

# ASEAN+3 Regional Economic Outlook – July 2024 Update

Sustained growth with continued disinflation

Regional Surveillance

July 16, 2024



## Key Highlights



**Sustained momentum:** ASEAN+3 on track to achieve steady growth in 2024 and 2025, underpinned by resilient domestic demand and recovery in exports.



**Easing inflation:** Inflation continues to ease but possibility of higher inflation cannot be ruled out if commodity and shipping prices escalate further.



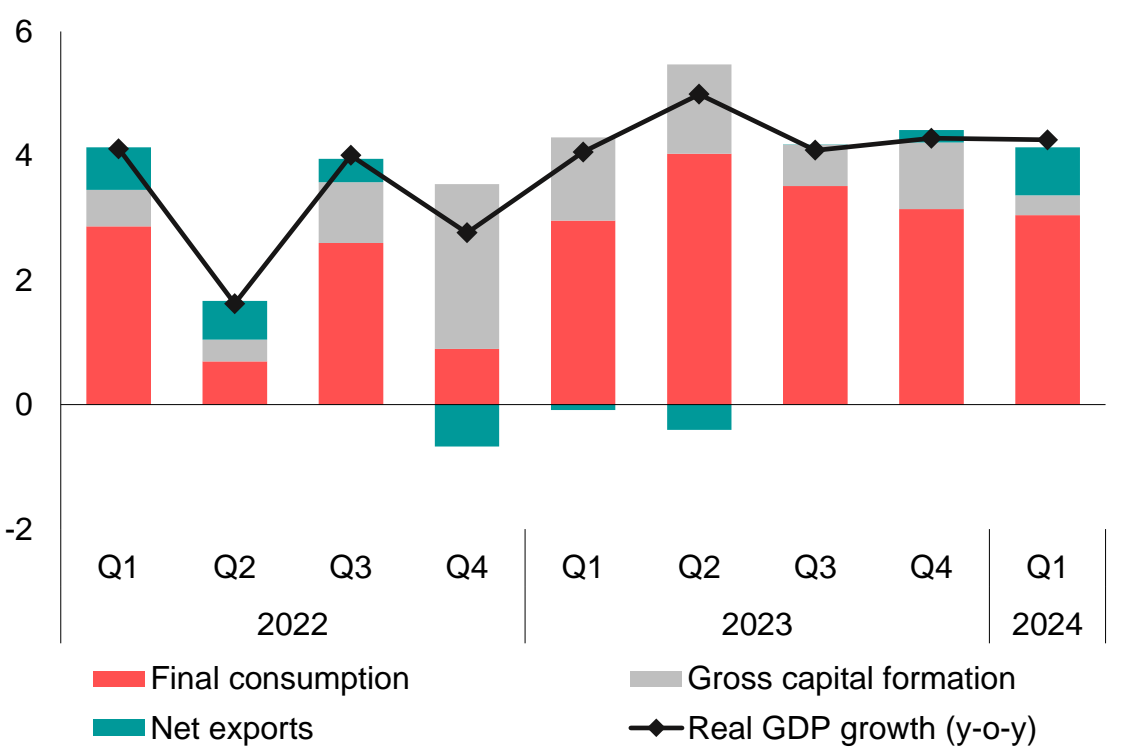
**Risks remain:** In particular, US-related risks factors have become more salient. Rebuilding of policy space essential for the region to prepare for future shocks.

# Domestic demand continues to be a key driver of growth

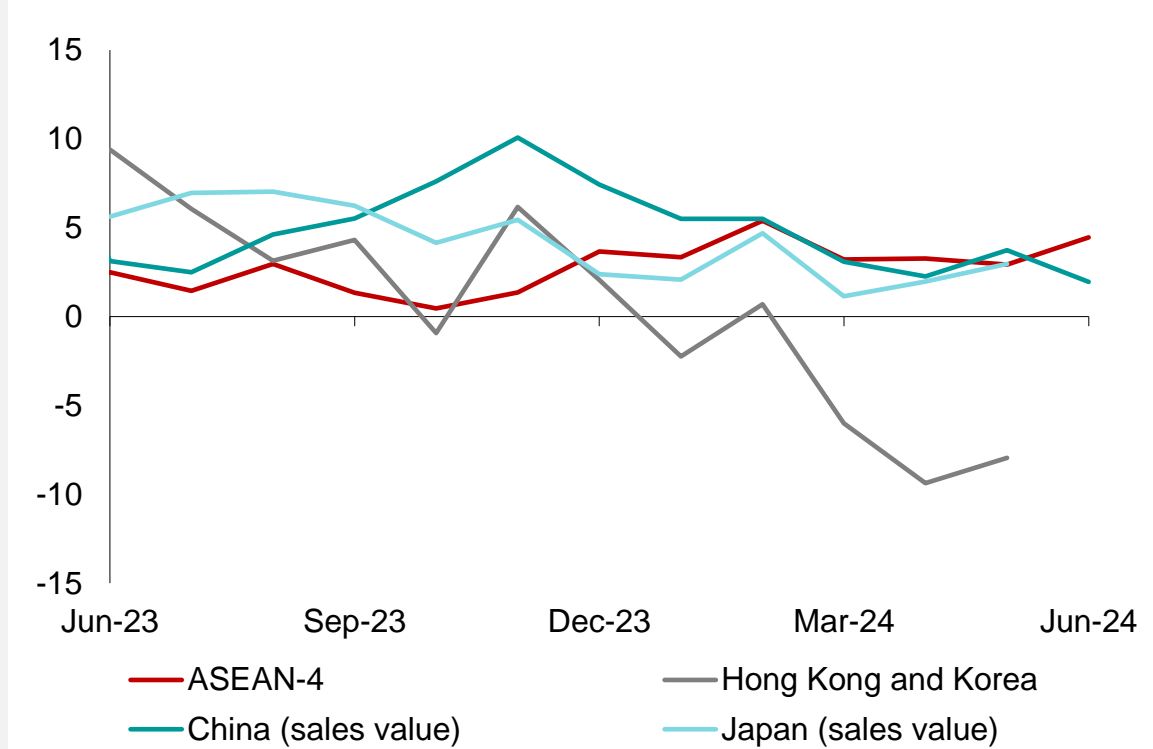
*Firm household spending was underpinned by strong employment conditions amid lower inflation*

*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 staff calculations.  
Note: Statistical discrepancies are not shown. Excludes Cambodia, Lao PDR, Myanmar, and Vietnam due to data unavailability.

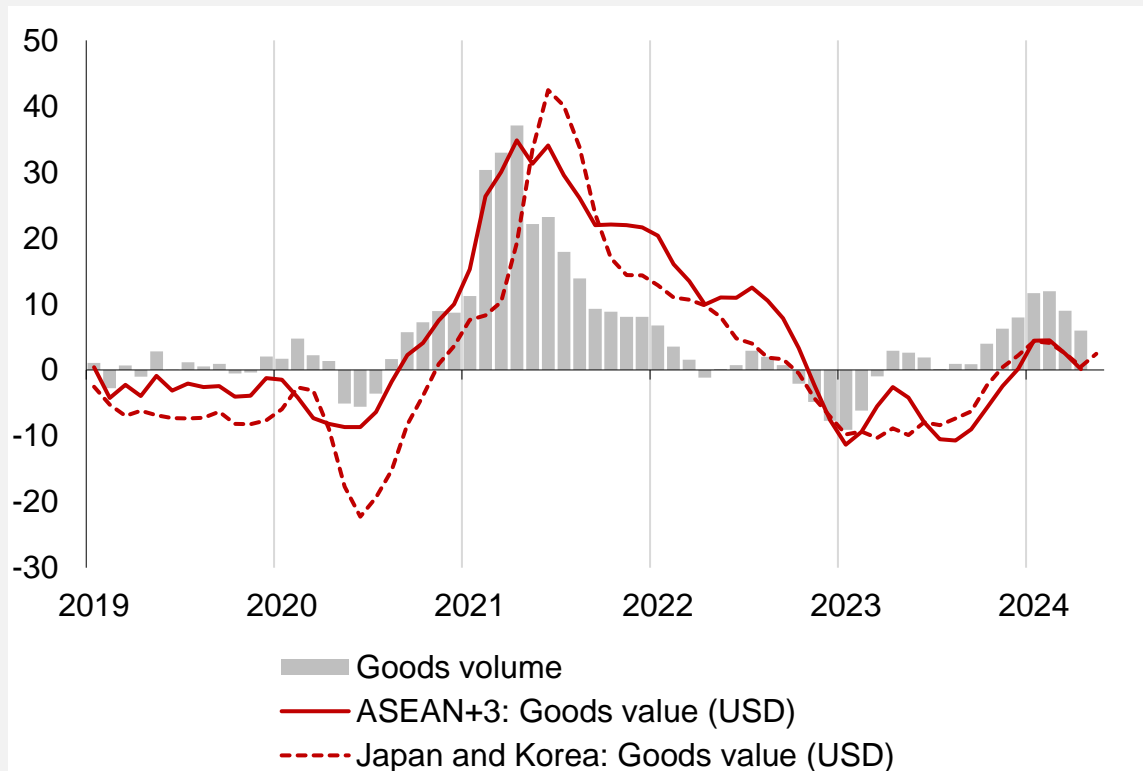
Source: National authorities via Haver Analytics; AMRO staff calculations.  
Note: ASEAN-4 includes Indonesia, Malaysia, Singapore, and Thailand.

# Turnaround in exports of goods and services remains

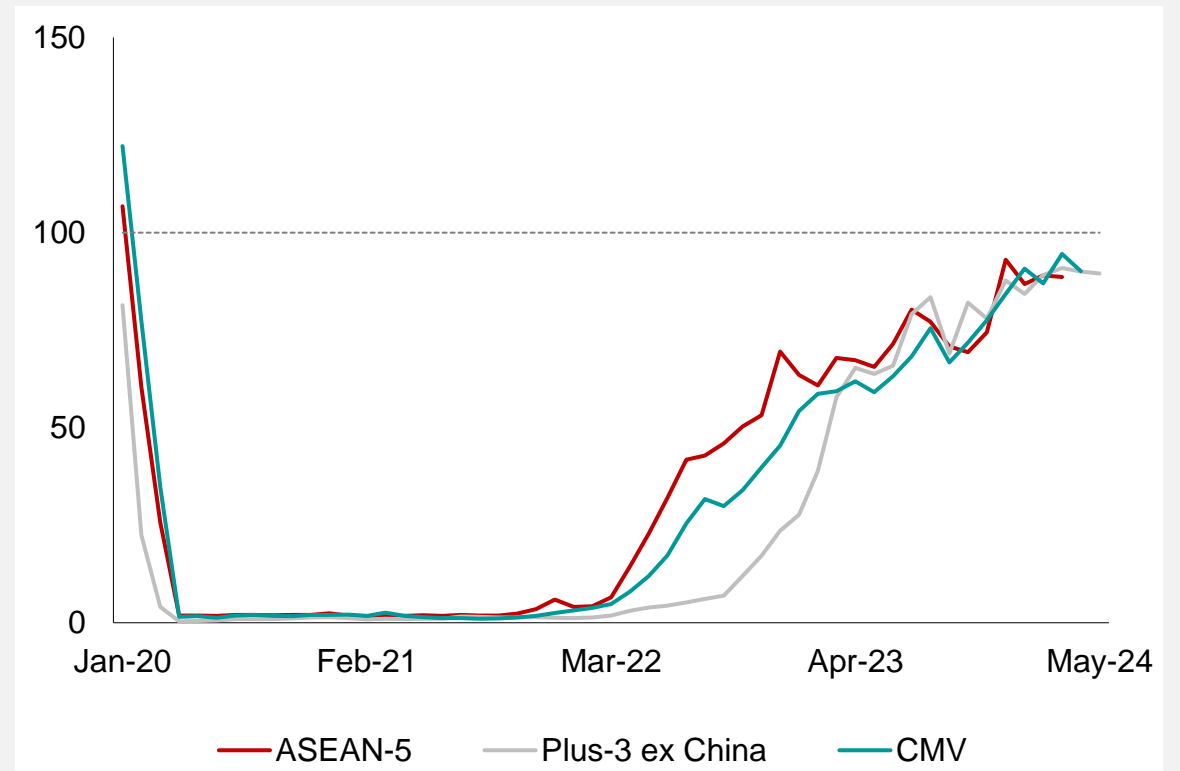
*Anticipated recovery in goods exports is materializing, led by Japan and Korea*

*Tourism recovery continues apace, aided in part by visa waiver for Chinese tourists*

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



**Selected ASEAN+3: Tourist Arrivals**  
(Index, 2019 = 100)



Source: National authorities via Haver Analytics; AMRO staff calculations.  
Note: Goods exports data are up to April 2024 and are 3-month moving averages.

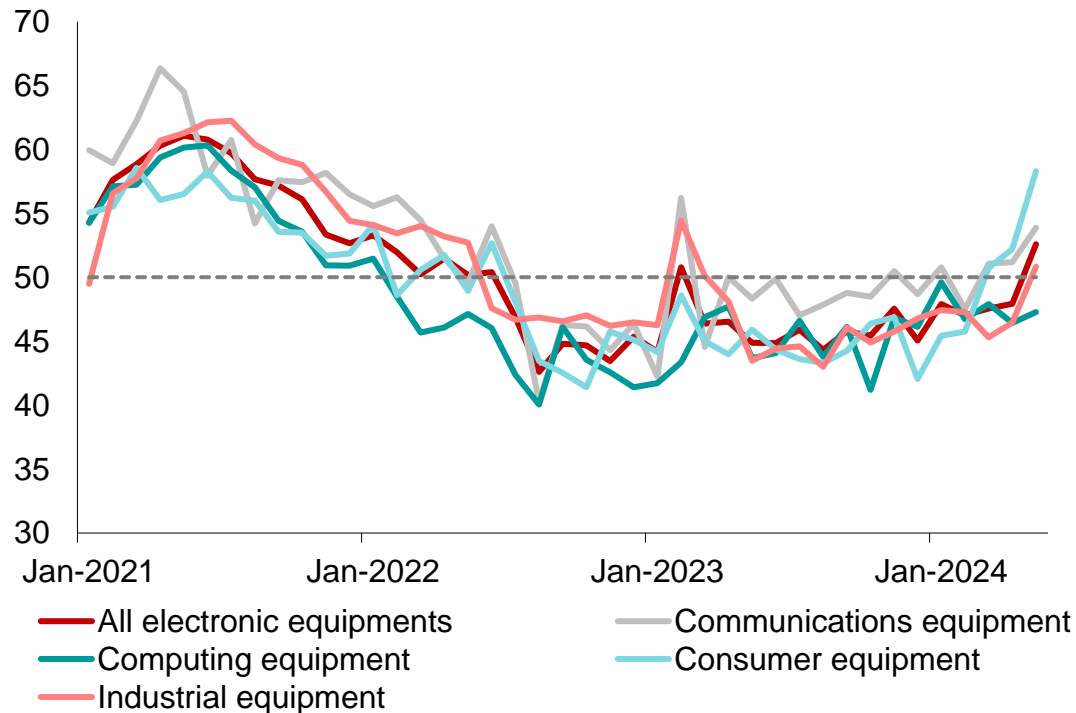
Source: National authorities via Haver Analytics.  
Note: Excludes Lao PDR due to data unavailability. ASEAN-5 = Indonesia, Malaysia, Philippines, Singapore and Thailand; CMV = Cambodia, Myanmar and Vietnam; Plus-3 ex China = Hong Kong, Japan, and Korea. Data up to March 2024 (ASEAN-5), April 2024 (CMV), and May 2024 (Plus-3 ex China).

# Exports recovery broadening especially in semiconductors

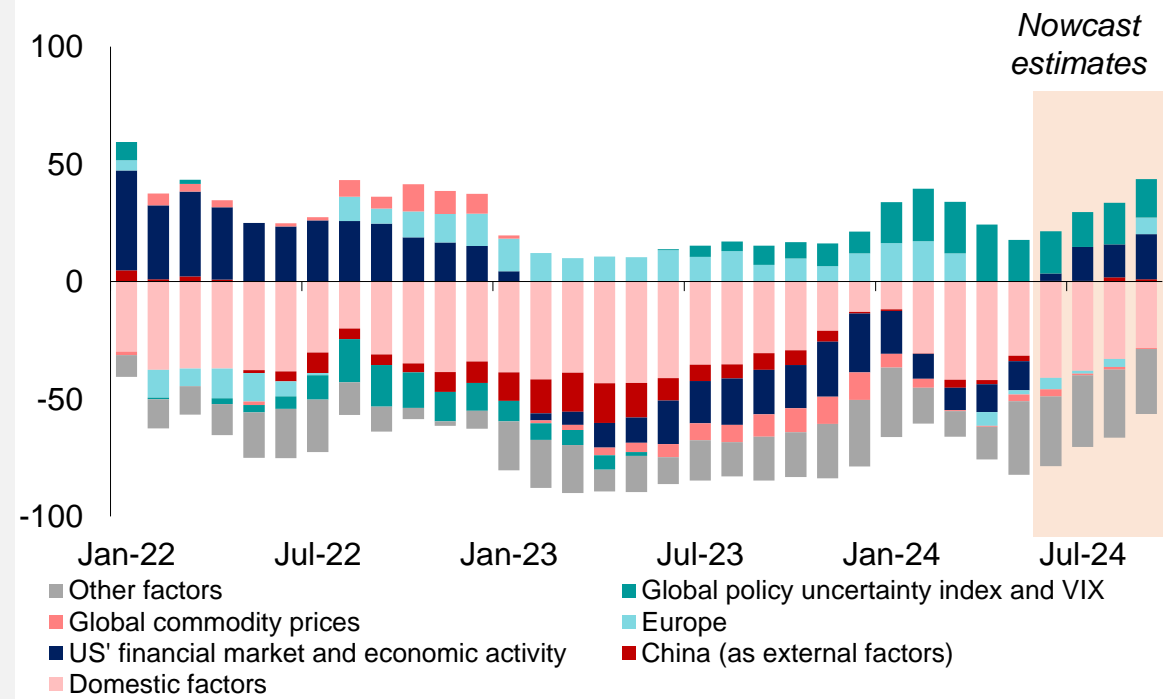
Broad-based increase in demand for semiconductors seen, supporting broader exports recovery in the region

Improving economic activity in the US and reduced global economic uncertainty to support overall near-term regional exports

**Global: Electronics New Orders PMI**  
(Index, >50 = expansion)



**ASEAN+3: Variable Drivers of ML-based Export Growth**  
(Percent contribution to monthly growth estimate)



Source: S&P Global via Haver Analytics.

Source: MarineTraffic; Haver Analytics; and AMRO staff calculations.

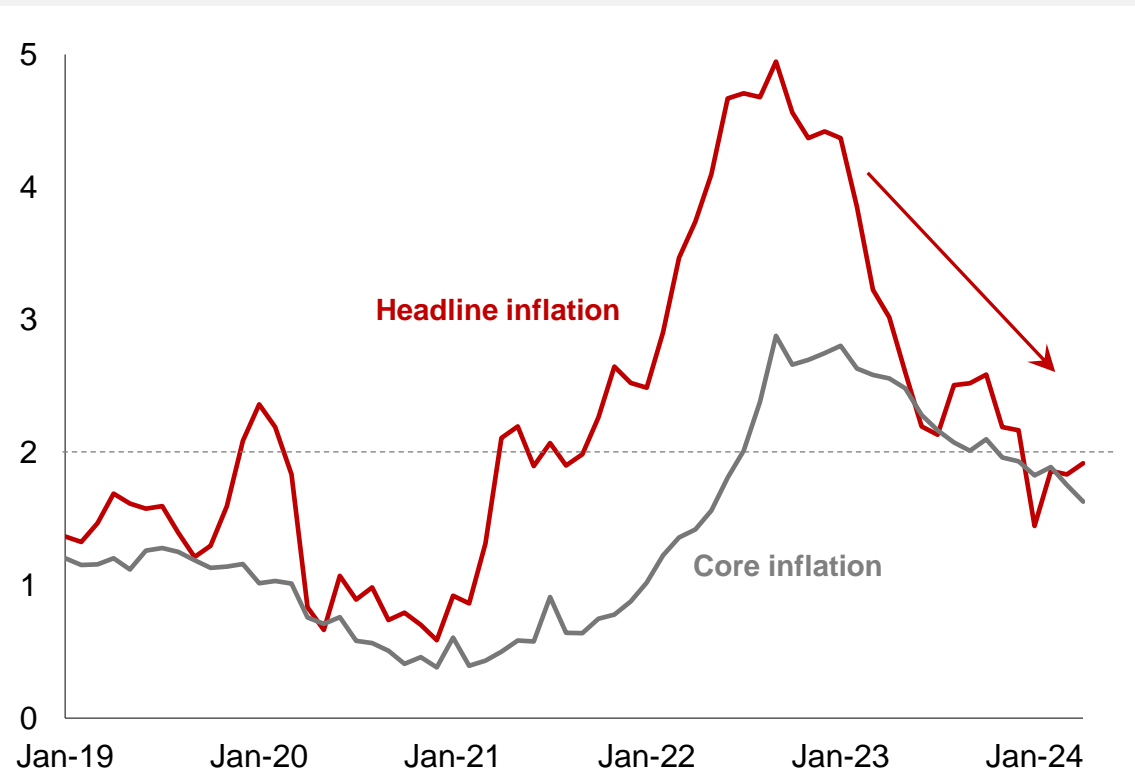
Note: Variable importance is derived from Shapley values, which are additive in terms of the difference between the model's prediction and the average prediction across multiple scenarios; thus, the sum may differ from the model prediction. Absolute values of all variables = 100. Variable groupings are based on the categories indicated in del Rosario, Quach, and Wynn (2024). Data cover up to July 1, 2024.

# Disinflation continues, albeit at a slower rate

While broadly trending downwards, headline inflation rose in recent months...

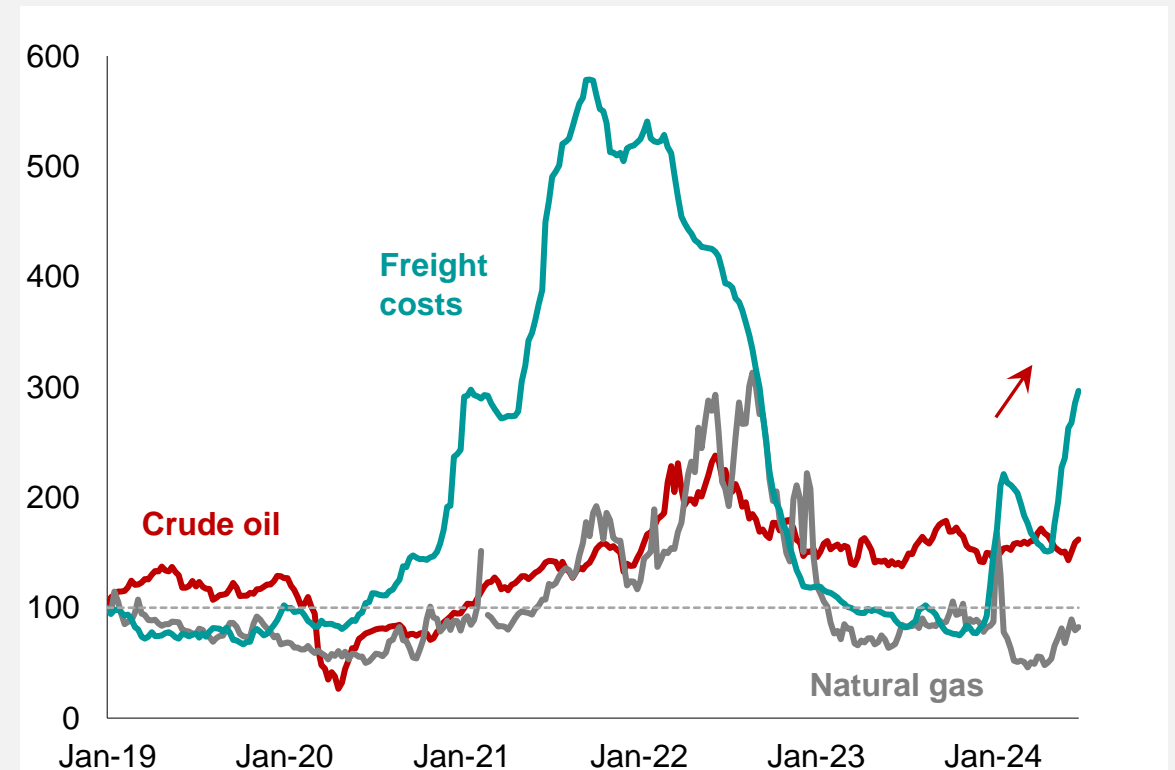
...due mainly to the uptick in transportation and energy prices

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



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 May 2024, except Cambodia (April 2024).

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



Source: Energy Information Administration; Drewry Shipping Consultants Ltd, via Haver Analytics; AMRO staff calculations.  
Note: Freight costs refer to the Drewry Composite Freight Rate for 40-foot containers.

# Uncertainty over US interest rate direction has weighed on regional financial markets

*Activity in most regional stock markets weakened in recent weeks*

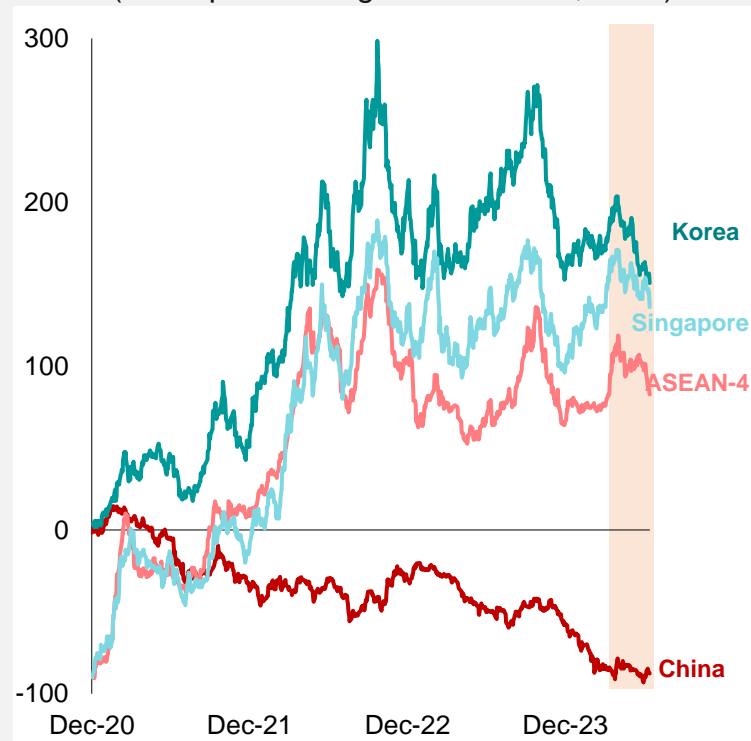
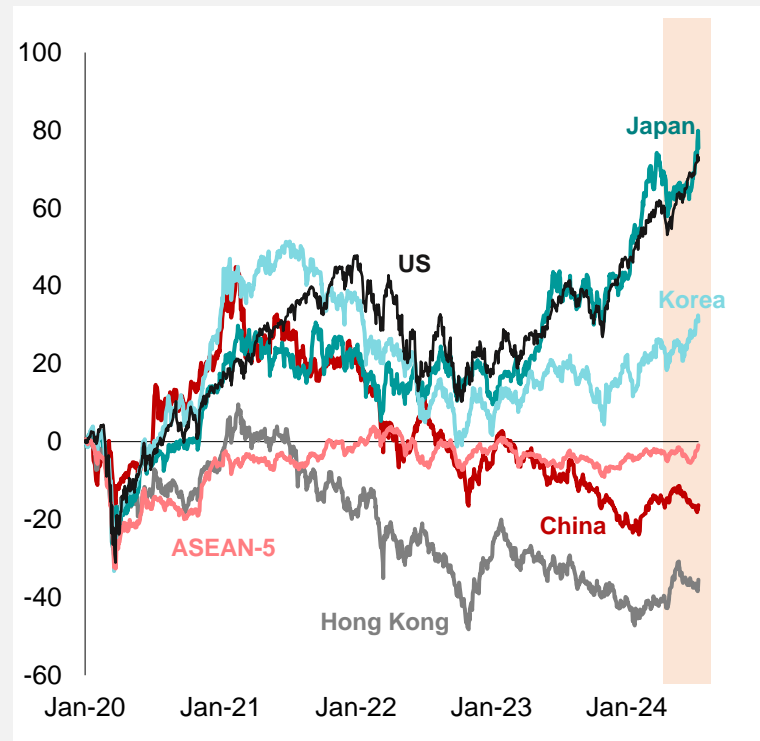
*Bond yields rose slightly amid higher-for-longer US interest rate expectations*

*Most regional currencies continued to depreciate against the US dollar*

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

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

**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 July 15, 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 July 15, 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 July 15, 2024.

# ASEAN+3 growth forecast broadly unchanged

AMRO Staff Baseline Growth Estimates and Forecasts, 2024–25  
(Percent year-on-year)

Economy	2023	AREO 2024		AREO 2024 Quarterly Update	
		2024 <sup>f</sup>	2025 <sup>f</sup>	2024 <sup>f</sup>	2025 <sup>f</sup>
<b>ASEAN+3</b>	<b>4.4</b>	<b>4.5</b>	<b>4.2</b>	<b>4.4</b>	<b>4.3</b>
<b>Plus-3</b>	<b>4.4</b>	<b>4.4</b>	<b>4.1</b>	<b>4.4</b>	<b>4.1</b>
China	5.2	5.3	4.9	5.3	4.9
Hong Kong, China	3.3	3.5	3.0	3.5	3.0
Japan	1.8	1.1	1.0	0.5	1.4
Korea	1.4	2.3	2.1	2.5	2.0
<b>ASEAN</b>	<b>4.2</b>	<b>4.8</b>	<b>4.9</b>	<b>4.8</b>	<b>4.8</b>
Brunei Darussalam	1.4	2.7	2.9	4.0	2.1
Cambodia	5.0	6.2	6.4	5.6	5.9
Indonesia	5.0	5.2	5.2	5.2	5.2
Lao PDR	4.2	4.7	4.9	4.5	4.6
Malaysia	3.6	5.0	4.7	4.7	4.9
Myanmar	3.4	3.2	3.2	1.8	2.0
Philippines	5.6	6.3	6.5	6.1	6.3
Singapore	1.1	2.6	1.9	2.4	2.0
Thailand	1.9	2.9	3.1	2.7	3.0
Vietnam	5.1	6.0	6.5	6.3	6.5

● Revised upwards from April    ● Revised downwards from April    ● Maintained from April

Source: National authorities via Haver Analytics, and AMRO staff estimates.

Note: f = forecast. Regional aggregates for growth are estimated using the weighted average of 2023 GDP on purchasing power parity basis. Forecasts are as of 16 July 2024.



# Slight downward revision in inflation

AMRO Staff Baseline Inflation Estimates and Forecasts, 2024–25  
(Percent year-on-year)

Economy	2023	AREO 2024		AREO 2024 July Quarterly Update	
		2024 <sup>f</sup>	2025 <sup>f</sup>	2024 <sup>f</sup>	2025 <sup>f</sup>
<b>ASEAN+3</b>	<b>6.3</b>	<b>4.3</b>	<b>3.7</b>	<b>5.0</b>	<b>3.7</b>
<i>ASEAN+3 ex. LA and MM</i>	<b>2.8</b>	<b>2.5</b>	<b>2.3</b>	<b>2.1</b>	<b>2.3</b>
<b>Plus-3</b>	<b>2.3</b>	<b>2.1</b>	<b>2.0</b>	<b>1.9</b>	<b>2.0</b>
China	0.2	1.0	1.6	0.8	1.4
Hong Kong, China	2.1	2.5	2.3	1.9	2.3
Japan	3.3	2.5	2.1	2.4	2.2
Korea	3.6	2.5	2.0	2.4	2.0
<b>ASEAN</b>	<b>8.0</b>	<b>5.2</b>	<b>4.4</b>	<b>6.3</b>	<b>4.4</b>
<i>ASEAN ex. LA and MM</i>	<b>3.0</b>	<b>2.7</b>	<b>2.4</b>	<b>2.3</b>	<b>2.5</b>
Brunei Darussalam	0.4	1.4	1.0	0.1	0.7
Cambodia	2.1	3.1	2.8	2.5	2.6
Indonesia	3.7	2.8	2.5	2.7	2.5
Lao PDR	31.2	14.3	9.3	25.0	15.0
Malaysia	2.5	2.5	3.0	2.3	3.6
Myanmar	24.4	16.1	15.8	20.0	9.4
Philippines	6.0	3.6	2.9	3.3	3.1
Singapore	4.8	3.0	2.5	2.8	2.5
Thailand	1.2	1.2	1.9	0.7	1.4
Vietnam	3.3	3.6	2.7	3.8	3.3

● Revised upwards from April

● Revised downwards from April

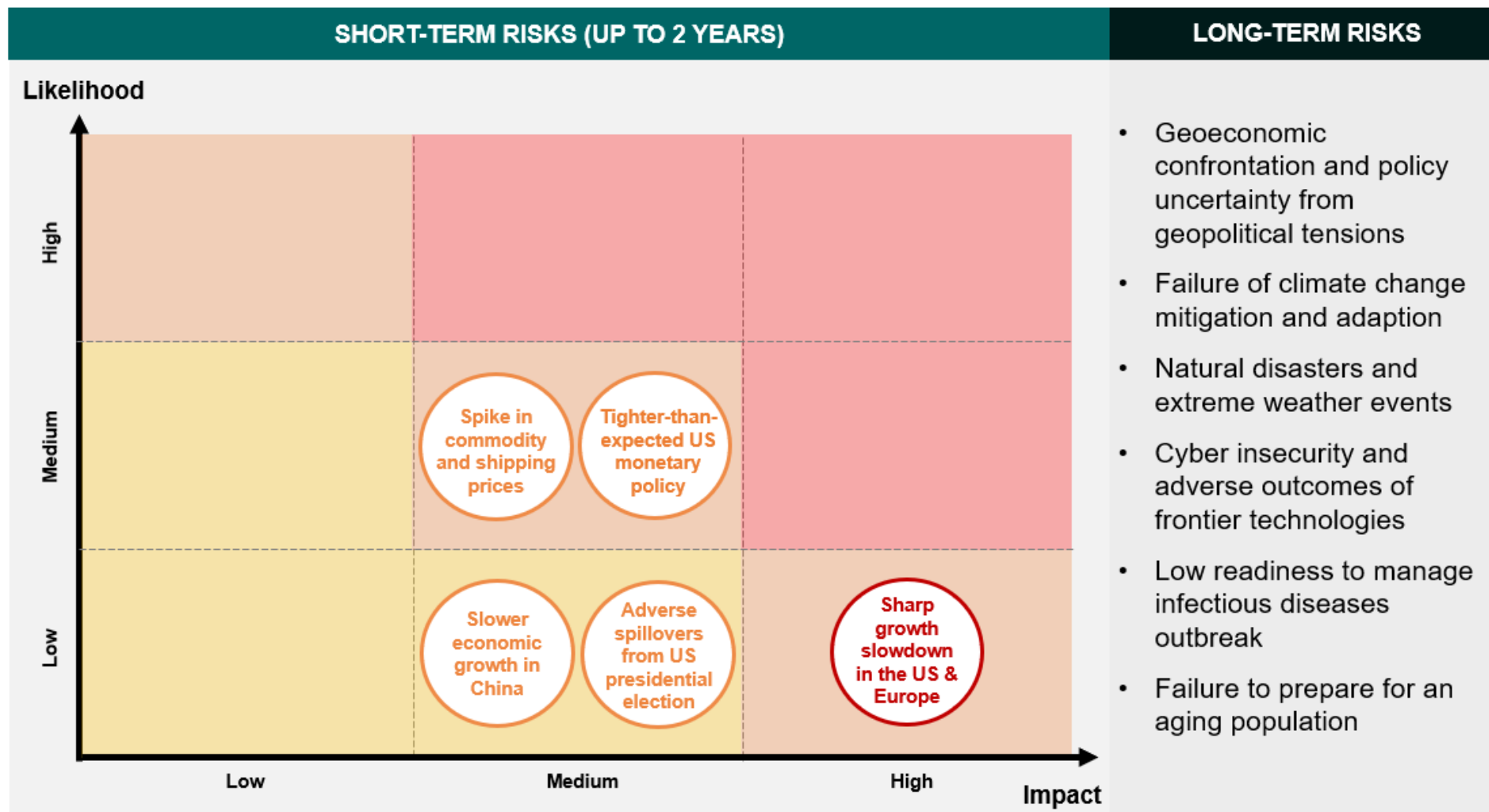
● Maintained from April

Source: National authorities via Haver Analytics, and AMRO staff estimates.

Note: f = forecast. Regional aggregates are computed using simple averaging. LA refers to Lao PDR, MM refers to Myanmar, and covers the period of 1 April to 31 December for 2023. Forecasts are as of 16 July 2024.

# Various risks could weigh on outlook

Regional Risk Map  
(July 2024)



Source: AMRO staff assessment.

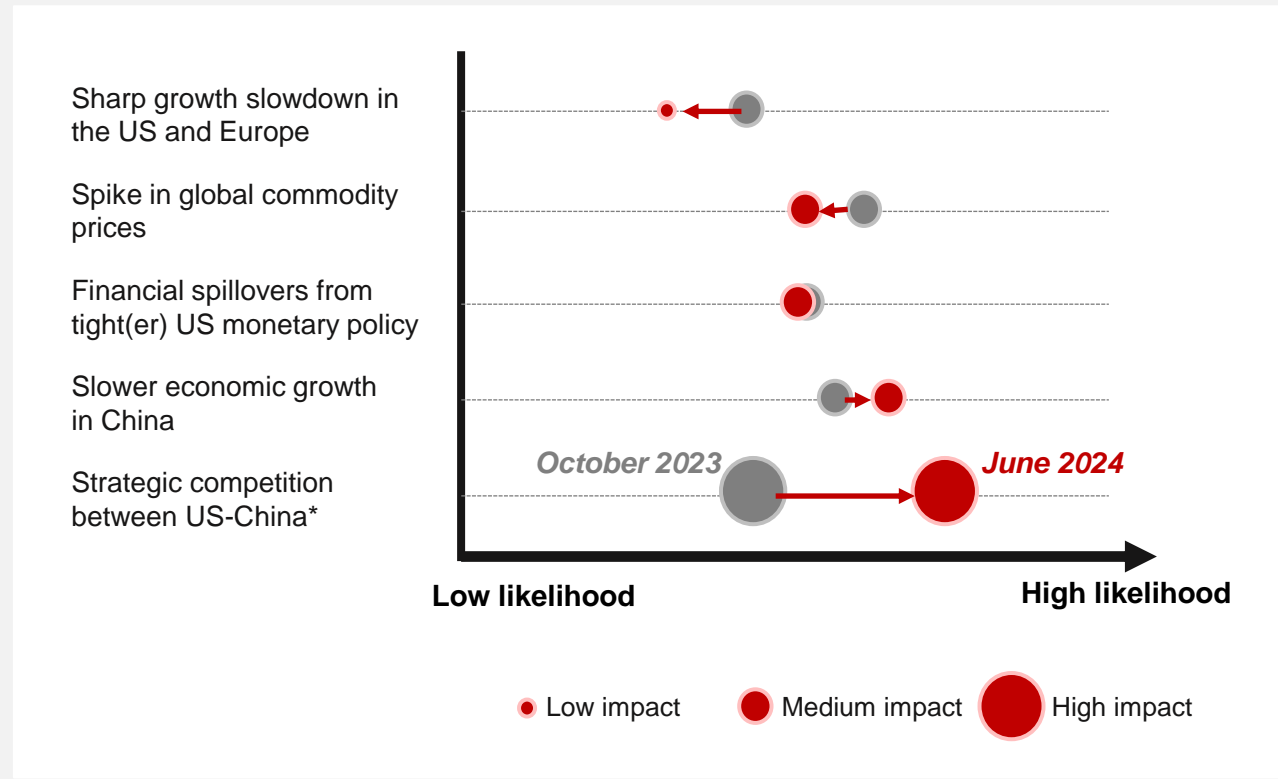
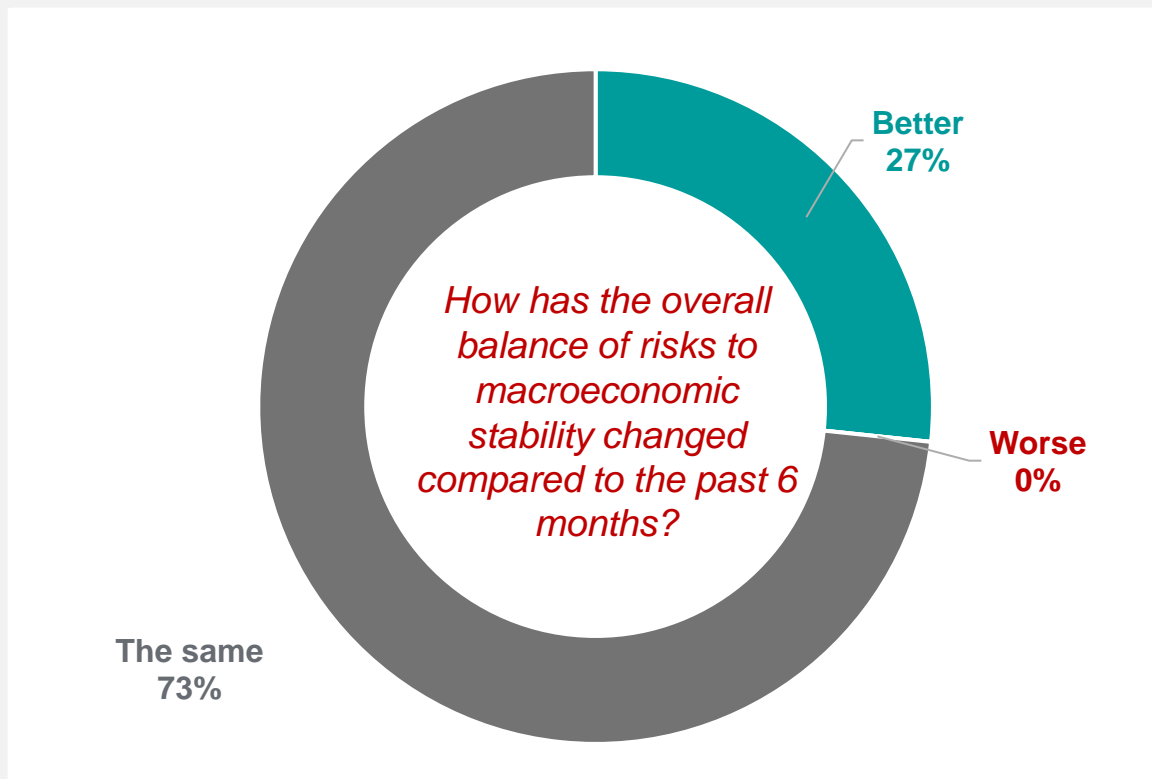
# ASEAN+3 authorities see improving macroeconomic conditions and receding cyclical risks

Confidence improved somewhat in the last 6 months: no respondents indicated balance of risks have worsened

Cyclical risks have receded slightly, but geopolitical risks have become more salient

June 2024 AREO Survey: Members' Perception on the Overall Balance of Risks to Growth  
(Percent of total responses)

ASEAN+3: Likelihood and Impact of Key Risks



Source: Survey of all ASEAN+3 member authorities in June 2024.

Source: Survey of all ASEAN+3 member authorities in June 2024 and October 2023.

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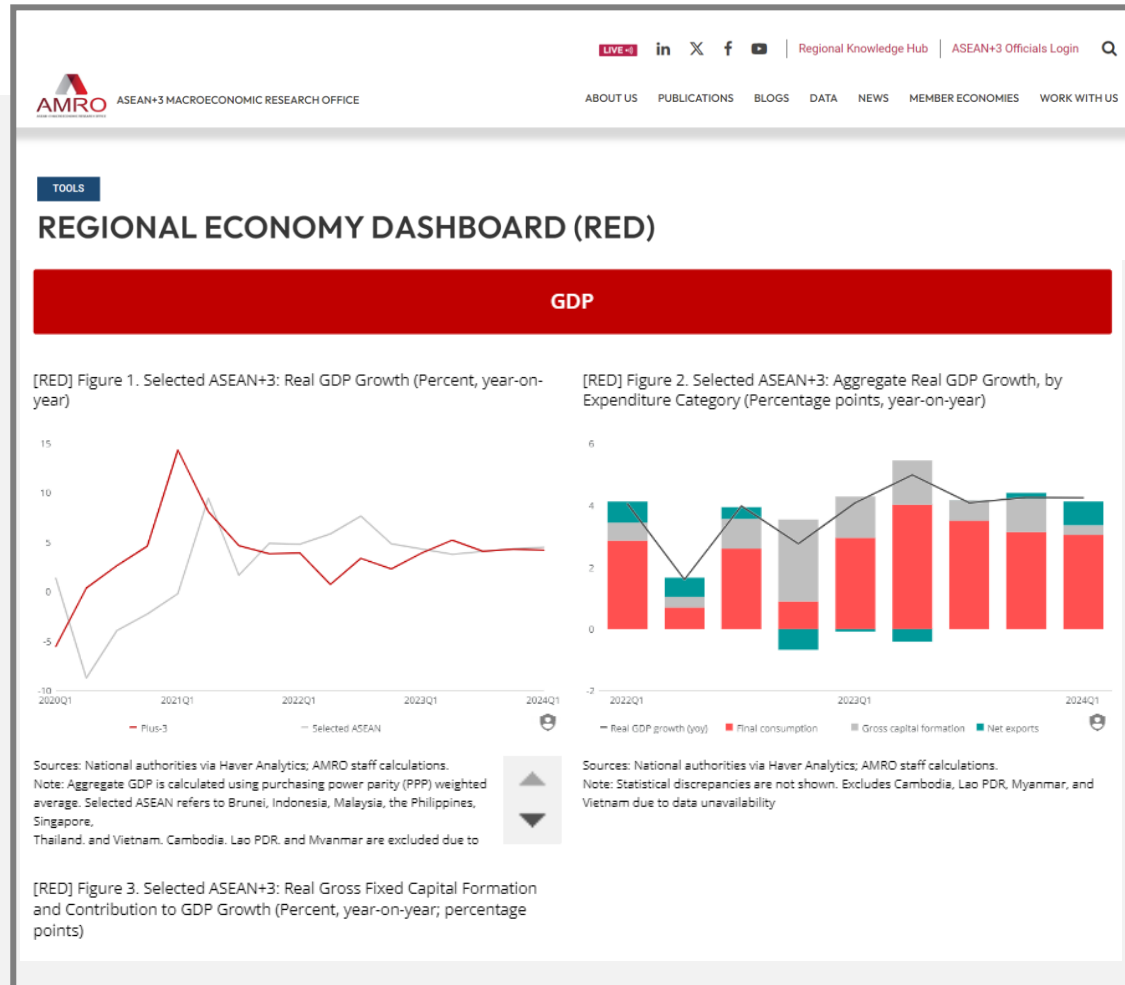


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**Risks remain:** In particular, US-related risks factors have become more salient. Rebuilding of policy space essential for the region to prepare for future shocks.

# NEW: Regional Economy Dashboard (RED)



## ASEAN+3 macroeconomic development in one click

- **Key indicators:** GDP, labor market, exports, inflation, financial indicators
- **Updated daily**
- **Downloadable:** Excel, CSV, chart picture & many more

<https://amro-asia.org/regional-economy-dashboard>

# Thank you



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