money banks	...	...	...	...	...	...	...	...	...	...	...
Other (enterprise sector)	...	...	...	...	...	...	...	...	...	...	...
Other short-term (net)	301	-552	1,870	-2,905	241	6,566	4,140	3,385	-3,449	-107	165
General government	...	...	...	...	...	...	...	...	...	...	...
Deposit money banks (changes in NFA)	352	-897	324	-1,234	249	2,105	1,062	-1,060	1,967	60	486
Other (including private capital)	-251	3,845	1,918	654	592	4,550	2,618	2,337	-2,305	2,727	658
Errors and omissions (net)	200	-3,500	-372	-2,325	-600	-89	460	2,108	-3,111	-2,894	-979
Overall surplus or deficit (-)	100	-1,600	1,800	-1,705	433	4,608	2,798	4,812	262	-1,447	139

Sources: Data provided by the Indonesian authorities; and staff estimates.

1/ Fiscal year beginning April 1.

2/ In IMF format which includes, inter alia, the following features: (i) general government long-term capital includes public enterprises and excludes the grant components of central government financing which is included in the current account; (ii) the overall surplus is consistent with the change in gross foreign assets of Bank Indonesia; and (iii) private sector interest payments in the current account are derived from the IMF estimate of private sector external debt.

3/ For 1985-91, included in other short-term (net).

Table 2. Indonesia: Balance of Payments, 1985-95
(In percent of GDP)

	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	Est. 1995
Current account	-1.0	-2.6	-1.7	-1.7	-1.3	-2.8	-3.1	-1.9	-1.9	-2.2	-2.9
Capital account	1.0	1.6	3.2	0.4	1.6	6.0	5.0	5.1	2.1	1.3	2.9
Direct investment	0.1	0.2	0.4	0.4	0.5	1.0	1.0	1.1	1.2	1.6	1.8
Portfolio investment (net)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.8	2.2	-0.4	0.6
Other long-term (net)	0.7	1.8	1.2	2.2	0.9	0.5	1.2	0.9	0.8	0.3	0.4
Other short-term (net)	0.1	-0.3	1.5	-2.2	0.2	4.6	2.8	2.2	-2.2	-0.1	0.1
Overall surplus or deficit (-)	0.0	-1.0	1.5	-1.3	0.3	3.2	1.9	3.2	0.2	-0.9	0.1

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Sources: Data provided by the Indonesian authorities; and staff estimates.

Table 3. Indonesia: Macroeconomic Indicators, 1985-95
(Percentage change; year-to-year)

	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	Est. 1995
Real domestic demand 1/	3.3	4.0	3.5	6.3	9.3	13.8	8.2	5.6	7.7	8.8	9.1
Real consumption 1/	...	...	...	...	7.9	15.2	7.6	3.5	5.4	5.6	6.5
Real investment 1/	11.3	5.4	14.1	3.4	12.3	10.9	9.6	10.2	12.5	15.4	13.8
Real GDP 1/	2.5	5.9	4.9	5.8	9.1	9.0	8.9	7.2	7.3	7.5	7.6
GDP deflator 1/	5.3	-0.1	15.8	7.6	10.0	7.7	8.8	5.4	8.9	6.6	9.5
CPI, average annual 1/	4.7	5.9	9.2	8.0	6.4	8.1	9.4	7.5	9.7	8.5	9.4
Current account (US\$ billion) 2/	-2.0	-4.2	-2.0	-2.3	-1.8	-4.0	-4.6	-2.9	-3.0	-3.6	-7.3
Change in net official reserves (US\$ billion) 2/	0.1	-1.6	1.8	-1.7	0.4	4.6	2.8	4.8	0.3	-1.4	2.0
Current account (percent of GDP) 1/	-2.2	-4.5	-3.1	-2.5	-1.9	-3.0	-3.5	-2.4	-1.9	-2.0	-3.2
Investment (percent of GDP) 1/	27.9	28.2	31.4	28.8	32.6	30.7	32.0	32.4	33.2	34.0	35.5
Saving (percent of GDP) 1/	25.7	23.8	28.3	26.4	30.7	27.7	28.5	30.0	31.3	32.0	32.3
Stock market index 1/, 3/	<100	217.4	347.0	327.6	458.2	527.2	328.8	293.0	389.6	498.9	474.2
Stock market capitalization (US\$ million) 4/	...	...	...	28.6	2,253.8	8,080.8	6,823.1	12,037.5	32,952.6	47,240.8	66,584.9

Sources: Data provided by the Indonesian authorities; and staff estimates.

1/ Calendar year.

2/ Fiscal year beginning April 1.

3/ Period averages (actual).

4/ End-of-period (actual).

Table 4. Indonesia: Monetary Indicators, 1985-95
(Percent change; year-to-year; fiscal year beginning April 1)

	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	Q1 1995	Q2
Summary accounts												
Central Bank (monetary authorities)												
Base money (percent change)	29.5	5.8	14.0	-3.3	18.6	5.4	33.0	7.3	21.0	22.0	20.2	12.1
Net foreign assets 1/	4.4	15.2	39.7	-26.7	9.2	94.3	54.7	71.9	7.2	-12.7	30.0	31.4
Net domestic assets 1/	25.1	-9.4	-25.7	23.4	9.4	-88.9	-21.7	-64.6	13.8	34.7	9.8	-19.3
Net credit to public sector 1/	14.9	-26.2	22.3	8.5	6.6	-51.4	-4.4	8.9	-9.6	4.1	...	...
Other 1/	10.2	16.8	-48.0	14.9	2.8	-37.5	-17.3	-73.5	19.9	38.7	...	...
Banking system (monetary survey)												
Broad money (percent change)	24.9	17.9	25.2	23.9	45.7	26.0	24.2	22.2	21.2	21.5	25.6	26.6
Net foreign assets 2/	6.8	9.8	8.3	-0.3	-1.9	3.5	4.2	9.6	-1.8	-2.5	3.9	1.6
Net domestic assets 2/	18.1	8.1	16.9	24.2	47.6	22.5	20.0	12.6	23.0	24.0	21.7	25.0
Credit to public sector 2/	5.4	-3.5	8.2	3.4	2.1	-9.8	-1.1	-0.0	-0.8	-1.0	...	...
Credit to private sector 2/	18.9	20.4	26.9	30.1	64.7	48.5	24.2	13.1	28.3	27.7	24.1	23.3
Other items (net) 2/	-6.2	-8.8	-18.3	-9.3	-19.2	-16.2	-3.1	-0.5	-4.5	-2.7	...	...
Credit to private sector (percent change)	24.5	26.5	32.6	39.4	68.2	44.4	19.3	10.9	25.9	24.4	26.1	22.8

Sources: Data provided by the Indonesian authorities; and staff estimates.

1/ Contribution to growth of base money.

2/ Contribution to growth of broad money.

Table 5. Indonesia: Fiscal Indicators, 1985-94

	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994
(In trillions of rupiah)										
Government revenue	19.2	16.2	20.9	23.3	29.0	40.0	42.0	48.0	52.8	60.1
Government expenditure	22.0	21.1	23.3	27.5	30.6	35.7	43.3	51.9	54.5	59.3
Overall surplus or deficit (-)	-2.8	-4.9	-2.4	-4.2	-1.5	4.3	-1.3	-3.9	-1.7	0.9
(In percent of GDP)										
Overall surplus or deficit (-)	-1.2	-2.3	-1.2	-1.9	-0.6	1.6	-0.4	-1.3	-0.5	0.2
Fiscal stance	3.5	0.6	1.4	-0.2	-2.7	-0.2	0.6	-0.3	-1.0	...
Fiscal impulse	1.5	-2.3	0.9	-1.4	-2.6	2.2	0.8	-0.8	-0.8	...

Sources: Data provided by the Indonesian authorities; and staff estimates.

Table 6. Indonesia: Exchange Rate Indicators, 1985-95

	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995
(1985 = 100)											
Currency units per U.S. dollar (period average)	100.0	115.5	148.0	151.8	159.4	165.9	175.6	182.8	187.9	194.6	206.3 (Nov.)
Currency units per U.S. dollar (end of period)	100.0	145.9	146.7	153.9	159.7	169.0	177.1	183.3	187.6	195.6	206.4 (Nov.)
Nominal effective exchange rate	100.0	74.1	50.4	46.6	46.1	43.6	40.4	37.5	36.1	33.7	30.7 (Oct.)
Real effective exchange rate	100.0	77.0	56.5	55.0	55.8	54.6	53.4	51.7	53.1	52.4	52.1 (Oct.)
(Percent change)											
Currency units per U.S. dollar (period average)	8.2	15.5	28.2	2.5	5.0	4.1	5.8	4.1	2.8	3.5	6.0 (Nov.)
Currency units per U.S. dollar (end of period)	4.7	45.9	0.5	4.9	3.8	5.8	4.8	3.5	2.3	4.3	5.6 (Nov.)
Nominal effective exchange rate	-4.5	-25.9	-31.9	-7.7	-1.0	-5.5	-7.1	-7.2	-3.9	-6.5	-9.0 (Oct.)
Real effective exchange rate	-2.9	-23.0	-26.6	-2.8	1.5	-2.2	-2.2	-3.1	2.7	-1.3	-0.6 (Oct.)

Sources: IMF, International Financial Statistics; and Information Notice System.

Table 7. Malaysia: Balance of Payments, 1985-95
(In millions of U.S. dollars)

	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	Est. 1995
Current account	-613	-122	2,636	1,810	258	-918	-4,234	-1,835	-2,466	-4,421	-6,538
Capital account	1,794	1,254	-1,184	-2,853	998	2,908	5,407	8,722	12,691	2,758	6,076
Direct investment	599	674	995	719	1,668	2,332	2,824	2,888	3,446	3,076	3,230
Portfolio investment (net) 1/ Public sector bonds	...	...	...	...	...	...	...	...	...	...	...
Other bonds (corporate)	...	...	...	...	...	...	...	...	...	...	...
Corporate equities	...	...	...	...	...	...	...	...	...	...	...
Long-term (net)	984	446	-1,544	-1,939	-907	-1,048	932	1,166	2,154	2,050	2,328
Resident official sector	...	...	...	...	...	...	...	...	...	...	...
Deposit money banks	...	...	...	...	...	...	...	...	...	...	...
Other sectors	...	...	...	...	...	...	...	...	...	...	...
Other short-term (net)	212	134	-635	-1,634	238	1,624	1,651	4,668	7,091	-2,368	518
Resident official sector	...	...	...	...	...	...	...	...	...	...	...
Deposit money banks	...	...	...	...	...	...	...	...	...	...	...
Other sectors	...	...	...	...	...	...	...	...	...	...	...
Errors and omissions (net)	-139	152	353	-521	-339	1,123	-217	-31	1,679	3,253	1,052
Overall surplus or deficit (-)	1,181	1,131	1,452	-1,044	1,256	1,990	1,173	6,887	10,225	-1,663	-462

Sources: Data provided by the Malaysian authorities; and staff estimates.

1/ Included in long-term (net).

Table 8. Malaysia: Balance of Payments, 1985-95
(In percent of GDP)

	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	Est. 1995
Current account	-2.0	-0.4	8.3	5.2	0.7	-2.1	-9.0	-3.2	-3.9	-6.3	-7.8
Capital account	5.7	4.5	-3.7	-8.2	2.6	6.8	11.5	15.0	20.0	3.9	7.3
Direct investment	1.9	2.4	3.1	2.1	4.4	5.4	6.0	5.0	5.4	4.4	3.9
Portfolio investment (net) 1/	...	...	...	...	...	...	...	...	...	...	...
Other long-term (net)	3.1	1.6	-4.9	-5.6	-2.4	-2.4	2.0	2.0	3.4	2.9	2.8
Other short-term (net)	0.7	0.5	-2.0	-4.7	0.6	3.8	3.5	8.0	11.2	-3.4	0.6
Overall surplus or deficit (-)	3.8	4.1	4.6	-3.0	3.3	4.6	2.5	11.9	16.1	-2.4	-0.6

Sources: Data provided by the Malaysian authorities; and staff estimates.

1/ Included in long-term (net).

Table 9. Malaysia: Macroeconomic Indicators, 1985-94
(Percentage change; year-to-year)

	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994
Real domestic demand	...	-9.1	0.6	16.0	15.2	12.7	15.7	4.4	9.2	13.2
Real consumption	...	-7.3	1.9	13.2	12.6	10.1	10.2	4.3	6.5	8.5
Real investment	...	-13.4	-2.6	23.5	21.4	18.5	27.0	4.6	14.1	20.8
Real GDP	-1.0	1.2	5.4	8.9	9.2	9.7	8.7	7.8	8.3	8.7
GDP deflator	-1.5	-8.7	5.5	4.7	3.4	2.9	2.9	5.8	1.8	4.5
CPI, average annual	0.3	0.6	0.8	2.5	2.8	3.1	4.4	4.7	3.6	3.7
Current account (US\$ billion)	-0.6	-0.1	2.6	1.8	0.3	-0.9	-4.2	-1.8	-2.5	-4.4
Change in net official reserves (US\$ billion)	1.2	1.1	1.4	-0.9	1.3	2.0	1.1	6.3	10.0	-1.8
Current account (percent of GDP)	-2.0	-0.4	8.3	5.2	0.7	-2.1	-9.0	-3.2	-3.9	-6.6
Investment (percent of GDP)	27.6	26.0	23.2	26.0	28.5	31.3	35.9	33.5	35.0	40.5
Saving (percent of GDP)	25.6	25.5	31.5	31.2	29.7	29.2	26.9	30.2	31.1	33.9
Stock market index 1/, 2/	233.5	217.4	347.0	327.6	458.2	544.9	565.2	604.0	812.8	1,052.1
Stock market capitalization (US\$ million) 3/	16,229.1	15,064.8	18,531.2	23,318.4	39,841.8	48,610.7	58,627.1	94,003.8	230,092.8	199,275.5

Sources: IMF, World Economic Outlook; and IFC, Emerging Market Bulletins.

1/ Period averages.

2/ End-of-period figure for 1985 only.

3/ End-of-period.

Table 10. Malaysia: Monetary Indicators, 1985-94
(Percent change; year-to-year; fiscal year ending December 31)

	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994
Summary accounts										
Central Bank (monetary authorities)	...	4.4	-0.1	14.9	27.6	23.0	19.0	12.8	11.6	43.3
Base money (percentage change)										
Net foreign assets 1/	...	39.0	27.7	-9.2	21.7	28.5	15.3	66.2	103.5	-20.4
Net domestic assets 1/	...	-34.8	-27.7	22.1	-0.1	-9.7	0.7	-54.8	-93.1	50.6
Net credit to public sector 1/	...	-2.7	-3.9	0.5	-3.9	-16.0	-8.0	-4.5	9.4	-7.5
Other 1/	...	-32.2	-23.8	21.6	3.7	6.3	8.7	-50.4	-102.5	58.1
Banking system (monetary survey)										
Broad money (percentage change)	...	8.8	4.9	8.1	20.6	18.2	15.3	19.6	23.5	13.1
Net foreign assets 2/	...	7.9	7.3	1.5	3.3	3.5	-1.2	6.5	13.7	3.2
Net domestic assets 2/	...	1.0	-2.4	6.7	17.3	14.7	16.5	13.1	9.8	9.9
Credit to public sector 2/	...	2.2	4.0	-0.5	-0.8	-1.4	-1.5	-1.7	0.4	-3.0
Credit to private sector 2/	...	7.0	0.8	11.5	22.0	25.2	23.5	12.2	13.6	16.1
Other 2/	...	-8.2	-7.2	-4.3	-3.9	-9.1	-5.5	2.7	-4.1	-3.2

Source: Data provided by the Malaysian authorities.

1/ Contribution to growth of base money.

2/ Contribution to growth of broad money.

Table 11. Malaysia: Fiscal Indicators, 1985-94

	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994
(In billions of ringgit)										
Government revenue	32.6	27.9	28.3	31.8	36.6	43.1	49.7	58.0	60.4	70.0
Government expenditure	34.5	34.8	32.5	34.1	40.2	45.6	50.7	59.2	60.5	68.5
Overall surplus or deficit (-)	-1.9	-6.8	-4.2	-2.3	-3.6	-2.5	-0.9	-1.2	-0.2	1.5
(In percent of GDP)										
Overall surplus or deficit (-)	-2.5	-9.5	-5.3	-2.6	-3.5	-2.1	-0.7	-0.8	-0.1	0.8
Fiscal stance	3.5	8.7	5.5	2.1	2.5	1.8	1.6	0.0	-0.9	-3.2
Fiscal impulse	-4.8	4.9	-2.3	-2.7	0.6	-0.4	-0.0	-1.4	-0.9	-2.4

Sources: Data provided by the Malaysian authorities; and staff estimates.

Table 12. Malaysia: Exchange Rate Indicators, 1985-95

	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995
(1985 = 100)											
Currency units per U.S. dollar (period average)	100.0	104.0	101.5	105.5	109.1	108.9	110.8	102.6	103.7	105.7	102.3 (Nov.)
Currency units per U.S. dollar (end of period)	100.0	107.3	102.7	111.9	111.4	111.3	112.3	107.6	111.3	105.5	102.6 (Nov.)
Nominal effective exchange rate	100.0	84.6	81.4	75.3	75.0	73.1	71.1	74.7	74.3	70.9	71.0 (Oct.)
Real effective exchange rate	100.0	83.9	79.6	72.7	71.4	68.2	66.2	70.5	70.2	68.0	69.0 (Oct.)
(Percent change)											
Currency units per U.S. dollar (period average)	5.9	4.0	-2.4	3.9	3.4	-0.1	1.7	-7.4	1.0	1.9	-3.2 (Nov.)
Currency units per U.S. dollar (end of period)	0.1	7.3	-4.2	8.9	-0.4	-0.1	0.8	-4.1	3.4	-5.2	-2.7 (Nov.)
Nominal effective exchange rate	-2.4	-15.4	-3.8	-7.5	-0.4	-2.6	-2.7	5.1	-0.7	-4.5	0.1 (Oct.)
Real effective exchange rate	-5.0	-16.1	-5.2	-8.7	-1.8	-4.5	-2.9	6.5	-0.5	-3.2	1.5 (Oct.)

Sources: IMF, International Financial Statistics; and Information Notice System.

Table 13. Philippines: Balance of Payments, 1985-95
(In millions of U.S. dollars)

	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	Est. 1995
Current account	-103	954	-444	-390	-1,456	-2,567	-869	-858	-2,983	-2,840	-2,485
Capital account	-2,346	-1,088	-792	-1,520	521	703	1,278	655	1,999	3,986	4,044
Direct investment	84	117	383	985	545	532	531	691	757	1,212	1,423
Net portfolio investment	-30	-6	-36	1	298	-52	123	-423	-158	212	2
Net portfolio, nonresidents	-20	-22	-37	-23	291	-52	125	155	897	901	...
Net portfolio, residents	-10	16	1	24	7	0	-2	-109	-1,055	-689	...
Purchased collateral	0	0	0	0	0	0	0	-469	0	0	0
Other long-term (net)	-1,040	-178	-872	-1,966	-501	-563	-106	126	31	768	2,089
Inflows, MLT loans	1,031	1,435	981	955	1,440	2,556	1,919	2,161	4,035	3,668	4,568
Outflows, MLT loans	1,454	1,730	2,195	2,858	2,193	3,096	2,427	2,495	2,651	2,975	2,479
Trade facility and export advances (net)	-617	117	342	-63	252	-23	402	460	-1,353	75	0
Other short-term (net)	-1,360	-1,021	-267	-540	179	786	730	261	1,369	1,794	530
Commercial banks' NFL	-1,017	-320	-76	-1,046	-549	61	55	280	-547	465	-252
Other short-term capital	-1,114	-941	-262	-240	-341	42	-53	200	1,205	912	356
Revaluation	-88	-72	-78	83	101	800	399	527	431	106	268
Monetization of gold	221	279	365	314	288	218	245	130	113	154	158
Adjustment for debt revaluation	0	0	-72	-73	-223	-819	-264	-695	-97	0	0
Errors and omissions (net)	638	33	-144	422	903	484	348	-181	264	157	0
Overall surplus or deficit (-)	-2,449	-134	-1,236	-1,910	-935	-1,864	409	-203	-984	1,146	1,559

Sources: Data provided by the Philippine authorities; and staff estimates.

Table 14. Philippines: Balance of Payments, 1985-95
(In millions of U.S. dollars)

	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	Est. 1995
Current account 1/	-1,580	-749	-1,996	-2,004	-3,507	-4,808	-3,832	-4,453	-7,009	-8,780	-10,239
Capital account 2/	-2,346	-1,088	-792	-1,520	521	703	1,278	655	1,999	3,986	4,044
Direct investment	84	117	383	985	545	532	531	691	757	1,212	1,423
Net portfolio investment	-30	-6	-36	1	298	-52	123	-423	-158	212	2
Net portfolio, nonresidents	-20	-22	-37	-23	291	-52	125	155	897	901	...
Net portfolio, residents	-10	16	1	24	7	0	-2	-109	-1,055	-689	...
Purchased collateral	0	0	0	0	0	0	0	-469	0	0	0
Other long-term (net)	-1,040	-178	-872	-1,966	-501	-563	-106	126	31	768	2,089
Inflows, MLT loans	1,031	1,435	981	955	1,440	2,556	1,919	2,161	4,035	3,668	4,568
Outflows, MLT loans	1,454	1,730	2,195	2,858	2,193	3,096	2,427	2,495	2,651	2,975	2,479
Trade facility and export advances (net)	-617	117	342	-63	252	-23	402	460	-1,353	75	0
Other short-term (net)	-1,360	-1,021	-267	-540	179	786	730	261	1,369	1,794	530
Commercial banks' NFL	-1,017	-320	-76	-1,046	-549	61	55	280	-547	465	-252
Other short-term capital	-1,114	-941	-262	-240	-341	42	-53	200	1,205	912	356
Revaluation	-88	-72	-78	83	101	800	399	527	431	106	268
Monetization of gold	221	279	365	314	288	218	245	130	113	154	158
Adjustment for debt revaluation	0	0	-72	-73	-223	-819	-264	-695	-97	0	0
Errors and omissions (net)	638	33	-144	422	903	484	348	-181	264	157	0
Overall surplus or deficit (-)	-2,346	-1,088	-792	-1,520	521	703	1,278	655	1,999	3,986	4,044

Sources: Data provided by the Philippine authorities; and staff estimates.

1/ Excluding workers' remittances.

2/ Including workers' remittances.

Table 15. Philippines: Balance of Payments, 1985-95
(In percent of GDP)

	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	Est. 1995
Current account	-0.3	3.2	-1.3	-1.0	-3.4	-5.8	-1.9	-1.6	-5.3	-4.3	-3.3
Capital account	-7.6	-3.6	-2.4	-4.0	1.2	1.6	2.8	1.2	3.6	6.0	5.3
Direct investment	0.3	0.4	1.2	2.6	1.3	1.2	1.2	1.3	1.4	1.8	1.9
Portfolio investment (net)	-0.1	-0.0	-0.1	0.0	0.7	-0.1	0.3	-0.8	-0.3	0.3	0.0
Other long-term (net)	-3.4	-0.6	-2.6	-5.2	-1.2	-1.3	-0.2	0.2	0.1	1.2	2.7
Other short-term (net)	-4.4	-3.4	-0.8	-1.4	0.4	1.8	1.6	0.5	2.4	2.7	0.7 ⁻³⁷
Overall surplus or deficit (-)	-8.0	-0.4	-3.7	-5.0	-2.2	-4.2	0.9	-0.4	-1.8	1.7	2.0 ⁻
Memorandum items:											
Workers' remittances	4.8	5.7	4.7	4.3	4.8	5.1	6.5	6.8	7.2	8.9	10.2
Current account less remittances	-5.1	-2.5	-6.0	-5.3	-8.2	-10.9	-8.4	-8.4	-12.5	-13.2	-13.5
Capital account with remittances	-2.8	2.1	2.3	0.2	6.0	6.7	9.3	8.0	10.8	14.9	15.5
Of which: Other short-term with remittanc	0.4	2.3	3.9	2.8	5.2	6.9	8.1	7.3	9.6	11.6	10.9

Sources: Data provided by the Philippine authorities; and staff estimates.

Table 16. Philippines: Macroeconomic Indicators, 1985-95
(Percentage change; year-to-year)

	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	Est. 1995
Real domestic demand	-7.6	3.9	6.3	7.5	8.5	7.6	-2.9	3.8	4.9	4.7	5.5
Real consumption	-1.1	3.0	4.1	6.5	5.2	5.5	1.8	2.9	3.3	3.4	4.0
Real investment	-31.3	8.2	17.6	11.8	22.6	15.3	-18.9	7.8	11.1	9.6	10.5
Real GDP	-7.3	3.4	4.3	6.8	6.2	2.7	-0.2	0.3	2.1	4.3	6.0
GDP deflator	17.6	3.0	7.5	9.6	9.0	12.9	16.5	7.9	6.8	9.7	8.1
CPI, average annual	23.1	0.8	3.8	9.1	10.6	12.7	18.7	8.9	7.6	9.1	8.1
Current account (US\$ billion)	0.5	1.2	0.2	0.3	-1.5	-2.7	-1.0	-1.0	-3.0	-2.9	-2.5
Change in net official reserves (US\$ billion)	0.0	1.2	-0.7	0.0	0.4	-0.5	2.3	1.1	0.3	1.3	0.8
Current account (percent of GDP)	1.7	4.0	0.6	0.8	-3.4	-6.1	-2.3	-1.9	-5.3	-4.3	-3.2
Investment (percent of GDP)	15.3	16.0	18.0	18.8	22.2	24.8	20.1	20.8	23.8	24.3	25.3
Saving (percent of GDP)	15.3	19.2	16.7	17.8	18.7	18.7	17.8	18.9	18.5	20.0	22.1
Stock market index 1/	NA	353.0	747.6	836.3	1,379.6	1,139.4	1,030.2	1,324.1	2,738.8	2,869.9	2,592.4
Stock market capitalization (US\$ million) 2/	NA	2,007.5	2,947.8	4,279.8	11,964.6	5,927.2	10,196.9	13,794.5	40,040.2	55,518.9	58,859.0

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Sources: IMF, World Economic Outlook, and IFC, Emerging Market Bulletins.

1/ Period averages (actual).

2/ End-of-period (actual).

Table 17. Philippines: Monetary Indicators, 1985-95
(Percent change; year-to-year; fiscal year ending December 31)

	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	Q1 1995	Q2
Summary accounts												
Central Bank (monetary authorities)												
Base money (percentage change)	13.8	31.6	15.4	16.6	38.0	17.0	19.0	11.9	18.6	6.3	12.5	10.3
Net foreign assets 1/	-99.1	-17.9	-55.2	20.6	23.3	-57.7	66.2	82.4	12.8	20.5	...	...
Net domestic assets 1/	112.9	49.5	70.6	-4.0	14.7	74.7	-47.2	-70.5	5.7	-14.2	...	...
Net credit to public sector 1/	32.0	-21.1	-49.2	-32.6	-19.6	69.9	-53.7	109.1	53.9	-17.9	...	...
Other 1/	80.8	70.5	119.8	28.6	34.3	4.8	6.5	-179.6	-48.1	3.7	...	...
Banking system (monetary survey)												
Broad money (percentage change)	7.1	0.1	11.5	22.3	28.0	21.8	13.9	11.1	24.5	26.3	40.9	31.5
Net foreign assets 2/	12.8	-7.1	-14.2	-24.1	-24.8	39.6	-79.2	-468.4	32.8	22.7	...	...
Net domestic assets 2/	-20.1	7.0	2.5	-5.7	-35.5	-119.9	34.8	274.5	97.0	107.5	...	...
Credit to public sector 2/, 3/	-0.4	-10.2	24.2	6.8	-6.6	-21.8	15.8	244.2	387.1	315.1	...	...
Credit to private sector 2/	8.3	27.6	-13.4	-15.6	-33.1	-68.0	-17.3	-283.3	146.5	113.9	...	...
Other 2/, 3/	-28.1	-10.4	-8.2	3.1	4.1	-30.1	36.3	313.6	-436.6	-321.4	...	...

Sources: IMF, Recent Economic Developments reports (various issues).

1/ Contribution to growth of base money.

2/ Contribution to growth of broad money.

3/ Central Bank restructured in 1993.

Table 18. Philippines: Fiscal Indicators, 1985-94

	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994
(In billions of pesos)										
Government revenue	68.9	79.2	101.2	112.9	152.4	180.9	220.8	242.7	260.7	342.6
Government expenditure	80.1	110.5	121.3	142.5	172.0	218.0	247.1	258.6	282.0	347.8
Overall surplus or deficit (-)	-11.2	-31.3	-20.1	-29.6	-19.6	-37.1	-26.3	-15.9	-21.3	-5.3
(In percent of GDP)										
Overall surplus or deficit (-)	-2.0	-5.1	-2.9	-3.7	-2.1	-3.5	-2.1	-1.2	-1.4	-0.3
Fiscal stance	1.3	-1.9	0.5	1.2	1.0	1.9	0.0	-0.5	-1.5	-1.2
Fiscal impulse	...	-3.2	2.4	0.7	-0.2	0.9	-1.9	-0.5	-1.0	0.3

Sources: Data provided by the Philippine authorities; and staff estimates.

Table 19. Philippines: Exchange Rate Indicators, 1985-95

	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995
(1985 = 100)											
Currency units per U.S. dollar (period average)	100.0	109.6	110.5	113.4	116.8	130.7	147.7	137.1	145.7	142.0	140.6 (Nov.)
Currency units per U.S. dollar (end of period)	100.0	107.9	109.3	112.1	117.9	147.1	140.0	131.9	145.5	128.3	140.8 (Nov.)
Nominal effective exchange rate	100.0	78.8	71.5	66.3	66.1	58.9	51.0	53.6	50.2	50.1	49.5 (Oct.)
Real effective exchange rate	100.0	78.0	71.8	70.2	75.3	73.0	72.1	80.1	78.4	83.2	89.7 (Oct.)
(Percent change)											
Currency units per U.S. dollar (period average)	11.4	9.6	0.9	2.6	3.0	11.8	13.0	-7.2	6.3	-2.6	-0.9 (Nov.)
Currency units per U.S. dollar (end of period)	-3.7	7.9	1.3	2.6	5.2	24.8	-4.8	-5.8	10.4	-11.8	9.8 (Nov.)
Nominal effective exchange rate	-9.6	-21.2	-9.2	-7.3	-0.2	-10.9	-13.5	5.2	-6.3	-0.2	-1.2 (Oct.)
Real effective exchange rate	9.4	-22.0	-8.0	-2.2	7.3	-3.0	-1.3	11.1	-2.1	6.1	7.9 (Oct.)

Sources: IMF, International Financial Statistics; and Information Notice System.

Table 20. Thailand: Balance of Payments, 1985-95
(In millions of U.S. dollars)

	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994 1/	Est. 1995
Current account	-1,537.2	247.2	-364.9	-1,654.6	-2,498.3	-7,281.8	-7,571.5	-6,354.7	-6,927.5	-8,498.0	-12,200.0
Capital account 2/	1,469.3	193.7	1,300.3	4,116.1	6,473.0	11,061.2	11,714.9	9,389.7	10,834.6	12,665.3	19,300.0
Direct investment	162.3	261.4	182.0	1,081.2	1,725.8	2,303.4	1,846.9	1,969.3	1,493.3	33.9	3,000.0
Portfolio investment (net)	895.0	-29.5	345.9	530.1	1,486.2	-38.1	-81.1	927.3	5,455.3	2,474.1	4,604.0
Public sector bonds	394.4	-125.6	-146.6	181.8	71.7	-444.7	0.0	300.9	301.0	671.8	500.0
Other bonds (corporate)	460.0	0.0	-7.0	-95.0	-9.0	-33.0	-118.0	171.0	2,475.7	2,359.0	904.0
Corporate equities	40.6	96.1	499.5	443.3	1,423.5	439.6	36.9	455.4	2,678.6	-556.7	3,200.0
Other long-term loans (net)	580.0	-144.0	72.0	-268.8	1,058.9	1,337.1	3,327.8	1,513.9	327.7	2,712.0	3,575.0
Resident official sector	311.7	-125.0	529.4	3.5	-460.9	-1,305.5	117.3	-455.3	-179.3	-1,030.0	1,319.0
Deposit money banks	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	3,603.0	2,000.0
Other sectors	268.3	-19.0	-457.4	-272.3	1,519.8	2,642.6	3,210.5	1,969.2	506.9	139.0	256.0
Other short-term (net)	-167.6	105.8	701.1	2,774.9	2,202.1	7,468.7	6,622.2	4,973.2	3,558.3	11,048.3	14,121.0
Resident official sector	0.0	0.0	58.3	195.2	-81.9	85.9	138.1	-105.4	-289.5	180.0	-119.0
Deposit money banks	-530.9	-835.6	234.4	850.6	-354.8	1,580.9	-261.0	1,861.7	1,510.4	12,809.0	11,188.0
Other sectors	259.9	343.9	160.3	1,318.3	1,710.3	4,382.7	6,314.5	3,734.1	2,684.0	-221.0	1,052.0
Errors and omissions (net)	103.4	597.5	248.0	410.9	928.5	1,419.3	430.7	-517.1	-346.6	-1,719.7	2,000.0
Overall surplus or deficit (-)	-67.9	441.0	935.4	2,461.5	3,974.7	3,779.3	4,143.4	3,034.9	3,907.1	4,167.3	7,100.0

Sources: IMF, Balance of Payments Yearbook; Bank of Thailand bulletins; and staff estimates.

1/ Source for 1994 data is BOT bulletin. However, the source for division of other capital into short and long term is 1995 Thailand Statistical Supplement. The major discrepancy between the two sources is in the resident official sector.

2/ Includes errors and omissions.

Table 21. Thailand: Balance of Payments, 1985-95
(In percent of GDP)

	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	Est. 1995
Current account	-4.0	0.6	-0.7	-2.7	-3.5	-8.5	-7.7	-5.7	-5.5	-5.9	-7.6
Capital account	3.8	0.4	2.6	6.7	9.0	12.9	11.9	8.4	8.7	8.8	12.0
Direct investment	0.4	0.6	0.4	1.8	2.4	2.7	1.9	1.8	1.2	0.0	1.9
Portfolio investment (net)	2.3	-0.1	0.7	0.9	2.1	-0.0	-0.1	0.8	4.4	1.7	2.9
Other long-term (net)	1.5	-0.3	0.1	-0.4	1.5	1.6	3.4	1.4	0.3	1.9	2.2
Other short-term (net)	-0.2	1.6	1.9	5.2	4.3	10.4	7.1	4.0	2.6	6.5	8.8
Overall surplus or deficit (-)	-0.2	1.0	1.9	4.0	5.5	4.4	4.2	2.7	3.1	2.9	4.4

Sources: IMF, Balance of Payments Yearbook; Bank of Thailand bulletins; and staff estimates.

Table 22. Thailand: Macroeconomic Indicators, 1985-95
(Percentage change; year-to-year)

	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	Est. 1995
Real domestic demand	0.6	0.8	10.4	14.1	12.2	18.2	8.8	6.6	8.5	9.3	...
Real consumption	2.3	2.8	7.3	8.0	9.9	11.6	6.6	7.5	7.6	8.0	7.8
Real investment	-3.5	-4.2	18.9	29.0	17.0	30.8	12.5	5.3	9.8	12.4	12.3
Real GDP	4.6	5.5	9.5	13.3	12.2	11.6	8.4	7.9	8.2	8.8	8.6
GDP deflator	2.2	1.7	4.7	5.9	6.1	5.7	6.1	4.2	3.4	4.7	...
CPI, average annual	2.4	1.9	2.5	3.9	5.5	6.0	5.7	4.1	3.3	5.0	5.8
Current account (US\$ billion)	-1.5	0.2	-0.4	-1.7	-2.5	-7.3	-7.6	-6.4	-6.9	-8.5	12.2
Change in net official reserves (US\$ billion)	0.1	0.8	1.5	2.2	3.8	4.0	4.1	2.8	4.3	4.8	7.1
Current account (percent of GDP)	-4.0	0.6	-0.7	-2.7	-3.5	-8.5	-7.7	-5.7	-5.5	-5.9	-7.4
Investment (percent of GDP)	28.2	25.9	27.9	32.6	35.1	41.1	42.2	39.6	39.9	40.1	...
Saving (percent of GDP) 1/	24.3	26.4	27.1	29.9	31.6	32.6	33.9	34.0	34.3	34.2	...
Stock market index 2/, 3/	135.0	151.2	286.4	409.2	609.1	821.9	739.1	800.6	1,036.9	1,386.8	1,288.3
Stock market capitalization (US\$ million) 4/	NA	2,877.9	5,485.1	8,811.3	25,647.9	23,895.9	35,814.7	58,258.9	130,509.9	131,478.6	141,507.3

Sources: IMF, World Economic Outlook; and IFC, Emerging Market Bulletins.

1/ Includes statistical discrepancy.

2/ Period averages (actual).

3/ End-of-period figure for 1985 only.

4/ End-of-period (actual).

Table 23. Thailand: Monetary Indicators, 1985-95
(Percent change; year-to-year; fiscal year ending September 30)

	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	Q1 1995	Q2
Summary accounts												
Central Bank (monetary authorities)												
Base money (percentage change)	8.5	11.3	21.1	14.9	16.9	18.6	13.3	17.9	16.1	14.5	15.9	24.8
Net foreign assets 1/	2.1	23.8	36.8	48.4	74.6	62.5	56.2	35.1	44.3	38.1	24.5	53.7
Net domestic assets 1/	6.4	-12.5	-15.7	-33.6	-57.7	-43.9	-43.0	-17.3	-28.2	-23.6	-8.6	-28.9
Net credit to public sector 1/	10.7	-11.9	-5.3	-44.0	-40.4	-22.7	-33.1	-10.4	-8.9	-14.0	-8.8	-21.3
Other 1/	-4.4	-0.6	-10.4	10.4	-17.3	-21.2	-9.9	-6.8	-19.3	-9.7	0.2	-7.6
Banking system (monetary survey)												
Broad money (percentage change)	10.3	13.4	20.2	18.2	26.2	26.7	19.8	15.6	18.4	12.9	15.1	19.2
Net foreign assets 2/	1.8	7.2	4.0	4.7	10.6	4.9	7.0	1.9	0.2	-18.1	-11.3	-8.0
Net domestic assets 2/	8.6	5.9	16.4	13.5	15.6	21.7	12.9	13.6	18.2	25.1	26.3	27.2
Credit to public sector 2/, 3/	0.5	2.6	0.5	-5.9	-6.2	-4.2	-6.8	-3.3	-2.7	-3.4	-3.5	-3.4
Credit to private sector 2/, 4/	9.6	4.4	19.1	22.7	27.1	31.1	22.3	20.8	25.1	32.9	35.4	35.6
Other 2/	-1.5	-1.1	-3.2	-3.3	-5.3	-5.1	-2.6	-3.8	-4.2	-4.4	-5.6	-5.0
Credit to private sector (percentage change)	10.5	4.9	22.6	26.4	29.5	32.9	22.5	20.6	23.7	29.8	30.0	29.0

Source: IMF, International Financial Statistics.

1/ Contribution to growth of base money.

2/ Contribution to growth of broad money.

3/ Central Government only.

4/ Includes non-financial public enterprises and other financial institutions.

Table 24. Thailand: Fiscal Indicators, 1985-94 1/

	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994
(In billions of baht)										
Government revenue	162.1	179.0	213.5	270.0	339.7	419.8	477.4	517.0	587.0	680.4
Government expenditure	207.9	212.7	217.1	229.7	261.2	319.0	373.5	445.4	524.2	618.4
Overall surplus or deficit (-)	-45.8	-33.6	-3.6	40.3	78.5	100.9	103.9	71.6	62.8	62.0
(In percent of GDP)										
Overall surplus or deficit (-)	-4.3	-3.0	-0.3	2.6	4.2	4.6	4.1	2.5	2.0	1.7
Fiscal stance	6.2	4.6	2.3	0.4	-0.7	-0.5	0.0	1.6	2.2	2.5
Fiscal impulse	0.2	-1.6	-2.3	-1.9	-1.0	0.1	0.5	1.6	0.6	0.3

Sources: Data provided by the Thai authorities; and staff estimates.

1/ The data are converted from fiscal year data.

Table 25. Thailand: Exchange Rate Indicators, 1985-95

	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995
(1985 = 100)											
Currency units per U.S. dollar (period average)	100.0	96.8	94.7	93.1	94.6	94.2	94.0	93.5	93.2	92.6	92.6 (Nov.)
Currency units per U.S. dollar (end of period)	100.0	98.0	94.1	94.7	96.4	94.9	94.9	95.8	95.8	94.1	93.0 (Nov.)
Nominal effective exchange rate	100.0	89.8	85.3	83.8	85.4	84.5	83.8	82.0	82.3	80.7	79.0 (Oct.)
Real effective exchange rate	100.0	89.1	83.8	82.0	84.1	84.2	84.4	83.2	83.9	83.5	85.0 (Oct.)
(Percent change)											
Currency units per U.S. dollar (period average)	14.9	-3.2	-2.2	-1.7	1.6	-0.5	-0.3	-0.5	-0.3	-0.7	0.0 (Nov.)
Currency units per U.S. dollar (end of period)	-1.8	-2.0	-4.1	0.7	1.8	-1.6	-0.0	0.9	0.1	-1.8	-1.2 (Nov.)
Nominal effective exchange rate	-9.8	-10.2	-5.0	-1.7	1.9	-1.0	-0.9	-2.1	0.4	-1.9	-2.1 (Oct.)
Real effective exchange rate	-11.1	-10.9	-6.0	-2.2	2.6	0.1	0.2	-1.4	0.8	-0.4	1.7 (Oct.)

Sources: IMF, International Financial Statistics; and Information Notice System.

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