

ASEAN+3 Quarterly Fiscal Bulletin (QFB)

ASEAN+3 Macroeconomic Research Office (AMRO)

Singapore

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The June 2026 edition of the QFB covers year-to-date fiscal outturns through March 2026, available as of 30 May 2026, while Key Fiscal Policy Developments and Budget Snapshots sections reflect information released during March–May 2026. 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

- **Revenue outturns remained broadly resilient in Q1 2026.** All economies, except Brunei, recorded positive year-to-date revenue growth, supported by resilient economic activity, stronger corporate income tax collections, robust consumption taxes, and tax administration gains. However, resource-related revenues declined among oil exporters, suggesting that the revenue impact of higher commodity prices has yet to materialize.
- **Expenditure pressures have begun to emerge, especially in economies with broad fuel subsidies.** All ASEAN+3 economies recorded positive expenditure growth, with particularly strong expansions in Indonesia, Malaysia, Singapore, Thailand, and Vietnam. Subsidy-related spending increased notably in Indonesia and Malaysia.
- **Financing conditions have tightened, while credit outlooks are mixed.** Regional 10-year government bond yields rose after the conflict, especially in Thailand, Japan, and the Philippines, reflecting higher inflation, capital outflow, and fiscal concerns. Sovereign rating actions were limited to outlook revisions, with no ASEAN+3 economy experiencing a rating change.
- **Fiscal measures formed the core of ASEAN+3 governments' response to the Middle East conflict.** Support was directed mainly at limiting energy price pass-through, easing cost-of-living pressures, and cushioning sectors most exposed to higher fuel and input costs. Most economies relied on existing fuel subsidies (implicit and explicit) and price stabilization mechanisms to contain full cost pass-through.
- **Special Focus: ASEAN+3 Fiscal Measures in Response to the Middle East Conflict**

I. Recent Fiscal Developments¹

Revenue

1. **Year-to-date (YTD) fiscal revenue in Q1 remained robust, supported by strong economic growth, while the revenue impact of the Middle East shock has yet to fully materialize.** All ASEAN+3 economies, except Brunei, recorded positive YTD revenue growth compared to the same period in 2025, with particularly strong increases in Hong Kong, followed by Korea, Malaysia, and Indonesia (Figure 1). In contrast, revenue growth slowed in Vietnam and Brunei. Revenue collection rates relative to budgets broadly mirrored these cross-economy variations (Figure 2).

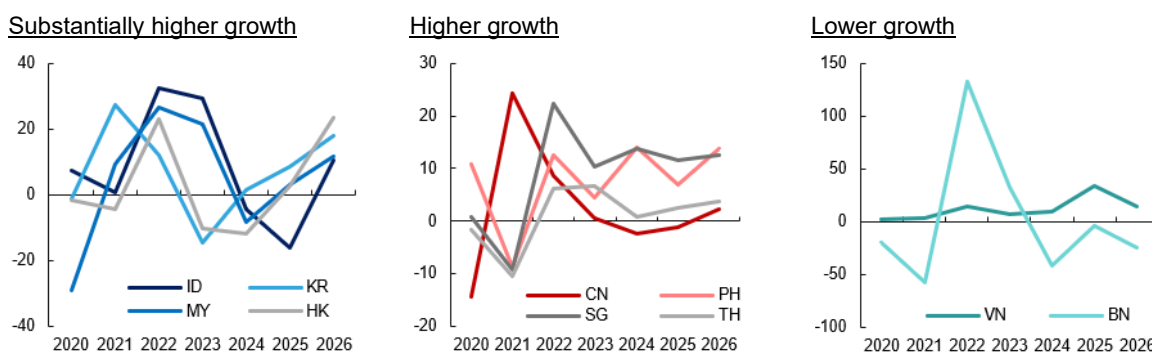
2. **Revenue growth was broad-based, although resource-related revenues fell among oil exporters** (Figure 3).

- **Resource-related revenues weakened among oil exporters, as the revenue impact of the Middle East conflict has yet to materialize.** Brunei's full-year revenue for FY2025, which ended in March 2026, and Indonesia's oil and gas revenue declined by 27.0 percent and 24.3 percent, respectively. Malaysia's petroleum income tax, excluding Petronas dividends, also moderated on a year-to-year basis.
- **Income-based taxes were supported by stronger corporate and personal earnings.** Corporate income tax collections rose markedly in Singapore and Vietnam, by 11.3 percent and 36.0 percent, respectively, supported by broad-based economic growth. In Korea, income-based tax collections were also robust, with corporate income tax and personal income tax rising by 4.0 and 15.5 percent respectively, reflecting robust employment growth and capital gains in the real estate sector.

¹ Year-to-date fiscal outturns are reported based on each economy's fiscal year calendar. See Appendix I for more details.

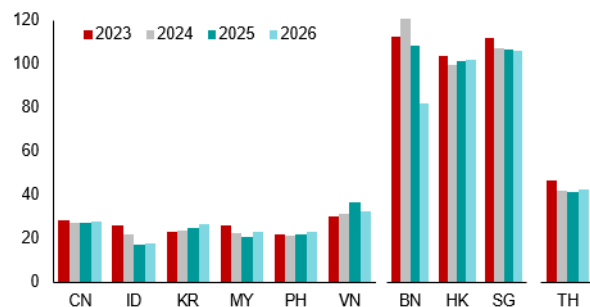
- **Consumption-based taxes remained robust in most economies.** Indonesia, Korea, Vietnam and Malaysia² recorded a double-digit year-on-year growth, while Thailand also posted a solid 7.5 percent increase, indicating the impact of Middle East conflict on consumption in first quarter was limited.
- **Tax administration gains supported collections in several economies.** In the Philippines, stronger tax revenue reflected intensified administration, digital transformation, and efforts to curb leakages, while customs collections were supported by the Bureau of Customs' modernization and accountability initiatives.³ In Indonesia, stronger income-based tax collections was supported by enhanced tax administration in improving taxpayer compliance, following the full implementation of Core tax administration system since early 2026.
- **Base effects influenced year-on-year dynamics.** In Malaysia, the sharp rise in sales and service tax collections (38.0 percent) partly reflected the lower base before the full-year impact of sales tax and service tax expansion measures which was introduced only in the second half of 2025. In Indonesia, the strong rebound in VAT collection by 57.6 percent also partly reflected a lower base from the previous year.

Figure 1. Revenue Growth, YTD Q1 2026 (Percent, year-on-year)



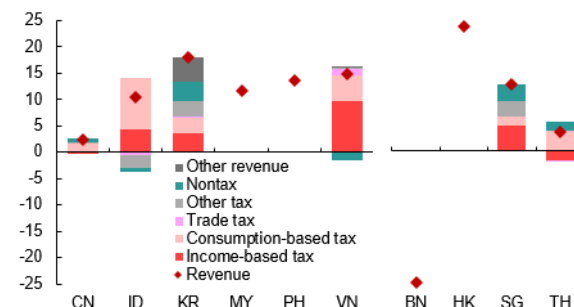
Source: National authorities via CEIC and Haver Analytics; AMRO staff estimates
 Note: Economies are grouped into three categories—substantially higher, higher, and lower—indicating the YTD growth compared to the previous FY. These groupings do not reflect any fixed numerical thresholds. Cambodia, Japan, Lao PDR and Myanmar were omitted due to data unavailability as of the cut-off date.

Figure 2. Revenue Execution Rate, YTD Q1 2026 (Percent of the Budget)



Source: ASEAN+3 authorities via Haver and CEIC, staff calculations
 Note: Economies are grouped by fiscal year (FY) calendar. Execution rates are calculated against the originally tabled budget. Cambodia, Japan, Lao PDR and Myanmar were omitted due to data unavailability as of the cut-off date.

Figure 3. Contribution to Revenue Growth, YTD Q1 2026 (Percent, Percentage points, year-on-year)



Source: National authorities via CEIC and Haver Analytics; AMRO staff estimates. Note: Economies are grouped by fiscal year (FY) calendar. Economies and revenue components are omitted if data is not available by cut-off date. Cambodia, Japan, Lao PDR and Myanmar were omitted due to data unavailability as of the cut-off date.

² In the absence of detailed revenue breakdown as of the cut-off date, the assessment of the main revenue drivers of Malaysia is based on the Ministry of Finance's quarterly economic bulletin (see [here](#)).

³ In the absence of detailed revenue breakdown as of the cut-off date, the assessment of the main revenue drivers relies on Philippines's Bureau of Treasury press release, which stated tax revenue growth of 4.2 percent (Bureau of internal Revenue) and 3.5 percent (Bureau of Customs), driven by improved compliance and tax administration. (see [here](#))

Expenditure

3. All ASEAN+3 economies recorded positive expenditure growth, although the pace varied widely. Indonesia, Malaysia, Singapore, Thailand and Vietnam registered particularly strong expansions, while spending growth in most other economies was moderate to subdued (Figure 4). Fiscal spending execution rates were significantly higher than in the previous fiscal year in Indonesia and Thailand,⁴ but slightly lower in Brunei, Korea and Singapore (Figure 5).

4. Expenditure pressures from policy responses to the Middle East conflict have started to emerge, particularly in economies with broad fuel subsidy schemes. In Indonesia and Malaysia, where blanket or broad-based fuel subsidies remain in place, higher global energy prices have begun to raise subsidy-related spending. In Indonesia, energy-related spending (subsidies and compensations) in Q1 2026 has increased significantly, driven primarily by higher compensation payments to state-owned energy enterprises as the government maintained regulated fuel price despite global benchmark fuel prices rose sharply.⁵ Similarly, Malaysia's subsidy and social assistance bill increased by 33.7 percent, driven primarily by the higher cost of maintaining subsidized fuel prices under the BUDI95 scheme. In the Philippines, subsidy expenditure increased by 19.0 percent, reflecting the implementation of the government's Emergency Energy Program.

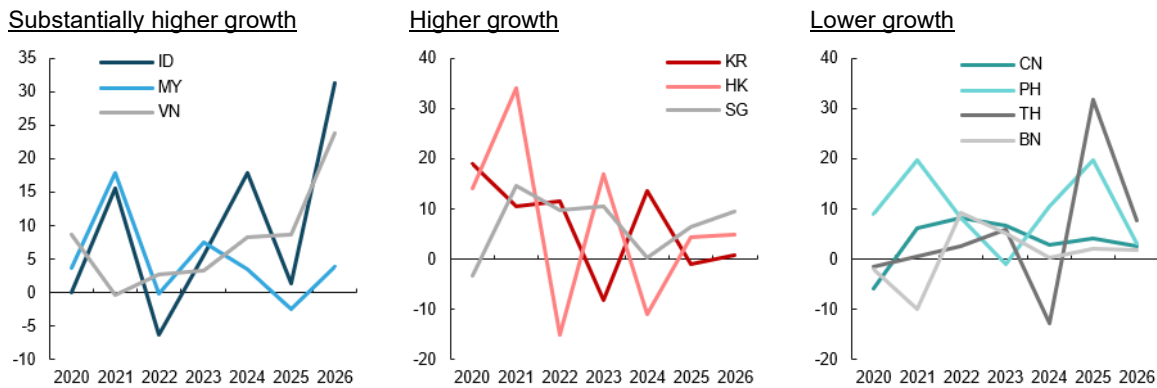
5. The fiscal impact of the Middle East conflict is not yet fully reflected in several economies, while expenditure increases in some cases were driven largely by non-energy factors. In Korea, expenditure outturns have yet to fully capture the impact of the supplementary budget, which was approved only in April 2026 and will be reflected more clearly in subsequent fiscal data. Similarly, Singapore's energy-related support measures took effect only from FY2026, which began in April 2026, and are therefore not yet fully reflected in earlier outturns. In Vietnam, strong expenditure growth appears to have been driven mainly by broader budget execution, particularly on public investment spending as the authorities aim to achieve double-digit economic growth target in 2026.

6. Capital expenditure trends were mixed across the region, reflecting both implementation dynamics and economy-specific budget priorities (Figure 6). In the [Philippines](#), the decline in capital outlays was driven by weaker infrastructure disbursements, reflecting base effects from frontloaded spending in Q1 2025 and stricter validation of billing claims. By contrast, [Vietnam's](#) strong capital expenditure growth reflected faster public investment disbursement. [Thailand's](#) capital spending also remained strong, with public investment expanding in Q1 2026, partly reflecting the authorities' commitment to keep capital disbursement rate above 70 percent for FY2026.

⁴ In Thailand, expenditure execution improved significantly in FY2025–2026 following the seven-month delay in FY2024 budget implementation due to new government formation. The low base in FY2024 boosted expenditure growth in FY2025, while growth moderated in FY2026 as budget execution normalized.

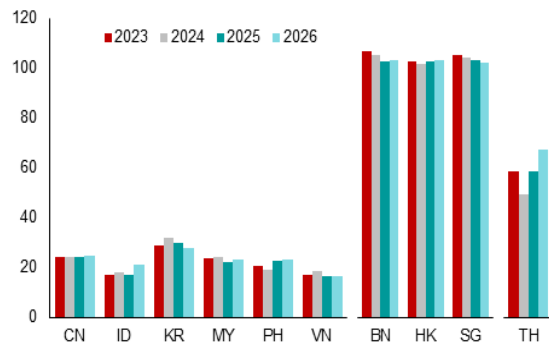
⁵ The increase was partly driven by a change in compensation payment schedule from quarterly to monthly payments. Indonesia's fuel subsidy mechanism involves compensation payments to state-owned energy enterprises. When administered retail prices are kept below economic cost, energy SOEs such as Pertamina and PLN absorb the gap between regulated selling prices and market-based supply costs. The government subsequently reimburses part of these losses through compensation payments.

Figure 4. Expenditure Growth, YTD Q1 2026 (Percent, year-on-year)



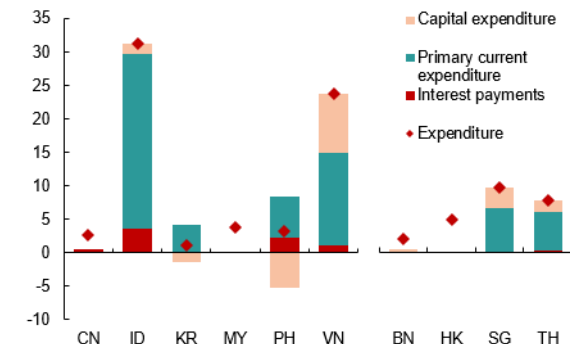
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Figure 5. Expenditure Execution Rate, YTD Q1 2026 (Percent of the Budget)



Source: ASEAN+3 authorities via Haver and CEIC, staff calculations
 Note: Economies are grouped by fiscal year (FY) calendar. Execution rates are calculated against the originally tabled budget. Cambodia, Japan, Lao PDR and Myanmar were omitted due to data unavailability as of the cut-off date.

Figure 6. Contribution to Expenditure Growth, YTD Q1 2026 (Percent, Percentage points, year-on-year)

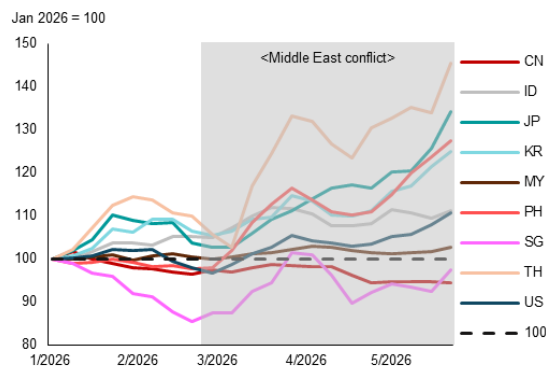


Source: National authorities via CEIC and Haver Analytics; AMRO staff estimates
 Note: Economies are grouped by fiscal year (FY) calendar. Economies and revenue components are omitted if data is not available by cut-off date. Cambodia, Japan, Lao PDR and Myanmar were omitted due to data unavailability as of the cut-off date.

Financing

7. Regional 10-year government bond yields rose markedly after the outbreak of the Middle East conflict. Except for China and Singapore, 10-year government bond yields across ASEAN+3 economies increased from their pre-conflict levels, although the magnitude varied across economies. Thailand recorded the sharpest rise, followed by Japan and the Philippines, broadly reflecting risk-off sentiments, capital outflow pressures, and rising inflation expectations amid concerns over energy supply disruptions. In Japan, the rise in JGB yields could partly reflect market reaction to fiscal developments. Similar fiscal considerations likely contributed to yield pressures in the other economies, as several

Figure 7. Selected ASEAN+3: 10-year Sovereign Bond Yield (Basis point, month-end, Jan 2026=100)



Source: Haver Analytics; AMRO staff calculation

governments introduced fiscal-related measures to mitigate the impact of higher energy prices. By contrast, yields in China and Singapore remained below their pre-crisis levels, suggesting accommodative domestic monetary conditions and, to some extent, safe-haven factors helped offset external pressures.

8. Year-to-date sovereign credit developments in the region point to a mixed outlook (Appendix II). In China, Moody's revised the credit outlook from negative to stable in April 2026, suggesting a reduced near-term downgrade risk despite continued weakness in the real estate sector and local governments fiscal strains. Cambodia and Thailand also saw Moody's revising its outlook from negative to stable, based on improved domestic investment momentum and easing external risks, including from U.S. tariffs. In contrast, Indonesia's outlook was downgraded by both Moody's and Fitch from stable to negative, reflecting concerns over policy predictability and governance weakness. The Philippines also faced a less favourable assessment, with S&P revising its outlook from positive to stable in April 2026 and Fitch revising its outlook from stable to negative. Overall, rating actions have been confined to outlook revisions, with no changes to sovereign credit ratings among ASEAN+3 economies.

II. Key Fiscal Policy Measures

9. The Middle East conflict has heightened risks across ASEAN+3 economies through higher energy prices, supply uncertainty, and renewed inflationary pressures. While the impact differs across economies, the shock has raised concerns over household purchasing power, production costs, and the fiscal burden of cushioning fuel and utility prices. Against this backdrop, governments have deployed a mix of fiscal and quasi-fiscal measures to contain cost-of-living pressures, support affected sectors, and preserve energy supply stability (see [Special Focus](#)).

- A total of 59 direct fiscal measures, involving direct budgetary spending and tax revenue forgone, have been introduced since the onset of the conflict. All ASEAN+3 economies have deployed at least one fiscal support measure.
- Of these, 28 fiscal measures are targeted interventions with identified beneficiaries, evenly split between household relief and support for affected sectors. More than two-thirds of measures are open-ended without a pre-specified end date.
- In addition, 15 quasi-fiscal measures, consisting mainly of government guarantees and concessional loans, were deployed to aid affected sectors while limiting the direct impact on on-budget balances.

10. Several economies tapped sovereign bond markets to support green financing, development spending, and debt management needs.

- [China](#) announced plans to issue up to RMB6 billion in RMB-denominated green sovereign bonds in Hong Kong during the week of 25 May 2026. The issuance marks a continued effort to deepen offshore RMB bond markets, expand the supply of green financial products, and reinforce Hong Kong's role as an international green finance and offshore RMB hub. The proceeds are expected to support eligible green projects.
- [Laos](#) announced the issuance of government bonds in four currencies in May 2026, comprising LAK2.9 trillion, USD119.9 million, THB6.7 billion, and RMB1.8 billion, equivalent to about USD700 million in total. Proceeds are expected to support government operations, infrastructure development, and ongoing debt restructuring.

11. Several economies advanced fiscal management reforms and SOE-related initiatives.

- [China](#) expanded local government autonomy in bond issuance by adding Hebei, Jiangxi, Hubei, and Chongqing to the list of eligible provinces and municipalities allowed to conduct “self-review and self-issuance” of local government bonds. The move gives selected local governments greater discretion and responsibility in reviewing bond issuance plans and managing issuance processes, while supporting more efficient financing for approved investment projects
- [Indonesia](#) plans to establish a new SOE to manage exports of commodities and address under-invoicing practices. The new SOE will be supervised by Danantara and aims to strengthen the governance of strategic exports, such as coal, crude palm oil, and ferroalloys. This measure aims to address the challenge of under-invoicing of commodity exports.
- [Korea](#) announced the launch of an AI Budget Assistant from FY2027 to support budget formulation, expenditure restructuring, and fiscal analysis. The system will use a dedicated large language model trained on budget data, fiscal statistics, and internal review materials, supported by an integrated fiscal data platform and AI-readable government documents.
- [Korea](#) also launched its first Integrated Fiscal Program Performance Evaluation to strengthen fiscal discipline. The review covered 2,487 programs worth KRW185.4 trillion, with 901 programs identified for cuts, consolidation, or abolition. Underperforming programs face at least 15 percent reductions or elimination, potentially generating KRW7.7 trillion in expenditure savings through restructuring.

III. Budget Snapshots

12. Japan has enacted a supplementary budget to finance the extension of fuel subsidies and additional policy support in response to Middle East conflict (enacted on 6 June 2026). The supplementary budget amounts to about JPY3.1 trillion, with spending focused mainly on replenishing contingency reserves used to subsidize fuel costs and utility bills. The package follows earlier use of reserve funds to cushion households and businesses from higher energy prices, including electricity and gas bill relief. While the supplementary budget would be financed through deficit-financing bonds, the authorities have indicated that overall bond issuance will not increase. This is because higher than expected revenues in FY2025 allow the government to reduce part of the bond issuance originally planned for FY2025, with the resulting savings reallocated to finance the FY2026 supplementary budget. Accordingly, the supplementary budget does not affect the public debt.

Table 1. Japan’s 2026 Supplementary Budget Measures

FY2026 Supplementary Budget	Amount (JPY trillion)
Deficit-bond issuance size:	3.1
Replenishment of Reserve Fund	0.6
Special Purpose Fund in response to Middle East situation	2.5
Ongoing support measures and additional new measures:	3.1
Extension of fuel price subsidy and other measures	3.1
Planned electricity and gas subsidies for households and SMEs (July – Sep 2026)	

Source: [Japan Ministry of Finance](#), various news media, AMRO staff.

13. Korea approved a supplementary budget package to mitigate the impact from the Middle East conflict (approved on 10 April 2026). The package provides KRW25.2 trillion, or

0.9 percent of GDP, in additional spending, fully funded by excess revenues from stronger corporate income tax and securities transaction tax collections. Key allocations include KRW10.4 trillion to ease oil-price-related cost burdens, including fuel price caps, public transport reimbursements, naphtha support, and cash handouts for lower-income households; KRW2.8 trillion for vulnerable groups; KRW3.0 trillion for affected industries and supply security; and KRW9.7 trillion for local governments. Despite higher spending, the consolidated deficit is projected to narrow slightly to 1.9 percent of GDP, while KRW1 trillion is set aside for debt repayment (Table 2).

Table 2. Korea’s 2026 Supplementary Budget Measures

Policy Details	Amount (KRW trillion)
Mitigating cost burdens from high oil prices	10.4
Fuel price caps, public transportation reimbursements	5.2
Cash handouts (KRW100–600 thousand per person)	4.8
Energy vouchers and subsidies	0.4
Supporting vulnerable segments of the economy	2.8
Welfare measures for lower income, impacted employees and small businesses	0.8
Employment and start-up support measures	1.9
Discount and promotion events	0.1
Supporting impacted industries	3.0
Support measures for impacted businesses and industries	1.1
Energy transition	1.0
Supply chain stabilization	0.9
Budget allocation to local governments	9.7
Total Sum	25.2
Korean Treasury Bonds Buyback	1.0

Source: Korea Ministry of Finance and Economy

14. Thailand approved an emergency borrowing decree to mitigate the impact of higher energy prices and support the clean energy transition (approved on 5 May 2026). The package amounts to THB400 billion, equivalent to around 2.0 percent of GDP, and will be implemented over FY2026–FY2027, with THB200 billion allocated to short-term and targeted consumption relief measures in FY2026 and the remaining THB200 earmarked for energy transition and related structural adjustment measures in FY2027. The package will be financed through additional public borrowing under the existing fiscal framework, while public debt is projected to remain below the current debt ceiling of 70 percent of GDP over the medium term. The measures are expected to support domestic demand and cushion higher energy costs for households and businesses, with the authorities estimating a boost of around 0.6 percentage point to GDP growth in 2026, although the programs could add to fiscal pressures amid an already elevated fiscal deficit.

IV. Fiscal Insights: AMRO Reports

15. Fiscal Decentralization in Korea: Challenges and Policy Implications ([ACR – Korea 2025: Selected Issue V](#)). Korea’s central and local government finances operate independently but are closely linked through intergovernmental transfers. While revenues remain highly centralized, local governments execute a large share of public expenditure, making the assessment of the allocative and technical efficiency of local fiscal spending important. Key challenges include insufficient consolidated resource allocation discussions, unclear matching rates for national subsidy projects, compressed and delayed local budget cycles, frequent supplementary budgets, and weaker budget execution capacity, especially at municipal and district levels. Reforms should improve central-local coordination, budget

process synchronization, transfer predictability, and local planning and implementation capacity.

16. Fiscal Adjustment Needed to Maintain Korea's Long-term Sustainability Until 2070 ([ACR – Korea 2025: Box A](#)). Assuming no fiscal adjustments after 2030, Korea's government debt is projected to rise steadily, exceeding 60 percent of GDP by 2030, 100 percent by 2045, and 166.3 percent by 2065, reflecting a persistent primary deficit well below the debt-stabilizing level. Moreover, spending pressures from an aging population would place additional upward pressure on debt if the primary deficit does not improve. Stabilizing debt at 85 percent over the long term would require additional fiscal adjustments of 2.6 percent of GDP over five years if the adjustment starts in 2031. Delaying fiscal adjustment would require larger adjustment, making consolidation more abrupt and costly.

17. China's Fiscal Space ([ACR – China: Box B](#)). China's public debt has risen sharply amid continued fiscal support and the local hidden debt swap program. AMRO assesses China's fiscal space as moderate, supported by favorable financing conditions and debt structure, though rising local government debt and aging-related spending pose medium-term risks. Near-term fiscal support should focus on high-multiplier, well-targeted measures, while a credible medium-term consolidation strategy will be needed once recovery is firmly established.

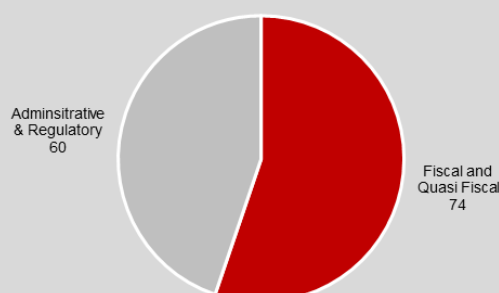
18. Measures to Contain Health Care Costs in Japan ([ACR – Japan: Box B](#)). Japan's health care spending has risen steadily, driven by population aging, medical advances, higher service use, and treatment costs. To contain rising healthcare cost pressures, the government has proactively introduced supply-side reforms, including health care digitalization, delivery system reform, and long-term care efficiency measures, alongside demand-side policies such as copayment reviews, benefit rebalancing, and preventive care. Japan has maintained relatively strong health outcomes at moderate cost.

19. Debt Sustainability with an Asset-Pricing Extension for Japan ([ACR – Japan: Selected Issue III](#)). Japan's public debt has declined since the pandemic but remains exceptionally high and vulnerable to growth and interest rate shocks. The conventional DSA suggests that debt will edge down through 2032 but rise again from 2033, as persistent primary deficits and higher real interest rates outweigh growth effects. The asset-pricing extension complements the DSA by assessing whether the market value of government debt is supported by the discounted value of future primary balances and terminal debt. The analysis finds a sizable valuation gap, partly mitigated by Japan's domestic investor base and BOJ holdings, underscoring the need for credible consolidation, structural reforms, and clear communication.

V. Special Focus: ASEAN+3 Fiscal Measures in Response to the Middle East Conflict⁶

Direct and quasi-fiscal measures formed the core of ASEAN+3 governments' policy responses to the Middle East conflict (Figure 8). Across the region, a mix of direct fiscal and quasi-fiscal measures was deployed, although the scale varied considerably across economies. Direct fiscal measures, such as budgetary spending and tax revenue forgone, accounted for the majority of support in most economies, while quasi-fiscal instruments, such as guarantees and concessional loans, were used more selectively to support affected sectors.

Figure 8. Number of Policy Support Measures, by type of policies



Source: 2026 ASEAN+3 Energy Support Measures Tracker

Note: As of 31 May 2026. Coverage is limited to national government measures. Policy measures, except those that are part of regular exercises such as monetary and financial policies, are included when they make explicit reference to the Middle East crisis response.

In response to the impact of the Middle East conflict, most ASEAN+3 governments relied on existing fuel pricing mechanisms, including explicit and implicit subsidy schemes, to limit energy price pass-through, while some introduced new price intervention measures.

- **Continuing administered and subsidized pricing:** [China](#) imposed temporary price caps on gasoline and diesel retail price under its existing regulated fuel pricing framework.⁷ [Brunei](#), [Malaysia](#), and [Indonesia](#) continued long-standing subsidized retail pricing for selected fuel products, although [Malaysia](#) subsequently lowered the monthly consumption quota for subsidized RON95.⁸
- **Expanding existing fuel subsidy and tax reductions:** [Japan](#) continued its fuel subsidy scheme by subsidizing oil wholesalers using contingency reserves and cap national retail gasoline price.⁹ [Korea](#) scaled up its existing temporary fuel tax cut scheme from 7 percent to 15 percent for gasoline and from 10 percent to 25 percent for diesel, while introducing a new fuel price cap and refiner compensation scheme.¹⁰
- **Mobilizing stabilization funds:** [Thailand](#) used the Oil Fuel Fund to cushion diesel prices, initially subsidizing diesel to keep prices near the THB30 per liter cap. As the Fund's deficit widened, the

⁶ This draft is written by Dek Joe SUM and Yiwei Wang

⁷ China sets retail fuel prices through a centralized mechanism managed by the National Development and Reform Commission, which adjusts domestic gasoline and diesel prices every 10 working days based on movements in international crude oil benchmarks. Under the existing pricing mechanism, retail fuel prices would have risen more sharply following the Middle East conflict, but the increase was capped through temporary crisis controls.

⁸ In Brunei, retail prices for gasoline and diesel are subsidized via budgetary support. In Malaysia, RON95 petrol continues to be sold at a subsidized price with a revision to its monthly quota from 300 to 200 liters, while diesel remains partly targeted. In Indonesia, the government maintains regulated prices for Pertalite (RON90), kerosene, diesel (Biosolar), and LPG-3Kg, with the fiscal cost absorbed through budgetary subsidies and compensation to state-owned energy enterprises.

⁹ In 2025, the government had introduced a subsidy aimed at lowering gasoline prices by JPY10 per liter. After the onset of 2026 Middle East shock, per-liter subsidies continue to be provided to oil wholesalers to keep retail gasoline prices at approximately JPY 170 per liter nationwide.

¹⁰ The temporary fuel tax cut, first introduced in 2021 and remaining in place, was expanded after the Middle East conflict. In addition, a fuel price cap was introduced in March 2026 by setting maximum wholesale supply prices for refiners, reviewed every two weeks, while requiring refiners to maintain supply volumes of at least 90 percent of previous year's level. The government provides compensation for losses incurred from selling below market-based prices.

authorities allowed partial pass-through and adjusted ex-refinery prices.¹¹ [Vietnam](#) tapped the Petroleum Price Stabilization Fund to smooth the retail fuel price and advanced part of the 2026 central government revenue surplus to replenish the Fund. The advance is to be repaid within twelve months of disbursement.

- **Introducing new fuel subsidy and tax reductions:** The [Philippines](#) suspended excise taxes on kerosene and LPG; [Vietnam](#) reduced import duties on gasoline, diesel, aviation fuel, kerosene, and key petroleum inputs to zero; [Lao PDR](#) cut fuel excise taxes, reducing gasoline from 25 percent to 15 percent and diesel from 10 percent to zero; and [Cambodia](#) reduced import duties and VAT on gasoline and diesel to zero, and special excise tax on gasoline to USD 15.71 cents per liter, and for diesel to zero.
- **Allowing full market pass-through:** Singapore remained the exception, allowing fuel prices to adjust fully in line with market conditions, while preserving market incentives, and relying instead on targeted cash assistance.

Cash and in-kind assistance were widely deployed to cushion households and affected sectors.

- **Targeted household relief:** [Korea](#) provided additional energy vouchers of KRW50,000 per household to low-income households and introduced additional rebates for low-income commuters using public transit cards. [Korea](#) also introduced the High Oil Price Damage Support Aids, comprising tiered cash transfers to the bottom 70 percent of income earners. [Malaysia](#) increased cash assistance for eligible individual diesel vehicle owners by MYR100 per month. [Thailand](#) temporarily increased the welfare card benefits by THB100 per month. Singapore increased the cash transfers to eligible Singaporeans under the Cost-of-Living Special Payments¹².
- **Sector-specific relief:** [Cambodia](#) provided a temporary travel allowance for workers in the textile, garment, and footwear industries. [Hong Kong](#) introduced a two-month fuel subsidy and a 50 percent toll reduction for public transport operators. [Malaysia](#) increased cash support for farmers in preparation of 2026 planting season. The [Philippines](#) introduced a one-time cash aid for public utility vehicle and taxi drivers, provided toll relief to agricultural cargo, and allocated direct cash subsidies to registered fishermen. [Singapore](#) provided additional cash support to active platform workers, private-hire drivers, and taxi drivers.

Several governments have adopted expenditure reprioritization measures to offset the rising fiscal burden of energy subsidies. [Indonesia](#) targeted IDR100 trillion in expenditure savings to offset rising energy subsidy costs, including reducing the free nutritious program from six to five days per week, cutting non-priority spending on travel, meetings, and ceremonial activities, and redirecting savings to productive spending, disaster recovery, and essential services. In [Malaysia](#), federal ministries and agencies have been directed to reprioritize 2026 operating expenditures, focusing on non-essential spending, with a target of MYR10 billion in total savings, including RM3 billion from the Ministry of Health and RM2.4 billion from the Ministry of Higher Education. In the [Philippines](#), a 20 percent cut in non-essential Maintenance and Other Operating Expenses (MOOE) is mandated across all government departments, agencies, and local government units to create fiscal space for a PHP238 billion Oil Crisis response package. [Thailand](#) planned to reallocate expenditure through a Budget Transfer Act by reclaiming unused funds from government agencies and trimming non-essential spending, including overseas travel, non-urgent construction projects, and some provincial development programs, to contain the fiscal impact of higher energy subsidy costs.

Fiscal support was extended beyond short-term price relief, with several economies introducing measures to accelerate energy transition and reduce exposure to future fuel price shocks.

¹¹ To reduce the subsidy burden, the Thai government required refiners to lower ex-refinery diesel prices, first by about THB2 per liter and later by THB5 per liter, which helped lower domestic diesel prices and ease pressure on the Oil Fuel Fund.

¹² About 2.4 million Singaporeans will receive additional SGD200 payment in cash, which will be disbursed in September 2026.

- **Energy efficiency and renewable energy investment:** [Singapore](#) expanded the scope of the Energy Efficiency Grant¹³ from six sectors to all sectors and extended support until March 2028, while [Korea](#) allocated additional funding for renewable energy transition, industrial energy-efficiency upgrades, and fuel-switching investments.
- **Alternative fuel adoption:** [Thailand](#) continued subsidizing B7 and B20 biodiesel blends to encourage substitution away from conventional diesel, targeting diesel-intensive sectors such as road transport, fishing vessels, and agricultural machinery.
- **Supply-chain resilience:** [Korea](#) introduced supply-chain stabilization measures, including stockpiling of critical industrial inputs, diversification of supply routes away from Middle East-dependence, and support for alternative logistics corridors.
- **Electric vehicle tax incentives:** [Cambodia](#) reduced import duties on EVs, renewable-energy equipment, and energy-efficient appliances, while [Lao PDR](#) cut EV registration and service fees and raised charges on conventional fuel-powered vehicles to encourage cleaner transport adoption.

References

AMRO (Forthcoming) 2026 ASEAN+3 Energy Support Measures Tracker. ASEAN+3 Macroeconomic Research Office.

¹³ Singapore's Energy Efficiency Grant (EEG) supports businesses in improving energy efficiency by co-funding investments in energy-efficient equipment. The scheme provides two tiers of support: a base tier for pre-approved energy-efficient equipment, capped at SGD30,000, and an advanced tier for larger investments that deliver greater energy-efficiency gains.

Appendix I. Data Notes, Fiscal Year and Budget Coverage

The *ASEAN+3 Quarterly Fiscal Bulletin (QFB)* is designed to complement the *ASEAN+3 Fiscal Policy Report (AFPR)* by providing more frequent and timely updates on near-term fiscal developments and recent policy measures across member economies.

Data and Conventions

The analysis in the QFB draws on data from national authorities and other official sources, reflecting the most recently available information at the time of preparation. Fiscal outturn typically refers to recent quarterly developments, while macroeconomic variables are based on the latest available regional projections drawn from the latest *ASEAN+3 Regional Outlook*.

To ensure consistency in cross-economy analysis, several conventions are adopted:

- **Fiscal year alignment:** Year-to-date fiscal outturns are reported based on each economy's fiscal year calendar. ASEAN+3 member economies follow three different fiscal year (FY) calendars: January–December (all other economies); April–March (Brunei, Hong Kong, Japan, Singapore, and Myanmar); and October–September (Thailand).
- **Data cut-off:** The analysis reflects information available up to a specified cut-off date (30 May 2026). If data are unavailable as of the cut-off date, economies are excluded from the specific fiscal outturn analysis, although the relevant developments and fiscal measures could be discussed elsewhere in the report.
- **Classification frameworks:** For analytical purposes, tax revenues and expenditures of each economy are reclassified by AMRO staff.
 - Tax revenues are categorized into income-based, consumption-based, trade-based, and other taxes, based on the AMRO staff's assessment of the nature of underlying tax instruments.
 - Expenditures are classified into current and capital spending based on official sources; where such breakdowns are unavailable, aggregate expenditure is reported.
- **Budget data:** Budget execution analysis is based on approved budgets, with adjustments made when supplementary or revised budgets are introduced.

Given differences in reporting frequency and compilation practices, higher-frequency fiscal data may be subject to lags and revisions.

Comparability and Limitations

Efforts are made to enhance cross-economy comparability of fiscal data, but full comparability is constrained by various factors, including differences in national definitions, institutional coverage, and data compilation practices.

Fiscal data are subject to revisions as more complete information becomes available. As a result, data presented in the QFB may differ from those reported in other AMRO publications, including the *ASEAN+3 Fiscal Dashboard (FDB)* and the *ASEAN+3 Fiscal Policy Report (AFPR)*. These differences reflect variations in data vintages, definitions, and analytical treatments rather than inconsistencies in underlying sources.

	Fiscal Year	Budget Coverage	Monthly/ Quarterly Data	Note
Brunei Darussalam	April-March	Central government	Not regularly available	
Cambodia	January-December	Central government	Fully available	Monthly outturns are reported in GFS standards.
China	January-December	Central + Local government (General public budget)	Available, except for economic classification of expenditure	Expenditure breakdown is available for functional classification only.
Hong Kong, China	April-March	Central government	Only aggregates are available	
Indonesia	January-December	Central government	Fully available	
Japan	April-March	Central government (General account)	Available, except for economic classification of expenditure	1) Bond issuance and carryover are excluded from revenue, and national debt service is excluded from expenditure; 2) Expenditure breakdown is available for functional classification only.
Korea	January-December	Central government + Social security funds	Available, except for economic classification of expenditure	Expenditure breakdown is available by sources (e.g., budget, fund).
Lao PDR	January-December	Central government	Not regularly available	
Malaysia	January-December	Central government	Fully available	
Myanmar	April-March	Central government	Not regularly available	
Philippines	January-December	Central government	Fully available	
Singapore	April-March	Central government	Fully available	Revenue refers to operating revenue, excluding the net investment returns contribution (NIRC), and expenditure refers to operating and development expenditures, which exclude top-ups to endowment and trust funds.
Thailand	October-September	Central government	Fully available	
Vietnam	January-December	Central + Local government	Fully available	

Appendix II. Sovereign Credit Rating of ASEAN+3 Economies

	Moody's		S&P		Fitch	
	Ratings	Outlook	Ratings	Outlook	Ratings	Outlook
Brunei Darussalam						
Cambodia	B2 28 Apr 2025	From Negative to Stable 2 Apr 2026				
China	A1 5 Dec 2023	From Negative to Stable 27 Apr 2026	A+ 21 Sep 2017	Stable 21 Sep 2017	A 3 Apr 2025	Stable 3 Apr 2025
Hong Kong, China	Aa3 27 May 2025	Stable 27 May 2025	AA+ 21 Sep 2017	Stable 21 Sep 2017	AA- 20 Apr 2020	Stable 20 Apr 2020
Indonesia	Baa2 13 Apr 2018	From Stable to Negative 5 Feb 2026	BBB 27 Apr 2022	Stable 27 Apr 2022	BBB 20 Dec 2017	From stable to Negative 4 March 2026
Japan	A1 1 Dec 2014	Stable 1 Dec 2014	A+ 9 June 2020	Stable 9 June 2020	A 25 Mar 2022	Stable 25 Mar 2022
Korea	Aa2 18 Dec 2015	Stable 18 Dec 2015	AA 7 Aug 2016	Stable 7 Aug 2016	AA- 11 Feb 2020	Stable 11 Feb 2020
Lao PDR	Caa2 3 Dec 2025	Stable 3 Dec 2025	CCC+ 23 Oct 2025	Positive 23 Oct 2025	CCC+ 21 Oct 2025	
Malaysia	A3 11 Jan 2016	Stable 11 Jan 2016	A- 27 June 2022	Stable 27 June 2022	BBB+ 4 Dec 2020	Stable 4 Dec 2020
Myanmar						
Philippines	Baa2 23 Aug 2024	Stable 23 Aug 2024	BBB+ 25 Nov 2024	From Positive to Stable 8 Apr 2026	BBB 22 May 2023	From Stable to Negative 20 Apr 2026
Singapore	Aaa 22 Feb 2010	Stable 22 Feb 2010	AAA 2 May 2008	Stable 2 May 2008	AA- 7 March 2008	Stable 7 March 2008
Thailand	Baa1 29 Apr 2025	From Negative to Stable 21 Apr 2026	BBB+ 13 Apr 2020	Stable 13 Apr 2020	BBB+ 24 Sep 2025	Negative 24 Sep 2025
Vietnam	Ba2 6 Sep 2022	From Stable to Positive 4 May 2022	BB+ 26 May 2022	Stable 26 May 2022	From BB+ to BBB- 8 Dec 2023	Stable 8 Dec 2023

Source: Moody's, S&P and Fitch ratings via Bloomberg

Note: Cover changes from 31 Dec 2025 to 31 May 2026. Ratings shown are the long-term foreign-currency sovereign ratings (LT FC) from Fitch, Moody's, and S&P. Bold font indicates a rating action during the coverage period (Oct-Dec 2025). Black bold denotes no change (affirmation), red bold denotes a downgrade, and green bold denotes an upgrade. The date shown is the effective date of the latest rating action. For Lao PDR, Fitch typically does not assign an Outlook to sovereigns rated 'CCC+' or below; the Outlook field is therefore left blank.

Appendix III. Key Quarterly Fiscal Data

Revenue Growth (%)								Revenue Execution (% budget)							
	2020	2021	2022	2023	2024	2025	2026	2020	2021	2022	2023	2024	2025	2026	
FY Jan-Dec															
China	-14.3	24.2	8.6	0.5	-2.3	-1.1	2.4	25.5	28.9	29.5	28.7	27.2	27.4	27.9	
Indonesia	7.4	0.8	32.3	29.2	-4.2	-16.1	10.5	16.9	21.3	27.2	26.5	22.3	17.4	18.3	
Korea	-1.2	27.3	12.0	-14.7	1.4	8.4	18.1	25.4	29.6	28.0	23.2	24.1	24.9	26.9	
Malaysia	-28.8	9.3	26.7	21.4	-8.1	3.1	11.7	18.5	20.9	26.8	26.1	22.7	21.2	23.5	
Philippines	11.0	-8.7	12.6	4.4	14.1	6.9	13.7	30.3	24.2	23.7	22.0	21.9	22.1	23.5	
Vietnam	2.6	3.2	14.1	6.7	9.8	33.7	15.0	25.9	30.1	32.6	30.3	31.7	36.7	32.8	
FY Apr-March															
Brunei	-19.6	-57.7	132.4	33.11	-41.8	-4.41	-24.7				112.3	123.7	108.2	81.6	
Hong Kong	-1.5	-4.5	22.9	-10.3	-11.7	2.8	23.5	104.2	103.8	101.6	103.0	99.1	101.0	101.3	
Singapore	0.7	-9.3	22.4	10.3	13.7	11.7	12.6	99.2	97.9	107.8	111.3	107.0	106.3	105.9	
FY Oct-Sep															
Thailand	-1.6	-10.3	6.3	6.6	0.7	2.6	3.7	41.8	38.3	45.4	46.6	41.8	41.6	42.6	

Expenditure Growth (%)								Expenditure Execution (% budget)							
	2020	2021	2022	2023	2024	2025	2026	2020	2021	2022	2023	2024	2025	2026	
FY Jan-Dec															
China	-5.7	6.2	8.3	6.8	2.9	4.2	2.6	22.3	23.5	23.8	24.7	24.5	24.5	24.9	
Indonesia	0.1	15.6	-6.2	5.7	18.0	1.4	31.4	17.9	19.0	18.1	17.1	18.5	17.2	21.5	
Korea	19.2	10.6	11.7	-8.2	13.6	-1.0	0.8	29.7	30.1	29.9	29.2	32.3	29.9	28.1	
Malaysia	3.7	17.9	0.0	7.5	3.5	-2.4	3.9	24.7	28.3	28.0	24.1	24.5	22.3	23.3	
Philippines	9.2	19.9	8.2	-1.1	10.7	19.7	3.2	20.7	22.6	21.3	20.7	19.2	22.8	23.2	
Vietnam	8.7	-0.4	2.8	3.4	8.3	8.8	23.8	19.6	20.3	19.7	17.5	18.6	16.8	16.8	
FY Apr-March															
Brunei	-2.1	-9.9	9.2	5.3	0.4	2.2	2.0				103.6	102.5	99.97	100.3	
Hong Kong	14.3	34.3	-15.0	16.9	-11.0	4.4	4.9	99.4	99.5	99.2	100.1	99.1	99.8	100.1	
Singapore	-3.2	14.6	9.8	10.6	0.4	6.6	9.7	93.9	78.2	93.0	102.4	101.1	100.5	99.5	
FY Oct-Sep															
Thailand	-1.5	0.5	2.5	6.0	-12.6	31.8	7.8	54.0	50.9	55.9	57.1	48.0	56.8	65.5	

10-year bond yield	2024				2025												2026			
	Jan	Feb	Mar	Apr	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr
China					1.6	1.7	1.8	1.6	1.7	1.7	1.7	1.9	1.9	1.8	1.9	1.9	1.8	1.8	1.8	1.8
Hong Kong					3.8	3.6	3.5	3.2	3.0	2.9	3.0	3.0	3.0	2.9	3.0	3.0	3.1	2.8	0.0	0.0
Indonesia					7.1	6.9	7.1	6.9	6.9	6.7	6.6	6.5	6.4	6.1	6.3	6.2	6.4	6.4	6.9	6.8
Japan					1.2	1.4	1.5	1.3	1.5	1.4	1.6	1.6	1.6	1.7	1.8	2.1	2.2	2.1	2.4	2.5
Korea					2.9	2.7	2.8	2.6	2.8	2.8	2.8	2.8	3.0	3.1	3.3	3.4	3.6	3.4	3.9	3.9
Malaysia					3.8	3.8	3.8	3.7	3.5	3.5	3.4	3.4	3.5	3.5	3.5	3.5	3.5	3.5	3.6	3.6
Philippines					6.3	6.1	6.2	6.3	6.2	6.4	6.3	6.0	5.9	5.8	5.7	5.9	6.0	5.9	6.8	6.9
Singapore					2.9	2.7	2.7	2.5	2.4	2.2	2.1	1.8	1.9	2.0	2.1	2.2	2.1	2.0	2.3	2.1
Thailand					2.3	2.2	2.0	1.9	1.8	1.6	1.5	1.3	1.4	1.7	1.7	1.7	2.0	1.7	2.2	2.2

Source: ASEAN+3 authorities via Haver and CEIC, staff calculations

Note: Color scales are economy-specific and benchmark the current year 10-year treasury bond yield against each economy's own three-year historical distribution, with red indicating an increasing yield (borrowing becomes costlier) and green indicating a decreasing yield (borrowing become cheaper). Bond yields are expressed in percent.