

ASEAN+3 Regional Economic Outlook

July 2025 Update

Slower growth amid higher uncertainties

Regional Surveillance
July 23, 2025



Key Highlights



Slower growth: ASEAN+3 growth to slow to 3.8 percent in 2025 and 3.6 percent in 2026, supported by domestic demand. Inflation remains low.



High uncertainties: Escalation of US protectionist policies remains the most salient risk, alongside tighter global financial conditions and commodity price spikes.



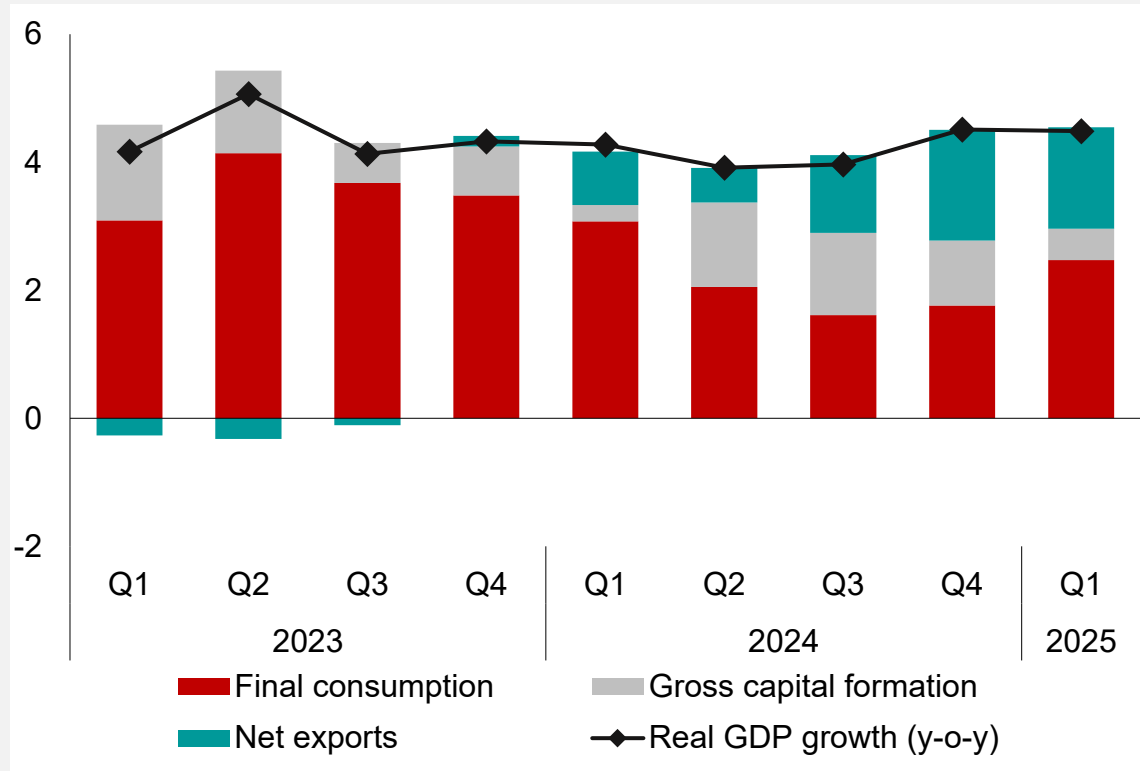
Proactive policy response: Some regional policymakers have eased monetary policy and increased fiscal support; all remain ready to provide policy support as needed.

ASEAN+3 growth continued to be anchored by domestic demand and supported by external demand

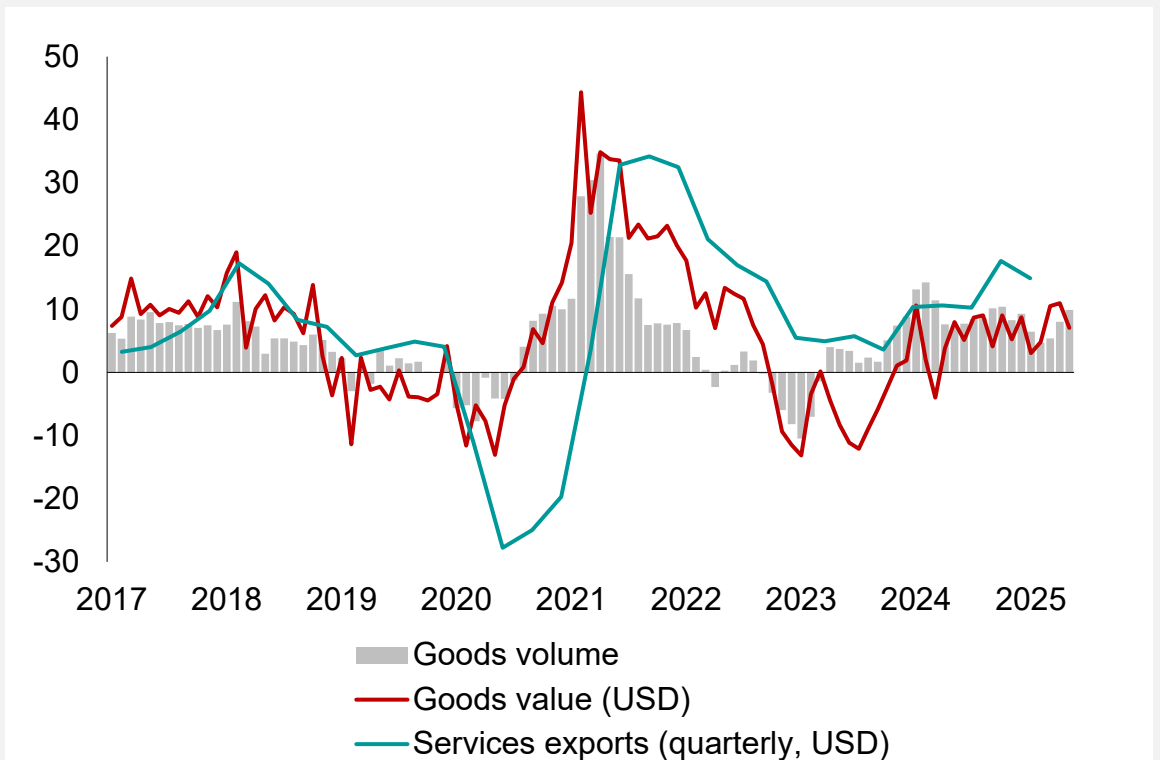
Domestic demand continued to be the main driver of growth, supported by robust household spending and moderate investment

Strong global demand for semiconductors and frontloading of export orders also helped to boost overall regional export performance

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



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



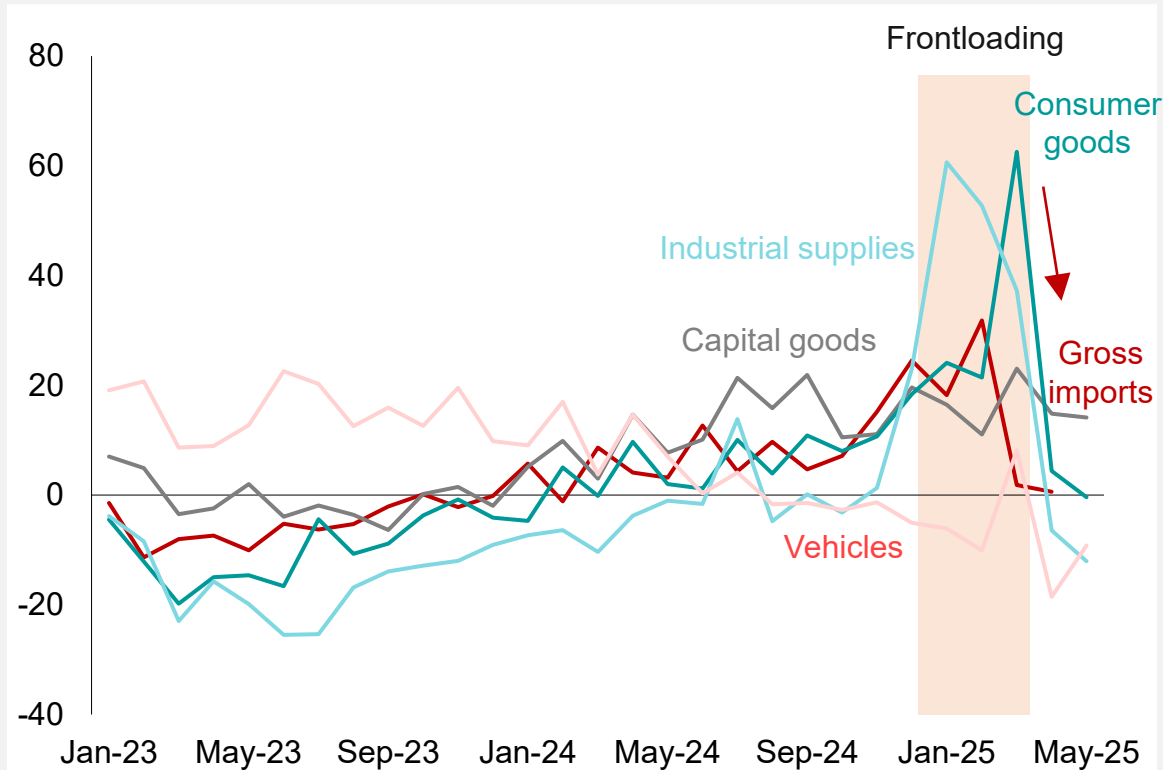
Source: National authorities via Haver Analytics; AMRO staff calculations.
Note: Statistical discrepancies are not shown. Excludes Cambodia, Lao PDR, Myanmar, and Vietnam due to data unavailability.

Source: National authorities via Haver Analytics; AMRO staff calculations.
Note: Goods exports data are up to May 2025. Volume growth is a 3-month moving average; services exports data (quarterly) are up to May 2025.

But regional export growth could slow going forward as frontloading dissipates

US imports of consumer goods and industrial supplies surged after the reciprocal tariffs were announced and have begun to moderate

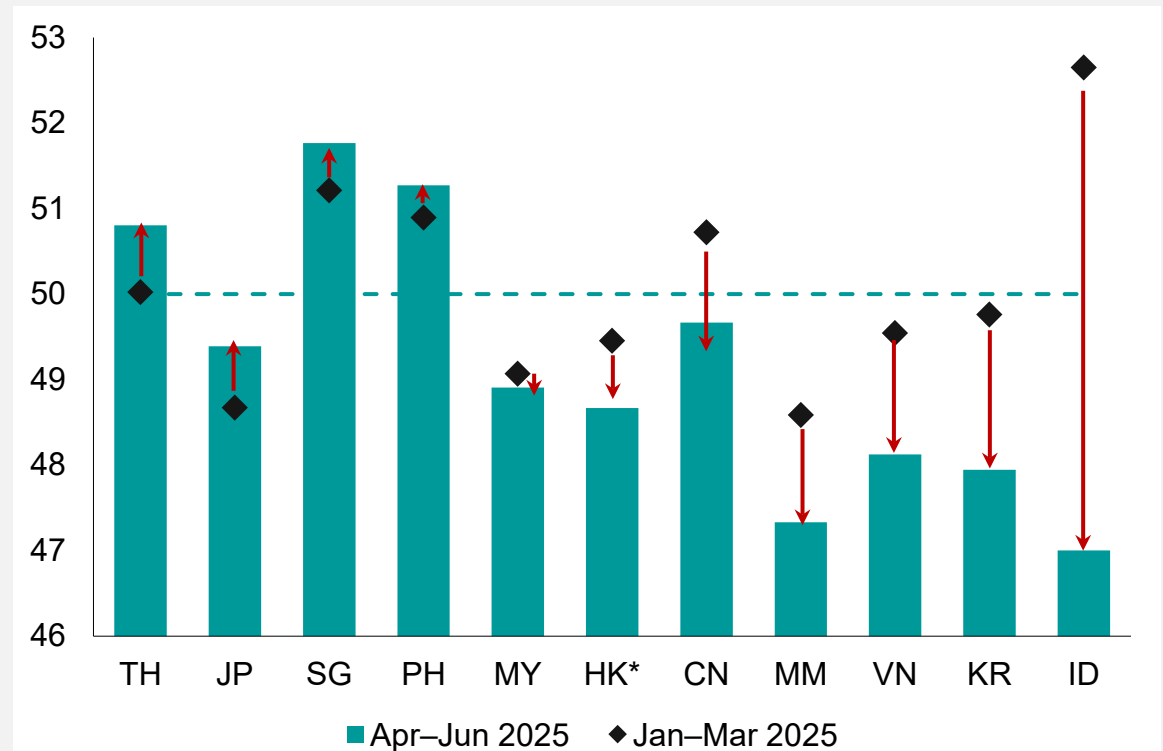
United States: Gross Imports by Products
(Percent year-on-year)



Source: National authorities via Haver Analytics

Manufacturing PMIs for ASEAN+3 economies have declined for most—with more than half in contractionary territory

Selected ASEAN+3: Manufacturing PMI
(Index, >50 = expansion)



Source: S&P Global via Haver Analytics; AMRO staff calculations.

Note: Data refer to the 3-month average manufacturing PMI. A reading above 50 indicates an expansion in activities, while a reading below 50 indicates a contraction.

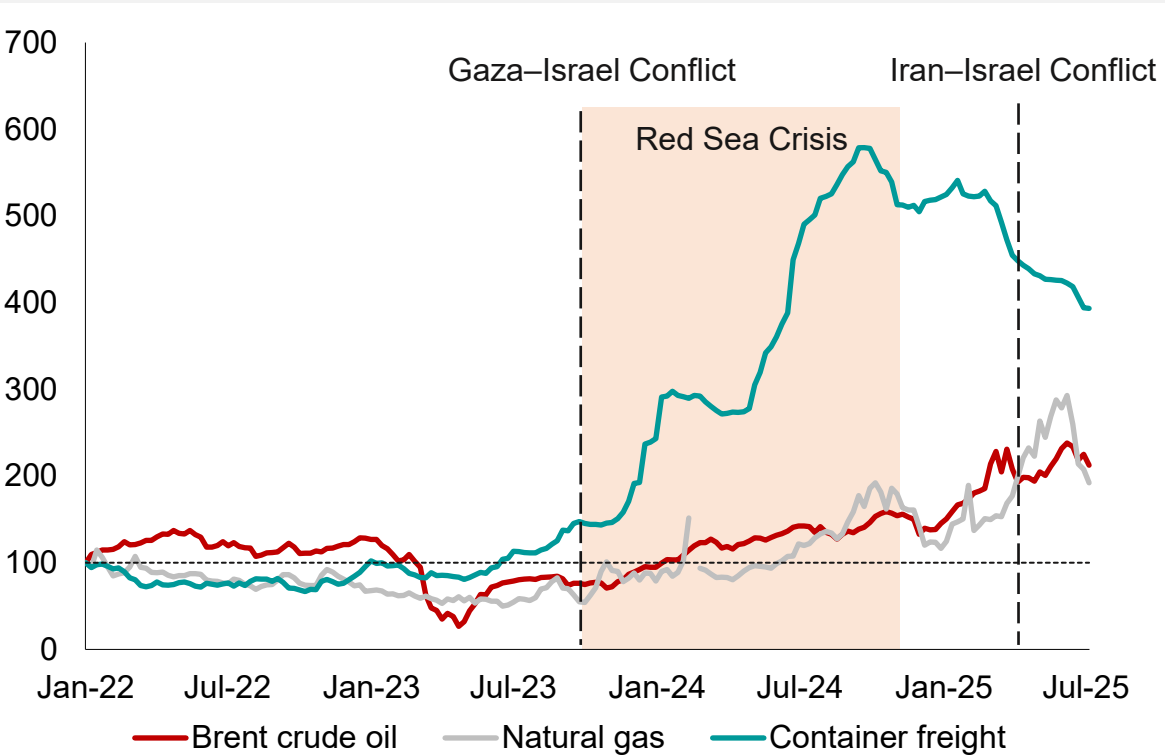
*As of July 3, 2025, June 2025 PMI data was unavailable; Apr-May was used instead.

Headline inflation continued to moderate following stabilization in global commodity and transportation prices

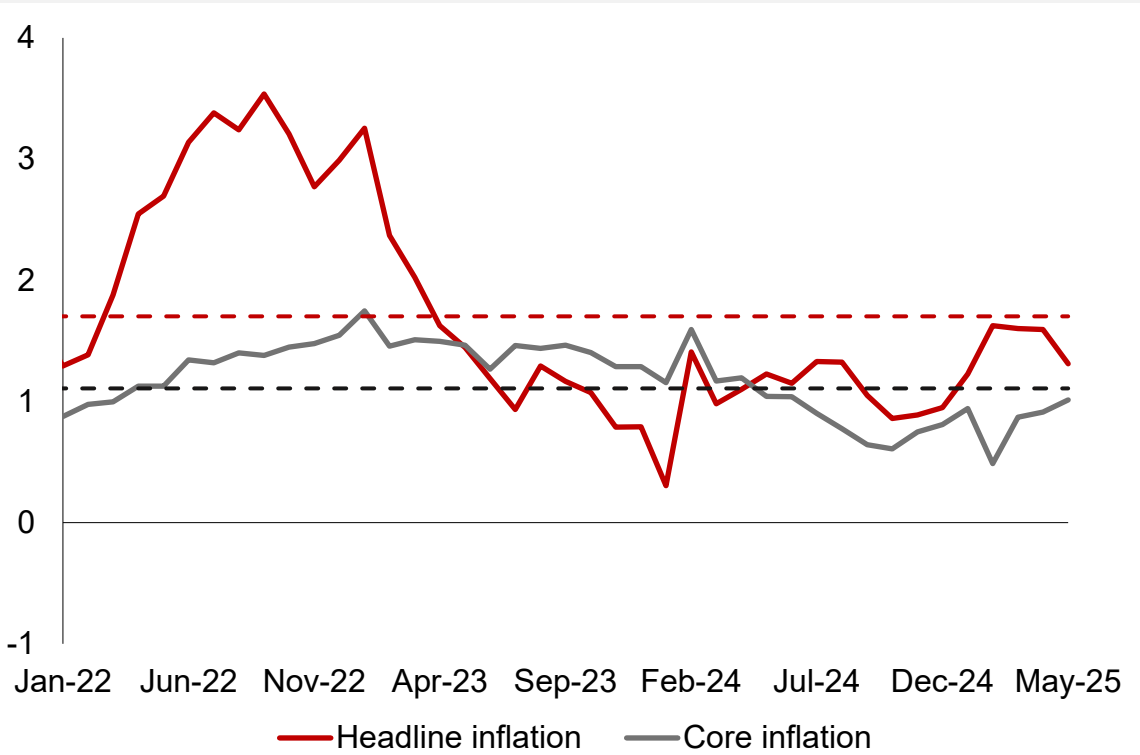
After a temporary spike in June driven by Middle East tension, global energy prices have normalized

Headline inflation for the region has therefore maintained a downward trend, with core inflation remaining well-contained

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



Selected ASEAN+3: Headline and Core Consumer Price Inflation
(Percent, year-on-year)



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. 7-day moving average of daily data for crude oil and natural gas, and weekly data for freight cost.

Source: National authorities via Haver Analytics; AMRO staff calculation.
Note: Excludes Lao PDR and Myanmar due to data unavailability. Dotted lines show the average of headline inflation and core inflation from 2019.

ASEAN+3 growth forecast is revised down, mainly reflecting the impact of US trade policies

AMRO Staff Baseline Growth Estimates and Forecasts, 2025-26
(Percent year-on-year)

Economy	2024	AREO 2025		AREO July Update	
		2025f	2026f	2025f	2026f
ASEAN+3	4.3	4.2	4.1	3.8	3.6
Plus-3	4.1	4.1	4.0	3.7	3.4
China	5.0	4.8	4.7	4.5	4.1
Hong Kong, China	2.5	2.4	2.3	2.1	1.9
Japan	0.1	1.3	1.0	0.7	0.6
Korea	2.0	1.6	1.9	0.7	1.6
ASEAN	4.9	4.7	4.7	4.4	4.2
Brunei Darussalam	4.2	2.6	2.6	1.7	2.3
Cambodia	6.0	5.8	6.0	5.2	4.7
Indonesia	5.0	5.0	5.1	4.8	4.7
Lao PDR	4.5	4.6	4.6	4.4	4.2
Malaysia	5.1	4.7	4.5	4.2	3.8
Myanmar	3.2	1.0	1.0	-1.0	1.5
Philippines	5.7	6.3	6.3	5.6	5.5
Singapore	4.4	2.7	2.4	2.3	1.6
Thailand	2.5	2.9	3.0	2.1	1.8
Vietnam	7.1	6.5	6.2	7.0	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. Myanmar's GDP forecast covers April 1 of the reference year to March 31 of the following year. Forecasts are as of 16 July 2025

Inflation is also expected to be lower, reflecting lower commodity prices and more subdued demand pressures

AMRO Staff Baseline Inflation Estimates and Forecasts, 2025–26
(Percent year-on-year)

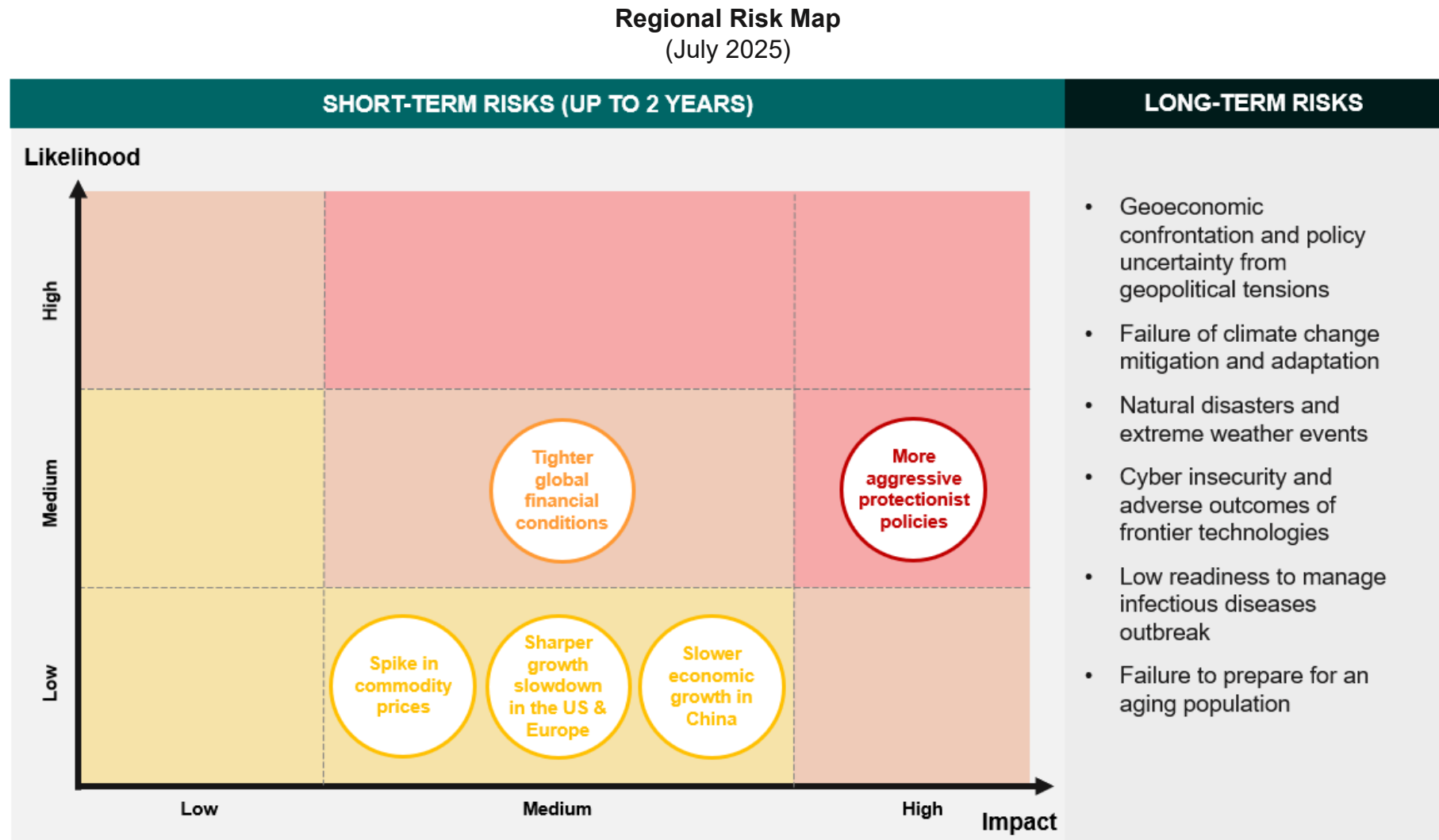
Economy	2024	AREO 2025		AREO July Update	
		2025f	2026f	2025f	2026f
ASEAN+3	1.2	1.7	1.7	0.9	1.0
Plus-3	0.7	1.4	1.5	0.5	0.6
China	0.2	1.1	1.3	0.0	0.2
Hong Kong, China	1.7	2.2	2.0	1.8	1.6
Japan	2.7	2.5	2.1	2.9	2.1
Korea	2.3	1.9	1.8	2.0	1.9
ASEAN	2.9	3.0	2.9	2.4	2.7
Brunei Darussalam	−0.4	0.6	0.4	0.2	0.3
Cambodia	0.8	2.9	2.5	2.5	2.3
Indonesia	2.3	2.2	2.7	1.5	1.9
Lao PDR	23.1	10.1	6.4	10.1	6.4
Malaysia	1.8	2.7	2.5	2.0	2.2
Myanmar	27.5	25.0	18.0	30.0	28.0
Philippines	3.2	3.3	3.2	1.8	3.2
Singapore	2.4	1.8	1.8	1.0	0.8
Thailand	0.4	1.2	1.3	0.5	0.8
Vietnam	3.6	3.5	3.0	3.4	3.0

● 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 April 1 of the reference year to March 31 of the following year. Forecasts are as of 16 July 2025.

Near-term outlook continues to face considerable downside risks



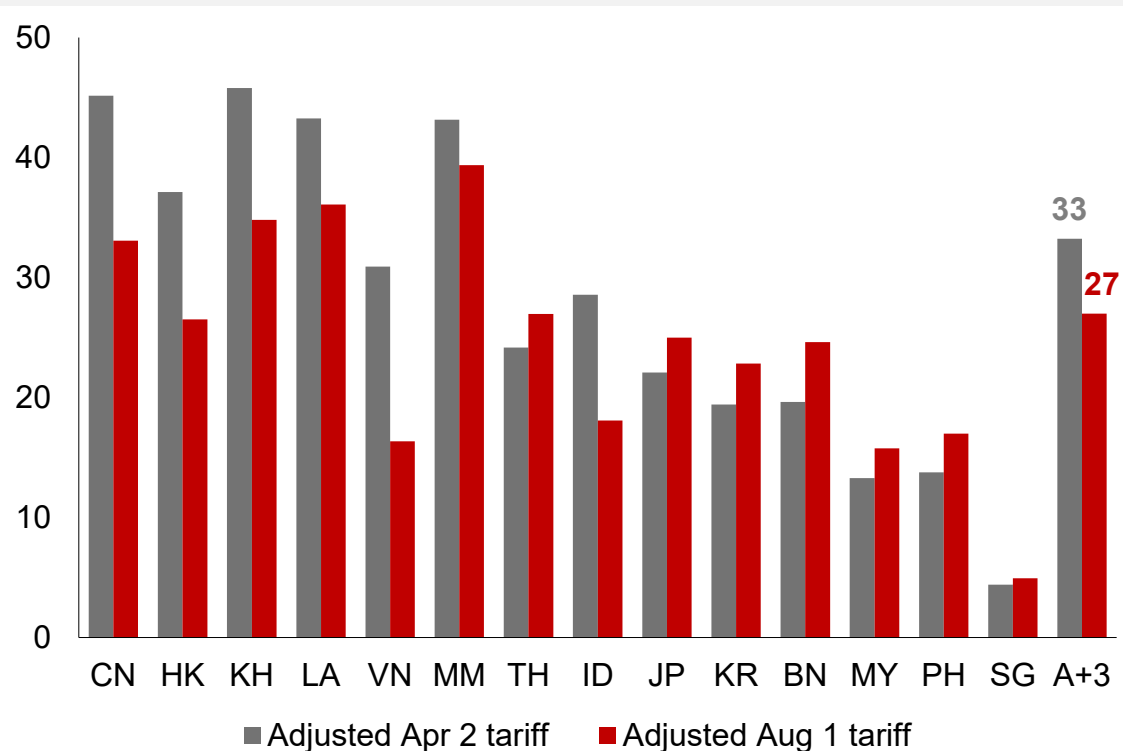
Source: AMRO staff assessment.

Tariff developments continue to be highly uncertain

Overall tariffs for the region remain elevated...

...with US trade policy uncertainty remaining high

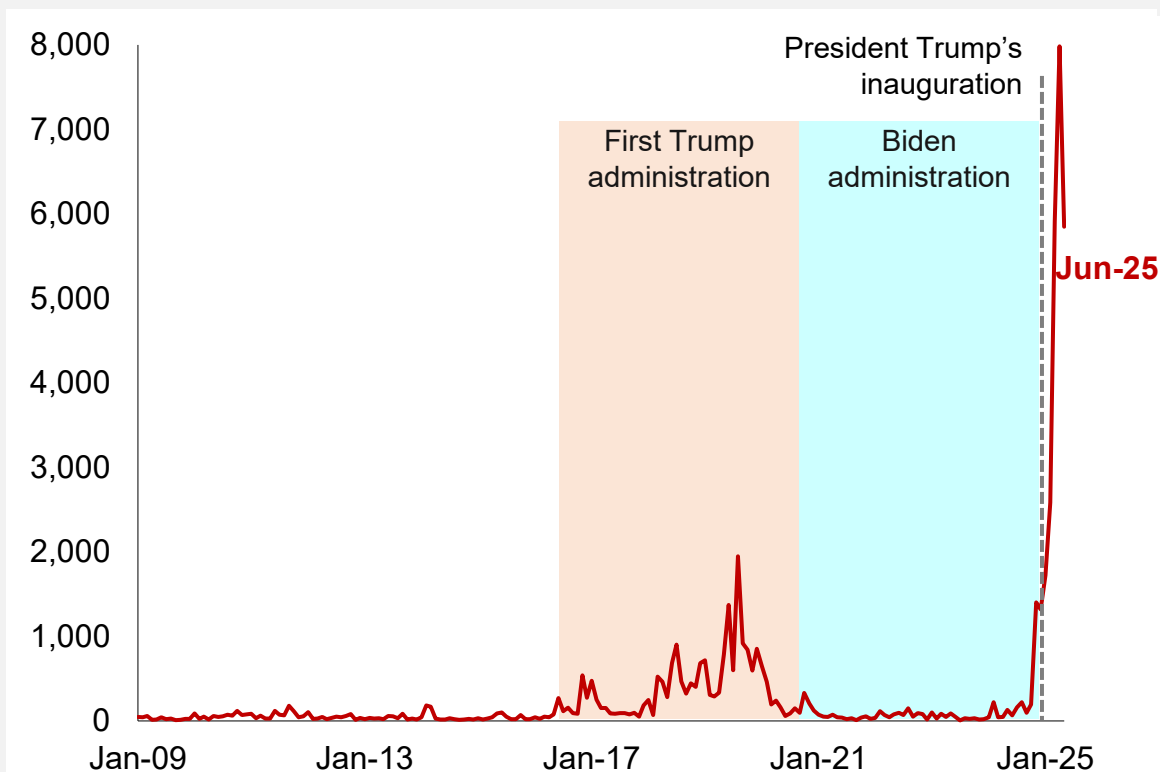
United States: Adjusted Tariff Rate for Imports
(Percent)



Source: S&P Global Trade Analytics; AMRO staff calculations.

Note: Adjusted April 2, 2025 tariff accounts for product exemptions listed in Annex II of the April 2 Executive Order and the April 11 Memorandum, while applying the 25-percent tariff of automotive, steel, and aluminum products. Adjusted August 1, 2025 tariff accounts for the tariffs stipulated in the bilateral letters (except for China, Hong Kong, China, and Singapore), a 50-percent tariffs on steel and aluminum products, and an addition 50-percent tariff on copper products.

United States: Trade Policy Uncertainty
(Index, 1985–2010 = 100)



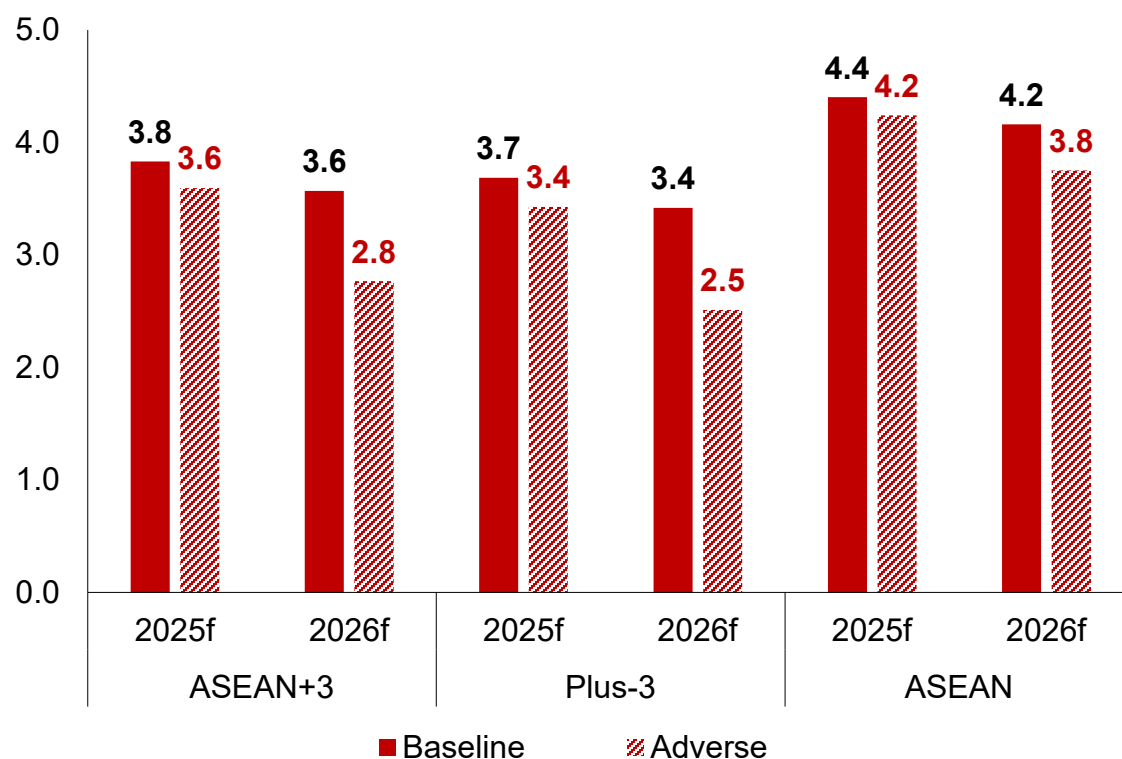
Source: Baker, Bloom, and Davis (2016).

Note: Daily US Economic Policy Uncertainty (EPU) index is based on news-based measures by Baker, Bloom, and Davis (2016). Each categorical series is multiplicatively normalized to have a mean of 100 from 1985–2010.

More aggressive protectionist policies from the United States would further weigh on ASEAN+3 growth

Scenario analysis suggests ASEAN+3 growth could fall below 3 percent, if tariff coverage widens and rates are increased

ASEAN+3: GDP Growth under Baseline/Adverse Tariff Scenarios
(Percent, year-on-year)



- Under an **adverse scenario**, ASEAN+3 growth could **fall below 3 percent in 2026**, marking the lowest level since the Asian Financial Crisis, excl. pandemic years.
- Impact could be exacerbated by **other non-tariff protectionist measures**, such as tighter investment screening, and export controls.
- Crucial for regional economies to stay committed to a rules-based, free, fair, open and transparent **multilateral trading system**, with the WTO at its core.

Source: Oxford Economics Model, AMRO staff calculations.

Note: Regional aggregates are weighted using 2023 GDP on PPP basis. Brunei, Cambodia, Lao PDR and Myanmar are excluded due to data unavailability. Estimates do not take into account the indirect impact(s) that could arise from the tariff measures such as those from adverse sentiments channel. The baseline scenario accounts for latest tariffs announcements. The adverse scenario uses Apr 2 reciprocal rates for China, adds a 10-percent tariff on BRICS-aligned economies and a 25-percent tariff on products currently exempt from reciprocal tariffs.

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High uncertainties: Escalation of US protectionist policies remains the most salient risk, alongside tighter global financial conditions and commodity price spikes.



Proactive policy response: Some regional policymakers have eased monetary policy and increased fiscal support; all remain ready to provide policy support as needed.

Thank you



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