

ASEAN+3 Regional Economic Outlook – October 2024 Update

Solid Growth Amid Rising External Uncertainties

Regional Surveillance

October 3, 2024



Key Highlights



Solid growth: 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 moderate, despite intermittent pressures from global energy and freight cost spikes.



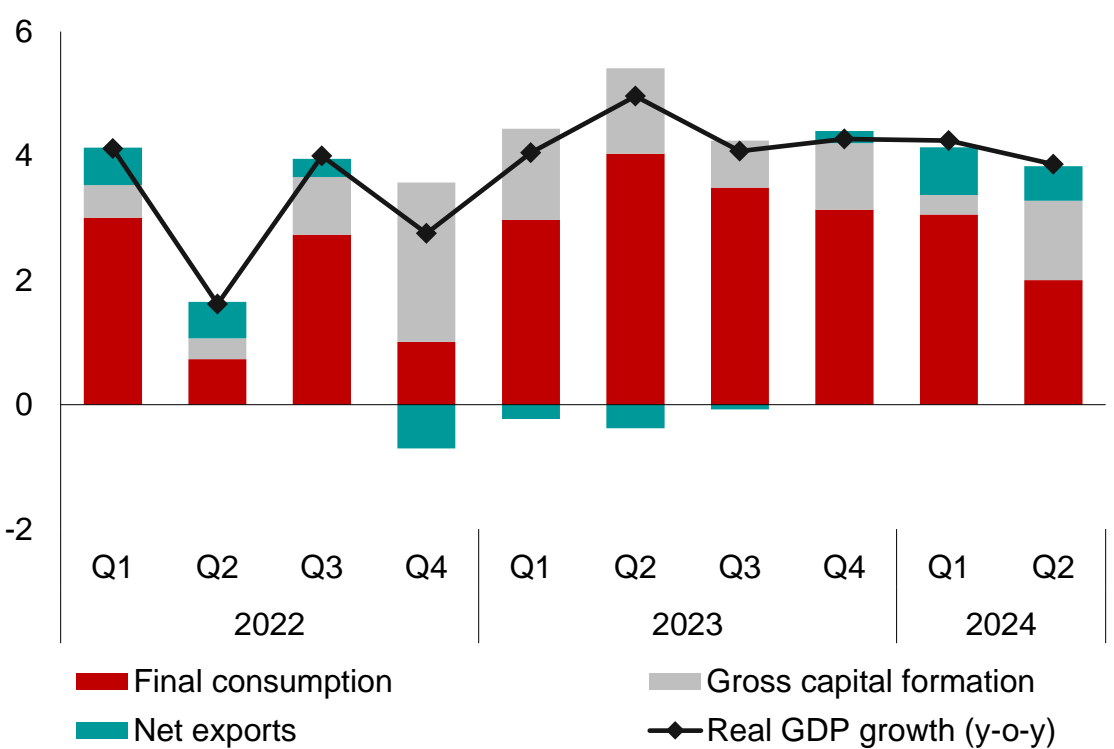
Evolving risks: Risks to outlook continue to shift, with large uncertainties remaining ahead especially relating to US presidential election and geopolitical developments.

Domestic demand continues to be a key driver of growth

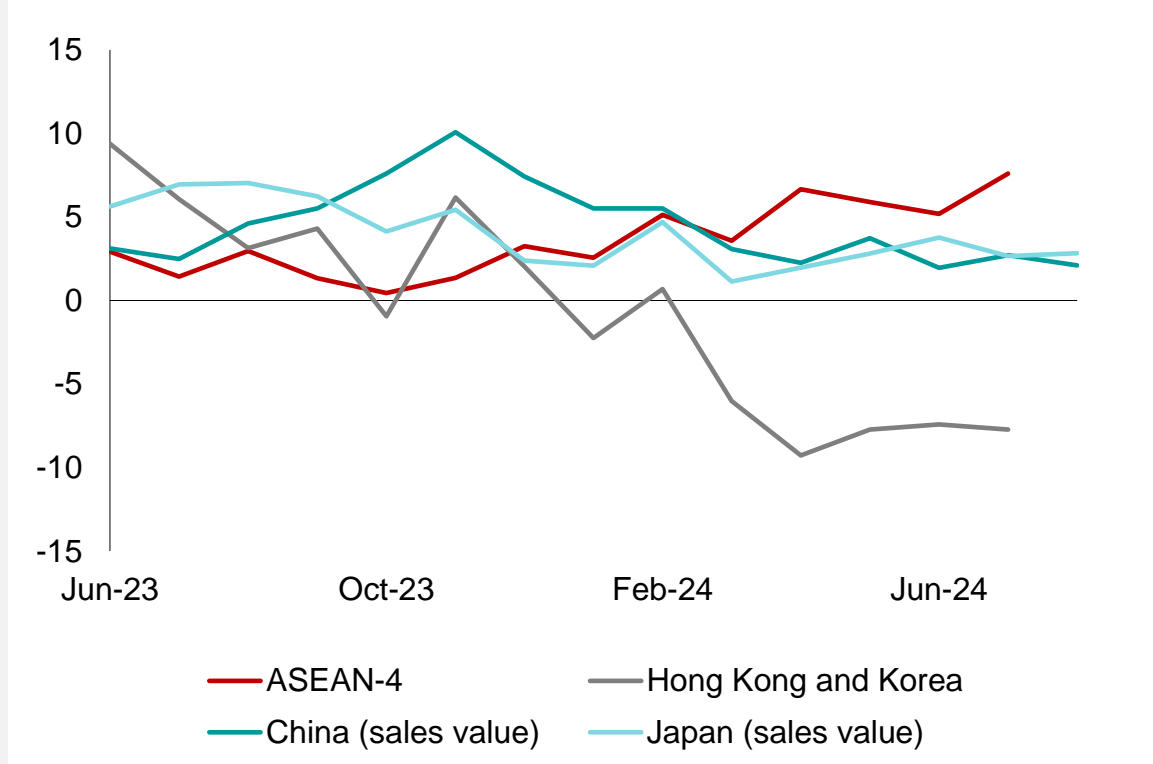
Domestic demand continued to be firm in the region, with stronger growth in investment and external demand

Retail sales continued to be robust, bolstered by favorable employment conditions and easing inflation

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.

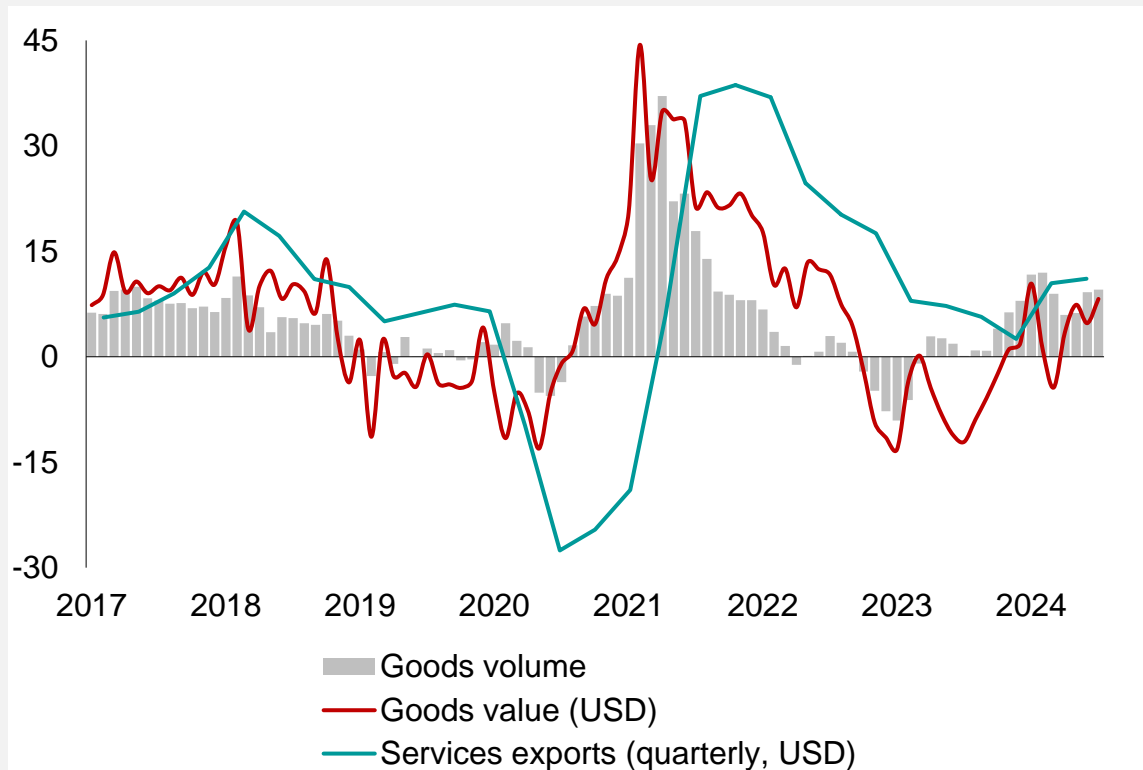
Source: National authorities via Haver Analytics; AMRO staff calculations.
Note: ASEAN-4 includes Indonesia, Malaysia, Singapore, and Thailand.

Improving external demand provided additional lift to growth

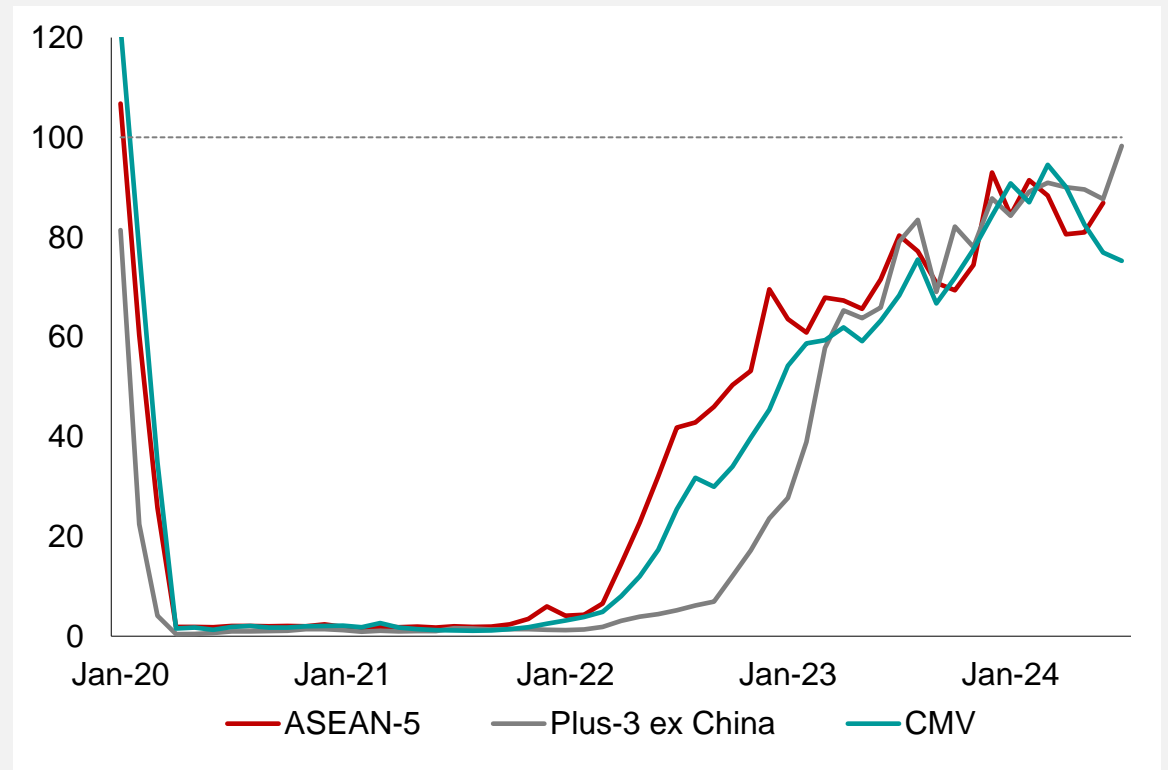
Goods exports expanded, buoyed by better global outlook and strong tech demand

Tourism recovery continues apace, with room for further improvement

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 July 2024 and are 3-month moving averages. Services exports data are up to Q1 2024.

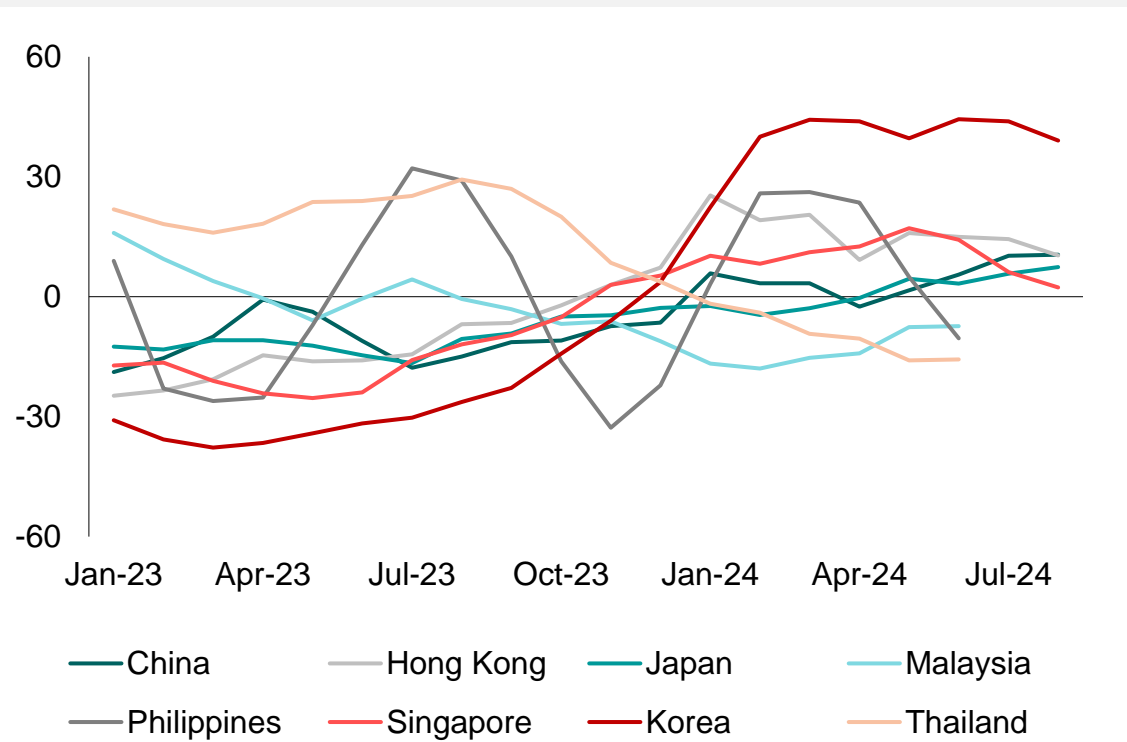
Source: National authorities via Haver Analytics.
Note: Excludes Lao PDR due to data unavailability. ASEAN-5 = Indonesia, Malaysia, Philippines, Singapore and Thailand; CMV = Cambodia, Myanmar and Vietnam; Plus-3 ex China = Hong Kong, Japan, and Korea. Data up to July 2024.

Artificial intelligence (AI)-fueled global semiconductor upcycle supported the region's export performance

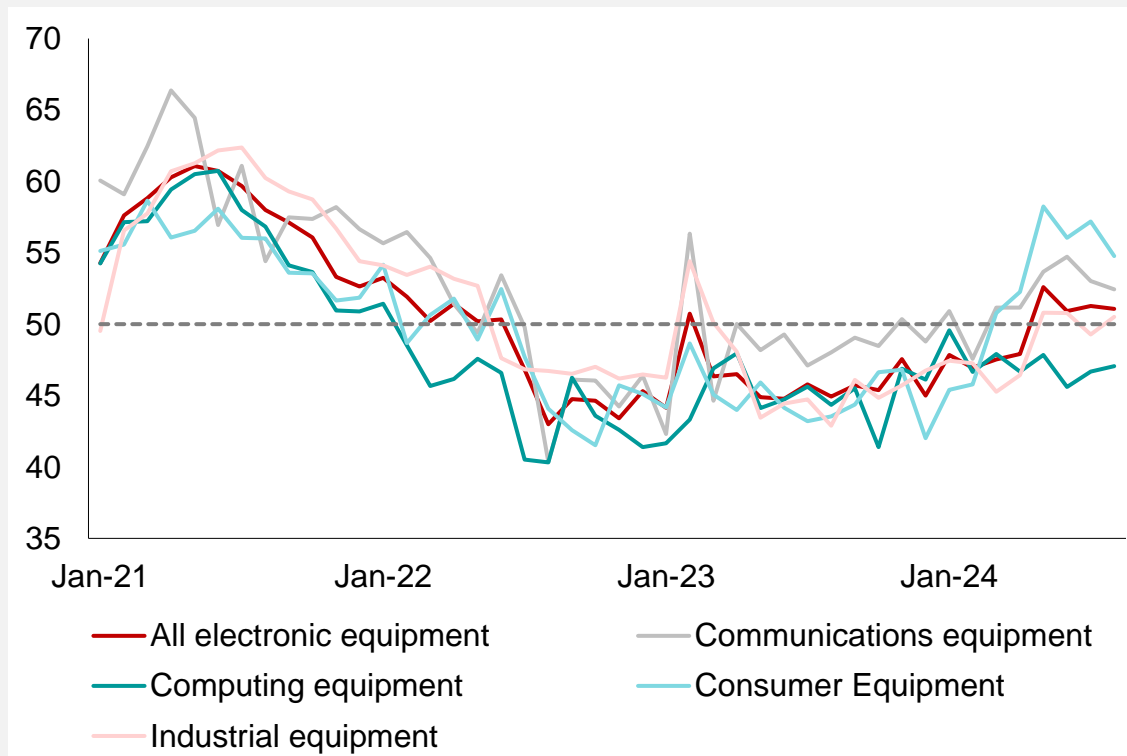
Semiconductor exports across many regional economies were boosted by surging global chip demand

Leading indicators suggest sustained demand for a wide range of manufactured goods beyond semiconductors

Selected ASEAN+3: Semiconductor Exports
(Percent, year-on-year, three-month moving average)



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



Source: IHS Markit; and AMRO staff calculations.
Note: Data refers to export values in US dollars, covering goods that fall under HS codes 8541-42

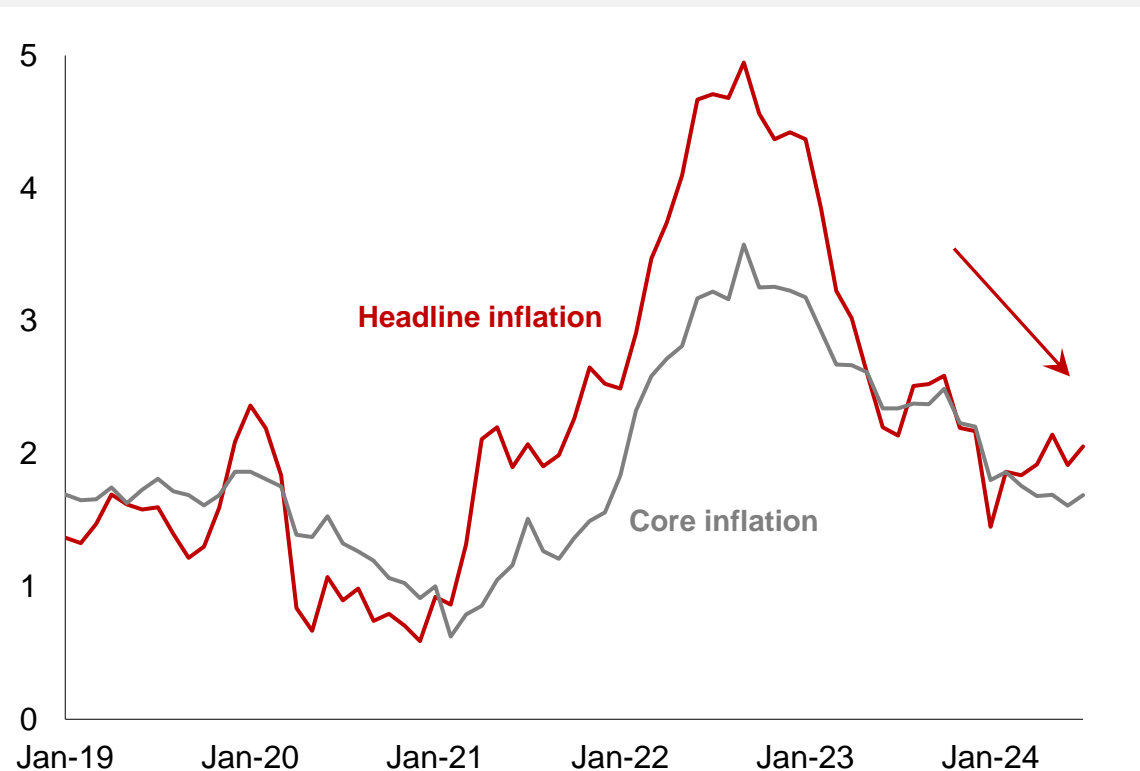
Source: S&P Global via Haver Analytics.

Core inflation broadly moderated, while the decline in headline inflation was interrupted by supply shocks

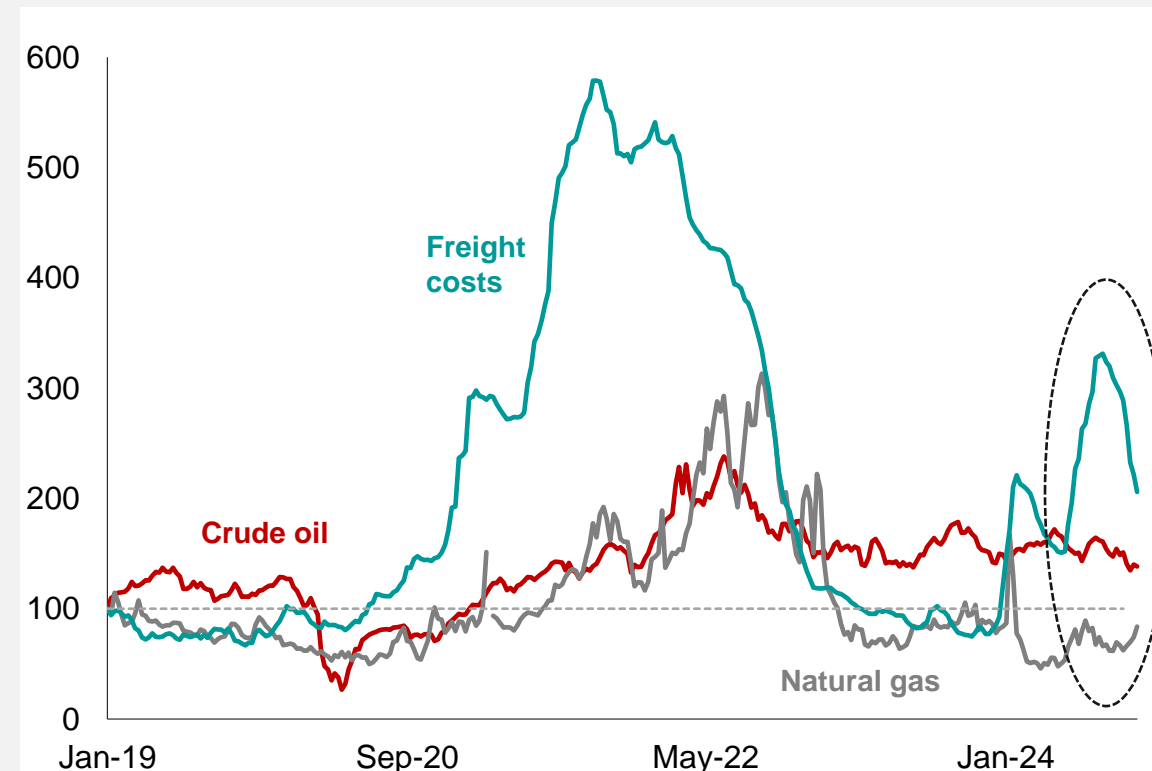
Core inflation continued to ease, while headline inflation's steady decline...

... was interrupted by spikes in global energy and transportation prices...

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



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



Source: National authorities via Haver Analytics; AMRO staff calculations.

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.

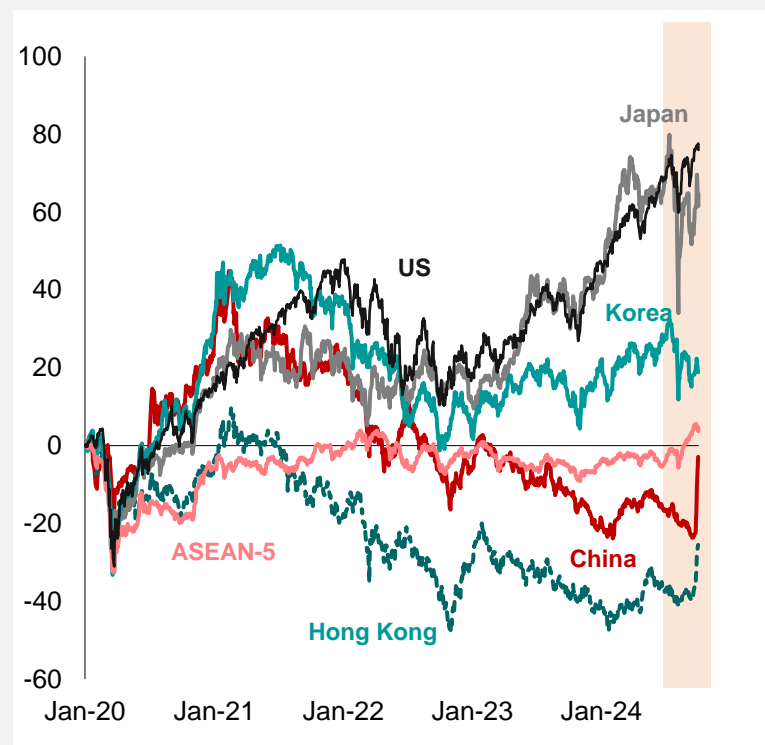
Regional financial conditions continue to improve in line with the beginning of the US monetary easing cycle

Financial market adjustments in early August was sharp, but short-lived

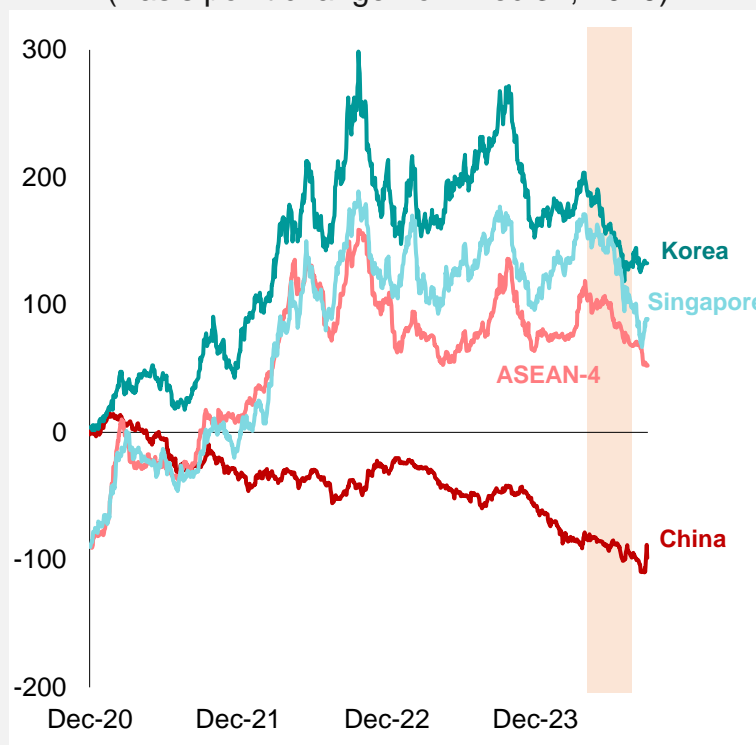
Bond yields declined in line with the start of the Fed easing cycle

Regional currencies continue to appreciate against the US dollar

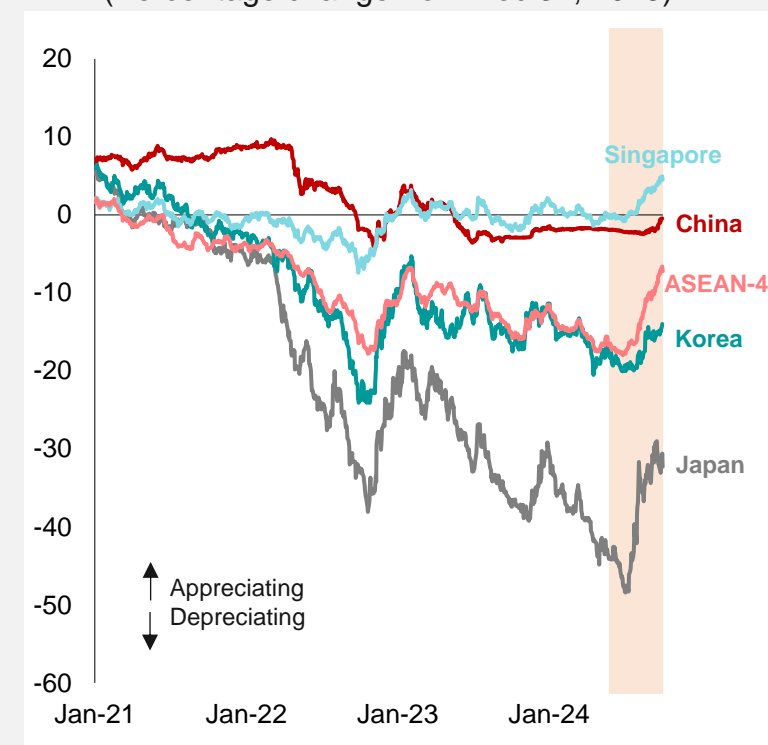
Selected ASEAN+3: Equity Market Indices
(Change in index from Dec 31, 2019)



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 October 1, 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 October 1, 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 October 1, 2024.

ASEAN+3 growth forecast is revised down slightly for 2024

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

Economy	2023	AREO 2024 July Quarterly Update		AREO 2024 October Quarterly Update	
		2024 ^f	2025 ^f	2024 ^f	2025 ^f
ASEAN+3	4.4	4.4	4.3	4.2	4.4
Plus-3	4.4	4.4	4.1	4.1	4.3
China	5.2	5.3	4.9	5.0	5.1
Hong Kong, China	3.3	3.5	3.0	3.3	3.0
Japan	1.8	0.5	1.4	0.5	1.4
Korea	1.4	2.5	2.0	2.5	2.0
ASEAN	4.2	4.8	4.8	4.7	4.9
Brunei Darussalam	1.4	4.0	2.1	4.0	2.1
Cambodia	5.0	5.6	5.9	5.6	5.9
Indonesia	5.0	5.2	5.2	5.1	5.2
Lao PDR	4.2	4.5	4.6	4.5	4.6
Malaysia	3.6	4.7	4.9	4.7	4.9
Myanmar	3.4	1.8	2.0	1.8	2.0
Philippines	5.6	6.1	6.3	6.1	6.3
Singapore	1.1	2.4	2.0	2.4	2.0
Thailand	1.9	2.7	3.0	2.8	3.3
Vietnam	5.1	6.3	6.5	6.2	6.6

● Revised upwards from July ● Revised downwards from July ● Maintained from July

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. Myanmar's GDP forecast covers April 1 of the reference year to March 31 of the following year. Forecasts are as of 3 October 2024.

Slight upward revision in inflation for 2025

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

Economy	2023	AREO 2024 July Quarterly Update		AREO 2024 October Quarterly Update	
		2024 ^f	2025 ^f	2024 ^f	2025 ^f
ASEAN+3	6.6	5.0	3.7	4.9	4.1
<i>ASEAN+3 ex. LA and MM</i>	2.8	2.1	2.3	1.9	2.3
Plus-3	2.3	1.9	2.0	1.8	2.0
China	0.2	0.8	1.4	0.5	1.3
Hong Kong, China	2.1	1.9	2.3	1.9	2.3
Japan	3.3	2.4	2.2	2.4	2.2
Korea	3.6	2.4	2.0	2.4	2.0
ASEAN	8.3	6.3	4.4	6.1	4.9
<i>ASEAN ex. LA and MM</i>	3.0	2.3	2.5	2.0	2.4
Brunei Darussalam	0.4	0.1	0.7	0.1	0.7
Cambodia	2.1	2.5	2.6	0.4	2.3
Indonesia	3.7	2.7	2.5	2.7	2.5
Lao PDR	31.2	25.0	15.0	25.0	15.0
Malaysia	2.5	2.3	3.6	2.3	3.6
Myanmar	27.5	20.0	9.4	20.0	15.0
Philippines	6.0	3.3	3.1	3.3	3.1
Singapore	4.8	2.8	2.5	2.8	2.5
Thailand	1.2	0.7	1.4	0.7	1.5
Vietnam	3.3	3.8	3.3	3.9	3.3

● Revised upwards from July ● Revised downwards from July ● Maintained from July

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 April 1 of the reference year to March 31 of the following year. Forecasts are as of 3 October 2024.

Risks to the outlook is rapidly evolving, with large uncertainties remaining further ahead

Regional Risk Map
(October 2024)



Source: AMRO staff assessment.

Result of the US presidential election could have significant impact on the global economy and the region

Severe escalation of protectionist measures from the US could lower the region's growth by almost 1 percentage point

ASEAN+3: Real GDP Growth in 2025 Under Various Scenarios of US Trade Policy Escalations
(Percent year-on-year)

Scenarios	Real GDP Growth (Percentage point deviation from baseline)		
	ASEAN+3	Plus-3	ASEAN
Moderate escalation US implements 25 percent tariffs on steel, aluminium and motor vehicle imports from Europe, and 25 percent tariffs on machinery, electronics and chemical imports from China. Affected economies retaliate proportionately.	4.4 (-0.01)	4.3 (-0.01)	4.9 (0.00)
Substantial escalation US implements 60 percent tariffs on imports from China, and 10 percent tariff on imports from all other economies. Affected economies do not retaliate.	4.2 (-0.3)	4.0 (-0.3)	4.7 (-0.2)
Severe escalation US implements 60 percent tariffs on imports from China, and 10 percent tariff on imports from all other economies. Affected economies retaliate proportionately.	3.6 (-0.8)	3.4 (-0.9)	4.5 (-0.5)

- The outcome of the US presidential elections could **escalate US-China trade tensions**, affecting the region's outlook
- **Higher tariffs** will **dampen regional growth**, with the severity depending on the magnitude and response from affected economies
- A sharp increase in protectionism could **lower regional growth by up to 1 percentage point**, the worst since the Asian Financial Crisis (excluding pandemic years)

Source: Oxford Economics Global Economic Model and AMRO staff estimates.

Note: ASEAN+3 refer to the impact on Plus-3 and ASEAN-6 economies, which account for 99 percent of ASEAN+3's GDP in 2023 (purchasing power parity basis). Estimates do not take into account the indirect impact(s) that could arise from the tariff measures such as those from adverse sentiments channel etc.

Key Highlights



Solid growth: 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 moderate, despite intermittent pressures from global energy and freight cost spikes.



Evolving risks: Risks to outlook continue to shift, with large uncertainties remaining ahead especially relating to US presidential election and geopolitical developments.

Thank you



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