

This Quarter in Asia

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



April - June 2012, Volume 8
Asian Business Cycle Indicators

THIS QUARTER IN ASIA

Asian Business Cycle Indicators (ABCIs), Vol.8

April – June 2012

Source: OECD Development Centre



ASEAN SHOWING RESILIENCE WHILE CHINA AND INDIA WEAKENING

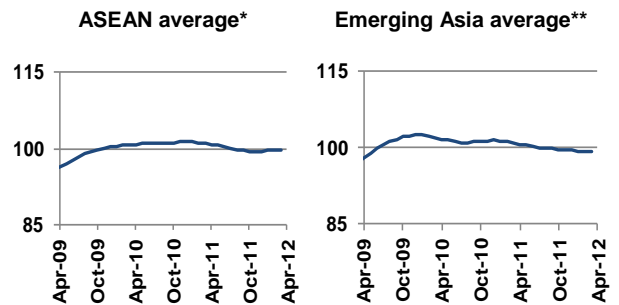
11th June 2012 – Growth momentum in ASEAN economies will be in sharp contrast to that in the neighbouring giants of China and India in the coming months, according to the latest Asian Business Cycle Indicators (ABCIs).

Overall, ASEAN economies show some resilience – amid relatively weak exports, domestic demand remains robust, in particular in Indonesia and Malaysia. However, the extent of resilience varies by country. Thailand has experienced a strong recovery from the floods last year. The Philippines economy has also rebounded due to sound consumption and investment. Singapore is somewhat an exception, as it suffered from both domestic inflationary pressure and adverse external factors such as global uncertainty.

On the contrary, growth momentum in China and India will remain weak. In India, both manufacturing and agriculture show signs of decline. Investment does not meet the expectations of becoming an engine of growth. China's economic activities in particular, production-related indicators continue to indicate signs of weakening. Depending on the impact of the recent additional loosening of reserve requirements for the banking sector, further stimulus measures may follow. Global uncertainties would in particular affect China and India that are trying to stimulate domestic demand.

Weakening growth momentum in the neighbouring two giants could be a potential downside risk for the ASEAN economies.

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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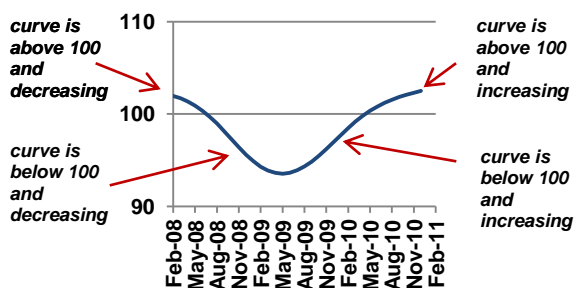
Notes

- 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.
- 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**

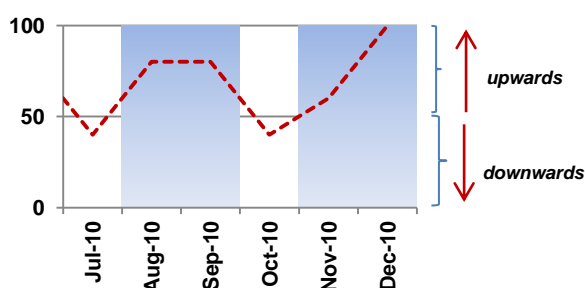
Phases of business cycles

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 September 2012. 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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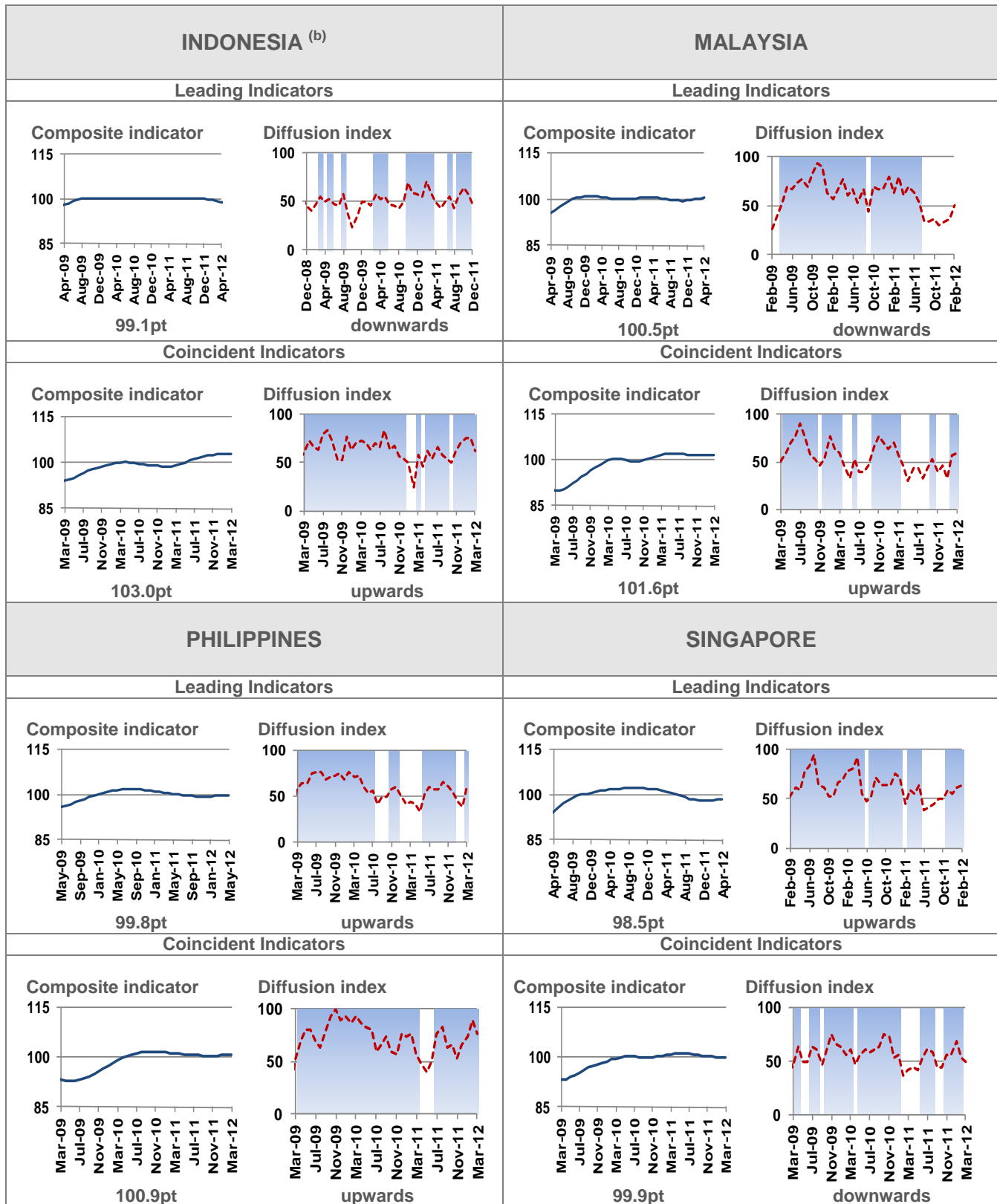
Asian Business Cycle Indicators (ABCIs)

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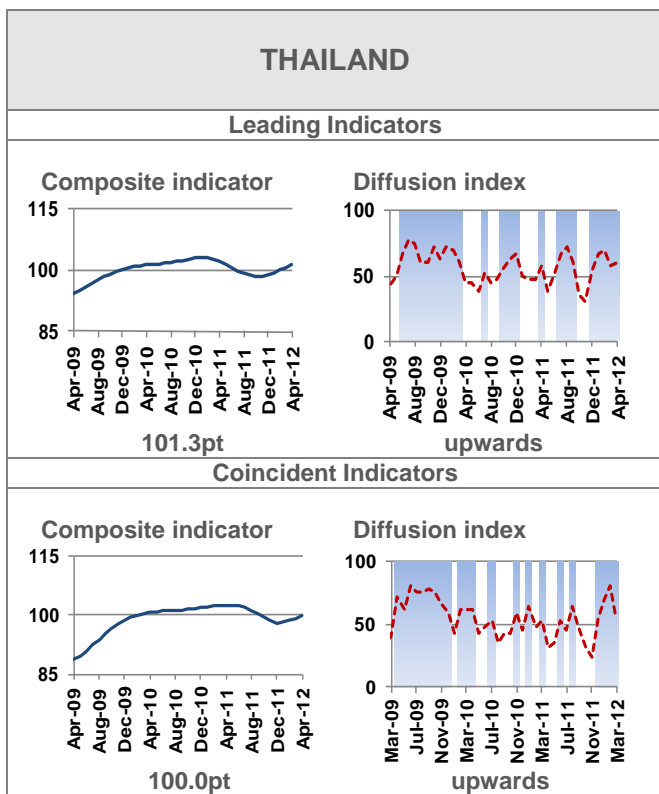


Country-specific outlook: ASEAN countries (a)

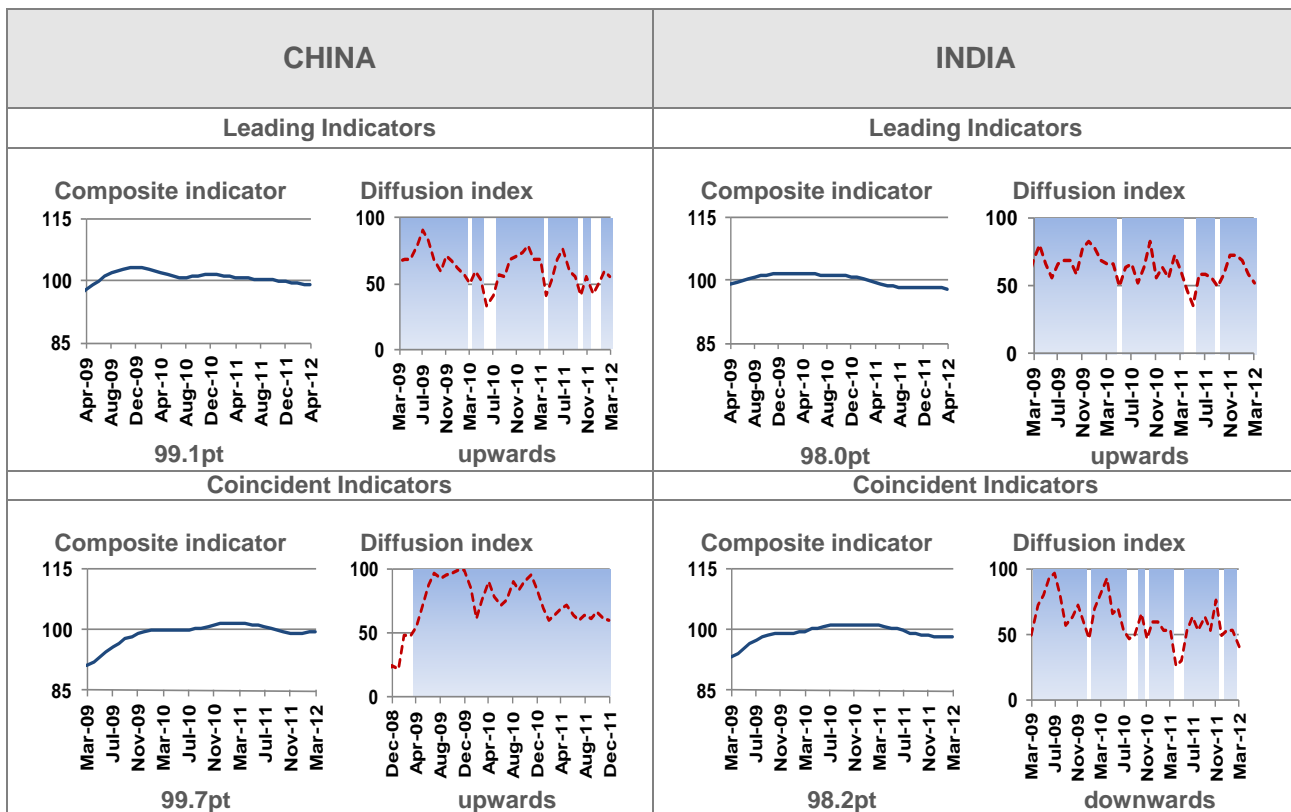


(a) Points below the figures reflect the latest results for each country.

(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.