

ASEAN+3 Regional Economic Outlook – January 2024 Update

Resilient Growth, Receding Inflation

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January 18, 2024

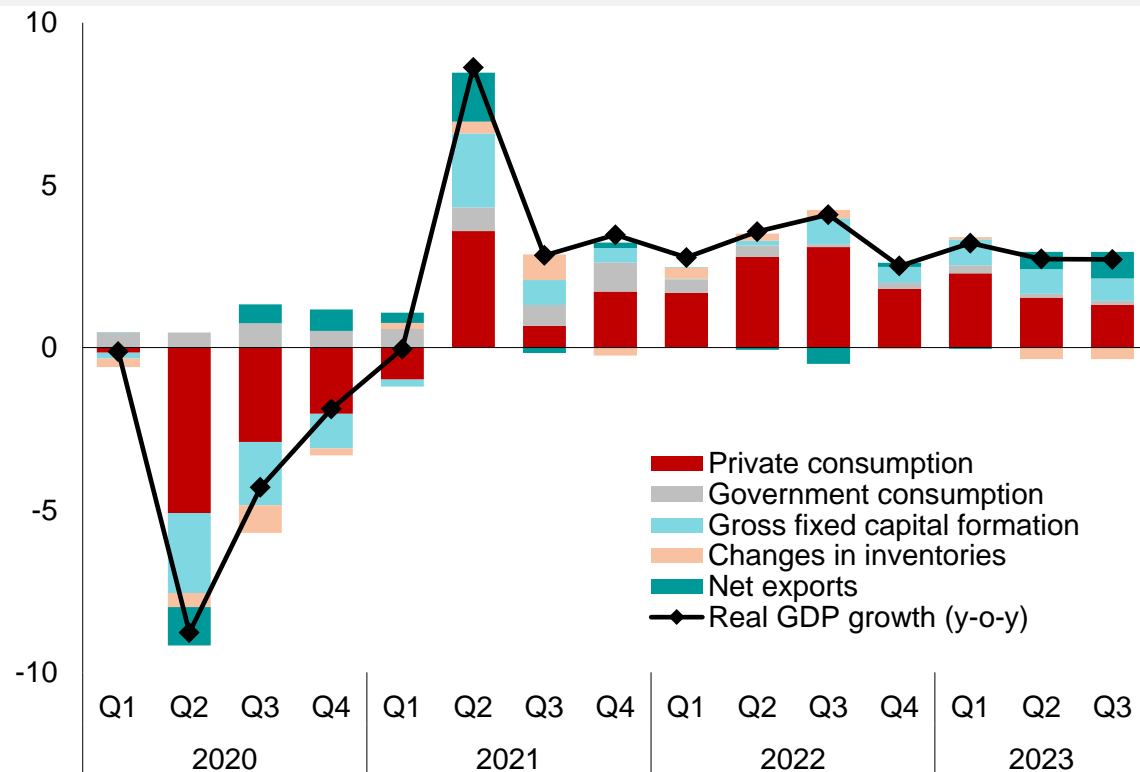


Domestic demand remains the anchor of growth

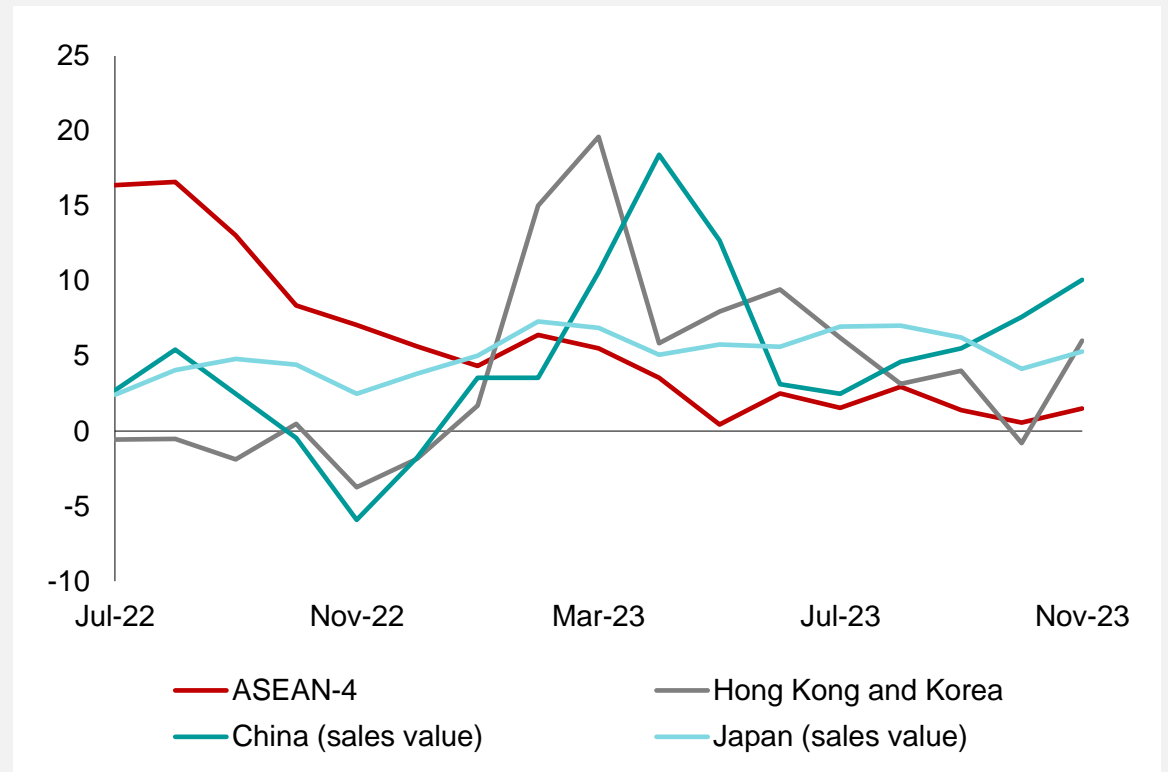
Firm household spending was underpinned by strong employment conditions amid lower inflation

Retail sales have also been bolstered by the robust recovery in travel and tourism

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



Selected ASEAN+3: Retail Sales Volume
(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.

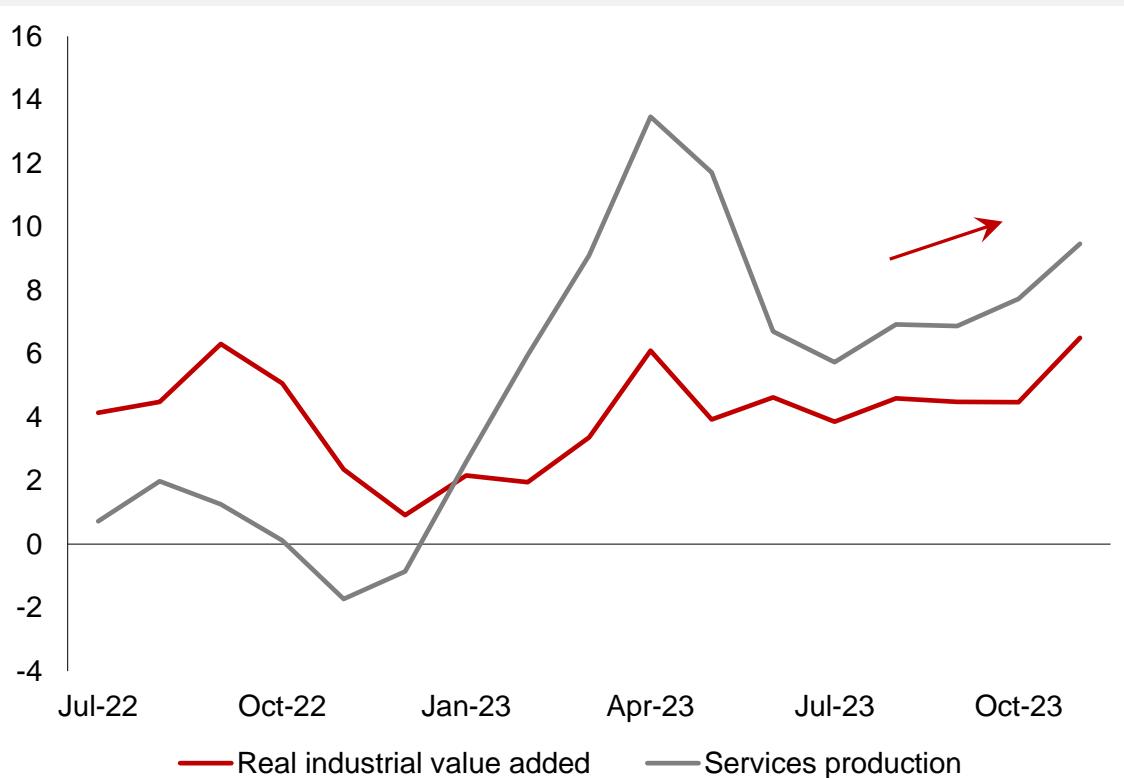
Source: National authorities via Haver Analytics; AMRO staff calculations.
Note: ASEAN-4 includes Indonesia, Malaysia, Singapore, and Thailand.

Economic activities in China appear to be stabilizing

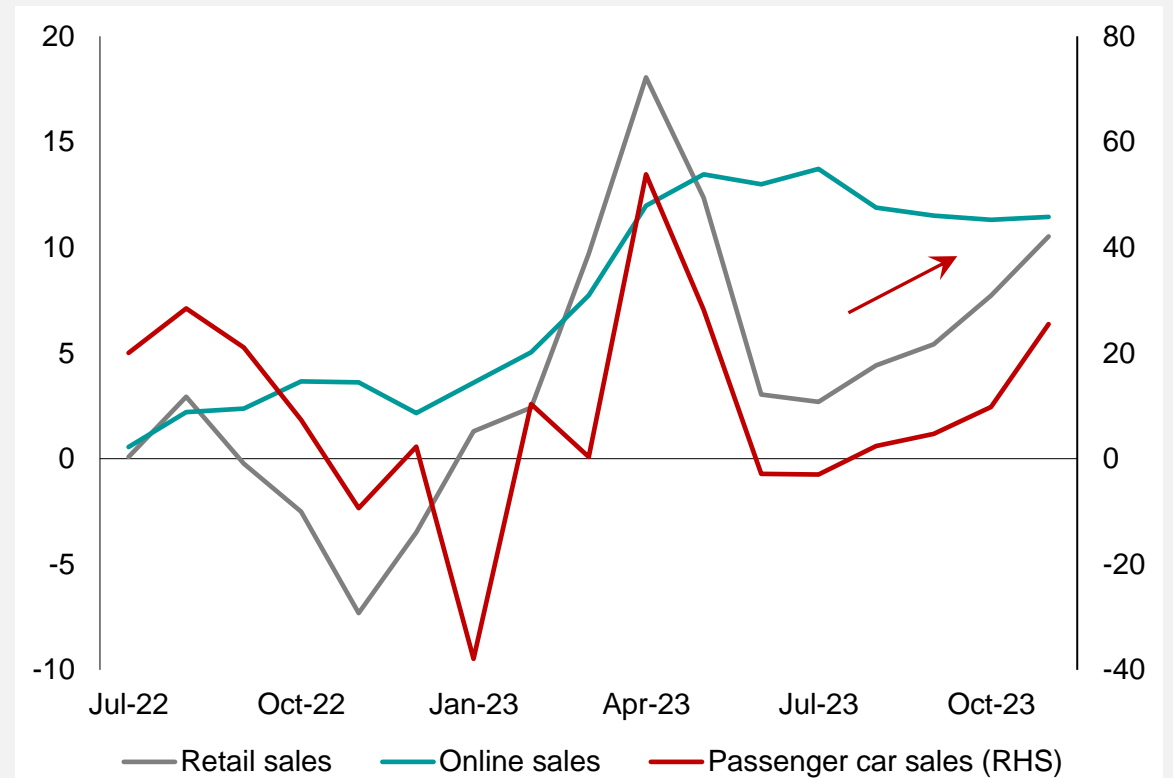
Industrial production and the services sector continue to expand

Consumer spending for durable goods and retail products remain firm

China: Industrial Value added and Services Production
(Percent, year-on-year)



China: Real Consumer Spending
(Percent year-on-year)



Source: National authorities via Haver Analytics.

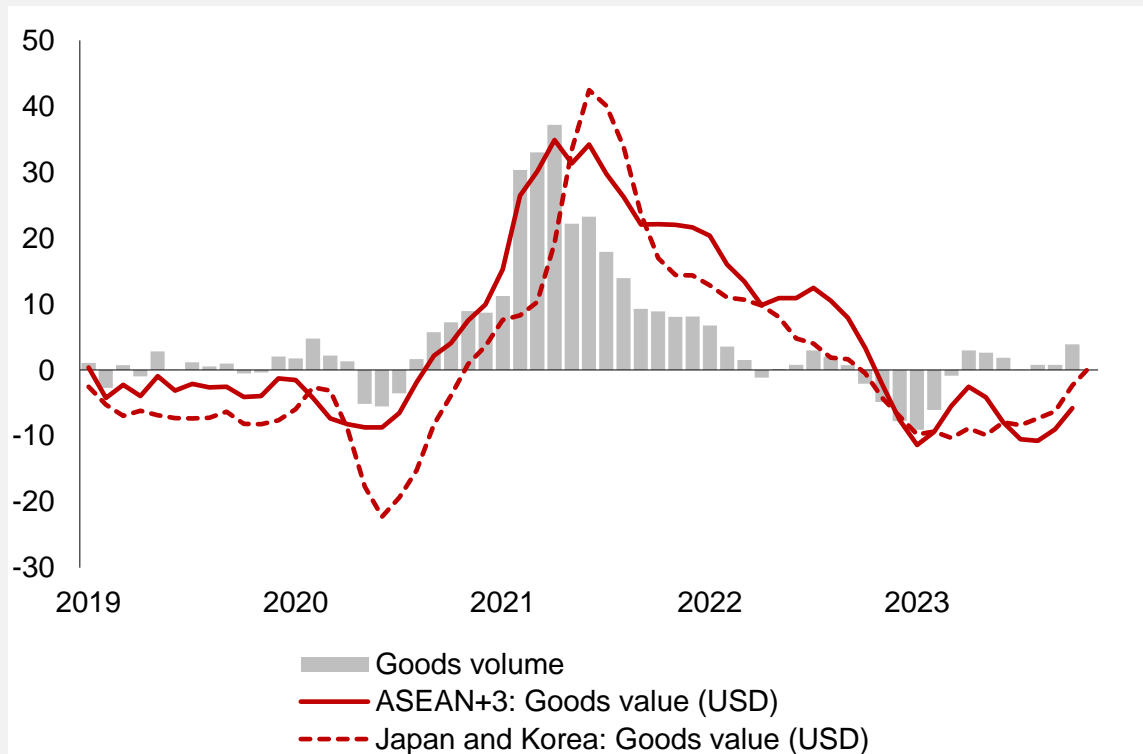
Source: National authorities via Haver Analytics.
Note: Real retail sales and online sales are estimated by deflating nominal sales with the consumer price index. Passenger car sales refer to units of passenger cars sold.

ASEAN+3 goods exports is gradually improving

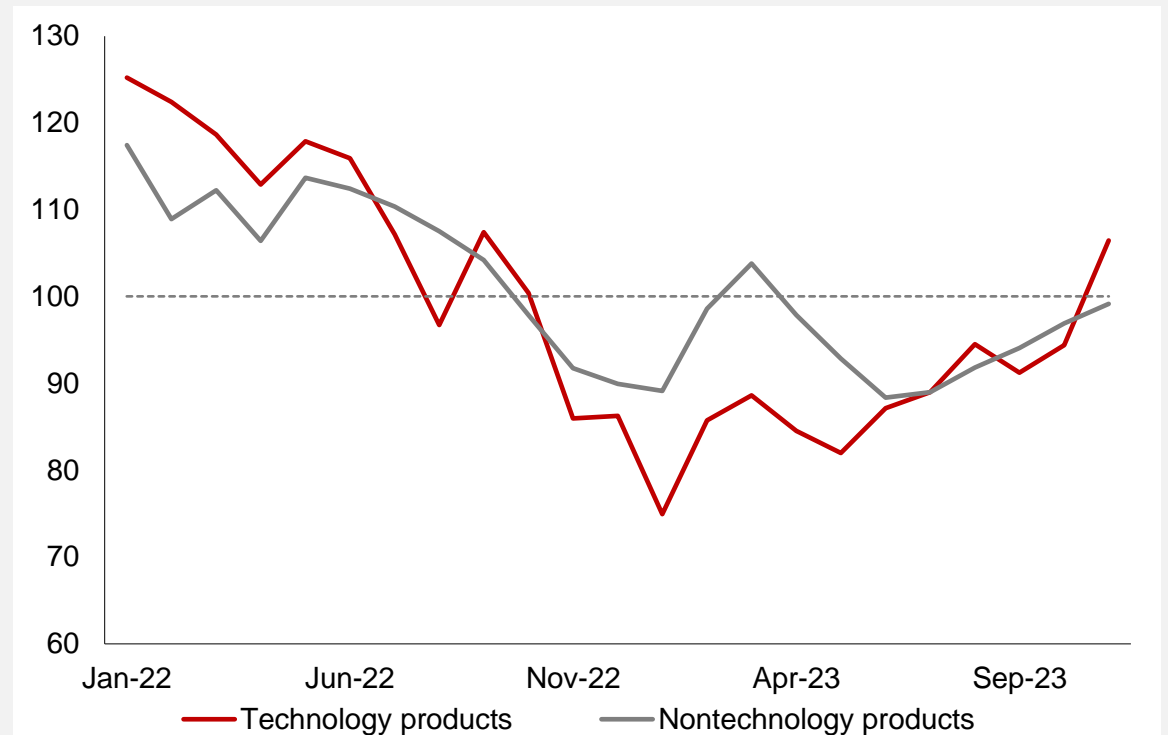
Goods exports—led by exports from the Plus-3 economies—have contracted less

Tech exports have started to recover, mitigating the weak demand for non-tech products

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



Selected ASEAN+3: Export Growth, by Product Type
(Index, Corresponding month in previous year = 100)



Source: National authorities via Haver Analytics; AMRO staff calculations.
Note: Goods exports data are up to October 2023 and are 3-month moving averages.

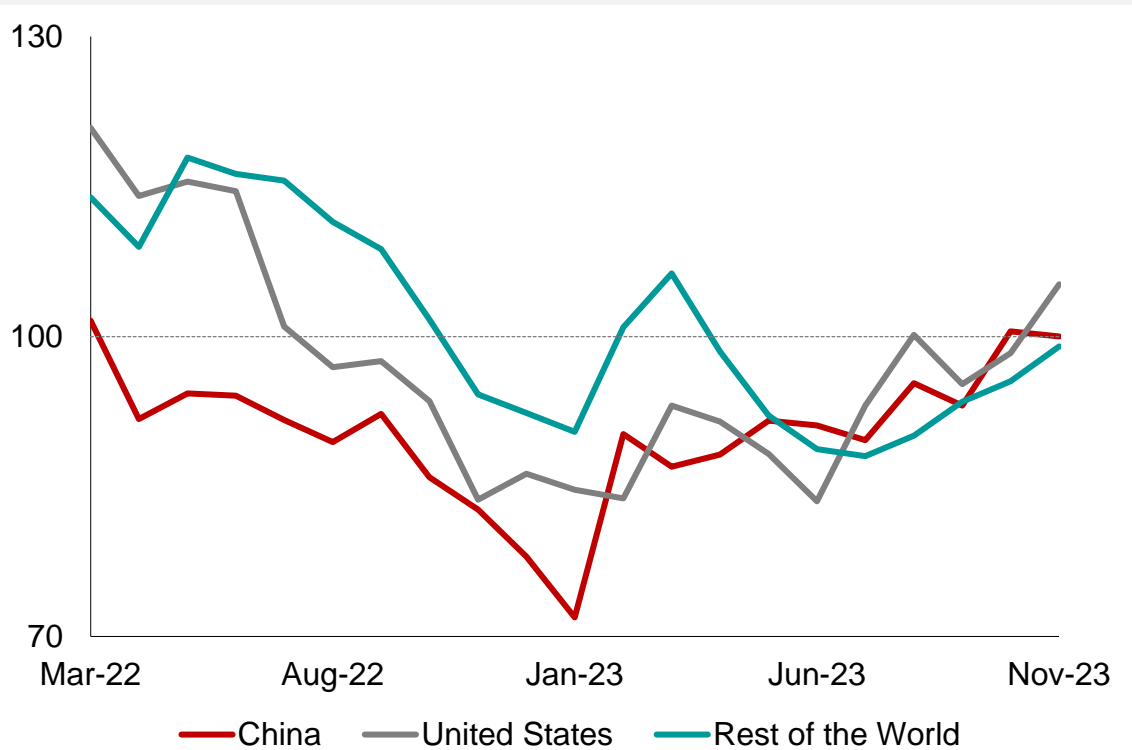
Source: IHS Markit; and AMRO staff calculations.
Note: Data refers to export values in US dollars. "Technology products" covers goods that fall under HS codes 8541-42 and 8486 (all semiconductor-related). Data excludes Cambodia, Myanmar, and Lao PDR.

Exports to most major markets, particularly the United States, have picked up

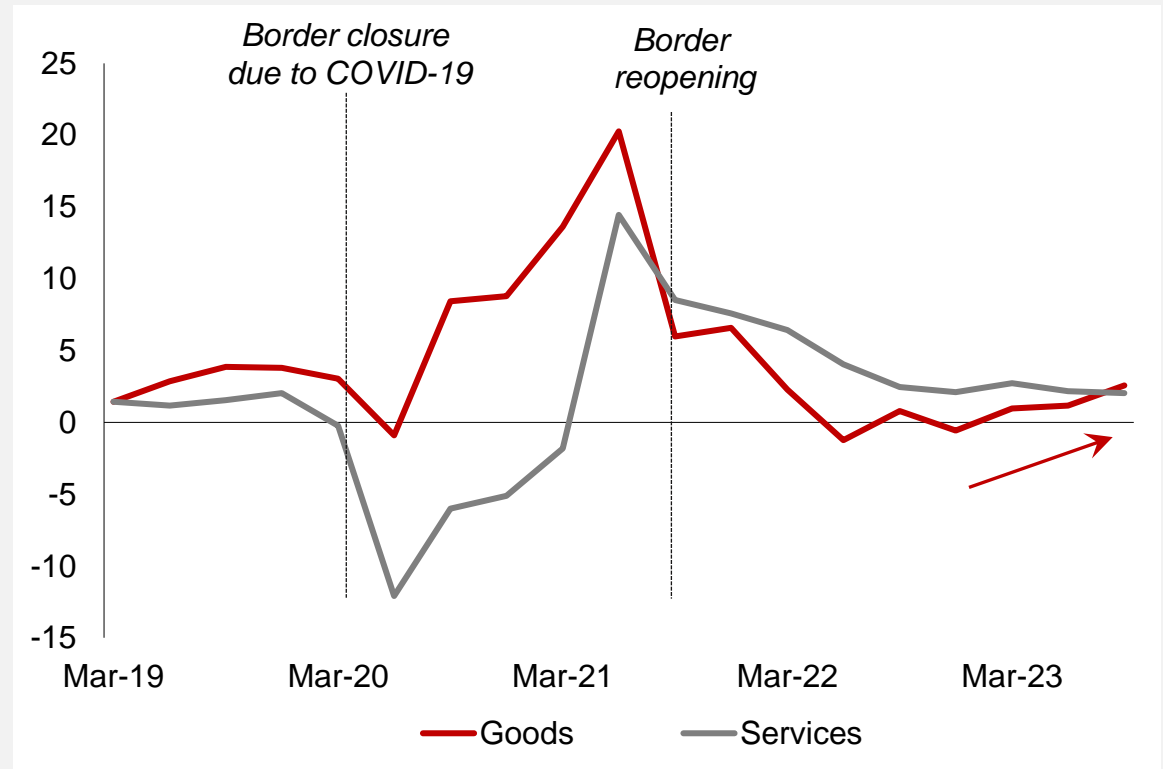
Exports to the US and other major markets improved further

Strengthening goods consumption in the United States augurs well for regional exports

ASEAN+3: Exports by Market
(Corresponding month in previous year = 100)



United States: Growth of Real Personal Consumption Expenditure
(Percent year-on-year)



Source: IHS Markit and AMRO staff calculations.
Note: Exports to China refers to exports by ASEAN+2 to China.

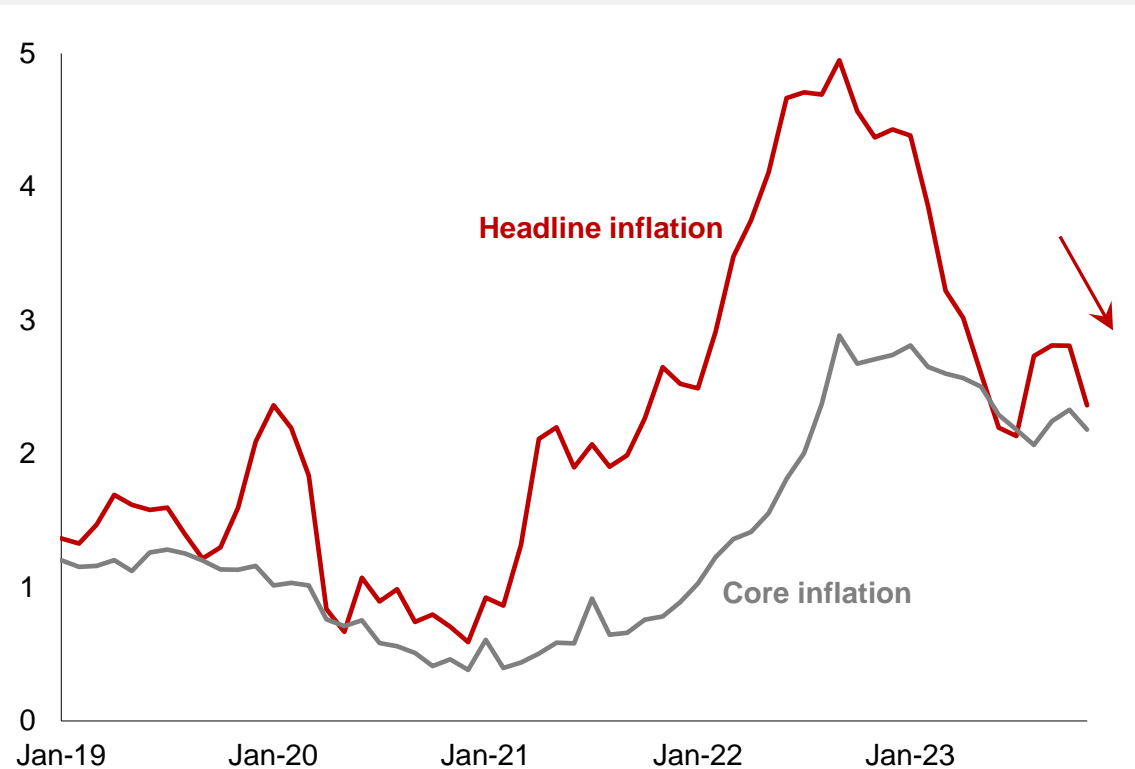
Source: US Bureau of Economic Analysis via Haver Analytics and AMRO staff estimates.
Note: For more details, please refer to Box 1 of the AREO Jan 2024 Update

Headline inflation moderated further in tandem with global commodity prices

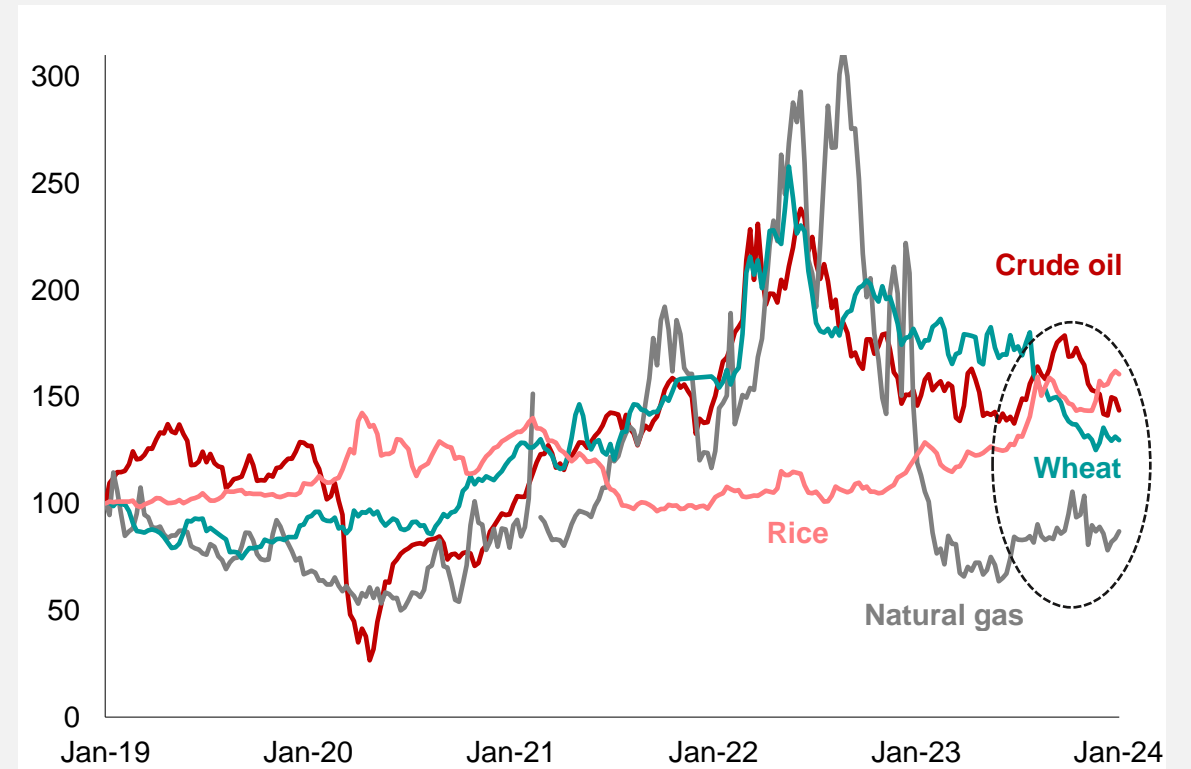
Inflation moderated further in the fourth quarter of 2023...

...in line with declining food and energy prices

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



World: Commodity Prices
(Index, 4 January 2019 = 100)



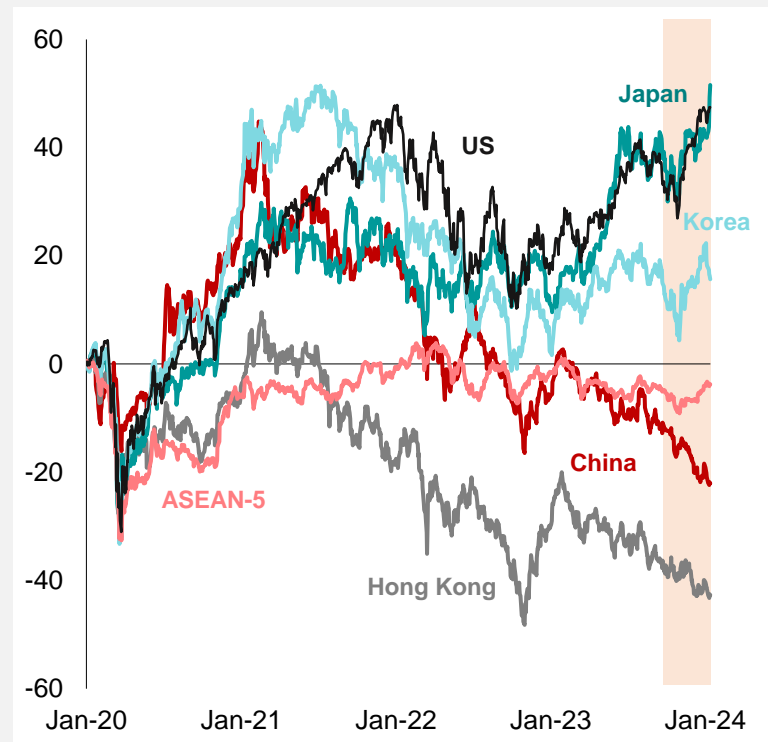
Source: National authorities via Haver Analytics; AMRO staff calculation.
Note: Core inflation excludes food and energy. For Singapore, core inflation refers to the MAS core inflation.
Data excludes Lao PDR and Myanmar, are up to November 2023, except Cambodia (up to August 2023).

Source: Energy Information Administration; Wall Street Journal; Thai Rice Exporters Association, via Haver Analytics; AMRO staff calculations.

Regional financial markets performed better since *Oct Update*

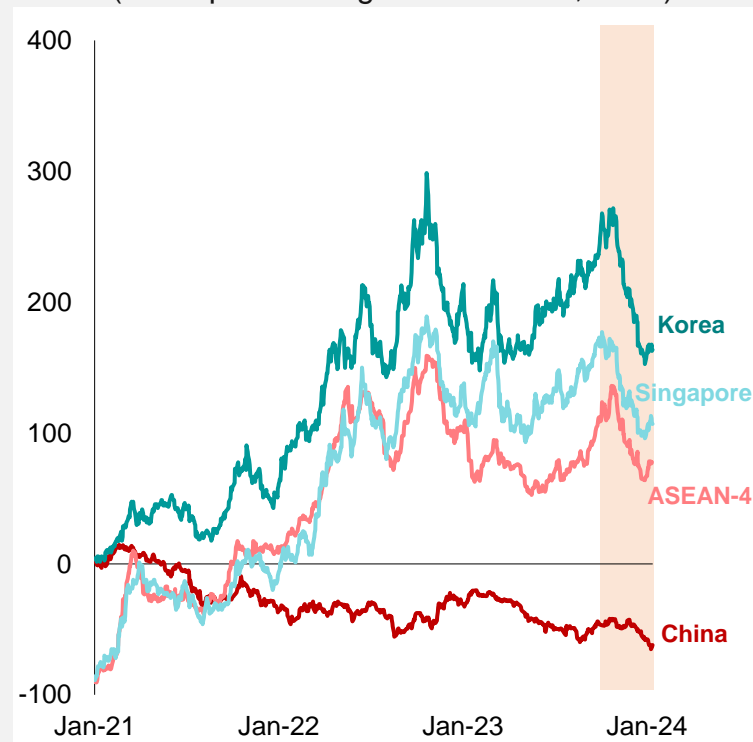
Most regional stock markets rose in line with global stock markets

Selected ASEAN+3: Equity Market Indices
(Change in index from Dec 31, 2019)



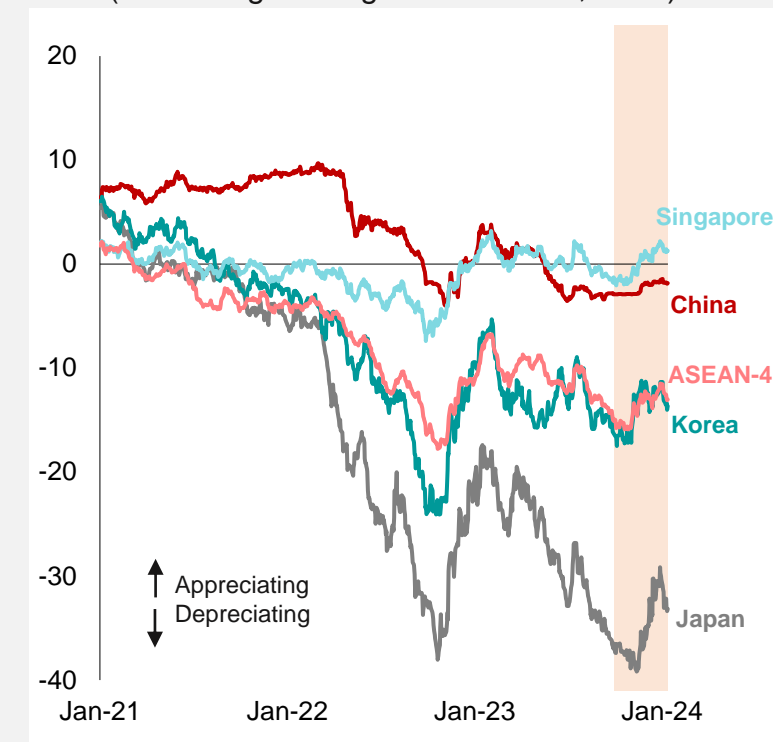
Bond yields have fallen to their lowest levels since 2023

Selected ASEAN+3: 10-year Government Bond Yields
(Basis point change from Dec 31, 2019)



Most regional currencies appreciated against the US dollar

Selected ASEAN+3: Currencies against USD
(Percentage change from Dec 31, 2019)



Source: National authorities via Haver Analytics and AMRO staff calculations.
Note: ASEAN-5 (average) is simple mean of returns since December 31, 2019 in benchmark equity indices of Indonesia, Philippines, Malaysia, Thailand and Singapore. Data as of January 12, 2024.

Source: National authorities via Haver Analytics and AMRO staff calculations.
Note: ASEAN-4 (average) is the simple mean of changes for Indonesia, Philippines, Malaysia, and Thailand. Data as of January 12, 2024.

Source: National authorities via Haver Analytics and AMRO staff calculations.
Note: ASEAN-4 (average) is the simple mean of changes in bilateral exchange rate against the US dollar of Indonesia, Malaysia, the Philippines, and Thailand. Data as of January 12, 2024.

Growth will strengthen in 2024

AMRO Staff Baseline Growth Estimates and Forecasts, 2023–24

Economy	Gross Domestic Product (Percent year-on-year)				
	2022 ^e	AREO 2023 Quarterly Update (October 2023)		AREO 2023 Quarterly Update (January 2024)	
		2023 ^e	2024 ^f	2023 ^e	2024 ^f
ASEAN+3	3.2	4.3	4.5	4.4	4.5
Plus-3	2.6	4.3	4.4	4.4	4.4
China	3.0	5.0	5.3	5.2	5.3
Hong Kong, China	-3.5	4.7	3.3	3.6	3.5
Japan	1.0	1.9	1.1	1.9	1.1
Korea	2.6	1.3	2.4	1.3	2.3
ASEAN	5.6	4.4	5.0	4.3	4.9
Brunei Darussalam	-1.6	1.1	2.0	0.2	2.4
Cambodia	5.2	5.3	6.2	5.3	6.2
Indonesia	5.3	5.0	5.2	5.0	5.2
Lao PDR	4.4	4.8	5.0	4.3	4.7
Malaysia	8.7	4.2	5.2	4.2	5.0
Myanmar	1.2	2.2	2.8	3.4	3.2
Philippines	7.6	5.9	6.5	5.6	6.3
Singapore	3.6	1.0	2.9	1.2	2.6
Thailand	2.6	3.5	3.9	2.7	3.3
Vietnam	8.0	4.7	6.0	5.1	6.0

● Revised upwards from October ● Revised downwards from October ● Maintained from October

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 new fiscal year which runs from April 1 of the previous year to March 31 of the current year. However, forecasts from the October Update are based on the old fiscal year, which runs from October 1 of the previous year to September 30 of the current year.

Inflation is expected continue to moderate

AMRO Staff Baseline Inflation Estimates and Forecasts, 2023–24

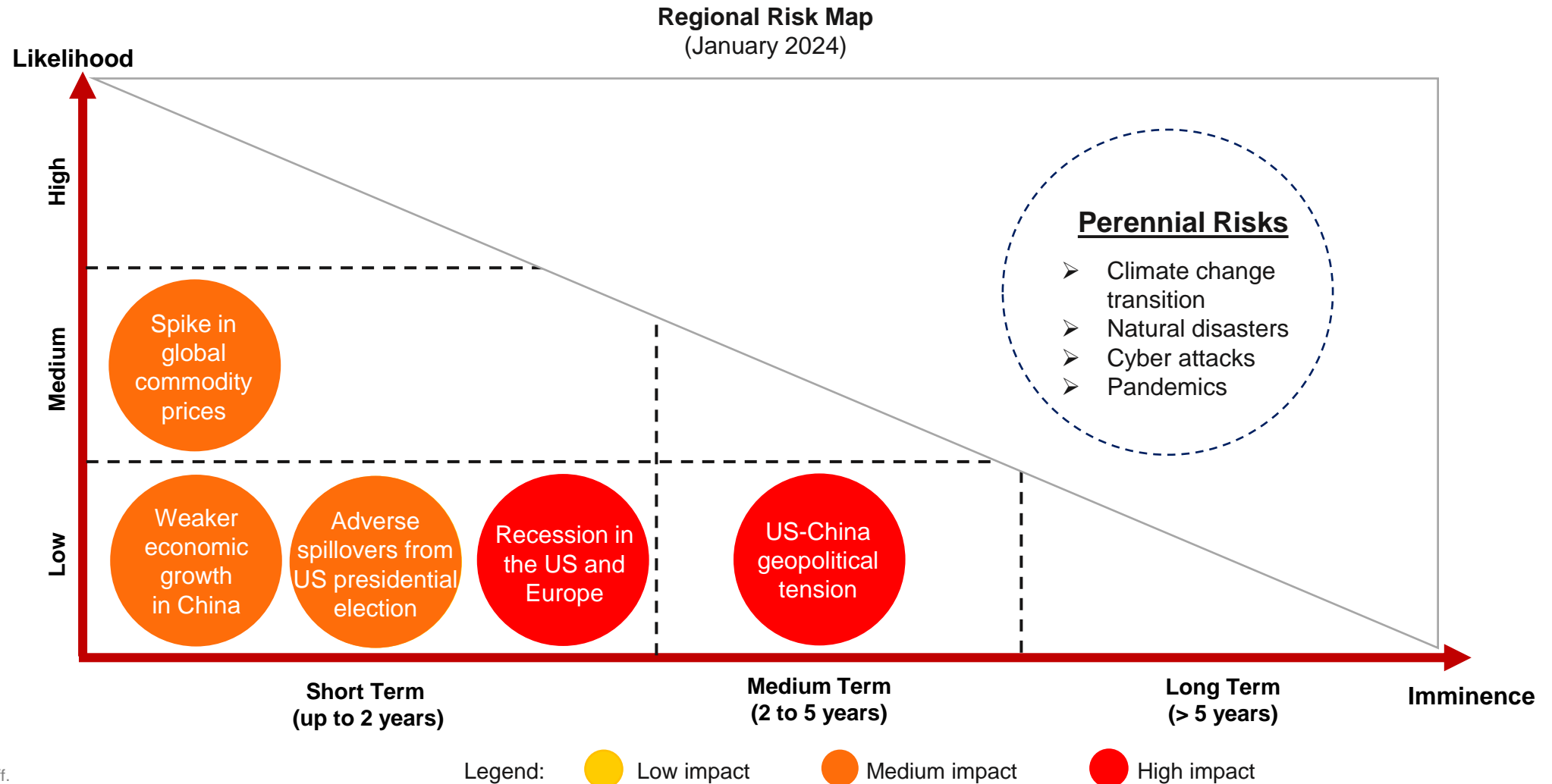
Economy	Inflation (Percent year-on-year)				
	2022 ^e	AREO 2023 Quarterly Update (October 2023)		AREO 2023 Quarterly Update (January 2024)	
		2023 ^e	2024 ^f	2023 ^e	2024 ^f
ASEAN+3	6.1	6.5	3.8	6.6	4.4
<i>ASEAN+3 ex. LA and MM</i>	4.1	2.9	2.6	2.8	2.6
Plus-3	2.9	2.4	2.0	2.3	2.2
China	2.0	0.6	1.4	0.3	1.4
Hong Kong, China	1.9	2.3	2.5	2.0	2.5
Japan	2.5	3.1	1.9	3.1	2.5
Korea	5.1	3.4	2.3	3.6	2.5
ASEAN	7.4	8.2	4.5	8.3	5.3
<i>ASEAN ex. LA and MM</i>	4.7	3.2	2.8	3.1	2.8
Brunei Darussalam	3.7	1.0	1.1	0.3	1.4
Cambodia	5.3	2.3	2.7	2.6	3.1
Indonesia	4.2	3.8	2.8	3.7	2.8
Lao PDR	23.0	30.0	11.2	31.2	14.3
Malaysia	3.3	3.1	2.6	2.6	2.5
Myanmar	13.2	26.0	11.0	27.2	16.1
Philippines	5.8	5.5	3.8	6.0	3.6
Singapore	6.1	5.2	4.1	5.0	3.8
Thailand	6.1	1.6	2.0	1.3	2.0
Vietnam	3.2	3.3	3.4	3.3	3.1

● Revised upwards from October ● Revised downwards from October ● Maintained from October

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 new fiscal year which runs from April 1 of the previous year to March 31 of the current year. However, forecasts from the October Update are based on the old fiscal year, which runs from October 1 of the previous year to September 30 of the current year.

Balance of risks continues to tilt to the downside



Key messages

- Growth for ASEAN+3 in 2023 was better than expected following exports turnaround and moderating inflation.
- Growth will strengthen further by 4.5 percent in 2024, underpinned by resilient domestic demand and a recovery in the external sector.
- Headline inflation is projected to continue to moderate in 2024, consistent with moderating global commodity prices.
- Uncertainty surrounding the outlook remains: export recovery not fully entrenched, while upside risk to inflation remains salient.

Thank you



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