

KEY ECONOMIC DEVELOPMENTS IN 2025

Against a backdrop of significant global trade disruptions — including the US administration’s sweeping tariff measures announced in April — the ASEAN+3 region once again demonstrated its resilience in 2025. The region expanded by 4.3 percent, exceeding early-year expectations despite a highly challenging global environment. It also remained one of the fastest-growing in the world amid continued elevated trade policy uncertainty, heightened financial market volatility, and geopolitical tensions.

Despite historically high tariffs and ongoing policy uncertainty, the region’s external trade remained robust, providing crucial support for growth. Export growth was boosted early in the year by front-loading ahead of the implementation of US tariff measures. Meanwhile, semiconductor exports remained particularly strong throughout the year, buoyed

by robust artificial intelligence (AI)-related demand globally.

Notwithstanding robust external demand, domestic demand continued to be the key anchor of growth for most regional economies. Private consumption was resilient in ASEAN economies, underpinned by favorable labor market conditions and low, stable inflation. While consumption activity in the Plus-3 economies was more subdued, it gradually improved over the year, supported in part by accommodative macroeconomic policies. These were further supported by firm tourism activity.

In addition to firm consumer spending, investment activity in the region also improved. Private investment was particularly strong in ASEAN economies, supported by robust foreign direct investment inflows into emerging sectors, including advanced electronics, electric vehicles, and digital services.



Overall, financial conditions tightened sharply following the Liberation Day tariff announcement in April 2025, before gradually easing for the remainder of the year. Regional equity markets posted solid gains, supported by strong momentum in AI-related sectors. Most regional currencies appreciated against the US dollar during the year, in part reflecting concerns over US policy uncertainty.

Inflation remained low and stable across ASEAN+3, despite temporary spikes in global energy prices due to geopolitical developments. Headline inflation

stayed below long-run averages in most economies, while core inflation edged up modestly in some cases, but showed no signs of broad-based price pressure.

This stable inflation environment provided room for monetary policy support. With inflation well-anchored, many central banks across the region maintained an accommodative stance to cushion growth against external shocks. Targeted fiscal measures were also deployed to sustain domestic demand, and mitigate the impact of trade disruptions.



BANGKOK

