

ASEAN+3 Financial Stability Report 2025

ASEAN+3 Regional Economic Outlook (Update)

October 9, 2025

Presented by
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Key Highlights

Global uncertainty

- **Global uncertainty** has been the key risk to ASEAN+3 growth and financial markets
- Nevertheless, **ASEAN+3 growth in H1 2025 was solid** while ASEAN+3 market stress was short-lived

ASEAN+3's resilience

- **ASEAN+3 has been resilient** due to a well-calibrated policy mix and strong fundamentals
- Yet, **pockets of vulnerabilities** remain

Policy

- **Policy support** should be done prudently to preserve policy space
- **Deeper regional financial integration** could help reduce the vulnerabilities from heavy reliance on USD

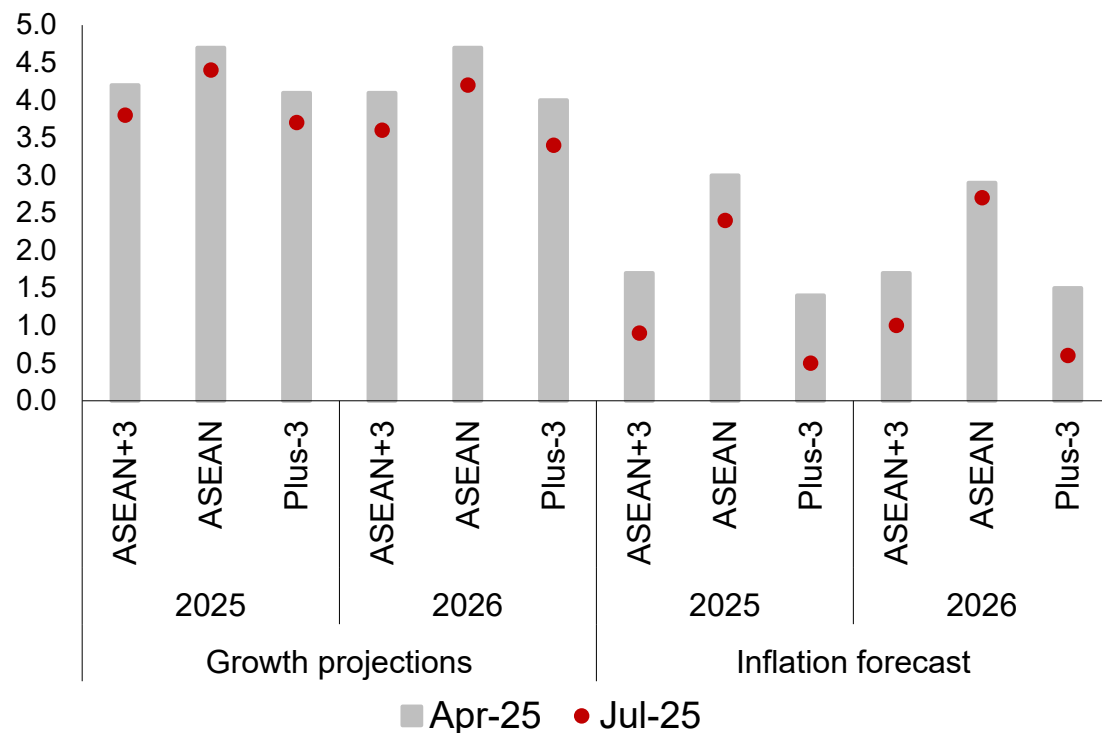
AREO Update

Sustaining Growth Momentum Amid Global Trade Disruptions

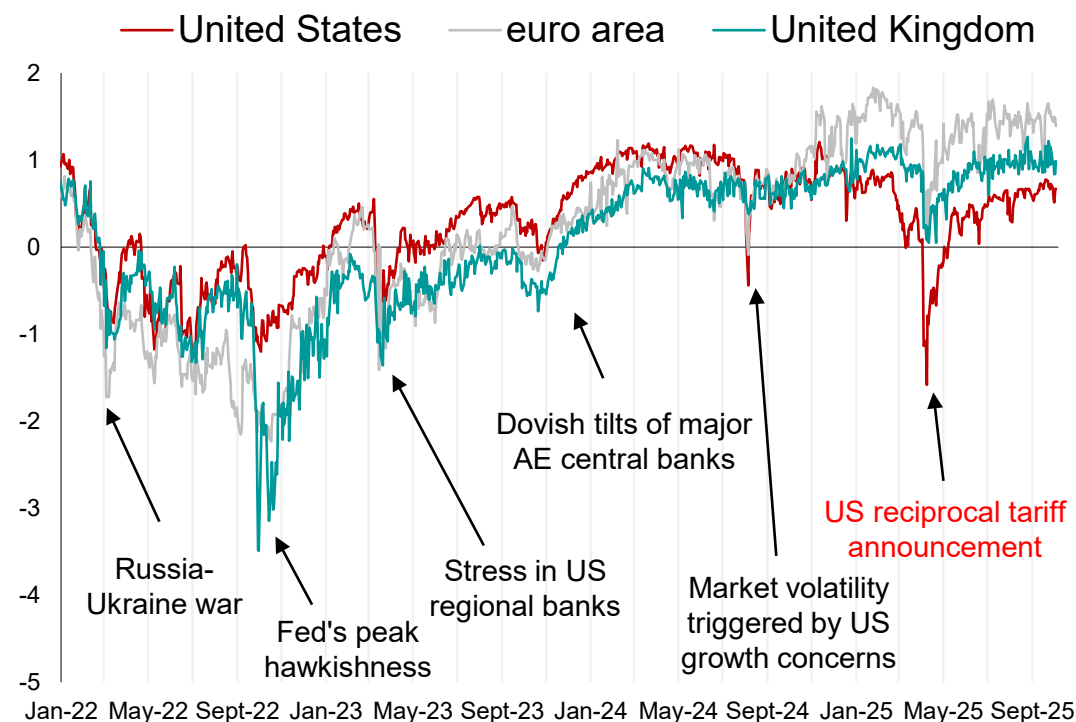


Earlier this year, US trade policy uncertainty caused concerns over ASEAN+3 growth outlook and tightened global financial conditions

ASEAN+3: Change in AMRO's Growth and Inflation Forecast from April 2025 to July 2025
(Percent)



Selected Advanced Economies: Financial Condition Indices
(Index)



Source: AMRO; AMRO staff calculations.

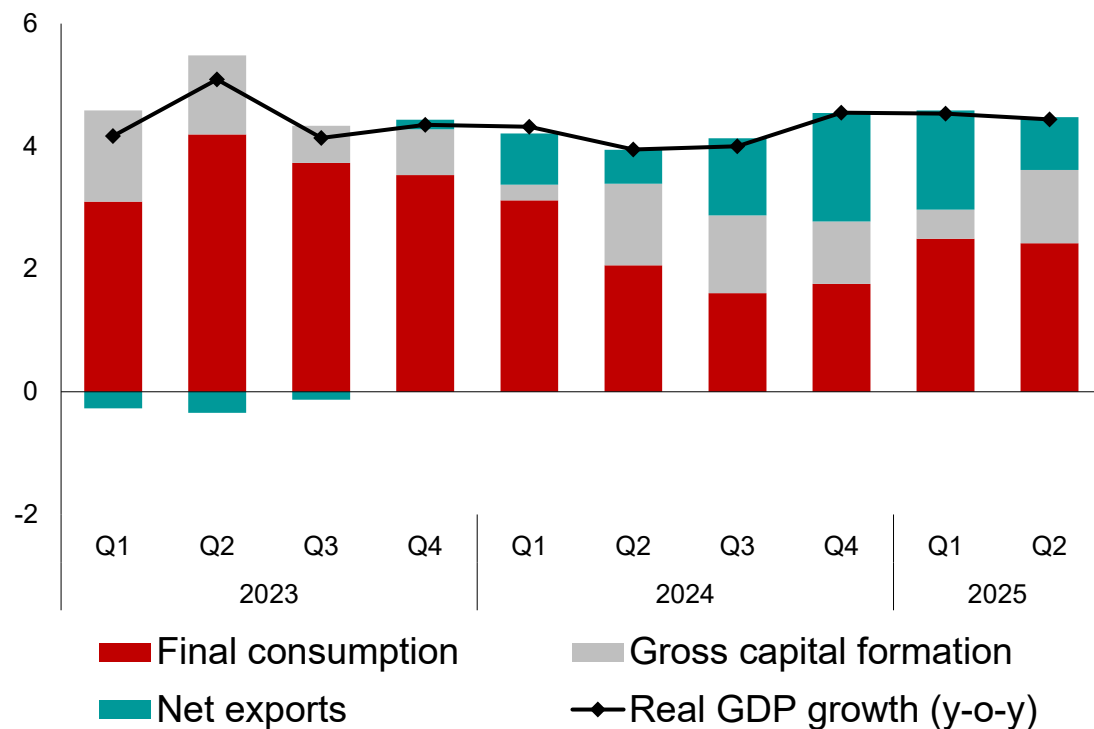
Source: Bloomberg Finance L.P.; AMRO staff compilation.

Note: Higher values of the index indicate easier financial conditions. AE = advanced economy. Data as of 3 October 2025.

ASEAN+3 economies posted solid growth in H1 2025, supported by firm domestic demand and exports.

Coupled with trade deals, this led to an upward revision to GDP forecasts.

Selected ASEAN+3: Contribution to Real GDP 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.

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

Economy	Gross Domestic Product				
	2024	AREO July Update		AREO October Update	
		2025 ^e	2026 ^f	2025 ^e	2026 ^f
ASEAN+3	4.3	3.8	3.6	4.1	3.8
Plus-3	4.1	3.7	3.4	4.0	3.7
China	5.0	4.5	4.1	4.8	4.4
Hong Kong, China	2.5	2.1	1.9	2.4	2.0
Japan	0.1	0.7	0.6	1.0	0.6
Korea	2.0	0.7	1.6	0.9	1.7
ASEAN	4.9	4.4	4.2	4.6	4.3
Brunei Darussalam	4.1	1.7	2.3	1.2	1.8
Cambodia	6.0	5.2	4.7	4.9	5.0
Indonesia	5.0	4.8	4.7	5.0	4.9
Lao PDR	4.3	4.4	4.2	4.4	4.2
Malaysia	5.1	4.2	3.8	4.3	4.0
Myanmar	2.9	-1.0	1.5	-1.0	1.5
Philippines	5.7	5.6	5.5	5.6	5.5
Singapore	4.4	2.3	1.6	2.6	1.7
Thailand	2.5	2.1	1.8	2.2	1.9
Vietnam	7.1	7.0	6.5	7.5	6.4

■ 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 2 October 2025

While growth uncertainty remains, inflation is projected to decline from 2024 and remain low, allowing room for monetary policy easing

AMRO Staff Baseline Inflation Forecasts, 2025-26

(Percent, year-on-year)

Economy	Consumer Price Index				
	2024	AREO July Update		AREO October Update	
		2025 ^e	2026 ^f	2025 ^e	2026 ^f
ASEAN+3	1.2	0.9	1.0	1.0	1.1
Plus-3	0.7	0.5	0.6	0.6	0.7
China	0.2	0.0	0.2	0.0	0.4
Hong Kong, China	1.7	1.8	1.6	1.8	1.6
Japan	2.7	2.9	2.1	3.0	2.1
Korea	2.3	2.0	1.9	2.0	1.8
ASEAN	3.0	2.4	2.7	2.5	2.8
Brunei Darussalam	-0.4	0.2	0.3	0.0	0.3
Cambodia	0.8	2.5	2.3	2.6	2.3
Indonesia	2.3	1.5	1.9	1.9	2.2
Lao PDR	23.1	10.1	6.4	8.5	7.6
Malaysia	1.8	2.0	2.2	1.6	2.0
Myanmar	29.6	30.0	28.0	30.0	28.0
Philippines	3.2	1.8	3.2	1.8	3.2
Singapore	2.4	1.0	0.8	0.9	0.8
Thailand	0.4	0.5	0.8	0.5	0.8
Vietnam	3.6	3.4	3.0	3.3	2.9

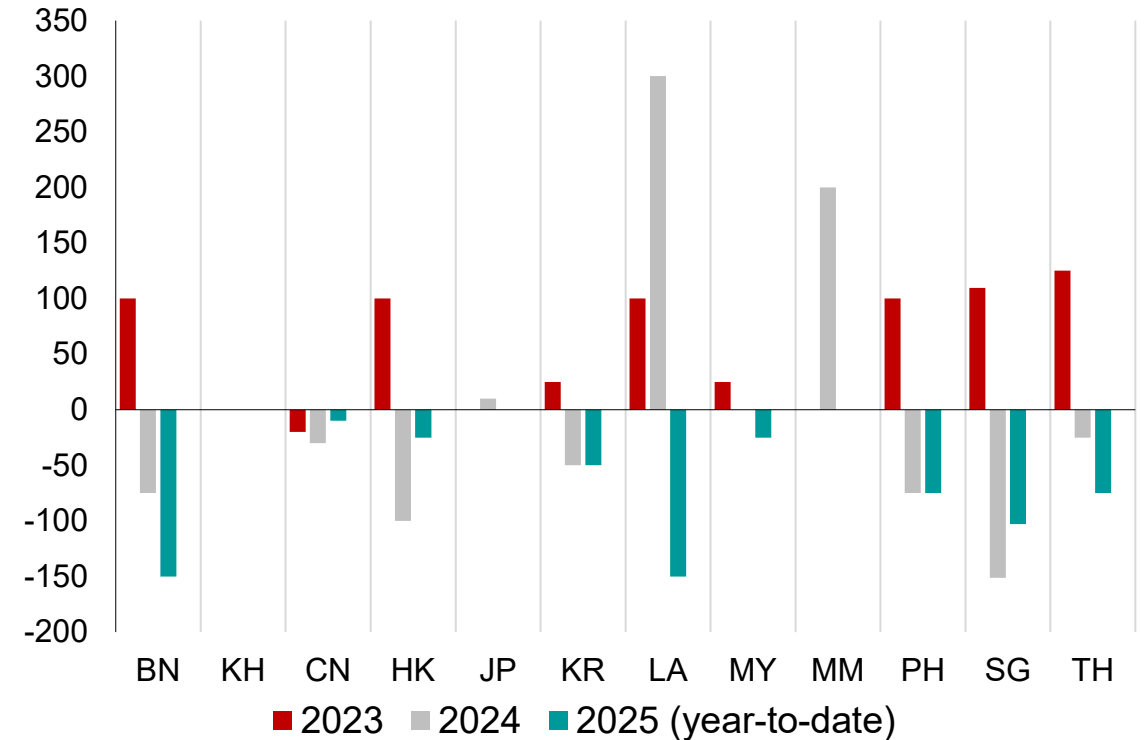
■ Revised upwards from July ■ Revised downwards from July ■ Maintained from July

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

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 2 October 2025.

ASEAN+3: Change in Monetary Policy Rates

(Basis points)



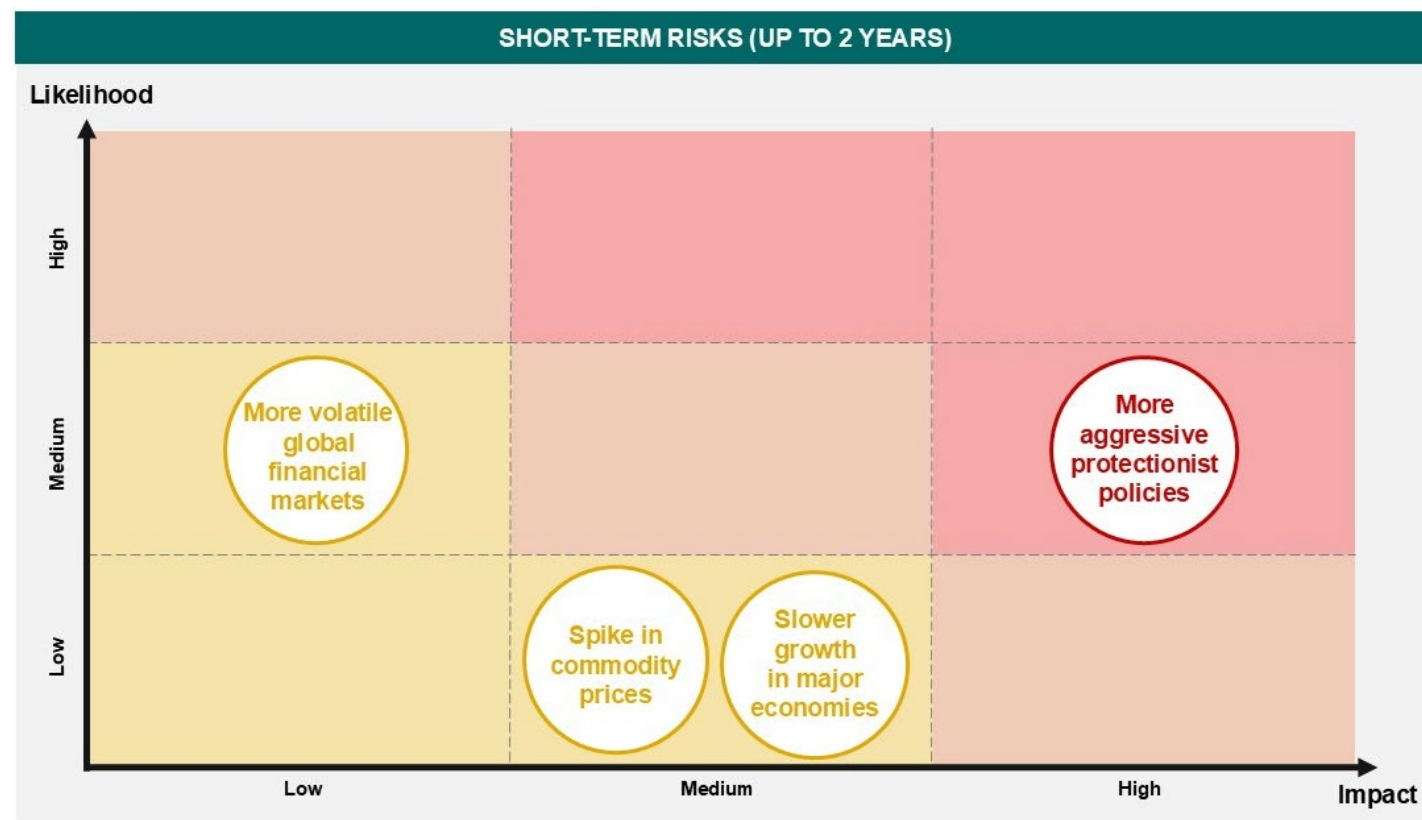
Source: National authorities via Haver Analytics; AMRO staff calculations.

Note: For Brunei, we use the standing facility lending rate. For China, we use the People's Bank of China 7-day reverse repurchase yield. For Hong Kong, we use the Base Rate. Data for 2025 as of 3 October 2025.

Near-term outlook remain vulnerable to elevated risks and uncertainty

Regional Risk Map

(October 2025)



Source: AMRO staff assessment.

- Uncertainties continue to be high, with opaque trade deal details and risks of tariff extensions to sectors like semiconductors.
- Under an adverse scenario with higher and broader tariffs, ASEAN+3 growth could fall by half a percentage point in 2026 compared to the baseline, slowing to a pace similar to the subdued post-pandemic recovery of 2022.
- Upside risks could materialize if exports growth exceed expectations and strong FDI commitments translate into higher investment growth.

AFSR 2025

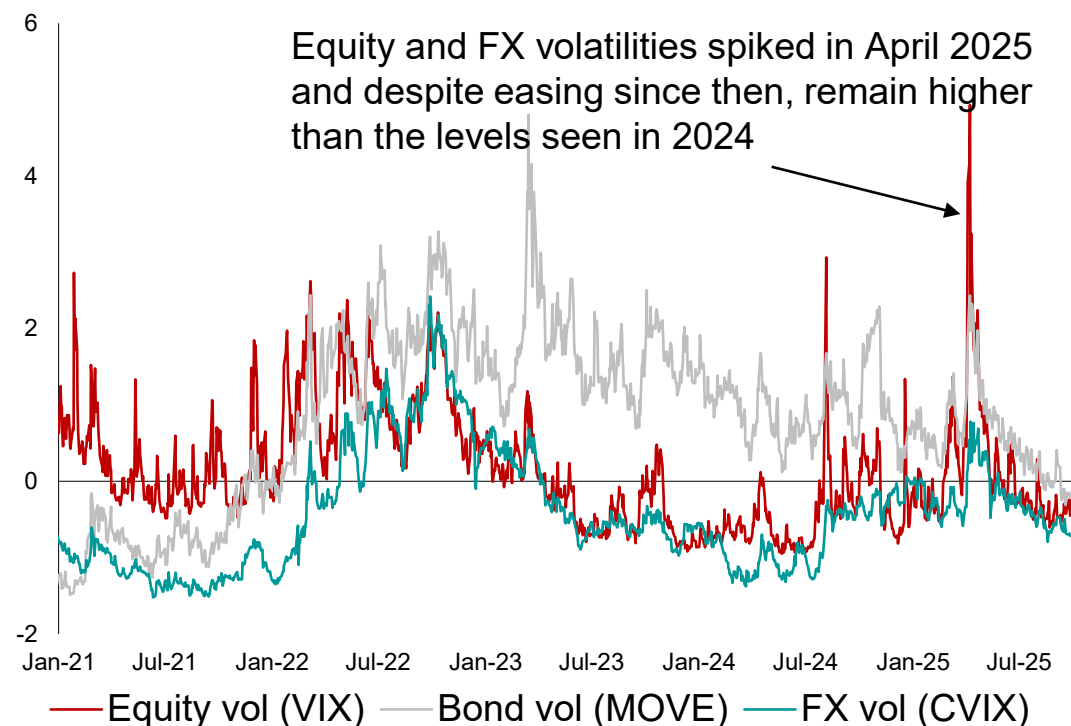
Safeguarding Stability Amid Global Uncertainty and Digital Transformation



Global financial markets faced heightened volatility in April but later stabilized, however, government bond yields remained high in some AEs reflecting concerns over fiscal sustainability

Volatility in Key Assets and Corresponding Long-Term Averages

(z-score, based on data since 1 January 2010)

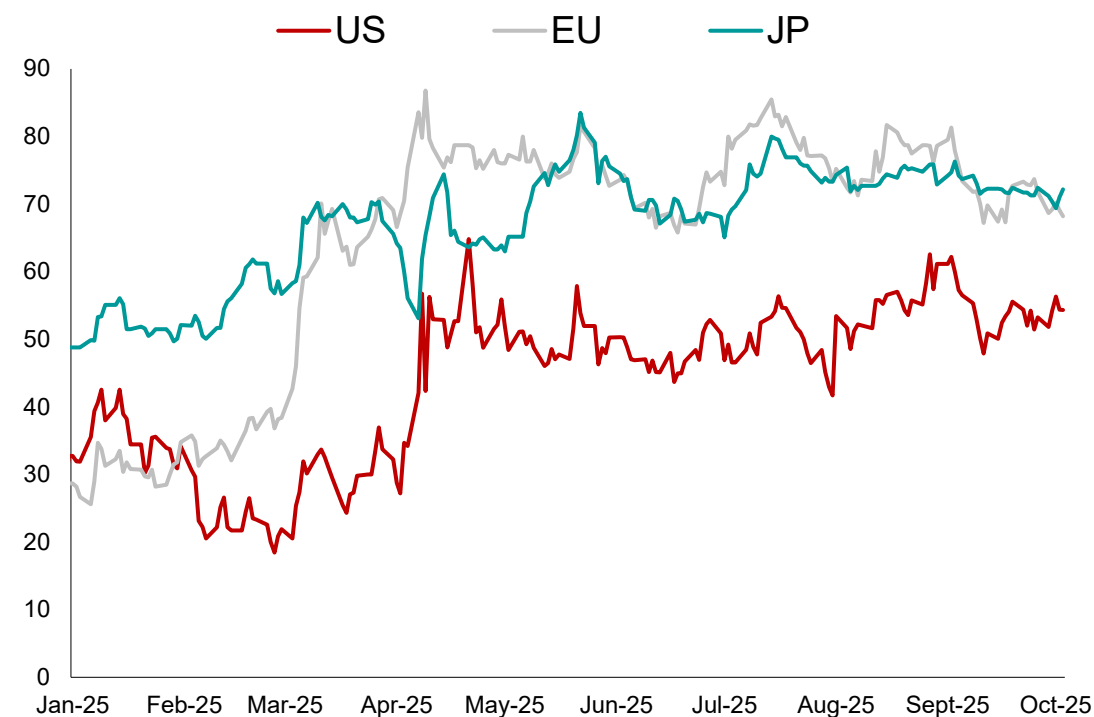


Source: Bloomberg Finance L.P.; AMRO staff calculations.

Note: MOVE refers to Merrill Lynch Options Volatility Estimate Index. CVIX refers to the Deutsche Bank Currency Volatility Index. Vol = volatility. Data as of 3 October 2025.

Selected Advanced Economies: 10-Year versus 2-Year Yield Spread

(Basis Points)



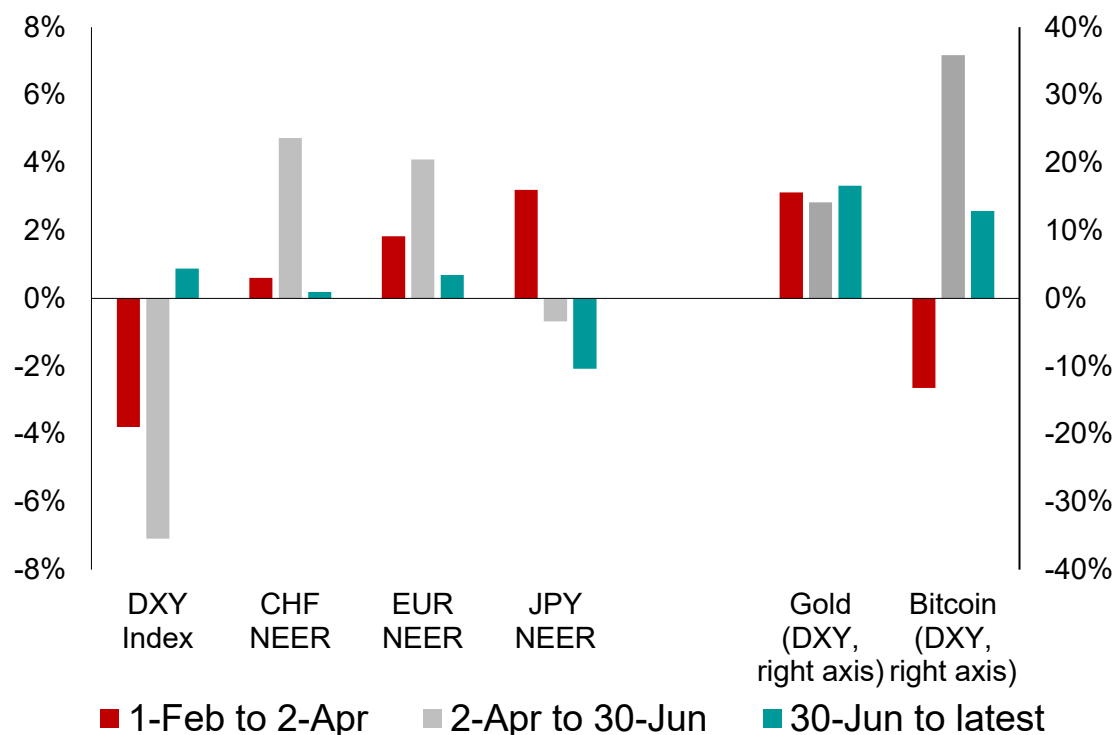
Source: Bloomberg Finance L.P.; AMRO staff calculations.

Note: Data as of 3 October 2025.

The US dollar has weakened in H1 2025 as markets reevaluated its safe asset status while its relationship with US treasury yield appeared to evolve

US Dollar and Other Asset's Price Changes

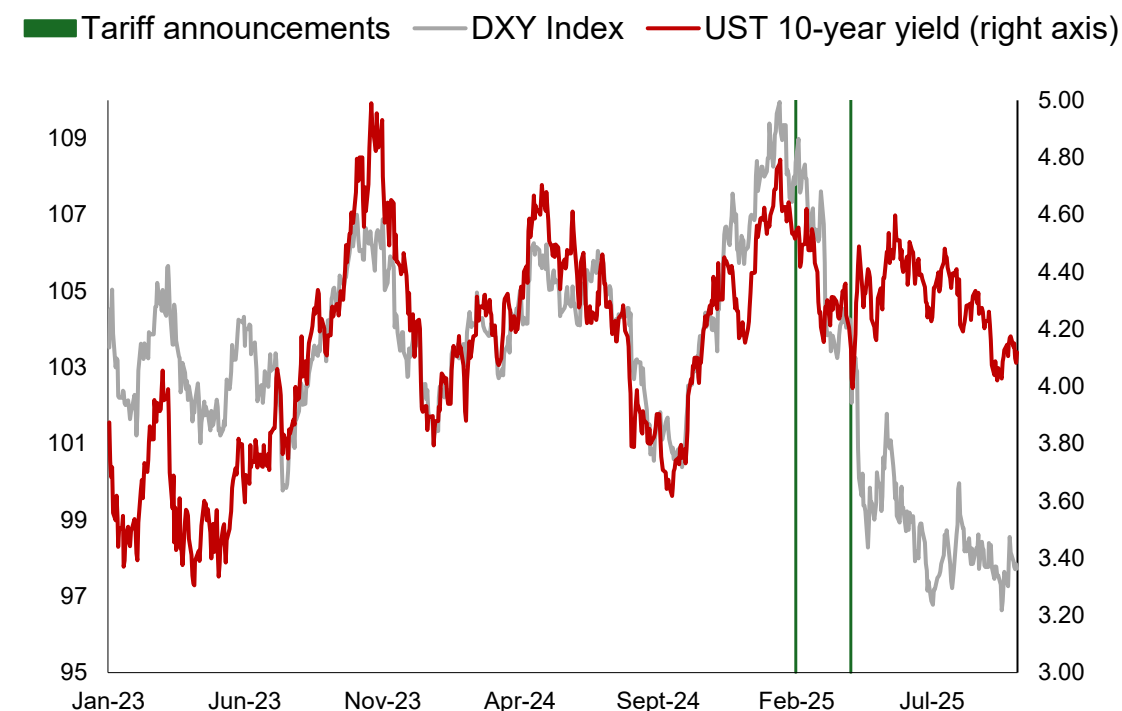
(Percent; Percent)



Source: Bloomberg Finance L.P.; AMRO staff calculations.
Note: Data as of 3 October 2025.

US Dollar and US Treasury Yield

(Index; Percent)



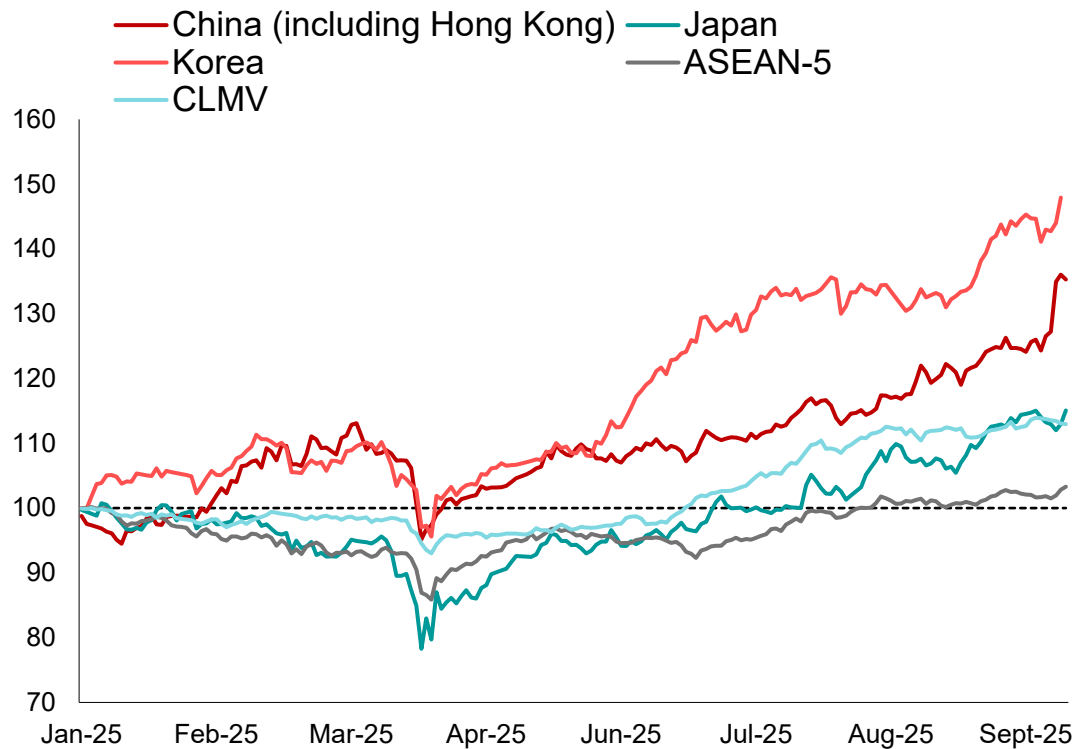
Source: Bloomberg Finance L.P.; AMRO staff calculations.
Note: Data as of 3 October 2025.

ASEAN+3 market stress was short-lived:

- Equity market performance differed across economies.
- Government bond yields remained less sensitive to changes in US treasury yields and fell in most of the regional markets

Selected ASEAN+3: Equity Market Indices

(Index, 31 December 2024 = 100)

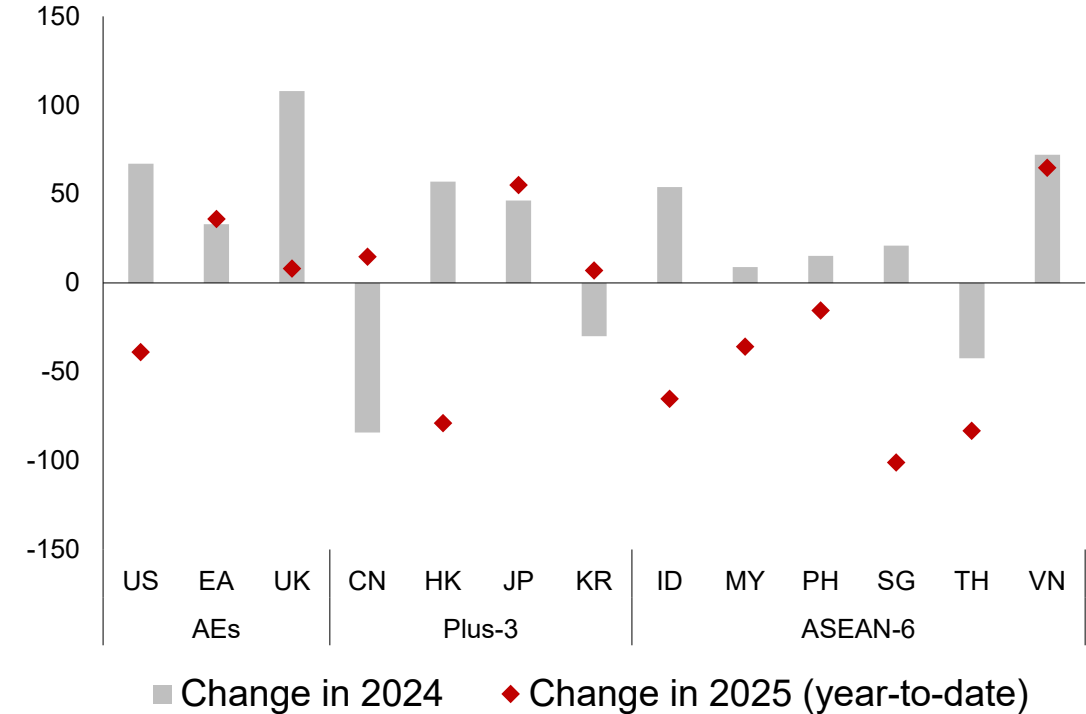


Source: National authorities via Haver Analytics; AMRO staff calculations.

Note: CLMV = Cambodia, Lao PDR, Myanmar, and Vietnam. ASEAN-5 is the simple mean of returns in the benchmark equity indices of Indonesia, Malaysia, the Philippines, Singapore, and Thailand. Data as of 3 October 2025.

Selected ASEAN+3: Changes in 10-Year Government Bond Yields

(Basis points)

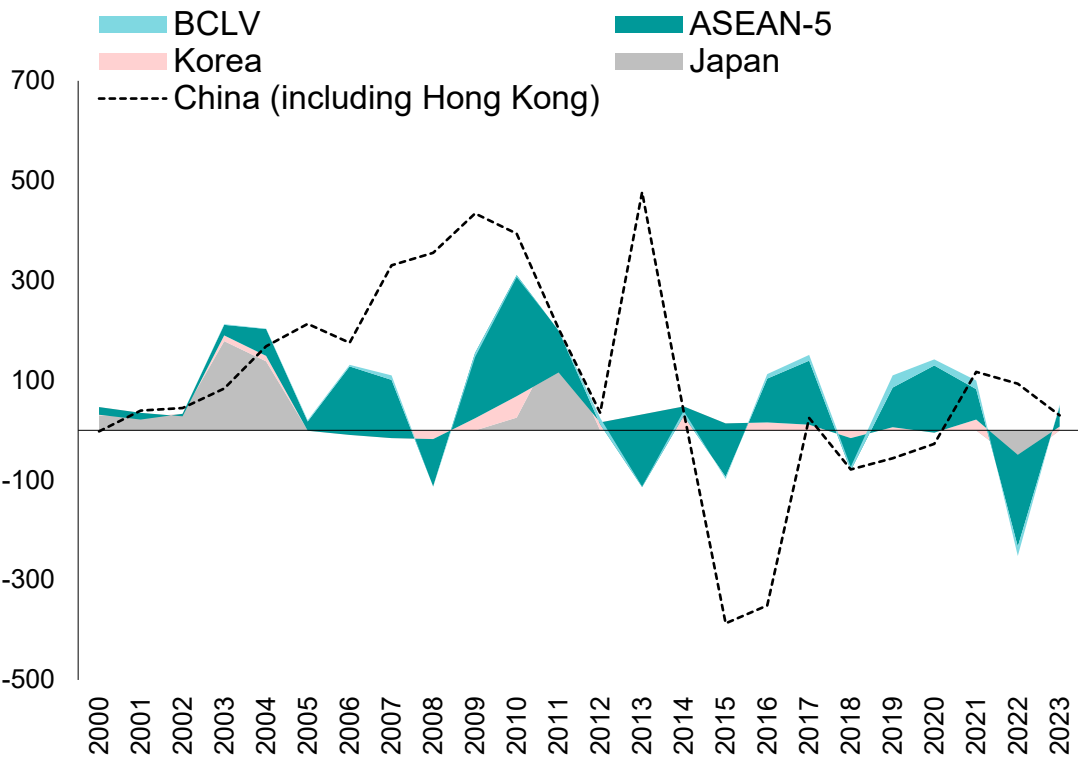


Source: National authorities via Bloomberg Finance L.P.; Bank for International Settlements; Haver Analytics; AMRO staff calculations.

Note: The DXY Index is used to determine the change in the US dollar. Data for 2025 (year to date) as of 30 September 2025.

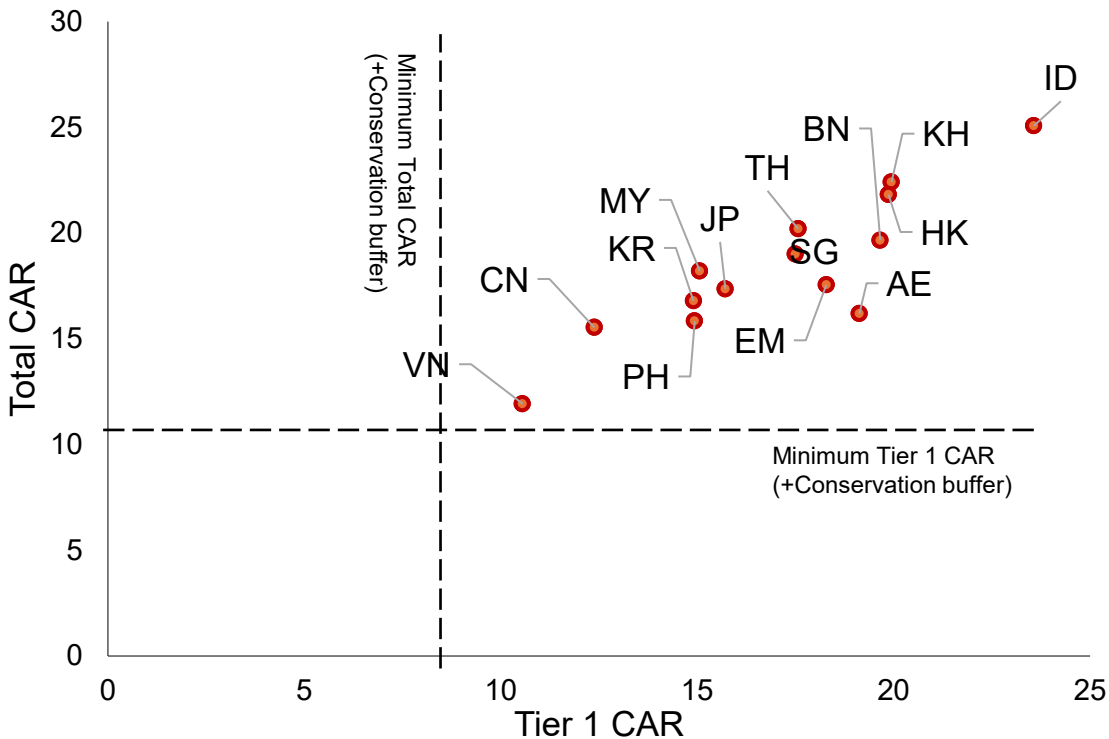
ASEAN+3 has remained resilient due to a well-calibrated policy mix and strong fundamentals

Selected ASEAN+3: Stacked FX Interventions Proxied
(Billions of USD)



Source: Adler and others (2021) with updated data by 2023.
Note: The stacked graph sums FX intervention estimates. BCLV = Brunei, Cambodia, Lao PDR, and Vietnam. Published data are used for Japan and Hong Kong; proxies are used for others and may differ from official figures.

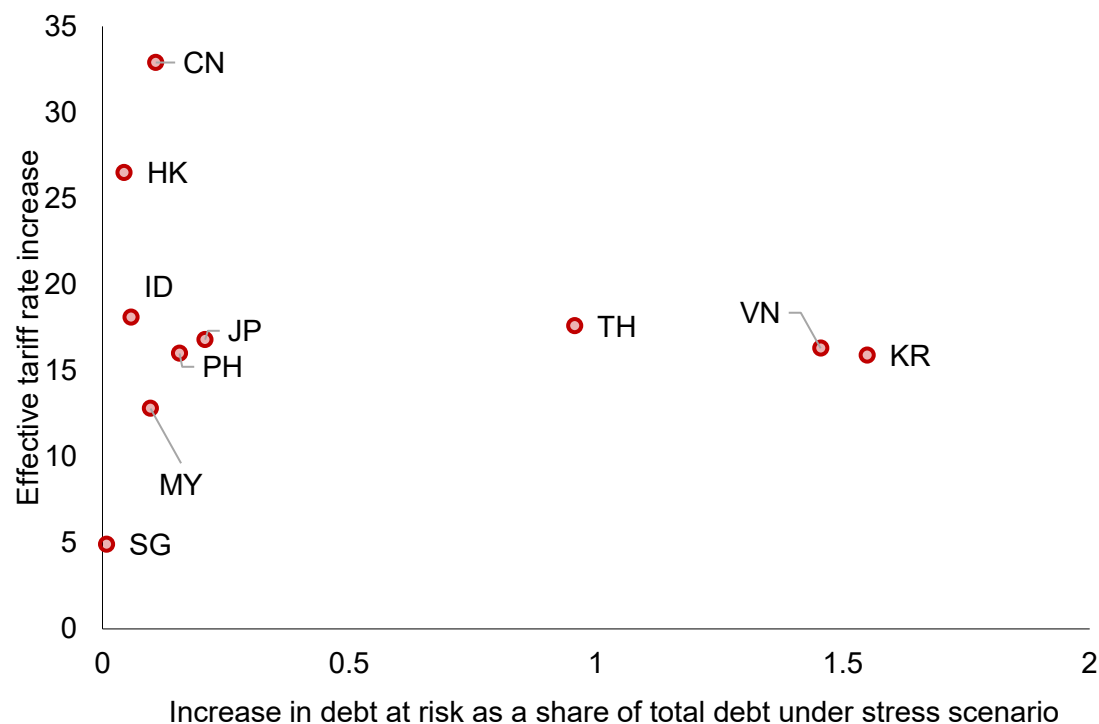
Selected ASEAN+3: Total CAR and Tier 1 CAR in 2024
(Percent)



Source: National authorities; International Monetary Fund via Haver Analytics; AMRO staff calculations.
Note: AE refer to selected economies in North America and western Europe. EM refer to selected economies in Latin America and eastern Europe. For economies that have not released end-2024 data, use the latest quarter data.

In the near term, pockets of vulnerabilities remain especially for economies with debt overhang and SMEs with existing fragility and exposure to the US trade.
Over the medium term, accelerated digitalization in banking services can introduce new risks.

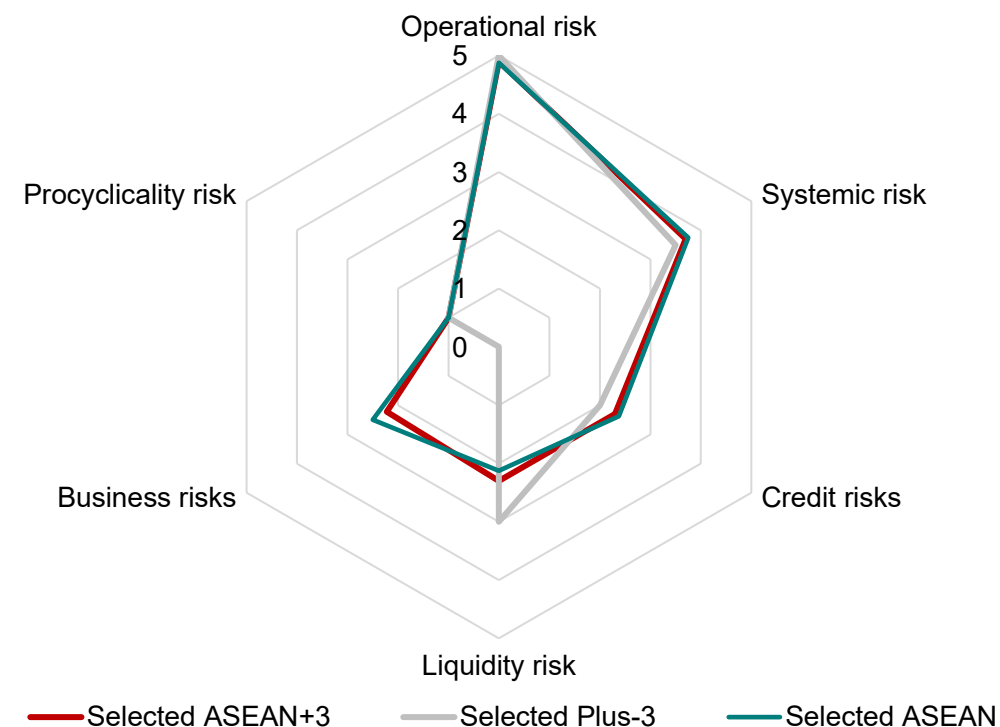
US Effective Tariff Increase and Corporate Debt at Risk Sensitivity (Percent)



Source: Orbis and AMRO staff calculations.

Note: Effective tariff rate increase is calculated as the August 7 effective tariff rate less the end-2024 effective tariff rate.
 Increase in Debt at Risk (DAR) as Share of Total Debt under Stress Scenario denotes the rise in DAR following a 10 percent revenue shock, after accounting for firms' cash buffers.

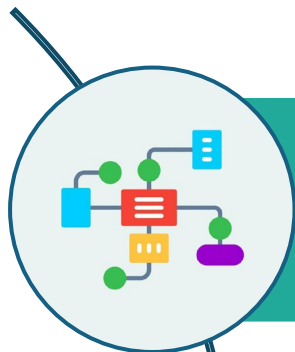
Selected ASEAN+3: Risks Posed by Digitalization (Risk ranking)



Source: Authority Survey; AMRO staff compilation.

Note: Survey results for the question "Based on your qualitative assessment, please rank the following risks posed by the digitalization of banking services." The spiderweb shows the average risk rankings for the various economy groups for each specific risk, with 5 carrying the most risk and 1 the least.

To mitigate near-term risks and build resilience over the medium-term, ASEAN+3 policymakers should:



Continue to use monetary-fiscal-macroprudential policy mix to support growth and strengthen resilience while preserving policy space and financial buffer.



Stay vigilant and take prompt action on potential market corrections and emerging risks from structural changes



Deepen regional financial cooperation to help reduce vulnerabilities stemming from heavy reliance on the US dollar.



Thank you.

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