31 Jan 2012 14:20 MPST **DJ INTERVIEW: Asean +3 Likely To Agree By May To Increase Emergency Fund**

By Martin Vaughan
Of DOW JONES NEWSWIRES

SINGAPORE (Dow Jones)--Southeast Asian countries and Asia's three largest economies will likely agree by this May to expand an emergency fund designed to buffer countries in the region against global economic shock, the director of the fund's research office said.

A doubling of the fund from its current $120 billion is the minimum amount needed to provide a safety net for Asia's developing economies in light of current global uncertainty, said Wei Benhua, director of the ASEAN+3 Macroeconomic Research Office.

Wei was speaking in an interview with Dow Jones Newswires following the Singapore launch of the 20-person office, known as AMRO. The office is broadly comparable to a small-scale, Asia-only version of the International Monetary Fund: it will monitor economic conditions in the region, detect risk, and decide when and how to deploy the emergency fund.

The office is an outgrowth of a decade of work between officials in Japan, China, South Korea and the Association of Southeast Asian Nations--which includes Indonesia, Thailand, Vietnam, the Philippines, Singapore, Malaysia, and others. It is an effort by Asian countries to prevent another event like the 1998 financial crisis that ravaged Southeast Asian economies.

Wei said its mission is particularly urgent now, with the euro zone's sovereign debt crisis threatening to send more severe repercussions around the world. For instance, an eventual departure from the euro zone by Greece or another member of the currency bloc could trigger outflows that would necessitate deploying the emergency fund, he said.

In such a scenario, the fund's $120 billion would be insufficient, he said, pointing to Greece's own bailout as an example.

"Greece is not a big economy, but they are taking in billions and billions of euros to address their problem. This region also needs to be well prepared in terms of financial resources. Doubling the current size I believe is a minimum first step," said Wei.

But that means persuading the bigger kids on the block, China and Japan, to pony up more. They already have pledged $38.4 billion each, or 32% of the pool.

Wei said he doesn't think it likely that the fund will be tapped in the short term. Asian countries have stockpiled foreign currency reserves and are well-prepared to weather global disruption; at the moment Wei said short of a euro-zone break-up, he doesn't see a scenario that would trigger use of the fund.

He said risks to Asia from the euro zone's crisis are two-fold. Financial market volatility will continue or even increase this year, with likely some asset bubbles bursting. Second, European bank deleveraging will continue to crimp trade financing in Asia.

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January 31, 2012 01:20 ET (06:20 GMT)

26 Jan 2012 14:54 MPST **UPDATE: Singapore Manufacturing Rise Tops Estimates, May Help GDP**

-- Singapore's manufacturing output rises 12.6% on year in December, beating all estimates

-- Stronger-than-expected data may lead to upward revision in 4Q GDP

-- Data suggest economy is holding up reasonably well despite headwinds from Europe

By Gaurav Raghuvanshi

Of DOW JONES NEWSWIRES

SINGAPORE -(Dow Jones)- Singapore's manufacturing output rose 12.6% in December from a year earlier, topping expectations and suggesting the trade-dependent economy is showing resilience in the face of Europe's sovereign debt crisis.

The rise was driven by a surge in production in the pharmaceutical industry and reversed a revised 8.0% drop in November, the Economic Development Board said Thursday. The increase beat all estimates in a poll of 12 economists by Dow Jones Newswires, which pointed to a median 7.3% rise.

"Economic growth seems to be doing all right and the shock waves from Europe have not been as severe as the Monetary Authority of Singapore had initially estimated. For now, we think that the MAS will focus on taming inflation," said Wai Ho Leong, an economist at Barclays Capital.

Compared with the previous month, production expanded a seasonally adjusted 7.8%, after falling a revised 24.5% in November. The median forecast of eight economists in the same poll was for a 3.0% expansion.

The data vindicate the central bank's decision in October to loosen monetary policy only marginally to help Singapore's economy tide over the crisis in Europe, its biggest trading partner. The need to temper inflation while making sure that industries dependent on exports keep humming will complicate the MAS's job when it reviews its monetary policy in April.

Data released Wednesday showed inflation eased to 5.5% in December from 5.7% in November, but that was likely still above the central bank's comfort zone.

The solid manufacturing data may lead to a stronger reading on gross domestic product. Preliminary data showed GDP shrank 4.9% on quarter in seasonally adjusted and annualized terms in October-to-December. That number may be revised upward when the government reports revised GDP data next month, taking into account the manufacturing output, said Credit Suisse economist Wu Kun Lung.

Output in the biomedical sector, which accounts for 19.6% of total manufacturing production, more than doubled in December from a year earlier, while output in the highly volatile pharmaceuticals sector rose even faster at 121.6% after expanding just 4.9% in November.

Singapore's pharmaceutical sector is dominated by a small number of firms, and output can drop significantly when plants change product lines or close for maintenance. Conversely, output can rise dramatically if a batch of high-value drugs is produced.

Excluding the biomedical sector, manufacturing output contracted 9.0% on year in December, after a 13.5% decline in November. Excluding biomedical manufacturing, output rose 6.7% on month in seasonally adjusted terms in December.

Electronics output, which accounts for almost a third of Singapore's factory production, fell 22.8% on year, compared with November's 30.6% on-year decline.

For the whole of 2011, manufacturing output rose 7.6%.

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01-26-12 0154ET

25 Jan 2012 14:37 MPST **UPDATE: Singapore CPI Growth Slows Slightly, But Not Enough To Prompt MAS Action**

-- Singapore's CPI rises 5.5% on year in December, slightly below expected

-- The government and central bank expect the CPI growth to average 2.5% to 3.5% in 2012

-- Sticky inflation may make it difficult for the central bank to focus on growth

By Gaurav Raghuvanshi

Of DOW JONES NEWSWIRES

SINGAPORE (Dow Jones)--Singapore's consumer prices rose at a slightly slower-than-expected pace in December, but the data are unlikely to bolster the case for monetary easing to spur an economy faced with a bleak global economic outlook.

The consumer price index rose 5.5% year-on-year in December, slowing from a 5.7% rise in November as the rate of increase in private road transport costs eased, government data showed Wednesday. That compared with the median estimated growth of 5.6% in a Dow Jones Newswires poll of 11 economists.

The central bank and the government expect the CPI to grow at an average 2.5% to 3.5% in 2012, after it grew at an average of 5.2% in 2011, according to a joint statement by the Monetary Authority of Singapore and the Ministry of Trade and Industry.

"The continued sluggishness in domestic economic activity will reduce the tightness in the labor market and alleviate cost pressures over the coming months," the MAS and MTI said in the statement. Inflationary pressures emanating from abroad should also ease, given subdued global growth prospects, unless crude oil prices rise sharply, they said.

Still, the central bank may stick to its current stance of a modest and gradual appreciation of the local currency against a basket of currencies of its key trading partners at its next monetary policy review in April, as inflation remains above its comfort zone. The MAS had set the Singapore dollar on a less steep appreciation path at its last review in October.

"The data are broadly in line with expectations and we expect inflation to average 4.3% [on year] in the first quarter and slow more meaningfully in the second half of this year," said Wu Kun Lung, an economist at Credit Suisse. "We think that the MAS will keep the currency on a mild appreciation path."

The MAS's core inflation measure, which strips out accommodation and private road transport costs, is likely to be 1.5% to 2.0% in 2012 after being reported at 2.2% last year, according to the joint statement.

The authorities in the island state face the twin challenges of sticky prices and sagging economic growth. The government expects Singapore's economy, a bellwether for Southeast Asia, to expand around 1% to 3% this year, slowing further from an estimated 4.8% growth in 2011. That followed a record 14.5% growth in 2010.

The local dollar shrugged off the CPI figures. The U.S. dollar was quoted at S$1.2668 soon after the data were released, little changed from immediately before and a two-month low of S$1.2654 touched earlier in the morning.

The government separately reported that the CPI rose 0.7% on month in seasonally adjusted terms in December, the same pace as in November. That compared with a 0.4% rise forecast in the poll.

The overall CPI data showed that costs of private road transport rose at a slower pace of 12% year-on-year compared with 14% in the preceding month, reflecting a slight easing in petrol prices and lower certificate of entitlement premiums, according to the statement.

The government auctions a limited number of COEs for different categories of vehicles twice every month, selling the right to own a vehicle for 10 years to the highest bidders, to keep the number of cars in the tiny island state under control.

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01-25-12 0137ET