

This Quarter in Asia

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



January - March 2013, Volume 10
Asian Business Cycle Indicators

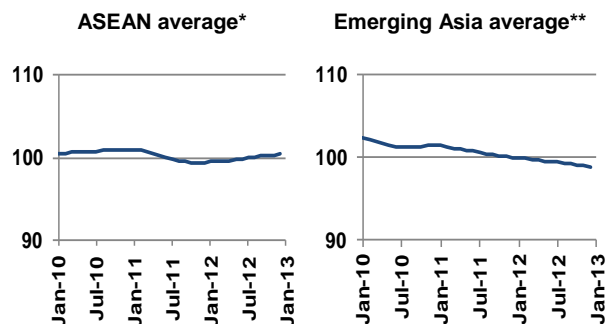
ASEAN GROWTH MOMENTUM REMAINS ROBUST, WHILE SLOWING IN CHINA AND INDIA

11 March 2013 – Overall growth momentum in ASEAN continues to show resilience despite ongoing global uncertainty, while that of China and India are slowing, according to the latest Asian Business Cycle Indicators (ABCIs).

Domestic demand, backed by private consumption and infrastructure spending, continues to drive overall ASEAN growth even as they face lower external demand for their exports. For instance, in Thailand, rising consumer and business confidence is driving household consumption and investment. The Philippines, where optimism has been soaring, is growing at an enviable pace supported by public infrastructure spending and election spending. In Malaysia, resilient consumer confidence and increased government expenditure ahead of the country's general elections in mid-2013 have been supporting economic activity. The Indonesian economy, backed by robust private consumption and the construction of new factories and infrastructure, also shows resilience. Growth momentum in export-dependent Singapore, on the other hand, is weak on account of weaknesses in its externally-oriented sectors such as electronics, chemicals and precision engineering.

In China and India, growth momentum is also weak. The performance of China's manufacturing and services sectors have not been encouraging; while in India, the central bank had cut interest rates by 25 basis points in January, its first reduction since April 2012, to support economic growth.

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



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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.

3 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

4 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

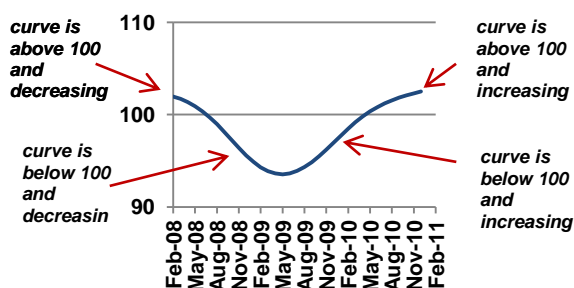
5 Four cyclical phases are identified by the **composite indicator**:

- 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**

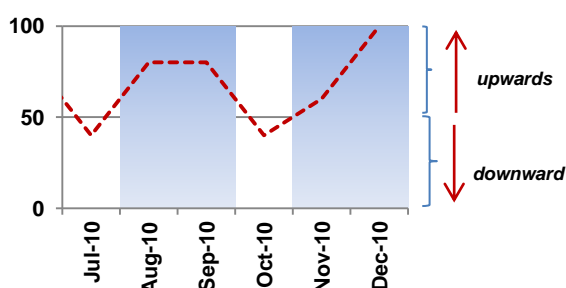
Phases of business cycles

The overall assessment in grey shaded box is based on 4 indicators including: composite leading indicator, diffusion leading index, composite coincident indicators, and diffusion coincident index.

Composite Indicators



Diffusion indices



6 The next **THIS QUARTER IN ASIA** will be available on **10 June 2013**. 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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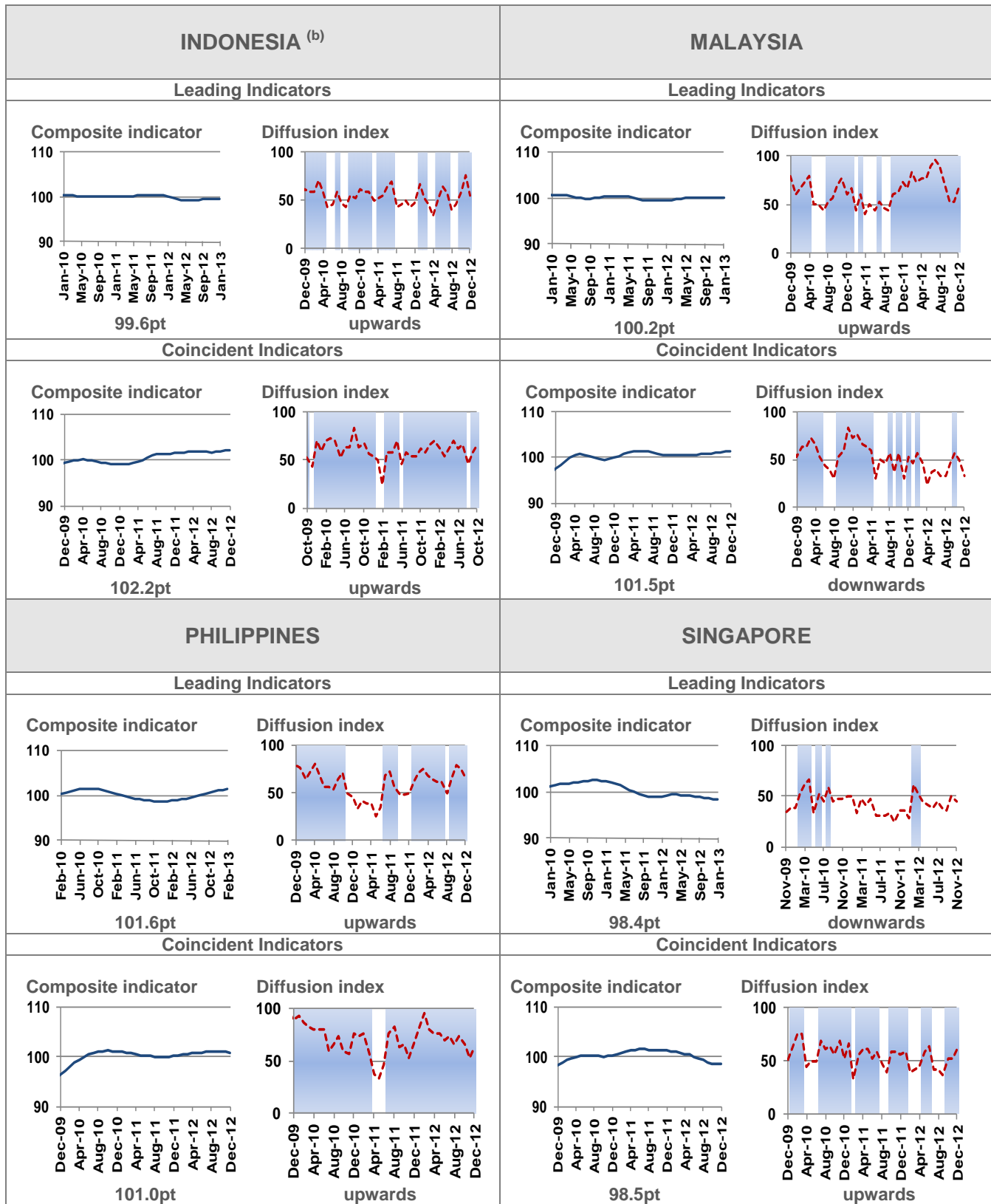
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Source: OECD Development Centre

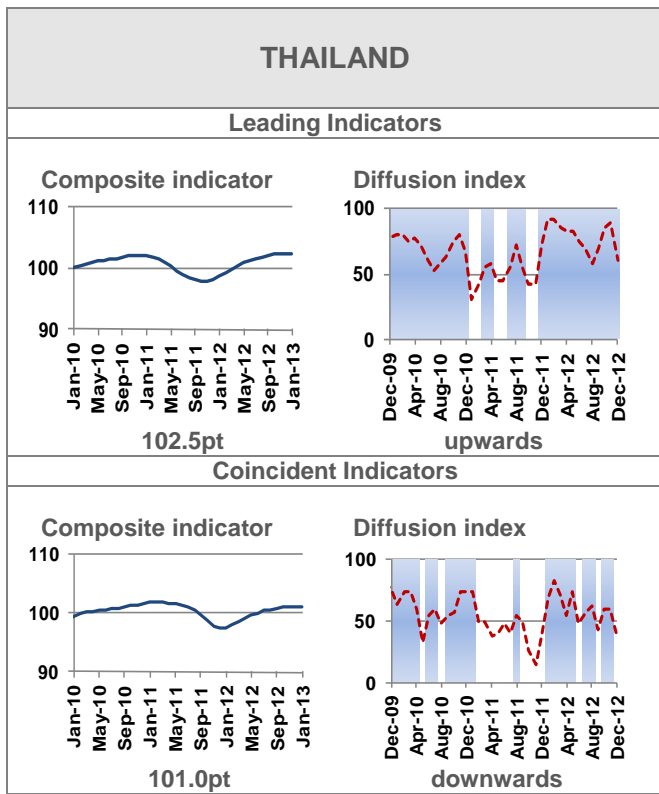


Country-specific outlook: ASEAN countries ^(a)

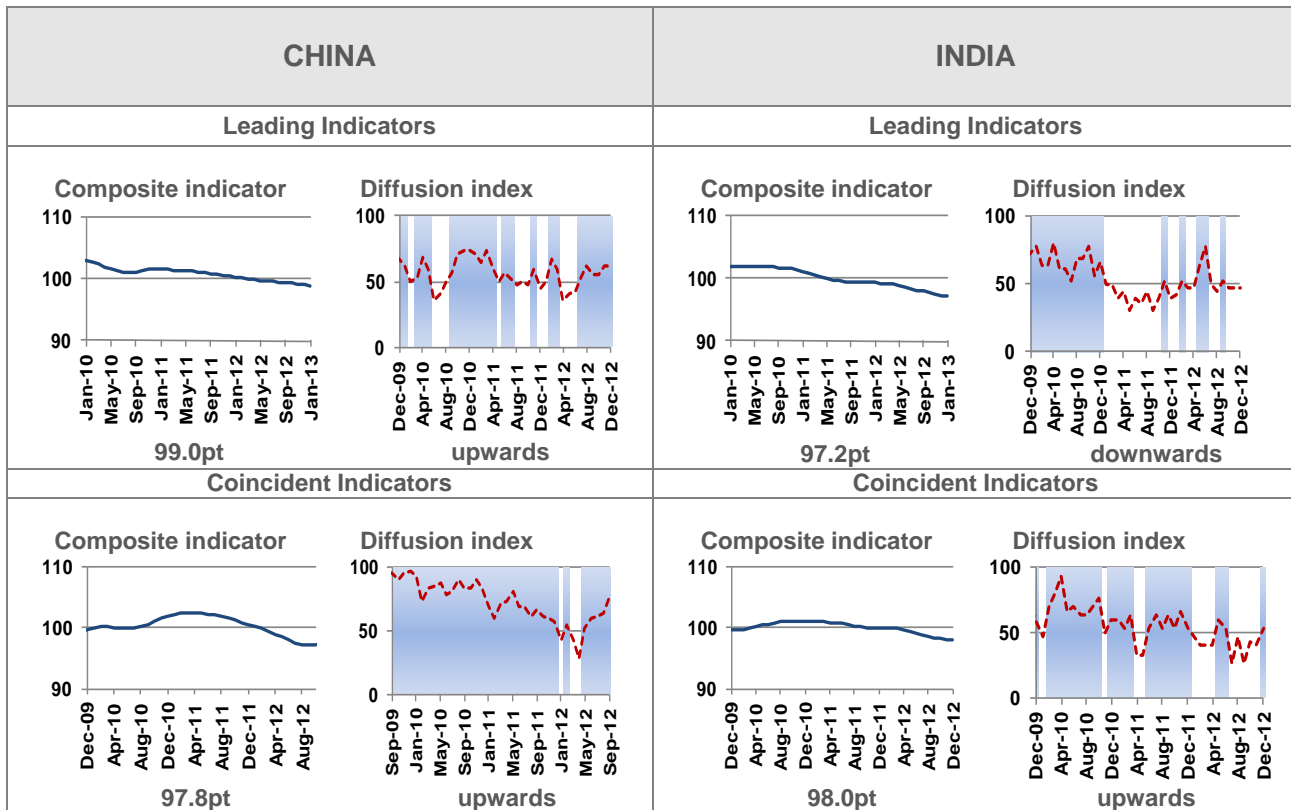


(a) Points below the figures reflect the latest results for each country.

(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.