

This Quarter in Asia

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



April - July 2013, Volume 11
Asian Business Cycle Indicators

THIS QUARTER IN ASIA

Asian Business Cycle Indicators (ABCIs), Vol.11

April – July 2013

Source: OECD Development Centre



GROWTH IN ASEAN SHOWS RESILIENCE UNDER GLOBAL LIQUIDITY INFUSION

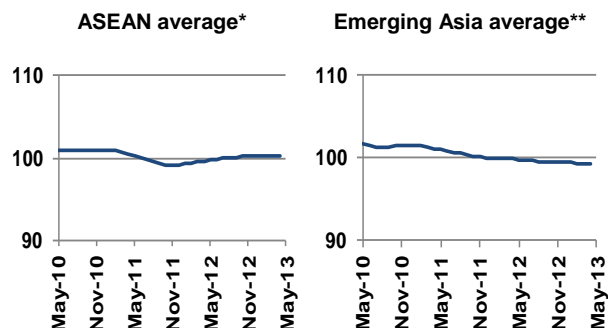
8 July 2013 – Growth in ASEAN economies continues to be resilient, compared with the two large economies (China and India) in the region, according to the latest Asian Business Cycle Indicators (ABCIs).

Coping with volatility of cross-border capital flows related to global liquidity infusion is becoming an important policy challenge in the region. More recently, expectation of a gradual withdrawal of quantitative easing led to capital outflows from the ASEAN region and concomitant depreciation of ASEAN currencies - all happening at a relatively rapid pace.

Although there are some downside risks, ASEAN's growth momentum remains robust overall in the coming few months. Growth in the Philippines has been strong, thanks to upbeat business and consumer sentiments, sustained by robust remittances. Growth in Malaysia continues to be resilient, supported by still strong consumption and investment growth. The Thai economy also shows resilience, though some signs of weakness in exports and private consumption are surfacing. Economic growth in Indonesia continues to be stable but measures related to a reduction of energy subsidy need to be carefully managed. The Singapore economy, on the contrary, remains relatively weak as the manufacturing sector is still struggling due to weak exports.

Growth momentum in the two large economies is weaker than in ASEAN. India's growth is still not strong, though some positive signs are observed in accordance with a gradual reduction of inflationary pressure. China also continues to struggle for momentum, partly due to still weak performance of manufacturing.

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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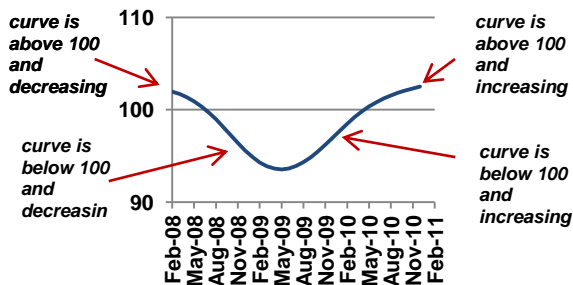
Notes

- 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.
- 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**

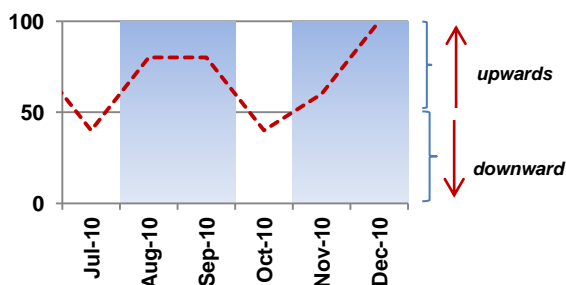
Phases of business cycles

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 9 September 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.

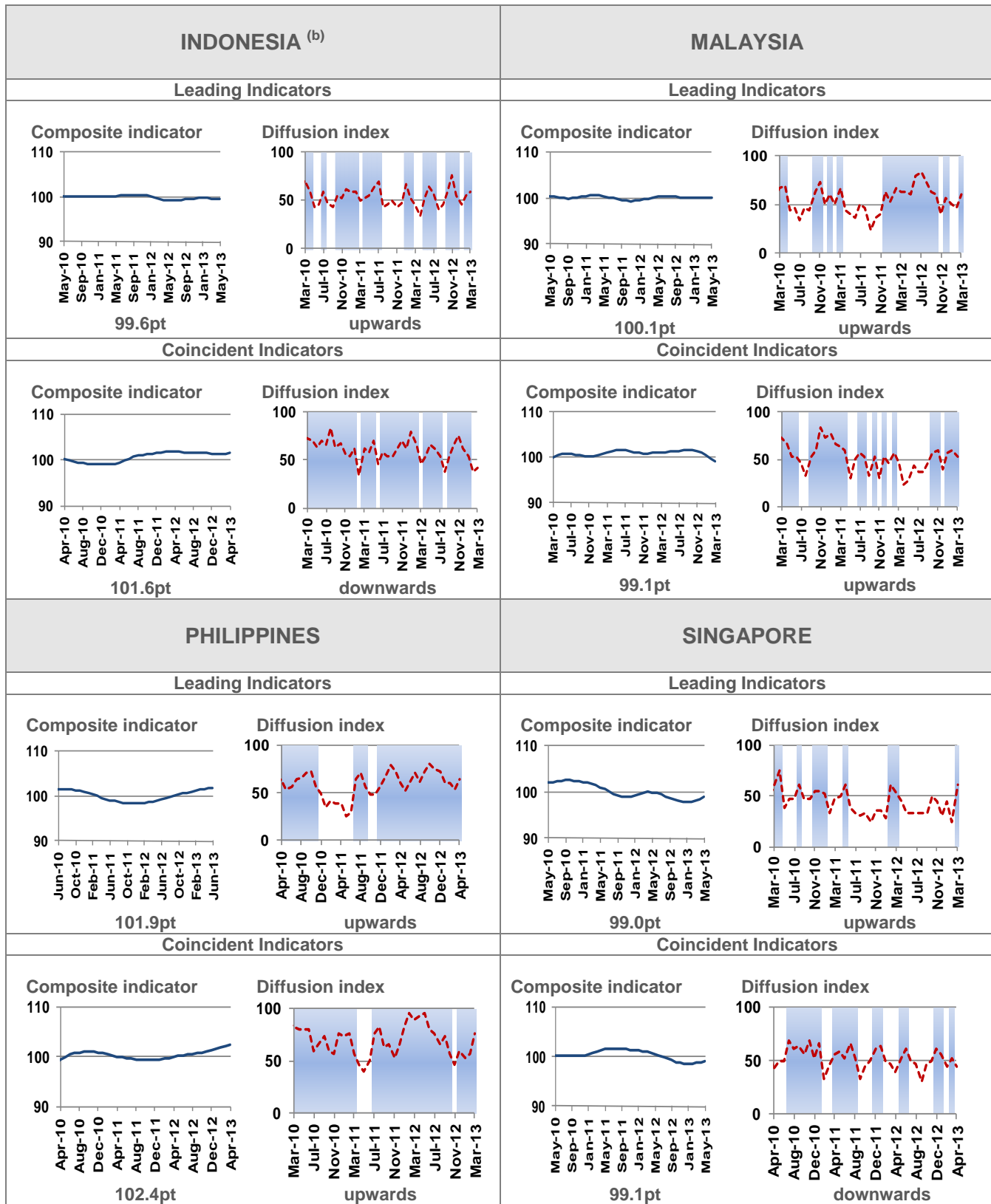
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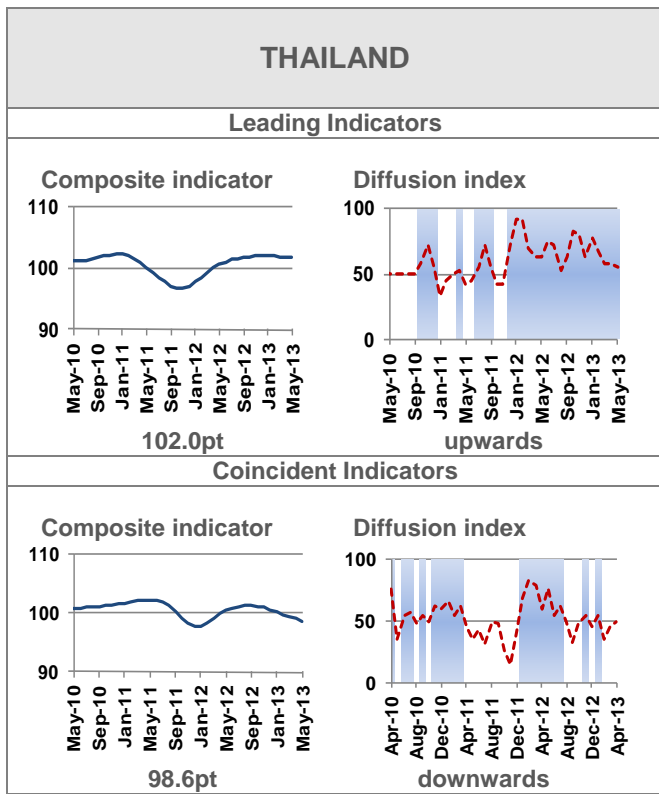
Source: OECD Development Centre

Country-specific outlook: ASEAN countries (a)

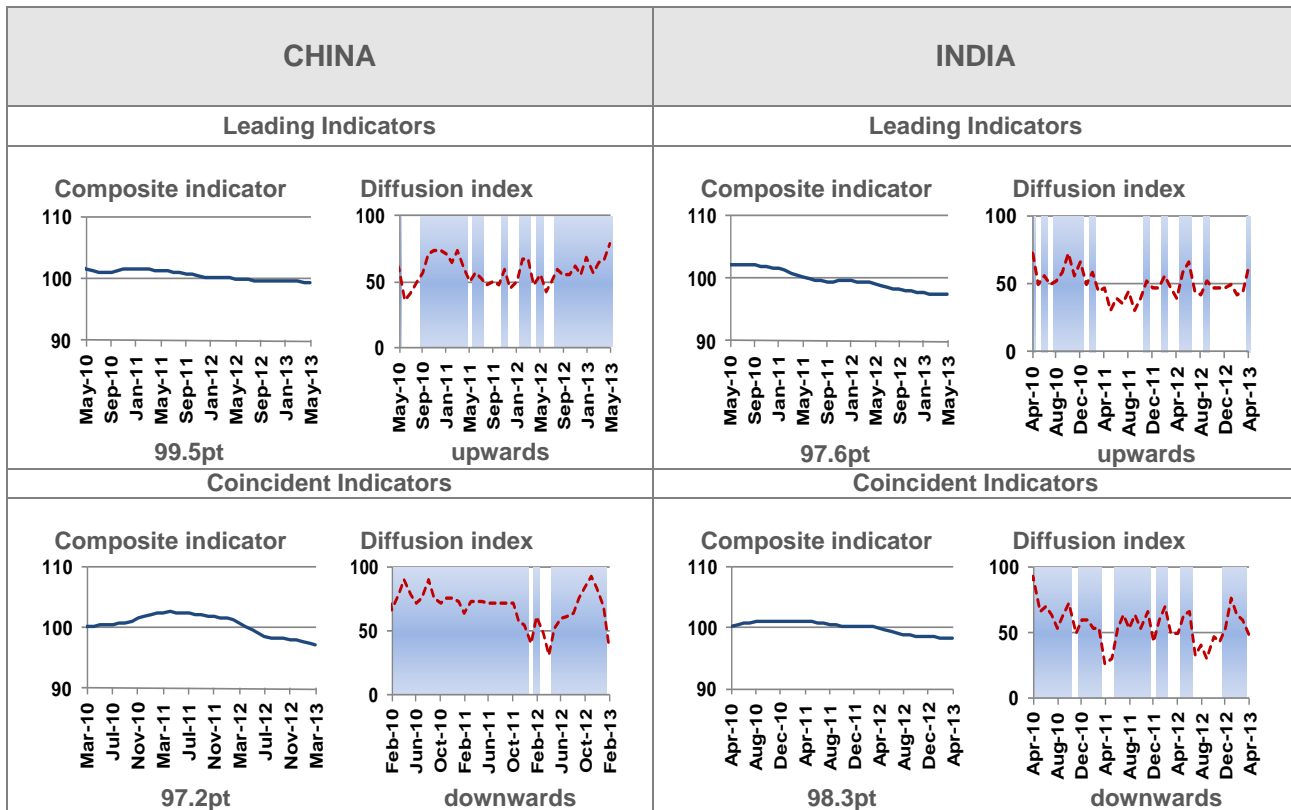


(a) Points below the figures reflect the latest results for each country.

(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.