

ASEAN+3 Regional Economic Outlook – July 2023 Update

ASEAN+3 Growth Momentum to Remain Intact as Risks Recede

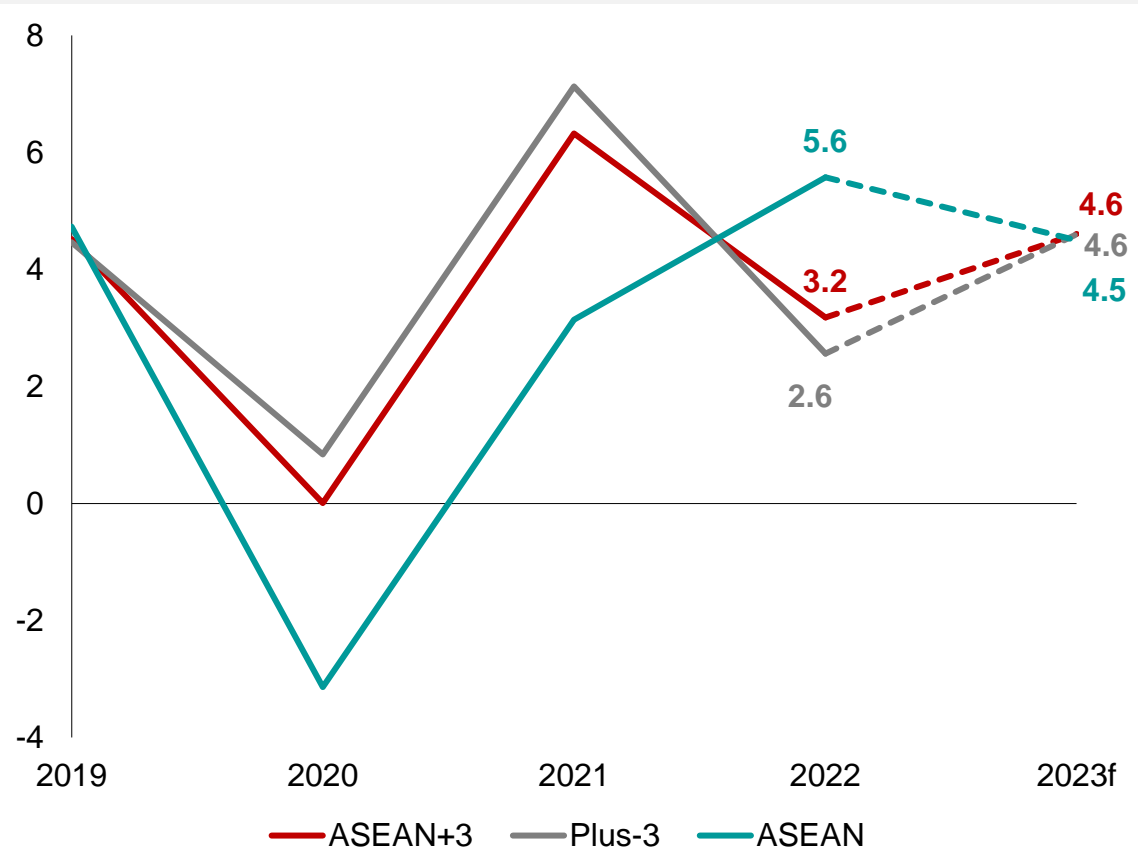
Hoe Ee Khor, Chief Economist

July 11, 2023



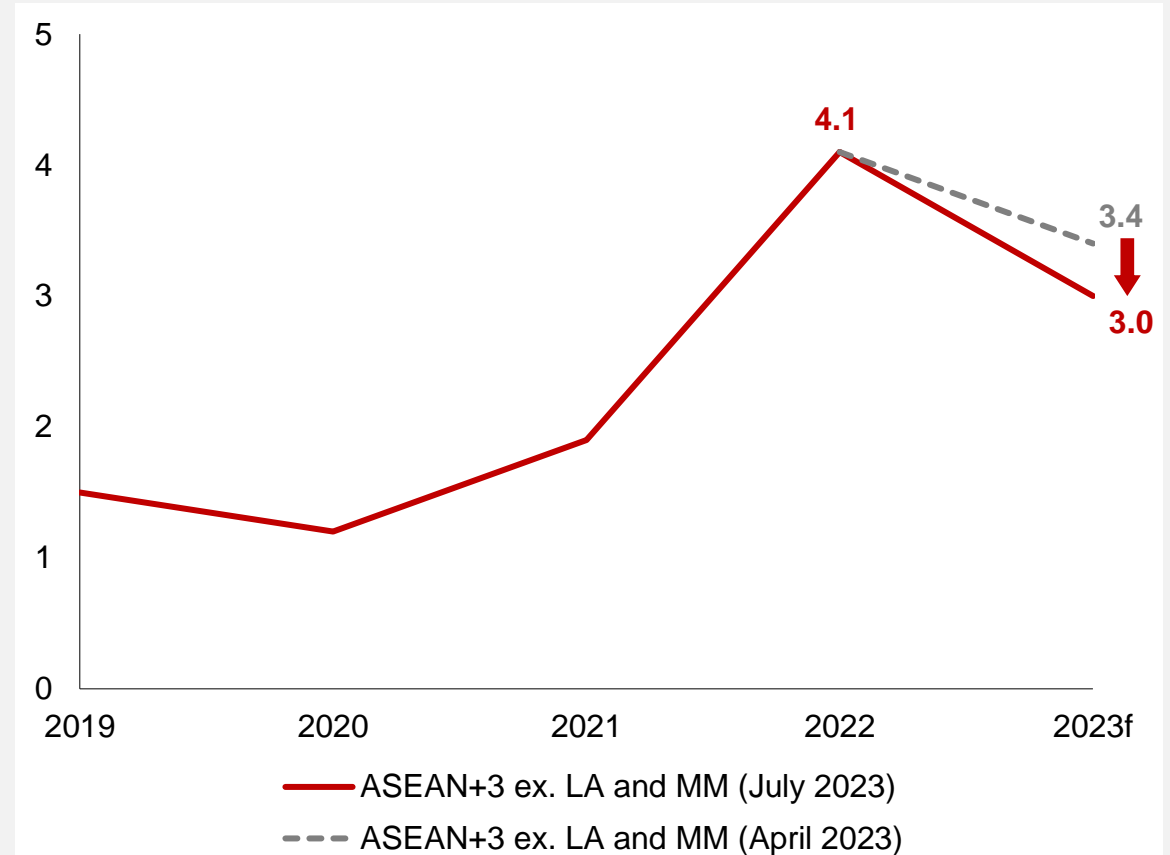
ASEAN+3 on track to grow by 4.6 percent in 2023, with inflation expected to be lower at 3.0 percent

ASEAN+3: Real GDP Growth
(Percent, year-on-year)



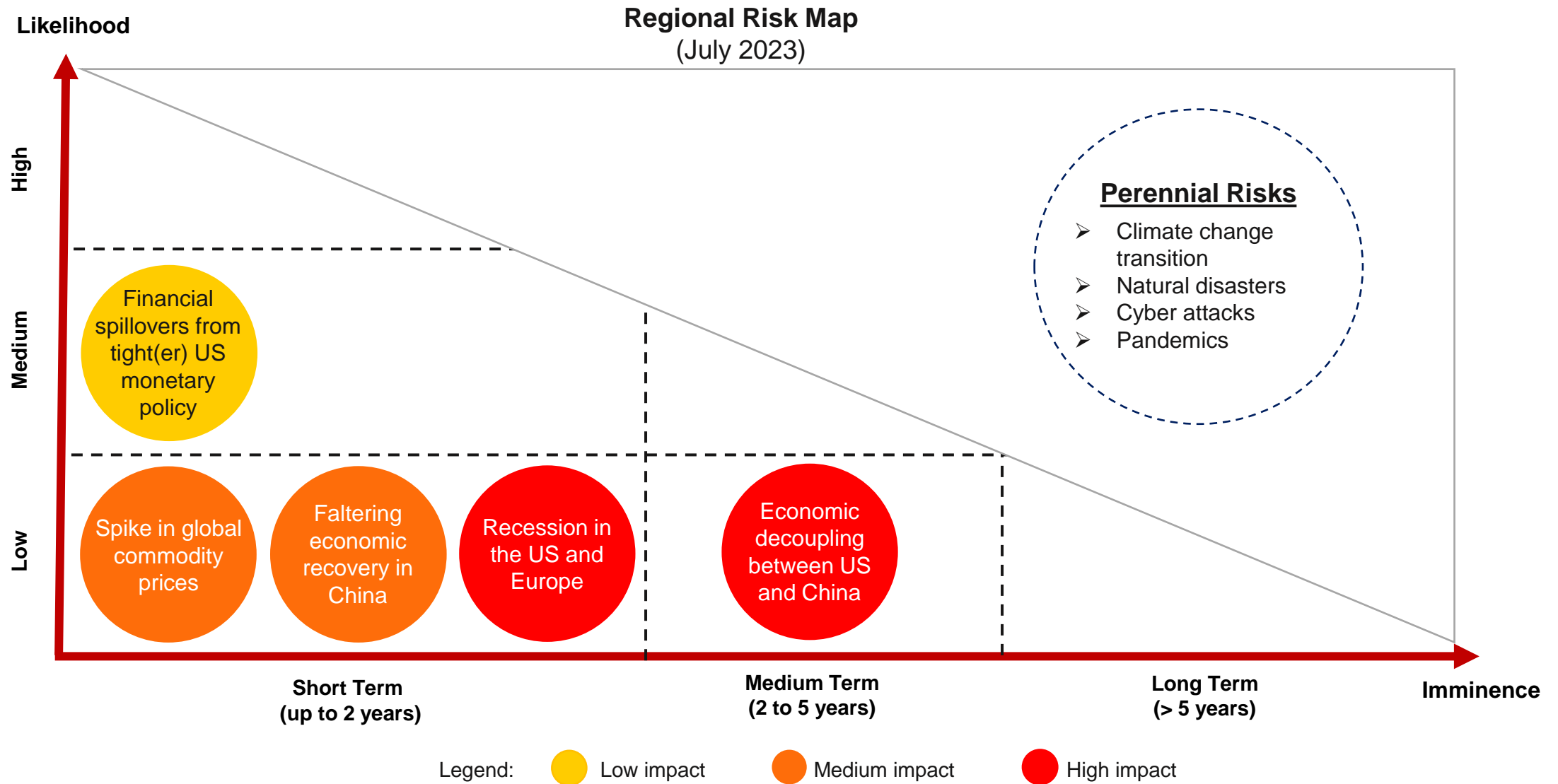
Source: National authorities via Haver Analytics, and AMRO staff estimates.
Note: f = forecast. Regional aggregates for growth are estimated using the weighted average of 2022 GDP on purchasing power parity basis.

ASEAN+3: Consumer Price Inflation
(Percent, year-on-year)



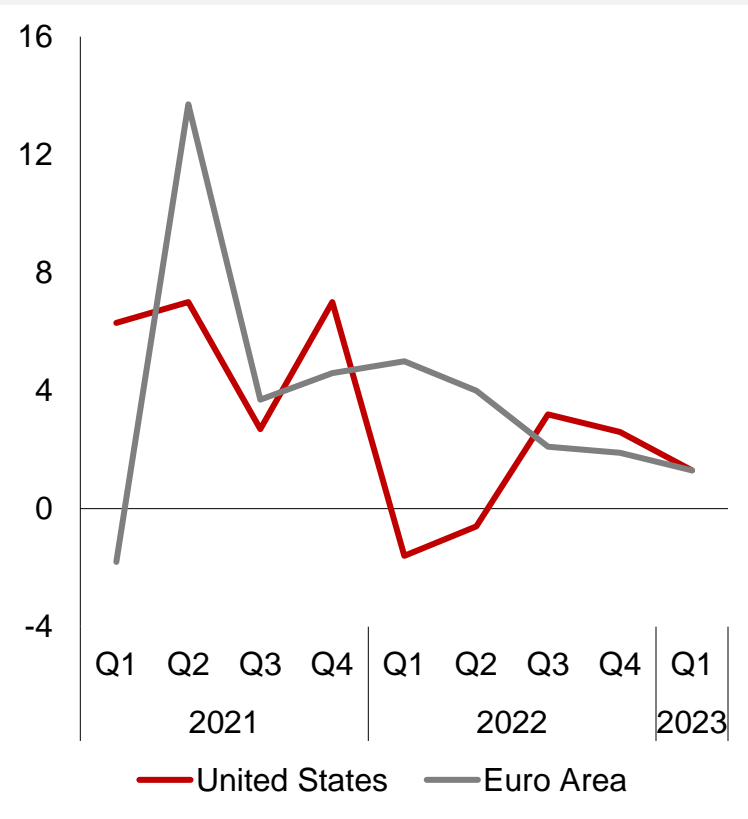
Source: AMRO staff estimates.
Note: f = forecast. Regional aggregates are computed using simple averaging. LA refers to Lao PDR, MM refers to Myanmar.

Downside risks have receded since April

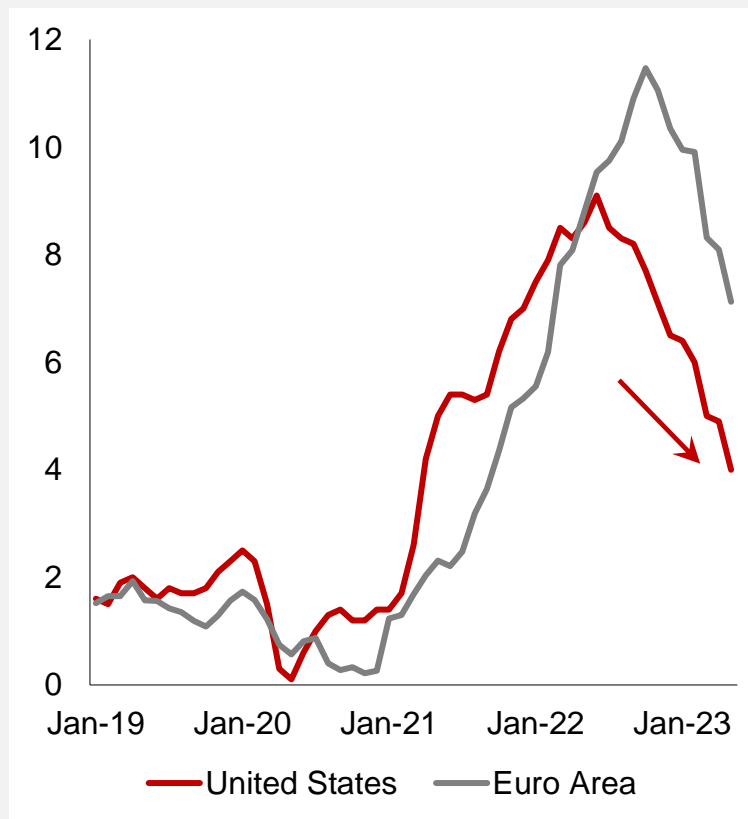


Growth in the US and EU is expected to remain moderate amid continued disinflation, easing fears of recession

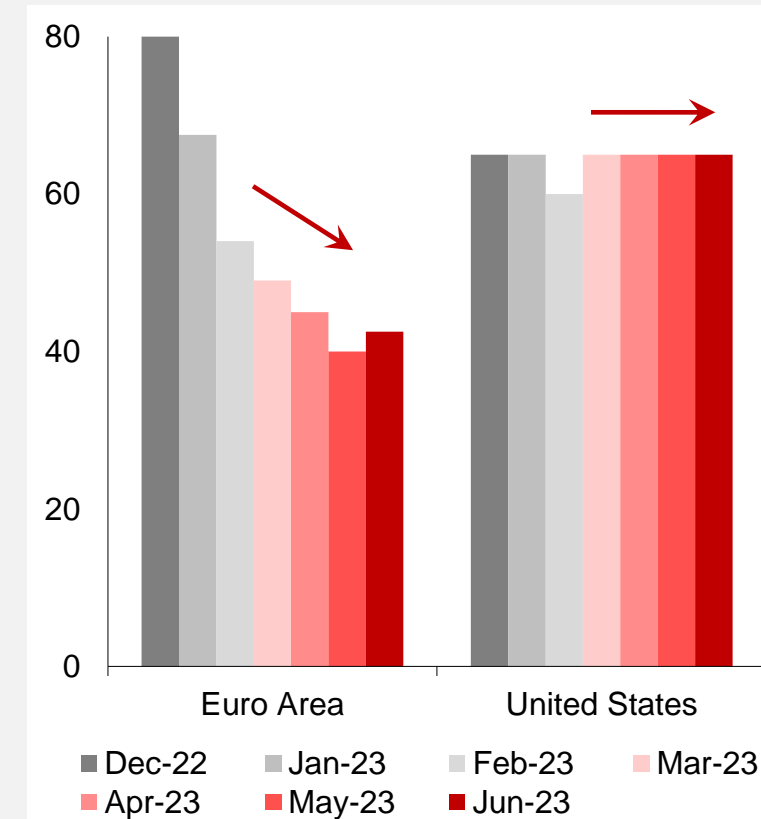
United States and Euro Area: Real GDP Growth
(Percent, year-on-year)



United States and Euro Area: CPI Inflation
(Percent, year-on-year)



United States and Euro Area: Probability of Recession
(Percent)



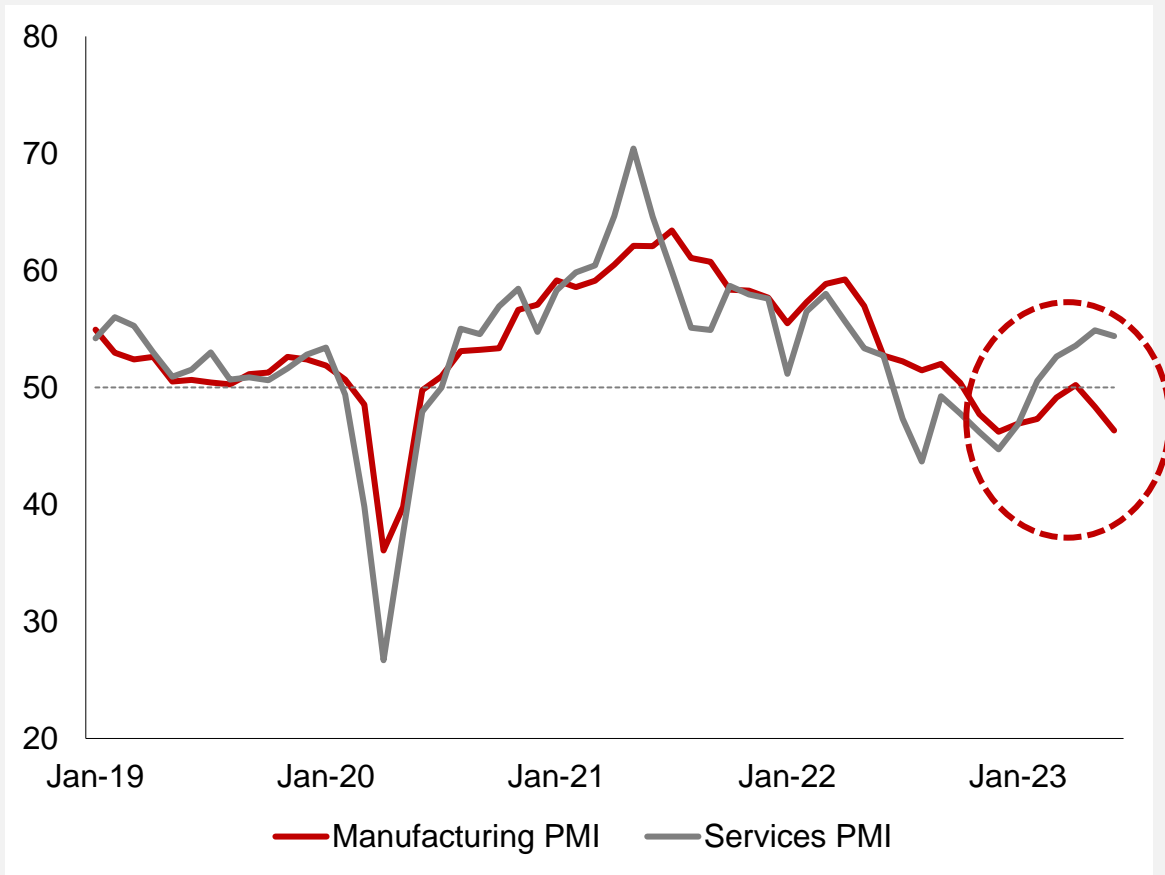
Source: National authorities via Haver Analytics.

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Source: Bloomberg.
Note: Data refer to the median forecasted probability of recession in the next 12 months, derived from economist surveys conducted by Bloomberg and from forecasts submitted by various banks.

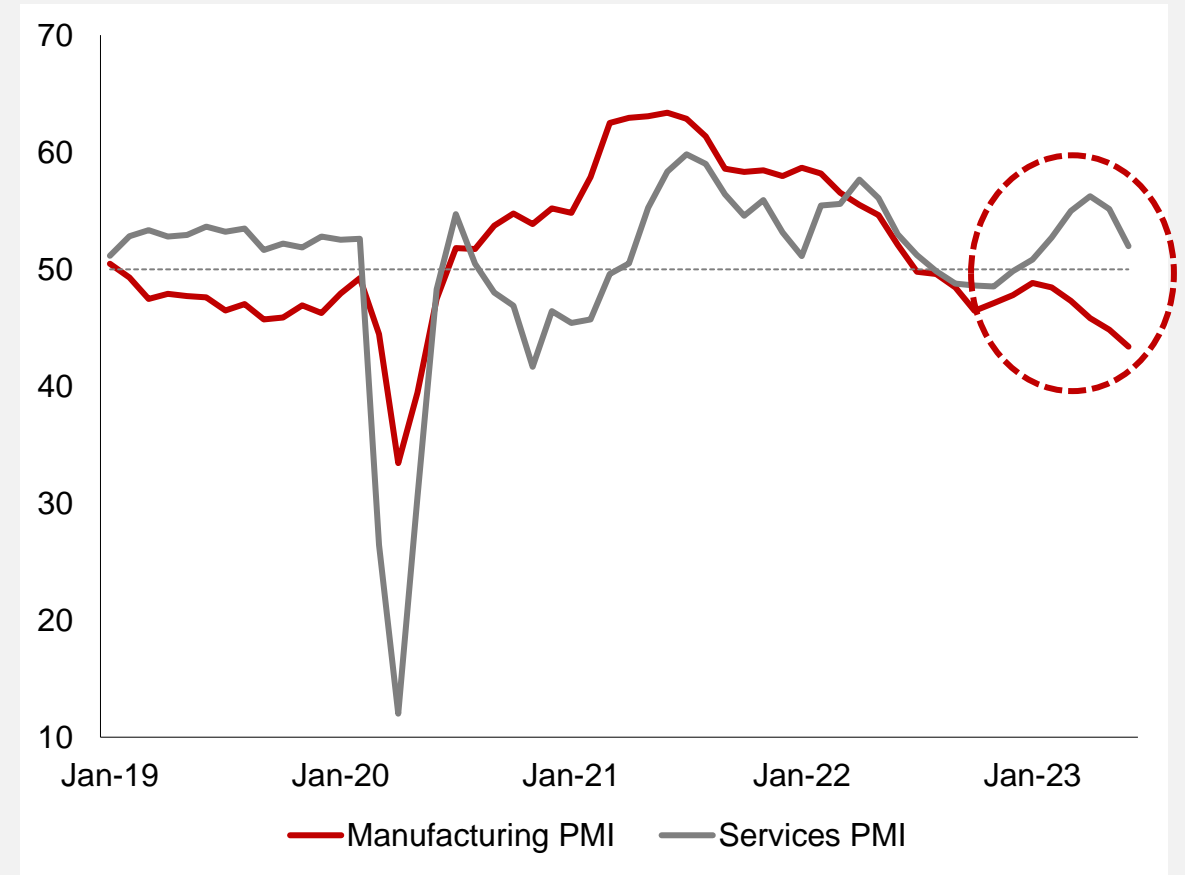
Services sector strength underpins economic activities in the US and EU, while manufacturing sector remains lacklustre

United States: Manufacturing and Services PMI
(Index, seasonally adjusted)



Source: S&P Global via Haver Analytics.
Note: A reading above 50 indicates an expansion in activities, while a reading below 50 indicates a contraction

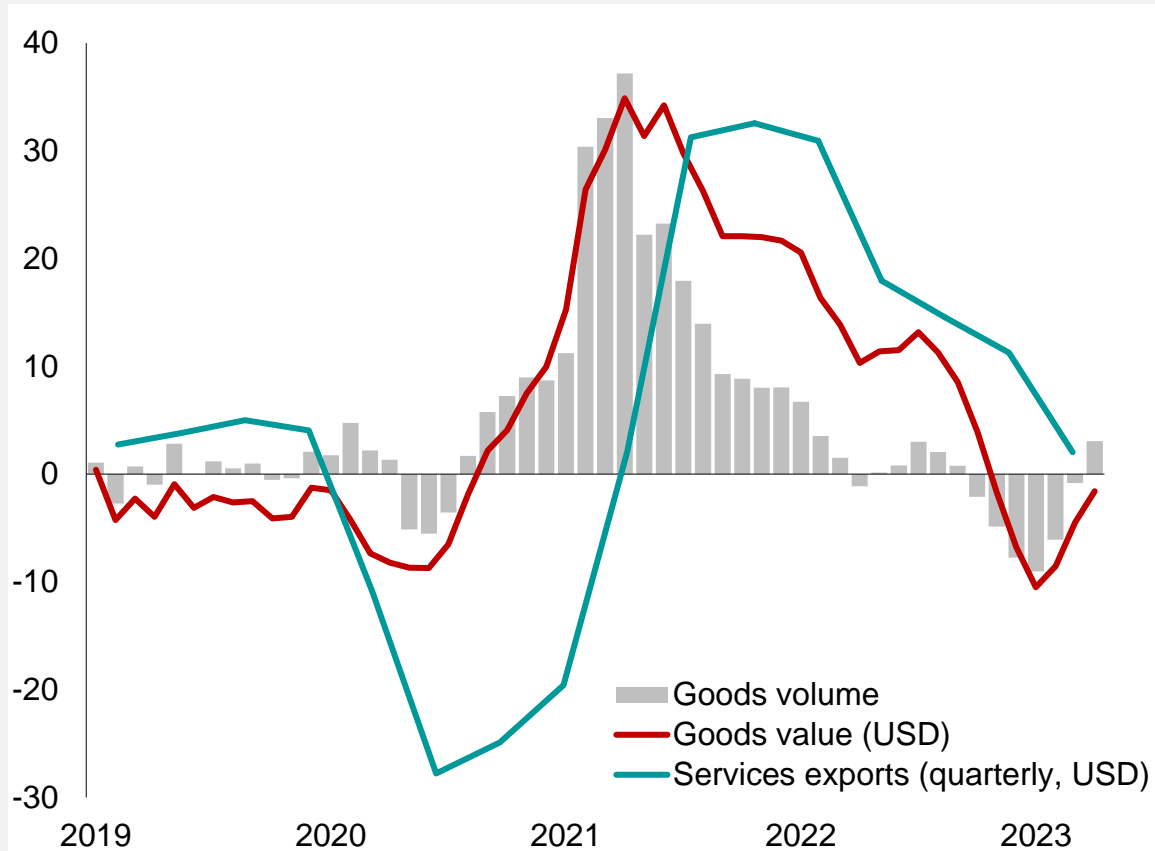
Euro Area: Manufacturing and Services PMI
(Index, seasonally adjusted)



Source: S&P Global via Haver Analytics.
Note: A reading above 50 indicates an expansion in activities, while a reading below 50 indicates a contraction

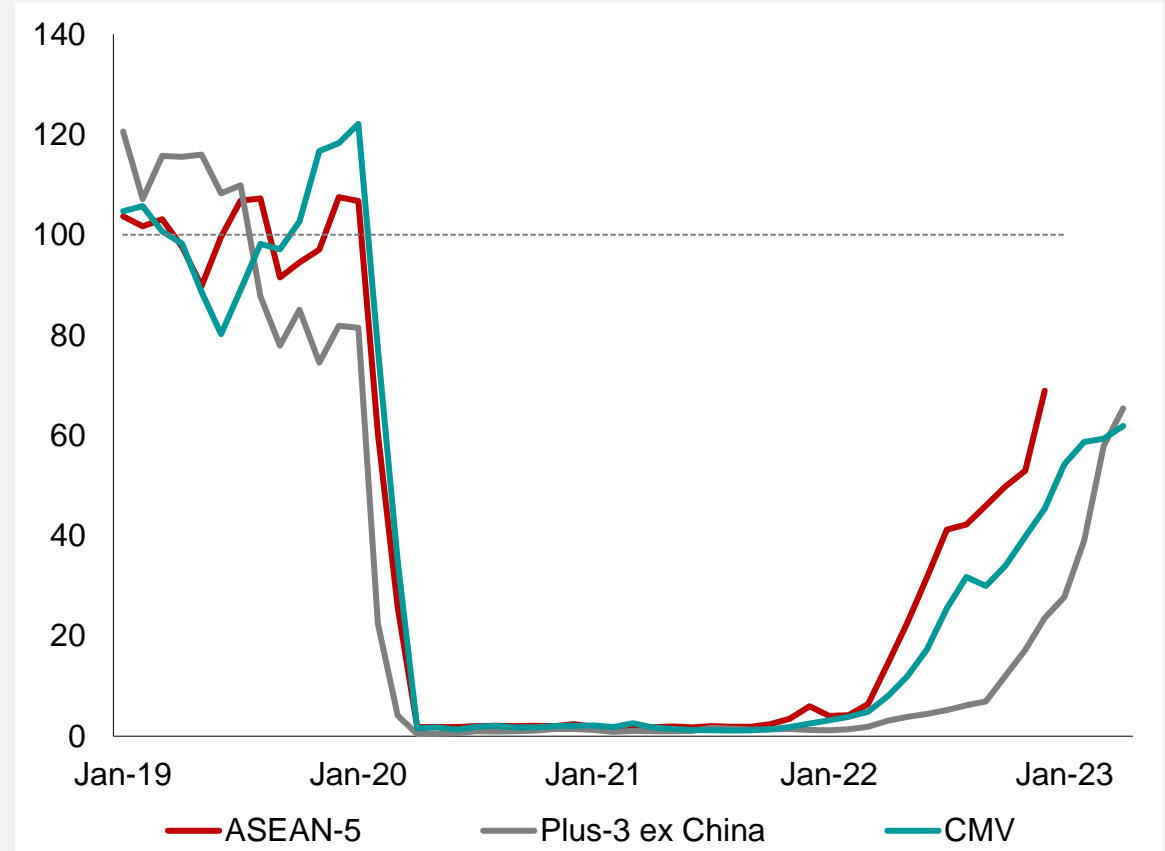
Weak global demand would still weigh on goods exports, but tourism recovery to provide some support to growth

Selected ASEAN+3: Export Growth
(Percent, year-on-year)



Source: National authorities; AMRO staff calculation.
Note: Goods exports data are not available for Brunei, Cambodia, Lao PDR, and Myanmar. Services exports data are not available for Brunei and Myanmar.

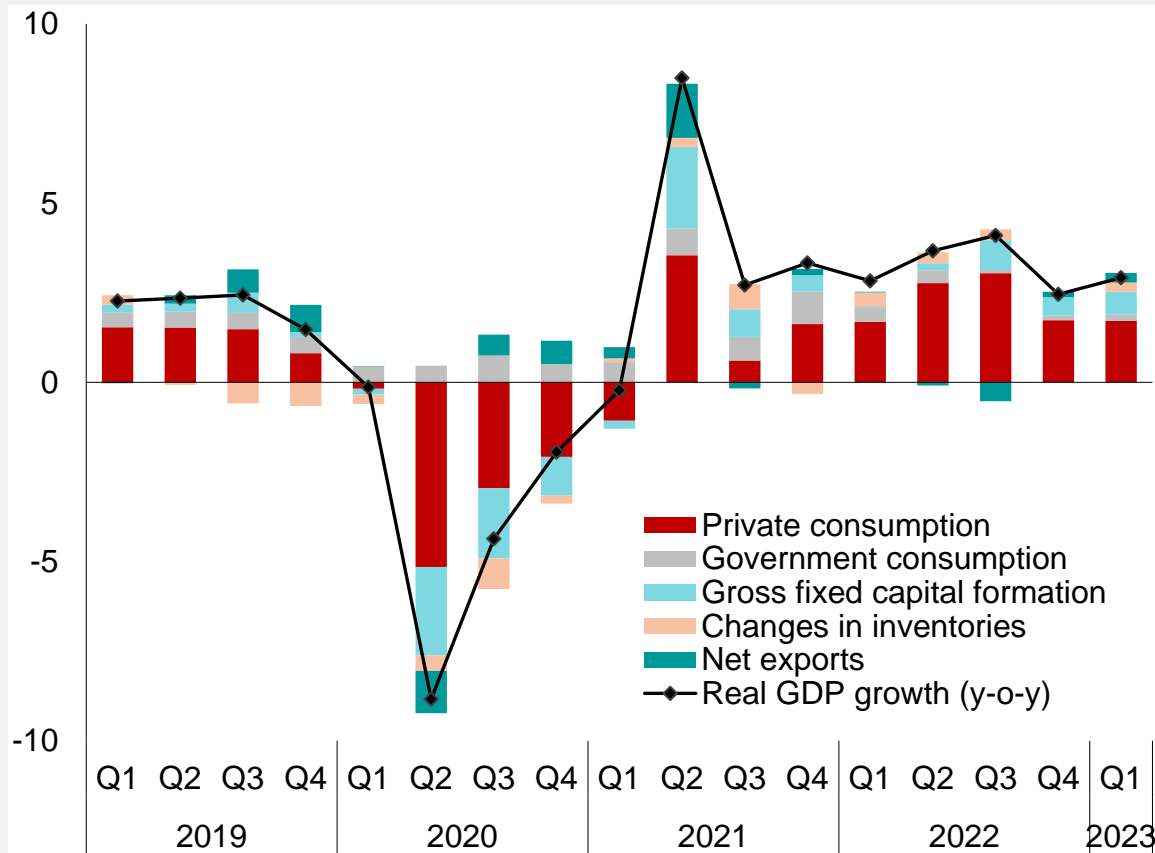
Selected ASEAN+3: International and Domestic Tourist Arrivals
(Index, 2019 = 100)



Source: National authorities via Haver Analytics; AMRO staff calculations.
Note: Excludes Lao PDR due to data unavailability. ASEAN-5 = Indonesia, Malaysia, Philippines, Singapore and Thailand. CMV = Cambodia, Myanmar and Vietnam. Data are up to April 2023 for the Plus-3 (excluding China) and CMV, and up to December 2022 for ASEAN-5.

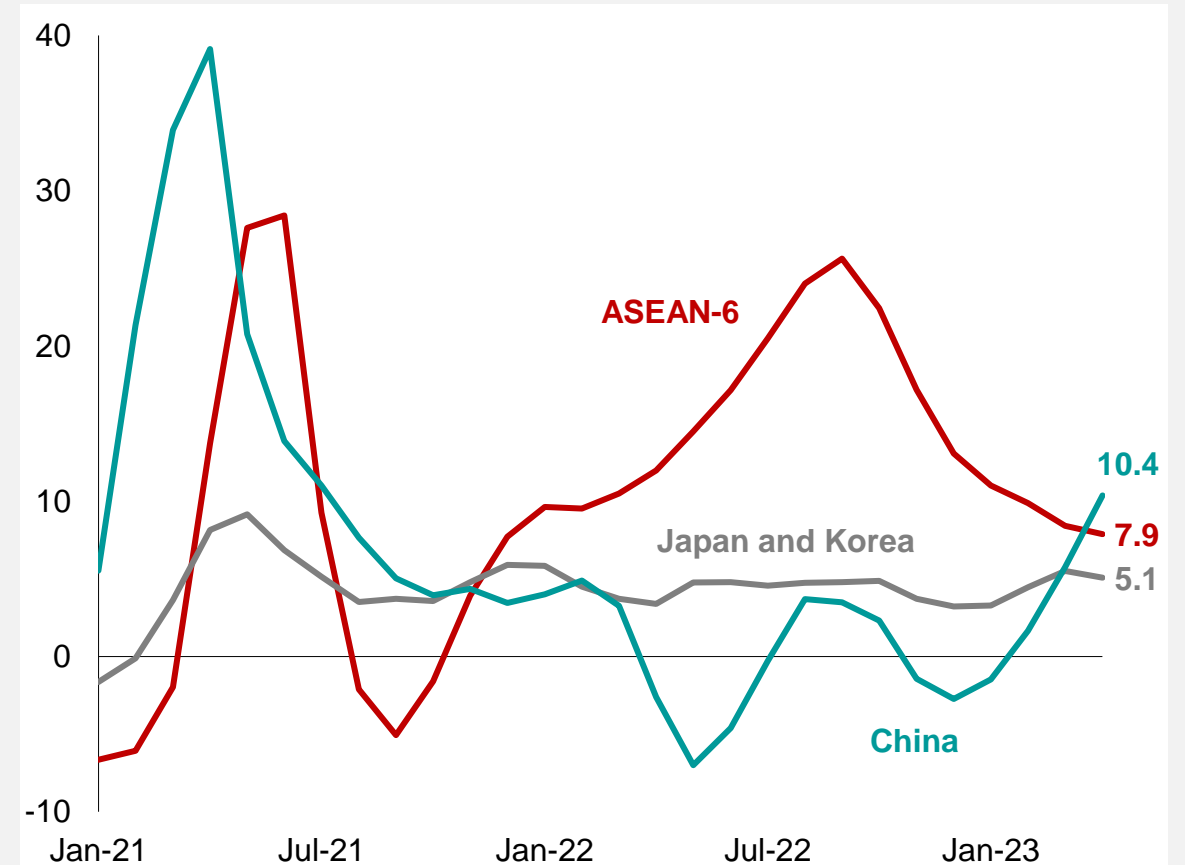
Resilient domestic demand continues to support growth

Selected ASEAN+3: Contribution to Real GDP Growth
(Percent, year-on-year)



Source: National authorities via Haver Analytics; AMRO calculations.
Note: Statistical discrepancies are not shown. Excludes Cambodia, China, Lao PDR, Myanmar, and Vietnam due to data unavailability.

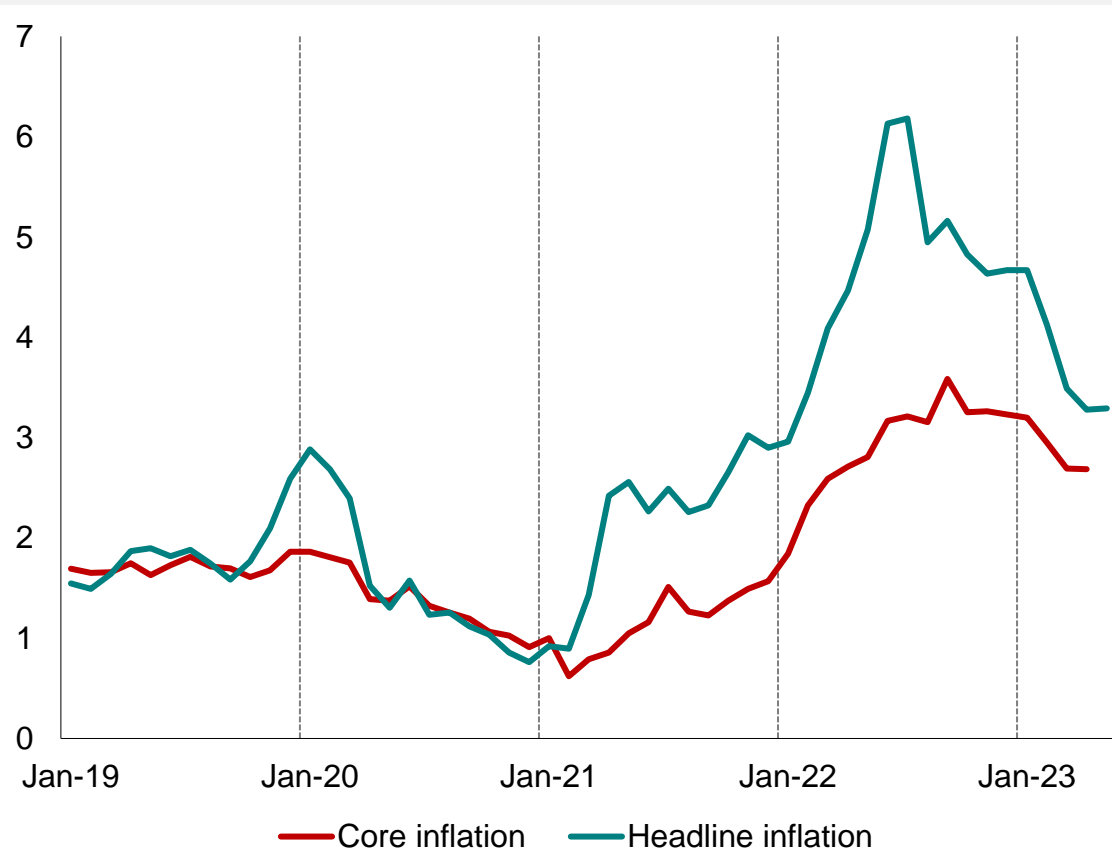
Selected ASEAN+3: Retail Sales
(Percent, year-on-year)



Source: National authorities via Haver Analytics; AMRO staff calculations.
Note: Calculated on a 3-month moving average basis, based on local currency values for all economies except Indonesia and Thailand (volume). ASEAN-6 includes Indonesia, Malaysia, the Philippines, Singapore, Thailand, and Vietnam.

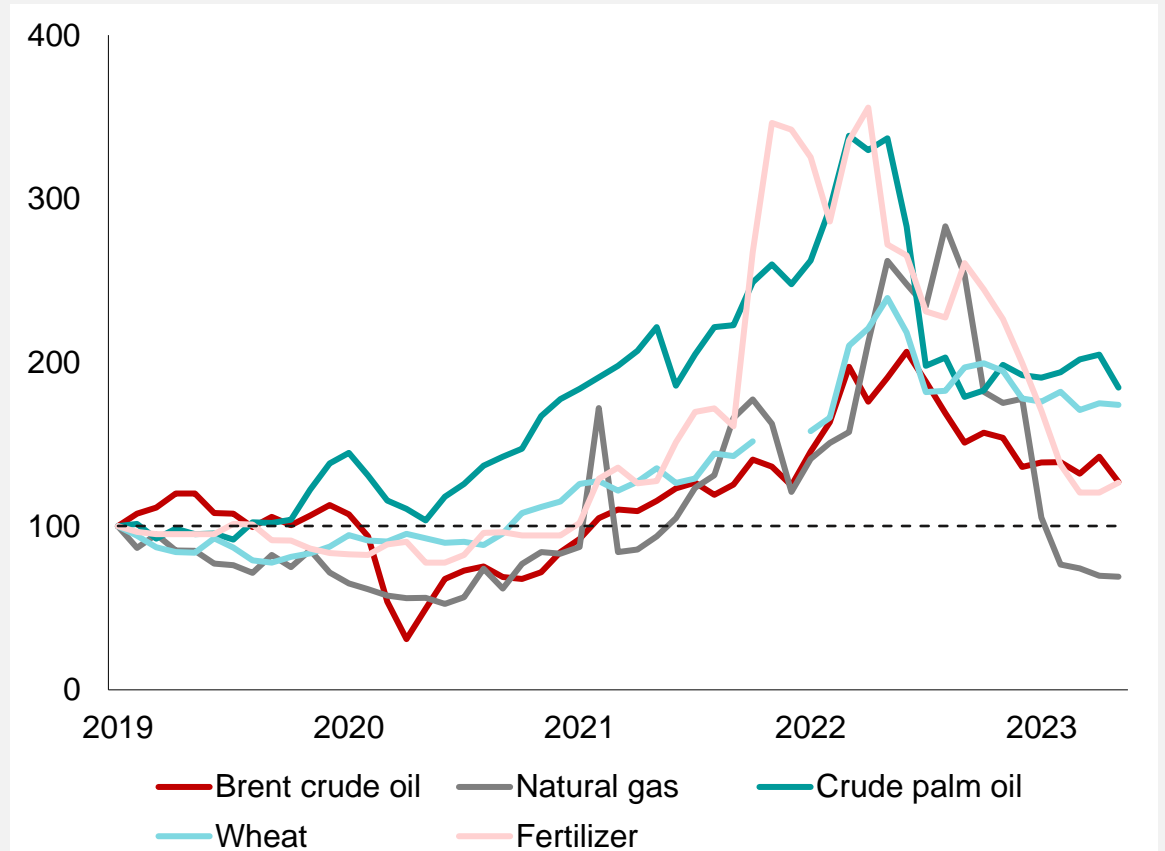
Inflation is moderating due mainly to lower commodity prices

ASEAN+3: Average Headline and Core Inflation
(Percent, year-on-year)



Source: National authorities via Haver Analytics; AMRO staff calculation.
Note: Average headline and core inflation refer to the respective trim means, which exclude outliers. Core inflation excludes food and energy.

World: Commodity Prices
(Index, 2019 = 100)



Source: Bank Negara Malaysia, Financial Times, US Energy Information Administration, Wall Street Journal, and World Bank, via Haver Analytics.
Note: Wheat price refers to Kansas City wheat, natural gas refers to Henry Hub Natural Gas.

Marginal upward revision in growth for Plus-3, and downward revision for ASEAN

AMRO Staff Baseline Growth Estimates and Forecasts, 2023–24

Economy	Gross Domestic Product (Percent year-on-year)				
	2022 ^e	AREO 2023 (April 2023)		AREO 2023 Quarterly Update (July 2023)	
		2023 ^f	2024 ^f	2023 ^f	2024 ^f
ASEAN+3	3.2	4.6	4.5	4.6	4.5
Plus-3	2.6	4.5	4.3	4.6 ↑	4.3
China	3.0	5.5	5.2	5.5	5.2
Hong Kong, China	−3.5	4.3	3.0	5.2	3.0
Japan	1.0	1.2	1.1	1.4	1.1
Korea	2.6	1.7	2.3	1.4	2.3
ASEAN	5.6	4.9	5.2	4.5 ↓	5.1 ↓
Brunei Darussalam	−1.6	2.8	2.6	1.0	2.2
Cambodia	5.2	5.9	6.7	5.7	6.2
Indonesia	5.3	5.0	5.3	5.0	5.3
Lao PDR	4.4	4.1	5.0	4.8	5.0
Malaysia	8.7	4.2	5.2	4.2	5.2
Myanmar	1.2	2.2	2.8	2.2	2.8
Philippines	7.6	6.2	6.5	6.2	6.5
Singapore	3.6	2.0	2.6	1.3	2.9
Thailand	2.6	4.1	4.3	3.9	4.0
Vietnam	8.0	6.8	7.1	4.4	6.4

Source: AMRO staff estimates.

Notes: e = estimates, f = forecast. Regional aggregates for growth are estimated using the weighted average of 2022 GDP on purchasing power parity basis. Myanmar's numbers are based on its fiscal year which runs from October 1 of the previous year to September 30 of the current year.

Inflation forecast has been revised downwards for most economies

AMRO Staff Baseline Inflation Estimates and Forecasts, 2023–24

Economy	Inflation (Percent year-on-year)					
	2022 ^e	AREO 2023 (April 2023)		AREO 2023 Quarterly Update (July 2023)		
		2023 ^f	2024 ^f	2023 ^f	2024 ^f	
ASEAN+3	6.5	4.7	3.0	6.3 ↑	3.4 ↑	
<i>ASEAN+3 ex. LA and MM</i>	4.1	3.4	2.5	3.0 ↓	2.4 ↓	
Plus-3	2.9	2.3	2.1	2.4 ↑	2.0 ↓	
China	2.0	2.0	2.5	1.2 ↓	1.8 ↓	
Hong Kong, China	1.9	2.3	2.5	2.3	2.5	
Japan	2.5	1.5	1.1	2.9 ↑	1.6 ↑	
Korea	5.1	3.3	2.2	3.2 ↓	2.2	
ASEAN	7.9	5.7	3.4	7.8 ↑	4.0 ↑	
<i>ASEAN ex. LA and MM</i>	4.7	3.9	2.7	3.3 ↓	2.6 ↓	
Brunei Darussalam	3.7	2.5	1.7	0.9 ↓	0.7 ↓	
Cambodia	5.4	3.3	3.1	2.8 ↓	3.0 ↓	
Indonesia	4.2	4.6	3.0	3.9 ↓	2.8 ↓	
Lao PDR	23.0	11.4	4.2	25.7 ↑	8.0 ↑	
Malaysia	3.3	3.2	1.9	3.1 ↓	2.6 ↑	
Myanmar	18.2	14.0	8.0	26.0 ↑	11.0 ↑	
Philippines	5.8	5.9	3.8	5.9	3.8	
Singapore	6.1	5.8	3.7	5.4 ↓	3.6 ↓	
Thailand	6.1	2.8	2.1	1.9 ↓	1.8 ↓	
Vietnam	3.2	3.0	2.5	2.9 ↓	2.7 ↑	

Source: AMRO staff estimates.

Notes: e = estimates, f = forecast. Regional aggregates for inflation are computed using simple averaging. Myanmar's numbers are based on its fiscal year which runs from October 1 of the previous year to September 30 of the current year.

Key messages

- ASEAN+3 is on track to expand by 4.6 percent in 2023.
 - *Growth in ASEAN+3 will be anchored by domestic demand.*
 - *Recovery in tourism would partially offset weak goods exports.*
- Headline inflation is expected to moderate further to 3.0 percent in 2023 due mainly to lower global commodity prices.
- Downside risks have receded slightly primarily on account of better-than-expected improvement in the global economy.

Thank you



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