Quarterly Update of the
ASEAN+3 Regional Economic Outlook (AREO)

ASEAN+3 Macroeconomic Research Office (AMRO)

Singapore

October 2025

This report was co-authored by Kriti Andhare, Jun Ee Yohnsen Ang, Naoaki Inayoshi, Catharine Kho, Haobin Wang (lead), and Yuhong Wu, under the supervision of Allen Ng (all Regional Surveillance), with contributions from AMRO country desk economists. The report was reviewed by AMRO Senior Management and approved by Dong He (Chief Economist).

Unless otherwise indicated, the analysis in this report is based on information available up to 8 October 2025. For brevity, “Brunei Darussalam” is referred to as “Brunei”, and “Hong Kong, China” is referred to as “Hong Kong” in the text and figures.

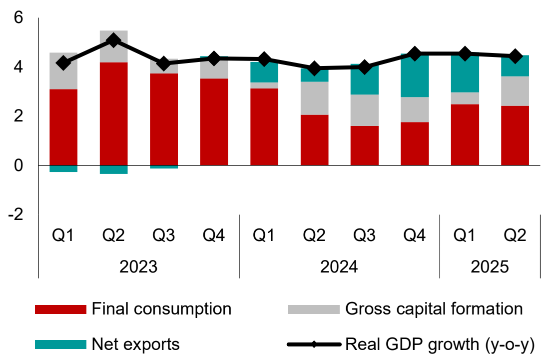
Highlights

- *ASEAN+3 economies posted solid growth in H1 2025, supported by firm domestic demand and export, in part due to front-loaded shipments ahead of implementation of US tariffs. Inflation remained low and stable.*
- *The region is expected to grow at 4.1 percent in 2025 and 3.8 percent in 2026, revised upward from July given strong H1 growth outturn and stronger-than-expected export performance. Headline inflation is projected to remain stable at 1.0 percent in 2025, before rising slightly to 1.1 percent in 2026.*
- *The most prominent near-term uncertainty stems from unpredictable US policy shifts, with additional risks from more volatile financial markets and spikes in commodity prices.*

Regional Economic Developments since the *AREO 2025 July Update*

ASEAN+3 economies posted solid growth in H1 2025, supported by firm domestic demand and export. Private consumption held up across most regional economies, underpinned by steady employment conditions and moderating inflation. The region, especially ASEAN economies, also witnessed improved investment activities supported by FDI into the sectors related to advanced electronics and digital services. On the external side, robust demand for electronics and front-loaded orders ahead of US tariffs kept export demand firm in H1 (Figure 1).

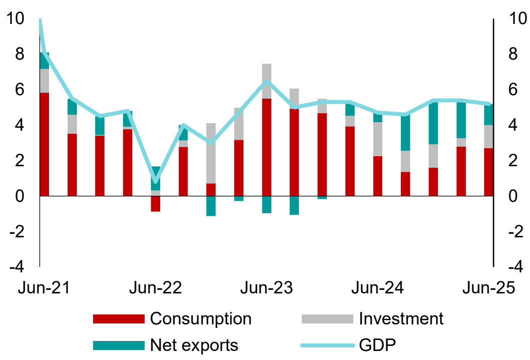
Figure 1. Selected ASEAN+3: Contribution to Real GDP Growth
(Percent, year-on-year; percentage points)



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.

China maintained steady growth despite tariff headwinds. The economy grew 5.3 percent year-on-year in H1 2025, above its 2024 growth rate. This performance was driven by stronger domestic demand and accelerated export shipments ahead of US tariff implementation (Figure 2). Domestic strength also reflected supportive macroeconomic policies, including an expanded nationwide trade-in program, issuances of ultra-long government bonds for infrastructure and urban renewal, and targeted credit easing. While property sector recovery remained tepid, solid growth in manufacturing and infrastructure investment provided offsetting support.

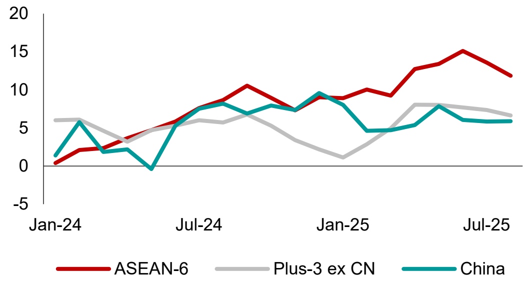
Figure 2. China: Contribution to Real GDP Growth
(Percent, year-on-year; percentage points)



Source: China National Bureau of Statistics (NBS); Wind.

Front-loaded export shipment supported external demand, though tentative signs of slowdown have emerged. ASEAN+3 exports expanded by around 7 percent year-on-year in H1 2025, driven in part by front-loading of shipments ahead of US tariffs (Figure 3). However, with the new tariffs announced in August in effect, the anticipation is for export growth to slow towards the end of the year, with recent purchasing manager indices pointing to weaker external demand going forward for some regional economies.

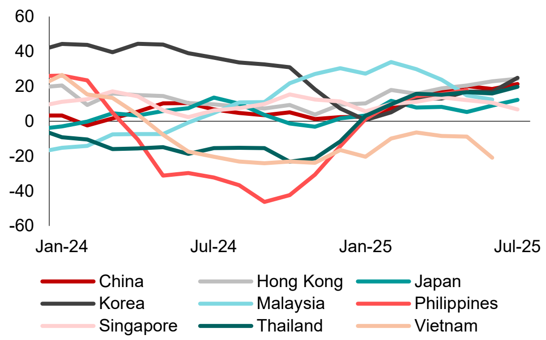
Figure 3. Selected ASEAN+3: Goods Exports
(Percent, year-on-year, seasonally adjusted, three-month moving average)



Source: National authorities via Haver Analytics; AMRO staff calculations.
Note: ASEAN-6 = Indonesia, Malaysia, the Philippines, Singapore, Thailand, and Vietnam. Plus-3 ex CN = Hong Kong, Japan, and Korea. Goods exports data are up to August 2025. Excludes Brunei, Cambodia, Lao PDR and Myanmar due to unavailability of data updates.

Nevertheless, Artificial intelligence (AI)-driven semiconductor demand continues to support regional exports. The global chip market expanded by 19.2 percent year-on-year in H1 2025, boosting semiconductor exports across many regional economies and lifting regional semiconductor shipments by 10.9 percent (Figure 4). Leading indicators point to sustained semiconductor demand, as reflected in the continued increase in global electronics new orders and forecast of global semiconductor sales.

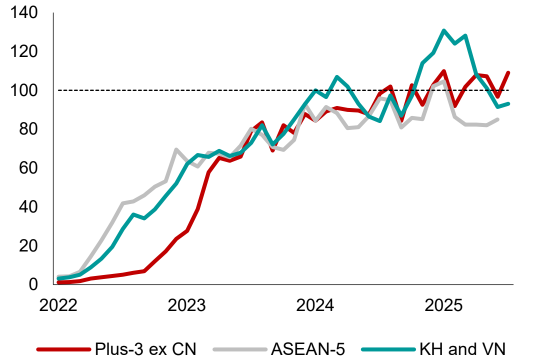
Figure 4. Selected ASEAN+3: Semiconductor Exports
(Percent, year-on-year, three-month moving average)



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

Tourism recovery continued, though with temporary disruptions. Tourist arrivals in the region broadly surpassed pre-pandemic levels in early 2025 (Figure 5). While the Plus-3 economies sustained this positive momentum through most of the year, ASEAN tourist arrivals declined sharply amid temporary shocks, including the earthquake and security-related concerns. Latest data, however, suggest emerging stabilization as these temporary factors dissipate.

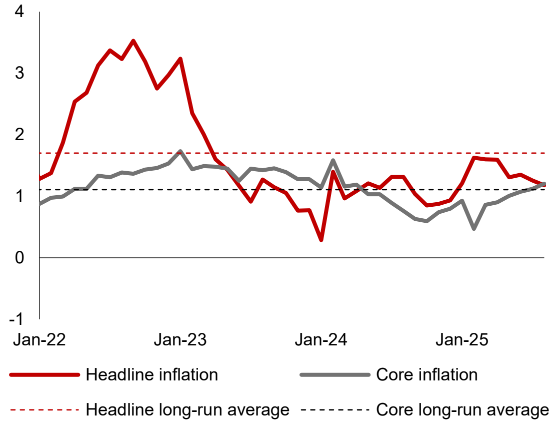
Figure 5. Selected ASEAN+3: Tourist Arrivals
(Index, 2019 = 100)



Source: National authorities via Haver Analytics; AMRO staff calculations.
Note: Plus-3 ex CN = Hong Kong, Japan, and Korea. ASEAN-5 = Indonesia, Malaysia, Philippines, Singapore and Thailand. KH and VN = Cambodia and Vietnam. Excludes Brunei, Lao PDR and Myanmar due to data unavailability. Data are up to July 2025 for Plus-3 ex CN, KH and VN, and June 2025 for ASEAN-5.

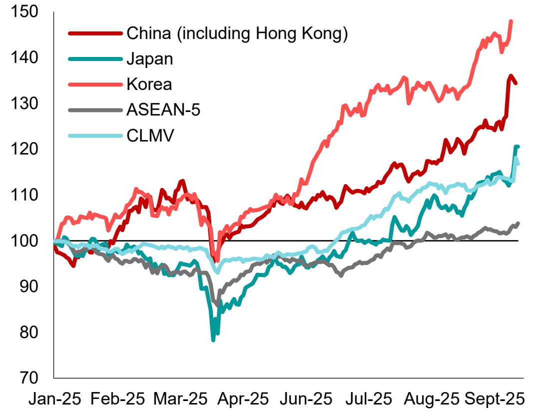
Headline inflation continued to ease, while core inflation edged up slightly but remained stable in H1 2025. Regional headline inflation continued to moderate below its long-run average despite temporary spikes in oil prices linked to the Middle East conflict (Figure 6). Core inflation was broadly stable, with only modest increases since end-2024 in some economies.

Figure 6. Selected ASEAN+3: Headline and Core Consumer Price Inflation
(Percent, year-on-year)



Source: National authorities via Haver Analytics; AMRO staff calculations.
Note: Excludes Lao PDR and Myanmar due to data unavailability.

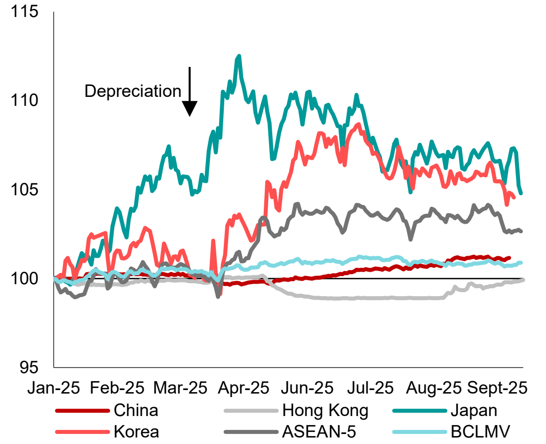
Figure 7. Selected ASEAN+3: Equity Market Indices
(Index, 31 December 2024 = 100)



Source: National authorities via Haver Analytics; AMRO staff calculations.
Note: ASEAN-5 = Indonesia, Malaysia, the Philippines, Singapore and Thailand. 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 8 October 2025.

Equity markets have generally improved through 2025 despite large swings, while regional currencies have strengthened. The US tariff announcement in April on major trading partners triggered a market selloff and a drop in regional equity indices, but markets have since rebounded as trade deals were subsequently reached and H1 growth numbers exceeded expectations. Equity performance was also supported by continued growth momentum in the AI sector, particularly benefiting technology industries. Meanwhile, the US dollar depreciated, as investors reassessed its safe-haven appeal amid protectionist policies and fiscal pressures, supporting broad-based currency appreciation across the region (Figures 7 and 8).

Figure 8. ASEAN+3: Exchange Rates against the US dollar
(Index, 31 December 2024 = 100)



Source: National authorities via Haver Analytics; AMRO staff calculations.
Note: ASEAN-5 = Indonesia, Malaysia, the Philippines, Singapore and Thailand. BCLMV = Brunei, Cambodia, Lao PDR, Myanmar, and Vietnam. ASEAN-5 and BCLMV are the simple mean of the changes in bilateral exchange rate against the US dollar of member economies within the group. Data as of 8 October 2025.

Central banks across the region adopted accommodative monetary stances to cushion growth headwinds. Almost half of the regional central banks implemented rate cuts since the beginning of the year, amid subdued inflation and expectation of weaker external demand. Indonesia initiated easing in January, followed by Korea and Thailand in

February. From April onward, China, Korea, Indonesia, Malaysia, the Philippines, and Thailand reduced rates further, while other central banks kept policy rates unchanged.

Regional Economic Outlook

ASEAN+3 growth is projected at 4.1 percent in 2025 and 3.8 percent in 2026, revised upward from July reflecting robust H1 growth outturns and stronger-than-expected export performance. Nevertheless, higher US tariffs are expected to weigh on external demand and dampen growth later in 2025 and into 2026. This marks a slowdown in ASEAN+3 growth from 4.3 percent in 2024, with the deceleration sharper in ASEAN, where growth is projected to ease to 4.6 percent in 2025 and 4.3 percent in 2026, from 4.9 percent in 2024.

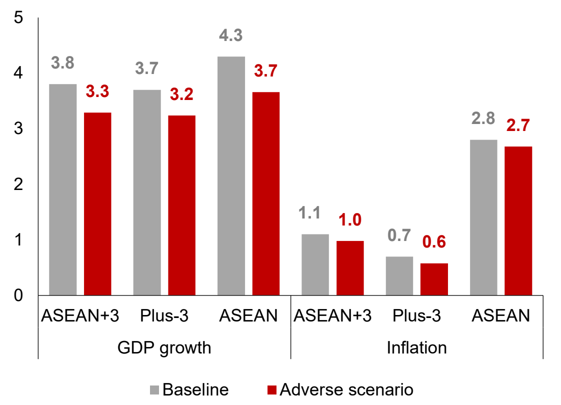
Headline inflation is projected to remain stable at 1.0 percent in 2025, before edging up slightly to 1.1 percent in 2026. The region's low and stable inflation reflects softer global commodity prices, despite a temporary spike in oil prices during the brief escalation of Middle East tensions in June 2025. With oil markets stabilizing and global demand remaining subdued, external price pressures are expected to stay contained. The modest uptick in 2026 is mainly due to the normalization of price dynamics and subsidy rationalization in some economies.

Overall risks to the outlook remain tilted to the downside. External and domestic risks to the outlook remain elevated. The most prominent near-term uncertainty stems from ongoing and unpredictable policy shifts in the United States, which—given its role as a key trading partner—could generate immediate spillovers for the region. Additional risks include a potential slowdown in major economies, escalating geopolitical tensions, heightened financial market volatility, and persistent structural vulnerabilities—all of which could further compound external and domestic headwinds. However, there is also potential upside risk to the outlook if export growth, especially for semiconductors, turns out to be better than expected, and recent high levels of FDI commitments in many regional economies translate into higher-than-anticipated private investment growth.

The four main downsides risks that could affect the 2025-2026 baseline forecast are as follows (Figure 9):

- **More aggressive protectionist policies:** Despite the conclusion of trade negotiations for most regional economies, key details—such as implementation timelines, and specific terms—remain opaque. In addition, the risk of tariffs being extended to currently exempted sectors, such as semiconductors, remains significant. Any further escalation of US trade actions could weigh heavily on regional economic activity. Based on our scenario analysis, under an adverse scenario with higher and broader tariffs for the region, including transshipment and currently exempted products, ASEAN+3 growth could be reduced by half a percentage point in 2026, as compared to the baseline—resulting in the region expanding at a pace similar to the subdued post-pandemic recovery of 2022 (Figure 10).

Figure 10. ASEAN+3: 2026 GDP Growth and Headline Inflation under Baseline and Adverse Scenario
(Percent, year-on-year)



Source: AMRO staff estimates.
Note: Regional aggregates are weighted using 2024 GDP on PPP basis. Brunei, Cambodia, Lao PDR and Myanmar are excluded due to data unavailability. The baseline scenario assumes bilateral tariffs as of August 2025 and 100 percent tariffs on pharmaceuticals. The adverse scenario assumes Apr 2 reciprocal rates for China, 40 percent transshipment tariff on 20 percent of goods exported to the US, and a 50-percent tariff on products currently exempt from reciprocal tariffs; starting from 2026 Q1.

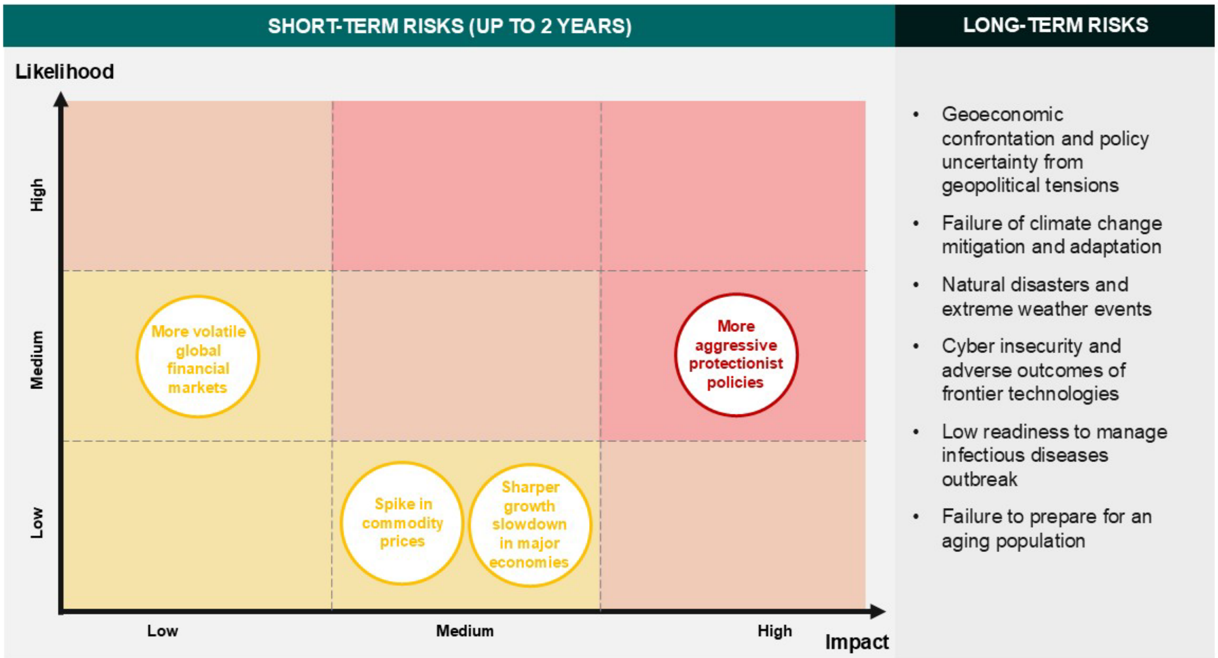
- **Slower growth in major economies:** In the US, policy uncertainty may weigh further on consumer and investor confidence, amid emerging signs of labor market softening. Elevated tariffs and higher-than-expected inflation could further dampen private demand. In Europe, growth remains vulnerable to high energy and shipping costs stemming from geopolitical tensions, alongside subdued external demand and structural weaknesses in key industrial sectors. Meanwhile, weaker-than-expected growth in China—due to protracted property sector adjustment or external headwinds including US tariffs—could also weigh on regional trade, investment, and tourism flows.

- **More volatile global financial markets:** Risks of heightened financial markets volatility remain salient. Equity valuations are high and credit spreads remain tight. Shifts in expectations on US monetary policy as well as potential changes in the sentiment surrounding AI could trigger repricing of asset prices. In addition, heightened geopolitical tensions, evolving trade policies, and unexpected growth outturn in major economies may undermine market sentiment and lead to renewed volatility across asset classes.

- **Spike in global commodity prices:** Any escalation of geopolitical tensions in the Middle East or Europe could trigger spikes in energy prices. While commodity prices have remained relatively stable—partly due to subdued global demand—any renewed volatility stemming from unexpected events could reignite inflationary pressures in the region.

Beyond near-term risks, a number of key structural challenges remain a concern for the region. Rising protectionism, accelerating geoeconomic fragmentation, and mounting geopolitical tensions could weigh on long-term growth prospects, particularly for trade-dependent economies. Rapid population aging also poses major economic and social challenges, while inadequate action on climate change risks may heighten the frequency of extreme weather events with significant economic costs.

Figure 9: Regional Risk Map, October 2025



Source: AMRO staff.

Table 1. ASEAN+3: AMRO Growth and Inflation Projections, 2025–26

Economy	Gross Domestic Product (Percent year-on-year)					Consumer Price Index (Percent year-on-year)				
	2024	AREO July Update		AREO October Update		2024	AREO July Update		AREO October Update	
		2025[e]	2026[f]	2025[e]	2026[f]		2025[e]	2026[f]	2025[e]	2026[f]
ASEAN+3	**4.3**	**3.8**	**3.6**	**4.1**	**3.8**	**1.2**	**0.9**	**1.0**	**1.0**	**1.1**
Plus-3	**4.1**	**3.7**	**3.4**	**4.0**	**3.7**	**0.7**	**0.5**	**0.6**	**0.6**	**0.7**
China	5.0	4.5	4.1	4.8	4.4	0.2	0.0	0.2	0.0	0.4
Hong Kong, China	2.5	2.1	1.9	2.4	2.0	1.7	1.8	1.6	1.8	1.6
Japan	0.1	0.7	0.6	1.0	0.6	2.7	2.9	2.1	3.0	2.1
Korea	2.0	0.7	1.6	0.9	1.7	2.3	2.0	1.9	2.0	1.8
ASEAN	**4.9**	**4.4**	**4.2**	**4.6**	**4.3**	**3.0**	**2.4**	**2.7**	**2.5**	**2.8**
Brunei Darussalam	4.1	1.7	2.3	1.2	1.8	–0.4	0.2	0.3	0.0	0.3
Cambodia	6.0	5.2	4.7	4.9	5.0	0.8	2.5	2.3	2.6	2.3
Indonesia	5.0	4.8	4.7	5.0	4.9	2.3	1.5	1.9	1.9	2.2
Lao PDR	4.3	4.4	4.2	4.4	4.2	23.1	10.1	6.4	8.5	7.6
Malaysia	5.1	4.2	3.8	4.3	4.0	1.8	2.0	2.2	1.6	2.0
Myanmar	2.9	–1.0	1.5	–1.0	1.5	29.6	30.0	28.0	30.0	28.0
The Philippines	5.7	5.6	5.5	5.6	5.5	3.2	1.8	3.2	1.8	3.2
Singapore	4.4	2.3	1.6	2.6	1.7	2.4	1.0	0.8	0.9	0.8
Thailand	2.5	2.1	1.8	2.2	1.9	0.4	0.5	0.8	0.5	0.8
Vietnam	7.1	7.0	6.5	7.5	6.4	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 and AMRO staff estimates.
Note: AREO = ASEAN+3 Regional Economic Outlook report. e = estimate, f = forecast. Regional aggregates for growth are estimated using the weighted average of 2024 GDP on purchasing power parity basis; regional aggregates for inflation are computed using simple averaging. Myanmar's GDP and inflation figures are based on its fiscal year, which runs from April 1 of the reference year to March 31 of the following year. Forecasts are as of October 8, 2025.