

THIS QUARTER IN ASIA

Asian Business Cycle Indicators (ABCIs), Vol.6

July 2011 – October 2011

Source: OECD Development Centre



ASIA SHOWS SIGNS OF GROWTH MODERATION AMID GLOBAL UNCERTAINTY

10th October 2011 – Asia’s growth will moderate in the coming months according to the latest Asian Business Cycle Indicators (ABCIs).

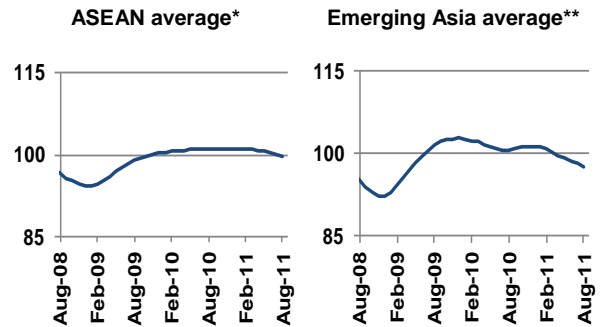
Global uncertainty casts a shadow over Asian economies with deterioration in business and consumer sentiments and a negative reaction in financial markets. Recent trade data also shows some slackening in several Southeast Asian countries, though the impact of global uncertainty remains limited at this stage. The strength of domestic demand, a buffer to deteriorating external demand differs among countries of the region: it is relatively robust in Indonesia and Thailand and weak in the Philippines. Asian countries need to be vigilant over macroeconomic management amid large uncertainty in the coming months.

Inflationary pressure still exists in the region although the degree varies among countries - there are signs of peaking out in Indonesia, while it needs to be carefully monitored in Malaysia and Thailand.

New data has made it clear that some ASEAN countries have been affected by the impact of the Great Tohoku Earthquake. For instance, such impact was relatively large in Thailand though it’s short-lived.

Growth momentum in China and India will become weaker than in ASEAN countries, although the economic backgrounds will be different in these two countries - robust domestic consumption under slightly easing inflationary pressure in China and high level of inflation with some signs of slackening in domestic demand in India.

Figure 1. Regional overview (Composite leading indicators)



* ASEAN average includes Indonesia, Malaysia, the Philippines, Singapore and Thailand.

** Emerging Asia average includes ASEAN average plus China and India.



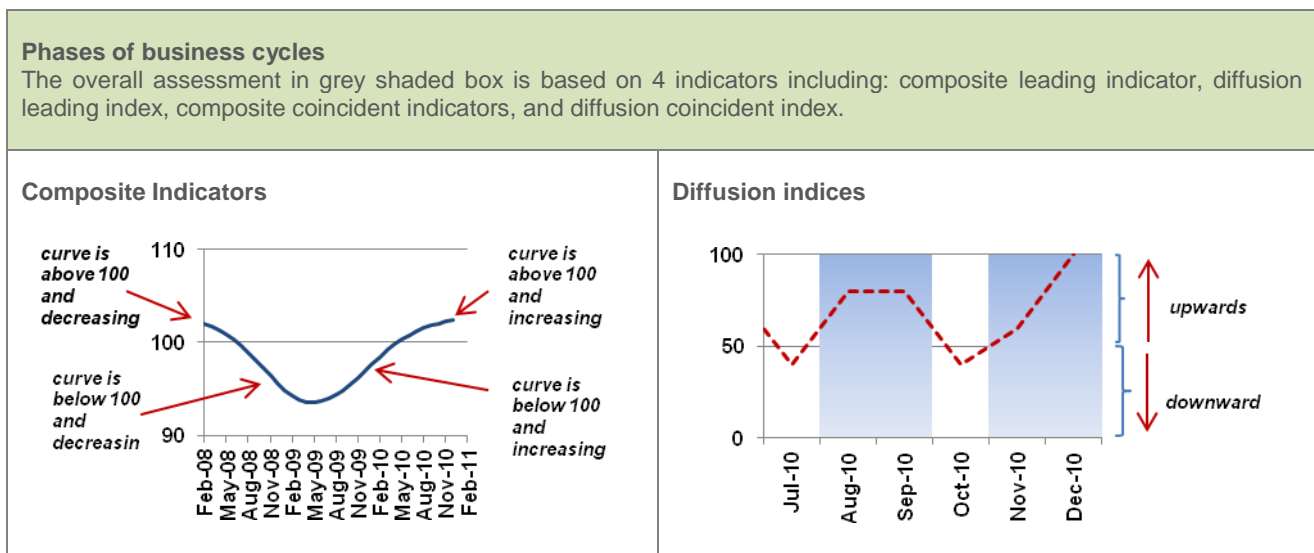
Contacts

Media: Elodie Masson, Media and Press Relations, OECD Development Centre (elodie.masson@oecd.org ; +33 (0)1 45 24 82 96

Outlook: Kensuke Tanaka (kensuke.tanaka@oecd.org), Project Manager/Economist, Asia Desk, OECD Development Centre

Notes

- 1. THIS QUARTER IN ASIA** includes data from 7 major Asian economies - China, India, Indonesia, Malaysia, The Philippines, Singapore, and Thailand – and provides comparable information and early warning of potential macroeconomic risks in Asia.
- This quarter in Asia is prepared under the responsibility of the OECD Development Centre and the outlook for the region described in this report is based entirely on the analysis of the Asia Desk of the OECD Development Centre. The Asian business cycle indicators (ABCIs) are constructed jointly by the OECD Development Centre and OECD Statistics Directorate. Gabor Fulop, Statistician, contributed significantly to this Quarterly.
- The ABCIs are based on the **growth cycle** approach. For more detailed information on the list of variables used for ABCIs, please consult: www.oecd.org/dev/asiapacific/abcis
- Two phases are identified by the **diffusion index**:
 - **upwards** when the diffusion index crosses the 50% threshold from below
 - **downwards** when the diffusion index passes the 50% threshold from above
- Four cyclical phases are identified by the **composite indicator**:
 - the composite indicator curve is **above the long-term trend** (i.e. horizontal line at 100) and **decreasing**
 - the composite indicator curve is **below the long-term trend** (i.e. horizontal line at 100) and **decreasing**
 - the composite indicator curve is **below the long-term trend** (i.e. horizontal line at 100) and **increasing**
 - the composite indicator curve is **above the long-term trend** (i.e. horizontal line at 100) and **increasing**



6. The next *THIS QUARTER IN ASIA* will be available on 12 December 2011. For previous analysis, please consult: www.oecd.org/dev/asiapacific/abcis .

7. Acknowledgements: This Quarter in Asia benefited from the inputs from government and central bank experts of Southeast Asian countries. Financial support from the Governments of Japan, Korea and Switzerland is gratefully acknowledged.

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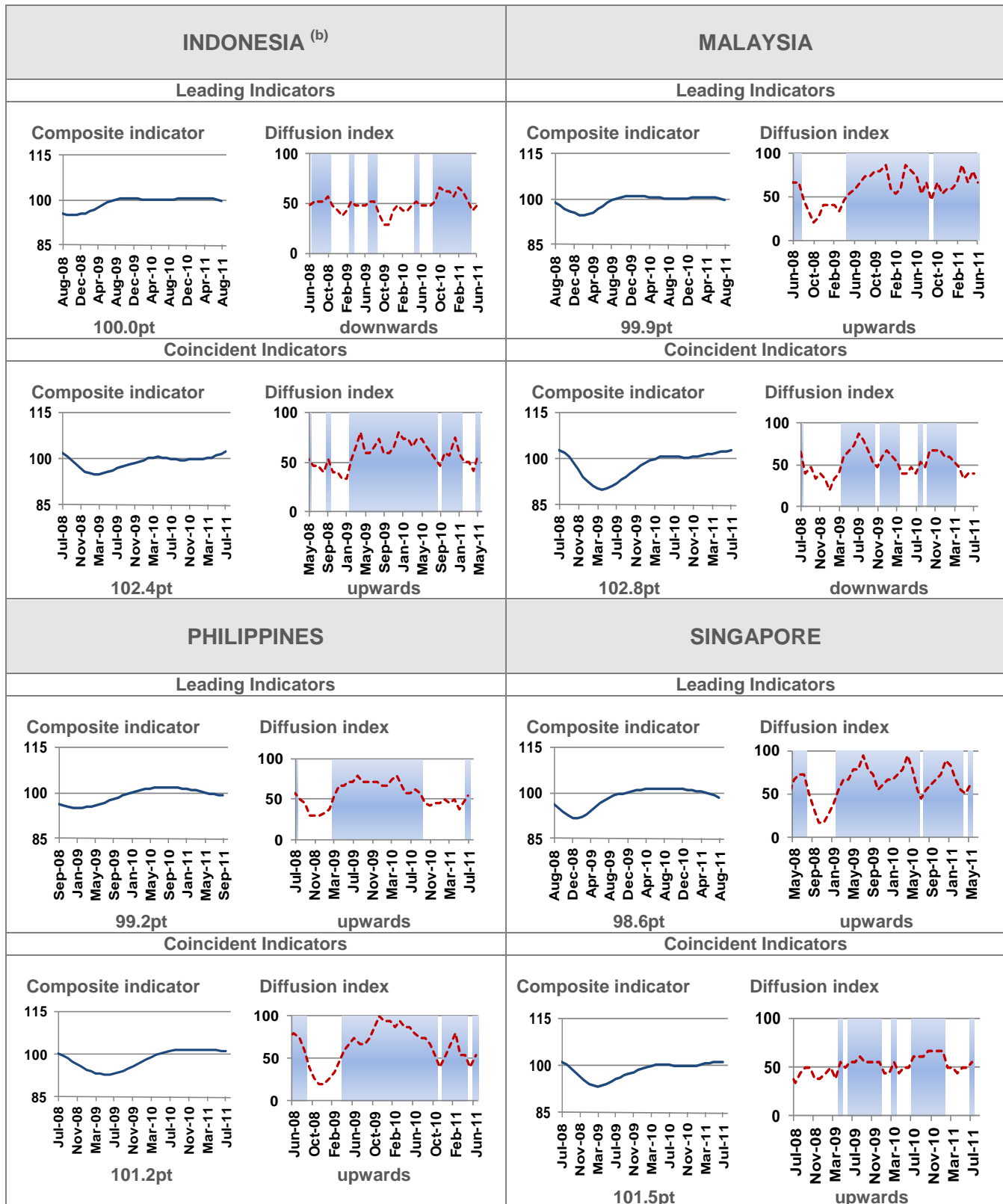
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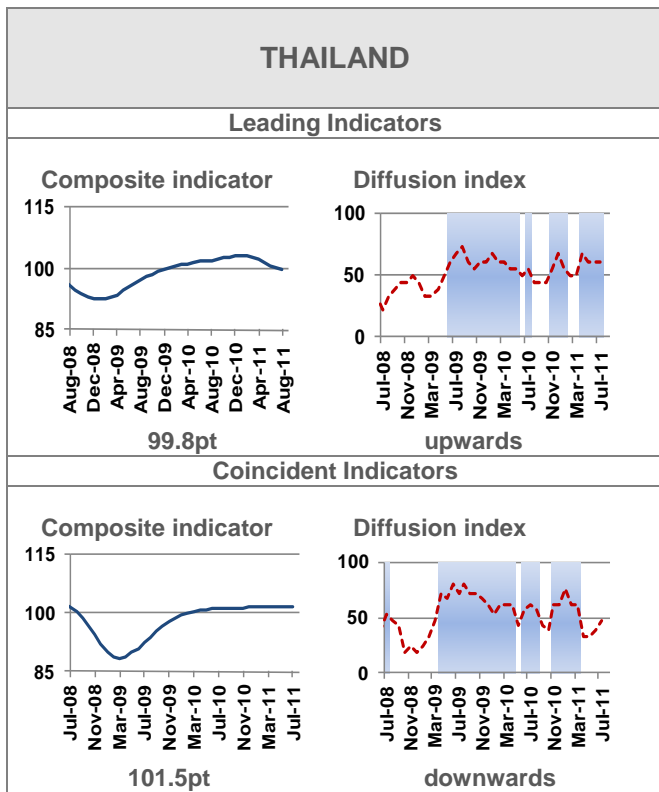


Country-specific outlook: ASEAN countries (a)

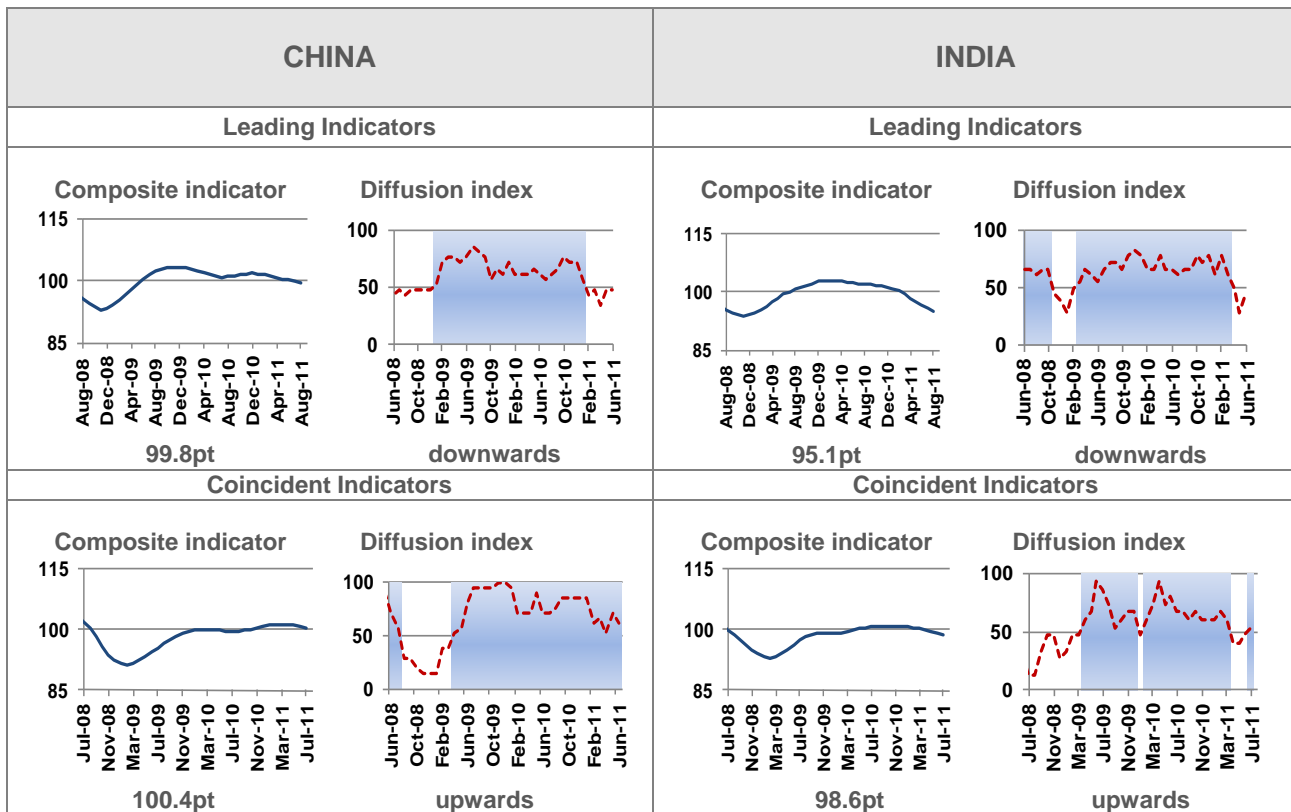


(a) Points and phases below the figures reflect the latest results for each country.

(b) The leading indicator for Indonesia corresponds to that used for the calculation of the "Major Five Asia" average published in the OECD Composite Leading Indicators on a monthly basis by the OECD (www.oecd.org/std/cli). For more information on the diffusion index and components of coincident indicators, please see the home page of OECD Development Centre (www.oecd.org/dev/asiapacific/abcis).



Country-specific outlook: Other Emerging Asia (China and India) ^(c)



(c) The leading indicators for China and India below are those published on a monthly basis by the OECD (www.oecd.org/std/cli). The diffusion indices of leading indicators are based on the same set of components as composite leading indicators. For more information on the components of coincident indicators, please see the home page of www.oecd.org/dev/asiapacific/abcis.