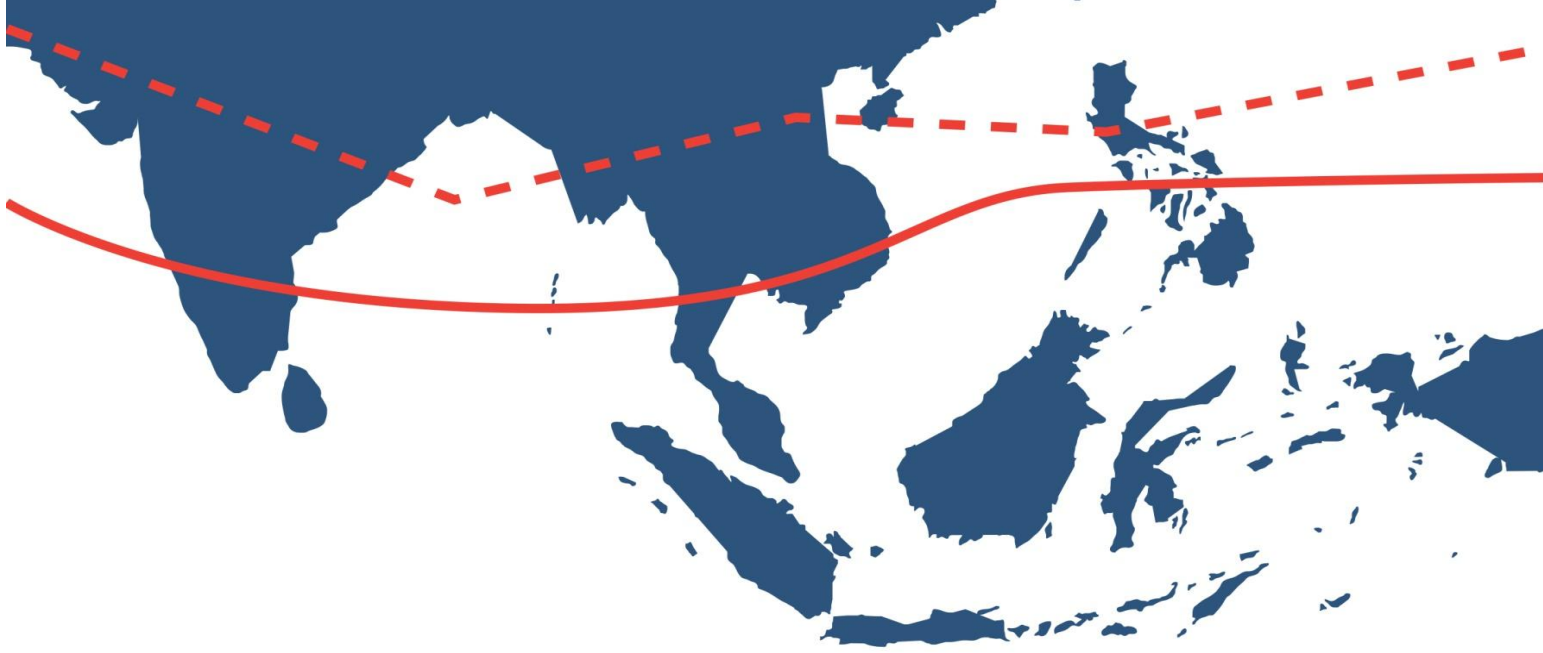


This Quarter in Asia

Quarterly publication on business cycles and
near-term economic trends in Asia



August - September, Volume 12
Asian Business Cycle Indicators



THIS QUARTER IN ASIA

Asian Business Cycle Indicators (ABCIs), Vol.12

August – September 2013

Source: OECD Development Centre



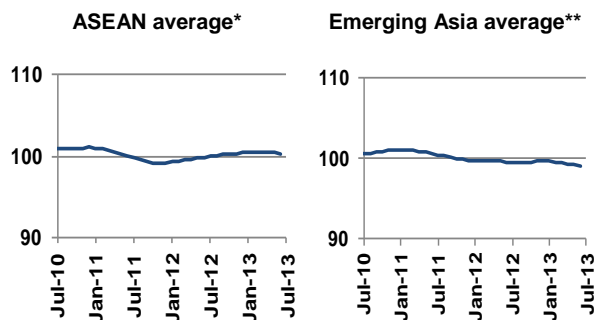
NEAR-TERM GROWTH PROSPECTS ARE MIXED IN EMERGING ASIA

9 September 2013 – Although growth outlook is mixed across Emerging Asia, the latest Asian Business Cycle Indicators (ABCIs) suggest signs of growth stabilisation for China and a more positive outlook for the Philippines and Singapore, while still weak growth prospects for India.

Prolonged external headwinds have weighed on growth in Southeast Asia. The slowdown in China have weakened the growth momentum of ASEAN. Indeed, Thailand entered a technical recession in the second quarter of 2013, while Indonesia's growth momentum is slowing. In Malaysia and Viet Nam, while real GDP improved slightly in the second quarter of 2013, underlying growth momentum was subdued. On the other hand, Singapore's GDP grew at a faster pace on the back of improvement in trade-related sectors as well as resilience in domestic-oriented industries. The Philippines economy was the strongest performer in the region, largely due to its strong domestic demand.

However, the key imminent downside risk facing Southeast Asia, China and India is the turmoil in the financial market, triggered by the prospects of tapering of quantitative easing (QE) policy in the US. Emerging Asian economies which ran large current account deficits and more susceptible to macroeconomic risks of capital outflows such as India and Indonesia bore the brunt of the financial turmoil. In addition, global oil prices will remain volatile should the tension in the Middle-east persists and this could cloud the inflationary outlook in the near-term.

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.

Figure 2. Business cycles in Emerging Asia



Source: OECD Development Centre - Data from August to September 2013.

Contacts

Media: Bochra Kriout, Media and Press Relations, OECD Development Centre (bochra.kriout@oecd.org ; +33 (0)1 45 24 82 96)

Outlook: Kensuke Tanaka, Head of Asia Desk, OECD Development Centre, (kensuke.tanaka@oecd.org)

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.

2 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. Fulop Gabor, Statistician, contributed significantly to this Quarterly.

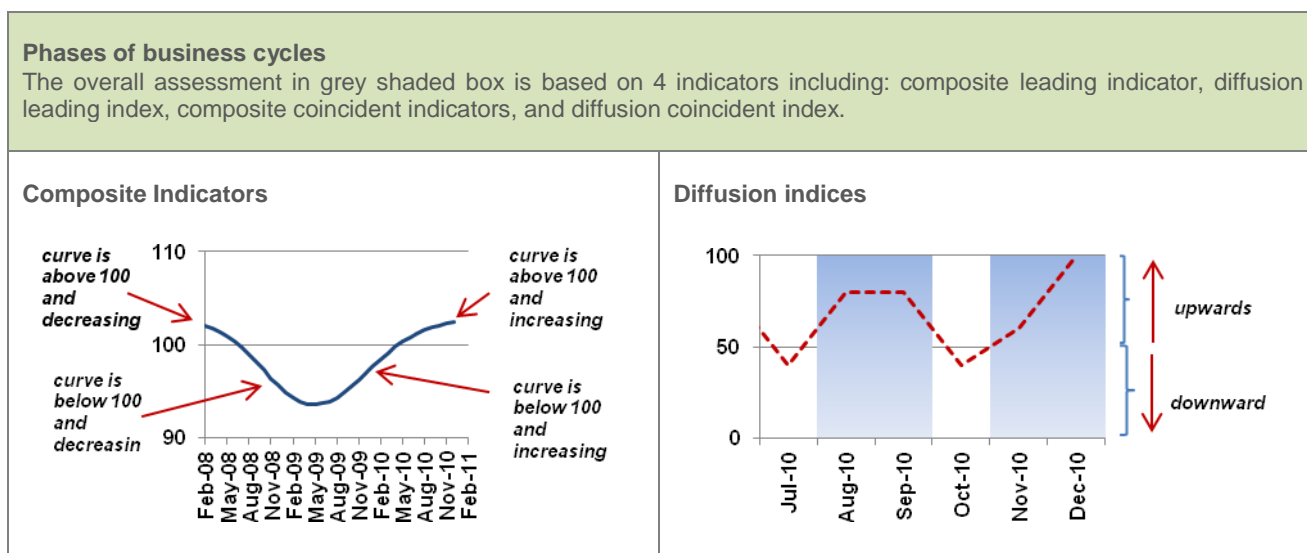
4 The ABCIs are based on the **growth cycle** approach. For more detailed information on the list of variables used for ABCIs, please consult www.oecd.org/dev/asiapacific/abcis

5 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

6 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**



7 For previous analysis, please consult: www.oecd.org/dev/asiapacific/abcis .

8 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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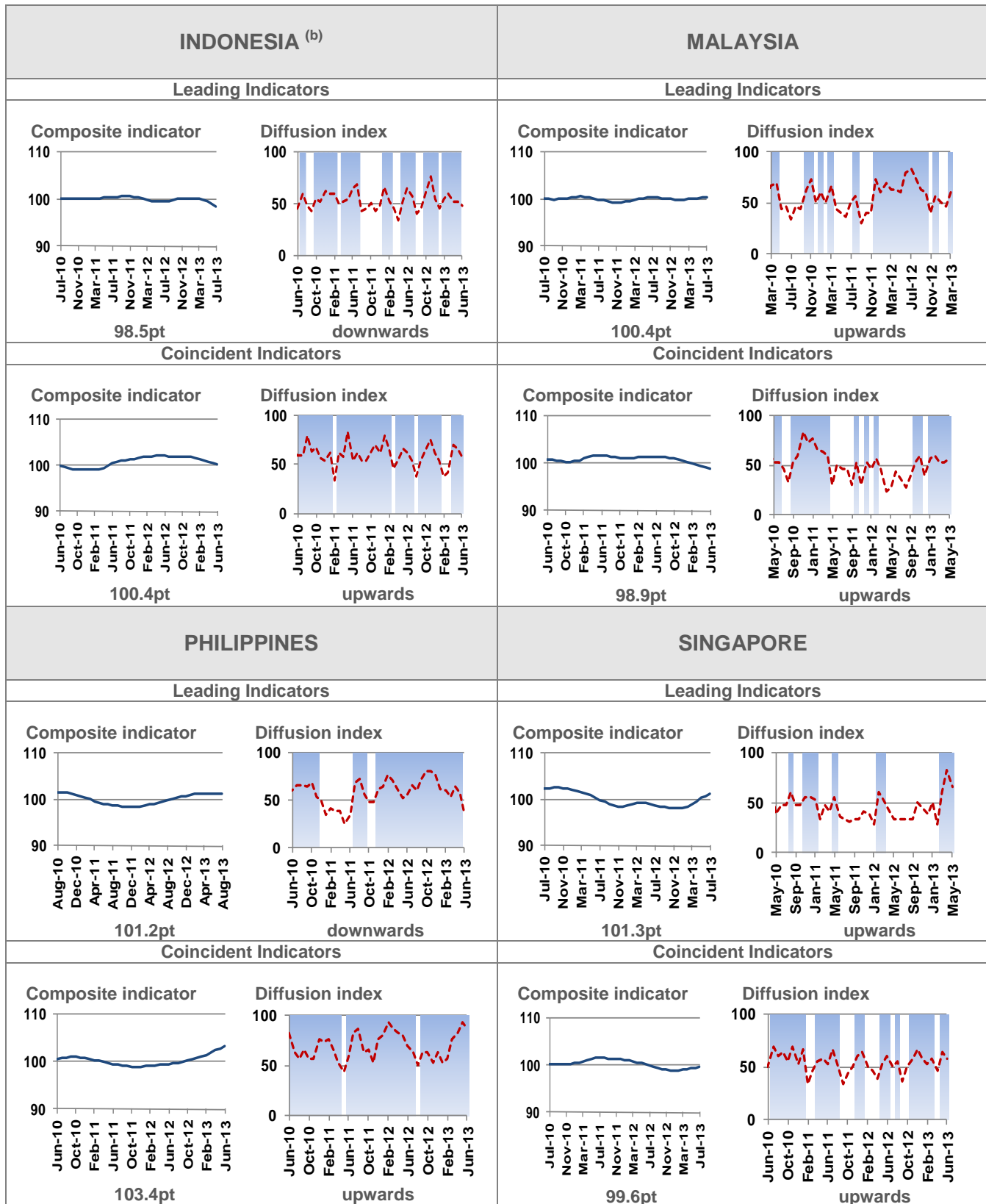
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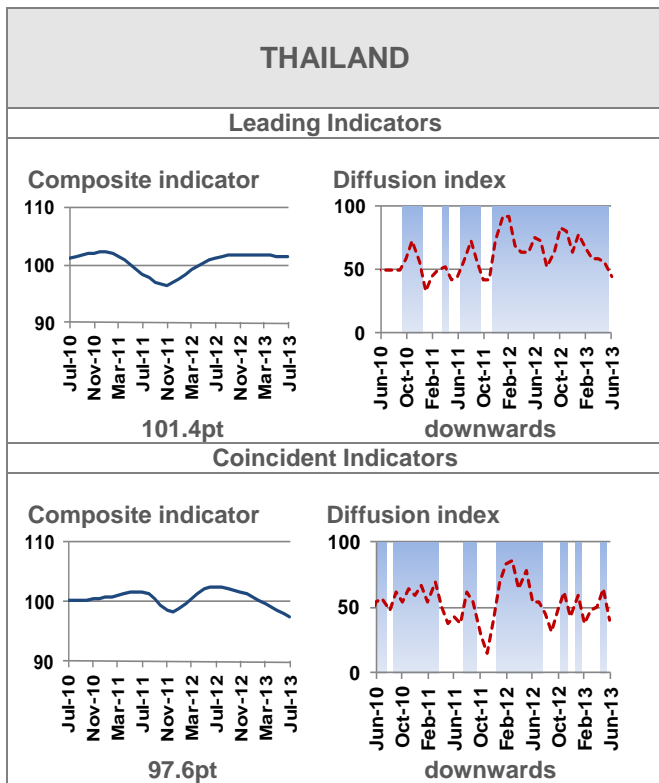


Country-specific outlook: ASEAN countries ^(a)

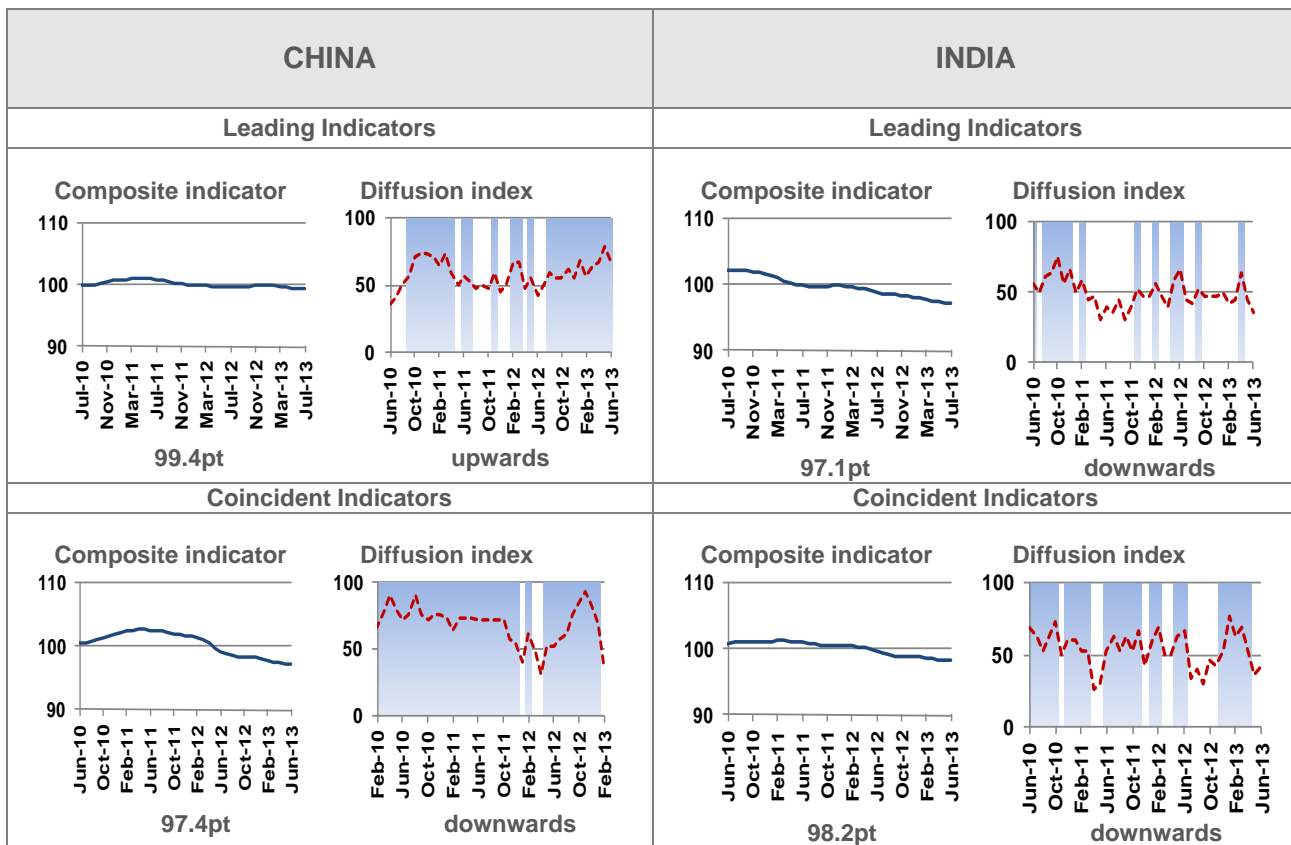


(a) Points below the figures reflect the latest results for each country.

(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.